Structured Project in Democratic Republic of Congo

SNCC RAILROAD NETWORK 10,000 km in DRC
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evagor is an industrial investment project development and consulting company

evagor establishes international investments and structures financing for projects

- Resources deposit development
- Resource processing
- Chemical industry, Oil and gas processing
- Construction materials, Cement factories
- High-tech infrastructure projects, Telecommunication networks, Power plants, transport, Wind and Solar energy, Bio-technology
Introduction

Project steps

Technical Consulting

Financing

Market Entering Strategy

Pre-Invest Consulting

Realization/Implementation

Sales/Export/Final Products

Political Engineering

result: profitable-successful investments
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DR Congo - Facts and Base of Project

Facts DRC

- Official Language: French
- Capital: Kinshasa
- Head of State: H.E. President Joseph Kabila Kabange
- Area: 2,345,410 km² (West Europe; 6.6 x Germany)
- Population: 70.9 Mio., 50% younger than 16 years
- BIP: 16.3 Billion USD (2011)

Base of Projects

- Natural resources and Trade
  - No. 5 of raw material rich countries worldwide (< 20% of territory explored only), 22 Trillion USD value
  - Germany has put DRC on place 3 for strategic importance for future raw material supply (USA too)

Hydrocarbons and Electricity

- Gas reserves of about >1 Billion Gm³ proven
- Proven Coal reserves of 780 Mill. MT
- High demand of stable power supply (6000 MW only in Katanga), Inga >20 years
- Long development time for hydro power

Railroad

- Missing rail road connection
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Executive Summary

MODERNISATION AND CINQ CHANTIER´S OF THE PRESIDENT – LARGEST PROJECTS

- Infrastructure
- Health and Education
- Water, Power, Mining
- Housing
- Employment

Infrastructure

- SNCC RAILWAY NETWORK 10,000 km

Power Generation and Mining

- RAILWAY NETWORK IS THE BASE OF INDUSTRIALIZATION
- STABILITY AND PEACEFUL DEVELOPMENT

Employment

- > 300,000 NEW JOBS THROUGH RAILWAY DIRECT, MILLIONS INDIRECT
Executive Summary

Railway Network

- evagor gmbh developed project: RAILWAY NETWORK OF SNCC
- interconnection of all provinces and connection with deep sea port and neighboring countries
- evagor initiated meetings and information exchange with the President of DRC, the Ministry of Transport, Copirec, SNCC, Ministry of Mining, Gecamines, SNEL, Congolese Ambassador and other potential players in DRC
- The Democratic Republic of Congo is one of the richest countries in raw materials and has two thirds the size of Western Europe; 6.6 x Germany
- few roads and almost no rails, many unused raw material deposits
- Huge demand of power and transport in mining companies, world market demand for Cu+Co
- Partners: GERMAN BANK, GERMAN RAILWAYS, Siemens etc.
- strong support through President of DRC and both Governments in DRC + Germany
Executive Summary

Fast implementation of the projects within 36 - 48 month

Very profitable investments IRR >18; <7 years ROI

Base for further projects in mining, power and transport sector

Possibility of UFK financing structure in exchange of raw materials for more projects and off-take agreements with multinational mining companies

German partners have interest in long term relation

WIN – WIN situation
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Infrastructure Improvements

Transportation

- Old railroad system
  
  NEW PAN AFRICAN CORRIDOR RAIL
**RAILROAD NETWORK**

- **Total of 10,000 km in 5 Phases**
- **Investment:**  
  1. **1st Phase (brown):** Sakania- Dilolo 818 km
  2. **2nd Phase (green):** Tenke- Banana 1972 km
  3. **3rd Phase (red):** Kamina- Goma 2004 km
  4. **4th Phase (lila):** Mungbere- Bumba 814 km
  5. **5th Phase (yellow):** central cross 814 km
  6. **6th Phase (black):** additional connections

- **1st Phase:** 3 Billion Euro investment including rolling stock
- **2nd Phase till 6th Phase:** each several Billion Euro investment (Total: 24 Billion €)
- **Financing via off-take agreements with German importers of raw materials and multinational mining companies which buy ton-km per year, support trough German government,**
- **Euler Hermes UFK scheme possible, off-take scheme of multinationals, private insurances**
- **FS for 1st Phase ready in 14 month after project start**
- **Additional Phases will be ready 12-24 month after**
- **contracting for 1st Phase in 2015 scheduled, for 2nd Phase in 2016 scheduled**
- **largest investment as single project in DRC**
Infrastructure Improvements

Transportation

- Shortest connection from copper belt to the port is Benguela rail to Lobito via Lubumbashi - Dilolo
- Integration in central and south African railroad corridor
- Connection to Zambia, South Africa and Angola
- Later connections to Rwanda, Tanzania, Uganda, Central Africa, South Sudan, Cameroon
- Katanga- Kinshasa – BANANA deep sea Port
Infrastructure Improvements

Transportation

- Mining companies and others have only access to ports by truck

- RAIL Transport is safe, fast, cheap, environmental friendly

Transport improvements for growth and employment in DRC - Katanga province, Cuvette Centrale, Eastern DRC etc.
New Rolling Stock

Railway Rehabilitation

- Construction of 10,000 km railway
- New rolling stock:
  - 50 locomotives (300 in 2nd phase)
  - 1,500 wagons (1st phase)
  - 10,000 wagons (2nd phase)
## DR Congo - Investment Conditions

### Chances

- Enormous potential of growth on base of raw materials
- Several mining companies will back the project trough TCPA (Transport Capacity Purchase Agreements), so evagor can structure and the Bank can finance the projects with its partners against guaranties of them
- Private placements as base of own capital and on parts of the project
- Highly experienced partner for operating the railway system
- Development of deep sea port project
- Constituting political and economical consolidation, high need for development
- **Main focus in the development is industrialization on base of developed transport sector**
- The development is in its early stages with relatively low competition
- a chance to market entry with relatively low capital requirement as first mover advantage
  - big names in the industry are ready for enter the Congolese market
- **Africa-expert recommendations: “mid and long term investments are profitable“**
- Medium-term project with prompt cash return in transport sector
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