

Annex E Business Plan Guidelines

1. Introduction

The TNPA wishes to obtain a holistic view of the Bidders proposal to undertake the Project. In order to do so Bidders are required to prepare and submit a business plan, which will be implemented by the Bidder should it be appointed as the Terminal Operator to undertake the Project. It is imperative that the Business Plan reflects credible, realistic and achievable targets as the Bidder will be bound thereby with these proposals being incorporated as binding obligations for the Terminal Operator in the Terminal Operator Agreement.

2. Key Elements of Business Plan

2.1. Executive Summary

This section should briefly summarize each section of the business plan. The executive summary should provide an overview of the business and should outline and describe key points and issues.

2.2. Value Proposition

In this section Bidders are required to outline what value its appointment would add to the Port and its service offering to cargo interest, supported by the vision, mission and strategic objectives of the Terminal Operator. It should not exceed **500 words** and should be cross references to relevant points set out in the body of the Business Plan.

2.3. Market and Industry Analysis

In this section Bidders are required to set out a comprehensive market analysis on the movement of Multi-purpose Cargo in and around the Nelson Mandela Bay Metro and the hinterland of the Port. It should cover a status quo analysis of the existing market with reference to specific multi-purpose commodities, a SWOT, Competitor and Trend Analysis, identifying target markets and potential cargo volumes that could be handled in terms of the Project together with sustainability and growth assumptions. In addition it should cover current trends and developments in the Multi- purpose cargo Industry, major players in the industry, industry segmentation, challenges in the industry faces and it likely to face, national and global events that influence the industry, industry growth forecasts, and the impact current South African legislation has on the multi-purpose commodities industry.

2.4. Commercial Strategy

In this section of the Business Plan, bidders are to outline and describe its commercial strategy and approach to marketing the terminal and its value proposition to cargo interests and its customers in terms of promotion, advertising, pricing in relation to competitors,

efficiency and the funding thereof together with projected cargo throughput this commercial strategy will yield and clearly demonstrates how it will respond to the opportunities identified in the market analysis. There should be a clear indication and substantiation for the projected throughput over the term of the concession with a clear disruption of your distribution strategy and channels.

2.5. Financial Plan & Model

2.5.1. The Financial Plan must cover all operational and non-operational expenditure, all capital outlays, integrates capital expenditures with the term and funding from capital providers in terms of equity, loans and others. Demonstrate funders support in terms of sufficient capital to cover unexpected and recurrent expenditures, it derives value in procuring the mobile handling equipment, budgeting to operation phase, and is aligned to the financial model. Financial Plan should where possible be supported by a Members Equity Support Letter **(Annex BB)** and **Lenders Support Letter (Annex CC)**.

2.5.2. The Financial Model should cover the business, financial and industry risk, moderate scenarios with clear income and expenditure projections and demonstrate the Bidders ability to meet its obligations to shareholders, the TNPA and lenders with key assumptions cross referenced to the rest of the Business Plan and from which the key financial ratios could be easily ascertained.

2.6. Operational Plan

Bidders are required to provide a clear operational plan outlining the approach to the execution of the Project, the operations methodology, the terminal cargo handling equipment to be deployed, the logistics plan, operations human resource plans, SHEQ, Risk and Quality management systems that will be applied to mitigate any operational risks and effectively monitor the performance of the Terminal clearly articulating the targeted Ship Working Hour.