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ANBESSA SHOE S.C.

UNCTAD World Investment Forum 2016
Investing in Sustainable Development
PROJECT PROFILE



Company Name: Anbessa Shoe Share Company
Physical Address: Lideta Sub-city, Addis Ababa Ethiopia
Postal address: 1641
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Sector/Type of Business: Leather manufacturing, exporting, retailing and wholesaling
Year of Establishment: 1935

Company description

Anbessa Shoe Share Company is the oldest shoe manufacturing enterprise in Ethiopia. The company was established by an Italian expatriate in the 1930s. It obtained a measure of goodwill by the 1950s when it was known by the name DARMAR. It introduced industrial machinery and availed shoes for men, women and children. In the mid 1970s the manufacturing facilities were nationalized by the Derg regime. The company was privatized again in 2012 and purchased by the current owner, Ato Tedla Yizengaw. At the time of privatization, the company had 800 employees and was making significant losses. Now the company is profitable, has expanded its workforce to 1,140 and increased production as a result of restructuring, machinery upgrades and improvement in systems and production layout.

Anbessa's manufacturing facility is located in Addis Ababa and has about 33 outlets locally. Its main products are leather shoes (casual, military and safety shoes), leather articles (bags, wallets, and belts) and outsole. It serves both the domestic and the export market. Anbessa is a market leader, commanding approximately 65% to 70% of the local shoe retail business. It also contributes significantly to the generation of foreign currency for the country by exporting shoes to different parts of the world like USA, EU, Middle East, Asia, and Africa.

The company is about 4 months away from completing a manufacturing expansion project which will result in the current plant operations moving to a new site in the Akaki/Kaliti area. The new plant will be compliant with international best practice, thereby enhancing export potential. It will also improve production efficiency, capacity and health and safety standards for staff. The new plant will enable the company to increase production as follows:

Shoes: from 3,500 pairs per day to 10,000 per day

Hand bags: from 20 to 120 pieces

Belts: from 150 to 500 pieces per day



Team

Ato Tedla Yizengaw - Managing Director and Owner

Gashaw Debebe - Board Chair

Bamlaku Demmisie Alemayehu – General Manager. B.A.Accounting

Tadesse Gurmu Gudeta – Deputy General Manager, Sales and Marketing. M.A. Development Management

Eshetu Getachew Kassay – Deputy General Manager, Operations. Certificate, Leather and Shoe Technology

Project description

With the anticipated increase in production capacity at the Akaki/Kaliti plant, the company is now looking to secure its supply of quality raw material (leather) by establishing a tannery in the northern part of Ethiopia – Bahir Dar City, Amhara Regional State. The company has already secured land and hired a project manager for the project. As well, the project feasibility study is complete and design of the factory is in progress.

Currently tanneries in the country produce all forms of hides and skins and finished leather for the domestic and export markets. They supply the local leather goods industry which sells finished leather in the form of soles, shoe uppers, leather garments, stitched upholstery, backpacks, purses and industrial gloves. Domestic demand for leather and leather products is quite significant. According to the Ethiopian Leather Industry Development Institute (LIDI), demand for finished leather in 2015/16 is approximately 101.75 million square feet and is forecast to reach 282.11 million square feet by 2020/21.

Ethiopian skins have a good reputation in the international leather market for their unique natural qualities of fitness, cleanness, and compactness of texture, thickness, flexibility and strength. The highland sheep skins, known as “Hair Sheep” are considered to be the world’s finest and have a highly compacted texture. They are excellent raw material for high-quality leather for dresses, gloves, sport gloves and other garment. This unique feature of Ethiopian skins enables them to fetch higher prices in the international leather market.

Estimated Project Cost:

Use of Funds	USD	Funding sources	USD
Land	12,719	Debt	12,557,305
Construction	7,262,903	Equity	4,185,768
Machinery	6,938,982		
Equipment purchase	605,641		
Utilities	384,793		
Soft costs	23,041		
Working capital	1,514,995		
Total Project Uses	16,743,074	Total Project Sources	16,743,074

Estimated IRR: (Base case, Year 1) 37%

Anticipated financial closing date: Q3 2016

Employment (FTE)

Current	New (on project completion)	Total
1140	1360	2500



Special thanks to:



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