



Invest in Lesotho's **Textile Design Hub**

LESOTHO

Textile Design Hub:
A unique opportunity
for an international
investor to drive
innovation and growth
in the textiles sector.



Textile Design Hub

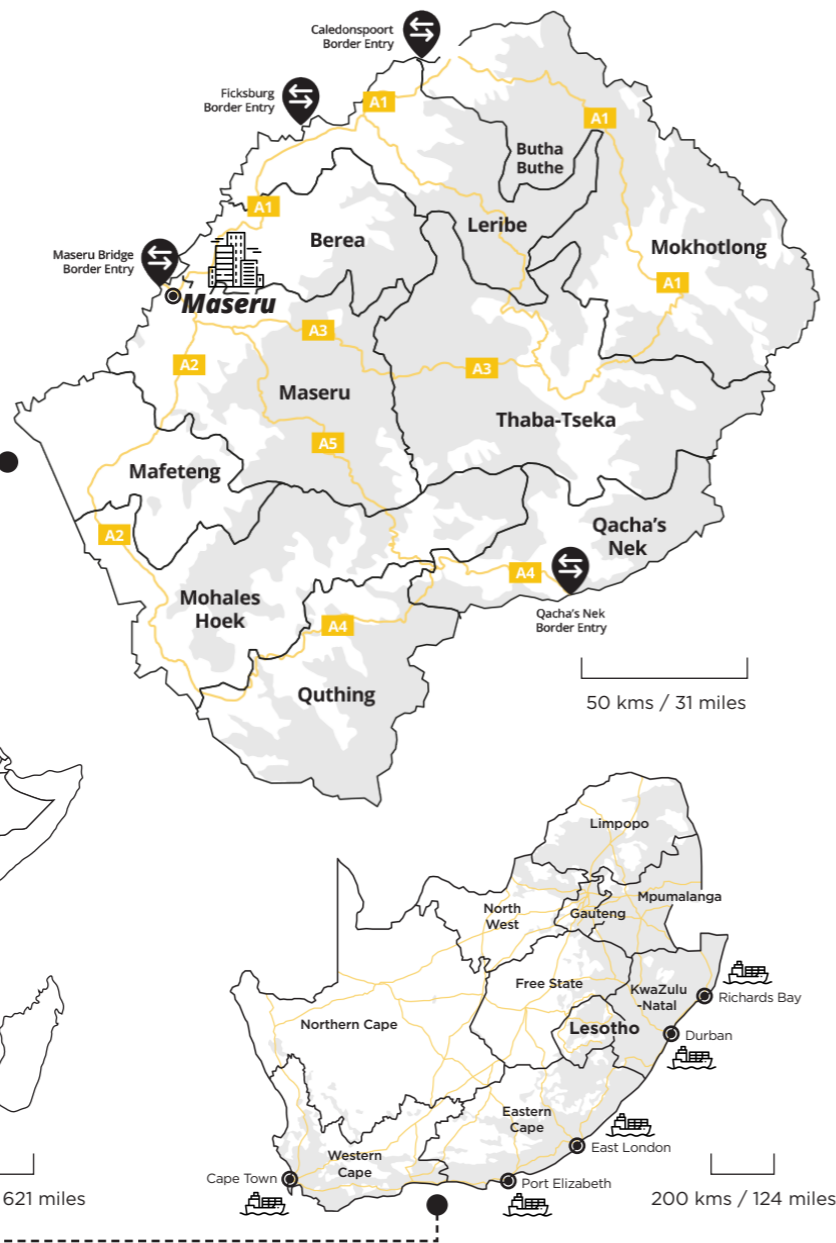


Introduction

Lesotho requires a textile design hub that can contribute to and coordinate local industry innovation.

This includes the production of textiles and garments using renewable energy and sustainable processes.

The Lesotho public and private sector seek an international investor and technical partner for this unique project and to showcase national resources.



Strengths & Opportunities

The Lesotho government, industry, the tertiary education sector, local investors and entrepreneurs wish to engage with international investors to secure critical design and innovation infrastructure for the country, located in the capital, Maseru.

Lesotho's base of graduates, skilled textiles workforce and university innovation hubs will feed into the design hub. Mentorship, trade access, technical support and finance will be the key elements of the design hub's offering. Partners will include major manufacturers, brands and institutes in the global garments and textiles industry.

THE MASERU TRAVEL TO WORK AREA HOLDS

200 000
OF THE NATIONAL
POPULATION OF 2.14M

The estimated labour market for innovation/ICT employment is potentially up to 5,000.

This labour pool can be extended through training and skills development, then applied to sustainable businesses and employment opportunities.

- TEXTILE INNOVATION
- SUSTAINABLE PRODUCTION
- SECTORAL GROWTH
- LESOTHO DESIGN HARNESSSED



THE FASHION DESIGN AND MATERIALS SECTOR

The fashion design and materials sector is a niche part of global textiles and garments. Lesotho features a unique culture of design. It also has a commitment to sustainably produced natural materials (including leather, wool, mohair, new vegetable materials). This is supported by a burgeoning international garments and textiles industry as well as textiles and graphic designers.

Additional sub sectors and activities present opportunities in export-oriented industries including work-wear, textiles accessories such as buttons and zips, blankets, car seat covers and other automotive textiles.

Lesotho can contribute to global industry innovation and the production of safe textiles and garments using renewable energy. The elimination of potentially hazardous substances and improved production processes fits with Lesotho's unique natural environment. Examples include the development of new and sustainably produced textile materials, as well as anaerobic digestion and composting processes at key stages of the value chain.

Textile Design Hub



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Strengths & Opportunities

At present, Lesotho relies on South Africa's infrastructure for compliance with international markets standards and technical regulations.

The country also seeks to strengthen its intellectual property (IP) commitments in order to exploit indigenous designs and move up the value chain.



THE LESOTHO DESIGN HUB

The Lesotho design hub will be a key contributor to design, innovation and technology transfer, working closely with other innovation centres in the country and in neighbouring South Africa.

As the first of its type to be established in Lesotho, investors can be assured of the full support of the government, local stakeholders and international development institutions.

Lesotho features:

- Unique culture of design.
- Access to sustainably produced natural materials (including leather, wool, mohair, new vegetable materials).
- A burgeoning Lesotho indigenous garments and textiles industry.

For this, it seeks to stimulate partnerships with design hub investors, major manufacturers, brands and institutes in the global garments and textiles industry.

Furthermore, the government of Lesotho is determined to respond to the impact of climate change and take preventative measures in its own industry.

THE MASERU TRAVEL TO WORK AREA

The Maseru travel to work area (TTWA) holds 200,000 of the national population of 2.14m. Lesotho has a modest but highly responsive talent pool of ICT, business skills and experience. Tech accelerator programmes that focus on training, mentoring, finance, apprenticeships are needed in key centres across the country. The Maseru design hub would lead this initiative.



Belo Industrial Park, Butha Buthe.

Textile Design Hub



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Financial Analysis

TOTAL INVESTMENT

A total investment of approximately:

LSL* 302k

comprising fixed assets of LSL 212k, pre-production expenditure of LSL 40k and initial working capital of LSL 50k will be required for the establishment of the Textile Design Hub. The graphs below illustrate a financially viable operation with the opportunity expected to generate a profit throughout its operational life.



Tikoe Industrial Park, Maseru.

NET PROFIT

The enterprise's annual net profit after tax increases from

LSL 185k

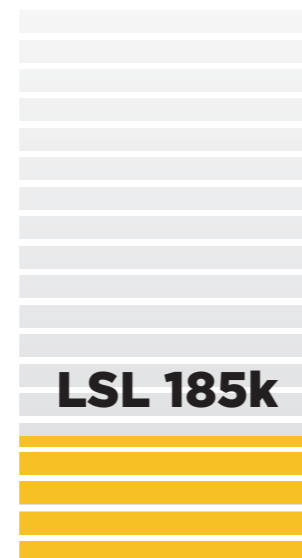
in year 1 to approximately:

LSL 280k

in year 10. Similarly, the projected cash flows of the envisaged project indicate that it will generate positive net cash flows throughout the 10-year operational period.

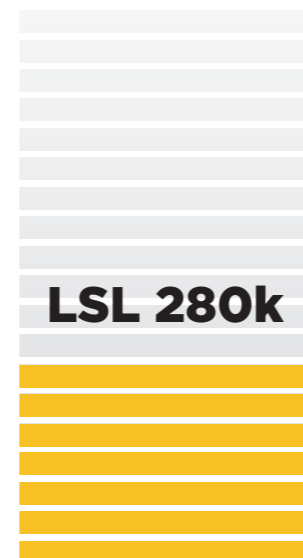
NET PROFIT

YEAR 1

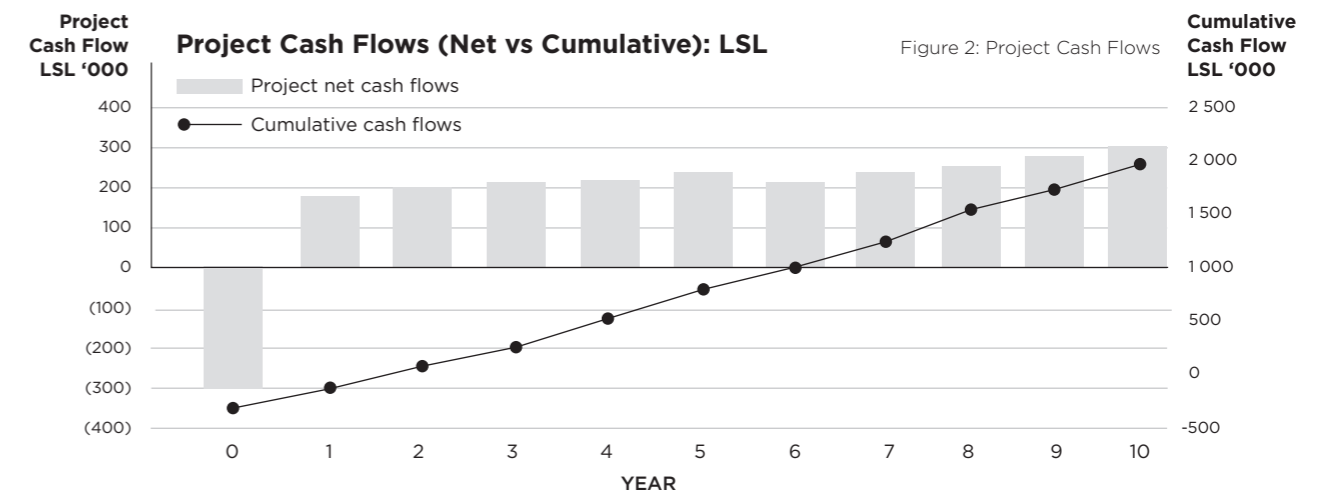
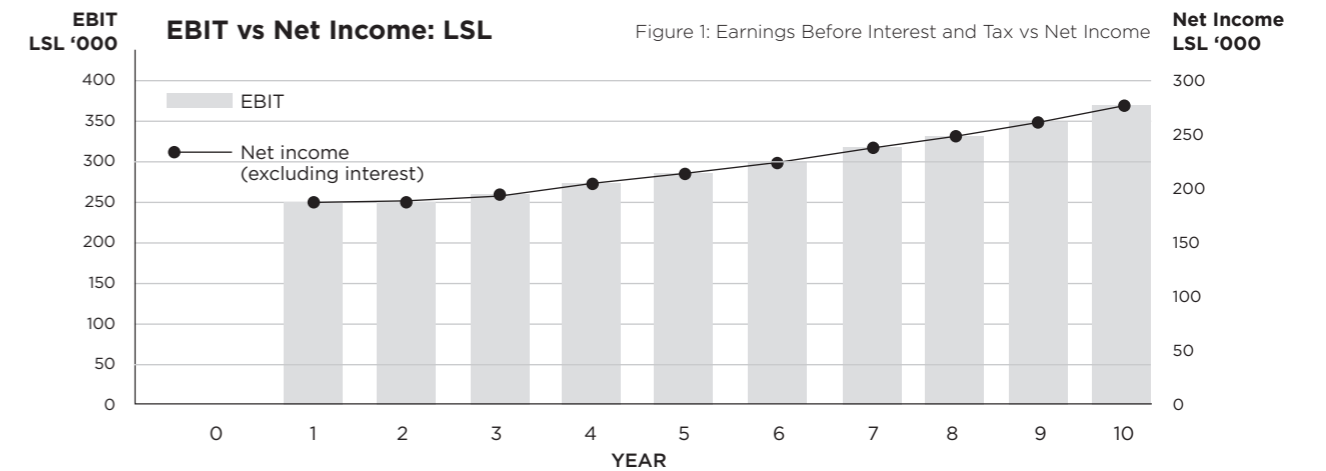


NET PROFIT

YEAR 10



Financial Analysis



The projected future cash flows generated by the enterprise are discounted at a rate of 10%. The outcome of the discounted cash flow analysis is summarized in Table 1.

Table 1: Investment Indicators

Net present value (NPV)	LSL 1.09m
Discounted payback period	2.82 years
Internal rate of return (IRR)	66.12%
Profitability index (PI)	5

In addition to the positive NPV and IRR, the initial investment cost of the project is expected to be fully recovered in just under 3 years. The investment opportunity also responds favourably to the Country's developmental objectives through its positive socio-economic impact in terms of employment creation, economic agglomeration and potential forex earning opportunities.

*1 LSL = 1 ZAR

Textile Design Hub

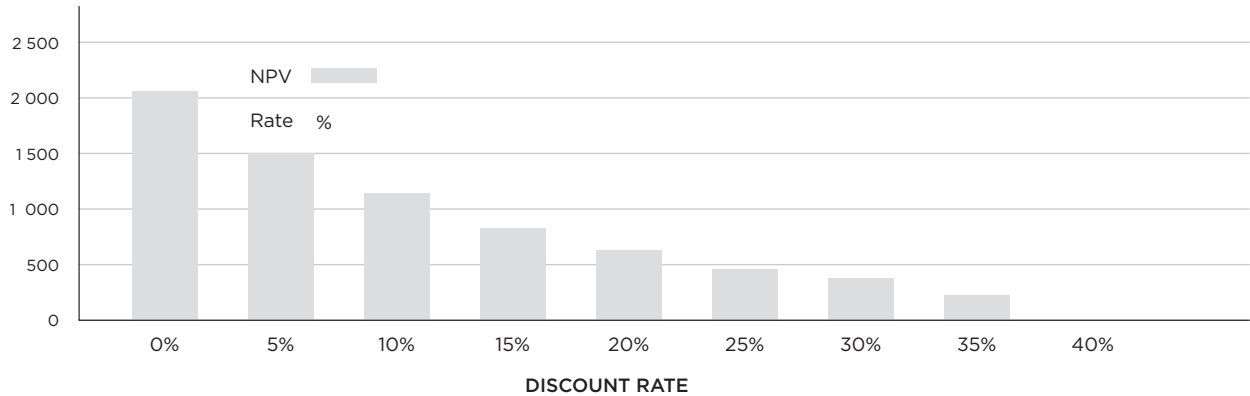


Financial Analysis

The positive NPV and corresponding IRR of 66.12% highlight the financial viability of the Design Hub investment opportunity.

LSL '000 **NPV Profile: LSL**

Figure 3: Project Net Present Value Profile



Belo Industrial Park, Butha Buthe.



Nyenye Industrial Park, Maputsoe.

NOTES

The financial analysis of the textile Design Hub investment opportunity is computed over a ten-year period. Revenue and expenditure projections are in line with industry growth prospects and market potential and have been informed by and benchmarked against industry standards and norms. In addition, assumptions relating to inflation: depreciation and salvage value: and company tax have been worked out based on the existing laws and directives

of the country. The figures above represent high level estimates as of January 2021 and are not derived from a full feasibility study. Investors are advised to conduct their own due diligence.

For more information please contact:

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