

# HBM – SA Health Condom Factory Update



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# History and Formation

- HBM-SA Health was born out of a **joint venture** between SA Health and HBM Group
- **SA Health** is a local medical supply company and **HBM-Group** is a company headquartered in the US, with operations in China.
- The HBM Group is a No. 3 brand in China which produces more than **1 billion condoms per annum**.
- SA Health is currently **one of eight official condom suppliers** to the South African Department of Health under a three-year contract from 01 July 2015 to 30 June 2018.
- Currently the South African Government' total condom demand equates to **1 billion units (annually)**.
- SA Health had been **importing condoms** from the HBM Group
- The HBM-Group and SA Health shareholder came together with the intention of **localising the production of condoms**.

# Ownership

- The ownership of HBM – SA Health is as follows:
  - **HBM Group** - (Technical Partner)
  - **Cherish Investments (Pty) Ltd** – (100% Black African owned company)
  - **Latex Industries SA** – (100% Black African owned company)
- **Principals** behind the project are:
  - Sibusiso Lushaba and
  - Philani Zwane

# Factory Capacity

- HBM-SA plant will create approximately **145 job opportunities** with one shift
- The factory will produce approximately **700,000 condoms per day, 18 Million condoms per month.**
- The factory has provisioned capacity for an additional two lines which in the future will more than **double their current capacity.**
- HBM-SA will supply approximately **12%** of the requirements of the National Department of Health

# KZN Growth Fund involvement

- KZN Growth Fund is a provincial government owned entity that provides business funding.
- HBM-SA Health applied for funding and met the following mandates:
  - Creation of jobs
  - Black economic empowerment
  - General economic development
  - Localisation of manufacturing
  - Commercially viable
- KZN Growth Fund provided **R49 million** to HBM-SA
- KZN Growth assisted in negotiations with HBM Group
- dti's Black Industrialist Scheme has approved **R25.5 m**

# Progress to Date

- Factory and Testing Laboratory have been fully commissioned
- Complies with the international condom manufacturing standard ISO 4074
- ISO 9001 and 13485 process has been initiated
- 6 million condoms produced and successfully tested by an international lab in Malaysia.
- Can only commence with WHO accreditation once it has a 3 years manufacturing record.
- SABS certification received