TFD Network Africa (Pty) Ltd
Macquarie Site Visit
5th October 2011 – TFD Jet Park

Presented by Friedel Spies
Agenda

- IMPERIAL Logistics’ relevance to TFD Network Africa (Pty) LTD
- TFD Overview
- Blue Chip Customer Base
- TFD Network Options / Solutions
- IT Capabilities
- Case Studies – Supply Chain Management
- Proof of Sustainability
- Tiger Consumer Brands – Phil Roux Video Clip
TFD Overview
Company Background – Shareholding

1975
Established by Tongaat Hulett & Irvin Johnson Group

1996
CIC Holdings

2005
Acquired by the IMPERIAL Group

2009
Golden Arrow Awards
TFD Network Africa
Gold Award

2010
The leading FMCG Logistics and SCM company in southern Africa

TFD Network Africa
Cased in Thinking
IMPERIAL LOGISTICS
IMPERIAL LOGISTICS CONSUMER PRODUCTS

Golden Arrow Awards
TFD Network Africa
Gold Award
TFD Overview
Fast Facts 2011 FYE

- 1,600 employees
- 130,000m² warehouse space
- 27,000 primary loads / annum (excluding shuttles)
- NIV of R 13.8 billion
- Customer base 81 Principals
  > 6,000 retail delivery points
- Transport 995,555 pallets / annum
- Transport 624,295 tons / annum
- Transport > 120 million cases / annum
TFD Overview
From 3PL to Lead Logistics Provider (LLP)

WAREHOUSING
- 3rd Party Warehousing on national basis
- Technology enabled processes
- Standardised best practices

DISTRIBUTION
- Primary & Secondary distribution
- Diverse product basket allowing for distribution efficiency
- Technology enabled routing & scheduling processes

VALUE ADD SERVICES
- Debtors Pricing & Administration
- Activity-based billing
- Dedicated Customer Services Department
- Demand Planning & Forecasting
- Call Centre operations

Warehouse Management System
- RedPrairie WMS, centralised, scalable solution
- Standard Software implemented across all sites & principals

Standardised ERP
- Proteus ERP with standardised interfaces
- Standardized information, reporting & processes across all sites & principals

People and Processes
- TFD staff with in-house ERP, WMS & TMS skills
- TFD staff train new users and implement systems

Measurable KPIs
- Customer Service, Productivity, Cost to Serve by activity, Profitability, Throughput, Order fill, Delivery performance
Blue Chip Customer Base
Building Strategic Alliances Across the Enterprise

Customer – Enhance principal’s position with the trade

TFD – Position TFD as a key FMCG industry player

Trade – Contribute to their logistics solutions on behalf of the principal

Joint Reviews:
- Development (supply chain)
- Problem Solving
- Joint Actions
- Continuous Improvement
Blue Chip Customer Base

- FMCG / Food
  - Tiger Brands
  - Heinz
  - MARS
  - RHODES FOOD GROUP
  - Pringles
  - Saldanha FOODS
  - Red Bull
  - Lil-lets

- Consumer Durable
  - Energizer
  - DURACELL
  - 3M

- Confectionary
  - Loacker
  - Bahlsen
  - CANDEREL
  - Beacon
  - Lindt

- Liquor
  - KWV
  - SMOLLAN GROUP
  - the company of wine people
  - KLEINE ZALZE
  - SIMONSVELI
## TFD Network Options / Solutions

### Resource Information

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Vehicles operated nationally (Broco)</td>
<td>210 vehicles</td>
</tr>
<tr>
<td>Secondary / Distribution Type Vehicles</td>
<td>161 vehicles</td>
</tr>
<tr>
<td>Dedicated Warehouses operated nationally</td>
<td>2 DCs</td>
</tr>
<tr>
<td>Multi-Principal Warehouses operated nationally</td>
<td>6 DCs</td>
</tr>
<tr>
<td>Temperature Controlled Facilities</td>
<td>4 DCs</td>
</tr>
<tr>
<td>Number of Transhipment Agents currently being used</td>
<td>4 agents</td>
</tr>
<tr>
<td>Percentage of vehicles owned versus outsourced</td>
<td>65% Owned, 35% Outsourced</td>
</tr>
<tr>
<td>Percentage of facilities owned versus outsourced</td>
<td>67% Owned, 33% Outsourced</td>
</tr>
</tbody>
</table>
TFD Network Options / Solutions
National Warehousing Footprint

- Bloemfontein: 8,500 m²
- Cape Town Bulk: 10,000 m²
- Cape Town (Ambient & Temperature Controlled): 20,000 m²
- Jupiter: 20,000 m²
- Jet Park Bulk: 8,000 m²
- Pomona Bulk: 20,000 m²
- Jet Park (Ambient & Temperature Controlled): 20,000 m²
- Durban Bulk: 10,000 m²
- Durban (Ambient & Temperature Controlled): 15,000 m²
- East London
- Port Elizabeth
- Johannesburg

10,000 m²
8,500 m²
10,000 m²
TFD Distribution Network Options / Solutions
Replenishment Process

- T01 – Jupiter
- N01 – DBN
- OBL
- Gauteng Bulk
- C01 – Cape Town
- GEO
- PE
- EL

TFD Stock Transfer
TFD Transshipment
TFD Distribution Network Options / Solutions
Distribution Network Options (Customer Solutions)
IT Capabilities
TFD Information Systems

Proteus

- Incoming Orders
  - B2B, Spar, PnP
  - Edi, FTP & Telesales
- Duo/Scheduler

- Roadshow

- WMS/Dispatcher

- Interface Principal ERP
- Optimiza
- Document scanning

- Knowledge Apps
- Great Plains
IT Capabilities
Warehousing Solution (WMS)

- Full WMS solution through Red Prairie:
  - Implemented since 2002
  - FIFO / FEFO
  - Manage in excess 5,000 SKUs
  - Batch tracking, expiry date and manufacture date control
  - Transaction history
  - SKU maintenance
  - Daily cycle counting
  - Monthly wall to wall stock counts
  - Full interface with TFD’s ERP system (Proteus)
  - Radio frequency scanning through RDT and VRC equipment
A customer-focused solution to streamline the supply chain for MARS Africa, resulting in Logistics Achiever Award winning project (2006)

<table>
<thead>
<tr>
<th>Value Added Benefits Derived</th>
</tr>
</thead>
<tbody>
<tr>
<td>Streamlined stockholding through reduced depots</td>
</tr>
<tr>
<td>Increased stock turns / order fill rate</td>
</tr>
<tr>
<td>Saving in inventory carrying costs (bottom line improvement)</td>
</tr>
<tr>
<td>Improved product mix / Pareto analysis</td>
</tr>
<tr>
<td>Reduced write offs</td>
</tr>
<tr>
<td>Reduced unproductive handling</td>
</tr>
</tbody>
</table>

- The end result was a total reduction in inventory cost of R60m while simultaneously reducing operating costs.
A customer-focused solution to streamline the supply chain for Energizer Schick

<table>
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<tr>
<th>Value Added Benefits Derived</th>
</tr>
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<tbody>
<tr>
<td><strong>Improved inventory accuracy through:</strong></td>
</tr>
<tr>
<td>• Accurate receipt of goods through barcode scanning</td>
</tr>
<tr>
<td>• Real time view of available stock</td>
</tr>
<tr>
<td><strong>Enabled Dynamic SKU Management through:</strong></td>
</tr>
<tr>
<td>• Opening of new &amp; promotional product codes</td>
</tr>
<tr>
<td>• Linking of new and old product codes</td>
</tr>
<tr>
<td><strong>Increased order picking speed</strong></td>
</tr>
<tr>
<td><strong>Increased storage &amp; space utilization through JIT receipts</strong></td>
</tr>
</tbody>
</table>

- The outcome was an overall reduction in lost sales and improved decision making
• Implementation of WMS RedPrairie system integrated with SAP which allows for minimal disruption when initiating a product batch recall

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<tr>
<th>Value Added Benefits Derived</th>
</tr>
</thead>
<tbody>
<tr>
<td>Running off TFD setup – shared TFD resources and infrastructure</td>
</tr>
<tr>
<td>Adherence to future legislative requirements to have alcohol closely monitored in South Africa</td>
</tr>
<tr>
<td>Ability to allow for a product batch recall with minimal disruption to the warehousing and distribution components of the supply chain</td>
</tr>
<tr>
<td>Real time view of stock for order placement – improved OTIF</td>
</tr>
<tr>
<td>Dashboard for productivity monitoring – future utilisation benefit</td>
</tr>
<tr>
<td>Staff and MHE utilisation – automated task allocation, improved utilisation</td>
</tr>
</tbody>
</table>

• Key customer requirement of batch traceability and recall in place

• Platform established for future value extraction and savings
## TFD Network Africa Approach to Sustainability

<table>
<thead>
<tr>
<th>Attributes</th>
<th>TFD</th>
</tr>
</thead>
<tbody>
<tr>
<td>People and Relationships</td>
<td>✓</td>
</tr>
<tr>
<td>Integrated data structure with common interfaces</td>
<td>✓</td>
</tr>
<tr>
<td>Accuracy of documentation</td>
<td>✓</td>
</tr>
<tr>
<td>Adequacy of reports to establish problems and solutions</td>
<td>✔</td>
</tr>
<tr>
<td>Warehousing facilities (infrastructure)</td>
<td>✓</td>
</tr>
<tr>
<td>Competence, thoroughness and reliability</td>
<td>✓</td>
</tr>
<tr>
<td>Commitment to clients (real value adding partnerships)</td>
<td>✓</td>
</tr>
<tr>
<td>Cost effectiveness</td>
<td>✓</td>
</tr>
<tr>
<td>Flexibility</td>
<td>✓</td>
</tr>
<tr>
<td>Fulfillment of service level agreements</td>
<td>✓</td>
</tr>
<tr>
<td>Innovation</td>
<td>✓</td>
</tr>
<tr>
<td>IT knowledge / capability</td>
<td>✓</td>
</tr>
<tr>
<td>IT stock replenishment / forecasting system</td>
<td>✓</td>
</tr>
</tbody>
</table>
Questions
THANK YOU