ANALYST PRESENTATION
MIDAS GROUP
18th MARCH 2014
AGENDA

• BRIEF HISTORY
• BUSINESS MODEL
• DEFINE MARKET
• ROUTE TO MARKET
• BRANDS
• MARKET STRENGTHS
• STRATEGIC INITIATIVES
• SUSTAINABILITY PROGRAMMES
BRIEF HISTORY

- Alex Cruikshank founded Auto Electrical Repair business in 1954
- Changed to wholesale in 1958
- Name changed to Motolek in 1968
- Napa formed in 1973
- Midas Franchise in 1983
- Leveraged Buyout 2002
- Imperial Invested November 2009

MIDAS GROUP (PTY) LIMITED

IMPERIAL HOLDINGS LIMITED 7.5%
FRANCHISEES 10%
MANAGEMENT 15%

Delivering the Promise
BUSINESS MODEL

R1.1B pa
+ 110 Members
50 Local Suppliers

R2.4 B pa
9 Warehouses
Autocycle Centre
Drop Shipment
CVD
On-Site Fleet Supply

50% Members
50% Independents
R 2.3 Bn from “Family”

Franchises
Geribran
Afintapart

30% Stake
80% Stake
$40m pa
R80m pa
• Unique Mechanism
• Bulk Buying and Marketing Organization
• Local Product (No Direct Imports)
• No Warehousing only Drop Shipment
• Approximately 110 Members and 50 Vendors
• Separate entity with Brokerage to Midas and profit to the Members
• Independent Board constituted 50% by Membership
• Extensive Marketing and Promotion
• Efficient Distribution Mechanism for Bulk
1) Bloemfontein
2) Cape Town
3) Durban
4) East London
5) George
6) Johannesburg
7) Nelspruit
8) Port Elizabeth
9) Pretoria
### WAREHOUSING FACTS

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
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<tbody>
<tr>
<td>Space Sq./m</td>
<td>58 000</td>
</tr>
<tr>
<td>Staff</td>
<td>480</td>
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<tr>
<td>Delivery Vehicles</td>
<td>170</td>
</tr>
<tr>
<td>Million Kms p.a.</td>
<td>8</td>
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<tr>
<td>Invoices per day</td>
<td>&gt;16 500</td>
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## BOUQUET OF FRANCHISES

<table>
<thead>
<tr>
<th>Franchise</th>
<th>SA</th>
<th>Owned</th>
<th>Non SA</th>
<th>TOTAL</th>
</tr>
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<tbody>
<tr>
<td>MIDAS</td>
<td>264</td>
<td>20</td>
<td>39</td>
<td>303</td>
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<tr>
<td>TRANSERV</td>
<td></td>
<td></td>
<td>12</td>
<td>12</td>
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<td>ADCD</td>
<td>31</td>
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<td>4</td>
<td>35</td>
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<td>MOTOLEK</td>
<td>51</td>
<td></td>
<td>3</td>
<td>54</td>
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<tr>
<td>ACD</td>
<td>53</td>
<td></td>
<td>2</td>
<td>55</td>
</tr>
<tr>
<td>CBS</td>
<td>20</td>
<td></td>
<td>3</td>
<td>23</td>
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<tr>
<td>BATTERY HUB</td>
<td>39</td>
<td></td>
<td>1</td>
<td>40</td>
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<tr>
<td><strong>Total</strong></td>
<td>458</td>
<td>20</td>
<td>64</td>
<td>522</td>
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FRANCHISE CONCEPTS

- 64 Franchises outside SA
- > 40% Non White Owned
- Non Profit Division
- Fosters Loyalty and Support
- Geographic protection, provided market penetration, Leadership and Group Support
- Leading Midas Franchisees are Napa Members
- Managed through:
  - National Councils
  - Regional Councils
  - Product Selection Meetings
  - Regional Meetings
GERIBRAN

- Central Warehouse in Harare
- Trades through 12 Transerv and 4 Midas Outlets servicing Workshops and the Consumer Market
- Owns 4 Workshops
- Wholesale Business on decline
- Predominantly Cash
- US$ liquidity severely impacting Market
- Largest footprint, widest range, good availability
AUTOMOTIVE AFTERMARKET

Defined as ......
VEHICLE PARC

South-African Market

Accessories/Speciality lines/Electrical/Diesel/Exhaust

Brands

Non Brands

Warranty

DIFM

DIY

Midas Market

Dealers

Retailers/Wholesalers

Workshops

Delivering The Promise
PARTS CONSUMPTION BY VEHICLE AGE

- **Rands consumed per Vehicle**
- **Age of Vehicle**

- **Midas Market**
  - **Global Brands**
  - **Entry White Box**
  - **House Brands**

**OES**
AGEING VEHICLE POPULATION

Vehicle population
- Officially - 8.5 million
- "Phantom" - 0.8 million
- TOTAL - 9.3 million
- Grown from 7.7 million in 2007 (Growing at > GDP)
- Projected to
  - Continue to grow
  - Get older

Drives Parts Consumption
WORKSHOP MARKET: OBSERVATIONS

- Afro-centric
- Subsistence
- No or Little Investment
- Limited Formal Skills
- Limited Business Skills

- Euro-centric
- Professional
- High Investment in
  - Equipment
  - Premises
  - People/Skills
- Technology and Skills

Both Segments are Growing
- Middle Class grown 60% since 2004

Wide Spectrum Of Customers
WORLD CLASS BRANDS
HOUSE BRANDS

- House Brand Revenue is approximately 26% of PIA

- **Hard Parts**

- **Electrical & HD Linings**

- **Oil, Chemicals, Tools & Accessories**

- **Tools & Accessories**

- **Tents etc.**

- Excludes Fishing Brands
MARKET STRENGTHS

- Part of Imperial
- Midas Name
- Napa a unique Mechanism
- Shareholder in ATR – International Buying group
- Bouquet of Franchise Concepts
- Critical Mass and Footprint
- Product Range
- Membership Support (Shareholder)
- BBBEE Rating 3
- Technica
- Developing a technical Division
STRATEGIC INITIATIVES

- Expansion into Africa
- Franchise Growth across all Franchises
- Workshop Market Penetration
  - Formal
  - Informal
- Commercial Vehicle Market
  - Afintapart - Acquired in Sept 2012
  - TTC – On site Distribution (from 1 Aug 2013)
- Brand Focus
  - Global
  - Value
  - Niche Type marketing
- Supply Chain
AFRICA FOCUS

Sub-Saharan Africa

Â Actively growing customer base in East Africa and Mozambique
Â Support Delphi and Denso product throughout Sub-Saharan Africa
Â 10% of Sales and growing
JOHANNESBURG DISTRIBUTION

- New Facility Housing:
  - Head Office
  - Napa Franchise and Marketing
  - Regional and National Distribution

JANUARY 2015
## SUSTAINABILITY PROGRAMMES

### SOCIAL RESPONSIBILITY
- School Upliftment and Empowerment
- 6 Schools
- R2m per annum

### GREEN INITIATIVES
- Carbon Emissions
- Waste Reduction
- Recycling

### TRAINING AND DEVELOPMENT
- ABET
- Skills Development
- Technica
- Learnerships 2010
- Leadership Programme 2013
- Supervisory Programme 2014
Thank You