

**ANALYST  
PRESENTATION  
MIDAS GROUP  
18<sup>th</sup> MARCH 2014**

# AGENDA

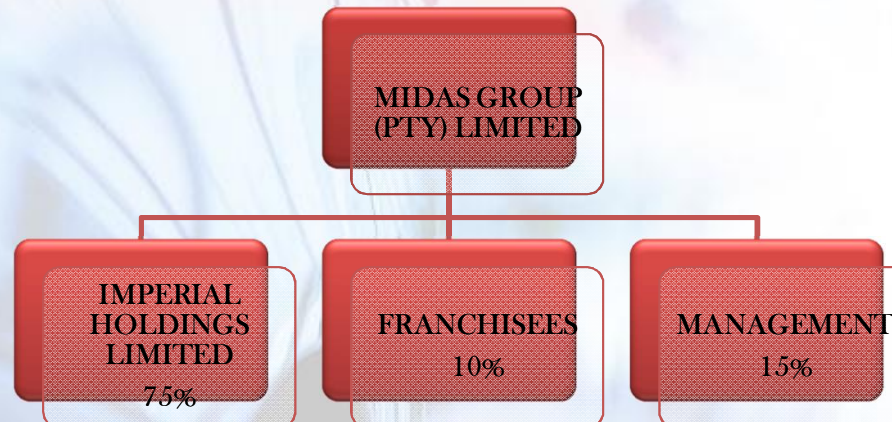
- É **BRIEF HISTORY**
- É **BUSINESS MODEL**
- É **DEFINE MARKET**
- É **ROUTE TO MARKET**
- É **BRANDS**
- É **MARKET STRENGTHS**
- É **STRATEGIC INITIATIVES**
- É **SUSTAINABILITY PROGRAMMES**



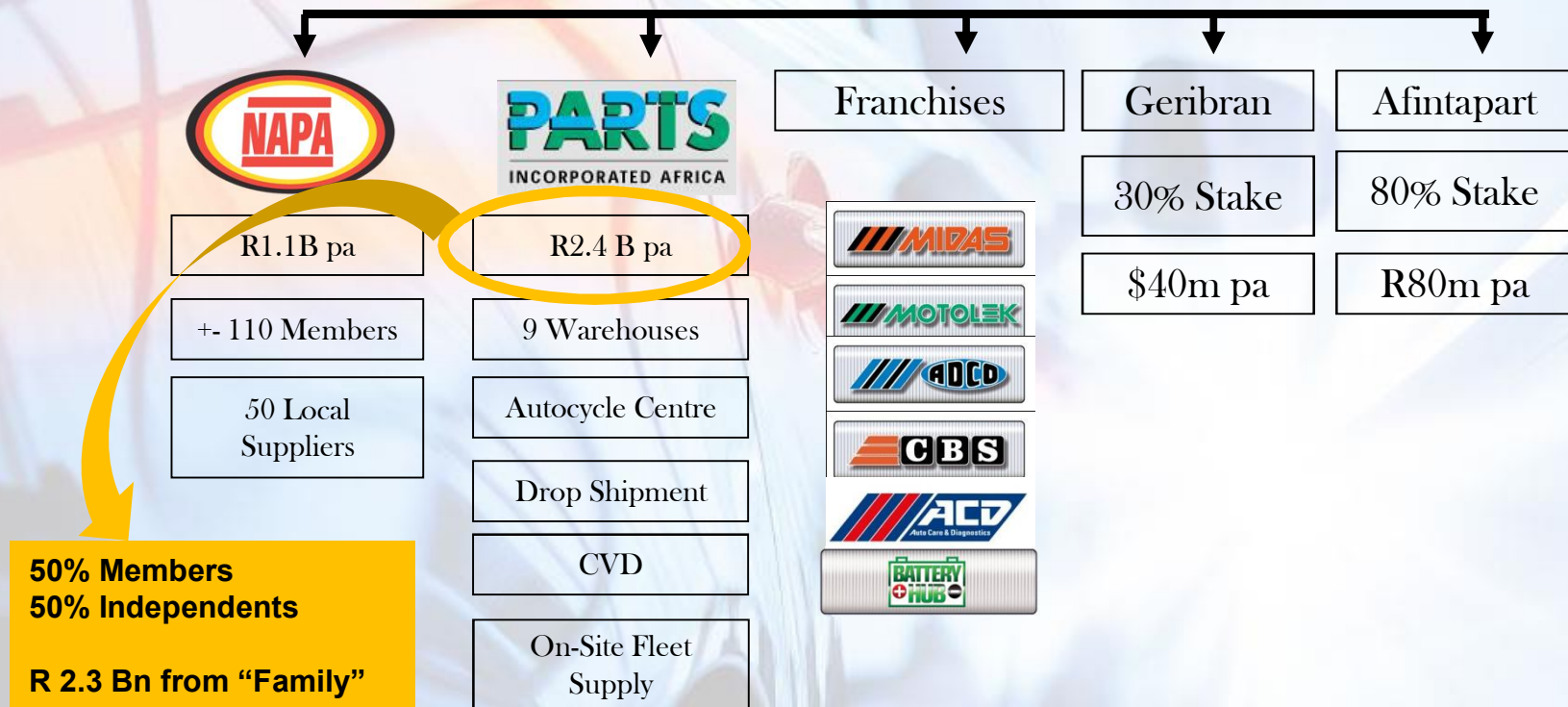
# BRIEF HISTORY



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



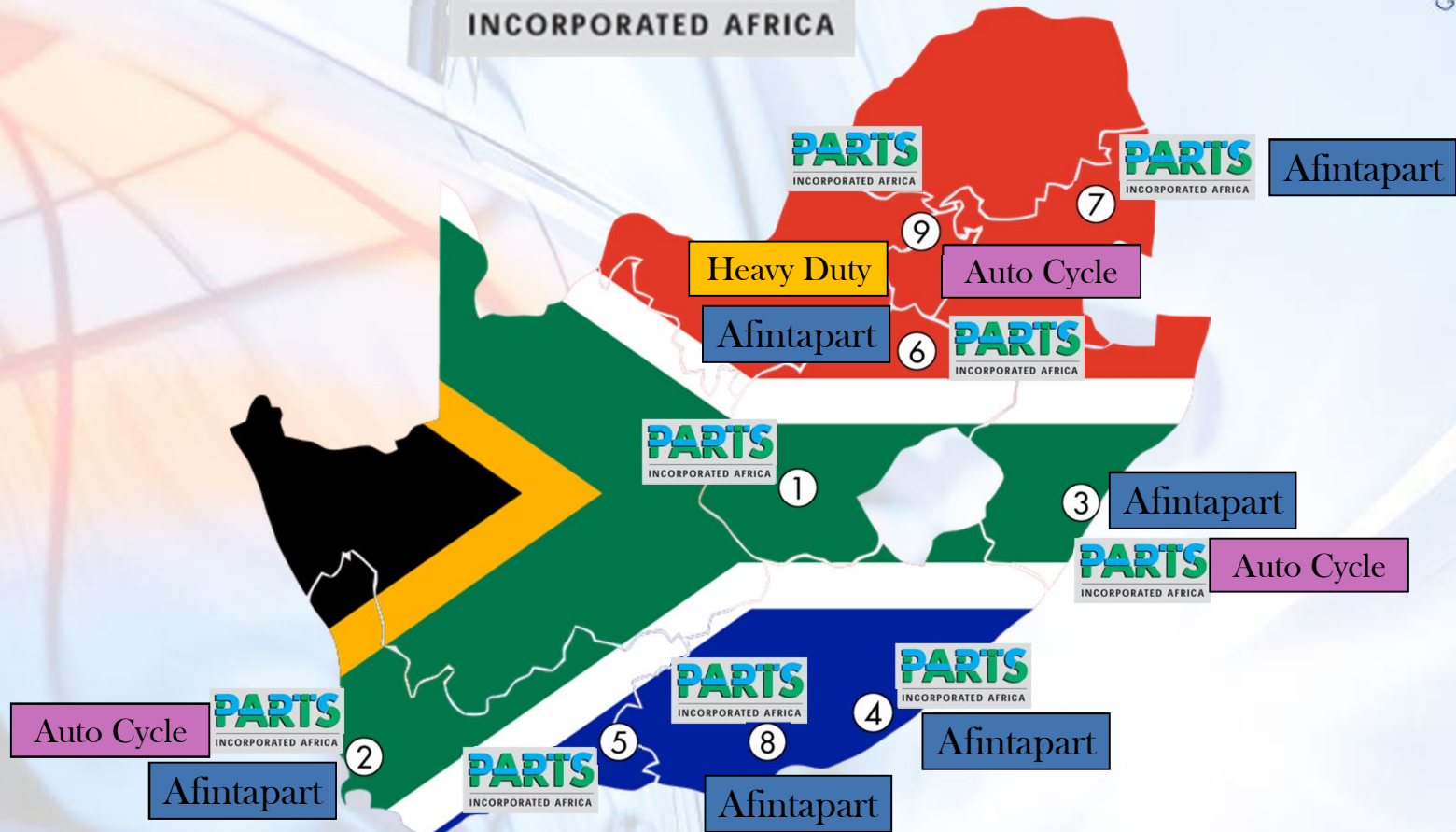
# BUSINESS MODEL





- É **Unique Mechanism**
- É **Bulk Buying and Marketing Organization**
- É **Local Product (No Direct Imports)**
- É **No Warehousing only Drop Shipment**
- É **Approximately 110 Members and 50 Vendors**
- É **Separate entity with Brokerage to Midas and profit to the Members**
- É **Independent Board constituted 50% by Membership**
- É **Extensive Marketing and Promotion**
- É **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

É	<b>Space Sq./m</b>	<b>58 000</b>
É	<b>Staff</b>	<b>480</b>
É	<b>Delivery Vehicles</b>	<b>170</b>
É	<b>Million Kms p.a.</b>	<b>8</b>
É	<b>Invoices per day</b>	<b>&gt;16 500</b>

# BOUQUET OF FRANCHISES



Franchise	SA	Owned	Non SA	TOTAL
	264	20	39	303
			12	12
	31		4	35
	51		3	54
	53		2	55
	20		3	23
	39		1	40
<b>Total</b>	<b>458</b>	<b>20</b>	<b>64</b>	<b>522</b>

*Delivering The Promise*



# FRANCHISE CONCEPTS

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



# GERIBRAN



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

**TRANSERV**

**MIDAS**



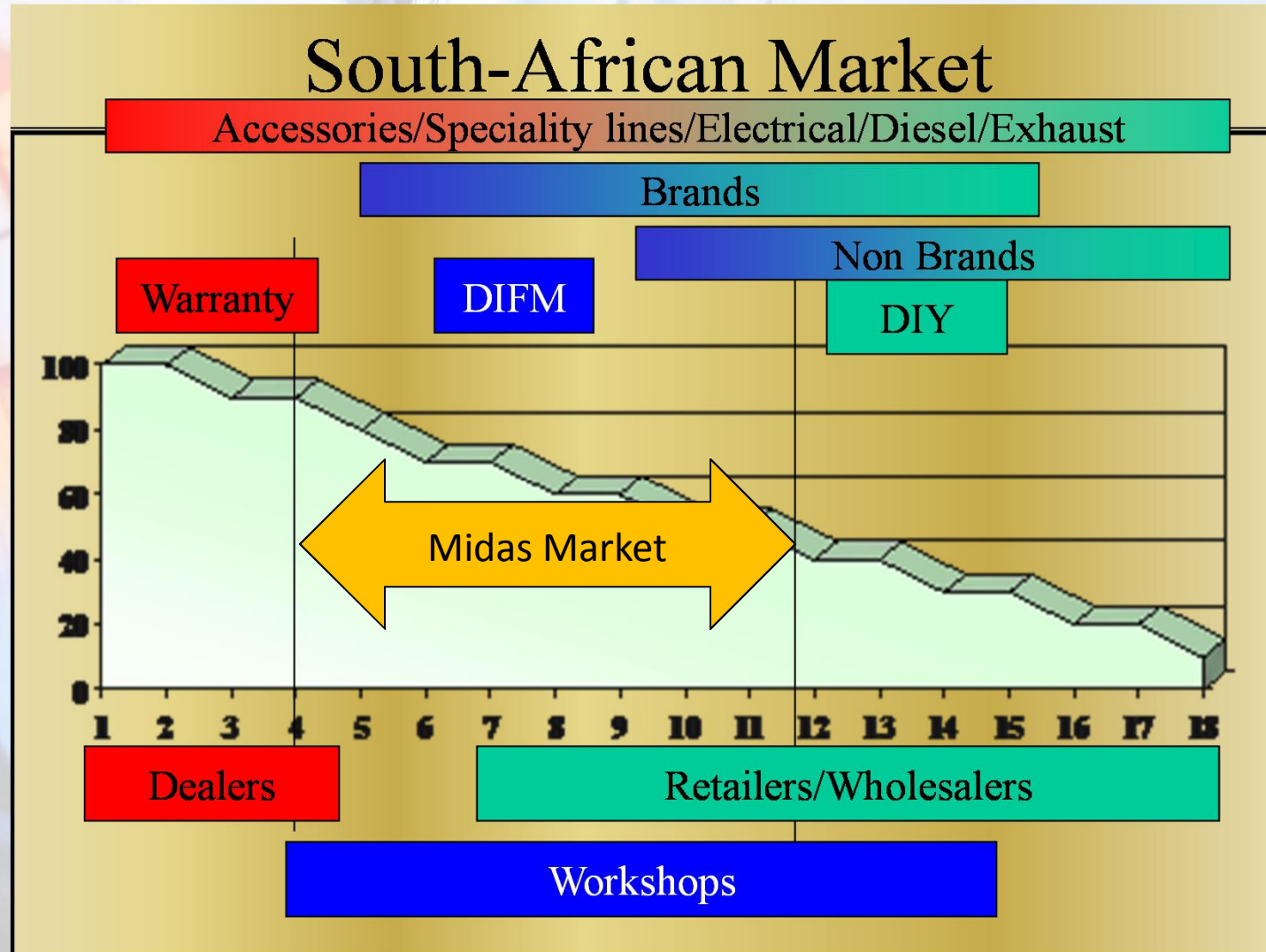
**ZSW**  
ZIMBABWE SPARES WHOLESALERS

# **AUTOMOTIVE AFTERMARKET**

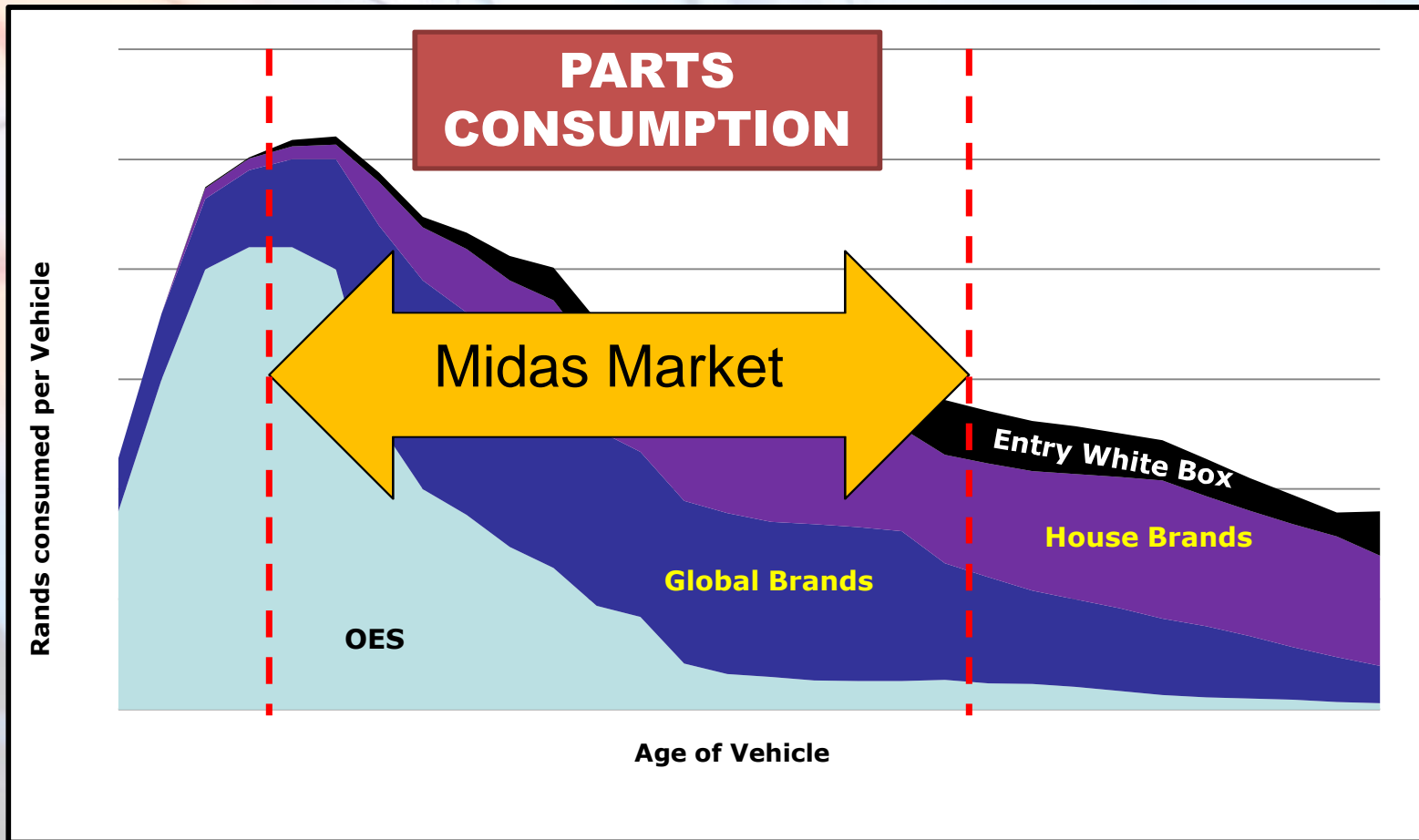
**Defined as .....**



# VEHICLE PARC



# PARTS CONSUMPTION BY VEHICLE AGE

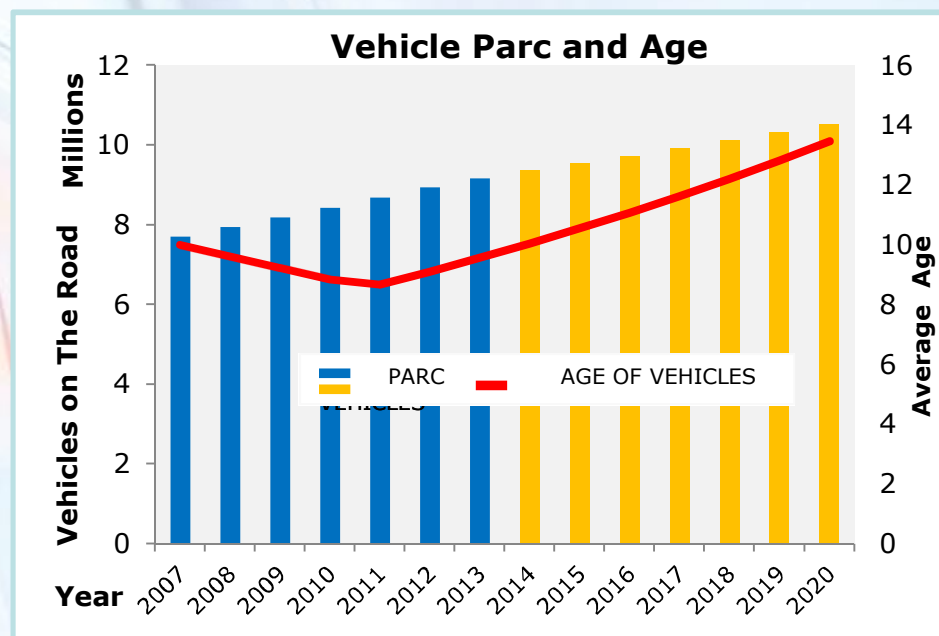


# AGEING VEHICLE POPULATION

## 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



**Wide  
Spectrum  
Of  
Customers**

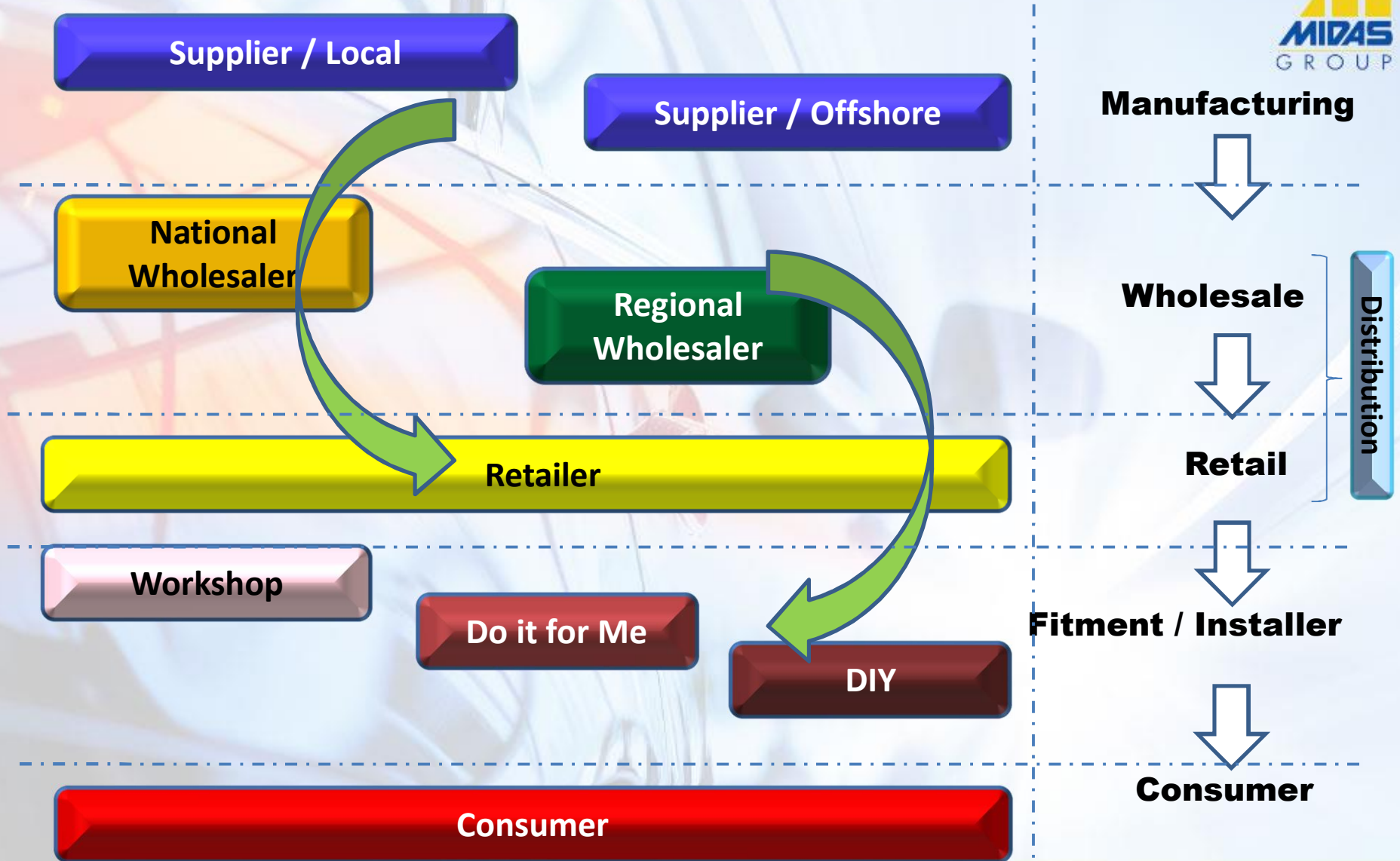


- " **Euro-centric**
- " **Professional**
- " **High Investment in**
  - " **Equipment**
  - " **Premises**
  - " **People/Skills**
- " **Technology and Skills**

**Both Segments are Growing**  
" Middle Class grown 60% since 2004

- " **Afro-centric**
- " **Subsistence**
- " **No or Little Investment**
- " **Training?**
- " **Limited Formal Skills**
- " **Limited Business Skills**

# ROUTE TO MARKET



# WORLD CLASS BRANDS





# HOUSE BRANDS

É House Brand Revenue is approximately 26% of PIA



Hard Parts



Electrical & HD Linings



Oil, Chemicals, Tools & Accessories



Tools & Accessories



Tents etc.

É Excludes Fishing Brands

# MARKET STRENGTHS



É Part of Imperial



É Midas Name



É Napa a unique Mechanism



É Shareholder in ATR – International

Buying group

É Bouquet of Franchise Concepts



É Critical Mass and Footprint

É Product Range



É Membership Support (Shareholder)

É BBEE Rating 3



É Technica



É Developing a technical Division

# STRATEGIC INITIATIVES



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



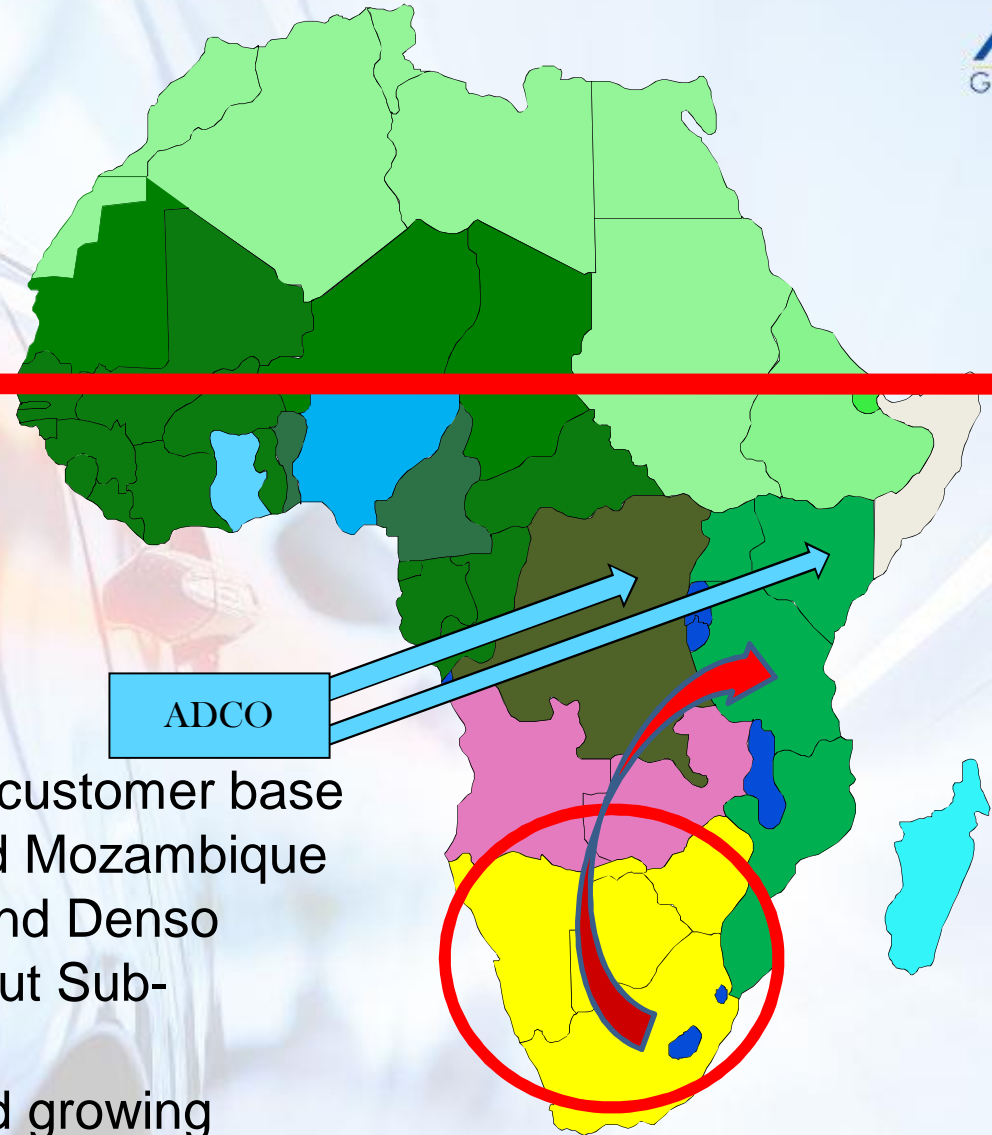
# AFRICA FOCUS



Sub-Saharan  
Africa

ADCO

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

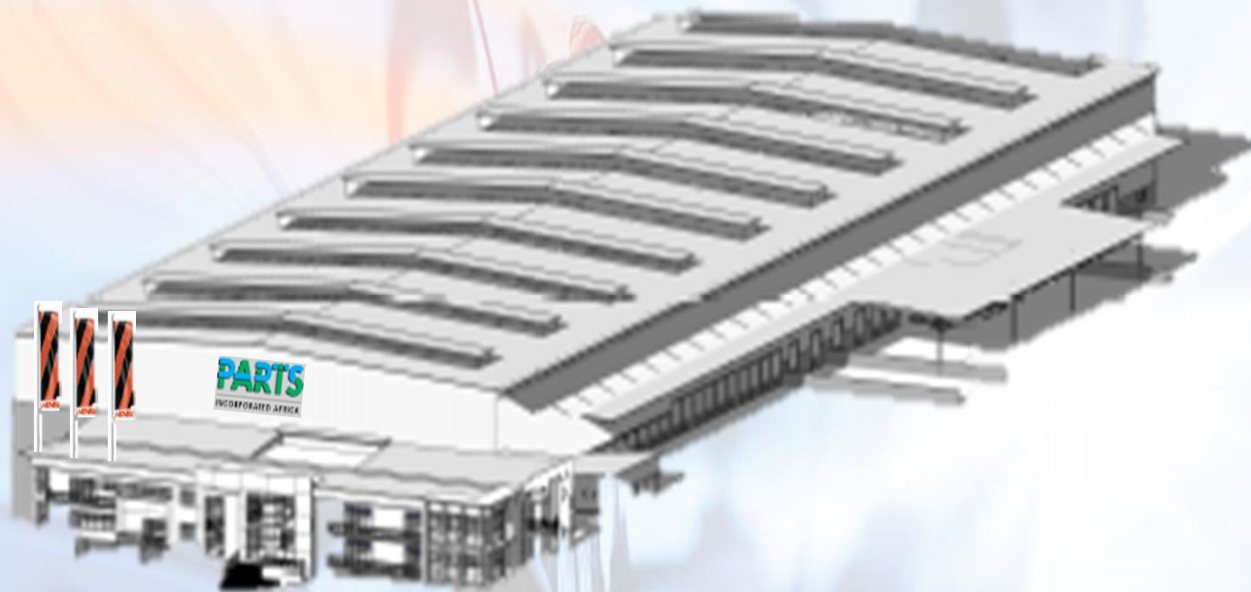


# JOHANNESBURG DISTRIBUTION



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

**JANUARY  
2015**



# SUSTAINABILITY PROGRAMMES



## SOCIAL RESPONSIBILITY

- É School Upliftment and Empowerment
- É 6 Schools
- É R2m per annum

## GREEN INITIATIVES

- É Carbon Emissions
- É Waste Reduction
- É Recycling

## TRAINING AND DEVELOPMENT

- É ABET
- É Skills Development
- É Technica  ON-LINE TRAINING RESOURCES
- É Learnerships 2010
- É Leadership Programme 2013
- É Supervisory Programme 2014



**Thank You**