



Imperial[™]
logistics

Inspiration & innovation
supply chain innovation in Africa

6 November 2019

Our business positioning

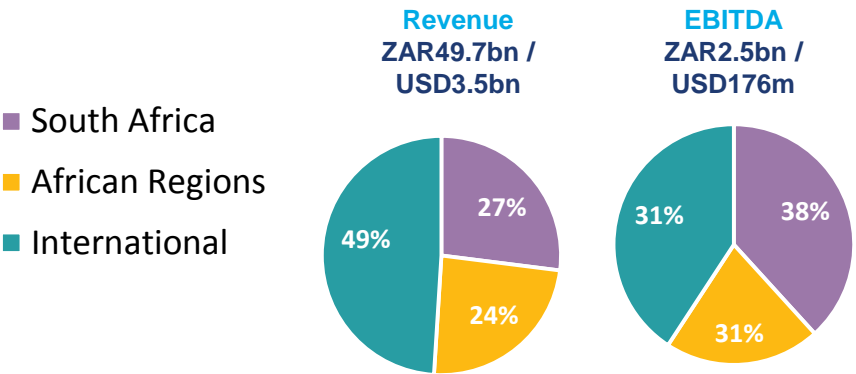
Integrated outsourced logistics service provider...

#1 logistics provider in South Africa
With growth potential in the insourced & fragmented market

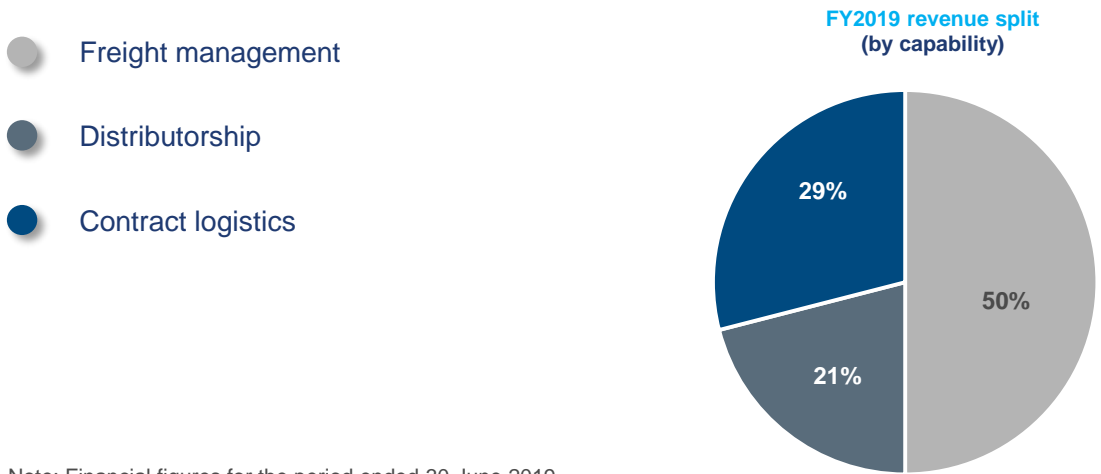
Presence in **32** countries & c.27,000 employees

Ranked in top **30** global logistics providers
(#15 for land-based revenue)

...with diversified presence across Africa & Europe...



...offering specialised capabilities & customised solutions...



Note: Financial figures for the period ended 30 June 2019
1 Average invested capital for the year ended 30 June 2019

...to multinational clients in attractive industries.

Consumer Packaged Goods & Retail



Chemicals & Energy



Automotive



Mining & Manufacturing



Healthcare



Divisional overview

South Africa



- **Leading end-to-end capabilities** to provide outsourced services to extensive client base across industries
- Integrated offerings evolving to **enhance value for clients**

- **Revenue** R13.4bn
- **Operating profit** R950m
- **Operating margin** 7.1%
- **27%** group revenue
- **38%** group operating profit
- **ROIC** of 13.0% vs WACC of 10.8%

African Regions



- **Leading distributor of pharmaceuticals & consumer goods** in Southern, East & West Africa
- Capabilities being expanded across the region

- **Revenue** R12.1bn
- **Operating profit** R787m
- **Operating margin** 6.5%
- **24%** group revenue
- **31%** group operating profit
- **ROIC** of 16.2% vs WACC of 15.4%

International



- Transportation management (shipping / road)
- **Leading capabilities** in chemical & automotive industries
- **Specialised express distribution** capabilities

- **Revenue** € 1.5bn
- **Operating profit** € 48m
- **Operating margin** 3.2%
- **49%** group revenue
- **31%** group operating profit
- **ROIC** of 7.1% vs WACC of 7.6%

Note: Numbers are for 12 months ended 30 June 2019 for continuing operations, excluding businesses held for sale
Return on invested capital (ROIC) & weighted average cost of capital (WACC) are calculated on a rolling 12 month basis

Short-term objectives:

1. Continue to **grow in Africa**, adding new **capabilities**, entering new industry **verticals** & serving more countries / **regions**
2. Strategically **align our International portfolio** with our core competitive advantage, being Africa

Objectives to be executed in a phased approach:

1. Acquire, partner &/or build **air & ocean** (international) freight management capability as a basis for global coverage to support in & out of Africa trade flows in integrated logistics solutions
2. Invest in **capabilities** in select new emerging & developed markets that support the growth of target industry verticals - mainly **healthcare, consumer, chemicals, industrial & automotive**
3. Expand our **distributor capability geographically** will create cross-selling & up-selling & add other existing & new capabilities to that market over time which g opportunities



1. Freight management

- › the movement of goods between specified sources & destinations
- › using different transportation modes (road, river, rail, air & ocean)
- › different transportation types

2. Contract logistics

- › encompassing warehousing, distribution & synchronisation management provided as dedicated or multi-principal services
- › incorporating professional & managed services, integrated with transportation management

3. Distributorships

- › we take ownership of product inventory to provide our clients with unparalleled access to their end-consumers through an integrated logistics & sales service
- › leveraging sourcing, warehousing, distribution, synchronisation & transportation management
- › provides a more robust, value-enhancing service offering which creates a 'stickiness' with our multi-national clients



Key clients in Africa



Key international clients

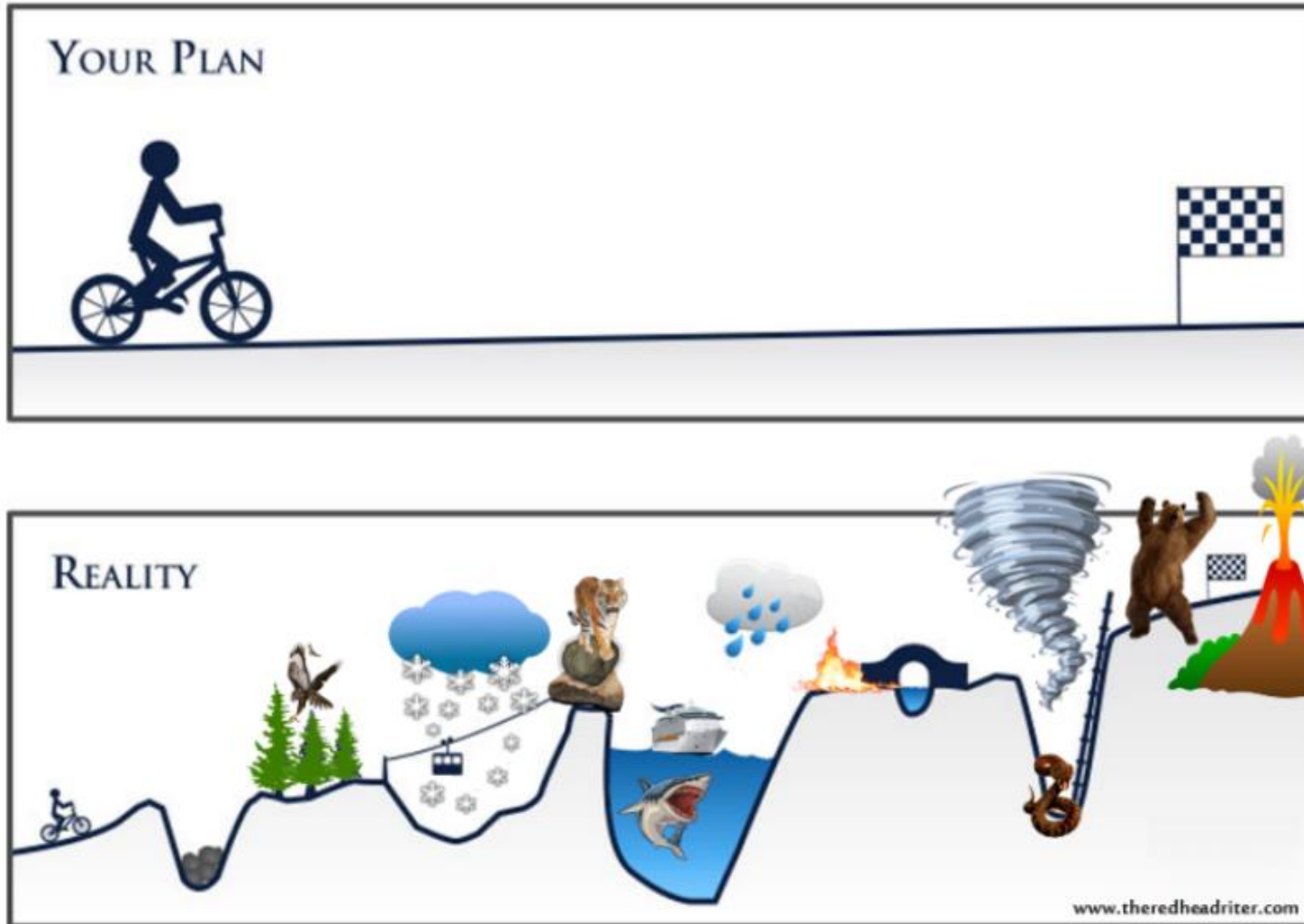




ImperialTM
logistics

**Leading distributor of pharmaceutical & consumer
goods in Southern, East & West Africa**

Doing business in Africa is tough....



Historical context

- Oct 2010:** Created **African Regions Division** by grouping cross-border transport operating companies
- Nov 2010:** Entered the **Distributorship** business (sales-focus) through acquisition of **CIC Holdings**

2010

2012

- Jul 2012:** Consolidated all “Rest of Africa” capabilities in African Regions Division (CIC from ILCP)

2013

- Jan 2013:** Entered **Healthcare industry** with extensive African footprint through acquisition of **RTT Medical**
- May 2013:** Entered the **Nigerian** warehousing & distribution market through acquisition of 49% of **MDS Logistics**

2014 – 2019

- Feb 2014:** Identified consolidation and rationalisation opportunities in cross-border transport companies
- Mar 2014:** Leverage **Imperial Managed Logistics Africa** capabilities to focus in Rest Africa
- Mar 2014:** Entered the **pharmaceutical distributorship** market in Nigeria through acquisition of **Eco Health**
- Sep 2014:** Acquired 70% stake in **Imres**, which provides sourcing and procurement services to NGOs donors and private organisations J
- Jul 2017:** Acquired **Surgipharm** to expand our healthcare route-to-market capabilities into Kenya
- Oct 2019:** Acquiring 65% of **Geka Pharma**, a Namibian pharma distributor
Acquiring majority control of **MDS Logistics** in Nigeria

Created a R12billion business in 9 years

Working with brand owners across the continent



Deep experience in **navigating the complexity**, diversity and distinct challenges of the African continent



Differentiated by a **unique distributor approach supported by local partnerships**, and benefitting from exclusive relationships with principals



Provide point of care & retailer level deliveries to **>4 200 delivery points** in **Kenya**, **>1 300** in **Ghana** and **>52 000** across **Nigeria**



We operate **365 days** of the year, **24 hours** a day



Delivering premium brands by providing **fully integrated, end-to-end RTM solutions** for the unique distribution requirements of the African market



Specialising in **multi-channel solutions** for delivering essential medicines and **consumer health products**



We **conform** to all regulatory and compliance standards



Established the **first world-class** pharmaceutical warehouse facilities of their kind in East and West Africa



The **principal trades in a risk-free environment** as we take full responsibility for the debtor's book



Customisable solutions across the value network, including all logistical and sales functions



Technology implemented across the continent where it can **drive efficiencies**



More than **200 000 m²** of warehousing, strategically placed at over **100 sites** on the continent

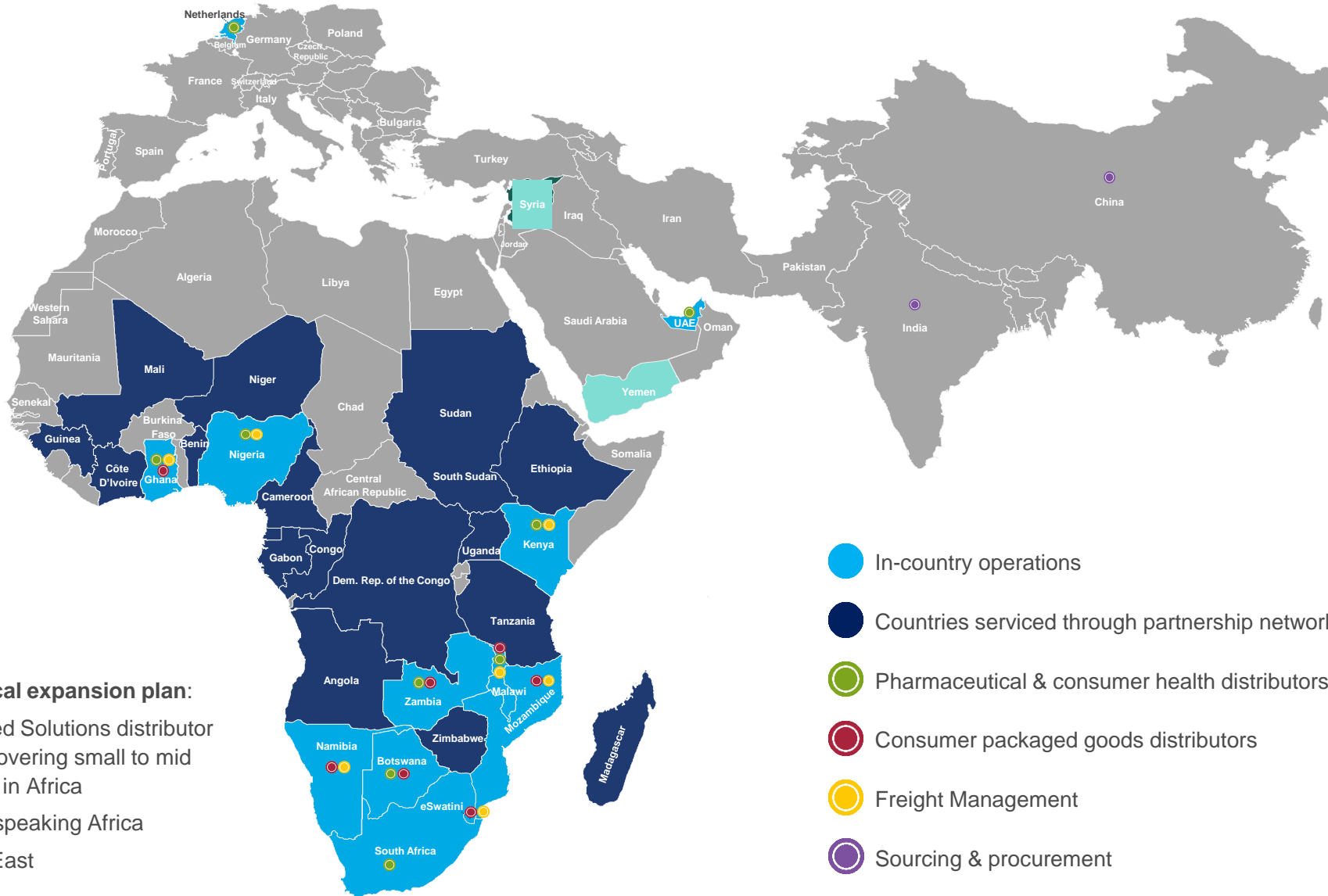


Distribute c.80% of **ethical pharmaceutical trade** in Nigeria and c.20% in Ghana



Distribution network into all channels, with a pharma network into hospitals, pharmacies and government institutions, as well as all formal and **informal consumer markets**

Our African Regions footprint





what my friends think
I do



what my parents think
I do



what marketing thinks
I do



what my boss thinks I
do

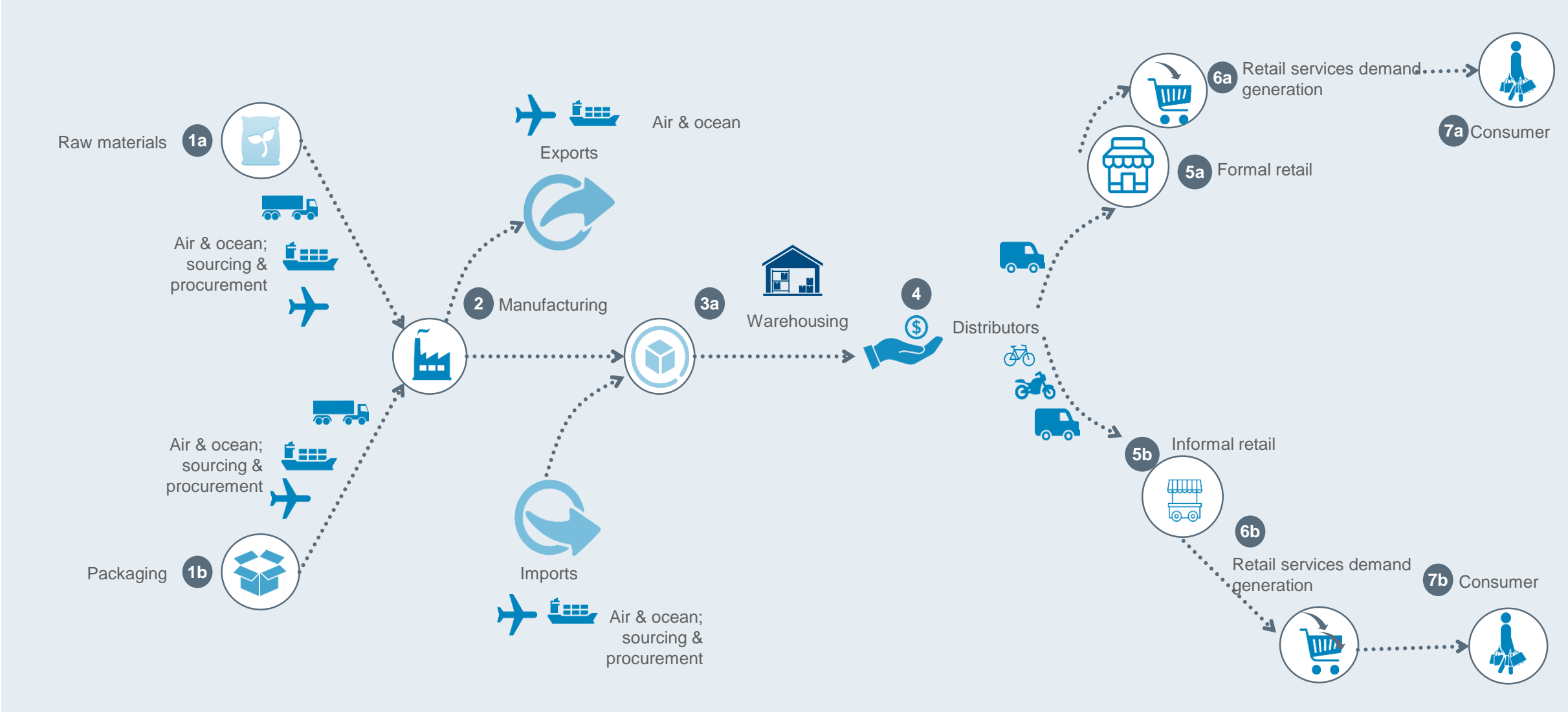


Cat Herding
Ain't a feelin' like it in the world

what I think I do



what I really do



Meeting the needs of both client & consumer

Local partnerships

- We give brand owners informed **access to consumers** through our extensive in-country networks
- Extensive **on-the-ground expertise**, resource, capability & geographic spread; uniquely placed to mitigate & manage the distinctive risk & complexity of the African continent



Governance & compliance

- Well tested & coordinated strategies for managing governance & corporate compliance
- We remediate, monitor & manage risks in addition to coordinating the utilisation of people, process & technology to improve effectiveness & help manage costs



Currency management

- Highly proficient in managing unpredictable exposures, unexpected costs, evolving exchange control regulations, international political, legal or system risk & numerous trade barriers in day-to-day business operations



Why healthcare in Africa?

Growing population & middle class has seen the demand for pharmaceuticals & related healthcare products continue to grow across Africa

Patient affordability necessitates **route-to-market efficiency** & accelerates the shift towards lower cost generics

Reliance on in-country logistics & route-to-market service partnerships increases

Donors transition **spend** to **local suppliers** & governments are increasingly **engaging specialist service providers** with proven abilities, systems & capacity

Growing demand from governments & funders for **transparency, governance, compliance & product authentication**

Growth opportunities

Strengthened relationships with brand principals through direct channel development, demand activation, inventory optimization, late localisation / labelling / kitting, serialisation & authentication

Increasing market diversity of product needs into oncology, non-communicable diseases & biopharmaceuticals

Category expansion into animal health, surgicals, consumables & devices using existing capabilities in current markets

Integrated solution offerings including international freight & transportation management to augment our market leading distribution management & route-to-market capabilities

Geographical expansion through acquisitions & multi-market aggregation of smaller scale African markets

Fast facts – our positioning

- **Delivers 500 million patient packs** annually to 52 000 delivery points
- Provide point of care & retailer level deliveries to **>4 200 delivery points** in Kenya, **>1 300 in** Ghana & more than **>52 000** across Nigeria
- **>200 000 m₂ warehousing** space in the healthcare & consumer industries
- **Proven legitimacy & strong brand recognition** > 20 years relationships with multinational principals, donors & regulators
- **Sound governance & sophisticated systems**
- **Scale** through multi-market aggregation

Why consumer packaged goods?

Rapidly urbanising population across Africa; offers strong growth potential & **increasing consumer buying potential**

Continued **expansion of formal retailers** into the market increases consumer choice & drives **globalisation of brands**

Transition **from traditional channels to more formal models** to drive strong governance & compliance & reduce illicit trading

Continued economic pressure, reduced volume, **increased cost focus & shifting product mix** all present **opportunities for logistics outsourcing**

Growth opportunities

Strengthened relationships with brand principals through direct channel development, demand activation & promotions and inventory optimization

Integrated solution offerings including international freight & transportation management to augment our market leading distribution management & route-to-market capabilities

Expansion of capabilities into contract operations such as repackaging

Fast facts – our positioning

- **Proven** legitimacy, good operational governance controls & **strong brand recognition**
- **Extensive distribution footprint** in African countries
- **>200 000 m₂ warehousing** space in the healthcare & consumer industries
- In excess of **25million cases** picked in the last year
- **> 200 towns** covered
- **> 37 000 active clients**
- **R60 billion of product** delivered to retail outlets



**Imperial[™]
logistics**

Africa's leading healthcare distribution partner
Simplified Solutions in Healthcare



The African healthcare market

Environment

- Highly **complex environment** due to lack of harmonisation
- **Significant risks** to manage incl. **compliance**
- Political and economic **instability**
- **Poor infrastructure**
- Lack of data
- **Parallel trade** and **counterfeit drugs**
- **No certainty of continuous growth in revenue or market share** in small to medium African countries
- **Limited in-country partner buying power** and access to finance

What this means for pharmaceutical companies

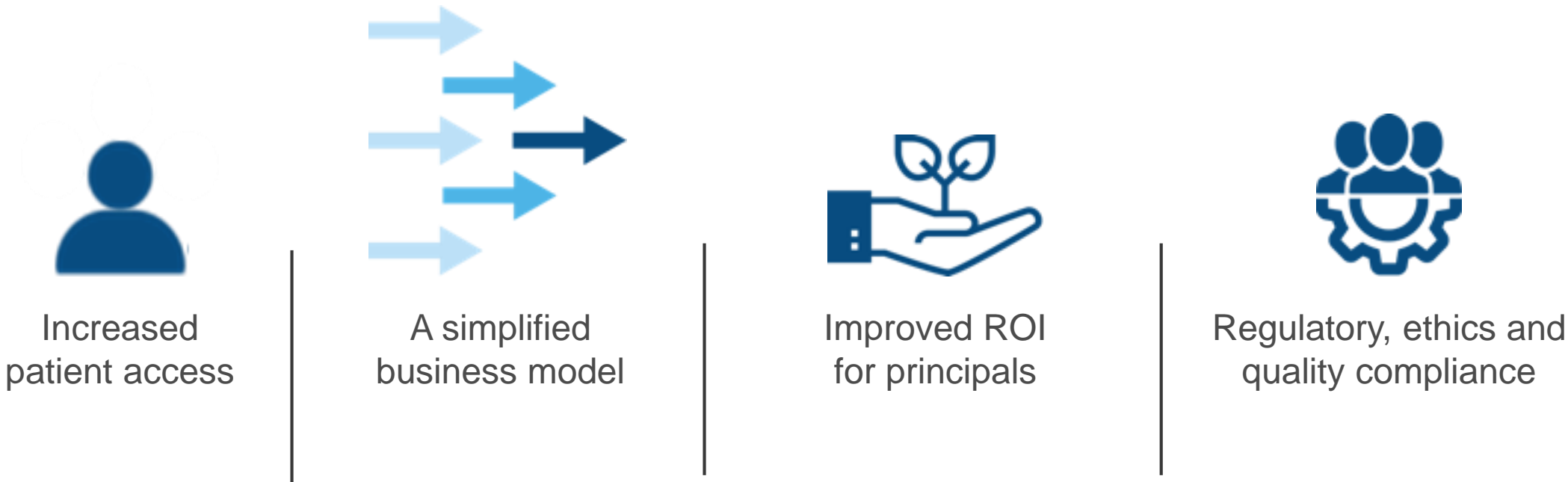
- **Expensive to manage** well
- **Relatively low returns on investment** compared to other emerging markets
- **Lack of predictable financial performance**
- **Significant reputational risk**
- **Lack of quality business information**
- **Little opportunity for new product launches**
- **Heavily dependent on mature brands** to treat illnesses

What does simplification mean for principals?

- Manage only one distributor contract and relationship (76 Vs 1)
- Reduction in:
 - Commercial management
 - Quality management
 - Compliance management
 - Contract management
- No LSP contracting and management
- Demand planning and supply planning in one place
- Management oversight simplified/minimised



Our “simplified solution” delivers



Led by our experienced leadership team in healthcare solutions



Demand planning

Vitalliance



Regulatory management

Vicore Health



Supply chain expertise

Imperial Logistics



Pharmacovigilance

Vicore Health



Demand creation

LVH



Data analytics

Vitalliance

We make it simpler for our principals by changing the model

Client responsibility

- Contract Management
- In-country presence
- Product ownership (inventory and write off management)
- International freight management and clearing activities
- Demand planning
- Risk management (debtors, forex, insurance & product expiry)
- RTM partner management including QA and compliance audits
- Channel management (Hospitals, pharmacies, etc.)
- Reporting of all supply chain KPIs



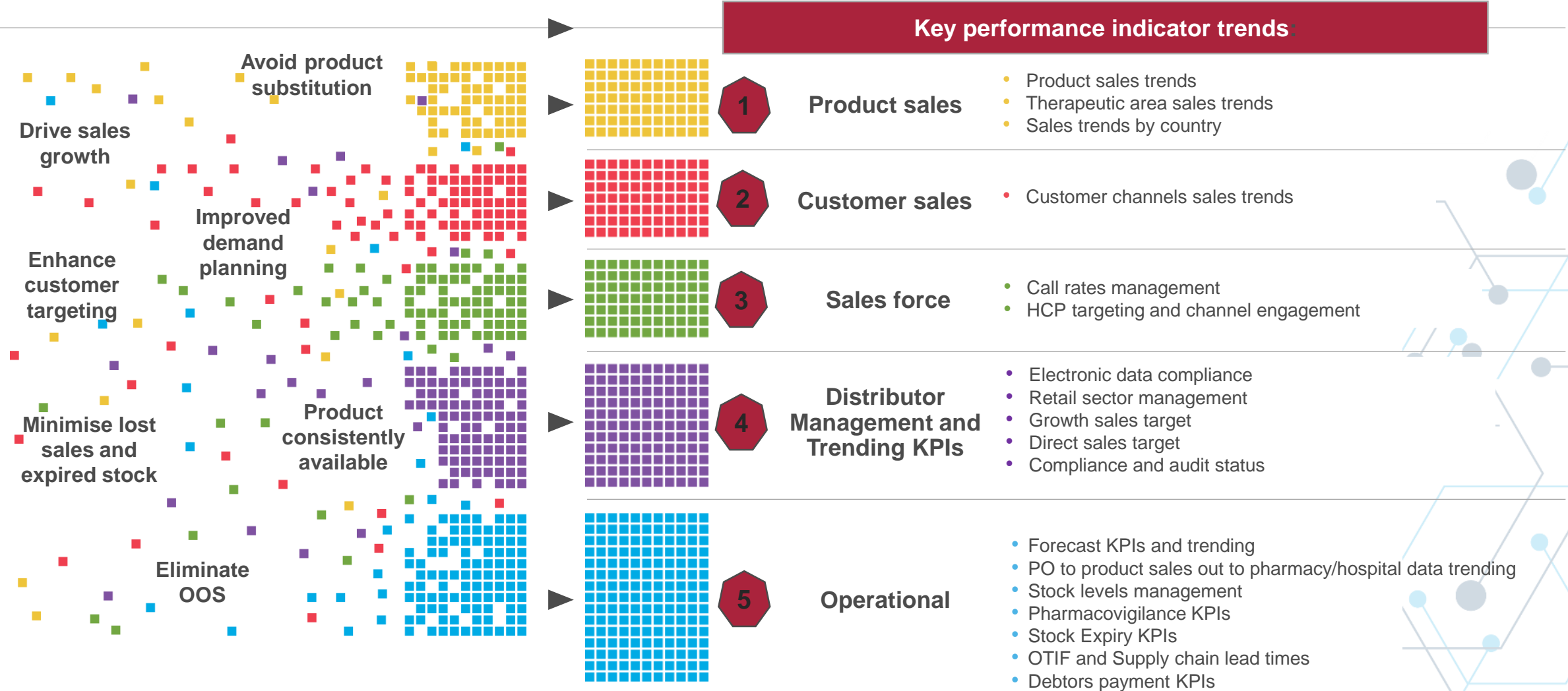
Imperial Logistics' responsibility

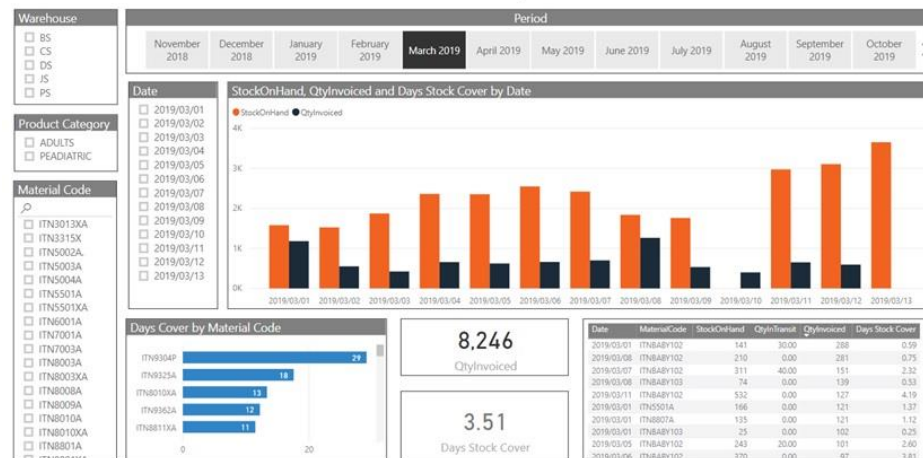
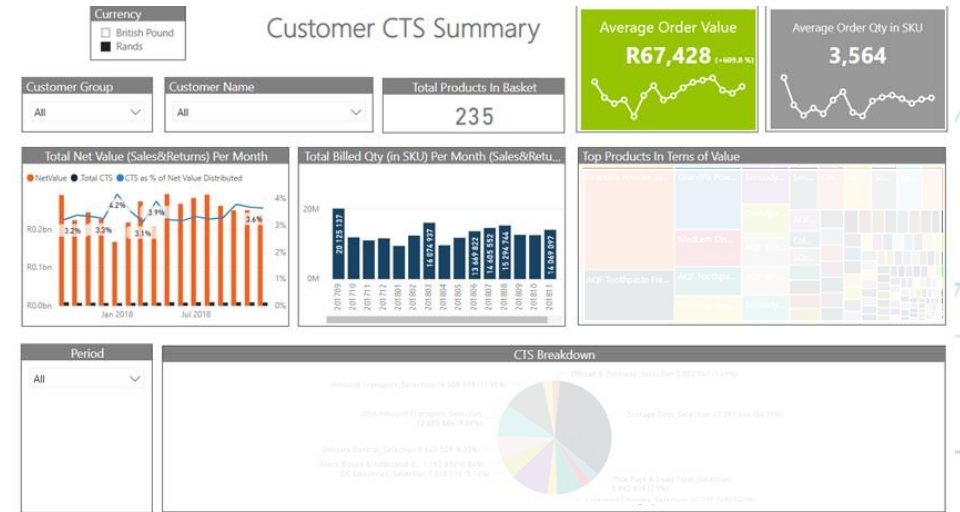
- Regional distribution centers
- Warehousing activities and stock control management
- Transportation activities and product export
- Order to cash management

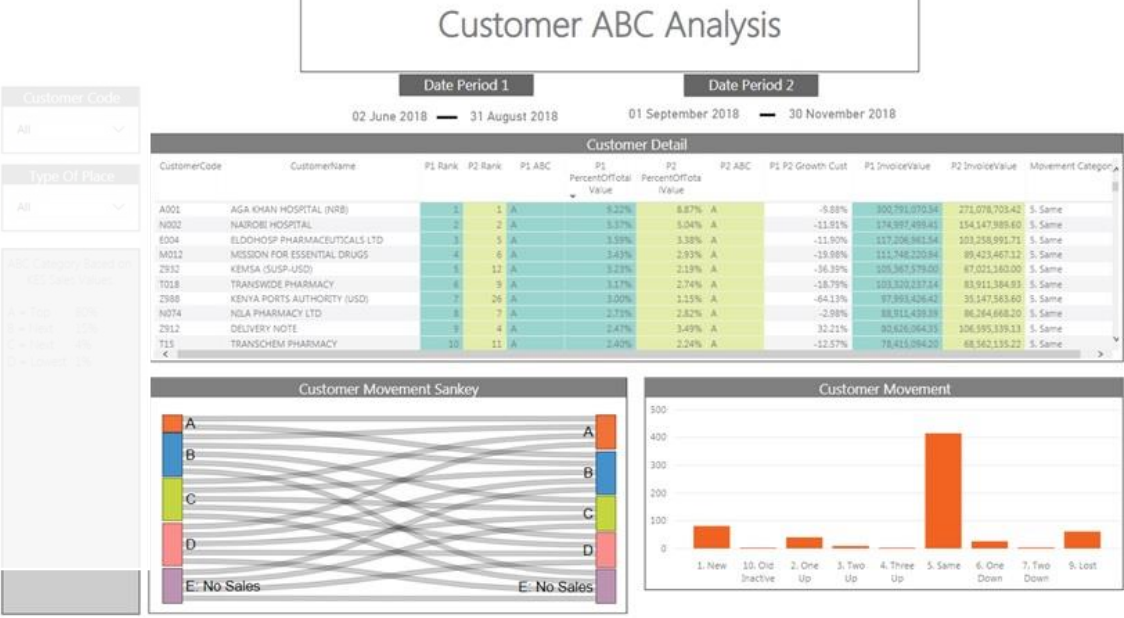
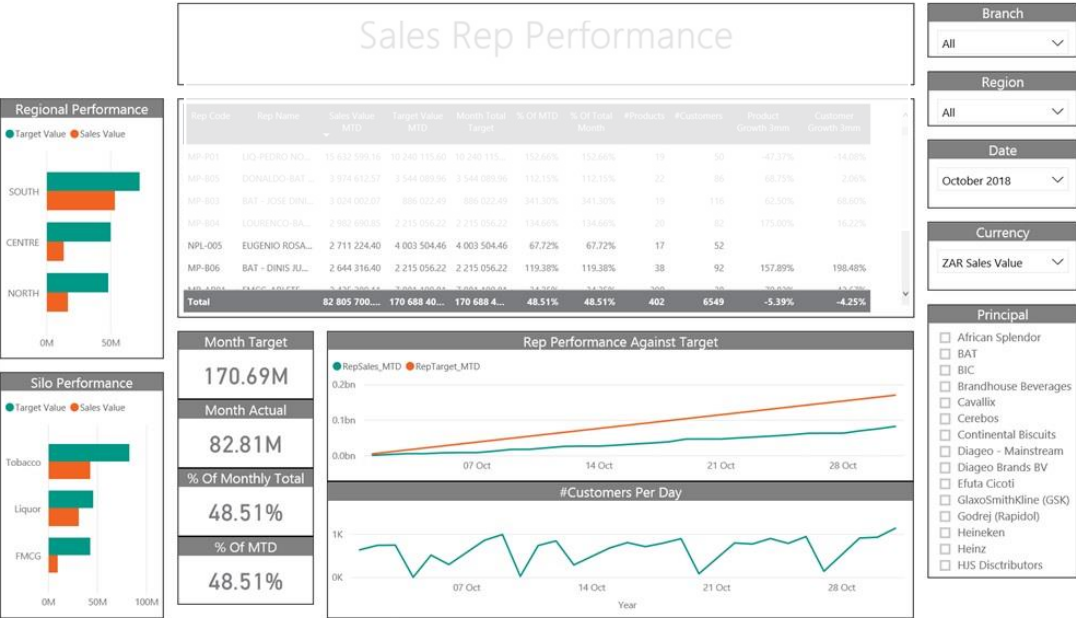


Comprehensive risk management

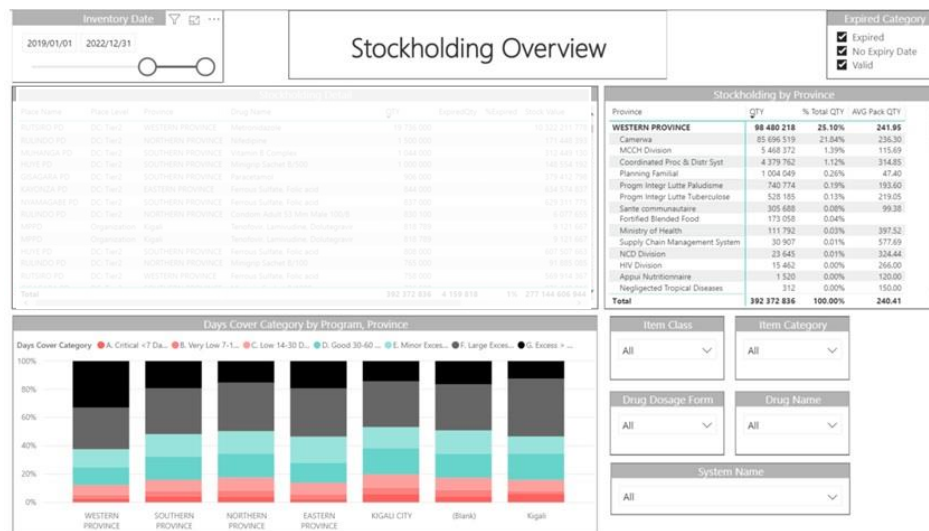
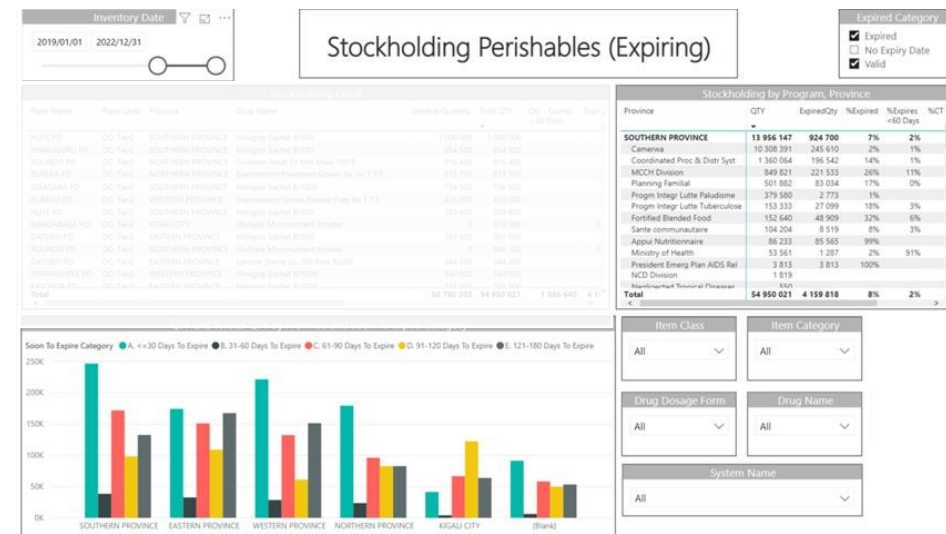
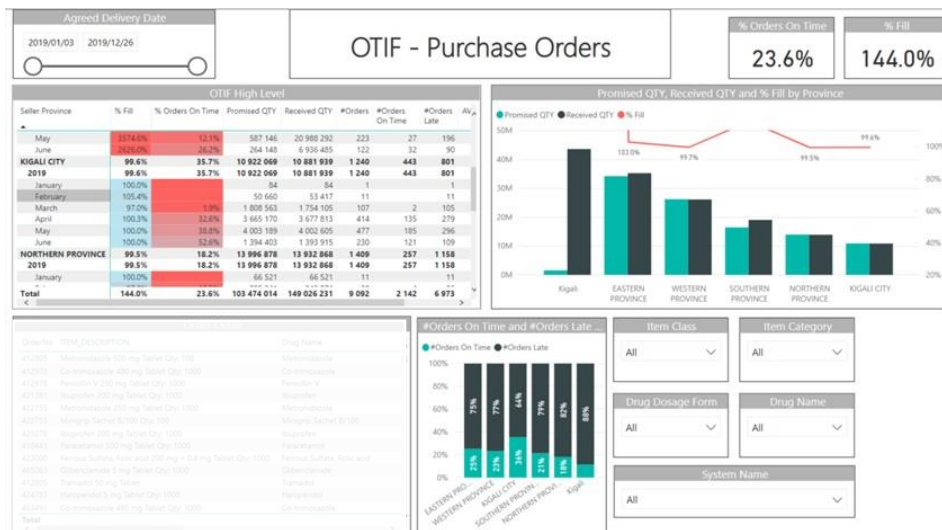
Regional hubs	Partners	Marketing and sales force	External market forces	Regulatory
<ul style="list-style-type: none">• ISO 9001 certified• QMS contains risk assessments, disaster recovery plans, internal audit, and change management• CGMP / GDP / locally licenced facilities• Validated electronics systems	<ul style="list-style-type: none">• QA compliance audit verification process• Proven track record as local technical representative / registration holder (where required)	<ul style="list-style-type: none">• ABAC training well embedded• Regular certification for sales force• MNC management experience• Identified breaches handled through performance management	<ul style="list-style-type: none">• Business contingency management• Market leading supply chain control tower systems for visibility and auditability• Development of in-market surveillance for patient safety (serialisation and authentication)	<ul style="list-style-type: none">• FDA approved Pharmacovigilance system and reporting







Supply chain dashboard





**Imperial[™]
logistics**

Unmatched access to informal consumer markets
our market access solution



Our cash van solutions ensure that products are sold & distributed **deep & wide** into the **informal markets**

Benefits of this solution include:

- Increased market penetration by convenience-
- Delivering directly to the informal markets, shebeens & baraccas
- Enforcing of price compliance
 - Cash vans sell on specific mark-up per SKU, wholesaler has to comply to the price points ensuring control of in-market pricing
- Influence at the point of purchase
 - Introducing our current & new product range directly to informal markets, shebeens & baraccas
 - Creating awareness of our brands
 - Placement of point of sale material
 - Identifying & communicating additional marketing opportunities
 - Gathering of market intelligence
- Barriers to entry for competitor
 - Ensuring a greater 'share of wallet'



Mozambique

- Total cash vans: 80
- Revenue by cash van operation: c.R900m
- Products: Tobacco, liquor and snacks

Namibia

- Total cash vans: 20
- Revenue by cash van operation: c.R100m
- Products: Tobacco and snacks

Malawi

- Total cash vans: 15
- Revenue by cash van operation: c.R140m
- Products: Tobacco, general merchandise and powdered milk



Leveraging technology, footprint & local insight for unrivalled reach





Imperial[™]
logistics

Intelligent control towers
Vitalliance

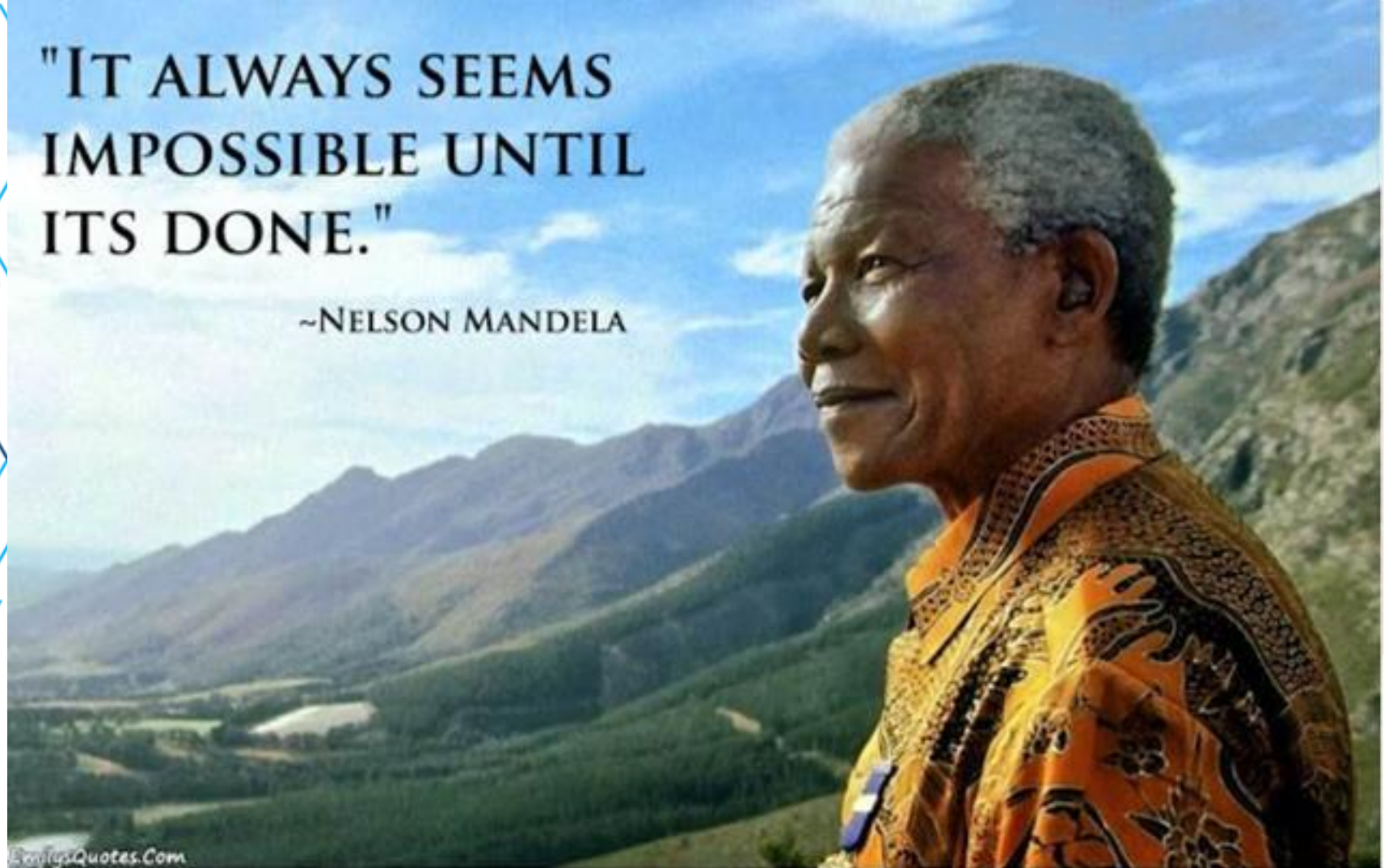
- Vitalliance established as a 50/50 JV between **Imperial Logistics & One Network** (US based technology provider)
- Enables **end-to-end healthcare supply chains** with its **supply chain control tower**, inventory and fulfilment management & data reporting
- Leverages **world class technology & pragmatic planning** and **execution control** processes to achieve **better patient outcomes** (higher availability) at lower total cost (logistics & waste)
- One Network is deployed in **Ghana, Rwanda & Nigeria** as a control tower solution for the Ministries of Health
- SSiH uses Vitalliance as an **enabler**, advancing processes & technology as the requirements scale - graduating towards automated processes & exception-based controls enabled through the **integrated real-time-value-network (“RTVN”)** capabilities of One Network





"IT ALWAYS SEEMS
IMPOSSIBLE UNTIL
ITS DONE."

~NELSON MANDELA



Thank you

www.imperiallogistics.com