Site visit to our African Operations

April 2019

customise • collaborate • compete
African Regions business positioning: leading distributor of pharmaceuticals & CPG in Southern, East & West Africa
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** (within Consumer Products Division)

**2010**

**2011**

**2012**

**2013**

**2014 – 2017**

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**

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

Feb 2014: Identified consolidation and rationalisation opportunities in cross-border transport companies

Mar 2014: Leverage **Imperial Managed Logistics Africa** capabilities to focus in Rest of 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

July 2017: Acquired **Surgipharm** to expand our healthcare route-to-market capabilities into Kenya

**Created a R12billion business in 9 years**
How we are organised

African Regions
CEO: Johan Truter

- Eco Health
  - Sherring Thekkekkara
  - Route to Market: Healthcare

- Surgipharm
  - Vijai Maini
  - Route to Market: Healthcare

- CIC SADC East
  - Joe Theart
  - Route to Market: Consumer Packaged Goods
  - Route to Market: Healthcare

- CIC Namibia
  - Divan Opperman
  - Route to Market: Consumer Packaged Goods
  - Route to Market: Healthcare

- Imres
  - Niek Zee
  - Strategic Sourcing & Wholesaling

- Managed Solutions
  - Gerrie de Jonge
  - Value Add Logistics
  - Supply Chain Management

CFO: Renier Engelbrecht
CPO: Lucky Kolobe
Healthcare VP: David Pritchard
CIO: Willie Erasmus
Our African Regions division at a glance

Working with brand owners across the continent

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

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

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

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

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

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

More than 150,000 m² of warehousing, strategically placed at over 100 sites on the continent

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

We conform to all regulatory & compliance standards

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

Unique distributor approach supported by local partnerships & benefiting from exclusive relationships with principals

Delivering HIV/AIDS medicine to 16 countries

Delivering c.80% of ethical pharmaceutical trade in Nigeria & c.20% in Ghana

We conform to all regulatory & compliance standards
Compliance & quality
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
Pharma & healthcare logistics & supply chain management

Pharma distributors
(full RTM solution, including sales function)

Pharma & medical supplies (wholesaling)
(project work across multiple territories)

Managed Solutions in East and West Africa, SA & SADC

Logistics & supply chain management (various industries)

Consumer distributors
(full RTM solution including, sales function)

In-country operations

Countries serviced by agents

Our footprint
### Healthcare positioning

<table>
<thead>
<tr>
<th>Why healthcare in Africa?</th>
<th>Growth opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growing population &amp; middle class has seen the demand for pharmaceuticals &amp; related</td>
<td>Strengthened relationships with brand principals through direct channel development,</td>
</tr>
<tr>
<td>healthcare products continue to grow across Africa</td>
<td>demand activation, inventory optimization, late localisation / labelling / kitting,</td>
</tr>
<tr>
<td></td>
<td>serialisation &amp; authentication</td>
</tr>
<tr>
<td>Patient affordability necessitates route-to-market efficiency &amp; accelerates the shift</td>
<td>Increasing market diversity of product needs into oncology, non-communicable diseases &amp;</td>
</tr>
<tr>
<td>towards lower cost generics</td>
<td>biopharmaceuticals</td>
</tr>
<tr>
<td>Reliance on in-country logistics &amp; route-to-market service partnerships increases</td>
<td>Category expansion into animal health, surgicals, consumables &amp; devices using existing</td>
</tr>
<tr>
<td></td>
<td>capabilities in current markets</td>
</tr>
<tr>
<td>Donors transition spend to local suppliers &amp; governments are increasingly engaging</td>
<td>Integrated solution offerings including international freight &amp; transportation</td>
</tr>
<tr>
<td>specialist service providers with proven abilities, systems &amp; capacity</td>
<td>management to augment our market leading distribution management &amp; route-to-market</td>
</tr>
<tr>
<td></td>
<td>capabilities</td>
</tr>
<tr>
<td>Growing demand from governments &amp; funders for transparency, governance, compliance &amp;</td>
<td>Geographical expansion through acquisitions &amp; multi-market aggregation of smaller scale</td>
</tr>
<tr>
<td>product authentication</td>
<td>African markets</td>
</tr>
</tbody>
</table>

#### Fast facts – our positioning

- **Delivers 500 million patient packs** annually to 50 000 delivery points,
- **>50 000m²** world-class warehousing
- **Proven legitimacy & strong brand recognition** > 20 years relationships with multinational principals, donors & regulators
- **Sound governance**
- **Sophisticated systems**
- **Simplify & shorten supply chains**
- **Scale** through multi-market aggregation
End-to-end value chain in Healthcare

Providing end-to-end services across the healthcare value chain (between regional markets and continents)
Driving patients’ access to affordable, quality assured medicines

1a Global Supply
Ex-Pharma factories
• India
• China
• Europe
• USA

1b Product Sourcing / Procurement
• India
• China
• Europe

2 Representative office & Quality control

3a Consolidation operations
• India
• Europe

3b Regional Consolidation Operations
• Dubai
• Ghana
• Kenya
• SADC

4 Product registration

5 Forex trader

6 Regional Consolidation Operations

7 Bond storage

8 Customs clearing

9 Control tower

10 Control tower

11 Product repacking

12 Product repacking (for principals)

13 Analyst reports (for principals)

14 Merchandiser

15 Order confirmation

16 Table top vendor

Hospital

Pharmacy

Wholesaler

Serialisation – Authentication – Product Quality Verification

Blockchain – Control Towers – Visibility – Analytics - Transparency
## Consumer Packaged Goods positioning

<table>
<thead>
<tr>
<th>Why consumer packaged goods?</th>
<th>Growth opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rapidly urbanising population across Africa; offers strong growth potential &amp; increasing consumer buying potential</td>
<td>Strengthened relationships with brand principals through direct channel development, demand activation &amp; promotions and inventory optimization</td>
</tr>
<tr>
<td>Continued expansion of formal retailers into the market increases consumer choice &amp; drives globalisation of brands</td>
<td>Integrated solution offerings including international freight &amp; transportation management to augment our market leading distribution management &amp; route-to-market capabilities</td>
</tr>
<tr>
<td>Transition from traditional channels to more formal models to drive strong governance &amp; compliance &amp; reduce illicit trading</td>
<td>Expansion of capabilities into contract operations such as repackaging</td>
</tr>
<tr>
<td>In South Africa, further retail supply chain consolidation &amp; focus on improving route-to-market efficiencies necessitate the rationalisation of the CPG distribution market</td>
<td>Geographical expansion through acquisitions &amp; multi-market aggregation of smaller scale African markets</td>
</tr>
<tr>
<td>Continued economic pressure, reduced volume, increased cost focus &amp; shifting product mix all present opportunities for logistics outsourcing</td>
<td></td>
</tr>
</tbody>
</table>

### Fast facts – our positioning

- **Proven** legitimacy, good operational governance controls & **strong brand recognition**
- **Extensive distribution footprint** in African countries
- **2.5 million CPG deliveries annually**
- **>50 000 delivery points**
- **R60 billion of product** delivered to retail outlets
End-to-end value chain in Consumer Packaged Goods

1a Raw materials
1b Packaging
2 Manufacturing
3 Finished goods
4 Wholesale
5a Traditional retail
5b Informal retail
6 Retail services Demand generation
7 Consumer

Exports
Imports
Key clients in Africa
Growth strategy

• Drive organic growth through:
  • Adding more categories
  • Expanding our channels
  • On-boarding new principals
  • Expansion of capabilities in existing markets - IFM, demand generation et al

• Introduce healthcare to existing CPG footprint

• Execute multi-market aggregation model to expand footprint into small to mid-size markets

• Selected strategic acquisitions complimenting our industry verticals and capabilities into new markets
Our managed solutions business in East Africa
At a glance

- ISO 9001:2015 certified
- Apply GDP/ GWP in line with WHO Standards
- Corporate Member of KHF and KAPI
- Providing services across the value chain

### Industry Verticals

- Pharma
- Consumer Health
- Electronics
- Chemicals
- CPG (expansion opportunities)

### Geographies

- Kenya, Ethiopia, Tanzania, Uganda, Rwanda
- SADC, Malawi
- Ghana & Nigeria
Worldclass facility
Providing services across the value chain
Our end-to-end service offering

- Inbound Freight Management
- Warehousing
- Warehouse Bonded Facilities (IHD)
- Order Management
- 3rd Party Invoicing ("Back2Back")
- Debtor Management
- Outbound Distribution
- Export Management

- Reverse Logistics
- Cold Chain Management
- VAS (Value Added Services)
  - Secondary Repackaging
  - Coding
  - Kitting
  - Banding
Ensuring governance, quality control & transparency

**Regulatory**
- Product registration
- Product retention
- GMP inspection follow up
- Pharmacovigilance
- Quality Assurance Assessment

**MIS**
- SAP ERP / EWM
- CRM
- FIORI
- SOLOPLAN
Opportunities for growth

• Expansion within industry verticals - chemicals, electronics & home appliances, CPG
• Expansion of capabilities such as IFM
• Multi-market aggregation
Key clients
Our Surgipharm business
Surgipharm: business positioning

• Founded in 1985 with the objective of effectively marketing and distributing quality pharmaceutical, medical, surgical, laboratory diagnostic and consumer care products that meet important health needs in East Africa

• Focused on the needs of principals and patients

• Today, Surgipharm is one of the most efficient and reliable pharmaceutical companies in Kenya - with branches in Nairobi and Mombasa and a highly motivated team of over 300 people:
  • One of the largest suppliers to all public and private hospitals countrywide
  • Access to a vast customer base with a wide distribution network of wholesalers and retail pharmacies across the country
  • Direct distribution to more than 85% of the pharma distribution channels
  • High importance to prescription generation
  • Established relationships with NGOs and other key institutions in Kenya

• Honoured as “Distributor of the Year in Anglophone Africa” by global health and hygiene company, Essity
Infrastructure

- **Warehouse space:**
  - Nairobi: 49,000sq ft. and bulk storage of 90,000 sq. ft.
  - Mombasa: 5,000 sq. ft.

- All pharmaceuticals stores are air conditioned

- Cold storage facility for vaccines etc.

- Special facility for storage of controlled drugs such as narcotics, psychotropics etc.
Geographic reach
Business strategy

**Market penetration**
- To intensively cover all the existing markets in all the countries of operation through our marketing team and the distribution network

**Product development**
- To introduce new products from existing and new partners

**Human capital**
- To build an effective human resource base to stay competitive and progressive
- Working through small but focused teams for ideal representation in every business area

**Portfolio coordination: to excel both in marketing and distribution**
- To effectively use the vast distribution experience, contacts and infrastructure to compliment and augment the marketing efforts

**Organic growth**
- On-boarding of new principals
- High contract retention and renewal rates

**Evolving client engagement**
- Transactional to strategic partnerships through digital enablement
Business portfolio

- Pharmaceuticals: 82%
- Medical / Surgical: 8%
- Diagnostics: 3%
- Consumer / OTC: 6%
- Disinfectants: 1%
Key clients
Thank you