

Case Study: HealthPlus Limited

HealthPlus Limited's Story

Nigeria suffers from a small and highly fragmented retail pharmacy sector. Given structural challenges with the industry supply chain, counterfeit pharmaceuticals find their way into over 40% of the retail market, and most wholesale and retail sales across the country continue to take place through informal markets. Much of the health care infrastructure is concentrated in major cities, with people living in urban areas having approximately four times as much access to health care as those living in rural areas. Of Nigeria's 774 local governments, only 190 have registered pharmacies, most of which are based in Lagos, per the Pharmacists Council of Nigeria as of 2016.

Recognizing a fundamental need to increase access to quality and affordable health care products and services throughout Nigeria, Africa-focused private equity firm Alta Semper Capital conducted an extensive mapping exercise in 2017 to identify potential investment targets in the pharmaceutical retail industry. During this process, the Alta Semper team met Bukky George, the Founder and Chief Executive Officer of pharmacy chain HealthPlus, and was impressed by her passion and deep sector expertise. Alta Semper was excited to support the growth and impact of what they viewed as a nationally trusted brand—having received several awards



for HealthPlus' outstanding performance in Nigeria—and was keen to focus on significantly expanding access to primary health care for Nigeria's underserved populations.

In 2018, Alta Semper invested USD10 million in HealthPlus to support its growth with a commitment to invest an additional USD8 million. The initial financing supported the continued roll-out of stores, significant investments in inventory, the development of a world-class enterprise resource planning system, an e-commerce and private label strategy, and material enhancements to the management team. As of September 2019, HealthPlus was operating a network of more than 85 specialty health care and wellness centers across Nigeria with 750 employees.

The Role Played by Private Capital

Alta Semper and HealthPlus jointly identified several areas on which to focus their value creation initiatives, including finance, operations, strategy, human resources, governance, and the management of environmental and social (E&S) issues. The highest priorities included:

- Driving growth via the expansion of stores across the country, with the goal of increasing HealthPlus' footprint to more than 200 stores by 2022;
- Implementing rigorous budgeting and planning processes while ensuring appropriate finance functions are in place;

- Developing a closed-loop, best-in-class supply chain in order to securely service the network;
- Exploring wholesale agreements with large corporate clients and hospital pharmacies;
- Building a state-of-the-art e-commerce platform; and,
- Filling key roles within the management team, including the Chief Financial Officer, the Chief Commercial Officer, and the Chief Operational Officer.

The Company



Essentials

Company: HealthPlus Limited

Website: healthplus.com.ng

Country: Nigeria

Sector: Health care

Business: Pharmaceutical retail

GP: Alta Semper Capital, a private equity firm investing in health care and consumer-health care opportunities across Africa (altasemper.com)

Date of investment: March 2018

Investment: Alta Semper has committed a total of USD18 million to HealthPlus, investing USD10 million to date

Impact Highlights

Recognizing a fundamental need to increase access to quality and affordable health care products and services throughout Nigeria, Alta Semper Capital invested in pharmacy chain HealthPlus, wanting to continue the growth and impact of what they believed to be a nationally trusted brand capable of significantly expanding access to primary health care for the country's underserved populations. As of September 2019, HealthPlus was operating a network of more than 85 specialty health care and wellness centers across Nigeria with 750 employees.

Alta Semper has made vertically integrating and securing HealthPlus' supply chain a leading priority in order to help combat Nigeria's large counterfeit medication problem. Alta Semper is working with HealthPlus to develop a "ship-to-shelf" solution, which centers on investing in a fit-for-purpose distribution center—compliant with good pharmaceutical warehousing practices—and a fleet of vehicles to service outlets in order to ensure the provision of quality, authentic medication to Nigerian communities.

Following Alta Semper's investment, the number of patients receiving care and customers accessing quality, affordable medication at HealthPlus outlets across Nigeria has increased from 1.3 million to 1.9 million, as of September 2019. Alta Semper and HealthPlus have also worked together to expand the complimentary health screenings and services available at each HealthPlus pharmacy.

The Company View

“We are very grateful for our partnership with Alta Semper. We are now better positioned to create change in the retail pharmacy sector and contribute our quota to achieving universal health care coverage for and increasing the life expectancy of Nigerians.”

Bukky George
Founder & CEO,
HealthPlus Limited

Alta Semper significantly supported HealthPlus in ensuring that all the requisite financial and accounting systems, policies, and procedures were in place. Prior to the private equity firm’s involvement, HealthPlus had never had a formal budgeting process. With Alta Semper’s assistance, the company developed a bottom-up approach to budgeting across all departments. Alta Semper also helped HealthPlus invest in an enterprise resource planning solution as historically a significant amount of manual intervention was required to track the company’s performance. Of note, with Alta Semper’s guidance, HealthPlus developed additional policies to promote a female-friendly work environment that sought to prevent harassment, intimidation, and exploitation of women.

Alta Semper also worked with HealthPlus to develop a large-scale E&S responsibility framework to ensure the identification, monitoring, reporting, and proactive management of a diverse set of parameters in line with IFC Performance Standards. Alta Semper further appointed an Environmental Management Committee to oversee efficient waste management procedures and good warehouse practices ranging from

cleanliness and temperature monitoring to documentation of poisonous/controlled drugs and quality management systems.

In terms of operations going forward, Alta Semper made vertically integrating and securing HealthPlus’ supply chain a leading priority in order to address the significant challenge of counterfeit medicine. According to the National Agency for Food and Drug Administration and Control (NAFDAC), over 40% of the drugs in circulation in Nigeria—most of which are imported—are either fake or adulterated. Alta Semper is therefore working with HealthPlus to develop a “ship-to-shelf” solution, which centers on investing in fit-for-purpose distribution centers—compliant with good pharmaceutical warehousing practices—and a fleet of vehicles to service outlets in order to ensure the provision of authentic medication to Nigerian communities. Recognizing that HealthPlus has a significant opportunity to leverage its brand image to provide quality pharmaceutical products at value pricing, Alta Semper and the company are also exploring the creation of a private label, which would give consumers the option to purchase a trusted and locally manufactured product.

Beyond the Bottom Line

Following Alta Semper’s investment, the number of patients receiving care and customers accessing quality, affordable medication at HealthPlus outlets across Nigeria has increased from 1.3 million to 1.9 million, as of September 2019. Alta Semper and HealthPlus have also worked together to expand the complimentary health screenings and services available at each HealthPlus pharmacy. This offering has grown to include expert pharmacist advice, treatment of minor ailments, medicinal use review, cholesterol checks, diabetes screens, blood pressure monitoring and support, weight management, pain management, travel health, services to help people stop smoking,

family planning, contraception services, and sexual health screenings.

Each HealthPlus outlet is staffed with a registered pharmacist and at least two customer service professionals—and the team continues to grow. Alta Semper’s investment has led to the hiring of an additional 150 full-time employees—bringing the total up from 600 in 2017 to 750 in 2019. As HealthPlus seeks to expand its footprint to 220 stores by 2022, the company is projected to hire 550 more full-time employees. HealthPlus is also positively impacting the livelihoods of its employees by providing them with specialized trainings and the opportunity to access educational programs.

IMPACT HIGHLIGHTS

As of:	Initial Investment	September 2019
Revenue (USDm)	11	18
No. of employees	600	750
Women as % of employees	40	45
Number of locations	70	89
Local taxes paid (USDm)	1	2
Environmental management system in place	No	Yes
Fully-constituted board of directors including independent directors and non-executives	No	Yes