



ACQUISITION OF QUICORP S.A.

January 29, 2018

TRANSACTION SUMMARY

- On January 26, 2018, InRetail Peru Corp. (“InRetail”) announced the acquisition of Quicorp S.A. (“Quicorp”) for a total consideration of US\$583 million¹
 - Implied Enterprise Value to last-twelve-months EBITDA multiple of approximately 12x
- Founded in 1939, Quicorp is a leading pharmaceutical distributor and retailer in the Andean region. The company operates in the manufacturing, distribution, and retail pharma segments, and has presence in Peru, Ecuador, Bolivia and Colombia
- The transaction represents a unique opportunity for InRetail to further strengthen its operations in the pharma industry, boost its international expansion strategy, and continue bringing healthcare access to the Peruvian population
- The acquisition was funded through a mix of debt financing and third-party equity funding
 - InRetail received a US\$1,000 million bridge loan to (i) partially fund the acquisition, and, (ii) perform a liability management exercise at InRetail Consumer and Quicorp
 - A group of private investors (the “Co-Investor Group”) led by Nexus Group contributed US\$150 million in equity to partially fund the acquisition, which will result in an ownership in the resulting consolidated pharma operations of approximately 13%

¹ Ecuador business acquisition is still subject to the Ecuadorian Superintendencia of Market Power Controls (“*Superintendencia de Control del Poder de Mercado*”) approval



QUICORP AT-A-GLANCE




- ✓ Regional pharmaceutical platform with operations in Peru, Ecuador, Bolivia and Colombia
- ✓ Integrated business model
- ✓ Strong financial performance with over 10% revenue CAGR and close to 20% EBITDA CAGR since 2014

- ✓ Largest pharmaceutical distribution company in the Andean Region
- ✓ Leading pharmacy chain in Peru with nationwide footprint of +1,000 stores
- ✓ In-house manufacturing of proprietary brands and third party drugs


Quicorp's consolidated metrics¹

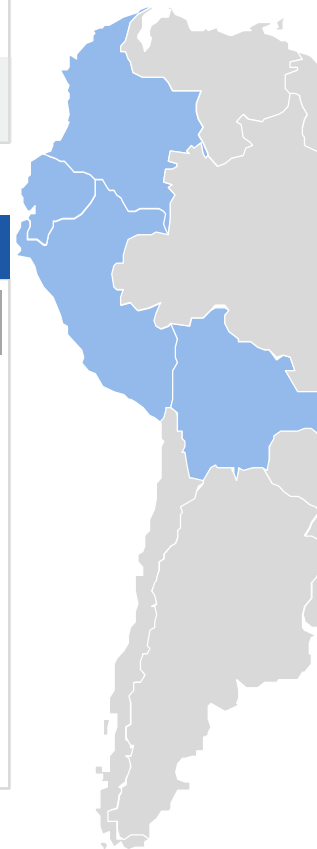
➤ Total annual sales: +S/.4,000 million ➤ Total employees: +11,000

Peru  ~80%		
Retail	Distribution	Manufacturing
1,000+ pharmacies	4 distribution centers	2 Labs
24 regions	+13,500 POS reach	First triple certified lab
99% brand awareness	59,000 m ² of storage area	6th local manufacturer
		

Ecuador  ~18%	
Distribution	
5 distribution centers	
+11,000 POS reach	
33,000m ² of storage area	

Colombia  ~1%	
Distribution	
Marketing activities	
9 exclusive representations	

Bolivia  ~1%	
Retail	Distribution
20+ pharmacies	3 distribution centers
	+2,000 POS reach
	2,000m ² of storage area



% of EBITDA

¹ 2017E figures

QUICORP'S ACQUISITION REPRESENTS A UNIQUE OPPORTUNITY FOR INRETAIL'S PHARMA BUSINESS

A

Propel international expansion through a regional platform

- Leading regional platform with footprint in Peru, Ecuador, Bolivia and Colombia, with a total addressable market of +100mm customers
- Consolidated regional leadership allowing to capture future growth prospects in the region and in the retail segment

B

Vertical integration leveraging on a best-in-class distribution platform

- Integration into a cross-regional distribution network with +18,500 POS direct reach and best-in-class infrastructure
- Incremental purchasing power with global suppliers

C

Continue enhancing healthcare access through a broader network and a differentiated value proposition

- Lever Inkafarma's successful strategy to further strengthen a combined network of 2,100+ stores delivering a differentiated service and value proposition
- Strong synergies potential expected to reinforce our *Every-Day Low Prices* philosophy
- Opportunity to further develop private label business

REGIONAL PLATFORM WITH A TOTAL ADDRESSABLE MARKET OF +100MM CUSTOMERS



 Peru	 Ecuador	 Bolivia	 Colombia
<ul style="list-style-type: none">➤ Addressable market ~30mm customers➤ Strengthen existing platform➤ Pharmaceutical market growth of ~9% over the last 5 years with total size of +US\$2bn and +7% growth expectations for 2017-2021	<ul style="list-style-type: none">➤ Addressable market ~16 mm customers➤ Retail pharma expenditure of US\$106 per capita, ~2x more than Peru➤ Fragmented manufacturing market with consolidation opportunities	<ul style="list-style-type: none">➤ Addressable market ~11mm customers➤ Fragmented retail market with significant consolidation opportunities➤ Highest expected GDP growth within the Andean region during the next 5 years (3.8% on average)	<ul style="list-style-type: none">➤ Addressable market ~48mm customers➤ Retail pharmaceuticals market of +US\$3,500 million, 2x the size of the Peruvian market➤ Further integration opportunities in the retail space

Source: BMI Pharmaceuticals & Healthcare Report, IMF

ATTRACTIVE REGIONAL OPPORTUNITY IN THE DISTRIBUTION BUSINESS

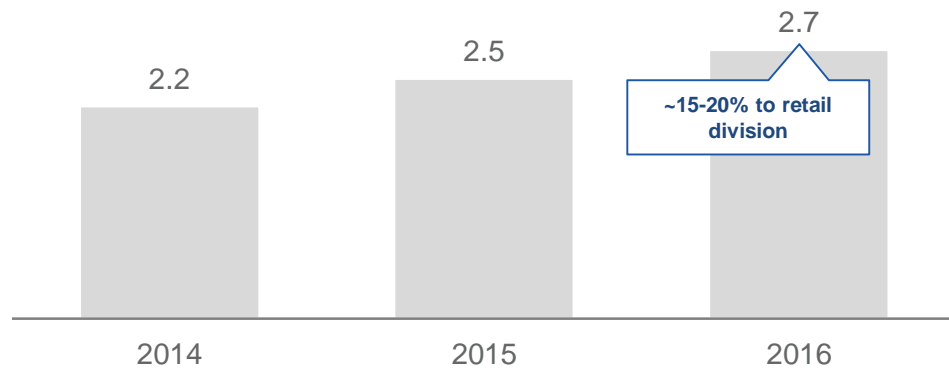
Highlights

- 1 Largest pharmaceutical distribution company in the Andean region
- 2 Presence in four attractive markets in the region
- 3 Robust network density and key relationships with world-class manufacturers/suppliers
- 4 Vital link between manufacturers and healthcare providers via a diverse pool of sales channels reaching both pharmacies, and public and private healthcare institutions
- 5 Best-in-class distribution network and state-of-the-art technological platform

Robust and diversified client base



Quicorp's distribution business sales (S/. billion)¹



Best-in-class distribution network



12 distribution centers



+18,500 POS direct reach



94,000m² storage capacity

¹ Including intercompany sales

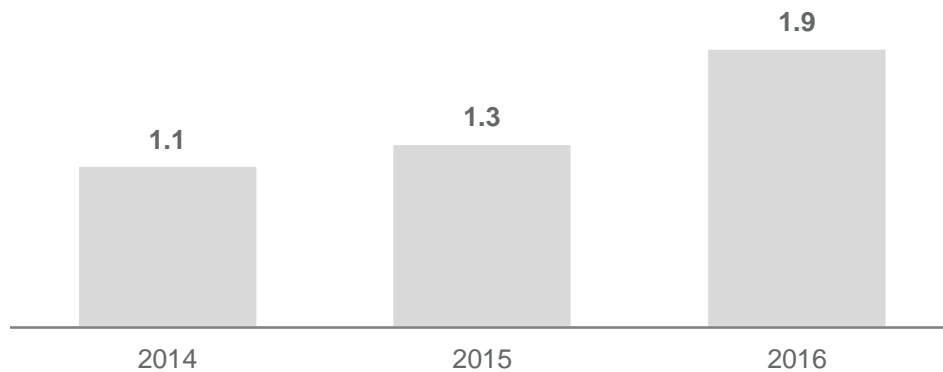
LEADING PHARMACY NETWORK WITH NATIONWIDE REACH IN PERU



Highlights

- 1 Leading pharmacy network in Peru
- 2 Nationwide footprint with 1,000+ stores
- 3 Opportunity to realize the benefits from Mifarma brand consolidation
- 4 Strategic private label driving profitability and enforcing our EDLP¹ strategy
- 5 Successful value proposition driven by a well positioned loyalty program as well as targeted promotions

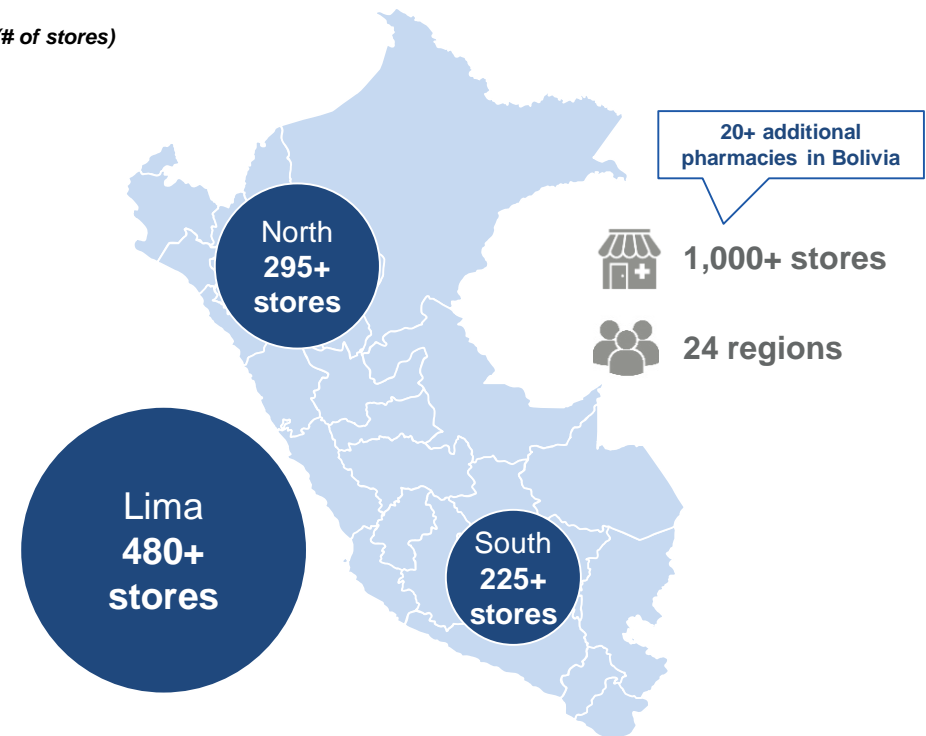
Quicorp's retail business sales (\$/ billion)



Source: Company information
¹ Every-day low prices

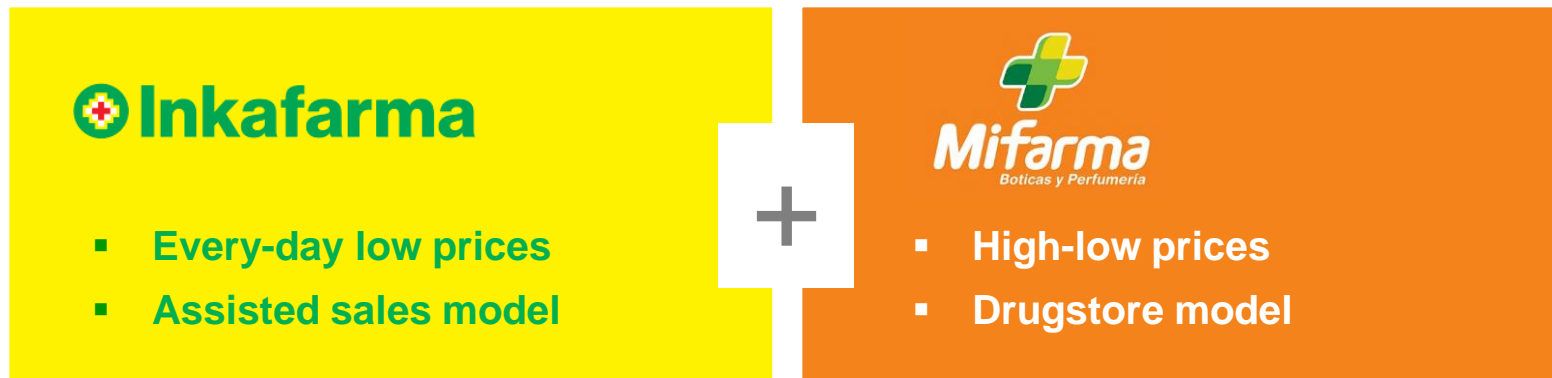
Quicorp's retail business geographic footprint

(# of stores)



ECONOMIES OF SCALE THROUGH A BROADER NATIONWIDE RETAIL PLATFORM...

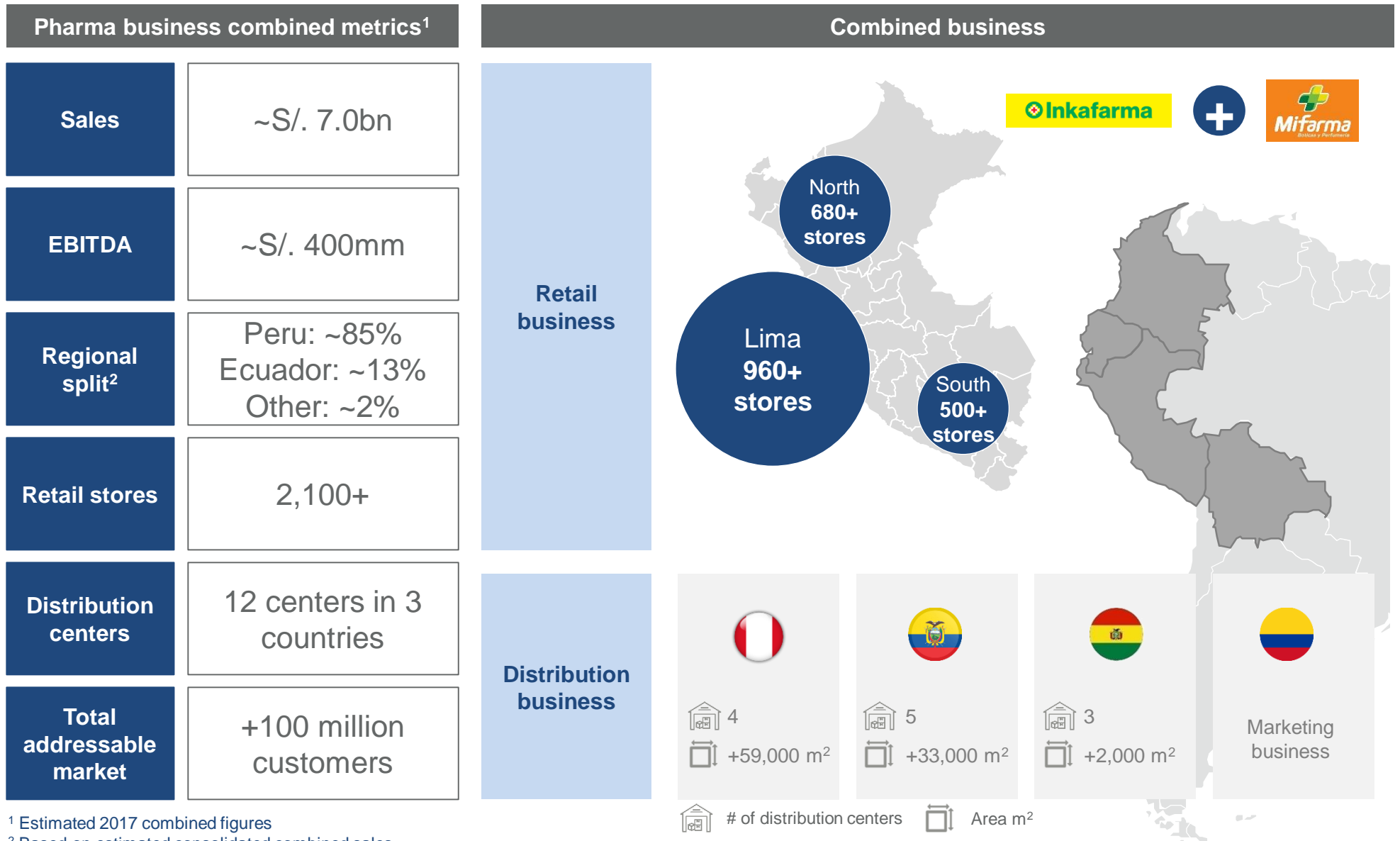
Differentiated value proposition



Key highlights

- ✓ Integrated platform / *Suppliers Manufacturing Logistics Operations*
- ✓ Opportunity for footprint optimization
- ✓ Ability to reinforce our accessible price positioning to more customers
- ✓ Potential to expand pharmacy retail operations in Bolivia, Ecuador and Colombia

...ENHANCE OUR ABILITY TO CONTINUE PROVIDING “HEALTH, WELLNESS AND SAVINGS TO ALL”



¹ Estimated 2017 combined figures

² Based on estimated consolidated combined sales

TRANSACTION DETAILS

Transaction financing			
Total sources		Total uses	
	US\$ million		US\$ million
Bridge loan	1,000	Transaction consideration	583
Co-investor Group equity	150	Liability mgmt. at InRetail Consumer and Quicorp	460
		General corporate purposes	107
Total sources	1,150	Total uses	1,150

- As a result of the transaction financing, InRetail's leverage ratio will reach 4.4x 2017E Net Debt/EBITDA and is expected to return to pre-transaction levels within the next 24-36 months
 - Bridge take-outs are expected to be executed alongside InRetail Consumer's liability management exercise before the end of 2018
- Co-investor Group rights:
 - Monetization through the public equity capital markets via registration rights
 - No financial obligations assumed by InRetail
 - Board representation and certain minority protection rights

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