

# CASE STUDY\*

## FANISI/HALTONS PHARMACY

Investment year: 2013

Sector: Pharmaceutical

Instrument: Equity

Deal type: Expansion

Norfund's ownership in Fanisi: 34%



# FUNDING ACCESSIBLE PHARMACY CARE

Haltions Pharmacy is a Fanisi investee company and provides quality medicines and medical advice in Kenya through a national network of outlets, including outlets in rural towns.

### FANISI

The Fanisi Venture Capital Fund invests private equity and venture capital in businesses that have substantial growth potential. Founded in 2009, Fanisi invests across diverse industry sectors in East Africa. The fund has a total capital of USD 43.5 million and has made risk capital investments ranging in size from USD 0.5 million to USD 3 million.

Norfund was instrumental in establishing Fanisi, initiating the appointment of a fund manager and investing both in the management company and the fund. Through Fanisi, we have helped to increase the supply of financial and technical support to SMEs in East Africa.

The pharmacy sector in Kenya is dominated by individually-owned stores which provide prescription and non-prescription pharmaceutical products. Although these outlets tend to be good quality, they are often inconsistently stocked and rarely offer services beyond medicine dispensing. Their catchment areas are limited: most quality pharmacy outlets tend to be located in urban business areas, and residential areas and smaller towns tend to be underserved.

The National Quality Control Laboratories and the Pharmacy and Poisons Board in Kenya estimate that 30-40 percent of drugs in Kenya are counterfeit or substandard. This causes economic losses of KES 70 billion every year<sup>1</sup>. Unethical practices in the pharmacy sector include operating stores without qualified personnel.

### FANISI'S INVESTMENT IN HALTONS PHARMACY

Haltions Pharmacy is a Kenyan retail chain which was founded in 2007 and sells prescription and non-prescription pharmaceutical products. When the company had expanded to two branches, it needed additional capital to support further growth. The Fanisi Venture Capital Fund, attracted by the growth potential of Haltions, invested in the company in 2013. Following the investment, the company has already been able to increase the number of outlets to more than 50.

Fanisi is an engaged investor and offers Haltions dedicated support, including finance, retail, marketing and branding advice. Fanisi has provided guidance, for example, on Haltions' overall strategic performance, and has helped Haltions to recruit and appoint professionals with extensive expertise and experience at the

\* Written in cooperation with EBS Advisory (Pty) Ltd.



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- (1) Haltons are establishing pharmacy stores within Shell service stations.
- (2) Each pharmacy is staffed by pharmacy professionals.

managerial and board level. The expertise of the Board now includes retail pharmacy management, finance, branding, real estate and business strategy. The Board has been instrumental in setting the strategic direction of the company.

Supported by Fanisi, Haltons has put systems in place to enable it to achieve its key customer experience commitments: ensuring the availability of quality products, and achieving consistency in service, branding, and professional advice.

**HALTONS' CONTRIBUTION TO DEVELOPMENT**

Haltons is committed to ensuring the consistency, quality, availability, and affordability of its products.

**Access to high quality and safe medicines**

Fanisi's equity investment and support has enabled Haltons to increase the number of its outlets from 2 in 2013, to 52 in March 2016. Haltons now has the largest network of pharmacy outlets in Kenya, and has improved access to quality pharmaceutical products for a wide range of urban and rural consumers. Haltons also sells complementary household products and provides health services to its customers, such as blood sugar tests and blood pressure

tests. In 2016, Fanisi was awarded the prestigious prize 'portfolio company of the year' for Haltons Pharmacy by the Private Equity Africa Awards in recognition of its social impact.

**Creating jobs for pharmacy professionals**

Each Haltons outlet is staffed by between two and four pharmacy professionals who offer advice and services. Staffing levels have increased from 4 people in 2013, to 180 people in 2016. Employee capacity

**FANISI HAS ENABLED US TO PROFESSIONALISE THE WAY WE RUN THE BUSINESS BY PROVIDING FUNDS, EXPERT ADVICE, AND HELPING US TO IDENTIFY APPROPRIATE BOARD MEMBERS"**

– Sam Njuguna, CEO, Haltons Limited

building has enabled the company to provide appropriate professional advice about the medicines it sells.

**HALTONS: THE WAY FORWARD**

In Kenya's pharmacy sector, unethical practices are problematic and Haltons is seeking to provide high-quality products and healthcare, professional engagement, and reliable customer support. Fanisi's investment and expertise has enabled Haltons

to become a dominant player in just three years and, at the same time, has helped to address wider challenges within the sector. In 2015, Haltons Pharmacy signed a partnership agreement with Vivo Energy Kenya to establish pharmacy stores within existing Shell service stations across the country. Haltons expects a two- or threefold increase in its store footprint over the next few years. Funding has been deployed to help the company develop the relevant systems and processes, to strengthen its branding, and to acquire more staff.



<sup>1</sup> Daily Nation (2013)

ENERGY

FINANCE

AGRICULTURE