



FROM STRENGTH TO STRENGTH

PROSPECTUS 2018



BAOBAB EXPRESS

AZ 3683 RB

WHAT DRIVES US

The African Drive starting point is that we can all better our lives if the systems we count on for getting things done on a daily basis, can be more reliable, accessible and viable. The reality however is that some communities in Africa have just been dealt a bad hand. We use a combination of business and entrepreneurship as force for doing good and since the 14th of December 2013, we have been at it in Benin.

Our greatest source of satisfaction has been our ability to **positively affect many lives**. We have connected isolated and underserved communities **supporting nearly 1000 people a day** to develop their business and connect to the people they care for with a transportation system that is safer, affordable and more reliable.

We also take pride in building a great local team of more than 120 people who have managed, in less than 4 years, to **grow and become the biggest, safest and most reliable bus company** in Benin. Baobab Express, the local daughter company of African Drive, is currently the only bus company that has national coverage and we choose not only to serve lines that have the most profit potential, but also **lines connecting communities where these services are scarce**.

By doing this we have actually built a competitive advantage because we have **learned how to run efficient and profitable services** on bus lines that are less economically attractive by embedding them in an effective, national network.

After delivering proof that we can build sustainable business, we now want to **accelerate growth and amplify our reach to even more people in Benin**. That is we propose to use the recently approved capital increase of African Drive to strengthen the existing network by reinforcing strong lines with more appropriate equipment and **expanding our reach to other communities that live in isolated areas and under difficult circumstances**.

*Bouger et gagner ensemble,
c'est bon!*





NO TRUCKS
BEYOND 10:00 AM
ON THIS ROAD

Difficult conditions on some parts of major roads

A CHALLENGING AND RISKY JOURNEY

Success and failure have been part of our journey. During our first years we had to learn a lot about the technical characteristics of our buses, the difficult road conditions and the influence of government policy. We also had to get the right team on board, grow our skills and competences to better maintain buses, while offering high quality services to our customers. **Part of our investment has been in learning from mistakes** and we will continue to learn in the future.

In the first year we have been confronted with corruption of local authorities and fraud by our first management team. The buses were too small to be economically viable and their motors too fragile to handle the dirty fuel. This situation has been worsened by drivers who did not care for the warning signals on their instrument panels and maintenance technicians who lacked sufficient technical skills. These conditions have made that the first 12 busses from the pilot phase have been causing losses over the first 4 years. The pilot experience has been the basis to make a turnaround. To **build a team with loyal and competent people**, to **build systems to train and control drivers and maintenance staff**, to install, as much as possible, **well-structured and controlled financial and reporting systems**.

However, **multiple risk factors remain and we want our investors to be aware of them**. Management of African Drive and Baobab Express can make cultural assessment errors, as well as mistakes of economic or communication nature that which negatively impact the brand and financial results. It cannot be excluded that new fraud practices, not detected in time by our internal control systems or management supervision, occur again in the future. While our Human Resources activities have been professionalized, it is not excluded that unreliable or unmotivated collaborators join the organisation. In any case it is challenging to attract highly trained and skilled local personal, even if applicants show references and official certificates. Also new technical complications could arrive with our existing as well as with our new equipment due to the extremely bad road conditions, especially during the very hot or extremely wet seasons, or due to the very unsafe driving habits of many people on African roads. The lack of spare parts and difficulties to import them may cause prolonged periods of non-availability of our fleet.



Dangerous practices with taxi-brousse transport

Benin as a country **remains a high-risk country to do business in**. While Benin is a democracy and has been quite stable for decades, it is located in a region with limited political and economic stability. The current national and regional authorities are supporting Baobab Express and treating the company as an reference. However, it cannot be guaranteed that they will continue to be very favourable. The financial situation of the country and its people is precarious and the tax system is not always very transparent. Financial streams from Africa to Europe are difficult and there is always a currency devaluation risk.

Competitors are ready to cut corners in many ways and they could undercut our prices, although we have faced such situations before and they proved to be short-lived until now. Unfair competition could be caused via certain political pressures. The biggest risk factors for this business are integrally linked to our mission of **wanting to enable sustainable value for people who have to operate in difficult economic and social circumstances**. Being aware of these risks is important for everyone before making a financial commitment. However, we are convinced that this should not be a reason to not make a **noticeable contribution to the region's future progress**.



Aziz Abdel KARRÉ, General Manager



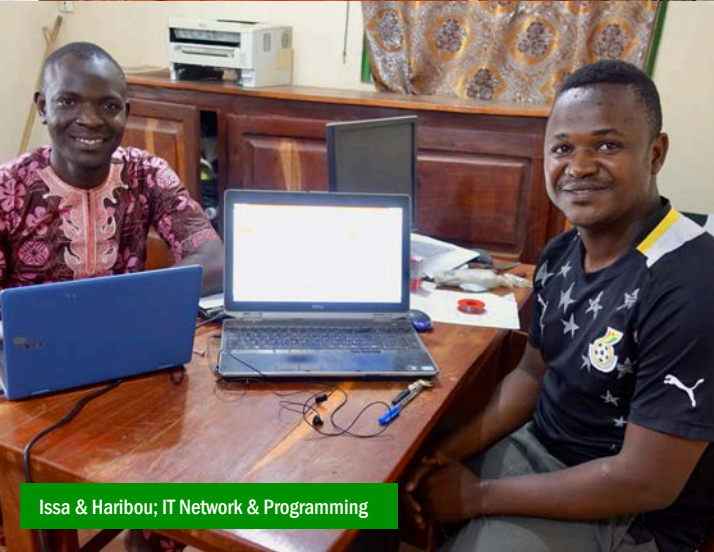
Sales team at our 'Albarika' bus terminal



Soulemane, Razack, Françoise, Machad, Roméo, Olivier; Accounting Team



Marc, HR Manager



Issa & Haribou; IT Network & Programming



Fadel, Richard, Daniel, Gilles, Silver, Guy & Basile; Bus Washers



Georges, Yves, Wahab & Moïs; Bougeurs (Drivers)



Cyrille, Travel Controller; Sylvie & Armel, Sales Managers

STRENGTHS TO CONTINUE BUILDING ON



It took some time to get the right team on the bus, but today, we are very happy with the leadership of Aziz KARRÉ, a 36-year-old entrepreneurial manager originating from Benin, with a university degree in transport and logistics. Together with a management team of 10 functional specialists, he is leading and developing Baobab Express SA that currently employs 121 people from Benin.

This team has an average age of 26 and is composed as follows:

Management team.....	10
Administrative assistants.....	9
Ticket sales staff (gagneurs).....	50
Chauffeurs (bougeurs).....	27
Luggage and baggage handlers.....	11
Mechanics.....	8
Bus and facility washers.....	7

Stakeholders and shareholders who have visited Baobab Express have lauded the **disciplined approach of the management and the collaborators**. They work on the basis of procedures and trainings for key functions which have been developed and implemented with the support of European coaches, over the past 4 years. Regular management meetings are **based on a well-maintained set of Key Performance Indicators** to monitor the daily operations on specifically developed dashboards. Those dashboards are shared in real-time via Dropbox with local management and coaches of African Drive. This structured approach has **significantly improved transparency** and makes the company **scalable for the future**.

In 2015, Baobab Express received the award '*Oscar de Mérite : Meilleur promoteur, faiseur d'emploi et de bonne équipe*' from the local government. This is not only a sign of recognition, it's also an **indicator of the connection that the team has with local authorities** and other stakeholders such as the Taxi Moto's who wait for their customers at the 19 destinations served by Baobab Express to cover the last mile to bring our passengers home.





The fleet consists of 27 buses:

- 12 buses with 15 seats (from the pilot phase starting 2013, to be replaced)
- 2 buses with 32 seats
- 13 buses with 39 seats

The buses are cleaned every evening or night after returning to the central station or one of the few stops where they pass the night. Every operational bus has a preventive maintenance check upon return to its base. A **preventive maintenance program** is in place to maintain the buses in the best possible condition.

This cannot prevent regular damages from the road conditions and intense use. That is why a team of mechanics has been created to perform even complex repairs. They have a well controlled stock of spare parts available. Stock counts are regular and audited. Intense care is taken to prevent fraud with fuel and oil as we have suffered from it in our pilot year. Baobab Express headquarters is equipped with a large fuel tank and all fuel delivered to the tanks is tested and filtered. Fuel tanks on the buses are locked and the lines are organized so that the buses can only be refueled under controlled circumstances. This also allows us to monitor the fuel consumption. **Drivers are incentivized to ensure minimal fuel consumption and trained in defensive, careful driving.**



Razack BIO, HR Manager of Centre Departmental de Santé and regular passenger



Businesswomen on their way to work



Our key product offering is currently a punctual, daily bus service between 19 major centres in Benin. This service is organized in 11 bus lines that mostly start or end at our main site in Parakou. The pricing is set at the level of competing services such as Taxi-Brousse, but our offering is more reliable with a strict departure and arrival schedule, more comfortable with a guaranteed seat, as well as safer with certified, maintained buses and well trained drivers.

In Benin, **Baobab Express is the only company that connects all major centres of the country from the south to the north in all populated areas.** Most competitors only operate near the dense populated coast or on the axis between the biggest city Cotonou at the coast and Parakou, the largest city of the north. Our reliable network is the only public transportation that **allows the citizens of Benin to travel all over their country for business, education or visiting relatives.**

Whenever possible, the **bus lines are organized that departure to a destination is possible in the morning, while returning home on the same day.** This is especially important for businesswomen who are not allowed to stay away from their husbands overnight in Beninese culture. As such they **enable female entrepreneurship at a level that was difficult before.**

About 10% of revenue is coming from **parcel services**, where the government institutions such as local administrations, police services and courts are among the most regular customers, because of Baobab Express's reliability. It is important to notice that there are no such services as Fedex or DHL within Benin, as these only service Cotonou. Customers outside of Cotonou have to organize their own pick-up of international parcels in Cotonou. This is another important growth opportunity.



Cécile checking tickets before departure



Luggage loaded safely and ready to go



The brand value of ‘Baobab Express’ and its slogan “*Bouger et Gagner Ensemble, C’est Bon*” is **well recognized at national level in Benin**. The marketing team is investigating customer satisfaction and brand recognition every 6 months. This demonstrates the same result as a recent investigation by the Ministry of Transport in Benin: Baobab Express is considered in bus transport as “*Le Leader du Bénin*”. Another telling indicator of the brand value is the fact that drivers in other bus companies have started to name themselves ‘bougeurs’. The brand value is also expressed by the fact that when new drivers have to be employed it is easy to recruit them as they indicate they want to become a real ‘bougeur’ at Baobab Express. This has resulted in a loyal customer base that is an important asset to the company.

The brand value however is much broader than name recognition. Marketing actions over the previous 4 years have ensured that ‘Baobab Express’ is not just ‘a’ bus company, but an incarnation of values such as **punctuality, safety, comfort and a fair business culture**. This is fully in line with the exemplary position that the company wants to build for sustainable entrepreneurship in Benin.

The marketing team is aware of the importance to maintain the brand value. Six monthly customer satisfaction measurements drive the organisation to improve on delivering always better experiences to the passengers. New lines are being started with well elaborated media campaigns.

We take care of exemplary regulatory compliance by **being 100% certified, insured, complying with social contributions and taxes**. Communication and collaboration with local authorities, influencers and administrations is considered a key task of the marketing department and management. Where possible our marketing actions demonstrate our social engagement, for instance, by sponsoring road repairs.



The core team of African Drive NV is led by CEO Chris VAN ASSCHE, assisted by a board of directors and a team of 6 experienced coaches who bring in expertise and time as well in Belgium as in Benin.

Board of Directors of African Drive NV:

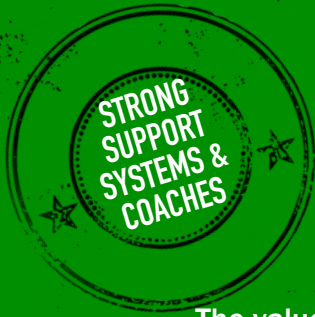
President **Fried Vancraen, CEO Materialise NV**
CEO **Chris Van Assche, CEO African Drive**
Secretary **Luc Albert, Exec Advisor Reinsurance EMEA, Swiss Re**
Members **Jean-Pierre Kruth, Professor KU Leuven &**
 Christophe Fauconnier, CEO Innate Motion

The board members want to guard the development of African Drive into a sustainable and profitable company with a strong culture and values, while never losing sight of our purpose.



In an exercise led by Innate Motion among a wide group of stakeholders, the following 3 core values were identified:

1. We believe in the **empowerment of local teams**, local managers and their collaborators for successful entrepreneurship in the long term.
2. We believe in **intense collaboration with local stakeholders** – our customers, our suppliers, complementary transport providers such as the Taxi Moto, the communities in which we are active and their leaders.
3. We believe in **operational discipline**, as well at the level of our daily services, as in the maintenance of our equipment and infrastructure, and certainly in accounting and financial operations.



The values described in the previous page are translated from mother company African Drive to the practice in Benin thanks to 6 experienced coaches. They have a lot of life and management experience. They specialize in domains such as accounting, financial planning, branding and marketing, bus exploitation in developing countries, and technical systems. We are planning to expand our number of coaches, for instance, in the domain of information technology.

Our coaches are well respected by the local management team. They are crucial to **systematically build up knowledge in sound management and technological approaches** that are evident in the west, but hard to find in Africa.



African Drive currently counts **34 socially engaged shareholders** of which many are willing to assist with advice and actions. We also count on the contribution of **235 crowdfunders** that have subscribed to a 5-year loan of 150K EUR. Each of our investors **believes that entrepreneurship will stimulate social progress.**



Almost ready for punctual departure



Stopping off at remote areas



New fleet of buses to ensure smooth operation of Parakou - Cotonou busline



Baobab Express management team with Chris (CEO) and Luc (Financial Coach)



Bus stop at Bohicon



Bouger et gagner ensemble, c'est bon!

