LEADERS IN MOBILITY

RESULTS PRESENTATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014
AGENDA

- KEY FEATURES
- CONTEXT
- OPERATIONAL REVIEW
- FINANCIAL REVIEW
- STRATEGY
- PROSPECTS
### KEY FEATURES

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Operating Profit</th>
<th>Core EPS¹</th>
<th>Interim Dividend Per Share²</th>
<th>Cash Flow from Operating Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Increase</td>
<td>+9% R56 234 million</td>
<td>-9% R2 872 million</td>
<td>-14% 803 cps</td>
<td>350 cps</td>
<td>+73% R 1 billion</td>
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<tr>
<td>HEPS % Decrease</td>
<td>-9% 759 cps</td>
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> ROIC 11.9% vs WACC of 9.1% (target of 4% above WACC through the cycle)

> Net debt:equity ratio of 83% (excl. prefs)

1. Core EPS excludes once-off and non-operational items, mainly: amortisation of intangibles on acquisitions R205m (up R58m); re-measurement of put option liability R17m; foreign exchange gain on inter-group monetary items R104m

2. Historic dividend yield of 3.8% based on a share price of R201.90
## IMPERIAL’S THREE LINES OF MOBILITY

<table>
<thead>
<tr>
<th>LOGISTICS</th>
<th>VEHICLES</th>
<th>FINANCIAL SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Truck" /></td>
<td><img src="image2.png" alt="Car dealership" /></td>
<td><img src="image3.png" alt="Financial services" /></td>
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### Revenue

<table>
<thead>
<tr>
<th>Line</th>
<th>Revenue</th>
<th>Contribution</th>
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<tbody>
<tr>
<td>Logistics</td>
<td>R22.9 billion</td>
<td>+14%</td>
</tr>
<tr>
<td>Vehicles</td>
<td>R33.0 billion</td>
<td>+7%</td>
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<tr>
<td>Financial Services</td>
<td>R2.2 billion</td>
<td>+6%</td>
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### Operating Profit

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<th>Line</th>
<th>Profit</th>
<th>Contribution</th>
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<tbody>
<tr>
<td>Logistics</td>
<td>R1.2 billion</td>
<td>+12%</td>
</tr>
<tr>
<td>Vehicles</td>
<td>R1.3 billion</td>
<td>-25%</td>
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<tr>
<td>Financial Services</td>
<td>R0.5 billion</td>
<td>-6%</td>
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</table>
DIVISIONAL STRUCTURE

Manage & report on five divisions based on strategic drivers, management expertise, business models, intra-divisional value creation & geography in three major lines of mobility

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<thead>
<tr>
<th>LOGISTICS</th>
<th>VEHICLES</th>
<th>FINANCIAL SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFRICA (INC. RSA)</td>
<td>INTERNATIONAL</td>
<td>VEHICLE IMPORT, DISTRIBUTION &amp; DEALERSHIPS</td>
</tr>
<tr>
<td>&gt; Leading logistics provider across entire supply chain</td>
<td>&gt; Leading positions in inland shipping, industrial contract logistics, chemical contract &amp; bulk logistics, &amp; terminal operations</td>
<td>&gt; Exclusive importer of 16 automotive &amp; industrial brands</td>
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<tr>
<td>&gt;23% of group revenue</td>
<td>&gt;16% of group revenue</td>
<td>&gt;25% of group revenue</td>
</tr>
<tr>
<td>&gt;27% of group operating profit</td>
<td>&gt;13% of group operating profit</td>
<td>&gt;16% of group operating profit</td>
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SUMMARY PERFORMANCE

> Portfolio performed to expectation in deteriorating trading conditions
> Revenue growth attributable mainly to acquisitions
> Group operating profit decline (9% or R294m) comprised:
  • Divisional operating profit increases:
    – Logistics Africa: 23% or R152m up to R802m
    – Vehicle Retail, Rental & Aftermarket Parts: 7% or R51m up to R798m
  • Divisional operating profit decreases:
    – Logistics International: 13% or €4m down to €27m
      (6% or R26m down to R389m)
    – Vehicle Import, Distribution & Dealerships: 51% or R473m down to R461m
    – Financial Services: 6% or R32m down to R798m
> Operating profit decline attributable primarily to impact of Rand weakness on Vehicle Import, Distribution & Dealerships distributor margins & dealership competitiveness & unit volumes
> Positive growth trend of revenue & operating profit outside South Africa
> **Foreign operating revenue** up 23% to R21 billion (now 36% of group)
> **Foreign operating profit** up 20% to R856 million (now 30% of group)
> Africa ex RSA operating profit up 60% to R383 million (now 13% of group)
> Strategy to grow further
GROWTH TREND IN NON VEHICLE OPERATIONS

Revenue (Rm)

Operating profit (Rm)

> Positive growth trend of revenue & operating profit in businesses not dependant on new vehicle sales

> **Non-vehicle revenue** increased 13% to R25 billion (now 45% of group)

> **Non-vehicle operating profit** increased 6% to R1.7 billion (now 57% of group)

> Strategy to grow further
AGENDA
> **CONTEXT – CHALLENGING ENVIRONMENT**

> VUCCA (volatile, uncertain, complex, chaotic, ambiguous) environment; various macro-economic, geo-political & social forces well publicised

> South Africa

  * low economic growth; underperformance of major trading partners (Europe, China) & lower commodity prices & export growth; constant downward revisions of growth forecasts
  * consumer & business confidence fragile; exacerbated by electricity shortages, labour tensions, further R/$ weakness
  * conditions generally more challenging than first half of 2014

> Eurozone recovery tentative (Germany + 0.7% GDP growth in last quarter of 2014)

> UK slow but steady recovery (0.5% per quarter)

> Sub-Saharan Africa (ex RSA)

  * generally higher growth off low base
  * terrorism & lower oil price yet to impact our businesses

> Competitive pressures despite strong market positions in Imperial’s 3 lines of mobility
Geographies: Three regional hubs – SADC, East Africa, West Africa

South Africa
- Market: Developed market & infrastructure
- Industry structure: Sophisticated supply chains & formal routes to market
- Strategy: Use scale, expertise & technology to provide high value logistics services across entire supply chain in selected industries
  - access to 7 500 vehicles (own 5 500)
  - ±1 million m² of warehousing
  - leading edge consulting to market leading counterparties
- Value proposition: lower total costs & reliability for clients

Revenue (including inter-segment revenue)
$13.3$ billion

Operating Profit
$0.8$ billion
INTEGRATED SUPPLY CHAIN PARTNER IN RSA

SUPPLY CHAIN OUTSOURCING PARTNER

> **Ability to reduce client’s costs** – consolidation of transport & distribution facilities; economies of scale
> **Ability to enhance client’s competitiveness** – operational expertise & experience; consulting; integration
> **Specialised operations** – company & industry dedicated specialised transport fleets & warehousing
> **Extensive regional footprint** – ability to offer innovative solutions for principals (including SA manufacturers) to access point of sale in Africa
> **End-to-end service offering** – tangible value-add through a fully integrated supply chain

LEADING LOGISTICS PROVIDER
OUR KEY CLIENTS
DIVISIONAL REVIEW

LOGISTICS AFRICA

Geographies: Three regional hubs – SADC, East Africa, West Africa

South Africa
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Sub-Saharan Africa
> Market: 950 m emerging consumers
> Industry structure: Underdeveloped infrastructure & routes to market for principals
> Strategy: “Land Grab” for footprint & scale; Increase principals & throughput; Consolidate
> Value proposition: “Get me there; Sell my product; Establish my brand” focused distributorships for FMCG & pharma principals in 10 countries

REVENUE
(including inter-segment revenue)

+22%
R13.3 billion

OPERATING PROFIT

+23%
R0.8 billion

LOGISTICS AFRICA

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R13.3 billion

REVENUE

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REVENUE

+23%
R0.8 billion

OPERATING PROFIT
West Africa
> Imperial Health Sciences – pharma logistics, supply chain management, warehousing
> MDS Logistics – transport, distribution, warehousing (FMCG, pharma, telecoms)
> Eco Health – distribution, sales, marketing of pharma products
> Imres – a wholesaler of pharmaceutical & medical supplies

East Africa
> Imperial Health Sciences – warehousing & distribution in health & pharma (facilities being expanded in Nairobi)
> Tanzania & Malawi – FMCG distribution, sales & marketing
> Imres – a wholesaler of pharmaceutical & medical supplies

Southern Africa
> FMCG distribution, sales & marketing
> Further expansion of facilities
> Transport operations – cross border, load consolidation, warehouse management, cross border documentation
> Key corridors across SADC
> Imres – a wholesaler of pharmaceutical & medical supplies

Imperial Logistics owns facilities
Countries serviced by agents of Imperial Health Sciences
ACQUISITIONS

Acquisition criteria

- Preferably asset light logistics
- Earnings accretive
- Target ROIC = WACC in first year; WACC + 4% (risk adjusted) in medium to long term

Acquisitions in H1 2015

- R797m invested to control two pharmaceutical wholesaling & distribution companies, consistent with Imperial’s strategic & financial investment criteria
- Pharmed – 9 July 2014
- Imres – 1 September 2014
OVERVIEW

> Acquired on 9 July 2014
> Purchase price – R148m for 62.5% shareholding
> Durban & Johannesburg based wholesaler of pharmaceuticals
> Warehouses, distributes & sells to hospitals, private pharmacies & dispensing doctors
> Annual turnover ~R600m

RATIONAL

> Strategically consistent
> Integrates pharmaceutical wholesaling & distribution into Imperial’s logistics business offering
> Mutually advantageous synergies between Pharmed & Imperial’s existing network, capabilities and customer base in South Africa
IMRES ACQUISITION

OVERVIEW
> Acquired on 1 September 2014
> Purchase price – R649m (€46m) for 70% shareholding
> Netherlands based (Lelystad) wholesaler of broad range medical supplies (generic pharmaceuticals, medical kits, hospital equipment & related medical products)
> Diversified client base in international medical relief industry, targeting mainly African & emerging countries
> Annual turnover ~R700m (€50m)

RATIONAL
> Strategically consistent
> Adds sourcing and procurement capabilities to Imperial’s service offering
> Complements recent acquisitions of Imperial Health Sciences, Eco Health & MDS
> Potential to leverage off Imperial’s existing network, capabilities & customer base on the African continent
Turnover & operating profit grew by 84% & 91% on H1 2014 respectively, mainly due to the acquisitions of Ecohealth & Imres (not included in H1 2014)

Contributed 37% to Logistics Africa operating profit (10% of Group)
> Delivered strong revenue & operating profit growth in difficult environment
> Subdued & declining volumes in most sectors served in South Africa but more positive trends in the rest of Africa
> Recent acquisitions & contract gains contributed to revenue growth
> Tight expense & asset management & Imperial Cold Logistics turnaround contributed to operating profit growth
> Revenue & operating margins from industrial logistics businesses (mining & Eskom) under pressure

> **Guidance:** real growth of revenues with operating profit growing at a higher rate for FY 2015
Key organic & acquisitive growth vector for Imperial – conscious of obligation to achieve risk adjusted returns
LOGISTICS INTERNATIONAL

Europe: (mainly Germany): Netherlands, Sweden, Luxemburg, Belgium, Poland, Austria, USA, significant contract in South America

> Market: €650bn in Imperial International sectors (IPL ranked 8th)
> Industry structure: Highly developed infrastructure; fragmented, process & technology driven clients & competition
> Strategy: Extend logistics expertise in automotive, steel, aluminium, paper & chemicals to other industries
> Value proposition: “One Face Logistics Solutions” for leading manufacturers through integrating current capabilities & following clients to new markets
> Assets:
  - operate ~700 inland vessels (own 241 vessels)
  - 2 million m² of storage capacity (including 20 hazardous goods warehouses)
  - 100 million tonnes handled per year
  - world class expertise in auto & chemical contract logistics
  - established relationships with world leaders: Mercedes, BMW, Volkswagen, Bayer, BASF

REVENUE
(including inter-segment revenue)

+5%
R9.6 billion

OPERATING PROFIT

-6%
R0.4 billion
> Germany is the base
> Strategy to follow customers/products to new markets
> Recently entered the South American inland shipping market
  > profitable 10 year contract
  > 4 convoys (4 push boats and 48 barges) operating on Rio Parana, transporting iron ore from Brazil to steel mill in Argentina
INLAND SHIPPING

- Leading inland shipping company in Europe
- Transport iron ore, coal, gas, liquid bulk

PANOPA

- Contract Logistics
  - automotive
  - machinery & equipment
  - steel
  - logistics & services

LEHNKERING

- Logistics services & contract manufacturing (synthesis/formulation) for the chemical industry

NESKA

- Leading player in inland terminal operations

-

> Ability to service complex niche areas of logistics, such as chemicals & automotive parts
> Expertise & quality assets in inland shipping in Europe: platform to duplicate our offering in new markets in Eastern Europe & South America
> Leading positions at critical chokepoints in German economic sectors (steel, chemicals, automotive, spare parts & paper)
Profitability declined with muted activity levels in most sectors of European logistics.

German inland shipping volumes declined & freight rates under pressure.

Imperial’s shipping business performed satisfactorily.

Lehnkering’s performance negatively impacted by adverse weather conditions & lower volumes.

Neska had a poor six months - volumes at terminals (paper & steel) declined; container terminal in Krefeld remained underutilised.

Panopa’s margins declined due to high start up costs & operational inefficiencies on new project.

South American inland shipping business in line with expectations.
> Translation effect of average weaker Rand to Euro assisted growth in Rands
> 2015 six months average R/€: 14.15 vs 2014 six months average R/€: 13.50
> Effective currency & diversification hedge in group portfolio
> Capital expenditure of R614m (R309m for two further convoys in South America)
> Carsten Taucke appointed CEO on 1st January 2015

> **Guidance: we expect real growth of revenues for FY 2015, with operating profit in line with 2014**
Revenue (Rm)

<table>
<thead>
<tr>
<th>Year</th>
<th>H1</th>
<th>H2</th>
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<tbody>
<tr>
<td>2011</td>
<td>3,209</td>
<td>3,639</td>
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<tr>
<td>2012</td>
<td>4,159</td>
<td>7,088</td>
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<tr>
<td>2013</td>
<td>7,211</td>
<td>8,363</td>
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<tr>
<td>2014</td>
<td>9,110</td>
<td>9,595</td>
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</table>

4 year CAGR = 31%

Operating profit (Rm)

<table>
<thead>
<tr>
<th>Year</th>
<th>H1</th>
<th>H2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>156</td>
<td>194</td>
</tr>
<tr>
<td>2012</td>
<td>202</td>
<td>396</td>
</tr>
<tr>
<td>2013</td>
<td>308</td>
<td>454</td>
</tr>
<tr>
<td>2014</td>
<td>412</td>
<td>559</td>
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<tr>
<td>2015</td>
<td>386</td>
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</tbody>
</table>

4 year CAGR = 25%

Note H2 seasonality

> Strengthen position in current niches
> Follow customer in new markets
> Fund new areas of growth (industry diversification)
> Target selected acquisitions
> Solid revenue & operating profit growth trend
> Comprised R22.9bn (39%) of Group revenue for the period
> Comprised R1.2bn (40%) of Group operating profit for the period
> Increasingly focussed strategies for organic & acquisitive growth
> Main target for disciplined capital allocation
DIVISIONAL REVIEW

VEHICLE IMPORT, DISTRIBUTION & DEALERSHIPS

> Market: South African new passenger & commercial vehicles; tracks economic & consumption growth; 4% up in 2014; estimated ~600k vehicles in 2015

> Industry structure: dominated by multi national original equipment manufacturers & manufacturer controlled distributors who franchise dealership networks; direct imported brands represent ~15% of passenger vehicle market in SA

> Strategy: increase sustainable market share & car parc of major brands through dedicated and multi-franchise customer focused dealerships; capture revenue & margin across entire motor value chain (import, after-sales service, parts & financial services)

> Value proposition: distribution capability for international manufacturers; alternative vehicle brands for South African market

> Assets: exclusive importer of 16 automotive & industrial vehicle brands (including Hyundai, Kia, Renault, Mitsubishi & Crown forklifts); distributes through 126 owned & 113 franchised dealerships

<table>
<thead>
<tr>
<th>Revenue (including inter-segment revenue)</th>
<th>Operating Profit</th>
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<tbody>
<tr>
<td>+7% R14.0 billion</td>
<td>-51% R0.5 billion</td>
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</table>
> Revenue growth mainly attributable to Renault (only included for 1 month in comparable period)

> Operating profit & margins halved by:
  - declining new vehicle unit sales (down 9% excluding Renault); competitive position eroded by \( \downarrow \) R/$ impact on new vehicle landed costs & robust competition from OEM’s (APDP)
  - pressure on distribution margins & retail gross margins from; \( \downarrow \) R/$ impact on new vehicle landed costs & margin compression to prevent excessive price increases
  - increased interest & net realisable provision costs on higher inventories

> Guidance: real growth of revenues for FY 2015, with operating profit well below 2014
> Car parc doubled over past 5 years
> Provides an underpin to earnings
> H1 2015 benefits of growing car parc – good growth in annuity revenue streams from after-sales parts & services
  • Rendering of services revenue up 16%
  • Parts revenue increased 12%

Note: Includes Hyundai, Kia, Daihatsu, Chery, Foton, Mitsubishi, Renault and Tata – PC and LCV
### IMPERIAL IMPORTS VS COMPETITORS

#### Market share*

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<tbody>
<tr>
<td>Imperial</td>
<td>13.8%</td>
<td>14.7%</td>
<td>3.8%</td>
<td>4.7%</td>
<td>9.3%</td>
<td>11.4%</td>
<td>19.3%</td>
<td>19.6%</td>
<td>14.5%</td>
<td>14.2%</td>
<td>7.4%</td>
<td>7.1%</td>
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<td>Mercedes</td>
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<td>Nissan</td>
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*Includes Renault

- Imperial’s market share increased ~1% compared to the comparable period
- Imperial now holds the second largest market share
There has been significant currency depreciation since May 2012
Operating margin has been adversely impacted by currency depreciation since June 2012
Market share has remained below the highs of June 2012

* Excludes Renault  ** Excludes financial services
SOUTH AFRICAN NEW VEHICLE PRICES

Vehicle price increases (yoy growth) New & Pre owned (%)

Exchange rate impact on imported brands (%)

Source: Econometrix
CONTEXTUALISING DIVISION’S PERFORMANCE

> Hyundai / Kia worldwide established on disruptive entry level pricing
> Hyundai / Kia grown off a low base in RSA
> Beneficiary of “democracy dividend”: rapid growth of Black middle class; expansion of government employment; above inflation wage increases; NCA fuelled credit extension
> Beneficiary of relatively stable R/$ exchange rate & low forward cover costs
  > For 9 years (March 2003 to May 2012) apart from a sharp spike from September 2008 to May 2009, the R/$ exchange rate was below R8.00
  > For 2 years from May 2009 to June 2011 it strengthened from R8.00 to R6.76
> Korean product has consistently improved quality reducing relative price differentials
> Since May 2012 R/$ exchange rate has deteriorated 40%
> OEM’s can mitigate currency movements with duty & manufacturing incentives
  (the Automotive Production and Development Programme (APDP) replaced the Motor Industry Development Programme (MIDP) on January 1st 2013) & “hard” foreign currency income via exports
> AMH has traded wisely & innovated continually (multi franchise dealerships; Liquid Capital; property ownership, SKD) building an impressive business & car parc
Motor Vehicle Environment

> Slower global growth
> Recovering but subdued consumer confidence & expenditure in RSA
> National motor vehicle sales negative or very low growth for at least 2-3 years
> Consumers trading down
> Limited growth of dealerships
> Competitiveness & profitability of distributors of directly imported vehicles remains vulnerable to Rand weakness

Conclusions

> Expected operating margins in future likely to be closer to those of the current financial year than to the average of the past five financial years
> Profits will decline in periods when the Rand depreciation rate relative to the currencies in which we import vehicles is higher than the rate of South African new vehicle inflation
DIVISIONAL REVIEW

VEHICLE RETAIL, RENTAL & AFTERMARKET PARTS

> Markets: South African new passenger & commercial vehicles; tracks economic & consumption growth; 4% up in 2014; estimated ~600k vehicles in 2015 / Car rental mature, highly competitive & price sensitive / Aftermarket Parts industry mature but stable, based on ~11 million vehicles in the vehicle parc

> Industry structures: New vehicle industry dominated by multi national OEM & manufacturer controlled distributors who franchise dealership networks / Car rental dominated by local franchises of major international brands / Aftermarket parts franchise model evolving from 3 tier to 2 tier

> Strategy: Position vehicle businesses as “Dealers of Choice” for OEM’s & providers of service excellence for clients / position all other businesses as market & value leaders

> Value proposition: Distribution capability for local OEM’s & franchisors

**Revenue** (including inter-segment revenue)

- **+7%**
- **R19 billion**

**Operating Profit**

- **+7%**
- **R0.8 billion**
## DIVISIONS MAJOR ASSETS

<table>
<thead>
<tr>
<th>VEHICLE RETAIL</th>
<th>RENTAL</th>
<th>AFTERMARKET PARTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 86 passenger vehicle dealerships - 16 locally based OEMs</td>
<td>&gt; Car Rental (Europcar &amp; Tempest)</td>
<td>&gt; Distributor, wholesaler &amp; retailer through approximately 450 owned &amp; franchised stores</td>
</tr>
<tr>
<td>&gt; Extensive dealer footprint owning 85% of properties</td>
<td>&gt; 65 dedicated Pre-owned retail outlets (Auto Pedigree)</td>
<td>&gt; Midas, Alert Engine Parts &amp; Turbo Exchange</td>
</tr>
<tr>
<td>&gt; 20 commercial vehicle dealerships &amp; workshops - 12 brands in SA</td>
<td>&gt; Panelshops</td>
<td>&gt; Focus on parts &amp; accessories for vehicles between five &amp; ten years old</td>
</tr>
<tr>
<td>&gt; 55 truck &amp; van dealerships &amp; workshops in the United Kingdom</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; Beekman canopies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; Jurgens caravans</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ACQUISITIONS

S&B Commercials

- Acquired 1 September 2014
- Purchase price – R167m (£9m) for 100% shareholding
- UK based commercial vehicle dealership
- Specialises in Mercedes Benz (Commercial and Van) & Fuso
- Further diversifies Imperial’s brand representation & extends its geographic footprint in United Kingdom
- Annual turnover of ~R2.1bn (£115m)
> Good growth of revenue & operating margin despite subdued passenger vehicle volumes
> Commercial vehicles: RSA sales & operating profit declined; good growth continues in the UK, supported by the recent acquisition of S&B Commercials
> After sales parts & services revenue growth of 14% (9% ex UK)
> Pre-owned vehicle sales grew moderately
> Operating margins in car rental declined due to lower revenue, reduced fleet size & utilisation
> Aftermarket Parts performed in line with comparable period in competitive & mature market

> **Guidance:** real growth of revenue and operating profit for FY 2015
1. Vehicle import & distribution
   > Represent 16 exclusive Automotive & Industrial brands
   > Strong after sales & service capability

2. Vehicle retail
   > Most major local & imported brands
   > Extensive dealer network
   (239 new vehicle dealerships)
   > Sell 1 in 5 new vehicles in SA
   > Commercial dealerships
   > POS for financial services

3. Vehicle maintenance
   > Growth in car parc
   > Annuity income
   > Service & maintenance at dealerships
   > Parts

4. Car rental
   > Purchase vehicles from the Group & local OEMs
   > Rental of vehicles
   > Dispose of vehicles through group outlets (65 Auto Pedigree outlets)

5. Aftermarket Parts
   > Parts, oils & accessories for vehicles outside maintenance & warranty plans

6. Pre Owned vehicle sales
   > ±70 000 units p.a.
> Represents 43% of group operating profit

> Number of vehicles sold (benefitted by acquisitions)

  • New
    - Passenger: 65 475 (+6%)
  • Pre-owned
    - Passenger: 36 435 (+2%)
    - Commercial: 801 (+61%)
FINANCIAL SERVICES

> Market: dominated by major banks & insurers
> Industry structure: highly regulated mainly very large participants
> Strategy: build on Imperial’s capabilities in vehicle distribution & retail through Liquid Capital (unregulated products) & Regent (regulated products) providing specialised & cost-effective motor related financial services & products (insurance, finance & FML through banking alliances, service & maintenance plans & warranties)
> Value proposition: centred on responsive engagement at all stages of the vehicle lifecycle through Imperial & independent dealerships, banks, direct sales & niche intermediaries
> Assets: access to Imperial’s distribution & vehicle expertise; joint ventures with leading banks & other motor groups; expertise in vehicle related finance, VAPS & insurance
Regent

> Short term Insurance underwriting profit +20%
  > improved motor underwriting against the comparable period
  > focussing on core markets and distribution channels
> Regent Life performed as expected; underwriting up 7%
> Lower investment returns – equity markets less favourable
> Rest of Africa continues to contribute meaningfully

Motor Related Financial Services

> Liquid Capital grew operating profit by 9%
> Finance alliances continue to grow; more conservative impairment provisions
> Good growth in funds held under service, maintenance plans, warranties & roadside assistance
> Volumes in Imperial Fleet Management continue to grow with new contract gains
  (7 000 vehicles under management)
FINANCIAL SERVICES

Revenue
(Rm)

<table>
<thead>
<tr>
<th></th>
<th>H1 2014</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,055</td>
<td>2,167</td>
</tr>
<tr>
<td></td>
<td>+6%</td>
<td></td>
</tr>
</tbody>
</table>

Operating profit
(Rm)

<table>
<thead>
<tr>
<th></th>
<th>H1 2014</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>543</td>
<td>511</td>
</tr>
<tr>
<td></td>
<td>-6%</td>
<td></td>
</tr>
</tbody>
</table>

Operating profit split
(Rm)

<table>
<thead>
<tr>
<th></th>
<th>H1 2014</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>543</td>
<td>511</td>
</tr>
<tr>
<td>Income</td>
<td>168</td>
<td>87</td>
</tr>
<tr>
<td></td>
<td>138</td>
<td>166</td>
</tr>
<tr>
<td></td>
<td>237</td>
<td>258</td>
</tr>
</tbody>
</table>

Net underwriting margin
(%)

<table>
<thead>
<tr>
<th></th>
<th>H1 2014</th>
<th>H2 2014</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>9.2%</td>
<td>12.8%</td>
<td>11.0%</td>
</tr>
</tbody>
</table>

Legend:
- Investment income, including fair value adjustments
- Underwriting result
- Motor related financial services and products
**IMPERIAL’S APPROACH TO MOTOR RELATED FINANCIAL SERVICES**

- **Finance**
- **Insurance**
- **Maintenance and service plans**
- **Warranties**
- **Roadside Assistance**

**Insurance & motor related financial products & services**

- Extensive retail network provides scale & points of sale for the group’s financial services business
- Market intelligence & a basis from which to grow demand for existing products & services & develop new products
## GROWTH IMPERIAL GROUP
FINANCIAL SERVICES

<table>
<thead>
<tr>
<th>H1 2011</th>
<th>H2 2011</th>
<th>H1 2012</th>
<th>H2 2012</th>
<th>H1 2013</th>
<th>H2 2013</th>
<th>H1 2014</th>
<th>H2 2014</th>
<th>H1 2015</th>
<th>Revenue (Rm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,639</td>
<td>1,770</td>
<td>1,833</td>
<td>2,166</td>
<td>2,165</td>
<td>2,073</td>
<td>2,055</td>
<td>2,085</td>
<td>2,167</td>
<td>(4 year CAGR =7%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H1 2011</th>
<th>H2 2011</th>
<th>H1 2012</th>
<th>H2 2012</th>
<th>H1 2013</th>
<th>H2 2013</th>
<th>H1 2014</th>
<th>H2 2014</th>
<th>H1 2015</th>
<th>Operating profit (Rm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>345</td>
<td>415</td>
<td>344</td>
<td>431</td>
<td>491</td>
<td>454</td>
<td>543</td>
<td>538</td>
<td>511</td>
<td>(4 year CAGR =10%)</td>
</tr>
</tbody>
</table>

> Positive growth trend in revenue & funds under management
> Annuity income
> Access to group’s distribution platform
> Proven record of product & channel innovation & development

> **Guidance:** Single digit growth of revenue & operating profit for FY 2015
INCOME STATEMENT

<table>
<thead>
<tr>
<th>Division</th>
<th>H1 2014 Rm</th>
<th>H1 2015 Rm</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>51 357</td>
<td>56 234</td>
<td>9%</td>
</tr>
</tbody>
</table>

**LOGISTICS +14%**
- New contract gains, strong growth in Rest of Africa, acquisitions & weak currency

**VEHICLES +7%**
- Price increases in new vehicles; growth in annuity revenues from parts & service activities & acquisitions

**FINANCIAL SERVICES +6%**
- Flat vehicle sales & more conservative motor underwriting moderated growth
## INCOME STATEMENT

### LOGISTICS (+12%)
- Contract gains, acquisitions & currency weakness

### VEHICLES (-25%)
- Impacted by currency in Vehicle Import, Distribution & Dealerships business, reduced volumes & margins

### FINANCIAL SERVICES (-6%)
- Weak investment performance caused by lower equity markets

### OPERATING PROFIT CONTRIBUTION PER DIVISION (%)

<table>
<thead>
<tr>
<th>Division</th>
<th>H1 2014 %</th>
<th>H1 2015 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOGISTICS AFRICA</td>
<td>20</td>
<td>27</td>
</tr>
<tr>
<td>LOGISTICS INTERNATIONAL</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>VEHICLE IMPORT, DISTRIBUTION AND DEALERSHIPS</td>
<td>28</td>
<td>16</td>
</tr>
<tr>
<td>VEHICLE RETAIL, RENTAL AND AFTERMARKET PARTS</td>
<td>23</td>
<td>27</td>
</tr>
<tr>
<td>FINANCIAL SERVICES</td>
<td>17</td>
<td>17</td>
</tr>
</tbody>
</table>

### Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2014</td>
<td>51 357</td>
</tr>
<tr>
<td>H1 2015</td>
<td>56 234</td>
</tr>
</tbody>
</table>

### Operating Profit

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2014</td>
<td>3 166</td>
</tr>
<tr>
<td>H1 2015</td>
<td>2 872</td>
</tr>
</tbody>
</table>

### Operating Profit Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2014</td>
<td>6.2%</td>
</tr>
<tr>
<td>H1 2015</td>
<td>5.1%</td>
</tr>
</tbody>
</table>
DIVISIONAL STATISTICS

Operating margin (%)

<table>
<thead>
<tr>
<th>Division</th>
<th>H1 2014</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics Africa</td>
<td>6.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Logistics International</td>
<td>4.5%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Vehicle import, distribution &amp; dealerships</td>
<td>7.0%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Vehicle retail, rental &amp; aftermarket parts</td>
<td>4.2%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>26.4%</td>
<td>23.6%</td>
</tr>
</tbody>
</table>

Return on invested capital (%)

<table>
<thead>
<tr>
<th>Division</th>
<th>H1 2014</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics Africa</td>
<td>12.6%</td>
<td>11.9%</td>
</tr>
<tr>
<td>Logistics International</td>
<td>8.5%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Vehicle import, distribution &amp; dealerships</td>
<td>20.3%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Vehicle retail, rental &amp; aftermarket parts</td>
<td>14.6%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>31.4%</td>
<td>28.9%</td>
</tr>
</tbody>
</table>
INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>H1 2014 Rm</th>
<th>H1 2015 Rm</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>51 357</td>
<td>56 234</td>
<td>9%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>3 166</td>
<td>2 872</td>
<td>(9%)</td>
</tr>
<tr>
<td>Recoupments from disposal of properties</td>
<td>39</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>(147)</td>
<td>(205)</td>
<td>39%</td>
</tr>
<tr>
<td>Foreign exchange (losses)/gains on foreign currency monetary items</td>
<td>(16)</td>
<td>117</td>
<td></td>
</tr>
<tr>
<td>Loss on remeasurement of put option liability</td>
<td>-</td>
<td>(21)</td>
<td></td>
</tr>
<tr>
<td>Charge for amending conversion profile of deferred ordinary shares</td>
<td>(70)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Onerous contracts</td>
<td>(29)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Exceptional items</td>
<td>87</td>
<td>(27)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(8)</td>
<td>(6)</td>
<td></td>
</tr>
</tbody>
</table>

> Amortisation of intangibles increased due to recent acquisitions and currency effects

> Foreign exchange (losses)/gains includes a once-off gain of R104m on Intergroup monetary items, converting Dollar loan to Euros

> Exceptional items - profit on sale of Tourism business (in prior year) and goodwill write-offs
INCOME STATEMENT

> Net finance costs increased as a result of higher debt due to:
  > increased capital expenditure
  > higher level of working capital
  > acquisitions
  > higher cost of funding from longer term debt

> Reduction in Income from associates due to
  > Ukhamba increase in impairment versus comparable period
  > increase in losses from Chery and Ariva

> Effective tax rate of 26.2% (2014: 26.5%)

> Minorities declined due to the reduced contribution from the Vehicle Import, Distribution & Dealerships division

<table>
<thead>
<tr>
<th></th>
<th>H1 2014 Rm</th>
<th>H1 2015 Rm</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net financing costs</td>
<td>(420)</td>
<td>(598)</td>
<td>42%</td>
</tr>
<tr>
<td>Income from associates</td>
<td>18</td>
<td>12</td>
<td>(33%)</td>
</tr>
<tr>
<td>Tax</td>
<td>(689)</td>
<td>(562)</td>
<td></td>
</tr>
<tr>
<td>Net profit for the period</td>
<td>1 931</td>
<td>1 594</td>
<td>(17%)</td>
</tr>
<tr>
<td>Attributable to Imperial shareholders</td>
<td>1 734</td>
<td>1 426</td>
<td>(18%)</td>
</tr>
<tr>
<td>Attributable to minorities</td>
<td>197</td>
<td>168</td>
<td>(15%)</td>
</tr>
</tbody>
</table>
> Goodwill and intangible assets rose due to the acquisitions of Eco Health, Imres and S&B Commercials
> Investments and loans increased due to Regent’s investment in foreign equities and longer term investments
> Net working capital increased mainly due to:
  * acquisitions
  * higher inventory and accounts receivables, partly offset by higher accounts payable in the Vehicle businesses & the Logistics Africa division

<table>
<thead>
<tr>
<th></th>
<th>June 2014 Rm</th>
<th>H1 2015 Rm</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>10 469</td>
<td>10 746</td>
<td>3%</td>
</tr>
<tr>
<td>Transport fleet</td>
<td>5 322</td>
<td>5 513</td>
<td>4%</td>
</tr>
<tr>
<td>Vehicles for hire</td>
<td>2 303</td>
<td>2 793</td>
<td></td>
</tr>
<tr>
<td>Goodwill and intangible assets</td>
<td>6 766</td>
<td>7 397</td>
<td>9%</td>
</tr>
<tr>
<td>Associates, investments and loans</td>
<td>3 886</td>
<td>4 494</td>
<td>16%</td>
</tr>
<tr>
<td>Other assets</td>
<td>1 516</td>
<td>1 848</td>
<td></td>
</tr>
<tr>
<td>Net working capital</td>
<td>8 675</td>
<td>10 984</td>
<td>27%</td>
</tr>
<tr>
<td>Assets</td>
<td>38 937</td>
<td>43 775</td>
<td></td>
</tr>
</tbody>
</table>
Shareholders’ interest impacted by:
- attributable earnings of R1 426m
- put option liability of R391m
- losses on foreign currency translation of R227m
- dividends paid of R917m
- remeasurement of defined benefit pension plans of R140m (European operations)

Interest bearing borrowings increased due to:
- acquisitions
- higher capital expenditure
- higher levels of working capital

Other liabilities increased due to additional business written on insurance, maintenance and warranty contracts - up 9%
### CASH FLOW – OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>H1 2014 Rm</th>
<th>H1 2015 Rm</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated by operations</td>
<td>4 328</td>
<td>4 257</td>
<td></td>
</tr>
<tr>
<td>Net working capital movements</td>
<td>(2 244)</td>
<td>(1 405)</td>
<td></td>
</tr>
<tr>
<td>Cash generated by operations</td>
<td>2 084</td>
<td>2 852</td>
<td>37%</td>
</tr>
<tr>
<td>Net finance costs and tax paid</td>
<td>(945)</td>
<td>(1 031)</td>
<td></td>
</tr>
<tr>
<td>Cash flow from operating activities before rental assets capex</td>
<td>1 139</td>
<td>1 821</td>
<td></td>
</tr>
<tr>
<td>Capex: rental assets</td>
<td>(552)</td>
<td>(808)</td>
<td>46%</td>
</tr>
<tr>
<td>Expansion capex rental assets</td>
<td>(251)</td>
<td>(406)</td>
<td></td>
</tr>
<tr>
<td>Net replacement capex rental assets</td>
<td>(301)</td>
<td>(402)</td>
<td></td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>587</td>
<td>1 013</td>
<td>73%</td>
</tr>
</tbody>
</table>

- Cash generated by operations increased 37% due to lower investment in working capital
- Capex: rental assets up 46%, largely due to earlier de-fleeting in H2 2014, leading to lower proceeds on sale of vehicles in H1 2015 than in the comparable period
- Cash flow from operating activities increased 73% to R1bn
CASH FLOW – INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>H1 2014</th>
<th>H1 2015</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net acquisition and disposals of subsidiaries and businesses</td>
<td>148</td>
<td>(905)</td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(1 662)</td>
<td>(1 417)</td>
<td>(15%)</td>
</tr>
<tr>
<td>Expansion</td>
<td>(1 015)</td>
<td>(806)</td>
<td></td>
</tr>
<tr>
<td>Replacement</td>
<td>(647)</td>
<td>(611)</td>
<td></td>
</tr>
<tr>
<td>Net movement in associates and JVs</td>
<td>(75)</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Net movement in investments, loans and non-current financial instruments</td>
<td>(129)</td>
<td>(997)</td>
<td></td>
</tr>
<tr>
<td>Total investing activities</td>
<td>(1 718)</td>
<td>(3 294)</td>
<td>92%</td>
</tr>
</tbody>
</table>

> Net acquisition of subsidiaries relates to the acquisitions of Imres, S&B Commercials and Pharmed
> Capital expenditure 15% lower because of lower investment in dealership properties – prior year included significant capex from International operations
> Movement in investments, loans & non-current financial instruments due to investments in foreign equities & longer term investments
## CASH FLOW – SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>H1 2014 Rm</th>
<th>H1 2015 Rm</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>587</td>
<td>1 013</td>
<td>73%</td>
</tr>
<tr>
<td>Total investing activities</td>
<td>(1 718)</td>
<td>(3 294)</td>
<td>87%</td>
</tr>
<tr>
<td>Financing activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(1 050)</td>
<td>(917)</td>
<td></td>
</tr>
<tr>
<td>Other financing activities</td>
<td>(201)</td>
<td>(206)</td>
<td></td>
</tr>
<tr>
<td>Increase in net borrowings</td>
<td>(2 382)</td>
<td>(3 404)</td>
<td></td>
</tr>
</tbody>
</table>

Free cash flow - total operations: 191
Free cash conversion ratio to core earnings: 11% - 52%

> Free cash flow equals: Cash generated by operations reduced by net replacement capex
> Free cash flow improved mainly due to lower investment in working capital
Higher net debt to fund:
- acquisitions
- higher working capital
- expansion capex

Net debt:equity impacted by R1.4bn reduction in equity due to a put option liability - minority shareholdings in Eco Health and Imres

Capacity for further acquisitions and organic growth

Group has R6.3bn unutilised funding facilities

Improved mix of fixed and floating debt (45% fixed)

Extended debt maturity profile

The group’s credit rating by Moody’s was unchanged at Baa3, with a stable outlook
**ROE is good**

> Impacted by:
>  - significantly lower returns from Vehicle Import, Distribution & Dealerships division

---

**Objective:** average ROIC > than WACC + 4% through the cycles

> ROIC affected by:
>  - lower returns in Vehicle Import, Distribution & Dealerships division
>  - recent expansion and acquisitions
>  - Investment in expansion capex and acquisitions
> The environment & the size & complexity of Imperial demands strategic clarity at two levels:

  • Corporate strategy as a Group
    – more expansive & precise as to the value added & the parenting advantage created by Imperial Holdings
    – clarify precisely how Holdings should influence & relate to the businesses it is associated with & whether its capabilities are aligned to Divisional requirements
  • Business strategy at the Divisional & Company level
    – determine more precisely the bases for competitive advantage, clarifying how each client facing business competes & wins in its chosen market

> Sharpen executive attention & increase returns on capital & effort by:
  disposing of strategically misaligned, underperforming, sub-scale or low return on effort assets

> Improve productivity & reduce costs by eliminating complexity in organisation structures, reporting lines, legal structures, minorities, boards, accounting & reporting
PARENTING ROLE – 4 STRATEGIC THRUSTS

> **Develop the Group** – acquire, merge, integrate, drive the profitability of companies & assets involved in mobility, & dispose non-core, strategically misaligned assets

> **Raise, Allocate & Control Capital for Sustainable Value Accretion** – **funding** the Group’s debt & equity requirements at competitive rates; **allocating capital** to those sectors & jurisdictions where targeted risk adjusted returns & growth are achieved; & **controlling working capital** within planned limits*

> **Clarify Operating Companies Strategies** – ensure that each client facing business in Imperial has a documented plan of how it intends to **compete & win** in its **defined market** over the **medium to long term**

> **Develop Executive Capability** – as the major determinant of Imperial’s progress & performance, identify select, develop & reward those exceptional executive leaders whose performance & potential positions them among the top quartile in their fields of expertise

*ROIC > WACC +4% imbedded as target to evaluate performance of all invested capital & allocation of new capital*
AGENDA

- KEY FEATURES
- CONTEXT
- OPERATIONAL REVIEW
- FINANCIAL REVIEW & ACQUISITIONS
- STRATEGY
- PROSPECTS
> The factors most relevant to the fortunes of Imperial are:
  • the weakening of the Rand against the currencies in which we import new vehicles
  • the poor state of the South African economy
  • a much slower than expected recovery of the German economy
  • the impact of political uncertainty and a sustained low oil price on the economy
    and currency of Nigeria

> The outlook for three divisions is unchanged (i.e. Logistics Africa; Vehicle Retail, Rental & Aftermarket Parts; & Financial Services)

> A slower recovery in Germany has caused us to reduce our full year expectations of the Logistics International division

> Most significantly, the unit volume decline in the Vehicle Import, Distribution & Dealerships division has necessitated a further reduction of expected profits

> **We therefore expect Imperial’s second half operating performance to be positive, but with earnings for the year to June 2015 to be below 2014**