INTERIM RESULTS PRESENTATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015
1. Core EPS excludes once-off & non-operational items, mainly: amortisation of intangibles arising on acquisitions of R207m (up R2m); re-measurement of contingent consideration & put option liabilities R33m; foreign exchange gain on inter-group monetary items R92m
OVERVIEW

> A sound recovery from H1 2015
> Record half year revenue ↑ 6% to R59.8bn
> Operating profit ↑ 7% to R3.1bn
> All divisions recorded an increase in revenue
> Increasing contribution of revenue & operating profit from non-vehicle & foreign operations
GROWTH TREND IN NON VEHICLE OPERATIONS

REVENUE* (Rm)

OPERATING PROFIT* (Rm)

3 year CAGR =15%

3 year CAGR =18%

Revenue not related to Vehicles up 6% to R24.8bn (now 41% of group* revenue)

Operating profit not related to Vehicles increased 3% to R1.5bn (now 54% of group* operating profit)

* Excludes Regent, head office & eliminations

Imperative throughout Imperial to grow revenues & profits less susceptible to currency volatility, in order to reduce the group’s exposure to exchange rate sensitive operating profits attributable specifically to directly imported vehicles.
Strategy to grow further to offset the limited growth opportunities dictated by Imperial’s position as a South African market leader in logistics & motor vehicles.

* Excludes Regent, head office & eliminations
OVERVIEW

> A sound recovery from H1 2015
> Record half year revenue ↑ 6% to R59.8bn
> Operating profit ↑ 7% to R3.1bn
> All divisions recorded an increase in revenue
> Increasing contribution of revenue & operating profit from non-vehicle & foreign operations

> Strategic disposals during the period to generate proceeds of approximately R4.7bn (R2.5bn received to date)
> A reasonably priced low risk acquisition poised to unlock significant value
> Core EPS ↑ 7% to 861 cps
> HEPS ↑ 6% to 801 cps
> ROIC 11.6%
> ROE 17%
> Interim cash dividend ↑ 6% to 370 cps
South Africa (59% revenue; 66% operating profit)

- Global developments (↓ commodity prices & exports; ↓ ZAR)
- Structural impediments to growth:
  - Unemployment, low skills, labour legislation & militancy
  - Low public service competence & capacity
  - Energy & water supply, aging infrastructure etc.
- Cyclical impediments to growth:
  - Deterioration of business confidence, low private sector investment, negative capital flows, twin deficits, weak Rand, rising rates, tightening credit, drought
  - Business & consumer confidence undermined by socio-economic stress, political ineptitude, policy uncertainty & rising perceptions of increasing corruption
- Downward revision of growth forecast to below 0.7% in 2016 (2015: 1.5%)

Specific uncontrollable factors affecting Imperial:
- A 24% decline of the average R/$ exchange rate on the comparable half
- A 6% decline in national new vehicle sales
- A sharp decline in commodity volumes
- Subdued consumer goods volumes
OPERATING CONTEXT – IMPERIAL REGIONS

> Eurozone (29% revenue; 18% operating profit)
  • Specific uncontrollable factors affecting Imperial
    – unusually long period of low water levels on European waterways exerted pressure on Imperial’s volumes, rates & utilization in Europe
    – solid UK growth supported our business
    – the weakening of the Rand against the £ & € assisted ZAR denominated results

> Rest of Africa (12% revenue; 16% operating profit)
  • Specific uncontrollable factors affecting Imperial
    – lower commodity prices & slowing economies
    – currency movements
    – subdued consumer goods volumes
AGENDA

OVERVIEW  CONTEXT  STRATEGY  OPERATIONS REVIEW  FINANCIAL REVIEW  PORTFOLIO  PROSPECTS
STRATEGY

> Imperial strives to create long term value for stakeholders though strategic clarity, financial discipline, operational excellence & strictly defined capital allocation principles

> Our investment thesis is unchanged:
  - We will release capital & sharpen executive focus, by disposing of non-core, strategically misaligned, underperforming or low return on effort assets
  - We will invest capital in South Africa to maintain the quality of our assets & our market leadership in logistics & motor vehicles
  - We will invest capital in the Rest of Africa primarily to achieve our 2020 objective for the revenue & profits generated by logistics in that region to equal that of our South African logistics business, & secondarily to expand our vehicles & related businesses in the region
  - We will invest capital generated from operations & from divestments to grow our businesses beyond the continent, but with an emphasis on logistics

> The development & sustainability of Imperial will be underpinned by investment in human capital & information systems
AGENDA

OVERVIEW  CONTEXT  STRATEGY  OPERATIONS REVIEW  FINANCIAL REVIEW  PORTFOLIO  PROSPECTS
IMPERIAL’S TWO LINES OF MOBILITY

1. LOGISTICS

REVENUE
↑ 5%
R24.0 billion
40% contribution

OPERATING PROFIT
↑ 1%
R1.2 billion
42% contribution

3 YEAR CAGR 19%

2. VEHICLES¹

REVENUE
↑ 7%
R36.2 billion
60% contribution

OPERATING PROFIT
↑ 7%
R1.7 billion
58% contribution

3 YEAR CAGR -6%

REVENUE
REGENT

↑ 6%
R1.6 billion

OPERATING PROFIT
↑ 52%
R274 million

3 YEAR CAGR FLAT

1. Includes Motor Related Financial Products & Services
DIVISIONAL OVERVIEW

Five divisions in two major lines of mobility, which operate under separate management structures to enable decentralised entrepreneurial creativity within the group’s clearly-defined strategic, capital, budgetary & governance principles.

<table>
<thead>
<tr>
<th>LOGISTICS</th>
<th>VEHICLES</th>
<th>AFRICA (INCL. RSA)</th>
<th>INTERNATIONAL</th>
<th>VEHICLE IMPORT, DISTRIBUTION &amp; DEALERSHIPS</th>
<th>VEHICLE RETAIL, RENTAL &amp; AFTERMARKET PARTS</th>
<th>FINANCIAL SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; Leading logistics provider across entire supply chain in RSA</td>
<td>&gt; Exclusive importer of 16 automotive &amp; industrial brands</td>
<td>&gt;23% group revenue</td>
<td>&gt;24% group revenue</td>
<td>&gt; Represents 16 OEMs through 86 passenger &amp; 60 commercial vehicle dealerships (38 UK)</td>
<td>&gt;35% group revenue</td>
<td>&gt;1% group revenue</td>
</tr>
<tr>
<td>&gt; Leading distributor of pharmaceuticals &amp; consumer goods in sub-Saharan Africa</td>
<td>&gt; Retailer &amp; after-sales servicing &amp; parts through 126 owned &amp; 111 franchised dealerships</td>
<td>&gt;17% group revenue</td>
<td>&gt;18% group operating profit</td>
<td>&gt; Vehicle rental</td>
<td>&gt;28% group operating profit</td>
<td>&gt;12% group operating profit</td>
</tr>
<tr>
<td>&gt; Restructured into two integrated sub divisions: Imperial Transport Solutions &amp; Imperial Supply Chain Solutions</td>
<td>&gt; Restructured into two integrated sub divisions:</td>
<td>&gt;28% group revenue</td>
<td>&gt;14% group operating profit</td>
<td>&gt; Pre-owned retail outlets</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>&gt; Aftermarket parts distribution &amp; wholesale</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Excludes Regent, head office & eliminations
IMPERIAL’S TWO LINES OF MOBILITY

LOGISTICS

REVENUE

↑ 5%
R24.0 billion
40% contribution

OPERATING PROFIT

↑ 1%
R1.2 billion
42% contribution

3 YEAR CAGR 19%
DIVISIONAL REVIEW

LOGISTICS AFRICA

> An experienced provider of **end-to-end logistics & integrated supply chain management services** in Southern, West & East African markets through three regional hubs (See Addenda)

> Across sub-Saharan Africa, the division provides a comprehensive & integrated demand-driven route to market as a **distributor of consumer goods & pharmaceutical brands** (See Addenda)

> Strategy: Use **scale, expertise & technology** to provide high value logistics services across entire supply chain in selected industries, with **fast growth in Rest of Africa distribution** through: acquisition; more products from more principals; integrating infrastructure

> Acquisition **criteria**: Preferably asset light logistics business; earnings accretive; target ROIC = WACC in first year; WACC + 4% (risk adjusted) in medium to long term

> Value proposition: **Reliable & high-quality service delivery, commitment to clients’ business & innovation to drive improvement**

  • R50bn in retail goods delivered across the continent
  • 600 000 full truckload deliveries made during 2015
  • More than 170 warehouses strategically located throughout continent; 1.5 million square meters of warehousing space
  • Infrastructure & representation in 12 Africa countries
  • Cross border transportation into 18 countries

---

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

▲ 3%

R13.7 billion

---

**OPERATING PROFIT**

➔ 0%

R0.8 billion
Delivered revenue growth in difficult trading environment, supported by acquisitions & contract gains

- In South Africa, soft volumes in most sectors (particularly consumer products & commodities), negatively impacted revenue & operating profit; partly offset by new contract gains

- The industrial logistics businesses (mining & commodity related) continued to experience declining volumes, which depressed revenue growth & operating margins

- The consumer logistics businesses recorded revenue growth but operating profit declined, impacted by new systems implementation & the resultant operational complexities

- Rest of Africa (RoA) continued its strong performance, supported by acquisitions & volume growth
Revenue & operating profit grew by 15% & 35% respectively due to Imres being included for the full six months, volume growth & the contribution of acquisitions (Imres & Eco Health)

- Expansion into new markets & partnerships with new principals delivered favourable results
- Current acquisitions performing in line with or ahead of expectations
- Now 10% & 44% respectively of group* & Logistics Africa revenue
- Now 14% & 49% respectively of group* & Logistics Africa operating profit
- Active pipeline of acquisitions, new principals & new products

* Excludes Regent, head office & eliminations
F2016 Guidance: Overall, we expect Logistics Africa to grow revenue, with a marginal growth in operating profit.
DIVISIONAL REVIEW

LOGISTICS INTERNATIONAL

Europe: Germany (mainly), Netherlands, Poland, Sweden, Belgium, Luxemburg, Austria, Paraguay, China, USA

REVENUE (including inter-segment revenue)

|
| up 7% |
| R10.3 billion |

OPERATING PROFIT

|
| up 3% |
| R0.4 billion |

> Estimated market size of €663bn in Imperial International sectors in Europe (IPL ranked 12th)

> Industry structure: Highly developed infrastructure; fragmented & competitive market, process & technology driven clients

> Strategy: Aggressive organic & acquisitive growth by expanding geographically through following clients & extending logistics expertise from chemical, automotive & steel to other industries

> Value proposition: “One Face to the Client Logistics Solutions” for leading industries by offering integrated services & critical capabilities in Transport Solutions (Shipping, Road) & Supply Chain Solutions (Automotive, Industrial, Retail & Chemicals)

> Assets:

• operates 583 inland vessels (207 own) & 990 trucks (617 own)
• 1.2 million m² of storage capacity (including 20 hazardous goods warehouses)
• 60 million tonnes handled per year
• expertise in auto & chemical contract logistics
• established relationships with world leaders: Bayer, BASF, BMW, Evonik, H&M, Lanxess, ThyssenKrupp, Volkswagen
> Integrated client centric “One Face to the Client Logistics Solutions” in Transport Solutions & Supply Chain Solutions

> Operating profit pressures from soft volumes & an unusually long period of low water levels on European waterways, offset by contract gains, cost-cutting measures & a growing contribution from the South American business

> Capital expenditure of €34m (R513m) on additional capacity for the chemical manufacturing business & two additional convoys in South America
The weakening of the ZAR against the Euro assisted the Rand-denominated results.

- 2016 average R/€: 15.03 vs 2015 average R/€: 14.15
- Effective currency & diversification hedge in group portfolio
GROWTH TREND LOGISTICS INTERNATIONAL

REVENUE (Rm)

3 year CAGR = 13%

OPERATING PROFIT (Rm)

3 year CAGR = 9%

F2016 Guidance: We expect Logistics International’s revenue & operating profit to decline in Euro’s, due to strategic disposals (largely Neska) & increased labour costs in certain of the automotive sites we serve.
Revenue & operating profit growth trend

- Comprised R24.0bn (40%) of group* revenue for the period
- Comprised R1.2bn (42%) of group* operating profit for the period

"Logistics" is Imperial’s major growth vector. Strict capital allocation disciplines will be applied in pursuit of mainly foreign focussed organic & acquisitive growth opportunities.

* Excludes Regent, head office & eliminations
IMPERIAL’S TWO LINES OF MOBILITY

VEHICLES\(^1\)

**REVENUE**

\[\text{7\%} \]

**R36.2 billion**

60\% contribution

**OPERATING PROFIT**

\[\text{7\%} \]

**R1.7 billion**

58\% contribution

3 YEAR CAGR -6\%

---

1. Includes Motor Related Financial Products & Services
> Imperial’s total market share was maintained compared to the prior year
  • AMH’s market share declined by 1.2%
  • Imperial Vehicle Retail’s market share increased marginally by 0.7%

> Imperial’s direct imports comprise the third largest market share

> In 2016 H1 Imperial sold 58 992 new vehicles & 35 549 pre-owned vehicles

* Includes Renault
DIVISIONAL REVIEW

VEHICLE IMPORT, DISTRIBUTION & DEALERSHIPS

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

REVENUE
(including inter-segment revenue)

<table>
<thead>
<tr>
<th>% Change</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2%</td>
<td>R14.6 billion</td>
</tr>
</tbody>
</table>

OPERATING PROFIT

<table>
<thead>
<tr>
<th>% Change</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>R0.5 billion</td>
</tr>
</tbody>
</table>
Note: Includes Hyundai, Kia, Daihatsu, Chery, Foton, Mitsubishi, Renault & Tata – PC & LCV

- Car parc nearly doubled over past 5 years & exceeded 1 million in 2015
- Provides an underpin to earnings
- The growing car parc is delivering good levels of after-market activity for the dealerships
  - Parts revenue increased 14%
DIVISIONAL REVIEW

VEHICLE IMPORT, DISTRIBUTION & DEALERSHIPS

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

> Value proposition: Distribution capability for international manufacturers; alternative vehicle brands for South African motorists

> Assets: Exclusive importer of 16 automotive & industrial vehicle brands (including Hyundai, Kia, Renault & Mitsubishi); distributes through 126 owned & 111 franchised dealerships

REVENUE
(including inter-segment revenue)

⬆️ 2% R14.6 billion

OPERATING PROFIT

⬆️ 15% R0.5 billion
Revenue & operating profit up 2% & 15% respectively, supported by price increases despite lower new vehicle sales volumes.

> The division achieved increased profitability on Euro-based products.

> Strong performance from Renault, Goscor, the newly developed African operations & improved workshop & parts performance.

> Forward cover on our US Dollar imports & our Euro imports extend to July/August 2016 at favourable rates.
The ZAR has depreciated 24% against the $ compared to the prior period.

Operating margin increased to 5.8% despite the weaker ZAR.

Operating margin has been adversely impacted by currency depreciation since Dec 2012.

1. Includes Renault from June 2014
2. Includes financial services
SOUTH AFRICAN NEW VEHICLE PRICES

VEHICLE PRICE INCREASES (YOY GROWTH)
NEW & PRE OWNED (%)

Source: Econometrix

SELLING PRICE VS CURRENCY COST OF IMPORTED PRODUCT (%)

> 56% imports in USD
> 44% imports in EUR
> Motor Related Financial Products & Services remains an integral part of the value chain (R801m revenue & R336m operating profit)

> Operating margin of 5.6% in 2016, including Motor Related Financial Products & Services

> ROIC of 11.4% in 2015, including Motor Related Financial Services

---

**F2016 Guidance:** In the absence of a marked deterioration of vehicle sales, we expect the **Vehicle Import, Distribution & Dealerships** division to deliver a real growth in revenue & flat operating profit, despite the sale of the Goscor business.
DIVISIONAL REVIEW

VEHICLE RETAIL, RENTAL & AFTERMARKET PARTS

> Industry structures: Mature, highly competitive & price sensitive car rental sector dominated by local franchises of major international brands; Aftermarket Parts industry mature but stable, based on 10 million vehicles in the vehicle parc

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

REVENUE
(including inter-segment revenue)

 MacDonald

OPERATING PROFIT

 R20.8 billion

 R0.8 billion

△ 11%

△ 0%
# VEHICLE RETAIL RENTAL & AFTERMARKET PARTS PROFILE & 2015 PERFORMANCE

## VEHICLE RETAIL

### Profile
- Extensive footprint of 86 passenger vehicle dealerships (65% owned) representing 16 locally based OEMs
- 22 commercial vehicle dealerships & workshops representing 12 brands in RSA, with 38 truck & van dealerships & workshops in the United Kingdom
- Beekman canopies (manufacturing & retail)
- Jurgens caravans (manufacturing & wholesale)

### Performance
- In SA new & pre-owned vehicle retail sales declined
- In line with the market, South African passenger & commercial vehicle sales experienced a decline in new retail units but good growth in the UK (enhanced by acquisition of S&B Commercials)
- After sales parts & services revenue grew 8%
- Two commercial dealerships were sold to Lereko Motors, an associate company

## RENTAL

### Profile
- Car Rental (Europcar & Tempest)
- 63 dedicated Pre-owned retail outlets (Auto Pedigree)
- Panel shops
- Auto Pedigree & panel shops were placed under a single management team to facilitate integration throughout the rental, accident repair & resale value chain

### Performance
- Rental volumes felt the effects of lower government & company usage in challenging market conditions
- Auto Pedigree experienced moderate growth despite higher interest rates & fragile consumer sentiment
- Disposed of two panel shops, effective 30th September 2015

## AFTERMARKET PARTS

### Profile
- Distributor, wholesaler & retailer through approximately 764 owned & franchised stores
- AAAS, Alert Engine Parts & Turbo Exchange
- Focus on parts & accessories for vehicles between five & ten years old

### Performance
- The Aftermarket Parts business saw revenue growth arising from price increases but operating profits were unchanged
Good growth of revenue from Imperial’s largest division, supported by price increases

Industry leading margins

**F2016 Guidance:** We expect the **Vehicle Retail, Rental & Aftermarket Parts** division to deliver single digit growth of revenue & single digit decline in operating profit.
“Vehicles” is Imperial’s major source of operating cash flow. Strict operating disciplines will be applied to mitigate consumer & currency volatility in a low growth environment.
DIVISIONAL REVIEW

MOTOR RELATED FINANCIAL SERVICES

> Motor related financial services remains an integral part of Imperial’s strategic focus on the full automotive value chain
> Provides maintenance & warranty products associated with the automotive market
> Strategy: Leverage Imperial’s capabilities as SA’s leading motor vehicle distributor & retailer to provide the motoring public & vehicle users with innovative, relevant, cost-effective motor related financial services & products
> 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, value added products (VAPs)

Performance
> Grew operating profit by 9%, despite lower vehicle sales
> Finance alliances continue to grow strongly
> Innovative new products, improved retention & penetration rates in our sales channels, providing valuable annuity earnings to underpin future profits
> Funds held under service, maintenance plans, warranties & roadside assistance remained stable
DIVISIONAL REVIEW

REGENT (Held for Sale)

> Provides regulated life & short term insurance products & services in South Africa, Lesotho, Botswana & Zambia

Performance

> Regent is performing in line with expectations
> Underwriting profit increased by 47% & underwriting margins improved to 15.6% (2015: 11.3%)
> Investment income increased by 38% due to good growth in the off-shore equity portfolio as a result of Rand weakness & the absence of the R16m ABIL loss reported in the prior period
> Short term insurance underwriting benefited from more effective risk management resulting in improved loss ratios
> Regent life performed well; new volume growth
> Rest of Africa continues to contribute meaningfully

REVENUE

6%
R1.6 billion

OPERATING PROFIT

52%
R274 million
Investment income, including fair value adjustments
Underwriting result
Motor related financial products and services
TOTAL FINANCIAL SERVICES

REVENUE (Rm)

<table>
<thead>
<tr>
<th></th>
<th>H1 2015</th>
<th></th>
<th>H1 2016</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Regent Insurance</td>
<td>658</td>
<td>801</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor related financial products and services</td>
<td>1 470</td>
<td>1 565</td>
<td>307</td>
<td>336</td>
</tr>
</tbody>
</table>

OPERATING PROFIT (Rm)

<table>
<thead>
<tr>
<th></th>
<th>H1 2015</th>
<th></th>
<th>H1 2016</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Regent Insurance</td>
<td>180</td>
<td>307</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor related financial products and services</td>
<td>274</td>
<td>336</td>
<td>487</td>
<td>610</td>
</tr>
</tbody>
</table>

F2016 Guidance: Although we expect real growth of revenue & operating profit from Motor Related Financial Products & Services, the impact of the disposal of Regent on the Financial Services division’s second half revenue & operating profit will depend on the timing of the regulatory approvals.
Financial Services, founded on Imperial’s motor related innovation & distribution capabilities, is a core growth vector.
## INCOME STATEMENT

<table>
<thead>
<tr>
<th>division</th>
<th>H1 2015</th>
<th>H1 2016</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>56 234</td>
<td>59 766</td>
<td>6%</td>
</tr>
</tbody>
</table>

### LOGISTICS

- **5%**
  - new contract gains, strong growth in RoA from acquisitions & currency weakness assisting RoA & International

### VEHICLES

- **7%**
  - price increases more than offset reduced volumes

### FINANCIAL SERVICES

- **11%**
  - good growth in Motor-Related Financial Services & new business volumes in Regent

<table>
<thead>
<tr>
<th>division</th>
<th>H1 2015 %</th>
<th>H1 2016 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOGISTICS AFRICA</td>
<td>23</td>
<td>22</td>
</tr>
<tr>
<td>LOGISTICS INTERNATIONAL</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>VEHICLE IMPORT, DISTRIBUTION AND DEALERSHIPS</td>
<td>25</td>
<td>23</td>
</tr>
<tr>
<td>VEHICLE RETAIL, RENTAL AND AFTERMARKET PARTS</td>
<td>32</td>
<td>34</td>
</tr>
<tr>
<td>FINANCIAL SERVICES</td>
<td>4</td>
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</table>
INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>H1 2015 Rm</th>
<th>H1 2016 Rm</th>
<th>% CHANGE</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>56 234</td>
<td>59 766</td>
<td>6%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>2 872</td>
<td>3 066</td>
<td>7%</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>5.1%</td>
<td>5.1%</td>
<td></td>
</tr>
</tbody>
</table>

LOGISTICS
new contract gains, strong growth in RoA from acquisitions & currency weakness were offset by reduced volumes in the SA operations

VEHICLES
increased profitability on Euro-based products, Renault, Goscor & African operations despite currency weakness & reduced volumes

FINANCIAL SERVICES
increase in underwriting income, good risk management, sound fund management, tight cost control & increase in investment income

LOGISTICS AFRICA
H1 2015 % 27
H1 2016 % 26

LOGISTICS INTERNATIONAL
H1 2015 % 13
H1 2016 % 13

VEHICLE IMPORT, DISTRIBUTION AND DEALERSHIPS
H1 2015 % 16
H1 2016 % 17

VEHICLE RETAIL, RENTAL AND AFTERMARKET PARTS
H1 2015 % 27
H1 2016 % 25

FINANCIAL SERVICES
H1 2015 % 17
H1 2016 % 19
DIVISIONAL STATISTICS

OPERATING MARGIN (%)

<table>
<thead>
<tr>
<th>Division</th>
<th>H1 2015</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics Africa</td>
<td>6.0%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Logistics International</td>
<td>4.0%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Vehicle Import, Distribution &amp;</td>
<td>5.1%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Dealerships</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle Retail, Rental &amp;</td>
<td>4.3%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Aftermarket Parts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Financial Services</td>
<td>22.9%</td>
<td>25.8%</td>
</tr>
<tr>
<td>Group</td>
<td>5.1%</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

RETURN ON INVESTED CAPITAL (%)

<table>
<thead>
<tr>
<th>Division</th>
<th>H1 2015</th>
<th>H1 2016</th>
</tr>
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<tbody>
<tr>
<td>Logistics Africa</td>
<td>11.9%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Logistics International</td>
<td>7.6%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Vehicle Import, Distribution &amp;</td>
<td>5.7%</td>
<td>6.1%</td>
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<tr>
<td>Dealerships</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle Retail, Rental &amp;</td>
<td>15.5%</td>
<td>14.5%</td>
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<tr>
<td>Aftermarket Parts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Financial Services</td>
<td>29.4%</td>
<td>34.1%</td>
</tr>
<tr>
<td>Group</td>
<td>11.9%</td>
<td>11.6%</td>
</tr>
</tbody>
</table>
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<tr>
<th></th>
<th>H1 2015 Rm</th>
<th>H1 2016 Rm</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>56 234</td>
<td>59 766</td>
<td>6%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>2 872</td>
<td>3 066</td>
<td>7%</td>
</tr>
<tr>
<td>Recoupments from disposal of properties</td>
<td>12</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>(205)</td>
<td>(358)</td>
<td>75%</td>
</tr>
<tr>
<td>Foreign exchange gains on foreign currency monetary items</td>
<td>117</td>
<td>126</td>
<td></td>
</tr>
<tr>
<td>Loss on remeasurement of put option liability</td>
<td>(21)</td>
<td>(32)</td>
<td></td>
</tr>
<tr>
<td>Realised gain on disposal of available-for-sale investments</td>
<td>1</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Change on assumptions in insurance funds</td>
<td>1</td>
<td>(18)</td>
<td></td>
</tr>
<tr>
<td>Capital items</td>
<td>(39)</td>
<td>295</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>(17)</td>
<td></td>
</tr>
</tbody>
</table>

> Amortisation of intangibles increased due to the impairment of Jurgens & the Renault Distribution Rights

> Foreign exchange gains includes a once-off gain of R92m on inter-group loans on the restructuring of the African businesses into the dollar based Imperial Capital Limited; this exposure has been hedged since

> Capital items - profit on sale of Neska (R447m) less goodwill impairments (R152m)
### INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>H1 2015 Rm</th>
<th>H1 2016 Rm</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net financing costs</td>
<td>(598)</td>
<td>(651)</td>
<td>9%</td>
</tr>
<tr>
<td>Income from associates</td>
<td>12</td>
<td>58</td>
<td>383%</td>
</tr>
<tr>
<td>Tax</td>
<td>(562)</td>
<td>(692)</td>
<td></td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>1 594</td>
<td>1 783</td>
<td>12%</td>
</tr>
<tr>
<td>Attributable to Imperial shareholders</td>
<td>1 426</td>
<td>1 699</td>
<td>19%</td>
</tr>
<tr>
<td>Attributable to minorities</td>
<td>168</td>
<td>84</td>
<td>(50%)</td>
</tr>
</tbody>
</table>

> Net finance costs increased as a result of higher debt & interest rates  
  - increased debt levels are mainly due to:  
    - working capital requirements  
    - capital expenditure  

> Increase in Income from associates due to  
  - increase in profits from Mix Telematics & reduced losses in Ukhamba  

> Effective tax rate of 28.6% (H1 2015: 26.2%), mainly due to the goodwill impairments which are not tax deductible  

> Minorities declined due to their share of lower profitability in logistics, their share of impairments in Renault, & the purchase of minorities in Midas
Transport fleet increased mainly due to: investment in trucks & barges of R505 million, currency adjustments of R632 million resulting from a weaker ZAR, reduced by depreciation of R396 million

Goodwill & intangible assets rose due to ZAR weakness & acquisitions

Associates, investments & loans increased mainly due to:
• currency weakness inflating foreign associates
• attributable profits

Net working capital increased mainly due to:
• increase in inventory due to weakness in currency inflating inventory values, vehicle importers taking advantage of discounts given by OEM’s, higher ZAR value of foreign operations’ inventory
• seasonal increase in trade receivables
## BALANCE SHEET

<table>
<thead>
<tr>
<th></th>
<th>June 2015 Rm</th>
<th>H1 2016 Rm</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total shareholders’ interest</td>
<td>19 233</td>
<td>21 191</td>
<td>10%</td>
</tr>
<tr>
<td>Net interest bearing borrowings</td>
<td>13 886</td>
<td>17 709</td>
<td>28%</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>8 562</td>
<td>9 249</td>
<td>8%</td>
</tr>
<tr>
<td>Liabilities of discontinued operations</td>
<td>2 713</td>
<td>2 737</td>
<td>8%</td>
</tr>
<tr>
<td>Liabilities of disposal group</td>
<td>-</td>
<td>506</td>
<td></td>
</tr>
<tr>
<td>Equity &amp; liabilities</td>
<td>44 394</td>
<td>51 392</td>
<td></td>
</tr>
</tbody>
</table>

Shareholders’ interest included the following:

- attributable earnings of R1 699m
- movement in hedging reserves of R403m
- gains on foreign currency translation of R814m
- dividends paid of R840m

Interest bearing borrowings increased due to:

- higher ZAR value of foreign borrowings
- capital expenditure
- working capital requirements
### CASH FLOW – OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>H1 2015 Rm</th>
<th>H1 2016 Rm</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated by operations</td>
<td>4 357</td>
<td>4 485</td>
<td>3%</td>
</tr>
<tr>
<td>Net working capital movements</td>
<td>(1 069)</td>
<td>(1 194)</td>
<td></td>
</tr>
<tr>
<td>Cash generated by operations after working capital movements</td>
<td>3 288</td>
<td>3 291</td>
<td>-</td>
</tr>
<tr>
<td>Net finance costs &amp; tax paid</td>
<td>(1 031)</td>
<td>(1 641)</td>
<td></td>
</tr>
<tr>
<td>Cash flow from operating activities before rental assets capex</td>
<td>2 257</td>
<td>1 650</td>
<td></td>
</tr>
<tr>
<td>Capex: rental assets</td>
<td>(1 348)</td>
<td>(1 561)</td>
<td>16%</td>
</tr>
<tr>
<td>Expansion capex rental assets</td>
<td>(851)</td>
<td>(504)</td>
<td></td>
</tr>
<tr>
<td>Net replacement capex rental assets</td>
<td>(497)</td>
<td>(1 057)</td>
<td></td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>909</td>
<td>89</td>
<td>(90%)</td>
</tr>
</tbody>
</table>

- Cash generated by operations remained flat at R3.3bn due to working capital requirements
- Increase in tax paid due to timing of provisional tax payments
- Capex on rental assets up 16%; includes R140 million spent at Goscor which was sold in February 2016
- Cash flow from operating activities decreased to R89 million after interest, tax payments & capital expenditure on rental assets
## CASH FLOW – INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>H1 2015 Rm</th>
<th>H1 2016 Rm</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net proceeds from sale of businesses (net of acquisitions)</td>
<td>(905)</td>
<td>726</td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(1 417)</td>
<td>(1 501)</td>
<td>6%</td>
</tr>
<tr>
<td>Expansion</td>
<td>(806)</td>
<td>(917)</td>
<td></td>
</tr>
<tr>
<td>Replacement</td>
<td>(611)</td>
<td>(584)</td>
<td></td>
</tr>
<tr>
<td>Net movement in associates &amp; JVs</td>
<td>25</td>
<td>(114)</td>
<td></td>
</tr>
<tr>
<td>Net movement in investments, loans &amp; other financial instruments</td>
<td>(997)</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>Total investing activities</td>
<td>(3 294)</td>
<td>(818)</td>
<td>(75%)</td>
</tr>
</tbody>
</table>

- Net proceeds from sale of businesses (net of acquisitions) relates to the disposal of Neska, two dealerships & two panel shop outlets
- Capital expenditure 6% higher due to:
  - investment in fleet in Logistics
  - property investments by the South African businesses
- Movements in investments, loans & other financial instruments mainly due to a decision to decrease exposure to equities in the Regent portfolio
CASH FLOW – SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>H1 2015 Rm</th>
<th>H1 2016 Rm</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>909</td>
<td>89</td>
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<tr>
<td>Total investing activities</td>
<td>(3 294)</td>
<td>(818)</td>
<td>(75%)</td>
</tr>
<tr>
<td>Financing activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(917)</td>
<td>(1 030)</td>
<td></td>
</tr>
<tr>
<td>Other financing activities</td>
<td>(206)</td>
<td>(550)</td>
<td></td>
</tr>
<tr>
<td>Increase in net borrowings</td>
<td>(3 508)</td>
<td>(2 309)</td>
<td></td>
</tr>
<tr>
<td>Free cash flow - total operations</td>
<td>1 149</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

- Free cash flow equals cash flow from operating activities increased for expansion capex on rental assets, & reduced by net replacement capex (non-rental)
- Free cash flow decreased mainly due to a significant decrease in cash flow from operating activities
GEARING

Net debt to equity

- Higher net debt due to:
  - additional working capital
  - capital expenditure
  - translation of the foreign debt into ZAR
- Net debt:equity 76%
- The net debt level is within the target gearing range of 60% to 80%
- Capacity for further acquisitions & organic growth
- Group has R8.5bn unutilised funding facilities
- Mix of fixed & floating debt (41% fixed)
- Debt maturity profile: 71% long term
- The group’s credit rating by Moody’s was unchanged at Baa3, with a stable outlook

- Net debt includes Regent’s cash resources
- Equity includes preference share capital
RETURNS

ROE (%)

ROE is good

> Although return higher, offset by higher equity

ROIC affected by:

> higher return offset by higher invested capital
> invested capital increased due to:
  • higher equity
  • higher debt

* Financial year
# Dec 2016 based on a rolling twelve months
DISPOSALS

Regent (FS)
> On 29th September 2015 we announced the disposal of Imperial’s 100% interest in the Regent Group including Regent Botswana & Regent Lesotho for a purchase consideration of R2.2bn
> Agreements on this extraordinarily multifaceted transaction are approaching finality
> Closure soon dependent only on regulatory approvals, the timing of which is unlikely to be before the end of Imperial’s financial year on 30th June 2016

Goscor group (VIDD)
> On 3rd November 2015 we announced the disposal of our 67.5% share of the Goscor group to management
> Total purchase consideration of R1.03bn including loan repayments
> The deal was finalised on 5th February 2016

Neska (ILI)
> On 5th October 2015 we announced the disposal of our 65% interest in Neska to Häfen und Güterverkehr Köln, the Port Authority in Cologne, Germany
> Total consideration of EUR75m (R1.3bn) including loan repayments
> The deal was concluded on 11th December 2015
ALS (ILI)

> Imperial Logistics International sold its 75% stake in ALS, a small shipping company, to the minority founder manager
> Total consideration of EUR5m (R84m)
> The deal was finalised on 27th January 2016

Other

> During the period, the Vehicle Retail, Rental & Aftermarket Parts division disposed of two panel shop outlets & two commercial dealerships were sold to Lereko Motors, an Associate company, approved appropriately for a related party transaction

Property

> Work in progress to refine Imperial’s R8 billion property portfolio
> Most owned dealership properties are strategic to relationships with the OEMs & International Brands. Merits of sale & leaseback, or outright sale under review on balance of property portfolio
ACQUISITIONS

AMH Group minority (see SENS 23/3 & circular to follow)

> Agreement has been reached to acquire indirectly from AMH CEO Mr Manny de Canha, the 10% of the AMH Group that Imperial does not own, for R750m

> The AMH Group is most of the local & foreign companies in Imperial’s Vehicle Import, Distribution & Dealerships division (VIDD) & in the Motor Related Financial Products & Services division

> In terms of JSE Listings Requirements this is a small related party transaction

> PricewaterhouseCoopers Corporate Finance are providing a fairness opinion

> Imperial & Mr de Canha are intent that he should remain highly invested & a director of the Imperial Group. The purchase consideration will therefore as far as possible be discharged by means of Imperial shares

> The purchase consideration will be discharged as to:

  - R650m (six hundred & fifty million Rand) for the South African shares by the issue of IPL shares if approved by IPL shareholders within 75 days by way of a Special Resolution. Number of shares = R650m/IPL VWAP 45 days prior to effective date. Cash if share transaction not approved
  - R100m for the foreign shares in cash

> The effective date will be the day on which all conditions precedent are met (i.e. compliance with Section 10.7/regulatory)
AMH

> Motivation
  • In anticipation of challenging conditions in South Africa, to simplify realisation of inherent financial, operational, managerial, administrative & financial services efficiencies & synergies existing within Imperial’s two vehicle divisions (VIDD & VRAPP)
  • Ensure the orderly succession of Manny de Canha, a highly regarded divisional CEO & Group Executive director, while drawing on his experience & expertise prior to his planned retirement as an Executive in January 2018

> Valuation
  • 7.5 X 2015 earnings
  • NAV + 13%
  • High level returns based on inherent savings/synergies in a R55.1 billion revenue & R3.3 billion operating profit vehicle business

> Process
  • Detailed planning & prioritising of strategies, structures, systems & processes to extract value to commence immediately
  • From 1st July 2016 Imperial’s vehicle businesses reported on as a single entity with due regard to the disclosures & transparency necessary to facilitate understanding & insight for shareholders
PROSPECTS


> No panacea for South Africa’s economic recovery but we are encouraged by government’s more recent engagements with business

> Imperial’s performance in the six months to December reflects sound management of controllable factors under testing circumstances

> There is no reason to anticipate an improvement in the trading conditions facing Imperial during 2016

> We expect volume growth throughout our logistics operations to be subdued & national new vehicle sales in South Africa to decline between 5% & 10% in response to fragile consumer confidence & rising interest rates

> Despite a pleasing start to the second half we therefore anticipate single digit revenue growth & unchanged operating profit in continuing operations for the year to June 2016

“We will continue to execute on our espoused strategies”
THANK YOU
ANNEXURES
INTEGRATED SUPPLY CHAIN PARTNER IN SOUTH AFRICA

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
KEY CLIENTS
**IMPERIAL LOGISTICS AFRICA**

**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

*Countries serviced by agents of Imperial Health Sciences*  
*Imperial Logistics owns facilities*  
*Warehousing & distribution*  
*Consumer products distributors*  
*Pharmaceutical wholesale & distribution*
Imperial provides a comprehensive & integrated demand-driven route-to-market for consumer products & pharmaceutical brand owners in sub-Saharan Africa.
LOGISTICS INTERNATIONAL GEOGRAPHIES

- Germany is the base
- Strategy to follow customers/products to new markets
- South America
  - profitable 10 year contract operating on Rio Parana, transporting iron ore from Brazil to steel mill in Argentina
  - utilises five push boats with 60 barges redeployed from Europe
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