

IMPERIAL expects strong second half.

Dated: 28/02/2012 12:00:00 AM

Imperial Holdings said on Wednesday it expected strong revenue and profit growth going into second half of its financial year despite the challenging economic environment.

The global logistics and supply chain group posted a 22% rise in revenue to R38.4 billion in the six months ended December 2011, from the prior comparable period.

Operating profit increased by 23% to R2.6 billion with the group achieving annualised return on equity of 23%.

The group benefited from a good new vehicle market with unit sales in SA growing by 14%, in line with the industry growth. The company also benefitted from improved trading by the logistics division which increased its revenue by 28% as both the southern African and the European divisions performed well in their respective markets.

Imperial said growth in its Southern African logistics division would come partly from the low base in the second half of the prior year in spite of current pressure on transport volumes. "The German economy remains solid in the sectors and industries in which the group operates. The Lehnkering acquisition and the favourable terms of the financing arrangements will also make a positive impact on International Logistics," it said.

Conditions in the car rental and tourism industry are expected to continue to be tough although some improvement in the used car market, due to recent new car price increases, can be expected.

While underwriting conditions are unpredictable, earnings in the financial services division should be robust in the second half, Imperial said. The investment portfolio continues to be conservatively managed and Liquidcapital will continue to generate increasing annuity earnings due to new business being placed on its book in the current strong vehicle sales cycle.

Chief executive Hubert Brody said: "Although we expect a slower growth rate for new vehicle sales, this will be offset by the strong positioning of our product brands, significantly improved product supply and the benefits that flow from parts, service and financial services revenue streams. While we believe that the current economic environment will continue to be challenging, our businesses are well positioned to continue performing well in most of the markets in which we operate. We expect the strong performance in the first half of our 2012 financial year to continue into the second half."

At 11.27am local time, the stock was down 11 cents to R139.51 on the JSE.V

Source: [Business Live](#)