PRE CLOSED PERIOD UPDATE

Investment Community

10 May 2018
GUIDANCE FOR 2018 – WHAT HAS CHANGED?

We anticipate solid operating & financial results in F2018, subject to stable currencies in the economies in which we operate.

In the six months to June 2018 for continuing operations, we expect:

› Capital efficiency & debt to equity ratio to improve
› Imperial Logistics to increase revenues & operating profit in line with H1 growth
› Motus to increase revenues in line with H1 growth & operating profit at a higher rate than H1
› Imperial Holdings to increase revenues in line with H1 growth & operating profit at a higher rate than H1
› Imperial Holdings to produce a double-digit growth in headline earnings per share off the low base of 2017
OPERATING CONTEXT – IMPERIAL SPECIFIC FACTORS

South Africa (54% revenue; 65% operating profit)
> Despite the World Bank & S&P revising South Africa’s GDP forecasts for 2018 & 2019 upward, high unemployment & sub-optimal economic growth weigh down on trading conditions
> New political leadership: more accountable government & improved confidence & sentiment
> R/US$ exchange rate strengthened on average by 6% during the 10 month period
> Depressed volumes, contract renewals at lower margins & competitive pressures in logistics
> NAAMSA national vehicle unit sales increased by 2% (10 months to April 2018)

African Regions (9% revenue; 15% operating profit)
> Firming commodity prices, strengthening currencies, gradually strengthening domestic demand & some policy reforms improved economic prospects
> Subdued growth in Kenya (extended elections)
> Economic recession in Namibia
> Increased competition & longer lead times from key aid & relief markets
> Negative impact of listeriosis outbreak (affecting exports ex SA)
> Rand strength against US Dollar negatively impacted performance
OPERATING CONTEXT – IMPERIAL SPECIFIC FACTORS

Eurozone, UK & Australia (37% revenue; 20% operating profit)

> Economic conditions in Europe are positive but certain sectors are under pressure e.g. steel
> Economic growth, Palletways performance & the passenger vehicle market in the United Kingdom depressed by Brexit uncertainties
> The Australian vehicle market growing steadily but margins on new vehicles remain under pressure
AGENDA

GUIDANCE | CONTEXT | STRATEGY | OPERATIONS REVIEW | UNBUNDLING & EQUITY STORIES
STRATEGIC PROGRESS – WHERE ARE WE NOW?

Divisional Strategy

> Imperial Logistics
  • Client centric, provider of value-add logistics, supply chain management & route to market solutions in attractive “verticals” & geographies

> Motus
  • Integrated penetration of vehicle value chain in South Africa & selected developed markets; import & distribution, retail, rental, financial services, after sales parts & service, & aftermarket parts driving innovation, loyalty & annuity income streams

Portfolio & properties

> All major disposals concluded

Organisation & Management structures

> Separate Divisional Boards, CEO’s, Executive Committees, focussed exclusively on logistics & vehicles
> Devolution of Holdings functions to Divisions

Financial & Legal structures

> Separation well advanced

Capital

> Working towards balance sheet capacity necessary for both Division’s strategies
> Target net debt to equity of between 55% & 65% (c. net debt/Ebitda = 1.5x) & self-sustaining balance sheets by June 2018 is well advanced
  • Majority of sale from various properties completed
    – R1.5 billion received to date for F2018 (R606 million in H1)
  • No major disposals under consideration
  • Sale of 30% Imperial Logistics South Africa to Black Empowerment Consortium – funding to be finalised
    – Key terms to be announced by Q1 F2019
    – Not a pre-requisite for the potential unbundling of Motus

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IMPERIAL LOGISTICS CURRENT PRIORITIES

Strict cash management
  > Working capital
  > Capex
  > Expenses

South Africa
  > Speed up Consumer Products Group consolidation plan
  > Consolidation of line haul operations
  > Conclude 30% BEE deal to get an early advantage through new business

African Regions
  > Deliver double digit organic growth; leverage growth opportunities of current footprint & acquired businesses

International
  > Expand chemical & automotive verticals beyond Germany
MOTUS CURRENT PRIORITIES

Import & Distribution
> OEM assistance confirmed with competitive products inline with current market demand
> Working capital; capex; expenses

Retail & Rental
> Working capital; capex
> Maximise OEM rebates
> UK & Australia acquisitions to enhance performance

Aftermarket parts
> Customers buying down resulting in lower margins
> Improve profits through procurement & supply chain
> Improve efficiencies at distribution centres

Financial Services
> Innovative products & services
> New business partnerships
> Managing profitability of maintenance, service & warranty plans
AGENDA

GUIDANCE | CONTEXT | STRATEGY | OPERATIONS REVIEW | UNBUNDLING & EQUITY STORIES
IMPERIAL’S DIVISIONS – H1 2018

**IMPERIAL LOGISTICS**

- **Revenue**: 5% growth, R27.0 billion, 69% foreign, 41% contribution*
- **Operating Profit**: 7% growth, R1.4 billion, 62% foreign, 45% contribution*
- **3 Year CAGR**: 6%

**MOTUS**

- **Revenue**: 16% growth, R39.7 billion, 31% foreign, 59% contribution*
- **Operating Profit**: 5% growth, R1.7 billion, 13% foreign, 55% contribution*
- **3 Year CAGR**: 6%

*Excludes head office & eliminations
A mainly African & European provider of integrated outsourced value-add logistics, supply chain & route-to-market solutions, customised to ensure the relevance & competitiveness of its clients. With established capabilities in transportation, warehousing, distribution & synchronisation management & expanding capabilities in international freight management, the division operates in specific industry verticals: healthcare, consumer packaged goods, manufacturing & mining, chemicals & energy, automotive & equipment, & agriculture.

Debt:Equity 91%* (H1 2017: 167%)

**SOUTH AFRICA**
- Leading end-to-end capabilities to provide outsourced services to extensive client base across verticals
- Integrated offerings evolving to enhance value

- 33% Logistics revenue
- 39% Logistics operating profit
- ROIC of 13.8% vs WACC of 10.4%
- Debt:Equity 83% (H1 2017: 91%)

**AFRICAN REGIONS**
- Leading distributor of pharmaceuticals & consumer packaged goods in Southern, East & West Africa
- Managed Solutions being expanded across the region

- 21% Logistics revenue
- 29% Logistics operating profit
- ROIC of 20.6% vs WACC of 11.5%
- Debt:Equity 130% (H1 2017: >150%)

**INTERNATIONAL**
- Asset right transportation management (shipping/road)
- Leading capabilities in chemical & automotive verticals
- Specialised express distribution capabilities

- 46% Logistics revenue
- 32% Logistics operating profit
- ROIC of 8.3% vs WACC of 6.2%
- Debt: Equity 86%* (H1 2017: 161%)

Note: Based on external revenue, excluding businesses held for sale. ROIC & WACC are calculated on a rolling 12 month basis
* Post Schirm proceeds
IMPERIAL LOGISTICS’ PERFORMANCE FOR THE 10 MONTHS TO END APRIL 2018

South Africa
- Negatively impacted by lower volumes in consumer products & manufacturing industries; no uptick in volume from the economy in these sectors
- Partly offset by strong performance from commodities & fuel & gas businesses

African Regions
- Performed in line with expectations (6% ZAR strength hindered results); variations across the portfolio
- EcoHealth rendered a strong performance in Nigeria
- Surgipharm recorded growth although slightly behind pre-acquisition expectations (due to extended elections in Kenya)
- CiC contributed positively
- Imres underperformed due to increased competition, resulting in lower margins
- Disposal/closure of some unprofitable entities enhanced profitability
- Reduced foreign exchange exposure due to sale of properties & improved currency availability

International
- Performed satisfactorily (excluding Businesses Held for Sale)
- Good performance from Automotive contract logistics & International Shipping
- Retail, Industrial & European Inland Shipping was negatively impacted by lower volumes
- Palletways performed below expectations partly due to toughening economic conditions in the UK & continued competitive pressure in sub-scale operations
OVERVIEW H1 2018 -

Southern Africa’s largest vehicle group, operating across the motor value chain, importing, distributing, retailing & renting vehicles, & distributing & retailing aftermarket parts, supported & augmented by motor related financial services

Debt:Equity 62% (H1 2017: 78%)

VEHICLE IMPORT & DISTRIBUTION
> Exclusive RSA importer of Hyundai, Kia, Renault & Mitsubishi
> Nissan distributorships in 6 African countries

VEHICLE RETAIL & RENTAL
> RSA:
  > Represents 22 OEMs through 343 vehicle dealerships (inc. 94 pre-owned), 245 franchised dealerships & 20 commercial vehicle dealerships
  > 113 Europcar & Tempest car rental outlets in SA & 16 in Southern Africa
> UK 58 commercial & 32 passenger dealerships
> Australia 33 passenger dealerships

AFTERMARKET PARTS
> Distributor, wholesaler & retailer of accessories & parts for older vehicles through:
  > 35 owned branches
  > 43 retailed owned stores
  > network of 720 Midas (AAAS), Alert Engine Parts & Turbo Exchange franchised outlets

MOTOR-RELATED FINANCIAL SERVICES
> Markets & administers service, maintenance & warranty plans, & other value-added product (~664 000 vehicles)
> Develops & distributes innovative vehicle-related financial products & services through dealer & vehicle finance channels, online & a national call centre
> Provider of fleet management services

Note: Based on external revenue, excluding businesses held for sale. ROIC & WACC are calculated on a rolling 12 month basis
* Includes net cash of R728 million
MOTUS’ PERFORMANCE FOR THE 10 MONTHS TO END APRIL 2018

> All sub-divisions recorded growth mainly resulting from an increase in new & pre-owned vehicle sales
> Acquisitions of Pentagon (UK) & SWT (Australia) contributed positively
> Motus’ new vehicle unit sales in South Africa increased by 7% compared to market growth of 2% (NAAMSA)
> Increased importer market share by 1% to 14.9%
> Hyundai & Kia forward cover on the US Dollar & Euro imports extends to November 2018 at average rates of R13.00 to the US Dollar & R15.65 to the Euro
> Commercial vehicles business in the UK continues to perform well
> UK passenger segment performed below expectations but increased sales volumes during March 2018 despite the subdued vehicle market
> Australian operations recorded vehicle sales growth, supported by the SWT acquisition - margins on new vehicles remain under pressure
> Car rental performed well, supported by an increase in rental units & higher vehicle sales in Auto Pedigree. Accident costs have declined marginally
> Aftermarket Parts continues to be negatively impacted by margin pressure & customers buying down, however procurement efficiencies are assisting margins
> Financial Services’ performance supported by higher profitability in demo sales & maintenance funds
AGENDA

GUIDANCE  CONTEXT  STRATEGY  OPERATIONS REVIEW  UNBUNDLING & EQUITY STORIES
UNBUNDLING PROGRESS

The transformation & development of Imperial has been directed at value creation through strategic clarity (portfolio rationalisation), managerial focus (organisation structure) & shareholder insight (disclosure). Progress has exceeded expectations

> Progress with the implementation of the Group’s plans to unbundle Motus is at an advanced stage: no obstacles expected to hinder the process

> Organisation structures & management of Divisions continually refined pursuant to their operation as fully independent (possibly publically traded) entities

> The self-sufficiency, independence & balance sheet capacity necessary for both Divisions’ strategies a priority: progress to achieve appropriate & optimal gearing (net debt to equity of between 55% & 65%) & self-sustaining balance sheets by June 2018 is ahead of expectations – BEE deal not a pre-requisite

> Decision to be announced before the end of June 2018, following due consultation with relevant stakeholders
> We expect Group net debt: equity of 55% to 65% at the end of FY 2018, excluding proceeds from the BBBEE deal in Logistics South Africa but including proceeds from properties & other asset disposals
> The Group’s blended cost of debt = 5.1% (after tax); blended cost of equity = 12.5%
> The Group has R11.0 billion unutilised funding facilities (excluding asset backed finance facilities)
> Mix of fixed & floating debt (41% fixed)
> Debt maturity profile: 75% long term (longer than 12 months)
> Mix of debt in currencies (ZAR 55%; EUR 10%, GBP 15%; USD 12%; AUD 5%, Africa 3%)
> The Group’s international & national scale credit rating by Moody’s are unchanged at Baa3 & Aa1.za
> In March 2018, Moody’s revised Imperial’s outlook to ‘stable’ after being on review for a downgrade in line with the sovereign rating
## COST OF DEBT & EQUITY

<table>
<thead>
<tr>
<th>Area</th>
<th>Cost of debt:</th>
<th>Cost of equity:</th>
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<tbody>
<tr>
<td><strong>SOUTH AFRICA</strong></td>
<td>6.9% (after tax)</td>
<td>13.5%</td>
</tr>
<tr>
<td><strong>AFRICAN REGIONS</strong></td>
<td>5.9% (after tax)</td>
<td>17.5%</td>
</tr>
<tr>
<td><strong>INTERNATIONAL</strong></td>
<td>2.1% (after tax)</td>
<td>10.1%</td>
</tr>
<tr>
<td><strong>VEHICLE IMPORT &amp; DISTRIBUTION</strong></td>
<td>6.8% (after tax)</td>
<td>13.5%</td>
</tr>
<tr>
<td><strong>VEHICLE RETAIL &amp; RENTAL</strong></td>
<td>5.7% (after tax)</td>
<td>12.4%</td>
</tr>
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<tr>
<td><strong>MOTOR-RELATED FINANCIAL SERVICES</strong></td>
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<td>13.5%</td>
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Cost of debt is the blended rate by area of operation based on the cost of debt from our funders.

Cost of equity is risk adjusted by area of operation & blended for each division.
IMPERIAL LOGISTICS: INVESTMENT PROPOSITION

1. Pan-regional champion with a substantial international footprint

2. Comprehensive offering of specialised end-to-end solutions

3. Blue-chip customer base across attractive verticals with a quality contract portfolio

4. “Asset-right” business model delivering an attractive financial profile

5. Substantial organic & M&A upside potential

6. Seasoned leadership team with a clear vision of taking the business to the next level

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**Multinational integrated outsourced logistics group**

- Ranked in top 25 global 3PL providers (#15 for land-based revenue)
- Presence in 33 countries spread over 5 continents with over 30,000 employees

**Opportunity to leverage existing capabilities & verticals to grow**

- Grow & integrate Pan-African platform partnering clients in fast-growing healthcare & FMCG sectors
- Grow in International Freight Management & automotive in South Africa
- Tackle new opportunities in automotive, chemical, manufacturing & express distribution in Europe

**Strong competitive positioning**

- Inherited agile & adaptable business model, leveraging off its presence across the value chain
  - Transportation / Warehousing Management
  - Supply Chain Management
  - Distribution Management
  - Route-to-Market Solutions
  - Value-Add Logistics Solutions

**Best-in-class cash flow generation & solid financial returns**

- FCF Conversion¹: 79%
- ROIC vs. WACC²:
  - WACC: 8.2%
  - ROIC: 11.7%

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Notes: (1) Calculated as (EBITDA-Capex)/EBITDA; (2) Reported for H1 2018
MOTUS INVESTMENT PROPOSITION

1. Diversified service provider to the Automotive sector (non-manufacturing) with a leading position in South Africa & selected international presence (UK & Australia)

2. Unique fully integrated business model across the Automotive value chain: import & distribution, retail & rental, motor-related financial services, & aftermarket parts supplier

3. Unrivalled scale underpinning a differentiated value proposition to OEMs, customers & business partners, providing multiple customer touch points which supports resilience & customer loyalty through the entire vehicle ownership cycle

4. Strong exposure to annuity income streams, sustainable free cash flow generation with best-in-class earnings, providing a platform for an attractive dividend yield

5. Defined organic growth trajectory through portfolio optimisation, continuous operational enhancements & innovation, with a selected acquisition growth strategy outside South Africa

6. Highly experienced management team with deep industry knowledge of regional and global markets, & a proven track record with years of collective experience
THANK YOU
Certain statements made in this presentation constitute forward-looking statements. Forward-looking statements are typically identified by the use of forward-looking terminology such as ‘believes’, ‘expects’, ‘may’, ‘will’, ‘could’, ‘should’, ‘intends’, ‘estimates’, ‘plans’, ‘assumes’ or ‘anticipates’ or the negative thereof or other variations thereon or comparable terminology, or by discussions of, e.g. future plans, present or future events, or strategy that involve risks and uncertainties. Such forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the company's control and all of which are based on the company's current beliefs and expectations about future events. Such statements are based on current expectations and, by their nature, are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance, expressed or implied, by the forward-looking statement. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the company and its subsidiaries. The forward-looking statements contained in this presentation speak only as of the date of this presentation.

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