

OUR INVESTMENT CASE

The refocusing of Imperial's business model and the execution of its strategy will increase management's influence over the group's growth, returns and sustainability in a rapidly changing operating context. Over time this will reduce the disproportionate impact of external factors on the group's prospects and hence its investment case.

Against this backdrop, the significant features of Imperial's investment proposition are:

- > A JSE-listed industrial group, headquartered in South Africa, with a large and growing portfolio of businesses focused on logistics and vehicles mainly in Africa and the Eurozone.
- > Defensible market leadership in logistics and vehicles in South Africa.
- > Defensible market leadership in inland shipping and contract logistics in Europe.
- > Fast growth in niched distribution and distributorship of consumer goods and pharmaceuticals to the relatively high-growth consumer markets and economies of Southern, East and West Africa.
- > Coherent strategies for rapid foreign growth to counter the limited growth opportunities arising from high South African market shares in vehicles and logistics.
- > Coherent strategies for non-currency susceptible revenue and profit growth in the vehicles value chain, to decouple the group's performance and valuation from the impact of currency volatility on directly imported vehicles.
- > Return on invested capital above the weighted average cost of capital is the prime financial metric used to assess operating performance and evaluate investment decisions on capital, organic development or acquisitions, and is a major determinant of executive compensation.
- > Strong balance sheet and a stable investment grade Moody's rating with established long-term debt facilities, providing the capacity for investment in replacement capital expenditure, organic growth and acquisitions without compromising dividend yield.
- > Business model that facilitates strategic and financial control and value-adding interventions by the holding company and operating latitude and client responsiveness by subsidiaries.
- > Management depth, with relevant expertise and experience.