

INVESTMENT COMMUNITY
PRESENTATION
Results for the 12 months ended
30 June 2018



Agenda

OVERVIEW

CONTEXT

OPERATIONS
REVIEW

FINANCIAL
REVIEW

PATH TO
SEPARATION

LOOKING
FORWARD

OVERVIEW

CONTEXT

OPERATIONS
REVIEW

FINANCIAL
REVIEW

PATH TO
SEPARATION

LOOKING
FORWARD

Overview

- › Solid results & improvement in all key financial metrics
- › Good performance from Motus, enhanced by a gain in market share in South Africa & acquisitions
- › Imperial Logistics performed satisfactorily in mixed trading conditions
- › Free cash flow up 17% to R5.0 billion
- › Significant progress made on the proposed unbundling of Motus



Group highlights



RECORD GROUP REVENUE

⬆ 11%
R128 683 million

OPERATING PROFIT

⬆ 6%
R6 406 million

HEPS*

⬆ 27%
1 570 cents
per share

EPS*

⬆ 38%
1 681 cents
per share

NET DEBT : EQUITY RATIO

Improved significantly to 50%
(incl pref shares as debt)
2017: 74% H1 2018: 84%)

FINAL DIVIDEND

⬆ 17% to **387** cps
(45% of HEPS)

ROIC OF 12.9% (2017 11.3%) VS WACC OF 9.7%

ROE OF 15.0% (2017: 12.7%)

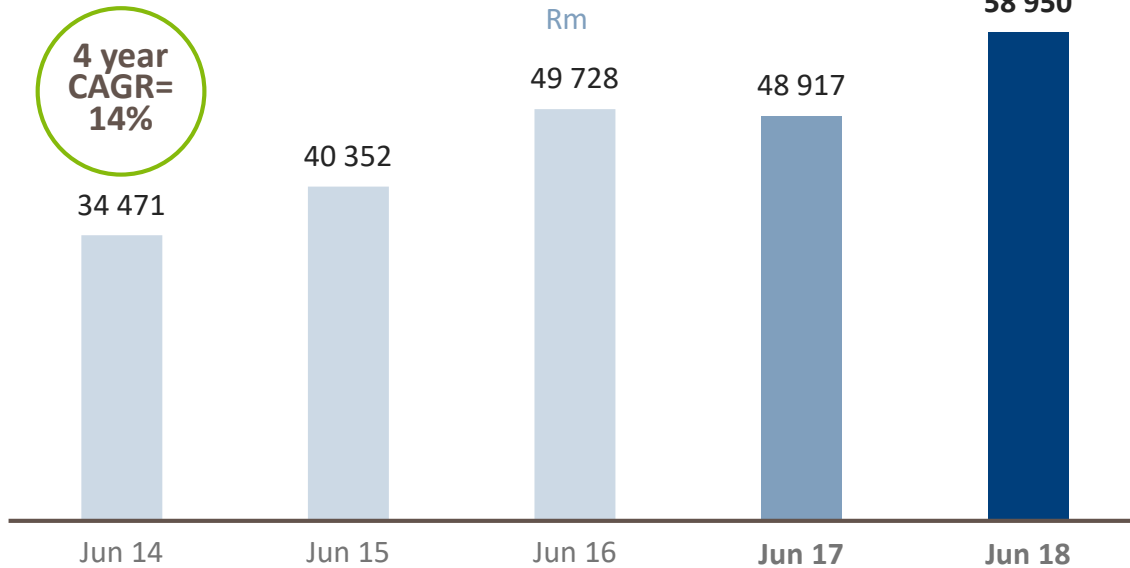
Note: ROE, ROIC & WACC are calculated on a rolling 12 month basis

** Excluding Regent*

Growth trend in operations outside South Africa

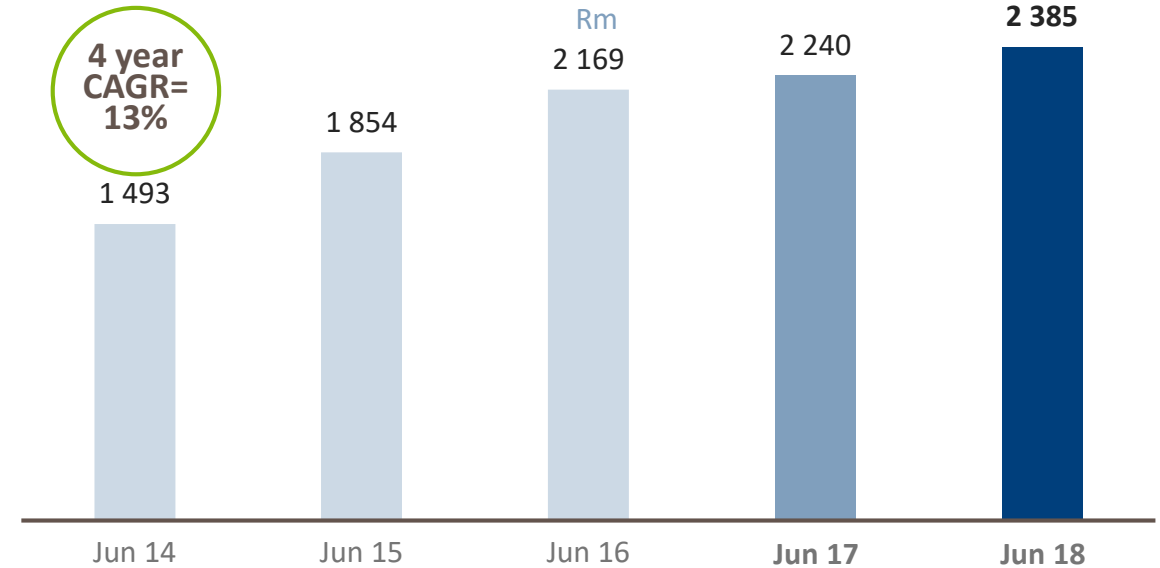
REVENUE

Rm



OPERATING PROFIT

Rm



- › Foreign revenue up 21% to R59.0 billion (45% of group)
- › Foreign operating profit up 6% to R2.4 billion (37% of group)

Growth in operations outside South Africa to offset the limited growth opportunities dictated by Imperial's position as a South African market leader in logistics & motor vehicles

Agenda

OVERVIEW

CONTEXT

OPERATIONS
REVIEW

FINANCIAL
REVIEW

PATH TO
SEPARATION

LOOKING
FORWARD

Operating context – Imperial regions

South Africa (55% revenue; 63% operating profit)

- › Despite improved sentiment the economy contracted sharply in H2 F2018
- › Consumer affordability remains under pressure despite some monetary easing
- › Depressed volumes & competitive pressures in logistics
- › Highly competitive vehicle market
 - NAAMSA national vehicle unit sales increased by 2%

Rest of Africa (9% revenue; 13% operating profit)

- › Recovery in commodity prices, gradually improving domestic demand & some policy reforms improved economic prospects in most countries in sub-Saharan Africa
- › Imperial's performance in the Rest of Africa (predominantly logistics) was negatively impacted by:
 - political instability in Kenya;
 - recessionary conditions in Namibia;
 - increased competition & subdued demand from key aid & relief markets; &
 - the R/US\$ exchange rate strengthening by 5% on average during the year

Eurozone, UK & Australia (36% revenue; 24% operating profit)

- › Economic conditions in Europe were positive
 - the continuing economic expansion in Europe has resulted in unemployment improving
 - certain sectors in which we operate remain under pressure, e.g. steel
- › Our German shipping operations were negatively impacted by low water levels on the River Rhine in H1 F2018; hot weather conditions since July 2018 has again resulted in low water levels
- › Palletways' performance was hindered by toughening economic conditions in the UK
- › Economic growth & the passenger vehicle market in the UK are being depressed by the uncertainties arising from Brexit & consumers switching from diesel vehicles to petrol vehicles
- › The Australian vehicle market recorded growth despite being fragmented & highly competitive, but margins on new vehicles remain under pressure
- › New EU emissions regulation stipulating lower emission thresholds & process for approval, will lead to OEMs reducing vehicle production volumes in H1 F2019, & negatively impact sales of vehicles manufactured in Europe

Agenda

OVERVIEW

CONTEXT

OPERATIONS
REVIEW

FINANCIAL
REVIEW

PATH TO
SEPARATION

LOOKING
FORWARD

Imperial's divisions



IMPERIAL LOGISTICS



Revenue

⬆ 3%
R51.4 billion
40% contribution*
4 YEAR CAGR 6%

Operating profit

⬆ 3%
R2.9 billion
44% contribution*
4 YEAR CAGR 6%

* Excludes head office & eliminations

MOTUS



Member of the IMPERIAL Group



Revenue

⬆ 17%
R77.7 billion
60% contribution*
4 YEAR CAGR 6%

Operating profit

⬆ 9%
R3.6 billion
56% contribution*
4 YEAR CAGR 0%

Imperial's divisions



Imperial
logistics



Revenue

⬆ 3%

R51.4 billion
40% contribution*
4 YEAR CAGR 6%

Operating profit

⬆ 3%

R2.9 billion
44% contribution*
4 YEAR CAGR 6%

* Excludes head office & eliminations

Performance

- › Growth in revenue & operating profit, supported by:
 - solid performances from Eco Health in Nigeria & CIC in Mozambique;
 - acquisition of Surgipharm;
 - excellent results from the international shipping & automotive segments in Logistics International; &
 - disposal & closures of non-strategic businesses
- › Performance was negatively impacted by:
 - lower volumes & contract renewals at lower margins in South Africa;
 - reduced operating profit from Imres & loss of a large public healthcare contract in African Regions; &
 - disappointing performances in the European inland shipping, retail & industrial businesses
- › Excluding businesses held for sale, revenue & operating profit increased by 8% & 5% respectively
- › The net debt to equity ratio at 50% (2017: 122%) improved significantly due to:
 - sale of non-core or underperforming businesses & non-strategic properties; &
 - recapitalisation of African Regions

Acquisitions

- › 70% of Surgipharm in Kenya for USD35 million (R485 million), effective 1 July 2017
 - performed slightly below expectation due to political uncertainty & disruptive elections in Kenya, but still contributed positively

Disposals

- › Schirm GmbH & related property transactions for €134 million (R2.0 billion) in January 2018;
- › 6 non-strategic properties for R367 million;
- › Transport Holdings in Botswana which released capital of R200 million;
- › Laabs GmbH for €2 million (R32 million) in October 2017; and
- › Interests in smaller entities amounting to ~R55 million

Divisional overview – Imperial Logistics



Imperial Logistics is an integrated outsourced logistics service provider with a diversified presence across Africa & Europe. With its strong regional growth platforms, specialist capabilities customised to serve multi-national clients in attractive industry verticals, & “asset-right” business model, Imperial Logistics is expected to deliver sustainable revenue growth, enhanced profitability & a stable dividend

IMPERIAL LOGISTICS



South Africa

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

- › Revenue ⬇️ 1%; Operating profit ⬆️ 4%
- › Operating margin 5.8% (2017: 5.6%)
- › 33% Logistics revenue
- › 34% Logistics operating profit
- › ROIC of 13.7% vs WACC of 11.0%
- › Debt to Equity: 64% (2017: 40%)



African Regions

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

- › Revenue ⬆️ 9%; Operating profit ⬆️ 3%
- › Operating margin 7.0% (2017: 7.4%)
- › 20% Logistics revenue
- › 26% Logistics operating profit
- › ROIC of 17.5% vs WACC of 11.1%
- › Debt to Equity: 23% (2017: >150%)



International

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

- › Revenue ⬆️ 4%; Operating profit ⬆️ 3%
- › Operating margin 4.7% (2017: 4.7%)
- › 47% Logistics revenue
- › 40% Logistics operating profit
- › ROIC of 9.6% vs WACC of 6.3%
- › Debt to Equity: 56% (2017: 128%)

Note: Based on external revenue, excluding businesses held for sale. ROIC & WACC are calculated on a rolling 12 month basis

Imperial Logistics (total)

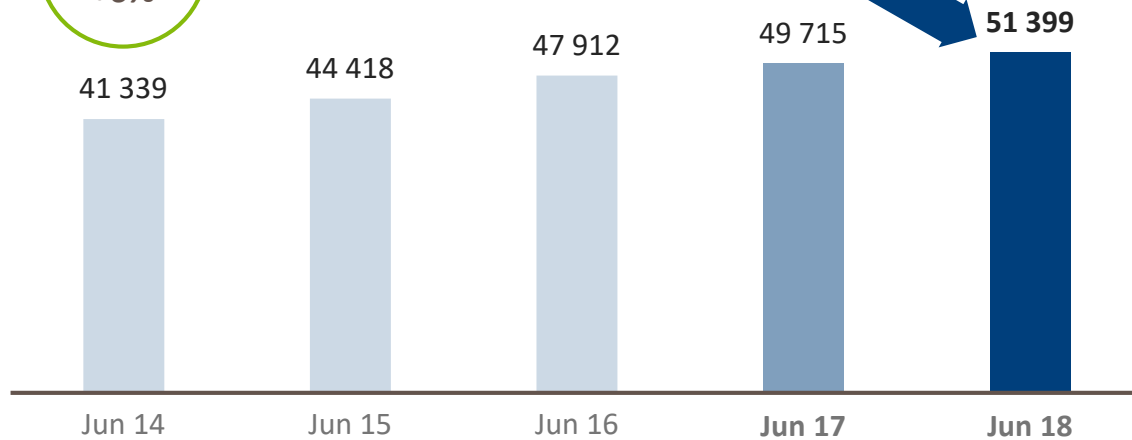


REVENUE

Rm

68% foreign

4 year
CAGR=
+6%

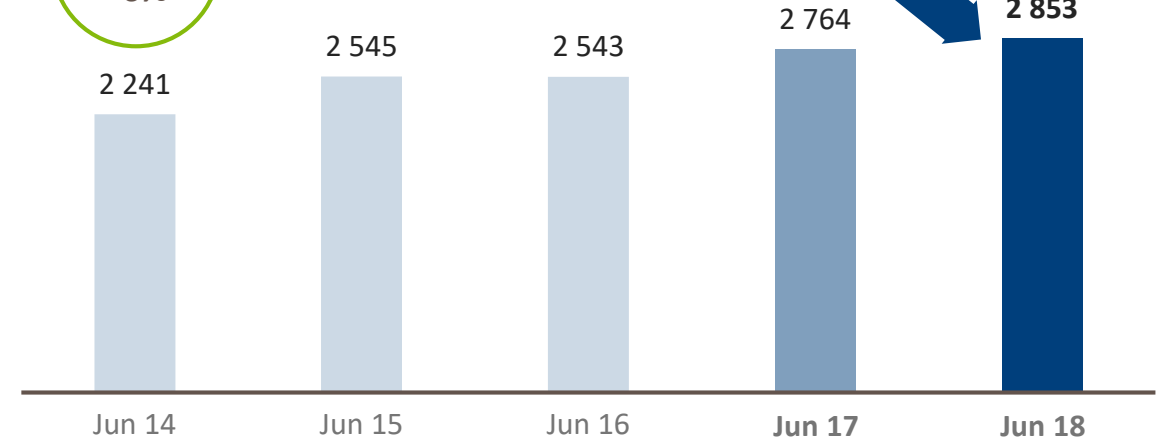


OPERATING PROFIT

Rm

67% foreign

4 year
CAGR=
+6%



- › Solid revenue & operating profit growth trends
- › Comprised R51.4 billion (40% of group* revenue) – up 8% (excl. businesses held for sale)
- › Comprised R2.9 billion (44% of group* operating profit) – up 5% (excl. businesses held for sale)

Discipline will be applied in pursuit of aggressive capital light, organic & acquisitive growth of integrated supply chain & route-to-market solutions for global & national market leaders, in specific industries including healthcare, consumer packaged-goods, manufacturing & mining, chemicals & energy, automotive & equipment, & agriculture

* Excludes head office & eliminations

Imperial's divisions



MOTUS
POWERING PROGRESS



Revenue

⬆ 17%
R77.7 billion
60% contribution*
4 YEAR CAGR 6%

Operating profit

⬆ 9%
R3.6 billion
56% contribution*
4 YEAR CAGR 0%

* Excludes head office & eliminations

Performance

- › All four sub-divisions recorded revenue & operating profit growth
- › Results were supported by:
 - strong improvement in SA entry level & smaller SUV sales;
 - gain in market share in our importer brands in SA;
 - benefits from consolidation of motor businesses; &
 - the acquisitions of Pentagon (UK) & SWT (Australia) contributed positively to revenue at lower margins
- › Motus' debt to equity ratio at 50% (2017: 46%) increased marginally, mainly due to
 - acquisitions; partly offset by
 - disciplined working capital management; &
 - proceeds received from the disposal of non-strategic properties
- › Between 70% & 80% of operating profit in Motus is not vulnerable to new vehicle sales
- › At 31 July 2018 cover extends to February 2019 at R12.89/\$ and R15.60/€

Acquisitions

- › Pentagon Motor Holdings for £26 million (R479 million), effective 1 September 2017
 - operates 38 passenger & light commercial vehicle franchises from 21 prime retail dealerships in the UK
 - performed satisfactorily
- › 75% SWT Group Pty Ltd for AUD24.2 million (R261 million), effective 1 October 2017
 - operates 16 dealerships in Australia
 - performed in line with expectations
- › 60% of Arco Motor Industry Co Limited for R185 million
 - distributor of motor vehicle engine parts based in Taiwan

Disposals

- › Disposed of 32 non-strategic properties for R1.3 billion

Divisional overview – Motus



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

MOTUS



Vehicle import & distribution

- › Exclusive RSA importer of Hyundai, Kia, Renault & Mitsubishi
- › Over 80 000 vehicles imported annually
- › Nissan distributorships in 4 African countries



Vehicle retail & rental

- › RSA:
 - Represents 23 OEMs through 356 vehicle dealerships inc. 104 pre-owned, 232 passenger dealerships & 20 commercial vehicle dealerships
 - 118 Europcar & Tempest car rental outlets in SA & 16 in Southern Africa
- › UK 84 commercial & 28 passenger dealerships
- › Australia 30 passenger dealerships

- › Revenue ↑ 18%; Operating profit ↑ 14%
- › Operating margin 2.7% (2017: 2.8%)
- › 68% Motus revenue
- › 44% Motus operating profit
- › ROIC of 9.4% vs WACC of 9.9%
- › Debt to Equity: 62% (2017: 46%)



Aftermarket parts

- › Distributor, wholesaler & retailer of accessories & parts for older vehicles through:
 - 35 owned branches
 - 43 retailed owned stores
 - network of 720 franchised outlets comprising of both retail & specialist workshops

- › Revenue ↑ 8%; Operating profit ↑ 10%
- › Operating margin 6.7% (2017: 6.6%)
- › 8% Motus revenue
- › 12% Motus operating profit
- › ROIC of 18.3% vs WACC of 11.2%
- › Debt:Equity: 91% (2017: 53%)



Motor-related financial services

- › Markets & administers service, maintenance & warranty plans, & other value-added products (over 730 000 clients)
- › Develops & distributes innovative vehicle-related financial products & services through dealer & vehicle finance channels, online & a national call centre
- › Provider of fleet management services
- › Deploys an innovation hub

- › Revenue ↑ 6%; Operating profit ↑ 7%
- › Operating margin 41.0% (2017: 40.9%)
- › 2% Motus revenue
- › 23% Motus operating profit
- › ROIC of 69.5% vs WACC of 13.6%
- › Debt:Equity: (136%)* (2017: 116%)

Note: Based on external revenue, excluding businesses held for sale. ROIC & WACC are calculated on a rolling 12 month basis

* Includes net cash of R1 426 million

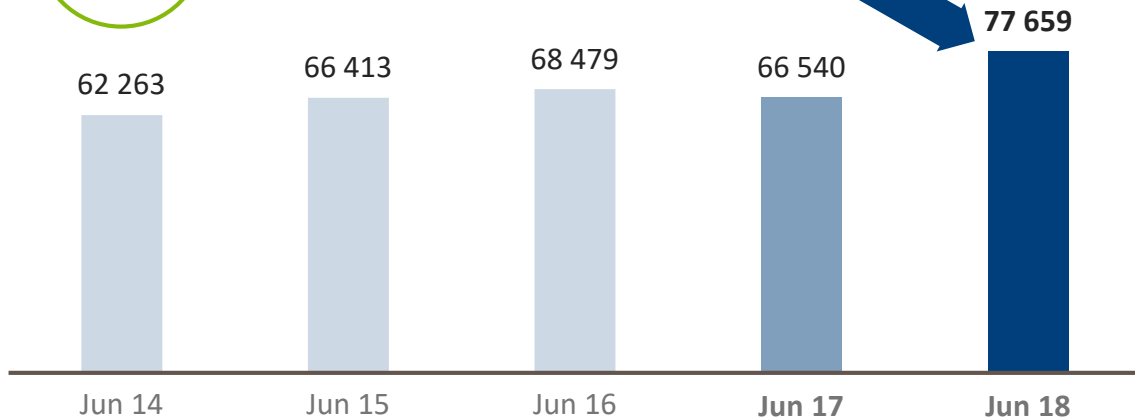
Motus (total)

REVENUE

Rm

31% foreign

4 year
CAGR=
+6%

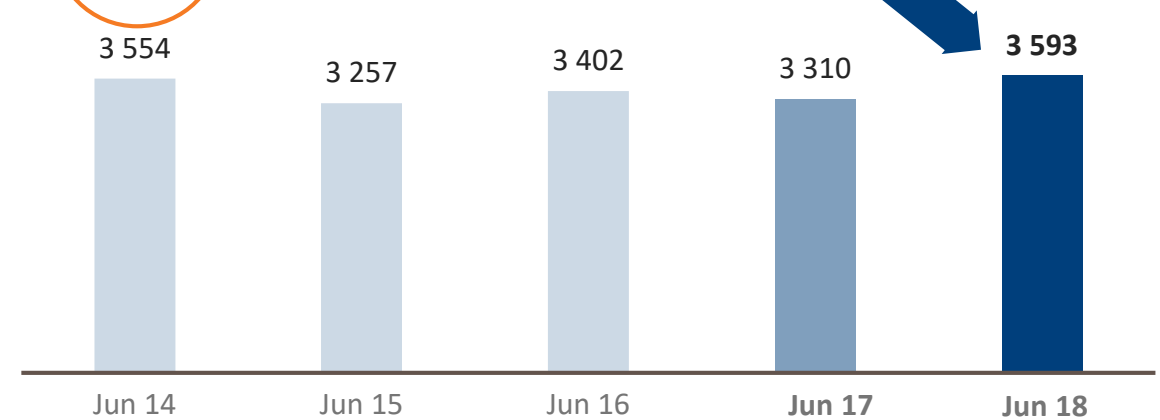


OPERATING PROFIT

Rm

14% foreign

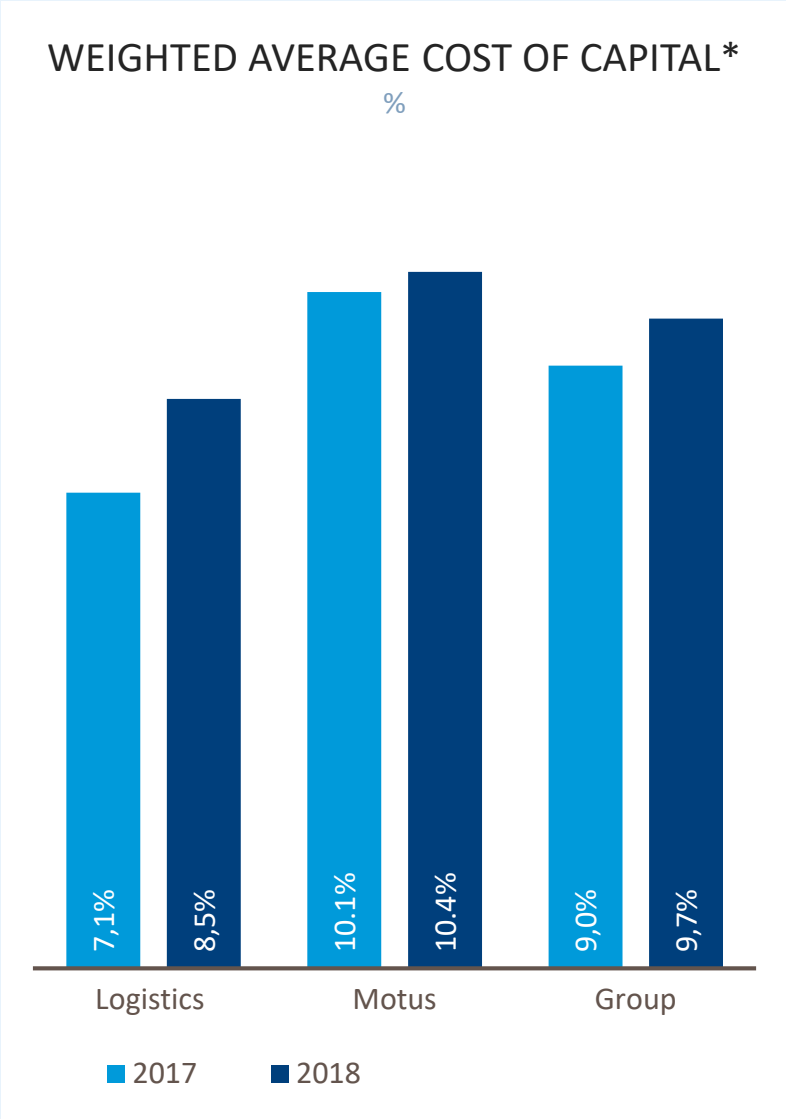
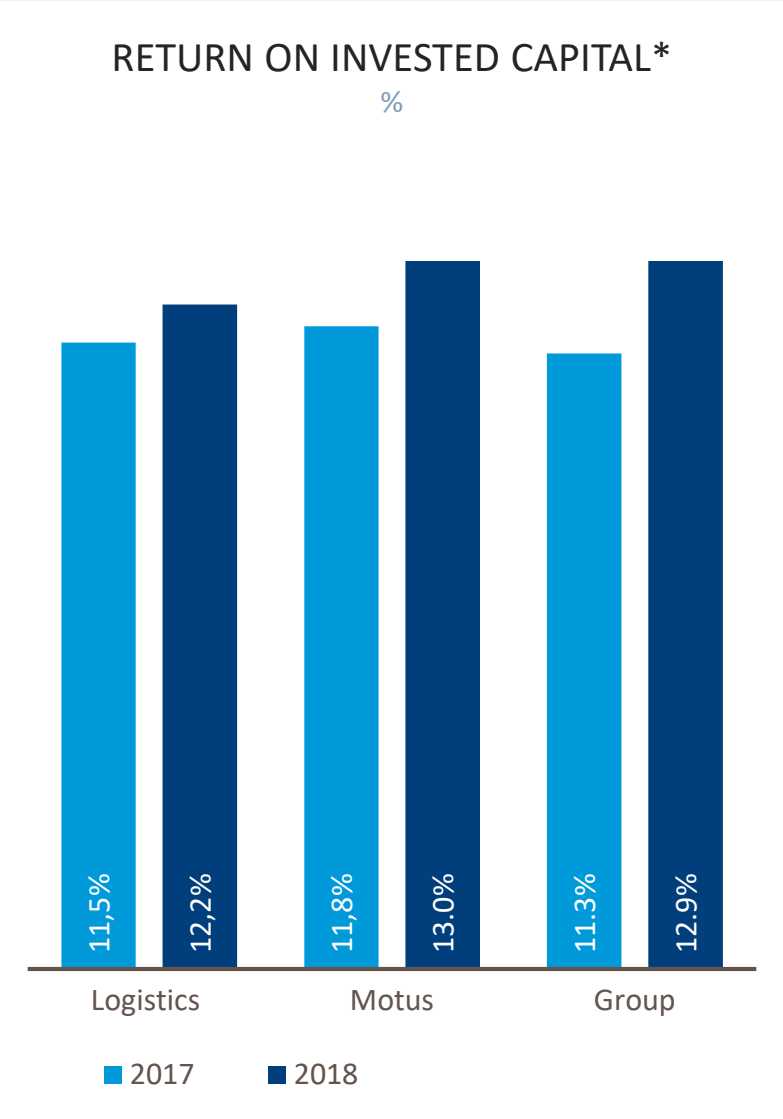
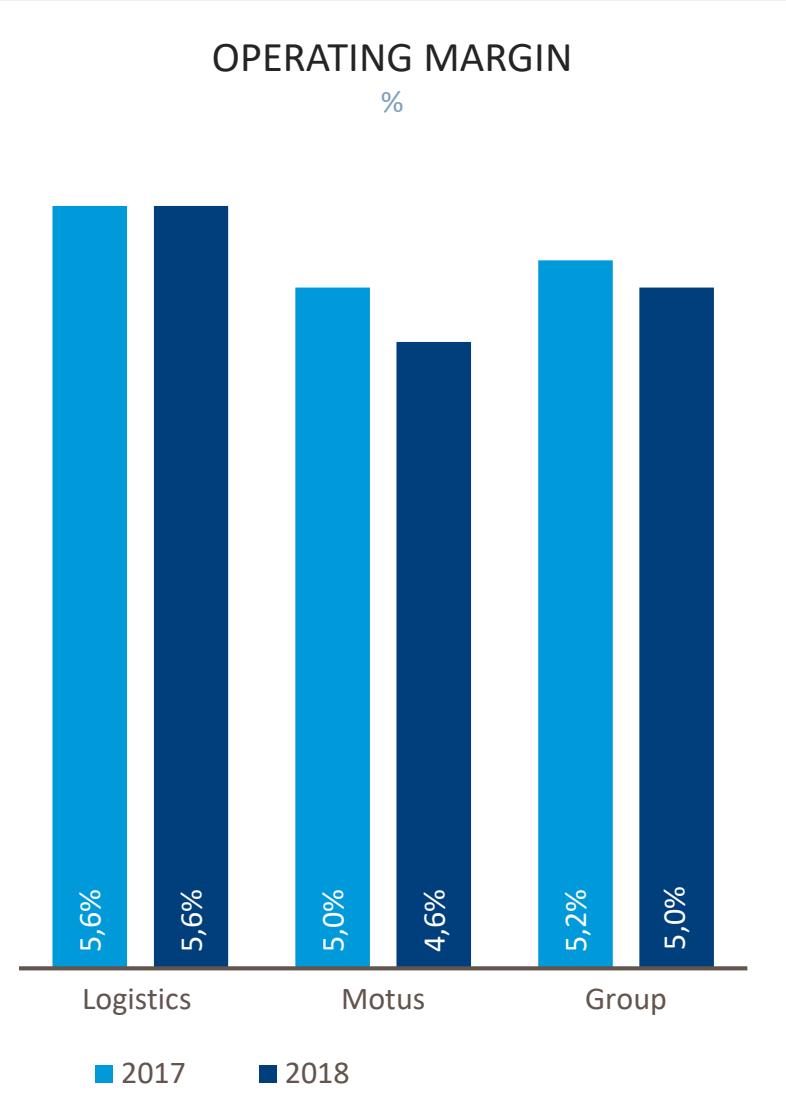
4 year
CAGR=
0%



- › Comprised R77.7 billion (60% of group* revenue) – up 17% for the year
- › Comprised R3.6 billion (56% of group* operating profit) – up 9% for the year

The assets & capabilities of Motus comprise the entire vehicle value chain from OEM to user. Its current structure & focus will continue with high cash generation, returns & dividends, through greater value to clients & more disciplined management of capital, operations & currency

Divisional statistics



Agenda

OVERVIEW

CONTEXT

OPERATIONS
REVIEW

FINANCIAL
REVIEW

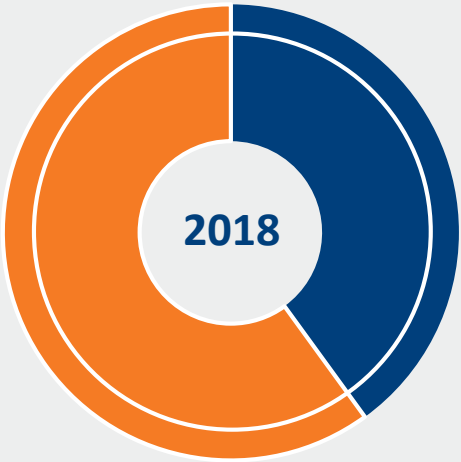
PATH TO
SEPARATION

LOOKING
FORWARD

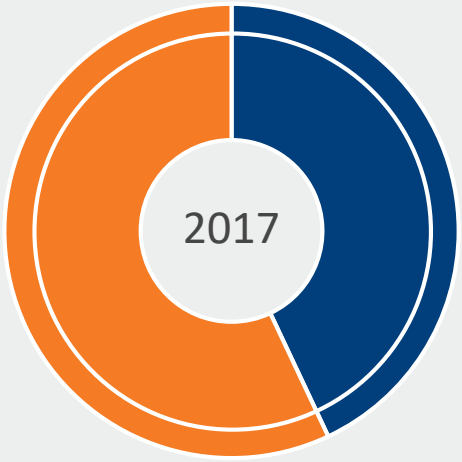
Income statement



	2018 Rm	2017 Rm	% CHANGE
Revenue	128 683	115 889	11



Revenue contribution
per division
(%)

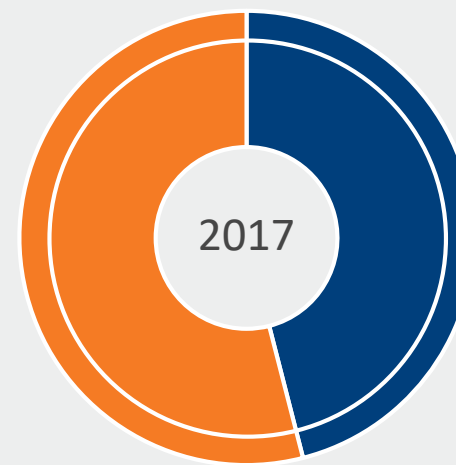
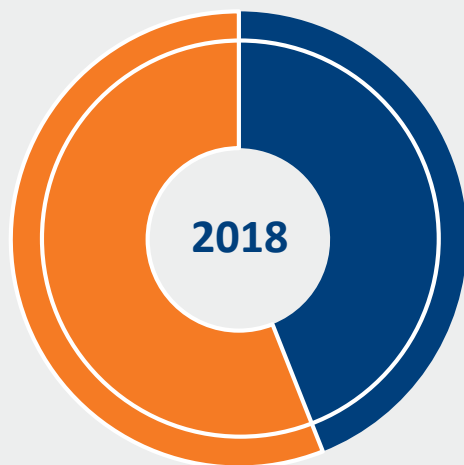


	2018 %	2017 %
● LOGISTICS	40	43
● MOTUS	60	57

Income statement

	2018 Rm	2017 Rm	% CHANGE
Revenue	128 683	115 889	11
Operating profit	6 406	6 049	6
Operating profit margin	5.0	5.2%	

Operating profit contribution
per division
(%)



	2018 %	2017 %
● LOGISTICS	44	46
● MOTUS	56	54

Income statement



	Jun 2018 Rm	Jun 2017 Rm	% CHANGE
Revenue	128 683	115 889	11
Operating profit	6 406	6 049	6
Amortisation of intangible assets arising on business combinations (note 1)	(432)	(521)	
Profit on disposal of properties, net of impairments (note 2)	639	212	
Impairments of goodwill & other assets (note 3)	(273)	(157)	
Loss on sale of businesses	(140)	(88)	
Foreign exchange gains / (loss) (note 4)	(93)	(619)	
Re-measurement of contingent consideration, put option liabilities & business acquisition costs	62	(115)	
Other	(7)	3	
Profit before financing costs	6 162	4 764	29

1. Decreased by R89 million due to sale of Schirm & certain intangible assets being fully amortised in F2017
2. Increased by R427 million largely due to the sale of the property in Australia, which contributed R617 million
3. Largely due to a R173 million impairment on the sale of Jurgens is a once-off item that negatively impacted the HEPS performance in F2018
4. Foreign exchange losses decreased by R526 million to R93 million:
 - in Imperial Logistics African Regions losses were contained to R50 million against R194 million in F2017 due to the stronger Rand; &
 - in Motus, losses of R43 million compared to a loss of R425 million, due to the unwinding of uneconomical & excessive cover in the prior year

Income statement



	Jun 2018 Rm	Jun 2017 Rm	% CHANGE
Net financing costs (note 1)	(1 386)	(1 680)	(18)
Income from associates	90	103	
Tax (note 2)	(1 458)	(901)	
Net profit for the year – before Regent in 2017	3 408	2 286	49
Regent		279	
Attributable to minorities (note 3)	(135)	36	>100
Attributable to Imperial shareholders	3 273	2 601	26

1. Decreased by R294 million due to significantly lower average debt levels and improved cash flow
2. Tax rate increased to 30.5% from 29.2% mainly due to losses on the sale of businesses being non-deductible
3. Increased due to:
 - improved results from Renault & Eco Health;
 - the acquisitions of Surgipharm, Itumele Bus Lines & SWT; &
 - the prior year losses included Tata

Financial position



	Jun 2018 Rm	Jun 2017 Rm	% CHANGE
Property, plant & equipment (note 1)	9 829	10 371	(5)
Transport fleet (note 2)	5 358	5 560	(4)
Vehicles for hire	3 924	3 963	(1)
Goodwill & intangible assets (note 3)	9 805	9 529	3
Investments in associates, other investments & other financial assets	1 959	1 807	8
Net working capital (note 4)	8 761	8 956	(2)
Other assets (includes assets held for sale)	639	1 373	
Total	40 275	41 559	

1. Decreased by 5% mainly due to:

- PPE relating to the disposals of Schirm & Transport Holdings of R1.0 billion;
- R413 million increase due to the acquisitions of Surgipharm, Pentagon & SWT;
- currency adjustments which increased by R172 million; &
- impairments of R115 million

2. Decreased by 4% resulting from:

- disposal of assets through the disposal of Schirm & Transport Holdings; &
- the value of disposals & depreciation are higher than the capital expenditure

3. Increased by 3% mainly due to the acquisitions of R1.1 billion, the weakening of the Rand (R480 million), reduced by disposals (R754 million) & amortization (R560 million)

4. Improved by 2% mainly due to a reduction in inventory & improved supplier credit terms in Motus

Financial position



	Jun 2018 Rm	Jun 2017 Rm	% CHANGE
Total shareholders' equity (note 1)	23 125	20 261	
Net interest bearing borrowings (note 2)	11 566	15 088	(23)
Other liabilities	5 584	6 210	
Liabilities directly associated with assets classified as held for sale		-	
Equity & liabilities	40 275	41 559	

1. Impacted mainly by:

- the weakening of the Rand (closing) which resulted in an increase in the foreign currency translation reserve of R538 million;
- an increase in the hedging reserve of R184 million;
- capital raised of R223 million from non-controlling interests; &
- dividends paid (R1.5 billion)

2. Mainly impacted by:

- good cash generation from operations of R6.8 billion (F2017: R5.9 billion);
- disposal of businesses for R2.1 billion;
- properties sold for R1.7 billion;
- acquisitions (R1.2 billion); &
- capital expenditure excluding properties (R2.5 billion); &
- dividends paid (R1.5 billion)

Cash flow – operating activities



	Jun 2018 Rm	Jun 2017 Rm	% CHANGE
Cash generated by operations	8 721	8 388	4
Net working capital movements (excludes currency movements & net acquisitions) (note 1)	811	688	
Interest & tax paid (note 2)	(2 722)	(3 190)	
Cash flow from operating activities before rental assets capex	6 810	5 886	16
Capex: rental assets (note 3)	(1 079)	(1 709)	(37)
Cash inflow / (outflow) from operating activities	5 731	4 177	37

1. Net working capital movements resulted in an inflow of R811 million, mainly due to a reduction in inventory & improved supplier credit terms in Motus
 - We expect inventory levels to normalise in H1 F2019
2. Interest reduced due to lower debt levels
3. Reduced due to a lower investment in vehicles for hire by the Vehicle Import and Distribution sub division

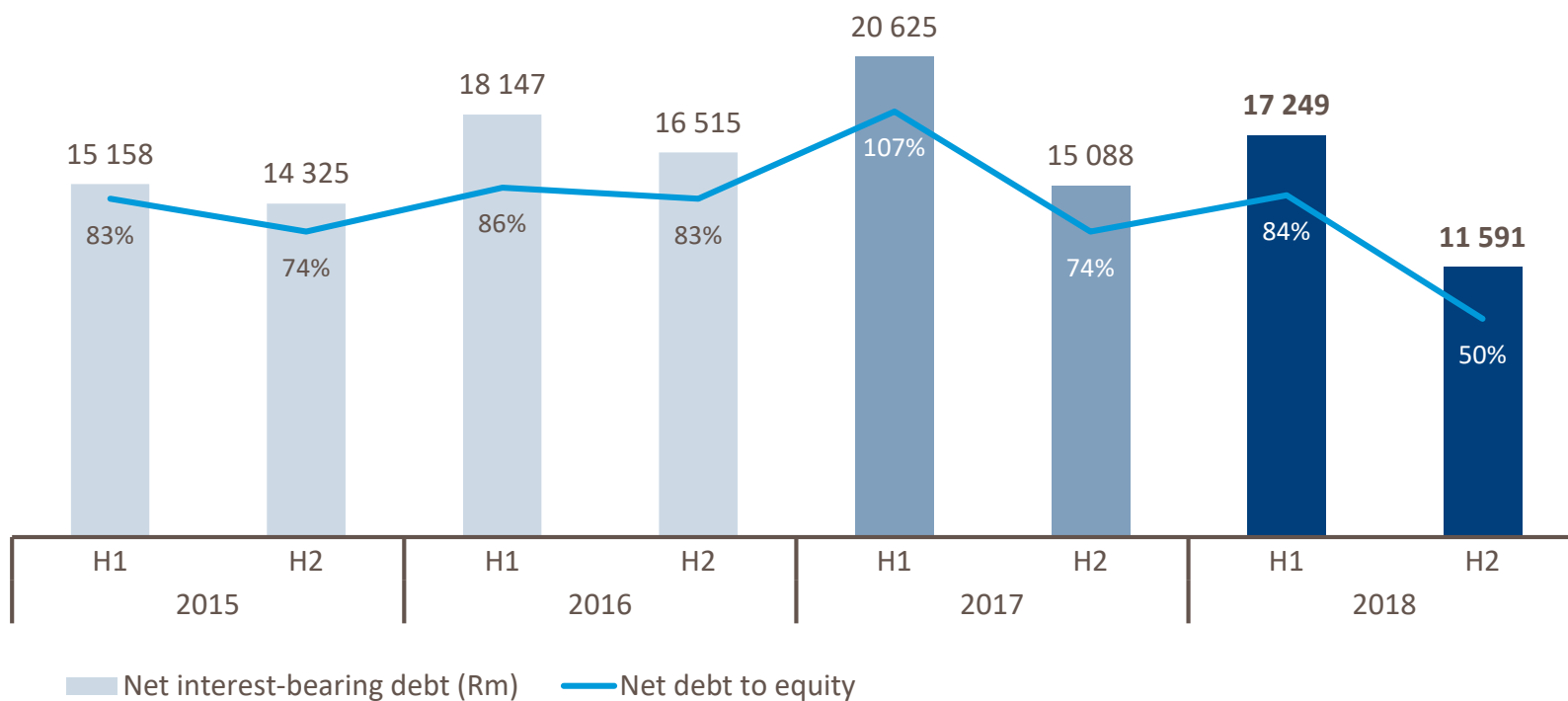
Cash flow summary



	Jun 2018 Rm	Jun 2017 Rm
Cash flow from operating activities	5 731	4 177
Investing activities:	890	(1 939)
Net disposals / (acquisitions) of subsidiaries & businesses (note 1)	859	(1 687)
Capital expenditure – non-rental assets (note 2)	240	(954)
Net movement in associates, investments, loans & other financial instruments	(209)	326
Financing activities:	(2 566)	(1 801)
Dividends paid	(1 478)	(1 688)
Other financing activities (note 3)	(1 088)	(113)
Decrease in net borrowings	(4 055)	437
Free cash flow – total operations	5 016	4 296
Free cash flow to headline earnings (times)	1.6	1.6

1. The main contributor was proceeds received on the disposal of Schirm, partially offset by the acquisitions of Pentagon, Surgipharma, SWT & Arco
2. Net inflow on non-rental capital expenditure mainly due to the benefit of property disposals of R1.7 billion
3. Other significant cash flow items included share buy backs, buy out of minorities & settlement of cross-currency swaps

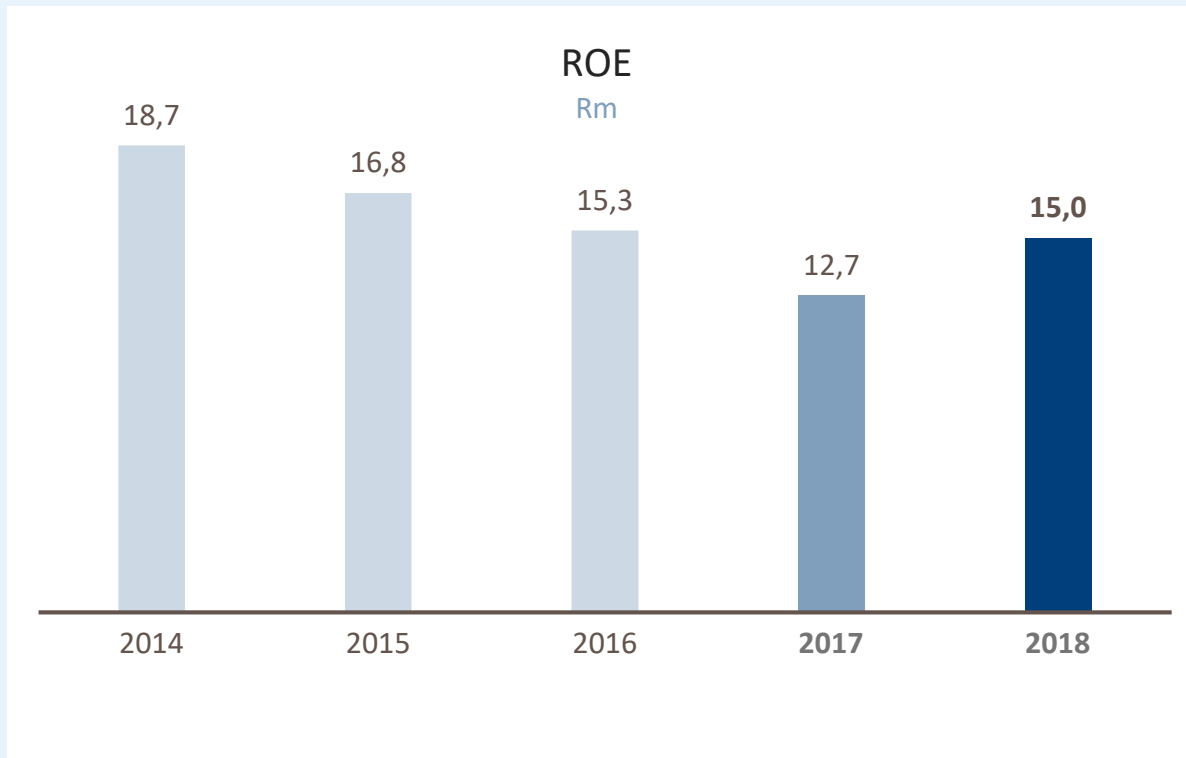
NET DEBT TO EQUITY



- › Net debt to equity of 50% improved significantly from 74% in June 2017 & 84% in December 2017
- › Below the target gearing range of 60% to 80%
- › Lowest debt level in 5 years
- › Net Debt/EBITDA = 1.3x (Logistics 1.4x; Motus 1.2x)

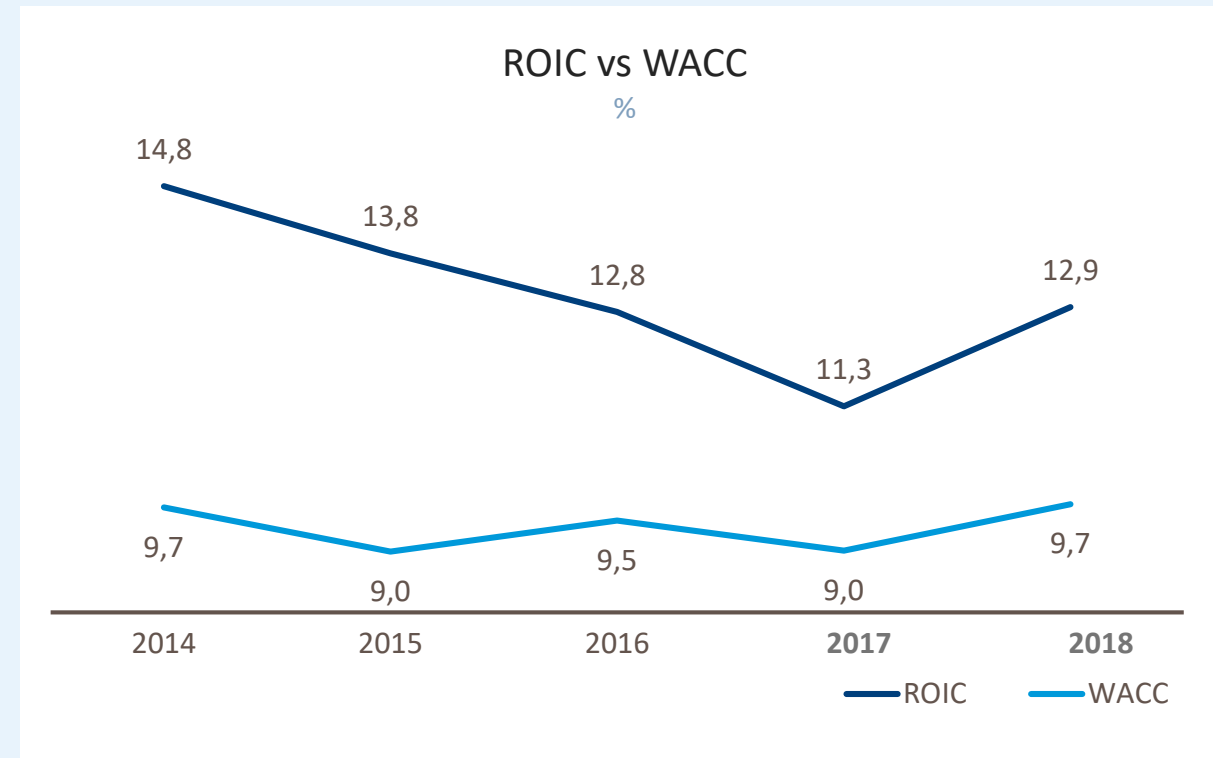
- › Significant improvement in net debt to equity was supported by:
 - cash proceeds from the sale of non-strategic properties & businesses;
 - an improvement in working capital;
 - a reduction in capital expenditure;
 - partially offset by the acquisitions of Surgipharma, SWT, Pentagon, Arco & the increase in shareholding in Eco Health
- › The Group has R13.9 billion unutilised funding facilities (excluding asset backed finance facilities)
- › Mix of fixed & floating debt (52% fixed)
- › Debt maturity profile: 80% long term (longer than 12 months)
- › The Group's international & national scale credit ratings by Moody's are unchanged at Baa3 & Aa1.za

Returns



ROE improved due to:

- › Higher attributable profit



ROIC improved due to:

- › Reduced invested capital from lower net asset levels
- › Higher returns

OVERVIEW

CONTEXT

OPERATIONS
REVIEW

FINANCIAL
REVIEW

**PATH TO
SEPARATION**

LOOKING
FORWARD

- › Founded in 1948 as a motor dealership & listed on the JSE in 1987, Imperial evolved into one of the country's largest diversified conglomerates
- › The Group adopted a federal business model which:
 - facilitated & encouraged the acquisition, development & growth of large & small businesses; &
 - sought to balance a strong entrepreneurial culture with appropriate financial control & sound governance
- › The Group was invested in a vast portfolio of businesses & assets, some of which were stand-alone or unrelated to the Group's core capabilities:
 - capital equipment and leasing, aviation, Imperial Bank, etc;
 - chemical manufacturing;
 - managing ports in Germany;
 - owning properties (warehouses & dealerships) in non-strategic locations;
 - non motor-related insurance (Regent); &
 - industrial equipment (Goscor)
- › The establishment of the African Regions business commenced in 2010 through the acquisition of CIC

FUNDAMENTAL TRANSFORMATION SINCE 2014



- › From late 2014 a fundamental transformation was initiated to unlock intrinsic value within the Group
- › The changes sought to retain the entrepreneurial creativity & capital management excellence while ensuring that the structure, strategies & value propositions of the Group's divisions were clarified, simplified & focused, for sustainable competitive advantage, growth & returns
- › The transformation & development of Imperial was directed at value creation through:
 - strategic clarity (portfolio rationalisation);
 - managerial focus (organisation structure); &
 - shareholder insight (disclosure)



- › Substantial portfolio optimisation resulted in:
 1. The disposal of assets that did not fit the Group & underlying business unit's strategies & did not generate sufficient returns on capital or executive effort
 - 55 businesses & 90 properties that were under performing, of low return on effort or strategically incompatible, which included buying out minorities
 - generated revenues of R14.4 billion & operating profit of R1.1 billion, & employed R7.0 billion of capital at the time of sale
 2. Acquired strategically coherent, asset light and high-quality businesses
 - investment of R5.7 billion to acquire 17 companies that generated revenue of R14.2 billion & operating profit of R1.0 billion in their first full year of operation
 - expected to deliver sustainable organic growth, & enhanced returns & cash flows in future
 - grown Imperial Logistics African Regions footprint in SADC, East & West Africa to a ~R10 billion revenue business
- › The rationalisation of the portfolio & the clarification of strategy resulted in Imperial's activities being consolidated into two large, self-sufficient divisions: Imperial Logistics & Motus, operating exclusively in the logistics & automotive sectors respectively
- › Proceeds from the sale of businesses & properties significantly reduced the Group's net debt to equity ratio
 - improved from 84% in December 2017 to 50%, excluding proceeds from the BBBEE deal in Logistics South Africa

Organisation structure

- › Since 1 July 2016, Imperial Logistics is being managed as one division following the consolidation of the Africa & International businesses under one CEO, significantly improving strategic coherence & capital discipline
- › From 1 January 2017, Imperial's entire vehicle interests were consolidated into one entity, Motus
- › Imperial Logistics & Motus have since been operating as individual entities, each with its own board, CEO, EXCO & increasingly self-sustaining balance sheets
- › Appropriate executive management changes were made to accommodate the new structure & the succession of retiring executives, in a transition to significantly younger leadership teams
- › The functions of the Imperial head office were systematically devolved to the two divisions
 - From 1 July 2017, the Group's EXCO was disbanded & its authorities devolved to the divisional boards



Imperial
logistics



MOTUS
POWERING PROGRESS

Member of the IMPERIAL Group



Disclosure

- › From 1 July 2016, Imperial Logistics & Motus have been reported on separately, per sub-division, as part of the segmental disclosure:
 - Separate income statements, balance sheets & most recently ROICs & WACCs per each sub-division
- › This increase in transparency & disclosure allows for each business to be valued & modelled separately



Note: Significant IT projects for Motus will be implemented in H2 2018

Rationale for the proposed unbundling of Motus



- › No operational synergies exist between Imperial Logistics & Motus
- › Imperial Logistics & Motus operate independently in markets & geographies that are vastly different
- › Both businesses have different strategic focuses & priorities
- › With self-sustaining balance sheets achieved in each division, the Group's balance sheet is no longer necessary
- › On 21 June 2018 the Imperial Board resolved to proceed with the steps required to implement the unbundling of Motus, which will be underpinned by the following:
 - Strategic focus & independence
 - Improved operational efficiency mainly through the reduction in complexity & costs over time
 - Focused capital & funding structures:
 - provide respective management teams with direct access & accountability to the equity & debt capital markets, each with the appropriate capital structure to support their strategies on a long term sustainable basis, & the ability to raise funding independently
 - Enhanced investor understanding & insight of each business & its sub-divisions
- › The proposed unbundling will provide shareholders with the opportunity to participate directly in Imperial Logistics &/or Motus

Substantial progress



- › Ensuring that the balance sheet of each division is self-sustaining, with an appropriate gearing level to enable each to fund its own growth & strategic aspirations while continuing to pay a stable dividend
 - Imperial Logistics & Motus have achieved appropriate, self-sufficient capital structures, each with net debt:equity ratio of 50% at 30 June 2018; lower than the range of 55% to 65% that was originally communicated
- › Negotiations with funders to secure appropriate debt facilities for each division
 - the debt syndication process & refinancing of existing facilities are in process & on track
 - sufficient commitments including an underwriting for the off-shore facilities have been secured for Imperial Logistics & Motus to facilitate growth, provide flexibility & maintain strong liquidity at competitive pricing levels
- › The bonds were redeemed by utilising existing banking facilities at market value on 6 August 2018
 - no new bonds will be issued as all debt requirements will be arranged in the banking market
 - as such, in the event of the unbundling, Imperial Logistics & Motus will not have formal credit ratings

- › An offer to acquire the preference shares was announced on 13 August 2018
 - buyback to be implemented during October 2018
 - the buyback is an efficient means for Imperial to simplify its capital structure & for preference shareholders to dispose of the preference shares in an orderly & effective manner
- › Ensuring that the appropriate legal structures for both entities have been finalised prior to the unbundling
 - the appropriate legal structures for both entities have been finalised
 - the transfer of the Group's automotive interests to Motus Holdings Limited has been completed
- › Obtaining the requisite regulatory approvals ie. JSE, SARB, TRP & US section 44
 - progressing well
- › Ukhamba BEE scheme
 - to be replicated post the unbundling to ensure that all shareholders in Ukhamba Holdings retain the same economic rights that they presently enjoy
- › Active engagement with key stakeholders

Next steps

- › The unbundling of Motus & its separate listing on the main board of the JSE is still subject to approval by shareholders & the fulfilment of requisite regulatory requirements
- › Engagement with key investors commenced over a year ago
- › A combined general meeting for preference shares and ordinary share holders will take place on 14 September 2018 re' preference share scheme
- › The debt syndication process is expected to be concluded during September 2018
- › An Imperial circular & Motus pre-listing statement will be circulated to shareholders by 30 September 2018
- › A general meeting for shareholder approval will take place on 30 October 2018
- › On implementation of the unbundling, 'Imperial Holdings' will be renamed 'Imperial Logistics'

It is anticipated that the unbundling will be implemented in Q4 of calendar 2018



Imperial Logistics: Investment Proposition



1

Leading positions in regional markets provide platforms for sustainable growth: market leader in South Africa, a leader in selected industries (Consumer Packaged Goods & Pharmaceuticals) in the African Regions & in certain specialised capabilities in Europe

2

Competitive differentiation centred on agility & customisation: specialised capabilities across the value chain enable customised & integrated solutions, with service offerings & operating models tailored to client requirements & market maturity

3

Trusted partner to multinational clients: quality contract portfolio in high-growth & defensive industries, with partnerships demonstrating reach, capabilities, assets, innovation & legitimacy

4

“Asset-right” business model underpins financial profile: more optimal asset mix & targeted returns on capital, support prospects for sustainable revenue growth & enhanced profitability & cash generation

5

Vision to unlock benefits of ‘one Imperial Logistics’: strategy focused on sustainable revenue growth, enhanced returns & improved competitiveness, with initiatives to drive substantial organic growth enabled by differentiated approach to digitalisation & innovation, & enhanced financial flexibility supporting selective acquisitive growth

6

Track record for consistent growth: proven ability to acquire, develop & leverage specialist capabilities to establish growth platforms in emerging & advanced markets

7

Strong & committed leadership: highly experienced, long-serving management team & a strong independent Board

Motus: Investment Proposition



1

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

2

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

3

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

4

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

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 global markets, & a proven track record with years of collective experience

Agenda

OVERVIEW

CONTEXT

OPERATIONS
REVIEW

FINANCIAL
REVIEW

PATH TO
SEPARATION

**LOOKING
FORWARD**

**We anticipate that both Imperial Logistics & Motus
will deliver solid operating & financial results in F2019,
subject to stable currencies in the economies in which each operates.**

For the financial year to June 2019, we expect:

- › Imperial Logistics & Motus will have appropriate capital structures, with minimal impact on funding & costs, to enable each to fund its own growth & strategic aspirations while continuing to pay a stable dividend (approximately 45% of HEPS)
- › Imperial Logistics & Motus to record growth in revenues & operating profit
- › Growth in headline earnings per share for Imperial Logistics & Motus, subject to any once-off costs relating to the proposed unbundling

We thank all our stakeholders for their continued support.

THANK YOU



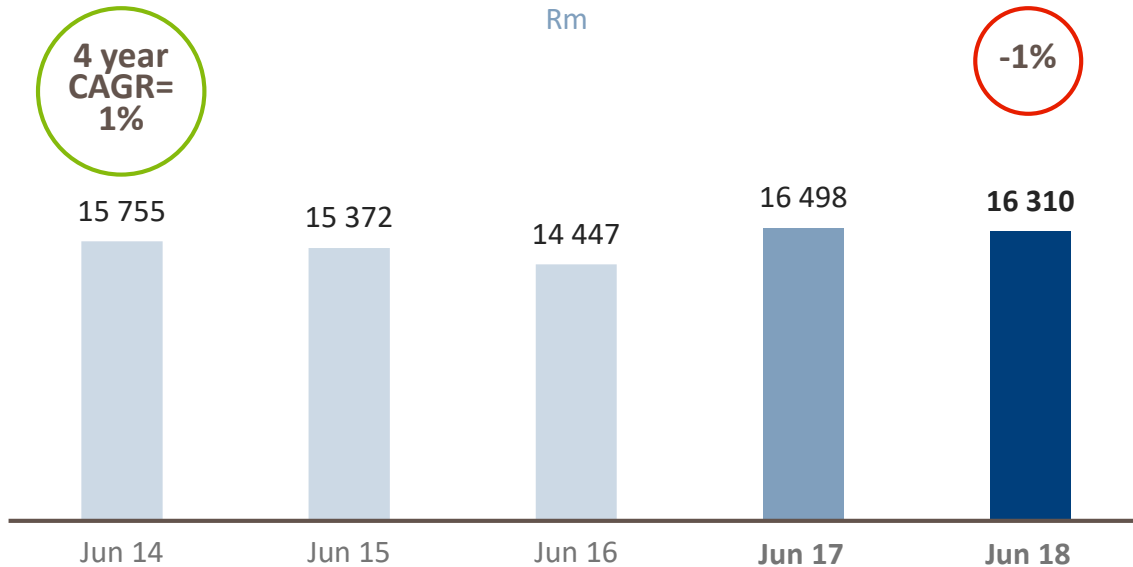
ANNEXURES



Growth trend Logistics South Africa

REVENUE

Rm

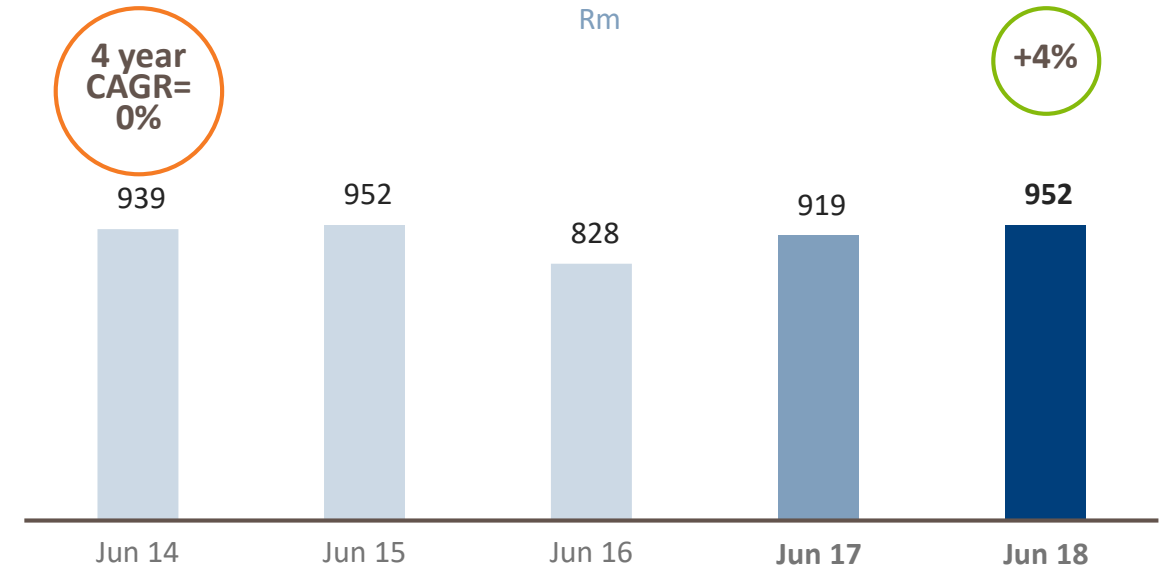


› Satisfactory performance in challenging trading conditions:

- positive contribution from the Itumele Bus Lines acquisition which was included for 12 months
- solid results from the Transport & Warehousing, & Specialised Freight businesses;
- disposal & closures of some smaller, non strategic businesses; offset by
- renewal of contracts at lower margins, further reduction in volumes & depressed margins in H2 F2018 specifically

OPERATING PROFIT

Rm

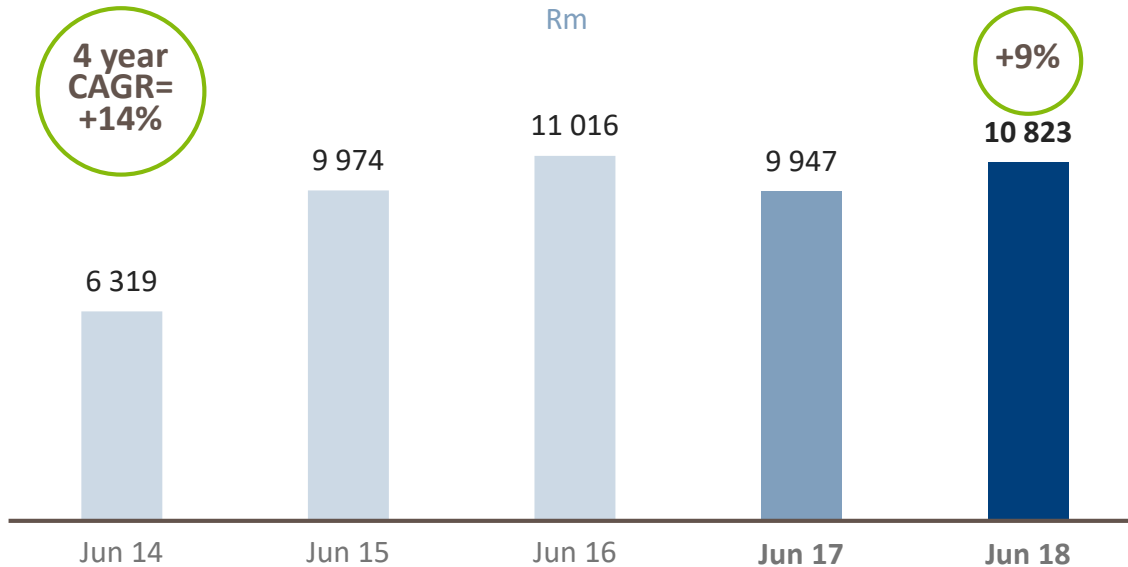


- › CPG business underperformed due to lower sales volumes in the ambient & merchandising segments
- › ROIC improved significantly to 13.7% (2017: 12.3%) mainly due to improved capital management & the sale of strategically-misaligned assets
- › Excluding businesses held for sale, revenue increased by 1% & operating profit reduced by 1%

Growth trend Logistics African Regions

REVENUE

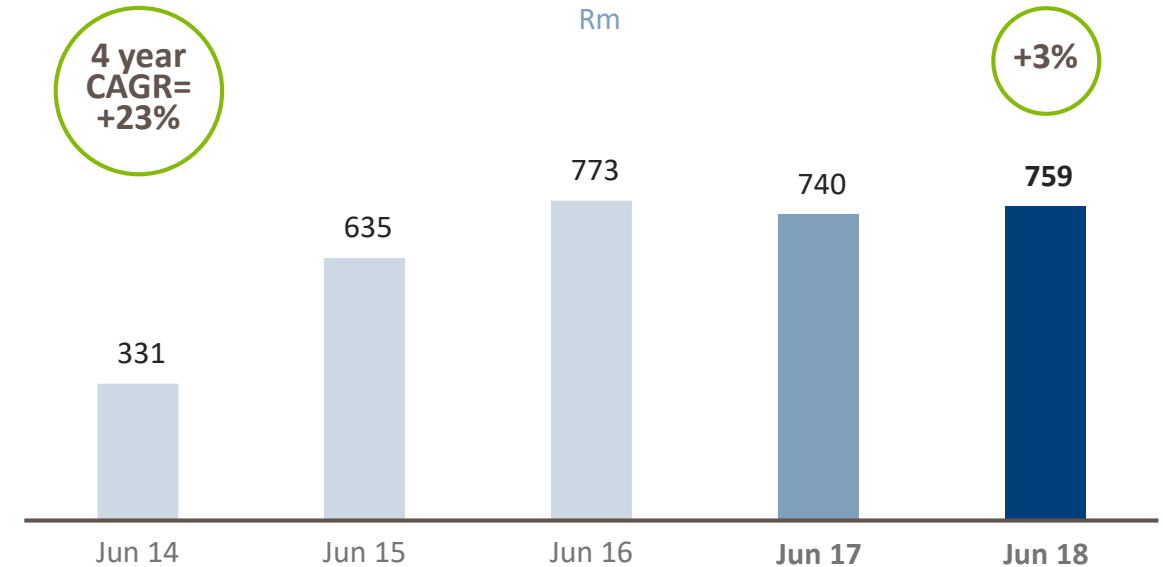
Rm



- › Performed below expectation - revenue & operating profit increased by 9% & 3% respectively
- › The average strengthening of the Rand by 5% against the US Dollar negatively impacted performance in Rands
- › A mixed performance across the portfolio:
 - strong performance from the West African healthcare businesses;
 - acquisition of Surgipharm where a positive contribution was suppressed by political uncertainty in Kenya;
 - solid performance from the Managed Solutions businesses in SADC;
 - CPG route-to-market Namibian operations performed satisfactorily in ongoing recessionary conditions;

OPERATING PROFIT

Rm



- transport operations in Namibia experienced reduced volumes;
- Sourcing and procurement business underperformed due to increased competition, uncertainty in aid & relief markets, & longer lead times in executing orders; &
- Sub-Saharan healthcare logistics business was negatively impacted by the loss of a large, public healthcare contract
- › The business was recapitalised during the year resulting in a significantly lower net debt to equity ratio of 23% (2017: >150%)
- › ROIC declined to 17.5% (2017: 23.8%) mainly due to an increased investment in Eco Health (from 68% to 87%) & normalised working capital

Our African footprint

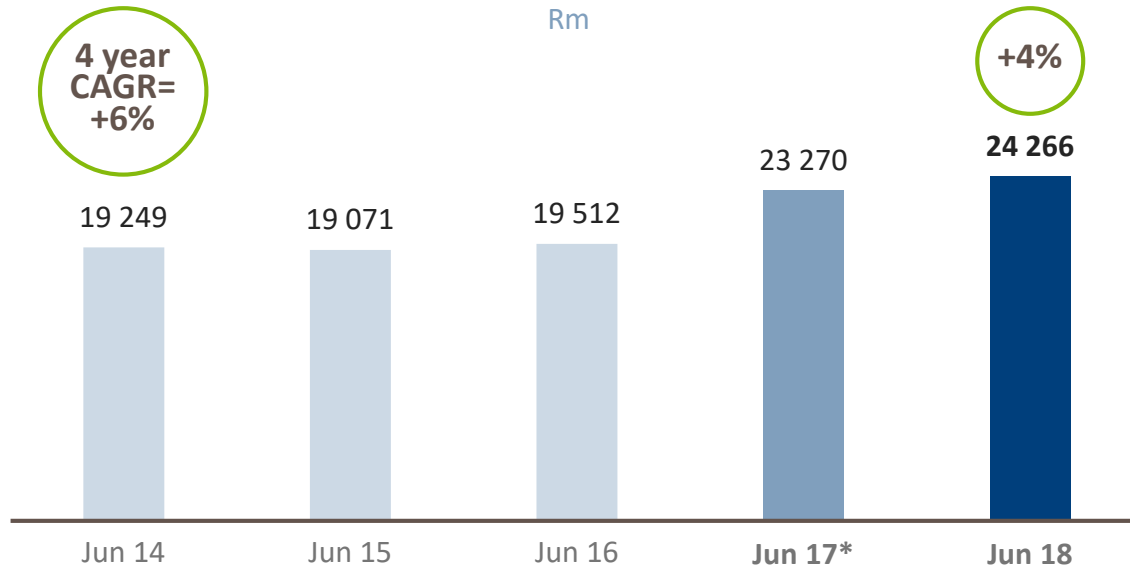


- Pharma & healthcare logistics & supply chain management
- Pharma distributors (full RTM solution, including sales function)
- Pharma & medical supplies (wholesaling) (project work across multiple territories)
- Managed Solutions in East & West Africa, SA & SADC
- Logistics & supply chain management (various industries)
- Consumer distributors (full RTM solution including sales function)
- In-country operations
- Countries serviced by agents

Growth trend Logistics International

REVENUE

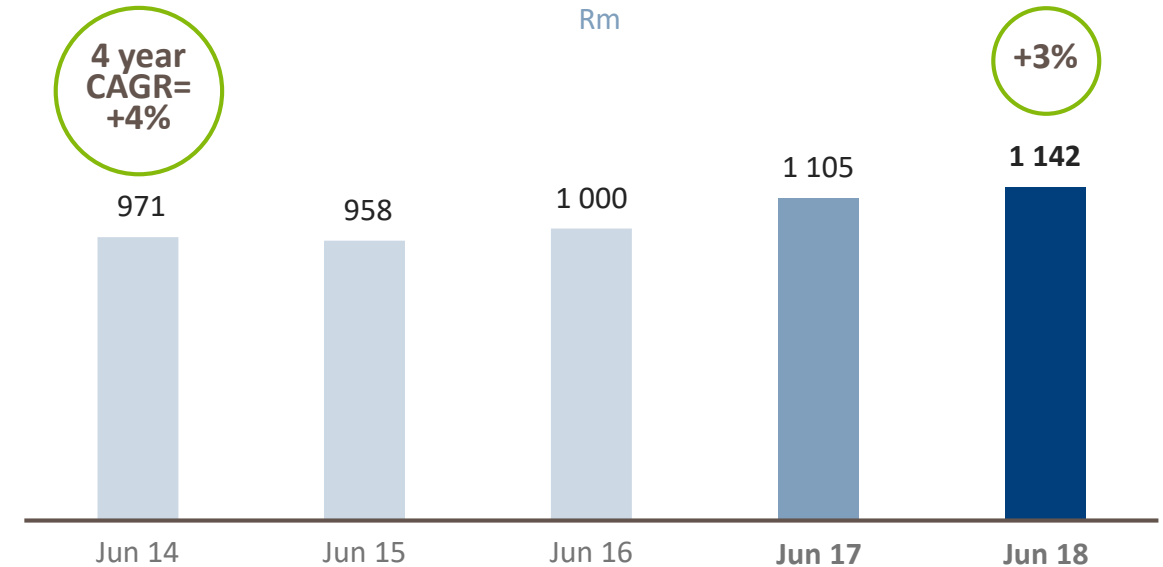
Rm



- › Grew revenue & operating profit in Rands by 4% and 3% respectively
- › Revenue & operating profit, excluding businesses held for sale (Schirm), increased by 8% and 12% respectively in Rand terms
- › Results were supported by:
 - excellent results from the automotive contract logistics business, which grew both new & existing business; &
 - a strong performance from the international shipping operations

OPERATING PROFIT

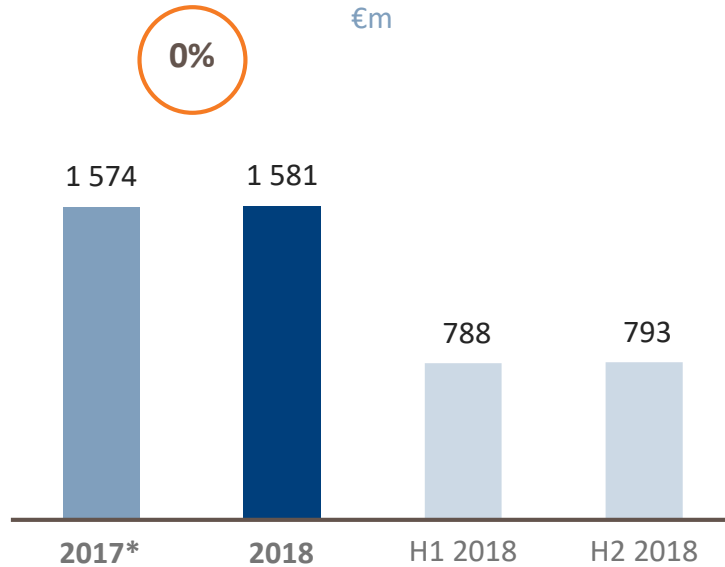
Rm



- › The European inland shipping business underperformed due to low water levels on the River Rhine
- › The retail, steel & industrial sub- divisions delivered unsatisfactory results resulting from lower volumes
- › Palletways performed below expectations due to toughening economic conditions in the UK & continued competitive pressure in sub-scale operations
- › ROIC improved to 9.6% (2017: 8.2%) & is above the targeted WACC+2%

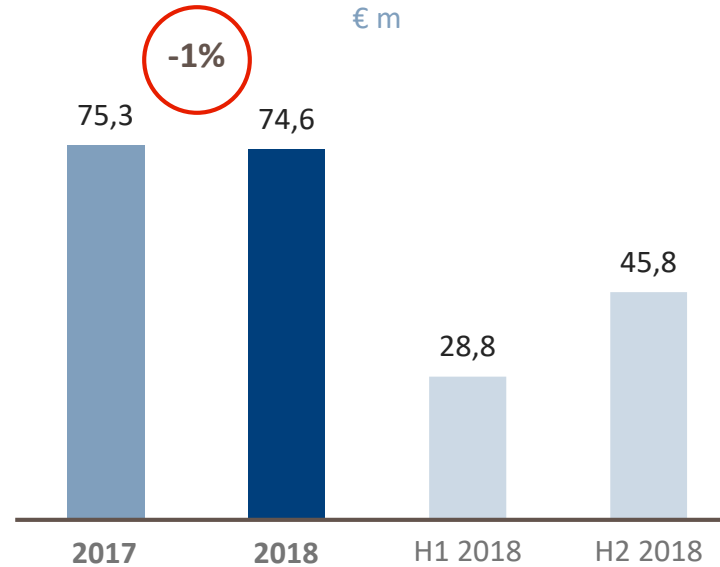
REVENUE

€m



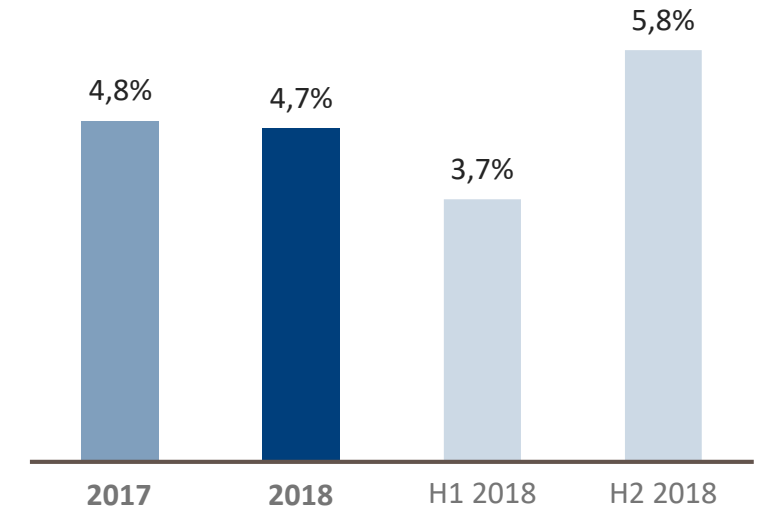
OPERATING PROFIT

€ m



OPERATING MARGINS

%



- › Revenue was flat & operating profit decreased by 1% in Euros
- › Revenue & operating profit, excluding businesses held for sale (Schirm), increased by 4% and 6% respectively in Euros
- › 2018 average R/€: 15.34 vs 2017 average R/€: 14.81
- › Effective currency hedge & diversification in group portfolio

VEHICLE IMPORT & DISTRIBUTION



Revenue

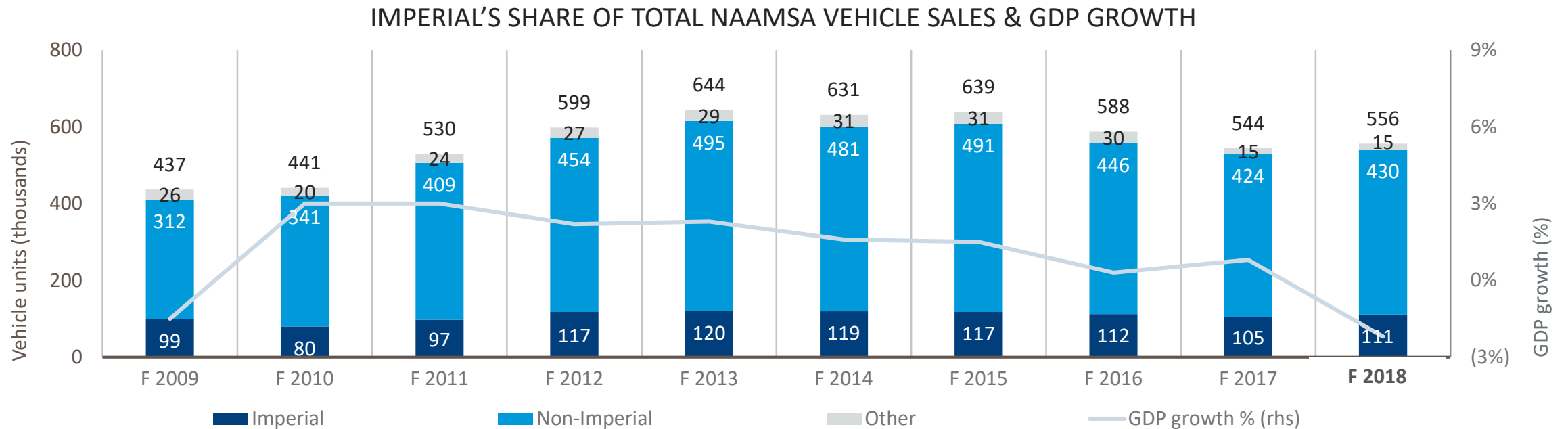
↑ 11%
R20.1 billion

Operating profit

↑ 8%
R788 million

- › Revenue & operating profit increased by 11% & 8% respectively due to:
 - 11% increase in new vehicle sales (Hyundai up 4%, Kia up 22% & Renault up 22% per NAAMSA); &
 - vehicle mix aligned to market demand for consumer affordability
- › Importer market share increased to 14.9% from 13.7%
- › Hyundai & Kia forward cover extends to February 2019 at average rates of R12.89 to the US Dollar & R15.61 to the Euro
- › With the exception of Renault, Motus' current guideline is to cover a minimum of seven months forward & up to 75% of annual forecast orders, as stipulated by the South African Reserve Bank
- › ROIC increased to 12.7% (2017: 6.4%) resulting from:
 - increased profitability;
 - a significant reduction in working capital;
 - lower investment in vehicles for hire; &
 - the sale of non-strategic properties

National vehicle sales 2009 – 2018

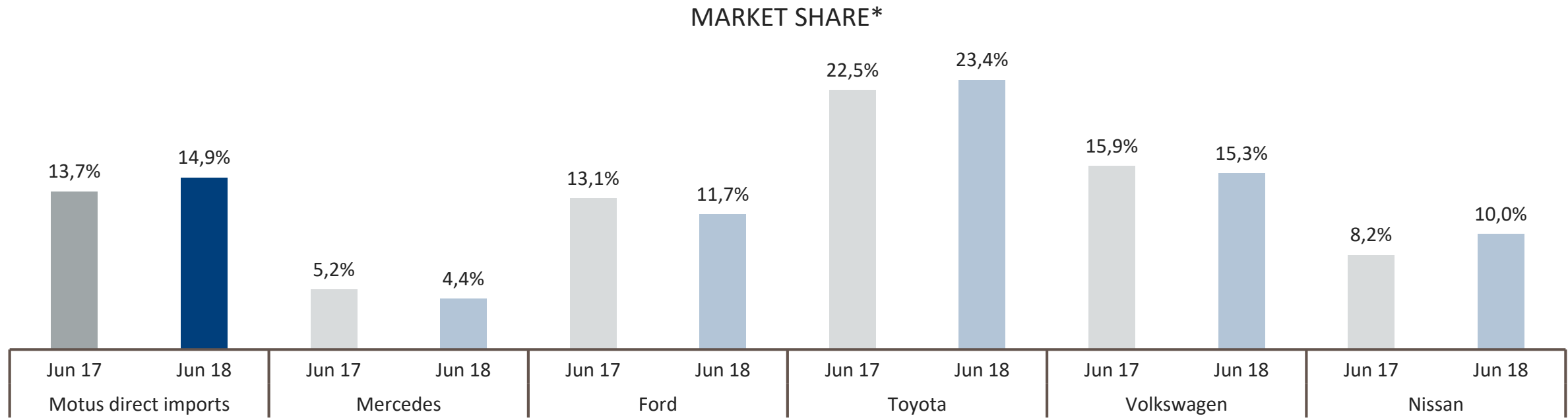


- › SA new passenger & commercial sales track GDP growth
- › Calendar 2018 forecast:
 - Imperial: 2% growth in total vehicle market
 - NAAMSA: 2% to 4% growth
- › NAAMSA total market F2018: 556 007 (544 644) (+2%)

- › Imperial total sales F2018*
 - New
 - Passenger: 133 732 (98 843) (+35%)
 - Commercial: 12 723 (14 231) (-11%)
 - Preowned
 - Passenger: 77 007 (67 690) (+14%)
 - Commercial: 4 116 (2 238) (+84%)

* Passenger includes Australia & Commercial includes UK. F2018 also includes the Pentagon (UK) & SWT (Australia) acquisitions

Motus' market share vs OEMs

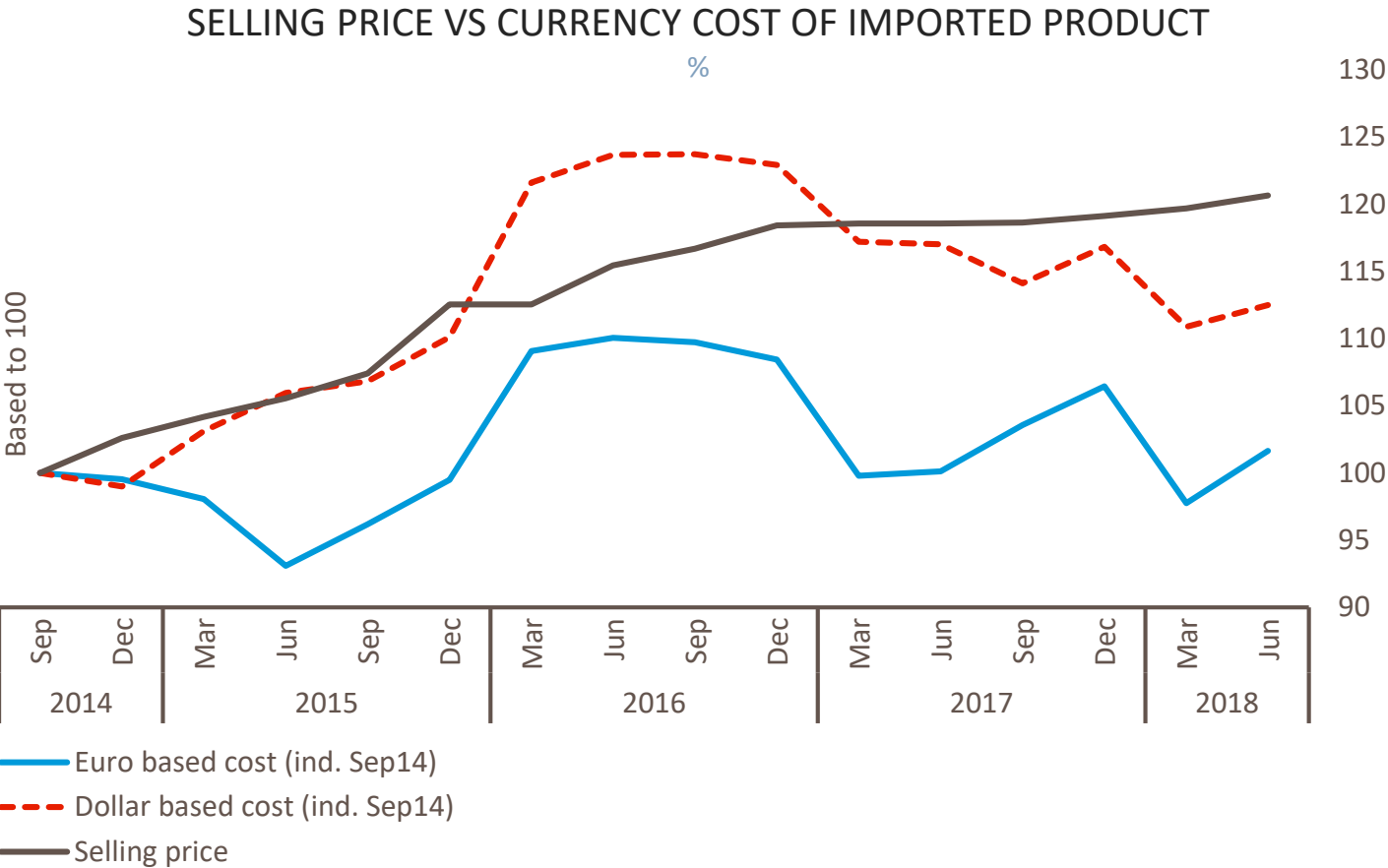


● Motus

- › Motus total market share in South Africa, including vehicles sold through our retail dealerships on behalf of OEMs, remains at ~20%
- › Motus market share of direct imports increased from 13,7% to 14,9% & comprises the 3rd largest share of the total SA vehicle market

* Graph is presented on a 12 month basis from July 2017 to June 2018 for South Africa only. Numbers include Passenger, LCV, MCV & HCV

South African new vehicle prices



- > 48% imports in USD
- > 52% imports in EUR



Motus divisional review



VEHICLE RETAIL & RENTAL



Revenue

↑ 18%
R62.8 billion

Operating profit

↑ 14%
R1.7 billion

- › Grew revenue & operating profit by 18% & 14% respectively due to:
 - new & pre-owned retail sales volumes increased by 33% & 15% respectively
 - South African margins were enhanced by a realignment of the importer dealership operating model to unlock value
- › The Motus passenger & light commercial vehicle businesses in South Africa experienced a 2% increase in new vehicle sales units
- › Dealerships of the importer performed well due to an increase in sales volumes, mainly entry level hatch vehicles & small SUVs, in Hyundai, Kia & Renault
- › The parts & aftersales segments continue to perform well
- › Revenue & operating profit of the UK operations increased by 70% & 25% respectively, supported by the Pentagon acquisition
- › Newly acquired passenger segment of our business performed below expectation due to Brexit, a reduction in sales of diesel vehicles & Vauxhall changing ownership to the French PSA group
- › The UK commercial operations grew revenue & operating profit by 5% & 1% respectively
- › The Australian vehicle market recorded growth but margins on new vehicles remain under pressure
- › Car rental increased its revenue & operating profit by 11% & 15% respectively
- › ROIC reduced to 9.4% (2017: 10.7%) due to:
 - the acquisitions of Pentagon & SWT; &
 - higher working capital

AFTERMARKET PARTS



Revenue

⬆ 8%
R6.6 billion

Operating profit

⬆ 10%
R447 million

- › Grew revenue & operating profit by 8% & 10% respectively, supported by:
 - good performances from Beekmans & Alert Engine Parts; &
 - tighter cost control
- › Performance negatively impacted by market contraction, increased pricing pressure & consumers trading down
- › The acquisition of 60% of Arco contributed positively to H2 F2018 performance
- › ROIC decreased to 18.3% (2017:20.7%) due to:
 - increased working capital; &
 - investment in a warehouse facility which was included in invested capital

MOTOR RELATED FINANCIAL SERVICES



Revenue

⬆ 6%
R2.16 billion

Operating profit

⬆ 7%
R889 million

- › Grew revenue & operating profit by 6% & 7% respectively due to:
 - higher profitability in demo vehicle sales & maintenance funds; &
 - positive growth in the VAPS operations
- › Increased sales of monthly versus longer term service & maintenance plans impacted the growth of maintenance & warranty contracts on the balance sheet
- › Continued focus on growing the fleet management business
- › ROIC increased to 69.5% (2017: 65.7%) due to higher profitability during the rolling 12 month period

Disclaimer



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 & uncertainties. Such forward-looking statements are subject to a number of risks & uncertainties, many of which are beyond the company's control & all of which are based on the company's current beliefs & expectations about future events. Such statements are based on current expectations &, by their nature, are subject to a number of risks & uncertainties that could cause actual results & 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 & uncertainties facing the company & its subsidiaries. The forward-looking statements contained in this presentation speak only as of the date of this presentation.

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