Imperial logistics

Investment Community Presentation

Results for the six months ended

31 December 2018

Agenda

Overview	Strategy	Context	Operations Review	Financial Review	Looking Forward

customise • collaborate • compete

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Group highlights

Continuing revenue*

+6%

R26.6 billion

Continuing operating profit*

R1.3 billion

in line with H1 F2018

Continuing HEPS

+24%

300 cents per share

Continuing EPS

+57%

295 cents per share

Net debt : equity ratio

52%

Improved significantly from 114% in December 2017

Final dividend

45% of HEPS

135 cents per share

ROIC OF 12.2% (H1 F2018: 11.7%) VS WACC OF 9.8%

ROE OF 11.7% (H1 F2018: 10.1%)

Net debt to 12 month EBITDA of 1.7x

Note: Numbers reported are for Imperial Logistics. ROE, ROIC & WACC are calculated on a rolling 12 month basis
* Excluding businesses held for sale

Overview

- Satisfactory performance in mixed trading conditions
  - Excellent performance from Logistics African Regions
  - Unsatisfactory performance of Consumer Packaged Goods (CPG) business in Logistics South Africa
  - Automotive & express palletised distribution businesses in Logistics International under pressure
- Each division focused on concluding the rationalisation of their portfolios & reducing costs – by H2 F2019
- Renewal rate on existing contracts in excess of 90%; encouraging pipeline of new opportunities supported by an excellent new contract gain rate
  - New business revenue of c.R4.0 billion was secured during the past 12 months; the full benefit should be realised in F2020

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Leading market positions in South Africa, selected industries in African Regions & certain specialised capabilities in Europe

International

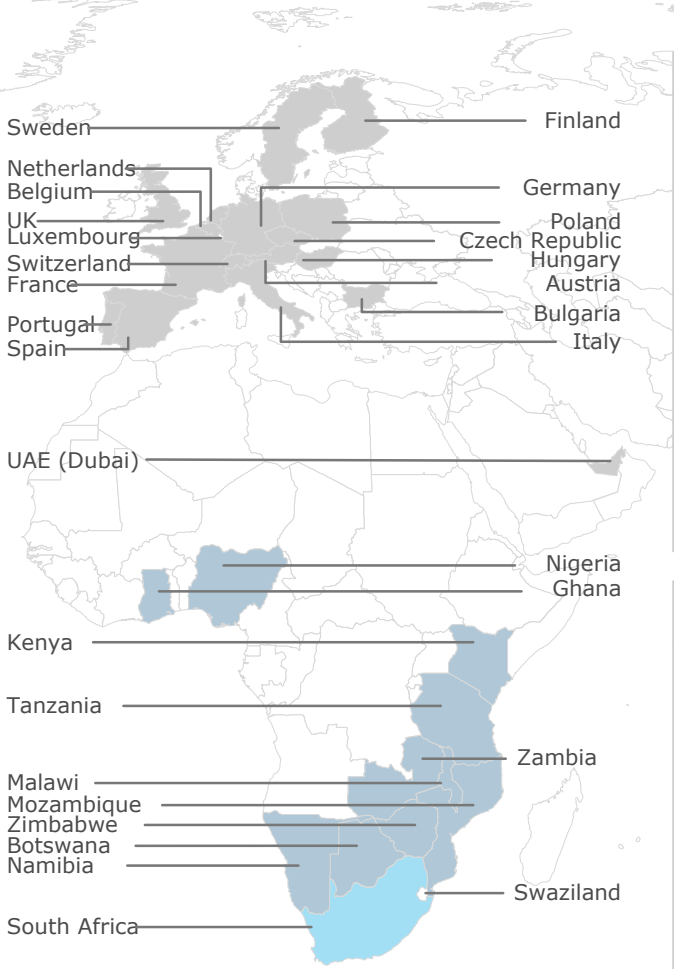
- Established international contract logistics platform with specialised capabilities & leading positions in Automotive (Germany & Poland) & Chemicals (Germany & Netherlands)
- Makes a significant contribution to Germany's powerful manufacturing & export industries
- Market leader in express palletised distribution services in UK
- Leading market share in inland waterways

African Regions

- Offers unique route-to-market solutions and is strongly positioned in Southern, East and West Africa
- Operates in the defensive, high growth Healthcare & CPG industries
- The managed solutions operating model (asset light) leverages South African expertise in under-developed & fragmented 3PL markets

South Africa

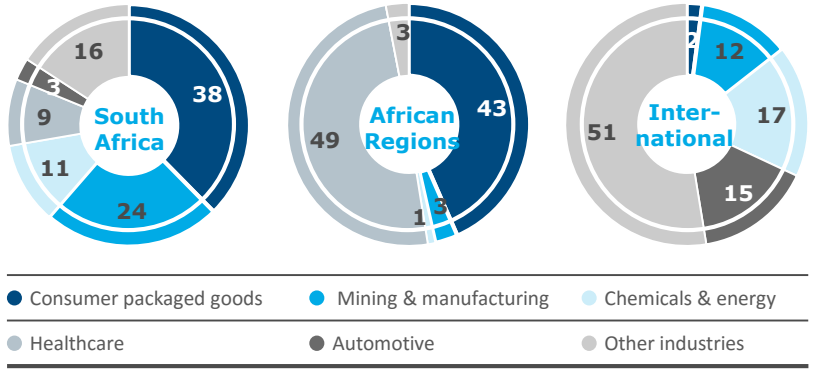
- Leading logistics provider with specialised end-to-end capabilities
- More than double the revenue of its nearest competitor, with growth potential
- Integrated solutions offered in all significant industries, with the potential for leadership in more industries as the 3PL market matures



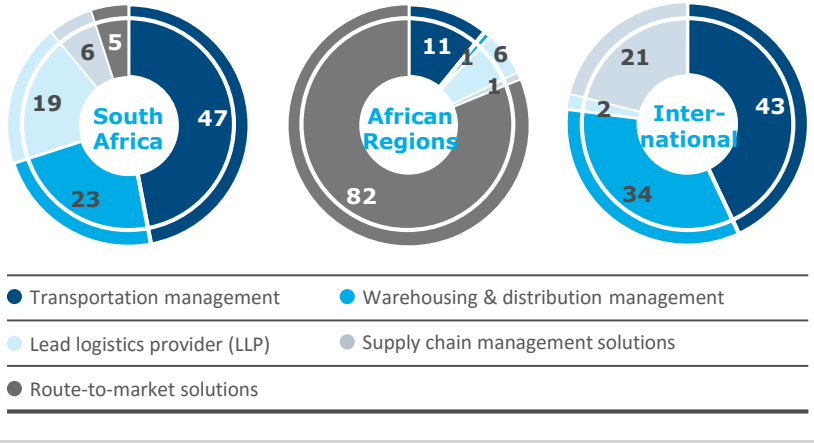
Asset right (% of revenue)

ILSA: ~30% ILAR:~98% ILI: ~60%

Revenue by industry[1]



Revenue by capability[1]



1: Financial figures for revenue for rolling 12 month period

Vision & strategy

Strategy focused on sustainable revenue growth, enhanced returns & improved competitiveness

Aspirations

To be an internationally acclaimed **Tier One** provider of outsourced value-add logistics, supply chain management & route-to-market solutions - customised to ensure relevance & competitiveness of its clients in the industries & geographies in which it participates

Grow sustainable revenue focused organic growth, complemented by strategic acquisitions

Achieve targeted returns risk-adjusted on invested capital per region

Improve competitiveness by investing in people, processes, digitisation & innovation, & leveraging operational excellence across different businesses

Corporate strategies

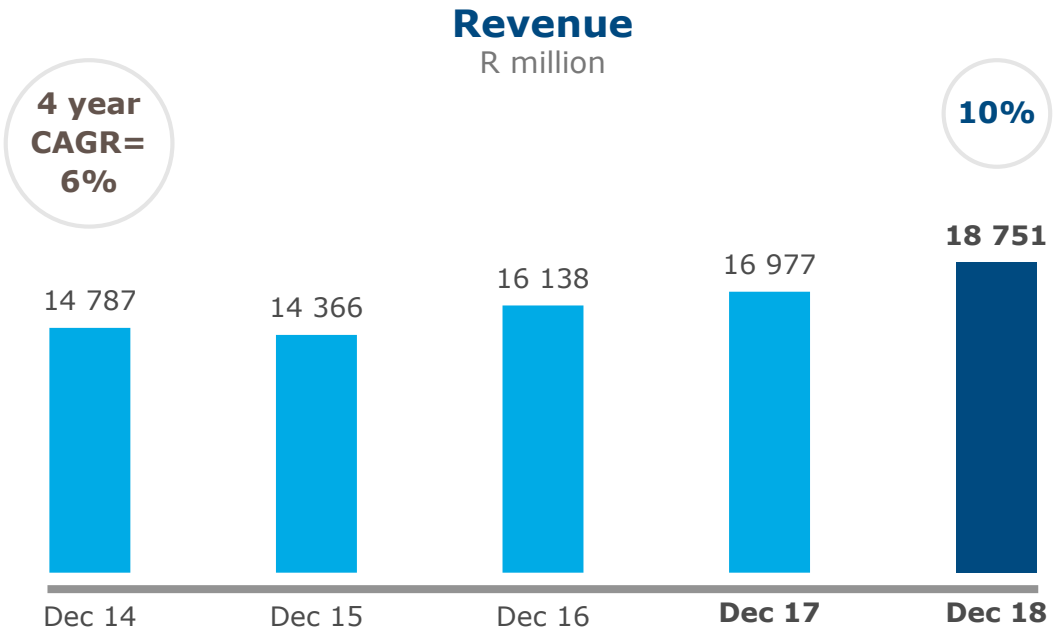
5 corporate strategies formulated to turn our vision into reality

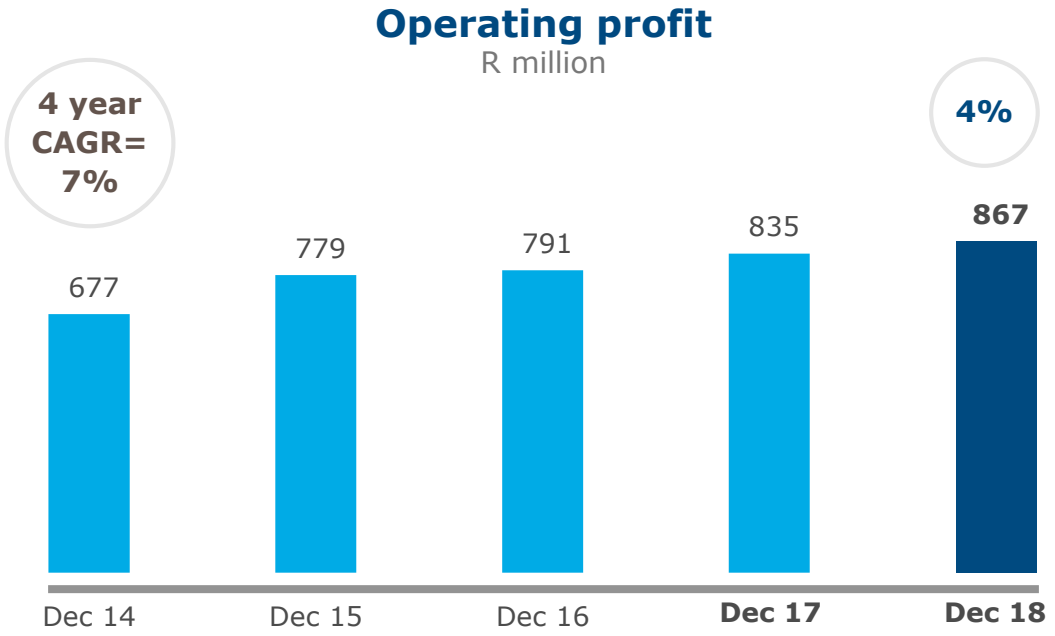
Client-centricity	Asset rightness	Flawless execution	Local relevance	Offer fully integrated solutions
• Deliver client-centric solutions • Build credibility among clients • Prove industry expertise in selected markets	• Maximise agility by reducing asset intensity • Align asset investments with secured revenue	• Deliver superior service excellence • Boost client confidence to establish long term loyalty • Foster interdependence with clients	• Maximise value for clients • Understand unique complexities & requirements • Leverage local ownership & partnerships	• International Freight Management • Expand into select geographies & industries • Integral partner of choice to clients

Strategic initiatives to drive growth

	Logistics South Africa	Logistics African Regions	Logistics International
Regional initiatives	• Retain & expand contracts • Leverage B-BBEE credentials • Exit unviable contracts & operations • Drive organic revenue growth • Rationalisation of costs & operations	• Leverage unique ability to provide brand owners with access to fragmented markets • Expand managed solutions offerings • Grow proprietary multi-market aggregation solution	• Leverage specialised capabilities • Seek opportunities to expand specialist capabilities • Strong focus on improved returns • Invest in commercial & sales capabilities • Business restructure & cost rationalisation
Progress made ito initiatives	• Excellent contract gain; renewal rates & strong pipeline of new opportunities • Conclusion of B-BBEE transaction to form a 51% black owned & 30% women owned business • Continued rationalisation of operations (ongoing) - including the consolidation of cold storage & ambient facilities in CPG - will result in significant cost savings • Exiting of unprofitable contracts (ongoing) • Reducing fleet size & overheads	• CPG & Healthcare contract gains • Expansion of managed solutions offering in Kenya & Mozambique • Further partnerships with multinational clients who are benefitting from our multi-market aggregation solution	• Significant savings through headcount reductions in administrative functions & process efficiencies (completed in H2 F2019) • Expansion of specific capabilities through strategic acquisitions & portfolio enhancements, including IFM, in progress • Numerous senior appointments bolster sales capabilities to drive contract renewal; gain rates & create global expertise in key industries (Auto, Chemicals, Healthcare)

Growth trend in operations outside South Africa





- Revenue outside South Africa up 10% to R18,8 billion (70% of group revenue)
- Operating profit outside South Africa up 5% to R867 million (65% of group operating profit)

Growth in operations outside South Africa to offset limited growth opportunities dictated by our position as a South African market leader; & enhances our existing footprint & capabilities outside the region

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Operating context

South Africa (30% revenue; 35% operating profit)

- Despite marginal economic growth, lower consumer affordability due to high unemployment, VAT & fuel price increases & economic uncertainty ahead of the elections persists
- Depressed volumes & ongoing competitor & client pressures - particularly in the consumer & manufacturing businesses

Rest of Africa (24% revenue; 35% operating profit)

- Primary positioning as a healthcare & CPG route-to-market partner
- Economic prospects improving in certain countries in sub-Saharan Africa
- Performance in the rest of Africa impacted by:
  - recessionary conditions in Namibia
  - slower than expected economic recovery in Kenya
  - general political uncertainty

Operating context

Eurozone & United Kingdom (46% revenue; 30% operating profit)

- Economic conditions in Europe were largely positive
- Continuing economic expansion in the EU has resulted in unemployment rate improving
- Certain sectors in which we operate - such as steel - remain under pressure
- German shipping operations negatively impacted by the lowest water levels on the River Rhine in recorded history; water levels normalised since January 2019
- Implementation of the Worldwide Harmonised Light Vehicle Test Procedure (WLTP) resulted in significantly lower vehicle production volumes in our automotive business in H1 F2019; recovering from H2 F2019 but still not at optimal levels
- Express palletised distribution profitability depressed, influenced by the economic uncertainty as a result of Brexit

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Divisional overview

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 & returns

Logistics South Africa

- Leading end-to-end capabilities to provide outsourced services to extensive client base across industries
- Integrated offerings evolving to enhance value for clients

- Revenue ↓ 2%; operating profit ↓ 9%
- Operating margin 5.6% (H1 F2018: 6.0%)
- 30% logistics revenue
- 35% logistics operating profit
- ROIC of 12.2% vs WACC of 10.9%
- Debt to equity: 63% (H1 F2018: 67%)

Logistics African Regions

- Leading distributor of pharmaceuticals & CPG in Southern, East & West Africa
- Managed Solutions being expanded across the region

- Revenue ↑ 18%; operating profit ↑ 16%
- Operating margin 7.3% (H1 F2018: 7.4%)
- 24% logistics revenue
- 35% logistics operating profit
- ROIC of 17.8% vs WACC of 14.2%
- Debt to equity: 40% (H1 F2018: 138%)

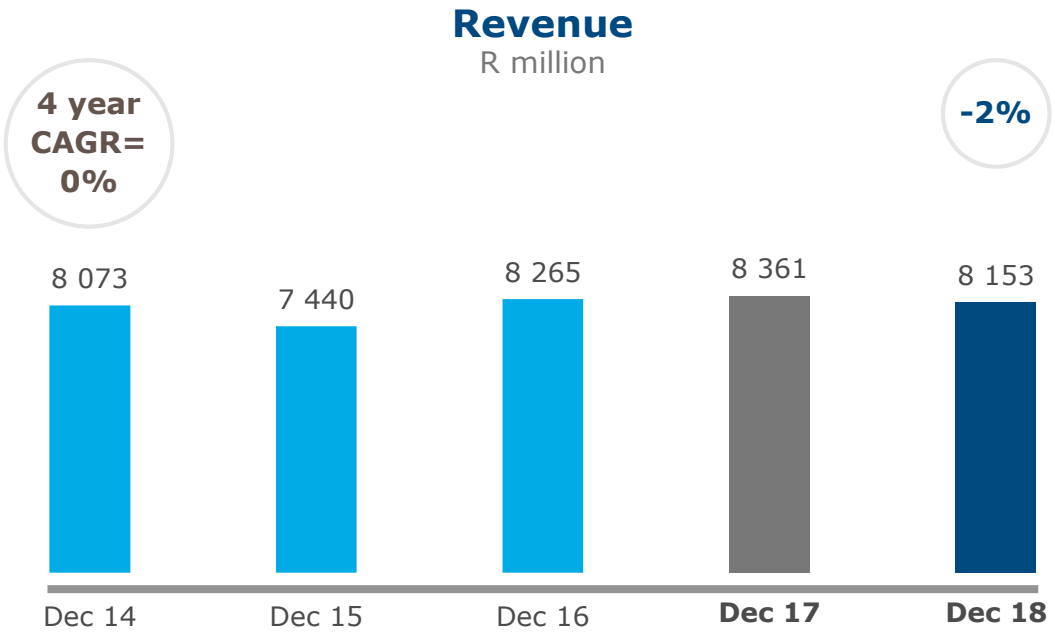
Logistics International

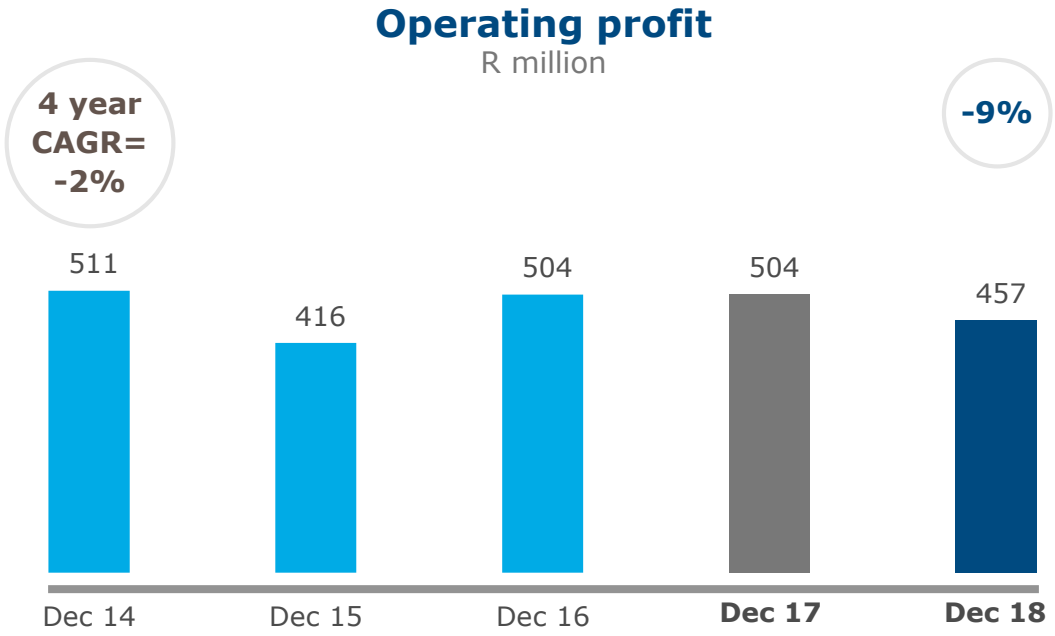
- Asset right transportation management (shipping/road)
- Leading capabilities in chemical & automotive industries
- Specialised express distribution capabilities

- Revenue ↑ 4%; operating profit ↓ 10%
- Operating margin 3.2% (H1 F2018: 3.7%)
- 46% logistics revenue
- 30% logistics operating profit
- ROIC of 9.8% vs WACC of 7.3%
- Debt to equity: 59% (H1 F2018: 133%)

Note: ROIC & WACC are calculated on a rolling 12 month basis for continuing operations

Growth trend: Logistics South Africa

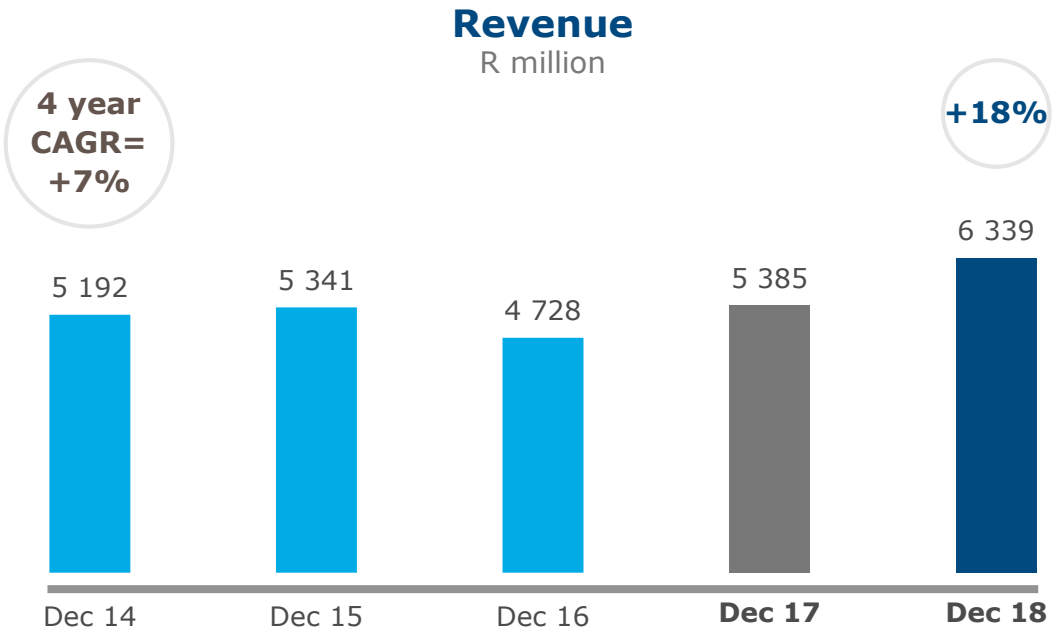


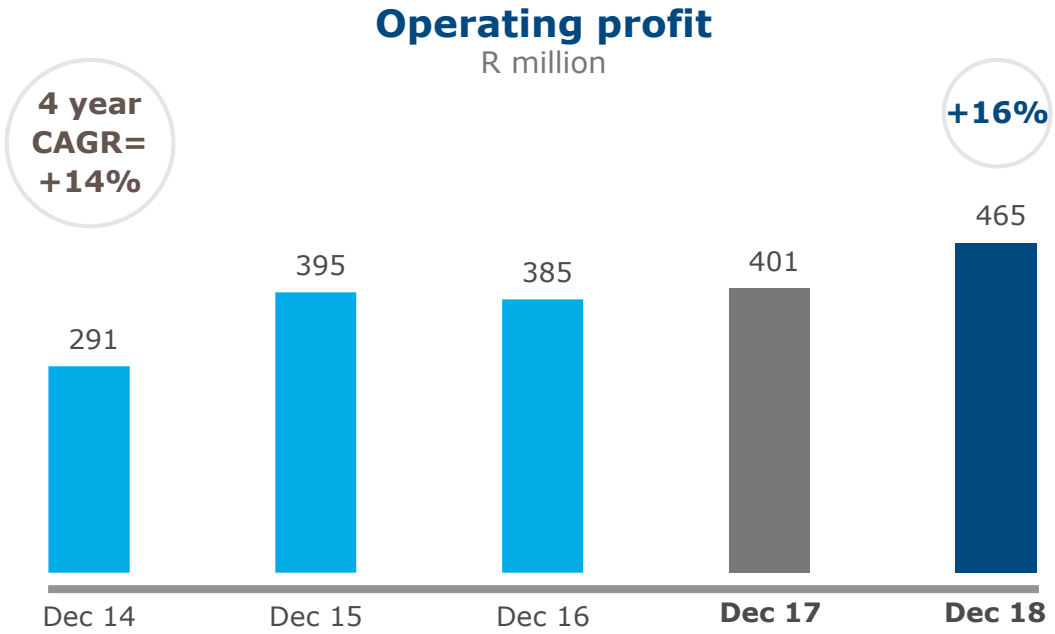


Unsatisfactory performance in challenging market conditions; Revenue & operating profit declined by 2% & 9%

- Depressed volumes & lower consumer demand resulted in significant underperformance & lower margins in CPG & healthcare; offset by
- Solid results from Transport & Warehousing, & supply chain management solutions business
- Most segments largely able to sustain operating margins through rationalisation, improving efficiencies & significantly reducing costs
- ROIC of 12.2% reduced from 13.4% in the prior period mainly due to lower profits
  - below target hurdle rate of WACC + 3%

Growth trend: Logistics African Regions

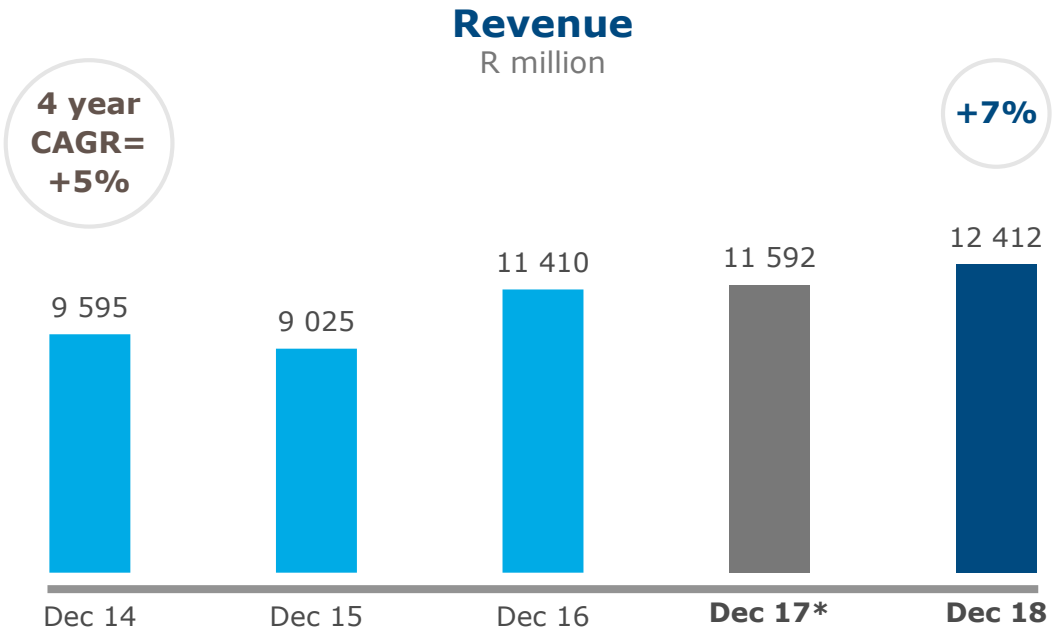


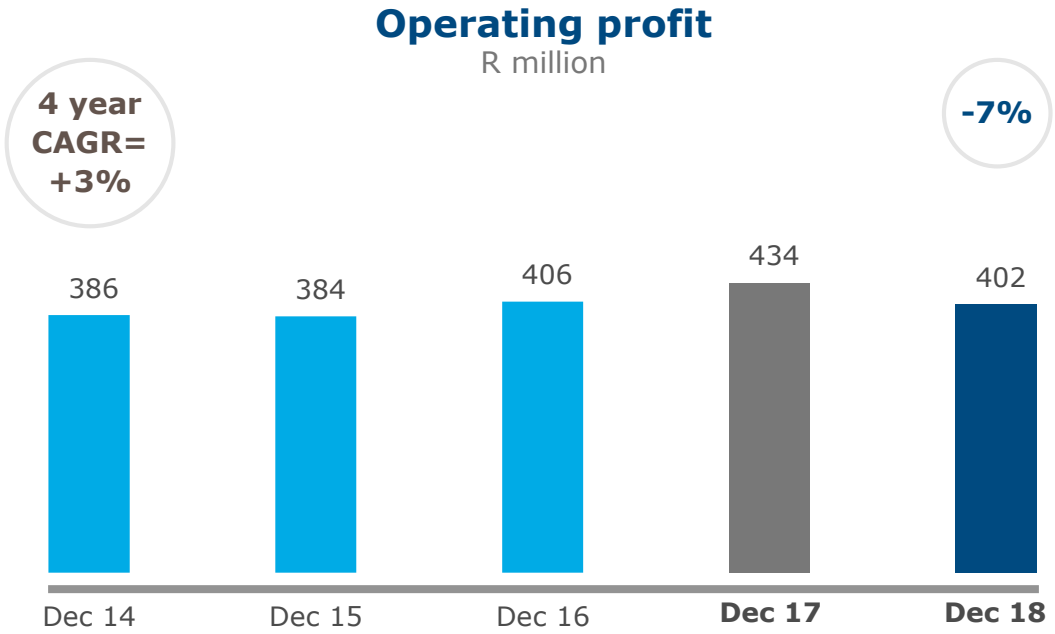


Delivered an excellent set of results, increasing revenue by 18% & operating profit by 16% despite mixed trading conditions:

- Excellent performances from healthcare businesses in West Africa
- Sourcing & procurement business contributed positively as a result of a strong order book & long-term contract gains
- Results boosted by substantial project work in the donor aid market
- CPG route-to-market business in Mozambique performed well & Namibian operations performed satisfactorily in recessionary conditions
- Surgipharm continues to grow revenue & operating profit but its performance was hindered by slow economic recovery in Kenya
- Managed Solutions negatively impacted by lower chrome volumes, challenging economic conditions in Zimbabwe & lower volumes from aid organisations
- ROIC at 17.8% declined from 20.8% due to the normalisation of working capital & higher inventory levels
  - exceeds target hurdle rate of WACC + 3%

Growth trend: Logistics International





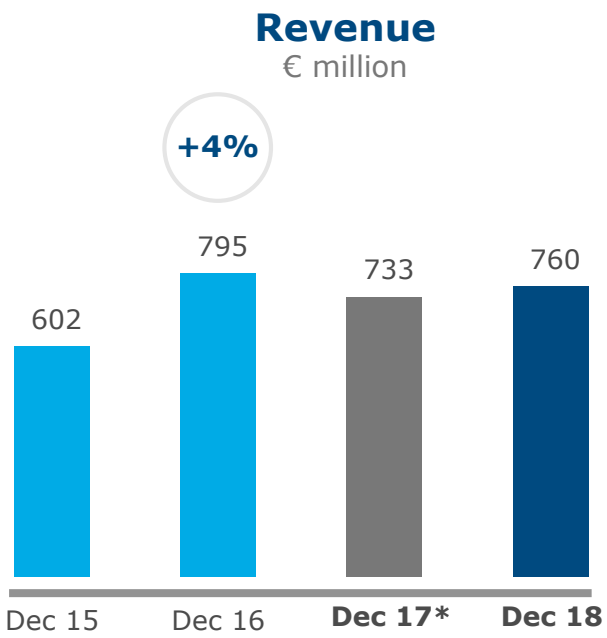
Satisfactory performance in challenging trading conditions; Revenue increased by 7% & operating profit decreased by 8%

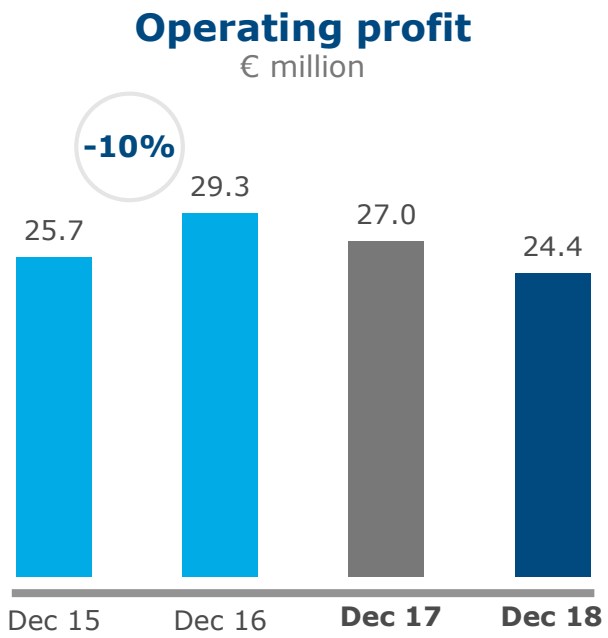
- Implementation of WLTP resulted in significantly lower vehicle production volumes automotive - recovering in H2 F2019 but still not at optimal levels
- European inland shipping business underperformed due to low water levels on the River Rhine - this impact was largely mitigated by increasing prices & partial client compensation

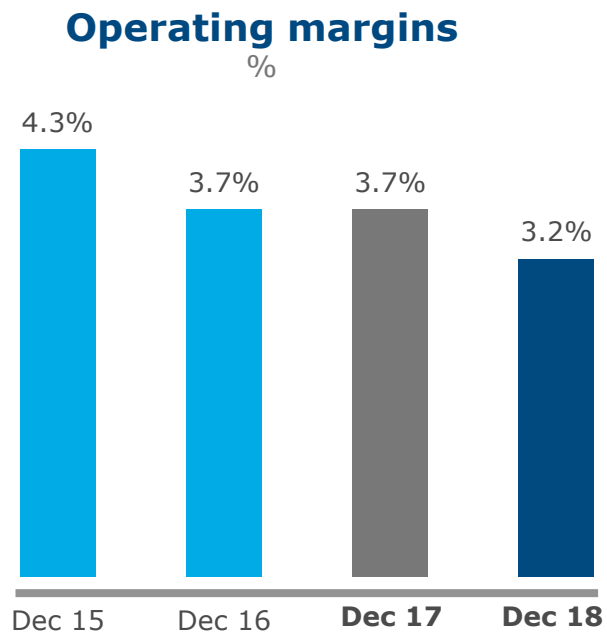
* Restated

- Road liquid business benefited from increased volumes shifted from river to road
- High contract renewals & new business gains in automotive
- Good performance from the international shipping operations in South America
- While it continues to contribute positively to revenue growth, our express palletised distribution business' profitability was depressed by increased costs & Brexit
- ROIC of 9.8% improved from 8.3%
  - exceeds target hurdle rate of WACC + 2%

Logistics International (Euro)





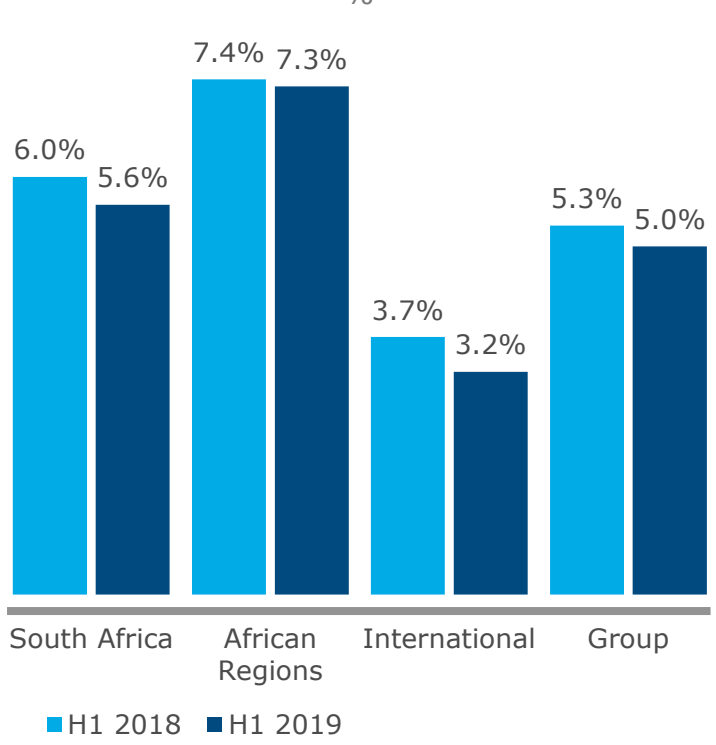


- Revenue in Euros increased by 4% & operating profit declined by 10% - growth excluding impact of WLTP
- Profitability was depressed due to increased costs associated with low water levels in the shipping business & higher costs in the express palletised distribution business
- H1 F2019 average R/€: 16.33 vs H1 F2018 average R/€: 15.79
- Effective currency hedge & diversification in group portfolio

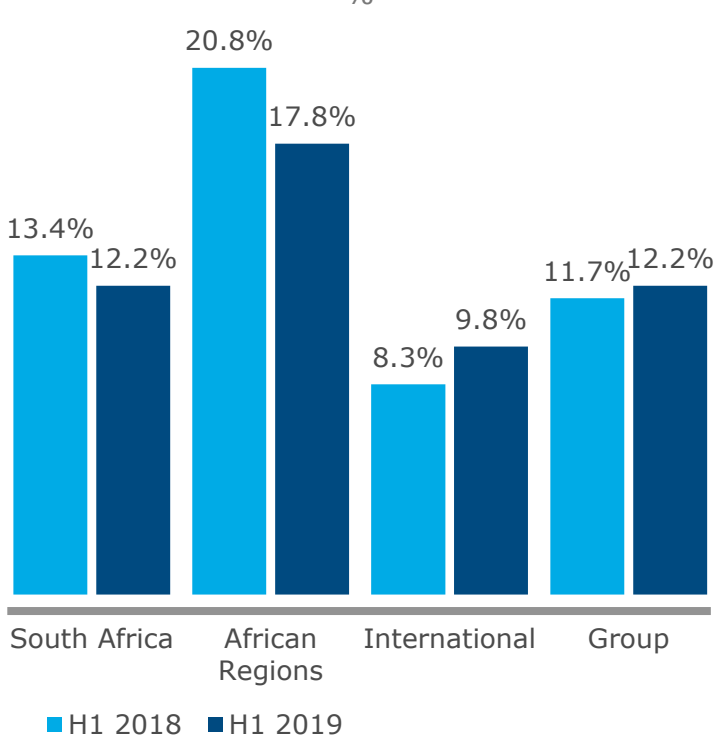
* Restated

Divisional statistics

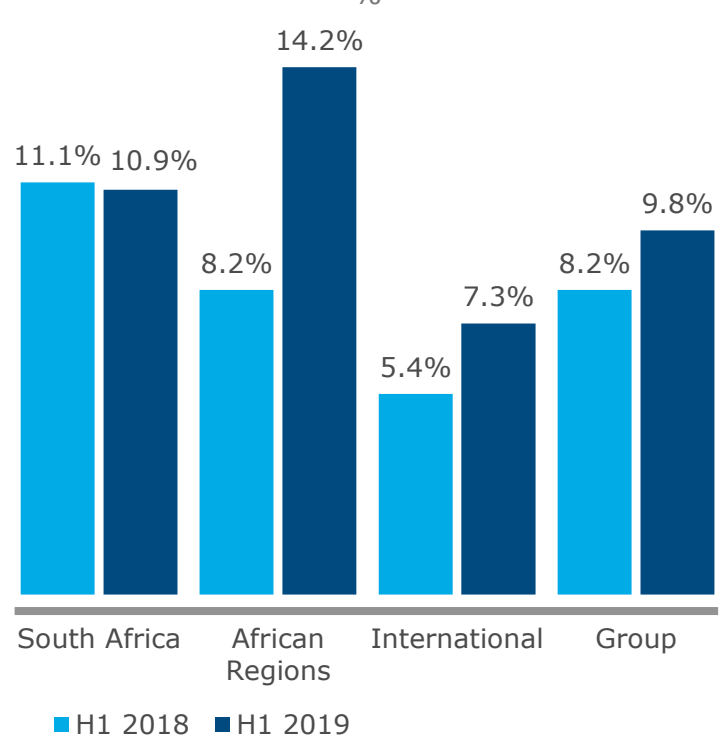
Operating margin*



Return on invested capital



Weighted average cost of capital



Target hurdle rates:

- South Africa & African Regions: ROIC = WACC+3%
- International: ROIC = WACC+2%

Note: Numbers reported are for Imperial Logistics. ROIC & WACC are calculated on a rolling 12 month basis
* Excluding businesses held for sale

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Income statement

	Dec 2018 Rm	Dec 2017 Rm	% Change
Revenue	**26 637**	26 320	1
Operating profit (note 1)	**1 325**	1 376	(4)
Amortisation of intangible assets arising on business combinations (note 2)	**(196)**	(220)	(11)
Profit on disposal of properties, net of impairments	**4**	(3)	>100
Impairments of goodwill & disposal of businesses (note 3)	**(1)**	(115)	26
Foreign exchange loss	**(21)**	(31)	(32)
Other	**(7)**	(2)	>100
Profit before financing costs	**1 104**	1 005	10

1. Includes businesses held for sale in the prior period. Decreased by 4% due to the underperformance in the CPG & healthcare businesses in South Africa, & lower results from the automotive & express palletised distribution businesses in Logistics International
2. Decreased by R24 million due to certain intangible assets being fully amortised in H1 F2018 & the sale of Schirm in H2 F2018
3. Loss on sale of Schirm & other businesses held for sale was included in H1 F2018

Income statement

	Dec 2018 Rm	Dec 2017 Rm	% Change
Net financing costs (note 1)	**(223)**	(355)	(37)
Income from associates	**32**	28	14
Tax (note 2)	**(272)**	(227)	20
Net profit for the year – before discontinued operations	**641**	451	42
Discontinued operations (note 3)	**5 240**	916	
Attributable to minorities	**(66)**	(61)	8
Attributable to Imperial shareholders	**5 815**	855	580

1. Decreased by R132 million due to due to lower average debt levels resulting from:
   - the recapitalisation of Imperial Logistics prior to the unbundling of Motus
   - a once-off gain from the redemption of the preference shares of R63 million, partially offset by a loss of R14 million on the bonds settlement
2. The effective tax rate decreased from 34.9% to 30.9%
   - a significant contributor was a gain of R63 million that arose from the redemption of the preference shares which is not taxable
   - goodwill impairment and loss on disposal of businesses totalling R115 million in the prior period were not tax-deductible
3. Includes 4 months of Motus & fair value gain on unbundling

Financial position

	Dec 2018 Rm	Jun 2018 Rm	% Change
Property, plant & equipment (note 1)	**3 192**	3 042	5
Transport fleet (note 2)	**5 777**	5 358	8
Goodwill & intangible assets	**8 554**	8 575	
Investments in associates, other investments & other financial assets (note 3)	**814**	958	(15)
Net working capital (note 4)	**2 564**	1 881	36
Other assets (includes assets held for distribution to owners of Imperial)		36 637	

1. Increased due to the weakening of the Rand & net additions, offset by depreciation
2. Increased as a result of:
   - fleet expansion & replacement in Logistics South Africa
   - specialised new fleet acquired in Logistics International
   - partially offset by depreciation & proceeds
3. Investment in associates declined mainly due to the disposal of Gruber
4. Increased by R683 million compared to June 2018 resulting from:
   - higher inventory in Logistics African Regions
   - an increase in trade & other receivables in Logistics International

Financial position

	Dec 2018 Rm	Jun 2018 Rm	% Change
Net interest bearing borrowings (note 1)	**6 230**	5 721	9
Other liabilities	**2 779**	2 651	5
Liabilities held for distribution to owners of Imperial		24 954	
Total shareholders equity (note 2)	**11 892**	23 125	(49)

1. Mainly impacted by:
   - increase in working capital
   - higher capital expenditure
   - dividends paid
   - partially offset by proceeds from the sale of Gruber
   - proceeds received from the B-BBEE transaction
2. Decreased by 49% resulting from:
   - the R17.0 billion dividend distribution in specie of Motus
   - dividends paid to shareholders (including non-controlling interests) of R911 million
   - offset by total comprehensive income of R6.6 billion & R200 million received from Afropulse in relation to the B-BBEE transaction

Cash flow operating activities (total operations)

	Dec 2018 Rm	Dec 2017 Rm	% Change
Cash generated by operations	**3 622**	4 231	(14)
Net working capital movements (excludes currency movements & net acquisitions) (note 1)	**(2 040)**	(208)	771
Interest & tax paid (note 2)	**(933)**	(1 320)	(29)
Cash flow from operating activities before rental assets capex	**649**	2 703	(68)
Capex: rental assets for Motus only	**(1 172)**	(1 161)	1
Cash inflow / (outflow) from operating activities	**(523)**	1 542	(119)
Motus Cash inflow / (outflow) from operating activities	*(1 287)*	*1 439*	

Note: Cash flow includes 4 months for Motus in the current period compared to 6 months in the prior period

For **continuing operations**, cash generated by operations before capital expenditure was R763 million (H1 F2018: R85 million)

1. Net working capital movements resulted in an outflow of R580 million, due to higher inventory in Logistics African Regions & an increase in trade & other receivables in Logistics International
   - working capital expected to normalise by June 2019
2. Decreased as a result of:
   - 20% lower interest paid due to lower average debt levels
   - lower taxes paid

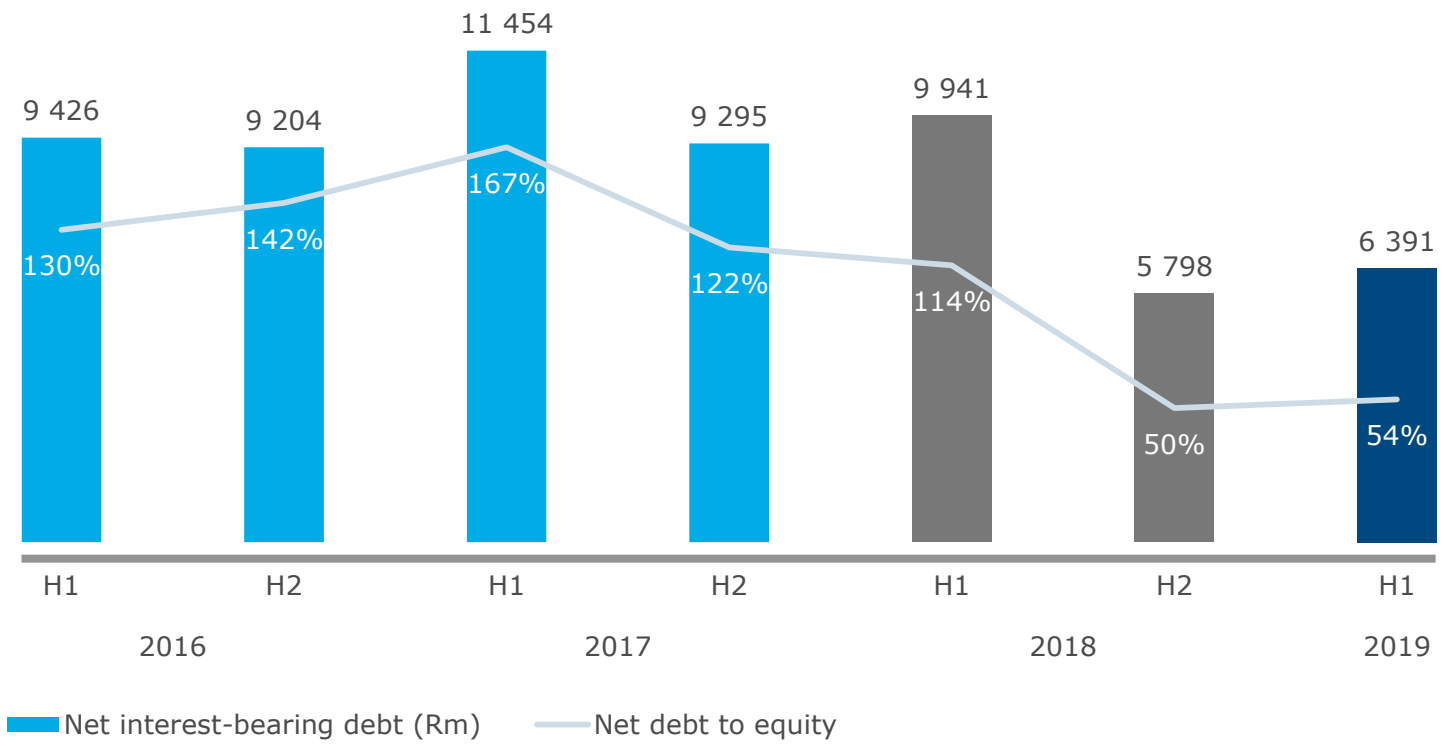
Cash flow summary (total operations)

	Dec 2018 Rm	Dec2017 Rm
Cash flow from operating activities	**(523)**	1 542
Investing activities:	**(723)**	(1 823)
Net disposals / (acquisitions) of subsidiaries & businesses		(1 042)
Capital expenditure – non-rental assets (note 1)	**(879)**	(265)
Net movement in associates, investments, loans & other financial instruments (note 2)	**156**	(516)
Financing activities:	**(2 002)**	(1 733)
Dividends paid (including NCI)	**(911)**	(781)
Other financing activities (note 3)	**(1 091)**	(952)
Increase in net borrowings	**(3 248)**	(2 014)
Free cash flow – Continuing	**258**	(598)
Free cash flow to headline earnings – continuing (times)	**0.4**	(1.3)
Motus cash flow from operating activities	*(1 286)*	*1 439*
Motus cash flow from investing activities	*(164)*	*(1 101)*
Motus cash flow from financing activities	*995*	*(575)*

1. Increased due to higher investment in fleet expansion & replacement in Logistics South Africa & Logistics International. The prior period benefitted from property disposals of R606 million
2. Proceeds from the sale of Gruber offset by repayment of Surgipharm non-controlling interests loan
3. R200 million was raised on the Afropulse B-BBEE transaction whilst R80 million was paid in the buy-out of non-controlling interest in KWS Carriers & Eco Health
   - Other significant cash flow items included:
     - the settlement of the preference shares which resulted in a cash outflow of R378 million;
     - cash resources distributed as part of the Motus unbundling of R1.0 billion
   - Free cash flow increased to R258 million inflow from a R598 million outflow in the prior period

Note: Cash flow includes 4 months for Motus in the current period compared to 6 months in the prior period

Gearing

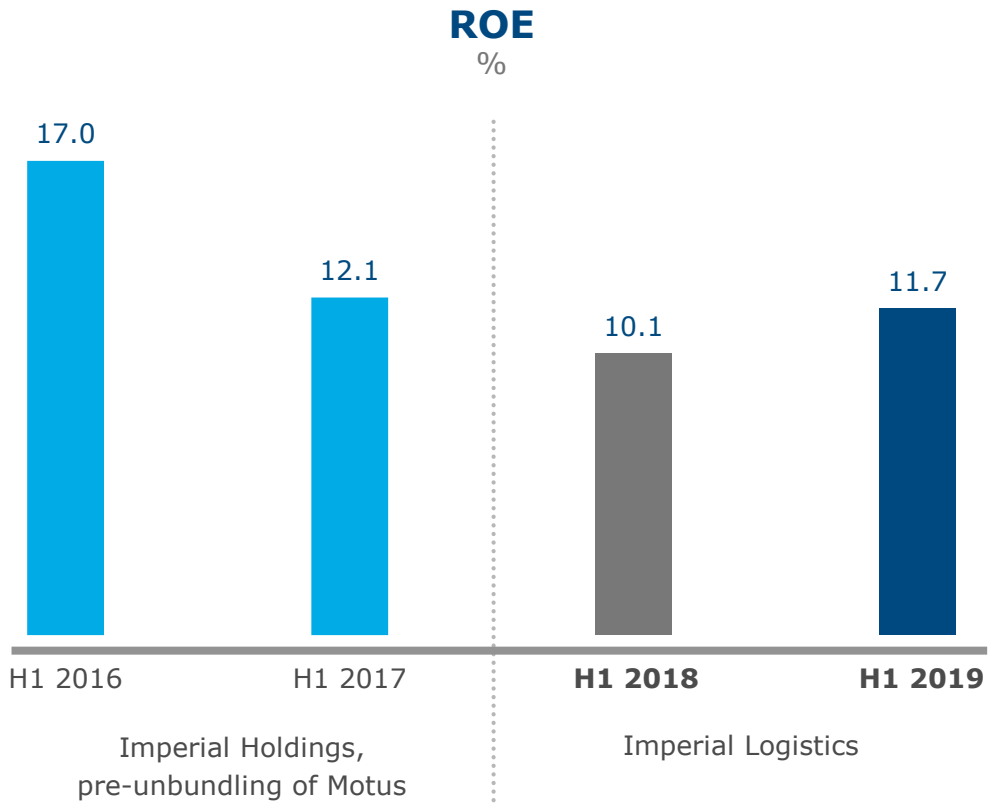


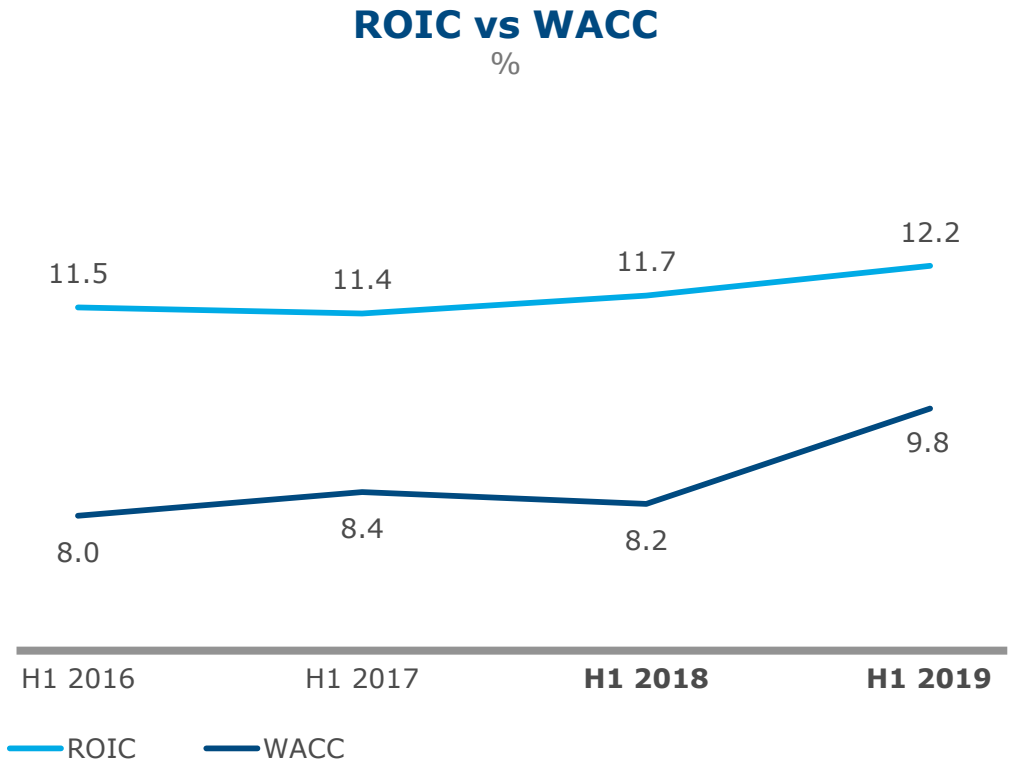
- Significant improvement in net debt to equity was supported by:
  - recapitalisation of Imperial Logistics in F2018;
  - proceeds from the sale of Schirm & properties in F2018
  - partially offset by higher working capital
- The Group has R11.0 billion unutilised funding facilities (excluding asset backed finance facilities)
- Mix of fixed & floating debt (54% fixed)
- Debt maturity profile: 90% long term (longer than 12 months)
- Blended cost of debt 6.1% (pre tax)
- All debt requirements are accommodated in the banking market
  - no requirement for a formal credit rating at this stage

- Net debt to equity of 52% in line with June 2018; significantly improved from 114% in December 2017
- Below the optimal gearing range of c.70%
- *Net Debt/EBITDA of 1.7x

* Calculated on a 12-month basis

Returns: Imperial Logistics





ROE improved due to:

- Higher profit after tax

ROIC improved due to:

- Reduced invested capital from lower net debt levels

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

Agenda

Overview	Strategy	Context	Operations Review	Financial Review	Looking Forward

customise • collaborate • compete

Prospects for H2 F2019

- **Logistics South Africa** to deliver performance below the prior period due to lower consumer demand impacting the CPG business, the low-growth economic environment in South Africa & costs associated with the business rationalisation & restructure
- Growth from **Logistics African Regions,** supported by new business, notwithstanding political instability that may arise from the upcoming elections in various countries in the region
- **Logistics International** to deliver results lower than the prior period impacted mainly by the costs associated with the business restructure & weaker performances from the express palletised distribution & automotive businesses
- HEPS growth to be negatively impacted by:
  - Weaker operational performance & costs associated with the business rationalisation & restructure
  - The finance cost benefit from the recapitalisation & once-off gain from the redemption of the preference shares which was realised in H1 F2019, will not reoccur in H2 F2019

Prospects for F2019

For the financial year to 30 June 2019, subject to stable currencies in the economies in which we operate, we expect Imperial Logistics, excluding businesses held for sale, to deliver:

- Higher revenue than the prior year
- Lower operating profit than the prior year
- HEPS in line with the prior year

The far-reaching benefits of the portfolio rationalisation & organisational restructure that we undertook more than four years ago & continue in F2019, new contract gains, potential acquisitions & an increased focus on removing & reducing complexities & costs significantly in all businesses, will be realised in F2020

Medium term guidance

	H1 F2019 (%)	Medium term guidance over 3 years
Revenue	6% growth rate	ILSA & ILI[1]: 2x GDP growth + inflation ILAR[1]: Low double digit growth
Cash conversion	44%	Targeted cash conversion of 70 - 75%
Debt capacity	ZAR3bn	ZAR3bn - 5bn
Net debt / equity	52%	60% - 80%
ROIC	12.2% (WACC: 9.8%)	ILSA & ILAR: WACC + 3% ILI: WACC + 2%
Dividend	45% of HEPS	Targeted payout ratio of 45% of HEPS

Note: Financials based on continuing operations
1. Organic growth guidance

In conclusion: our key investment highlights

1. Leading positions in regional markets & selected industries
2. Competitive differentiation centred on agility & customisation
3. Trusted partner to multinational clients in attractive industries
4. "Asset-right" business model supports robust financial profile
5. Defined vision & strategy
6. Established platform & track record for consistent growth
7. Strong & committed leadership and strong, independent board

Imperial logistics

We thank all of our stakeholders for their continued support

Annexures

Scale & operational agility

Significant mover of products & people

Logistics South Africa

- **>2.5 million** CPG deliveries annually to more than **50 000 points** in South Africa
- **R60 billion** of product delivered to retail outlets
- **3 billion litres** of fuel delivered
- **1.6 million tons** of packaging moved

Logistics African Regions

- Provide point of care & retailer level deliveries to **>600 delivery points** in Kenya, **700** in Ghana & more than **52 000** across Nigeria
- More than **43 million patient packs** of medicine delivered across Africa every month - including **> 6 million ARVs**

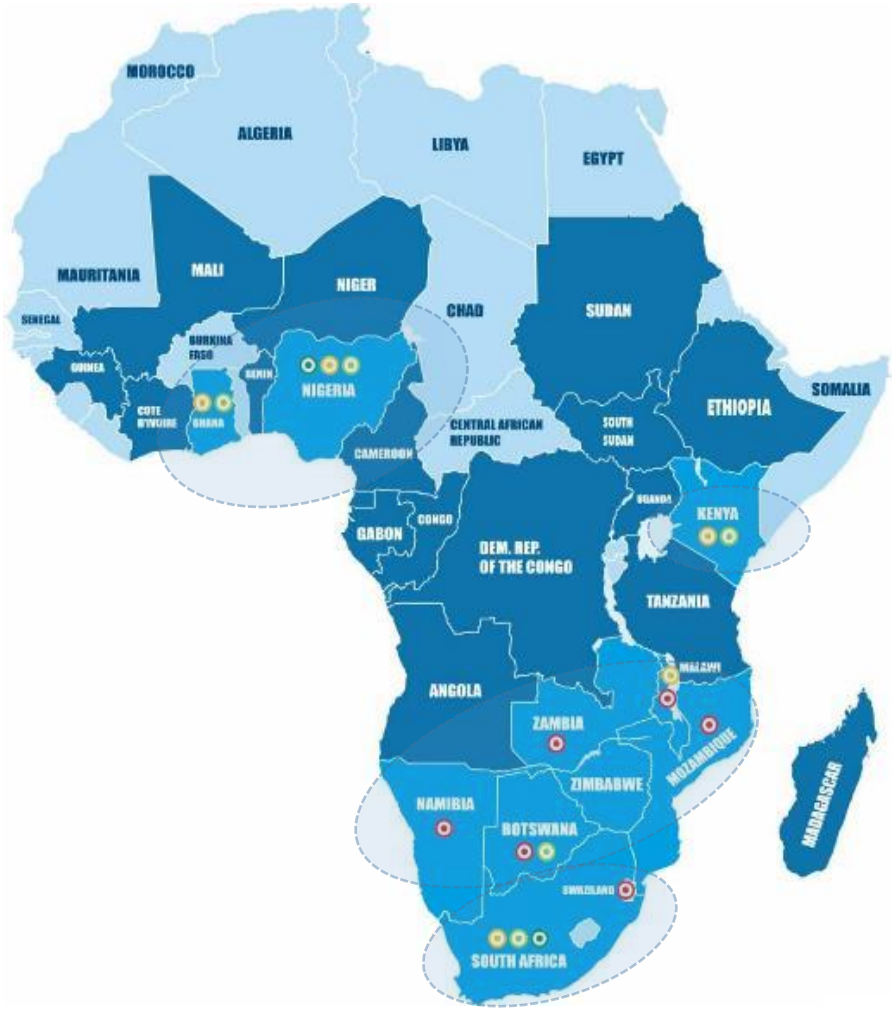
Logistics International

- **60 million tons** of goods moved by shipping business in a single year
- Western Europe's largest provider of express palletised distribution services - handling **10 million pallets per year**
- Enabled **>4 000 store openings** for leading retailers such as H&M & Hugo Boss

Established infrastructure & network

South Africa's largest cold storage warehouse with **over 37 000 pallet** locations | **c.3.2 million sqm** of storage capacity | Operate **12 distinct logistics control towers in 5 countries** | **600** inland vessels & barges | **>20** automotive warehouses in Europe deliver value-add logistics for the annual production of **>2.3 million cars** | Operate the largest BMW spare parts warehouse in the world **(178 000 sqm)** | Leader in the European chemical industry, with **>60 tankers, 17 gas tanker vessels & 23 specialised warehouses**

Our footprint



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

Industry perspective: Healthcare

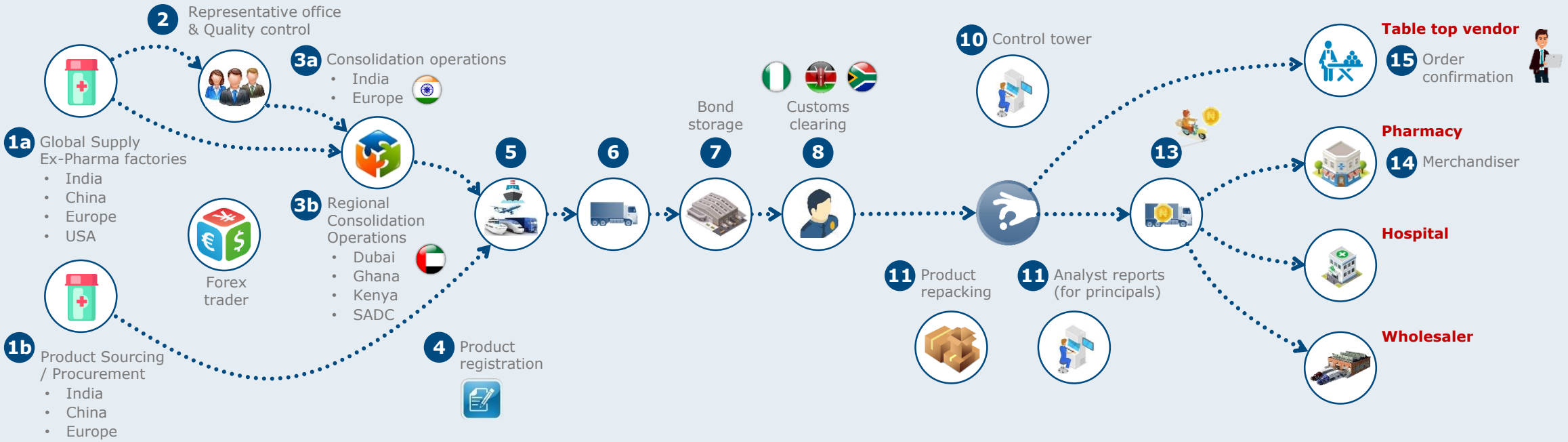
Why healthcare in Africa?	Growth opportunities
Growing population & middle class has seen the demand for pharmaceuticals & related healthcare products continue to grow across Africa	Strengthened relationships with brand principals through direct channel development, demand activation, inventory optimization, late localisation / labelling / kitting, serialisation & authentication
Patient affordability necessitates route-to-market efficiency and accelerates the shift towards lower cost generics	Increasing market diversity of product needs into oncology, non-communicable diseases & biopharmaceuticals
Reliance on in-country logistics and route-to-market service partnerships increases	Category expansion into animal health, surgicals, consumables & devices using existing capabilities in current markets
Donors transition spend to local suppliers & governments are increasingly engaging specialist service providers with proven abilities, systems & capacity	Integrated solution offerings including international freight & transportation management to augment our market leading distribution management and route-to-market capabilities
Growing demand from governments & funders for transparency, governance, compliance & product authentication	Geographical expansion through acquisitions & multi-market aggregation of smaller scale African markets

Fast facts – our positioning

- **Delivers 500 million patient packs** annually to 50 000 delivery points,
- **50 000m²** world-class warehousing
- **Proven legitimacy & strong brand recognition** > 20 years relationships with multinational principals, donors & regulators
- **Sound governance**
- **Sophisticated systems**
- **Simplify & shorten supply chains**
- **Scale** through multi-market aggregation

End-to-end value chain in Healthcare

Providing end-to-end services across the healthcare value chain (between regional markets and continents)
Driving patients' access to affordable, quality assured medicines



Serialisation – Authentication – Product Quality Verification

Blockchain – Control Towers – Visibility – Analytics - Transparency

Industry perspective: Consumer Packaged Goods

Why consumer packaged goods?	Growth opportunities
Rapidly urbanising population across Africa; offers strong growth potential & increasing consumer buying potential	Strengthened relationships with brand principals through direct channel development, demand activation, inventory optimization, late localisation / labelling / kitting, serialisation & authentication
Continued expansion of formal retailers into the market increases consumer choice & drives globalisation of brands	Increasing market diversity of product needs into oncology, non-communicable diseases & biopharmaceuticals
Transition from traditional channels to more formal models to drive strong governance & compliance & reduce illicit trading	Category expansion into animal health, surgicals, consumables & devices using existing capabilities in current markets
In South Africa, further retail supply chain consolidation & focus on improving route-to-market efficiencies necessitate the rationalisation of the CPG distribution market	Integrated solution offerings including international freight & transportation management to augment our market leading distribution management and route-to-market capabilities
Continued economic pressure, reduced volume, increased cost focus & shifting product mix all present opportunities for logistics outsourcing	Geographical expansion through acquisitions & multi-market aggregation of smaller scale African markets

Fast facts – our positioning

- **Proven** legitimacy, good operational governance controls & **strong brand recognition**
- **Extensive distribution footprint** in African countries
- **2.5** million CPG deliveries annually >**50 000 delivery points**
- **R60 billion of product** delivered to retail outlets

End-to-end value chain in Consumer Packaged Goods

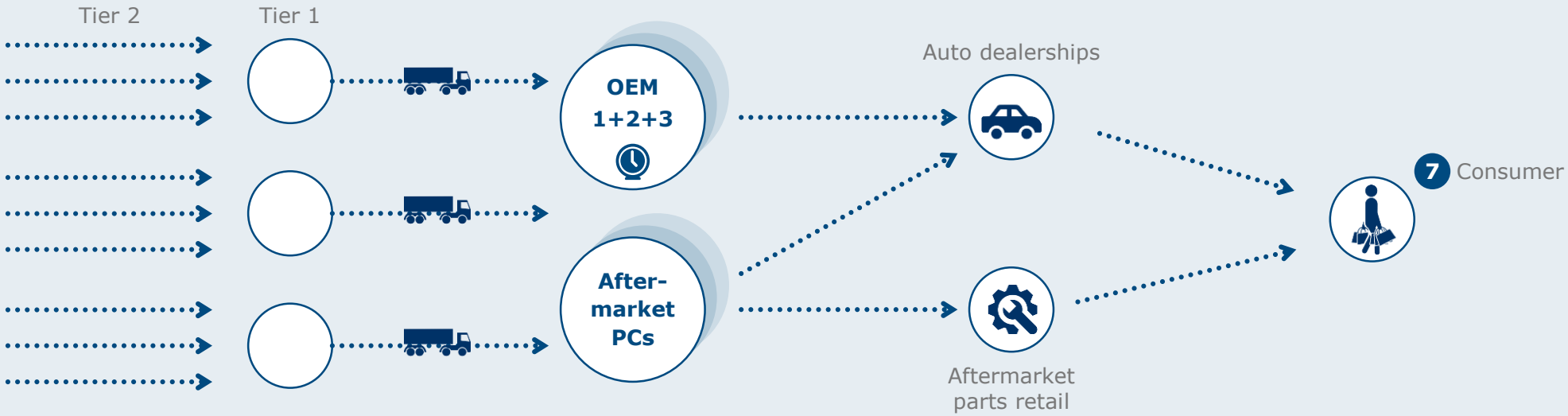
Industry perspective: Automotive

Why automotive?	Growth opportunities
Automotive industry is the largest revenue contributor to the German economy; continues to grow	Expansion into new specialised service offerings in contract logistics, e.g. VW CKD contract awarded recently
The automotive value-chain relies on specialised logistics & supply chain management service providers to support the complexity of a multitude of parts flowing into vehicle assembly & after-markets	Development of service offerings to & relationships with Tier 1 & 2 suppliers in the automotive industry
OEM requirements for skills and labour from a diminishing talent pool	Leveraging existing relationships with German OEMs into new geographies; expanding relationships with other OEMs
Digitalisation, advanced technologies & environmental policy developments results in: • closer integration of Tier 1 & 2 suppliers • an increased demand for supply chain efficiency, agility & velocity the introduction of new suppliers in the automotive industry	Establishing an operation of the redesigned end-to-end supply chain for a major Aftermarket Parts

Fast facts – our positioning

- Long, **well established relationships** with OEMS
- **Leader** in markets of operation
- **20 automotive warehouses** in Europe
- Deliver value-add logistics for the annual production of **>2.3 million cars**
- Operates the **largest BMW spare parts warehouse in the world** (178 000 sqm)
- **Spare parts distribution services**
- Proven ability to **attract and train** people according to the strict requirements of OEMs

End-to-end value chain in Automotive



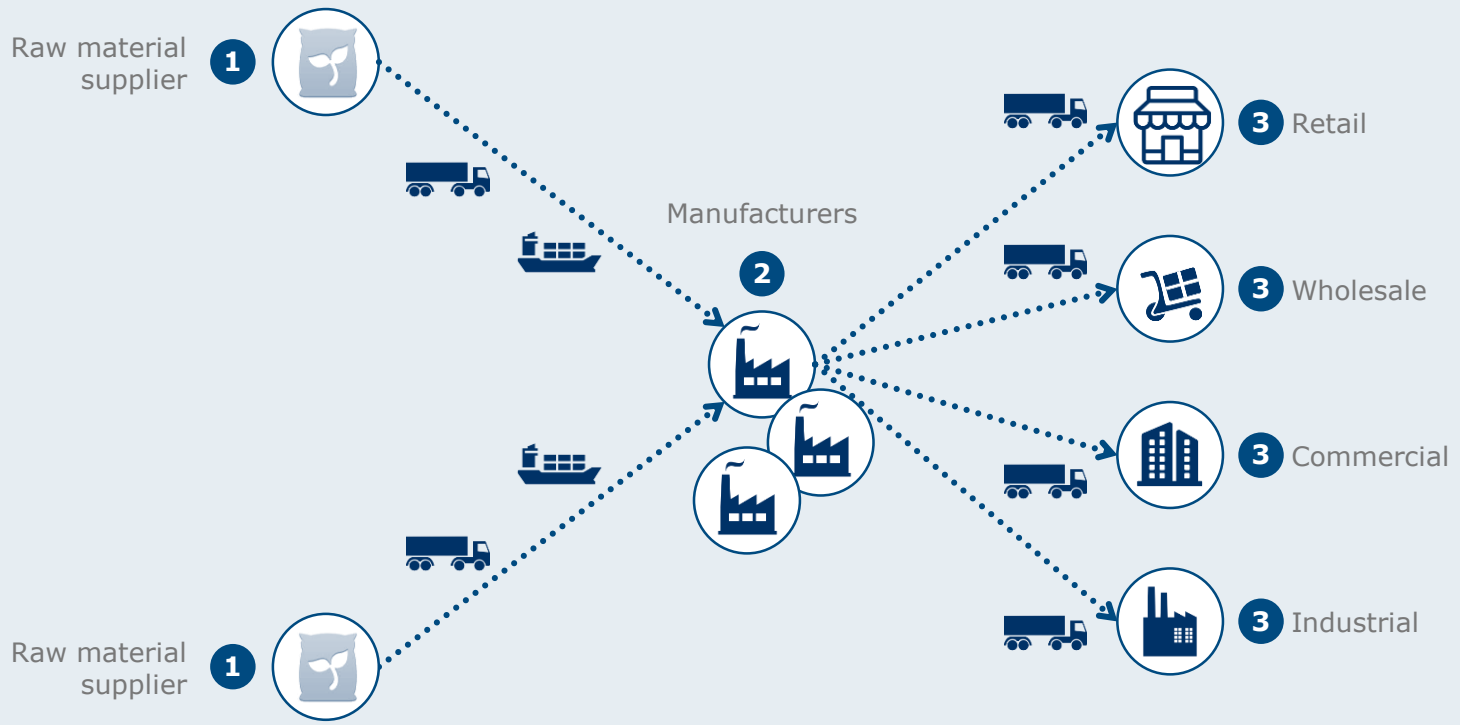
Industry perspective: Chemicals

Why chemicals?	Growth opportunities
Transportation, warehousing & distribution of chemical products requires highly specialised skills, processes & equipment to ensure SHEQ conformance	South Africa: Leveraging opportunities through the creation of Imperial Logistics Advance (B-BBEE compliant) for chemical, fuel & mining markets
In South Africa, reduced fuel expenditure & volumes are impacting fuel companies; presents opportunities for outsourcing, an integrated & even multi-principal solutions - to remove cost from the end-to-end supply chain	Integrated solution offerings including international freight, distribution and synchronisation management to augment our market leading transportation & warehousing management capabilities
South Africa is an importer of chemicals & has a high reliance on imported feedstock, with global multinationals looking at increasing presence on the continent	Digitilisation of value chains creating opportunities for streamlined logistics & supply chain operations, removing waste for our clients
The EU chemical industry is rapidly moving towards higher supply chain efficiency to control costs and improve global market competitiveness	Untapped emerging economies offer as much growth potential as established markets

Fast facts – our positioning

- We move **2.2 million tons of chemicals by road** & **10 million tons by river**
- Pick **1.6 million pallets** of chemicals from >**200 000 m² of specialised warehousing** annually
- **Strong African presence**
- In South Africa, more than **250 chemical tankers** deliver over **3 billion litres of fuel** each year

End-to-end value chain in chemicals



Highly differentiated digitisation & innovation strategy underpins competitive advantage

Digital vision: Create a culture where digitalisation enables people, clients & partners to innovate & continuously improve to achieve competitiveness & differentiation

Imperial Logistics' key digital objectives…

Flawless execution

- Enable data-driven & **data-backed decision making**
- Eliminate paper-based / manual processes & **increase automation**
- Improve the client experience by increasing visibility & **transparency in the client supply chain**

Organisation & People

- Increase **attractiveness as employer** to be on the winning side of the war for talent
- Educate employees to develop & maintain a **competitive & innovative workforce**
- **Improve the (digital & physical) working environment** to enable people to perform at their best

Innovation

- **Improve the image of Imperial Logistics** as an innovative & dynamic logistics company
- Implement structures to consistently **collect, evaluate & develop ideas by employees**
- Screen & embrace **new & disruptive digital technologies to generate new business models** & additional revenue

…to remain competitive by embracing & leveraging disruptive new technologies & trends

Demographic & cultural change	Digital transformation	New competition from startups	Business model disruption

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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. The company undertakes no duty to, & will not necessarily, update any of them in light of new information or future events, except to the extent required by applicable law or regulation.