Imperial™

beyond possibility

We are strong and resilient.
We are ONE Imperial.
We are beyond possibility.

Preliminary summarised results
for the year ended 30 June 2020

INVESTMENT CASE

Focused on **generating growth, higher returns and strong free cash flow** – supported by a **strong balance sheet and sound capital management**

A purpose-driven organisation focusing on **people, profit and planet**

Management team with **vast experience, skills and track record**

Offers a unique value proposition as the 'Gateway to Africa' for clients and principals through integrated market access and logistics solutions in five key industries: ***healthcare, consumer, chemicals, industrial and automotive***

Strong track record and experience of operating and growing in Africa – taking our clients and principals to some of the fastest growing and most challenging markets in the world

Strong expertise in deliverering end-to-end innovative solutions

Operates as **'One Imperial' through one brand, one culture, one positioning and selling as one business** to leverage cross-selling and upselling opportunities

Unique Market Access business and **heightened focus on digital and data** are key differentiators

A resilient and sustainable business supported by ongoing **delivery against our strategic imperatives**

Solid and long-standing relationships with multinational client and principal base

Committed to paying **dividends**

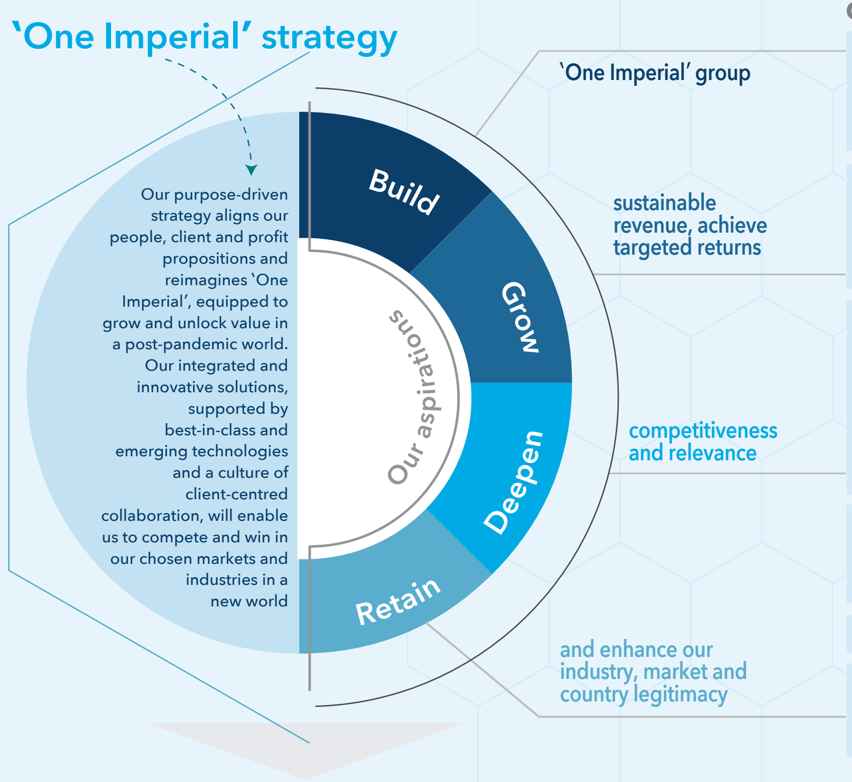
Contents

At a glance

Imperial™
beyond possibility

Imperial is an African and European-focused provider of integrated market access and logistics solutions. With a focus on five key industries – healthcare, consumer, automotive, chemicals and industrial – we take our clients' products to some of the fastest growing and most challenging markets in the world. Ranked among the top 30 global logistics providers and listed on the JSE in South Africa, we seek out and leverage new technology to deliver innovative, end-to-end solutions. Through our significant African footprint and international expertise, and with the support of our 25 000 people, Imperial's purpose is to connect Africa and the world – and to improve people's lives with access to quality products and services.

OUR STRATEGY



OUR STRATEGIC POSITIONING

- > We are transforming Imperial from a regional portfolio of businesses to an integrated, end-to-end market access and logistics business
- > Our strategic intent is to become the 'Gateway to Africa' – transforming from an asset heavy, 3PL logistics player to an innovative, asset right business
- > Key differentiators:
  - – ability to build this business in some of the most challenging markets in Africa
  - – ability to develop leading positions as a strategic market access and logistics partner to multinational principals and clients
- > Grow both organically and through strategic acquisitions in Africa and selected markets
- > A business of scale
- > Unlock increasing value for our clients, principals, shareholders and other stakeholders

OUR PURPOSE

Connecting Africa and the world and improving people's lives with access to quality products and services.

OUR STRATEGIC PILLARS

1. **Operate as 'One Imperial', offering unique end-to-end solutions**
2. **People are our greatest asset**
3. **Extensive Africa footprint – serving as a gateway to Africa**
4. **International footprint and expertise**
5. **Go digital, be digital, enable digital**
6. **Integrating environmental, social and governance practices**

"The past year has been extraordinary and challenging – and as individuals and a business we have faced unprecedented circumstances. Despite challenging trading conditions – exacerbated by the Covid-19 pandemic – Imperial increased revenue from continuing operations, generated strong free cash flow, maintained a strong balance sheet, effectively managed costs and recorded significant progress against its strategy."

Group key features

Continuing revenue
▲5%
to R46,4 billion

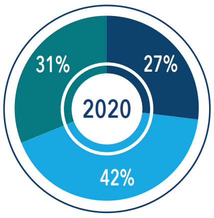
Continuing EBITDA
▼11%
to R4,1 billion
(F2019: R4,6 billion)

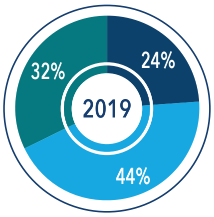
Continuing operating profit
▼40%
to R1,5 billion

Continuing HEPS
▼65%
to 156 cents per share

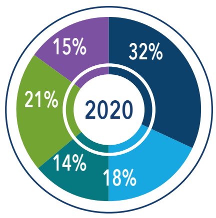
Continuing EPS
up by more than 100%
to 22 cents per share

Divisional revenue by capability



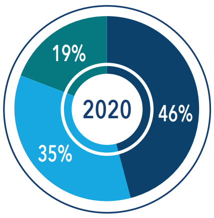


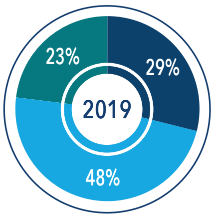
Divisional revenue by industry



● Consumer ● Industrial ● Chemicals
● Healthcare ● Automotive

Divisional operating profit





● Market Access ● Freight Management ● Contract Logistics

Continuing free cash conversion of

72%

(F2019: 83%)

Net debt:EBITDA of

2,8x – 1,6x post European shipping proceeds

(F2019: 2,0x) – well within banking covenants of 3,25x

Contract renewal rate

c.80%

New business gained

R6,2 billion

▲11%

No final dividend declared. Total cash dividend of

167 cents per share

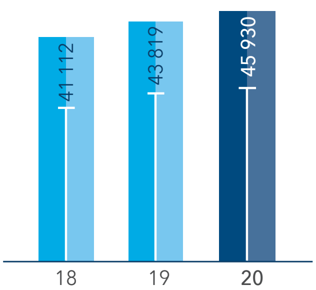
(F2019: 244 cents per share) – more than continuing HEPS

Comparatives have been restated for International Financial Reporting Standards (IFRS) 16 – Leases and re-presented for the European shipping business that has been classified as a discontinued operation.

Total company

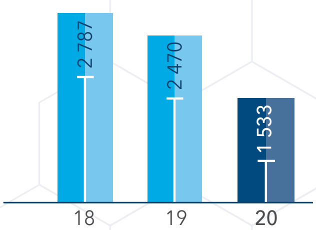
Revenue

Rm



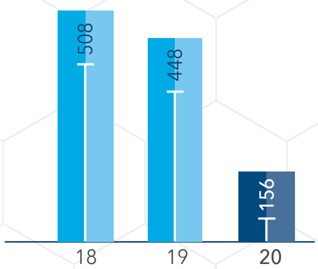
Operating profit

Rm



Headline earnings per share

Cents



Note: Figures are for continuing operations only, excluding businesses held for sale, head office and eliminations. Prior year numbers have been restated for IFRS 16.

Results overview

1. Despite challenging trading conditions, exacerbated by the Covid-19 pandemic, Imperial increased revenue from continuing operations, generated strong free cash flow, maintained a strong balance sheet, effectively managed costs and recorded significant progress against its strategy.
2. H2 F2020's trading performance was severely impacted by the decline in volumes across all regions in which we operate due to various levels of Covid-19 restrictions implemented, partially offset by new contract gains and acquisitions.
3. While revenue in H2 F2020 grew by 7% mainly due to the benefit of new contract gains and acquisitions, continuing operating profit was down 100% (R1,1 billion) largely due to the impact of Covid-19 on revenue, associated once-off costs and impairments, further restructuring mainly in South Africa to reduce costs, and translating losses incurred in Q4 F2020 in Logistics International into Rands at significantly weaker exchange rates. The average exchange rate in Q4 F2020 was R19,77/Euro versus R16,50/Euro for the first 9 months of F2020.
4. While operating profit from continuing operations for the year was down 40% to R1,5 billion, earnings before interest, taxation, depreciation and amortisation (EBITDA) from continuing operations was only down 11% to R4,1 billion. Operating profit was impacted by a 20% increase in depreciation and impairments largely due to currency movements and once-off items associated with Covid-19. Depreciation and amortisation of leases are straight-lined and could not be reduced in line with revenue declines that were impacted by Covid-19.
5. We successfully concluded the sale of our European shipping business at a profit after tax (PAT) multiple of c.15 times. The group's net debt:EBITDA at 30 June 2020, adjusted for the R3 440 million proceeds received from this disposal on 31 July 2020, is 1,6 times – well within the group's banking covenants of 3,25 times.
6. Strategic acquisitions to the value of c.R900 million were concluded mainly in the second half, which contributed positively.
7. Continuing operating margin declined from 5,5% in the prior year to 3,1%. This is mainly due to the negative impact of Covid-19.
8. Imperial's contract renewal rate across its operations on existing contracts remains strong at c.80%, with an encouraging pipeline of new opportunities.
9. New business revenue of approximately R6,2 billion per annum was secured to the end of June 2020, up 11% compared to the prior 12 months.
10. Net working capital of R544 million, excluding disposal groups, improved significantly by 61% compared to R1,389 million at June 2019, and is in line with our guidance of 4% to 5% of revenue.
11. Net capital expenditure of R1 149 million from continuing operations increased from R795 million in F2019 mainly due to expansion capital expenditure on new contract gains. Net capital expenditure was significantly lower than depreciation. Due to the implementation of IFRS 16, the depreciation figure includes the depreciation of the right-of-use assets, whereas it is not included in capital expenditure. Excluding the depreciation of the right-of-use assets, capital expenditure exceeded depreciation resulting from investment in support of new contract gains.
12. Net debt (excluding lease obligations and before the receipt of the European shipping disposal proceeds) of R8,4 billion increased by 47% compared to June 2019 mainly due to investment in acquisitions, foreign exchange translations at the end of the year when converting foreign debt to Rands, and the reclassification of cash resources relating to the entities that have been classified as disposal groups. A summary of the movements is provided in the group financial performance section.
13. Free cash flow (post-maintenance capex and including discontinued operations) generated of R1 043 million was lower than the prior year (F2019: R1 437 million excluding Motus) due to the impact of Covid-19 on operations and consumer packaged goods (CPG), which incurred a cash outflow of R609 million for the year (in line with expectation and previous guidance) as it was in the closure process. Free cash flow (post-maintenance capex and excluding discontinued operations) decreased to an inflow of R1 304 million from a cash inflow of R1 944 million for the 12 months ended 30 June 2019.
14. Our cash and liquidity position remains strong with R13,2 billion of available facilities and cash, of which c.R10,7 billion are committed banking facilities.
15. ROIC of 4,9% (F2019: 7,6%) versus WACC of 7,6% (F2019: 8,5%).
16. Discontinued operations: the CPG business in South Africa was classified as a discontinued operation towards the end of the June 2019 financial year and while this business was exited in November 2019, it was wound down during the first half of F2020. The European shipping business was sold on 31 July 2020 and is also classified as a discontinued operation in these results. The South American shipping operation remains part of continuing operations but is available for sale.
17. IFRS 16 – Leases standard was adopted with effect from71 July 2019 using the full retrospective approach; comparatives have therefore been restated to include this impact. The impact of IFRS 16 to equity at 1 July 2018 is a reduction of R417 million. On this date right-of-use assets amounting to R5 335 million and lease obligations amounting to R5 850 million were recognised, as well as the deferred taxation related to these balances.
18. IFRIC 23 – Uncertainty over Income Tax Treatments was also adopted retrospectively with effect from 1 July 2019, and comparatives have therefore been restated to include this impact. The impact of IFRIC 23 to equity at 1 July 2018 is a reduction of R67 million and a corresponding increase to current tax liabilities of the same amount.
19. A fundamental shift in our strategic transformation journey is organising and positioning Imperial, based on the solutions we offer to our clients (our capabilities) and less so on regions. As such, effective 1 July 2020 Imperial operates within two overarching solutions – market access and logistics and is categorised into three businesses: Market Access, Logistics Africa and Logistics International. The logistics businesses encompass contract logistics and freight (road, air/ocean and lead logistics provider (LLP)). For purposes of IFRS reporting, primary segmentation for F2020 remains as regional disclosure. The narrative of this report is, however, aligned to the new organisational structure.

Impact and response to Covid-19

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Imperial plays a critical role in the supply of essential services and products in the many countries in which it operates and we continue to keep the wheels turning so that people can receive medication, food and other essentials. Our focus during the crisis is first and foremost to protect our people and operations from infection. Stringent safety and strict access control procedures remain in place and rigorous hygiene, cleaning and disinfecting procedures have also been implemented – with dedicated resources in place to support and monitor Covid-19-related risks at each operation. Staff training has been customised to heighten awareness of risks and preventative measures. While many staff continue to work from home, different shift systems have been introduced to increase social distancing and a two-team model implemented to ensure continuity when a member of the team tests positive for the virus. Up to the end of July 2020, 385 staff across Imperial's operations tested positive for the virus, with the majority making a full recovery. Sadly, 11 of our colleagues succumbed to the virus and we extend our deepest condolences to their families.

As reflected in these results, most of our businesses have seen significant impacts on volumes due to lockdown restrictions. The month of April was the worst affected with South Africa trading at c.55% of volumes, African Regions c.70% and Europe c.50%. Many of our markets have now eased lockdown restrictions and significant recovery has been recorded during July and August across our operations, although volumes remain at pre-Covid-19 levels.

Throughout the Covid-19 pandemic we have worked hard and remain focused on maintaining a sound financial position, generating cash, tightly managing costs and executing on our strategic imperatives to make us resilient for the future. The benefits of these have been reflected in these results.

We also continue to support all our key stakeholders and countries of operation, strongly demonstrating our purpose as a business – which is connecting Africa and the world and improving people's lives with access to quality products and services. Some of these initiatives include:

> Providing support to staff and prioritising their safety, including paying salaries of c.R160 million to operational staff whose services were not required at the operations during periods of lockdown between March and June.
> Continuing to achieve high-service levels with key customers and clients – and in certain cases we have put additional capacity in place to assist our clients in meeting increased demand.
> Continuing to service our market access channels where possible.
> Reduction of fees by 25% by Imperial's non-executive directors from April until end June 2020.
> A 25% cut in salaries by Imperial's Group executive committee from April until end June 2020.
> Contribution of R5 million to the Solidarity Fund in South Africa.
> Contribution of R5 million to the Giving for Hope Foundation in support of small, medium and micro-enterprises (SMMEs).
> Contribution of R500 000 to the Gift of the Givers humanitarian organisation, in addition to the humanitarian assistance and operational support provided by the business to various charitable organisations.
> Responding to the particular need for personal protective equipment (PPE) and sanitiser, Imperial sourced and delivered thousands of cubic meters of PPE and medical-grade hand sanitisers to public and private sectors in South Africa and Europe.
> Partnering with charity organisations, providing vehicles and resources to deliver food parcels and other basic needs to communities most impacted by the crisis.
> Over 75 000 patients were screened for Covid-19 through Unjani clinics (CSI project supported by Imperial).

The pandemic has provided lessons for us that will fundamentally change the way we live and work in the future. Imperial will continue to learn and adapt – carefully observing the shift in trends and market conditions and adjusting strategy and operations to leverage opportunities. Some of these trends and opportunities include:

> Shortening supply chains and support for local manufacturing – significant logistics and market access opportunity.
> As clients rethink their supply chains, there will be greater demand for visibility and resilience – providing data and technology solutions will be a key differentiator.
> Clients will look to outsource more and focus on core capabilities which will present a strong pipeline of new opportunities.
> Further changes in industry structures, consumer behaviour, marketing positioning must be anticipated and accommodated. The logistics industry is resilient and will become more relevant and stronger as these changes take place.
> Consumer behaviour will change and the rise of the contact free economy will continue. Ecommerce, online consumer engagement, tele-medicine etc will shape business models, which provides an excellent opportunity in Africa as current service levels have significant room for improvement.
> Remote and flexible working conditions will increase. This will present opportunities for efficiencies and cost-savings.
> Increased demand for products and investment in capacity in the healthcare industry. Imperial is ideally positioned based on our end-to-end value chain – with sourcing, procurement, distribution, market access, mobile clinics etc – and c.21% of our revenue is generated from the healthcare industry.
> With greater government and regulatory intervention and scrutiny, there is increasing pressure on businesses to holistically and visibly embrace the principles of environmental, social and corporate governance (ESG).
> Organisations will need to give equal priority to employees, communities and financial performance.

Operating context

Imperial's activities for continuing operations on the African continent produced 60% and 95% of revenue and operating profit respectively during the 12 months to June 2020, with the remainder generated mainly in the Eurozone and United Kingdom (UK).

Across regions, our businesses were exposed to amplified difficult economic and market conditions – particularly in South Africa and Europe (including the UK). This tough macro environment was exacerbated by the negative impact of Covid-19 on volumes across most sectors.

(a) *Market Access – through operations mainly in East, West and Southern Africa, provides market access services in more than 20 countries on the African continent*
The operating environment in most of our markets in Africa continued to see volatility. The Covid-19 pandemic is having a significant impact on Africa and its people – with consumer and household spend impacted negatively as a result of job losses, job scarcity and diminished disposable income spend. Oil-dependent markets are being impacted by reduced global demand and reduced oil prices, although the latter has increased to some extent since May.

Covid-19 will present substantial challenges in the short term, with negative gross domestic product (GDP) growth expected across most economies. Disruptions on both the supply and demand sides of the economy will persist until containment of the pandemic is achieved. This economic reality will weigh heavily on consumer sentiment and curb spending considerably, especially on non-essential goods.

Currency weakness is likely to lead to high imported inflation despite muted domestic demand. Our sub-Saharan African markets are particularly vulnerable due to their dependence on international tourism, commodities and Chinese trade and investment – as well as their exposure to shifts in risk sentiment.

Most countries in which we operate have relaxed their Covid-19 restrictions and some level of recovery has been evident since May 2020, although activity is not yet back to normalised levels. All businesses in Market Access are currently in operation although volumes remain impacted. We expect a steady recovery in revenue as lockdown restrictions ease.

Despite the impact of Covid-19 and the ongoing subdued growth and lower-consumer spending in certain countries of operation, our primary positioning as a leading market access partner in the healthcare and consumer industry continues to stand us in good stead in Africa. We remain optimistic about the opportunities inherent in Africa's rising consumerism, urbanisation, population growth and the strengthening of healthcare systems. These trends present growth opportunities and continue to drive the demand for skilled market access and logistics capabilities. Our credibility, experience, innovative business models and commercial solutions likewise position Imperial as a uniquely skilled partner to multinational manufacturers and brand owners.

(b) *Logistics Africa business, mainly in South Africa*
Prevailing weak economic conditions, high unemployment and low consumer spending were exacerbated by Covid-19 and volumes declined across most sectors. Tobacco, alcohol and fuel volumes, in particular, saw significant declines as a result of lockdown restrictions.

We added capacity to meet increased demand from fast-moving consumer goods (FMCG) and healthcare clients as the pandemic drove heightened demand and consumption of related products. Nearly 90% of this business is currently in operation (based on revenue). We anticipate normal trading to return in the short to medium term given the lockdown restrictions on alcohol and tobacco were recently lifted.

(c) *Logistics International business mainly in Eurozone and UK*
With industry exposure still largely focused on mature German manufacturing industries – such as automotive, chemicals and steel – our European operation was most impacted by the Covid-19 pandemic. Significant reduction in volumes and activities was experienced in March, April and May, as many of our industries experienced complete lockdown.

Automotive contract logistics and the related transport businesses were most impacted – c.45% of continuing revenue is generated from automotive – as manufacturing of motor vehicles and all related activities ceased completely. Some original equipment manufacturers (OEMs) in Germany are returning to production but levels are still not near those of pre-pandemic times. Volumes in chemicals and related shipping businesses were less impacted – c.27% of continuing revenue is generated from the chemical industry. Other businesses remained operational but recorded a significant decline in volumes.

Many countries in Europe and including the UK, have now eased lockdown restrictions and there has been a noticeable increase in activity and volumes since May. All businesses in Logistics International are currently in operation although volumes remain impacted. In an effort to boost economic recovery, create employment and protect jobs, the European Union (EU) is proposing a comprehensive European recovery plan to fully exploit the potential of the EU budget. Alongside the EU initiatives, each member country is providing emergency economic recovery packages. In Germany – our largest market – the government is acting definitively and systematically to protect the German economy and the emergency package in place is the largest in the history of the country.

Key industry trends and context

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Healthcare

The demand for healthcare products continues to rise and a five-year compound annual growth rate (CAGR) of 18% has been forecast for the healthcare industry in Africa. Imperial is also becoming more involved in the generics, animal health and medical device markets which are expected to grow significantly by 2023. For the 12 months, the healthcare sector generated 21% of total revenue and delivered growth of close to 10%. Contract renewals stand at c.90% and a strong new business pipeline across the group is in place.

In addition to both the challenges and the opportunities presented by Covid-19 (mentioned in the Covid-19 section previously), there are a number of other key drivers that are fundamentally impacting the healthcare sector globally. These trends include:

> Evolving population demographics (ageing population).
> Growing urbanisation.
> Increasing demand for generic pharmaceuticals (promoted mainly by governments).
> Advancing in technology.
> Changing patient expectations.

With healthcare being a key industry of operation and growth, Imperial is well positioned to leverage these opportunities.

Consumer

Covid-19 has notably changed purchasing trends and consumer behaviour. With customer needs for increased convenience growing at exponential rates, greater pressure has been placed on logistics companies to keep pace. Ecommerce is an area where many logistics companies are experiencing good growth with global ecommerce volumes growing 89% in May 2020 compared to May 2019. Many consumers are expected to continue shopping online once life normalises.

The consumer sector in our key markets were already under pressure prior to Covid-19 due to increasingly challenging macroeconomic conditions which resulted in an overall decline in consumer spending. Despite difficult trading conditions, lower consumer demand and strict lockdown restrictions imposed on the liquor and tobacco sectors in South Africa, our consumer sector still achieved double digit growth of c.16% and generated c.32% of group revenue. The new business gain rate is a notable 35% and a good new business pipeline mainly in the Logistics operations is in place.

Through its extensive footprint across Africa, Imperial will play a critical role in meeting consumers' ever-increasing need for logistics and market access services in previously inaccessible markets.

Automotive

Despite the significant challenges posed by the pandemic and the global lockdown, our automotive activities delivered single-digit revenue growth during the 12 month period. As described earlier, the automotive contract logistics and related transport businesses in Europe, where most of our automotive logistics services are provided, were most impacted by Covid-19 as all OEMs implemented plant shutdowns (c.90% of our automotive revenue is generated in Europe). The overall decrease in volumes was, however, mitigated by new business gains.

The Covid-19 pandemic has exposed and demonstrated how vulnerable automotive supply chains are to disruption, forcing companies to investigate ways of making these integrated supply chains more resilient. Many of the leading global automakers were impacted in the early stages of the pandemic as 30% to 60% of their parts are sourced from China. Many OEMs only expect car sales to reach pre-Covid-19 levels by the end of 2022 or 2023.

Electric modes of transport will impact automotive supply chains in future as fewer component parts will be required and technology and batteries have specialised complex requirements. Imperial has the necessary infrastructure and expertise for the transportation and storage of batteries which are classified as hazchem products, requiring specialised conditions and adherence to strict safety and health regulations across the regions. Imperial was able to assist one of the largest global OEMs with last minute transport and storage solutions in this area during Covid-19.

Chemicals

This industry contributed c.14% to group revenue. Despite a negative growth rate, a strong pipeline of new business is in place – with a contract renewal rate in excess of 85%. While China is expected to become the world leader in production and consumption of chemicals, many commodity chemical companies have to cope with feedstock price volatility, supply chain and logistics challenges and unpredictable customer demand. The industry is accordingly investigating alternatives to the sector's reliance on inputs from China-based suppliers.

Covid-19 has disrupted supply chains differently across manufacturing plants and distribution networks all over the world. The global chemical production declined by 3,3% in March 2020 and a further 1,3% in April 2020 due to the effects of the pandemic. Several European countries had among the largest production decreases during April and May 2020.

The chemical industry is focusing more on green logistics and stricter compliance, which creates opportunities for Imperial.

However, our significant exposure to the agrochemicals market provided resilience to our performance and negated some of the negative impacts listed above.

Industrial

This sector contributes 18% of total revenue. Imperial has a well-diversified spread across the industrial sector – where sub-sectors were impacted differently across the regions by the Covid-19 pandemic, thereby diluting our overall exposure in this sector. With a strong sales pipeline in place, many of Imperial's sub-sectors were performing consistently prior to Covid-19 but were severely impacted due to being classified under "non-essential" services during the lockdown restrictions in many countries. Certain sectors within the industrial sector – such as the packaging sector – displayed resilience as manufacturers experienced an increased demand for packaging materials for the food and hygiene sectors.

Strategy

a. Strategic positioning

We are transforming Imperial from a portfolio of regional businesses to an integrated, end-to-end Market Access and Logistics business. It is our strategic intent to become the 'Gateway to Africa' – transforming from an asset heavy, third-party logistics (3PL) player to an innovative, asset right business. Our ability to build this business and serve our clients and principals in some of the most challenging markets in Africa is a key differentiator for Imperial. We will seek to grow the business both organically and through strategic acquisitions in Africa and selected markets – remaining a business of scale and unlocking increasing value for our clients, principals, shareholders and other stakeholders.

The core strategic focus of Imperial is therefore to grow our African footprint and facilitate trade flows into and out of Africa. This will result in Imperial having an integrated logistics and market access offering, positioned as 'One Imperial' and focused on Africa – which leverages our competitive advantages and capabilities mainly in the healthcare, consumer, automotive industry, chemicals and industrial verticals. In order to leverage expertise across the business, be a more client-centric organisation, and better position ourselves for the future – given ever changing macro and industry trends – we are focusing our service offering and positioning on capabilities in these core industries and less so on regions. This will allow us to more effectively deliver integrated solutions across our networks and regions, this 'One Imperial' approach will deepen our competitiveness and relevance – and retain our market share and industry legitimacy. As mentioned earlier, Imperial will therefore operate within two overarching solutions – market access and logistics – and within three business ie Market Access, Logistics Africa and Logistics International, with Logistics encompassing contract logistics, freight and LLP services.

As Imperial embarks on this growth journey, IT, digital and data will be positioned at the heart of the business – as technological progress will determine the strength of Imperial's differentiation, market relevance, customer experience and revenue. Another critical part of our growth strategy is to leverage cross-selling and upselling opportunities between our market access and logistics solutions – integrating digital and data into our business models and growth plans.

We are also focused on developing and retaining top talent, integrating ESG practices and preparing our business for a post-pandemic world. This is to ensure that Imperial will be a resilient, sustainable business that demonstrates its purpose through its actions and initiatives, focusing on people, profit and planet.

Achieving our strategic ambitions will require us to make significant capital investments in digital and data initiatives, technology, and strategic acquisitions over the next five years – as well as assess and align our international portfolio with our core competitive advantages. In aligning our international portfolio, the first step was to undertake a phased disposal of our shipping business, with the European shipping business sold in July 2020. While the proceeds of the sale of the European shipping business are being used to optimise the financial position of Imperial in the short term – and provide capacity to facilitate growth in the medium term – the significant impact of Covid-19 has required us to prioritise our capital allocation for those areas that most amplify our primary strategic positioning and focus, being Africa and market access. While we continue to explore potential air/ocean opportunities, all options are being explored for our International business to ensure that it supports our 'Gateway to Africa' strategy.

b. Strategic pillars

Our focus remains on delivering the best from our current operations by making them lean, servicing our clients profitably, executing flawlessly and growing organically, while still executing on our strategy – which is summarised in six strategic pillars:

1. *Operate as 'One Imperial', offering unique end-to-end solutions (one-stop shop):* Our clients, customers and principals want to engage with a business that is able to provide integrated and innovative solutions, and that facilitates local relevance to enable them to compete and win in their chosen markets. Clients want simplicity, flexibility and visibility of their supply chains. Imperial's value proposition to its clients, customers and principals is accordingly to provide end-to-end access to markets – with the flexibility to adjust to different needs. Operating as 'One Imperial' with one brand positioning, one collaborative culture, one strategy and group-wide systems and processes to facilitate one client experience is necessary and will provide end-to-end visibility and insights for Imperial and our clients. Our scale and unique integrated logistics and market access solutions – alongside a deep understanding of the industries in which we operate – will drive resilience for both Imperial and our clients.

2. *People are our greatest asset:* With ongoing investment in our talent pipeline – and a focus on leveraging skills and expertise across the group – our strategy will ensure that the business is well-equipped with talented and skilled people and expertise, systems and processes that enable strategic execution and efficiency.

3. *Extensive Africa footprint providing end-to-end market access and logistics solutions, serving as a 'Gateway to Africa':* As a leading Market Access business of pharmaceuticals and consumer goods in over 20 countries in Africa, Imperial takes principals and clients' products to some of the fastest-growing and most challenging markets in the world – reducing the complexity involved in operating in those markets. Expanding our footprint and scale – and with enviable local knowledge and footprint – we provide end-to-end access to markets, customers and consumers. Our focus is now to expand on this geographical footprint on the African continent.

4. *International footprint and expertise:* We understand the demands of the African continent and have the proven expertise to partner with multinational clients wanting to enter and grow in emerging economies. Our broad, multinational client base benefits from our strong logistics expertise and experience, with access to first-world technology and industry trends. This will ensure that we provide quality, customised and fit-for-purpose solutions and a seamless client experience which includes reduced complexity and risk – facilitating trade flows into and out of Africa. Through our broad spectrum of expertise, we will also grow outside of Africa in selected markets that enhance our 'Gateway to Africa' strategy.

5. *Go digital, be digital, enable digital*: Imperial's digital strategy centres on the use of best-in-class and emerging technology to provide clients with the innovative solutions they require to differentiate themselves from their competitors. We embrace market disruptors and leverage innovation so that our clients will not only survive – but thrive – well into the future. Digitalisation, data, new technologies and automation – including the rise of ecommerce, online consumer engagement and tele-medicine – shape our business models and help future proof our business and our industry. As such, investment in and prioritising digital and data initiatives as core enablers to our strategy will be critical in transforming Imperial going forward, which includes expanding our services into e-commerce, e-commerce fulfilment and digital freight exchanges. It will also improve efficiency, facilitate revenue growth and create new revenue streams.

6. *Integrating ESG practices:* As a purpose-driven organisation, Imperial focuses on people, profit and planet. We make a difference to peoples' lives and play a key role in the development of Africa and its people. Imperial enables access to quality products and services for millions of people in our countries of operation. This includes food, fuel, medicine, and countless other products that make everyday life better. In delivering on our purpose and protecting our licence to operate, we proactively manage and invest in ESG as part of our daily course of business.

c. How our strategy addresses our challenges and progress recorded

2019 and 2020 have been years of significant strategic focus, rationalisation and restructuring as we undertook the following:

> refined our positioning as the 'Gateway to Africa' and 'One Imperial'
> simplified and reduced complexity
> assessed, addressed and exited non-core, low return on effort and underperforming businesses
> significantly reduced costs
> concluded strategic acquisitions
> defined our path as a transformational organisation rather than a transactional one
> placed significant focus on our people and organisational design, digital, data and ESG as core enablers to our strategy.

The Covid-19 crisis has further amplified the need to position Imperial for growth and longevity well beyond the pandemic. Our decisive strategic actions over the last 18 months have stood us in good stead and the tough decisions we made as a business – such as removing significant costs, the closure of the CPG business, the disposals of the European shipping business and Pharmed, and focusing the business on cash flow generation and capital management – have contributed to Imperial's resilience as we now navigate these uncertain times. Further cost reductions in South Africa of c.R200 million are planned for F2021.

Despite Covid-19 related restrictions, our business remains focused on strategic delivery and growth opportunities. While the virus has added complexities to our day-to-day operations, we are not deviating from our strategic journey of transforming Imperial from a portfolio of regional businesses to an integrated end-to-end Market Access and Logistics business – with the strategic intent of becoming 'One Imperial' and a 'Gateway to Africa'.

Strategy continued

CHALLENGE	STRATEGIC RESPONSE	PROGRESS MADE
Growing the business – focused capital allocation	> solid organic and acquisitive growth to F2025 > all acquisitions are assessed on the following criteria: – achieving strategic objective of 'Gateway to Africa' – strong organic growth – must achieve required returns (WACC plus 3%) – how Imperial adds value and leverages synergy opportunities > integration, efficiency, cross-selling and upselling opportunities across Market Access and Logistics > capital will also be allocated to group-wide systems, digital and data initiatives, processes and people which are critical to our strategy and achieving 'One Imperial'	> four new acquisitions in Market Access and Logistics Businesses in Africa, mainly in healthcare and consumer industries, to the value of c.R900 million > acquired minorities and moved Imperial Clearing and Forwarding into Logistics International > acquired Turkish air and sea freight forwarding company, Mex Logistics > established LLP capability > contract renewal rate is c.80%, with encouraging pipeline > new business revenue of approximately R6,2 billion per annum secured in 2020 > expanded Simplified Solutions in Healthcare model – added four new principals > expanded Market Access capability in South Africa – signed first principal > expanded demand generation, light contract manufacturing and brand partnership services > added sourcing and procurement capabilities to industries other than healthcare
Asset intensity	Transforming Imperial from an asset-heavy 3PL logistics player to an innovative asset-right business using data and technology as a differentiator – achieved through: > investment in digital and data initiatives > asset-light acquisitions > transforming contract logistics and road freight to move from asset-heavy industries to asset-light industries > improve efficiency, reduce costs and investment in hard assets, reducing our asset intensity	> Revenue as a percentage of PPE, transport fleet and working capital (including rights-of-use assets) for each business: – Market Access: c.29% – Logistics Africa: c.32% – Logistics International: c. 35% > Significant growth and capital allocated in Market Access, which is an asset light, premium business
Simplifying the business from a complex, regional portfolio into an integrated Market Access and Logistics business	> transforming into an integrated logistics business – offering an end-to-end service > provide simplicity, flexibility and visibility to our clients > new organisational structure focused on two solutions (market access and logistics) > regional structure will be secondary	> organised Imperial based on the solutions we offer and less so on regions > Imperial now operates within two overarching solutions – market access and logistics > heads of key industries appointed for Market Access > reorganised commercial function to sell as 'One Imperial' > cost saving of c.R200 million in South Africa planned from F2021
Commoditised businesses	> exiting non-core, underperforming, low return on effort and investment businesses > investing in new-age businesses > focusing on data and technology – remaining relevant	> sold European shipping business – at a competitive price > entered agreement for the sale of Pharmed. Exited CPG > further consolidation of freight business in South Africa > progressing well with the acquisition of e-commerce fulfilment, e-commerce and digital freight capabilities

CHALLENGE	STRATEGIC RESPONSE	PROGRESS MADE
Investment in digital, data and innovation	> move away from asset-heavy, traditional "walls and wheels" logistics, to forward-thinking and innovative solutions > proactive ongoing investment in digital and data initiatives is top of mind and core to strategy > capital will be allocated to: – an innovation fund with significant activity and opportunities identified – executing digital and data initiatives to facilitate transformational shift	> appointed a group Chief Digital Officer > three investments concluded in our venture fund: digital distributor, digital freight forwarder and a point-of-care diagnostics enabler > progressing well with the acquisition of ecommerce fulfilment and ecommerce capabilities > key digital initiatives include: – digital fleet – mobile commerce – value from data – ecommerce and fulfilment – control towers – point of sale integration
Moving from a decentralised to operating as 'One Imperial' – leveraging synergies, expertise, clients etc	> transitioning the brand positioning to 'One Imperial' brand through brand migration and architecture process > aligning processes and organisational design to 'One Imperial' – roll out of a single finance, HR, IT and communications systems > client-value proposition centred on selling as 'One Imperial' and leverage cross-selling and upselling opportunities > people proposition is centred around collaboration and being part of a 'One Imperial' business > investing in talent pipeline and leveraging skills/expertise across the group	> appointed a group Chief People Officer > key black and female management appointments made > commenced transformation of our culture which is key to achieving our 'One Imperial' strategic intent > established a shared set of values to drive a fundamental shift in the current culture > established and advancing our global and regional women's forums and initiatives > Imperial was recognised as the top company for students to work for under the transport and logistics segment in the recent South African Graduate Employers Association study
Creating shared and sustainable value – focusing on ESG	> shifting to a purpose-driven organisation > pillar of our strategy includes investing in and integrating ESG initiatives into daily business activities, which will be tracked and measured	> continuing to invest in communities through strategic CSI initiatives across regions focusing on healthcare, education, safety, skills and sport development > integrated ESG into strategy and business practices – including establishing a corporate social investment (CSI)/ESG committee > developed and rolling out group-wide ESG and climate change policies and guidelines (the first for the group) > advancing ESG reporting standards and global membership – Imperial is now a signatory of the UN Global Compact

Pro forma disclaimer

To provide a more meaningful assessment of the group's performance for the year, pro forma information and non-IFRS measures have been included under the operating performance and group financial performance section of this preliminary summarised audited results for the year ended 30 June 2020.

The directors of Imperial Logistics Limited are responsible for compiling the pro forma financial information on the basis applicable of the criteria as detailed in paragraphs 8.15 to 8.34 of the JSE Listings Requirements and the SAICA Guide on Pro forma Financial Information, revised and issued in September 2014 (applicable criteria). The pro forma information does not constitute financial statements fairly presented in accordance with IFRS. The pro forma information has been prepared for illustrative purposes only and because of its nature may not fairly present the group's financial position, results of operations and cash flows. The group's external auditor, Deloitte & Touche, has issued an unmodified reporting accountants' report on the pro forma information on 25 August 2020. A copy of their report is available on request.

Operating performance

Market Access

continuing operations

Our market access business – where close to 100% of revenue is generated in African Regions – is integral to our 'Gateway to Africa' strategy. Our market access solutions see us taking ownership of inventory and responsibility for the full order to cash function. We build complex route-to-market solutions that provide our principals' access to consumers through comprehensive channel strategies that integrate sourcing, sales, distribution and marketing. Our solutions also create opportunities to leverage our freight and contract logistics capabilities.

Through our operations mainly in East, West and Southern Africa, we are able to provide market access and logistics services in more than 20 countries on the African continent. Our activities currently focus on two key and defensive industries – healthcare and consumer.

The Market Access business delivered a resilient performance in challenging circumstances, growing revenue by 18% and decreasing operating profit marginally by 1%. Despite the negative impact of Covid-19 on trading and volumes, results benefitted from significant new contract gains of c.R1,7 billion annualised revenue and the inclusion of new acquisitions concluded in the second half of F2020.

Operating margin, however, declined from 6,8% in the prior year to 5,7% mainly due to lower volumes resulting from the impact of Covid-19 restrictions in countries of operation.

Pro forma Market Access segment results

	Half year 1 unaudited			Half year 2*			Full year unaudited		
Market Access	2020	2019	% change	2020	2019	% change	F2020	F2019^	% change
Revenue (Rm)	**5 769**	5 402	7	**6 674**	5 103	31	**12 443**	10 505	18
EBITDA (Rm)	**561**	475	18	**339**	380	(11)	**900**	855	5
Operating profit (Rm)	**485**	407	19	**225**	311	(28)	**710**	718	(1)
Operating margin (%)	**8,4**	7,5		**3,4**	6,1		**5,7**	6,8	
Return on invested capital (%)	**15,5**	15,9					**12,1**	14,2	
Weighted average cost of capital (%)	**13,1**	13,3					**12,7**	14,1	
Net debt including IFRS 16 – Lease liability (Rm)	**1 764**	1 534	15				**1 924**	1 274	51
Net debt excluding IFRS 16 – Lease liability (Rm)	**1 342**	1 111	21				**1 360**	813	67
Working capital (Rm)	**1 584**	1 459	9				**1 810**	1 169	55

^ Prior year numbers have been restated for the impact of IFRS 16 – Leases where applicable.
** Half year 2 numbers are unaudited and derived from deducting the half year 1 results from the full year published results of 30 June 2020.*

Note: Continuing operations, excluding businesses held for sale (mainly Pharmed), head office costs and eliminations.

Our strong position as a leading healthcare market access player in Africa stood us in good stead, particularly during the pandemic. The healthcare segment delivered resilient results, supported by a good performance from our business in West Africa – where we continue to operate as the leading distributor of pharmaceuticals in Nigeria and recorded market share gains in Ghana. We have in excess of c.120 days' paid-up stock in Nigeria, which positions us well to deal with the currency risks in the country. Our healthcare operations in East Africa (Surgipharm) also contributed positively, growing revenue and operating profit during the year in a market that showed no growth.

Our healthcare medical supplies and kitting business (Imres) continues to benefit from a strong order book, although the supply and delivery of products from India and the lack of air freight capacity impacted performance negatively.

While we are still able to service various channels in most markets in our consumer business, lower activity was recorded mainly in markets where sales of liquor and tobacco were negatively impacted due to Covid-19-related trading restrictions. As a result of reduced volumes, revenue and operating profit from our consumer businesses in Namibia and Mozambique declined during the year, with margins generally under pressure. Our newly acquired consumer business in Ghana contributed positively to results and is performing in line with expectations.

Our South African wholesaling business Pharmed – with its high-cost base and limited scale – has become increasingly uncompetitive and continues to underperform. Despite numerous management efforts and initiatives undertaken over the past months to turn the business to profitability again, it is evident that the business would be better placed to grow in the hands of another owner. As such, management has decided to dispose of this business and it is consequently classified as "assets held for sale". More details are included in the disposals section of this report.

Net capital expenditure of R161 million was incurred during the year largely on additions to fleet, warehouse equipment and some warehouse leasehold improvements.

Return on invested capital (ROIC) decreased from 14,2% to 12,1% and is marginally lower than the weighted average cost of capital (WACC) mainly due to lower profits as a result of Covid-19.

The pro forma regional performance results for African Regions is included below for noting:

	Half year 1 unaudited			Half year 2*			Full year unaudited		
Logistics African Regions	**2020**	2019	% change	**2020**	2019	% change	**F2020**	F2019^	% change
Revenue (Rm)	**6 359**	6 339		**7 037**	5 766	22	**13 396**	12 105	11
EBITDA (Rm)	**606**	569	7	**370**	433	(15)	**976**	1 002	(3)
Operating profit (Rm)	**511**	479	7	**240**	338	(29)	**751**	817	(8)
Operating margin (%)	**8,0**	7,6		**3,4**	5,9		**5,6**	6,7	
Return on invested capital (%)	**15,9**	16,4					**12,1**	15,1	
Weighted average cost of capital (%)	**13,4**	13,2					**12,7**	14,3	
Net debt including IFRS 16 – Lease liability (Rm)	**1 724**	1 608	7				**1 914**	1 239	54
Net debt excluding IFRS 16 – Lease liability (Rm)	**1 288**	1 161	11				**1 325**	836	59
Working capital (Rm)	**1 584**	1 561	1				**1 822**	1 182	54

^ Prior year numbers have been restated for the impact of IFRS 16 – Leases where applicable.
** Half year 2 numbers are unaudited and derived from deducting the half year 1 results from the full year published results of 30 June 2020.*

Note: Continuing operations, excluding head office costs and eliminations.

Logistics Africa

continuing operations

Logistics Africa (previously South Africa and now encompassing logistics activities throughout the continent) – encompasses road freight, contract logistics and LLP in Africa. Logistics will continue to play an integral role in achieving our 'Gateway to Africa' and 'One Imperial' strategic imperatives – leveraging freight, contract logistics and supply chain support, including cross-selling and upselling opportunities with our market access business.

In an already difficult, low-growth and increasingly competitive trading environment – exacerbated by the impacts of Covid-19, Logistics Africa recorded revenue growth of 3% but operating profit declined by 34%. Results were negatively impacted by Covid-19-related trading restrictions, associated once-off costs from further restructuring to reduce costs, and lower margins in the healthcare businesses in South Africa. Results were supported by new contract gains of c.R2,0 billion annualised revenue, the benefit of cost-saving initiatives undertaken in F2019 and excellent cost management during Covid-19. This business will also benefit from further cost reduction initiatives of c. R200 million planned in F2021.

Pro forma Logistics Africa segment results

	Half year 1 unaudited			Half year 2*			Full year unaudited		
Logistics Africa	**2020**	2019	% change	**2020**	2019	% change	**F2020**	F2019^	% change
Revenue (Rm)	**8 016**	7 407	8	**6 856**	7 048	(3)	**14 872**	14 455	3
EBITDA (Rm)	**1 075**	959	12	**601**	1 011	(41)	**1 676**	1 970	(15)
Operating profit (Rm)	**658**	616	7	**109**	548	(80)	**767**	1 164	(34)
Operating margin (%)	**8,2**	8,3		**1,6**	7,8		**5,2**	8,1	
Return on invested capital (%)	**14,1**	12,8					**9,0**	12,7	
Weighted average cost of capital (%)	**9,2**	10,2					**8,1**	9,8	
Net debt including IFRS 16 – Lease liability (Rm)	**4 016**	3 636	10				**4 226**	2 796	51
Net debt excluding IFRS 16 – Lease liability (Rm)	**2 308**	2 067	12				**2 426**	1 282	89
Working capital (Rm)	**(285)**	644					**(786)**	(358)	

^ Prior year numbers have been restated for the impact of IFRS 16 – Leases where applicable.
** Half year 2 numbers are unaudited and derived from deducting the half year 1 results from the full year published results of 30 June 2020.*

Note: Continuing operations, excluding head office costs and eliminations.

Imperial™
beyond possibility

Logistics Africa	Full year* F2020	F2019^	% change
Freight management			
Revenue (Rm)	**8 706**	9 096	(4)
EBITDA (Rm)	**1 052**	1 133	(7)
Operating profit (Rm)	**543**	709	(23)
Operating margin (%)	**6,2**	7,8	
Contract logistics			
Revenue (Rm)	**6 166**	5 359	15
EBITDA (Rm)	**624**	837	(25)
Operating profit (Rm)	**224**	455	(51)
Operating margin (%)	**3,6**	8,5	

^ Prior year numbers have been restated for the impact of IFRS 16 – Leases where applicable.
** Unaudited.*

Note: Continuing operations.

The lockdown restrictions resulted in a decline in volumes across most sectors – particularly in tobacco, alcohol and fuel. As a result, operating margin decreased to 5,2% from 8,1% in F2019. Performance for the year was also adversely impacted by the absence of project work in Africa – which tends to be cyclical – and was included in the prior year.

Revenue and operating profit in the freight business declined by 4% and 23% respectively. The performances of our LLP and road freight businesses were subdued by the lower demand and volumes mainly relating to Covid-19. Significantly lower volumes due to cross-border travel restrictions and increasingly poor economic conditions in Zimbabwe, negatively impacted the cross-border freight business.

Contract Logistics increased revenue by 15%, benefitting from the retention of CPG contracts that are now operating under more viable commercial terms, and increased demand from healthcare and consumer clients. Operating profit declined by 51% due to the impact of trading restrictions in certain sectors and associated once-off costs mainly due to restructuring and to reduce costs. The healthcare business in South Africa also negatively impacted results due to contract renewals at lower margins in a competitive environment.

As previously communicated, the ambient business within CPG ceased trading at the end of September 2019 and we sold the Cold business to Vector Logistics in November 2019. We retained over 1 800 employees (excluding staff in the Cold business) and approximately 80% (revenue) of contracts from the ambient business. These contracts and staff were accommodated mainly in the Dedicated Contracts and Health Sciences businesses. As the contracts are being transitioned, some of the benefits were achieved in H2 F2020 – with the full benefit only being realised from the 2021 financial year. As the business wound down, CPG incurred a free cash outflow of R595 million in H1 F2020 with no further trading losses incurred from CPG in H2 F2020.

Net capital expenditure from continuing operations (excluding IFRS 16) of R717 million was incurred during the year and mainly comprised expanding the fleet to accommodate new contracts and replacement of transport fleet.

ROIC declined from 12,7% to 9,0% and is below our hurdle rate of WACC + 3% mainly due to lower profits resulting from the negative impacts of Covid-19.

The pro forma regional performance results for South Africa is included below for noting:

Logistics South Africa	Half year 1 unaudited 2020	2019	% change	Half year 2* 2020	2019	% change	Full year unaudited F2020	F2019^	% change
Revenue (Rm)	**7 426**	6 470	15	**6 493**	6 385	2	**13 919**	12 855	8
EBITDA (Rm)	**1 030**	930	11	**570**	924	(38)	**1 600**	1 854	(14)
Operating profit (Rm)	**632**	553	14	**94**	512	(82)	**726**	1 065	(32)
Operating margin (%)	**8,5**	8,5		**1,4**	8,0		**5,2**	8,3	
Return on invested capital (%)	**13,4**	11,9					**9,0**	11,3	
Weighted average cost of capital (%)	**8,8**	10,0					**8,1**	9,3	
Net debt including IFRS 16 – Lease liability (Rm)	**4 056**	4 200	(3)				**4 436**	3 585	24
Net debt excluding IFRS 16 – Lease liability (Rm)	**2 362**	2 251	5				**2 661**	1 469	81
Working capital (Rm)	**(286)**	535	(153)				**(626)**	(116)	

^ Prior year numbers have been restated for the impact of IFRS 16 – Leases where applicable.
** Half year 2 numbers are unaudited and derived from deducting the half year 1 results from the full year published results of 30 June 2020.*

Note: Continuing operations, excluding businesses held for sale (mainly Pharmed), head office costs and eliminations.

Operating performance continued

Logistics International

continuing operations

Logistics International encompasses road freight, contract logistics, air/ocean and LLP activities outside of Africa – most notably our contract logistics and freight businesses in Europe and the UK.

Most impacted by the Covid-19 pandemic, revenue and operating profit from Logistics International decreased by 7% and 78% respectively in Euro terms. Revenue of c. €78 million was lost during the peak of Covid-19 as this business has significant exposure to the automotive and industrial sectors (c.65% of revenue), where the impact of the pandemic was most severe.

The high fixed cost base (c.50%) in this business, once-off impairments due to Covid-19 and low water levels in South America negatively impacted operating profit. The Rand performance was negatively impacted due to the translation of losses incurred in Q4 F2020 in Logistics International into Rands at significantly weaker exchange rates. The average exchange rate in Q4 F2020 was R19,77/Euro versus R16,50/Euro for the first nine months of F2020.

Pro forma Logistics International Regions segment results

	Half year 1 unaudited			Half year 2*			Full year unaudited		
Logistics International	**2020**	2019	% change	**2020**	2019	% change	**F2020**	F2019^	% change
Revenue (€m)	**551**	565	(2)	**534**	601	(11)	**1 085**	1 166	(7)
EBITDA (€m)	**62**	56	11	**33**	56	(41)	**95**	112	(15)
Operating profit (€m)	**23**	20	15	**(15)**	16	(194)	**8**	36	(78)
Operating margin (%)	**4,2**	3,5		**(2,8)**	2,7		**0,7**	3,1	
Return on invested capital (%)	**4,1**	6,8					**1,0**	3,7	
Weighted average cost of capital (%)	**5,6**	6,5					**5,3**	6,0	
Net debt including IFRS 16 – Lease liability (€m)	**428**	426					**419**	437	(4)
Net debt excluding IFRS 16 – Lease liability (€m)	**234**	193	21				**229**	225	
Working capital (€m)	**44**	28	57				**(23)**	33	(170)
Revenue (Rm)	**8 982**	9 229	(3)	**9 633**	9 630		**18 615**	18 859	(1)
EBITDA (Rm)	**1 004**	917	9	**583**	894	(35)	**1 587**	1 811	(12)
Operating profit (Rm)	**372**	315	18	**(316)**	273	(216)	**56**	588	(90)
Operating margin (%)	**4,1**	3,4		**(3,3)**	2,8		**0,3**	3,1	
Return on invested capital (%)	**4,1**	6,0					**0,5**	3,7	
Weighted average cost of capital (%)	**5,6**	5,8					**5,3**	6,0	
Net debt including IFRS 16 – Lease liability (Rm)	**6 722**	7 016	(4)				**8 176**	7 084	15
Net debt excluding IFRS 16 – Lease liability (Rm)	**3 679**	3 296	12				**4 459**	3 634	23
Working capital (Rm)	**687**	456	51				**(438)**	506	(187)

^ Prior year numbers have been restated for the impact of IFRS 16 – Leases where applicable.
** Half year 2 numbers are unaudited and derived from deducting the half year 1 results from the full year published results of 30 June 2020.*

Note: Continuing operations, excluding head office costs and eliminations.

A marked decrease in volumes across most operations resulted in the operating margin declining to 0,7% from 3,1% in the prior year. Results for the 12 months were supported by the benefits of the significant cost-cutting initiatives in the prior year, contract renewals and new business gains of c R2,5 billion (€128 million) per annum of annualised revenue.

Despite a marginal decrease of 1% in revenue, operating profit (in Euros) generated by freight management declined by 100% mainly due to a significant impact and related costs in road freight activities resulting from Covid-19-related restrictions and lower than expected results from the South American shipping business due to low water levels in H2 F2020 in addition to Covid-19-related restrictions on exports that impacted volumes.

Logistics International	Full year F2020	F2019^	% change
Freight management			
Revenue (€m)	**617**	623	(1)
EBITDA (€m)	**43**	94	(55)
Operating profit (€m)		29	(100)
Operating margin (%)	**0,0**	4,6	
Contract logistics			
Revenue (€m)	**468**	543	(14)
EBITDA (€m)	**52**	18	196
Operating profit (€m)	**8**	7	20
Operating margin (%)	**1,8**	1,3	

^ Prior year numbers have been restated for the impact of IFRS 16 – Leases where applicable.

Note: Continuing operations.

Results in the freight business were supported by a good performance from our express palletised distribution business (Palletways) as corrective measures taken to eliminate costs, changing our pricing model to address the increased costs caused by the network imbalances in the prior year and appointing additional members, reaped benefits. This despite Covid-19-related challenges in many of Palletways' markets.

The sale of the European shipping operations was concluded on 31 July 2020. The South American shipping business will continue to operate on a standalone basis and remains available for sale. More details are included in the disposals section of this report.

Contract logistics decreased revenue by 14% but increased operating profit by 20% (in Euros). Automotive contract logistics businesses most impacted as all OEMs implemented plant shutdowns in March and April. Volumes in the chemicals-related businesses were less impacted, supported by new business gains, but still markedly lower than in the previous year.

As many countries in Europe have eased lockdown restrictions since June 2020 and OEMs in Germany are slowly returning to production, we have seen an increase in activity but still down from pre-pandemic levels. The recovery of Logistics International is very much dependant on the duration of the crisis and time taken to restore the broken supply chains – in addition to an already low-growth macro environment. All businesses in Logistics International are currently in operation, and while volumes remain impacted, there is a steady increase.

Net capital expenditure from continuing operations (excluding IFRS 16) of R267 million was incurred during the year mainly for warehousing equipment and the replacement of truck fleet.

The ROIC of 3,7% declined to 1,1% and is lower than WACC due to significantly lower profits caused by the negative impact of Covid-19.

Group financial performance

Summarised consolidated statement of profit or loss

for the year ended 30 June

R million	% change	2020	2019*
CONTINUING OPERATIONS			
Revenue	5	**46 380**	44 039
Net operating expenses		**(42 282)**	(39 423)
Profit from operations before depreciation and recoupments	(11)	**4 098**	4 616
Depreciation, amortisation, impairments and recoupments		**(2 639)**	(2 203)
Operating profit	(40)	**1 459**	2 413
Impairment of properties net of recoupments		**(194)**	(6)
Amortisation and impairment of intangible assets arising on business combinations		**(393)**	(400)
Foreign exchange gain (loss)		**93**	(47)
Other non-operating items		**52**	(1 111)
Profit before net finance costs		**1 017**	849
Net finance cost	26	**(762)**	(605)
Profit before share of results of associates and joint ventures		**255**	244
Share of results of associates and joint ventures		**22**	39
Profit before tax		**277**	283
Income tax expense		**(159)**	(386)
Profit (loss) for the year from continuing operations		**118**	(103)
DISCONTINUED OPERATIONS		**(344)**	3 683
Net (loss) from CPG		**(305)**	(1 923)
Net (loss) profit from the European shipping business		**(39)**	214
Net profit from Motus Holdings Limited (Motus)			5 392
Net (loss) profit for the year		**(226)**	3 580
Net profit (loss) attributable to:			
Owners of Imperial		**(303)**	3 438
– Continuing operations		**42**	(232)
– Discontinued operations		**(345)**	3 670
Non-controlling interest		**77**	142
– Continuing operations		**76**	129
– Discontinued operations		**1**	13

* *Restated for IFRS 16 – Leases and for the European shipping business discontinued operations.*

Operating profit from continuing operations decreased by 40%, negatively impacted by Covid-19 across all businesses and markets in which we operate.

The R6 million decrease in profit before tax to R277 million is mainly attributed to:
> The decrease in operating profit;
> Impairment to both owned and leased properties classified as right-of-use assets; and an
> An increase in finance costs mainly due to the once-off gain that arose on the redemption of the preference shares of R63 million in the prior year that resulted in a reduction to finance cost in that period; offset partially by
> A decrease in the amortisation of intangibles arising on business combinations as certain intangible assets were fully amortised in the prior year; and
> R67 million foreign exchange losses on foreign exchange contracts (FEC) compared to a R47 million loss in the prior year, and a gain of R160 million due to reduction in capital in foreign subsidiaries.

Other non-operating items mainly comprised of gains on the re-measurement of the put option liability and contingent consideration liability offset partially by goodwill impairments which arose mainly due to higher discount rates used in valuations, and the net loss on the sale of businesses during the year.

Significant contributors to the higher effective tax rate were deferred tax assets that were not recognised for some loss-making entities.

The loss or profit from discontinued operations comprises CPG and the European shipping business in the current financial year and Motus, the European shipping and CPG in the prior financial year.

The decrease in non-controlling interests is mainly due to weaker performances across most businesses but mostly impacted by an increase in the share of losses in Pharmed, a decrease in the share of income from Surgipharm and non-controlling share of losses in MDS Logistics.

Pro forma earnings and headline earnings per share

for the year ended 30 June

Cents	% change	2020	2019~
BASIC EARNING PER SHARE			
Earnings (loss) per share	(109)	**(161)**	1 773
Imperial Logistics	(84)	**(161)**	(1 008)
Continuing operations		**22**	(120)
Discontinued operations (CPG)	(84)	**(162)**	(992)
Discontinued operations (shipping)		**(21)**	104
Discontinued operations (Motus)			2 781
Headline earnings (loss) per share^	(84)	**105**	663
Imperial Logistics	(13)	**105**	121
Continuing operations	(65)	**156**	448
Discontinued operations (CPG)	(63)	**(161)**	(433)
Discontinued operations (shipping)		**110**	106
Discontinued operations (Motus)			542

~ Restated for IFRS 16 – Leases and for the European shipping business discontinued operations.
^ 2019 Headline earnings per share re-presented for the early adoption of Headline Earnings Circular 1/2019.

Financial position

at 30 June

R million	% change	2020 Audited	2019 Audited~
Goodwill and intangible assets	5	**7 084**	6 719
Investment in associates and joint ventures	(62)	**198**	520
Property, plant and equipment	26	**3 326**	2 647
Transport fleet	(2)	**5 186**	5 309
Right-of-use assets	13	**5 422**	4 780
Investments and other financial assets	20	**271**	225
Net working capital*	(61)	**544**	1 389
Net assets of disposal group and discontinued operations	839	**2 781**	296
Retirement benefit obligation	(17)	**(1 109)**	(1 343)
Net debt excluding lease obligations*	47	**(8 391)**	(5 697)
Lease obligations	2	**(6 080)**	(5 969)
Other financial liabilities	32	**(1 415)**	(1 075)
Net income tax (liabilities) assets*	27	**455**	359
Total shareholders' equity		**8 272**	8 160
Total assets	18	**42 526**	36 060
Total liabilities	23	**(34 254)**	(27 900)
Net debt:equity % (excluding lease obligations)		**101,4**	69,8
Net debt:equity % (including lease obligations)		**174,9**	143,0

~ Restated for IFRS 16 – Leases and IFRIC 23 – Uncertainty over Tax Treatments.
** Refer to glossary of terms on page 44.*

Group financial performance continued

The significant variances on the financial position at 30 June 2020 when compared to 30 June 2019 are explained as follows:

> The increase in goodwill and intangible assets is mainly due to the new acquisitions and currency movements which were somewhat offset by the reclassification of goodwill to net assets of disposal groups.
> Investments in associates and joint ventures decreased mainly due to the consolidation of MDS Logistics post acquiring a majority share during the year.
> Property, plant and equipment increased mainly due to currency movements and the new businesses acquired.
> The increase in right-of-use assets is mainly attributed to currency movements.
> Net assets of disposal groups increased due to the reclassification of assets and liabilities relating to the European shipping business and the Pharmed Group to disposal groups at year-end.
> Retirement benefit obligations decreased by the reclassification of the retirement benefit obligations in the European shipping business to disposal groups at year-end.
> Investments and other financial assets increased mainly due to currency movements offset partially by the delivery of Motus shares to participants of the deferred bonus plan (DBP) scheme that was settled in September 2019.
> The increase in other liabilities is mainly due to an increase in contingent consideration relating to the acquisitions in the African Regions – partially offset by a decrease in the put option liability as a result of minority buyouts in Eco Health and Imres, as well as revaluation of the put option liability and contingent consideration during the year.
> Part of the decrease in net working capital is attributed to the reclassification of net working capital to net assets of disposal groups, net working capital improved from last year mainly due to excellent capital and cash flow management in F2020.
> The movement in net debt excluding lease liabilities is explained in the cash flow summary that follows.
> The decrease in the lease liability is mainly due to lease payments during the period offset partially by new leases that were capitalised during the period.

Movement in total equity for the 12 months to 30 June 2020

Total equity of R8 272 million decreased by R375 million from R8 647 million previously reported on 30 June 2019.

The following table details the changes in equity during the year:

Decrease in equity for the period to June 2020	Rm
IFRS 16 adjustment to opening equity at 1 July 2019	(487)
Comprehensive income	683
Net loss attributable to Imperial shareholders	(303)
Net profit attributable to non-controlling interests	77
Increase in the foreign currency translation reserve	1 004
Decrease in the hedge accounting reserve	(29)
Revaluation of retirement benefit obligation, net of tax	(66)
Movement in share-based reserve net of transfers to retained earnings	37
Ordinary dividend paid	(530)
Repurchase of Imperial Logistics shares	(225)
Non-controlling interest acquired, net of disposals and shares issued	329
Net decrease in non-controlling interests through buyout	(54)
Non-controlling share of dividends	(128)
Total decrease	(375)

Pro forma cash flow summary to June 2020 including CPG and European shipping in both periods excluding Motus in the comparative period

Cash flow summary to June 2020 including discontinued operations in both periods excluding Motus in the comparative period

R million	2020 Audited	2019 Unaudited*^
Cash flows from operating activities		
Cash generated by operations before movements in net working capital	**4 536**	5 239
Movements in net working capital	**559**	(21)
Cash generated by operations before interest and taxes paid	**5 095**	5 218
Net interest paid	**(918)**	(894)
Tax paid	**(367)**	(580)
Cash generated by operations	**3 810**	3 744
Cash flows from investing activities		
Net acquisition of subsidiaries and businesses	**(276)**	(25)
Expansion from capital expenditure	**(747)**	(471)
Net replacement capital expenditure	**(735)**	(623)
Net movement in other associates and joint ventures	**45**	286
Net movement in investments, loans and non-current financial instruments	**(59)**	(169)
Cash utilised in investing activities	**(1 772)**	(1 002)
Cash flows from financing activities		
Hedge cost premium paid	**(2)**	(161)
Settlement of interest-rate swap instruments	**(11)**	(13)
Repurchase of ordinary shares	**(225)**	(262)
Dividends paid	**(658)**	(792)
Cash paid on change in non-controlling interests	**(277)**	(137)
Capital raised from non-controlling interests		200
Settlement of non-redeemable, non-participating preference shares		(378)
Payment of lease obligations	**(2 032)**	(1 684)
Cash utilised in financing activities	**(3 205)**	(3 227)
Movement in net debt	**(1 167)**	(485)
Free cash flow	**1 043**	1 437

* *For the cash flows including Motus in the prior year please refer to the consolidated statement of cash flows on page 30. The cash flows relating to Motus that have been excluded are operating cash outflow of R1 343 million, investing cash outflow of R231 million and financing cash outflow of R1 498 million.*
^ *Restated for IFRS 16 – Leases.*

The balance sheet movement in net debt of R2 694 million includes currency movements of R1 327 million and other non-cash movements that are excluded from the cash flow movement of R1 167 million.

The following are the significant cash flow items:
Cash generated by operations before movements in net working capital of R4 536 million decreased by R703 million mainly due to lower operating profit which translated into the lower cash flow.

A decrease in net working capital from 30 June 2019 resulted in a cash inflow of R559 million. The decrease is mainly attributable to excellent capital and cash flow management in F2020. Net working capital at year end was below our guidance of between 4% and 5% of revenue. We expect this to normalise as revenue levels recover.

Group financial performance continued

Net capital expenditure increased to R1 482 million from R1 094 million in F2019 primarily due to higher investment in fleet expansion as a result of the purchase of Lowveld Busses in South Africa, to support new contract gains, fleet replacement in South Africa and investment in specialised new fleet in International.

Interest of R918 million and tax of R367 million were paid during the year. Dividends amounted to R658 million during the year.

Other significant cash outflow items included lease obligation payments of R2 032 million, share buybacks of R225 million and changes to non-controlling interests of R277 million.

The cash flow benefitted from an inflow arising from movements in other associates and joint ventures mainly due to the sale of associates in the South African division during the period.

Free cash flow (post-maintenance capex and including discontinued operations) generation was strong despite a decrease to R1 043 million from R1 437 million in the prior year. Free cash outflow from discontinued operations of R261 million (2019: R507 million) is included. Free cash flow (post-maintenance capex and excluding discontinued operations) decreased to an inflow of R1 304 million from a cash inflow of R1 944 million in F2019. This resulted in a continuing free cash flow to continuing headline earnings ratio of 4,42 times.

Liquidity

The Group's liquidity position remains strong with R13,2 billion of unutilised banking facilities (post the receipt of the European shipping proceeds). In total, 76% of the group's debt is long-term in nature and 57% of the debt is at fixed rates.

Dividend

An interim cash dividend of 167 cents per ordinary share was declared in the first half and paid to shareholders in March 2020. Our targeted pay-out ratio is 45% of continuing HEPS, subject to prevailing circumstances. As the interim dividend was more than continuing HEPS for the full financial year to 30 June 2020 – and exceeding the targeted payout ratio – a final dividend was not declared. Therefore, the total cash dividend for F2020 is 167 cents per share (F2019: 244 cents per share).

ACQUISITIONS

> **Geka Pharma (Namibia)**
Imperial concluded the acquisition of a 65% stake in Geka Pharma, a distributor of pharmaceutical, medical, surgical and allied products in Namibia for R78 million which includes a contingent consideration of R31 million. Geka Pharma has been supplying pharmaceuticals to the healthcare industry in Namibia for more than 45 years. As previously communicated, this transaction is in line with Imperial's strategy to expand into healthcare in Namibia – leveraging its consumer footprint. The acquisition was effective 1 January 2020.

> **MDS Logistics (Nigeria)**
Imperial's acquisition of a further 8% equity stake in MDS Logistics, Nigeria's leading provider of integrated supply chain solutions, was concluded in January 2020. This transaction included Imperial transferring some existing contracts to MDS Logistics, and paying a further USD2,4 million in cash. This takes our shareholding in the business from 49% to 57%. MDS Logistics provides logistics solutions through 48 distribution centres and 53 offsite inventory management centres covering over 30 states and a catchment area of over 400 cities and villages. Securing majority control in MDS Logistics will drive integration with Imperial's operations in Nigeria – facilitating the implementation of our value-added logistics offering through an end-to-end solution including transport, warehousing, distribution and market access, and as such leveraging our capabilities in this market.

> **Consumer business in West Africa**
Effective 1 January 2020, Imperial acquired a 51% interest in ACP holdings (based in Mauritius) for approximately USD20,3 million, which includes a contingent consideration of approximately USD9,5 million. The trading operations are based in Ghana and ACP is well established as an importer and distributor of FMCG. With eight branches across Ghana, the business represents over 30 global brands in various consumer food, beverages and personal care categories. This acquisition is in line with Imperial's strategy to accelerate its growth in Africa, with a strategic focus on the consumer goods and healthcare sectors. Imperial will leverage synergies in the business' expansive Ghanaian network and market access solutions to enhance its capabilities, primarily in healthcare and consumer, in the region. The business currently has direct coverage of over 22 000 retail and wholesale outlets in Ghana and is an integral part of Imperial's strategy to increase its presence in the burgeoning West African consumer markets.

- **Axis Group International**
  Effective the end of December 2019, Imperial acquired a 60% shareholding in Axis Group International which specialises in sourcing and procurement in Asian markets, for a total purchase consideration of USD12 million, which includes a contingent consideration of USD7,3 million. This is a strategically aligned transaction as it will facilitate trade between Imperial's present client base and companies based in China and other Asian markets through the group sourcing and purchasing of products in these markets – and providing market access to companies wanting to trade in these particular regions.

- **Imperial Sasfin Logistics minority buyout**
  Imperial acquired the remaining minority shares within the entity previously known as Imperial Sasfin Logistics. The change in ownership through this transaction was required to facilitate one of Imperial's strategic objectives to be an international logistics provider managing clients' international freight requirements on a door-to-door basis. The business has been renamed Imperial Clearing and Forwarding.

- **Air/Ocean Freight business in Turkey**
  Imperial entered into a partnership with Turkish freight forwarder M Ekspres (aka MEX) in June 2020, creating a new multi-modal freight management business housed within Imperial's freight management capability – specialising in traffic to, from and transiting Turkey. The business is based in Istanbul and provides air and ocean import and export forwarding services to existing clients of both Imperial and MEX, as well as new customers. In addition, it plans to leverage the fast-growing range of global destinations served from Istanbul's new airport, as a gateway for traffic to the African continent. This is aligned to Imperial's strategy to serve as a 'Gateway to Africa' and facilitating trade flows into and out of the continent.

Acquisitions concluded post-year-end

- **Market access healthcare manufacturing in South Africa**
  Effective August 2020, Imperial acquired a 49% shareholding in Pharmafrique (Pty) Ltd (trading as Kiara Health) for approximately R76 million. Kiara Health is a pharmaceutical manufacturing and healthcare services company based in Johannesburg which serves as the local manufacturing partner for a global leader in generic and biosimilar medicines. This acquisition is in line with Imperial's strategy to backward integrate into contract manufacturing as part of its market access service to multinationals on the continent. Access to this capability will create a pipeline of opportunities for our market access and logistics services in the healthcare industry in South Africa.

DISPOSALS (concluded post-year-end)

- **European shipping operations**
  Effective 31 July 2020, Imperial disposed of its interest in our European shipping business to the Cologne-based Häfen und Güterverkehr Köln AG (HGK). The aggregate purchase price of EUR171 million (approximately R3,4 billion) was settled by HGK in full and in cash on the date of implementation. The shipping business is non-core to Imperial's strategic imperative – which is to grow our African footprint and reach, and position the group as the 'Gateway to Africa' in the medium to long term.

  The proceeds from this sale have been used to pay down existing debt in the short term and will be invested in new growth areas in line with our strategy in due course.

  The South American shipping business will continue to operate on a stand-alone basis and remains available for sale.

- **Pharmed**
  Imperial has entered into an agreement for the sale of our Pharmed business in South Africa to the Arrie Nel Pharmacy Group. Focused on independent healthcare professionals, Pharmed is our South African pharmaceutical wholesaler – providing prescription and homeopathic medicine, surgical, dental and veterinary products to independent pharmacies, corporate pharmacies, private hospitals and dispensing doctors.

  The South African wholesaler landscape has become increasingly competitive and it has become clear that a retail network and significant scale – and the associated investment – are essential if such a business is to survive and thrive. Pharmed, with its high-cost base and limited scale, has accordingly become increasingly uncompetitive and continues to underperform.

  Despite numerous management efforts and initiatives undertaken over the past months to return the business to profitability, it is evident that the business would be better placed to grow in the hands of an owner such as Arrie Nel – where the closer alignment of strategic focus and capital allocation capabilities will enable the required growth investments. We anticipate this deal to be concluded in the first quarter of the 2021 financial year, subject to competition commission approval.

  It is important to note that the disposal of Pharmed does not represent our exit from the healthcare industry in South Africa but merely the exit from non-core wholesale activities. The high-growth and resilient healthcare industry remains key to our 'Gateway to Africa' strategy and we remain committed to the many multinational principals and clients we serve across the African continent. We will continue to serve such principals and clients through our logistics business – and through the ongoing expansion of our healthcare market access business in South Africa.

Group financial performance continued

DIRECTORATE AND EXECUTIVE MANAGEMENT CHANGES

As previously announced, Ms Bridget Radebe and Mr Dirk Reich were appointed as independent non-executive directors, effective 1 September 2019. Ms Thembisa Skweyiya resigned from the board on 31 December 2019.

In keeping with Imperial's non-executive director succession planning, Mr Roderick Sparks retired as Lead independent director on 30 October 2019. He remains an independent member of the board and is chairman of the social, ethics and sustainability (SES) committee. Mr Graham Dempster was appointed to succeed Mr Sparks as the Lead independent director on the same date.

Ms Bridget Radebe was appointed to succeed Mr Dempster as chairman of the audit committee from 1 September 2020. Mr Dempster remains a member of the audit committee.

After 26 years of service to Imperial, Mr Nico van der Westhuizen – a member of the Imperial executive committee and CEO of Imperial Logistics South Africa – retired from the group at the end of June 2020. Mr Edwin Hewitt was appointed his successor on 1 March 2020.

In line with changes to our organisational structure, effective July 2020, Mr Johan Truter was appointed CEO: Market Access. As of the same date, Mr Edwin Hewitt was appointed CEO: Logistics Africa (encompassing road freight, contract logistics and LLP in Africa) and Mr Hakan Bicil was appointed CEO: Logistics International (encompassing road freight, contract logistics, air/ocean and LLP outside Africa).

PROSPECTS

This is a difficult and demanding time for us as the Covid-19 pandemic continues to spread. Many of our markets are facing increasing uncertainty and volatility, being in various levels of lockdown and restrictions. We therefore anticipate the impact of the Covid-19 pandemic to significantly impact our operations and performance in the short term. However, a significant recovery was recorded across the business in July and August 2020.

At this stage, for F2021, subject to stable currencies, steady recovery in volumes and revenue on the back of easing Covid-19 restrictions, and a recovery in economies in which we operate from current levels, we expect Imperial's continuing operations to deliver:

- Revenue growth compared to the prior year.
- Operating profit growth compared to the prior year.
- Growth in continuing HEPS compared to the prior year.
- Good free cash flow generation – free cash conversion expected to be between 70% and 75%.

The balance sheet of the business is strong and resilient, with sufficient headroom in terms of capacity and liquidity to facilitate our strategic growth aspirations.

The dividend will be reassessed at the interim results in February 2021 based on trading conditions in the next six months.

While we will continue to meet the demands and manage the implications of the pandemic in the short term, we will ensure that significant time and energy is given to delivering against our strategy – to build a resilient and sustainable business with a purpose, well into the future.

Finally, we thank our shareholders and funders for their ongoing support and patience as we continue to navigate the current crisis and execute our urgent strategic deliverables to unlock and deliver value for all our stakeholders.

Mohammed Akoojee
Group Chief Executive Officer

George de Beer
Group Chief Financial Officer

25 August 2020

Summarised consolidated statement of profit or loss

Imperial™
beyond possibility

for the year ended 30 June 2020

R million	Notes	% change	2020	2019*
CONTINUING OPERATIONS				
Revenue		5	**46 380**	44 039
Net operating expenses			**(42 282)**	(39 423)
Profit from operations before depreciation and recoupments		(11)	**4 098**	4 616
Depreciation, amortisation, impairments and recoupments			**(2 639)**	(2 203)
Operating profit		(40)	**1 459**	2 413
Impairment of properties net of recoupments			**(194)**	(6)
Amortisation and impairment of intangible assets arising on business combinations			**(393)**	(400)
Foreign exchange gains (losses)			**93**	(47)
Other non-operating items	7		**52**	(1 111)
Profit before net finance costs			**1 017**	849
Net finance cost	8	26	**(762)**	(605)
Profit before share of results of associates and joint ventures			**255**	244
Share of results of associates and joint ventures			**22**	39
Profit before tax			**277**	283
Income tax expense			**(159)**	(386)
Profit (loss) for the year from continuing operations			**118**	(103)
DISCONTINUED OPERATIONS			**(344)**	3 683
Net (loss) from CPG			**(305)**	(1 923)
Net (loss) profit from the European shipping business			**(39)**	214
Net profit from Motus Holdings Limited (Motus)				5 392
Net (loss) profit for the year			**(226)**	3 580
Net profit (loss) attributable to:				
Owners of Imperial			**(303)**	3 438
– Continuing operations			**42**	(232)
– Discontinued operations			**(345)**	3 670
Non-controlling interests			**77**	142
– Continuing operations			**76**	129
– Discontinued operations			**1**	13
Earnings (loss) per share (cents)				
Continuing operations				
– Basic			**22**	(120)
– Diluted			**22**	(120)
Discontinued operations				
– Basic			**(183)**	1 893
– Diluted			**(177)**	1 893
Total operations				
– Basic			**(161)**	1 773
– Diluted			**(155)**	1 773

** Restated for the adoption of IFRS 16 – Leases (refer to note 3) and re-presented for the European shipping business as a discontinued operation in terms of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.*

Summarised consolidated statement of comprehensive income

for the year ended 30 June 2020

R million	2020	2019*
Net (loss) profit for the year	**(226)**	3 580
Other comprehensive income	**909**	307
Items that may be reclassified subsequently to profit or loss	**975**	382
Exchange gains arising on translation of foreign operations	**1 004**	211
Movement in hedge accounting reserve	**(40)**	135
Income tax relating to items that may be classified to profit or loss	**11**	36
Items that may not be reclassified subsequently to profit or loss	**(66)**	(75)
Remeasurement of defined benefit obligations	**(100)**	(127)
Income tax on remeasurement of defined benefit obligations	**34**	52
Total comprehensive income for the year	**683**	3 887
Total comprehensive income attributable to:		
Owners of Imperial	**475**	3 739
Non-controlling interests	**208**	148
	683	3 887

** Restated for the adoption of IFRS 16 – Leases and IFRIC 23 – Uncertainty over Income Tax Treatments (refer to note 3).*

Earnings per share information

Imperial™
beyond possibility

R million	% change	2020	2019*
Headline earnings reconciliation			
Earnings		**(303)**	3 438
– Continuing operations		**42**	(232)
– Discontinued operations		**(345)**	3 670
Recoupment from the disposal of property, plant and equipment (IAS 16)		**(54)**	(47)
Loss on disposal of intangible assets (IAS 38)		**4**	3
Impairment of property, plant and equipment (IAS 36)		**89**	16
Impairment of right-of-use assets (IFRS 16)		**140**	
Impairment of intangible assets (IAS 36)		**121**	6
Impairment of goodwill (IAS 36)		**223**	1 139
Impairment of investment in associates and joint ventures (IAS 28)		**2**	26
Loss on disposal of subsidiaries and businesses (IFRS 10)		**23**	
Profit on disposal of investment in associates (IAS 28)		**(40)**	(64)
Remeasurements included in share of result of associates and joint ventures			(3)
Foreign exchange gain reclassified to profit or loss (IAS 21)		**(160)**	
Tax effects of remeasurements		**(89)**	10
Non-controlling interests' share of remeasurements		**(6)**	16
Net headline earning adjustments for discontinued operations		**248**	(3 254)
Headline earnings		**198**	1 286
– Continuing operations	(66)	**295**	870
– Discontinued operations		**(97)**	416
Headline earnings per share (cents)^			
Continuing operations			
– Basic	(65)	**156**	448
– Diluted	(66)	**151**	448
Discontinued operations			
– Basic		**(51)**	215
– Diluted		**(50)**	215
Total operations			
– Basic		**105**	663
– Diluted		**101**	663
ADDITIONAL INFORMATION			
Net asset value per share		**3 783**	3 960
Dividend per ordinary share (cents)		**167**	244
Number of ordinary shares in issue (million)			
– Total shares		**202,1**	201,2
– Net of shares repurchased		**193,5**	196,3
– Weighted average for basic		**188,6**	193,9
– Weighted average for diluted		**195,2**	193,9
Number of other shares (million)			
– Deferred ordinary shares to convert to ordinary shares		**4,2**	5,0

** Restated for the adoption of IFRS 16 – Leases (refer to note 3) and re-presented for the European shipping business as a discontinued operation in terms of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.*
^ 2019 Headline earnings per share calculation based on Headline Earnings Circular 1/2019.

Summarised consolidated statement of financial position

at 30 June 2020

R million	Note	2020	2019*	2018*
ASSETS				
Goodwill and intangible assets	9	**7 084**	6 719	8 575
Investment in associates and joint ventures		**198**	520	752
Property, plant and equipment		**3 326**	2 647	3 042
Transport fleet		**5 186**	5 309	5 219
Right-of-use assets		**5 422**	4 780	5 335
Deferred tax assets		**1 510**	1 227	940
Investments and other financial assets		**271**	225	258
Inventories		**2 676**	2 349	2 194
Tax in advance		**221**	259	364
Trade, other receivables and contract assets		**7 934**	10 083	9 707
Cash resources		**3 374**	1 646	2 818
Assets of disposal group		**598**		
Assets of discontinued operations		**4 726**	296	
Assets held for distribution to owners of Imperial				36 637
Total assets		**42 526**	36 060	75 841
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and share premium		**1 030**	1 030	1 030
Shares repurchased		**(789)**	(586)	(560)
Other reserves		**1 397**	761	195
Retained earnings		**5 682**	6 569	21 656
Attributable to owners of Imperial		**7 320**	7 774	22 321
Put arrangement over non-controlling interest		**(266)**	(527)	(566)
Non-controlling interests		**1 218**	913	886
Total equity		**8 272**	8 160	22 641
Liabilities				
Non-redeemable, non-participating preference shares				441
Retirement benefit obligations		**1 109**	1 343	1 216
Interest-bearing borrowings		**11 765**	7 343	8 016
Lease obligations		**6 080**	5 969	5 850
Deferred tax liabilities		**901**	809	1 137
Other financial liabilities		**1 415**	1 075	1 209
Trade, other payables and provisions		**10 066**	11 043	10 074
Current tax liabilities		**375**	318	303
Liabilities associated with disposal group		**356**		
Liabilities of discontinued operations		**2 187**		
Liabilities associated with assets held for distribution to owners of Imperial				24 954
Total liabilities		**34 254**	27 900	53 200
Total equity and liabilities		**42 526**	36 060	75 841

** Restated for the adoption of IFRS 16 – Leases and IFRIC 23 – Uncertainty over Income Tax Treatments (refer to note 3).*

Summarised consolidated statement of changes in equity*

for the year ended 30 June 2020

R million	Share capital and premium	Shares repurchased	Other reserves	Retained earnings	Attributable to owners of Imperial	Put arrangement over non-controlling interest	Non-controlling interests	Total equity
At 30 June 2018	1 030	(560)	271	22 050	22 791	(566)	900	23 125
Impact of adopting new standards and interpretations (refer to note 3)			(76)	(394)	(470)		(14)	(484)
Restated opening balance at 1 July 2018	1 030	(560)	195	21 656	22 321	(566)	886	22 641
Total comprehensive income for the year			377	3 362	3 739		148	3 887
Share-based cost charged to profit or loss			181		181			181
Share-based equity reserve transferred to retained earnings on vesting			40	(40)				
Treasury shares delivered to settle share-based obligations		136	(136)					
Share-based equity reserve hedge cost			(137)		(137)			(137)
Transfer of share-based payment reserve to liabilities			(12)		(12)			(12)
Transfer of statutory reserve to retained earnings			31	(31)				
Ordinary dividends paid				(1 030)	(1 030)			(1 030)
Ordinary dividends distribution in specie on unbundling of Motus				(17 036)	(17 036)			(17 036)
Repurchase of ordinary shares		(262)			(262)			(262)
Cancellation of ordinary shares		100		(100)				
Non-controlling interest acquired, net of disposals and shares issued							28	28
Net decrease in non-controlling interest through buyouts			10		10	39	48	97
Realisation on disposal of subsidiaries and businesses			212	(212)				
Non-controlling interest share of dividends							(197)	(197)
At 30 June 2019*	**1 030**	**(586)**	**761**	**6 569**	**7 774**	**(527)**	**913**	**8 160**
Total comprehensive income for the year			**844**	**(369)**	**475**		**208**	**683**
Share-based cost charged to profit or loss			**36**		**36**		**2**	**38**
Share-based equity reserve transferred to retained earnings on vesting			**(9)**	**9**				
Treasury shares cancelled delivered to settle share-based obligations		**22**	**(22)**					
Share-based equity reserve hedge cost			**(1)**		**(1)**			**(1)**
Transfer of statutory reserve to retained earnings			**(3)**	**3**				
Ordinary dividends paid				**(530)**	**(530)**			**(530)**
Repurchase of ordinary shares		**(225)**			**(225)**			**(225)**
Non-controlling interest acquired, net of disposals							**329**	**329**
Net decrease in non-controlling interest through buyouts			**(209)**		**(209)**	**261**	**(106)**	**(54)**
Non-controlling interest share of dividends							**(128)**	**(128)**
At 30 June 2020	**1 030**	**(789)**	**1 397**	**5 682**	**7 320**	**(266)**	**1 218**	**8 272**

** Restated for the adoption of IFRS 16 – Leases and IFRIC 23 – Uncertainty over Income Tax Treatments (refer to note 3).*

Summarised consolidated statement of cash flows

for the year ended 30 June 2020

R million	2020	2019*
Cash flows from operating activities		
Cash generated by operations before movements in net working capital	4 536	6 870
Movements in net working capital	559	(1 538)
Cash generated by operations before interest and taxes paid	5 095	5 332
Net interest paid	(918)	(1 137)
Tax paid	(367)	(622)
Cash generated by operations before capital expenditure on rental assets	3 810	3 573
Capital expenditure (Motus)		(1 172)
	3 810	2 401
Cash flows from investing activities		
Net acquisition of subsidiaries and businesses	(276)	(92)
Expansion capital expenditure	(747)	(536)
Net replacement capital expenditure	(735)	(737)
Net movement in associates and joint ventures	45	279
Net movement in investments, loans and non-current financial instruments	(59)	(147)
	(1 772)	(1 233)
Cash flows from financing activities		
Hedge cost premium paid	(2)	(161)
Settlement of interest-rate swap instruments	(11)	(13)
Repurchase of ordinary shares	(225)	(262)
Dividends paid	(658)	(1 227)
Cash resources distributed as part of the Motus unbundling dividend in specie		(1 058)
Cash paid on change in non-controlling interests	(277)	(142)
Capital raised from non-controlling interests		200
Settlement of non-redeemable, non-participating preference shares		(378)
Net increase in interest-bearing borrowings	2 828	828
Payment of lease obligations	(2 032)	(1 684)
	(377)	(3 897)
Net increase (decrease) in cash resources	1 661	(2 729)
Effects of exchange rate changes on cash resources in a foreign currency	279	74
Cash resources at beginning of year	1 646	4 301
Cash resources at end of year^	3 586	1 646

* *Restated for the adoption of IFRS 16 – Leases. Refer to note 3.*

^ *Included in cash resources is R190 million included in assets of discontinued operations and R22 million included in assets of disposal group.*

Notes to the summarised consolidated financial statements

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1. BASIS OF PREPARATION

The summarised consolidated financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 30 June 2020 and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Standards Council. The results are presented in accordance with IAS 34 – Interim Financial Reporting and comply with the Listings Requirements of the Johannesburg Stock Exchange Limited (JSE) and the Companies Act of South Africa, 2008. These summarised consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated annual financial statements as at and for the year ended 30 June 2020.

These summarised consolidated financial statements have been prepared under the supervision of WS Buckton, CA(SA) and were approved by the board of directors on 25 August 2020.

2. ACCOUNTING POLICIES

The accounting policies adopted and methods of computation used in the preparation of the summarised consolidated financial statements are in accordance with IFRS and are consistent with those applied to the annual financial statements for the year ended 30 June 2019, with the exception of the adoption IFRS 16 and IFRIC 23 as detailed below.

3. IFRS STANDARDS AND INTERPRETATIONS THAT BECAME EFFECTIVE DURING THE YEAR

IFRS 16 – Leases

IFRS 16 – Leases, applicable to the group in 2020, introduces a single-lease accounting model that requires the group as a lessee to recognise assets and liabilities for all leases with a term longer than 12 months.

The group's previous accounting policy was to expense operating lease payments on a straight-line basis over the lease term. From 1 July 2019 the group recognised right-of-use assets and lease obligations, which represents the group's right to use the underlying leased assets and its obligations to make lease payments, on the statement of financial position. The right-of-use assets are amortised and interest on the lease liabilities are expensed, both in profit or loss. The operating lease payments previously expensed in profit or loss and classified as an operating cash flow are now accounted for as settlements of the lease obligations on the statement of financial position and interest expense in the statement of profit or loss.

In terms of lessor accounting IFRS 16 substantially carries forward the requirements in IAS 17 and accordingly the group continues to account for its leases as operating leases or finance leases. As a result no restatement of previously reported numbers are required.

IFRIC 23 – Uncertainty over Income Tax Treatments

This interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 – Income Taxes when there is uncertainty over income tax treatments. It requires an entity to recognise and measure tax assets and tax liabilities taking those uncertainties into consideration.

The group applied IFRS 16 and IFRIC 23 by adjusting the opening balances at 1 July 2018. The impact of the adoption on the financial statements is summarised below. The 2019 profit or loss was also re-presented for the classification of the European shipping business as a discontinued operation.

The numbers reported for Motus at 30 June 2018 and for the year ended 30 June 2019 were not restated as the deconsolidation of Motus occurred prior to the adoption of IFRS 16.

R million	30 June 2019	1 July 2018
FINANCIAL POSITION		
Assets		
Transport fleet	(143)	(139)
Right-of-use assets	4 780	5 335
Deferred tax assets	159	157
Investments and other financial assets	42	52
Trade, other receivables and contract assets	(43)	(67)
Total assets	4 795	5 338
Liabilities		
Interest-bearing borrowings	(69)	(82)
Lease obligations	5 969	5 850
Trade, other payables and provisions	(685)	(13)
Current tax liabilities (IFRIC 23)	67	67
Total liabilities	5 282	5 822
Total equity	(487)	(484)

Notes to the summarised consolidated financial statements

R million	IFRS 16 restatement 2019	Re-presenting European shipping business 2019	Total 2019
PROFIT OR LOSS			
Continuing operations			
Revenue		(5 681)	(5 681)
Net operating expenses	1 797	4 944	6 741
Profit from operations before depreciation and recoupments	1 797	(737)	1 060
Depreciation, amortisation, impairments and recoupments	(1 534)	386	(1 148)
Operating profit	263	(351)	(88)
Foreign exchange gains	6		6
Other non-operating items	5	(4)	1
Profit before net finance costs	274	(355)	(81)
Net finance cost	(246)	56	(190)
Profit before share of results of associates and joint ventures	28	(299)	(271)
Share of results of associates and joint ventures		(7)	(7)
Profit before tax	28	(306)	(278)
Income tax expense	(7)	92	85
Profit for the year from continuing operations	21	(214)	(193)
Discontinued operations			
Profit for the year from discontinued operations	(24)	214	190
	(3)		(3)
Earnings (loss) per share			
Basic	(2)		(2)
– Continuing operations	10	(104)	(94)
– Discontinued operations	(12)	104	92
Diluted	(2)		(2)
– Continuing operations	10	(104)	(94)
– Discontinued operations	(12)	104	92

The impact on profit attributable to non-controlling interests was insignificant.

CASH FLOWS			
Cash flows from operating activities			
Cash generated by operations before movements in net working capital			1 999
Movements in net working capital			(4)
Cash generated by operations before interest and taxes paid			1 995
Net interest paid			(316)
			1 679
Cash flows from investing activities			
Net movement in investments, loans and non-current financial instruments			5
			5
Cash flows from financing activities			
Payment of lease obligations			(1 684)
			(1 684)
Net movement in cash resources			

Headline Earnings Circular 1/2019

The group early adopted Headline Earnings Circular 1/2019 in the current year. The circular was updated to include gains or losses on lease terminations in headline earnings. The impact on 2019 was an increase in continuing headline earnings of R5 million and an increase headline earnings per share by 2 cents.

4. FOREIGN EXCHANGE RATES

The following major rates of exchange were used in the translation of the group's foreign operations:

	2020	2019
SA Rand:Euro		
– closing	19,51	16,06
– average	17,32	16,18
SA Rand:US Dollar		
– closing	17,37	14,10
– average	15,67	14,18
SA Rand:Pound Sterling		
– closing	21,46	17,95
– average	19,74	18,35

5. COVENANT COMPLIANCE, CASH AND LIQUIDITY

The group has externally imposed capital requirements in terms of debt covenants on bank facilities. The covenant, which is calculated on a basis pre-IFRS 16 – Leases, requires the group to maintain a net debt:EBITDA* ratio of below 3,25:1.

At 30 June 2020 the group's net debt was R8 391 million and the net debt:EBITDA ratio was 2,78 times. The increase in the ratio compared to the prior year was driven by lower EBITDA mainly due the Covid-19 pandemic, exacerbated by a sharp devaluation of the Rand which resulted in higher translated foreign net debt.

To protect the covenant against currency volatility, the group has agreed with its debt funders to neutralise the impact of extreme currency volatility on the net debt:EBITDA ratio. Refer to the glossary of terms on page 44.

On 31 July 2020 the group disposed of its European shipping business for an enterprise value of R3 440 million. The disposal resulted in a decrease in net debt of R3 440 million, leading to a significant improvement in the net debt:EBITDA covenant ratio post-year-end.

With a focus on capital retention during the current period of uncertainty, the dividend and share repurchases will be reassessed at the interim results in February 2021 based on trading and market conditions in the next six months. Capital expenditure in the near term will be limited to essential and committed expenditure. Significant focus will be placed on cash generation in the short term together with strict working capital measurements.

At 30 June 2020 the group held cash resources of R3 374 million and had committed undrawn credit facilities of R10 620 million. Net working capital was R544 million which benefitted R862 million from an asset backed commerical paper (ABCP) arrangement.

The following table summarises the maturity profile of the group's financial liabilities based on undiscounted contractual cash flows:

Financial liability	Carrying value Rm	Contractual cash flows Rm	< 6 months Rm	6 to 12 months Rm	> 12 months Rm
Interest-bearing borrowings	11 765	12 257	1 303	1 579	9 375
Lease obligations	6 080	6 886	967	905	5 014
Non-current derivative liabilities	108	108			108
Put option liabilities	646	646	54		592
Contingent consideration liabilities	336	336	106		230
Other financial liabilities	325	325		308	17
Trade payables and current derivative liabilities	9 125	9 125	9 125		
	28 385	29 683	11 555	2 792	15 336

** Refer to glossary of terms on page 44.*

Notes to the summarised consolidated financial statements

6. EXPECTED CREDIT LOSS PROVISIONING

Trade receivables

The group's trade accounts receivable consist of a large, widespread customer base with no concentration of credit risk.

For trade receivables the group has applied the simplified approach to measure the loss allowance at lifetime expected credit losses. The group determines the expected losses on these assets by using a provision matrix, estimated based on historical credit loss experience based on past due status of the financial assets, adjusted as appropriate to reflect the current condition and estimates of future economic conditions.

At 30 June 2020, the group has assessed the expected credit losses for trade receivables and due to the financial uncertainty arising from Covid-19 management has increased the expected loss rates for trade receivables based on their judgement as to the impact of Covid-19 on trade receivables. However, due to strict cash management measures under these uncertain times the group was able to significantly reduce trade receivables as well as improve the ageing profile of trade receivables.

In addition certain individual customers were identified as credit impaired which resulted in a specific credit risk allowance of R24 million. The total credit loss charge on trade receivables amounted to R32 million for the year.

Cash resources

The group deposits cash with reputable financial institutions with investment grade credit ratings assigned by international or recognised credit rating agencies or counterparties authorised by the investment committee. None of the financial institutions displayed significant increase in credit risk during the reporting period.

	2020	2019*
7. OTHER NON-OPERATING ITEMS		
Remeasurement of financial instruments not held-for-trading	**300**	51
Remeasurement of put option liabilities	**277**	51
Gain on remeasurement of contingent consideration liability	**23**	
Capital items	**(248)**	(1 162)
Impairment of goodwill	**(223)**	(1 139)
(Loss) profit on disposal of subsidiaries and businesses	**(23)**	60
Impairment of equity investments	**(26)**	
Profit on disposal of associates	**40**	
Impairment of associates and loans advanced to associates	**(2)**	(73)
Business acquisition costs	**(21)**	(15)
Net gain on termination of leases	**7**	5
	52	(1 111)
8. NET FINANCE COST		
Net interest paid	**(744)**	(601)
Fair value losses on interest-rate swap instruments	**(18)**	(4)
	(762)	(605)

* *Restated for the adoption of IFRS 16 – Leases (refer to note 3) and re-presented for the European shipping business as a discontinued operation in terms of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.*

9. GOODWILL AND INTANGIBLE ASSETS

Annual impairment reviews of goodwill and indeterminate life intangible assets are usually performed in March 2020. However, in light of the Covid-19 pandemic the group had decided to perform its annual impairment test close to year-end.

Value-in-use calculations were performed for each cash-generating unit using cash flow projections based on the annual financial budget approved by the board of directors of Imperial on 28 May 2020. Key assumptions used in the impairment test were adjusted for information available at 30 June 2020. The Covid-19 outbreak resulted in increase discount rates, lower cash flow projections and a decrease in terminal growth rates. As a result, goodwill allocated to Surgipharm, which showed marginal headroom in 2019, as well as goodwill allocated to two recent acquisitions were impaired. The total goodwill impairment charge for the year was R223 million.

Movement in goodwill during the year were as follows:

Goodwill	2020	2019
Cost	7 814	7 387
Accumulated impairment	(2 712)	(2 477)
	5 102	4 910
Carrying value at beginning of year	4 910	6 221
Net acquisition and disposal of businesses	477	24
Impairment charge	(223)	(1 400)
Currency adjustments	1 057	65
Reclassified to assets of discontinued operations	(1 119)	
Carrying value at end of year	5 102	4 910
Intangible assets	1 982	1 809
Goodwill and intangible assets	7 084	6 719

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The group's financial instruments carried at fair value are classified in three categories defined as follows:

Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2 financial instruments are those valued using techniques based primarily on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets which are not considered to be active; or valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

Level 3 financial instruments are those valued using techniques that incorporate information other than observable market data. Instruments in this category have been valued using a valuation technique where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

Fair value of financial assets and financial liabilities carried at amortised cost

The carrying value of the group's financial assets and financial liabilities arrived at amortised costs approximate their fair values.

The following table presents the valuation categories used in determining the fair values of financial instruments carried at fair value at 30 June 2020.

R million	Level 1	Level 2	Level 3
Financial assets			
Listed investments	2		
Foreign exchange contracts and cross-currency swaps		10	
Financial liabilities			
Interest-rate swap instruments		108	
Put option liabilities			646
Contingent consideration liabilities			336
Foreign exchange contracts		2	

Notes to the summarised consolidated financial statements

10. FAIR VALUE OF FINANCIAL INSTRUMENTS continued

Transfers between fair value hierarchy levels

The group recognises transfers between levels of the fair value hierarchy as at the end of the reporting year during which the change has occurred. There were no transfers between the fair value hierarchies during the year.

Movement in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing carrying values of level 3 financial instruments carried at fair value at 30 June 2020.

R million	Put options liabilities	Contingent consideration liabilities	Total
Carrying value at beginning of the year	951	42	993
Arising on business combinations		286	286
Fair valued through profit or loss	(244)	(23)	267
Derecognition of put liability	(33)		(33)
Settlements and buyout of non-controlling interest	(222)	(19)	(241)
Currency adjustments	194	50	244
Carrying value at end of year	**646**	**336**	**982**

The Eco Health put option liability was reduced by R244 million based on a change in the key assumptions used being lower earnings outlook and higher discount rates.

The R33 million gain relates to the derecognition of the remaining liability after full and early settlement of the Imres put option liability.

The remeasurement of contingent liabilities of R23 million relates to the reversal of a contingent consideration liability for which achieving profit targets is highly improbable.

Level 3 sensitivity information

The fair values of the level 3 financial instruments were estimated by applying an income approach valuation method including a present value discount technique . The fair value measurements are based on significant inputs that are not observable in the market. Key assumptions used in the valuations includes the assumed probability of achieving profit targets, expected future cash flows and the discount rates applied. The assumed profitabilities were based on historical performances but adjusted for expected growth.

R million	Carrying value	Increase in carrying value	Decrease in carrying value
FINANCIAL INSTRUMENT | KEY ASSUMPTION			
Put option liabilities | Earnings growth	646	12	(12)
Contingent consideration liabilities | Assumed profits	336		(34)

R million	2020	2019
11. CONTINGENCIES AND COMMITMENTS		
Capital commitments	114	212
Contingent liabilities	786	489

12. BUSINESS COMBINATIONS

For business acquisitions during the year please refer to page 37.

13. EVENTS AFTER THE REPORTING PERIOD

The group's European shipping business, presented as a discontinued operation at 30 June 2020 was disposed of on 31 July 2020. The proceeds on disposal of R3 440 million resulted in a decrease in net debt of the same value.

Business combinations during the year

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Businesses acquired	Nature of business	Operating segment	Date acquired	Interest acquired (%)	Purchase consideration Rm
Acquisitions during the year					
Axis Group International DMCC	Facilitates and sources products on behalf of customers as well as arranging a route-to-market for companies wanting to trade with China and Asia	Logistics African Regions	December 2019	60	170
Geka Pharma Proprietary Limited	Pharmaceutical supplies to the healthcare industry in Namibia	Logistics African Regions	January 2020	65	78
ACP Holdings Limited (aka Far East Mercantile Ghana)	Importer and distributor of FMCG across Ghana	Logistics African Regions	January 2020	51	301
MDS Logistics Limited (49% held associate at 31 December 2019)	Provider of integrated supply chain solutions to manufacturers, importers, service providers and wholesale distributors across Nigeria	Logistics African Regions	January 2020	57	366
Individually immaterial acquisitions					18
Total purchase consideration transferred					933

Business combinations during the year continued

Fair value of assets acquired and liabilities assumed at date of acquisition

R million	Axis Group	Geka Pharma	MDS	Far East Mercantile	Individually immaterial acquisitions	Total
Assets						
Intangible assets	38	31	153	147	9	378
Property, plant and equipment		3	478	14		495
Right-of-use assets		10	70	16	1	97
Transport fleet			66		53	119
Investments, loans and associates					29	29
Non-current financial assets				79	18	97
Deferred tax assets		3		5		8
Inventories		84	45	188		317
Trade, other receivables and contract assets		103	51	144	8	306
Tax in advance			14			14
Cash resources	4	3	15	16	1	39
	42	237	892	609	119	1 899
Liabilities						
Deferred tax liabilities		8	189	36	15	248
Interest-bearing borrowings					40	40
Lease obligations		10	44	15	1	70
Other financial liabilities				265		265
Trade and other payables and provisions		134	98	174	45	451
Current tax liabilities		5		3		8
		157	331	493	101	1 082
Acquirees' carrying amount at acquisition	42	80	561	116	18	817
Less: Non-controlling interests' proportionate share	(16)	(28)	(241)	(76)		(361)
Net assets acquired	26	52	320	40	18	456
Purchase consideration transferred	170	78	366	301	18	933
– Cash	66	47	41	163	5	322
– Contingent consideration	104	31		138	13	286
– Fair value of previously held interest			325			325
Excess purchase consideration over net assets acquired	144	26	46	261		477

The initial accounting for certain of the business combinations are incomplete and based on provisional figures.

Reasons for the acquisitions

The group acquired a 60% shareholding in Axis Group International DMCC in Dubai for R170 million. Axis Group is strategically aligned to facilitate trade between Imperial's present customer base and companies based in the Chinese and Asian regions. Axis Group can facilitate the sourcing and purchasing of products in China and Asia as well as providing a route-to-market for all companies wanting to trade in these particular areas. It has more than 22 years' experience in this market and is the go-to company for any company wanting to expand or open up trade in the Chinese and Asian regions.

The group acquired a 65% shareholding in Geka Pharma Proprietary Limited for R78 million. Geka is engaged in the supply of pharmaceuticals to the healthcare industry in Namibia and is a fully registered and licensed pharmaceutical wholesaler. Geka delivers product throughout Namibia to pharmacies, private clinics and hospitals, pharmaceutical wholesalers, doctors and other healthcare service providers and the Ministry of Health and Social Services. This acquisition is in line with Imperial's strategy to expand into healthcare in Namibia.

Reasons for the acquisitions continued

The group acquired an additional 8% interest in MDS Logistics Limited thereby increasing its shareholding to 57% for R41 million (excluding the R325 million for the fair value of its previously held interest). MDS Logistics Limited is engaged in the business of supply chain and logistics management services. The principal activities of MDS are warehousing, distribution and haulage services. This acquisition allows Imperial to expand its footprint and service offering in Nigeria.

The group acquired a 51% shareholding in ACP Holdings (Far East Mercantile) for R301 million. Far East Mercantile is based in Ghana and provides a route-to-market solution for FMCG in Ghana. These services extend beyond transportation and warehousing and include sales and merchandising. This acquisition expands Imperials footprint and service offerings in the West African consumer markets.

The other businesses were acquired to complement and expand our staffing businesses in South Africa and the bus services in the Lowveld region through the acquisition of businesses in South Africa.

Details of contingent consideration for acquisitions concluded during the year

The contingent consideration requires the group to pay the vendors an additional total amount of R286 million over three years if the entities' net profit after tax exceeds certain profit targets and certain net debt targets. At year-end the contingent consideration liability was reassessed taking into account the impact of Covid-19 on the fair value measurement of the contingent consideration based on what is expected to be paid, and no remeasurement was required.

Acquisition costs for acquisitions concluded during the year

Acquisition costs for business acquisitions concluded during the year amounted to R12 million and have been recognised as an expense in profit or loss in the "Other non-operating items" line.

Impact of the acquisitions on the results of the group for acquisitions concluded during the year

From the dates of acquisition the businesses acquired during the year contributed revenue of R1 502 million and operating profit of R107 million. Intangible assets arising out of the business combinations was amortised by R62 million and the group incurred funding cost of R17 million calculated on the cash consideration paid on acquisitions. The Covid-19 pandemic has had an impact on the revenues and profits of the acquired businesses which has resulted in goodwill impairment of R181 million, impairment of intangible assets arising out of business combinations of R19 million and impairment of properties of R48 million. Despite the pandemic the businesses still delivered good revenues and operating profits.

Had all the acquisitions been consolidated from 1 July 2019, they would have contributed additional revenue of R2 969 million and operating profit of R201 million. The amortisation of intangibles would have been R102 million and the funding cost R34 million.

Separate identifiable intangible assets for acquisitions concluded during the year

As at the acquisition date the fair value of the separate identifiable intangible assets was R378 million. This fair value, which is classified as level 3 in the fair value hierarchy, was determined using the multi-year excess earnings method (MEEM) valuation technique for contract-based intangible assets, and the relief from royalty method for brand-based intangible assets.

The significant unobservable valuation inputs were as follows:

	Axis Group %	Geka Pharma %	MDS Logistics %	Far East Mercantile %
Brand name				
– Discount rate	19,5		19,7	
– Royalty rate	0,3		0,8	
Contract-based intangible assets				
– Weighted average discount rates	18,0 – 19,0	15,1 – 15,9	19,2 – 20,2	17,6 – 18,4
– Terminal growth rate	2,3	4,9	11,0	8,3

The assumptions used in arriving at projected cash flows were based on past experience and adjusted for any expected changes.

Other details for acquisitions concluded during the year

Trade and other receivables had gross contractual amounts of R376 million of which R38 million was considered doubtful. Non-controlling interests have been calculated based on their proportionate share in the acquiree's net assets. None of the resulting goodwill is deductible for tax purposes.

Segmental information – continuing operations

Profit or loss for the year ended 30 June	Imperial Logistics 2020 Rm	Imperial Logistics 2019* Rm	Logistics South Africa 2020 Rm	Logistics South Africa 2019* Rm	Logistics African Regions 2020 Rm	Logistics African Regions 2019* Rm	Logistics International 2020 Rm	Logistics International 2019* Rm	Businesses held-for-sale 2020 Rm	Businesses held-for-sale 2019* Rm	Head Office and Eliminations 2020 Rm	Head Office and Eliminations 2019* Rm
Revenue	46 380	44 039	13 919	12 855	13 396	12 105	18 615	18 859	461	519	(11)	(299)
– South Africa	14 369	13 075	13 919	12 855					461	519	(11)	(299)
– Rest of Africa	13 396	12 105			13 396	12 105						
– International	18 615	18 859					18 615	18 859				
Operating profit	1 459	2 413	726	1 065	751	817	56	588	(100)	(50)	26	(7)
– South Africa	652	1 008	726	1 065					(100)	(50)	26	(7)
– Rest of Africa	751	817			751	817						
– International	56	588					56	588				
Depreciation, amortisation, impairments and recoupments	(3 226)	(2 609)	(878)	(805)	(468)	(379)	(1 871)	(1 424)	(4)	(3)	(5)	2
– South Africa	(887)	(806)	(878)	(805)					(4)	(3)	(5)	2
– Rest of Africa	(468)	(379)			(468)	(379)						
– International	(1 871)	(1 424)					(1 871)	(1 424)				
Net finance cost	(762)	(605)	(279)	(252)	(218)	(186)	(252)	(235)	(21)	(17)	8	85
– South Africa	(292)	(184)	(279)	(252)					(21)	(17)	8	85
– Rest of Africa	(218)	(186)			(218)	(186)						
– International	(252)	(235)					(252)	(235)				
Pre-tax profits^	504	1 430	462	767	512	440	(544)	198	(121)	(67)	195	92
– South Africa	536	792	462	767					(121)	(67)	195	92
– Rest of Africa	512	440			512	440						
– International	(544)	198					(544)	198				
ADDITIONAL SEGMENT INFORMATION												
Analysis of revenue by type												
– Sale of goods	12 647	10 830	5	23	12 052	10 210	165	124	423	455	2	18
– Rendering of services	33 733	33 209	13 903	12 813	1 261	1 790	18 450	18 735	38	64	81	(193)
External revenue	46 380	44 039	13 908	12 836	13 313	12 000	18 615	18 859	461	519	83	(175)
Inter-group revenue			11	19	83	105					(94)	(124)
Revenue	46 380	44 039	13 919	12 855	13 396	12 105	18 615	18 859	461	519	(11)	(299)
Analysis of depreciation, amortisation, impairments and recoupments	(3 226)	(2 609)	(878)	(805)	(468)	(379)	(1 871)	(1 424)	(4)	(3)	(5)	2
Depreciation and amortisation	(2 552)	(2 231)	(879)	(792)	(223)	(178)	(1 440)	(1 248)	(4)	(3)	(6)	(10)
Recoupments and impairments	(281)	22	18	40	(50)	(23)	(250)	(7)			1	12
Amortisation and impairment of intangible assets arising from business combinations	(393)	(400)	(17)	(53)	(195)	(178)	(181)	(169)				
Share of results of associates	22	39	1	6	4	21	16	12			1	
Operating margin (%)	3,1	5,5	5,2	8,3	5,6	6,7	0,3	3,1				
Items excluded from pre-tax profits	(227)	(1 147)										
Impairment of goodwill	(223)	(1 139)										
(Loss) profit on disposal of subsidiaries and businesses	(23)	60										
Profit on disposal of associate	40											
Impairment of equity investments	(26)											
Impairment of associates and loans advanced to associates	(2)	(73)										
Net gain on termination of leases	7	5										

** Restated for the adoption of IFRS 16 – Leases (refer to note 3) and for re-presenting the European shipping business as a discontinued operation.*
^ Refer to glossary of terms on page 44.

Financial position at 30 June	Imperial Logistics June 2020 Rm	Imperial Logistics June 2019* Rm	Logistics South Africa June 2020 Rm	Logistics South Africa June 2019* Rm	Logistics African Regions June 2020 Rm	Logistics African Regions June 2019* Rm	Logistics International June 2020 Rm	Logistics International June 2019* Rm	CPG June 2020 Rm	CPG June 2019 Rm	Shipping June 2020 Rm	Shipping June 2019 Rm	Eliminations June 2020 Rm	Eliminations June 2019* Rm
Assets														
Goodwill and intangible assets	7 084	6 719	155	213	3 089	2 077	3 824	4 413					16	16
Property, plant and equipment	3 326	2 647	939	934	914	348	1 372	1 266					101	99
Transport fleet	5 186	5 309	2 937	2 510	209	93	2 040	2 706						
Right-of-use assets	5 422	4 780	1 491	1 102	560	361	3 370	3 317					1	
Investments in associates (excluding loans advanced to associates)	160	467	10	37	48	302	102	128						
Investments	92	89	22	27			11	5					59	57
Inventories	2 676	2 349	72	431	2 421	1 720	183	198						
Trade, other receivables and contract assets	7 934	10 083	2 204	4 063	2 286	1 983	3 410	4 037					34	
Operating assets^	31 880	32 443	7 830	9 317	9 527	6 884	14 312	16 070					211	172
– South Africa	8 041	9 489	7 830	9 317									211	172
– Rest of Africa	9 527	6 884			9 527	6 884								
– International	14 312	16 070					14 312	16 070						
Liabilities														
Retirement benefit obligations	1 109	1 343					1 109	1 343						
Trade and other payables and provisions	10 066	11 043	2 902	4 610	2 885	2 521	4 031	3 729					248	183
Other financial liabilities excluding put liability	769	124	13	58	649	6	49	30					58	30
Operating liabilities^	11 944	12 510	2 915	4 668	3 534	2 527	5 189	5 102					306	213
– South Africa	3 221	4 881	2 915	4 668									306	213
– Rest of Africa	3 534	2 527			3 534	2 527								
– International	5 189	5 102					5 189	5 102						
Net working capital~^	544	1 389	(626)	(116)	1 822	1 182	(438)	506					(214)	(183)
– South Africa	(840)	(299)	(626)	(116)									(214)	(183)
– Rest of Africa	1 822	1 182			1 822	1 182								
– International	(438)	506					(438)	506						
Net debt – excluding lease obligations	8 391	5 697	2 661	1 469	1 325	836	4 459	3 634					(54)	(242)
– South Africa	2 607	1 227	2 661	1 469									(54)	(242)
– Rest of Africa	1 325	836			1 325	836								
– International	4 459	3 634					4 459	3 634						
Lease obligations	6 080	5 969	1 775	2 116	589	403	3 717	3 450					(1)	
– South Africa	1 774	2 116	1 775	2 116									(1)	
– Rest of Africa	589	403			589	403								
– International	3 717	3 450					3 717	3 450						
Net capital expenditure^	(1 482)	(1 094)	(717)	(569)	(161)	(16)	(267)	(203)	24	(89)	(357)	(210)	(4)	(7)
– South Africa	(697)	(665)	(717)	(569)					24	(89)			(4)	(7)
– Rest of Africa	(161)	(16)			(161)	(16)								
– International	(624)	(413)					(267)	(203)			(357)	(210)		
Items excluded from total assets to arrive at operating assets	10 646	3 617												
Loans to associates	38	53												
Other non-current financial assets	179	136												
Deferred tax assets	1 510	1 227												
Tax in advance	221	259												
Cash resources	3 374	1 646												
Assets of disposal groups	598													
Assets of discontinued operations	4 726	296												
Items excluded from total liabilities to arrive at operating liabilities	22 310	15 390												
Interest bearing borrowings	11 765	7 343												
Lease obligations	6 080	5 969												
Deferred tax liabilities	901	809												
Put option liabilities	646	951												
Current tax liabilities	375	318												
Liabilities associated with disposal groups	356													
Liabilities of discontinued operations	2 187													

** Restated for the adoption of IFRS 16 – Leases (refer to note 3).*
~ Net working capital relating to the CPG discontinued operation that was recovered or settled through the ordinary course of business and not through sale was shown separately on the prior year reported segment but combined in the Logistics South Africa segment in the current year.
^ Refer to glossary of terms on page 44.

Secondary segmental information

Profit or loss	Imperial Logistics 2020 Rm	Imperial Logistics 2019 Rm	Freight Management 2020 Rm	Freight Management 2019 Rm	Contract Logistics 2020 Rm	Contract Logistics 2019 Rm	Market Access 2020 Rm	Market Access 2019 Rm	Businesses held for sale 2020 Rm	Businesses held for sale 2019 Rm	Head Office and Eliminations 2020 Rm	Head Office and Eliminations 2019 Rm
Revenue	46 380	44 039	19 298	19 180	14 189	14 134	12 443	10 505	461	519	(11)	(299)
– Logistics Africa	14 861	14 156	8 706	9 096	6 166	5 359					(11)	(299)
– Market Access	12 904	11 024					12 443	10 505	461	519		
– Logistics International	18 615	18 859	10 592	10 084	8 023	8 775						
Profit from operations before depreciation and recoupments	4 098	4 616	1 765	2 660	1 498	1 121	900	855	(96)	(47)	31	27
– Logistics Africa	1 707	1 997	1 052	1 133	624	837					31	27
– Market Access	804	808					900	855	(96)	(47)		
– Logistics International	1 587	1 811	713	1 527	874	284						
Operating profit	1 459	2 413	540	1 182	283	570	710	718	(100)	(50)	26	(7)
– Logistics Africa	793	1 157	543	709	224	455					26	(7)
– Market Access	610	668					710	718	(100)	(50)		
– Logistics International	56	588	(3)	473	59	115						
Depreciation, amortisation, impairments and recoupments	(3 226)	(2 609)	(1 535)	(1 153)	(1 249)	(1 125)	(433)	(330)	(4)	(3)	(5)	2
– Logistics Africa	(918)	(852)	(505)	(468)	(408)	(386)					(5)	2
– Market Access	(437)	(333)					(433)	(330)	(4)	(3)		
– Logistics International	(1 871)	(1 424)	(1 030)	(685)	(841)	(739)						
Net finance cost	(762)	(605)	(289)	(241)	(246)	(257)	(214)	(175)	(21)	(17)	8	85
– Logistics Africa	(275)	(178)	(138)	(101)	(145)	(162)					8	85
– Market Access	(235)	(192)					(214)	(175)	(21)	(17)		
– Logistics International	(252)	(235)	(151)	(140)	(101)	(95)						
Pre-tax profits*	504	1 430	(60)	745	14	314	475	346	(120)	(67)	195	92
– Logistics Africa	693	953	417	603	81	258					195	92
– Market Access	355	279					475	346	(120)	(67)		
– Logistics International	(544)	198	(477)	142	(67)	56						
ADDITIONAL SEGMENT INFORMATION												
Analysis of revenue by type												
– Sale of goods	12 647	10 830	31	32	558	317	11 633	10 008	423	455	2	18
– Rendering of services	33 733	33 209	19 713	19 509	13 643	13 246	258	583	38	64	81	(193)
External revenue	46 380	44 039	19 744	19 541	14 201	13 563	11 891	10 591	461	519	83	(175)
Inter-group revenue			(446)	(361)	(12)	571	552	(86)			(94)	(124)
	46 380	44 039	19 298	19 180	14 189	14 134	12 443	10 505	461	519	(11)	(299)
Analysis of depreciation, amortisation, impairments and recoupments	(3 226)	(2 609)	(1 535)	(1 153)	(1 249)	(1 125)	(433)	(330)	(4)	(3)	(5)	2
Depreciation and amortisation	(2 552)	(2 231)	(1 042)	(923)	(1 256)	(1 143)	(244)	(152)	(4)	(3)	(6)	(10)
Recoupments and impairments	(281)	22	(297)	(20)	14	30	1				1	12
Amortisation and impairment of intangible assets arising from business combinations	(393)	(400)	(196)	(210)	(7)	(12)	(190)	(178)				
Share of results of associates (included in pre-tax profits)	22	37	1	19	18	3	3	17				(2)
Operating margin (%)	3,1	5,5	2,8	6,2	2,0	4,0	5,7	6,8				
Working capital	544	1 389	(1 342)	(576)	146	162	1 780	1 759	175	227	(215)	(183)
Invested capital	22 743	19 826	11 460	12 777	6 536	4 062	4 673	2 976	221	274	(147)	(263)
Net capex	1 482	1 094	854	554	461	476	160	48	3	9	4	7

** Refer to glossary of terms on page 44.*

Independent auditor's report on preliminary summarised financial statements

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TO THE SHAREHOLDERS OF IMPERIAL LOGISTICS LIMITED

Opinion

The preliminary summarised consolidated financial statements of Imperial Logistics Limited as set out on pages 25 to 41, which comprise the summarised consolidated statement of financial position as at 30 June 2020, the summarised consolidated statement of profit or loss, the summarised consolidated statement of comprehensive income, the summarised consolidated statement of changes in equity and the summarised consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Imperial Logistics Limited for the year ended 30 June 2020.

In our opinion, the accompanying preliminary summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Imperial Logistics Limited, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 1 to the preliminary summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other matter

We have not audited future financial performance and expectations by management included in the accompanying summary consolidated financial statements and accordingly do not express any opinion thereon.

Preliminary summarised consolidated financial statements

The preliminary summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the preliminary summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Imperial Logistics Limited and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 25 August 2020. That report also includes the communication of other key audit matters as reported in the auditor's report of the audited financial statements.

Directors' responsibility for the preliminary summarised consolidated financial statements

The directors are responsible for the preparation of the preliminary summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 1 to the preliminary summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

Auditor's responsibility

Our responsibility is to express an opinion on whether the preliminary summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Deloitte & Touche
Registered Auditors
Per: MLE Tshabalala
Partner

25 August 2020

5 Magwa Crescent
Midrand
South Africa
2066

Glossary of terms

Asset intensity	> revenue as a percentage of (PPE + transport fleet + net working capital)
Earnings yield (%)	> the headline earnings per share divided by the closing price of a share.
EBITDA	> profit from operations before depreciation and recoupments.
EBITDA used for bank covenants	> Earnings after non-controlling interest before interest taxes and depreciation
Continuing free cash conversion	> calculated by dividing continuing EBITDA less continuing capital expenditure by continuing EBITDA.
Free cash flow	> calculated by deducting replacement capital expenditure and lease payments from the cash flow from operating activities.
Free cash flow from continuing operations to headline earnings from continuing operations ratio	> free cash flow from continuing operations divided by headline earnings from continuing operations.
Free cash flow per share	> calculated by the dividing free cash flow by the weighted average number of shares used in the basic earnings per share calculation.
Margin above WACC %	> is the difference between ROIC and WACC.
Net asset value per share	> equity attributable to owners of Imperial divided by total ordinary shares in issue net of shares repurchased (the deferred ordinary shares only participate to the extent of their par value of 0,04 cents).
Net debt	> is interest-bearing borrowings, less cash resources.
Net debt to EBITDA used for bank covenants	> net bank debt divided EBITDA used for bank covenants.
Net debt excluding lease obligations (IFRS 16 lease liability)	> is interest-bearing borrowings, less lease obligations, and cash resources.
Net debt:equity % (excluding lease liability)	> net debt excluding lease obligations as a percentage of equity.
Net debt:equity % (including lease liability)	> net debt as a percentage of equity.
Net capital expenditure	> is the aggregate of the expansion and replacement capital expenditure net of proceeds on sale.
Net working capital	> is inventories plus trade, other receivables and contract assets less trade and other payables and provisions.
Net income tax (liabilities) assets	> current tax assets less current tax liabilities plus deferred tax assets less deferred tax liabilities
Operating assets	> total assets less loans receivable, tax assets and assets of disposal group.
Operating liabilities	> total liabilities less interest-bearing borrowings, tax liabilities and put option liabilities.
Operating margin (%)	> operating profit as a percentage of revenue.
Operating profit	> profit from business operations (gross profit minus operating expenses and depreciation).
Operating profit to average net operating assets (%)	> operating profit divided by average net operating assets.
Pre-tax profit	> calculated as profit before tax, impairment of goodwill and profit or loss on sale of investment in subsidiaries, associates and joint ventures and other businesses.
Price earnings ratio (times)	> the closing price of a share divided by the headline earnings per share.
Pro forma information	> pro forma financial information is the result of adjusting information about the group at a specific date or for a particular period.
Return on invested capital (ROIC) (%)	> this is the return divided by invested capital. > return is calculated by reducing the operating profit by a blended tax rate, which is an average of the actual tax rates applicable in the various jurisdictions in which Imperial operates, increased by the share of result of associates and joint ventures. > invested capital is a 12-month average of total equity plus interest-bearing borrowings less cash resources.
Return on average ordinary shareholders' interest (%)	> net profit attributable to owners of Imperial divided by average shareholders' equity (calculated by using the opening and closing balances) attributable to Imperial shareholders.
Revenue relating to sale of goods to average inventory (times)	> revenue relating to sale of goods divided by average inventory.
Revenue to average net operating assets (times)	> revenue divided by average net operating assets.
Total taxes and levies paid	> made up of South African normal tax, secondary tax on companies, foreign tax, rates and taxes, skills development and unemployment insurance fund levies.
Total market capitalisation at closing prices (Rm)	> total ordinary shares in issue before treasury shares multiplied by the closing price per share.
Weighted average cost of capital (WACC) (%)	> calculated by multiplying the cost of each capital component by its proportional weight, therefore: WACC = (after tax cost of debt % multiplied by average debt weighting) + (cost of equity multiplied by average equity weighting). The cost of equity is blended recognising the cost of equity in the different jurisdictions in which Imperial operates.

Corporate information

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Imperial Logistics Limited

Registration number: 1946/021048/06
Ordinary share code: IPL
ISIN: ZAE000067211

Directors

P Langeni# (Chairman), M Akoojee (Group Chief Executive Officer), GW Dempster## (Lead independent director), P Cooper##, RJA Sparks##, B Radebe##, D Reich##*, JG de Beer (Group Chief Financial Officer)
#Non-executive
Independent non-executive
* *Swiss*

Company Secretary

RA Venter

Chief Corporate Affairs and Investor Relations Officer

E Mansingh

Business address and registered office

Imperial Logistics Limited
Jeppe Quondam
79 Boeing Road East
Bedfordview, 2007

Share transfer secretaries

Computershare Investor Services Proprietary Limited
1st Floor, Rosebank Towers
15 Biermann Avenue, Rosebank, 2196

Sponsor

Merrill Lynch SA Proprietary Limited
The Place, 1 Sandton Drive
Sandton, 2196

The results announcement is available on the Imperial website: **www.imperiallogistics.com/inv-annuals.php**

www.imperiallogistics.com

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