

Business Day

Africa, Europe push Imperial turnover to almost R119bn

Mark Allix

IMPERIAL Holdings saw record revenue and operating profit in the year to June, but net profit and headline earnings per share fell 5% and 3%, respectively.

Difficult trading conditions in SA put pressure on the logistics division's revenue and profitability, with soft volumes in manufacturing, commodities, fuel, and chemicals. The share dropped more than 4% in early trade on Tuesday, pulling back to about 2% down.

"In total, it was a good performance," CEO Mark Lamberti said.

The group generated nearly R119bn in turnover, mainly in Africa and Europe.

Imperial was getting rid of complexity, rationalising into two main lines of operational activity — logistics and vehicles — operating under separate management structures. The group is set to increase fast-moving consumer goods and pharmaceutical deliveries into Africa drastically, also changing from a capital-intensive business into one that owned less assets.

To this end, it had bought a 95% interest in Palletways Group in the UK in July for R3.2bn. Palletways provides express delivery for small consignments of pallet freight through more than 400 depots and 14 hubs across Europe, using a network of 350 independent transport companies.

Revenue in the year was up 8%. But foreign revenue shot up 23% to nearly R50bn, or 42% of group revenues. Meanwhile, operating profit rose 3% to R6.4bn. However, foreign operating profit jumped 18% to R2.2bn, or 36% of group operating profit.

Imperial sold noncore assets in the period, amounting to R5.2bn. About R2.4bn in gains had been received to date. This would pay down debt and be used for strategic acquisitions.

Cratos Capital portfolio manager Ron Klipin said that offshore profits had been flattered by a weak rand.

But 71% of group operating profit was now generated internationally, and Imperial was "earmarking some proceeds for further niche acquisitions in Africa and European logistics", he said.

Business Report

Imperial unbundling set to unlock shareholder value

Roy Cokayne