

Imperial Holdings Limited | Presentation



**Unaudited results for the half-year ended
31 December 2008**





UNAUDITED INTERIM RESULTS For the half year ended 31 December 2008

25 February 2009

MOVE...

Operational Features

- Strong performance by logistics division. Operating profit growth of 13.6% (SA) and 9.1% (Europe)
- Weak demand impacted motor retailing and distribution (58% of group revenue and 29% of group operating profit)
- Weak investment performance in insurance operations
- Good operational cash flow generation
- Restructuring has led to a stronger balance sheet

2

Continuing operations

▲ +2% - Revenues R28 619m

▼ -30% - Operating profit R1 155m (Operating margin 4%)

▲ 241% - Cash generated by operations R2 030

▼ -4% - HEPS 432 cents (including 212 cents forex gain)

▼ -35% - EPS 303 cents (2007: 468 cents)

Dividend of 80 cents per share

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Business/ Operation	Restructuring/ sell off date	Current status
Tourvest	September 2008	Gross disposal proceeds of R1 003m received
Leasing & capital equipment	May 2008	Unbundled
Aviation Division	December 2008	Sale agreement became unconditional. Gross assets of R852m remaining
Commercial Vehicles	On-going	Good progress being made in disposing of the assets
Multipart	June 2008	Sold

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REVIEW OF THE UNAUDITED INTERIM RESULTS For the half year ended 31 December 2008



Income Statement Features

Continuing Operations (Rm)	Dec 2008	Dec 2007	% Change
Revenue	28 619	28 026	+2%
Operating profit	1 155	1 644	-30%
Operating margin	4.0%	5.9%	
Foreign exchange gains	470	14	
Fair value (losses)/ gains on FECs	(47)	7	
Exceptional (losses)/gains	(246)	39	
Net finance costs	(505)	(321)	+57%
Income tax	(246)	(390)	-37%
Profit after tax	668	993	-33%
Profit attributable to ordinary shareholders ¹	1 155	(500)	
HEPS (cents)	432	450	-4%

1. Total continuing and discontinued operations

6



Income Statement Features

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Reduction a result of depressed motor market and decline in market value of the equity portfolio of insurance division

1. Total continuing and discontinued operations

7



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Includes R394 million foreign exchange gain on capital distribution from European operations

1. Total continuing and discontinued operations

8

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Includes R217 million realised loss on sale of Eqstra shares

1. Total continuing and discontinued operations

9

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The unusual increase includes a R71 m negative fair value adjustment on interest rate swaps and R85 m which was previously charged to the discontinued operations

1. Total continuing and discontinued operations

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Excluding the once off R394m (212 cents per share) foreign exchange gain on capital distribution HEPS is 219 cents

1. Total continuing and discontinued operations

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Balance Sheet Features

Rm	Dec 2008	Jun 2008	% change	Dec 2007
Property, plant and equipment	6 025	5 681	+6%	5 693
Transport fleet	3 722	3 465	+7%	3 136
Vehicles for hire	1 472	1 286	+14%	1 449
Investments in associates & JV's	2 388	2 017	+18%	2 373
Other non-current assets	4 104	4 632	-11%	10 670
Net current assets	3 499	3 198	+9%	5 310
Cash and cash equivalents	3 160	3 148	0%	2 568
Net assets classified as held for sale	838	2 083	-60%	2 831
Assets	25 208	25 510	-1%	34 030
Total shareholders' interest	10 600	10 416	+2%	12 303
Interest bearing borrowings	11 064	11 599	-5%	17 251
Other liabilities	3 544	3 495	+1%	4 476
Equity and liabilities	25 208	25 510	-1%	34 030

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Balance Sheet Features

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Includes R225 million additional investment in Imperial Bank



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Sale of Eqstra shares and reduction in insurance equity portfolio

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Reduction mainly due to disposal of Tourvest and realisation of CVH assets

Changes in total shareholders' interest

Description	Dec 2008
Total shareholders' interest on 30 June 2008	10 416
Net profit attributable to Imperial shareholders	1 155
Dividends paid to Imperial shareholders	(500)
Net decrease in minorities	(268)
Movement in foreign currency translation reserve	(287)
Other	84
Total shareholders' interest at 31 December 2008	10 600

Balance Sheet Features

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Interest bearing debt

Rm	Dec 2008	Jun 2008	% change
Corporate bonds	8 020	7 686	+4%
Commercial paper	1 808	1 618	+12%
Overdrafts and overnight funding	150	912	-84%
Other	1 086 ¹	1 383	-21%
Gross debt²	11 064	11 599	-5%
Cash and cash equivalents	3 160	3 148	0%
Net Debt	7 904	8 451	-6%

1. Secured and unsecured loans, floorplans, capitalised finance leases, instalment sale agreements and loans from minorities
2. Excludes R441 million of non-redeemable, non-participating preference shares



Debt maturity profile

Type of debt	Totals		Maturity of debt as at 31 December 2008					
	Jun-08	Dec-08	2009	2010	2011	2012	2013	2014
Corporate Bonds	7 686	8 020	82	2 000	0	500	3 868	1 570
Commercial paper	1 618	1 808	1 808					
Overdrafts	912	150	150					
Other	1 383	1 086	656	100	78	68	184	
Gross debt	11 599	11 064	2 696	2 100	78	568	4 052	1 570
% of total		100.0%	24.4%	19.0%	0.7%	5.1%	36.6%	14.2%
Facilities as at 31 December 2008								
Long term committed facilities		4 790	100% unutilised					
364 day notice		3 950	96% unutilised					
Other facilities		3 580	70% unutilised					
Total		12 320						

Note: The maturity profile is in calendar years

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Gearing

Net debt to Equity (%)	Dec 2008	Jun 2008	Dec 2007
Target range	See note	80-100	80-100
Net debt/Equity ratio	74.6	81.1	119.3
Short debt as a % of Gross Debt	24.4	30.1	54.4

Note: Gearing target is currently under review given the prevailing economic environment

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- Management focus is on cash management and sweating existing assets
- Working capital management – R2.3bn improvement achieved
- Capital expenditure has been limited, decreasing by R600m
- To take advantage of acquisition opportunities, though acquisitions are difficult to value in the current climate
- Businesses with weak cash flows are kept under scrutiny and we will act decisively if necessary
- Balance growth, shareholder remuneration and financial prudence

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Rm	Dec 2008	Dec 2007	% change
Cash generated by operations	2 381	960	+148%
Continuing operations	2 030	596	+241
Discontinued operations	351	364	-4%
Tax and finance costs paid	(863)	(1 212)	-29%
Net cash flow from operating activities	1 518	(252)	
Proceeds/(expenditure) on discontinued assets	1 301¹	(1 046)	
Net (acquisitions)/disposal of businesses	(343)	58	
Expansion capital expenditure	(509)	(1 303)	-61%
Replacement capital expenditure	(664)	(470)	-41%
Investments, equities and loans	315	(280)	
Shareholder remuneration and hedge costs	(690)²	(683)	
Net debt repayment/(raised) for the period	928³	(3 976)	

1. Tourvest (R1 003m), Safair Lease Finance (R337m) and other fixed assets net of capital expenditure (-R39m)

2. Distributions R555m (2007: R683m) and hedge cost premium paid R135m (2007: R0m)

3. Net balance sheet debt reduced by R547m. The difference mainly accounted for by currency translation of foreign debt which is hedged where appropriate

22

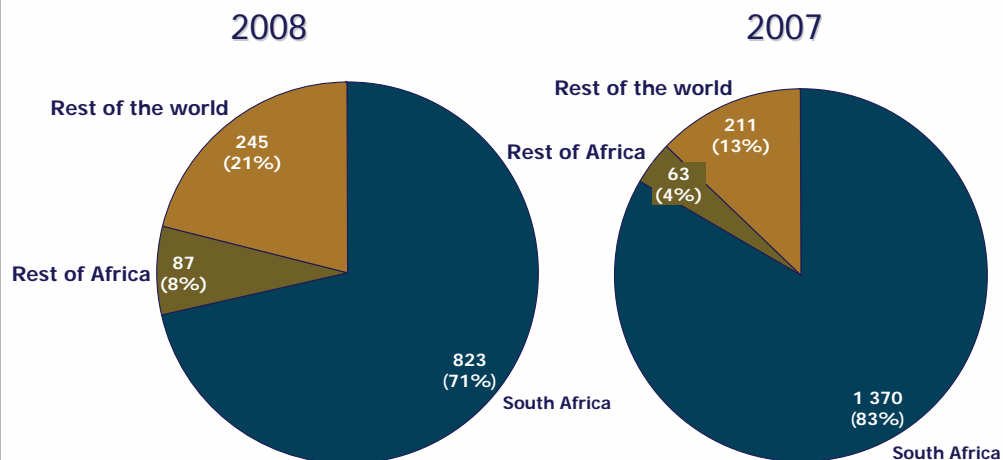
Divisional Overview

MOVE...
OPERATIONAL SUCCESS

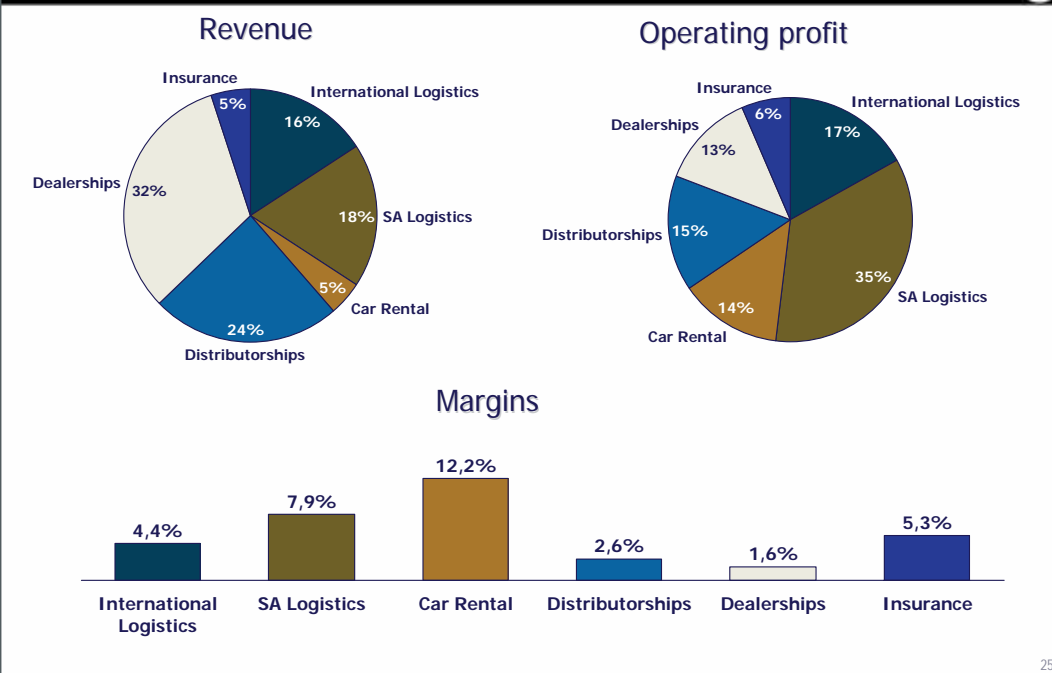


Operating income (Rm)

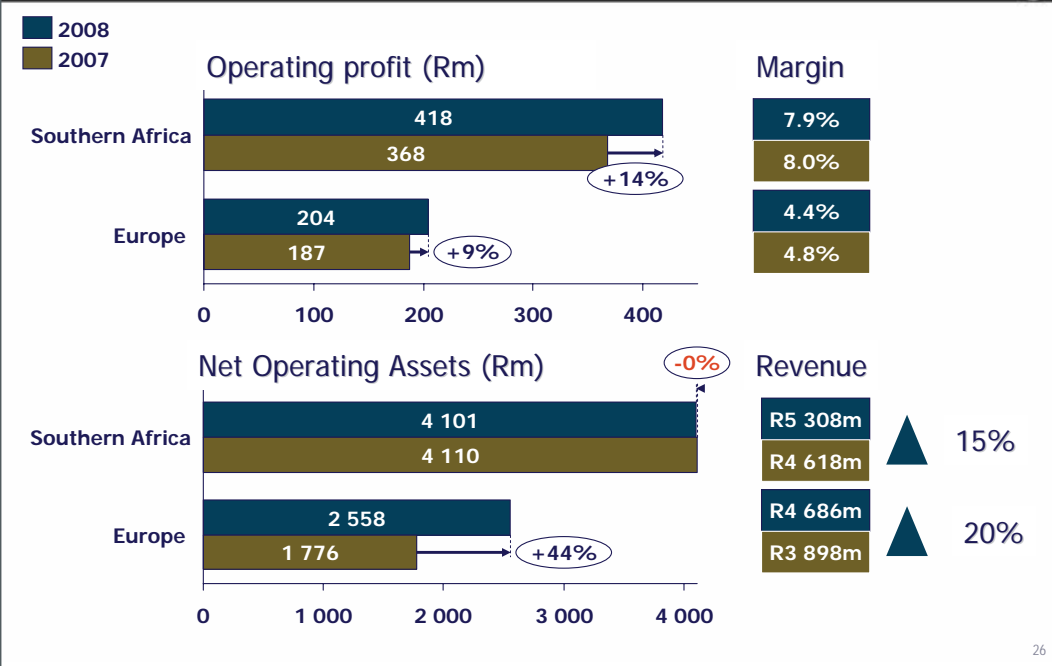
Geographical segmentation: Continuing operations



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25



26

Southern African operations

- The FMCG market showed resilience to the slowdown
- The steep decline since November 2008 in import & exports, steel, cement, industrial chemicals sectors and residential building is having a negative impact
- We have a small exposure to weak markets in port container logistics and mining
- Capital expenditure was lower and working capital has been reduced.
- Asset light activities gaining momentum through acquisition of Volition in June 2008
- Acquired Tip Trans, a transporter of bulk materials

27

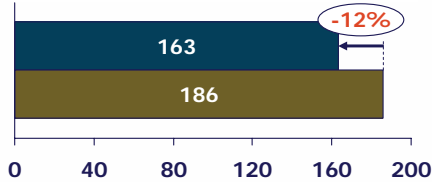
European operations

- The results compare to a seven month trading period to December 2007
- Trading started well but deteriorated materially during December 2008, particularly in steel and automotive, which comprise a big part of our customer base
- Some auto plants closed for up to 4 weeks in December and January
- Early shutdown of half of production in a large steel producing customer
- New acquisitions in automotive pre-assembly and parts supply and inland waterway shipping on the Danube performed well
- Difficult trading conditions present opportunities for growth as some competitors are weakened

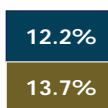
28

2008
2007

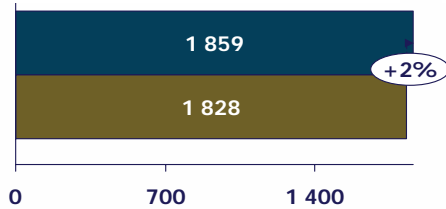
Operating profit (Rm)



Margin



Net Operating Assets (Rm)



Revenue

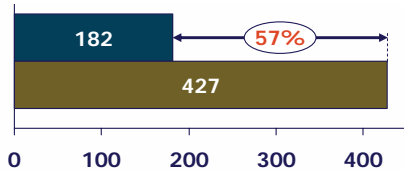


- Decline in operating profit is mainly due to lower rental days, especially from foreign tourist market
- Used car market held up, but margins declined
- Infrastructure spending, FIFA World Cup preparations, upcoming Confederations Cup and the Lions Rugby Tour will benefit the division

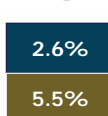
29

2008
2007

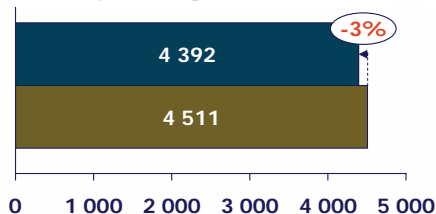
Operating profit (Rm)



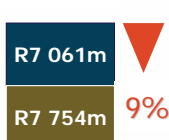
Margin



Net Operating Assets (Rm)



Revenue



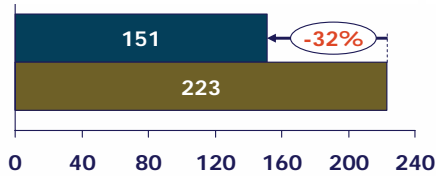
- Results of AMH negatively impacted by the state of the motor market and the ZAR exchange rate
- Closed 17 outlets, rationalised admin departments and reduced headcount by 800
- Good performance by NAC, but the division will remain under pressure from the motor market, weak Rand and lower demand for privately owned aircraft.

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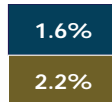
Imperial Holdings Motor Dealerships

2008
2007

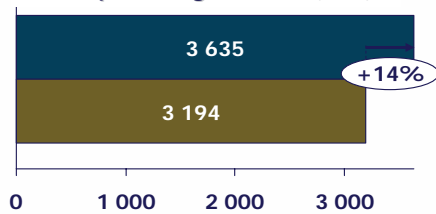
Operating profit (Rm)



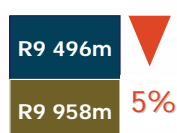
Margin



Net Operating Assets (Rm)



Revenue



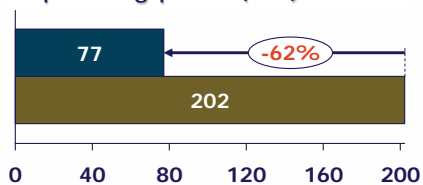
- Reduced lending by banks in the latter part of the period exacerbated the low demand for vehicles
- 9 unprofitable outlets closed, but dealer portfolio is being improved through rationalisation and expansion into areas which offer better trading prospects
- UK truck dealerships under pressure from the credit crunch

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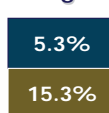
Imperial Holdings Insurance

2008
2007

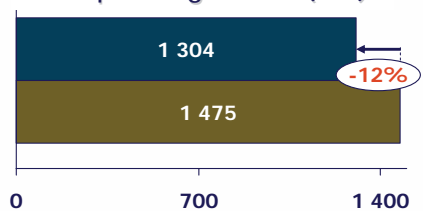
Operating profit (Rm)



Margin



Net Operating Assets (Rm)



Revenue














- Equity portfolio performance R105m weaker
- Short term underwriting profit 17% up to R87m
- Underwriting loss in Regent Life SA
 - New business strain in credit life monthly premium book and in individual life
 - Lower profit release from old single premium book
- Turnaround in Regent Life will take more time

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- Income from associates marginally up
- Imperial Bank's contribution declined by 38.8%
- R225 million further equity invested in Imperial Bank
- Imperial Bank JV renewed post 2010
- Negative fair value adjustments in Ukhamba
- No further losses recorded in Renault joint venture
- Renault outlook has improved due to new products

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Rm	
European Logistics	
AMH Holdings and NAC Group (Distributorships)	
SA Logistics	
Beekman Canopies	 To Nil
Tourvest Holdings (discontinued)	 To Nil
MCC Group (discontinued)	 To Nil
Other	
Income Statement minority earnings	
 Increased from December 2007	 Decreased from December 2007
 Flat compared to December 2007	

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Strategy and prospects

MOVE...

Strategic imperatives and intentions

Disposals and unbundling brought financial strength but increased cyclicality

Severe swings in consumer durable spending

Rebalancing of the portfolio composition and capital allocation

- Logistics benefits from globalisation
- SA has significant potential for further logistics growth
- Germany strategically placed in pan-European trade, and is a key manufacturing hub
- Container traffic volumes will ultimately recover
- Our expansion into logistics will continue but with circumspection
- SA will remain an important tourism destination
- Our car rental and coach business positions us strongly to capitalise on tourism opportunities
- Good asset utilisation yields returns of 4% over WACC

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Disposals and unbundling brought financial strength but increased cyclicalty

Severe swings in consumer durable spending

Rebalancing of the portfolio composition and capital allocation

Capital to be allocated for expansion in Logistics (Southern Africa and Europe) and Tourism

In current climate prudence and growth ambitions must be balanced

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- Recovery in motor vehicle sales not imminent
- Extremely weak conditions in European logistics will continue
- Local logistics expects a softening in certain industries
- Car rental and tourism will be supported by key sports events
- Short term insurance underwriting result will be healthy while life business needs time to recover
- Our capital management will be disciplined
- Imperial well positioned for take early advantage of an upswing
- Second half will be more difficult than the first half

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**THANK YOU****MOVE...**

www.imperial.co.za

Non-executive directors

TS Gcabashe (Chairman), S Engelbrecht, P Langeni, MJ Leeming, JR McAlpine, MV Moosa, MV Sisulu, RJA Sparks, A Tugendhaft (Deputy Chairman), Y Waja

Executive directors

HR Brody (Chief Executive), OS Arbee, MP de Canha, RL Hiemstra, AH Mahomed, GW Riemann (German)

Company Secretary

RA Venter

Business address and registered office

Imperial Place, Jeppe Quondam, 79 Boeing Road East, Bedfordview, 2007

Share transfer secretaries

Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001

Sponsor

Merrill Lynch SA (Pty) Limited, 138 West Street, Sandown, Sandton, 2196



The results announcement is available on the Imperial Holdings website:
www.imperial.co.za