

LOGISTICS & AUTOMOTIVE Imperial gears up for more acquisitions 0 COMMENTS
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The JSE-listed Imperial Group spent around R750-million on acquisitions in the 2010 financial year, ended June 30.

The list of newcomers to the group include Pragma Holdings (with Imperial acquiring 36%), e-Logics (51%), Provaart (55%), Midas (75%), MiX Telematics (25%), and Loubser Transport (65%).

The company was also in the process of acquiring 100% of the Namibian logistics group CIC Holdings, which had 30 warehouses in the Southern African Development Community region, in a R724-million deal.

Any new acquisitions would probably also be in the logistics business, said Imperial CEO Hubert Brody on Wednesday.

He said that the "ideal" acquisition would be a South African company, active in Africa.

"We are looking for businesses that we can easily bolt on to our operations. "

Brody said that Imperial's debt position had improved significantly, with gross debt down 54% from R17,3-billion in December 2007, to R7,83-billion in June 2010. This presented opportunities for acquisition and organic growth.

Imperial's net debt to equity ratio was at 39, with the target set at between 60 and 80.

"The 2010 financial year has delivered outstanding organic growth. With low financial leverage, and substantial undrawn facilities, our balance sheet is currently stronger than at any time in the recent past. This presents opportunities for acquisitive growth, which would be sought in areas where our existing skills and infrastructure would give us an advantage," said Brody.

Imperial did indeed record another sterling set of results on Wednesday as it announced that headline earnings a share from continuing operations for the 2010 financial year was up 40% to 976 cents a share compared with the previous financial year, with operating profit up 34% to R3,3-billion.

Revenue was up slightly, at 2%, reaching R53,4-billion.

Brody said this showed that the group had managed to improve its efficiencies significantly, while also achieving better margins.

Imperial recorded an operating margin of 6,2% for the period, compared with 4,7% in the 2009 financial year.

Just under 60% of group revenue was generated by the Automotive Retail and Distributorships divisions, which derived the bulk of their revenue from the retailing of passenger and commercial vehicles, and 31% was generated by the Southern African and European logistics operations. The Car Rental and Tourism, and Insurance divisions generated 10% of revenue.

The group declared a final dividend of 200c a share, which brought the total ordinary dividend for the year to 350c a share.

All the divisions increased their operating profit, with the star contributors being Distributorships (with a 126% jump) and Insurance (up 57%).

The Distributorships division's new vehicle registrations were up 54% for the financial year - this in a new vehicle market that grew 2% over the period.

Imperial's AMH subsidiary imported the Kia, Hyundai, Bentley, Chery, Zotye, Foton and Daihatsu brands into South Africa.

Imperial retailed 73 326 new and 52 576 used vehicles in the financial year.

Brody expected the recent eight-day strike at vehicle manufacturing plants, which had halted delivery of some vehicle brands to dealerships, to impact slightly on Imperial's results in the first half of the 2011 financial year.

Imperial's Southern African Logistics division limited the negative impact of the economic recession by growing revenue by 4,9%, and operating profit by 3,4%.

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