

# Imperial profits boosted by acquisitions

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Imperial Holdings (IPL) said key acquisitions in the second half of its financial year had enabled the group to achieve record revenue and operating profit in its full-year results. This, it said, was despite the steady deterioration of trading conditions in the markets it did business in.



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In the year ended June 2015, Imperial reported a 7% rise in revenue to R110.5bn, while operating profit grew by 1% to R6.2bn compared with the year-earlier period. Excluding current year acquisitions, revenue grew 3% and operating profit was down 4%, the company said. The acquisitions were of Pharmed, Imres and S&B Commercials.

## Economic growth expectations decline

Imperial said despite signs of recovery in the second half of the year, global economic growth expectations had declined. It cited the slowdown in China, which had a ripple effect on emerging market economies, as well as US dollar strength, which had exerted pressure on currencies it traded in. "SA was a victim of these developments with the fragility of the economy exacerbated by the electricity crisis and reflected in the skittish consumption patterns of ordinary South Africans and the low confidence of investment decision makers.

"These were manifest in softer demand for Imperial's products and services and aggressive competition on every front. Vehicle buyers were highly price sensitive trading down to smaller or pre-owned vehicles, consumer goods volume growth was weak and bulk commodity volumes were in decline," the company said.

Imperial said the slow recovery in the eurozone, which accounted for 24% of group revenue and 18% of group operating profit, had led to weak volumes in the industries it served.

In its African operations outside of SA, growth had been muted by lower commodity prices and softer currencies.

## Conditions to remain difficult

Imperial is an international group of companies active in consumer and industrial logistics; vehicle import, distribution, dealerships, retail, rental and after-market parts; and vehicle-related financial services. Diluted headline earnings per share for the period under review were little changed at R16.09 from R16.06 in June 2014. Imperial declared a final dividend of 445c per share, which was up 6% from the year-earlier period.

Looking ahead, the company said conditions were expected to remain difficult. "In the absence of a marked deterioration in the current conditions we expect Imperial to produce single-digit growth of revenue and operation profit for continuing operations in 2016; 2016 performance to date is in line with expectations," the group said.

*Source: BDpro*

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