

Always on the move

Independent Imperial Logistics a compelling investment proposition, says CEO-designate



Mohammed Akoojee, CEO-designate of Imperial Logistics. Picture: FREDDY MAVUNDA/FINANCIAL MAIL

Imperial Logistics Limited – previously known as Imperial Holdings Limited, which recently unbundled its motor business, Motus – is entering an exciting new era as a separately listed company.

The unbundling of Motus in November paves the way for two standalone, strategically focused blue-chip businesses.

Imperial Logistics will pursue independent strategic initiatives with a specific asset focus and a flexible capital allocation to support its strategy on a long-term, sustainable basis, says CEO-designate Mohammed Akoojee.

He believes the company's independence provides a more compelling investment proposition.

An integrated outsourced logistics service provider, Imperial Logistics is ranked in the top 25 third-party logistics providers globally and is the leading third-party and fourth-party logistics provider in SA. It has a presence in 38 countries over five continents with about 30,000 employees, offering specialised capabilities and customised solutions in transportation management, warehousing and distribution management, value-add logistics solutions, supply chain management solutions and route-to-market solutions to local and multinational clients mainly in SA, Sub-Saharan Africa, Europe and the UK.

Its African Regions business

is focused on the healthcare and consumer packaged goods industries. It provides a platform for multinational fast-moving consumer goods and pharmaceutical firms to access high-growth consumer markets, and leverages SA expertise in underdeveloped third-party logistics markets.

Its international business has a well-established contracts logistics platform in Germany with specialised capabilities in automotive and chemicals. It is Western Europe's largest provider of express palletised distribution services and the market leader in inland waterways.

The business is managed in two major regions: Logistics Africa (including SA and African Regions) and International (mainly Europe), with standardised financial measures and one brand identity.

Akoojee intends for the company to become an internationally acclaimed tier-one

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provider of outsourced, integrated value-add logistics, supply chain management and route-to-market solutions. Sustainable revenue will be grown through focused organic growth in each region, complemented by strategic acquisitions. Competitiveness will be improved by investing in the business's people, processes, digitalisation and innovation.

Five corporate strategies will turn this vision into reality: client-centricity; asset rightness; flawless execution; local relevance; and a focus on international freight management. Delivery on these strategies and meeting the business's key financial objectives over the next three to five years should result in a value unlock and a re-rating of Imperial Logistics versus its peer groups, says Akoojee.

Mergers & acquisitions, says Akoojee, will be focused on existing geographies and industries to penetrate or protect markets, expand the company's capabilities, or further develop its international freight management capabilities.

An improved asset composition and risk-adjusted targeted return on invested capital

will enhance prospects for sustainable revenue growth, cash flow, returns and profitability, while its self-sufficient capital structure will allow for acquisitions as well as direct access to equity and debt capital markets.

“Our ability to generate cash gives us the liquidity to fund working capital and replacement capex and invest in growth while continuing to pay a healthy dividend to shareholders in line with 45% of headline EPS,” he says.

Imperial Logistics is well positioned to capitalise on growth in the global logistics industry. SA was ranked 20th out of 160 countries in 2016 by the World Bank's logistics performance index. Imperial Logistics, says Akoojee, is well positioned to act as an enabler for companies operating in the e-commerce space in Africa and Europe. He intends for the company to be at the forefront of disruption and innovation.

Akoojee is confident that Imperial Logistics is well positioned to deliver sustainable revenue growth, enhanced profitability and returns – and deliver consistent dividends to shareholders. ●