



## UNAUDITED INTERIM RESULTS AND DIVIDEND ANNOUNCEMENT

for the six months ended 30 June 2014



integrated logistics

# HIGHLIGHTS



# FINANCIAL HIGHLIGHTS



Attributable profit  
▲ **30%**  
to **R693,7 million**  
(H1 2013: R533,2 million)

Total assets  
▲ **31%**  
to **R30 414 million**  
(H1 2013: R23 274 million)

Earnings per share  
▲ **25%**  
to **112,5 cents**  
(H1 2013: 90,2 cents)

Headline earnings per share  
▼ **32%**  
to **52,0 cents per share**  
(H1 2013: 76,2 cents)

- No net debt (H1 2013: net interest-bearing debt to total shareholders' interest of 14%)
- Increase in net asset value per share to **2 125 cents** (H1 2013: 1 879 cents)
- Interim ordinary dividend of **13,6 cents per share** (H1 2013: 20,0 cents)



# STRATEGIC HIGHLIGHTS



- Successful raise of R2,4 billion secures equity for growth plan
- R1,6 billion Consortium Placement providing 8,4% B-BBEE shareholding at group level
- Good contributions from Maputo businesses despite adverse market conditions
- Further orders placed in the shipping fleet with profitable sale of older vessels
- Consolidated ownership of underlying South African businesses
- Expansion projects in the dry terminals and rail progressing well
- Atlas operation being wound down and sold according to plan
- MOU signed for the sale of Grindrod Financial Services



# BUSINESS ENVIRONMENT



- Slowing but sustainable growth in China, estimated at approximately 7%
- US economic recovery remains robust
- Oversupply in coal and iron ore markets depressing prices
- Low shipping rates and delayed recovery in shipping markets
- Uncertainty in the trading patterns in the tanker market
- Industrial action and rand depreciation in South Africa affects the first half



# INTERIM RESULTS 2014



# MANAGEMENT INCOME STATEMENT – H1 2014



R million	H1 2014	H1 2013	Growth %	Comments
<b>Revenue</b>	<b>13 390</b>	<b>11 495</b>	16	Increase mainly from Shipping division due to forex and ship sales
<b>Trading profit</b>	<b>866</b>	<b>943</b>	(8)	Prior year included once-off profit on cancellation of charters in Shipping division
Depreciation and amortisation	(351)	(272)	29	Increased capital expenditure
Non-trading items	375	85	341	Arising from change in control on the acquisition of B-BBEE joint ventures
Net interest paid	(55)	(51)	8	
Taxation	(131)	(129)	2	
Non-controlling interest shareholders	(23)	(26)	(12)	
Discontinued operations	42	10	320	Commodity trading business and Financial Services division
Preference dividends	(29)	(27)	7	
<b>Profit attributable to ordinary shareholders</b>	<b>694</b>	<b>533</b>	30	
Average rate of exchange ZAR/USD	<b>10,73</b>	9,23		



# HEADLINE EARNINGS – H1 2014

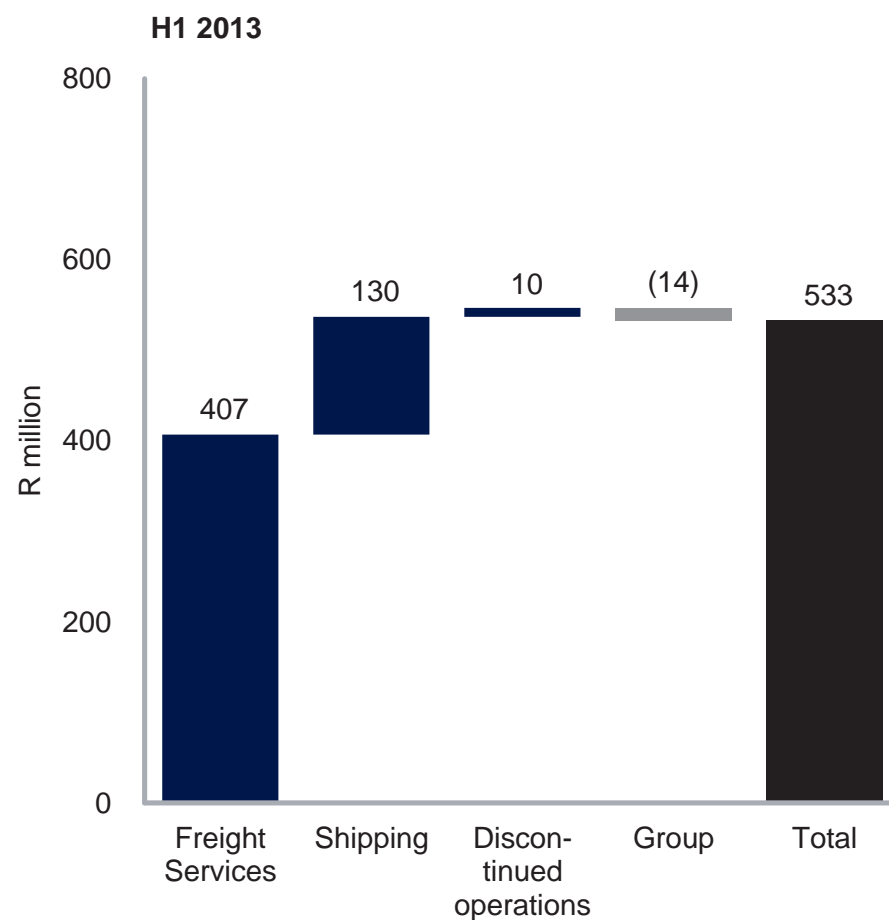
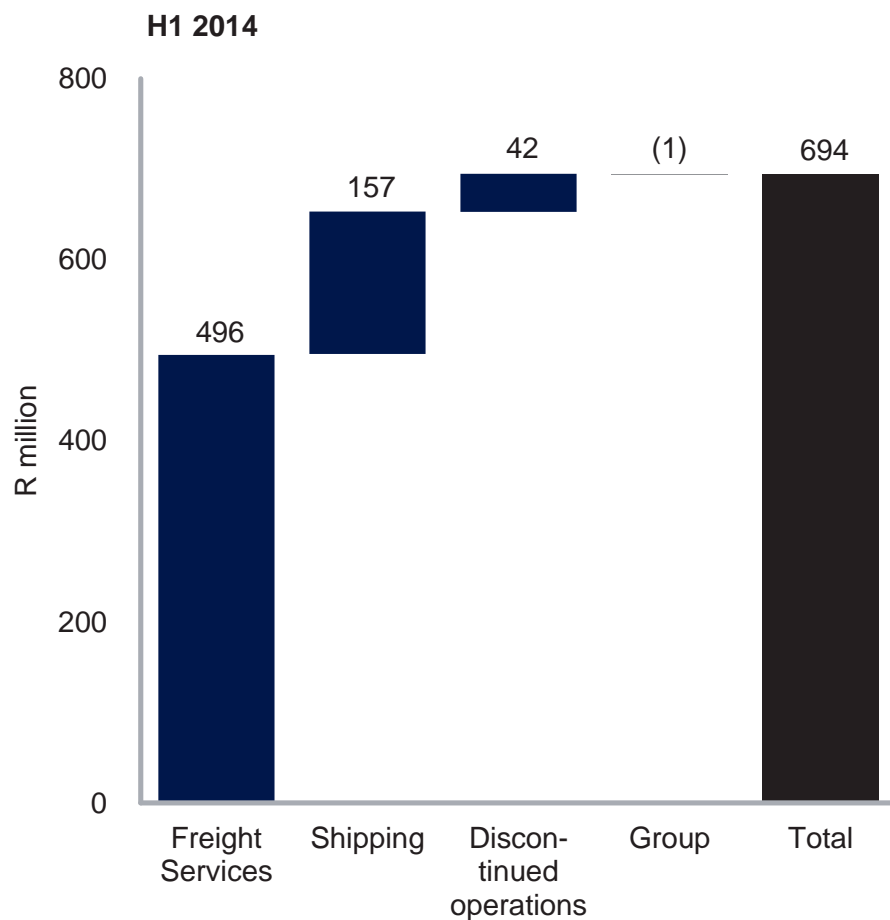


R million	H1 2014	H1 2013	Growth %	Comments
<b>Profit attributable to ordinary shareholders</b>	<b>694</b>	<b>533</b>	<b>30</b>	
Adjusted for:	(373)	(83)	349	
Foreign currency translation reserve recycled upon cessation of operations following restructure	(6)	–	–	
Net profit on change in control	(428)	(77)	456	Arising from change in control on the acquisition of B-BBEE joint ventures
Impairments	84	–	–	Carrier services transport fleet impairment
Negative goodwill	(23)	(6)	283	Dry-bulk joint venture
<b>Headline earnings</b>	<b>321</b>	<b>450</b>	<b>(29)</b>	





# ATTRIBUTABLE INCOME BY DIVISION



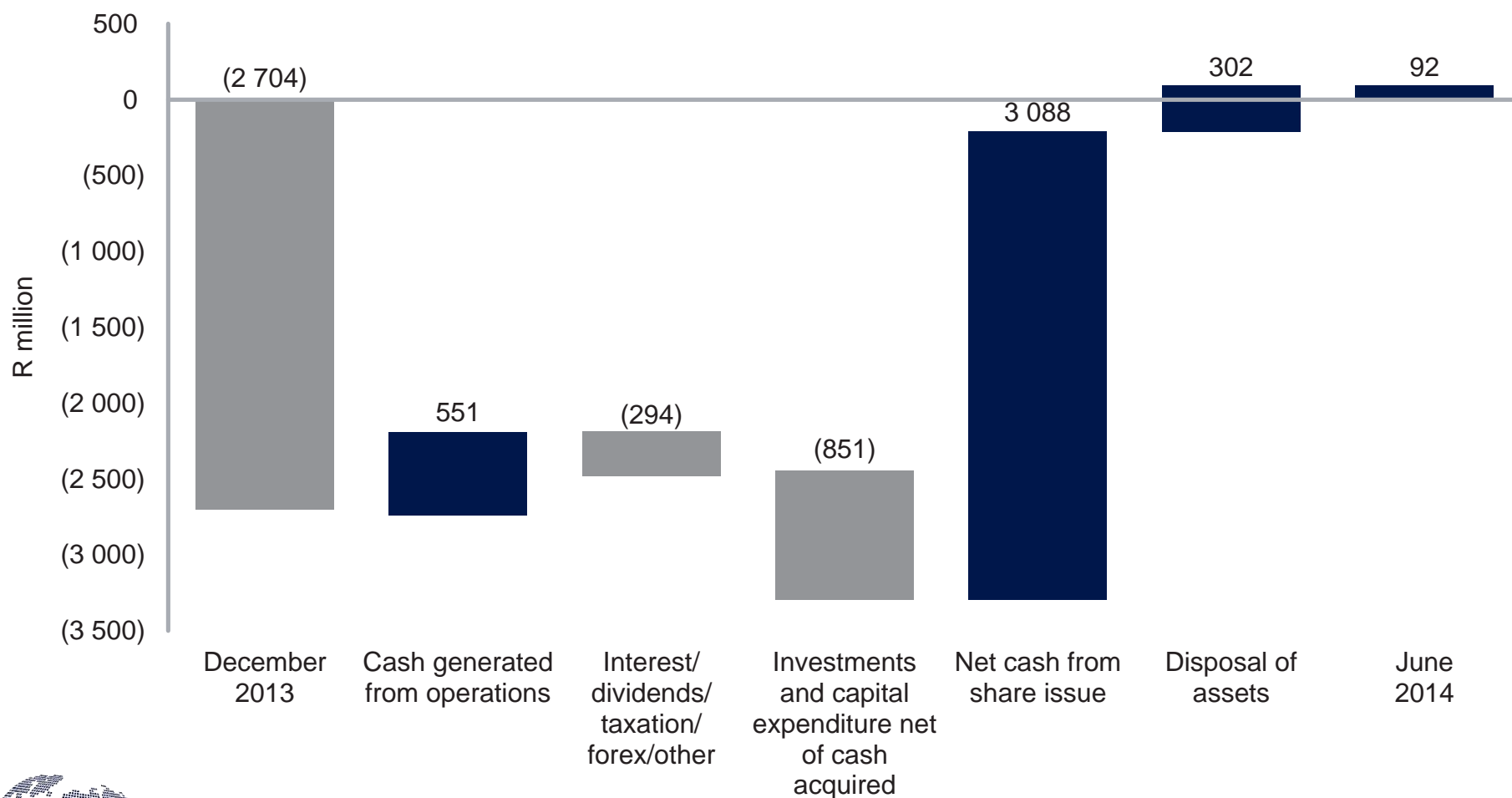
# MANAGEMENT BALANCE SHEET



R million	30 June 2014	31 Dec 2013	Growth %	Comments
Property, plant and equipment				
Freight Services	3 235	2 952	10	Additional assets from the acquisition of B-BBEE joint ventures
Shipping	6 394	6 318	1	
Group	35	318	(89)	Prior year includes Financial Services which has been included in discontinued operations in current year
Intangible assets	2 035	1 168	74	Increase in goodwill from the acquisition of B-BBEE joint ventures
Investments in associates	1 517	1 491	2	
Other assets	1 050	4 606	(77)	Prior year included advances to bank customers which is included in discontinued operations in current year
Non-current assets held for sale	10 150	2 408	322	Commodity trading business and Financial Services division
Current assets	10 081	14 126	(29)	Decrease in bank and cash as Financial Services is included in discontinued operations in current year offset by increase due to share issue
<b>Total assets</b>	<b>34 497</b>	<b>33 387</b>	<b>3</b>	
Shareholders' equity	16 751	12 137	38	Bookbuild Placement of R2,4 billion and R1,6 billion Consortium Placement
Interest-bearing borrowings	5 417	6 948	(22)	
Deposits from bank customers	—	8 015	(100)	Included in discontinued operations in current year
Non-current liabilities held for sale	8 532	2 207	287	Commodity trading business and Financial Services division
Other liabilities	3 797	4 080	(7)	
<b>Total equity and liabilities</b>	<b>34 497</b>	<b>33 387</b>	<b>3</b>	
Closing rate of exchange ZAR/USD	10,64	10,55		



# NET DEBT ANALYSIS



# CAPITAL COMMITMENTS AND EXPENDITURE



R million	Capital expenditure		Capital commitments				Split as follows	
	H1 2014	H2 2014	2015	2016	2017+	Total	Approved not contracted	Approved and contracted
<b>Freight Services</b>	<b>902</b>	<b>341</b>	<b>353</b>	<b>244</b>	<b>5</b>	<b>943</b>	<b>696</b>	<b>247</b>
Ports and Terminals	58	169	283	—	—	452	332	120
Rail	456	61	70	244	5	380	336	44
Intermodal	132	83	—	—	—	83	—	83
Other logistics	256	28	—	—	—	28	28	—
<b>Shipping</b>	<b>506</b>	<b>311</b>	<b>466</b>	<b>244</b>	<b>—</b>	<b>1 021</b>	<b>—</b>	<b>1 021</b>
Dry-bulk	348	311	466	244	—	1 021	—	1 021
Tankers	158	—	—	—	—	—	—	—
<b>Financial Services</b>	<b>3</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Group</b>	<b>1</b>	<b>2</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2</b>	<b>—</b>	<b>2</b>
	<b>1 412</b>	<b>654</b>	<b>819</b>	<b>488</b>	<b>5</b>	<b>1 966</b>	<b>696</b>	<b>1 270</b>
<b>Split as follows:</b>								
Subsidiaries	1 081	443	354	28	5	830	455	375
Joint ventures	331	211	465	460	—	1 136	241	895

Commitments exclude planned expansion at Maputo, subject to final conditions being met, Richards Bay and Coega which are subject to final board approval



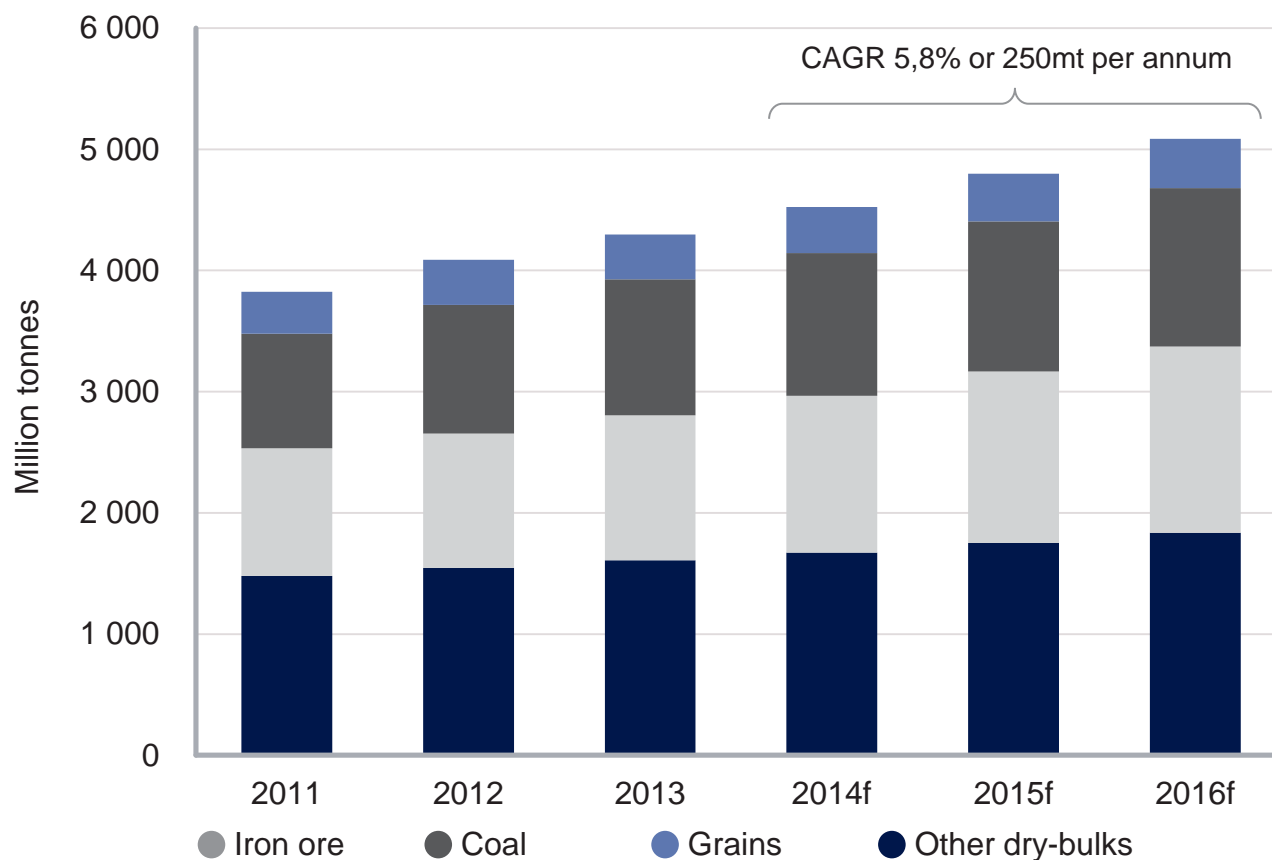
# MARKETS



# DRY-BULK SEABORNE TRADE



## Global dry-bulk seaborne trade

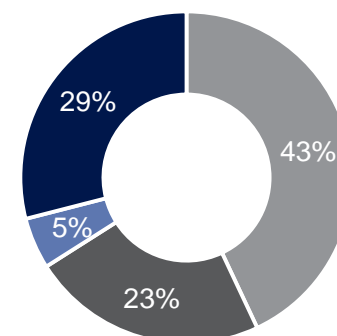


f = forecast CAGR – compound annual growth rate  
Source: Hartland Shipping Services Ltd, July 2014

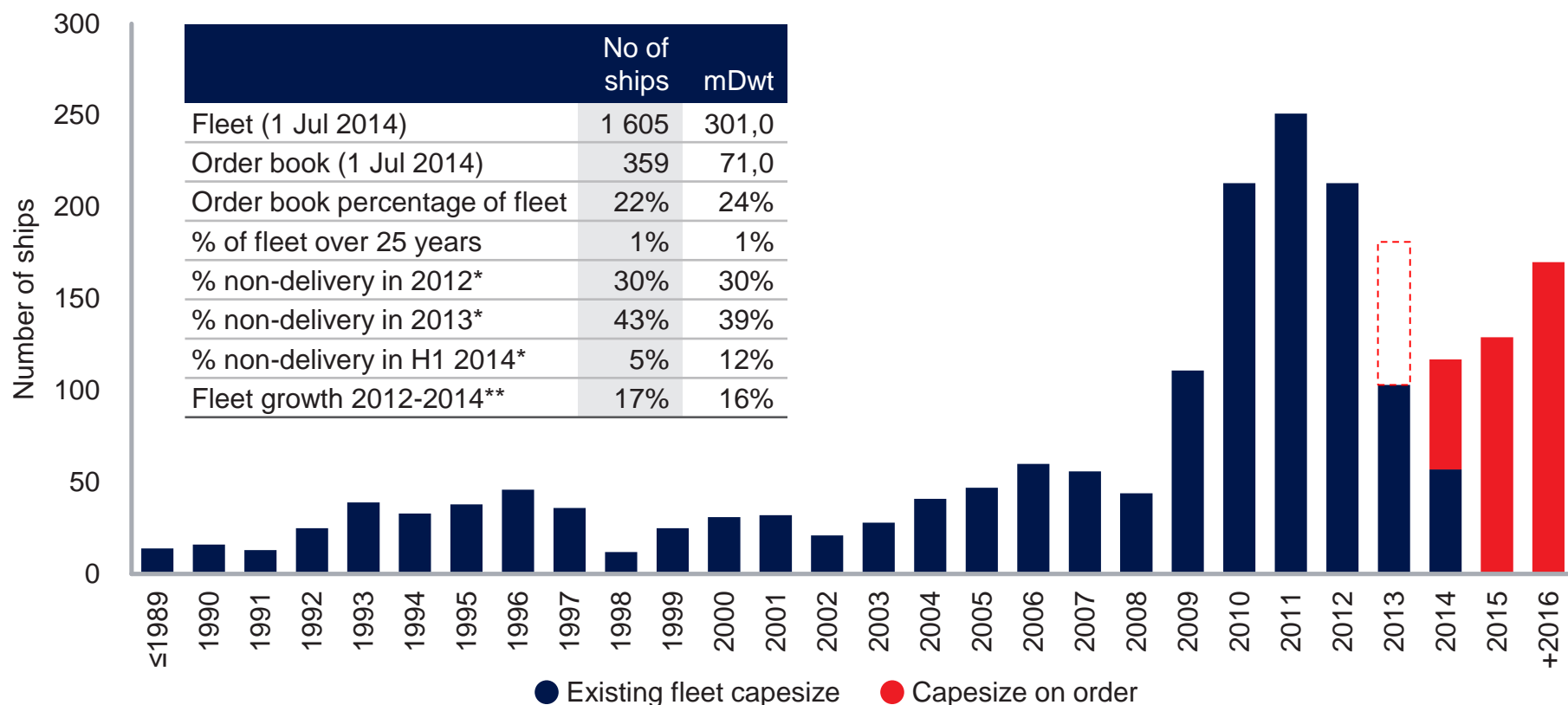
Global dry-bulk seaborne trade is expected to exceed **4,5 billion tonnes in 2014**

Seaborne trade will continue to grow by an average of **5,8%** annually between **2013** and **2016**

### Contribution to growth by commodity



## Capesize bulk carriers



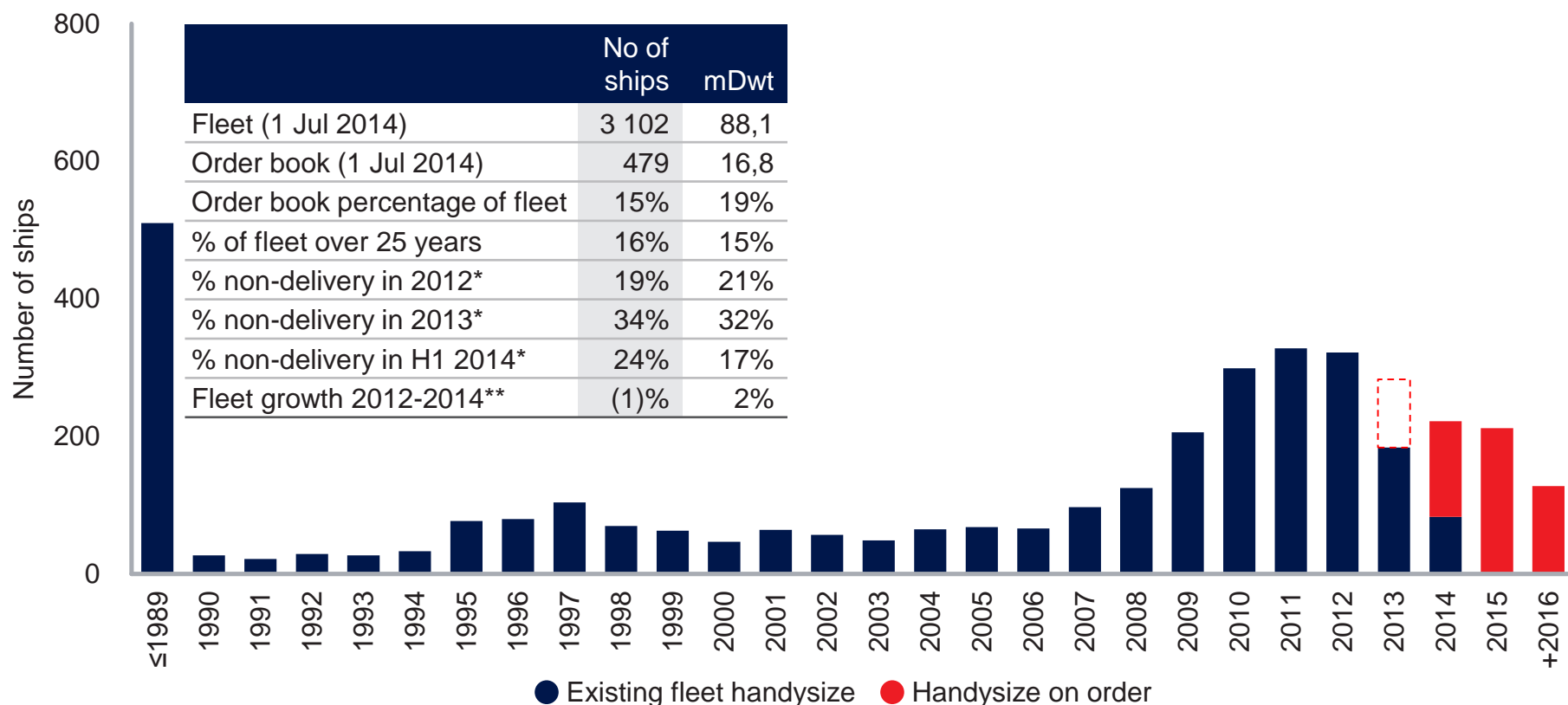
\* Non-deliveries are estimates based on vessels that were scheduled to be delivered according to the opening order book, but due to delays, cancellations, renegotiations of contracts and new market information, have not yet entered the fleet

\*\* Fleet growth is from 1 January 2012 until 1 July 2014

Source: Clarksons Research, July 2014



## Handysize bulk carriers



\* Non-deliveries are estimates based on vessels that were scheduled to be delivered according to the opening order book, but due to delays, cancellations, renegotiations of contracts and new market information, have not yet entered the fleet

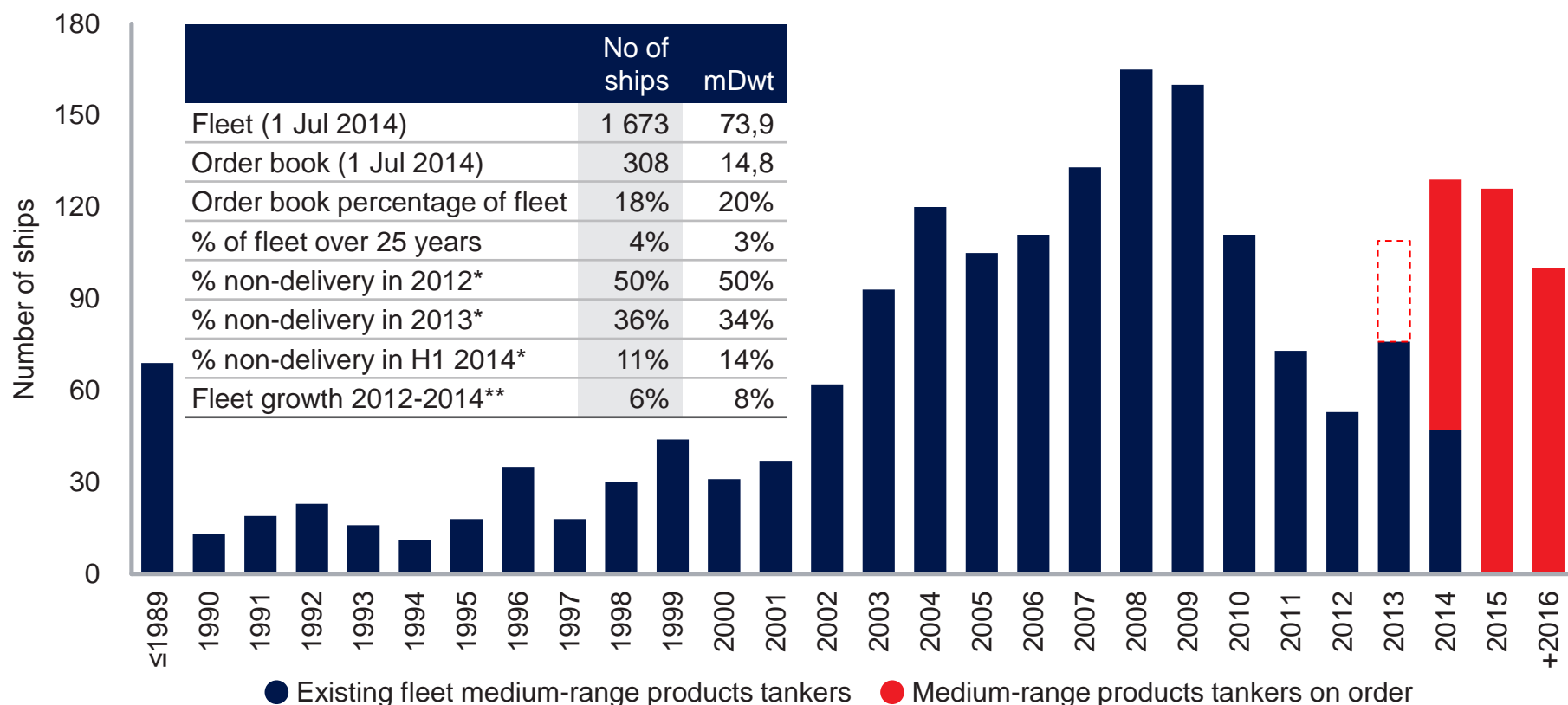
\*\* Fleet growth is from 1 January 2012 until 1 July 2014

Source: Clarksons Research, July 2014





## Medium-range products tankers



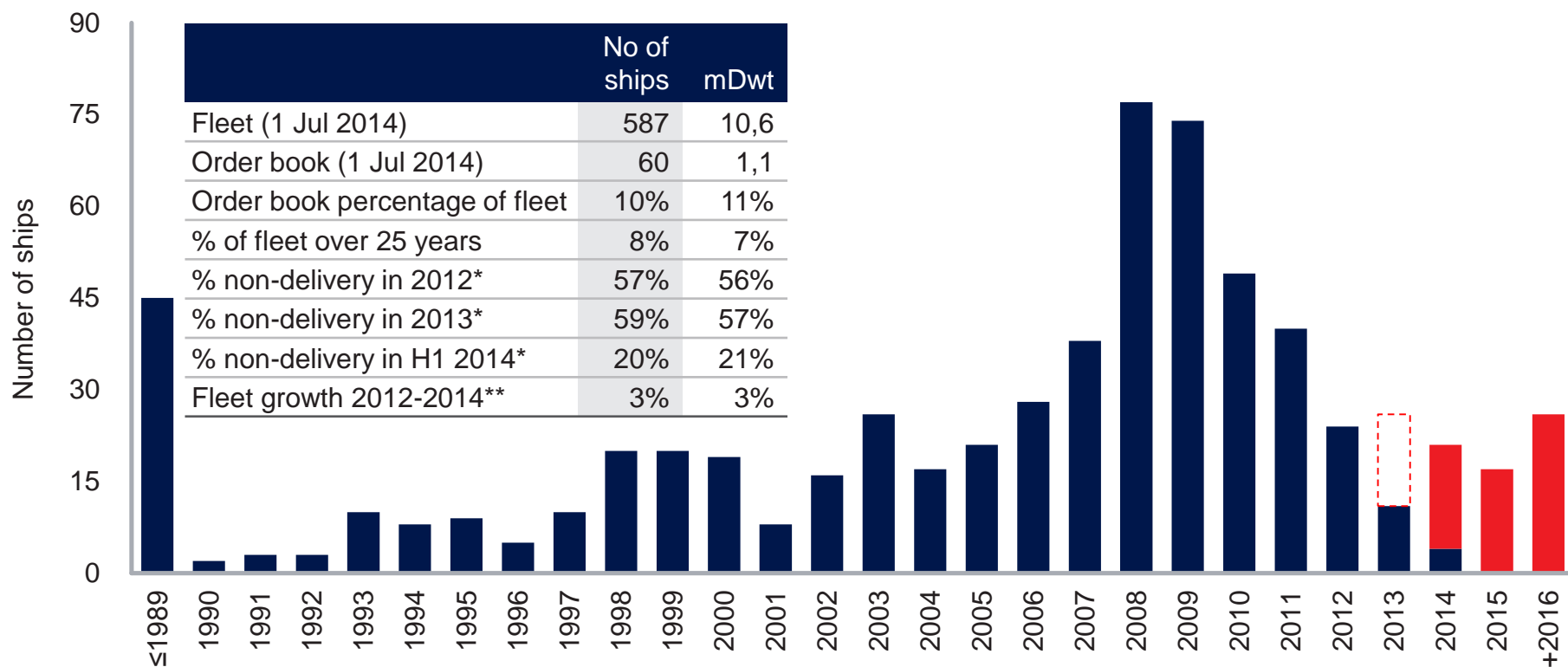
\* Non-deliveries are estimates based on vessels that were scheduled to be delivered according to the opening order book, but due to delays, cancellations, renegotiations of contracts and new market information, have not yet entered the fleet

\*\* Fleet growth is from 1 January 2012 until 1 July 2014

Source: Clarksons Research, July 2014



## Small chemical and products tankers



● Existing fleet chemical and products tankers 15k-20k dwt ● Chemical and products tankers 15k-20k dwt on order

\* Non-deliveries are estimates based on vessels that were scheduled to be delivered according to the opening order book, but due to delays, cancellations, renegotiations of contracts and new market information, have not yet entered the fleet

\*\* Fleet growth is from 1 January 2012 until 1 July 2014

Source: Clarksons Research, July 2014



# OPERATIONAL OVERVIEW

# FREIGHT SERVICES



## FREIGHT SERVICES



- Earnings from trading activities decreased by 21% to R261,1 million (H1 2013 restated: R331,3 million)
- Ports, Terminals, Rail and Seafreight earnings from trading activities down 18% to R222,8 million before profit on the Acquisition (H1 2013 restated: R270,2 million)
- Logistics earnings from trading activities decreased by 37% to R38,3 million (H1 2013 restated: R61,1 million)

Freight Services	R million	Change from H1 2013 %
Revenue	2 763	(7)
EBITDA	578	(7)
Profit attributable to ordinary shareholders	496	22



## OPERATIONAL HIGHLIGHTS – PORTS, TERMINALS AND RAIL



- Maputo port volumes up 19% to 9,0 million tonnes (H1 2013: 7,5 million tonnes)
- Matola terminal throughput increased by 19% to 1,7 million tonnes (H1 2013: 1,5 million tonnes) with increased magnetite volumes
- Richards Bay terminal throughput decreased by 17% to 1,6 million tonnes on subdued coal market (H1 2013: 1,9 million tonnes)
- Reduction in Maputo car terminal volumes of 21% (29 276 vehicles moved) offset by increased storage revenue (H1 2013: 37 155 vehicles moved)
- Rail leasing business remains active and mitigates weak locomotive sales
- Slow start in manufacturing and rail-construction businesses
- Increased volumes in seafreight operations



# OPERATIONAL HIGHLIGHTS – LOGISTICS



- Improved performance in automotive with focused cost saving and efficiency measures
- Restructuring of fuel carrier business progressing
- Successful completion of intermodal depot in Maputo, in partnership with Dubai Ports World
- Progress with intermodal depot expansions in Johannesburg
- Intermodal, including minerals handling, ships agency and clearing and forwarding businesses impacted by reduction in customer imports and exports and industrial action
- Lower storage and retail activity in Senwes and NWK
- Agricultural commodity positions closed out



## STRATEGY

- Terminal expansion: dry-bulk and liquid-bulk
- Expansion in rail businesses
- Diversification in the African continent
- Commodity diversification to promote terminal sustainability

## OUTLOOK

- Magnetite and coal volumes should increase on increased railings despite weaknesses in particular in the coal price
- Rail infrastructure demand underpinned by projects under development
- Logistics businesses poised for improved activity levels
- Improved earnings from agri-businesses following good harvest



# OPERATIONAL OVERVIEW

# SHIPPING





# SHIPPING



- Earnings of R157,3 million (H1 2013 restated: R130,2 million)
- Earnings include R115,8 million on the Acquisition and R23,2 million negative goodwill
- Prior year includes R134,3 million profit on cancelled charters
- Adjusted earnings R18,3 million (2013: loss R4,1 million)

Shipping	R million	Change from H1 2013 %
Revenue	10 623	25
EBITDA	238	(27)
Profit attributable to ordinary shareholders	157	21



# OPERATIONAL HIGHLIGHTS



- Improved rates in dry-bulk sector with liquid-bulk rates under pressure
- Rates in dry-bulk and liquid-bulk sectors remain below profitable levels
- Solid performance in ship operating businesses
- Tighter market rates in marine fuels business due to product oversupply, increased competition, stagnant European growth and reduced fleet consumption
- Average earnings per day exceeded average spot-market rates
- Delivery of a 32 768 dwt next-generation eco fuel-efficient dry-bulk carrier in joint venture
- Orders placed for:
  - › next-generation eco fuel-efficient Japanese-built supramax dry-bulk carrier in joint venture
  - › long-term chartered next-generation eco fuel-efficient Japanese-built and owned supramax dry bulk carrier
- Net profit on sale ships



## STRATEGY

- Careful management of owned fleet to maximise commercial opportunities
- Expand fleet under commercial management

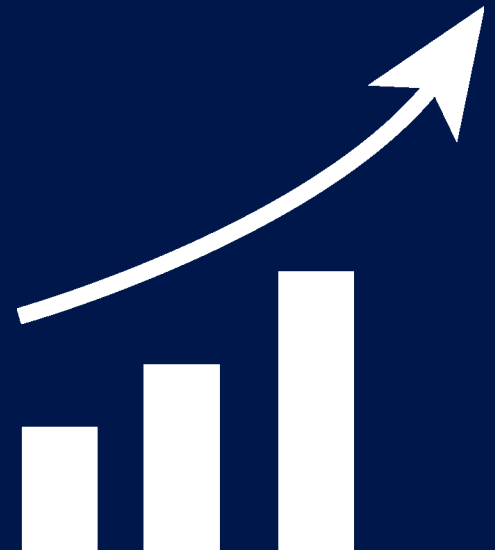
## OUTLOOK

- Owned and long-term chartered fleet has a reasonable level of cover
- Improvement in dry-bulk rates in the medium term, supported by expected growth in seaborne trade and increased cargo demand exceeding net fleet additions
- Pressure in tanker market due to newbuilding deliveries and uncertainty of impact of shale gas development



# OPERATIONAL OVERVIEW

# FINANCIAL SERVICES



## FINANCIAL SERVICES (DISCONTINUED OPERATION)



- Attributable profit increased by 99% to R94,9 million (H1 2013: R47,8 million)
- Assets under management up 6% to R13,0 billion (December 2013: R12,3 billion)
- Total funding (excluding SASSA deposits) at R5,2 billion (December 2013: R4,9 billion)
- Bank advances grew 11% to R4,1 billion (December 2013: R3,7 billion)

Financial Services	R million	Change from H1 2013 %
Revenue	189	21
EBITDA	142	77
Profit attributable to ordinary shareholders	95	48



# OPERATIONAL HIGHLIGHTS



- Growth across all businesses
- Good valuation growth in property portfolio
- Optimisation improved earnings on 9,8 million SASSA-card business
- Engagement with SASSA, PASA and Net1 to promote positive outcome for the future
- Positive results from investment philosophy that exceed benchmarks
- Launch of two additional ETFs based on 'smart beta' themes
- Introduction of material investment in UK property private equity fund



## STRATEGY

- Continue with focused expansion
- Develop business around the retail card offering
- Pursue growth in assets under management
- Focus on well-secured loans with low risk of default

## OUTLOOK

- Steady earnings expected for the balance of the year
- Disposal to continue in line with MOU



# GROUP STRATEGY AND OUTLOOK





## STRATEGY

- To purposefully grow the business organically, by acquisitions and seeking synergies within the group, with specific focus on Africa, to become a respected fully integrated freight and logistics service provider

## OUTLOOK

- Well positioned to take advantage of an improvement in the global economy
- Pipeline of strategic projects
- South African origin, uniquely positions the group to service African trade flows
- Execution on major projects will increase balance sheet gearing



# ANNEXURES



# TERMINAL CAPACITY



Terminals	Utilisation		Change %	Annual capacity 2013	Annual plus capacity under construction
	H1 2014	H1 2013			
<b>Dry-bulk (tonnes)</b>	<b>5 933 194</b>	<b>5 188 829</b>	<b>14</b>	<b>18 650 000</b>	<b>19 150 000</b>
Matola coal terminal <sup>1</sup>	1 724 307	1 452 092 <sup>3</sup>	19	7 300 000	7 300 000
Richards Bay	1 558 730	1 881 624	(17)	6 100 000	6 100 000
Maydon Wharf (Durban)	409 161	371 715	10	700 000	1 200 000
Walvis Bay (Namibia)	135 983	181 710	(25)	550 000	550 000
Maputo terminal	2 105 013	1 301 688	62	4 000 000	4 000 000
<b>Port of Maputo</b>	<b>8 965 000</b>	<b>7 546 000</b>	<b>19</b>	<b>N/A</b>	<b>N/A</b>
<b>Maputo car terminal<sup>2</sup> (number of vehicles)</b>	<b>29 276</b>	<b>37 155</b>	<b>(21)</b>	<b>120 000</b>	<b>120 000</b>

<sup>1</sup>. Increased capacity effective from 1 October 2013

<sup>2</sup>. Increased capacity effective from 1 September 2013

<sup>3</sup>. Impact of Tenga bridge collapse of approximately 1,2 million tonnes not included



# SOUTH AFRICAN PORT VOLUMES – END JUNE 2014

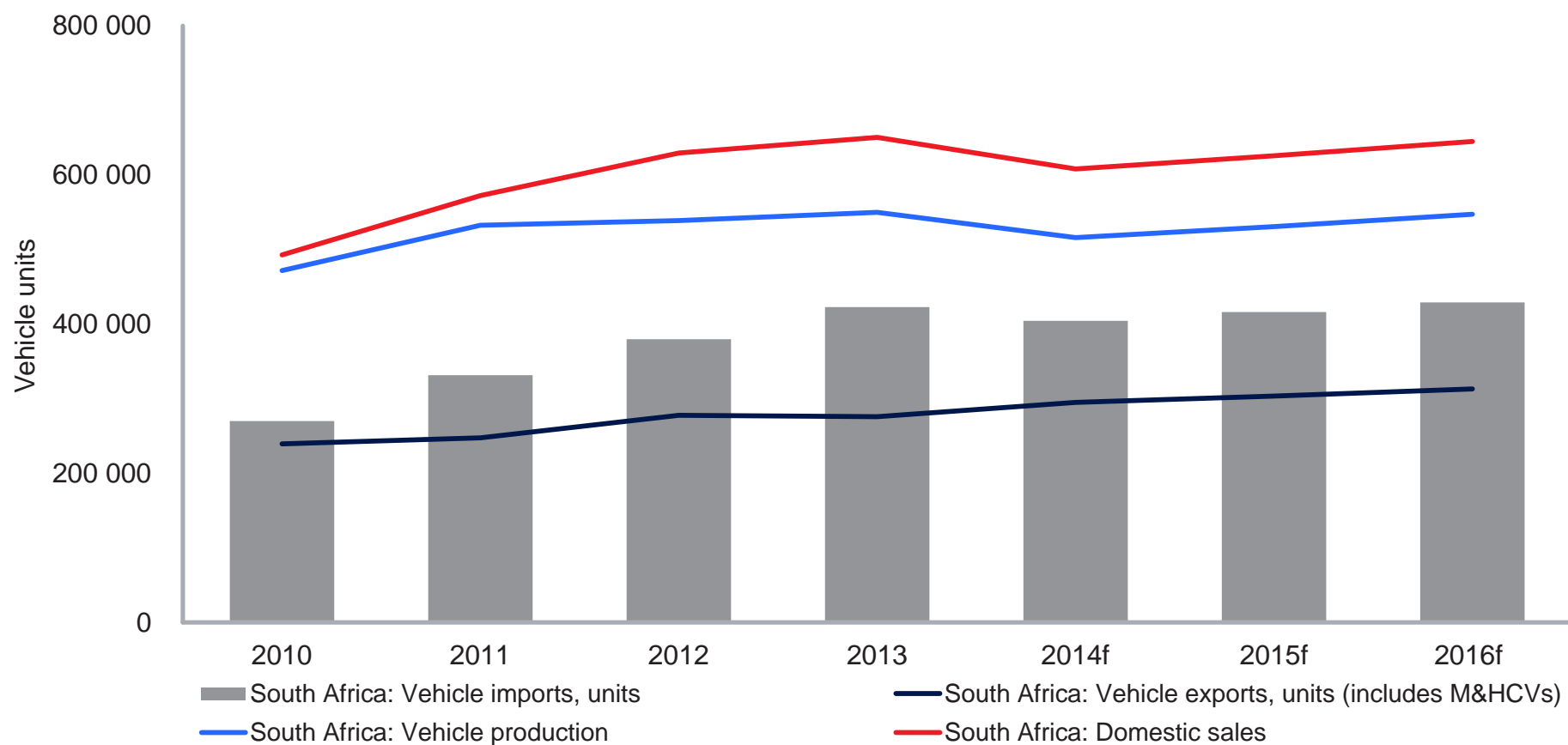


TEUs	YTD actual 2014	YTD actual 2013	Volume	Variance %
Deep sea landed full	638 069	712 637	(74 568)	(10,46)
Deep sea landed empty	159 654	137 459	22 195	16,15
Deep sea shipped full	516 008	521 753	(5 745)	(1,10)
Deep sea shipped empty	286 769	311 182	(24 413)	(7,85)
<b>Total</b>	<b>1 600 500</b>	<b>1 683 031</b>	<b>(82 531)</b>	<b>(4,90)</b>



Source: Transnet National Ports Authority, July 2014

# AUTO INDUSTRY SECTOR – SOUTH AFRICA



f = BMI forecast

Source: Automotive News Europe, NAAMSA, BMI forecasts, July 2014



# SA MOTOR INDUSTRY SALES

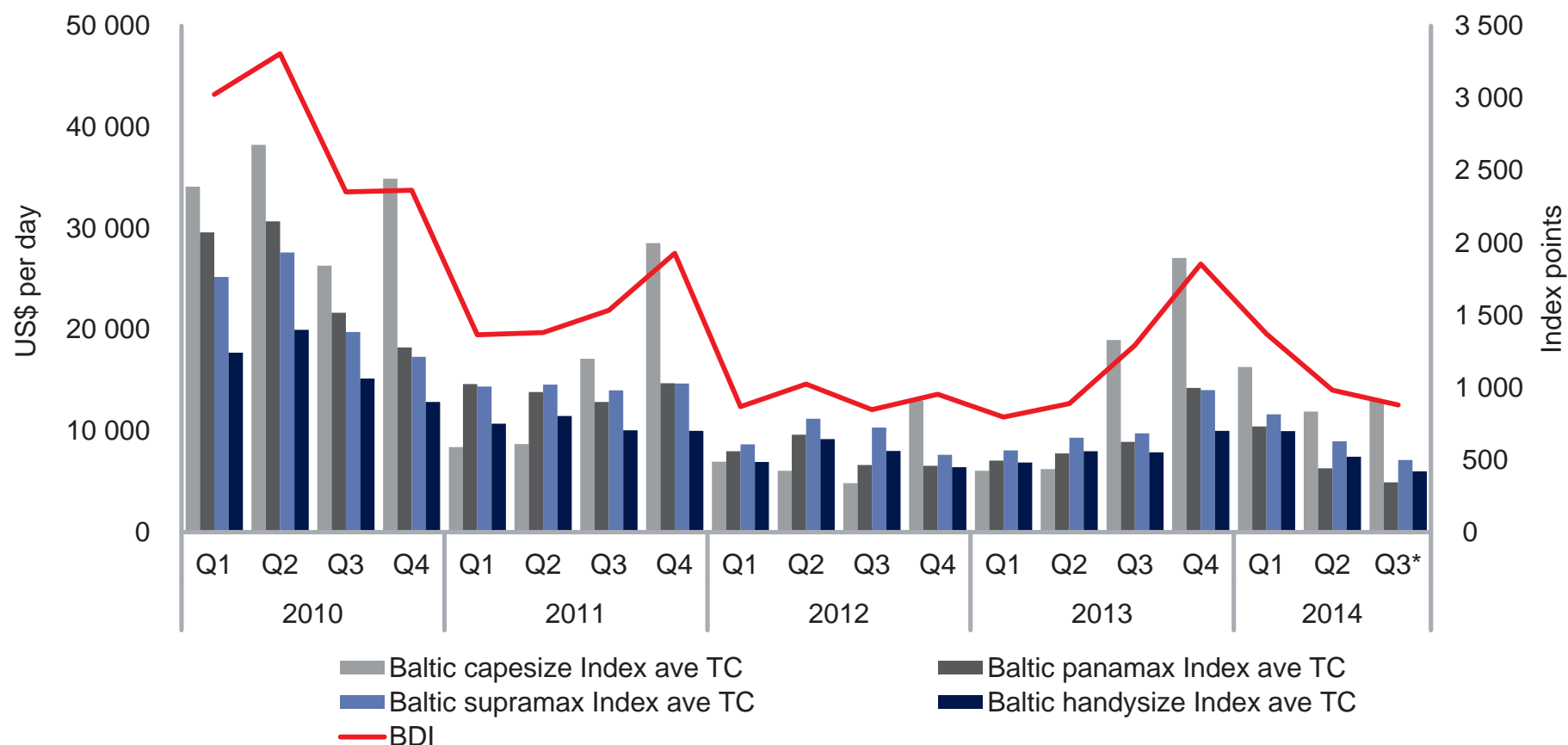


	Domestic sales			Export sales		
	2014	2013	YOY%	2014	2013	YOY%
January	53 025	55 859	(5)	13 960	14 541	(4)
February	51 814	53 893	(4)	21 819	26 535	(18)
March	55 503	55 782	(1)	24 665	19 338	28
April	46 073	51 846	(11)	16 810	22 907	(27)
May	49 465	55 252	(10)	15 613	26 325	(41)
June	53 013	54 087	(2)	24 024	24 203	(1)
July	57 670	58 685	(2)	22 773	26 608	(14)
<b>Total</b>	<b>366 563</b>	<b>385 404</b>	<b>(5)</b>	<b>139 664</b>	<b>160 457</b>	<b>(14)</b>
<b>Sales total</b>	<b>506 227</b>	<b>545 861</b>	<b>(7)</b>			

Source: NAAMSA, July 2014



# DRY-BULK DAILY SPOT RATES (BALTIC INDICES)

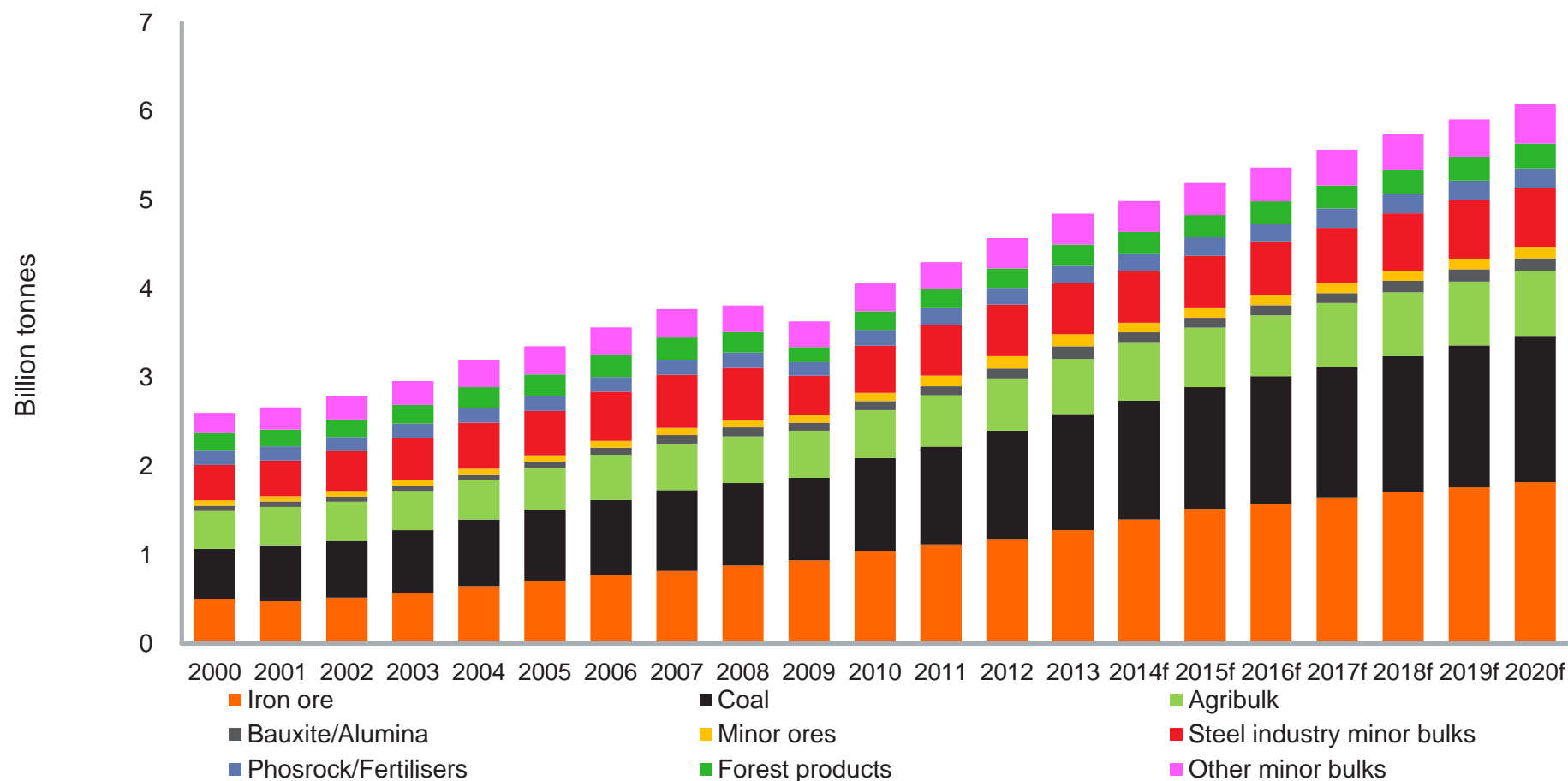


\* Q3 2014 : 1 July to 14 July 2014

Source: Clarksons Research (Shipping Intelligence Network), copyright Baltic Exchange, 15 July 2014



# DRY-BULK TRADE GROWTH

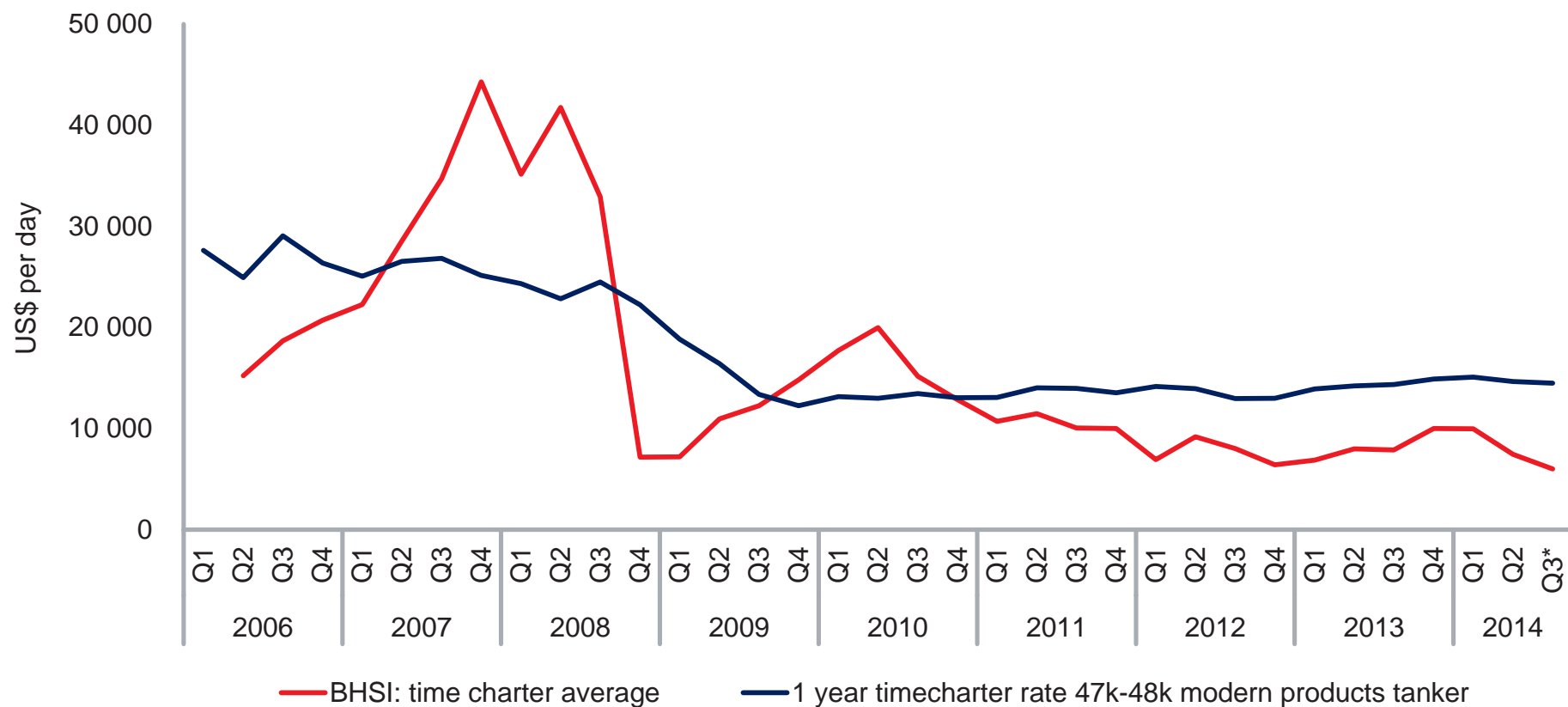


Source: Braemar Seascope, July 2014





# HANDYSIZE BULK CARRIER AND PRODUCTS TANKER TIME CHARTER RATES

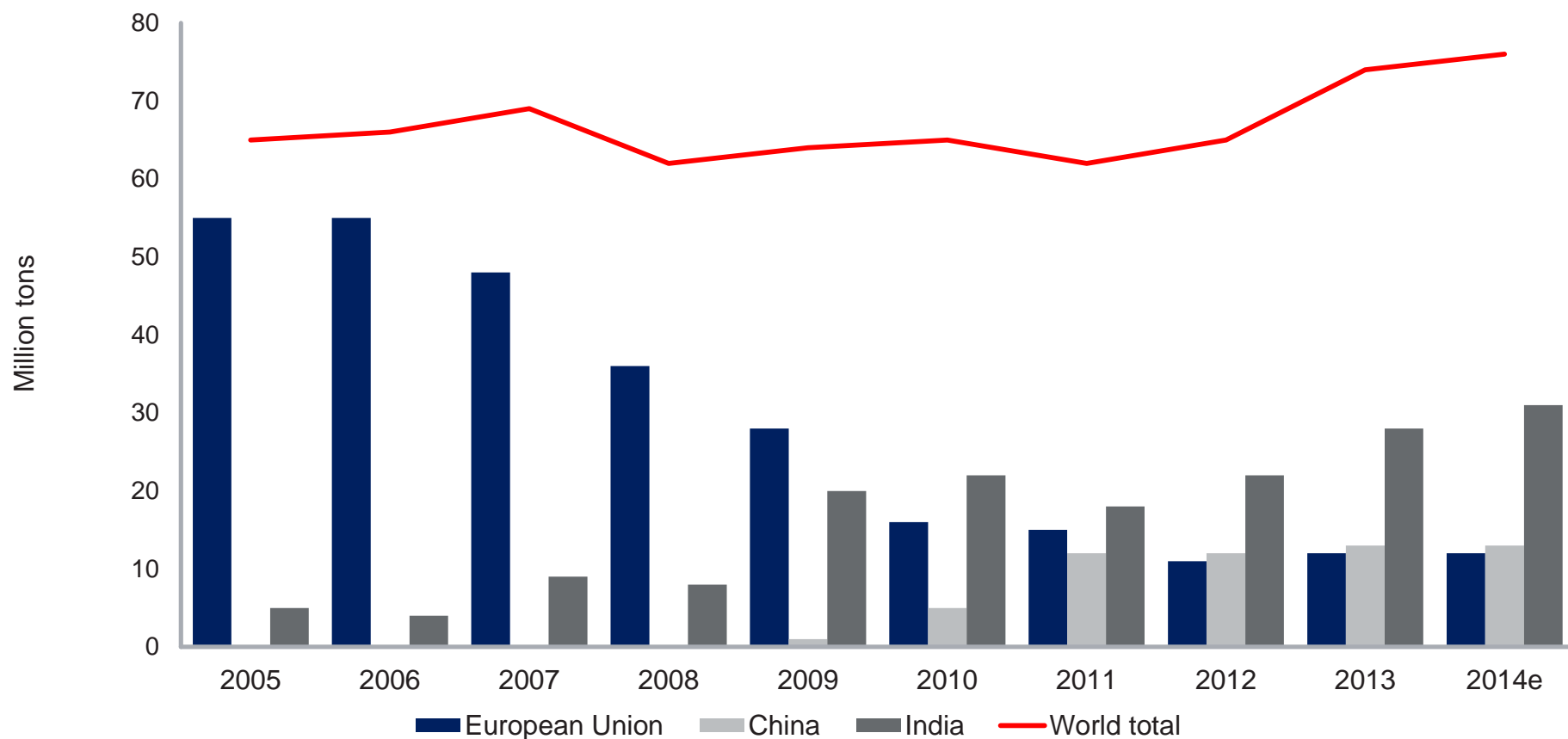


Source: Clarksons Research (Shipping Intelligence Network), July 2014

\* Q3 2014 :1 July to 14 July 2014



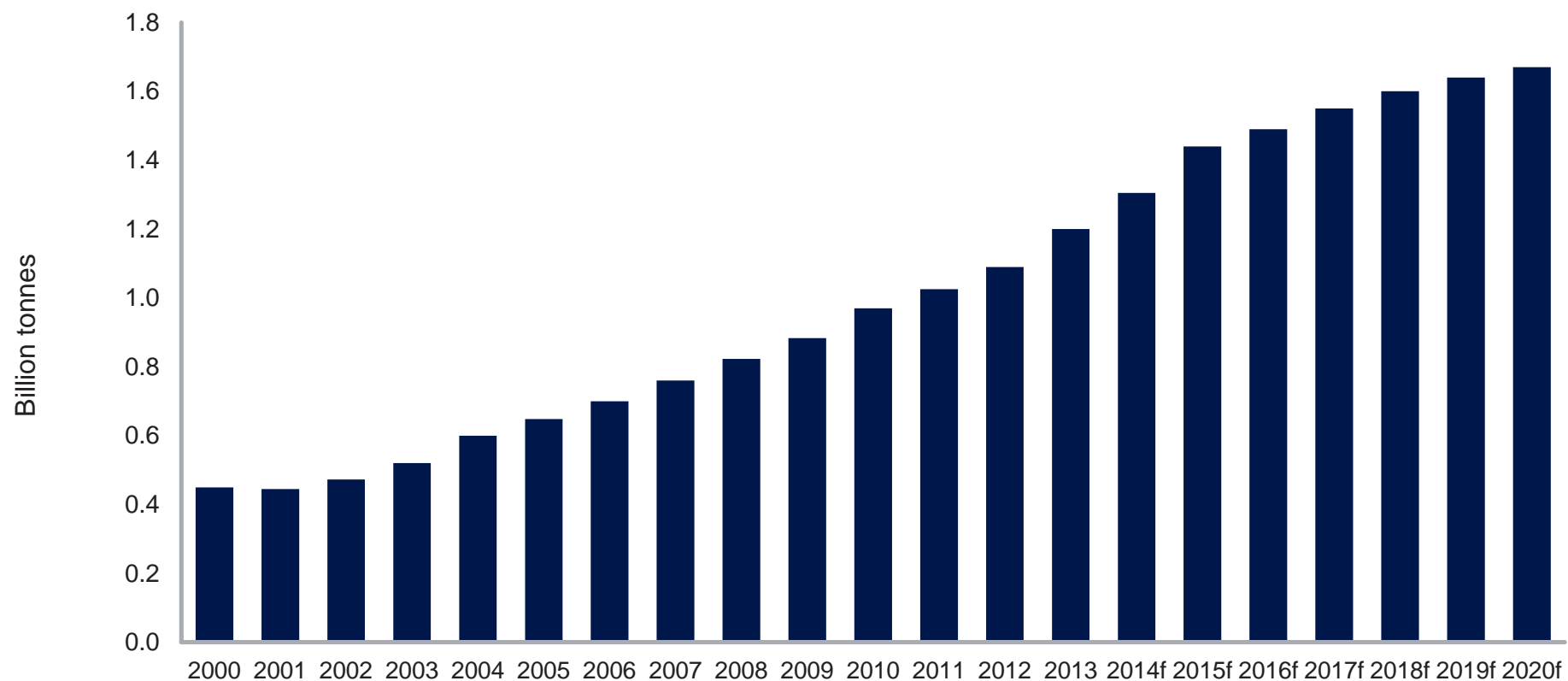
# SOUTHERN AFRICAN COAL EXPORTS



Southern Africa: Botswana, Lesotho, Namibia, South Africa, Swaziland  
Source: Maersk Broker, July 2014



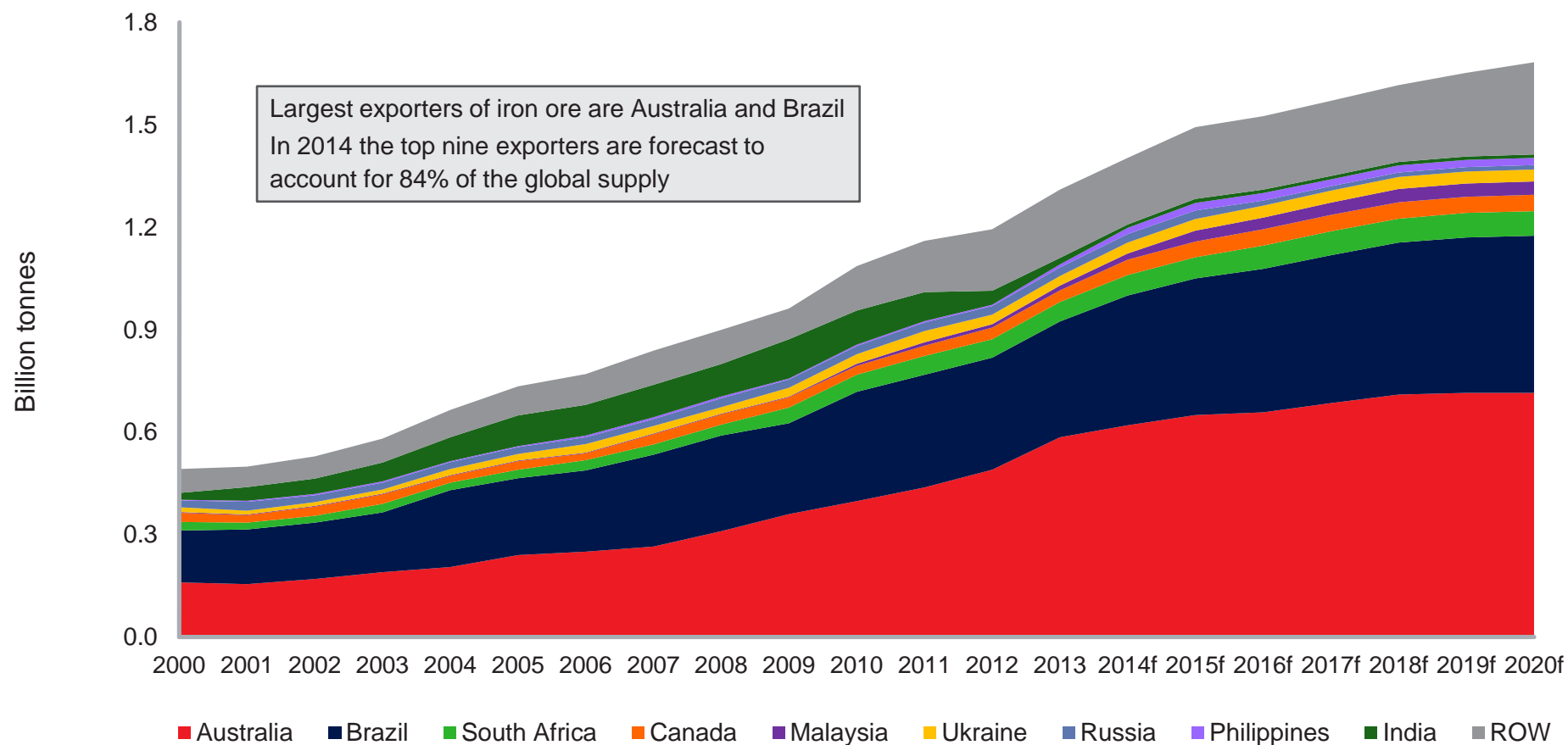
# GLOBAL SEABORNE IRON ORE TRADE



Source: Braemar Seascope, July 2014



# GLOBAL IRON ORE EXPORTERS



Source: Braemar Seascope, July 2014



# SCRAPPING



dwt 000	Handysize bulker	Handymax bulker	Panamax bulker	Capesize bulker	Handy* products tanker	Handy* chemical tanker	Total	All other types	Total scrapping
2010	2 700	400	700	2 700	3 200	1 400	11 100	16 900	28 000
2011	5 300	2 200	5 200	10 500	1 400	700	25 300	17 400	42 700
2012	8 300	4 700	8 600	11 700	1 300	600	35 200	23 100	58 300
2013	6 700	3 500	4 800	8 100	1 500	200	24 800	22 200	47 000
2014 H1	1 900	1 100	1 600	2 800	600	-	8 000	10 700	18 700

\* Handy tankers cover 10 000-60 000 dwt range

Source: Clarkson Research (Shipping Intelligence Weekly and Shipping Intelligence Network, July 2014)



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- (ii) the information in the databases of other maritime data collection agencies may differ from the information in the Information Sources' databases***
- (iii) while the Information Sources have taken reasonable care in the compilation of the statistical and graphical information and believe it to be accurate and correct, data compilation is subject to limited audit and validation procedures and may accordingly contain errors;***
- (iv) the Information Sources, their agents, officers and employees do not accept liability for any loss suffered in consequence of reliance on such information or in any other manner;***
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