

## SLIGHT IMPROVEMENT IN PERFORMANCE

Written by Tracy  
Friday, 27 February 2015 12:41

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Although performance was marginally stronger in 2014, Grindrod has reported that low shipping rates, depressed commodity prices and industrial action have all taken their toll on the group. Announcing its full financial results for year ended 31 December 2014, Grindrod reported that revenue inclusive of joint ventures increased 2% with headline earnings up 4% to R729 million (2013: R701.8 million).

A significant capital raise of R4 billion was successfully completed, of which R2.4 billion was raised by the issue of 96 million new shares and R1.6 billion was raised in a BEE transaction.

Grindrod bought out the BEE shareholders at subsidiary level, giving them the opportunity to form a consortium with the JSE listed black controlled and managed, Brimstone Investment Corporation Limited which in turn invested R1.6 billion at the Grindrod holding level.

The issue of new shares resulted in the weighted average number of issued shares increasing by 15%, which had caused headline earnings per share to fall by 9%. Earnings per share is also down by 26% to 147.6 cents (2013: 199.1 cents). A final ordinary dividend per share is up 17% to 20 cents per share (2013: 17.1 cents).

Grindrod reported that shipping rates in the dry bulk sector remain well below profitable levels and the rates in the tanker sector were at unprofitable levels for the majority of the year returning to profitable levels in the last quarter. However, the average earnings per day exceeded average spot-market rates and the ship-operating businesses delivered a solid performance. There has been good progress on the shipping fleet renewal programme.

The low shipping rates are giving rise to market speculation that Grindrod will list its shipping business in Singapore.

Diversification of commodities contributed to the good volumes reported in the dry bulk terminals. The rail leasing business remains active but the rail manufacturing and rail construction business has been depressed by commodity markets. In the road transportation businesses, a significant turnaround in the auto carrier business has been noted whilst restructuring of the road tanker business is well underway.

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Grindrod's focus is on Africa with a view to offering a tailored and fully integrated freight and logistics service to its customers. Though expansion plans remain unchanged, specifically in the dry and liquid bulk terminals and the rail businesses, expansion will be phased in line with demand for capacity and rail delivery solutions.

The group said its Maputo businesses continued to do well, despite adverse market conditions.

The Financial Services division reported growth across all businesses. Presence in the Exchange Traded Fund market has grown and a material investment in UK property private equity fund was made. Bidvest had late last year made an unsolicited bid for Grindrod's bank and asset management assets, but was not successful.