Grindrod 1st half earnings up 25% to 69.4c

Freight and shipping logistics company Grindrod has reported a 25% increase in headline earnings per share tc 69.4 cents for the six months ended June 2012 from 55.7 cents a year ago.

Revenue was 9% higher at R18.79 billion while operating profit before interest and tax was 2% higher at R350 million.

Attributable income increased 119% to R608.4 million, while cash generated from operations rose to R890.6 million after tl company utilised cash of R115.8 million in H1 2011.

The interim ordinary dividend was maintained at 17.5 cents per share.

During the six months, Grindrod executed a number of transactions and made substantial progress on projects aimed at realising its strategy of becoming an integrated freight and logistics service provider, while retaining its position in shipping

A notable transaction includes the introduction of Vitol as a partner in the coal, oil and tanker businesses.

Good progress was made towards completing the feasibility study to expand the Maputo coal terminal by 20 million tonnes

The group's terminal and marine fuel volumes were strong during the period despite the current environment.

Shipping rates continued to fall during the six-month period. However, the division remained profitable before the required ship impairment.

The group's balance sheet remains sound with total assets of R20 billion. The net debt:equity ratio has reduced to 5% by e June 2012 on the back of the cash-on-hand at the commencement of the year and cash generated in the period.

Capital expenditure for the first half amounted to R787 million, of which 70% was expansionary and the balance maintenar or replacement capital expenditure. The capital expenditure comprised payments on two drybulk ships, two tankers, the Maputo coal terminal Phase 3.5 expansion project, locomotives and coal marketing contracts.

Future capital is committed to the expansion of terminal capacity, rail infrastructure, locomotives and ships.

The commitments exclude any planned expansions of terminal capacity in Maputo (20 million tonnes) and Richards Bay as well as development of a bulk liquid storage facility at Coega, each of which is subject to final board consideration.

The group said it anticipates an increase in full year earnings in 2012.