Grindrod makes progress with its logistics supply chains

By Mark Allix

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Grindrod continued to make "meaningful progress" last year in improving and expanding its integrated logistics supply chains along key commodity corridors.

Grindrod continued to make good progress and is investing huge amounts in the local economy.
Image: Urban Africe

It said capital projects in the year to December were "successfully executed", asset utilisation and operational efficiencies were improved and growth partnerships were further strengthened within a strictly monitored risk-mitigation framework.

Headline earnings per share (HEPS) rose 15.7%, with freight services and financial services continuing to perform strongly despite depressed markets.

Chief executive Alan Olivier said there were continued improved results in the ports, terminals and rail business, and in bank earnings.

"Shipping produced a good result, but a big slice of this was from the restructuring of offshore operations," he said.

Shipping was negatively affected by poor results in the agricultural sector on reduced volumes and profitability from increased competition, volatility and backwardation (when the spot or cash price of a commodity is higher than the forward price) of markets.

However, the weak rand had benefited the group through its dollar-based earnings and assets.

Capital

Total subsidiary capital expenditure and investments was R2bn, up from R1.3bn last year, of which 81% was for expansion, with the balance being spent on maintenance and replacement.

The capital expenditure mainly comprised an equity investment into farming sector companies Senwes and NWK, payments on two product tankers, eight dry-bulk ships, the Matola coal terminal expansion project in Mozambique, and locomotives, car terminal expansion, intermodal depot expansion and transport fleet investment.

Future capital was committed to the expansion of terminal capacity, rail infrastructure, locomotives and ships, and general terminal capacity in Maputo and Richards Bay, as well as the development of a bulk petroleum liquids storage facility at Coega near Port Elizabeth.

The board had approved an equity raising of R3bn for this planned capital expenditure.

Cash flow and borrowings reflected net debt of R2.6bn, substantially up on the R700m last year. Operating profit before working capital adjustments fell to R700m from R900m last year.