



Analyst Presentation

30 January 2018





“Positive set of results”

“Overall positive set of results despite clusters being impacted variously by the difficult macroeconomic environment.”



2017 Operating Environment

Macroeconomic environment

- ✓ Foreign currency shortages and low industrial activity – biggest impact on our businesses.
- ✓ Cereal crops production boosted by favourable rainfall patterns and higher dam levels.
- ✓ National tobacco output decreased by 7% to 189 million kgs – excessive rains in some parts.

Impact on clusters

✓ **Agriculture operations**

- Commendable revenue and profit performance – internal initiatives and favourable rainfall.
- Deliberate reduction in cash holding and investment in early procurement of stocks.

✓ **Logistics operations**

Subdued performance – lower volumes of goods moved across border and within country.

✓ **Real estate operations**

Satisfactory performance – impacted by increasing stock of unoccupied industrial properties (economic environment).



FY 2017 Group Performance

Figures in US\$ millions

	Results		Comparison	
	FY 2017	FY 2016	% change	Impact
Financial Performance				
Revenue	50.6	47.2	7%	▲
Operating Profit	7.0	5.6	24%	▲
Profit before tax	6.4	3.7	70%	▲
Profit after tax	4.8	2.8	75%	▲
Financial Position				
Shareholders funds (SF)	82.7	75.1	10%	▲
NAV per share (cps)	23.1	21.0	5%	▲
Current ratio	1.7	1.7	0%	▲
Borrowing levels	11.7	11.5	1%	▼
Gearing (as a %age of SF)	14%	15%	7%	▲
Market Performance				
Earnings per share (cps)	1.2	0.8	45%	▲

Note

2016 comparatives restated by new requirements of biological assets Accounting Standard.

Impact on Performance

Positive ▲
Negative ▼



FY 2017 Cluster Performance

Agriculture

Tobacco related services

Strong revenue and profit performance for the year.

TSF

- Retained dominant position in auction of independent crop - market share over 60%.
- Volumes handled for merchants increased significantly.
- Revenue and volume growth driven by expansion of client base.

Propak

- New business model fully embedded - previous challenges of counterfeit wraps contained.
- Volume uptake of hessian up 11% – new merchant business.

Agricultural trading

- Strong growth in revenue and profitability – favourable rainfall season and expansion of distribution foot print.
- Investment in agronomy support contributing positively.

Agriculture

Agricultural commodity production

- Marginally profitable – satisfactory yields achieved for maize, seed maize and soya.
- Incessant rains negatively impacted tobacco yields and quality but overall returns in line with national averages

	Agriculture	Impact
Revenue	\$ 29.1M (\$ 21.2M)	▲
Profit	\$ 4.4M (\$ 1.4M)	▲
Operating Assets	\$ 25.6M (\$ 21.4M)	▲
Operating Liabilities	\$ 1.8M (\$ 2.2M)	▲



FY 2017 Cluster Performance



Logistics

End to end logistics services

Bak Logistics

- Subdued performance – low volumes in general cargo, inland ports and distribution – low economic activity.
- Delayed movement of bulk commodities – revenues shifted to Q1, 2018.
- New contracts signed with shipping lines – incremental business in coming years.

Premier Forklifts

- Satisfactory revenue and profit growth – increased new equipment sales and continued demand for equipment hire.

Key Logistics

- Satisfactory performance – adversely impacted by border delays and indirectly by foreign currency shortages.

Logistics

Vehicle rental

- Remains profitable – focus on cost containment.

	Logistics	Impact
Revenue	\$ 14.6M (\$ 18.0M)	▼
Profit	\$ 0.8M (\$ 1.2M)	▼
Operating Assets	\$ 10.8M (\$ 12.0M)	▼
Operating Liabilities	\$ 1.1M (\$ 1.2M)	▲



FY 2017 Cluster Performance

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Real Estate

- Satisfactory revenue and profit performance – sector affected by higher level of voids and margin compression.
- First phase of the Vorstermans industrial development project at an advanced stage (3 new warehouses, expanded container yard and supporting roads and drainage works).
- Second phase expected to commence in H2, 2018.

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Investments

- Interest from potential buyers shown in both of Group's Available-For-Sale investments.
- Both Nampak Zimbabwe Limited and Cut Rag Processors remain profitable.
- Year-end professional valuations of both investments deemed appropriate.

	Real Estate	Impact
Revenue	\$ 3.8M (\$ 4.7M)	▼
Profit	\$ 1.6M (\$ 2.1M)	▼
Operating Assets	\$ 56.1M (\$ 54.2M)	▲
Operating Liabilities	\$ 0.4M (\$ 0.8M)	▲



2018 Outlook

“Macroeconomic environment widely expected to improve as the new national thrust is focused on the economy.”

Focus will be on unlocking opportunities for significant growth in the medium term in the strategic sectors of the economy in which the Group operates.

- Growing current businesses
- Looking for opportunities to generate export revenues
 - Upgrading our technology
- Developing our human capital base



2018 Prospects

2018

Agriculture

Tobacco related services

- Continue to improve auctioning processes to attract both independent and contract tobacco.
- Set up satellite tobacco auction floors in key tobacco areas in line with the decentralization drive.
- Ensure that adequate foreign currency is secured to import hessian required to meet increased demand.

Agricultural trading

- Continue expansion of the distribution footprint.
- Strengthen agronomy support to small-scale and commercial farmers.
- Timely importation of herbicides subject to foreign currency availability.

Agricultural commodity production

- Similar cropping program to 2017 - focus on a mix of tobacco, commercial maize, seed maize, wheat and soya.
- Expand banana production - new plantings on 25 hectares (export market).
- Trial run of horticulture for export markets.

2018

Logistics

End to end logistics services

- Securing new clients for Bak Logistics.
- Implementation of the new Warehouse Management System – improved quality and efficiency of handling services.
- Grow regional co-operation with international partners e.g. DB Schenker.
- Continue exploring ways of supporting national effort to resuscitate national rail system.
- Premier Forklift's - expand customer base beyond tobacco - focus on growing market share in mining sector.

Vehicle rental

- Continue to position Avis to satisfy demand created by increased tourist and business travel.

2018

Real Estate

- Significantly progress plans for the Vorstermans industrial development project.
- Upgrade key properties to bring them in line with international standards.



Agriculture Operations



Our international Partners



Logistics Operations



Real Estate Operations



www.tsl.co.zw