



**TSL PRESENTATION TO ANALYSTS**  
**11 JUNE 2015**



# H1 2015 Highlights

- ✓ **Late start to the tobacco trading season negatively impacts first half revenue, profit and cash flows for tobacco related businesses.**
- ✓ Revenue down 4% to \$ 24.4 million on subdued trading. Decline, however, mitigated by increased revenues from trading businesses.
- ✓ Slow start to auctioning and Propak activities negatively impacts profitability - down 44% to \$ 2.6 million. Important to note that March/April are traditionally peak trading months.
- ✓ Delay in disposal of prior year tobacco stocks negatively impacts first half contribution from associate.
- ✓ Decline in general liquidity levels impacts distribution (logistics) and stifles realisation of full potential of trading businesses.
- ✓ Grower scheme on track to meet production targets and repayment programme.
- ✓ Pilot crop of maize and soya bean successfully produced.
- ✓ Contracts concluded with three shipping lines and one major international logistics provider.
- ✓ **Notwithstanding the difficult operating environment, Business Units**
  - **continue to perform to satisfaction.**

# Tobacco Operations

## TSF

1. Volumes traded down materially on same period last year – softer prices.
2. Market share retained at around 50%
3. Focus remains on service efficiency and introduction of new services to growers and merchants.
4. Revenue from contract auctioning increasing.

## Propak

1. Revenues impacted by erratic rainfall and late start to season.
2. Satisfactory profits due to aggressive cost containment and efficient product sourcing.
3. Substandard hessian distribution by informal traders a concern.

# Tobacco Operations (Associates)

## TSL Classic

1. Delay in disposal of prior year tobacco stocks negatively impacts first half contribution – buyers since secured.
2. On track to produce 3.8 mkg, with satisfactory debtors recoveries.

## Cut Rag

1. Performance remains subdued due to market challenges.
2. Fortunes of the business linked to an improved trading environment.

# Logistics Operations

## Bak Logistics

1. Revenue marginally up largely due to increased volumes in general cargo.
2. Distribution business negatively impacted by low consumer demand in FMCG sector.
3. Transport business affected by increased competition.
4. Pilot rail project progressing well and outlook is positive.
5. Better second half expected based on new customers secured for ports business.
6. Acquisition of complementary logistics business to contribute significantly to medium-term performance.
7. Contracts concluded with three shipping lines and one major international logistics provider.

# Logistics Operations (continued)

## Premier Forklifts

1. Business impacted by delayed start to the tobacco season – solid second half performance expected.
2. Efforts to expand the customer base beyond tobacco continue.

## Avis

1. Business remains profitable despite subdued tourism and business travel.
2. Performance dependent on rebound of tourism and general economy.

# Real Estate Operations

## TSL Properties

1. Solid first half performance driven by ongoing long-term contracts and contribution of new warehouses.
2. Third party tenancy remains satisfactory.
3. Phased refurbishment programme ongoing – to protect property values and meet specific tenant requirements.

# Trading Operations

## Agricura

1. Revenue up significantly on improved sales volumes.
2. More competitive pricing due to efficient product sourcing.
3. Good performance expected to carry into second half.

## TSL Trading

1. Rationalisation measures have reversed the significant losses experienced last year.
2. Supply to grower schemes and corporate agriculture remains a strategic priority.

# Looking ahead

1. **Second half performance expected to be stronger as bulk of the revenues from auctioning, hessian and forklift services fall into this period.**
2. Sale of prior year tobacco stocks to be realised during the second half.
3. Efforts to keep costs in check continue.
4. Cash flows expected to improve in the second half.
5. **General operating environment expected to remain challenging.**

## Agro operations

1. Diversification drive commenced – pilot crop of maize and soya bean successfully produced.
2. Additional cereals and value-add activities to be pursued.
3. Tobacco - engaging larger contractors for hessian requirements and marketing of 2016 crop.

# Looking ahead (continued)

## Logistics operations

1. New business in general cargo, tobacco and ports to contribute to stronger second half performance.
2. Arrangements signed with international partners expected to unlock synergies, introduce new customers and improve service quality in the medium term.

## Real Estate operations

1. Focus will remain on optimal space deployment and increasing third party tenancy.
2. Plans to develop the Vostermans complex progressing.

## Trading operations

1. Stronger second half performance expected from momentum created in the first half.



# TSL LIMITED

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