

# Grindrod finally seals the deal

By [Nicola Jenvey](#)

7 Apr 2009

Grindrod, the multinational shipping and logistics group, recently concluded a R274m broad-based black economic empowerment (BEE) deal with Calulo subsidiary Calulo Petrochemicals and the Adopt-A-School Foundation.

The initiative saw the shipping group sell 25% plus one share of its subsidiary, Grindrod SA, with Calulo receiving 15% and the Foundation 10% via the issue of new equity. The deal includes a 10-year lock-in period.

Grindrod SA incorporates the majority of the holding company's wholly owned South African-based operations, as well as Grindrod Terminals comprising the dry and liquid bulk product terminal operations in Richards Bay, Durban and Cape Town ports; Grindrod Intermodal comprising container freight logistics operations that extend to storage, container handling, warehousing, sales and leasing, transportation; and Grindrod Logistics comprising automotive logistics and storage operations, dry and liquid bulk transportation, perishable cargo clearing and forwarding, and the provision of complete supply chain solutions in the furniture and durable goods sector.

Three years ago, Grindrod Limited formed a partnership with Calulo in the local marine bunkering and coastal shipping operations, placing this transaction as an extension of that relationship. The Foundation was founded in 2002 as a vehicle through which to improve the rural education infrastructure particularly and create equal access to learning opportunities.

Grindrod CEO Alan Olivier confirms management largely vendor financed the transaction structure, with the exception of an own equity contribution from Calulo. Grindrod wholly financed the Foundation's investment, including a R10m interest free loan that will be in place for the full 10-year lock-in period.

Olivier says that in concluding the deal, Grindrod balanced the imperatives for incorporating strategic commercial partners and establishing sustainable social investment. This is the Foundation's first transaction and will shift the operating model from essentially third-party donations to long-term sustainability as Grindrod SA directs its corporate social investment expenditure via the Foundation.

In the year to December, Grindrod boosted earnings 81% to R2,2bn and declared a preference share dividend of 623c (2007: 550c).

The group has invested significantly within its international operations and expects to complete the master plan for the future development of Maputo soon. In the current year, the group predicts cargo volumes handled through the port to increase to 48,5mt from 7,5mt last year.

Grindrod has also completed the first phase of a triple-phase development of the Maputo car terminal, with an initial annual throughput capacity of 52,000 vehicles. Other investments into Maputo include a joint development for a six-phase bulk liquid storage tank farm with an initial storage capacity of 10,000m<sup>3</sup>.

Expansions to double the export capacity from the Matola Coal Terminal to 4mt are also expected to finish soon, while the Richards Bay bulk terminal export and import handling capacities have grown in line with investments into these facilities.

Dry bulk handling operations in Walvis Bay are expected to increase with the commissioning of another 400,000 tons of annual capacity coming on stream this year.

## **Grindrod Limited**

Calulo chairman Mkhuseleli Faku says the BEE deal brings the company closer to realising its goal of active investment along the bulk logistics value chain. The black-owned and controlled company has developed a focused investment and operational niche in the oil and chemicals sectors, and in the related bulk logistics services arena.

Foundation director Donné Nicol believes the transaction will enable the section 21 firm to broaden its reach among disadvantaged schools in SA. Since inception, the entity has assisted 60 schools in seven provinces and created sustainable learning institutions via partnerships between adopters, donors and the school community.

*Source: Business Day*

*Published courtesy of*



For more, visit: <https://www.bizcommunity.com>