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## Capespan weathers the storm

Experiencing recessionary market conditions the world over in the past year, the Capespan Group managed to weather the storm and produce a fair financial result for 2009.

Following a record financial result in 2008, the adjusted profit before tax of R113,3 m was 45,9% lower than the R209,3 m of 2008. Revenues increased by 5.9% from R2,49 billion to R2,64 billion - mainly driven by the increase in the Fruit Division. Contributing to higher revenues was the depreciation of the average Rand exchange rate versus the Yen. On a like for like basis using the 2008 average exchange rates, revenue growth would have been 1,4%. Two new farm acquisitions in the division also lifted revenues by 2,8%.

All divisions showed major profitability reductions with the biggest percentage reduction in the Fruit Division. The Logistics Division again made the largest contribution to the overall result with an Adjusted PBT of R59,3 m - representing 52,3% of the total.

Capespan managing director Neil Oosthuizen said, "Of the 13 major Group companies, three were loss-making, while others had varied success. However, it was pleasing that Capespan UK, which recorded a loss in 2008, returned to profitability.

"Other companies that showed good profit growth year on year despite the economic pressures were Fisher Capespan, Metspan in the Far East and Matola Cargo Terminal (MCT) in Mozambique. The latter in particular had an excellent performance and showed a PBT growth of 67,8% versus the previous year."

Headline earnings per share dropped from 33,7c in 2008 to 20,4c in the year under review. The Board is proposing a final dividend of 8.5 cents per share.

Oosthuizen said, "Our main business focus remains to be a leader in marketing fresh produce globally and providing supply chain service solutions. Many of the Group's traditional business streams are undergoing change. Therefore, growing the business in various other areas will remain an important strategy.

"During 2010, we intend to conclude our expansion plans into the Chinese and Indian fruit markets. Developing our non-RSA fresh produce sourcing will require investment in resources to give it the necessary impetus.

"In the Logistics Division there are many opportunities to expand into related business areas. Mozambique in particular offers interesting options and MCT will build on the 2009 success and further expand its blue-chip customer list to others in need of warehousing

and distribution services. Also, the strategy in terms of future shipping services will receive careful consideration and planning.”

During 2009 Capespan concluded a 10-year management and marketing agreement with Namibia’s National Youth Service (NYS) to manage the farm NGC. This led to the formation of Capespan Namibia. Oosthuizen said as such Capespan was well placed to develop opportunities in this region.

He concluded that farm ownership and management remained important business development areas and would receive continued consideration with the strategic relevance of any further acquisitions or management agreements being major criteria.

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