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## TRENCOR LIMITED 2016

(Incorporated in the Republic of South Africa – Registration No 1955/002869/06)

To meet the many requirements of regulatory authorities, integrated annual reports have become lengthy, complex and very technical. To provide a convenient overview of the 2016 integrated annual report of Trencor, this insert contains extracts from that report. It is not in substitution of the report, nor does it form part thereof. For a fully detailed appreciation of the company's activities and results, you are advised to read the integrated annual report.

## Group Chart

<b>Trencor</b>		Investment holding company listed on the JSE
48,04% <sup>1</sup>	Textainer <sup>2</sup>	Listed on the New York Stock Exchange, the Textainer group owns, leases, manages and trades marine cargo containers worldwide
100%	TAC <sup>2</sup>	Owning of marine cargo containers
100%	Trencor Services	Corporate administration and financing
100%	Trencor Containers	Collection of long-term receivables

<sup>1</sup> Reduced to 48,01% subsequent to the year-end following the issue by Textainer of restricted share units and share options exercised.

<sup>2</sup> Beneficiary interests through Halco Holdings Inc under the Halco Trust.

## Commentary

### Group

- Trading profit after net financing costs decreased by 216% from R1 608 million in 2015 to a trading loss of R1 862 million.
- Headline loss per share (including the effect of net realised and unrealised foreign exchange translation gains) was 435,1 cents (2015: headline earnings per share 512,6 cents).
- Adjusted headline loss per share (which excludes the effect of net unrealised foreign exchange translation gains) was 435,1 cents (2015: adjusted headline earnings per share 443,3 cents).
- Net unrealised foreign exchange gains arising on translation of net dollar receivables and the related valuation adjustments, not included in adjusted headline loss, were nil (2015: R123 million or 69,3 cents per share).
- These amounts are better reflected in tabular form:

	<b>2016 Cents per share</b>	2015 Cents per share
Basic loss per share	<b>(984,4)</b>	(82,7)
Headline (loss)/earnings per share	<b>(435,1)</b>	512,6
Deduct:		
Net unrealised foreign exchange translation gains	-	69,3
Adjusted headline (loss)/earnings per share	<b>(435,1)</b>	443,3
Year-end rate of exchange: SA rand to US dollar	<b>13,58</b>	15,53
Average rate of exchange for the year: SA rand to US dollar	<b>14,72</b>	12,75

- Consolidated gearing ratio at 31 December 2016 was 289% (2015: 224%), with all debt in Textainer and TAC.
- TAC procured the subscription by its holding company, Halco Holdings Inc, for additional shares in TAC to the value of US\$56,4 million, thereby strengthening the TAC balance sheet.
- The long-term receivables were settled in 2016.
- Based on the spot exchange rate of US\$1 = R13,58 and the price of Textainer's shares listed on the NYSE on 31 December 2016 (US\$7,45), the net asset value of Trencor at that date was as follows:

	<b>R million</b>	<b>R per share</b>
Beneficiary interest in Textainer	<b>2 759,8</b>	<b>15,58</b>
Beneficiary interest in TAC (US GAAP NAV)	<b>1 069,0</b>	<b>6,04</b>
Cash	<b>1 488,8</b>	<b>8,40</b>
Net assets (includes TAC IFRS adjustments)	<b>238,1</b>	<b>1,35</b>
	<b>5 555,7</b>	<b>31,37</b>

- Final dividend of 50 cents per share declared, making a total of 130 cents per share for the year (2015: total 300 cents per share).

## Textainer: 48,04% beneficiary interest at 31 December 2016 (2015: 48,25%) – US GAAP results

- Net loss for the year was US\$50,7 million (2015: profit US\$108,4 million – an immaterial correction was recorded for US GAAP statutory reporting purposes from the US\$106,9 million profit previously reported). Textainer recorded a container impairment of US\$22,1 million, net of estimated insurance proceeds of US\$20,2 million for containers on operating and direct financing leases to Hanjin Shipping Co, a lessee that filed for bankruptcy, and recorded US\$19,0 million for bad debt expense, net of insurance proceeds of US\$2,6 million, to fully reserve for that lessee's outstanding accounts receivable.
- Recorded US\$66,5 million of container impairments (2015: US\$32,7 million) resulting from a transfer to held for sale and write-down of its inventory of containers pending disposal to their estimated fair value.
- Net additional depreciation of US\$25,1 million was charged in the second half of 2016 arising from the decrease in estimated residual values and an increase in the estimated useful life of certain container types.
- Average fleet utilisation for the year was 94,7% (2015: 96,8%).
- Continued expansion with approximately US\$480 million (2015: US\$600 million) of capital expenditure in 2016 in respect of the owned and managed fleet.
- Total fleet under management at 31 December 2016 was 3 142 556 (2015: 3 147 690) 20 foot equivalent units of which Textainer itself owned 81,0% (2015: 80,1%).
- Textainer's results may be viewed on its website [www.textainer.com](http://www.textainer.com).

## Condensed Financial Statements

As virtually all of the group's consolidated revenue and assets and much of its expenditure are denominated in US dollars, condensed consolidated income statements and condensed consolidated statements of financial position are also presented in US dollars in order to provide a broader appreciation of the group's results and financial position. The rand values have been extracted from the audited financial statements. The dollar statements have not been audited.

### Condensed Consolidated Income Statements for the year ended 31 December 2016

	2016 Rm	2015 Rm	2016 US\$m	2015 US\$m
Trading (loss)/profit from continuing operations before items listed below:	(468)	2 784	(32)	218
Foreign exchange (losses)/gains on translation of long-term receivables	(89)	278	(1)	2
Fair value adjustment on net long-term receivables	338	(77)	22	2
Other	(2 138)	(1 814)	(157)	(118)
<b>Operating (loss)/profit before net finance expenses</b>	<b>(2 357)</b>	<b>1 171</b>	<b>(168)</b>	<b>104</b>
Net finance expenses	(1 394)	(1 176)	(95)	(92)
Share of (loss)/profit of equity accounted investee	(6)	9	(1)	1
(Loss)/Profit before tax	(3 757)	4	(264)	13
(Loss)/Profit after tax	(3 746)	(57)	(264)	11
<b>Loss for the year attributable to equity holders of the company</b>	<b>(1 743)</b>	<b>(146)</b>	<b>(122)</b>	<b>(6)</b>
Loss per share (cents)	(984,4)	(82,7)	(68,9)	(3,6)
Headline (loss)/earnings per share (cents)	(435,1)	512,6	(28,5)	35,0
Adjusted headline (loss)/earnings per share (cents)	(435,1)	443,3	(28,3)	34,2
Year-end rate of exchange: SA rand to US dollar	13,58	15,53	13,58	15,53
Average rate of exchange for the year: SA rand to US dollar	14,72	12,75	14,72	12,75

### Condensed Consolidated Statements of Financial Position at 31 December 2016

	2016 Rm	2015 Rm	2016 US\$m	2015 US\$m
<b>Assets</b>				
Property, plant and equipment	49 060	59 636	3 613	3 840
Long-term receivables	-	506	-	36
Other non-current assets	2 289	2 620	168	165
Current assets	5 773	7 829	425	504
<b>Total assets</b>	<b>57 122</b>	<b>70 591</b>	<b>4 206</b>	<b>4 545</b>
<b>Equity and liabilities</b>				
Total equity	14 417	21 259	1 061	1 369
Interest-bearing borrowings	4 913	46 006	362	2 962
Other non-current liabilities	113	422	8	27
Current liabilities	37 679	2 904	2 775	187
<b>Total equity and liabilities</b>	<b>57 122</b>	<b>70 591</b>	<b>4 206</b>	<b>4 545</b>
Net asset value per share (cents)	4 630	6 653	341	428
Ratio of interest-bearing borrowings to total equity	289%	224%	289%	224%

**Loss attributable to equity holders of the company from the various classes of business**  
for the year ended 31 December 2016

	<b>2016</b>	2015
	<b>Rm</b>	Rm
Container operations		
Container finance	<b>(7)</b>	62
Textainer/TAC	<b>(1 879)</b>	(341)
Exchange translation (losses)/gains	<b>(64)</b>	134
Net long-term receivables adjustment	<b>243</b>	11
Interest and other corporate items	<b>(36)</b>	(12)
	<b>(1 743)</b>	(146)

**Analysis of Shareholders** at 31 December 2016

	<b>Number of</b>	<b>%</b>
	<b>holders</b>	<b>holding</b>
Corporates	<b>575</b>	<b>66</b>
Retirement funds	<b>229</b>	<b>23</b>
Individuals	<b>2 327</b>	<b>3</b>
Other	<b>370</b>	<b>8</b>
Total	<b>3 501</b>	<b>100</b>

**Share Information**

Share code: TRE

ISIN: ZAE000007506

Industry Classification Benchmark (ICB): Industrial/Industrial Goods & Services/Industrial Transportation/Transportation Services

Price (cents)	<b>2016</b>	2015
High	<b>5 250</b>	7 500
Low	<b>2 500</b>	3 370
Close	<b>2 850</b>	4 450

**Annual General Meeting**

The annual general meeting will be held on Thursday, 10 August 2017 at 15:00 at Tencor Limited, 13th Floor, The Towers South, Heerengracht, Cape Town.

**Directors**

Executive: Jimmy McQueen <sup>1 5 7</sup> (CEO), Ric Sieni <sup>1 7</sup> (Financial), Hennie van der Merwe <sup>1</sup>

Non-Executive: Jim Hoelter <sup>5</sup> (USA)

Independent Non-Executive: David Nurek (Chairman) <sup>3 4 5 6 7</sup> Eddy Obowitz <sup>2 5</sup> Roddy Sparks <sup>2 3 4 5 6 7</sup> Herman Wessels <sup>2 3 4 5 6 7</sup>

<sup>1</sup> Executive Committee <sup>2</sup> Audit Committee <sup>3</sup> Remuneration Committee <sup>4</sup> Nomination Committee <sup>5</sup> Risk Committee <sup>6</sup> Governance Committee <sup>7</sup> Social and Ethics Committee

**On behalf of the board**

David Nurek      Chairman  
Ric Sieni        Financial Director

28 June 2017

www.tencor.net