FAVOURABLE CONDITIONS AND SUCCESSFUL EXECUTION

JEREMY WEIR
Chief Executive Officer

Trafigura's trading strength and investments in infrastructure continue to yield profitable growth. The company delivered record results for the six-month period ended 31 March 2015.

$48.2bn
Group revenue
(2014: USD63.8 billion)*

$8.6bn
Total non-current assets
(2014: USD7.9 billion)**

$1,516.9m
Gross profit
(2014: USD960.8 million)*

$6.1bn
Total group equity
(2014: USD5.6 billion)**

* Six-month period ended 31 March 2015
** As at 30 September 2014

The first half of our 2015 financial year marked a further advance in the Trafigura Group's trading and financial performance. This resulted from favourable trading conditions, especially in the oil complex, and successful execution of our strategy focused on trading and logistics.

I am pleased to report that our net profit for the six-month period ended 31 March 2015 was a record USD654 million, an increase of 39 percent over the figure for same period of 2014.

Revenues were lower than the previous year, owing to significantly lower commodity prices, but volumes increased in both our trading divisions, Oil and Petroleum Products, and Metals and Minerals. Gross profit rose by 58 percent from a year ago to USD1,517 million, giving a gross margin of 3.1 percent (H1, 2014: 1.5 percent).

OIL AND PETROLEUM PRODUCTS: STRONG MARGINS AND VOLUME GROWTH

The principal contributor was Oil and Petroleum Products, which generated gross profit of USD1,008 million on revenue of USD31,257 million, a gross profit increase of 77 percent on the same period of 2014. Oil revenues represented 65 percent of total Group revenues.

The precipitous decline in crude prices that started in July 2014 was accompanied by a significant increase in spread volatility which created profitable opportunities for arbitrage. Similarly, the change in the forward price structure created a range of new opportunities including storage.

The division has established strength and depth in all trading books, making it a highly diversified business able to provide complex, integrated service offerings in partnership with our midstream and downstream investment, Puma Energy.

Throughout the half-year, we were able to use our financial resources to good effect by providing support to producers through prepayment agreements, and thus grow our volumes. By the end of the reporting period, the Oil and Petroleum Products division was handling close to three million barrels a day, accelerating the trend of recent years.

We have established an especially strong position in serving the producers of the Eagle Ford basin of south Texas, thanks to our investment in the Corpus Christi storage and dock facility, to which we have long-term access rights. Our access to Russian oil flows has also increased since we established a Moscow-based trading operation in 2013.

METALS AND MINERALS: INCREASED PROFIT

Our Metals and Minerals division also delivered improved performance in the first half. Gross profit rose 31 percent to USD509 million, on turnover of USD16,980 million, despite a difficult market environment featuring a slowdown in demand growth in the most important market, China, and increasing supply-demand imbalances in some key commodities. Volumes continued to grow strongly in our coal book and we maintained leading market positons in our concentrate and refined metals operations.

In this side of our business, too, we are intensely focused on service provision to industry. Apart from the full range of market-making and price and risk management services for metal producers and consumers, we have been increasingly active in financing mining clients via prepayment and long-term offtake agreements. We also continued to invest in logistics and infrastructure assets through our Impala Terminals subsidiary. At a time when the mining industry is cutting back on infrastructure investment, this shows our confidence in demand growth and our long-term commitment to building traded volumes.

Porto Sudeste iron ore conveyor belt under construction near Rio de Janeiro, Brazil.

INFRASTRUCTURE INVESTMENT

A key factor supporting growth of our trading business is our strategy of investing selectively in infrastructure assets. Indeed, this half-year saw a number of our most important infrastructure assets moving into commercial operation, notably the major investment by our subsidiary, Impala Terminals, in a multimodal transport and port system focused on the Magdalena River in Colombia.

Other investments approaching fruition include the Porto Sudeste iron ore export facility in Brazil's Rio de Janeiro Province, and the infrastructure to support increasing production and export of non-ferrous concentrates from our MATSA mine in southern Spain. In China, Impala Terminals is establishing a significantly stronger position in the metals warehousing business via a joint venture with CITIC.

We continue to seek opportunities to generate value through selected investments in mining and smelting assets. For example, in late 2014 we acquired a 16.04 percent holding in Nyrstar, a zinc smelting and mining company listed in Brussels and secured the nomination of two new directors to the company's board.

Throughout the Group, the emphasis remains on building a resilient and highly efficient operation that can operate successfully in all market environments. We are investing significant sums in IT systems that enable us to optimise our organisation and our risk management capability. We continue to build our financial resilience by securing access to diverse sources of capital and liquidity at a range of maturities, involving both banks and public debt markets.

Building a sustainable organisation entails a commitment to operating responsibly and transparently. We made solid progress on this front with some important initiatives during the reporting period. We were admitted to membership of the UN Global Compact. We also became the first commodities trading firm to sign up to the Extractive Industries Transparency Initiative (EITI). We are now working with EITI to develop a standard on disclosing payments to governments by trading companies, which should bring an improvement in transparency for the industry as a whole.

Jeremy Weir,
Chief Executive Officer