



GRINDROD LIMITED

UNAUDITED INTERIM RESULTS AND DIVIDEND ANNOUNCEMENT

for the six months ended 30 June 2015





HIGHLIGHTS



FINANCIAL HIGHLIGHTS



Headline earnings

▲ **2%**
to R327.9 million
(H1 2014: R320.6 million)

Total assets

▲ **4%**
to R31 697 million
(H1 2014: R30 414 million)

Net asset value

▲ **9%**
to 2 316 cents
(H1 2014: 2 125 cents)

Earnings per share

▼ **64%**
to 40.3 cents
(H1 2014: R112.5 cents)

- Net cash of **R88.8 million** (H1 2014 net cash: R244.8 million)
- Interim ordinary dividend **13.6 cents per share** (H1 2014: 13.6 cents)



BUSINESS ENVIRONMENT



- China growth estimated for 2015 at approximately 6.8%
- US economy expected to grow by 2.3%
- Europe and South Africa remain weak
- Low commodity price environment
- Dry-bulk shipping markets remain at low levels
- Tanker shipping markets at good levels



(Additional market information can be accessed on the Grindrod website)



INTERIM RESULTS 2015



MANAGEMENT INCOME STATEMENT – H1 2015



R million	H1 2015	H1 2014 (restated)	Growth %	Comments
Revenue	14 441	13 830*	4	Low growth given buy-up within the business
Trading profit	943	945		
Depreciation and amortisation	(422)	(357)	18	Increase in line with the buy-up and forex
Non-trading items after tax	(25)	373	(107)	
Net interest paid	(29)	(82)	(65)	Interest on equity funds not deployed
Share of profits from associates	18	23	22	Lower agricultural earnings due to drought
Taxation	(146)	(156)	(6)	
Non-controlling shareholders' interest	(6)	(23)	(74)	Decrease in line with the buy-up
Preference dividends	(30)	(29)	3	
Profit attributable to ordinary shareholders	303	694	(56)	
Average rate of exchange	ZAR/US\$	11.92	10.73	



* Excluding Atlas Trading revenue

HEADLINE EARNINGS – H1 2015



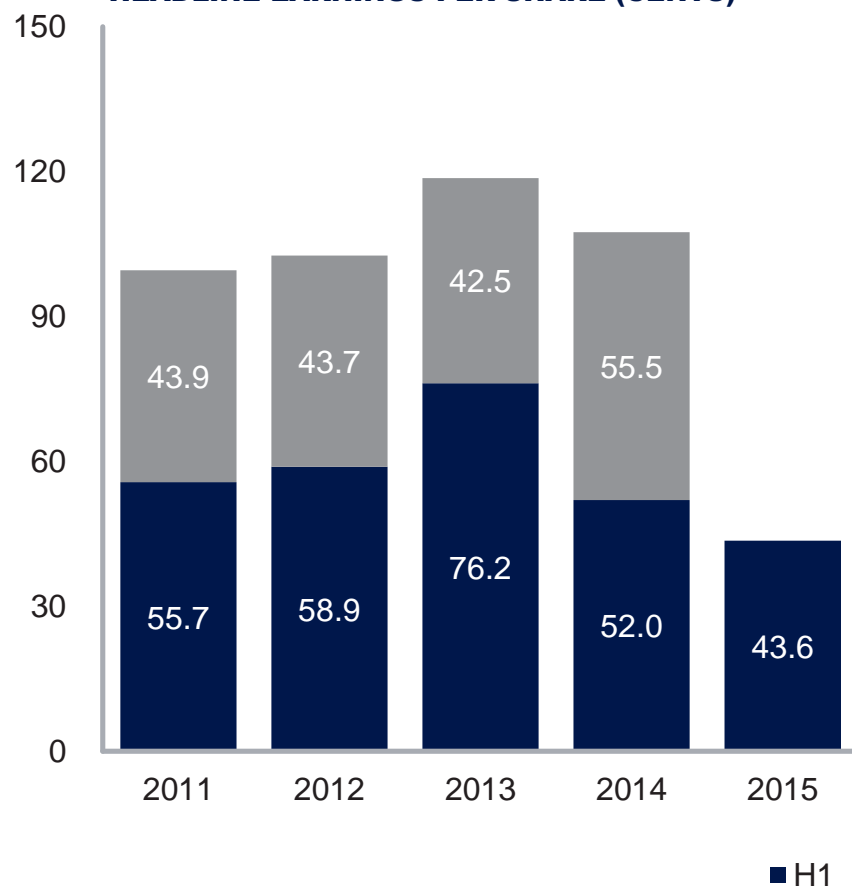
R million	H1 2015	H1 2014	Growth %	Comments
Profit attributable to ordinary shareholders	303	694	(56)	
Adjusted for:	25	(373)	(107)	
Foreign currency translation reserve	2	(6)	(133)	
Net profit on disposals	(2)	(428)	(100)	Prior year fair value of businesses acquired
Impairments	28	84	(67)	Coal trading business and prior year truck fleet
Negative goodwill	(3)	(23)	(87)	Dry-bulk joint venture
Headline earnings	328	321	2	



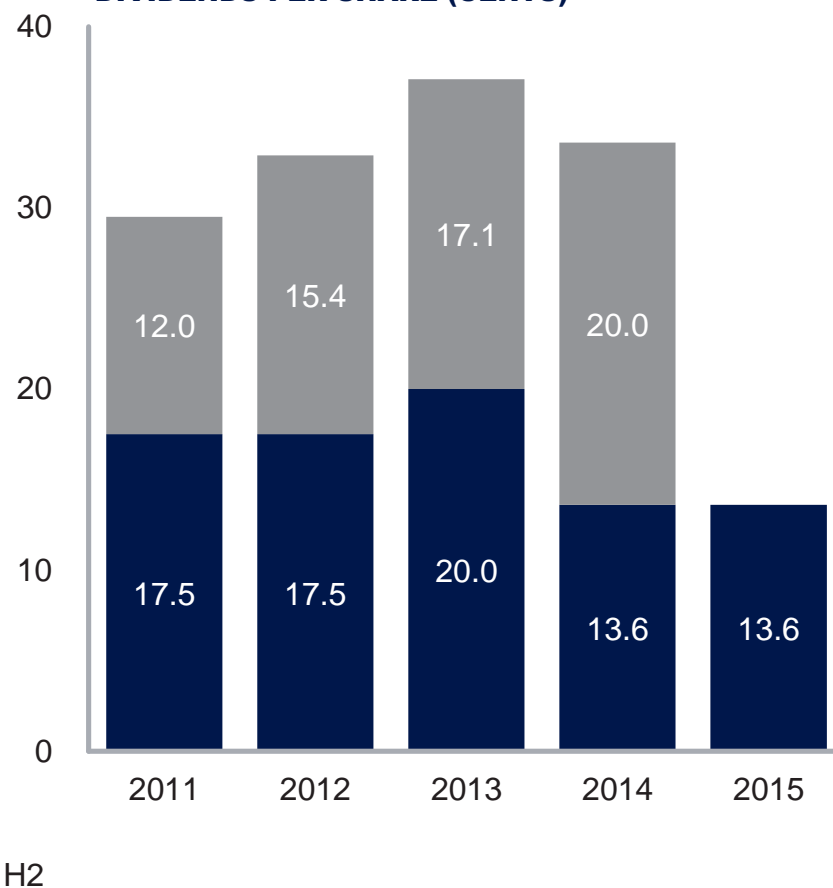
HEADLINE EARNINGS/DIVIDENDS PER SHARE



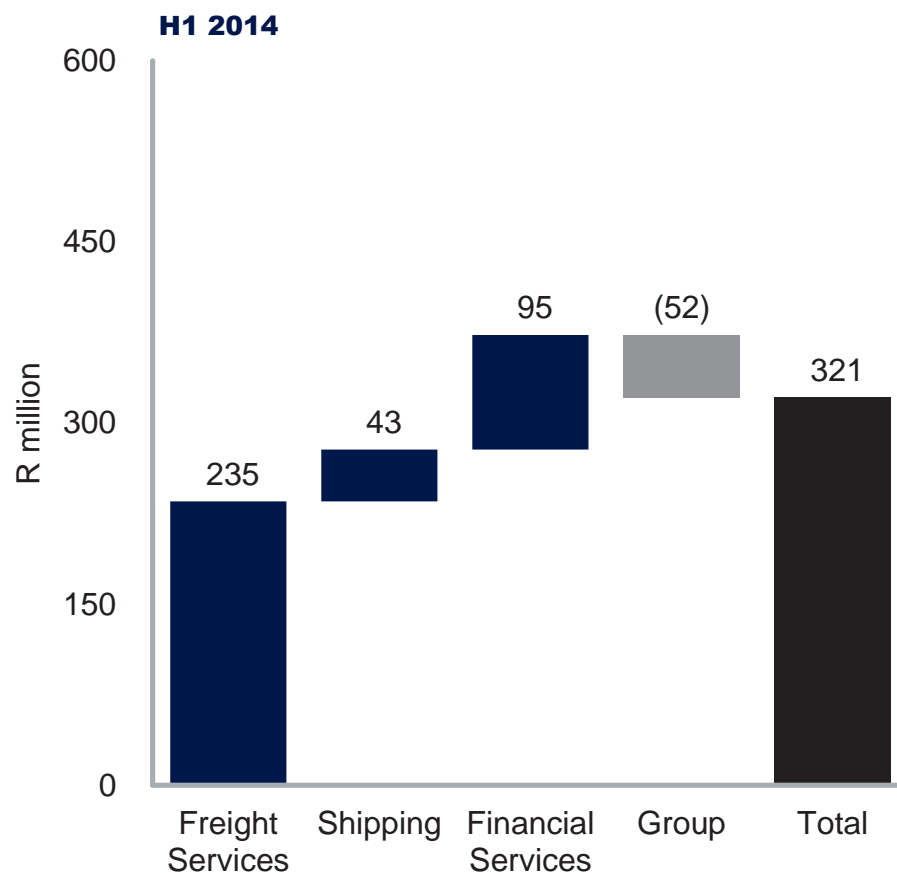
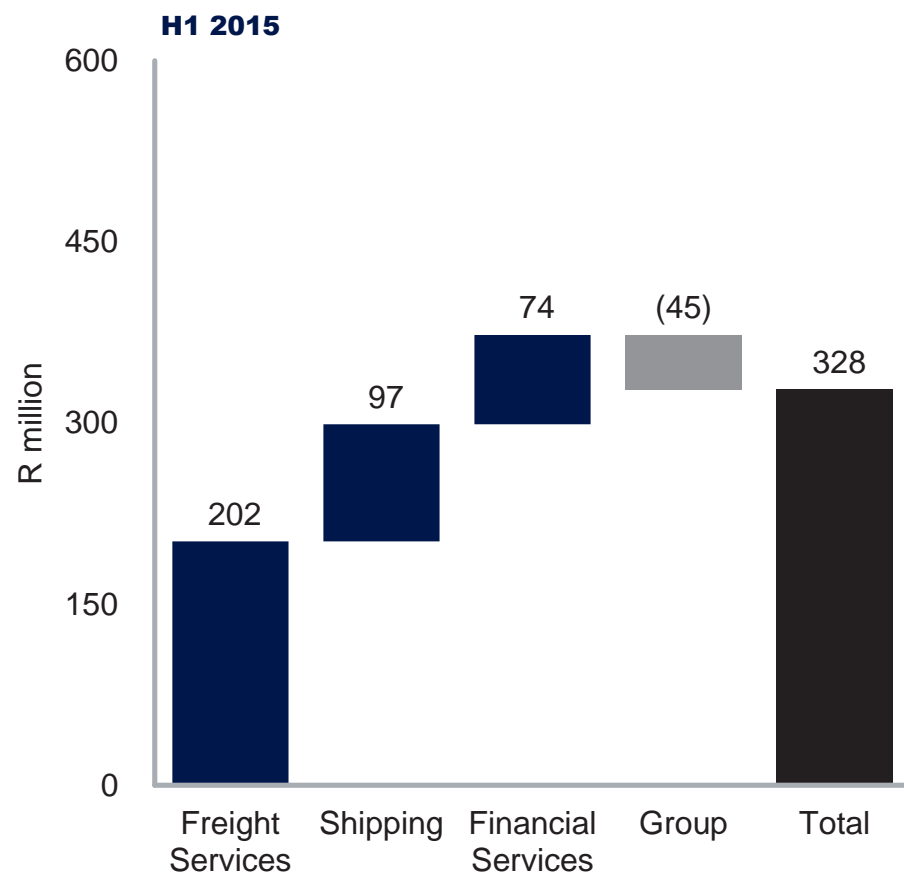
HEADLINE EARNINGS PER SHARE (CENTS)



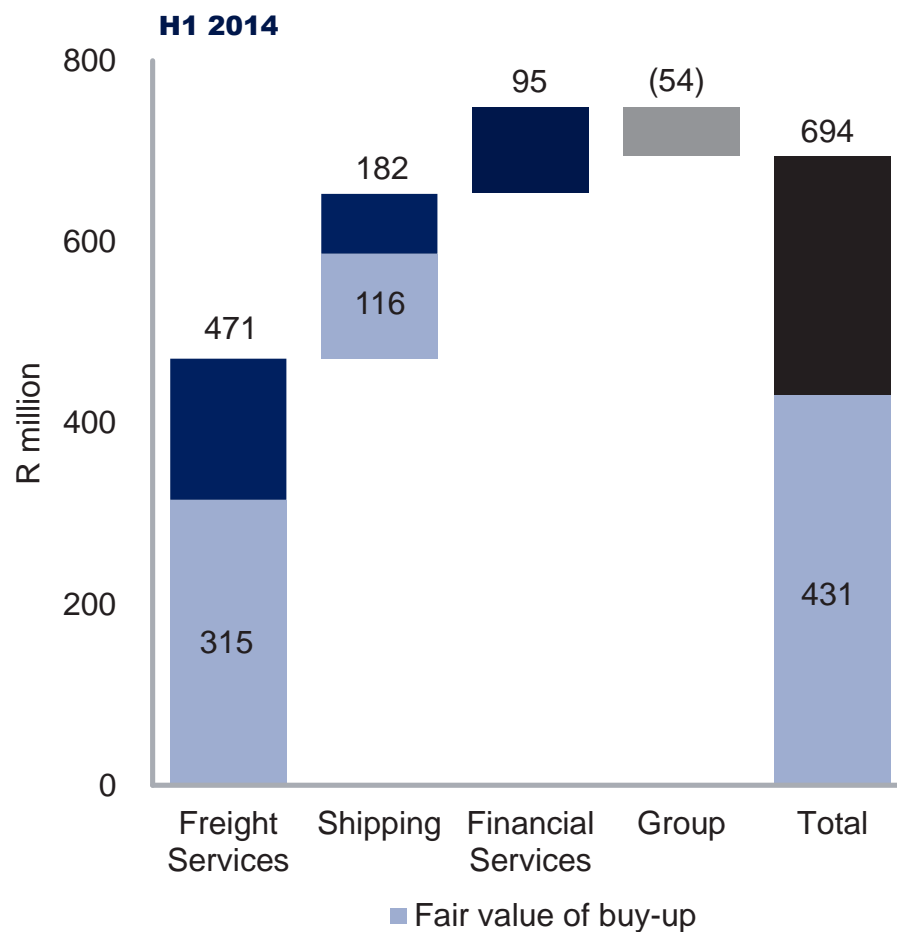
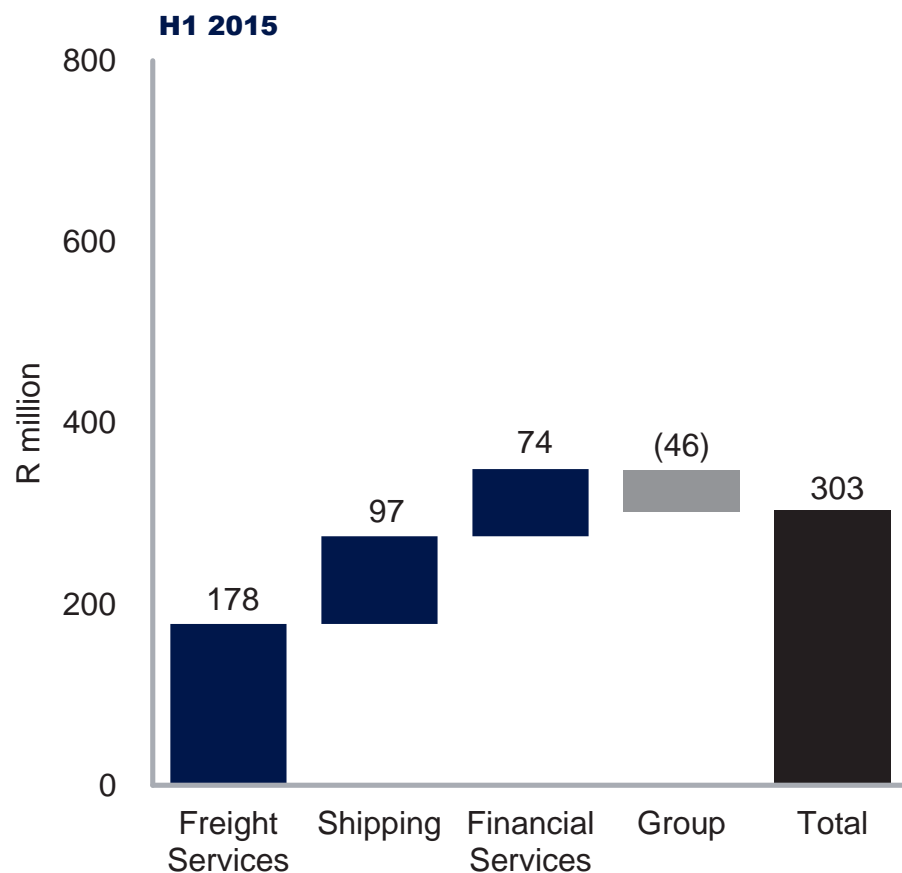
DIVIDENDS PER SHARE (CENTS)



HEADLINE EARNINGS BY DIVISION



ATTRIBUTABLE INCOME BY DIVISION



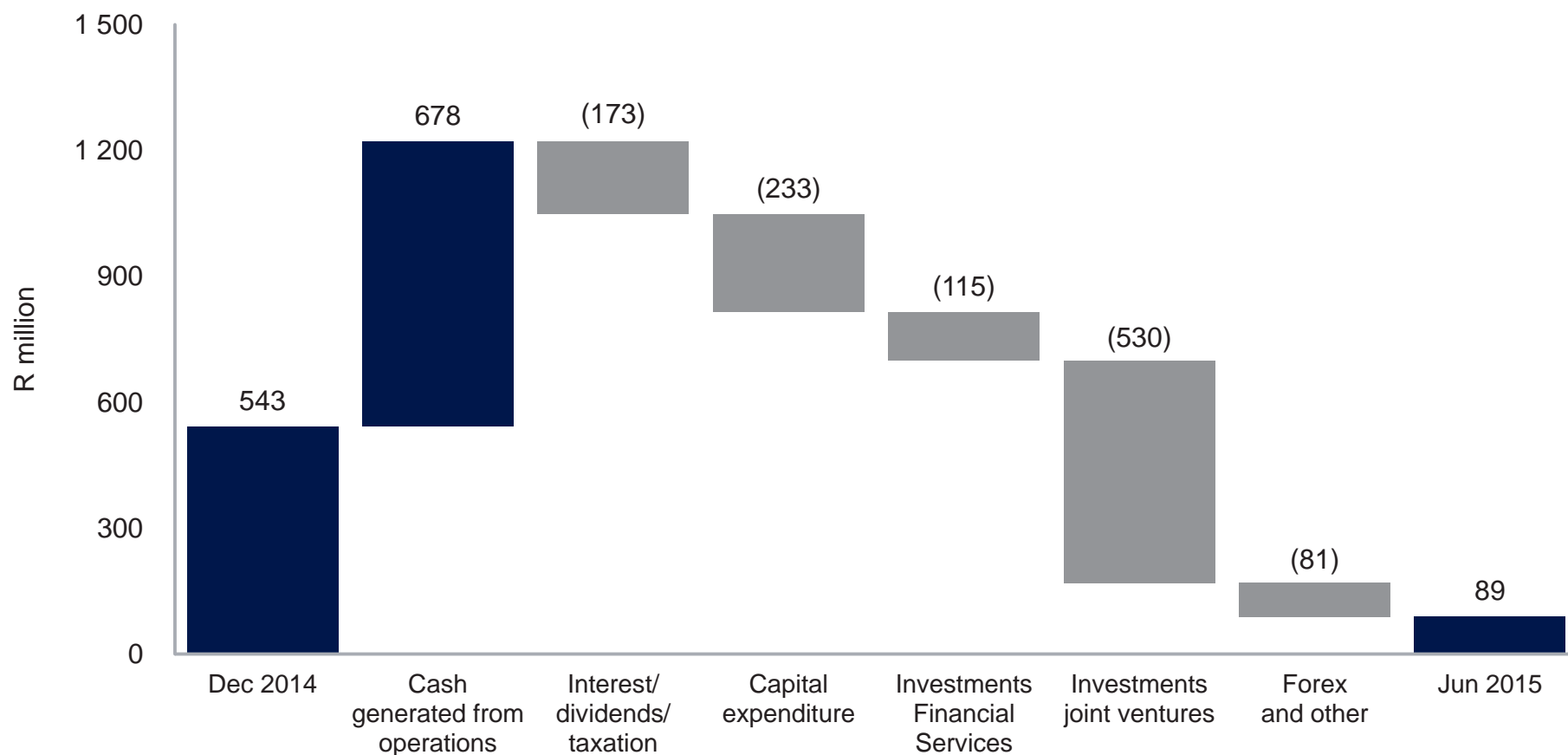
MANAGEMENT BALANCE SHEET



R million	30 June 2015	30 Dec 2014	Growth %	Comments
Property, plant and equipment				
Freight Services	3 494	3 378	3	Intermodal facility expansions
Shipping	7 042	6 913	2	Dry-bulk ship instalments and forex
Financial Services	187	187	–	
Group	68	65	5	
Intangible assets	2 036	2 062	(1)	
Investments in associates	1 800	1 687	7	Earnings and translation
Other assets	6 091	5 865	4	Bank investments and advances less refund on cancelled ship
Non-current assets held for sale	311	538	(42)	
Current assets	14 629	16 612	(12)	Decrease in cash due to SASSA cut-off
Total assets	35 658	37 307	(4)	
Shareholders' equity	18 163	17 490	4	
Interest-bearing borrowings	6 221	6 829	(9)	Repayments
Deposits from bank customers	6 451	7 786	(17)	Decrease in deposits due to SASSA cut-off
Non-current liabilities held for sale	126	163	(23)	
Other liabilities	4 697	5 039	(7)	
Total equity and liabilities	35 658	37 307	(4)	
Closing rate of exchange ZAR/US\$	12.17	11.57		



NET DEBT ANALYSIS



CAPITAL COMMITMENTS AND EXPENDITURE



R million	Capital expenditure		Capital commitments			Split as follows	
	H1 2015	H2 2015	2016	2017+	Total	Approved not contracted	Approved and contracted
Freight Services	209	157	19	5	181	34	147
Port and Terminals	105	73	13	2	88	—	88
Rail	34	33	6	3	42	34	8
Carrier Logistics	6	46	—	—	46	—	46
Integrated Logistics	64	5	—	—	5	—	5
Shipping	134	592	468	19	1 079	—	1 079
Dry-bulk	116	371	279	14	664	—	664
Tankers	18	221	189	5	415	—	415
Financial Services	19	—	—	—	—	—	—
Group	7	2	—	—	2	—	2
	369	751	487	24	1 262	34	1 228
Split as follows:							
Subsidiaries	233	507	208	23	738	—	738
Joint ventures	136	244	279	1	524	34	490

The above represents board-approved capital commitments
 These commitments exclude planned expenditure, which is subject to final board consideration





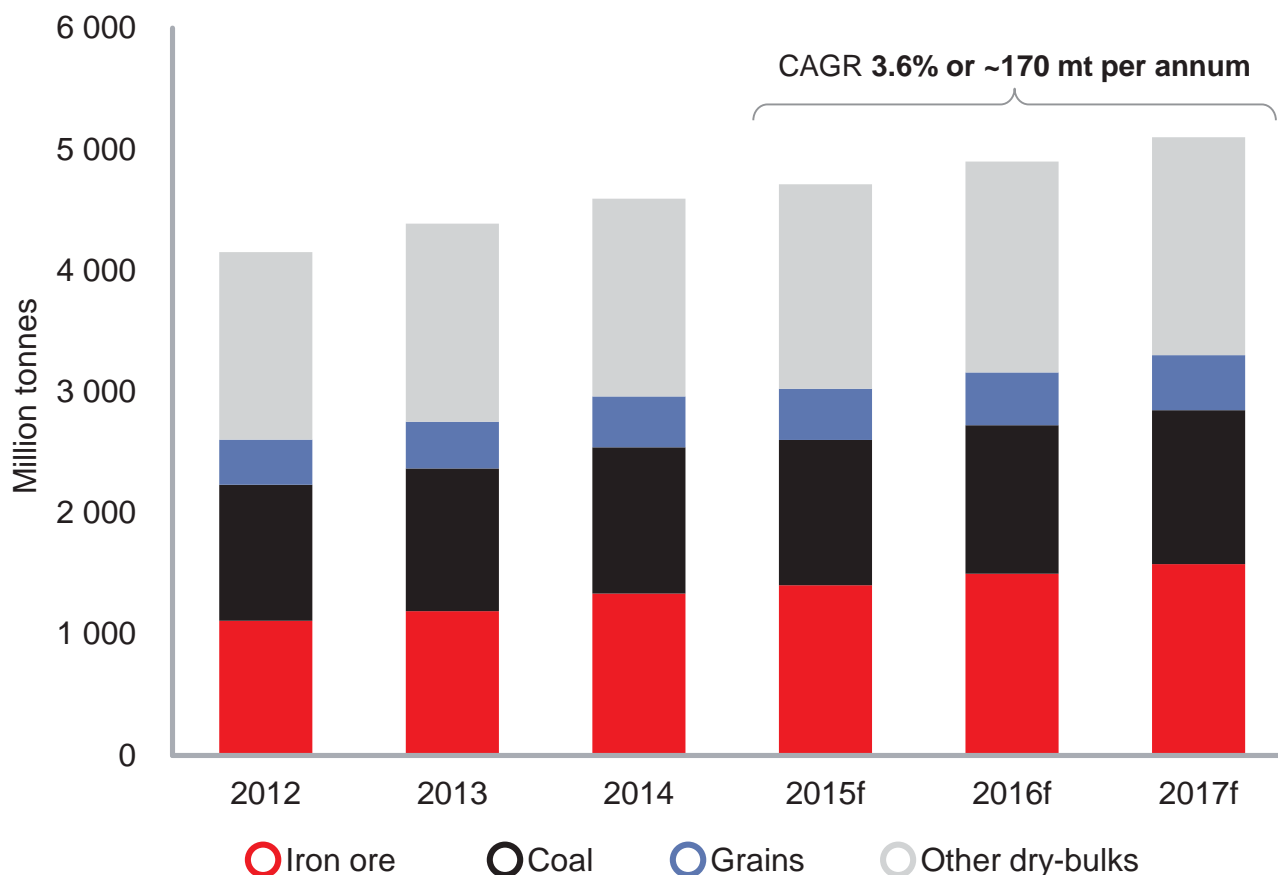
MARKETS



DRY-BULK SEABORNE TRADE



DRY-BULK SEABORNE TRADE GROWTH

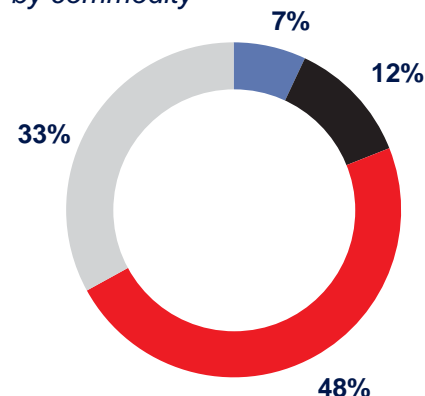


Global dry-bulk seaborne trade is likely to grow significantly slower than previously expected, mainly due to the slowdown in emerging economies, particularly China.

During the three years between 2015 and 2017 dry-bulk trade is likely to grow by an average of 3.6% p.a.

CONTRIBUTION TO GROWTH 2015-17

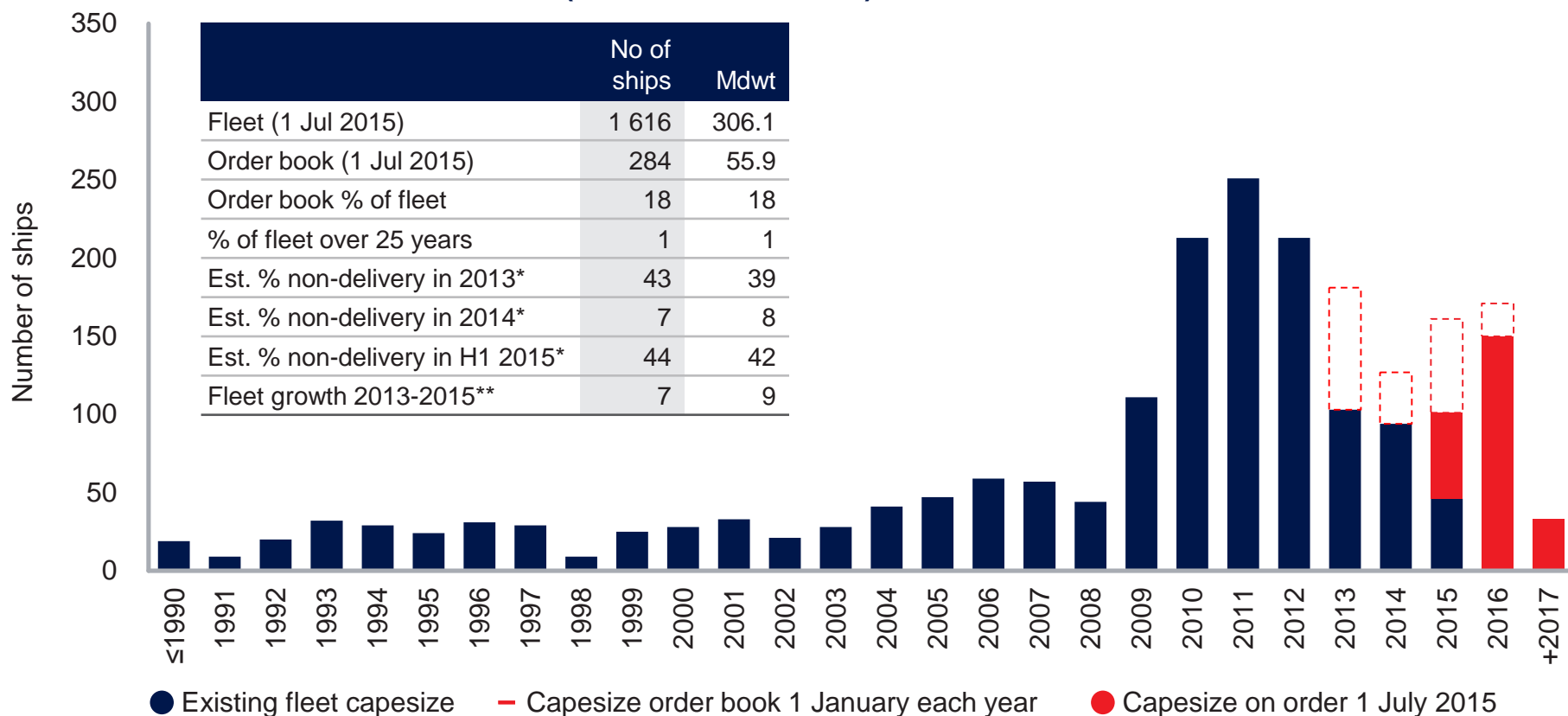
by commodity



f = forecast CAGR – compound annual growth rate
Source: Hartland Shipping Services Ltd, June 2015



CAPE SIZE BULK CARRIERS (100 000+ dwt tonnes)



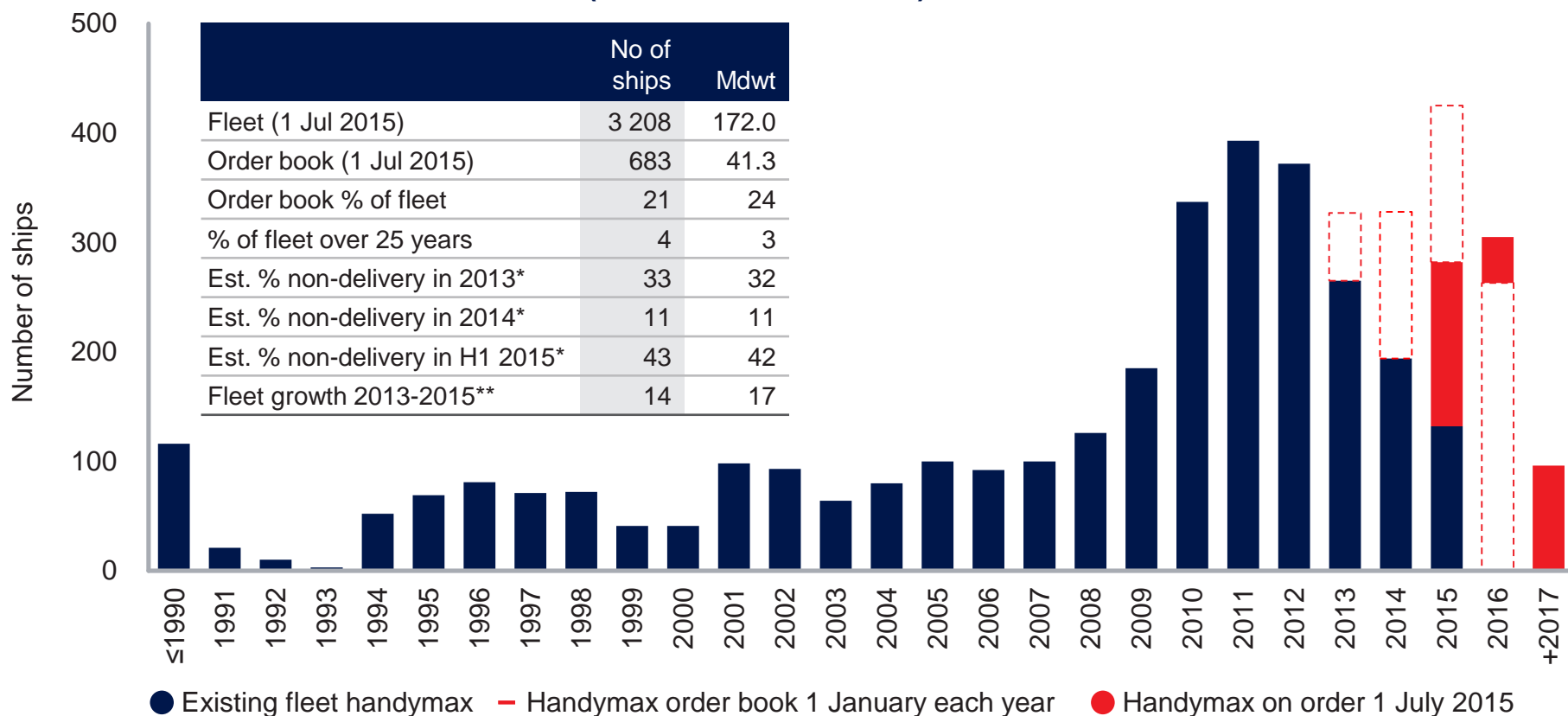
* Non-deliveries are estimates based on vessels that were scheduled to be delivered according to the opening order book, but due to delays, cancellations, renegotiations of contracts and new market information, have not yet entered the fleet

** Fleet growth is from 1 January 2013 until 1 July 2015

Source: Clarksons Research, July 2015



HANDYMAX BULK CARRIERS (40 – 62 999 dwt tonnes)



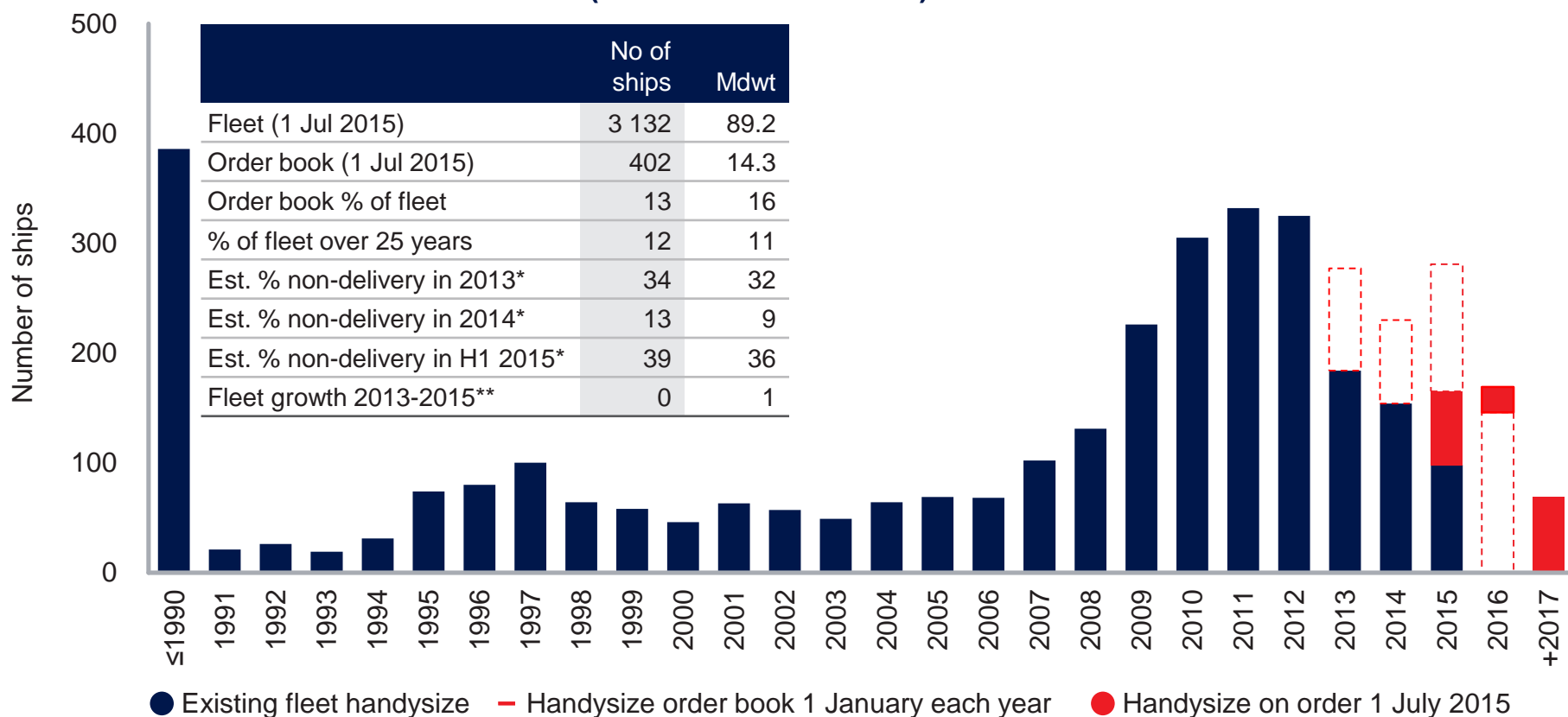
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Source: Clarksons Research, July 2015



HANDYSIZE BULK CARRIERS (10 – 39 999 dwt tonnes)



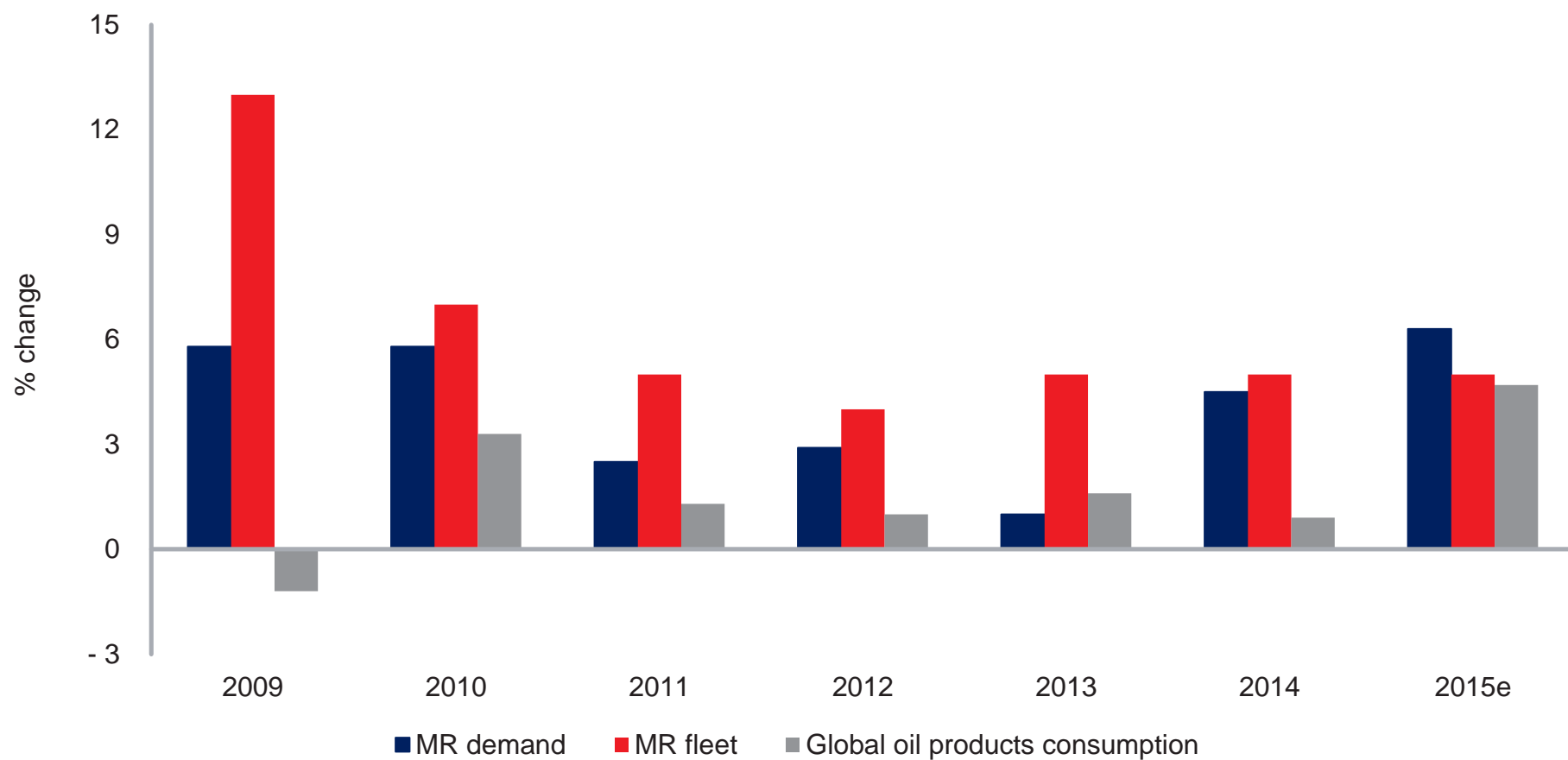
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Source: Clarksons Research, July 2015



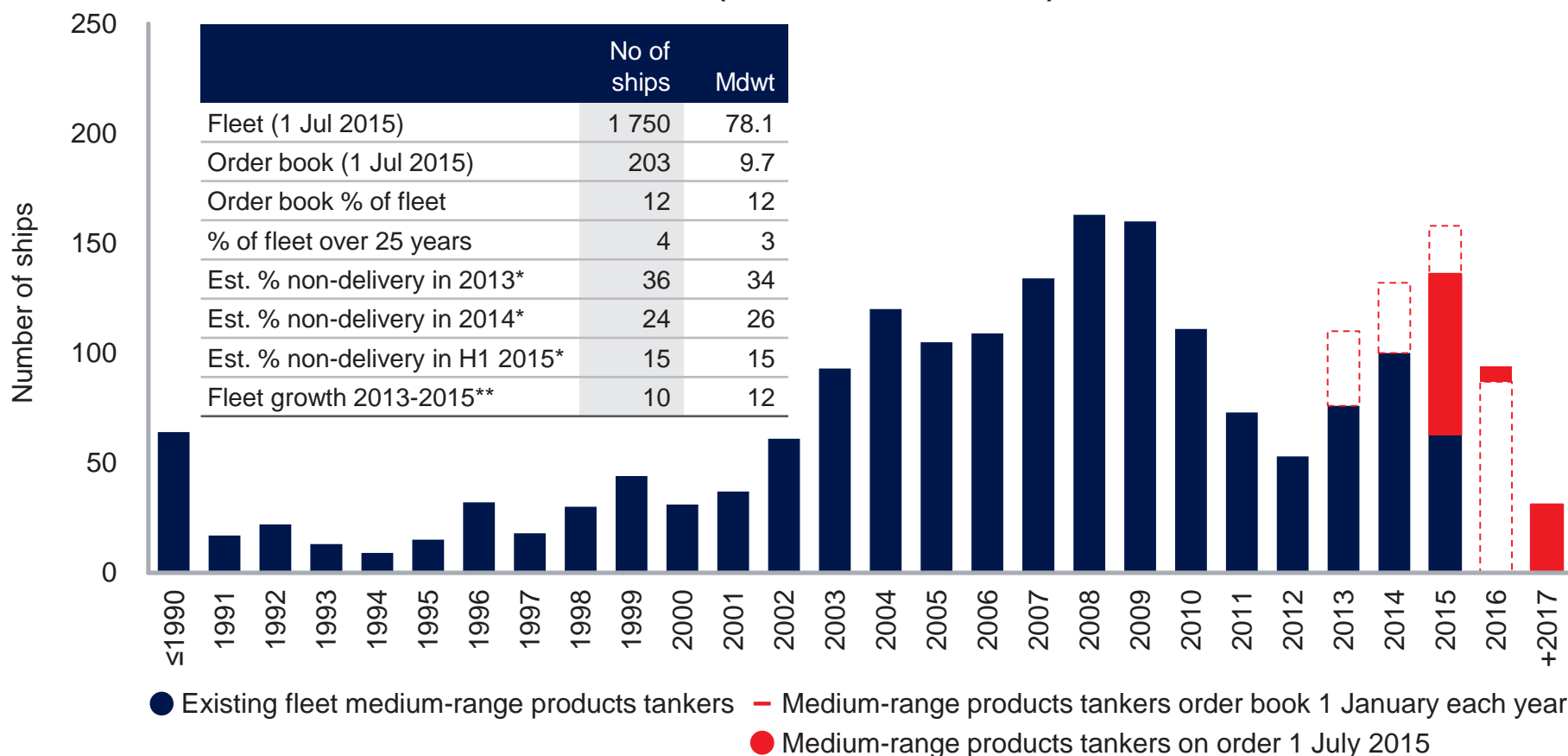
OIL PRODUCT TANKERS



Source: Affinity (Shipping) Ltd, August 2015

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MEDIUM-RANGE PRODUCTS TANKERS (25 – 54 999 dwt tonnes)



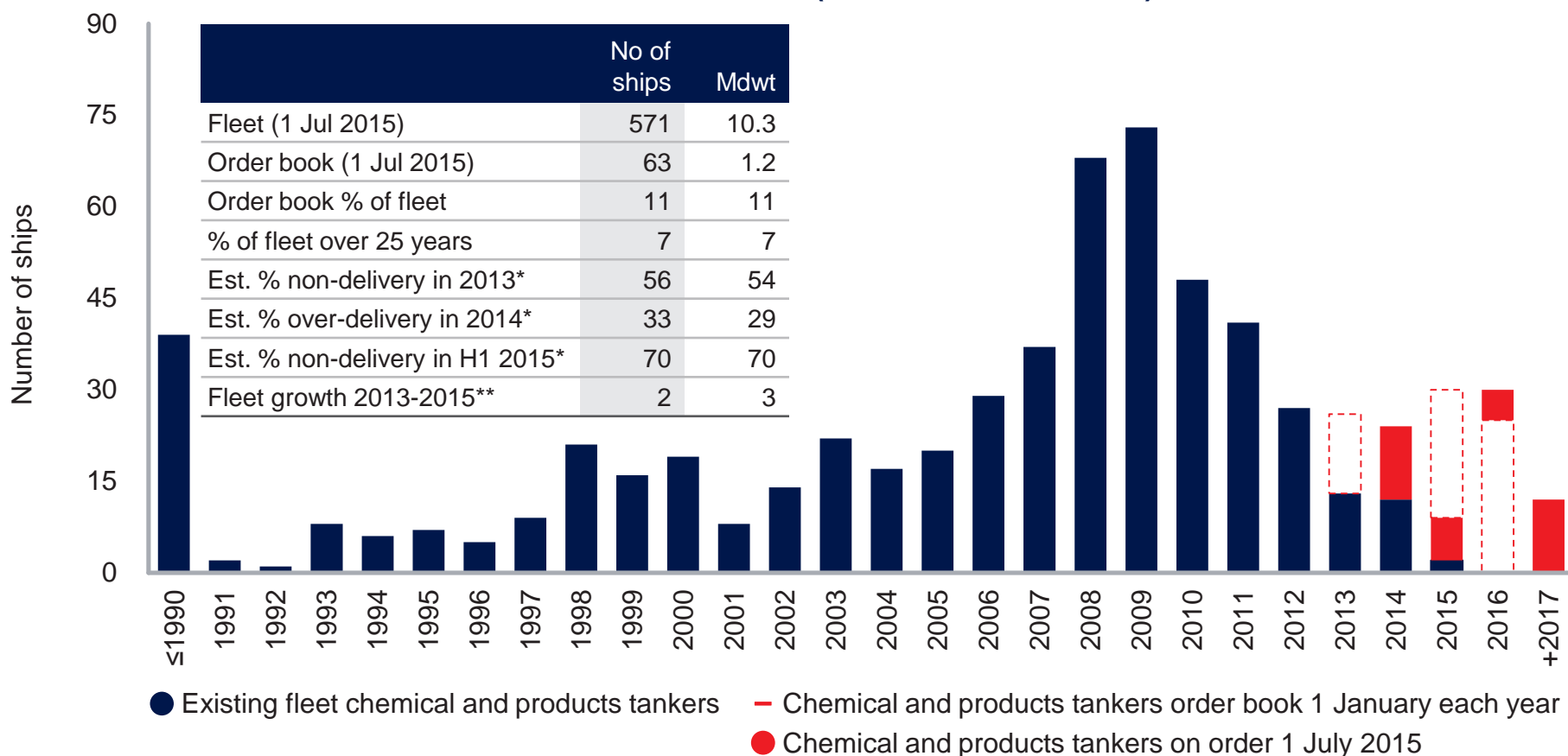
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** Fleet growth is from 1 January 2013 until 1 July 2015

Source: Clarksons Research, July 2015



SMALL CHEMICAL AND PRODUCTS TANKERS (15 – 19 999 dwt tonnes)



* Non-deliveries are estimates based on vessels that were scheduled to be delivered according to the opening order book, but due to delays, cancellations, renegotiations of contracts and new market information, have not yet entered the fleet

** Fleet growth is from 1 January 2013 until 1 July 2015

Source: Clarksons Research, July 2015





OPERATIONAL OVERVIEW

FREIGHT SERVICES



OPERATIONAL HIGHLIGHTS – PORT AND TERMINALS



- Maputo port revenue is up on increased own volumes despite the fall in concession volumes
- Matola terminal throughput increased 10% to 1.9 million tonnes, (H1 2014: 1.7 million tonnes) increased magnetite offsetting reduced coal volumes
- Maputo terminal footprint was reduced following the discontinuance of road-hauled magnetite in the prior year
- Richards Bay terminal throughput decreased 15% to 1.3 million tonnes (H1 2014: 1.6 million tonnes)
- Reduction in Maputo car terminal volumes of 42% (17 063 vehicles moved year to date)



OPERATIONAL HIGHLIGHTS – RAIL



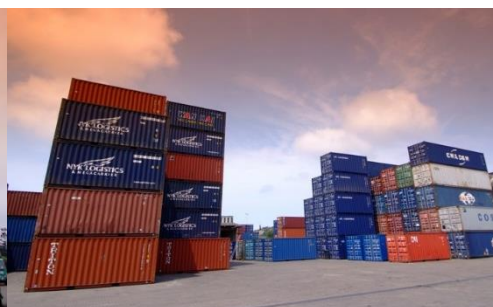
- Rail earnings decreased due to:
 - › delays in rail infrastructure project spend
 - › temporary suspension of business in Sierra Leone
 - › delays/suspension of some large mining projects
- Sierra Leone business has been renegotiated for an extended period of seven years for all locomotives
- Locomotives order book firmed with contract to deliver 18 locomotives from Quarter 4, 2015
- North-south rail corridor will be enhanced by the development facility and siding in Chingola, Zambia, which is under consideration



OPERATIONAL HIGHLIGHTS – LOGISTICS



- Turnaround in the Carrier businesses achieved with focused cost-saving efficiency measures
- Integrated Logistics businesses performed well, with some good new contracts although Intermodal suffered from lower activity levels on minerals and through Maputo
- Agricultural Logistics was impacted by the drought conditions
- The new Denver facility is operational, with the rail siding to be complete by year-end



STRATEGY

- Terminal expansion: dry bulk and liquid bulk
- Expansion in rail businesses
- Diversification in the African continent
- Commodity diversification to promote terminal sustainability

OUTLOOK

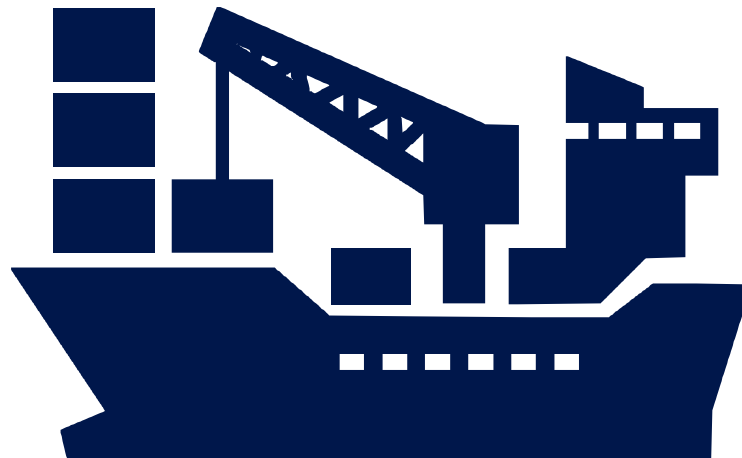
- Magnetite and coal volumes under pressure despite improved rail resources
- Restructured Logistics businesses with improved cost base poised for improved performance
- Climate conditions continue to put pressure on earnings in the agri-businesses





OPERATIONAL OVERVIEW

SHIPPING



OPERATIONAL HIGHLIGHTS



- Rates in the tanker sector strongest since H1 2008
- Rates in dry bulk remain well below profitable levels
- Solid performance in ship-operating businesses
- Delivery of two next-generation eco fuel-efficient bulk carriers
- Delivery of a further two handysize and three supramax on schedule
- Improved volumes from an increased geographic representation have offset the tighter market rates in Marine-Fuels business



STRATEGY AND OUTLOOK



STRATEGY

- Careful management of owned fleet to maximise the market
- Expand fleet under commercial management

OUTLOOK

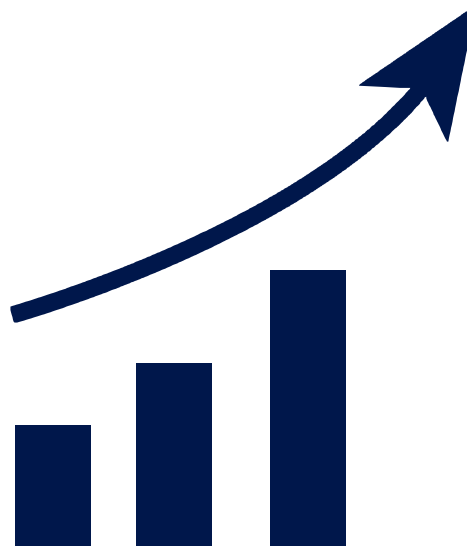
- Tanker rates holding up at profitable levels despite large order book
- Despite the improved rates, the dry-bulk fleet is not covering costs at these low levels
- No new dry-bulk ordering
- Dry-bulk seaborne freight growth at lower level





OPERATIONAL OVERVIEW

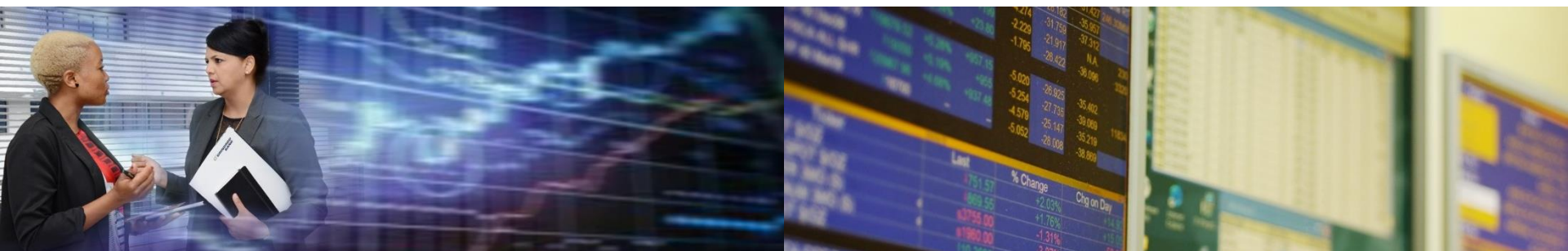
FINANCIAL SERVICES



OPERATIONAL HIGHLIGHTS



- Growth across all businesses but particular outperformance at the net interest level
- Good growth in fees from Asset Management and Stockbroking
- Decision not to submit a bid as part of the revised SASSA tender
- Positive results from asset management investment philosophy that exceed benchmarks
- Grew presence in the Exchange-Traded Fund market and set up this initiative under the *Coreshares* brand
- UK property private equity fund grew its asset base



STRATEGY AND OUTLOOK



STRATEGY

- Drive and incrementally execute focused business growth
- Pursue growth in assets under management
- Appropriate investment banking opportunities
- Focus on well-secured loans with low risk of default

OUTLOOK

- Steady growth expected
- SASSA decision on revised tender will impact business in the medium term
- Volatile stock market could impact asset management fees





KEY CAPITAL PROJECTS UPDATE



RICHARDS BAY TERMINAL



OPPORTUNITIES

- Immediate phase 1 expansion from 3.2 million to 4.5 million tonnes per year capacity
- Potential future phases up to 20 million tonnes per year capacity
- Can handle coal or magnetite

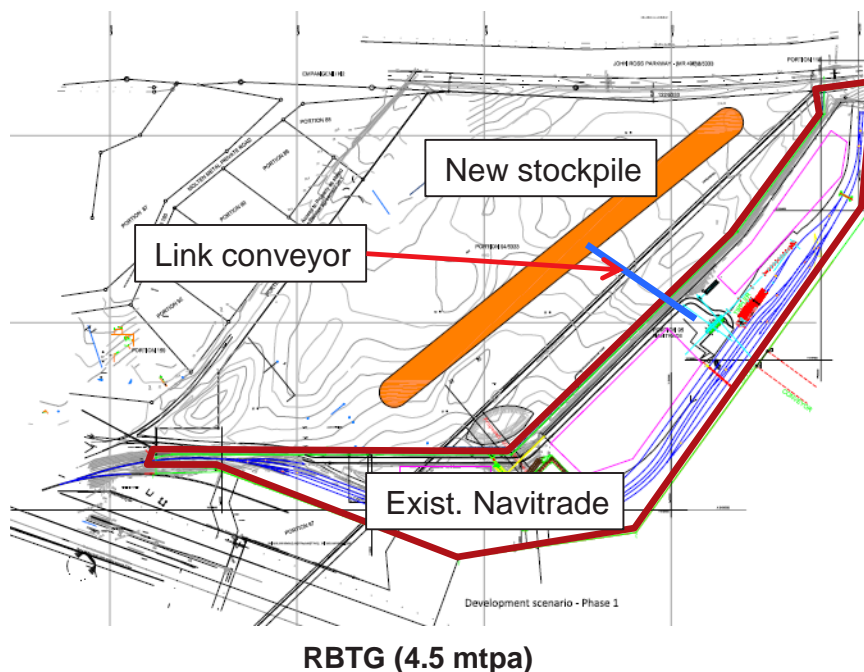
CHALLENGES

- Current cargo volumes
- Handling tariffs acceptable to exporters
- Coal price for next 3 to 5 years
- Viability of further expansion

MILESTONES

- Transnet support of terminal expansion to 20 million tonnes per annum
- Transnet customer tariff negotiations under way
- Investment in upgrade of rail tippler completed
- Phase 1 expansion to 4.5 million tonnes to complete in Quarter 1, 2016

Total capex (Phase 1)	Est. R125 million
Timeline	Quarter 1, 2016
Grindrod shareholding	49.9%



NGQURA LIQUID-BULK TERMINAL STORAGE



OPPORTUNITIES

- Phase 1 of the development 230 000 m³ storage capacity
- Availability of land for further development of up to 720 000 m³ storage capacity
- Can be used for storage of all petroleum products with the exception of crude oil and liquefied natural gas

CHALLENGES

- NERSA approval of tariffs
- BOOT agreement with TNPA
- Finalisation of customer commitments

MILESTONES

- Tariffing regulation amendments published by DoE and public engagement process complete
- Changes to regulations are expected to be gazetted in Quarter 3, 2015
- NERSA will propose the revised tariff calculations and invite public comment by end Quarter 3, 2015
- NERSA public comment consideration period to Quarter 4, 2015
- OTGC will submit the updated tariff application to NERSA
- Tariff approval process expected to be completed by Quarter 1, 2016

Total capex	Est. R2.9 billion
Timeline	Complete Quarter 1, 2019
Grindrod shareholding	30.5%



SALDANHA CRUDE OIL TERMINAL



OPPORTUNITIES

- OTGC¹ in joint venture with MOGS²
- Development of 12 x 1.1 million barrel crude tanks in three phases
- Crude oil blending capability
- Crude bulk building for west – east trade

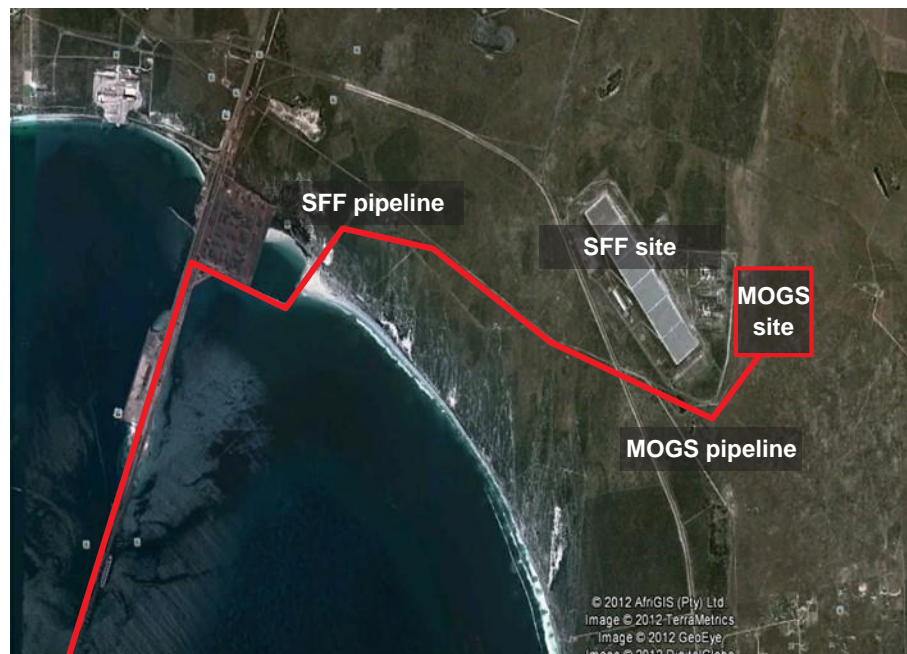
CHALLENGES

- NERSA approval of tariffs and coinciding with NERSA process timelines
- Finalisation of customer commitments and tariffs

MILESTONES

- Tariffing regulation amendments published by DoE and public engagement process complete
- NERSA will propose the revised tariff calculations and invite public comment by end Quarter 3, 2015
- NERSA public comment consideration period to Quarter 4, 2015
- Engagement with crude oil traders progressing
- Engagement with SFF on operation procedures for access to pipeline/jetty progressing

Total capex	Est. R3.1 billion
Timeline	Phase1 end 2017, full terminal end 2018
Grindrod shareholding	15.25%



¹ Oiltanking Grindrod Calulo Holdings Proprietary Limited

² Mining Oil and Gas Services (Royal Bafokeng Holdings)

MAPUTO PORT DEVELOPMENT – PORT DREDGE



OPPORTUNITIES

- Dredge caters for fully laden Panamax vessels draft of 14.2 metres resulting in increased competitiveness

CHALLENGES

- Current cargo volumes

MILESTONES

- Government support by way of a grant of part of its concession fee for seven years
- Independent market study complete
- Tender adjudication and evaluation under way
- Funding proposals received from banks and DFIs under review
- Financial closure planned for Quarter 4, 2015

Total capex (TBC through tender)	Est. US\$100 million
Returns	Under evaluation
Timeline	Complete October 2016
Grindrod shareholding	EDPM: 25.5%



MATOLA TERMINAL



OPPORTUNITIES

- Terminal expansion in line with volume commitment:
 - › Phase 4A – increase capacity to 12 mtpa
 - › Phase 4B – Concept stage – increase capacity to 20 mtpa
- Current focus is on berth deepening and quay offset aligned with channel dredge project

CHALLENGES

- Current cargo volumes
- Rail interface and performance
- Channel depth

MILESTONES

- Berth deepening and quay offset – financial closure planned for Quarter 4, 2015
- Phase 4A – contingent on contractual volumes

Total capex (Phase 4A)	Est. US\$186 million
Returns	18.4% (over life of concession – 2043)
Timeline	To commence once volumes are contracted
Grindrod shareholding	65%



OPPORTUNITIES

- First major new rail infrastructure project in sub-Saharan Africa
- Phase 1: 341 km from Chingola to Kalumbila
- Phase 2: potential to connect West to Angolan border
- Phase 3: connection with DRC (concept)
- 1.2 mtpa of copper concentrate

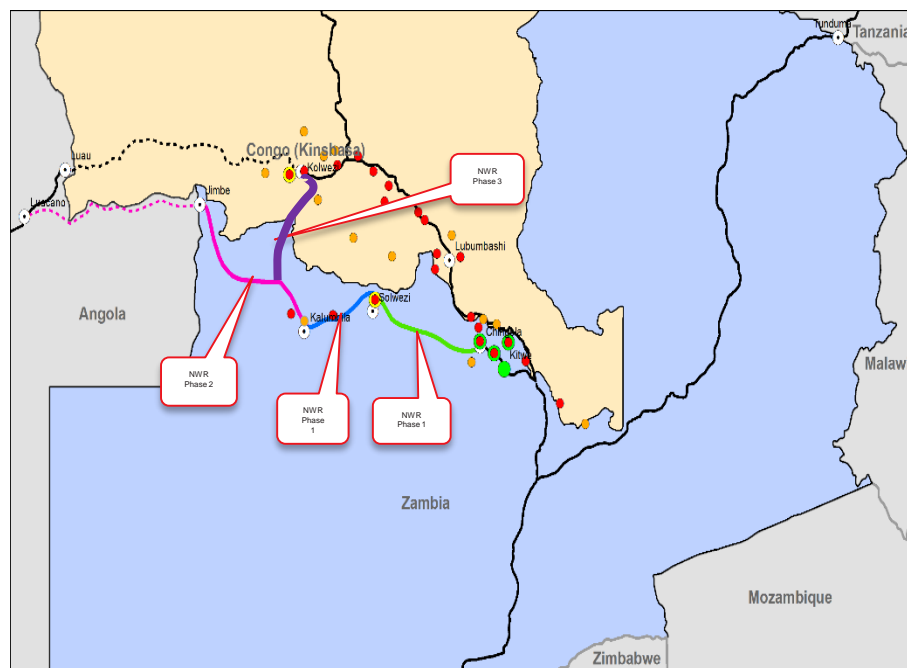
CHALLENGES

- Copper pricing
- Power constraints

MILESTONES

- Conclusion of concession agreement with government of Zambia
- Conclusion of commercial haulage agreements with key customers
- ESIA and land ownership
- Construction costs

Total capex	TBC
Timeline	(Based on concession finalisation and customer volume agreements) Complete end 2018
Grindrod shareholding	89.5%



NORTH SOUTH CORRIDOR



OPPORTUNITIES

- 3 000 km rail corridor with increasing operational competence
- Conversion of road traffic to rail
- Copper south-bound and industrial and commercial goods north-bound = 4 000 tpa of potential cargo
- Joint Corridor Masterplan Study being funded by Transnet and Grindrod, and supported by all parastatal rail operators

CHALLENGES

- Co-ordination of multiple rail operators
- Current cheap road haulage alternative
- Securing long-term customers
- Ageing infrastructure requiring investment
- Co-ordination of return cargo

MILESTONES

- Trial shipments are being run
- Chingola siding being developed





GROUP STRATEGY AND OUTLOOK



STRATEGY

- To purposefully grow the business organically, by acquisitions and seeking synergies within the group, with specific focus on Africa, to become a respected fully integrated freight and logistics service provider

OUTLOOK

- Continued increase in demand for commodities globally is a key driver of the Grindrod business model
- Improving dry-bulk shipping rates will have a material impact on Grindrod profitability
- Commodity prices at unprofitable level for miners impact volumes through terminals
- Well positioned to take advantage of an improvement in the global economy
- Pipeline of strategic projects
- South African origin, uniquely positions the group to service African trade flows





ANNEXURES



TERMINAL CAPACITY – UTILISATION AS AT 30 JUNE 2015

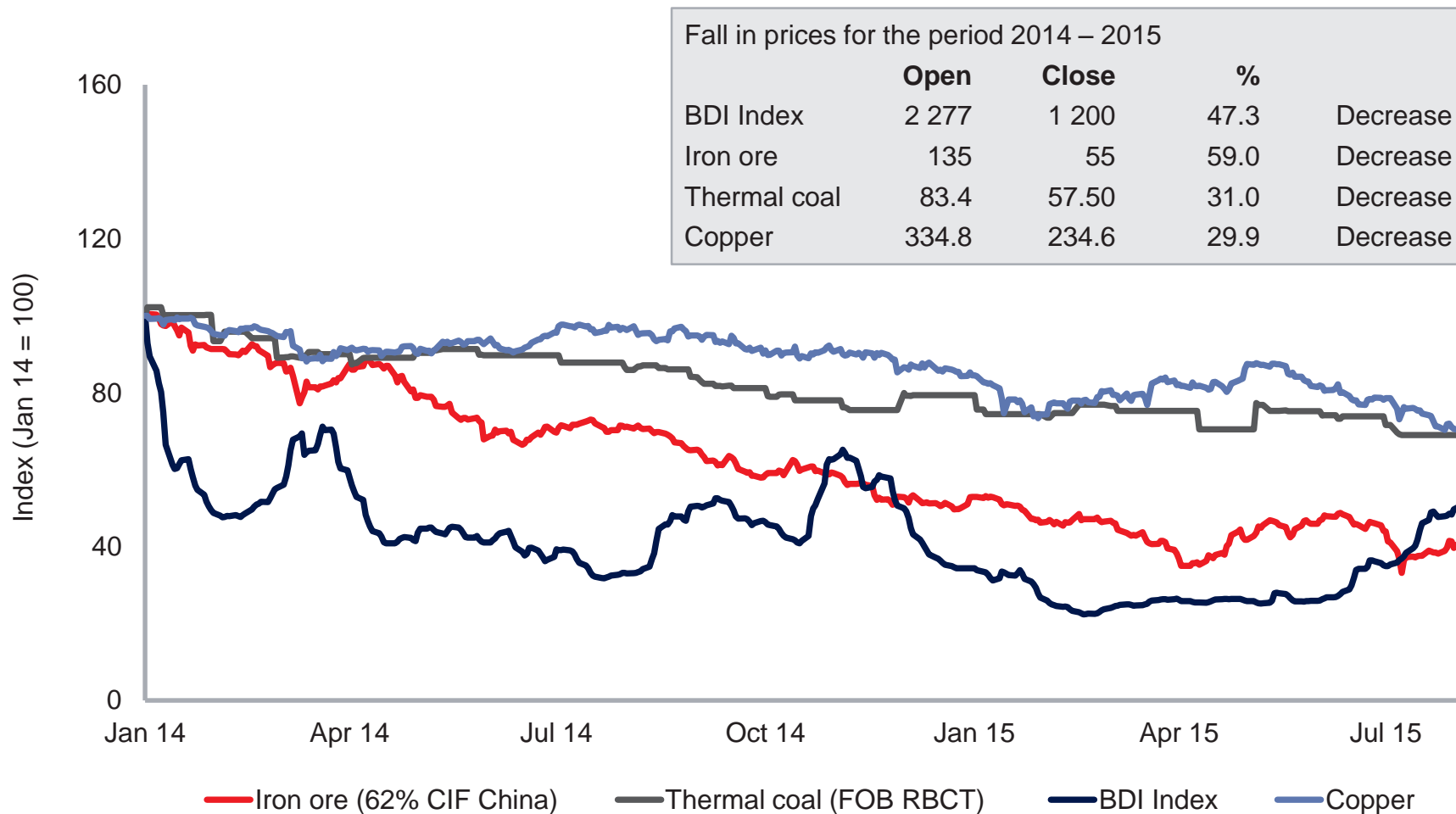


Terminals	Utilisation		Change %	Annual capacity 2014	Annual plus capacity under construction
	H1 2015	H1 2014			
Dry bulk (tonnes)	4 040 561	5 933 194	(31.9)	18 650 000	18 650 000
Matola coal terminal ¹	1 904 854	1 724 307	10.5	7 300 000	7 300 000
Richards Bay ¹	1 319 333	1 558 730	(15.4)	6 100 000	6 100 000
Maydon Wharf (Durban)	259 213	409 161	(36.6)	700 000	700 000
Walvis Bay (Namibia)	160 229	135 983	17.8	550 000	550 000
Maputo terminal ¹	397 002	2 105 013	(81.1)	4 000 000	4 000 000
Port of Maputo	7 676 000	8 965 000	(14.4)	N/A	N/A
Maputo car terminal (number of vehicles)	17 063	29 276	(41.7)	120 000	120 000



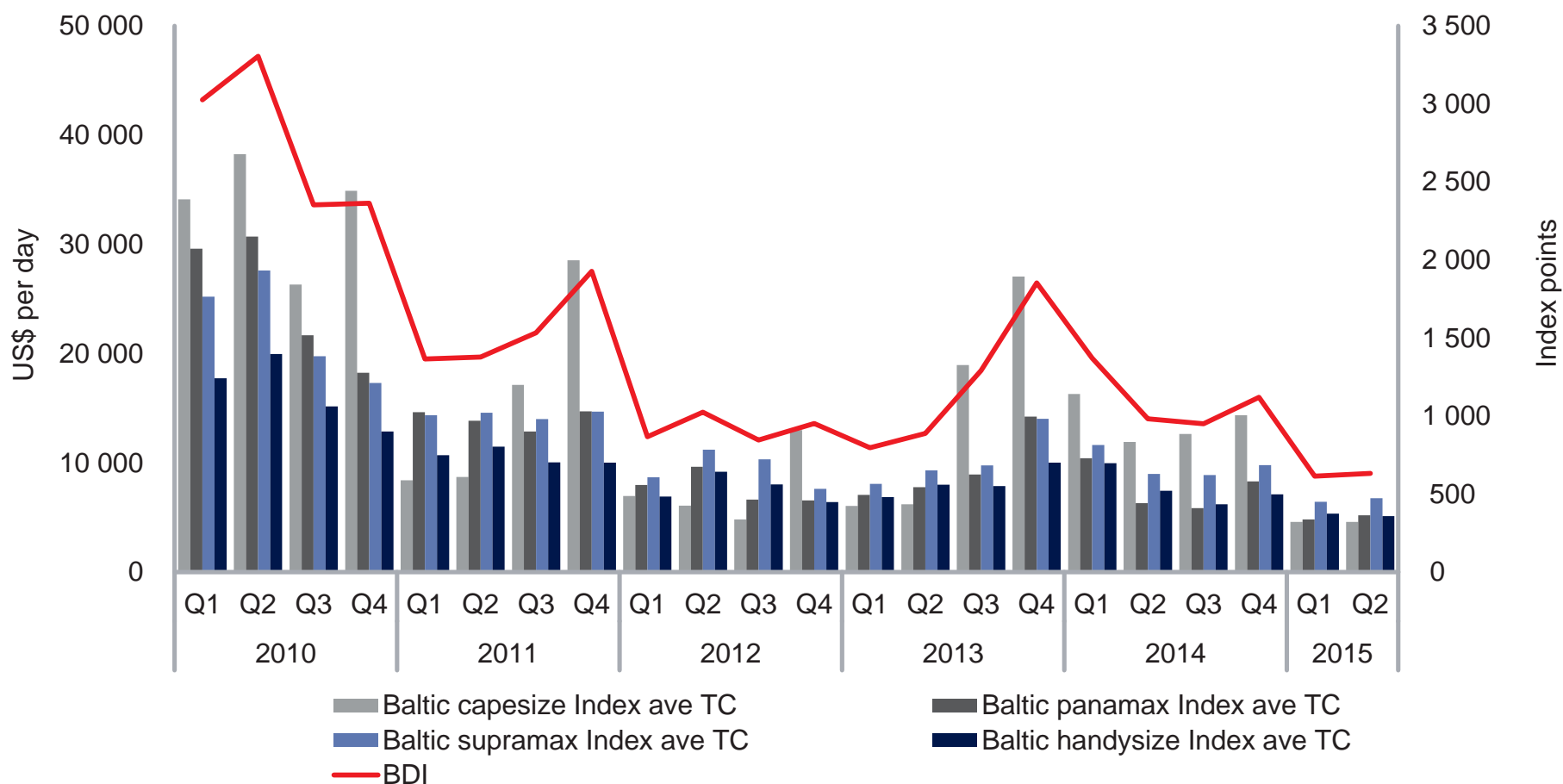
¹ Physical tonnage, excluding take or pay volumes

2014/15 SHIPPING AND COMMODITY PRICE PERFORMANCE



Source: Macquarie Securities Group, Macquarie Group Limited, July 2015

DRY-BULK DAILY SPOT RATES (BALTIC INDICES)



Source: Clarksons Research (Shipping Intelligence Network), copyright Baltic Exchange, 30 June 2015

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SCRAPPING



dwt 000	Handysize bulker	Handymax bulker	Panamax bulker	Capesize bulker	Handy* products tanker	Handy* chemical tanker	Total	All other types	Total scrapping
2010	2 700	400	700	2 700	3 200	1 400	11 100	16 900	28 000
2011	5 300	2 200	5 200	10 500	1 400	700	25 300	17 400	42 700
2012	8 300	4 700	8 700	11 700	1 400	600	35 400	23 200	58 600
2013	6 700	3 500	5 000	8 100	1 500	200	25 000	22 000	47 000
2014	4 100	3 000	4 800	4 200	1 100	200	17 500	16 600	34 100
2015	3 300	1 800	3 900	11 200	400	200	20 800	4 600	25 400



* Handy tankers cover 10 000 – 60 000 dwt range

Source: Clarkson Research (Shipping Intelligence Weekly and Shipping Intelligence Network, July 2015)

DISCLAIMER



Statements contained throughout this presentation regarding the prospects of the group have not been reviewed or reported on by the group's external auditors.

The information supplied herewith is believed to be correct but the accuracy thereof is not guaranteed and the company and its employees and information sources cannot accept liability for loss suffered in consequence of reliance on the information provided. Provision of this data does not obviate the need to make further appropriate enquiries and inspections. The information is for the use of the recipient only and is not to be used in any document for the purposes of raising finance without the written permission of Clarkson Research Services Limited (CRSL) and/or Hartland Shipping Services Limited and/or Affinity (Shipping) Ltd and/or Macquarie Securities Group and/or (the Information Sources).

For the statistical and graphical information drawn from the Information Sources' databases, it is advised that:

- (i) some information on the Information Sources' databases is derived from estimates or subjective judgements;*
- (ii) the information in the databases of other maritime data-collection agencies may differ from the information in the Information Sources' databases*
- (iii) while the Information Sources have taken reasonable care in the compilation of the statistical and graphical information and believe it to be accurate and correct, data compilation is subject to limited audit and validation procedures and may accordingly contain errors;*
- (iv) the Information Sources, their agents, officers and employees do not accept liability for any loss suffered in consequence of reliance on such information or in any other manner;*
- (v) the provision of such information does not obviate any need to make appropriate further enquiries;*
- (vi) the provision of such information is not an endorsement of any commercial policies and/or any conclusions by any of the Information Sources; and*
- (vii) shipping is a variable and cyclical business and any forecasting concerning it cannot be very accurate.*

