



GRINDROD LIMITED
UNAUDITED INTERIM RESULTS
AND DIVIDEND ANNOUNCEMENT
for the six months ended 30 June 2017



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HIGHLIGHTS STRATEGIC, BUSINESS ENVIRONMENT, AND FINANCIAL



MIKE HANKINSON



Click here to view video showing highlights and operational enhancements for the first half of 2017



HIGHLIGHTS STRATEGIC

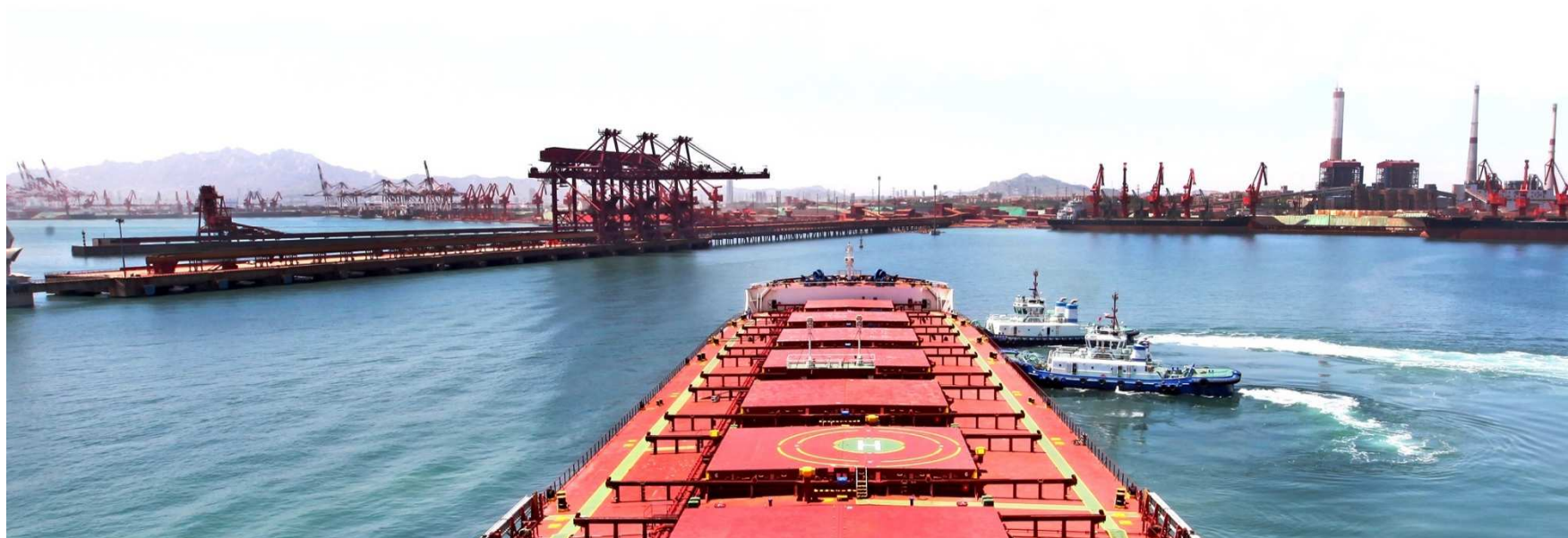
- Over a century of entrepreneurial growth
- Developed into three distinct businesses
- Current detailed strategic review in process
- Clear rationale for unbundling Shipping from Grindrod
- Process, supported by professional advisors, is significantly progressed
- Further communication and engagement with shareholders will take place
- Freight Services restructure work is nearing completion and gaining traction
- Financial Services continues its steady growth



HIGHLIGHTS

BUSINESS ENVIRONMENT

- China's economic growth is projected at 6.6% for 2017
- US and Eurozone economic growth is projected to be moderate at 2.1% and 1.9% respectively in 2017
- South African economic growth is projected to be poor at 0.7% for 2017
- Commodity demand appears sustained and world seaborne trade continues to expand



HIGHLIGHTS

FINANCIAL

- Revenue R13 404.3 million inclusive of joint ventures (H1 2016: R11 071.2 million)
- EBITDA R640.4 million inclusive of joint ventures and excluding rail assembly businesses (H1 2016: R246.4 million)
- Headline earnings excluding rail assembly businesses R126.2 million (H1 2016 headline loss: R367.0 million)
- Headline earnings per share excluding rail assembly businesses 16.8 cents (H1 2016 headline loss: 48.9 cents)
- Rail assembly headline loss of R255 million (H1 2016: R14 million)
- Headline loss per share 17.2 cents (H1 2016: 50.8 cents)
- Loss per share 11.5 cents (H1 2016: 149.2 cents)
- Net asset value per share 1 909 cents (H1 2016: 2 228 cents)
- Low gearing of 5% (H1 2016: 4%)



INTERIM RESULTS 2017



ANDREW WALLER



INTERIM RESULTS 2017
MANAGEMENT INCOME STATEMENT – H1 2017

| R million | Excluding rail assembly | | | | Comments |
|--|-------------------------|---------|---------------|---------|---|
| | H1 2017 | H1 2016 | H1 2017 | H1 2016 | |
| Revenue | 13 404 | 11 071 | 13 118 | 10 361 | Increase in dry-bulk rates and crude oil price |
| Trading profit | 434 | 299 | 641 | 246 | Improvement in dry-bulk rates, freight volumes and foreign exchange |
| Depreciation/amortisation | (360) | (464) | (348) | (429) | Prior year asset impairments and foreign exchange |
| Non-trading items | 46 | (760) | 114 | (126) | Prior year impairments in rail businesses and ship held for sale |
| Net interest paid | (61) | (59) | (38) | (34) | Marginal movement in debt and cash from operations |
| Share of profit/(loss) from Associates | 21 | (7) | 23 | (7) | Improved Agri results following the drought in prior year |
| Taxation | (128) | (80) | (117) | (83) | Improved results not sheltered by losses in Shipping and rail assembly businesses |
| Non-controlling shareholders' interest | (5) | (15) | (4) | (13) | |
| Preference dividends | (34) | (34) | (34) | (34) | |
| (Loss)/profit attributable to ordinary shareholders | (87) | (1 120) | 237 | (480) | |
| Average rate of exchange (ZAR/US\$) | 13.32 | 15.38 | | | |

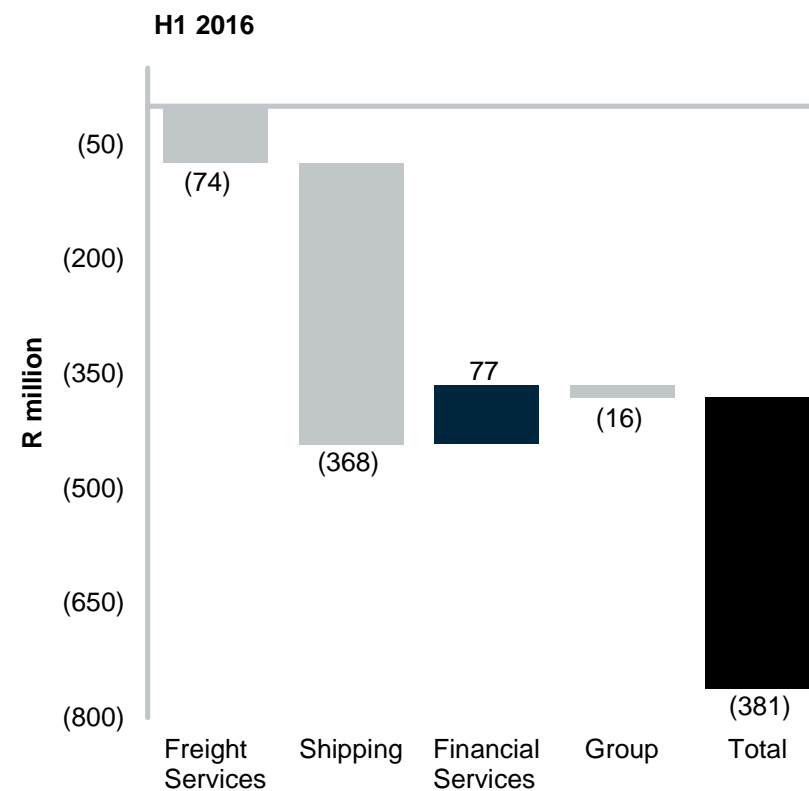
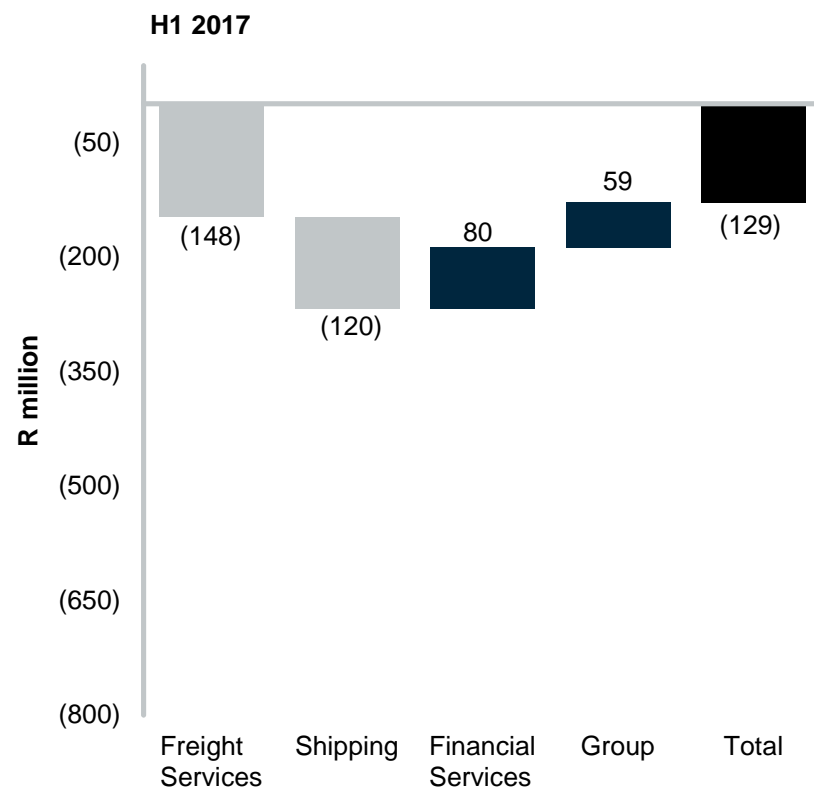


INTERIM RESULTS 2017
HEADLINE EARNINGS – H1 2017

| R million | H1 2017 | H1 2016 | Comments |
|---|--------------|---------|--|
| Loss attributable to ordinary shareholders | (87) | (1 120) | |
| <i>Adjusted for:</i> | (42) | 739 | |
| Rail concession buy-up | (140) | – | Accounting impact of buy-up in rail concession |
| Impairments and disposals | 62 | 739 | Loss on disposal in rail construction business and impairment of signalling business |
| Headline loss | (129) | (381) | |

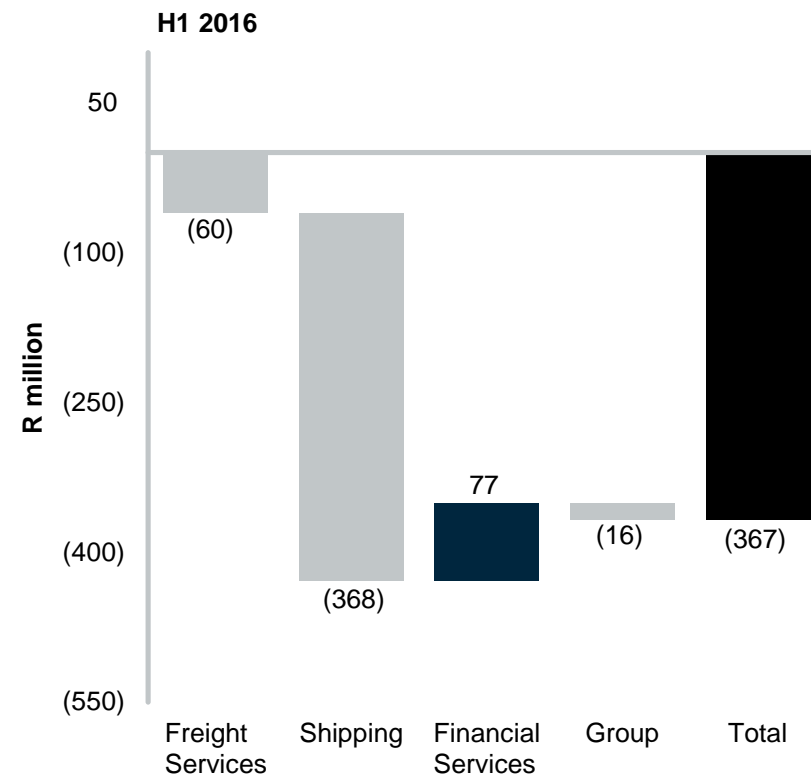
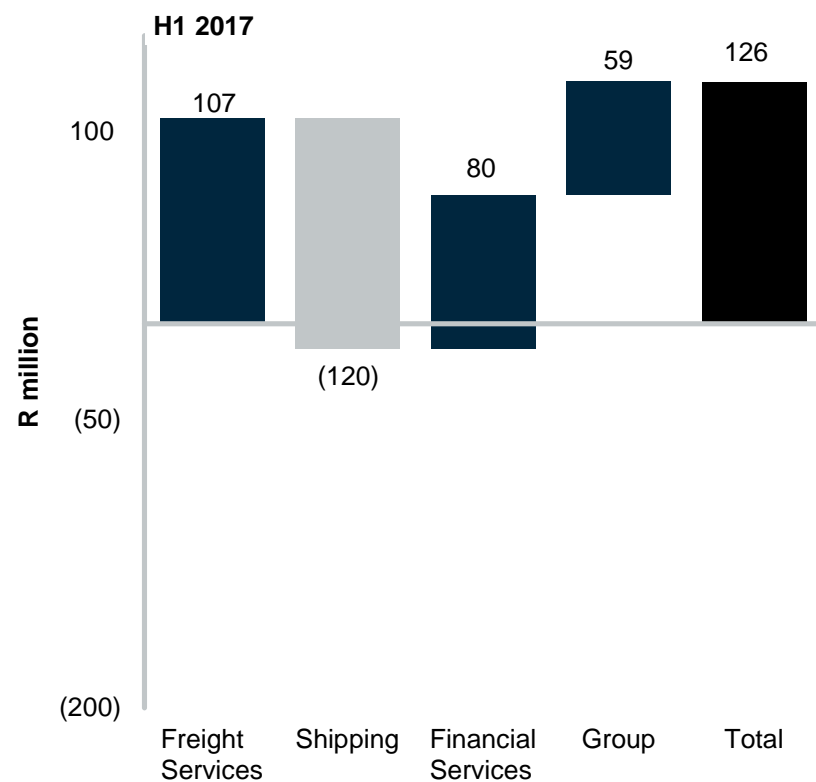


INTERIM RESULTS 2017 HEADLINE LOSS BY DIVISION



INTERIM RESULTS 2017

HEADLINE EARNINGS BY DIVISION EXCLUDING RAIL ASSEMBLY BUSINESS HELD FOR SALE

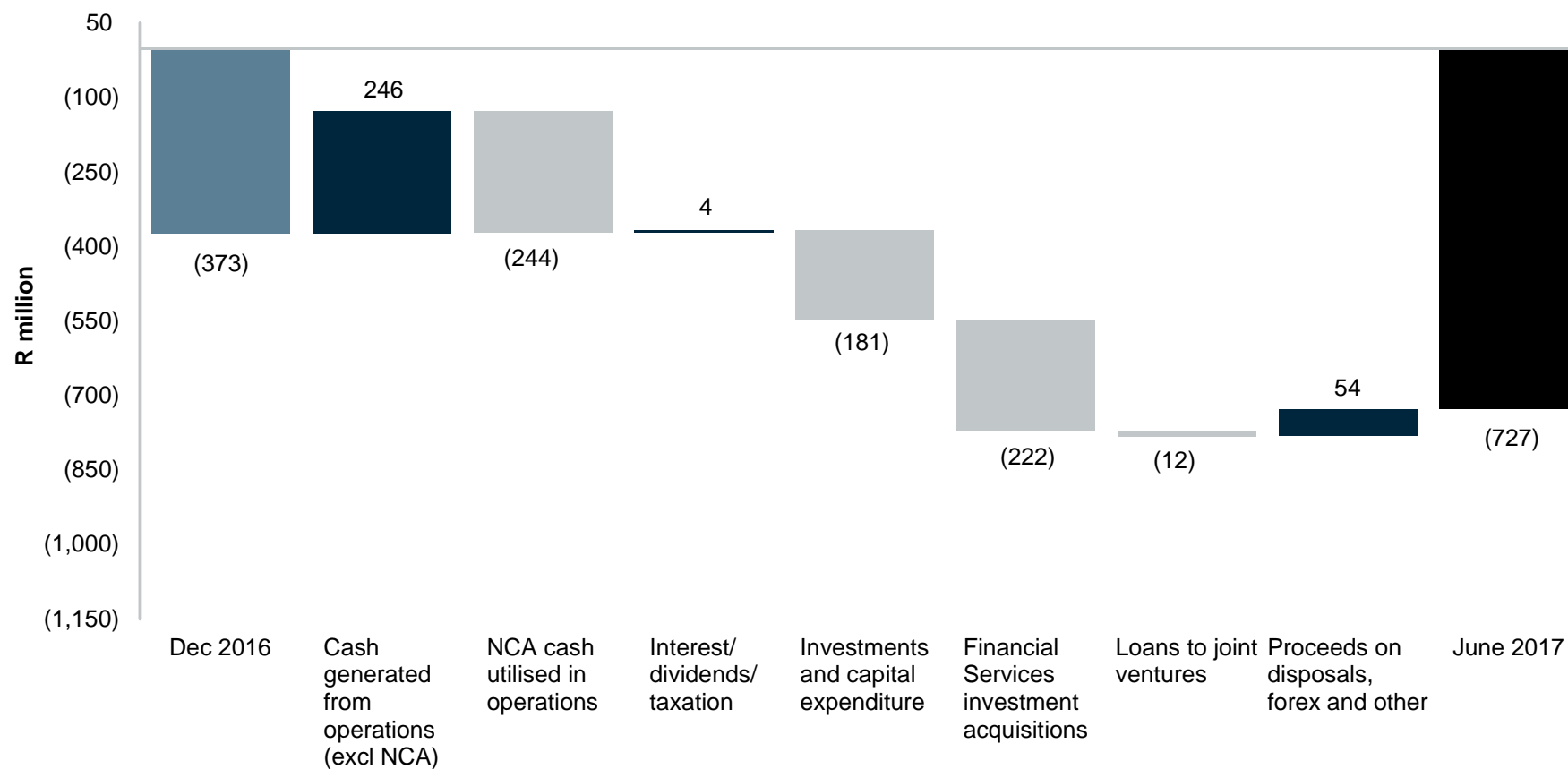


INTERIM RESULTS 2017
MANAGEMENT BALANCE SHEET

| R million | 30 June 2017 | 31 Dec 2016 | Comments |
|---------------------------------------|-----------------|----------------|---|
| Property, plant and equipment | 9 146 | 9 533 | |
| Freight Services | 2 735 | 2 709 | Berth deepening offset by depreciation |
| Shipping | 6 157 | 6 557 | Lower exchange rate and depreciation |
| Financial Services | 188 | 203 | Sale of property |
| Group | 66 | 64 | |
| Intangible assets | 1 537 | 1 560 | |
| Investments in associates | 1 391 | 1 483 | Impact of buy-up in rail concession operations |
| Bank investments and advances | 8 492 | 7 742 | Increased investments |
| Non-current assets held for sale | 1 215 | 1 617 | Impairment and disposal of rail construction |
| Current assets | 15 165 | 17 125 | Decrease in cash due to SASSA cut-off |
| Total assets | 36 946 | 39 060 | |
| Shareholders' equity | 15 101 | 15 816 | Losses and foreign exchange translation |
| Interest-bearing borrowings | 5 667 | 5 060 | Tanker and bank financing |
| Deposits from bank customers | 11 240 | 13 610 | Growth in core deposits offset by SASSA cut-off |
| Non-current liabilities held for sale | 763 | 1 285 | Rail creditor repayments |
| Other liabilities | 4 175 | 3 289 | |
| Total equity and liabilities | 36 946 | 39 060 | |
| Closing rate of exchange (ZAR/US\$) | 13.06 | 13.69 | |
| Gearing | 5% | 4% | |



INTERIM RESULTS 2017 NET DEBT ANALYSIS



OPERATIONAL OVERVIEW SHIPPING



MARTYN WADE

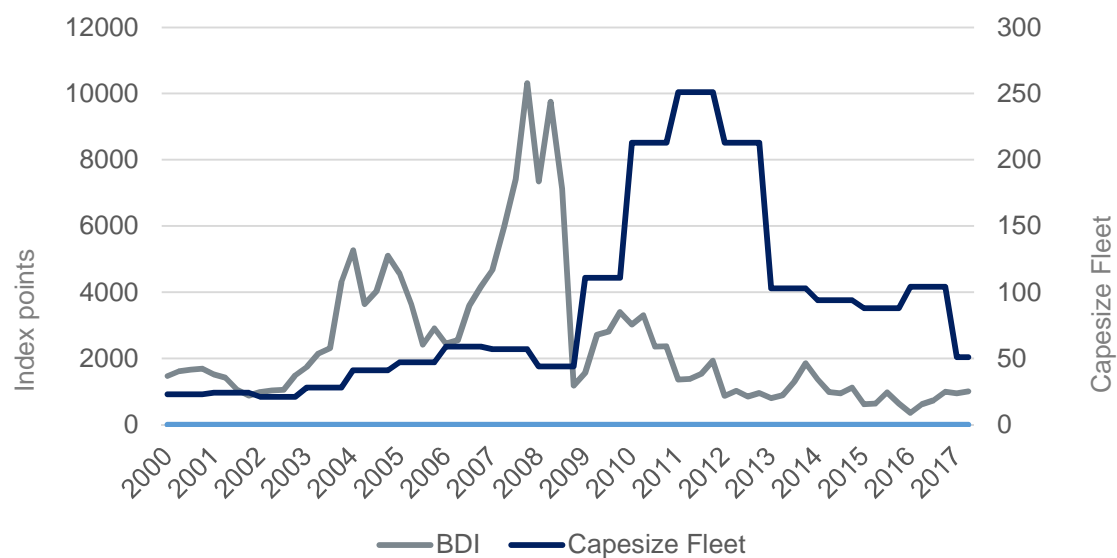
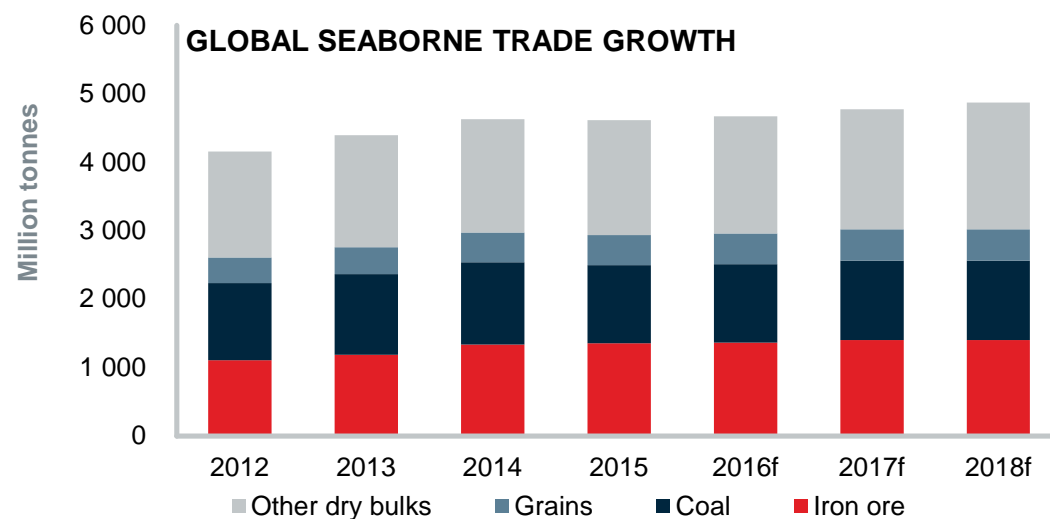


SHIPPING STRATEGY

- Unbundle from the Freight and Financial Services businesses and list on a recognised exchange
- Retain the sector and size focus in which IVS and Unicorn have expertise
- Facilitate consolidation within these sectors
- Consider equity raise for increased fleet and balance sheet purposes at the appropriate time
- Further expand fleet under commercial management



SHIPPING HISTORICAL INFORMATION



SHIPPING

OPERATIONAL HIGHLIGHTS

- Rates in the dry-bulk sector remain much improved, above opex breakeven, but still below profitable levels
- Rates in the tanker sector remained weak
- As the dry-bulk sector improved, the Ship-operating businesses lost margin
- Fleet movements as follows:
 - One supramax next-generation eco fuel-efficient bulk carrier delivered in January 2017
 - One 15-year-old handysize bulk carrier marked for sale in H2 2017
 - Chartered MR tanker redelivered in January 2017
 - Chartered small tanker redelivered in July 2017
 - One 13-year-old tanker sold in H2 2017



SHIPPING OUTLOOK

- Dry-bulk fleet continues to move toward a balanced position leading to improvement in rates
- Tankers remain under pressure following the high first half 2017 deliveries
- Ship-operating result expected to remain at profitable levels despite margin pressure



OPERATIONAL OVERVIEW FREIGHT SERVICES



BONGIWE NTULI



FREIGHT SERVICES – PORT AND TERMINALS

OPERATIONAL HIGHLIGHTS

- Maputo Port and terminals:
 - Maputo Port channel dredge from 11 metres depth to 14.2 metres sailing draft
 - Matola Terminal berth deepening and quay offset complete, record 91 000 tonnes loaded in August
 - Improved capacity utilisation at Matola Terminal in H1 2017 with throughput of 2.7 million tonnes (73% capacity utilisation), a 143% increase (H1 2016: 1.1 million tonnes – 30% capacity utilisation)



FREIGHT SERVICES – PORT AND TERMINALS

OPERATIONAL HIGHLIGHTS

- Richards Bay terminals:
 - Coal contracted capacity to 2.9 million tonnes (47% increase on 2016)
 - Working with Transnet to optimise the rail resources and berth capacity
- Liquid terminals:
 - Durban tank conversion complete for the storage of low-hazard chemicals
 - Cape Town additional vegetable oil tank construction underway
 - Coega liquid tank facility relocation - challenges with NERSA re-evaluating the tariffing structure



FREIGHT SERVICES – LOGISTICS OPERATIONAL HIGHLIGHTS

- Nacala intermodal facility under Grindrod management. Additional throughput as the Syrah graphite logistics commences
- Ships Agency and Clearing and Forwarding businesses held up well despite the lower volumes
- Carrier Logistics and Intermodal businesses impacted by the South African economy
- Agri-business much improved on a good maize crop



FREIGHT SERVICES – RAIL OPERATIONAL HIGHLIGHTS

- Rail operations:
 - Increased volumes on the north-south corridor
 - Increased ownership of the rail operating concession
- Rail assembly assets held for sale:
 - Disposal of locomotive assembly business has been difficult with the lack of orders in the market
 - Disposal of the rail track construction business complete
 - Further impairment and losses resulted in a headline loss of R255 million



FREIGHT SERVICES STRATEGY AND OUTLOOK

STRATEGY

- Ports increase volume in line with capacity
- Maputo terminals capitalise on the increased depths of the channel and berth
- Richards Bay terminals expansion to 4.5mtpa when berth and rail resource capacity is secured
- Continue with Road to Rail strategy for North South Corridor, working with other rail resources partners
- Further develop further presence in Nacala

OUTLOOK

- Maputo port volumes are firm following the investments and sustained commodity markets
- Terminal volume improvement across most commodities
- Integrated Logistics businesses positioned to grow
- Agri sector is much improved
- Volume improvements on North South Corridor



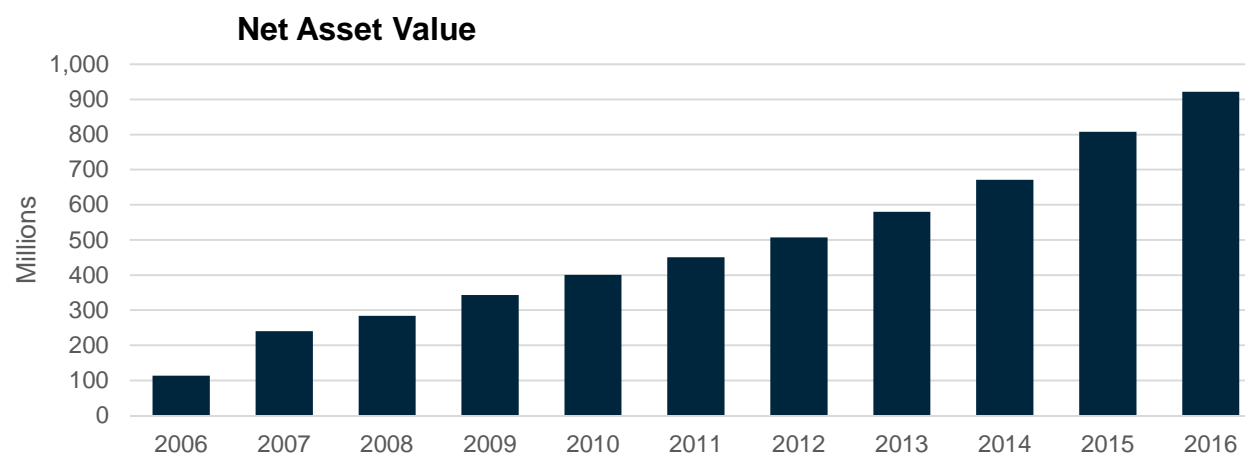
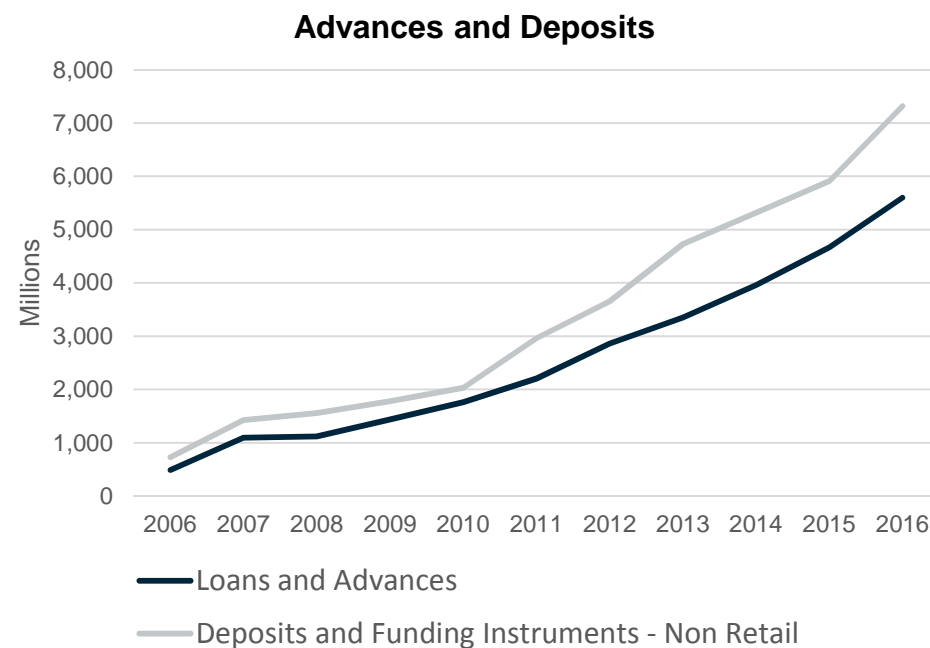
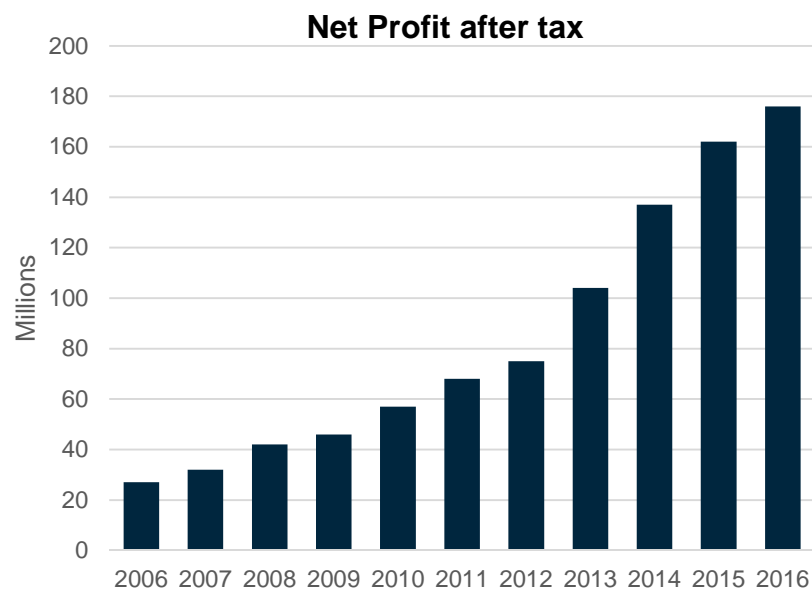
OPERATIONAL OVERVIEW FINANCIAL SERVICES



DAVID POLKINGHORNE



FINANCIAL SERVICES HISTORICAL PERFORMANCE



FINANCIAL SERVICES OPERATIONAL HIGHLIGHTS

- Above-target earnings in the Bank
- Private equity investment continues to increase
- Retail SASSA
 - Grant payments continue to be efficiently managed
- Core deposits grew 7.6% (R7.47 billion from December 2016: R6.94 billion)
- Advances grew 7.8% (R6.31 billion from December 2016: R5.85 billion)



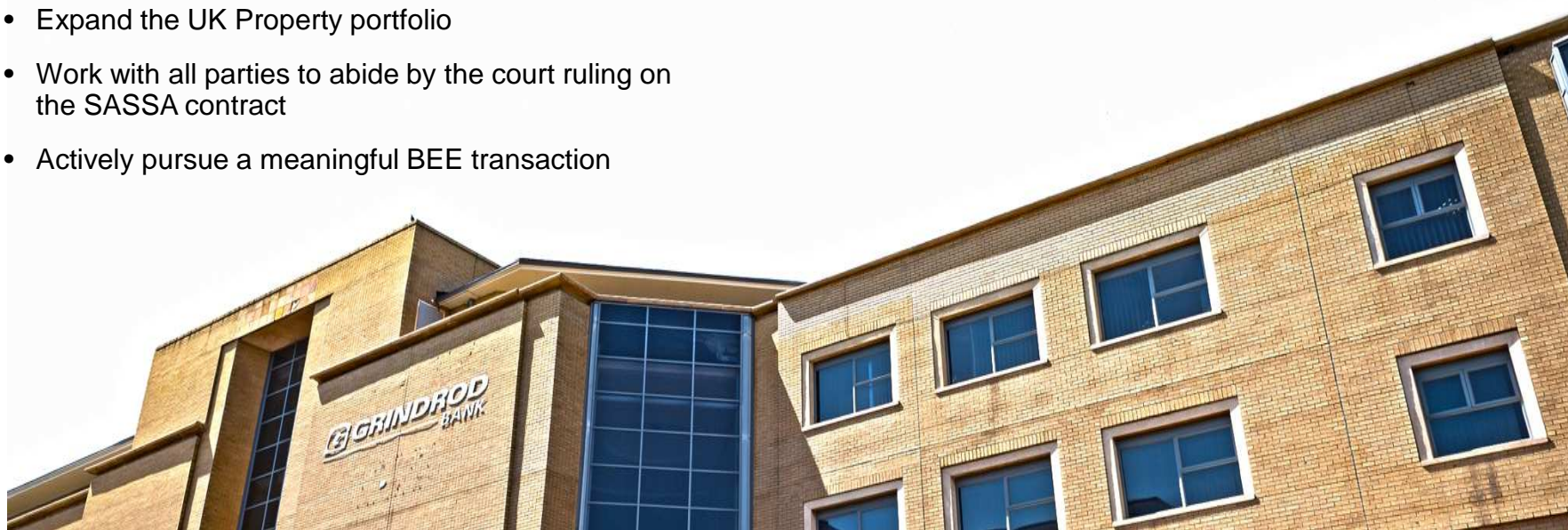
FINANCIAL SERVICES STRATEGY AND OUTLOOK

STRATEGY

- Drive focused business growth
- Pursue growth in assets under management indirectly through CoreShares and Bridge Fund Managers
- Secure appropriate investment banking opportunities
- Focus on well-secured loans with low risk of default
- Expand Retail offering
- Expand the UK Property portfolio
- Work with all parties to abide by the court ruling on the SASSA contract
- Actively pursue a meaningful BEE transaction

OUTLOOK

- Steady organic growth expected
- Volatile stock market could impact asset management returns
- Cost of funding impacted by country sovereign rating
- The SA economic uncertainty on customers is expected to impact values, margins and recoveries across the businesses



GROUP STRATEGY AND OUTLOOK



MIKE HANKINSON



GROUP STRATEGY AND OUTLOOK

STRATEGY

- Enable a more accurate valuation of the group through the unbundling and listing of Shipping on an appropriate exchange
- To grow the Freight and Financial services businesses organically and by acquisition

OUTLOOK

- More accurate valuation by the market of the businesses
- Demand for commodities globally is a key driver of both the Freight and Shipping businesses
- Improving dry-bulk shipping rates will have a material impact on the Shipping business's profitability
- Well positioned to take advantage of an improvement in the domestic and global economy



ANNEXURES



ANNEXURES

TERMINAL CAPACITY – UTILISATION AS AT 30 JUNE 2017

| Terminals | H1 2017 | H1 2016 | Change % | Total 2016 | Total 2015 | Annual capacity 2017 |
|---|------------------|------------------|-------------|-------------------|-------------------|----------------------------|
| Dry bulk (tonnes) | 5 002 074 | 3 091 470 | 62 | 8 346 607 | 7 349 946 | 17 200 000 |
| Matola Coal Terminal ¹ | 2 654 584 | 1 091 143 | 143 | 3 785 918 | 3 517 263 | 9 000 000 |
| Richards Bay ¹ | 1 921 044 | 1 773 349 | 8 | 3 929 613 | 2 626 135 | 6 100 000 |
| Walvis Bay (Namibia) | 128 328 | 133 071 | (4) | 299 749 | 335 688 | 550 000 |
| Maputo Terminal ^{1, 3} | 298 118 | 93 907 | 217 | 331 327 | 870 860 | 1 550 000 |
| Port of Maputo² | 8 428 000 | 5 926 000 | 42 | 14 918 487 | 15 606 623 | N/A |
| Maputo car terminal (number of vehicles) | 6 649 | 8 879 | (25) | 15 164 | 33 436 | 120 000 |

¹ Physical tonnage, excluding take or pay volumes

² Includes volumes of Matola Coal Terminal and Maputo Terminal

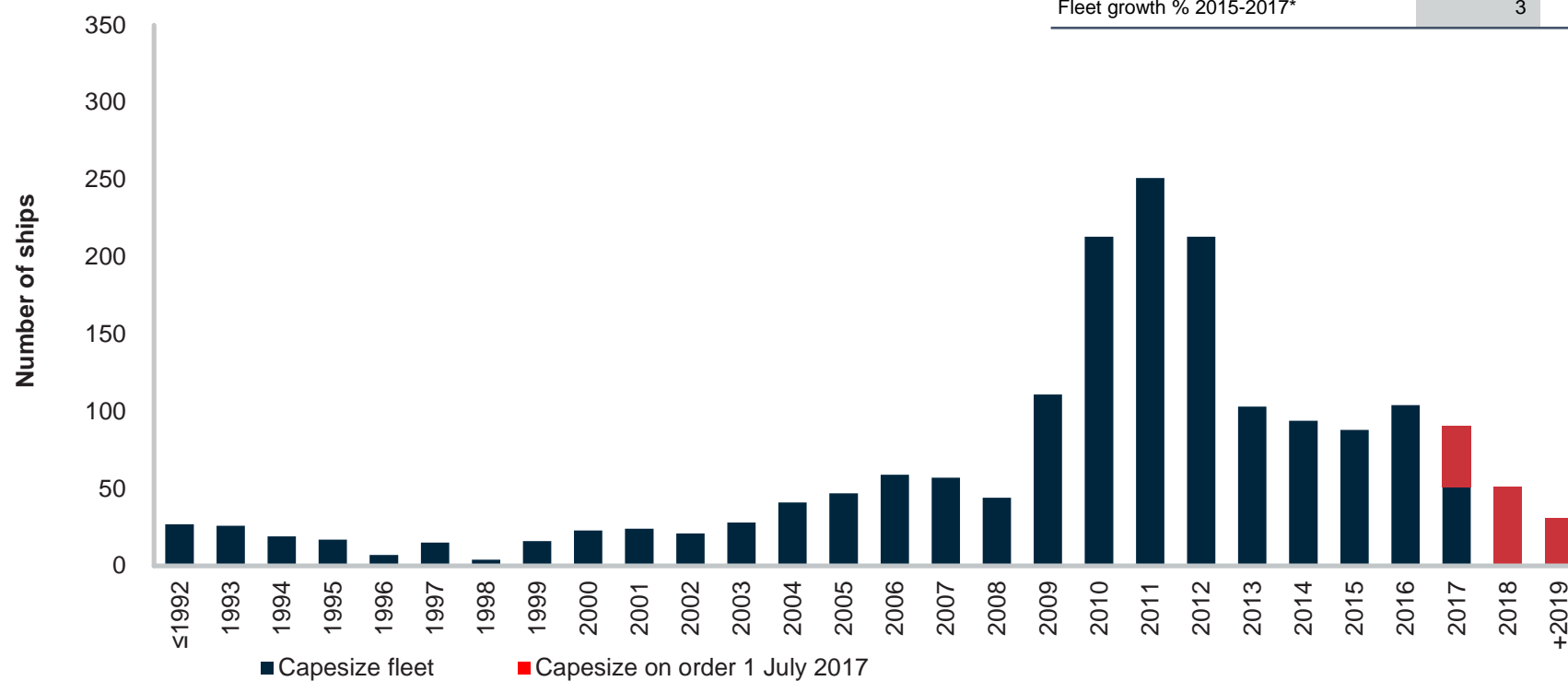
³ Annual capacity is scalable to four million tonnes



ANNEXURES

SHIPPING

CAPE SIZE BULK CARRIERS (100 000+ dwt tonnes)



* Fleet growth is from 1 January 2015 until 1 July 2017
Source: Clarksons Research Services, July 2017

| | No of ships | Mdwt |
|-------------------------------|-------------|-------|
| Fleet (1 Jul 2017) | 1 683 | 321.6 |
| Total order book (1 Jul 2017) | 122 | 31.6 |
| Order book % of fleet | 7 | 10 |
| % of fleet over 25 years | 1 | 1 |
| Fleet growth % 2015-2017* | 3 | 4 |

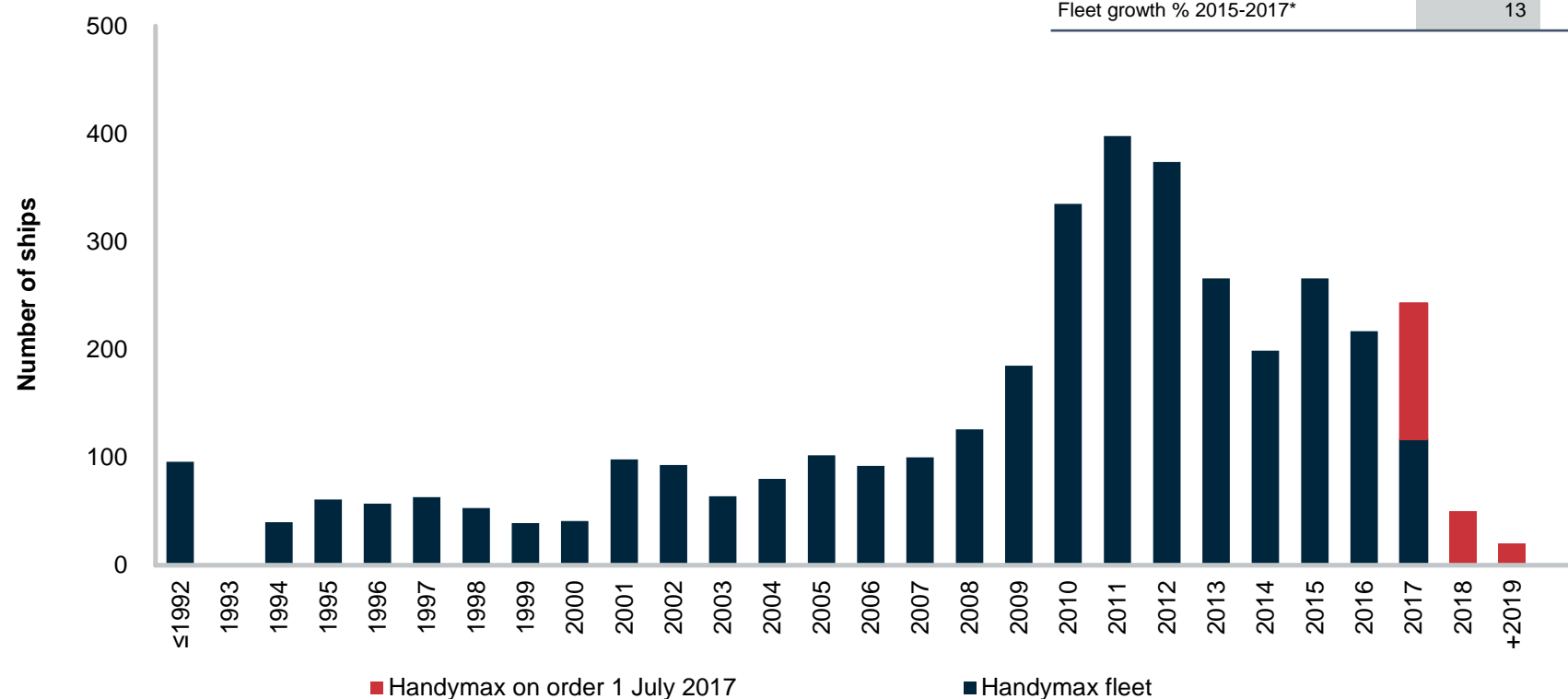


ANNEXURES

SHIPPING

HANDYMAX BULK CARRIERS (40 – 64 999 dwt tonnes)

| | No of ships | Mdwt |
|-------------------------------|-------------|-------|
| Fleet (1 Jul 2017) | 3 520 | 193.7 |
| Total order book (1 Jul 2017) | 196 | 11.9 |
| Order book % of fleet | 6 | 6 |
| % of fleet over 25 years | 3 | 2 |
| Fleet growth % 2015-2017* | 13 | 16 |



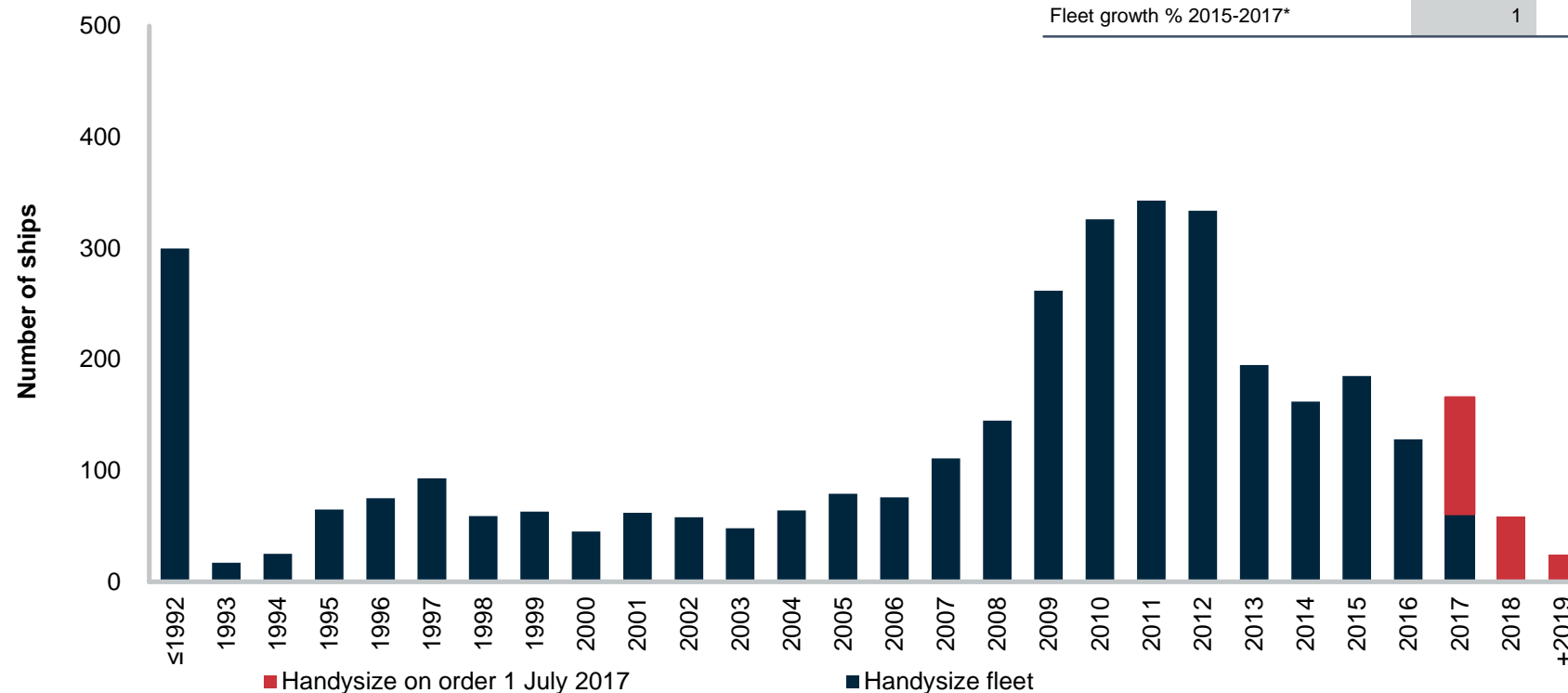
* Fleet growth is from 1 January 2015 until 1 July 2017
Source: Clarksons Research Services, July 2017



ANNEXURES

SHIPPING

HANDYSIZE BULK CARRIERS (10 – 39 999 dwt tonnes)



* Fleet growth is from 1 January 2015 until 1 July 2017
Source: Clarksons Research Services, July 2017

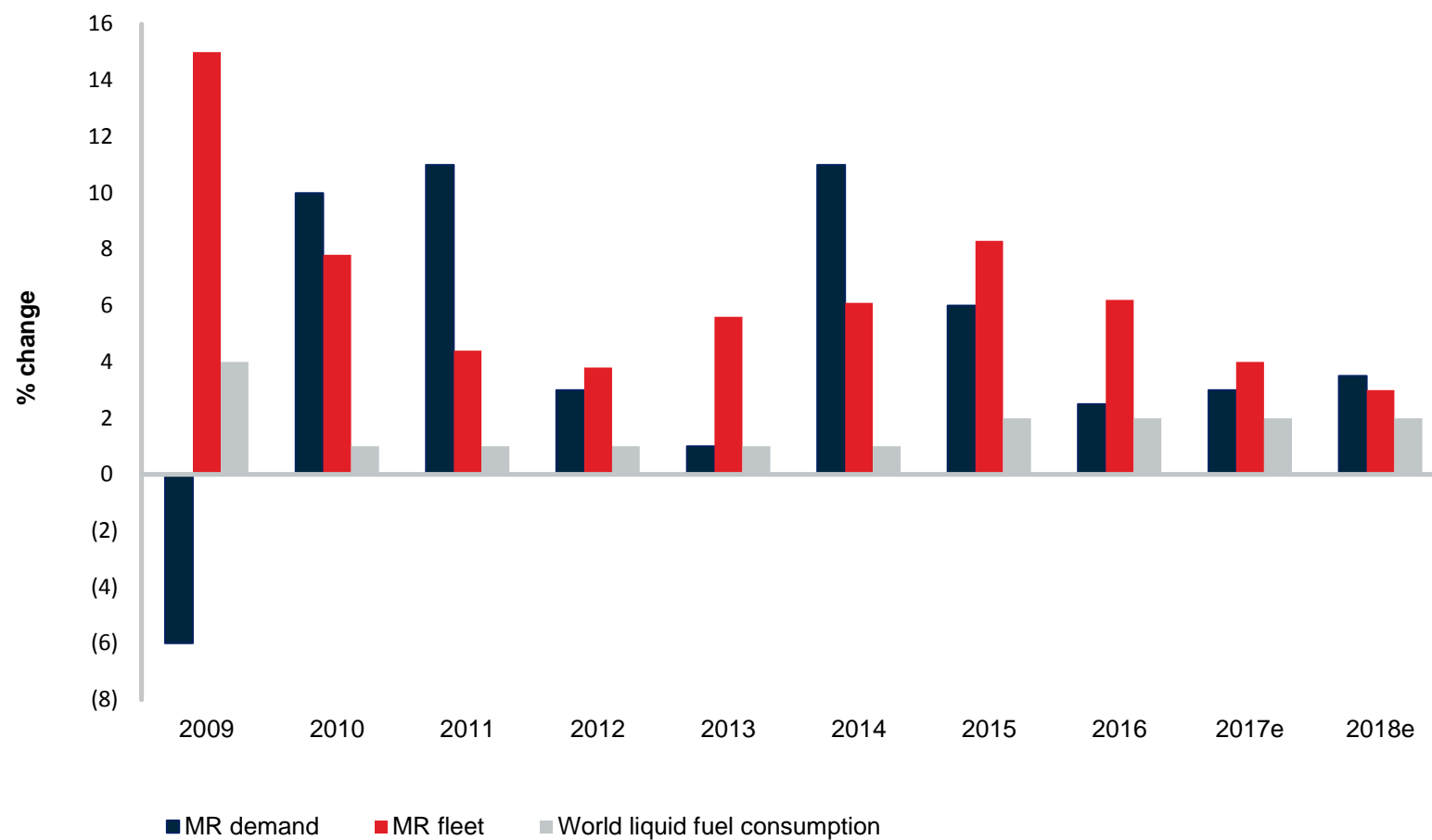
| | No of ships | Mdwt |
|-------------------------------|-------------|------|
| Fleet (1 Jul 2017) | 3 344 | 95.3 |
| Total order book (1 Jul 2017) | 188 | 6.6 |
| Order book % of fleet | 6 | 7 |
| % of fleet over 25 years | 8 | 6 |
| Fleet growth % 2015-2017* | 1 | 4 |



ANNEXURES

SHIPPING

PRODUCT TANKER DEMAND



e = estimate

Source: Affinity (Shipping) Limited, June 2017

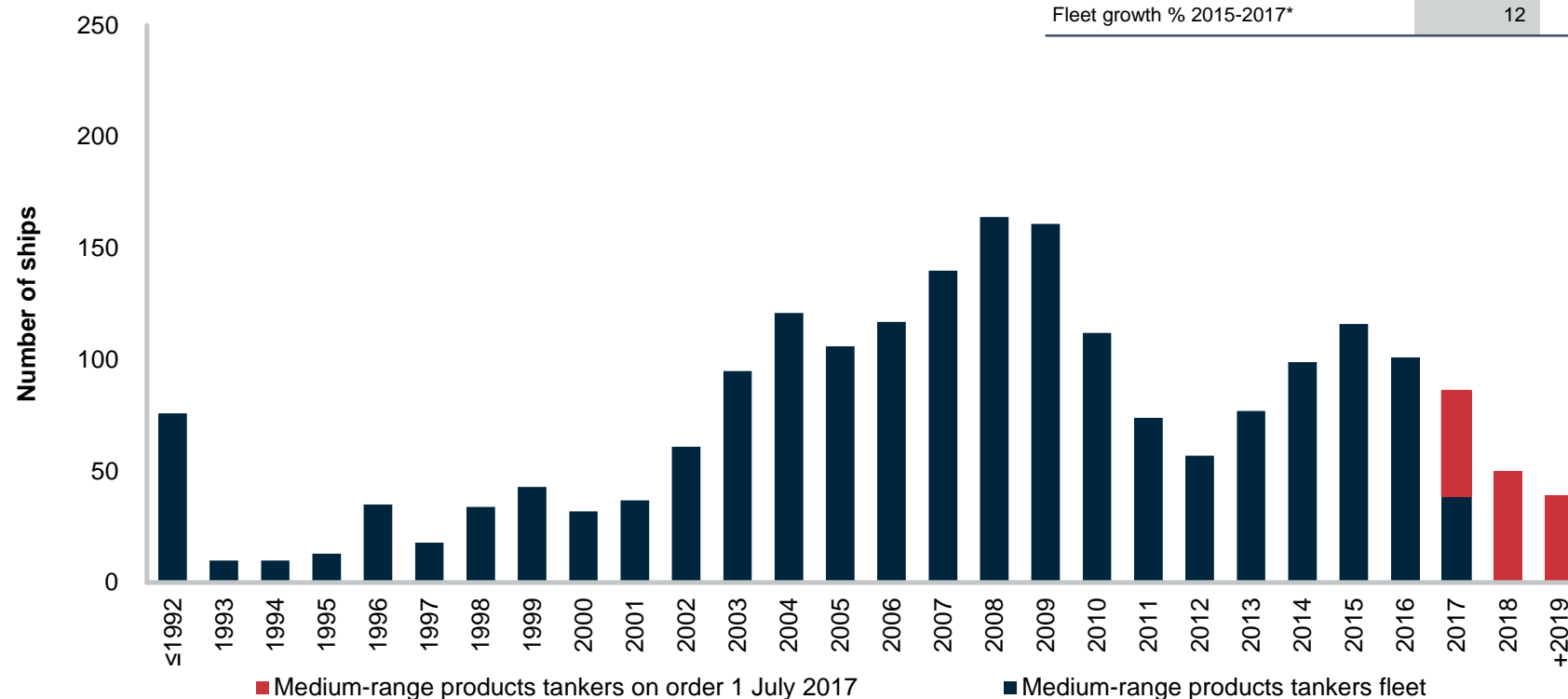


ANNEXURES

SHIPPING

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

| | No of ships | Mdwt |
|-------------------------------|-------------|------|
| Fleet (1 Jul 2017) | 1 940 | 87.5 |
| Total order book (1 Jul 2017) | 136 | 6.5 |
| Order book % of fleet | 7 | 7 |
| % of fleet over 25 years | 4 | 3 |
| Fleet growth % 2015-2017* | 12 | 14 |



* Fleet growth is from 1 January 2015 until 1 July 2017
Source: Clarksons Research Services, July 2017

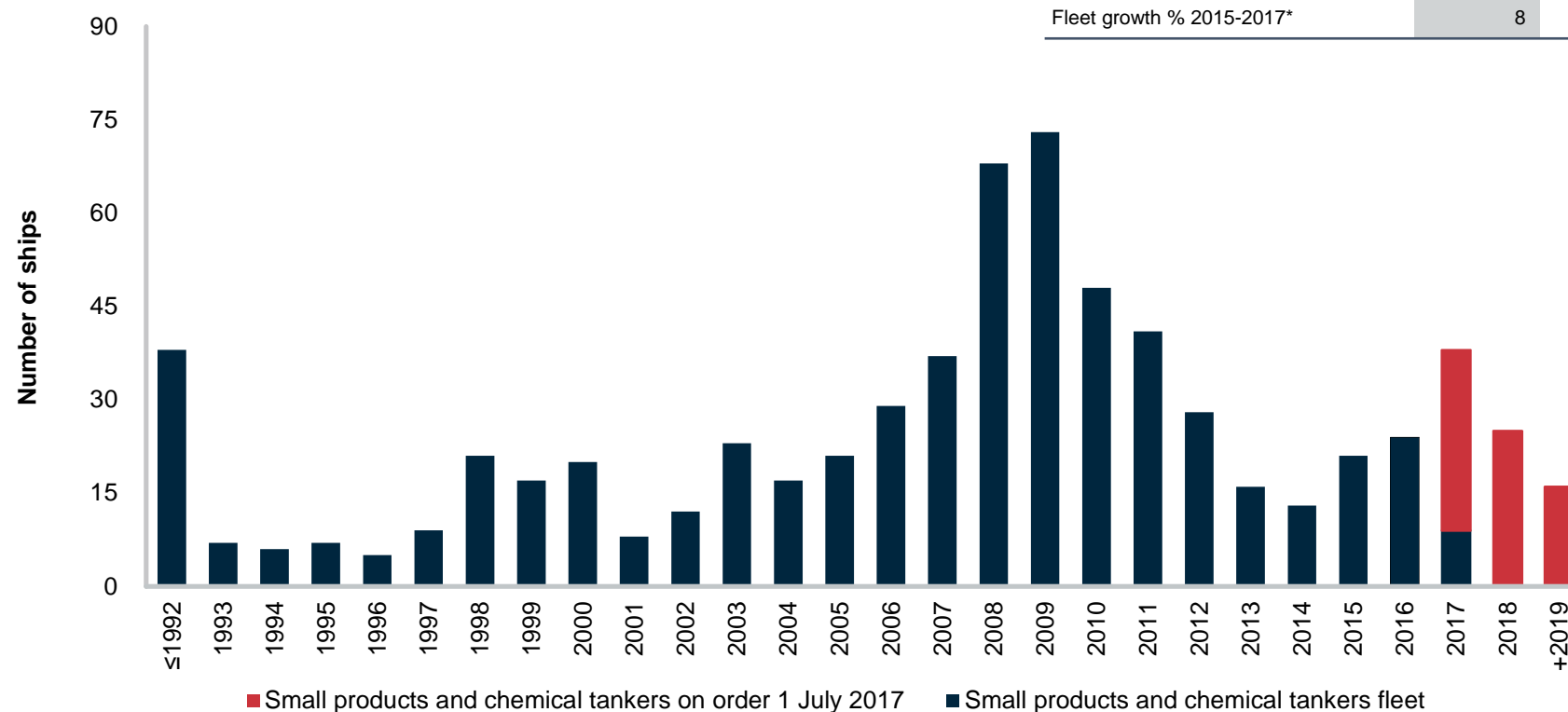


ANNEXURES

SHIPPING

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

| | No of ships | Mdwt |
|-------------------------------|-------------|------|
| Fleet (1 Jul 2017) | 616 | 11.2 |
| Total order book (1 Jul 2017) | 70 | 1.3 |
| Order book % of fleet | 11 | 11 |
| % of fleet over 25 years | 6 | 6 |
| Fleet growth % 2015-2017* | 8 | 8 |



* Fleet growth is from 1 January 2015 until 1 July 2017
Source: Clarksons Research Services, July 2017



ANNEXURES

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 | 4 200 | 3 100 | 4 800 | 4 200 | 1 300 | 200 | 17 800 | 16 300 | 34 100 |
| 2015 | 5 200 | 3 100 | 6 800 | 15 400 | 1 300 | 200 | 32 000 | 6 900 | 38 900 |
| 2016 | 3 200 | 4 200 | 8 200 | 13 300 | 810 | 350 | 30 060 | 14 340 | 44 400 |
| 2017 | 1 100 | 1 900 | 1 600 | 3 700 | 318 | 95 | 8 713 | 8 887 | 17 600 |

* Handy tankers cover 10 000 – 60 000 dwt range

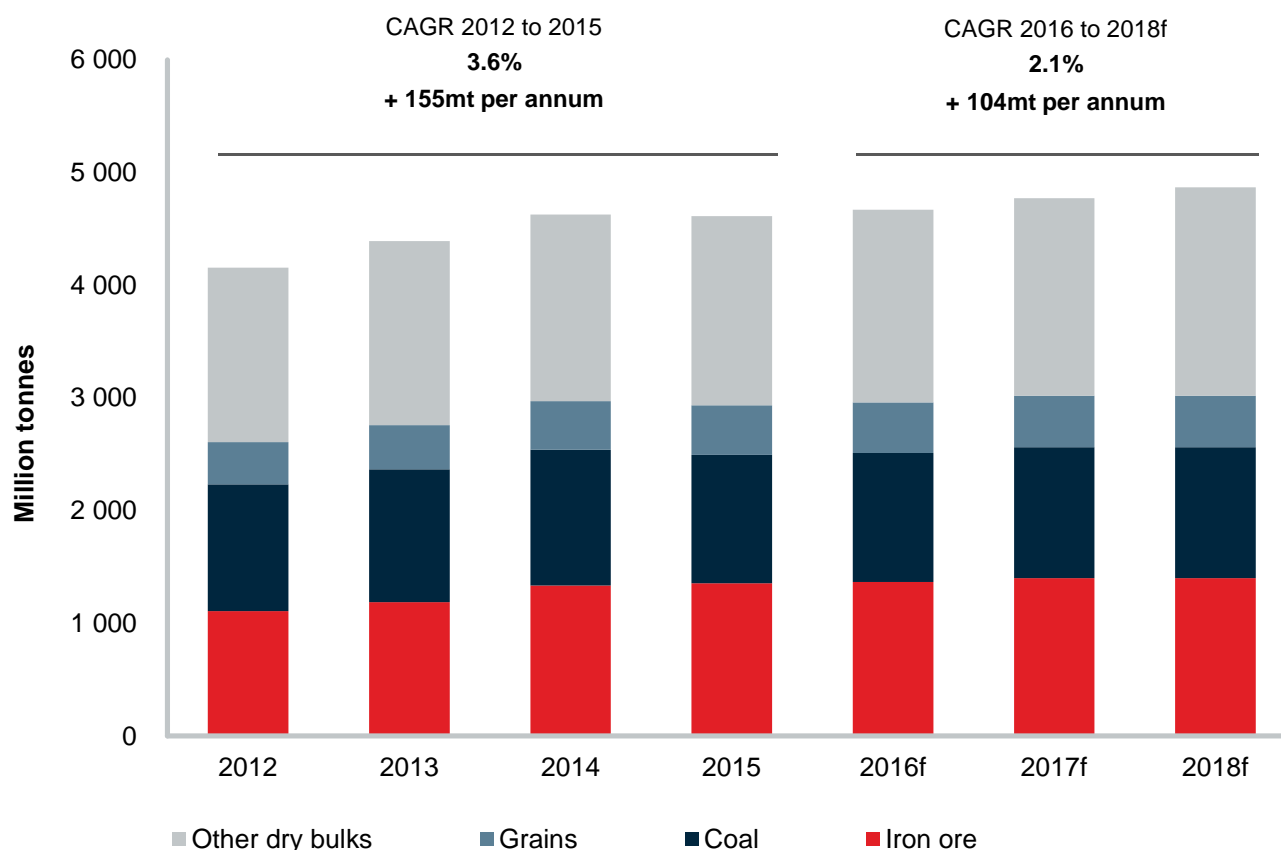
Source: Clarkson Research (Shipping Intelligence Weekly and Shipping Intelligence Network, 27 July 2017)



ANNEXURES

DRY-BULK SEABORNE TRADE

GLOBAL SEABORNE TRADE GROWTH



f = forecast

CAGR = compound annual growth rate

Source: Thomson Reuters, Hartland Shipping Services Limited, February 2017

Global seaborne trade expanded rapidly from 2012 to 2015, adding over 155 million tonnes of new cargo every year on average

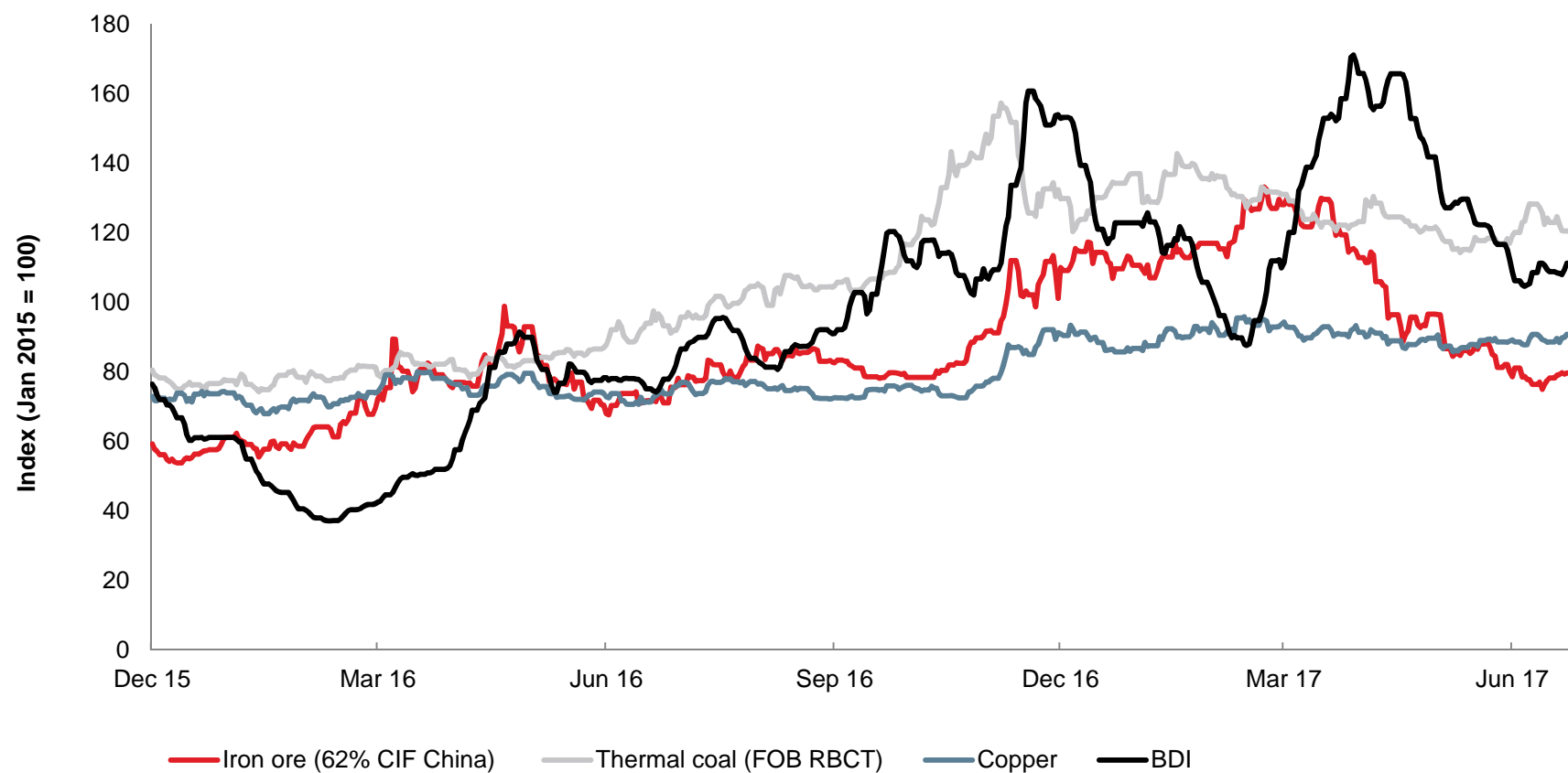
Over the next few years growth will be slower at around 104 million tonnes of new cargo on average per year

The pace of growth will pick up gradually from 2016 onwards



ANNEXURES

2015-2017 SHIPPING AND COMMODITY PRICE PERFORMANCE

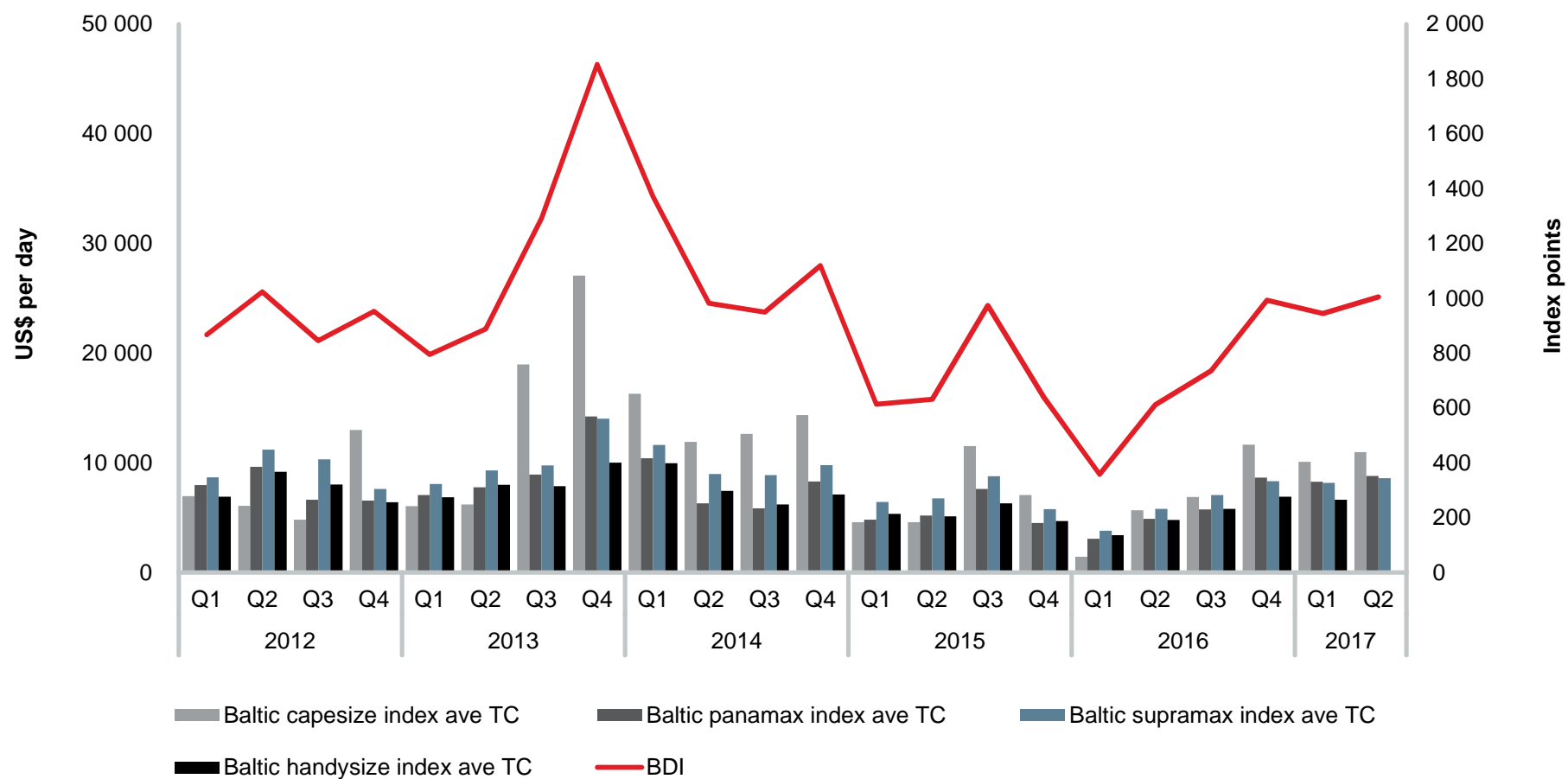


Source: Macquarie Securities Group, Macquarie Group Limited, June 2017



ANNEXURES

DRY-BULK DAILY SPOT RATES (BALTIC INDICES)



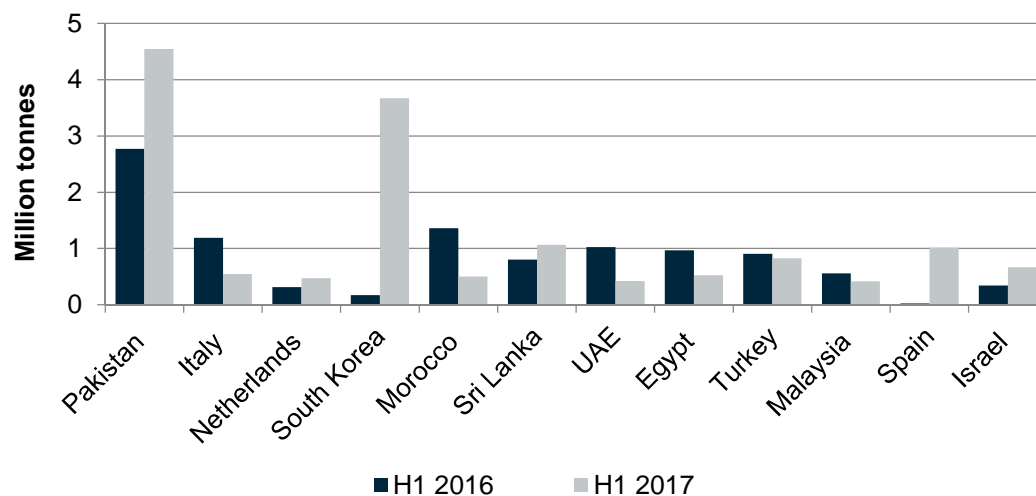
Source: Clarksons Research (Shipping Intelligence Network), copyright Baltic Exchange, 27 July 2017



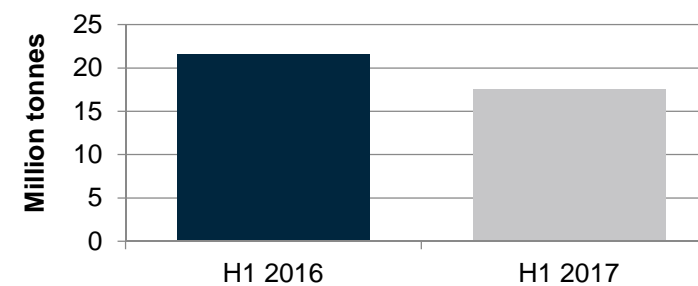
ANNEXURES

SOUTH AFRICAN COAL EXPORTS

Major SA coal destinations (excluding India)



SA coal exports to India



Source: Afriforesight Commodities, 27 July 2017



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 herein 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, as a 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 Thomson Reuters, Hartland Shipping Services Limited and/or Affinity (Shipping) Limited and/or Macquarie Securities Group and/or the information sources.

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- (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;
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