



GRINDROD LIMITED REVIEWED RESULTS AND DIVIDEND ANNOUNCEMENT

for the year ended 31 December 2019

Presentation and announcement download
www.grindrod.com > Investor relations



OVERVIEW AND HIGHLIGHTS 2019



| Andrew Waller

2019 - THE YEAR THAT WAS

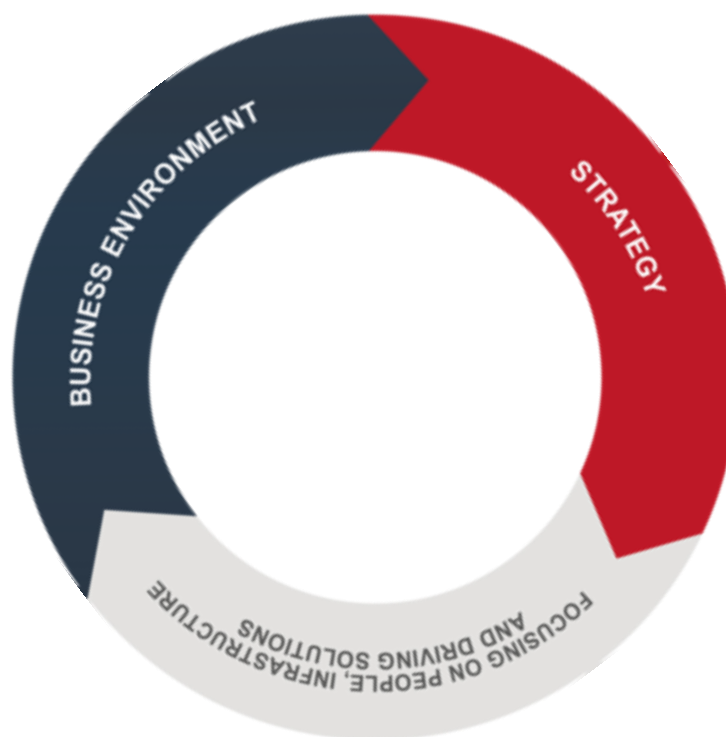
DELIVERING A GROWTH STRATEGY – restoring shareholder value

BUSINESS ENVIRONMENT

Slowing global economy, trade uncertainties weigh on markets, policy uncertainty, mixed sentiment and prudently cautious markets

Sustainable business models, trends and adapting the way we operate

South African domestic and macro economic uncertainty remains high, sensitive to global activity and deteriorating fiscal position



STRATEGY

Driving a corridor approach, securing contracted volumes, building corridor solutions and extending supply chains within the Port, Terminals and Logistics businesses

The Bank is establishing its platform banking offering, and targets lending growth in the SME and property markets

EXECUTING ON GROWTH STRATEGY DURING THE YEAR

UNLOCKING SUB-SAHARAN TRADE CORRIDORS

Port and Terminals

- Incremental additions
- Diversification

Containers

- Expanding capabilities
- Growing current footprint

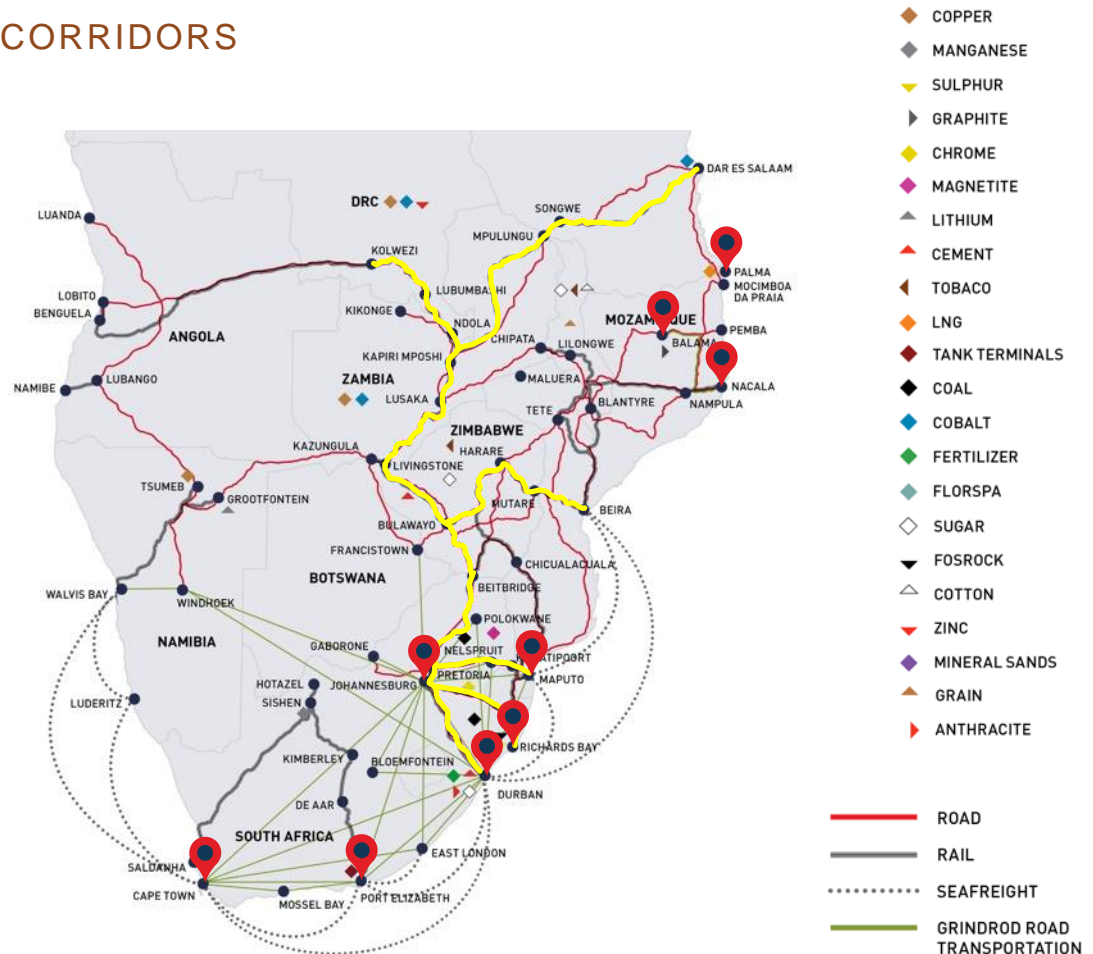
Northern Mozambique

- Nacala - hub for export of graphite from Balama, now includes roadlink distribution of maize and fertiliser to Malawi
- Acquired strategic land in Palma to run reefer enabled Intermodal facility
- Chartering of barges to provide marine logistics solution in Cabo Delgado

North-South Corridor

- 70 locomotives
- Commercial deployment
- Integration of rail partners

PORT AND TERMINALS + LOGISTICS + BANK



EXECUTING ON GROWTH STRATEGY DURING THE YEAR

CREATING SUSTAINABLE RETURNS AND LONG-TERM VALUE FOR SHAREHOLDERS

Bank

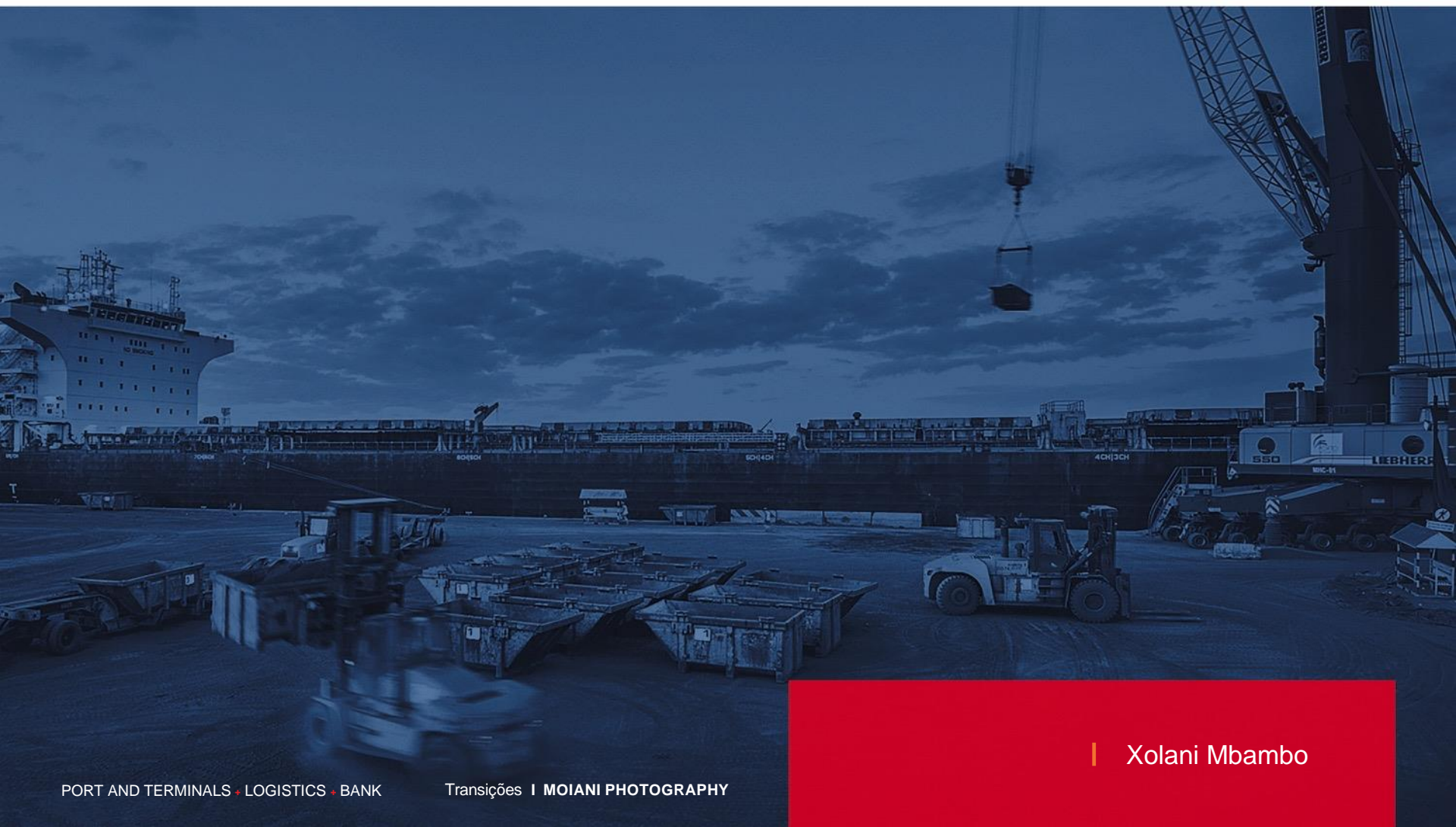
Refreshed board and management

Further capital of R100 million

Investment in technological advancements

Clear delineation of private equity and property private equity from Bank activities

FINANCE PRESENTATION 2019 RESULTS



2019 RESULTS

INCOME STATEMENT – CONTINUING OPERATIONS

Rmillion	2019	2018	VAR (%)	Comments
Revenue	3 873	3 467	12	Additional volumes
Trading profit	1 029	871	18	Improved margin at 27% (2018: 25%)
Depreciation and amortisation	(501)	(462)	(8)	Infrastructure upgrades and additional footprint
Non-trading items	(97)	(483)	80	Debit FCTR release, 2018 is rail impairments
Interest received	156	247	(37)	Prior year includes B-BBEE interest income
Interest paid	(299)	(151)	(98)	Interest on B-BBEE debt, increased facility utilisation
Share of JV earnings	59	204	(71)	
Share of associate earnings	9	8	13	
Earnings before taxation	356	234	52	
Taxation	9	(180)	105	Tax dispensation
NCSI	1	(8)	113	
Preference dividends	(66)	(66)	-	
Earnings / (loss) to ordinary shareholders	300	(20)	1 600	
Effective tax rate – excl. associates and NTI	2	(36)	106	
Average RoE (ZAR : US\$)	14.46	13.23	9	

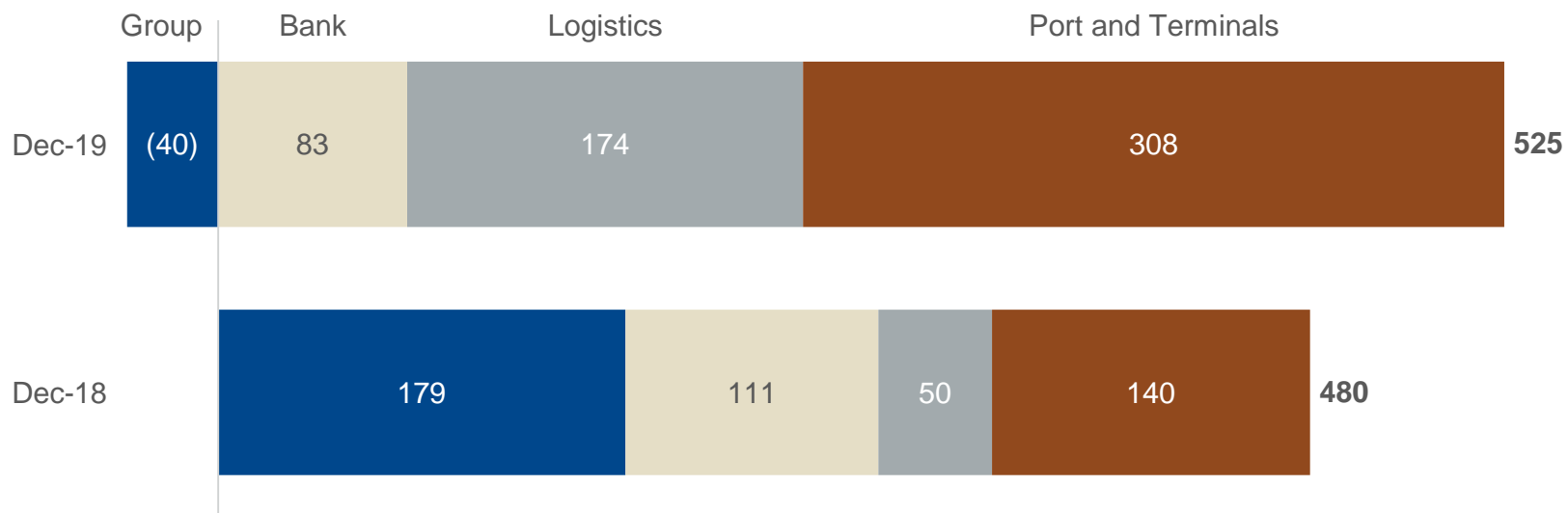
2019 RESULTS

INCOME STATEMENT – JOINT VENTURES

Rmillion	2019	2018	VAR (%)	Comments
Revenue	1 134	945	20	Increased volumes in Terminals
Trading profit	487	574	(15)	2018 included once off fuel concession fee
Depreciation and amortisation	(187)	(191)	2	
Non-trading items	(146)	3	(487)	Ngqura bulk liquid tank terminal project impaired
Interest received	14	7	100	
Interest paid	(83)	(89)	7	
Share of associate earnings	71	62	15	Strong volume growth at Maputo Port
Earnings before taxation	156	366	(58)	
Taxation	(104)	(128)	19	
NCSI	7	(34)	121	
Earnings to ordinary shareholders	59	204	(72)	
ETR – excl. associates and NTI	45	41	(10)	Deferred tax credit not recognised
Average RoE (ZAR : US\$)	14.46	14.23	2	

2019 RESULTS

HEADLINE EARNINGS - 2019



2019 RESULTS

INCOME STATEMENT – DISCONTINUED OPERATIONS

Rmillion	2019	2018	VAR (%)	Comments
Revenue	-	1 882	(100)	2018 included Shipping to June 2018
Trading profit	-	226	(100)	2018 included Shipping to June 2018
Non-trading items	(730)	2 575	(109)	Fair value adjustments
Interest received	-	25	(100)	
Interest paid	-	(69)	100	Prior year included Shipping interest
Share of assoc. and JV earnings	22	160	(86)	Agri and Marine Fuel earnings to end of May 2019
(Loss) / earnings before taxation	(708)	2 916	(124)	
Taxation	-	(23)	100	Prior year included Shipping taxation
(Loss) / profit to ordinary shareholders	(708)	2 893	(124)	
Average RoE (ZAR : US\$)	14.46	13.23	9	

2019 RESULTS

STATEMENTS OF FINANCIAL POSITION

Rmillion	Dec 2019	Dec 2018	Comments
Property, plant and equipment	2 962	2 759	Infrastructure upgrades and handling equipment
Intangible assets	773	702	
Investments in associates & JV's	2 441	3 747	Transfer of Marine Fuel and Senwes to NCAHFS
Other assets	2 493	1 934	Fair value adjustments and loans
Current assets	6 233	6 272	
Non-current assets held for sale	986	298	Marine Fuel and Senwes investments held for sale in current year
Liquid assets & s / t negotiable securities	2 479	2 825	Investments realised
Preference shares	1 127	1 041	
Advances to bank customers	8 431	7 997	Increased property lending
Total assets	27 925	27 575	



2019 RESULTS

STATEMENTS OF FINANCIAL POSITION

Rmillion	Dec 2019	Dec 2018	Comments
Shareholders' equity	8 737	9 483	
Interest-bearing borrowings	4 528	4 009	Medium-term debt raised
Customer deposits	11 180	10 506	Deposit inflows from retail and corporate clients
Participatory contributions	1 724	1 717	
Other liabilities	1 756	1 790	
Non-current liabilities held for sale	-	69	
Total equity and liabilities	27 925	27 574	
Net asset value per share	R11.75	R12.85	
Net debt / (cash) : equity ratio (including Bank)	0.00:1	(0.04):1	
Net debt / (cash) : equity ratio (excluding Bank)	0.29:1	0.17:1	



2019 RESULTS

STATEMENTS OF CASH FLOW

Rmillion	2019	2018	Comments
Cash generated from operations	1 019	1 022	
Net interest	(103)	(43)	
Net dividends paid	(134)	31	2018 final, 2019 interim & preference dividend
Taxation paid	(123)	(204)	
Net deposit / (advances)	74	(6 083)	SASSA exit
Capital expenditure on ships	-	(243)	Related to Shipping
Net cash flows from / (utilised in) operating activities	733	(5 520)	
Cash from investing activities	6	99	
Cash flows utilised in financing activities	(608)	(659)	
Net increase / (decrease) in cash	131	(6 080)	

DISCIPLINED CAPITAL ALLOCATION

Positive cash generated
from operations

Existing cash and
facilities >R1 billion

Disposals of non-core
operations

Flexible balance sheet

SUSTAINING
CAPEX

CASH RETURNS TO
SHAREHOLDERS

COMPELLING
GROWTH

Total capex for
Expansion and
replacement

Sustainable
Ordinary dividend
& share buy-back

Targeted
Debt management

DIVISIONAL OVERVIEW

PORT AND TERMINALS



DIVISIONAL OVERVIEW

Volume
growth

8%

PORT

2019 operational highlights

- Improved Port handled volumes
- Record volumes of 21 million tonnes, 8% growth
- Additional handling equipment
- Innovative automated training centres (simulators) to improve operational efficiencies and safety
- Launch of inclusive employment project, Porto+

2020 key focus areas

- Finalise port master plan to guide further development of the Port and its corridors
- Complete expansion - slab 7 and berth rehabilitation



DIVISIONAL OVERVIEW

Volume growth
from H1 2019

28%

TERMINALS

2019 operational highlights

- Matola terminal achieved an average of 730 000 tonnes per month in Q4 2019
 - Additional road hauled volumes
 - Strong iron ore pricing
- Car terminal improved performance
 - Favourable volume mix
 - Higher storage revenue
- Walvis Bay outperformed prior year due to additional copper and coal volumes
- Subdued performance in Richards Bay due to poor volumes

2020 key focus areas

- Maintain peak performance and continue diversification
- Execute on key customer contract - secured for five year period
- Progress the restructuring of Richards Bay
- Drive project related cargo to increase asset utilisation in Maputo



PORT AND TERMINALS CAPACITY AND UTILISATION

ENHANCING CAPITAL RETURNS

Terminals	H1 2019	H2 2019	Change %	2019	2018	Change %	Annual capacity
Drybulk (tonnes)	4 416 107	5 666 468	28%	10 882 575	9 975 367	1%	15 150 000
Matola Terminal ¹	2 323 657	3 575 027	54%	5 898 684	5 193 647	14%	7 300 000
Richards Bay	1 571 370	1 473 330	(6%)	3 044 700	3 668 909	(17%)	6 100 000
Walvis Bay	196 318	204 534	4%	400 852	303 595	32%	550 000
Maputo Terminal ^{1,2}	324 762	413 577	27%	738 339	809 216	(9%)	1 200 000
Port of Maputo ³	9 332 435	11 733 017	26%	21 065 452	18 211 155	8%	-

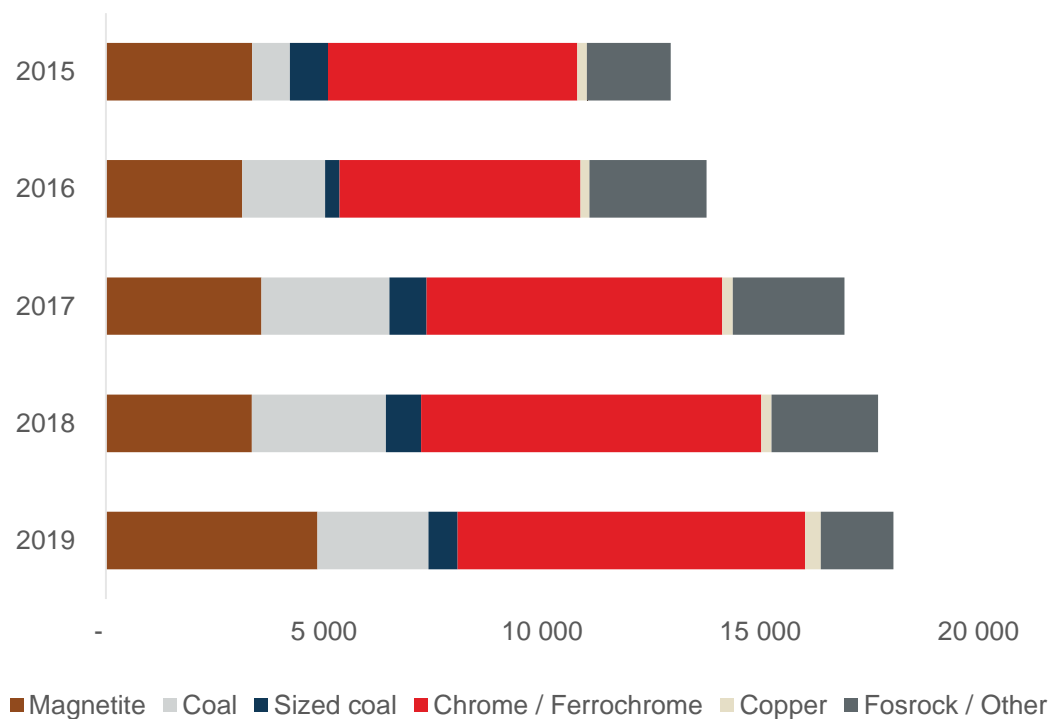
¹ Physical tonnage, excluding take or pay volumes.

² Annual capacity is scalable to four million tonnes.

³ Includes volumes of Matola Terminal and Maputo Terminal.

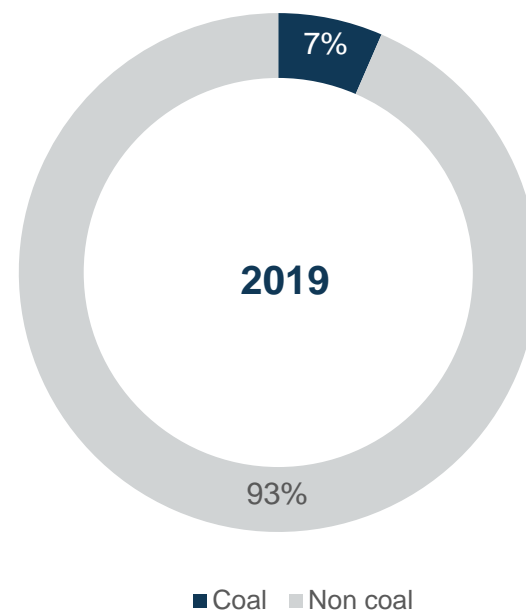
PORT AND TERMINALS COMMODITIES MIX

DIVERSIFIED VOLUMES HANDLED



Note: Includes Terminals and Port own handled volumes. Volumes at 100%

MANAGEMENT EBITDA ANALYSIS



DIVISIONAL OVERVIEW

LOGISTICS



DIVISIONAL OVERVIEW

SEAFREIGHT, INTERMODAL, CLEARING AND FORWARDING AND AGENCY

2019 operational highlights

- Increased containers handled to over 500 000 TEU
- Two additional ships chartered on the coast
- Footprint expansion – now 600 000m²
- Extended the agency service offering with the integration of marine technology and engineering
- Broader agency reach with expansion in Asia and into China

2020 key focus areas

- Form an integral part of the shipping lines supply chain
- Secure additional storage and terminal-handling facilities – targeting 750 000m²
- Ensure sustainability of efficiencies generated in 2019

DIVISIONAL OVERVIEW

NORTHERN MOZAMBIQUE

2019 operational highlights

- Expand the corridor from strong base:
 - Nacala - 200 employees, 65 trucks and 61 000m² with 10 000m² under cover and full workshop
 - Extended the Balama contract out to ten years
 - Road transportation for fertilizer and grains between Nacala and Malawi provided
 - First containers by road to Palma
 - Deployed a barge for critical supplies into Palma
 - Sourced two more vessels for deployment into Palma – expected March 2020
 - Developing Palma Intermodal depot equipped with reefer points
 - Deployed experienced senior team into the region

2020 key focus areas

- Deliver freight into the Palma region
- Develop regular Malawi logistics service

DIVISIONAL OVERVIEW

NORTH-SOUTH CORRIDOR

2019 operational highlights

- Locomotives fleet at 83% deployment in the region
- Secured 740 000 tonnes of local and transit cargo
- Recovered 24 locomotives - the combined fleet 70 locomotives
- Positive interactions with customers and rail partners

2020 key focus areas

- Ring fencing train sets to drive effective corridor management
- Align all parties on the corridor

DIVISIONAL OVERVIEW

BANK

DIVISIONAL OVERVIEW

BANK

2019 operational highlights

- Further capitalisation of R100 million in June
- Advances increased 5.4% to R8.4 billion (December 2018 R8.0 billion) due to increased lending offset by higher than usual attrition
- Deposits increased 6.4% to R11.2 billion (December 2018: R10.5 billion)
- Cash liquidity at December 2019 R3.6 billion
- Upgrade of credit rating to A-
- Further investment in technology advancements and governance pushing up cost base
- Improved regulatory compliance
- BEE transformation at all levels especially at Board and Senior Management

2020 key focus areas

- Introduction of new B-BBEE strategic partners to support growth
- Continue focused lending
- SME banking growth
- Positioning of “platform banking” offering

DIVISIONAL OVERVIEW

NON-CORE



DIVISIONAL OVERVIEW

NON-CORE

2019 operational highlights

- Private equity investments management separated from bank activities
- Senwes divestment in progress
- Marine Fuels sale in progress
- NWK sale complete

2020 key focus areas

- Private equity structured exit over three years
- Disposal of Marine Fuels and remaining Agri business

STRATEGIC OUTLOOK GRINDROD



DELIVERING A GROWTH STRATEGY IN A DYNAMIC WORLD

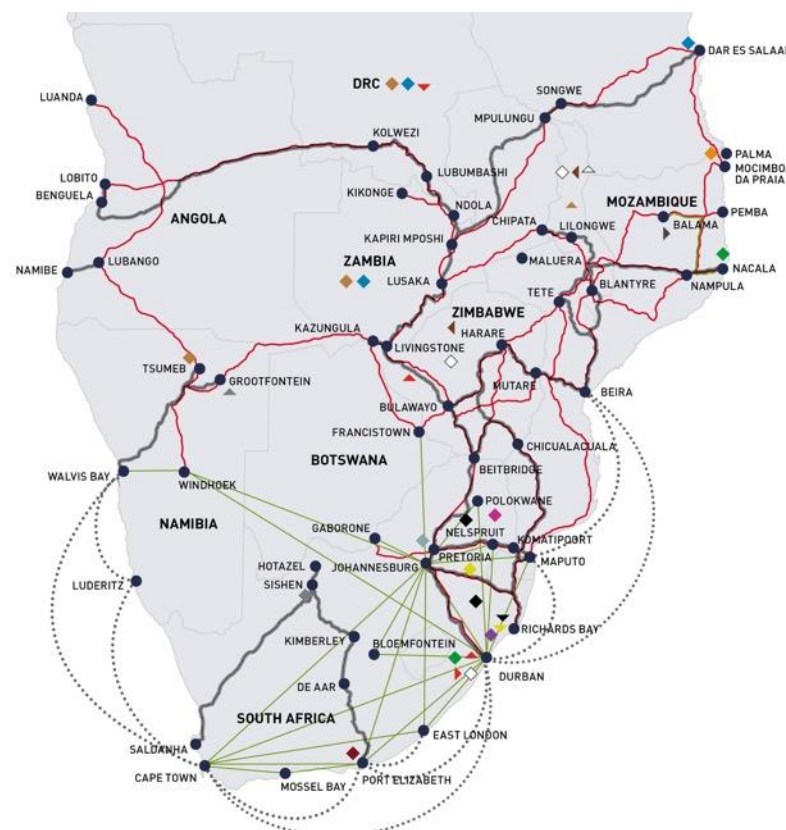
DELIVERING A GROWTH STRATEGY – restoring shareholder value

BUSINESS ENVIRONMENT

Active involvement in South Africa and Mozambique

Mineral and gas outlook

Covid-19



STRATEGY

Port and Terminals - incremental additions and diversification

Containers expanding capabilities – growing current footprint and seafreight

Northern Mozambique

North-South Corridor

Bank build up retail platform offering off solid deposit and lending base

Divest of Senwes, Marine Fuels and private equity

Utilise proceeds to buy back shares

Thank you
