



GRINDROD LIMITED

ADDITIONAL INFORMATION FOR ANALYSTS

for the year ended 31 December 2016



MANAGEMENT SEGMENTAL BALANCE SHEETS

AS AT 31 DECEMBER 2016

R000	FREIGHT SERVICES	SHIPPING	FINANCIAL SERVICES	GROUP	TOTAL GROUP
Fixed assets	2 709 114	6 556 746	202 559	63 857	9 532 276
Other assets	3 474 344	534 678	940 904	551 839	5 501 765
Current assets excluding cash, liquid assets and advances	2 398 447	1 639 798	462 282	2 124 922	6 625 449
TOTAL ASSETS	8 581 905	8 731 222	1 605 745	2 740 618	21 659 490
Equity	(4 539 193)	(5 043 697)	(892 427)	(4 600 749)	(15 076 066)
Preference share capital	(148 010)	–	(490 000)	(101 990)	(740 000)
Net debt (including cash)	(1 089 782)	(2 232 873)	38 384	2 014 552	(1 269 719)
Non-current liabilities	(217 879)	(96 230)	(84 615)	(7 788)	(406 512)
Current liabilities	(2 587 041)	(1 358 422)	(177 087)	(44 643)	(4 167 193)
TOTAL EQUITY AND LIABILITIES	(8 581 905)	(8 731 222)	(1 605 745)	(2 740 618)	(21 659 490)



OTHER SEGMENTAL INFORMATION

AS AT 31 DECEMBER 2016

R000	FREIGHT SERVICES	SHIPPING	FINANCIAL SERVICES	GROUP	SEGMENTAL ADJUSTMENTS	TOTAL GROUP
Depreciation and amortisation	(368 465)	(476 620)	(5 901)	(176)	-	(851 162)
Net interest	(57 953)	(103 586)	(29 356)	155 743	-	(35 152)
Preference dividend	(20 505)	-	(43 149)	(4 316)	-	(67 970)



SEGMENTAL ANALYSIS

AS AT 31 DECEMBER 2016

Additional information for analysts - Segmental Income statement

for the year ended 31 December 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
Revenue		
Freight Services	3 846 303	5 059 813
Shipping	20 585 634	22 058 351
Financial Services	492 216	452 756
Group	6 389	424 499
Segmental adjustments	24 930 542 (15 898 759)	27 995 419 (17 803 050)
Freight Services	(794 873)	(1 310 602)
Shipping	(15 103 886)	(16 492 448)
	9 031 783	10 192 369
Earnings/(loss) before interest, taxation, depreciation and amortisation		
Freight Services	458 356	837 685
Shipping	(82 999)	662 177
Financial Services	303 213	255 011
Group	11 851	(7 415)
Segmental adjustments	690 421 (221 098)	1 747 458 (648 558)
Freight Services	(252 992)	(349 172)
Shipping	31 894	(299 386)
	469 323	1 098 900
Operating profit/(loss) before interest and taxation		
Freight Services	89 891	438 528
Shipping	(559 619)	169 473
Financial Services	297 312	250 318
Group	11 675	(12 159)
Segmental adjustments	(160 741) 46 003	846 160 (422 742)
Freight Services	(131 613)	(245 771)
Shipping	177 616	(176 971)
	(114 738)	423 418
Share of associate companies' profit/(loss) after taxation		
Freight Services	20 604	71 879
Shipping	20 604	71 879
Segmental adjustments***	-	781
Freight Services	-	781
	20 604	72 660
Profit/(loss) attributable to ordinary shareholders		
Freight Services	(1 239 856)	(108 994)
Shipping	(928 411)	(1 495 674)
Financial Services	171 006	164 662
Group	89 566	13 533
Segmental adjustments*	(1 907 695)	(1 426 473)



LEGAL NET DEBT BREAKDOWN

AS AT 31 DECEMBER 2016

	Including Financial Services	Excluding Financial Services
R million	Net Debt	Net Debt
Loans and advances to bank customers	5 855	–
Liquid assets and short-term negotiables	1 801	–
Bank and cash	9 478	2 052
Bank and cash included in non-current assets held for sale	98	98
Long-term loans	(2 227)	(1 423)
Deposits from bank customers	(13 610)	–
Current portion of long-term loans	(825)	(634)
Short term borrowings and overdraft	(275)	(272)
Interest bearing debt included in non-current liabilities held for sale	(668)	(668)
Net debt	(373)	(847)



FREIGHT SERVICES

CONTRIBUTION BY BUSINESS UNIT

Please note that these KPIs are as per Management Structure (JV's proportionally consolidated line by line and e.g. revenue will be higher than revenue in the legal structure (where JVs are added as a one line item)

Freight Services	2016	2015
Revenue	3 846	5 060
EBITDA	458	838
Operating income	90	439
Attributable income	(1 240)	(109)
Operating Margins (%)	2	9

Port, Terminals and Rail	2016	2015
Revenue	1 954	2 360
EBITDA	222	460
Operating income	25	260
Earnings before NTI ¹	(121)	111
Attributable income	(1 289)	(174)
Operating margin (%)	1	11

Logistics	2016	2015
Revenue	1 892	2700
EBITDA	236	378
Operating income	65	179
Earnings before NTI ¹	54	118
Attributable income	49	65
Operating margin (%)	3	7

¹Earnings before non-trading items (NTI)



FLEET OVERVIEW

(OWNED AND LONG-TERM CHARTERED SHIPS)

Contracted in at 31 December 2016		Bulk carriers			Tankers		Total
		Handysize	Supramax	Capesize	Medium-range	Small	
2017	Number (average)	16.7	9.0	1.7	9.5	3.7	40.6
	Cost (US\$/day)	8 200	12 400	10 500	14 300	12 200	11 000
2018	Number (average)	15.2	8.5	0.2	9.3	3.5	36.7
	Cost (US\$/day)	8 500	12 200	10 500	14 600	12 400	11 300
2019	Number (average)	14.5	7.8	–	8.5	3.5	34.3
	Cost (US\$/day)	8 600	12 200	–	14 700	12 700	11 400
Current fleet		15.5	8.7	2.0	10.5	4.5	41.2
2017		–	0.3	(1.0)	(1.0)	(1.0)	(2.7)
2018		(1.0)	(1.0)	(1.0)	(1.0)	–	(4.0)
2019		–	(1.0)	–	–	–	(1.0)
Fleet at end of 2019		14.5	7.0	–	8.5	3.5	33.5

Charter option extensions and purchase options on 1 Handysize bulk carrier, 1 Supramax bulk carrier, 1 Capesize bulk carrier are not included in the above numbers as they are not contracted.



SHIPPING – CONTRACT COVER

Contracted at 31 December 2016		Bulk carriers			Tankers		Total
		Handysize	Supramax	Capesize	Medium-range	Small	
2017	Number (average)	3.4	5.3	0.3	2.0	1.0	12.0
	Revenue (US\$/day)	6 600	10 700	7 700	20 000	12 200	11 200
2018	Number (average)	–	2.0	–	1.0	–	3.0
	Revenue (US\$/day)	–	11 200	–	22 200	–	14 900
2019	Number (average)	–	2.0	–	1.0	–	3.0
	Revenue (US\$/day)	–	11 200	–	22 200	–	14 900

Contract profits	% of fleet fixed	Charters (US\$ million)
2017	29	0.1
2018	9	1.3
2019	10	1.3

Note : Variable volume contracts have been included at forecast volumes and rates. Most contracts are index linked and the rates forecast is based on the market at December 2016 and will fluctuate if the market changes



SHIPPING : ANALYSIS OF 2016 EARNINGS

	Bulk carriers			Tankers		2016	2015	%
	Handysize	Supramax	Capesize	Medium-range	Small	Total	Total	
Average number of owned / long-term chartered ships	17.7	7.1	2.0	10.1	4.5	41.4	36.3	
Average daily revenue (US\$)	4 900	7 800	13 200	14 400	12 700	9 000	11 500	(22)
Average daily cost (US\$)	8 000	12 120	21 700	14 000	12 100	11 300	12 500	10
(Loss)/profit (US\$ million)	(20.0)	(11.5)	(6.2)	1.5	1.1	(35.1)	(13.2)	(166)

(US\$ millions)		
Profit from ship operating activities	17	30
Marine Fuels	(9)	8
Profit from ship sales /charter terminations	(1)	2
Overheads	(14)	(17)
(Loss)/profit share on earnings	(1)	(4)
Funding costs/taxation	-	2
Foreign exchange	(1)	2
(Loss)/profit before unusual items	(44)	10
Impairments/Amortisations	(17)	(101)
Provision for onerous contracts	(3)	(4)
	(64)	(95)



CAPITAL PROJECTS UPDATE



NGQURA LIQUID-BULK TERMINAL STORAGE

• OPPORTUNITIES

- Phase 1: development of 150 000 - 180 000 m³ storage capacity, according to demand
- 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

- Achieving fundable business case

• MILESTONES

- BOOT signed with Transnet – Dec 2016
- Revised tariff application to NERSA – Dec 2016

• PLANNED TIMELINES

- NERSA tariff – In progress
- Customer contracts signed – June 2017
- Engineering and works procurement – September 2017
- Financial close – September 2017
- Construction start – October 2017
- Commissioning & operational start – September 2019

Total capex	Est. R2.1 billion
Timeline	Complete Quarter 3, 2019
Grindrod shareholding	30.5%



MAPUTO PORT DREDGING PROJECT

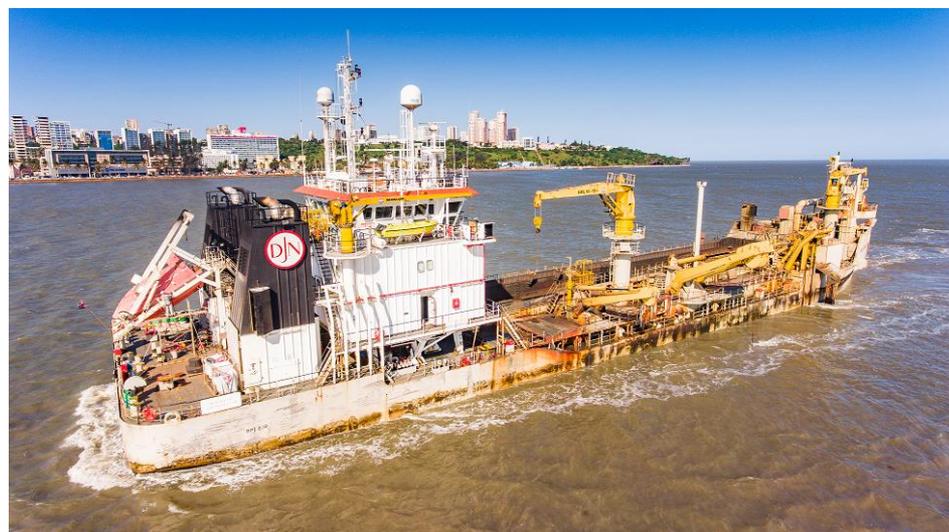
- **OPPORTUNITIES**

- Dredge caters for fully laden Panamax vessels with sailing draft of 14.2 metres
- Increased competitiveness via lower freight rates

- **MILESTONES**

- Government grant via a portion of its concession fee income (since March 2015) to assist with funding
- Dredging contract completed two months early in January 2017
- Funding secured via commitments from two local Mozambican banks together with shareholder and MPDC support
- Payments made to end of January 2017 of US\$67 million (79%)

Total capex (TBC through tender)	Est. US\$87 million
Timeline	Completed January 2017
Grindrod shareholding	25.5%



MATOLA TERMINAL – BERTH DEEPENING & DREDGING

- **OPPORTUNITIES**

- Berth deepening and quay offset project aligned to the Port channel dredge project
- Enable unrestricted accommodation of larger post-Panamax vessels

- **CHALLENGES**

- Current cargo volumes and tariff handling fees

- **MILESTONES**

- Berth deepening completed – December 2016
- Project 34% complete at end January 2017 (capex spend of US\$6.5 million)
- Operational shut of the terminal aligned to rail shut – scheduled for June / July 2017

Total capex (berth deepening)	Est. US\$19 million
Timeline	Complete August 2017
Grindrod shareholding	65%



NACALA INTERMODAL TERMINAL

- **OPPORTUNITIES**

- Further expansion to accommodate growth of Nacala corridor
- Base for supporting gas developments in future

- **CHALLENGES**

- Economic and financial challenges in Mozambique

- **MILESTONES**

- Acquisition of controlling share in existing container depot complete
- Final contract and negotiation of commercial arrangements with mineral export customer being concluded

Nacala Intermodal Terminal

Total capex	US\$2.5 million
Timeline	Full operational
Grindrod shareholding	75%

Future Logistics Development

Total capex	US\$21 million
Timeline	Full operation Q1 2018
Grindrod shareholding	100%



ADDITIONAL MARKET OUTLOOK



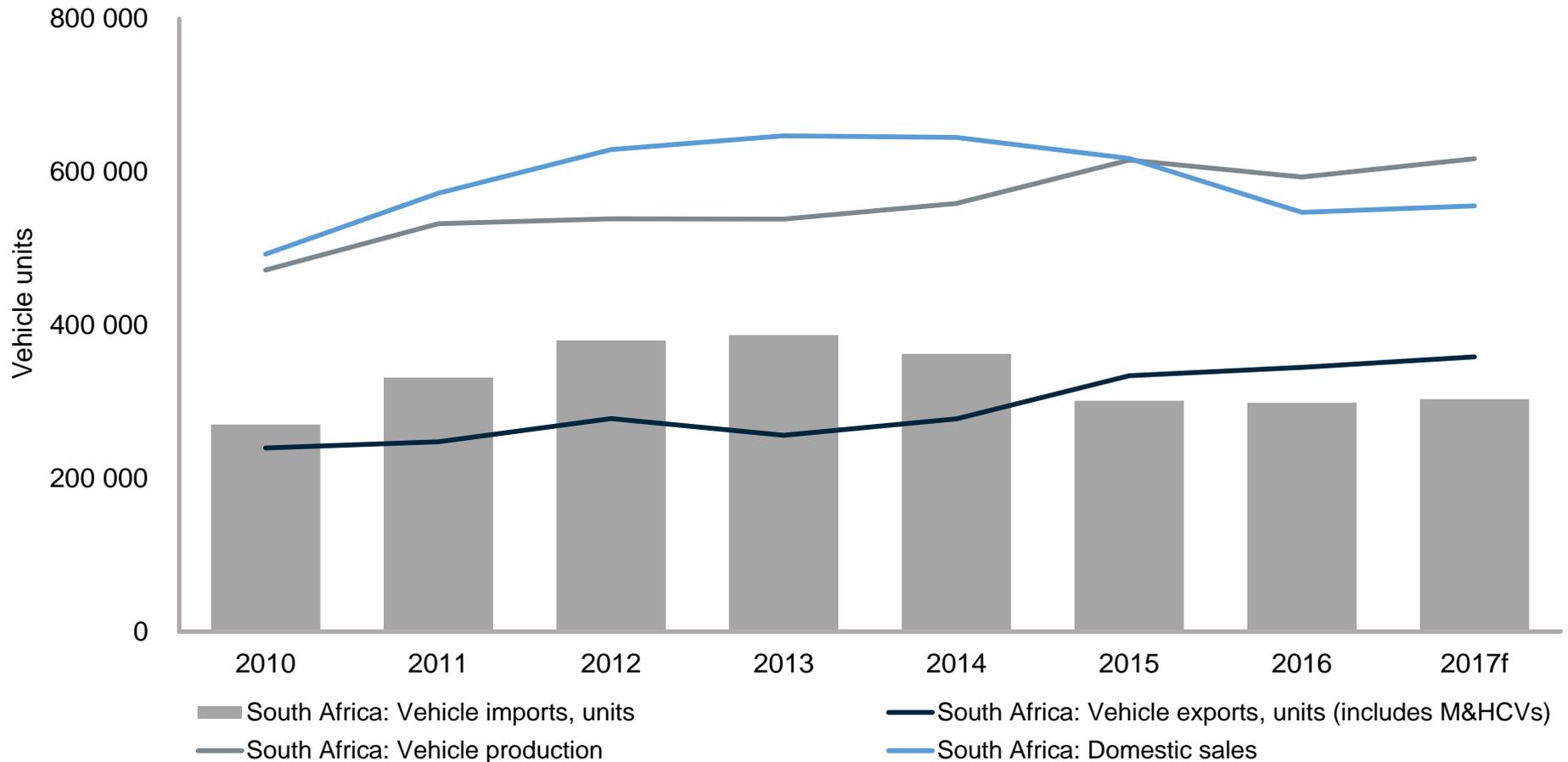
SOUTH AFRICAN NATIONAL PORT VOLUMES - 2016

TEUs	2016	2015	Volume	Variance %
Deep sea landed full	1 407 795	1 471 927	(64 132)	(4)
Deep sea landed empty	263 078	297 571	(34 493)	(12)
Deep sea shipped full	1 077 362	1 096 822	(19 460)	(2)
Deep sea shipped empty	544 838	665 984	(121 146)	(18)
Total	3 293 073	3 532 304	(239 231)	(7)

Source: Transnet National Ports Authority, December 2016



AUTO INDUSTRY SECTOR – SOUTH AFRICA



f = BMI forecast

Source: Automotive News Europe, NAAMSA, BMI forecasts, January 2017



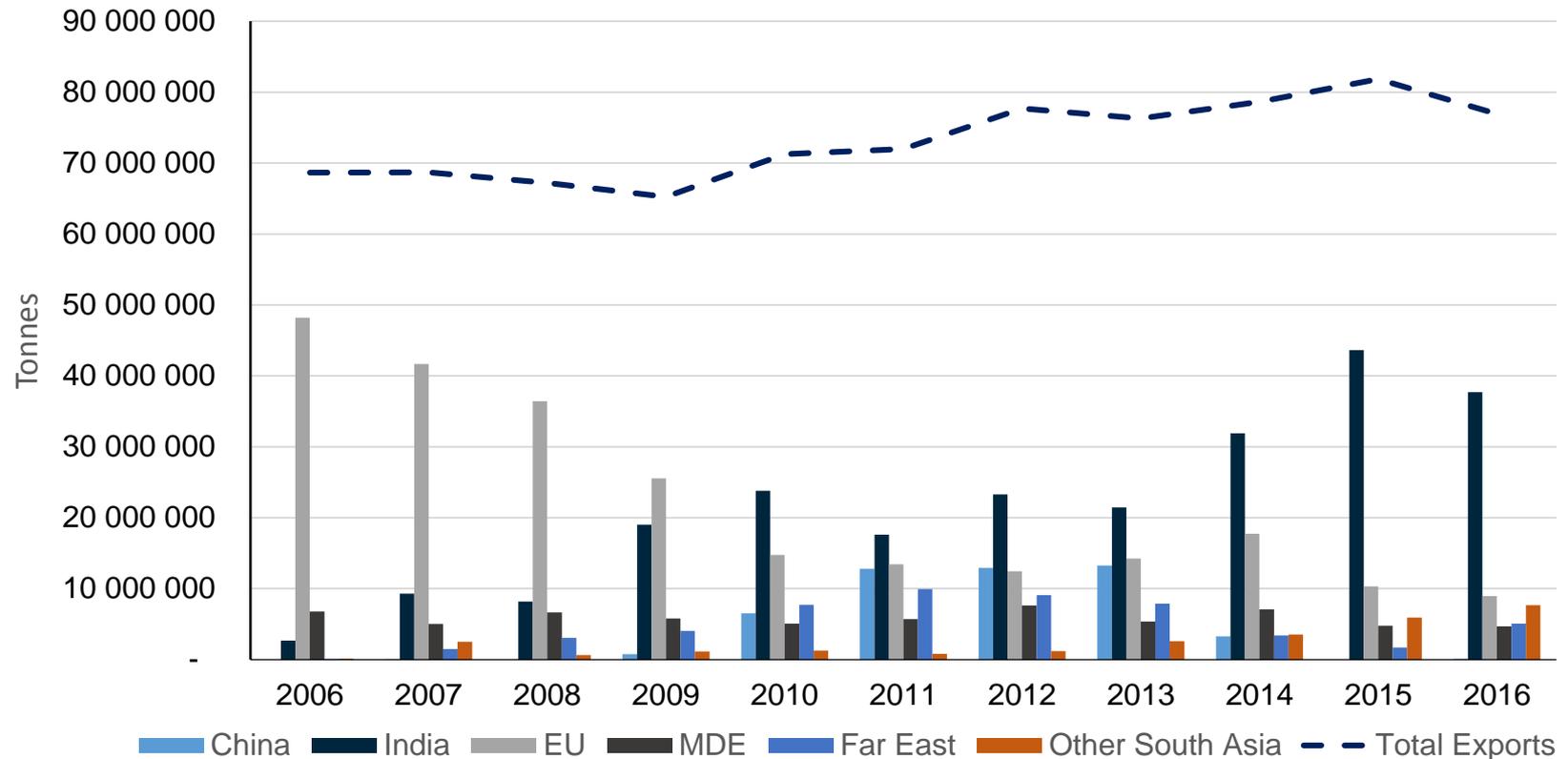
SA MOTOR INDUSTRY SALES

	Domestic sales			Export sales		
	2016	2015	2014	2016	2015	2014
January	48 615	52 306	53 025	13 057	16 708	13 960
February	48 149	52 368	51 814	29 308	29 760	21 819
March	47 631	55 459	55 503	27 714	34 147	24 665
April	40 390	44 503	46 073	32 856	23 615	16 810
May	42 907	47 868	49 465	33 676	33 411	15 613
June	44 939	50 251	53 013	30 965	31 442	24 024
July	44 883	54 112	57 670	29 042	28 291	22 773
August	46 146	51 055	55 722	35 620	28 069	25 027
September	47 399	55 322	60 854	32 876	35 181	30 778
October	48 745	54 244	59 384	30 718	27 732	32 169
November	46 413	51 256	51 098	31 508	28 112	28 021
December	41 639	49 250	51 461	18 668	17 391	21 833
	547 856	617 994	645 082	346 008	333 859	277 492

Source: NAAMSA, January 2017



SOUTH AFRICAN COAL EXPORTS - YEARLY COAL EXPORTS 2006-2016

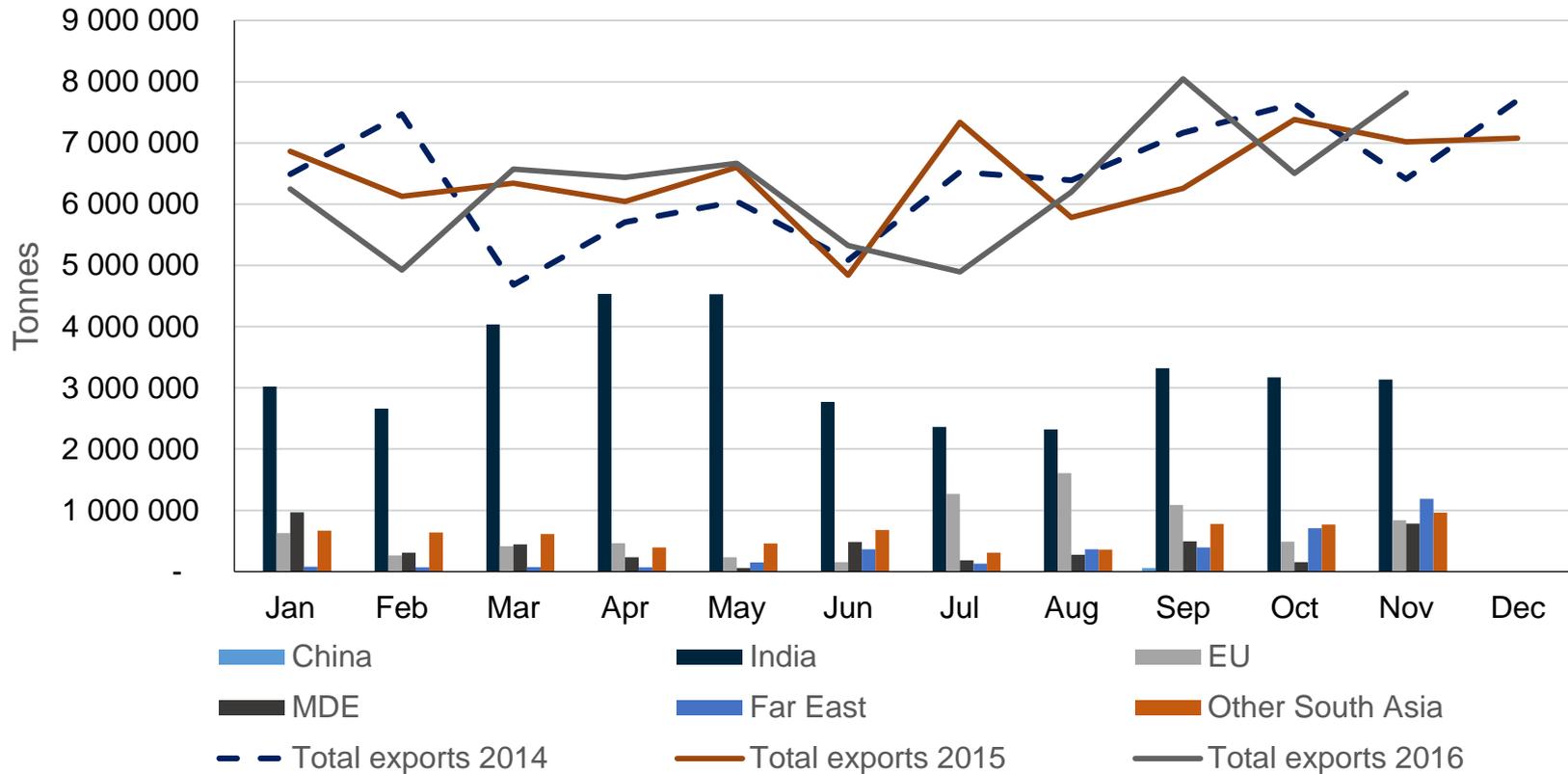


*MDE (Turkey, Israel, Egypt, Ukraine), Far East (South Korea, Malaysia, Taiwan, Vietnam), Other South Asia (Pakistan, Sri Lanka, Bangladesh)

Source: ITC Trademap, February 2017



SOUTH AFRICAN COAL EXPORTS - MONTHLY COAL EXPORTS 2016

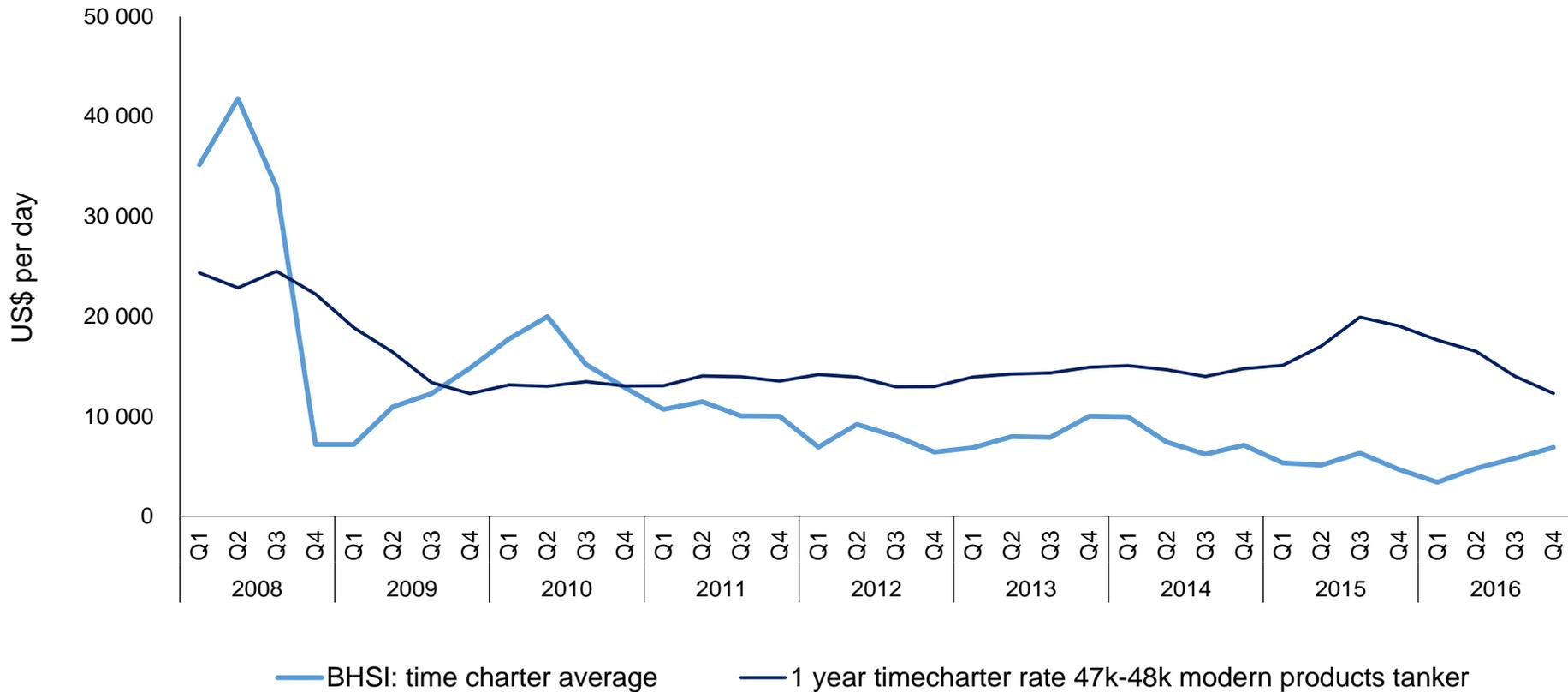


*MDE (Turkey, Israel, Egypt, Ukraine), Far East (South Korea, Malaysia, Taiwan, Vietnam), Other South Asia (Pakistan, Sri Lanka, Bangladesh)

Source: ITC Trademap, February 2017



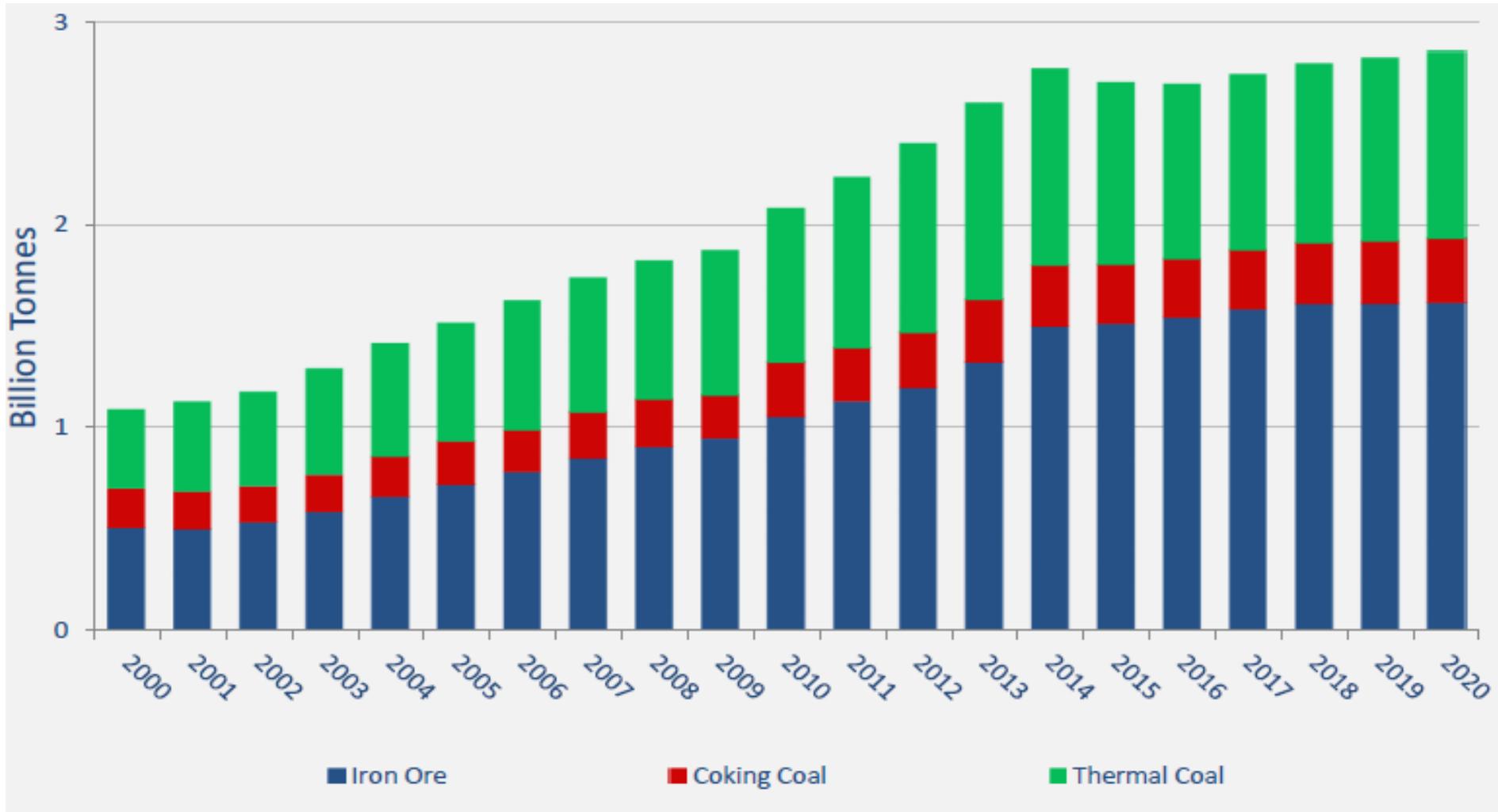
HANDYSIZE BULK CARRIER AND PRODUCTS TANKER TIME CHARTER RATES



Source: Clarksons Research (Shipping Intelligence Network), January 2017



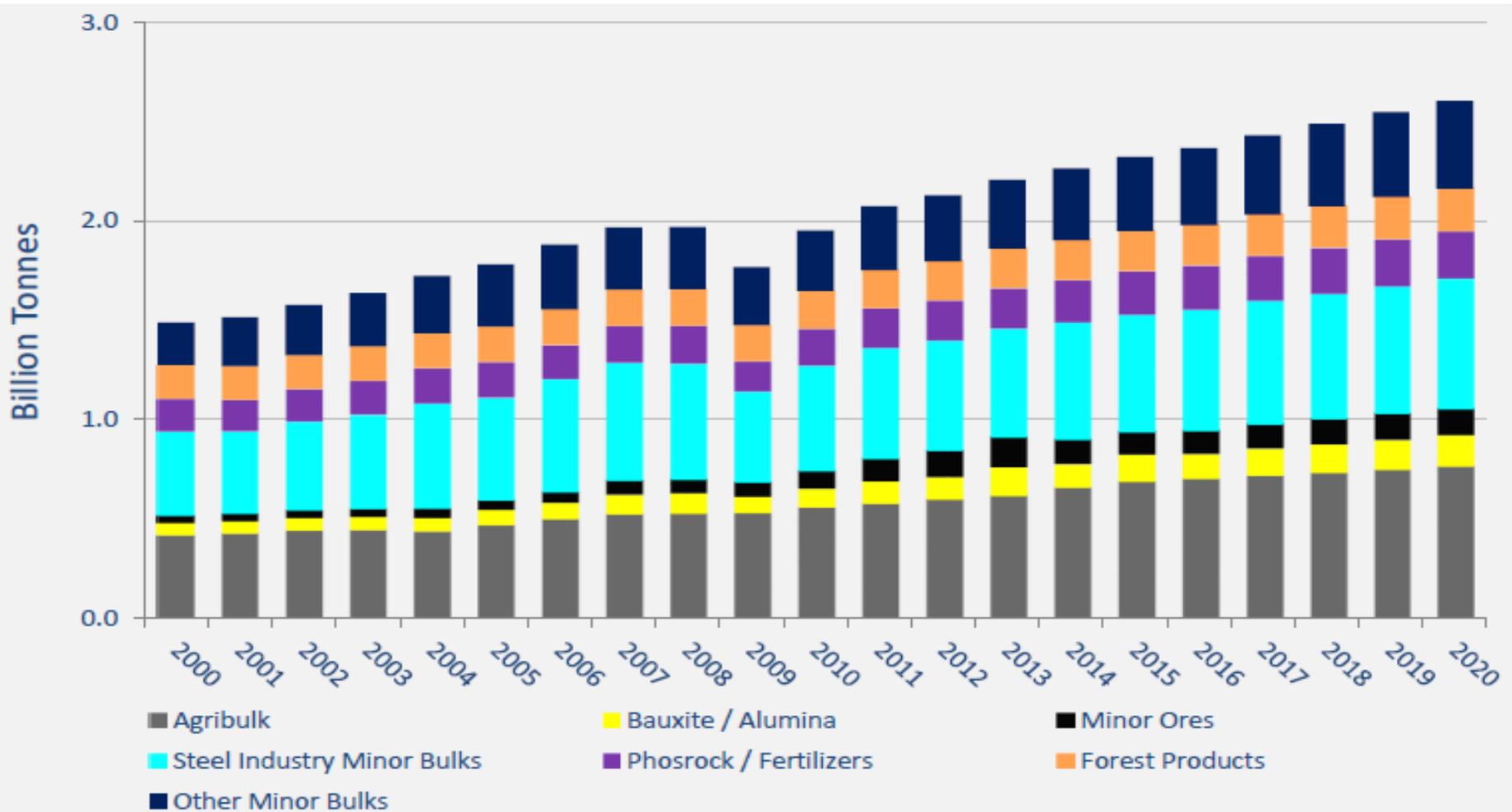
MAJOR DRY-BULK TRADE GROWTH



Source: Braemar ACM Research, 6 October 2016



MINOR DRY-BULK TRADE GROWTH



Source: Braemar ACM Research, 6 October 2016



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GRINDROD LIMITED

FINANCIAL + FREIGHT + SHIPPING