

GRINDROD LIMITED
PROVISIONAL REVIEWED RESULTS AND DIVIDEND ANNOUNCEMENT

for the year ended 31 December 2020



2020

Grindrod Limited

Provisional reviewed results and dividend announcement for the year ended 31 December 2020

OPERATIONAL HIGHLIGHTS

- Grindrod's core businesses, Port, Terminals, Logistics and the Bank, delivered robust performance
- The Group's agility and strategy focusing on the corridor approach has enabled these businesses to report strong earnings
- Port demonstrated resilience and a commendable recovery in the second half with improvements in trucking activity and railway efficiencies into Mozambique
- Terminals results boosted by the weaker US dollar with the Matola terminal delivering improved tariffs and cost management
- The Seafreight and landside container business reported increased profitability due to increased shipping activities, buoyant citrus season and strong mineral volumes
- Grindrod's presence in Northern Mozambique as a key logistics corridor player in the liquefied natural gas (LNG) project has yielded positive results
- Northern Mozambique service offering expanded to operate seven vessels, transport, shore side equipment and stevedoring to provide effective supply chain solutions to the region
- Railco merger to secure commercial deployment completed
- Grindrod Bank delivered a profitable result in a challenging market

FINANCIAL HIGHLIGHTS

- Revenue from core operations (inclusive of joint ventures) of R4.7 billion (2019: R4.8 billion)
- R1.4 billion in trading profit (inclusive of joint ventures) from core operations
- Increased total earnings from core operations of R329.4 million (2019: R316.0 million)
- Net asset value per share of 1 075 cents
- Net debt to equity, (excluding Grindrod Bank and IFRS 16 lease liabilities) of 26%

BUSINESS REVIEW

Grindrod's core businesses performance was robust during the 12 months ended 31 December 2020 ("the period"). Port, Terminals and Logistics businesses recovered well in the second half of the financial year. The Group's agility and strategy focusing on the corridor approach have enabled these businesses to report good earnings.

Port and Terminals

Overall Ports and Terminals matched its 2019 earnings before interest, tax, depreciation and amortisation, despite the volume decline across the businesses mainly due to the weaker Rand.

Maputo Port achieved earnings growth of 18% on 2019 as it benefited from a weaker Rand against the US dollar, offsetting the impact of the 13% decline in volumes to 18.4 million tonnes. The port demonstrated resilience and a commendable recovery during the last quarter of the year with improvements in daily trucking activity into Mozambique and railway efficiencies. Work continues to ensure that this performance is sustained.

Matola Terminal's improved tariffs and cost management mitigated the decline in volume. The terminal achieved 5.5 million tonnes, with 10% higher volumes in the second half of the financial year compared to the first half.



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Logistics

The coastal shipping, container depots and multi-purpose terminal businesses achieved earnings growth of 15% on 2019. This was on the back of increased shipping activities, buoyant citrus season and strong mineral volumes. The business continues to focus on expanding its footprint in line with customer demand.

Grindrod's presence in Northern Mozambique as a key logistics corridor player in the liquefied natural gas (LNG) project development has yielded positive results. The service offering has expanded to operate seven vessels, transport, shoreside equipment and stevedoring to provide effective supply chain solutions to the region. Development of the Intermodal facility at Palma is expected to be completed in the first half of 2021. Overall, the business reported 13% earnings growth for the period.

The clearing and forwarding business, delivered healthy earnings growth of 83% due to extensive work on both existing and new contracts. The ships agency business, turned its performance around, achieving positive earnings for the period from a loss position in 2019.

Rail Logistics' profitability declined due to force majeure calls on Mozambican and South African contracts during the period resulting from the temporary restrictions on mine operations and the transportation of non-essential cargo, reduced leasing rates and deployment. The Rail concession business focused on cost reduction and restructuring initiatives. The focus remains on securing deployment opportunities of the low-cost asset base.

The road transportation businesses were impacted by the decline in domestic fuel consumption and new vehicles sales. Major restructuring has been implemented across the business units.

Bank

Grindrod Bank delivered a profitable result in a challenging market. The Bank focused on its client relationships and quality lending during the period ensuring it retained a strong capital position and liquidity throughout the period. At year-end the advances have been appropriately assessed to ensure that adequate provisioning is in place. Advances at R8.0 billion were 8% up on 2019 whilst core deposits saw a decrease of 8% on 2019. Grindrod Bank remains profitable, well capitalised and liquid. Grindrod Bank continues to focus on platform banking solutions and SME strategies.

Private equity and Property

The private equity portfolio consists of private and property equity investments and loans provided to Kwa Zulu Natal ("KZN") North Coast property companies.

A single transaction to dispose of a significant part of the private equity and property portfolio and the loans to the KZN North Coast property companies had progressed to an advanced stage during the period. Regrettably the transaction fell through during December 2020. Assessment of the carrying value at year-end, in the absence of the transaction, is based on the underlying collateral and the Board's continued intention to dispose of the investments.

Results include impairments and fair value losses on the private and property equity portfolio of R329.9 million. The carrying value of these investments, after impairments and fair value losses is R1.5 billion. Further, on the KZN North Coast property loans, impairments, and fair value losses of R161.9 million were recognised. The carrying value of these loans after impairments and fair value losses is R1.0 billion. The portfolio remains subject to a disposal process. The disposal plan seeks to realise the value of individual investments rather than a disposal through a single transaction.

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Marine Fuels and Agricultural Logistics

Whilst the sale of the Agricultural investments has been executed, pending the fulfillment of certain conditions, the sale process with regards to the Marine Fuels investment has been delayed and is no longer highly probable in the short term. As a result, the accounting standards require the business results to be reclassified into continuing operations resulting in a restatement of the prior period results.

The Marine Fuels business generated headline profits of US\$4.1 million. All goodwill, being US\$6.6 million, has been impaired at year-end resulting in a carrying value of US\$28.5 million. Marine Fuels does not form part of the long-term strategy of the Group and therefore management remains committed to an exit.

Group and other

Results included a mark-to-market loss of R82.3 million on Grindrod Shipping Limited shares due to a decline in the listed share price. The share price has lifted since the year-end.

Balance sheet, cashflow and debt

The Group generated positive cash from operations of R871.1 million (2019: R1 019.2 million). Net debt to equity excluding Grindrod Bank and IFRS 16 lease liabilities is 26% (2019: 16%) as at 31 December 2020.

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CONDENSED CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2020

	Reviewed 31 December 2020 R'000	Reviewed 31 December 2019 R'000*
Revenue	3 751 156	3 834 459
Trading profit before expected credit loss and depreciation and amortisation**	546 868	1 096 927
Expected credit loss***	(213 283)	(560 486)
Depreciation and amortisation	(526 299)	(501 468)
Operating (loss) / profit (before interest and taxation)	(192 714)	34 973
Non-trading items	(194 479)	(335 353)
Interest received	116 488	157 343
Interest paid	(326 292)	(299 201)
Loss before share of joint venture and associate companies' profit	(596 997)	(442 238)
Share of joint venture companies' profit / (losses) after taxation	285 303	(141 221)
Share of associate companies' profit after taxation	20 439	24 180
Loss before taxation	(291 255)	(559 279)
Taxation	(119 828)	9 114
Loss for the year	(411 083)	(550 165)
Attributable to:		
Ordinary shareholders	(415 219)	(615 648)
Preference shareholders	51 244	66 044
Owners of the parent	(363 975)	(549 604)
Non-controlling interests	(47 108)	(561)
	(411 083)	(550 165)
Basic loss per share*:	(cents) (61.4)	(90.5)
Diluted loss per share*	(cents) (61.4)	(90.5)

* Represented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to basis of preparation.

** Current period trading profit includes R405.4 million fair value losses (2019: R224.7 million fair value gains) relating to the private equity and property and Grindrod Shipping shares

*** Current period expected credit losses include R86.8 million (2019: nil) relating to the private equity and property. Prior year includes R492.1 million for Marine Fuels

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HEADLINE EARNING RECONCILIATION

for the year ended 31 December 2020

	Reviewed 31 December 2020 R'000	Reviewed 31 December 2019 R'000*	
Reconciliation of headline loss			
Loss attributable to ordinary shareholders	(415 219)	(615 648)	
Adjusted for:	247 101	462 952	
Impairment of intangibles, property, terminals, machinery, vehicles and equipment	7 751	37 606	
Impairment of investments in joint ventures**	99 439	-	
Loss on re-measurement to fair value less costs to sell	65 024	238 000	
Impairment of goodwill**	82 010	-	
Net loss on disposal of investments	9 835	39 759	
Net profit on disposal of plant, terminals, machinery, vehicles and equipment	(51 330)	(2 276)	
Gain on bargain purchase	(10 462)	-	
Foreign currency translation reserve release	(7 804)	(1 281)	
Joint ventures and associates:			
Net profit on disposal of investments	-	(453)	
Net gain on disposal of intangibles, property, terminals, machinery, vehicles and equipment	(2 062)	(3 323)	
Impairment of intangibles, property, terminals, machinery, vehicles and equipment	42 056	7 587	
Impairment of investments	-	156 092	
Foreign currency translation reserve release	-	455	
Total taxation effects of adjustments	12 644	(9 214)	
Headline loss	(168 118)	(152 696)	
Ordinary share performance			
Number of shares in issue less treasury shares [^]	(000s)	671 526	680 284
Weighted average number of shares (basic)	(000s)	676 640	680 442
Diluted weighted average number of shares	(000s)	676 640	681 304
Basic headline loss per share:	(cents)	(24.8)	(22.5)
Diluted headline loss per share	(cents)	(24.8)	(22.5)
Dividends per share - interim	(cents)	-	5.0
Dividends per share - final	(cents)	-	14.2
Dividend cover (headline)	(times)	-	4.0

* Represented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to basis of preparation

** The investment in joint venture and goodwill was impaired based on recoverable amount which was assessed using value-in-use.

[^] In the current year, 9.2 million shares were bought back as treasury shares and 64.0 million (previously held as treasury shares as part of the consolidation of the B-BBEE consortium) were bought back and cancelled following the B-BBEE repurchase

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CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Reviewed 31 December 2020 R'000	Reviewed 31 December 2019 R'000*
Loss for the year	(411 083)	(550 165)
Other comprehensive (loss) / income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	151 413	(75 109)
Items that will not be subsequently reclassified to profit or loss		
Actuarial losses**	(25 896)	(10 327)
Fair value gain arising on financial instruments instruments**	4 407	4 773
Total comprehensive loss for the year	(281 159)	(630 828)
Total comprehensive loss attributable to:		
Owners of the parent	(238 553)	(628 920)
Non-controlling interests	(42 606)	(1 908)
	(281 159)	(630 828)

* Represented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to basis of preparation.

** Net of taxation.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2020

	Reviewed 31 December 2020 R'000	Reviewed 31 December 2019 R'000*
Property, terminals, machinery, vehicles, equipment	1 951 368	1 858 744
Right of use assets	844 644	1 103 398
Goodwill and intangible assets	677 057	772 861
Investments in joint ventures	2 771 627	2 700 626
Investments in associates	113 987	92 917
Investment property	91 617	91 617
Other investments	1 989 910	2 302 077
Preference share investments by trusts	-	644 900
Deferred taxation	151 561	98 910
Long-term negotiable securities	185 232	-
Loans and advances	4 804 042	4 263 948
Total non-current assets	13 581 045	13 929 998
Liquid assets and short-term negotiable securities	2 284 018	2 478 941
Current portion of loans and advances	4 129 176	4 166 910
Current portion of preference share investments by trusts	-	482 544
Inventories	93 092	122 900
Trade and other receivables	1 273 663	1 357 057
Taxation	29 771	23 764
Bank balances and cash	1 846 811	4 729 850
Total current assets	9 656 531	13 361 966
Non-current assets held for sale	367 034	432 063
Total assets	23 604 610	27 724 027

* Restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to basis of preparation.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

for the year ended 31 December 2020

	Reviewed 31 December 2020 R'000	Reviewed 31 December 2019 R'000*
Share capital and premium	3 950 427	3 982 066
Non-distributable reserves	1 535 732	1 468 632
Accumulated profit	2 622 984	3 156 208
Equity attributable to owners of the Company	8 109 143	8 606 906
Non-controlling interests	(150 134)	(71 653)
Total equity	7 959 009	8 535 253
Long-term borrowings	341 490	268 230
Lease liabilities	703 071	924 878
Long-term Bank and private equity funding	386 764	1 117 838
Derivative financial liabilities	73 046	23 422
Participatory contribution for preference share investments	-	77 544
Deferred taxation	63 397	136 296
Provision for post-retirement medical aid	21 039	22 724
Deposits from Bank customers	234 276	352 757
Provisions	14 143	10 082
Total non-current liabilities	1 837 226	2 933 771
Trade and other payables	1 440 209	1 513 435
Current portion of long-term borrowings	103 901	177 476
Current portion of lease liabilities	264 792	280 869
Current portion of Bank and private equity funding	1 345 601	535 009
Current portion of deposits from Bank customers	9 199 405	10 827 608
Current portion of participatory contribution for preference share investments	-	1 646 732
Short-term borrowings and bank overdraft	1 352 764	1 223 973
Taxation payable	101 703	49 901
Total current liabilities	13 808 375	16 255 003
Total equity and liabilities	23 604 610	27 724 027

* Restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to basis of preparation.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Reviewed 31 December 2020 R'000	Reviewed 31 December 2019 R'000*
Operating (loss)/profit	(192 714)	34 973
Non-cash adjustments	1 100 144	883 830
Operating profit before working capital changes	907 430	918 803
Working capital changes	(36 371)	100 359
Cash generated from operations	871 059	1 019 162
Net interest paid	(223 348)	(172 215)
Net dividends received / (paid)	217 790	(134 385)
Taxation paid	(196 503)	(122 862)
	668 998	589 700
Other operating cash flows from Bank		
Net advances to customers and other short-term negotiable securities	(2 443 688)	(252 414)
Net cash flows from operating activities	(1 774 690)	337 286
Net movement in acquisition of property, terminals, machinery, vehicles and equipment acquired	(145 916)	(139 459)
Net movement on acquisition of investments	(47 030)	(43 742)
Net movement on disposal of non-current assets held for sale	-	305 331
Funds advanced to joint ventures and associate companies	(83 129)	(29 961)
Net cash flows from investing activities	(276 075)	92 169
Acquisition of treasury shares	(45 442)	(2 737)
Acquisition of non-controlling interest	(74 161)	-
Net movement in long-term funding	(712 799)	(296 061)
Net cash flows from financing activities	(832 402)	(298 798)
Net (decrease) / increase in cash and cash equivalents	(2 883 167)	130 657
Cash and cash equivalents at the beginning of the year	3 758 759	3 639 237
Difference arising on translation	68 363	(11 135)
Cash and cash equivalents at the end of the year	943 955	3 758 759

* Represented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to basis of preparation.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Reviewed 31 December 2020 R'000	Reviewed 31 December 2019 R'000*
Ordinary and preference share capital and share premium	3 950 427	3 982 066
Balance at the beginning of the year	3 982 066	3 977 456
Share options vested	13 803	7 347
Treasury shares acquired	(45 442)	(2 737)
Equity compensation reserve	47 857	56 471
Balance at beginning of the year	56 471	54 991
Share-based payments	5 189	8 827
Share options vested	(13 803)	(7 347)
Foreign currency translation reserve	1 598 738	1 455 229
Balance at the beginning of the year	1 455 229	1 529 560
Foreign currency translation realised	(7 804)	1 281
Foreign currency translation adjustments	151 313	(75 612)
Other non-distributable statutory reserves	(110 863)	(43 068)
Balance at the beginning of the year	(43 068)	(43 637)
Foreign currency translation adjustments	3 402	569
Net business combination acquisition	(71 197)	(22 265)
Business combination disposal	-	22 265
Accumulated profit	2 622 984	3 156 208
Balance at the beginning of the year	3 156 208	3 912 258
Other comprehensive income from financial instruments	4 407	4 773
Actuarial losses recognised	(25 896)	(10 327)
Loss for the period	(363 975)	(549 604)
Ordinary dividends paid	(96 516)	(134 848)
Preference dividends paid	(51 244)	(66 044)
Total interest of shareholders of the Company	8 109 143	8 606 906
Equity attributable to non-controlling interests of the Company	(150 134)	(71 653)
Balance at the beginning of the year	(71 653)	52 280
Foreign currency translation adjustments	4 502	(1 347)
Non-controlling interest acquired	(33 675)	(117 207)
Loss for the period	(47 108)	(561)
Ordinary dividends paid	(2 200)	(4 818)
Total equity attributable to all shareholders of the Company	7 959 009	8 535 253

* Represented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to basis of preparation.

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SEGMENTAL INFORMATION

for the year ended 31 December 2020

	Reviewed 31 December 2020 R'000	Reviewed 31 December 2019* R'000
Revenue		
Port and Terminals	1 081 990	1 151 844
Logistics	3 232 044	3 272 575
Bank	378 236	350 326
Group	57 351	41 590
Total core operations	4 749 621	4 816 335
Marine Fuels and Agricultural Logistics	11 504 669	16 041 200
Private equity and property	116 043	77 487
Total	16 370 333	20 935 022
Segmental adjustments**	(12 619 177)	(17 100 563)
	3 751 156	3 834 459
Trading profit (after expected credit loss)		
Port and Terminals	460 611	458 316
Logistics	906 723	854 716
Bank	38 376	94 164
Group	(50 010)	(959)
Total core operations	1 355 700	1 406 237
Marine Fuels and Agricultural Logistics	103 725	(627 852)
Private equity and property	(489 361)	56 710
Total	970 064	835 095
Segmental adjustments**	(636 479)	(298 654)
	333 585	536 441
Operating profit / (loss) before interest and taxation		
Port and Terminals	335 467	329 318
Logistics	330 577	345 484
Bank	22 770	80 106
Group	(52 169)	(27 428)
Total core operations	636 645	727 480
Marine Fuels and Agricultural Logistics	98 785	(633 663)
Private equity and property	(498 214)	55 496
Total	237 216	149 313
Segmental adjustments**	(429 930)	(114 340)
	(192 714)	34 973

* Represented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to basis of preparation.

** For segment reporting, investments in joint ventures are accounted for using proportionate consolidation whereby effective share of the Group's ownership is applied to each line item above. In the consolidated annual financial statements (IFRS presentation), investments in joint ventures are equity accounted. Segmental adjustments relate to effects of proportionate consolidation to reconcile to IFRS presentation.

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SEGMENTAL INFORMATION (CONTINUED)

for the year ended 31 December 2020

	Reviewed 31 December 2020 R'000	Reviewed 31 December 2019* R'000
Share of associate companies' profit / (loss) after taxation		
Port and Terminals	88 839	71 535
Logistics	303	(186)
Total core operations	89 142	71 349
Marine Fuels and Agricultural Logistics	-	14 465
Total	89 142	85 814
Segmental adjustments**	(68 703)	(61 634)
	20 439	24 180
Profit / (loss) attributable to ordinary shareholders		
Port and Terminals	226 084	175 235
Logistics	137 158	133 694
Bank	37 567	83 407
Group	(71 375)	(76 255)
Total core operations	329 434	316 081
Marine Fuels and Agricultural Logistics	(69 516)	(915 525)
Private equity and property	(675 137)	(16 204)
	(415 219)	(615 648)
Geographical revenue		
North America / Bermuda	34 100	36 439
South America	117 456	365 578
Middle East	3 910 600	5 358 606
United Kingdom / Europe / Isle of Man	410 906	1 371 997
Singapore / Asia / Far East / Australia	7 097 388	8 749 274
Rest of Africa	1 608 734	1 762 353
South Africa	3 191 149	3 290 775
	16 370 333	20 935 022

* Represented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to basis of preparation.

** For segment reporting, investments in joint ventures are accounted for using proportionate consolidation whereby effective share of the Group's ownership is applied to each line item above. In the consolidated annual financial statements (IFRS presentation), investments in joint ventures are equity accounted. Segmental adjustments relate to effects of proportionate consolidation to reconcile to IFRS presentation.

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NOTES TO FINANCIAL STATEMENTS**1. FOREIGN CURRENCY DENOMINATED ITEMS**

for the year ended 31 December 2020

The statement of financial position is translated at the closing rate of exchange indicated below and the income statement is translated at the average exchange rate.

Exchange rates (ZAR / US\$)

	Reviewed 31 December 2020 R'000	Reviewed 31 December 2019 R'000
Opening exchange rate	14.00	14.39
Closing exchange rate	14.62	14.00
Average exchange rate	16.56	14.46

2. REVENUE

for the year ended 31 December 2020

Revenue category	Reviewed 31 December 2020 R'000	Reviewed 31 December 2019 R'000
Bulk terminals	354 199	500 357
Container handling	1 385 972	1 376 078
- Recognised at a point in time	885 962	912 234
- Recognised over time	500 010	463 844
Logistics	844 746	972 365
Net interest income of Bank	91 941	121 730
Fee income of Bank	286 861	228 596
Ships agency income	449 021	381 973
Other services	338 416	253 360
	3 751 156	3 834 459

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3. PARTICIPATORY CONTRIBUTIONS FOR PREFERENCE SHARE INVESTMENTS

for the year ended 31 December 2020

	Reviewed 31 December 2020 R'000	Reviewed 31 December 2019 R'000
Preference share assets	-	1 127 444
Participatory contributions	-	(1 724 276)

During the current year, Grindrod Bank has given up the ability to appoint trustees in GIT and no longer has a residual interest in the trust. Further, an independent third party has been appointed manager of the trust. Consequently, these actions have resulted in a loss of control over GIT and the trust is no longer consolidated in terms of IFRS 10: Consolidated Annual Financial Statements, with effect from 1 September 2020.

4. FINANCIAL INSTRUMENTS DISCLOSURE

for the year ended 31 December 2020

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable or based on observable inputs:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Levels 2 and 3 fair values were determined by applying either a combination of, or one of the following, valuation techniques:

- Projected unit method; and / or
- Market value; and / or
- The net asset value of the underlying investments; and / or
- A price earnings multiple or a discounted projected income / present value approach; and / or
- Market-related interest rate yield curves to discount expected future cash flows; and / or
- Any additional revenue arrangements valued per the specified arrangement based on the specified underlying asset. The specified underlying assets include property and unlisted investments supported by management valuation.

The fair value measurement based on income approach valuation uses key inputs that are not observable in the market. Key inputs used in the valuation include discount rates and future profit assumptions based on historical performance but adjusted for expected growth. Management reassesses the earnings or yield multiples at least annually based on its assessment of the macro- and microeconomic environments.

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R'000	Carrying value	2020 Fair value instruments			Amortised cost	Other non-financial instruments
		Level 1	Level 2	Level 3		
Financial instruments						
Cash and cash equivalents	1 846 811	-	-	-	1 846 811	-
Other investments	1 989 910	96 187	68 768	1 504 997	319 958	-
Loans and advances	8 933 218	-	952 353	2 640 843	5 340 022	-
Trade and other receivables	1 273 663	-	-	-	1 152 076	121 587
Borrowings	(4 498 382)	-	-	-	(4 498 382)	-
Derivative financial liabilities	(73 046)	-	(73 046)	-	-	-
Trade and other payables	(1 440 209)	-	-	-	(1 207 738)	(232 471)
Deposits from Bank customers	(9 433 681)	-	-	-	(9 433 681)	-
Non-financial instruments						
Investment property	91 617	-	-	91 617	-	-
Total		96 187	948 075	4 237 457	(6 480 934)	(110 884)

R'000	Carrying value	2019 Fair value instruments			Amortised cost	Other non-financial instruments
		Level 1	Level 2	Level 3		
Financial instruments						
Cash and cash equivalents	4 729 850	-	-	-	4 729 850	-
Other investments	2 302 071	178 437	132 211	1 679 685	311 738	-
Preference shares linked to participatory contributions	1 127 444	-	-	-	1 127 444	-
Loans and advances	8 430 859	-	967 888	2 466 627	4 996 343	-
Trade and other receivables	1 357 062	-	-	-	1 167 226	189 836
Borrowings	(4 528 278)	-	-	-	(4 528 278)	-
Derivative financial liabilities	(23 422)	-	(23 422)	-	-	-
Trade and other payables	(1 479 487)	-	-	-	(1 227 914)	(251 573)
Participatory contribution	(1 724 276)	-	-	-	(1 724 276)	-
Deposits from Bank customers	(11 180 365)	-	-	-	(11 180 365)	-
Non-financial instruments						
Investment property	91 618	-	-	91 618	-	-
Total		178 437	1 076 677	4 237 930	(6 328 232)	(61 737)

Fair value losses recognised in the condensed consolidated statement of other comprehensive income for Level 3 financial instruments were R137.9 million (2019: fair value gains of R243.4 million).

Grindrod Limited

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Reconciliation of Level 3 fair value measurement of financial instruments

	Reviewed 31 December 2020 R'000	Reviewed 31 December 2019 R'000
Opening balance	4 237 930	3 099 845
Transfers	-	417 401
Purchases	293 117	1 289 941
Settlements	(155 701)	(741 145)
IFRS 10 eliminations	-	(71 557)
Total gains / (losses) recognised in:		
– Condensed consolidated statement of other comprehensive income	32 314	4 434
– Condensed consolidated income statement	(170 203)	239 011
Closing balance	4 237 457	4 237 930

In the prior year, the Group reassessed all its loans and advances considering acquisition of profit share components and the realisable value of the loan together with the recoverability of Grindrod's investment in the underlying entities. As a result, these loans are fair value loans and reclassified from loans and advances to Level 3 fair valued loans.

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements for material investments:

Material investment	Fair value at 31 December 2020 R'000	Fair value at 31 December 2019 R'000	Valuation method	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value (000)
Private equity	142 800	251 707	Adjusted Net asset value	Based adjusted net asset value	Based on adjusted net asset value	Based on adjusted net asset value
Medical	185 437	225 591	Discounted cash flow	Perpetuity growth Discount rate	• 6.0% - 8.0% • 12.0% - 14.0%	Increase perpetuity growth to 8.0% and increased WACC to 14.0% would decrease FV to R176 396 Decrease perpetuity growth to 6.0% and decreased WACC to 12.0% would increase FV to R194 309
Asset financing	283 136	175 818	Price multiple approach	PE multiple	• 8.8x – 10.8x	Increased PE multiple to 10.8x would increase FV to R312 058 Decreased PE multiple to 8.8x would decrease FV to R254 505

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Material investment	Fair value at 31 December 2020 R'000	Fair value at 31 December 2019 R'000	Valuation method	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value (000)
Asset financing	82 882	60 662	Net asset value	Based on net asset value	Based on net asset value	Based on net asset value
Real estate	507 057	487 570	Property valuations	Property valuations	Property valuations	Increase of 10% GBP5 013 Decrease of 10% (GBP4 249)
North coast property loans	1 377 428	1 420 730	Underlying security valuation	Discount rate Growth rate Highest and best value of combined properties	Per expert valuation	Independent valuations range between R1.1 billion and R1.6 billion on the loans. This is based on the combined properties value of R2.5 billion. Increase of 10% R128.0 million Decrease of 10% (R128.0 million)
Loans and advances - Bank	1 263 415	1 151 241	Discounted cash flow	Credit spread*		Increase of 100bps - R14 460 Decrease of 100bps - (R14 933)

* The loans are valued by forecasting the future interest rate by forecasting the forward interest rate on the contractually referenced floating interest rate curve and adding the contractual fixed inception credit spread. This future interest rate is applied to the nominal or carrying amount of the loan. The interest and capital cash flows are discounted using the Prime or JIBAR swap yield curves back to the valuation date. An appropriate credit spread is generally added to the curve used for discounting purposes to reflect the current credit risk associated with the borrower. If the borrower of the loan has had no change in credit risk profile since inception, the inception credit spread is applied.

Valuation process

The Group's finance and corporate finance teams perform valuations on certain assets for financial reporting purposes. The valuation input, assumptions, methodology and outputs are then challenged and debated with the Group Chief Financial Officer (CFO) prior to approval. Teams present their valuations for significant investments to the CFO who interrogates the methodology used and the assumptions applied in the valuations. Discussions of valuation processes and results are held between the CFO and the respective teams at least once every six months, in line with the Group's half-yearly reporting periods. Any resulting adjustments to the carrying value will follow the internal approval process. North coast properties, being security on the lending, are assessed by an independent valuation professional.

The main four inputs used by the Group in measuring the fair value of financial instruments are:

- Discount rates: these are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset;
- Risks adjustments: these are specific to the counterparties (including assumptions about credit default rates) and are derived from the market assumptions on the operational environment and other factors affecting the investment; and
- Earnings growth factor for unlisted investments: these are estimated based on market information for similar types of companies or historical growth patterns.
- Independent expert valuations: valuations were conducted by registered independent experts using both the market approach and investment method.

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5. RELATED PARTY TRANSACTIONS

for the year ended 31 December 2020

During each year, the Group, in the ordinary course of business, enters into various transactions with related parties. Parties are related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions. These transactions are entered into under terms that are no more or less favourable than those entered into with the external third parties.

Below is a list of significant related party transactions and balances for each year:

	Nature of relationship	Reviewed 31 December 2020 R'000	Reviewed 31 December 2019 R'000
Goods and services sold to:			
Portus Indico	Joint venture	157 452	21 690
Terminal De Carvo da Matola Limitada	Joint venture	211 953	19 941
GPR Leasing Africa Limited	Joint venture	51 922	7 080
Rohlig Grindrod Proprietary Limited	Joint venture	43 357	55 888
Interest earned on loans to associates	Associates	126 806	207 868
Goods and services purchased from:			
Cockett Marine Oil Private Limited	Joint venture	101 773	123 216
Amounts due from related party:			
Maputo Intermodal Container Depot, S. A	Joint venture	67 618	169 766
Railco Africa Limited	Joint venture	118 685	-
RBT Grindrod Terminals Proprietary Limited	Joint venture	186 301	159 994
RBT Resources Proprietary Limited	Other related party	190 398	176 036
GPR Leasing Africa Limited	Joint venture	-	145 581
Loans to associates	Associates	1 601 639	1 994 864
Property-owning entities		822 044	526 139
Investment entities		319 992	517 272
Private equity portfolio		459 603	951 453
Directors (directly or indirectly)	Directors and key officers	1 760	4 610
Interests held by directors:			
	Equity investment in:	%held	%held
D Polkinghorne	Indirect shareholding in various Grindrod entities	<2%	<2%
D Polkinghorne	Direct shareholding in SIRE (UK)	<2%	<2%
Various directors	Grindrod Limited ordinary and preference shares	0.21	0.10

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6. CONTINGENT LIABILITIES**for the year ended 31 December 2020**

The Group guaranteed loans and facilities of subsidiaries and joint ventures amounting to R3 334.9 million (December 2019: R3 192.1 million) of which R2 011.9 million (December 2019: R2 180.4 million) had been utilised at period end.

Despite settlement in December 2020 of an investigation by Brazilian authorities into Cockett Group, the Cockett Group is still under investigation by two other authorities. External legal counsel has been engaged to assist the Cockett Group in responding to such investigations in an open and transparent way and are proactively co-operating with the authorities concerned. One investigation has been dormant for more than a year and the other only affects a small subsidiary of the Cockett Group. Any potential exposures (such as fines, penalties or legal costs) are not possible to determine and estimate at this stage.

7. CAPITAL EXPENDITURE AND COMMITMENTS

Rmillion	Capital expenditure		Split as follows	
	2020	2021	Approved not contracted	Approved and contracted
Core operations	404	361	82	279
Port and Terminals	49	44	-	44
Logistics	355	317	82	235
Split as follows:				
Subsidiaries	305	354	82	272
Joint ventures	99	7	-	7

Total capital expenditure was R403.8 million (2019: R455.5 million), of which 54% was expansionary and the balance maintenance or replacement capital expenditure.

8. CASH FLOW AND BORROWINGS

The financial position reflects net debt of R682.8 million (December 2019: R69.0 million). The Group generated operating profit before working capital cash flows of R907.4 million (December 2019: R918.8 million) during the year. Working capital contributed to a net outflow of R36.4 million (December 2019: R100.4 million net inflow).

9. STATEMENT OF FINANCIAL POSITION

With total assets of R23 604.6 million (December 2019: R27 724.0 million) and low gearing, the Group's financial position remains good. Book net asset value per share is 1 075 cents (December 2019: 1 146 cents).

Shareholders' equity decreased to R7 959.0 million (December 2019: R8 535.3 million) mainly because of losses incurred in the current year. The increase of R143.5 million in the foreign currency translation reserve was due to the weaker Rand against the US dollar from R14.00 / US\$ in December 2019 to R14.62 / US\$ in December 2020. Ordinary shares in issue are 698 031 586 (2019: 762 553 314), following the repurchase and cancellation of shares from the B-BBEE consortium.

Grindrod Limited

Provisional reviewed results and dividend announcement for the year ended 31 December 2020

10. BASIS OF PREPARATION

The reviewed condensed consolidated annual financial statements have been prepared in accordance with the Framework concepts recognition and measurement criteria of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and as a minimum, contain the information required by IAS 34 Interim Financial Reporting, and comply with the Listings Requirements of the JSE Limited applicable to provisional reports and the Companies Act No. 71 of 2008 of South Africa requirements applicable to condensed financial statements.

Restatement

The financial results for the prior year, were restated to reflect the Marine Fuels and Agricultural Logistics segment as continuing operations. Whilst the sale of the Agricultural investments was executed, pending the fulfilment of certain conditions, the sale process with regards to the Marine Fuels investment was delayed and is no longer highly probable in the short term. In terms of the IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations, this segment must therefore be reclassified as continuing operations and can no longer be reported as a discontinued operation.

Whilst classified as non-current assets held-for-sale, the Marine Fuels business was carried at fair value and no profits/(losses) were reported in equity accounted earnings. The reclassification out of non-current assets held for sale results in these profit / (losses) being reported in equity accounted earnings and accordingly 2019 was restated.

The impact of the above restatements and representations are as follows:

Continuing operations	Earnings R'000	Headline earnings R'000	EPS (cents)	HEPS (cents)
December 2019 results previously reported	299 875	525 154	44.1	77.2
Add: Marine Fuels and Agricultural investments previously included in discontinued operations	(707 534)	(469 861)	(104.0)	(69.1)
Less: Marine Fuels change in measurement adjustment*	(207 989)	(207 989)	(30.6)	(30.6)
December 2019 restated results	(615 648)	(152 696)	(90.5)	(22.5)

* This relates the equity accounted earning not previously recognised. .

The impact on the Statement of Financial Position as at 31 December 2019:

	Previously reported as at 31 December 2019 R'000	Restatement of Marine Fuels out of held-for sale into continued operations R'000	Restated balances at 01 January 2020 R'000
Property, terminals, machinery, vehicles, equipment	1 858 744	-	1 858 744
Right of use assets	1 103 398	-	1 103 398
Goodwill and intangible assets	772 861	-	772 861
Investments in joint ventures	2 348 145	352 481	2 700 626
Investments in associates	92 917	-	92 917
Investment property	91 617	-	91 617
Other investments	2 302 077	-	2 302 077

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	Previously reported as at 31 December 2019 R'000	Restatement of Marine Fuels out of held-for sale into continued operations R'000	Restated balances at 01 January 2020 R'000
Preference share investments by trusts	644 900	-	644 900
Deferred taxation	98 910	-	98 910
Loans and advances	4 263 948	-	4 263 948
Total non-current assets	13 577 517	352 481	13 929 998
Total current assets	13 361 966	-	13 361 966
Non-current assets held for sale	985 892	(553 829)	432 063
Total assets	27 925 375	(201 348)	27 724 027
Share capital and premium	3 982 066	-	3 982 066
Non-distributable reserves	1 461 991	6 641	1 468 632
Accumulated profit	3 364 197	(207 989)	3 156 208
Equity attributable to owners of the Company	8 808 254	(201 348)	8 606 906
Non-controlling interests	(71 653)	-	(71 653)
Total equity	8 736 601	(201 348)	8 535 253
Total non-current liabilities	2 933 771	-	2 933 771
Total current liabilities	16 255 003	-	16 255 003
Total equity and liabilities	27 925 375	(201 348)	27 724 027

These condensed consolidated financial statements have been prepared under the supervision of Fathima Ally, CA(SA) and were approved by the Board of directors on 03 March 2021, on the recommendation of the audit committee.

Following the reclassification of Marine Fuels into continuing, as well as the Group's strategy to realise non-core businesses, the segments have been restated in line with how the chief operating decision maker analyses the group as well as the requirements of IFRS 8: Operating segments. This resulted in the Marine Fuels and Agricultural Logistics and the Private Equity and Property segments being included as non-core.

Accounting policies

The accounting policies adopted, and methods of computation used in the preparation of the reviewed provisional consolidated financial statements are in terms of IFRS and are consistent with those of the annual financial statements for the year ended 31 December 2019. Non-trading items are a non-IFRS measure and consist of items that are usually capital in nature or not of an operational nature. In most cases non-trading items are those items excluded in accordance with the South African Institute of Chartered Accountants (SAICA) Circular 1/2019.

11. POST BALANCE SHEET EVENTS

There are no material post balance sheet events to report.



Grindrod Limited

Provisional reviewed results and dividend announcement for the year ended 31 December 2020

Independent auditor's review report on condensed consolidated financial statements to the shareholders of Grindrod Limited

We have reviewed the condensed consolidated financial statements of Grindrod Limited, contained in the accompanying provisional report, which comprise the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated income statement and the condensed consolidated statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in the basis of preparation in Note 10, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require condensed consolidated financial statements contained in a provisional report to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by International Accounting Standard (IAS) 34, Interim Financial Reporting.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Grindrod Limited for the year ended 31 December 2020 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in Note 10 to the condensed consolidated financial statements, and the requirements of the Companies Act of South Africa.

Deloitte & Touche
Registered Auditor
Per: MH Holme CA(SA), RA
Partner
3 March 2021



Grindrod Limited

Provisional reviewed results and dividend announcement for the year ended 31 December 2020

PROSPECTS

The Group is well positioned to capitalise on opportunities to unlock shareholder value as it continues to pursue its logistics corridor strategy. The strong recovery in the commodity and container markets is expected to continue into 2021 to Grindrod's benefit.

Xolani Mbambo has been appointed as Chief Executive of Freight Services to continue to drive the corridor strategy. Andrew Waller will continue as the Group Chief Executive and will concentrate on the disposal of the non-core businesses.

AG Waller
Chief Executive Officer
3 March 2020

MJ Hankinson
Chairman
3 March 2020

DECLARATION OF FINAL DIVIDEND**Ordinary dividend**

Notwithstanding the strong cash generation from the core businesses, the Board has decided to delay the reinstatement of the dividend in order to focus on reducing the debt associated with the non-core businesses. The Board will review this position in August 2021.

Notice is hereby given that no gross final dividend has been declared out of income reserves for the year ended 31 December 2020 (2019: 14.2 cents final dividend declared).

At the date of this announcement, there were 698 031 586 issued ordinary shares.

Preference dividend

Notice is hereby given that a gross final dividend of 312.0 cents per cumulative, non-redeemable, non-participating and non-convertible preference share (2019: 445.0 cents) has been declared out of income reserves for the year ended 31 December 2020, payable to preference shareholders in accordance with the timetable below.

At the date of this announcement, there were 7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares in issue. The final net preference dividend is 249.6 cents per share for preference shareholders who are not exempt from dividends tax.

With respect to the preference dividend, in terms of the dividends tax effective since 22 February 2017, the following additional information is disclosed:

The local dividends tax rate is 20%; and Grindrod Limited's tax reference number is 9435/490/71/0.

Preference dividend timetable

Dividend declaration date	Thursday, 4 March 2021
Last date to trade cum-dividend	Tuesday, 23 March 2021
Securities start trading ex-dividend	Wednesday, 24 March 2021



Grindrod Limited

Provisional reviewed results and dividend announcement for the year ended 31 December 2020

Record date	Friday, 26 March 2021
Payment date	Monday, 29 March 2021

No dematerialisation or rematerialisation of shares will be allowed for the period Wednesday, 24 March 2021 to Friday, 26 March 2021, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa.

By order of the Board

VB Commaile
Group company secretary
03 March 2021

CORPORATE INFORMATION

Directors

MJ Hankinson (Chairman*), NL Sowazi (Lead independent non-executive director), FB Ally (Group financial director), GG Gelink*, WJ Grindrod, B Magara*, XF Mbambo, DA Polkinghorne, PJ Uys*, WO van Wyk (alternate)*, AG Waller (Group chief executive officer) and ZP Zatu*.

* Non-executive.

Change in directorate and vote of thanks

Raymond Ndlovu resigned as alternate non-executive director to Pieter Uys on 1 January 2020 and was replaced by Willem van Wyk on 30 January 2020. Zola Malinga resigned as non-executive independent director on 1 January 2020. Zimkhita Zatu and Ben Magara were appointed as independent non-executive directors on 30 January 2020.

Cathie Lewis resigned as Group company secretary with effect from 31 May 2020 to focus on Sustainability. Following Cathie's resignation, Vicky Commaile was appointed as Group company secretary with effect from 1 June 2020.

Fathima Ally was appointed as Group Financial Director with effect from 1 September 2020.

In line with governance recommendations regarding tenure, Mkhuseleli Faku retired from the Board of the Company effective 2 December 2020. The Board wishes Mkhuseleli well and extends its appreciation for his valued contribution and service during his 10-year tenure as a director of the Company.

Registered office

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South Africa



Grindrod Limited

Provisional reviewed results and dividend announcement for the year ended 31 December 2020

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Auditors

Deloitte & Touche

Designated Audit Partner: Mark Holme CA(SA) RA

Sponsor

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Registration number: 1966/009846/06, Incorporated in the Republic of South Africa

Share code: GND and GNDP ISIN: ZAE000072328 and ZAE000071106

Statements contained in this announcement regarding the prospects of the Group, have not been reviewed nor audited by the Group's external auditors.

For more information and additional analyst information, please refer to www.grindrod.com.