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GRINDROD LIMITED 2021 Final Results

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welcome

to a presentation of our 2021 Final Results

COMMENCEMENT **9am**

Once the presentation commences, you may
type your questions in the Q & A section
All questions will be answered at the end of the presentation

Alternatively, questions can be emailed to
fathima.ally@grindrod.com for a response in due course

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HIGHLIGHTS AND

overview

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GRINDROD LIMITED

Provisional reviewed results and dividend announcement for the year ended 31 December 2021

Seafreight | CAPE TOWN

ANDREW WALLER



HIGHLIGHTS AND OVERVIEW

Stakeholder value creation

**Core
revenue ***

^ **9%**
R5.2 billion

**Core trading
profit ***

^ **32%**
R1.8 billion

**Core headline
earnings ***

^ **166%**
R886 million

**Net asset
value**

R11.76
per share

**Cash generated
from operations**

^ **19%**
R1.0 billion

**Net debt to
equity ratio**

excluding Bank

26%

Dividends per share of 20.1 cents declared

* Core operations inclusive of joint ventures. Core operations comprise Port and Terminals, Logistics, Bank and Group.

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Intermodal facility | CAPE TOWN



BUSINESS OVERVIEW

Overall environment and performance

- Strong commodity markets and economic recovery
- SADC growth is currently fueled by elevated commodity prices and a relaxation of stringent pandemic measures
 - Global logistics supply chain constraints continue
 - Recovery in global trade, but we remain vulnerable due to low rates of vaccination on the continent
 - Strong demand for minerals by Chinese
 - US expects to increase its demand for steel due to infrastructure development deal
- Excellent performance in the freight businesses in the second half
 - Port and Terminals achieved solid volume growth with record performances in the second half
 - Coastal shipping and clearing and forwarding businesses did well
- The Bank focused on quality lending and maintained compliance with its capital and liquidity ratios
- Proceeds from the disposal of non-core assets were applied to settle private equity debt

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Intermodal facility | DURBAN



FINANCE PRESENTATION

2021 results

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Drybulk terminal 1 RICHARDS BAY

FATHIMA ALLY



RESULTS 2021

Segmental income statement

Rmillion	2021	2020	VAR (%)	Comments
Revenue	18 037	16 370	10	
Core operations	5 170	4 750	9	Improved volumes
Non-core operation	12 867	11 620	11	Higher Marine Fuels revenue
Trading profit	1 664	970	72	
Core operations	1 786	1 356	32	
Non-core operation	(122)	(386)	68	
Depreciation and amortisation	(666)	(733)	9	Exchange rate and disposal of carrier businesses
Non-trading items	(450)	(234)	(92)	Logistics and private equity impairments
Net interest paid	(190)	(280)	32	Reduction in debt
Share of associate earnings	115	89	29	Port earnings up due to improved volumes
Profit / (loss) before taxation	473	(188)	>100	
Taxation	(228)	(221)	(3)	
NCI	(23)	45	>100	
Preference dividends	(46)	(51)	11	Decrease in South African prime rate
Net profit / (loss) attributable to ordinary shareholders	176	(415)	142	

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RESULTS 2021

Core headline earnings analysis

Rmillion	Port and Terminals		Logistics		Bank		Group		Total core businesses	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Earnings from core businesses	384	226	(82)	137	97	38	141	(72)	540	329
Headline earnings adjustments	5	50	325	(16)	-	-	16	(30)	346	4
Headline earnings from core businesses	389	276	243	121	97	38	157	(102)	886	333
Adjusted for:										
Northern Mozambique provisioning	-	-	50	-	-	-	-	-	50	-
Fair value adjustments on Grindrod Shipping shares	-	-	-	-	-	-	(229)	82	(229)	82
Adjusted headline earnings from core businesses	389	276	293	121	97	38	(72)	(20)	707	415

RESULTS 2021

Segmental balance sheet

Rmillion	2021	2020	Comments
Property, plant and equipment	3 144	3 366	Carrier transferred to held for sale in June 2021
Right of use asset	1 441	1 225	Acquisition of Durban port leases, UCD Beaconvale lease
Intangible assets	976	1 091	Logistics impairments offset by exchange rate
Investments	2 019	2 767	Private equity disposals and fair value losses, Grindrod Shipping shares
Other assets	453	167	Private equity proceeds
Non-current assets held for sale	65	367	Automotive land proceeds (2020: Senwes)
Current assets	4 101	3 571	Fuel disposal proceeds, Marine Fuels debtors, improved trading
Bank and cash	2 546	2 170	Improved trading and exchange rate
Liquid assets and short-term negotiable securities	3 936	2 469	Increase in funds invested in treasury bills
Loans and advances	9 537	8 933	New loans and advances
Total assets	28 218	26 126	

RESULTS 2021

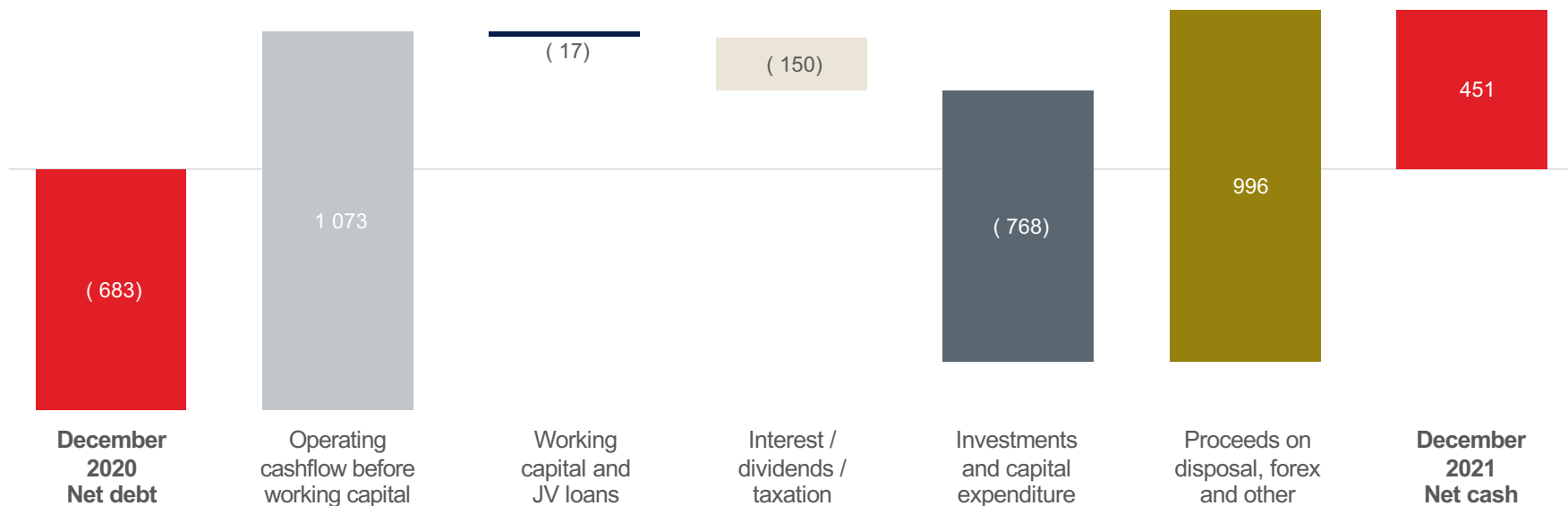
Segmental balance sheet

Rmillion	2021	2020	Comments
Shareholders' equity	8 571	7 975	Exchange rate, current year profits
Interest-bearing borrowings	3 227	3 837	Repayment of overdraft and short-term borrowings
Lease liabilities	1 558	1 415	New leases offset by repayments
Deposits from Bank customers	11 221	9 434	Growth in core deposits
Other liabilities	135	185	
Current liabilities	3 506	3 280	Increase in Marine Fuels, Clearing and Forwarding
Total equity and liabilities	28 218	26 126	



GROUP LEGAL NET DEBT / CASH RECONCILIATION

Rmillion



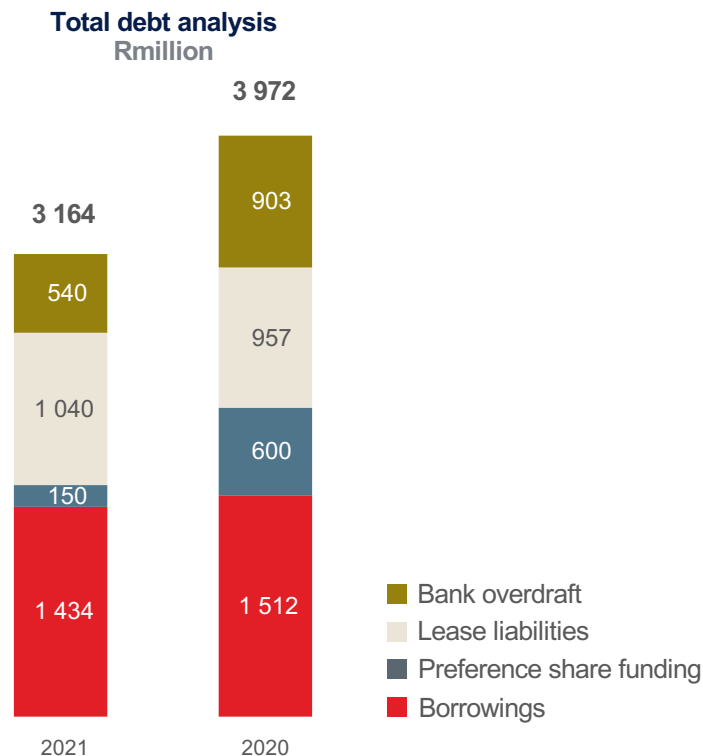
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LEGAL NET DEBT ANALYSIS (EXCLUDING BANK)

	2021	2020
Rmillion		
Total debt	3 164	3 972
Less: cash	(952)	(939)
Net debt excluding Bank	2 212	3 033
%	2021	2020
Net debt to equity ratio	26	38
Net (cash)/debt to equity ratio including Bank	(5)	9



NON-CORE PROCEEDS UTILISATION

DISPOSALS PROCEEDS

Senwes
R367 million

Private equity investments
R312 million

Grindrod Shipping shares
R338 million

1 billion

**TOTAL PROCEEDS
RECEIVED**

>

APPLIED AS FOLLOWS

Private equity debt
repayments R450 million

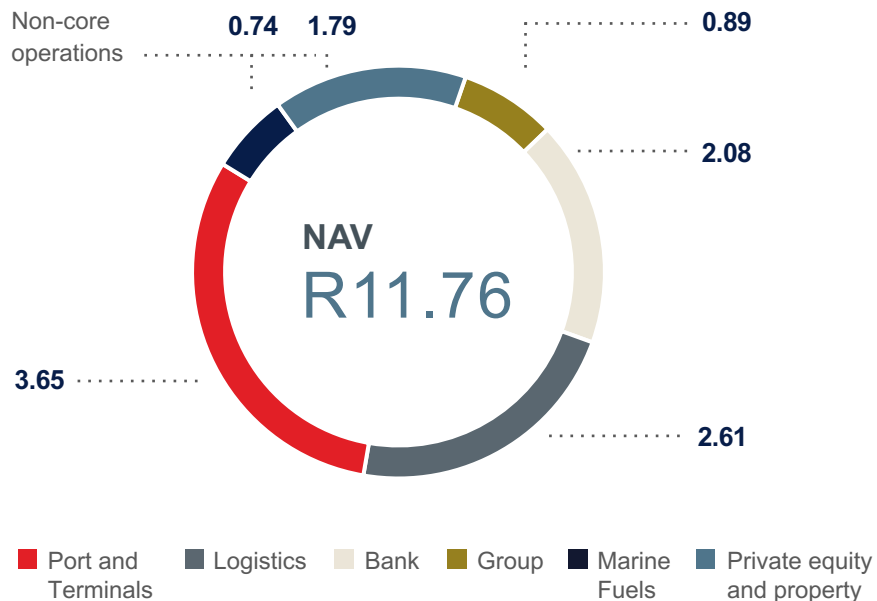
Share buy backs R30 million

Repayment of Group overdraft
R363 million

Private equity, debt
servicing and administration
R174 million

DIVISIONAL OVERVIEW

Financial performance – segmental basis



Division	NAV (Rand / share)	Headline earnings (Rand / share)	2021 Return on equity	2020 Return on equity
Freight and Group *	7.15	1.18	17%	6%
Bank	2.08	0.15	7%	3%
Total core operations **	9.23	1.33	14%	5%

* Return on equity excluding fair value adjustment on Shipping shares is 13% (2020: 8%).

** Return on equity excluding fair value adjustment on Shipping shares is 12% (2020: 7%).

No. of shares (000s)

excluding treasury shares

666 528



DIVISIONAL OVERVIEW

freight services

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Drybulk terminal | MATOLA

XOLANI MBAMBO



DIVISIONAL OVERVIEW

Freight services – financial highlights

Core	Port and Terminals		Logistics	
	2021 FY	2020 FY	2021 FY	2020 FY
SHERQ				
Fatality (target: nil)	-	1	-	-
LTI	5	6	18	20
LTIFR (target: <=0.5)	0.37	0.46	0.58	0.63
FINANCIAL				
Revenue (Rm)	1 413	1 082	3 242	3 232
EBITDA (Rm)	580	461	895	893
EBITDA margins (%)	41	43	28	28
Headline earnings (Rm)	388	276	244	121
ROE (%) *	17	13	13	6

* Based on headline earnings over average equity.

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Intermodal facility | DURBAN



DIVISIONAL OVERVIEW

port and terminals

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Transições | MOIANI PHOTOGRAPHY

Port | MAPUTO

XOLANI MBAMBO



DIVISIONAL OVERVIEW

Port and Terminals – 2021 focus areas

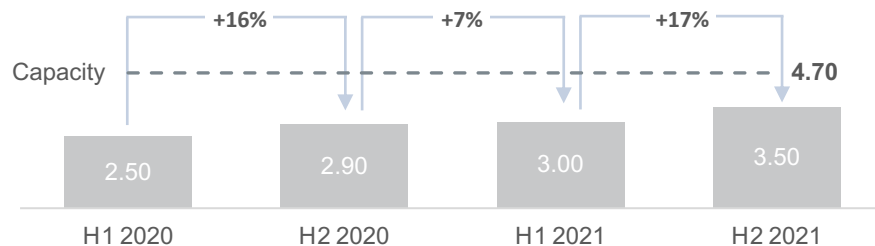
Activities		Feedback
Optimise berth utilisation at Maputo port and Matola terminal	●	Record volumes at Maputo port and Matola drybulk terminal
Address low margins at Matola terminal	●	Discontinued road haulage into Matola in favour of rail
Complete the automation of the Maputo port operations	●	Completing vessel loading process automation
Rollout the newly approved Maputo port masterplan	●	Shareholder approval secured
Address bottleneck at the Mozambique border	●	Automate temporary import permitting, introduced Matsapha facility
Grow the current manganese solution beyond Maydon Wharf	●	Manganese mining customer engagement
Position Grindrod for Private Sector Participation (PSP) opportunities	●	Richards Bay, manganese, container and rail
Uplift rail allocation and port performance in Richards Bay	●	Fire on the belt infrastructure, contingent operation in place



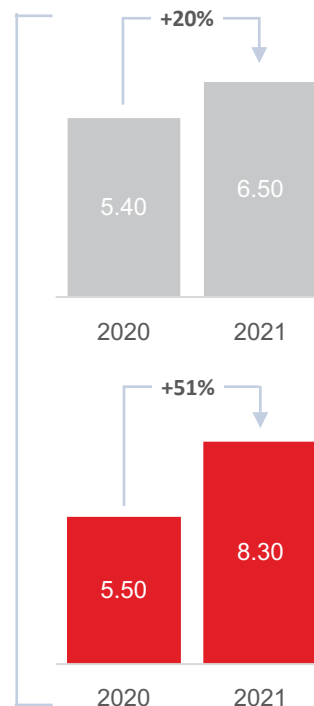
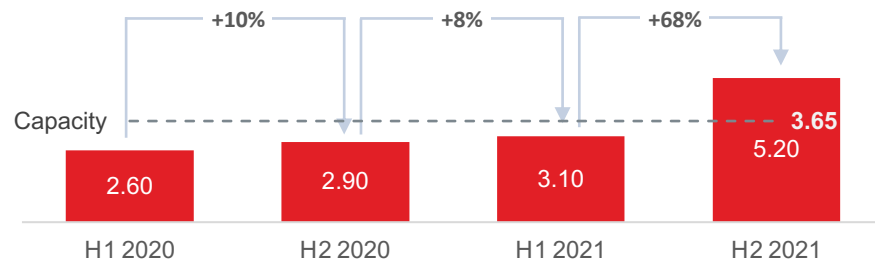
DIVISIONAL OVERVIEW

Port and Terminals – operational highlights

Maputo port (million tonnes)



Matola drybulk terminal (million tonnes)



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Drybulk terminal | MATOLA



DIVISIONAL OVERVIEW

Port and Terminals – market outlook

Market	Current exposure	Short term fundamentals	Long term fundamentals
Chrome ore / ferrochrome	9.4 mtpa	●	●
Manganese	0.3 mtpa	●	●
Coal	4.2 mtpa	●	●
Iron ore	7.3 mtpa	●	●

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Multi-purpose terminal | DURBAN



DIVISIONAL OVERVIEW

Port and Terminals – growth opportunities

Facility	Additional capacity	Commodity	Timing
Matola drybulk	4.7 mtpa	Iron ore / coal	Medium term
Maputo drybulk	3.0 mtpa	Iron ore / coal	Short term
Richards Bay drybulk *	1.0 mtpa	Coal / other	Medium term
Gqeberha drybulk	0.6 mtpa	Manganese	Short term
Ngqura manganese terminal	PSP	Manganese	Long term

* Potential for additional estimated 8.0 mtpa coming through MPT PSP opportunity.

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Drybulk terminal 1 RICHARDS BAY



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logistics

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Intermodal facility | DURBAN

XOLANI MBAMBO



DIVISIONAL OVERVIEW

Logistics – 2021 focus areas

Activities

Feedback

Replace and / or grow footprint in the container business	●	Three sites under development
Optimise graphite export solution	●	Developing an alternative channel for the customer
Finalise the container depot merger deal with Maersk	●	Complete, subject to Competition Commission
Increase shareholding in Röhlig-Grindrod	●	Shareholding increased from 42.5% to 50%
LNG project resumption readiness	●	Operationally ready, resumption of LNG activities uncertain
Improve locomotives deployment	●	Healthy pipeline of deployment opportunities



DIVISIONAL OVERVIEW

Logistics – market outlook

Market	Current exposure	Short term fundamentals	Long term fundamentals
Container	300 000m ²	●	●
Graphite	360 000 tpa	●	●
Agriculture	N/A *	●	●
East Africa	EAMT **	●	●
Rail	55 locos (owned)	●	●

* Citrus and grapes currently limited to container volumes only.

** East Africa Marine Transport (EAMT) will operate a truck ferry on Lake Victoria.

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Container depot | CAPE TOWN



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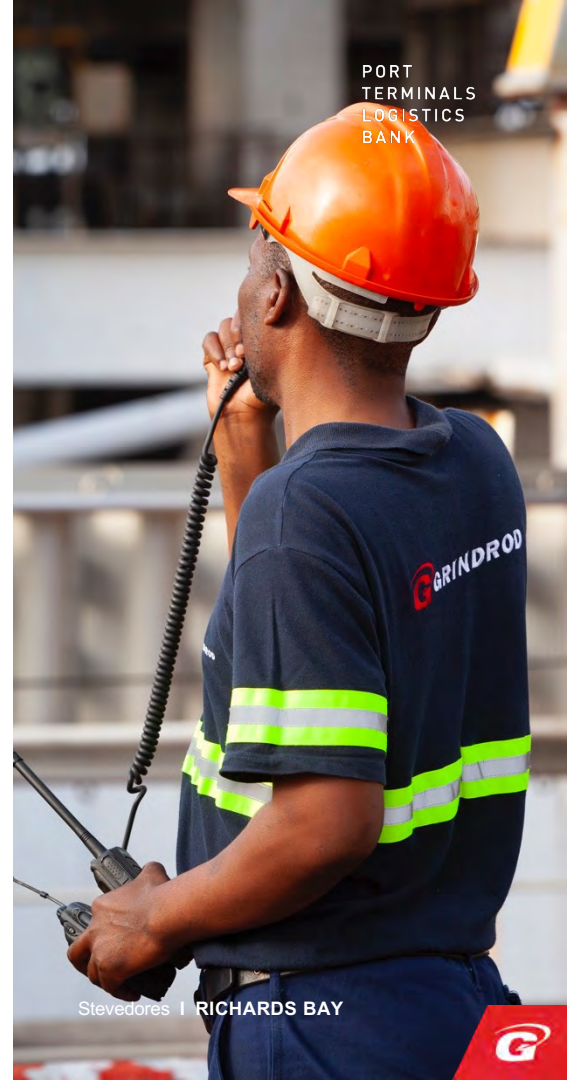
Logistics – growth opportunities

Facility	Probability	Impact	Timing
Container	Medium	High	Medium term
Rail (deployment / open access)	Medium	High	Medium / long term
East Africa footprint	Medium	Medium	Medium term
Northern Mozambique LNG	Low	High	Uncertain

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Stevedores | RICHARDS BAY



DIVISIONAL OVERVIEW

bank

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DAVID POLKINGHORNE



DIVISIONAL FINANCIAL PERFORMANCE

Financial performance – segmental basis

Core	Bank	
	2021 FY	2020 FY
	Rm	Rm
Revenue	488	378
Net profit	97	38
Net asset value	1 672	1 603
Core deposits *	10 264	8 551
Loans and advances	8 321	7 933

* Excludes retail deposits.

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DIVISIONAL OVERVIEW

Bank

Operational highlights

- Healthy growth in advances of 5% to R8.3 billion (December 2020: R7.9 billion)
- Strong core deposit funding base at R10.3 billion (December 2020: R8.6 billion)
- Over R5 billion in surplus liquidity
- Good demand for the bank's loan notes which were oversubscribed 1.25 x during the June 2021 refinance at a 50bps saving from the notes that had matured
- GCR credit rating maintained at A – (stable outlook)
- Bank is well capitalised with strong capital and liquidity ratios comfortably above regulatory minimums
- Support to our clients by providing temporary relief to loan obligations due to operational challenges experienced as a result of COVID-19 and the civil unrest and looting
- Bank's platform banking strategy on-track

2022 key focus areas

- Growth in loans and advances by continuing focused lending
- SME banking growth
- Growth in funding base
- Scale platform banking offering
- Capitalise on increasing economic activity via new business growth
- Introduce capital partners to support growth
- Maintain Level 1 BEE rating

2022

DIVISIONAL OVERVIEW

non-core

Marine Fuels

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Bunker barge | ROTTERDAM

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ANDREW WALLER



UPDATE ON DISPOSAL PROCESS

Business	Feedback
Senwes	● Disposal fully executed in first quarter of 2021
Grindrod Shipping shares	● Completed in 2021
Private equity	● Two material investments remaining (portfolio value of R622 million)
Marine Fuels	● Management is working with business and partners to exit (net asset value of R492 million)
KwaZulu-Natal north coast property loans	● Management is working with principals to realise advances (net asset value R1.5 billion)



market outlook

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Intermodal facility | DURBAN

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MARKET OUTLOOK

Region	Current growth rate		Projected growth rate 2022		Current presence	Growth areas / commodities	Attractiveness
GLOBAL*	5.9%		4.9%				
SADC	South Africa:	5.0%	South Africa:	2.2%	All	Coal, magnetite, manganese, chrome, ferrochrome, graphite, copper, containers, agriculture, LNG	Significant resources, economic development, peace and security, growth
	Mozambique:	2.5%	Mozambique:	5.3%			
	Zimbabwe:	5.1%	Zimbabwe:	3.1%			
	Zambia:	1.0%	Zambia:	1.1%			
EAST AFRICA	4.1%		4.9%		Ships agency, Clearing and forwarding	Coffee, sugar, cotton, rice, maize, tobacco, soft commodities, projects, oil and gas	Stable regulatory environment, political stability, GDP growth

* Source: IMF – World Economic Outlook (October 2021) and AfDB (October 2021). Impact of Russia/Ukraine conflict still to be determined.

thank you

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annexure

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Port

Tonnes	H1 2021	H2 2021	FY 2021	FY 2020	Change %
Chrome / ferrochrome	3 039 076	3 499 269	6 538 345	5 320 112	23
Sub-concession and other	6 396 834	9 329 496	15 726 330	13 063 032	20
Port of Maputo	9 435 910	12 828 765	22 264 675	18 383 144	21
Trucks per day into Maputo (average)	457	418	438	340	29
Trains per week into Maputo (average)	9	12	11	11	-

PORT AND TERMINALS CAPACITY AND UTILISATION

Terminals

	H1 2021	H2 2021	FY 2021	FY 2020	Change %	Template capacity
Drybulk (tonnes)	4 971 399	8 010 117	12 981 516	9 396 223	38	15 150 000
Matola terminal ¹	3 104 117	5 168 919	8 273 036	5 501 651	50	7 300 000
Richards Bay	1 696 937	2 091 143	3 788 080	3 169 815	20	6 100 000
Walvis Bay	129 091	137 171	266 262	380 452	(30)	550 000
Maputo terminal ^{1 2}	41 254	612 884	654 138	344 305	90	1 200 000

¹ Physical tonnage excluding take or pay volumes.

² Annual capacity is scalable to additional 1.2 million tonnes.

