

PORT AND TERMINALS + LOGISTICS + BANK

www.grindrod.com



Grindrod Limited

Unaudited interim results

for the six months ended 30 June 2019

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

Agenda

I. H1 Focus and strategy update

II. Financial performance

III. Operational highlights

IV. Strategic outlook

V. Annexures

VI. Supplementary company information



H1 Focus and strategy update

Group

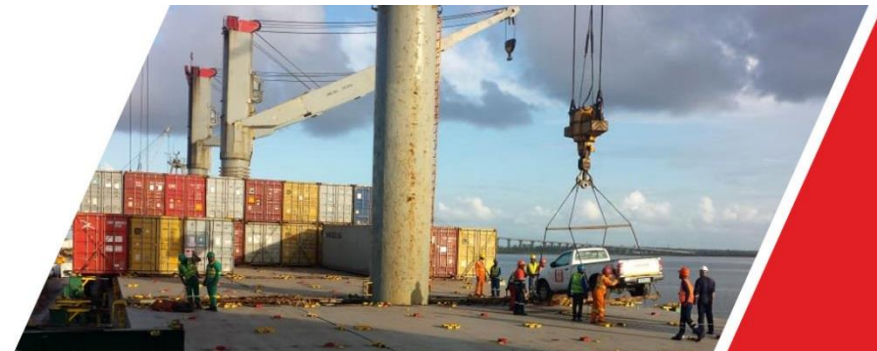
Andrew Waller



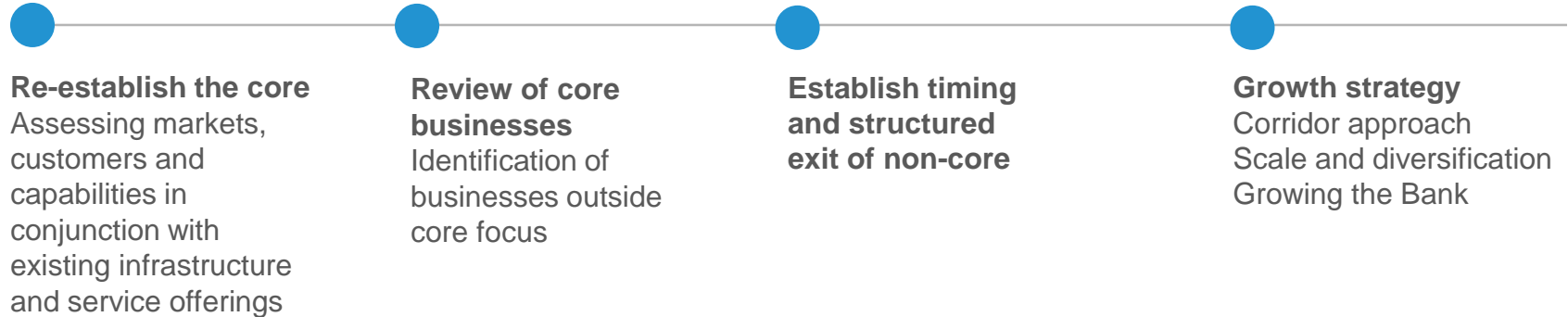
Business environment

Backdrop to the first half of 2019

- Global economy slowing to 2.6% in 2019 (2018: 3.1%)
- Continued US-China trade tensions
- Uncertainty, instability and depressed economic growth in the region; SA, Zimbabwe, Zambia and Namibia
- Natural catastrophes impacted Mozambique and Zimbabwe
- Robust commodity prices, particularly strong iron ore prices
- Short-term fundamentals remain – commodity demand growth in positive territory with mine supply underperforming
- Oil and gas progression on Mozambique with FID



Strategic review and focus



Core

Freight

Unlocking sub-Saharan Africa's trade corridors

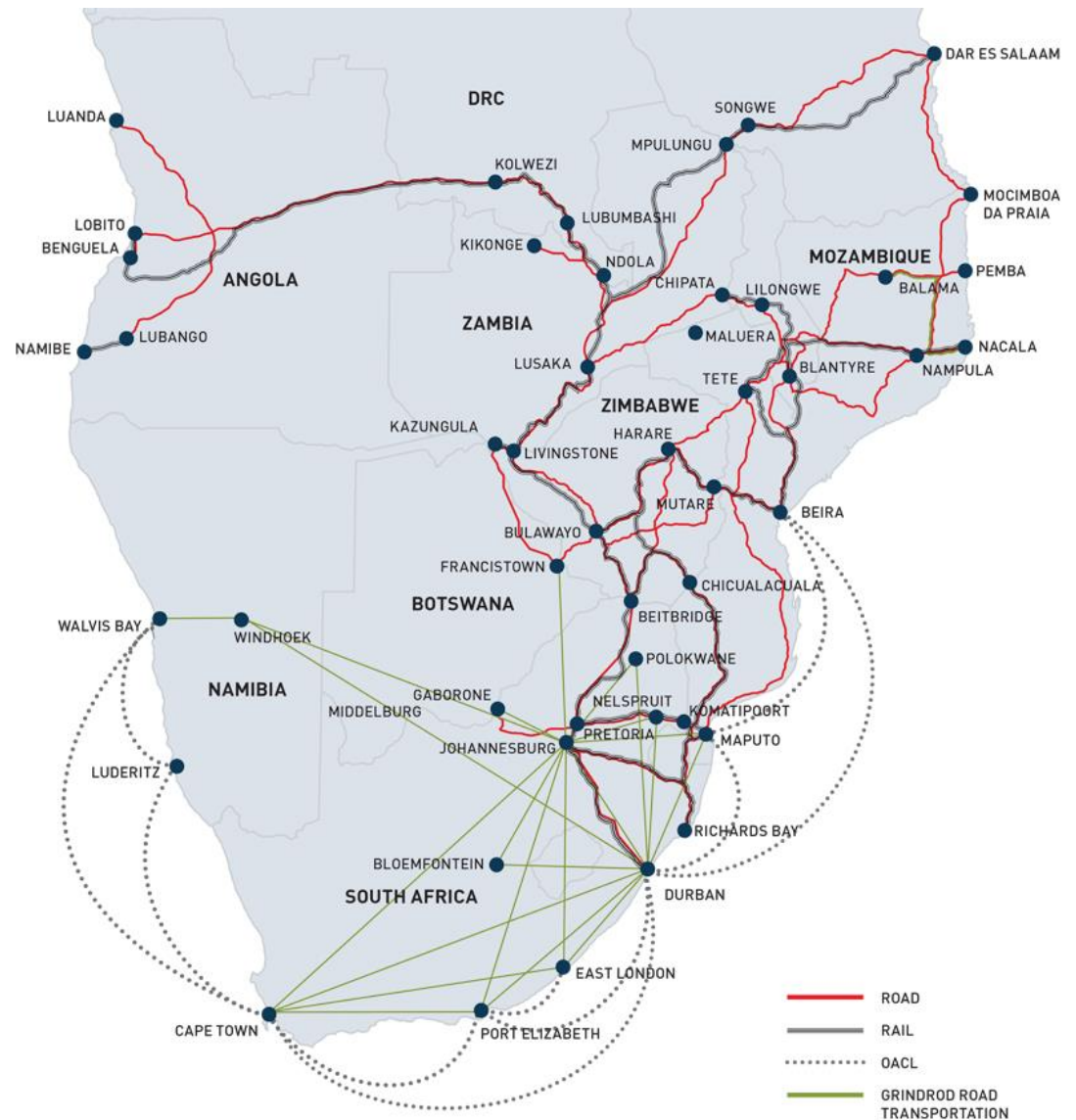
- Scale and diversification
- Alignment of businesses along trade corridors, enabling commercial capabilities across all businesses
- Building effective corridor solutions for bulk commodity flows
- Connecting and extending supply chains

Bank

Re-positioning the core Bank

- Focus on property lending and SME target market
- Continue to seek investment banking opportunities
- Growing from this base will enable the creation of a platform banking model

Grindrod key focus corridors



H1 Operational focus on the core

Port, Terminals and Logistics

Scale

Maputo Port mobile crane increases efficiency, and slab and quay development adds throughput

Richards Bay and Durban facilities improved and expanded for new commodities and customers

Extraction of SL locomotives and securing commercial deployment

Ngqura terminal build commenced

Key contract extensions shipping lines, graphite, fuel, vehicles

Diversity

New customer contracts concluded – Shipping lines, cement, coal, hematite, automotive OEM's

Northern Mozambique oil and gas focus

Building solutions with copper, sulphur and fuel in DRC, Zambia corridors

Bank

The core bank capitalised following good growth in deposits and advances

Re-positioning the retail business

Consolidating the existing SME business and defining the strategy going forward

Enhancing systems, processes and governance

Group

Maturing private equity and property private equity portfolios being realised

B-BBEE consortium supported as a consequence of low share price



Exit of non-core

Marine Fuels and Agricultural Investments

- The discontinued businesses comprise the Marine Fuel and Agricultural investments
- Targeted exit by 2020

Impairments

- Headline losses include an impairment provision within the Marine Fuel UAE business
- Several employees have been dismissed and legal proceedings instituted
- The business have notified their insurers of a potential claim



Financial performance

Group

Xolani Mbambo

Financial Highlights

Continuing earnings



Revenue
^16%
R2 350.5 million
(2018: R2 023.93 million)
inclusive of joint ventures

EBITDA
22%
R678.3
(2018: R550.0 million)
inclusive of joint ventures

Headline earnings
^118%
R136.7 million
(2018: R62.6 million)

Headline earnings
per share
20.1^{cents}
(2018: 8.3 cents)

Earnings
per share
20.1^{cents}
(2018: 55.0 cents)

2018 Restatement

Restated 2018 earnings and headline

Continuing

	Earnings R' million	Headline earnings R' million	EPS cents	HEPS cents
2018 reported	351	285	46.7	37.8
IFRS 5 - Rail leasing business continuing	(662)	(118)	(88.0)	(15.6)
IFRS 5 - Marine Fuel and Agricultural investments now held for sale	(45)	(42)	(6.0)	(5.6)
IFRS 16 - Effect of lease rental reversal, depreciation & interest	(62)	(62)	(8.3)	(8.3)
Restated 2018 earnings	(418)	63	(55.6)	8.3

Discontinued

2018 reported	2 036	(264)	270.6	(35.0)
IFRS 5 - Rail leasing business continuing	662	118	88.0	15.6
IFRS 5 - Marine Fuel and Agricultural investments now held for sale	45	42	6.0	5.6
IFRS 16 - Effect of lease rental reversal, depreciation & interest	94	390	12.4	51.8
Restated 2018 earnings	2 837	286	377.0	38.0



IFRS 16 impact analysis

for six months ended June 2019

Balance sheet R' million	H1 2019	H1 2018
Asset	R1 345	R1 459
Liability	R1 600	R1 641
Income statement R' million	H1 2019	H1 2018
EBITDA	214	130
Depreciation	(156)	(150)
Interest/ tax	(49)	(47)
Net profit	1	(62)
Cash flow R' million	H1 2019	H1 2018
Operating cash flows	169 417	436 138
Financing cash flows	(169 417)	(436 138)

- IFRS 16 effective 1 January 2019; Grindrod elected a retrospective application and restated its 2018 comparatives
- Open leases in 2018 and 2019 were assessed as at inception
- The asset, right of use, raised at inception is R1 492 million net of accumulated depreciation excluding shipping
- The associated liability at inception consists of concessions at R721 million, vessel charters at R480 million and footprint/ other at R515 million
- The US\$ denominated lease liability from overseas vessel charters is US\$34 million (2018: US\$34 million)
- Lease/concession fees are reversed from earnings and depreciation and interest raised
- EBITDA and cashflow from operations improve by the lease portion that is allocated to debt repayment



Income statement

Management income statement – continuing operations

R' million	H1 2019	H1 2018	Var. (%)	Comments
Revenue	2 352	2 004	17	Strong iron ore price, graphite contract and a weaker rand
Trading profit	678	543	25	Sustained trading margins
Depreciation and amortisation	(326)	(295)	(11)	Graphite contract's logistics investment
Non-trading items	(1)	(485)	100	2018 includes R547 million impairment of locomotives
Net interest (paid)/ received	(94)	7	(1 443)	B-BBEE debt interest
Share of earnings from associates	31	28	11	
Earnings/ (loss) before taxation	288	(202)	243	
Taxation	(119)	(165)	28	
NCSI	1	(18)	106	Prior year included minority share receipt from Zimbabwean government in RTGS
Preference dividends	(33)	(33)	-	
Earnings to ordinary shareholders	137	(418)	133	
Earnings per share	20.1	(55.6)	136	
Headline earnings per share	20.1	8.3	142	
Average rate of exchange (ZAR:US\$)	14.17	12.31	15	

* Prior year numbers have been restated for IFRS 16 – Leases and IFRS 5 – Discontinued Operations.



Income statement

Management income statement – discontinued operations

R' million	H1 2019	H1 2018	Var. (%)	Comments
Revenue	9 051	11 119	(19)	Marine Fuel revenue, 2018 included Shipping revenue
Trading (loss)/ profit	(241)	371	(165)	Net of Marine Fuel impairment, prior year includes Shipping
Depreciation and amortisation	(5)	(6)	17	
Non-trading items	(392)	2 556	(115)	IFRS 5 impairment for Marine Fuel and Agricultural investments, 2018 has FCTR release on Shipping spin-off
Net interest (paid)/ received	(23)	(96)	76	Interest on Marine Fuel borrowings, 2018 relates to both Marine Fuel and Shipping
Share of earnings from associates	14	39	(64)	Late planting season affected agricultural storage volumes
(Loss)/ earnings before taxation	(647)	2 864	(123)	
Taxation	(2)	(27)	93	
(Loss)/ profit to ordinary shareholders	(649)	2 837	(123)	
Average rate of exchange (ZAR : US\$)	14.17	12.31	15	

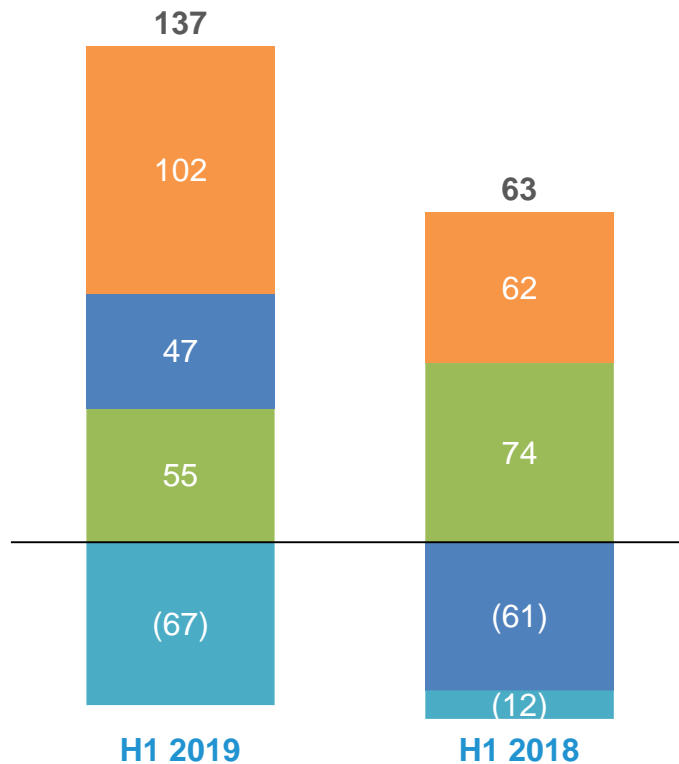
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Profitability

Headline earnings – Continuing operations

R' million



^ Headline earnings
118%

- Port and Terminals
- Logistics
- Bank
- Group



Statement of financial position

Management basis

R' million	H1 2019	Dec 2018	Comments
Property, plant and equipment	4 936	4 953	Warehouse development , asset refurbishments and right of use assets
Intangible assets	1 120	1 254	Amortisation and weaker US\$ to ZAR exchange rate
Investments in associates	620	1 485	Transfer to non-current assets held for sale
Other assets	1 942	2 041	Private and property equity investments
Current assets	8 830	10 234	Transfer to non-current assets held for sale
Non-current assets held for sale	2 703	147	Relates to Marine Fuel and Agricultural investments
Liquid assets and short-term negotiable securities	987	2 844	Liquid assets converted to cash
Advances to bank customers	8 276	7 751	
Total assets	29 414	30 709	
Shareholders' equity	8 774	9 513	Impairments and foreign exchange movements, B-BBEE adjustments
Interest-bearing borrowings	4 819	6 052	Transfer to non-current assets held for sale
Deposits from bank customers	10 505	10 506	
Other liabilities	3 520	4 481	Transfer to non-current liabilities held for sale
Non-current liabilities held for sale	1 796	157	Relates to Marine Fuel
Total equity and liabilities	29 414	30 709	
Closing rate of exchange (ZAR : US\$)	14.09	14.38	



Statement of cash flows

Legal basis

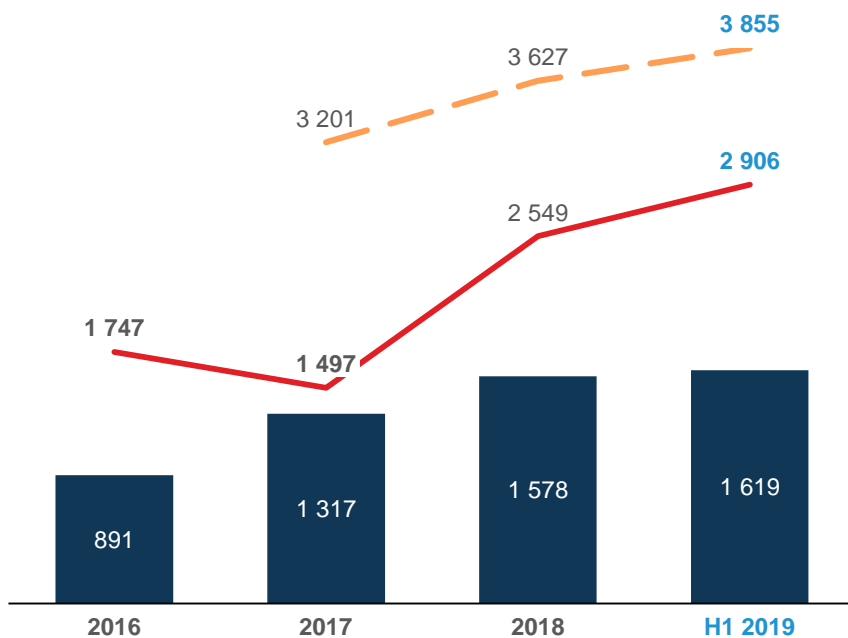
R' million	H1 2019	H1 2018	Comments
Operating profit from continuing operations	206	23	
Operating profit from discontinued operations	-	273	
Non-cash adjustments	198	268	Depreciation add back net of fair value adjustments and foreign exchange
Working capital changes	75	(167)	
Cash generated from operations	479	397	
Net interest	(66)	(45)	Interest on B-BBEE debt
Net dividends paid	(139)	(29)	2018 final ordinary and preference dividends
Taxation paid	(70)	(74)	
Net advances/ deposits	1 330	1 716	
Capital expenditure on ships	-	(242)	Related to Shipping
Net cash flows from operating activities	1 534	1 723	
Cash generated from/ (utilised in) investing activities	7	(408)	
Cash flows from/ (utilised in) financing activities	151	(136)	
Net increase in cash	1 692	1 179	



Cash and liquidity status

Net (Debt) / Cash – Legal

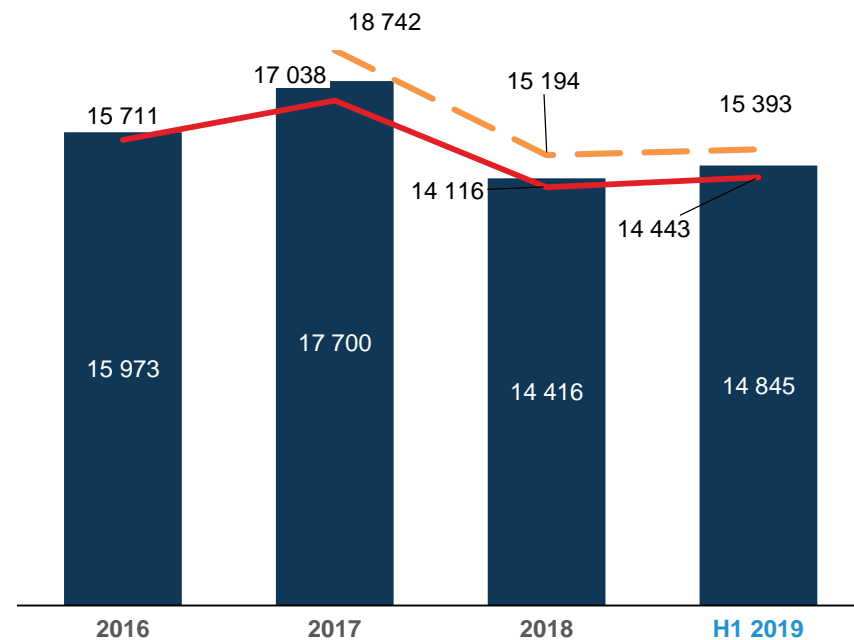
Cash vs debt – R'million (excluding Bank)



856	180	971	1 287
856	1 884	2 049	2 236

Net
Debt/(cash)
IFRS 16
Net
Debt/(Cash)

Cash vs debt – R'million (including Bank)



(262)	(662)	(300)	(402)
(262)	1 042	778	548



Debt including lease liabilities



Debt



Cash

Prior year includes the reallocation of the property and private equity from Bank.

Operational highlights

Port and Terminals

Andrew Waller



Operational highlights

Port

- Improved earnings on weaker US dollar against rand
- Berths 6 to 9 infrastructure projects and 11 hectares chrome slab development for an additional capacity of 2.4 mtpa on track
- Increase to c.16 swings per hour with introduction of new mobile harbour cranes

Terminals

- Dry-bulk volumes demonstrated resilience with marginal decline on H1 2018 at 4.4 mt despite weaker coal exports, derailment in Mozambique and poor weather
- Improved price participation on stronger iron ore price resulted in stronger performance
- TCM single week performance run rate of 7 mtpa achieved

Revenue

^28%

Earnings

^66%



Operational highlights

Logistics

Andrew Waller

PORT AND TERMINALS + LOGISTICS + BANK



OACL

Operational highlights

Logistics

Seafreight and Intermodal

- Seafreight and landside business reported improved volumes in cement, steel and mill shipments despite Beira volumes being impacted by the cyclone
- Operational ramp-up and stabilisation of Nacala business contributing to growth in earnings
- Expansion of Intermodal landside footprint with clear focus on commercial adjacencies

Road Transportation and Agencies

- Highly competitive market and poor economic growth continued to impact road transportation business
- Improved margins in clearing and forwarding business despite weak market
- Nova acquisition being bedded down

Rail

- Recovered 24 locomotives from Sierra Leone
- Commercial opportunities for redeployment across Africa secured under locomotives leasing merger
- Zimbabwe rail business impacted by deterioration of the economy

Revenue

^21%

Headline earnings

^177%



Operational highlights

Bank

David Polkinghorne



Operational highlights

- Further capitalisation of R100 million following core advances growth of 5.3% to R7.9 billion (December 2018: R7.5 billion)
- Core deposits (excluding retail) increased 7% to R9.4 billion (December 2018: R8.9 billion)
- Clear delineation of private equity and property private equity from bank activities
- Further investment in technology advancements and governance pushing up cost base
- Improved regulatory compliance

Core deposits

^7%

Core Advances

^5%



Strategic outlook

Grindrod

Andrew Waller



Nacala cross dock facility

Strategic outlook - Infrastructure

Existing infrastructure

PORT

19 600 000 tonnes p.a.

TERMINALS

1 059 640 sqm

11 936 600 tonnes p.a.

LIQUID BULK

120 248 cbm

INLAND TERMINALS

589 342 sqm

AUTOMOTIVE AND FUEL

102 trucks and trailers

170 trucks and 174 tanker trailers

RAIL LEASING

61 locomotives

100 wagons



Expansion projects

PORT

Berths 6 to 9 and slab 7

LIQUID BULK

66 000 cbm - Nqcura terminal

INLAND TERMINALS

340 000 sqm – Denver and Durban

AUTOMOTIVE

260 000 sqm

Camperdown Autoport, Umlaas Road

RAIL LEASING MERGER

Growth with deployment

Outlook

Port, Terminals and Logistics

- Continued focus on unlocking trade corridors in sub-Saharan Africa
- Further refinement and optimisation of existing operations
- Rail merger finalisation
- Delivery of infrastructure developments to drive expansion
- Exploration of inorganic growth opportunities

Bank

- Introduction of new B-BBEE strategic partners to support growth
- Continue focused lending
- Enhance regulatory compliance capabilities

Group and discontinued operations

- Private equity portfolio value realisation
- Execute on Marine and Agricultural investments disposal





Thank you



Annexures

Annexure

Terminal capacity and utilisation

Terminals	H1 2019	H1 2018	Change (%)	2018	2017	Change (%)	Annual capacity 2019
Drybulk (tonnes)	4 416 107	4 663 897	(5)	9 975 367	10 215 920	(2)	15 150 000
Matola Coal Terminal ¹	2 323 657	2 447 651	(5)	5 193 647	5 203 219	-	7 300 000
Richards Bay ¹	1 571 370	1 745 910	(10)	3 668 909	3 858 870	(5)	6 100 000
Walvis Bay (Namibia)	196 318	129 789	51	303 595	311 441	(3)	550 000
Maputo Terminal ^{1, 3}	324 762	340 547	(5)	809 216	842 389	(4)	1 200 000
Port of Maputo²	9 332 435	9 670 741	(3)	19 574 427	18 211 155	7	-

Rail

Rail utilisation	H1 2019	H1 2018	Change (%)	2018	2017	Change (%)
North South corridor - tonnes	500	705	(30)	965	872	11
Leasing average deployment - %	86	67	13	78	76	3

¹ Physical tonnage, excluding take or pay volumes.

² Includes volumes of Matola Coal Terminal and Maputo Terminal.

³ Annual capacity is scalable to four million tonnes.

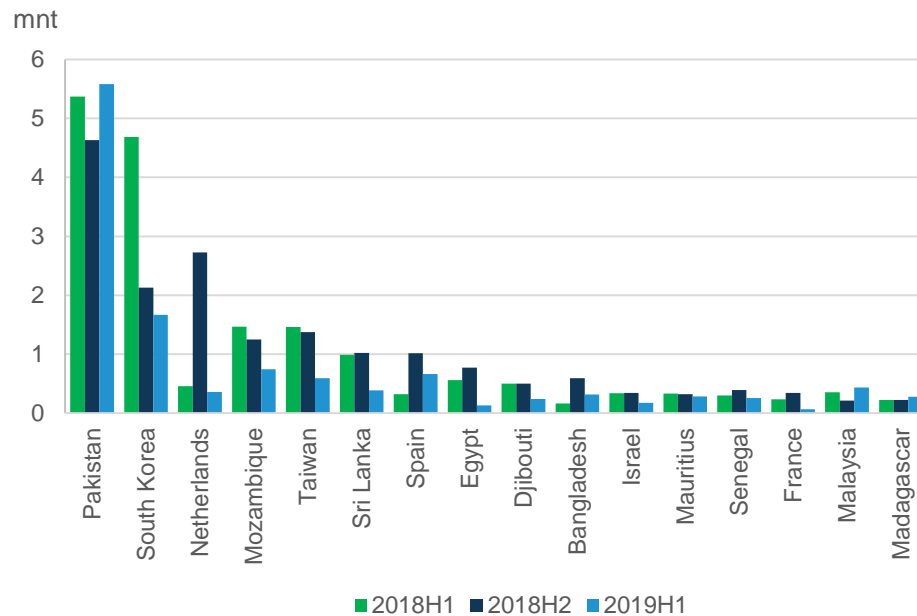


Annexure

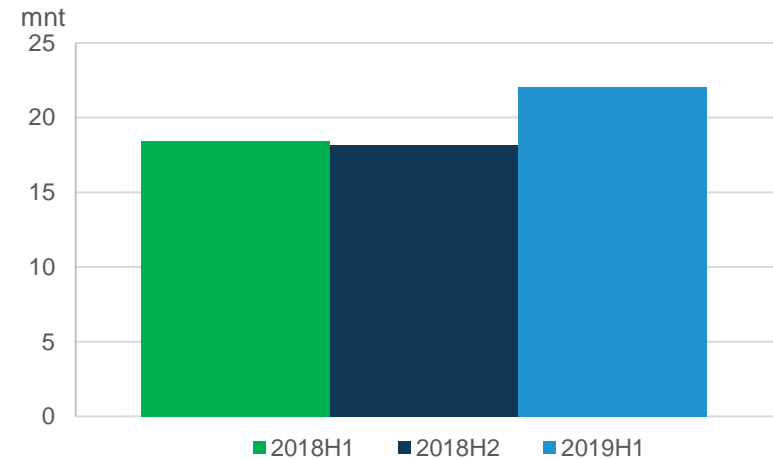
South African coal exports

Million tonnes

South African coal exports (excluding India)



South African coal exports to India



Source: Afriforesight Commodities, June 2019

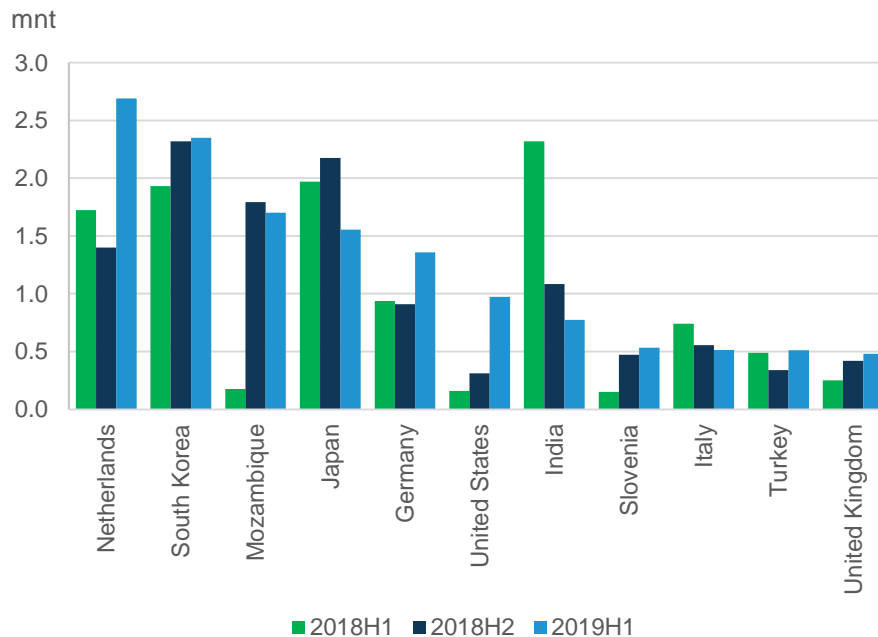


Annexure

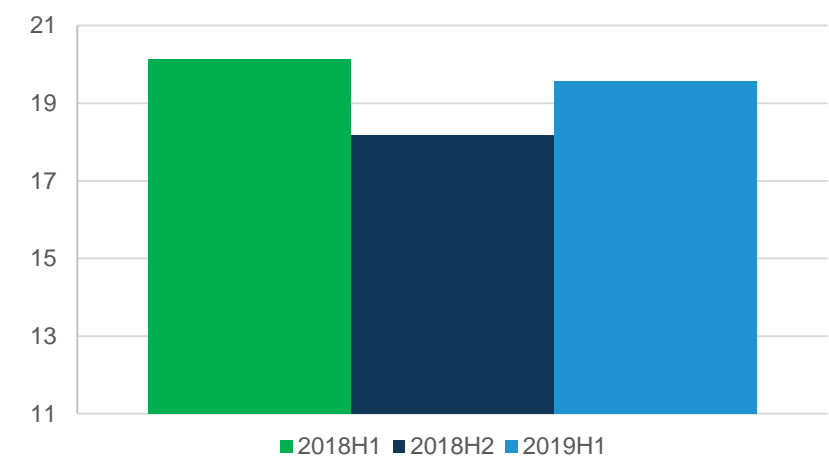
South African iron ore exports

Million tonnes

South African iron ore exports (excluding China)



South African iron ore exports to China



Source: Afriforesight Commodities, June 2019




Annexure

South African National Port volumes

TEUs	YTD 2019	YTD 2018	Variance	Variance %
Deep sea landed full	755 860	801 814	(45 954)	(6)
Deep sea landed empty	138 360	122 348	16 012	13
Deep sea shipped full	561 242	594 065	(32 823)	(6)
Deep sea shipped empty	277 708	368 136	(90 428)	(25)
Total	1 733 170	1 886 363	(15 193)	(8)

Source: Transnet National Ports Authority, June 2019





Supplementary company information

PORT

Maputo Port

Maputo Port Development Company (MPDC) 24.7% shareholding
Port authority in Maputo

MPDC handled

Currently handling 7.8 million tonnes p.a.
Drybulk (chrome and ferrochrome)

Sub - concessions

Currently handling 11.8 million tonnes p.a.
EDPM 25.5% shareholding
Port dredging services in Maputo

Concessions

Until 2033
Option to extend for 10 years

TERMINALS

Terminal de Carvao da Matola (TCM)

65% owned

Capacity of 7.3 million tonnes p.a.
Drybulk
(thermal coal and magnetite)
Direct berth access
Wagon tipplers
Rail siding

Grindrod Mozambique Limitada (GML)

Capacity of 1.2 million tonnes p.a.
Drybulk

Maputo Car Terminal (MCTL) 70% owned

Capacity of 120 000 vehicles p.a.
85,109 sqm
Rail siding and automated wash bays
Ability to handle project cargo

Terminals Richards Bay

4 terminals (Valley, Seamunye, Navitrade, Kusasa)
336,600 sqm
Capacity of 3 million tonnes p.a.

Richards Bay Terminals Grindrod (RBTG)

59.7% owned

Berthing priority – MoU with Transnet
Conveyor belt linked to berth
Rail connected
250,700 sqm
Capacity 3.1 million tonnes p.a.

Walvis Bay Bulk Terminal

Situated in main port
Capacity of 550,000 tonnes p.a drybulk.



Logistics

Ocean Africa Container Lines

8 terminals in Maydon Wharf, Durban

Access to 15 berths
118,202 sqm of yard
and warehouses

Multi purpose terminals license
Containers, bulk
and break-bulk cargoes

4 VESSELS

Calling all major ports in
South Africa, Mozambique
and Namibia

Feeder, regional
and domestic cargo

CAPE TOWN

Ocean Africa Container Lines

G Shed

4,000 sqm warehouse

Grindrod Intermodal

Maitland

48,000 sqm
3,500 sqm warehouse

United Container Depot

Paarden Eiland

14,000 sqm
2,000 sqm warehouse

PORT ELIZABETH

Grindrod Intermodal

Kempston

45,000 sqm
7,500 sqm warehouse

United Container Depot

Sidwell

18,000 sqm

JOHANNESBURG

Grindrod Intermodal

Denver

137,000 sqm
18,000 sqm warehouse

CAPE TOWN

MAPUTO

Maputo Intermodal Container Depot (MICD) (50% owned)

Within the Maputo
port precinct
Concession until 2033 with
option to extend for 10 years
30,000 sqm yard
8,000 sqm warehouse
20,000 sqm slab
480,000 tonnes capacity p.a.

NACALA

Grindrod Logistics Mozambique

Facility for graphite customer
30,000 sqm container yard
10,000 sqm warehouse
20,000 sqm transport yard
50 trucks and trailers
360,000 tonnes capacity p.a.
Facility to handle port
container overflow
36,000 TEU p.a.

JOHANNESBURG

United Container Depot

City Deep
24,000 sqm



Logistics

CLEARING AND FORWARDING

Röhlig-Grindrod 42.5% owned

Warehouse facility
at Meadowview, Johannesburg

21,000 sqm
27,750 pallets

Operations

Clearing and forwarding
Airfreight
Seafreight
Contract logistics

SHIPS AGENCY, MARITIME TECHNICAL SERVICES AND LOGISTICS

Sturrock Grindrod Maritime

Operating across 16 countries
in Africa, Middle East,
Asia and Australia
57 owned offices.
Liner and non-liner services.

Operations

Husbandry
Port agency
Port operations

ROAD TRANSPORTATION

Grindrod Fuellogic
and Petrologistics

Operations

Bridging
Primary deliveries
Secondary deliveries
170 Trucks
174 Tanker trailers

Grindrod Automotive

Operations

Finished vehicle logistics
Storage and stockyard management
Real-time vehicle tracking
Risk management
Value added services
Autoport development in Umlaas Road
102 Trucks and trailers

RAIL SERVICES

Consultancy services

Pit to port rail logistics
design, implementation
and consultancy

Managing concessions

Beitbridge Bulawayo
Railway (63% owned)

827 km of rail
Concession until 2029
Providing a key link in the
North / South rail corridor

Rolling stock leasing
and finance

GPR Leasing 55% owned

27 locomotives
100 wagons
Full maintenance lease

Grindrod Leasing

34 locomotives



BANK

Grindrod Bank maintains a strong focus on developing its intellectual capital.

Accordingly, it sources extraordinary individuals, with exceptional drive and professional expertise, to create a truly dynamic niche bank.

Offices in
Cape Town
Durban
Johannesburg
Pretoria



Investments

Grindrod Bank offers a wide variety of institutional and retail products to suit our clients' diverse needs.



Investment banking

Our specialised division enhances client's flexibility by taking an equity position in leveraged transactions.



Deposits

Managing cash investments and providing deposit solutions for our clients.



Corporate finance

The division is made up of an expert team, skilled and experienced in originating, negotiating and cutting transactions.



Corporate lending

Our experienced team are ready to provide innovative finance solutions and a personalised service.



Property

Our Property Division is known for its expertise in commercial and industrial property finance.

