



GRINDROD ***LIMITED***

AUDITED RESULTS AND
DIVIDEND ANNOUNCEMENT
for the year ended 31 December 2014





HIGHLIGHTS



FINANCIAL HIGHLIGHTS



Revenue increased

▲ **2%**
to **R32 717 million**
(2013: R32 135 million)

Total assets

▲ **14%**
to **R37.3 billion**
(2013: R32.6 billion)

Headline earnings

▲ **4%**
to **R729.4 million**
(2013: R701.8 million)

Earnings per share

▼ **26%**
to **147.6 cents**
(2013: 199.1 cents)

- Net cash of **R0.5 billion** (2013: net debt:equity R2.6 billion)
- Increase in net asset value per share to **2 227 cents** (2013: 1 926 cents)
- Final ordinary dividend up 17% to **20.0 cents per share** (2013: 17.1 cents)



STRATEGIC HIGHLIGHTS



- Successful raise of R2.4 billion secures equity for growth plan
- Successful B-BBEE consortium transaction of R1.6 billion
- Good volumes from terminal businesses despite adverse market conditions
- Good progress with shipping fleet renewal programme
- Consolidated ownership of underlying South African businesses
- Expansion projects in the dry-bulk terminals and rail progressing despite challenges
- Atlas operations successfully wound down



BUSINESS ENVIRONMENT



- China growth estimated at approximately 6%
- US economic recovery remains robust
- European economy weak
- Commodity prices significantly depressed
- Delayed recovery in dry-bulk shipping markets
- Industrial action in South Africa in the first half of the year





RESULTS 2014



MANAGEMENT INCOME STATEMENT – 2014



R million	2014	2013	Growth %	Comments
Revenue	32 717	32 135	2	Increase mainly due to marine fuel and terminal volumes. Offset by wind-down of Atlas
Trading profit	1 825	1 761	4	
Depreciation and amortisation	(753)	(618)	22	Increase due to acquisition of businesses
Non-trading items before tax	231	484	(52)	Refer below
Net interest paid	(45)	(152)	(70)	Income from interest on equity funds
Share of profits from associates	83	23	261	Higher profit from agricultural logistics
Taxation	(258)	(230)	12	
Non-controlling shareholders' interest	(23)	(36)	(36)	Minorities buy-up
Preference dividends	(59)	(55)	7	
Profit attributable to ordinary shareholders	1 001	1 177	(15)	
Average rate of exchange ZAR/USD	10.88	9.67		



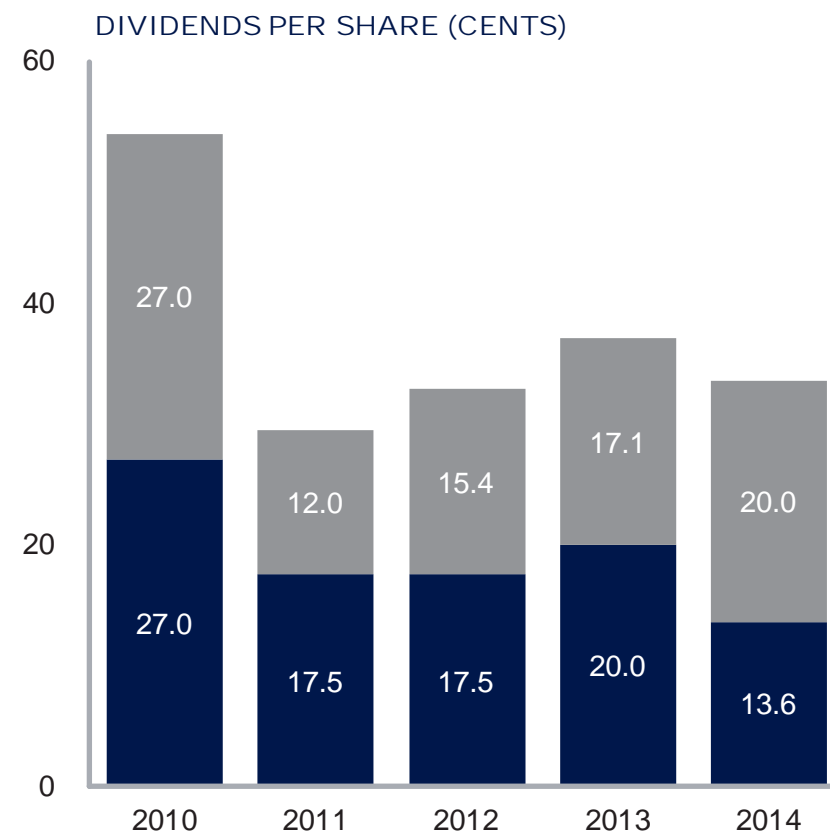
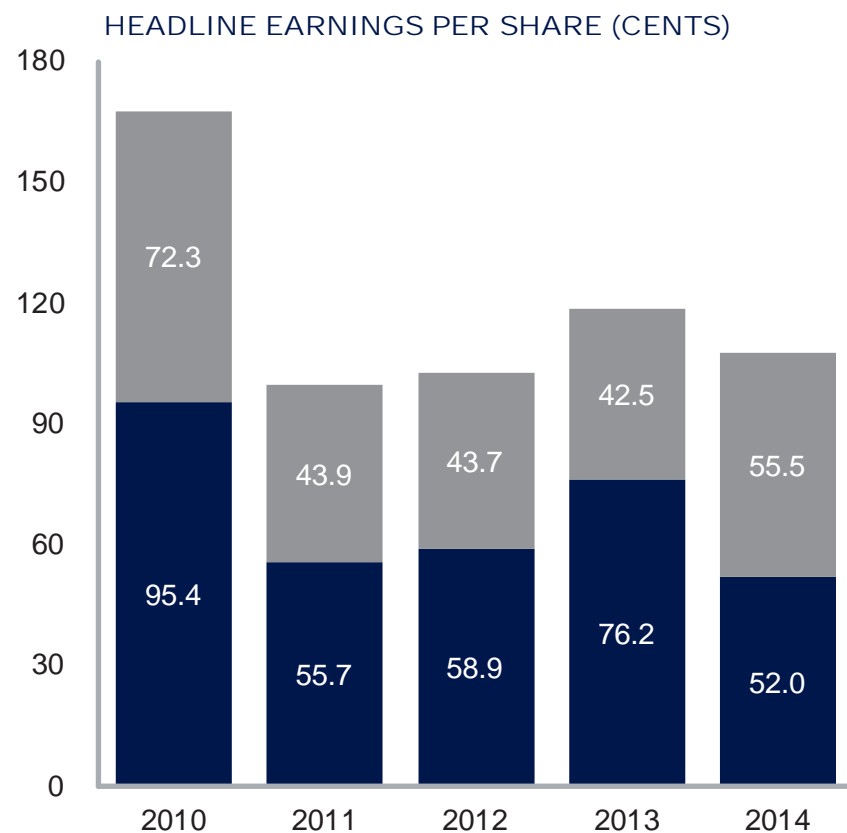
HEADLINE EARNINGS – 2014



R million	2014	2013	Growth %	Comments
Profit attributable to ordinary shareholders	1 001	1 177	(15)	
Adjusted for:	(272)	(475)	43	
Foreign currency translation reserve	(100)	(698)	86	
Net profit on disposals	(430)	(79)	(444)	Fair value of businesses acquired
Impairments	281	310	9	Truck fleet and ships held for sale
Negative goodwill	(23)	(8)	(188)	
Headline earnings	729	702	4	



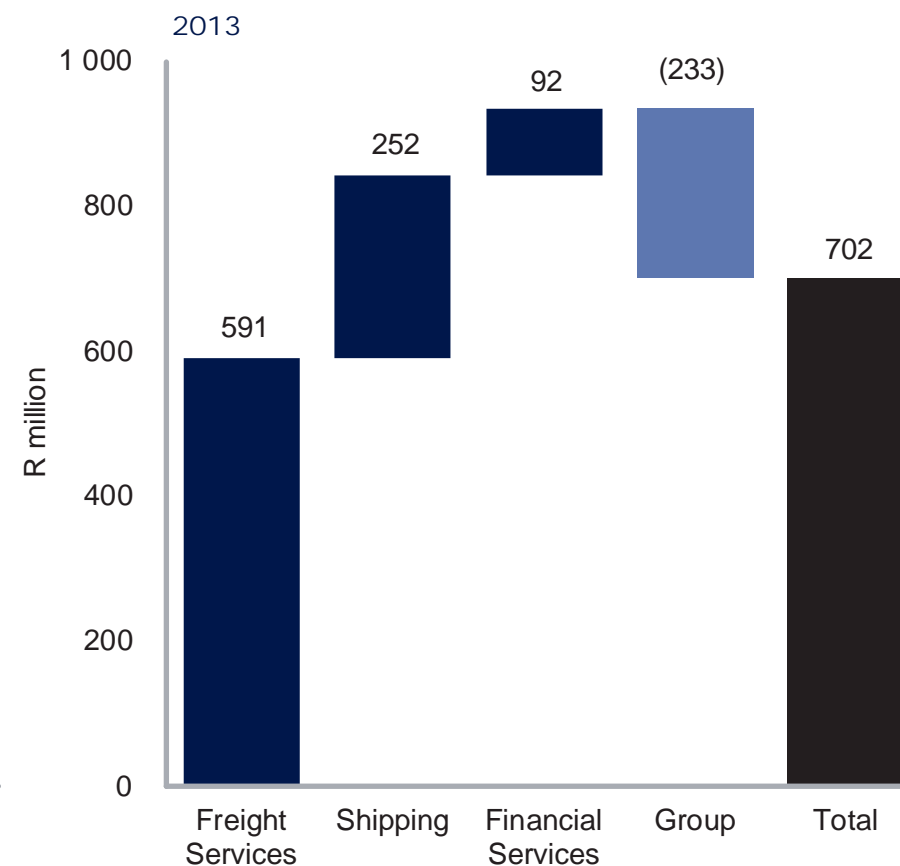
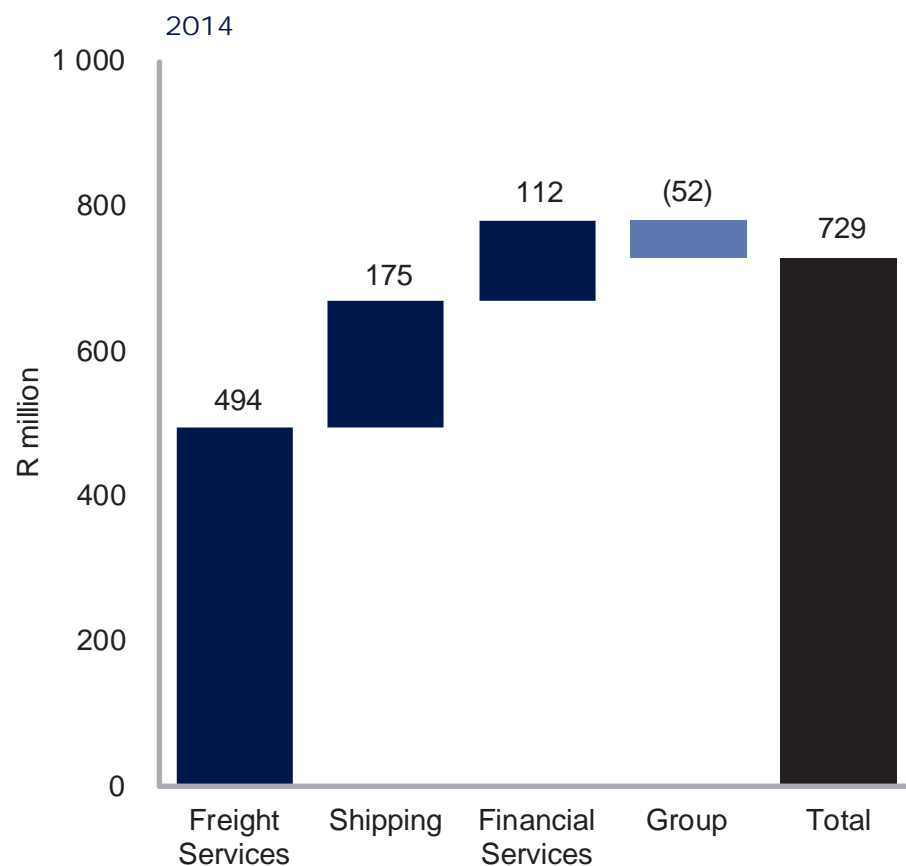
HEADLINE EARNINGS/DIVIDENDS PER SHARE



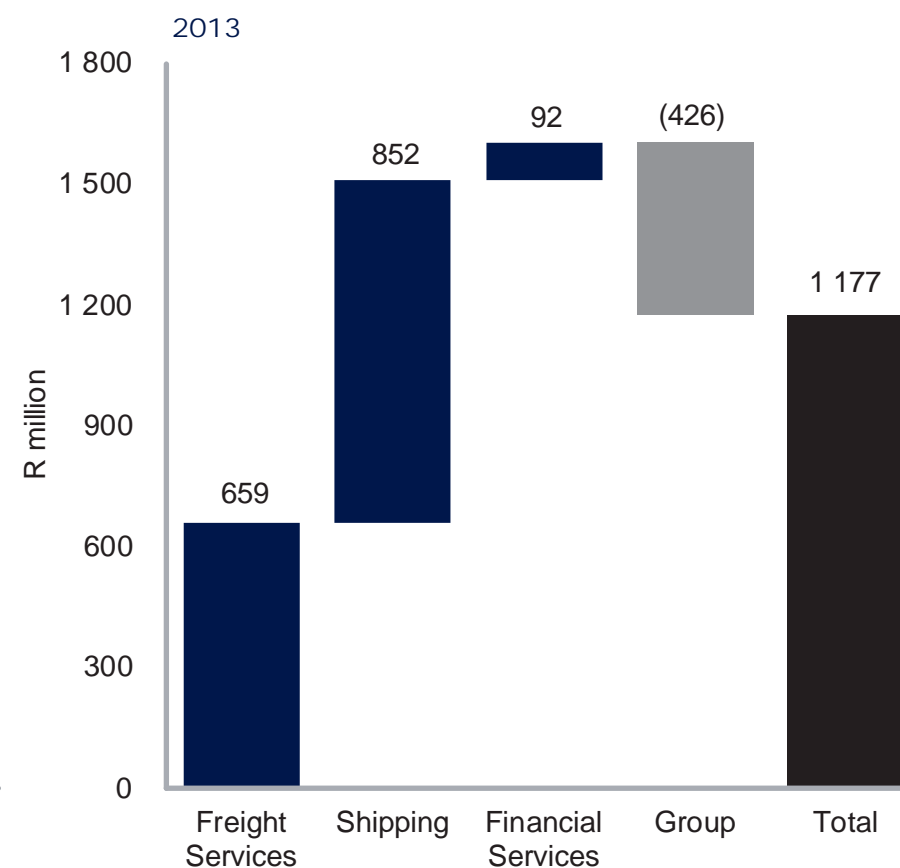
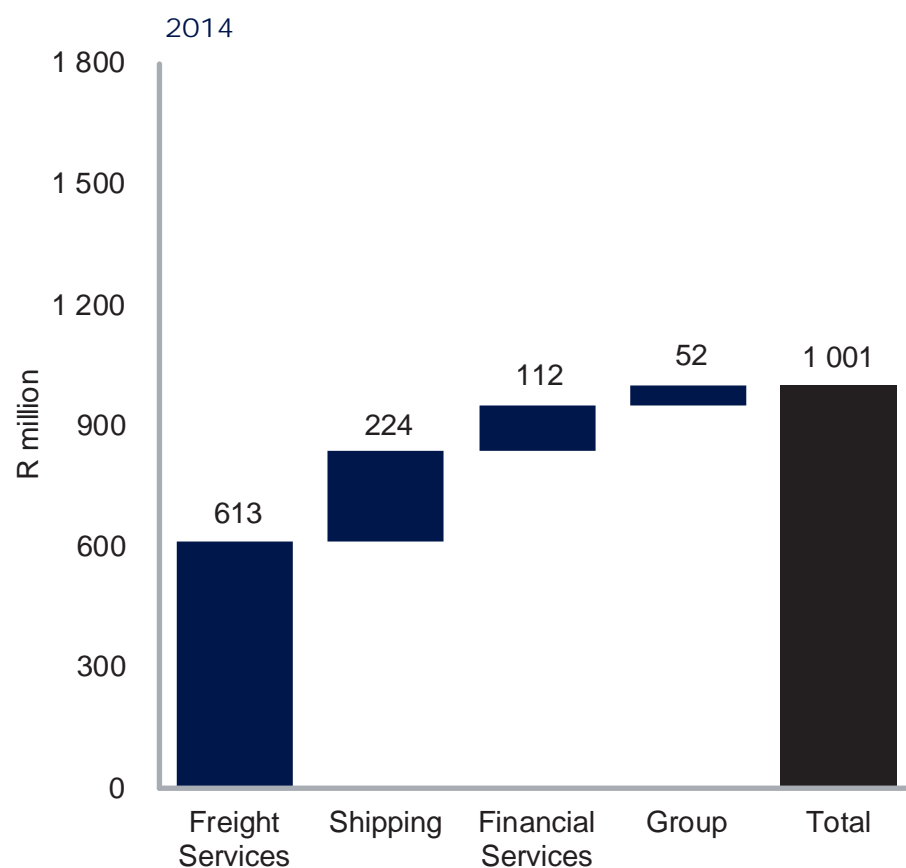
■ H1 ■ H2



HEADLINE EARNINGS BY DIVISION



ATTRIBUTABLE INCOME BY DIVISION



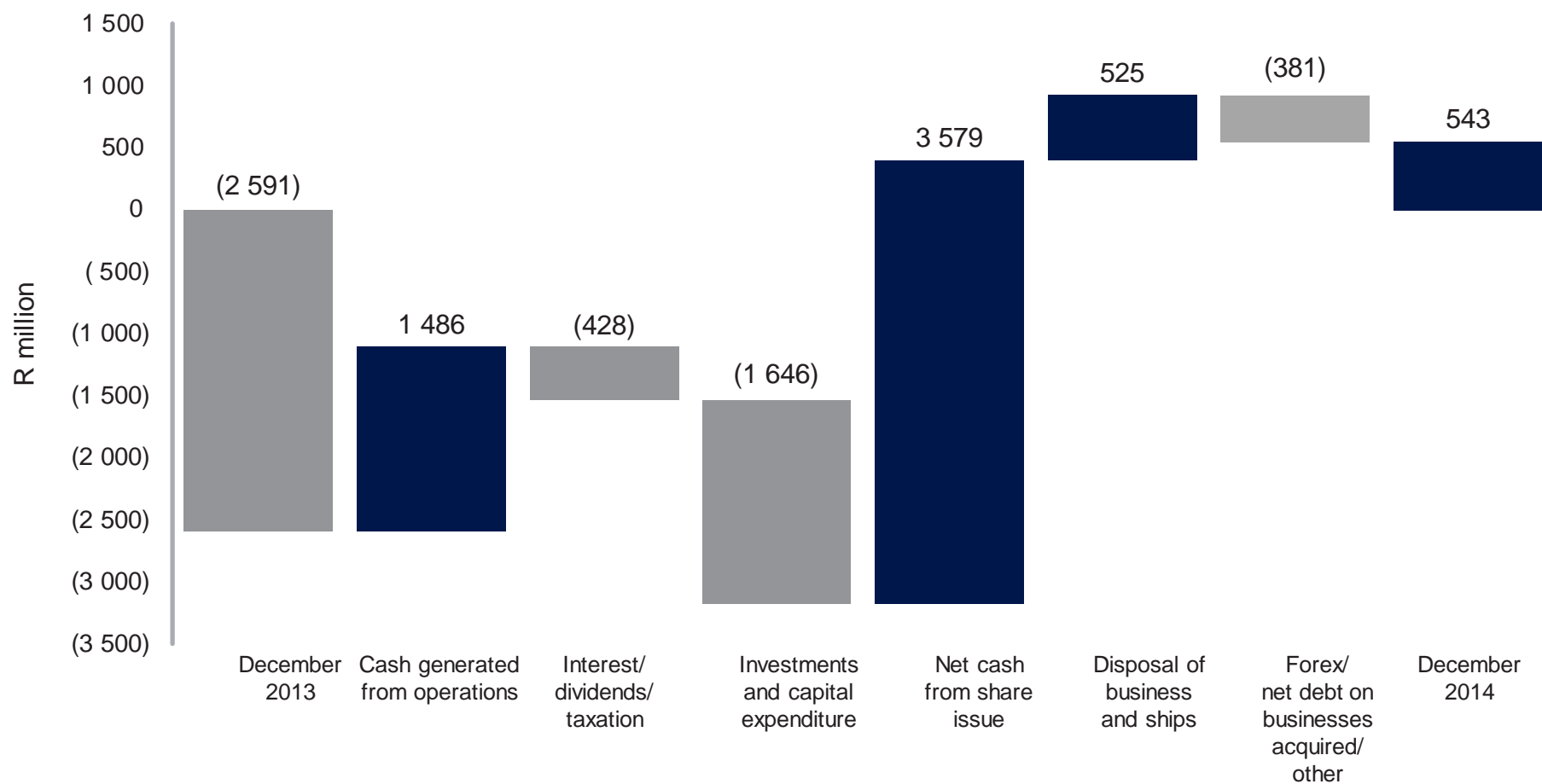
MANAGEMENT BALANCE SHEET



R million	2014	2013	Growth %	Comments
Property, plant and equipment				
Freight Services	3 378	2 943	15	Additional assets from acquisition of businesses
Shipping	6 913	6 413	8	Dry-bulk ship purchases
Financial Services	187	169	11	
Group	65	63	3	
Intangible assets	2 062	1 168	77	Increase due to acquisition of businesses
Investments in associates	1 687	1 491	13	
Other assets	5 865	4 606	27	Preference share investment with BEE Consortium and advances to Bank customers
Non-current assets held for sale	538	2 408	(78)	Disposal of Atlas
Current assets	16 612	13 324	25	Additional assets from acquisition of businesses and cash from equity raising
Total assets	37 307	32 585	14	
Shareholders' equity	17 490	12 137	44	R4 billion equity raised
Interest-bearing borrowings	6 829	6 146	11	
Deposits from bank customers	7 786	8 015	(3)	
Non-current liabilities held for sale	163	2 207	(93)	Disposal of Atlas
Other liabilities	5 039	4 080	24	Additional liabilities from acquisition of businesses
Total equity and liabilities	37 307	32 585	14	
Closing rate of exchange ZAR/USD	11.57	10.55		



NET DEBT ANALYSIS



CAPITAL COMMITMENTS AND EXPENDITURE



(R million)	Capital expenditure		Capital commitments			Split as follows	
	2014	2015	2016	2017+	Total	Approved not contracted	Approved and contracted
Freight Services	1 354	90	22	7	119	1	118
Port and Terminals	120	53	18	6	77	1	76
Rail	648	1	1	1	3	–	3
Carrier Logistics	97	3	3	–	6	–	6
Integrated Logistics	489	33	–	–	33	–	33
Shipping	981	430	285	121	836	–	836
Dry-bulk	795	430	269	121	820	–	820
Tankers	186	–	16	–	16	–	16
Financial Services	15	–	–	–	–	–	–
Group	98	–	–	–	–	–	–
	2 448	520	307	128	955	1	954
Split as follows:							
Subsidiaries	1 646	87	35	124	246	1	245
Joint venture	802	433	272	4	709	–	709

The above represents board approved capital commitments. These commitments exclude planned expenditure which is subject to final board consideration.

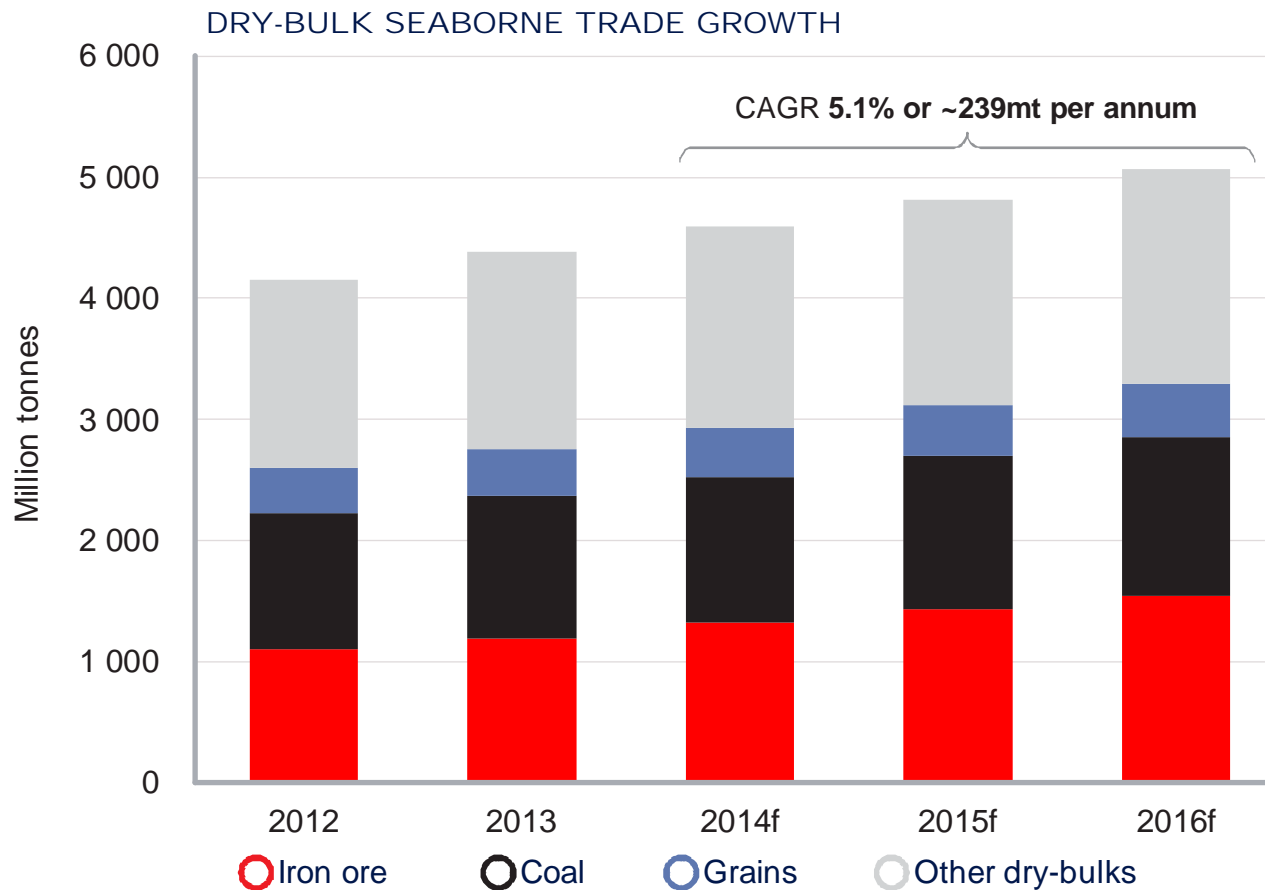




MARKETS



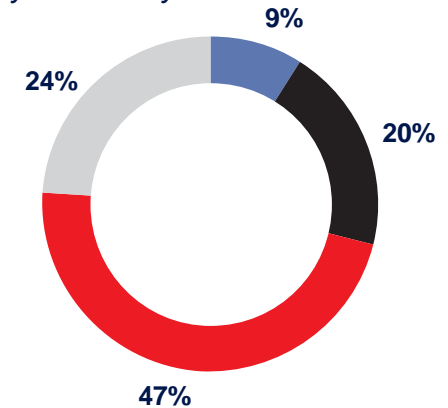
DRY-BULK SEABORNE TRADE



Global dry-bulk seaborne trade is expected to exceed **4.8 billion tonnes in 2015**

Seaborne trade will continue to grow by an average of **5.1% annually**

CONTRIBUTION TO GROWTH
2014-16
by commodity



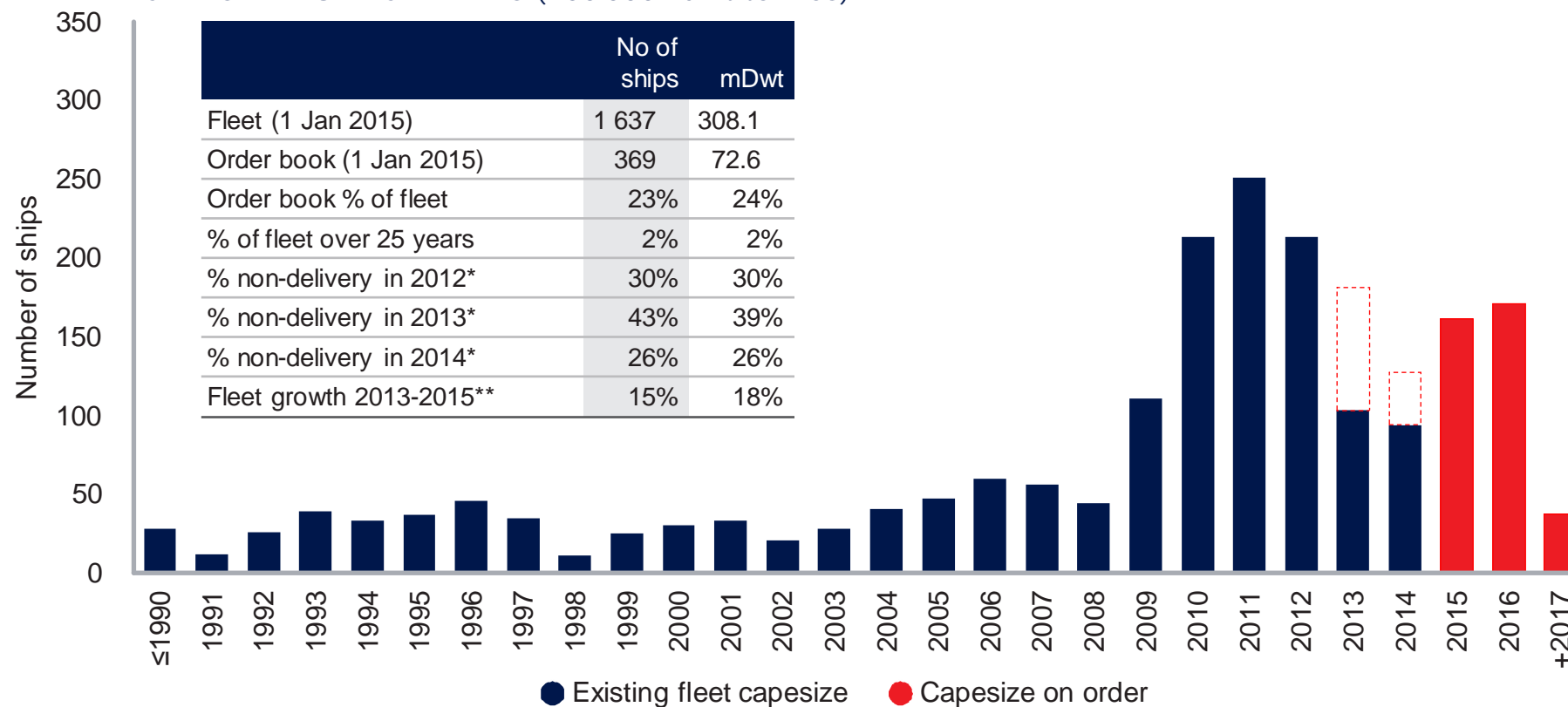
f = forecast CAGR – compound annual growth rate
Source: Hartland Shipping Services Ltd, January 2015



SHIPPING



CAPESIZE BULK CARRIERS (100 000+ dwt tonnes)



* Non-deliveries are estimates based on vessels that were scheduled to be delivered according to the opening order book, but due to delays, cancellations, renegotiations of contracts and new market information, have not yet entered the fleet

** Fleet growth is from 1 January 2013 until 1 January 2015

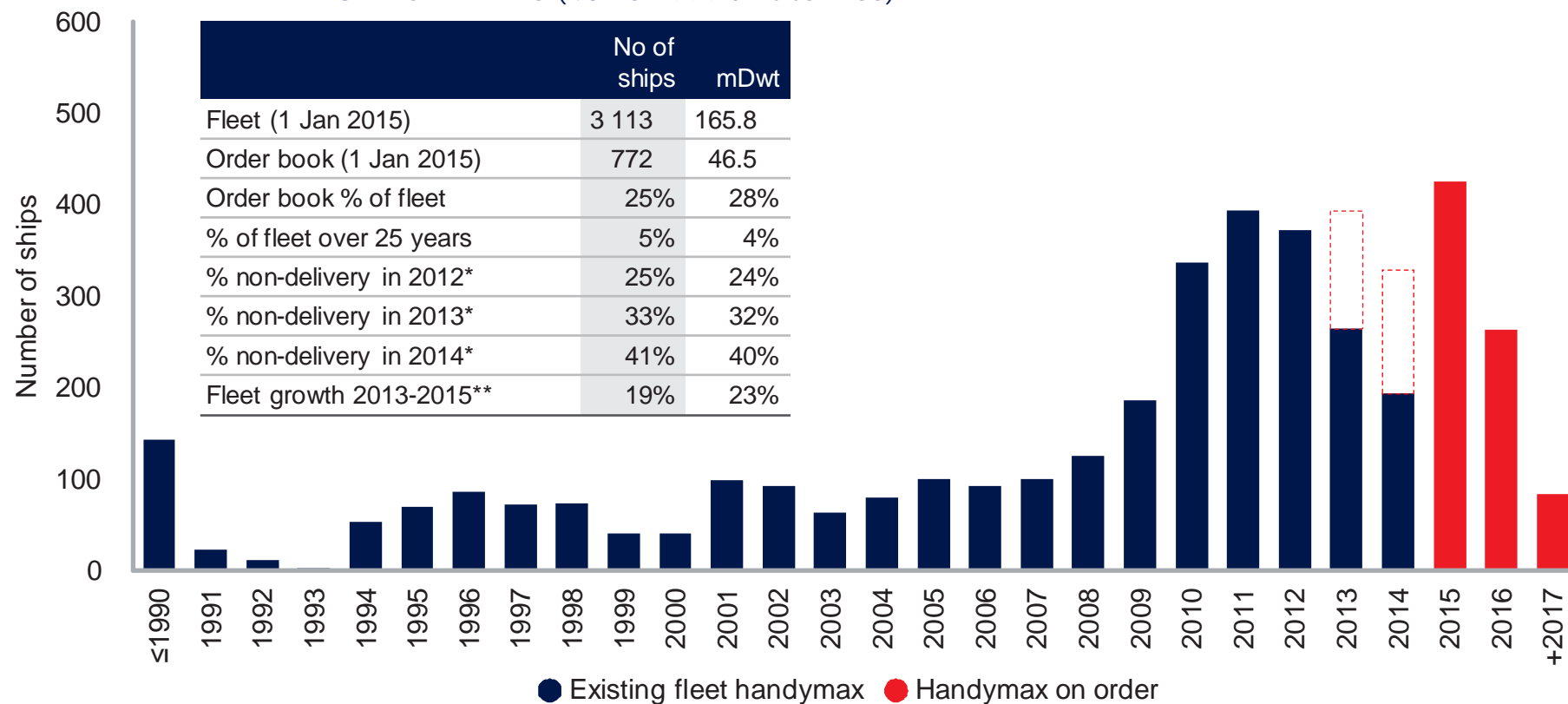
Source: Clarksons Research, January 2015



SHIPPING



HANDYMAX BULK CARRIERS (40 - 62 999 dwt tonnes)



* Non-deliveries are estimates based on vessels that were scheduled to be delivered according to the opening order book, but due to delays, cancellations, renegotiations of contracts and new market information, have not yet entered the fleet

** Fleet growth is from 1 January 2013 until 1 January 2015

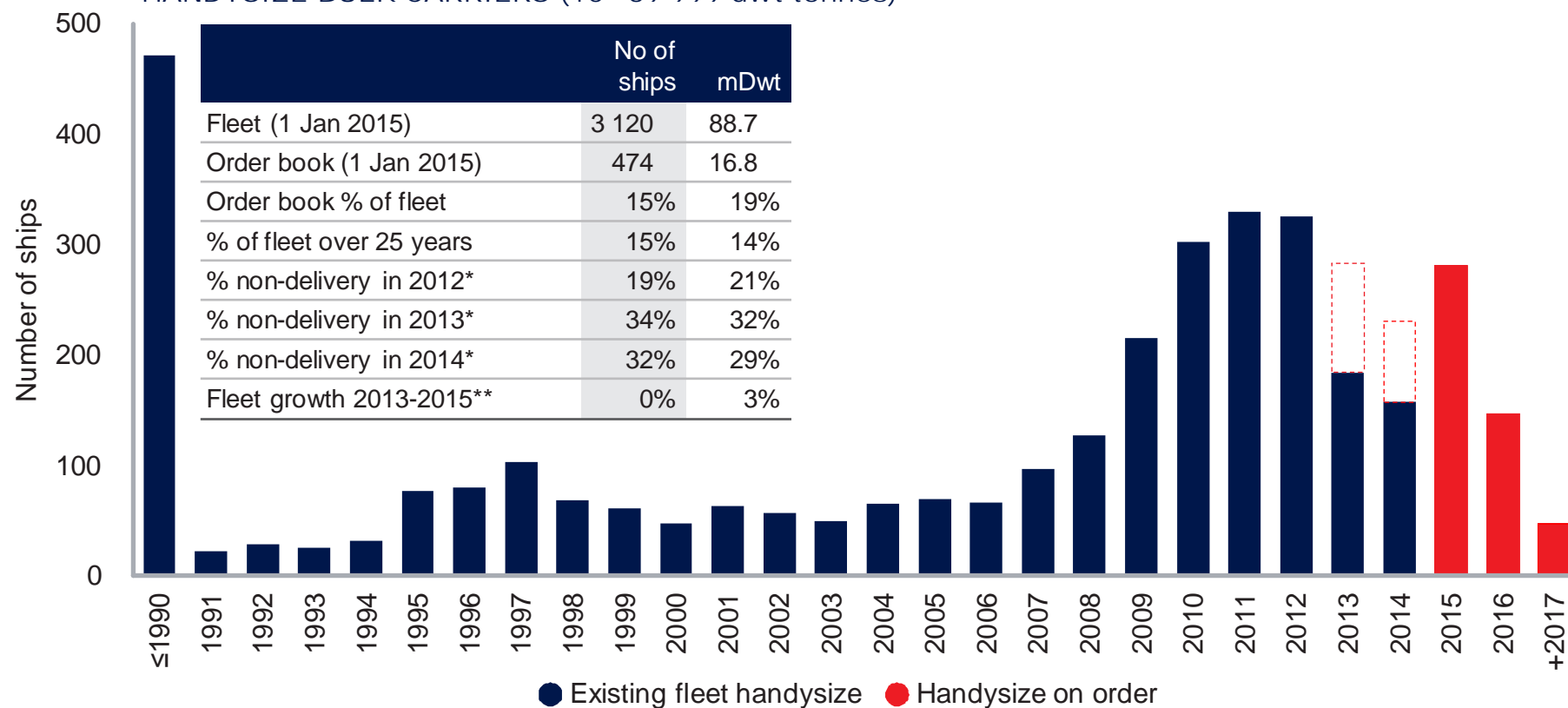
Source: Clarksons Research, January 2015



SHIPPING



HANDYSIZE BULK CARRIERS (10 - 39 999 dwt tonnes)



* Non-deliveries are estimates based on vessels that were scheduled to be delivered according to the opening order book, but due to delays, cancellations, renegotiations of contracts and new market information, have not yet entered the fleet

** Fleet growth is from 1 January 2013 until 1 January 2015

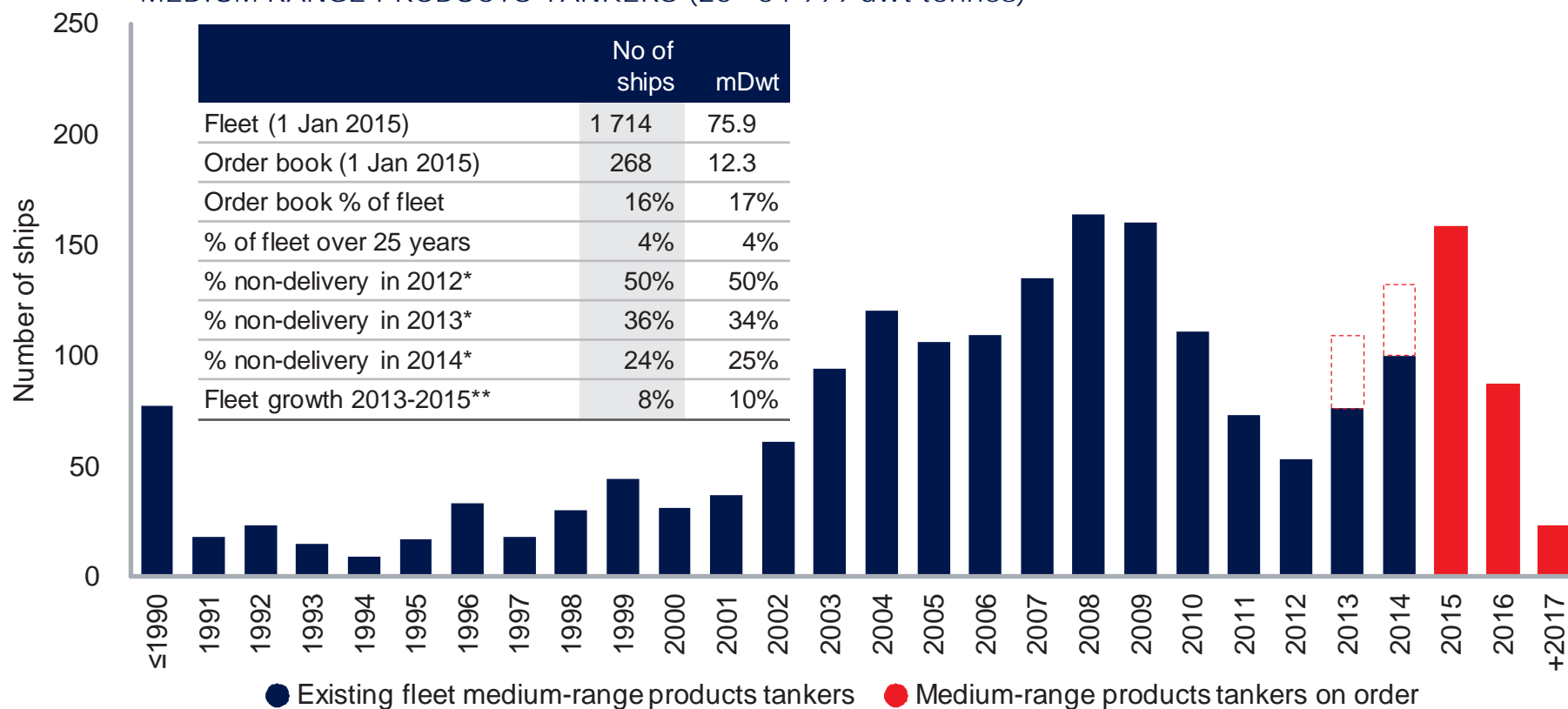
Source: Clarksons Research, January 2015



SHIPPING



MEDIUM-RANGE PRODUCTS TANKERS (25 - 54 999 dwt tonnes)



* Non-deliveries are estimates based on vessels that were scheduled to be delivered according to the opening order book, but due to delays, cancellations, renegotiations of contracts and new market information, have not yet entered the fleet

** Fleet growth is from 1 January 2013 until 1 January 2015

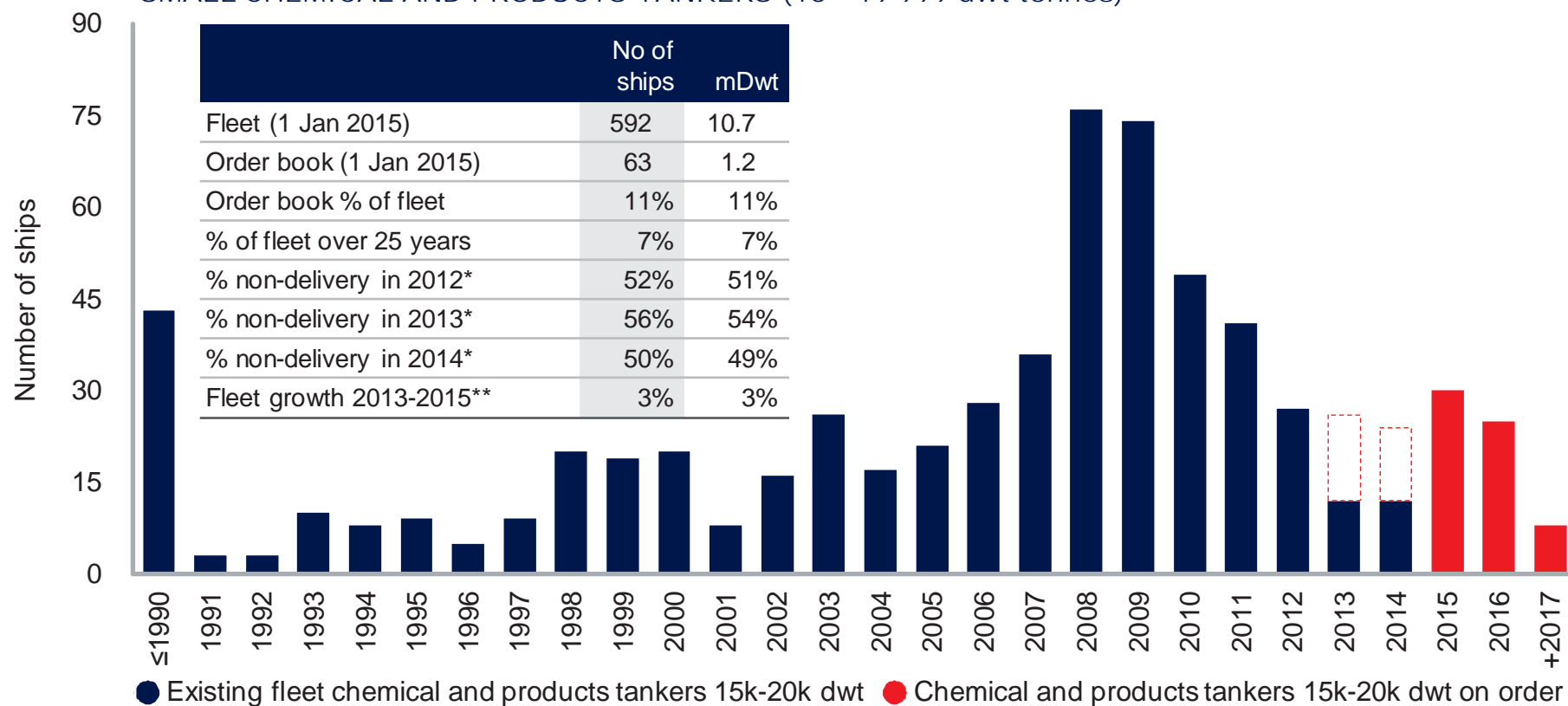
Source: Clarksons Research, January 2015



SHIPPING



SMALL CHEMICAL AND PRODUCTS TANKERS (15 – 19 999 dwt tonnes)



* Non-deliveries are estimates based on vessels that were scheduled to be delivered according to the opening order book, but due to delays, cancellations, renegotiations of contracts and new market information, have not yet entered the fleet

** Fleet growth is from 1 January 2013 until 1 January 2015

Source: Clarksons Research, January 2015





OPERATIONAL OVERVIEW

FREIGHT SERVICES



OPERATIONAL HIGHLIGHTS – PORT, TERMINALS AND RAIL



- Maputo port volumes up 14% to 19.5 million tonnes (2013: 17.2 million tonnes)
- Matola terminal throughput increased by 22% to 4.1 million tonnes (2013: 3.3 million tonnes) with increased magnetite volumes
- Richards Bay terminal throughput increased to 3.9 million tonnes despite weak coal prices (2013: 3.8 million tonnes)
- Reduction in Maputo car terminal volumes of 15% (60 888 vehicles moved) offset by increased storage revenue (2013: 71 368 vehicles moved)
- Rail-leasing business remains active
- Manufacturing and rail-construction businesses affected by commodity market



OPERATIONAL HIGHLIGHTS – LOGISTICS



- Turnaround in Automotive achieved with focused cost-saving efficiency measures
- Restructuring of fuel transportation business progressing
- Much improved second half of the year in merged ships agency business – Sturrock Grindrod Maritime
- Intermodal under rigorous review following impact of lower activity levels
- Senwes and NWK improve on above average storage



STRATEGY AND OUTLOOK



STRATEGY

- Terminal expansion: dry bulk and liquid bulk
- Expansion in rail businesses
- Diversification in the African continent
- Commodity diversification to promote terminal sustainability

OUTLOOK

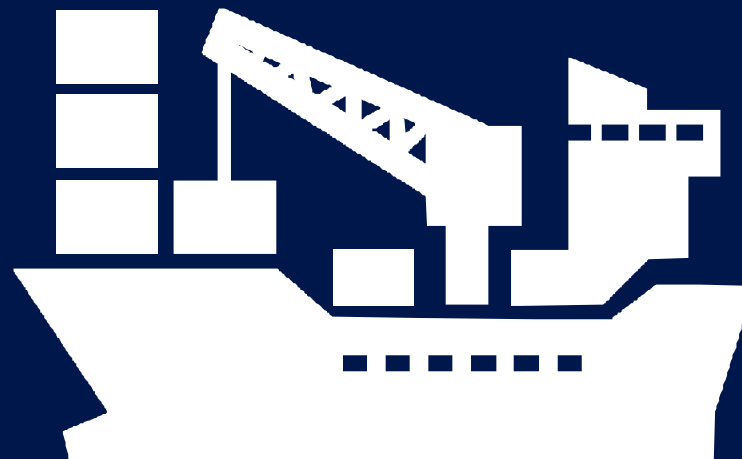
- Magnetite and coal volumes under pressure despite increased railing availability
- Rail infrastructure demand underpinned by projects under development
- Restructured Logistics businesses with improved cost base, poised for improved performance
- Climate conditions continue to put pressure on earnings in the agri-businesses





OPERATIONAL OVERVIEW

SHIPPING



OPERATIONAL HIGHLIGHTS



- Rates in dry bulk remain well below profitable levels
- Rates in the tanker sector were at unprofitable levels for the majority of the year
- Average earnings per day exceeded average spot-market rates
- Solid performance in ship-operating businesses
- Delivery of three next-generation eco fuel-efficient handysize bulk carriers
 - Owned handysize – three delivered in 2014 with three to deliver in 2015/2016
 - Owned supramax – one ordered in 2014 bring the total to six to be delivered in 2015
 - Chartered supramax – one ordered and two delivered in 2014 bringing the total to four still to be delivered in 2015/2016
- Net profit on ship sales
- Tighter market rates in marine-fuels business due to product oversupply, increased competition, stagnant European growth and reduced consumption



STRATEGY AND OUTLOOK



STRATEGY

- Careful management of owned fleet to maximise commercial opportunities
- Expand fleet under commercial management

OUTLOOK

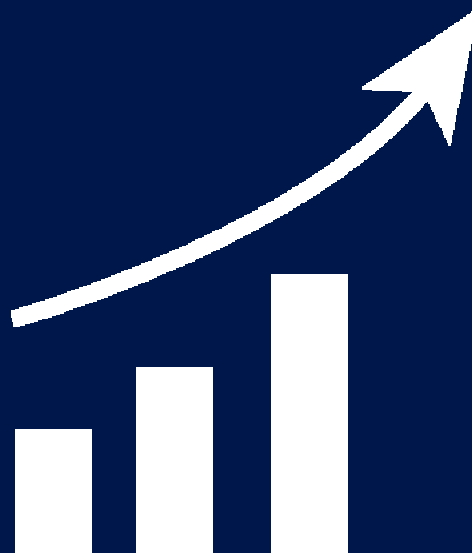
- Pressure of newbuilding deliveries remains
- Despite the cover, the dry-bulk fleet is not covering costs at these low levels
- Period rates indicate expectation dry-bulk rates will lift
- Tanker rates holding up despite large order book





OPERATIONAL OVERVIEW

FINANCIAL SERVICES



OPERATIONAL HIGHLIGHTS



- Growth across all businesses
- Good valuation growth in property portfolio
- Engagement with SASSA, PASA and Net1 to promote positive outcome for the future
- Positive results from investment philosophy that exceed benchmarks
- Grew presence in the Exchange Traded Fund (ETF) market
- Introduction of material investment in UK property private equity fund



STRATEGY AND OUTLOOK



STRATEGY

- Drive and incrementally execute focused business growth and diversification
- Pursue growth in assets under management
- Appropriate investment banking opportunities
- Focus on well-secured loans with low risk of default

OUTLOOK

- Steady growth expected
- Outcome of the SASSA contract may impact the medium term





KEY CAPITAL PROJECTS UPDATE



RICHARDS BAY TERMINAL



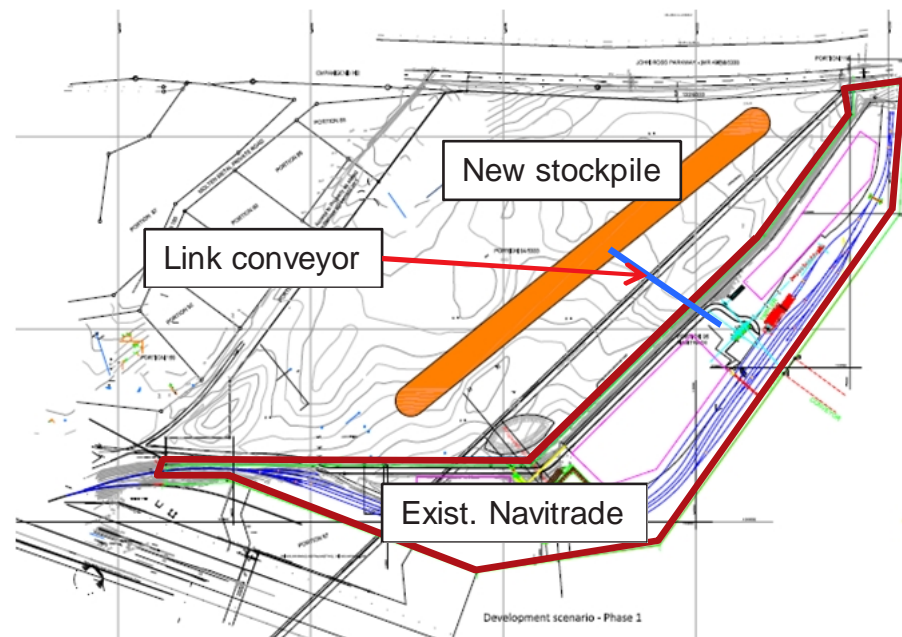
OPPORTUNITIES

- Immediate phase 1 expansion from 3.2 million to 4.5 million tonnes per year capacity
- Potential future phases up to 20 million tonnes per year capacity
- Can handle coal or magnetite

CHALLENGES

- Current cargo volumes

Total Capex (Ph 1)	Est. R125 million
Timeline	Complete end 2015
Grindrod shareholding	49.9%



RBTG (4.5MTPA)



NGQURA LIQUID-BULK TERMINAL STORAGE



OPPORTUNITIES:

- Phase 1 of the development 230 000m³ storage capacity
- Availability of land for further development of up to 720 000m³ storage capacity
- Can be used for storage of all petroleum products with the exception of crude oil and liquefied natural gas

CHALLENGES:

- NERSA approval of tariffs
- Finalisation of customer commitments

Total Capex	Est. R2.9 billion
Timeline	Complete Q1 2019
Grindrod shareholding	30.5%



OTGC SALDANHA CRUDE OIL TERMINAL



OPPORTUNITIES:

- OTGC¹ in joint venture with MOGS² (Royal Bafokeng Group)
- Development of 12 x 1.1 million barrel crude tanks
- Crude oil blending capability
- Crude bulk building for west – east trade

CHALLENGES:

- NERSA approval of tariffs
- Finalisation of customer commitments

1. Oiltanking Grindrod Calulo Holdings Proprietary Limited
2. Mining Oil and Gas Services

Total Capex	Est. R3.1 billion
Timeline	Complete mid 2018
Grindrod shareholding	15.25%



MAPUTO PORT DEVELOPMENT – PORT DREDGE



OPPORTUNITIES:

- Dredge caters for fully laden Panamax vessels draft of 14.2 meters resulting in increased competitiveness
- An independent commercial study is being undertaken to assist with business case
- Government support through the waiving of part of the concession fee

CHALLENGES:

- Current cargo volumes

Total Capex (Ph 1)	Est. US\$100 million
Returns	Under evaluation
Timeline	Complete mid 2016
Grindrod shareholding	EDPM: 25.5%



MAPUTO MATOLA TERMINAL



OPPORTUNITIES:

- Currently the terminal capacity is 7.3 mtpa
- Phase 4A – increase capacity to 12 mtpa
- Phase 4B – Concept stage – increase capacity to 20 mtpa

CHALLENGES:

- Current cargo volumes
- Channel depth

Total Capex	Est. US\$186 million
Returns	18.4% (over life of concession – 2043)
Timeline	To commence once volumes are confirmed
Grindrod shareholding	65%



NORTH WEST RAIL



OPPORTUNITIES:

- First major new rail infrastructure project in sub-Saharan Africa
- Phase 1: 340 km from Chingola to Kalumbila
- Phase 2: potential to connect West to Angolan border
- 1.2 million tpa of copper concentrate

CHALLENGES:

- Conclusion of Development Agreement
- Environmental and Social Impact Assessment process development commenced
- Conclusion of commercial agreements with customers

Total Capex	Est. US\$500 million
Timeline	Complete end 2018
Grindrod shareholding	100%



NORTH SOUTH CORRIDOR



OPPORTUNITIES:

- 3 000 km rail corridor with potential to transport 4 million tpa at full ramp-up
- Competitive solution to convert road traffic to rail
- Primary driver is copper, but also industrial and agricultural growth in Zambia and Zimbabwe
- Corridor masterplan study being jointly undertaken by Transnet and Grindrod supported by all parastatal rail operators

CHALLENGES:

- Co-ordination of multiple rail operators
- Securing long-term customers
- Ageing infrastructure requiring investment





GROUP STRATEGY AND OUTLOOK



STRATEGY

- To purposefully grow the business organically, by acquisitions and seeking synergies within the group, with specific focus on Africa, to become a respected fully integrated freight and logistics service provider

OUTLOOK

- Continual increase in demand for commodities globally is a key driver of the Grindrod business model
- Low shipping rates has a material impact on Grindrod profitability
- Commodity prices at unprofitable level for miners, impacts volumes through terminals
- Well positioned to take advantage of an improvement in the global economy
- Pipeline of strategic projects
- South African origin, uniquely positions the group to service African trade flows





ANNEXURES



TERMINAL CAPACITY



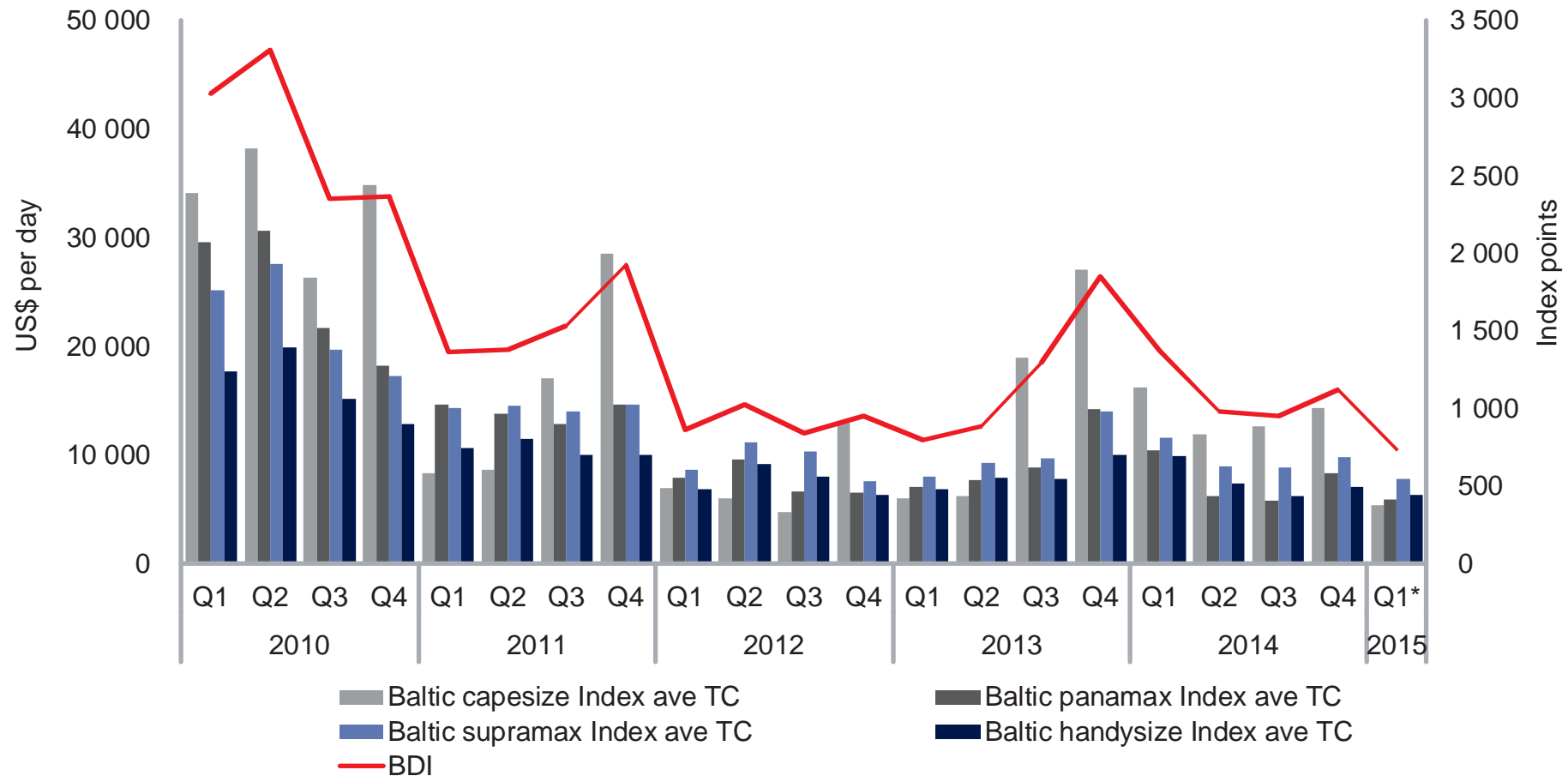
Terminals	Utilisation		Change %	Annual capacity 2014	Annual plus capacity under construction
	2014	2013			
Dry bulk (tonnes)	13 770 729	11 816 561	17	18 650 000	18 650 000
Matola coal terminal ¹	4 076 779	3 333 964	22	7 300 000	7 300 000
Richards Bay ¹	3 892 742	3 860 196	1	6 100 000	6 100 000
Maydon Wharf (Durban)	824 896	853 272	(3)	700 000	700 000
Walvis Bay (Namibia)	291 450	383 682	(24)	550 000	550 000
Maputo terminal ¹	4 684 862	3 385 447	38	4 000 000 ²	4 000 000 ²
Port of Maputo	19 550 110	17 204 160	14	N/A	N/A
Maputo car terminal (number of vehicles)	60 888	71 368	(15)	120 000	120 000

¹ Physical tonnage, excluding take or pay volumes

² GML current footprint and capacity being re-negotiated with MPDC and subject to change



DRY-BULK DAILY SPOT RATES (BALTIC INDICES)



* Q1 2015: 27 January 2015

Source: Clarksons Research (Shipping Intelligence Network), copyright Baltic Exchange, January 2015



SCRAPPING



dwt 000	Handysize bulker	Handymax bulker	Panamax bulker	Capesize bulker	Handy* products tanker	Handy* chemical tanker	Total	All other types	Total scrapping
2010	2 700	400	700	2 700	3 200	1 400	11 100	16 900	28 000
2011	5 300	2 200	5 200	10 500	1 400	700	25 300	17 400	42 700
2012	8 300	4 700	8 700	11 700	1 400	600	35 400	23 200	58 600
2013	6 700	3 500	5 000	8 100	1 500	200	25 000	22 200	47 000
2014	4 100	3 000	4 600	4 200	1 100	200	17 200	16 900	34 100

* Handy tankers cover 10 000-60 000 dwt range

Source: Clarkson Research (Shipping Intelligence Weekly and Shipping Intelligence Network, January 2015)



MARKET OUTLOOK



The following additional market slides have been posted on our website:

- South African port volumes – 2014
- Auto Industry sector – South Africa
- SA Motor Industry Sales
- Dry-bulk Trade Growth
- Handysize Bulk Carrier and Products Tanker Time Charter Rates
- 2014 Shipping and Commodity Price Performance
- Southern African Coal Exports
- Global Seaborne Coal Trade
- Global Iron Ore Exporters



DISCLAIMER



Statements contained throughout this presentation regarding the prospects of the group have not been reviewed or reported on by the group's external auditors.

The information supplied herewith is believed to be correct but the accuracy thereof is not guaranteed and the company and its employees and information sources cannot accept liability for loss suffered in consequence of reliance on the information provided. Provision of this data does not obviate the need to make further appropriate enquiries and inspections. The information is for the use of the recipient only and is not to be used in any document for the purposes of raising finance without the written permission of Clarkson Research Services Limited (CRSL) and/or Hartland Shipping Services Limited and/or (the Information Sources).

For the statistical and graphical information drawn from the Information Sources' databases, it is advised that:

- (i) some information on the Information Sources' databases is derived from estimates or subjective judgements;*
- (ii) the information in the databases of other maritime data-collection agencies may differ from the information in the Information Sources' databases*
- (iii) while the Information Sources have taken reasonable care in the compilation of the statistical and graphical information and believe it to be accurate and correct, data compilation is subject to limited audit and validation procedures and may accordingly contain errors;*
- (iv) the Information Sources, their agents, officers and employees do not accept liability for any loss suffered in consequence of reliance on such information or in any other manner;*
- (v) the provision of such information does not obviate any need to make appropriate further enquiries;*
- (vi) the provision of such information is not an endorsement of any commercial policies and/or any conclusions by any of the Information Sources; and*
- (vii) shipping is a variable and cyclical business and any forecasting concerning it cannot be very accurate.*

