

OPERATIONAL REVIEWS: DIVISIONAL REVIEW



REVENUE

▲ 38.8%
R24 360 million

(2021: R17 549 million)

PORT AND TERMINALS

▲ R3 713 million
(2021: R1 413 million)

LOGISTICS

▲ R3 635 million
(2021: R3 242 million)

GROUP

▲ R57 million
(2021: R28 million)

MARINE FUELS AND AGRICULTURAL LOGISTICS

▲ R16 955 million
(2021: R12 814 million)

PRIVATE EQUITY AND PROPERTY

▼ Rnil million
(2021: R52 million)



TRADING PROFIT

▲ 25.8%
R1 917 million

(2021: R1 524 million)

PORT AND TERMINALS

▲ R1 151 million
(2021: R580 million)

LOGISTICS

▲ R1 315 million
(2021: R895 million)

GROUP

▼ R292 million loss
(2021: R171 million)

MARINE FUELS AND AGRICULTURAL LOGISTICS

▲ R102 million
(2021: R43 million)

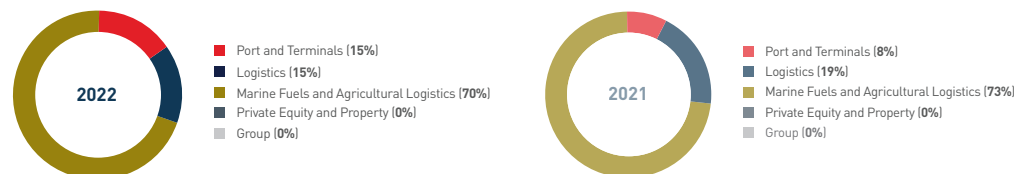
PRIVATE EQUITY AND PROPERTY

▼ R359 million loss
(2021: R165 million loss)

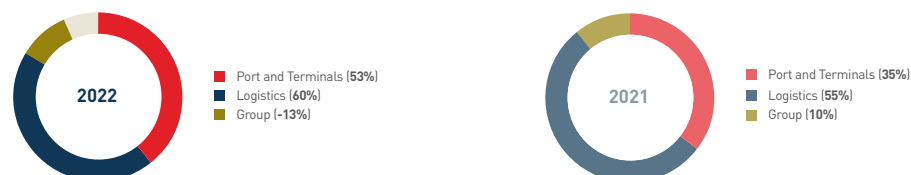
OPERATIONAL REVIEWS: DIVISIONAL REVIEW continued

CONTRIBUTION TO FINANCIAL PERFORMANCE

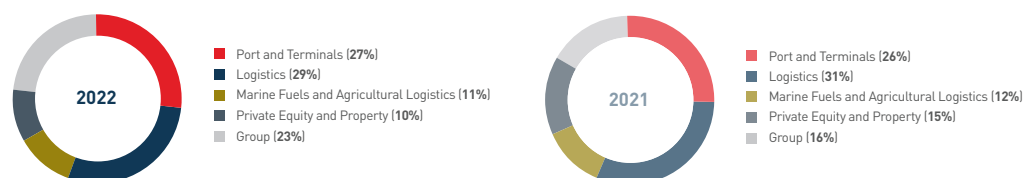
Revenue continuing by business area



Trading profit/(loss) from core operations continuing by business area



Total assets continuing by business area



Capital expenditure by business area

R million	2022	2021	2020	2019	2018
Port and Terminals	266	65	49	98	93
Logistics	486	499	355	356	395
Bank	2	4	-	2	2
Marine Fuels and Agricultural Logistics	-	-	-	-	-
Group	13	-	-	-	-
Shipping*	-	-	-	-	266
Total capital expenditure**	767	568	404	456	756

* Grindrod Shipping spin-off in June 2018.

** 64% (2021: 65%) of capital expenditure was expansionary, and the balance relates to maintenance or replacement capital expenditure.

REVENUE AND CORE OPERATIONS TRADING PROFIT

Volume growth due to strong commodity markets and strategic focus on customer solutions were the drivers of performance in both the Port and Terminals and Logistics business segments. Maputo Port volumes were up 29% against the prior period, capitalising on the additional slab and berthing capacity. Grindrod's drybulk terminals volumes were up 23% on the prior period. Grindrod benefited from further profit participation on 0.5 million tonnes of coal cargo handled, driven by strong customer demand. Grindrod's coastal shipping and container depot business performance benefited from healthy charter rates secured on the leasing and sub-leasing of vessels. The Northern Mozambique graphite operations embedded its alternative breakbulk solution out of the port of Pemba, handling 61 853 tonnes for the period. The clearing and forwarding business delivered solid results for the period, supported by favourable freight rates.

ASSETS

Following the sale of Grindrod Bank, total assets have declined, partially offset by an increase in exchange rates and growth.

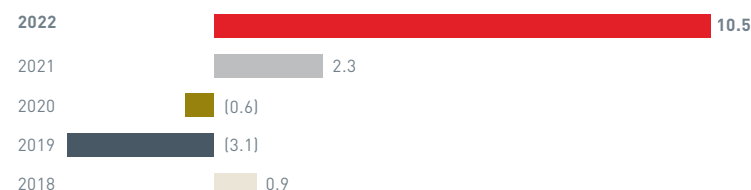
Investment in assets (at cost)

▲ **35.0%**
R767 million
(2021: R568 million)

Return on net assets

▲ **10.5%**
(2021: 2.8%)

Return on net assets (%)



OPERATIONAL REVIEWS: DIVISIONAL REVIEW continued

PORT AND
TERMINALS

PORT

Our investment in MPDC holds the concession for the Maputo port in Mozambique, a gateway to international export markets.

TERMINALS

Our infrastructure is designed to handle a variety of bulk, breakbulk commodities, vehicles and containers:

- Car terminal.
- Drybulk terminals.
- Multi-purpose terminals.
- Stevedoring.

OVERVIEW

The Port and Terminals division manages investments with a capital-intensive barrier to entry, which provide the backbone for offering integrated logistics solutions along key trade corridors, in partnership with the Logistics division.

Our terminal facilities are strategically positioned in Maputo, Richards Bay, Durban, Cape Town and Walvis Bay, providing an efficient service to importers and exporters. State-of-the-art supply chain management software enables real-time views of cargo status, stockpile position and performance. Dashboards track the cargo, assisting our customers in managing their shipments moving through the ports.

Key challenges 2022

- Floods in KwaZulu-Natal.
- Shortage of locomotives.
- Collision between a vessel and the TCM berth.
- Impacts of the Port strike.
- Derailments and infrastructure vandalism.

Key achievements 2022

- Maputo Port volumes up 29% against prior period.
- Profit participation in 0.5 million tonnes of coal handled.
- Collaboration with South African miners, Eswatini Rail and Mozambique Ports and Railways (CFM).
- Maputo sized coal increased volume by 393%, and Maputo Car Terminal (MCTL) increased volumes handled by 62%, on the prior period.
- Completed deployment of SHERQ portal.
- Successful ISO and IMS audits.
- Achieved record loading on a single vessel of 148 201 tonnes.
- Growth in line with customer demand, back of port facility for Matola, additional temporary footprint for sized coal terminal and petcoke terminal area in Namibia.
- Developed and delivered value-added solutions for coal customers in line with strategy.
- Solutions for junior miner volumes in excess of 3.2 mtpa.
- Completed the buy-up of Navitrade coal terminal post year-end.

Number of employees

▼ 8.8% 1 077 employees
(2021: 1 181)

Total GHG emissions (CO₂e)

▲ 7.8% 16 590 tonnes
(2021: 15 394 tonnes)

Revenue

▲ 162.8% R3 713 million
(2021: R1 413 million)

Fatalities

● Zero
(2021: Zero)

LTIFR

▲ 0.40
(2021: 0.37)

Electricity usage

▼ 11.3% 6 582 kWh
(2021: 7 421 kWh)

Trading profit

▲ 98.4% R1 151 million
(2021: R580 million)

Water usage

▲ 2.5% 72 068 kl
(2021: 70 328 kl)

US\$-based revenue

▲ 230.5% R3 156 million
(2021: R955 million)

Total land-based diesel

▲ 9.9% 2 348 kl
(2021: 2 137 kl)

OPERATIONAL REVIEWS: DIVISIONAL REVIEW continued

OPERATING CONTEXT AND MARKET TRENDS

Grindrod's purpose is to make a positive difference in Africa's trade with the world, touching the lives of the communities in which we operate. Through its presence in the port and terminals, its logistics capabilities, covering, clearing and forwarding, marine logistics, project cargo handling and rail, Grindrod remains well positioned to deliver on its purpose.

The outlook on the operating environment is volatile. Global growth is receding and sub-Saharan Africa's growth outlook is facing headwinds. However, East Africa is expected to remain resilient. Global inflationary pressures will increase input and capital funding costs. Momentum in the mining commodity markets is slowing down, particularly in the steel-making input minerals. The coal market outlook remains unfavourable in the long-run due to the green energy demand dynamics. However, the energy transition dynamics impact the timing and manner of transition.

PERFORMANCE

Port of Maputo

A new handling record was achieved by the Port of Maputo in 2022, having registered growth of 20% compared to 2021 in own and sub-concession volumes. The total volume handled in 2022 was 26.8 million tonnes, against 22.3 million tonnes in 2021. This growth reflects the efficient usage of the rehabilitated berths 6, 7, 8 and 9, which were inaugurated in May 2022, and the implementation of 24-hour operations at the Lebombo-Ressano Garcia border during April 2022.

The record of the biggest loading on a single vessel was broken in 2022, with a total volume loaded of 148 201 tonnes.

Rail volumes for chrome and ferrochrome registered a sharp increase of 73% compared to the previous year (from 1.4 million tonnes in 2021 to 2.4 million tonnes in 2022). The rail versus road ratio also showed some improvement, from 21%:79% in 2021 to 26%:74% in 2022, where stakeholders continued to address the need for more balanced volumes between rail and road cargo.

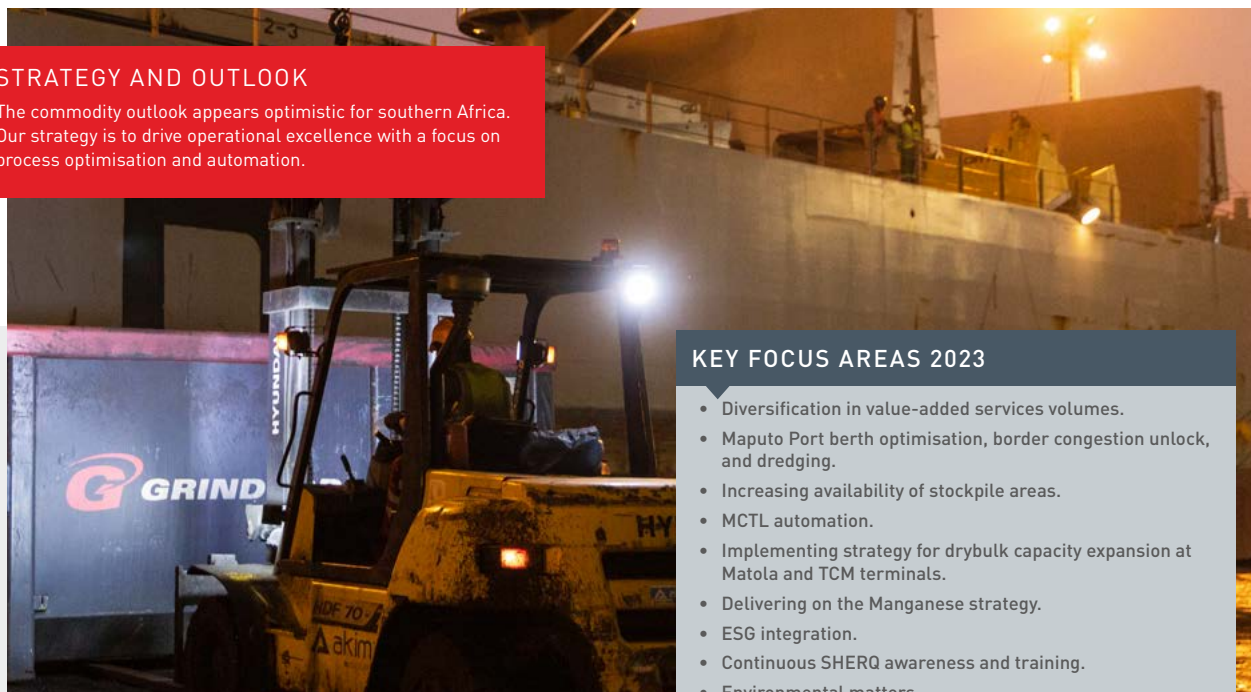
The investment and implementation of automation solutions within the port continued throughout 2022 and even greater efficiency in the logistics supply chain is expected during 2023.

The concession's 20th anniversary will be celebrated during 2023. The Port of Maputo began the implementation of the new masterplan designed to meet future challenges and increase the Port's footprint to meet growing demand. The plan includes using the latest equipment, such as mobile harbour cranes and supporting equipment, to improve efficiencies through improved turnaround times and throughput.

Tonnes	2022	2021	% change
Chrome/ferrochrome (own handled)	9 835 273	7 638 362	29
Sub-concession and other	16 936 943	14 626 314	16
Port of Maputo	26 772 216	22 264 676	20
Trucks per day into Maputo (average)	541	438	24
Trains per week into Maputo (average)	17	11	55

STRATEGY AND OUTLOOK

The commodity outlook appears optimistic for southern Africa. Our strategy is to drive operational excellence with a focus on process optimisation and automation.



KEY FOCUS AREAS 2023

- Diversification in value-added services volumes.
- Maputo Port berth optimisation, border congestion unlock, and dredging.
- Increasing availability of stockpile areas.
- MCTL automation.
- Implementing strategy for drybulk capacity expansion at Matola and TCM terminals.
- Delivering on the Manganese strategy.
- ESG integration.
- Continuous SHERQ awareness and training.
- Environmental matters.

Terminals

In the face of unprecedented operational environment challenges, Grindrod continued to deliver efficient and cost effective solutions to its customers. Record volumes of 16 million tonnes were handled by the drybulk terminals. Matola Terminal achieved volumes of 8.1 million tonnes and earnings of R190.5 million. Volumes for the year were 12% higher than budget despite the 10-day ports strike during October 2022. This is the second year in a row that the terminal exceeded its nameplate capacity.

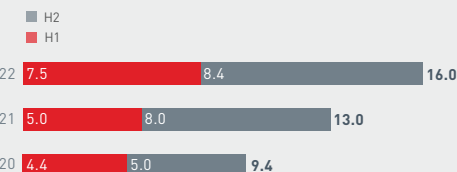
MCTL volumes increased by 62% in vehicle units, resulting in increased earnings of 5%.

The Maputo terminal volume increased significantly, with terminal capacity expanded to 4.5 million tonnes.

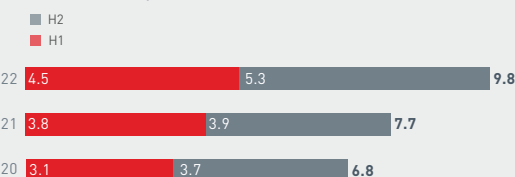
Grindrod's Eswatini corridor solution enhanced traffic flow through the Komatipoort border, benefiting our customers.

Profit participation of 0.5 mtpa coal handled added R167.1 million of earnings.

Terminal volumes (mtpa)



Port volumes (mtpa)



OPERATIONAL REVIEWS: DIVISIONAL REVIEW continued

LOGISTICS

OVERVIEW

Logistics provides tailored logistics solutions across the supply chain for the efficient, end-to-end delivery of diversified cargo.

Logistics forms the backbone of global and regional trade and is fundamental to the effective running of most other sectors. Our logistics solutions connect inland corridors to ports and global markets. Grindrod's long-standing strategic relationships and joint ventures have created an extensive network that provides a worldwide presence, specialised skills and exceptional services.

INTERMODAL

We provide solutions through our warehousing, distribution, container depot solutions and transport capabilities.

SEAFREIGHT LOGISTICS

Door-to-door seafreight solutions with a feeder service for containerised cargo in the southern African region.

CONTAINER LOGISTICS

Our container depots in Johannesburg, Cape Town, Gqeberha and Durban provide logistics solutions that include container handling and storage, container structural repairs, reefer services, container transport and parts sales.

SHIPS AGENCY AND MARINE
TECHNICAL SERVICES

We provide a ships agency, logistics and marine technical and engineering services to the maritime, offshore and oil and gas sectors.

RAIL

Our rail business provides full end-to-end customer logistics solutions that include cost-effective rolling stock leasing solutions and rail operations.

CROSS-BORDER AND
PROJECT LOGISTICS

With offices in all the major transit corridors in southern Africa, we can manage projects from start to finish for customers across many industries and feeder service across the southern African region.

CLEARING AND FORWARDING

We offer freight forwarding, customs brokerage and related logistics solutions across five continents.

TRANSPORTATION

We assess all options for transporting bulk/breakbulk cargo to a hub for storage, distribution or export. Road transportation is integrated into our logistics operations. Through strong strategic partnerships with reputable airlines, Röhlig-Grindrod secures preferential rates and delivers reliable, cost-effective, flexible solutions.

Key achievements 2022

- Delivering container depot solutions for our customers.
- Denver container depot park development.
- Improvements to enhance the United Container Depots (UCD) container business.
- Exceptional recovery time following the devastating floods in KwaZulu-Natal.
- Successful completion of the Maersk joint venture.
- Two new sites established and operational.
- Establishment and growth of a long-haul corridor between Durban and Gauteng.
- Increased the cross-border footprint.
- Established Eswatini Freight corridor for moving bulk cargos into the Port of Maputo.
- Conclusion of the five-year contract for iron ore in Sierra Leone, improved deployment and continued execution of the locomotive refurbishment programme.
- East Africa Lake Victoria transport solution progressing well.
- Established an alternative route to market for graphite through the Port of Pemba.
- Increased freight management footprint in SADC, including Zambia and Malawi.
- Established a new footprint in Uganda.
- Delivered our first revenue from our East Africa crude oil pipeline logistics solution.
- Ships Agency reported good profit at the end of the year, specifically Gqeberha and Richards Bay.
- Solid performance by Röhlig-Grindrod.
- Progress in establishing marine logistics capabilities.

Key challenges 2022

- Devastating floods in KwaZulu-Natal.
- Port strike.
- Reduced container volumes as a result of the war in Ukraine.
- Fuel price increases.
- Cost-push inflation.
- Business interruption due to security issues in northern Mozambique.
- Shortage of freight logistics skills in new footprint areas.

Number of employees

▲ 9.2% 2 432 employees
(2021: 2 227)

Total GHG emissions (CO₂e)

▼ 32.5% 74 313 tonnes
(2021: 110 138 tonnes)

Revenue

▲ 12.5% R3 635 million
(2021: R3 242 million)

Fatalities

● Zero
(2021: Zero)

LTIFR

▼ 0.39
(2021: 0.54)

Electricity usage

▼ 26.5% 6 675 kWh
(2021: 9 077 kWh)

Trading profit

▲ 46.9% R1 315 million
(2021: R895 million)

Water usage

▼ 31.8% 74 159 kl
(2021: 108 805 kl)

US\$-based revenue

▼ 12.6% R598 million
(2021: R685 million)

Total land-based diesel

▼ 33.9% 11 277 kl
(2021: 17 068 kl)

OPERATIONAL REVIEWS: DIVISIONAL REVIEW continued

OPERATING CONTEXT AND MARKET TRENDS

Post the pandemic, the global logistics sector still faces disruptions which have resulted in delays globally in logistics operations, especially in the seafreight sector.

Challenges faced in the logistics sector have seen a trend of collaborative logistics, with companies coming together to overcome obstacles faced. Other rising trends are warehouse and transport automation to improve efficiencies and productivity through autonomous vehicles. Multimodal or multichannel logistics (the use of all modes of transportation) is becoming prevalent to reduce the dependency on one mode of shipping.

Green logistics is gaining prominence, with switches to alternative fuels and renewable energy to reduce CO₂ emissions. Bio-LNG can reduce up to 85% of emissions.

Outlook

Market	Current exposure	Short-term fundamentals	Long-term fundamentals
Container	300 000 m ²	●	●
Graphite	360 000 tpa	●	●
Agriculture	Grapes, citrus	●	●
Projects	Crude oil projects	●	●

MARKET OUTLOOK

POSITIVE



VOLATILE



NEGATIVE



STRATEGY AND OUTLOOK

The South African government has announced its commitment to creating an efficient and competitive freight transport system, including allowing third-party access to South Africa's rail system. In anticipation of increased demand for readily available locomotives, Grindrod Rail Consultancy Services (GRCS) has commenced the refurbishment of the remaining 14 locomotives that were extracted from Sierra Leone. Our strategic intent is to diversify and grow the logistics footprint beyond northern Mozambique into East Africa and we are seeking appropriate business partners to enable this plan. Key to this is the integration of the Grindrod Logistics Africa business into this East Africa segment, which was completed in May 2021.

PERFORMANCE

Upgraded terminals, redesigned processes and a footprint across southern Africa firmly positions the business as a market leader in container services, warehousing and transport.

The coastal shipping, container depots and transport, and multi-purpose terminal businesses achieved earnings growth of 134% in 2022. This was underpinned by strong container handling performance and higher shipping rates on the sub-leasing of the chartered vessels, capitalising on favourable market conditions.

Earnings from East Africa were up 95% compared to 2021.

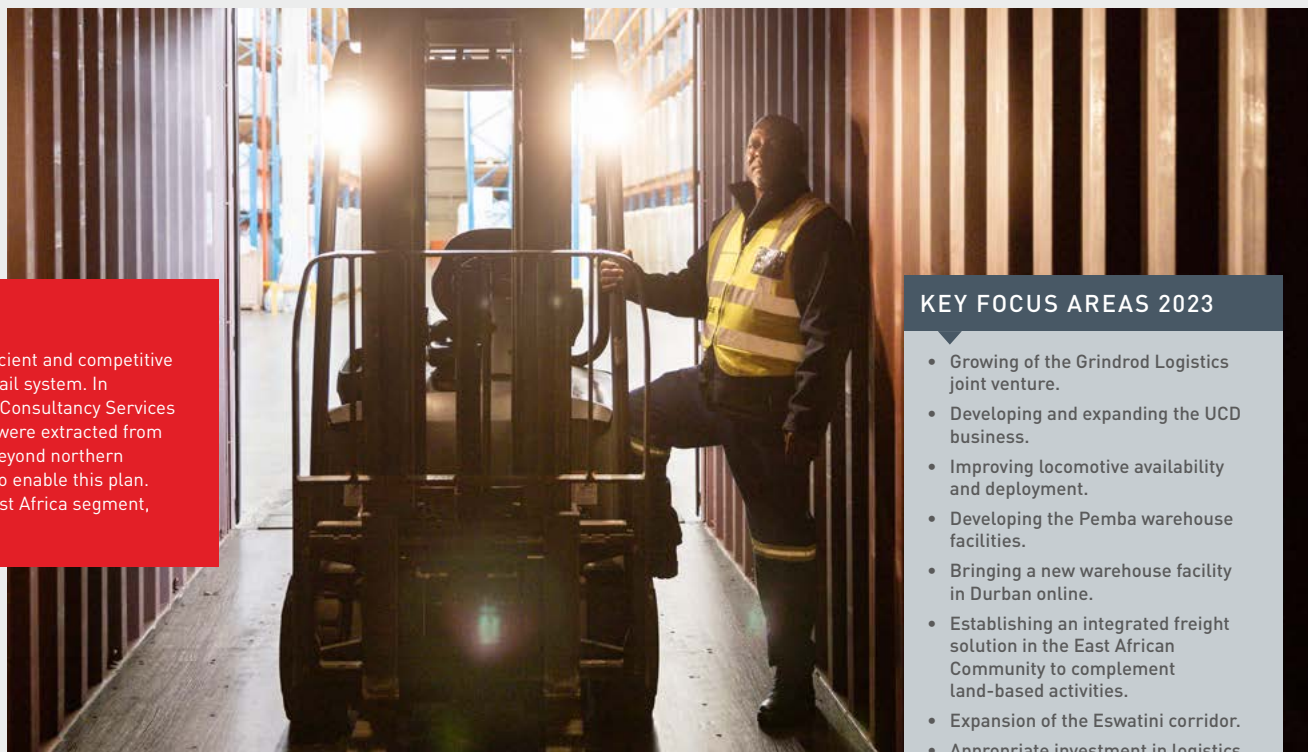
Operations resumed for our Nacala-based graphite operations transporting graphite by road from the mine to our Nacala intermodal facility for transfer to global markets. GLM and Nacala generated earnings of US\$4.3 million for the year, with volumes up 76% on the prior year.

A total volume of 113 281 tonnes (2021: 99 643 tonnes) and 61 853 tonnes (2021: nil) was handled through the Nacala and Pemba facilities, respectively.

Clearing and Forwarding recorded a good performance with earnings of R62.8 million, up 39% on 2021.

SGM improved earnings by R43.1 million exceeding budget by 37%. Ships Agency performed well, and the technical business showed marked improvement in the face of headwinds.

Rail deployment improved from the prior year, albeit under shorter-term contracts. Rail leasing returned earnings of R52.4 million (2021: R27.3 million).



KEY FOCUS AREAS 2023

- Growing of the Grindrod Logistics joint venture.
- Developing and expanding the UCD business.
- Improving locomotive availability and deployment.
- Developing the Pemba warehouse facilities.
- Bringing a new warehouse facility in Durban online.
- Establishing an integrated freight solution in the East African Community to complement land-based activities.
- Expansion of the Eswatini corridor.
- Appropriate investment in logistics infrastructure in the Port of Pemba and Uganda.

EXCEEDING CUSTOMER EXPECTATIONS

Our greatest asset is our people, and their can-do attitude motivates them to take on any challenge, exceed expectations and overcome barriers. Together, we are a united, agile, enthusiastic force – committed to providing our customers with innovative, efficient and cost-effective logistics solutions.

OUR STORIES

OPENING TRADE CORRIDORS

Grindrod's Matola terminal in Maputo received its second train from Botswana and successfully discharged 50 wagons using the terminal's tipplers. This marks a significant milestone for Grindrod's drybulk terminal in the main Port of Maputo, Mozambique. Grindrod is proud to be part of this initiative to unlock trade corridors, and it is envisaged that this corridor could realise an annual volume throughput of 350 000 to 400 000 metric tonnes of coal from Botswana earmarked for the global market.



OUR STORIES

EXPANDING TO MEET GLOBAL DEMAND

Global coal demand remains high amid the ongoing global energy crisis. In response to the increasing demand for export capacity, the Maputo and Matola drybulk terminals (GML and TCM), the sub-concessions of the MPDC, have sought to expand their footprints to meet demand.

GML's throughput was increased from the current capacity of 1.5 million tonnes per annum to 4.5 million tonnes per annum in the first half of 2022, representing an increase of 200%. TCM's capacity is expected to increase substantially following further investment in infrastructure, subject to approvals being received.

These enhancements will increase South Africa's mining exports on a year-on-year performance basis, bolster volume exports by existing port users and promote port access to new users.

The expansion plans are included in the Port of Maputo's new masterplan, which was presented in May 2022 during the Maputo Port's Conference.

OUR STORIES

PORT OF MAPUTO INAUGURATES REHABILITATED BERTHS

A total of 1 058 metres of berthing area was inaugurated in May 2022 by the President of Mozambique, Filipe Jacinto Nyusi. The berths were rehabilitated, expanded, and dredged to depths of up to 16 metres and are now fully operational, allowing the port to receive and load an increasing number of bigger vessels (capesize).

Preceding the berth inauguration, MPDC held the Seventh Conference of the Port of Maputo, presenting its recent achievements and the port's plans up to and beyond 2043.

Planned investments include:

- Construction of a new berth for bulk cargo.
- Creation of a food terminal (grains, sugar, vegetable oils, molasses).
- Expansion of the container terminal.
- Development of the intermodal container terminal.
- Expanding TCM capacity.

The vision for the port's future considers the fundamental principles of port planning in its interaction with the city, port efficiency, and sustainable development.

OUR STORIES

BOLSTERING ECONOMIC DEVELOPMENT THROUGH THE EAST AFRICA MARINE TRANSPORT FERRY

During the year, a keel-laying ceremony took place in Uganda, marking an important milestone in the construction of the East Africa Marine Transport Ferry. Once built, the 96-metre-long purpose-built roll-on/roll-off ferry will transport fully laden trucks, operating a safe, scheduled freight service between Port Bell (serving Kampala, Uganda) and the port at Mwanza South, Tanzania. Grindrod is proud to be part of this project and believes it will have a sustainable impact on the local economy, alleviating many of the challenges faced by businesses in the region while promoting trade and contributing to economic growth.



OUR STORIES

THE COBRE PANAMA PROJECT – ANOTHER SUCCESS STORY FOR OUR PROJECT CARGO TEAM

Grindrod is a global logistics provider specialising in heavy-lift, project-related and oversized cargo. Cobre Mine Panama is a large open-pit copper mine located 120 kilometres west of Panama City, with a concession consisting of four zones totalling 13 600 hectares. Equipment was sourced globally in preparation for the mine opening, including from suppliers and manufacturers of mining equipment from the Democratic Republic of Congo, Zambia and South Africa. Grindrod was contracted to provide a range of onshore services and provided an integrated freight logistics solution, including full project management support and timeline management for 24 months to ensure delivery of the equipment to the mine in Panama within the estimated cost and time budgets. Equipment included ball and sag mills, mill shells, abnormal disassembled cranes and many manufactured components for the new mine.

The abnormally large out of gauge equipment was road hauled from the source in the DRC and Zambia to the Port of Durban in South Africa for export. The project utilised 11 vessels over the two years. Due to the complexity of scale and domicile, a dedicated team of project cargo specialists constantly tracked and managed the consignments to remain within timelines, budgets and restrictions during transit, constantly updating key stakeholders to progress against expectations. Circumstances such as border delays had to be proactively managed to avoid demurrage costs and related standing time charges. The integrated nature of the solution required hands-on management of various sub-contractors for heavy lifts and road haulage, freight and route surveys in order to mitigate liability risks from origin to destination. Grindrod's extensive port, cross-border and intra-Africa knowledge was imperative to the project's eventual success.



OPERATIONAL REVIEWS: DIVISIONAL REVIEW continued

NON-CORE BUSINESS

THE PRIMARY NON-CORE BUSINESSES ARE

- Marine Fuels.
- Private Equity and Property portfolio investments.

KEY FOCUS AREAS 2023

- Capital allocation.
- Return on Equity and ROIC.
- Managing realisation of assets.

NORTH COAST LAND ADVANCES

Management is exploring options to recover the loans advanced to the KwaZulu-Natal north coast property owners at a carrying value of R1.1 billion as at 31 December 2022.

PRIVATE EQUITY

The private equity portfolio of R319.2 million now consists of one significant private equity investment.

MARINE FUELS

The Marine Fuels business was profitable, benefiting from the higher fuel margins resulting from the Russo-Ukrainian conflict. Marine Fuels reported a profit of R87.4 million (2021: R40.0 million).

