



GRINDROD LIMITED

**ADDITIONAL INFORMATION FOR ANALYSTS**

for the six months ended 30 June 2017



**MANAGEMENT SEGMENTAL BALANCE SHEETS**

AS AT 30 JUNE 2017

<b>R000</b>	<b>FREIGHT SERVICES</b>	<b>SHIPPING</b>	<b>FINANCIAL SERVICES</b>	<b>GROUP</b>	<b>TOTAL GROUP</b>
Fixed assets	2 734 736	6 157 391	188 494	64 960	9 145 581
Other assets	2 840 062	535 587	1 199 291	576 145	5 151 085
Current assets excluding cash, liquid assets and advances	2 145 215	2 850 968	482 344	1 801 373	7 279 900
<b>TOTAL ASSETS</b>	<b>7 720 013</b>	<b>9 543 946</b>	<b>1 870 129</b>	<b>2 442 478</b>	<b>21 576 566</b>
Equity	4 124 480	4 710 030	953 588	4 573 028	14 361 126
Preference share capital	88 010	-	550 000	101 990	740 000
Net debt (including cash)	1 448 454	2 552 146	131 529	(2 229 625)	1 902 504
Non-current liabilities	255 782	83 549	74 727	7 788	421 846
Current liabilities	1 803 287	2 198 221	160 285	(10 703)	4 151 090
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7 720 013</b>	<b>9 543 946</b>	<b>1 870 129</b>	<b>2 442 478</b>	<b>21 576 566</b>



**OTHER SEGMENTAL INFORMATION**

AS AT 30 JUNE 2017

<b>R000</b>	<b>FREIGHT SERVICES</b>	<b>SHIPPING</b>	<b>FINANCIAL SERVICES</b>	<b>GROUP</b>	<b>SEGMENTAL ADJUSTMENTS</b>	<b>TOTAL GROUP</b>
Depreciation and amortisation	139 416	205 081	2 708	12 700	(118 996)	240 909
Net interest	20 867	80 931	28 729	(69 811)	(57 423)	3 293
Preference dividend	6 736	–	22 498	4 673	–	33 907



## SEGMENTAL ANALYSIS

AS AT 30 JUNE 2017

	Unaudited 30 June 2017 R000	Unaudited 30 June 2016 R000
<b>Revenue</b>		
Freight Services	1 650 766	2 266 251
Freight Services excluding businesses classified as held for sale	1 365 099	1 556 369
Businesses classified as held for sale	285 667	709 882
Shipping	11 509 615	8 574 232
Financial Services	224 993	226 139
Group	18 945	4 546
Segmental adjustments	13 404 319	11 071 168
	(9 298 573)	(6 421 379)
Freight Services	(406 211)	(413 018)
Shipping	(8 892 362)	(6 008 361)
Financial Services	-	-
Group	-	-
	4 105 746	4 649 789
<b>Earnings/(loss) before interest, taxation, depreciation and amortisation</b>		
Freight Services	62 690	245 849
Freight Services excluding businesses classified as held for sale	269 383	192 984
Businesses classified as held for sale	(206 693)	52 865
Shipping	196 264	(26 823)
Financial Services	164 302	131 617
Group	10 412	(51 411)
Segmental adjustments	433 668	299 232
	(285 212)	(102 071)
Freight Services	(174 431)	(124 522)
Shipping	(110 781)	22 451
Financial Services	-	-
Group	-	-
	148 456	197 161
<b>Operating (loss)/profit before interest and taxation</b>		
Freight Services	(76 726)	31 830
Freight Services excluding businesses classified as held for sale	142 323	14 345
Businesses classified as held for sale	(219 049)	17 485
Shipping	(8 817)	(274 079)
Financial Services	161 594	128 663
Group	(2 288)	(51 519)
Segmental adjustments	73 763	(165 105)
	(166 216)	30 073
Freight Services	(120 812)	(61 764)
Shipping	(45 404)	91 837
Financial Services	-	-
Group	-	-
	(92 453)	(135 032)
<b>Share of associate companies' profit/(loss) after taxation</b>		
Freight Services	20 591	(7 165)
Freight Services excluding businesses classified as held for sale	22 814	(7 331)
Businesses classified as held for sale	(2 223)	166
Group	202	-
Segmental adjustments	20 793	(7 165)
	-	-
	20 793	(7 165)
<b>(Loss)/profit attributable to ordinary shareholders</b>		
Freight Services	(81 932)	(732 222)
Freight Services excluding businesses classified as held for sale	241 655	(92 034)
Businesses classified as held for sale	(323 587)	(640 188)
Shipping	(124 039)	(417 903)
Financial Services	80 256	77 071
Group	39 092	(46 990)
Segmental adjustments	(86 623)	(1 120 044)
	-	-
	(86 623)	(1 120 044)



**LEGAL NET DEBT BREAKDOWN**

AS AT 30 JUNE 2017

	<b>Including Financial Services</b>	<b>Excluding Financial Services</b>
<b>R million</b>	<b>Net Debt</b>	<b>Net Debt</b>
Loans and advances to bank customers	6 313 277	–
Liquid assets and short-term negotiables	1 937 342	–
Bank and cash	6 601 649	1 907 126
Bank and cash included in non-current assets held for sale	44 038	44 038
Long-term loans	(2 884 580)	(1 727 396)
Deposits from bank customers	(11 239 939)	–
Current portion of long-term loans	(737 725)	(479 754)
Short term borrowings and overdraft	(404 991)	(404 991)
Interest bearing debt included in non-current liabilities held for sale	(356 184)	(356 184)
Net debt	<b>(727 113)</b>	<b>(1 017 161)</b>



**FREIGHT SERVICES**

## CONTRIBUTION BY BUSINESS UNIT

Please note that these KPIs are as per Management Structure (JV's proportionally consolidated line by line and e.g. revenue will be higher than revenue in the legal structure (where JVs are added as a one line item)

<b>Freight Services</b>	<b>June 2017</b>	<b>June 2016</b>
Revenue	1 651	2 266
EBITDA	63	246
Operating income	(77)	32
Attributable income	(82)	(732)
Operating Margins (%)	(5)	1

<b>Freight Services (excluding rail assets held for sale)</b>	<b>June 2017</b>	<b>June 2016</b>
Revenue	1 365	1 556
EBITDA	270	193
Operating income	142	15
Attributable income	242	(92)
Operating Margins (%)	10	1

<b>Rail assets held for sale</b>	<b>June 2017</b>	<b>June 2016</b>
Revenue	286	710
EBITDA	(207)	53
Operating income	(219)	17
Attributable income	(324)	(640)
Operating Margins (%)	(77)	2



**FREIGHT SERVICES****CONTRIBUTION BY BUSINESS UNIT**

Please note that these KPIs are as per Management Structure (JV's proportionally consolidated line by line and e.g. revenue will be higher than revenue in the legal structure (where JVs are added as a one line item)

<b>Port, Terminals and Rail</b>	<b>June 2017</b>	<b>June 2016</b>
Revenue	<b>811</b>	<b>1 249</b>
EBITDA	<b>3</b>	<b>148</b>
Operating income	<b>(70)</b>	<b>26</b>
Earnings before NTI <sup>1</sup>	<b>(170)</b>	<b>(40)</b>
Attributable income	<b>(101)</b>	<b>(700)</b>
Operating margin (%)	<b>(9)</b>	<b>2</b>

<b>Logistics</b>	<b>June 2017</b>	<b>June 2016</b>
Revenue	<b>840</b>	<b>1 017</b>
EBITDA	<b>60</b>	<b>98</b>
Operating income	<b>(7)</b>	<b>6</b>
Earnings before NTI <sup>1</sup>	<b>19</b>	<b>(31)</b>
Attributable income	<b>19</b>	<b>(32)</b>
Operating margin (%)	<b>(1)</b>	<b>1</b>

<b>Ports, Terminal and Rail (excluding rail assets held for sale)</b>	<b>June 2017</b>	<b>June 2016</b>
Revenue	<b>525</b>	<b>539</b>
EBITDA	<b>210</b>	<b>95</b>
Operating income	<b>149</b>	<b>9</b>
Earnings before NTI <sup>1</sup>	<b>85</b>	<b>(34)</b>
Attributable income	<b>223</b>	<b>(60)</b>
Operating Margins (%)	<b>28</b>	<b>2</b>

<b>Rail assets held for sale</b>	<b>June 2017</b>	<b>June 2016</b>
Revenue	<b>286</b>	<b>710</b>
EBITDA	<b>(207)</b>	<b>53</b>
Operating income	<b>(219)</b>	<b>17</b>
Earnings before NTI <sup>1</sup>	<b>(255)</b>	<b>(6)</b>
Attributable income	<b>(324)</b>	<b>(640)</b>
Operating Margins (%)	<b>(77)</b>	<b>2</b>

<sup>1</sup>Earnings before non-trading items (NTI)



**FLEET OVERVIEW**

(OWNED AND LONG-TERM CHARTERED SHIPS)

Contracted in at 30 June 2017		Bulk carriers			Tankers		Total
		Handysize	Supramax	Capesize	Medium-range	Small	
H2 2017	Number (average)	16.3	9.0	1.2	9.1	3.5	<b>39.1</b>
	Cost (US\$/day)	8 000	12 500	13 100	14 300	11 300	<b>10 900</b>
2018	Number (average)	15.2	8.5	0.2	8.3	3.5	<b>35.7</b>
	Cost (US\$/day)	8 400	12 200	10 500	14 900	12 300	<b>11 200</b>
2019	Number (average)	14.5	7.8	-	7.5	3.5	<b>33.3</b>
	Cost (US\$/day)	8 500	12 200	-	15 100	12 500	<b>11 300</b>
<b>Current fleet</b>		<b>15.5</b>	<b>9.0</b>	<b>2.0</b>	<b>9.5</b>	<b>3.5</b>	<b>39.5</b>
H2 2017		-	-	(1)	(1)	-	<b>(2)</b>
2018		(1)	(1)	(1)	(1)	-	<b>(4)</b>
2019		-	(1)	-	-	-	<b>(1)</b>
<b>Fleet at end of 2019</b>		<b>14.5</b>	<b>7.0</b>	<b>-</b>	<b>7.5</b>	<b>3.5</b>	<b>32.5</b>

Charter option extensions and purchase options on 1 Handysize bulk carrier, 2 Supramax bulk carrier and 1 Capesize bulk carrier are not included in the above numbers as they are not contracted.



## SHIPPING – CONTRACT COVER

Contracted at 30 June 2017		Bulk carriers			Tankers		Total
		Handysize	Supramax	Capesize	Medium-range	Small	
H2 2017	Number (average)	4.0	5.2	0.4	3.2	1.6	14.4
	Revenue (US\$/day)	6 800	10 800	13 800	15 900	13 600	11 200
2018	Number (average)	–	2.1	–	1.5	–	3.6
	Revenue (US\$/day)	–	11 500	–	20 300	–	15 200
2019	Number (average)	–	2.0	–	1.0	–	3.0
	Revenue (US\$/day)	–	11 500	–	22 200	–	15 100

Contract profits	% of fleet fixed	Charters (US\$ million)
H2 2017	39	(0.4)
2018	12	1.7
2019	10	1.5

Note : Variable volume contracts have been included at forecast volumes and rates. Most contracts are index linked and the rates forecast is based on the market at June 2017 and will fluctuate if the market changes



## SHIPPING – ANALYSIS OF H1 2017 EARNINGS

	Bulk carriers			Tankers		H1 2017	H1 2016	%
	Handysize	Supramax	Capesize	Medium-range	Small	Total	Total	
Average number of owned / long-term chartered ships	17.9	9.0	1.9	9.5	4.5	42.8	37.2	–
Average daily revenue (US\$)	6 600	10 400	9 600	13 300	12 700	9 700	8 900	9
Average daily cost (US\$)	7 800	12 300	21 600	13 800	12 000	11 100	12 000	8
<b>(Loss)/profit (US\$ million)</b>	<b>(3.9)</b>	<b>(3.0)</b>	<b>(4.1)</b>	<b>(0.8)</b>	<b>0.6</b>	<b>(11.2)</b>	<b>(21.0)</b>	<b>47</b>

## (US\$ millions)

Profit from ship operating activities	6.2	11.9	(47)
Marine Fuels	1.2	1.8	(33)
Overheads	(7.3)	(7.4)	1
Profit share on earnings	–	(1.1)	100
Funding costs/taxation	(1.5)	0.9	(166)
Foreign exchange	(0.9)	(1.7)	(47)
Loss before unusual items	(13.5)	(16.6)	19
Impairments/Amortisations	–	(4.7)	100
Release of/(provision for) onerous contracts	4.1	(1.9)	316
Loss on cancellation of Cockett UK lease	–	(4.2)	100
	<b>(9.4)</b>	<b>(27.4)</b>	<b>(66)</b>





# ADDITIONAL MARKET OUTLOOK



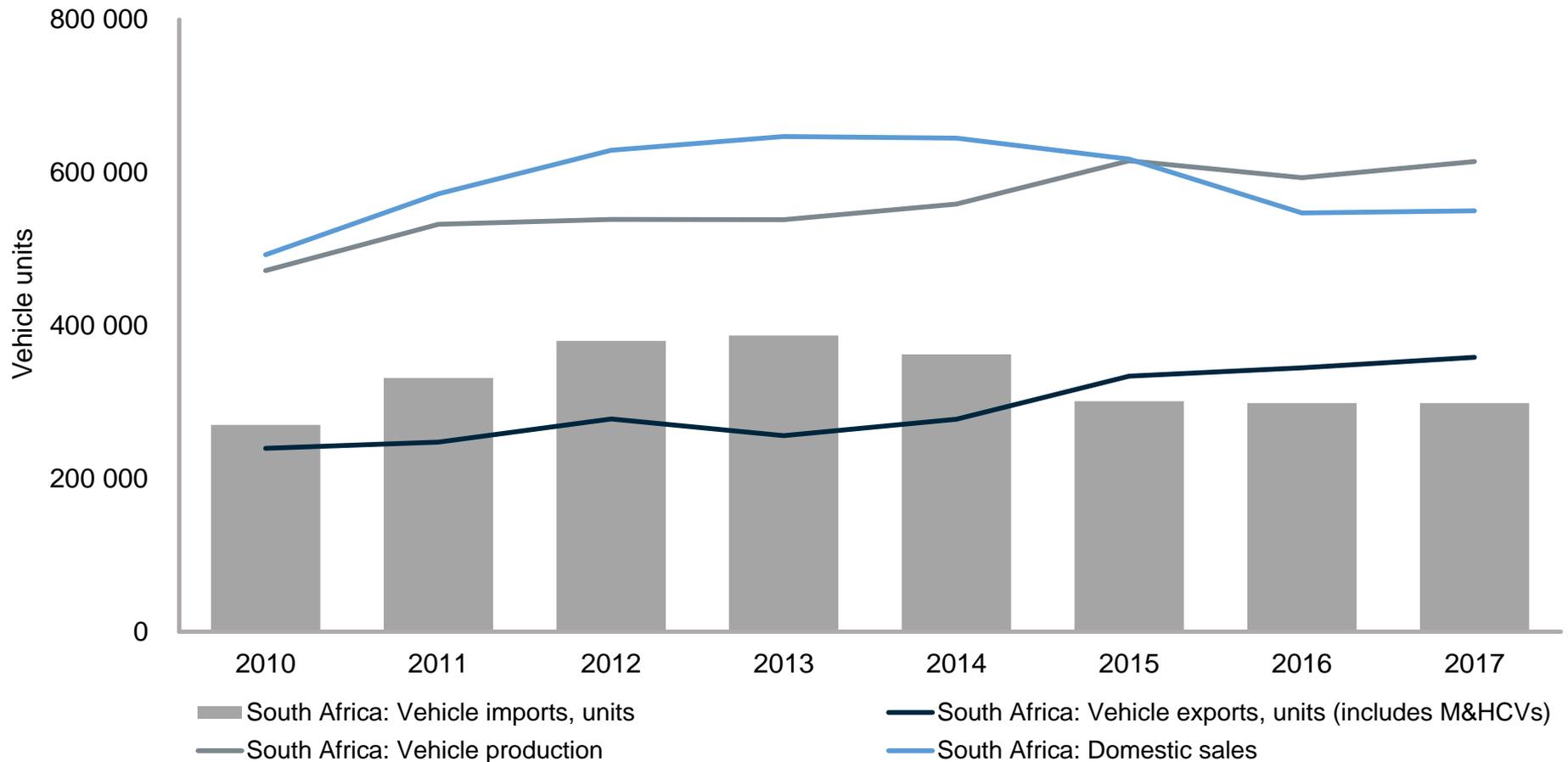
## SOUTH AFRICAN NATIONAL PORT VOLUMES – YTD 2017

TEUs	YTD 2017	YTD 2016	Volume	Variance %
Deep sea landed full	704 017	669 828	34 189	5.1
Deep sea landed empty	147 087	132 677	14 410	10.9
Deep sea shipped full	577 363	509 943	67 420	13.2
Deep sea shipped empty	257 133	256 850	283	0.1
<b>Total</b>	<b>1 685 600</b>	<b>1 569 298</b>	<b>116 302</b>	<b>7.4</b>

Source: Transnet National Ports Authority, June 2017



## AUTO INDUSTRY SECTOR – SOUTH AFRICA



Source: Automotive News Europe, NAAMSA, BMI forecasts, 26 July 2017



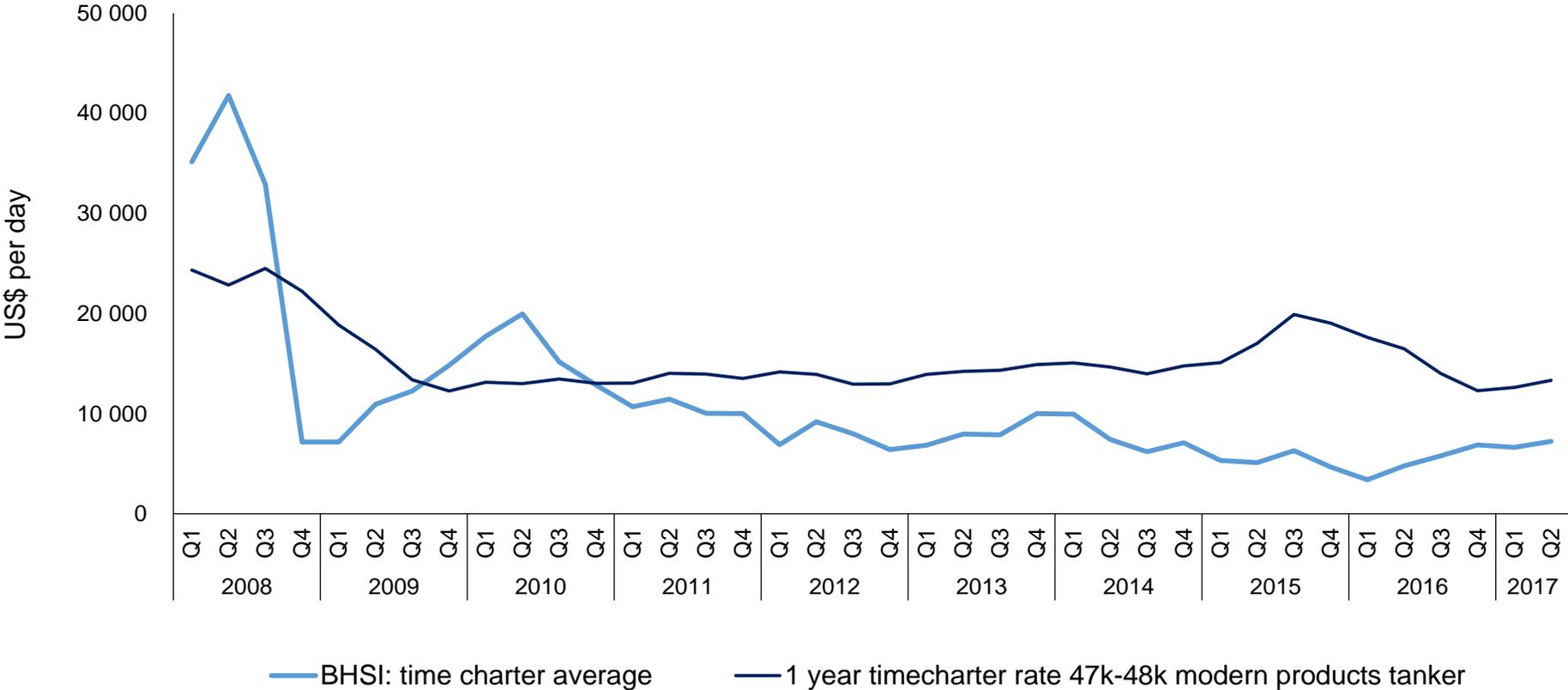
## SA MOTOR INDUSTRY SALES

	Domestic sales			Export sales		
	2017	2016	2015	2017	2016	2015
January	50 333	48 615	52 306	11 659	13 057	16 708
February	48 113	48 149	52 368	29 388	29 308	29 760
March	48 543	47 631	55 459	27 879	27 714	34 147
April	34 978	40 390	44 503	24 449	32 856	23 615
May	41 783	42 907	47 868	29 596	33 676	33 411
June	45 369	44 939	50 251	31 631	30 965	31 442
July		44 883	54 112		29 042	28 291
August		46 146	51 055		35 620	28 069
September		47 399	55 322		32 876	35 181
October		48 745	54 244		30 718	27 732
November		46 413	51 256		31 508	28 112
December		41 639	49 250		18 668	17 391
	<b>269 110</b>	<b>547 856</b>	<b>617 994</b>	<b>154 602</b>	<b>346 008</b>	<b>333 859</b>

Source: NAAMSA, June 2017



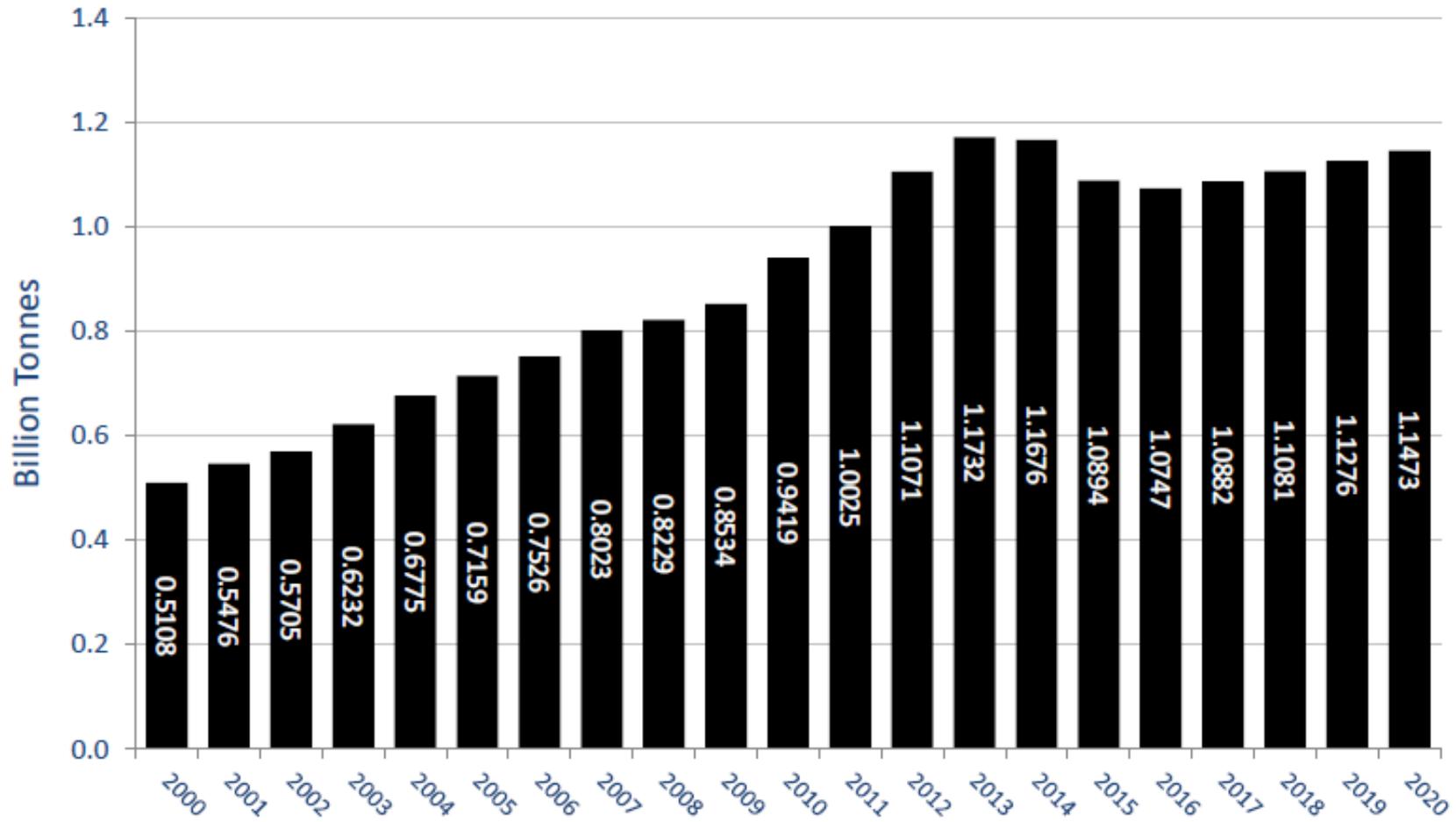
### HANDYSIZE BULK CARRIER AND PRODUCTS TANKER TIME CHARTER RATES



Source: Clarksons Research (Shipping Intelligence Network), 27 July 2017



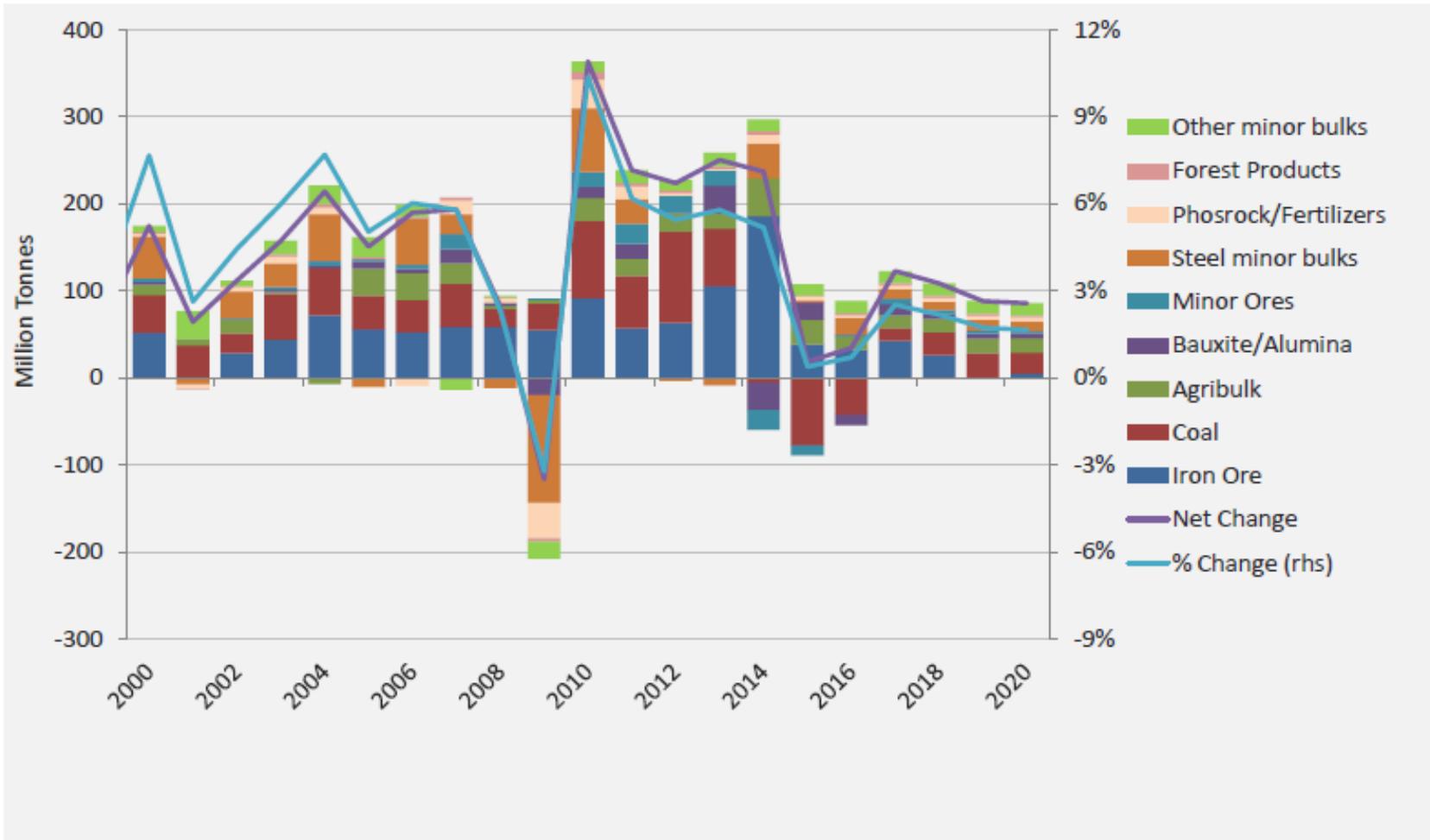
## GLOBAL SEABORNE COAL TRADE



Source: Braemar ACM Research, 28 July 2017



## GLOBAL SEABORNE TRADE – ANNUAL CHANGE



Source: Braemar ACM Research, 28 July 2017



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GRINDROD LIMITED

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