



(Incorporated in the Republic of South Africa)  
(Registration number 1966/009846/06)  
Share code: GND & GNDP  
ISIN: ZAE000072328 & ZAE000071106  
("Grindrod" or "the Company" or "the Group")

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## BUSINESS REVIEW AND TRADING STATEMENT

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### BUSINESS REVIEW

Grindrod achieved a commendable performance in its core businesses for the year ended 31 December 2021 ("period") underpinned by record mineral volumes handled at its Port and Terminals operations and strong performance from the coastal shipping and container depot business. Grindrod Bank performed well as it continued its focus on quality lending and maintaining healthy capital and liquidity ratios.

#### Core

##### Port and Terminals

An efficient and cost-effective customer solutions focus, the operational excellence drive and rail allocation improvement into Matola dry-bulk terminal yielded positive results in the second half of the period. Overall, Port and Terminals reported robust earnings growth of 70% on 2020, comfortably surpassing its pre-COVID-19 performance level.

Maputo Port volumes handled grew 21% to a record 22.3 million tonnes, compared to the year ended 31 December 2020 ("prior period"). The berth rehabilitation, expanded footprint and dedicated rail siding capital projects are now complete, with the dredge of the quayside having commenced.

The Matola dry-bulk terminal handled a record 8.3 million tonnes, up 50% on the prior period, and reported a monthly record volume of one million tonnes in September 2021.

The focus at Port and Terminals is to deliver efficient and cost-effective customer solutions by regularly seeking alternative and additional logistics routes to market for the customer's cargo. This is in addition to continually harnessing our existing routes via Matola, Maputo, Richards Bay and Walvis Bay, and relentlessly engaging our key stakeholders to ensure sustained relevance.

##### Logistics

The coastal shipping and container depot business achieved earnings growth of 33%, with the remaining businesses delivering consistent performance for the period.

During November 2021 Grindrod announced a joint venture with Maersk, wherein the logistics activities of Grindrod's Intermodal business will complement the current Maersk operations, the execution of which is subject to various conditions.

The clearing and forwarding business delivered solid results and secured extension of key customer contracts during the year.

During 2021, Grindrod's activities relating to the liquefied natural gas project in Northern Mozambique ceased due to the insurgency in the Cabo Delgado province, which necessitated impairments and provisioning of R78.2 million. The impact of this indefinite stoppage was mitigated by the resumption of the graphite logistics business in Nacala.

The Rail business redeployed eight of its ten locomotives at Sierra Leone's Tonkolili mine following the reopening of the iron ore mine in the region, and successfully completed the disposal of four locomotives for US\$11.3 million (Grindrod's share is US\$4.8 million) to Uganda Rail.

## **Bank**

Grindrod Bank remained cautious in its lending activities and retained surplus liquidity in excess of R5 billion as at 31 December 2021. Current period earnings more than doubled in comparison to the prior period. The Bank's lending and core deposit books increased by 5% and 20% to R8.3 billion and R10.3 billion respectively, from December 2020.

During the period Grindrod Bank concluded an agreement with Shoprite Checkers as a key new platform partner.

Grindrod Bank recommenced the project to raise further capital to enable growth and enhance returns.

## **Car and Fuel carriers**

The disposal of the car carrier business is complete, and the disposal of the fuel carrier businesses has progressed. This process necessitated the impairment of goodwill and assets of R266.6 million in the current period.

## **Grindrod Shipping shares**

Grindrod successfully sold its Grindrod Shipping shares, generating proceeds of R338.1 million. A fair value gain of R238.2 million has been recorded in the current period.

## **Non-core**

### **Marine Fuels**

Management continues to work with the Marine Fuels management and co-shareholder in order to exit this investment.

### **Private Equity portfolio**

The Private Equity portfolio now consists of only two significant investments. The disposal of the offshore real estate investment was concluded during November 2021 for £17.4 million in addition to several smaller investments. The strategy is to exit the remaining two investments at the right valuations.

### **KwaZulu Natal north cost property loans**

Progress has been made by the various owners of the KwaZulu-Natal north coast properties. Management continues to work with the principals to manage this exposure and settle the loans.

## **Balance sheet, cashflows and debt**

Grindrod generated strong cash from its operations. The net debt to equity ratio, excluding Grindrod Bank, has decreased significantly from the prior period.

## Conclusion

Grindrod delivers efficient and cost-effective solutions for its customers' cargo flows, living its purpose to enable Africa's trade with the world and touching lives of the communities in which it operates. Grindrod Bank remains focused on its core strengths, expanding its SME offering and providing a compelling platform banking solution.

## TRADING STATEMENT

In terms of the Listings Requirements of the JSE Limited, companies are required to publish a trading statement as soon as they become reasonably certain that the financial results for the period to be reported on next will differ by more than 20% from the financial results reported in the previous corresponding period.

Shareholders of Grindrod are advised that the results for the period are expected to be as follows:

	2021 Range	2020 Reported	Range represents:
Headline earnings/(loss)	R 603 million and R 633 million	R (168) million	Increase of between 459% and 477%
Earnings/(loss)	R 160 million and R 190 million	R (415) million	Increase of between 139% and 146%
Headline earnings/(loss) per share	89.9 cents and 94.3 cents	(24.8) cents	Increase of between 462% and 480%
Earnings/(loss) per share	23.8 cents and 28.3 cents	(61.4) cents	Increase of between 139% and 146%
Core headline earnings*	R 871 million and R 901 million	R 333 million	Increase of between 161% and 170%

\* Core headline earnings constitute Port and Terminals, Logistics, Bank and Group.

Shareholders are advised that Grindrod will release its results for the period on the Stock Exchange News Service on or about Thursday, 3 March 2022.

The information contained in this announcement has not been reviewed nor reported on by the Company's external auditors.

By order of the Board  
22 February 2022

Sponsor  
Nedbank Corporate and Investment Banking, a division of Nedbank Limited