



## 2020 FIRST HALF RESULTS

AUGUST 2020



This presentation contains forward-looking statements with respect to the financial condition, results of operations, cash flows, business strategies, operating efficiencies, competitive position, growth opportunities, plans and objectives of management, markets for stock and other matters of Grindrod Shipping Holdings Ltd. ("**Grindrod Shipping**", "**we**", "**us**", or "**our**").

These forward-looking statements, including, among others, those relating to future business prospects, revenues and income, wherever they may occur in this presentation, are necessarily estimates and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Accordingly, these forward-looking statements should be considered in light of various important factors, including those set forth in Item 3. Key Information—Risk Factors" of Grindrod Shipping's Annual Report on Form 20-F for the year ended December 31, 2019 (the "**2019 Annual Report**") and other filings filed with the U.S. Securities and Exchange Commission (the "**SEC**"). Words such as "may," "expects," "intends," "plans," "believes," "anticipates," "hopes," "estimates," and variations of such words and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on the information available to, and the expectations and assumptions deemed reasonable by Grindrod Shipping at the time these statements were made. Although Grindrod Shipping believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of Grindrod Shipping. Actual results may differ materially from those expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation: Grindrod Shipping's future operating or financial results; the strength of world economies, including, in particular, in China and the rest of the Asia-Pacific region; cyclicalities of the drybulk and tanker markets, including general drybulk and tanker shipping market conditions and trends, including fluctuations in charter hire rates and vessel values; the effects of the COVID-19 pandemic on our operations and the demand and trading patterns for both the drybulk and product tanker markets, and the duration of these effects; changes in supply and demand in the drybulk and tanker shipping industries, including the market for Grindrod Shipping's vessels; changes in the value of Grindrod Shipping's vessels; changes in Grindrod Shipping's business strategy and expected capital spending or operating expenses, including drydocking, surveys, upgrades and insurance costs; competition within the drybulk and tanker industries; seasonal fluctuations within the drybulk and tanker industries; Grindrod Shipping's ability to employ Grindrod Shipping's vessels in the spot market and Grindrod Shipping's ability to enter into time charters after Grindrod Shipping's current charters expire; general economic conditions and conditions in the oil and coal industry; Grindrod Shipping's ability to satisfy the technical, health, safety and compliance standards of Grindrod Shipping's customers, especially major oil companies and oil producers; the failure of counterparties to Grindrod Shipping's contracts to fully perform their obligations with us; Grindrod Shipping's ability to execute its growth strategy; international political and economic conditions, including additional tariffs imposed by the United States and China on their respective imports; potential disruption of shipping routes due to weather, accidents, political events, natural disasters or other catastrophic events; vessel breakdowns; corruption, piracy, military conflicts, political instability and terrorism in locations where we may operate; fluctuations in interest rates and foreign exchange rates, and the uncertainty surrounding the continued existence of the London Interbank Offered Rate ("**LIBOR**"); changes in the costs associated with owning and operating Grindrod Shipping's vessels; changes in, and Grindrod Shipping's compliance with, governmental, tax, environmental, health and safety regulations, including the International Maritime Organization's regulations limiting sulfur content in fuels; potential liability from pending or future litigation; Grindrod Shipping's ability to procure or have access to financing, Grindrod Shipping's liquidity and the adequacy of cash flows for its operations; the continued borrowing availability under Grindrod Shipping's debt agreements and its compliance with the covenants contained therein; Grindrod Shipping's ability to fund future capital expenditures and investments in the construction, acquisition and refurbishment of its vessels; Grindrod Shipping's dependence on key personnel; Grindrod Shipping's expectations regarding the availability of vessel acquisitions and Grindrod Shipping's ability to complete acquisitions as planned or at prices we deem satisfactory; adequacy of Grindrod Shipping's insurance coverage; effects of new technological innovation and advances in vessel design; Grindrod Shipping's ability to realize the benefits of the spin-off; unforeseen costs and expenses related to the spin-off; and Grindrod Shipping's ability to operate as an independent entity.

Grindrod Shipping undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events, except as required by law.

## Market and Industry Data

Unless otherwise indicated, information contained in this presentation concerning our industry and the market in which we operate, including our general expectations about our industry, market position, market opportunity and market size, is based on data from various sources including internal data and estimates as well as third party sources widely available to the public such as independent industry publications, government publications, reports by market research firms or other published independent sources. Internal data and estimates are based upon this information as well as information obtained from trade and business organizations and other contacts in the markets in which we operate and management's understanding of industry conditions. This information, data and estimates involve a number of assumptions and limitations, are subject to risks and uncertainties, and are subject to change based on various factors, including those discussed above and in "Forward Looking Statements" above. You are cautioned not to give undue weight to such information, data and estimates. While we believe the market and industry information included in this presentation to be generally reliable, we have not independently verified any third-party information or verified that more recent information is not available.

# FIRST HALF 2020 HIGHLIGHTS

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# FIRST HALF 2020 FINANCIAL HIGHLIGHTS

- Financial results for the first half of 2020 were stronger than the first half of 2019 across the majority of our financial metrics
  - Revenue in 1H 2020 was \$167.1 million, compared to \$167.2 million 1H 2019
  - Gross Profit increased to \$8.9 million in 1H 2020, compared to \$5.9 million in 1H 2019
  - Adjusted EBITDA in 1H 2020 nearly doubled to \$28.8 million from \$14.7 million in 1H 2019<sup>(1)</sup>
  - Net Loss attributable to Owners of the Company decreased to (\$10.5 million) in 1H 2020 from (\$19.0 million) in 1H 2019
  - Loss Per Share (EPS) of (\$0.55) in 1H 2020 compared to (\$0.99) in 1H 2019
- Key drivers during the period:
  - The results for the first half include the consolidation of the results of IVS Bulk, effective February 14, 2020, as a result of our acquisition of Regiment's 33.25% interest in IVS Bulk, increasing our ownership to 66.75% along with control of the entity
  - The effects of the COVID-19 pandemic were felt in both positive and negative ways during the period
    - The product tanker market temporarily enjoyed historically strong earnings as a result of changes in refined product flows and demand for floating storage worldwide
    - Conversely, the drybulk market weakened significantly during the first half of the year due to global lockdowns which cut into raw material demand, particularly in China
  - The historically poor weakness in drybulk charter rates was partially offset by strong chartering outperformance underpinned by our cargo contracts and active freight hedging during the period
    - Our Handysize and Supramax/Ultramax vessels outperformed their respective Baltic Indices by \$2,067/day and \$3,444/day, respectively, during H1 2020<sup>(2)</sup>
  - Net Loss negatively impacted by (\$4.2) million impairment losses on vessel sales and disposal of assets in 1H 2020

(1) Adjusted EBITDA and TCE per day are non-GAAP financial measures. For the reconciliation of these measures to the most directly comparable financial measures calculated and presented in accordance with GAAP, please refer to the definitions and reconciliations at the end of this presentation.

(2) Baltic Handysize-28 TC Index ("BHSI") and Baltic Supramax-58 TC Index ("BSI-58") adjusted for 5% commissions to be comparable to Grindrod Shipping's TCE per day.

# FIRST HALF 2020 FLEET DEVELOPMENTS

## DRYBULK:

- A subsidiary of the Company, Grindrod Shipping Pte. Ltd., or GSPL, acquired the 33.25% ordinary and preferred equity shares of IVS Bulk held by Regiment for a total consideration of \$44.1 million, thereby increasing its stake to 66.75%
  - Acquisition was funded through a combination of cash on hand, proceeds received from IVS Bulk following a refinancing of the IVS Bulk capital structure, and a new loan at GSPL
  - Existing credit facilities at IVS Bulk were refinanced with two new loans totaling \$127.3 million representing an approximate 55% loan-to-value at drawdown with maturities both scheduled for 2025
  - Grindrod Shipping agreed to a new financing in the amount of \$35.833 million with an affiliate of Sankaty
    - The facility bears interest at a rate of 7.5% per annum and is repayable at any time until maturity in June 2021
- Redelivered the *IVS Augusta*, a long-term chartered-in Supramax bulk carrier, at the conclusion of her charter in February 2020
- Agreed to amend the charterparty relating to the Supramax bulk carrier *IVS Pinehurst* to extend the charter-in for a period of about five to seven months commencing in May 2020 and we retain the option to purchase this vessel, but no longer have options to extend the period of the charter

## PRODUCT TANKERS:

- Sold the 2010-built small product tanker *Kowie* for a gross price of \$9.2 million with delivery to the buyers in February 2020
- Sold the 2008-built medium range product tanker *Inyala* for a gross price of \$14.1 million with delivery to the buyers in June 2020
- Sold the 2010-built medium range product tanker *Rhino* for a gross price of \$15.3 million with delivery to the buyers in June 2020
- Redelivered the *Doric Pioneer*, a long-term chartered-in medium range product tanker, at the conclusion of her charter in June 2020

# RECENT DEVELOPMENTS

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## DRYBULK:

- We have contracted to sell the 2004-built handysize bulk carrier *IVS Nightjar* to unaffiliated third-parties for a gross price of \$5.1 million with delivery to the buyers scheduled for 3Q 2020
  - We can provide no assurances that the delivery will take place by that time or at all

## PRODUCT TANKERS:

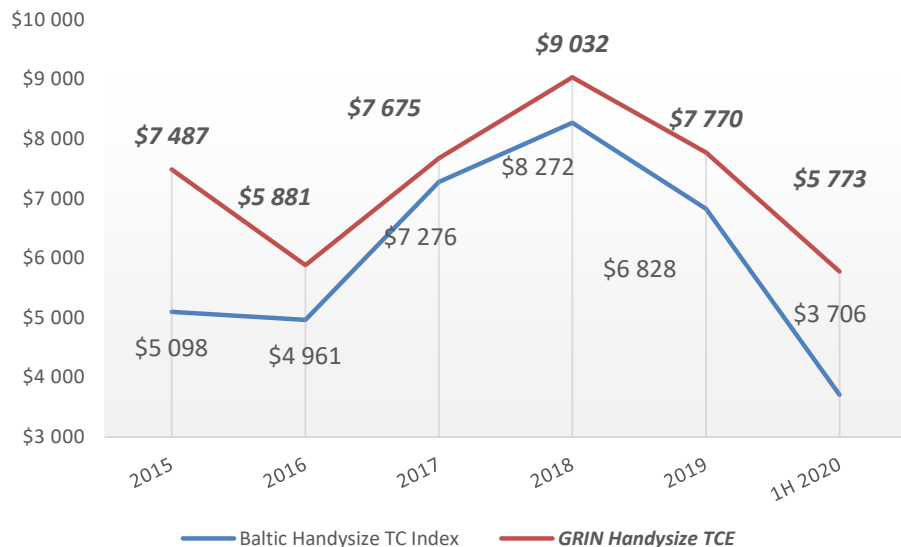
- Redelivered the *Doric Breeze*, a long-term chartered-in medium range product tanker, at the conclusion of her charter in July 2020

## CORPORATE GOVERNANCE:

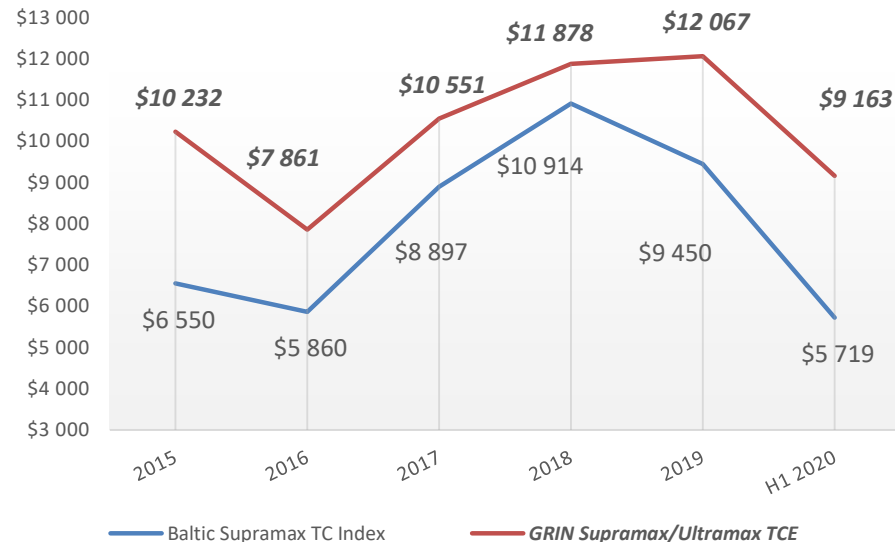
- Achieved a Top 10 and Quartile 1 ranking in the Webber Research: 2020 ESG Scorecard of over 50 publicly listed shipping companies globally

# OUTPERFORMING DRYBULK FREIGHT RATE BENCHMARKS

## GRIN Handysize TCE Per Day <sup>(1)</sup> vs. BHSI Net <sup>(2)</sup>



## GRIN Supramax/Ultramax TCE Per Day <sup>(1)</sup> vs. BSI-58 Net <sup>(2)</sup>



➤ Our chartering performance relative to drybulk freight rate benchmarks continued to outperform in **1H 2020**:

- Handysize TCE per day of \$5,773/day vs. \$3,706/day for the BHSI, net, an outperformance of **\$2,067/day or ~56%**
- Supramax/Ultramax TCE per day of \$9,163/day vs. \$5,719/day for the BSI-58, net, an outperformance of **\$3,444/day or ~60%**

(1) TCE per day is a non-GAAP financial measure. For a reconciliation of TCE per day to the most directly comparable GAAP measure and a discussion of why management believes TCE per day is a useful measure, see "Non-GAAP Financial Measures" at the end of this presentation.

(2) Baltic Handysize-28 TC Index ("BHSI") and Baltic Supramax-58 TC Index ("BSI-58") adjusted for 5% commissions to be comparable to Grindrod Shipping's TCE per day.

# FIRST HALF 2020 FINANCIALS

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# 1H 2020 UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

\$Millions	1H 2020	1H 2019
<b>Total Revenue</b>	\$ 167.1	\$ 167.2
<b>Cost of Sales</b>		
Voyage expenses	(52.4)	(74.4)
Vessel operating costs	(22.3)	(16.7)
Charter hire	(19.5)	(30.7)
Depreciation and amortization - owned assets	(11.7)	(8.5)
Depreciation and amortization - right of use assets	(13.3)	(13.8)
Other expenses	(0.6)	(0.4)
Cost of ship sale	(38.4)	(16.7)
<b>Gross Profit</b>	\$ 8.9	\$ 5.9
Other operating income (expense)	2.2	(4.8)
Administrative expense	(12.2)	(13.3)
Share of losses of joint ventures	(2.5)	(1.5)
Interest income	0.4	1.2
Interest expense	(8.6)	(5.8)
<b>Loss before taxation</b>	\$ (11.9)	\$ (18.3)
Income tax	(0.5)	(0.6)
<b>Loss for the period</b>	\$ (12.3)	\$ (19.0)
<b>Loss for the period attributable to:</b>		
<b>Owners of the Company</b>	\$ (10.5)	\$ (19.0)
<b>Non-controlling interests</b>	(1.8)	-
	\$ (12.3)	\$ (19.0)
<b>Loss per share (Basic &amp; Diluted) (\$)</b>	\$ (0.55)	\$ (0.99)
<b>Average ordinary shares for the period</b>	18,925,969	19,063,833

➤ Every \$1,000 change in TCE/day equated to ~\$6.2 million of TCE Revenue during H1 2020 for the Core Fleet<sup>(1)(2)</sup>

(1) Based on a total of 6,256 Core Fleet (owned and long-term charter-in) operating days during 1H 2020.

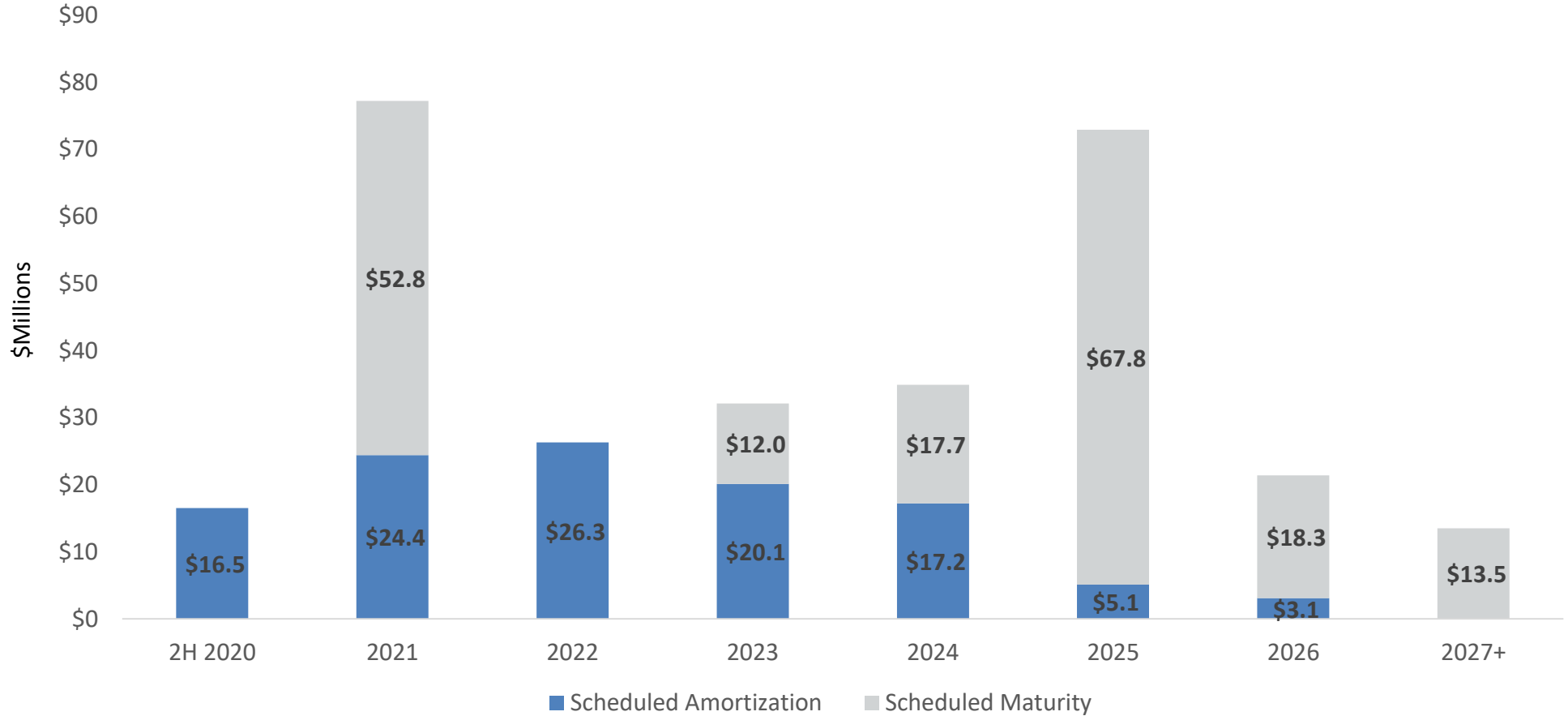
(2) TCE Per Day and TCE Revenue are non-GAAP financial measure. Please refer to the definitions at the end of this presentation.

# UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

\$Millions	June 30, 2020	December 31, 2019
Cash and bank balances	\$ 44.7	\$ 35.6
Other current assets	50.9	55.9
Ships, property, plant and equipment	495.8	305.2
Right of use assets	42.8	55.2
Interest in joint ventures	0.7	52.5
Restricted cash	10.6	9.6
Other non-current assets	5.4	5.0
<b>Total assets</b>	<b>\$ 651.0</b>	<b>\$ 519.1</b>
Bank loans & other borrowings	\$ 294.7	\$ 165.2
Lease liabilities <sup>(1)</sup>	45.2	57.9
Other liabilities	35.2	43.9
Equity attributable to owners of the Company	233.6	251.9
Non-controlling interests	42.3	–
<b>Total equity &amp; liabilities</b>	<b>\$ 651.0</b>	<b>\$ 519.1</b>

# AMORTIZATION AND MATURITY PROFILE

## Bank Loans & Other Borrowings Repayment Profile



# SEGMENT OPERATIONAL PERFORMANCE<sup>(1)</sup> – DRYBULK

Six Months Ended June 30,		
HANDYSIZE SEGMENT	2020	2019
(\$Thousands)		
Revenue	\$ 38,640	\$ 58,983
Cost of sales	(43,136)	(60,479)
Calendar days <sup>(2)</sup>	3,444	3,306
Available days <sup>(3)</sup>	3,418	3,285
Operating days <sup>(4)</sup>	3,385	3,262
Owned fleet operating days <sup>(5)</sup>	2,706	2,341
Long-term charter-in days <sup>(6)</sup>	-	-
Short-term charter-in days <sup>(7)</sup>	679	921
Fleet Utilization <sup>(8)</sup>	99.0%	99.3%
<b>Average Daily Results</b>		
TCE per day <sup>(9)</sup>	\$ 5,773	\$ 7,030
Vessel Operating costs per day <sup>(10)</sup>	\$ 4,808	\$ 4,980
Long-term charter-in costs per day <sup>(11)</sup>	-	-

Six Months Ended June 30,		
SUPRAMAX / ULTRAMAX SEGMENT	2020	2019
(\$Thousands)		
Revenue	\$ 63,758	\$ 71,963
Cost of sales	(63,317)	(72,569)
Calendar days <sup>(1)</sup>	3,657	3,285
Available days <sup>(2)</sup>	3,651	3,280
Operating days <sup>(3)</sup>	3,555	3,271
Owned fleet operating days <sup>(4)</sup>	1,138	358
Long-term charter-in days <sup>(5)</sup>	1,127	1,106
Short-term charter-in days <sup>(6)</sup>	1,290	1,807
Fleet Utilization <sup>(7)</sup>	97.4%	99.7%
<b>Average Daily Results</b>		
TCE per day <sup>(9)</sup>	\$ 9,163	\$ 10,481
Vessel Operating costs per day <sup>(10)</sup>	\$ 4,666	\$ 4,428
Long-term charter-in costs per day <sup>(11)</sup>	\$ 12,010	\$ 12,695

- The average long-term charter-in costs per day for the Supramax/Ultramax fleet for the remainder of 2020 is expected to be ~\$11,950/day
- As of August 19, 2020, we have contracted the following TCE per day
  - Handysize – approximately 1,210 operating days at an average TCE per day of ~\$6,280<sup>(9)</sup>
  - Supramax/Ultramax – approximately 1,740 operating days at an average TCE per day of ~\$10,240<sup>(9)</sup>

(1) Segment results of operations include the proportionate share of joint ventures, which differs from the consolidated statements of profit or loss in our unaudited interim condensed consolidated financial statements which account for our investments in joint ventures under the equity method.

(2) Calendar days: total calendar days the vessels were in our possession for the relevant period.

(3) Available days: total number of calendar days a vessel is in our possession for the relevant period after subtracting off-hire days for scheduled drydocking and special surveys. We use available days to measure the number of days in a relevant period during which vessels should be available for generating revenues.

(4) Operating days: the number of available days in the relevant period a vessel is controlled by us after subtracting the aggregate number of days that the vessel is off-hire due to a reason other than scheduled drydocking and special surveys, including unforeseen circumstances. We use operating days to measure the aggregate number of days in a relevant period during which vessels are actually available to generate revenues.

(5) Owned fleet operating days: the number of operating days in which our owned fleet is operating for the relevant period.

(6) Long-term charter-in days: the number of operating days in which our long-term charter-in fleet is operating for the relevant period. We regard chartered-in vessels as long-term charters if the period of the charter that we initially commit to is 12 months or more. Once we have included such chartered-in vessels in our Fleet, we will continue to regard them as part of our Fleet until the end of their chartered-in period, including any period that the charter has been extended under an option, even if at a given time the remaining period of their charter may be less than 12 months.

(7) Short-term charter-in days: the number of operating days for which we have chartered-in third party vessels for durations of less than one year for the relevant period.

(8) Fleet utilization: the percentage of time that vessels are available for generating revenue, determined by dividing the number of operating days during a relevant period by the number of available days during that period. We use fleet utilization to measure a company's efficiency in technically managing its vessels.

(9) TCE per day: vessel revenues less voyage expenses during a relevant period divided by the number of operating days during the period. The number of operating days used to calculate TCE revenue per day includes the proportionate share of our joint ventures' operating days and includes charter-in days. See "Non-GAAP Financial Measures" at the end of this presentation.

(10) Vessel operating costs per day: Vessel operating costs per day represents vessel operating costs divided by the number of calendar days for owned vessels. The vessel operating costs and the number of calendar days used to calculate vessel operating costs per day includes the proportionate share of our joint ventures' calendar day and excludes charter-in costs and charter-in days.

(11) Long-term charter-in costs per day: Charter hire expenses associated with long-term charter-in vessels divided by long-term charter-in days for the relevant period. (please refer to Annex A)

# SEGMENT OPERATIONAL PERFORMANCE<sup>(1)</sup> – TANKERS

Six Months Ended June 30,		
MEDIUM RANGE TANKERS SEGMENT	2020	2019
(\$Thousands)		
Revenue	\$ 49,203	\$ 27,647
Cost of sales	(41,047)	(24,510)
Calendar days <sup>(2)</sup>	1,056	1,149
Available days <sup>(3)</sup>	1,056	1,149
Operating days <sup>(4)</sup>	1,054	1,149
Owned fleet operating days <sup>(5)</sup>	695	787
Long-term charter-in days <sup>(6)</sup>	359	362
Short-term charter-in days <sup>(7)</sup>	-	-
Fleet Utilization <sup>(8)</sup>	99.8%	100%
<b>Average Daily Results</b>		
TCE per day <sup>(9)</sup>	\$ 19,343	\$ 14,276
Vessel Operating costs per day <sup>(10)</sup>	\$ 6,664	\$ 6,576
Long-term charter-in costs per day <sup>(11)</sup>	\$ 15,300	\$ 15,298

Six Months Ended June 30,		
SMALL TANKERS SEGMENT	2020	2019
(\$Thousands)		
Revenue	\$ 12,601	\$ 15,917
Cost of sales	(11,966)	(14,284)
Calendar days <sup>(1)</sup>	241	541
Available days <sup>(2)</sup>	241	529
Operating days <sup>(3)</sup>	231	529
Owned fleet operating days <sup>(4)</sup>	231	529
Long-term charter-in days <sup>(5)</sup>	-	-
Short-term charter-in days <sup>(6)</sup>	-	-
Fleet Utilization <sup>(7)</sup>	95.8%	100%
<b>Average Daily Results</b>		
TCE per day <sup>(9)</sup>	\$ 11,368	\$ 12,015
Vessel Operating costs per day <sup>(10)</sup>	\$ 6,377	\$ 6,516
Long-term charter-in costs per day <sup>(11)</sup>	-	-

- With the re-delivery of the *Doric Breeze* on July 10, we currently have no long-term charter-in costs in the tanker segment
- As of August 19, 2020, we have contracted approximately 150 operating days at an average TCE per day of ~\$12,220 for our Tankers (excludes Matuku)<sup>(9)</sup>
  - We have combined the guidance for our tanker segment as we have only two MRs and one small tanker trading spot

(1) Segment results of operations include the proportionate share of joint ventures, which differs from the consolidated statements of profit or loss in our unaudited interim condensed consolidated financial statements which account for our investments in joint ventures under the equity method.

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(6) Long-term charter-in days: the number of operating days in which our long-term charter-in fleet is operating for the relevant period. We regard chartered-in vessels as long-term charters if the period of the charter that we initially commit to is 12 months or more. Once we have included such chartered-in vessels in our Fleet, we will continue to regard them as part of our Fleet until the end of their chartered-in period, including any period that the charter has been extended under an option, even if at a given time the remaining period of their charter may be less than 12 months.

(7) Short-term charter-in days: the number of operating days for which we have chartered-in third party vessels for durations of less than one year for the relevant period.

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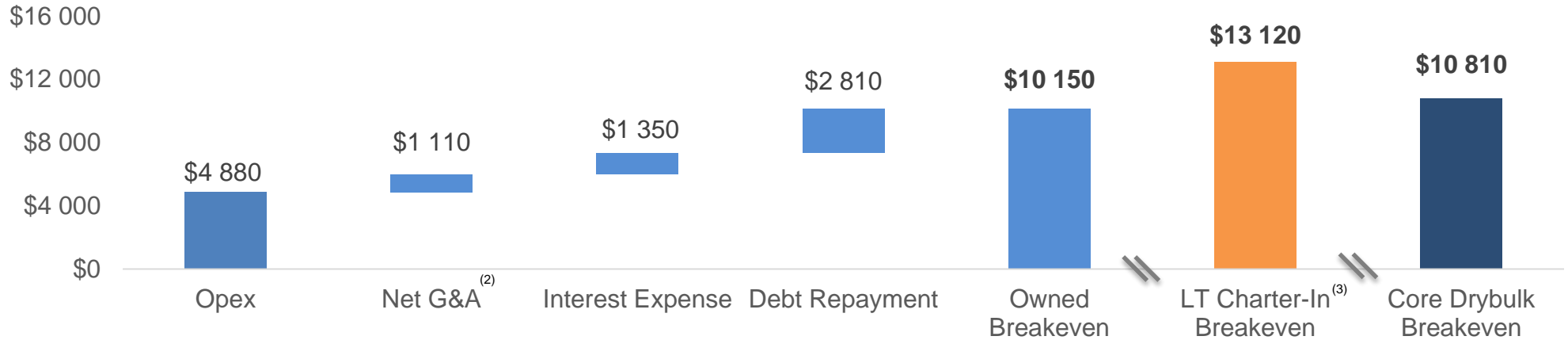
(9) TCE per day: vessel revenues less voyage expenses during a relevant period divided by the number of operating days during the period. The number of operating days used to calculate TCE revenue per day includes the proportionate share of our joint ventures' operating days and includes charter-in days. See "Non-GAAP Financial Measures" at the end of this presentation.

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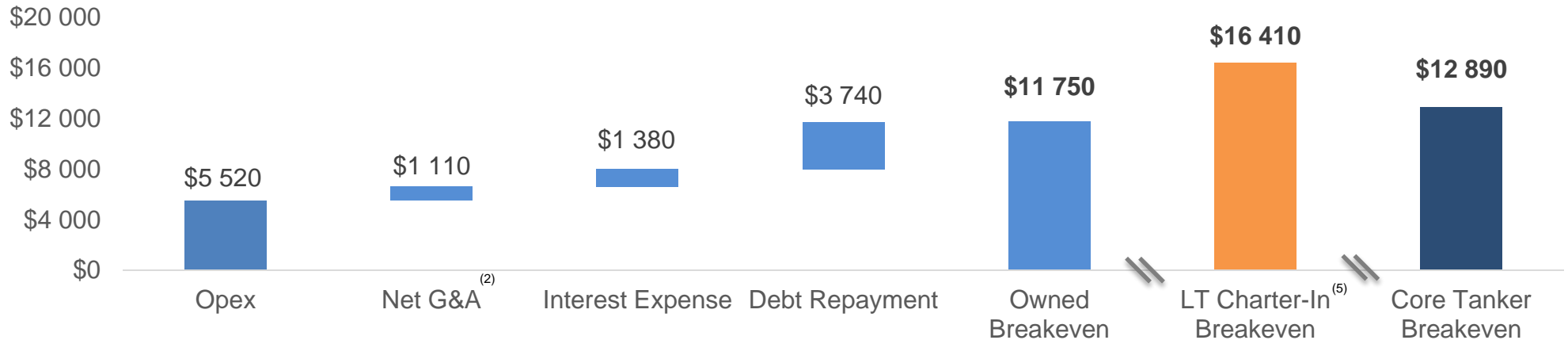
(11) Long-term charter-in costs per day: Charter hire expenses associated with long-term charter-in vessels divided by long-term charter-in days for the relevant period. (please refer to Annex A)

# FIRST HALF 2020 CORE FLEET CASH BREAKEVEN OVERVIEW

## Drybulk Core Fleet Breakeven Analysis for 1H 2020 (\$ Per Vessel Per Day) <sup>(1)</sup>



## Tanker Core Fleet Breakeven Analysis for 1H 2020 (\$ Per Vessel Per Day) <sup>(4)</sup>



(1) Based on 3,982 Owned Days and 1,127 Long-term Charter-in Days in 1H 2020, except Net G&A.

(2) Net G&A is a non-GAAP financial measure and has been adjusted for \$1.0 million non-cash share compensation expense, \$0.7 million of non-recurring expenses and \$1.3 million of management fees received. Based on 8,398 Total Calendar Days for 1H 2020.

(3) Includes Net G&A per ship per day in addition to base daily charter-in cost of \$12,010/day. Excludes opex, interest expense and debt repayment.

(4) Based on 1,120 Owned Days and 359 Long-term Charter-in Days in 1H 2020, except Net G&A. Includes *Matuku*, which is currently bareboat chartered out.

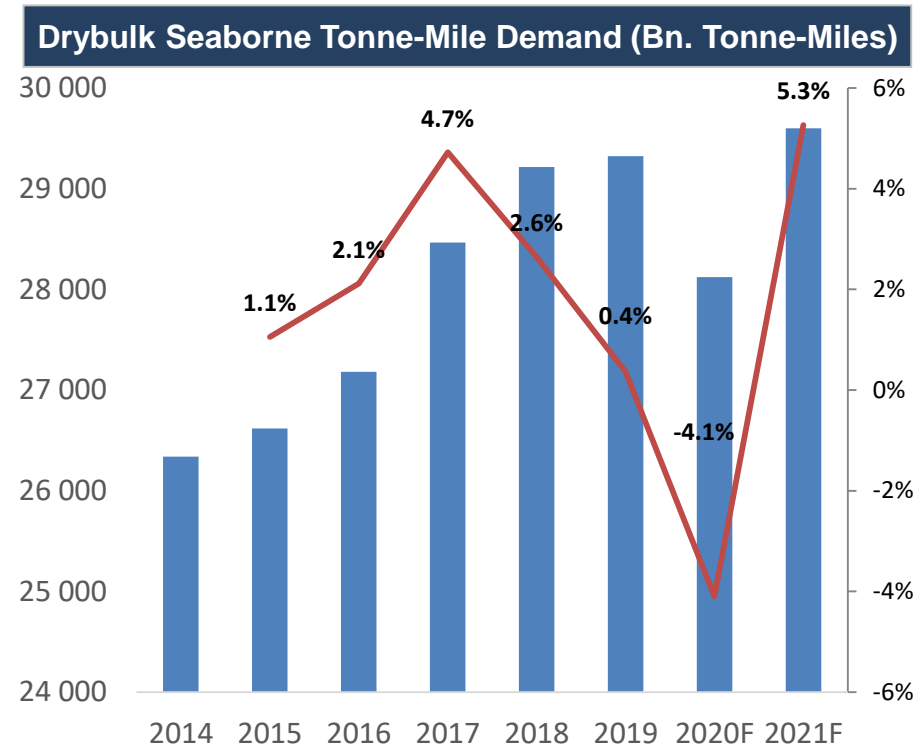
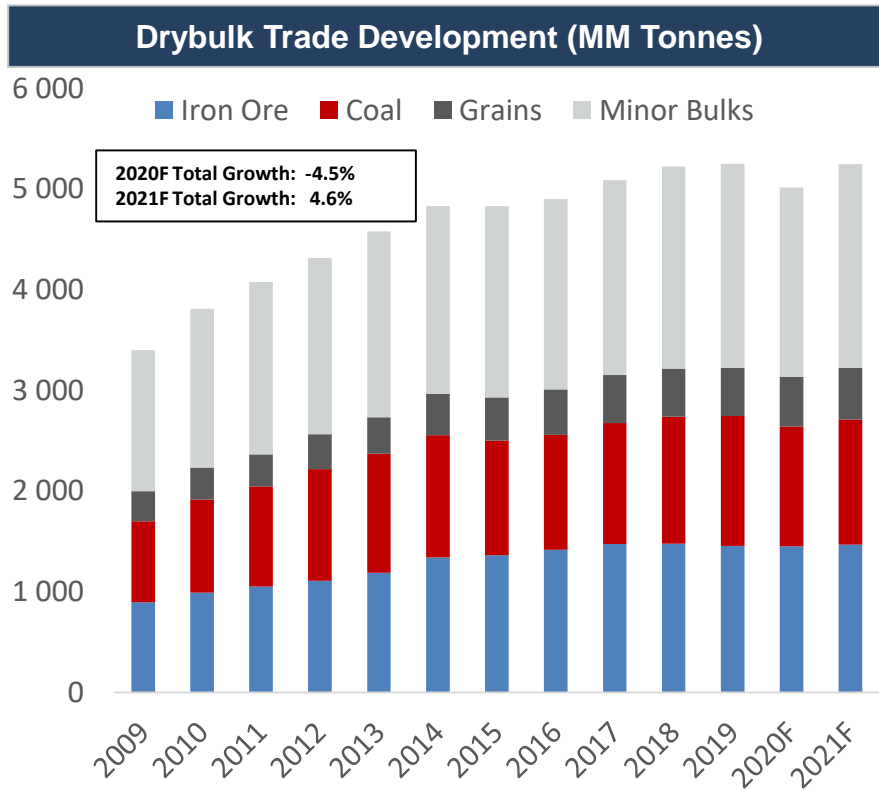
(5) Includes Net G&A per ship per day in addition to base daily charter-in cost of \$15,300/day. Excludes opex, interest expense and debt repayment.

# DRYBULK AND TANKER MARKET HIGHLIGHTS

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# DRYBULK DEMAND – MACRO SUMMARY

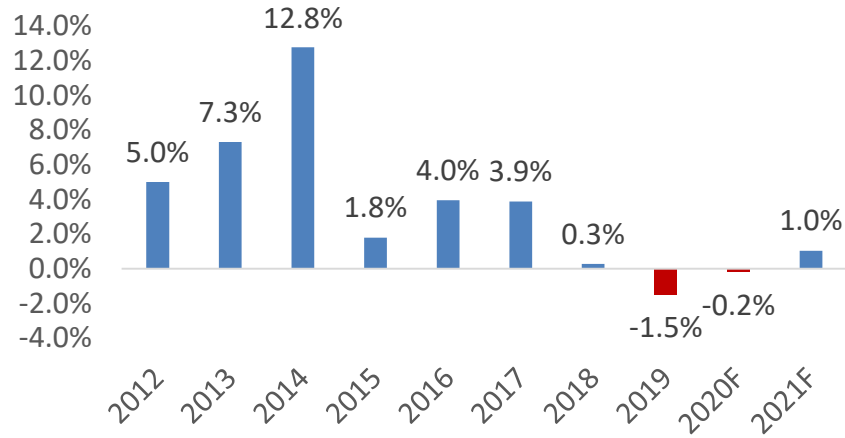


- The drybulk cargoes hit hardest by the global pandemic have been coal and minor bulks, while iron ore and grains have been more resilient due to Chinese stimulus measures after their lockdowns were eased
- Chinese economic activity appears to have rebounded earlier than other countries, supporting drybulk trade activity since then, but still not enough to make up for overall declines in demand
- Pent up demand expected to lead to a more robust recovery in 2021 in both raw trade figures and even more so in related shipping demand (i.e. tonne-miles)

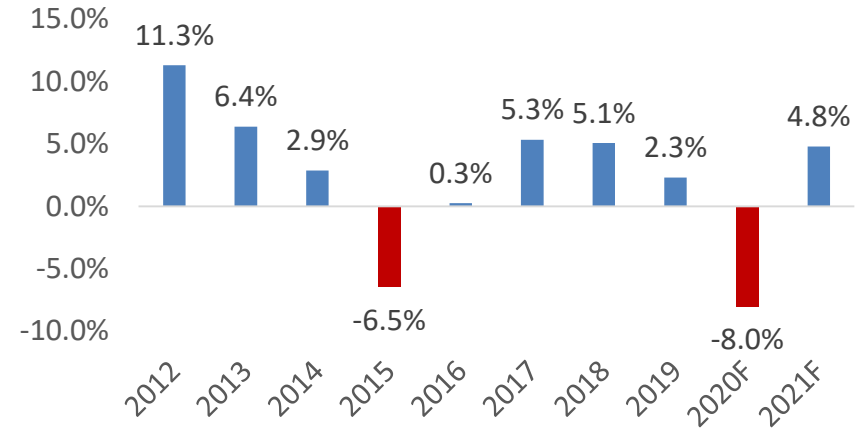


# DRYBULK SEABORNE TRADE

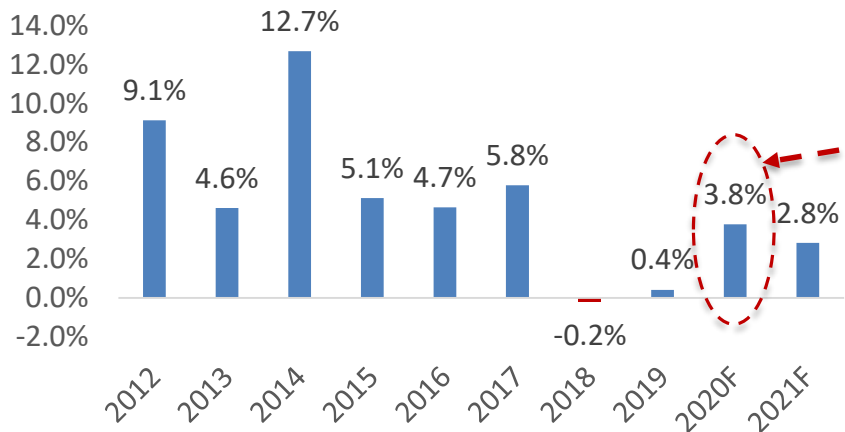
## Iron Ore Seaborne Trade Growth



## Coal Seaborne Trade Growth

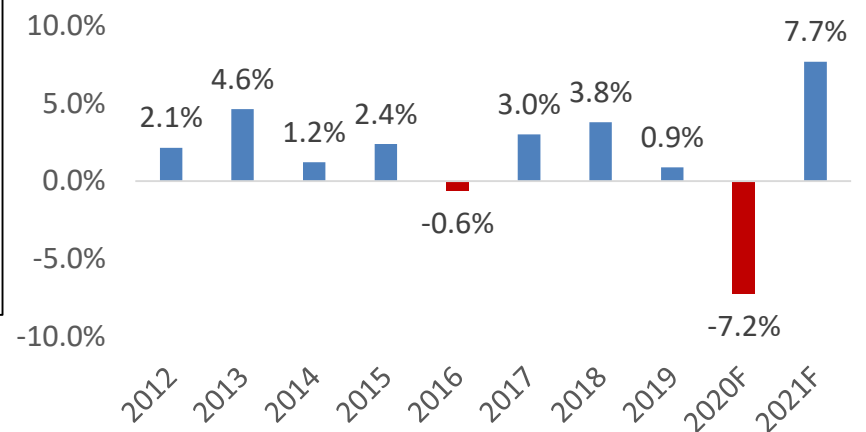


## Grain Seaborne Trade Growth



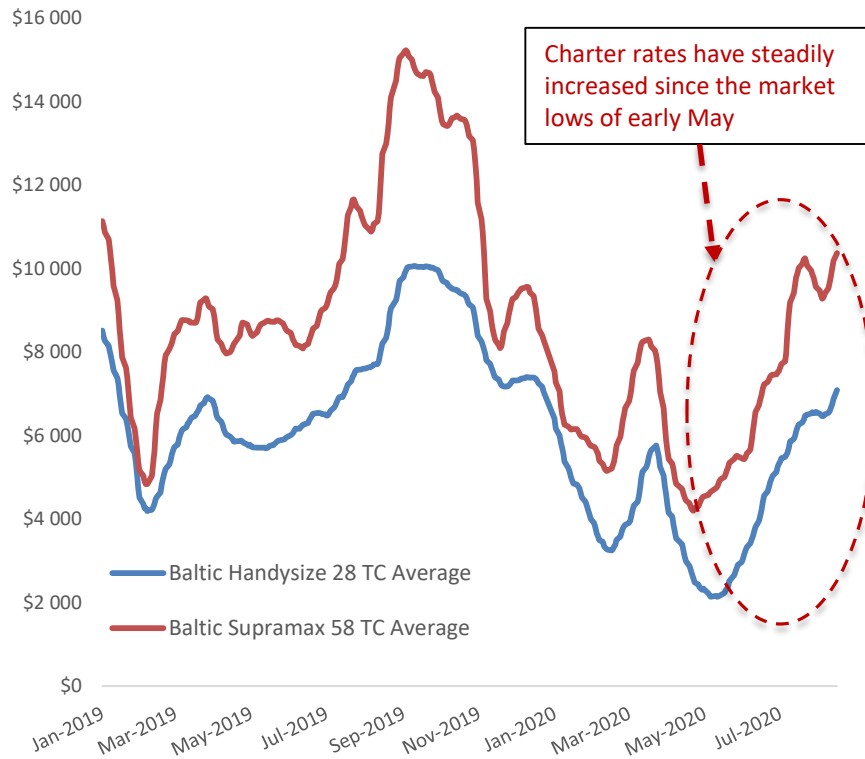
Renewed Chinese imports of grains and a strong South American harvest have supported resilient grain trade flows

## Minor Bulk Seaborne Trade Growth

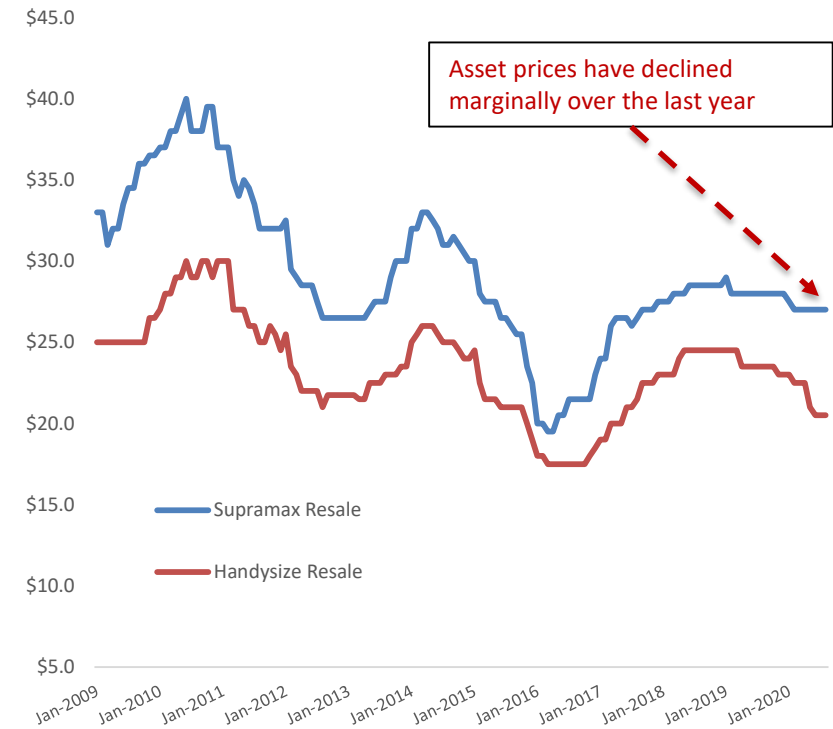


# DRYBULK FLEET RATES AND VALUES

## Handysize / Supramax TC Rates (\$/Day)

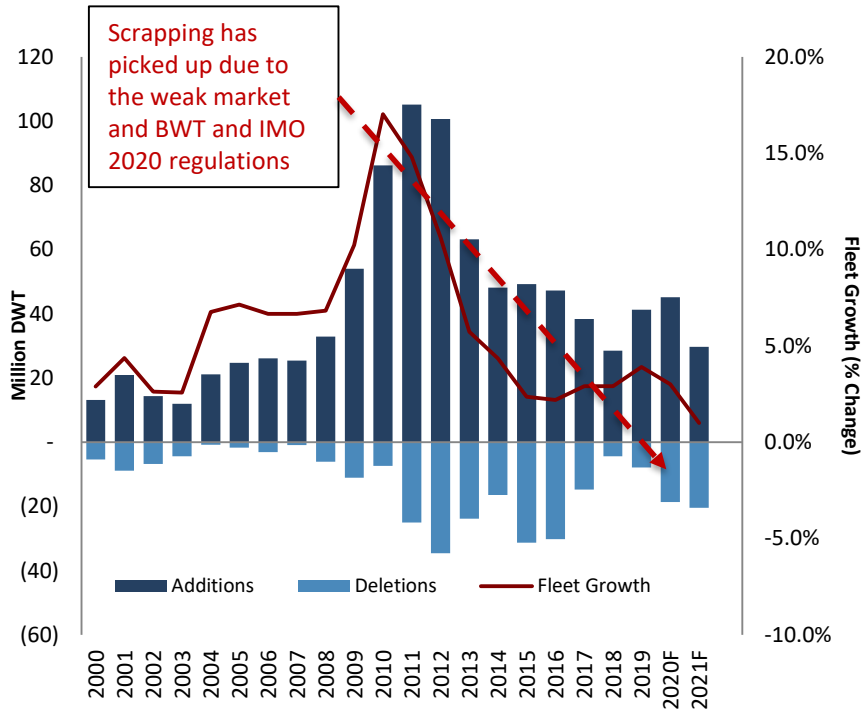


## Handysize / Supramax Asset Prices (\$Millions)

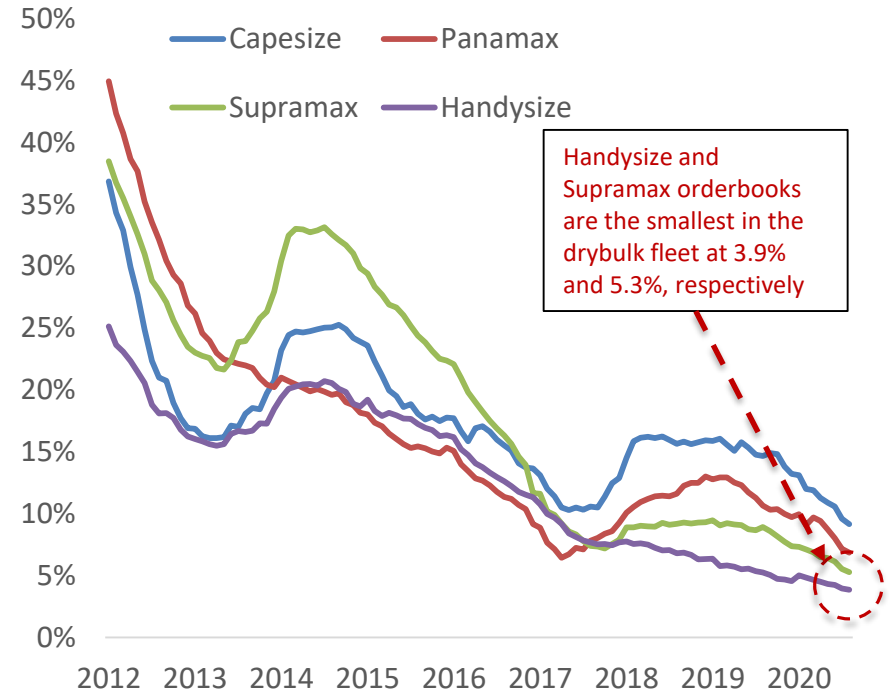


# DRYBULK FLEET TRENDS

## Drybulk Fleet Development



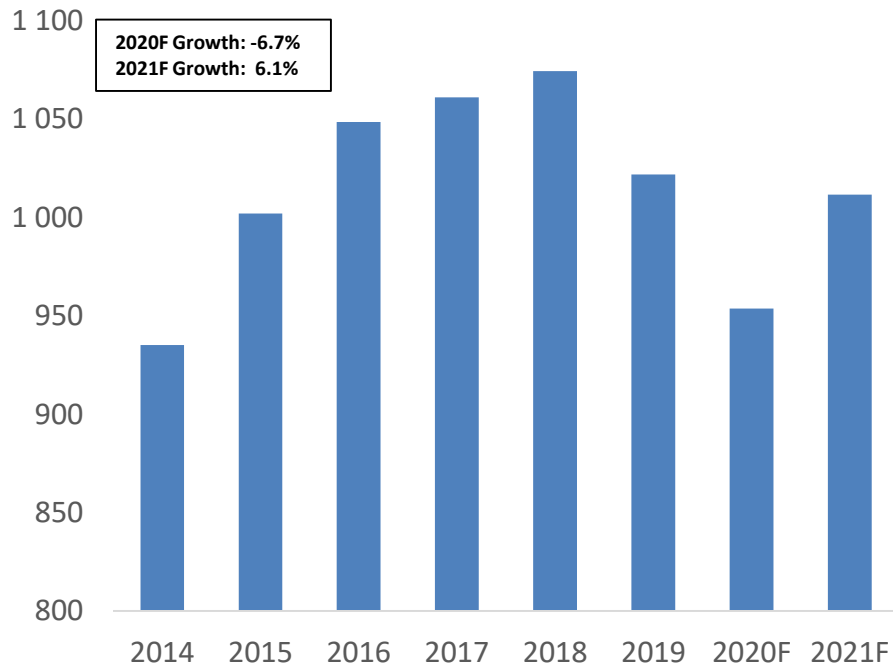
## Drybulk Orderbook as % of Fleet (By Vessel Class)



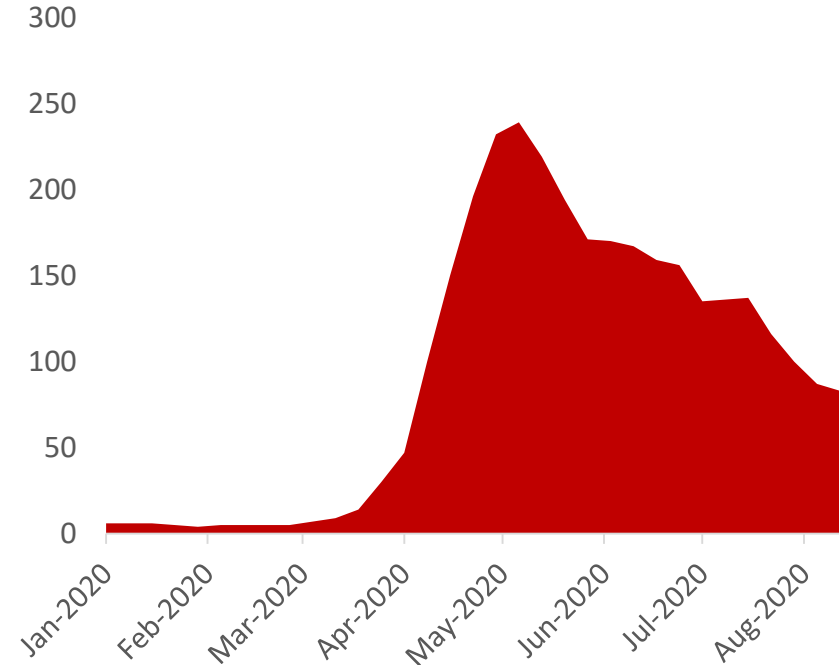
- Drybulk orderbook continues to shrink to multi-decade lows and is estimated at only ~**7.0%** of the fleet with deliveries (net of expected scrapping) estimated at ~27 million dwt for 2020
- Fleet age profile and orderbook of the Handysize/Supramax/Ultramax are more favorable than the larger vessel sizes
- 19% of the drybulk fleet is 15 years or older (10% of the drybulk fleet is 20 years or older), which combined with new environmental regulations such as IMO 2020 and ballast water treatment systems, should encourage increased scrapping

# PRODUCT TANKER DEMAND

## Global Seaborne Product Trade (MM Tonnes)



## Product Tanker 10k+ DWT Storage (# of Vessels)<sup>(1)</sup>



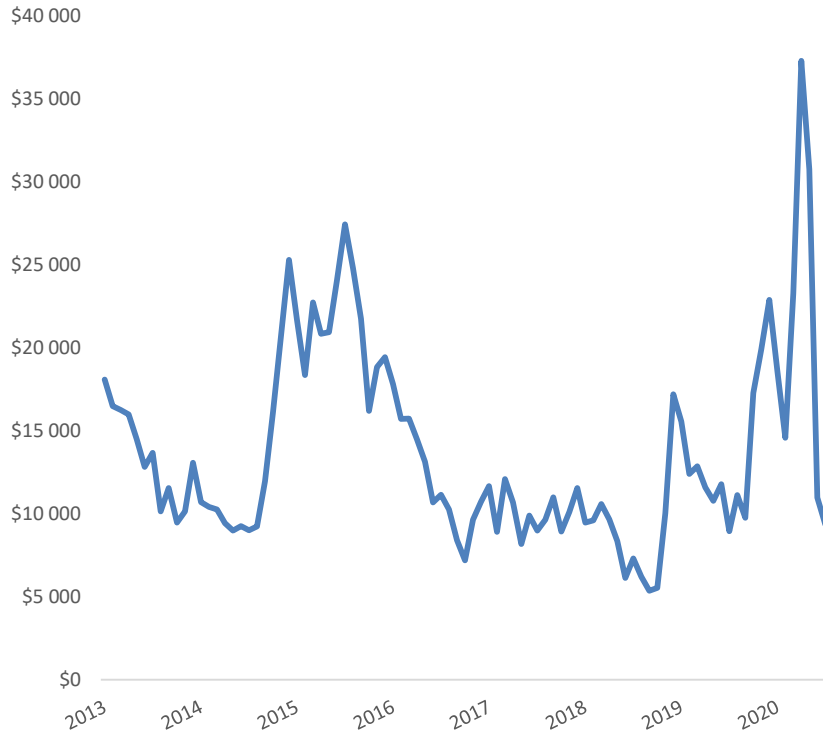
- Despite the strong contraction in seaborne product trade, the effects of floating storage demand was so strong that it kept a material portion of the fleet employed and charter rates elevated
- As the floating storage trade unwinds, more of the fleet has been released back into trading
- Product tanker demand is expected to recover ~6.1% in 2021

Source: Clarkson Research Services Ltd., August 2020.

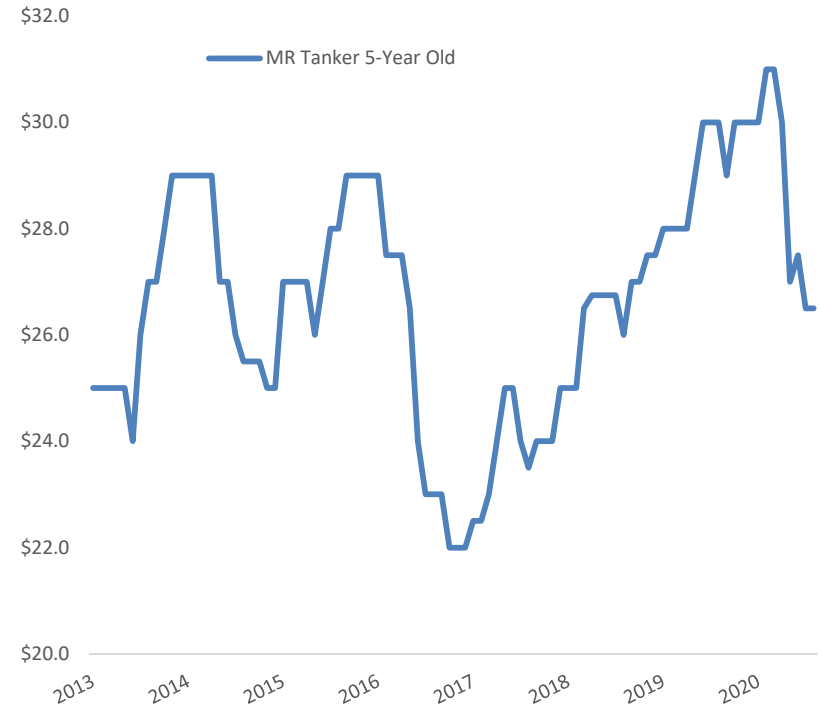
(1) Excludes vessels already in dedicated storage.

# PRODUCT TANKER RATES AND VALUES

## Medium Range Tanker Average Earnings (\$/Day)



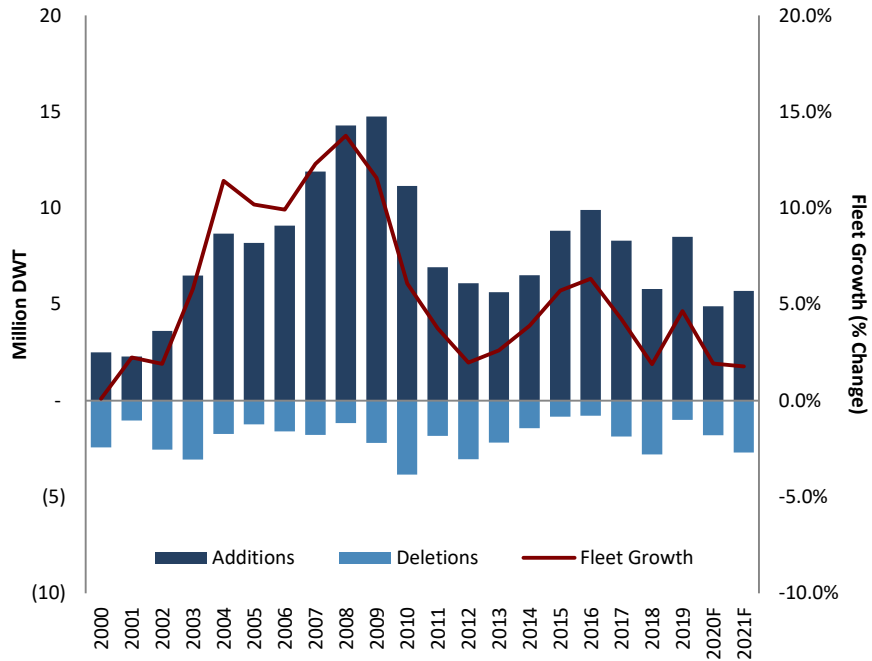
## Medium Ranger Tanker Asset Prices (\$Millions)



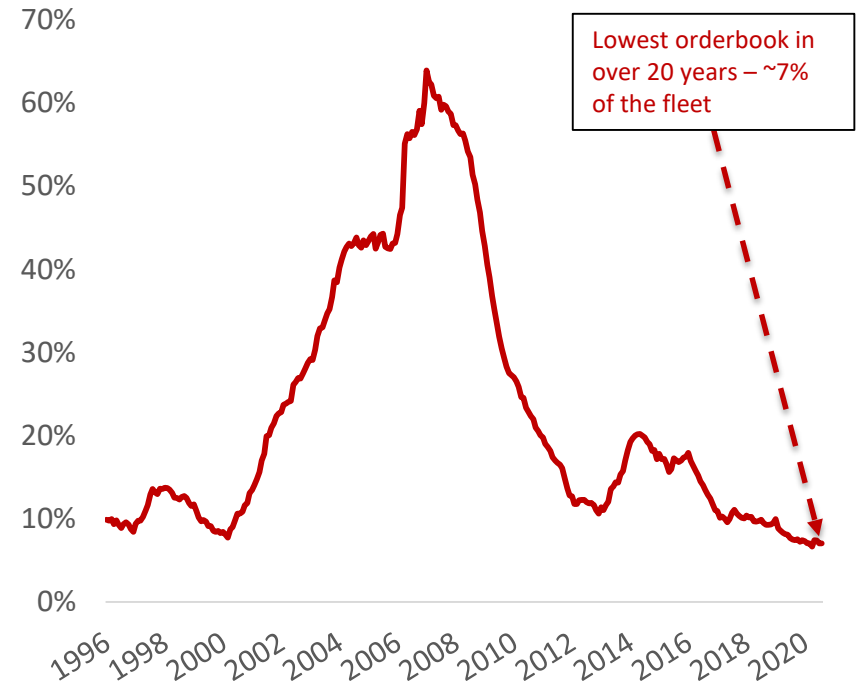
- Charter rates spike during the period due to the aforementioned storage trade, though rates have declined as the trade unwinds
- Despite the spike in rates, asset values declined over the period as coronavirus made the logistical completion of sale & purchase transactions extraordinarily difficult to execute, even when there were willing buyer and sellers

# PRODUCT TANKER FLEET TRENDS

## Product Tanker Fleet Development (10K DWT+)



## Product Tanker Orderbook as % of Fleet



- Product tanker orderbook estimated at 7% of the fleet is the lowest in over 20 years
- Product tanker (10K DWT+) fleet growth estimated at 1.8% in 2020 and 1.7% in 2021
- 25% of product tankers (10K DWT+) are 15 years or older

# CONCLUSIONS & STRATEGY

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# CONCLUSIONS & STRATEGY

## Simplify the Grindrod Shipping “Story”

- Core focus since listing has been to simplify the Grindrod Shipping “story” with investors by reducing the number of unconsolidated joint ventures
- To that end, we have wrapped up the Leopard Tankers and Petrochemical Shipping joint ventures and acquired control of the IVS Bulk JV, leaving us with only one unconsolidated JV vessel
- IVS Bulk acquisition represents material growth for the Company, as 12 modern, Japanese-built Eco vessels are now fully consolidated into our financial statements
- Capital structure and operations easier for investors to track and understand

## IMO 2020 Strategy

- While some shipping companies have chosen to outfit their vessels with exhaust gas scrubbers, we have elected not to do so and instead are using compliant fuel
- We believe that there are potential negative environmental effects that are emerging with increased scrutiny on the scrubber technology and are not convinced that the economic return on the scrubber installation cost will be sufficiently attractive in the vessel categories in which we operate due to the high quality and fuel-efficient characteristics of our vessels and their trading patterns
- Fuel spreads between high and low Sulphur fuel have already contracted materially since the start of the year and have remained suppressed

## Market Outlook

- Dry cargo market appears to have bottomed in late April / early May driven by strong Chinese stimulus measures and many world economies emerging from global lockdowns
- Product tankers temporarily enjoyed high charter rates during H1, which we were able to benefit from, both from a cash flow perspective and our ability to sell tankers into a strong freight market
- Smallest newbuilding orderbook in decades supports eventual market recovery due to constriction in vessel supply growth



# APPENDIX

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# DRYBULK CORE FLEET (AS OF AUGUST 19, 2020)

## HANDYSIZE – IVS Handysize Pool / IVS Commercial

### Owned

Vessel Name	Built	DWT	Country of Build	Eco	Ownership Percentage
IVS Tembe	2016	37,740	Japan	Yes	66.8%
IVS Sunbird	2015	33,400	Japan	Yes	66.8%
IVS Thanda	2015	37,720	Japan	Yes	66.8%
IVS Kestrel	2014	32,770	Japan	Yes	66.8%
IVS Phinda	2014	37,720	Japan	Yes	66.8%
IVS Sparrow hawk	2014	33,420	Japan	Yes	66.8%
IVS Merlion	2013	32,070	China	No	100.0%
IVS Raffles	2013	32,050	China	No	100.0%
IVS Ibis	2012	28,240	Japan	No	100.0%
IVS Kinglet	2011	33,130	Japan	No	100.0%
IVS Magpie	2011	28,240	Japan	No	100.0%
IVS Orchard	2011	32,530	China	No	100.0%
IVS Knot	2010	33,140	Japan	No	100.0%
IVS Sentosa	2010	32,700	China	No	100.0%
IVS Triview	2009	32,280	Japan	No	51.0%
IVS Kingbird	2007	32,560	Japan	No	100.0%
IVS Nightjar	2004	32,320	Japan	No	100.0%

Owned Handysize: 17 Vessels 562,030 DWT

Denotes IVS Bulk Vessels

## SUPRAMAX/ULTRAMAX – IVS Supramax Pool

### Owned

Vessel Name	Built	DWT	Country of Build	Eco	Ownership Percentage
IVS Prestwick	2019	61,300	Japan	Yes	100.0%
IVS Okudogo	2019	61,330	Japan	Yes	100.0%
IVS Swinley Forest	2017	60,490	Japan	Yes	66.8%
IVS Gleneagles	2016	58,070	Japan	Yes	66.8%
IVS North Berwick	2016	60,480	Japan	Yes	66.8%
IVS Bosch Hoek	2015	60,270	Japan	Yes	66.8%
IVS Hirono	2015	60,280	Japan	Yes	66.8%
IVS Wentworth	2015	58,090	Japan	Yes	66.8%

Owned Supra/Ultramax: 8 Vessels 480,310 DWT

Total Owned Drybulk: 25 Vessels 1,042,340 DWT

### Long-Term Charter-In

Vessel Name	Built	DWT	Country of Build	Eco	Charter Expiry Range	Purchase Option
IVS Phoenix	2019	60,470	Japan	Yes	2Q 2022-2024	No
IVS Hayakita	2016	60,400	Japan	Yes	3Q 2023-2026	Yes
IVS Windsor	2016	60,280	Japan	Yes	3Q 2023-2026	No
IVS Pinehurst	2015	57,810	Philippines	Yes	4Q 2020	Yes
IVS Crimson Creek	2014	57,950	Japan	Yes	4Q 2021	No
IVS Naruo	2014	60,030	Japan	Yes	4Q 2021-2024	Yes

#### Drybulk Carriers Under Construction

IVS Pebble Beach	2020-2021	62,000	Japan	Yes	2022-2024	Yes
IVS Atsugi	2020-2021	62,000	Japan	Yes	2022-2024	Yes

Total TC-In Drybulk: 8 Vessels 480,940 DWT

Note: TC expiry range represents the earliest and latest redelivery periods due to extension options for Grindrod Shipping.

# PRODUCT TANKERS CORE FLEET (AS OF AUGUST 19, 2020)

## MEDIUM RANGE TANKERS FLEET

### Owned

Vessel Name	Built	DWT	Country of Build	Eco	IMO Designation	Ownership Percentage	Employment
Matuku	2016	50,140	South Korea	Yes	II, III	100.0%	BB Charter Expires 2Q 2022
Leopard Moon	2013	50,000	South Korea	Yes	III	100.0%	Vitol Management
Leopard Sun	2013	50,000	South Korea	Yes	III	100.0%	Vitol Management

Owned Medium Range: 3 Vessels      150,140 DWT

## SMALL TANKERS FLEET

### Owned

Vessel Name	Built	DWT	Country of Build	Eco	IMO Designation	Ownership Percentage	Employment
Breede	2009	16,900	China	No	II, III	100.0%	Spot Market and COA

Owned Small Tankers: 1 Vessel      16,900 DWT

# NON-GAAP FINANCIAL MEASURES

The financial information included in this presentation includes certain “non-GAAP financial measures” as such term is defined in SEC regulations governing the use of non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company’s operating performance, financial position or cash flows that excludes or includes amounts that are included in, or excluded from, the most directly comparable measure calculated and presented in accordance with IFRS. For example, non-GAAP financial measures may exclude the impact of certain unique and/or non-operating items such as acquisitions, divestitures, restructuring charges, large write-offs or items outside of management’s control. Management believes that the non-GAAP financial measures described below provide investors and analysts useful insight into our financial position and operating performance.

## TCE Revenue and TCE per day

TCE revenue is defined as vessel revenues less voyage expenses. Such TCE revenue, divided by the number of our operating days during the period, is TCE per day. Vessel revenues and voyage expenses as reported for our operating segments include a proportionate share of vessel revenues and voyage expenses attributable to our joint ventures based on our proportionate ownership of the joint ventures. The number of operating days used to calculate TCE revenue per day also includes the proportionate share of our joint ventures’ operating days and also includes charter-in days.

TCE per day is a common shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters have to cover voyage costs and are generally not expressed in per-day amounts while charter hire rates for vessels on time charters do not cover voyage costs and generally are expressed in per day amounts.

Below is a reconciliation from TCE revenue to revenue:

<u>(In thousands of U.S. dollars)</u>	<u>Six Months ended June 30,</u>					
	<u>2020</u>			<u>2019</u>		
	<u>Revenue</u>	<u>Voyage Expenses</u>	<u>TCE Revenue</u>	<u>Revenue</u>	<u>Voyage Expenses</u>	<u>TCE Revenue</u>
Vessel Revenue						
Handysize.....	38,273	(18,731)	19,542	50,228	(27,296)	22,932
Supramax/ultramax.....	63,565	(30,991)	32,574	71,401	(37,118)	34,283
Medium range tankers.....	20,389	(1)	20,388	20,294	(3,891)	16,403
Small tankers.....	3,518	(892)	2,626	7,437	(1,081)	6,356
Other drybulk carriers.....	122			-		
Other tankers.....	2,592			2,569		
Other revenue.....	39,148			19,542		
Adjustments*.....	(462)			(4,251)		
Revenue.....	<u>167,145</u>			<u>167,220</u>		

(\*) Vessel revenue earned and voyage expenses incurred by the joint ventures are included within the operating segment information on a proportionate consolidation basis. Accordingly, joint ventures proportionate financial information are adjusted out to reconcile to the unaudited condensed consolidated financial statements.

Note: “Other Revenue” includes ship sale revenue and other revenue.

# NON-GAAP FINANCIAL MEASURES CONT'D

## EBITDA and Adjusted EBITDA

EBITDA is defined as earnings before interest income, interest expense, income tax expense or credit, depreciation and amortization, and share of loss in joint ventures. Adjusted EBITDA is EBITDA adjusted to exclude the items set forth in the table below, which represent certain non-recurring, non-operating or other items that we believe are not indicative of the ongoing performance of our core operations.

EBITDA and Adjusted EBITDA are used by analysts in the shipping industry as common performance measures to compare results across peers. EBITDA and Adjusted EBITDA are not items recognized by IFRS, and should not be considered in isolation or used as alternatives to loss for the period or any other indicator of our operating performance.

Our presentation of EBITDA and Adjusted EBITDA is intended to supplement investors' understanding of our operating performance by providing information regarding our ongoing performance that exclude items we believe do not directly affect our core operations and enhancing the comparability of our ongoing performance across periods. Our management considers EBITDA and Adjusted EBITDA to be useful to investors because such performance measures provide information regarding the profitability of our core operations and facilitate comparison of our operating performance to the operating performance of our peers. Additionally, our management uses EBITDA and Adjusted EBITDA as measures when reviewing our operating performance. While we believe these measures are useful to investors, the definitions of EBITDA and Adjusted EBITDA used by us may not be comparable to similar measures used by other companies.

The table below presents the reconciliation between loss for the period to EBITDA and Adjusted EBITDA for the six-month period ended June 30, 2020 and the comparative period ended June 30, 2019

<u>(In thousands of U.S. dollars)</u>	<u>Six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
<b>Loss for the period</b> .....	\$ (12,311)	\$ (18,954)
Adjusted for:		
Income tax expense.....	454	633
Interest income .....	(449)	(1,215)
Interest expense .....	8,634	5,815
Share of losses of joint ventures .....	2,538	1,538
Depreciation and amortization.....	25,720	22,610
<b>EBITDA</b> .....	<u>24,586</u>	<u>10,427</u>
Adjusted for.....		
Impairment loss recognized on ships .....	3,662	4,304
Impairment loss recognized on net assets of disposal group .....	576	-
<b>ADJUSTED EBITDA</b> .....	<u>28,824</u>	<u>14,731</u>

# CHARTER-IN COSTS

Long-term charter-in costs is defined as the charter costs relating to chartered-in vessels included in our Fleet from time to time, which are vessels for which the period of the charter that we initially commit to is 12 months or more, even if at a given time the remaining period of their charter may be less than 12 months (“long-term charter-in vessels”). Such long-term charter-in costs, divided by the number of operating days for the relevant vessels during the period, is long-term charter-in costs per day.

Before the application of IFRS 16 on January 1, 2019, long-term charter-in costs were included in charter hire costs in the statement of profit and loss. From January 1, 2019, charter hire costs in the statement of profit and loss only includes charter costs that meet the definition of short-term leases in terms of IFRS 16 which, due to practical expedients allowed under IFRS 16, for the period from January 1, 2019 to December 31, 2019 includes charter costs relating to some but not all of our long-term charter-in vessels, with the charter costs relating to the remainder of our long-term charter-in vessels presented as lease payments on ships. Accordingly, charter hire costs and lease payments on ships together comprise “adjusted charter hire costs”.

Long-term charter-in costs and long-term charter-in costs per day are non-GAAP performance measures used primarily to provide an understanding of the total costs and total costs per day relating to the charter-in of the company’s long-term chartered-in vessels.

The tables below presents the breakdown of charter hire expense into long-term charter hire expense and short-term charter hire expense for the six months to June 30, 2020 and 2019:

	Six Months ended June 30,					
	2020					
(In thousands of U.S. dollars)	Charter hire costs	Lease payments on Ships	Adjusted charter hire costs	Long-term charter-in costs	Short-term charter-in costs	Adjusted charter hire costs
Handysize .....	4,851	-	4,851	-	4,851	4,851
Supramax/ultramax .....	10,984	13,044	24,028	13,535	10,493	24,028
Medium range tankers .....	3,698	1,795	5,493	5,493	-	5,493
Small tankers .....	-	-	-	-	-	-
Others .....	-	-	-	-	-	-
Adjustments <sup>(*)</sup> .....	-	-	-	-	-	-
	<b>19,533</b>	<b>14,839</b>	<b>34,372</b>			<b>34,372</b>

	Six Months ended June 30,					
	2019					
(In thousands of U.S. dollars)	Charter hire costs	Lease payments on Ships	Adjusted charter hire costs	Long-term charter-in costs	Short-term charter-in costs	Adjusted charter hire costs
Handysize .....	7,153	-	7,153	-	7,153	7,153
Supramax/ultramax .....	21,329	11,938	33,267	14,041	19,226	33,267
Medium range tankers .....	2,769	2,769	5,538	5,538	-	5,538
Small tankers .....	-	-	-	-	-	-
Others .....	-	-	-	-	-	-
Adjustments <sup>(*)</sup> .....	(502)	-	(502)	-	-	(502)
	<b>30,749</b>	<b>14,707</b>	<b>45,456</b>			<b>45,456</b>

(\*) Charter hire, Lease payments on Ships, Long-term charter-in costs and Short-term charter-in costs incurred by the joint ventures are included within the operating segment information on a proportionate consolidation basis. Accordingly, joint ventures’ proportionate financial information are adjusted out to reconcile to the unaudited interim condensed consolidated and combined financial statements.

# QUESTIONS?

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