

Barloworld Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 1918/000095/06)  
(Income Tax Registration number 9000/051/71/5)  
(Share code: BAW)  
(JSE ISIN: ZAE000026639)  
(Share code: BAWP)  
(JSE ISIN: ZAE000026647)  
(Bond issuer code: BIBAW)  
(Namibian Stock Exchange share code: BWL)  
("Barloworld" or the "Group" or the "Company")

#### VOLUNTARY BUSINESS UPDATE

Shareholders are referred to the pre-closing operational update released on 30 March 2020, which included the Group's initial perspective on the unfolding COVID-19 pandemic, the impact on businesses and a number of immediate austerity measures taken in response.

In light of the rapidly evolving environment, the board and management of Barloworld are of the view that it is appropriate to institute regular updates containing relevant information regarding the impact of COVID-19 on the Group and the appropriate austerity measures taken in response.

Shareholders are advised that the financial information contained in this announcement has not been audited, reviewed or reported upon by Barloworld's external auditors.

#### Operational update

The Government imposed lockdowns across the globe continue to negatively impact the environment in which our businesses operate. The latest consensus macroeconomic forecasts indicate that most economies, including South Africa and the rest of Africa, are likely to enter recession in the first half of 2020, with a recovery only commencing in 2021.

The operating environment is therefore expected to remain weak and volatile in the near term with significantly lower activity levels in the Automotive division. Activity levels in the Equipment southern Africa and Logistics divisions are currently low, but are improving as customer activity levels improve as they adjust to operating under a lockdown environment. In Russia, trading remains strong and the current impacts of COVID-19 have been very limited.

The Group has a strong balance sheet and stable mature business platforms to weather the storm and will be well positioned in the future recovery. In the short term, we are actively focused on both cost reduction and containment, as well as driving operational efficiencies for the remainder of the financial year to September 2020.

The lockdown restrictions in various territories are causing delays in the internal consolidation and review processes of our financials. As a result, the release of the Group's interim results for the six months to 31 March 2020 has been postponed from 18 May 2020 to 30 June 2020. This remains in line with Section 3.15 of the JSE Limited (JSE) Listings Requirements which requires results to be released within three months following the end of the reporting period. Furthermore, in line with section 3.18(a) of the JSE Listings Requirements, the board has approved the release of unaudited interim results, with limited assurance.

#### Cost-saving initiatives

The Group's internally imposed austerity measures are expected to yield significant cost savings by the end of the 2020 financial year as well as lowering the overall cost base going forward. The following additional initiatives, amongst others, have also been adopted:

- A non-executive directors' fee reduction of 25% for a period of three months with effect from 1 May 2020;
- A suspension of the retirement fund contributions to the respective funds for a period of up to 12 months in line with applicable fund rules and country specific legislation. This plan affects all employees who are members of the respective funds, excluding

- those who are close to retirement age (60+) and will be effected from 01 May 2020.
- A 12 month remuneration sacrifice plan effected for employees at executive, senior, middle and junior/supervisory levels using a sliding scale that will see executives taking the highest total guaranteed pay (basic salary plus benefits) reduction with effect from 01 May 2020. The total average remuneration sacrifice is shown in the table below:

	Total average remuneration sacrifice, including suspended retirement fund contributions %
Group Executives	25%
Senior management	21%
Middle management	18%
Junior management /supervisors	14%

- A further targeted reduction of head office costs across all areas; and
- A reduction of costs across all business units in southern Africa to deal with the slowdown and prepare the business for the recovery.

Shareholders are advised that the board and management are prepared to take further active measures to reduce costs as the situation demands. The full extent of all the cost savings will be communicated as part of the 2020 interim results.

#### Gearing and liquidity

The Group's gearing levels remain low and well within our covenants. At 31 March 2020, the Group maintained a robust cash balance in excess of R4 billion. The Group's net debt position (excluding IFRS 16) increased to over R4 billion in line with operational cycles. The Group's headroom on committed facilities for both the local and off-shore operations remains substantial at over R8 billion. In addition, we have non-committed facilities of over R2 billion.

The Group is actively reviewing all current facilities on an ongoing basis and we remain confident of our liquidity position. Even after taking into account the acquisitions being progressed, we retain significant headroom within our covenants, with Net Debt to EBITDA expected to still remain below 2.0 times.

We had working capital absorption at the end of the interim period caused by a delay in accounts receivable and inventory build-up on the back of the lockdowns in the various regions we operate in. We continue to monitor the working capital levels closely with certain countermeasures already implemented to manage the expected build-up in the second half of the 2020 financial year, as a result of an anticipated slow-down in demand and activity.

#### Avis Fleet

We previously disclosed our intention to sell 50% of the equity in Avis Fleet. Given the current market environment, a decision has been taken to place this initiative on hold. This position will be re-assessed at the appropriate time and in the context of the Group's strategy and optimal portfolio mix. Avis Fleet will continue to be shown as part of discontinued operations in the interim results for the period to 31 March 2020 and will revert to being reported as part of continuing operations going forward.

#### Update on acquisitions

The Group continues to progress the recently announced acquisitions while exercising caution on the need to ensure our ability to weather the immediate effects of COVID-19. We continue to believe that these acquisitions will strengthen the resilience of the business in the longer term. Further updates on the acquisitions will be provided in due course.

#### Next update

The next voluntary business update will be issued towards the end of May 2020.

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

#### About Barloworld

Barloworld is a distributor of leading global brands with corporate offices in Johannesburg (South Africa) and Maidenhead (United Kingdom), providing integrated rental, fleet management, product support and logistics solutions. Established in 1902 in South Africa, we are one of the country's oldest companies. Inspiring leadership, a reputation for ethical conduct, innovation and a commitment to giving back have ensured Barloworld's longevity over the past 117 years. The core divisions of the Group comprise Equipment (earthmoving equipment and power systems), Automotive (car rental, motor retail, fleet services, used vehicles and disposal solutions) and Logistics (logistics management and supply chain optimisation). The brands we represent on behalf of our principals include Avis, Audi, BMW, Budget, Caterpillar, Ford, Mazda, Mercedes-Benz, Toyota, Volkswagen and others.

#### Forward-looking statements

Certain statements in this document are not reported financial results or historical information, but forward-looking statements. These statements are predictions of or indicate future events, trends, future prospects, objectives, earnings, savings or plans. Examples of such forward-looking statements include, but are not limited to, statements regarding volume growth, increases in market share, exchange rate fluctuations, shareholder return and cost reductions. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "believe", "continue", "anticipate", "ongoing", "expect", "will", "could", "may", "intend", "plan", "could", "may", and "endeavour". By their nature, forward-looking statements are inherently predictive, speculative and involve inherent risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future.

If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to: changes in economic or political conditions and changes to the associated legal, regulatory and tax environments; lower than expected performance of existing or new products and the impact thereof on the Group's future revenue, cost structure and capital expenditure; the Group's ability to expand its portfolio; skills shortage; changes in foreign exchange rates and a lack of market liquidity which holds up the repatriation of earnings; increased competition, slower than expected customer growth and reduced customer retention; acquisitions and divestments of Group businesses and assets and the pursuit of new, unexpected strategic opportunities; the impact of legal or other proceedings against the Group; uncontrollable increases to legacy defined benefit liabilities and higher than expected costs or capital expenditures. When relying on forward-looking statements to make investment decisions, you should carefully consider these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.