

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)
(Bond issuer code: BIBAW)
(JSE ISIN: ZAE000026647)
(Namibian Stock Exchange share code: BWL)
(**"Barloworld"** or the **"Company"** or the **"Group"**)

Trading statement

Shareholders are referred to our voluntary business updates issued on SENS on 30 March 2020, 23 April 2020 and 28 May 2020 which provided insight into the results of our operations to March 2020 through to May 2020. These releases provided the perspectives of the board and management of Barloworld on the unfolding COVID-19 pandemic, an update on the impact on the Group's businesses and the measures taken in response thereto.

We are in the process of finalising our results for the six month interim period ended 31 March 2020. In terms of the JSE Listings Requirements, shareholders are advised that Barloworld is satisfied that a reasonable degree of certainty exists that the financial results for the period will differ by at least 20% from the six month interim period ended 31 March 2019.

The Group's results for the period were impacted by several factors, including:

- A challenging trading environment, characterised by continuing low business confidence, dropping commodity prices, and depressed consumer demand. COVID-19 and the prevailing global economic slowdown resulted in higher credit losses and impairments included in non-operating and capital items. Operating results were also negatively impacted in the month of March in some businesses;
- The classification of the Avis Fleet business as held for sale and discontinued operations at 31 March 2020 (reported as a continuing operation at 31 March 2019);
- The implementation of our B-BBEE deal Khula Sizwe (Khula Sizwe);
- The first time adoption of IFRS 16 Leases; and
- Higher effective tax rates driven by local currency devaluations and gains made on the sale of properties to Khula Sizwe.

The performance of the Group was impacted by a number of impairments recognised in the period, namely within Rent a Car southern Africa, Equipment Botswana, Zambia, Angola, Mozambique and Malawi (BZAMM) together with impairments to our investments in NMI-DSM and BHBW. These impairments were as a result of lower forecast cash flows impacted by the COVID-19 pandemic and the expected slowdown in economic growth in the territories in which we operate, coupled with higher discount rates which have increased in line with these and other macroeconomic factors. These impairments are excluded from Headline Earnings Per Share (HEPS) however they have negatively impacted our Earnings Per Share (EPS) in the period.

Taking into account these factors, the Group's balance sheet at 31 March 2020 remained strong. The Group maintained a robust cash balance with the net debt position (excluding IFRS 16) increasing in line with operational cycles. Headroom on facilities for both the local and off-shore operations remained substantial.

Normalised headline earnings per share from continuing operations (HEPS)

Due to the number of items impacting on the Group's results in the current year, the Company will be presenting normalised Group HEPS. Normalisation adjustments will be consistent with those presented at the year-end. Specifically the costs of our B-BBEE deal Khula Sizwe will be normalised together with an additional normalisation adjustment for the first time adoption of IFRS 16. The Guaranteed Minimum Pension (GMP) charge incurred by our defined benefit pension scheme in the UK in the prior period was not recurring.

Basic EPS, basic HEPS and normalised basic HEPS

The range for basic EPS, basic HEPS and normalised basic HEPS for the six months ended 31 March 2020 is expected to be as follows:

ZAR cents	31 March 2019 as reported	Expected range of increase/ (decrease)	31 March 2020 expected results	
Basic (loss)/earnings per share - GROUP	438.1	(265%) to (275%)	(721.8)	(767.8)
Basic (loss)/earnings per share				
Continuing operations	438.1	(285%) to (300%)	(810.5)	(876.2)
Discontinued operations	0.0	Not applicable	88.7	108.4
Basic HEPS – GROUP	476.0	(40%) to (50%)	285.6	238.0
Basic Headline (loss)/earnings per share				
Continuing operations	476.0	(105%) to (110%)	(23.8)	(47.6)
Discontinued operations	0.0	Not applicable	309.4	285.6
Normalised basic HEPS – GROUP	521.4	(25%) to (35%)	391.1	338.9

Notes:

1. For the six months ended 31 March 2019 Avis Fleet was reported as part of the Group's continuing operations. Therefore, in line with JSE guidance for this trading update, basic EPS and basic HEPS for the six months ended 31 March 2019 presented above have not been restated in line with the methodology Barloworld will use when reporting its results for the six months ended 31 March 2020, which will classify Avis Fleet as a discontinued operation.
2. Normalised basic HEPS figures are the responsibility of the directors and have been presented for illustrative purposes only. Because of their nature, normalised basic HEPS figures may not fairly present Barloworld's basic HEPS.

Withdrawal of earnings guidance

In light of the results to 31 March 2020, the increased uncertainty of the impact of COVID-19 and the related global economic downturn we are withdrawing all previous guidance in respect of our future outlook, specifically our short term targets for the Logistics business and the Group's medium term

return on equity and return on invested capital guidance. We will continue to provide regular trading updates to assist investors in assessing the Group's performance and financial position during this challenging time.

The information contained in this trading statement has not been reviewed nor reported on by Barloworld's independent external auditors.

The Group's results for six months ended 31 March 2020 are scheduled to be released on SENS on or about 30 June 2020.

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12 June 2020

Equity and Debt Sponsor: Nedbank Corporate and Investment Banking, a division of Nedbank Limited