

HUDACO INDUSTRIES LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1985/004617/06)

Share code: HDC & ISIN: ZAE000003273

("Hudaco" or the "Company" or the "Group")

TRADING STATEMENT

Shareholders are referred to the announcement regarding the impact of the Covid-19 pandemic on Hudaco's businesses, mitigating actions and trading statement published on SENS on 21 May 2020.

In terms of the Listings Requirements of the JSE Limited, companies are required to publish a trading statement as soon as they are satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported on next will be more than 20% different from those of the previous corresponding period.

The Company's financial results for the six months ended 31 May 2020 have been severely impacted by Covid-19 as described in the announcement referred to above and particularly the fact that most of the Company's businesses were closed for five weeks in March and April 2020 and the fact that May 2020 trading was restricted, the effects of which are amplified when assessed in a half year period. Accordingly, the board is reasonably certain that the earnings, headline earnings and comparable earnings per share for the six months ending 31 May 2020 will be over 20% lower than for the equivalent period in the previous year.

Covid-19 and its impact on the prevailing economic climate have resulted, inter alia, in:

- a major decrease in turnover during the lockdown period;
- increased expected credit losses;
- a decrease in the expected net realisable values of certain inventory lines; and
- the impairment of goodwill at certain businesses.

Other factors that have impacted results negatively include load-shedding (up to stage 6) in December 2019 and the first-time adoption of IFRS 16: Leases.

Shareholders are accordingly advised that:

- Headline earnings per share (heps) for the six months is expected to be between 190 cents and 200 cents. This is between 64% and 62% lower than the 533 cents reported for the six months ended 31 May 2019;
- Comparable earnings per share (ceps) for the six months is expected to be between 64 cents and 74 cents. This is between 88% and 85% lower than the 520 cents reported for the six months ended 31 May 2019; and
- Basic earnings per share (eps) for the period is expected to be a loss of between 778 cents and 698 cents. This is between 246% and 231% lower than the 533 cents reported for the six months ended 31 May 2019.

The above information has not been reviewed or reported on by the Company's independent external auditors.

The Group's results for the six months ended 31 May 2020 are scheduled to be released on SENS on Friday 26 June 2020.

23 June 2020

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