Barloworld Limited
(Incorporated in the Republic of South Africa)
(Registration number 1918/000095/06)
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(Share code: BAW)
(A2X share code: BAW)
(JSE ISIN: ZAE000026639)
(Share code: BAWP)
(Bond issuer code: BIBAW)
(JSE ISIN: ZAE000026647)
("**Barloworld**" or the "**group**")

VOLUNTARY TRADING UPDATE FOR THE FOUR MONTHS TO 31 JANUARY 2024

Overview

In the first four months of the 2024 financial year, Barloworld saw a 5% reduction in group revenue when compared to the four months to 31 January 2023 (the "**prior period**"), due to reduced sales volumes in some of our businesses, following a slowdown in the mining sector, continued geopolitical conflicts and reduction in consumer demand in its consumer industries vertical.

Operational review for the four months to 31 January 2024 (the "period")

Industrial Equipment and Services

Equipment southern Africa

Machine sales revenue declined in line with the anticipated slowdown in mining activity, buffered by the uptick in after sales activity, resulting in a marginal decline in Equipment southern Africa revenue of 2% relative to the prior period. The uptick in after sales activity occurred at softer gross margins thus resulting in a reduction in operating profit.

Bartrac, the joint venture in the Democratic Republic of Congo, continues to deliver strong performance with Barloworld's share of profit showing an increase when compared to the prior period.

Investment in working capital is starting to decrease from the high levels in the 2023 financial year in anticipation of the slow-down in the mining industry. However, planned deliveries in the second half of the 2023 financial year are still being delivered in the first half of the 2024 financial year.

Equipment Eurasia

Equipment Eurasia continues to show strong performance, supported by an excellent performance by Barloworld Mongolia. Relative to the prior period, Barloworld Mongolia delivered revenue growth of 20%, although offset by the 26% reduction in revenue from Vostochnaya Technika ("**VT**"). Both businesses generated solid operating margins.

Barloworld Mongolia's revenue increased significantly due to continuing strong mining activity and the overall outlook is proving to be more supportive than anticipated.

Although there was a significant revenue reduction at VT, the business continues to make good progress in restructuring the cost base in line with existing trading levels. This has resulted in higher margin realisation.

Barloworld continues to manage its risks and exposures while remaining agile and strictly complying with an ever-changing regulatory environment.

Consumer Industries
Ingrain

Ingrain's revenue declined by 5% against the prior period, impacted by a reduction in sales volumes, and lower customer demand in the alcoholic beverages, papermaking and converting sectors.

Export sales were down due to competitive global pricing of starch, compounded by challenges in the Port of Durban.

Local maize prices are trending downwards and wet weather conditions bode well for maize supply for the 2024 and 2025 calendar years.

Whilst the group is seeing some improvement in operational efficiencies, agri-product pricing is under pressure impacting gross margins. Operating margins are behind the prior period as a result of a reduction in revenue with a rising fixed cost base.

To that end, the business has commenced a restructure to realign its fixed expenses with lower trading activity. This will position the business to achieve targeted returns in the near future.

Barloworld remains focused on value extraction from the investment in this business and is confident that the actions taken will improve the overall business profitability in line with previous guidance.

Funding and capital allocation

The group continues to purposefully allocate capital by investing cash in projects that aim to yield returns higher than the cost of capital, distributing cash to shareholders and paying down debt as part of ongoing efforts to maximise shareholder value.

A final ordinary dividend of R3.00 per share was paid in January 2024, resulting in a total dividend of R5.00 per share paid in respect of the 2023 financial year, being R948 million in total.

Barloworld has reviewed its current facilities, including committed and non-committed facilities, as well as headroom on the existing domestic medium term note programme and remains satisfied with the positive state of the headroom, gearing and liquidity.

Conclusion

The group will release a voluntary pre-close update closer to the six-month period ending 31 March 2024.

Shareholders are advised that the information in this voluntary trading update has not been audited, reviewed, or reported on by the group's external auditors. This update does not constitute a forecast.

Sandton

15 February 2024

Equity and Debt Sponsor:

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