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)
(A2X share code: BAW)
(JSE ISIN: ZAE000026639)
(Share code: BAWP)
(JSE ISIN: ZAE000026647)
(Bond issuer code: BIBAW)
("**Barloworld**" or the "**group**")

VOLUNTARY TRADING UPDATE FOR THE FOUR MONTHS TO 31 JANUARY 2025

Overview

In the first four months of the 2025 financial year, Barloworld delivered revenue growth of 1% above the revenue generated in the comparative four months of the prior financial year (the "**prior period**").

The pressure of the compressed southern African trading environment was absorbed by the expansionary environment in Mongolia which continues to grow driven by the government-led expansion of transport infrastructure and external demand for its minerals and resources, primarily from China.

Excluding gold and copper driven economies which delivered relatively stronger performance, the southern African mining sector has remained somewhat constrained on the back of softer commodity prices. Whilst the prospects for consumers have certainly improved when compared to the prior period, consumers are still experiencing the vestiges of a historically high interest rate environment and the high levels of unemployment.

Operational review for the four months to 31 January 2025 (the "period")

Industrial Equipment and Services

Following Caterpillar's exit from the Russian market and the restrictions of the sanction regime, Vostochnaya Technica ("VT") can no longer be considered an equipment distributor as it primarily provides services to its customers.

Therefore, in order to provide clarity in reporting, we have further sub-categorised the Industrial Equipment and Services cluster into Industrial Equipment, which comprises of Equipment southern Africa and Barloworld Mongolia (as Caterpillar equipment distributors), and Industrial Services which comprises of VT.

Industrial Equipment:

Equipment southern Africa

Despite the challenging mining activity, overall machine sales revenue was in line with the prior period and the business delivered growth in rental revenue, however, aftersales activity in parts and services was lower than the prior period. As a result, overall revenue declined by 4.7% when compared to the prior period. Cost discipline and margin realisation resulted in a stronger operating profit margin when compared to the prior period.

Bartrac, the joint venture in the Democratic Republic of Congo, which continues to operate under difficult trading conditions delivered a positive share of profit, which was however lower than the prior period.

The business generated free cash outflow in line with the trading patterns primarily due to investments in working capital and rental fleet.

Barloworld Mongolia

Barloworld Mongolia's strong revenue growth continued, delivering revenue growth of 80% relative to the prior period, supported by prime product sales and aftermarket demand. The overall outlook remains positive. Aftermarket demand is expected to remain strong whilst prime product sales are expected to moderate, especially compared to the strong sales in the second half of the prior year. The business maintained strong operating margins during the period.

Industrial Services:

Vostochnaya Technica

VT's revenue was impacted by lower activity levels following the curtailed inventory supply and the reducing addressable market as a result of the evolving sanction regime. Revenue declined by 23.3% relative to the prior period. Although the business delivered results above breakeven, we expect it to continue to trade at breakeven levels. VT remains self-sufficient in terms of its funding requirements. The independent investigation into potential export control violations, commissioned by Barloworld, is ongoing.

Consumer Industries

Ingrain

Ingrain delivered an improved performance, with revenue 1.6% ahead of the prior period. The business achieved pleasing EBITDA growth, supported by stable volumes and cost discipline. Overall sales volumes were relatively flat compared to the prior period, and exports showed strong growth which was offset by marginally lower domestic sales volumes.

The alcoholic beverages and paper sectors delivered a good result, with volumes well ahead of the prior period. Confectionery sector volumes were down on the back of high stocks in trade and cheaper finished goods imports, affecting local production. The prepared foods and trader sector volumes declined as SAFEX maize prices traded above import parity over the period, boosting the price competitiveness of starch imports into the country.

Despite these headwinds, efforts to streamline the business have yielded tangible benefits into the current financial year, with better gross margins and operating margins achieved relative to the prior period.

Ingrain continues to demonstrate resilience amidst varying market conditions and operational challenges. Management remains committed to continuous improvement across Ingrain's operations and responding aptly to changing market dynamics.

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 R3.10 per share was paid in January 2025, resulting in a total dividend of R5.20 per share paid in respect of the 2024 financial year, being R986 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 2025.

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

20 February 2025

Equity and Debt Sponsor:

Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Enquiries:
Kgaugelo Legoabe-Kgomari
Tel: +27 82 619 4710 | E-mail: bawir@barloworld.com