The Group’s performance during the period has been bolstered by our execution strategy, the swift implementation of austerity measures aimed at cash preservation, maintaining a focused balance sheet, recapitalisation strategy and instilling focused working capital management, resulting in cash generation exceeding our expectations.

Group executive officer

Dorine Sewela

Group review

The decisive actions taken in 2020 are beginning to yield positive results, reflecting the results for the first six months of the financial year ended 31 March 2021. The revenue from continuing operations for the period was R2.2 billion (1H20: R1.7 billion), up 13% from the prior period, which was largely unaffected by COVID-19. Our recent acquisition and management efficiency brought a higher than expected performance with Equipment Mongolia and Ingrain contributing R3.4 billion in revenue (1H20: R40 million: 1H20: R2.6 billion at 30 September 2020). The increase was solely driven by the R5.3 billion Ingrain acquisition, which was partially paid down by cash from existing operations.

The Group headline earnings per share (HEPS) was 367 cents, up on the prior period HEPS of 70 cents. The Group normalised HEPS from continuing operations, excluding the impact of IFRS 16 and B-EEE charges, at 446 cents (1H20: 180 cents) was higher than the prior period owing to exceptional performance in the Equipment businesses and the contribution from our recent acquisitions. Basic earnings per share (EPS) of 374 cents (1H20: 729 cents less tax per share) up 101 cents per share.

An improved return on invested capital (ROIC) of 3.8% (1H20: 2.9%) compared to the 1.9% achieved in the 2020 financial year, was generated from the improved results recorded. The ROIC was affected to some extent that the calculation of ROIC for six months necessitates the inclusion of our acquired performance, therefore the last half of the 2020 financial year is included, which will be eliminated in September 2021.

Operating segment results for the six months ended 31 March 2021 for continuing operations

<table>
<thead>
<tr>
<th>Segment</th>
<th>Revenue</th>
<th>Operating profit</th>
<th>Loss on disposal</th>
<th>Earnings before tax</th>
<th>Earnings per share ( basic)</th>
<th>Earnings per share ( diluted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial equipment and services</td>
<td>14 681</td>
<td>3 094</td>
<td>14</td>
<td>3 953</td>
<td>1 310</td>
<td>1 225</td>
</tr>
<tr>
<td>Consumer industries</td>
<td>1 990</td>
<td>190</td>
<td>-</td>
<td>799</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Total operating profit</td>
<td>18 671</td>
<td>3 284</td>
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<td>1 247</td>
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Dividend declaration

Notice is hereby given that interim dividend number 163 cents and a special dividend have been declared collectively (the “dividends”), in respect of the six months ended 31 March 2021 subject to the applicable dividends tax level in terms of the Income Tax Act, 58 of 1962 (as amended) as follows: 

- Dividends on Ordinary shares of 137 cents per share, paid on 9 June 2021 and 28 June 2021.
- Dividends on Special shares of 200 cents per share, paid on 9 June 2021 and 28 June 2021.
- Dividends on B-EEE shares of 200 cents per share, paid on 9 June 2021 and 28 June 2021.

In accordance with paragraphs 11.17(a) to (c) and 11.17(e) of the JSE Listings Requirements, the following additional information is disclosed:

- The dividends have been declared out of income reserves
- Local dividends tax rate is 20% (twenty per cent)
- Barloworld has paid 1 025 646 ordinary shares in issue

In compliance with the requirements of State and the JSE Limited, the following dates are applicable to the dividends:

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday, 24 May 2021</td>
<td>Dividends declared</td>
</tr>
<tr>
<td>Monday, 14 June 2021</td>
<td>Final payment date and record date for the Dividends</td>
</tr>
<tr>
<td>Thursday, 23 June 2021</td>
<td>Pay date for the Dividends</td>
</tr>
<tr>
<td>Friday, 25 June 2021</td>
<td>Payment date for the Dividends</td>
</tr>
</tbody>
</table>

We will continue our vigilant approach towards ensuring the safety of all our employees by complying with legislation, as well as implementing best practices in a safe working environment.

Outlook

Our strategy, based on a clear ambition and outcome to double the Group’s intrinsic value every four years, means that we need to be forward thinking in how we approach our business. With this in mind, we are actively pruning our portfolio towards defensive, relatively asset-light and cash-generative industrial sectors, based on a business-to-business operating model.

To achieve this, we have positioned the Group as an industrial processing, distribution and services company with two primary areas of focus: Industrial Equipment and Business and Consumer Industries (food and ingredient solutions). However, as we strengthen our position in these areas, we will focus on retaining and optimising our existing business portfolio to extract maximum potential and further acquire growth once we have completed our remanagement portfolio changes.

Our outlook for 2021 remains positive as key markets recover, commodity prices improve, our customers increase capital expenditure, and government stimulus spending supports infrastructure projects.

Mining activity is expected to steadily improve on the back of buoyant commodity prices albeit with lower production. Construction activity is expected to remain at the same levels in the short term. We expect COVID-19 related restrictions to continue impacting on our operations in the near term, with sporadic lockdowns expected to be implemented to support efforts to curb the spread of the virus. Sales volumes in the consumer segment are expected to benefit from a reduction in restrictions that impacted the prior period.

The good outlook for maize in South Africa for the current season is expected to continue to support margins going forward as local maize prices remain competitive.

The used car market is expected to be strong on the back of the shortage of new cars and anticipated higher prices. We also foresee that providing quality services, and not just price, will continue to be a driving force in the Car Rental and Leasing business. While we await the resumption of normal travel patterns, we will maintain our reduced fixed cost base to ensure an agile organisation in Car Rental and Avis Fleet. Our commitment to cash preserving initiatives while we grow our market share and sustain a lower cost to serve.

With the short to medium term, we will focus on aspects within our control by executing on the completion of our corporate actions through the disposal of logistics and the integration of our recent acquisitions.

We will continue our vigilant approach towards ensuring the safety of all our employees by complying with legislation, as well as implementing best practices in a safe working environment.

Uncertainty about the macroeconomic environment remains, and it is therefore still too early to provide any guidance. However, we will continue to provide regular updates to assist shareholders in assessing the Group’s performance and financial position.

24 May 2021

Short form announcement

This short form announcement is the responsibility of the board of directors of Barloworld and is a summary of the interim financial results announcement in respect of the interim financial results for the period ended 31 March 2021 of Barloworld and its subsidiaries (collectively the “Group”), and as such it does not contain full or complete details pertaining to the Group’s results. Any investment decisions should be made based on the full announcement, which has been reviewed by Barloworld’s auditors.


The full announcement is available for inspection, at no charge, at the registered office of Barloworld (61 Katherine Street, Sandton, Johannesburg, 2001) from 09:00 to 16:00 in business days. Copies of the full announcement can be requested from the registered office by contacting the Company secretary on +27 11 445 1819.

* Certain information presented in this announcement is regarded as pro forma financial information. This information has been prepared for illustrative purposes only, and the responsibility of directors of Barloworld and has not been reviewed or reported on by the company’s external auditors.

Directors

Non-executive

- MA van der ben (Chairman),
- MI Edelman
- HH Hickey, MD Lynch-Bullen
- NP Matsanesa
- NV Mokhosi, H Matsola
- P Schmed

Executive

- DM Sewela (Group chief executive),
- N Lila (Group finance director),
- A Ndoni (Group company secretary)

Enquiries:

Group investor relations

Email: mail@barloworld.com
Tel: +27 11 445 1819

Sponsor

Nedbank Capital and Investment Banking, a division of Nedbank Limited