Barloworld

Conference call transcript

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PRE-CLOSE TRADING UPDATE

Nwabisa Piki
Dominic Sewela
Nopasika Lila
Emmy Leeka
Quinton McGeer
Chris Wierenga
Ramasela Ganda

Operator
Good day, ladies, and gentlemen, and welcome to the Barloworld pre-close trading update conference call. All participants will be in listen only mode. There will be an opportunity to ask questions later during the conference. If you should need assistance during the call, please signal for an operator by pressing * and then 0. Please note that this call is being recorded. I'd now like to turn the conference over to Mr. Dominic Sewela. Please go ahead, sir.

Dominic Sewela
Thank you. Good afternoon, this gentleman. Welcome to the voluntary trading update for the 11 months to 31st August 2022. And I hope most of you on the call would have seen the trading statement that we released this morning. I must say it's very pleasing to have released the trading update, given the fact that we've had a lot of headwinds in terms of global geopolitical issues, as well as supply chain as a result of COVID over the last two years.

But notwithstanding, I think what is pleasing for us is to see the Equipment Southern Africa business generating revenues, double digit revenue, as well as the business in Russia. The challenging environment was in Mongolia, interestingly, given the fact that Mongolia is landlocked between Russia and China. And with the COVID lockdown in China, they basically closed the border, and we couldn't really be able to deliver machines or parts to our customers because the borders were closed. Obviously, it's been very challenging for that business.

Whereas I think if you look at Ingrain, Ingrain did exceptionally well under the current requirements, obviously assisted by the fact that supply challenges have pushed maize prices up, and therefore, that business, if you look at the margin improvements, we have seen a significant improvement on that front. But I think it's important to note that the trading update is comparing 11 months of this year to 10 months of last year, because we've had this business for 10 months on a comparable timeframe. But notwithstanding, I think it’s pleasing to see the business performing especially well.

If we get to a discontinued operation, it's also very pleasing to see the improvement in the Avis business, particularly at the operating profit level if you compared to 2019. On the same timeframe, the Avis business has done exceptionally well, particularly, as I said, on the operating profit, because revenue still is lower than 2019, but significantly upon last year. And that speaks to the work done by management in that business, and I guess that's the reason why we say without having had a very convincing offer from potential buyers, our view is that this business is well placed to go through an unbundling. And we are at the stage to actually pursue that process, that the business should be unbundled before the end of the calendar year.

And we've made progress as well in the sale of the logistics business. We have the buyer for that business, and we are now going through regulatory approval for the logistics business. And this speaks to the pivot that we've been involved in trying to simplify the business, to mainly focus it on being an equipment distribution business and services, as well as a food ingredient business comprising of Ingrain and our [unclear] distribution business.

I think something to note, we have also made progress to de-risk the insurance in the UK, where we were able to sell that risk to the insurance company, where now both the asset and liability are matched. And therefore, you will not be seeing volatility in terms of that. It just creates more stability that we don't have to deal with trustees. We can be able to move capital between South Africa and the UK with ease. We don't have to pay 50% of our dividends to the trustees. And that has been a good move. I think the timing of it was also good in that with the global market volatility, it will be very difficult to predict the impact it would have to our financials. So, that has been a very good progress.

In Africa, as you can imagine, we have a huge order book, particularly in Southern Africa, and huge demand for fleet. From a capital point of view, there was huge capital required in the first six months, but as we delivered the equipment to customers, we've seen that unwind. So, my view is that year to date we are seeing a positive cash position in South Africa. But, when you look at the Avis business, it has still consumed quite a lot of cash just to feed the business. So, I think, ladies and gentlemen, I'm going to just pause here for questions. If there are any questions on the line, we'll take that. And I'm joined by the respective teams of the divisions, as well as the FDs within the room. The executive responsible for M&A and strategy, Nandu is here. And our investor relations executive, Nwabisa, and the rest of the other colleagues are on the line. Maybe let me pause here and see if any questions from the listeners.

Operator
Thank you. Ladies and gentlemen, if you'd like to ask a question, please * and then 1 on your touchtone phone on the keypad on your screen. If you decide to withdraw the question, please press * and then 2 to remove yourself from the list. Again, if you'd like to ask a question, please press * and then 1. The first question comes from Roy Campbell from RMB Morgan Stanley. Please proceed with your question, Roy.

Roy Campbell
Thank you. Good afternoon. Just a few questions on Russia if you will, please. Now, obviously having benefited from the strengthening in the rouble, can you give us an idea of what happens to the cash in Russia? Does it stay there, or can that be repatriated? And then secondly is on the order book of R30 million. Do you have the available

working capital to service that order book? And then also just in terms of the aftermarket and servicing, have you got adequate working capital to continue to operate in the foreseeable future? Thank you.

Dominic Sewela

Thanks Roy. Do you have additional questions, Roy, before we respond? Quinton, do you want to answer Roy on those three questions?

Quinton McGeer

Thank you, Dominic, and good afternoon to everyone. Roy, I'm going to try and remember all the questions. I think your first question was about the cash. So, what we've done since February, the Russian business has become self-sufficient, self-funded. And they've managed to generate enough cash to firstly settle all liabilities in Russia. They didn't need any further funding from us in the UK. In terms of cash repatriation, we actually declared quite a lot of dividends already last year following our policies and procedures. So, all that cash was generated.

Russia, in terms of legislation, normal intercompany transactions can still happen. Russia is allowed to settle intercompany debt, as long as it's within the framework of the legislation. So that is still fully operating. The only difference is we've now converted to basically a cash basis. If Russia wants something, and it's allowed in the legislation, they've got to pay for it upfront. So, from that perspective, Russia has enough funds, and they've generated enough cash. The customers started buying basically cash for the inventory that was in Russia. Then that supported cash generation. In terms of supporting the working capital, just getting back to my first point, with the change in approach Russia has generated enough cash to support that working capital. And as I alluded before, if anything has come from the UK, they had to pay cash upfront for that. So, there's nothing outstanding from Russia to the UK. And they are generating cash to support the ongoing business operations with what's allowed.

I think you asked the question in terms of parts. Obviously, we can only sell in terms of what's allowed from a legislation perspective. And Cat will only sell to us the parts that is allowed to be sold. So that has reduced quite dramatically. I think we are up to 50% or 60% of the parts that we in the past could sell. We could only sell now 50% or 60%, in that region. So that's coming down. But we are still servicing our customers in terms of what we can purchase and then sell to the customers.

Roy Campbell

Thanks Quinton. And you've got enough stuff to service the $30 million order book?

Quinton McGeer

Yes. This order book is basically obviously inventory that's in territory already. So, its inventory that's already been paid by our Russian subsidiary. They don't owe anybody any money for that. So, within the country, there is enough cash.

Roy Campbell

Okay, wonderful. Thanks, Quinton. Appreciate it.

Operator
Thank you. The next question comes from Anthony Geard from Investec. Please proceed with your question, Anthony.

Anthony Geard
Hi, Dominic and team. Can you hear me all right?

Dominic Sewela
Yes, we can hear you very well, Anthony.

Anthony Geard
Awesome. Thank you. Thank you so much for the time that you're spending with us this afternoon. I'm just going to follow on directly from Roy's question if I can. So firstly, I'm assuming that there was a significant drawdown in inventory in Russia. I mean, clearly, before the outbreak of hostilities, you had sufficient inventory for the normal course of business. And I imagine that you've gone down on that very materially.

Dominic Sewela
I presume you're talking in terms of parts, Anthony. Remember, just before the war, we had a huge order book, almost a $500 million. And due to the sanctions, we had to basically cancel almost the large part of that order book, so some of the equipment didn't come across. When Caterpillar suspended their operations, you could still draw parts territory. We had also held inventory in our own warehouses. And therefore, that's what has been able to help us attain the revenues that we've generated. But I think if you're talking about parts, yes, you are correct. However, whole goods, it was limited to what we had already in territory that was already either on the border that we couldn't cancel, and it was to the clients that complied with sanctions. And that's what basically we've been able to deliver, those whole goods in the main.

Anthony Geard
Thank you, Dominic, for that. Going forward, should we assume that the revenue is going to be made almost entirely of parts, and in that respect, it's a limited range of parts?

Dominic Sewela
So, it will be parts that are not sanctioned. That would be what is allowed. But I think in this environment, as well, you're likely to see used equipment. Those will be brought by traders in territory. But as you can understand, we have a huge active machine population in that environment. And you are correct that by and large you're going to see a significant revenue being mainly aftermarket as opposed to whole goods, because the bulk of the equipment is sanctioned. Quinton, do want to just add more if I've missed out in terms of that question?

Quinton McGeer
Sure, Dominic. I think the products that we will be allowed to sell will be the SEM product, the mid-tier product from Caterpillar that comes from China. So, we will have full access to that product line. And then, as Dominic has alluded, from a parts perspective it will obviously be limited. And then from a used perspective, if we can secure

some used machines, then that will also be supporting the revenue line. So, that's predominantly the outlook going forward.

Anthony Geard

Excellent. I'm sorry to press on this issue. So, for instance, you could take a machine from South Africa, a second machine, and you could sell it into Russia. And there would be no restrictions on that.

Quinton McGeer

Yes. In theory, yes. As long as it's not to a sanctioned customer. But obviously, it is not as simple as that because from a climate perspective you are limited. We are selling machines that works in arctic conditions, whereas the rest of the world's machines is mostly in a different climate. But in theory at a high level, yes, you're correct.

Anthony Geard

Understood. And then just on that issue of sanctioned customers, I mean clearly some of your customers historically would be sensitive, and they might well be sanctioned. I mean, how many of your customers, your previously good customers are now off limits?

Quinton McGeer

There are quite a few customers that's off limits. But the biggest impact is actually not the customers that's been sanctioned. I mean, that's a relatively small portion, because Russia is quite big and there's a lot of junior miners within our portfolio. A big customer like Alrosa, they would be sanctioned. And then it's more the product that's been sanctioned that's hurting us, where we predominantly are a mining dealer, and all mining product has been sanctioned. So, from a customer perspective, if the mining product wasn't sanctioned, then it would have impacted us maybe 10% from a customer perspective. It would not have been a huge impact. And I think that's also potentially why the Western governments went and sanctioned the mining product late July or somewhere there, because that's actually where it really is impacting us negatively.

Anthony Geard

Excellent. Quinton, Dominic, thank you so much. I really appreciate the colour on that.

Operator

Thank you. The next question comes from James Twyman from Prescient. Please proceed with your question, James.

James Twyman

Thank you very much. It's along the same lines. I think the first question is, as far as Caterpillar is concerned, which countries, which facilities that Cat has in which countries are, okay? You said China's okay. It would be good to know what other countries are okay. And you made the interesting point that you can get 50% to 60% of the parts that you need.

Dominic Sewela

You were quite inaudible in the beginning. I think the connection. Do you want to start from the beginning?

James Twyman

Yeah, sorry. Which countries that Caterpillar operates in are you allowed to import into Russia from? You mentioned China, but also other countries. Secondly, you mentioned that 50% to 60% of the parts can be imported. What percentage of new equipment would it be? Obviously, it sounds smaller than that. And my final question, if it's okay, is have you started doing a cost cutting programme yet, given the shrinking of the business going forward?

Dominic Sewela

Let's start with the last question first, James. And I did indicate that I think when we released our six months update that we'll be able to give colour around this time, because it was very difficult because things were moving up and down. As to what our view is going to be, it's still a moving situation. We are continuously observing what's happening in territory in terms of legislation. But I think when it comes to our operating model it's to try and make sure that we run a break-even business over the next couple of years. Therefore, for us, we have started looking at cost cutting within what's allowable in the law in the country. And interestingly, we've had people to resign from the business since the beginning of the war, and that has helped in terms of when one looks at the cost of separating with the employees that would be impacted, unlike in South Africa, where the law is quite rigid in terms of the process to follow. But there is a level of activity.

I guess, the point that Quinton makes in terms of the products, I think various jurisdiction for the UK, Europe and the United States, the focus has been on sanctioning certain products to certain customers. And as Quinton said, maybe these are mining products destined for mining activities, or products whose parts could be utilised either in the military or in the mining segment. Therefore, when you look at medium tier SEM, those products tend to be used in construction in the main, not so much in the mining sector. But there are no sanctions out of China.

So, therefore, I'm not in a position to exactly know which countries we can be sourcing from. I know that if a country like Brazil, for instance, if there was a product that we could source from, and there are no sanctions in terms of regulations, we have got to be very careful and it is a tedious process that requires the team in territory to go through all this processing, properly advised by legal people as to where they can source product from. Because the onus is on us that we also don't violate the US or put Caterpillar in a precarious problem. But also, Caterpillar does give updates from time to time if they know of certain sanctions. So, I can't give you territories, James, but I'm saying for now, the easier one is China, because it's close to proximity. And it's specifically products that are mid-tier.

Quinton McGeer

Dominic, if I can just add to that as well. So, obviously, certain countries there are clear sanctions, but then there's a secondary regulation that we also need to comply with, or Caterpillar needs to comply with. And that is, if the product has got more than a certain percentage of US content, or US technology, then irrespective if there's a sanction from that territory, then that product will also not be allowed to sell. And I think that's where the complication is coming in. And that's where it constantly is changing. So, just to add to what Dominic has said. So, basically the first rule is what does the country say. The second rule is, what's the content from that specific product?

Operator

Thank you. James, I would just like to check if you have any further questions.

James Twyman

Yes. Back on the question of 50% to 60% of the parts can be imported. Broadly, what sort of proportion would it be of equipment? More like 10% or 20%? And, and then just finally on Mongolia. You mentioned before that the borders need to open up for a while and the companies need to start generating cash before it impacts you, before you start to see the benefits of that. Is that still the case or reading between lines it sounds as though you're starting to benefit already from probably opening up Mongolia. Yeah. And then that's it for me. Thanks.

Dominic Sewela

Thanks. Your line is really not that clear. But if I heard you very well, I think on the parts percentage, it is very difficult just to give you the percentages in terms of the parts breakdown. As I said, what is in territory and not sanctioned, we'll be able to sell. Because we are a mining territory, it’s safe to work on a one-time cover in terms of revenue. I don't think it will be like normally, if you look at in this business historically, Russia would have a 60/40 split in terms of whole goods vis-à-vis aftermarket. You’re likely to see more than 90% of the revenue going forward is likely to be the aftermarket, and less so the whole goods.

And when you think about Mongolia, you can actually see China’s issue on clamping down on COVID cases is [unclear]. And therefore, currently the borders are open. We had gone through a very costly exercise, moving some of the equipment from one border to the other, only to get to the next border and find it’s closed because there is huge compliance on the part of the Chinese people and government when it comes to COVID. But thus far as I speak to you, the borders are open. But I can't predict whether that's going to remain open. So, in terms of logistics, there is a bit of a challenge moving products into Mongolia using the Chinese borders, because I think the Russian are inaccessible at the moment due to sanctions.

Operator

Thank you. The next question comes from Tumi Makoah from SBG Securities. Please proceed with your question, Dumi.

Tumi Makoah

Great, thanks so much. Thanks, Dominic, and team. I just have a question on the Ingrain division in terms of sustainability of the margins. So, my question is, what kind of pricing increases did you manage to pass on during the period under review? Thank you.

Dominic Sewela

Thanks. I think I do have Chris on the line. Chris, do you want to comment on that?

Chris Wierenga

Yeah, thank you, Dominic. And good afternoon, Tumi. So, over the period, we've been able to push through quite large price increases, really impacted by the higher maize cost that we've seen. So, I think overall on a weighted basis, we would have seen price increases going through at about 25% or 30% in line with moving maize prices but bearing in mind that we have six-to-12-month contracts with our customers that we hedge around with forward cover on our on our maize, as well. But, in short, I would say between 25% and 30%.

Tumi Makoah
Okay, great. Thanks so much. And that's it from my end. Thank you.

Operator
Thank you. The next question comes from Michelle Gumede from Business Day. Please proceed with your question, Michelle.

Michelle Gumede
Good afternoon, Dominic the team at Barloworld. Thank you so much for having us this afternoon. So, I've got two questions, really. The first one is around what are some of the biggest concerns among your key clients in your Equipment Southern Africa business, particularly the mining houses and so forth? And the second one relates to Ingrain, which you guys have now integrated into the business since the acquisition in 2020. So, my question is, where are the opportunities and the prospects for Ingrain in the short to medium term, given the cyclical nature of the commodity cycle? Thank you.

Dominic Sewela
Thank you. I think I'll just give a macro view on your answer in terms of our interactions with the customers. Emmy [?] and Andronicca are on the line as well. I guess the issues around inflationary pressures and interest costs coming through globally is a major concern that we're seeing. And obviously the issue around… if you talk to some of the mining players in terms of are we seeing a slowdown coming out of China, what impact would that have on commodity prices? Those are some of the issues that are topical in terms of those. Let me give over to Emmy and Andronicca give more colour because they're more involved with the customer. Then, Chris, you will answer the Ingrain question.

Andronicca Masemola
Thanks, Dom, and thanks for that question. I guess Dominic has already covered the macro aspects. If you look at closer to operations, the issues that are really concerning our customers is that supply chain bottlenecks are still there. If you look at the lead times, we haven't really improved from the position we were in when we released our half year results. And in some segments, particularly the ADTs, which is a strong segment of our market in Southern Africa, the lead times have slightly worsened. So that's one element. And as Dominic mentioned, the cost pressures are a concern. We were able to negotiate with a high level of success to pass the price increases to the customers, because the commodity prices were strong. Customers were able to absorb the bulk of those cost pressures. But with the projected slowdown in the economy, China demand for commodities, it does bring a certain level of uncertainty. But overall, the market is still very positive. You’ve seen from the trading update the firm back order is stronger than in March, despite all these macro issues that we are facing. Thanks.

Dominic Sewela
Chris.

Chris Wierenga
Thank you, Dominic. Yes, I think just looking at Ingrain, I think the business has settled well into Barloworld. And we've seen better than expected performance out of this business. Over the better part of this year, we focussed heavily on positioning this business as a growth engine within Barloworld. If I look in the short to medium term, we certainly see higher volumes coming through in the domestic and regional markets. And our customers, despite the headwinds that we've seen, do see future growth in South Africa and regionally. We're also quite fortunate to have benefited from some of the global dislocations that we've seen.

And we're exporting and quite nicely into Australia where we have a presence, and then also into the south and eastern Asian segment. There's quite a lot of demand for product going in there as well. And we're taking advantage of those opportunities. We do think that in the medium term, again, further unlocking some of the plant capacity that we've got through better maintenance and a bit of asset debottlenecking will give us access to further higher volumes. And then we also see the opportunity to grow north into Africa through better customer penetration on the back of local sourcing in Africa for Africa. So, I think those are some of the opportunities that we're looking at for the business over the next sort of two to three years. Thank you.

Operator
Thank you. Michelle, I'd just like to check if you have any further questions.

Michelle Gumede
No, that's it from me for now. Thank you.

Operator
Thank you. Ladies and gentlemen, just one final reminder, if you'd like to ask a question, please press * then 1. If you'd like to ask a question, please press * then 1. We will pause to see if there are any further questions before we conclude. The next question comes from Phumelele Gumede from Mergence Investment Managers. Please proceed with your question, Phumelele. Hello, Phumelele, I just want check if your line is not muted.

Phumelele Gumede
Oh, hi. Sorry, I was on mute. Thank you for hosting us today. Can you just please speak to the performance of Equipment SA, so just the performance of South Africa versus rest of Africa and the inventory shortages that you had experienced in the first half.

Dominic Sewela
Thanks, Phumelele. Andronicca, do you to take that?

Andronicca Masemola
Thanks. We see improved performance both in ROA and SA. Correctly so, in the first half, we had challenges in terms of machine availability. But you recall when we released our results, we did indicate that that situation is improving. We are also seeing both segments, SA, and Rest of Africa, growing by double digit on parts. We did

indicate that is an area that we are focusing on. Especially in dollar terms, we are seeing an improvement there. At the moment, I have mentioned that the lead times are still the same as the first half.

But the other challenge that we're dealing with, with demand having improved in the last few months, was just securing 100% of the orders that we need. So, generally we are comfortable with activity, as I said, despite all the other challenges that we are faced with. We are comfortable with activity. And I think part of it is driven by the fact that we've had a long period where our customers were dragging the machines beyond the time that was needed for major service intervention. And now it's coming up and we believe that will continue to drive positive activity, despite the concerning outlook at the macro level.

Phumelele Gumede
Thank you very much.

Operator
Thank you. The next question is a follow up question from Anthony Geard from Investec. Please go ahead, Anthony.

Anthony Geard
That's fine. Thank you. So, my question is around Bartrac. Historically, copper and cobalt have been very important to that business. And obviously, it's been through a bit of a wobbly patch and now profitable again. But both those commodities have come under a lot of pressure recently. So perhaps, Emmy or Andronicca, if you could just give us a little bit of guidance, not so much about what's happening now, but what the prospects are six to 12 months out for the operations in the DRC.

Emmy Leeka
Thank you for that question. If you look at the commodities that are driving energy transitioning, particularly copper, yes, for the short term there might be a little bit of a slowdown. However, we still remain confident in terms of the investments with what we're seeing on the ground, activity on the ground. And not necessarily only in the DRC, but overall, the copper belt going into Zambia as well. And hence we are saying, with the requirements that are there in terms of energy transitioning for those commodities, there's a lot of activity. And if we look at the performance and the turnaround that we've seen in the last 11 months around Congo Equipment, or Bartrac, it has been quite significant. And we are projecting, we're still quite confident, bar the issues that we might be faced with, as indicated earlier on, regarding what might happen in China. But we still say demand will still remain. However, the question is from the angle of your seaborne trade into China with those commodities. What's going to happen? It's still something that we still need to really dig deeper and understand.

Anthony Geard
Excellent. Thanks, Emmy. And then just the last question for me just perhaps on the finance side, just around the payment to extinguish this UK pension obligation, just to check, there's not going to be any income statement impacts, the R2 billion. That only affects the balance sheet I presume.

Nopasika Lila

Thanks, Dom. Certainly, Anthony, you are correct. So, the pension fund will not necessarily go into the income statement because it is servicing that amount that is sitting in the balance sheet. And certainly, that's what we expect to move through the balance sheet. Having said that, you will see that we paid currently about R1.9 billion in Rand terms. Now, that is to de-risk the entire liability that is sitting in the UK. And then we are in the process of having the insurer that is buying or taking over the reliability, they are currently in the process of cleaning the data or analysing what is the data that they are taking over. Now, to the extent that there is movement in that data in terms of value, there is an additional 24 million that we currently are reflecting as an amount that he could…

In fact, what we've done is we have withheld that amount from them in terms of how much we were due to pay on the pension fund. So, if they find that we owe them any money, we are going to be settling from that amount. And obviously, if the data is clean, then it goes without saying, then there won't be a big transaction there. But if the data is not clean, the amount that we have withheld, we may have to pay from that amount. So, we still need to expect an amount of 24 million as a maximum ceiling that could potentially be paid out. But currently, we have disclosed it in our balance sheet as a note, contingent liability.

Anthony Geard
Okay, excellent. That's very clear. Thanks, Nopasika. And thanks again to the whole team. Thank you.

Operator
Thank you. The next question comes from Kgosi Rahube from Citi. Please proceed with your question, Kgosi.

Kgosi Rahube
Thank you very much. Good afternoon, team. Just a quick question from my side. Dominic, are you in a position to give us any insight into your share buyback programme?

Dominic Sewela
Yeah, I guess we've disclosed that we are on a programme to buy back shares. We have bought largely below the threshold of about 6%. I think as you haven't seen any update, obviously we continue to buy shares. The board has approved up to 10%.

Kgosi Rahube
Is it correct that the 10% was for full year 2022? Is that right?

Dominic Sewela
Yes. That's for full year 2022. And we have to then get further approval at the next AGM to be able to close everything. So, we won't be going more than 10% this year.

Kgosi Rahube
Okay, excellent. Thank you.

Operator

Thank you. At this time, we have no further questions in the queue. Mr. Sewela, I'd like to hand back to you for closing remarks. Thank you, sir.

Dominic Sewela

Thank you very much, everybody. I think what, obviously preoccupies our minds at Barloworld currently is ensuring that from a governance point of view and due care, we continue to ensure that our operations, particularly in Russia, comply with all the regulations regarding sanctions. And I have already commented on the issue that we're fairly confident with where we are with Avis and its performance. We do see headwinds. Notwithstanding the fact that there is a huge issue around currency devaluation that we've seen in the UK, and also inflationary pressures, but notwithstanding, our view is that we are seeing a lot of demands for inbound tourists coming from the US in particular, which will give us the tailwind in that business. And we also have seen the improvement in that operation that we are confident that it should create a better value unlock for shareholders when we unbundle that business.

And I've already commented on the unbundling, but just to also emphasise, the progress that we've made with Ingrain and having Chris run the operation, and really creating more efficiency out of that business, making sure that we have more customer-centricity, and make sure that the business also is geared for organic growth. I think, for me, I'm pleased that over the last 11 months that has gone well. And clearly notwithstanding the challenges of supply chain in the equipment business, to be sitting on almost 20% of revenue growth in that business and sitting at the [unclear] that we're sitting at, it's one thing that I'm still very happy that we've been able to attain over the last 11 months. I guess we have got this month still to go.

And last but not least, obviously, is the issues around Mongolia. And hopefully things remain open. I have already commented overall in terms of our outlook in terms of guidance, how you should look at the Russia business. It is one where we are looking at a break even during this uncertainty. We don't know how long that is going to stay with us. That's what we are gearing ourselves for. And thanks, everybody, for attending, and we'll hopefully see some of you in due course before we close the month. Thank you very much.

Operator

Thank you very much, sir. Ladies and gentlemen, that does conclude today's conference. Thank you very much for joining us. You may now disconnect your lines.

END OF TRANSCRIPT