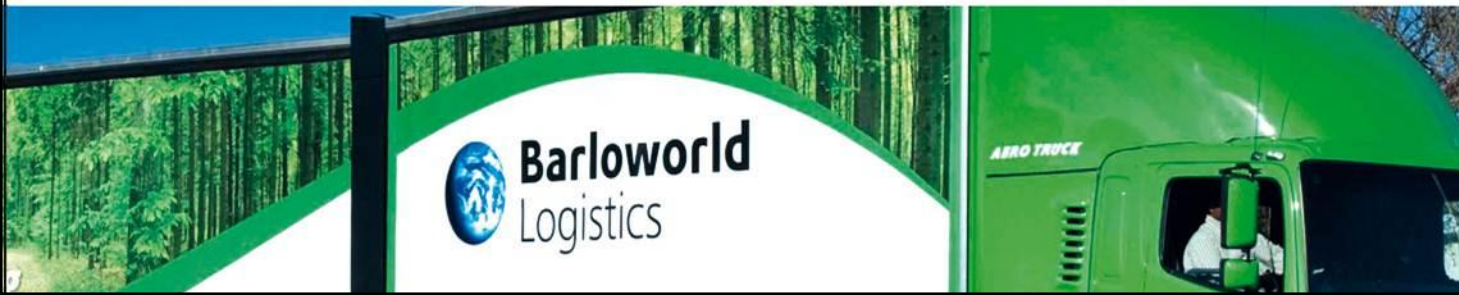




**Barloworld**  
*Leading brands*

# Barloworld Limited – Audited results

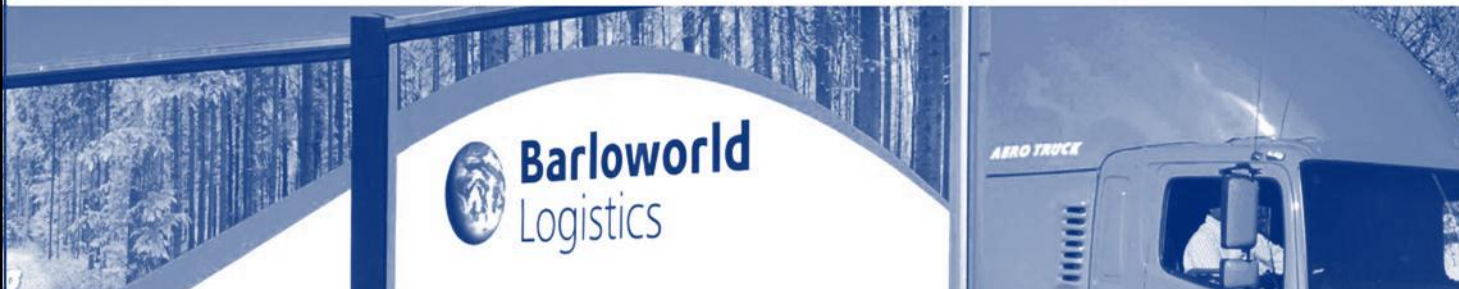
For the year ended 30 September 2010





**Barloworld**  
*Leading brands*

Clive Thomson  
CEO, Barloworld Limited



## Overview

## 2010: Salient features

- Revenue R40 830m (2009: R45 269m)
- EBITDA R3 318m (2009: R4 061m)
- HEPS from continuing operations 212 cents (2009: 351 cents)
  - H2:2010 171 cents (H2:2009 151 cents)
- Agreement to acquire remaining 50% of Caterpillar dealership in Russia
- Disposal of car rental Scandinavia concluded for R1bn enterprise value
- Net cash inflow before financing R2 286m (2009: R1 207m)
- Net debt reduced by R3bn
- Order books starting to rebuild across most businesses
- Total dividend of 75 cents per share (2009: 110 cents)

# Operational summary

<b>Equipment Division</b>	<b>Southern Africa</b> <ul style="list-style-type: none"> <li>• Operating margin of 8.7%</li> <li>• R2bn in cash flow</li> <li>• Order book R3.4bn (2009: R1.5bn)</li> </ul>	<b>Iberia</b> <ul style="list-style-type: none"> <li>• Achieved small profit in H2</li> <li>• €21m in cash generation</li> </ul>	<b>Russia</b> <ul style="list-style-type: none"> <li>• Strong result in H2</li> <li>• Operating margin 5.6%</li> <li>• Acquisition of remaining 50% of dealership</li> </ul>
<b>Automotive Division</b>	<ul style="list-style-type: none"> <li>• Record result for the Automotive division</li> <li>• Successfully exited car rental Scandinavia</li> <li>• Sold remaining stake in Subaru Southern Africa</li> </ul>		
<b>Handling Division</b>	<ul style="list-style-type: none"> <li>• Reduced losses in US and UK</li> <li>• Asset base reduced by a further 21% with strong cash generation (£26m)</li> <li>• New equipment order book at 3 year high</li> </ul>		
<b>Logistics Division</b>	<ul style="list-style-type: none"> <li>• SCM consumer segment performed well but weakened in construction and automotive</li> <li>• Major clients signed up in the SCM business: Sappi and Anglo Platinum</li> <li>• Nike contract awarded Platinum Logistics Achiever award</li> <li>• Disposal of MEA non-corporate business in progress</li> </ul>		



# Progress on key priorities through the downcycle

## Expense management

- Tight control over expenses maintained
- Redundancy and restructuring charges of R59m (R48m in Iberia) to realign cost base with prevailing activity levels
- H2 results benefitted from restructuring undertaken in H1
- All businesses now well positioned as recovery gains momentum

## Capital expenditure management

- Tight control over capital expenditure maintained
- Net cash applied to investing activities of R56m compared to R643m the prior year
- Facility investments approved in equipment southern Africa and Russia for future growth opportunities
- CRC investment approved (R220m) to cater for mining aftermarket growth

## Working capital management

- Significant inventory reductions realised in the period (R1 296m)
- Credit control and debtor collection processes well managed with no material bad debts
- Release of working capital of R1 069m (2009: R885m)

## Cash flow management

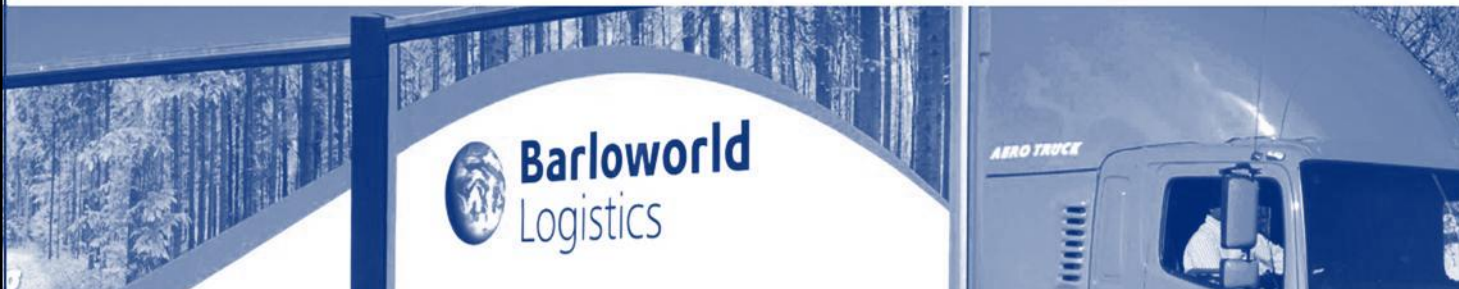
- Cash retained from operating activities R2 342m (2009: R1 850m)
- Net cash inflow before financing R2 286m (2009: R1 207m)
- Net debt reduced by R3bn or 37%
- Net debt reduced by R5 058m over past 18 months since March 2009 peak





**Barloworld**  
*Leading brands*

**Don Wilson**  
Financial Director



**Financial  
results**

# Income statement

Continuing operations (Rm)	2010	2009*	% chg
Revenue	40 830	45 269	-10
EBITDA	3 318	4 061	-18
Operating profit	1 376	1 994	-31
Fair value adjustments on financial instruments	(89)	(201)	
Finance costs (net)	(583)	(789)	-26
Exceptional items (charge)	(176)	22	
Taxation	(203)	(207)	
Secondary Tax on Companies	(25)	(41)	
Income from associates	16	43	
Net profit from continuing operations	316	821	
HEPS continuing operations (cents)	212	351	-40

\* Restated for the treatment of IAS16



# Statement of financial position

Rm		2010	2009*
Non-current assets		11 626	12 582
Current assets (excluding cash)		12 084	13 528
Cash and cash equivalents	➔	1 928	1 627
Assets classified as held for sale	➔	52	2 358
<b>Total assets</b>	➔	<b>25 690</b>	30 095
Shareholders' interest		10 826	12 070
Debt	➔	6 977	8 845
Other liabilities		7 829	7 671
Liabilities associated with assets held for sale		58	1 509
<b>Total equity and liabilities</b>		<b>25 690</b>	30 095
Net debt	➔	5 049	8 041

\* Restated for the treatment of IAS16

# Summarised statement of cash flows

Rm	2010	2009*
Operating cash flows before working capital	3 457	3 845
Decrease in working capital	1 069	885
Net investment in leasing assets and vehicle rental fleet	(1 056)	(829)
<b>Cash generated from operations</b>	<b>3 470</b>	<b>3 901</b>
Other net operating cash flows	(905)	(1 617)
Dividends paid (including non-controlling interest)	(223)	(434)
<b>Cash retained from operating activities</b>	<b>2 342</b>	<b>1 850</b>
Cash flows from investing activities	(56)	(643)
<b>Net cash inflow</b>	<b>2 286</b>	<b>1 207</b>

\* Restated for the treatment of IAS16



# Net cash investment in working capital

Rm	2010	2009*
Inventories – decrease	1 296	525
Receivables – (increase)/decrease	(343)	2 195
Payables – increase/(decrease)	116	(1 835)
Total working capital – decrease	1 069	885

Rm	2010	2009*
Equipment southern Africa	1 304	(711)
Equipment Europe	270	1 007
Automotive	(498)	605
Handling	121	(225)
Logistics	(32)	161
Other	(96)	48
Total working capital – decrease	1 069	885

\* Restated for the treatment of IAS16

# Segmental gearing

Group segmental gearing ratios are as follows:

Debt to equity (%)	Trading	Leasing	Car Rental	Total group	
Target range	30 - 50	600 - 800	200 - 300	Gross	Net
<b>30 September 2010</b>	<b>34</b>	<b>482</b>	<b>202</b>	<b>64</b>	<b>47</b>
30 September 2009	49	567	205	81	67

- Net debt of R5 049m (2009: R8 041m) reduced by R2 992m
- Shareholders equity negatively impacted by stronger rand (R820m)
- Fitch A+ rating maintained
- Capital structure strong

*Ratios include car rental Scandinavia for 2009*



# Debt maturity profile

Interest bearing debt		Redemption				
Rm	Total	Short-term	2 years	3 years	4+ years	
South Africa	6 453	2 369	85	46	3 953	
Offshore	524	323	72	53	76	
<b>Total debt September 2010</b>	<b>6 977</b>	<b>2 692</b>	<b>157</b>	<b>99</b>	<b>4 029</b>	
Total debt September 2009	9 813	3 672	1 809	1 017	3 315	

- Ratio of long-term to short-term debt 61:39 (2009 – 63:37)
- R1bn of new bonds (3, 4 and 7 years) raised in September 2010
- Bank covenants met
- R10bn unutilised facilities at September 2010
- Well placed to fund future growth



## Equipment Southern Africa



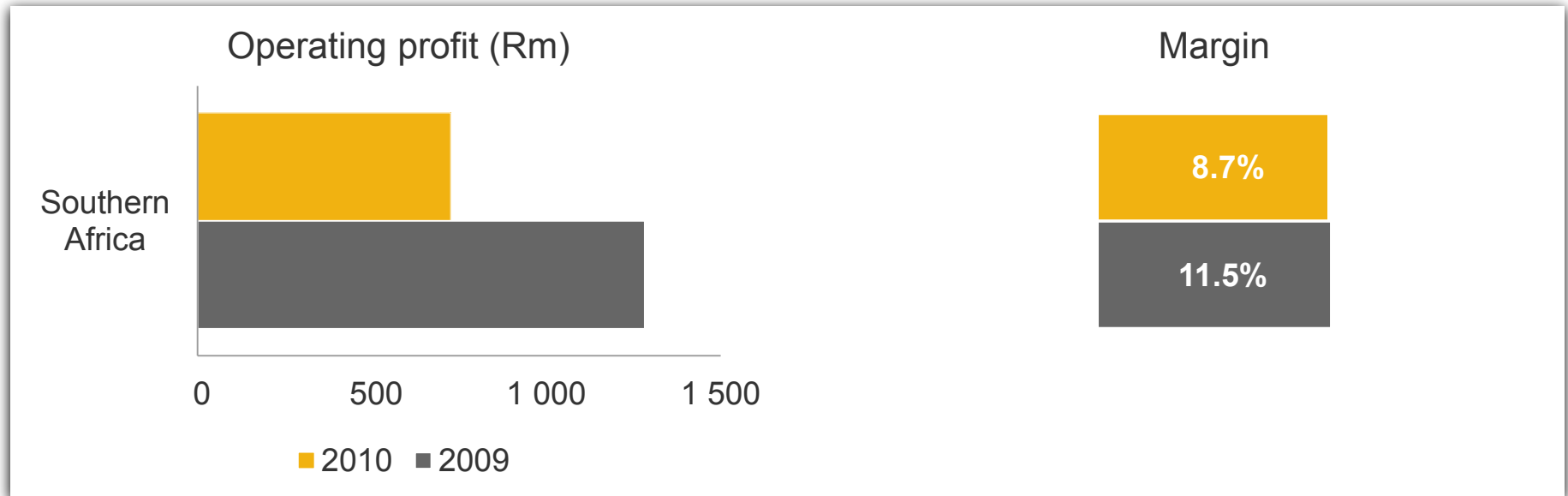
**Barloworld**  
*Leading brands*



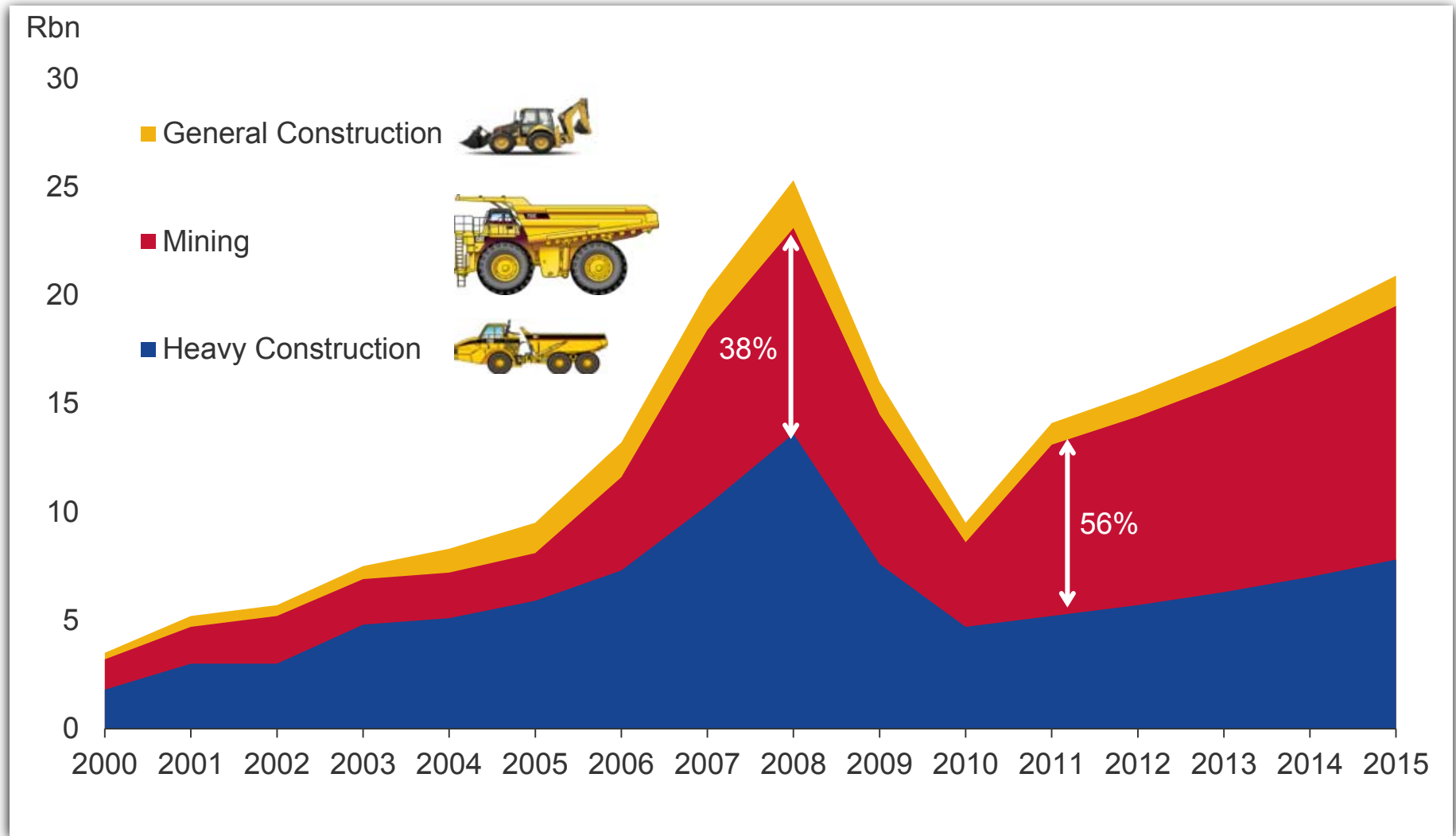
# Operational Review – Equipment southern Africa

## Performance

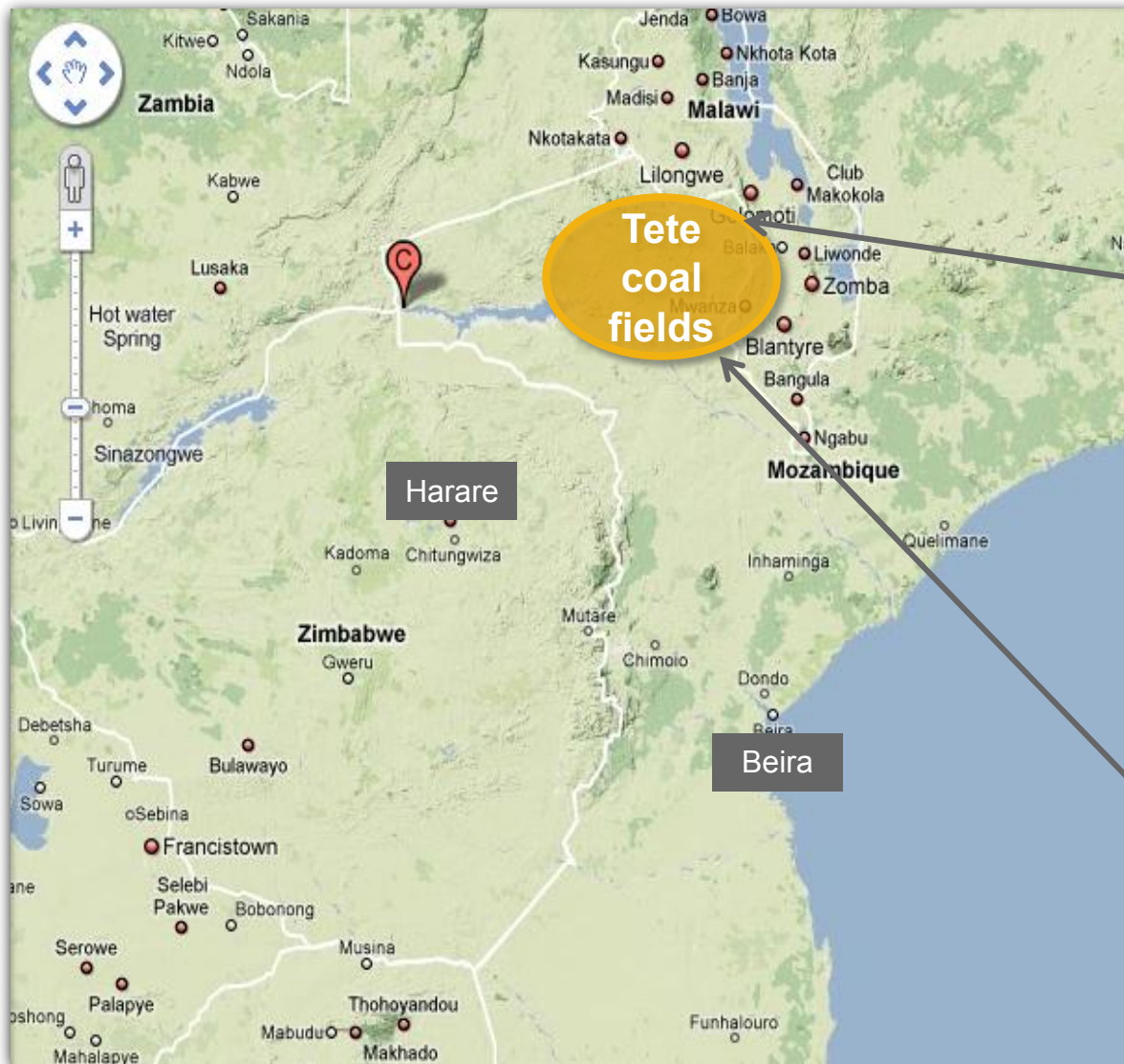
- Attained operating margin of 8.7%
- Achieved R2.0bn in cash generation
- Achieved 12% (US\$) growth in parts revenues
- Completed successful delivery of first tranche of equipment to Vale project
- Riversdale project awarded – delivery late 2010
- 250 learners trained at Technical Academy



# Market trend and outlook for southern Africa (constant value)



# Progress on contracts in Mozambique



## VALE started in 2010

- \$116m new units
- \$72m MARC over 5 year period
- First units delivered and operating
- Site infrastructure establishment proceeding well
- Phase II start-up in 2012 current fleet to double
- Nacala port coal terminal and rail line starts Feb 2011 (\$1.4bn)
- Beira Port coal terminal starts Jan 2011

## Riversdale BENGA Start in 2011

- Potential 20m tons/year for 25 years (\$1bn project)
- Minesite establishment started and machines delivery in late 2010
- Benga is only 8% of Riversdale total concessions in Tete
- Zambezi phase is 4x size of Benga



# Major mining projects

## Diamonds

- Signs of improvement with increased production
- Price has improved
- Activity increasing on all diamond mines

## Uranium

- Global demand increasing
- Bannerman Etango (2012)
- Swakop Uranium (Rossing South 2012)
- Langerheinrich (2012)
- Trekkopje - 2012

## Gold

- Will be done by a SA contract miner

## Iron ore

- Long term contracts
- Sishen expansion
- Khumani phase 3

## Copper

- Activity high on copper mines
- Copper prices increasing
- Increased global demand
- Large stockpiles eroded
- CNMC Luanshya Copper
- Mopani expansion

## Coal

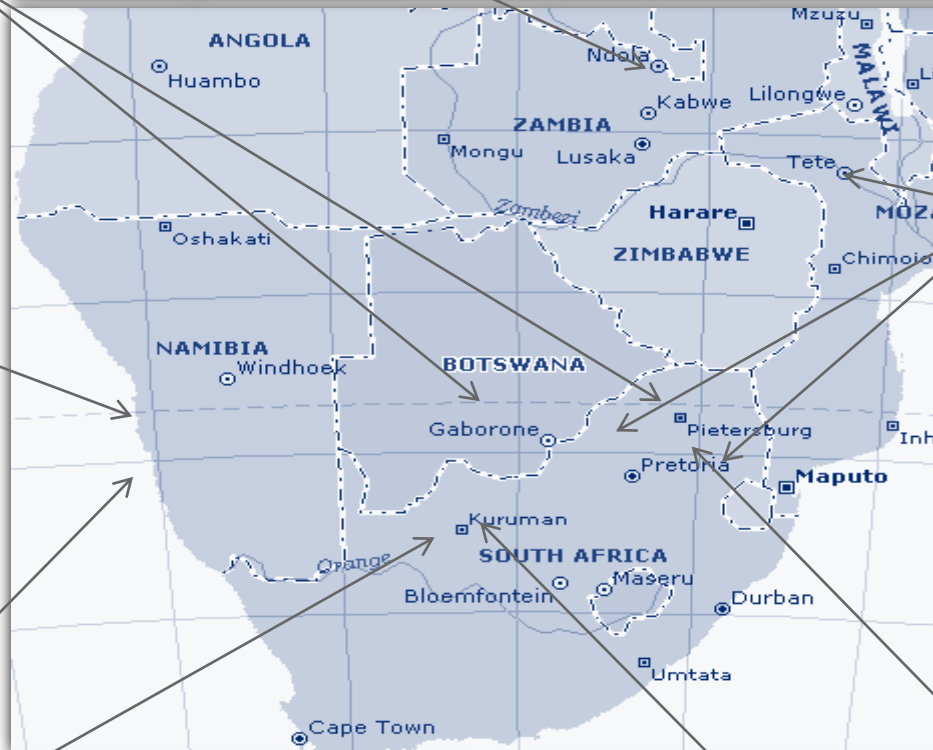
- Expansion ongoing
- Coal price increasing =/-\$100 per ton
- **Moatize development on track**
- **Riversdale deliveries in 2011**
- Middelburg expansion ongoing
- Waterberg opportunities
- Biokarabelo, Sekoko, Chapudi, Makado, Capricorn
- Medupi and Mafutha CTL plant
- **Grootegeluk Expansion**
- Keaton Energy award - Megacube

## Platinum

- Shelved projects re opened
- Anglo Platinum to increase output
- Lonmin re-opening underground mines

## Manganese

- Kalagadi
- United Manganese
- KMU

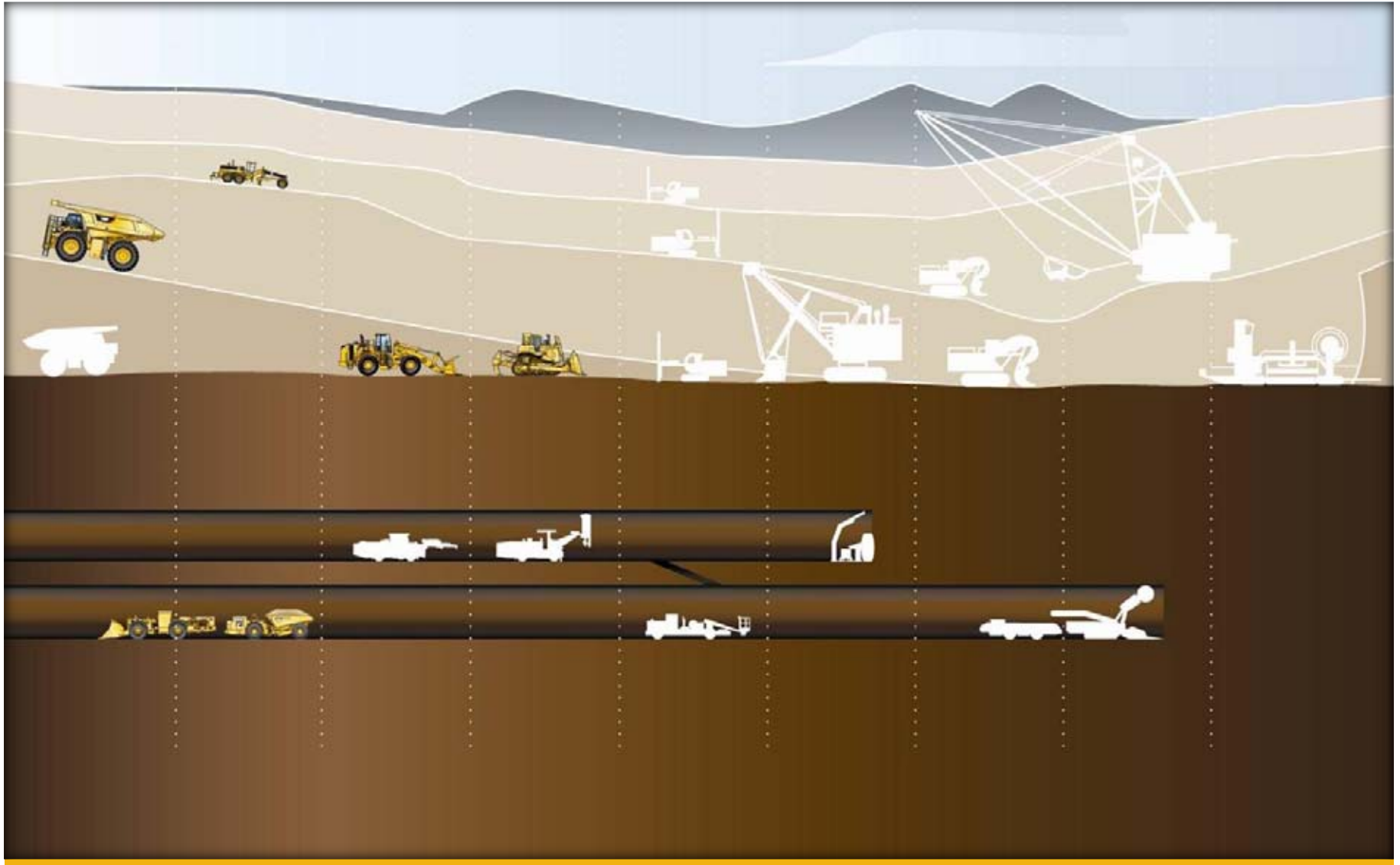


# Caterpillar to acquire 100% of Bucyrus

- \$8.6 billion acquisition
- Strong strategic fit
- Highly complementary product line
- Significant growth opportunity for Caterpillar dealers



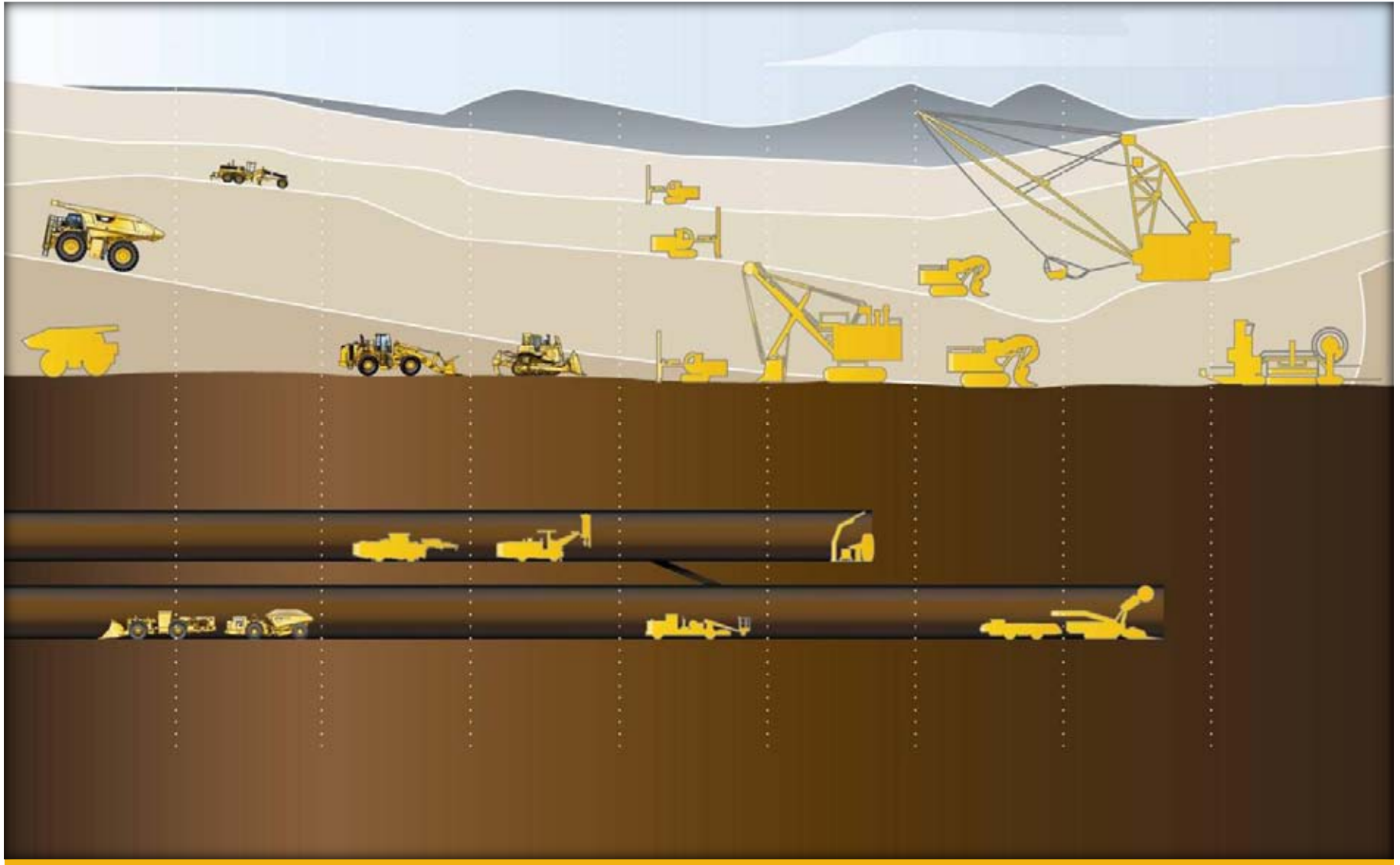
# Current Caterpillar mining product line



**Barloworld**  
*Leading brands*



# Future Caterpillar mining product line



# Caterpillar mining product range today

Company	Surface Mining Equipment									Underground Mining Equipment							
	Dozers and Graders	Wheel loaders	Mining trucks	Hydraulic shovels	Highwall miners	Surface drills	Rope shovels	Draglines	Surface belt systems	Belt systems	Roof supports	Armoured face conveyors	Shearers	Drills	Trucks and Loaders	Continuous miners	Diesel transport
Caterpillar	Yes	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	No	Yes	No	No
Bucyrus	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Joy Global	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Komatsu	Yes	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No
Hitachi	No	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No
Liebherr	No	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No

Caterpillar important in mining but narrow product line



# Caterpillar & Bucyrus combined

Company	Surface Mining Equipment									Underground Mining Equipment							
	Dozers and Graders	Wheel loaders	Mining trucks	Hydraulic shovels	Highwall miners	Surface drills	Rope shovels	Draglines	Surface belt systems	Belt systems	Roof supports	Armoured face conveyors	Shearers	Drills	Trucks and Loaders	Continuous miners	Diesel transport
Caterpillar	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present
Joy Global	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present
Komatsu	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present
Hitachi	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present
Liebherr	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present

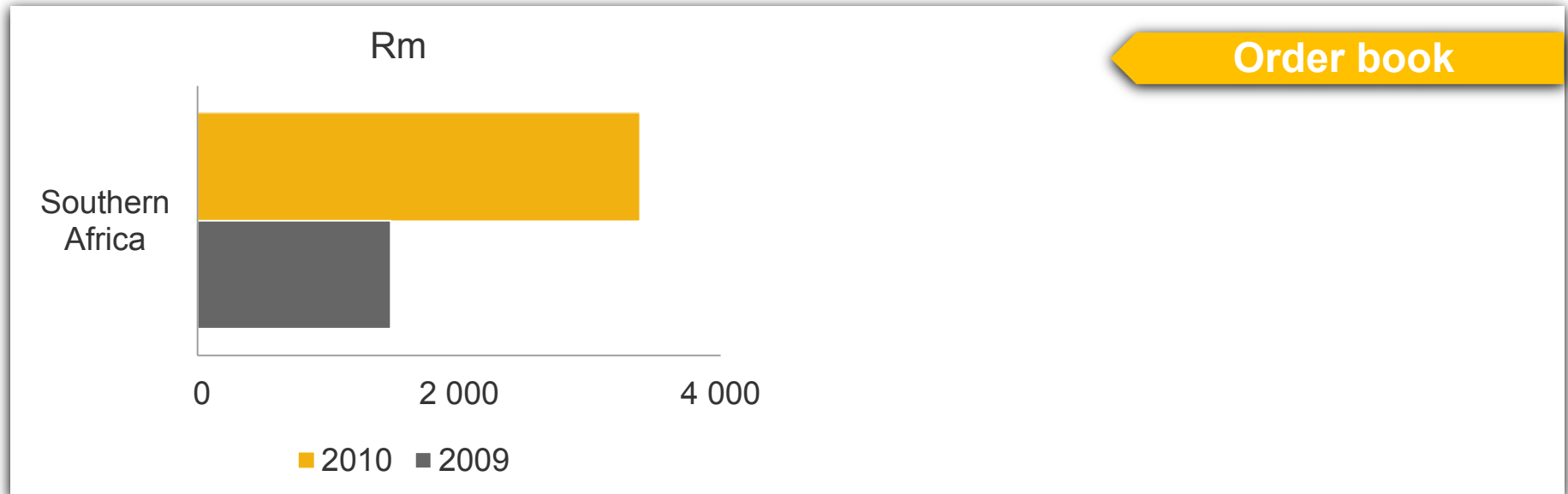
Combined business will have broadest product line in the industry



# Equipment – southern Africa

## Outlook

- Strong recovery in owner miner and contract mining sector
- Construction activity muted in short-term
- Firm Back Orders (FBO) improved from R1.5bn at end FY09 to R3.4bn at end FY10
- Investment in CRC expansion (R220m) targeted at increasing capacity and profitability
- Significant growth expected in power systems across southern Africa
- Mozambique to deliver significant profitability on Moatize contracts
- Angola recovery expected to commence in late 2011





## Equipment Iberia



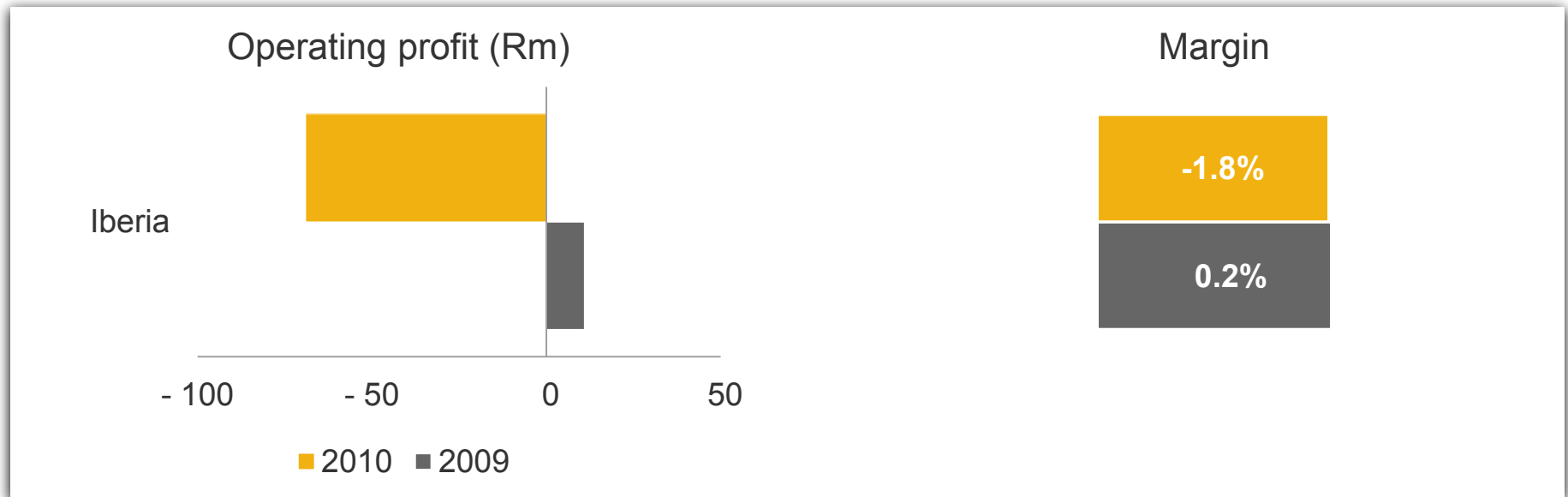
**Barloworld**  
*Leading brands*



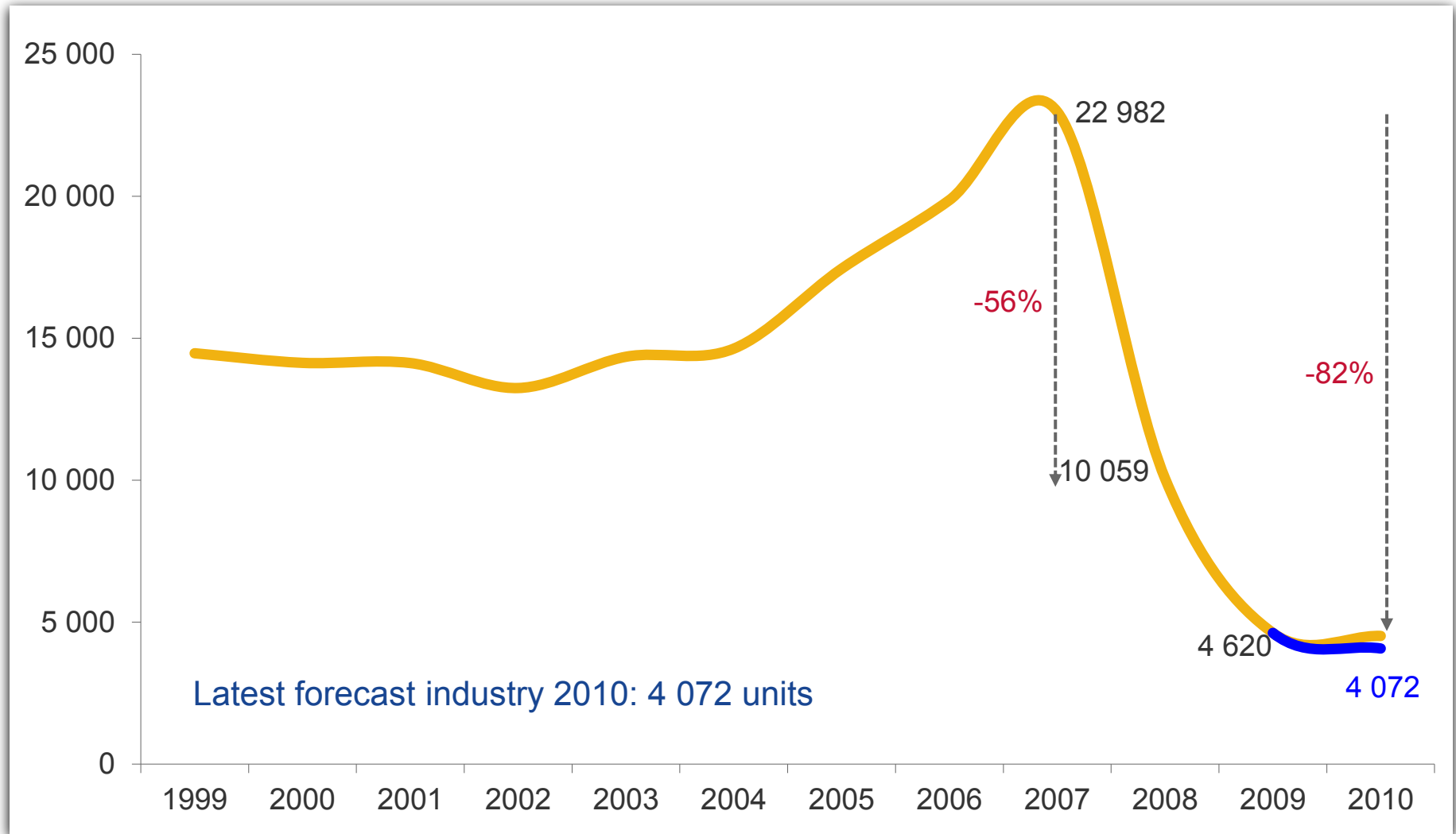
# Operational review – Equipment Iberia

## Performance

- Revenue down by 17% off a low base to a level of €380m (R3.9bn)
- Restructuring initiatives implemented successfully in H1
- Operating loss of €6.4m (R69m), but profitable H2
- Positive cash flows of €21m
- Overall market share increased further in 2010



# Total construction machine market - Iberia



Market now stabilising at low levels

# Power systems opportunities

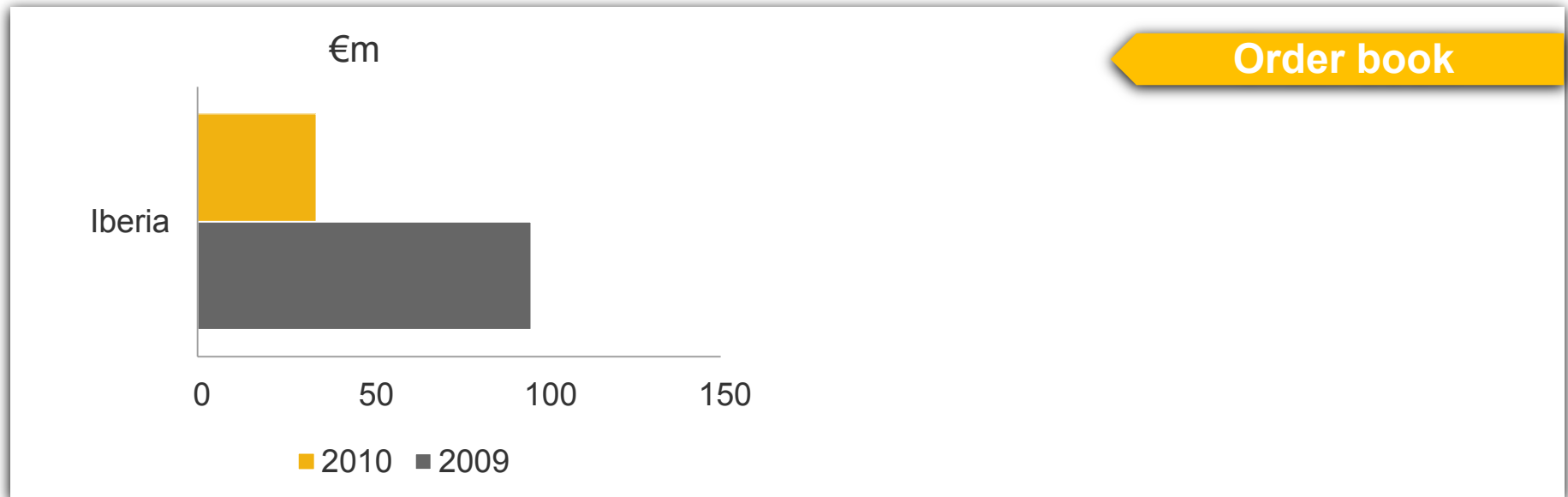


- Growing potential for large turnkey power solutions
- Ability to cover both industrial and service sectors
- New legislation allows customer to supply electricity into the grid
- Utilise heat generated by plant (CHP) for industrial applications or hotel industry
- Power now comprises majority of the order book

# Equipment – Iberia

## Outlook

- 2011 – challenging macro economic environment continues
- Continued focus on growing market share while maintaining margins
- Realigned cost base – anticipated cost of €3m in H1: 2011
- Continued focus on cash generation and rental asset efficiency





## Equipment Russia



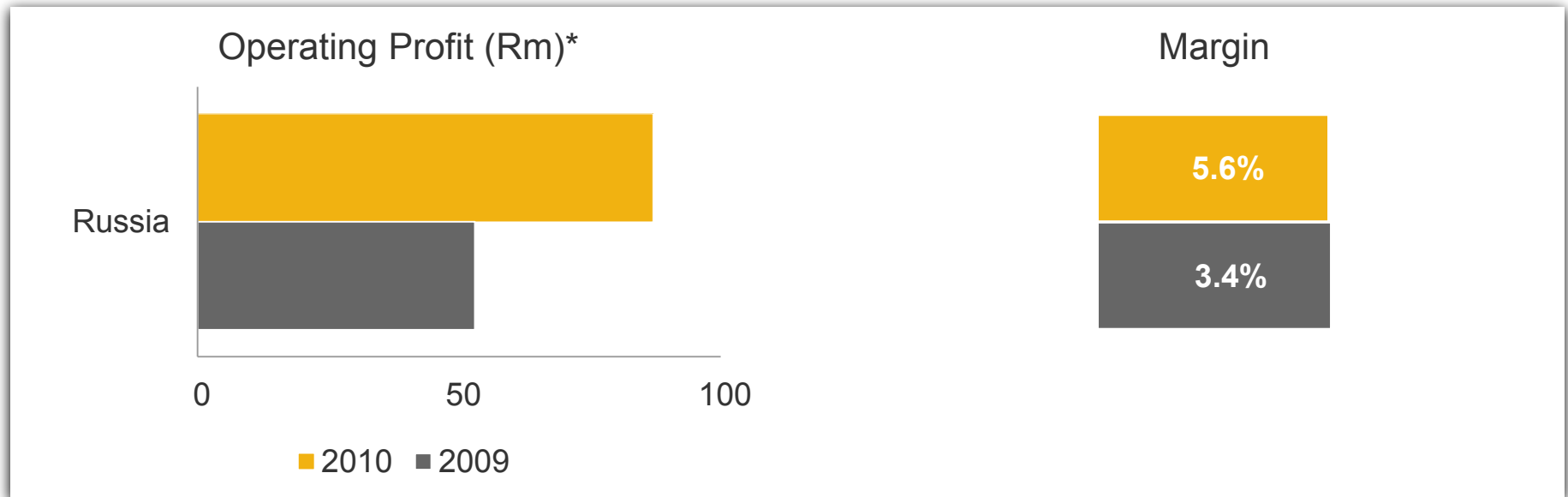
**Barloworld**  
*Leading brands*



# Operational review – Equipment Russia

## Performance

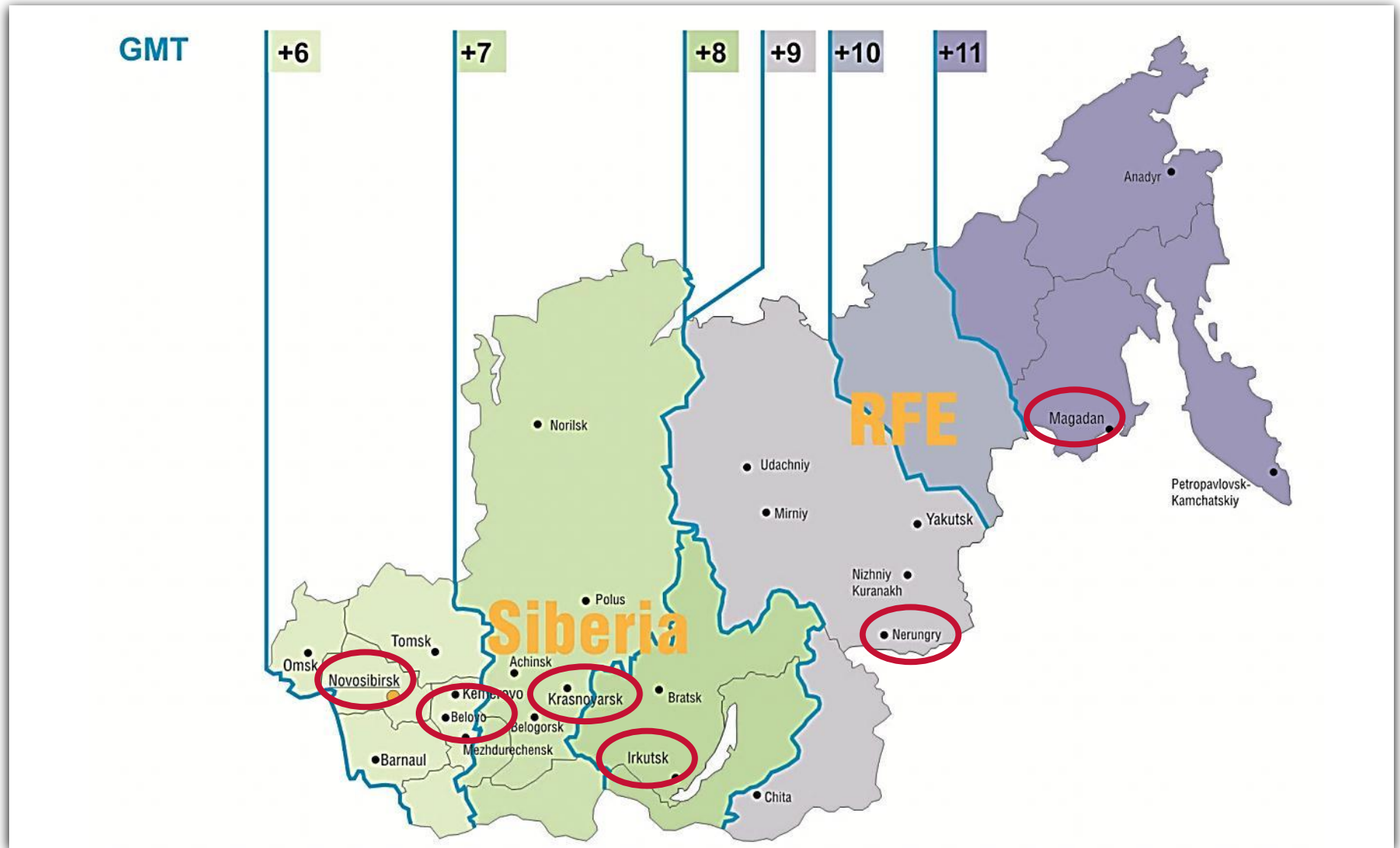
- Strong H2 provided the platform for improvement in revenue and profitability
- Increased mining and aftermarket activity yields 72% of total revenue
- Parts business has exceeded the pre-crisis revenue levels
- Inventories and receivables reduction delivers \$34m positive cash flow



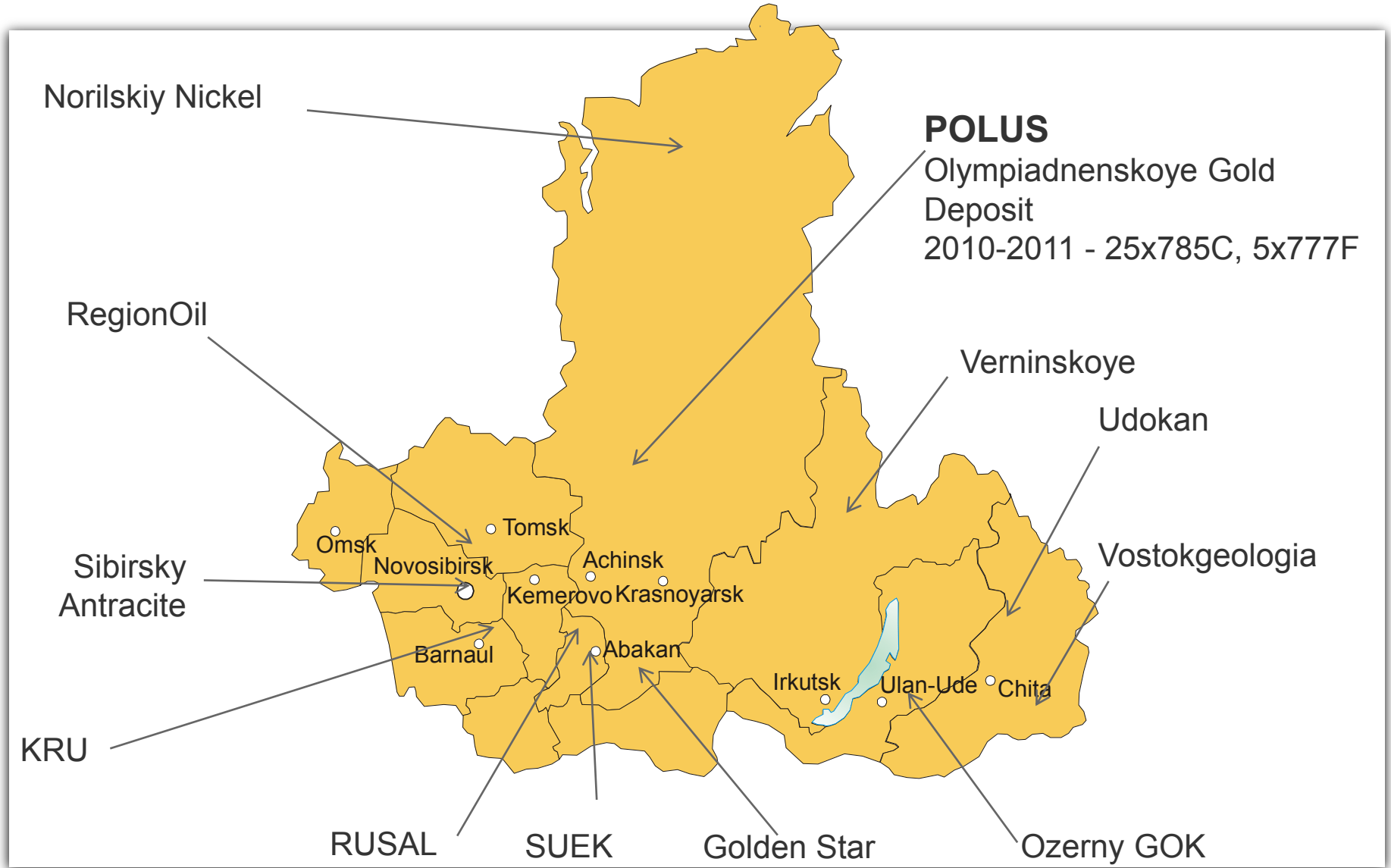
\* 50% of PAT equity accounted in 2010 results



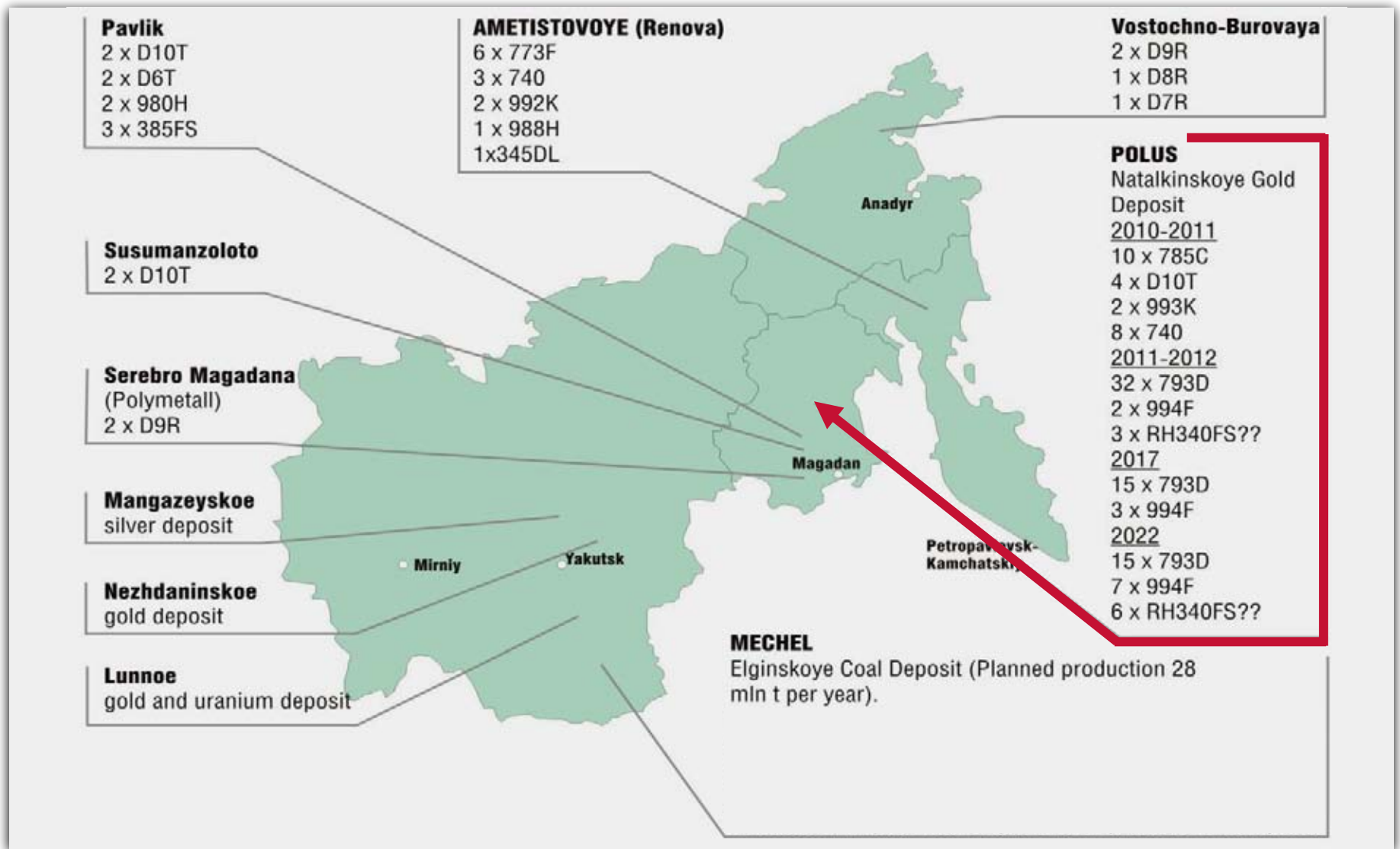
# Russian territory geographical spread



# Siberia mining opportunities 2011 - 2015



# Russia Far East mining opportunities (2011 – 2015)



# New service and CRC facility, Novosibirsk



Total investment \$8m – opening July 2011



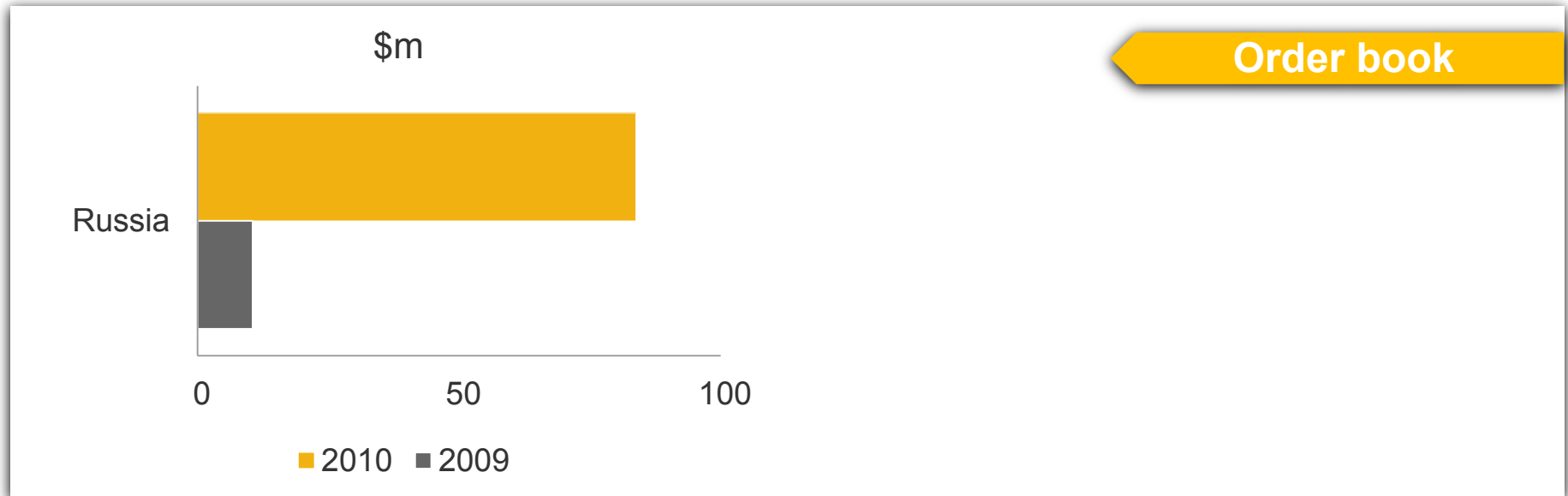
**Barloworld**  
*Leading brands*



# Equipment – Russia

## Outlook

- Positive expectations for FY11, driven by the strong order book of \$84m (2009: \$10m)
- Commodity prices remain strong with large mining houses investment programmes being restarted
- Good opportunities in infrastructure, power and forestry segments
- Facility expansion plans to enhance distribution footprint and sales coverage





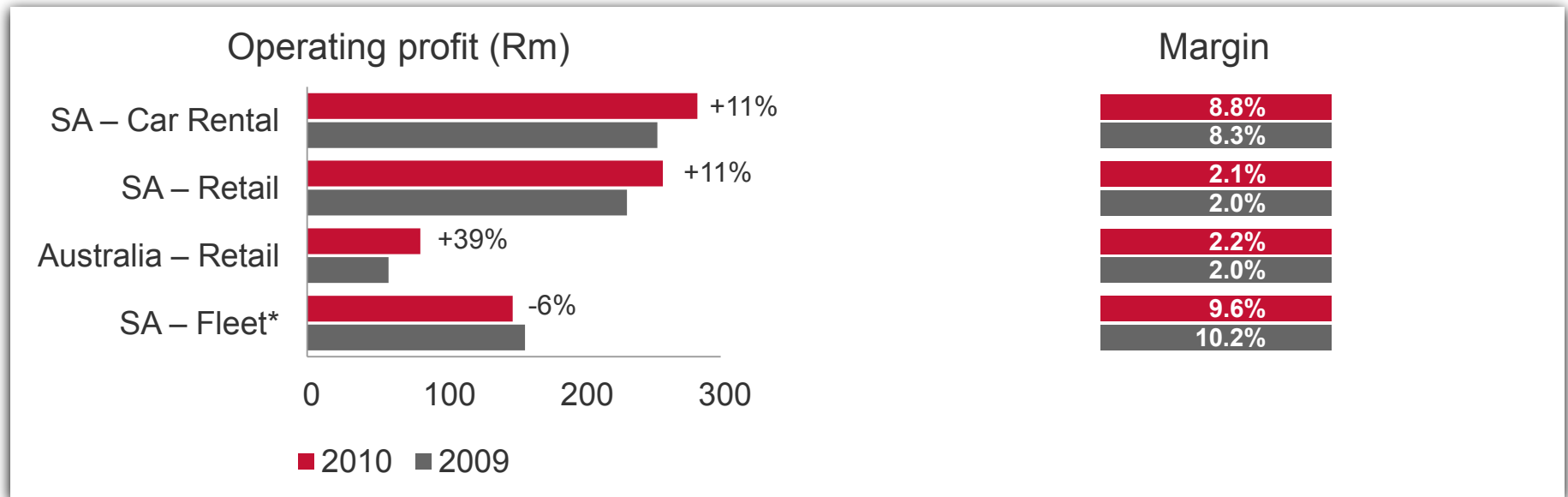
# Automotive



# Operational review – Automotive

## Performance

- Revenue: R20.8bn (2009: R19.1bn) – up 9%
  - Integrated Motor Vehicle Usage Solutions strategy delivered a record performance
- Operating profit: R772m (2009: R703m) – up 10%
  - Maintained operating margin at 3.7%
  - Operating profit before Fleet Services interest paid: R901m (2009: R838m) and margin 4.3% (2009: 4.4%)



\* Operating profit after deducting interest paid of R129m (2009: R135m)



# Car Rental

## Performance

- Operating profit increased by 11%
- Increased use of lease funding tempered growth in operating profit - R22m impact
- Underlying operating profit increased by 20%
- Maintained high fleet utilisation at 74%
- Marginal increase in rate per day in aggressive trading environment
- Successfully exited Scandinavian car rental operations

### Car Rental – southern Africa

*FY'10 (Growth)*

Rental days

+3.5%

Rate per day

+1.0%

# Motor Retail

## Performance

- Southern Africa delivered a good result - operating profit increased by 11%
  - Increased new vehicle unit sales
  - Strong finance and insurance contribution
- Australia delivered a record result – operating profit increased by 39%
  - Increased new vehicle market share in a growing market
  - Solid performance from parts and service

New vehicle sales	<i>FY'10 (Growth)</i>
Southern Africa	+8%
Australia	+27%

# Fleet Services

## Performance

- Satisfactory result
- Stable fleet growth and improved used vehicle profit contribution
- Lower net interest margins
- Underlying operating profit increased by 13% excluding non-recurring items (R26m) in prior year

Fleet Services	<i>FY'10 (Growth)</i>
Finance fleet	+1%
Under maintenance	+27%
Total vehicles under management	+12%

# Automotive

## Outlook

### Car Rental

- Expect challenging industry trading conditions in 2011
- Lower used vehicle profit contribution expected in H1:2011 vs. H1:2010

### Motor Retail

- Increased consumer confidence and improving credit availability
- Southern Africa well positioned to benefit from improving new vehicle market
- Australia to continue to perform well

### Fleet Services

- Stable growth across all regions





## Handling



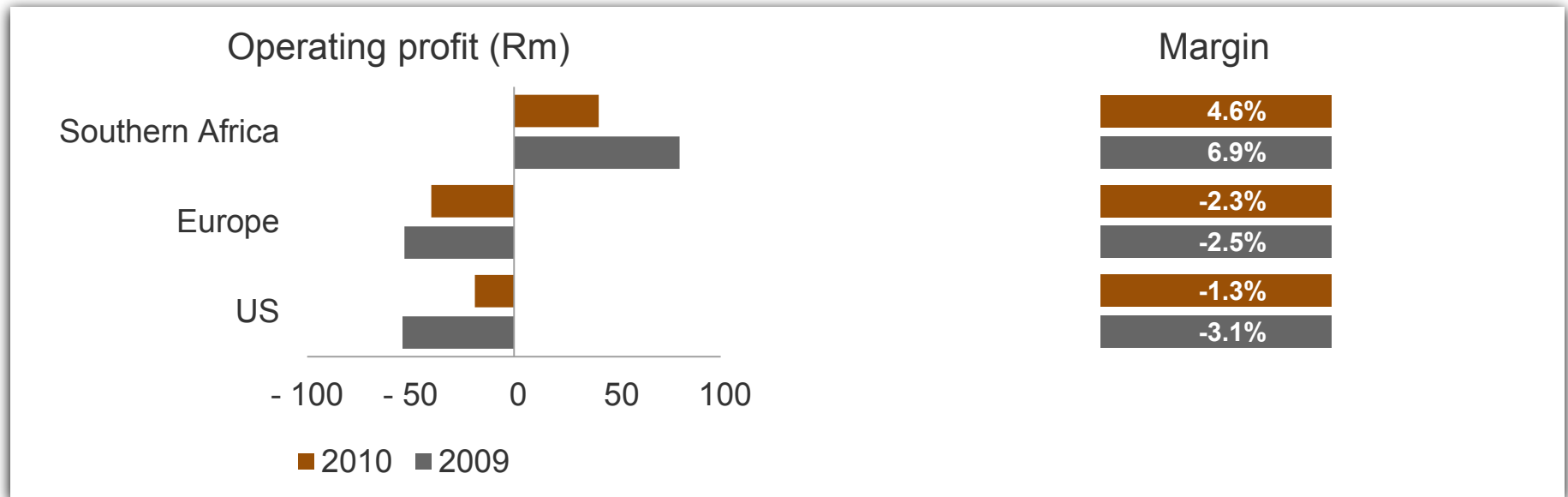
**Barloworld**  
*Leading brands*



# Operational review – Handling

## Performance

- Significantly reduced losses in US and UK
- Agriculture impacted by low maize price
- Used markets strong throughout the year
- New equipment market share growth in European operations
- Steady improvement in short term rental utilisation and service activity
- Asset base reduced by 21% and strong cash flow (£26m)



# Both the premium and low cost Massey Ferguson and CLAAS tractor ranges



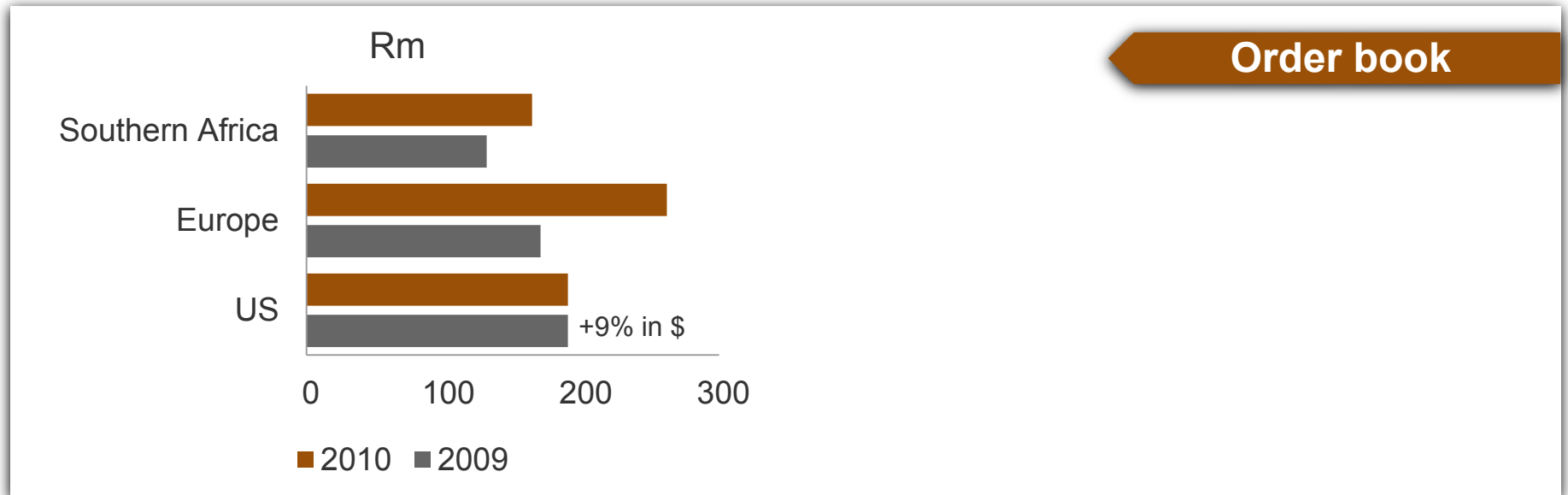
**Barloworld**  
Leading brands



# Handling

## Outlook

- Solid indications of recovery
- New low cost tractor ranges to improve agriculture performance
- Agriculture footprint expanding to Mozambique, Angola and Siberia
- Investment in people has enhanced our sales, service capability and customer focus
- 'Form the Future' project will allow increased leverage of cost and asset base
- Business development teams to address major new solutions opportunities
- End September order book at 3 year high





## Logistics

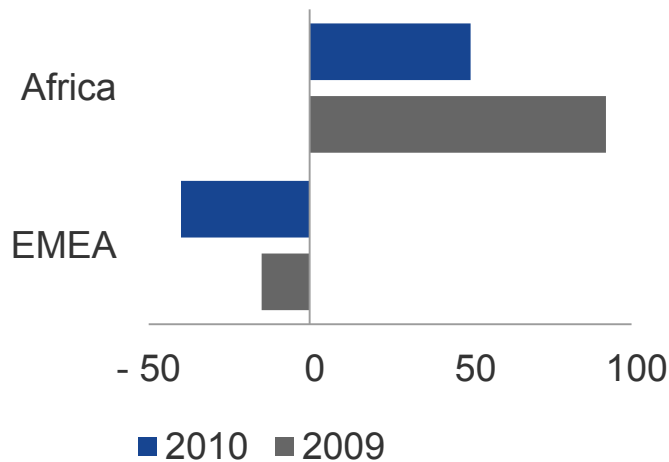


# Operational review - Logistics

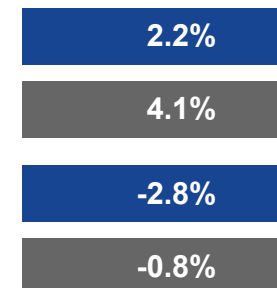
## Performance

- Supply Chain Management (SCM)
  - Consumer goods exceeded plan
  - Industrial business affected by volume reductions in the construction/automotive sectors
- Freight Management and Services
  - Reduction in volumes in southern Africa and international
  - Sea-Air volumes recovered in EMEA but margins remained under pressure due to rising input costs

Operating profit (Rm)



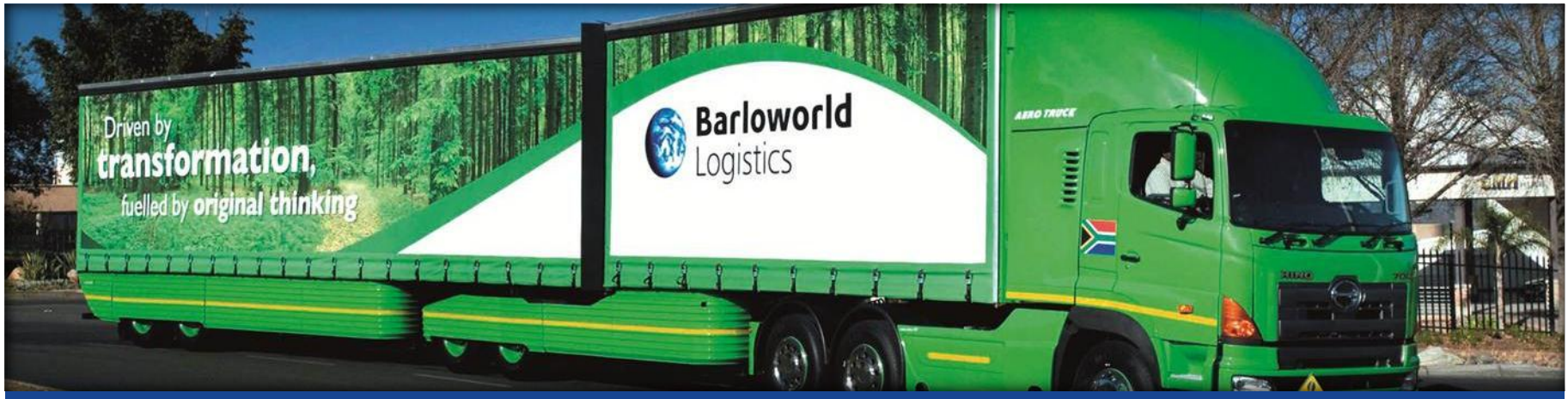
Margin



# Logistics

## Outlook

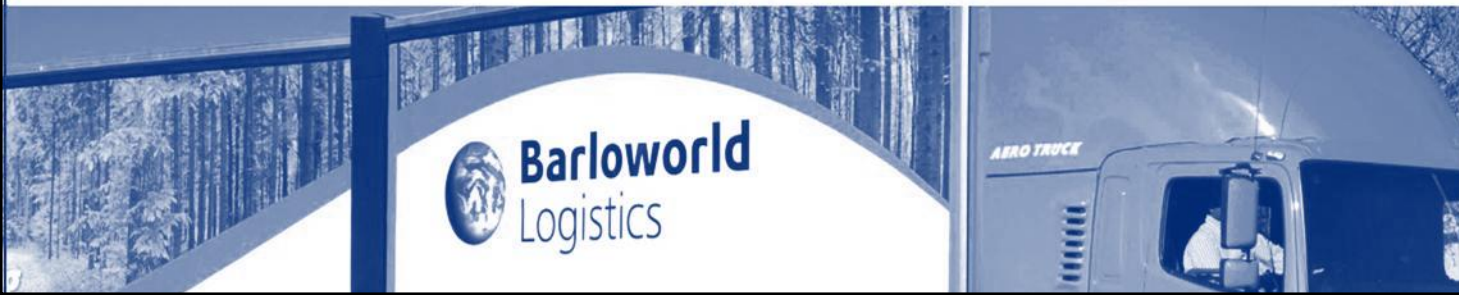
- Supply Chain Management (SCM)
  - Growth prospects for SCM are good due to low market penetration.
  - Growing propensity of customer base to outsource and focus on core activities
  - Construction to remain flat
  - Upturn expected in automotive and consumer goods
  - Opportunities emerging in the mining sector
- Freight Management and Services
  - Turnaround strategy in place
  - Competent people, standardised processes and appropriate technology
  - Disposal of MEA non corporate business in progress





**Barloworld**  
*Leading brands*

Clive Thomson  
CEO, Barloworld Limited



**Going forward**

# Vision and strategic focus areas

Ranked 21 in the  
FM Top Empowerment  
Companies and 1<sup>st</sup> in  
General Industrial Sector

All significant SA  
businesses achieved Level  
2 or 3 BBEE ratings



# Vision and strategic focus areas

Recognised as one of the top four companies in the CDP 2010 SA JSE 100 Joint Carbon Disclosure and Carbon Performance Ratings



# Vision and strategic focus areas

As we emerge from low point in economic cycle our priorities shift to leveraging financial returns and executing on profitable growth initiatives



# Strategic growth areas

## Mining



Chinese demand and global economic recovery to drive commodity prices and increased levels of mining investment

**Geography**  
*Southern Africa*  
*Russia*

## Infrastructure



Infrastructure backlogs and rapid urbanisation in emerging markets to drive infrastructure investment

**Geography**  
*Southern Africa*  
*Iberia*  
*Russia*

## Power



Capacity constraints and increasing electrification requirements provide opportunities in electric power. Marine and petroleum segments also have significant potential

**Geography**  
*Southern Africa*  
*Iberia*  
*Russia*



**Barloworld**  
*Leading brands*



# Strategic growth areas

## Automotive



Tourism potential, growing corporate demand for outsourced vehicle fleets, and other solutions platforms related to vehicle usage

**Geography**  
*Southern Africa*  
*Australia*

## Handling



Growth opportunity in providing super-integrator solutions. Demand for food and bio-fuels likely to significantly increase agricultural equipment opportunity in emerging markets

**Geography**  
*US, UK, Europe, Siberia*  
*Southern Africa*

## Logistics



Ongoing trend to outsource supply chain management activities and recovery in world trade

**Geography**  
*Southern Africa*  
*Middle East, Europe*  
*China*



Clive Thomson, CEO of Barloworld, said:

*“The second half of the financial year yielded a significantly stronger performance than the first half due to improved trading conditions for most of our businesses and the results of actions taken to realign our cost base with prevailing activity levels.*

*Cash flow for the year was strong as a result of intense focus on working capital management and the successful execution of the Scandinavian car rental disposal.*

*An exciting development is our agreement to acquire the remaining 50% of our Caterpillar joint venture in Russia, subject to regulatory approvals. This will provide us with significant long term growth opportunities in the mining, infrastructure, power and forestry segments in Siberia and the Russian Far East.*

*The recently announced acquisition by Caterpillar of Bucyrus International will, once completed, provide a major opportunity to broaden our product line and after market offering to customers in the mining industry.*

*Our financial position is strong and we are well placed to benefit from some positive trends emerging in the economies and market sectors where we operate. Our focus is now firmly on executing profitable growth initiatives to drive financial returns and value creation for our stakeholders in the year ahead.”*

17<sup>th</sup> November 2010



**Barloworld**  
Leading brands

