



Barloworld
Leading brands

Deutsche Bank Conference
7-9 September 2005



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Leading brands

BARLOWORLD IS A DIVERSIFIED INDUSTRIAL COMPANY

with

Over 25 000 people in 31 countries

who

provide business solutions

through leading industrial brands, supported by relationships and attention to detail

to make

our customers' businesses excel





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STRATEGIC FOCUS UNCHANGED

2x4x4

**VBM is behind
everything we
do**

**More of the
same in new
geographies**

**Expand existing
and new
business
solutions and
Smart
Partnerships**

**Add
complementary
brands**

VBM-driven “quality of business” improvements ongoing

Customers

Shareholders

Employees

Community



Improving existing operations: the key is the way we do business

Value Based Management

- **Long-term committed employees working within one global system of Employee Value Creation**
- **Strong ethics and values**
- **Market leadership built on industry expertise**
- **Integrated business systems & finance**
- **Integrated strategic planning**
- **Strong understanding of our capabilities**

90/10



Organic expansion: adding geography & building new businesses

Value Based Management

- **Return on Management Effort (ROME)**
 - Rule of thumb +R100 million operating profit potential
- **Growing businesses:**
 - **Cement (South Africa)**
 - **Equipment (Russia)**
 - **Coatings (South Africa)**
 - **Logistics (SA & Spain)**
 - **Power plants (Spain)**
 - **Integrated motor solutions (South Africa)**
- **And others are in the pipeline.....**
 - **Coatings (China)**
 - **Motor (Scandinavia)**

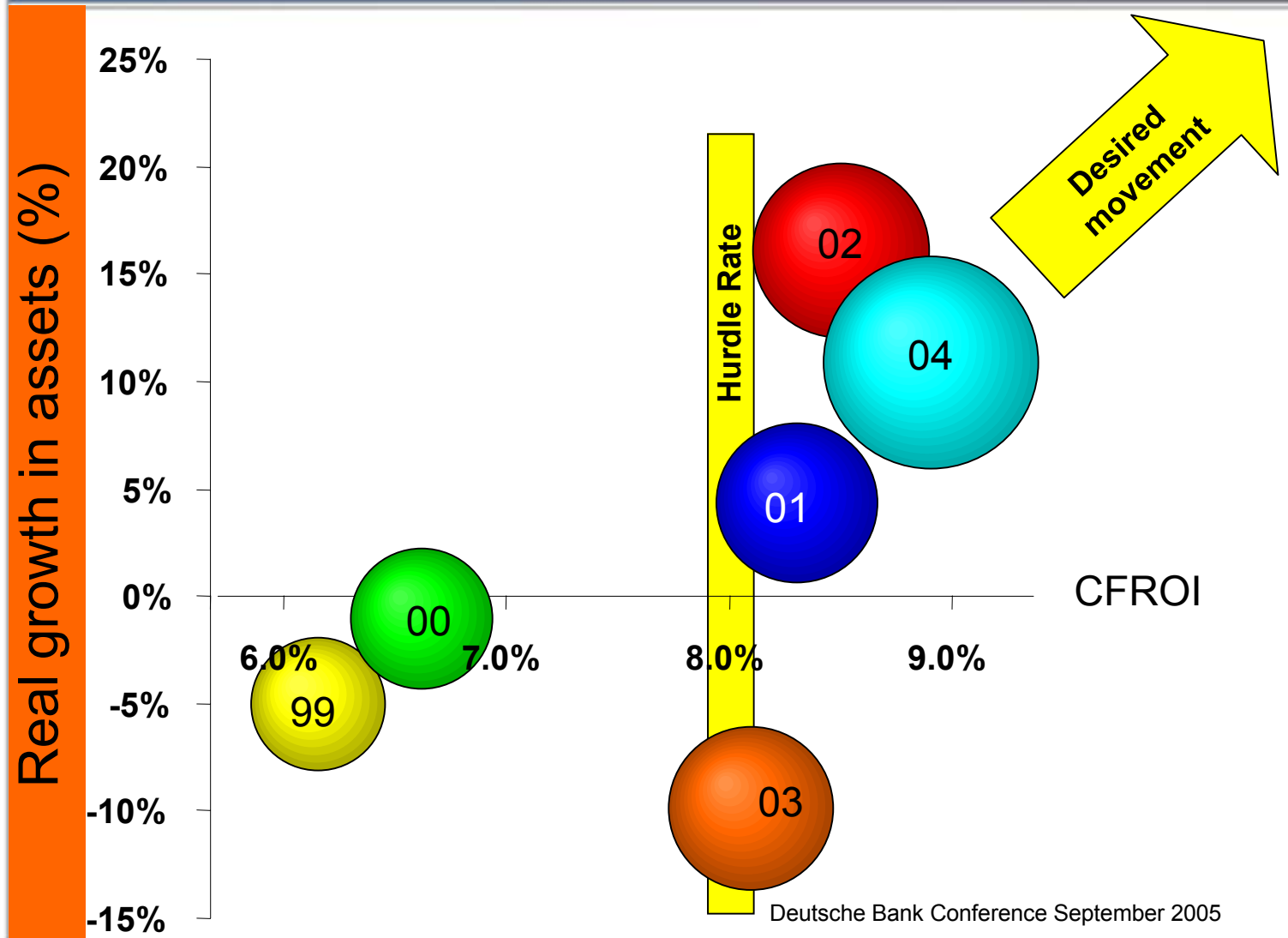


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Our CFROI/CVA goal: a bigger bubble moving up and right

Financial focus on Cash Value Added (CVA) – the size of the bubble

And raising Cash Flow Return on Investment (CFROI)



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Incremental acquisitions (and disposals): past 5 years

**We are
fixers of
businesses,
not traders**

**But we sell
when a
business
doesn't make
sense in our
future**

Acquisitions R4.0 billion including:

- **Avis Southern Africa**
- **PPC shares**
- **Freightliner dealerships**

Disposals R6.6 billion including:

- **12 million Dimension Data shares**
- **Comparex shareholding**
- **Motor leasing book**
- **Equipment leasing book**



1H'05 CORPORATE ACTIVITY

**R124 million
invested in
acquisitions**

Bought

- **CMS Lift Trucks
Northern Ireland**
- **Hamilton Brush**
– Premium paint brushes

**R184 million
proceeds from
disposals**

Growing

- **PPC – Jupiter factory to
be recommissioned**
- **Valencia co-generation
plant moving to full
output**
- **Progress in Chinese
coatings venture**
- **Siberian Caterpillar
dealership territory**

Sold

- **33% holding in
Slagment**
- **30% of Umndeni Circon**
– BEE transaction

Restructuring

- **Scientific**
- **Truck Center**
- **Motor Australia**



EXCELLENT OPERATING RESULT

+7%

- Rand revenues R 18 792 million



+25%

- Operating profit R 1 545 million



- Operating margin 8.2% (1H'04: 7.0%)



- HEPS 372 cents



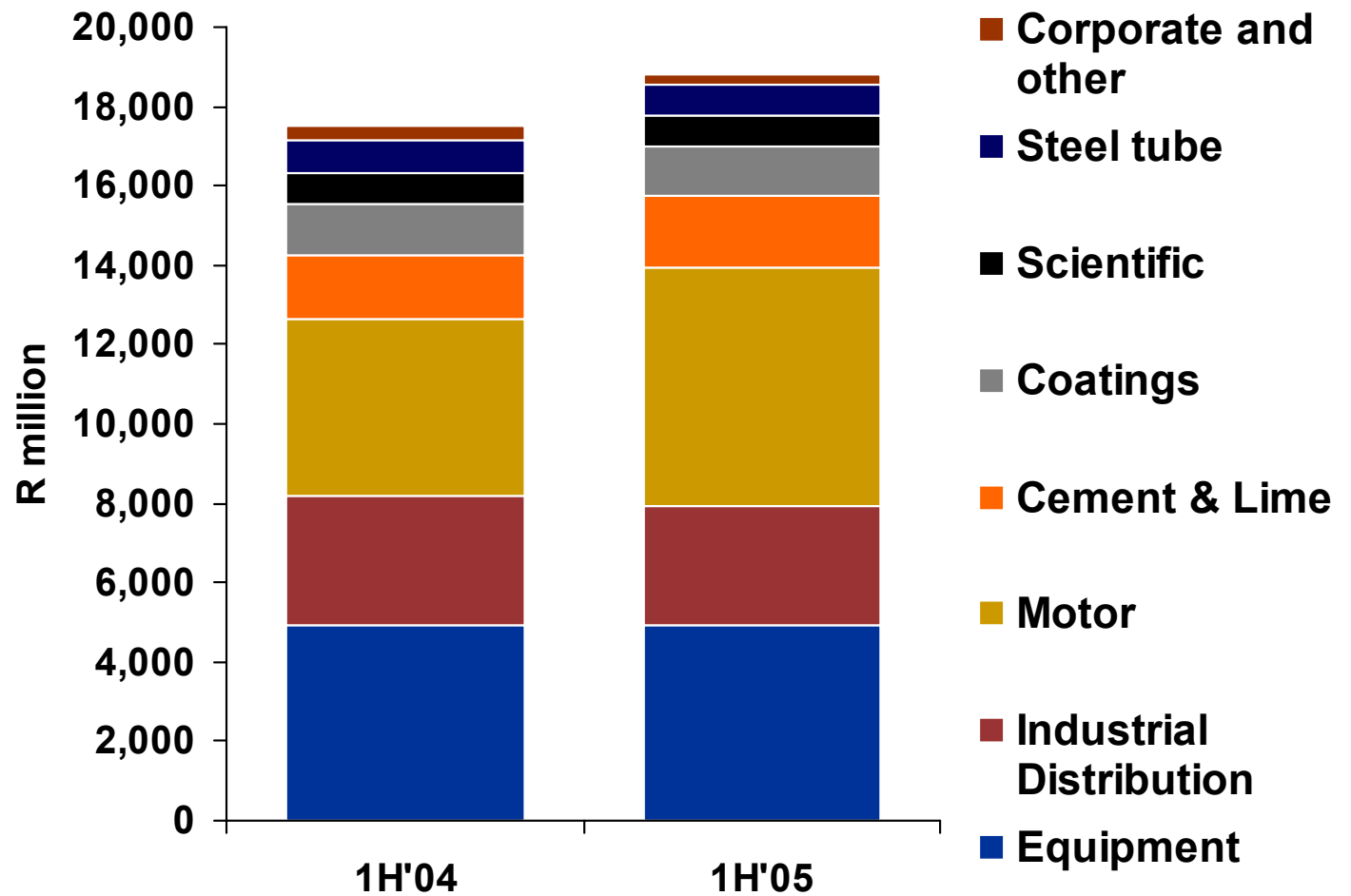
+13%

- Dividend 130 cents (1H'04: 115 cents)



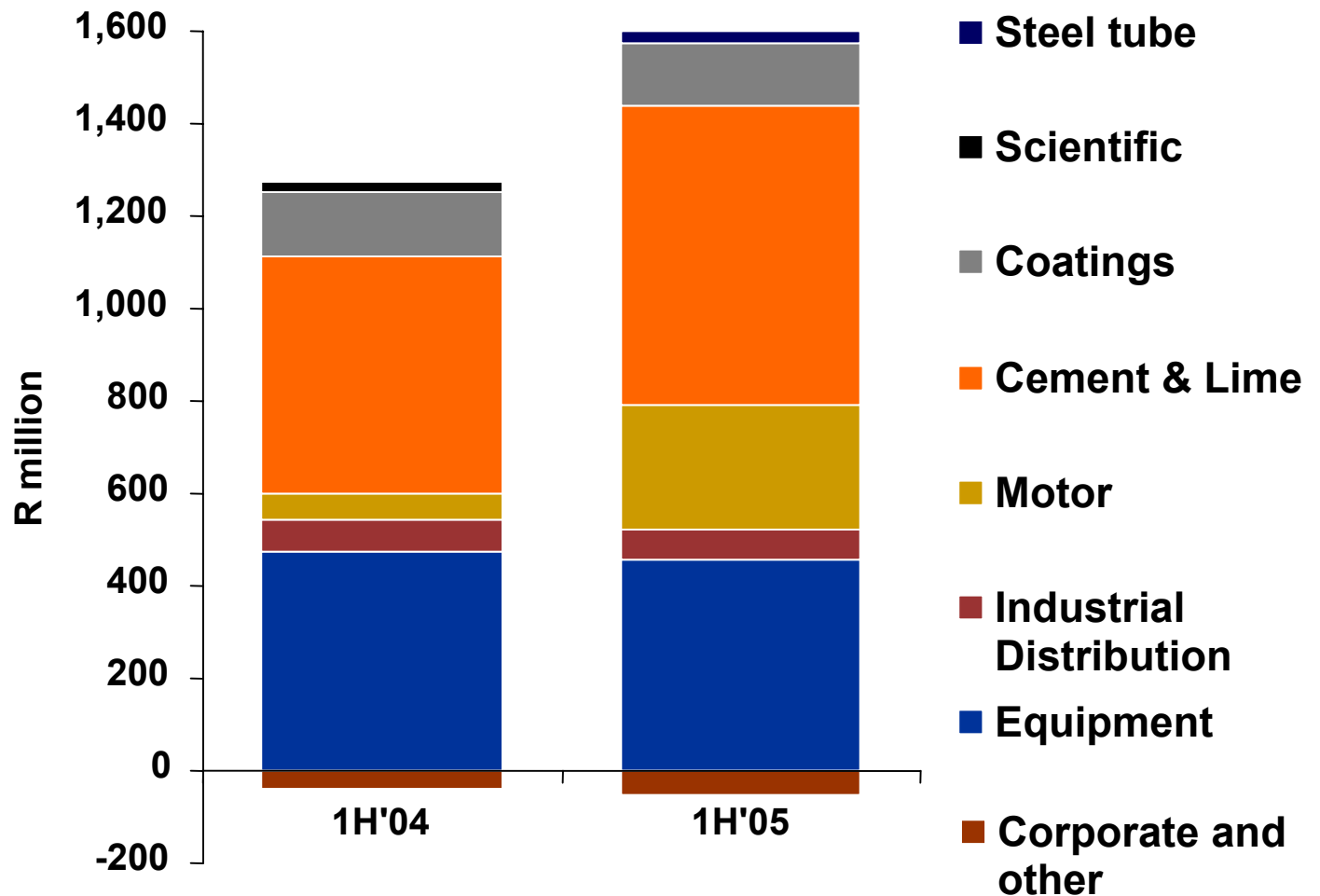


REVENUE UP 7%





OPERATING PROFIT BEFORE GOODWILL UP 25%





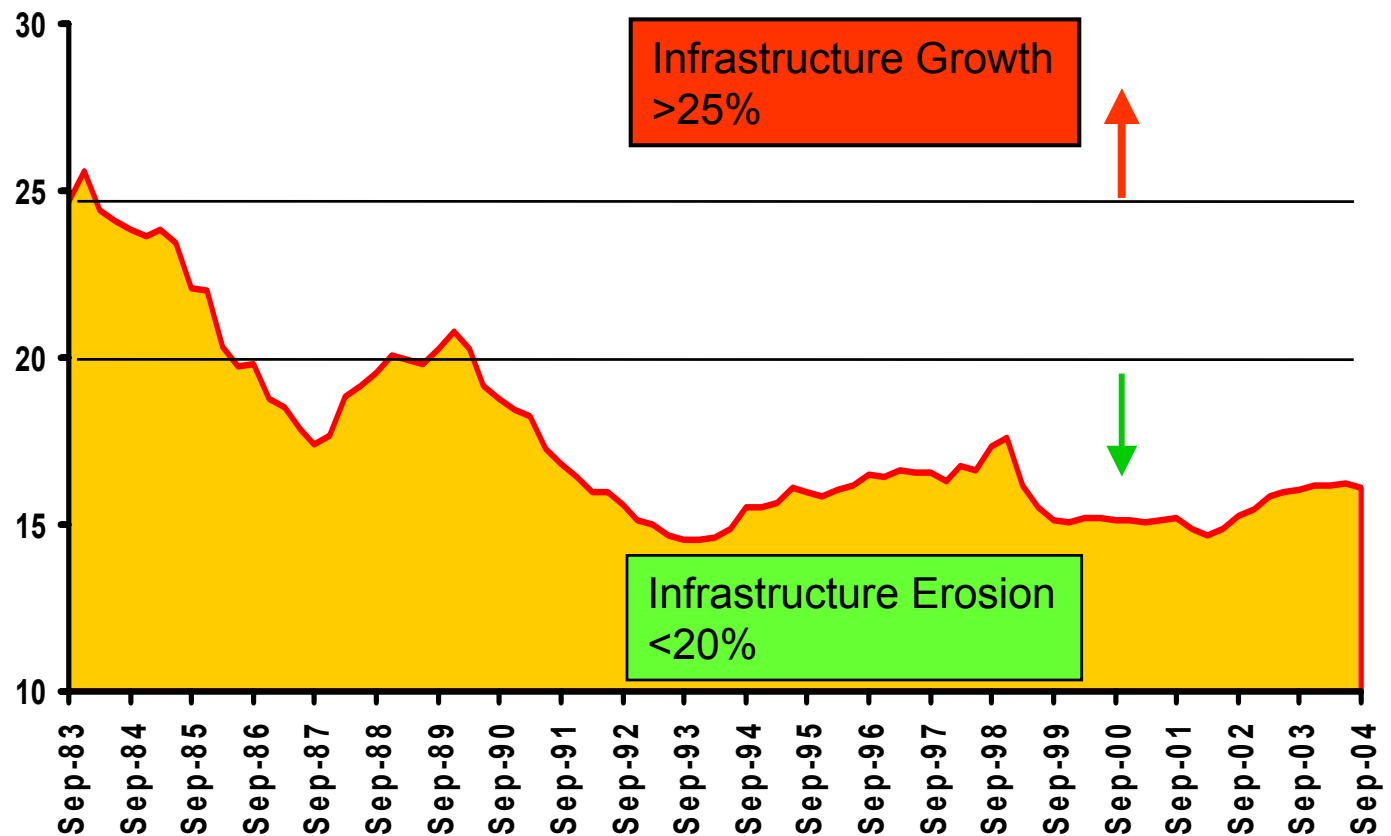
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Equipment Overview

South Africa: GDFI as % of GDP

South African spending on GDFI still below required levels.

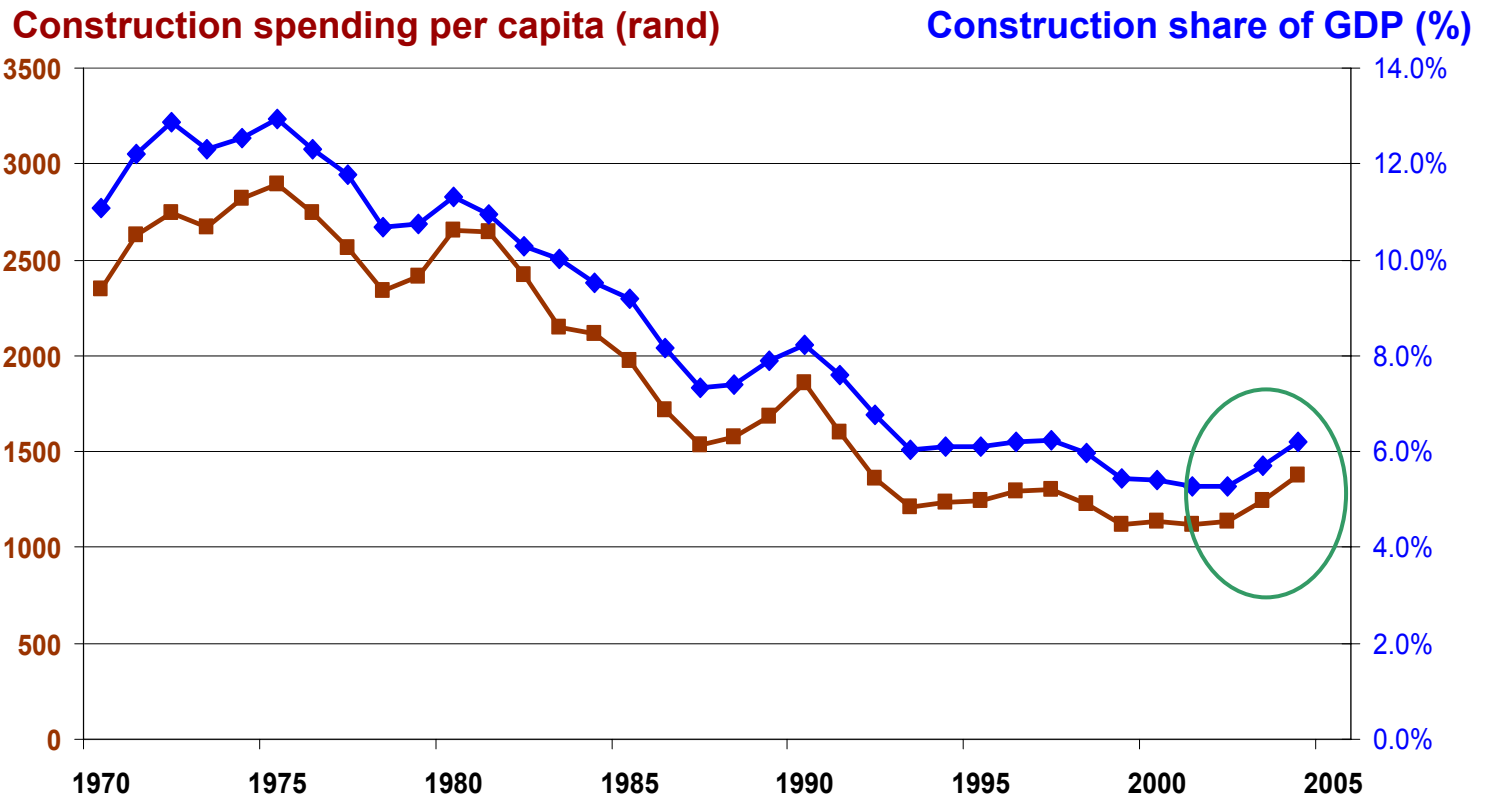
Government has committed to increased spending on infrastructure – timing still uncertain





South Africa – Construction Investment

South Africa Construction Investment



Construction investment waking up

Construction investment is sum of residential investment, non-residential investment and infrastructure investment. All rand values are in 2000 prices.

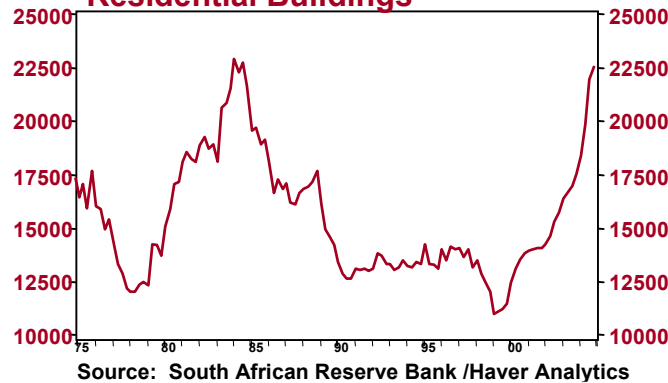


South Africa Fixed Investment - Construction

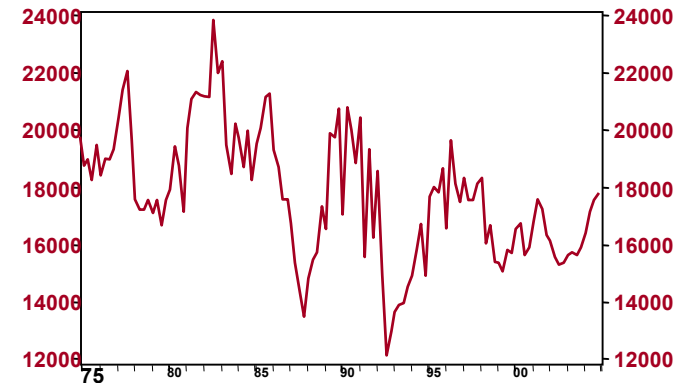
Residential
construction
booming

Non-
residential
and
construction
works starting
to pick up

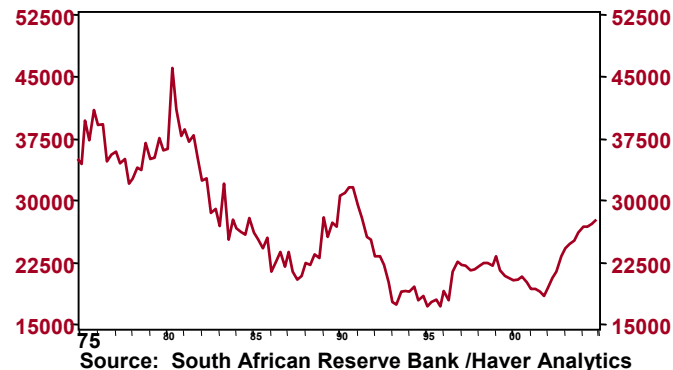
South Africa: GDP: Fixed Investment:
Residential Buildings



South Africa: GDP: Fixed Investment:
Nonresidential Bldgs



South Africa: GDP: Fixed Investment:
Construction Works



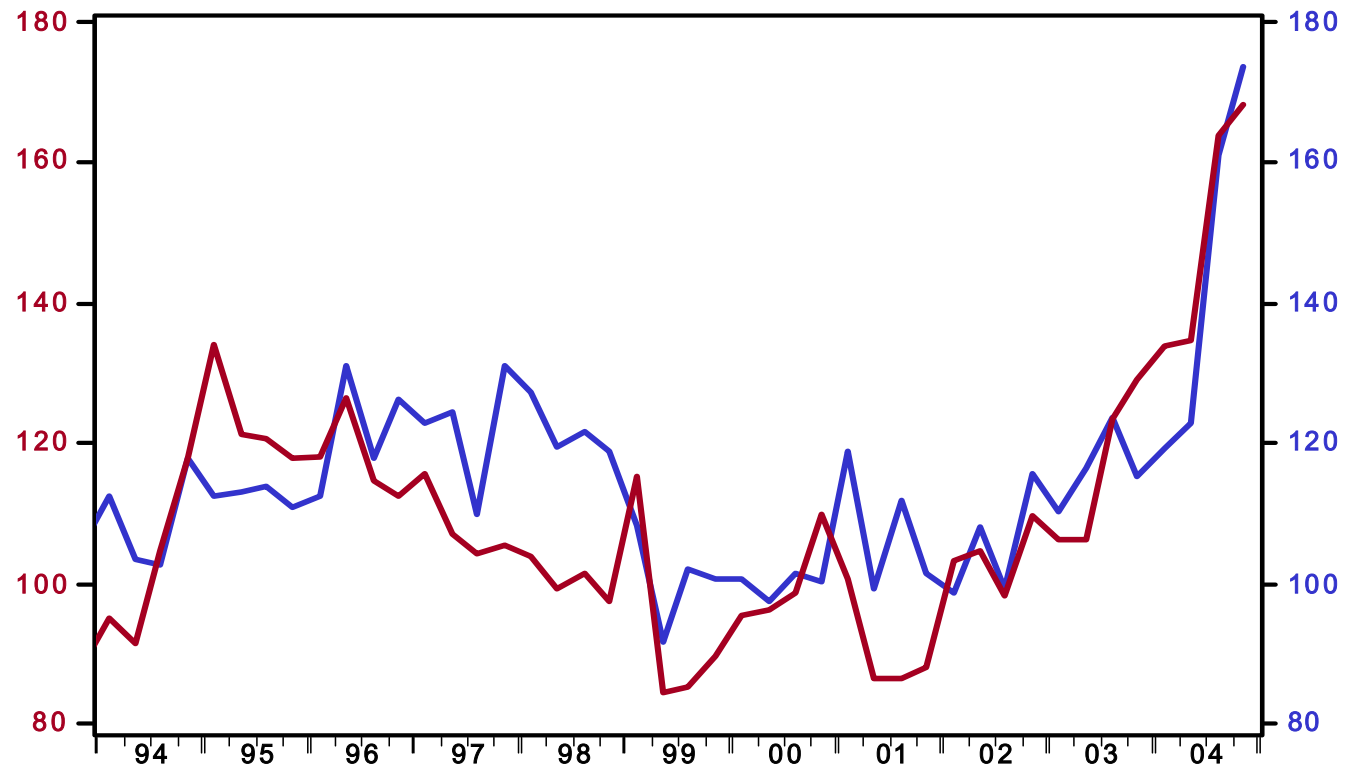
- Fixed investments growing at strong pace through 4Q 2005
- Residential construction investment nears historical peak
- Non-residential building investment recovering
- Infrastructure investment rising



South Africa – Building Plans

South Africa: Building Plans Passed
SA, 2000=100

South Africa: Buildings Completed
SA, 2000=100



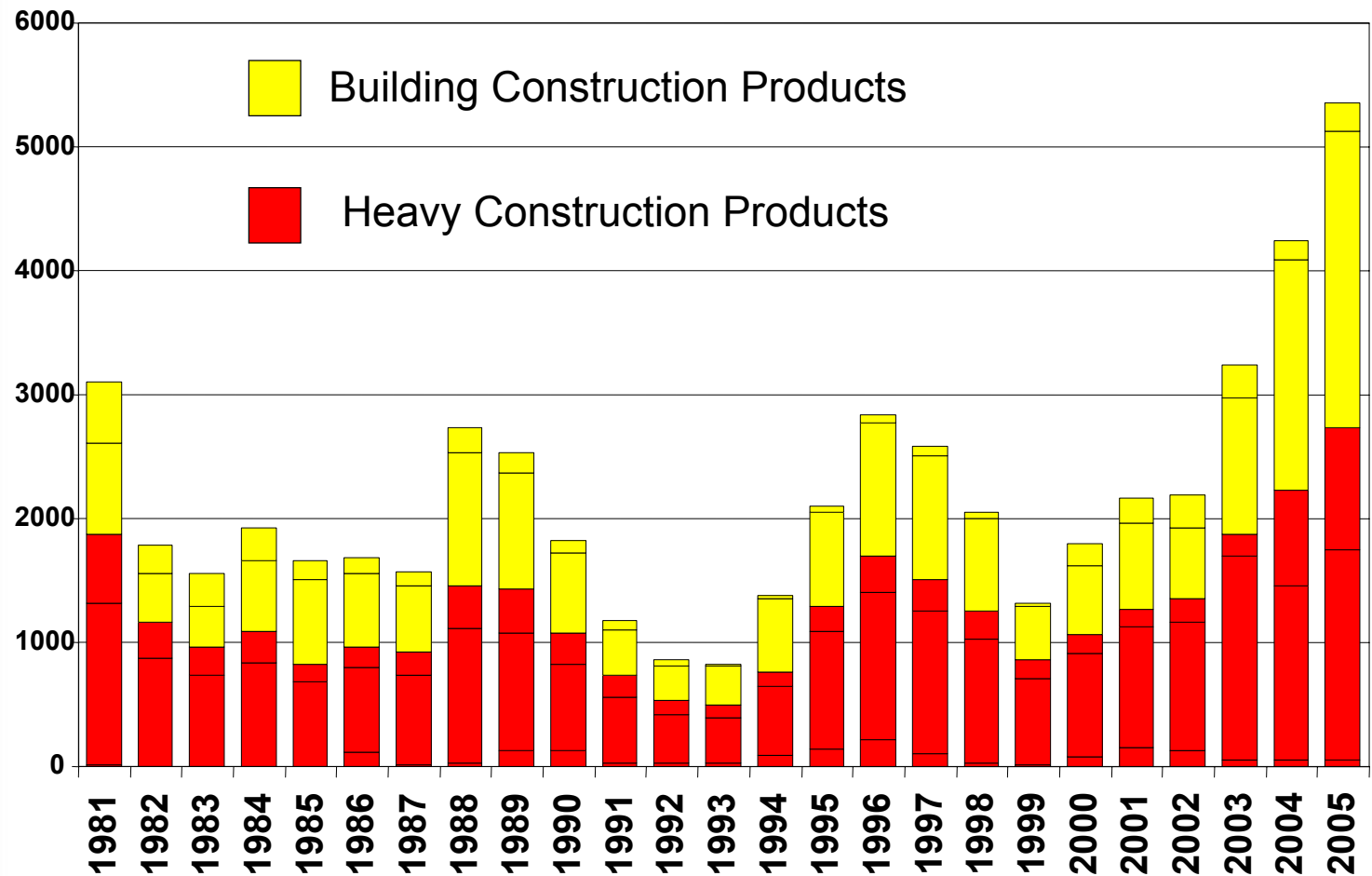
Building construction sector poised for strong growth

Source: Statistics South Africa /Haver Analytics

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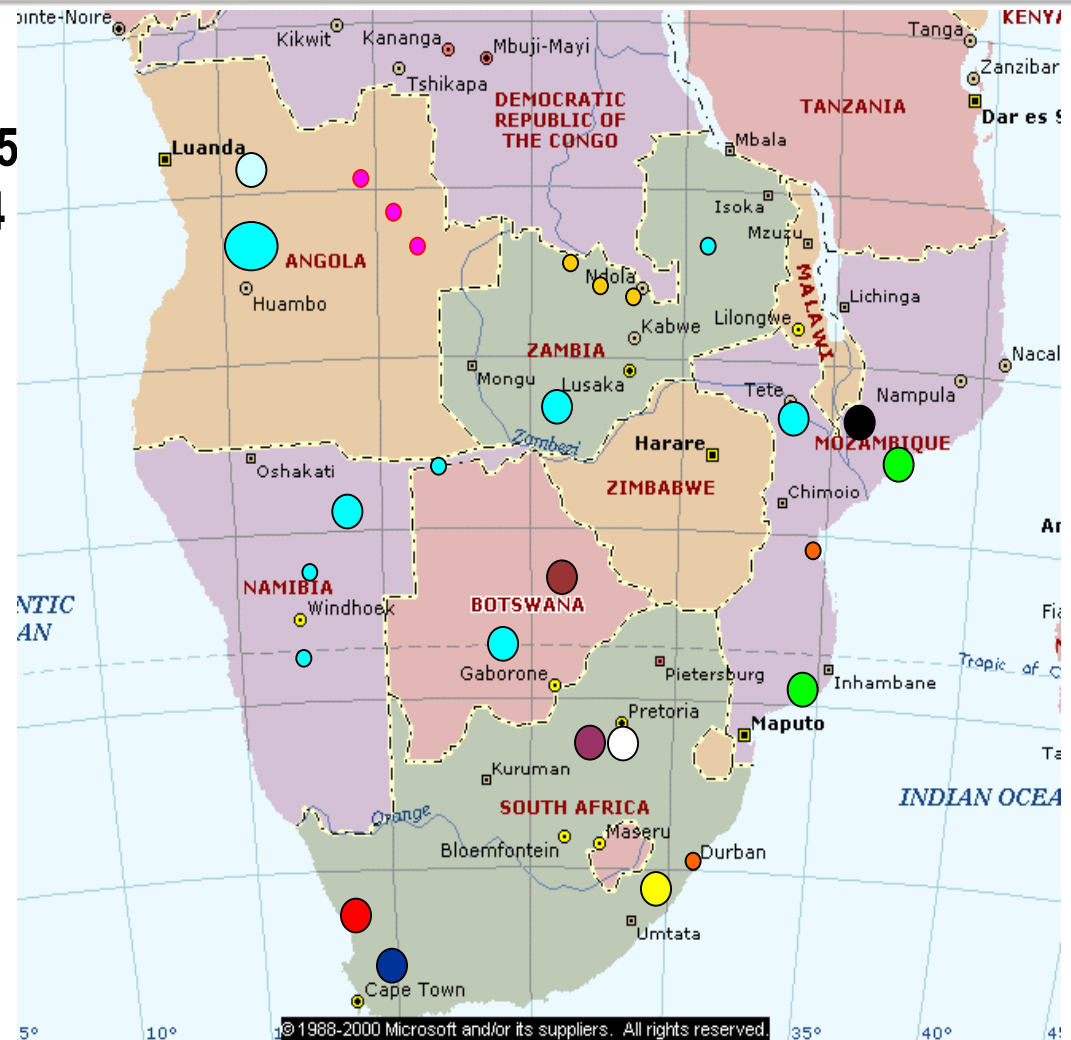
South African Construction Machines by Industry

**Strong growth
in building
construction
products**



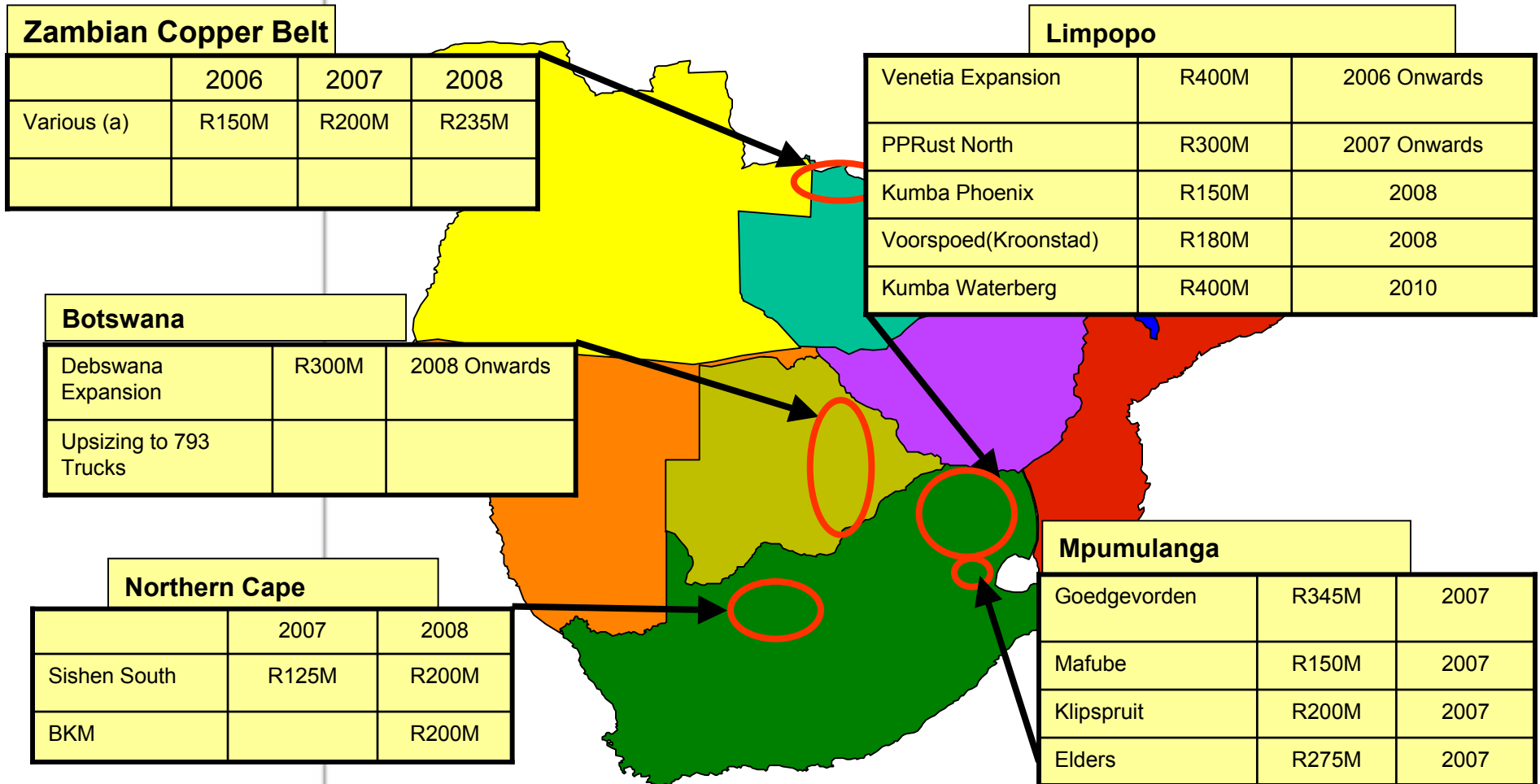
Main Construction Projects Southern Africa

- Gautrans Rail Network – 2005
 - Berg River Water Scheme – 2004/5
 - Diamond Field Expansions – 2004
 - Dube Port Expansion – 2005
 - Gauteng Road Network – 2006
 - Major Road Projects – 2005
 - Iron ore mine Angola - 2006
 - Nelson Mandela Highway
 - West Coast South Coast Pipeline
 - Sand Projects – 2005/6
 - Port Developments – 2004/5
 - Moatize Coal Fields – 2007/8
 - Copper mines
 - Water Piping Project
- 2010 World Cup infrastructure**





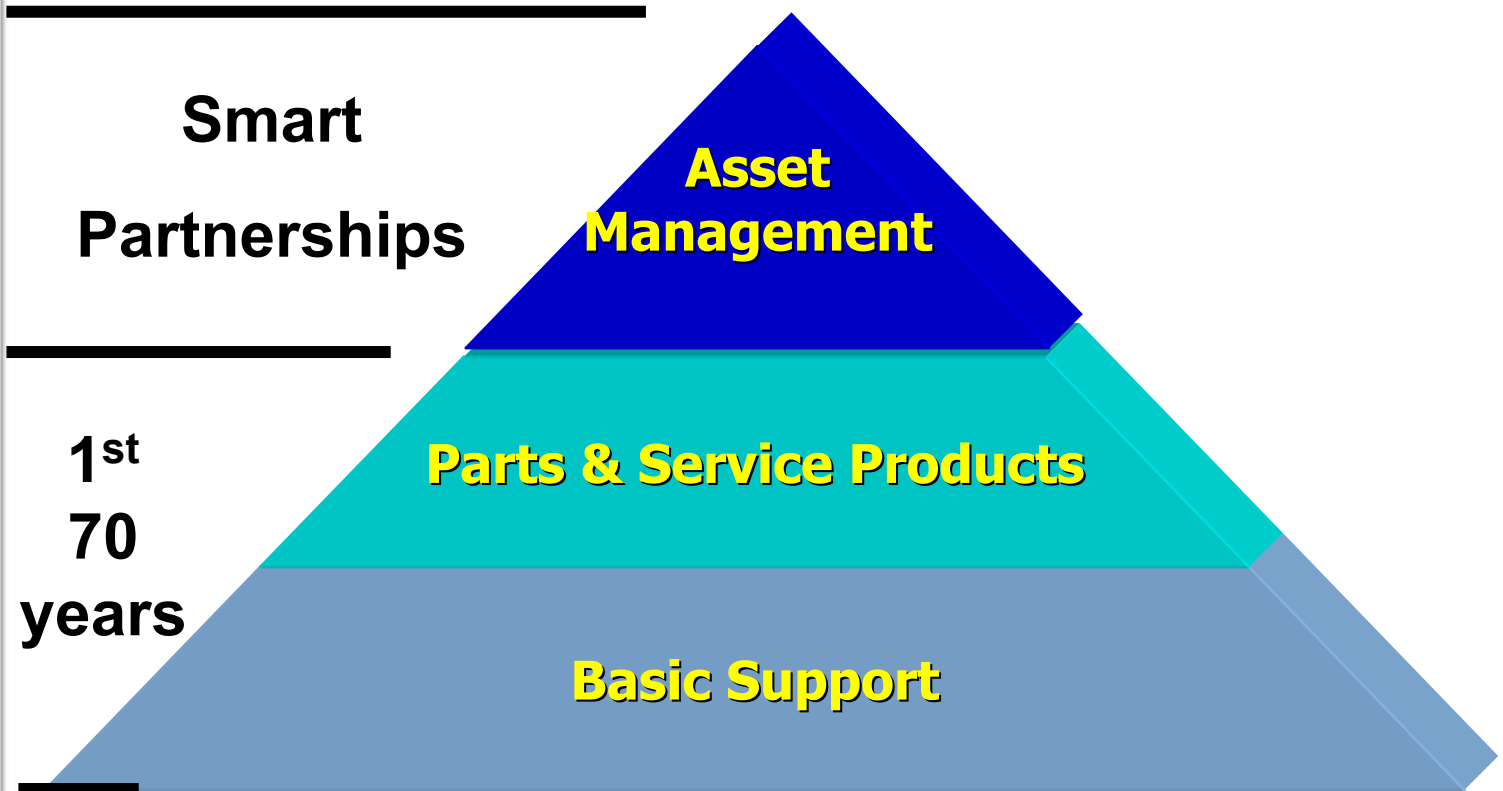
Main Mining Projects Opencast





MARC (Smart Partnerships) Evolution of new business model

**Building
stronger
relationships
with our
customers**



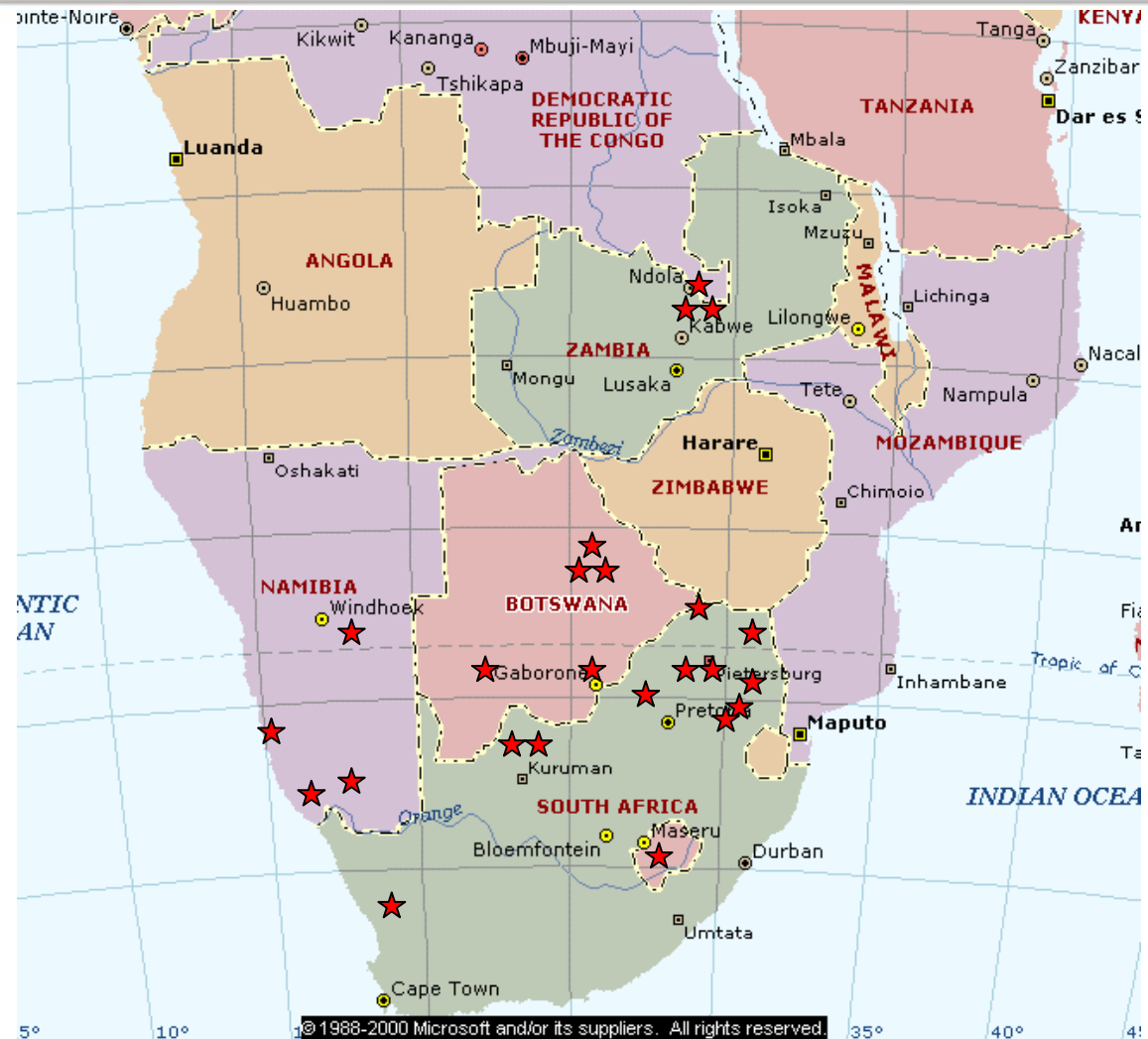


MARC sites – Southern Africa

24 Sites

418 Machines

302 People



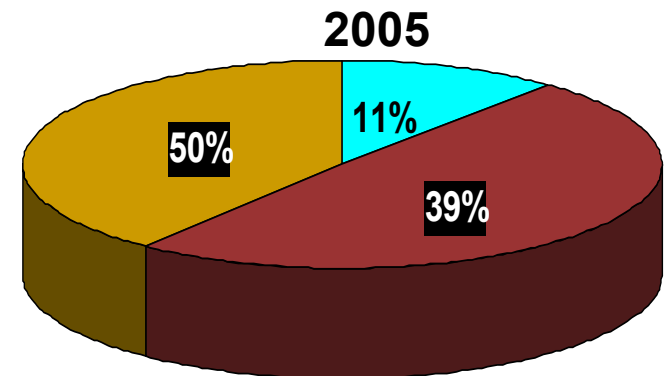
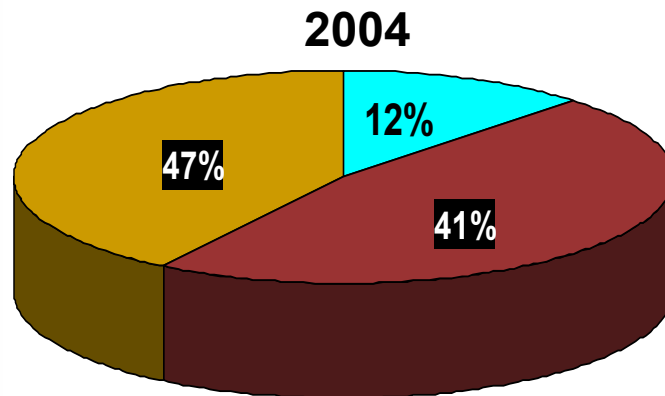
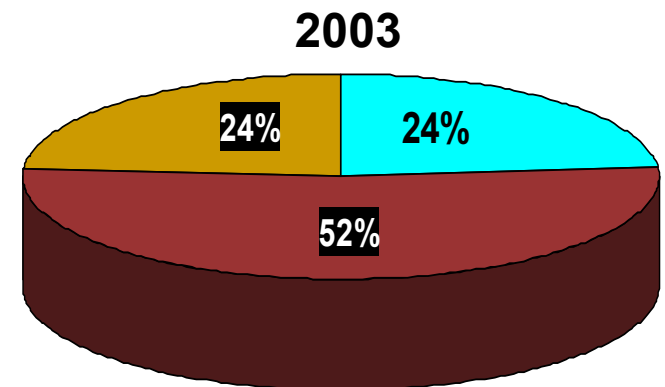
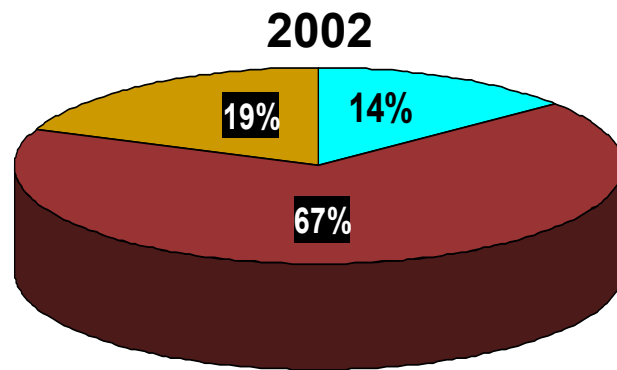


Attractiveness of MARC in “Remote Territories” - Zambia

Skills

Remote support

Logistics



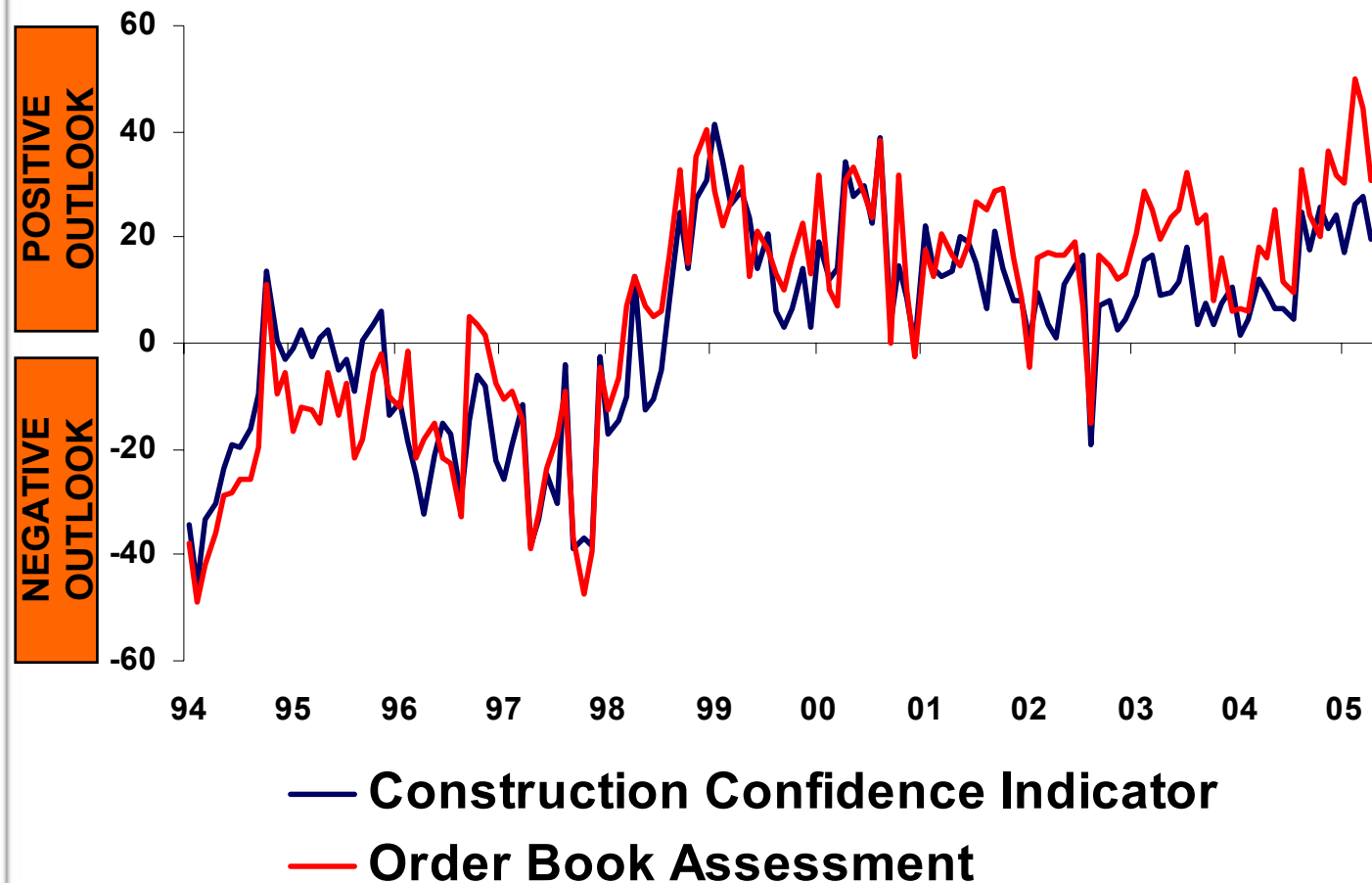
Service Parts MARC



Spain Construction Sector Outlook

Confidence levels remain high in Spain

Public infrastructure spend to continue after EU cohesion funds end



Source: European Commission

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2010 – Highway Network





2010 – High Speed Rail network





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Siberia Land of Opportunity

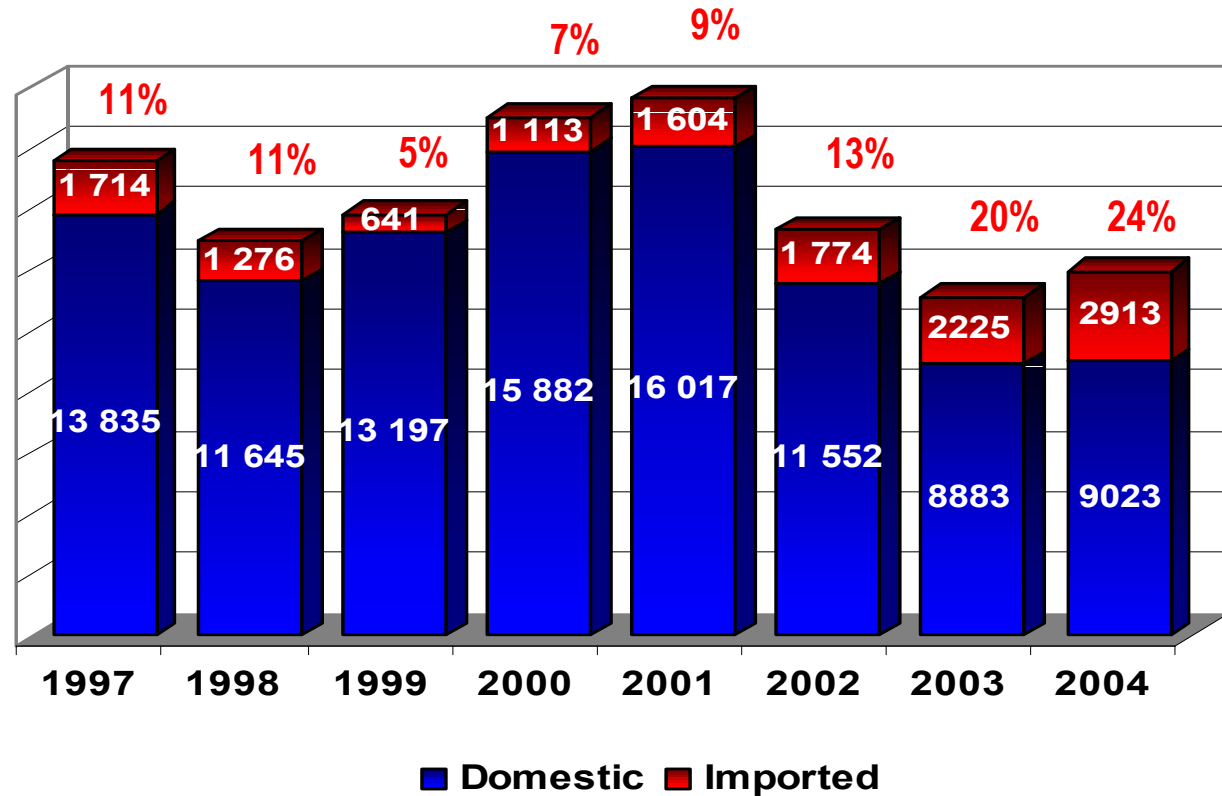
Caterpillar Dealers in CIS





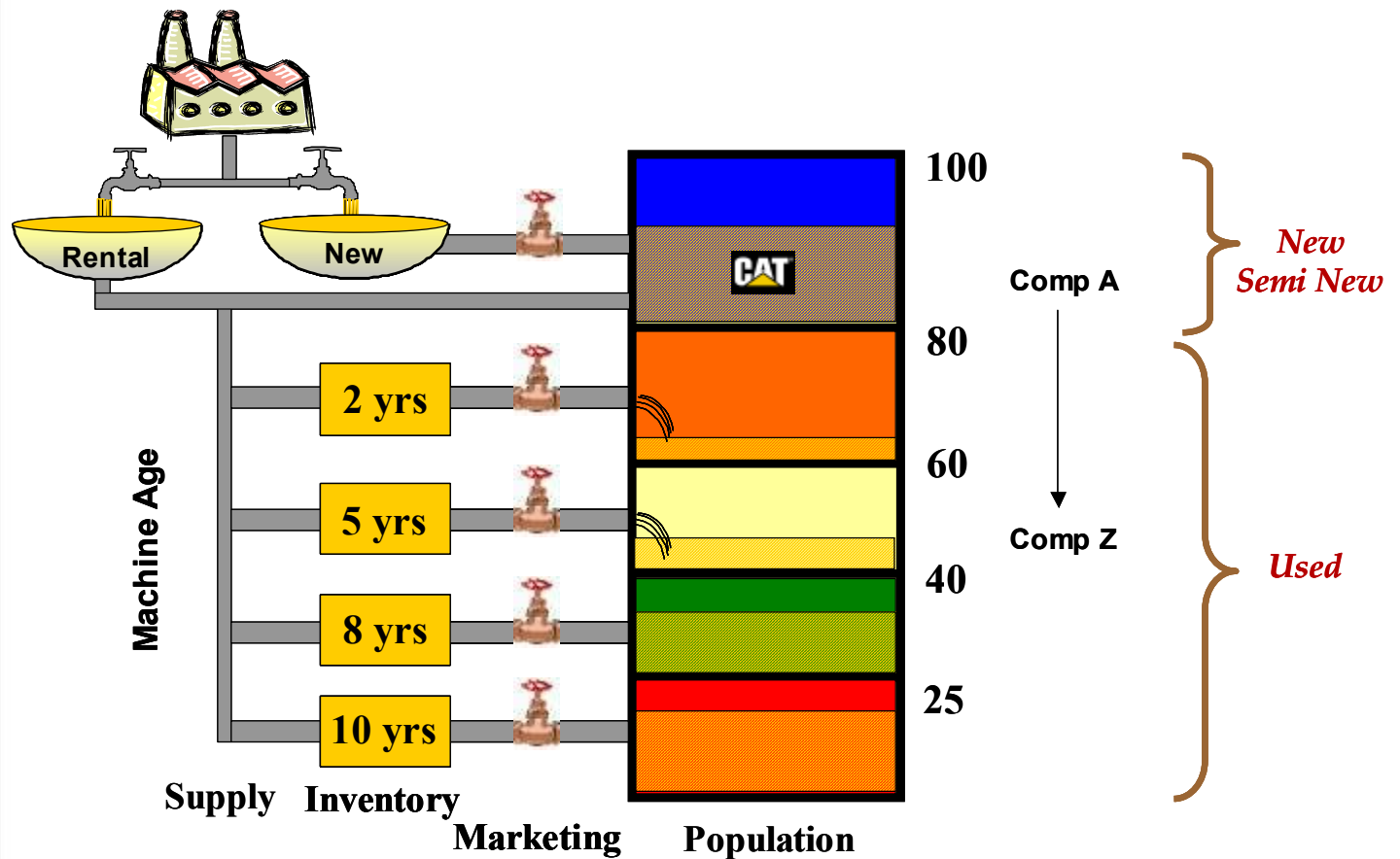
Total Machine Industry (Russia)

Percentage of imported machines rising steadily in market still dominated by Russian built machines



Strategic Direction: CAT Certified

Ability to
compete at all
price points





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Cement Overview



PPC

Batsweledi Expansion Project

R1.36bn expansion project

- Over 1mt increase in capacity
- New kiln at Dwaalboom (R1.23bn)
- Milling facilities at Jupiter (R130m)
- Provide capacity for inland cement demand

**1mt
expansion to
meet strong
cement
demand
growth**

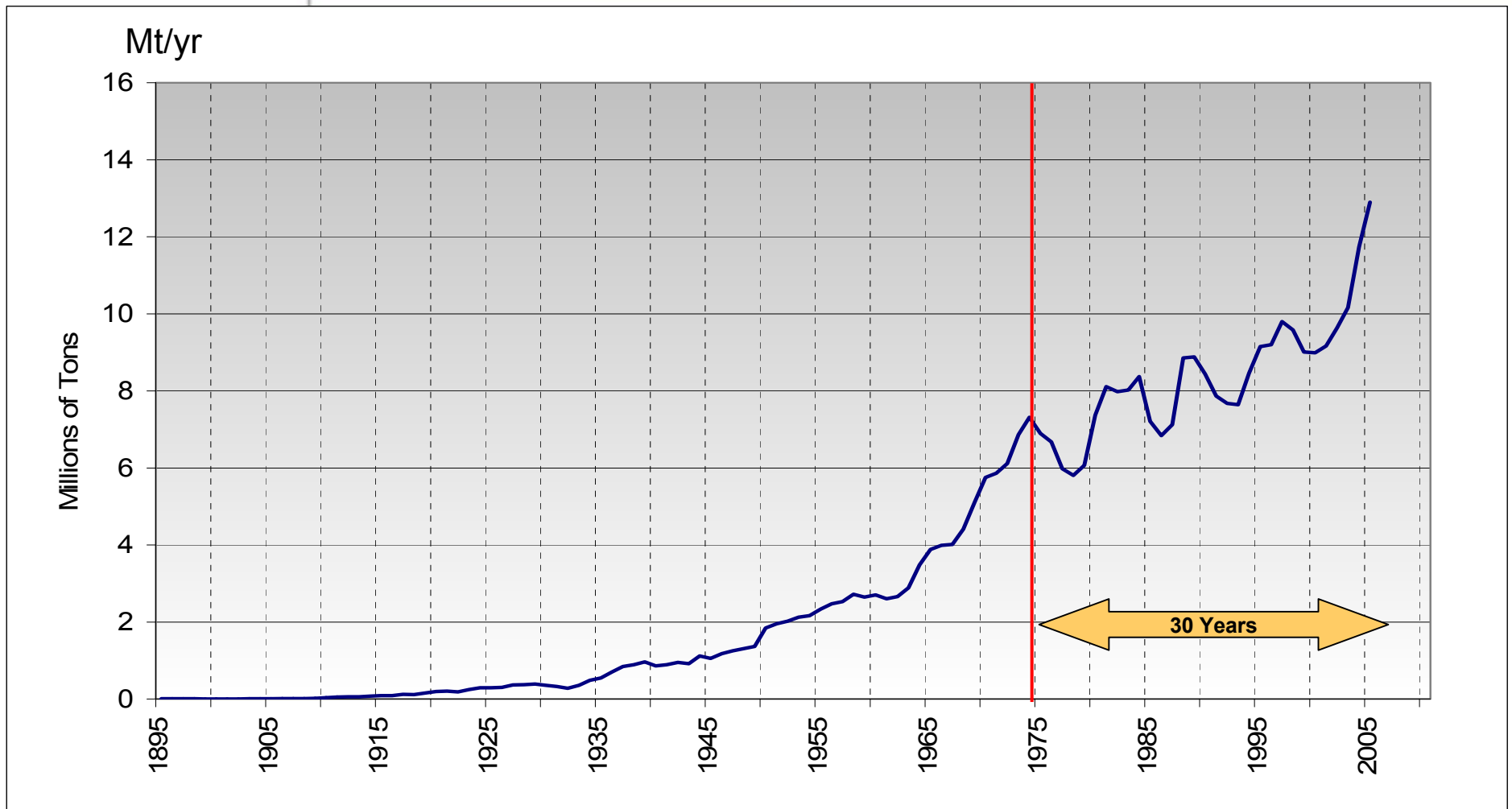
Jupiter kiln recommissioning

- Short term solution
- 550 kt capacity for R50m
- Supply market growth until Batsweledi online
- Ability to continue if demand still strong

Western Cape

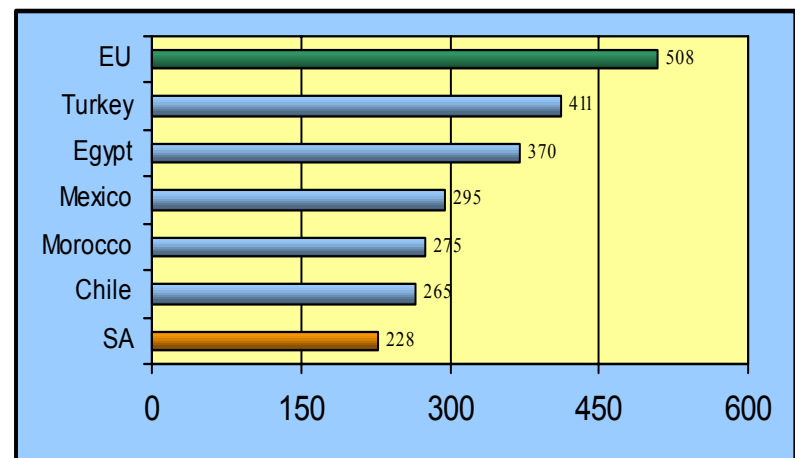
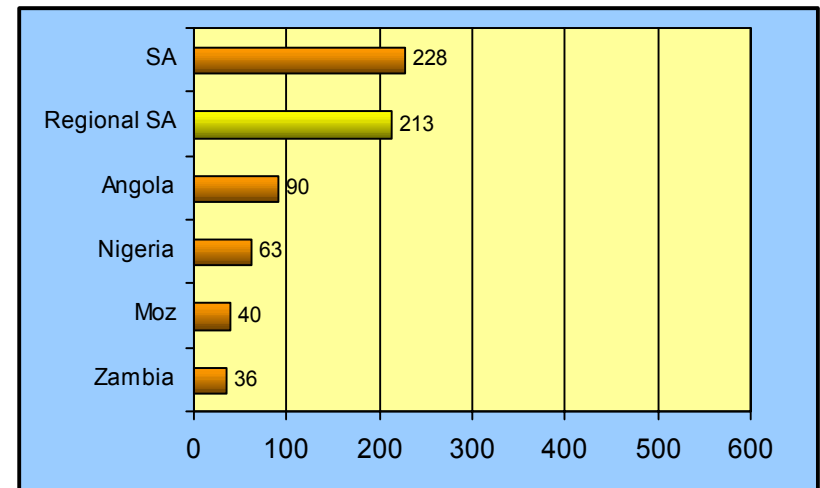
- Sufficient capacity to 2010

Cement demand has benefited from the improvement in the country's fundamentals



SA cement consumption per capita is low (2003)

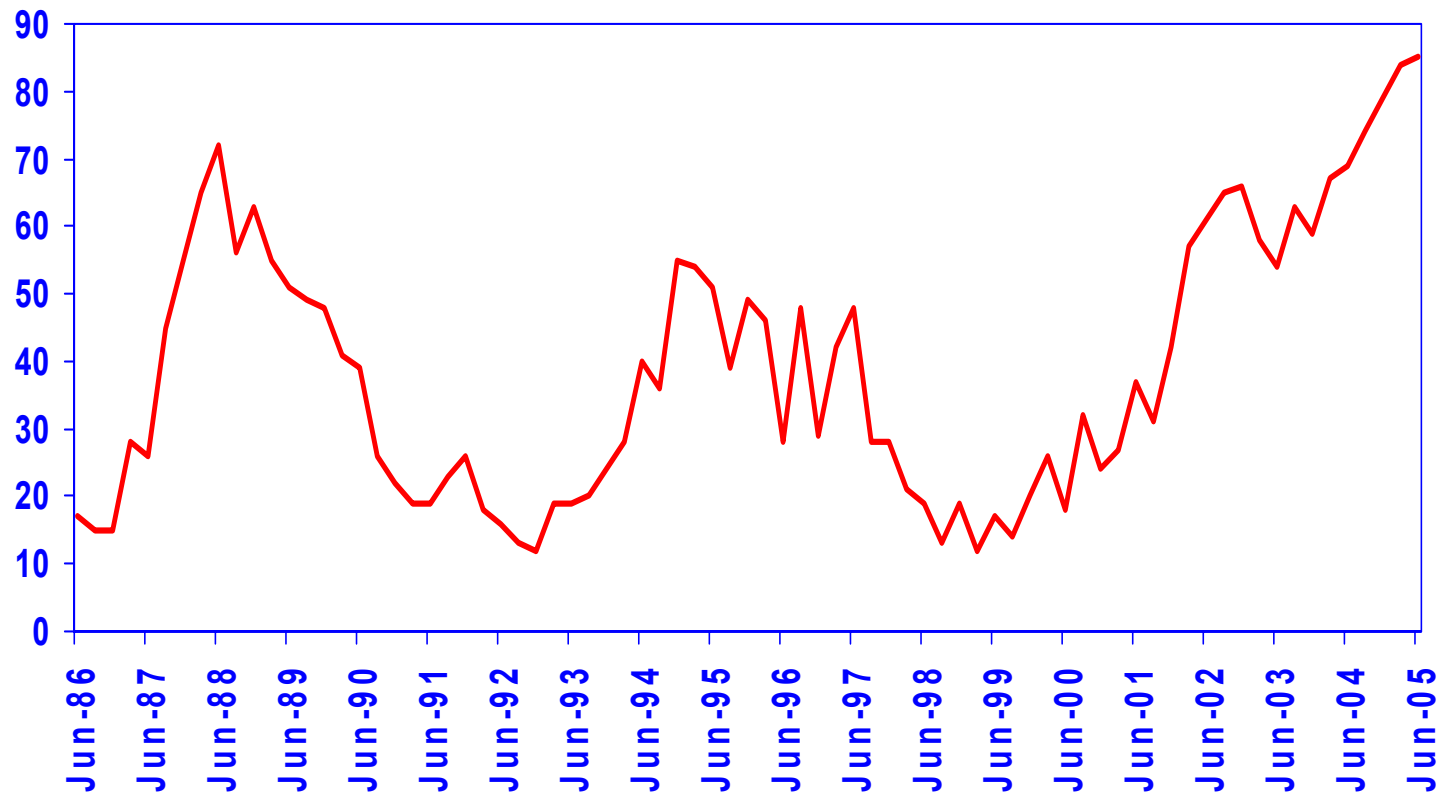
- SA cement consumption highest in Sub-Saharan Africa
 - Above 250kg/capita in 2005
 - Around 150kg/capita for Botswana, Namibia, Lesotho, Swaziland in 2004
- Low compared to countries with similar GDP growth over the last ten years
- Very low compared to developed countries e.g. EU countries
 - Spain, Portugal & Greece (>1000kg/capita)
- Opportunity to increase consumption in line with other developing countries
- Southern African population growth expected to continue at 1.5% per year





BER Composite Confidence Index: Building & Construction

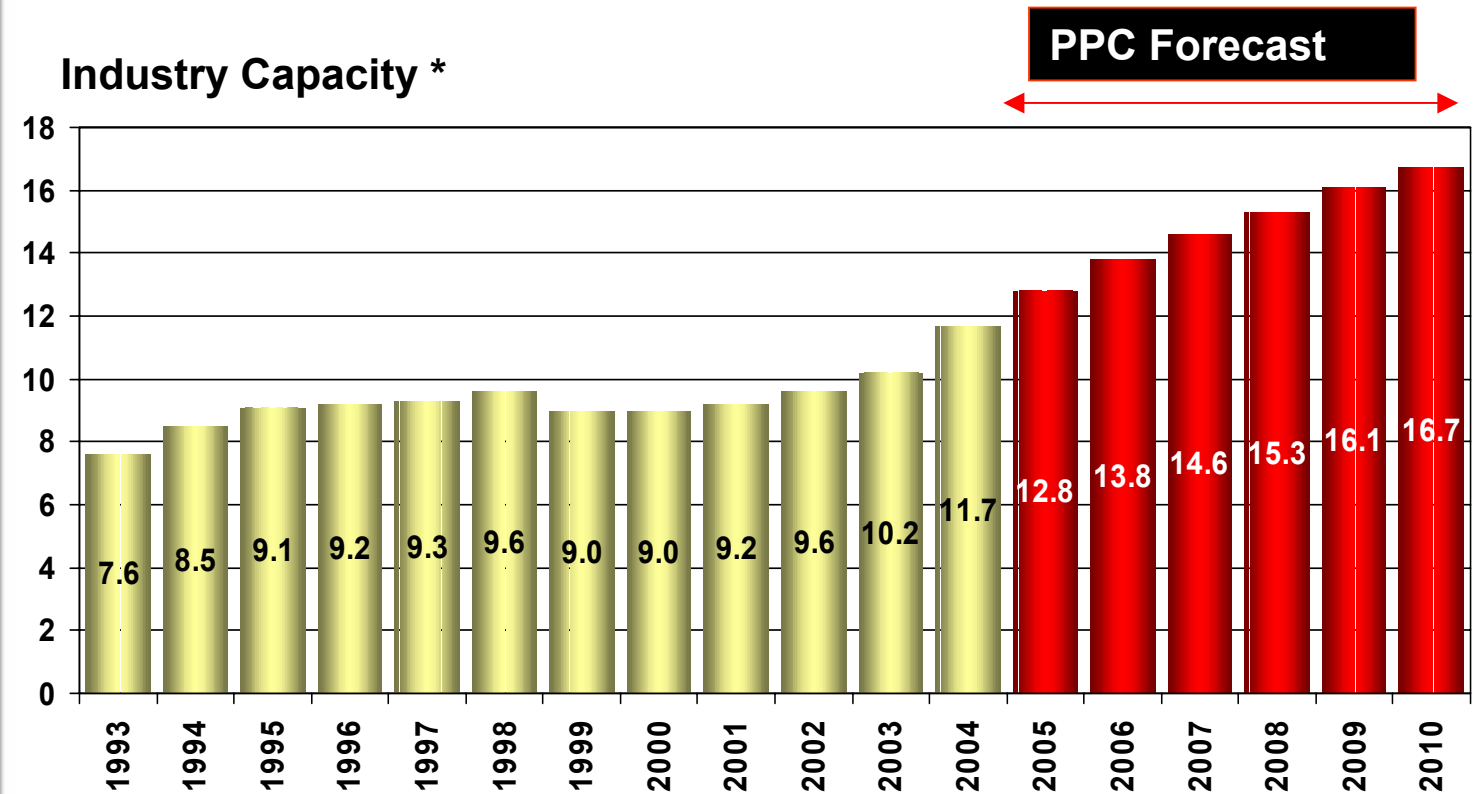
**Highest level
since 1978-
1981 upswing**





Demand projected to exceed 16mt by 2010

Steady strong growth to 2010







Year	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10
% Growth	12	7	1	1	3	-6	0	2	5	6	15	9	8	6	5	5	4

* Including 3rd party slag/fly ash suppliers

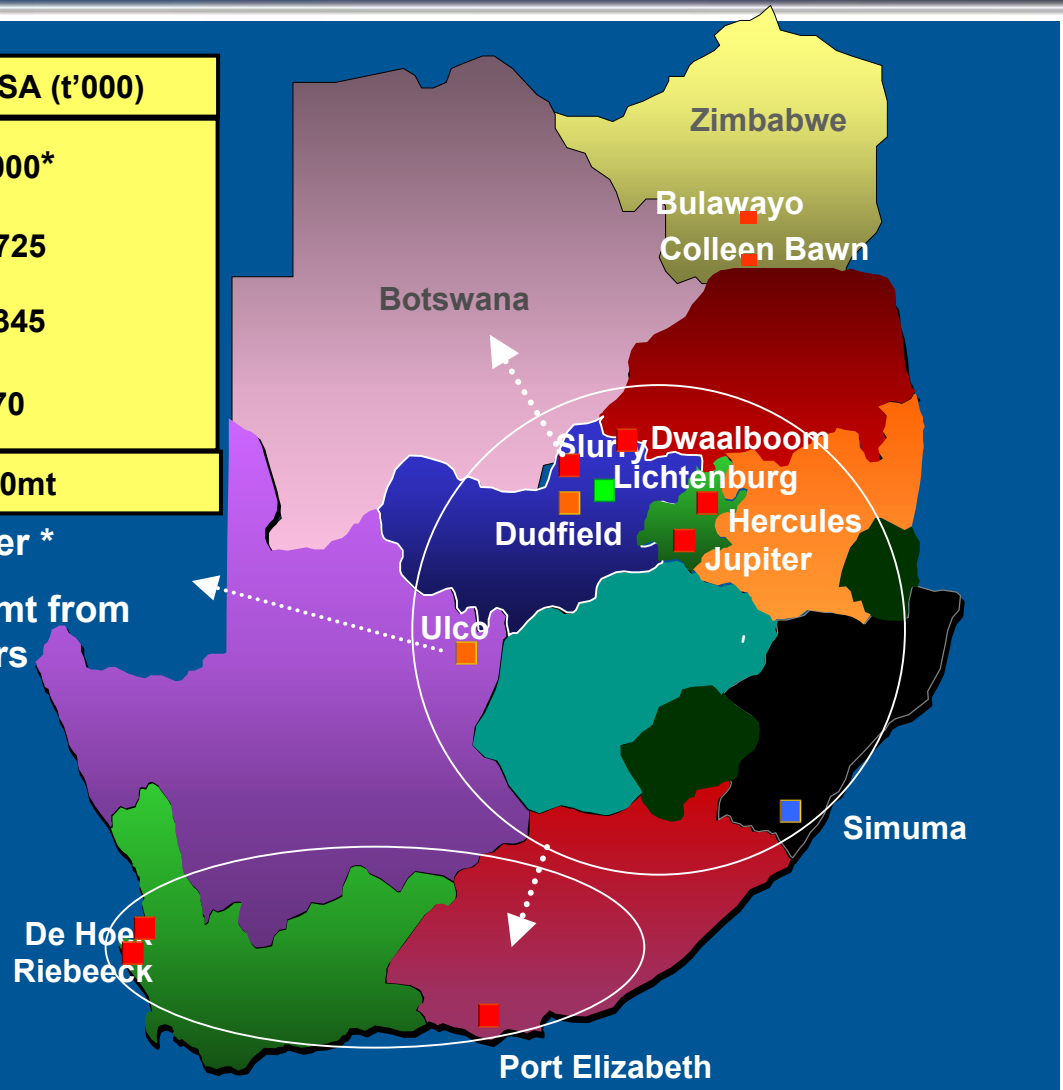


Cement - Capacity location

New capacity to supply primarily the inland market

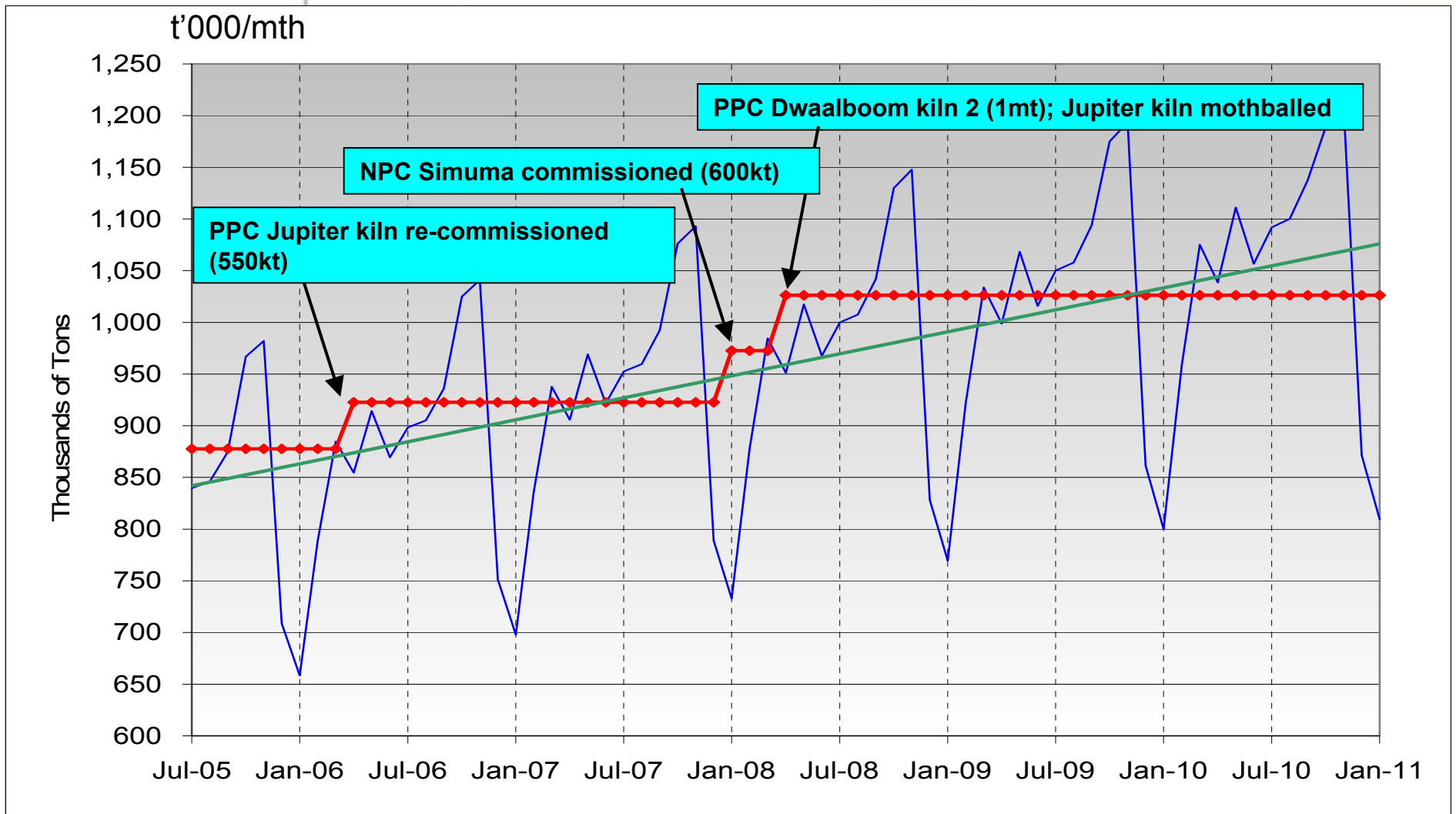
Cement Capacity RSA (t'000)	
	PPC 6000*
	Holcim 3725
	Lafarge 2345
	NPC 970
Total:	13.0mt

- Including Jupiter *
- Excluding >1.3mt from 3rd party suppliers





Extra capacity required to meet inland demand





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Other Divisions

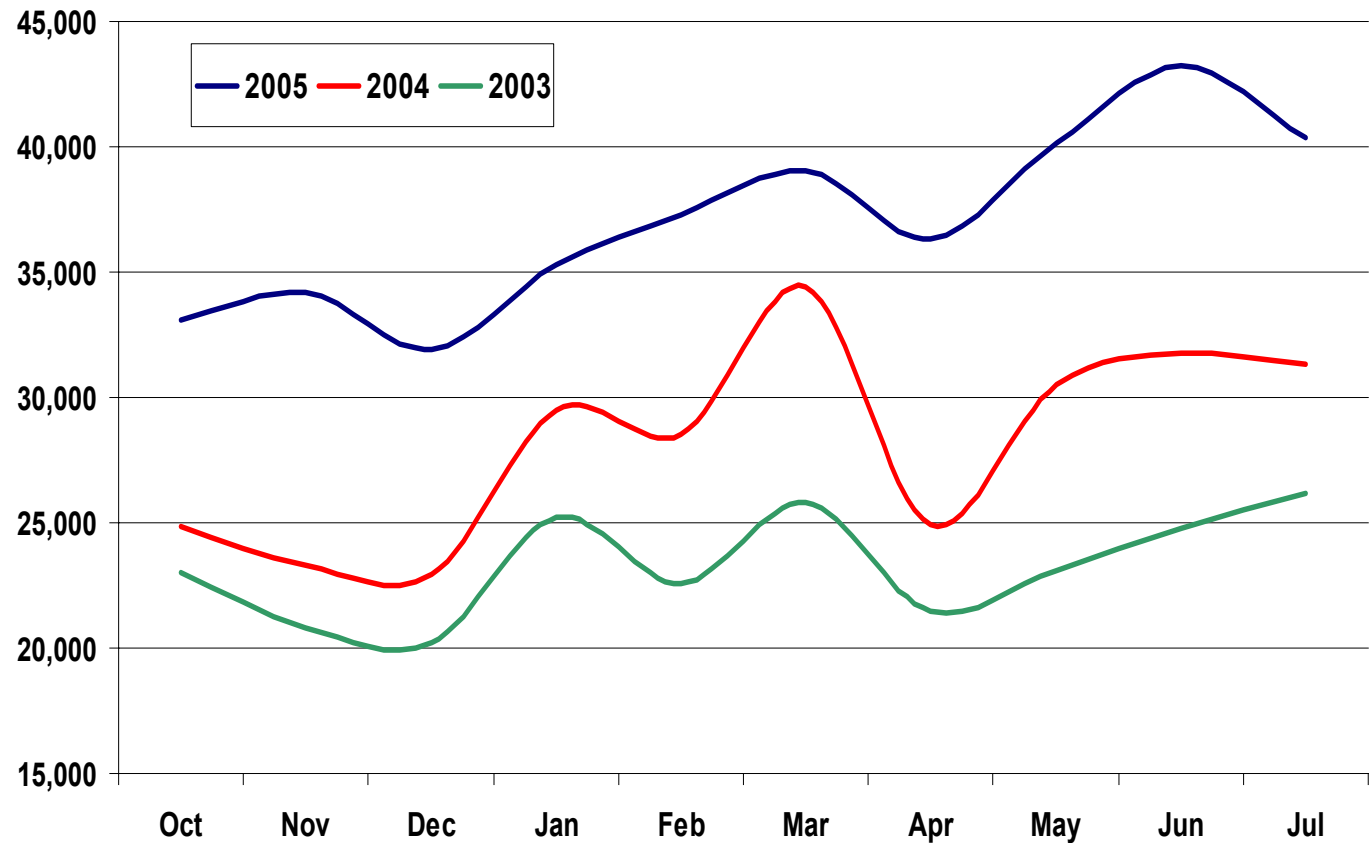


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Motor: Dealer Market – South Africa

Dealer Sales	Fin YTD July
2005	370,970
2004	282,097
2003	233,210

Dealer Market Share	
2005	2004
8.6%	9.1%





Motor: Dealerships Key Indicators YTD July 2005

Key Indicators	Growth
New Units *	
- Southern Africa	+26%
- Australia	+29%
Used Units	
- Southern Africa	+1%
- Australia	+17%

* = Dealership throughput per month > 60 units



Motor: Avis Rent-a-Car Key Indicators YTD July 2005

Key Indicators	Growth
Rental Days	
- Southern Africa	+8%
- Scandinavia	+10%
Rate Per Day	
- Southern Africa	-5%
- Scandinavia	-1%



Coatings: Watch this space...

Midas Acquisition

- Entry into contractor market
- Skills development focus
- High end Earthcote concept stores

Automotive refinish

- Potential acquisition of largest distributor
- Skills development focus

China

- New coatings distribution model
- Partner with Rohm & Haas (raw material supplier)
- Commercial pilot underway



Other Divisions

Industrial Distribution

- Freightliner performing well
- Growth in US handling market
- UK handling remains muted

Scientific

- Restructuring in Laboratory well underway
- Melles Griot high level analysis

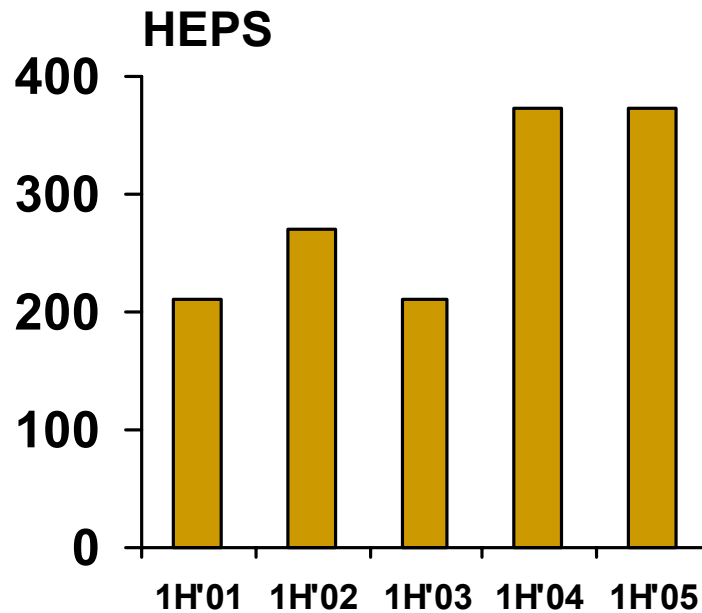
Steel Tube

- Steel cycle down, but stabilising
- Shift in marketing structure

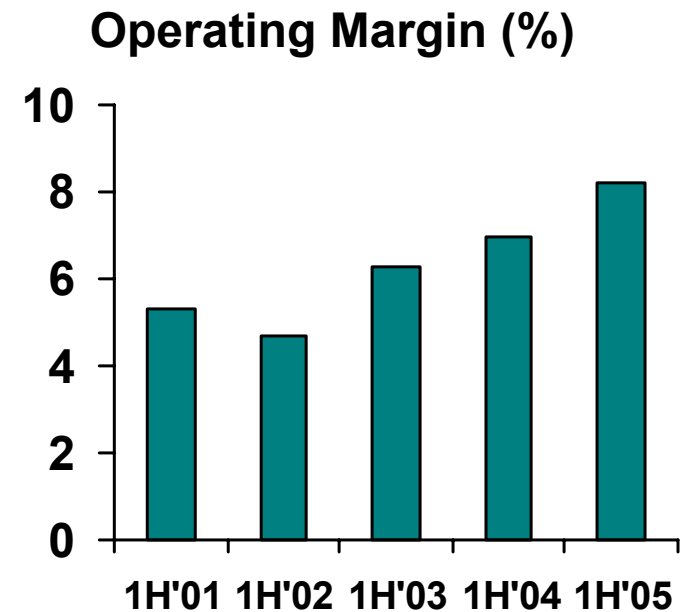


VBM STRATEGY HAS DELIVERED FINANCIAL PERFORMANCE...

Improving profits



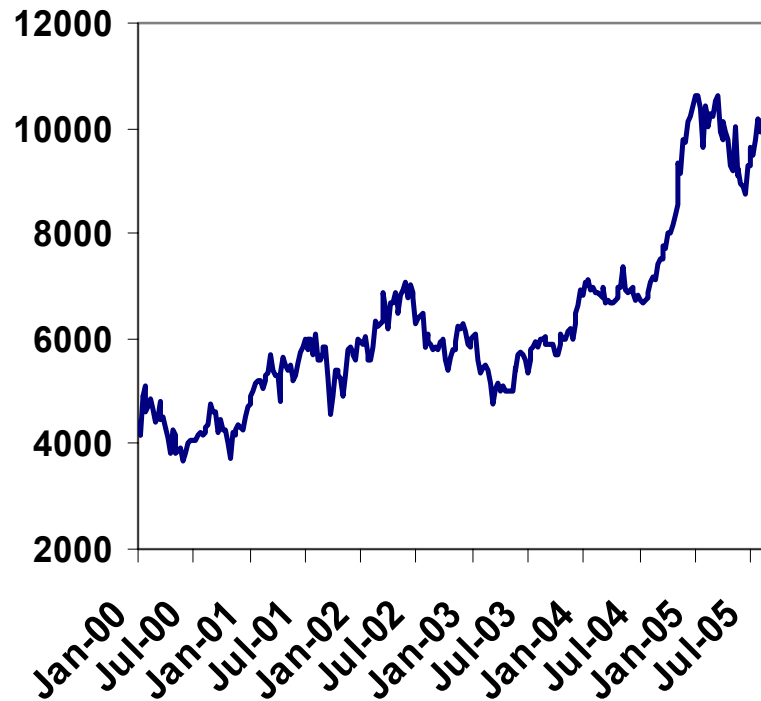
Improving margins





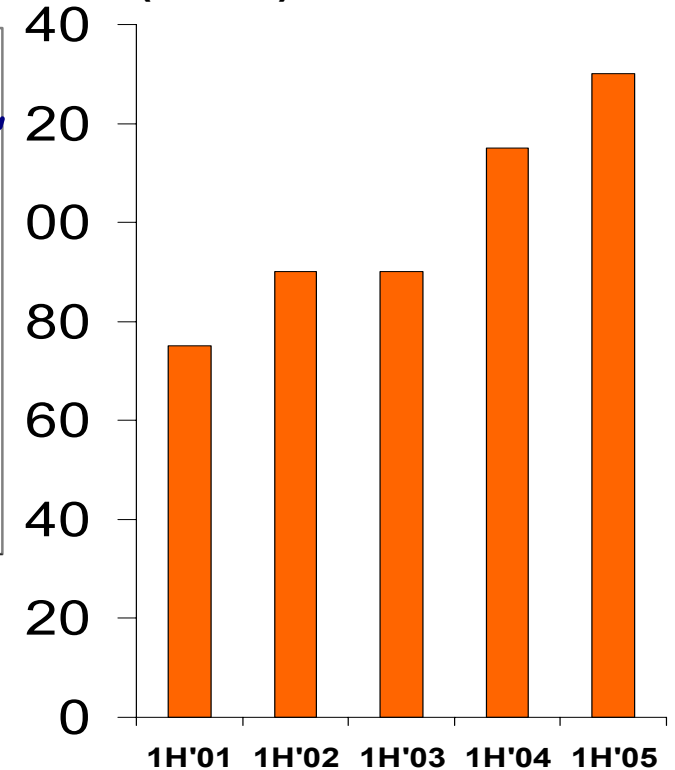
... AND SHAREHOLDER VALUE

**Dividend up 13%
to 130 cents**



Weekly share price (cents)*

**Ordinary Dividends
(cents)**



* Final figure is 21 June 2005



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Appendix



Incremental acquisitions over last 5 years

Equipment

- Finaltair
- Energyst
- Circon

Industrial Distribution

- Barton, Texarkana & North West Arkansas Freightliner
- Sterling dealership (Tennessee)
- Netherlands Hyster
- N Ireland Hyster

Cement & Lime

- Mooiplaas Dolomite
- Porthold (Zimbabwe)
- PPC shares
- Kgale Quarries (Botswana)
- Readymix (Botswana)

Motor

- Avis Southern Africa
- SA retail dealerships

Coatings

- ICC
- White Knight (Australia)
- Sonnex Paints (Namibia)
- Hamilton Brush

Scientific

- Protean Laboratory Group (UK)
- LPM Lasers

Logistics

- Optimus
- Supply Chain Solutions
- ZA Trans



Disposals over past 5 years

**We are
fixers of
businesses,
not traders**

**But we sell
when a
business
doesn't
make sense
in our
future**

2000

- 12 million Dimension Data shares
- Comparex shareholding
- Technical Optics
- Logical Botswana

2002

- Natal Portland Cement
- Ash Resources
- Stemcor
- Motor dealerships (Australia)
- Plascon International (UK)
- Robor Stuart & Lloyds

2003

- Motor Leasing Book
- Motor retail dealerships
- Schenectady Joint Venture

2004

- Equipment Leasing Book
- Melles Griot UK
- Henry Cooke (UK)
- Motor Dealerships
- Bulgarian Caterpillar dealership

2005

- Slagment
- Umndeni Circon (30%)

HY 05 INCOME STATEMENT HIGHLIGHTS

Operating margins and returns improve, bolstered by Avis

R million	1H'05	1H'04	% Ch
Revenue	18 792	17 532	7
Operating profit before goodwill	1 545	1 235	25
Financial instrument adjustments	(45)	(57)	
Finance costs	(213)	(184)	
Profit before exceptionals	1 358	1 042	30
Exceptional Items	15	159	
Taxation incl STC	(505)	(427)	
Headline earnings	768	735	4
Headline EPS (cents)	372.4	373.8	0
Interim dividend (cents)	130	115	13

1H'05 INCOME STATEMENT

IAS 21/39 IMPACT

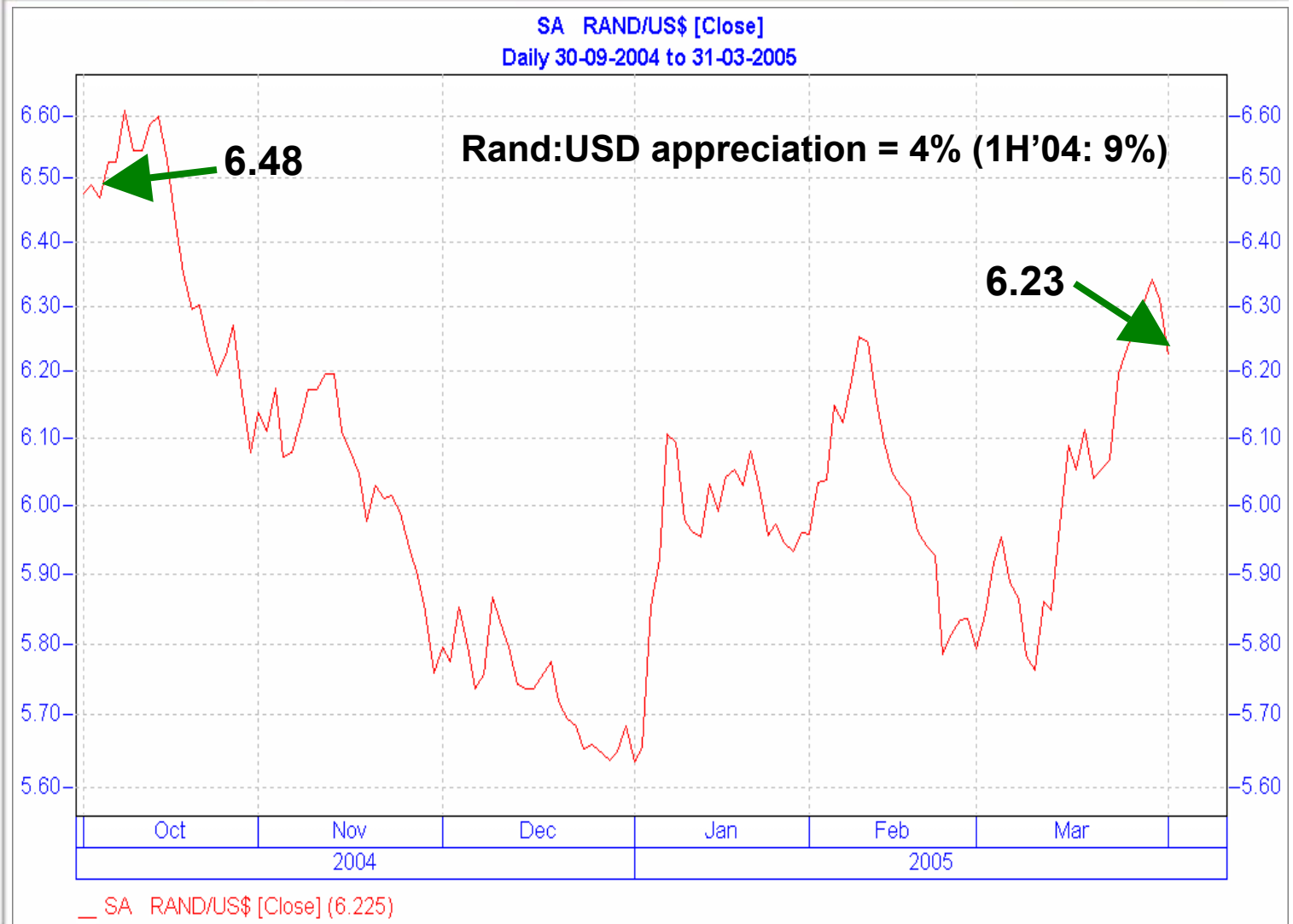
**Negative
financial
instrument
adjustments
recouped at
operating level**

R million	1H'05	1H'04
Equipment Southern Africa	(42)	(77)
Other Operations	(3)	20
Financial instrument adjustments	(45)	(57)
Recoupment at operating profit level	78	84
Impact on profit before tax	33	27



1H'05 FINANCIAL INSTRUMENT ADJUSTMENTS IMPACTED BY R:\$

Lower Rand appreciation against dollar reduces negative fair value adjustments





EXCEPTIONAL ITEMS

**Exceptional
profits R15m
(1H'04: R159m)**

R million	1H'05	1H'04
Profit on disposal of properties, investments and subsidiaries	24	64
Reversal of pension fund closure provision		100
Impairment of assets	(9)	(5)
Total exceptional profits before tax	15	159



HEPS IMPACTED BY PRIOR YEAR PENSION WRITE BACK AND STC

HEPS
impacted by
non-operational
items

Cents per Share	1H'05	1H'04	% Ch
HEPS as reported	372	374	0
Pension impact		(36)	
STC impact	21		
	393	338	16
Weighted average shares in issue-basic (000)	206 249	196 628	5

TAXATION RATE ANALYSIS

R Million	1H'05	1H'04
Taxation per income statement	401	367
Prior year tax excluding exceptionals	(2)	
Tax on exceptionals	(2)	(27)
Taxation before STC & exceptionals	397	340
Profit before exceptionals and goodwill	1 358	1 097
Effective tax rate (%) - excl STC	29.2%	31.0%
STC on dividends paid	104	60

**Lower effective
tax rate before
STC**

**Higher STC on
PPC special
dividends**

RAND APPRECIATION IMPACT ON HEPS

Translation of offshore profits reduces HEPS by about 5 cents (1%)

Average rate	1H'05	1H'04	Rand appreciation (%)
US\$	5.94	6.66	10.9
Euro	7.79	8.15	4.3
GBP	11.47	11.96	4.1



GEARING RATIOS AND TARGETS

Gearing ratios remain within target ranges

Debt to equity (%)	Trading	Leasing	Car Rental	Total group
Target range	20 – 40	600 - 800	200 - 300	
30 Sept 04	21	598	300	65
31 Mar 05	29	707	224	70



HY05: BALANCE SHEET HIGHLIGHTS

**Balance sheet
remains
healthy**

- Balance sheet remains strong with little exchange rate impact
- Total assets increased by R315 million to R28 143 million from Sept 2004
- On-balance sheet repurchase commitments of R480m reclassified as contingent liabilities under IAS 37
- Total interest-bearing borrowings increased R777 million to R8 487 million

CASH FLOW HIGHLIGHTS

**Strong
operating
cash
generation
continues**

- Operating cash generations remains strong at R1 466m (1H'04: R1 472m)
- Working capital increase of R948m (1H'04: R504m) due to higher activity levels and increased equipment inventory to cover stronger forward order books
- Dividends paid R883m (1H'04: R596m)
- Cash applied to investing activities of R1 324m (1H'04: R2 255m) includes:

R million	1H'05	1H'04
Acquisitions of subs and investments	(254)	(1 525)
Fleet and rental assets investment	(441)	(315)
Proceeds on disposal of subs, investments and properties	184	184