Barloworld
Leading brands

Audited preliminary report

1951 1971 1991 2011 2051

2001

Barloworld Limited

for the year ended 30 September

Financial highlights

- Headline EPS +30% to 499 cents
- Operating profit +29% to R1,5 billion
- 61% operating profit from outside South Africa (2000: 57%)
- Total dividend +22% to 220 cents
- Cash flow from operations R1,6 billion (2000: R1,4 billion)
- R1 billion in acquisitions

Results

Revenues grew 24% to R27 945 million assisted by good growth in Europe, particularly in Spain and Portugal as well as by acquisitions which added new revenue of R1 510 million. Market conditions in the USA and Australia worsened in the second half whereas South Africa fared somewhat better. The rest of Africa continued its strong progress.

The implementation of Value Based Management throughout Barloworld continued to bear fruit in the results for the year under review. There was an improved performance from most business units, **margins improved and operating profit rose 29% to R1 487 million.** This result was achieved through excellent performances from Capital Equipment in Europe and Africa (outside South Africa), Materials Handling in the UK and from Cement and Lime. Difficult market conditions were experienced by Melles Griot and Coatings in Australia. Nearly all segments in the group increased operating profit compared to the previous year.

Finance costs increased to R305 million (2000: R247 million) largely as a result of higher borrowings following R1 billion of acquisitions.

Amortisation of goodwill increased to R88 million (2000: R47 million) due mainly to the acquisition of Barloworld (Barton) Freightliner in October 2000.

Total tax rose 27% to R383 million and the effective rate of tax before exceptional items was 28,6% (2000: 27,7%).

Fully diluted earnings per share from continuing operations before exceptional items increased 20% to 444 cents (2000: 370 cents*). **Headline earnings per share rose 30% to 499 cents (2000: 383 cents).**

Exceptional costs of R278 million are primarily impairments. These relate mainly to the impairment to the cost of the investment in Avis Southern Africa to current market value, the assets of Robor Stewarts and Lloyds which are in the process of being sold and the closure of the ink, protective coatings and wood finishes businesses.

Cash flow available from operations remained strong at R1 652 million (2000: R1 423 million). The disposal of assets also generated R411 million in cash (2000: R1 285 million).

The balance sheet remains healthy and gearing excluding leasing operations was 31,1 % (2000: 12,6%).

The directors have declared a final dividend of 145 cents per share (2000: 120 cents) resulting in a 22% increase in the total dividends declared for the year to 220 cents (2000: 180 cents).

**Includes the results of the paper business which were previously classified as discontinued.*

Segmental review

Capital Equipment

Year ended 30 Sept

R million	Revenue 2001	Revenue 2000	Operating profit 2001	Operating profit 2000	Net assets 2001	Net assets 2000
Europe	**4 629**	3 912	**418**	317	**1 518**	967
South Africa	**2 065**	1 811	**74**	49	**749**	626
Other Africa	**1 266**	439	**130**	16	**377**	200
Share of associate income			**(3)**	7		
	7 960	6 162	**619**	389	**2 644**	1 793

European revenues rose 18% and effective cost control saw margins improve. The Spanish and Portuguese operations produced another excellent performance on the back of the continued strength of the ongoing public sector fixed investment programmes. Major equipment deals were secured with a number of contracting companies and the after market (parts and service) business was also very strong. Our success in increased market penetration was recognised through the award from Caterpillar as European Dealer of the Year for both dump trucks and excavators. In Siberia the order book and activity levels continue to grow. The increase in net assets in Europe compared with the previous year was due to the impact on inventories of the timing of sales over the year-end.

A steady recovery in the second half of the year saw an improved performance from operations in South Africa. Demand for mining equipment was buoyant and sales were enhanced by the growth in long-term maintenance and repair contracts. The market for construction equipment remained depressed due to the continuing low levels of infrastructural spending. The Hyster lift truck business experienced a modest increase in volumes and having been fully absorbed into the capital equipment infrastructure, made an improved profit contribution.

The other African operations continued the solid first half performance with substantial contributions from sales to the mining sectors in Angola, Botswana, Namibia and Zambia.

Industrial Distribution

Year ended 30 Sept

R million	Revenue **2001**	Revenue 2000	Operating profit **2001**	Operating profit 2000	Net assets **2001**	Net assets 2000
North America	**3 367**	1 897	**109**	139	**1 527**	703
Europe	**1 684**	1 167	**75**	48	**728**	582
Share of associate income			**(8)**			
	5 051	3 064	**176**	187	**2 255**	1 285

Substantial revenue growth occurred in North America due to the acquisition of Barloworld Freightliner in October 2000. Notwithstanding a sharp decline in demand for heavy-duty trucks, Barloworld Freightliner finished the year with an operating profit. The recession in the US lift truck and trenching equipment markets resulted in a decline in profits from the region despite good progress in restructuring the business to lower its cost base.

The materials handling business in Europe performed well, increasing market share in difficult trading conditions. Revenue growth was enhanced by the first nine months of the Tri-Services contract with the UK Ministry of Defence. Margin improvements resulted from ongoing restructuring programmes.

Motor

Year ended 30 Sept

R million	Revenue **2001**	Revenue 2000	Operating profit **2001**	Operating profit 2000	Net assets **2001**	Net assets 2000
South Africa	**5 805**	5 008	**99**	72	**735**	990
Other Africa	**281**	248	**7**	9	**30**	19
Australia	**460**	367	**8**	13	**414**	81
Share of associate income			**29**	10		
	6 546	5 623	**143**	104	**1 179**	1 090

In South Africa, an unchanged share of a slightly improved market saw revenues rise 16%. Effective cost containment saw margins improve and operating profit grew 38%. The investment in Avis made a good contribution to the performance of Barloworld Motor.

In the rest of Africa, an improved performance in Namibia contrasted with a slowdown in Botswana.

In Australia, the dealerships produced lower profits in a depressed market and the increased year-end asset base was the result of the acquisition of three dealerships late in the year.

Cement & Lime

Year ended 30 Sept

R million	Revenue 2001	Revenue 2000	Operating profit 2001	Operating profit 2000	Net assets 2001	Net assets 2000
South Africa	**1 771**	1 537	**406**	271	**2 106**	2 016
Other Africa	**199**	150	**39**	27	**117**	87
Share of associate income			**24**	15		
	1 970	1 687	**469**	313	**2 223**	2 103

Revenue grew 17% and a 50% increase in operating profit was largely attributable to initiatives linked to Value Based Management.

Cement sales volumes grew by 0,7% and the focus on improving the quality of the customer base continued. Cost reductions in the manufacturing process resulted from improved process efficiencies, better plant utilisation and innovative waste burning solutions. Increased cement exports, the newly acquired Mooiplaas quarry and a better performance from the aggregate operations all contributed to the increase in turnover and profits.

Lime sales volumes rose 3% mostly due to increased sales of burnt dolomite. Energy costs were reduced following the commissioning of a second pre-heater and the introduction of waste burning at the Lime Acres plant.

Returns from PPC Saldanha are now approaching the levels anticipated.

The packaging business also did well with increased sales of self-opening bags, higher productivity and the benefits flowing from restructuring in the prior year.

Scientific Products

Year ended 30 Sept

R million	Revenue 2001	Revenue 2000	Operating profit 2001	Operating profit 2000	Net assets 2001	Net assets 2000
Europe	**903**	746	**80**	52	**819**	620
North America	**724**	547	**62**	55	**450**	315
Asia	**178**	179	**8**	17	**127**	120
	1 805	1 472	**150**	124	**1 396**	1 055

The European operations, dominated by the laboratory equipment business, did well. Higher demand for laboratory products combined with firmer pricing and the effects of cost reductions flowing from the rationalisation of operating sites in the previous year. The Protean group of companies, acquired in August 2001, also made a contribution to the results for the year.

In North America, there was a significant slowdown in the laser and optics business (Melles Griot) in the second half of the year. However, the good first half performance and rapid restructuring as business volumes declined ensured increased profits for the year.

The Asian business, which is predominantly Melles Griot, did not benefit from demand growth in the first half of the year and accordingly showed reduced profits for the full year.

Coatings

Year ended 30 Sept

	Revenue		Operating profit		Net assets	
R million	**2001**	2000	**2001**	2000	**2001**	2000
South Africa*	**911**	873	**43**	36	**395**	412
Other Africa	**85**	68	**8**	5	**22**	14
Australia and Asia	**796**	863	**(43)**	(11)	**293**	310
Europe	**98**	84	**4**	8	**21**	17
Share of associate income			**7**	13		
	1 890	1 888	**19**	51	**731**	753

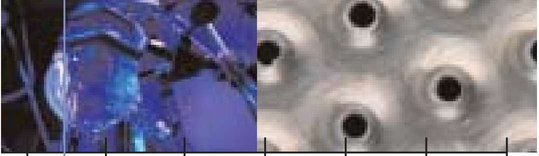
* *Included in the results for South Africa are the inks, protective coatings and wood finishes businesses prior to their disposal/closure. These businesses incurred R6 million of trading losses in 2001 and R1 million in the prior year.*

Decorative coatings volumes in South Africa were unchanged from the previous year; however revenues were lower due to the effect of the closure of the industrial coatings joint ventures. A buoyant automotive market and cost reductions throughout the operations resulted in improved margins and a 19% profit increase.

In the rest of Africa the decorative paint businesses did well in growing markets.

While market share was maintained in Australia, revenues declined sharply and margins were reduced in a market which was depressed post the Olympics and the introduction of general sales tax. An eight week strike at the Sydney factory at the end of the period under review also contributed to the increased loss. The export business to China continues to develop satisfactorily.

Profits from the speciality coatings business in the United Kingdom declined with reduced margins due to market pressure.



Steel Tube

Year ended 30 Sept

R million	Revenue 2001	Revenue 2000	Operating profit 2001	Operating profit 2000	Net assets 2001	Net assets 2000
South Africa*	**1 343**	1 211	**9**	3	**419**	440
Share of associate income			**7**	4		
	1 343	1 211	**16**	7	**419**	440

* *The trading loss of R11 million (2000: R16 million) incurred in Robor Stewarts & Lloyds is included in the results.*

Revenues rose in real terms despite a depressed southern African steel tube market. Exports of tube products increased. The benefits of restructuring were seen in a steady improvement in operating profits in the second half of the year. A decision has been made to exit the loss making Robor Stewarts & Lloyds distribution business.

Financial Services and Other

Year ended 30 Sept

R million	Revenue 2001	Revenue 2000	Operating profit 2001	Operating profit 2000	Net assets 2001	Net assets 2000
Leasing	**629**	591	**(2)**	16	**3 455**	2 725
Other	**751**	759	**(47)**	13	**2 005**	1 112
	1 380	1 350	**(49)**	29	**5 460**	3 837

A satisfactory performance in the leasing operations in the United Kingdom was offset by the adverse effect in South Africa of lower interest rates and an increased provision for non-performing debt, due to the decline in the building and construction industry. The motor book performed well. The United Kingdom and USA book increased to R1 849 million (2000: R1 017 million) and the book in South Africa was R1 606 million (2000: R1 708 million).

Other comprises treasury, insurance, information technology, property and corporate activities as well as the UK-based speciality paper business and the newly constituted logistics operation. The increase in net assets compared with the previous year was due primarily to a short-term increase in treasury cash.

Value Based Management

The implementation of Value Based Management (VBM) throughout the organisation continues to progress well. VBM is designed to drive every management team within Barloworld to focus on shareholder, customer and employee value. It is a long-term strategic focus which is fundamentally changing the way the group is managed and was a key driver of the improved performance in the year under review. Each operating division is required to demonstrate that, on average it can achieve a cash flow return on investment (CFROI) in excess of the group's real cost of capital through a business cycle. The group achieved a real CFROI of 8,3% in 2001 (2000: 6,7%) surpassing the target we set in September 1999 to exceed a real cost of capital hurdle rate of 8% within two years.

Acquisitions

The more significant acquisitions during the year included Barloworld (formerly Barton) Freightliner Inc. headquartered in Memphis, Tennessee for R478 million; the Protean Laboratory business in the UK for R267 million; three motor dealerships in Melbourne, Australia for R207 million; Mooiplaas Dolomite (Pty) Limited in South Africa for R25 million through our listed subsidiary Pretoria Portland Cement Company Limited; the vehicle accident repair operations of Avis Southern Africa Limited, Flemingo Plant Hire and several motor dealerships in South Africa.

After the year-end, PPC acquired Portland Holdings Limited in Zimbabwe for R432 million settled by a combination of cash and PPC shares. As a consequence of the issue of these shares, Barloworld's interest in PPC reduced from 68% to 63%.

Prospects

We remain focused on value creation for all stakeholders. The drive to implement Value Based Management throughout the organisation provides a platform to enhance the growth of the group and the benefits will be felt in the year ahead.

The spread of Barloworld's business activities means that we are well positioned to take advantage of any improvement in the global outlook as well as any growth opportunities that may arise.

While it will be difficult to show an improvement in the first half of 2002, we plan to make further progress over the full year.

Income statement

R million	2001	2000	% change
Revenue	**27 945**	22 457	24
Operating profit	**1 487**	1 155	29
Finance costs	**(305)**	(247)	
Income from investments	**254**	256	
Goodwill amortisation	**(88)**	(47)	
Profit from continuing operations	**1 348**	1 117	21
Loss from discontinuing operations		(30)	
Profit before exceptional items	**1 348**	1 087	24
Exceptional items (note 2)	**(278)**	668	
Profit before taxation	**1 070**	1 755	
Taxation	**383**	302	
Profit after taxation	**687**	1 453	
Income from associates	**31**	40	
Minority interests	**(101)**	(87)	
Net profit for the year	**617**	1 406	
Weighted average number of ordinary shares in issue during the year after deducting those repurchased in the buy-back programme (000)			
– basic	**195 613**	205 594	
– fully converted	**201 946**	209 977	
Net profit per share (cents)			
– basic	**316**	684	
– fully diluted	**311**	675	
Earnings per share from continuing operations excluding exceptional items (cents)			
– basic	**452**	373	
– fully diluted	**444**	370	20
Headline earnings per share	**499**	383	30
Dividends per share (cents)	**220**	180	22
– interim	**75**	60	
– final	**145**	120	

Balance sheet

R million	2001	2000
Assets		
Non-current assets	**10 714**	8 319
Property, plant and equipment	**6 053**	5 297
Other non-current assets	**819**	627
Goodwill and intangible assets	**1 530**	890
Investment in associates and joint ventures	**332**	310
Finance lease receivables	**1 723**	1 007
Deferred tax assets	**257**	188
Current assets	**11 232**	8 419
Inventories	**4 771**	3 677
Trade and other receivables	**4 680**	3 798
Cash and cash equivalents	**1 781**	944
Total assets	**21 946**	16 738
Equity and liabilities		
Capital and reserves		
Share capital and premium	**682**	690
Non-distributable reserves	**2 319**	1 240
Retained surplus	**6 059**	5 951
Equity portion of convertible bond	**17**	17
Interest of shareholders of Barloworld Limited	**9 077**	7 898
Minority interest	**625**	556
Interest of all shareholders	**9 702**	8 454
Non-current liabilities	**3 845**	2 881
Interest-bearing	**2 411**	1 912
Deferred tax liabilities	**318**	281
Convertible bond	**225**	180
Non-interest-bearing	**891**	508
Current liabilities	**8 399**	5 403
Amounts due to bankers and short-term loans	**3 586**	1 602
Taxation	**361**	214
Trade and other payables	**4 113**	3 178
Provisions	**339**	409
Total equity and liabilities	**21 946**	16 738

Cash flow statement

R million	Unaudited 2001	Audited 2000
Cash available from operations		
Cash available from operations	**1 652**	1 423
Dividends paid (including outside shareholders)	**(436)**	(381)
Net cash from operating activities	**1 216**	1 042
Net cash from investing activities	**(2 004)**	(1 693)
Acquisition of subsidiaries and investments	**(1 018)**	(696)
Buy-back of Barloworld shares	**(90)**	(768)
Acquisition of property, plant and equipment		
– replacement	**(613)**	(551)
– expansion		
– rental assets	**(654)**	(795)
– other	**(40)**	(168)
Proceeds on disposals	**411**	1 285
Net cash outflow before financing activities	**(788)**	(651)
Net cash from financing activities	**1 625**	411
Net increase/(decrease) in cash and cash equivalents	**837**	(240)
Cash and cash equivalents at beginning of year	**944**	1 184
Cash and cash equivalents at end of year	**1 781**	944

Other group salient features

	2001	2000
Number of ordinary shares in issue, net of buy-back (000)	**195 284**	197 330
Net asset value per share including investments at market value (cents)	**4 774**	4 081
Total liabilities to total shareholders' funds	**122,9**	94,7
Total borrowings to total shareholders' funds		
– gross excluding leasing	**31,1**	12,6
– gross including leasing	**64,1**	43,7
Interest cover (times)		
– gross excluding leasing	**5,4**	5,4
– gross including leasing	**3,3**	3,3

Statement of changes in equity

R million	2001	2000
Interest of Barloworld Limited shareholders at the beginning of the year	**7 898**	7 244
Net movements not recognised in income statement	**943**	(418)
Buy-back of Barloworld shares	**(90)**	(768)
Exchange gains on translation of the financial statements of foreign operations	**993**	264
Increase in other reserve movements	**40**	86
Net movements recognised through the income statement	**236**	1 072
Earnings attributable to ordinary shareholders	**617**	1 406
Dividends on ordinary shares	**(381)**	(334)
Interest of Barloworld Limited shareholders at the end of the year	**9 077**	7 898

Segmental summary

	Revenue		Operating profit		Share of associate income*		Net assets	
R million	2001	2000	2001	2000	2001	2000	2001	2000
Capital Equipment	**7 960**	6 162	**622**	382	**(3)**	7	**2 644**	1 793
Industrial Distribution	**5 051**	3 064	**184**	187	**(8)**		**2 255**	1 285
Motor	**6 546**	5 623	**114**	94	**29**	10	**1 179**	1 090
Cement & Lime	**1 970**	1 687	**445**	298	**24**	15	**2 223**	2 103
Scientific Products	**1 805**	1 472	**150**	124			**1 396**	1 055
Coatings	**1 890**	1 888	**12**	38	**7**	13	**731**	753
Steel Tube	**1 343**	1 211	**9**	3	**7**	4	**419**	440
Financial Services and Other	**1 380**	1 350	**(49)**	29			**5 460**	3 837
	27 945	22 457	**1 487**	1 155	**56**	49	**16 307**	12 356

**Includes dividends from associates and share of retained income.*

Notes

1. Accounting policies

These results have been prepared in accordance with International Accounting Standards (IAS). There have been no changes in accounting policies during the year. The increase in provisions for further constructive obligations in respect of plant closure costs and employee related costs at or after retirement required under IAS have been treated as an exceptional item to the extent they relate to prior years.

The paper operations in the United Kingdom which were previously regarded as discontinuing have been reclassified as continuing under “Financial Services and Other”. The Logistics operations included previously in the Cement, Motor and Capital Equipment divisions have also been reclassified under “Financial Services and Other”. Prior year results have been revised accordingly.

2. Net profit from continuing operations

R million	2001	2000
Net profit for the year	**617**	1 406
Discontinuing operations		
Loss from discontinuing operations		30
Exceptional items	**267**	(670)
Profit on disposal of shares in Comparex Holdings Ltd and Dimension Data Holdings Ltd		(698)
Impairment losses	**207**	59
Additional obligations under IAS	**93**	
Provision for closure costs no longer required	**(29)**	
Profit on sale of property and investments	**(6)**	(29)
Attributable exceptional items of associates	**13**	
Exceptional items before taxation	**278**	(668)
Taxation	**3**	1
Interest of outside shareholders	**(14)**	(3)
Net profit from continuing operations	**884**	766

3. Headline earnings

Net profit from continuing operations	**884**	766
Goodwill amortisation	**88**	47
Loss/(profit) on disposal of fixed assets (excluding rental assets)	**4**	(24)
Headline earnings	**976**	789

Dividend declaration for the year ended 30 September 2001: Dividend No 144

Notice is hereby given that the directors of Barloworld Limited have declared a final ordinary dividend of 145 cents per share to all shareholders.

The salient dates for the final dividend are as follows:

Last date to trade ordinary shares "CUM" dividend	Friday, 11 January 2002
Ordinary shares trade "EX" dividend	Monday, 14 January 2002
Record date	Friday, 18 January 2002
Payment date	Monday, 21 January 2002

Share certificates may not be dematerialised or rematerialised between Monday, 7 January 2002 and Friday, 18 January 2002, both dates inclusive.

Directors

Executive: AJ Phillips* *(Chief Executive),* DC Arnold, K Brown*, MD Coward, LS Day*, JE Gomersall*, AJ Lamprecht, PM Surgey. **Non-executive:** WAM Clewlow *(Chairman)*#, RKJ Chambers#, PTW Curtis#, Sir Andrew Hugh-Smith*#, MJ Levett#, DB Ntsebeza, SB Pfeiffer†, LA Tager, EP Theron#.

**British* †*American* #*Member of audit committee*

Addresses

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