



UNAUDITED INTERIM RESULTS

For the six months ended 31 May 2024

AGENDA

- ❑ General business environment
- ❑ Hudaco in the general business environment
- ❑ Business model
- ❑ Reporting segments
- ❑ Operating profit and margins
- ❑ Financial review
- ❑ Outlook

GENERAL BUSINESS ENVIRONMENT

- ❑ Another challenging six months
- ❑ Reduced load-shedding
- ❑ Trading environment is weak due to business inertia arising from apprehension around the May elections
- ❑ Financial constraints on disposable income
- ❑ Consumers and businesses under pressure
- ❑ Inefficiency at ports causing extended delays

HUDACO IN THE GENERAL BUSINESS ENVIRONMENT



BEARINGS
INTERNATIONAL



HUDACO IN THIS ENVIRONMENT

- ❑ CADAC and the battery and energy businesses performed poorly
- ❑ The rest of Hudaco's portfolio of businesses delivered an acceptable result under difficult circumstances
- ❑ Acquisitions Brigit Fire and Plasti-Weld performed well

HUDACO IN THIS ENVIRONMENT

Turnover	↓	6,3% to R4,0bn
Gross profit margin	↑	35,2% to 37,0%
Operating profit	↓	11,0% to R414m
Attributable earnings	↓	16,0% to R223m
Headline and comparable earnings per share	↓	15,3% to 785 cents
Interim dividend per share	→	325 cents
Cash generated from operations	↑	133% to R573m

BUSINESS MODEL

ELVEY
Security Technologies



THE HUDACO BUSINESS MODEL

- ❑ Hudaco's main business is the importation and distribution of high-quality branded automotive, industrial and electronic consumable products
- ❑ The concept of "value-added distribution" is key to our business model
- ❑ Agency agreements generally restrict our activities to Africa, south of the equator
- ❑ Our diversified portfolio of businesses limits our risk and makes us resilient
- ❑ Many businesses across many sectors
- ❑ Many products in many industries
- ❑ Decentralised focused management teams – industry-specific specialists
- ❑ Quick decision-making, control and accountability

FEATURES OF VALUE-ADDED DISTRIBUTION

- ❑ Focused business units with application advice
- ❑ Technical specification and product knowledge
- ❑ Training
- ❑ Credit provision
- ❑ Drives customer retention and supplier loyalty
- ❑ Level 3 B-BBEE credentials (110% procurement recognition)

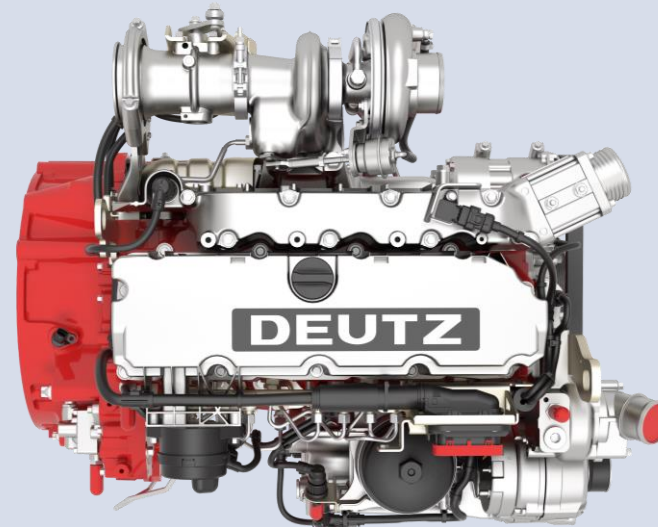
Inventories R2 647m

- ❑ Instant availability
- ❑ 29 warehouses
- ❑ 800 international suppliers
- ❑ Over 230 000 line items
- ❑ Over 130 branches

Receivables R1 341m

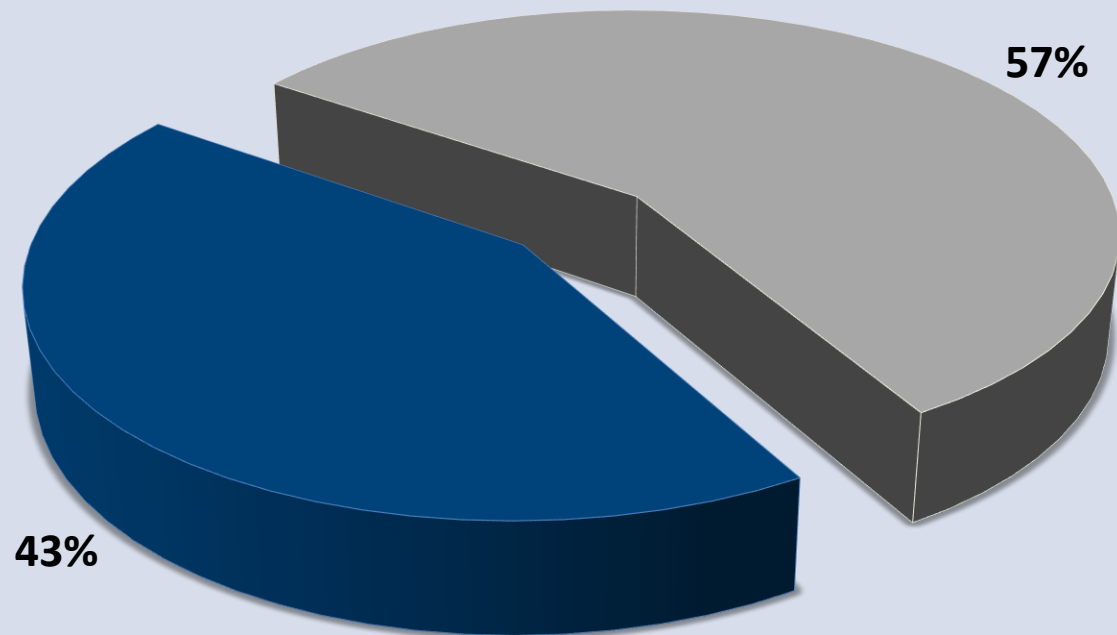
- ❑ 30 000 active customers
- ❑ Generally low-value transactions – low concentration or risk
- ❑ Low level of tender or contract business

REPORTING SEGMENTS

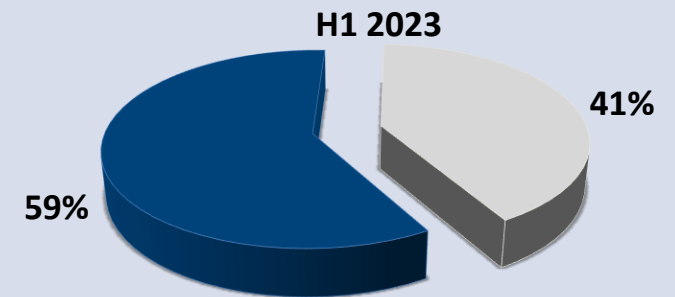


CONTRIBUTION BY SEGMENT

Contribution to H1 2024 operating profit
(before shared services and head office)



■ Consumer-related products ■ Engineering consumables



CONSUMER-RELATED PRODUCTS

The consumer-related products segment imports and distributes branded products driven by consumer spending and generally sold to installers.

Consumer-related products (12 businesses)

- ❑ Automotive aftermarket products
- ❑ Power tools and fasteners
- ❑ Data networking equipment
- ❑ Batteries and sustainable energy products
- ❑ Security and communication equipment
- ❑ Gas and outdoor products

SEGMENT RESULTS FOR CONSUMER-RELATED PRODUCTS

Rm	Turnover			Op Margin		Operating Profit		
	2024	% ch	2023	2024	2023	2024	% ch	2023
Ongoing operations	1 890	(15,7)	2 242	9,9	13,1	187	(36,2)	294
Acquisitions								
Segment total	1 890	(15,7)	2 242	9,9	13,1	187	(36,2)	294

- ❑ CADAC and our battery and energy businesses performed poorly
- ❑ Sub-optimal management
- ❑ The extensive load-shedding experienced in H1 2023 was not repeated
- ❑ The write-down of energy stock to realisable value
- ❑ The late arrival of winter at the end of H1
- ❑ The delay in CADAC's summer range arriving through Durban port late in 2023
- ❑ Most businesses had reduced volumes as consumers were under pressure

ENGINEERING CONSUMABLES

The engineering consumer products are generally used in the maintenance of machines and sold mainly to mining and manufacturing customers.

Engineering consumables (19 businesses)

- ❑ Bearings, belting and power transmission
- ❑ Diesel engines and spares
- ❑ Electrical power transmission
- ❑ Filtration
- ❑ Fire detection, containment and suppression
- ❑ Hydraulics and pneumatics
- ❑ Specialised steel
- ❑ Thermoplastic pipes, fittings and equipment

SEGMENT RESULTS FOR ENGINEERING CONSUMABLES

Rm	Turnover			Op Margin		Operating Profit		
	2024	% ch	2023	2024	2023	2024	% ch	2023
Ongoing operations	1 945	(3,8)	2 023	10,4	10,1	203	(0,5)	204
Acquisitions	157			26,0		41		
Segment total	2 102	3,9	2 023	11,6	10,1	244	19,5	204

- ❑ This segment continues to show its resilience.
- ❑ Operating margin up
- ❑ Acquisitions of Brigit Fire and Plasti-Weld performed well
- ❑ Bearings International, Deutz Dieselpower and FHS had a good H1
- ❑ Our steel businesses Bosworth and Ambro had a disappointing result

COMBINED SEGMENT RESULTS

Rm	Turnover			Op Margin		Operating Profit		
	2024	% ch	2023	2024	2023	2024	% ch	2023
Consumer-related products	1 890	(15,7)	2 242	9,9	13,1	187	(36,2)	294
Engineering consumables	2 102	3,9	2 023	11,6	10,1	244	19,5	204
Head office, shared services and eliminations	(9)		(15)			(17)		(33)
Total group	3 983	(6,3)	4 250	10,4	10,9	414	(11,0)	465

EFFECT OF ACQUISITIONS AND PROBLEMATIC BUSINESSES

	Rm
Operating profit H1 2024	414
Less: Contribution from acquisitions in 2024	(41)
Add: Swing in CADAC and Battery/Energy businesses	93
Adjusted operating profit H1 2024	466
Operating profit H1 2023	465

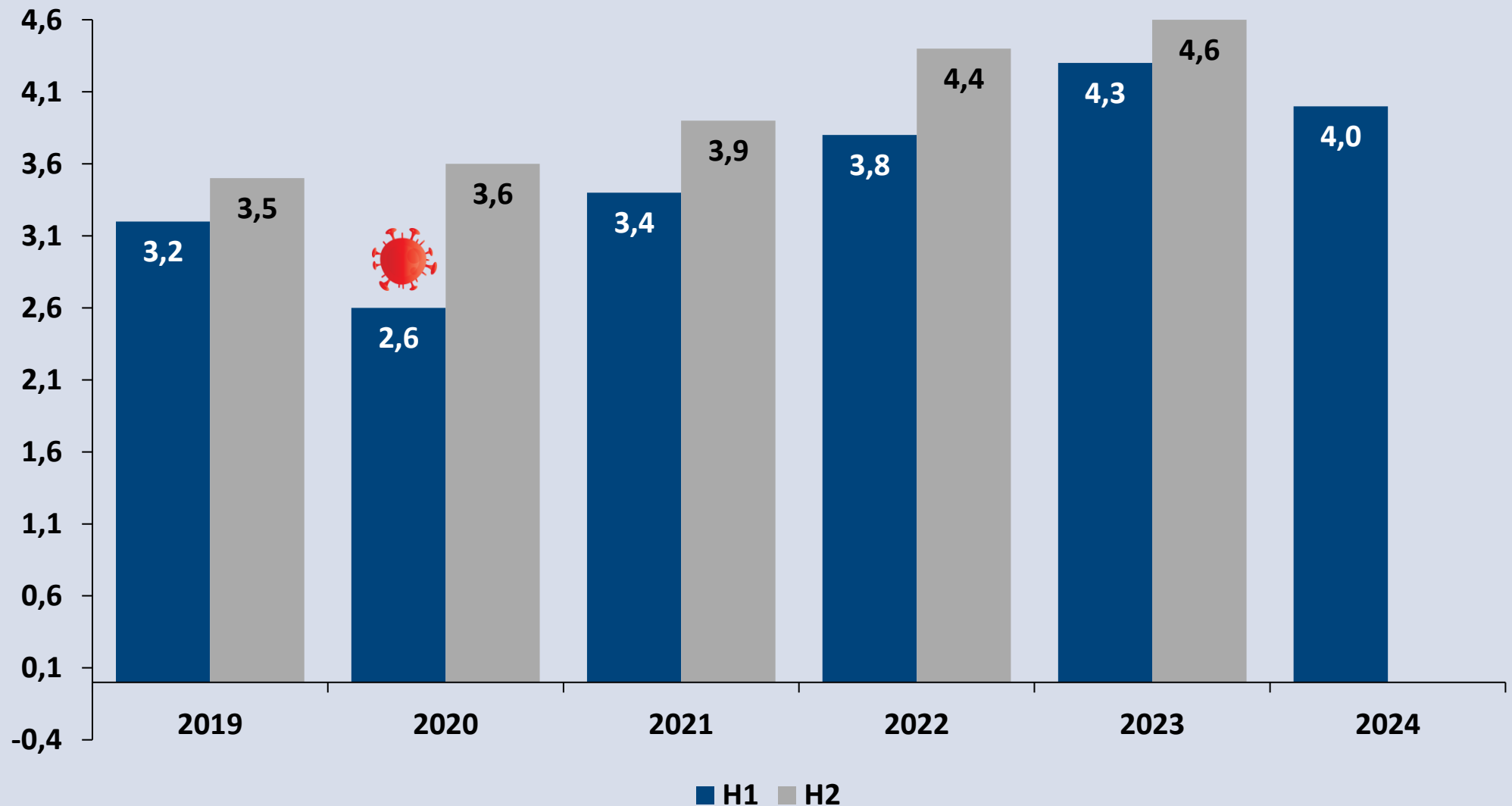
The operating profit of the rest of the portfolio was flat

OPERATING PROFIT AND MARGINS



TURNOVER

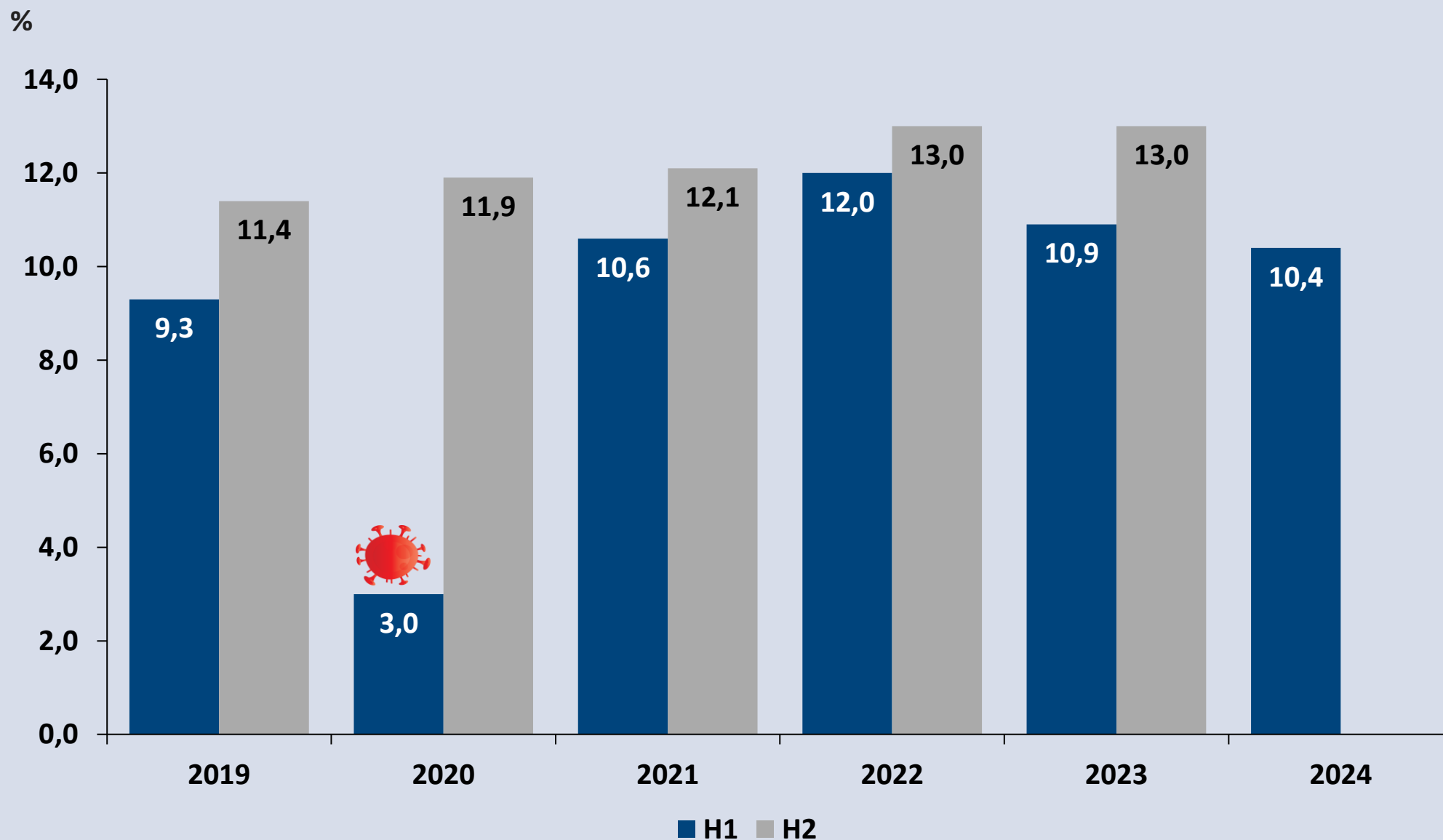
R billion



OPERATING PROFIT MARGIN

	2024	2023
Margin (%)		
Turnover	100%	100%
Gross profit	37,0%	35,2%
Operating expenses	26,6%	24,3%
Operating profit	10,4%	10,9%

OPERATING PROFIT MARGIN



FINANCIAL REVIEW



PROFIT

Rm	2024	% ch	2023
Turnover	3 983	(6,3)	4 250
Ongoing operations	3 826	(10,0)	4 250
Acquisitions	157		
Gross profit	1 474	(1,7)	1 499
Operating expenses	1 060	2,6	1 034
Ongoing operations	1 025	(0,9)	1 034
Acquisitions	35		
Operating profit	414	(11,0)	465
Ongoing operations	373	(19,8)	465
Acquisitions	41		

PROFIT

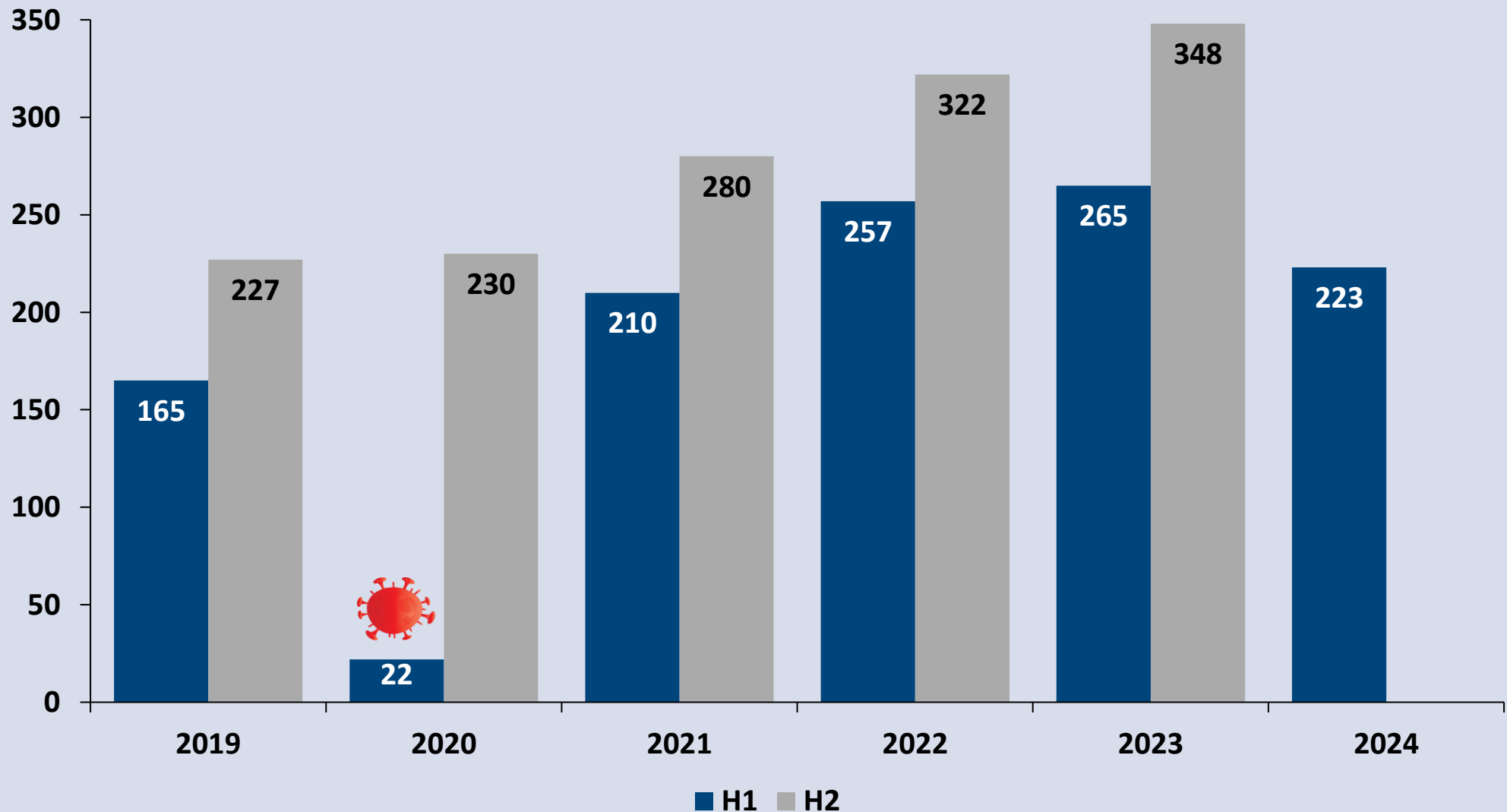
Rm	2024	% ch	2023
Operating profit	414	(11,0)	465
Fair value adjustments – time value of money	(7)		
Net interest on funding	(64)		(50)
Imputed interest on leases	(18)		(12)
Profit before taxation	325	(19,4)	403
Taxation (Rate 2024: 27,0% 2023: 27,3%)	(87)		(110)
Profit after taxation	238	(18,8)	293
Non-controlling interest	(15)		(28)
Attributable earnings	223	(16,0)	265

COMPARABLE EARNINGS

Rm	2024	% ch	2023
Attributable earnings	223	(16,0)	265
Headline earnings	223	(16,0)	265
Comparable earnings	223	(16,0)	265

COMPARABLE EARNINGS

R million



EARNINGS PER SHARE AND DIVIDENDS

Cents	2024	% ch	2023
Earnings per share			
Comparable	785	(15,3)	926
Basic	785	(15,3)	926
Headline	785	(15,3)	926
Dividends per share			
- Interim	325		325
- Final			700
Total			1 025
Dividend cover H1 (times)	2,42		2,85

STATEMENT OF FINANCIAL POSITION

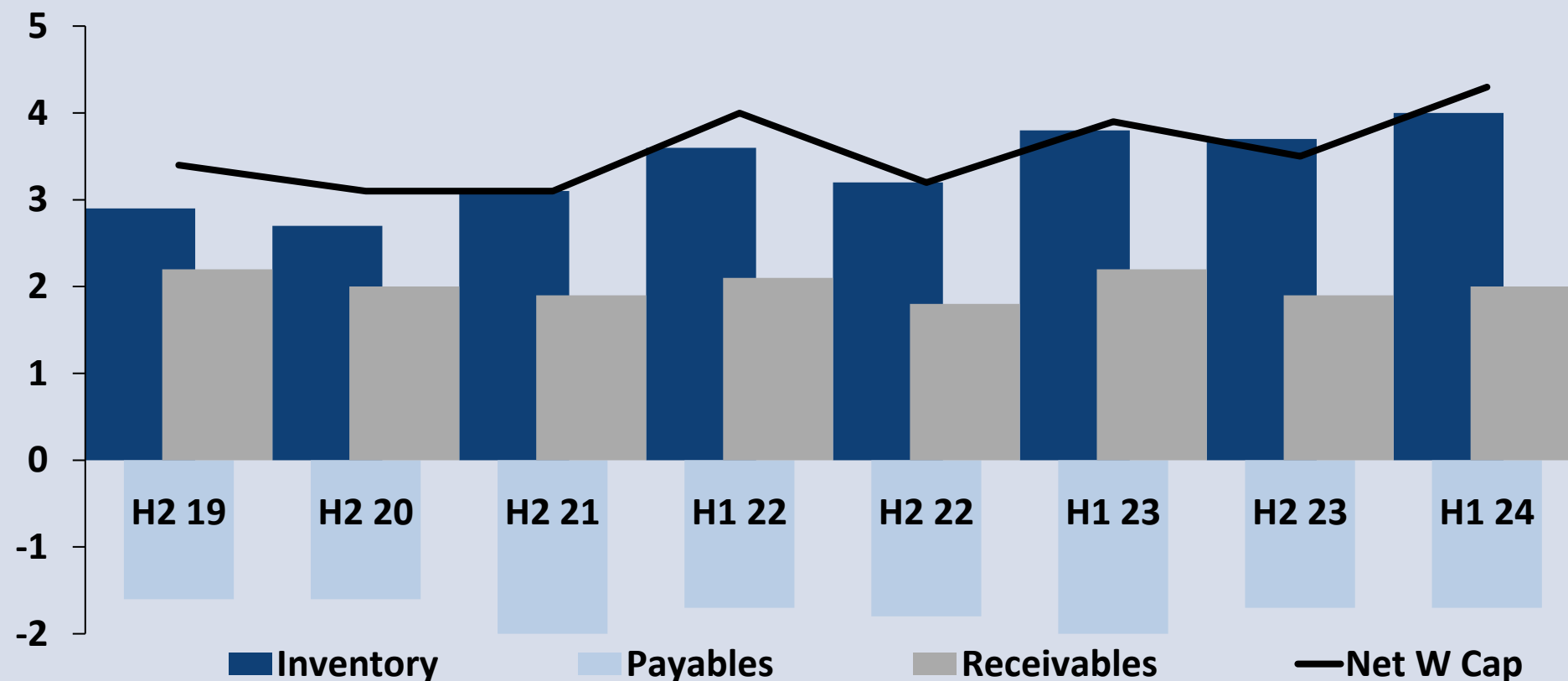
Rm	2024	2023
Working capital	2 865	2 758
- Inventories	2 647	2 665
- Receivables	1 341	1 528
- Payables	(1 123)	(1 435)
Property, plant and equipment	373	348
Right-of-use assets	347	325
Goodwill and intangibles	1 453	1 226
Tax	33	72
Net assets	5 071	4 729

STATEMENT OF FINANCIAL POSITION

Rm	2024	2023
Equity	3 433	3 241
Net borrowings	1 076	1 094
Lease liabilities	412	383
Due to vendors	147	6
Tax	3	5
Total equity and liabilities	5 071	4 729

WORKING CAPITAL ELEMENTS

In months of sales



One month of sales

2022 = R630m (H1)

2023 = R708m (H1)

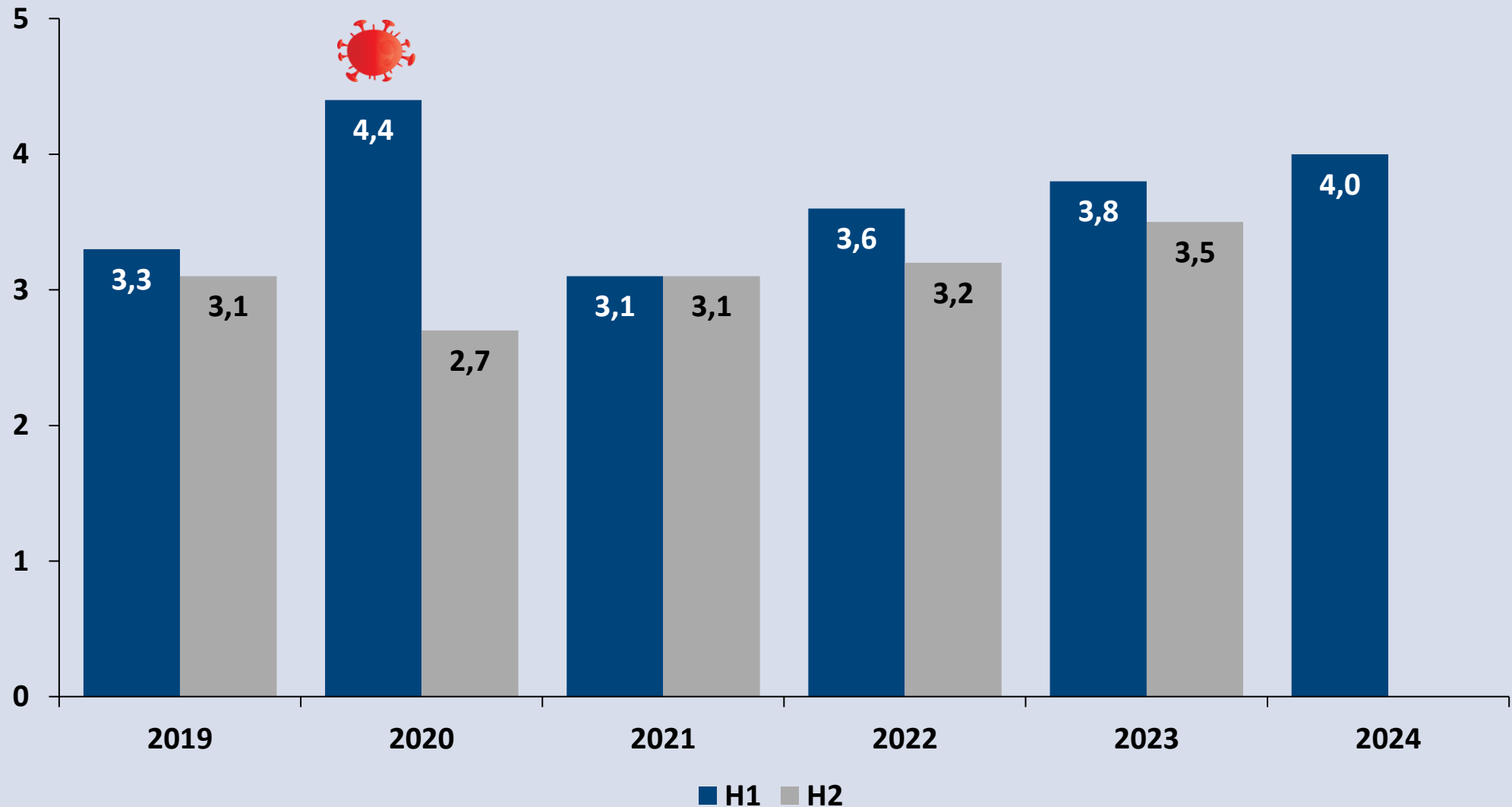
2024 = R664m (H1)

2022 = R728m (H2)

2023 = R774m (H2)

INVENTORY

In month of sales



CASH FLOW

Rm	2024	2023
Cash from trading	529	581
Decrease (increase) in working capital	44	(335)
Cash from operations	573	246
Tax paid	(112)	(154)
Cash from operating activities	461	92
Invested in new businesses	(45)	(24)
Invested in ppe	(41)	(70)
Cash flow after investing activities	375	(2)

CASH FLOW

Rm	2024	2023
Cash flow after investing activities	375	(2)
Share-based payments	(73)	(51)
Repurchase of shares		(112)
Lease payments	(76)	(70)
Finance costs paid	(64)	(50)
Dividends paid	(221)	(196)
Net movement	(59)	(481)
Foreign exchange translation (loss) gain	(4)	8
Opening borrowings	(1 013)	(621)
Closing borrowings	(1 076)	(1 094)

KEY FINANCIAL POINTS

- ❑ Stock levels are up for busier H2
- ❑ The operating margin in most businesses is healthy; fixing batteries, energy and CADAC
- ❑ H2 operating margins are always higher than H1
- ❑ Expenses are tightly managed
- ❑ Any decrease in interest rates will be a boost
- ❑ Businesses remain cash-generative
- ❑ Borrowings well within capacity and covenants (our EBITDA allows for 2,5 times the current debt and 2,1 times the current interest bill).

OUTLOOK

Ruthertford



OUTLOOK FOR H2 2024

- ❑ Interest rates coming down in H2 (CRP historically perform better)
- ❑ Reduced load-shedding is good for the economy
- ❑ Brigit Fire and Plasti-Weld in full six months H2 results
- ❑ Maintain judicious capital allocation
- ❑ The profit in the battery and energy businesses in H2 2024 will be better than H2 2023
- ❑ Hudaco businesses to have the usual improved H2 performance
- ❑ We believe the H1 deficit will be recouped
- ❑ Election outcome and well-balanced GNU is the best possible outcome for SA INC
- ❑ Business and investor confidence has the potential to fix the economy
- ❑ Hudaco businesses are well-positioned to take advantage

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