

UNAUDITED INTERIM RESULTS

For the six months ended 31 May 2025

Hudaco

- ❑ Reflecting on H1
- ❑ Business model
- ❑ Reporting segments
- ❑ Operating profit and margins
- ❑ Financial review
- ❑ Outlook

- ❑ Very tough trading conditions
- ❑ The positive momentum experienced at the end of 2024 has slowed
- ❑ “South Africa is one of the most difficult (worst) places in the world to do business”
- ❑ Another challenging six months with low business confidence (budget fiasco, GNU, tariff wars, wars in Ukraine and Middle East)
- ❑ Mining and manufacturing continue to decline and have been the biggest drags on the economy this year
- ❑ Concluded the Isotec and Flosolve acquisitions
- ❑ Generated R442m cash from operations

Turnover



2,4% to R3,9bn

Gross profit margin



0,8% points to 37,8%

Operating profit



1,5% to R419m

Comparable earnings per share



6,1% to 833 cents

Headline earnings per share



19,6% to 938 cents

Basic earnings per share



19,9% to 941 cents

Interim dividend per share



7,7% to 350 cents



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

- ❑ 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 806m

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

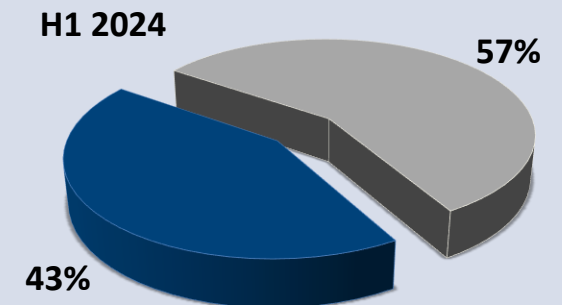
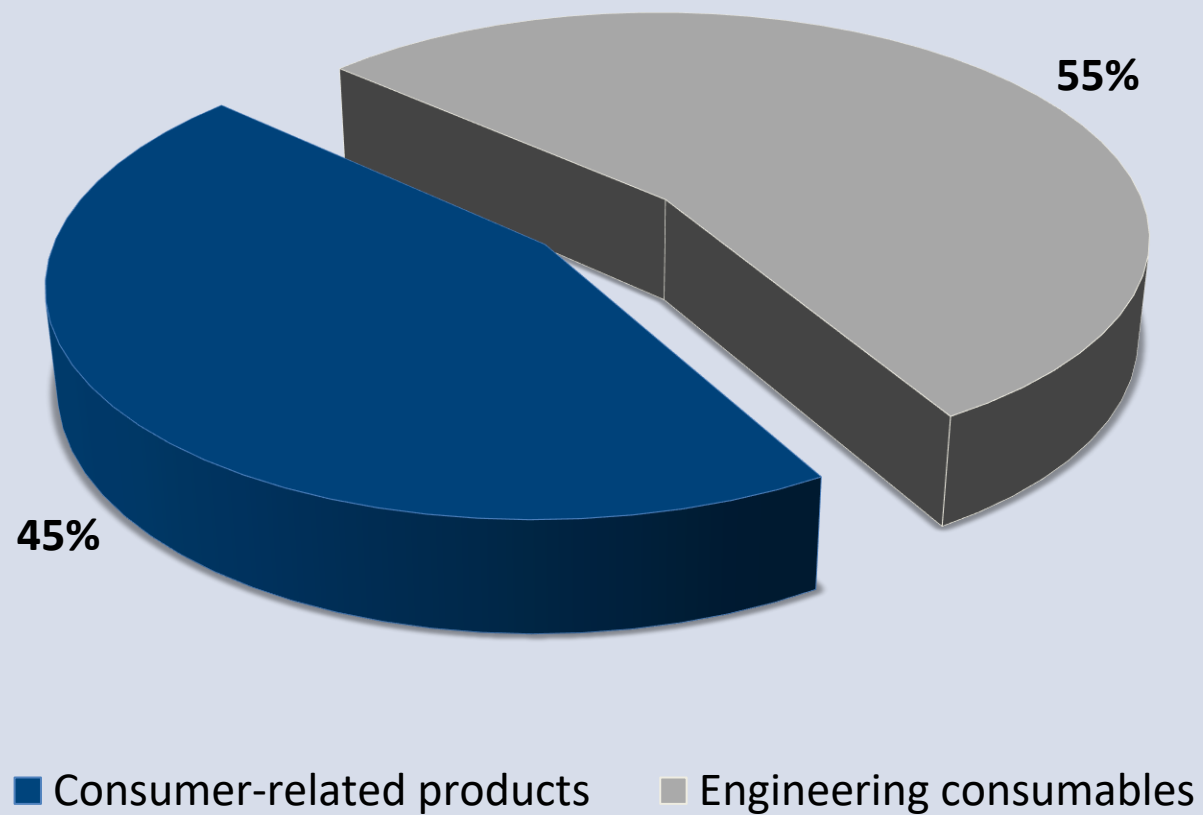
Receivables R1 324m

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



REPORTING SEGMENTS

Contribution to H1 2025 operating profit
(before shared services and head office)



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 alternative energy products
- ❑ Security and communication equipment
- ❑ Gas and outdoor products

Rm	Turnover			Op Margin		Operating Profit		
	2025	% ch	2024	2025	2024	2025	% ch	2024
Operations 18+ months in group	1 777	(6,0)	1 890	11,3	9,9	200	6,9	187
Acquisitions after 1 Dec 2023								
Segment total	1 777	(6,0)	1 890	11,3	9,9	200	6,9	187

- ❑ CADAC, automotive and data communications had a much-improved performance
- ❑ Security, battery, fastener and power tools businesses struggled
- ❑ Most businesses experienced reduced volumes in the weak economy

The engineering consumables segment imports and distributes branded products primarily used for repairing and maintaining machines.

Engineering consumables (20 businesses)

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

- ❑ Isotec effective date 1 May 2025
- ❑ Manufacturer and distributor of thermal and electrical insulation material used in the manufacture and repair of transformers and electrical motors
- ❑ Operates in the manufacturing, mining, railway, generation and switchgear industries
- ❑ Initial payment R250 million



- ❑ Flosolve effective date 1 June 2025
- ❑ Importer and distributor of specialised equipment for the handling of fuels, lubricants, greases and other fluids associated with the servicing and refuelling of plant and machinery, especially in the mining industry
- ❑ Initial payment R45 million



FloSolve



Rm	Turnover			Op Margin		Operating Profit		
	2025	% ch	2024	2025	2024	2025	% ch	2024
Operations 18+ months in group	2 077	(1,2)	2 102	11,5	11,6	239	(2,0)	244
Acquisitions after 1 Dec 2023	39			11,6		5		
Segment total	2 116	0,6	2 102	11,5	11,6	244	(0,1)	244

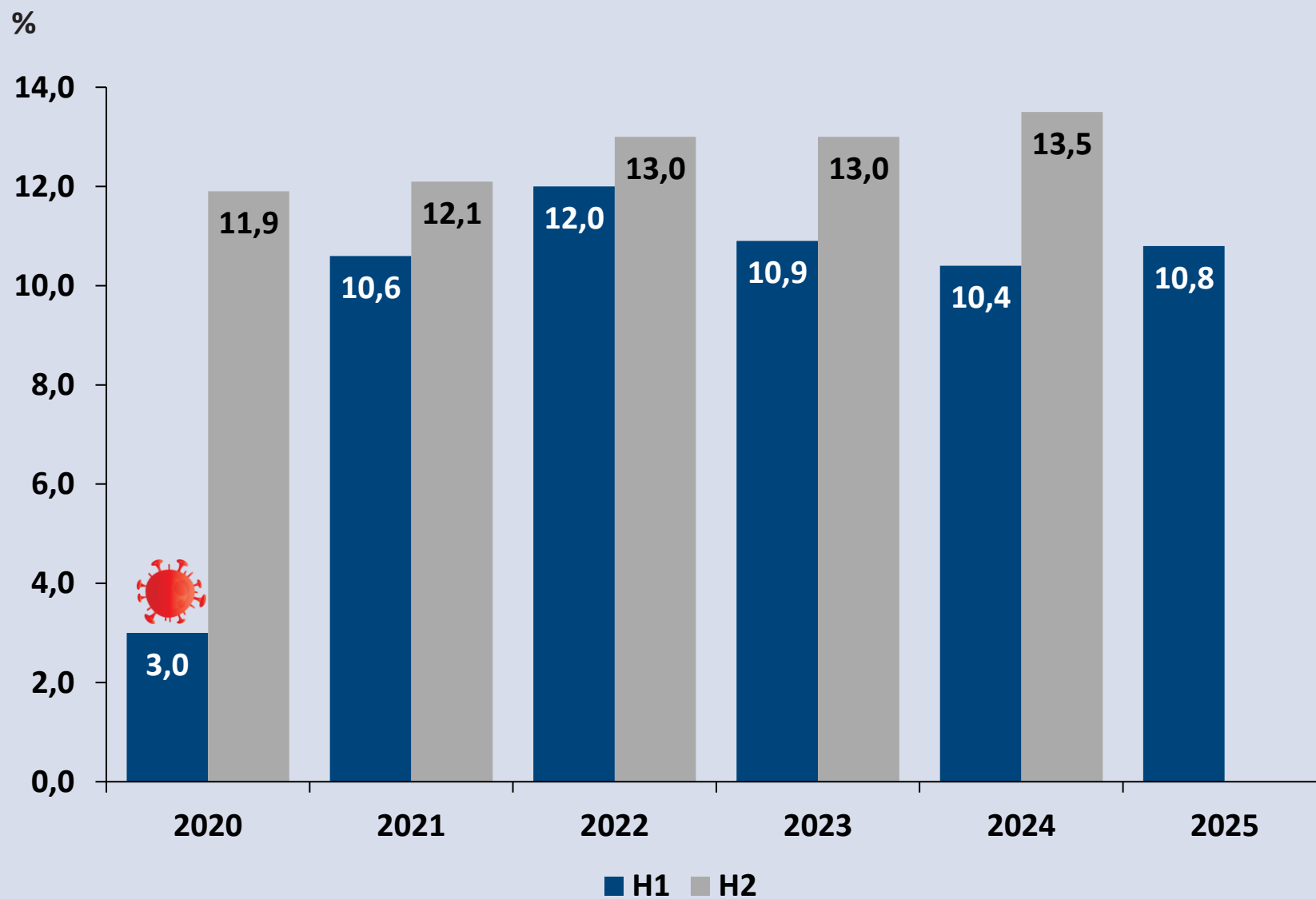
- ❑ Very good operating margin for H1 for engineering consumables
- ❑ The diesel engine, electrical power transmission, thermal plastic pipes, and fittings businesses performed exceptionally well
- ❑ The majority of businesses had a pleasing H1 despite declining mining and manufacturing sectors
- ❑ The pulley, bearings, filter and gear pump businesses had a disappointing H1

Rm	Turnover			Op Margin		Operating Profit		
	2025	% ch	2024	2025	2024	2025	% ch	2024
Consumer-related products	1 777	(6,0)	1 890	11,3	9,9	200	6,9	187
Engineering consumables	2 116	0,6	2 102	11,5	11,6	244	(0,1)	244
Head office, shared services and eliminations	(7)		(9)			(25)		(17)
Total group	3 886	(2,4)	3 983	10,8	10,4	419	1,5	414



OPERATING PROFIT AND MARGINS

	2025	2024
Margin (%)		
Turnover	100%	100%
Gross profit	37,8%	37,0%
Operating expenses	27,0%	26,6%
Operating profit	10,8%	10,4%





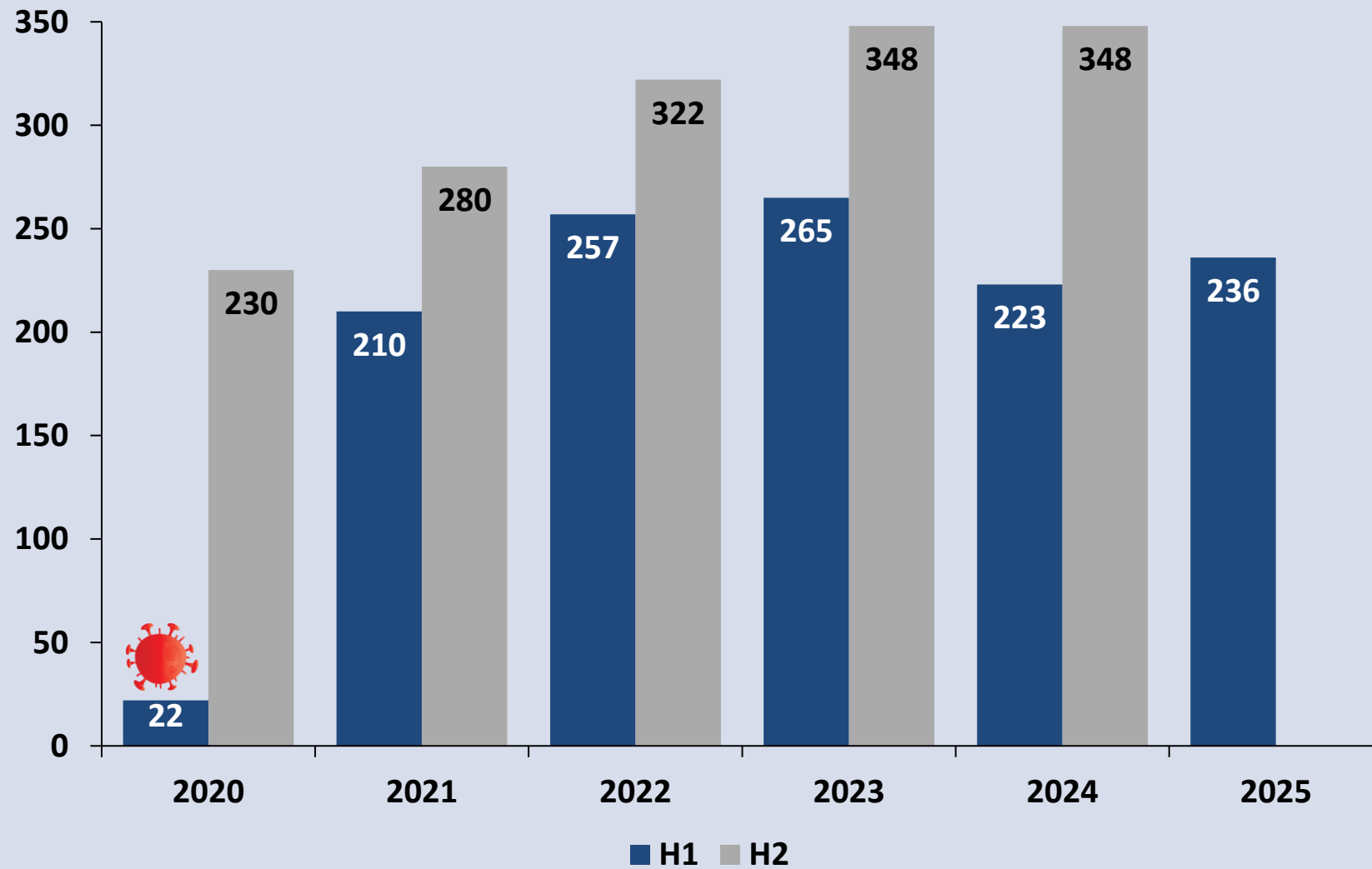
FINANCIAL REVIEW

Rm	2025	% ch	2024
Turnover	3 886	(2,4)	3 983
Operations 18+ months in group	3 847	(3,4)	3 983
Acquisitions after 1 Dec 2023	39		
Gross profit	1 470	(0,3)	1 474
Operating expenses	1 051	(1,0)	1 060
Operations 18+ months in group	1 045	(1,5)	1 060
Acquisitions after 1 Dec 2023	6		
Operating profit	419	1,5	414
Operations 18+ months in group	414	0,4	414
Acquisitions after 1 Dec 2023	5		

Rm	2025	% ch	2024
Operating profit	419	1,5	414
Fair value adjustment to vendor liability – estimated capital amount due	35		
Fair value adjustments to vendor liabilities – time value of money	(7)		(7)
Net interest on funding	(43)		(64)
Imputed interest on leases	(17)		(18)
Profit before taxation	387	19,2	325
Taxation (Rate 2025:24,7% 2024:27,0%)	(95)		(87)
Profit after taxation	292	22,9	238
Non-controlling interest	(25)		(15)
Attributable earnings	267	19,9	223

Rm	2025	% ch	2024
Attributable earnings	267	19,9	223
Profit on disposal of ppe	(1)		
Headline earnings	266	19,6	223
Fair value adjustment – vendor liability	(35)		
Non-controlling interest	5		
Comparable earnings	236	6,1	223

R million

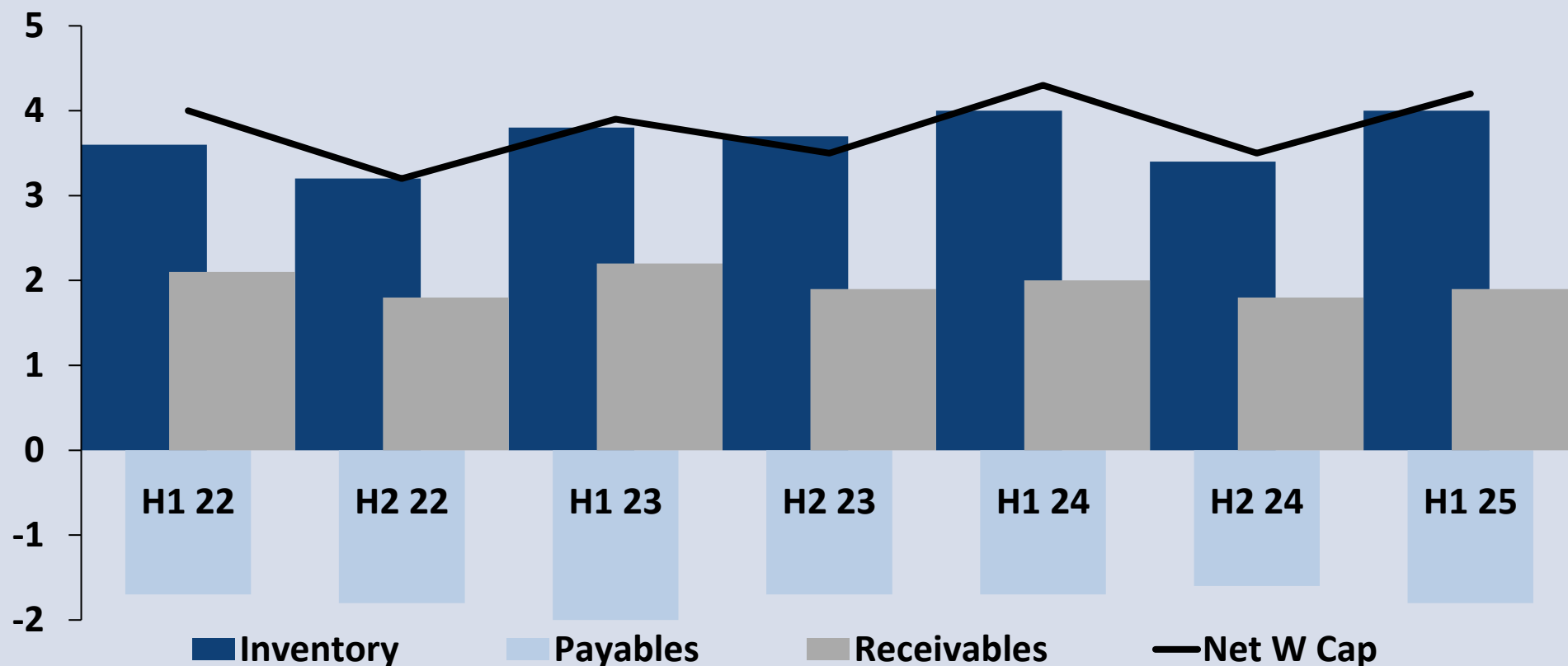


Cents	2025	% ch	2024
Earnings per share			
Comparable	833	6,1	785
Headline	938	19,6	785
Basic	941	19,9	785
Dividends per share			
- Interim	350	7,7	325
- Final			700
Total			1 025
Interim dividend cover (times)	2,38		2,42

Rm	2025	2024
Working capital	2 889	2 865
- Inventories	2 806	2 647
- Receivables	1 324	1 341
- Payables	(1 241)	(1 123)
Property, plant and equipment	402	373
Right-of-use assets	359	347
Goodwill and intangibles	1 795	1 453
Tax	24	33
Net assets	5 469	5 071

Rm	2025	2024
Equity	3 655	3 433
Net borrowings	957	1 076
Lease liabilities	425	412
Due to vendors	363	147
Tax	69	3
Total equity and liabilities	5 469	5 071

In months of sales



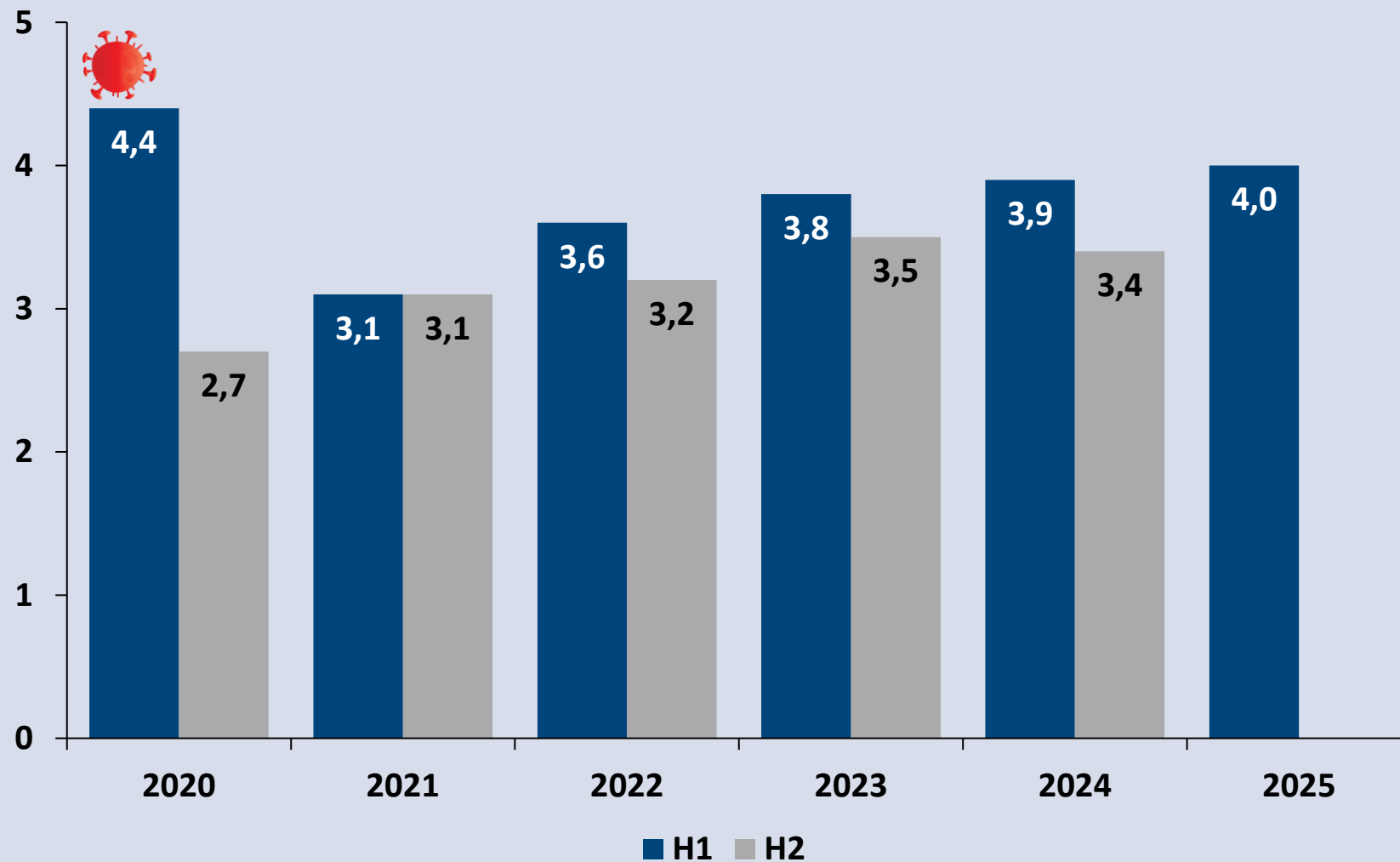
One month of sales

2022 = R630m (H1) **2023** = R708m (H1) **2024** = R664m (H1) **2025** = R641m (H1)

2022 = R728m (H2) **2023** = R774m (H2) **2024** = R733m (H2)

2025 adjusted for acquisition

In month of sales

*2025 adjusted for acquisition*

Rm	2025	2024
Cash from trading	534	529
(Increase) decrease in working capital	(92)	44
Cash from operations	442	573
Tax paid	(143)	(112)
Cash from operating activities	299	461
Invested in new businesses	(252)	(45)
Invested in software and ppe	(37)	(41)
Cash flow after investing activities	10	375

Rm	2025	2024
Cash flow after investing activities	10	375
Share-based payments	(35)	(73)
Lease payments (rent)	(78)	(76)
Finance costs paid	(43)	(64)
Dividends paid	(224)	(221)
Net movement	(370)	(59)
Foreign exchange translation gain (loss)	2	(4)
Opening borrowings	(589)	(1 013)
Closing borrowings	(957)	(1 076)

- ❑ Stock levels are higher for busier H2
- ❑ The operating margin is up and is healthy in most businesses
- ❑ H2 operating margins are higher than H1
- ❑ Expenses are tightly managed
- ❑ Any further decrease in interest rates will be a boost, although paying for acquisitions has added to borrowings
- ❑ The businesses are cash-generative even in a tough economy
- ❑ Borrowings are well within capacity and covenants (our EBITDA allows for almost double the current debt and about 3 times the current interest bill)
- ❑ Capital allocation strategy remains unchanged:
 - pay vendor liabilities over earnout periods
 - maintain dividend policy
 - further good acquisitions
 - repay debt
 - opportunistic share repurchases



OUTLOOK

- ❑ Hudaco remains resilient, even though achieving organic growth from our existing mature businesses in declining market sectors is very difficult
- ❑ As part of our long-term strategy, we maintain a diversified portfolio of cash-generative businesses and we manage the elements within our control, such as gross margins, expense ratios and working capital
- ❑ These businesses produce the cash that allows us to pay attractive dividends and make accretive acquisitions, enabling us to achieve earnings growth
- ❑ The potential of Hudaco is enormous and, as an SA Inc company, it depends heavily on the country's political leadership creating a conducive environment for business growth
- ❑ Our businesses are well-placed to take advantage of any uptick in economic activity
- ❑ We look forward to a better contribution from our under-performing businesses in the H2
- ❑ The profits of Isotec and Flosolve will be included for the full H2
- ❑ Hudaco businesses traditionally have a much better H2
- ❑ Our management team is looking forward to a good full-year result

The preceding presentation contains forward-looking statements about the Hudaco Group's operations and financial position. They are prepared in good faith and are based on Hudaco's best estimates and information at the time of preparing the presentation. They are nonetheless subject to significant uncertainties and contingencies, many of which are understandably beyond Hudaco's control. Unanticipated events will occur, and actual future events may differ materially from current expectations for many reasons, including new business opportunities and other internal and external factors. These factors may materially affect Hudaco's future business activities and financial results. Hudaco's auditors have reported on none of the forward-looking statements.

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The background of the slide features a dark blue field with a pattern of lighter blue, semi-transparent geometric shapes, primarily triangles and parallelograms, creating a sense of depth and movement. Overlaid on this are several sharp, diagonal white lines that cut across the frame from the top-left towards the bottom-right. The lines vary in thickness and opacity, with some appearing as solid white and others as thin, glowing outlines. The overall aesthetic is modern and corporate.

Hudaco