

The background is a dark blue gradient. On the left, a series of parallel white lines form a diagonal band. In the top right, there are several horizontal bars in shades of blue and grey. The word "Hudaco" is written in a white, italicized, sans-serif font, centered within one of these horizontal bars.

# *Hudaco*

## **RESULTS PRESENTATION**

FOR THE YEAR ENDED  
30 NOVEMBER 2021

- Overview
- General business environment
- Results summary
- Exchange rates
- Business model and operating segments
- Financial review
- Outlook

- A challenging year
- Hudaco has once again shown its resilience
- Return on Equity 19,5%
- Cash generated from operations R910m
- Debt down to R469m
- Excellence in the management team

***Hudaco***

**GENERAL BUSINESS  
ENVIRONMENT**





## GENERAL BUSINESS ENVIRONMENT

- Three waves of Covid
- July unrest
- 3-week NUMSA metal industry strike
- Intermittent load shedding
- Supply chain constraints
- Worldwide shortage of semiconductors and certain raw materials

## HUDACO IN THIS ENVIRONMENT

- Management of the entire value chain
- Increased stock levels stood us in good stead
- Hudaco clearly has pricing power
- Gained market share

## RESULTS SUMMARY 2021 vs 2019

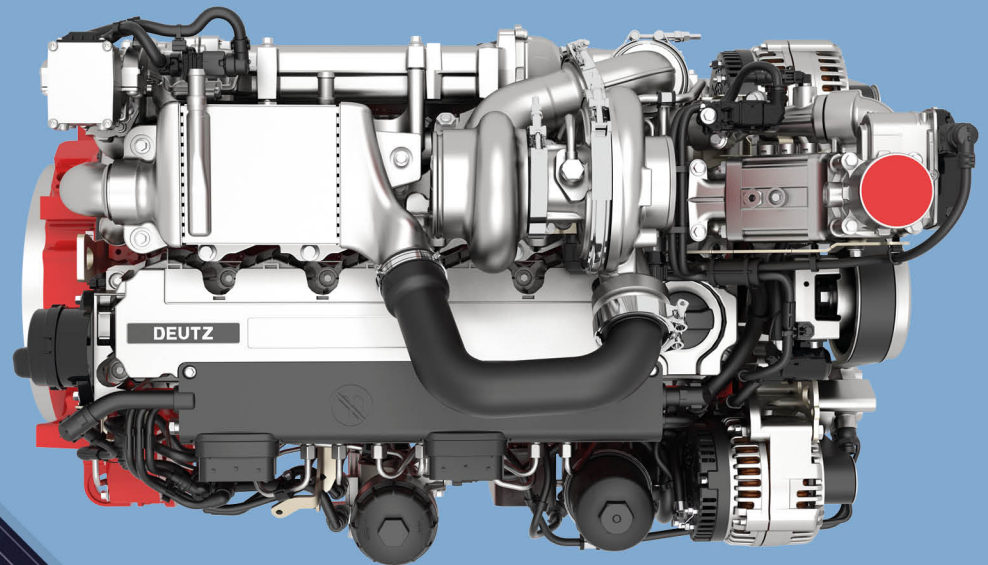
Turnover	↑	8,3% to R7,3bn
Operating profit	↑	17,9% to R826m
Profit for year	↑	16,7% to R549m
Comparable earnings per share	↑	30,1% to 1 613 cps
Headline earnings per share	↑	21,1% to 1 641 cps
Total dividend per share	↑	26,7% to 760 cps
Cash generated from operations		R910m

# MAJOR SHAREHOLDERS / FUND MANAGERS

▪ Government Employees Pension Fund	12%
▪ PSG Asset Management	10%
▪ Ninety One	8%
▪ Old Mutual	7%
▪ Foord Asset Management	5%
▪ Bateleur Capital	5%
▪ Aylett & Co Fund Managers	5%
▪ Abax Investments	4%
▪ Sanlam Investments	4%
▪ Alexander Forbes	4%
	<hr/>
	<b>64%</b>
	<hr/>

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## EXCHANGE RATES



# EXCHANGE RATE VOLATILITY ZAR TO US \$





- We import directly 65% of group cost of sales
- On average these cost 9% less in 2021 than in 2020 and 4% more than in 2019
- We do not take a house view on exchange rates
- We hedge all liabilities and on average 30% of orders

## Import currencies

USD\* 68%    Euro 25%    Yen 6%    GBP 1%

\*Imports from China, Korea etc. are priced in USD

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## **BUSINESS MODEL AND OPERATING SEGMENTS**



- 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 core 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
  - Diversification reduces risk
  - Decentralised focused management – 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

### Inventory R2 004m

- Instant availability
- 28 warehouses
- 800 international suppliers
- over 230 000 line items
- over 130 branches

### Receivables R1 245m

- 30 000 active customers
- low value transactions - generally low concentration of risk
- low level of tender or contract business

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

## **Consumer-related products (11 businesses)**

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

Engineering consumables segment imports and distributes branded products generally used in the repair and maintenance of machines.

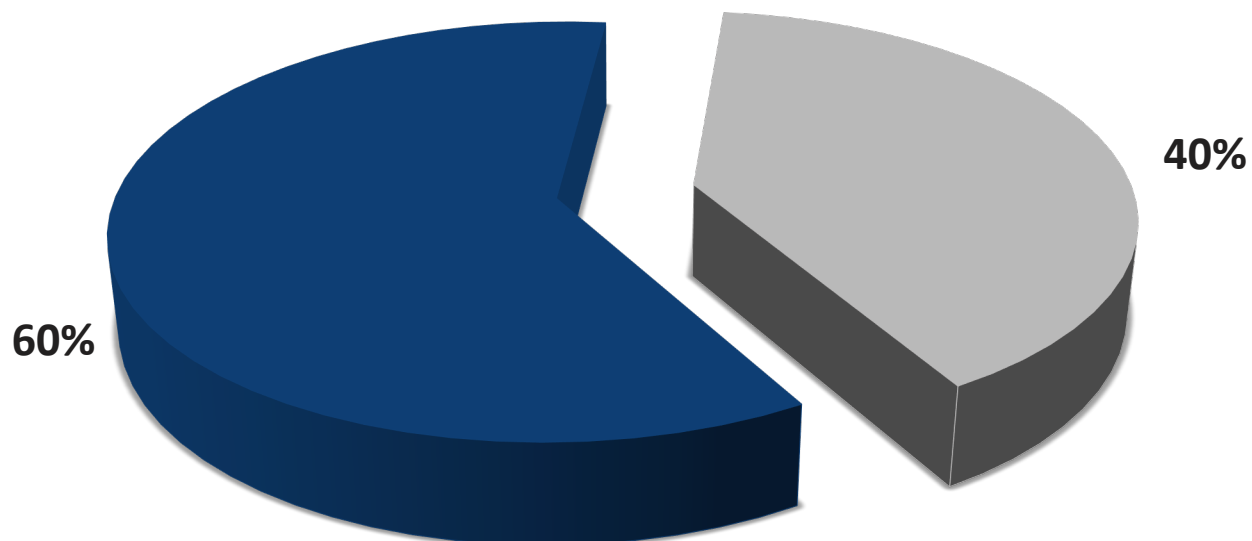
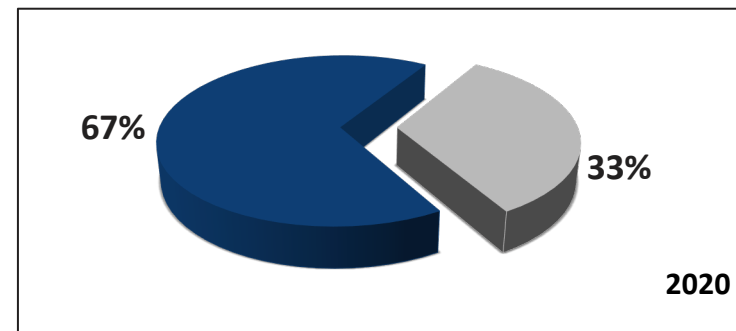
## **Engineering consumables (18 businesses)**

- Bearings and belting
- Diesel engines and spares
- Electrical power transmission
- Filtration
- Hydraulics and pneumatics
- Specialised steel
- Thermoplastic pipes and fittings



## CONTRIBUTION BY SEGMENT

**Contribution to 2021 operating profit**  
(before shared services and head office)













■ Consumer-related products   ■ Engineering consumables

# CONSUMER-RELATED PRODUCTS

## AUTOMOTIVE AFTERMARKET




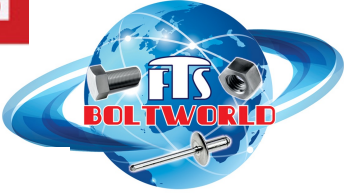






**Hudaco**

Principal Businesses	Principal Brands
   	     
Main markets	Used for
<ul style="list-style-type: none"> <li>Automotive aftermarket</li> <li>Automotive parts and accessories</li> <li>Construction machinery</li> <li>Spares shops</li> <li>Wheel and tyre fitment centres</li> <li>4x4 recreation</li> </ul>	<ul style="list-style-type: none"> <li>Automotive oil seals</li> <li>Ignition leads</li> <li>Light duty clutch kits</li> <li>Truck clutch components</li> <li>Underbody spares replacement</li> <li>4x4 suspension and accessories</li> </ul>

# CONSUMER-RELATED PRODUCTS







## POWER TOOLS AND FASTENERS

**Hudaco**

Principal Businesses	Principal Brands
   	     
Main markets	Used for
<ul style="list-style-type: none"> <li>■ Agriculture</li> <li>■ D.I.Y.</li> <li>■ Commercial marine</li> <li>■ Construction</li> <li>■ Manufacturing</li> <li>■ Mining</li> <li>■ Recreational boating</li> </ul>	<ul style="list-style-type: none"> <li>■ Building</li> <li>■ D.I.Y.</li> <li>■ Fastening in all industries</li> <li>■ Installations</li> <li>■ Propulsion of boats</li> <li>■ Surveying</li> </ul>

# CONSUMER-RELATED PRODUCTS



## DATA NETWORKING EQUIPMENT

Principal Businesses	Principal Brands
 	    <p>Cambium Networks</p>
Main markets	Used for
<ul style="list-style-type: none"> <li>Security</li> <li>Technology resellers</li> <li>Telecommunications operators</li> <li>Transport</li> <li>Wireless, internet, fibre service providers</li> </ul>	<ul style="list-style-type: none"> <li>Data solutions</li> <li>Fibre optic networks</li> <li>Network infrastructure</li> <li>Outdoor wireless network</li> <li>Wi-Fi access networks</li> <li>Residential/commercial telephony</li> </ul>

# CONSUMER-RELATED PRODUCTS

## SECURITY AND COMMUNICATION EQUIPMENT















**Hudaco**

Principal Businesses	Principal Brands
	
Main markets	Used for
<ul style="list-style-type: none"> <li>Commercial security</li> <li>Military and police</li> <li>Mining</li> <li>Municipal</li> <li>Residential security</li> <li>Project consultants</li> <li>Systems integrators</li> <li>Transport</li> </ul>	<ul style="list-style-type: none"> <li>Access control</li> <li>Control centres</li> <li>Fire detection</li> <li>Intrusion detection</li> <li>Mobile communication</li> <li>Perimeter detection</li> <li>Personal communication</li> <li>Video surveillance and analysis</li> </ul>

# CONSUMER-RELATED PRODUCTS

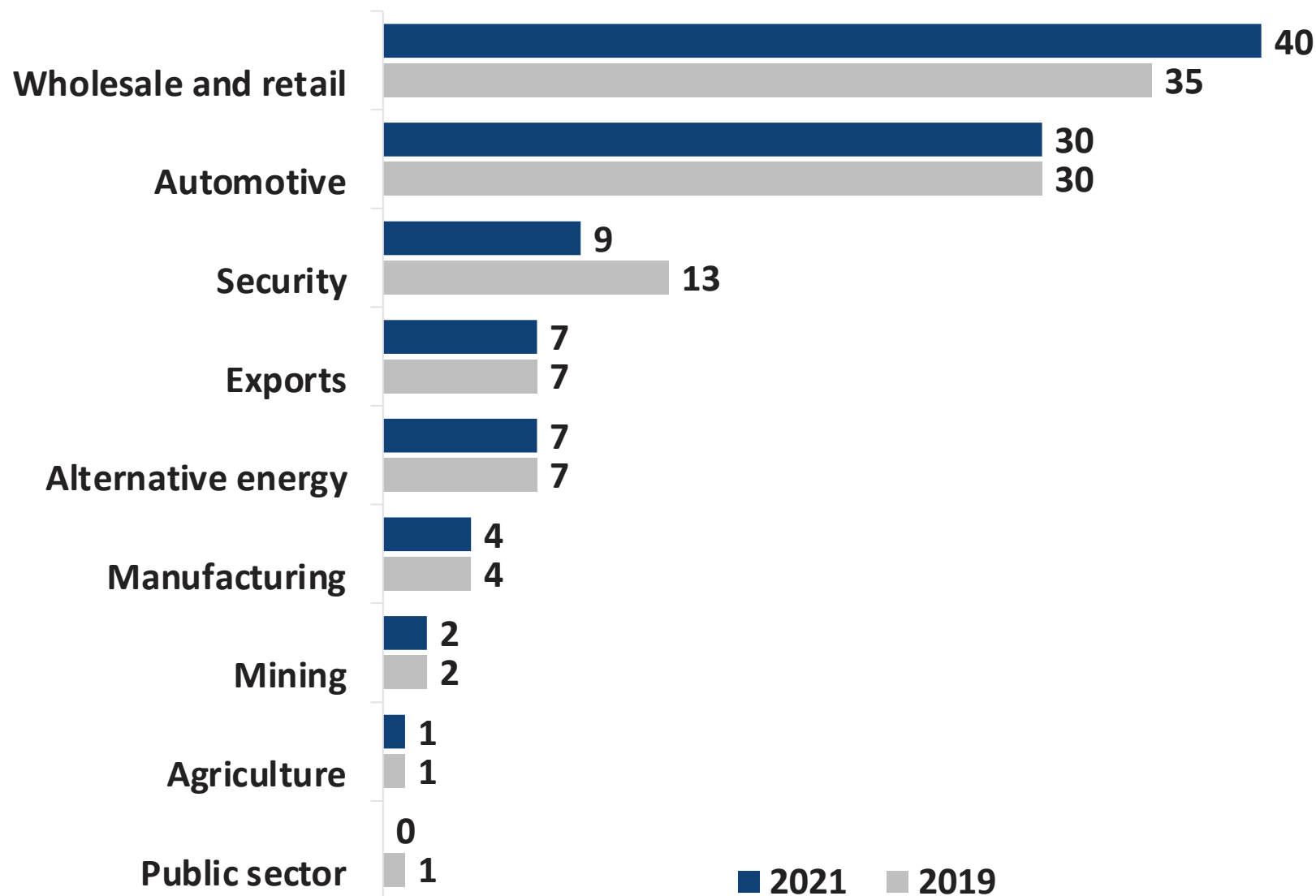
## BATTERIES AND SUSTAINABLE ENERGY

**Hudaco**

Principal Businesses	Principal Brands
   	         
Main markets	Used for
<ul style="list-style-type: none"> <li>Alternative energy</li> <li>Battery bays</li> <li>Mining</li> <li>Motor industry</li> <li>Security</li> <li>Surface motive power</li> <li>Solar system installations</li> <li>UPS/standby batteries</li> </ul>	<ul style="list-style-type: none"> <li>Back-up power (UPS, inverters, alarms)</li> <li>Distribution centres</li> <li>Energy load shifting</li> <li>Generator starting</li> <li>Materials handling</li> <li>Motor vehicles</li> <li>Solar systems</li> <li>Underground locomotive traction</li> </ul>



## 2021 CONSUMER-RELATED PRODUCTS SALES BY MARKET SECTOR



# SEGMENT RESULTS 2021

## CONSUMER-RELATED PRODUCTS

### Turnover












### Op Margin

### Operating Profit

Rm	2021	% ch	2019	2020	2021	2019	2021	% ch	2019	2020
Segment total	3 777	5,2	3 589	3 360	14,6	11,7	552	31,1	421	369

# ENGINEERING CONSUMABLES BEARINGS AND BELTING















**Hudaco**

Principal Businesses	Principal Brands
  	       
Main markets	Used for
<ul style="list-style-type: none"> <li>Automotive OEM's</li> <li>Construction</li> <li>Food processing</li> <li>General industry</li> <li>Manufacturing</li> <li>Mining</li> <li>Power generation</li> <li>Sugar industry</li> <li>Tobacco industry</li> </ul>	<ul style="list-style-type: none"> <li>Automotive OE supply</li> <li>Conveyor systems</li> <li>General machinery and equipment</li> <li>Maintenance</li> <li>Mining equipment</li> <li>Process control and measurement</li> </ul>

# ENGINEERING CONSUMABLES






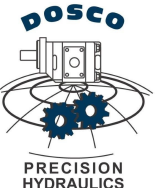






## ELECTRICAL POWER TRANSMISSION

**Hudaco**




Principal Businesses	Principal Brands
    	        
Main markets	Used for
<ul style="list-style-type: none"> <li>Automation</li> <li>Manufacturing</li> <li>Materials handling</li> <li>Mining</li> <li>Ports</li> <li>Power generation</li> <li>Wholesale and retail</li> </ul>	<ul style="list-style-type: none"> <li>Automation and control of electric motors</li> <li>Connection of electrical power in industry</li> <li>Electrical panel building</li> <li>Electrification of mobile machinery</li> <li>Maintenance and repairs</li> <li>Power stations</li> </ul>

# ENGINEERING CONSUMABLES HYDRAULICS AND PNEUMATICS

**Hudaco**

Principal Businesses	Principal Brands
     	     
Main markets	Used for
<ul style="list-style-type: none"> <li>Food processing plants</li> <li>Industrial</li> <li>Manufacturing</li> <li>Mining</li> </ul>	<ul style="list-style-type: none"> <li>Breweries</li> <li>Fluid conveyance &amp; control</li> <li>Industrial automation</li> <li>Mining equipment</li> <li>Process automation</li> </ul>









# ENGINEERING CONSUMABLES SPECIALISED STEEL

Principal Businesses	Principal Brands
 <p><b>JOSEPH GRIEVESON</b> EST 1915 SUPPLIERS OF FERROUS AND NON-FERROUS CASTINGS</p>	 <p><b>JOSEPH GRIEVESON</b> EST 1915 SUPPLIERS OF FERROUS AND NON-FERROUS CASTINGS</p> 
Main markets	Used for
<ul style="list-style-type: none"> <li>General industry</li> <li>Manufacturing</li> <li>Mining</li> <li>Pressure vessels</li> <li>Road tankers</li> <li>Sugar industry</li> </ul>	<ul style="list-style-type: none"> <li>Aerators and mixing</li> <li>Conveyor systems</li> <li>Fabrication</li> <li>General steel applications</li> <li>Mining equipment</li> <li>Petro-chemical plants</li> <li>Pressure vessel ends</li> <li>Sugar processing</li> </ul>

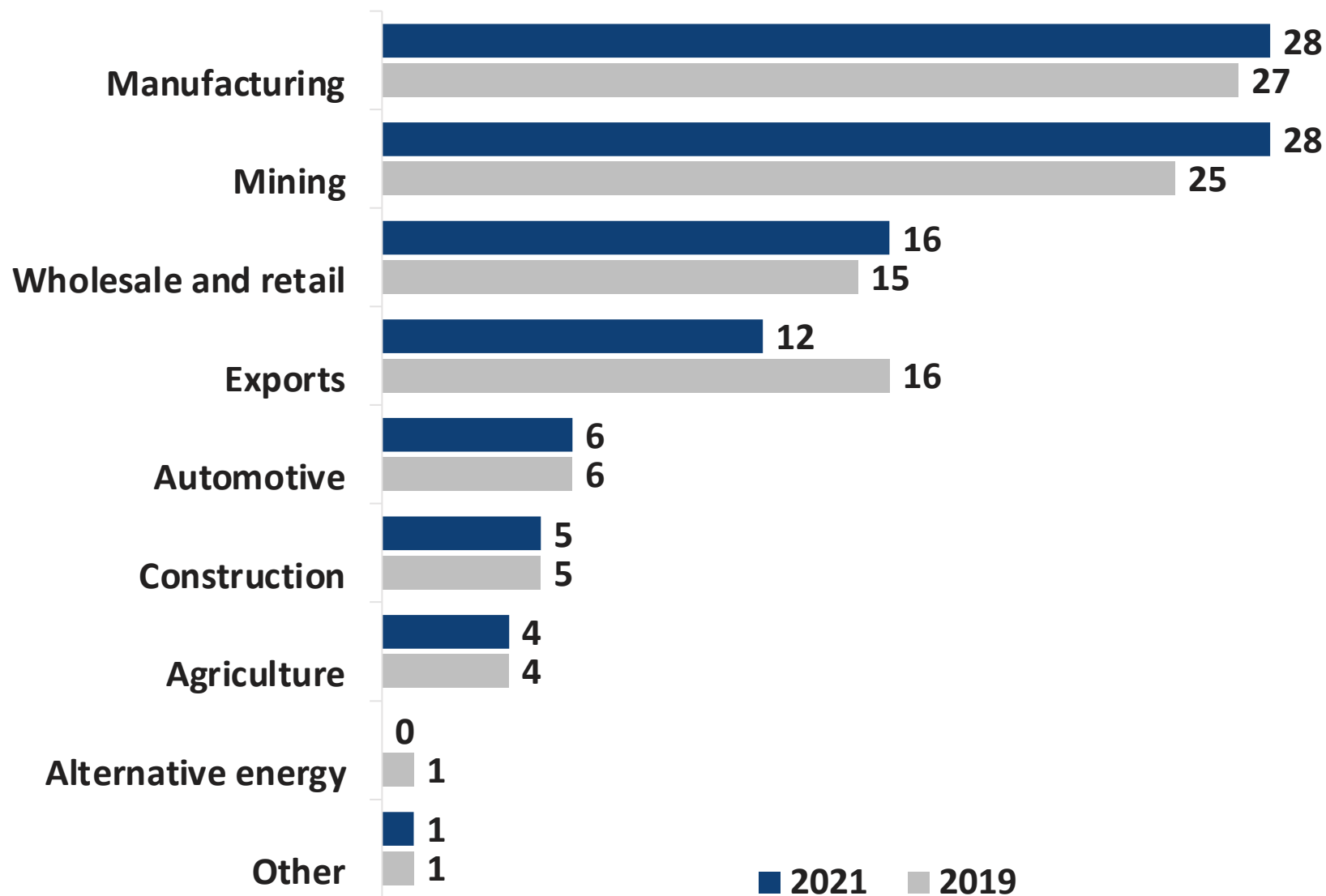


# ENGINEERING CONSUMABLES

## OTHER

Principal Businesses	Principal Brands
<p><b>DEUTZ DIESELPOWER</b></p> <p> <b>Astore Keymak</b>  <small>"Driven by quality; Delivered by experience!"</small></p> <p></p>	<p> <b>FILTREC</b>  <small>Technical Filtration</small></p> <p> <b>DEUTZ</b></p> <p> <b>agru</b></p> <p> <b>UNIDELTA</b></p> <p> <b>Donaldson</b>  <small>FILTRATION SOLUTIONS</small></p> <p> <b>HJS</b>  <small>Emission Technology</small></p>
Main markets	Used for
<ul style="list-style-type: none"> <li>▪ Agri equipment</li> <li>▪ Construction</li> <li>▪ Earthmoving equipment</li> <li>▪ Irrigation</li> <li>▪ Mining</li> <li>▪ On and off-road trucks</li> <li>▪ Opencast mining</li> <li>▪ Plastic moulding</li> <li>▪ Sewage reticulation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Condensate drain management</li> <li>▪ Industrial air filtration</li> <li>▪ Generator sets</li> <li>▪ Materials handling</li> <li>▪ Mining equipment</li> <li>▪ OEM supply</li> <li>▪ Oil, air, fuel and hydraulic filtration</li> <li>▪ Plastic moulds</li> </ul>

## 2021 ENGINEERING CONSUMABLES SALES BY MARKET SECTOR



# SEGMENT RESULTS 2021

## ENGINEERING CONSUMABLES

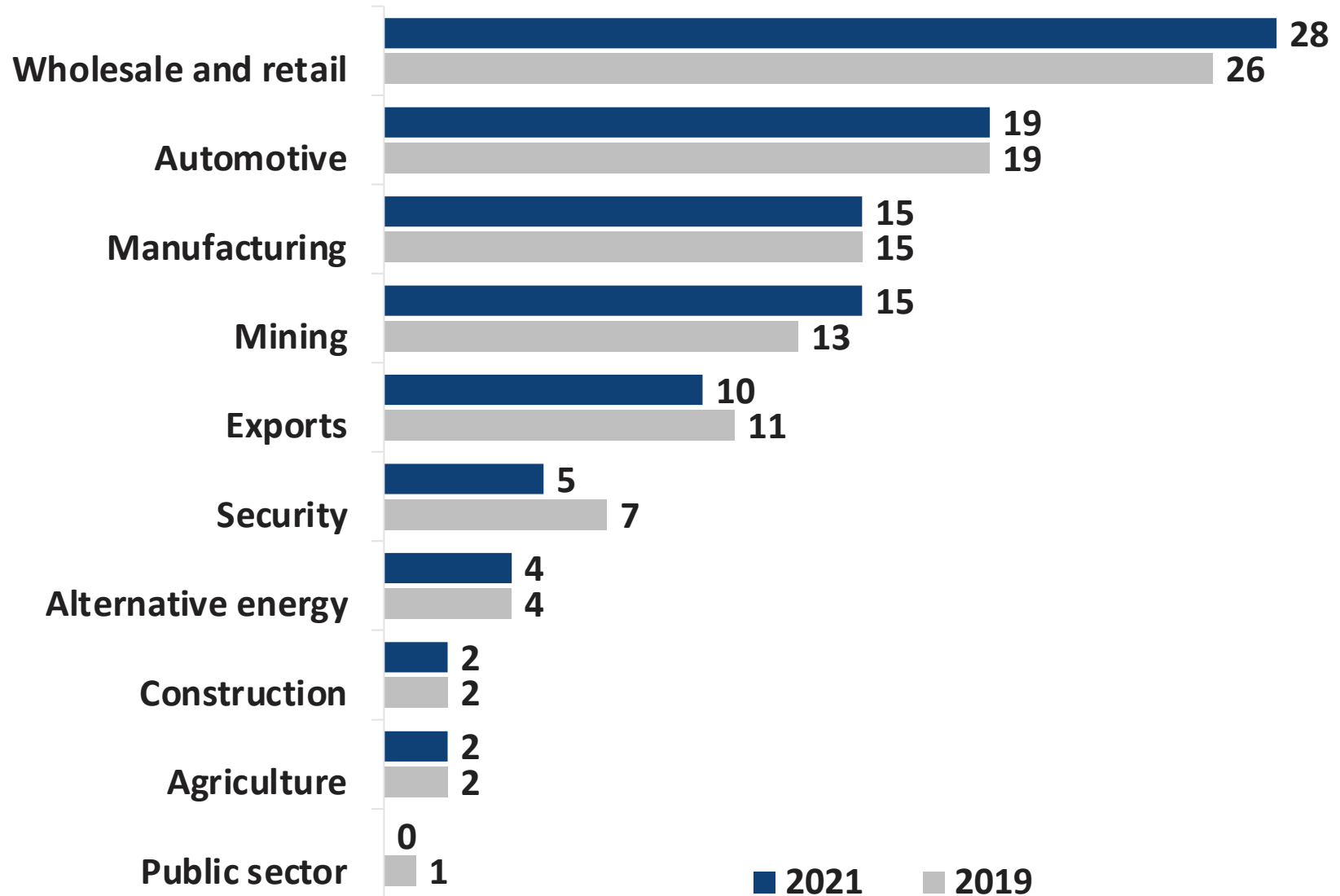
### Turnover

### Op Margin

### Operating Profit

Rm	2021	% ch	2019	2020	2021	2019	2021	% ch	2019	2020
Segment total	3 501	12,2	3 120	2 907	10,4	9,1	366	28,9	284	178

## 2021 SALES BY MARKET SECTOR (%)



# SEGMENT RESULTS 2021

## Turnover

## Op Margin

## Operating Profit

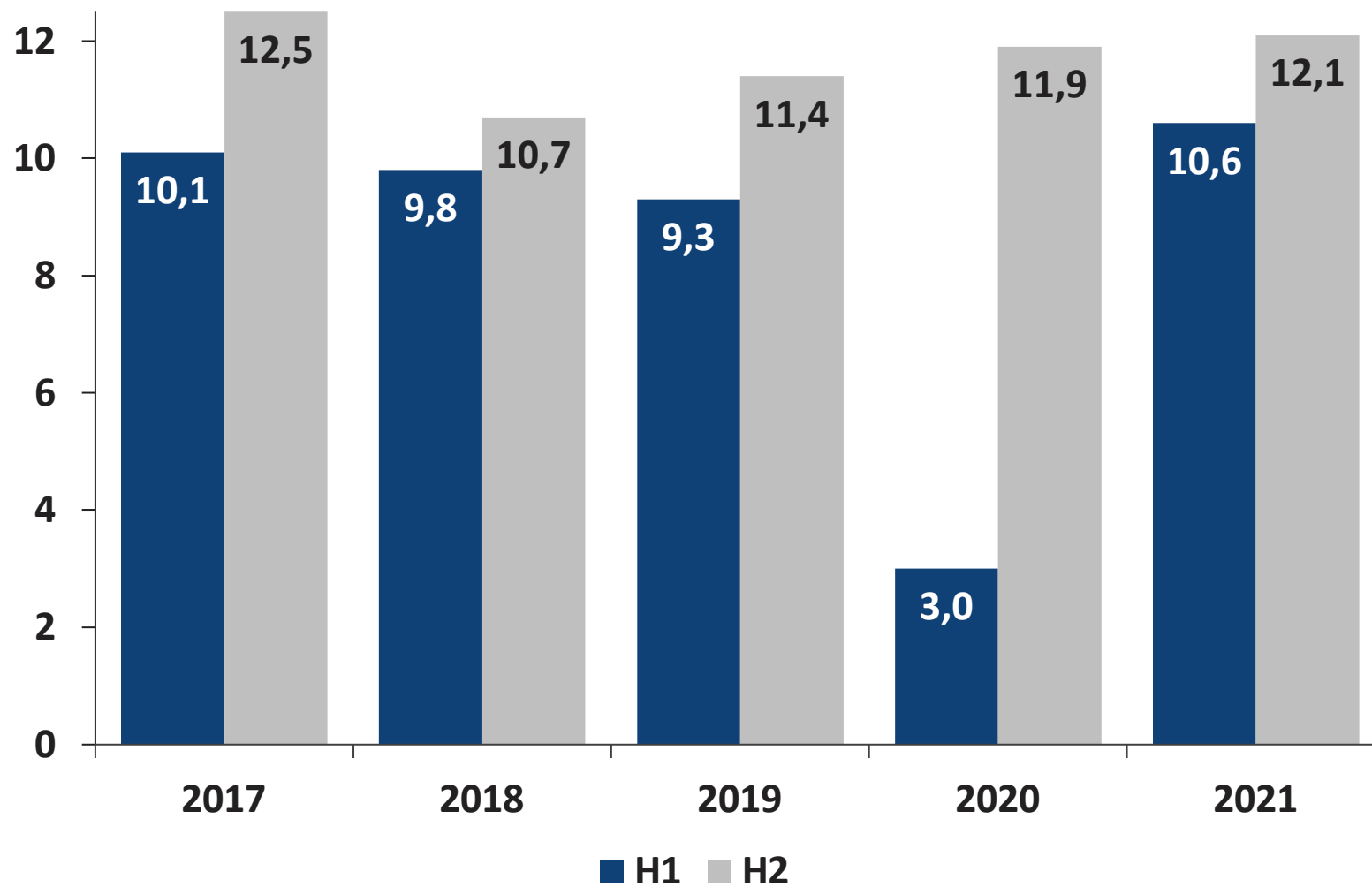
Rm	2021	% ch	2019	2020	2021	2019	2021	% ch	2019	2020
Consumer-related products	3 777	5,2	3 589	3 360	14,6	11,7	552	31,1	421	369
Engineering consumables	3 501	12,2	3 120	2 907	10,4	9,1	366	28,9	284	178
Head office, shared services, and eliminations	(20)		(5)	(13)			(92)		(4)	(37)
<b>Total group</b>	<b>7 258</b>	<b>8,3</b>	<b>6 704</b>	<b>6 254</b>	<b>11,4</b>	<b>10,4</b>	<b>826</b>	<b>17,9</b>	<b>701</b>	<b>510</b>

## OPERATING MARGIN 2021

	2021	2019	2020
Margin (%)			
Turnover	100%	100%	100%
Gross profit	37,0%	36,4%	34,8%
Operating expenses	25,6%	26,0%	26,6%
Operating profit	11,4%	10,4%	8,2%

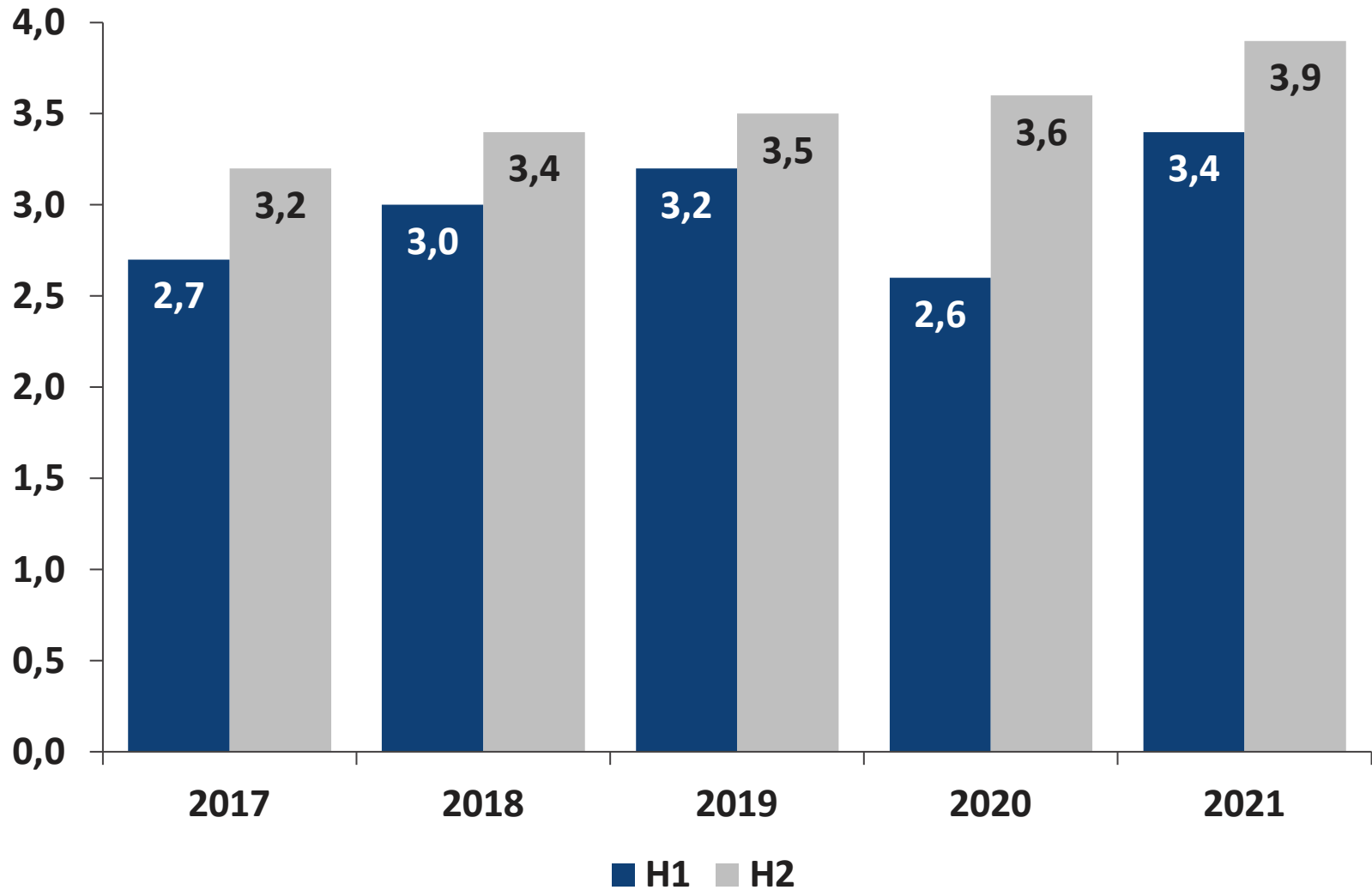
# OPERATING MARGIN

%



# TURNOVER

R billion





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## FINANCIAL REVIEW



# PROFIT

Rm	2021	% ch	2019	2020
<b>Turnover</b>	<b>7 258</b>	<b>8,3</b>	<b>6 704</b>	<b>6 254</b>
Gross profit	<b>2 687</b>	<b>10,1</b>	<b>2 441</b>	<b>2 175</b>
Operating expenses	<b>1 861</b>	<b>7,0</b>	<b>1 740</b>	<b>1 665</b>
<b>Operating profit</b>	<b>826</b>	<b>17,9</b>	<b>701</b>	<b>510</b>

# PROFIT

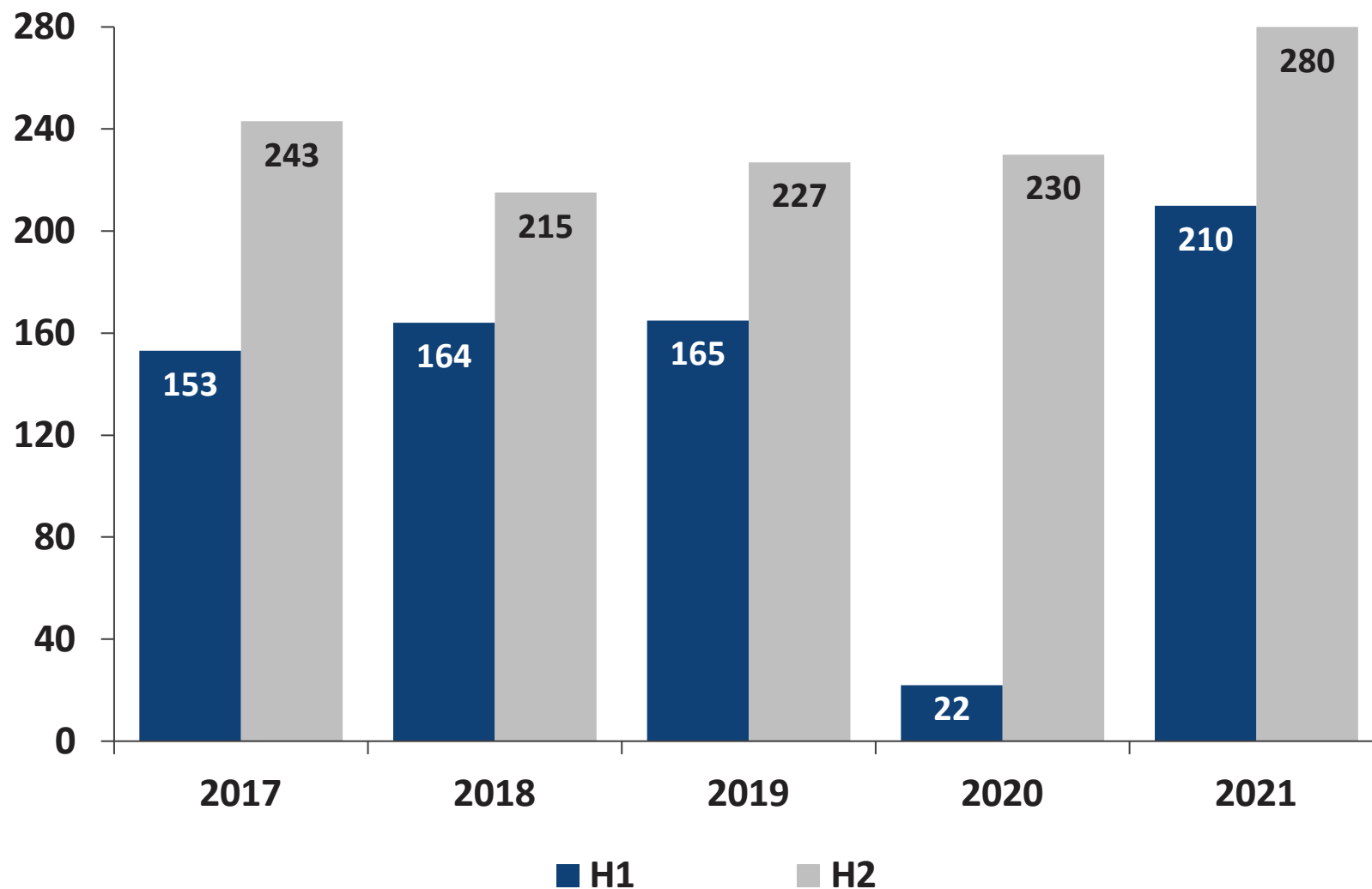
Rm	2021	% ch	2019	2020
<b>Operating profit</b>	<b>826</b>	<b>17,9</b>	<b>701</b>	<b>510</b>
Net interest on funding	(36)		(103)	(69)
Imputed interest on leases (IFRS 16)	(32)			(35)
Impairment of goodwill and intangibles				(348)
Damages settlement				35
Fair value adjustment to amounts due to vendors	10		30	48
<b>Profit before taxation</b>	<b>768</b>	<b>22,2</b>	<b>628</b>	<b>141</b>
Taxation (Rate 2021: 28,5%)	(219)		(160)	(133)
<b>Profit after taxation</b>	<b>549</b>	<b>17,4</b>	<b>468</b>	<b>8</b>
Income from joint venture			3	1
<b>Profit for the year</b>	<b>549</b>	<b>16,7</b>	<b>471</b>	<b>9</b>
Non-controlling interest	(50)		(42)	27
<b>Attributable earnings</b>	<b>499</b>	<b>16,3</b>	<b>429</b>	<b>36</b>

## COMPARABLE EARNINGS

Rm	2021	% ch	2019	2020
<b>Attributable earnings</b>	<b>499</b>	<b>16,3</b>	<b>429</b>	<b>36</b>
Impairment of goodwill and intangibles				<b>348</b>
(Profit) loss of disposal of PPE	<b>(1)</b>			<b>1</b>
Non-controlling interest				<b>(54)</b>
<b>Headline earnings</b>	<b>498</b>	<b>16,1</b>	<b>429</b>	<b>331</b>
Fair value adjustment to estimated capital value of vendor liabilities	<b>(10)</b>		<b>(42)</b>	<b>(52)</b>
Damages settlement				<b>(35)</b>
Non-controlling interest	<b>2</b>		<b>5</b>	<b>8</b>
<b>Comparable earnings</b>	<b>490</b>	<b>24,8</b>	<b>392</b>	<b>252</b>

# COMPARABLE EARNINGS

R million



## EARNINGS PER SHARE AND DIVIDENDS

Cents	2021	% ch	2019	2020
<b>Earnings per share</b>				
Comparable	1 613	30,1	1 240	800
Basic	1 643	21,3	1 355	113
Headline	1 641	21,1	1 355	1 050
<b>Dividends per share</b>				
Interim	240	26,3	190	
Final	520	26,8	410	410
Total	760	26,7	600	410

## RETURNED TO SHAREHOLDERS

Rm	2021	2019	2020
<b>Dividends</b>			
Interim	73	60	
Final	156	130	126
<b>Total</b>	<b>229</b>	<b>190</b>	<b>126</b>
Repurchase of shares	69		82
<b>Total</b>	<b>298</b>	<b>190</b>	<b>208</b>

# STATEMENT OF FINANCIAL POSITION

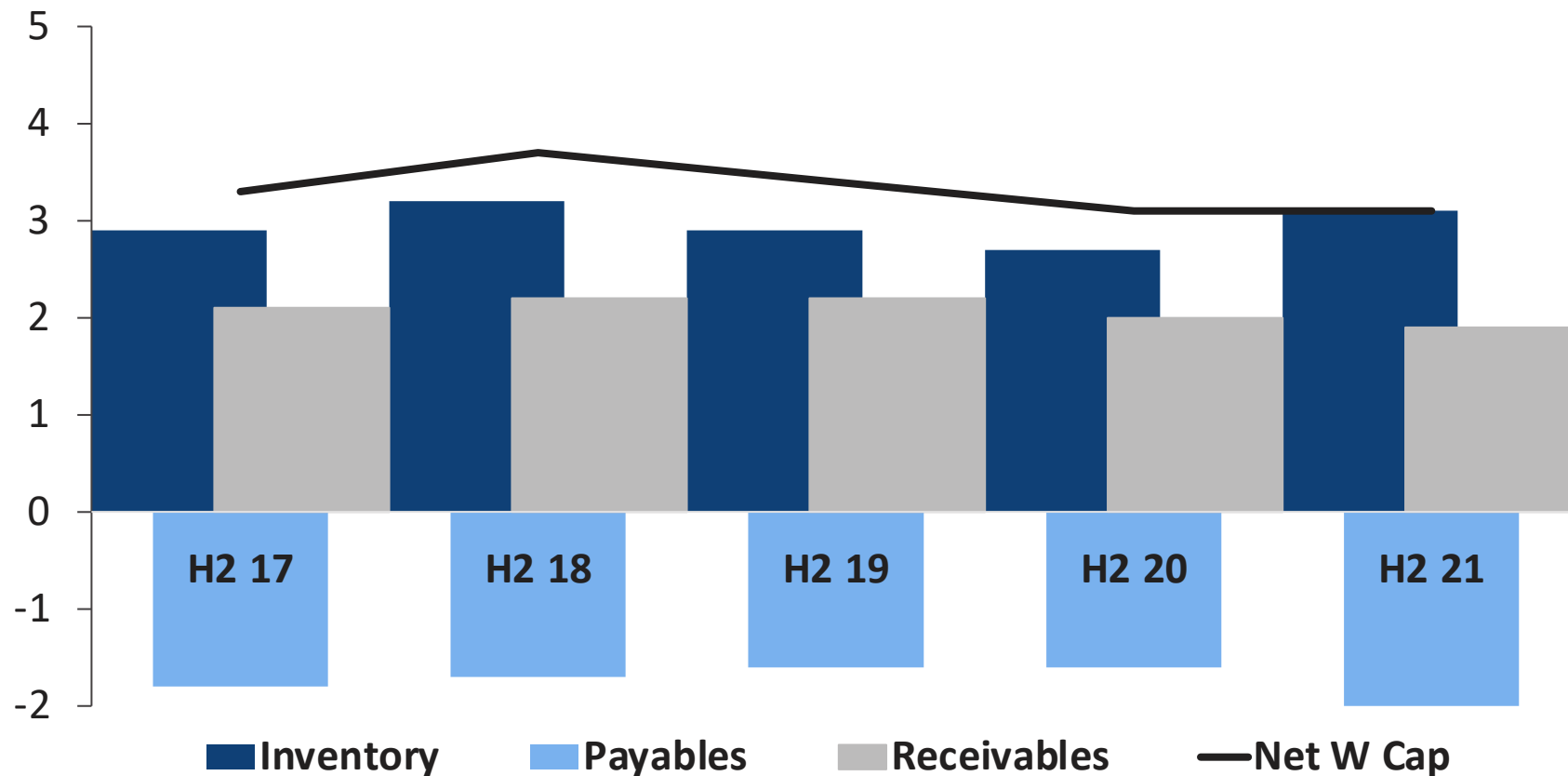
Rm	2021	2019	2020
<b>Working capital</b>	<b>1 977</b>	<b>2 021</b>	<b>1 857</b>
Property, plant and equipment	<b>285</b>	<b>302</b>	<b>265</b>
Right-of-use assets for leased premises	<b>422</b>		<b>414</b>
Goodwill and intangibles	<b>1 196</b>	<b>1 535</b>	<b>1 203</b>
Investment in joint venture		<b>12</b>	
Tax	<b>75</b>	<b>48</b>	<b>45</b>
<b>Assets</b>	<b>3 955</b>	<b>3 918</b>	<b>3 784</b>

Equity	<b>2 976</b>	<b>2 843</b>	<b>2 669</b>
Bank borrowings	<b>469</b>	<b>1 008</b>	<b>643</b>
Lease liabilities	<b>477</b>		<b>455</b>
Due to vendors		<b>65</b>	
Tax	<b>33</b>	<b>2</b>	<b>17</b>
<b>Total equity and liabilities</b>	<b>3 955</b>	<b>3 918</b>	<b>3 784</b>



# WORKING CAPITAL ELEMENTS

In months of sales



One month of sales (in H2)

**2017** = R538m

**2018** = R571m

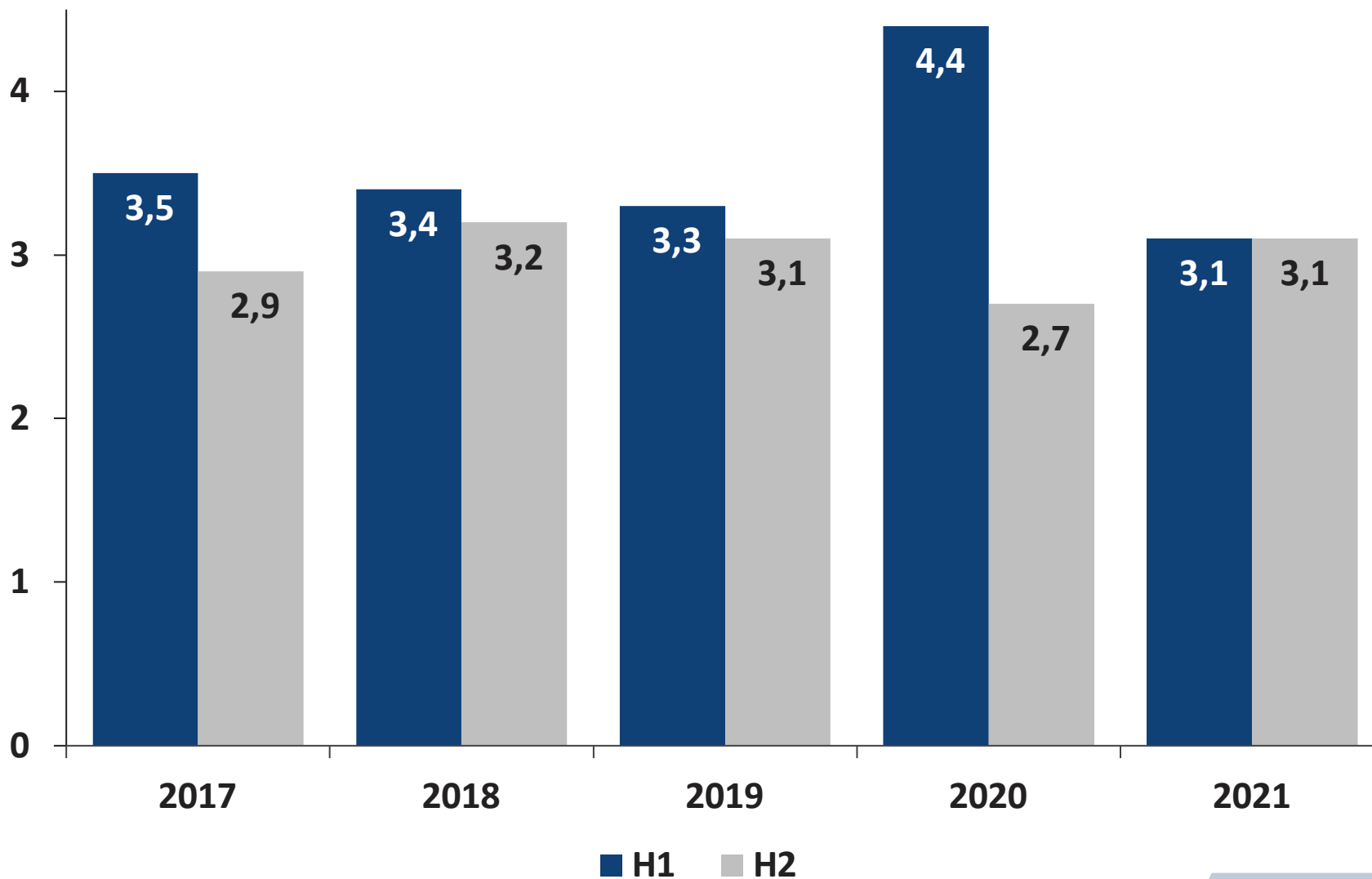
**2019** = R559m

**2020** = R439m

**2021** = R 646m

# INVENTORY

In months of sales



## CASH FLOW

Rm	2021	2019	2020
Cash from trading	1 026	794	726
(Increase) decrease in working capital	(116)	59	182
<b>Cash from operations</b>	<b>910</b>	<b>853</b>	<b>908</b>
Finance costs paid	(36)	(103)	(69)
Tax paid	(220)	(196)	(113)
Damages settlement			35
<b>Cash generated after tax</b>	<b>654</b>	<b>554</b>	<b>761</b>
Share-based payments	(16)	(22)	(4)
Repurchase of shares	(69)		(82)
Dividends paid	(213)	(189)	(139)
Invested in new businesses	10	(114)	(6)
Invested in property, plant and equipment	(68)	(74)	(39)
Lease liabilities settled (including interest)	(126)		(125)
<b>Net movement</b>	<b>172</b>	<b>155</b>	<b>366</b>
Foreign exchange translation (loss) gain	2		(1)
Opening borrowings	(643)	(1 163)	(1 008)
<b>Closing borrowings</b>	<b>(469)</b>	<b>(1 008)</b>	<b>(643)</b>

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## OUTLOOK



## ACQUISITION

- CADAC acquired from February 2022
- Distributor of a wide range of outdoor cooking and heating products including gas cylinders, stoves, cookers, braais, skottels, heaters, lamps, blowtorches and accessories in southern Africa.
- No exposure to Cadac pension fund
- Estimated price R100m
- Opportunity for growth



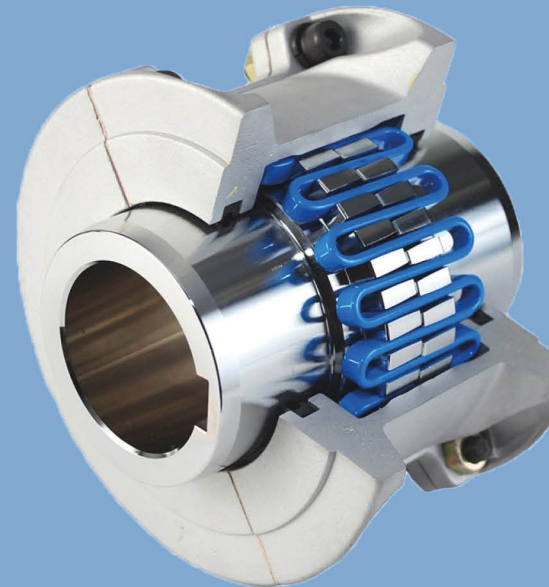
- We are quietly optimistic about the year ahead and believe that the momentum and market share gains our businesses built up in 2021 will continue
- Positive results from the security and communications businesses
- Automotive aftermarket should benefit from the bigger second hand car-pool
- Rapidly expanding fastener business should continue to grow their market share
- We are excited about the alternative energy sector
- Continued growth from businesses supplying to the mining and manufacturing sectors

## OUTLOOK FOR 2022

- We are excited about CADAC, its growth potential and the contribution it will make to our group
- Hudaco is resilient and agile, and our businesses are well placed to take advantage of any improvement in the economy. In the meantime, we will manage the elements within our control and generate cash
- We will use the cash generated to either pay down debt or make accretive acquisitions, potentially including of our own shares

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## CONTACT DETAILS AND DISCLAIMER





## CONTACT DETAILS

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## DISCLAIMER

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, as well as many other internal and external factors. Any of these factors may materially affect Hudaco's future business activities and financial results. None of the forward-looking statements has been reported on by Hudaco's auditors.

The image features a dark blue background with several geometric design elements. On the left, a series of thin, parallel white lines form a diagonal band extending from the top-left towards the bottom-right. In the upper right, the word "Hudaco" is written in a white, italicized, sans-serif font, centered within a horizontal band of slightly lighter blue. This band is flanked by thin, light gray horizontal lines above and below it. In the bottom-left corner, there are three overlapping, slanted rectangular shapes in shades of light blue and white, creating a layered effect.

*Hudaco*