

# Barloworld's share earnings up 31%

By [Mark Allix](#)

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Barloworld, a diversified industrial group, saw revenue rise 11%, operating profit increase 14% and headline earnings per share shoot up 31% for the interim period that ended in March.



The group attributes the strong performance to the acquisition of southern Africa and Russian Far East distribution rights for the Bucyrus mining equipment range and a record result in its automotive and logistics division.

"Our financial performance has been strong in the first half. The newly acquired Bucyrus businesses performed in line with expectations and offset revenue declines in the traditional Caterpillar business on the back of a slowdown in mining capital expenditure," chief executive Clive Thomson said on Monday (20 May).

"We completed the sale of our handling business in Belgium, which will enable the continued redeployment of capital into higher returning opportunities," Thomson said.

He said the group's Iberian business showed a "good" turnaround, and remained cash positive. Markets in Spain and Portugal remained "challenging", but Barloworld's power systems business in the region was better than the languishing construction sector.

The loss in the Iberian equipment business declined substantially from R115m last year to a loss of R5m this year. Operating profit in the Russia equipment business improved by 9% in rand terms, mainly because of a weaker currency.

## Automotive and logistics divisions

The group's automotive and logistics division recorded "substantially" increased operating profit of R673m, up by 27%. Barloworld said all business units were performing ahead of last year's figures.

The group's motor retail unit saw revenue increase by 13% to R10.9bn in the period, with a 25% increase in operating

profit to R258m.

Barloworld expected to make good progress in the second half of the year and deliver a solid result for the full year to September, notwithstanding short-term difficulties in the global mining sector.

But Thomson said despite a slowdown and labour problems on South African mines, the greenfield R1.3bn Husab uranium contract, and a R500m Caterpillar equipment order for the B2Gold mine project, both in Namibia, had boosted prospects.

"The outlook for equipment sales in Southern Africa is deteriorating as mining activity in Botswana, Mozambique and SA is slowing down," Simon Anderssen, equity analyst at Kagiso Asset Management, said.

"This is reflected in Barloworld's order book, which declined marginally since year-end. However, Russia continues to show strong demand for equipment as (its) mining industry continues to flourish. This region remains a key growth market for Barloworld," he added.

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