

Motor trading division lifts Barloworld

Record results from its motor trading division helped Barloworld grow revenue 6% to R66.5bn and aftertax profit 30% to R2bn in its financial year to-end September.



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Motor trading, housed within its automotive and logistics division, contributed a third of the group's total revenue. It grew sales 8.3% to R21.8bn and operating profit 15% to R558m, Barloworld said in its results statement on Monday.

"New vehicle sales volumes declined by 6.4% against a total market decline of 9.5% during the financial year under review. The overall result was supported by an improved used vehicle and aftersales performance. The acquisitions of two Mercedes-Benz dealerships and a majority stake in salvage management and disposal contributed to the result."

Barloworld splits itself into two main segments: automotive and logistics, which contributed 56% of the group's revenue, and equipment and handling, which contributed 44%. Its car rental business grew revenue 14.7% to R5.97bn and operating profit 14% to R536m

Loss of a Lesotho government contract saw its Avis Fleet business report a small drop in revenue to R3.6bn from the matching period's R3.4bn.

Growth in Russia and Spain helped its equipment division report an overall 1.4% growth in revenue to R27.9bn despite its

Southern African businesses suffering an 8.7% sales decline to R18.5bn.

"The slowdown in mining activity and the reluctance of mines to incur both replacement and greenfields capital expenditure resulted in mining unit sales dropping to their lowest level since 2010," CEO Clive Thomson said in the results statement.

"While most of our major mining customers have maintained production levels we have seen selective production curtailment in certain regions, including the iron ore mines in Northern Cape, which had some impact on aftersales demand."

Barloworld's Russian equipment division grew sales 43% to R4.8bn thanks to increased mining machine demand from opencast gold miners.

"Activity levels in Spain remained under pressure as a result of extensive delays in forming a government following two inconclusive general election results," Thomson said.

"Revenue to September of R4.5bn was R680m adrift of last year with activity levels in Portugal 25% below the previous year with reduced export sales to Angola and Mozambique."

Barloworld declared a final dividend of R2.30, taking its total for the year to R3.45 - the same as the previous year.

Source: BDpro

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