

# SILCHESTER INTERNATIONAL INVESTORS LLP

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6<sup>th</sup> February 2025

Silchester International Investors LLP ("**Silchester**"), acting on behalf of its clients, is the owner of 33,531,795 ordinary shares in Barloworld Limited ("**Barloworld**"). This represents 17.7% of Barloworld's issued share capital. Silchester's clients are amongst Barloworld's largest shareholders.

On 29<sup>th</sup> January 2025, the Consortium published its Circular. The Consortium is seeking shareholder support to privatise and delist Barloworld. On 11<sup>th</sup> December 2024, Silchester issued a press release setting out its thoughts on the Consortium's offer (copy attached). Silchester's views are unchanged.

**Silchester does not see the Consortium's offer for Barloworld as compelling.**

## *Ordinary General Meeting ("OGM")*

An OGM will take place on 26<sup>th</sup> February 2025. At the OGM, shareholders will be asked to vote on several resolutions. To ensure that Barloworld, the Consortium, and market participants have access to the same information, Silchester is making some of its current voting intentions public:

1. Silchester intends to vote **against** Resolution 1, the Scheme of Arrangement (the "**Scheme**"). The Scheme is unlikely to succeed without Silchester's support.
2. Silchester intends to vote **against** Resolution 3, Independent Director Remuneration. Our view is that the Independent Directors failed to fulfil their fiduciary responsibilities to shareholders by allowing the current CEO to continue to exercise authority despite the inherent conflicts of interest arising from his participation in the Consortium. No remuneration is appropriate.

**We encourage the Board and its Independent Directors to prepare appropriate plans in the likely event that the Scheme of Arrangement fails.**

## *Standby Offer*

The Circular refers to a Standby Offer.

The Circular states that more than 90% of Barloworld shareholders must tender their shares into the Standby Offer for the privatisation to be effective. Subject to a material change in the terms of the Standby Offer, **Silchester does not currently intend to tender its shares**. The Standby Offer, unless amended, cannot become unconditional without Silchester's support.

Silchester calls on Barloworld, the Independent Board and the Stock Exchange to clarify the exact terms of the Consortium's Standby Offer and whether amendments will be made, including any increase in price and/or change to the 90% threshold. This information is needed for shareholders to properly evaluate their options before votes are lodged at the OGM and AGM.

**We encourage the Board and its Independent Directors to prepare appropriate plans in the likely event that the Standby Offer fails.**

### *Annual General Meeting (“AGM”)*

An AGM will take place on 21<sup>st</sup> February 2025. Recent events have highlighted the Board’s failure to properly oversee the company, its management and its CEO. The Board has failed to manage conflicts of interest arising in connection with the CEO’s participation in the Consortium. To ensure that Barloworld, the Consortium, and market participants have access to the same information, Silchester is making some of its current voting intentions public:

1. Silchester intends to vote **against** Resolutions 2, 3, 4, 5, 6, 7 and 8, related to the re-election of Barloworld’s directors and audit committee members.
2. Silchester intends to vote **against** Resolutions 10 and 11, related to Remuneration. Our view is that the CEO’s interests are no longer aligned with long-term shareholders. The CEO is part of, and his interests are aligned with, the Consortium.

### *Final Thoughts*

Silchester is a long-term investor in the businesses of our portfolio companies. The last few years have been challenging for Barloworld and its stakeholders. Despite these difficulties, Silchester believes that Barloworld – with new management, a new CEO, a reasonable Board of Directors, and proper capital allocation – is well placed to succeed.

Please contact Tim Linehan ([tlinehan@silchester.com](mailto:tlinehan@silchester.com)) with questions on this press release.

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11<sup>th</sup> December 2024

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Silchester does not see the Consortium's offer for Barloworld as being compelling.

1. Silchester was wall-crossed by the Consortium on 26<sup>th</sup> October 2024.
2. Silchester had several discussions with the Consortium about their potential bid for Barloworld. Silchester repeatedly advised the Consortium that Silchester was unwilling to tender its Barloworld shares unless the Consortium offered at least of ZAR 130 per share.
3. Silchester's last communication with the Consortium took place on 19<sup>th</sup> November 2024. No subsequent discussions with the Consortium have taken place.
4. The Independent Board was advised that Silchester was unwilling to tender its Barloworld shares at a price below ZAR 130 per share.
5. A full privatisation of Barloworld is unlikely to succeed without the support of Barloworld's primary shareholders, including Silchester.
6. Silchester intends to exercise all rights available to shareholders in South Africa to protect the financial interests of Silchester's clients.

The last few years have been challenging for Barloworld and its stakeholders. Despite these difficulties, Silchester believes that Barloworld, with new management, a reasonable Board of Directors, and proper capital allocation, is well placed to succeed in the coming years.

Please contact Tim Linehan ([tlinehan@silchester.com](mailto:tlinehan@silchester.com)) with questions on this press release.