MEDIA RELEASE

THE BIDVEST GROUP LIMITED
RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

BIDVEST DELIVERS PROFIT AND HEADLINE EARNINGS GROWTH FOR SIX-MONTH PERIOD

"It is pleasing to announce a good overall operating result. The well-diversified nature of our asset portfolio, the strength and excellence of our management and employee team, as well as robust underlying businesses have again ensured acceptable growth. The Group remains committed to its investment and growth strategy while still delivering returns for all stakeholders".

Lindsay Ralphs – Chief executive

SALIENT FEATURES

- Headline earnings increased by 10.0% to R2.1 billion
- HEPS up 9.6% to 629.1 cents per share
- Trading profit growth, up 6.3% to R3.3 billion
- Interim dividend of 282 cents per share, up 10.6%
- Strong balance sheet maintained with conservative gearing

Johannesburg, 4 March 2019: Leading business-to-business trading, distribution and services group, Bidvest has delivered a pleasing six-month trading profit, which increased 6.3% to R3.3 billion for the period ended 31 December 2018.

The trading profit, which was off flat revenue, was boosted by good performances from the Services, Freight and Office and Print divisions, while Properties also had a pleasing six-month period. Difficult equity markets have, however, impacted the results, specifically within the Financial Services division.

Bidvest's headline earnings increased by 10.0% to R2.1 billion (H1 2018: R1.9 billion) and headline earnings per share (HEPS) increased by 9.6% to 629.1 cents (H1 2018: 574.0 cents). The Group declared an interim dividend of 282 cents per share, up 10.6%.

Lindsay Ralphs, Group Chief Executive commented, "This is a good result despite the frail economic backdrop and significant business and political uncertainty. It again demonstrates the value of our diversified portfolio and the quality of the underlying businesses. Gross profit margin growth was pleasing, augmented by strong cost discipline as well as good capital management".

Group revenue remained flat at R40.0 billion in growth constrained economies. The gross profit margin improved by 120bps to 29.3%. Operating expenses were well managed and well contained, increasing by 4.7%. Overall, there was a higher trading margin of 8.4% (H1 2018: 7.9%).

Return on funds employed, or ROFE, remained flat at 22.8% on 4.9% higher average asset base. ROIC was 16.0%.

Bidvest associate, Adcock Ingram, delivered strong results and secured a significant ARV tender. Although Comair's profits contracted, a recent claim awarded against SAA should crystallise part of the valuation gap. The total share of profit from associates decreased by 7.4%.

The income from investments improved substantially to R86.5 million (H1 2018: R24.9 million). This was as a result of the profit realised on the disposal of Bidcorp shares, an exchange rate revaluation gain on Mumbai International Airport (MIAL) and unrealised losses on other smaller investments.

The Services division's trading profit broke through the R1.0 billion mark with strong growth, both locally and internationally, underscoring the annuity nature. Office and Print's result was pleasinggiven the structural decline of the industry in which it operates. Freight delivered a strong result off a high base benefitting from greater volumes handled and capacity investments made. Commercial Products posted a mixed result while a reasonable underlying result in Financial Services was dragged down by the investment portfolios' returns. Electrical and Automotive reported lower trading profit, both operating in challenging industries. Properties benefitted from rentalisation of projects and low vacancies. Results from continuing operations in Namibia improved off a depressed base.

Strong Balance Sheet

The financial position of the Group remained very strong with net debt decreasing to R8.9 billion, representing net debt to rolling EBITDA cover of 1.1x. This, despite working capital absorption, continued corporate action and capital investment.

R4.1 billion cash was generated by businesses, up from R3.9 billion in the prior year. . Seasonally, working capital is absorbed during the first half of the financial year. During the six months to December 2018, the R3.1 billion absorption was exacerbated by significantly lower disbursements as well as a deliberate slowdown of bank deposits. Strategically, Electrical and Office and Print stocked-up on certain inventory lines.

In November 2018, Bidvest successfully raised three long-term bonds, totalling R1.3 billion, which were significantly oversubscribed, at attractive rates. The Group's average cost of funding is 6.6%.

Continued Growth

Progress on Bidvest Freight's R1.0 billion Liquified Petroleum Gas project is on schedule. Civil work is complete and construction has started in preparation for the arrival of the storage tanks toward the middle of 2019. Commissioning is targeted for the middle of 2020.

The Group concluded bolt-on acquisitions in Services as well as Office and Print, while minorities were bought out in Glassock (Financial Services) and Glenryck (in Namibia). Sebenza was merged into Bidvest Panalpina Logistics (BPL), which forms part of Freight. Services' acquisition of Aquazania for R390.0 million was concluded post interim end.

Several other opportunities were assessed, some of which are still being considered. Mr Ralphs added, "We remain steadfast in our disciplines when evaluating and responding to opportunities.".

As announced by Bidvest Namibia on Friday, 1 March 2019, Bidvest made a N$10.50 per share take-over offer for the shares we do not already own, conditional on the delisting approved by minority shareholders. Bidvest Namibia formed an independent board committee to deliberate this offer.

Future intact

Economic growth, industrial activity and consumer spend are expected to remain lacklustre until certainty emerges post the national election in May 2019. The economic damage caused by corruption will take time to remedy. Government's ability to drive infrastructural spending, initiation of development programmes and ongoing maintenance in key entities and facilities remain critical to kick-start the economy.

The Group's financial position allows sufficient headroom to advance the Group's strategy, both locally and internationally, ensure growth in existing markets, continue to acquire bolt-on businesses, and pursue other strategic opportunities in our chosen niche areas.

Mr Ralphs concluded, "The core competencies and drivers of Bidvest remain firmly intact and we expect that continued growth will be achieved in the next financial year. Pockets of activity and opportunities exist across the economy and the Group is well positioned to participate in these".

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ISSUED ON BEHALF OF:	**THE BIDVEST GROUP LIMITED**
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About Bidvest:

Bidvest is a leading business-to-business trading, distribution and services group, operating through seven divisions: Services, Freight, Automotive, Office and Print, Commercial Products, Financial Services and Electrical. The Group owns 66.0% of Bidvest Namibia and a significant property portfolio, occupied largely by Bidvest companies. Bidvest continues to hold investments in Adcock Ingram (38.5%), Comair (27.2%) and Mumbai International Airport (6.75%), as well as other listed and unlisted investments.