BIDVEST TRADING PROFIT AND EARNINGS INCREASED

"Bidvest has proven the resilience of its business model by delivering pleasing operating and financial results. We have also made excellent progress on our stated objectives, which include, the strengthening and realigning of our portfolio to focus on our seven core divisions, strategically growing within our core sectors, ensuring a strong and capable leadership team, directing capital spend on meaningful infrastructural developments, and positioning for international diversification",
Lindsay Ralphs – Chief executive.

SALIENT FEATURES

- *Trading profit up 4.6% to R6,0 billion, and SA operations up 6.4%*
- *Five of the seven divisions recorded commendable increases in trading profit despite challenging economic conditions*
- *Strong improvements in associate companies*
- *R773 million cash from non-core asset disposals*
- *Basic earnings per share up 107% to 1 430.3 cents*
- *Headline earnings increased by 6.2% to R3.7 billion*
- *HEPS increased by 5.1% to 1 108.2 cents*
- *Tight asset management*
- *Strong balance sheet maintained: Net debt/EBITDA <1x*
- *Cash generation of R6.9 billion, after significant investment in South Africa*
- *Final dividend declared of 264 cents per share*
- *Acquisition of Irish and UK-based facility management services leader, Noonan*

Johannesburg, 28 August 2017: Bidvest, South Africa's leading, diversified trading, distribution and services group, has increased headline earnings by 6.2% to R3.7 billion for the year ended 30 June 2017.

Bidvest operates through seven core divisions: Services, Freight, Automotive, Office and Print, Commercial Products, Financial Services and Electrical. It also retains investments in Bidvest Namibia, Bidvest Properties, Adcock Ingram, Comair and Bidcorp, among other companies

Lindsay Ralphs, Bidvest Chief Executive commented, "We have delivered a solid trading result in an exacting market, characterised by a lack of economic growth and declining consumer spend, as well as significant business and political uncertainty. We are evolving successfully following last year's unbundling of the food service businesses. The benefits of our diversified portfolio and the quality of the underlying businesses are evident in the performance of the trading operations where five of Bidvest's seven divisions, as well as Bidvest Properties, delivered growth in trading profit".

The South African operations delivered improved trading results in most divisions, with trading profit increasing by 6.4% against revenue growth of 3.5%. Commercial Products, Electrical, Financial Services, Freight and Services contributed positively to the growth in the trading result.

The results were bolstered by a strong focus on clients and solutions, as well as the acquisition of Brandcorp (effective 1 October 2016) in the Commercial Products division and smaller bolt-on acquisitions in the Electrical and Financial Services divisions. Exceptional cost discipline and driving down the cost of doing business help to support growth in most of the businesses that faced deflationary pressure.

Bidvest Automotive, while not growing profits, managed to perform ahead of a very challenging market.

Bidvest Namibia continued to be impacted by limited fishing quota allocation, higher quota buy-in prices and a recessionary macroeconomic environment in Namibia. Numerous strategic options are being considered.

Bidvest Corporate benefited from the revaluation of its Mumbai International Airport investment, realised and unrealised gains on the Bidcorp, Cargo Carriers and Cullinan shares, as well as an exceptional performance from the property division.

Strong profitability gains were achieved at Adcock Ingram and Comair, which notably increased Bidvest's share of profits from these associated companies and prompted a reversal of previous impairments.

These financial impacts contributed to basic earnings per share more than doubling to 1 430.3 cents (2016: 692.6 cents). Headline earnings per share increased by 5.1% to 1 108.2 cents (2016: 1 054.1 cents).

The Group has declared a final gross cash dividend of 264 cents per ordinary share for the year ended 30 June 2017. This brings the total dividend for the year to 468 cents per share.

Financial overview

Group revenue increased 4.0% to R71.0 billion (2016: R68.2 billion), and the gross profit margin was fairly stable at 29.1% (2016: 29.2%).

Operating expenses were well controlled, increasing by a modest 3.6%. Like-for-like expenses increased by 1.7%.

Trading profit grew 4.6% to R6.0 billion (2016: R5.8 billion), with a trading margin of 8.5% (2016: 8.4%).

The investments in Adcock Ingram and Comair benefited from positive mark-to-market fair value adjustments of R1.2 billion. Adcock Ingram and Comair both reported substantially better results. Consequently, share of profit from associates increased by 152.8%.

Bidvest's headline earnings increased by 6,2% to R3,7 billion (2016: R3,5 billion) and HEPS by 5,1% to 1 108,2 cents per share. The number of weighted average shares in issue increased.

Cash generated by operations at R6.9 billion, was marginally lower than the R7.0 billion generated in the prior year. R773 million cash was generated on the disposal of non-core assets.

"We remain committed", said Lindsay Ralphs, "to infrastructural development spend in South Africa, such as the 22,600-metric tonne liquefied petroleum gas (LPG) storage facility we are building in Richards Bay, which will ultimately be of significant benefit to the country".

Acquisitions

During the year, the Group acquired 100% of Brandcorp, which is a value-added distributor of niche Industrial and Consumer products.

The Group has also made several divisional bolt-on acquisitions as part of its strategy to grow through organic as well as acquisitive means.

Bidvest announced the acquisition of 100% of Noonan for EUR175 million in July 2017. Noonan is an Irish and UK-based, integrated facility management services and solutions provider with a 40-year track record. Its services range from cleaning and security to building services and facilities management and include soft, technical and ancillary services. Post obtaining SA Reserve Bank approval, the acquisition will be effective 1 September 2017.

Lindsay Ralphs added, "The Noonan acquisition gives us a strong platform from which to expand in the United Kingdom, and beyond. The existing business already has an established footprint and is experiencing tremendous success with its diversified services offering from its base in the Republic of Ireland, and more recently in key areas within the United Kingdom. Our Services division's track record and product offering will compliment Noonan exceptionally well, and we are looking forward to the management teams of the two entities delivering strong growth and innovation into the future".

Prospects

Current economic data points to moderately improving economic conditions. This trend is supported by higher commodity prices and improving consumer confidence as evidenced by the latest retail statistics. Accordingly, we expect trading conditions to improve marginally in the coming year.

Against this background, a continued strong focus on expense control and asset management remain essential ingredients to ensure sustainable growth.

The Group will continue to actively explore selective acquisitive opportunities in local and international markets, to complement the core product and service offerings.

Lindsay Ralphs concluded, "We maintain a sound financial position and a strong balance sheet with adequate headroom to support growth aspirations".

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

Bidvest is a leading trading, distribution and services group, operating through seven divisions: Services, Freight, Automotive, Office and Print, Commercial Products, Financial Services and Electrical. The Group owns 52% of Bidvest Namibia and a significant Bidvest occupied property portfolio. Bidvest continues to hold investments in Adcock Ingram (38.4%), Comair (27.2%), Cullinan Holdings (19.5%) and Mumbai Airport (6.75%), as well as other listed and unlisted investments.