BIDVEST HEADLINE EARNINGS PER SHARE RISE 27,4% FOR YEAR TO JUNE 2012

Bidvest posts a 27,4% rise in headline earnings per share for the year to the end of June 2012. Pleasing trading results were supplemented by a R399,1 million profit on partial disposal of Bidvest's stake in Mumbai International Airport Private Limited (MIAL)

HIGHLIGHTS

- **Revenue rises 12,7% to R133,5 billion**
- **Trading profit up 14,5% to R7,0 billion**
- **Normalised headline earnings per share up 16,8% to 1 352,3 cents**
- **Headline earnings per share rise 27,4% to 1 474,2 cents**
- **Ordinary dividends per share increase by + 29,6% to 622,0 cents**
- **Special dividend of 80,0 cents per share**
- **Net debt falls to R3,6 billion**
- **Cash generated by operations up 12,7% at R8,7 billion**

OVERVIEW

Bidvest chief executive Brian Joffe today (Monday, August, 27) announced "pleasing trading results" for the year ended June 30 2012, supplemented by profit of R399,1 million on partial disposal of the Group's beneficial holding in Mumbai International Airport Private Limited (MIAL).

Headline earnings per share (HEPS) rose 27,4% to 1 474,2 cents with basic earnings per share (EPS) up 28,9% at 1 431,7 cents. Normalised HEPS (excluding the MIAL profit and associated STC) rose 16,8% to 1 352,3 cents. EPS were impacted by an impairment of Bidvest's investment in Comair Limited of R96,7 million.

Joffe noted: "Trading conditions in southern Africa improved overall, but sectors such as construction remained weak as did consumer spending at the discretionary end of the market. Asia Pacific continued to deliver solid results. Foodservice Europe's results overall were flat in local currencies but up 8,3% in rand terms amid weak market conditions."

Gains were achieved in the face of a challenging economic environment, "a tribute to the resilience and focus of Bidvest's management".

Revenue grew 12,7% to R133,5 billion (2011: R118,5 billion), with major growth in Bidvest Europe (R6,4 billion) and Bidvest Asia Pacific (R3,9 billion), reflecting market-share gains and the assistance from translation due to a weaker rand.

Operating expenses were well controlled. The 10,8% increase was distorted by currency effects. Trading margin improved to 5,3% (2011: 5,2%), despite bigger contributions by lower margin activities such as forwarding and clearing and automotive retailing.

Trading profit rose 14,5% to R7,0 billion (2011: R6,1 billion). Share-based payment costs increased to R121,5 million (2011: R62,7 million) due to the issue of staff share options. Joffe commented: “Incentivisation remains one of the cornerstones of Bidvest’s decentralised operating model.”

Net finance charges of R140,7 million were up 21,8%, attributable mainly to the full 2012 effects of the R1,6 billion spent to buy back shares from the Dinatla empowerment consortium late in the prior period.

Net debt fell to R3,6 billion (2011: R5,0 billion). Interest cover was unchanged at 9,1 times. Cash generated by operations before working capital changes rose 12,7% to R8,7 billion (2011: R7,8 billion).

“Bidvest’s financial position remains robust and the Group is well-capitalised,” Joffe added. “Bidvest retains adequate borrowing capacity. Our attitude to gearing remains conservative and appropriate in the current economic climate.”

In December 2011, Fitch Ratings upgraded Bidvest’s national long-term rating to ‘AA-(zaf)’ from ‘A+(zaf)’ and national short-term rating to ‘F1+(zaf)’ from ‘F1(zaf)’. Moody’s continue to rate Bidvest at A1.za with a stable outlook.

Investments included the acquisition of 26% of Mvelaserve Limited for R424,2 million. Foodservice internationalisation continued with the acquisition of Deli Meals in Chile; Bidvest’s first entry into South America.

DISTRIBUTION

A final cash dividend of 342,0 cents per share has been awarded.

PROSPECTS

Joffe did not expect trading conditions in southern Africa to show marked improvement, but Bidvest teams would continue to pursue growth. He added: “In 2012, the focus was on restructuring and organic growth. Going forward, a mix of organic and acquisitive growth is expected to drive further gains.”

In Europe, management were “cautiously optimistic” of achieving market-share gains and product and geographic expansion. In Asia, teams would seek growth by developing innovative wholesale trading solutions, by range extension and expansion of the regional footprint.

“Significant management effort is being directed at those operations where performance is below our expectations,” said Joffe. “The Group remains focused on ensuring we exceed customer requirements by providing the most value added solutions.”

Management focus remains on cost control, working capital management and generating superior returns on funds employed. Bidvest has “ample capacity to fund sustainable growth opportunities”.

The Group would remain true to “our tried and tested decentralised and entrepreneurial business model” and the Bidvest culture of “autonomy with responsibility and accountability”.

“Notwithstanding tough economic circumstances worldwide,” said Joffe, “we see opportunities across many of our businesses for organic growth and acquisitive expansion of our footprint and service offering.”

DIVISIONAL REVIEW

Bidvest South Africa

The realigned and refocused businesses grew in challenging conditions. Revenue increased to R62,7 billion (2011: R59,0 billion). Trading profits rose 13,0% to R3,9 billion with impressive contributions by Bidvest Automotive (32,9%) and Bidvest Office (27,7%). Market-share and efficiency gains were substantial.

Automotive - The vehicle retailer achieved a pleasing result with trading profit 32,9% higher at R502,4 million (2011: R378,1 million) while revenue rose to R19,1 billion (2011: R18,6 billion). ROFE reached 52,3%. Margins rose from 2,0% to 2,6%. The result includes statutory commission income from Bidvest Insurance and profit share from McCarthy Finance. New vehicle sales rose in line with improved market conditions. Used sales were sluggish. Franchise performance was mixed. After-sales showed some growth. Central services costs were cut by 30,0%. Retail operations were restructured into six franchise silos.

Electrical - Electrical achieved some growth despite the construction sector recession. Revenue rose to R4,3 billion (2011: R4,1 billion) while trading profit increased 14,1% to R207,6 million (2011: R181,8 million). Gross margins improved to 19,2% (2011: 18,8%). Expenses were well controlled as operations were rationalised. Regional performance was mixed. KwaZulu-Natal was outstanding and Voltex Retail put in a pleasing performance. Sanlic had a poor year. Waco showed improvement. Voltex Lighting and Cabstrut were reintegrated into mainstream Voltex operations.

Financial Services - Divisional trading profit rose 13,1% to R586,7 million (2011: R518,9 million). The segmental result was restated to reflect the payment of commission and profit share to Bidvest Automotive of R169,1 million (2011: R122,7 million).
Innovation drove growth at Bidvest Bank. Profit after tax reached R317,0 million (2011: R283,5 million), with deposits up 31% to R1,8 billion (2011: R1,4 billion). The credit loss ratio was 0,1% on total assets of R4,1 billion. At 39,7% the financial leverage ratio remained low. By year-end, the bank’s customer-base topped 1,5 million. Management continue to develop new and innovative products.
Bidvest Insurance delivered solid results as it diversified activities and maximised opportunities within existing distribution channels. Gross premiums rose 12,8% to

R330,9 million (2011: R293,4 million), reflecting higher policy volumes combined with higher yields. Net underwriting result moved 33,3% higher. Investment income was up 5,5% at R106,9 million (2011: R101,4 million).

Freight - Firm commodity volumes for most of the year saw trading profit rise 7,5% to R952,7 million (2011: R886,3 million). Revenue moved 8,4% higher to R20,9 billion (2011: R19,3 billion).

IVS achieved record profits, though petroleum volumes were down. Costs were well controlled. Good maize imports and exports offset lower volumes of wheat, rice and soya at SA Bulk Terminals. BPO was impacted by lower volumes, the partial loss of a major contract, lower steel exports and fewer liner calls. The stevedoring and ships agency businesses performed well.

Bidvest Panalpina Logistics, a merger of Safcor Panalpina and Rennies Distribution Services, bedded in well, achieving revenue and profit growth above expectation. SACD Freight faced a challenging year. Bulk Connections handled record volumes of 3,3 million tons and is positioned for further growth following a major infrastructure upgrade. Naval in Mozambique won new iron ore and magnetite customers while maintaining strong coal volumes. The marine insurance business had a good year. Manica made a R6,6 million loss. The DRC business was sold and new management appointed at several operations.

Industrial - Results were disappointing with revenue flat at R1,5 billion while trading profit fell 30,9% to R81,8 million (2011: R118,4 million). Margins contracted to 5,8% (2011: 7,9%) and ROFE fell to 16,3%. Afcom had a difficult year. Restructuring is under way. Berzacks and Bloch & Levitan faced continuing pressure. Orders at Bidvest Materials Handling were sluggish, but revived toward year-end. Buffalo Executape had a difficult year. Vulcan rebounded well following rationalisation. Yamaha was impacted by continued pressure on consumer spend.

Office - The division put in an exceptional performance on the back of strong results at technology companies Konica Minolta, Océ and Global Payment Technologies. Revenue rose 13,6% to R4,2 billion (2011: R3,7 billion), with trading profit 27,7% higher at R275,1 million (2011: R215,4 million). ROFE rose to 44,2%. Sales revived at restructured furniture businesses. Challenges relate to the restructured Furniture Manufacturing, which recorded a loss. Waltons was successfully restructured.

Paperplus - Volumes were impacted by private-sector cost cuts, subdued exports and low general print demand. Trading profit improved marginally at R328,1 million (2011: R325,6 million) on a 4,1% revenue increase to R3,9 billion (2011: R3,7 billion). Personalisation and Mail contributed strongly and Email Connection performed exceptionally well. Additional capacity was created for newly acquired Sprint Packaging and a certified food safe manufacturing facility established. Label demand remained low. Performance at Silveray Statmark was disappointing. Kolok had a good year.

Rental and Products - Outstanding performances by Steiner Hygiene and G Fox helped grow trading profit by 19,8% to R383,8 million (2011: R320,3 million) while revenue moved 20,8% higher to R2,1 billion (2011: R1,7 billion). ROFE was excellent at 64,1%. Major contract renewals and new business gains boosted the Steiner result. Within Industrial Products, G Fox benefited from the Alsafe acquisition and organic growth. Puréau and Silk by Design performed well. Performance at Execuflora and Laundries was disappointing. Hotel Amenities had a poor year.

Services - Performance was mixed in a challenging environment with trading profit up 11,5% to R215,4 million (2011: R193,2 million) on a 5,4% revenue increase to R3,1 billion (2011: R2,9 billion). ROFE was flat at 52,5%. Growth was driven by strong contributions from the Prestige cleaning and Magnum security clusters. Bidtrack put in another good performance. Rationalisation continued at the TMS industrial cleaning business. Top Turf completed a restructure following disappointing results on low project volumes.

Travel and Aviation - Pleasing overall performance took trading profit 18,2% higher to R319,4 million (2011: R270,3 million) on revenue of R2,0 billion (2011: R1,9 billion), a 9,6% increase. ROFE rose to 23,0%. Bidtravel results exceeded expectation. Rennies Travel optimised gains flowing from its restructure. Bidair Services was impacted by pricing pressures during extremely competitive tendering. Volumes showed good growth at Bidvest Lounges. Cargo volumes suffered as air services were curtailed. Budget Car and Van Rental achieved good profit growth and market-share gains.

Bidvest Foodservice

Foodservice revenue grew 18,6% to R70,8 billion (2011: R59,6 billion). Rand weakness accentuated revenue growth in Bidvest Europe and Asia Pacific. Asia Pacific is now the largest foodservice contributor. In South Africa, margin pressure increased and competitor activity heightened.

Asia Pacific - A positive finish at Bidvest Australia took revenue to A$1,9 billion (2011: A$1,8 billion) with trading profit growth of 4,5% to A$84,3 million. Foodlink, a Western Australia foodservice supplier, was acquired in April. Trading conditions were mixed. Metropolitan markets and tourist areas faced pressure. Foodservice performed strongly, Hospitality had a difficult year and Fresh remained under pressure. Logistics was impacted by the loss of a beverage distribution account.

Bidvest New Zealand exceeded expectations. Revenue rose 15,1% to N$615,4 million and trading profit rose 13,1% to N$29,0 million. ROFE improved and margins were well managed. Work on two new distribution centres began and the first investment was made outside the wholesale distribution market with the acquisition of a manufacturing butchery and prepared vegetable processing business.

Angliss Greater China was bolstered by a strong first three quarters. Revenue was up 12,8% to HK$2,5 billion (2011: HK$2,3 billion) and trading profits up 20,8% to HK$102,7 million. Hong Kong achieved target despite falling food commodity prices. Macau benefited from strong promotional activity and Shanghai from strong end-user focus. Sales fell at Angliss Singapore as operations transitioned to a full foodservice model. Remedial action has been taken. Revenue fell by 3,9% to S$333,6 million and trading profit dropped to S$5,3 million, down by 54,7%.

Europe - 3663 First for Foodservice grew revenue by 7,7% to £1,1 billion and trading profit 2,3% to £35,1 million, despite margin pressure. Working capital performance remained strong. The loss of a major contract was offset by new business gains. Free-trade volumes rose. Profit at the catering equipment and fresh businesses exceeded expectations. The Reflex IT system implementation was delivered on time and within budget. A small Scottish foodservice business was acquired after year-end. Bidvest Logistics returned to trading profit on the back of better-than-expected sales. Contracts were extended or expanded with major customers. Revenue rose at Seafood Holdings in its first full-year contribution, but trading profit was below expectation. Average customer spend declined and collapsing salmon prices were negative for margins.

In Europe, Deli XL Netherlands was impacted by lower sales, margin compression and profit levels well below budget. Revenue fell 2,8% to €722,7 million (2011: €743,9 million). Trading profits fell 46,9% to €9,7 million. Institutional turnover was down and hospitality faced pressure. Fresh sales rose, catering proved resilient and national account business grew. Deli XL Belgium grew revenue by 14,8% to €316,5 million, but trading profit was impacted by restructuring costs and tighter margins. The institutional channel faced significant pressure.

Bidvest Czech Republic and Slovakia faced challenging conditions, but revenue rose 1,5% to CZK8,0 billion. Margins were maintained and costs well controlled. A poor summer affected Czech ice-cream sales. A meat factory is planned in Czech Republic. Nowaco Baltics, our recently acquired Lithuanian business with subsidiaries in Latvia and Estonia, settled in well, but recorded a small loss. Farutex Poland grew revenues with investment focused on enlarging four depots. Operations in Dubai and Saudi Arabia grew sales, the customer-base and product mix.

Southern Africa - Results were below expectation. Revenue rose to R6,1 billion (2011: R5,4 billion). Trading profit fell to R309,3 million (2011: R356,1 million). All businesses were impacted by cost pressures above inflation. Investment in information technology, food safety, new premises and technical skills laid the foundation for sustained growth, but added to fixed costs.

Foodservice division delivered good growth in the national account channel, but margins declined in industrial catering. Street trade sales fell. Restaurant closures highlighted growing credit risk. Bidfood Ingredients grew revenue but trading performance was impacted by cost increases and margin pressure. Restructuring and retraining is under way at Crown Food Group. A centre for innovation, design and technology was opened. Patley’s recorded a poor trading performance, created by a breakdown in management control. Significant effort has been made to refocus the business. New senior management were appointed.

Bidvest Namibia

Revenue rose 39,3% to R3,0 billion (2011: R2,1 billion) with trading profit up 18,1% to R637,7 million (2011: R540,2 million). Results were bolstered by another strong result by the fishing businesses underpinned by good horse mackerel volumes and firm prices. Margins were impacted following the acquisition of the FMCG distributor

Taeuber & Corssen SWA Limited (T&C). T&C bedded in well and contributed to improved commercial division performance. Turn-around strategies and improved management skills in the Industrial and Commercial Products and Services divisions are yielding positive results. Corporate hygiene services via Bidvest Namibia Steiner were launched.

Bidvest Corporate

The disposal of half of the economic interest in MIAL for a profit of R399,1 million was concluded in October 2011. Bidvest Properties completed Waltons new KZN regional office and distribution centre in Durban and with joint-venture partners purchased the Hatfield property occupied by Automotive's new McCarthy GM franchise. Further corrective action was taken at Ontime Automotive following losses at the specialist vehicle delivery and rescue and recovery businesses.

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