

Fitch upgrades Bidvest

Bidvest, the international services, trading and distribution group, today (December 13 2011) welcomed news that the Fitch ratings agency has upgraded the Group's national long-term rating to 'AA-(zaf)' from 'A+(zaf)' and national short-term rating to 'F1+(zaf)' from 'F1(zaf)'.

Fitch Ratings simultaneously announced that Bidvest's senior unsecured rating has been upgraded to 'AA-(zaf)'. The national long-term rating has a stable outlook.

Fitch said the upgrades reflect the rating agency's expectation that JSE-listed Bidvest will maintain a steady through-the-cycle credit profile despite facing difficult trading conditions from 2009 to 2011.

The agency also drew attention to Bidvest's "proven and stable financial profile compared with its national peers".

Bidvest chief executive Brian Joffe said upgraded ratings following challenging environments in a number of European geographies in which the Group is active were de facto endorsement of Bidvest's proven business model and entrepreneurial culture.

Brian Joffe added: "The successful realignment of our operational divisions in our South African non-food businesses in a single, highly focused division – Bidvest South Africa – with our food businesses operating across a cohesive international platform as Bidvest Foodservice will add further impetus to Bidvest's growth into the future. Timely realignments were necessary to address increasingly challenging trading conditions and prepare the businesses for the opportunities that tomorrow will present."

Fitch commented on Bidvest's "strong diversification in its cash flow generation" while pointing out that relatively stable cash flows from the Group's foodservice interests mitigated more cyclical cash flows from automotive and freight operations. Bidvest foodservices contributed 33% of Group trading profit in financial 2011.