

THE BIDVEST GROUP LIMITED

("Bidvest" or "The Group")

(Incorporated in the Republic of South Africa)

(Registration number 1946/021180/06)

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VOLUNTARY TRADING UPDATE: Four months to October 2018

At Bidvest's Annual General Meeting (AGM) held today, 28 November 2018, the Group provided an update on its performance for the first four months, ended 30 October 2018, of the financial year (FY19).

The operating performance, year to date, has been solid notwithstanding sluggish economic growth, political instability and waning business confidence in South Africa. Almost all divisions achieved trading result growth, with a strong focus remaining on cash generation and ensuring an acceptable shareholder return.

Bidvest Chief Executive, Lindsay Ralphs, commented, "We are pleased with our year to date performance, and we remain confident that our resilient business model, tight expense control, the measures we have taken to ensure we remain relevant and competitive, as well as increased volumes in certain sectors and acquisitions, will enable us to deliver acceptable growth in FY19. Our sound financial position and strong balance sheet provides adequate headroom to support our growth and investment aspirations, both locally and internationally."

The trading operations delivered an acceptable trading result, which was assisted by the acquisition of Noonan (effective September 2017). Given the broad reach of our activities, Bidvest has benefitted from the continuation of good agricultural volumes, the investment and capacity increase in liquid storage tanks, growing demand for branded everyday essential consumer products as well as the annuity-type nature of many of its operations. Businesses exposed to the infrastructure, construction and manufacturing sectors witnessed further contraction in demand.

Several small bolt-on acquisitions have been concluded since year end, with a few larger bolt-on transactions being finalised. Management continue to evaluate acquisition opportunities, both locally and internationally.

Progress on Bidvest Freight's ZAR1 billion Liquified Petroleum Gas (LPG) project is on schedule and civil work is progressing well. A sod-turning ceremony, with key local stakeholders, was held in September 2018. The commissioning of the last six multi-purpose tanks in Richards Bay will be complete by the end of 2018.

The strategic assessment with regards to Bidvest's non-core assets continues. Post year-end, Bidvest sold its remaining Bidcorp shares at R320 per share, for a total sum of R407mn. In Namibia, proceeds have been received from the Bidfish disposal and for most of the Angolan assets.

Asset management remains a core focus. Management of debtors remain critical in these challenging times and management regards the current profile as acceptable. Strategically, inventory was increased in certain businesses. In line with historic seasonal patterns and considering the strain in the local economy, the Group expects working capital absorption at the end of the interim period. Net debt /EBITDA remains healthy, despite continued corporate action and capital investments in South Africa.

In November, Bidvest successfully raised three long-term bonds, totalling R1.3 billion, in a significantly oversubscribed process. This extended the term of Group debt after the cumulative redeemable preference shares, to the value of R1.0 billion, were settled early.

Group ROFE improved year on year.

Additional operational commentary:

Services

Services returned a credible result in a challenging and price sensitive market, boosted by the additional two-month contribution from Noonan. In SA, the results reflect the largely, annuity nature of the operations. The high fuel costs are a challenge across the division. Contract churn was slightly elevated and margin pressure remains a feature, while customised solutions continue to gain traction culminating in new contracts. Bidvest Facilities Management and BidAir performed strongly and management's interventions in Travel are starting to yield benefit. Noonan exceeded expectations. Management continues to pursue potential acquisitions, both locally and internationally.

Freight

The benefit from investment in multipurpose liquid tanks, continuation of good agricultural volumes and strong fertilizer volumes, more than offset lower chemical and edible fats and oils volumes and continued sluggish discretionary consumer product imports. Bidvest Panalpina benefitted from new contract growth. Berth capacity remains constrained in Bulk Connections and is only expected to be resolved towards the end of Q3FY19. The UK operations, OnTime and the Mansfields Group, which are included in this division from 1 July 2018, showed steady improvement. Overall, the result to date has been satisfactory.

Commercial Products

A strong performance from the consumer-related businesses was largely neutralised by the weak trading environment experienced by the industrial focused businesses. The overall trading margin was somewhat affected by pricing pressure and a change in business mix. Home of Living Brands, Academy Brushware and Interbrand produced good results. Depressed industrial and manufacturing activity, delayed contract work and pricing pressures all contributed to a less robust start to the financial year.

Office & Print

The overall performance has been good despite constrained revenue and the closure of Zonke in December 2017. Konica Minolta, Kolok and Silveray reported strong results on the back of improved margins while Data, Print and Packaging delivered solid results. Furniture had a slow start. Waltons is preparing for the important back-to-school period. Asset management and rightsizing of businesses continue to be key focus areas.

Financial Services

Pleasingly, Bidvest Bank has secured new fleet contracts, including the Transnet heavy commercial vehicle business. This contract will be delivered during the course of 2019. Business banking activities reported improved results and new customer growth in various areas was encouraging. The remainder of the division traded well, considering the negative business drag from the fast-growing life insurance activities. The insurance investment portfolios are coupled with local and international equity and bond markets, and material negative mark-to-market adjustments were recognised given recent market volatility.

Automotive

The automotive retail operations are holding their own while Bidvest Car Rental reported an improved performance. Luxury vehicle sales remained weak but overall margins were slightly better on new vehicle sales. Used vehicle volumes were subdued and aftermarket margins remained under pressure. Car rental volumes grew and fleet utilisation improved. Expense management and efficiency gains are key focus areas, across the division.

Electrical

The continued lack of infrastructure investment and virtual collapse of the building and construction industries made for very difficult trading conditions. Trading operations were focused on retaining market share, but this came at the expense of gross margin. Several of the speciality businesses secured good orders. Project work remains scarce and timing uncertain. Efficient expense management and modernisation efforts alleviated some of the margin pressure. Working capital management remains a key focus area.

Conclusion

Bidvest intends issuing its results for the six-months ending 31 December 2018 on Monday, 4 March 2019.

Shareholders are advised that the financial information relating to the 2019 financial year has not been audited, reviewed or reported on by the Group's auditors and that this update does not constitute a forecast.

Date: 28 November 2018

Johannesburg

Sponsor: Investec Bank Limited