

THE BIDVEST GROUP LIMITED

("Bidvest" or "The Group")

(Incorporated in the Republic of South Africa)

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BIDVEST GROUP - BUSINESS UPDATE FOR THE TEN MONTHS TO APRIL 2019

Bidvest executive management are briefing stakeholders, including shareholders and financial analysts, on Friday, 7 June 2019 with regards to the performance of the Group for the ten months ended 30 April 2019.

Overall, the year to date operating performance has been acceptable. The constrained trading environment persisted as activity levels were markedly lacklustre in the run-up to the national elections in May. This is evident in the GDP contraction in the first quarter of 2019.

Against this backdrop, Bidvest's trading profit continued to grow, albeit at a slower pace than that reported in December 2018. The annuity-type businesses continue to deliver growth while those trading businesses, which are focused on industrial and infrastructure-related sectors, find trading challenging. Agricultural volumes are well off the 2018 peak while bulk commodity volumes handled have grown. Tight expense control and numerous other actions taken to remain relevant and competitive have resulted in margins being maintained across the Group.

The Group's strong financial position has allowed it to conclude several bolt-on acquisitions, while it continues to invest in its existing businesses. A few larger sized acquisitions are currently being pursued. The R1 billion Liquefied Petroleum Gas (LPG) project is progressing well and is within budget. The management team remains committed to ensuring an acceptable shareholder return is generated. Bidvest's growth and investment aspirations, both locally and internationally, remain unchanged and well-supported by a solid balance sheet. Net debt / EBITDA is broadly unchanged at 1x.

Operational cash generation and asset management remain a core focus. An improved working capital position, from interim end, is expected but last years' exceptional performance is unlikely to repeat. Lower activity levels and a slowdown in bank deposits are contributing factors.

Bidvest continues to maintain strong B-BBEE credentials. The need for inclusive economic growth and transformation encourages strong, strategic partnerships with customers. Innovative SMME solutions is a key focus area.

The delisting and take-over offer for Bidvest Namibia has been accepted by minorities. The integration back into the South African operations will now commence.

The disposal of the 6.75% interest in Mumbai International Airport is taking longer than originally anticipated. Bidvest remains confident in the ultimate consummation of this divestment.

The Adcock BEE scheme, which was put in place in July 2015, matures in July 2019. As per the AdBEE SENS announcement dated 31 May 2019, Bidvest's holding in Adcock is likely to increase in July 2019. This, together with ongoing challenges to secure a buyer whilst also facilitating local empowerment, has led to a strategic re-evaluation of Bidvest's options to maximise shareholder value.

Additional operational commentary:

Freight

The benefit from Bidvest Tank Terminals' investments in liquid fuel and multi-purpose tanks during the 2017 and 2018 financial years continues to flow through in higher trading profit despite lower product volumes. Year to date, Bulk Connections and Bidfreight Port Operations have handled more bulk commodity volumes. South Africa Bulk Terminals handled less agricultural volumes, particularly since November 2018. Airfreight and import volumes have contracted, negatively impacting the general freight activities. The damaged Bulk Connections berth became operational in April 2019. The cyclones in Mozambique have caused disruption but fortunately all operations were restored quickly, and all employees returned to duty. The LPG project is on track for July 2020 commissioning. In light of the pending acquisition of Panalpina by DSV, management is strategically assessing its options with regards to its forwarding activities which are owned by Bidvest but making use of the Panalpina network under an agency agreement.

Services

The South African Services businesses delivered good results with the exception of Travel. The Facilities Management and Security clusters navigated the price sensitive, stagnant market well. Focus on cost recovery and margin management have been top of mind. Travel results have been negatively impacted by lower volumes, downtrading and margin pressure. The bolt-on acquisitions, Click-On and Aquazania, are performing well. UDS, a drone solutions business, was acquired recently. Noonan is posting an outstanding performance in Ireland, delivering on their niche focus and country-wide footprint. The UK market is challenging and competitive. The additional two months of trading augmented the divisions' growth. Management remains focused on delivering value-adding, customised solutions. The introduction of technology and alternative products and services keep the business relevant.

Commercial Products

The overall trading performance has softened in the recent months. The consumer facing businesses continue to perform better than the industrial focused operations. Home of Living Brands, Interbrand, Moto Quip, Burncrete and G Fox delivered good results. Delayed industrial projects and little manufacturing activity continue to weigh on the results. Investment in facilities and capacity is currently a drag on profitability but positions the activities well for the future. Focus is on margin management and ensuring relevant product and price points.

Office & Print

The pleasing year-to-date result is the culmination of well managed gross profit margins, strong cost control and continued efforts at improving business efficiencies. Konica Minolta is bedding down the more onerous, lower margin Treasury Contract where delays were experienced in its finalisation. Operationally, office products are performing well in a challenging market. Product innovation and ranging in trusted brands are standing this area in good stead. The furniture interests improved from a slow start but industry conditions are subdued. The data, print and packaging businesses delivered good overall results assisted by select bolt on acquisitions. The prior year contained results from the Zonke low pay-out machine monitoring business which was closed when the national contract was lost.

Financial Services

Bidvest Bank is rolling out additional fleet under the recently secured heavy commercial vehicle Transnet contract. Business and Personal Banking are showing pleasing results. Bidvest Insurance has had a challenging year in the commercial sector. Bidvest Life's strong sales growth continue to create new business strain on the income statement. Year-to-date, due to weak, volatile equity markets, the investment portfolios have delivered lower returns. Management's focus is on growing the core niches of fleet management and foreign exchange products.

Automotive

New vehicle sales volumes continued to decline, particularly in the luxury segment. Used vehicle and aftermarket gross margins are under pressure. Bidvest Car Rental has successfully implemented two much needed system transitions. Car rental trading profit is back to normalised levels on improved utilisation and modest rate increases. Vehicle industry volumes are expected to remain under pressure and management continue to focus on rationalisation and greater efficiency.

Electrical

Not surprisingly, this division is feeling the impact of the challenging conditions in the building, construction and mining industries. The traditional electrical wholesale businesses are maintaining market share in a very competitive market. Project-type businesses are depressed as key programmes have stalled. Given the widespread strain in the industry, management of the debtor's book is critical.

Namibia

Bidvest Namibia recorded improved results off a weak base. The take-over offer has been accepted by 99% of the minorities. We will proceed with the squeeze out of the remaining minorities. The core activities of Bidvest Namibia will be incorporated back into the South African operations.

Conclusion

Bidvest intends issuing its results for financial year to 30 June 2019 on Monday, 2 September 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.

A recording of the stakeholder briefing will be available on www.bidvest.com shortly after the event.

Date: 7 June 2019

Johannesburg

Sponsor: Investec Bank Limited