

## **THE BIDVEST GROUP LIMITED**

**("Bidvest" or "The Group")**

(Incorporated in the Republic of South Africa)

(Registration number 1946/021180/06)

JSE Share code: BVT

ISIN: ZAE000117321

### **TRADING STATEMENT**

The Group delivered a credible trading profit performance during the financial year which ended on 30 June 2020, considering the already significantly constrained South African economy pre-COVID-19 and the pandemic's impact on the last quarter. Post the complete national lockdown in April, monthly trading results have progressively improved.

At the onset of the national lockdown, Bidvest proactively bolstered its liquidity position by securing R4.5 billion additional general banking facilities with South African banks, taking committed facilities to a total of R11.6 billion. An intensified focus on cash generation and working capital management, together with rapid and decisive cost containment measures, resulted in strong operational cash flow. As a consequence, the Group had no need to access the additional credit facilities secured.

As indicated previously, the acquisition of PHS utilised a meaningful portion of the financial headroom that existed on the Group's balance sheet. Strong free cash flow generation resulted in Bidvest remaining within bank covenants of 3.0x net debt / EBITDA and greater than 3.5x interest cover, despite the disproportionate amount of debt versus EBITDA added and the lost trading in the fourth quarter.

#### **Updated guidance**

In accordance with Section 3.4(b) (i) of the JSE Listings Requirements, listed companies are required to publish a trading statement as soon as they become reasonably certain that the financial results for the period to be reported will differ by at least 20% from those of the previous corresponding period.

Since the trading update issued on 1 June 2020, Bidvest took the decisions to divest of Bidvest Car Rental and Bidair Services. The former will be disclosed as a discontinued operation. Impairments totalling R1.0 billion were also recognised as a result of lower forecast cash flows impacted by COVID-19, the expected slowdown in economic activity as well as higher discount rates.

The Group incurred R1.6 billion of COVID-19 charges including higher trade receivables and inventory provisions made, additional costs incurred to comply with health and safety protocols, the R400 million Bidvest COVID-19 Fund, a reduced offer accepted for our stake in the Mumbai International Airport Limited and once-off restructuring charges resulting from a strategic business review. The Group reviewed all Bidvest businesses and right-sized operations to make sure that the operating models remain relevant and future-fit.

As in the past, the Group will present normalised headline earnings. The impact of COVID-19 will be excluded in addition to the acquisition costs, amortisation of acquired customer contracts and adjustment for Bidvest's share of Comair's SAA impairment. This is a measurement management uses to assess the underlying business performance of the continuing operations.

Shareholders are advised that:

- Normalised headline earnings per share (HEPS) is expected to be 22% to 24% lower compared to the prior year (FY19: 1 334 cents), translating into normalised HEPS of between 1 014 cents and 1 040 cents.
- HEPS from continuing operations, which includes Comair's operating loss and the impairment of its SAA settlement claim totalling R201 million, a fair value adjustment to Adcock Ingram's inventory in terms of IFRS 3 as well as the COVID-19 charges, is expected to be between 59% and 61% lower than the prior year (FY19: 1 366 cents), translating into a range of between 533 cents and 560 cents.
- Group HEPS is expected to be between 70% and 72% lower compared to the prior year (FY19: 1 352 cents), translating into a range of between 379 cents and 406 cents. The operational losses recognised for the discontinued Bidvest Car Rental negatively impacted Group HEPS.

- Basic earnings per share (EPS) from continuing operations is expected to be between 95% and 97% lower than the 1 134 cents reported in FY19, translating into a range of 34 cents and 57 cents EPS. This is the result of the items described under HEPS as well as the R218 million negative Adcock Ingram remeasurement impact, the R241 million capital impairment recognised for Comair and R1.2 billion in capital impairments and business disposals.
- Group EPS is expected to be more than a 100% lower, translating into an EPS loss of between 130 cents and 150 cents, when compared to the previous year profit of 1 119 cents. The operational losses and impairments recognised for the discontinued Bidvest Car Rental negatively impacted Group EPS.

The financial information on which this trading statement is based has not been reviewed and reported on by the Group's auditors. The Group expects its results to 30 June 2020 to be released on SENS on 14 September 2020.

Date: 10 September 2020

Johannesburg

Sponsor: Investec Bank Limited