

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

VOLUNTARY TRADING UPDATE: Ten months to 30 April 2023

The impressive financial year-to-date performance of the Group has been sustained in line with that reported for the six months ended 31 December 2022. Bidvest continued to capitalise on the growth nodes within the agriculture, mining, renewable energy as well as the travel and tourism industries. The recurring income type businesses maintained their consistent performance despite a weakening macro-economic backdrop.

Healthy revenue growth, largely price and mix driven, together with an unrelenting focus on gross profit margin as well as active cost management, in an environment of elevated and persistent input cost pressures, yielded strong real trading profit growth. Operational cash generation remained robust and the financial capability to continue investing strategically in working capital remains a key competitive advantage.

Our business service operations, which include the Services International, Freight, Services South Africa and Financial Services divisions, performed very well. The normalisation of international travel and tourism related demand, very strong LPG as well as bulk commodity volumes and the anticipated improved performance from Financial Services boosted results beyond the annuity underpin embedded in the nature of the services basket. Real wage increases are the key pressure point across all operating territories and management is actively engaging with customers to recover this cost.

Our trading and distribution operations, which include the Commercial Products, Branded Products, and Automotive divisions, delivered excellent results off record FY22 trading profit bases. Demand for alternative energy products accelerated while corporate, mining and industrial demand for everyday essential products remained robust in an increasingly competitive market. Factory efficiencies, mainly during times of electricity loadshedding, and distribution costs are key pressure points. Disposable income pressure is manifesting incrementally in vehicle and appliance sales.

Investment in working capital appears to have peaked. Product inflation increased the value, while inventory days have generally normalised. Management is continuously looking to secure more favourable trade terms as well as to source inventory strategically to ensure customer needs are met. There is no concern with regards to the quality of debtors and inventory.

The Group balance sheet remains strong and return generation is excellent. The renegotiation of the terms, size and make-up of the Group's offshore syndicate funding facility was successfully concluded. The amended arrangement has a greater revolving credit facility, which allows for M&A funding flexibility at only a slight increase in funding margin for a three-year term, with two one-year extension options.

The focus on the Group's international expansion strategy remains on course, with several possible corporate action opportunities, both locally and offshore, at different stages. We remain steadfast in our capital allocation discipline and criteria. The anticipated acquisition pipeline can be completed within the current funding capacity of the Group. Negotiations on Freight related projects continue.

Administration

Group results for the financial year ending 30 June 2023 are expected to be released on SENS on or about Monday, 4 September 2023.

The information above has not been audited, reviewed, or reported on by the Group's auditors and does not constitute a forecast.

Date: 8 June 2023

Johannesburg

Sponsor: Investec Bank Limited