

Bidvest

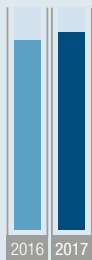
Going Beyond



THE BIDVEST GROUP LIMITED

Audited provisional summarised financial results
and cash dividend declaration
for the year ended 30 June 2017

Financial highlights



+4,0%

Revenue up to

R71,0 bn

(2016: R68,2 billion)



+4,6%

Trading profit up to

R6,0 bn

(2016: R5,8 billion)



+6,2%

Headline earnings up to

R3,7 bn

(2016: R3,5 billion)



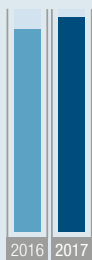
-31,2%*

Distribution per share

491 cents

(2016: 714 cents*)

* Dividends paid pre-unbundling foodservice businesses



+4,3%

EBITDA

R7,7 bn

(2016: R7,3 billion)



-1,4%

Cash generated by
operations

R6,9 bn

(2016: R7,0 billion)

- ▷ **Trading profit up 4,6%, to R6,0 billion, SA operations up 6,4%**
- ▷ **Strong improvements in associate companies**
- ▷ **Five of the seven divisions recorded commendable increases in trading profit despite challenging economic conditions**
- ▷ **R773 million from non-core asset disposals**
- ▷ **Basic earnings per share up 107% to 1 430,3 cents**
- ▷ **Headline earnings increased by 6,2% to R3,7 billion**
- ▷ **HEPS increased by 5,1% to 1 108,2 cents**
- ▷ **Tight asset management**
- ▷ **Strong balance sheet maintained. Net debt/EBITDA <1 times**
- ▷ **Final dividend declared of 264 cents per share**
- ▷ **Cash generation of R6,9 billion, after significant investment in South Africa**
- ▷ **Acquisition of Irish and UK-based facility management services leader, Noonan**

Summarised consolidated income statement

for the year ended 30 June

R'000	2017 Audited	2016 Audited	% change
Revenue	70 998 001	68 241 101	4,0
Cost of revenue	(50 342 325)	(48 342 240)	
Gross income	20 655 676	19 898 861	3,8
Operating expenses	(15 131 637)	(14 602 043)	3,6
Sales and distribution costs	(9 719 858)	(9 361 693)	
Administration expenses	(3 698 671)	(3 683 769)	
Other costs	(1 713 108)	(1 556 581)	
Other income	282 122	299 967	
Trading result	5 806 161	5 596 785	3,7
Income from investments	210 776	156 694	
Trading profit	6 016 937	5 753 479	4,6
Share-based payment expense	(143 145)	(139 698)	
Acquisition costs	(24 230)	(8 416)	
Net capital items	1 027 588	(1 175 240)	
Operating profit	6 877 150	4 430 125	55,2
Net finance charges	(1 059 560)	(922 114)	14,9
Finance income	232 069	194 617	
Finance charges	(1 291 629)	(1 116 731)	
Share of profit of associates	379 231	149 983	152,8
Profit before taxation	6 196 821	3 657 994	69,4
Taxation	(1 328 232)	(1 215 487)	9,3
Profit for the period from continuing operations	4 868 589	2 442 507	99,3
Profit after taxation from discontinued operations	–	79 253 352	
Profit for the year	4 868 589	81 695 859	
Attributable to:			
Shareholders of the Company	4 769 940	2 285 850	
Non-controlling interest	98 649	156 657	
Shareholders of the Company – discontinued operations	–	79 215 705	
Non-controlling interest – discontinued operations	–	37 647	
	4 868 589	81 695 859	
Basic earnings per share (cents)	1 430,3	692,6	106,5
Diluted basic earnings per share (cents)	1 423,4	690,2	106,2
Headline earnings per share (cents)	1 108,2	1 054,1	5,1
Diluted headline earnings per share (cents)	1 102,9	1 050,4	5,0
Shares in issue			
Total	335 094	332 672	
Weighted ('000)	333 497	330 036	
Diluted weighted ('000)	335 098	331 210	
Dividends per share (cents)	491,0	714,0	(31,2)
Interim	227,0	482,0	(52,9)
Final	264,0	232,0	13,8
Discontinued operations			
Basic earnings per share (cents)	–	24 002,2	
Diluted basic earnings per share (cents)	–	23 917,0	
Dividend in specie per share (cents)	–	27 818,0	

R'000

	2017 Audited	2016 Audited	% change
Headline earnings			
The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline earnings:			
Profit attributable to shareholders of the Company	4 769 940	2 285 850	108,7
Impairment of property, plant and equipment, goodwill and intangible assets	(1 403)	153 475	
Property, plant and equipment	(1 147)	34 995	
Goodwill	–	52 111	
Intangible assets	–	102 021	
Taxation effect	158	(35 652)	
Non-controlling interest	(414)	–	
Net loss on disposal of interests in subsidiaries and disposal and closure of businesses	50 874	139 001	
Loss on disposal and closure	65 311	178 176	
Taxation effect	(14 437)	(39 175)	
Net (profit) loss on disposal and remeasurement	(1 080 926)	810 759	
Remeasurement to recoverable fair value of associates	(1 144 633)	760 764	
Net loss on change in shareholding in associates	82 072	49 995	
Taxation effect	(18 365)	–	
Net (profit) loss on disposal of property, plant and equipment and intangible assets	(7 114)	2 265	
Property, plant and equipment	(8 446)	5 601	
Intangible assets	(9 371)	887	
Taxation effect	2 909	(2 843)	
Non-controlling interest	7 794	(1 380)	
Gain on a bargain purchase	(11 374)	(9 310)	
Non-headline items included in equity accounted earnings of associate companies	(24 265)	96 961	
Headline earnings	3 695 732	3 479 001	6,2

Summarised consolidated statement of other comprehensive income for the year ended 30 June

R'000	2017 Audited	2016 Audited
Profit for the year	4 868 589	81 695 859
Other comprehensive income	(126 903)	4 179 958
<i>Items that may be reclassified subsequently to profit or loss</i>	(134 297)	4 170 310
Foreign currency translation reserve		
Exchange differences arising during the year	(117 787)	4 170 535
Available-for-sale financial assets		
Net fair value profit (loss) on available-for-sale financial assets	2 527	(2 244)
Cash flow hedges		
Net fair value (profit) loss arising during the year	(26 440)	2 257
Taxation effect for the year	7 403	(238)
<i>Items that will not be reclassified subsequently to profit or loss</i>	7 394	9 648
Defined benefit obligations		
Net remeasurement of defined benefit obligations during the year	10 278	14 795
Taxation effects		
Taxation charge for the year	(2 884)	(5 147)
Total comprehensive income for the year	4 741 686	85 875 817
Attributable to		
Shareholders of the Company	4 654 904	85 658 409
Non-controlling interest	86 782	217 408
	4 741 686	85 875 817

Summarised consolidated statement of cash flows

for the year ended 30 June

R'000	2017 Audited	2016 Audited
Cash flows from operating activities	2 816 458	3 148 537
Operating profit	6 877 150	4 430 125
Dividends from associates	114 494	138 689
Acquisition costs	24 230	8 416
Depreciation and amortisation	1 641 568	1 586 940
Remeasurement to recoverable fair value of associates	(1 144 633)	760 764
Other non-cash items	(265 154)	(187 742)
Cash generated by operations before changes in working capital	7 247 655	6 737 192
Changes in working capital	(367 886)	296 577
Cash generated by operations	6 879 769	7 033 769
Net finance charges paid	(1 030 415)	(851 371)
Taxation paid	(1 373 927)	(1 191 426)
Dividends paid by – Company	(1 529 585)	(3 149 552)
– Subsidiaries	(129 384)	(128 194)
Net operating cash flows from discontinued operations	–	1 435 311
Cash effects of investment activities	(1 621 011)	(5 646 310)
Net disposals (additions) to vehicle rental fleet	107 399	(77 995)
Net additions to property, plant and equipment	(1 895 257)	(2 404 062)
Net additions to intangible assets	(141 066)	(113 525)
Net disposal (acquisition) of subsidiaries, businesses, associates and investments	307 913	(786 872)
Net investing cash flows from discontinued operations	–	(2 263 856)
Cash effects of financing activities	(21 223)	1 577 560
Proceeds from shares issued	–	82 506
Disposal of treasury shares	274 229	1 265 277
Borrowings raised	2 902 588	2 434 616
Borrowings repaid	(3 198 040)	(3 376 015)
Net financing cash flows from discontinued operations	–	1 171 176
Net increase (decrease) in cash and cash equivalents	1 174 224	(920 213)
Net cash and cash equivalents at the beginning of the year	2 706 226	5 818 512
Exchange rate adjustment from continuing operations	5 967	9 686
Exchange rate adjustment from discontinued operations	–	814 703
Cash disposed as part of Foodservices division unbundling	–	(3 016 462)
Net cash and cash equivalents at end of the year	3 886 417	2 706 226
Net cash and cash equivalents comprise:		
Cash and cash equivalents	5 132 550	3 911 927
Bank overdrafts shown as short-term portion of interest-bearing debt	(1 246 133)	(1 205 701)
	3 886 417	2 706 226

Summarised consolidated statement of financial position

as at 30 June

R'000	2017 Audited	2016 Audited
ASSETS		
Non-current assets	25 323 700	21 846 083
Property, plant and equipment	10 474 205	9 700 907
Intangible assets	1 667 710	929 960
Goodwill	3 167 700	2 537 036
Deferred taxation asset	728 913	618 192
Defined benefit pension surplus	202 886	180 035
Interest in associates	5 375 328	4 190 496
Investments	2 843 132	2 869 822
Banking and other advances	863 826	819 635
Current assets	26 067 498	23 215 161
Vehicle rental fleet	992 942	1 318 581
Inventories	8 595 692	7 996 103
Short-term portion of banking and other advances	1 026 974	878 627
Trade and other receivables	10 136 307	9 098 345
Taxation	183 033	11 578
Cash and cash equivalents	5 132 550	3 911 927
Total assets	51 391 198	45 061 244
EQUITY AND LIABILITIES		
Capital and reserves	23 044 323	19 746 080
Attributable to shareholders of the Company	21 697 305	18 459 474
Non-controlling interest	1 347 018	1 286 606
Non-current liabilities	7 165 102	7 459 037
Deferred taxation liability	1 014 705	882 847
Life assurance fund	311 355	24 761
Long-term portion of borrowings	5 408 072	6 138 900
Post-retirement obligations	77 197	79 128
Puttable non-controlling interest liabilities	60 990	49 167
Long-term portion of provisions	149 907	163 887
Long-term portion of operating lease liabilities	142 876	120 347
Current liabilities	21 181 773	17 856 127
Trade and other payables	11 033 424	11 016 386
Short-term portion of provisions	278 582	278 830
Vendors for acquisition	39 523	28 534
Taxation	109 771	–
Banking liabilities	4 412 104	3 689 161
Short-term portion of borrowings	5 308 369	2 843 216
Total equity and liabilities	51 391 198	45 061 244
Net tangible asset value per share (cents)	5 032	4 507
Net asset value per share (cents)	6 475	5 549

Summarised consolidated statement of changes in equity

for the year ended 30 June

R'000

	2017 Audited	2016 Audited
Shareholders' interest		
Issued share capital	16 770	16 770
Balance at beginning of the year	16 770	16 758
Shares issued during the year	–	12
Share premium arising on shares issued	379 792	379 792
Balance at beginning of the year	379 792	297 298
Shares issued during the year	–	82 580
Share issue costs	–	(86)
Foreign currency translation reserve	286 628	393 429
Balance at beginning of the year	393 429	5 149 394
Current year movement	(105 885)	4 147 359
Realisation of reserve on disposal and or unbundling of subsidiaries and or associates	(916)	(8 903 324)
Hedging reserve	6 489	25 526
Balance at beginning of the year	25 526	25 383
Fair value movements during the year	(26 440)	2 257
Taxation recognised directly in reserve	7 403	(238)
Realisation of reserve on disposal and or unbundling of subsidiaries and or associates	–	(1 876)
Equity-settled share-based payment reserve	(14 787)	67 002
Balance at beginning of the year	67 002	310 416
Arising during the year	143 712	259 226
Taxation recognised directly in reserve	81 779	146 745
Utilisation during the year	(307 280)	(762 053)
Realisation of reserve on disposal and or unbundling of subsidiaries and or associates	–	3 205
Transfer to retained earnings	–	109 463
Retained earnings	20 279 261	17 108 032
Balance at the beginning of the year	17 108 032	31 558 166
Attributable profit	4 769 940	81 501 555
Change in fair value of available-for-sale financial assets	2 527	(2 244)
Net remeasurement of defined benefit obligations during the year	7 359	9 721
Transfer of reserves as a result of changes in shareholding of subsidiaries	(118 000)	(45 592)
Taxation direct in equity arising from transactions with subsidiaries	47 664	–
Remeasurement of put option liability	(8 676)	(787)
Net dividends paid	(1 529 585)	(3 149 552)
Dividend in specie on unbundling of subsidiaries	–	(92 533 240)
Taxation direct in equity arising from dividend in specie	–	(120 532)
Transfer from equity-settled share-based payment reserve	–	(109 463)
Treasury shares	743 152	468 923
Balance at the beginning of the year	468 923	(985 225)
Shares disposed of with the unbundling of subsidiaries	–	420 288
Reduction in the value of treasury shares arising on receipt of unbundled shares	–	(231 417)
Shares disposed of in terms of share incentive scheme	274 229	1 265 277
	21 697 305	18 459 474
Equity attributable to non-controlling interest		
Balance at beginning of the year	1 286 606	1 338 044
Other comprehensive income	86 782	217 408
Attributable profit	98 649	194 304
Movement in foreign currency translation reserve	(11 902)	23 176
Net remeasurement of defined benefit obligations during the period	35	(72)
Dividends paid	(129 384)	(141 302)
Movement in equity-settled share-based payment reserve	(567)	562
Changes in shareholding	(14 419)	(6 686)
Grant of puttable options to non-controlling interests	–	(68 944)
Transfer of reserves as a result of changes in shareholding of subsidiaries and other transactions with subsidiaries	118 000	45 592
Non-controlling interest of disposed or unbundled subsidiaries	–	(98 068)
	1 347 018	1 286 606
Total equity	23 044 323	19 746 080

Summarised segmental analysis

for the year ended 30 June

R'000	2017 Audited	2016 Audited	%
			change
REVENUE			
Bidvest South Africa	69 679 523	67 298 077	3,5
Automotive	24 182 054	24 062 557	0,5
Commercial Products	8 025 202	6 013 106	33,5
Electrical	5 667 087	5 375 014	5,4
Financial Services	4 009 127	3 336 302	20,2
Freight	4 986 641	6 013 814	(17,1)
Office and Print	9 670 916	10 076 465	(4,0)
Services	13 138 496	12 420 819	5,8
Bidvest Namibia	3 794 668	3 858 949	(1,7)
Bidvest Corporate	1 592 071	1 726 387	(7,8)
Properties	489 124	411 938	18,7
Corporate and investments	1 102 947	1 314 449	(16,1)
	75 066 262	72 883 413	3,0
Inter Group eliminations	(4 068 261)	(4 642 312)	
	70 998 001	68 241 101	4,0
TRADING PROFIT			
Bidvest South Africa	5 632 476	5 295 391	6,4
Automotive	663 395	674 709	(1,7)
Commercial Products	688 571	463 654	48,5
Electrical	350 173	317 440	10,3
Financial Services	625 303	582 204	7,4
Freight	1 070 257	1 019 816	4,9
Office and Print	657 692	706 295	(6,9)
Services	1 577 085	1 531 273	3,0
Bidvest Namibia	86 470	296 662	(70,9)
Bidvest Corporate	297 991	161 426	84,6
Properties	428 566	366 583	16,9
Corporate and Investments	(130 575)	(205 157)	36,4
	6 016 937	5 753 479	4,6

Message to shareholders

Introduction

Bidvest (the Company or the Group) is a leading trading, distribution and services group, operating through seven divisions: Services, Freight, Automotive, Office and Print, Commercial Products, Financial Services and Electrical. The Group owns 52,0% of Bidvest Namibia and a significant Bidvest-occupied property portfolio. Bidvest continues to hold investments in Adcock Ingram (38,4%), Comair (27,2%), Mumbai Airport (6,75%), as well as other listed and unlisted investments.

Highlights

Bidvest has delivered a solid trading result in an exacting market, characterised by a lack of economic growth and declining consumer spend, as well as significant business and political uncertainty. The benefits of a diversified portfolio and the quality of the underlying businesses are evident in the performance of the South African trading operations where five of Bidvest's seven divisions, as well as Bidvest Properties, delivered growth in trading profit. The Automotive division, while not growing profits, managed to perform ahead of a very challenging market. Exceptional cost discipline and driving down the cost of doing business helped to support growth in most of the businesses that faced deflationary pressure.

South African operations delivered improved trading results in most divisions, with trading profit increasing by 6,4% against revenue growth of 3,5%. The results were bolstered by a strong focus on clients and solutions, as well as the acquisition of Brandcorp (effective 1 October 2016) in the Commercial Products division and smaller bolt-on acquisitions in the Electrical and Financial Services divisions. Bidvest Namibia continued to be impacted by a lack of fishing quotas and a recessionary macro-economic environment. Bidvest Corporate benefited from mark-to-market fair value adjustments on various investments, an exceptional performance from the property division and reduced losses in the UK.

Strong profitability gains were achieved at Adcock Ingram and Comair, which notably increased Bidvest's share of profits from these associated companies and prompted a reversal of previous impairments, arising from an increase in their respective market values. These financial impacts contributed to a more than doubling of basic earnings per share to 1 430,3 cents (2016: 692,6 cents). Headline earnings per share increased by 5,1% to 1 108,2 cents (2016: 1 054,1 cents).

Financial overview

Group revenue increased 4,0% to R71,0 billion (2016: R68,2 billion), with R1,7 billion of the increase attributable to the contribution from Brandcorp. The disposal of Manica, effective 30 June 2016, reduced revenue in the Freight division by R1,3 billion in the current year. On a comparable basis, revenue (excluding Manica and Brandcorp) increased by 3,5%.

Gross profit margin was fairly stable at 29,1% (2016: 29,2%). The inclusion of the higher margin Brandcorp business served to support the overall margin, against Bidvest Namibia's margins that were decimated by challenging operating conditions and Financial Services' margins which were diluted by low margin trade flow business.

Operating expenses were well controlled, increasing by a modest 3,6%. This result is even more impressive in the context of the distortions from the Manica and Brandcorp transactions. Excluding the effects of these material transactions, like-for-like expenses were well contained and increased by 1,7%.

Commercial Products, Electrical, Financial Services, Freight and Services contributed positively to the growth in the trading profit. Automotive and Office and Print profits were slightly down, while Bidvest Namibia suffered a significant decline.

Income from investments increased by 34,5% to R210,8 million. This outcome was the result of a range of realised and unrealised gains and losses during the year in some of the listed and unlisted investments. The insurance investment portfolio yielded a lower return compared to the prior year.

Trading profit grew 4,6% to R6,0 billion (2016: R5,8 billion), with a trading margin of 8,5% (2016: 8,4%).

Message to shareholders continued

Net capital items contributed profits of R1,0 billion in 2017, relative to losses of R1,2 billion in the prior year. The investments in Adcock Ingram and Comair benefited from positive mark-to-market adjustments relative to negative adjustments for the 2016 financial year. Both Adcock Ingram and Comair reported substantially better results in the 2017 financial year.

Net finance charges were 14,9% higher at R1,1 billion (2016: R922 million), driven by an increase in net debt due to the Brandcorp acquisition and an increase in the weighted average interest rate.

Share of profit from associates increased by 152,8%, due to the improved performances in Adcock Ingram and Comair.

Bidvest's headline earnings increased by 6,2% to R3,7 billion (2016: R3,5 billion) and HEPS by 5,1% to 1 108,2 cents per share. The number of weighted average shares in issue increased.

Bidvest continues to maintain a conservative approach to gearing and net debt levels are acceptable at R5,6 billion (2016: R5,1 billion). Stable net debt to EBITDA stable at 0,7 times and EBITDA interest cover of 7,2 times (2016: 8,0 times), are comfortably above the Group's conservative targets, providing ample capacity for further expansion.

Cash generated by operations at R6,9 billion, was marginally lower than the R7,0 billion generated in the prior year. The Group absorbed R368 million of working capital in the current year compared to a release of R297 million in the prior year. This was mainly due to substantial project deliveries in the fourth quarter of the 2017 financial year.

An amount of R773 million was recognised on the sale of non-core assets including Cargo Carriers, Cullinan, approximately half of the Bidcorp shares and various other listed shares.

Following Moody's Investors Service's downgrade of South Africa's sovereign rating in June 2017, the rating agency also lowered Bidvest's global scale long and short-term counterparty credit ratings to Baa3/P-3 from Baa2/P-2, respectively. The outlook is negative. Bidvest's national scale rating has remained unchanged at Aa1.za/P-1.za.

Acquisitions

During the year, the Group acquired 100% of Brandcorp with effect from 1 October 2016. Brandcorp is a value-added distributor of niche industrial and consumer products trading under the industrial brands, Matus, Renttech, Burncrete, Moto Quip, Leisure Quip and consumer brands, Cellini and MIC Prestige. The acquisition forms part of the Commercial Products segment and enabled the Group to expand its range of complementary products and services.

Bidvest also announced the acquisition of 100% of Noonan for EUR175 million in July 2017. Noonan is an integrated facility management services and solutions provider with a 40-year track record. Its services range from cleaning and security to building services and facilities management and include soft, technical and ancillary services. Noonan employs more than 13 000 people and operates throughout the Republic of Ireland and in the United Kingdom, with 40% of its revenue derived from the latter. Noonan has deep management experience, supported by strong business technology, and has demonstrated strong client retention over the years. SA Reserve Bank approval has been obtained and the transaction has therefore, become unconditional. The transaction will be effective 1 September 2017.

The acquisition of Noonan is in line with Bidvest's stated strategic intent to expand its presence beyond South Africa in niche, asset light businesses that will benefit from Bidvest's capabilities and expertise.

In addition, the Group made several less significant acquisitions and disposals during the year, as part of its strategy to grow through organic as well as acquisitive means.

Prospects

Current economic data points to moderately improving economic conditions. This trend is supported by higher commodity prices and improving consumer confidence as evidenced by the latest retail statistics. Accordingly, we expect trading conditions to improve marginally in the coming year.

Against this background, a continued strong focus on expense control and asset management remain essential ingredients to ensure outperformance through the business cycles.

The Group will continue to actively explore selective acquisitive opportunities in local and international markets, to complement existing product and service offerings. Bidvest maintains a sound financial position and a strong balance sheet with adequate headroom to support its aspirations in this regard. The monetisation of the remaining non-core assets will continue.

Divisional review

Services

This is a large and diverse division operating in numerous areas of service. The division continued to perform satisfactorily, increasing its trading profit by 3,0%. The Security and Allied clusters performed well, with Protea Coin again being a star performer. Bidvest Facilities Management achieved good results as it secured several new integrated contracts. The annuity based businesses all performed above expectations. The project-based industrial businesses and the Travel cluster generated disappointing results.

Freight

The division performed pleasingly with trading profit up 4,9%. Revenue, after removing Manica from the prior year, was up 6,0%. The financial performance was supported by an uptick in mineral exports, particularly manganese, copper and chrome, and strong liquid volumes. Agricultural volumes fell short of expectations. The commissioning of the new Puma fuel tanks in Richards Bay contributed to the increase in petroleum volumes. Excellent cost control added to profitability.

Automotive

Bidvest Automotive delivered a satisfactory performance against a new vehicle dealer market that has contracted by 8,2% in the year to June 2017 and new vehicle margins came under extreme pressure. Revenue was flat and trading profit was marginally down at 1,7%. Improved balance has been achieved in the contribution from new vehicles, used vehicles, service and parts, which has been critical to offset the volume declines and margin pressures in new vehicle sales. Used vehicle volumes have stabilised and related activities achieved strong growth. Non-performing dealers and franchises were exited this year. Bidvest Car Rental grew volumes and secured rental rate increases. Fleet utilisation was, however, lower and accident incidents and costs higher.

Office and Print

Revenue declined by 4,0% and trading profit by 6,9%, after being down 14% at half-year. Year-on-year revenue comparisons are distorted by the non-recurrence of the Tanzanian voter registration project and the disposal of Kolok Mozambique. The division's trading profit result was negatively impacted by a decline in volume and pricing pressure at Kolok, together with margin erosion and foreign exchange effects at Konica Minolta. Overall gross margin, however, continued to be well managed and operating expenses were exceptionally well-controlled. Operating cash generation and asset management was excellent. Zonke, Silveray and Packaging performed especially well and Waltons' turnaround strategy is bearing fruit. Three bolt-on acquisitions were concluded in the Paper and Printing areas.

Commercial Products

The division produced good results, delivering a 48,5% increase in trading profit. The results include the acquisition of the Brandcorp group of companies during the year. Excluding the Brandcorp acquisition, revenue and trading profit increased by a commendable 4%, in a tough trading environment. A shift in mix towards the higher yielding Brandcorp companies assisted in increasing margins, despite price pressure from customers and price deflation. Excellent results were achieved in Plumblink, Bidvest Materials Handling, Academy Brushware and Home of Living Brands. Yamaha experienced headwinds. Brandcorp performed in line with expectations, with Renttech and Burncrete achieving excellent results.

Financial Services

Bidvest Bank and the Insurance cluster reported a pleasing set of results. Trading profit increased by 7,4%, with a strong contribution from Bidvest Bank. The bank's corporate advances increased by 26,5% and deposits grew by 16,6%. The positive performance was driven further by a 14,6% growth in the leasing business and a notable improvement in the Treasury forex margin of the Trading and Investments business. The bank delivered strong improvements in key banking ratios. In June, Moody's Investor Services upgraded Bidvest Bank's long-term national scale rating by two notches from A1 to Aa2.

Positive operating performance in the Insurance cluster was impacted by declining returns on the investment portfolio. Insurance premiums grew by 97,1% and insurance assets increased by 23,0% to R1,8 billion. Compendium was again the star performer with an 88,0% increase in operating profit year-on-year.

Electrical

The division has performed well given that the infrastructure development, mining and construction sectors in South Africa remain constrained. The 10,3% increase in trading profit and revenue growth of 5,4% is excellent in this environment. Voltex held its own, with Cabstrut and Electech achieving good growth. The Voltex brand remains strong. The solutions businesses Solid State Power, Versalec Cables and Voltex MVLV Solutions produced impressive results. Eagle Lighting, Technilamp and Mubelo are new diversified businesses in niche markets which will add value going forward.

Other investments

Bidvest Namibia (52% share)

Difficult macro-economic factors in Namibia contributed to a disappointing overall performance, with trading profit declining by 70,9%. For the Bidfish division, limited quota allocations, a significant decline in prices and higher quota buy-in prices affected profitability. All the other divisions experienced pressure on revenue due to the recession in Namibia and, apart from Properties, reported a decline in profitability. The trading conditions are not expected to ease in the short term. Various cost initiatives have been implemented to improve the operating performance.

On 18 August 2017, shareholders were advised that Bidvest Namibia has entered into discussion, which if successfully concluded, may have a material effect on the price of the Company's securities.

Bidvest Corporate

Bidvest Properties performed well with a 16,9% increase in trading profit. A positive mark-to-market adjustment in Bidcorp and an upwards revaluation of the investment in Mumbai International supported the performance of investments. The UK businesses of Mansfield and On Time both showed pleasing improvements over the prior year.

Directorate

Paul Baloyi resigned from the board in August 2016 and Brian Joffe in August 2017. The board welcomes Nosipho Molohe as an independent non-executive director from 2 August 2017.

The board and management of Bidvest wish to thank Brian Joffe, the founder of Bidvest, for his valued leadership since its formation. We wish him well for the future.

Bidvest welcome the launch of the "#BusinessBelieves in South Africa" campaign. As advocates of the campaign, the Group pledges its support of ethical business practices. Bidvest reaffirms its commitment to job creation and economic growth through the expansion of its South African operations.

For and on behalf of the board

CWL Phalatse

Chairman

Johannesburg

28 August 2017

L Ralphs

Chief executive

Dividend declaration

In line with the Group dividend policy, the directors have declared a final gross cash dividend of 264 cents (211,2000 cents net of dividend withholding taxation, where applicable) per ordinary share for the year ended 30 June 2017 to those members registered on the record date, being Friday, 22 September 2017. This brings the total dividend for the year to 491 cents per share (2016: 714 cents). The total dividend is not comparable to the prior year total dividend which was declared as part of the larger Bidvest Group, prior to the unbundling of the foodservice businesses.

The dividend has been declared from income reserves. A dividend withholding taxation of 20% will be applicable to all shareholders who are not exempt.

Share code:	BVT
ISIN:	ZAE000117321
Company registration number:	1946/021180/06
Company tax reference number:	9550162714
Gross cash dividend amount per share:	264 cents
Net dividend amount per share:	211,2000 cents
Issued shares at declaration date:	335 404 212
Declaration date:	Monday, 28 August 2017
Last day to trade cum dividend:	Tuesday, 19 September 2017
First day to trade ex-dividend:	Wednesday, 20 September 2017
Record date:	Friday, 22 September 2017
Payment date:	Tuesday, 26 September 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 September 2017, and Friday, 22 September 2017, both days inclusive.

For and on behalf of the board

CA Brighten

Company secretary

Johannesburg

28 August 2017

Basis of presentation of summarised consolidated financial statements

These summarised provisional financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and includes, at a minimum, disclosure as required by IAS 34 Interim Financial Reporting, the Companies Act of South Africa and the JSE Listings Requirements. They do not include all the information required for a complete set of International Financial Reporting Standards (IFRS) financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding to the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2016.

In preparing these summarised provisional financial statements, directors make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by directors in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2016.

Significant accounting policies

The accounting policies applied in these summarised provisional financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2016.

During the year certain operations were reclassified between segments. The comparative period's segmental information has been re-presented to reflect these insignificant changes.

Net acquisition of businesses, subsidiaries, associates and investments

During the year the Group acquired 100% of the share capital of Brandcorp with effect from 1 October 2016. Brandcorp is a value added distributor of niche Industrial and Consumer products trading under the Industrial brands, Matus, Renttech, Burncrete, Moto Quip, Leisure Quip and consumer brands, Cellini and MIC Prestige. The acquisition forms part of the Bidvest Commercial Products segment and will enable the Group to expand its range of complementary products and services. Goodwill arose on the acquisition as the anticipated value of future cash flows, that were taken into account in determining the purchase consideration, exceeded the net assets acquired at fair value. The acquisition has been funded with a combination of long-term borrowings and existing cash resources.

The acquisition of Brandcorp contributed R1,8 billion to gross revenue and R198 million to operating profit. Had the acquisition taken place on 1 July 2016, the contribution to revenue would have been R2,6 billion and R252 million to operating profit.

The Group also made a number of less significant acquisitions and disposals during the year. Certain of these acquisitions resulted in insignificant bargain purchase gains. These acquisitions were funded from existing cash resources.

The following table summarises the net assets acquired and liabilities assumed which have been included in these results from the respective acquisition and disposal dates.

R'000

	Brandcorp	Other acquisitions	Total acquisitions	Disposals	Net acquisitions
Property, plant and equipment	185 302	63 690	248 992	(9 192)	239 800
Deferred taxation	(116 534)	(7 664)	(124 198)	14 437	(109 761)
Interest in associates	27 626	32 790	60 416	(288 441)	(228 025)
Investments and advances	–	510 124	510 124	(941 863)	(431 739)
Inventories	572 519	58 695	631 214	(56 976)	574 238
Trade and other receivables	480 411	33 576	513 987	(16 552)	497 435
Cash and cash equivalents	118 444	60 080	178 524	3 176	181 700
Borrowings	(1 945 120)	(11 059)	(1 956 179)	108	(1 956 071)
Trade and other payables and provisions	(434 489)	(101 551)	(536 040)	(11 492)	(547 532)
Taxation	(9 277)	(5 280)	(14 557)	(649)	(15 206)
Intangible assets	684 282	517	684 799	(95)	684 704
	(436 836)	633 918	197 082	(1 307 539)	(1 110 457)
Non-controlling interest	–	15 179	15 179	(760)	14 419
Realisation of foreign currency translation reserve	–	–	–	916	916
Gain on bargain purchase price	–	(11 374)	(11 374)	–	(11 374)
Goodwill	436 836	197 362	634 198	(3 212)	630 986
Net assets acquired (disposed)	–	835 085	835 085	(1 310 595)	(475 510)
<i>Settled as follows:</i>					
Cash and cash equivalents acquired/ disposed of			(178 524)	(3 176)	(181 700)
Acquisition costs			24 230	–	24 230
Net loss on disposal of operations			–	132 946	132 946
Net change in vendors for acquisition			(10 989)	–	(10 989)
Receivable arising on disposal of associate			–	203 110	203 110
Net acquisition (disposal) of businesses, subsidiaries, associates and investments			669 802	(977 715)	(307 913)

Commitments

Capital expenditure amounting to R1 939 million (2016: R1 138 million) is in respect of property, plant and equipment.

Subsequent events

The Group acquired 100% of the shares of Noonan from Alchemy Partners and Noonan's current management. Noonan, which is based and operates throughout the Republic of Ireland and in the United Kingdom, has established a clear leadership position with a 40-year track-record of delivering high-quality integrated facility management services and solutions. Its services include soft, technical and ancillary services, and range from cleaning and security to building services and facilities management. The board believes that Noonan's business model and geographic presence will be complementary to Bidvest's Services division. Several learnings can be

Basis of presentation of summarised consolidated financial statements

continued

shared, and enhanced, thereby improving the Group's overall service offering. The current dual geographic footprint allows for growth optionality into Europe and further afield. South African Reserve Bank approval has been obtained. The transaction is expected to be effective 1 September 2017. The EUR175 million (R2,7 billion) purchase price was settled by way of foreign credit facilities. Three-year variable rate, Euro denominated funding has been secured at an attractive rate.

Other than above, no further subsequent events have been identified.

Fair value of financial instruments

The Group's investments of R2 843 million (2016: R2 870 million) include R62 million (2016: R89 million) recorded at cost, R1 785 million (2016: R1 846 million) recorded and measured at fair values using quoted prices (level 1) and R996 million (2016: R935 million) recorded and measured at fair value using factors not based on observable data (level 3). Fair value gains on level 3 investments recognised in the income statement total R95 million (2016: R94 million) and other reductions of R67 million relate to net sales, and foreign exchange losses of R0,4 million recognised in the currency translation reserve.

The Group's effective beneficial interest in the Indian based Mumbai International Airport Private Limited (MIAL) is included in unlisted investment held-for-trade, where the fair value is not based on observable market data (level 3). The carrying value of this investment, based on the directors' valuation at 30 June 2017, is R940 million (US\$72 million) (2016: R853 million (US\$60 million)).

When the Group performs an analysis and notes significant changes in the underlying variables included in the valuation, the value of the investment is reconsidered. As a result of consistent increases in earnings driven off increased passenger numbers the MIAL asset has been revalued in the current year. The updated value was determined as fair value less cost to sell. The calculation used the actual operating results for MIAL based on the most recent financial statements and a median multiple for the peer group which is in a range of 11.6 – 12.5x EBITDA. A 1% change in the multiple or EBITDA used results in US\$1,6 million change in the value. Consideration was also given to an independent expert valuation as well as the Group's prior disposal of the identical sized interest in the 2012 financial year, after adjusting for a control premium achieved in that transaction.

MIAL is a foreign based asset and the ruling year end exchange rate, US\$1 = R13,06 (2016: US\$1 = R14,79), is a further factor that affects the carrying value. The valuation is considered a level 3 type valuation in accordance with IFRS 13 – Fair Value Measurement.

The carrying values of all financial assets and liabilities approximate their fair values, with the exception of borrowings of R10 713 million whose carrying value is R10 716 million.

Audit report

The auditors, Deloitte & Touche, have issued their opinion on the consolidated financial statements for the year ended 30 June 2017. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified opinion. A copy of the auditor's report together with a copy of the audited consolidated financial statements are available for inspection at the Company's registered office.

These summarised provisional consolidated financial statements have been derived from the consolidated financial statements and are consistent in all material respects with the Group's consolidated financial statements. These summarised provisional consolidated financial statements have been audited by the Company's auditors who have issued an unmodified opinion. The auditor's report does not necessarily report on all of the information contained in this announcement. Any reference to future financial information included in this announcement has not been reviewed or reported on by the auditors. Shareholders are advised, that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the Company's registered office.

Preparer of the summarised consolidated financial statements

The provisional summarised and consolidated financial statements have been prepared under the supervision of HP Meijer (BCompt, MBL), Group Financial Director, and were approved by the board of directors on 25 August 2017.

Administration

The Bidvest Group Limited

("Bidvest" or "the Group" or "the Company")

Incorporated in the Republic of South Africa

Directors

Independent non-executive chairman: CWL Phalatse

Independent non-executive directors: DDB Band, EK Diack, AK Maditsi, S Masinga, CWN Molope, NG Payne, T Slabbert

Executive directors: LP Ralphs (Chief executive), AW Dawe, NT Madisa, GC McMahon, HP Meijer* (Group financial officer)
(*Netherlands)

Company secretary

CA Brighten

Transfer secretaries

Computershare Investor Services Proprietary Limited

Registration number 2004/003647/07

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Sponsor

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Registered office

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Johannesburg, 2196, South Africa

PO Box 87274, Houghton, Johannesburg, 2041, South Africa

Registration number: 1946/021180/06

Share code: BVT

ISIN: ZAE000117321

Further information regarding our Group can be found on the Bidvest website:

www.bidvest.com

www.bidvest.com



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