Bidvest

THE BIDVEST GROUP LIMITED
INVESTOR PRESENTATION

FOR THE YEAR ENDED 30 JUNE 2019

Administration

The Bidvest Group Limited

Incorporated in the Republic of South Africa
Registration number 1946/021180/06
Share code: BVT
ISIN: ZAE000117321

Group company secretary

Ilze Roux

Auditors

pwc

Legal advisers

Baker & McKenzie
Edward Nathan Sonnenbergs
Werksmans Inc

Bankers

ABSA Bank Limited
FirstRand Group Limited
Investec Bank Limited
Nedbank Limited
The Standard Bank of South Africa Limited

Share transfer secretaries

Computershare Investor Services
Proprietary Limited
PO Box 61051
Marshalltown
2107
0861 100 950

Sponsor

Investec Bank Limited

Group financial director

Mark Steyn

Investor relations

Ilze Roux

Registered office

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Bidvest

Audited Financial Results

for the year ended 30 June 2019

Notes:

Agenda

Notes:

01 Introduction

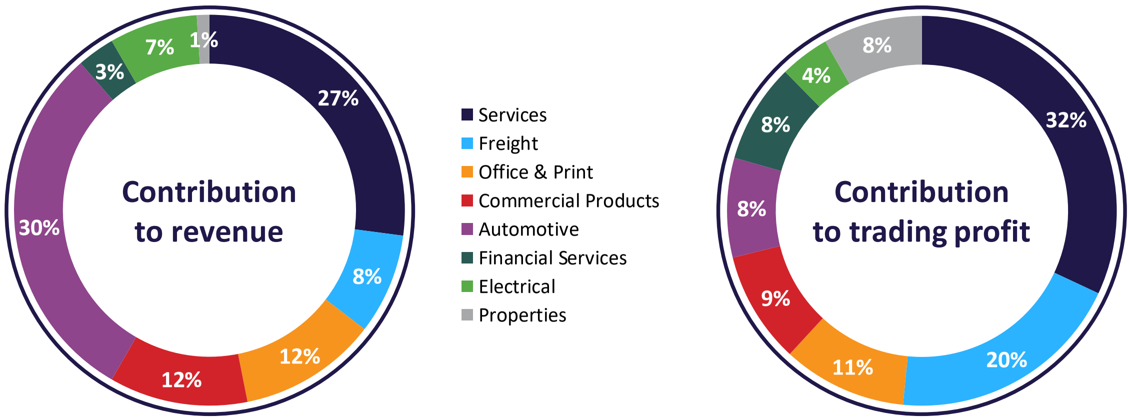
Lindsay Ralphs

CE

Notes:

We are **Bidvest**

Diverse portfolio allows for 31-year track record of consistent delivery, returns and growth



Notes:

Strategic overview and **outlook**

Maximise diverse portfolio

- +3.5% trading profit despite limited economic activity, particularly in industrial and infrastructure sectors. 6.5% growth from combined services businesses
- Focus on technology and innovation to disrupt ourselves and the industries in which we operate
- Higher liquid and bulk commodity volumes handled
- Adcock Ingram now a Proudly Bidvest company (average holding cost R64.41/sh)

Maintain strong financial position

- Debt burden low at 8x interest cover and 0.9x net debt/EBITDA
- 64% of trading profit converted into free cash
- Tight asset management
- Successfully raised bond market funding at attractive rates

Notes:

Strategic overview and **outlook**

Invest capital for future growth

- **Invest in SA:**
  R1 billion LPG project on time and within budget
- **Internationalisation:**
  Currently exploring multiple opportunities of various sizes
- **R3 billion spent on acquisitions:**
  Acquired UDS, Aquazania, several smaller businesses in Office & Print, Commercial Products and Electrical and bought out Bidvest Namibia minorities

Stewardship

- Broadened alternative energy product range in Electrical and non-plastic packaging in Office & Print
- Invested R439 million in skills development; R133 million on enterprise and supplier development
- More than 50% of businesses achieved level 1-2 B-BBEE ratings. Improvements across most scorecards

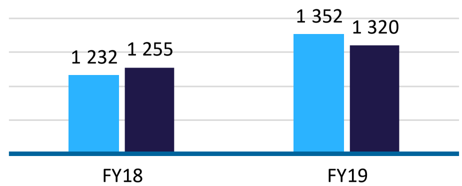
Notes:

Highlights for the **year**

- HEPS up **9.8%**
- Normalised HEPS up **5.2%** to **1 320.0 cents**
- Final DPS of **318 cents (+5.6%)**
- Trading profit up **3.5%** to **R6.7 billion**
  - **Excellent** performance from **Service** and **Office & Print. Freight** and **Properties** performed **well.** Commercial Products, Electrical and Financial Services fell short of expectation
  - **Gross and trading** profit **margins** increased
- **Solid** operational **cash generation** of **R7.1 billion**, despite material swing in net Bank advances and deposits
- **Exceptional** balance sheet
- ROFE improved to **23.3%**
- Investment in **SA infrastructure**, **increased** business **capacity** and **innovation**

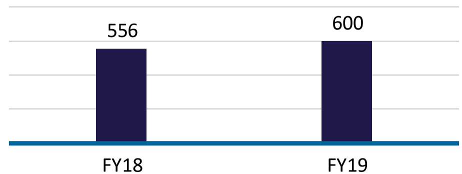
HEPS

(Cents per share)



DPS

(Cents per share)



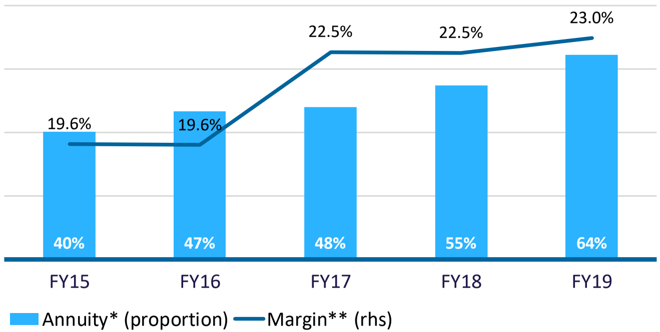
Notes:

Reflections of the **CEO**

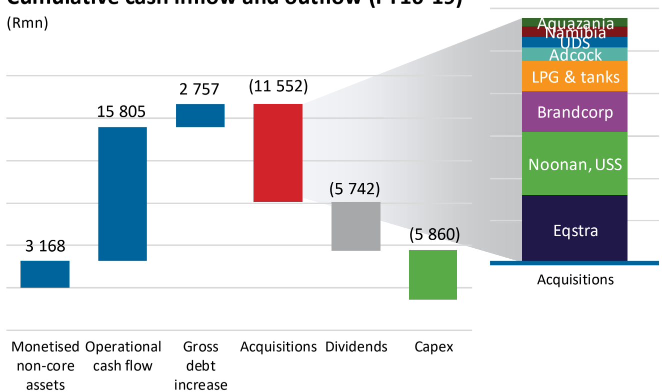
Significant shifts achieved over past three years

- Profit mix has shifted towards annuity income
- Trading and distribution gross profit margin have increased
- Capital and cash has been directed from non-core assets to internationalising niche services and greater annuity income streams
- Returns have remained good

Annuity income proportionately higher and trading GP margin improved



Cumulative cash inflow and outflow (FY16-19)
(Rmn)



* *Annuity income are mainly service and property related activities*
** *Wholesale and distribution relates to trading activities in Office & Print, Commercial Products, Electrical and Automotive*

Notes:

02 Financial review

Mark Steyn

CFO

Notes:

Financial **highlights**

R billion	Year ended 30 June 2019	Year ended 30 June 2018	Change
Revenue	**77.2**	77.0	0.2%
Gross profit*	**29.8%**	28.9%	↑
Expenses*	**22.0%**	21.0%	↑
EBITDA	**8.4**	8.2	2.4%
Trading profit	**6.7**	6.5	3.5%
Trading profit margin	**8.7%**	8.5%	↑
Headline earnings	**4.6**	4.1	10.3%
HEPS (cents)	**1 352.1**	1 231.6	9.8%
DPS (cents)	**600.0**	556.0	7.9%
EBITDA interest cover (times)	**7.9x**	8.0x	↓
Net debt/EBITDA (times)	**0.9x**	0.8x	↓
Cash conversion**	**64.0%**	112.9%	↓
ROFE	**23.3%**	22.9%	↑
ROIC	**18.4%**	18.9%	↓

* *As % of Revenue*
** *As % of trading profit*

Notes:

Income statement **analysis**

Revenue

- Revenue flat
- Disposal of Bidfish, lower luxury vehicle sales and implementation of MBSA agency model, reduced trading across Electrical

Gross income

- Gross margin up almost 100bps to 29.8%
- Distribution-type businesses grew margin despite input cost volatility and fierce competition

Expenses

- Operating expenses increased 4.6%
- Continued, strong focus on cost containment

Trading profit

- Strong performances from Services, Office & Print and Properties
- Freight and Automotive contributed to growth
- Commercial Products, Financial Services and Electrical delivered lower profits

Other costs

- Acquisition costs of R23 million relate mainly to Aquazania, UDS and Eqstra
- Amortisation of acquired customer contracts of R42 million (mainly Noonan)

Net capital items

- R624 million reduction in fair value of associates
- Disposal and closure of businesses
- Insurance compensation for damaged Freight assets

Notes:

Income statement **analysis**

Net finance charges

- 3.4% higher
- Additional funding for acquisitions
- Capital expenditure continued
- Conservative interest cover of 7.9x EBITDA

Associate income

- Share of current period earnings increased by 37.1%
- Adcock Ingram performed well
- Comair recognised R1.1 billion SAA claim. We accounted for our share

Taxation

- Effective tax rate lower than statutory rate. Flat year on year
- Reduced by income from associates, MIAL and no tax shield on preference shares
- Lower statutory rate in offshore operations

Non-controlling interest

- Predominantly Namibia
- Reduced on disposal of Bidfish, Zonke closure

HEPS

- 9.8% growth despite tough trading conditions
- Reflects organic growth
- Normalised HEPS +5.2%. Acquisition cost, amortisation of customer contracts and non-cash share of Comair claim excluded

Dividend

- Final dividend 318 cents, up 5.6%, bringing total dividend to 600 cents
- Cover ratio of 2.2x consistent with policy

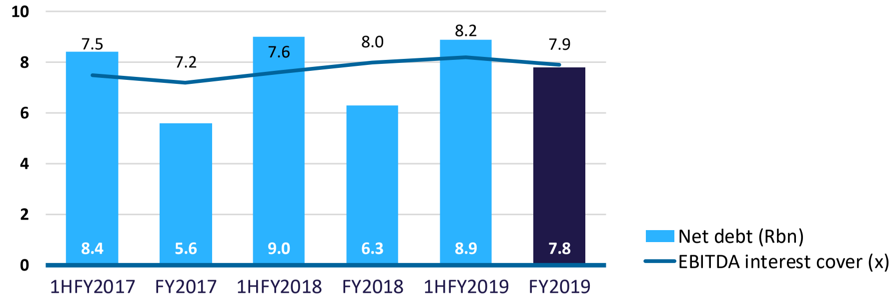
Notes:

Debt and **funding**

A conservative approach to gearing

- Net debt of R7.8 billion
- EBITDA interest cover of 7.9 times vs. 8.0 times in 2018
- Net debt/EBITDA 0.9 times
- 49% of gross debt long-term
- Ample headroom to fund organic or acquisitive expansion
- Successful bond placements
- Spent R1.4 billion on AIP and BVN in Jun 19

Interest cover



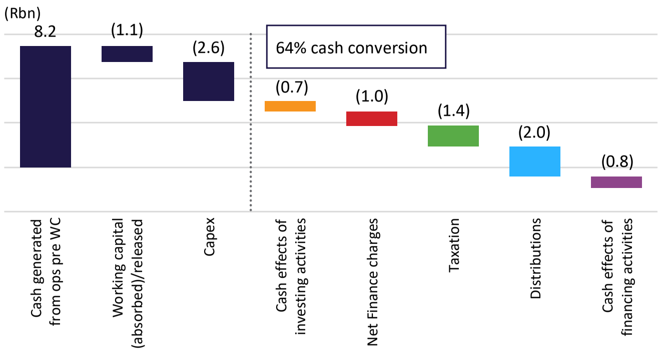
Moody's Investors Service credit rating	Long term	Short term	Outlook
The Bidvest Group Limited			
National scale	Aa1.za	P-1.za	Stable
Global scale	Baa3	P-3	Stable

Notes:

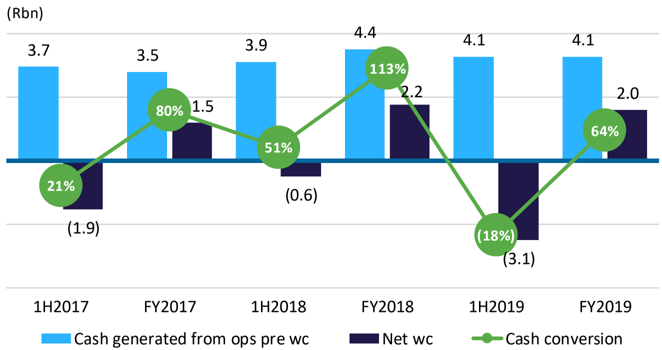
Cash **flow**

Cash generative businesses that are capital light

Free cash flow



Cash generated vs working capital



- Cash conversion 64% (2018: 113%)
- Working capital absorbed of R1.1 billion (2018: R1.5 billion released)
  Bidvest Bank's raised less additional deposits and advanced more loans (net R766 million, or a 1/3^{rd,} of cash movement)
  Lower trade payable balances in the non-financial services due to lower activity levels
- Capex spend continues in SA

Notes:

IFRS16: **Leases**

No impact on cash flow or strategy

- IFRS16 will be adopted, effective 1 July 2019, using a modified retrospective approach
  - Right of use assets = lease liability using Bidvest's prevailing incremental borrowing rate adjusted for prepaid/accrued lease payments before initial application
  - Will apply practical expedients allowed (onerous lease assessments under IAS37 to impair; short term and low value)
- Approximate impact illustrated alongside for JSE reporting purposes
- The adoption has no impact on new cashflows. Non-interest portion of lease payments reallocate from operating activities to financing activities
- Indicative financial statement impact
  - Right of use assets and lease liabilities R5.3 - 5.8 billion
  - Corresponding deferred tax assets and liabilities
  - Trading profit increase R230 - 280 million
  - Profit before tax decrease R150 - 200 million
  - Attributable income decrease R100 - 150 million

Notes:

03 Operational updates

Lindsay Ralphs

CE

Notes:

Services | CEO: Alan Fainman

R million	**Year ended 30 June 2019**	Year ended 30 June 2018	Change
Revenue	**20 837**	18 968	9.9%
Trading profit	**2 240**	1 992	12.5%
Trading margin	**10.8%**	10.5%	↑
EBITDA	**2 751**	2 484	10.7%
Average Funds Employed	**2 574**	2 375	8.4%
ROFE	**86.7%**	83.9%	↑

- SA annuity-type businesses performed strongly. Excellent results were delivered by Noonan, Facilities Management and Protea Coin
- Market stagnant and price sensitive. Focus on technology and alternative products & services to remain relevant and well positioned
- Noonan grew trading profit 16% in EUR on strong revenue and margin growth
- Steiner, BidAir Services, BidAir Lounges, BidTrack and the Allied Services cluster performed well. Corporate travel businesses under pressure
- Cash generation was very good and funds employed very well managed
- Acquisitions concluded – ClickOn, Aquazania, UDS – and several others are being explored

Notes:

Freight | CEO: Anthony Dawe

R million	**Year ended 30 June 2019**	Year ended 30 June 2018	Change
Revenue	**6 419**	6 075	5.7%
Trading profit	**1 369**	1 318	3.8%
Trading margin	**21.3%**	21.7%	↓
EBITDA	**1 645**	1 628	1.0%
Average Funds Employed	**3 301**	2 567	28.6%
ROFE	**41.3%**	49.5%	↓

- Good result despite extremely large decrease in agricultural volumes
- Greater liquid and bulk commodity volumes handled
- Lower volumes and fierce price competition in warehousing and transportation
- Across the general activities, lower import volumes but pockets of export volume growth
- Annuity-income represents 40% of trading profit
- LPG project on track for 2020 completion and within budget

Notes:

Office & Print | CEO: Kevin Wakeford

R million	**Year ended 30 June 2019**	Year ended 30 June 2018	Change
Revenue	**9 435**	9 305	1.4%
Trading profit	**735**	701	5.0%
Trading margin	**7.8%**	7.5%	↑
EBITDA	**863**	839	2.8%
Average Funds Employed	**2 229**	2 090	6.7%
ROFE	**33.0%**	33.5%	↓

- Excellent result considering structural industry challenges and loss of Zonke monitoring business last year (Dec 2017)
- Good margin management and excellent cost control
- Konica Minolta bedded down new Treasury contract
- Office products market continues to contract but efficiencies, product innovation and ranging allowed them to buck the trend
- Data, Print and Packaging delivered resilient profit growth while Furniture recovered from a slow start
- Bolt-on acquisitions – UFC, Make Me Mobile, Logo Print – were concluded

Notes:

Commercial Products | CEO: Howard Greenstein

R million	Year ended 30 June 2019	Year ended 30 June 2018	Change
Revenue	**9 072**	8 920	1.7%
Trading profit	**617**	710	(13.2%)
Trading margin	**6.8%**	8.0%	↓
EBITDA	**727**	816	(10.9%)
Average Funds Employed	**2 510**	2 513	(0.1%)
ROFE	**24.6%**	28.3%	↓

- Very challenging 2H
- Industrial cluster (2/3rd of profit) reported lower profits in tough market. Consumer cluster held its own
- Good results from Burncrete, Plumblink, Interbrand and Moto Quip. Disappointing results from Renttech, Afcom, Vulcan and Matus
- Gross margin improved and cash generation was significantly higher
- Product range and price points were actively managed in the individual businesses
- Business models under review in Renttech, Afcom, Vulcan and Matus
- Yamaha's business model change bedding down nicely

Notes:

Automotive | CEO: Steve Keys

R million	**Year ended 30 June 2019**	Year ended 30 June 2018	Change
Revenue	**23 442**	24 702	(5.1%)
Trading profit	**609**	602	1.1%
Trading margin	**2.6%**	2.4%	↑
EBITDA	**832**	813	2.3%
Average Funds Employed	**3 946**	3 867	2.0%
ROFE	**15.4%**	15.6%	↓

- Pleasing turnaround from Bidvest Car Rental neutralised the lower motor retailing profit
- Bidvest McCarthy sold 5% fewer new vehicles and a similar number of used vehicles
- The luxury segment declined even further and margin pressure was a feature in the used vehicle market
- The aftermarket segment reported a lower contribution as the car parc under warrantee & service plans shrunk and competition became fierce
- Bidvest Car Rental achieved reasonable rental rate increases and lowered the holding cost of vehicles, culminating in improved profitability

Notes:

Financial Services | CEO: Japie van Niekerk

R million	Year ended 30 June 2019	Year ended 30 June 2018	Change
Revenue	**2 701**	2 563	5.4%
Trading profit	**585**	632	(7.5%)
Trading margin	**21.6%**	24.7%	↓
EBITDA	**836**	867	(3.5%)
Average Funds Employed	**3 558**	3 417	4.1%
ROFE	**16.4%**	18.5%	↓

- Bidvest Bank grew 3%. No contribution from new large fleet contracts (Transnet HCV only started paying out in FY20) and others in run off. Business and personal banking grew
- Fleet assets declined 7%; deposits and loans & advances increased by 14% and 40%, respectively
- Bidvest Insurance had a disappointing year
- Bidvest Life sales grew strongly, continuing to cause new business strain
- Compendium, FinGlobal and Tradeflow delivered pleasing results
- Returns on the investment portfolio halved causing most of the profit decline

Notes:

Electrical | CEO: Stan Green

R million	**Year ended 30 June 2019**	Year ended 30 June 2018	Change
Revenue	**5 384**	5 695	(5.5%)
Trading profit	**258**	300	(14.2%)
Trading margin	**4.8%**	5.3%	↓
EBITDA	**299**	341	(12.3%)
Average Funds Employed	**2 067**	1 941	6.5%
ROFE	**12.5%**	15.5%	↓

- Near-decimation of the building industry and challenging mining industry
- Voltex reported growth despite fierce competitive pressure. Project-type business performed poorly
- Cabstrut delivered good growth as its vertical integration strategy yielded benefits
- Electech's renewable energy business performed well
- Some businesses ended the year overstocked. The debtors book continue to receive focused attention
- Investments were made into facilities and initiatives to improve efficiencies

Notes:

Corporate

R million	**Year ended 30 June 2019**	Year ended 30 June 2018	Change
Revenue	**3 897**	4 596	(15.2%)
Trading profit	**324**	253	27.7%
Trading margin	**8.3%**	5.5%	↑

- Corporate comprises Bidvest Properties, Bidvest Namibia and other investments
- Bidvest Properties performed well (trading profit +14.7%) and continues to be of strategic importance to the Group
- Bought out minorities in Bidvest Namibia and delisted it from the NSX
- The Mansfield Group and Namibia performed poorly
- MIAL has been valued at USD86 million per the signed sale agreement. The transaction is progressing
- R30 million profit recognised on sale of last Bidcorp shares

Notes:

04 Strategic overview and outlook

Lindsay Ralphs

CE

Notes:

Strategic overview and **outlook**

Operational outlook

- Need public and private sector to invest to achieve real GDP growth
- Bidvest will continue to strategically invest to generate sustainable profits
- Invest in technology and innovation to disrupt ourselves and industries
- Pockets of opportunities and activity exist. Bidvest will capitalise on these

Maintain strong financial position

- Excellent asset management. Debtors book clean and stock well managed
- Low levels of debt (0.9x EBITDA) allows for significant headroom
- Conclude MIAL disposal

Notes:

Strategic overview and **outlook**

Maximise diverse portfolio

- Well managed divisions with core competencies and drivers firmly intact
- Incorporate Namibian activities into divisions
- Generate cash
- Continuously broadening our product and service offering
- Adcock Ingram to be consolidated from 1 Aug 2019 (revenue R7 billion; trading profit R1 billion)

Allocate capital to growth

- Local acquisitions will continue. Eqstra expected to close before Dec 2019
- Bolt-on opportunities attractive. Expect to close some soon
- Continuously evaluate niche international acquisitions in services and distribution of everyday-essential products
- Invest in annuity-type projects in SA
- Unwavering disciplined approach

Notes:

05 Appendices

THE BIDVEST GROUP LIMITED Audited Financial Results for the year ended June 2019

Notes:

We are **Bidvest**

Investment case

A leading B-2-B services, wholesale and distribution group operating in the areas of commercial and industrial products, electrical products, financial services, freight management, office and print solutions, outsourced hard and soft services and automotive retailing

- Highly diversified portfolio spanning broad economic spheres:
  - Services – 65% of trading profit
  - Trading and distribution – 35% of trading profit
- Strongly cash generative assets that are relatively capital light
- Highly entrepreneurial and decentralised management teams supported by a small corporate office
- Leading positions in our markets with a broad product offering
- Strong "Proudly Bidvest" culture
- Outperforming through the cycle
- Embracing change through innovation

Notes:

Services

- FM Services performed well considering the environment. FM had another strong growth year but Catering lost Kusile contract
- Security Services delivered an excellent result. Specialised businesses delivered good results. Margin pressure and contract losses in mining were disappointing. Acquisitions introduced niche technology
- BidAir's lounges and cargo activities delivered good results
- Travel Services trading profit declined. Middle-office system implementation, lower corporate travel volumes and margin pressure all contributed. Leisure travel doing well
- Allied Services had another strong year. Aquazania is performing in line with expectations
- Noonan Ireland performed very strongly. Noonan UK delivered strong margin improvement. Funds employed reduced and cash generation improved

Outlook for FY20

- Margin management will remain a key focus area
- Niche technology solutions offer exciting opportunities
- Acquisitions are being explored
- Targeted new customer opportunities and bedding down contract wins

Notes:

Freight

- BTT Richards Bay showed particularly good growth
- SABT handled 26% less volumes as no maize was exported 2H and wheat & rice imports reduced
- Chrome and manganese volumes up 22% in BC. Full berth capacity reinstated from April 2019
- BPL experienced a tough year with high-end consumer spend under pressure and fierce competition in warehousing and transportation. Panalpina Group recently acquired by DSV
- BPO benefitted from good export volumes from Durban while BSACD had a more challenging year
- OnTime Automotive produced a healthy performance

Outlook for FY20

- Maize crop appears average and movement expected later in the year. Wheat imports have started
- Chrome and manganese volumes expected to remain good
- New international forwarding and clearing partner being sought
- Loss of sub-contracted work in Maputo will negatively impact Naval
- Complete LPG project

Notes:

Office & Print

- Competitive pressure and lower demand remained features for Office Products. Silveray and Kolok reported strong growth
- Konica Minolta held its own despite the new Treasury contract as the expense base was dramatically reduced and the business revitalised

- Data had an outstanding year due to volume growth, new contract wins and strong expense control. Packaging activities rolled out alternative products to customers and bolt-on acquisitions contributed. Print reported strong profit growth despite flat revenue
- Cecil Nurse maintained its profitability in a poor market

Outlook for FY20

- Konica Minolta to broaden its customer base
- Current plans to simplify the businesses will continue
- Tough trading conditions are expected to continue

Notes:

Commercial Products

- Difficult trading environment and little consumer confidence. 2H particularly challenging
- Further investments were made into facilities, product ranges and sales forces to drive business
- Plumblink grew revenue and gross margin despite slower contract sales. The 100th branch was opened
- Burncrete delivered an excellent result. G Fox acquired a niche glove distributor to bolster its range

- Renttech scaled back its infrastructure due to poor demand and low rental fleet utilisation. The business model is currently under review
- Growth at Home of Living Brands slowed sharply. ProAudio business was exited. Market share in small appliance increased
- Interbrand and Moto Quip delivered strong growth. Yamaha's new business model is bedding down. Academy Brushware grew its gross profit margin and integrated the House of Locks business

Outlook for FY20

- Business models are reviewed continuously to secure relevance and efficiencies
- Product focus and margin management remain key focus areas, particularly given currency volatility
- Investment in facilities and capacity needs to deliver efficiencies

Notes:

Automotive

- Bidvest McCarthy sold 5.3% fewer new vehicles (industry -3.2%) and marginally more used vehicles. Industry luxury sales declined 12.0%
- Profit at luxury brand dealers continued to decline sharply
- Nissan, Renault and Toyota dealerships grew profits
- Gross margin pressure was reported in used cars and aftermarket

- Service revenue was flat but parts volumes were lower
- Encouragingly, used car inventory, particularly older stock, declined
- Burchmores grew profit strongly
- Bidvest Car Rental rate per day +5.4%, rental days -1.3% and materially improved fleet utilisation at 67.6%

Outlook for FY20

- Targeting a more balanced motor retail business
- A new intelligent used car procurement system is being rolled out
- Management will focus on driving down the cost and asset base
- Bidvest Car Rental to leverage upgraded technology to drive further improvement

Notes:

Financial Services

- Growth in Business and Personal banking, trade finance, acquiring treasury services and lending more than offset fleet runoff on the revenue line. Transnet HCV contract took longer than expected to conclude. Negative cost jaws limited profit growth in Bidvest Bank
- Bidvest Bank deposits grew 14% to R6.4 billion, loans & advances 40% to R2.7 billion and leased assets declined 7% to R1.6 billion

- Bidvest Insurance wrote less gross premium due to lower vehicle sales as well as closure of the commercial book. A number of high value claims had to be paid
- Bidvest Life continued on its strong growth path with a unique product. The growth in new business caused a drag on profitability
- Compendium and FinGlobal reported strong results
- The surplus capital in the Bank should be addressed by the acquisition of Eqstra

Outlook for FY20

- Sizeable fleets are being pursued. Timing uncertain. Delivery of Transnet vehicles has started
- The successful acquisition of Eqstra will be transformational for Bidvest Bank
- Growing Business Banking further
- Bidvest Insurance has reverted back to its niche
- Bidvest Life is expected to turn profitable

Notes:

Electrical

- Activity in the construction and infrastructure sectors very limited. Several customers either under business rescue or experiencing significant liquidity constraints
- Some reasonable order books across the division but delays experienced in the related projects. Voltex branches performed well
- Handful of municipalities spending on infrastructure and housing. Pockets of overhead electrical and alternative energy work
- Cabstrut and Electech delivered good results. MVLV's work is lumpy with long lead times
- Inventory ended the year in excess while the debtors book remain well controlled considering the trading environment

Outlook for FY20

- Industry outlook remains uncertain
- Margin, working capital and expense management will remain key focus areas
- Benefits are expected from investments made in facilities and vertical integration of Cabstrut

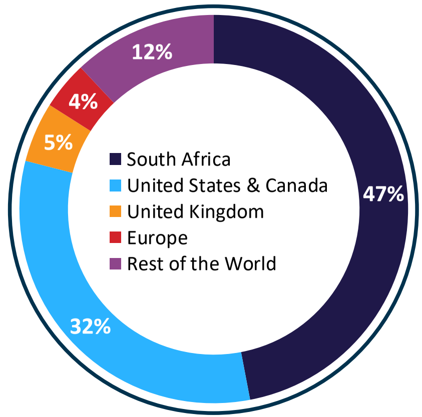
Notes:

Shareholders

Investment management shareholding

Investment manager (30 June 2019)	Shareholding	%
PIC	**43 653 403**	12.9
GIC Asset Management	**16 625 063**	4.9
Lazard Asset Management LLC	**16 574 126**	4.9
J.P. Morgan Asset Management	**16 270 998**	4.8
BlackRock Inc	**13 510 047**	4.0
The Vanguard Group Inc	**12 949 858**	3.8
Old Mutual Plc	**12 397 035**	3.7

Geographic spread of shareholders



Notes:

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Bidvest

AUDITED FINANCIAL RESULTS AND CASH DIVIDEND DECLARATION

FOR THE YEAR ENDED 30 JUNE 2019

Bidvest

Salient **features**

More than
50%
of individual businesses achieved
Level 1 to 2
B-BBEE rating

R5bn
spent on acquisitions and capex

Strong balance sheet maintained with conservative gearing

Tight asset management continued

Both gross and trading profit margins improved

Strong earnings growth in associate companies

Trading profit
+3.5%
to R6.7 billion

HEPS
+9.8%
to 1 352.1 cents

Normalised HEPS
+5.2%

18.4% ROIC
well ahead of cost of capital

R7.1bn
cash generated from operations

Final dividend declared of 318 cents per share,
+5.6%

Introduction

Bidvest is a leading business-to-business trading, distribution and services group, operating through seven divisions: Services, Freight, Automotive, Office and Print, Commercial Products, Financial Services and Electrical. The Group owns a significant Bidvest-occupied property portfolio. Subsequent to year-end, Bidvest strategically increased its stake in Adcock Ingram to 50.1%, making it a Proudly Bidvest company. Bidvest continues to hold investments in Comair (27.2%) and Mumbai International Airport (6.75%) (MIAL), as well as other unlisted investments.

Highlights

Bidvest delivered a credible result in a market characterised by weak economic growth as well as significant business and fiscal uncertainty and volatility. Trading profit increased by 3.5% to R6.7 billion despite flat revenue. Exceptional cost and capital discipline as well as improved margins were highlights against the volatile trading backdrop. The combined services businesses, comprising Services, Freight and Financial Services, representing two-thirds of operational profit, grew trading profit by 6.4% while the profit from the combined trading and distribution businesses contracted slightly.

A strong focus on clients, solutions, innovation and wholesaling the right product at the appropriate price point, as well as bolt-on acquisitions in the Services and Office & Print divisions, culminated in acceptable growth.

Bidvest Corporate benefited from a strong performance in the Property division as well as a fair value adjustment on MIAL. Strong profitability gains were achieved at Adcock Ingram while Comair recognised the successful claim awarded against SAA, which increased Bidvest's share of profits from these associate companies. The minorities in Bidvest Namibia were bought out and the entity delisted.

Bidvest's headline earnings per share (HEPS) increased by 9.8% to 1 352.1 cents (2018: 1 231.6 cents). Normalised HEPS, a metric utilised by management to assess the underlying business performance which excludes acquisition costs, amortisation of acquired customer contracts and the portion of Comair's SAA claim not yet paid, grew by 5.2%.

The Group declared a final dividend of 318 cents per share, bringing the total dividend for the year to 600 cents, up 7.9%.

Financial overview

Group revenue was flat at R77.2 billion (2018: R77.0 billion). On a comparable basis, the impact of lost revenue from disposed fishing operations in Namibia as well as the revised agency model adopted by Mercedes Benz, which affected the Automotive division, were broadly neutralised by revenue from bolt-on acquisitions. The impact of IFRS 15 was negligible.

Gross profit margin improved from 28.9% to 29.8%. The distribution businesses grew margin, despite input cost volatility and fierce competition.

Operating expenses increased by 4.6%. Continued, strong focus on cost containment limited the growth in expenses.

Trading profit grew by 3.5% and the trading margin increased by 27 basis points to 8.7%. Services delivered a strong organic result, buoyed further by bolt-on acquisitions. Noonan delivered an excellent result. Freight delivered a good result on higher bulk and liquid commodity volumes handled through South Africa's ports. Office & Print's result was excellent considering the significant challenges in this sector. The results from Commercial Products and Electrical were somewhat disappointing while Automotive held its own. Financial Services faced the headwinds of fleet contracts rolling off as well as poor insurance claim experiences and insurance investment portfolio returns. Namibia, reported in Corporate and investments, produced poor results.

Income from investments reflected a gain of R368.3 million mainly as a result of the revaluation of MIAL more than offsetting the significantly lower investment returns on the insurance investment portfolio.

Net capital items contributed losses of R787.1 million in 2019, relative to losses of R352.0 million in the prior year. Negative mark-to-market adjustments of R623.9 million on Adcock Ingram and Comair more than doubled year on year. The balance of the charge relates to the losses on the disposal and closure of businesses, partially offset by insurance receipts on damaged Freight equipment.

Net finance charges were 3.4% higher at R1.1 billion (2018: R1.0 billion). The additional borrowing to fund acquisitions was not completely offset by operational cash-generation. The Group's average cost of funding remained flat at 6.7% pre-tax.

Share of profit from associates increased by 37.6%, due to the strong gains in Adcock Ingram while Comair recognised the successful claim awarded against SAA.

The Group's effective tax rate remained broadly flat at 27.1% (2018: 27.0%). The non-taxable MIAL revaluation, a lower corporate tax rate in foreign operations, non-deductible interest on certain borrowings and associate earnings drove the difference to the South African corporate tax rate.

Bidvest's headline earnings increased by 10.3% to R4.6 billion (2018: R4.1 billion) and HEPS by 9.8% to 1 352.1 cents per share, due to the increased number of weighted average shares in issue. HEPS growth reflects organic growth. Basic earnings per share decreased by 1.6% to 1 119.4 cents (2018: 1 137.3 cents) mainly due to the contraction in the share prices of associates compared to material share price increases in the prior year.

Bidvest continues to maintain a conservative approach to gearing and net debt levels are considered acceptable at R7.8 billion (2018: R6.3 billion). A broadly stable net debt to EBITDA metric at 0.9x (2018: 0.8x) and EBITDA interest cover of 7.9 times (2018: 8.0 times), are both comfortably above the Group's conservative targets, providing ample capacity for further expansion.

Cash generated by operations at R7.1 billion, was lower than the R9.8 billion generated in the prior year. The Group absorbed R1.1 billion of working capital in the current year compared to a release of R1.5 billion in the prior year. The main impact, year on year, was from lower trade payables on the back of lower activity levels and a net R788 million swing in Financial Services as additional deposits and new advances matched this year.

Return on funds employed improved from 22.9% to 23.3% as asset management remains a core focus, particularly in these challenging times. ROIC was 18.4%.

Corporate activity

Several opportunities, both locally and internationally, were assessed during the year, some of which are still being considered. We remain steadfast in our disciplines when evaluating and responding to opportunities.

The Group concluded bolt-on acquisitions mostly in Services as well as Office & Print. The larger transactions were done within Services, namely Aquazania and United Drone Services (UDS). Minorities were bought out in Bidvest Namibia through a take-over and successful delisting offer. The acquisition of Eqstra by Bidvest Bank, for R3.1 billion enterprise value, was announced on 15 July 2019 and is expected to become effective towards the end of the calendar year, pending the necessary approvals.

The disposal of our stake in MIAL is progressing. The remaining 1.3 million Bidcorp shares were disposed of early in the financial year.

Rather than continue holding a minority stake, Bidvest re-evaluated its strategic options with regard to its Adcock Ingram investment. This followed an extensive period during which Bidvest considered ways in which to dispose of its interest in Adcock Ingram, preferably to a new black entrant, but funding was not forthcoming. On 6 June 2019 it was announced that the Group increased its stake to 43.3% with the knowledge that Adcock Ingram's Broad-Based Black Economic Empowerment scheme would terminate post year-end and then push Bidvest's shareholding to 50.1% with effect from 1 August 2019. Adcock Ingram is now a Bidvest subsidiary and shareholder value will be maximised.

Prospects

The core competencies and drivers of the Bidvest business remain firmly intact. Its diverse portfolio of businesses and extensive reach allow the Group to weather challenging times.

Our basic-need services and everyday essential product ranges enable the Group to support and add value to all its stakeholders. Innovation to disrupt ourselves, and the industries in which we operate, remains a core focus alongside disciplined asset management and cost control.

South Africa needs real GDP growth in order to create employment and prosperity for all. This is both public and private sectors' responsibility. Government's ability to credibly address the precarious financial position of several SOEs, initiation of development programmes and ongoing maintenance in key entities and facilities remains critical to kick-start the South African economy. Private sector needs to invest to establish and grow productive and efficient businesses and industries.

Bidvest will continue to strategically invest to generate sustainable profits for the long term, while remaining cognisant of suitable timing for embarking on large-scale investments, such as the Group's flagship R1.0 billion liquid petroleum gas (LPG) storage project that remains within budget and on time.

Sufficient headroom exists to continue the Group's strategy of growth in its existing markets, as well as continuing to acquire divisional bolt-on businesses, and to pursue larger, value adding opportunities locally. Internationally, we target expansion in the chosen niche areas of Services and Commercial Products. Adcock Ingram will be consolidated from 1 August 2019. The acquisition of Eqstra is expected to close by end 2019.

Bidvest is well positioned to participate in pockets of activity and opportunities. Management, therefore, expects that continued growth will be achieved and shareholder value created in the current financial year.

Divisional review

Services

The division delivered an exceptional result with trading profit up 12.5% to R2.2 billion in a price sensitive, stagnant market. Most of this division's businesses delivered good growth with excellent contributions from Noonan, which continues to exceed expectations, Bidvest Facilities Management and Protea Coin. There was also improved growth performances from Steiner, BidAir Services, Bidvest Lounges, BidTrack and the Allied Services cluster. The recently acquired businesses are performing according to plan. The corporate travel businesses remain under pressure, however, certain of the travel offerings and businesses still delivered acceptable growth considering current market conditions.

The Services division continued on its drive to introduce technology and alternative products and services to ensure the businesses remain relevant and well positioned. In addition to ClickOn and Aquazania, reported on at the interim stage, UDS, a drone solutions business, was acquired effective 1 March 2019. Other opportunities, in South Africa and offshore, are continually being assessed and certain possibilities are being advanced.

Freight

The division's trading profit for the year rose 3.8% to R1.4 billion despite an extremely large swing in agricultural volumes handled year on year. Bidvest Tank Terminals (BTT) delivered an exceptional result. BTT's new LPG storage facility in Richards Bay is advancing satisfactorily and the fabrication of the bullets have been completed and are currently being shipped to South Africa. South African Bulk Terminal's profits were lower on the back of minimal maize exports and lower wheat imports, but it nevertheless contributed an acceptable profit. Bulk Connections handled significantly higher chrome and manganese tonnages. The lower volumes and fierce price competition in warehousing and transport continued in Bidvest Panalpina Logistics (BPL) resulting in profits being down. The Panalpina Group was recently acquired by a major global group and this will likely result in BPL obtaining a new international forwarding and clearing partner in the near future. Bidfreight Port Operations had a pleasing year as a result of good volumes in the Durban operation, including fertiliser, anthracite and metallurgical coke. Bidvest SACD's import volumes were down but export volumes increased. UK-based OnTime Automotive produced a healthy profit.

Office and Print

The division delivered an excellent set of results considering the significant challenges in this sector and the loss of the Zonke monitoring business, effective 31 December 2017. Trading profit rose 5.0% to R735.4 million and revenues were unchanged year-on-year. The year's result was positively impacted by good overall margin management, excellent cost control (operating expenses were down), enhanced efficiencies, and by the bolt-on acquisitions of Aluminium Foil Converters, Make Me Mobile (both effective 1 July 2018) as well as Logo Print (effective 1 December 2018). Konica Minolta bedded down the Treasury contract and strategic revitalisation is progressing. Operationally, Office Products performed well in a challenging market. Product innovation and range extension in trusted brands are standing this segment in good stead. Data, Print and Packaging delivered a good contribution and Cecil Nurse caught up after a slow start to the year. Pleasing progress has been made on numerous remedial actions across the division and rightsizing businesses to current economic conditions.

Commercial Products

Trading profit was down 13.2% to R616.9 million off revenues that were up 1.7%. The Industrial cluster, in particular Renttech, Afcom, Vulcan and Matus, were severely impacted by the tough market conditions while Burncrete, Plumblink, Interbrand and Moto Quip performed well. Overall, the Consumer cluster held its own even though trading softened noticeably in the second half. Margins were well managed across the division with the gross margin increasing year on year and overall cash generation significantly higher. Academy Brushware and Plumblink in the Western Cape moved to new modern distribution centres which augurs well for productivity improvements going forward. Operating expenses remain a key imperative in this market environment and divisional management have increased attention on those businesses where costs require a greater focus.

Financial Services

Trading profit for the year was 7.5% down at R584.5 million. Bidvest Bank had a reasonable year despite no contribution from any new large fleet full maintenance lease contracts and certain large contracts are in run-down. Vehicle deliveries in terms of the new Transnet heavy commercial vehicle contract only commenced in the new financial year. Deposits were 15.4% higher with the fledgling business and personal banking offering showing pleasing signs of growth. The investment portfolios ended the year significantly down in the context of a poor JSE market performance. There were pleasing results from Compendium, FinGlobal and Tradeflow. Bidvest Insurance had a disappointing year and has realigned its offering. The fast-growing life insurance activities continue to cause new business strain.

Post year-end, on 15 July 2019, it was announced that Bidvest had entered into an agreement to acquire 100% of Eqstra Fleet Management and Logistics. The acquisition is for an enterprise value consideration of R3.1 billion, including an equity value of R1.3 billion, calculated as at 31 August 2018. The acquisition is subject to normal approvals and conditions precedent.

Automotive

Notwithstanding trading conditions that have shown no respite this financial year, this division did well to grow trading profit to R609.0 million, or 1.1%, while overall revenues declined 5.1%. Bidvest Car Rental delivered a pleasing turnaround in trading profit following a very poor performance in the prior year. Fleet utilisation improved and reasonable rental rate increases were achieved. The national new vehicle dealer market volume decreased year on year by 3.2% (source: Lightstone) and demand for new passenger cars, especially the luxury brands, remained under pressure. McCarthy dealers sold 5.3% fewer new vehicles. Difficult conditions remain in the used car market with owners driving vehicles for longer periods of time, leading to lower stock availability, a decline in residual values, and an increased gap between trade-in and finance settlement values. These have all resulted in pressure on gross margins. A focus on rightsizing the business to current levels of activity is crucial and management is continuing to enforce a more balanced business mix.

Electrical

Results reflect the very difficult trading year which has seen a near-decimation of the building industry and challenging mining sector. Trading profit declined by 14.2% to R257.7 million, with revenues down 5.5%. Pleasingly, the overall gross margin improved. The traditional Voltex business performed well while the vertical integration strategy of Cabstrut yielded benefit. The project-type businesses generally struggled with little activity and numerous delays. Electech delivered a good result as its renewable business grew nicely. Invirotel supplied pre-paid electricity meters to Eskom and City Power which offer electricity vending opportunities in the future. Encouragingly, a pick-up in housing and infrastructure work by a few municipalities was noted.

Bidvest Properties and Corporate

Bidvest Properties delivered another strong result with trading profit up 14.7% to R545.4 million. The portfolio comprises 112 properties with a carrying value of R3.3 billion but an estimated market value of R7.5 billion.

Early in the period under review, Bidvest sold its remaining shares in Bidcorp and recognised a profit. MIAL was valued at USD86 million, representing the fair value less cost to sell per the signed agreement. The Namibian operations and The Mansfield Group performed poorly.

Directorate

In accordance with the section 3.59 of the JSE Listings Requirements, the board of directors of the Group advised shareholders that Ms CWL (Lorato) Phalatse stepped down as a non-executive director of the Group, with effect from 30 April 2019. The lead independent director, Mr EK Diack, will act as chairman until such time as a replacement is appointed.

Ms CWN (Nosipho) Molope resigned from the board, effective 31 March 2019 and Mr DDB (Doug) Band retired at the 28 November 2018 AGM.

Further, with effect from 1 July 2019, Mr BF (Bonang) Mohale was appointed as an independent non-executive director.

For and on behalf of the board

EK Diack	**LP Ralphs**
Chairman	*Chief executive*

Johannesburg
2 September 2019

Dividend declaration

In line with the Group dividend policy, the directors have declared a final gross cash dividend of 318 cents (254.4000 cents net of dividend withholding tax, where applicable) per ordinary share for the year ended 30 June 2019 to those members registered on the record date, being Friday, 20 September 2019. This brings the total dividend for the year to 600 cents per share (2018: 556 cents).

The dividend has been declared from income reserves. A dividend withholding tax 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:	318.0
Net dividend amount per share:	254.4000
Issued shares at declaration date:	339 078 662
Declaration date:	Monday, 2 September 2019
Last day to trade *cum* dividend:	Tuesday, 17 September 2019
First day to trade *ex*-dividend:	Wednesday, 18 September 2019
Record date:	Friday, 20 September 2019
Payment date:	Monday, 23 September 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 18 September 2019, and Friday, 20 September 2019, both days inclusive.

For and on behalf of the board

Ilze Roux
Company Secretary

Independent auditor's report on the summarised consolidated financial statements

To the Shareholders of The Bidvest Group Limited

Opinion

The summarised consolidated financial statements of The Bidvest Group Limited, set out on pages 13 to 34 of The Bidvest Group Limited audited financial results and cash dividend declaration, which comprise the summarised consolidated statement of financial position as at 30 June 2019, the summarised consolidated income statement, the summarised consolidated statement of other comprehensive income, the summarised consolidated statement of changes in equity and the summarised consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of The Bidvest Group Limited for the year ended 30 June 2019.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summarised financial statements, as set out in the note "Basis of presentation of summarised consolidated financial statements" to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 30 August 2019. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the JSE's requirements for summarised financial statements, set out in the note "Basis of presentation of summarised consolidated financial statements" to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements.*

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: C West
Registered Auditor
Johannesburg
2 September 2019

Summarised consolidated **income statement**

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Audited	% Change
Revenue	**77 152 384**	76 963 472	0.2
Cost of revenue	**(54 142 671)**	(54 716 818)	(1.0)
Gross profit	**23 009 713**	22 246 654	3.4
Operating expenses	**(16 952 252)**	(16 199 932)	4.6
Other income	**310 208**	319 558	(2.9)
Income from investments	**368 258**	142 795	157.9
Trading profit	**6 735 927**	6 509 075	3.5
Share-based payment expense	**(190 109)**	(154 986)	22.7
Acquisition costs and customer contracts amortisation	**(65 858)**	(82 901)	(20.6)
Net capital items#	**(787 102)**	(351 977)	123.6
Profit before finance charges and associate income	**5 692 858**	5 919 211	(3.8)
Net finance charges	**(1 054 933)**	(1 020 730)	3.4
Finance income	**180 461**	158 709	
Finance charges	**(1 235 394)**	(1 179 439)	
Share of profit of associates	**583 198**	423 729	37.6
Current year earnings	**592 104**	431 857	37.1
Net capital items	**(8 906)**	(8 128)	
Profit before taxation	**5 221 123**	5 322 210	(1.9)
Taxation	**(1 417 193)**	(1 436 597)	(1.4)
Profit for the year	**3 803 930**	3 885 613	
Attributable to:			
Shareholders of the Company	**3 775 282**	3 817 996	(1.1)
Non-controlling interest	**28 648**	67 617	(57.6)
	3 803 930	3 885 613	(2.1)
Basic earnings per share (cents)	**1 119.4**	1 137.3	(1.6)
Diluted basic earnings per share (cents)	**1 116.4**	1 132.4	(1.4)

Refer to the headline earnings calculation for further details.

Summarised consolidated **income statement**
(continued)

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Audited	% Change
Supplementary information			
Normalised headline earnings per share (cents)*	**1 320.0**	1 254.9	5.2
Headline earnings per share (cents)	**1 352.1**	1 231.6	9.8
Diluted headline earnings per share (cents)	**1 348.4**	1 226.3	10.0
Shares in issue			
Total ('000)	**338 382**	336 766	
Weighted ('000)	**337 245**	335 718	
Diluted weighted ('000)	**338 164**	337 161	
Dividends per share (cents)	**600.0**	556.0	7.9
Interim	**282.0**	255.0	10.6
Final	**318.0**	301.0	5.6

* *Normalised headline earnings per share excludes acquisition cost, amortisation of acquired customer contracts and the non-cash share of Comair's SAA settlement.*

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 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	**3 775 282**	3 817 996	(1.1)
Impairment of property, plant and equipment; goodwill and intangible assets	**10 299**	12 840	
Property, plant and equipment#	**9 580**	3 311	
Goodwill#	**–**	15 258	
Intangible assets#	**1 648**	1 115	
Taxation effect	**(196)**	–	
Non-controlling interest	**(733)**	(6 844)	
Net loss on disposal of interests in subsidiaries and disposal and closure of businesses	**175 030**	155 828	
Loss on disposal and closure#	**202 250**	188 635	
Impairment of disposal group assets held for sale#	**–**	39 323	
Taxation effect	**(23 947)**	(37 407)	
Non-controlling interest	**(3 273)**	(34 723)	
Net loss on disposal and remeasurement to recoverable fair value of associates	**622 900**	234 338	
Remeasurement to recoverable fair value of associate#	**623 941**	248 709	
Net (gain)/loss on change in shareholding in associates#	**(1 041)**	(2 981)	
Non-controlling interest	**–**	(11 390)	
Net gain on disposal of property, plant and equipment and intangible assets	**(19 016)**	(24 185)	
Property, plant and equipment#	**(28 192)**	(39 796)	
Intangible assets#	**(4 249)**	(15 895)	
Taxation effect	**11 554**	1 400	
Non-controlling interest	**1 871**	30 106	
Compensation received on loss or impairment of property, plant and equipment	**(13 630)**	(70 263)	
Compensation received#	**(16 835)**	(85 702)	
Taxation effect	**3 205**	15 439	
Non-headline items included in equity accounted earnings of associated companies	**8 906**	8 128	
Headline earnings	**4 559 771**	4 134 682	10.3

Items above included as capital items on summarised consolidated income statement.

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Audited
Normalised headline earnings per share		
Normalised headline earnings per share is a measurement used by the chief operating decision-maker, Lindsay Ralphs. The calculation of normalised headline earnings per share excludes acquisition costs and amortisation of acquired customer contracts and is based on the normalised headline profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year. The Group's non-cash share of Comair's SAA travel agent incentive scheme settlement has been included in the calculation of normalised headline earnings in the current period. The presentation of normalised headline earnings is not an IFRS requirement.		
Headline earnings	**4 559 771**	4 134 682
Acquisition costs	**22 940**	50 190
Amortisation of customer contracts	**42 918**	32 711
Non-cash share of Comair's SAA travel agent incentive scheme settlement	**(167 950)**	–
Taxation effect	**(5 883)**	(4 522)
Normalised headline earnings	**4 451 796**	4 213 061

Summarised consolidated statement of **other comprehensive income**

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Audited
Profit for the year	**3 803 930**	3 885 613
Other comprehensive income/(expense) net of taxation		
Items that may be reclassified subsequently to profit or loss	**(38 166)**	(38 783)
Decrease in foreign currency translation reserve		
Exchange differences arising during the year	**(11 044)**	(31 331)
Decrease in fair value of cash flow hedges	**(12 617)**	(7 452)
Fair value loss arising during the period	**(17 523)**	(10 350)
Taxation effect for the year	**4 906**	2 898
Share of other comprehensive income of associates	**(14 505)**	–
Other comprehensive income transferred to profit or loss		
Realisation of exchange differences on disposal of subsidiaries and or associates	**(42 903)**	–
Items that will not be reclassified subsequently to profit or loss		
Changes in the fair value of financial assets recognised through other comprehensive income^	**23 849**	(3 111)
Share of other comprehensive income of associates	**677**	–
Defined benefit obligations	**(679)**	2 031
Net remeasurement of defined benefit obligations during the year	**(943)**	2 920
Taxation effect for the year	**264**	(889)
Total comprehensive income for the year	**3 746 708**	3 845 750
Attributable to:		
Shareholders of the Company	**3 718 156**	3 785 885
Non-controlling interest	**28 552**	59 865
	3 746 708	3 845 750

^ *Changes in the fair value of equity instruments elected as FVOCI have been reclassified for comparative purposes.*

Summarised consolidated statement of **cash flows**

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Re-presented Audited*
Cash flows from operating activities	2 580 285	5 386 455
Profit before finance charges and associate income	5 692 858	5 919 211
Dividends from associates	155 889	206 725
Acquisition costs	22 940	50 190
Depreciation and amortisation	1 698 014	1 680 638
Remeasurement to recoverable fair value of associates	623 941	248 709
Other cash and non-cash items	(17 008)	156 983
Cash generated by operations before changes in working capital	8 176 634	8 262 456
Changes in working capital	(1 107 708)	1 523 258
Decrease in inventories	44 123	45 270
Increase in trade receivables	(99 242)	(776 913)
Increase in banking and other advances	(764 085)	(421 236)
(Decrease)/increase in trade and other payables and provisions	(1 074 852)	1 467 099
Increase in amounts owed to bank depositors	786 348	1 209 038
Cash generated by operations	7 068 926	9 785 714
Net finance charges paid	(1 047 056)	(1 038 799)
Taxation paid	(1 422 308)	(1 297 155)
Dividends paid by the Company	(1 964 229)	(1 740 197)
Dividends paid by subsidiaries	(55 048)	(323 108)
– Non-controlling shareholders	(51 207)	(319 984)
– Put-call option holders	(3 841)	(3 124)
Cash effects of investment activities	(3 281 913)	(5 872 506)
Net (acquisition)/disposal of vehicle rental fleet	(243 334)	73 245
Net additions to property, plant and equipment	(2 198 170)	(2 204 353)
Net additions to intangible assets	(160 245)	(102 044)
Acquisition of subsidiaries, businesses, associates and investments	(2 253 448)	(3 704 932)
Disposal of subsidiaries, businesses, associates and investments	1 573 284	65 578
Cash effects of financing activities	(766 609)	253 211
Settlement of puttable non-controlling interest liability	(16 500)	–
Transactions with non-controlling interests	(757 645)	–
Borrowings raised	3 124 004	3 669 023
Borrowings repaid	(3 116 468)	(3 415 812)
Net decrease in cash and cash equivalents	(1 468 237)	(232 840)
Net cash and cash equivalents at the beginning of the year	3 514 398	3 886 417
Net cash and cash equivalents arising on consolidation of the Bidvest Education Trust	–	23 094
Net cash and cash equivalents of disposal groups held for sale	–	(122 651)
Exchange rate adjustment	(11 638)	(39 622)
Net cash and cash equivalents at end of the year	2 034 523	3 514 398
Net cash and cash equivalents comprise:		
Cash and cash equivalents	6 617 075	6 168 293
Bank overdrafts included in short-term portion of interest-bearing borrowings	(4 582 552)	(2 653 895)
	2 034 523	3 514 398

*Refer to page 33

Summarised consolidated statement of **financial position**

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Audited
ASSETS		
Non-current assets	**31 011 664**	28 950 541
Property, plant and equipment	**12 048 736**	11 173 458
Intangible assets	**3 378 627**	3 367 806
Goodwill	**5 424 027**	4 447 769
Deferred taxation assets	**845 421**	761 368
Defined benefit pension surplus	**241 390**	224 577
Interest in associates	**5 803 569**	5 342 027
Life assurance fund	**44 175**	21 324
Investments	**1 732 951**	2 802 905
Banking and other advances	**1 492 768**	809 307
Current assets	**30 834 644**	29 131 418
Vehicle rental fleet	**1 277 803**	1 205 591
Inventories	**8 558 967**	8 515 551
Short-term portion of banking and other advances	**1 162 407**	1 082 937
Short-term portion of investments	**1 211 481**	–
Trade and other receivables	**11 724 064**	12 033 937
Taxation	**282 847**	125 109
Cash and cash equivalents	**6 617 075**	6 168 293
Disposal group assets held for sale	**–**	253 919
Total assets	**61 846 308**	58 335 878
EQUITY AND LIABILITIES		
Capital and reserves	**25 922 832**	24 980 709
Attributable to shareholders of the Company	**25 618 212**	23 957 082
Non-controlling interest	**304 620**	1 023 627
Non-current liabilities	**8 946 369**	8 899 765
Deferred taxation liabilities	**1 335 156**	1 209 549
Life assurance fund	**–**	10 545
Long-term portion of borrowings	**7 008 239**	7 122 485
Post-retirement obligations	**74 317**	76 943
Puttable non-controlling interest liabilities	**82 317**	90 530
Long-term portion of provisions	**350 705**	248 633
Long term portion of operating lease liabilities	**95 636**	141 080
Current liabilities	**26 977 107**	24 423 619
Trade and other payables	**11 991 853**	12 983 511
Short-term portion of provisions	**332 465**	281 532
Vendors for acquisition	**518 231**	22 708
Taxation	**291 042**	168 844
Amounts owed to bank depositors	**6 407 490**	5 621 142
Short-term portion of borrowings	**7 436 026**	5 345 882
Disposal group liabilities held for sale	**–**	31 785
Total equity and liabilities	**61 846 308**	58 335 878
Supplementary information		
Net tangible asset value per share (cents)	**4 969**	4 793
Net asset value per share (cents)	**7 571**	7 114

Summarised consolidated statement of **changes in equity**

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Audited
Equity attributable to shareholders of the Company	**25 618 212**	23 957 082
Share capital	**16 948**	16 873
Balance at beginning of the year	**16 873**	16 770
Shares issued during the year	**75**	103
Share premium	**1 099 231**	797 717
Balance at beginning of the year	**797 717**	379 792
Shares issued during the year	**302 012**	418 505
Share issue costs	**(498)**	(580)
Foreign currency translation reserve	**208 936**	262 787
Balance at beginning of the year	**262 787**	286 628
Movement during the year	**(10 948)**	(23 168)
Realisation of reserve on disposal of subsidiaries and or associates	**(42 903)**	(673)
Hedging reserve	**(13 580)**	(963)
Balance at beginning of the year	**(963)**	6 489
Fair value losses arising during the year	**(17 523)**	(10 350)
Deferred tax recognised directly in reserve	**4 906**	2 898
Equity-settled share-based payment reserve	**(343 118)**	(243 388)
Balance at beginning of the year	**(243 388)**	(14 787)
Arising during the year	**191 070**	155 637
Deferred tax recognised directly in reserve	**34 289**	36 540
Utilisation during the year	**(324 656)**	(419 756)
Realisation of reserve on disposal of subsidiaries and or associates	**8 049**	(1 022)
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	**2 734**	–
Transfer from retained earnings	**(11 216)**	–

Summarised consolidated statement of **changes in equity**

(continued)

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Audited
Movement in retained earnings	24 012 732	22 486 993
Balance at the beginning of the year	22 486 993	20 279 261
IFRS 15 adjustment to balance at beginning of the period	(38 723)	–
IFRS 9 adjustment to balance at beginning of the period	(41 360)	–
Attributable profit	3 775 282	3 817 996
Change in fair value of financial assets recognised through other comprehensive income	23 849	(3 111)
Net remeasurement of defined benefit obligations during the year	(679)	1 620
Retained earnings arising on consolidation of the Bidvest Education Trust	–	222 155
Transfer of reserves as a result of changes in shareholding of subsidiaries and other transactions with subsidiaries	(218 674)	(85 706)
Remeasurement of put option liability	(7 115)	(5 025)
Share of other comprehensive income of associates	(13 828)	–
Net dividends paid	(1 964 229)	(1 740 197)
Transfer from equity-settled share-based payment reserve	11 216	–
Treasury shares	637 063	637 063
Balance at the beginning of the year	637 063	743 152
Treasury shares arising on consolidation of the Bidvest Education Trust	–	(106 089)
Equity attributable to non-controlling interests of the Company	304 620	1 023 627
Balance at beginning of the year	1 023 627	1 347 018
IFRS 15 adjustment to balance at beginning of the period	(14 506)	–
IFRS 9 adjustment to balance at beginning of the period	(2 512)	–
Other comprehensive income	28 552	59 865
Attributable profit	28 648	67 617
Movement in foreign currency translation reserve	(96)	(8 163)
Net remeasurement of defined benefit obligations during the year	–	411
Dividends paid	(51 207)	(319 984)
Movement in equity-settled share-based payment reserve	(961)	(651)
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	(2 734)	–
Changes in shareholding	(894 313)	(125 405)
Grant of put options to non-controlling interests	–	(22 922)
Transfer of reserves as a result of changes in shareholding of subsidiaries	218 674	85 706
Total equity	25 922 832	24 980 709

Summarised **segmental analysis**

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Audited	% Change
Segmental revenue			
Services	**20 836 950**	18 968 423	9.9
Freight	**6 419 165**	6 074 971	5.7
Office and Print	**9 434 827**	9 304 937	1.4
Commercial Products	**9 072 434**	8 920 467	1.7
Automotive	**23 441 764**	24 701 500	(5.1)
Financial Services	**2 700 993**	2 562 848	5.4
Electrical	**5 384 010**	5 695 171	(5.5)
Properties	**589 996**	531 981	10.9
Corporate and investments	**3 307 137**	4 064 390	(18.6)
	81 187 276	80 824 688	0.4
Inter-group eliminations	**(4 034 892)**	(3 861 216)	
	77 152 384	76 963 472	0.2
Segmental trading profit			
Services	**2 240 065**	1 991 786	12.5
Freight	**1 368 629**	1 318 298	3.8
Office and Print	**735 444**	700 748	5.0
Commercial Products	**616 943**	710 492	(13.2)
Automotive	**609 003**	602 136	1.1
Financial Services	**584 503**	631 868	(7.5)
Electrical	**257 666**	300 257	(14.2)
Properties	**545 354**	475 639	14.7
Corporate and investments	**(221 680)**	(222 149)	(0.2)
	6 735 927	6 509 075	3.5
Segmental operating assets			
Services	**5 210 484**	5 209 904	–
Freight	**6 690 921**	5 728 589	16.8
Office and Print	**3 333 676**	3 199 313	4.2
Commercial Products	**3 667 654**	3 762 876	(2.5)
Automotive	**5 434 875**	5 783 899	(6.0)
Financial Services	**6 576 227**	5 502 744	19.5
Electrical	**2 754 975**	2 629 086	4.8
Properties	**3 229 688**	2 801 996	15.3
Corporate and investments	**9 123 945**	9 283 980	(1.7)
	46 022 445	43 902 387	4.8
Inter-group eliminations	**(724 134)**	(690 773)	
	45 298 311	43 211 614	4.8

Summarised **segmental analysis**
(continued)

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Audited	% Change
Segmental operating liabilities			
Services	**2 896 395**	3 060 388	(5.4)
Freight	**3 117 376**	3 193 082	(2.4)
Office and Print	**1 449 495**	1 535 893	(5.6)
Commercial Products	**1 264 762**	1 296 969	(2.5)
Automotive	**1 969 289**	2 317 409	(15.0)
Financial Services	**7 564 233**	6 766 924	11.8
Electrical	**796 656**	914 579	(12.9)
Properties	**28 082**	26 402	6.4
Corporate and investments	**890 312**	942 513	(5.5)
	19 976 600	20 054 159	(0.4)
Inter-group eliminations	**(724 134)**	(690 773)	
	19 252 466	19 363 386	(0.6)

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 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 2018.

In preparing the consolidated financial statements from which these summarised consolidated financial statements are prepared, 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 management 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 2018.

Significant accounting policies

The accounting policies applied in these summarised consolidated financial statements are in terms of IFRS and the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2018, except as detailed below:

The Group has adopted the following new accounting standards as issued by the IASB, which were effective for the Group from 1 July 2018:

- IFRS 15 Revenue from Contracts with Customers (IFRS 15); and
- IFRS 9 Financial Instruments (IFRS 9).

Basis of presentation of summarised **consolidated financial statements**

(continued)

The application of both IFRS 15 and IFRS 9 has had no material impact on the Group's results.

Retained earnings as at 1 July 2018 has been restated as follows:

R'000	Year ended 30 June 2019 Audited
Retained earnings at the beginning of the period	22 486 993
Bill-and-hold arrangement (IFRS 15)	(40 294)
Performance obligations satisfied over time (IFRS 15)	(37 000)
Customer acceptance (IFRS 15)	3 431
Expected credit loss model (IFRS 9)	(58 280)
Taxation effect	35 042
Non-controlling interest	17 018
Restated retained earnings at the beginning of the period	22 406 910

Adoption of and transition to IFRS 15

In transitioning to IFRS 15 the Group applied the cumulative effect method and retained prior period figures as reported under the previous standards, recognising the cumulative effect of applying the new standard as an adjustment to the opening balance of equity as at the date of initial application (beginning of current reporting period).

The Group principally generates revenue from providing a wide range of goods and services through its seven core trading operations, Services, Freight, Commercial Products, Office and Print, Financial Services, Automotive and Electrical.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods and services to a customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over products or services to a customer.

On conclusion of a detailed assessment the Group identified the following impact of the change in accounting policy, the prior period financial effects of which are detailed in the table above.

- ***Bill-and-hold arrangement.*** Upon review of the IFRS 15 requirements for satisfaction of performance obligations and acceptable measures of progress, management concluded that the Group did not fully satisfy the performance obligations at inception of the contract. Following adoption of IFRS 15 revenue is recognised at the point in time when control transfers to the customer.

Basis of presentation of summarised **consolidated financial statements**

(continued)

- ***Performance obligations satisfied over time.*** Upon review of the IFRS 15 requirements for satisfaction of performance obligations and acceptable measures of progress, management concluded that the Group did not fully satisfy the performance obligations at inception of the contract. Following adoption of IFRS 15 revenue is recognised at the point in time when control transfers to the customer.
- ***Customer acceptance.*** Upon review management has concluded that these sales meet the IFRS 15 requirements to recognise revenue when control transfers, and although customer acceptance is required, the other determinants of control in IFRS 15 indicate that revenue should be recognised prior to customer acceptance. Therefore revenue for these services will be recognised earlier under IFRS 15.

Given the diverse nature of the business management believes the summarised segmental revenue analysis presents the nature and amount of Group revenue streams with sufficiently different characteristics not obscured by insignificant detail, and therefore fulfils the disaggregation disclosure requirements of IFRS 15.

Adoption of and transition to IFRS 9

As a result of the adoption of IFRS 9 the Group changed from the incurred credit loss model detailed in IAS 39 to the expected credit loss (ECL) model to calculate impairments of financial instruments. IFRS 9 also resulted in a change in the classification of the measurement categories for financial instruments. In transitioning to IFRS 9 the Group has applied the changes retrospectively but has elected not to restate comparative information.

Impairment

Applying the incurred loss model, the Group assessed whether there was any objective evidence of impairment at the end of each reporting period. If such evidence existed the allowance for credit losses in respect of financial assets at amortised cost was calculated as the difference between the asset's carrying amount and its recoverable amount.

Following the adoption of IFRS 9 the Group calculates allowance for credit losses as ECL's for financial assets measured at amortised cost, debt investments at fair value through other comprehensive income (FVOCI) and contract assets. ECL's are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive. ECL's are discounted at the original effective interest rate of the financial asset. The Group applies the simplified approach to determine the ECL for trade receivables, contract assets and lease receivables (collectively, accounts receivable). This results in calculating lifetime expected credit losses for these receivables. ECL for accounts receivable is calculated using a provision matrix.

Basis of presentation of summarised **consolidated financial statements**

(continued)

The Group operates a decentralised structure and the provision matrix is deployed for each operating entity's accounts receivable as follows: ECLs are calculated by applying a loss ratio to the aged balance of accounts receivable at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historic write-offs to the payment profile of the sales population. In instances where there was no evidence of historical write-offs, management used a proxy write-off. Accounts receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations. The historic loss ratio is then adjusted for forward-looking information to determine the ECL for the portfolio of accounts receivable at the reporting period to the extent that there is a strong correlation between the forward-looking information and the ECL.

In determining the ECL for its financial assets Bidvest Bank applies the three stage general approach, which is based on changes in credit quality since initial recognition. ECLs are calculated using, a probability of default, a loss given default and the exposure at default. Both forward-looking macro-economic information and historical data are considered in the assessment of ECL.

The financial impact on prior periods of changing from an incurred loss model to an ECL model has been detailed in the table above.

Classification, initial recognition and subsequent measurement

IFRS 9 introduces new measurement categories for financial assets. The measurement categories of IFRS 9 and IAS 39 are illustrated in the comparative table below. From 1 July 2018 the Group classifies financial assets in each of the IFRS 9 measurement categories based on the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset.

IAS 39 category	IFRS 9 category
Financial assets at fair value through profit or loss (FVTPL)	Financial assets at FVTPL
Loans and receivables	Financial assets at amortised cost
Available for sale	Investment at fair value through other comprehensive income (FVOCI)*
Held to maturity	

** This includes both debt and equity instruments. The biggest change is that on derecognition of equity instruments gains and losses accumulated in OCI are not reclassified to profit or loss.*

On initial recognition of equity investments not held for trading the Group may elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis. Fair value gains or losses on these instruments will not be recycled to profit and loss when sold, but rather transferred within equity.

Financial liabilities are measured at amortised cost.

Basis of presentation of summarised **consolidated financial statements**

(continued)

Comparatives

During the period, certain operations were reclassified between segments as a result of an internal reporting restructure. The comparative periods segmental information has been amended to reflect these insignificant changes. No comparative information has been changed following the adoption of IFRS 9 and IFRS 15.

Significant commitment

Bidvest Freight is in the process of constructing an LPG tank farm in the port of Richards Bay, to 30 June 2019 R489 million has been spent with an additional R460 million committed to the project, the estimated completion date is July 2020.

Fair value of financial instruments

The Group's investments of R2 944 million (2018: R2 803 million) include R135 million (2018: R32 million) recorded at amortised cost, R1 498 million (2018: R1 714 million) recorded and measured at fair values using quoted prices (Level 1) and R1 311 million (2018: R1 057 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 R249 million (2018: R57 million).

Analysis of investments at a fair value not determined by observable market data.

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Audited
Balance at the beginning of year	**1 056 988**	995 961
On acquisition of business	**3 798**	–
Purchases, loan advances or transfers from other categories	**10 540**	5 434
Fair value adjustment recognised directly in equity	**5**	–
Fair value adjustment arising during the year recognised in the income statement	**248 830**	56 559
Proceeds on disposal, repayment of loans or transfers to other categories	**(12 906)**	–
Profit on disposal of investments	**2 085**	–
Exchange rate adjustments	**1 792**	(966)
	1 311 132	1 056 988

The Group's effective beneficial interest in the Indian-based Mumbai International Airport Private Limited (MIAL) is an unlisted investments held for trading and classified as a financial assets at fair value through profit or loss, and the fair value is not based on observable market data (Level 3).

Basis of presentation of summarised **consolidated financial statements**

(continued)

Based on the directors valuation at 30 June 2019 the carrying value of this investment is R1.2 billion (US$86 million) (2018: R988 million (US$72 million)). The valuation of MIAL is fair value less cost to sell and is based on a signed sale agreement, which is subject to suspensive and conditions precedent. The investment has been reclassified as a current asset and is expected to be sold within the next 12 months.

MIAL is a foreign-based asset and the ruling year-end exchange rate, US$1 = R14.09 (2017: US$1 = R13.72), is a further factor that affects the carrying value.

The carrying values of all financial assets and liabilities approximate their fair values, with the exception of borrowings of R14 456 million whose carrying value is R14 444 million.

Acquisition and disposal of businesses, subsidiaries, associates and investments

Acquisitions

The Group acquired 100% of the share capital and voting rights of UAV and Drone Solutions Proprietary Limited (UDS) for R500 million effective 1 March 2019. UDS is a profit-for-purpose South African company established in 2013 to take advantage of technological developments in the world of Unmanned Airborne Systems. UDS provides solutions for environmental conservation, security services, infrastructure inspection, survey and stockpile management and blasting profiles. In-house capabilities and competencies include mechanical, electrical and software engineering. The acquisition enhances the Group's overall service offering, particularly security services. The purchase price was funded from existing cash resources and facilities.

Effective 1 February 2019 Pureau Fresh Water Company Proprietary Limited (Pureau), 82% owned by the Group, acquired 100% of the ordinary share capital and voting rights of Zanihold Proprietary Limited (Aquazania), holding company of Aquazania Proprietary Limited and Aquazania Africa Proprietary Limited for R390 million. Aquazania supplies a range of bottled water coolers, plumbed in water dispensers (bottleless water coolers) and coffee machines to households and a wide variety of corporate customers. The acquisition increases Pureau's market share and enhances its service and technology offering. The acquisition was funded using existing cash resources and facilities.

During the year the Group acquired an additional 10 648 542 Adcock Ingram Holdings Limited (Adcock Ingram) ordinary shares for R650 million. The additional shares acquired increases the Group's interest in the Adcock Ingram associate from 37.6% to 43.7%. Subsequent to year-end, the Group obtained a controlling interest in Adcock Ingram. The purchase price was funded from existing cash resources and facilities.

Basis of presentation of summarised **consolidated financial statements**

(continued)

The Group also made a number of less significant acquisitions during the year. These acquisitions were funded from existing cash resources.

The following table summarises the assets acquired and liabilities assumed at fair value which have been included in these results from the respective acquisition dates. The Goodwill and Intangible asset values represented for UDS and Aquazania are provisional, as the acquisitions were completed close the Group's reporting date. The remaining values represent the final at acquisition fair values consolidated by the Group.

R'000	UDS	Aquazania	Other acquisitions	Total acquisitions
Property, plant and equipment	2 782	28 319	67 485	**98 586**
Deferred taxation	–	584	(864)	**(280)**
Interest in associates	–	–	706 533	**706 533**
Investments and advances[&]	–	–	860 194	**860 194**
Inventories	827	7 493	45 243	**53 563**
Trade and other receivables	19 444	26 387	208 379	**254 210**
Cash and cash equivalents	975	20 990	52 017	**73 982**
Borrowings	–	–	(15 916)	**(15 916)**
Trade and other payables and provisions	(2 079)	(23 351)	(256 246)	**(281 676)**
Taxation	(924)	(7 086)	(7 072)	**(15 082)**
Intangible assets	–	–	3 090	**3 090**
	21 025	53 336	1 662 843	**1 737 204**
Non-controlling interest	–	–	19 963	**19 963**
Goodwill	478 975	335 333	228 537	**1 042 845**
Net assets acquired	500 000	388 669	1 911 343	**2 800 012**
Settled as follows:				
Cash and cash equivalents acquired				**(73 982)**
Acquisition costs				**22 940**
Net change in vendors for acquisition				**(495 522)**
Net acquisition of businesses, subsidiaries, associates and investments				**2 253 448**

[&] *R125 million of advances to B-BBEE and other partners, R731 million purchases made in the Group's various investment portfolios, primarily those of Bidvest Insurance and Bidvest Bank, R4 million acquisitions.*

Basis of presentation of summarised **consolidated financial statements**

(continued)

Goodwill arose on the acquisitions 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 acquisitions have enabled the Group to expand its range of complementary products and services and, as a consequence, has broadened the Group's base and geographic reach in the market place.

UDS contributed R47 million to revenue and R28 million to operating income, had the acquisition taken place 1 July 2018 the contribution to revenue would have been R101 million and R46 million to operating profit. Aquazania contributed R87 million to revenue and R27 million to profit and loss, had the acquisition taken place 1 July 2018 the contribution would have been R128 million and R48 million to profit and loss.

Disposals

Effective 1 November 2018 the Group disposed of its entire interest in TMS Group Industrial Services Proprietary Limited (TMS), an industrial facilities cleaning and maintenance contractor, to Sekta Group for R219 million (R116 million equity and R103 million debt).

On March 2019 the Group sold its entire interest in Renfreight Proprietary Limited (Renfreight) to Makana Investment Corporation (MIC) for R110 million. The transaction was completed as part of a Broad-Based Black Economic Empowerment deal, which provides MIC via its 100% ownership of Renfreight an 11% share of the BPL partnership. BPL is a leading South African end-to-end supply chain solutions company.

Included in investments and advances is the disposal, in August 2018, of 1,3 million shares in Bid Corporation Limited (Bidcorp) for R406 million, the Group’s entire holding save for 0,4 million shares held by the Bidvest Education trust.

Basis of presentation of summarised **consolidated financial statements**

(continued)

The previously recognised disposal group, Comet Investments Capital Inc. (Comet), was sold during the year.

R'000	TMS	Renfreight	Other disposals	Total disposals
Property, plant and equipment	(43 400)	–	(39 136)	**(82 536)**
Deferred taxation	(65 653)	–	32 531	**(33 122)**
Interest in associates	–	–	(32 651)	**(32 651)**
Investments and advances**	–	–	(1 027 403)	**(1 027 403)**
Inventories	(3 360)	–	(710)	**(4 070)**
Trade and other receivables	(109 196)	(98 353)	(165 467)	**(373 016)**
Cash and cash equivalents	(100 166)	(43)	1 419	**(98 790)**
Trade and other payables and provisions	61 797	364	88 701	**150 862**
Taxation	–	(1 512)	(12 710)	**(14 222)**
Disposal group assets held for sale	–	–	(253 921)	**(253 921)**
Disposal group liabilities held for sale	–	–	31 785	**31 785**
Intangible assets	(6 491)	–	–	**(6 491)**
	(266 469)	(99 544)	(1 377 562)	**(1 743 575)**
Non-controlling interest	–	–	116 705	**116 705**
Realisation of foreign currency translation reserve	–	–	42 903	**42 903**
Realisation of share-based payment reserve	(8 049)	–	–	**(8 049)**
Goodwill	(37 004)	(15 332)	(14 242)	**(66 578)**
Net assets disposed of	(311 522)	(114 876)	(1 232 196)	**(1 658 594)**
Settled as follows:				
Cash and cash equivalents disposed of				**98 790**
Net loss on disposal of operations				**177 261**
Settlement of receivable arising on disposal of subsidiaries and associates				**(190 741)**
Net proceeds on disposal of businesses, subsidiaries, associates and investments				**(1 573 284)**

*** R406 million Bidcorp, R621 million sales made in the Group's various investment portfolios, primarily those of Corporate and Bidvest Bank.*

Basis of presentation of summarised **consolidated financial statements**

(continued)

Significant accounting judgement

The Group's purchase of 10.6 million additional Adcock Ingram shares during the year resulted in the Group holding an effective 44.8% (2018: 38.5%) of the net ordinary shares in issue (total ordinary shares in issue less treasury shares). The Group's economic interest in Adcock Ingram is 51.4% (2018: 45.2%) as a consequence of treating the 2015 sale of 15.0% of its holding, in terms of the Adcock Ingram Broad-Based Black Empowerment Scheme (Scheme), to Ad-izinyosi as a deferred sale. For the year ending 30 June 2019 the Group equity accounted, rather than consolidated, its 51.4% economic controlling interest in Adcock Ingram as the requirements for control detailed in IFRS 3 Business Combinations could not be met.

Re-presentation of comparatives

The Group operates an equity settled share-based payment scheme. In the comparative period, the Group presented the intragroup cash flows for settling the obligations as gross amounts in the cash flow statement. No external Group cash flows arise as a result of these transaction, therefore the prior year cash flow statement has been re-presented accordingly. This re-presentation had no impact on the Group's cash and cash equivalents or statement of financial position, however, cash generated by operations increased by R418 million in 2018, and the cash flow from financing activities declined by R418 million.

Subsequent event

Effective 1 August 2019 following the dissolution of the Scheme the Group attained a 51.4% economic controlling interest in Adcock Ingram. This investment will be consolidated from 1 August 2019.

The acquisition of Eqstra for R3.1 billion enterprise value, was announced on 15 July 2019 and is subject to normal approvals and conditions precedent.

Audit report

The auditors, PricewaterhouseCoopers Inc., have issued their opinion on the consolidated financial statements for the year ended 30 June 2019. 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.

Basis of presentation of summarised **consolidated financial statements**

(continued)

These summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent in all material respects with the consolidated financial statements. These summarised provisional consolidated financial statements have been audited by the Company's auditors who have issued an unmodified opinion on page 11. 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 their report together with the consolidated financial statements from the Company's registered office.

Preparer of the summarised consolidated financial statements

The consolidated financial statements and summarised consolidated financial statements have been prepared under the supervision of the Chief Financial Officer, MJ Steyn BCom CA(SA), and were approved by the board of directors on 30 August 2019.

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