Unaudited financial results

For the six months ended 31 December 2017

Bidvest

Going Beyond

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Agenda

Bidvest

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We are Bidvest – strong track record of consistent delivery, returns and growth

Bidvest

A leading South African B2B services, trading 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

- Blended portfolio of defensive, cyclical and growth assets, incorporating:
  - Services 61% of trading profit
  - Trading and distribution 39% of trading profit
- Cash generative businesses that are relatively capital light
- Highly entrepreneurial and decentralised management teams supported by lean corporate office
- Tend to be market leaders in operating spheres
- Strong track record of efficient capital allocation
- Embrace change through innovation
- Proven ability to quickly execute and assimilate acquisitions
- 29 years of consistent trading profit outperformance
- Highly regarded brands
- Positioned for international expansion in chosen niche areas

Our strategy and progress

Bidvest

Maximise diverse portfolio via innovation	Maintain strong financial position	Going beyond	Stewardship
+12.3% SA trading profit good given limited economic activity	Tight asset management	**Internationalisation**: Acquired Noonan for EUR175mn (effective Sep 2017)	Employ 130 000 people
Weak areas were industrial project activities and durable consumer goods	At seasonally weakest point, debt burden low at 7.6x interest cover; 1.1x net debt/EBITDA	**Bolt-on acquisitions**: Acquired USS (GBP21mn) and others across most divisions	Governance is in our DNA, it is how we do business. Entrenched, effective structures in place
Strong associate performance justifies patient disposal approach	Strong improvement in operational cash generation	**Invest in SA**: Invested R240mn in multi-purpose tanks. R1bn LPG tank project on track	80% of businesses level 1-4 B-BBEE accredited
	Continued talks on non-core assets. Bidfish disposal underway		3 900 learnerships and R571mn spend on skills development in FY17

Diversified portfolio

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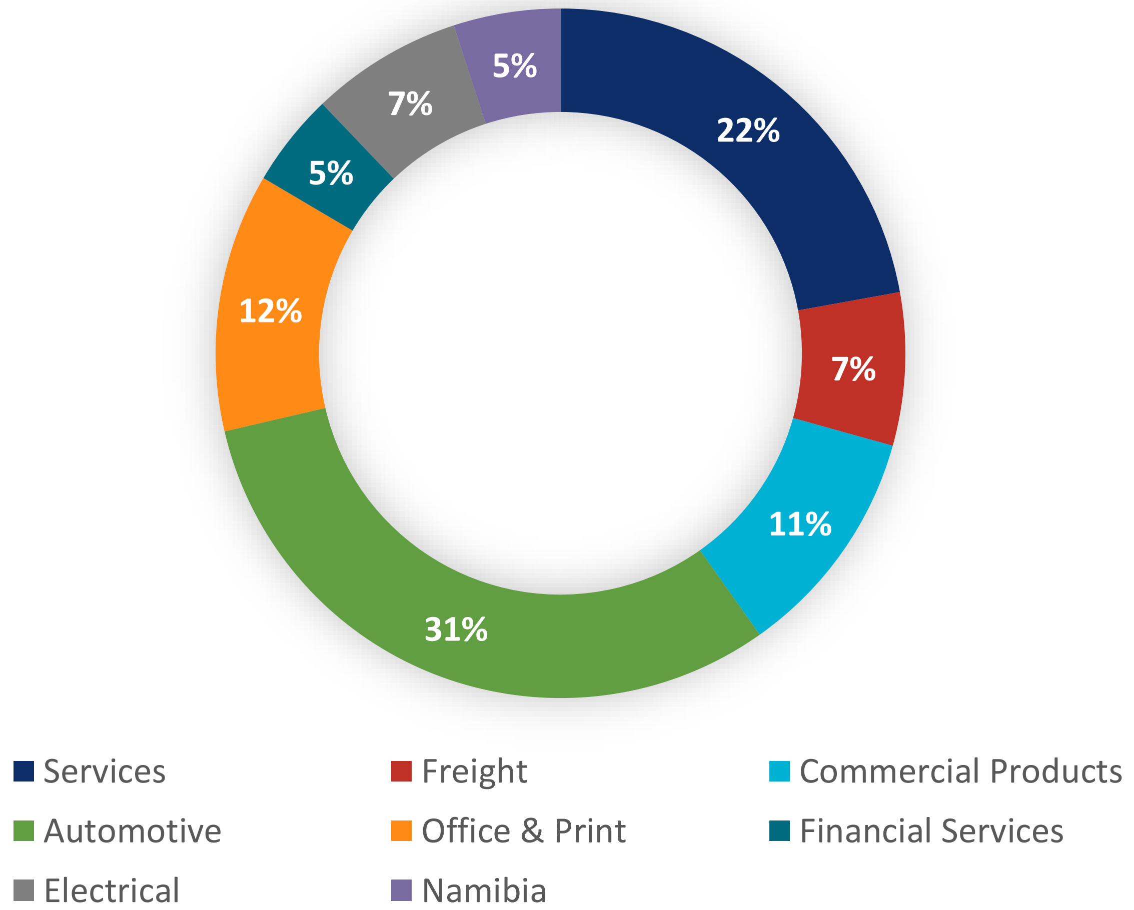
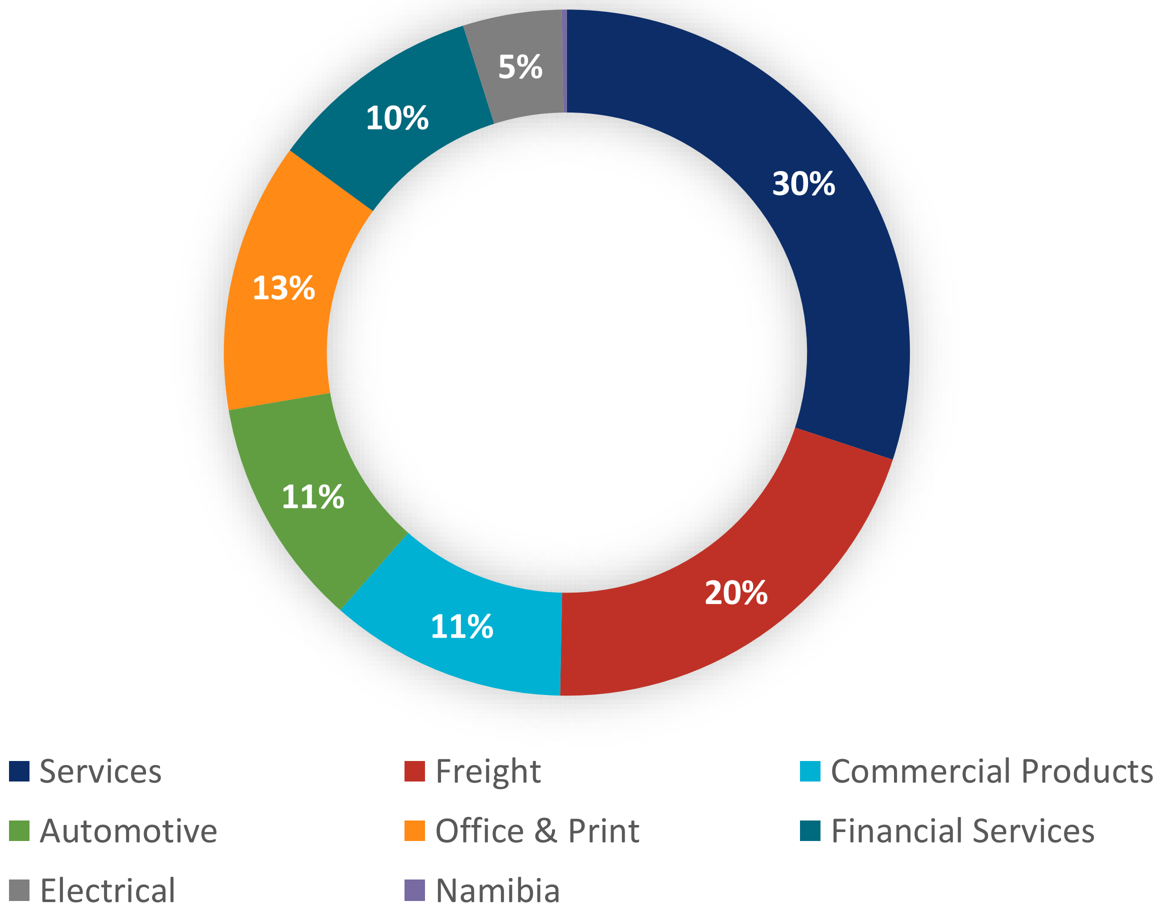
Contribution to revenue



Contribution to trading profit



Highlights for the six months

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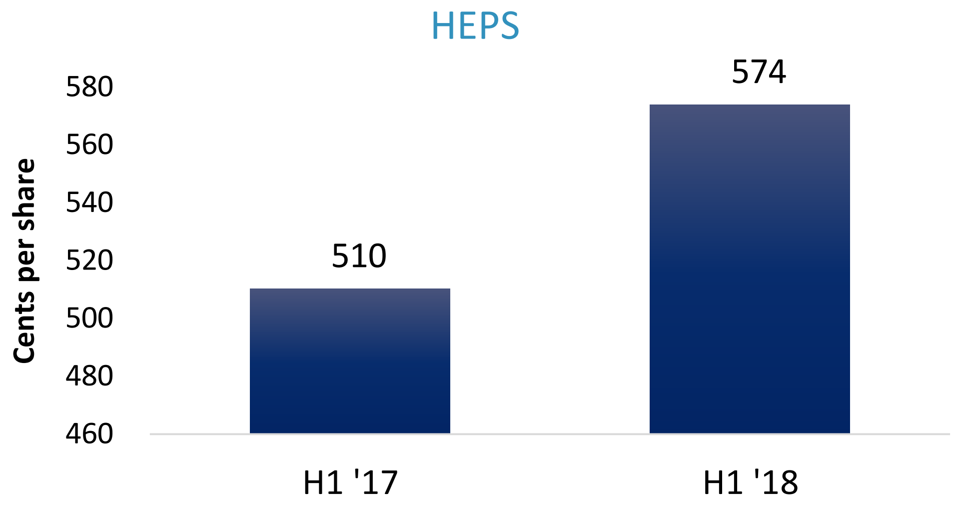
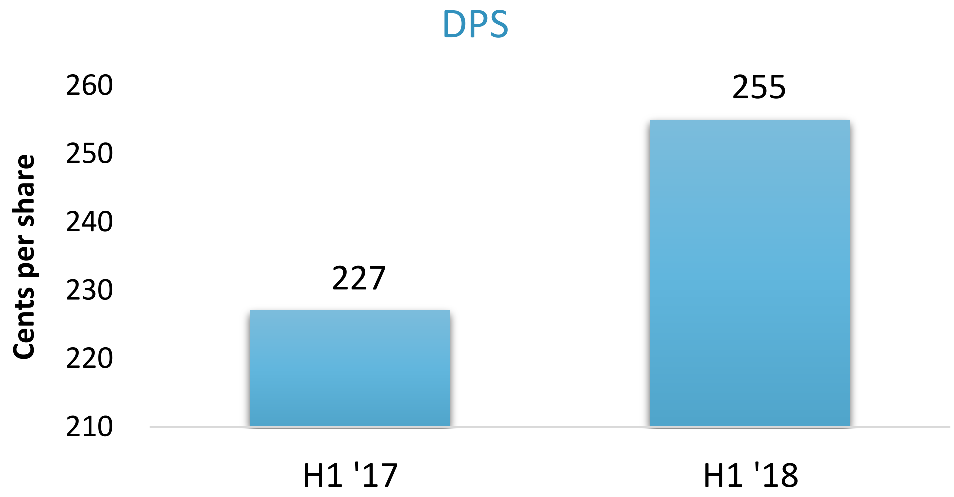
- HEPS increased by 12.5% to 574 cents
- DPS declared of 255 cents, up 12.3%
- Flat GP margin
- Trading profit up 12.0% to R3 143 million
- Excellent results from Freight, Services and Office & Print; Good results from Electrical and Commercial Products
- Maiden contribution from Noonan
- Non-core Bidfish disposal underway
- Strong balance sheet
- Cash flow generation excellent in seasonally slower period
- Net interest flat despite investments amounting to R4 914 million





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Financial review

Peter Meijer

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Financial highlights

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R billion	Interim ended Dec 31 2017	Interim ended Dec 31 2016	Change
Revenue	**39.9**	36.0	10.7%
Gross profit %*	**28.1%**	28.0%	↑
Expenses %*	**20.6%**	20.1%	↑
EBITDA	**4.0**	3.6	10.3%
Trading profit	**3.1**	2.8	12.0%
Trading margin %*	**7.9%**	7.8%	↑
Headline earnings	**1.9**	1.7	13.4%
HEPS cents	**574.0**	510.3	12.5%
DPS cents	**255.0**	227.0	12.3%
Rolling EBITDA interest cover	**7.6x**	7.5x	↑
Net debt / rolling EBITDA	**1.1x**	1.1x	-
Weighted no of shares	**335.5m**	332.9m	↑

* As % of Revenue

Income statement

Bidvest

R million	Interim ended Dec 31 2017	Interim ended Dec 31 2016	Change
Revenue	**39 909**	36 036	10.7%
Gross income	**11 218**	10 080	11.3%
Operating expenses	**(8 208)**	(7 252)	13.2%
Trading profit	**3 143**	2 807	12.0%
Other costs	**(61)**	(15)	319.6%
Net capital items	**(2)**	229	(100.8%)
Net finance charges	**524**	521	0.4%
Associate income	**214**	201	6.7%
Taxation	**(736)**	(638)	15.3%
Non-controlling interests	**69**	38	82.8%
Headline earnings	**1 926**	1 699	13.4%
HEPS (cps)	**574.0**	510.3	12.5%
DPS (cps)	**255.0**	227.0	12.3%

Income statement analysis

Bidvest

Revenue	▸ Revenue increased by 10.7% or R4 billion; 3.3% organic growth ▸ Services and Commercial Products revenue boosted by acquisitions; Bidvest Properties up 9.1%; Financial Services and Namibia revenue declined ▸ Freight revenue increased significantly (up 19.3%) on higher activity levels
Gross income	▸ Flat gross margin ▸ Margin pressure in motor and construction-related industries neutralised by revenue mix changes and acquisitions
Expenses	▸ Like-for-like expense growth of 8.5% mainly impacted by variable expenses in Freight to cope with higher activity levels ▸ Expense ratio increased from 20.1% to 20.6%
Trading profit	▸ Trading profit increased by 12.0%; 6.6% organic growth ▸ Excellent contributions from Freight, Office & Print and Bidvest Properties ▸ Strong organic contribution from Services. Satisfactory performance from Commercial Products
Other costs	▸ Acquisition costs of R49 million, mainly relating to Noonan ▸ Amortisation of acquired intangible assets of R12 million
Net capital items	▸ Negative movements on recoverable value of associates based on share price movements ▸ Sale of vessel in Namibia ▸ Disposal and closure of businesses and assets

Income statement analysis (continued)

Bidvest

Net finance charges	▶ Flat net finance charges testament to strong cash generation ▶ Increased debt to finance Noonan and USS acquisitions (EUR200 million) at favourable rate ▶ Cash inflow from non-core asset disposal
Associate income	▶ Share of current period earnings increased by R46 million, +26.4% ▶ Increase mainly from Adcock Ingram earnings
Taxation	▶ Effective tax rate 29.1% ▶ No tax shield on preference shares, MIAL m-t-m and acquisition costs ▶ Acquired foreign operations lowered tax rate by 0.2%
Non-controlling interest	▶ Share of minorities, net of capital items, in line with earnings from Bidvest Namibia ▶ Capital profit on disposal of Bidfish vessel
HEPS	▶ 12.5% growth despite tough trading conditions in SA and Namibia ▶ Organic growth 11.9%
Dividend	▶ Interim dividend 255 cents vs 227 cents ▶ Cover ratio of 2.25 times consistent with policy

Debt and funding – a conservative approach to gearing

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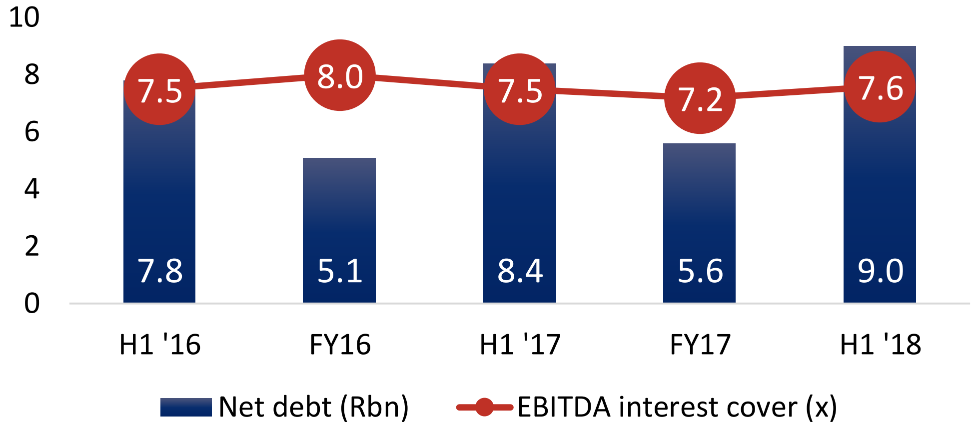
- Net debt of R9.0 billion (R8.4 billion H1 2017)
- Rolling EBITDA interest cover of 7.6x (7.5x H1 2017)
- 18% of long-term debt at fixed rates (47.7% H1 2017)
- Bulk of new debt is offshore at attractive variable rates
- 61% of total debt long term (51% H1 2017)
- Ample headroom to fund organic and/or acquisitive expansion

Interest cover



Moody's Investor Services credit rating	Long term	Short term	Outlook
National scale	Aa1.za (unchanged)	P-1.za (unchanged)	Rating under review
Global scale	Baa3 (unchanged)	P-3 (unchanged)	Rating under review

Cash flow

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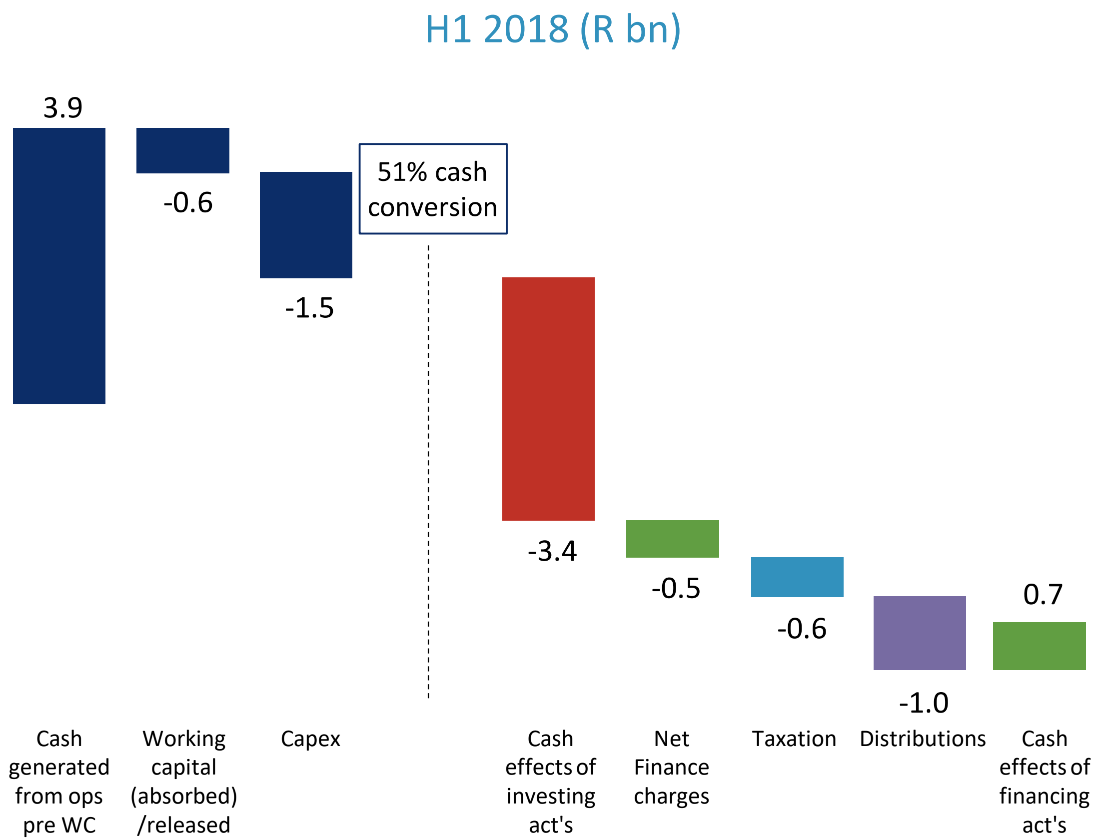

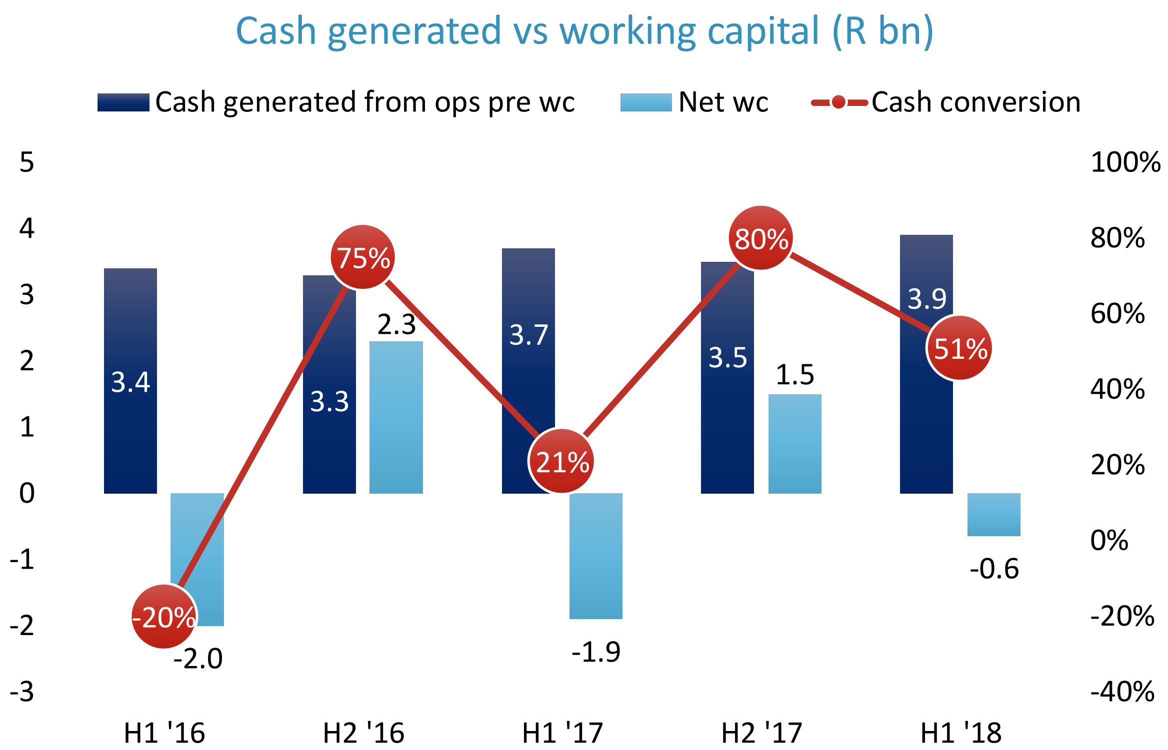

- Cash conversion seasonally weaker in H1. Strong improvement year-on-year. Non financial services conversion improved and Bidvest Bank raised new deposits
- Working capital absorbed of R0.6 billion (R1.9 billion H1 2017)
- Capex spend continues in SA – multi-purpose tanks, PPE, etc.

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Operational update

Lindsay Ralphs

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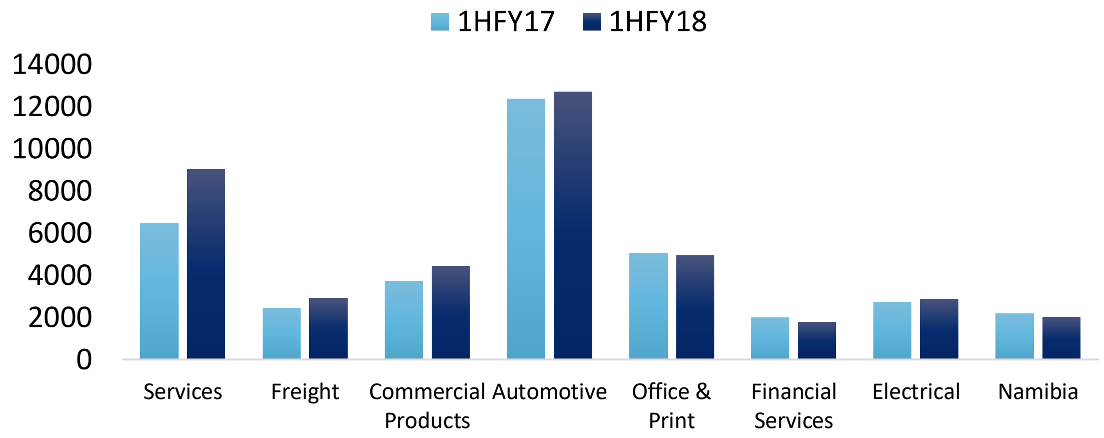
Bidvest South Africa | Overview

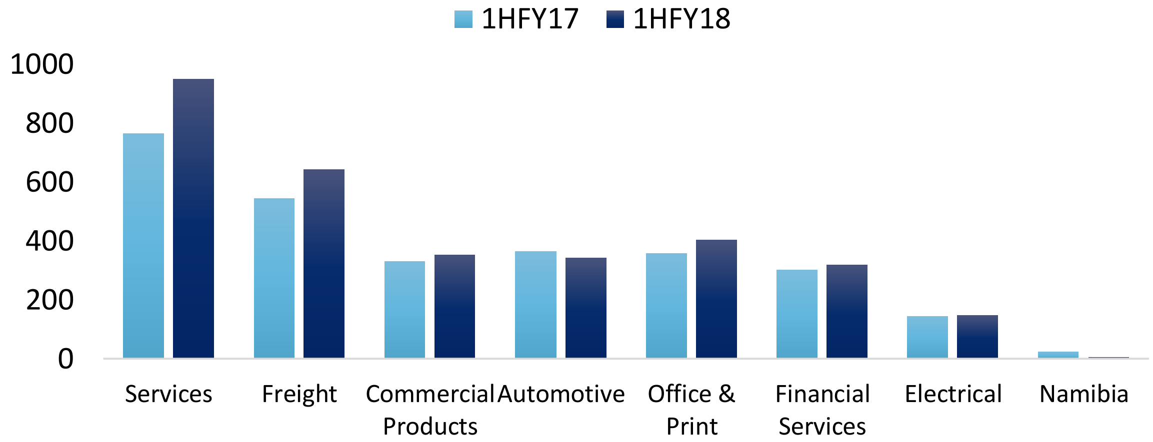
Bidvest

R million	Interim ended Dec 31 2017	Interim ended Dec 31 2016	Change
Revenue	**38 670**	34 845	11.0%
Trading profit	**3 159**	2 812	12.3%
Trading margin	**8.2%**	8.1%	↑
EBITDA	**3 962**	3 565	11.1%
Average funds employed	**18 286**	17 318	8.5%
Average ROFE	**34.7%**	33.1%	↑

Revenue



Trading income



Bidvest Services| CEO: Alan Fainman

Bidvest

R million	Interim ended Dec 31 2017	Interim ended Dec 31 2016	Change
Revenue	**8 999**	6 475	39.0%
Trading profit	**951**	766	24.3%
Trading margin	**10.6%**	11.8%	↓
EBITDA	**1 198**	975	22.9%
Average funds employed	**2 252**	1 978	18.5%
Average ROFE	**84.5%**	77.8%	↑

- SA annuity-type business performed strongly, notably Facilities Management, Steiner, BidAir, Execuflora. Security results overall were pleasing considering continued margin pressure in guarding. Weak results were delivered by Travel and the industrial project activities
- There was little volume growth in the traditional businesses and clients are price sensitive. This, together with wage escalations, drive the need for bundled, innovative and sharply priced solutions
- Organic trading profit growth was 10.2%, backed up by strong cash generation
- Noonan performed in line with expectations, with revenue growth of 4% in underlying currency

Bidvest Freight| CEO: Anthony Dawe

Bidvest

R million	Interim ended Dec 31 2017	Interim ended Dec 31 2016	Change
Revenue	2 919	2 447	19.3%
Trading profit	642	544	18.0%
Trading margin	22.0%	22.2%	↓
EBITDA	789	678	16.4%
Average funds employed	2 262	1 803	25.4%
Average ROFE	57.8%	61.7%	↓

- A record-high result as operations benefitted from higher agricultural, commodities and liquid fuel volumes. This despite two events (storm damage and ship collision that damaged the loading systems and the quay wall) that impacted operations
- Activities exposed to the import and handling of durable consumer products and project work delivered a softer performance
- Multipurpose tanks being commissioned currently
- LPG project on track for 2020 completion

Bidvest Commercial Products | CEO: Howard Greenstein

Bidvest

R million	**Interim ended Dec 31 2017**	Interim ended Dec 31 2016	Change
Revenue	**4 429**	3 735	18.6%
Trading profit	**354**	332	6.5%
Trading margin	**8.0%**	8.9%	↓
EBITDA	**406**	369	9.8%
Average funds employed	**2 425**	2 203	10.1%
Average ROFE	**29.2%**	33.5%	↓

- Double digit trading profit growth achieved by Berzacks, Bidvest Materials Handling, Plumblink and Academy Brushware
- Difficult trading conditions experienced in Matus, Renttech, Vulcan, Home of Living Brands (HoLB) and Yamaha
- Organic trading profit growth was depressed by consumer spend pressures and margin squeeze
- Delayed industrial projects and margin pressure contributed to a disappointing Brandcorp performance in 2Q. Structural changes to the businesses to benefit in medium-term
- Consumer businesses facing pricing resistance, resulting in a GP margin squeeze

Bidvest Automotive| CEO: Steve Keys

Bidvest

R million	Interim ended Dec 31 2017	Interim ended Dec 31 2016	Change
Revenue	**12 696**	12 372	2.6%
Trading profit	**343**	364	(6.0%)
Trading margin	**2.7%**	2.9%	↓
EBITDA	**498**	529	(5.8%)
Average funds employed	**3 849**	3 866	(0.4%)
Average ROFE	**17.8%**	18.9%	↓

- A below-par result
- New volumes were higher but margin was lower. Used volumes declined. Pressure was most notable in the luxury market. Volume brand dealers performed well
- Bidvest Car Rental delivered a poor performance in H1
- Run-off of OEM guaranteed buy-backs resulted in higher rental fleet on balance sheet

Bidvest Office and Print| CEO: Kevin Wakeford

Bidvest

R million	**Interim ended Dec 31 2017**	Interim ended Dec 31 2016	Change
Revenue	**4 940**	5 080	(2.8%)
Trading profit	**403**	357	12.7%
Trading margin	**8.2%**	7.0%	↑
EBITDA	**466**	426	9.4%
Average funds employed	**2 198**	2 461	(10.7%)
Average ROFE	**36.6%**	29.1%	↑

- Excellent result from Office & Print. Turnaround plans required in specific businesses are showing benefits
- Further contraction in the print cartridge market, the non recurrence of voter registration business and competitive pressures weighed on revenue
- Improved gross margin in Konica Minolta assisted the profit growth
- Margin and expense management was very good. Stock management was exemplary
- Zonke delivered a strong result. Contract handed over to the new operator in December

Bidvest Financial Services| CEO: Japie van Niekerk

Bidvest

R million	Interim ended Dec 31 2017	Interim ended Dec 31 2016	Change
Revenue	**1 787**	2 003	(10.8%)
Trading profit	**319**	302	5.6%
Trading margin	**17.8%**	15.1%	↑
EBITDA	**433**	420	3.1%
Average funds employed	**3 378**	3 082	9.6%
Average ROFE	**18.9%**	19.6%	↓

- Financial Services consists of Bidvest Bank, Bidvest Insurance, Bidvest Life and various other financial services
- Revenue decline mainly due to major contract non recurrence
- Bidvest Insurance Group grew gross written premium strongly
- Strong investment portfolio contribution (+R61.3 m yoy)

Bidvest Electrical| CEO: Stanley Green

Bidvest

R million	Interim ended Dec 31 2017	Interim ended Dec 31 2016	Change
Revenue	**2 901**	2 734	6.1%
Trading profit	**147**	146	1.0%
Trading margin	**5.1%**	5.3%	↓
EBITDA	**173**	169	2.3%
Average funds employed	**1 922**	1 734	10.8%
Average ROFE	**15.3%**	16.9%	↓

- Good result considering the very poor market conditions
- Gross margin is under pressure as players chase limited demand. Voltex adapted very well to changed cable market dynamics
- Solution-type bolt-on operations performed well
- Strain in the debtor book is evident. This continues to receive focused attention

Bidvest Corporate

Bidvest

R million	**Interim ended Dec 31 2017**	Interim ended Dec 31 2016	Change
Revenue	**794**	803	(1.2%)
Trading profit	**(24)**	(28)	(16.7%)
Trading margin	**(3.0%)**	(3.5%)	

- Corporate comprises Bidvest Properties, material associates and other investments
- Bidvest Properties performed well and continue to be of strategic importance to the Group. Four properties were added
- On Time and Mansfield improved performance. Net profit was reported in December; H1 cumulative small loss
- Negative impact of stronger ZAR on MIAL value

Bidvest Namibia

Bidvest

R million	Interim ended Dec 31 2017	Interim ended Dec 31 2016	Change
Revenue	**2 040**	2 173	(6.1%)
Trading profit	**8**	23	(67.9%)
Trading margin	**0.4%**	1.1%	↓
EBITDA	**46**	67	(30.5%)
Average funds employed	**1 612**	1 784	(9.7%)
Average ROFE	**1.3%**	2.4%	↓

- Disappointing performance overall
- Revenue declined across all divisions and most reported lower trading profit
- A slowdown in economic activity and challenges in Fishing and Food & Distribution divisions weighed on results
- Bidfish in the process of being sold. Refer to Bidvest Namibia cautionaries

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Strategic update

Lindsay Ralphs

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Strategy and prospects

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Operational outlook	▶ Optimistic that trading conditions will improve given political changes ▶ Stronger Rand will drive deflationary pressures in trading businesses in the short term; longer term positive for SA and Bidvest
Maximise diverse portfolio	▶ Seven core, well managed businesses ▶ Cash generative ▶ Continuously broadening and innovating our product and service offering
Maintain strong financial position	▶ Excellent asset management with pockets of extended debtors and stock being managed aggressively ▶ Low levels of debt – 1.1x EBITDA – even in seasonally weak period. Allows significant headroom ▶ Monetise remaining non-core assets in a responsible manner
Going beyond	▶ Local acquisitions will continue ▶ Currently seeing increased opportunity flow for local bolt-on's ▶ Select niche international acquisitions in services and distribution of everyday-essential products ▶ Invest in annuity-type projects in SA

Group Financial Officer

- Outgoing – Peter Meijer
- Incoming – Mark Steyn
  - CA (SA)
  - Joined Bidvest 19 May 1997
  - Various financial positions held in Bidvest Freight, the latest being divisional Financial Director since 2012
  - 47 years old


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Bidvest Services | CEO: Alan Fainman

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- Facilities Management performed strongly on the back of efficiency gains and new contract wins
- Soft service businesses traded well in a tough environment
- Security businesses benefitted from higher mining activity and other niches areas
- Lounges and cargo activities delivered very strong results. Ground handling tender expected in the coming months
- Consolidation of the Travel activities has been good. Work is progressing on a system overhaul. Rebates from key customers lower
- Noonan delivered in line with expectations. USS bolt-on acquisition was concluded

Outlook for the remainder of FY18

- Margin management will be a key focus area considering wage increases effective 1 Jan 2018 and potential implementation of minimum wages
- New business opportunities are to be sought and pursued
- Learnings from Noonan to be applied in SA. Noonan to focus on upselling
- Remedial action ongoing at Travel and TMS

Bidvest Freight | CEO: Anthony Dawe

Bidvest

- BTT benefitted from increased volumes and the annualisation of the fuel tank investment in FY17
- SABT handled higher volumes of wheat, maize and rice. Volatile ZAR-maize prices makes operational planning difficult
- Despite only one operational berth and the ongoing rebuild of damaged ship loading equipment, BC delivered a good result on higher commodity volumes
- BPL and BPO struggled on less project work, lower consumer product imports and pricing pressure
- SACD benefitted from new business secured and increased volumes from existing customers
- Naval increased profits strongly on more sized coal and phos rock volumes handled

Outlook for the remainder of FY18

- The EU duty-free allowance in February is expected to result in high wheat import volumes while the stronger ZAR and volatile weather could affect maize export demand
- Global demand for commodities are expected to remain healthy, supporting export volumes from SA
- Multi-purpose tanks being commissioned

Bidvest Commercial Products | CEO: Howard Greenstein

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- Difficult trading environment and little consumer confidence
- Organic performance dampened by low consumer spend and margin pressures (HoLB and Yamaha)
- Delayed industrial projects and margin pressure contributed to a disappointing Brandcorp performance in 2Q. Structural changes to the businesses to benefit in medium-term
- A revised strategy with regards to Yamaha motor dealers is being acted upon
- Expenses were well controlled
- ROFE improved in many traditional asset intensive businesses

Outlook for the remainder of FY18

- Strengthening ZAR expected to put pressure on pricing but a good thing for SA Inc.
- Product focus and margin management remain key areas
- Some signs pointing to higher activity and demand

Bidvest Automotive | CEO: Steve Keys

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- New volumes grew 7.7%, used volumes declined 10.1%
- Margins were under pressure, particularly luxury brands and with fleet customers
- Aftermarket activity slower as the car parc under warrantee & service plans shrink. The older part of the car parc being targeted
- Bidvest Car Rental rate per day +2.3%, rental days +0.3% and reduced fleet utilisation
- ACSA tender successfully submitted post interim end

Outlook for the remainder of FY18

- NAAMSA is expecting a modest increase in new vehicle sales in 2018
- Focus on streamlining the cost and asset base across the business

Bidvest Office and Print | CEO: Kevin Wakeford

Bidvest

- Competitive pressures were felt particularly in the office products segment
- Further contraction in the print cartridge market, the non recurrence of voter registration business and competition weighed on revenue
- Konica Minolta installed a significant contract with the eThekweni municipality
- Lithotech grew trading profit in a challenging environment
- Price pressure from fast food operators dampened Packaging trading profit performance
- Progress continues to be made in simplifying the businesses and extracting efficiencies

Outlook for the remainder of FY18

- Tough trading conditions are expected to continue
- Current plans to simplifying the businesses will continue
- Zonke contract handover will have an impact on divisional results from 2H

Bidvest Financial Services | CEO: Japie van Niekerk

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- Revenue decline mainly due to major contract non recurrence
- Bidvest Bank assets grew by 22.6% to R8.5 billion; deposits grew by 32.0% to R5.2 billion. Net interest income grew by 32.6%
- Bidvest Insurance Group grew gross written premium strongly
- Strong investment portfolio contribution to R71.9 million (+R61.3 million yoy)
- Significant headwinds for SA insurers as a result of various storms, fires and weather phenomena. This made for a difficult commercial insurance claims period
- FMI's living annuity product is growing strongly. The build up of embedded value is currently a drag on profitability
- Several bolt-on acquisitions to broaden the offering

Outlook for the remainder of FY18

- Tenders for sizeable leased fleet been delayed. Timing uncertain
- Drive upselling to existing customers
- Develop niche insurance product
- Drive Business Banking and Acquiring

Bidvest Electrical | CEO: Stanley Green

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- Activity in the construction and infrastructure sectors continued to decline. Several customers either under business rescue, liquidation or in a cash squeeze
- Overall gross margin held up despite pressure in the cable market as business mix continue to shift towards value-added services and products
- Project-type businesses borne the brunt of flux at key clients in terms of activity and payment
- Price, working capital and expense management were key focus areas

Outlook for the remainder of FY18

- Industry outlook uncertain
- Price, working capital and expense management will remain key focus areas

Bidvest Namibia | CEO: Sebby Kankondi

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- Sale prices and fish sizes remained under pressure. New and increased legislative levies added to the cost base. Another vessel was sold to lower the fixed cost base
- The sharp appreciation of the Namibian Dollar to the USD at the period end adversely impacted results
- Freight and Logistics benefitted from some project activities
- Stock remained the biggest issue in Food and Distribution
- Commercial and Industrial Products and Services traded satisfactorily given the backdrop
- Automotive profit declined as vehicle sales contracted

Outlook for the remainder of FY18

- Recessionary economic climate is expected to remain
- Remedial actions and cost-saving initiatives are being implemented
- Bidvest Namibia continues to trade under cautionary

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Group structure

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Executive team comprising

L Ralphs	*Chief Executive*
P Meijer	*Chief Financial Officer*
M Madisa	*Executive Director*
G McMahon	*Executive Director*

Bidvest Industrial	Bidvest Namibia	Bidvest Properties	Material Associates	Other Investments
Services	Fishing	Properties = 108	Adcock Ingram (38.5%)	Ontime Automotive UK (100%)
Freight	Industrial		Comair (27.2%)	Mumbai Airport (6.75% effective)
Office and Print				Various smaller listed and unlisted investments
Automotive				
Financial Services				
Commercial Products				
Electrical				

Shareholders

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Investment management shareholding

Investment manager	Shareholding	%
PIC	48 630 675	14,5
Lazard Asset Management LLC	28 115 715	8,4
J.P. Morgan Asset Management	19 964 438	5,9
GIC Asset Management	17 759 999	5,3
BlackRock Inc	14 222 056	4,2
The Vanguard Group Inc	12 663 059	3,8

Geographic spread of investment managers