

Bidcorp plc
Interim results for the twelve months ended December 31 2002

Conference call – February 13 2003

Brian Joffe

Basically, I'm going to give you a brief introduction and then hand you over to Rodger Graham, Chief Executive of Bidcorp and then we will deal with questions.

Obviously a disappointing result, but I think that there has been a lot of good achieved. One or two things happened in the six months, which were unexpected, but they have been dealt with. As you see from the notes to these accounts, you can assess the impact of those events. We also currently have quite a few of those assets under negotiation, the ones we don't want to keep. We are reasonably optimistic that in the next short while we will be able to complete some of the transactions.

So, at first glance the results don't look very good but, after examination, I think the results are okay. Maybe I should say that these results won't have a negative effect on Bidvest's results.

Having said that I will hand it over to Rodger.

Rodger Graham

Thank you, Brian. Let me start off with the brief statement with which we concluded the press release. I think in some respects we made good progress in 2002. There are a few, and we will talk more about this, unprofitable businesses, which are either in the process of being sold, restructured or in some cases have already been closed.

We physically re-organised the port operations and created significant additional capacity in the port. Some of the poorer performing contracts have been renegotiated or terminated in some cases.

Some quite significant cost reductions have come through and in some of the areas of the business we have invested in new replacement equipment, which should enable us to be more efficient going forward.

I think some of the fundamentals of the business are much stronger than they were this time a year ago. You will be able to do the split between the two six months and the more recent six months – just as important to you as the twelve. So I'll refer to that a fair bit in what I am going to say.

In Europe at the moment we are faced with what is quite a rapidly shrinking and contracting market. Under those circumstances in the full calendar year turnover increased by 8% but in the last six months it went up by 12%. So we had turnover going forward quite nicely.

The core businesses performed pretty well. The Shipping Division operated profitably and despite writing off a few hundred thousand pounds on the Ferryline business, which we have subsequently closed in January, the Shipping Division recorded profits, which were at acceptable levels in the second half of the year. That also included the initial set up costs for the new Dunkerque route, which is now running profitably and didn't come into these figures but is now making a positive contribution to our activities.

The Volume Transport side continues to operate at acceptable returns. It is a very tough market indeed. You are facing most of the motor manufacturers and you'll know how difficult it is to negotiate with some of these large motor manufacturers, but nonetheless, it performed acceptably.

Our Property Outsourcing and parking management activities came in again with good steady returns, an annuity business.

Rescue and Recovery, as I said a few months ago to some of you, has done a remarkable turnaround. From losing two million in the previous calendar year, that business made more than a quarter of a million pounds in the last six months.

Our Specialist Transport operations altogether are performing extremely well and growing very well indeed.

The problem children were mostly peripheral and that makes it particularly distressing that they were the problems.

Individual Driver Movements is a business in which you deliver cars individually. It is an integral part of the distribution chain of the motor vehicles. So we wanted to stay in there and make it work, it had lost money for some time, the main management in that company left in January last year and went into opposition against us. We wanted to make this work; however, we lost some big contracts. We ended up with unbalanced deliveries and we lost significant sums of money particularly in the most recent six months.

If I may take a moment on UK Labour Laws. You are not entitled here to close a business without consulting with the workers. The length of that consultation is prescribed as well, so you've got a 90-day consultation period if your business employs more than 90 people. So for 90 days you have to consult and only at the end of 90 days can you move to dispose of the business. Those consultations have to be sincere and genuine, meaningful consultations. So we can make no announcement at this stage about the future of the business as we are in consultation. As you will see we've been very careful to make sure we don't prejudice our position in all the statements we've made about Individual Driver Movements. There will be a conclusion to that within 90 days from now and the cost of closure and the cost of running it for the balance of the next half year should be less than the cost of running it in the previous period.

Traffic management was the other problem child. Wheel clamping has been a problem all the way along and we inherited a number of difficult contracts. We have consolidated it with the Rescue and Recovery operations, the cost are coming down sharply. That one ought not to be a drain in the year going forward.

In some of the vehicle preparation centres we are still experiencing some difficulties. The corner has been turned and the results are looking better as we come towards the end of the year. We still have quite a bit of work to do in some of those areas.

The executive management team has totally changed from the one at the start of the year. We now have a completely new team.

As far as cash goes, during the last twelve months we have reduced the total borrowings by some six million after paying for Capex. Cash is being generated by the business at the moment. We are still working hard to digest the lump of the HP payments, which will take another year or so to work their way through the system. After which much more of that cash should flow to be used in current operations.

Going forward I think we've cleared a lot of the dead wood and once we've completely sorted out the two businesses of Ferryline and Individual Driver Movements, I think you will see that the results will swing around quite nicely.

The core businesses are in much better shape than they were a year ago.

Brian Joffe

We would like to thank everyone for taking the time out to join us.

That concludes the Bidcorp plc conference call.