BIDVEST PLC

INTERIM RESULTS

12/02/2004

Good afternoon and welcome to the Bidvest PLC interim results conference call, I would like to hand the conference over to Mr. Brian Joffe.

Brian Joffe – Afternoon all thanks for joining us. I think that we as Bidvest PLC owners are very happy with the management performances of the businesses in the UK and Australasia. I'm not going to spend much time talking about them I'm going to allow the various management to deal with them. Maybe we could start in Australia – Bernard?

Bernard Berson – Thank you Brian, I think it's a relatively good performance in the 6 months obviously in original currency terms excluding the movement in exchange rate between the Australian Dollar and the Pound. In Australian Dollar terms we had a relatively small increase in sales but that's obviously offset by the fact that we did sell a business that did a high volume of turnover and that is included in the comparative period. Organic sales growth of approximately 8% has delivered an operating income that's up about 20% on the previous year.

In New Zealand the sales number was stronger and we had sales going up by 16% with a 40% increase in profitability.

Our operating margins are now above 3% in both Australia and New Zealand. That has been a target that we've had for the last few years so we're pretty pleased.

The markets have been relatively okay, nothing exciting but likewise there hasn't been too much negative news in the 6 months under review. The markets are relatively stable, the economy in both Australia and New Zealand doing relatively okay.

So we're satisfied with the results obviously there are still a few weak spots which require a bit of work but there are far more bright spots than there are weak spots and we still think there are reasonable prospects in from us, there is still work to do.

We're still working on purchasing opportunities, on operating efficiencies and certainly to grow sales in the market in both jurisdictions. We're relatively satisfied with the results that have come out of Australia and New Zealand.

Brian – I think before we do any questions we'll hand over to Fred Barnes.

Fred Barnes – Good afternoon, the first half of this year has turned out very well for us. It's been an interesting half, there have been a couple of flat spots within it, certainly

November was difficult but December turned out to be better than we expected. We're very pleased with the overall results.

We're still in quite a difficult market position here the market is, flat at best. The South East continues to lead, a lot of the results that have been published by the hotel groups, pub groups, MacDonald's and others sort of bear out that the market place isn't wonderful so this result is from improving market share.

One of the things that's been very good for us is we're strong in business and industry i.e. industrial catering and education type institutional feeding. This sector doesn't get adversely affected as quickly as the sector.

All in all, very good and all the individual business units within 3663 hit their plan, I'll just run through them quickly. Multi-Temperature again had an outstanding performance it's a superb business. Sales were increased but probably more importantly in this period they improved the product mix hence the improved margin.
Frozen business continued its improvement, independent sales were particularly good in this period. As you know they're the best at contract sales and they needed to be good because the two largest national accounts served by frozen had a particularly poor time so we had to overcome some negatives. There was a bit of a turbulent time towards the end on the chip price, our annual contract ended earlier than some of our competitors and our chip prices shot up where they were able to hold the lower price for a month or so. But notwithstanding all that frozen business had a good performance and as I said earlier, right on plan.

Contract Distribution, was very solid, that's all that can be said really. It is performing well; its profitability has improved through good operational practices. Some moderate growth has comes organically from the customers that the business serves. The MoD had a stable period with more or less the same volumes as usual but because a lot of those volumes have been transferred out to the Middle East they have been a little bit more profitable than normal so MoD's performance was very good.

We have made a couple of acquisitions recently, Swithenbank which was our entry into fresh and we've done a lot of work there, it lost money in the period, maybe a little more than we'd planned. This acquisition is very much a strategic move to get us into the market which makes up 1/3 of the total foodservice market, currently which we don't service. We're pleased with the progress and we are having lots of the right conversations. We're looking forward to increasing the volumes during the 2nd half now that we've built up the competency platform.

Wilson Watson was a small acquisition that we made to build up our lightware which is our crockery/cutlery type business. It also lost a little bit of money in the period due to us re-engineering the business but we have reshaped it and smartened it up. Some of the losses are one off's and we're basically busy developing that business to take it forward.

We think that both of the above are important enablers of future growth of our position in the UK.

Finally we've continued to work with mymarket.com which is now approaching £6 million sales per month which we think is very good. One has to build the necessary competence which I think we've done, technical platforms are very secure and reliable. We're quite excited about its future prospects as an enabler for the wider group and actually in its own right as well.

Things looking pretty good for the outlook for right now, January started pretty slow. I don't think you can read too much into that, it's all you city boys coming back to work later and later each year. We don't see it as a trend we made our numbers but it was a little bit of a battle.

A couple of good wins early this year, we have taken a frozen contract for Aramark from Brakes which rolls out about now. There are also a number of other small contracts that you won't have heard about but it's the 2 and 3 million size contracts that we're still winning and taking on board. So all in all we think it's a pretty satisfactory picture.

Brian Joffe – Thanks Fred, I think the best thing for me to do is open up the floor for questions. Bear in mind, those of you that are looking at it from a South African perspective, the exchange rate differences. I can't remember exactly but last year those figures were translated at R15 60 and I think this year it is something like R11 70 and that obviously has a big impact on us.

We would be happy to take any questions you might have.

Ann Studdert from Deutsche Bank – Could you expand a bit more on the acquisitions and also on your capex expenditure?

Brian Joffe – Okay let's start with the capex, the capex chief can go first – Fred.

Fred Barnes – We spent £8,5 million in the first half on capex mostly on trucks and we've bought the free hold property for the Swithenbank business. Depending on the timing of the expansions and getting the land etc we'll probably spend another £10 million in the second half in the UK.

Acquisitions, we covered that, we bought Swithenbank at the bank end of last year on the 1st March 2003 and we bought Wilson Watson during August. Both are very small acquisitions and very small sums of money are involved but it's given us market share and start positions in those markets.

Ann Studdert – Overall how much would you say they have contributed in turnover in Pounds for this half?

Fred Barnes – The two businesses annualized to less than £20 million, they are tiny but this is a strategic start point.

Brian Joffe – Bernard would you like to add to that?

Bernard Berson – From the Australian point of view the capex was most probably in the region of about £3 million. The major component there was the free hold property in Melbourne bought to house the business. In addition to that there were some truck and fleet replacements.

Likewise in New Zealand there were quite a substantial number of truck replacements. Basically when we purchased the business all the trucks were on finance lease and we are replacing those with outright purchases when they become due.

Regarding acquisitions in New Zealand there were two small acquisitions. One in Auckland which we have integrated into the Auckland business and one in a thriving metropolis called Hawkes Bay. Hawkes Bay is on the east coast of the north island and this acquisition gives us further strategic coverage.

In Australia there was an acquisition on 1st July 2003 of a business in the hospitality supply arena which is cutlery, crockery, glassware and like equipment. It is in South Australia, Victoria which gives us an entry into that market and exposure to the market. There were also two small regional operators, very small businesses that were bought just to get some geographical cover. We purchases some assets in order to service the Yum contract which we have taken over for KFC and Pizza Hut. This was right towards the end of the period and those were some assets we bought at a discount to fulfill that contract.

Andrew Kingston from Sanlam Asset Management – Just a question on the selling and distribution costs, I see those rose quite a bit ahead of sales growth, could you comment on that? I see the tax rate has gone up slightly, any comments in that regard?

Fred Barnes – In the UK the expenses went up about £27 million which is a lot. The major component of that is Kuwait; we have an extra depot in Kuwait to service the MoD business. We've also got unbudgeted Wilson Watson costs and clearly year on year the effect of Swithenbank expenses coming in. They account for £17 or £18 million of that and the rest comes down to increase in volumes, the 3,5% wage increase and insurance premiums that have been high. I think that broadly accounts for the uplift in expenses in the UK.

Brian Joffe – Bernard any impact on Australia?

Bernard Berson – I think our impact is relatively small but it's fair to say that our expenses have gone up in a slightly higher fashion than the sales increase. Once again insurance has been a major factor and we do have some wage pressure here. Wage increases are running between 4 and 5% which is quite a big number. I don't think the Australian and New Zealand numbers are substantially out of line.

Brian Joffe – The tax rate basically equates to the full year tax rate last year. I think that the reason for slight differences may well be because of some computing differences at the time we did interim results last year.

Mr. Joffe there would appear to be no more questions, would you like to make some closing comments?

Brian Joffe – Thanks very much for attending I'm sure we'll talk to you guys again soon and have a lovely day.

Thank you very much gentlemen, on behalf of Bidvest PLC that concludes this afternoon's conference. Thank you for joining us.