BIDVEST'S FIRST HALF HEADLINE EARNINGS PER SHARE RISE 5,2% TO 886,3c

Bidvest benefited from an excellent Foodservice contribution in the six months to December 31, 2014, helping to lift headline earnings per share by 5,2% to 886,3 cents.

HIGHLIGHTS

- **HEPS rises 5,2% to 886,3 cents (2013: 842,3 cents)**
- **excellent Foodservice contribution**
- **strategic Foodservice acquisitions widen reach in UK and Europe**
- **turnover up 16,5% to R104,4 billion (2013: R89,6 billion)**
- **trading profit rises 8,9% to R4,6 billion (2013: R4,2 billion)**
- **cash from operations up 15,8% to R6,0 billion (2013: R5,2 billion)**
- **outlook encouraging on organic growth and benefits from acquisitions**
- **offer to Adcock shareholders at R52/share**

OVERVIEW

For the six months to December 31, 2014, Bidvest chief executive Brian Joffe today reported "solid trading results" with a 5,2% rise in headline earnings per share (HEPS) to 886,3 cents (2013: 842,3 cents). Basic earnings per share (EPS) increased by 0,6% to 863,3 cents (2013: 858,5 cents).

Good performances at most Bidvest Foodservice businesses delivered real growth in local currencies. Joffe added: "The acquisitions of Gruppo Dac S.p.A. (DAC) and PCL 24/7 Limited (PCL) have expanded the product offering and provided geographical diversity for the UK and European operations, respectively. Trading has been in line with management's expectations."

Despite South African trading conditions remaining tough, compounded by electricity supply disruptions, further labour market instability and weak consumer demand, Bidvest South Africa delivered a slightly improved trading result, assisted by the full-period inclusion of the Mvelaserve acquisition.

Financial performance

Turnover grew 16,5% to R104,4 billion (2013: R89,6 billion). Major increases occurred in Bidvest Australasia, Bidvest Europe and Bidvest UK, reflecting organic growth, positive currency effects and benefits from the recent acquisitions.

Gross profit percentage rose 20,1% (2013: 19,8%). Operating expenses remained well controlled, increasing by 6,2% on a like-for-like basis, excluding currency effects and the impact of material acquisitions. Other income fell significantly mainly due to reduced mark to market gains on the equity portfolio investments.

Trading profit rose 8,9% to R4,6 billion (2013: R4,2 billion). The trading margin dipped slightly to 4,4% (2013: 4,6%), impacted by reduced fair value gains and under-performance by some businesses. The average rand exchange rate weakened against the major currencies in regions where the Group operates.

Share-based payment costs rose to R94,0 million (2013: R77,0 million), reflecting additional allocations to incentivise staff and the rising Bidvest share price.

Acquisition costs rose to R35,0 million (2013: R25,9 million).

Net finance charges were 16,4% higher at R578,8 million (2013: R497,3 million) after financing acquisitions that were not fully included, or included at all, in the prior period (i.e. Mvelaserve, PCL, DAC and Adcock Ingram).

Associate earnings rose following Adcock's inclusion as an associate from March 2014. Despite this first-time contribution, the impact of the Adcock acquisition was a negative 3,2% on HEPS.

Net capital losses of R74,7 million include a R118,1 million fair value impairment of the Adcock investment and a R33,3 million reversal of a previous Comair impairment.

The Group's financial position remains robust. Net debt is R10,4 billion, compared to R7,9 billion at June 30, 2014, principally driven by investment into working capital (R2,4 billion) and the outlay on PCL, DAC and other acquisitions (R1,8 billion).

Normalised interest cover (excluding Adcock finance costs) is 10,3 times (2013: 8,5 times), comfortably within Group targets. Bidvest's gearing remains prudent while retaining headroom for expansion.

Cash from operations before working capital changes rose 15,8% to R6,0 billion (2013: R5,2 billion). The Group absorbed R2,4 billion (2013: R2,2 billion) of working capital, reflecting the growth, the falling rand's impact on replacement inventories and acquisitions. Net working capital days fell to 14,1 days (2013: 15,6 days).

Ratings

Moody's affirmed Bidvest's national long-term rating of A1.za with a stable outlook in November 2014. In January 2015, Fitch affirmed the Group's national long-term rating at AA(zaf) with a stable outlook.

Acquisitions

With effect from July 1 2014, Bidvest acquired 60% of DAC, a leading Italian foodservice provider, and a controlling stake in PCL, a UK chilled-products storage and distribution business. The aggregate purchase consideration was R1,7 billion (£95 million).

Joffe noted: "We have the option to increase our interest in these businesses, which, together with other targeted acquisitions, form part of our strategic expansion plans in the international foodservice industry."

Bidvest made several smaller acquisitions and disposals.

Subsequent events

In January 2015, Bidvest sold its cash-in-transit, cash processing and cameo devices businesses to Fidelity Services. These businesses were part of the Mvelaserve acquisition.

Bidvest announced on February 23 2015 that it intends to offer R52 per share in cash to Adcock ordinary shareholders to acquire outstanding ordinary Adcock shares not already beneficially owned by Bidvest.

Said Joffe: "While this offer will remove uncertainty around Bidvest's intention to acquire the remaining Adcock ordinary shares, Adcock shareholders also benefit from a premium to the share trading level over recent months." Further details will be provided in due course.

DISTRIBUTION

For the half-year ended December 31 2014, the board has declared an interim cash distribution of 426,0 cents per share (2013: 398,1 cents per share) payable to ordinary shareholders.

PROSPECTS

Brian Joffe commented: "The Group outlook is encouraging, underpinned by organic growth and the anticipated benefits arising from the significant acquisitions and investments made over the past 18 months.

"In South Africa, trading conditions are likely to remain stifled given the current environment however our divisional teams are up to the challenge of delivering real organic growth and synergies. Acquisitive opportunities will continue to be sought.

"Our focus on expanding our product range into Africa remains. However, progress has been slower than envisaged and we will continue to adopt a measured approach into targeted regions."

Further opportunities continue to be sought in consumer products.

He added: "In Australasia, expansion of our wholesale model will continue, particularly to independent foodservice customers, while growing the national footprint of the fresh offering. Innovative technological value-adding foodservice solutions will enable further growth.

“Further exposure to mainland China through regional expansion bodes well in this developing foodservice market. Our exposure to Latin America through investments in Chile and Brazil presents exciting opportunities.”

In the UK and Europe, the refocusing of wholesale businesses continues.

The acquisitions of DAC and PCL have been “well integrated and present further areas of geographic and service offering expansion”.

Across all businesses, opportunities to add new product ranges and expand local footprints will continue.

“Bidvest continues to believe the potential for the investment in Adcock remains positive in the medium term,” said Joffe.

Corrective measures by Adcock management had resulted in a more energised workplace, though “further work is still required for Adcock to reach its potential”.

Further opportunities will be sought in local and international geographies to expand Bidvest’s reach.

Joffe added: “I am extremely proud of the achievements of all the 145 808 extraordinary Bidvest people in all the geographies in which we operate. Management is confident Bidvest will deliver further growth for the year ending June 2015.”

Directorate

At the annual general meeting, Adv FDP Tlakula retired from the board and was thanked for her contribution to Bidvest’s development.

DIVISIONAL REVIEW

Bidvest South Africa

Results were muted overall, though performance levels varied considerably. Turnover rose 11,0% to R43,9 billion (2013: R39,6 billion). Trading profits rose 5,2% to R2,5 billion (2013: R2,4 billion) with good growth from Services (53,6%), Electrical (36,5%), Rental and Products (12,4%), Freight (4,9%) and Industrial (40,2%). Paperplus was significantly below expectation. Office also faced challenges.

Automotive returned satisfactory results in a tough environment. Turnover at R11,8 billion (2013: R11,0 billion) was 7,1% higher, with trading profit down 1,3% at R328,2 million (2013: R332,7 million). New vehicle sales eased higher to 264 881 units. Used vehicle volumes were marginally down at 21 701, though volumes strengthened late in the period. After-sales market grew after several years of contraction. Among the dealerships, Mercedes put in an outstanding performance and Land Rover-Jaguar returned excellent results. A strong turnaround is underway at Ford and BMW-Mini. Repositioning and rationalisation continue at several dealerships.

Consumer Products faced a tough trading environment and exchange rate volatility. Turnover fell 7,0% to R639,3 million while trading profit fell to R47,9 million (2013: R57,5 million). Margin pressure intensified. Exports grew while manufacturing operations made a small loss. Marketing and sales costs were well managed. Action is underway to achieve further efficiencies.

Electrical did well in a difficult market. Turnover rose 14,3% to R2,6 billion (2013: R2,3 billion). Trading profit rose 36,5% to R121,9 million (2013: R89,3 million). Slow and non-payment to contractors by their customers remains a concern. Margins were successfully defended. Operational expenses and fragile copper prices were well managed. Solid State Power put in a pleasing performance. Versalec achieved sales and profit growth. Atlas performed reasonably well and Cabstrut returned acceptable results. Waco put in a decent performance. Voltex Lighting faced pressure. Cost savings remain a focus area. New opportunities in Botswana are being investigated.

Financial Services

Performance was impacted by significantly lower investment returns. Divisional trading profit fell 23,8% to R253,6 million (2013: R332,7 million). The bank's alliance strategy gained traction and pleasing trading profits were recorded by Insurance operations. Bank and Insurance remain strongly capitalised.

Bidvest Bank's trading profit fell 2,5% to R184,9 million (2013: R189,7 million). Total gross profit grew 1% to R438,2 million (2013: R433,4 million) with costs well managed, rising 5% year-on-year. The run-off of the Transnet book continued to impact performance, but will be offset by significant new business in full maintenance leasing. However, deposits fell as did trading and investment income. Strategic initiatives, such as mPesa, are gaining pleasing traction. In January, Moody's confirmed an unchanged credit rating of A3/P-2, with a stable outlook.

Bidvest Insurance trading profit of R70,5 million (2013: R135,9 million) was impacted by the fall in investment returns under tough trading conditions. Core operating profit, before investment income, rose 7,9% to R29,5 million (2013: R27,4 million). Revenue rose 16,1% to R190,5 million (2013: R164,0 million).

Freight put in a satisfactory performance on a stronger second quarter. Turnover rose 3,3% to R14,4 billion (2013: R14,0 billion). Trading profit rose 4,9% to R566,9 million (2013: R540,2 million). SABT, the agricultural dry bulk business, put in a great performance, though the absence of second-quarter wheat volumes was a concern. Bidvest Tank Terminals returned impressive results. Lower volumes impacted most other businesses. BPO was boosted by strong Saldanha volumes. Cement and fertiliser import volumes grew, but steel and forest product exports fell. Bidvest Panalpina Logistics had a good second quarter. SACD disappointed. Trading conditions were difficult at Bulk Connections yet costs were well contained. Naval volumes declined. Manica SA and Botswana experienced continued losses.

Industrial achieved strong results in a challenging environment. Turnover of R1,2 billion (2013: R1,0 billion) was up 13,9% while trading profit rose 40,2% to R90,6 million (2013: R64,6 million). Cash generation was robust and market-share gains were recorded. Academy Brushware, Materials Handling, Buffalo Tapes, Vulcan Catering and Yamaha achieved excellent sales growth. Academy's factory was streamlined. Berzack's restructuring gained traction. Afcom and Vulcan were impacted by strikes, but recovered in the second quarter. Vulcan achieved good momentum. The division plans continued organic and acquisitive growth.

Office was impacted by an exceptionally difficult start to the financial year, but put in a resilient performance and achieved 6,2% turnover growth to R2,6 billion (2013: R2,4 billion). Trading profit fell 3,5% to R157,1 million (2013: R162,8 million). Operating expenses were carefully managed. The technology cluster again achieved strong sales growth and Zonke monitoring systems made a pleasing contribution. Océ performed strongly. In the stationery segment, Waltons was impacted by weak demand, but trading results improved. Furniture businesses remained under pressure, though second-quarter sales recovered.

Paperplus did well to grow sales, despite the challenge of the postal strike. Turnover rose 6,8% to R2,6 billion (2013: R2,4 billion), though trading profit fell 3,9% to R187,5 million (2013: R195,1 million). Demand for envelopes and mailing paper declined, while personalisation and insertion volumes fell. Lithotech remained under pressure, but Bidvest Data maintained momentum. Stamford Sales was operationally integrated into the packaging business. Rotolabel is back on track. Silveray showed improvement. Kolok's contribution was disappointing. Divisional expenses were well controlled.

Rental and Products' solid performance resulted in an 8,6% increase in turnover to R1,2 billion (2013: R1,1 billion). Trading profit rose 12,4% to R246,0 million (2013: R218,8 million). Steiner exceeded expectation, with good growth in all regions. New rental equipment opportunities are being explored. Laundry performance was flat. Industrial Products returned strong results, though margins are under pressure and certain Africa operations underperformed. Puréau's performance was acceptable. The business was appointed distributor of Nestlé's Alegria coffee vending solutions. Execuflora achieved a strong second-quarter recovery. Silk By Design performed in line with expectations. Hotel Amenities Suppliers returned commendable results. Masterguard and Steripic were under pressure.

Services returned creditable results in a challenging and price-sensitive market. Turnover rose 78,5% to R4,8 billion (2013: R2,7 billion) while trading profit moved 53,6% higher to R315,7 million (2013: R205,6 million). Results were boosted by the inclusion of Mvelaserve for a full six months compared with two months in the prior period. The division, excluding Mvelaserve, delivered a consistent trading profit increase of 8,8%. Bidvest Managed Solutions maintained turnover through project successes. TMS exceeded expectation. TFMC grew revenue and trading profit ticked higher. Royalmnandi made a pleasing contribution. Khuseti faced volume and margin pressure. Costs were well managed at SA Water and Velocity, though sales disappointed. The sale of the Assets in Transit business was concluded, effective January 2015.

Travel and Aviation disappointed. Trading profit eased 3,7% higher to R213,5 million (2013: R205,9 million) off 9,9% turnover growth to R1,3 billion (2013: R1,2 billion). Results included the first contributions of newly acquired BushBreaks and IAC. Bidtravel was impacted by account losses and pressure on corporate travel. Bidair Group delivered a pleasing result. IAC was integrated into Bid Cargo from November 1, 2014. Business mix changes and margin pressure impacted Bidair Services. Bidvest Lounges did well and the Cape Town international lounge was completed. Budget Rent a Car's performance was below expectation. Budget Rent a Car will separate from its franchisor, effective February 28, 2015, and will trade as Bidvest Car Rental.

Bidvest Foodservice

A very pleasing performance was recorded, with higher profits in almost every business unit. The division now has operations in more than 30 countries and all continents except North America.

Trading profit rose 31,6% to R1,9 billion (2013: R1,5 billion) while turnover rose 20,6% to R59,6 billion (2013: R49,4 billion).

Two significant acquisitions were concluded. The division took a 60% stake in DAC, the number two player in the Italian market, and bought PCL in the UK.

Australasia

Bidvest Australia performed strongly, making good progress with its transition to a business focused on areas of high potential. Foodservice again returned pleasing results, driven by growth of its 'free trade' street business. Exit from low-margin business helped protect margins. Fresh recorded strong growth, some on the back of recent acquisitions. There are now seven businesses in the Fresh portfolio, which will be expanded nationally. Newly launched Meat operations made exciting progress. Logistics' volumes fell on the planned exit from a low-margin account and will continue to do so.

Bidvest New Zealand's results were excellent. Foodservice performed well. Fresh continues to do well, though growth has moderated. Processing of Produce and Meat made good progress. Retail suffered a setback after several months of improvement. Focused attention is being applied.

United Kingdom

Bidvest 3663 exceeded expectations. Strong focus on customer profitability was maintained. Costs were rigorously controlled. The infrastructure enhancement programme remains on track. A new, South Wales depot was opened. Logistics showed continued growth. Recently acquired PCL was fully integrated into our Logistics network. Bidvest Fresh UK achieved pleasing results, buoyed by good contributions from Seafood and Oliver Kay. Seafood acquired McKenna Fish Sales, Dublin, in November 2014 and will focus on expanding Produce and Meat.

Europe

Deli XL Netherlands performed in line with expectations, though changes to the customer mix contributed to margin pressure. Institutional channels faced challenges. Catering and hospitality volumes rose. Bidvest Belgium profitability fell slightly on lower sales and margins. Bidvest Czech Republic and Slovakia exceeded expectations. Acquisition of Tekoo Group boosted our Produce range. Farutex Poland performed well, with strong sales in the independent and wholesale channels. A solid performance at Bidvest Baltics was bolstered by a growing Foodservice contribution. DAC Italy met expectations. Higher street market sales drove strong frozen food growth. New frozen capacity is being introduced and a new depot in Rome is being opened. Bidvest Spain faced challenges in a highly competitive market.

Emerging markets

Bidvest Food Southern Africa performed ahead of expectations, buoyed by a pleasing Foodservice contribution. The Foodservice portfolio now comprises 13 multi-temp businesses and one dry business in South Africa and a multi-temp operation in Botswana. Bidvest Food Ingredients achieved good volume growth, mainly in general foods. At Bidvest Bakery Solutions, the craft and retail channels did well. Patleys recorded pleasing sales growth. Bidvest Food Exports opened a Malawi branch in addition to its Zambian outlet.

Angliss Greater China achieved strong sales growth, though Hong Kong operations were affected by ‘Occupy Central’ protests. The China businesses did well. Further expansion into Fish and Meat processing and chocolate manufacture in Hong Kong took place.

Bidvest Procurement Company, based in Hong Kong and Shanghai, achieved strong sales thanks to a buoyant second quarter. The range of products and suppliers continues to expand.

Bidvest Chile delivered pleasing organic sales growth, despite a struggling economy. After our acquisition of Comon, we are now the second largest player in the highly fragmented Chilean market.

Bidvest Brazil delivered performance somewhat below expectation due to poor economic conditions. Efforts to grow market share are underway. Further acquisitions are being investigated.

Bidvest Middle East’s Horeca Trade (UAE) failed to reach targets as hotel occupancies fell. Conditions at Cherrypik, the UAE retail business, remain difficult. The Al Diyafa JV in Saudi Arabia was impacted by falling second-quarter sales after the loss of a key agency. Russian tourist cancellations depressed sales at Aktaes Holdings, Turkey.

Bidvest Namibia

Disappointing results were recorded, with trading profit down 20,9% to R172,5 million (2013: R218,2 million). Turnover rose 11,2% to R2,1 billion (2013: R1,8 billion). Bidfish was again impacted by lower horse-mackerel quotas and remains at odds with the regulator. Namsea felt the effects of slower canned pilchards demand. Angolan volumes disappointed. Namsov vessels performed well. This business has entered a new joint venture with three partners. Food and Distribution profits fell significantly. Trade restrictions severely impacted the poultry business. Freight and Logistics performed exceptionally. Performance was mixed at Commercial and Industrial Services.

Bidvest Corporate

Bidvest Properties continued the development and refurbishment of premises for divisional operations, with a strong focus on automotive. Ontime Automotive UK made a small loss, but won the Bentley European shuttle and storage contract. Following restructuring, Technical Services is expected to make a small profit. Results at The Mansfield Group were disappointing. Bidvest continues to invest in the local and international promotion of the Bidvest brand.

ISSUED ON BEHALF OF:	THE BIDVEST GROUP LIMITED
BY:	APRIO STRATEGIC COMMUNICATIONS
BIDVEST CONTACTS:	**Brian Joffe** (Chief Executive) Tel: (011) 772-8704 **David Cleasby** (Financial Director) Tel: (011) 772-8706 Mobile: 083 228 1810
CONSULTANCY CONTACT:	**Julian Gwillim** Mobile: 082 452 4389 Tel: (011) 880 0037