Bidvest's Half-Year Results Show 10,1% Rise in Headline Earnings per Share

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Bidvest's headline earnings per share rise 10,1% for half-year to December 2007.

Operating profit up 17,9% while revenue rises 12,6% to R53,9 billion.

HIGHLIGHTS

- 9,3% of revenue growth attributable to organic growth
- Performance of Angliss - acquired May 2007 - exceeds expectations
- Viamax contribution incorporated into Group's results from July 2007
- The Group trading margin improved to 4,6% from 4,4%
- Rand weakness proved mildly positive on the translation of offshore earnings
- Cash flows and balance sheet remain strong
- Distribution of 220,0 cents per share to be paid

OVERVIEW

Bidvest CE Brian Joffe today announced "satisfactory operating results" for the half year to December 31 2007. Headline earnings per share rose 10,1% to 498,1 cents. Operating profit grew 17,9% to R2,5 billion off revenue of R53,9 billion, a rise of 12,6%.

Revenue was largely driven by organic growth, which contributed 9,3% of the increase.

Joffe noted excellent contributions from international operations, particularly Australia and Deli XL Netherlands while the newly acquired Angliss businesses of Singapore and Hong Kong performed well. Strong trading results were also achieved by South African businesses, though underperformance was evident at Bid Auto and Bid Industrial & Commercial Products. Bidserv and Bidfreight did well. Group trading margin was slightly improved at 4,6% (2006: 4,4%).

Joffe added: "The effects on Bid Auto of the automotive industry slowdown are pronounced as the rest of the Group, excluding Bid Auto, grew headline earnings per share by 20,0%." Bid Auto was affected by a slow down in vehicle sales due to high interest rates and National Credit Act implementation.

Net interest paid to funders was up R220,5 million, reflecting the higher interest rate environment in the geographies in which the Group operates as well as higher funding costs following the acquisitions of Angliss Asia (May 2007) and Viamax (July 2007).

Associate earnings reflect the improved performances of Enviroserv Limited and Tiger Automotive Limited and first time returns on the Group's Comair Limited investment.

Rand weakness was mildly positive for the translation of offshore earnings. The rand traded at an average of R14,14 against sterling (2006: R13,75).

Cash flows and the Bidvest balance sheet remain strong, though seasonal working capital absorption and investments into capital expansions and acquisitions utilised funds. Interest cover at 5,5 times remains satisfactory. Cash invested into acquisitions utilised R1,0 billion. Net additions to property, plant and equipment absorbed R1,4 billion largely as a result of existing commitments already contracted for at June 2007.

Funds employed increased substantially as the businesses invested for medium term growth. Incremental returns on this investment will impact positively on future growth.

In May 2007, Bidvest bought 100% of Angliss Singapore, Angliss Hong Kong and Angliss China in a US$80 million equity transaction funded by debt raised in Australia. Angliss contributed R46,0 million operating profit to Group results and is exceeding managements' expectations.

The Viamax fleet management and leasing business was incorporated into Bid Auto's results from July 2007, contributing R98,0 million operating profit. Viamax operations have been integrated into McCarthy Fleet Services.

PROSPECTS

Internationally our foodservice businesses continue to trade well. Acquisition opportunities continue to be sought across all geographies in order to extend and grow our international foodservice footprint. Angliss Asia holds much promise as it operates in high growth economies with ample opportunity for expansion in the surrounding regions. Approximately 30% of the Group's earnings are derived internationally and should rand weakness persist this will provide a positive hedge in the translation of the results of our international businesses.

Locally our businesses, other than Bid Auto, are confident that the momentum achieved in the first half will continue into the next period. Economic conditions are challenging, yet manageable. A prolonged high interest rate cycle and sustained electricity supply constraints will have some negative impact on most businesses. The tightened credit conditions and higher inflation climate will present acquisition opportunities allowing our businesses to take advantage thereof. Management has placed an intense focus on the improvement in returns on funds employed in all divisions.

Joffe said the 2005 strategic objective of doubling the size of Bidvest in five years remains on track. Management forecasts for the rest of the financial year remain positive. Earnings growth in the second half of the financial year is expected to be at a higher rate than that achieved in the first half.

DISTRIBUTION

Bidvest intends to make an interim cash distribution by way of a pro rata share buy back. The implementation will be effected by way of a scheme of arrangement for the repurchase of 1,82% of every members' shareholding in Bidvest at a price of R121,00 per share being a premium of 15,3% over the last 30 days weighted average share price of Bidvest. The payment will equate to an effective distribution of 220,0 cents per share (2006: 198,0 cents).

DIVISIONAL REVIEW

Bidfreight's R330,9 million operating profit was 18,6% up on a 10,7% increase in revenue to R10,6 billion. Island View Storage achieved satisfactory operating profit despite lower capacity following the fire at its Durban operation. A weaker rand and higher interest rates were beneficial for Safcor Panalpina's billings, though margins declined. Operating profit at SACD Freight was somewhat above expectations, with all branches at full capacity. South African Bulk Terminals performed strongly, with volumes up 38%. SABT's six new silos are nearing completion. Bidfreight Port Operations was another strong performer, benefiting from increased demand for general cargo warehousing, resurgent steel exports, higher throughput of ferrochrome exports and increased stevedoring. Rennies Distribution Services faced a challenging six months, but Bulk Connections achieved pleasing growth following facility upgrades. The Marine division also had a good half year. High demand for Bidfreight's port-based services is expected to continue.

Bidserv's first-half operating profits rose 27,8% to R390,5 million. Revenue of R3,1 billion was 18,6% up. The Security Group turned last year's loss into solid profit in an improved industrial relations climate. Bid Travel returned good results, though cost control is a concern. TMS Group produced excellent results with further momentum assured by new contract gains. The Steiner Group was bolstered by excellent results at Steiner Hygiene while the Prestige performance was credible given wage pressures. The Laundry division's result is pleasing and Industrial Products continued its run of pleasing results. Operating profit in Office automation was well up, with Océ staging a pleasing recovery. Global Payment Technologies achieved reasonable results while Bidvest Bank achieved excellent growth in operating profit. The Master Currency acquisition has bedded down well. Bid Air benefited from rising airport traffic while Top Turf achieved record results. Hotel Amenities Supplies also reported an exceptional six months. mymarket.com and Group procurement returned pleasing results while delivering Bidvest-wide efficiencies.

Bidvest Europe achieved revenue growth of 6,6% to R16,0 billion while operating profit rose 20,3% to R410,4 million. 3663 First for Foodservice returned a solid operating profit and strong cash flows were generated, though sales were slightly below expectation. Multi temp exceeded budgeted sales, offsetting lower Logistics volumes. Cost control was stringent at all businesses, with efficiencies particularly evident in Wholesale following reorganisation into a single entity. Prospects for the rest of the year were enhanced by national account gains while national account margins strengthened. Replacement of the IT system continues. Deli XL Netherlands entrenched recent gains, though the institutional market remains under pressure. The contract to supply Starbucks' first operation in the Netherlands has been won. Hospitality continues to achieve real growth and acquisitive opportunities are under consideration. Deli XL Belgium more than doubled its operating profit. Good progress was made with the integration of Kruidenier. Dubai-based Horeca Trade achieved an improved second quarter performance ensuring a reasonable first half. Management are confident of producing strong full year results within the context of the broader European economy.

Bidvest Asia Pacific achieved revenue growth of 59,2% to R6,6 billion while operating profit rose 60,5% to R251,3 million. Bidvest Australia registered another excellent performance with operating profit up by more than 23,3% to A$27,0 million. Revenue was up 16.3%, driven by small acquisitions, organic growth and price inflation. A particularly strong sales performance was achieved in the core wholesale business. The overall trading margin reached a record 3,8% and the business is well positioned to maintain momentum. Bidvest New Zealand increased operating profit by 20,0% to NZ$8,8 million. Revenue rose by 18,3%. The trading margin was a highly satisfactory 4,7%. Growth of the business occurs at a time when many foodservice customers are experiencing lower year-on-year sales. Success is attributable to continued growth of the customer-base and diversification into new product categories.

Angliss Singapore achieved revenue of S$150,6 million and operating profit of S$5,7 million. The foodservice, wholesale and export divisions are the principal contributors to the volumes. Management are exploring growth in regional areas. Angliss Hong Kong achieved operating profit of HK$26,3 million off revenue of HK$681,2 million. This pleasing performance puts the business into a sound position from which to pursue additional growth on the run-in to the 2008 Beijing Olympics.

Bidfood business units delivered a satisfactory performance overall, growing revenue by 15,0% to R2,2 billion and operating profit by 24,5% to R191,3 million. Caterplus and Speciality achieved a 28,5% increase in operating profit to R115,5 million on revenue of R1,5 billion, up 28,5%. In Caterplus, whilst food inflation benefited top-line growth, the strategy of growing the basket of goods to each customer continues to ensure we deliver growth in our market share and operating profit. Despite the environment becoming increasingly challenging, strong cash flows were maintained and managements' focus on the opportunities, service levels, asset management and alleviating capacity constraints will ensure ongoing growth. Despite concerns about falling consumer spending, Speciality put in a strong performance achieving record sales, with Gauteng region making particularly impressive gains. Bid Food Ingredients continued to derive benefit from last year's reorganisation. Revenue increased 7,1%% to R716,6 million while operating profit rose 18,8% to R75,8 million. The Crown National Group was a major contributor, benefiting from investment in human capital and modern facilities. Chipkins Bakery Supplies maintained their recently improved performance. The bakery ingredients factory remains a focus area for management.

Bid Industrial & Commercial Products grew revenue by 9,4% to R4,7 billion, but operating profit was flat at R336,8 million. Despite strong volume growth, electrical wholesaling margins were impacted by weak copper prices in the latter part of the period and the firmer rand against the US dollar was negative for Kolok. Higher interest rates affected sales at many business units. Electrical Wholesale grew revenue by 12,1% though operating profit was flat as trading challenges sharpened. Activity levels across most construction sectors remained buoyant, but there are indications of cash flow stress among contractors.The major portion of the divisions debt is insured. The electricity crisis creates opportunities in the area of alternate power sources, but is negative for many industrial and mining sector customers. The Stationery and Furniture performance was satisfactory, although operating profit was flat. The flagship Walton's brand achieved gains in both revenue and operating profit. New retail branches and a distribution hub are performing well. A 'soft' market and reduced margins were detrimental for Kolok. Furniture benefited from strong demand, delivering good trading results. Afcom GE Hudson put in a steady performance and Buffalo Executape grew sales.

At Bidpaper Plus operating profit rose 10,3% to R126,6 million. Revenue of R1,0 billion was up by 4,6%. The business entrenched its leadership in print and paper conversion while achieving a growing presence in the labels and packaging industry. The profile in this sector will be further strengthened by the acquisition of Rotolabel. The strategy of re-establishing Silveray Statmark as the leading producer and distributor of stationery gained momentum. Mixed results were obtained with the effort to grow electronic alternatives to traditional print products, though electronic mail performed strongly. The revitalised Croxley brand made important gains, but Ozalid faced margin pressure. Lufil's integration into the division is now complete.

Bid Auto's revenue was lower than anticipated, rising from R9,6 billion to R10,0 billion. Operating profit was up 0,8% at R357,8 million. Excluding the effect of the acquisition of Viamax, operating profit fell by 26,8% to R259,7 million. The prevailing higher interest rates during the period under review, as well as the stricter lending criteria, adversely affected motor retail activity and demand for ancillary products. In

December 2007 South African vehicle sales hit the lowest monthly level in five years and Bid Auto's new and used vehicle volumes also fell significantly below budget. However, revenue from parts and servicing was in line with expectations. The larger McCarthy franchises performed well in a very difficult environment, however the smaller motor franchises recorded disappointing results. The recently acquired Viamax fleet management and leasing business performed above expectations. Viamax has been integrated successfully into McCarthy Fleet Services. Financial Services was impacted by falling vehicle sales and its inability to sell term products following the introduction of the National Credit Act, allied to both lower premium and investment income. Budget Rent a Car and van rental performed satisfactorily in a tough climate although returns were negatively impacted by lower fleet utilisation. The new import and distribution business and Yamaha registered disappointing results, although the start-up Heavy Equipment performed well ahead of budget, recording a small profit. McCarthy Value Centres were affected by the delayed introduction of the Chinese imports and intense competition resulting in lower than expected sales. An import and distribution agreement with Chery Automobile Company, China's largest domestic car brand sets the scene for the launch of Chery passenger cars by financial year-end. Bid Auto continues to create jobs, with 954 new staff joining McCarthy. Technical and non-technical training is being stepped up. In an increasingly challenging trading environment, non-performing operations, expense savings and working capital management are receiving priority. The environment for Bid Auto is anticipated to remain challenging in the short-term.

Within Corporate, Namsov Fishing Enterprises experienced difficult trading conditions, impacted by poor winter conditions and lower than expected catch rates. The Namibia listing of Bidvest Namibia has been delayed until the third quarter of calendar 2008. UK-based Ontime Automotive underperformed as it was unable to achieve improved contract returns in the national car delivery business and therefore exited the major part of this segment. Pleasing performances were achieved in the Specialist and Prestige distribution divisions. Bid Property Holdings continues with the development of a high-quality portfolio of strategic operational properties within the Group, albeit at a slower pace.

Issued on behalf of: The Bidvest Group Limited
By: Clear Distinction Communications

Bidvest Contacts:
Brian Joffe (CE)
Tel: (011) 7728704

David Cleasby (FD)
Tel: (011) 772 8706
Mobile: (083) 228 1810

Consultancy Contact:
Carol Dundas
Tel: (011) 444 0650
Mobile (083) 447 6648

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