

Bidvest

BIDVEST GROUP LIMITED

RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2025

“Bidvest has posted a resilient result achieved through margin gains, tight cost control and excellent cash generation”

Mpumi Madisa, Chief executive

Salient features for the six months ended 31 December 2025

- R66.7 billion revenue, +4%
- Trading profit to R6.7 billion, +7%
- Trading profit margin of 10.1%, +31bps
- R6.1 billion cash generated by operations, +36%
- Free cash two billion rand higher to R3.8 billion
- Normalised HEPS 1 065.3, +5%
- HEPS 989.4 cents, +5%
- Interim dividend of 495 cents, +5%

Bidvest Bank and Bidvest Life continue to be reported as Discontinued Operations. Financial metrics refer to continuing operations unless specifically stated otherwise.

Johannesburg, 2 March 2026: Leading services, trading and distribution Group, Bidvest, has delivered a commendable and resilient half year result in a very competitive operating environment.

For the half year ended 31 December 2025, revenue growth, strong gross margin expansion and disciplined cost control resulted in a 6.9% increase in trading profit to R6.7 billion and a trading margin uplift to 10.1%.

Bidvest Chief executive, Mpumi Madisa, said, “All divisions contributed positively to profit growth. Group cash flow generation was excellent with free cash almost two billion rand more than the same period last year, delivering on our stated commitment to increase free cash generation”.

The Group declared an interim dividend of 495 cents per share, 5.3% higher year on year.

Continuing operations’ headline earnings per share (HEPS) and Normalised HEPS¹, a measurement used by management to assess the underlying business performance, grew by 5.1% and 5.3%, respectively.

Group revenue grew 3.7% to R66.7 billion (1H FY2025: R64.4 billion). The gross profit margin improved by 43 bps to 28.1%. Four divisions and Adcock Ingram (Adcock) improved their GP margin through operating leverage and/or positive business mix.

Overall expenses, +3.4%, were well controlled across the divisions. On a like-for-like basis, operating expenses were only marginally up.

The improved cash conversion ratio of 69.8% supported R3.8 billion in free cash delivered in the six months. This was a combination of more cash generated by operations, lower net working capital investment and broadly stable capex spend. The elevated focus on cash generation is key to achieving Bidvest's objective of deleveraging the balance sheet and creating economic value.

A new USD500 million seven-year bond was raised in September 2025, enabling the Group to address upcoming debt maturities and extend tenor at tighter spreads. The debt mix has been fine-tuned to optimise the risk adjusted cost of debt while maintaining an overweight variable profile to benefit from additional expected rate cuts.

Annualising capital investment in the business ran ahead of the rolling twelve-month increase in profitability, resulting in a ROFE of 37.6% (1H FY2025: 37.9%) and ROIC of 13.4% (1H FY2025: 14.4%).

The pressure on returns is expected to ease in the second half due to limited M&A activity, and even stronger free cash generation. ROIC remains above the Group's weighted average cost of capital.

In Services South Africa and Services International, excellent results in hygiene, hospitality and testing, inspection and compliance services, together with very strong cost control, more than neutralised contract margin and rescoping pressures to deliver trading profit growth of 10.0% and 8.3%, respectively. Commercial Products and Branded Products navigated muted and price-sensitive demand well by focusing on positive revenue mix, product portfolio management, factory efficiencies and tight cost control to deliver healthy trading profit increases of 9.7% and 5.4%, respectively. Positive operating leverage in the bulk commodity terminal operations supported the 6.9% increase in Freight trading profit. Automotive held its own, delivering a 1.8% increase in trading profit despite record low vehicle gross margins across the industry. Adcock's trading profit (+20.1%) recovered off the depressed base given a better sales mix, volume growth and a rebound in factory recoveries.

Madisa commented, "Our strategy of building the largest international hygiene business is gaining traction, with the hygiene services operations now contributing 55% of Services International trading profit".

Cash generated by operations after working capital increased by an excellent 35.5% to R6.1 billion. The resultant cash conversion ratio improved from 44.8% to 69.8%.

Group basic earnings per share (EPS) increased from 1 016.1 cents to 1 020.3 cents, or 0.4%, the result of 3.1% growth in continuing operations' EPS and a decrease in profit after tax from discontinued operations. Group HEPS increased by 2.2% to 1 038.2 cents. Group normalised HEPS, which excludes acquisition costs, amortisation of acquired customer contracts and the derecognition of depreciation and amortisation in the discontinued operations, grew by 2.7% to 1 086.1 cents.

Two bolt-on acquisitions were concluded: Aquatico, an environmental monitoring and testing laboratory business, adds scale to the recently formed testing, inspection and compliance cluster in Services South Africa; and Cleanbio, a small hygiene services operator in Singapore, will be integrated into Rental Hygiene Services.

The disposal of Bidvest Life is subject to customary regulatory approvals, which are currently being pursued. Unfortunately, the Bidvest Bank disposal transaction was terminated as a result of Access Bank Plc not securing the required approvals prior to the long stop date. Madisa said, "The sale process has been relaunched, and we remain confident in our ability to successfully execute this disposal and will accelerate transaction timeframes".

Prospects

Bidvest's key priorities remain improved organic growth, stronger cash generation to drive deleveraging while simultaneously improving returns.

Madisa added, "Our near-term focus is on ensuring that our portfolio of businesses deliver on their growth potential and generate strong operational cash flow. Free cash flow will primarily be used to reduce gross debt and build capacity to support medium- and long-term growth aspirations".

Organic growth will be supported by continued demand for hygiene services, hospitality services and strong inbound travel volumes. The testing, inspection and compliance services operations have more than doubled in size, providing a larger platform for continued growth. Improved performance is expected from the expanded automotive brand representation and used vehicle market operations. Synergies from the delisted Adcock will be explored. Delivery of large power related contracts has already gained momentum. Margin pressure from restructured and renewed contracts as well as price deflation will remain headwinds but new contract mobilisations and the annualisation of acquired businesses will boost growth.

No material M&A is planned while we are deleveraging, and growth capex will be concentrated in Freight. Engagement with regards to private sector participation in South African ports is progressing well, with finalisation of key contracts on the horizon.

Our macroeconomic view is that in South Africa, there is reason for optimism. Interest rates are at their lowest in more than two decades, inflation is declining and will remain modest given the newly adopted SARB target of 3.0%. The 2026 economic growth forecasts have been revised upwards, our sovereign credit was upgraded, and high commodity prices are a welcome tailwind. Structurally, there is also no doubt that progress continues to be made in electricity and rail reforms while the removal of South Africa from the FATF grey list opens the door for investment flows.

Whilst economic activity is expected to remain muted in the Group's international territories, structural demand drivers such as urbanisation, and rising health and wellness awareness, remain intact and supportive of growth over the medium- to long-term. Lacklustre economic demand will be countered with margin management, cost efficiency and enhanced sales strategies and capacity.

Madisa concluded, "Our international operations now have the requisite scale to optimise buying synergies whilst sharing innovation, technology and AI best practice to drive performance. Our focus across the Group will remain on what we can control, operational agility, innovation and free cash generation to deliver sustainable value to all stakeholders".

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