# Conference Call Transcript

31 August 2026

**ANNUAL RESULTS PRESENTATION**

**Operator**
Good day, ladies and gentlemen, and welcome to the Bidvest annual results presentation. All attendees will be in a listen-only mode. There will be an opportunity to ask questions when prompted. If you should need assistance during the call, please signal an operator by keying in * and then 0. Please note that this event is being recorded. I will now hand over to the Corporate Affairs Executive, Ilze Roux. Please go ahead ma'am.

**Ilze Roux**
Thank you, Judith. Good afternoon everyone and good morning to my colleagues towards the west of us. My name is Ilze Roux, the Corporate Affairs Executive, and I have the pleasure of welcoming you on the call today. Thank you for your interest in Bidvest. I understand it's a busy time for everyone in the market. These results are underpinned by excellent cash generation and show delivery against our communicated priorities. We would love to share them with you today.

As is customary, Mpumi Madisa, Group CEO, will make some high-level remarks before Mark Steyn, Group CFO, delves deeper into the numbers. Mpumi will then follow with a detailed review of each division's performance and close with some outlook and priority comments. There will be an opportunity to ask some questions at the end of the session. But before I hand over to Mpumi, the Bidvest Chair, Mr Bonang Mohale, would like to say a few words.

**Bonang Mohale**
Good day, colleagues. And may I kindly add my appreciation to all of you for joining this results conversation this afternoon. This time of year is always very important and exciting for Bidvest as we get to share our hard work, our significant efforts and input over the course of this year. But we also take this opportunity to share our future prospects and the many and varied external factors currently at play in the world today.

Once again, the team, as always, has delivered a strong performance. It is very pleasing to see that this performance reflects this management team's startling clarity, power and purpose, clear delivery against our FY 2026 commitments. The simple and clear strategy implemented over recent years is working well and in unison to continue to deliver value.

I remain in awe on how Ms Nompumelelo and her leadership team continually demonstrate agility, resilience in repositioning our business for success especially in response to the most difficult, dynamic and often confusing world around us today, always advancing Bidvest's attractive prospects. I thank every single solitary one of you for making time in your busy schedule to join us for this important conversation. I now hand over to my boss, Ms Nompumelelo.

**Mpumi Madisa**
Thank you very much, Chair. Thank you to my boss. Good morning and good afternoon, everyone. Thank you very much for joining us today. And thank you, Ilze, for the introduction. We're proud today to present a solid set of results for the 2026 financial year. Over the past years, we've invested substantially in growth platforms both locally and internationally. We expanded our international footprint, particularly in hygiene services. We focused on diversifying our automotive portfolio and also amplified our government engagement to secure extended tenure for our terminal operations. This reporting period demonstrates that these investments are now contributing meaningfully to profit growth, margin uplift, and earnings delivery.

We delivered R13 billion trading profit, up 8.4%, and this compares to a relatively flat profit growth in the prior year. Our trading margin reflects a step up in the quality of earnings, rising to 10% from 9.5% in the previous year. Continuing headline earnings per share has advanced from a 3.2% contraction last year to a 6% increase in the period. And in line with our dividend policy of 2x to 2.5x cover, the group declared a final dividend of 483 cents per share, up 6.6% on the prior year.

Moving to the next slide, 12 months ago, we told shareholders our priorities were clear, improving organic growth, strengthening cash generation, reducing leverage, and rebuilding returns. The results demonstrate meaningful delivery against these commitments. I've already referenced the trading profit performance, but what makes this result particularly pleasing is not only the level of growth achieved, but its quality.

Growth was broad-based across the portfolio, with every operating division increasing trading profit, demonstrating both the resilience of the bid-risk model and the benefits of our diversified strategy. Our most important feature of the result is definitely cash. Cash generated by operations of the working capital was strong, increasing 17% to R17.2 billion. Free cash flow at R12.5 billion was outstanding, up 27%, and cash conversion improved to 109% from 95% in the prior year. As promised, we used the free cash to pay down debt, reducing our leverage from 2.2x to 1.9x. Our gross debt is down R3.9 billion, and net debt down R4 billion.

The focus on rebuilding returns remains a key priority. ROFE is moving in the right direction, increasing to 38.6%, and ROIC remains unchanged from half year, at 13.4%. We remain focused on driving our full invested capital return back to the 14% range.

Moving to the next slide, there are a number of advancements that we've made as we focus on executing our strategy. The acquisition of Citron UK and North America was key in advancing our international hygiene strategy. Citron UK has now been fully integrated into PHS, and the expected synergies have been realised. This integration is a game changer for PHS. Our North American Citron operations have finalised the cell structure and optimisation and have expanded our branch network into New York in the United States and Winnipeg in Canada.

I'm extremely happy to report that we finalised the renewal of our 25-year bulk liquid terminal operator licence and lease in the Durban port. This is a major achievement for the freight division, setting our annuity bulk liquid operations up for another strong 25-year growth cycle. Two more terminal operator agreements are under negotiation and we hope to finalise these soon.

The disposal process for Bidvest Bank remains underway. Negotiations are active, and as previously communicated, the proceeds will be used to reduce debt. Given the current negotiations, we will refrain from providing too much detail on the bank's sale and so I request that you keep this in mind when it comes to the Q&A.

Our people focus remains and this year our focus on succession planning was amplified. We made progress in achieving most of our sustainability targets and for the first time 10% of the group's energy requirements come from renewable energy sources. Another key highlight this year is the roll-out of our medical insurance benefit through Kaelo Health to just under 14,000 employees and their beneficiaries. Through this health benefit, we're bringing more employees into the private healthcare system in South Africa and changing people's lives.

Lastly, technology deployment and innovation also ramped up in the year with the number of AI-driven initiatives implemented across the group. Given the nature of our operations, a seamless integration of technology and AI into our labour-intensive portfolios is key. At this point, I'd like to hand over to Mark for the financial overview.

**Mark Steyn**
Thank you, Mpumi, and good morning, good afternoon, everyone. This has been a year of delivery. We set specific objectives which saw M&A austerity coupled with targeted deleveraging and improved organic returns. It's pleasing to see these all come through. The standout clearly are the cash metrics which exceeded expectations. This creates further capacity and flexibility going into FY27. While we came out of the first half with a lot of positive momentum as a business of South Africa and more broadly, events worldwide have certainly shifted.

The second half has proved to be a more difficult business environment and yet despite that, the group outperformed. Trading profit growth moved from 6.9% in half year to 8.4% for the year. This is a 9.9% growth for the second half and this was done while releasing working capital and materially strengthening the balance sheet.

From an earnings perspective, top-line growth was harder to come by in the second half but gross margins were improved, expense control was strong and trading margins improved by 50 bps. Specifically on the cash generation, the second half release was particularly good. Overall cash conversion was 109% and free cash flow is up 27% to R12.5 billion which is exceptional.

Strategically, it's been a good year too and I've promised much work has been done in our funding structures. This is evidenced in our net debt reducing by R4 billion, the debt maturity profile extending and our average debt cost holding. This was particularly pleasing given the transition from the old Eurobond to the new one and the step up in borrowing cost that this brought.

We've also reduced our net debt to EBITDA to 1.9x, now targeting lower still in FY27. There were no acquisitions completed in the second half. As I mentioned, the disposal of the bank continues, there's a new process which has commenced and is progressing. An SBA has been signed for Bidvest Life which has been concluded and we await the final SARB regulatory approval. These two entities continue to be disclosed as discontinued operations.

There are two subsequent events to highlight, the first being the sale of 13.25% of Adcock Ingram together with a portion of our investment in associate which was completed just after year-end and brought in proceeds of R1.8 billion. These will be used to repay a portion of our old Eurobond and we retain a 51% majority control in Adcock. The second is that we've added an additional £20 million pounds working capital facility in the UK.

With this as a backdrop, let's have a look at the more detailed results. From a revenue perspective, revenue up 2.9% to R130.3 billion supported by a pleasing improvements in the organic growth of 1.5% versus a contraction last year. The improved revenue was led by growth in automotive underpinned by higher retail volumes and in commercial products with a strong turnaround in the electrical cluster, improved renewable energy sales and continued plumbing growth.

Acquisitions contributed 1.4% mainly in the Services International and Services South Africa divisions. We'll unpack the divisional results though later in a bit more detail. In terms of our gross profit, gross profit up 5.2%, with 61% improvement in the margin to 28.3%. Margins were well managed across the divisions but strongly up in freight due to higher terminal volumes and lower CNF revenues. Service International margins benefited from stronger from a stronger hygiene contribution. And the automotive margin was under pressure, but this is industry wide.

Our expense performance was very pleasing. Operating expenses up 3.8% with an organic expense increase of just 2.9%. In certain of the services businesses, wage inflation continues to exceed CPI which is impacting margins. A number of the businesses though did benefit from completed restructuring processes in the first half. Overall expense ratio remains similar to last year at 18.7% and the overall the expense performance has been very pleasing. In terms of trading profit, as Mpumi mentioned, trading profit up 8.4% to R13.1 billion with organic growth at 5%. The turnaround in the organic growth is very, very pleasing.

Commercial Products produced an excellent result. Freight and Adcock were very pleasing, closing with very strong quarter four results. Services SA was impressive supported by an expanded TIC business and inbound travel through the lounges. Branded Products and Automotive did well given the constrained consumer environment and margin pressures and Services International was also pleasing with strong hygiene results or setting a weaker FM contribution and forex translation impacts.

Our overall effective tax rate at 25.4% is broadly representative of our geographic mix and the growth in the tax expense is due to the prior year release of prescribed taxes of about R215 million. Our acquisition costs are significantly down due to the lower M&A activity and those costs that were incurred primarily relate to the Adcock delisting and the Aquatico acquisition. Our HEPs is up 6% on a continuing basis which is a very pleasing turnaround. Our group EPS is up 1.3% impacted by impairments in Bidvest Bank and associate investments.

Moving now to our cash generation. Cash flow for the year has been exceptional. The underlying cash generated by operations before working capital is up 7.2% to R17 billion. We've released with R0.2 billion in working capital which was R1.4 billion in the outflow in the prior year. In terms of the mix, inventory has come down nicely particularly in Commercial Products and Branded Products. Debtors growth is aligned to our revenue and creditors growth reflects a more normalised inventory cycle.

Our cash generation after working capital is up 16.9% to R17.2 billion and our cash conversion, as Mpumi mentioned earlier, is at 109%, nicely up from 95% last year. The bulk of our cash generation has been applied to debt repayment and normal capex with limited M&A investment in the year. In terms of our cash generation graph, you can see the second half reflects the seasonal cash inflow which is consistent with our normal working capital cycle. It is pleasing though to reach a neutral cash working capital position for the year. This is something we've been targeting for quite a while. Our operating cash generation remains very strong.

Moving now to the next slide in our balance sheet, our debt reduction program which we signalled last year is progressing nicely. Our free cash flow is up to R12.4 billion, which is exceptional. And this has enabled us to reduce our overall leverage ratio by 0.3x to 1.9x. Our operational leverage was better than expected particularly in quarter four.

Our net debt has been reduced by R4 billion. We anticipate being able to further reduce our gearing in FY27 with the capital proceeds from the Adcock and Bidvest Bank monetisation. We will settle the remaining old Eurobond of $186 million, about R3 billion, in September this year from R2 billion in available cash and R1 billion from our RCF funding line. Our current available funding for the group is €545 million offshore and R10 billion domestically. On the right you can see the impact of the slowing M&A on the reduction of our net debt as well as the related net debt to EBITDA ratio.

If we turn now to the work we've done on our debt maturity and our interest costs, a lot of work has gone into both the debt maturity and cost mix. We materially shifted out the overall maturity profile with the addition of the longer dated seven year Eurobond together with new five and seven year domestic bonds and these were all added at tighter spreads. We have repaid more expensive debt, mainly the older preference shares of R2.1 billion to improve the debt cost mix. Our weighted average cost of debt has stabilised at 6.3%, which is just 10 bps higher than the 6.2% from last year. This is very pleasing given that the new Eurobond interest rate of 6.2% is materially higher than the 3.625% of the outgoing Eurobond. Our expectation for the FY26 year was that we would end at 6.7%.

We remain overweight on variable rate debt at 60%. Our overall interest cost if we exclude the impact of IFRS 16 and the hedge accounting adjustments is up just 4.3%. Our net debt to EBITDA at 1.9x remains comfortably within our covenant of 3x and obviously we're targeting to reduce this further into FY27. Our EBITDA interest covered 6.1x is comfortably in excess of the covenant of 3.5x and we continue to add new and cheaper funding sources into the mix.

If we now move to look at returns, we remain very cognisant of return levels and managing these over time in alignment with our M&A and capex investments. This year, the focus has been on driving organic trading profit growth and this will continue into FY27. We have clear plans for the previously completed M&A and capex to drive up the returns over the medium term with specific targets per business, and we track this actively with more work to do in the coming year.

The graph alongside shows how we've maintained ROFE returns through the build-up of capital investments over 2023 to 2025, with ROFE now growing into 2026. As previously communicated, we're not targeting any material M&A in 2027.

Our objective continues to be building and growing businesses for long-term value. We have return metrics which are appropriate for each business acquired or capex completed with a glide path to meet these targets which we set at inception. We balance these growth objectives with appropriately aligned sustainability targets so that the growth is multidimensional.

Moving lastly now to our capital recycling, the disposal process of our Financial Services division is making steady progress. We have signed the SBA for business life and have received Comp Com go-ahead. We are now waiting for the final SARB regulatory approval.

The disposal of Bidvest Bank continues with the new process underway. From an operational perspective, Bidvest Bank experienced some top-line pressure with slower capital deployment, lower non-interest revenue and further ECL impairments. Expense management though is good, the deposit book remains stable and all regulatory ratios are healthy. Bidvest Life delivered a good outcome.

These two entities have been separately disclosed at discontinued operations as per IFRS 5. In terms of the standard, depreciation and amortisation continue to be suspended as part of this disclosure and this has been adjusted for in our normalised headline earnings. We have also impaired the net asset value of the bank to reflect the FY 2025 closing position.

As always, a few final concluding thoughts. The world we saw six months ago is much changed with volatility in the order of the day, geographically, politically and financially. But this decentralised operating model gives us flexibility to adapt to these shifts and appropriately reposition as required. A stronger balance sheet with lower leverage and more funding capacity creates headroom both for growth as well as resilience. We'll continue to focus on utilising free cash flow to further deleverage and efficient margin management remains core to our DNA. Thank you.

**Mpumi Madisa**
Thank you very much, Mark. And so now we move to the divisional review, starting with Services International. Revenue at R44 billion is up 2%, supported by hygiene pool growth, rental asset expansion, improved price recoveries and the four-year integration of Citron. Top line and margin pressure did come through the facilities management portfolio and this did moderate revenue growth somewhat.

The gross margin expansion in the division is due to a change in mix as the higher margin hygiene operations growth profit contribution increased year on year. Cost control was excellent with expenses increasing only 1% excluding acquisitions. The division delivered R4.4 billion trading profit at 4.3% and the positive mix impact referenced earlier resulted in a trading margin expansion from 9.8% in the prior year to 10% in the period. ROFE at 146% is an excellent return and 100% cash conversion is outstanding.

Turning to the operations, our hygiene businesses sustained their momentum from half year delivering exceptional profit growth. In constant currency, our hygiene businesses across Singapore, South Africa and the UK all grew profitability. Citron UK, as I said earlier, has been successfully integrated into PHS and the synergies that we had expected to realise have come through. Our Citron North America operations increased their south capacity in Canada and the US and two additional branches have been opened.

not sustaining this additional growth investment in branch and self-capacity, Citron delivered in line with business plan and on budget. Our hygiene operations' profits now account for 54% of the division's trading profit. Our facilities management operations contracted slightly due to lost business, contracts restructures, and lower ad hoc revenue. The South African cleaning business maintained its half-year momentum, delivering a standout double-digit profit result. I'd like to congratulate the Services International team for a commendable performance.

Moving to Freight, revenue at R9 billion was up 2% driven by annual rate increases, improved capacity utilisation, and higher bulk grain and mineral volume. This growth was countered by lower international logistics volumes, customer downtrading, and lower commodity volumes in Namibia. The gross margin expanded due to positive mix, reduced lower margin disbursements in clearing and forwarding, and improved efficiencies, while high activity levels in the terminal operations drove up expenses. Freight delivered an exceptional turnaround from prior year, lifting trading profits to R2.3 billion, up 10.3%, and expanding the trading margin to 25.3%. ROFE improved to 42.4% as profit growth outpaced the increase in funds employed. And 94% cash conversion in this division was excellent.

Turning to the operations, bulk grain volumes increased 15% due to higher maize, rice and wheat handled, resulting in a phenomenal profit increase in this terminal operation. The bulk liquid terminal delivered a solid performance driven by annual rate escalations, higher tank rental, and a 10% volume increase. The bulk mineral terminal delivered an excellent profit result off the back of a 6% volume increase, annual rate escalations, and more cargo moving on rail. The multipurpose terminal delivered an outstanding result as volumes increased 29%, driven primarily by increased exports of chrome, manganese, and iron ore. The container operation delivered a significant turnaround in profitability as solar and steel volumes increased.

Additional cargo was also handled, and rental income also improved. The South African clearing and forwarding operation delivered a much improved second half performance. Disruptions in logistics caused by red sea diversions, fuel volatility, and higher costs were partially offset by the strong performance in overland logistics, which was supported by new customers, efficiency improvements, and fleet growth.

Tough trading conditions in our Mozambique and Namibia operations persisted. In Namibia, lower volumes, increased competition, port bottlenecks, limited transport capacity, and softer oil and gas activity impacted profitability. On the other hand, Mozambique delivered a significantly improved result but remained constrained by lower volumes. A R2.5 billion capex has been approved. And at a high level, the list of this capex is as follows.

$1.6 billion has been approved for a second LPG terminal in Richards Bay, and this was the biggest capital allocation. The balance of the capex has been allocated to expanding our grain capacity in Durban Port, adding additional bulk liquid tank capacity in Durban Port, and also increasing warehouse capacity in Namibia. As is customary, we will advise once construction has started, and then closer to commissioning, will provide further information related to returns, payback periods, etc. Overall, I'd like to congratulate the Freight team for an excellent result.

Moving to Services South Africa, revenue at R13.6 billion is up 7.5%, driven by new contract wins, improved recurring income, and strong growth from our newly formed testing, inspection, and compliance cluster. This was further boosted by the acquisition of Aquatico that came into the numbers for nine months. The growth margin was stable, as margin pressure and security and travel services was offset by margin expansion in the TIC and hospitality clusters.

Operating expenses increased 5.8% due to investment in factory capacity, inclusion of expenses from acquisitions, and material increase in fuel costs as a result of the war in the Middle East. Trading profits at R1.6 billion was excellent, increasing 8.3%, and the trading margin increased slightly to 11.5%. ROFE at 101% is slightly down on prior due to increased factory capex and the inclusion of a quality code. Cash conversion at 96% was excellent.

Turning to the operations, the hospitality and catering cluster delivered phenomenal growth, driven by a record performance from the lounges as passenger volumes increased, and the restructuring in catering also improved profitability. The security cluster was slightly down due to pricing pressures, loss of high margin work, higher fuel costs and wage under recovery. Outside of this contraction, excellent performances were reported by the cargo, warehouse management, tracking, and payment technology businesses. The travel cluster struggled as corporate volumes continued to decline, and the fourth quarter was further impacted by lower inbound volumes and lower rebate income due to travel anxiety created by the war in the Middle East.

The allied cluster improved from half year due to strong recurring revenue in the water business and contractual sales in the indoor and outdoor plants businesses. Operational and margin challenges in the laundry and amenities businesses did taper performance in this cluster. And lastly, our TIC services cluster delivered a standout profit result driven by solid revenue growth, record samples processed, and the inclusion of a Aquatico. I'd like to congratulate the services South Africa team for an excellent result.

Moving to Branded Products, revenue at R13 billion was relatively flat, reflecting subdued demand across several markets. The gross margin improved due to positive product mix, production efficiencies, and favourable pricing. Similarly, operating expenses were exceptionally well managed, declining 1.9%, reflecting strong cost discipline, restructure benefits, and operational efficiencies. This margin and expense management translated into a trading profit increase of 5.4% to R1.2 billion and a trading margin expansion from 8.6% to 9.2%. ROFE in this division continues to increase and is now at 38%. And cash conversion was excellent at 105%.

Turning to the operations, the data prints and packaging cluster led with solid performances from the prints and packaging businesses, driven by acquisition synergies. resilient demand, pricing discipline, factory efficiencies, and tight cost management. The office product cluster also delivered a good result, driven by record performance from the furniture business, higher profitability in office automation, and a resilient performance from the stationary business.

And then lastly, the consumer products cluster delivered a mixed result. Revenue was impacted by lower TV and satellite accessory sales, price deflation, and lower retail demand as international travel volumes came under pressure in the second half of the year. This was counted by solid performance from office and leisure due to the inclusion of [unclear] products and disciplined margin and expense management. Well done to the branded product team for a solid set of results.

Moving to Commercial Products, revenue at R18.3 billion is up 8.2%, reflecting resilience in a very challenging trading environment. Growth was led by the trade cluster, benefiting from smart meter sales, improved renewable sales, and continued branch expansion. The growth margin increased slightly to 27.4% due to a favourable product mix and active margin management across the businesses. Operating expenses increased 4.9%, which is below revenue growth. And this increase is notwithstanding additional costs incurred related to the opening of new branches. Strong operating leverage resulted in an impressive 27% increase in trading profit to R1.2 billion. And the trading margin also improved from 5.5% to 6.4%. ROFE at 22% is up from prior year 16%. And cash conversion at 144% is spectacular.

Turning to the operations, the trade cluster made a material contribution to profit growth as Plumblink delivered a record result, driving its branch network from 50 at point of acquisition to 166 in the period. The turnaround in electrical was driven by the large smart meter order, stabilisation of renewable sales, and the rollout of additional and revamped Voltex branches. Pressure was, though, felt across the packaging, catering, warehousing, and DIY and tools businesses due to softer volumes, margin compression, and manufacturing efficiencies. The work way, leisure, and the general industrial businesses delivered excellent results as volumes remained robust in certain markets. Overall, market share growth was a key focus this year for the division with the opening of eight new Voltex stores, ten new plumbing stores, and 42 new King Pie outlets. I'd like to congratulate the Commercial Products division for a stellar set up as well.

Moving to Automotive, revenue at R28.7 billion is up 5.5%, supported by a 12% increase in new vehicle volume. This excess supply of new vehicles did, however, contribute to considerable discounting and substitution, resulting in reduced demand for used vehicles. Fleet sales were materially up on prior year, and our second-hand motor retail business produced excellent top-line growth. The growth margin declined primarily due to a decline in both new and used vehicle margins. Operating expenses remained tightly controlled at a marginal increase of 0.4%.

Restructures in the prior year, cost-saving initiatives, and lower variable costs all contributed to the cost containment. Trading profit grew 7% to R966 million, boosted by the proceeds from a long outstanding insurance claim. And the trading margin remained broadly stable at 3.4%. The division's ROFE at 23.7%, is slightly down in prior year due to elevated inventory and receivables. However, cash conversion at 98% was excellent.

Turning to the operations and the franchise motor retail cluster, the increase in new vehicle volumes was partially offset by the decline in used vehicle volumes. Our traditional OEM brands grew ahead of the market, whilst our multi-franchise strategy continued to gain momentum, with Chinese brand growth materially ahead of the market. On the downside, pricing pressure resulted in a 0.8% gross margin contraction across both new and used vehicle. Our non-franchise motor retail cluster continues to gain momentum, with material revenue and profit growth achieved in the period.

The plan communicated at half year of having all our branches nationally operating at full capacity was achieved. However, this investment in operational capacity impacted the bottom line. Whilst the second-hand retail operations improved profit performance from last year, our business plan wasn't met. With full capacity and infrastructure now in place, we're confident that our profits ambitions will be realised in the coming year.

And lastly, in the allied services portfolio, our vehicle inspection and bodybuilding businesses delivered acceptable results, despite significantly higher fuel costs that reduced capex spend and demand for services across large fleets. Our short-term insurance business delivered a standout record performance, and the investment portfolio was also ahead of the prior year. I'd like to congratulate the Auto team for a robust result in a very challenging operating environment.

And the last operation, being Adcock Ingram, revenue at just under R10 billion is down 0.5%, driven by an average price realisation of 1.8%, a 1.47% SEP increase, and volume growth of 0.9%, repatriation of certain portfolios moderated growth. The gross margin improvement was due to stronger factory recoveries, a favourable portfolio mix, and exits of lower margin products. Expenses were exceptionally well-managed, increasing only 1.2%. Flat revenue growth and outstanding margin and expense management resulted in an impressive R1.3 billion trading profit, up 9.4%, with all divisions reporting profit growth.

I would also like to welcome our newly appointed CEO of Adcock Ingram. Rhulani brings more than 25 years of pharmaceutical and health care experience across South Africa, Sub-Saharan Africa, and international markets, including the UK. He joins Adcock from Pfizer, where he served as Sub-Saharan Africa cluster lead and South Africa country manager. I'm delighted to welcome Rhulani to Adcock and the broader Bidvest family and wishing every success in this new role. I'd like to congratulate the Adcock team for a solid set of results.

Moving to our Hygiene Services, we remain focused on building a leading international hygiene services business. Our 2026 financial performance amidst global geopolitics and macro volatility demonstrates that structural drivers, such as urbanization, and growing health and wellness awareness remain intact and will continue to support future growth. Our full year trading profit is up 18% in constant currency, while profit margins have accelerated above the industry norm of around 15% to 18.7%. Our washroom site service have increased from 6.5 million sites in 2024 to 7.5 million in 2026. And our client base is in the thousands with extremely limited customer concentration. We're really proud of the size of the global hygiene portfolio, scaled up in just six years with a strong future growth path.

Moving to the closing slide, 2026 was a year of restoring momentum, and 2027 will be a year of compounding achievements of the current year. We enter our second phase of capital discipline, and our commitments remain-- improve organic growth, strengthen cash generation, deleverage, and rebuild return. All divisions will focus on delivering the best organic growth possible.

Our international operations have cycled through contract restructures and contract losses. New business wins awarded in the second half of the year will be mobilised, and the strong momentum in the hygiene operations is expected to continue. Our Southern African operations will benefit from structural growth, from hospitality and tourism demand, and improved TIC and water volumes.

We expect increased bulk grain and mineral volumes, though the current El Nino does introduce some uncertainty. The uptick in infrastructure spend, ongoing demand for office products, and a turnaround in our second-hand motor retail business will drive growth in the trading operation. A step up in what is an already outstanding cash position will be supported by continued disciplined working capital management, no material M&A, and cost discipline.

Free cash will again be used to pay down debt, advancing our ambition of ending the year with our net debt to EBITDA closer to 1.5x. We've got a range of about 1.5x to 1.8x that we're working towards, but we're hoping to end closer to the lower part of that range. Rebuilding our returns requires a step up in organic growth, especially of recently acquired businesses. To further support returns, our large businesses need to deliver ahead of business plan and budget. Our teams are responding with innovation, operational focus, and renewed energy. Initiatives and technology, data, AI, sustainability, wellness, skills development, and customer-led solutions are already helping us improve resilience, enhance productivity, create social value, and open new commercial pathways.

Our 2026 result is a team effort with all divisions contributing to improved profitability and earnings. I'd like to extend a big thank you to the executive team for their exceptional leadership as we navigated through a period of unpredictability, escalating global tensions, and weak macroeconomic conditions across multiple territories. The year was tough, and our teams comprising 130,000 employees across 14 countries and 750 plus broad locations all rose to the occasion.

From myself, Mark, and Jill, I extend a big thank you to our teams all over the world who have again demonstrated the resilience of the Bidvest portfolio and their ability to find growth opportunities under changing conditions. To our shareholders, thank you for your continued support. The group has restored earnings momentum, demonstrated the cash generative quality of the portfolio and taken decisive action to sharpen capital allocation. Our focus remains firmly on execution and on delivering sustainable long-term value for all stakeholders. Thank you very much.

**Ilze Roux**
Thank you, Mpumi for those comments and a very clear outlook and precise statement for the way forward. Judith, maybe you can just repeat instructions on how to put questions in the queue before we start with the Q&A session.

**Operator**
Thank you, ma'am. Ladies and gentlemen, for the benefit of the parties who have joined via the webcast, you're welcome to pose your written questions in the question box provided on your screen. For the benefit of the parties who have joined via the telephone lines, if you'd like to ask a question, please key in * and then 1 on your telephone keypad. A confirmation tone will indicate that your line is in the question queue. You may key in * and then 2 should you wish to leave the question queue. Just a reminder, if you'd like to ask a question, you're welcome to key in * and then 1.

**Ilze Roux**
Thank you, Judith, while investors go through those motions, maybe what I can see here on the webcast, there's a few questions around Bidvest Bank. Mpumi, you did make a comment at the start of your remarks, questions around timing, NAV, and all those types of things. Maybe you just want to reiterate that point.

**Mpumi Madisa**
Thanks, Ilze. So, because we're busy with negotiations, we do need to be careful about what we say. So, everything really related to the bank becomes quite sensitive. What we will do is that once we have got SPAs signed, regulatory approval through, and we've made what we believe to be material progress and the finishing line is in sight, we will issue a SENS announcement. We'll give you full view of the nature of the transaction, and we'll also provide a full breakdown in terms of the accounting treatment that you should expect. So, we'll make that commitment. It'll come out through a SENS at the appropriate time so that you really don't have to guess around nature of transaction, accounting treatments, etc. So, we'll do that at the right time.

**Ilze Roux**

Thank you. Thank you, Mpumi. So, that deals with those questions related to discontinued operations as they were posed. Mark, maybe one for you. One in which I just wanted to clarify whether the normalised HEPs was adjusted for the associate loan write-off. If not, what the growth might have been if one did exclude that abnormal event?

**Mark Steyn**
I can work it out. So, was it adjusted for? No, it wasn't. Okay. I'll have to do the maths on it and we'll come back to them now.

**Ilze Roux**
Thank you, Mark. So to be clear, we did not adjust for that write-off in the normalised headline earnings in the associate line.

**Mark Steyn**
Yeah, you can actually see that non-adjustment on page 10 of the announcement.

**Ilze Roux**
All right. Mpumi, maybe one for you that relates to Services International, and I'm combining two in this equation here. It's around synergy extractions in Services International. It talks about what the underlying constant currency growth rates were in that division, and whether there were any specific countries that in constant currency went backwards, and what do you feel about the momentum of the new business wins that have been flagged in some of these areas that's been under pressure?

**Mpumi Madisa**
Okay. That's specifically hygiene.

**Ilze Roux**
That is Services International. So, I suppose organic is around the Citron acquisition inorganic, and then constant currency in a division that's largely offshore.

**Mpumi Madison**
Yeah. So, let me start with the hygiene operations first. All the hygiene operations in constant currency grew profitability. Our hygiene business in Australia is very, very small. So, it's not really even worth a comment. It really gets locked in the rounding. So, the Australia comment will be more on FM. So, outside of that, hygiene operations are very strong. PHS is particularly strong because of the integration of Citron. We had communicated that that would be a lift and shift. We did exactly that. We closed all the branch infrastructure. We took out all the costs that we didn't need. And really, it was like a growth to net benefit into PHS. And so PHS's performance at a profit level in Pounds was very strong.

From a Citron perspective, as I indicated, we're very comfortable with the profit performance. They delivered in line with budget, notwithstanding the fact that there was quite a significant up step in working capital deployment as they opened up two more branches and also took additional costs as we increased that sales infrastructure. So, very happy with the organic growth that we delivered across. The South African business was excellent, just by the way. SA also delivered a very strong hygiene performance.

And then from a facilities management perspective, we had indicated that we were impacted by contract losses and contract restructures. Those were in our South African FM business in Noonan and in Australia, and that overall kind of tapered the overall FM performance, and they were slightly down. On a go-forward basis, we're comfortable that that's now in the base. We don't have any more contract restructures that we are anticipating going into the new financial year. We mobilised, or actually, new contracts rather were awarded in the latter end of FY26. Those will be mobilised in the first half of FY27, and I think you'll see a nice contribution coming through in the second half of the year.

**Ilze Roux**
That's right. And then just the synergies around Citron North America, whether those are materialised yet or not.

**Mpumi Madisa**
Yeah, so the main synergies that we've spoken about were from a procurement perspective in terms of the buying across of Citron for some of their products across the rest of the hygiene network that we have. We started rolling out only one product line, as I recall from Alan Feinman, I think it is only one product line at the moment that we started rolling out. We still have quite a bit to do in terms of their procurement basket.

So, I would probably say that in FY26, the procurement synergy is limited only because we're still rolling through their existing stock. So, as soon as we roll through the existing stock, we pull through one product line, and then in FY27, as we roll out of the existing stock, they'll start going into the kind of more price-optimised buying that we have across dispensers and consumables.

**Ilze Roux**
Thans, Mpumi. Mark, let's go back to you.

**Mark Steyn**
Yes, thank you. Just to revert on the impact of that associate-invested impairment, and if we'd adjusted for it and normalised, normalised headline earnings on a continuing basis would have gone from 5.9% to plus 8.7%, so the impact is plus 2.8%.

**Ilze Roux**
Thank you for that clarity, Mark. Then there is the question around Transnet looking more and more towards the private sector for partnerships and concessions. Do you see opportunities in port and rail for Bidvest with Transnet?

**Mpumi Madisa**
Yeah, so I think the fact that we are bold enough to deploy R2.5 billion capex already – we are moving forward with building a second LPG terminal. We have got capex approved already for additional capacity

in our grain and bulk liquid operations in Durban Port – already signal the fact that we're confident in the rail reform. And we're very close to Transnet, so we also have a sense of what is to come. From a rail perspective, you'll recall that 11 private sector operators were awarded concessions. My understanding is that six of those operators will come on stream in 2027, early 2027, so that's as of the latest coming out of Transnet, so that's going to be great.

We obviously don't participate on the rail side. Ours is port terminals. We handle the product on and off the ship, and really that's where we're at. So, the big opportunity for us is the extension of our leases, which we're securing, with two more that we're still negotiating, and obviously being able to secure new leases. And we have secured one new lease, and there are a number of tenders out at the moment. And so you can already see the activity that is there from a Transnet perspective. The bulk mineral tender that is out in Richards Bay, they're looking for private sector participation there, and it's very clear in the terms and conditions. There's others also in Cape Town. So, I would concur with a view that the appetite from Transnet to bring in more private sector is definitely strong, and in terms of where we're at, we're really confident in further progress being made with regards to rail reform and more cargo moving on rail over time.

**Ilze Roux**
Thank you, Mpumi. Then there's another batch of questions that I'm going to put together. It's around specifically towards the Automotive division. A question about whether we can quantify the insurance claims payoffs impacting the results. And then, also noting that WeBuyCars moved away from DEKRA in terms of its testing results and whether this has had a major impact on DEKRA and how the business is doing in general.

**Mpumi Madisa**
Okay, I'll talk to DEKRA and then Mark will talk to the insurance piece. So, when we acquired DEKRA, we through the due diligence process were very explicit in ensuring that WeBuyCars has made a way that Bidvest I guess is the acquirer on the other side and that was communicated and whether WeBuyCars would stay on as a customer. Through the DD, WeBuyCars had indicated to us already that they would be starting their own vehicle testing service and so we accounted for that in the valuation. So, the valuation for the revenue portion of DEKRA was taken down materially. In fact, we only paid 1x because our expectation was that we would only retain that contract for a year. We ended up retaining it for closer to two years, so got a little bit more earnings out of it, but we accounted for it in the valuation and we were expecting it to exit in the period that it did.

**Ilze Roux**
Thank you. Thank you, Mpumi, for that. I suppose there's many WeBuyCars as shareholders on the line, so that's where that comment comes through.

**Mark Steyn**
The increase on the insurance claim was R149 million.

**Ilze Roux**

Thank you. Thank you, Mark, for that. And then can we go to… we have a question around the gearing. So, the net debt to EBITDA target towards the 1.5x, does that include proceeds from the sale of Bidvest Bank to get there?

**Mark Steyn**
It does not include proceeds from the bank, nor does it include proceeds from the Adcock sale of shares that took place just after year end. So, both of those are items we would look to use to improve the net debt EBITDA into FY27.

**Ilze Roux**
Thank you very much for that. And then maybe a few more financial orientated questions. Apart from that 2026 Eurobond, can you speak of any upcoming material maturities and refinancing requirements?

**Mark Steyn**
So, there's only two to mention. The first I did talk about in the presentation, which was the last piece of the Eurobond, the old Eurobond, R186 million, that matures late September now and will be repaid through existing facilities. We have R2 billion in cash of the R3 billion required and the extra R1 billion will come out of the RCF facility. There's nothing else material in the maturities. Next year, the offshore RCF term comes up and we will then look to renew that for a further period. That will be, I think, the fourth renewal of that particular facility. Everything else is just normal run-of-the-mill. We'll go to market on, potentially on domestic bonds is about, over three bonds in the currency are about R2 billion, but we can deal with those through normal cash generation.

**Ilze Roux**
Thank you, Mark. And maybe just linked to that, clearly, our previous sister company announced some shared buybacks and the investors are now just asking what our view is on shared buybacks and the very strong cash generation of Bidvest. What's your view toward it?

**Mark Steyn**
100% and it's not gonna change significantly from our previous view. So, we have very clearly committed ourselves to number one, we're going to deleverage. And there are a number of very important reasons why we want to do that to create capacity for future growth. And specifically in that growth piece, we have talked about the investment opportunities that sit within Freight. They are substantial. They extend over probably a five to seven year window. And so, in as much as we are paying debt down, we're building up capacity for the investment in that capex line, but two, in time to obviously to recommence our normal M&A process. So, at this point in time, no intention to rebuy equity.

**Ilze Roux**
Thank you very much, Mark. Mpumi, and then a question maybe for you on Commercial Products. What is the view about the potential that the rise of data centres, Eskom and municipality clamped down on meters or electricity usage and the consequences around smart meters? What does that mean for the division and potentially going forward?

**Mpumi Madisa**
Yeah, so any construction is revenue uplifting for Commercial Products. So, an increase in data centres would be absolutely fantastic. We would provide into that kind of built environment. And then the clamp down that you referenced from an Eskom perspective is hugely beneficial. The process that Eskom is implementing is they're trying to manage improved revenue collection, with the rollout of these new smart meters. We've already benefited in the current year through quite a sizable order that was awarded. There's more orders in the pipeline. We have submitted those tenders. The rollout was quite extensive and over a period of time, we are clearly one of the preferred service providers already for Eskom. So, for as long as that activity is ongoing, our operations and our businesses really stand a good chance of securing additional orders.

**Ilze Roux**
Thank you very much for that, Mpumi. Appreciate that. Mark, just a question from investor. What do you see as the normalised or the future effective tax rate for the group?

**Mark Steyn**
I think the normalised rate, and I did talk about it a little bit in the presentation, that the current rate sort of reflects our geographic mix. We are budgeting for similar levels or targeting similar levels in 2027. So a range of, call it 25.5% to 26% would be the expectation.

**Ilze Roux**
Thanks, Mark. Mpumi, then an Adcock question. The question is, please provide some colour to the extent that you can on the future of the National Renal Care joint venture or associates and what the plans are on that one. And the diversification maybe, the broader diversification plans within Adcock.

**Mpumi Madisa**
So that JV continues to be quite strategic for us. Our plans would be to make sure that we continue to expand the work that we're doing with our partners in that space. So, no changes anticipated there. And then in terms of future diversification, look, a lot of work is underway at the moment with our new shareholders and partners. A big part of their contribution is adding to our pipeline, so we've got a number of new dossiers that the teams are working on in terms of submission to SAHPRA. Most of that is going to be going into our prescription division. So, that pipeline activity is underway and all that body of work is work in progress.

And then the other contribution from our shareholders is obviously in terms of our operational requirements or operations generally in our factory environment. They've been exceptionally helpful in terms of just assisting us with raising the bar there, so there's more value that will come through. I think over time we're going to certainly evolve with our operations being far more efficient, better recoveries coming out of those factories and just really optimising our production processes.

**Ilze Roux**
Thank you for that colour, Mpumi. And then I suppose one last question, second last question is maize volume. How normal was FY26 in terms of maize? You did reference El Nino in outlook for agriculture.

**Mark Steyn**
It was a significant improvement on 2025 where the volumes obviously were very, very low. I think we were more hopeful that we would have seen greater volumes come through in May and June which didn't come through. And the El Nino impact is having some impact on pricing at the moment. So, if you think of 2026, it was materially better than 2025 but not quite where we would like to have been. And 2027 now, even though we have significant carry-over stocks from a very, very good crop, we're not seeing the farmers currently exporting because the price parity is not there. We are hopeful that this will potentially pick up a little bit later. And then obviously the impact of El Nino could be material.

**Ilze Roux**
Thank you very much for that. Judith can I check that there's no questions on the lines?

**Operator**
Thank you. I can confirm we have no questions from the telephone lines.

**Ilze Roux**
Thank you. Thanks Judith. Then just coming back to the Services South Africa division, the question is posed on how large was the loss or how material was the loss on rebates in travel and whether that reverses back in 2027.

**Mpumi Madisa**
Yes, I can't give you a sense of quantum because we don't provide detail to that level. But it is gone because your rebate is… you earn the rebate within a cycle. So, you've got a 12-month cycle. Within a 12-month cycle you need to reach certain volume targets. You get to the volume targets, you get your rebate. And essentially what happened with the war in the Middle East is that we were on track and then Q4 saw the significant reduction in travel volumes. And so, we didn't get to the volume and therefore couldn't earn the rebate. It's gone. You don't get to do it again. And in the new financial year you start all over again with a new volume target and new rebates that you can earn.

**Ilze Roux**
All right, maybe one last question and it relates to used car sales volumes. Are you able to provide any more colour on used vehicle sales volumes?

**Mark Steyn**
They're not as good as they used to be. So, let me talk about it more indicatively. If we think historically, we always used to work on a sort of two to one ratio. So, for every one new vehicle that we would sell, typically we would sell two used. And this ratio now has dropped to the extent that it's about 1.1. So, that's the impact of a number of things. It's an impact of, I think, changing mix specifically towards the Chinese vehicles as they come in. Those price points have shifted and it's created opportunities there. So, what we are seeing is a shift down from historic levels where you would see two used to one new. That's currently one to one.

**Ilze Roux**
Thank you. Thank you, Mark. Maybe as we take the last question, because we're ten minutes over, just some clarity on what period the R2.5 billion approved capex will be deployed and when does one expect contribution from that?

**Mpumi Madisa**
Yeah, so the big capex, as I said, is LPG 2, the R1.6 billion. We will definitely start construction in this financial year. Our indicative timeline is 2029 financial year. So, FY 2029. Closer to the end of construction we will give a tighter timeframe for commissioning. And that's the big one. The rest are smaller. So, the additional tanks and the additional silos, those are smaller, those could come on stream earlier. The only thing, though, is that with the additional tanks and silos, we still have some T's and C's that still need to be locked down. Whereas with the bigger one, we're almost there. But roughly, let's say FY 2029 is kind of the timeline you're looking at.

**Ilze Roux**
But maybe just to reiterate, Mpumi, as you said, closer to the time, it will give absolute visibility around cash flows and profits and payback period, return on those individual projects. So, I think that concludes the call for today. Thank you very much for everyone's participation. We appreciate your time and your interest in Bidvest. Thank you very much.

**Mpumi Madisa**
Thank you.

**Mark Steyn**
Thank you.

**Operator**
Ladies and gentlemen, that concludes today's event. Thank you for joining us and you may now disconnect your lines.

END OF TRANSCRIPT