Bidvest

Investor Presentation

for the half year ended 31 December

2024

People and **products** behind a **brighter future**

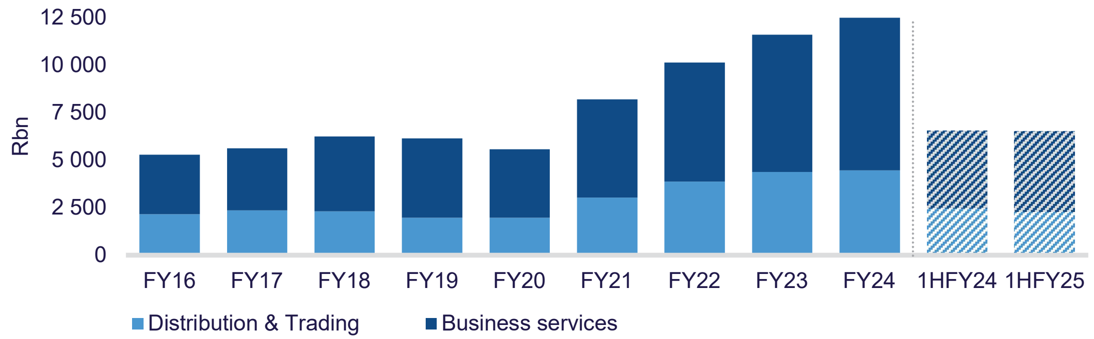
Agenda

Introduction

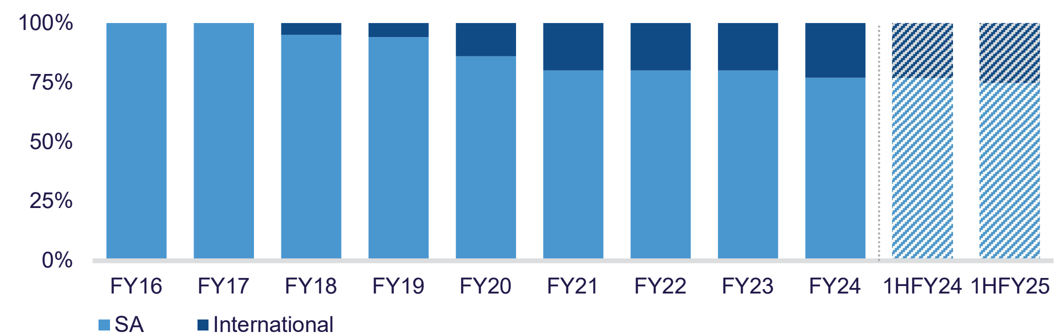
Reflections by the CEO

- Respectable result
- 4 divisions reported trading profit growth
- 6 acquisitions concluded added to our scale, product and service offering
  - Value-added bolt-ons in SA, UK
- Investment in growth capex
  - Multipurpose tanks commissioned in Richards Bay
  - Fuel tank build on track for commissioning in mid-2025
  - Water bottling capacity increase
  - R120 million approved in Walvis Bay, Namibia
- Strategic decision to exit banking industry
  - Signed SPAs for Bidvest Bank and FinGlobal
  - CPs are regulatory approvals
- Positive strides in innovation, technology, social and environmental actions
  - B-BBEE Level 1
  - YTD R0.5 billion spend on enterprise development, skills development and CSI almost equal to total FY21 spend

Trading profit mix - Distribution and Trading needs economic tailwinds for next growth phase



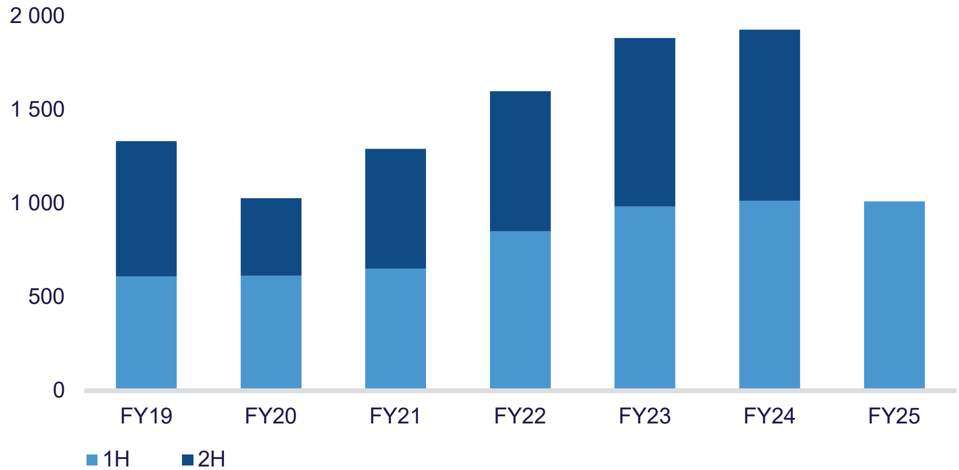
Geographic mix



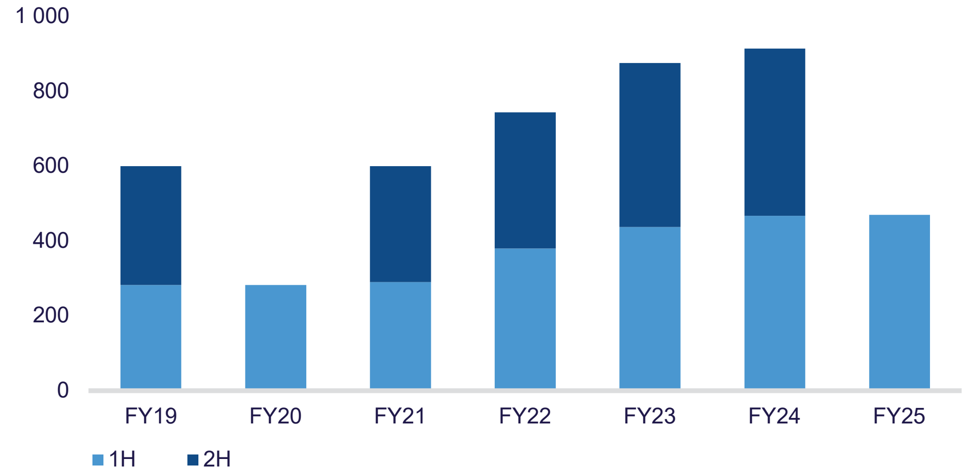
Highlights

- Trading profit flat at R6.3 billion
- No support from macro environments and two specific headwinds (maize exports and renewable energy sales) neutralised organic and acquisitive growth
- Expense management excellent
- Offshore operations 25% of trading profit
- Operational cash generated +18.4% to R4.5 billion
- Strong balance sheet with net debt / EBITDA 2.0x
- Returns remain ahead of WACC
  - ROFE 37.9% (1HFY24 40.9%)
  - ROIC 14.4% (1HFY24 15.5%)
- Group → HEPS 1 015.3c, +3%; Norm HEPS 1 057.7c, +1%
- Cont ops → HEPS 941.3c, -1%; Norm HEPS 1 011.4c, flat
- Interim dividend 470c, +1%

Normalised HEPS (cents)



DPS (cents)



Financial Review

Financial highlights

Continuing operations unless specifically indicated otherwise

R billion	**Half year ended 31 Dec 2024**	Half year ended 31 Dec 2023	Change
Revenue	64.5	61.1	5.7%
Gross profit margin	27.6%	28.3%	↓
Expense margin	18.0%	18.1%	↓
EBITDA	7.2	7.2	0.3%
Trading profit	6.3	6.3	(0.5%)
Trading profit margin	9.7%	10.3%	↓
HEPS (cents)	941.3	952.1	(1.1%)
Normalised HEPS (cents)	1 011.4	1 015.3	(0.4%)
DPS (cents)	470.0	467.0	0.6%
EBITDA interest cover (times) #	6.4x	7.3x	↓
Net debt/EBITDA (times)	2.0x	2.0x	-
Cash generated from operations after working capital	4.5	3.8	18.4%
Cash conversion *	44.8%	33.4%	↑
ROFE	37.9%	40.9%	↓
ROIC	14.4%	15.8%	↓

Interest adjusted for IFRS16

* As % of trading profit

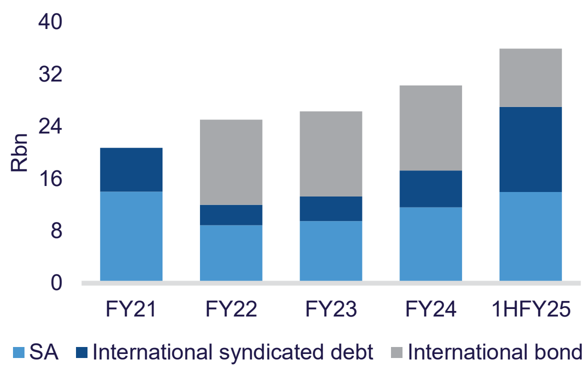
Income Statement analysis

- Revenue +5.7% (+0.9% organic)
  - Growth in Services International, Services SA, Automotive and Branded Products supported by bolt-on acquisitions
  - New business wins and pockets of volume growth diluted by price competition
- Gross profit +3.2%
  - Gross margin declined 66bps to 27.6%
  - Largely business mix driven but some contraction from contract renewals, negative operating leverage
- Expenses +5.1% (+1.8% organic)
  - Reduced overtime but payroll inflation
  - Increased utility costs
  - Business restructuring and rationalisation
- Trading profit -0.5% (-5.5% organic)
  - Excellent results from Services SA and Branded Products
  - Strong, consistent results from Services International
  - Satisfactory result from Automotive as diversification strategy unfolds, Freight given no maize exports
  - Commercial Products was challenged by the high renewables base and stagnant overall demand
  - Disappointing result from Adcock

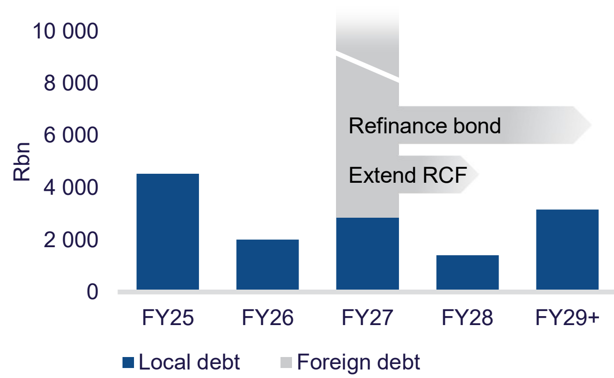
Long-dated funding profile

- Net debt R30.9 billion
  - R5.7 billion increase like-for-like since June 2024
  - Working capital investment (R3.6 billion)
  - Bolt-on acquisitions (R3.5 billion)
- Proactively shifting debt funding
  - Upsized domestic bonds at smaller spreads with longer tenure
  - Issued preference shares for bolt-on acquisitions
  - Tender offer for $322 million of international bond funded by RCF
- Covenant net debt / EBITDA 2.0x stable yoy
  - Offshore 5.0x post 2 bolt-on acquisitions (FY24 4.8x); cash conversion >100%
- Average cost of debt 6.9% pre-tax, up from 6.5% in June 2024
  - Net finance charges, ex IFRS16 and hedge fair value adjustment +17.2%
- Available funding → EUR102 million + R16 billion

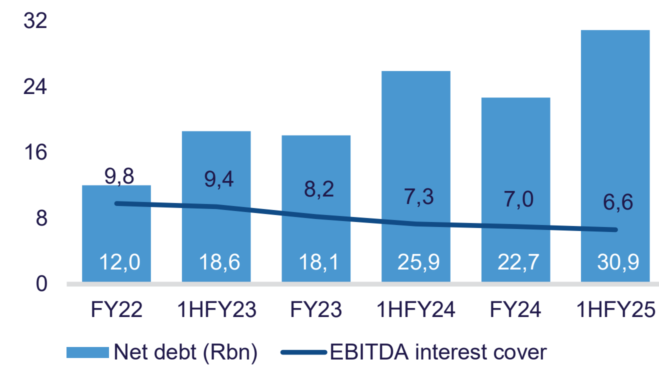
Debt mix: **Gross 61% offshore (FY24 65%)**



Debt maturity: **81% long-term (FY24 81%)**



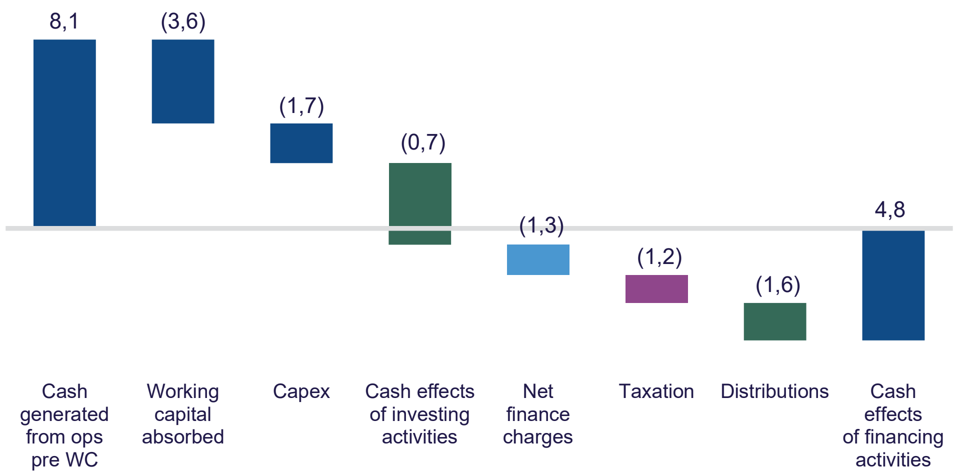
Interest cover: **75% gross @ variable rates (FY24 54%)**



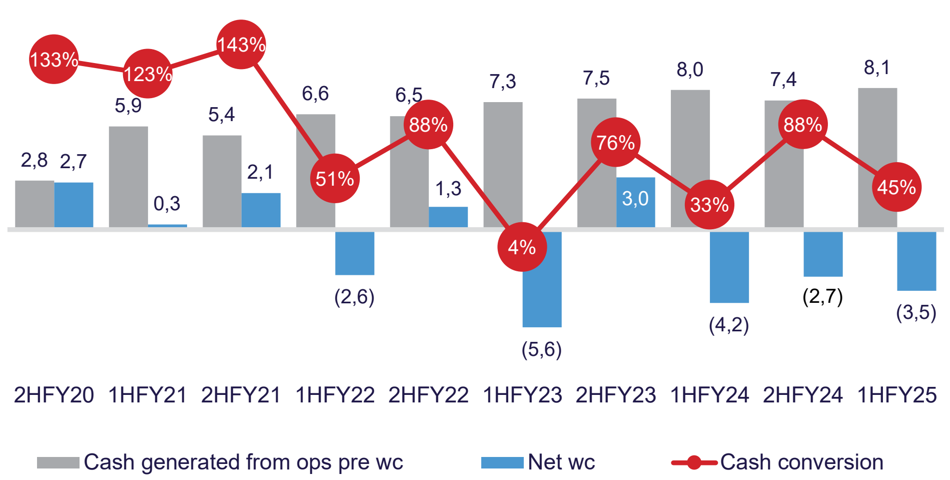
Good cash generation

- R8.1 billion cash generated by operations before working capital
- Working capital seasonal absorption of R3.6 billion, yoy R0.6 billion less
  - Modest additional inventory investment. Need to reduce inventory days in select businesses
  - Some customers extending payment terms
  - Trade payables decrease due to timing mismatch of demand vs order
- Cash conversion ratio 45% (33%)

Cash flow (Rbn)



Cash generated vs working capital (Rbn)



Discontinued operations

- Bidvest Bank, FinGlobal, Bidvest Life
- Disposal processes
  - Signed SPA with Access Bank for Bidvest Bank
  - Signed SPA with Momentum for FinGlobal
  - Conditions precedent relate to required regulatory approvals
- Strong operational result
  - Bidvest Bank delivered a steady like-for-like performance. FinGlobal and Bidvest Life's results were outstanding, driven by top-line growth
  - The deposit book remains stable and all regulatory ratios are healthy
- In terms of IFRS depreciation and amortisation was suspended
  - Adjusted for this in normalised headline disclosure

Operational updates

Services International

CEO: Alan Fainman

- Excellent overall result boosted by acquisitions which added scale, diversification
- Facilities management grew slightly faster than hygiene services
- Disruptive restructuring now in rearview mirror
- Contractual wage recovery, particularly in the UK, a key focus

Hygiene services

- Continued hygiene pool growth in the UK supported a strong result in washroom services
- Excellent new contract wins and retention in SA
- Sales traction gaining healthy momentum in Singapore
- Continued innovation to reduce the environmental footprint of products and services delivered

Facilities management services

- Impressive performance in SA from both new business wins and excellent cost control
- Solid offshore growth driven by new business wins, improved retention rates and acquisitions
- A key contract loss moderated performance in one business
- Innovation and technology successfully rolled out in value-adding solutions

Financial performance		
Revenue	R21.4bn	*+11.2%*
Trading profit	R2.0bn	*+8.7%*
Trading margin	9.5%	*-21bps*
EBITDA	R2.4bn	*+5.3%*
Funds employed	R2.8bn	*+0.9%*
ROFE	141.7%	*+1 030bps*

Freight

CEO: Wiseman Madinane

- Trading profit contracted on anticipated lack of maize exports. Bulk mineral volumes also decline off the back of lower commodity prices
- Negative operating leverage in 2 of the 3 terminal businesses
- Liquid and gas volumes handled grew, boosted by additional capacity from July 2024
- Clearing and forwarding grew on the back of new business and higher freight rates
- The warehousing and container activities benefitted from increased rail support from Transnet
- An increase in fertiliser, sorghum, manganese, chrome, chemical and LPG volumes could not offset lower maize and soyabean exports and less coal volumes handled
- Operations in Mozambique struggled due to the loss of a key contract and the impact of post-election protests
- Namibia continues to outperform as bulk volumes and additional oil and gas projects came on stream
- Growth capex: Multi-purpose tanks commissioned in July 2024; fuel tanks on track for mid-2025 commissioning; handling capacity in Walvis Bay
- ROFE declined

Financial performance		
Revenue	R4.8bn	*+8.1%*
Trading profit	R1.1bn	*-11.9%*
Trading margin	23.1%	*-527bps*
EBITDA	R1.3bn	*-9.6%*
Funds employed	R4.7bn	*+20.9%*
ROFE	46.0%	*-1 410bps*

Services SA

CEO: Akona Matsau

- Outstanding result
  - Superb organic growth
  - WearCheck acquisition marks our entry into the testing and conditioning industries
- Solid Security & Aviation Cluster result led by excellent air cargo results, technology innovation and strong new sales
- Inbound travel continued its upward trajectory with leisure travel particularly strong. Downtrading in corporate travel was mitigated by increased incentive and conference travel
- The Allied Cluster delivered outstanding results. Growth was driven by increased water sales as heat wave persisted, while the investment in rental assets for coffee, water coolers and indoor plants started to bear fruit despite a large contract restructure in laundry services
- Volumes through the airport lounges grew further as the product offering was refreshed. The project to refurbish facilities is nearing the end. Catering services focused on food margin management and pivoting its offering to meet changing needs in a highly price competitive market
- Newly formed Testing and Conditioning Cluster, comprising WearCheck, delivered in line with expectations
- Cash generation was good and costs tightly managed

Financial performance	
Revenue	*+9.0%*
R6.4bn	
Trading profit	*+16.0%*
R0.7bn	
Trading margin	*+68bps*
11.2%	
EBITDA	*+14.9%*
R0.9bn	
Funds employed	*+16.0%*
R1.3bn	
ROFE	*+340bps*
104.8%	

Branded Products

CEO: Gail Solomon

- An excellent result off a high base
- Modest topline growth as persistent price reduction pressures muted volume growth impact
- Office Products cluster benefitted from continued strong office furniture and automation sales and good stationery demand. Price competitiveness is heightened in some parts of the market
- Price pressures, lower volumes particularly in print, electronic communications and handheld devices reduced organic revenue in Data, Print and Packaging. Factory under-recoveries were compensated for by good cost control. The bolt-on acquisition, Spec Systems, performed as expected
- Consumer Products delivered a pleasing trading profit increase. Growth resumed in appliance volumes off a low base but demand momentum following Black Friday faded as consumers prioritised essential purchases. The benefit of new agencies secured in printers was evident as consumables continued to decline. Demand for leisure products remained resilient
- Already impressive ROFE improved further

Financial performance

Revenue	R7.0bn	*+4.6%*
Trading profit	R0.7bn	*+9.7%*
Trading margin	10.1%	*+47bps*
EBITDA	R0.8bn	*+9.4%*
Funds employed	R2.8bn	*+7.1%*
ROFE	39.7%	*+190bps*

Commercial Products

CEO: Howard Greenstein

- Sharp profit decline partially expected due to renewable sales boom in the base
- Stagnant market and depressed industrial activity outweighed modest pick-up in DIY demand
- Gross margin pressure
  - Limited renewable energy sales at significantly lower margin
  - Negative business mix within the division
  - Pricing pressure and product deflation
- Strong performances in plumbing, lighting and brushware wholesaling, and project work continue unabated in alternative energy solutions. Packaging and Leisure clusters benefitted from prior year restructuring. Balance of the businesses reported muted order intake and/or delays
- Restructuring projects underway in several businesses to align cost bases
- Working capital needs attention, particularly renewable inventory
- Resultant decline in ROFE

Financial performance

Revenue	R8.4bn	*-3.2%*
Trading profit	R0.5bn	*-26.9%*
Trading margin	6.5%	*-210bps*
EBITDA	R0.6bn	*-22.8%*
Funds employed	R5.9bn	*+10.9%*
ROFE	18.6%	*-840bps*

Automotive

CEO: Carla Seppings

- A superb overall result as the diversification strategy takes shape
- Further progress made on aligning the McCarthy portfolio to current demand trends
  - Multi-franchise dealer points include Mahindra, FAW, Suzuki, JeTour, GAC, LDV. JAC, MG and Geely in process
  - Closure of lossmaking dealerships
- New vehicle sales 2.7% lower vs a flat market primarily due to lower truck sales in commodity-driven regions. Increased used vehicle and aftersales contributions
- Overall gross margin stable
- Restructuring project underway to mitigate GP and price mix pressure
- Non-franchised vehicle retail
  - Cubbi on track and expansion underway
  - Strong Burchmores performance delivered
- Allied services
  - Acquired Dekra – vehicle testing and inspection services. Outstanding growth as offering expands
  - Acquired Serco – truck body building. Demand subdued but healthy order book. Performance in line with expectations
  - Bidvest Insurance and Compendium delivered resilient results due to collaboration, cross-selling, new product launches and higher gross written premiums

Financial performance	
Revenue	*+4.7%*
R13.8bn	
Trading profit	*+14.1%*
R0.5bn	
Trading margin	*+30bps*
3.7%	
EBITDA	*+19.8%*
R0.5bn	
Funds employed	*+5.3%*
R3.5bn	
ROFE	*-380bps*
26.8%	

Adcock Ingram

CEO: Andy Hall

- Bidvest shareholding 64.8%
- Revenue → mix +1%; price +5%; organic volumes -7%
  - Slowdown in lower LSM demand
  - Destocking in large pharmaceutical wholesalers
- Gross margin pressure due to lower production, factory under-recoveries and negative mix
- Operating expenditure well controlled
- HEPS -9%
- Interim dividend of 115 cents

Financial performance		
Revenue	R4.7bn	*-0.6%*
Trading profit	R0.5bn	*-17.0%*
Trading margin	11.0%	*-218bps*
EBITDA	R0.6bn	*-15.1%*
Funds employed	R5.5bn	*+7.3%*
ROFE	23.6%	*-190bps*

Strategy
& outlook

This is us - FY25

Our vision: Turning ordinary companies into extraordinary performers, delivering strong and consistent shareholder returns in the process, while understanding that people create wealth, companies only report it

Principles	Structure	Strategy
Empowering entrepreneurship	Decentralised operating model	Decentralised and diverse portfolio
		+
Committed to customers	Six divisions	Performance driven culture
		+
Driven by excellence	Functional governance structure	Financial strength
		=
Creating social value	Sustainability Framework	Scale and growth
		+
Leading by example	Maintain financial strength through growth, focus and discipline	Responsible stewardship

Our values: Accountability • Honesty • Integrity • Respect

FY2025

- Decision taken to **exit banking sector**
- **Last year of ESG Framework,** updated framework from FY26
- Focus on **reducing debt** and **cost of debt**
- Good **growth pipeline**

FY2025

Our value proposition

- **People**: our most valuable asset and enabler of our business
  - Grow employment and enhance livelihoods
  - Unlock potential through diversity
- **Planet**: preserve and protect for future generations
  - Reduce our own footprint
  - Offer services and products that help customers advance sustainability goals
- **Purpose**: build a sustainable business for a brighter future
  - Invest in skills, technology and broad economic participation
  - Contribute to building SA
- **Performance**: Group portfolio and strategy aims to
  - Deliver a resilient recurring base
  - Capitalise on structural growth themes

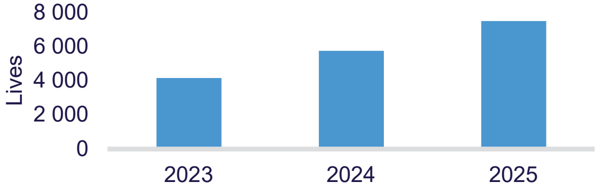
YTD, of the total appointments at top and senior levels, **69%** were Black, **45.7%** African and **49%** females

Comprehensive succession planning, augmented with **bespoke development programs** to enhance internal promotions

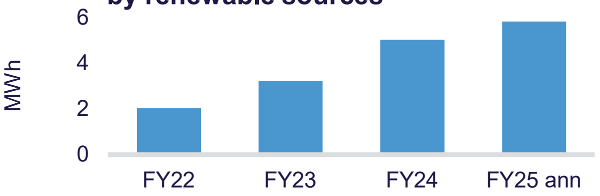
Succession
Services International CFO retires 31 December 2025

Bidvest Group
B-BBEE Level 1

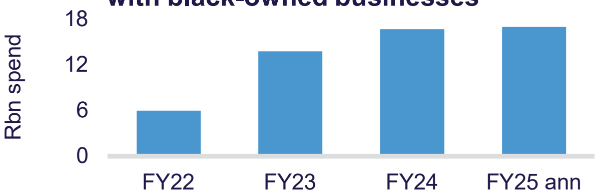
Targeting 20 000 in medical insurance roll-out



5% of electricity needs met by renewable sources



R17bn procurement spend with black-owned businesses



The outlook

- Product, service and geographic diversity remain key strengths as multiple social and economic shifts play out
- Macro backdrops uncertain and volatile
  - Inflation and interest rates lower but global economic policy unpredictable
  - SA → Broad activity to remain tight until pro-growth initiatives implemented
- Operationally
  - Strong new business wins; ever-growing product and services basket; healthy inbound travel; automotive brand diversification; bolt-on acquisitions
  - Maize volumes remain uncertain; renewable sales base still high
- Innovation, enabling technology, margin and cost management will remain focus areas
- Bidvest Bank and FinGlobal disposal process

Appendices

Services International

Looking ahead

- Exciting new business wins
- Contract retentions at lower margin
- Intense focus on customer experience across all regions
- Innovative services expected to drive future growth and profitability
- Wage recovery in the UK key focus

- Acquisition strategy proving beneficial with synergies and benefits materialising
- Structural growth support remains but macro backdrops weak
- Collaboration and innovation across borders draw on best practice

International operations

- Strong result from PHS with most business performing well
- BIC and Consolidated integration complete. New integrated contract performing very well - a model for further expansion into new sectors
- Negative revenue mix, contact loss and challenging backdrop culminated in margin pressure. Contract pipeline is promising
- Noonan delivered solid performance. Contract retention disappointed but improving sequentially together with new wins. Margin management key focus
- RHS profitability pleasingly higher, and growth opportunities being pursued

South African operations

- Steiner growth momentum continuing, advances being made in new sectors
- Prestige's turnaround significant given cost focus, new business and pleasing client retention
- Good performance by Bidvest Facilities Management. Focus on renewing key contracts

Freight

Looking ahead

- Added tank capacity will add to growth
- No maize exports expected for most of FY2025
- Bulk commodity handling muted by pricing, logistics and global demand shifts
- Greater activity in Namibia is attracting competition. Investing to add capacity and enhance efficiency

Bidvest Tank Terminals

- Increased storage capacity +7% following the commissioning of butane spheres and 18 multi-purpose tanks
- Annual customer rate escalations and improved capacity let contributed to growth

Bidvest International Logistics

- Solid performances from international and overland logistics
- Organic growth and new business delivering benefits across the operations

South African Bulk Terminals

- Significant reductions in maize and soya exports. Wheat and rice imports stable
- Negative operating leverage on halving of volumes handled

Bulk Connections

- Volumes → **+** manganese, chrome. **-** ferrochrome, coal
- Manganese volumes boosted by issues impacting Australian port
- Product revenue mix negative yoy

Bidvest Port Operation

- Volumes → **+** fertiliser, ferrochrome, manganese, chrome. **-** coal, project steel
- Product revenue mix negative yoy

Manica Group Namibia

- Excellent result
- Higher oil and gas, copper concentrate, fertiliser and sulphur movements
- The localisation element being addressed
- Bidvest SACD restructuring and strategic sales focus yielding results. **Naval** business model in transition

Services South Africa

Looking ahead

- Commoditised services under price pressure
- Significant new business pipeline but at lower margins
- Inbound travel volumes expected to remain buoyant
- Exciting growth capex plans in water offering
- WearCheck acquisition opens new growth opportunities

Growth from all clusters and WearCheck contribution pleasing

Security and Aviation

- Notable trading profit increases from BidAir Cargo, Vericon, UDS and Bidtrack, partly offset by steady Protea Coin result and lower GPT contribution
- Protea Coin base strong but facing margin pressure on contract renewals and business mix. Sales pipeline very encouraging
- BidAir Cargo reported higher air cargo volumes, operational efficiencies and synergies
- BidTrack pipeline and product development work positive

Travel

- Leisure businesses remains strong. Seeing increased demand in traditionally out-of-season periods
- Corporate business downgrading and cutting back

TIC

- WearCheck broadening its range of fluid tests and water testing growing fast
- Successfully mobilised a material contract with corresponding revenue earned towards the end of the period

Hospitality and Catering

- Catering services maintaining momentum in a very competitive market
- Another spectacular result from Lounges. Upgraded offering, rate adjustments and refurbishment programme all contributing towards this world-leading product

In the **Allied** cluster, Aquazania and Execuflora delivered fantastic results

Branded Products

Looking ahead

- Investments in IT capability and infrastructure underway to improve efficiencies
- Product realignment, innovation and expansion are strategic focus areas
- Bolt-on acquisitions being pursued

Intensified competitor activity and pricing are key themes across the businesses

Consumer focused on essential purchases and value-for-money

Data, Print and Packaging

- Lithotech, Rotolabel, S&N Labels, Sprint, AFC experiencing reduced market demand
- Mobility continues to operate in a subdued market and Data restructured for step-change in demand
- Packaging operations remain focused on higher margin work

Office Products

- Waltons' aggressive pricing resulted in volume growth. Retail sales in Namibia was pleasing
- Konica Minolta benefitted from strong machine sales onto parastatal market
- Exceptional results continue at Cecil Nurse as more companies upgrade workspaces

Consumer Products

- Silveray and Interbrand holding their own
- Kolok delivered a pleasing result as new agency sales are balancing out continuing printing consumables contraction
- Home of Living Brands profit grew with appliance sales showing some positive signs

Commercial Products

Looking ahead

- Targeted and refined customer channels expected to drive volume growth
- Renewable energy market's downward trajectory still very evident. Commercial demand for alternative energy solutions expected to remain robust
- GDP growth plans, particularly infra-structure development, should be a major boost to the businesses in this division should it come to fruition

Negative growth in South Africa continues to have a major impact

Trade

- Eagle Lighting and Voltex MVLV only real highlights in Bidvest Electrical
- Restructures in several businesses underway
- Outstanding performance from Plumblink. Strong retail and contract sales. Four new retail stores opened

Industrial (Packaging, General, Warehousing)

- The Buffalo Tapes and Afcom combination continues to prove beneficial but impacted by automotive sector swings
- Berzacks and Burncrete performances pleasing. Renttech being downscaled
- BMH and A2 delivered reasonable result

DIY/Tools/Workwear

- G Fox growth slowed as demand for traditional workwear declined but factory sales were strong
- Academy Brushware and Matus reported improved retail sales but lower industrial sales

After a focus on the sales discipline and margin management, **Yamaha** reported a pleasing improvement

In **Catering**, Vulcan sales impacted by timing of deliveries and while a constrained consumer remains a concern for King Pie

Automotive

Looking ahead

- SA vehicle market stagnant. New brand representation expected to contribute positively to McCarthy
- Comprehensive strategies to deliver end-to-end automotive solution
- Inclusion of insurance businesses and acquired businesses will reduce cyclicality
- Cubbi performing in line with multi-year business plan, and is competing effectively

Diversification and appropriate cost structures the key focus areas

McCarthy

- McCarthy's pressure points remain in new vehicle sales and margins. Trading profit declined
- Restructuring underway after review conducted on dealership footprint and product mix
- New inventory lower but not at target level yet; used inventory at acceptable level

Allied services

- Dekra result exceeded expectations. Contract client pool and service offering growing
- Serco experienced difficult trading conditions, but a more positive outlook. Innovative products being launched
- Bidvest Insurance delivered a good result. Gross written premiums grew, claims were well controlled. Investment portfolio shifted into bonds and cash to reduce volatility. Investment income of R42 million
- Compendium benefitted from harder rates in a challenging market

Non franchise motor retail

- Burchmores' profit growth pleasing as synergies with Cubbi starting to show value
- Cubbi's expansion gaining momentum