

Audited results  
for twelve months  
ended 30 June 2009



# What is Bidvest?

A divisionalised investment holding company specialising in distributive-trades

Freight management, outsourced soft-services, foodservice & food ingredients, automotive retailing and fleet management, industrial & commercial products

## Strategy

- ▶ Own the cash flow
- ▶ Mastery of the distribution channel
- ▶ Balance of mature & growth businesses
- ▶ Funds allocated according to return, need, and life cycle stage
- ▶ Opportunistic and acquisitive

## Implementation

- ▶ Minimalist head office
- ▶ Decentralisation
- ▶ Managerial autonomy & accountability
- ▶ Build and retain market leadership
- ▶ Group size leveraged for collective benefit
- ▶ Reaching common customers
- ▶ Tying the customer in

## Management Focus

- ▶ On the operations, corporate support services provided by head office
- ▶ Financial disciplines - working capital, return on funds employed
- ▶ Extracting industry-leading returns
- ▶ Staff motivation and morale is key for us – “infinite possibilities...when Bidvest people take on a challenge”

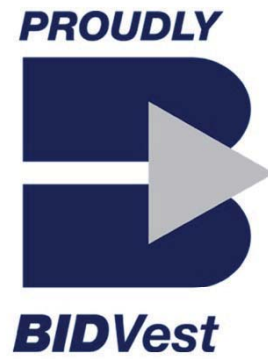


# Agenda

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- ▶ Introduction – CEO Brian Joffe
- ▶ Financial Results – FD David Cleasby
- ▶ Nowaco/Farutex acquisition – CEO Brian Joffe together with Nowaco MD Bohumil Volf and Farutex MD Pawel Swiechowicz
- ▶ Assessment of trading performance and prospects - CEO Brian Joffe
- ▶ Comprehensive appendices provided in your booklet:
  - Appendix 1: Revenue and trading profit by geography
  - Appendix 2: Segmental results + strategic imperatives and prospects
  - Appendix 3: Historic performance
  - Appendix 4: Nowaco and Farutex acquisition information



Introduction

Brian Joffe



# F2009 results summary

Revenue	↑ 1.8% to R112.4bn
Trading profit	↓ 3.7% to R5.1bn
Attributable profit	↓ 14% to R2.8bn
HEPS	↓ 13% to 930cps
Headline earnings	↓ 13% to R2.8bn
DPS*	↓ 23% to 380cps (final 190c vs. 275c)
Cash generated from operations	↑ 11% to R6.8bn
ROFE	↓ 35% vs 42%

\*1) Cover increased to conserve cash. 2) Issue of 10m shares for Nowaco/Farutex acquisition eligible for dividend



## Brian Joffe's opening conclusion

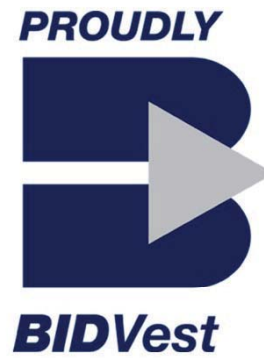
- ▶ Bidvest has risen to the challenge of the “new normal”...
- ▶ ...but we underperformed our own expectations
- ▶ Bidvest won the match for 2009 but not without scoring some own goals
- ▶ My gratitude though to a terrific team of management, staff and friends
- ▶ Staff cut-backs minimal – Bidvest wants jobs, not dole queues
- ▶ We refuse to participate in this global recession
- ▶ Patience rewarded – a superb new foodservice presence in central and eastern Europe secured at a great price
- ▶ The Bidvest business model has been tested by the worst economy in the group's 20 years of existence and it works – very well indeed
- ▶ Stay tuned, there is more to come from within our stable and we are keeping our powder dry for further acquisitions at favourable prices



## Brian Joffe on notable features of the year

Introduction

- ▶ Only four of the eleven trading segments recorded lower profits
- ▶ Insignificant P&L £ and A\$ currency benefit for the full year
- ▶ R/£ closing rate 18% stronger, balance sheet impact + translation reserve
- ▶ Stock and debtors well managed and borrowings reduced sharply
- ▶ Working capital better, part good management, part economic downturn
- ▶ H2 trading profit much weaker than H1
- ▶ We took a hard line with delinquent debtors, conservative on impairing
- ▶ Inflation remained high in SA but is now receding sharply
- ▶ Remedial action – cost R118m net of tax, 39cps or 3.7% of earnings



Financial Results

David Cleasby



## F2009 – David Cleasby's salient perspectives

Financials

- ▶ Trading profit margin and ROFE is down but considered to be good in the circumstances
- ▶ Trading profits up 6% in H1 and down 12% in H2
- ▶ Cash generated by operations 140% of trading profit (2008 : 114%)
- ▶ Credit availability remains tight, with bank exposures capped
- ▶ Reducing base rates has not translated into lower interest rates
- ▶ Group resources well managed during a testing financial year
- ▶ Working capital has improved
- ▶ Fraud and theft is an unfortunate side-effect of the times – we are vigilant
- ▶ Net debt down by R1.5bn, gearing at 29%, EBITDA interest cover 6.7x



## F2009 – David Cleasby's salient perspectives

Financials

- ▶ Significant costs of restructuring and re-organisation, some of which has negatively impacted headline earnings
- ▶ Negative movement on translation of foreign earnings of R1,3bn (Rand closing against the Sterling at R13.02 vs R15.89 in 2008)
- ▶ Balance sheet reflects corrective actions – lower capex, more effective working capital management and lower levels of debt
- ▶ Lower interest rate cycle will benefit group into 2010



# Consolidated Income Statement

Financials

Year ended June 30 2009

Avg  
R/€14,47

Avg  
R/€14,64

Rm's

2009

% ch.

2008

Revenue

112 427,8

1.8

110 477,6



- ▶ 10% growth excluding business with exposure to automotive industry (McCarthy and Safcor Panalpina)



# Consolidated Income Statement

Financials

Year ended June 30 2009

	Avg R/£14,47		Avg R/£14,64
Rm's	2009	% ch.	2008
Revenue	112 427,8	1.8	110 477,6
Trading profit	5 136,6	-3.7	5 334,9



Trading margins	F2009	F2008	Comment
Local	6.1%	6.2%	Materially impacted by Bid Auto and Bid Industrial
Foreign	3.1%	3.2%	Decline in 3663 offset by improvement in Bidvest Namibia
Group	4.6%	4.8%	

**Note:** Foreign businesses = 35% (R1.8bn) contribution to Trading Profit vs 31% (R1,6bn) in F2008



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Net finance expense	(1 029,2)	+10.5	(931,0)



- ▶ Increase in finance expense due to increased funding rates, increased utilisation in H1
- ▶ Foreign interest of R151m vs local interest of R879m
- ▶ Net cash offshore of R0.6bn vs local net debt of R4,7bn
- ▶ Finance cost has peaked
  - 2<sup>nd</sup> half:
    - More working capital management and capex scale-back
    - H2 much better from a working capital perspective
    - Falling interest rate environment
    - Exposure to short end of funding market benefiting interest paid
    - 4<sup>th</sup> Qtr net interest paid (R199m) vs 3<sup>rd</sup> Qtr (R262m) – 24% decline



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Associate income	49,2	-59.6	121,9
↑			
<b>Associates</b>			
Enviroserv	↓	(Sold for R569m with effect from Nov 2008)	



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Taxation	(1 046,3)	-12.8	(1 200,0)



Normal effective tax rates	F2009	F2008	Comment
Local	26,4%	26,5%	No material change
Offshore	26,5%	26,3%	Greater contribution from Bidvest Namibia
Group	26,5%	26,5%	Sustainable rate of +/- 27%



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Minority interests	(105,9)	29.1	(82,0)

	F2009	F2008
Bidvest Namibia	R53m	R25m
Other	R53m	R57m

↑



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Headline earnings	2 803,6	-13.4	3 237,8



Decisive remedial actions deliberately taken to put the Group in a stronger position at a time of uncertainty and worldwide economic recession:

- ▶ 3663 Barton Meat : perennial loss maker closed + other closures - R95,3m charge
- ▶ Bid Auto : rationalisation of dealerships – R18,3m charge
- ▶ Ontime Automotive – R7,3m
- ▶ Other significant costs impacted basic earnings per share



# Consolidated Income Statement

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HEPS (cps)	930,0	-12.9	1 068,0



HEPS, excluding non trading costs of R118,3m (39cps after tax) related to closure and re-organisation of operations, would have been 9% down



# Consolidated Income Statement

Financials

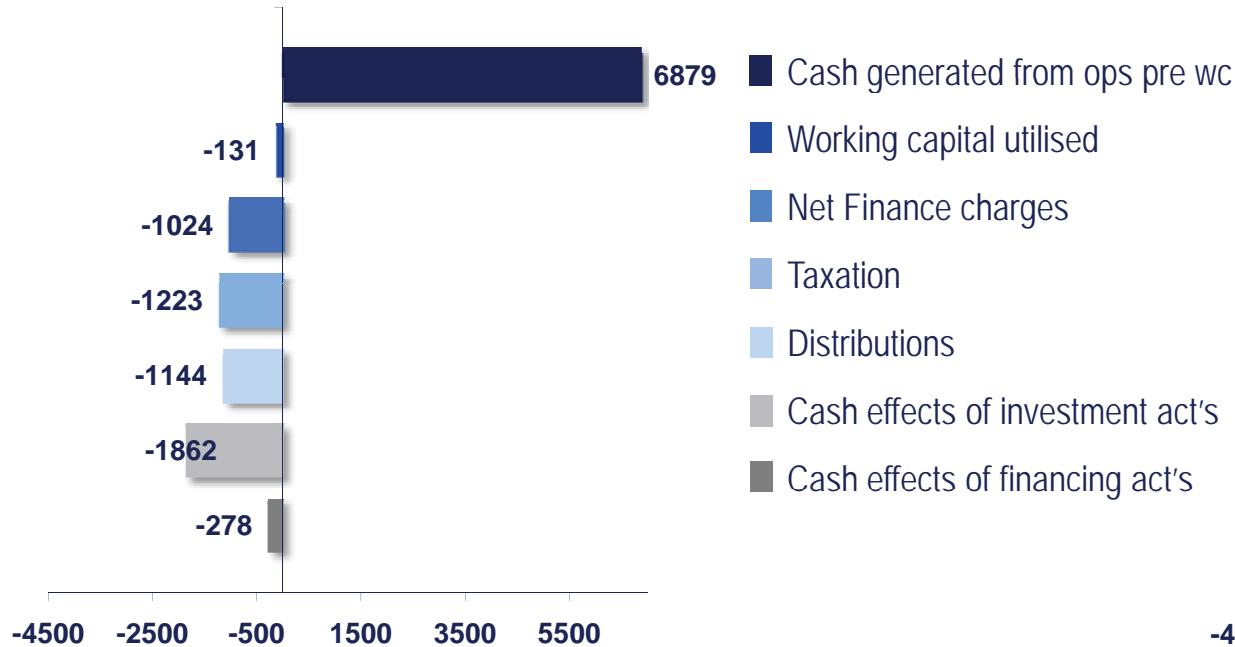
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HEPS (cps)	930,0	-12.9	1 068,0
Distribution (cps)	→ 380,0	-23.2	495,0
Dividend cover of 2,4x			

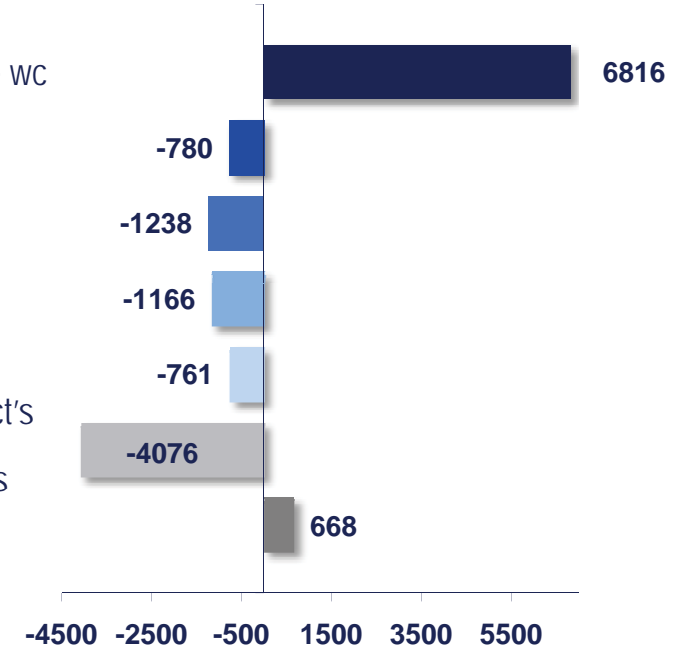


# Consolidated cash flow statement – Rm's

Year ended June 30 2009



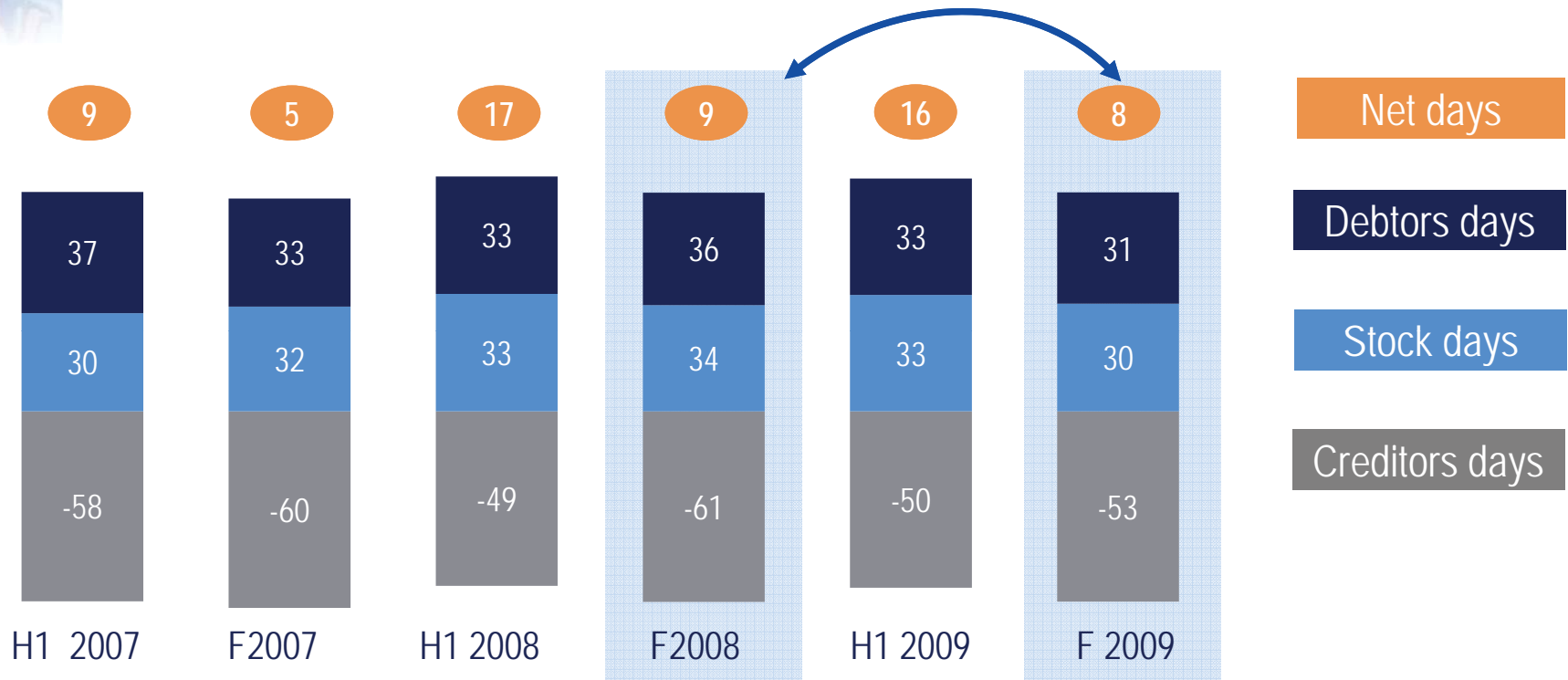
Year ended June 30 2008



- ▶ Investment activities:
  - No material acquisitions
  - Net capex of R2,3bn is lower than F2008 (R2,7bn)
- ▶ In the 5 years to June 2009:
  - R12.1bn cash generated from operations after working capital, tax and distributions, supported the R13.5bn spent on acquisitions & investments of businesses for medium term growth
  - Full benefits still to manifest



# Net working capital days



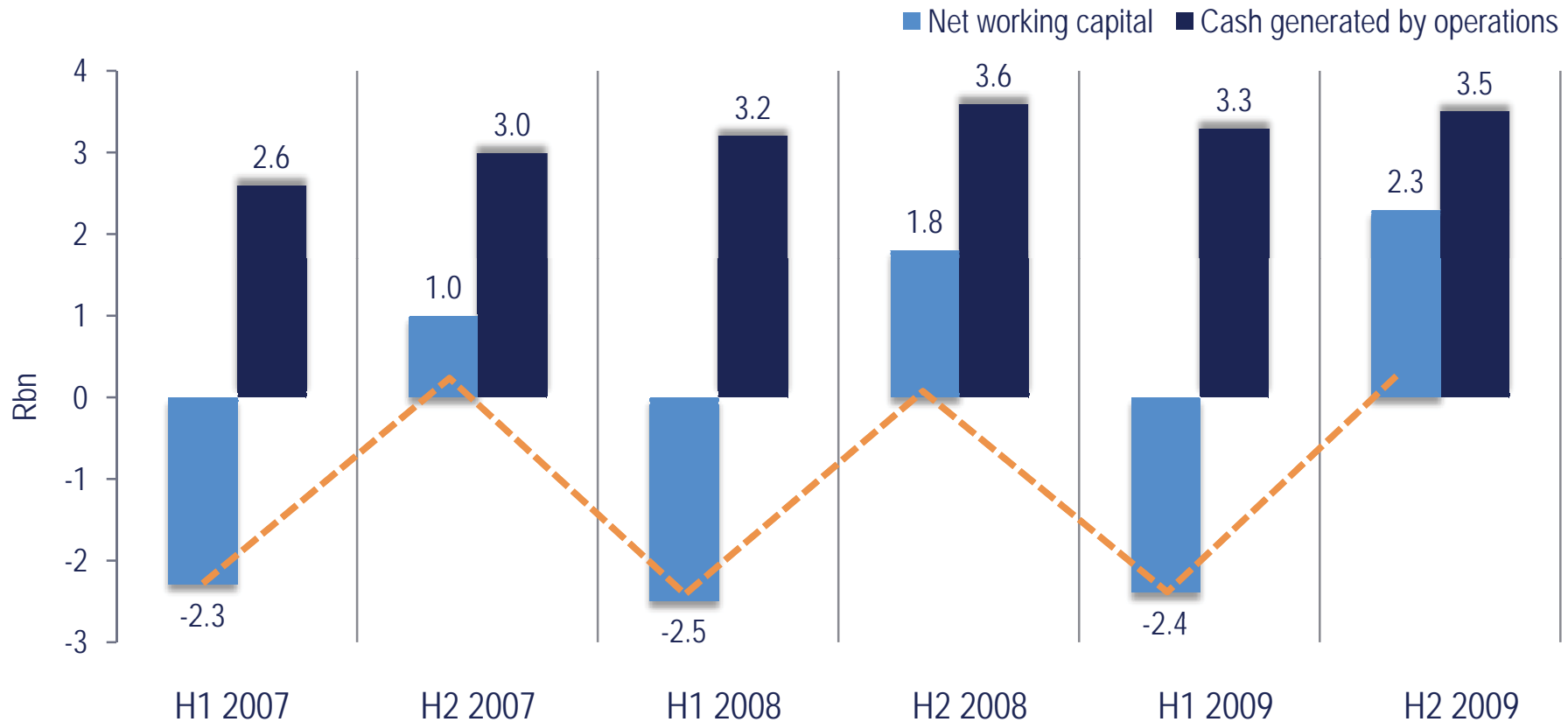
Some improvement in working capital management:

- ▶ Inventory - increased strategic buying, longer supply chain but effort made to reduce
- ▶ Debtors - quality of debtors book is sound, increasing debtor delinquencies well covered
- ▶ Creditors - impact of importing stock with shorter credit lines, lower in line with reduced activity



# Net working capital flows vs cash generated

Financials

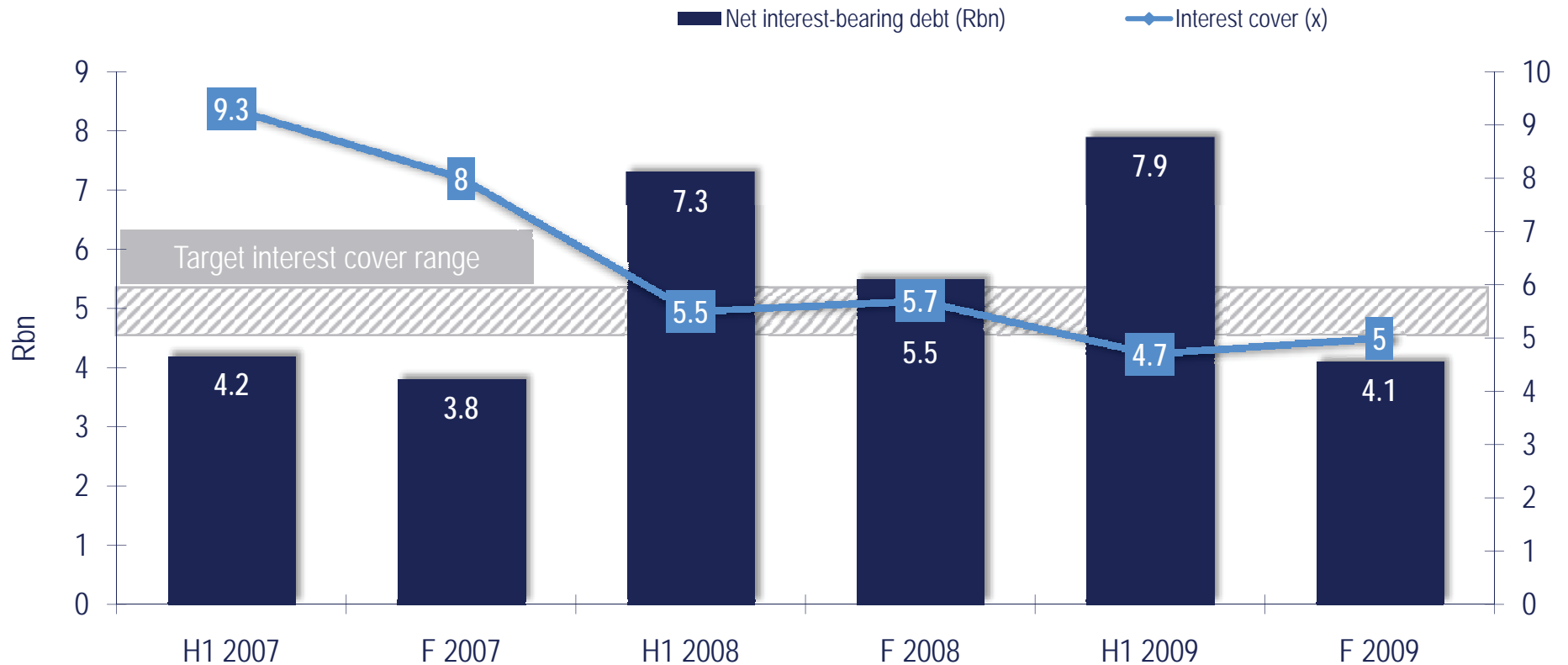


- ▶ Upward trend in half on half cash generated
- ▶ Working capital utilisation typically better in 2<sup>nd</sup> half

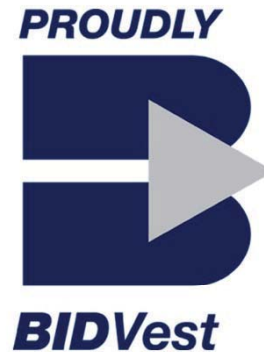


# Net working capital flows vs cash generated

Financials



- ▶ Clean EBITDA interest cover of 6.7x; Interest cover of 5.0x in target range of 5-6x
- ▶ Full year interest cover back within target range : improvement expected in 2010



Nowaco/Farutex Acquisition

**Brian Joffe**

MD Nowaco  
**Bohumil Volf**

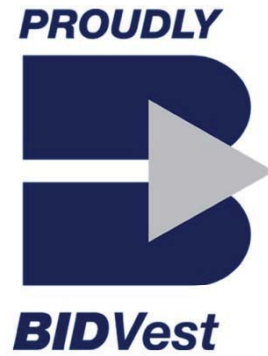
MD Farutex  
**Pawel Swiechowicz**



# Perspectives on Nowaco/Farutex acquisition

Nowaco/Farutex

- ▶ Businesses source and distribute multi-temp products on a wholesale basis to a wide customer base in Czech, Slovakia, and Poland
- ▶ Bidvest will purchase 100% of the issued shares from private equity vendors for an enterprise value €250m (R2.75bn)
- ▶ Financed equally between debt and equity
- ▶ Effective from a cash point of view 1 July 2009
- ▶ Immediately EPS accretive +/- 40cps or 4%
- ▶ Combined revenue €370m, EBITDA €37m, €30m in operating profit (December 2008)
- ▶ Adds 7% to group trading profit
- ▶ Price is 11.5x after tax profits and 6.7x EBITDA (December 2008)
- ▶ Bidvest's ability to speedily close a deal put it in pole position at auction
- ▶ Management team enthusiastic
- ▶ Markets offer huge scope for growth
- ▶ Shared group best practice



Assessment of trading  
performance and prospects

Brian Joffe



# Joffe on Bidfreight

Assessment & prospects

Segment comment	Revenue (Rm)			Trading Profit (Rm)		
	F2008	% ch.	F2009	F2008	% ch.	F2009
<ul style="list-style-type: none"> <li>• Cost reductions and a broadening of the customer base assisted Bidfreight to exceed budgeted profit</li> <li>• Profits in each quarter higher than 2008</li> <li>• Evidence of stress in the customer base – bad debts, late payments</li> <li>• Conclusion of two negotiations enables approved capex to commence in Cape Town &amp; Richards Bay</li> <li>• Safcor Panalpina outperformed in a weak market but billings 20% lower, adversely affecting working capital temporarily</li> </ul> <p><b>Outlook</b></p> <ul style="list-style-type: none"> <li>• Objective is maintained profitability</li> </ul>	21 992.7	-15.2	18 647.9	690.8	+11.2	768.1



# Joffe on Bidserv

Assessment & prospects

Segment comment	Revenue (Rm)			Trading Profit (Rm)		
	F2008	% ch.	F2009	F2008	% ch.	F2009
<ul style="list-style-type: none"> <li>• Strong H1 followed by a much weaker H2 but good result for the year</li> <li>• Strong cash generation and record ROFE of 70%</li> <li>• Critical mass in soft services, market reach and flexibility underpinned profitability as trading conditions deteriorated</li> </ul> <p><b>Outlook</b></p> <ul style="list-style-type: none"> <li>• A weak H1 anticipated and tough F2010 as a whole</li> <li>• BidTravel and Minolco most affected by the difficult economy but all other operations expected to hold their own fairly well</li> </ul>	6 424.5	+13.1	7 267.9	838.7	+11.4	933.9



# Joffe on Bidvest Europe

Assessment & prospects

Segment comment	Revenue (Rm)			Trading Profit (Rm)		
	F2008	% ch.	F2009	F2008	% ch.	F2009
<b>3663</b>						
• Severely depressed UK economy	33 683.8	+9.8	36 984.5	879.8	-12.5	770.0
• Business properly sorted out, but at some cost						
• Working capital & inventory well managed	<u>3663</u>		<u>3663</u>	<u>3663</u>		3663
• 10% headcount reduction	£1 586.1	+6.9	£1 694.6	£46.7	-30.0	£32.8
<b>DeliXL</b>	<u>DeliXL</u>		<u>DeliXL</u>	<u>DeliXL</u>		<u>DeliXL</u>
• Strong operating and cash flow performance	€970.3	+4.6	€1 015.3	€21.0	+24.0	€26.0
• Markets steadily worsened during the year						
<b>Outlook</b>						
• Trading in UK has stabilised, promotional activity stepped up, efficiency focus, staff objectives clear						
• Benelux economy has weakened but the businesses are on a sound footing						



# Joffe on Bidvest Asia Pacific

Assessment & prospects

Segment comment	Revenue (Rm)			Trading Profit (Rm)		
	F2008	% ch.	F2009	F2008	% ch.	F2009
<b>Australia</b> <ul style="list-style-type: none"> <li>Record result assisted by market share gains and efficiencies as economic cycle turned down</li> </ul>	14 467.4	+18.0	17 067.6	551.4	+9.3	602.5
	<u>Australia</u>		<u>Australia</u>	<u>Australia</u>		<u>Australia</u>
	A\$ 1	+12	A\$ 1	A\$55.9	18%	A\$66.3
<b>New Zealand</b> <ul style="list-style-type: none"> <li>Strong performance in a recessionary economy - bad debts on the rise, higher provisioning</li> </ul>	602.0		429.3	<u>NZ</u>		<u>NZ</u>
	<u>NZ</u>	+12	<u>NZ</u>	NZ\$16.8	17%	19.6
	NZ\$383.9		NZ\$430.8			
<b>Hong Kong &amp; Singapore</b> <ul style="list-style-type: none"> <li>Both economies struggling, margins under pressure, but the businesses held up well</li> </ul>						
<b>Outlook</b> <ul style="list-style-type: none"> <li>Bidvest has steadily built competitive advantage in the region; tough times have provided an opportunity to expand and perform ahead of the industry</li> </ul>						



# Joffe on Bidfood

Assessment & prospects

Segment comment	Revenue (Rm)			Trading Profit (Rm)		
	F2008	% ch.	F2009	F2008	% ch.	F2009
<b>Caterplus &amp; Speciality</b>						
•Adapted well to a declining market as all categories in the food channel came under increasing trading stress	4 418.9	+12.1	4 952.9	358.8	+7.1	384.3
	<u>Caterplus</u>		<u>Caterplus</u>	<u>Caterplus</u>		<u>Caterplus</u>
•Speciality characterised by currency and food price volatility and consumers trading down	2 925.4	+10.7	3 237.1	214.3	+8.3	232.2
	<u>Ingredients</u>		<u>Ingredients</u>	<u>Ingredients</u>		<u>Ingredients</u>
	1 493.5	+14.9	1 715.8	144.5	+5.3	152.1
<b>Bidfood Ingredients</b>						
•An abnormally volatile and trying year but revenue growth pleasing						
<b>Outlook</b>						
•All business will emerge even stronger from the severe recession and Bidfood is expected to continue delivering growth in profits						



# Joffe on Bid Industrial & Commercial

Assessment & prospects

Segment comment	Revenue (Rm)			Trading Profit (Rm)		
	F2008	% ch.	F2009	F2008	% ch.	F2009
<b>Electrical Wholesaling Division</b>						
•Trading significantly weaker in H2, cash flow up	9 403.0	-1.2	9 290.9	790.1	-25.0	592.7
•Copper stock write-down R34m						
•Manufacturing, mining and building activity very depressed						
<b>Stationery &amp; Furniture</b>						
•Strong 26% rise in profits from Stationery sub-division but Furniture profits fell 80% as corporate demand deteriorated sharply + own goals						
<b>Fasteners &amp; Closures</b>						
•Broadly flat result, Afcom much tougher H2						
<b>Outlook</b>						
•Improved segment result in 2010						



# Joffe on Bidpaper Plus

Assessment & prospects

Segment comment	Revenue (Rm)			Trading Profit (Rm)		
	F2008	% ch.	F2009	F2008	% ch.	F2009
<ul style="list-style-type: none"> <li>• Good diversity &amp; mix of drivers supports result</li> <li>• Significant cash generated</li> <li>• One off project work a boost</li> <li>• Volumes flat, pricing pressure</li> <li>• Personalisation &amp; Mail now 35% of profits</li> </ul> <p><b>Outlook</b></p> <ul style="list-style-type: none"> <li>• 2010 football world cup to benefit e.g. tickets, ancillary and services business</li> <li>• Acquisition possibilities in packaging</li> <li>• Growth feasible to achieve</li> </ul>	1 937.4	-0.2	1 933.4	220.2	+1.2	222.8



# Joffe on Bid Auto

Assessment & prospects

Segment comment	Revenue (Rm)			Trading Profit (Rm)		
	F2008	% ch.	F2009	F2008	% ch.	F2009
<ul style="list-style-type: none"> <li>• Haemorrhage at a number of dealerships halted</li> <li>• Shift into fleet management to reduce reliance on retailing minimised downside shocks</li> <li>• Cash generation significantly improved</li> <li>• 50% of vehicle imports unit sold to Imperial</li> <li>• Used vehicles 60% of total sold vs 49%</li> <li>• New car sales were 32% lower than F2008 and 40% below F2007</li> </ul> <p><b>Outlook</b></p> <ul style="list-style-type: none"> <li>• Revised management structure effective July</li> <li>• Precipitous decline close to bottoming but recovery will be aemic and growth expectation is subdued for 2010</li> <li>• Losses on imports business now history</li> </ul>	18 467.5	-10.8	16 464.3	743.0	-32.3	502.9



# Joffe on Bidvest Namibia

Assessment & prospects

Segment comment	Revenue (Rm)			Trading Profit (Rm)		
	F2008	% ch.	F2009	F2008	% ch.	F2009
<ul style="list-style-type: none"> <li>•With the exception of Fisheries Bidvest Namibia is a microcosm of the greater Bidvest</li> <li>•BidCom and Bidfish the two pillars</li> <li>•A highly satisfactory result, boosted by a doubling in Fisheries profits, but Bidcom too well ahead of expectation</li> <li>•Trading conditions have held up far better than in SA</li> </ul> <p><b>Outlook</b></p> <ul style="list-style-type: none"> <li>•NSE listing scheduled for October 2009</li> <li>•Focus on adding capacity at Bidcom and expanding footprint</li> <li>•Fishing had a bumper F2009 that will be hard to repeat but business has good diversity and great prospects</li> </ul>	1 377.3	+17.4	1 616.4	164.0	+79.5	294.3

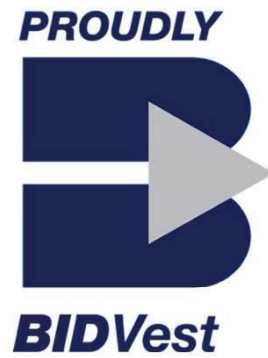


## Joffe's Group round up

Group round up

- ▶ Integration of Nowaco/Farutex, learning about Central Europe markets
- ▶ Pre-tax restructuring costs totaling R380m are behind us
- ▶ Benefits of group restructuring will manifest in earnings during F2010
- ▶ Foodservice Europe expected to show improved performance
- ▶ Earnings growth in Asia, expansion in China, Macao, Kuala Lumpur
- ▶ Australia and New Zealand to continue doing very well indeed
- ▶ World Cup will benefit Bidvest in South Africa in many segments due to its reach but it's impossible to credibly quantify at this point
- ▶ Recent trading supports our confidence in a sound F2010 result
- ▶ Staff motivation and morale is key for us – “infinite possibilities...when Bidvest people take on a challenge”

Bidvest is budgeting for real growth in F2010 excluding acquisition impacts



Thank you for attending

Q&A