

A large, light blue, stylized letter 'B' with a white arrow pointing to the right, integrated into the right side of the 'B'. It has a subtle drop shadow.

Proudly
tomorrow

“...a great platform for an optimistic tomorrow.”

April 2016

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Mpumi Madisa | <i>Bidvest CE Designate
Executive director</i> |
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The transaction



Proposed listing and unbundling of the foodservice business on the JSE



The reason

- Evolution of Bidvest into a major diversified Industrial Group and a global foodservice operator with divergent strategic focusses requiring different management skills
- Separation caters for new leadership and succession
- Retain strengths of Bidvest DNA - proven business model and entrepreneurial culture
- Give shareholders choice – one or the other or both

Timing

- Bidvest has a history of being proactive and anticipating the need to change
- World at an uncertain juncture, our people need to focus without distraction

Size

- Each business will have critical mass with a balance sheet to realise ambition
- Big enough to count but small enough to be agile and remain opportunistic

Conditions precedent

- Shareholder approval – 75% of Shareholders present (including by proxy) and voting

Transaction

- The unbundling by Bidvest of all its BidCorp shares (Bidvest Foodservice) to Bidvest shareholders by way of a distribution in specie, in the ratio of 1 BidCorp share for every 1 Bidvest share held

Unbundling creates two stand alone groups with separate identity, clear focus and performance goals

Bidvest Group (ex Foodservice)

Southern Africa bias

- Southern African group specialising in services, trading (wholesale) and distribution
- Pro forma asset base of R44 billion and pro forma shareholders equity of R20 billion
- Blend of defensive, cyclical and growth assets incorporating:
 - Wholesale and distribution model (business-to-business) - 30% of trading profit
 - Services model (business-to-business) - 56% of trading profit
 - Automotive retail model (business-to-consumer) - 14% of trading profit
- Dividend policy - approximately 2,25x covered by headline earnings
- Return on Funds Employed (ROIC) target > 35%
- Real growth in EPS target - a combination of organic and acquisitive expansion

Bidcorp (Foodservice)

International bias

- Internationally diverse foodservice businesses
- 95% of revenue and 90% of trading profit external to Southern Africa
- Pro forma asset base of R58 billion and pro forma shareholders equity of R25 billion
- Assets with positive global growth dynamics incorporating:
 - Wholesale and distribution model (business-to-business) - 100% of trading profit
- Dividend policy - approximately 2,5x covered by headline earnings
- Return on Funds Employed (ROIC) target >30%
- Real growth in EPS target - a combination of organic and acquisitive expansion



Bidvest Group (ex Foodservice)

Lindsay Ralphs – Bidvest CE Designate

Future Bidvest Group (comprising Industrial, Namibia and Corporate) ex Foodservice assets – Investment case



A leading South African services, wholesale and distribution group operating in the areas of commercial and industrial products, electrical products, financial services, freight management, office and print solutions, outsourced hard and soft services and automotive retailing

Financial

- Turnover R93 billion and EBITDA R7 billion (F2015)

Business case

- Strong track record of consistent delivery, returns and growth

Geography

- Southern Africa but pursuing opportunities internationally

Mix

- Leading and well established in all operating segments with differing growth drivers

Funding

- Cash generating assets that are relatively capital light, other than Freight Division

Operating model

- Highly entrepreneurial and decentralised management teams, small corporate office

Employment

- 117 000 employees

Executive team
comprising



LP Ralphs
P Meijer
M Madisa
G McMahon

Chief Executive
Chief Financial Officer
Business Development Executive
Transformation Executive

Bidvest Industrial	Bidvest Namibia	Bidvest Properties	Material Associates	Other Investments
Automotive	Fishing	Properties = 103	Adcock Ingram (34.5%)	Ontime Automotive UK (100%)
Commercial	Freight and Logistics		Comair (26%)	Mumbai Airport (6.75% effective)
Electrical	Commercial and Industrial		Cullinan Holdings (19.5%)	Various smaller listed and unlisted investments
Financial Services	Automotive			
Freight	Freight			
Office and Print				
Services				



Bidvest Industrial, Namibia and Corporate – recent performance

Lindsay Ralphs – Bidvest CE Designate

R'000s	Half-year ended Dec 31 2015	Half-year ended Dec 31 2014	Change
Turnover	45 263 572	43 881 623	3.1%
Trading profit	2 657 183	2 529 180	5.1%
Trading margin	5.9%	5.8%	

General	<ul style="list-style-type: none"> • New streamlined structure reflects core business focus and platform for growth
Automotive	<ul style="list-style-type: none"> • New vehicle sales down 2.1%, used vehicle sales down 3.2%, retail margin at 2.4% vs. 2.8% • Bidvest Car Rental making good progress as an independent business
Commercial	<ul style="list-style-type: none"> • Industrial segment grew profits in real terms • Competitive category mix benefited HoLB; newly acquired Plumblink performing well
Electrical	<ul style="list-style-type: none"> • Real volume growth achieved at improved GP in spite of a challenging cables market • Mining, steel and contracting markets struggling
Financial Services	<ul style="list-style-type: none"> • Bidvest Bank grew profits by 16.3%; insurance profits before investment income grew by 4.7% • Good progress in deploying bank balance sheet for growth; sound risk metrics
Freight	<ul style="list-style-type: none"> • Bulk volumes in general were weak but C&F automotive exposure remained buoyant • BTT and BPL achieved a positive result whilst all other divisions declined
Office & Print	<ul style="list-style-type: none"> • Konica Minolta achieved an excellent result in a competitive market • Paperplus returned a good result with all divisions contributing well
Services	<ul style="list-style-type: none"> • With the exception of Travel, all clusters (FM, Security, Industrial and Allied) contributed positively with BidAir, Steiner and BidTrack notable outperformers

R'000s	Half-year ended Dec 31 2015	Half-year ended Dec 31 2014	Change
Turnover	2 045 915	2 049 033	(0.2%)
Trading profit	120 662	172 514	(30.1%)
Trading margin	5.9%	8.4%	

Fishing
Freight & Logistics
Food & Distribution
Automotive
Commercial & Industrial

- Continued negative impact of lower horse mackerel quota allocation
- Quota allocation situation remains a cause of major concern for fishing sustainability
- A substantially reduced result in Freight & Logistics on lower project activity levels
- Food & Distribution showing signs of improvements under new leadership
- Novel automotive acquisition contributed positively
- Commercial & Industrial satisfactory however margins under pressure

Bidvest Corporate – recent performance

Adcock Ingram

- Much improved results in a challenging business environment

Comair

- Aggressive price discounting, underlying cash earnings encouraging, business well managed

Properties

- A strategic asset, properties continue to be developed for internal use



Bidvest Foodservice (BidCorp)

David Cleasby

BidCorp - Proposed listing and unbundling from Bidvest Group on the JSE – Investment case



One of the top three Foodservice groups outside of America trading across five continents in over 30 countries

Financial	<ul style="list-style-type: none">• Turnover R117 billion and EBITDA R5,2 billion (F2015)
Business case	<ul style="list-style-type: none">• From small beginnings in SA, a top class international business is being built
Geography	<ul style="list-style-type: none">• Africa, Australasia, Asia, China, Western and Eastern Europe, United Kingdom, Latin America and the Middle East
Mix	<ul style="list-style-type: none">• Businesses in various countries at different life cycle stages
Funding	<ul style="list-style-type: none">• Established assets in UK & Australia provide hard currency for international growth
Operating model	<ul style="list-style-type: none">• Highly entrepreneurial and decentralised, small corporate office
Employment	<ul style="list-style-type: none">• 24 000 employees

Executive team
comprising



B Joffe
BL Berson
DE Cleasby

Executive Chairman
Chief Executive
Chief Financial Officer

Australasia

Australia

New Zealand

United Kingdom

Foodservice

Logistics

Fresh

Europe

Netherlands, Belgium,
Italy, Poland, Czech and
Slovakia, Baltics

Emerging Markets

Greater China,
Latin America,
Middle East and
Southern Africa

Bidvest Foodservice (BidCorp)

David Cleasby



Bidvest
Foodservice
inspired by you

R'000s	Half-year ended Dec 31 2015	Half-year ended Dec 31 2014	Change
Turnover	68 223 647	59 545 021	14.6%
Trading profit	2 348 680	1 912 490	22.8%
Trading margin	3.4%	3.2%	

Australasia	<ul style="list-style-type: none"> • Successfully exiting low-margin logistics and national contracts business • Focus on growing free trade and leveraging potential in fresh categories • Margin up to 5.2% from 4.6% - 7.8% rise in profit with sales down 6.5% (AUD)
UK	<ul style="list-style-type: none"> • Ongoing business improvements, refreshed leadership in Foodservice and Logistics • Foodservice delivered a 32% rise in profits off a 4.5% rise in sales (GBP); Fresh expanding product offering and geographic spread
Europe	<ul style="list-style-type: none"> • Netherlands trading result up 19.2% (EUR), change in mix toward Hospitality • Refocus in Belgium yielded a doubling in margin • DAC in Italy substantially ahead of budget with a positive trend continuing in H2 • Czech & Slovakia grew sales by 13.9% and profits by 20.3% (CZK), strong sales push • Polish sales grew 18.6% (PLN) with growth outlook encouraging in foodservice • Baltics enjoyed strong growth in foodservice
Emerging markets	<ul style="list-style-type: none"> • Good sales and profit performance in SA with like-for-like profit up 16% (ZAR) • China continues to grow strongly – sales up 16% and profits up 32.5% (HKD) • Pleasing progress in Chile with sales up 21.4% and profits up 29.3% (CLP) • Brazil trading ahead of the market, turning difficulty to advantage, new DC opened • Middle East much improved despite geopolitical turmoil



Proforma Financials of Bidvest Group and BidCorp

David Cleasby – Bidvest Group FD

Proforma Financial Features of Bidvest Group and BidCorp for the half-year ended December 31 2015



ZAR	Bidvest Group (ex Bidvest Foodservice)	BidCorp (inc Bidvest Foodservice)
Turnover	46,3bn	68,2bn
Gross profit %	21.0%	20.0%
Operating expenses %	15.4%	16.8%
EBITDA	3,4bn	3,1bn
Trading profit	2,7bn	2,4bn
EBITDA interest cover	7,9x*	19,6x
Normalised HEPS	493,6 cps+	499,1 cps
Net debt	7,7bn	4,3bn
Weighted average shares	329,5m	329,5m

OVERALL COMMENTS

- Bidvest Group trading margin 5.8%, Foodservice trading margin 3.5%
- GP margins largely similar
- Operating expenses % lower in Bidvest Group (15.4%) than Foodservice (16.8%)
- Historical Trading profit generation: 48% in H1 vs 52% in H2
- Weaker ZAR has most impact in Foodservice results
- Capital items mainly fair value impairment of associates (MTM) – key driver will be share price of Adcock at yearend
- Normalised EBITDA interest cover in Bidvest Group of 10,9x

*Normalised EBITDA interest cover (excluding interest on Adcock investment) 10,9x
+ Normalised HEPS excludes one off costs borne by Bidvest associated with the unbundling transaction as shown in the circular

Questions

