



Bidcorp

Bid Corporation Limited Results
for the year ended June 30 2017



Our strategic vision.

Management is focused on growth opportunities; organically in our current markets through attaining the appropriate business mix by selling more products to our existing customers and gaining new customers; via in-territory bolt-on acquisitions to expand our geographic reach and expanding our product ranges; and via larger acquisitions to enter new markets. Despite our appetite for acquisitions, we remain disciplined in our approach to accessing the “right” opportunities.

Bidcorp’s entrepreneurial and decentralised business model, the depth and experience of our management teams and the strength of the Group’s culture has set up the Group for sustained growth in the future.

Financial highlights

HEPS +9,4%

1 181,0 cents

2016: 1 080,0 cents*

Constant currency, HEPS +19,1%

Trading profit +6,9%

R5,5 bn

2016: R5,2 bn*

Constant currency, trading profit +16,0%

Segment trading profit % growth in constant
currency

Australasia +12,0%	United Kingdom	+12,4%
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Europe +20,5%	Emerging Markets	+20,8%
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Cash generated by operations before
working capital**R6,2 bn**

*Reviewed pro forma financial information.

Summary consolidated statement of profit or loss for the year ended June 30

R000s	2017 Audited	2016 Reviewed Pro forma (Note 2)	%	2016 Audited Actual (Note 1)
Revenue	130 926 600	140 523 301	(6,8)	135 537 531
Cost of revenue	(102 567 995)	(111 339 336)		(107 470 732)
Gross profit	28 358 605	29 183 965	(2,8)	28 066 799
Operating expenses*	(22 852 330)	(24 033 352)	4,9	(23 233 908)
Sales and distribution costs	(18 926 499)	(19 892 961)		(19 237 323)
Administration expenses	(3 575 622)	(3 617 595)		(3 484 653)
Other costs	(350 209)	(522 796)		(511 932)
Trading profit	5 506 275	5 150 613	6,9	4 832 891
Share-based payment expense	(97 569)	(63 984)		(48 653)
Acquisition costs	(46 084)	(8 947)		(8 947)
Net capital items	114 331	(157 921)		(148 773)
Operating profit	5 476 953	4 919 761	11,3	4 626 518
Net finance charges	(219 169)	(294 553)	25,6	(223 779)
Finance income	96 763	106 230		66 846
Finance charges	(315 932)	(400 783)		(290 625)
Share of profit of associates and jointly-controlled entity	25 055	23 985	4,5	26 386
Profit before taxation	5 282 839	4 649 193	13,6	4 429 125
Taxation	(1 250 958)	(1 179 027)		(1 109 081)
Profit for the year	4 031 881	3 470 166	16,2	3 320 044
Attributable to:				
Shareholders of the Company	4 008 287	3 430 711	16,8	3 279 576
Non-controlling interest	23 594	39 455	(40,2)	40 468
	4 031 881	3 470 166	16,2	3 320 044
Shares in issue				
Total	335 404	335 404		335 404
Weighted ('000)	332 065	331 791		82 405
Diluted weighted ('000)	332 795	332 555		83 169
Basic earnings per share (cents)	1 207,1	1 034,0	16,7	3 979,8
Diluted basic earnings per share (cents)	1 204,4	1 031,6	16,8	3 943,3
Headline earnings per share (cents)	1 181,0	1 080,0	9,4	4 154,0
Diluted headline earnings per share (cents)	1 178,4	1 077,5	9,4	4 115,8
Dividends per share (cents)	500,0			241,0

*Certain categories of operating expenses were reclassified during the year. The comparative pro forma financial results and comparative year's actual operating expenses have been represented to reflect these reclassifications.

Note 1: Actual financial results of Bidcorp for the year ended June 30 2016 do not include assets transferred to Bidcorp from Bidvest as part of the restructuring of Bidcorp for the full financial year, as this transfer was effective from April 1 2016.

Note 2: Pro forma financial results of Bidcorp assume all the assets (refer to note 1) transferred into Bidcorp by Bidvest as part of the restructuring prior to its listing and unbundling had been part of Bidcorp for the full financial year.

Headline earnings reconciliation for the year ended June 30

R000s

Headline earnings

The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline earnings:

Profit attributable to shareholders of the Company

	2017 Audited	2016 Reviewed Pro forma (Note 2)	%	2016 Audited Actual (Note 1)
	4 008 287	3 430 711	16,8	3 279 576
Net impairments	400 534	166 825		166 825
Goodwill	176 174	–		–
Property, plant and equipment	115 093	41 463		41 463
Intangible assets	94 384	3 817		3 817
Available-for-sale investment	43 379	119 076		119 076
Associate	–	10 699		10 699
Deferred taxation relief	(28 496)	(8 230)		(8 230)
Net profit on disposal of interests in subsidiaries and interest of associate	(465 882)	(25 656)		(34 804)
Profit on disposal of subsidiaries	(510 232)	(26 670)		(35 818)
Profit on disposal of interest in associate	(11 804)	–		–
Deferred taxation charge	56 154	1 014		1 014
Net (profit) loss on disposal of property, plant and equipment and intangible assets	(21 175)	11 499		11 499
Property, plant and equipment	(7 122)	4 256		4 256
Intangible assets	(14 203)	5 280		5 280
Taxation charge	150	1 963		1 963
Headline earnings	3 921 764	3 583 379	9,4	3 423 096

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Note 2: Pro forma financial results of Bidcorp assume all the assets (refer to note 1) transferred into Bidcorp by Bidvest as part of the restructuring prior to its listing and unbundling had been part of Bidcorp for the full financial year.

Summary consolidated statement of other comprehensive income for the year ended June 30

R000s	2017 Audited	2016 Audited (Note 1)
Profit for the year	4 031 881	3 320 044
Other comprehensive income net of taxation	(2 786 306)	2 214 461
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation reserve		
(Decrease) increase in foreign currency translation reserve	(2 793 654)	2 259 035
Movement in available-for-sale financial assets	-	-
Fair value loss arising during the year	(43 379)	(119 706)
Reclassified to profit and loss	43 379	119 706
Movement in fair value of cash flow hedges	1 338	3 308
Net fair value gain arising during the year	1 652	607
Deferred taxation (charge) relief	(314)	2 701
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Defined benefit obligations	6 010	(47 882)
Net remeasurement of defined benefit obligations during the year	6 393	(57 243)
Deferred taxation (charge) relief	(383)	9 361
Total comprehensive income for the year	1 245 575	5 534 505
Attributable to		
Shareholders of the Company	1 230 657	5 486 534
Non-controlling interest	14 918	47 971
	1 245 575	5 534 505

Note 1: Actual financial results of Bidcorp for the year ended June 30 2016 do not include assets transferred to Bidcorp from Bidvest as part of the restructuring of Bidcorp for the full financial year, as this transfer was effective from April 1 2016.

Summary consolidated statement of cash flows for the year ended June 30

R000s	2017 Audited	2016 Audited (Note 1)
Cash flows from operating activities	2 254 867	4 740 623
Operating profit	5 476 953	4 626 518
Dividends from associates	14 854	23 467
Acquisition costs	46 084	8 947
Depreciation and amortisation	1 191 135	1 237 482
Movement in post-retirement obligations	1 429	(224 391)
Other non-cash items	(530 675)	207 872
Cash generated by operations before changes in working capital	6 199 780	5 879 895
Changes in working capital	(753 669)	762 572
Cash generated by operations	5 446 111	6 642 467
Net finance charges paid	(201 058)	(200 533)
Taxation paid	(1 343 351)	(1 150 888)
Dividends paid	(1 646 835)	(550 423)
Cash effects of investment activities	(2 230 046)	(2 349 552)
Amounts (advanced to) repaid by associates	(80 575)	29 075
Proceeds on disposal of investments	680 235	344 319
Investments acquired	(9 858)	(105 222)
Additions to property, plant and equipment	(2 158 660)	(1 988 422)
Additions to intangible assets	(117 679)	(123 906)
Proceeds on disposal of property, plant and equipment	323 111	87 180
Proceeds on disposal of intangible assets	18 730	-
Acquisition of businesses, subsidiaries and associate	(1 315 161)	(720 637)
Proceeds on disposal of interests in subsidiaries and associate	429 811	128 061
Cash effects of financing activities	1 471 746	(808 142)
Disposal of treasury shares	154 544	12 420
Borrowings raised	5 499 736	4 363 215
Borrowings repaid	(4 126 025)	(5 183 777)
Payments to non-controlling interests	(56 509)	-
Net increase in cash and cash equivalents	1 496 567	1 582 929
Cash and cash equivalents at the beginning of the year	5 505 509	3 632 604
Exchange rate adjustment	(654 027)	289 976
Cash and cash equivalents at the end of the year	6 348 049	5 505 509

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Summary consolidated statement of financial position at June 30

R000s	2017 Audited	2016 Audited
ASSETS		
Non-current assets	26 023 534	26 792 068
Property, plant and equipment	10 705 190	11 016 705
Intangible assets	907 151	1 212 758
Goodwill	12 791 153	13 184 782
Deferred taxation asset	922 847	491 766
Defined benefit pension surplus	17 134	15 255
Interest in associates	172 206	116 903
Investment in jointly controlled entity	394 039	–
Investments	113 814	753 899
Current assets	28 422 407	29 548 613
Inventories	8 261 665	8 828 939
Trade and other receivables	13 812 693	15 214 165
Cash and cash equivalents	6 348 049	5 505 509
Total assets	54 445 941	56 340 681
EQUITY AND LIABILITIES		
Capital and reserves	23 671 520	24 217 574
Attributable to shareholders of the Company	23 548 214	24 080 624
Non-controlling interest	123 306	136 950
Non-current liabilities	6 751 961	4 490 970
Deferred taxation liability	743 471	524 243
Long-term portion of borrowings	5 247 641	2 342 670
Post-retirement obligations	41 657	50 836
Long-term portion of vendors for acquisition	82 377	–
Long-term portion of puttable non-controlling interest liabilities	118 028	1 168 921
Long-term portion of provisions	513 792	397 970
Long-term portion of operating lease liabilities	4 995	6 330
Current liabilities	24 022 460	27 632 137
Trade and other payables	19 127 763	21 505 266
Short-term portion of provisions	223 945	358 319
Short-term portion of vendors for acquisition	379 474	513 308
Short-term portion of puttable non-controlling interest liabilities	1 077 168	–
Taxation	404 288	409 760
Short-term portion of borrowings	2 809 822	4 845 484
Total equity and liabilities	54 445 941	56 340 681
Number of shares in issue ('000)	335 404	335 404
Net tangible asset value per share (cents)	2 937	2 887
Net asset value per share (cents)	7 021	7 180

Summary consolidated statement of changes in equity for the year ended June 30

(R000s)	2017 Audited	2016 Audited (Note 1)
Equity attributable to shareholders of the Company	23 548 214	24 080 624
Stated capital	5 428 016	5 428 016
Balance at the beginning of the year	5 428 016	#
Shares issued during the year	–	5 428 016
Treasury shares	(795 187)	(949 731)
Balance at the beginning of the year	(949 731)	–
Shares disposed of in terms of share option scheme	154 544	12 420
Transfer as a result of unbundling	–	(962 151)
Foreign currency translation reserve	4 318 272	7 111 926
Balance at the beginning of the year	7 111 926	4 852 891
Arising during the year	(2 793 654)	2 256 344
Realisation of reserve on disposal of subsidiaries	–	2 691
Hedging reserve	1 338	–
Balance at the beginning of the year	–	(3 308)
Fair value gains arising during the year	1 652	607
Deferred tax recognised directly in reserve	(314)	2 701
Equity-settled share-based payment reserve	20 914	(2 025)
Balance at the beginning of the year	(2 025)	54 857
Arising during current year	97 569	48 653
Deferred tax recognised directly in reserve	22 824	27 776
Utilisation during the year	(154 544)	(133 660)
Transfer as a result of unbundling	–	(28 947)
Transfer to retained earnings	57 090	29 296
Movement in retained earnings	14 574 861	12 492 438
Balance at the beginning of the year	12 492 438	12 778 926
Attributable profit	4 008 287	3 279 576
Net remeasurement of defined benefit obligations during the year	6 010	(47 882)
Remeasurement of puttable option during the year	(48 076)	–
Dividends paid	(1 646 835)	(537 283)
Transfers of reserves as a result of changes in shareholding of subsidiaries	(121 790)	–
Transfers of subsidiaries under common control	(29 924)	(2 973 047)
Transfer from unbundling for share-based payments	–	28 947
Transfer of reserves from non-controlling interests of the Company	(28 159)	(7 503)
Transfer from equity-settled share-based payment reserve	(57 090)	(29 296)
Equity attributable to non-controlling interests of the Company	123 306	136 950
Balance at the beginning of the year	136 950	65 946
Other comprehensive income	14 918	47 971
Attributable profit	23 594	40 468
Movement in foreign currency translation reserve	(8 676)	7 503
Dividends paid	(15 758)	(13 140)
Share of movement on other reserves	(1 424)	(253)
Changes in shareholding	80 293	73 623
Transfer to puttable non-controlling interest liability	(119 832)	(44 700)
Transfer to retained earnings	28 159	7 503
Total equity	23 671 520	24 217 574

#Amounts below R1 000.

Note 1: Actual financial results of Bidcorp for the year ended June 30 2016 do not include assets transferred to Bidcorp from Bidvest as part of the restructuring of Bidcorp for the full financial year, as this transfer was effective from April 1 2016.

Summary consolidated segmental analysis for the year ended June 30

R000s	2017 Audited	2016 Reviewed Pro forma (Note 2)	%	2016 Audited Actuals (Note 1)
			change	
REVENUE				
Bidfood	130 926 600	140 523 301	(6,8)	135 531 898
Australasia	29 440 177	30 333 998	(2,9)	30 333 998
United Kingdom	49 988 115	60 991 803	(18,0)	60 991 803
Europe	32 217 257	30 988 054	4,0	30 988 054
Emerging Markets	19 281 051	18 209 446	5,9	13 218 043
Bidvest Services	-	-		5 633
	130 926 600	140 523 301	(6,8)	135 537 531
TRADING PROFIT				
Bidfood	5 561 375	5 238 873	6,2	4 904 980
Australasia	1 951 691	1 778 121	9,8	1 778 121
United Kingdom	1 332 774	1 473 927	(9,6)	1 473 927
Europe	1 175 195	1 053 640	11,5	1 053 640
Emerging Markets	1 101 715	933 185	18,1	599 292
Corporate	(55 100)	(88 260)	37,6	(76 403)
Bidvest Services	-	-		4 314
	5 506 275	5 150 613	6,9	4 832 891

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Comment

Bidcorp has, in addition to its actual audited results, provided shareholders with pro forma financial information in relation to the comparative year-end due to the unbundling from The Bidvest Group Limited in May 2016, to enable a full appreciation of the true performance of the Group. The following comment is based on the comparison to that pro forma information.

Highlights

Bidcorp delivered very pleasing results for the year ended June 30 2017, albeit the true performance in home currencies was negatively impacted by rand strength across all major currencies. Headline earnings per share (HEPS) increased by 9,4% to 1 181,0 cents per share (PF2016: 1 080,0 cents) with basic earnings per share (EPS) increasing by 16,7% to 1 207,1 cents per share (PF2016: 1 034,0 cents). On a constant currency basis, excellent growth of 19,1% in HEPS was achieved, truly reflective of the strong performance of the businesses.

Our strategic focus of balancing the exposure between contract, national and independent customers in the respective markets has driven gross and trading margin improvements, despite generally very low inflation environments and stable but subdued economic growth. Every business in the portfolio improved its performance in home currencies with the exception of Aktaes Turkey and Logistics UK.

Our global rebranding exercise trading as "Bidfood" has been embraced by the businesses, reinforcing our credentials as "value-add food people" in our first full year as a separate entity.

Distribution

In accordance with its dividend policy, Bidcorp has declared a final cash dividend of 250,0 cents per share.

Financial overview

Net revenue of R130,9 billion (PF2016: R140,5 billion) declined by 6,8% in part due to the currency impacts as well as the deliberate and planned exit of some low margin business in various geographies, which still reflect in the comparative base. Constant

currency net revenue growth of 4,6% was achieved, reflecting our focus in the core foodservice markets in all geographies.

Gross profit percentage increased to 21,7% (PF2016: 20,8%) reflecting the benefit of trading with the correct mix of business. Operating expenses remained well controlled, decreasing 4,9% in absolute terms despite wage pressure in a number of growing economies and higher sales and distribution costs reflecting higher activity levels.

Group trading profit increased by 6,9% to R5,5 billion (PF2016: R5,1 billion) and the trading margin improved to 4,2% (PF2016: 3,7%).

Share-based payment costs increased to R97,6 million (PF2016: R64,0 million), the annual costs of long-term employee incentivisation across the Group. Acquisition costs of R46,1 million (PF2016: R8,9 million) were incurred in bringing the various acquisitions to fruition. Although their contribution to the overall Group profitability has been limited to date, these businesses will assist in building our global presence going forward.

Net finance charges are 25,6% lower at R219,2 million (PF2016: R294,6 million) assisted by some deleveraging and lower interest rates. Cash generation has been solid despite greater utilisation of working capital, impacted by higher activity levels, some strategic stocking, tighter supplier terms and impacts from a Logistics UK contract unwind. Bidcorp remains well capitalised, with trading profit interest cover at 25,1 times (PF2016: 17,5 times). We remain conservative in our approach to gearing and retain adequate headroom for further organic and acquisitive growth.

Comment continued

The Group's financial position remains strong. Total fixed assets have grown in home currencies reflecting replacement and expansionary capital expenditure. Net debt is R1,7 billion which is at the same level as June 30 2016 despite significant ongoing investment and acquisitions.

Cash generated by operations before working capital absorption was robust at R6,2 billion, net working capital days was seven days and investment activities consumed R2,2 billion. Free cash flow (excluding dividends paid) was positive at R1,7 billion.

Acquisitions and disposals

The acquisition of 90% of Guzmán Gastronomía and Cuttings (Guzmán), a leading national Spanish multi-temperature foodservice company supplying hotels, restaurants, industrial caterers and other institutions, was completed with effect from April 2017 for an enterprise value of €75 million (R1,1 billion).

The Group also concluded a number of smaller bolt-on acquisitions in Australia, Brazil, Belgium, Italy and UK totalling R590,4 million. Disposal of investments totalled R670,4 million.

Bidcorp concluded an agreement with Puratos Group NV (Puratos) which enabled Puratos to acquire joint control of our South African-based Bakery Supplies business. Strategically the transaction will enable the business to develop new products using international innovation for the baking industry. The transaction completed in April 2017.

Post-year-end, an acquisition was completed of 70% of Pier 7 Foods, a small foodservice business based in Munich, Germany, incorporating five locations within Germany and one in Austria. In addition, an acquisition of a niche Portuguese horeca business was also completed.

Prospects

Our businesses worldwide will continue to focus on balancing their exposure between contract, national and independent customers in their respective markets. The sharing of best practice across the

Group and inter-divisional cooperation spanning marketing and procurement ensures that speed of business development is greatly enhanced, often avoiding costly mistakes. Innovative digital interaction with our customers and global procurement opportunities continue to gain traction as part of our value-add service to grow market share.

Management remain focused on growth opportunities; organically in our current markets through attaining the appropriate business mix by selling more products to our existing customers and gaining new customers; via in territory bolt-on acquisitions to expand our geographic reach and expanding our product ranges; and via larger acquisitions to enter new markets. Despite our appetite for acquisitions, we remain disciplined in our approach to accessing the "right" opportunities. Fresh produce, meat categories, value-add processing and procurement initiatives are areas of unexploited potential in many regions.

Bidcorp's entrepreneurial and decentralised business model, the depth and experience of our management teams and the strength of the Group's culture has set up the Group for sustained growth in the future. Our financial position is strong and cash generation is expected to remain robust. Investment into capacity creation in many markets is growing. The timing of acquisitions is difficult to predict however we retain significant financial headroom and the ability to act quickly to accommodate expansion opportunities, both acquisitive and organic.

Currency volatility in the global environment is likely to continue. However, fundamental to management is our ability continue to generate above average returns in each of our businesses in their home markets. Returns on funds employed remains the key measure of performance across all businesses.

Despite persistent low inflation, pedestrian economic growth and low interest rates, we expect fundamentals in the global foodservice industry to remain positive. Bidcorp anticipates being able to leverage off these conditions in its respective markets and anticipates continued real growth in the year ahead.

Divisional performance

Australasia

Revenue fell following strategic exit of low-margin contracts by 2,9% to R29,4 billion (PF2016: R30,3 billion). Trading profit rose 9,8% to R2,0 billion (PF2016: R1,8 billion) – a 12,0% increase in constant currency terms. Results reflect successful strategic focus on freetrade and management determination to keep it “all about the food”.

Australia reported a great finish to the year, taking trading profit higher. Net revenue fell following continued exit of low-margin logistics business. Overall margins rose.

Freetrade sales rose a pleasing 5%, driven higher by hard-working sales teams and focused initiatives.

The exit of some logistics contracts led to the closure of two sites. Adelaide branch relocated to a new, purpose-built facility. The Perth Fresh business was consolidated into the Perth Logistics site. New branches opened in Yatala (Queensland), Port Melbourne and Truganina (Victoria). Sydney Support office moved to a new facility in Botany that will also operate as a foodservice branch.

Small, bolt-on foodservice acquisitions were made in Launceston (Tasmania), Cairns (Queensland) and in Port Macquarie (NSW).

The Foodservice division put in another strong performance, despite increasingly intense competition as new players enter this market.

We now have 36 foodservice operations. Perth put in a particularly strong performance. Further foodservice growth is projected, with the new branches positioned to contribute fully to continued momentum.

Imports division had a great year. The pace of new product development was maintained and the home-brand basket grew.

Fresh had a better year and returned a meaningful trading profit. Competition is intense, but a base on which to build has now been established.

Classic Meats showed pleasing trading profit growth, though some was attributable to the reallocation of meat sales from Brisbane Foodservice to Classic Meats Brisbane. Continued organic and acquisitive growth is planned.

Only one standalone logistics business remains (in Perth). Rebalancing of the customer portfolio is substantially complete.

Across the Australian business, significant progress was made with the strategy of creating a sustainable base that will foster continued freetrade growth.

New Zealand delivered a strong fourth quarter. Most business units secured double-digit profit growth. Margins were well protected, resulting in improved profitability in all divisions.

Gains were underpinned by a strong Foodservice performance. This division recorded 10% sales growth and benefited from improved buying and margin management. Imports had an outstanding year. Freetrade remained the key Foodservice focus area, though contract retention contributed to overall performance.

Fresh performed strongly, expenses were well controlled and margins were well protected.

The Logistics division was bolstered by a good result at Auckland and an excellent one at the Christchurch branch.

Processing put in a stellar performance.

United Kingdom

Revenue fell 18,0% to R50,0 billion (PF2016: R61,0 billion). Excluding the effects of a strengthening rand, revenue grew 1,9%. Trading profit decreased by 9,6% to R1,3 billion (PF2016: R1,4 billion). Excluding the currency effects, profitability was up 12,4%.

Bidfood UK delivered pleasing trading performance underpinned by an excellent fourth quarter. Trading profit was up strongly and exceeded expectations, though overall sales growth was constrained by the strategic exit of a number of large, unprofitable contracts. Freetrade volume growth of 8% was achieved.

Margins were well managed and expenses contained. Cash flow remained robust and investment continued. Fleet vehicle renewal was a focus area. Rebranding to Bidfood was warmly received.

Divisional performance continued

The freetrade sales mix showed continued improvement. National account margins were well managed while significant new contracts supported fourth quarter volumes.

Own-brand growth was strong.

IT infrastructure moved in-house and the transfer of data centre hosting to a new service provider was completed. Migration of eCommerce solutions was finalised early in the new period. All IT activity proceeded to plan without business disruption.

The specialist focus areas of wine and meat achieved pleasing volume and profit gains.

Across the wider business, ongoing growth is projected.

Fresh results saw good revenue growth with only a small growth in profit. Performance was assisted by the acquisition of R Noone & Son, a Manchester fresh produce supplier to the catering industry, and Wynne-Williams, a butchery business based in Flint, Wales. Both performed as expected post-acquisition.

Product cost inflation impacted margins while management consciously sacrificed some margin to maintain volumes. Significant increases in wages, insurance and IT costs were experienced.

The seafood businesses experienced pressure on revenue and margin, but recovered well in the final quarter. Produce businesses had stable results while meat businesses experienced mixed results.

Logistics performance continued to disappoint, with trading profit well down. A marginal improvement in sales was achieved. Margins remained under pressure as QSR deliveries fell below expectation and the business exited a major QSR account. In PCL247 Transport, sales and margins moved lower as the number of routes fell by 23%. As a consequence of lower activity, Trafford Park distribution centre will close. Associated costs have been accrued accordingly.

Significant effort and costs were expended in resolving previously reported management irregularities. These irregularities remain the subject of ongoing legal processes. Management has impaired the goodwill associated with the PCL247 Transport business by £9 million (R155,1 million).

Logistics remains a non-core activity and management remains committed to finding a viable solution for the future of the business.

Europe

Revenue rose 4,0% to R32,2 billion (PF2016: R31,0 billion) while trading profit rose 11,5% to R1,2 billion (PF2016: R1,1 billion). In constant currency terms, trading profit rose 20,5%. Eastern European businesses continued to deliver good growth, bolstered by buoyant economic conditions.

Netherlands' trading profit and revenue met expectation. Performance was driven by a strong hospitality sector showing. In the national accounts, institutional and catering channels, sales and margins were under pressure.

Freetrade within the hotel, restaurant and catering channels has become a significant driver of the business. Rebranding as Bidfood was successfully launched.

Belgium teams optimised sales opportunities. Trading profit was also above budget. Margin pressure persisted, but was generally well managed. Cash generated from operations was up significantly due to good working capital management.

Revenue growth was driven by a strong horeca performance, assisted by the contribution of Bestfood, whose acquisition was completed in September 2016.

The institutional wholesale business exceeded expectations, boosted from October by a new contract win. Logistics sales were also above expectation. Numerous contract renewals were achieved.

The Bidfood identity was successfully implemented.

Spain's newly acquired Guzmán (April 2017) witnessed pleasing gains in the independent sector in both Madrid and Barcelona. Gross margins were impacted by product price increases caused by frosts during the early part of the calendar year. Bidfood Spain just failed to meet its objective of breaking even by year-end as mainland sales stalled in the last two months of the year. Integration of Bidfood Spain into Guzmán is a priority in the coming year.

DAC Italy's trading profit exceeded budget and sales growth occurred in all categories – ambient, frozen, chilled and non-food.

Strong growth was maintained in the independent/street channel, which now represents 81% of sales volumes. Own-brand growth continued, as did export sales.

Sales to Bidcorp group companies increased substantially. Cash from operations showed good improvement.

Newly acquired Quartiglia Food Service performed in line with expectations.

Czech Republic and Slovakia Bidfood teams put in another strong performance. Revenue and trading profit were well up. June was one of the best trading months on record, with pleasing growth in ice cream volumes and value-added products.

High productivity levels were achieved at our factories (ice cream, Sous-Vide meat, ready meals, red meat and vegetables). Frozen fish processing capacity was increased.

Sales into the retail channel were pleasing, particularly in the fresh produce, red meat and frozen bakery product segments. Export volumes – notably meat and game – also moved higher. Good demand was seen from both EU and non-EU countries.

Return on funds employed achieved pleasing improvement.

Farutex Poland recorded excellent increases in sales volumes. Trading profit also exceeded expectations.

Particularly pleasing growth was achieved in the free-trade market. Sales of fresh produce and meat were particularly strong. Volumes in the national accounts channel also rose.

Margins remained stable, cash generation from operations was strong and return on funds employed moved higher. Staff numbers rose to cater for higher growth. Cash generation was robust.

Relocation and expansion of the Lublin depot is complete.

Baltics revenue rose, though the business overall recorded a small loss. Restructure of Estonian operations is underway to stem losses. The Lithuanian business is profitable.

Emerging markets

These businesses continue to deliver commendable results. Revenue rose 5,9% to R19,3 billion (PF2016: R18,2 billion), with trading profit up 18,1% at R1,1 billion (PF2016: R0,9 billion). Excluding currency effects, profitability is up 20,8%.

Bidcorp Food Africa (BFA) recorded excellent results. Net revenue growth of 10% was driven by strong penetration of the independent channel by Bidfood (BF) and Crown Food Group (CFG).

With effect from April 1 2017, 50% of Bakery Solutions was sold to Puratos, a global manufacturer of bakery and confectionery ingredients. The company, renamed Chipkins Puratos (CP), was equity accounted post the sale.

BFA's focus on its own manufactured products yielded positive results. Cash from operations improved substantially. Investment continued into delivery vehicles, manufacturing facilities and new distribution centres. IT investment is ongoing.

BF recorded excellent results, achieving the target of double-digit independent channel growth. BF's online ordering platform, BFS247, continues to grow. Channel growth was assisted by increased private label product sales. National accounts growth was also achieved, but challenges persisted in the industrial caterers' channel.

CFG's sales dipped marginally, though trading margin improved. Procurement savings were secured and a change in the customer mix proved beneficial.

At year-end, a joint venture agreement was finalised between CFG and Griffith Foods, a US-based supplier of ingredients solutions.

Divisional performance continued

CP put in a strong performance, driven by innovation and successful initiatives with own-manufactured products.

Greater China delivered a strong finish to the year. Substantial mainland contributions underpinned a highly satisfactory performance, with trading profit well up. Double-digit revenue growth was broadly in line with expectation. Expenses remained high in an increasingly competitive market. Working capital was impacted by tighter supplier terms on imported products, longer lead times and revenue growth.

Hong Kong revenue was well up, but trading profits failed to meet expectation.

Results were impacted by rising costs and the need for further warehouse investment. The Him Kee dry goods business delivered solid growth. Sales at the PastryGlobal bakery and confectionary business were constrained by delayed shipments from European suppliers, but the strong profit-line was maintained.

Trading profit also exceeded budget at Gourmet Cuisine. Miami, the Japanese foods business, witnessed continued growth of its Shabu Shabu line and frozen meat, frozen sashimi, meat and seafood. Natural and Organic Global gained further momentum.

Good sales of Ready-To-Eat processed products drove continued growth in Macau.

Mainland China achieved good volume growth in Shanghai driven by robust demand from hotels and restaurants, particularly for dairy products. Beijing's pastry volumes showed good growth on strong demand for President products. Guangzhou put in another strong performance, bolstered by buoyant bakery and retail demand. Shenzhen enjoyed continued growth on the back of firm demand in the restaurant and foodservice channels.

Singapore's trading profit and revenue growth continued as the company gained further traction following transition to a core foodservice focus. Foodservice achieved good growth in key customer categories such as restaurants, hotels, clubs, pubs and cafes. Pleasing growth was seen across beef, poultry and butchery lines.

Post-year-end, further investment was made into Malaysia through the acquisition of a majority stake in Aeroshield, a distributor of chocolate, pastry and bakery products.

Brazil achieved excellent revenue and trading profit growth, assisted by the acquisition of Mariusso, a foodservice distributor based in greater São Paulo.

The core business, Irmãos Avelino, achieved strong sales momentum.

Chilean business registered pleasing trading profit and revenue growth. Overall margins were well managed. Santiago foodservice branch sales were especially strong. Puerto Montt branch volumes rose, but were below expectation.

Concepción branch volumes doubled from a low base, following the launch of a local branch and acquisition of a small foodservice distributor.

Middle East division performed well, improving both revenue and trading profit significantly. Sales were up, gross margins improved and expense control was good.

Revenue ticked higher at Horeca UAE, but failed to reach anticipated levels. In Saudi Arabia, Al Difaya's revenue was below expectation, but up on prior year. Margins were well managed and trading profit improved. Horeca Oman recorded excellent sales. Performance was driven by a new brand introduction and growth of the customer base. Horeca Bahrain grew on the back of aggressive promotional activity. Beverage marketing benefited from collaboration with Al Difaya.

Aktaes Turkey grew revenue, but trading losses persisted. Operating expenses rose, but were broadly in line with forecasts. A distribution agreement was signed with Campari. Acquisition of an Izmir-based foodservice distribution company is nearing completion.

Corporate

Bidfood Procurement Community (BPC) results were satisfactory. UK and European purchasing opportunities are now pursued by a dedicated BPC staff member. The supplier and product ranges continue to broaden.

Change in directorate

At the annual general meeting (AGM), Mrs CWL Phalatse retired from the board. The board thanked Mrs Phalatse for her contribution. Mrs DD Mokgatle was appointed as an independent non-executive director with effect from October 4 2016.

Mr S Koseff was appointed as an independent non-executive director with effect from August 16 2017.

The board welcomes Dolly and Stephen to Bidcorp.

BL Berson

Chief executive

DE Cleasby

Chief financial officer

Dividend declaration

In line with the Group dividend policy, the directors have declared an final cash dividend of 250,0 cents (200,0 cents net of dividend withholding tax, where applicable) per ordinary share for the year ended June 30 2017 to those members registered on the record date, being Friday, September 22 2017.

The dividend has been declared from income reserves. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

Share code:	BID
ISIN:	ZAE000216537
Company registration number:	1995/008615/06
Company tax reference number:	9040946841
Gross cash dividend amount per share:	250,0 cents
Net dividend amount per share:	200,0 cents
Issued shares at declaration date ('000):	335 404
Declaration date:	Thursday, August 24 2017
Last day to trade cum dividend:	Tuesday, September 19 2017
First day to trade ex dividend:	Wednesday, September 20 2017
Record date:	Friday, September 22 2017
Payment date:	Tuesday, September 26 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, September 20 2017 and Friday, September 22 2017, both days inclusive.

For and on behalf of the board

AK Biggs

Company secretary

Johannesburg

August 24 2017

Basis of preparation of summary consolidated financial statements

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirement of the Companies Act of South Africa applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summary financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

Audit report

These summary consolidated financial statements for the year ended June 30 2017 have been audited by KPMG Inc, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual consolidated financial statements from which these summary consolidated financial statements were derived.

A copy of the auditor's report on the summary consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the Company's registered office, together with the financial statements identified in the respective auditor's reports.

The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial announcement from the issuer's registered office.

Preparer of the financial statements

These summary consolidated financial statements have been prepared by CAM Bishop CA(SA), under the supervision of DE Cleasby CA(SA) and were approved by the board of directors on August 23 2017.

The directors are responsible for the preparation of the preliminary report and the correct extraction of the financial information from the financial statements.

Subsequent events

Subsequent to year-end, management has been through a legal mediation process with the perpetrators of the Logistics UK irregularities. Bidcorp management remains optimistic that, pursuant to legal action and insurance claims, potential recoveries arising from the management irregularities will be forthcoming.

Other than the legal matter disclosed above, no other material subsequent events have arisen since June 30 2017 to the date of this announcement.

Net acquisition of businesses, subsidiaries, associates and investments

Acquisitions

Bidcorp acquired 90% of the issued share capital of Guzmán for an enterprise value of €75 million (R1,1 billion), the effective date of this acquisition was April 1 2017.

Other than the Guzmán acquisition, the Group made a number of small acquisitions during the year namely Bestfood NV (Belgium), BFS Port Macquarie Proprietary Limited (Australia), Central Choices Foods Proprietary Limited (Australia), Hanlon's Smokehouse Dublin Limited (Ireland), Mariusso Comércio De Alimentos E Representação Limitada (Brazil), Quartiglia Food Service Spa (Italy), R Noone & Son Limited (England), Wyn Lee Holdings Limited (England) and Wynne-Williams (Flint) Limited (England).

These acquisitions form part of the Group's strategic expansion plans in the international foodservice industry. Goodwill arose on the acquisitions as the anticipated value of future cash flows that were taken into account in determining the purchase consideration exceeded the net assets acquired at fair value. There were no significant contingent liabilities identified in the businesses acquired.

The acquisitions have enabled the Group to expand its range of complementary products and services and, as a consequence, has broadened the Group's base in its marketplace.

For Guzmán and the other acquisitions the Group's revenue for the year was enhanced by R2,1 billion, and its trading profit by R69,5 million. If these acquisitions had been effective on July 1 2016, the total contribution to revenue would have been R3,6 billion and an increase in trading profit by R139,6 million.

Disposals

Effective April 1 2017, Bidcorp Food Africa Proprietary Limited, a subsidiary of Bid Corporation Limited, signed agreements with Puratos Group NV (Puratos) whereby Puratos became an equal shareholder in Bidcorp Food's Bakery Solutions Division (subsequently named Chipkins Puratos (CP)). CP manufactures and supplies bakery ingredients to industrial bakers, the craft market and large retailers under the Chipkins and NCP brands in South Africa.

The transaction provides CP with an opportunity to grow its existing business and to develop new products and tailor-made solutions for the South African baking industry. Planned investment in new product categories and technology are very exciting and offer opportunities and development experiences to management and staff.

Net acquisition of businesses, subsidiaries, associates and investments continued

The following table summarises the net assets acquired/disposed and liabilities assumed/disposed which have been included in these results from the respective acquisitions and disposals.

R000s	Other		Total	Disposals	Net
	Guzmán	acquisitions	acquisitions		
Property, plant and equipment	(80 619)	(184 326)	(264 945)	78 879	(186 066)
Intangible assets	(9 011)	(7 913)	(16 924)	–	(16 924)
Deferred taxation	(67 261)	10 595	(56 666)	(69)	(56 735)
Interest in associates	(89)	(80 575)	(80 664)	–	(80 664)
Other investments and loans	(6 920)	(9 858)	(16 778)	701 927	685 149
Inventories	(52 613)	(74 171)	(126 784)	103 925	(22 859)
Trade and other receivables	(228 428)	(125 221)	(353 649)	129 468	(224 181)
Cash and cash equivalents	72 177	(45 824)	26 353	112 504	138 857
Borrowings	410 579	94 916	505 495	–	505 495
Trade and other payables	450 179	161 338	611 517	(164 205)	447 312
Taxation	5 247	6 262	11 509	(2 554)	8 955
	493 241	(254 777)	238 464	959 875	1 198 339
Non-controlling interest			(53 626)	–	(53 626)
Goodwill			(1 417 544)	23 184	(1 394 360)
Net assets (acquired) disposed			(1 232 706)	983 059	(249 647)
Net change in vendors for acquisition and put option liability			(100 451)	–	(100 451)
Profit on disposal of interest in subsidiaries			–	375 790	375 790
Cash and cash equivalents disposed of			(26 353)	(112 504)	(138 857)
Less: 50% of the net asset value of subsidiary sold during the year			–	(136 299)	(136 299)
Costs incurred in respect of acquisitions			(46 084)	–	(46 084)
Net amounts (paid)/received			(1 405 594)	1 110 046	(295 548)

Commitments

The Group has commitments at June 30 of approved contracted capital expenditure of R675,2 million (2016: R568,7 million) and not contracted for capital expenditure of R873,5 million (2016: R939,4 million). It is anticipated that capital expenditure will be financed out of existing cash resources.

Financial instruments

Fair value hierarchy

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques categorised as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

R000s	Non-current assets (liabilities)			Current assets (liabilities)		Total	Level 1	Level 2	Level 3
	Puttable non-controlling interests	Investments	Vendors for acquisition	Puttable non-controlling interests	Vendors for acquisition				
June 30 2017									
Financial assets measured at fair value	-	54 504		-	-	54 504	-	1 848	52 656
Financial liabilities measured at fair value	(118 028)	-	(82 377)	(1 077 168)	(379 474)	(1 657 047)	-	-	(1 657 047)
June 30 2016									
Financial assets measured at fair value	-	511 122		-	-	511 122	501 293	2 054	7 775
Financial liabilities measured at fair value	(1 168 921)	-		-	(513 308)	(1 682 229)	-	-	(1 682 229)

Valuation techniques and significant unobservable inputs

Valuation technique

The expected payments are determined by considering the possible scenarios of forecast EBITDA, the amount to be paid under each scenario and the probability of each scenario. The valuation models consider the present value of expected payment, discounted using a risk-adjusted discount rate.

Significant unobservable inputs

- EBITDA growth rates: 10% – 23% (2016: 10% – 23%)
- EBITDA multiples: 4,8x – 7x (2016: 4,8x – 7x)
- Risk-adjusted discount rate: 1,99% – 5,0% (2016: 1,99% – 5,0%)

Inter-relationship between significant unobservable inputs and fair value measurement

The estimated fair value would increase (decrease) if:

- the EBITDA were higher (lower); or
- the risk-adjusted discount rate were lower (higher).

Exchange rates

The following exchange rates were used in the conversion of foreign interests and foreign transactions for the year ended:

	June 30	
	2017	2016
Rand/Sterling		
Closing rate	16,80	19,81
Average rate	17,29	21,49
Rand/Euro		
Closing rate	14,78	16,43
Average rate	14,85	16,11
Rand/Australian dollar		
Closing rate	9,93	11,01
Average rate	10,27	10,57

Supplementary pro forma information

The pro forma financial information has been compiled for illustrative purposes only and is the responsibility of the board. Due to the nature of this information, it may not fairly present the Group's financial position, changes in equity and results of operations or cash flows. An unmodified reasonable assurance report has been issued by the Group's auditor, KPMG Inc. in terms of ISAE 3420 Assurance Engagements to Report on the Compilation of the Pro Forma Information in a Prospectus, and is available for inspection at the Company's registered office. The pro forma information has been compiled in terms of the JSE Listings Requirements and the Revised Guide on Pro Forma Information by SAICA.

The Group underwent an internal restructuring with effect from April 1 2016 in anticipation of the listing and unbundling of Bidcorp on May 30 2016. The illustrative information, detailed in the statement of profit or loss, has been prepared on the basis that the internal restructuring had been effective July 1 2015 and includes pro forma adjustments on a basis consistent with those of the Pre-listing Statement of Bidcorp, dated April 14 2016.

The average rand exchange rate strengthened against the major currencies in which the Group's foreign operations trade, namely sterling (21,49 in 2016 to 17,29 in 2017), the Australian dollar (10,57 in 2016 to 10,27 in 2017) and the euro (16,11 in 2016 to 14,85 in 2017). The illustrative information, detailed below, has been prepared on the basis of applying the 2016 average rand exchange rates to the 2017 foreign subsidiary income statements and recalculating the reported revenue and trading profit of the Group for the year.

	For the year ended June 30			Illustrative 2017 at 2016 average exchange rates	
	Actual 2017	% change	Pro forma 2016	Pro forma 2017	% change
Revenue (Rm)	130 926,6	(6,8)	140 523,3	147 013,5	4,6
Trading profit (Rm)	5 506,3	6,9	5 150,6	5 974,1	16,0
Headline earnings (Rm)	3 921,8	9,4	3 583,4	4 270,7	19,2
HEPS (cps)	1 181,0	9,4	1 080,0	1 286,1	19,1
Constant currency per segment					
Revenue (Rm)					
Australasia	29 440,2	(2,9)	30 334,0	30 036,1	(1,0)
United Kingdom	49 988,1	(18,0)	60 991,8	62 133,5	1,9
Europe	32 217,3	4,0	30 988,1	34 888,3	12,6
Emerging Markets	19 281,0	5,9	18 209,4	19 955,6	9,6
	130 926,6	(6,8)	140 523,3	147 013,5	4,6
Trading profit (Rm)					
Australasia	1 951,7	9,8	1 778,1	1 991,1	12,0
United Kingdom	1 332,8	(9,6)	1 473,9	1 656,6	12,4
Europe	1 175,2	11,5	1 053,6	1 269,8	20,5
Emerging Markets	1 101,7	18,1	933,2	1 127,6	20,8
Corporate	(55,1)	37,5	(88,2)	(71,0)	19,5
	5 506,3	6,9	5 150,6	5 974,1	16,0

Administration



Directors

Non-executive Chairman: *B Joffe*

Lead independent director: *DDB Band*

Independent non-executive: *PC Baloyi, S Koseff, DD Mokgatlhe, NG Payne, H Wiseman**

Executive directors: *BL Berson* (chief executive), DE Cleasby (chief financial officer)*
**Australian*

Company secretary

AK Biggs

Bid Corporation Limited

("Bidcorp" or "the Group" or "the Company")

Incorporated in the Republic of South Africa

Registration number: 1995/008615/06

Share code: BID

ISIN: ZAE000216537

Transfer secretaries

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Proprietary Limited

Registration number: 2004/003647/07

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Independent auditor

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Further information regarding our Group can be found on the Bidcorp website:

www.bidcorpgroup.com



Arkadiusz Korzeń, Culinary Academy
Bidfood Farutex, Poland

Aleksandra Ciesielska, Photographer



 **Bidcorp**
www.bidcorpgroup.com