Bidcorp

Bid Corporation Limited

Unaudited results for the half-year ended

December 31 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.

It's all about the food

Financial highlights

Continuing HEPS +8,6%

640,0 cents

2016: 589,3 cents

Constant currency, HEPS +8,7%

Continuing trading profit +8,9%

R3,0 bn

2016: R2,8 bn

Constant currency, trading profit +9,4%

Segment trading profit % growth in constant currency (excluding acquisitions and disposals)

Australasia	+2,0%	United Kingdom	+5,1%
Europe	+22,2%	Emerging Markets	+9,3%

Cash generated by operations before working capital

R3,5 bn

Interim dividend declared +12,0%

280,0 cents

Condensed interim consolidated statement of profit or loss
for the

R000s	Half-year ended December 31 2017 Unaudited	2016 Unaudited *Re-presented*	% change	Year ended June 30 2017 Reviewed* *Re-presented*
Continuing operations				
Revenue	**61 476 926**	57 076 135	7,7	110 468 151
Cost of revenue	**(46 939 264)**	(43 518 626)	(7,9)	(83 945 122)
Gross profit	**14 537 662**	13 557 509	7,2	26 523 029
Operating expenses	**(11 515 002)**	(10 781 559)	(6,8)	(21 038 100)
Trading profit	**3 022 660**	2 775 950	8,9	5 484 929
Share-based payment expense	**(53 531)**	(45 049)		(94 113)
Acquisition costs	**(14 630)**	(14 089)		(46 084)
Net capital items	**21 124**	–		135 697
Operating profit	**2 975 623**	2 716 812	9,5	5 480 429
Net finance charges	**(136 470)**	(116 995)	(16,6)	(215 723)
Finance income	**42 340**	53 544		96 752
Finance charges	**(178 810)**	(170 539)		(312 475)
Share of profit of associates and jointly-controlled entity	**29 270**	11 546		25 055
Profit before taxation	**2 868 423**	2 611 363	9,8	5 289 761
Taxation	**(714 359)**	(646 607)	(10,5)	(1 246 641)
Profit for the period from continuing operations	**2 154 064**	1 964 756	9,6	4 043 120
Discontinued operation				
(Loss) profit after taxation from discontinued operation	**(71 207)**	36 489		(11 239)
Profit for the period	**2 082 857**	2 001 245		4 031 881
Attributable to:				
Shareholders of the Company	**2 072 051**	1 993 020		4 008 287
From continuing operations	**2 143 258**	1 956 531	9,5	4 019 526
From discontinued operation	**(71 207)**	36 489		(11 239)
Non-controlling interest from continuing operations	**10 806**	8 225		23 594
	2 082 857	2 001 245		4 031 881
Shares in issue ('000)				
Total	**335 404**	335 404		335 404
Weighted	**332 570**	332 000		332 065
Diluted weighted	**333 524**	332 859		332 795
Continuing operations (cents)				
Basic earnings per share	**644,5**	589,3	9,4	1 210,5
Diluted basic earnings per share	**642,6**	587,8	9,3	1 207,8
Headline earnings per share	**640,0**	589,3	8,6	1 179,2
Diluted headline earnings per share	**638,2**	587,8	8,6	1 176,6
Discontinued operation (cents)				
Basic earnings per share	**(21,4)**	11,0		(3,4)
Headline earnings per share	**(21,2)**	11,0		1,8
Distributions per share	**280,0**	250,0	12,0	500,0

** Refer to 'Preparation and results' note, page 20*

Headline earnings reconciliation
for the

R000s	Half-year ended December 31 2017 Unaudited	Half-year ended December 31 2016 Unaudited *Re-presented*	% change	Year ended June 30 2017 Reviewed* *Re-presented*
Headline earnings				
The following adjustments to profit attributable to shareholders were taken into account in the calculation of continuing headline earnings:				
Profit attributable to shareholders of the Company from continuing operations	**2 143 258**	1 956 531		4 019 526
Net impairments	**198**	–		383 228
Goodwill	**–**	–		176 174
Property, plant and equipment	**–**	–		93 727
Intangible assets	**198**	–		94 384
Available-for-sale investment	**–**	–		43 379
Taxation relief	**–**	–		(24 436)
Net profit on disposal of property, plant and equipment and intangible assets	**(11 970)**	–		(21 175)
Property, plant and equipment	**(17 100)**	–		(7 122)
Intangible assets	**–**	–		(14 203)
Taxation charge	**5 130**	–		150
Gain from bargain purchase	**(3 040)**	–		–
Bargain purchase	**(4 222)**	–		–
Taxation charge	**1 182**	–		–
Net profit on disposal of interests in subsidiaries and interest of associate	**–**	–		(465 882)
Profit on disposal of subsidiaries	**–**	–		(510 232)
Profit on disposal of interest in associate	**–**	–		(11 804)
Taxation charge	**–**	–		56 154
Headline earnings from continuing operations	**2 128 446**	1 956 531	8,8	3 915 697

** Refer to 'Preparation and results' note, page 20*

Condensed interim consolidated statement of other comprehensive income
for the

R000s	Half-year ended December 31 2017 Unaudited	2016 Unaudited	Year ended June 30 2017 Audited
Profit for the period	**2 082 857**	2 001 245	4 031 881
Other comprehensive income	**(350 397)**	(2 994 906)	(2 786 306)
Items that may be classified subsequently to profit or loss	**(350 397)**	(2 994 906)	(2 792 316)
Foreign currency translation reserve			
Decrease in foreign currency translation reserve	**(350 067)**	(2 993 477)	(2 793 654)
Available-for-sale financial assets	**–**	–	–
Fair value loss	**–**	–	(43 379)
Reclassified to profit of loss	**–**	–	43 379
Cash flow hedges	**(330)**	(1 429)	1 338
Fair value (loss) gain	**(407)**	(1 765)	1 652
Taxation relief (charge)	**77**	336	(314)
Items that will not be reclassified subsequently to profit or loss			
Defined benefit obligations	**–**	–	6 010
Remeasurement of defined benefit obligations	**–**	–	6 393
Taxation charge	**–**	–	(383)
Total comprehensive income for the period	**1 732 460**	(993 661)	1 245 575
Attributable to			
Shareholders of the Company	**1 723 102**	(990 064)	1 230 657
Non-controlling interest	**9 358**	(3 597)	14 918
	1 732 460	(993 661)	1 245 575

Condensed interim consolidated statement of cash flows
for the

R000s	Half-year ended December 31 2017 Unaudited	2016 Unaudited *Re-presented*	Year ended June 30 2017 Reviewed* *Re-presented*
Cash flows from operating activities	**(68 246)**	571 167	2 254 867
Operating profit	**2 975 623**	2 716 812	5 480 429
Dividends from associates and jointly controlled entity	**25 000**	15 395	14 854
Acquisition costs	**14 630**	14 089	46 084
Depreciation and amortisation	**584 593**	593 399	1 166 887
Non-cash items and share-based payments	**(110 248)**	(533)	(512 172)
Cash generated by operations before changes in working capital	**3 489 598**	3 339 162	6 196 082
Changes in working capital	**(1 875 874)**	(1 264 836)	(497 235)
Cash generated by operations	**1 613 724**	2 074 326	5 698 847
Net finance charges paid	**(112 386)**	(137 000)	(197 612)
Taxation paid	**(781 384)**	(565 581)	(1 341 242)
Dividends paid	**(838 511)**	(800 313)	(1 646 835)
Net operating cash flows from discontinued operation	**50 311**	(265)	(258 291)
Cash effects of investment activities	**(1 583 276)**	(608 842)	(2 230 046)
Additions to property, plant and equipment	**(1 055 688)**	(913 419)	(2 140 958)
Acquisition of businesses, subsidiaries and associates	**(588 231)**	(511 171)	(1 315 161)
Additions to intangible assets	**(59 357)**	(46 585)	(113 046)
Proceeds on disposal of property, plant and equipment	**112 250**	246 765	323 042
Proceeds on disposal of investments	**11 583**	607 726	680 235
Proceeds on disposal of intangible assets	**436**	–	11 848
Proceeds on disposal of interests in subsidiaries and associates	**–**	24 840	429 811
Amounts advanced to associates	**–**	–	(80 575)
Investments acquired	**–**	–	(9 858)
Net investing cash flows from discontinued operation	**(4 269)**	(16 998)	(15 384)
Cash effects of financing activities	**347 043**	428 957	1 471 746
Net borrowings raised	**277 394**	499 403	1 381 264
Receipts from (payments to) non-controlling interests	**5 587**	(65 994)	(56 509)
Disposal of treasury shares	**104 663**	–	154 544
Net financing cash flows from discontinued operation	**(40 601)**	(4 452)	(7 553)
Net (decrease) increase in cash and cash equivalents	**(1 304 479)**	391 282	1 496 567
Net cash and cash equivalents at beginning of period	**6 348 049**	5 505 509	5 505 509
Exchange rate adjustment	**7 005**	(565 014)	(654 027)
Net cash and cash equivalents at end of period	**5 050 575**	5 331 778	6 348 049
Net cash and cash equivalents comprise:			
Cash and cash equivalents	**5 268 488**	5 243 942	6 497 938
Cash and cash equivalents of discontinued operation	**(164 142)**	116 188	(149 889)
Bank overdrafts included in short-term portion of interest-bearing borrowings	**(53 771)**	(28 352)	–
	5 050 575	5 331 778	6 348 049

** Refer to 'Preparation and results' note, page 20*

Condensed interim consolidated statement of financial position
as at

R000s	December 31 2017 Unaudited	December 31 2016 Unaudited	June 30 2017 Audited
ASSETS			
Non-current assets	**26 754 387**	23 739 890	26 023 534
Property, plant and equipment	**10 956 738**	10 059 972	10 705 190
Intangible assets	**866 298**	1 003 240	907 151
Goodwill	**13 329 559**	11 724 225	12 791 153
Deferred taxation asset	**885 375**	602 101	922 847
Defined benefit pension surplus	**17 134**	15 255	17 134
Interest in associates	**163 230**	91 492	172 206
Investment in jointly controlled entity	**409 228**	–	394 039
Investments	**126 825**	243 605	113 814
Current assets	**28 943 760**	27 653 002	28 422 407
Inventories	**8 492 071**	8 488 481	8 261 665
Trade and other receivables	**12 780 760**	13 804 391	13 812 693
Assets classified as held-for-sale	**2 402 441**	–	–
Cash and cash equivalents	**5 268 488**	5 360 130	6 348 049
Total assets	**55 698 147**	51 392 892	54 445 941
EQUITY AND LIABILITIES			
Capital and reserves	**24 599 573**	22 275 780	23 671 520
Attributable to shareholders of the Company	**24 461 324**	22 208 421	23 548 214
Non-controlling interest	**138 249**	67 359	123 306
Non-current liabilities	**7 302 669**	5 983 531	6 751 961
Deferred taxation liability	**730 332**	569 310	743 471
Long-term portion of borrowings	**5 518 253**	3 843 911	5 247 641
Post-retirement obligations	**41 123**	46 108	41 657
Long-term of vendors for acquisition	**66 270**	–	82 377
Long-term of puttable non-controlling interest liabilities	**411 648**	1 043 023	118 028
Long-term portion of provisions	**505 055**	471 761	513 792
Long-term portion of lease liabilities	**29 988**	9 418	4 995
Current liabilities	**23 795 905**	23 133 581	24 022 460
Trade and other payables	**16 239 432**	18 661 190	19 127 763
Short-term portion of provisions	**155 962**	304 494	223 945
Short-term portion of vendors for acquisition	**283 911**	446 910	379 474
Short-term portion of puttable non-controlling interest liabilities	**1 017 736**	–	1 077 168
Liabilities classified as held-for-sale	**2 751 815**	–	–
Taxation	**393 879**	531 804	404 288
Short-term portion of borrowings	**2 953 170**	3 189 183	2 809 822
Total equity and liabilities	**55 698 147**	51 392 892	54 445 941
Number of shares in issue ('000)	**335 404**	335 404	335 404
Net tangible asset value per share (cents)	**3 061**	2 827	2 937
Net asset value per share (cents)	**7 293**	6 621	7 021

Condensed interim consolidated statement of changes in equity
for the

R000s	Half-year ended December 31 2017 Unaudited	Half-year ended December 31 2016 Unaudited	Year ended June 30 2017 Audited
Equity attributable to shareholders of the Company			
Stated capital	**5 428 016**	5 428 016	5 428 016
Treasury shares	**(690 524)**	(881 550)	(795 187)
Balance at beginning	**(795 187)**	(949 731)	(949 731)
Shares disposed of in terms of share option scheme	**104 663**	68 181	154 544
Foreign currency translation reserve	**3 969 653**	4 130 271	4 318 272
Balance at beginning	**4 318 272**	7 111 926	7 111 926
Movement during the period	**(348 619)**	(2 981 655)	(2 793 654)
Hedging reserve	**1 008**	(1 429)	1 338
Balance at beginning	**1 338**	–	–
Fair value (loss) gain	**(407)**	(1 765)	1 652
Deferred taxation recognised directly in reserve	**77**	336	(314)
Equity-settled share-based payment reserve	**(29 415)**	(32 532)	20 914
Balance at beginning	**20 914**	(2 025)	(2 025)
Arising during period	**55 113**	47 065	97 569
Deferred taxation recognised directly in reserve	**–**	(1 146)	22 824
Utilisation during the period	**(131 257)**	(76 426)	(154 544)
Transfer to retained earnings	**25 815**	–	57 090
Retained earnings	**15 782 586**	13 565 645	14 574 861
Balance at beginning	**14 574 861**	12 492 438	12 492 438
Attributable profit	**2 072 051**	1 993 020	4 008 287
Dividends paid	**(838 511)**	(800 964)	(1 646 835)
Transfers of reserves as a result of changes in shareholding of subsidiaries	**–**	(118 849)	(121 790)
Net remeasurement of defined benefit obligations	**–**	–	6 010
Remeasurement of puttable option	**–**	–	(48 076)
Transfers of subsidiaries under common control	**–**	–	(29 924)
Transfer of reserves from non-controlling interests of the Company	**–**	–	(28 159)
Transfer from equity-settled share-based payment reserve	**(25 815)**	–	(57 090)
	24 461 324	22 208 421	23 548 214
Equity attributable to non-controlling interests of the Company			
Balance at beginning	**123 306**	136 950	136 950
Total comprehensive income	**9 358**	(3 597)	14 918
Attributable profit	**10 806**	8 225	23 594
Movement in foreign currency translation reserve	**(1 448)**	(11 822)	(8 676)
Dividends paid	**(969)**	(5 687)	(15 758)
Share of movement on other reserves	**(409)**	(579)	(1 424)
Changes in shareholding	**140 459**	(59 728)	80 293
Transfer to puttable non-controlling interest liability	**(133 496)**	–	(119 832)
Transfer to retained earnings	**–**	–	28 159
	138 249	67 359	123 306
Total equity	**24 599 573**	22 275 780	23 671 520

Condensed interim segmental analysis
for the

R000s	Half-year ended December 31 2017 Unaudited	2016 Unaudited *Re-presented*	% change	Year ended June 30 2017 Reviewed* *Re-presented*
REVENUE				
Bidfood	**61 476 926**	57 076 135		110 468 151
Australasia	**15 864 241**	15 318 269	3,6	29 440 177
United Kingdom	**16 241 057**	15 419 174	5,3	29 529 666
Europe	**19 555 009**	16 292 978	20,0	32 217 257
Emerging Markets	**9 816 619**	10 045 714**	(2,3)	19 281 051
	61 476 926	57 076 135	7,7	110 468 151
TRADING PROFIT				
Bidfood	**3 067 026**	2 816 171		5 540 029
Australasia	**944 935**	943 601	0,1	1 951 691
United Kingdom	**723 857**	699 788	3,4	1 311 428
Europe	**816 982**	588 952	38,7	1 175 195
Emerging Markets	**581 252**	583 830**	(0,4)	1 101 715
Corporate	**(44 366)**	(40 221)		(55 100)
	3 022 660	2 775 950	8,9	5 484 929

* *Refer to 'Preparation and results' note, page 20*

** *Includes 100% of Bakery Supplies (Chipkins Puratos), 50% of which was sold to Puratos NV in April 2017 and equity accounted thereafter*

Comment

Bidcorp's foodservice operations performed in line with expectations delivering pleasing results for the half-year ended December 31 2017. Headline earnings per share from the foodservice businesses (HEPS) increased by 8,6% to 640,0 cents per share (H1F2017: 589,3 cents) with basic earnings per share from the foodservice businesses (EPS) increasing by 9,4% to 644,5 cents per share (H1F2017: 589,3 cents).

Trading conditions across all the geographies in which the Group operates remained positive. Most businesses in the portfolio improved their performance in home currencies against a backdrop of low inflation and mediocre economic growth. However, in certain categories of products, particularly dairy, rampant price increases marginally impacted gross margins. Planned investments in new capacity, particularly in Australia, has created some short-term underperformance but strategic medium-term prospects remain exciting.

Our strategic focus of growing our independent customer base in our respective markets has driven organic growth and a few bolt-on acquisitions have been concluded in the period to broaden our product range and geographic extension.

As previously outlined, our low margin logistics activities globally have been identified as not fitting into Bidcorp's strategic plan in the medium term and thus non-core. We have received a credible and realistic commercial offer for the UK Contract Distribution (CD) business which we are actively pursuing. In December 2017, Bidcorp took a decision to treat the CD segment of UK Logistics as a discontinued operation.

Distribution

Bidcorp has declared an interim cash dividend of 280,0 cents per share, a 12,0% increase on the F2017 interim dividend.

Financial overview

The financial comment is based on the continuing operations of the Group.

Net revenue of R61,5 billion (H1F2017: R57,1 billion) grew by 7,7% (constant currency growth of 8,3%) reflecting our focus in the core foodservice markets in all geographies. Despite significant inflation in certain categories of products, largely dairy, overall food inflation across the basket remained relatively benign demonstrating real growth in market share across all operations. The exit of some low margin business in various geographies is still reflected in the comparative base.

Gross profit percentage was maintained at 23,6% (H1F2017: 23,8%). Certain businesses sacrificed margin to grow their free trade volumes and some inflation in the dairy category was absorbed. Operating expenses remained well controlled, increasing 3,6% like-for-like in absolute terms despite ongoing wage pressure in a number of economies. The overall cost of doing business declined to 18,7% (H1F2017: 18,9%) despite higher sales and distribution activity reflecting ongoing efficiency gains.

Group trading profit increased by 8,9% to R3,0 billion (H1F2017: R2,8 billion) and the trading margin was constant at 4,9%.

Share-based payment costs increased to R53,5 million (H1F2017: R45,0 million) reflecting the anticipated costs of long-term employee incentivisation across the Group. Acquisition costs of R14,6 million (H1F2017: R14,0 million) were incurred in bringing the various bolt-on acquisitions to fruition. The contribution of the various acquisitions in the period to the overall Group profitability has been minimal, however these businesses assist in building our scale.

Net finance charges are 16,6% higher at R136,5 million (H1F2017: R117,0 million). Cash generation from operations remains robust but has been impacted by greater utilisation of working capital typical of the first half of the financial year. Working capital has been generally well managed but reflects higher activity levels, structural

Comment continued

investment and tighter supplier terms in Greater China, some strategic stocking, and impacts from recent acquisitions. Bidcorp remains well capitalised, with trading profit interest cover at 22,1 times (H1F2017: 23,8 times). We retain adequate headroom for further organic and acquisitive growth, however remain conscious of the need to balance debt capacity and shareholder returns.

The Group's financial position remains strong, a positive attribute in volatile global markets. Total fixed assets have grown in home currencies reflecting both replacement and significant expansionary capital expenditure. Net debt is R3,4 billion which reflects the impacts of ongoing investment and acquisitions.

Cash generated by operations before working capital absorption was R3,5 billion and monthly average net working capital days increased to nine days (H1F2017: five days). Free cash flow (excluding dividends paid) was negative at R0,9 billion after investment activities absorbed R1,6 billion.

Acquisitions

In July 2017, 70% of Pier 7 Foods, a small foodservice business based in Munich, Germany, was acquired incorporating five locations within Germany and one in Austria. In addition, a niche Portuguese horeca business was also acquired and integrated into Bidfood Iberia.

The Group also concluded smaller bolt-on acquisitions in Australia, Spain, New Zealand and Turkey. Total investment in acquisitions was R588,2 million, the benefits of which will be evident in the medium term as we extract synergies and efficiencies.

Prospects

We are confident that our strategy of developing our capability to become an on-demand high service business focused on customer satisfaction continues to deliver strong growth. Our ability to handle the 'last mile' delivery over a complicated product range improves continually as we roll out our infrastructure programme. Our focus is 'all about the food' as we move towards achieving the correct customer mix. Our value-add proposition is driven by our people's desire to deliver excellent customer service.

Fresh produce, meat, value-add processing and procurement initiatives remain areas of future potential, all of which will assist in growing the basket. The regular sharing of the best Bidcorp practices and innovations across the Group ensures that speed of business development is greatly enhanced, often avoiding costly mistakes.

Our investment in digital interaction with our customers is being leveraged off our ability to intelligently interpret our significant data sets. The development of BidOne, our bespoke global ecommerce and CRM platform, continues ensuring our best worldwide innovations are leveraged for the greater benefit of the Group.

Bidcorp strategically remains focused on growth opportunities; organically in our current markets through attaining the appropriate business and customer mix by selling more products and gaining new customers; via in-territory bolt-on acquisitions to expand our geographic reach and expanding our product ranges; and via strategic acquisitions to enter new markets. We remain disciplined in our approach to accessing the "right" opportunities, despite our appetite and capacity for acquisitions.

The timing of investments either into capacity creation or acquisition opportunities is often difficult to predict. However, we retain significant financial headroom and the ability to act quickly to accommodate any feasible possibilities, either organic or acquisitive.

Our financial position is strong and cash generation is expected to remain robust. Currency volatility in the global environment is a given, however, our objective remains to generate above average returns in each of our businesses in their home markets.

Bidcorp's strength lies in the depth and experience of our management teams who thrive in an entrepreneurial and decentralised business model, a recipe we believe positions the Group well for continued growth in future.

In the short term, we believe the challenges of infrastructural investment in Australia and dairy pricing volatility particularly in Asia will favourably resolve themselves. In the medium term, the fundamental drivers of the global foodservice industry will remain positive in our markets. Bidcorp anticipates continued real growth in the period ahead.

Divisional performance

Australasia

The region continues to make a substantial contribution and remains the biggest profit generator. Revenue moved 3,6% higher to R15,9 billion (H1F2017: R15,3 billion). Trading profit rose marginally by 0,1% to R944,9 million (H1F2017: R943,6 million).

Australia's first-half focus was on investing in the future and its strategy of creating more warehouses across smaller, manageable operations in its major metropolitan areas that provide exceptional service to foodservice customers. In AUD, revenue rose 4,6%. However, due to the expected lag between additional expenses and additional revenue, operating expenses went up 9,3%. Overall progress was highly satisfactory for a business that recently opened three additional metro sites in Sydney, Melbourne and Brisbane.

Foodservice division had been trading at peak, an effort that could only be sustained with renewed investment. Change implementation at scale without losing customers was testament to the strength of the business and the excellent work of all involved.

Supply Chain Solutions division continues to perform well and remains an important part of future growth plans. Fresh and Meat continue to make progress, albeit behind expectations.

New Zealand put in a strong second-quarter performance, offsetting a slow start to the half-year. Performance was driven by steady revenue growth, supplemented by ongoing focus on imports and margin management.

Trading conditions remained challenging in the core foodservice business. Revenue growth in NZD was pleasing at 7,9%, but price resistance kept margins in check. A tight labour market saw the cost of doing business rise slightly. However, a focus on supply chain efficiencies underpinned a solid trading result. Five new or upgraded distribution centres came on stream.

Fresh performance was impacted by an extremely wet winter followed by a summer drought, restricting opportunities to trade and manage margins. Processing put in a pleasing second-quarter performance, despite significant internal reorganisation to facilitate future growth requirements.

United Kingdom (UK)

Revenue rose 5,3% to R16,2 billion (H1F2017: R15,4 billion) while trading profit increased by 3,4% to R723,9 million (H1F2017: R699,8 million).

Bidfood UK traded well thanks to continued focus on free trade growth, national margin enhancement and cost reductions. Trading profit exceeded expectation despite once-off costs and a bad debt write-off. Free trade volume growth of nearly 8% was achieved, accompanied by a little gross margin dilution. National accounts volumes were up 3% on ongoing tender wins and renewals. Overall costs were well managed and our business simplification programme gained traction.

In **PCL**, service levels improved but further operating efficiencies are required.

Fresh trading profit declined by 5%, though Seafood made pleasing gains. Improved Seafood revenues were underpinned by tight cost control and rigorous margin management. Produce was impacted by duplicate handling and trunking costs, lower revenue and margins. The opening of the Birmingham depot will alleviate some inefficiencies caused by the rapid expansion of Oliver Kay. Meat division performed poorly, largely due to Hensons, which was impacted by staff losses ahead of the impending move to the new depot in Woolwich. The focus on independent growth continues throughout the division.

Europe

Most businesses performed strongly, particularly the eastern European jurisdictions which continued to report good growth. Revenue rose 20,0% to

Divisional performance continued

R19,6 million (H1F2017: R16,3 million) while trading profit rose 38,7% to R817,0 million (H1F2017: R589,0 million).

Netherlands put in a highly satisfactory trading performance. Sales volumes were ahead of expectation, driven by strong growth in the national accounts segment. Free trade horeca business showed good volume growth of 5%, despite strong competition. As expected, institutional and catering volumes were down, but ahead of budget. The healthcare category retained customers, but overall faces strong pressure. Promising growth was seen into the free trade hospitality channel. Further internal reorganisation occurred as we continue to simplify the business to improve profitability.

Belgium's revenue growth continued to beat expectations and trading profit growth was pleasing. Expenses were in line with activity levels while gross margin held up well. The catering segment maintained volumes in the face of pressure, while the horeca and institutional channels exceeded budget. The 'My BidOne' ecommerce platform was successfully introduced.

Iberia (Guzman Spain and Portugal) delivered lower than expected trading profit – in part affected by Catalonia's political uncertainty and consequent economic slowdown. Significant internal reorganisation, including IT upgrades, is under way to better align processes to the customer focus. Some small branches faced challenges. Gross margins improved and cost control was effective. Implementation of the Bidfood Iberia strategy continued. Recent bolt-on acquisitions (Frustock and Cárnicas Sáez) confirmed the potential for broader geographical growth. We remain enthusiastic about the Iberian market.

DAC Italy put in a pleasing performance, reflecting positive contributions from DAC and Quartiglia. Revenue and trading profit were ahead of the comparative period. Growth continued in the independent segment, in line with long-term strategy. Sales to other Bidcorp companies rose by 41%, spotlighting the appeal of the 'Made-in-Italy' product proposition. A further bolt-on opportunity was concluded early in January, adding to the geographical footprint across Italy.

Czech Republic and Slovakia put in an excellent first-half trading performance. Volumes exceeded budget across both the Czech and Slovakian operations, though rising personnel and production costs created challenges. The business optimised the trend to added-value products in the restaurant channel. Continued penetration of butcheries and baker's shops was evident. Production volumes grew.

Poland performed strongly. Good volume growth was driven by continued penetration of the free trade channel. As a result, gross margin showed improvement. Cost controls were stepped up. Lublin branch moved to a new depot. The Gdańsk depot expansion programme is complete and expansion work at the Poznań site is nearing completion.

Baltics moved into profit, buoyed by revenue growth and reduced losses in Latvia and Estonia. Lithuanian operations performed strongly. A new, modern depot is under construction in Lithuania in order to alleviate capacity constraints.

Germany/Austria (Pier 7 Foods) performed reasonably in its first six months within the Bidcorp stable, and is profitable. This small acquisition is the first building block of a larger play in the German market, which is dominated by a few very large players, but also has a highly fragmented base of smaller to medium size foodservice wholesalers with a profile similar to ours.

Emerging Markets

These businesses felt the impact of the many varied economic and political challenges facing these developing regions. In April 2017, 50% of our Baking Supplies business was sold to Puratos NV, renamed Chipkins Puratos and equity accounted thereafter. Although revenue dropped 2,3% to

R9,8 billion (H1F2017: R10,0 billion), with trading profit down 0,4% at R581,3 million (H1F2017: R583,8 million) on a like-for-like basis, revenue and trading profit were up 7,1% and 9,3% respectively.

Bidcorp Food Africa delivered revenue and trading profit growth in tough trading conditions. Focused expense management underpinned gains. Bidfood performed strongly, securing continued independent channel growth and revenue increases in excess of inflation. Growth of Bidfood's private and exclusive label range continues. To date, 58% of revenue is transacted via Bidfood's ecommerce platform. Crown Food Group built momentum on manufacturing performance improvements. Competition remains significant in very tough market conditions. The Griffiths Crown JV had a short-term impact on Crown Ingredient Solutions as QSR customers were transferred to the new unit. The new Chipkins Puratos JV made excellent progress. Puratos' knowledge and best practice are being implemented across the business. IT tools and collaborative systems continue to add value across the whole division.

Greater China grew overall revenue and trading profits, but was impacted by dairy market dislocation, pricing pressures, the effects of a strong euro and rising operating and logistics costs. The Hong Kong business was challenged by pricing pressures in the dairy category while poultry imports from Europe fell away due to avian flu. High warehousing costs negatively impacted profitability. Angliss Macau achieved pleasing growth in other categories, but failed to offset the decline in its dairy business. Operations in mainland China faced similar challenges as the previous undersupply of dairy products (and higher prices) was followed by oversupply. Reliance as a category on lower margin dairy is diminishing overall as the higher margin product range grows. Structural supply chain changes resulted in some working capital absorption.

Singapore grew revenues and trading profit moved slightly higher. Margin pressure was offset by good cost control. Foodservice, now the largest division in the refocused business, continues to grow in the restaurant, hotel, pub, club and café segments. Bidfood Malaysia made its first contribution following the acquisition of Aeroshield's Malaysia business.

Chile delivered good revenue growth despite recessionary conditions. Trading profits were flat due to the initial costs of the introduction of seafood categories, excess product storage and the opening of the new Viña del Mar branch. Stepped-up credit controls drove working capital improvements.

Brazil witnessed satisfactory revenue and trading profit growth as the economy showed tentative signs of recovery. Competition sharpened in the foodservice market. Unemployment remains high and some consumers are downtrading. Significant internal development of the business has been undertaken. Freezer construction began in the recently acquired Mariusso business to enable expansion of the range.

Middle East operations benefited from second-quarter revenue improvements, but the uptick could not offset an overall decline in trading profits to levels well below expectation. Geopolitical challenges contributed to a significant fall in UAE demand. Lower volumes necessitated changes to the brand basket. Saudi Arabia, less impacted by regional instability, showed good second-quarter growth as the economy diversifies away from oil revenues. Oman and Bahrain, both in early stages of development, made significant revenue gains.

Aktaes Turkey achieved pleasing revenue growth and the business moved back into profit. Margins were well managed, though distribution costs rose and the Turkish lire's depreciation affected imported product costs. Hotels still face low occupancy

Divisional performance continued

rates, but the horeca market remained resilient. Acquisition of the EFE business, a local horeca-focused business, delivered the expected gains.

Discontinued operation

Logistics UK

As previously outlined, low margin logistics business' globally have been identified as activities that fall outside Bidcorp's strategic plan in the medium term. We have received a credible and realistic offer for the UK Logistics' CD business, the consequence of which we are carefully evaluating in the best interests of all our stakeholders. In December 2017, Bidcorp took the decision to treat the CD business as a discontinued operation.

Performance, as anticipated, was disappointing at CD which recorded losses. The Shared-User unit experienced falling volumes on the loss of a significant account in May 2017. A further contract (KFC) representing 30% of the overall volume exited on February 14 2018. Operations will be significantly downscaled thereafter, the costs of which in relation to people, property and vehicles will be expensed in the second half of the financial year.

Directorate

Mr Brian Joffe will retire from the Bidcorp chairmanship on March 31 2018, but remains on as a non-executive director. Mr Stephen Koseff, currently an independent non-executive director, has agreed to accept the board's invitation to assume the role of independent non-executive chairman, effective March 31 2018.

The board expresses its sincere appreciation to Mr Joffe for his services as chairman, particularly in leading the formation of Bidcorp, as well as its JSE listing on May 30 2016, which were critical development phases for the Group.

BL Berson
Chief executive

DE Cleasby
Chief financial officer

Dividend declaration

In line with the Group dividend policy, the directors have declared an interim cash dividend of 280,0 cents (224,0 cents net of dividend withholding tax, where applicable) per ordinary share for the half-year ended December 31 2017 to those members registered on the record date, being Friday, March 23 2018.

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:	280,0 cents
Net dividend amount per share:	224,0 cents
Issued shares at declaration date ('000):	335 404
Declaration date:	Wednesday, February 21 2018
Last day to trade cum dividend:	Monday, March 19 2018
First day to trade ex dividend:	Tuesday, March 20 2018
Record date:	Friday, March 23 2018
Payment date:	Monday, March 26 2018

Share certificates may not be dematerialised or rematerialised between Tuesday, March 20 2018 and Friday, March 23 2018, both days inclusive.

For and on behalf of the board

AK Biggs

Company secretary

Johannesburg

February 21 2018

Basis of presentation of the condensed interim consolidated financial statements

The condensed interim consolidated financial statements have been prepared in accordance with the JSE Limited Listings Requirements for interim reports, and the requirement of the Companies Act of South Africa applicable for condensed interim consolidated financial statements. The Listings Requirements require interim 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 Reporting Pronouncements as issued by Financial Reporting Standards Council, and include disclosure as required by IAS 34: Interim Financial Reporting and the Companies Act of South Africa. The accounting policies applied in the preparation of the condensed interim consolidated financial statements from which the condensed interim consolidated 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.

In preparing these interim condensed consolidated financial statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Acquisitions

Bidcorp acquired 70% of Pier 7 Foods, a small foodservice business based in Germany and Austria, a niche Portuguese horeca business was integrated into Bidfood Iberia and bolt-on acquisitions were completed in Australia, Spain, New Zealand and Turkey. Total investment in acquisitions was R588,2 million, and their contribution to revenue and trading profit for the half-year ended December 31 2017 was R1,2 billion and R33,5 million respectively.

Financial instruments

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.

	Non-current assets (liabilities)			Current liabilities		
R000s	Puttable non-controlling interests	Invest-ments	Vendors for acquisition	Puttable non-controlling interests	Vendors for acquisition	Total
December 31 2017						
Financial assets measured at fair value	**–**	**61 911**		**–**	**–**	**61 911**
Financial liabilities measured at fair value	**(411 648)**	**–**	**(66 270)**	**(1 017 736)**	**(283 911)**	**(1 779 565)**
December 31 2016						
Financial assets measured at fair value	–	8 405	–	–	–	8 405
Financial liabilities measured at fair value	(1 043 023)	–	–	–	(446 910)	(1 489 933)
June 30 2017						
Financial assets measured at fair value	–	54 504	–	–	–	54 504
Financial liabilities measured at fair value	(118 028)	–	(82 377)	(1 077 168)	(379 474)	(1 657 047)

Fair value	Level 1	Level 2	Level 3	Total
December 31 2017				
Financial assets measured at fair value	**–**	**8 163**	**53 748**	**61 911**
Financial liabilities measured at fair value	**–**	**–**	**(1 779 565)**	**(1 779 565)**
December 31 2016				
Financial assets measured at fair value	–	1 801	6 604	8 405
Financial liabilities measured at fair value	–	–	(1 489 933)	(1 489 933)
June 30 2017				
Financial assets measured at fair value	–	1 848	52 656	54 504
Financial liabilities measured at fair value	–	–	(1 657 047)	(1 657 047)

Valuation technique

The expected payments are determined by considering the possible scenarios of forecast EBITDAs, 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% – 5,00% (2016: 1,99% – 5,00%)

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).

Basis of presentation of the condensed interim consolidated financial statements
continued

Discontinued operation

In December 2017, management committed to a plan to discontinue the Logistics CD business segment which operates in the United Kingdom. Efforts to dispose of this operation have started and a sale is expected by December 2018. As a result, this operation has been classified as a discontinued operation.

The Logistics CD segment was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of profit or loss, statement of cash flows and segmental analysis have been restated to show the discontinued operation separately from continuing operations.

The relevant requirements of IFRS 5 have been met for this classification.

The results of the discontinued operation included in the Group's results for the period ending December 31 2017, are detailed below:

R000s	Half-year ended December 31 **2017** Unaudited	2016 Unaudited	Year ended June 30 2017 Reviewed*
Revenue	**10 470 289**	10 745 803	20 458 449
Cost of revenue	**(9 582 438)**	(9 776 136)	(18 622 873)
Gross profit	**887 851**	969 667	1 835 576
Operating expenses	**(973 075)**	(919 704)	(1 814 230)
Trading (loss) profit	**(85 224)**	49 963	21 346
Share-based payment expense	**(1 582)**	(1 437)	(3 456)
Net capital items	**(811)**	–	(21 366)
Operating (loss) profit	**(87 617)**	48 526	(3 476)
Net finance charges	**(2 364)**	(1 526)	(3 446)
Finance income	**2**	5	11
Finance charges	**(2 366)**	(1 531)	(3 457)
(Loss) profit before taxation	**(89 981)**	47 000	(6 922)
Taxation	**18 774**	(10 511)	(4 317)
(Loss) profit for the period from discontinued operation	**(71 207)**	36 489	(11 239)
The following adjustments to profit attributable to shareholders were taken into account in the calculation of discontinuing headline (loss) earnings:			
(Loss) profit attributable to shareholders of the Company from the discontinued operation	**(71 207)**	36 489	(11 239)
Impairment of property, plant and equipment	**811**	–	21 366
Taxation relief	**(154)**	–	(4 060)
Headline (loss) earnings from the discontinued operation	**(70 550)**	36 489	6 067
Basic (loss) earnings per share (cents)	**(21,4)**	11,0	(3,4)
Diluted basic (loss) earnings per share (cents)	**(21,3)**	11,0	(3,4)
Headline (loss) earnings per share (cents)	**(21,2)**	11,0	1,8
Diluted headline (loss) earnings per share (cents)	**(21,2)**	11,0	1,8

** Refer to 'Preparation and results' note, page 20*

R000s	Half-year ended December 31 2017 Unaudited	 2016 Unaudited	Year ended June 30 2017 Reviewed*
Effect of the discontinued operation on the statement of financial position of the group			
Assets classified as held-for-sale	**2 402 441**	2 619 829	2 091 514
Property, plant and equipment	**219 769**	236 505	229 314
Intangible assets	**6 081**	14 610	6 540
Deferred taxation asset	**499**	–	503
Inventories	**469 322**	510 850	412 720
Trade and other receivables	**1 684 627**	1 741 676	1 433 646
Taxation	**22 143**	–	8 791
Cash and cash equivalents	**–**	116 188	–
Liabilities classified as held-for-sale	**2 751 815**	2 792 914	2 338 803
Deferred taxation liability	**12 069**	–	8 222
Long-term portion of provisions	**52 313**	48 484	45 253
Trade and other payables	**2 501 452**	2 715 904	2 113 422
Short-term portion of provisions	**21 839**	18 730	22 017
Bank overdrafts	**164 142**	–	149 889
Taxation	**–**	9 796	–
Cash flows from discontinued operation			
Net operating cash flows from discontinued operation	**50 311**	(265)	(258 291)
Net investing cash flows from discontinued operation	**(4 269)**	(16 998)	(15 384)
Net financing cash flows from discontinued operation	**(40 601)**	(4 452)	(7 553)
Net increase (decrease) in cash and cash equivalents from the discontinued operation	**5 441**	(21 715)	(281 228)

** Refer to 'Preparation and results' note, page 20*

Basis of presentation of the condensed interim consolidated financial statements
continued

Preparation and results

These half-year ended December 31 results have not been audited or reviewed by the Group's auditors. The condensed interim 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 February 20 2018.

The audit and risk committee engaged KPMG Inc., to review the previously audited June 30 2017 consolidated statement of profit or loss, consolidated statement of cash flows and segmental analysis which have been re-presented as a result of classifying CD business as a discontinued operation in the 2018 interim period, together with the related notes. Re-presented special purpose financial statements ("special purpose financial statements") containing the re-presented consolidated statement of profit or loss, consolidated statement of cash flows, segmental analysis, and related notes, were reviewed by KPMG for this purpose. KPMG Inc. expressed an unmodified conclusion on these special purpose financial statements. A copy of the special purpose financial statements, together with KPMG Inc.'s review report is available for inspection at the Company's registered office.

As a result of this review, the June 30 2017 consolidated statement of profit and loss, consolidated statement of cash flows and segmental analysis, and related notes have been described as "reviewed" in the interim financial statements contained herein. It should be noted that KPMG Inc.'s review report on this matter draws attention to the basis of preparation contained in the special purpose financial statements, which describes how they were prepared. The review report also notes that the special purpose financial statements were prepared to provide information to the audit and risk committee. As a result, the special purpose financial statements may not be suitable for another purpose. The conclusion reached by KPMG Inc. is not modified in respect of this matter.

This review did not cover the entire set of interim financial statements, and for this reason the interim financial statements should not be regarded as reviewed by KPMG Inc.

Exchange rates

The following exchange rates were used in the conversion of foreign interests and foreign transactions during the periods:

	Half-year ended December 31		Year ended June 30
	2017 Unaudited	2016 Unaudited	2017 Audited
Rand/Sterling			
Closing rate	**16,67**	16,83	16,80
Average rate	**17,65**	17,94	17,29
Rand/Euro			
Closing rate	**14,80**	14,41	14,78
Average rate	**15,74**	15,40	14,85
Rand/Australian dollar			
Closing rate	**9,65**	9,88	9,93
Average rate	**10,43**	10,57	10,27

Supplementary pro forma information regarding the currency effects of the translation of foreign operations on the Group

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. 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 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 income of the Group for the period and have not been reviewed or reported on.

R000s	Half-year ended December 31 2017	2016	Illustrative 2017 at 2016 average exchange rates	% change
Continuing operations				
Revenue	**61 476 926**	57 076 135	**61 821 410**	8,3
Trading profit	**3 022 660**	2 775 950	**3 036 125**	9,4
Headline earnings	**2 128 446**	1 956 531	**2 130 855**	8,9
Headline earnings per share (cents)	**640,0**	589,3	**640,7**	8,7
Constant currency per segment from continuing operations				
Revenue				
Australasia	**15 864 241**	15 318 269	**16 267 089**	6,2
United Kingdom	**16 241 057**	15 419 174	**16 501 153**	7,0
Europe	**19 555 009**	16 292 978	**18 938 306**	16,2
Emerging Markets	**9 816 619**	10 045 714	**10 114 861**	0,7
	61 476 926	57 076 135	**61 821 410**	8,3
Trading profit				
Australasia	**944 935**	943 601	**969 199**	2,7
United Kingdom	**723 857**	699 788	**735 450**	5,1
Europe	**816 982**	588 952	**782 738**	32,9
Emerging Markets	**581 252**	583 830	**593 497**	1,7
Corporate office	**(44 366)**	(40 221)	**(44 758)**	
	3 022 660	2 775 950	**3 036 125**	9,4

Administration

Directors

Non-executive Chairman: *B Joffe*

Lead independent director: *DDB Band*

Independent non-executive: *PC Baloyi, S Koseff, DD Mokgatle, 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")
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Registration number: 1995/008615/06
Share code: BID
ISIN: ZAE000216537

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KPMG Inc.
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www.bidcorpgroup.com

Disclaimer

This document including, without limitation, statements concerning the outlook, potential acquisitions or disposals, and capital expenditure, may contain certain forward-looking views. By their nature, forward-looking statements involve risk and uncertainty and although the Bidcorp executives believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, actual results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and business and operational risk management. While Bidcorp takes reasonable care to ensure the accuracy of the information presented, Bidcorp accepts no responsibility for any consequential, indirect, special or incidental damages, whether foreseeable or unforeseeable, based on claims arising out of misrepresentation or negligence arising in connection with a forward-looking statement. This document is not intended to contain any profit forecast or profit estimates.

Bidcorp

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