Bidcorp

Bid Corporation Limited Investor Presentation
for the half-year ended December 31 2017

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Bidcorp
Unaudited results
for the half-year ended December 31 2017

Notes

Agenda

Bernard Berson, CEO	Strategy update and trading
David Cleasby, CFO	Financial
Operational Executives	Open Q&A on their businesses

Supplementary information

Notes


Bidfood
Inspired by you
Bidcorp
Strategy update and trading
Bernard Berson

Notes

Bidcorp strategy update

A proven and focused business model, which delivers quality earnings growth, is alert to opportunity, and has international application

Bidcorp is a complete Foodservice offering

Bidcorp serves multiple customer segments

Bidcorp is internationally diversified across developed and emerging markets

Bidcorp people are entrepreneurial and incentivised to be so

Bidcorp has a proven decentralised business model and best practice learnings are widely shared

Bidcorp growth is organic, acquisitive-organic through bolt-on's and acquisitive

Bidcorp believes that balance sheet strength with low debt is a strong competitive advantage

Bidcorp proprietary technology enhances customer relationships and efficiencies

Notes

Pleasing like-for-like growth in trading profit of 8,5% in constant FX

Group trading margin at 4,9%

Highlights

- Reporting currency relatively stable vs Group trading currencies
- Chipkins Puratos a 50% equity accounted JV wef April 2017, previously a 100% contribution
- UK Logistics classified as discontinued, exiting low margin contracts, unsolicited offer for remaining business a win-win solution
- Half-year and annual comparatives re-presented for UK Logistics
- Trading profit growth of 9,4% in constant currency, 8,5% growth excluding acquisitions and disposals
- Generally benign food inflation with moderate GDP growth
- Successfully focusing on core Foodservice and complementary added-value business requiring high service levels
- Australian result reflective of strategic decision to selectively expand to fill territorial gaps and be closer to customers in major metros
- Artificial intelligence to data mine increasingly harnessed as a complement to ecommerce
- Supply and pricing upheaval in the dairy value chain had a meaningful impact in Asia
- Tighter labour markets and upward wage pressure through much of Bidcorp territories

Continuing Operations	Growth Current FX	Growth Constant FX	Like-for-like Constant FX
Revenue	7,7%	8,3%	6,3%
Trading profit	8,9%	9,4%	8,5%
Headline earnings	8,8%	8,9%	
HEPS cents	8,6%	8,7%	

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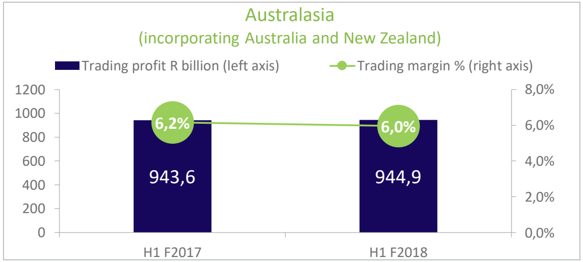
Notes

Trading performance – Australasia

Constant currency - revenue up 6,2%, trading profit up 2,7%, trading margin at 6,0% vs 6,2%



Segment Overview

- Collectively 31% of trading profit and an important cash contributor
- Australia and New Zealand have recorded 20 years and 17 years respectively of consecutive profit growth
- Continued real growth in quality business, margins highest in Group
- Ongoing investment in asset base and staff training
- Capex on new, smaller, more manageable urban facilities in Australia
- Continued organic expansion in New Zealand
- Gaining traction in Fresh, Meat, Processing and Speciality Imports
- Buoyant labour markets, retaining staff a challenge, wage costs up

Australia

- Foodservice sales up 5,8% in AUD, total interim sales exceed AUD1bn
- Trading profit declined marginally due to metro expansion
- New Melbourne facilities live in Oct 2016 and April 2017
- New SE Queensland facility live in July 2017
- New Sydney facility live Sept 2017
- 60% of population in major metros, Bidcorp underrepresented
- Strategy of new investment ahead of return, early signs encouraging
- Supply Solutions (imports) performing well, exciting growth plans
- Festival (liquor) bought wef July 2017, successfully integrating

New Zealand

- Capex funded through strong cash generation, high ROFE
- From leased to larger owned premises to accommodate growth and without the need to engage new managers
- 5 new DCs operational with more on drawing board
- Sales growth of 9,3% and trading profit up 12,1% in NZD
- Fresh, Processing & Logistics 27% of trading profit at good margin
- Margin up despite relatively high food inflation + higher labour rates
- Active on business development and efficiency initiatives

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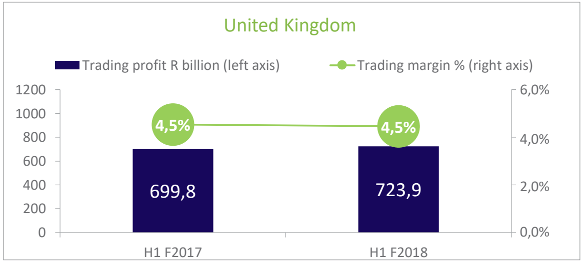
Trading performance – United Kingdom

Constant currency - revenue up 7,0%, trading profit up 5,1%, trading margin maintained at 4,5%



Segment Overview

- Freetrade focus and simplification of business paying off
- Higher pound prices largely passed through
- Systems improvements delivering stability and better sales productivity
- Fresh a tricky business to master but strategy on track as the business is professionalised without sacrificing entrepreneurialism
- Nearing the end of the Logistics litigation issue
- Legislative changes on working time and pensions

Foodservice

- Sales up 8,1% and trading profit up 9,6%
- Cost control boosted trading margin & customer margin
- Mix and inflation effect on sales
- Freetrade volume share improved to 37,5%
- Own brand sales up 8,8%, 23% of sales
- Tender activity yielding new accounts and customer retentions

Fresh

- A mixed result with margin pressure, sales up 6% but trading profit disappointed by declining 5%
- Seafood business stable and growing, meat and produce businesses remain in a building phase
- Investment in new facilities in London and Birmingham
- Fish margins improved as salmon pricing eased

Logistics (discontinued)

- 30% of Logistics volume (KFC) exited February 14th 2018
- Decisive action taken, orderly process of withdrawal
- Acquisition negotiations with a credible purchaser, a win-win solution

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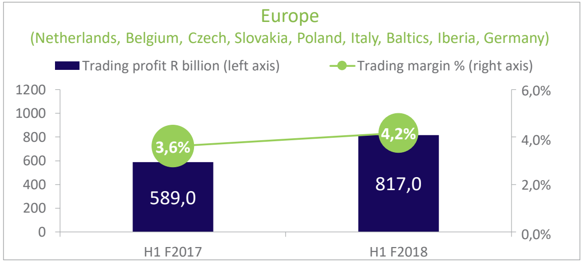
Notes

Trading performance – Europe

Constant currency - revenue up 16,2%, trading profit up 32,9%, trading margin 4,2% vs 3,6%



Segment Overview

- Trading margin has improved by 100bps since H1 F2016
- Like-for-like trading profit up 22% in constant FX, excluding acquisitions
- Now the second largest contributor to Group profit, assisted by organic growth, delivery on strategic goals and acquisitions
- Strong outcome in Belgium, Czech & Slovakia, Poland and Italy
- Netherlands continues to make steady progress in transitioning
- Acquisitions scale-up Iberia to a ± €140m revenue business

Netherlands

- Revenue growth of 0,9% reflects change in mix toward freetrade and national accounts, trading profit up substantially
- Freetrade now 50% of revenue at higher margin
- Economic backdrop buoyant but competition remains intense
- Process of cost reduction, range rationalisation, IT modernisation

Belgium

- 13,0% growth in Freetrade and 12,3% growth in institutional sales
- 7,8% growth in sales assisted by Bestfood acquired wef Sept 2016
- Pleasing continual improvement in trading profit
- Freetrade 31% of sales vs 29% at better margin
- Logistics margin remains below 1% with no scope to improve

Germany and Austria

- Pier 7, a €60m turnover business in Germany / Austria, a new presence in a large market
- Business has settled in well, a medium term play on a new market
- Completion of Bergkirchen warehouse scheduled for September
- Outside of top 3 majors, German market fragmented
- Currently trading in 6 geographical branches

Notes

Trading performance – Europe

Constant currency - revenue up 16,2%, trading profit up 32,9%, trading margin 4,2% vs 3,6%

Czech and Slovakia

- Sales up 9,1% and trading profits up 18,8% in CZK
- Demand robust in all segments, reduced seasonality in the business
- Average summer for ice cream sales
- Modern depots and factories yielding high volumes and strong growth

Poland

- One of the most modern branch networks in the Group
- Capex realising improving return in trading margin and ROFE with significant future upside potential
- Sales up 11,5% (freetrade 17,4%), profits up 35,8% in PLN
- New depots on stream in Gdańsk, Lublin, Poznań

Baltics – Lithuania, Latvia, Estonia

- Lithuania a focal point for growth, 80% of revenue
- Baltics now profitable
- New depot under construction in Kaunas, Lithuania

Italy

- Performing well, scaling up resources to accommodate growth ambitions nationally
- Acquisition of horeca specialist Doreca wef January 2018 takes annualised turnover to €500 million, second largest in Italy
- 80% of business in street trade with a healthy mix of category
- Sales to other Bidcorp companies less than 2% of revenue but growing rapidly

Iberia

- Political disturbance and terrorism in Catalonia has had a temporary dampening effect
- Warehousing in Barcelona being consolidated into one new site
- Frustock, fruit and vegetable specialist, acquired in Portugal wef August 2017
- Cárnicas Sáez, a meat specialist, acquired in Basque Country, Spain wef August 2017

Notes

Trading performance – Emerging Markets

Constant currency - revenue up 0,7%, trading profit up 1,7% (9,3% like-for-like), trading margin 5,9% vs 5,8%

Emerging Markets
(incorporating Hong Kong, China, Singapore, South Africa, Chile, Brazil, Middle East)

Segment Overview

- Trading profit up 9,3% in constant FX, adjusting for Chipkins Puratos JV
- Flat overall performance does not reflect some stand-out performances and includes disruptive effects of diary market upheaval
- Hong Kong experienced large dairy price increases; China, a closed market, experienced deflation due to a supply glut arising from a change in strategy by a large Australasian dairy company
- Dairy pricing increased dramatically globally and avian flu in EU affected poultry product supply
- Greater China profits increased by 10,7% in total in HKD

Asia

Hong Kong and Macau

- A mixed sales result, trading profit declined by 20% in HKD
- Initiative to bolster managerial support structure in Hong Kong
- Temporary additional warehousing costs until April 2019

Mainland China

- Sales up 1% with trading profits up by 42%
- Dairy sales values declined significantly on pricing issues
- Impacts of dairy disruption will continue to be felt in H2
- Higher margin mix and good results out of Beijing and Guangzhou resulted in a higher overall profit
- Presence in 26 first and second tier cities with growing diversity of food offering and online retail

Singapore

- Sales growth 6,8%, trading profit up 1,3%, expenses well controlled
- Pricing pressure due to market dynamics, including dairy, impacted margins
- Focus on foodservice and added value is yielding results
- First time contribution from Malaysia
- Vietnam entrance in line with expansion strategy

Notes

Trading performance – Emerging Markets

Constant currency - revenue up 0,7%, trading profit up 1,7%, trading margin 5,9% vs 5,8%

South Africa

- Like-for-like sales grew 6,4% in ZAR and profits by 12,6% with foodservice, food ingredients, and bakery all trading well
- Independent trade 53,6% of foodservice sales for H1, 54,5% in Q2
- Chipkins Puratos JV doing very well with good relationships being built, positive for innovation and competitiveness going forward
- Griffith Foods 51/49 JV with Crown National in QSR ingredients market began operations in October 2017
- All market segments face stiff competition, Bidfood strategy clear

Chile

- Sales grew 21,7% in CLP, boosted by the bolt-on in Concepción, the new branch in Viña del Mar, and range extension strategy
- Profits flat as we reinvest into product and geographic growth

Brazil

- Sales grew 44% in BRL and profits by 34%, including the benefit of the Mariusso acquisition wef October 2016
- Like-for-like Avelino sales and profit grew despite negative macros
- Competition for acquisitions but Bidcorp will not overpay

Middle East

- A mixed result, with Saudi Arabia trading better relative to the UAE, but total sales and profitability declined for the half
- Difficult macros and political tensions, implementation of new taxes and user charging across GCC states
- Strategic decision to downscale retail and rationalise the number of brands on offer

Turkey

- Group management input to assist in repositioning
- Focus switch from agency import to local foodservice and house brands
- Small bolt-on of a local foodservice wholesaler in October 2017

Notes

Outlook

Confident in our strategy to deliver sustainable growth with good quality earnings and reliable cash flows

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Australasia	• Australia – reinventing and investing to capture more urban market share • New Zealand – organic expansion with modern owned premises
United Kingdom	• Nervousness around political developments • Executing on a successful strategy • New capacity increasingly required
Europe	• A growing geographic footprint outside of our traditional markets • Exposure in both Italy and Iberia has already scaled up significantly • Entry to the German market opens up a huge medium-term opportunity • Eastern Europe will continue to realise increasing returns
Emerging Markets	• Recent market disruptions in Greater China due to dairy and poultry are temporary • Resilient and motivated teams have outperformed in challenging circumstances • A positive second half is anticipated
Bidcorp	• Capital deployment for modernisation and expansion off a sound financial position • Encouraging the sharing of best practice and individual initiative • Acquisitions always on the radar, they have to have strategic fit and be fairly priced

Anticipating that the businesses will continue to grow at an acceptable level in home currencies; relative ZAR strength, if it persists, may depress reported Bidcorp result

Notes

Notes

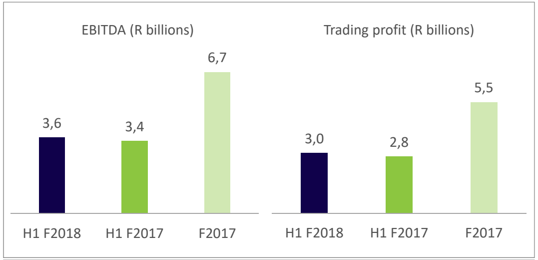
A solid underlying financial performance driven by organic growth

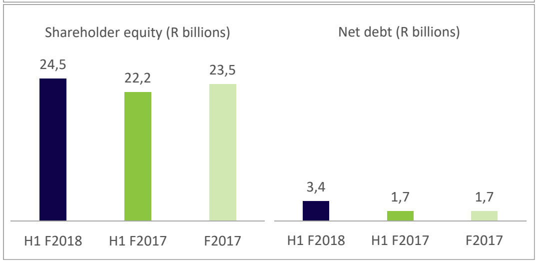
Translation impacts negligible in the period

Based on continuing operations of the Group

Highlights

- Underlying business trajectory in home FX in H2 F2017 continued through H1 F2018
- Revenue R61,5bn (↑ 8%) in line with constant FX revenue R61,8bn
- EBITDA (trading) margin of 5,9% maintained
- Trading margin of 4,9% in line with H1 F2017
- Translational FX impacts muted through H1 – 0,1% negative effect on H1 HEPS
- Headline Earnings R2,1bn (↑9%) in line with constant FX earnings R2,0bn (↑9%)
- HEPS of 640,0 cps (↑8,6%), similar to constant FX HEPS 640,7 cps (↑8,7%)
- Interim dividend of 280,0 cps 2,3x covered by continuing HEPS
- Free cash flows impacted by working capital absorption and meaningful reinvestment capex
- Return on funds employed 35%; return on average equity 16%





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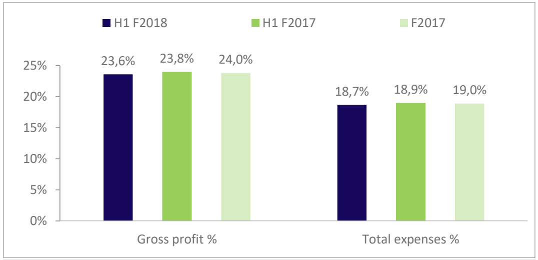
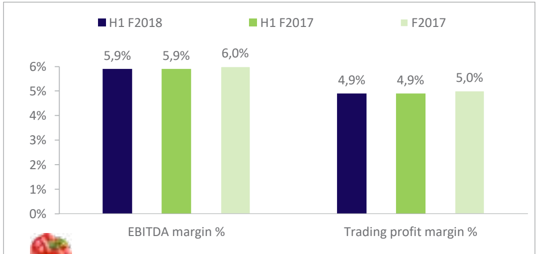
Notes

Statement of Profit

Quality of earnings remains sound, underpinned by solid top line growth





- Underlying free trade constant FX net revenue growth of 8,3%
- Gross profit percentage slightly down to 23,6% from 23,8% - some absorbed to fund free trade growth and abnormal dairy inflation
- Operating expenses very well controlled – like-4-like increase of 3,6% (cost of doing business declines to 18,7% from 18,9%), despite driven by:
  - higher cost to serve independent business mix
  - labour cost pressures for staff in a number of geographies and by higher activity levels
- Trading margin improved in most geographic segments:
  - Australasia has the highest segment margin at 6,0% (declined from 6,2% in H1 F2017) followed by Emerging markets at 5,9%
  - Europe showed significant improvement as all businesses performed better
  - UK margin is a respectable 4,5% (4,5%), improvements in Foodservice offset by decline in Fresh
- New acquisitions had no effect on result post acquisition and funding costs – R1,2bn on revenue (2,0%) and R33,5m (pre acquisition and funding costs) of trading profit (1,1%)

Notes

Statement of Profit cont'd

Finance charges, taxation, associates, minority interests and capital items

- Net interest paid increased by 16,6% to R136,5 million
  - Asset management is generally good with a few exceptions
  - Structural supply chain changes in Greater China and some strategic stocking
  - Additional term debt for Spain (H1 F2017), Germany (H2 F2018) and other acquisitions
- Effective tax rate (excluding associate income and capital items) is 25,1% (H1 F2017: 24,7%), guiding to approximately 25% on average for the year (mix dependent)
- Associates and Jointly Controlled entities share of profit is R29,3 million (Netherlands specialist businesses and 50% of Chipkins Puratos) and will remain immaterial
- Minority interests of R10,8 million are small and will remain a feature due to owner-managers often retaining a stake on acquisition
- Capital items
  - Net profit on disposal of end of life properties in Australia
  - Other individually insignificant items

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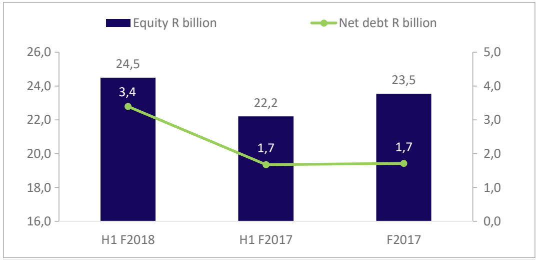
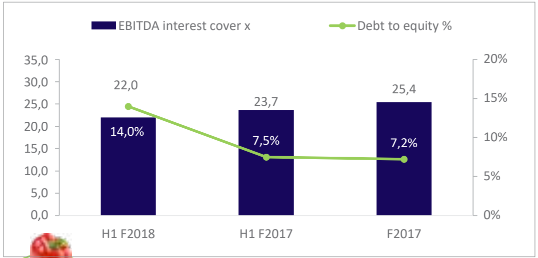
Notes

Financial position

Financial position remains robust





- Strong balance sheet underpinned by reliable cash flows allows enormous flexibility to achieve strategic growth objectives, organic and acquisitive
- Shareholders equity impacted by profit, dividends paid, and FCTR movements
- Liquidity management
  - No material changes from June 2017 position
  - Net finance charges 17% higher due to working capital absorption cycle in H1; acquisition funding
  - Of gross borrowings of R8,5 billion, 92% is non-South African
  - 65% of gross borrowings termed to beyond December 2018
  - Weighted average interest rate on foreign borrowings 2,2%, overall Group 2,7%
- Risk management
  - Debt is matched to the underlying assets for a natural hedge
- Solvency
  - Debt to equity ratio 14% (H1 F2017:8%)
  - Net debt to EBITDA 0,47x (H1 F2017:0,25x)
  - Trading profit interest cover 22,1x (H1 F2017: 23,7x)
- Returns
  - Return on average shareholder equity 16,3% vs 17,4% (H1 F2017)
  - Return on average ROFE of 35,3% vs 36,0% (H1 F2017)

Notes

Cash flows

Cash flow remains consistent and investment in asset base continues to create necessary capacity for growth

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- Cash generated from operations before working capital – R3,5bn
  - 97% of EBITDA and 126% of trading profit
  - Non cash items mainly comprise share based payments and provision releases
- Working capital
  - Typical working capital cycle is for absorption in H1 (R1,9bn absorbed) vs H1 F2017 (R1,3bn absorbed)
  - Generally well managed but some impacts in H1 F2017:
    - Structural – shifting business mix in GC; changed supplier terms in China and longer supply chain on imported products
    - Activity levels – 8 % revenue growth across group and some strategic stocking
    - Acquisitions – Guzman (not in H1 F2017 base) and others (Pier7 and other bolt-on's)
  - Net average working capital cycle 9 days (H1 F2017: 5 days)
- Cash effects of investing activities of R1,6 billion
  - Stay-in-business and expansion capital expenditure of R1,0bn compares with depreciation & amortisation of R0,6bn
  - Acquisitions consumed R0,6 billion, none of which are a singularly material business
  - Proceeds on disposals relate to end of life properties in Australia
- Cash and cash equivalents of R5,3bn

Notes

Financial guidance

Sound financial position supportive of continued growth into H2 F2018

- Financial base supportive of business to deliver continued real growth in home currencies:
  - Bidcorp remains cash generative (managed well)
  - Debt to equity ratio low at 14% with ample headroom to fund our organic and acquisitive growth
  - Absorption of working capital in H1 expected to reverse to some extent in H2
  - Looking to create further funding capacity (and efficiency) but complex and holding costs are expensive
  - Strength of financial position provides a cushion for the vagaries of markets and unanticipated events (Bidcorp operates across more than 30 different countries and 20 different currencies)
  - Core philosophy of naturally hedging assets and liabilities remains
- Businesses are managed and measured in their local currencies, returns focus remain the core driver of performance measurement
- Currency volatility likely to remain a feature into H2 F2018; ZAR is the reporting currency however non-ZAR profits 90% of group
- International shareholder base growing slowly but steadily (53%), focus on long-term shareholder following
- Bidcorp budgeting to continue delivering real growth in earnings into H2 F2018

Notes

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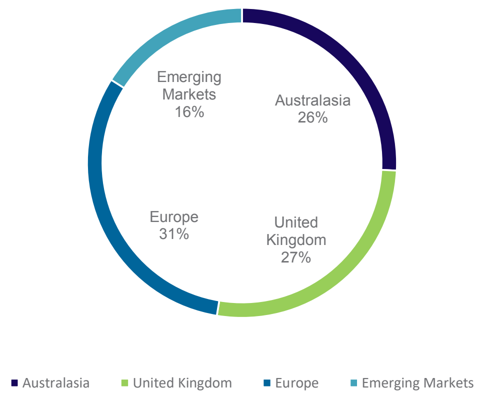
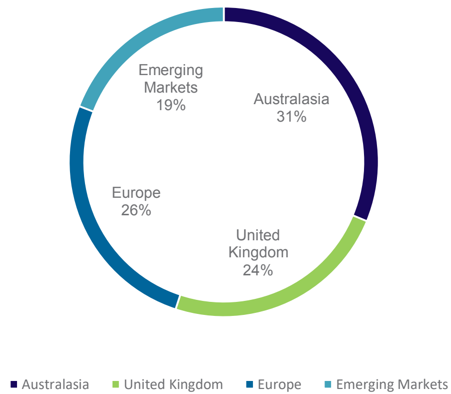
International Operations
Geographically diversified

Revenue by constant currency



Trading profit by constant currency



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Notes

Group overview

Trading post December 31 2017 has been positive overall and to expectation

R'000s	**Half-year ended December 31 2017**	Half-year ended December 31 2016	Change
Revenue (as reported in actual FX)	**61 476 926**	57 076 135	7,7%
Trading profit (as reported in actual FX)	**3 022 660**	2 775 950	8,9%
Trading margin	**4,9%**	4,9%	1,2%

A quality interim result with strong financial fundamentals, including high interest cover, a low debt to equity ratio and a ROFE of 35%

- Constant currency trading profit growth of 9,4% in a generally benign inflation environment but with sharp dairy deflation in China
- Average currency translation impacts small: ZAR/EUR 2,2% weaker, ZAR/AUD 1,3% stronger, ZAR/GBP 1,6% stronger
- Acquisitions (H1 F2018 vs H1 F2017) contributed R1,8 billion to revenue (2,9%) and R70 million (2,3%) to trading profit
- Margin benefitting from focus on foodservice and added value products and exit from low quality box shifting
- Intergroup shared learning continues to help with minimising potentially costly mistakes and avoid reinventing the wheel

Outlook for H2 F2018

- Businesses are managed and measured in home currencies
- Trading post December 31 2017 has been positive overall and to expectation
- Reporting currency is ZAR and so recent relative strength, if it persists, will depress the reported result
- Another positive underlying operating performance is anticipated for the second half

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Notes

Australasia

Strategy to open smaller, more manageable, service intensive facilities, closer to customers in major metros is showing early promise

Operational features for Australia

- Foodservice over 80% of total sales in H1 and will remain largest contributor with complementary contributions from fresh, meat and liquor
- Foodservice sales up 5,8% with trading profit down 2,8% as costs of multi-site strategy were absorbed
- New generation foodservice branches opened in Brisbane/Gold Coast (x1), Melbourne (x2) and Botany (x1) in Sydney
- Festival City, a family owned business for four decades, has liquor distribution in Adelaide, Melbourne and Darwin
- Supply Solutions (imports) has introduced a cheese processing offering, adding to the growing range of high-quality products defined by place of origin from around the world and sourced directly by Bidfood
- Fresh has had some challenges but looking better for H2

Outlook for H2 F2018

- Internal disruption a necessary strategy to remain competitive and secure additional market share
- Accelerating In-house sourcing through own Supply Solutions and Bidfood Procurement Community
- Fresh and Meat offering is well below potential
- Budgeting for a stronger H2 with current trends encouraging

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Notes

Australasia

Supply chain improvements and ongoing investment in the asset base underpins a strong New Zealand business

Operational features for New Zealand

- Another strong result from Foodservice with profits up by 8,7% and sales at better margin
- Food inflation as measured internally trended higher, with poultry and fresh produce key drivers
- Gross margin continued to rise ahead of sales growth, helping offset effects of rising expenses and wages
- Fresh, Logistics and Processing contributed positively with the complementary added value offering now 16% of sales and 23% of profit
- New or upgraded DC's became operational with the extra costs budgeted for and mitigated by better operating efficiencies
- Timaru DC opened November 2017, Invercargill opened January 2018, Hamilton was completed February 2018, Nelson was occupied at the end of October 2017, Greymouth is already occupied, whilst the Fresh operation in Christchurch has been upgraded
- Land was acquired in New Plymouth for development and completion by mid-2019, a new site has been identified for Wellington, in Christchurch there are plans for new Foodservice DC, in Hobsonville (North Auckland) plans are being finalised for a new building to be operational in mid-2019, and Rotorua and Tauranga are scheduled to have new facilities on adjoining land owned by Bidcorp

Outlook for H2 F2018

- Despite annual revenue well exceeding NZD1 billion strategy to relocate from smaller, leased premises into Bidcorp owned, purpose-built premises continues to drive growth as do supply chain improvements, complementary offerings and good service
- A strong H2 and a positive full year is anticipated

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Notes

United Kingdom

Pushing up against capacity constraints requires forward planning for expansion

Operational features for United Kingdom

- Despite difficult condition in retail generally and the restaurant trade, Bidfood sales substantially exceeded budget and the 9,7% rise in trading profit was after accommodating a pay review. Customer margin and margin per item both improved
- Cimandis (Channel Islands) is being repositioned to deliver a much improved H2 with double-digit sales growth
- Swithenbank, the fresh produce business, is being turned around with positive results
- With the business performing well attention is turning to capacity constraints and thus new investment in infrastructure. A new building is scheduled to be completed in Worthing in 2018, expansion required in Greater Manchester, whilst Salisbury and Battersea have new upgrades planned
- Fresh is an important offering and whilst trading is more variable than foodservice other territories show that this is an important strategic complement and the UK business is making good progress

Outlook for H2 F2018

- After a strong H1 the target of an improvement on the 2017 result remains
- Management are not complacent about the risks associated with Brexit outcomes and the current political situation
- Consumer sentiment is poor and there are some prominent corporate failures
- Exit from Logistics is timely as it allows full focus on Foodservice and Fresh

Notes

Europe

Scaling up in Italy and Iberia and an exciting new entry to Germany, the largest market in Europe

Operational features for Europe

- Foodservice focus yielding improved margins with further scope to improve
- In Netherlands, sales mix continues to improve
- Belgium focused on growing HORECA through various sales initiatives, 31% of total sales, margins double that of the total business
- Italy and Spain combined are on track to be an approximately €650 million combined turnover business from virtually nothing a few years ago; testament to the correctness of the Bidfood strategy to target new markets selectively and develop sustainably
- In Czech and Slovakia, HORECA complemented by substantial investment in added value processing
- In Poland, freetrade grew to 73% of total sales in H1, boosting overall margin to over 3% from 2,5% with scope to improve
- Baltics business are now profitable with a focus on Lithuania
- Pier 7 headquartered in Munich, a small platform to learn and grow in the German market

Outlook for H2 F2018

- Eastern Europe continuing to trade strongly, benefitting from investment in modernisation, but challenged by a tight labour market
- Netherlands simplifying, high-service strategy showing benefits
- Acquisitive strategy is to identify fair value opportunities, often owner-manager, learn and then grow

Notes

Emerging Markets
Outperforming in challenging markets

Operational features for Emerging Markets

- Now present in Greater China, Africa, Latin America and exploring niche opportunities in Asia
- China focus is on premium international products
- Major Chinese cities include Shenzhen, Beijing, Guangzhou and Shanghai and a base for exploiting growth and developing sales in smaller second tier cities
- Acquisition of Aeroshield in Malaysia wef July 2017 and JV in Vietnam wef 2018
- Whilst Bidfood in South Africa is experiencing revenue pressure excellent expense management is bolstering margin; a large number of Chipkins Puratos JV staff have been retrained in Belgium and changes are already underway to manufacturing processes with new product launches in the pipeline

Outlook for H2 F2018

- South Africa in a good position to take advantage of positive political developments and will leverage of significant opportunities from the Puratos JV
- A more normalised trading situation in China and Hong Kong but effects of dairy price disruption will remain for some months
- Objective to outperform in challenging markets

Notes

Procurement

Group-wide sourcing internationally

Bidfood Procurement Community (BPC)

- Huge scope to leverage Group purchasing power by procuring through BPC channels
- CEO's encouraged to drive the process

Notes


Gruppo
DAC
eccellenza per la ristorazione
Bidcorp
Supplementary information
Bidcorp segment profits detail

Notes

Segment revenue detail
Continuing operations

ZAR' million	**Revenue H1 F2018**	Share of group %	Change %	Revenue H1 F2017	Share of group %	**Revenue Constant currency H1 F2018**	Change %
Australasia	**15 864,2**	***25,8***	***3,6***	15 318,2	*26,8*	**16 267,1**	***6,2***
United Kingdom	**16 241,1**	***26,4***	***5,3***	15 419,2	*27,0*	**16 501,1**	***7,0***
Europe	**19 555,0**	***31,8***	***20,0***	16 293,0	*28,6*	**18 938,3**	***16,2***
Emerging Markets *	**9 816,6**	***16,0***	***(2,3)***	10 045,7	*17,6*	**10 114,9**	***(0,4)***
Total **	**61 476,9**		***7,7***	57 076,1		**61 821,4**	***8,3***

* Emerging Markets - Excluding the disposal of Chipkins (Bakery Supplies in April 2017) revenue growth was 7,1% constant currency terms
** Net revenue - Excluding the disposal of Chipkins (Bakery Supplies in April 2017) revenue growth was 9,5% in constant currency terms

Notes

Segment trading profits detail

Continuing operations

ZAR' million	Trading profit H1 F2018	Margin %	Share of group %	Change %	Trading profit H1 F2017	Margin %	Share of group %
Bidfood	**3 067,0**	***5,0***		***8,9***	2 816,2	*4,9*	
Australasia	**944,9**	***6,0***	***31,3***	***0,1***	943,6	*6,2*	*34,0*
United Kingdom	**723,9**	***4,5***	***23,9***	***3,4***	699,8	*4,5*	*25,2*
Europe	**817,0**	***4,2***	***27,0***	***38,7***	589,0	*3,6*	*21,2*
Emerging Markets *	**581,2**	***5,9***	***19,2***	***(0,4)***	583,8	*5,8*	*21,0*
Corporate	**(44,3)**				(40,2)		
Total **	**3 022,7**	***4,9***		***8,9***	2 776,0	*4,9*	

* Emerging Markets - Excluding the disposal of Chipkins (Bakery Supplies in April 2017) trading profit (ZAR) was up 7,1%
** Trading profit - Excluding the disposal of Chipkins (Bakery Supplies in April 2017) trading profit (ZAR) was up 10,5%

Bidcorp

Notes

Segment trading profits detail (Constant currency)

Continuing operations

ZAR' million	Trading profit H1 F2018	Margin %	Share of group %	Change %	Trading profit H1 F2017	Margin %	Share of group %
Bidfood	**3 080,8**	***5,0***		***9,4***	2 816,2	*4,9*	
Australasia	**969,2**	***6,0***	***31,9***	***2,7***	943,6	*6,2*	*34,0*
United Kingdom	**735,4**	***4,5***	***24,2***	***5,1***	699,8	*4,5*	*25,2*
Europe	**782,7**	***4,2***	***25,8***	***32,9***	589,0	*3,6*	*21,2*
Emerging Markets *	**593,5**	***5,9***	***19,5***	***1,7***	583,8	*5,8*	*21,0*
Corporate	**(44,7)**				(40,2)		
Total **	**3 036,1**	***4,9***		***9,4***	2 776,0	*4,9*	

* Emerging Markets - Excluding the disposal of Chipkins (Bakery Supplies in April 2017) trading profit was up 9,3% in constant currency terms.
** Trading profit - Excluding the disposal of Chipkins (Bakery Supplies in April 2017) trading profit was up 11,0% in constant currency terms.

Notes

Supplementary information
Financial analysis

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Condensed interim statement of profit or loss

Continuing operations ZAR' million	Half-year ended Dec 31 2017 Avg R/£ 17,65		Half-year ended Dec 31 2016 Avg R/£ 17,94	2017 Currency effects R/£ 17,94	
Revenue	**61 476,9**	***7,7%***	57 076,1	61 821,4	*8,3%*

- Continuing revenue grew 7,7% to R61,5 billion (F2017: R57,1 billion), on a constant currency growth was 8,3%
- Segment revenue performance
  - **Bidfood Australasia**: R15,9 billion – 3,6% growth (Local FX: 6,2% growth)
  - **Bidfood UK**: R16,2 billion – 5,3% increase (Local FX: 7,0% growth)
    - Foodservice UK key focus remains on growing free-trade, local own brand sales. National account volumes were up 3% on ongoing tender wins
  - **Bidfood Europe**: R19,6 billion – 20,0% growth (Local FX: 16,2% growth)
  - **Bidfood EM**: R9,8 billion – 2,3% decline (Local FX: 0,7% growth)
    - 50% sale in April 2017 of Bakery Supplies to Puratos NV contributed to the relatively low sales growth, excluding Chipkins Puratos JV, like-for-like revenue growth was up 7,1%
- Pier 7 and bolt-on acquisitions in the period accounted for R1,2 billion (2,0%), including Guzman (Spain), net revenue of R1,8 billion (2,2%)

Notes

Condensed interim statement of profit or loss

Continuing operations ZAR' million	**Half-year ended Dec 31 2017 Avg R/£ 17,65**		Half-year ended Dec 31 2016 Avg R/£ 17,94	2017 Currency effects R/£ 17,94	
Revenue	**61 476,9**	***7,7%***	57 076,1	61 821,4	*8,3%*
Trading profit	**3 022,7**	***8,9%***	2 776,0	3 036,1	*9,4%*

Trading margins	**H1 F2017**	H1 F2016	Comment
Bidfood	**4,92%**	4,86%	1,1% improvement in trading margin

- Gross profit percentage was maintained at 23,6% (H1 F2017: 23,8%). Certain businesses sacrificed margin to grow their free trade volumes and significant inflation in the dairy category marginally impacted gross margins
- Operating expenses:
  - Overall operating costs (excluding acquisitions and disposals) were well controlled increasing by 3,6% (4,2% in constant currency terms), despite labour cost pressures in some economies
  - Overall cost of doing business declined to 18,7% (H1 F2017: 18,9%) despite the focus on growing independent trade, reflects ongoing efficiency gains

Bidcorp

Notes

Condensed interim statement of profit or loss

Continuing operations ZAR' million	**Half-year ended Dec 31 2017 Avg R/£ 17,65**		Half-year ended Dec 31 2016 Avg R/£ 17,94	2017 Currency effects R/£ 17,94	
Revenue	**61 476,9**	***7,7%***	57 076,1	61 821,4	*8,3%*
Trading profit	**3 022,7**	***8,9%***	2 776,0	3 036,1	*9,4%*
Net finance expense	**(136,5)**	***(16,6%)***	(117,0)	(140,9)	*(20,4%)*

- €90 million new debt for Iberia and Germany acquisitions
- 65% of gross debt termed beyond December 2018
- Higher working capital absorption of R611,1 million resulting in an increase in net working capital days (4 days)

Share of profit of associates and jointly-controlled entity	**29,3**	11,5	29,0

- Bakery Supplies business in SA sold to Puratos NV wef April 2017 – equity accounted investment

Bidcorp

Notes

Condensed interim statement of profit or loss

Continuing operations ZAR' million	**Half-year ended Dec 31 2017 Avg R/£ 17,65**		Half-year ended Dec 31 2016 Avg R/£ 17,94	2017 Currency effects R/£ 17,94	
Revenue	**61 476,9**	***7,7%***	57 076,1	61 821,4	*8,3%*
Trading profit	**3 022,7**	***8,9%***	2 776,0	3 036,1	*9,4%*
Net finance expense	**(136,5)**	***(16,6%)***	(117,0)	(140,9)	*(20,4%)*
Share of profit of associates and jointly-controlled entity	**29,3**		11,5	29,0	
Taxation	**(714,4)**	***(10,5%)***	(646,6)	(718,3)	*(11,1%)*

	H1 F2018	H1 F2017	Comment
Effective tax rate (ex capital items and associates and JV's)	***25,1%***	*24,7%*	Estimated sustainable tax rate going forward is approximately 25%

Bidcorp

Notes

Condensed interim statement of profit or loss

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Continuing operations ZAR' million	Half-year ended Dec 31 2017 Avg R/£ 17,65		Half-year ended Dec 31 2016 Avg R/£ 17,94	2017 Currency effects R/£ 17,94	
Revenue	**61 476,9**	***7,7%***	57 076,1	61 821,4	*8,3%*
Trading profit	**3 022,7**	***8,9%***	2 776,0	3 036,1	*9,4%*
Net finance expense	**(136,5)**	***(16,6%)***	(117,0)	(140,9)	*(20,4%)*
Share of profit of associates and jointly-controlled entity	**29,3**		11,5	29,0	
Taxation	**(714,4)**	***(10,5%)***	(646,6)	(718,3)	*(11,1%)*
Non-controlling interests	**(10,8)**		(8,2)	(11,5)	
Headline earnings	**2 128,4**	***8,8%***	1 956,5	2 130,9	*8,9%*
HEPS (cps)	**640,0**	***8,6%***	589,3	640,7	*8,7%*

Headline earnings:

- Net capital items of R14,8m. Majority relates to the sale of end of life properties in Australia
- Negative currency effect of 0,1% on headline earnings. Average rand FX rate weaker versus euro (2,3%) & Czech krona (7%) offset by stronger rand average FX rate versus sterling (1,6%), AUS dollar (4,9%) & NZ dollar (4,9%)
- Using current FX rates as an approximation to determine our year end rates versus F2017 average FX rates
  - Stronger rand: Sterling - 0,9%, AUS dollar - 3,5% and NZ dollar - 6,1%
  - Weaker rand: Euro - 2,4% and Czech krona - 7,3%

Notes

Condensed interim statement of profit or loss

Continuing operations ZAR' million	Half-year ended Dec 31 2017 Avg R/£ 17,65		Half-year ended Dec 31 2016 Avg R/£ 17,94	2017 Currency effects R/£ 17,94	
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Non-controlling interests	**(10,8)**		(8,2)	(11,5)	
Headline earnings	**2 128,4**	***8,8%***	1 956,5	2 130,9	*8,9%*
HEPS (cps)	**640,0**	***8,6%***	589,3	640,7	*8,7%*
Diluted HEPS (cps)	**638,2**	***8,6%***	587,8	638,7	*8,7%*
Distribution (cps)	**280,0**	***12,0%***	250,0		

- Dividend cover of approximately 2,3x continuing headline EPS, policy of 2,5x headline EPS
- 12,0% dividend growth

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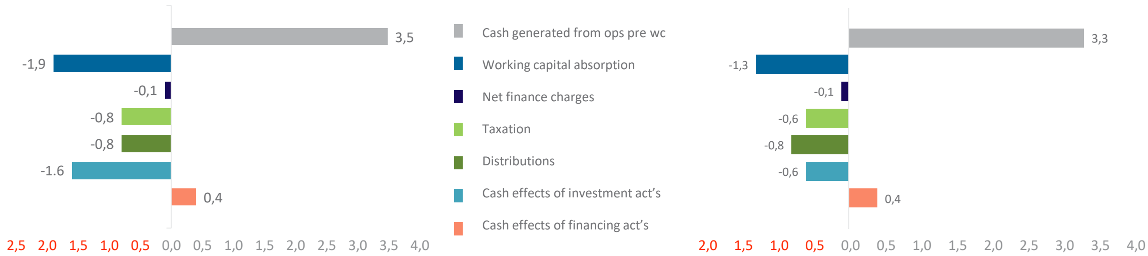
Notes

Condensed interim consolidated cash flow statement

Dec 31 2017 (ZAR billion)

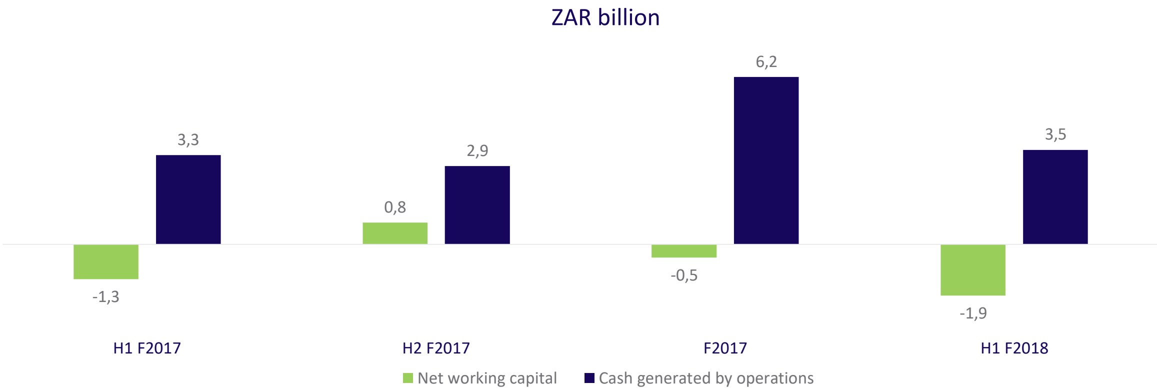
Dec 31 2016 (ZAR billion)



- Working capital absorption increase R611 million due to structural investment and tighter foreign supplier terms in Greater China, some strategic stocking (Foodservice UK & South Africa) and impact of acquisitions (H2 F2017 & H1 F2018)
- Non-cash items: Largely made up of net share based payments of R78 million and non-cash provision movements
- Free cash flow was negative at R0,9 billion (H1 F2017: R0,8 billion – positive). Significant investment took place in the period through strategic investment in infrastructure (R1,1 billion) and new geography and in-territory bolt-on acquisitions (R588 million) to expand our geographic reach and product range

Notes

Net working capital flows vs cash generated by operations



- Cash generated from operations before working capital – R3,5 bn (4,5% increase)
- The Group generally absorbs working capital in the first half of the year and generates in the second half of the financial year

Notes

Net working capital days

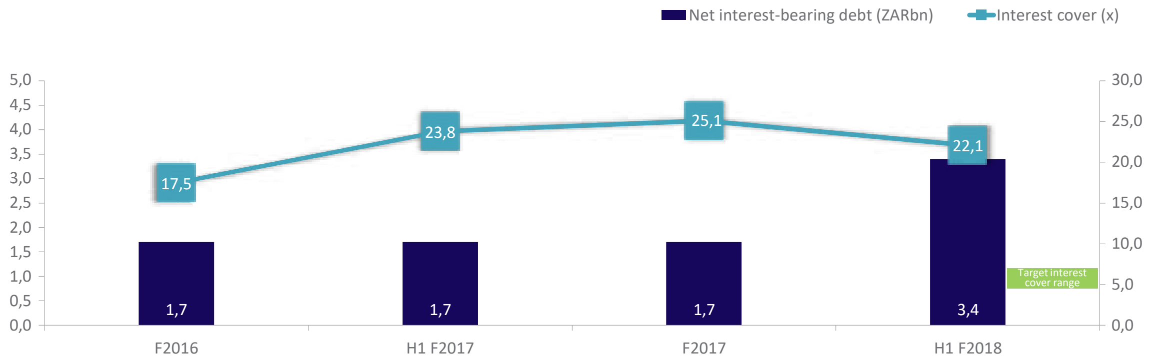
6 month rolling average working capital days

Net 6 month rolling average working capital days, higher by 4 days:

- Structural change in Greater China (foreign suppliers demanding earlier payment terms on imported products, longer supply chain for imported products and mainland China a larger proportion of the Greater China mix)
- Strategic inventory buying
- Acquisitions

Notes

Gearing



- A conservative approach to gearing with trading profit interest cover at 22,1x (H1 F2017: 23,8x) exceeds Group benchmark of 5 - 6x
- Ample headroom to fund organic or acquisitive expansion

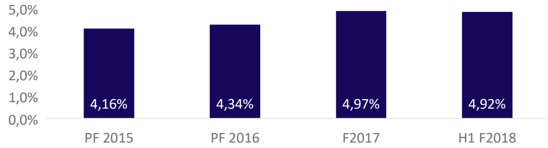
Notes


Bidcorp
Supplementary information
Bidcorp historical results

Notes

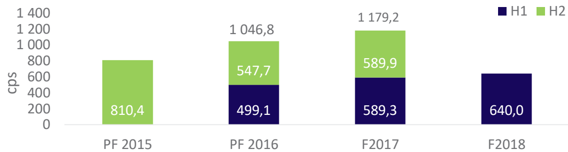
Bidcorp Historic Performance

Continuing trading margin



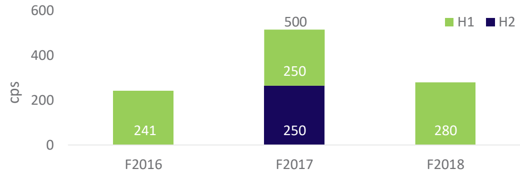
Returns % (annual)

Continuing headline earnings per share



- H1 F2018: 3 year CAGR = 16,5%

Dividend per share (cents)



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