Chairman's message

Every good business leader knows the importance of people and culture. As the father of management consulting Peter Drucker put it: "culture eats strategy for breakfast". Nowhere is this more evident than here at Bidcorp, where our nimble, owner-managed businesses have proven resilient and have acted as a foundation for growth and stability.

Established more than 30 years ago by renowned South African entrepreneur Brian Joffe, this decentralised ethos – underpinned by a strong brand, systems, and processes – has been critical to the group's strong recovery from COVID's devastating impact on the hospitality, tourism, and leisure sectors.

While the pandemic has moved from critical to chronic stage, conditions remain unpredictable with sudden lockdowns, differing in severity, across different geographies. Many of our businesses continue to operate in volatile environments characterised by escalating geopolitical tensions, trade protectionism, staff shortages, supply chain disruptions, and various environmental, social and governance challenges.

It is against this backdrop that I am proud that Bidcorp has returned a solid performance for the 2021 financial year. Bidcorp CEO Bernard Berson and his small head office team have distinguished themselves by providing a clear and robust roadmap for navigating the unpredictable global environment. They have dealt decisively with a limited number of under-performing businesses, as well as fraud only recently discovered in Hong Kong, which fortunately is not material to the group's performance.

Despite these headwinds, I am privileged to have witnessed the strength of Bidcorp's culture: people coming together to swap war stories and learn from each other's experiences.

Under the most testing conditions, instead of being weakened, our businesses became stronger, all of which speaks to the diversified but disciplined group of highly effective teams.

The safety and wellbeing of employees remains a top priority. It is reassuring to see the seriousness with which management teams are approaching the mental-health effects of COVID on their staff.

Performance

Bidcorp supplies food and related services to restaurants, airlines, hotels, hospitals, and other institutions across more than 35 countries. Many have suffered devastating impacts due to COVID lockdown restrictions. Yet Bidcorp has been able to report a strong recovery for 2021, with the board declaring a final cash dividend to shareholders of 400 cents per ordinary share.

The group benefitted from people ordering from restaurants to eat-at-home while institutional customers remained resilient. Many of our businesses have bounced back strongly as demand rapidly returned when economies opened up. Enhanced by excellent working capital management, cash generation and debt reduction, coupled with good asset management, cost cuts and nimble trading, Bidcorp has shown strengthened resilience to macro shocks.

Management has continued to future-proof the group by deploying value-adding technology, ecommerce and analytics, much of it developed in-house. Understanding that the highest standards of food safety and responsible sourcing are critical to our licence to operate, we have also kept investing to ensure the safest, most ethical and transparent food-handling standards.

Safety and wellbeing

The safety and wellbeing of employees remains a top priority. With most of our people required to be physically present at work through all levels of the national lockdowns, it is reassuring to see the seriousness with which management teams are approaching the mental-health effects of COVID on their staff.

Tragically seven employees succumbed to the pandemic over the past year. Mrs Dolly Mokgatle, who had served on the board since October 2016 as a member of the Social & Ethics and Nominations committee's sadly passed away. She will be sorely missed for her dignified and wise counsel to the board. I also deeply regret the onsite fatality of an employee in Durban, South Africa. On behalf of the board, I extend our deepest condolences to our colleagues' loved ones during these most difficult times.

ESG and sustainability

The sustainability agenda, fuelled by commitments to be made at the 26th UN Climate Change Conference (COP26) in Glasgow, continues to accelerate, and is increasingly central to the way we do business. Two years ago, we had committed to cutting our carbon emissions by a quarter by 2025. We have made significant progress in achieving this objective. The board is now engaging management on adding additional emissions categories to our 2030 environmental targets.

Our investments into energy efficiency and self-generated electricity illustrate the positive financial impacts of integrating sustainable practices, while diminishing our environmental impacts. As we strive for greater transparency, we have increased and developed our reporting on our climate-related risks and opportunities and overall performance as detailed in the natural capital content and sustainability report. See pages 25 – 29.

Furthermore, across the world we are involved in local community and sustainability projects, including providing food and care packages to the most vulnerable. We partner with specialists in various areas to ensure optimum impact and minimal duplication. Alignment ensures focus on national and international priorities. Many interventions dovetail with the UN's sustainable development goals.

We aspire to the highest governance standards in all our markets. Heightened vigilance is crucial to Bidcorp's ongoing sustainability with the continual enhancement of measures and internal risk controls to alert management to emerging issues. Investments into product quality and compliance with safety standards, cyber security, ethical sourcing, and increasing transparency and good practices through the supply chain, remain a priority.

Appreciation

I would like to recognise the Bidcorp board, to which we welcomed Mrs Keneilwe Moloko as an independent non-executive director in July 2021. A sincere thank you to my fellow directors, Bernard and his executives, and the global Bidcorp team for their unwavering commitment during the most extenuating of circumstances.

I also thank our many customers and suppliers for their ongoing support and assure them that we remain committed to the highest levels of quality and service.

Outlook

For at least the foreseeable future our fortunes will remain tied to how fast and how effectively vaccines are rolled out, as well as the effects of possible further COVID variants.

Encouragingly, we have seen how many of our more developed, larger markets have recovered in recent months, despite mixed lockdown experiences.

We are grateful for the support packages provided by governments in many of the countries we operate, enabling us to keep as many of our people as possible in employment. How and at what pace national leaders unwind the fiscal and monetary support measures they put in place will be key to our customers' short- and medium-term prospects. However, given authorities' response to the pandemic, I am optimistic that appropriate levels of support will be maintained until such time as the wheels of business start spinning on their own.

We ended the year well capitalised and well placed to take advantage of market opportunities when they arise. In the interim, we continue to practise prudent balance sheet management, a strategy that has enabled us to resume dividend declarations consistent with our dividend policy.

After passing so many very severe tests in the last year, we face an uncertain future with renewed confidence. We remain optimistic and hope to return to the pre-COVID levels of activity this year, assuming the absence of large disruptions.

Stephen Koseff
Chairman