

Chief executive officer's report



Bernard Berson

“Being an optimist is a hell of a lot more fun than being a pessimist”

– Richard Branson

Our 2022 financial year was very different to the previous 12 months, which, of course was unlike anything we, our customers, or indeed the world, had ever experienced.

From mid-June to late October 2021, I was in lockdown in Sydney, while across the Tasman in New Zealand, pandemic-restrictions were probably even more severe. Throughout Europe, Christmas 2021 was effectively cancelled, and the Netherlands was locked down from November to February.



Then, from Easter, we experienced an unexpectedly sudden and robust bounceback in consumer demand for out-of-home eating and entertainment. The strength of the rebound – which persisted for the rest of the financial year and continues as I write – surprised us, but did not catch us unaware.

Conditions in the year we report on here were profoundly different but, as in the recent past, we implemented no significant changes to our business model or our strategy. I am therefore delighted that the wisdom of again “sticking to our knitting” has been borne out by the strongest financial results in our history.

A special performance

This was a particularly special performance considering all the many challenges we faced. Throughout the year our people kept building momentum and, when the tide finally turned, they were more than ready and able to exploit all the opportunities that the bounce back presented.



I've said this before and I'll no doubt say it many times again as long as I'm privileged to be CEO: despite everything they went through, our global team consistently did an absolutely awesome job. I don't have the words to do justice to their performance but I commend to you the business-specific value creation stories shared in this report, to get a sense of how once again, the

Bidcorp “secret sauce” worked its magic in 2022 in pushing up trading margins, while pushing down the cost-of-doing-business.

In our largest segment by both revenue and profit, almost all European territories contributed to an exceptional result and a much improved 4.8% trading margin. These territories included Spain where a turnaround was achieved (and is being maintained), the Netherlands, Czech Republic, Poland, and Italy, all of which posted record performances. Germany remains a work-in-progress but there too steady progress is being made.



Under very trying circumstances, Australasia and the UK achieved very commendable results and, along with Emerging Markets, are now all at revenue and profit levels above those of 2019. (With almost all of our numbers, the scale of COVID upheaval was such that comparing our 2022 outcomes with those of the previous year or even 2020 is of limited relevance.)

Within the Emerging Markets segment there were several standout performances including the Middle East, Turkey, and South Africa. We remain very excited about our prospects in South America, where in all of our markets we are trading at levels above those of 2019. China continues to be unpredictable – but also continues to trade profitably.

Behind the results achieved this year were the magic ingredients of stability and simplicity. Our investments in digital continue to make a complex business look straight forward. Our strategy is well communicated and understood throughout the business, as is our belief in what we're doing and the path we're travelling. So, once again, we inflicted no great changes on our people in the warehouses and out on the road and, for the most part, continued making only small, incremental improvements.

Of course, as demand returned, new challenges presented themselves – skills shortages, mounting supply chain disruptions, and longer lead times, combined with soaring food and energy inflation.



Our sustained focus on balancing the customer mix was only the continuation of a process begun many years prior, to exit a small number of larger low-margin customers – which opens up capacity to concentrate on the freetrade segment – our market “sweet spot”. (This year the UK results were impacted by that operation's greater proportion of large national customers, which takes longer to reprice.)

Investing for growth



Ten acquisitions were made at a combined cost of R818 million (although this amount included the Netherlands property which was subsequently sold). All acquisitions were relatively small and low risk, and are already performing well.

As CFO David Cleasby elaborates in his message, this year capex – our investment in infrastructure, in growing and improving our service offering – returned to more normal levels. I'm particularly pleased to note that this year we devoted capex specifically to enhancing our environmental performance and mitigating our adverse impacts.



Our chairman has reiterated just how serious we at Bidcorp are about maximising our positive social as well as environmental impacts – and have been for some time. This year the Board again challenged management to redouble our work to embed ESG in everything we do. We have accepted the challenge and take pleasure in reporting the advances we made in the year, including progress on achieving our target of eliminating a quarter of our carbon emissions by 2025.



Keeping our people safe is the utmost priority underpinning our commitment to doing business responsibly. After tragically having to report COVID-related deaths in the past two years, I am relieved that this year we lost no colleagues to the virus. Most regrettably however, three of our people died in road accidents, in the Czech Republic and Belgium.

Thanks



It is not only our frontline customer-facing staff and their managers who deserve to be congratulated and thanked; I also salute those working behind the scenes at group and country head offices and elsewhere for their tireless contributions. These individuals include the BidOne team who continue to deliver the group's bespoke world-class ecommerce and digital solutions.

I thank our chairman Stephen Koseff and all Directors for their support and guidance.

Outlook

Many, if not most, of the economies in which we operate are in a precarious position and consumer confidence is once again being tested. We remain realistic about the limited extent to which we are able to predict the future and to what extent factors beyond our control will impact our stakeholders and ourselves. What we do know is that we have the wherewithal and clarity of vision to navigate whatever is thrown at us.



We will continue measured investment in expanding our physical footprint, to keep getting closer to our customers. And we intend growing our very successful light manufacturing/value-add businesses.

I have little doubt that our peers performed well in the 12 months reviewed in this report. That, like Bidcorp, they also reaped the benefits of reduced pandemic impacts on their businesses. However, I do believe that we did better than most. And I have every confidence that we will continue to do so.



Bernard Berson
Chief executive officer

Bidcorp's objectives are to:

- ✓ build a resilient and stable business
- ✓ grow our profitability
- ✓ increase our market share
- ✓ maximise returns for all our stakeholders
- ✓ innovate
- ✓ be a responsible employer and responsible corporate participant
- ✓ care for our planet

