



**Bernard Berson**

# CHIEF EXECUTIVE OFFICER'S REPORT

Bidcorp's business is better compared to a marathon not a sprint but we clearly sprinted in the year reviewed in this report, breaking all the records set only the year before and, in most geographies, setting a number of personal bests.

Of course, in setting new records we benefited from a number of strong tailwinds – inflation that assisted our trading and a continuing, strong post-COVID bounceback. But I don't believe for a moment that we should put the group's 2023 performance entirely down to macro-economic factors, strong markets, or luck. Rather, our exceptional performance derived from the hard work of amazingly talented teams of people who were given the opportunity and freedom to operate dynamically and creatively, in our unique Bidcorp way.

We are a global collection of different businesses operating in the same broad industry, and the composite Bidcorp picture is made up of many richly different pieces. Each country has a unique set of circumstances, challenges and opportunities. Although there are multiple common threads, there are even more specific local issues. One of our real strengths and synergistic benefits lies in the fact that we operate across a large number of diverse markets so that we can share learnings and experiences very quickly, and can possibly see trends emerging quicker than those operating in a single, or only a handful of markets.

As ever, a detailed analysis of the numbers is described in David Cleasby's comprehensive CFO report, which gives a very useful overview of, and insight into, our overall financial performance. Here I want to take a step back from the Bidcorp headline performance and look into some of the factors that differentiate us, particularly relative to our competitors, to understand what enables our sustained long-term growth in so many different geographies, and what should perpetuate that success.

Our latest results are, I believe, an overnight success that has been more than 30 years in the making. We have essentially the same french fries and cans of beans as our competitors, our

trucks are more or less the same with different signwriting, and our warehouses all have high racking with lots of inventory. Yes, it is becoming increasingly clear that we are doing the ecommerce side of our business better than most and we continue to invest in our facilities, equipment and vehicles. But Bidcorp's primary differentiator is its people. And those people are the direct consequence of the culture built into Bidcorp from the very start.

This business was built on three cornerstone principles which are as important today as when Brian Joffe first started talking about them in the late 1980s. These principles are:

- Entrepreneurship
- Decentralisation
- Incentivisation

If all three of these work in a synchronised manner, they inevitably attract a certain type of person to our business, the type of people who have successfully built Bidcorp over many years – and continue to do so. Our challenge is to retain and motivate our strategic human capital, and attract more of the same, the kinds of people who share this passion and drive, who will imbibe our culture and thrive on it.

In the latest year our sustained focus on balancing the customer mix was the continuation of a process begun many years ago, to exit a small number of larger low-margin customers, freeing up capacity to concentrate on the freetrade segment which, as I noted a year ago in this space, is our sweet spot. These customers are themselves decentralised, valuing the great products and service that make it possible for them to do what they do best.

Having dwelt on the past and our present, I want to deal, briefly, with our future.

## Outlook

Our investment into future growth will be ongoing... we continue striving to be a maximum of 30 minutes away from 90% of our customers. To enhance margins, our businesses are all on the journey of own brand development, import, and light value-added manufacturing.

We have a portfolio of businesses at various stages of growth and size, those in the earlier stages representing what will be the big opportunities in two, five, or 10-years' time. Of course, not every one of these will be an immediate success; we may even fail at some, as we have done in the past. We continue to pursue bolt-on acquisitions in all geographies, and remain alert to any larger new territory opportunities, of which there have been none for several years now.

We will remain focused on ensuring that we get the basics right, day after day. We will be steadfast in working to keep things simple, managing our assets and cash tightly and, most importantly, being very sure that we remain relevant and important to our customers – that we remain all about the food, service, and technology.

In remaining relevant to our customers, a key priority going forward will be to meet their expectations of us in terms of our social and environmental impacts. We are investing considerably larger amounts in greening our operations and remain concerned with having positive social impacts – on our customers and suppliers, and on our communities. These ESG aspects are important to us and our stakeholders and receive due coverage in this report.

The global economic outlook is volatile (although not necessarily negative) with conditions that are changing rapidly. High inflation is cooling rapidly and consumer demand is contracting at the same time that high interest rates compound the cost-of-living crisis many millions of our customers' customers are facing. The strong bounceback we witnessed last year is normalising – perhaps the urge for “revenge spending” has now been satisfied. This more subdued reality was borne out by our experiences in the fourth quarter of 2023 and since our yearend, when the rate of growth cooled significantly relative to the first nine months. Towards the end of the year, we witnessed a slackening in inflation growth and overall demand but a firming of the cost base as we filled vacancies.

After a halcyon 18 months of post-pandemic growth, we must now adapt to a more “normal” reality, a period in which our growth metrics will appear pedestrian by comparison with the recent past. Our volume growth will be more subdued and I am sure that we will continue to grow, just not at anything like the rates to which we have recently become accustomed.

Our advances will be hard won but I have the greatest confidence that our different, but motivated, operations will keep winning market share, add value, and shift our customer mix towards our desired sweet spot.

## Appreciation

Which brings me to the people I need to acknowledge. Chief among these are our employees and managers who make up the incredible human capital we have on the ground all over the world. Also my chairman, Stephen Koseff and his board, for their unstinting support.

We have in place, in 35 countries, a 28 000 strong entrepreneurial, decentralised, and incentivised team of the highest calibre. I have no doubt that they will continue delivering the goods, wherever they operate and whatever it takes.

### Bernard Berson

*Chief executive officer*

