Bidvest

30 years

HOMEGROWN ENTREPRENEURSHIP

Integrated Report

2018

30 years of

HOMEGROWN ENTREPRENEURSHIP

"Since the Bidvest Group's formation in 1988, we have invested in South African trading, services and distribution businesses, and nurtured these companies to deliver above-average shareholder returns on an annual basis. It is our strategy to acquire "homegrown" South African businesses and apply a decentralised "entrepreneurial" operating model to generate wealth, sustainable job creation and meaningful contributions to society.

This strategy has continued successfully for 30 years, through the highs and lows of economic times, but the Group's vision, intent, leadership and quality assets has ensured that our direction and commitment remain true to its course. This is South African resolve at its best and has served our stakeholders well.

Looking back on the Group over the past 30 years, the one distinguishing characteristic that stands out is the people that make up the Bidvest family. This team of people has transformed a collection of homegrown South African businesses into industry leaders, which have delivered numerous benefits to a wide range of stakeholders and created more than 130 000 jobs.

Bidvest's roots are embedded in its home soil in South Africa. The strong capability and entrepreneurship of the Bidvest family will ensure another 30 years of exciting growth for this extraordinary Group."

Lindsay Ralphs *Chief executive*

What we do

A leading business-to-business, trading, services and distribution group operating in the areas of consumer and industrial products, electrical products, financial services, freight management, office and print solutions, outsourced hard and soft services, travel and aviation services and automotive retailing. Listed on the JSE Limited and with its roots firmly established in South Africa, we consistently broaden our product offering.

Our philosophy

Bidvest operates a diversified, highly entrepreneurial model with teams that are empowered to grow their respective businesses. Transparency, excellence and innovation run through all our business dealings.

Our values

- Accountability
- Honesty
- Integrity
- Respect

What we stand for

Our vision

Our vision is to turn ordinary companies into extraordinary performers, delivering strong and consistent shareholder returns in the process while understanding that people create wealth, companies only report it.

Our strategic pillars

- Maximise diverse portfolio
- Maintain strong financial position
- Responsible stewardship
- Allocate capital to grow

2018 Highlights

- Trading profit +8.2%
- HEPS R12.32
- Normalised HEPS +12.5%
- DPS R5.56
- Cash conversion 106%
- ROFE 23%
- Net debt/EBITDA 0.8x
- R1 billion spend on new infrastructure and increased capacity
- R682 million spend on bolt-on acquisitions

This report has been developed to enable Bidvest stakeholders to make an informed assessment about our ability to create value over time.

Our integrated report

This report has been developed to enable Bidvest stakeholders to make an informed assessment about our ability to create value over time. To facilitate such an assessment: We introduce the Group, outlining who we are, where we operate, what we do, and how we create and sustain value; Provide a high-level strategic and governance overview incorporating the Chairman's statement and review our leadership team and governance and remuneration practices; Provide an operational summary of our performance and strategy in the CEO's statement; Identify the material matters that impact on value creation in terms of our operating environment, and the principal risks and opportunities facing the company; Reflect on our interaction with the six capitals that enable our business and our key stakeholder relationships and review our financial performance and plans in terms of our strategic focus areas and across our operations. This report covers the period from 1 July 2017 to 30 June 2018.

Our reporting process has been guided by the principles and requirements contained in the International Financial Reporting Standards (IFRS), the IIRC's International Framework, the GRI's Sustainability Reporting Standards, the King Code on Corporate Governance 2016 (King IV), the JSE Listings Requirements and the South African Companies Act, No 71 of 2008. We have derived the summarised financial statements in this report, from the consolidated annual financial statements (AFS). The full set of AFS, as well as a suite of additional reports, are available online (at www.bidvest.co.za) or can be requested from our Company Secretary. This report provides information on all those matters that we believe could substantively affect value creation at Bidvest.

Integrated thinking is intrinsic to how we manage our business and to our internal strategy development and reporting practices. Our strategy has been developed to ensure that we manage the resources and relationships needed to create value over time. We use a combined assurance model to provide us with assurance obtained from management and from internal and external assurance providers. Deloitte & Touche audited our consolidated annual financial statements 2018 and provided an unmodified opinion thereon. The extracts from the AFS in this Integrated report are audited. Our audit and risk committees provide internal assurance to the board on an annual basis on the execution of the combined assurance plan. The Group's financial, operating, compliance and risk management controls are assessed by the Group's internal audit function, which is overseen by the audit and risk committees.

The board has applied its collective mind to the preparation and presentation of the information in this report, which has been guided by the IIRC's International Framework. The board believes that this report addresses all material issues and presents a balanced and fair account of the Group's performance for the reporting period, as well as an accurate reflection of our core strategic commitments.
On the recommendation of the audit and risk committees, the board approved the Bidvest AFS and the Bidvest Integrated report on 22 October 2018.

Signed on the board's behalf:

CWL Phalatse
Chairman

LP Ralphs
Chief executive

22 October 2018

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The seven core sectors that we operate in:

- SERVICES
- FREIGHT
- COMMERCIAL PRODUCTS
- OFFICE AND PRINT
- FINANCIAL SERVICES
- AUTOMOTIVE
- ELECTRICAL

Throughout this report the following icons link to our strategic pillars:

- MAXIMISE DIVERSE PORTFOLIO
- RESPONSIBLE STEWARDSHIP
- MAINTAIN STRONG FINANCIAL POSITION
- ALLOCATE CAPITAL TO GROW

Indicates further reading with page referencing within this Integrated Report

Supplementary documents can be found online at **www.bidvest.com**

- **Annual Financial Statements**
- **Annual Governance report**
- **B-BBEE verification report**
- **GRI table**

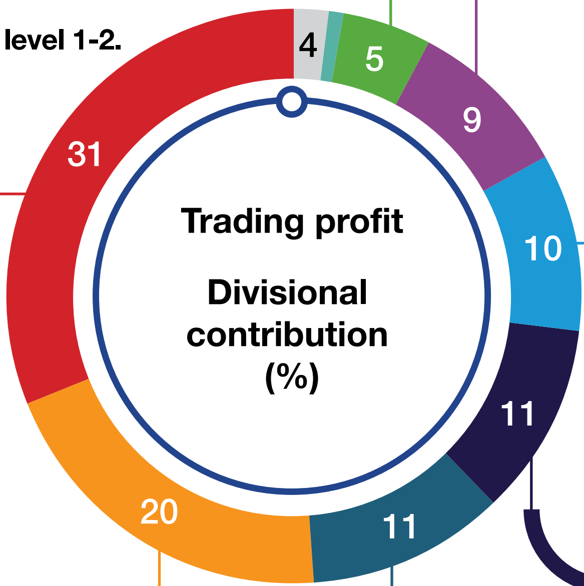
Integrated **group** overview

Bidvest operates via seven core divisions and holds investments in Bidvest Namibia (52.0% stake), Bidvest Properties (114 strategic, Group-occupied properties), Adcock Ingram (38.5% stake), Comair (27.2% stake). Operations are primarily in South Africa with Noonan currently presenting the offshore exposure (2018: 6.8% of revenue; 4.4% of trading profit).

Bidvest generates **63% of trading profit** from services and **37%** from trading and distribution activities.

Bidvest service **170 000 customers** through **500 facilities.**

B-BBEE level 3 with **50%** of individual businesses at a **level 1-2.**



SERVICES

Revenue
R18 968m
(2017: R13 138m)

Trading profit
R1 992m
(2017: R1 577m)

Operating across multiple sectors, Services' comprehensive and diverse range of soft and hard service capabilities creates a unique platform for customised client solutions. Operations span SA, UK and the Republic of Ireland.

Incorporating, amongst others

Steiner, Prestige, Protea Coin, Pureau, ExecuFlora, Rennies Travel, BidAir, First Garment Rental, Boston Laundries, Noonan

28 500 buildings serviced

520 technically qualified personnel

Moved 8 million passengers through lounges and boarding gates at all SA airports

FREIGHT

Revenue
R5 713m
(2017: R4 987m)

Trading profit
R1 304m
(2017: R1 070m)

Leading private sector freight management group in sub-Saharan Africa, drawing on more than 150 years of portside experience. Facilitates the storage, handling and movement of cargo through its independent terminal operations, international clearing and forwarding, logistics and marine services.

3 billion+ litres of bulk liquid products handled

219 500 tons agricultural bulk storage capacity

220 000m^3 warehouse space

Incorporating, amongst others

Bidvest Tank Terminals, SABT, Bulk Connections, Bidvest Panalpina, Naval

ELECTRICAL

Revenue
R5 695m
(2017: R5 667m)

Trading profit
R300m
(2017: R350m)

Bidvest Electrical is a leading distributor of a vast array of electrical, cable and allied products, services and solutions. Through the Voltex distribution outlets, we service the industrial, mining, contractor, construction, engineering and retail sectors.

21 specialist supplier businesses

5x2 MVA containerised generators installed

60 000+ line items

Incorporating, amongst others

Voltex, Electech, Versalec, Cabstrut, Technilamp, EMS Invirotel, IS Lighting

AUTOMOTIVE

Revenue
R24 702m
(2017: R24 182m)

Trading profit
R602m
(2017: R663m)

One of South Africa's largest motor retailers, with a trading history going back more than 100 years. It retails vehicles through a national footprint as well as vehicle auctioneering and operates in the car rental sector.

Represents 26 brands

500 000+ vehicles serviced annually

83 dealerships

Incorporating, amongst others

Bidvest McCarthy, Bidvest Car Rental, Burchmores

FINANCIAL SERVICES

Revenue
R2 563m
(2017: R4 009m)

Trading profit
R632m
(2017: R625m)

Comprises Bidvest Bank, the Bidvest Insurance Group and other financial services such as merchant services, pension fund administration and foreign exchange to the corporate, business and individual segments. Bidvest Bank is a leading second tier bank.

Exchanged notes in 60 currencies

14 million point-of-sale transactions

250 000+ tyres insured

Incorporating, amongst others

Bidvest Bank, Compendium, FMI, Glassock & Associates, Bidvest Insurance, Master Currency

OFFICE AND PRINT

Revenue
R9 305m
(2017: R9 671m)

Trading profit
R701m
(2017: R658m)

Leading distributor, supplier and manufacturer of a comprehensive suite of office products, office automation and office furniture, as well as a provider of outsourced customer communication services.

250 000 Waltons back to school packs delivered

10 million writing instruments sold

175 million emails sent by Bidvest Data

Incorporating, amongst others

Waltons, Konica Minolta, Cecil Nurse, Silveray, Kolok, Lithotech, Lufil, Bidvest Data

COMMERCIAL PRODUCTS

Revenue
R8 920m
(2017: R8 025m)

Trading profit
R710m
(2017: R689m)

Manufacturing, distribution and trading businesses, representing multiple leading consumer and industrial day-to-day branded products.

Plumblink product range 10 000+

Produce 18 000 items daily in G Fox factory

Offer broad product range across several domestic appliance categories

Incorporating, amongst others

Matus, Renttech, Vulcan, Plumblink, G Fox, Berzacks, Buffalo Tape, Home of Living Brands, Russel Hobbs, Yamaha, Academy Brushware

30-year **growth story**

Bidvest's **30-year growth story** is testament to the **success of our business philosophy**, which we have stood by since **formation in 1988.**

For 30 years, Bidvest has worked to develop businesses that stay true to the concept of providing goods and services with a focused business-to-business (B2B) philosophy.

Our vision

It is the visionary insight of Bidvest's founder and former CEO, Brian Joffe, that must be lauded for the Group's success. He played an instrumental role in the Bidvest team that developed and built today's Bidvest portfolio. He guided the team on the path to transforming entities into the significant businesses that make up the Bidvest Group today.

Staying true to the business philosophy that was nourished since the Group's onset, there are a few strategic essentials the team always considers when acquiring or building a Bidvest business. These are to find and acquire assets that provide goods and services with a focused B2B philosophy. The businesses are then "Bidvesternised". This is a term used internally, which essentially means providing everything needed to grow the business, to achieve certain financial hurdle rates that collectively deliver industry-leading annual growth rates and shareholder value, year-after-year.

1988 1989 1990 **1991** 1992 1993 1994 1995 1996 **1997** 1998 **1999** 2000 2001 2002

1988

The acquisition of Chipkins was the foundation asset for Bidvest, which led to the creation of one of the world's largest food services businesses

1989
The acquisition of Afcom Group marks the start of Bidvest Commercial Products

1990
Bid Corporation becomes holding company of Bidvest. Listed on the Main Board of the JSE: **Share price 155c**

1991

The acquisition of Steiner, which has been restructured over the years, has become the Group's largest division and contributor to profitability, Bidvest Services

1997

The acquisition of Rennies led to the formation of the Financial Services division and the Freight division

1999

Acquiring Waltons preceded the establishment of today's Office and Print division

2002
Remaining 68% of Voltex acquired, resulting in the formation of the Electrical division

The key component of this strategy is that the original entrepreneur continues to make the decisions and grow the company along the same lines that attracted Bidvest in the first place. Importantly, the management team retains autonomy in its decision making and day-to-day running of the business, to ensure agility and focus.

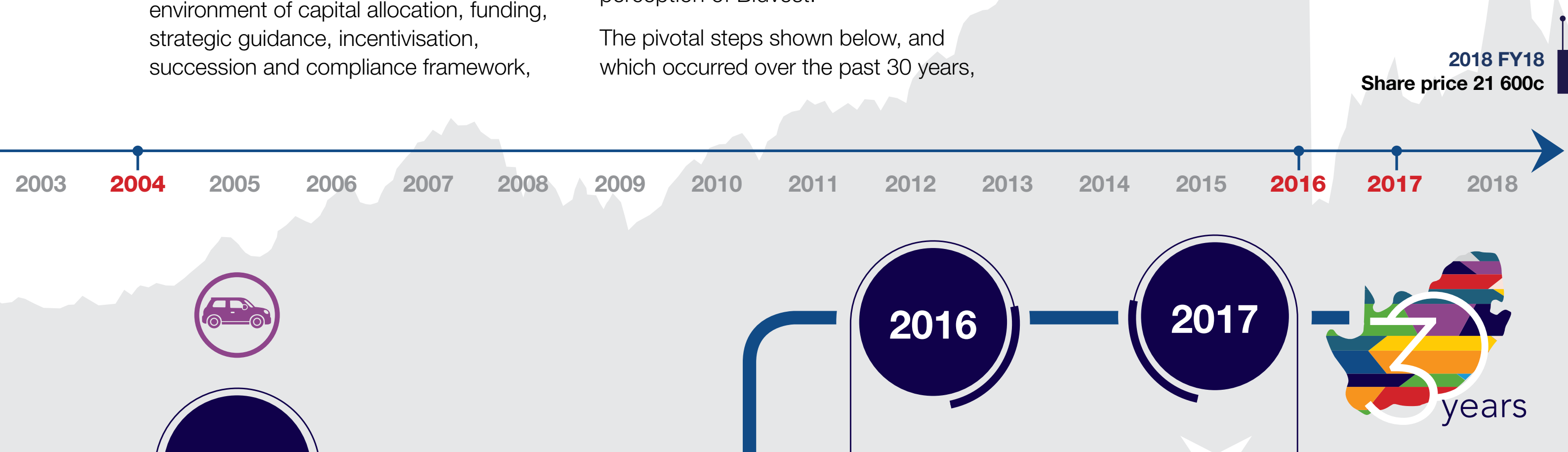
Bidvest is today structured into seven divisions: Automotive, Commercial Products, Electrical, Financial Services, Freight, Office and Print and Services.

Bidvest provides the enabling environment of capital allocation, funding, strategic guidance, incentivisation, succession and compliance framework, as well as building a camaraderie among the Bidvest team to ensure understanding and commonality.

Proudly Bidvest

This culminated in the "Proudly Bidvest" concept, which became a major step in building togetherness for the Group. "Proudly Bidvest" united many employees internally and was later branded, alongside Group company names, resulting in the formation of a livery that is easily recognisable by many stakeholders, to form a common perception of Bidvest.

The pivotal steps shown below, and which occurred over the past 30 years, created one of South Africa's largest and most diverse operating groups. These businesses were all founded by South Africans as entrepreneurial start-ups and grown to a level where critical mass, funding and strategic agility became necessary for their next phases of development and advancement, which Bidvest was able to provide.



2004

The McCarthy purchase was the catalyst for the Automotive division, which remains Bidvest's largest revenue contributor. Certain of its products and offerings also strengthened the Financial Services division

2016

Over the years, the acquisition of bolt-on assets to complement and enhance these core businesses were integrated in the seven divisions. The most significant transaction, however, was the successful unbundling of the food services businesses into Bidcorp, in 2016. This delivered tremendous shareholder value and allowed Bidvest to reshape and refocus into seven core divisions. It positioned the Group for its next chapter, better aligned to its overall growth ambition and successful, decentralised, B2B model

2017

Bidvest Services' acquisition of Noonan has all the necessary characteristics to replicate the Group's successful strategy to globalise niche activities

Business **model**

accountability / honesty / integrity / respect

Capital inputs

Financial

Economic resources that fund our business, backed by a strong balance sheet that provides an ability to attract capital

Intellectual

Competitive advantage gained by our people through their knowledge and intellectual property as well as our brand and reputation

Social & Relationship

The value we build through engagement, information sharing and working together with all stakeholders

Human

The knowledge, skills, talents and experience of people that determine our capacity to accomplish goals

Manufactured

Our services capability, distribution centres, storage and handling facilities, branch network and other infrastructure that generates income

Natural

Ecosystems and natural assets, specifically energy, fuel and water

We use our capital inputs to help us **carry out activities that align to our vision:**

To turn ordinary companies into extraordinary performers, delivering strong and consistent shareholder returns in the process, while understanding that people create wealth, companies only report it.

Strategic pillars

- **Maximise diverse portfolio**
- **Responsible stewardship**
- **Maintain strong financial position**
- **Allocate capital to grow**

See page 11 for more details about our strategic performance

Gaining an **intimate understanding** of the factors that could impact our ability to **create value** enables us to demarcate our **areas of material focus** and **drive** the **Group strategy** to **deliver value**.

See pag 29 for more details about our material matters and risks

Bidvest operates a **diversified, highly entrepreneurial and decentralised model** with teams that are **empowered to grow** their respective businesses. **Transparency, excellence** and **innovation** run through all business dealings.

Profit drivers

REVENUE

Provision of business and financial services

Handling and distribution of cargo and materials

Provision and distribution of products

Retailing of vehicles

COST

Employees and other stakeholders

Sourcing, procurement and logistics

Natural resources: energy, water, fuel

Capital expenditure

Regulatory and compliance

Exchange rates

We **accrue revenue** from initiating our growth drivers across **seven core divisions**

See page 38 for Divisional reviews

Growth drivers

COMMONALITIES IN B2B OPERATIONS

Handling & Distribution: well-capitalised infrastructure efficiently meets business and customer demands, particularly as a one-stop solution

Sourcing & Procurement: long-term cooperation with suppliers drives efficiency, quality and responsible behaviour. We continuously source new and augmentative products

Services: extensive network, staffed by competent and service-oriented employees who focus on customer satisfaction

PARTNERSHIPS

We build reliable progressive businesses and dynamic partnership with customers

PRODUCT & SERVICE DEVELOPMENT

We develop solutions that fulfil customer needs and ensure long-term profitability

INNOVATION

Continuously work towards identifying innovative products and services that will enhance quality, drive efficiency and reduce environmental impact

Capital outcomes

Financial

R9 368m cash generated from operations

0.8x net debt/EBITDA

Intellectual

Delivered on **pioneering solutions** such as the off-the-grid laundry and mega back-up power facility at Charlotte Maxeke hospital

Social & Relationship

R309m spent on enterprise and supplier development

Sourcing of new niche products such as disability sanitaryware and UV lighting product to improve germ control

Human

Succession and talent management resulted in **68%** of management positions filled by black candidates

7 485 learners benefitted from our programmes

Manufactured

R494m invested in multi-purpose liquid tanks and LPG project in Richards Bay

R1.8bn spent on renewing and upgrading existing facilities, fleets and enabling assets

Natural

Carbon footprint remained small

13% less water was used this year

Recycled **3 times** more hazardous waste than we generated

External **operating environment**

Economic growth

Growth in SA's GDP remains constrained and business confidence retracted post Ramaphoria. We have a track record of outperforming through the cycle. We expect economic growth and consumer spend to be lackluster until policy and political certainty emerges post the national election in 2019. We are encouraged by the positive steps taken to clean up corruption. **We remain confident into the medium-term**.

Government policy and regulation

The revised B-BBEE codes, the Preferential Procurement Policy Framework Act and Mining Charter make for a challenging operating environment on top of meagre economic activity. **We are committed to working with government and authorities** to effect change and re-energise a growth programme. **We aim for sustainable value creation for all stakeholders**.

Infrastructure development and maintenance

Gross Fixed Capital Formation investment and maintenance have been limited, leaving the broad sector in dire straits. The presidential investment drive for USD100bn of new commitments, the award of the 5th window for renewable energy projects and the announced stimulus package are expected to revive this market segment. **Bidvest is eager, willing and a dedicated investor in SA**, well-positioned to augment initiated projects. Freight's continued investment in terminals is evidence of this.

Increase in outsourcing and bundled spend

The market dynamics that influence customers to outsource and consolidate spend remains strong as efficiencies and value are being sought. **Bidvest offers a national, comprehensive solution in Services, Office & Print, Electrical.** Alliances and synergies between the South African and Noonan facilities management activities are also being pursued.

Out-of-home services

Increasing out-of-home hygiene standards, growing hygiene awareness, urbanisation, a growing middle class and significant investment into the food, pharmaceutical and retail sectors are factors that **drive demand** for **several services provided by Bidvest**. This is also the focus for our offshore expansion.

Technology

Brings opportunity to enhance efficiency, improve service and reduce environmental impact. It also drives changed behaviours and needs, to which we respond accordingly. Our internally developed **artificially intelligent IT internal audit robot**, ALICE, is **expected to drive considerable value in our combined assurance model**.

Consumer spend

Depressed consumer confidence, limited real disposable income growth and high interest rates result in **constrained discretionary consumer spend**.

Employees

A decentralised, entrepreneurial culture empowers **130 877 people** to put customers first.

Update on status and strategy

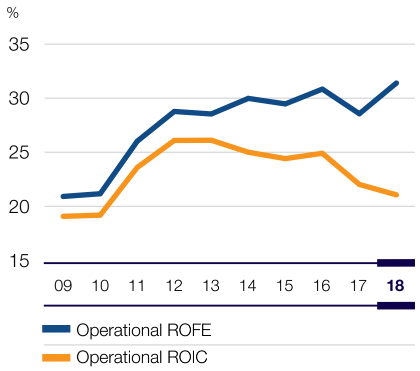
our strategic pillars

	WHAT IT MEANS	PROGRESS IN FY2018
Maximise diverse portfolio	**Continuous broadening of service and product basket** **Offer cost-effective solutions in a constrained operating environment**	• We consolidated and modernised operational sites in Electrical, Office & Print and Services to improve efficiency and costs • Introduced new technology such as autonomous brooms in Noonan and tracking chips in Renttech • We broadened our financial services offering with asset management, financial emigration and other services
Responsible stewardship	**Deliver sustainable solutions** **Add value to customers** **Develop people to grow the talent pool** **Adapt our business model to unique SA environment**	• 82 employees participated in our Bidvest Academy and Executive Development programmes • R602m was invested in developing our people • Electech commissioned a solution that removed SA's biggest laundry from the water and power grid *Refer to page 36*
Maintain strong financial position	**Drive strong cash generation** **Focus on tight asset management** **Ample capacity to accommodate expansion** **Dispose of non-core assets**	• R9.4bn cash was generated • 0.8x net debt to EBITDA leaves ample room for expansion • No non-core assets were disposed. It remains a key focus area
Allocate capital to grow	**Invest in relevant SA infrastructure** **Expand internationally in Services and Commercial Product niches** **Broaden product offering via acquisitions**	• Our maiden offshore acquisition, Noonan, became effective 1 September 2018 • Bolt-on acquisitions totalled R682m • 11 multi-purpose storage tanks were commissioned • The earthworks were completed and the specialist steel rolled for an LPG project in Richards Bay. The project is on track for commissioning mid-2020 • Many acquisitive opportunities were assessed with some still being considered, while others were declined as we remain steadfast in our acquisition disciplines. We continue to seek opportunities within our target set

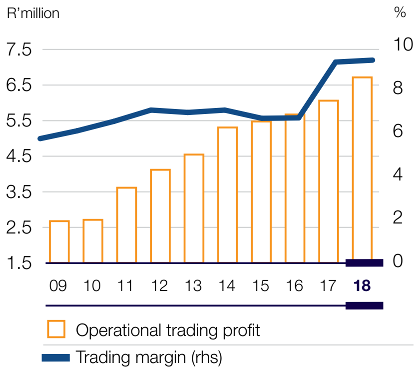
Investment case

- Blended portfolio of defensive, cyclical and growth assets
- Cash generative businesses that are relatively capital light
- Highly entrepreneurial and decentralised management teams supported by lean corporate office
- 30 years of consistent trading profit outperformance
- Strong track record of efficient capital allocation
- Proven ability to quickly execute and assimilate acquisitions
- Highly regarded brands
- Embrace change through innovation
- Positioned for international expansion in chosen niche areas
- Aim for market leadership in operating sphere

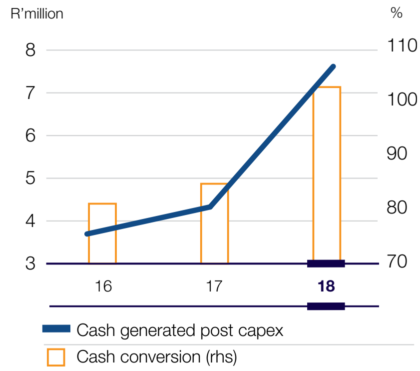
Operational **ROFE 28%** (10yr avg)
Operational **ROIC 23%** (10yr avg)



Trading profit
10yr CAGR 7%



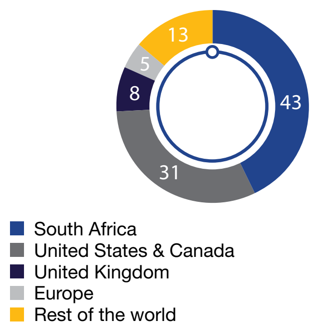
Cash generation **strong**



Shareholder analysis

Investment manager as at 30 June 2018	Shareholding	%
PIC	**47 694 593**	14,1
Lazard Asset Management LLC	**24 092 058**	7,1
GIC Asset Management	**18 461 829**	5,5
J.P. Morgan Asset Management	**17 051 771**	5,1
BlackRock Inc	**14 058 164**	4,2
The Vanguard Group Inc	**12 324 163**	3,7
Old Mutual Plc	**10 382 682**	3,1
Total	**144 065 260**	42,8

Geographic spread of investment managers



Chairman's report

"It is pleasing that the **quality and effectiveness** of Bidvest's extensive portfolio of assets has again driven our ability to **deliver benefits to our vast group of stakeholders.** This has been an ongoing trend for the **past 30 years** of Bidvest's existence."

Lorato Phalatse, *Chairman*

130 877 people employed

Bidvest's **30-year anniversary** marks our ongoing commitment to **Homegrown Entrepreneurship**

Total shareholder dividend for the year increased **13.2%** to **556 cents**, or **R2 billion**

Benefits and remuneration to employees exceeded **R20 billion**, including **R602 million for training**

Revenue increased by **8.4%**

Group trading profit grew **8.2%**

80% of our businesses have achieved between level **1 – 4 B-BBEE ratings**

While the asset base speaks for itself, the credit for directing this growth is ultimately due to the leadership of this Group, both past and present. It has been this team, together with Bidvest's more than 130 000 employees, who have been able to navigate through many complex economic and political periods, but who have always ensured the momentum in growth is maintained.

Bidvest's 30-year anniversary, celebrated this year, marks our ongoing commitment to Homegrown Entrepreneurship. Essentially, the Bidvest model provides investors with an opportunity to take their respective businesses to another level. There are numerous examples of Homegrown Entrepreneurship over the years, some of which are shown in this year's Annual Integrated Report, where Bidvest has either acquired a company and grew the business further or has combined it with other parts of the Group to extract synergies. The partnerships formed with South African entrepreneurs, as well as other acquisitions we made along the way, have resulted in an exceptionally diverse Group of companies across the entire spectrum of South African business sectors.

This strategy was implemented while practising vigilant stewardship and being able to provide benefit to those in our community, as well as the broader society. In doing so, we have developed these respective entities into large, formidable and market-leading companies that today, collectively, represent a microcosm of South African business.

This philosophy, together with the ability to provide, guide and support the leadership team, fund businesses for growth, and continually invest significant funds for local infrastructural and logistical development, further describes Bidvest's character. It is a model South Africa should emulate for the benefit of our entire nation. South Africa has the people, skills and technology, the funding and financial 'machinery' which is the envy of many, superb infrastructure — albeit in need of much repair in many instances — and we remain blessed with sought-after commodities and enormous tourism and agricultural potential.

We need South Africa's political leadership to corral all these resources, possibilities and opportunities, while guiding and enabling our nation through these difficult recessionary times. Successfully done, it will position the country for enhanced economic success. An absolute imperative is to retain our exemplary status and example of true democracy.

Bidvest's leadership, including our well-constituted and independent Board, has consistently invested in the Group's capacity and capability, while always ensuring operational excellence to support profitability in difficult environments. This has certainly been a feature over the past few years.

People deliver profits

Over the past 30 years, Bidvest has experienced tremendous change — not in our operating model, which has always been to invest in trading, services and distribution companies, but related to South Africa's political and economic situation. The Group was originally formed during a time of international sanctions and we have witnessed numerous economic highs and lows.

Whatever the economic environment, we have always remained optimistic in everything we do. We have continually adapted and innovated to ensure continued growth and the delivery of returns. This can only be done successfully by a team of people who remain intently focused on agreed and defined objectives. Once these are understood, and an enabling environment is provided, profits are bound to materialise. This past year has again fulfilled this philosophy.

We have had to deal with severe economic pressures and regulatory obstacles but returns to stakeholders – across the board – have been industry-leading in many respects. By way of example, the total shareholder dividend for the year increased 13.2% to 556 cents, or R20 billion, our benefits and remuneration to employees exceeded R15 billion, including R602 million for training, while returns to government by way of taxation, duties and other payments have surpassed R27 billion.

The year's revenue increased by 8.4%, Group trading profit grew 8.2%, and overall headline earnings were higher. As a board, we are comfortable with the conservative approach to gearing and net debt levels are considered acceptable, while cash generation over the past year has been higher than the prior year, and with a cash conversion rate of more than 100%.

Management's strategy of cautiously expanding into Ireland and the United Kingdom, via Noonan, is meeting expectations. We anticipate exciting future developments with selective offerings from our Services and Commercial Products divisions internationally.

The operating environment

South Africa's economic, political and social instability continues to impact the country negatively. It is leading to ever-rising unemployment, constraints on consumer spending, a scarcity of foreign investment as well as increasing demands on the state to provide adequate services and facilities for the growing population.

Considering next year's national election, we are not expecting any short-term change or improvement in economic reform. Similarly, the non-availability of funding for adequate investment and upgrades to infrastructure, including within state-owned entities, will prevent any real improvement or job creation. Investment is desperately needed to kickstart the economy.

Failing this, and indicative of the cautions from rating agencies, the country could ultimately see further downgrades to its sovereign risk rating.

One of the key areas of the plan is that of transformation. Indicative of its success is the fact that 80% of our businesses have achieved between level 1 – 4 in terms of South Africa's required B-BBEE ratings.

Post-election, we are optimistic a recovery will materialise, in some form. Bidvest remains exceptionally well-positioned to take advantage of, and react appropriately to, any positive change to South Africa's economic circumstance.

We have a continued faith in the future of South Africa and the Group is actively spending capital on various projects, specifically within the Freight division, and we are also continuing our strategy of bolt-on acquisitions. We believe that government alone cannot deliver the requisite and much-needed upgrades to infrastructure to move the country forward, and all entities should contribute wherever, and as best possible.

Essential stewardship

South Africa's economic position has placed strain on funds for education and training, health care, safety and many other constitutional rights. We see it as our duty to assist wherever we are able, and we continue to commit vast resources in support of many different initiatives, both within and outside the Group. Over the past year, our Group corporate social spend amounted to R117 million. This is a part of the business that is directed from the corporate office and headed by an executive director on our board. We have a defined strategy for supporting those in need and we ensure that all areas of the strategic plan are successfully achieved.

One of the key areas of the plan is that of transformation. Indicative of its success is the fact that 80% of our businesses have achieved between level 1 – 4 in terms of South Africa's required B-BBEE ratings. This is an important achievement, and one we continue to work hard at to ensure all Group companies participate meaningfully in South African society.

Another defined objective in our plan is the support of small- to medium-sized business enterprises (SMMEs). Our significant scale continues to provide tremendous opportunity across the Group, and we are able to work closely together with numerous SMMEs, and other organisations.

Effective stakeholder engagement will always remain a critical component of the Bidvest Group. It is a normal part of the day-to-day business across all companies.

Many of the partnerships formed over the years remain firmly intact and we work harder each year to find additional opportunities for new partners to join our supply chain.

Effective stakeholder engagement will always remain a critical component of the Bidvest Group. It is a normal part of the day-to-day business across all companies. We have, in certain areas, appointed people with the skills to enhance this imperative and we have increased the level of stakeholder engagement.

We are acutely aware of our responsibilities towards all our stakeholders. Each division has quarterly audit committee meetings, chaired by an independent chairman, risk, social & ethics meetings as well as an operational board meeting. Senior internal audit and external audit representatives attend these. Feedback from these meetings is tabled and discussed at the relevant Bidvest Group committee meetings.

We continue to strengthen various corporate governance processes, taking into account new recommendations and post an introspection following the various public and private sector revelations.

Appreciation

I wish to extend my thanks and gratitude to my fellow board members. My job is made easier because of the significant expertise, skill and commitment that you all bring to the deliberations at board and board committee meetings. Your guidance and support is appreciated.

I wish to express my sincere appreciation and convey my deepest, personal gratitude to Doug Band who will retire from the board this year. For many years Doug served as the lead independent board member and played a critical role in the growth, development and good governance of the operations of the Group. I wish to thank him for his continued wise counsel, his unstinting commitment of time and his sharing and mentorship to all members. Bidvest will deeply miss his input and direction.

Our thanks also to Peter Meijer who retired this past year as Group financial director. Peter stepped into the role following the Bidcorp unbundling and provided the necessary skill and capacity needed for this critical role at a crucial time in the Group's history. We will forever be indebted to Peter for his significant contribution.

During the year we welcomed Renosi Mokate and Norman Thomson to our board as non-executive directors, while Mark Steyn was appointed Chief financial officer effective 1 March 2018 and joined the board as an executive director. We look forward to your respective contributions and wise counsel.

Lastly, my gratitude to Lindsay Ralphs and his leadership team for the incredible contribution made to the success of Bidvest. Lindsay, and most of his divisional CEOs, have led this Group through much of its 30-year existence. They have ensured we are well positioned to shape our future with the impressive talent we have throughout our 130 000-strong Proudly Bidvest family.

The support given to Bidvest by all stakeholders over its short history must be acknowledged and we thank you all for sharing this journey with the Bidvest team. A special expression of gratitude is extended to our large and diverse customer base. Without you this journey would not have been possible, and we sincerely hope it has been equally rewarding for you.

While we can all look back and be proud of our accomplishments, what matters most is what we do together going forward. The remarkable entrepreneurial capacity we have in South Africa will always remain a feature of our growth. We will continue seeking opportunities and partnerships to ensure our ongoing success, specifically by being able to deliver benefits to as many people in our society as possible.

Here's to another 30 years.

Lorato Phalatse
Chairman

CEO's report

> The '**Proudly Bidvest**' culture remains very strong and as a leadership team we firmly believe that South Africa's **greatest economic need** is for **increased investment** and **sustainable employment opportunities.**
>
> **Lindsay Ralphs**, *Chief executive*

The past year was one of Bidvest's **best in its 30-year history**

R4 billion spend on acquisitions internationally and locally

Five of Bidvest's seven divisions, as well as Bidvest Properties, **delivered growth in trading profit**

Cash generated by operations of **R9.4 billion**

ROFE improved from 22.3% to **22.9%**

The nature of our diversified operating model, which has been an imperative since the Group's formation in 1988, has mitigated the economic headwinds currently being experienced in South Africa. In fact, this past year was one of Bidvest's best in its 30-year history.

We again delivered growth in trading profit and earnings. Strong investment in infrastructure in South Africa continued and we spend some R4 billion on acquisitions internationally and locally. Our cash flow and dividend for the year was robust. We also increased our number of employees while our training spend is a Group record for an annual period.

The value of a diversified portfolio, which spans South Africa's broad economic spectrum, and the quality of the underlying businesses continues to manifest in the performance of the Group. About 63% of our business is service related and 37% is trading, which is a comfortable balance. The overriding imperative for us, however, is to continue the core principle that Brian Joffe introduced into the Group at inception, and which has been refined and developed ever since. That is a highly entrepreneurial and decentralised approach to the management of the Group businesses and other assets.

Five of Bidvest's seven divisions, as well as Bidvest Properties, delivered growth in trading profit, and I must acknowledge the commitment, skill and experience of our leadership team, which has remained committed to the course and continued to deliver benefit to our expanding stakeholder group.

The 'Proudly Bidvest' culture remains very strong. As a leadership team we firmly believe that South Africa's greatest economic need is for increased investment and sustainable employment opportunities. Bidvest has remained true to its South African commitment and continued its acquisition strategy to fund, grow and develop local businesses, while increasing capital spend on infrastructural development programmes.

Financial overview

Group revenue for the year increased by 8.4% to R77.0 billion, with R5.2 billion of the increase attributable to the acquired international services businesses, Noonan and USS. The gross profit margin was broadly stable at 28.9% as the distribution-type businesses maintained margin, despite input cost volatility and fierce competition. Group trading profit grew 8.2% to R6.5 billion, with a stable trading margin of 8.5%. Operating expenses increased by 7.1%, and the continued strong focus on cost containment increased like-for-like expenses by a modest 3.4%.

The overall result was that headline earnings per share (HEPS) increased by 11.1% to 1 231.6 cents and normalised HEPS grew by 12.5%. It is also pleasing that we are in a position to declare a final dividend of 301 cents per share, bringing the total dividend for the year to 556 cents, up 13.2%.

As with the diversified portfolio, another Bidvest discipline is to maintain the strong financial position. We continue to maintain a conservative approach to gearing and net debt levels are acceptable at R6.3 billion. One of the outstanding measures over the year was our pleasing cash conversion rate of 106.4%. The debt is stable at 0.8x EBITDA and the interest cover of 8.0 times. These are both comfortably above the Group's conservative targets, providing ample capacity for further expansion.

Cash generated by operations at R9.4 billion was higher than the R6.9 billion generated in the prior year. Return on funds employed (ROFE) improved from 22.3% to 22.9% as asset management remains a core focus, particularly in these challenging times.

Divisional overview

Strategically we continually aim to maximise our portfolio, and it is pleasing that we performed well, particularly given the limited economic activity in the industrial and construction sectors, as well as the infrastructure segment of the market. Mention must be made here of our ongoing investment over the years in liquid storage. Together with a bumper agricultural season, this has been of significant benefit to our Freight division which has been the Group's star performer this year. There have been some new large contracts signed which are increasing the annuity-based income model, and which essentially remove the reliance on the seasonality of agriculture. Our expanding Liquid Petroleum Gas (LPG) facility in Richards Bay is developing as planned, and we are on track to commission the R1 billion storage facility in 2020, which will be a game-changer in terms of a secure source of LPG supply for South Africa.

The Services division, and specifically our facilities management offering, has also delivered exceptionally well this year. The South African trend to outsourcing has been mixed, but our model of bundling services together – cleaning, security, and other work-place necessities – has been well accepted by customers and is an advantage that positions us nicely for the future. Additionally, some of the learnings and trends being obtained from the recent Noonan acquisition will also be beneficial to the division going forward. Similarly, there are some aspects of the way we do business in South African that will benefit the Noonan client base as well. The inclusion of Noonan boosted revenue by 44.4% for the Services division while the overall divisional margin was lower as the offshore operations tend to operate at a lower margin. Cash generation in this divison is exceptionally good, and we are continuing to assess acquisitions both locally and internationally.

The Services division management team has also strategically developed most of the operations into annuity-based businesses, which provides for better forecasting and clarity, ultimately enabling improved risk management.

Strategically we continually aim to maximise our portfolio, and it is pleasing that we performed well, particularly given the limited economic activity in the industrial and construction sector, as well as the infrastructural segment of the market.

The management team has embraced innovation exceptionally well and all businesses have programmes in place to improve efficiencies and cost. The travel businesses are receiving special attention as overall returns have declined from this sector, mainly because of lower fees and rebates. The focus to counter this has been on technology to drive efficiencies and, essentially, streamline the business model.

The Commercial Products division derives two-thirds of its trading from products and services from within the industrial sector, while the balance is focused on a consumer portfolio. Together with the Automotive and Electrical divisions, this is an area of the business where we were hardest hit by the challenges and severity of the South African economic situation. Notwithstanding this difficulty, the division grew trading profit by 3.2%. Many of the industrial businesses produced excellent results, which is pleasing considering the market. The consumer businesses experienced weak demand from retailers. Some of the division's consumer products are basic necessities in many households and a strategy of product and price relevance has ensured that we were somewhat protected from the downturn.

The Office and Print division also delivered a strong result in this market. While there was a decline in revenue as we strategically re-engineered, consolidated and focused on specific service offerings, there was an improved trading result of 6.5%. The division faced various headwinds with a voter registration contract that ceased, pricing pressure on packaging and the closure of one of the larger businesses. As digital and electronic solutions boom, traditional office products and printing are increasingly under pressure. Many of the businesses, however, did particularly well, demonstrating that strategic planning ahead of market movements, together with a focus on cost and efficiencies, will continually ensure good performances. We are considering additional bolt-on acquisitions, specifically in the digital space, to remain competitive and relevant to our markets.

Within our Financial Services division we have a fully-fledged banking offering including fleet management and pension fund administration, life and short-term insurance, and asset management. There was a 1.0% increase in trading profit as the headwinds of fleet contract roll-offs and the lag in building a life insurance business took effect. The insurance business is proving exciting and we are expecting a growth in contributions from these businesses in the future. There is also a good pipeline of fleet contacts in which we are well-placed to participate. Our bureau de change business, which was essentially the starting platform for this division, is operating in an ever-more challenging environment as better technologies are introduced. This has resulted in the closure of some branches but, strategically, it has also led to a more integrated service offering across the division into certain niche areas where we see tremendous potential. In a review conducted by the South African Reserve Bank, Bidvest Bank was ranked the fastest growing bank, by assets.

The Automotive division's performance was disappointing with a 9.2% decline in trading profit. Bidvest McCarthy, which is the core business with some 83 dealerships spanning most of the important motor brands in South Africa, outperformed the industry in terms of new vehicle sales, while used car sales softened in the second six months of the year. The competitive nature of the market meant that margins remain under pressure, specifically in the luxury segment, but there was a good performance from the volume brands where we hold strong positions. The car rental business had a difficult year, even though we retained market share. We experienced system difficulties as we switched over from a fairly old IT platform to a more technological advanced system. This is already showing a significant improvement in terms of the service and rental process in the current year.

The Electrical division is down on last year. Trading profit reduced by 14.3% as South Africa's construction, mining and infrastructural development sectors were under severe pressure with little or no expenditure occurring. Largely because of the nature and strength of our brands, we did fairly well to hold our own in this challenging market. The move into renewable energy was paused as Eskom and the Department of Energy reassessed priorities. However, and pleasingly, this has now gained momentum and together with the recently announced infrastructure spend as part of the South African President's stimulus package, we are expecting some normality to return to the market.

Bidvest Namibia was, again, disappointing. This business has continued to be impacted by a virtual collapse of the fishing industry following a change in policy by the Namibian government, as well as the ongoing recessionary macroeconomic environment in that country. As a result, we have disposed of the majority of our fishing business, while the other, smaller, fishing assets are in the process of being sold. The various other businesses in Namibia are being hampered by the severely strained economic situation. With fishing removed from the portfolio, we will ensure a renewed level of focus and strategic agility, which will result in these businesses performing better in the future.

Bidvest Corporate had a strong performance in the Property division. However, the mark-to-market value of Group investments, compared to the previous year, impacted negatively on the corporate office result, which declined overall by some 35.3%. The Property division's trading profit in isolation was up 11.0%, and there was also a turnaround in the UK operations of Mansfield and Ontime.

Our focus on the disposal of non-core assets remains. After year-end we disposed of our shares in Bidcorp and the sale of our minority holding in the Mumbai International Airport holding is being advanced. Comair performed well and remains an exciting and well-run business where we think there is still tremendous growth and value to be generated. Adcock Ingram is growing and continues to deliver growth under its able and well-regarded leadership team. Our intention for some time has been to dispose of our holding in this business to appropriate new investors to create a catalyst for South Africa's first major black-owned health care company. There have been numerous discussions and some exciting prospects, but the funding of this venture is proving challenging in this economic environment. We are, however, very hopeful that a solution will be found to position this business more suitably to compete effectively in the South African market.

Sustainability and transformation remain an essential part of the Group's operations. In terms of the latter, we have made significant progress, to the extent where about 80% of our businesses are suitably rated in terms of the new B-BBEE codes. Considering the difficulty in terms of ever-changing legislation and requirements, as well as the extremely slow decision-making process, we have done exceptionally well to achieve these levels. We spend an extraordinary amount of time interacting with regulators and industry bodies to ensure alignment between government and the corporate sector to ensure better understanding and to forge a more conducive working environment and relationship going forward.

We remain firmly focused on our carefully managed approach to the environment, where we see an urgent need for sustainability measures to lessen the effects on our planet and all its inhabitants.

Stakeholder commitment

We are continuing our respectable track record with regard to our ongoing initiatives to engage with all stakeholders and we are seeing the benefit, specifically in terms of employee commitment to the workplace, investor interest in our equities, growth in the customer base and improved interactions at government, regulatory, industry and supplier levels.

We remain firmly focused on our carefully managed approach to the environment, where we see an urgent need for sustainability measures to lessen the effects on our planet and all its inhabitants. Our concern for the climate has generated remarkably successful and innovative initiatives across all divisions to ensure better operating practices. These are also closely aligned to our efficiency drive we are introducing to ensure delivery of better performances in many of our businesses.

Shared stewardship

We believe there is currently a window of opportunity for shared stewardship and mutual responsibility between all our stakeholders. This will result in rapid change to make sure the world has a sustainable future and acceptable standard of living for all.

We have increased and improved certain governance practices that we thought required enhancing and we believe we now have even better structures in place. We have further enhanced the internal audit focus and effective divisional audit committees that rigorously debate issues that are then brought to the attention of the Group risk and audit functions, and ultimately to the Bidvest Group board.

We are comfortable that our stewardship and governance policies and practices are conducive to the effective, ongoing, performance of the Group.

Looking ahead

We are anticipating fairly lacklustre economic growth over the next year, but we will continue to benefit from freight and logistics growth, as well as other pockets of activity which will increase contributions from certain of our businesses. There will be caution until the national election in 2019. It is encouraging that our President recently outlined a significant stimulus package that is squarely aimed at fast-tracking spending in South Africa, while making the country more attractive to foreign investment. The successful implementation of this package, as well as other regulatory and policy changes, will be an important catalyst to reignite growth and investment in our economy.

Our seven core divisions are well-positioned strategically to ensure that we continue delivering returns that are competitive in the various markets in which we operate, and that we can build further value for the Group, and all its stakeholders.

The results we have achieved over the past year reflect the quality of the leadership and the amazing team of Proudly Bidvest people across the Group. I want to express my personal thanks, and that of our executive committee, to everybody that has given a considerable amount of time and commitment during the year to ensure our ongoing success.

Thank you also to the members of our board for their wise counsel and guidance during year. Apart from a successful operating year, we have made good progress with changes and advancements that have enhanced our overall governance procedures, and the stewardship of the Group.

Most importantly, my gratitude to all our shareholders, clients and suppliers that have continued to support us over many years. I sincerely hope it has been beneficial and I trust we can continue our partnership during our next 30-year tenure.

Lindsay Ralphs
Chief executive

CFO's review

> Given the challenging economic conditions in South Africa today, we are very pleased with the results that the Group has achieved. Bidvest has **delivered real growth in earnings**, while **maintaining a strong balance sheet**, and at the same time **enhancing the overall business portfolio.**
>
> **Mark Steyn**, *Chief financial officer*

Trading operations **grew revenue by 8.9%**
(exclude Namibia and the Corporate office)

8.2% growth in the overall trading profit of **R6.5 billion**

Total headline earnings **increased by 11.9%** to **R4.1 billion**

Normalised HEPS **increased by 12.5%** to **1 254.9 cents**

Net debt/EBITDA **0.8 times**

Group average **cost of debt 6.7%**

A review of 2018

The majority of our core businesses have performed well, while in the areas that require improvement, there are positive strategic steps in place to ensure corrective actions.

The South African economy has remained under pressure during the review period with GDP on a declining trend. Despite these difficult conditions, the Group's trading performance was highly commendable with a trading profit increase of 8.2% to R6.5 billion.

One of the key events of the past year has been the inclusion of the Irish business, Noonan, following its acquisition into our Services division with effect from September 2017. Noonan followed this shortly afterward by concluding the bolt-on acquisition of USS, effective October 2017. These have been portfolio enhancing and, pleasingly, the businesses have performed as anticipated.

Divisional performance

There were very pleasing performances from both our Freight and Services divisions, and good results from Office and Print, as well as our Property division. The Commercial Products and Financial Services divisions had mixed growth. Despite being down on last year, the Electrical division produced a reasonable result, given the extremely harsh market in which this division is operating, specifically the South African mining and construction sectors. The Automotive division experienced significant head winds as the constraints on the South African consumer have continued unabated.

Associate earnings showed significant growth through the improved performance of Adcock Ingram and Comair.

Financial overview

Bidvest Group revenue increased by 8.4% to R77.0 billion, driven by the strong year-on-year increases from the Freight and Services divisions. The latter was enhanced by the Noonan acquisition. Overall our trading operations, which exclude Namibia and the Corporate office, grew revenue by 8.9%.

Namibia's trading result was down 12.9%. Bidvest has sold its entire shareholding in Bidvest Namibia's fishing operation (Bidfish) to Tunacor with effect from 30 June 2018. At Group level, this business was not sufficiently material to treat as a discontinued operation. Assets excluded from the sale include the Angolan fishing business, Comet, which is disclosed as a disposal group held for sale.

At a gross income level, our Group profit margin is down slightly from 29.1% to 28.9%, which is largely as a result of the inclusion of Noonan and USS. The margins in Ireland and in the UK are slightly lower than those in South Africa, but our organic margin, excluding acquisitions, has improved to 30.0%.

Overall Group operating expenses were well controlled and increased only 7.1%, while the organic operating expense increase (excluding acquisitions) was 3.4%.

This has been one of the standout features of our past year's performance, considering the difficult South African market and economic environment. The consequence of this is that our expense ratio improved to 21.0%.

The performances from Freight and Services contributed positively to the 10.8% growth in the trading profit from operations of R6.2 billion. The Group's trading profit margin of 8.5% was maintained.

HEPS increased 11.1% to 1 231.6 cents. Total headline earnings increased by 11.9% to R4.1 billion, with net headline earnings adjustments totalling R316.7 million, the majority of which relates to the mark-to-market impairments of associates Adcock Ingram and Comair, as well as a loss on the disposal of Bidfish.

Normalised HEPS increased by 12.5% to 1 254.9 cents (2017: 1 115.4 cents). This excludes acquisition costs and the amortisation of acquired customer contracts of R82.9 million, which relate mainly to the Noonan and USS acquisitions.

In terms of net capital items, there was a R352.0 million loss, compared to a R1.0 billion gain last year. This relates mainly to Bidvest's investments in Adcock Ingram and Comair, where the combined fair value reduced by some R248.7 million. There was also losses on the disposal of Bidfish, and other smaller businesses.

Net finance charges decreased by 3.7% to R1.0 billion, principally a function of the lower prime interest rate in South Africa, which dropped cumulatively 50 basis points over the year, strong cash generation and offshore funding for the acquisitions at low interest rates.

Income from investments dropped by R68.0 million to R142.8 million as a result of lower realised and unrealised gains on the listed and unlisted investments, specifically the Mumbai International Airport investment, as well as the Bidcorp shares. The insurance portfolio has performed exceptionally well in relation to the prior year.

It is also pleasing to report that the Group's financial position remains healthy. Growth in total assets reflect the acquisitions as well as higher levels of replacement and investment capital expenditure.

Cash generated by operations of R9.4 billion (2017: R6.9 billion) is extremely robust. This has been supported by a R1.5 billion release in working capital, which included an additional R1.2 billion in deposits from the Financial Services division. Our cash conversion ratio improved to 106.4% (2017: 80.4%), which has been enhanced by the acquisition of Noonan and USS, which have very good conversion ratios.

In terms of the major cash outflows, there were two key drivers. Firstly, there was capital expenditure of R2.2 billion as we continue to invest in our operating assets, particularly in South Africa. Secondly, the Group made acquisitions totalling R3.7 billion, again primarily Noonan and USS. The net result was an outflow of R5.9 billion for capex and acquisitions.

The Group's net debt increased to R6.3 billion (2017: R5.6 billion), largely driven by funding for the acquisitions of R3.7 billion, but which was offset by cash inflows from an improved trading performance, proceeds from the sale of non-core assets and a higher cash position in the Financial Services division. Historically, Bidvest has consistently maintained a fairly conservative approach to debt and gearing levels. In terms of the Group's debt, 26.0% of the net debt is fixed rate debt, while 57.1% of the total debt is long-term in nature. There is ample head room for the Group's further growth capacity, whenever this might be required.

In terms of credit ratings, Moodys' ratings for Bidvest's long- and short-term have remained unchanged, and our outlook has improved to stable.

The Group's overall weighted average interest rate is 6.7% compared to 7.9% in the prior period.

Interest cover of 8.0 times (2017: 7.2 times), and net debt to EBITDA of 0.8 times (2017: 0.7 times) improved year-on-year and remain comfortably within the Group's self-imposed limits.

ROFE remains our primary measurement for operational efficiencies across the Group. On a monthly average basis, the ROFE improved from 22.3% to 22.9%, which is based on an average funds employed increase of 6.1% and a higher trading profit (including associate income).

The taxation expense increased by 8.2% to R1.4 billion (2017: R1.3 billion). The effective tax rate of 28.0% is lower than the prior year of 28.2%. Items influencing the effective rate include non-deductible interest expense on the Group's preference share debt and a significantly lower non-taxable Mumbai International Airport mark-to-market gain in the current period. Additionally, the acquired foreign operations lowered the average tax rate by 0.4%.

Dividend declaration

The Group's final dividend of 301 cents has increased by 14.0%, which brings the total dividend for the year to 556 cents, which is 13.2% higher.

The net shares in issue increased to 336 766 410 (2017: 335 094 188) and the weighted average number of shares increased by 0.7% to 335 717 634 (2017: 333 496 899), as a result of new shares issued to settle share option obligations.

Looking forward

Bidvest is acquisitive in nature and the current low growth environment in South Africa is presenting acquisition opportunities at more attractive pricing. We remain alert to these, especially the opportunities to expand our product and service offering.

We expect that the lead up to next year's national election will dampen organic growth opportunities. We will focus on improving market share through this time, as well as maintaining our margins. We will retain our focus on cost and asset management, which is particularly important in these demanding times.

Offshore acquisitions remain part of our DNA and the process started with Noonan and USS will continue. Management will cautiously use the Group's strong balance sheet to accelerate expansion opportunities in carefully selected and considered areas of the business, as and when these arise.

Mark Steyn
Chief financial officer

Committed to good governance

Leading by example and in **accordance with our values**, our board of directors is well-positioned to **guide us on our course.**

The board's roles and responsibilities

The role of the board is regulated in a formal board charter, which defines its authority and power. While retaining overall accountability, the board has delegated authority to the chief executive to run the day-to-day affairs of the Group. The chief executive is supported by the executive management committee. The board also created subcommittees to enable it to discharge its duties and responsibilities properly and to fulfil its decision-making process effectively.

The board plays a pivotal role in strategy planning and establishing benchmarks to measure the Group's strategic objectives. Executive directors implement strategies and operational decisions. Non-executive directors provide an independent perspective and complement the skills and experience of executive directors. They objectively assess strategy, budgets, performance, resources, transformation, diversity, employment equity and standards of conduct.

Executive directors

Lindsay Ralphs 63
CEO

Mpumi Madisa 39

Mark Steyn 48
CFO

Gillian McMahon 46

Anthony Dawe 53

Our governing philosophy is anchored in our values

- **Honesty**
- **Integrity**
- **Accountability**
- **Respect**

At Bidvest, good governance permeates the entire organisation. Our philosophy is simple. We believe that stakeholders can only derive value from a business whose behavioural norms and everyday actions translate into honesty, integrity, accountability and respect. Call us "old-school", but it's a recipe that has proven itself again and again. With a business as vast as Bidvest, it's important that we remain true to our values to ground ourselves in consistent delivery in both behaviour and action. We therefore embrace corporate governance as a way of life rather than a set of rules.

Remuneration KPIs

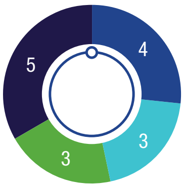
Remuneration is a critical factor to attract, retain and motivate the entrepreneurial talent that is at the heart of Bidvest's strategic and operational objectives.

- **HEPS growth**
- **ROFE**
- **Total shareholder return**
- **Strategic metrics**

Refer to our Annual Governance Report for full CVs

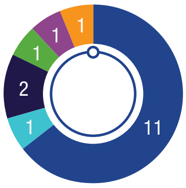
The **diversity of our board** strengthens its collective capabilities

Tenure of directors



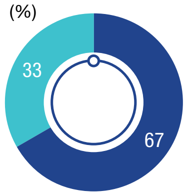
- 0-3 years
- 4-6 years
- 7-9 years
- ≥ 9 years

Skill sets



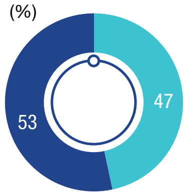
- Finance, economics and accounting
- Medical sciences
- Social sciences
- Law and arts
- MBA qualification
- MBL qualification

Independence
(%)



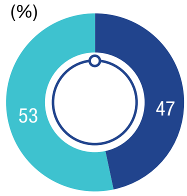
- Independent non-executives
- Executives

Ethnicity
(%)



- Black
- White

Gender
(%)



- Female
- Male

Independent non-executive directors

Lorato Phalatse 56
Chairman

Doug Band 74

Bongi Masinga 51

Tania Slabbert 51

Eric Diack 61
Lead Independent director

Alex Maditsi 56

Nigel Payne 58

Nosipho Molope 54

Norman Thomson 67

Renosi Mokate 60

Key to committees

- Nominations committee
- Audit committee
- Remuneration committee
- Acquisitions committee
- Risk committee
- Social and ethics committee
- Chairman

Our commitment to King IV reflects our commitment to **South Africa's future growth and development**

We firmly believe that, with good leadership from both the public and private sector, South Africa's future is filled with prosperity. The board is therefore fully committed to the highest standards of governance and accountability, as recommended by King IV, and the delivery of outcomes such as an ethical culture, good performance, effective control and legitimacy.

Governing structures and committees

The board has established **six standing committees** with delegated authority from the board. Each board committee is chaired by an **independent non-executive director**.

Nominations committee

Chairman: Lorato Phalatse

The committee is responsible for assessing the independence of non-executive directors. It identifies and evaluates suitable candidates for appointment to the board to ensure that the board is balanced and able to fulfil its function as recommended by King IV. The committee also recommends to the board the re-appointment of directors and succession planning for directors including the chief executive and senior management. In FY18 the focus was on succession planning for the chief financial officer, the review of the governance framework including a review of the board and committee charters, and the continuation of the succession planning overview. The focus for FY19 will be on strengthening board effectiveness through a combination of board and director evaluations, enhancement of the composition of board committees, equitable distribution of committee work, process improvements and, where appropriate, implementation of the recommendations arising out of the governance review undertaken during FY18, amongst others.

Audit committee

Chairman: Nigel Payne

The committee's main objective is to assist the board in fulfilling its oversight responsibilities, in particular evaluating the adequacy and efficiency of accounting policies, internal controls and financial and corporate reporting processes. In addition, the committee assesses the effectiveness of the internal auditors and the independence and effectiveness of the external auditors.

In FY18, the committee reported that: Deloitte & Touche and the individual audit partner, the designated external auditor, are accredited and independent; it considered all key audit matters and is comfortable that they have been adequately addressed and disclosed; there were no reportable irregularities; is of the view that the arrangements in place for combined assurance are adequate and are achieving the objective of an effective, integrated approach across the disciplines of risk management, compliance and audit; the internal audit function is very strong and the CFO and finance team are competent; and recommended the AFS to the board.

Divisional audit committees

Risk committee

Chairman: Nigel Payne

The committee identifies material risks to which the Group is exposed and ensures that the requisite risk management culture, policies, and systems are implemented and functioning effectively. The committee is also responsible for the governance of IT. Cyber security, IT infrastructure, digital transformation and innovation, disaster recovery and system availability and stability were focus areas for FY18. These will continue to be focus areas in FY19.

Divisional risk committees

Shareholders

Board of directors

Group executive committee

Seven **divisional boards**

Remuneration committee

Chairman: Doug Band

The committee is empowered by the board to assess and approve the broad remuneration strategy for the Group, the operation of the short-term and long-term incentives for executives across the Group and sets short-term and long-term remuneration for the executive directors and members of the executive committee. Work done in FY18 included monitoring of executive appointments, terminations and retirements and approving the rules, criteria, targets and allocations for performance-related pay schemes. In FY19 the committee will continue to promote the Group's strategic objectives through fair and transparent remuneration. Please refer to the detailed remuneration report on page 16 of the Annual Governance Report.

Social and ethics committee

Chairman: Nigel Payne

The committee's responsibilities are in line with legislated requirements and codes of best practice. It monitors the Group's compliance in relation to social and economic development, good corporate citizenship, environment, occupational health and public safety, labour and employment as well as the Group's code of ethics and sustainable business practices. The major focus in FY18 was on activities relating to transformation and B-BBEE, social and economic development, small business development and stakeholder engagement. The focus for FY19 will continue to be on transformation, B-BBEE and employment equity.

Bidvest's Code of Ethics can be found in the Annual Governance Report, page 36. An Ethics Line is in use (0800 50 60 90 or bidvest@tip-offs.com).

Divisional social and ethics committees

Acquisitions committee

Chairman: Doug Band

The role of the committee is to review potential mergers, acquisitions, investment and other corporate transactions in line with the Group's levels of authority. The key focus area in FY18 included the consideration and evaluation of proposed investments, disinvestments and expansion opportunities. In FY19 the focus will continue to be on the Group's long-term growth strategy and creating the platform to access new markets.

Governance – combined assurance model

Combined assurance receives deliberate and focused attention at Bidvest.
The audit committee ensures that our combined assurance model adequately addresses Bidvest's risks and material matters through the aggregated efforts of assurance providers.

Continually optimising our combined assurance model avoids duplication, rationalises collaboration efforts upstream amongst assurance providers, coupled with effectively managing assurance costs. The activities are coordinated to maximise the depth and reach of assurance achieved by each of the assurance providers. This enables an effective control environment and ensures the integrity of information used for reporting and decision making.

Internal audit

The Internal audit (IA) function is an independent, value-adding, progressive and responsive service to Bidvest shareholders. It fulfils a role of objectively evaluating the business processes and controls so as to appropriately manage the risk and support management's commitment to a strong control environment and operational excellence.

A risk-based IA plan is approved by the divisional and group audit committees on an annual basis and is re-calibrated quarterly in order for the IA function to provide assurance services against the relevant and elevated risks of the business.

The IA function is well-constituted with a professional audit staff (in excess of 25 Chartered Accountants in managerial positions) with sufficient knowledge, skill-set and experience to execute on the board approved IA Charter that is consistent with the Institute of International Auditors' definition of IA as well as the principles of King IV. Given the ever-increasing dependencies of the business on IT, specialised IT audit and consulting skills have become a necessity in the function. Analytics and automation are well-entrenched into the mechanisms of the IA functions with further disruptive robotic initiatives being the focus for the future of IA.

IT Governance – The board acknowledges technology as a mechanism to access, protect and manage information. In relation to the IT Framework adjacent, the board governs both technology and information so that these support the organisation in achieving its strategic objectives. The IT Forum is represented by CIOs from each division and is a platform within which to:

- **Share knowledge, research and experience**
- **Leverage digitalisation and technology trends**
- **Harness the economies of scale and Group purchasing power**
- **Establish subject matter expert and centers of excellence surrounding topical technology issues**
- **Benchmark vendor services delivery and price**

Each IT environment across Bidvest is subjected to an IT audit as part of the IA Plan. The IT audit assesses the design and effectiveness of the IT environments from a control perspective coupled with providing a view on the strategic enablement of IT by the businesses.

IT resources	Fit-for-purpose in-house operational IT skills, with the necessary strategic IT oversight, are in place. These are complemented by outsourced vendors with specialist networking, telecommunications, and cyber security skillsets.
Business resilience	Business resilience controls (including technical controls) are appropriately implemented by the individual companies, based on the needs of the company.
Technology investment	The IT functions generally run lean with a common philosophy to sweat IT-related assets. However, significant investment continues to be made in the IT innovation and digitisation space across Bidvest.
Project assurance	Major IT projects are well-governed, with input from the necessary stakeholders. Major projects are timeously implemented.
IT dependency	Business and IT are continuously enhancing alignment, through IT representation on the various board and executive committees, and in recognition of the key role IT plays in the various businesses.
Management of IT risk exposure	Significant attention is given to this across the IT environments, with an increasing focus on the management of IT risk exposure related to any new acquisitions.
Cyber security	Significant attention has been given to the identification and management of cyber security risks across Bidvest. Implementation and enhancement of the necessary controls are being performed on a case-by-case basis, dependent on the risks identified.
Vendor management	Vendor relationships are effectively managed by the company IT departments. Economies of scale are leveraged where appropriate.
Data governance	Data governance, including the necessary supporting IT architecture, is receiving attention by the various companies, especially those with the greatest exposure to data risks. Companies have identified the need for leveraging existing data assets to enable business intelligence insights. Understanding the impact of POPI and GDPR on the relevant businesses is work in progress.

Innovation to improve governance and manage risks

At future Bidvest board meetings there may be an extra presence at the boardroom table, in the form of ***ALICE***, who'll be there to answer questions about the Group's IT risk. But ***ALICE*** isn't Bidvest's latest executive hire; rather, she's a bot who has been created by Bidvest's internal audit team to carry out IT audits across the Group's IT environments.

There is no shared infrastructure or common domains across Bidvest. Every environment differs in size, in security posture, in complexity and in maturity. What this meant for the small IT audit team was multiple "clients" operating across 29 sub-industries in over 900 sites, with more than 250 key financial systems and a multitude of other systems. IT is also outsourced, co-sourced or part of strategic partnerships, in spaces that range from a fully regulated banking environment to the relatively simplistic systems supporting a toothpick manufacturer.

"As a result, there are complex aggregation and consolidation structures, and with everything being so different, it was difficult to get a Group view. We also had multiple audiences, so we had to rehash the same information to accommodate the different views required for the audit committee, for the board, for IT operations management, for external auditors and for ourselves. We were able to provide the various stakeholders with a robust view of IT environments across the Group at the end of two and a half years, but the problem was that this view was two and a half years old in very evolving and dynamic IT environments." says Lauren Berrington, Bidvest chief audit executive.

In 2016, the go ahead was given to build a bot

ALICE was built to de-risk Bidvest with the intent of commercialising her in the long run. Her IP is held in Bidvest Advisory Services. She was launched internally in beta phase in 2017. ***ALICE***'s job description is to facilitate the collection, storage, orchestration, analysis and reporting of IT environmental data against best practice standards.

Essentially, ***ALICE*** is an IT governance tool, and her purpose is to equip those charged with governance with visibility into the risks in the IT environment. She has unintended benefits in that she also serves as a management monitoring tool, but that's not the purpose she was designed for.

It is taking petabytes of training data to make ***ALICE*** intelligent, and that's the journey that the team are currently on. ***ALICE*** has an interactive, intuitive dashboard that allows management to interrogate their results in real time, allowing them to mitigate and manage IT risks better. ***ALICE*** is based in the cloud, which makes her scalable and gives her global reach. Her current skills set includes technical security, business resilience, user administration, cloud security and SQL hardening. There is a roadmap to increase her current capabilities.

ALICE currently audits 159 IT environments across the Group on a daily basis. She has digitised an IT audit workforce. ***ALICE*** has been recognised for what she has achieved and for the massive potential she holds. Once beta testing has been completed, she will be commercialised. This is envisaged for early 2019.

Material focus areas, **risks and opportunities**

> **Our decentralised, asset-light** and **everyday essential products and services business model** is an effective **risk management** tool. We cannot control macro conditions but we can **control how we respond.**
>
> **Lindsay Ralphs**, *Chief executive*

KEY RISKS	MATERIAL FOCUS AREAS	MANAGEMENT RESPONSE	FLOW THROUGH TO STRATEGY
1 Inconsistent policy application	**Increasingly complex business, policy and regulatory environment**	Management focuses on key senior relationships with strategic customers to allow for mutually beneficial contract outcomes. Inconsistent black economic empowerment policy and legislation makes compliance challenging. Bidvest is working together with all stakeholders towards an aligned and settled framework. **Impact on KPIs:** • HEPS growth • ROFE • Sustainability & Transformation	**Bidvest's decentralised model allows it to adapt and implement value-adding solutions and structures at operational level.**
2 Challenging economic outlook	**Remaining competitive and relevant**	Bidvest is a customer-centric organisation. The protection of its core business strength and reputation is critical. Bidvest encourage creative approaches and innovation and embrace the ability to adapt quickly and proactively to changing customer requirements, market dynamics and digital advancement. Bidvest constantly evaluates its digital strategies. **Impact on KPIs:** • HEPS growth • ROFE • Sustainability & Transformation • TSR vs peer group	**Agility, a can-do attitude and appropriate digital strategies result in innovative solutions and open up additional opportunities.**

Material focus areas, **risks and opportunities** (continued)

The Bidvest board appointed a risk committee to assist in recognising all material risks to which the Group is exposed and ensuring that the requisite risk management culture, policies and systems are in place and functioning effectively. Risks are assessed on an enterprise-wide level and their individual and joint impact considered. Internal audits assist in evaluating the effectiveness of the risk management process and comment on this in their own assessment reports. Management is accountable to the board for implementing and monitoring the processes of risk management and integrating this into day-to-day activities. Divisional risk committees are engaged to actively focus management on critical issues faced at a business and industry level.

The key strategic risks are reported to the Group risk committee for consideration at board level. The risk committee membership is reviewed annually.

The material risks identified have emerged as a result of analysing and understanding the direction in which each entity is moving as well as the overlay of the Group's strategy and macro conditions.

KEY RISKS	MATERIAL FOCUS AREAS	MANAGEMENT RESPONSE	FLOW THROUGH TO STRATEGY
3 **Loss** of agency and **distribution** rights	**Fostering positive long-term relations with key suppliers**	This remains a cornerstone of the way Bidvest does business and is recognised as a major strength. Management is constantly challenged to manage and grow these relationships. The Group builds sustainable, value-adding relationships. **Impact on KPIs:** • HEPS growth • TSR vs peer group	**Constant communication and monitoring of demand changes allow Bidvest businesses to be pro-active and part of the solution.**
4 **Talent** attraction and **retention**	**Developing and maintaining high calibre staff**	Bidvest focuses on maintaining and rewarding high-performance culture. It encourages entrepreneurial attitudes and develops people through training academies, graduate and learnership programmes and recognition. The short/medium-term disruption in the event of sudden departures due to a lack of skilled management is well understood. **Impact on KPIs:** • HEPS growth • Sustainability & Transformation	**Bidvest understands that people create wealth, companies report it. Home-grown talent thrives in our entrepreneurial, decentralised model.**

KEY RISKS	MATERIAL FOCUS AREAS	MANAGEMENT RESPONSE	FLOW THROUGH TO STRATEGY
5 **Escalating IT** cost and **cyber security**	**Cost-effective, efficient IT systems and support structures**	Group IT governance framework supports effective and efficient management of people, technology and information. Specific attention is given to cybersecurity. Group internal audit ensures adherence to the IT frameworks and guidelines. Comprehensive group-wide property damage and business interruption insurance is in place. IA enhanced by the introduction of ALICE (see page 28). **Impact on KPIs:** • HEPS growth • ROFE	**Enable and empower the decentralised business model in the most cost effective manner, to operate optimally and grow.**
6 **Non-performing** asset **creep**	**Asset and return management**	Management actively monitors and drives performance in asset management, particularly working capital. This receives the focused attention of the audit committee. Credit risk and inventory levels are crucial. We respond by staying close to customers. The disposal of non-core assets remains a priority and forms part of capital management. **Impact on KPIs:** • HEPS growth • ROFE • TSR vs peer group	**Ambitious working capital targets and dynamic sourcing support returns and adds value to customers.**

Other material focus areas

- Making value-enhancing acquisitions
- Meeting and exceeding customer expectations
- Environmental impact consciousness

Stakeholder **relationships**

Sustainable value creation depends on **successful interactions and engagement with stakeholders**. Using our values as the basis of all exchanges, we aim to **engage proactively** with those who impact Bidvest, as well as those on whom we have an impact. This informs our **strategy development** and **evaluation**, our **risk management** as well as our **material issues**.

Communication with key suppliers on market trends and requirements, as well as product innovations.

Key issues raised

- Clear communication channels supporting accurate and timely information to all parties
- Joint pursuit of efficiencies
- Long-term sustainable support of small and/or black-owned supplier companies
- Financial and operational challenges faced by certain suppliers

Our response

- Established alternative supply channels
- Engaged with suppliers on product innovation
- Supportive relationships with small and/or black business to ensure their sustainability
- Continued efforts to streamline logistics chain

Monitor call centers; Independent complaint channels; Group ethics line; Bidvest website; Group product and service brochure; Direct calls to divisional CE; Customer visits, feedback from sales representatives and client relations teams.

Key issues raised

- Compliance to a customer centric ethos
- Customers increasingly demand “smart green solutions” across all products and geographies
- Increasingly complex and value-sensitive business environment
- Retain and grow key customers
- Demands for higher black ownership

Our response

- Meet and exceed customer needs and expectations through innovative solutions and broader product ranges
- Focus on key senior relationships with strategic customers
- Pragmatic and commercial approach to black ownership
- Energy saving projects implemented across the Group resulted in cost savings

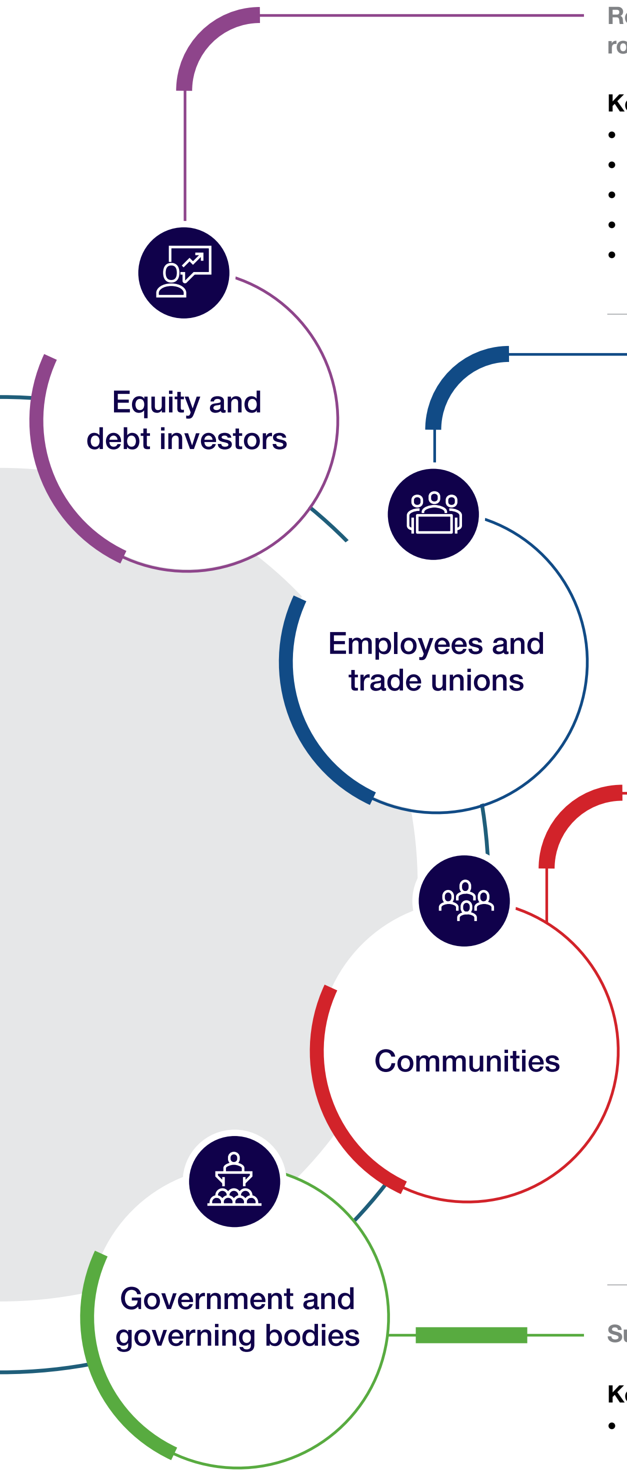
International, regional and industry contacts; and Market intelligence, focused on leaders in specific niche areas where Bidvest sees growth opportunities.

Key issues raised

- Scope for complementary growth
- Prospects for entry into new markets
- Potential to better serve existing customers by forming an alliance or a relationship, thereby anticipating emerging needs

Our response

- Constant evaluation of market developments, new technologies and solutions
- Communication with brand principals, industry leaders and entrepreneurs



Results presentations and company announcements; Investor meetings/ roadshows; Internet updates and other.

Key issues raised

- Group strategy
- Group performance
- M&A pipeline and insights
- Non-core asset disposal
- Governance framework and board independence

Our response

- Hosted investor briefing sessions to enhance market knowledge base
- Comprehensive external re-evaluation of functional governance structure and board processes
- Active engagement with potential interested parties with regards to non-core assets, directly and through advisors

Close involvement of local managers with local trade unions; Employment equity forums within Bidvest; Employee surveys; and Group ethics line.

Key issues raised

- Market-related remuneration
- Group communication to ensure good employee relationships and positive workforce
- Bribery, corruption and cyber security awareness
- Health and safety
- Securing, retaining and development of necessary skills

Our response

- Informal, hands-on managerial culture
- Refreshed awareness drive and the independently managed ethics line
- 7 485 participants in graduate recruitment programs
- Concluded scheduled wage negotiations without major strike action

Direct engagement by decentralised business operations with local communities and organisations with regards to community upliftment, particular projects and specific needs.

Key issues raised

- Improving the lives of those in the communities
- Use expertise to give back to communities
- Local procurement and employment

Our response

- Three-tier CSI strategy:
  - Corporate office supports a number of overarching worthy causes
  - Divisions support their own flagship projects
  - Individual businesses support community-based projects
- Divisions run industry-specific training programs to equip communities for a sustainable future
- R56m spend on socio-economic development

Submissions; and Meetings as well as representation on industry bodies.

Key issues raised

- Ongoing compliance with regulatory frameworks and good governance
- Tender processes and adjudication
- Local procurement and employment

Our response

- Maintained sound governance policies and procedures
- Constructive engagement with various tender boards
- Introduced local partners and procurement elements in various contracts

Bidvest **footprint**

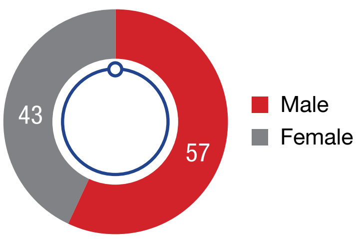
We are firm believers in the future **growth and development of South Africa** and we continue to seek opportunities for expansion to ensure that we **create value where our roots are embedded**.

Bidvest has a diversified and enviable blend of defensive, cyclical and growth assets, which are intentionally large with a level of market-leading status across the South African business spectrum. As one of the largest employers in the country, and as a Group that by nature covers virtually all industry sectors, it is our prerogative to ensure that we contribute to the success of our nation.

Caring for the **Bidvest family**

We aim to provide a safe and healthy workplace with equal opportunities conducive to learning and personal development. We want our employees to be proud Bidvest ambassadors.

Employees (%)



Growth enables us to **create employment**

Total spend on **skills development** amounted to

R602m

6
workplace **fatalities** and

3
security guards killed in line of duty in 2018

We are also able to cultivate the new generation of future Bidvest employees through the awarding of

7 485
learnerships

4 503
learnerships were issued to unemployed learners and

657
learners were employed subsequently

Despite a decentralised operating model, we have a unified understanding throughout the Group of what needs to be achieved to ensure ongoing success. We acknowledge a duty to share the value we create and, by so doing, meet the responsibilities we have to contribute to economic and social development and give back to our people and our planet.

Conducting business in a sustainable manner is therefore entrenched into our day-to-day activities. Given the decentralised and diversity of the businesses, sustainability is managed at operating level. From a Group perspective, we identified a set of material issues that are common throughout our businesses:

We are **committed to a cause** that extends **beyond financial profits**

Drive **positive social change**

We are involved in community development that enhances education, health, economic inclusion and diversity. Investing in communities and human capital, affords us the opportunity to operate, do business in and draw skills from the communities in which we operate.

Total **socio-economic development** spend of

R56m

with **49%** going towards education

R61m

spend on **sports development**

Empower local business through **outsourcing key services** to local SMMEs

Doing business in an **environmentally friendly** manner

We focus on energy and water efficiency, responsible waste management and offering innovative solutions to aid customer sustainability. In FY19 we will continue our initiatives to improve water use; accelerate renewable energy installations and responsible waste management.

Our business growth has **not increased** our environmental impact

We emitted low carbon emissions. Scope 1 emissions **reduced by**

19%

We used

2 095

mega-litres of water, 13% less than last year

We **recycled**

6 500 tonnes

of hazardous waste and treated more than

400 000 kl

of wastewater

Case study

Powered by the sun – Electech solution

Bidvest Laundry Group has led the field in total laundry solutions in South Africa for more than 35 years. It offers factories, mines, hotels and hospitals a comprehensive laundry service tailored to their exact requirements. As an ISO 9001 accredited operation, quality, consistency and reliability are hallmarks of the service it provides.

Bidvest Laundry Group has led the field in total laundry solutions for **over 35 years**

Keen focus on **"Green Economy"**

A grid-tied, roof-mounted solar photovoltaic panel **system to harvest freely available energy** was designed and engineered

Bidvest Spartan Laundry solar system will generate over **730 MWh per annum**

CO_2 emissions reduced by **730 tons** each year

Along with its ISO quality management listing, Bidvest Laundry only utilises top of the range SABS-approved chemicals. Additionally, it views the protection of the environment as an essential element of the way its laundries run. To this end, it has introduced various green policies such as water recycling and fuel and chemical efficiencies while working towards reduced electricity consumption.

This keen focus on the "Green Economy" is what led the Group to commission, devise and install a solar photovoltaic (PV) system at its laundry in Spartan, near Johannesburg. Spurred on by the increase in electricity prices over the past three years and by the desire to reduce the carbon footprint of the Spartan laundry, Bidvest decided to develop a Green Energy solution.

The laundry consumes just over two gigawatt hours of power per annum and Bidvest was determined to reduce this power appetite.

But how? Electech Renewable Solutions, a division of Voltex, which forms part of Bidvest Electrical, stepped up to the mark and together with Sunworx designed and engineered a grid-tied, roof-mounted solar PV panel system to harvest the freely available energy from the sun. This uniquely designed system has proved a perfect fit for reducing the high annual power costs of an energy intensive plant. The laundry's large roof area was ideal for the installation of PV cells and, what's more, Bidvest could offset carbon dioxide credits against using coal-fired boilers. This green energy solution generates electricity via solar PV panels which are connected through string boxes bringing direct current electrical output produced by the solar panels to inverters. These convert the output to alternating current which is then used to operate the laundry.

In the Spartan project, a total of 1440 Jinko solar panels rated at 325 Watts each were connected via 720 SolarEdge PV Optimisers feeding 16 grid-tied SolarEdge Inverters. The roof mounting structure was provided by Schletter and the balance of the equipment came entirely from the Voltex group. The Spartan solar system has a predicted operational life of at least 25 years with an expected payback period for the capital investment of under six years.

A major advantage of the equipment supplied to the Spartan site by Electech Renewable Solutions is that the SolarEdge Optimisers increase PV panel performance and allows for monitoring and troubleshooting down to panel level. The Bidvest Spartan Laundry solar system will generate over 730 megawatt hours of electricity per annum and reduce CO_2 emissions by 730 tons each year.

The design and installation by Electech Renewable Solutions and Sunworx has paved the way for Bidvest to install similar solar systems at its properties across South Africa, where appropriate. In addition, installing solar power will reward the company with immediate energy-saving and carbon-emission credits while economies of scale and technology enhancements will decrease capital expenditure and operational costs.

The laundry at Spartan is but the first of many green energy projects that Bidvest plans to undertake to harness energy from the African sun.

Corporate social investment case studies

Music Popularisation Programme

The Yamaha Music Popularisation Programme aims to develop and promote music education and music popularisation within various government education systems internationally.

Yamaha distributors have facilitated the supply of recorders, study material and the roll out of the programme to 12 schools within KwaZulu-Natal at both Grade 3 and Grade 4 level. More than 40 local teachers undergo constant training and lesson observation by Yamaha's core trainers on a weekly basis.

Schools and principals have noticed a significant improvement in school attendance, classroom discipline and even academic improvement amongst young learners who participate in the programme.

In early 2018, the SOS Children's Village in Nelspruit adopted the Music Popularisation Programme and currently two core trainers are teaching 53 orphaned children housed at the village.

The programme is now on the brink of launching in the greater Johannesburg and Pretoria areas, with planning under way to launch into three schools in Pretoria and two schools in Johannesburg during early 2019.

Thembisa Hospital Refurbishment

Bidvest Facilities Management contributed to the refurbishment and fit out of the Surgical Out Patient Department Wound Care Clinic at Thembisa Hospital.

Khulangelwanti Primary School

BidAir has supported the Khulangelwanti Primary School in Nhlazatshe, Mpumalanga, to build ablution facilities, build a septic tank and to drill a borehole that will provide potable water to the school.

Denis van Olst Trust

King Pie in collaboration with the Pretoria Eye Institute is assisting children diagnosed with strabismus, a vision condition in which a person cannot align both eyes simultaneously.

Since 2014, King Pie and Pretoria Eye Institute have been working together to make a permanent change the lives of children who have been diagnosed with Strabismus also known as crossed eyes which is a condition in which the eyes do not properly align with each other when looking at an object.

Kliptown Youth Programme

Bidvest Prestige has partnered with Kliptown Youth Programme to provide opportunities

The programme seeks to develop young and dynamic individuals who are willing to contribute effectively to the betterment of their community and focuses on nutrition support and academic tutoring. Since inception, the programme has had 20 of its beneficiary students proceed to university and has enjoyed a 100% pass rate of all its matriculants.

The Wot-if? Trust

Plumblink has supported the Wot-if? Trust operating in Diepsloot, which focuses on the empowerment of women and the youth.

The trust operates an eHUB which caters for young people with a talent or aptitude for Media and Tech and the monetisation of content (Music, Film, Stories, Photographs, Graphic Art, Blogs, Poetry, etc). Film-makers have been trained in preproduction, production and post production as well as how to pitch a film concept. Last year Plumblink and Wot-if? were involved in the production of a film in Diepsloot called "Voices of Faith" where learner crews and actors worked alongside professionals as part of a development and 'job shadowing' exercise.

Services

Alan Fainman
Chief executive

"Bundled" services allows clients to have a **single point of contact** for better delivery

The division's **cash-generation was pleasing**

Trading profit **grew by 26.3%**

Facilities Management delivered an **excellent result**

Salient features

- This division, which offers bundled services, delivered a commendable result over the past year.
- The **acquisition of UK-based Noonan and USS**, which were finalised in the first half of this financial year, performed in line with expectations and, very pleasingly, delivered good volumes of new business that were secured in the last quarter.
- The South African businesses delivered an increase of 8.3% in trading profit which is remarkable considering the constrained market conditions in which it operates. **The division's cash-generation was pleasing**, and **funds employed were well managed**.
- Several new bundled contracts won by **Facilities Management** in a very competitive market. Steiner, again, produced very acceptable results.
- **Allied Services had a strong year**, specifically the contributions from the larger businesses, Pureau and Execuflora.
- Although **Security Services delivered a solid result**, the margin pressures, particularly in guarding and mining, seems to have become the new normal. The division's response for next year has been an enhanced focus on expenses and service innovation.
- The challenging consumer market is very evident in the travel cluster, which had another tough year of lower rebate rates driven by reduced demand. Numerous, **innovative, technological systems are being rolled-out** to drive efficiencies and enhance flexibility.
- Within the **Industrial Services unit, BidAir's lounges and cargo activities delivered very strong results**. The project-based industrial cleaning and related maintenance business, TMS, experienced a poor year and the potential sale of the business is being negotiated.

Strategic focus

The Noonan and USS businesses have refreshed their respective structures and have bedded-down well into the Bidvest way of doing business. Exciting synergies are evident, and there are significant opportunities for growth in this market, specifically in the core offerings of cleaning and security. Acquisitions are therefore being considered in the UK, while in South Africa, opportunities are also being assessed and due diligence processes are underway for possible bolt-on businesses.

Large new contracts were secured over the last year, and the division is aligning to continue this growth. Additionally, efficiencies, processes and innovative systems are also being implemented to continue extracting better margins to enhance future profitability.

Transformation

The majority of the division's businesses have achieved a Level 1 or Level 2 B-BBEE status. The hard work and dedication into transformation over the years has certainly delivered the result. The best possible credentials are essential for this division's businesses as they operate in a space that is extremely competitive. The appointment of black executive and management is satisfactory while improvements are also being made at other top management levels. Skills development in this division is exceptional with the total spend on black people amounting to R308 million for the year. Enterprise and Supplier development, which includes procurement, is again at good levels as with socio-economic development.

Outlook

It is fully expected that the market will remain challenged, pedestrian growth is being anticipated and management is, therefore, planning for this eventuality. However, this division's diversity is its strength and it will continue the strategy of scaling-up and consolidating its wide range of businesses to ensure continued focus and growth. This is done by enhancing the delivery of product and service value with better options to customers.

Some bolt-on acquisitions are being planned, while larger, more transformational-type opportunities will, at this stage, be considered internationally.

Our story

Still healthy after all these years

When Steiner Services was purchased in 1991 by Bidvest for approximately R90 million, the business consisted of larger branches in Alrode, Durban and Cape Town, with smaller branches in Port Elizabeth, Ermelo, Potchefstroom and Bloemfontein.

Bidvest Laundry Group launders in excess of **50 tons of work a day** and generate **revenue in excess of R600 million**

Bidvest Steiner employs **1 650 people** operating out of **30 branches**

G Fox employs in excess of **2 000 people**

Today G Fox's revenue is in excess of **R750 million**

Steiner was made up of laundry services (mostly for roller towels and nappy services), trading sales (toilet paper, basic janitorial chemicals) and some hygiene rental (primarily sanitary bin services and soap dispensers). The nappy service was very big in Johannesburg as there were no disposable nappies in those days. Nappies were made of cloth and the dirty ones were collected from households, laundered and returned.

Post the Bidvest acquisition Lindsay Ralphs became the CEO of Steiner and set about splitting the business into its core functions. First Garment Rental (FGR) was purchased from the Fainman family and Boston Launders was bought from the banks to form the only national laundry and garment rental business in South Africa, employing in excess of 3 500 people.

Today, the Bidvest Laundry Group launders in excess of 50 tons of work a day and has a revenue in excess of R600 million. The business processes hotel and healthcare linen, guest laundry, roller towels, mats and of course workwear for every industry in South Africa.

In line with the Group's vision, the trading business was split, and Bidvest acquired Commercial Sundries, a large distributor of paper products throughout South Africa that had been bought out of liquidation. Commercial Sundries eventually merged with G Fox which was acquired after the tragic death of Gerald Fox in 2003. Today G Fox is national, employs in excess of 2 000 people (including over 800 in Swaziland) manufacturing workwear with revenue in excess of R750 million.

The hygiene businesses were split away from the other two businesses and eight branches were opened countrywide, employing about 400 people. Today Bidvest Steiner employs 1 650 South Africans operating out of 30 branches in South Africa as well as Botswana, Swaziland and Lesotho. Like G Fox and FGR they are now the leaders in their industry. All growth has been organic – only one small hygiene business was acquired which added less than 2% to profits.

Steiner's range of equipment and services includes hundreds of products and services covering pest control, fumigation and hygiene services and all types of paper dispensers and related products.

The vision of buying Steiner and then splitting it into its core businesses resulted in the creation of Bidserv, which is today's Bidvest Services – the largest division within Bidvest. The recent acquisition of Noonan in Ireland and USS in the UK is just another step on the 'Steiner path' that Bidvest started in 1991.

Divisional overviews

Freight

Anthony Dawe
Chief executive

Trading profit grew by **21.8%**	Revenue growth of **14.6%**	South African Bulk Terminals handled a **record-breaking volumes**	Overall expenses **increased 7.5%**

Salient features

- The division delivered another excellent performance, which is an all-time record for this division.
- This was led by **higher agricultural, bulk commodity and liquid volumes** which drove **greater utilisation and therefore operating leverage.** The handling of grain import and export volumes were exceptional and mineral export flow was steady.
- The investment in liquid fuel and multi-purpose tanks during 2017 and 2018, where **11 of 17 multi-purpose tanks** have been commissioned, contributed to the growth in Bidvest Tank Terminals (BTT).
- Despite three debilitating incidents to berths and equipment, **Bulk Connections performed well**.
- **Bidvest Panalpina Logistics (BPL) secured new contracts** which resulted in a better second half. However, airfreight volumes remained depressed. Project related work was significantly reduced in BPL and Bidfreight Port Operations.
- **South African Container Depots** had a **pleasing** year and Naval - Mozambique Port Services, produced a profit well up on the prior year, which was assisted by commodity exports.
- **ROFE for the division is very healthy**, despite the considerable ongoing capital expenditure in BTT. **Overall expenses were exceptionally well controlled.**

Strategic focus

While cost and efficiency management is a central prerequisite throughout this division, the main strategic emphasis at this stage is being directed towards the expansion of storage infrastructure at BTT. Work is underway at BTT in Richards Bay for the development of a new facility for the import and storage of LPG (liquefied petroleum gas). The completed facility will be the region's largest pressurised LPG import terminal.

Bolt-on acquisitions and other growth opportunities are continually being assessed.

Transformation

The division continues to perform well in relation to its B-BBEE scorecard resulting in all the Freight companies achieving a Level 2 contributor status on the Transport Sector Codes. There has been a great improvement in management diversity with several new appointments.
A focused and planned approach initiated over the years is delivering good results. Of the total placements at management levels, 78% were black. The lack of females in this industry is challenging. Investment in skills development has increased with spend amounting to R54 million. Enterprise and supplier development programmes included more initiatives. Procurement from BEE suppliers remains good while SED is ongoing with the division achieving target and scoring full points.

Outlook

The division's annuity-income work now represents 35% of trading profit and there is a focus on increasing this even further.

The significant new multi-purpose tank capacity should support growth, and the investment in new infrastructure is continuing. Maize exports, which are anticipated to continue until the end of the calendar year, will remain robust.

Our story

Transforming Tank Terminals

BTT, previously known as Island View Storage, was established in 1953. It became a subsidiary of the Bidvest Group in 1999, at which time the company's combined tank capacity was 562 000 cubic metres.

BTT facilities now have a combined capacity of **over 825 000 cubic metres** in **562 tanks**

Since 2014 **R850 million** has been invested in **capital expenditure**

BTT handles over **3.5 billion litres**

R1 billion investment in a new LPG import and storage facility in Richards Bay

The new **22 600 metric tonne storage facility** in Richards Bay will be the region's largest pressurised LPG import terminal

BTT is currently South Africa's foremost independent bulk liquid terminal operator for chemicals, gases, fats and oils, base oils and lube oil additives.

The tank terminal facilities now have a combined capacity of over 825 000 cubic metres in 562 tanks, which are strategically located in the ports of Durban and Richards Bay, as well as inland near Johannesburg's OR Tambo International Airport.

The company was rebranded in 2014 to BTT, and since then R850 million has been invested in capital expenditure to expand its facilities both in capacity and technology advancements. These investments have ensured the long-term competitive advantage of the business and have also gone a long way to improve its customers' accessibility of ship, road and rail transport routes. Today BTT handles over 3.5 billion litres of its customers' products.

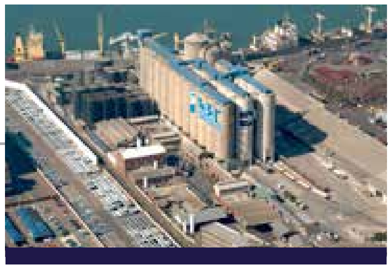
BTT continues to identify improvements to its facilities, which ultimately benefit its customers by maintaining product quality and improving speed of service. An absolute focussed imperative is the stringent safety operating procedures aimed at ensuring zero harm to employees and the environment. The nature of the business is such that site personnel regularly handle highly valuable and flammable liquids and gases which needs to be done safely and efficiently. Capacity usage and tank turnover is closely tracked, product quality and emissions are continuously monitored, and operating procedures are closely followed to prevent spillages, with the ultimate goal of reducing loading and unloading times.

BTT is currently busy with a further investment of R1 billion in a LPG import and storage facility in Richards Bay for global LPG logistics company, Petredec. Over the next five years, this expansion is expected to result in an additional 400 million litres of product being handled. The new 22 600 metric tonne storage facility consisting of four mounded tanks in Richards Bay will be the region's largest pressurised LPG import terminal. Its intention is to ensure year-round availability of LPG. Despite growing demand in domestic and regional markets, LPG imports have historically been hampered by high costs due to the significant distance between South Africa's small coastal import terminals from major consumer hubs. The commissioning of this new large-scale facility – also capable of seaborne re-exports to neighbouring countries – will unlock previously unattainable economies resulting in lower landed prices to the local market. Petredec already supplies most of South Africa's imported LPG and, together with Bidvest, believes further investment in large, dedicated infrastructure is the only way to increase LPG's popularity and enhance affordability for consumers.

This investment demonstrates Bidvest's commitment to working in close collaboration and partnership with major customers to ensure the provision of strategic storage and product handling infrastructure in South Africa. By delivering this unique and innovative facility, set to become the global benchmark for pressurised LPG storage and handling terminals, BTT will ensure a better service offering to Petredec and its diverse customer base

As a result of its significant growth, BTT has further enhanced its focus on safety and the environment by initiating more rigorous processes to prevent injuries, accidents and work-related ill health, while also preventing pollution and minimising adverse impacts on the environment.

In years to come, BTT aims to continue its expansion and remain the foremost bulk liquid terminal operator on the continent.



Divisional overviews

Commercial Products

Howard Greenstein
Chief executive

Trading profit grew by **3.2%**	Revenue growth of **11.2%**	**Excellent results** by Berzacks, Plumblink, Bidvest Materials Handling, Academy Brushware and Vulcan	**Trading margin** was steady

Salient features

- The division produced a satisfactory result which demonstrates tremendous resilience in this market.
- The results include 12 months' trading from Brandcorp compared to nine months in the prior year. Excluding Brandcorp, **revenue increased by 5.9%** and **trading profit by a commendable 7.8%**, which was delivered in a tough trading environment. Market share was gained in certain instances.
- **Industrial activities represent approximately two-thirds of the trading profit.** Despite numerous delayed industrial projects and depressed manufacturing and construction sectors, industrial businesses grew, which is largely due to the strategic positioning introduced over the years to deliver wider product ranges, improved margin management and ensuring that it remains relevant to customers. **Many businesses delivered double-digit growth**.
- Yamaha operated in a constrained consumer environment and Renttech's trading profit was significantly down due to reduced project work. There were disappointing results from Afcom and Buffalo Tapes.
- Pricing pressure within the consumer division was relentless, but a significant amount of work was done on sourcing and price relevance in the market, which ensured the **trading margin within the consumer business was steady**. Home of Living Brands had a much improved second half, compared to the first.

Strategic focus

Further investments are being made into facilities, product ranges and sales teams to drive business. Various consolidation opportunities are being assessed, while an enhanced capital expenditure programme is under way within some of the industrial businesses to ensure future growth prospects, which will also result in efficiencies going forward. Margin management will remain an important aspect of the division.

Transformation

The division has made tremendous strides over the past 18 months toward improving its B-BBEE rating. This resulted in a positive improvement in management control underpinned by 50% of the total appointments at top, senior and middle management being black. The total skills spend for the year amounted to R24 million which is an increase over the previous year. Procurement is a challenge bearing in mind the impact of the 51% black ownership requirement, and the effect of poorly rated suppliers and imports. The division has scored very well in relation to Enterprise and Supplier Development and SED.

Outlook

There are various plans under way to ensure growth and improved profitability. These include: Plumblink's expanded footprint of 95 stores together with an enhanced distribution capability; strategic, product and system changes made at Berzacks, Brandcorp, Afcom, Buffalo Tapes and Renttech; restructuring programme at Matus; investment in garment manufacturing capacity at G Fox; the consolidation of premises and systems at Academy Brushware and the refocusing of efforts on new tenders, projects and partners at Interbrand, MIC and Motoquip.

The overriding imperative for sustained growth, however, is the urgent need for infrastructural development and upgrades.

Our story

Proudly Academy Brushware

Academy Brushware was founded in 1953 by an industrious Italian national, Vittorino Meneghelli who was seeking new challenges in South Africa to invest his personal knowledge in the brush trade, which was gained from a family business spanning several decades. Although he was a qualified accountant, being exposed to the family business probably influenced his decision to attempt the same thing in his new surroundings and country.

Publishing and Events recognised Academy Brushware as one of the **Top 300 Performers of the year** in business and industry for 2004/2005

Between 2002 and 2013, the **revenue grew by a staggering 1400%**

Academy Brushware manufactures **15 832 brooms per day**

Revenue grew as did the **innovative product offering**

From humble beginnings and with limited staff the business started growing and more people were employed in handling the administrative, production and dispatching responsibilities. Paint brush production became the main force of the business and an expansion programme entailed the acquisition of brush-filling machines to satisfy the needs of the domestic broom and affiliated brush market. The challenges were ongoing and dictated that paint rollers be added to the existing range, putting the company in a position to offer the complete range of brushware and allied products to the domestic market.

In the mid-1960s, a mere 10 years after starting up the business, it had developed into a bustling organisation and dominated a large share of the domestic market. It was also a founding member of the local Brushmakers Association. A substantial range of its products were manufactured under SABS specifications. Newly designed products were continuously expanded. During the mid-1970s, the company ranked amongst the top two brushmaking companies in the country.

Always looking for new challenges, the company became an accredited user of the SABS – ISO 9001 Quality Standards business concept but after a few years eventually realised that the international AJA-ULAS ISO Standards held more promise for exposure to the global markets. It applied and won accreditation as a user of this quality system in February 2003.

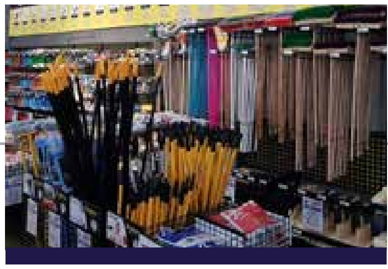
Publishing and Events recognised Academy Brushware as one of the Top 300 Performers of the year in business and industry for 2004/2005.

In 2002, the management team at Academy Brushware successfully concluded a management buyout of 80% of the share capital of the company, and in a short time, turned the company around, making it a leading manufacturer in the painting and cleaning application field. The company had five directors on its board, a well-trained management structure, administrative personnel and technical personnel. Between 2002 and 2013, the revenue grew by a staggering 1400%, agents were appointed in various regions and the factory, which had been opened during the 1960s in Babelegi, was expanded.

Academy Brushware was acquired by Bidvest in November 2013. The timing of the acquisition was perfect with two of the five Academy partners looking for a quick exit strategy and retirement opportunity. Dave Jacobs (Production Director) and Andrea Meneghelli (Director) both retired, and the remaining three directors have continued with the company. Craig Smith was appointed Managing Director, whilst also continuing with his marketing and sales portfolio, Dawie Barnard, now retired, became Operations Director, who has also retired, and Anton Van Der Merwe became Financial Director – he is now Chief Financial Officer.

At the time of the management buyout, Academy was producing 9 300 brooms per day on old machinery. With capital allocation from Bidvest, a plan was put in place to modernise the factory into a global best practice facility. Productivity and service levels soon improved. The company now manufactures 15 832 brooms per day. Revenue grew as did the innovative product offering. Over the past five years, due to productivity initiatives, innovation in selling, proper systems and an expanded factory, the profitability of Academy Brushware has grown fourfold.

During the current year, Academy Brushware's legacy premises were replaced with new, modern facilities, which will ensure that the growth expected from the company over the next few years is achieved and that it can adequately cater for the growing export market.



Divisional overviews

Office and Print

Kevin Wakeford
Chief executive

Trading profit grew by **6.5%**

Kolok finished the **year stronger**

Silveray delivered a **good result**

Office Furniture delivered an **excellent result**

Salient features

- As was the case last year, the division has again made **excellent progress in implementing revised strategies and new focuses** since its formation a few years ago.
- Overall **revenue declined** and **trading profit grew,** which is an indication of how well the division has extracted synergies and efficiencies from its various businesses.
- Year-on-year comparisons were distorted by the non-recurrence of voter registration work and the closure of Zonke in December 2017 following the loss of the National Central Electronic Monitoring contract.
- Pressure on the top line was evident, particularly, in office products. This was however mitigated at the trading profit level by remedial action taken and strategic initiatives implemented.
- **Silveray drove innovations and additional efficiencies were implemented** in the factory. Tough trading conditions continued at Waltons, but ongoing management actions continue to bear fruit.
- **Office Furniture** continues to excel in product innovation.
- **Konica Minolta had a record year** with new contracts secured and the gross margin improved materially.
- **Data, Print and Packaging held its own** and was boosted by a process of **rationalising operations and concluding pleasing bolt-on acquisitions**, but was hampered by no election work, the ongoing migration from print to electronic products and pricing pressures in packaging.

Strategic focus

The focus over the last two years has been on numerous initiatives to simplify aspects of the businesses and better position the division for the future. Improved efficiencies, good margin management and tight cost control were the main contributors to this year's very pleasing result, which flowed through into exceptional operating cash generation, as funds employed, particularly stock, was also very well managed.

In addition to the strategic progress made, the division acquired important bolt-on businesses during the year, which collectively contributed R200 million in revenue. Some smaller businesses were either sold or closed.

Transformation

The division has made good progress in terms of its transformation and B-BBEE process which responsibility devolves to the individual business units. Key focus areas remain management control, skills and supplier development, as well as procurement. The businesses have improved in management control with several black appointments made at senior management levels over the past year. Total skills spend amounted to R46 million for the year. The number of learnerships, internships and apprenticeships for the year amounted to 819. Procurement is receiving continued attention with pressure placed on suppliers to improve their scorecards. In addition, the division has made good progress on its Enterprise and Supplier development programmes, as well as the SED element. A total of R30 million was spent on these elements during the year under review.

Outlook

The focus for 2019 will remain on ensuring the best-in-class service to customers and to broaden and innovate the product range. Expense and asset management will remain a critical feature and focus will continue on managing the volatile exchange rate. New contracts are being pursued across the board.

Strategically, each business will remain alive to changes it needs to make in their business models in ever changing markets and adapting to challenging economic conditions. The division has implemented numerous products and services to meet the changing nature of the market, and is well prepared to meet the challenges going forward. Bolt-on and other suitable acquisitions will continue to be pursued.

Our story

Konica Minolta South Africa

From humble beginnings in 1905 as a small shop trading in blueprints in District Six, Cape Town, under the name of Helios, the business changed hands several times, with owners including Oce van der Grinten, Waltons and finally, the Bidvest Group.

Transition from **analog to digital** culminated in **Minolta and Konica merger**

No.1 office automation supplier* in South Africa since 2011

Network of **70 servicing branches**

In 1967 the Minolta agency was acquired by Helios, leading to the introduction of electro photo-static equipment to the South African market with the launch of its first copier, the Minolta Copymaster.

The next significant milestone was the award of the State contract for office automation in 1976. This was the beginning of a long and successful partnership and, to this day, Konica Minolta South Africa is still a major supplier to the government.

With rapid growth in the '80s and '90s, Bidvest realised the opportunity to grow the company and acquired it in 1997. Huge changes in the office automation industry, not least the transition from analogue to digital technology, culminated in the worldwide merger of Minolta and Konica. Konica Minolta, as it was then known continued to grow as the proud sole distributor of Konica Minolta office automation products in Southern Africa. Together with Bidvest's funding capability and strategic ability, specifically its decentralised management model, the business become South Africa's No.1 office automation supplier* in 2011, based on sales, a position it has held ever since.

With the world-wide adoption of digital technology, the landscape of business automation has been changing at a rapid pace. Konica Minolta now brings additional value to customers by also offering an extensive range of software to manage and integrate many aspects of the working office.

Konica Minolta's market leadership position has enabled various community projects, a strong source of pride for staff and business associates.

In partnership with Food and Trees for Africa, Konica Minolta South Africa has planted more than 40 000 trees since 2008 and has maintained its carbon-neutral status since 2013. In 2015 a toner recycling project was launched – to date, more than 80 tons of used toner bottles and cartridges have been recycled.

After spending time in some of Gauteng's most disadvantaged communities, self-guided IT literacy learning was facilitated by making a complete IT lab accessible to young minds with the launch of the *bizIT centre*.

Another innovative project, the *bizhub Conservation Academy* in Hazyview, Mpumalanga, has empowered young rural South Africans through specialised career training to participate in the economy of wildlife.

With the endangerment of the iconic rhino, the company turned its attention to rhino conservation. Today, a portion of the proceeds from every device sold by Konica Minolta South Africa is donated to *Care for Wild Rhino Sanctuary*, the largest rhino orphanage in the world.

The Konica Minolta network includes more than 70 servicing branches and dealers covering the entire southern African landscape. It employs almost 2 000 staff, including over 800 trained technicians.

**Based on industry sales surveys by the independent market data specialist, InfoSource*

Divisional overviews

Financial Services

Japie van Niekerk
Chief executive

Trading profit grew by **1.0%** | Bidvest Bank's corporate advances increased by **13%** deposits grew by **27%** | Bidvest Insurance delivered a **strong result** | The balance of the financial services businesses delivered a **reasonable result**

Salient features

- The division consists of Bidvest Bank, Bidvest Insurance, Bidvest Life and various other financial services. The flat year-on-year performance was largely as a result of the expiry of a major fleet contract, the termination of a major short-term rental contract and the negative new business drag from the fast-growing life insurance activities. Costs were well controlled, increasing only 1.6% year-on-year.
- The **investment portfolio performed better than last year**, while merchant acquiring, business banking, trade finance and treasury related businesses **delivered good growth**.
- The leased assets **declined by 1%**.
- The Bank delivered improvements in key banking ratios, with the **Credit Loss ratio improving by 40 basis points** to negative 0.2%, the **Capital Adequacy ratio increasing by 70 basis points** to 20.7% and the **Net Stable Funding ratio improving from 102% to 141%**. The cost to income ratio deteriorated somewhat to 64.9%.
- **Bidvest Insurance** focused on core product lines and Bidvest Life grew strongly.
- **The financial services** businesses result was boosted by bolt-on acquisitions made during the year to broaden the product offering. Compendium reported a strong result and FinGlobal, which was acquired during the year, delivered better than expected.

Strategic focus

Fleet management remains a strategic focus area for Bidvest Bank. The banking unit is also focusing on sustainable growth, and to unleash the synergies that can be extracted between and within the various businesses. Customer service and retention remains a strong feature, while innovative new product introductions have gained momentum and are finding acceptance in the market.

Transformation

Bidvest Bank currently holds a Level 3 rating on the requisite FSC Codes. The score achieved for management control is low and attention is being placed in this area for an improvement. However, 100% of placements at middle management level were black and skills spend for the year amounted to R10 million. Procurement from BEE compliant businesses remain a challenge with this division being affected mostly by the poor ratings of some suppliers. Additional projects under Enterprise and Supplier development are being identified and will be implemented in the coming year.

Outlook

Despite a healthy fleet management contract pipeline, and although there were no conversions of major fleet contracts during the year due to slow decision making in the public sector, the division will remain focused on the larger fleet contracts to be awarded in the new year.

It is expected that the new business banking offering as well as the recently expanded treasury services, and merchant acquiring clients should drive future growth. Bidvest Insurance is pursuing exciting new channels and products, while Bidvest Life is expected to turn profitable during the year.

Our story

An ongoing evolution

Bidvest Bank is an entrepreneurial bank born to change the way financial institutions do business with their customers. Over the past 20 years it has evolved to provide customers with a diverse range of banking products and services. The evolution began in 1998, when Bidvest acquired the Rennies Group, including the Rennies Foreign Exchange bureau de change business.

Rennies Bank was rebranded Bidvest Bank in 2007 and increased its banking and financial expertise

Customer approach was brought to life by the repositioning of the Bank's brand with the entrepreneurial philosophy of **'Let's Get it Done'**

Since acquiring its banking license, Bidvest Bank's **operating income** has **grown from R149 million to R1.2 billion**

A banking licence was obtained in 2000 and Rennies Bank was able to expand its travel foreign exchange-focussed customer base by launching MoneyGram international money transfers in South Africa.

Rennies Bank was rebranded Bidvest Bank in 2007 and increased its banking and financial expertise.

The World Currency Card™, Bidvest Bank's flagship travel forex offer, was launched in South Africa in 2008 and in the same year the online international payments platform for businesses with import and export requirements began operations.

Savings and investment accounts were added in 2009, and the Bank's specialist fleet finance and management division was acquired from McCarthys.

2010 was dedicated to fine-tuning the Bank's lending and credit expertise and, in 2011, a personal bank account was launched.

The business banking value proposition, including trade finance solutions, was launched in 2015 and, in 2016, the Bank's 'can-do' attitude and 'action-oriented' customer approach was brought to life by the repositioning of the Bank's brand with the entrepreneurial philosophy of 'Let's Get it Done'. This expresses the commitment made to customers and all stakeholders – to always endeavour to find a solution, rather than to focus on obstacles.

In 2017 merchant services was added to the range of banking offerings, through the acquisition of First Data Resources South Africa, substantially enhancing the business banking value proposition.

Bidvest Bank has evolved from a bureau de change business into a fully-fledged bank focusing on business and personal banking, fleet and asset finance, and treasury solutions.

Since acquiring its banking license, Bidvest Bank's operating income has grown from R149 million to R1.2 billion and, in 2018, was classified as the fastest growing bank, by assets, in South Africa.

The Bank forms part of the Bidvest Financial Services division, where its evolutionary story has been replicated in a fully-fledged offering including life and short-term insurance; commercial brokerage services; pension fund administration and asset management.

The financial services business has been built by offering a sustainable solution to servicing an increasingly demanding market. This approach has led Bidvest Financial Services to its present position – a business with strong financial standing that is well-placed for future growth.

Divisional overviews

Automotive

Steve Keys
Chief executive

Trading profit grew by **4.1%**	Revenue growth of **2.1%**	McCarthy's **new vehicle sales outperformed**	Bidvest Car Rental had a difficult year

Salient features

- Despite the market being restrained in the luxury segment, **McCarthy's new vehicle sales outperformed**. Overall, it sold 8.8% more new vehicles (industry dealer sales grew 1.8%).
- 5.3% fewer used vehicles were sold. The used vehicle segment softened in the latter part of the financial year as the Original Equipment Manufacturers (OEM) introduced aggressive new vehicle incentives.
- This year's result can be characterised by the significant pressure in the luxury vehicle segment, in which McCarthy has a prominent market share, as well as reduced parts activity. This was, to some degree, neutralised by **good service revenues, a pleasing fleet business,** solid activity in the volume brands and the benefit from closing non-performing dealers in the previous year. Margins were, however, under pressure across the board.
- **Bidvest Car Rental's** revenue, cost control and fleet management were disappointing, resulting in a significant decline in trading profit, which has led to a detailed review of the business model.

Strategic focus

There is a continued focus on the absorption model at retail level to ensure an appropriate mix is achieved. Benchmarking will continue to be used to drive improved performance throughout the business. Benchmarking data is used in cross-franchise dealer meetings to improve best practice in the business. There is considerable attention on achieving a more balanced business mix across the division, specifically by increasing aftersales contributions.

At Bidvest Car Rental, the immediate key, strategic, focus areas include the successful introduction and implementation of technology systems for a more stable business environment, a review of certain contracts as well as reducing the cost base and enhancing efficiencies to improve profitability.

Transformation

McCarthy has fared exceptionally well over the past year with specific emphasis being placed on the increased levels of diversity at senior and top management levels.

Overall, 71% of new appointments across all levels were black. The biggest challenge is, however, procurement from the OEM's who still have very poor ratings. Sourcing suitable SMMEs is a priority. Enterprise and Supplier development as well as SED are on track. Bidvest Car Rental fared well in most elements across the B-BBEE scorecard.

Outlook

The challenges facing the South African economy are certainly expected to continue into the new financial year, and a prediction for the new passenger car market, specifically, has become difficult.

All efforts are, however, being focused on cost and efficiency control, while innovate new offerings in marketing, after sales support, insurances and technological updates are being considered and implemented wherever necessary.

Burchmores is experiencing an overall reduction in bank volumes, and the business is being adapted to meet this challenge.

Our story

Bidvest McCarthy Group - over 100 years and still going strong

Bidvest McCarthy Motor Group's origins can be traced back to 1910, when an enterprising English immigrant, Gilbert Rodway opened a bicycle shop in Durban.

Justin McCarthy joined Fisher, Simmons & Rodway as an accounts clerk in **1921**

McCarthy Rodway Limited was listed on the **London Stock Exchange** in 1936, and in **Johannesburg** in 1937

In **1966** McCarthy acquired a substantial portion of Atkinson-Oates

Over the years McCarthy has undergone major changes and restructuring in line with its **single-minded focus on motor retailing**

He'd seen the growing move to bicycles for personal transport in his home country and wanted to do the same in South Africa – and so Coventry & Birmingham Motor & Cycle Company was born. Shortly after the first world war, Rodway merged his business with a dealership called Fisher & Simmons, subsequently acquiring the Auburn car franchise. The company changed its name to Fisher, Simmons & Rodway and in 1923 it expanded its product offering by adding the popular Dodge brand.

In the meantime, a young man called Justin McCarthy joined the company as an accounts clerk in 1921. He was excited about the developing motor trade and saw it as a much brighter career prospect than banking, where he'd started. His entrepreneurial acumen and a good head for figures saw McCarthy acquiring shares in the business. Rodway & McCarthy set about forming alliances with key international personalities such as Lord Nuffield, from whom they acquired the Morris franchise. As the business grew, McCarthy Rodway Limited was listed on the London Stock Exchange in 1936, and in Johannesburg in 1937.

Strategically, the group decided to focus on automotive distribution, selling its motor assemblies' business in 1963 to Toyota South Africa. This move helped cement the relationship between Toyota and McCarthy, which has remained intact ever since. In 1966, McCarthy acquired a substantial portion of Atkinson-Oates, a national vehicle distributor and retailer, and one of McCarthy's main competitors. The remaining shares were acquired in 1975.

McCarthy has weathered many storms. This included an extreme recession driven by the global oil crisis that hit the country during 1976/77, reducing vehicle sales by 23%. Also, in 1977, the company's state-of-the-art computer room located within its Durban premises and housing the sophisticated (at the time) data processing department, was destroyed in a fire. Over the years McCarthy has undergone major changes and restructuring in line with its single-minded focus on motor retailing.

The 1980s and 1990s saw the company, now renamed McCarthy Group Limited, experienced extraordinary, growth. New franchises and brands were added, efficiencies were honed, and technology was upgraded substantially. Sales and turnover soared, while total assets and the number of employees increased substantially. However, in the late 1990's, economic and other challenges changed the course of McCarthy's history. It essentially led to Bidvest acquiring McCarthy on 1 January 2004, for R967 million.

Working closely with existing management, as well as an improving economy, it resulted in Bidvest introducing numerous interesting and unique concepts, which accelerated the expansion of the business into one of South Africa's largest and most eminent automotive retailers. It included financial services (later becoming part of Bidvest Financial Services), car rental as well as vehicle auctioneering. Today it boasts an annual trading profit of over R600 million, up three-fold since acquisition, with 26 brands of vehicles are sold out of a network of 83 dealerships.

Divisional overviews

Electrical

Stan Green
Chief executive

Trading profit contracted by **14.3%**	Revenue was broadly **flat**	Working capital **management was good**	Voltex entrenched its position as the **pre-eminent electrical distributor** in South Africa

Salient features

- Considering the harsh conditions in the South African building, construction and mining industries, as well as the severe downturn that the larger construction companies are experiencing, **this division performed commendably**.
- Project-type businesses remained depressed as key programmes stalled, with several customers either under business rescue or experiencing significant liquidity constraints.
- Despite **fierce competitive pressure**, Voltex was still able to hold its own while further entrenching its position as the pre-eminent electrical distributor in South Africa.
- Voltex MV LV and Cabstrut delivered **strong results**, while Solid State Power, Electech and the lighting businesses had a slow year.
- There was a **100bps decline in margin**, which is a function of a slightly lower gross margin and negative business mix given less project work.
- **Working capital management was key focus** considering the trading environment.

Strategic focus

Considerable work has been done over the last few years to reposition the products and service offerings. Numerous brands have now been consolidated into a single wholesaling distribution brand, Voltex.

The specialist solutions that have been carefully selected and acquired over the years, continues to mature. Collectively, these have been able to bring an extra dimension to the abilities and comprehensive solutions which the division is now offering into the market. This strategy is continuing to be refined, enhanced and expanded to compete more effectively in this difficult market environment.

The ongoing consolidation of businesses, products, premises and systems are providing numerous benefits that will ultimately add value to the vast customer base.

Transformation

Considering the industries and sectors into which this divisions supplies, B-BBEE is an important factor to consider. In this regard, the Level 2 BEE rating is an excellent achievement.

Management control improved with 62% of total placements at management levels being black, and there is an increased focus being placed on appointing additional females. Skills spend on black employees amounted to R10 million. Procurement from relevant SMMEs remains challenging specifically due to the highly specialised nature of the product and the lack of black SMMEs available to supply the volumes required. The division has scored well on Enterprise and Supplier Development as well as SED.

Outlook

Bolt-on acquisitions will continue to be pursued to enhance the overall offering, particularly in solar, power factor and invertor solutions.

Initiatives to improve efficiencies and consolidate the solution activities will continue to deliver benefits for the division. The very significant Waco relocation to a state-of-the-art facility will bring many additional efficiencies and strategic value to this critical business in the supply chain.

While the market is expected to remain depressed, any substantial construction, infrastructural development and mining projects that might be initiated will, naturally, be highly-beneficial to the division.

Our story

Voltex: from cable and wire, to solutions

The Voltex group as it is known today, originally comprised many electrical companies which were acquired and became part of the group.

It has become the **largest electrical company in South Africa**, providing a complete electrical solution

The business has **grown three-fold**

Bidvest Electrical, the core of which is Voltex, offers a **comprehensive range** of electrical and lighting products, smart metering products, energy efficient and renewable energy solutions

Tracking the history back to the late-1980s, the Electric Centre Group acquired a number of electrical distribution businesses, the most notable of which were the Keens, Litecor and Globe Electrical businesses. Electric Centre Group was subsequently acquired by Powertech.

This electrical business grouping was listed as Voltex whilst Powertech remained a strategic shareholder. In 1999, Bidvest acquired a 30% stake in the listed entity, increasing its stake to 32% in 2001.

In October 2001, Bidvest made an offer to acquire the remaining 68% of Voltex, buying out Powertech and other minorities for R218 million. During the financial year to June 2002, Voltex generated operating profit of close to R100 million and revenue of R1.5 billion out of 78 branches.

Under Bidvest ownership, Voltex initially focused on increasing its share in the electrical maintenance and wholesaling industries.

It has become the largest electrical company in South Africa, providing a complete electrical solution from start to finish for customers.

The business has grown three-fold despite the contraction of the broad infrastructure sector in South Africa.

The strategic intent to add niche businesses around the core offering has been in place for some time.

Today Bidvest Electrical, the core of which is Voltex, offers a comprehensive range of electrical and lighting products, smart metering products, energy efficient and renewable energy solutions as well as transmission and distribution products and solutions.

Bidvest Electrical is your electrical solution.

Consolidated segmental analysis

for the year ended **30 June**

	2018 R'000	2017 R'000	% change
Segmental revenue			
Trading operations	**75 866 401**	69 679 523	8,9
Services	**18 968 423**	13 138 496	44,4
Freight	**5 713 055**	4 986 641	14,6
Commercial Products	**8 920 467**	8 025 202	11,2
Office and Print	**9 304 937**	9 670 916	(3,8)
Financial Services	**2 562 848**	4 009 127	(36,1)
Automotive	**24 701 500**	24 182 054	2,1
Electrical	**5 695 171**	5 667 087	0,5
Namibia	**3 381 027**	3 794 668	(10,9)
Corporate	**1 577 260**	1 592 071	(0,9)
Properties	**531 981**	489 124	8,8
Corporate and investments	**1 045 279**	1 102 947	(5,2)
	80 824 688	75 066 262	7,7
Inter-group eliminations	**(3 861 216)**	(4 068 261)	
	76 963 472	70 998 001	8,4
Segmental trading profit			
Trading operations	**6 241 094**	5 632 476	10,8
Services	**1 991 786**	1 577 085	26,3
Freight	**1 303 807**	1 070 257	21,8
Commercial Products	**710 492**	688 571	3,2
Office and Print	**700 748**	657 692	6,5
Financial Services	**631 868**	625 303	1,0
Automotive	**602 136**	663 395	(9,2)
Electrical	**300 257**	350 173	(14,3)
Namibia	**75 281**	86 470	(12,9)
Corporate	**192 700**	297 991	(35,3)
Properties	**475 639**	428 566	11,0
Corporate and investments	**(282 939)**	(130 575)	116,7
	6 509 075	6 016 937	8,2
Segmental operating profit			
Trading operations	**6 100 239**	5 559 664	9,7
Services	**1 865 718**	1 574 480	18,5
Freight	**1 385 621**	1 058 299	30,9
Commercial Products	**710 196**	687 983	3,2
Office and Print	**631 966**	626 570	0,9
Financial Services	**626 218**	624 770	0,2
Automotive	**589 789**	638 753	(7,7)
Electrical	**290 731**	348 809	(16,7)
Namibia	**17 211**	96 980	(82,3)
Corporate	**(43 253)**	1 363 651	(103,2)
Properties	**477 905**	439 802	8,7
Corporate and investments	**(521 158)**	923 849	(156,4)
	6 074 197	7 020 295	(13,5)
Share-based payment expense	**(154 986)**	(143 145)	
	5 919 211	6 877 150	(13,9)

	2018 R'000	2017 R'000	% change
Segmental operating assets			
Trading operations	**31 639 003**	29 122 500	8,6
Services	**5 209 904**	4 030 779	29,3
Freight	**5 551 181**	4 645 695	19,5
Commercial Products	**3 762 876**	3 551 648	5,9
Office and Print	**3 199 313**	3 323 661	(3,7)
Financial Services	**5 502 744**	5 563 759	(1,1)
Automotive	**5 783 899**	5 339 287	8,3
Electrical	**2 629 086**	2 667 671	(1,4)
Namibia	**1 843 265**	2 015 270	(8,5)
Corporate	**10 420 119**	10 125 882	2,9
Properties	**2 801 996**	2 476 202	13,2
Corporate and investments	**7 618 123**	7 649 680	(0,4)
	43 902 387	41 263 652	6,4
Inter-group eliminations	**(690 773)**	(752 360)	
	43 211 614	40 511 292	6,7
Segmental operating liabilities			
Trading operations	**19 010 833**	16 308 453	16,6
Services	**3 060 388**	2 182 786	40,2
Freight	**3 118 671**	2 556 096	22,0
Commercial Products	**1 296 969**	1 250 266	3,7
Office and Print	**1 535 893**	1 472 161	4,3
Financial Services	**6 766 924**	5 798 434	16,7
Automotive	**2 317 409**	2 022 061	14,6
Electrical	**914 579**	1 026 649	(10,9)
Namibia	**526 100**	448 478	17,3
Corporate	**517 226**	400 874	29,0
Properties	**26 402**	8 900	196,7
Corporate and investments	**490 824**	391 974	25,2
	20 054 159	17 157 805	16,9
Inter-group eliminations	**(690 773)**	(752 360)	
	19 363 386	16 405 445	18,0
Segmental depreciation			
Trading operations	**1 296 522**	1 191 506	8,8
Services	**476 750**	409 886	16,3
Freight	**282 177**	257 425	9,6
Commercial Products	**97 084**	72 825	33,3
Office and Print	**124 501**	112 262	10,9
Financial Services	**212 972**	234 730	(9,3)
Automotive	**70 994**	69 809	1,7
Electrical	**32 044**	34 569	(7,3)
Namibia	**62 942**	76 005	(17,2)
Corporate	**50 324**	61 404	(18,0)
Properties	**4 765**	4 708	1,2
Corporate and investments	**45 559**	56 696	(19,6)
	1 409 788	1 328 915	6,1

Consolidated segmental analysis (continued)

for the year ended **30 June**

	2018 R'000	2017 R'000	% change
Segmental capital expenditure			
Trading operations	**2 088 865**	2 086 703	0,1
Services	**558 087**	451 027	23,7
Freight	**814 224**	537 402	51,5
Commercial Products	**163 430**	112 390	45,4
Office and Print	**89 309**	135 198	(33,9)
Financial Services	**294 669**	707 485	(58,3)
Automotive	**121 638**	98 332	23,7
Electrical	**47 508**	44 869	5,9
Namibia	**79 882**	59 004	35,4
Corporate	**409 494**	240 430	70,3
Properties	**345 971**	212 639	62,7
Corporate and investments	**63 523**	27 791	128,6
	2 578 241	2 386 137	8,1
Segmental amortisation and impairments on intangible assets			
Trading operations	**126 400**	82 300	53,6
Services	**46 705**	13 731	240,1
Freight	**17 437**	16 801	3,8
Commercial Products	**8 716**	7 314	19,2
Office and Print	**14 131**	15 842	(10,8)
Financial Services	**24 802**	12 438	99,4
Automotive	**5 897**	5 602	5,3
Electrical	**8 712**	10 572	(17,6)
Namibia	**8 679**	9 417	(7,8)
Corporate	**2 809**	3 487	(19,4)
Properties	**–**	–	
Corporate and investments	**2 809**	3 487	(19,4)
	137 888	95 204	44,8
Segmental goodwill and intangible assets			
Trading operations	**7 532 953**	4 515 848	66,8
Services	**4 424 966**	1 554 251	184,7
Freight	**132 398**	135 241	(2,1)
Commercial Products	**1 837 841**	1 836 768	0,1
Office and Print	**282 754**	292 823	(3,4)
Financial Services	**437 710**	303 073	44,4
Automotive	**272 740**	244 629	11,5
Electrical	**144 544**	149 063	(3,0)
Namibia	**250 174**	287 719	(13,0)
Corporate	**32 448**	31 843	1,9
Properties	**21 034**	21 034	-
Corporate and investments	**11 414**	10 809	5,6
	7 815 575	4 835 410	61,6

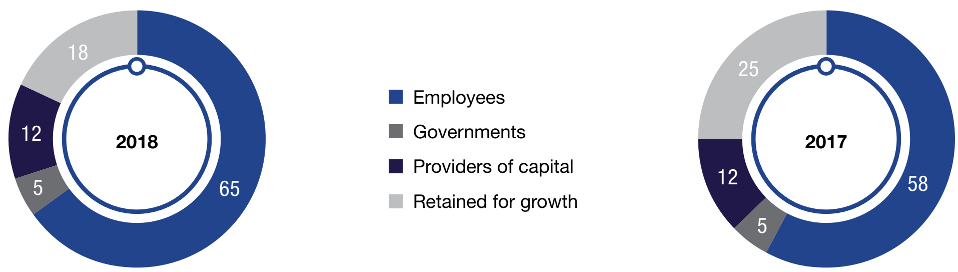
	2018 R'000	2017 R'000	% change
Employee benefits and remuneration			
Trading operations	**18 655 187**	13 691 642	36,3
Services	**11 116 376**	6 594 768	68,6
Freight	**1 436 269**	1 270 689	13,0
Commercial Products	**1 230 498**	1 072 150	14,8
Office and Print	**1 569 998**	1 669 132	(5,9)
Financial Services	**670 790**	553 438	21,2
Automotive	**1 992 924**	1 918 878	3,9
Electrical	**638 332**	612 587	4,2
Namibia	**574 411**	597 977	(3,9)
Corporate	**527 230**	535 033	(1,5)
Properties	**23 151**	25 405	(8,9)
Corporate and investments	**504 079**	509 628	(1,1)
	19 756 828	14 824 652	33,3
Share-based payment expense	**154 986**	143 145	
	19 911 814	14 967 797	33,0
Number of employees			
Trading operations	**126 761**	113 441	11,7
Services	**99 990**	86 842	15,1
Freight	**4 191**	4 116	1,8
Commercial Products	**6 237**	5 905	5,6
Office and Print	**6 434**	6 653	(3,3)
Financial Services	**1 810**	1 622	11,6
Automotive	**5 597**	5 766	(2,9)
Electrical	**2 502**	2 537	(1,4)
Namibia	**3 401**	3 481	(2,3)
Corporate	**715**	783	(8,7)
Properties	**14**	15	(6,7)
Corporate and investments	**701**	768	(8,7)
	130 877	117 705	11,2

Value added statement

for the year ended **30 June**

"Value added" is the value which the Group has added to purchased materials and goods by process of manufacture and conversion, and the sale of its products and services. This statement shows how the value so added has been distributed.

R000s	2018	% change	2017	% change
Revenue	**76 963 472**		70 998 001	
Net cost of raw materials, goods and services	**(47 095 561)**		(46 902 830)	
Wealth created by trading operations	**29 867 911**		24 095 171	
Impairments	**(359 250)**		1 052 884	
Finance income	**603 909**		575 607	
Dividend income	**257 636**		145 302	
Total wealth created	**30 370 206**	**100,0**	25 868 964	100,0
Distributed as follows				
Employees				
Benefits and remuneration	**19 911 814**	**65,6**	14 967 797	57,9
Governments				
Taxation	**1 436 597**	**4,7**	1 328 232	5,1
Providers of capital	**3 523 161**	**11,6**	3 161 427	12,3
Finance charges	**1 459 856**	**4,8**	1 502 458	5,9
Distributions to shareholders	**2 063 305**	**6,8**	1 658 969	6,4
Retained for growth	**5 498 634**	**18,1**	6 411 508	24,7
Depreciation and amortisation	**1 680 638**	**5,5**	1 641 568	6,3
Profit for the year attributable to shareholders of the Company from continuing operations	**3 817 996**	**12,6**	4 769 940	18,4
Total	**30 370 206**	**100,0**	25 868 964	100,0



Exchanges with governments

including amounts collected on their behalf

R000s	SOUTH AFRICAN 2018	SOUTH AFRICAN 2017	FOREIGN 2018	FOREIGN 2017
Continuing operations				
Employee taxes	**2 112 286**	1 891 256	**1 113 857**	229 507
Company taxes	**1 325 750**	1 249 134	**110 847**	79 098
Value added tax and sales tax	**6 693 305**	6 719 105	**1 074 704**	74 634
Customs and excise duty	**15 979 451**	16 081 255	**135 971**	66 070
Other	**199 203**	174 705	**53 191**	24 348
	26 309 995	26 115 455	**2 488 570**	473 657

Director's responsibility for the financial statements

To the shareholders of The Bidvest Group Limited

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with International Accounting Standard 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Group's and Company's ability to continue as a going concern and there is no reason to believe that the Group and Company will not be going concerns in the year ahead.

The auditors' responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.

The summarised consolidated financial statements of the Group for the year ended 30 June 2018, were approved by the board of directors and are signed on its behalf by:

Lorato Phalatse
Chairperson

Lindsay Ralphs
Chief executive

Mark Steyn
Chief financial officer

22 October 2018

Independent auditor's report on the summarised financial statements

To the shareholders of The Bidvest Group Limited

Opinion

The summarised consolidated financial statements of The Bidvest Group Limited, which comprise the summarised consolidated statement of financial position as at 30 June 2018, the summarised consolidated income statement, statement of other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of The Bidvest Group Limited for the year ended 30 June 2018.

In our opinion, the accompanying summarised consolidated financial statements as set out on pages 59 to 69, are consistent, in all material respects, with the audited consolidated financial statements of The Bidvest Group Limited, with the requirements of International Accounting Standard 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summarised financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 31 August 2018. That report also includes our communication of key audit matters.

Directors' responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with International Accounting Standard 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per: MH Holme
Partner

22 October 2018

20 Woodlands Drive, Woodmead

Summarised consolidated **income statement**

R'000		2018 Audited	2017 Audited	% change
Revenue		**76 963 472**	70 998 001	8.4
Cost of revenue		**(54 716 818)**	(50 342 325)	8.7
Gross profit		**22 246 654**	20 655 676	7.7
Operating expenses		**(16 199 932)**	(15 131 637)	7.1
Other income		**319 558**	282 122	
Trading result		**6 366 280**	5 806 161	9.6
Income from investments		**142 795**	210 776	
Trading profit		**6 509 075**	6 016 937	8.2
Share-based payment expense		**(154 986)**	(143 145)	
Acquisition costs and customer contracts amortisation		**(82 901)**	(24 230)	
Net capital items#		**(351 977)**	1 027 588	
Operating profit		**5 919 211**	6 877 150	(13.9)
Net finance charges		**(1 020 730)**	(1 059 560)	(3.7)
Finance income		**158 709**	232 069	
Finance charges		**(1 179 439)**	(1 291 629)	
Share of profit of associates		**423 729**	379 231	11.7
Current year earnings		**431 857**	354 966	21.7
Net capital items#		**(8 128)**	24 265	
Profit before taxation		**5 322 210**	6 196 821	(14.1)
Taxation		**(1 436 597)**	(1 328 232)	8.2
Profit for the year		**3 885 613**	4 868 589	
Attributable to:				
Shareholders of the Company		**3 817 996**	4 769 940	(20.0)
Non-controlling interest		**67 617**	98 649	(31.5)
		3 885 613	4 868 589	(20.2)
Basic earnings per share	(cents)	**1 137.3**	1 430.3	(20.5)
Diluted basic earnings per share	(cents)	**1 132.4**	1 423.4	(20.4)
Supplementary information				
Normalised headline earnings per share*	(cents)	**1 254.9**	1 115.4	12.5
Headline earnings per share	(cents)	**1 231.6**	1 108.2	11.1
Diluted headline earnings per share	(cents)	**1 226.3**	1 102.9	11.2
Shares in issue				
Total	('000)	**336 766**	335 094	
Weighted	('000)	**335 718**	333 497	
Diluted weighted	('000)	**337 161**	335 098	
Dividends per share	(cents)	**556.0**	491.0	13.2
Interim	(cents)	**255.0**	227.0	12.3
Final	(cents)	**301.0**	264.0	14.0

** Normalised headline earnings per share excludes acquisition cost and amortisation of acquired customer contracts.*
 # Refer to the headline earnings calculation for additional detail.

Summarised consolidated **income statement** (continued)

R'000	2018 Audited	2017 Audited	% change
Supplementary information continued			
Headline earnings			
The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline earnings:			
Profit attributable to shareholders of the Company	**3 817 996**	4 769 940	(20.0)
Impairment/(reversal) of property, plant and equipment; goodwill and intangible assets	**12 840**	(1 403)	
Property, plant and equipment†	**3 311**	(1 147)	
Goodwill†	**15 258**	–	
Intangible assets†	**1 115**	–	
Taxation effect	**–**	158	
Non-controlling interest	**(6 844)**	(414)	
Net loss on disposal of interests in subsidiaries and disposal and closure of businesses	**155 828**	50 874	
Loss on disposal and closure†	**188 635**	65 311	
Impairment of disposal groups held for sale†	**39 323**	–	
Taxation effect	**(37 407)**	(14 437)	
Non-controlling interest	**(34 723)**	–	
Net loss/(gain) on disposal and remeasurement to recoverable fair value of associates	**234 338**	(1 080 926)	
Remeasurement to recoverable fair value of associate†	**248 709**	(1 144 633)	
Net (gain)/loss on change in shareholding in associates†	**(2 981)**	82 072	
Taxation effect	**–**	(18 365)	
Non-controlling interest	**(11 390)**	–	
Net gain on disposal of property, plant and equipment and intangible assets	**(24 185)**	(7 114)	
Property, plant and equipment†	**(39 796)**	(8 446)	
Intangible assets†	**(15 895)**	(9 371)	
Taxation effect	**1 400**	2 909	
Non-controlling interest	**30 106**	7 794	
Compensation received on loss or impairment of property plant and equipment	**(70 263)**	–	
Compensation received†	**(85 702)**	–	
Taxation effect	**15 439**	–	
Gain on bargain purchase†	**–**	(11 374)	
Non-headline items included in equity accounted earnings of associated companies	**8 128**	(24 265)	
Headline earnings	**4 134 682**	3 695 732	11.9

† *Items above included as capital items on summarised consolidated income statement.*

Supplementary information continued

Normalised headline earnings per share

Normalised headline earnings per share is a measurement used by the chief operating decision maker. The calculation of normalised headline earnings per share excludes acquisition costs and amortisation of acquired customer contracts and is based on the normalised headline profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year. The presentation of normalised headline earnings is not an IFRS requirement.

R'000	2018 Audited	2017 Audited
Headline earnings	**4 134 682**	3 695 732
Acquisition costs	**50 190**	24 230
Amortisation of customer contracts	**32 711**	–
Taxation effect	**(4 522)**	–
Normalised headline earnings	**4 213 061**	3 719 962

Summarised consolidated statement of **other comprehensive income**

R'000	2018 Audited	2017 Audited
Profit for the year	**3 885 613**	4 868 589
Other comprehensive expense net of taxation		
Items that may be reclassified subsequently to profit or loss	**(41 894)**	(134 297)
Decrease in foreign currency translation reserve		
Exchange differences arising during the year	**(31 331)**	(117 787)
(Decrease)/increase in fair value of available-for-sale financial assets	**(3 111)**	2 527
Decrease in fair value of cash flow hedges	**(7 452)**	(19 037)
Fair value loss arising during the year	**(10 350)**	(26 440)
Taxation effect for the year	**2 898**	7 403
Items that will not be reclassified subsequently to profit or loss		
Defined benefit obligations	**2 031**	7 394
Net remeasurement of defined benefit obligations during the year	**2 920**	10 278
Taxation effect for the year	**(889)**	(2 884)
Total comprehensive income for the year	**3 845 750**	4 741 686
Attributable to:		
Shareholders of the Company	**3 785 885**	4 654 904
Non-controlling interest	**59 865**	86 782
	3 845 750	4 741 686

Summarised consolidated statement of **cash flows**

R'000	2018 Audited	2017 Audited
Cash flows from operating activities	**4 968 427**	2 816 458
Operating profit	**5 919 211**	6 877 150
Dividends from associates	**206 725**	114 494
Acquisition costs	**50 190**	24 230
Depreciation and amortisation	**1 680 638**	1 641 568
Remeasurement to recoverable fair value of associates	**248 709**	(1 144 633)
Other cash and non-cash items	**(261 045)**	(265 154)
Cash generated by operations before changes in working capital	**7 844 428**	7 247 655
Changes in working capital	**1 523 258**	(367 886)
Cash generated by operations	**9 367 686**	6 879 769
Net finance charges paid	**(1 038 799)**	(1 030 415)
Taxation paid	**(1 297 155)**	(1 373 927)
Dividends paid by the Company	**(1 740 197)**	(1 529 585)
Dividends paid by subsidiaries	**(323 108)**	(129 384)
– Non-controlling shareholders	**(319 984)**	(129 384)
– Put-call option holders	**(3 124)**	–
Cash effects of investment activities	**(5 872 506)**	(1 621 011)
Net disposals of vehicle rental fleet	**73 245**	107 399
Net additions to property, plant and equipment	**(2 204 353)**	(1 895 257)
Net additions to intangible assets	**(102 044)**	(141 066)
Acquisition of subsidiaries, businesses, associates and investments	**(3 704 932)**	(669 803)
Disposal of subsidiaries, businesses, associates and investments	**65 578**	977 716
Cash effects of financing activities	**671 239**	(21 223)
Proceeds from shares issued (net of costs)	**418 028**	–
Disposal of treasury shares	**–**	274 229
Borrowings raised	**3 669 023**	2 902 588
Borrowings repaid	**(3 415 812)**	(3 198 040)
Net (decrease)/increase in cash and cash equivalents	**(232 840)**	1 174 224
Net cash and cash equivalents at the beginning of the year	**3 886 417**	2 706 226
Net cash and cash equivalents arising on consolidation of the Bidvest Education Trust	**23 094**	–
Net cash and cash equivalents of disposal groups held for sale	**(122 651)**	–
Exchange rate adjustment	**(39 622)**	5 967
Net cash and cash equivalents at end of the year	**3 514 398**	3 886 417
Net cash and cash equivalents comprise:		
Cash and cash equivalents	**6 168 293**	5 132 550
Bank overdrafts included in short-term portion of interest-bearing borrowings	**(2 653 895)**	(1 246 133)
	3 514 398	3 886 417

Summarised consolidated statement of **financial position**

R'000		2018 Audited	2017 Audited
ASSETS			
Non-current assets		**28 950 541**	25 323 700
Property, plant and equipment		**11 173 458**	10 474 205
Intangible assets		**3 367 806**	1 667 710
Goodwill		**4 447 769**	3 167 700
Deferred taxation assets		**761 368**	728 913
Defined benefit pension surplus		**224 577**	202 886
Interest in associates		**5 342 027**	5 375 328
Life assurance fund		**21 324**	–
Investments		**2 802 905**	2 843 132
Banking and other advances		**809 307**	863 826
Current assets		**29 131 418**	26 067 498
Vehicle rental fleet		**1 205 591**	992 942
Inventories		**8 515 551**	8 595 692
Short-term portion of banking and other advances		**1 082 937**	1 026 974
Trade and other receivables		**12 033 937**	10 136 307
Taxation		**125 109**	183 033
Cash and cash equivalents		**6 168 293**	5 132 550
Disposal group assets held for sale		**253 919**	–
Total assets		**58 335 878**	51 391 198
EQUITY AND LIABILITIES			
Capital and reserves		**24 980 709**	23 044 323
Attributable to shareholders of the Company		**23 957 082**	21 697 305
Non-controlling interest		**1 023 627**	1 347 018
Non-current liabilities		**8 899 765**	7 165 102
Deferred taxation liabilities		**1 209 549**	1 014 705
Life assurance fund		**10 545**	311 355
Long-term portion of borrowings		**7 122 485**	5 408 072
Post-retirement obligations		**76 943**	77 197
Puttable non-controlling interest liabilities		**90 530**	60 990
Long-term portion of provisions		**248 633**	149 907
Long-term portion of operating lease liabilities		**141 080**	142 876
Current liabilities		**24 423 619**	21 181 773
Trade and other payables		**12 983 511**	11 033 424
Short-term portion of provisions		**281 532**	278 582
Vendors for acquisition		**22 708**	39 523
Taxation		**168 844**	109 771
Amounts owed to bank depositors		**5 621 142**	4 412 104
Short-term portion of borrowings		**5 345 882**	5 308 369
Disposal group liabilities held for sale		**31 785**	–
Total equity and liabilities		**58 335 878**	51 391 198
Supplementary information			
Net tangible asset value per share	(cents)	**4 793**	5 032
Net asset value per share	(cents)	**7 114**	6 475

Summarised consolidated statement of **changes in equity**

R'000	2018 Audited	2017 Audited
Equity attributable to shareholders of the Company	**23 957 082**	21 697 305
Share capital	**16 873**	16 770
Balance at beginning of the year	**16 770**	16 770
Shares issued during the year	**103**	–
Share premium	**797 717**	379 792
Balance at beginning of the year	**379 792**	379 792
Shares issued during the year	**418 505**	–
Share issue costs	**(580)**	–
Foreign currency translation reserve	**262 787**	286 628
Balance at beginning of the year	**286 628**	393 429
Movement during the year	**(23 168)**	(105 885)
Realisation of reserve on disposal of subsidiaries and or associates	**(673)**	(916)
Hedging reserve	**(963)**	6 489
Balance at beginning of the year	**6 489**	25 526
Fair value losses arising during the year	**(10 350)**	(26 440)
Deferred tax recognised directly in reserve	**2 898**	7 403
Equity-settled share-based payment reserve	**(243 388)**	(14 787)
Balance at beginning of the year	**(14 787)**	67 002
Arising during the year	**155 637**	143 712
Deferred tax recognised directly in reserve	**36 540**	81 779
Utilisation during the year	**(419 756)**	(307 280)
Realisation of reserve on disposal of subsidiaries and or associates	**(1 022)**	–
Movement in retained earnings	**22 486 993**	20 279 261
Balance at the beginning of the year	**20 279 261**	17 108 032
Attributable profit	**3 817 996**	4 769 940
Change in fair value of available-for-sale financial assets	**(3 111)**	2 527
Net remeasurment of defined benefit obligations during the year	**1 620**	7 359
Retained earnings arising on consolidation of the Bidvest Education Trust	**222 155**	–
Transfer of reserves as a result of changes in shareholding of subsidiaries and other transactions with subsidiaries	**(85 706)**	(118 000)
Taxation direct in equity arising from transactions with subsidiaries	**–**	47 664
Remeasurement of put option liability	**(5 025)**	(8 676)
Net dividends paid	**(1 740 197)**	(1 529 585)
Treasury shares	**637 063**	743 152
Balance at the beginning of the year	**743 152**	468 923
Treasury shares arising on consolidation of the Bidvest Education Trust	**(106 089)**	–
Shares disposed of in terms of share incentive scheme	**–**	274 229
Equity attributable to non-controlling interests of the Company	**1 023 627**	1 347 018
Balance at beginning of the year	**1 347 018**	1 286 606
Other comprehensive income	**59 865**	86 782
Attributable profit	**67 617**	98 649
Movement in foreign currency translation reserve	**(8 163)**	(11 902)
Net remeasurement of defined benefit obligations during the year	**411**	35
Dividends paid	**(319 984)**	(129 384)
Movement in equity-settled share-based payment reserve	**(651)**	(567)
Changes in shareholding	**(125 405)**	(14 419)
Grant of put options to non-controlling interests	**(22 922)**	–
Transfer of reserves as a result of changes in shareholding of subsidiaries	**85 706**	118 000
Total equity	**24 980 709**	23 044 323

Basis of presentation of **summarised consolidated financial statements**

These summarised financial statements have been 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 includes, disclosure as required by IAS 34 Interim Financial Reporting, the Companies Act of South Africa. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding to the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2017.

In preparing the consolidated financial statements from which these summarised consolidated financial statements are prepared, directors 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.

The significant judgements made by directors in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2018.

These summarised financial statements are derived from the AFS. The full set of AFS, as well as the suite of additional reports, are available online (at www.bidvest.co.za) or can be requested from our company secretary.

Significant accounting policies

The accounting policies applied in these summarised consolidated financial statements in terms of IFRS and are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2017.

Commitments

At the reporting date the Group's total capital expenditure commitments amounted to R1 664 million (2017: R1 995 million). Bidvest Freight has commenced the development of an LPG tank farm in the port of Richards Bay, to 30 June 2018, R201 million has been spent with an additional R736 million committed to the project, the estimated completion date is July 2020. Bidvest Properties and Bidvest Bank are parties to the development of a property in the Sandton CBD and have a combined commitment of R250 million. Bidvest Properties has committed R138 million to build a fit-for-purpose warehouse for Bidvest Panalpina Logistics in Mobeni, KwaZulu-Natal.

Fair value of financial instruments

The Group's investments of R2 803 million (2017: R2 843 million) include R32 million (2017: R62 million) recorded at cost, R1 714 million (2017: R1 785 million) recorded and measured at fair values using quoted prices (level 1) and R1 057 million (2017: R996 million) recorded and measured at fair value using factors not based on observable data (level 3). Fair value gains on level 3 investments recognised in the income statement total R57 million (2017: R95 million).

Analysis of investments at a fair value not determined by observable market data

R'000	Year ended 30 June 2018 Audited	Year ended 30 June 2017 Audited
Balance at the beginning of year	**995 961**	935 017
On acquisition of business	**–**	39 087
On disposal of business	**–**	(6 087)
Purchases, loan advances or transfers from other categories	**5 434**	5 700
Fair value adjustment arising during the year recognised in the income statement	**56 559**	95 326
Proceeds on disposal, repayment of loans or transfers to other categories	**–**	(72 679)
Exchange rate adjustments	**(966)**	(403)
	1 056 988	995 961

The Group's effective beneficial interest in the Indian-based Mumbai International Airport Private Limited (MIAL) is included in unlisted investments held for trade, where the fair value is not based on observable market data (level 3). The carrying value of this investment at 30 June 2018, based on the directors' valuation of 30 June 2018, is R988 million (US$72 million) (2017: R940 million (US$72 million)). The valuation of MIAL is fair value less cost to sell. The calculation used the pleasing underlying performance of MIAL (EBITDA +13% for the year to March 2018), takes consideration of the illiquid nature of the asset and applies a discount to the median peer group multiple, which is in a range of 12.5 and 14.1x EBITDA. A 1% change in the multiple or EBITDA will result in US$1.4 million change in the value.

During August 2018, the Group launched a public process to dispose of the stake.

MIAL is a foreign based asset and the ruling year end exchange rate, US$1 = R13.72 (2017: US$1 = R13.06), is a further factor that affects the carrying value.

The carrying values of all financial assets and liabilities approximate their fair values, with the exception of borrowings of R12 477 million whose carrying value is R12 468 million.

Acquisition and disposal of businesses, subsidiaries, associates and investments

Acquisitions

The Group acquired 100% of the share capital and voting rights of Noonan Topco Limited (UK), holding company of the Noonan Services Group (Noonan) with effect from 1 September 2017. Noonan, which is based and operates throughout the Republic of Ireland and in the United Kingdom, has a clear leadership position and a 40-year track record of delivering high-quality integrated facility management services and solutions. Its services include soft, technical and ancillary services and range from cleaning and security to building services and facilities management. The board believes that Noonan's business model and geographic presence will be complementary to Bidvest's Service division. The purchase price was funded by way of a three-year euro denominated offshore credit facility at an attractive variable interest rate.

Basis of presentation of **summarised consolidated financial statements** (continued)

Effective 1 October 2017, the Group acquired 100% of the share capital and voting rights of Ultimate Security Services Limited (USS). USS, a building security company operating primarily in London (United Kingdom), provides building security risk management solutions, "front of house" security management, reception services and mail-room handling services to more than 240 of London's most prestigious and iconic locations. USS was founded in 1999 and currently has a staff complement of 2 100 experienced security officers. The acquisition enhances the service offerings provided by Noonan. The purchase price was funded by way of existing euro denominated offshore credit facility.

The Group also made a number of less significant acquisitions during the year. These acquisitions were funded from existing cash resources.

The following table summarises the assets acquired and liabilities assumed at fair value which have been included in these results from the respective acquisition dates. These values represent the final at acquisition fair values consolidated by the Group.

R'000	**Noonan Services**	**Ultimate Security Services**	**Other acquisitions**	**Total acquisitions**
Property, plant and equipment	110 555	8 911	18 565	138 031
Deferred taxation	(185 673)	–	(38 576)	(224 249)
Interest in associates	–	–	35 221	35 221
Investments and advances	–	–	431 933	431 933
Inventories	2 134	–	54 184	56 318
Trade and other receivables	845 610	233 777	86 236	1 165 623
Cash and cash equivalents	84 583	4 523	37 963	127 069
Borrowings	(33 537)	–	(1 429)	(34 966)
Trade and other payables and provisions	(649 430)	(233 320)	(64 542)	(947 292)
Taxation	13 032	(6 372)	(911)	5 749
Intangible assets	1 573 116	–	93 663	1 666 779
	1 760 390	7 519	652 307	2 420 216
Non-controlling interest	–	–	27 487	27 487
Goodwill	890 478	369 050	80 687	1 340 215
Net assets acquired	**2 650 868**	**376 569**	**760 481**	**3 787 918**
Settled as follows:				
Cash and cash equivalents acquired				(127 069)
Acquisition costs				50 190
Transfer to non-controlling interest put option				(22 922)
Net change in vendors for acquisition				16 815
Net acquisition of businesses, subsidiaries, associates and investments				**3 704 932**

Goodwill arose on the acquisitions as the anticipated value of future cash flows that were taken into account in determining the purchase consideration exceeded the net assets acquired at fair value. The acquisitions have enabled the Group to expand its range of complementary products and services and, as a consequence, has broadened the Group's base and geographic reach in the marketplace.

With effect from 1 February 2018 the USS acquisition was integrated into Noonan Services. The combined acquisitions of Noonan and USS contributed R5 241 million to revenue and R284 million to operating profit.

Had the Noonan and USS acquisitions taken place 1 July 2017, the contribution to revenue would have been R5 771 million and R293 million to operating profit. Other smaller acquisitions contributed R613 million to revenue and R22 million to operating profit, had these other smaller acquisitions taken place 1 July 2017, the revenue contribution would have been R707 million and operating profit R27 million.

Disposals

Effective 30 June 2018, the Group disposed of its entire interest in Bidvest Namibia Fisheries Holdings Proprietary Limited (Bidfish) to Tunacor Fisheries Limited. Bidfish was a 100% held subsidiary of Bidvest Namibia Limited (Bidvest Namibia). Bidvest Namibia disposed of the Bidfish shares to Tunacor for a cash consideration equal to the net asset value of Bidfish as at 30 June 2018.

R'000	Bidfish	Other disposals	Total disposals
Property, plant and equipment	(193 288)	(19 761)	(213 049)
Deferred taxation	62 116	35 673	97 789
Interest in associates	(16 965)	(680)	(17 645)
Investments and advances	(2 561)	(390 193)	(392 754)
Inventories	(66 510)	(9 447)	(75 957)
Trade and other receivables	(125 081)	(156 368)	(281 449)
Cash and cash equivalents	(317 700)	(13 712)	(331 412)
Borrowings	–	18 421	18 421
Trade and other payables and provisions	378 778	568	379 346
Taxation	3 096	55	3 151
Intangible assets	–	(86)	(86)
	(278 115)	(535 530)	(813 645)
Non-controlling interest	87 375	33 465	120 840
Realisation of foreign currency translation reserve	–	673	673
Realisation of share-based payment reserve	1 022	–	1 022
Goodwill	(4 628)	(40 240)	(44 868)
Net assets disposed of	(194 346)	(541 632)	(735 978)
Settled as follows:			
Cash and cash equivalents disposed of			331 412
Net loss on disposal of operations			148 247
Receivable arising on disposal of subsidiaries and associates			190 741
Net proceeds on disposal of businesses, subsidiaries, associates and investments			(65 578)

Disposal group held for sale

Bidvest Namibia has identified a purchaser and agreed terms for the disposal group, Comet Investments Capital Inc. (Comet), a company incorporated in the Peoples Republic of Angola. Bidvest Namibia has a 69.55% interest in Comet, which in turn owns 49.0% of Pesca Fresca Limitada, an Angolan fishing company with a strong focus on sardinella fishing.

Subsequent events

Subsequent to year-end R1 billion of the cumulative redeemable preference share funding included in Long-term portion of borrowings, with a maturity date of 11 September 2019, was settled using existing facilities.

During August 2018 the Group initiated a formal process to dispose of its 6.75% equity investment in MIAL.

Preparer of the consolidated financial statements

The consolidated financial statements and the summarised financial statements have been prepared under the supervision of the chief financial officer, MJ Steyn BCom CA(SA).

Shareholder **diary**

Financial year-end		30 June
Annual general meeting		28 November 2018
Announcement of interim results to December		4 March 2019
Announcement of annual results		2 September 2019
Distributions	**Declaration**	**Payment**
Interim	February/March	March/April
Final	August/September	September/October

Administration

The Bidvest Group Limited
Incorporated in the Republic of South Africa
Registration number: 1946/021180/06
ISIN: ZAE000117321
Share code: BVT

Group company secretary
Xoliswa Makasi

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Deloitte & Touche

Legal advisers
Baker & McKenzie
Edward Nathan Sonnenbergs
Werksmans Inc

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FirstRand Group Limited
Investec Bank Limited
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