2019 **Highlights**

Financial

Trading profit
+3.5%

Improved
gross and trading profit margins

HEPS
+8.9% to
R13.52

Normalised HEPS
+5.2%

DPS
R6.00

Cash conversion
64%

ROFE
23%

Net debt/EBITDA
0.9x

R3bn
spend on acquisitions

Non-financial

Number of employees in the Group
123 841

6 290
learnerships

50%
of businesses achieved level 1-2 B-BBEE ratings

ALICE audits
>200
environments

Water consumption and CO_2 emissions
reduced

Invested
R440m
in skills development

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, review our leadership team and governance and remuneration practices; Provide an operational summary of our performance and strategy; 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 2018 to 30 June 2019.

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. PricewaterhouseCoopers Inc. (PwC) audited our 2019 AFS 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 18 October 2019.

Signed on the board's behalf:

EK Diack
Chairman

LP Ralphs
Chief executive

18 October 2019

The seven divisions:

- **Services**
- **Freight**
- **Office and Print**
- **Commercial Products**
- **Automotive**
- **Financial Services**
- **Electrical**

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

- **Innovation**
- **Responsible stewardship**
- **Allocate capital to grow**
- **Strong financial position**

What we do

A leading business-to-business, services, trading 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 offering.

Our philosophy

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

Our values

- Accountability
- Honesty
- Integrity
- Respect

How we do it

Our vision

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

Our strategic pillars

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

Integrated Group **overview**

Bidvest is a leading **business-to-business** services, trading and distribution group, with seven core divisions.

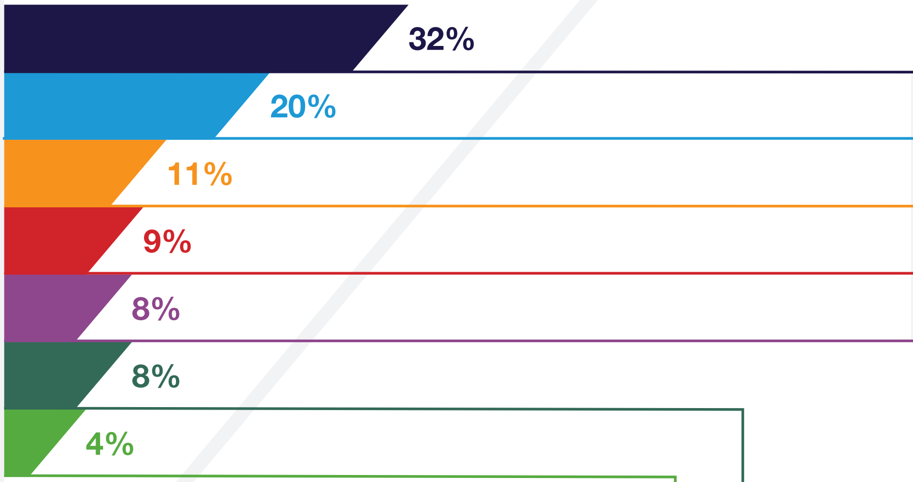
Subsequent to year-end, Bidvest strategically increased its stake in Adcock Ingram to 50.1%, making it a Proudly Bidvest company. Bidvest continues to hold investments in Comair (27.2% stake) and other unlisted investments. The Group also owns a significant Bidvest-occupied property portfolio, comprising 112 properties. Operations are primarily in South Africa with Noonan currently presenting the offshore exposure at 9% of revenue and 6% of trading profit in 2019.

Bidvest generates 65% of trading profit from **services** and **35%** from **trading and distribution** activities.

Bidvest services **175 000 customers** through **1 300 facilities**.

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

Trading profit divisional contribution



Financial Services

Revenue	Trading profit
R2 701m	**R585m**
(2018: R2 563m)	(2018: R632m)

Offers banking, insurance 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

24 million
point-of-sale transactions

Issued card holders
763 000

Incorporating, amongst others:
Bidvest Bank, Compendium, FMI, Bidvest Wealth and Employee Benefits, Bidvest Insurance, Master Currency

Electrical

Revenue	Trading profit
R5 384m	**R258m**
(2018: R5 695m)	(2018: R300m)

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**

60 000+
line items

Incorporating, amongst others:
Voltex, Electech, Versalec, Cabstrut, Technilamp, EMS Invirotel, LS Lighting

Services

Revenue
R20 837m
(2018: R18 968m)

Trading profit
R2 240m
(2018: 1 992m)

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

30 500 buildings serviced

1 613 181 passengers made use of our lounges at South African airports

Protea Coin conducted 2 000+ investigations and completed 16 000 technical installations

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

Freight

Revenue
R6 419m
(2018: R6 075m)

Trading profit
R1 369m
(2018: R1 318m)

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 000m³ warehouse space

Incorporating, amongst others:
Bidvest Tank Terminals, SABT, Bulk Connections, Bidvest Panalpina Logistics, Naval

Office and Print

Revenue
R9 435m
(2018: R9 305m)

Trading profit
R735m
(2018: R701m)

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.

1.5 billion forms printed

4.5 billion packaging items sold

179 million emails sent by Bidvest Data

Incorporating, amongst others:
Waltons, Konica Minolta, Cecil Nurse, Silveray, Kolok, Lithotech, Lufil, Bidvest Data

Commercial Products

Revenue
R9 072m
(2018: R8 920m)

Trading profit
R617m
(2018: R710m)

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, GFox, Berzacks, Buffalo Tapes, Home of Living Brands, Yamaha, Academy Brushware

Automotive

Revenue
R23 442m
(2018: R24 702m)

Trading profit
R609m
(2018: R602m)

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 22 brands

510 121 vehicles serviced annually

605 280 rental trips sold

Incorporating, amongst others:
Bidvest McCarthy, Bidvest Car Rental, Burchmores

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

Allocate capital to grow

Maintain strong financial position

See page 9 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 page 26 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** forms the basis of 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 32 for Divisional reviews

Growth drivers

Partnerships

We build reliable progressive businesses and dynamic partnerships with customers

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

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

R7 069m cash generated from operations

0.9x net debt/EBITDA

Intellectual

Delivered on **pioneering solutions** such as GRACE, a facilities management equipment failure prediction tool and linen RFID tags that withstand washing.

Social & Relationship

R133m spent on enterprise and supplier development. **Established a sub-contractor network**, across South Africa, to deliver on the complex National Treasury office automation contract. Launched eco-friendly Russel Hobbs products.

Human

Succession and talent management resulted in **69% of management** positions filled by **black candidates**. Mpumi Madisa was appointed CEO-designate. **R440m** was spent on **skills development**.

Manufacture

R1bn spent on LPG storage project in Richards Bay. **R1.5bn** spent on renewing and upgrading existing facilities, fleets and enabling assets.

Natural

28% increase in 'green' electricity used and **4% decrease** in Scope 1 **CO_2 emissions**. **Unchanged water** consumption despite business growth and Aquazania acquisition.

External operating **environment**

Economic growth

Although economic growth in South Africa remains constrained and business confidence depressed, we have a **track record of outperforming through these cycles** and we are confident into the medium-term. South Africa needs **real GDP growth** in order to create social and economic prosperity for all and this requires both **public and private sector intervention**.

Government policy and regulation

We are **committed to working with government and the private sector** to effect meaningful change and re-energise a growth programme. Our objective is for **sustainable value creation for all stakeholders**. The alignment of the amended B-BBEE Code of Good Practice, the Preferential Procurement Policy Framework Act, and the Mining Charter would go a long way to achieve success.

Infrastructure development and maintenance

Gross Fixed Capital Formation investment and maintenance have been limited, leaving the broad sector in dire straits. Government's ability to credibly address the precarious financial position of several SOEs, initiation of **development programmes** and **ongoing maintenance** in key entities and facilities remains critical to kick-start the South African economy. The private sector also needs to invest to establish and grow businesses and industries. **Bidvest, as a committed corporate citizen and investor in South Africa,** is eager and well-positioned to augment initiated projects.

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 variety of comprehensive and innovative solutions in Services, Office and Print, Electrical, and Financial Services. To enhance this even further, alliances and synergies between the South African and United Kingdom facilities management business 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 programme**.

Technology

Brings opportunity to **enhance efficiency, improve service and reduce environmental impact**. It also drives changed behaviours and needs, to which we respond accordingly. During the year, we acquired niche technology businesses in Services to disrupt ourselves and the industries in which we operate. Our internally developed **artificially intelligent IT internal audit robot**, ALICE, drives **considerable value** in our combined assurance model.

Consumer spend

Depressed consumer confidence and limited growth in disposable income result in **constrained discretionary consumer spend**. Well-priced and supported everyday essential products have gained market share.

Update on **strategy**

Our strategic pillars

Maximise diverse portfolio

What it means	Progress in FY2019
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 and Print and Commercial Products to improve efficiency and costs. • **Introduced new technologies** such as automated access control via ClickOn and drone technology via UDS. • Scaled up our bottled **water activities** and built-out the **vertically integrated capabilities** of Cabstrut.

Responsible stewardship

What it means	Progress in FY2019
Deliver sustainable solutions Add value to customers Develop people to grow the talent pool Adapt our business model to unique South Africa environment	• **60 employees** participated in our Bidvest Academy programme. • **R440m was invested** in developing our people. • A membrane bioreactor plant was installed at Bidvest Laundry Group Cape Town. The resultant **water saving has been 83% per day**.

Maintain strong financial position

What it means	Progress in FY2019
Drive strong cash generation Focus on tight asset management Capacity to accommodate growth Dispose of non-core assets	• **R7.1bn cash** was generated. • **0.9x net debt** to EBITDA leaves ample room for expansion. • Two **successful domestic bond placements**. • Remaining Bidcorp shares were sold, the minorities in Bidvest Namibia were bought out and the entity delisted and a sale agreement was signed for our 6.75% stake in Mumbai International Airport Ltd.

Allocate capital to grow

What it means	Progress in FY2019
Invest in relevant South African infrastructure Expand internationally in Services and Commercial Product niches Broaden product offering via acquisitions	• **Bolt-on acquisitions totalled R1bn**. Eqstra was acquired, subject to customary approvals. • LPG tanks were fabricated and shipped to Richards Bay. The project is on time and within budget. • The establishment of an **inland LPG terminal was approved**. • 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**

Bidvest is a **diversified** Group spanning most of South Africa's economy. Many of our **products and services are essential** and, therefore, derive **defensive income**. Focus on **cash generation and returns** are deeply rooted.

Strategy has driven significant shifts over the past three years:

Profit mix has shifted towards annuity income

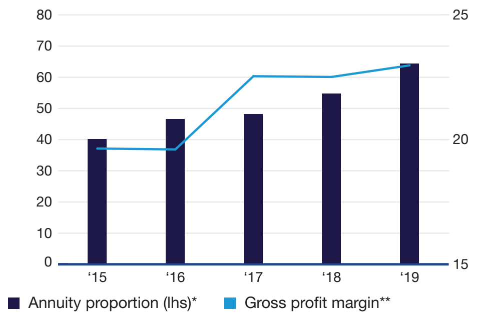
Trading margin and distribution **gross margin increased**

Capital and **cash** generated have been **directed** from non-core assets to **internationalising niche** services and greater **annuity income** streams

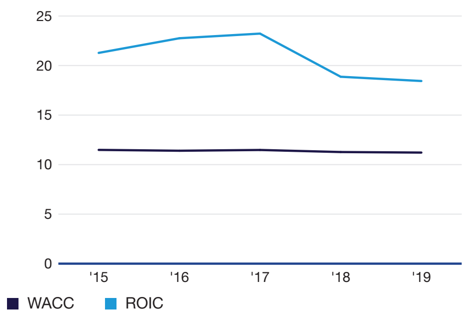
Returns have **remained good**. ROIC well above weighted cost of capital

Sustainability and stewardship initiatives **progressed**

Margins improved and mix richer
%

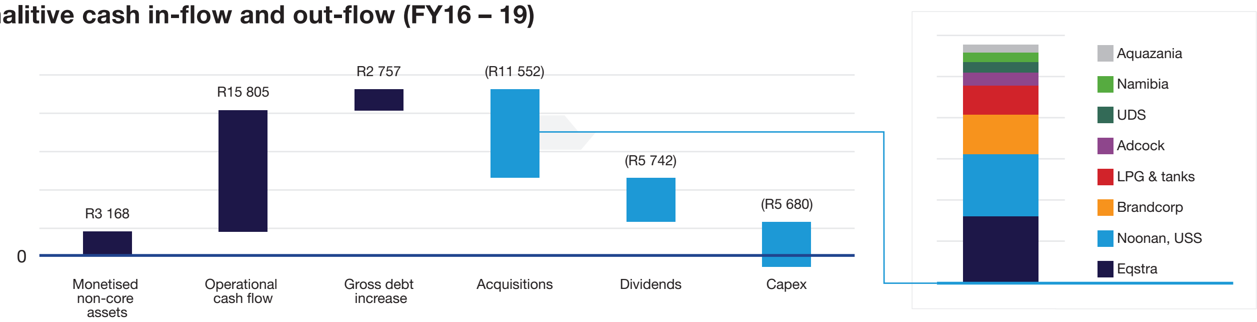


Economic value created
%



** Annuity income are mainly service and property related activities*
*** Wholesale and distribution relates to training activities in Office and Print, Commercial products, Electrical and Automotive*

Cumalitive cash in-flow and out-flow (FY16 – 19)
Rm



Distinctive characteristics:

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

31 years of consistent trading profit outperformance

Strong track record of efficient capital allocation

Proven ability to quickly execute and assimilate acquisitions

Highly regarded brands

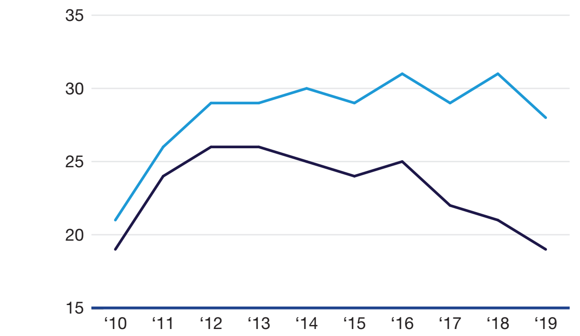
Embrace change through innovation

Positioned for international expansion in chosen niche areas

Aim for market leadership in operating sphere

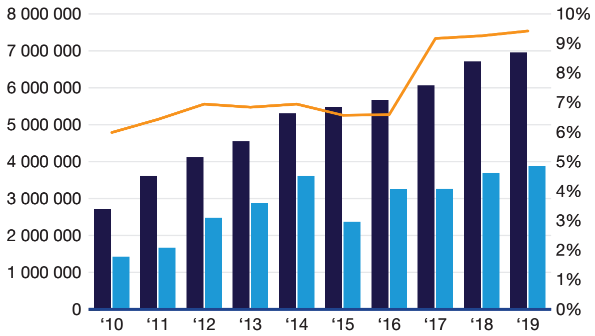
Operational RoFE 28%; ROIC 23% (10yr average)*

%



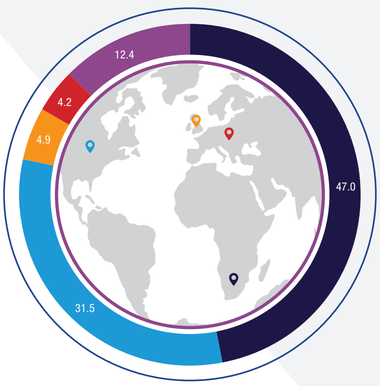
** Data prior to 2016 refer to Bidvest South Africa only*

Trading profit +10%; Free cash flow +8% (10yr CAGR)*



Shareholder **analysis**

Investment manager	Shareholding	%
PIC	43 653 403	**12.9**
GIC Asset Management	16 625 063	**4.9**
Lazard Asset Management LLC	16 574 126	**4.9**
Westwood Global Investments LLC	16 270 998	**4.8**
BlackRock Inc	13 510 047	**4.0**
The Vanguard Group Inc	12 949 858	**3.8**
Old Mutual Plc	12 397 035	**3.7**



Geographic holdings

	Shareholding	%
South Africa	159 268 438	47.0
United States & Canada	106 608 460	31.5
United Kingdom	16 560 981	4.9
Europe	14 339 666	4.2
Rest of the World	42 184 431	12.4
Total	**338 961 976**	**100**

Chairman and CEO's **report**

Bidvest continued building value through the quality of its diversified model. **Our diversification** ranges across chosen **operating sectors** and also in ensuring a healthy balance between the Group's services and products. We believe this combination of offering and capability serves us well and positions **Bidvest to continue thriving in coming years**.

From left to right: *Eric Diack (Chairman), Mpumi Madisa (CEO-designate), Lindsay Ralphs (Chief executive)*

Annuity-type businesses have **grown** from 47% (2016) to **64%**	Trading margins increased by **27 basis points to 9%**	Spent **R133 million** on enterprise and supplier development
Increased Adcock Ingram **stake to 50%** from 38%	Spent **R439 million** on skills development	**Dividends** to shareholders increased **8%**

We are proud of the past year's results. This is despite most markets in which we operate continuing to be affected by weak economic growth and significant business and fiscal uncertainty and volatility.

The benefits of our well-diversified portfolio are evident and clearly demonstrate the Bidvest credo. Where certain divisions delivered pleasing trading profit growth, others were more severely affected.

The Group's business mix is changing, largely due to our intended focus on increasing annuity-based service offerings. In this past year, 39% of Group revenue related to services, while some 61% was from product sales. At the profit level, however, this changes: 68% of trading profit is derived from our various services and 32% from the products we sell. This ultimately enhances margin and return, which is an important imperative for Bidvest's leadership.

> Strategically, we will continue increasing income from our annuity-type businesses, the share of which has grown to 64% this year, from 47% in 2016.

Our strength is our diversification and we are mindful that some sectors in which we operate are undergoing major transformation, driven in the main by technological innovation and changing customer demands. We always aim to maximise our portfolio and we adapt where necessary. We see transformation as an opportunity in terms of our ongoing growth ambition.

Innovation

While our strategy is being advanced through considered diversification, we are embedding innovation as a core imperative throughout the Group. At the same time, we are transforming our board, leadership and employee profile, while honouring and retaining our recognised entrepreneurial spirit and decentralised management philosophy.

These elements will all contribute to a different Bidvest in future years – albeit a Bidvest that remains diversified, continues to contribute to a better society wherever possible, and delivers superior value to stakeholders.

> This repositioning of the Group is accelerating at a rapid pace. Our commitment to investing in South Africa is unwavering and we are focusing many of these investments on digital innovation.

There are several examples underway within the Group where disruptive technologies and trends – including interconnection, robotics, and artificial intelligence (AI) – are changing the way Bidvest operates and prepares for the future. In essence, we are disrupting ourselves. This includes conducting the Group's internal audit via an internally developed AI capability, known as ALICE. Within the Office and Print division, most processes are now digital, and the Services division is using drone surveillance for an enhanced security and infrastructure inspection offering. The Electrical and Automotive divisions are, respectively, increasing the renewable energy product portfolio and providing keyless vehicle entry in the rental business.

These innovative developments, among many others, point to the emergence of a future-fit Bidvest. A Group that is adapting and positioning itself for a future that is somewhat different to when Bidvest was founded, over 30 years back.

Investing in our future

Bidvest's foundation in 1988 was at a time of tremendous political and economic instability. We have found that it is during these times that opportunity is often presented, and together with due and careful consideration, possibility becomes reality in our objective of maximising the portfolio. We believe we are at that juncture in South Africa. While Bidvest is ideally positioned to pursue sustainable growth and create value where our roots are embedded, we will do this in support of the nation's development ambitions.

Chairman and CEO's **report** (continued)

Bidvest supplies into a multitude of business in the mining and minerals, infrastructural development, agricultural, tourism and many other sectors, which are poised for potential rejuvenation, driving job and wealth creation and eventually enabling a better consumer environment.

> We are also pioneering in some instances. Additional and better energy options, for example, are paramount for South Africa and we are advanced on a project to transform Liquid Petroleum Gas (LPG) supply in South Africa.

We are investing R1 billion in a storage facility that will increase LPG supply by about 50%, which will radically change the dynamics of this component of our energy industry. The project is proceeding as planned with commissioning on track for mid-2020.

The health care industry is another national imperative and we increased our Adcock Ingram stake to 50% from 38%. We had considered selling our interest to create an important, black-owned, pharmaceutical supplier, but the requisite funding in this economic environment proved onerous. We have increased our participation on the Adcock Ingram board and we're becoming more active shareholders. Its operating and financial performance over recent years has been very pleasing. We believe there is a great opportunity to extract additional value from continuing to serve this industry, which is undergoing significant change.

Similarly, the approximately R3 billion Eqstra acquisition is expected to be an important future contributor. Eqstra, which is a fleet leasing and management solutions business, will enable some exciting synergies between our Financial Services, Automotive (vehicle sales and maintenance) and Services (BidTrack) divisions, amongst other possible opportunities within the Group.

We continue to invest in facilities, product and service lines. We are seeing pockets of opportunity and we are actively assessing numerous possibilities: supplying into renewable energy wind farms that will, collectively, benefit our Freight, Commercial Products and Electrical divisions, is another good example.

In our view, it is only when South Africans lead the way, and the public and private sectors find common ground together to invest and achieve GDP growth, that we might expect foreign investment to follow.

Over the past four years, expenditure on acquisitions has been approximately R11.5 billion, mostly in South Africa (Noonan being the exception), and we invested nearly R6 billion in growth capital expenditure – all in South Africa. Over the same four-year period, dividends paid to shareholders have amounted to R5.7 billion. Operational cash flow for the four years has totalled R15.8 billion.

Year in review

Group trading profit for the year increased by 4% to R6.7 billion despite flat revenue of R77.1 billion. Exceptional cost and capital discipline, together with improved margins, were highlights against a fairly unpredictable trading backdrop.

The trading margin increased by 27 basis points to 8.7%.

Headline earnings per share (HEPS) increased by 10% to 1 352.1 cents compared to last year's 1 231.6 cents. Normalised HEPS, a key metric we use to assess the underlying business performance, grew by 5%.

The Group gross profit margin improved to 29.8% (28.9%). It is pleasing that we increased both our gross and net margins and, overall, the distribution-type businesses grew margin, despite input cost volatility and fierce competition. The wholesale and distribution businesses' gross profit margin has improved to 23% this past year from 19.6% in 2016.

Margins are a big focus area for the leadership team, particularly at times like these when the exchange rate fluctuates wildly.

Equally important, is our return on funds employed (ROFE) measurement, which was pleasing this year with notable highlights from the Services, Freight and Office and Print businesses. The Group's overall ROFE improved to 23%.

The dividend payment policy is intact and remains a key component of returning value to shareholders. We declared a final dividend of 318 cents per share, bringing the total dividend for the year to 600 cents, up 8%.

Divisional delivery

Services

The Services division delivered a strong result. There was a 10% increase in revenue, trading profit was up 13% and the management team continued to ensure strict cost control. EBITDA was up 11% at R2.7 billion and cash generation was excellent – ROFE rose to an impressive 87%. The Republic of Ireland-based Noonan, which continues to perform above our original expectations, delivered very good results. The outcomes from South African annuity-type businesses were pleasing, specifically Facilities Management and Protea Coin, which were the stand-out performers. Steiner, BidAir Services, BidAir Lounges, BidTrack and the Allied Services cluster were among the units that performed well. The businesses within the Travel cluster are under pressure, however.

Freight

The Freight division delivered a good result on higher bulk and liquid commodity volumes handled through South Africa's ports. Revenue was up 6% and trading profit was 4% higher: annuity-based business is responsible for some 40% of trading profit. EBITDA was up 1% to R1.6 billion and the ROFE was 41%. The results included good performances from Bidvest Tank Terminals following improved tank rentals and pleasing cost control, and Bidvest Port Operations after higher volumes flowed through the Durban operation. Higher bulk commodity volumes were handled in a newly refurbished terminal at the Durban port, which is achieving 30% to 40% higher efficiencies. Maize volumes were low as South Africa's equilibrium between imports and exports is currently stable.

Office and Print

Office and Print's result was pleasing. Revenue was up 1%, trading profit higher by 5% and EBITDA amounted to R863 million, some 3% higher on last year. ROFE was stable at 33%. This is a commendable result considering the significant challenges in this sector and the loss of a major contract last year.

Commercial Products

The Commercial Products division had a challenging year. Revenue was 2% higher, trading profit was 7% lower and EBITDA was down by 11% to R727 million. ROFE reduced to 25%. The consumer-type businesses did well, largely as a result of the quality brands and products supplied, but the industrial cluster took strain, although the niche businesses such as Burncrete and Plumblink did well.

Automotive

The Automotive division also had a tough year. However, stringent and focused initiatives by the team controlled the situation to some extent. Revenue was down by 5%, but trading profit was 1% higher and EBITDA rose 2% to R832 million, at a stable ROFE of 15%. Bidvest McCarthy sold 5% fewer new vehicles and there were similar challenges in the number of used vehicles sold, while the luxury car market was particularly hard-hit. The past year's highlight was Bidvest Car Rental's pleasing performance, delivering a significant turnaround.

Financial Services

Financial Services had a reasonable year but faced the headwinds from fleet contracts rolling off, poor insurance claims and disappointing investment portfolio returns due to the negative impact on JSE equities. Revenue rose 5%, trading profit was 8% lower, and EBITDA declined 4% to R836 million. ROFE was lower at 16%. Bidvest Bank grew trading profit 3%, with business and personal banking showing good signs of potential growth. The core business – fleet leasing and foreign exchange – is commanding significant attention and management time, with some large new contracts recently secured.

Electrical

The Electrical division continues to face the challenges of a severe downturn in the construction industry and lack of infrastructure spend in South Africa. Revenue was impacted – down 6% – and trading profit was a significant 14% lower. EBITDA was some R300 million and ROFE declined to 13%. We have an exceptionally experienced management team in this division, leading industry products, and an order book that is growing. We will exercise patience for the return to spending and development in this country.

Corporate

Our corporate business is largely a significant property portfolio, valued at about R8 billion, which reported trading profit up 15% on last year. The portfolio is largely occupied by Bidvest Group businesses.

We made a successful offer to acquire all the shares from Bidvest Namibia minorities and the entity has been delisted from the Namibian Stock Exchange.

The disposal of our 6.75% stake in Mumbai International Airport is progressing. This has been valued at USD86 million representing the fair value less cost to sell, as per the signed agreement.

Enviable balance sheet

Another Group imperative is a strong balance sheet. We continue to maintain a conservative approach to gearing and net debt levels are considered acceptable at R7.8 billion (2018: R6.3 billion). This provides ample capacity for further expansion.

Cash generation and asset management remain core, particularly in these challenging times.

> A solid balance sheet enables ongoing investment in our chosen sectors, ultimately to generate sustainable profits for the long term.

We continue to engage financial institutions to provide robust debt structures for our growth ambitions.

Steadfast stewardship

We employ 123 841 people and have spent R439 million on skills development. While our diversified strategy, successful operating competence and strong balance sheet are collective components of a sustainable future, the training and development of the Bidvest family is equally critical. There is considerable attention focused on ensuring the appropriate skills base throughout the Group – key skills shortages have been a South Africa-wide threat over recent years. It is pleasing that we are achieving success and are adequately staffed in critical areas of the business to ensure no disruption to operations.

Chairman and CEO's **report** (continued)

We have also had tremendous success in terms of our broad-based black economic empowerment (B-BBEE) initiatives. The Group spent R133 million on enterprise and supplier development. More than 50% of our businesses are rated B-BBEE level 1 and 2, while 80% of our businesses score level 4 and above. This is a commendable achievement.

We continue to enhance governance practices, which included a change in the external auditor over the past year. We remain comfortable that our stewardship and governance policies and practices are conducive to the effective, ongoing, performance of the Group.

Operating sustainability also forms part of our day-to-day operational agenda and examples of this include the broadening of our alternative energy product range in Electrical, non-plastic packaging in Office and Print, and water management in the laundry business within Services, among many other initiatives.

One unit

While diversified by sector, service and product, earnings stream and, ever more so, geography, we work expressively and collectively as one unit to unlock new value for all stakeholders.

Our philosophy is to have an unwavering, disciplined approach to the way we run our business. Whether that's right-sizing, or controlling expenses, whether it's asset management, or being careful about our due diligence and acquisitions, or even whether we're cautious about international expansion.

Appreciation

During the past year, Lorato Phalatse stepped down as Chairman and a non-executive director of the Group and Nosipho Molope resigned from the board, while Doug Band retired. On behalf of the board, we express our sincere gratitude and appreciation to the departing board members, especially to Lorato who served the Group as chairman for the past six years.

Bonang Mohale was appointed an independent non-executive director with effect from 1 July 2019.

The board has appointed Mpumi Madisa as Chief Executive-designate and she will assume the leadership role during the 2021 financial year. Mpumi personifies the Bidvest philosophy of developing entrepreneurial leaders from within to take the Group to its next phase. This appointment is consistent with our succession plan, executed over the past several years, to mentor and extend the preparation for her new role. Her exceptional leadership skills and depth of experience will ensure continuity for all Bidvest stakeholders.

While our values unite the Bidvest family of people, it's the overwhelming commitment and response from our team – year after year – for which we are extremely grateful. Without it, we simply would not be able to provide acceptable returns on a regular basis. Our strong position and the exciting future ahead, is due to the energy and commitment of our management and employee teams.

Bidvest is often the subject of baseless social media rhetoric that relates largely to political positioning. As a Proudly Bidvest family, we will always remain true to our values, our ethics, and our established corporate philosophies, while maintaining a focus on delivering into our strategic pillars.

We are extremely grateful to all the members of the board of directors for the wisdom, perspective and diversity of experience they bring to our business and our governance processes.
The Bidvest management team is continually challenged on our strategy and business operations, through to our stewardship and other endeavours and we often emerge with plans that are more robust and relevant to the Group and our stakeholders.

Lastly, we thank our shareholders, our large customer base and all other partners within our operating and divisional units. You are the reason the Bidvest Group exists, and we hope we have been serving you with distinction and reward.

We firmly believe we have the appropriate strategy, an attractive asset portfolio, the core competencies and drivers that are firmly intact, and we have the right team to execute the opportunities ahead that will allow us to continue creating value.

Eric Diack
Chairman

Lindsay Ralphs
Chief executive

CFO's **report**

The Bidvest Group produced a **resilient financial performance** in a difficult macroeconomic environment. The second half of the financial year was certainly more challenging than the first, but we **remain pleased with the results** achieved.

Group **trading profit grew by 3.5%** to R6.7 billion	Headline **earnings increased 10.3%** to R4.6 billion
Gross margins rose from 28.9% to **29.8%**	Operating expenses **increased by 4.6%**

CFO's **report** (continued)

Bidvest's highly diversified portfolio continues to enable a balance between the high and the low performers. We've seen that the Group's services-related businesses have helped overcome the exposures to the South African industrial and construction sectors, which are under considerable strain.

There has been acceptable growth in earnings, cash generation has been good and we have maintained a very strong balance sheet, while we enhanced the majority of our key metrics.

Revenue of R77.1 billion was 0.2% higher than last year. This was impacted by the slowdown in the Automotive division, following the change in the Mercedes Benz agency model and the general slow-down in luxury vehicle sales, weak trading in the Electrical division and disposal of the Namibian fishing business (effective 30 June 2018). Group trading profit grew by 3.5% to R6.7 billion (R6.5 billion).

Headline earnings increased 10.3% to R4.6 billion (R4.1 billion), which was enhanced by the revaluation of the Mumbai International Airport (MIAL) investment and growth in income from associates. Headline earnings per share (HEPS) increased by 9.8% to 1 352.1 cents (1 231.6 cents) with a 0.5% increase in the weighted average number of shares in issue. Basic earnings per share (EPS) decreased by 1.6% to 1 119.4 cents (1 137.3 cents) following net capital losses of R787.1 million (R352.0 million losses), particularly on the Adcock Ingram and Comair investments.

Gross profit increased by 3.4% to R23.0 billion (R22.2 billion). Gross margins rose from 28.9% to 29.8%, which is particularly pleasing. There was an increased contribution from the Irish and United Kingdom businesses, that operate at lower margins compared to South Africa, which means the local operations certainly held their own in terms of margin management. Operating expenses were well controlled, and increased by 4.6%, in line with inflation.

From an associate income perspective, the contribution was up 37%, essentially from Adcock Ingram, which had a good year, and Comair, which recognised its successful R1.1 billion South African Airways claim, and Bidvest has accounted for its share.

> Acquisitions in the 2019 financial year include Aquazania (effective 1 February 2019), UAV and Drone Solutions (UDS) (1 March 2019), an additional 10.6 million Adcock Ingram shares (June 2019) and the minority stake of Bidvest Namibia (June 2019).

Disposals include TMS (1 November 2018) and 1.3 million Bidcorp shares (August 2018). At year-end, an agreement was signed by Bidvest to acquire 100% of Eqstra Fleet Management and Logistics for an enterprise value consideration of R3.1 billion. Once concluded, this should prove to be an important acquisition that will contribute positively to both the Financial Services and Automotive divisions revenue and profits.

Investment income benefited from realised gains on the disposal of the Bidcorp shares and the revaluation of MIAL to $86 million ($72 million), which is based on a signed sale agreement.

Other income decreased by 2.9% to R310.2 million (R319.6 million) and income from investments increased to R368.2 million (R142.8 million), up 157.9% year on year. The effective tax rate at 27.1% is as a result of the non-taxable MIAL revaluation and the lower corporate tax rates of foreign operations.

> ROFE improved from 22.9% to 23.3%, and the Group ROIC was 18.4% compared to a WACC of 11.7%.The Group therefore produced a return of 6.7% above cost of capital.

Bidvest has always been fairly conservative in terms of its balance sheet approach and the managing of debt. It is therefore pleasing that the Group has again maintained a strong balance sheet with a conservative funding structure. The net debt position increased from June 2018 by R1.5 billion to R7.8 billion, mainly due to a negative working capital movement in the year together with outflows to purchase additional Adcock Ingram shares and the acquisition of the minority stake in Bidvest Namibia. Net debt to EBITDA of 0.9 times (0.8 times) and EBITDA interest cover of 7.9 times (8.0 times) are both comfortably above the Group's self-imposed target.

Balanced debt profile

The Group long-term debt is now 49% of the gross position, and we aim to maintain this balance going forward.

> Bidvest successfully concluded two bond programmes during the past year. The second, issued in mid-June 2019 amounting to R1.3 billion in three- and five-year tenures, was 4.4 times over-subscribed at favourable rates. The aggregate issuances for the year therefore totalled R2.6 billion after an additional R1.3 billion was raised in mid-November 2018.

We have now turned our attention to renegotiating our term facility in the United Kingdom. This was originally used for the acquisition of Noonan and subsequently, Ultimate Security Services (or USS). There certainly seems a significant appetite for Bidvest debt in the region, and the rates being shown are lower than our current borrowings.

This is exciting, and together with the lending appetite from local South African banks, provides Bidvest with significant funding growth flexibility and headroom. Our targeted capital allocation in the medium-term is to invest 50% locally, within South Africa, and 50% offshore.

The South African Prime interest rate ended the year at 10.25% after having increased by 25bps on 23 November 2018. The average across the year was 10.15% vs 10.20% during the prior year. Short-term interest rates on the overnight loan market in the first five months of the financial year averaged around 7.7% and increased to 7.9% during the last seven months to June 2019. Comparative rates for the prior year averaged around 8.0%.

Moody's Investors Service published a Credit Opinion on 2 April 2019 leaving South Africa's local and foreign currency rating unchanged at Baa3 with a stable outlook. Moodys is due to issue its ratings report at the beginning of November. Any change to the sovereign rating could likewise affect Bidvest's ratings outlook.

> Cash generated by Group operations was robust at R7.1 billion (R9.8 billion). The decline over last year was largely due to the outflow of working capital, specifically payables which were abnormally high in the corresponding period.

Continued Investment

Net capital expenditure amounted to R2.6 billion (R2.2 billion), reflecting continued investment across the Group to sustain and improve various Group businesses. Other material cash flow movements include acquisitions of R3.0 billion (R3.7 billion), disposals of R1.6 billion (R65.6 million).

The weighted average shares in issue are 0.5% higher at 337.2 million (335.7 million) as a result of an increase in net shares in issue of 0.5% to 338.4 million (336.8 million).

An important event that occurred over the last year, was the change of external auditor to PwC. While never a simple process, it has been a successful transition resulting in a thorough and robust, interactive audit process. My personal thanks are extended to everyone involved. I would also like to express an appreciation to the outgoing auditors, Deloitte for their assistance in the smooth handover and the considerable input provided over the last 11 years to the Bidvest Group.

Cash returned

In line with the Group policy, a final gross cash dividend of 318 cents per ordinary share has been declared for the year ended 30 June 2019. This brings the total dividend for the year to 600 cents per share (556 cents).

Cautiously optimistic

Given the continued weak state of the South African economy, it is expected that the trading environment will remain extremely competitive over the next six months. Any business growth will depend on economic performance and if the government can restore policy certainty and business confidence.

Nevertheless, the Group remains highly cash generative and continues to pursue the key growth objective of exploring all acquisition opportunities, both locally and internationally, that meet the Group's strategic requirements and create shareholder value. Cost savings initiatives and asset management focus are continuing in the new financial year.

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**.

Executive directors

Lindsay Ralphs 64
CEO

Mpumi Madisa 40
CEO-designate

Mark Steyn 49
CFO

Gillian McMahon 47

Anthony Dawe 54

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.

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

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.

Key to committees

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

Independent non-executive directors

Eric Diack 62
Chairman

Bongi Masinga 52

Tania Slabbert 52

Alex Maditsi 57

Nigel Payne 59

Renosi Mokate 61

Norman Thomson 68

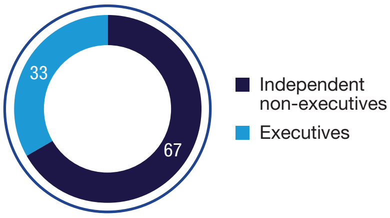
Bonang Mohale 57

56 **Average** age of directors (years)	40 **Youngest** director (years)	68 **Oldest** director (years)

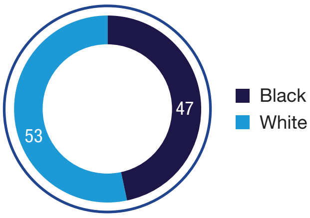
Refer to our Governance Report for full CVs

The diversity of our board strengthens its collective capabilities

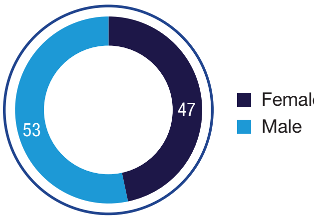
Independence
(%)



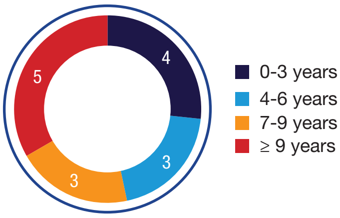
Ethnicity
(%)



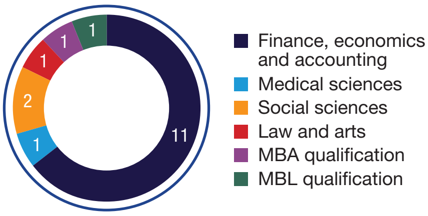
Gender
(%)



Tenure of directors



Skill sets



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**.

Social and ethics committee

Chairman: Tania Slabbert

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 FY19 was on activities relating to transformation and B-BBEE, social and economic development, small business development and stakeholder engagement. The focus for FY20 will continue to be on transformation, B-BBEE and employment equity.

Bidvest's Code of Ethics can be found in the Governance Report, page 13. An Ethics Line is in use (0800 50 60 90 or bidvest@tip-offs.com).

Acquisitions committee

Chairman: Eric Diack

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 FY19 included the consideration and evaluation of proposed investments, disinvestments and expansion opportunities. In FY20 the focus will continue to be on the Group's long-term growth strategy and creating the platform to access new markets.

Nominations committee

Chairman: Eric Diack

The committee is responsible for assessing the independence of non-executive directors and 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 FY19 the focus was on succession planning for the chief executive and the review of director tenure. The focus for FY20 will be on the appointment of new non-executive directors, enhancement of the composition of board committees and equitable distribution of committee work, 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 FY19, the committee reported that: PwC 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.

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 FY19. These and joint venture/sub-contractor partner due diligence will continue to be focus areas in FY20.

Remuneration committee

Chairman: Norman Thomson

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 FY19 included a comprehensive remuneration benchmark exercise and review of the rules, criteria, targets and allocations for performance-related pay schemes. In FY20 the committee will continue to promote the Group's strategic objectives through fair and transparent remuneration and re-align the two long-term incentive schemes to achieve internal equity. Please refer to the detailed remuneration report on page 16 of the Governance Report.

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 and 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

Internal audit is an **independent, value-adding,** progressive and responsive service to Bidvest shareholders

- Objectively evaluating the business processes
- Appropriately manage the risk and support
- Supports management components, control environment and operational excellence

A risk-based internal audit (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.

An example of such initiatives is ALICE, Bidvest's digital auditor. She combines robotics and cognitive intelligence to provide audit-as-a-service to the Group companies. Currently, she performs IT audits on a continuous and near real-time basis within more than of 200 IT environments across the Group companies. This year her audit scope has been of a technical nature, with an elevated focus on cybersecurity. Going forward, her audit scope will be extended to financial, operational and regulatory audits.

IT governance

The board acknowledges technology as a mechanism to access, protect and manage information. In relation to the Group's IT Governance 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 experts and centres of excellence surrounding topical technology issues
- Benchmark vendor service 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.

Material focus areas, risks and **opportunities**

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

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 combined impact considered. IA 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.

Economic growth impeded by varying empowerment and inclusive growth criteria

Material focus areas	Management response
Complex and value-sensitive business environment	Management focuses on key senior relationships with strategic customers to allow for mutually beneficial contract outcomes. A proliferation of regulatory and governance requirements across industries add costs in an already price-sensitive market while complexities consume a growing amount of management time and resources. Innovative solutions are required. Impact on KPIs: • HEPS growth • ROFE • Sustainability & Transformation

Flow through to strategy

Bidvest's decentralised model allows it to adapt and implement value-adding solutions and structures at operational level.

Challenging economic outlook

Material focus areas	Management response
Remaining **competitive and relevant**	Bidvest is a customer-centric organisation. The protection of its core business strength and reputation is critical. Bidvest encourages creative approaches and innovation and embraces 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

Flow through to strategy

Agility, a can-do attitude and appropriate disruptive strategies result in innovative solutions and open up additional opportunities.

Loss of an agency and distribution rights

Material focus areas	Management response	Flow through to strategy
Fostering **positive long-term relationships** 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 KPI: • 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.

Shortage of skills

Material focus areas	Management response	Flow through to strategy
Developing and maintaining **high calibre staff**	Bidvest focuses on maintaining and rewarding a high performance culture. It encourages entrepreneurial attitude and develops people through training academies, graduate and learnership programs and recognition. The short-medium-term disruption in the event of sudden departures due to lack of skilled management is well understood. Impact on KPI: • Sustainability & Transformation • HEPS growth	Bidvest understands that people create wealth, companies report it. Home-grown talent thrives in our entrepreneurial, decentralised model.

Escalating cost of doing business and cyber assaults

Material focus areas	Management response	Flow through to strategy
Cost-effective, efficient IT systems and support structures	The Group's IT governance framework supports effective and efficient management of people, technology and information. Specific attention is given to cybersecurity and data protection. Group IA ensures adherence to the IT frameworks and guidelines. Comprehensive group-wide property damage and business interruption insurance is in place. We advocate exploring and finding solutions enabled by technology. Impact on KPIs: • HEPS growth • ROFE	Enable and empower the decentralised business model to operate in the most cost effective manner, to operate optimally and grow. To manage the cost of compliance, particularly in regulated entities.

Excessive capital investment

Material focus areas	Management response	Flow through to strategy
Asset **management**	Management actively monitor and drive 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. Impact on KPIs: • HEPS growth • ROFE • TSR vs peer group	Ambitious working capital targets and dynamic sourcing support returns and add value to customers.

Other risks:

1. Delivering value-enhancing acquisitions
2. Reputational risk embedded in sub-contracting and third-party relationships
3. Environmental impact consciousness
4. Continued low business confidence, constraint pro-growth-oriented capital outlays and weakening longer-term growth potential in South Africa

Stakeholder **relationships**

Sustainable value creation depends on **successful interactions** 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.

Government and governing bodies

Nature of engagement
Submissions; meetings, 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

Partners and potential partners

Nature of engagement
International, regional and industry contacts; 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**
- Acquired ClickOn and UDS to **introduce niche technology** into Services
- **Communication** with brand principals, industry leaders and entrepreneurs

Employees and trade unions

Nature of engagement
Close involvement of local managers with local trade unions;
Employment equity forums within Bidvest;
Employee surveys; 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
- **6 290** participants in **graduate recruitment programs**
- Concluded **scheduled wage negotiations** with limited strike action

Customers

Nature of engagement
Monitor call centres; 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

Equity and debt investors

Nature of engagement
Results presentations and company announcements; Investor meetings/roadshows; Website updates and other.

Key issues raised
- Group strategy
- Group performance
- M&A pipeline and insights
- Non-core asset disposal
- Governance framework and transparency

Our response
- Hosted investor briefing sessions to **enhance market knowledge base**
- Continued reinforcement of importance of the functional governance structure and **ethical behaviour**.
- Introduction of a **due diligence framework** for joint venture and major sub-contracting parties
- **Active engagement** with potential interested parties with regards to potential **acquisition targets** and non-core **asset disposal,** directly and through advisors

Communities, community-based and non-governmental organisations

Nature of engagement
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**
- **R100m** spend on **CSI**

Suppliers

Nature of engagement
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**

Footprint

We are firm believers in the sustainable **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.

We use the United Nation's 17 Sustainable Development Goals (SDGs) as a guideline. The SDGs provide a comprehensive definition of sustainability, ranging from good health and well-being, affordable and clean energy and climate action to quality education, peace, justice and strong institutions. We identified the issues that are relevant to us and assess the impact we are making, through our basket of services and goods as well as our operations and corporate citizenship activities.

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

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 integrated into our day-to-day activities. Given the decentralised and varied nature of the businesses, sustainability is managed at business level. From a Group perspective, we identified a set of material issues that are common throughout our businesses.

Some day-to-day contributions:

Pureau All the proceeds from our recycled 20l bottles are donated to Ratang Bana, an Alexandra based charity.	**Bidvest McCarthy** Recipient of an accredited yearly Gold award for oil recycling.
Burncrete Clear roof sheeting in our factory allows us to keep the lights off, saving electricity in the process.	**Home of Living Brands** Launched 'eco' products designed to be energy efficient, and sustainably recycled unusable IT spares (approximately 3 tonnes per month).
Interbrand Through a supplier, Tholangkhutso Trading & Project, Interbrand donated office equipment and provided skills training.	**Academy Brushware** Introduced Waste Tech at two of our sites. Fleet vehicles are washed at high pressure, reducing water usage.
Yamaha The Yamaha Music Popularization Programme, focusing on the recorder, is in its 4th year. This initiative has reached 12 schools across the country.	**Plumblink** Supports Wot-If, a Diepsloot-based organisation that connects participants to sustainable income opportunities.
Bidvest Tank Terminals Over 1 700 training interventions were completed in the container class, ensuring the highest safety standards.	**Konica Minolta** A partnership with Food & Trees for Africa ensured 46 001 trees have been planted. Konica Minolta also held a Gold Level Recognition EcoVadis Sustainability Rating for three years running.
Bidvest Laundry Group Through investment in a membrane bio reactor plant, we have managed to save water usage by 83%.	**Automotive Division** Fully compliant with the South African Waste Information System, a data-driven waste management system used by government and industry.
SABT Minimising dust emissions through various methods. The site is now a more pleasant working environment.	**Voltex** Supply alternative residential energy solutions which significantly reduce energy consumption from the national grid.

Drive positive social change

We are involved in community development that enhances education, health, economic upliftment 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. We constantly look for ways to disrupt ourselves and the industries in which we operate via technology and innovation. For example, we acquired UAV and Drone Solutions to take advantage of technological developments in the world of Unmanned Airborne Systems.

R133m Enterprise and Supplier development spend, mostly in the form of **operational assistance**, loans and grants, on **programs** that vary according to the nature of the business and their supply chain requirements

Total **socio-economic** development spend **R40m** with **52%** going towards **education**, **37% towards health** and **welfare**

A **Group-wide ethics line** is functional and **managed actively**

R68m spend on **sports development**

Employees adhere to a **Code of Ethics**

Caring for the Bidvest family and many others

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. Operationally we promote and offer out-of-home hygiene services and integrated facilities management services that promote decent work environments.

45% of employees are **female**. **40% of executive directors** are women, which include the appointed **CEO-designate**

Skills development spend **R440m**

Half of learnerships were **issued to unemployed learners**

867 learners employed subsequently

Regrettably, **4 fatalities** of which 3 were due to motor vehicle accidents

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 FY20 we will continue our initiatives to improve water use, and accelerate renewable energy installations. The establishment of our R1bn LPG storage terminal in Richards Bay will facilitate reliable availability of an affordable low-carbon energy alternative.

Scope 1 CO_2 emissions have decreased consistently

Electricity provided by renewable resources increased by **28%**

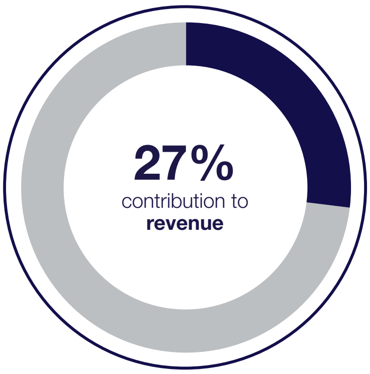
30% less water used over the past **5 years**

5 260 tons of hazardous waste recycled

Divisional **reports**
Services

Sustainability

48% of employees are **women**	**R171m** spend on training, **learnerships and bursaries**
Regrettably two Protea Coin security guards lost their lives	Electricity generated from **renewable resources trebled**



Salient features

- Trading **profit up 12.5%** to R2.2 billion and **revenue 12.3%** higher
- ROFE: **86.7%**
- Operating **expenses well controlled**
- Recent acquisitions are **well integrated and new opportunities** being pursued
- The drive continues with the introduction of **technology, alternative products and services** to ensure the businesses remain relevant and well positioned

Review of the year

The division delivered an exceptional result in a price sensitive, stagnant market.

The majority of the division's businesses delivered good growth with excellent contributions from Noonan, Bidvest Facilities Management (FM) and Protea Coin. For the South African operations, this performance is laudable, considering the severely constrained economic environment, margin pressures, the impact of abnormally high fuel costs, as well as legislated changes to the labour broking model, which all had an impact on the results.

Three acquisitions made over the year, namely Aquazania, ClickOn and United Drone Services (UDS), are performing according to plan and have already contributed positively to profits. Cost containment abilities across businesses were exceptional. New business development remains a key imperative and there was good success over the year with major contracts awarded in key business areas.

"The division delivered an exceptional result in a price sensitive, stagnant market."

Alan Fainman, chief executive

The International Cluster, comprising Noonan, continues to exceed expectations. A strong margin improvement was delivered, and the overall result from the businesses operating in Ireland was exceptionally good.

The FM Cluster, which is the division's largest contributor, also delivered good results. The facilities management services and Steiner performed remarkably well, and the overall return on funds was extraordinary. The Prestige business improved dramatically in the second half of the year, but Bidvest Catering's profits were lower year-on-year.

Steiner is introducing a sales application and an on-line contract signing and route optimisation system, all at various stages of rollout. Prestige is rolling out off-site monitoring of cleaners and Bidvest FM is developing a facility management App for users that link all services and requests.

Operating and financial results within the Security and Aviation Services cluster were very pleasing. Protea Coin did well with its numerous specialised units contributing positively. The integration and possibilities with the new UDS business are exciting. BidTrack performed well, but Vericon was impacted negatively following contract losses. GPT's trading profit was up and management continues to closely manage margins, while ClickOn remains in line with expectations. BidAir performed satisfactorily and grew profits with Services, Lounges and Cargo all contributing positively.

The Travel Services Cluster was well down on last year, mainly due to lower transaction volumes across most brands. While revenues were higher, and costs we were fairly well maintained, overall margins and profitability are constrained as consumer and corporate spending pressures escalated over the year. A number of strategic interventions, including an improved technology and digital base, are underway to counter this decline and green-shoots are already evident in certain businesses.

The Allied Services Cluster delivered good growth in trading profit, even excluding the recently acquired Aquazania water supply business. With Aquazania, trading profit growth doubled. Each of the businesses within this cluster, which include Puréau, Execuflora, Masterguard, Steripic, Hotel Amenities, King Pie and Top Turf, among others, delivered bottom line growth and excellent cash flow, good asset management and overall returns.

Looking forward

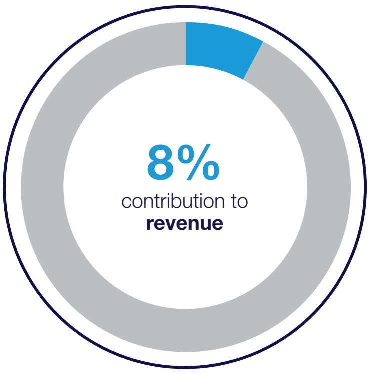
Noonan is planning for continued growth, specifically, with the imminent acquisition of a cleaning business. Although the FM, Security and Aviation, and Allied Services clusters will be affected by the current market conditions, all are expected to maintain the momentum. Travel is forecasting another difficult year, but certain initiatives underway will offset the negative results. Various opportunities, in South Africa and internationally, are being assessed and certain possibilities are being advanced. A more economically stable South Africa, with a less volatile currency, and a solution to Brexit will serve this division exceptionally well.

Divisional **reports**

Freight

Sustainability

More than **1 700 training interventions** completed in BTT to ensure the **highest safety standards**	**13 kilolitre** of industrial waste water was **treated** and discharged
Scope 1 CO_2 emissions **declined** a further **4%**, 20% since FY17	LPG terminal investment will transform South Africa's supply



Salient features

- **Trading profit up 3.8%** to R1.4 billion, **revenue up 5.3%**
- ROFE: **41.3%**
- Liquid Petroleum Gas storage facility on track for commissioning in mid-2020
- Agricultural volumes down but chrome, manganese and **other mineral commodities were higher**
- The **diversity** of this division, offering freight, storage, logistics and warehousing services provides overall year-on-year benefit

Review of the year

Trading profit increased, despite an extremely large downward swing in agricultural volumes, but higher chrome and manganese tonnages were handled. There were also good volumes in fertiliser, anthracite and metallurgical coke.

There were, however, lower volumes and fierce price competition in warehousing and transport within Bidvest Panalpina Logistics (BPL). The Panalpina Group was recently acquired by a major global group and this will result in a new international forwarding and clearing partner in the near future. BPL's trading profit was lower, characterised by lower volumes and difficult trading conditions.

Bidvest Tank Terminals (BTT) delivered a good performance. BTT's new LPG storage facility in Richards Bay is on track and on budget. The fabrication of the bullets has been completed, shipped to South Africa, and have been positioned on site.

"BTT's new LPG storage facility in Richards Bay is on track and on budget."

Anthony Dawe, chief executive

South African Bulk Terminals' profit was down on last year, with overall volumes some 26% lower driven by lower maize exports and a decline in wheat imports as a result of higher local wheat production.

Bulk Connections' trading profit grew largely as a result of higher manganese and chrome volumes. Its terminal is back to full capacity and all insurance matters have been finalised.

Bidvest SACD handled slightly higher year-on-year export volumes. The other areas of the business remain challenging in this market.

Bidfreight Port Operations delivered good growth in trading profit with higher bulk volumes handled, including fertiliser, anthracite and metallurgical coke, while Richards Bay reported an improvement resulting from the handling of bulk cargoes.

Naval's trading profit is down and continues to operate under tough conditions. While sized coal showed some growth, the high traffic congestion is impacting the turnaround time of the trucks and rail deliveries constrained profitability growth.

OnTime, the United Kingdom-based business, produced good results, which were up on last year. Vehicle storage remains high which has necessitated additional short-term storage capacity.

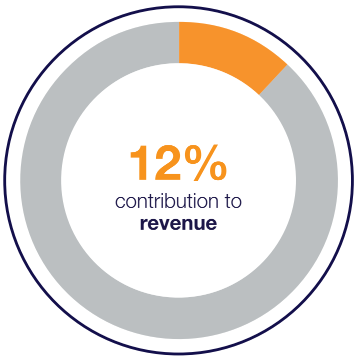
Looking forward

Management's attention, in this difficult market, remains focused on efficiency and cost control. Volumes for various mineral commodities are showing good signs of growth and significant market changes over the coming year are not anticipated.

Divisional **reports**
Office and Print

Sustainability

Konica Minolta carbon neutral status: **Planted 46 001 trees** over 11 years **offsetting** almost 17 000 tons **of CO_2**	Packing operations **recycled 110 tons** of hazardous waste
R61m spend on training, learnerships and bursaries	Lufil **introduced paper packaging** alternatives to plastic



Salient features

- **Trading profit up 5.0%** to R735 million, revenues marginally up
- ROFE: **33.0%**
- Product **innovation and range extensions** in trusted brands delivering results
- Focused strategic actions over the last few years deliver positive impacts from **good margin management, cost control, efficiencies and strategic acquisitions**
- Most companies **performed well in challenging markets**

Review of the year

The division delivered an excellent set of results considering the significant challenges in these sectors and the loss of the Zonke monitoring business in December 2017.

The year's result was positively impacted by good overall margin management, excellent cost control, enhanced efficiencies, as well as contributions from the recent bolt-on acquisitions, namely, Aluminium Foil Converters and Make Me Mobile (both effective 1 July 2018), as well as Logo Print (effective 1 December 2018).

Waltons continues to see benefits from additional operating and technology efficiencies, and further simplification of the business. Revenue remains a focus.

Silveray's margins were well managed and overheads were reduced, resulting in good trading profit growth. Product innovation and range extensions in trusted brands are standing this company in good stead.

"The division delivered an excellent set of results considering the significant challenges."

Kevin Wakeford, chief executive

Kolok delivered commendable growth in trading profit as gross margins were well managed.

Additional investments were made to Waltons' online sales and marketing capabilities. The new warehouse configuration and management system will be implemented in FY20.

Konica Minolta bedded down the more onerous, lower margin Treasury contract and a strategic revitalisation is progressing well.

Data, Print and Packaging made an excellent contribution. In terms of the print businesses, Lithotech delivered a resilient result and Rotolabel benefitted from improved factory efficiencies. With regard to the packaging offerings, Lufil benefitted from additional new business, but Sprint had a difficult year exacerbated by fuel price increases.

Masterpack had a solid year assisted by the Logo Print acquisition while Aluminium Foil Converters was slightly below expectations from pressures in the dairy industry. Bidvest Data had a good year as higher sales were assisted by improved efficiencies. The new Bidvest Mobility entity created from the amalgamation of Bartrans and Make Me Mobile completed their integration in March 2019 and has met its planned trading profit targets.

Bidvest Mobility provides market leading products and software solutions in hand held computing.

The furniture businesses are feeling the effects of the constrained corporate market, but Cecil Nurse recovered from a poor first quarter to maintain profitability. There was excellent progress at the factory in reducing stock and improving controls. Dauphin continues to benefit from revised structures and philosophies implemented in the past, but the seating chair manufacturing business remains under pressure.

Looking forward

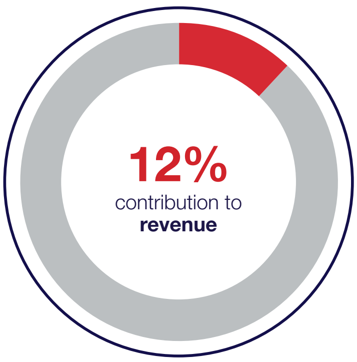
While there are some positive indications, the markets served by this division are not showing signs of any real improvement. However, very pleasing progress has been made on the numerous remedial actions across the division and right sizing businesses to current economic conditions. The various strategic actions implemented over recent years are showing results and will continue for the next financial year.

Divisional **reports**

Commercial Products

Sustainability

48% of employees are **women**	**15% less electricity** used at manufacturing facilities
Russel Hobbs launched **energy efficient** product range	**Sustainably recycled** unusable IT spares



Salient features

- Trading profit 13.2% down at R617 million while revenues increased 1.7%
- ROFE: **24.6%**
- **Overall gross margin** higher and margins well managed across all businesses
- **Strategic re-set** underway within certain businesses
- The consumer cluster's growth largely unchanged, but industrial businesses impacted by tough market conditions
- **Excellent cash** generation
- **Online sales** strategy **gaining traction**
- Plumblink **opened its 100th** branch

Review of the year

The division offers products and services within the consumer and industrial sectors of the South African market.

Generally, margins were well managed across the division with the gross margin increasing year-on-year and overall cash generation significantly higher. Operating expenses remain a key imperative in this constrained market environment and management has increased attention on those businesses where costs require a greater focus. The supply chain and other system efficiencies are being enhanced.

The consumer unit, which supplies most large retailers in South Africa with a variety of market-leading brands and products, did well considering current market circumstances. Trading conditions softened noticeably in the second half of the year. Many products within the superior brand portfolio have maintained robust demand, which

“Margins were well managed and cash generation significantly higher.”

Howard Greenstein, chief executive

was the main reason for sustained profitability. During these times of market constraint, customer interactions are being augmented, together with a focus on supply chain efficiencies to further improve margin management. The contribution from Home of Living Brands increased, which is commendable. MotoQuip and Interbrand both had an excellent year with the businesses achieving double digit trading profit growth. Academy Brushware’s trading profit was down. Yamaha had an average performance with trading profit only slightly up, but commendable under the circumstances. Yamaha has also expanded its footprint.

The decimation of the South African construction and infrastructural development sector severely hampered the industrial businesses. While the mining industry is showing some signs of growth, it was not sufficient to offset the declines in other sectors.

Product price points across all businesses are being revaluated, while business models in some instances, are being re-set. Niche businesses areas, among them, Burncrete and Plumblink, performed well, principally as a result of good margin management and cost control. Afcom, Berzacks, Bidvest Material Handling and Buffalo Tapes all experienced declines in trading profit. G Fox, which this year included the acquisition of Industrial Safety Products, delivered an acceptable result. Matus and Vulcan were down. Rentech continues to be harshly affected by the downturn in the country’s construction and power sectors, with several measures being implemented to reverse this trend.

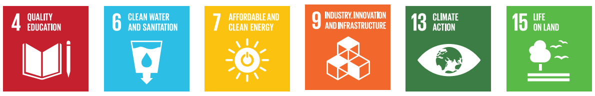
Looking forward

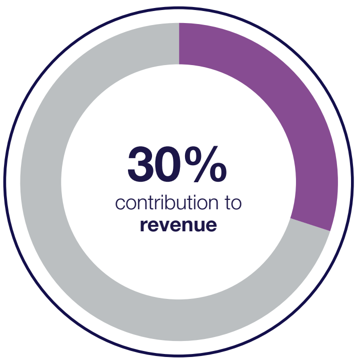
It is not anticipated that the South African business environment will change markedly over the next year. Currency volatility, energy cost and supply limitations as well as labour disruptions are expected to continue impacting meaningful growth. Management, therefore, remains fully cognisant that margin management remains crucial and an enhanced cost focus has been placed on all units within this division. Certain strategic initiatives, including possible acquisitions, leadership changes, improving distribution processes, and the opening of new premises and branches, will offset the difficult environment to some degree.

Divisional **reports**
Automotive

Sustainability

2 024 tons of hazardous waste was **recycled**	**4% less** water was **used**
R112m spend on training, learnerships and bursaries	**Regrettably one** Car Rental employee lost his life in a motor accident





Salient features

- **Trading profit up 1.1%** to R609.0 million. Revenues declined 5.1%
- ROFE: **15.4%**
- **Club Bidvest McCarthy** remains a **unique offering** in the South African automotive market

Review of the year

Notwithstanding trading conditions that have shown no respite this financial year, this division did well to grow trading profit. Bidvest Car Rental delivered a pleasing turnaround in trading profit following a poor performance in the prior year. Fleet utilisation improved and reasonable rental rate increases were achieved.

The national new vehicle dealer market volume decreased year-on-year by 3.2% (source: Lightstone) and demand for new passenger cars, especially the luxury brands, remained under pressure. McCarthy dealers sold 5.3% fewer new vehicles.

The well documented industry cost increases resulted in a right-sizing of the business to current levels of activity, and management is continuing to enforce a more balanced business.

McCarthy has closed certain non-profitable business units and increased its focus on improving its balance sheet. It has continued to drive the absorption model at the retail level to ensure an appropriate mix is achieved that aligns to the current economic cycle.

“Notwithstanding trading conditions that have shown no respite the financial year, the division did well to grow trading profit.”

Steve Keys, chief executive

The new vehicle department contribution remains dominant in McCarthy and the strategic imperative going forward is to ensure a more balanced business by increasing used vehicle and aftersales contributions. Pressure on the luxury end of the market continues with most brands delivering significant unit sales declines.

Similarly, difficult conditions remain in the used car departments with owners driving vehicles for longer periods of time, leading to lower stock availability, a decline in residual values, and an increased gap between trade-in and finance settlement values. These have all resulted in pressures on gross margins. The lack of trade-in vehicles has forced dealers to source inventory in the open market. To counter this McCarthy has implemented new software to facilitate the buying of good fast-moving used vehicle stock, which also has access to real time dynamic used vehicle pricing.

Mercedes Benz has changed from a franchise to an agency model, resulting in an overall decline in revenue.

After sales margins remained flat and the margin from parts sales was also slightly down on last year. The overall parts sales contribution was lower following reduced volumes, and this has been receiving attention from management with a cost reduction plan being formulated.

McCarthy is working closely with Bidvest Financial Services on the introduction of innovative insurance and value add products.

Bidvest Car Rental delivered excellent results in a challenging environment. The imperative over the last year has been the successful implementation of a new operating system and a focus on reducing cost of sales, which has been achieved through better fleet management and improved utilisation. Namibia and Botswana sales increased.

Snappdrive Keyless Technology Development is progressing well with improved customer satisfaction ratings and is viewed as the leading innovator in the car rental sector.

Looking forward

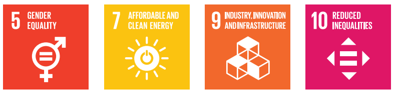
The demand for new and used vehicles is expected to remain under pressure into the current financial year as the market continues to be affected by numerous constraining factors. Management will remain focused on its continuous right-sizing of the business, which is ultimately aimed at enhancing current profitability.

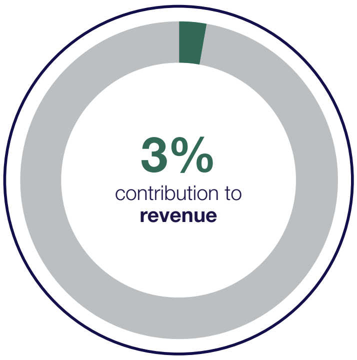
Divisional **reports**

Financial Services

Sustainability

60% of employees are **women**	CSI spend **increased 32%** to **R4m**
R15m spend on training, learnerships and bursaries	**29% less** Scope 1 CO_2 **emissions**





Salient features

- Trading profit 7.5% down at R585 million and **revenue up 5.4%**
- ROFE: 16.4%
- **Good cash generation**
- Eqstra will create funding, scale and operational efficiencies and result in a more balanced fleet exposure
- Integrated banking App launched by Bidvest Bank

Review of the year

Bidvest Bank had a reasonable year and increased trading profit, despite no contribution from any large fleet full maintenance lease contracts and with certain contracts running down, specifically, Transnet and Telkom.

Deposits were 15.4% higher with the business and personal banking offering delivering an increase in profits and showing pleasing signs of growth. The investment portfolios ended the year significantly down in the context of a poor JSE market performance, which was the largest contributor to the reduction in trading profit.

Bidvest Bank has secured non-exclusive agreements with both MoneyGram and Western Union, which is a first for South African money transfer providers. The globalised World Currency Card™ programme has been launched in Botswana, Lebanon, Mauritius and Namibia.

"The Eqstra acquisition will enhance Bidvest Bank's focus on its fleet management niche."

Japie van Niekerk, chief executive

Bidvest Insurance experienced a challenging year. Results were disappointing as this unit was largely impacted by the subdued motor vehicle market. Strategic relationships with third-party companies, through the division's Affinity Channel, continues to be the largest contributor to profitability and therefore is a major area of focus for new policy sales. Financial and insurance products marketed and sold directly – through the Direct Channel — had a reasonable year.

The fast-growing life insurance activities continue to cause new business strain on the income statement. FMI's profits were lower, despite sales numbers that were about 20% higher than last year. Significant work is being done to improve broker support. FMI has been focused on a strategic change programme for the majority of the year and we expect continued strong sales growth.

There were good results from Compendium and FinGlobal, which both delivered double digit profit growth, and Tradeflow had a pleasing year.

Bidvest Wealth and Employee Benefits has turned the corner with a new management team that is making good progress on the implementation of its strategic plan.

Cannon Asset Management has refocused after a difficult year and has a heightened emphasis on asset growth, with synergies and support between the division's other units also being pursued.

Looking forward

The agreement to acquire 100% of Eqstra Fleet Management and Logistics remains subject to various approvals. Eqstra is a comprehensive fleet leasing and management solutions business, mainly to the corporate sector, which has some 12 300 vehicles under lease and 120 000 fleet products under management. The effective date of the transaction is expected to be towards the end of 2019.

Vehicle deliveries in terms of the new Transnet heavy commercial contract, which was recently awarded to Bidvest Bank, started in the new financial year and is expected to make an important contribution. Management is intensely focused on marketing and efficiency campaigns and cost control throughout the division is a key imperative.

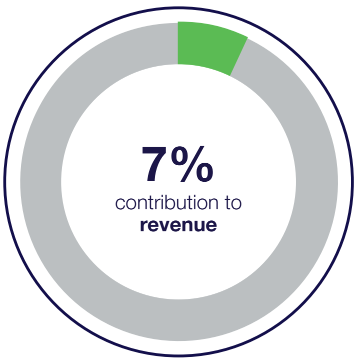
FMI's growth will continue with expected profitability. An increase in transactional and lending activities within business banking are being planned, as well as continued growth in individual and business deposits.

Divisional **reports**
Electrical

Sustainability

Able to retrofit existing geyser systems with an electrical solution powered by **Solar Photovoltaic Panels** to supply power

Supplied solar geysers into **low cost housing**	**Scope 1 CO_2** emissions **reduced by 13%**



Salient features

- Trading profit down 14.2% to R258 million, revenues down 5.5%
- ROFE: **12.5%**
- Overall **gross margin up** by 1.8%
- Focus on cost **control and efficiencies being enhanced**
- **Skills base being** maintained
- Well **positioned for any market improvement** and adjustment
- The division continued to **refine** its **supply chain** operations, benefiting cost containment and enhancing **distribution efficiencies**

Review of the year

In a market which has seen the near decimation of the construction industry, declining activity in the mining industry, a slowdown in light commercial and residential buildings, together with extremely low levels of infrastructure spend, this division did well to deliver a profit. This result was after having maintained market share in some areas and grown its share in certain sectors, while remaining as competitive as possible.

Management continued to be intensely focused on improving cost control. There has also been good progress on maintaining the skills base, which is critical given its wide variety of solutions and activities that it has to offer the market.

The Atlas Group had a reasonable year in terms of sales despite low demand and price competition.

Voltex experienced a difficult year, revenue was largely flat but operating income improved. Voltex is a well-structured unit and the spread of its customer base remains strong.

"By remaining competitive, we maintained market share despite a subdued environment."

Stan Green, chief executive

Voltex has commenced with the introduction of an improved customer interface, tracking and integration system.

Waco's performance was disappointing following a number of significant challenges that included a large and complex move to new premises, which is now complete. The Voltex Professional Lighting offering has been enhanced as management remains intent on delivering into this sector of the industry and increasing penetration into this market.

The Cabstrut business continues from strength-to-strength and delivered good growth following some internal consolidation and logistical advancements. The unit has acquired the Bosal Electrical Accessory business.

The performance of MV LV was poor as significant projects undertaken in the previous year were not repeated. However, the MV LV confirmed order book is extremely strong which positions the unit well for next year.

The Electech business had a good performance in a difficult environment with sales and profits increasing significantly. This performance can largely be attributed to the renewable energy sector of the market, and Electech is continuing to evolve into an energy and renewable solutions-type business with numerous offerings and opportunities.

While revenue was down, the bottom line improved at Technilamp, mainly as a result of improved margins. Eagle Lighting had a pleasing performance.

The Mubelo operation in Mauritius delivered a better result and management continues to focus on growing this business.

Looking forward

Trading conditions are not showing signs of improvement, but management remains focused on its competitive advantage as well as ensuring strict efficiency and cost control. The division's market leadership, together with its sought-after products and offerings, ranging from its branch network to the numerous specialised units, means that it is well positioned to take full advantage of any improved infrastructure spend that may eventuate.

Segmental **analysis**

	2019 R'000	2018 R'000	% change
Segmental revenue			
Services	**20 836 950**	18 968 423	9.9
Freight	**6 419 165**	6 074 971	5.7
Office and Print	**9 434 827**	9 304 937	1.4
Commercial Products	**9 072 434**	8 920 467	1.7
Automotive	**23 441 764**	24 701 500	(5.1)
Financial Services	**2 700 993**	2 562 848	5.4
Electrical	**5 384 010**	5 695 171	(5.5)
Properties	**589 996**	531 981	10.9
Corporate and investments	**3 307 137**	4 064 390	(18.6)
	81 187 276	80 824 688	0.4
Inter-group eliminations	**(4 034 892)**	(3 861 216)	
	77 152 384	76 963 472	0.2
Segmental trading profit			
Services	**2 240 065**	1 991 786	12.5
Freight	**1 368 629**	1 318 298	3.8
Office and Print	**735 444**	700 748	5.0
Commercial Products	**616 943**	710 492	(13.2)
Automotive	**609 003**	602 136	1.1
Financial Services	**584 503**	631 868	(7.5)
Electrical	**257 666**	300 257	(14.2)
Properties	**545 354**	475 639	14.7
Corporate and investments	**(221 680)**	(222 149)	(0.2)
	6 735 927	6 509 075	3.5
Segmental profit before finance charges and associate income			
Services	**2 076 760**	1 865 718	11.3
Freight	**1 380 281**	1 399 498	(1.4)
Office and Print	**691 414**	631 966	9.4
Commercial Products	**616 727**	710 196	(13.2)
Automotive	**576 932**	589 789	(2.2)
Financial Services	**572 141**	626 218	(8.6)
Electrical	**257 666**	290 731	(11.4)
Properties	**603 390**	477 905	26.3
Corporate and investments	**(892 344)**	(517 824)	72.3
	5 882 967	6 074 197	(3.1)
Share-based payment expense	**(190 109)**	(154 986)	
	5 692 858	5 919 211	(3.8)
Segmental operating assets			
Services	**5 210 484**	5 209 904	–
Freight	**6 690 921**	5 728 589	16.8
Office and Print	**3 333 676**	3 199 313	4.2
Commercial Products	**3 667 654**	3 762 876	(2.5)
Automotive	**5 434 875**	5 783 899	(6.0)
Financial Services	**6 576 227**	5 502 744	19.5
Electrical	**2 754 975**	2 629 086	4.8
Properties	**3 229 688**	2 801 996	15.3
Corporate and investments	**9 123 945**	9 283 980	(1.7)
	46 022 445	43 902 387	4.8
Inter-group eliminations	**(724 134)**	(690 773)	
	45 298 311	43 211 614	4.8

	2019 R'000	2018 R'000	% change
Segmental operating liabilities			
Services	**2 896 395**	3 060 388	(5.4)
Freight	**3 117 376**	3 193 082	(2.4)
Office and Print	**1 449 495**	1 535 893	(5.6)
Commercial Products	**1 264 762**	1 296 969	(2.5)
Automotive	**1 969 289**	2 317 409	(15.0)
Financial Services	**7 564 233**	6 766 924	11.8
Electrical	**796 656**	914 579	(12.9)
Properties	**28 082**	26 402	6.4
Corporate and investments	**890 312**	942 513	(5.5)
	19 976 600	20 054 159	(0.4)
Inter-group eliminations	**(724 134)**	(690 773)	
	19 252 466	19 363 386	(0.6)
Segmental depreciation			
Services	**496 818**	476 750	4.2
Freight	**260 595**	293 989	(11.4)
Office and Print	**115 418**	124 501	(7.3)
Commercial Products	**100 447**	97 084	3.5
Automotive	**80 854**	70 994	13.9
Financial Services	**221 003**	212 972	3.8
Electrical	**33 714**	32 044	5.2
Properties	**4 873**	4 765	2.3
Corporate and investments	**65 232**	96 689	(32.5)
	1 378 954	1 409 788	(2.2)
Segmental capital expenditure			
Services	**573 263**	558 087	2.7
Freight	**737 085**	860 672	(14.4)
Office and Print	**87 745**	89 309	(1.8)
Commercial Products	**100 653**	163 430	(38.4)
Automotive	**99 810**	121 638	(17.9)
Financial Services	**378 953**	294 669	28.6
Electrical	**62 331**	47 508	31.2
Properties	**396 777**	345 971	14.7
Corporate and investments	**106 066**	96 957	9.4
	2 542 683	2 578 241	(1.4)
Segmental amortisation and impairments on intangible assets			
Services	**55 400**	46 705	18.6
Freight	**15 572**	17 437	(10.7)
Office and Print	**11 712**	14 131	(17.1)
Commercial Products	**9 743**	8 716	11.8
Automotive	**7 603**	5 897	28.9
Financial Services	**34 304**	24 802	38.3
Electrical	**7 783**	8 712	(10.7)
Corporate and investments	**7 447**	11 488	(35.2)
	149 564	137 888	8.5

Segmental **analysis** (continued)

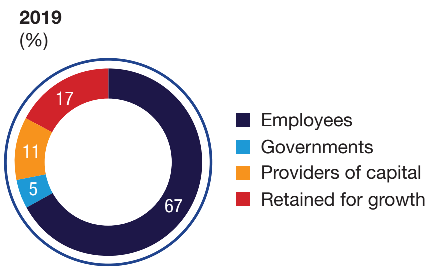
	2019 R'000	2018 R'000	% change
Segmental goodwill and intangible assets			
Services	**5 229 345**	4 424 966	18.2
Freight	**143 355**	132 398	8.3
Office and Print	**368 868**	282 754	30.5
Commercial Products	**1 872 578**	1 837 841	1.9
Automotive	**283 886**	272 740	4.1
Financial Services	**456 200**	437 710	4.2
Electrical	**141 533**	144 544	(2.1)
Properties	**21 034**	21 034	–
Corporate and investments	**285 855**	261 588	9.3
	8 802 654	7 815 575	12.6
Employee benefits and remuneration			
Services	**12 255 064**	11 116 376	10.2
Freight	**1 592 521**	1 535 414	3.7
Office and Print	**1 577 071**	1 569 998	0.5
Commercial Products	**1 289 268**	1 230 498	4.8
Automotive	**1 976 034**	1 992 924	(0.8)
Financial Services	**767 688**	670 790	14.4
Electrical	**634 626**	638 332	(0.6)
Properties	**17 386**	23 151	(24.9)
Corporate and investments	**807 824**	979 345	(17.5)
	20 917 482	19 756 828	5.9
Share-based payment expense	**190 109**	154 986	
	21 107 591	19 911 814	6.0
Number of employees			
Services	**93 710**	99 990	(6.3)
Freight	**4 623**	4 284	7.9
Office and Print	**6 543**	6 434	1.7
Commercial Products	**6 303**	6 237	1.1
Automotive	**5 488**	5 597	(1.9)
Financial Services	**1 796**	1 810	(0.8)
Electrical	**2 355**	2 502	(5.9)
Properties	**14**	14	–
Corporate and investments	**3 009**	4 009	(24.9)
	123 841	130 877	(5.4)

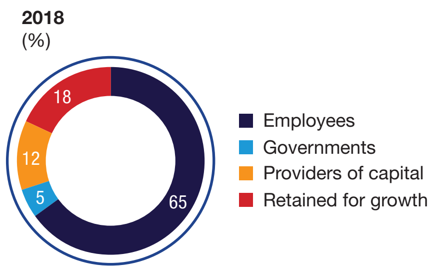
Value-added **statement**

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.

R'000	2019	% change	2018	% change
Turnover	**77 152 384**		76 963 472	
Net cost of raw materials, goods and services	**(45 830 307)**		(47 095 561)	
Wealth created by trading operations	**31 322 077**		29 867 911	
Impairments	**(670 840)**		(359 250)	
Finance income	**688 436**		603 909	
Dividend income	**227 282**		257 636	
Total wealth created	**31 566 955**	**100.0**	30 370 206	100.0
Distributed as follows				
Employees				
Benefits and remuneration	**21 107 591**	**66.9**	19 911 814	65.6
Governments				
Taxation	**1 417 193**	**4.5**	1 436 597	4.7
Providers of capital	**3 568 875**	**11.3**	3 523 161	11.7
Finance charges	**1 549 598**	**4.9**	1 459 856	4.9
Distributions to shareholders	**2 019 277**	**6.4**	2 063 305	6.8
Retained for growth	**5 473 296**	**17.3**	5 498 634	18.1
Depreciation and amortisation	**1 698 014**	**5.4**	1 680 638	5.5
Profit for the year attributable to shareholders of the Company from continuing operations	**3 775 282**	**12.0**	3 817 996	12.6
	31 566 955	**100.0**	30 370 206	100.0





Exchanges with governments

Including amounts collected on their behalf

	South African		Foreign	
R'000	**2019**	2018	**2019**	2018
Continuing operations				
Employee taxes	**2 136 253**	2 112 286	**1 432 995**	1 113 857
Company taxes	**1 351 808**	1 325 750	**65 385**	110 847
Value-added tax and sales tax	**7 082 278**	6 693 305	**1 272 594**	1 074 704
Customs and excise duty	**17 766 042**	15 979 451	**104 964**	135 971
Other	**158 386**	199 203	**31 447**	53 191
	28 494 767	26 309 995	**2 907 385**	2 488 570

Directors' responsibility for the financial **statements**

To the shareholders of The Bidvest Group Limited

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in terms of the requirements of the Companies Act of South Africa.

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 are responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with IFRS and in terms of the requirements of the Companies Act of South Africa.

The consolidated and separate financial statements of the Group and Company for the year ended 30 June 2019. were approved by the board of directors and are signed on its behalf by:

Eric Diack
Chairman

Lindsay Ralphs
Chief executive

Mark Steyn
Chief financial officer

18 October 2019

Independent auditor's report on the summarised consolidated financial **statements**

To the Shareholders of The Bidvest Group Limited

Opinion

The summarised consolidated financial statements of The Bidvest Group Limited, set out on pages 52 to 66 of The Bidvest Group Limited Integrated Report 2019, which comprise the summarised consolidated statement of financial position as at 30 June 2019, the summarised consolidated income statement, the summarised consolidated statement of other comprehensive income, the summarised consolidated statement of changes in equity and the summarised consolidated statement of 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 2019.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summarised financial statements, as set out in the note "Basis of presentation of summarised consolidated financial statements" to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual 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 audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 30 August 2019. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the JSE's requirements for summarised financial statements, set out in the note "Basis of presentation of summarised consolidated financial statements" to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

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 (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: **C West**
Registered Auditor
Johannesburg

18 October 2019

Summarised consolidated income **statement**

R'000	**Year ended 30 June 2019 Audited**	Year ended 30 June 2018 Audited	% Change
Revenue	**77 152 384**	76 963 472	0.2
Cost of revenue	**(54 142 671)**	(54 716 818)	(1.0)
Gross profit	**23 009 713**	22 246 654	3.4
Operating expenses	**(16 952 252)**	(16 199 932)	4.6
Other income	**310 208**	319 558	(2.9)
Income from investments	**368 258**	142 795	157.9
Trading profit	**6 735 927**	6 509 075	3.5
Share-based payment expense	**(190 109)**	(154 986)	22.7
Acquisition costs and customer contracts amortisation	**(65 858)**	(82 901)	(20.6)
Net capital items#	**(787 102)**	(351 977)	123.6
Profit before finance charges and associate income	**5 692 858**	5 919 211	(3.8)
Net finance charges	**(1 054 933)**	(1 020 730)	3.4
Finance income	**180 461**	158 709	
Finance charges	**(1 235 394)**	(1 179 439)	
Share of profit of associates	**583 198**	423 729	37.6
Current year earnings	**592 104**	431 857	37.1
Net capital items	**(8 906)**	(8 128)	
Profit before taxation	**5 221 123**	5 322 210	(1.9)
Taxation	**(1 417 193)**	(1 436 597)	(1.4)
Profit for the year	**3 803 930**	3 885 613	
Attributable to:			
Shareholders of the Company	**3 775 282**	3 817 996	(1.1)
Non-controlling interest	**28 648**	67 617	(57.6)
	3 803 930	3 885 613	(2.1)
Basic earnings per share (cents)	**1 119.4**	1 137.3	(1.6)
Diluted basic earnings per share (cents)	**1 116.4**	1 132.4	(1.4)

 # Refer to the headline earnings calculation for further details.

Supplementary information			
Normalised headline earnings per share (cents)*	**1 320.0**	1 254.9	5.2
Headline earnings per share (cents)	**1 352.1**	1 231.6	9.8
Diluted headline earnings per share (cents)	**1 348.4**	1 226.3	10.0
Shares in issue			
Total ('000)	**338 382**	336 766	
Weighted ('000)	**337 245**	335 718	
Diluted weighted ('000)	**338 164**	337 161	
Dividends per share (cents)	**600.0**	556.0	7.9
Interim	**282.0**	255.0	10.6
Final	**318.0**	301.0	5.6

** Normalised headline earnings per share excludes acquisition cost, amortisation of acquired customer contracts and the non-cash share of Comair's SAA settlement.*

R'000	**Year ended 30 June 2019 Audited**	Year ended 30 June 2018 Audited	% Change
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	**3 775 282**	3 817 996	(1.1)
Impairment of property, plant and equipment; goodwill and intangible assets	**10 299**	12 840	
Property, plant and equipment#	**9 580**	3 311	
Goodwill#	**–**	15 258	
Intangible assets#	**1 648**	1 115	
Taxation effect	**(196)**	–	
Non-controlling interest	**(733)**	(6 844)	
Net loss on disposal of interests in subsidiaries and disposal and closure of businesses	**175 030**	155 828	
Loss on disposal and closure#	**202 250**	188 635	
Impairment of disposal group assets held for sale#	**–**	39 323	
Taxation effect	**(23 947)**	(37 407)	
Non-controlling interest	**(3 273)**	(34 723)	
Net loss on disposal and remeasurement to recoverable fair value of associates	**622 900**	234 338	
Remeasurement to recoverable fair value of associate#	**623 941**	248 709	
Net (gain)/loss on change in shareholding in associates#	**(1 041)**	(2 981)	
Non-controlling interest	**–**	(11 390)	
Net gain on disposal of property, plant and equipment and intangible assets	**(19 016)**	(24 185)	
Property, plant and equipment#	**(28 192)**	(39 796)	
Intangible assets#	**(4 249)**	(15 895)	
Taxation effect	**11 554**	1 400	
Non-controlling interest	**1 871**	30 106	
Compensation received on loss or impairment of property, plant and equipment	**(13 630)**	(70 263)	
Compensation received#	**(16 835)**	(85 702)	
Taxation effect	**3 205**	15 439	
Non-headline items included in equity accounted earnings of associated companies	**8 906**	8 128	
Headline earnings	**4 559 771**	4 134 682	10.3

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

Summarised consolidated income **statement** (continued)

R'000	**Year ended 30 June 2019 Audited**	Year ended 30 June 2018 Audited
Normalised headline earnings per share Normalised headline earnings per share is a measurement used by the chief operating decision-maker, Lindsay Ralphs. 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 Group's non-cash share of Comair's SAA travel agent incentive scheme settlement has been included in the calculation of normalised headline earnings in the current period. The presentation of normalised headline earnings is not an IFRS requirement.		
Headline earnings	**4 559 771**	4 134 682
Acquisition costs	**22 940**	50 190
Amortisation of customer contracts	**42 918**	32 711
Non-cash share of Comair's SAA travel agent incentive scheme settlement	**(167 950)**	–
Taxation effect	**(5 883)**	(4 522)
Normalised headline earnings	**4 451 796**	4 213 061

Summarised consolidated statement of other comprehensive **income**

R'000	**Year ended 30 June 2019 Audited**	Year ended 30 June 2018 Audited
Profit for the year	**3 803 930**	3 885 613
Other comprehensive income/(expense) net of taxation		
Items that may be reclassified subsequently to profit or loss	**(38 166)**	(38 783)
Decrease in foreign currency translation reserve		
Exchange differences arising during the year	**(11 044)**	(31 331)
Decrease in fair value of cash flow hedges	**(12 617)**	(7 452)
Fair value loss arising during the period	**(17 523)**	(10 350)
Taxation effect for the year	**4 906**	2 898
Share of other comprehensive income of associates	**(14 505)**	–
Other comprehensive income transferred to profit or loss		
Realisation of exchange differences on disposal of subsidiaries and or associates	**(42 903)**	–
Items that will not be reclassified subsequently to profit or loss		
Changes in the fair value of financial assets recognised through other comprehensive income^	**23 849**	(3 111)
Share of other comprehensive income of associates	**677**	–
Defined benefit obligations	**(679)**	2 031
Net remeasurement of defined benefit obligations during the year	**(943)**	2 920
Taxation effect for the year	**264**	(889)
Total comprehensive income for the year	**3 746 708**	3 845 750
Attributable to:		
Shareholders of the Company	**3 718 156**	3 785 885
Non-controlling interest	**28 552**	59 865
	3 746 708	3 845 750

^ *Changes in the fair value of equity instruments elected as FVOCI have been reclassified for comparative purposes.*

Summarised consolidated statement of cash flows

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Re-presented Audited*
Cash flows from operating activities	**2 580 285**	5 386 455
Profit before finance charges and associate income	**5 692 858**	5 919 211
Dividends from associates	**155 889**	206 725
Acquisition costs	**22 940**	50 190
Depreciation and amortisation	**1 698 014**	1 680 638
Remeasurement to recoverable fair value of associates	**623 941**	248 709
Other cash and non-cash items	**(17 008)**	156 983
Cash generated by operations before changes in working capital	**8 176 634**	8 262 456
Changes in working capital	**(1 107 708)**	1 523 258
Decrease in inventories	**44 123**	45 270
Increase in trade receivables	**(99 242)**	(776 913)
Increase in banking and other advances	**(764 085)**	(421 236)
(Decrease)/increase in trade and other payables and provisions	**(1 074 852)**	1 467 099
Increase in amounts owed to bank depositors	**786 348**	1 209 038
Cash generated by operations	**7 068 926**	9 785 714
Net finance charges paid	**(1 047 056)**	(1 038 799)
Taxation paid	**(1 422 308)**	(1 297 155)
Dividends paid by the Company	**(1 964 229)**	(1 740 197)
Dividends paid by subsidiaries	**(55 048)**	(323 108)
– Non-controlling shareholders	**(51 207)**	(319 984)
– Put-call option holders	**(3 841)**	(3 124)
Cash effects of investment activities	**(3 281 913)**	(5 872 506)
Net (acquisition)/disposal of vehicle rental fleet	**(243 334)**	73 245
Net additions to property, plant and equipment	**(2 198 170)**	(2 204 353)
Net additions to intangible assets	**(160 245)**	(102 044)
Acquisition of subsidiaries, businesses, associates and investments	**(2 253 448)**	(3 704 932)
Disposal of subsidiaries, businesses, associates and investments	**1 573 284**	65 578
Cash effects of financing activities	**(766 609)**	253 211
Settlement of puttable non-controlling interest liability	**(16 500)**	–
Transactions with non-controlling interests	**(757 645)**	–
Borrowings raised	**3 124 004**	3 669 023
Borrowings repaid	**(3 116 468)**	(3 415 812)
Net decrease in cash and cash equivalents	**(1 468 237)**	(232 840)
Net cash and cash equivalents at the beginning of the year	**3 514 398**	3 886 417
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	**(11 638)**	(39 622)
Net cash and cash equivalents at end of the year	**2 034 523**	3 514 398
Net cash and cash equivalents comprise:		
Cash and cash equivalents	**6 617 075**	6 168 293
Bank overdrafts included in short-term portion of interest-bearing borrowings	**(4 582 552)**	(2 653 895)
	2 034 523	3 514 398

**Refer to page 65.*

Summarised consolidated statement of financial **position**

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Audited
ASSETS		
Non-current assets	**31 011 664**	28 950 541
Property, plant and equipment	**12 048 736**	11 173 458
Intangible assets	**3 378 627**	3 367 806
Goodwill	**5 424 027**	4 447 769
Deferred taxation assets	**845 421**	761 368
Defined benefit pension surplus	**241 390**	224 577
Interest in associates	**5 803 569**	5 342 027
Life assurance fund	**44 175**	21 324
Investments	**1 732 951**	2 802 905
Banking and other advances	**1 492 768**	809 307
Current assets	**30 834 644**	29 131 418
Vehicle rental fleet	**1 277 803**	1 205 591
Inventories	**8 558 967**	8 515 551
Short-term portion of banking and other advances	**1 162 407**	1 082 937
Short-term portion of investments	**1 211 481**	–
Trade and other receivables	**11 724 064**	12 033 937
Taxation	**282 847**	125 109
Cash and cash equivalents	**6 617 075**	6 168 293
Disposal group assets held for sale	**–**	253 919
Total assets	**61 846 308**	58 335 878
EQUITY AND LIABILITIES		
Capital and reserves	**25 922 832**	24 980 709
Attributable to shareholders of the Company	**25 618 212**	23 957 082
Non-controlling interest	**304 620**	1 023 627
Non-current liabilities	**8 946 369**	8 899 765
Deferred taxation liabilities	**1 335 156**	1 209 549
Life assurance fund	**–**	10 545
Long-term portion of borrowings	**7 008 239**	7 122 485
Post-retirement obligations	**74 317**	76 943
Puttable non-controlling interest liabilities	**82 317**	90 530
Long-term portion of provisions	**350 705**	248 633
Long-term portion of operating lease liabilities	**95 636**	141 080
Current liabilities	**26 977 107**	24 423 619
Trade and other payables	**11 991 853**	12 983 511
Short-term portion of provisions	**332 465**	281 532
Vendors for acquisition	**518 231**	22 708
Taxation	**291 042**	168 844
Amounts owed to bank depositors	**6 407 490**	5 621 142
Short-term portion of borrowings	**7 436 026**	5 345 882
Disposal group liabilities held for sale	**–**	31 785
Total equity and liabilities	**61 846 308**	58 335 878
Supplementary information		
Net tangible asset value per share (cents)	**4 969**	4 793
Net asset value per share (cents)	**7 571**	7 114

Summarised consolidated statement of changes in **equity**

R'000	**Year ended 30 June 2019 Audited**	Year ended 30 June 2018 Audited
Equity attributable to shareholders of the Company	**25 618 212**	23 957 082
Share capital	**16 948**	16 873
Balance at beginning of the year	**16 873**	16 770
Shares issued during the year	**75**	103
Share premium	**1 099 231**	797 717
Balance at beginning of the year	**797 717**	379 792
Shares issued during the year	**302 012**	418 505
Share issue costs	**(498)**	(580)
Foreign currency translation reserve	**208 936**	262 787
Balance at beginning of the year	**262 787**	286 628
Movement during the year	**(10 948)**	(23 168)
Realisation of reserve on disposal of subsidiaries and or associates	**(42 903)**	(673)
Hedging reserve	**(13 580)**	(963)
Balance at beginning of the year	**(963)**	6 489
Fair value losses arising during the year	**(17 523)**	(10 350)
Deferred tax recognised directly in reserve	**4 906**	2 898
Equity-settled share-based payment reserve	**(343 118)**	(243 388)
Balance at beginning of the year	**(243 388)**	(14 787)
Arising during the year	**191 070**	155 637
Deferred tax recognised directly in reserve	**34 289**	36 540
Utilisation during the year	**(324 656)**	(419 756)
Realisation of reserve on disposal of subsidiaries and or associates	**8 049**	(1 022)
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	**2 734**	–
Transfer from retained earnings	**(11 216)**	–
Movement in retained earnings	**24 012 732**	22 486 993
Balance at the beginning of the year	**22 486 993**	20 279 261
IFRS 15 adjustment to balance at beginning of the period	**(38 723)**	–
IFRS 9 adjustment to balance at beginning of the period	**(41 360)**	–
Attributable profit	**3 775 282**	3 817 996
Change in fair value of financial assets recognised through other comprehensive income	**23 849**	(3 111)
Net remeasurement of defined benefit obligations during the year	**(679)**	1 620
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	**(218 674)**	(85 706)
Remeasurement of put option liability	**(7 115)**	(5 025)
Share of other comprehensive income of associates	**(13 828)**	–
Net dividends paid	**(1 964 229)**	(1 740 197)
Transfer from equity-settled share-based payment reserve	**11 216**	–

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Audited
Treasury shares	**637 063**	637 063
Balance at the beginning of the year	**637 063**	743 152
Treasury shares arising on consolidation of the Bidvest Education Trust	**–**	(106 089)
Equity attributable to non-controlling interests of the Company	**304 620**	1 023 627
Balance at beginning of the year	**1 023 627**	1 347 018
IFRS 15 adjustment to balance at beginning of the period	**(14 506)**	–
IFRS 9 adjustment to balance at beginning of the period	**(2 512)**	–
Other comprehensive income	**28 552**	59 865
Attributable profit	**28 648**	67 617
Movement in foreign currency translation reserve	**(96)**	(8 163)
Net remeasurement of defined benefit obligations during the year	**–**	411
Dividends paid	**(51 207)**	(319 984)
Movement in equity-settled share-based payment reserve	**(961)**	(651)
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	**(2 734)**	–
Changes in shareholding	**(894 313)**	(125 405)
Grant of put options to non-controlling interests	**–**	(22 922)
Transfer of reserves as a result of changes in shareholding of subsidiaries	**218 674**	85 706
Total equity	**25 922 832**	24 980 709

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

These summarised provisional 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, at a minimum, disclosure as required by IAS 34 Interim Financial Reporting, the Companies Act of South Africa and the JSE Listings Requirements. 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 2018.

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 management 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.

Significant accounting policies

The accounting policies applied in these summarised consolidated financial statements are in terms of IFRS and the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2018, except as detailed below:

The Group has adopted the following new accounting standards as issued by the IASB, which were effective for the Group from 1 July 2018:

- IFRS 15 Revenue from Contracts with Customers (IFRS 15); and
- IFRS 9 Financial Instruments (IFRS 9).

The application of both IFRS 15 and IFRS 9 has had no material impact on the Group's results.

Retained earnings as at 1 July 2018 has been restated as follows:

R'000	Year ended 30 June 2019 Audited
Retained earnings at the beginning of the period	22 486 993
Bill-and-hold arrangement (IFRS 15)	(40 294)
Performance obligations satisfied over time (IFRS 15)	(37 000)
Customer acceptance (IFRS 15)	3 431
Expected credit loss model (IFRS 9)	(58 280)
Taxation effect	35 042
Non-controlling interest	17 018
Restated retained earnings at the beginning of the period	**22 406 910**

Adoption of and transition to IFRS 15

In transitioning to IFRS 15 the Group applied the cumulative effect method and retained prior period figures as reported under the previous standards, recognising the cumulative effect of applying the new standard as an adjustment to the opening balance of equity as at the date of initial application (beginning of current reporting period).

The Group principally generates revenue from providing a wide range of goods and services through its seven core trading operations, Services, Freight, Commercial Products, Office and Print, Financial Services, Automotive and Electrical.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods and services to a customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over products or services to a customer.

On conclusion of a detailed assessment, the Group identified the following impact of the change in accounting policy, the prior period financial effects of which are detailed in the table above.

- ***Bill-and-hold arrangement.*** Upon review of the IFRS 15 requirements for satisfaction of performance obligations and acceptable measures of progress, management concluded that the Group did not fully satisfy the performance obligations at inception of the contract. Following adoption of IFRS 15, revenue is recognised at the point in time when control transfers to the customer.
- ***Performance obligations satisfied over time.*** Upon review of the IFRS 15 requirements for satisfaction of performance obligations and acceptable measures of progress, management concluded that the Group did not fully satisfy the performance obligations at inception of the contract. Following adoption of IFRS 15, revenue is recognised at the point in time when control transfers to the customer.
- ***Customer acceptance.*** Upon review management has concluded that these sales meet the IFRS 15 requirements to recognise revenue when control transfers, and although customer acceptance is required, the other determinants of control in IFRS 15 indicate that revenue should be recognised prior to customer acceptance. Therefore, revenue for these services will be recognised earlier under IFRS 15.

Given the diverse nature of the business management believes the summarised segmental revenue analysis presents the nature and amount of Group revenue streams with sufficiently different characteristics not obscured by insignificant detail, and therefore fulfils the disaggregation disclosure requirements of IFRS 15.

Adoption of and transition to IFRS 9

As a result of the adoption of IFRS 9 the Group changed from the incurred credit loss model detailed in IAS 39 to the expected credit loss (ECL) model to calculate impairments of financial instruments. IFRS 9 also resulted in a change in the classification of the measurement categories for financial instruments. In transitioning to IFRS 9, the Group has applied the changes retrospectively but has elected not to restate comparative information.

Impairment

Applying the incurred loss model, the Group assessed whether there was any objective evidence of impairment at the end of each reporting period. If such evidence existed, the allowance for credit losses in respect of financial assets at amortised cost was calculated as the difference between the asset's carrying amount and its recoverable amount.

Following the adoption of IFRS 9, the Group calculates allowance for credit losses as ECL's for financial assets measured at amortised cost, debt investments at fair value through other comprehensive income (FVOCI) and contract assets. ECL's are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive. ECL's are discounted at the original effective interest rate of the financial asset. The Group applies the simplified approach to determine the ECL for trade receivables, contract assets and lease receivables (collectively, accounts receivable). This results in calculating lifetime expected credit losses for these receivables. ECL for accounts receivable is calculated using a provision matrix.

The Group operates a decentralised structure and the provision matrix is deployed for each operating entity's accounts receivable as follows: ECLs are calculated by applying a loss ratio to the aged balance of accounts receivable at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historic write-offs to the payment profile of the sales population. In instances where there was no evidence of historical write-offs, management used a proxy write-off. Accounts receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations. The historic loss ratio is then adjusted for forward-looking information to determine the ECL for the portfolio of accounts receivable at the reporting period to the extent that there is a strong correlation between the forward-looking information and the ECL.

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

(continued)

In determining the ECL for its financial assets, Bidvest Bank applies the three stage general approach, which is based on changes in credit quality since initial recognition. ECLs are calculated using a probability of default, a loss given default and the exposure at default. Both forward-looking macro-economic information and historical data are considered in the assessment of ECL.

The financial impact on prior periods of changing from an incurred loss model to an ECL model has been detailed in the table on page 60.

Classification, initial recognition and subsequent measurement

IFRS 9 introduces new measurement categories for financial assets. The measurement categories of IFRS 9 and IAS 39 are illustrated in the comparative table below. From 1 July 2018 the Group classifies financial assets in each of the IFRS 9 measurement categories based on the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset.

IAS 39 category	IFRS 9 category
Financial assets at fair value through profit or loss (FVTPL)	Financial assets at FVTPL
Loans and receivables	Financial assets at amortised cost
Available for sale	Investment at fair value through other comprehensive income (FVOCI)*
Held to maturity	

** This includes both debt and equity instruments. The biggest change is that on derecognition of equity instruments gains and losses accumulated in OCI are not reclassified to profit or loss.*

On initial recognition of equity investments not held for trading, the Group may elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis. Fair value gains or losses on these instruments will not be recycled to profit and loss when sold, but rather transferred within equity.

Financial liabilities are measured at amortised cost.

Comparatives

During the period, certain operations were reclassified between segments as a result of an internal reporting restructure.
The comparative periods segmental information has been amended to reflect these insignificant changes. No comparative information has been changed following the adoption of IFRS 9 and IFRS 15.

Significant commitment

Bidvest Freight is in the process of constructing an LPG tank farm in the port of Richards Bay. To 30 June 2019, R489 million has been spent with an additional R460 million committed to the project. The estimated completion date is July 2020.

Fair value of financial instruments

The Group's investments of R2 944 million (2018: R2 803 million) include R135 million (2018: R32 million) recorded at amortised cost, R1 498 million (2018: R1 714 million) recorded and measured at fair values using quoted prices (Level 1) and R1 311 million (2018: R1 057 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 R249 million (2018: R57 million).

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

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Audited
Balance at the beginning of year	**1 056 988**	995 961
On acquisition of business	**3 798**	–
Purchases, loan advances or transfers from other categories	**10 540**	5 434
Fair value adjustment recognised directly in equity	**5**	–
Fair value adjustment arising during the year recognised in the income statement	**248 830**	56 559
Proceeds on disposal, repayment of loans or transfers to other categories	**(12 906)**	–
Profit on disposal of investments	**2 085**	–
Exchange rate adjustments	**1 792**	(966)
	1 311 132	1 056 988

The Group's effective beneficial interest in the Indian-based Mumbai International Airport Private Limited (MIAL) is an unlisted investment held for trading and classified as a financial asset at fair value through profit or loss, and the fair value is not based on observable market data (Level 3).

Based on the directors' valuation at 30 June 2019, the carrying value of this investment is R1.2 billion (US$86 million) (2018: R988 million (US$72 million)). The valuation of MIAL is fair value less cost to sell and is based on a signed sale agreement, which is subject to suspensive and conditions precedent. The investment has been reclassified as a current asset and is expected to be sold within the next 12 months.

MIAL is a foreign-based asset and the ruling year-end exchange rate, US$1 = R14.09 (2017: US$1 = R13.72), 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 R14 456 million whose carrying value is R14 444 million.

Acquisition and disposal of businesses, subsidiaries, associates and investments

Acquisitions

The Group acquired 100% of the share capital and voting rights of UAV and Drone Solutions Proprietary Limited (UDS) for R500 million effective 1 March 2019. UDS is a profit-for-purpose. South African company established in 2013 to take advantage of technological developments in the world of Unmanned Airborne Systems. UDS provides solutions for environmental conservation, security services, infrastructure inspection, survey and stockpile management and blasting profiles. In-house capabilities and competencies include mechanical, electrical and software engineering. The acquisition enhances the Group's overall service offering, particularly security services. The purchase price was funded from existing cash resources and facilities.

Effective 1 February 2019, Pureau Fresh Water Company Proprietary Limited (Pureau), 82% owned by the Group, acquired 100% of the ordinary share capital and voting rights of Zanihold Proprietary Limited (Aquazania), holding company of Aquazania Proprietary Limited and Aquazania Africa Proprietary Limited, for R390 million. Aquazania supplies a range of bottled water coolers, plumbed in water dispensers (bottleless water coolers) and coffee machines to households and a wide variety of corporate customers. The acquisition increases Pureau's market share and enhances its service and technology offering. The acquisition was funded using existing cash resources and facilities.

During the year the Group acquired an additional 10 648 542 Adcock Ingram Holdings Limited (Adcock Ingram) ordinary shares for R650 million. The additional shares acquired increases the Group's interest in the Adcock Ingram associate from 37.6% to 43.7%. Subsequent to year-end, the Group obtained a controlling interest in Adcock Ingram. The purchase price was funded from existing cash resources and facilities.

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

(continued)

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. The Goodwill and Intangible asset values represented for UDS and Aquazania are provisional, as the acquisitions were completed close the Group's reporting date. The remaining values represent the final at acquisition fair values consolidated by the Group.

R'000	UDS	Aquazania	Other acquisitions	**Total acquisitions**
Property, plant and equipment	2 782	28 319	67 485	**98 586**
Deferred taxation	–	584	(864)	**(280)**
Interest in associates	–	–	706 533	**706 533**
Investments and advances[&]	–	–	860 194	**860 194**
Inventories	827	7 493	45 243	**53 563**
Trade and other receivables	19 444	26 387	208 379	**254 210**
Cash and cash equivalents	975	20 990	52 017	**73 982**
Borrowings	–	–	(15 916)	**(15 916)**
Trade and other payables and provisions	(2 079)	(23 351)	(256 246)	**(281 676)**
Taxation	(924)	(7 086)	(7 072)	**(15 082)**
Intangible assets	–	–	3 090	**3 090**
	21 025	53 336	1 662 843	**1 737 204**
Non-controlling interest	–	–	19 963	**19 963**
Goodwill	478 975	335 333	228 537	**1 042 845**
Net assets acquired	500 000	388 669	1 911 343	**2 800 012**
Settled as follows:				
Cash and cash equivalents acquired				**(73 982)**
Acquisition costs				**22 940**
Net change in vendors for acquisition				**(495 522)**
Net acquisition of businesses, subsidiaries, associates and investments				**2 253 448**

[&] *R125 million of advances to B-BBEE and other partners, R731 million purchases made in the Group's various investment portfolios, primarily those of Bidvest Insurance and Bidvest Bank, R4 million acquisitions.*

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 market place.

UDS contributed R47 million to revenue and R28 million to operating income. Had the acquisition taken place 1 July 2018 the contribution to revenue would have been R101 million and R46 million to operating profit. Aquazania contributed R87 million to revenue and R27 million to profit and loss. Had the acquisition taken place 1 July 2018 the contribution would have been R128 million and R48 million to profit and loss.

Disposals

Effective 1 November 2018 the Group disposed of its entire interest in TMS Group Industrial Services Proprietary Limited (TMS), an industrial facilities cleaning and maintenance contractor, to Sekta Group for R219 million (R116 million equity and R103 million debt).

On March 2019 the Group sold its entire interest in Renfreight Proprietary Limited (Renfreight) to Makana Investment Corporation (MIC) for R110 million. The transaction was completed as part of a Broad-Based Black Economic Empowerment deal, which provides MIC, via its 100% ownership of Renfreight, an 11% share of the BPL partnership. BPL is a leading South African end-to-end supply chain solutions company.

Included in investments and advances is the disposal, in August 2018, of 1,3 million shares in Bid Corporation Limited (Bidcorp) for R406 million, the Group's entire holding save for 0,4 million shares held by the Bidvest Education Trust.

The previously recognised disposal group, Comet Investments Capital Inc. (Comet), was sold during the year.

R'000	TMS	Renfreight	Other disposals	**Total disposals**
Property, plant and equipment	(43 400)	–	(39 136)	**(82 536)**
Deferred taxation	(65 653)	–	32 531	**(33 122)**
Interest in associates	–	–	(32 651)	**(32 651)**
Investments and advances**	–	–	(1 027 403)	**(1 027 403)**
Inventories	(3 360)	–	(710)	**(4 070)**
Trade and other receivables	(109 196)	(98 353)	(165 467)	**(373 016)**
Cash and cash equivalents	(100 166)	(43)	1 419	**(98 790)**
Trade and other payables and provisions	61 797	364	88 701	**150 862**
Taxation	–	(1 512)	(12 710)	**(14 222)**
Disposal group assets held for sale	–	–	(253 921)	**(253 921)**
Disposal group liabilities held for sale	–	–	31 785	**31 785**
Intangible assets	(6 491)	–	–	**(6 491)**
	(266 469)	(99 544)	(1 377 562)	**(1 743 575)**
Non-controlling interest	–	–	116 705	**116 705**
Realisation of foreign currency translation reserve	–	–	42 903	**42 903**
Realisation of share-based payment reserve	(8 049)	–	–	**(8 049)**
Goodwill	(37 004)	(15 332)	(14 242)	**(66 578)**
Net assets disposed of	(311 522)	(114 876)	(1 232 196)	**(1 658 594)**
Settled as follows:				
Cash and cash equivalents disposed of				**98 790**
Net loss on disposal of operations				**177 261**
Settlement of receivable arising on disposal of subsidiaries and associates				**(190 741)**
Net proceeds on disposal of businesses, subsidiaries, associates and investments				**(1 573 284)**

*** R406 million Bidcorp, R621 million sales made in the Group's various investment portfolios, primarily those of Corporate and Bidvest Bank.*

Significant accounting judgement

The Group's purchase of 10.6 million additional Adcock Ingram shares during the year resulted in the Group holding an effective 44.8% (2018: 38.5%) of the net ordinary shares in issue (total ordinary shares in issue less treasury shares). The Group's economic interest in Adcock Ingram is 51.4% (2018: 45.2%) as a consequence of treating the 2015 sale of 15.0% of its holding, in terms of the Adcock Ingram Broad-Based Black Empowerment Scheme (Scheme), to Ad-izinyosi as a deferred sale. For the year ending 30 June 2019 the Group equity accounted, rather than consolidated, its 51.4% economic controlling interest in Adcock Ingram as the requirements for control detailed in IFRS 3 Business Combinations could not be met.

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

(continued)

Re-presentation of comparatives

The Group operates an equity settled share-based payment scheme. In the comparative period, the Group presented the intragroup cash flows for settling the obligations as gross amounts in the cash flow statement. No external Group cash flows arise as a result of these transaction, therefore the prior year cash flow statement has been re-presented accordingly. This re-presentation had no impact on the Group's cash and cash equivalents or statement of financial position, however, cash generated by operations increased by R418 million in 2018, and the cash flow from financing activities declined by R418 million.

Subsequent event

Effective 1 August 2019, following the dissolution of the Scheme, the Group attained a 51.4% economic controlling interest in Adcock Ingram. This investment will be consolidated from 1 August 2019.

The acquisition of Eqstra for R3.1 billion enterprise value, was announced on 15 July 2019 and is subject to normal approvals and conditions precedent.

Audit report

The auditors, PricewaterhouseCoopers Inc., have issued their opinion on the consolidated financial statements for the year ended 30 June 2019. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified opinion. A copy of the auditor's report together with a copy of the audited consolidated financial statements are available for inspection at the Company's registered office.

These summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent in all material respects with the consolidated financial statements. These summarised provisional consolidated financial statements have been audited by the Company's auditors who have issued an unmodified opinion on page 51. The auditor's report does not necessarily report on all of the information contained in this Integrated Report. Any reference to future financial information included in this report has not been reviewed or reported on by the auditors.

Shareholders are advised, that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of their report together with the consolidated financial statements from the Company's registered office.

Preparer of the summarised consolidated financial statements

The consolidated financial statements and summarised consolidated financial statements have been prepared under the supervision of the chief financial officer, MJ Steyn BCom CA(SA), and were approved by the board of directors on 30 August 2019.

Shareholder **diary**

Financial year-end		30 June
Annual general meeting		28 November 2019
Announcement of interim results to December		2 March 2020
Announcement of annual results		31 August 2020
Distributions	**Distribution**	**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	**Chief financial officer** Mark Steyn **Investor relations** Ilze Roux
Group company secretary Ilze Roux **Auditors** PricewaterhouseCoopers Inc. **Legal advisers** Baker & McKenzie Edward Nathan Sonnenbergs Werksmans Inc. **Bankers** ABSA Bank Limited Barclays PLC FirstRand Group Limited Investec Bank Limited Nedbank Limited The Standard Bank of South Africa Limited	**Registered office** Bidvest House 18 Crescent Drive Melrose Arch Melrose 2196 South Africa PO Box 87274 Houghton 2041 South Africa Telephone +27 (11) 772 8700 **Website** www.bidvest.com E-mail info@bidvest.co.za investor@bidvest.co.za
Share transfer secretaries Computershare Investor Services Proprietary Limited PO Box 61051 Marshalltown 2107 0861 100 950 **Sponsor** Investec Bank Limited	**Bidvest call line** 0860 BIDVEST **Ethics line** Freecall 0800 50 60 90 Freefax 0800 00 77 88 E-mail bidvest@tip-offs.com Freepost Tip-offs Anonymous 138 Umhlanga Rocks KwaZulu-Natal 4320 South Africa