Bidvest

Integrated Report
2020

#EmergingStronger

Contents

2020 Highlights

Financial

R9.2bn
cash generated from operations, up 38%

Free cash flow of
R3.7bn,
a R1.4bn increase

Exceptional asset management during challenging times. Normalised
ROFE 23%

Robust
balance sheet

R6.9bn
trading profit from continuing operations, up 3%, before R1.6bn COVID-19 charges

Normalised HEPS from continuing operations of
1 028.3 cents

HEPS from continuing operations
553.2 cents

Non-financial

Mpumi Madisa
chief executive effective
1 October 2020

132 870
employees

9 675
learnerships

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

Cumulative
72 132 employees
benefited from Bidvest COVID-19 fund (April-June)

Electricity from renewable resources
up 26%

Recycled
200 000
tons of waste

Invested
R360m
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 incorporating the Chairman's statement and review our leadership team and governance and remuneration practices; Provide an operational summary of our performance and strategy in the CEO's statement; Identify the material matters that impact on value creation in terms of our operating environment, and the principal risks and opportunities facing the company; Reflect on our interaction with the six capitals that enable our business and our key stakeholder relationships and review our financial performance and plans in terms of our strategic focus areas across our operations. This report covers the period from 1 July 2019 to 30 June 2020.

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 (Listing Requirements) and the South African Companies Act, No 71 of 2008 (Companies Act). 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 comfort obtained from management in conjuction with internal and external assurance providers. PricewaterhouseCoopers Inc. (PwC) audited our FY2020 consolidated annual financial statements 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 annualy 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 on 11 September 2020 and the Bidvest Integrated report on 22 October 2020.

Signed on the board's behalf:

Bonang Mohale	Mpumi Madisa
Chairman	Chief executive

22 October 2020

"The focus of our design speaks to the collaboration of our Bidvest businesses and broader stakeholder community to deliver on our commitment to the rebuilding of our country in the global economy whilst delivering comprehensive, value-adding solutions to customers. We are the sum of our parts and continue to move forward, together and even stronger than before". #EmergingStronger

What we do

A leading business-to-business services, trading and distribution group operating in the areas of consumer, pharmaceutical and industrial products, financial services, freight management, office and print solutions, outsourced hard and soft services, travel 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**
- **Maintain strong financial position**
- **Allocate capital to grow**
- **Responsible stewardship**

The six divisions

Services

Branded Products

Freight

Commercial Products

Financial Services

Automotive

Integrated Group overview

Bidvest is a leading business-to-business services, trading and distribution group, operating through six divisions:

Services, Freight, Branded Products, Commercial Products, Financial Services and Automotive. The Group owns a significant and strategic property portfolio largely occupied by Bidvest. Bidvest has a 53.6% stake in Adcock Ingram (Adcock). Effective May 2020, Bidvest executed its biggest transaction ever when it acquired PHS, a leading hygiene service provider in the UK, Ireland and Spain. On an annualised basis, this trebles the Group's offshore exposure.

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

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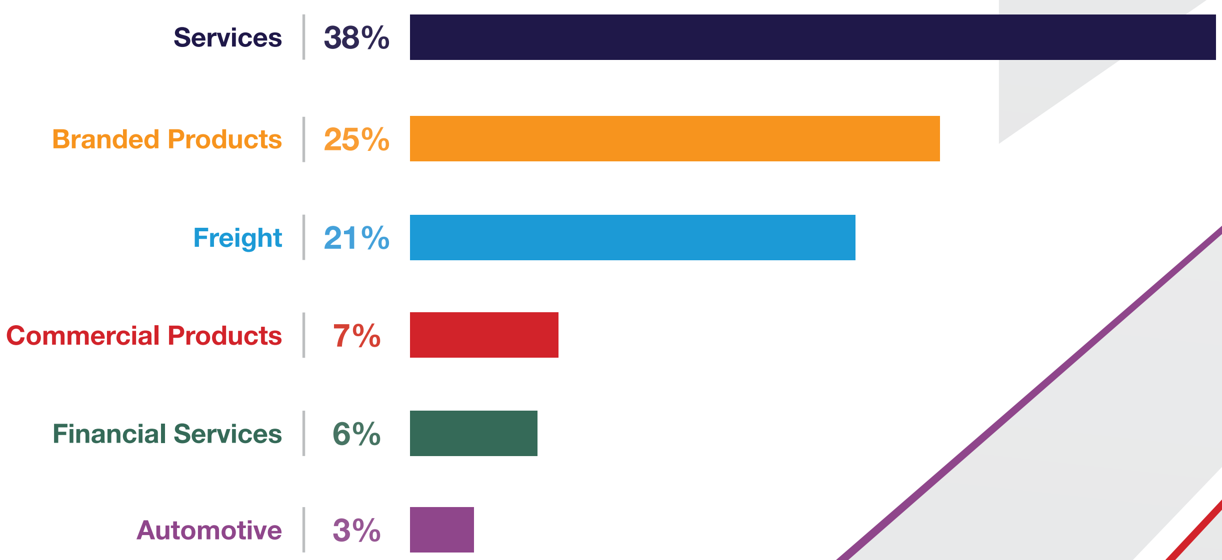
Bidvest services 300 000 customers through 550 facilities

Group B-BBEE level 3 with more than 50% of individual businesses at level 1 and 2

Trading profit
Divisional contribution



Services

Revenue	Trading profit
R22 091m	**R2 134m**
(2019: R20 648m)	(2019: R2 201m)

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

Incorporating, amongst others:

Steiner, Prestige, Protea Coin, Aquazania, ExecuFlora, Rennies Travel, Bidvest Lounges, Bidair Cargo, First Garment Rental, Boston Laundries, Noonan, PHS

Branded Products

Revenue	Trading profit
R17 327m	**R1 404m**
(2019: R11 858m)	(2019: R941m)

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

Incorporating, amongst others:

Waltons, Konica Minolta, Cecil Nurse, Silveray, Kolok, Lithotech, Bidvest Data, Home of Living Brands, Masterpack, Adcock Ingram

Freight

Revenue	Trading profit
R6 308m	**R1 161m**
(2019: R6 698m)	(2019: R1 386m)

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.

Incorporating, amongst others:

Bidvest Tank Terminals, SABT, Bulk Connections, Bidvest International Logistics, Manica, Bidvest SACD, Bidvest Port Operations

Commercial Products

Revenue	Trading profit
R11 943m	**R393m**
(2019: R12 851m)	(2019: R736m)

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

Incorporating, amongst others:

Matus, Renttech, Vulcan, Plumblink, G Fox, Berzacks, Buffalo Tape, Yamaha, Academy Brushware, Voltex, Versalec, Cabstrut, Technilamp, MVLV

Financial Services

Revenue	Trading profit
R2 650m	**R304m**
(2019: R2 701m)	(2019: R585m)

Specialsed fleet management and foreign exchange services, insurance and other financial services for the corporate and business markets. Bidvest Bank is a leading second tier bank.

Incorporating, amongst others:

Bidvest Bank, Compendium, FMI, Bidvest Wealth and Employee Benefits, Bidvest Insurance, Master Currency

Automotive

Revenue	Trading profit
R18 263m	**R178m**
(2019: R22 848m)	(2019: R532m)

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.

Incorporating, amongst others:

Bidvest McCarthy, Burchmores

Business model

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 together with 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

Maintain strong financial position

Allocate capital to grow

Responsible stewardship

See page 9 for more details about our strategic performance

An intimate understanding of the factors that drive value enables us to identify areas of strategic focus to deliver value.

See page 30 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 implementing our growth drivers across six core divisions

See page 36 for Divisional reviews

Growth drivers

Commonalities in B2B operations

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

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

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

Partnerships

We build reliable progressive businesses and dynamic partnerships with customers

Product & Service Development

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

Innovation

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

Capital outcomes

R9bn cash generated from operations.

2.1x net debt/EBITDA.

Bidvest Bank launched online forex and money transfer app.

Noonan introduced scalable integrated smart building solution.

ALICE, a digital auditor, is now commercially available as a software-as-a-service on Microsoft's AppSource.

R167m spent on enterprise and supplier development.

Cleaned and decontaminated almost 2 794 schools in nationwide school readiness project.

Sponsored the launch of Woza Matric 2020, a free-to-air television education program aimed at grade 12 learners.

Succession and talent management resulted in 66% of management positions filled by black candidates.

Mpumi Madisa was appointed CEO 1 October.

R400m Bidvest COVID-19 fund supported the income of our employees that could not work during the national lockdown.

R1bn LPG project in Richards Bay commissioned successfully.

26% increase in "green" electricity used and 3% decrease in scope 1 emissions.

27% less water used over the past 5 years.

Recycled 200 000 tons of waste.

External operating environment

Economic growth

Although we expect the uncertain and fragile operating environment in South Africa to remain, we have a track record of outperforming and we remain confident into the medium-term. Bidvest's basic-need services and everyday essential product ranges should stand it in good stead, especially when coupled with an innovative, value-adding mindset.

Government policy and regulation

South Africa's need for real GDP growth to create social and economic prosperity for all is undeniable. Bidvest is actively participating in national workstreams incorporating labour, government, civil society and business to achieve real and sustainable GDP growth. Enabling and aligned legislation that cuts across sectors is key.

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 programs and ongoing maintenance of national infrastructure and key facilities remains critical to kick-start the South African economy. 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.

Technology

Technology brings opportunity to enhance efficiency, improve service and reduce environmental impact. It also drives changed behaviours and needs, to which we respond accordingly. Automotive implemented robotic process automation to efficiently handle high-volume transactions. Noonan introduced a scalable integrated smart building solution that comprises sensors, analytics and mobile user interfaces.

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, Branded Products, Commercial Products and Financial Services. To enhance this even further, alliances and synergies are being pursued between the South African, UK and Irish facilities management and hygiene businesses.

Out-of-home hygiene

The hygiene market is increasingly resilient and is supported by structural growth drivers such as urbanisation, a growing middle class, growing and aging population as well as hygiene and safety standards in the food, pharmaceutical and retail sectors. The global outbreak of the COVID-19 pandemic undoubtedly heightened the awareness of and the need for out-of-home hygiene. This is expected to accelerate the development and maturity of the industry globally. This is the focus for our offshore expansion strategy.

Consumer spend

Depressed consumer confidence and limited growth in disposable income result in constrained consumer spend. Discretionary spend is expected to be under pressure with some spend redirection towards DIY for the home. Consumer healthcare spend on preventative measures is forecast to increase as health concerns and protecting families take priority. Automotive further reduced its dealer footprint in luxury cars and Adcock Ingram's acquisitive focus on homecare, healthcare and personal care gathered momentum.

Update on strategy

Strategic pillars

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

Maximise diverse portfolio

What it means

Continuous broadening of service and product basket

Offer cost-effective value adding solutions

Progress in FY2020

- All businesses were rightsized to ensure that operating models remain relevant and future-fit.
- Considering the expected multi-year recovery of international travel, Bidvest divesting from its travel exposed capital intensive businesses.
- Several proof-of-concepts relating to facilities management, drones and ALICE were implemented. Bidvest Bank launched a forex and money transfer app and Noonan an integrated smart building solution.

Responsible stewardship

What it means

Deliver sustainable solutions

Add value to customers

Develop people to grow the talent pool

Adapt our business model to unique operating environment

Progress in FY2020

- 8 515 black employees participated in various leadership, internship and apprenticeship programs.
- R360m was invested in developing our people.
- Plumblink launched an insurance contractor app, an ecosystem for all insurance claim parties. In response to COVID-19 health and safety protocols, McCarthy developed an app that allows employers to monitor and track compliance.

Maintain strong financial position

What it means

Drive strong cash generation

Focus on tight asset management

Capacity to accommodate expansion

Dispose of non-core assets

Progress in FY2020

- R9bn cash was generated.
- 2.1x net debt to EBITDA, post-PHS acquisition, leaves room for expansion.
- R4bn extra short-term liquidity was secured at the onset of the national lockdown and remains unused.
- R4bn was raised from local banks towards repaying the PHS bridge loan.
- Progress was made on the disposal of MIAL; Glenryck and The Mansfield Group were sold; Bidvest Car Rental and Bidair Services to be divested.

Allocate capital to grow

What it means

Invest in relevant SA infrastructure

Expand internationally in Services and Commercial Product niches

Broaden product offering via acquisitions

Progress in FY2020

- R12bn acquisition of PHS, the leading hygiene service provider in the UK, Ireland and Spain.
- Bolt-on acquisitions of New Frontiers, Future Cleaning, Mastrantonio.
- After a 3-month delay caused by COVID-19, the Richards Bay LPG terminal was commissioned in October 2020.

Investment case

Bidvest is a diversified Group with exposure spanning most of South Africa's economy and structurally attractive hygiene and facilities management exposure internationally. Many of our products and services are everyday essentials, and therefore, derive defensive income. Focus on cash generation and returns are deeply rooted.

During the testing times of FY2020, Bidvest's mettle was tested

Nimble decision making

A rapid response to costs

Strategic steps implemented in response to considerable demand changes

Ramped up innovation and various support interventions rolled out to assist our employees, communities

Bidvest has a solid platform from which it is capable of #EmergingStronger

Returns have remained good

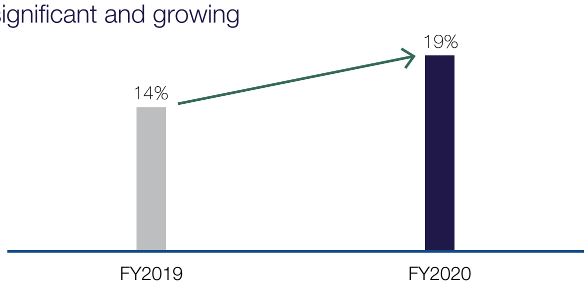
ROIC 400bps above weighted average cost of capital

The new normal brings opportunities and challenges.

Out-of-home hygiene awareness is elevated by the pandemic.

This will drive development in and maturity of this industry. Bidvest's revenue exposure to the cleaning and hygiene industry is significant and growing.

Cleaning & hygiene[1] revenue contribution significant and growing

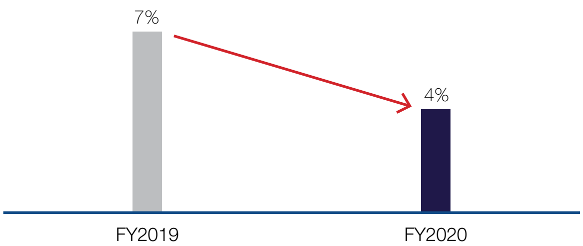


1 *Includes Steiner, Prestige, Noonan and PHS*

The closure of borders hit travel and related activities hard.

The recovery is expected to be multi-year. Bidvest divested of its capital intensive businesses in this industry. Extensive restructuring of the remaining travel businesses lowered its cost base. Overall, the residual revenue contribution is small.

Travel & hospitality[2] revenue contribution limited



2 *Includes Bidair, Travel cluster, World Currency Card, service contracts with hotel groups as well as Bidvest Car Rental in FY2019*

Work-from-home calls for business agility and innovation in Services and Branded Products.

Business development teams across the Group have already started to put forward value-added solutions to customers.

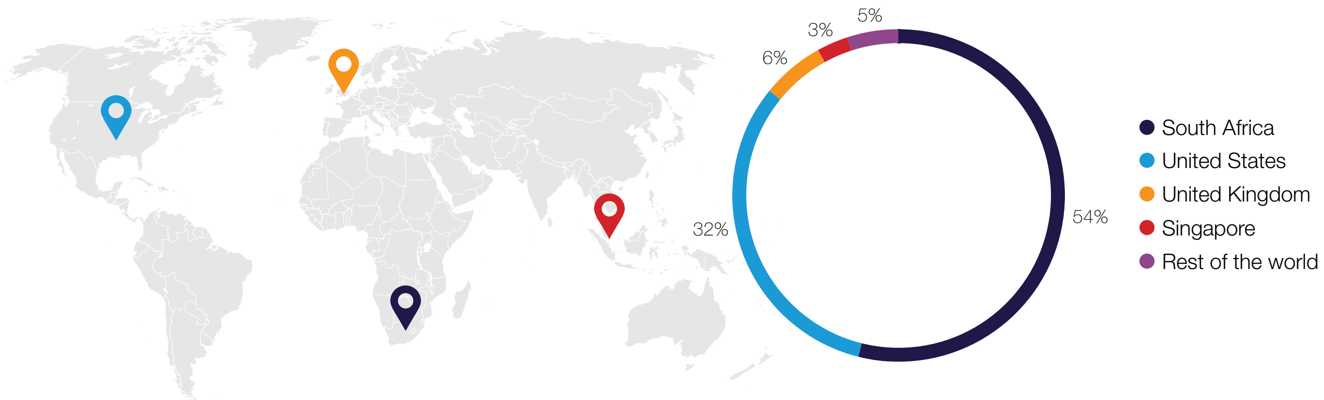
Distinctive characteristics:

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

Shareholder analysis

Investment manager (30 June 2020)	**Shareholding**	%
PIC	**56 960 973**	16.7
Westwood Global Investments LLC	**16 665 799**	4.9
Old Mutual Plc	**14 182 865**	4.2
Lazard Asset Management LLC	**13 817 505**	4.1
The Vanguard Group Inc	**12 981 098**	3.8
BlackRock Inc	**11 597 027**	3.4
Fidelity Management and Research Company	**11 579 812**	3.4
J.P. Morgan Asset Management	**10 485 903**	3.1

Geographic spread of shareholders



Chairman's report

This first report back, following my appointment as chairman of Bidvest this year, is being written at a time of uncertainty and sadness. The scourge of COVID-19 continues to affect the entire nation. It has been a tragedy of epic proportions and sadly we continue to receive daily reports of ongoing infections and fatalities.

Bonang Mohale
Chairman

Our immediate priority and concern during the early days of the pandemic was to ensure appropriate support to protect the lives and livelihoods of the Bidvest Group employees and those in the communities in which we operate.

We initiated numerous programs of assistance and care for our employees, and to many others across the nation. On behalf of the board, our gratitude is extended to the executive teams across the Group, who worked so diligently and with absolute dedication to maintain operational momentum. This ensured the Group companies emerged from the most difficult phase of the pandemic in a relatively stable position, and well placed to return to normal operations when the economy recovers.

We created the Bidvest COVID-19 Fund (Fund) that provided financial assistance to the thousands of Bidvest employees who were unable to work as a result of lockdown restrictions, and the Group's COVID-19 contributions also extended to the most vulnerable in our society. These initiatives took the form of executive salary and board fee sacrifices and other contributions to the Solidarity Fund, food hampers, a national school readiness programme involving the provision of PPE, health and safety supplies and other equipment, as well as collaboration with the SABC on a televised matric learning programme.

Government furlough and other programs provided support for our employees in the UK and Ireland as they were, similarly, unable to work for a period. These well-structured initiatives offered tremendous support to employees, with minimal assistance needed from Bidvest Group companies operating internationally.

Sadly, we lost 35 employees as a result of the pandemic. This has been the most difficult part of the past six months of the year under review, and the board of directors extends its sincere condolences to the families and friends of the colleagues we have lost.

Operating context

Most countries around the world are negotiating the social, political and economic effects brought about by COVID-19, but also by the inequality, corruption, environmental degradation, and many other issues of deep concern. This is prompting citizens to stand firmly behind their respective beliefs and principles.

From an economic and political perspective, the period under review has been a bruising time in South Africa. Policy uncertainty remains a key concern and, together with persistent low economic growth forecasts, the country has seen a series of international credit rating downgrades, with crime and corruption remaining rampant.

The President's leadership during the pandemic has been a difficult task, as this unprecedented event meant we were all learning as we went along. Despite criticisms about the restrictions' government implemented, he and his cabinet members have been firmly focused on protecting the health and safety of our people. The balance between achieving that and ensuring South Africa remains economically viable has been a considerable challenge.

The South African government has, in many respects, risen to the challenge. The national economy was fragile and in a technical recession ahead of the arrival of COVID-19 and the pandemic has compounded the situation with the associated economic and social ramifications now more severe than previously anticipated. However, one of the stand-out features during this crisis has been the collaborative way in which South Africa's social partners have worked together. I have never before seen such a high level of inclusiveness and commitment.

Social partners have identified priority areas for rebuilding the economy, defined immediate actions that will contribute to the recovery and spur business and public confidence, and structural reforms to enable job-rich, sustainable, and inclusive growth. The partners have also agreed on a social compact, which aims to mobilise funding to address Eskom's financial crisis in a sustainable manner – in return for an efficient, productive and fit-for-purpose power utility capable of consistently generating electricity at affordable prices for communities and industries.

The economic recovery action plan identifies the roles and responsibilities of all the social partners – government, community, labour and business – who have declared their commitment to implement the plan. Urgent interventions can rebuild the economy and Bidvest is actively participating in the national workstreams and discussions to achieve this.

Priority focus areas include aggressive infrastructure investment and delivery, improving South Africa's electricity, communications and rail, port and road infrastructure, water security, as well as improving social infrastructure, such as housing, schools and other facilities. All social partners agree that employment-orientated strategic localisation, re-industrialisation and export promotion are also urgent.

Positioned for the economic upswing

Bidvest has delivered areas of excellence in this pandemic-ravaged period. These include outstanding cash generation and asset management, we have maintained our strong balance sheet and overall costs were well controlled. We also concluded the acquisition of the PHS Group in the UK.

While the effects of COVID-19 will persist for some time, we believe some level of recovery will become apparent in the 2021 calendar year, improving into 2022. Bidvest stands ready to participate in this recovery, aided by our scale and diversity. Initiatives to future-fit our businesses are well underway to appropriately capitalise on the new economic environment and deliver reward and growth for all our stakeholders.

At all times we strive to balance the challenging short-term commercial realities with our shared responsibility to the South African economy and all our stakeholders, especially our people. It remains critical that our decisions and actions, albeit sometimes tough, do not impair our ability to grow or impact the health, wellbeing and safety of Bidvest employees.

The management team's recent focus has been to ensure we are ready to contribute to rebuilding the nation and to ensure a sustainable future for the Group, its employees and stakeholders.

Ensuring sustainable business principles

As the Bidvest board, we stand ready to do the hard work required to guide the Group and the Bidvest family safely to the other side of this crisis and to contribute to a rapid economic recovery. We have no doubt we will emerge stronger and more resilient in the long term.

This can only be achieved through careful planning and consideration. The detailed economic recovery strategies ready for roll-out must be recognised and endorsed, where relevant, by respective corporate plans. These should already be in place, or be implemented, to align with South Africa's resurgence. This includes transformation in the workplace and while progress has been made in terms of workplace transformation at Bidvest, there is still has a long road ahead.

The appointment of Nompumelelo (Mpumi) Madisa as chief executive of the Bidvest Group on 1 October 2020 is significant in contributing to the change needed in the country. While strategies and corporate plans are viewed traditionally through a profitability lens, we must also accelerate cultural and gender diversity across the broader business landscape in South Africa.

The board and leadership of Bidvest is certainly proud of the selection and appointment of Mpumi. She has all the right attributes to lead Bidvest forward at a time of great uncertainty, and unprecedented challenges for the company, the nation, and the world. After an 18-month chief executive immersion process, she has demonstrated beyond any shadow of doubt her aptitude and maturity of a world-class CEO. She is authentic, forward-looking, courageous, informed and with a genuinely strategic perspective of her business, her country and the rest of the world. Most notable has been the maturity and insight which she has brought to a number of very difficult issues. Personally, I am confident that Bidvest will benefit from the kind of leadership, agility and full cultural alignment which we believe she is able to practice across the entire organisation.

Value-creation for our stakeholders means we also contribute meaningfully towards South Africa's transformation, education and training, as well as health and sport, while remaining committed to social cohesion. Despite the impact from the pandemic, we invested R360 million to advance the training and development of many people both within and outside the Group. We initiated 9 675 learnership programs and introduced 586 learners into the Bidvest structure.

We extended our notable track record in support of small businesses and enterprise development. We see it as our duty to encourage and support small- to medium-sized business enterprises, considering the scale and depth of our Group-wide supply chain. Over the years, we have built long-term partnerships with a range of organisations and associations directly affected by Bidvest, and we nurture these relationships and continually look for ways to enhance the partnership.

Accepting our place in the larger economic ecosystem of stakeholders, we direct our corporate citizenry efforts in many different ways. We acknowledge these might only return a benefit in future years to come, but these actions are aligned to ensure that Bidvest is able to help address socio-economic challenges in South Africa and that, as social partners, we focus on ensuring shared prosperity to address the pressing challenges of poverty, inequality and unemployment.

Appreciation

We recognise and understand the depth of fear and anxiety in South Africa, specifically as we face a daunting and uncertain future. But, if history has taught us one thing, it is that fear also brings hope. Our hope is that COVID-19 brings the nation together to achieve sustained growth – working together through the economic and social compact to ensure a collaborative approach between business, government, labour and civil society. Wherever possible, all South Africans should work collectively and inclusively to steer us into an exciting and rewarding future.

The board remains confident of Bidvest's ongoing performance and its planned strategic intent, which is expected to deliver enhanced benefit to the business and its stakeholders over time. The Group's ongoing growth momentum and management's focus on ever-improving returns will ensure an expansion of requisite funding sources, ultimately reducing our cost of capital and improving profitability.

My sincere gratitude is extended to Lindsay Ralphs, the outgoing chief executive. Lindsay has been a dedicated Bidvest leader over the years and will be remembered for the significant part he played in the growth of the Group. His 28 years of Bidvest service have been devoted to always delivering the best for the Group and leading from the front in all material respects. This included ensuring benefits are distributed to the Bidvest stakeholder universe, whether client, partner, employee, shareholder, government, or community. His role in mentoring and preparing Mpumi over the 18 months of her tenure as chief executive-designate, has been exemplary and will serve the greater Group for many years to come.

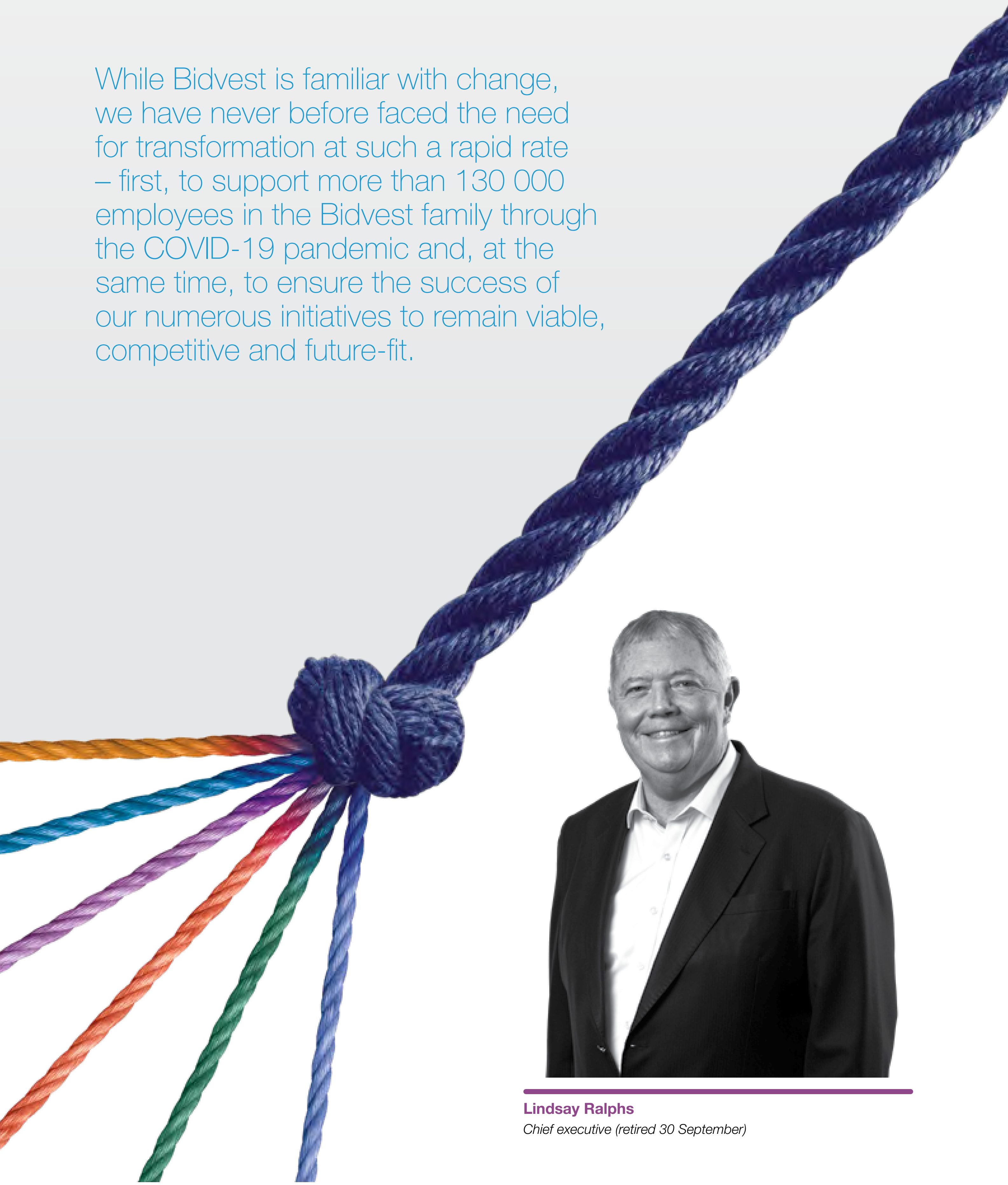
I thank my fellow board members for their guidance, specifically during the time when I assumed the chairmanship. The unstinting giving of your time and advice has been invaluable and will not be forgotten.

To the executive management teams across the Group and to the greater Bidvest family, I thank you for your efforts and continued focus during this unsettling and disruptive year. Your contributions are noted. Your efforts will ensure we are capable of #EmergingStronger, together.

Bonang Mohale
Chairman

CEO's report

While Bidvest is familiar with change, we have never before faced the need for transformation at such a rapid rate – first, to support more than 130 000 employees in the Bidvest family through the COVID-19 pandemic and, at the same time, to ensure the success of our numerous initiatives to remain viable, competitive and future-fit.



Lindsay Ralphs

Chief executive (retired 30 September)

The COVID-19 pandemic has resulted in a tumultuous year – around the world, within South Africa, and for our Group and our people. But, in true Bidvest spirit we were able, almost immediately, to implement cost containment, liquidity preservation and other strategic measures which have assisted our clients, employees and our communities to lessen the harsh impact on their respective livelihoods. It has enabled us to successfully navigate the pandemic and we remain stable.

This was achieved, not only because of the swift actions taken by the management team to ensure we could adapt quickly, but also because we embraced the necessary changes to reposition and reset more than 200 businesses that collectively form the Bidvest Group.

Change has been a constant feature for us over the past 32 years. The Group was formed during a period of great political turmoil, followed by the transition to a welcome change of government in South Africa, the global financial crisis of 2008/09, the investing in – and disinvestment from – many companies over the years, and the successful unbundling of our food services business, which focused the Group into its current description.

At each turn, we re-aligned rapidly and set a new course, which has served all our stakeholders well. Our response to the COVID-19 pandemic has again reflected our dynamism.

The most difficult aspect of this pandemic, however, has been the tragic loss of lives across the world and here in South Africa. The loss of livelihoods has also been a source of great distress and, despite interventions to save jobs wherever we could, the economic impacts of COVID-19 have continued unabated. It is concerning that South Africa may still be subjected to a second wave, as can be seen happening in parts of Europe and elsewhere. We have absorbed the lessons from our offshore operations and remain alert to this possibility.

The year in review

The financial highlight for the year was undoubtedly our ability to generate cash of R9.2 billion from operations, up 38% from the previous year. This is a commendable performance and our management teams must be congratulated. Free cash flow was R3.7 billion, a R1.4 billion increase over last year.

Also worthy of applauding, is the exceptional asset management during these very challenging times. We achieved a ROFE, the Group's key performance measurement criteria, of 23%.

Group revenue rose 0.6% year-on-year to R76.5 billion. Revenues from our Services operations (which incorporate businesses in the Services, Freight, Financial Services and Properties divisions) largely remained stable during the pandemic. There has been a sequential improvement since the April trough, specifically in contributions from the cleaning, health and hygiene sectors, which have continued into the new financial year. The Trading and Distribution operations (which incorporates the Branded Products, Commercial Products and Automotive divisions) were harshly affected by the lockdown and other restrictions in April, May, June and July. The tough operating environment persists, and we expect it will take some time to work through the system.

Group trading profit, before the R1.6 billion COVID-19 expenses, was 3% higher at R6.9 billion.

An important Bidvest principle is to always ensure a robust balance sheet, which we have maintained. During the early part of the pandemic and, after witnessing the events around the world, we realised we needed a rapid response to liquidity. We understood the looming impact on costs and the massive change in customer demand in the markets in which we operate, which would ultimately impact our businesses. Our thinking was also informed by events before the pandemic. South Africa had already entered a technical recession and the UK and Ireland – our other key geographic areas of operation – were experiencing their fair share of uncertainty following the confusion around Brexit and the political changes in England.

One of our early interactions, therefore, was to engage with banking and financial institutions to bolster liquidity and we were able to secure R4.5 billion in additional general banking facilities. We have not needed to access these funds, which remain available to us, as and when needed – and this can be credited to our management teams' proactive cost control and cash generation.

Protecting livelihoods

The greater focus on cost management resulted in a need to furlough many of our employees. We are one of the largest employers in South Africa and we employ more than 20 000 people in the UK and Ireland. The furlough system in the UK was generous and worked superbly well to support a continued, living wage for our employees. In South Africa, where we had to ask thousands of our people to stay at home, it was more difficult. The UIF TERS system contributed to a degree, but we wanted to ensure our employees would receive an income that was close to what they were taking home before COVID-19. Together with applications made on behalf of our employees to access the UIF TERS benefit, we established the Fund. This R400 million fund contributed R2 000 per month per employee furloughed.

The Group donated R10 million to the Solidarity Fund, with executive and board members sacrificing salaries and fees for three months. We embarked on a national school readiness programme, which saw close to 3 000 schools across most provinces in South Africa being sanitised before scholars returned. We also launched a programme in conjunction with SABC television to assist matric learners during this very difficult 2020 year and to aid during their exams. Throughout the Group we have also donated significantly to those in need by providing food hampers and distributing sanitising products and various personal protective equipment across the nation.

Strategic change and progress

The nature, spread and diversity of our businesses continue to serve us well. Although our markets were virtually devastated during April, May and June, we have seen a marked recovery in most sectors – with some exceptions, notably the travel and hospitality industries. There is a significant recovery still to come and we are exceptionally well positioned to take advantage of this resurgence, which encourages us enormously as we move into the new year.

One global growth area is the hygiene sector. This market is increasingly resilient and is supported by structural growth drivers such as urbanisation, hygiene and safety standards as well as a growing and aging population, to name a few.

The global outbreak of COVID-19 undoubtedly heightened the awareness of and need for out-of-home hygiene. We have escalated our focus internationally and the acquisition of PHS is indicative of the scale we are pursuing. Even without COVID-19, we anticipated that hygiene would be a growth industry and the decision to give this sector a more strategic focus was made some years back. Our sector learnings in South Africa and now in the UK, Ireland and Spain, will stand us in good stead as we pursue other possibilities.

We are of the view that the travel, tourism and related industries will continue to underperform. We have, therefore, decided to divest from the car rental business, as well as Bidair Services, which provides ground handling services at major airports. We believe these businesses will be better served and operated by different owners and we have entered disposal discussions, with a strong imperative for the new owners to retain as many jobs as possible.

Our services' businesses will continue to be impacted by remote working and the 'empty building syndrome' that emerged with COVID-19. There is still some uncertainty as to when, and how, a full return to normal operations will resume in South Africa and abroad, but we remain in close contact with all clients as they start lifting suspensions on certain building services. We are adapting to this situation and many innovative solutions have been introduced to ensure continued, and in some case extended, client contracts.

Reviewing divisional performance

Bidvest's six major divisions delivered mixed results.

The Services division delivered an outstanding result. Revenue was 7% higher than last year and trading profit was only slightly down at R2.1 billion. This division, which largely comprises annuity-based businesses, did well to control its cost base, which is remarkable considering COVID-19 and the recent introduction of PHS. Noonan delivered an excellent performance and we have spent the past few years expanding the footprint and extending its reach into areas within the UK. PHS is our second major international acquisition since the unbundling of our food services business and is Bidvest's largest ever transaction. We have identified numerous areas of synergy and cost savings to achieve improved margins and work has started to bring this into effect.

Services' facility management cluster, which includes Steiner, Prestige, Protea Coin and UDS, the drone business we acquired last year, delivered excellent results. We have, for some time, considered how best to innovate in the security business and the use of drones is certainly proving beneficial. BidTrack, Vericon and Bidair Cargo also performed well, but the aviation, travel and hospitality sectors have been particularly badly affected by COVID-19, and we have rightsized and restructured to ensure a return to profitability as quickly as possible.

The Branded Products division incorporates Adcock for the first time and its inclusion for eleven months of the year resulted in a 46% increase in revenue and trading profit was sharply higher. Adcock's major brands showed pleasing growth. The demand for office products was significantly impacted by remote working and school closures, the demand for packaging and labels was robust and online sales were also boosted. Restructuring of the business assisted in reducing costs and generating good cash.

The result from the Freight division reflects the subdued economy and lower global trade. Revenue was down 6% and trading profit declined. Bulk volumes remained strong, but export volumes were weak and the volume of containers in and out of South Africa was severely depressed for three months, a situation which is now slowly improving.
The commissioning of the Bidvest Tank Terminals' LPG storage project, one of the largest in the world, was slightly delayed by the pandemic, but is now commissioned.
Other Freight division businesses have been rightsized, particularly the freight forwarding business previously known as Bidvest Panalpina Logistics. We have introduced a new partner and this business is now Bidvest International Logistics.

The Commercial Products division supplies a combination of industrial and consumer products. All businesses were heavily impacted by lockdown, with revenue declining 7% and lower trading profit. Certain of the companies – G Fox, Afcom, Bidvest Materials Handling – managed to deliver very good results, largely because of niche market offerings, but also due to restructurings in previous years. Our previous electrical division now forms part of the Commercial Products division and there has been a significant re-alignment and rightsizing of these businesses.

The Financial Services division's revenue was 2% down, but trading profit reduced markedly as Bidvest Bank was severely impacted by the complete halt on foreign exchange requirements because of travel restrictions, and the fleet management business experienced older fleet roll-off. Leased assets declined by 13%, but deposits, loans and advances held up very well. The insurance business had a reasonable year, with life products growing.

The Automotive division performed well for most of the year but came to a grinding halt for the month of April and cautiously resumed sales activity in mid-May. Annual revenues were down 20% and trading profit was sharply lower. Demand for vehicles was decimated during the height of the pandemic period in South Africa. But we have seen a return for some of the markets, particularly the online vehicle sale and auction offerings, into which we invested considerably over recent years.

Stewardship

We are very proud of our sustainability efforts. More than 50% of our businesses have level 1 or 2 Broad-Based Black Economic Empowerment ratings. Despite COVID-19 pausing our training and some other activities, we are fast returning to our planned schedule of initiatives.

We are also developing and transforming our supplier base towards enticing local manufacture and supply. This is a key tenet of the nation's economic recovery and we will expand our reach into buying more locally and assist in the creation of new businesses and industries, where relevant and appropriate for the Bidvest Group.

Initiatives focused on energy saving, environmental sustainability and innovative products and services have been commonplace within the Group for some time. Despite the constraints introduced by the pandemic, we will continue and enhance interventions to ensure Bidvest remains a viable and responsible citizen within all our operating regions.

Looking forward

The current economic environment will endure for some time and certain industries will remain under pressure, such as the travel- and tourism-related activities. We are seeing a rapid return to normal business activity within some sectors and certain areas are showing signs of new levels of opportunity, such as out-of-home hygiene. Overall, however, we expect the uncertain and fragile operating environment to persist.

Bidvest's basic-need services and everyday essential product ranges will deliver improved contributions and we have already noted market share gains across many of our Commercial Products businesses as we have stock available to trade. The flagship LPG storage project and a full year contribution from PHS will also provide meaningfully.

We intend to maintain our strict capital allocation discipline and focus on costs to ensure strong cash flows and sustain our robust financial position – a key and fundamental characteristic of Bidvest. All major transactions and corporate activity are on hold while COVID-19 remains a dominant feature of our operating environment. We will continue our strategy of exploring smaller, bolt-on-type acquisitions and we remain alert to opportunities locally and internationally, in those areas we previously identified for growth.

Our disciplined asset management, cost control and an agile business approach should yield good results over the next year. We are confident in our overall resilience and our ability to deliver consistent, sustainable growth over the long term.

Appreciation

This is my final report back to shareholders, following my retirement from the Group. My tenure with Bidvest has been almost as long as the existence of Bidvest itself. I extend my sincere thanks and gratitude to the entire Bidvest family for the many wonderful years spent together.

I am extremely proud of what the Group has accomplished over the years and that we have been able to provide employment to more than 130 000 people. Equally, it has been pleasing to be in a position to extend our association and reach into our broader stakeholder groupings, which includes the many more thousands of people with whom we have partnered over the years.

I also extended my heartfelt appreciation to Brian Joffe, the founder of Bidvest. I worked with Brian before he founded Bidvest and he brought me into a fledging Bidvest Group 28 years ago. The unselfish sharing of his tremendous skill and knowledge has been the reason we, as the entire management team, have been able to continue his legacy and success of ensuring ongoing value for all stakeholders over the years. Under Brian's leadership, we saw the creation of one of the world's largest food service offerings, which culminated in Bidcorp's unbundling from Bidvest in 2016.

This gifted us with a significant understanding of international growth. We are using this knowledge to good effect as we enter certain markets in our chosen sectors.

The phenomenal growth of our Services division is of particular pride, it is where I started my Bidvest career. At that time, we only had only two companies in the division, and it is now the major contributor to the Group in terms of people employed and profit, while also leading the charge for Bidvest's international growth plans. The management teams over the last few years have been strategically adept, extraordinarily focused and dedicated, and this has resulted in this division being a spectacular success.

I am equally proud of how the Group has managed to navigate its way through this treacherous pandemic. It is an indication of the quality of our management – and a dedication to the Bidvest purpose – which has ensured we emerge stronger and better positioned to take on a future which, while still uncertain, holds the promise of growth and stakeholder reward.

Carefully considered succession is another core Bidvest principle. We maintain our focus on ensuring that a proven team of new management and leadership is available for the future. This internal philosophy led to the appointment of Bidvest's new chief executive, Mpumi Madisa, following her appointment as CE-designate some 18 months before she stepped into the role. I, personally, am very proud of her appointment and I know Mpumi's exceptionally strong knowledge of our businesses and markets positions her well to lead Bidvest into its next chapter of growth and sustainability.

Lastly, my gratitude is also extended to my colleagues on the board of directors, and to our employees who comprise our large Bidvest family. To all our customers, clients, suppliers, partners and to our stakeholders whose lives and livelihoods we touch in some way, thank you! We simply would not have chartered this difficult and challenging year without your strong support. As a result, the Bidvest Group is

#EmergingStronger.

Lindsay Ralphs
Chief executive (retired 30 September)
Bidvest Group

CFO's report

Despite operating in an environment of muted economic growth, we entered this past financial year with strong momentum in our businesses and in the markets in which we operate. We traded well for nine months to March and were then impacted by COVID-19 and the stringent lock-down protocols. We responded quickly and decisively to the pandemic and realigned businesses accordingly, resulting in a strongly positioned balance sheet with an enhanced liquidity and cash flow profile.

Mark Steyn
Chief financial officer

This year-end process has been particularly complex and demanding for several reasons. We consolidated two major subsidiaries, Adcock and PHS, for the first time and adopted IFRS 16. There was also the impact of COVID-19 on trading in the last quarter, with its resultant process restructure and impairments.

It has been an intricate set of circumstances to navigate, but I am comfortable that the results presented accurately reflect the performance of the Bidvest Group over the year.

Firstly, some highlights:

- Significantly, there was R9.2 billion generated in cash from operations, which is 38% more than last year.
- There was free cash flow of R3.7 billion, a R1.4 billion increase.
- Cash conversion of 135%.
- We have ensured good asset management during these challenging times and concluded the year with ROFE of 23%.
- There was a rapid response to enhance liquidity levels, manage costs and preserve cash, while dealing with the considerable demand changes, and simultaneously maintaining a robust balance sheet.
- Overall, like-for-like costs are down 6%, and the trading profit of R6.9 billion was 3% higher than last year, which is pre-COVID-19 expenses of R1.6 billion.
- We concluded the PHS acquisition, which is Bidvest's largest ever acquisition.
- Since mid-March 2020:
  - We bolstered liquidity by securing an additional R4.5 billion in general banking facilities, which we have not needed to access as yet; and
  - We have considerably enhanced our focus on costs and cash generation.

Contextualising COVID-19

We traded well across the Group throughout the year and into the third quarter, despite the challenging economic conditions in South Africa. However, the severe impact of the COVID-19 related lockdown resulted in an almost complete cessation of trading in April.

In anticipation of the detrimental impact the pandemic would bring, we initiated steps to protect our financial position by raising an additional R4.5 billion in liquidity, we tightly controlled expenditure and capex, and we managed the cash position very well. The success of this is evidenced by our closing balance sheet and cash position, both of which we are very proud of – all the more so because during this period we also concluded the PHS acquisition for £495 million.

From a Group revenue perspective, which increased 0.6%, there was the benefit of consolidating Adcock for 11 months and PHS for two months of the year. This was, however, largely offset by the COVID-19 impact on our fourth quarter trading. From a post year-end perspective, we are encouraged that revenue is improving and most divisions are showing growth. Certain sectors, such as automotive, travel, tourism and hospitality remain under pressure, but generally our businesses have started performing and trading better, or in line with the markets they serve.

Gross margin is up to 30.6%, which is a 100-basis point improvement, and commendable in this economic environment. Pleasingly, most Group divisions improved margins, which has also been evident post year end.

Controlling the cost base

Another highlight over the past year was successfully controlling operating expenses. On a gross basis, expenses are 9.6% higher, which includes R1.2 billion of direct COVID-19-related operating costs. This comprises restructuring and retrenchment costs of approximately R400 million, another R400 million towards the Fund established to support employees, as well as additional provisions mainly on debtors Expected Credit Loss (ECL) provisions and inventory of R340 million. On a like-for-like basis, and stripping out the impact of these expenses, the acquisitions and IFRS 16, the Group's overall costs are down 6.3%. This is an exceptional result in this environment and the teams within the businesses must be commended for their good expense management.

There were pleasing trading performances in Services, Freight, Properties and Adcock, while Automotive, Financial Services, Branded Products and Commercial Products, were all down on lower demand and trade restrictions. Group trading profit was 19.9% lower, after the COVID-19 costs as well as an impairment on the Mumbai International Airport (MIAL) investment of R0.4 billion. Excluding the impact of COVID-19, the MIAL impairment, IFRS 16 and acquisitions, like-for-like trading was 3.4% higher, which is credible. We have maintained our normalised trading margins, which were slightly higher at 9.0% compared to 8.8% last year.

The Group management teams responded very quickly to the pandemic. Plans were put in place and implemented to protect our staff and businesses and, where necessary, appropriate restructure was done for anticipated future demand levels. Unfortunately, in certain sectors, particularly travel and aviation, the impact of the continued lockdown has been exceptionally severe, which led to the decision to divest from Bidvest Car Rental and Bidair Services. Bidvest Car Rental has been shown as a discontinued operation for the purpose of these results.

In terms of other costs, these are predominantly acquisition costs of R178 million, which relate to our PHS acquisition, and R70 million is due to the increased amortisation of acquired customer contracts, which are mainly offshore. The R2.0 billion in net capital items are significant and more than half are directly COVID-19 related. In terms of the overall mix of the impairments, there is R1.1 billion in impairments to goodwill, intangibles and PPE, R500 million on the fair value of associates, namely Comair and Adcock, and a further R247 million on the disposal and closure costs of various businesses.

Finance charges are up significantly, largely due to IFRS 16. Excluding the impact of IFRS 16, finance costs are up 7.4%, largely reflecting the additional funding for acquisitions, mostly PHS. We benefit from lower funding costs offshore, resulting in the average borrowing cost reducing by 100-basis points to 5.7%. We are comfortable with our interest cover, which is conservative at 8.4x EBITDA and has declined marginally from last year's 8.8x but remains well in excess of our covenant of 3.5x.

Associate income is down significantly and is related to the consolidation of Adcock, which was treated as an associate last year. There is also the impact from our investment in Comair, which is currently in a business rescue process. There were significant trading losses at Comair, which were incorporated until February 2020 when Bidvest stopped accounting for this investment as an associate. We have taken these trading losses and the impairment of the SAA claim, approximately R201 million, and written this investment down to nil (2019: R241 million).

Taxation expenses declined 40%. The effective tax rate has, however, increased substantially to 66%, compared to 27% last year. This is because of the significant non-deductible expenses, impairments and losses relating to COVID-19, and we have not raised deferred tax on the closed operations. This is expected to normalise in this new financial year. The core effective tax rate for the Group remains the South African corporate rate at 28% and, as we continue to grow our businesses in the UK and Europe, this rate is expected to reduce over time.

The higher non-controlling interest is predominantly Adcock following its consolidation.

Normalised HEPS, which was down 22.9%, was significantly impacted by the lost trading from COVID-19, IFRS 16, as well as the MIAL and Comair impairments.

No final dividend declared, robust balance sheet maintained

Given the enhanced levels of economic and business uncertainty, the restructuring processes underway within the Group, and the PHS funding programme, no final dividend has been declared this year. The total dividend for the year is therefore 282 cents per share, which is 53.0% lower year-on-year.

The Group managed debt and funding requirements very well through this environment, despite net debt after cash and cash equivalents increasing to R19.2 billion, from R7.8 billion, which largely relates to the PHS acquisition. Net debt to EBITDA is 2.1x, which is within our covenant of 3.0x.

In terms of total debt, 77% is long term in nature. We raised an offshore bridge loan for the PHS transaction and we are taking proactive steps to take out this interim facility. We are completing a domestic debt programme and we have credit approval for more than R4.5 billion, which will be utilised as part of the take-out of the bridge loan. Additionally, there is R2.4 billion in offshore cash available. The proceeds from the MIAL transaction and free cash flow will also be applied.

With regard to the debt maturity profile, there are no payments due in FY2021, and the bridge loan is only due in FY2022. In FY2023, there is the Eurobond facility, which was taken to fund the acquisition of Noonan and other smaller acquisitions. This facility has two additional one-year extension periods available, which we will review closer to the time.

Cash generation, the year's highlight

The Group's cash management and resultant cash generation, through what has been an extreme cycle, has been excellent. Cash generated by operations, at R9.2 billion, compares favourably with the R6.6 billion last year and received a benefit from the implementation of IFRS 16 of about R1.5 billion. We are pleased with the cash flow performance, as well as cash conversion of 135%. Working capital reflects a release of R0.9 billion, which compares to an absorption in the prior year of R1.3 billion, largely due to a reduction in trade receivables, driven by COVID-19 and the overall reduced trading. Ultimately, however, Group management must be congratulated on their ability to ensure very good cash collections through this timeframe. The free cash flow was higher by R1.4 billion at R3.7 billion, which is equally pleasing.

Tough environment, but we are optimistic

We fully expect the challenging market environment to remain for some months to come, but we are very encouraged by how quickly the Group's various businesses have responded to the challenges and adapted to this situation. We therefore expect areas of continued growth and enhanced profitability over the next year.

The PHS acquisition is bedding down well and meeting expectations and we will benefit from a full year's contribution. The Group is also currently considering various bolt-on acquisitions, which will contribute positively in the year ahead.

Importantly, the restructuring, cost savings and efficiency drivers which have been implemented are expected to ensure another year of robust cash generation.

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

Mpumi Madisa 41
Chief executive

Mark Steyn 50
Chief financial officer

Gillian McMahon 48

Independent non-executive directors

Bongang Mohale 58
Chairman

Eric Diack 63
Lead independent director

Bongi Masinga 53

Alex Maditse 58

Renosi Mokate 62

Norman Thomson 69

Zukie Siyotula 36

Myles Ruck 65

Key to committees

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

Average Age of Directors	Age of Youngest Director	Age of Oldest Director
55 years	36 years	69 years

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.

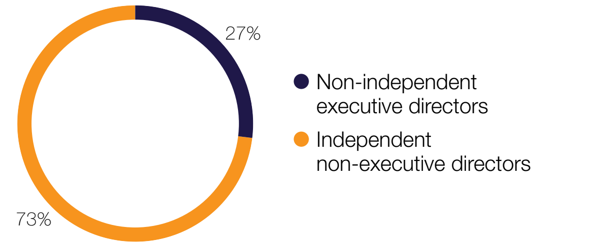
HEPS growth	*ROFE*	*Total shareholder return*	*Strategic metrics*	*Sustainability metrics*

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

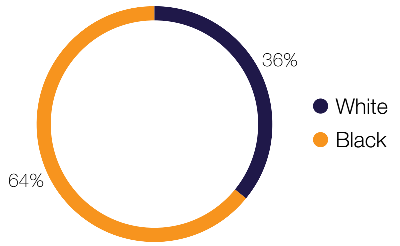
We firmly believe that, with good leadership from both the public and private sector, South Africa's future is filled with prosperity. The board is therefore fully committed to the highest standards of governance and accountability, as recommended by King IV, and the delivery of outcomes such as an ethical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

The diversity of our board strengthens its collective capabilities

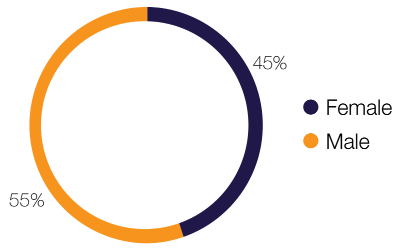
Independence (%)



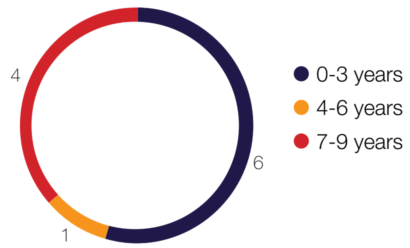
Ethnicity (%)



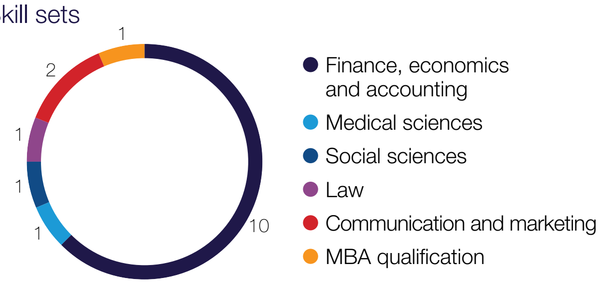
Gender (%)



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. Divisional board and sub-committees include independent non-executive individuals to further strengthen oversight.

Nominations committee

Chairman:
Bonang Mohale

The committee is responsible for assessing the independence of non-executive directors and to drive board diversity. It identifies and evaluates suitable candidates for appointment to the board to ensure that the board is balanced and able to fulfil its function as recommended by King IV. The committee also recommends to the board the re-appointment of directors and succession planning for directors including the chief executive and senior management. In FY2020 the focus was on monitoring the chief executive succession process, the appointment of new non-executive directors, enhancement of board committees' composition and equitable distribution of committee work. The focus for FY2021 will be on the appointment of new non-executive directors, with particular focus on the audit committee given the tenure of the committee chair, providing support to the newly appointed chief executive, amongst others.

Audit committee

Chairman:
Eric Diack

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 FY2020, 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 chief financial officer and finance team are competent; and recommended the AFS to the board.

Risk committee

Chairman:
Alex Maditse

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 and system availability, business continuity and health and safety protocols were focus areas for FY2020. These as well as the implementation of POPI requirements will continue to be focus areas in FY2021.

Key Group risks relate to the challenging macro environment, increased regulation and cyber assaults as well as disruptions and challenges brought about by COVID, amongst others. More detail can be found on page 30.

Shareholders

Board of directors

Group executive committee

6 divisional boards

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 FY2020 included the re-aligning of the two long-term incentive schemes to achieve internal equity, a comprehensive remuneration benchmark exercise for the incoming chief executive and careful consideration of the rules, criteria, targets and allocations for performance-related pay schemes in the very uncertain and volatile trading environment to balance the interests of all stakeholders. In FY2021 the committee will continue to promote the Group's strategic objectives through fair and transparent remuneration. Please refer to the detailed remuneration report on page 13 of the Annual Environmental, Social and Governance Report (ESG Report).

Social and ethics committee

Chairman: Bongi Masinga

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 FY2020 was on activities relating to transformation, B-BBEE, employment equity, the prevention and treatment interventions rolled-out across the Group to manage health and safety as well as the initiatives to support our employees' livelihoods during the pandemic. The focus for FY2021 will continue to be on transformation, employment equity, ethics, sustainability and empowerment of our employees.

Bidvest's Code of Ethics can be found in the Annual ESG Report, page 38. An Ethics Line is in use (0800 50 60 90 or bidvest@tip-offs.com).

The ESG Report provides a comprehensive report back.

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 FY2020 included the consideration and evaluation of proposed investments, disinvestments and expansion opportunities – amongst others, PHS, Eqstra, Adcock and MIAL. In FY2021 the focus will continue to be on the Group's long-term growth strategy and creating the platform to access new markets.

Combined assurance model

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

Continually optimising our combined assurance model avoids duplication, rationalises collaboration efforts upstream amongst assurance providers, coupled with effectively managing assurance costs.

The activities are coordinated to maximise the depth and reach of assurance achieved by each of the assurance providers. This enables an effective control environment and ensures the integrity of information used for reporting and decision making.

Internal audit

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

The agility and responsiveness of the IA function was demonstrated during COVID-19 where the scope, approach and timing of audit efforts were recalibrated to align to the emerging risks of the businesses coupled with requests prioritized by management and the external auditors. Optimal use of technology has, and will continue to, play a pivotal role in IA enablement going forward.

A risk-based IA plan is approved by the divisional and group audit committees on an annual basis and is re-calibrated quarterly in order for the IA function to provide assurance services against the relevant and elevated risks of the business. The IA function is well-constituted with a professional audit staff (in excess of 25 Chartered Accountants in managerial positions) with sufficient knowledge, skill-set and experience to execute on the board approved IA Charter that is consistent with the Institute of International Auditors' definition of IA as well as the principles of King IV.

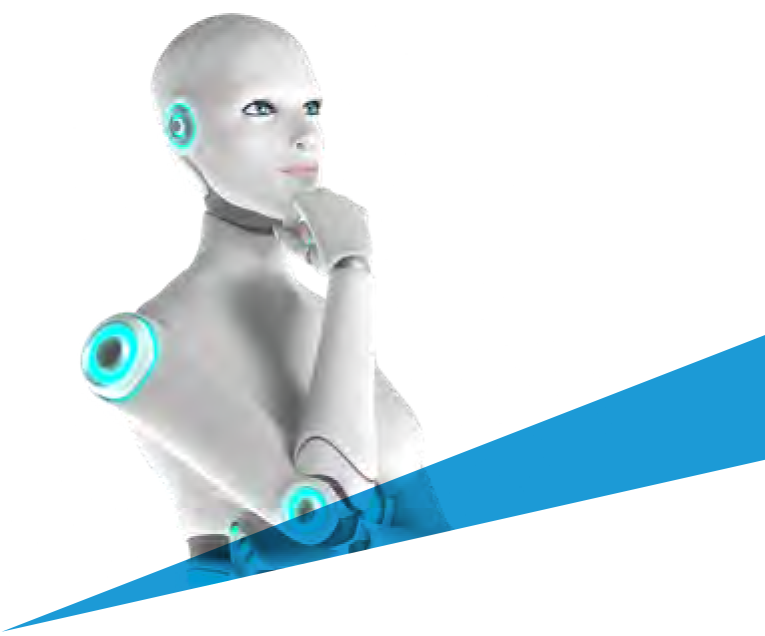
Given the ever-increasing dependencies of the business on IT, specialised IT audit and consulting skills have become a necessity in the function. Analytics and automation are well-entrenched into the mechanisms of the IA functions with further disruptive robotic initiatives being the focus for the future of IA.

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. Much effort has been afforded to the digital assurance roadmap for Bidvest using the ALICE platform and this paid off during lockdown. The appetite for ALICE to connect remotely into data sources across the Group coupled with the uptake to build remote monitoring and continuous testing capabilities on ALICE increased significantly because of COVID-19.

In response to COVID-19, the ALICE team developed a Remote Workforce Self-Assessment to assist IT management in understanding their cyber risk exposures associated with managing a work-form-home workforce. Based on their responses, ALICE provided a customised report for each IT environment to assist management in their understanding of cyber risks posed by a remote workforce. Best practice recommendations helped them mitigate these risks.

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 strategies and technology trends
- Harness the economies of scale and Group purchasing power
- Establish subject matter expert and centers of excellence surrounding topical technology issues
- Benchmark vendor services delivery and price



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

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 modernisation and innovation spaces 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.

Stakeholder relationships

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

Equity and debt investors

Nature of engagement

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

Key issues raised

- Group strategy.
- Group performance.
- M&A pipeline.
- Non-core asset disposal.
- ESG metrics linked to incentives.

Our response

- Hosted investor briefing sessions to enhance market knowledge base.
- Continued reinforcement of importance of the functional governance structure and ethical behaviour as well as refinement of sustainability metrics.
- Comair placed in business rescue, investment written down to nil. Divest from asset-heavy travel-related business.
- Active engagement with potential interested parties with regards to potential acquisition targets and non-core asset disposal, directly and through advisors.

Employees & Trade Unions

Nature of engagement

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

Key issues raised

- Market-related remuneration.
- Protecting livelihoods during furloughing.
- Bribery, corruption and cyber security awareness.
- Health and safety, particularly during the pandemic.
- Securing, retaining and development of necessary skills.

Our response

- Hands-on managerial culture.
- Independently managed ethics line.
- Roll out of employee wellness program, health and safety protocols and other interventions.
- Launched R400m Fund from which R2,000 per month was paid to all furloughed employees.
- 9 675 participants in graduate recruitment programs.

Communities, including community-based organisations and non-governmental organisations

Nature of engagement

Direct engagement by business operations with local communities and organisations with regards to socioeconomic and any other 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 strategic projects;
  - Divisions support their own flagship projects; and
  - Individual businesses support community-based projects.
- Divisions run industry-specific training programs to equip communities for a sustainable future.
- Donated sanitizing services and products as part of a national school readiness program, sponsored Woza Matric of 2020 free-to-air television learning initiative and distributed food hampers.

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 contract.
- Participated in B4SA initiative to engage government on reopening of economy during lockdown.
- Contributed to the post-lockdown economic recovery plan.

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.
- Various proof-of-concepts for the use of IoT in facilities management.
- Communication with brand principals, industry leaders and entrepreneurs.

Customers

Nature of engagement

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

Key issues raised

- Compliance to a customer centric ethos.
- Increasingly complex and value-sensitive business environment.
- Retain and grow key customers.
- Demands for higher black ownership.
- Tenders and procurement decisions deferred due to lockdown.

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.

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.
- Long-term sustainable support of small and/or black-owned supplier companies.
- Financial and operational challenges faced by certain suppliers.
- Security of supply.

Our response

- Established alternative supply channel.
- Engaged with suppliers on product innovation.
- Supportive long-term relationships with small and black-owned businesses to ensure their sustainability.
- Continued efforts to streamline logistics chain.
- Proactively sourced high-demand product.

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. Internal audit 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.

1 Challenging economic outlook and constrained consumer

Material focus areas

Remaining competitive and relevant.

Management response

Bidvest has a portfolio of defensive, cyclical and growth assets that are strongly cash generative.

Bidvest is a customer-centric organisation. The protection of its core business strength and reputation is critical.

Bidvest encourage creative approaches and innovation and embrace the ability to adapt quickly and proactively to changing customer requirements, market dynamics and digital advancement.

Impact on KPIs

- HEPS growth
- ROFE
- Sustainability & Strategic actions
- TSR vs peer group
- Balance sheet strength and liquidity

Flow through to Strategy

Agility, a can-do attitude and appropriate disruptive strategies result in innovative solutions and open up additional opportunities, thereby maximising its diverse portfolio and allocating capital for growth.

2 Increasing regulation and cost of doing business

Material focus areas

Complex and value-sensitive business environment.

Management response

Managing the proliferation of regulatory and governance requirements across industries add costs in an already price-sensitive market. These complexities consume a growing amount of management time and resources.

Management focuses on key senior relationships with strategic customers to allow for mutually beneficial contract outcomes. Thorough due diligence is done on potential business partners.

Continuous right-sizing and the introduction of technology lower the cost of doing business.

Impact on KPIs

- HEPS growth
- ROFE
- Sustainability & Strategic actions

Flow through to Strategy

Bidvest's decentralised model allows it to adapt and implement value-adding solutions and structures while complying with relevant legislation at operational level. This contributes to maximising the diverse portfolio.

To manage the cost of compliance, particularly in regulated entities.

Other risks:

1. Excessive capital investment in terms of both operational asset management and acquisitions
2. Reputational risk embedded in sub-contracting and third party relationships
3. Environmental impact consciousness
4. Travel in a post-pandemic era

3 COVID-19

Material focus areas

Disruption of operations, supply chains and demand as well as employee wellness.

Management response

Health, safety and rapid response protocols were rolled out across all businesses to protect employees, customers and the operations.

The pandemic brought about socio-economic shifts and long-term structural changes. Strategic actions were taken to make sure that operating models remain relevant and future-fit.

A Group-wide comprehensive employee wellness program was rolled-out and the R400 million fund was established.

Impact on KPIs

- Sustainability
- Balance sheet strength and liquidity

Flow through to Strategy

Rapid response together with numerous interventions provides a solid platform for Bidvest to emerge stronger, to the benefit of all stakeholders.

4 Cyber assaults

Material focus areas

Cost-effective, efficient and impenetrable IT systems.

Management response

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

Flow through to Strategy

Enable and empower the decentralised business model to operate in the most cost effective manner, to operate optimally and grow.

5 Loss of agency and distribution rights, port leases and licences

Material focus areas

Fostering positive long-term relationships with key suppliers, landlords and licensors.

Management response

This remains a cornerstone of the way Bidvest does business and is recognised as a major strength. Management is constantly challenged to manage and grow these relationships.

The group builds sustainable, value-adding relationships.

Impact on KPIs

- HEPS growth
- TSR vs peer group

Flow through to Strategy

Constant communication and monitoring of demand changes allow Bidvest businesses to be pro-active and part of the solution.

6 Shortage of skills

Material focus areas

Developing and maintaining high calibre staff.

Management response

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 KPIs

- Sustainability
- HEPS growth

Flow through to Strategy

Bidvest understands that people create wealth, companies report it. Home-grown talent thrives in our entrepreneurial, decentralised model.

Sustainability

We are positive about the future of South Africa and will continue to seek opportunities for expansion and thereby create value where our roots are embedded.

As one of the largest employers in the country, and as a Group that by nature covers virtually all industry sectors, it is our responsibility 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 SDGs that are most 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:

- 3 GOOD HEALTH AND WELL-BEING – Good Health and Well-being
- 4 QUALITY EDUCATION – Quality Education
- 5 GENDER EQUALITY – Gender Equality
- 7 AFFORDABLE AND CLEAN ENERGY – Affordable and Clean Energy
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE – Industry, Innovation and Infrastructure
- 11 SUSTAINABLE CITIES AND COMMUNITIES – Sustainable Cities and Communities
- 13 CLIMATE ACTION – Climate Change
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS – Peace, Justice and Strong Institutions

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, fulfill the responsibility we have to contribute to economic and social development and invest in our people and our environment.

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.

In FY2021, we will be working towards identifying the main contributors to key environmental footprint metrics; how best to measure the environmental impact and set targets for the relevant businesses. A targeted approach is needed, and appropriate, in a diverse group.

Given Bidvest's trading and distribution activities, it is also appropriate to understand our responsibility in order to influence the environmental and social impacts of our suppliers. We will be assessing how we can play our part in improving transparency in this regard.

We recognised that there is always more to do regarding such corporate and industry-wide sustainability efforts and strive to improve each year.

We are committed to a cause that extends beyond financial profits

Caring for the Bidvest family and 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.

COVID-19 specific

At the onset of the national lockdown in South Africa, a R400 million Fund was established with the board's approval. The purpose of the Fund is to provide every employee, who was not working during the national lockdown, with some assistance to alleviate the financial stress that having no/reduced income would create. This Fund, combined with the UIF TERS benefit, was able to compensate most of our employees, particularly those in the lower income brackets, almost in full every month since the lockdown. Our objective is to continue supporting those employees unable to work for as long as the funds are available. Risk benefits and pension fund contributions by employers remained in place for all employees.

75 000
employees furloughed in April

9%
of employees still furloughed at the start of September

72 132
employees benefited from the Fund

The need for psychological, wellness, financial and trauma counselling became apparent as we saw how COVID-19 would impact the lives of people in terms of job losses, illness, abuse, mental illness, poverty and hunger. An employee wellness programme was introduced and rolled out across South Africa. The cost of COVID-19 testing for employees without medical aid is also borne by the company.

Sadly, we lost 35 employees in the Group to COVID-19, of which 33 were in South Africa and two in the UK and Ireland. Various initiatives to support the families of those we lost were introduced. A decision was also made that the Bidvest Education Trust (BET) school bursary scheme would continue to benefit the child of a deceased employee who was a beneficiary of the program at the time of passing away.

Learning and development

Skills development is ongoing and forms an integral part of business and our ability to deliver on service. Established training academies not only meets internal needs but also those of the industries in which we operate. The national lockdown in South Africa negatively impacted some of the learning programs but a number of businesses were able to continue training using online platfroms.

Skills development spend
R360 million

9 675 learnerships,
internships and apprenticeships with 8 515 black beneficiaries

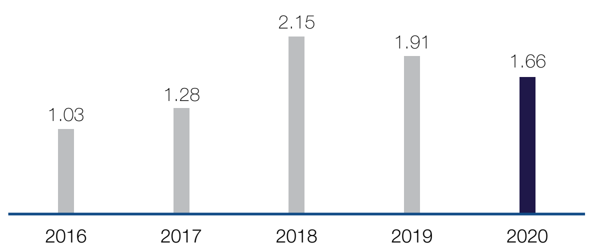
586
black learners were employed subsequently

Health and safety

Management continues to focus on health and safety with a view to reduce workplace injuries and fatalities. The additional health and safety protocols in response to the pandemic are in place at each business. McCarthy developed an app that monitor, track and manage infections in the workplace. The app was made available to the automotive industry, provincial Departments of Education and all Group businesses free of charge.

5 fatalities of which 3 were in the line of duty at Protea Coin, while protecting customer assets

LTIFR (Loss time injury frequency rate)



Transformation, diversity and employment equity

Our people form the backbone of Bidvest. The diversity of people's background, age, race, gender, religion, skills and experience undoubtedly contributes to a Bidvest that is relevant, innovative and future-fit. Our focus remains on advancing inclusion, diversity and equality. Recent, notable appointments at board and executive levels include Mpumi Madisa who assumed the role of Group chief executive effective 1 October 2020, the appointment of Wiseman Madinane as the CEO of Freight and Hannah Sadiki, the incoming CEO of Financial Services.

Workforce

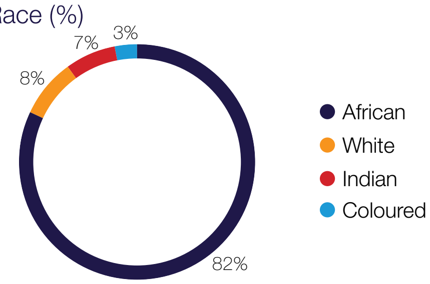
56%

Net employee growth: +5% (+3 157)

44%

Net employee growth: +9% (+4 687)

Race (%)



834 employees

have disabilities

35%

of employees belong to unions/ bargaining councils

Doing business in an environmentally friendly and responsible manner

We focus on energy and water efficiency, responsible waste management and offering innovative solutions to aid customer sustainability. In FY2020 we continued our initiatives to improve water use; reduce and recycle waste and accelerate renewable energy installations.

The establishment of our LPG storage terminal in Richards Bay will facilitate reliable availability of an affordable low-carbon energy alternative in South Africa.

Scope 1 emissions

3% lower

Electricity provided by renewable resources increased

26% yoy

27% less

water used over the past five years

Recycled 200 000

tons of waste

Almost all of the businesses have recycle initiatives in place. The investment made by Bidvest Laundry Group in a membrane bio reactor plant resulted in halving their water usage. 80% of the water used is treated and discharged as industrial wastewater. Konica Minolta retained its carbon neutral status, which it has held since 2013.

Certified environmental management systems are in place at businesses that collectively represent approximately 35% of Group revenue.

Drive positive social change

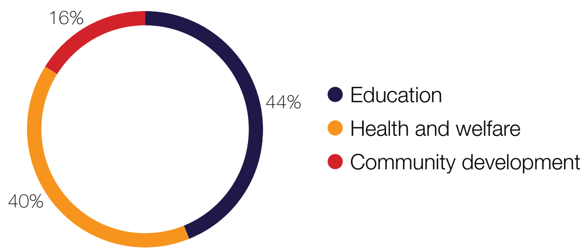
We are involved in community development that enhances education, health, economic inclusion and diversity. Investing in communities and human capital, affords us the opportunity to operate, do business in and draw skills from the communities in which we operate.

Doing business in an ethical manner is part of the Bidvest DNA. Bidvest has a well-entrenched functional governance structure.

We constantly look for ways to innovate within our businesses and the industries in which we operate, through the use of technology and robotics.

R28 million

Socio-economic development spend



R167 million

Enterprise and Supplier development spend in the form of operational assistance, loans and grants.

COVID-19 specific

Bidvest contributed to the social needs of the broader stakeholder community in the country, including a donation to the Solidarity Fund, donation of PPE, cleaning and hygiene products and decontamination services to 2 794 tier two schools as part of a nationwide school readiness project.

In addition, we sponsored the launch of the Woza Matric of 2020 campaign, a free-to-air television initiative aimed at grade 12 learners, in partnership with the SABC and Department of Education.

We are also in the process of distributing food hampers in low-income communities across three provinces, to reach a total of 20 000 households once the project is completed. In rolling out this project, we partnered with local SMME's for the supply of the main staple product. Through a Memorandum of Understanding with NAFCOC, approximately R2 million of the staple product procurement flowed directly into those communities as well.

The Bidvest Education Trust

During 2020, 513 school-going learners benefited from the BET bursary programme. The scope of the trust was recently extended to cover tertiary fees of top performing students graduating from school. The BET currently covers the tertiary education costs of two students that matriculated in the past two years.

Given the extraordinary impact of the pandemic, the BET trustees agreed that the school bursary scheme will continue to support the child of an employee who passed away due to COVID-19. Where an employee was retrenched as a result of business restructuring, the learner will continue to receive the benefit of the bursary for a full academic year following the termination of employment.

Ethics facility

The Ethics facility provided by Bidvest is a free-to-use facility administered by Deloitte Tip-Offs Anonymous and provides whistle-blowers with three channels to raise their concerns, namely telephonic, email and a website form. IA also track, and log applicable calls received outside of the Ethics facility, for example, via social media, the website or emails.

Awareness campaigns are run across the Group, using mechanisms such as SMS and posters being prominently displayed in high traffic areas to encourage employees to "not support it, but rather report it".

During the year, a total of 142 calls were logged bringing the total number of calls logged since inception to 868, an average of one new call being logged every 2.5 days. Only 37 calls remained open and are still under investigation as at 30 June 2020.

Quarterly report backs are given to the social and ethics committee. All complaints lodged through this service are investigated and, where appropriate, criminal, civil and/or disciplinary action is instituted and control improvements introduced to remedy the identified weaknesses.

Refer to the ESG Report for more detail.

Divisional reports
Services

CEO:
Alan Fainman

Bidvest Services division, the largest employer in the Group, is a leading integrated facilities management provider offering solutions to deliver one-stop outsourced expertise to drive efficiencies and cost reductions. The facilities management and allied services are complemented by security and travel offerings. The division's international footprint is expanding and comprises Noonan – the leading facilities manager in Ireland – and PHS, a major hygiene service provider in the UK, Ireland and Spain.

Salient features

- An exceptional performance from Noonan.
- The recently acquired Future Cleaning is being stabilised into its new structure.
- PHS acquisition was concluded in May 2020 and performance is in line with expectation. Synergies will be pursued.
- The Facilities Management cluster, Protea Coin and UDS delivered excellent results.
- BidTrack, Vericon and Bidair Cargo achieved good results.
- Border closures and COVID-19 lockdowns harshly impacted aviation, travel and hospitality related activities.
- Extensive restructuring occurred in Travel.

Review of the year

R million	**Year ended 30 June 2020**	Year ended 30 June 2019	Change
Revenue	**22 091**	20 648	7.0%
Trading profit	**2 134**	2 201	(3.1%)
Trading margin	**9.7%**	10.7%	↓
EBITDA	**2 669**	2 710	(1.5%)
Average Funds Employed	**2 550**	2 515	1.4%
ROFE	**85.0%**	87.2%	↓

The Services division's trading profit of R2.1 billion is an outstanding result considering the harsh operating environment. We are very pleased with overall cash generation, which was largely driven by Noonan's excellent cash collection performance.

Noonan's exceptional performance was partly due to increased COVID-19-related services, including the sale of PPE. The pandemic has opened numerous opportunities for an increased scope of services for Noonan, specifically as the demand for increased hygiene services and products will remain heightened for some time. We are pleased with how Noonan has been integrated into Bidvest and we remain comfortable that it is aligned to our overall growth ambition as we pursue a larger footprint for this niche offering in selected international regions.

Noonan's trading margin widened as the focus on COVID-19 products and services was augmented by strong commercial and cost control. The performance from the recently acquired Future Cleaning, however, was disappointing, with pubs and cinemas closed during lockdown.

PHS provides Bidvest with increased access to an increasingly resilient hygiene market. The company is very well established, being founded in 1963, has a solid and large customer base of over 120 000 clients and is an excellent cash generator. During the due diligence, we identified five areas of synergy and cost saving to achieve an improved margin, which is more in line with PHS' industry peers. Work has started to bring this into effect. The global outbreak of the COVID-19 pandemic undoubtedly heightened the awareness of and need for out-of-home hygiene, and this is expected to accelerate the development and maturity of the industry globally.

Despite the operating environment in South Africa, our Facilities Management cluster performed well. Steiner and Prestige both delivered good results with increased trading profits and excellent cash generation. New contracts and the sale of COVID-19-related products and services more than offset the complete lack of hospitality business and we are seeing this upward trend continuing as people start returning to work environments. Prestige, in particular, was very innovative during COVID-19, despite restrictions on the number of employees that were allowed to work.

One of the bolt-on acquisitions we concluded during the year, was the purchase of Mastrantonio's catering operations. This has elevated the Bidvest catering offering into the corporate customer base. We are still expecting this to be an area of growth as larger corporate entities outsource non-core operations, while maintaining a level of safe and healthy solutions for their respective employees.

The Security and Aviation cluster, Protea Coin and UDS delivered excellent results. UDS is a drone business that was acquired last year, and which continues to show impressive growth as innovations and efficiencies in the security and other industries start becoming more important.

Responding quickly to cargo flow and market changes, BidTrack, Vericon and Bidair Cargo achieved good results, as did Bidair Lounges, which was on track for a record performance until the pandemic curtailed its performance in the fourth quarter. We have made a decision to divest from Bidair Services (ground handling operations).

Businesses within the Allied Cluster held their own even though hospitality demand was restricted. Some of our offerings, like water and coffee demand in corporate offices, were impacted.

The Travel cluster was harshly affected by the closure of borders, which resulted in a loss for the year. We have accelerated an extensive restructuring plan with an objective of reducing the cost of doing business and ensuring we can be best positioned for niche travel solutions going forward.

Looking forward

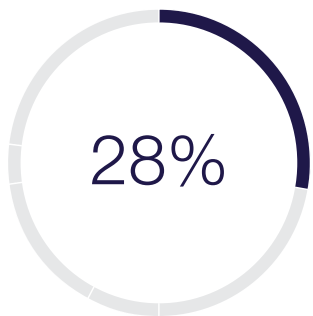
We are extremely well positioned to capitalise on the now heightened awareness of out-of-home hygiene. We are pursuing strategic options, including the significant synergies that exist between Noonan and PHS and which we originally identified during the PHS due diligence. These are expected to contribute positively to profitability.

The challenging market conditions are expected to continue and we are carefully monitoring the short- and medium-term work-from-home trends to adapt our service offerings to ensure continued financial performance. We are therefore closely monitoring how the future of remote working will impact the 'empty building' syndrome in the regions where we operate, and we are positioning our offerings to respond appropriately.

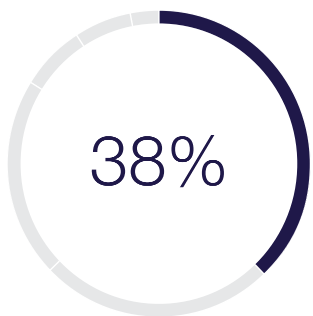
The future of our travel- and tourism-related activities will depend on fully operational international borders and we are closely assessing this fluid situation and initiating remedial cost and efficiency strategies.

We will continue to pursue bolt-on acquisitions to augment our footprint and offering if they prove meaningful to future value and profitability.

Contribution to Group revenue



Contribution to Group trading profit



Divisional reports
Branded Products

CEO:
Kevin Wakeford

Bidvest Branded Products distributes consumer and pharmaceutical products and a comprehensive range of office products including office automation and furniture, while also meeting all print, packaging, labelling and communication requirements. The division represents local and global brands such as Russell Hobbs, Pineware, Salton, Croxley, Primeline, Konica Minolta, Cellini, Maxwell & Williams, Noritake, Panado, Bioplus and Plush, among many others.

Salient features

- Excellent cash generation and cost control.
- Adcock's major brands deliver good growth.
- Demand decline in office products was fuelled by remote working and online schooling.
- Packaging and label solutions geared towards essential service providers and e-commerce performed well.
- Consumer product demand was weighed down by lockdown and constrained consumer spending.
- Extensive restructuring across the division to better position for the future.
- An increased focus on online channels.

Review of the year

R million	**Year ended 30 June 2020**	Year ended 30 June 2019	Change
Revenue	**17 327**	11 858	46.1%
Trading profit	**1 404**	941	49.2%
Trading margin	**8.1%**	7.9%	↑
EBITDA	**1 658**	1 091	51.9%
Average Funds Employed	**6 476**	2 846	127.5%
ROFE	**23.2%**	33.1%	↓

This is the first annual reporting period for the newly created Branded Products division, which was formed when Adcock was combined with the former Office and Print division, together with certain other consumer businesses.

The inclusion of Adcock boosted the division's trading profit by a significant 49% to R1.4 billion. Cash generation was excellent, primarily due to very well controlled operating expenses.

Additionally, our restructuring and rightsizing processes, based on the anticipated revenue reductions, will result in improved efficiencies and more agile companies. Generally, but with the exception of companies supplying essential service providers, the COVID-19 lockdown resulted in lower volumes, which led to reduced rebates and negatively impacted gross profit.

Despite the demand volatility brought on by the pandemic, Adcock performed well, with annual sales 4% ahead of the prior year, and trading profit ended basically flat. Margins were impacted by a weaker exchange rate, COVID-19 related costs and lower recoveries at certain facilities. Adcock Ingram's Critical Care and Consumer units, however, delivered excellent performances. There was a commendable performance from OTC but results from the Prescription unit were adversely affected by fewer patients consulting doctors and the pandemic-led postponement of elective surgeries.

Remote working and online schooling resulted in reduced demand for our printing and office related services and products. The lockdown saw an acceleration of communication to electronic platforms which adversely impacted Data. Bidvest Mobility, however, experienced enhanced demand for their supply chain-based technology solutions. Labels supplied to essential service providers did well while packaging geared towards e-commerce delivered a pleasing result. Consumer products were negatively impacted by constrained consumer demand and trade restrictions.

Our office products businesses did well to maintain margins considering the circumstances. This was driven by Konica Minolta, which successfully bedded down the National Treasury contract, and Kolok, which managed overall returns well despite a decline in cartridge volumes. Waltons implemented a new warehouse management system and improved its online offering. Overall, office furniture was down, but Cecil Nurse's manufacturing unit did well after improving its efficiencies and developing new 'work from home' and safety product ranges. This will serve clients better and more efficiently going forward.

The severely constrained economy and the lockdown restrictions on shopping led to lower demand for consumer products, resulting in lower trading profits from our Home of Living Brands, Silveray and Interbrand/MIC businesses. In response, and despite a return to a better level of consumer activity, we have focused on numerous interventions, among others, on boosting various online product sales and have seen this strategy starting to gain traction.

Looking forward

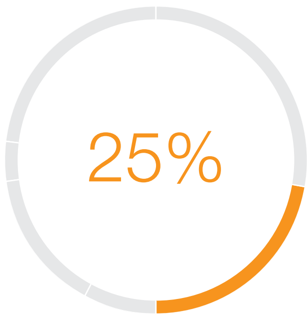
Adcock will continue to seek appropriate business and product acquisitions.

While we have seen some resumption of trade in certain segments of the office and print market, a large degree of hesitation is evident. This year's results will remain dependent on the levels and the speed to which people return to their traditional work and schooling environments.

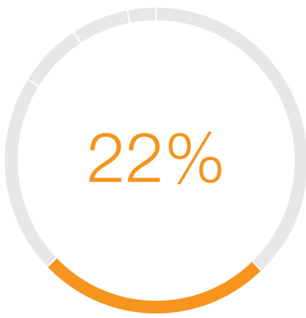
Demand patterns are likely to remain unpredictable in the short term. Over the past year, virtually all businesses were rightsized in response to our forecasts of continued lower demand and we will continue to pursue business efficiencies.

We are, simultaneously, expanding and improving our online innovations and offerings.

Contribution to Group revenue



Contribution to Group trading profit



Divisional reports
Freight

CEO:
Wiseman Madinane

Bidvest Freight is a leading private-sector freight management group in sub-Saharan Africa, drawing on more than 150 years of portside experience. Its primary objective is to efficiently handle multiple products across berths and provide capacity to serve current and future demand. This includes liquid and dry bulk terminals with significant storage capacity, and multi-purpose terminals with the capability of handling agricultural, mineral, steel, cement, fertiliser and other products. It also has container freight stations and offers logistics and supply chain solutions, as well as being a market leader in customs broking and clearing and forwarding in South Africa.

Salient features

- Bulk commodity and liquid volumes remained strong but other import and export volumes weak.
- Annuity income now represents half of trading profit.
- LPG project delayed three months by lockdown; commissioned in October 2020.
- EMO Trans replaced Panalpina as our international freight forwarding partner.
- Rightsizing was implemented in several businesses.
- Operating expenses increased by only 1%.

Review of the year

R million	**Year ended 30 June 2020**	Year ended 30 June 2019	Change
Revenue	**6 308**	6 698	(5.8%)
Trading profit	**1 161**	1 386	(16.3%)
Trading margin	**18.4%**	20.7%	↓
EBITDA	**1 385**	1 668	(17.0%)
Average Funds Employed	**4 000**	3 437	16.4%
ROFE	**29.0%**	40.2%	↓

The Freight division's results reflect the subdued local economy and lower global trade. We saw significantly lower volumes handled and consequently trading profit reduced by 16% to R1.2 billion.

There was limited trading activity during the COVID-19 period, while lockdown-led restructuring and rightsizing initiatives also had an impact.

Bidvest Tank Terminals, however, performed pleasingly with improved efficiencies more than offsetting a 3% decline in volumes. The capacity requirements of a few of our customers, particularly in the chemicals sector, are changing and we are engaging closely with clients to ensure that we can manage this appropriately. The LPG storage project was delayed due to the lockdown and associated travel restrictions which prevented its technical completion but the terminal was commissioned post year end. Bidvest Tank Terminals has a ten-year, plus ten-year extension, take-or-pay contract in place for this terminal. This facility doubles South Africa's current available capacity of LPG and contributes to the changing energy dynamic in the country. We see this as a potential growth area, and we are assessing further initiatives to participate in South Africa's changing energy landscape.

South African Bulk Terminals produced a flat result with maize exports below expectations although wheat imports were fairly strong following a poor local crop.

Bulk Connections handled 1% higher volumes – largely chrome and manganese – despite lockdown-related disruptions, which affected exports for an extended period. Encouragingly, rail supply increased in June and Bulk Connections has ongoing engagements to optimise and increase rail allocation, which should ultimately resolve some of the port congestion.

The challenging trading environment and COVID-19 negatively affected Bidfreight Port Operations, Bidvest International Logistics (which has changed its international partner to EMO Trans), Naval, Bidvest SACD and Ontime Automotive. In addition to COVID-19, the Ontime trading result was affected by Brexit-related uncertainty.

Overall, our operating expenses were well managed and increased only 1% on the prior year.

Looking forward

While the immediate outlook for trade activity remains fairly subdued we look forward to improved market conditions in key areas.

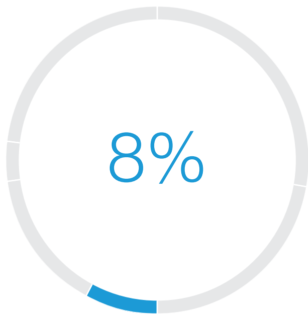
Our liquid business remains strong and the contribution from the LPG project will meaningfully improve results.

The expected, above normal, summer rains are positive for fertiliser imports and we should see an excellent maize crop, although we are anticipating wheat imports to be lower due to indications of a good harvest for the 2020 season.

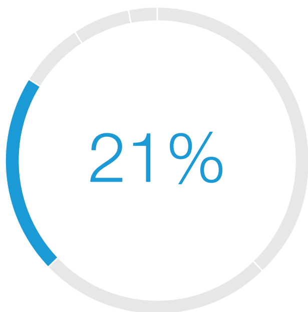
Chrome and manganese exports are forecast to remain strong and we are actively pursuing the handling of other higher-value products.

With the easing of lockdown restrictions, local logistics and international freight movements are showing a positive trend, albeit slow, and we are confident of a gradual but continuing volume improvement from the current low base. We have appointed dynamic new management teams in key areas of the division and together with rightsizing interventions and efficiency improvements, means we are optimally positioned to capitalise from the recovery. We have enhanced our focus on securing new business on the EMO Trans platform, which will be beneficial as we move into the future.

Contribution to Group revenue



Contribution to Group trading profit



Divisional reports
Commercial Products

CEO:
Howard Greenstein

Bidvest Commercial Products' industrial grouping of companies includes manufacturing and trading businesses in South Africa, which represent global brands in sectors spanning tools, lifting and rigging equipment, embroidery and sewing machines, protective clothing, packaging and fastening products, commercial and industrial catering equipment and leisure products. It also supplies a full range of bathroom and plumbing products and is one of South Africa's largest distributors of electrical cable and allied products.

Salient features

- Excellent cash generation.
- Operating expenses reduced by 2%.
- Good results from G Fox, Afcom and Bidvest Materials Handling.
- Little industrial and construction demand, followed by severe restrictions during lockdown.
- Namibian operations and Renttech incurred losses.
- Gross margins contracted and factory recoveries were low.
- Extensive restructuring in the electrical businesses.
- Evidence of market share gains.

Review of the year

R million	**Year ended 30 June 2020**	Year ended 30 June 2019	Change
Revenue	**11 943**	12 851	(7.1%)
Trading profit	**393**	736	(46.6%)
Trading margin	**3.3%**	5.7%	↓
EBITDA	**500**	884	(43.4%)
Average Funds Employed	**4 151**	4 157	(0.1%)
ROFE	**9.5%**	17.7%	↓

The division experienced depressed trading conditions driven by reduced industrial and construction demand as a result of the very poor economic conditions that have been experienced in South Africa, which was evident way before COVID-19 become a feature. This was further compounded by severe restrictions placed on all our businesses during the COVID-19 lockdown.

Trading profit contracted 47% to R393 million. A stand-out feature over the year, however, has been our excellent cash generation which is commendable considering the same difficult environment is being felt by our customers and suppliers alike.

Gross profit margins declined due to lower factory recoveries, while trading margins were well controlled. It is very pleasing that the operating expenses were well managed, decreasing by 2% including restructuring costs, which has been a commendable achievement in these uncertain and unpredictable times.

As can be expected following the severe restrictions that were put in pace during the various lockdown levels, sales from our trade-related division were severely constrained. Plumblink's revenue mix continued to shift away from contract sales to the insurance sector and trade sales. Its large footprint and well-regarded, sought-after product range continues to ensure its competitiveness, but the market environment has been more challenging than anticipated. Bidvest's former electrical businesses was amalgamated into the trade cluster of the Commercial Products division, with a new management structure put in place and various operating changes made.

Building activity during the period under review was extremely hard hit, resulting in the traditional wholesale activities and Versalec experiencing tough trading conditions. The specialist businesses fared better, particularly Cabstrut, Electech and MVLV.

The electrical businesses are being assessed for better efficiency and profitability. Management changes, technology introductions, branch restructuring as well as better positioning for the growing renewable energy sector, are all being carefully considered with changes implemented where necessary.

Despite the difficult operating environment, there were some excellent performances within certain of our businesses, specifically from G Fox, which delivered exciting product innovations and new contracts, ending the year as the largest profit contributor to the division. Afcom excelled, improving gross profit without effecting a decline in operating costs. The warehousing operations increased profits with Bidvest Materials Handling producing a pleasing performance, ensuring good margin management by delivering a larger rental fleet and a better product mix, which assisted in achieving its result.

In some instances, because of the lockdown, there have been two months of absolutely no activity, and sectors such as the catering, DIY/Tools/Workwear, leisure, packaging and the general industrial clusters all reported declining trends. Most of our businesses in Commercial Products were plagued by lower demand, poor factory recoveries and lower margins, with the operations in Namibia delivering a poor result.

Looking forward

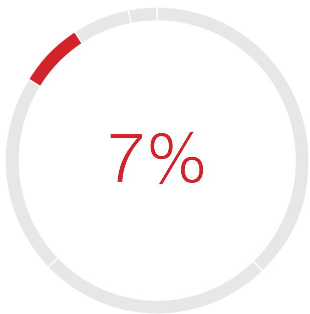
We have completed detailed and in-depth reviews of each business within the division and have taken the appropriate action where necessary. This is leading to an improved cost base and enhanced efficiencies, which will contribute to better profitability into the future.

There is evidence of commodity and product price increases as well as product shortages in the market. Our strategic intent is to ensure that we are optimally positioned to take advantage of the uptick in certain markets. Our scale advantage is important, and we are expecting a level of market share gain and opportunity to flow from our stock availability.

While tough trading conditions are expected to continue, our intensified focus on product and margin management will remain key focus areas, particularly given the prevailing currency volatility.

Contribution to Group revenue

Contribution to Group trading profit



Divisional reports
Financial Services

CEO (Acting):
Thinus Liebenberg

Bidvest Financial Services has a diversified offering with banking, short-term and life insurance licences, and several other financial service businesses. Its key strategy is to grow and expand its foreign exchange and fleet management service offerings.

Salient features

- Bidvest Bank was severely impacted by travel-related foreign exchange activity restrictions and the roll-off of its older fleet.
- Bidvest Bank's liquidity remains healthy.
- Payment deferrals were granted to select customers.
- Bidvest Insurance had a reasonable year.
- Bidvest Life gross written premiums grew 18%, offset by acquisition costs and broker commissions.
- FinGlobal and Tradeflow performed well.
- Returns on the investment portfolio increased.

Review of the year

R million	**Year ended 30 June 2020**	Year ended 30 June 2019	Change
Revenue	**2 650**	2 701	(1.9%)
Trading profit	**304**	585	(47.9%)
Trading margin	**11.5%**	21.6%	↓
EBITDA	**533**	836	(36.2%)
Average Funds Employed	**3 704**	3 558	4.1%
ROFE	**8.2%**	16.4%	↓

Trading profit declined substantially, by 48% to R304 million.

Bidvest Bank's non-interest revenue was severely affected by COVID-19-related international travel restrictions, which negatively impacted foreign exchange and currency card revenue streams. This resulted in all foreign exchange flows slowing precipitously as international borders closed.

Our fleet business remains challenged, largely due to capital paydowns on the older fleets and a Transnet contract, which has had a slower-than-expected implementation.

New insurance policy sales were under pressure. Operating expenses increased and as a result, margins were lower.

It is, however, pleasing that Bidvest Bank's liquidity remains healthy, which is key as we reposition for a better future. Deposits grew 14% to R7.3 billion, loans and advances were 17% higher at R3.1 billion and leased assets declined 13%

to R1.4 billion. In terms of National Treasury's SARB loan guarantee scheme introduced in response to the COVID-19 pandemic, R325 million was allocated to Bidvest Bank. Two-thirds of the loans and advances book were granted payment deferrals. The IFRS 9 Expected Credit Loss provision increased and was driven by the impact of COVID-19 on the global and local economy.

As consequence of the pandemic, Bidvest Bank's new business roll-out was slower than anticipated. The upgraded online banking platform was successfully introduced with enhanced functionality. The rationalisation of the branch network has been accelerated in response to the roll-out of digital banking, foreign exchange and money transfer capabilities, as well as changes in customer demand.

The reduction in client pension contributions and employee headcounts, which were witnessed across all sectors of the South African economy in response to COVID-19, affected the Bidvest Wealth and Employee Benefits business.

Bidvest Insurance declined slightly on the back of lower vehicle sales. But the insurer's direct channel sales held up well, with several new products launched in the second half of the year, and we intend continuing this momentum into the new year.

Bidvest Life grew its gross written premiums by 18%, which was offset by higher customer acquisition costs and broker commissions, resulting in expanded losses.

The Tradeflow and FinGlobal businesses reported strong results, largely as a result of restructuring efforts initiated to curb expenditures. Compendium held its own and delivered an acceptable result considering the slowdown in the personal and business insurance sector.

Investment income increased year-on-year with an additional team employed to focus on growth opportunities, increase sales and top line revenue.

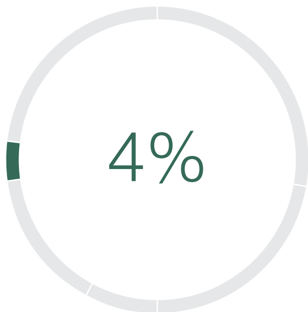
Looking forward

We are implementing a streamlined business structure in support of our updated strategy. This has been altered to better respond to the changing nature of global financial services, specifically digital migration and innovation, but also to reflect the devastating effects brought about by the pandemic.

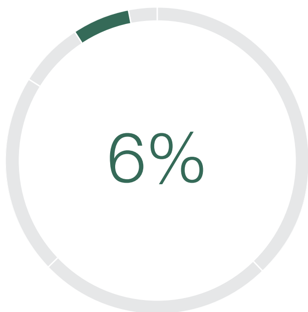
Our focus on reducing the cost of doing business is a major imperative. Equally important, is the attention we are giving to maintaining Bidvest Bank's balance sheet strength and liquidity, as well as its healthy deposit base.

We are also exploring new banking and foreign exchange alliances within Bidvest Bank. Bidvest Insurance product launches are being introduced, which we believe will assist in growing the book.

Contribution to Group revenue



Contribution to Group trading profit



Divisional reports
Automotive

CEO:
Steve Keys

Bidvest Automotive, one of South Africa's most respected motor retailers and auctioneers with a trading history going back more than 100 years, is an industry leader and innovator. It is known for setting the national standard in technical training, was a pioneer in adopting online motor retailing and has developed sophisticated systems to drive customer service.

Salient features

- Encouraging results were evident for the first nine months.
- New and used vehicle sales were decimated during the lockdown period.
- Market share is broadly stable.
- Overall gross profit margins are holding steady.
- Further restructuring is being implemented.
- Divest Bidvest Car Rental; treated as discontinued operation.

Review of the year

R million	**Year ended 30 June 2020**	Year ended 30 June 2019	Change
Revenue	**18 263**	22 848	(20.1%)
Trading profit	**178**	532	(66.6%)
Trading margin	**1.0%**	2.3%	↓
EBITDA	**215**	609	(64.6%)
Average Funds Employed	**2 579**	4 106	(37.2%)
ROFE	**7.0%**	13.0%	↓

The Automotive division's motor retail unit produced encouraging results for the first nine months of the financial year showing growth in trading profit, notwithstanding a declining new vehicle market and difficult used car market given the prevailing low consumer and business confidence. However, South Africa's automotive industry was completely ravaged by COVID-19 and the impact it has had on the global automotive sector.

As a result, the division's trading profit from continuing operations decreased by 67% to R178 million for the year under review. This is very evident in the sales: Bidvest McCarthy sold 24% fewer new vehicles and 22% less used vehicles, and luxury sales continued to decline disproportionately.

We currently sell at a ratio of 1:1.1 new cars to used cars, whilst our target ratio of 1:2 remains. In response to this, we have further developed a system implemented last year that better facilitates the buying of good fast-moving used vehicle stock, together with real time dynamic used vehicle pricing using technology enabled science.

The effects of declining car parc, particularly the portion under service and maintenance plans, continued to put elevated pressure on our aftermarket activities.

The gross profit margin increased by an encouraging 60bps. The year's trading profit was supported by the profitability of the Toyota, VW/Audi and Nissan/Renault franchises. Our dealerships in Namibia delivered a credible performance and Burchmores was profitable, despite a weak fourth quarter.

Car rental is not seen as a future strategic fit, which has informed our decision to divest from this sector of the automotive industry.

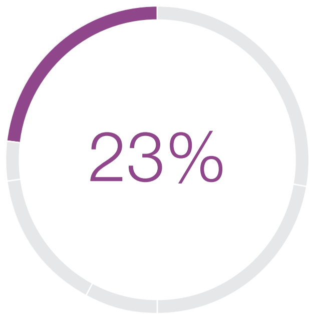
Data processing 'bots', which we introduced in select shared service functions specifically related to high volume financial transactions, are already delivering a visible and positive impact on efficiencies. We are supporting several other innovative ICT projects, including additional Robot Processing Automation, streamlining integrated reporting processes, as well as enhancing Burchmores' new online auction system and maintaining our COVID-19 business management app to protect the continued safety of our customers and staff.

Looking forward

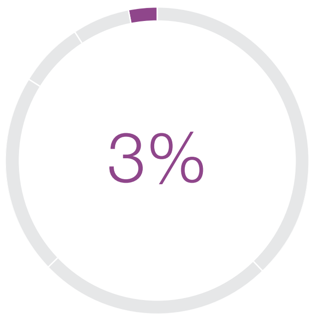
We have increased our focus on driving down the division's cost and asset base, while acknowledging that due to the extraordinary operating context, the absolute vehicle inventory is currently higher than normal and will take time to work down. We will consider further restructuring when expected buyer demand becomes clearer. The timing of this is difficult to predict as the effects of COVID-19 must diminish and South Africa's economic recovery is firmly linked to corporate and other institutional growth, as well as individuals' incomes.

We are seeing some signs of revival, albeit small and off a relatively low base. Following the slow return of some economic activity post the lockdown periods, new and used car sales, as well as workshop volumes, have been surprisingly positive relative to the pre-COVID-19 February month. The impact of large-scale retrenchments, however, across the South Africa economy and constrained disposable income could disrupt the demand rebound in coming months.

Contribution to Group revenue



Contribution to Group trading profit



Consolidated segmental analysis

for the year ended June 30

	2020 R'000	2019 Restated R'000	% change
Segmental revenue			
Services	**22 090 784**	20 648 296	7.0
Branded Products	**17 327 336**	11 857 820	46.1
Freight	**6 308 343**	6 698 225	(5.8)
Commercial Products	**11 943 006**	12 851 008	(7.1)
Financial Services	**2 650 190**	2 700 993	(1.9)
Automotive	**18 263 276**	22 847 747	(20.1)
Properties	**624 292**	615 444	1.4
Corporate and investments	**1 514 587**	1 831 140	(17.3)
	80 721 814	80 050 673	0.8
Inter-group eliminations	**(4 179 233)**	(3 992 311)	
	76 542 581	76 058 362	0.6
Geographic region			
Southern Africa	**71 857 855**	72 378 923	(0.7)
International	**8 863 959**	7 671 750	15.5
	80 721 814	80 050 673	0.8
Segmental trading profit			
Services	**2 133 745**	2 201 208	(3.1)
Branded Products	**1 404 039**	941 028	49.2
Freight	**1 160 543**	1 386 195	(16.3)
Commercial Products	**393 032**	735 534	(46.6)
Financial Services	**304 354**	584 503	(47.9)
Automotive	**177 518**	531 654	(66.6)
Properties	**579 110**	563 395	2.8
Corporate and investments	**(812 639)**	(276 135)	194.3
	5 339 702	6 667 382	(19.9)
Geographic region			
Southern Africa	**4 766 669**	6 360 031	(25.1)
International	**573 033**	307 351	86.4
	5 339 702	6 667 382	(19.9)
Profit before finance charges and associate income			
Services	**1 740 725**	2 037 903	(14.6)
Branded Products	**1 104 385**	896 998	23.1
Freight	**1 139 007**	1 397 847	(18.5)
Commercial Products	**206 740**	735 319	(71.9)
Financial Services	**232 837**	572 141	(59.3)
Automotive	**(305 806)**	498 851	(161.3)
Properties	**539 587**	621 431	(13.2)
Corporate and investments	**(1 636 151)**	(946 068)	72.9
	3 021 324	5 814 422	(48.0)
Share-based payment expense	**(202 494)**	(188 840)	7.2
	2 818 830	5 625 582	(49.9)
Geographic region			
Southern Africa	**2 508 228**	5 548 960	(54.8)
International	**513 096**	265 462	93.3
	3 021 324	5 814 422	(48.0)

	2020 R'000	2019 Restated R'000	% change
Segmental operating assets			
Services	**8 928 512**	5 183 863	72.2
Branded Products	**10 026 686**	4 161 959	140.9
Freight	**8 311 029**	6 926 154	20.0
Commercial Products	**6 036 883**	5 847 829	3.2
Financial Services	**7 464 971**	6 576 227	13.5
Automotive	**4 656 611**	5 608 219	(17.0)
Properties	**3 561 295**	3 566 788	(0.2)
Corporate and investments	**2 086 390**	8 151 406	(74.4)
	51 072 377	46 022 445	11.0
Inter-group eliminations	**(761 094)**	(724 134)	
	50 311 283	45 298 311	11.1
Geographic region			
Southern Africa	**46 035 348**	44 332 128	3.8
International	**5 037 029**	1 690 317	198.0
	51 072 377	46 022 445	11.0
Segmental operating liabilities			
Services	**7 306 940**	2 876 118	154.1
Branded Products	**4 298 796**	1 720 876	149.8
Freight	**4 257 185**	3 221 981	32.1
Commercial Products	**2 360 317**	1 863 346	26.7
Financial Services	**8 807 482**	7 608 408	15.8
Automotive	**2 354 633**	1 984 441	18.7
Properties	**40 877**	32 377	26.3
Corporate and investments	**839 395**	669 053	25.5
	30 265 625	19 976 600	51.5
Inter-group eliminations	**(761 094)**	(724 134)	
	29 504 531	19 252 466	53.3
Geographic region			
Southern Africa	**25 444 241**	19 060 941	33.5
International	**4 821 384**	915 659	426.5
	30 265 625	19 976 600	51.5
Segmental depreciation			
Services	**592 873**	495 904	19.6
Branded Products	**257 697**	137 481	87.4
Freight	**262 336**	266 408	(1.5)
Commercial Products	**120 410**	130 326	(7.6)
Financial Services	**219 254**	221 003	(0.8)
Automotive	**73 672**	72 576	1.5
Properties	**7 749**	6 839	13.3
Corporate and investments	**16 846**	37 881	(55.5)
	1 550 837	1 368 418	13.3
Geographic region			
Southern Africa	**1 412 603**	1 265 669	11.6
International	**138 234**	102 749	34.5
	1 550 837	1 368 418	13.3

	2020 R'000	2019 Restated R'000	% change
Segmental capital expenditure			
Services	**643 366**	572 731	12.3
Branded Products	**237 730**	111 042	114.1
Freight	**746 958**	741 693	0.7
Commercial Products	**97 452**	155 903	(37.5)
Financial Services	**207 415**	378 953	(45.3)
Automotive	**82 623**	100 854	(18.1)
Properties	**51 393**	443 307	(88.4)
Corporate and investments	**6 286**	38 200	(83.5)
	2 073 223	2 542 683	(18.5)
Geographic region			
Southern Africa	**1 905 719**	2 412 354	(21.0)
International	**167 504**	130 329	28.5
	2 073 223	2 542 683	(18.5)
Segmental amortisation and impairments on intangible assets			
Services	**75 871**	54 310	39.7
Branded Products	**188 817**	12 832	1 371.5
Freight	**18 964**	15 615	21.4
Commercial Products	**126 642**	17 911	607.1
Financial Services	**79 937**	34 304	133.0
Automotive	**3 329**	4 974	(33.1)
Corporate and investments	**334**	6 984	(95.2)
	493 894	146 930	236.1
Geographic region			
Southern Africa	**437 370**	105 781	313.5
International	**56 524**	41 149	37.4
	493 894	146 930	236.1
Segmental goodwill and intangible assets			
Services	**17 364 482**	5 206 841	233.5
Branded Products	**6 906 646**	640 463	978.4
Freight	**185 175**	183 439	0.9
Commercial Products	**1 489 846**	1 894 579	(21.4)
Financial Services	**439 103**	455 773	(3.7)
Automotive	**4 483**	412 735	(98.9)
Properties	**27 197**	27 197	–
Corporate and investments	**38 979**	109 597	(64.4)
	26 455 911	8 930 624	196.2
Geographic region			
Southern Africa	**11 763 310**	6 107 098	92.6
International	**14 692 601**	2 823 526	420.4
	26 455 911	8 930 624	196.2

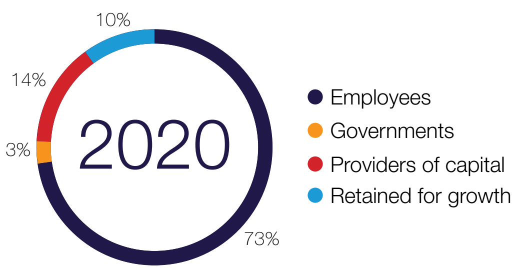
	2020 R'000	2019 Restated R'000	% change
Employee benefits and remuneration			
Services	**13 076 649**	12 249 980	6.7
Branded Products	**2 984 888**	1 794 566	66.3
Freight	**1 666 968**	1 708 268	(2.4)
Commercial Products	**1 797 802**	1 829 626	(1.7)
Financial Services	**752 051**	767 688	(2.0)
Automotive	**1 606 807**	1 815 625	(11.5)
Properties	**16 088**	18 237	(11.8)
Corporate and investments	**406 845**	524 979	(22.5)
	22 308 098	20 708 969	7.7
Share-based payment expense	**202 494**	188 840	7.2
	22 510 592	20 897 809	7.7
Geographic region			
Southern Africa	**16 014 727**	14 955 593	7.1
International	**6 293 371**	5 753 376	9.4
	22 308 098	20 708 969	7.7
Number of employees			
Services	**103 213**	94 094	9.7
Branded Products	**9 458**	7 410	27.6
Freight	**5 290**	5 723	(7.6)
Commercial Products	**8 074**	8 379	(3.6)
Financial Services	**1 708**	1 796	(4.9)
Automotive	**4 501**	4 594	(2.0)
Properties	**14**	14	–
Corporate and investments	**612**	735	(16.7)
	132 870	122 745	8.2
Geographic region			
Southern Africa	**112 064**	108 009	3.8
International	**20 807**	14 736	41.2
	132 870	122 745	8.2

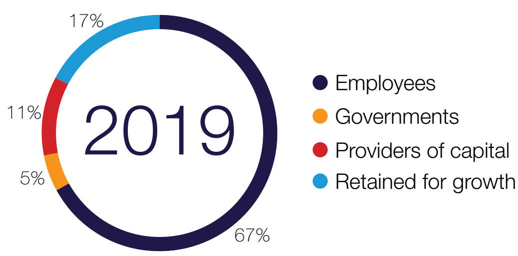
Value added statement

for the year ended June 30

"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.

	2020 R'000	Change	2019 R'000	Change
Revenue	**76 542 581**		76 058 362	
Net cost of raw materials, goods and services	**(44 769 880)**		(45 178 888)	
Wealth created by trading operations	**31 772 701**		30 879 474	
Impairments	**(1 955 261)**		(689 609)	
Finance income	**669 296**		746 127	
Dividend income	**163 076**		227 282	
Total wealth created	**30 649 812**	**100.0**	31 163 274	100.0
Distributed as follows				
Employees				
Benefits and remuneration	**22 510 592**	**73.4**	20 897 809	67.0
Governments				
Taxation	**851 589**	**2.8**	1 431 779	4.6
Providers of capital	**4 170 954**	**13.6**	3 496 218	11.2
Finance charges	**1 903 390**	**6.2**	1 476 941	4.7
Distributions to shareholders	**2 267 564**	**7.4**	2 019 277	6.5
Retained for growth	**3 116 677**	**10.2**	5 337 468	17.2
Depreciation and amortisation	**2 947 696**	**9.6**	1 513 700	4.9
Profit for the year attributable to shareholders of the Company from continuing operations	**168 981**	**0.6**	3 823 768	12.3
	30 649 812	**100.0**	31 163 274	100.0





	South African 2020 R'000	South African 2019 R'000	Foreign 2020 R'000	Foreign 2019 R'000
Continuing operations				
Employee taxes	**2 330 239**	2 107 602	**1 426 488**	1 432 050
Company taxes	**770 611**	1 367 392	**80 978**	64 387
Value added tax and sales tax	**8 610 430**	7 052 592	**1 145 891**	1 269 000
Customs and excise duty	**17 806 300**	17 766 042	**92 455**	99 522
Other	**207 097**	148 845	**29 339**	30 969
	29 724 677	28 442 473	**2 775 151**	2 895 928

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 financial statements in accordance with 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, the Listings Requirements, and in terms of the requirements of the Companies Act.

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 ability to continue as a going concern and there is no reason to believe that the Group will not be a going concern in the year ahead.

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

The consolidated financial statements of the Group for the year ended 30 June 2020, were approved by the board of directors and are signed on its behalf by:

Bonang Mohale
Chairman

Mpumi Madisa
Chief executive

Mark Steyn
Chief financial officer

22 October 2020

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 55 to 68 of The Bidvest Group Limited Integrated Report 2020 which comprise the summarised consolidated income statement, the summarised consolidated statement of other comprehensive income, the summarised consolidated statement of cash flows, the summarised consolidated statement of financial position as at 30 June 2020 and the summarised consolidated statement of changes in equity 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 2020.

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 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 summarised consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 11 September 2020. 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

22 October 2020

Summarised consolidated income statement

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited	% Change
Continuing operations			
Revenue	**76 542 581**	76 058 362	0,6
Cost of revenue	**(53 101 006)**	(53 511 794)	(0,8)
Gross profit	**23 441 575**	22 546 568	4,0
Operating expenses	**(18 079 797)**	(16 501 399)	9,6
Net impairment losses on financial assets	**(245 401)**	(54 440)	
Other income	**266 807**	308 395	
Income from investments	**(43 482)**	368 258	
Trading profit	**5 339 702**	6 667 382	(19,9)
Share-based payment expense	**(202 494)**	(188 840)	
Acquisition costs and customer contracts amortisation	**(345 229)**	(65 858)	
Net capital items	**(1 973 149)**	(787 102)	
Profit before finance charges and associate income	**2 818 830**	5 625 582	(49,9)
Net finance charges	**(1 429 627)**	(924 585)	54,6
Finance income	**80 253**	238 152	
Finance charges	**(1 509 880)**	(1 162 737)	
Share of (loss) profit of associates	**(92 250)**	583 198	
Current year earnings	**(87 129)**	592 104	
Net capital items	**(5 121)**	(8 906)	
Profit before taxation	**1 296 953**	5 284 195	(75,5)
Taxation	**(851 589)**	(1 431 779)	(40,5)
Profit for the year from continuing operations	**445 364**	3 852 416	(88,4)
Discontinued operations			
Loss after tax from discontinued operations	**(632 267)**	(48 486)	
(Loss) profit for the year	**(186 903)**	3 803 930	
Attributable to			
Shareholders of the Company – continuing operations	**168 981**	3 823 768	(95,6)
Shareholders of the Company – discontinued operations	**(632 267)**	(48 486)	
Non-controlling interest	**276 383**	28 648	
	(186 903)	3 803 930	
Basic earnings per share (cents) – continuing operations	**49,8**	1 133,8	(95,6)
Diluted basic earnings per share (cents) –continuing operations	**49,7**	1 130,7	(95,6)
Basic earnings per share (cents) – discontinued operations	**(186,4)**	(14,4)	
Diluted basic earnings per share (cents) – discontinued operations	**(186,1)**	(14,3)	
Basic earnings per share (cents) – Group	**(136,6)**	1 119,4	
Diluted basic earnings per share (cents) – Group	**(136,4)**	1 116,4	

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited	% Change
Supplementary Information			
Normalised headline earnings per share (cents) – continuing operations*	**1 028,3**	1 334,4	(22,9)
Headline earnings per share (cents) – continuing operations	**553,2**	1 366,4	(59,5)
Diluted headline earnings per share (cents) – continuing operations	**552,5**	1 362,7	(59,5)
Headline earnings per share (cents) – discontinued operations	**(159,2)**	(14,4)	
Diluted headline earnings per share (cents) – discontinued operations	**(159,0)**	(14,3)	
Normalised headline earnings per share (cents) – Group*	**869,1**	1 320,0	(34,2)
Headline earnings per share (cents) – Group	**394,0**	1 352,1	(70,9)
Diluted headline earnings per share (cents) – Group	**393,5**	1 348,4	(70,8)
Shares in issue			
Total ('000)	**339 770**	338 382	
Weighted ('000)	**339 264**	337 245	
Diluted weighted ('000)	**339 728**	338 164	

* *Refer normalised headline earnings note for detailed definition.*

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated 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 – continuing operations	**168 981**	3 823 768	(95,6)
Impairment of property, plant and equipment, goodwill and intangible assets	**990 164**	10 299	
Property, plant and equipment#	**222 463**	9 580	
Right-of-use assets#	**145 144**	–	
Goodwill#	**496 850**	–	
Intangible assets#	**322 124**	1 648	
Taxation effect	**(141 865)**	(196)	
Non-controlling interest	**(54 552)**	(733)	
Net loss on disposal of interests in subsidiaries and disposal and closure of businesses	**247 181**	175 030	
Loss on disposal and closure#	**278 944**	202 250	
Taxation effect	**(18 482)**	(23 947)	
Non-controlling interest	**(13 281)**	(3 273)	
Net loss on disposal and impairment of associates	**485 711**	622 900	
Impairment of associates#	**523 279**	623 941	
Net loss (gain) on change in shareholding in associates#	**693**	(1 041)	
Taxation effect	**(38 261)**	–	

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited	% Change
Net gain on disposal of property, plant and equipment and intangible assets	**(8 963)**	(19 016)	
Property, plant and equipment#	**29 981**	(28 192)	
Intangible assets#	**(30 681)**	(4 249)	
Taxation effect	**(8 263)**	11 554	
Non-controlling interest	**–**	1 871	
Compensation received on loss or impairment of property plant and equipment	**(11 267)**	(13 630)	
Compensation received#	**(15 648)**	(16 835)	
Taxation effect	**4 381**	3 205	
Non-headline items included in equity accounted earnings of associated companies	**5 121**	8 906	
Headline earnings – continuing operations	**1 876 928**	4 608 257	(59,3)
Loss attributable to shareholders of the Company – discontinued operations	**(632 267)**	(48 486)	
Impairment of property, plant and equipment, right-of-use assets, goodwill and intangible assets – discontinued operations	**92 094**	–	
Property, plant and equipment	**48 927**	–	
Right-of-use assets	**52 790**	–	
Intangible assets	**26 583**	–	
Taxation effect	**(36 206)**	–	
Headline earnings – Group	**1 336 755**	4 559 771	(70,7)

 # Items above included as capital items on summarised consolidated income statement. The R1 973 million net capital items disclosed above includes R1 148 million net capital items directly attributable to the COVID-19 pandemic and associated lockdown.

Normalised headline earnings per share

Normalised headline earnings per share is a measurement used by the chief operating decision-makers, the Group executive directors. 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 and COVID-19 pandemic expenses relating to abnormal receivables provisioning, inventory obsolescence, restructuring costs and COVID-19 compliance regulatory costs have been included for the first time as a change in policy in the calculation of normalised headline earnings in the period. The presentation of normalised headline earnings is not an IFRS requirement.

Headline earnings – continuing operations	**1 876 928**	4 608 257	
Acquisition costs	**178 179**	22 940	
Amortisation of acquired customer contracts	**70 120**	42 918	
Fair value uplift of Adcock Ingram inventory	**96 930**	–	
Non-cash share of Comair's SAA travel agent incentive scheme settlement	**122 191**	(167 950)	
COVID-19 pandemic expenses – refer significant accounting judgements	**1 200 644**	–	
COVID-19 pandemic impact on MIAL investment– refer significant accounting judgement	**351 442**	–	
Taxation effect	**(333 513)**	(5 883)	
Non-controlling interest	**(74 193)**	–	
Normalised headline earnings – continuing operations	**3 488 728**	4 500 282	(22,5)
Normalised headline earnings – discontinued operations	**(540 173)**	(48 486)	
Normalised headline earnings – Group	**2 948 555**	4 451 796	(33,8)

Summarised consolidated statement of other comprehensive income

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited
(Loss) profit for the year	**(186 903)**	3 803 930
Other comprehensive income (expense) net of taxation		
Items that may be reclassified subsequently to profit or loss	**155 080**	(38 166)
Increase (decrease) in foreign currency translation reserve		
Exchange differences arising during the year	**200 770**	(11 044)
Decrease in fair value of cash flow hedges	**(51 704)**	(12 617)
Fair value loss arising during the period	**(71 811)**	(17 523)
Taxation effect for the year	**20 107**	4 906
Share of other comprehensive income of associates	**6 014**	(14 505)
Other comprehensive income transferred to profit or loss		
Realisation of exchange differences on disposal of subsidiaries and or associates	**7 327**	(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	**(15 865)**	23 849
Share of other comprehensive income of associates	**–**	677
Defined benefit obligations	**(28 030)**	(679)
Net remeasurement of defined benefit obligations during the year	**(38 729)**	(943)
Taxation effect for the year	**10 699**	264
Total comprehensive (loss) income for the year	**(68 391)**	3 746 708
Attributable to		
Shareholders of the Company	**(368 125)**	3 718 156
Non-controlling interest	**299 734**	28 552
	(68 391)	3 746 708

Summarised consolidated statement of cash flows

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited
Cash flows from operating activities	**4 258 631**	2 580 285
Profit before finance charges and associated income	**2 818 830**	5 625 582
Dividends from associates	**123 910**	155 889
Acquisition costs	**178 179**	22 940
Depreciation and amortisation	**2 947 695**	1 513 700
Share-based payment expense	**216 348**	188 840
Impairments of associates	**523 279**	623 941
Impairment of goodwill and intangibles	**818 974**	1 648
Impairment of property, plant and equipment and right-of-use assets	**367 608**	9 580
Fair value adjustment to investments	**108 598**	(229 935)
Other non-cash items	**201 858**	14 305
Cash generated by operations before changes in working capital	**8 305 279**	7 926 490
Changes in working capital	**874 428**	(1 282 470)
(Increase) decrease in inventories	**(740 413)**	45 211
Decrease (increase) in trade receivables	**2 623 679**	(273 473)
Increase in banking and other advances	**(449 541)**	(764 085)
Decrease in trade and other payables and provisions	**(1 438 571)**	(1 076 471)
Increase in amounts owed to bank depositors	**879 274**	786 348
Cash generated by operations	**9 179 707**	6 644 020
Net finance charges paid	**(1 432 054)**	(916 707)
Taxation paid	**(1 454 119)**	(1 420 857)
Dividends paid by the Company	**(2 033 951)**	(1 964 229)
Dividends paid by subsidiaries	**(233 613)**	(55 048)
– Non-controlling shareholders	**(229 818)**	(51 207)
– Put-call option holders	**(3 795)**	(3 841)
Net operating cash flows from discontinued operations	**232 661**	293 106
Cash flows from investment activities	**(3 319 199)**	(3 281 913)
Net additions to property, plant and equipment	**(1 678 051)**	(2 178 902)
Net additions to intangible assets	**(141 409)**	(146 394)
Net cash and cash equivalents arising on consolidation of Adcock Ingram	**467 913**	–
Acquisition of subsidiaries, businesses, associates and investments	**(5 329 003)**	(2 253 448)
Disposal of subsidiaries, businesses, associates and investments	**4 014 367**	1 573 284
Net investing activities from discontinued operations	**(653 016)**	(276 453)
Cash flows from financing activities	**2 041 278**	(766 609)
Repayment of lease liabilities	**(1 017 544)**	–
Settlement of puttable non-controlling interest liability	**(57 050)**	(16 500)
Transactions with non-controlling interests	**(200 650)**	(757 645)
Part held subsidiary share buy-back from non-controlling interest	**(154 056)**	–
Borrowings raised	**19 954 763**	3 124 004
Borrowings repaid	**(16 774 408)**	(3 116 468)
Net financing activities from discontinued operations	**290 223**	–
Net increase (decrease) in cash and cash equivalents	**2 980 710**	(1 468 237)
Net cash and cash equivalents at the beginning of the year	**2 034 523**	3 514 398
Exchange rate adjustment	**328 632**	(11 638)
Net cash and cash equivalents at end of the year	**5 343 865**	2 034 523
Net cash and cash equivalents comprise:		
Cash and cash equivalents – continuing operations	**10 412 475**	6 617 075
Cash and cash equivalents – discontinued operations	**(746 561)**	–
Bank overdrafts included in short-term portion of interest-bearing borrowings	**(4 322 049)**	(4 582 552)
	5 343 865	2 034 523

Summarised consolidated statement of financial position

R000s	30 June 2020 Audited	30 June 2019 Restated Audited
ASSETS		
Non-current assets	**52 286 231**	31 139 634
Property, plant and equipment	**14 425 708**	12 048 736
Right-of-use assets	**5 134 768**	–
Intangible assets	**8 494 820**	3 835 665
Goodwill	**17 961 091**	5 094 959
Deferred taxation assets	**1 588 036**	845 421
Defined benefit pension surplus	**214 329**	241 390
Interest in associates and joint ventures	**599 188**	5 803 569
Life assurance fund	**76 188**	44 175
Investments	**2 031 937**	1 732 951
Banking and other advances	**1 760 166**	1 492 768
Current assets	**36 806 591**	30 834 644
Vehicle rental fleet	**–**	1 277 803
Inventories	**11 060 258**	8 558 967
Short-term portion of banking and other advances	**1 344 550**	1 162 407
Short-term portion of investments	**1 141 545**	1 211 481
Trade and other receivables	**12 522 646**	11 724 064
Taxation	**325 117**	282 847
Cash and cash equivalents	**10 412 475**	6 617 075
Assets of disposal group held for sale	**1 806 855**	–
Total assets	**90 899 677**	61 974 278
EQUITY AND LIABILITIES		
Capital and reserves	**26 640 903**	25 922 832
Attributable to shareholders of the Company	**23 159 047**	25 618 212
Non-controlling interest	**3 481 856**	304 620
Non-current liabilities	**31 062 000**	9 074 339
Deferred taxation liabilities	**3 016 417**	1 463 126
Long-term portion of borrowings	**22 883 554**	7 008 238
Post-retirement obligations	**79 075**	74 317
Puttable non-controlling interest liabilities	**22 002**	82 317
Long-term portion of provisions	**667 672**	350 705
Long-term portion of lease liabilities	**4 393 280**	95 636
Current liabilities	**31 557 555**	26 977 107
Trade and other payables	**15 018 849**	11 991 853
Short-term portion of provisions	**820 590**	332 465
Vendors for acquisition	**2 611**	518 231
Taxation	**438 105**	291 042
Amounts owed to bank depositors	**7 286 764**	6 407 490
Short-term portion of borrowings	**6 752 335**	7 436 026
Short-term portion of lease liabilities	**1 238 301**	–
Liabilities of disposal group held for sale	**1 639 219**	–
Total equity and liabilities	**90 899 677**	61 974 278
Supplementary Information		
Net asset value per share (cents)	**6 816**	7 571

Summarised consolidated statement of changes in equity

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Restated Audited
Equity attributable to shareholders of the Company	**23 159 047**	25 618 212
Share capital	**17 014**	16 948
Balance at beginning of the year	**16 948**	16 873
Shares issued during the year	**66**	75
Share premium	**1 367 796**	1 099 231
Balance at beginning of the year	**1 099 231**	797 717
Shares issued during the year	**268 856**	302 012
Share issue costs	**(291)**	(498)
Foreign currency translation reserve	**400 927**	208 936
Balance at beginning of the year	**208 936**	262 787
Movement during the year	**184 664**	(10 948)
Realisation of reserve on disposal of subsidiaries and or associates	**7 327**	(42 903)
Hedging reserve	**(65 284)**	(13 580)
Balance at beginning of the year	**(13 580)**	(963)
Fair value losses arising during the year	**(71 811)**	(17 523)
Deferred tax recognised directly in reserve	**20 107**	4 906
Equity-settled share-based payment reserve	**(437 247)**	(343 118)
Balance at beginning of the year	**(343 118)**	(243 388)
Arising during the year	**219 827**	191 070
Deferred tax recognised directly in reserve	**(18 093)**	34 289
Utilisation during the year	**(295 863)**	(324 656)
Realisation of reserve on disposal of subsidiaries and or associates	**–**	8 049
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	**21 211 095**	24 012 732
Balance at the beginning of the year	**24 012 732**	22 406 910
IFRS 16 adjustment to balance at beginning of the period (associate)	**(21 064)**	–
IFRIC 23 adjustment to balance at beginning of the period	**(172 800)**	–
Attributable (loss) profit	**(463 286)**	3 775 282
Change in fair value of financial assets recognised through other comprehensive income	**(15 865)**	23 849
Net remeasurement of defined benefit obligations during the year	**(28 319)**	(679)
Other transactions with subsidiaries	**(154 056)**	–
Transfer of reserves as a result of changes in shareholding of subsidiaries and other transactions with subsidiaries	**80 424**	(218 674)
Remeasurement of put option liability	**1 266**	(7 115)
Share of other comprehensive income of associates	**6 014**	(13 828)
Net dividends paid	**(2 033 951)**	(1 964 229)
Transfer from equity-settled share-based payment reserve	**–**	11 216
Treasury shares	**664 746**	637 063
Balance at the beginning of the year	**637 063**	637 063
Shares disposed of in terms of share incentive scheme	**27 683**	–
Equity attributable to non-controlling interests of the Company	**3 481 856**	304 620
Balance at beginning of the year	**304 620**	1 006 609
Total comprehensive income	**299 734**	28 552
Attributable profit	**276 383**	28 648
Movement in foreign currency translation reserve	**16 106**	(96)
Movement in cash hedge fund	**6 936**	–
Changes in the fair value of financial assets recognised through other comprehensive income	**20**	–
Net remeasurement of defined benefit obligations during the year	**289**	–
Dividends paid	**(229 818)**	(51 207)
Movement in equity-settled share-based payment reserve	**(2 155)**	(961)
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	**–**	(2 734)
Changes in shareholding	**3 189 899**	(894 313)
Transfer of reserves as a result of changes in shareholding of subsidiaries	**(80 424)**	218 674
Total equity	**26 640 903**	25 922 832

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 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 and the 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 2019.

In preparing the consolidated financial statements from which these summarised final 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 2019.

Significant accounting policies

The accounting policies applied in these summarised financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ending 30 June 2019, except those relating to the accounting for and treatment of, operating leases. Effective 1 July 2019 the Group adopted IFRS 16 Leases (IFRS 16) as issued by the IASB. In transitioning to IFRS 16 the Group used a modified retrospective approach where the right-of-use asset is recognised at the date of initial application (1 July 2019) as an amount equal to the lease liability, using the entity's prevailing incremental borrowing rate at the date of initial application, adjusted for any prepaid or accrued lease payments relating to that lease that were recognised in the statement of financial position immediately before the date of initial application.

The Group has applied the following practical expedients allowed under IFRS 16:

- reliance on onerous lease assessments under IAS 37 to impair right-of-use assets recognised on adoption instead of performing a new impairment assessment for those assets on adoption;
- elected not to reassess whether a contract is, or contains a lease, at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying IAS 17 and IFRIC 4 in determining whether an arrangement contains a lease;
- accounting for operating leases with remaining lease terms of less than 12 months as at 1 July 2019 as short-term leases;
- the low value expedient;
- the use of single discount rates for portfolios of leases with reasonably similar characteristics; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The adoption of IFRS 16 has had a material impact on the Group's statement of financial position, right-of-use assets of R5.4 billion and R5.6 billion operating lease liabilities were recognised during the period. Lease liabilities recognised at 1 July 2019 were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rates of between 4.25% and 9.28%, due to the Group's geographic spread and variation in these terms. The impact of IFRS 16 on the consolidated income statement and consolidate statement of cash flows is as follows:

R000s	**2020**
Continuing operations	
Operating expenses	**203 154**
Net finance charges	**(436 295)**
Net capital items	**(145 144)**
Taxation	**89 568**
Share of profit of associates	**5 800**
Loss for the period	**(282 917)**
Non-controlling interest	**7 399**
Attributable to shareholders	**(275 518)**
Impairment of property, plant and equipment, right-of-use assets, goodwill and intangible assets	**114 936**
Right-of-use assets	**145 144**
Taxation effect	**(30 208)**
Headline earnings	**(160 582)**

R000s	2020
Cash flows from operating activities	(1 052 307)
Profit before finance charges and associate income	(58 010)
Depreciation and amortisation	(1 225 089)
Impairment of PPE and right-of-use assets	(145 144)
Net finance charges paid	375 936
Cash flows from financing activities	1 052 307
Repayment of lease liability	1 052 307
Net increase in cash and cash equivalents	–

IASB's IFRIC Interpretation 23: Uncertainty over Income Tax Treatments (IFRIC 23) is applicable to the Group for the year ending 30 June 2020. IFRIC 23 clarifies the recognition and measurement of IAS 12 income taxes when there is uncertainty over income tax treatments. The Group has reassessed the tax treatment of international transactions completed in prior periods and in light of new facts and circumstances has estimated and recognised an additional R173 million tax liability. In concordance with the transitional provisions allowed in IFRIC 23 the Group elected to account for the additional provision retrospectively without restating comparatives. Accordingly the R173 million tax liability was recognised in the current period and opening retained earnings was reduced by the same amount.

Discontinued operation

Bidvest Car Rental (BCR) is a motor vehicle rental business operating in South Africa, Botswana and Namibia. As a result of declining international and domestic travel brought on by the COVID-19 pandemic and a low prospect of a short- to mid-term recovery, management took the decision to exit the business. The BCR business is an identifiable component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group. BCR represents a separate major line of business in the geographical area of Southern Africa. The relevant requirements of IFRS 5 were met for this operation to be classified as a disposal group held for sale and as a discontinued operation as at 30 June 2020. BCR is a separate and major business component of the Automotive segment.

A buyer was engaged during June 2020 and the indicative purchase price remains largely unchanged. COVID-19 restrictions added additional challenges to the transaction execution. Success in obtaining financing is considered to be highly probable and some suspensive conditions exist.

BCR was not previously classified as a disposal group held for sale and as a discontinued operation. The comparative consolidated income statement and consolidated statement of cash flows and financial reporting were restated to show the discontinued operation separately from continuing operations.

Results of the discontinued operation included in the Group's results for the year ended 30 June are detailed as follows:

R000s	2020 Audited	2019 Audited
Revenue	1 057 525	1 094 022
Cost of revenue	(840 519)	(630 877)
Gross profit	217 006	463 145
Operating expenses	(716 538)	(396 414)
Other income	1 063	1 813
Trading (loss) profit	(498 469)	68 544
Share-based payment expense	(1 324)	(1 269)
Impairment of property, plant and equipment and right-of-use assets	(128 300)	–
Operating (loss) profit before finance charges and associate income	(628 093)	67 275
Net finance charges	(210 151)	(130 348)
Finance income	5 151	7 320
Finance charges	(215 302)	(137 668)
Operating loss before taxation	(838 244)	(63 073)
Taxation	205 977	14 587
Loss for the year from discontinued operations	(632 267)	(48 486)
Basic earnings per share (cents) – discontinued operations	(186,4)	(14,4)
Diluted basic earnings per share (cents) – discontinued operations	(186,1)	(14,3)

R000s	2020 Audited	2019 Audited
Effect of the discontinued operation on the Group's consolidated statement of financial position		
Assets of disposal group held for sale	**1 806 855**	
Vehicle rental fleet	**1 561 338**	
Inventories	**1 600**	
Trade and other receivables	**168 694**	
Current tax asset	**58 335**	
Cash and cash equivalents	**16 888**	
Liabilities of disposal group held for sale	**1 639 219**	
Post retirement medical aid obligations	**1 123**	
Lease liabilities	**78 096**	
Trade and other payables	**195 325**	
Provisions for discontinuation	**255 233**	
Interest-bearing borrowings	**345 993**	
Cash and cash equivalents (overdrafts)	**763 449**	
Cash of disposal group held for sale		
Net operating cash flows from discontinued operations	**232 661**	293 106
Net investing activities from discontinued operations	**(653 016)**	(276 453)
Net financing activities from discontinued operations	**290 223**	–
Net (decrease) increase in cash and cash equivalents	**(130 132)**	16 653

Significant commitments

Bidvest Freight's completion of the LPG tank farm in the port of Richards Bay has been delayed three months as a result of travel restrictions arising from the COVID-19 lockdown with a new commissioning date expected in September 2020. At 30 June 2020 R923 millon has been spent with an additional R73 million committed to complete and commission the facility. Bidvest Freight has committed R201 million to an LPG tank farm project in Isando, Gauteng. The estimated completion date for the Isando LPG project is March 2022.

Fair value of financial instruments

The Group's investments of R3 173 million (2019: R2 944 million) include R141 million (2019: R135 million) recorded at amortised cost, R1 757 million (2019: R1 498 million) recorded and measured at fair values using quoted prices (Level 1) and R1 276 million (2019: R1 311 million) recorded and measured at fair value using factors not based on observable data (Level 3). Fair value losses on Level 3 investments recognised in the income statement total R103 million (2019: R249 million gain).

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

R000s	Year ended 30 June 2020 Audited	Year ended 30 June 2019 Audited
Balance at the beginning of year	**1 311 132**	1 056 988
On acquisition of business	**29 627**	3 798
Purchases, loan advances or transfers from other categories	**41 169**	10 540
Fair value adjustment recognised directly in equity	**55**	5
Fair value adjustment arising during the year recognised in the income statement	**(102 831)**	248 830
Proceeds on disposal, repayment of loans or transfers to other categories	**(3 396)**	(12 906)
Profit on disposal of investments	**–**	2 085
Exchange rate adjustments	**582**	1 792
	1 276 338	1 311 132

The Group's effective beneficial interest in the Indian-based MIAL is an unlisted investment held at fair value through profit or loss, where the fair value is not based on observable market data (Level 3). The carrying value of this investment at 30 June 2020, based on the directors' valuation of 30 June 2019, is R1 billion (2019: R1 billion). The valuation of MIAL is fair value less cost to sell and was based on a signed sale agreement, subject to suspensive and conditions precedent. The investment is classified 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, ₹1cr = R2 298 610 (2019: US$1 = R14.09), 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 R29 470 million whose carrying value is R29 636 million.

Business combinations

The table below summarises the derecognition of the associate investment in Adcock and recognition and consolidation of Adcock as a 51.40% held subsidiary effective 1 August 2019, following the dissolution of the Adcock Ingram Broad-Based Black Empowerment Scheme. No additional consideration was paid for the ordinary shares received on the dissolution of the Scheme. Adcock has been included in the Branded Products segment.

R000s	Derecognition of associate	Recognition of subsidiary (at carrying values)	Recognition of NCI, fair value and intangibles	Impact on financial position
Property, plant and equipment	–	1 534 423	–	**1 534 423**
Right-of-use assets	–	297 373	–	**297 373**
Deferred taxation	–	(96 342)	(1 188 176)	**(1 284 518)**
Interest in associates and joint ventures	(5 057 908)	519 668	–	**(4 538 240)**
Investments and advances	–	29 627	–	**29 627**
Inventories	–	1 499 187	96 930	**1 596 117**
Trade and other receivables	–	2 065 534	–	**2 065 534**
Cash and cash equivalents	–	467 913	–	**467 913**
Post retirement medical aid obligations	–	(15 660)	–	**(15 660)**
Lease liabilities	–	(327 164)	–	**(327 164)**
Trade and other payables and provisions	–	(2 234 860)	–	**(2 234 860)**
Taxation	–	(374)	–	**(374)**
Net tangible assets	(5 057 908)	3 739 325	(1 091 246)	**(2 409 829)**
Non-controlling interest^	–	(3 196)	(3 386 266)	**(3 389 462)**
Intangible assets	–	432 322	3 714 234	**4 146 556**
Goodwill	–	176 339	1 476 396	**1 652 735**
Net assets recognised	(5 057 908)	4 344 790	713 118	**–**

^ *Subsequent to 1 August 2019 the Group purchased an additional 1 597 100 Adcock ordinary shares for R90 million raising the Group's economic interest in Adcock to 52.3%. During March 2020 Adcock purchased 4 014 038 of its own shares from shareholders other than the Group, which raised the Group's effective holding to 53.6% and a R154 million Group cash outflow. The NCI has been measured at the Group's proportionate share.*

Adcock contributed R6 855 million to revenue and R822 million to operating income. Had the acquisition taken place 1 July 2019, the contribution to revenue would have been R7 347 million and R862 million to operating profit. Trade receivables are stated net of impairment allowances of R32 million and there were no significant contingent liabilities.

Acquisition of businesses, subsidiaries, associates and investments

Effective 7 May 2020, the Group acquired 100% of the share capital and voting rights of, and claims on loan accounts against PHS Bidco Limited and PHS Group Limited (PHS) via its UK subsidiary, Bidvest Services Group (UK) Limited. The PHS Group are specialists in washroom, healthcare and floorcare hygiene, and are a leading hygiene service provider in the UK, Spain and Ireland. With over 120 000 customers in over 300 000 locations the Group supports, among others, restaurants, offices, hospitals and schools and meets the hygiene needs of up to 100 million people. The acquisition adds significance to the Group's hygiene service offerings as a whole and in the UK and Europe geography. The Group will gain and achieve substantial synergies from this acquisition, which has been funded with a one-year sterling bridge facility, with an option to extend for a further one-year period.

On 1 July 2019, the Group acquired 100% of the share capital and voting rights of Future Cleaning Services Limited (Future Cleaning) via its UK subsidiary, Noonan Services Group (UK) Limited. Future Cleaning, a North Yorkshire company formed in 2003, is an office and commercial cleaning services company operating throughout the UK and Ireland through bespoke packages designed to service any size company and budget providing the best value contracts. Specialist cleaning services include boat, transport and escalator cleaning, jet washing and road sweeping. General cleaning services include, daily contract, commercial, industrial, window and carpet cleaning. This bolt-on acquisition increases the Group's cleaning service footprint and market share in the UK and Ireland and was funded from existing cash resources and facilities.

As at 1 July 2020, the Group acquired 100% of the share capital and voting rights of New Frontiers Tours Proprietary Limited (New Frontiers). New Frontiers is a full service ground handler, specialising in the deluxe end of the market and offering accommodation, safaris, car rental, transfers, day tours, private touring, charter flights and VIP Meet and Greet services throughout Southern Africa. The consulting team is made up of travel professionals who have been in the industry a minimum of seven years and who are driven by passion and creativity to ensure impeccable on the ground service and responses. This inbound travel and tourism acquisition compliments the Group's existing portfolio of internal and outbound travel and tourism offerings. The acquisition was funded from cash resources and existing facilities.

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

The following table summaries the assets acquired and liabilities assumed at fair value which have been included in these results from the respective acquisition dates. The goodwill, intangible and tangible asset values represented for PHS are provisional, as this acquisition was completed close the Group's reporting date. The remaining values represent the final at acquisition fair values consolidated by the Group.

R000s	PHS	Future Cleaning	New Frontiers	Other acquisitions	**Total acquisitions**
Property, plant and equipment	1 079 088	60 885	2 291	7 740	**1 150 004**
Right-of-use assets	916 375	4 037	2 036	–	**922 448**
Deferred taxation	166 683	(48 603)	(1 822)	(66 573)	**49 685**
Interest in associates and joint ventures	–	–	617	59 529	**60 146**
Investments and advances^	–	–	4 728	4 258 585	**4 263 313**
Inventories	177 736	147	–	58 674	**236 557**
Trade and other receivables	1 413 900	112 115	93 926	39 797	**1 659 738**
Cash and cash equivalents	1 218 465	9 201	31 720	21 652	**1 281 038**
Borrowings	(12 377 334)	–	–	(12 940)	**(12 390 274)**
Trade and other payables and provisions	(2 891 003)	(100 986)	(83 443)	(49 504)	**(3 124 936)**
Lease liabilities	(901 659)	(4 037)	(2 181)	–	**(907 877)**
Taxation	(186 155)	(5 832)	3 777	(1 068)	**(189 278)**
Intangible assets	–	236 034	25 022	235 811	**496 867**
	(11 383 904)	262 961	76 671	4 551 703	**(6 492 569)**
Goodwill	11 685 164	296 493	215 715	211 439	**12 408 811**
Net assets acquired	301 260	559 454	292 386	4 763 142	**5 916 242**
Settled as follows:					
Cash and cash equivalents acquired					**(1 281 038)**
Acquisition costs					**178 179**
Net change in vendors for acquisition					**515 620**
Net acquisition of businesses, subsidiaries, associates and investments					**5 329 003**

^ *R43 million of advances to B-BBEE and other partners, R21 million costs capitalised to MIAL investment, R4 194 million purchases made in the Bidvest Insurance and Bidvest Bank investment portfolios, and R5 million towards 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.

PHS contributed R767 million to revenue and R121 million to operating profit. Had the acquisition taken place 1 July 2019 the contribution to revenue would have been R5 144 million and R741 million to operating profit. Future Cleaning was acquired 1 July 2019 and contributed R572 million to revenue and R26 million to operating profit. New Frontiers contributed R1 112 million and R41 million to operating profit. Other acquisitions contributed R178 million to revenue and an operating loss of R3 million. Had these other acquisitions taken place 1 July 2019, the contribution to revenue would have been R407 million and R20 million to operating profit.

Disposals

In the current period the Group disposed of 100% of the share capital and voting rights of DH Mansfield Group Limited (DH Mansfield). DH Mansfield is a rescue and recovery business operating services centres across the northern, central and southern geographical areas of the UK. The business is considered non-core to the Group because of its size, geographic isolation and lack of scalability.

The Group disposed of the entire share capital of Glenryck South Africa Proprietary Limited to the African Pioneer Group. Glenryck is a leading South African oil-rich canned fish brand and its disposal is in line with the Group's divestiture of its fishing and associated interests and follows the disposal of fishing interests in 2018 and 2019.

R000s	DH Mansfield	Glenryck	Other disposals	**Total disposals**
Property, plant and equipment	(136 433)	(531)	(24 412)	**(161 376)**
Right-of-use assets	(51 011)	–	–	**(51 011)**
Deferred taxation	6 361	(25 431)	18 218	**(852)**
Interest in associates	–	–	(3 049)	**(3 049)**
Investments and advances^	–	–	(3 964 433)	**(3 964 433)**
Inventories	(14 611)	(13 827)	(21 800)	**(50 238)**
Trade and other receivables	(95 489)	(48 228)	(130 602)	**(274 319)**
Cash and cash equivalents and bank overdrafts	33 205	(14 143)	(15 360)	**3 702**
Borrowings	24 289	–	–	**24 289**
Lease liability	47 991	–	–	**47 991**
Trade and other payables and provisions	61 381	28 684	9 742	**99 807**
Taxation	(13 479)	–	899	**(12 580)**
Intangible assets	–	(18 205)	–	**(18 205)**
	(137 796)	(91 681)	(4 130 797)	**(4 360 247)**
Non-controlling interest	–	–	(1 087)	**(1 087)**
Realisation of foreign currency translation reserve	(2 803)	–	(4 542)	**(7 327)**
Goodwill	–	–	(2 152)	**(2 152)**
Net assets disposed of	(140 599)	(91 681)	(4 138 560)	**(4 370 840)**
Settled as follows:				
Cash and cash equivalents and bank overdrafts disposed of				**(3 702)**
Net loss on disposal of operations				**261 155**
Raising of receivable arising on disposal of subsidiaries and associates				**99 020**
Net proceeds on disposal of businesses, subsidiaries, associates and investments				**(4 014 367)**

^ *R24 million repayment of advances to B-BBEE and other partners, R3 936 million sales made in the investment portfolios of Bidvest Insurance and Bidvest Bank, and R4 million in disposals.*

Significant accounting judgements

Judgement was required to consider the impact of COVID-19 on the results of the Group for the year. The Group's assessment of the impact is detailed below.

R000s	**2020**
COVID-19 capital impairments	**1 147 958**
COVID-19 non-capital charges	**1 552 086**
Restructuring costs	**460 443**
Bidvest COVID-19 Fund	**400 000**
Impairment of MIAL	**351 442**
Net impairment losses on financial assets (ECLs)	**228 315**
Onerous contracts	**57 148**
Inventory obsolescence provisions	**54 738**

- Impairment of goodwill and intangible assets – The impact of lower forecast cash flows, the expected slowdown in economic activity due to COVID-19 as well as higher discount rates resulted in impairment of certain automotive dealerships, some Brandcorp businesses as well as smaller businesses in Branded Products.
- Property, plant and equipment – The decision to divest of Bidair Services as a result of declining international and domestic air travel resulted in an impairment of customised plant and equipment.
- Working capital – The increased credit risk posed by the consequences of COVID-19 and the impact on forward looking economic assumptions resulted in higher ECLs, particularly in Financial Services and Services. The impact of lower expected demand on inventories was assessed and provisions were increased in select trading and distribution businesses.
- Investments, associates and joint ventures – Comair filed for voluntary business rescue as a direct consequence of COVID-19. As a result, the Group ceased equity accounting for this 27.2% held investment and impaired its value to nil. The capital impairment amounted to R241 million and the Group's share of operating losses was R201 million. The financial position of MIAL deteriorated as a direct consequence of COVID-19 on air travel. The investment was impaired to its recoverable amount based on a revised offer accepted.
- Deferred tax assets – No material impact was noted.
- Restructuring – The socio-economic shifts and long-term structural changes caused by COVID-19 resulted in a strategic review and right-sizing of businesses. This impacted all divisions. Restructuring and retrenchment costs were provided for. The cost of adhering to health and safety protocols has been included.
- Bidvest COVID-19 Fund – The Group has pledged to provide support to its employees and wider society to assist in dealing with the impact of COVID-19. R400 million was approved by the board and set aside for this purpose. A significant amount has already been spent on the project and employee support.
- Trading impact – The impact of lost business due to the trade restrictions and lower demand caused by the pandemic was not quantified.
- Going concern – Based on projections of future results and cash flows, future debt repayment commitments, available liquidity and funding covenants in place, no going concern risk has been identified.

Restatement of comparatives

During the current period, a prior year acquisition UAV and Drone Solutions Proprietary Limited (UDS) was subject to a Purchase Price Allocation (PPA) review. The PPA review resulted in the recognition of an indefinite life intangible asset, beyond visual line of sight (BVLOS) license in the amount of R457 million, deferred tax liabilities of R128 million and the derecognition of goodwill in the amount of R330 million. The prior year comparative consolidated statement of financial position has been restated accordingly.

As a result of an internal reporting restructure, effective 1 July 2019, Bidvest Electrical and Bidvest Commercial Products were merged and reported under the Bidvest Commercial Products segment, the prior year comparative has been re-presented to reflect the merger. Following the rationalisation and restructure of the Group's Namibian investments, the Bidvest Namibia segment has been dissolved with the remaining Namibian operations reported under the Groups seven operating segments, the prior period comparatives have been restated. Certain other operations were reclassified between segments and the comparative period's segmental information has been amended to reflect these insignificant changes.

Net impairment losses on financial assets, in accordance with IAS 1, have been disclosed as a separate line item in the consolidated income statement and the comparative period has been restated accordingly.

No comparative information has been changed following the adoption of IFRS 16.

Subsequent event

Subsequent to the 30 June 2020 the Group has received a non-binding offer for BCR, which has been disclosed as a disposal group held for sale and discontinued operation. There have been no other events noted, that occurred subsequent to the reporting date, including events associated with the COVID-19 pandemic, that could have a material impact on these annual consolidated financial statements.

Audit report

The auditors, PricewaterhouseCoopers Inc, have issued their opinion on the consolidated financial statements for the year ended 30 June 2020. 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 consolidated financial statements have been audited by the Company's auditors who have issued an unmodified opinion on page 9. The auditor's report does not necessarily report on all of the information contained in this announcement. Any reference to future financial information included in this announcement 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 that report together with the accompanying financial information 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 11 September 2020.

Shareholder diary

Financial year-end		30 June
Annual general meeting		27 November 2020
Announcement of interim results to December		1 March 2021
Announcement of annual results		30 August 2021
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

Group company secretary

Ilze Roux

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Legal advisers

Baker & McKenzie
Edward Nathan Sonnenbergs
Werksmans Inc.

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Barclays PLC
FirstRand Group Limited
Investec Bank Limited
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