Bidvest

INVESTOR PRESENTATION

for the six months ended 31 December 2021

01

Introduction

Mpumi Madisa

Introduction

Bidvest - People and Products behind a Brighter Future

- Excellent half-year performance under current environment
- Bidvest remains agile with strong financial muscle
- All divisions reported double digit trading profit growth
- Investment in working capital indicative of demand recovery
- Focused on delivering on strategic growth plans
- Successful maiden $800m international bond at very attractive rate

A remarkable result

▲ 13%	▲ 25%	▲ 901bps	▲ 31%	▲ 31%
R50.2bn	R5.1bn	40%	852.9 cents	380 cents
Revenue	Trading profit	ROFE ^	Normalised HEPS	Interim dividend

- Trading profit up 25% to R5.1bn
  - › Like-for-like Services, Branded Products, Freight, Commercial Products and Automotive trading profit higher than pre-COVID (1HFY2020)
  - › Strong organic growth across most businesses, locally and offshore
  - › Acquired Noonan businesses delivered as expected
  - › Stable business mix: Business services 60% / Trading and Distribution 40%
  - › 20% earned offshore
- Gross and trading margin management excellent
- Substantial liquidity and capacity to execute growth strategy
- Step-up in ROFE on slightly lower average funds employed and higher profitability
- Interim dividend of 380 cents

^ *Normalised*

Growth strategy - International

Bolstering capacity

- **Scale** growing
  - › PHS (No1 UK, Spain; Top 3 Ireland)
  - › Noonan (No1 RoI; Top 10 UK)
    - Envisaged doubling of addressable market post Noonan FY21 acquisitions materialising, with strong new business wins
- **Financial resources to execute** at speed
  - › GBP372m firepower available post international bond
  - › Significant untapped ZAR capacity
- **Divisional restructure effective 1 Apr 2022**
  - › Split Services division
    - Services International (CEO Alan Fainman) - FM & hygiene businesses (PHS, Noonan, Steiner, BFM, Prestige)
    - Services SA (CEO Akona Matsau) - Security & aviation, travel and allied clusters, catering and lounge services
  - › Allow for enhanced capacity and focus on successful execution of numerous opportunities

International expansion focus on

- Hygiene services
- Facilities management services
- Plumbing and related products

Acquisition criteria

- Niche product / service
- Meaningful player in their market
- Entrepreneurial management able to operate in high performance environment
- Cash generative
- Generate ROFE at a predetermined required level (Business services ~50%; Trading & Distribution ~30%)

02

Financial review

Mark Steyn

CFO

Financial highlights (continuing operations)

Rbn	Interim ended 31 Dec 2021	Interim ended 31 Dec 2020	Change %
Revenue	**50.2**	44.4	12.9
Gross profit *	**29.6%**	30.2%	↓
Expense *	**19.8%**	20.9%	↓
EBITDA	**5.9**	4.9	19.6
Trading profit	**5.1**	4.1	24.8
Trading profit margin *	**10.1%**	9.2%	↑
Headline earnings	**2.8**	2.0	35.3
HEPS (cents)	**813.8**	601.7	35.3
Normalised HEPS (cents)	**852.9**	651.6	30.9
DPS (cents)	**380.0**	290.0	31.0
EBITDA interest cover #	**9.4x**	8.6x	↑
Net debt/EBITDA	**1.8x**	1.7x	↑
Cash generated from operations before working capital	**6.6**	5.9	12.3
Cash conversion **	**51.2%**	123.0%	↓
ROFE^	**40.4%**	31.3%	↑
ROIC^	**15.5%**	12.9%	↑

** As % of revenue; ** As % of trading profit; # Interest adjusted for IFRS16, fair value adjustments, hedge costs; ^ Normalised*

Income statement analysis

Revenue

- Group revenue +12.9%
- Double digit growth posted by Services, Freight and Automotive
- Branded Products benefitted from strong pharmaceutical volumes
- Commercial Products produced growth off a high base in the prior year and supply constraints
- Financial Services impacted by lower net interest income as well as non-interest revenue

Gross income

- Gross margin down slightly to 29.6%
- Commercial Products, Financial Services and Branded Products margins improved
- Automotive stable
- Freight declined - improved trading in BIL increased the contribution of low margin disbursements
- Services experienced pressure from low margin bolt-on acquisitions

Expenses

- Operating expenses exceptionally well managed at only 6.8% increase, well below revenue growth
- Expense ratio improved to 19.8% (1HFY2021 20.9%)

Trading profit

- Exceptional growth from all trading divisions
- Freight's results aided by strong maize export volumes, enhanced commodity demand and LPG contribution for the full period
- Commercial Products driven by market share gains and good expense management
- Branded Products boosted by Adcock's performance
- Services international delivered an excellent set of results and SA posted good growth, supported by recovery of the travel and hospitality industries
- Financial Services increase is on the back of strong investment returns
- Automotive exceeded expectation with good contribution from new vehicle sales and excellent margin management

Other costs

- Acquisition costs higher due to the international bond issuance
- Amortisatisation of acquired customer contracts broadly flat

Income statement analysis (continued…)

Net capital items

- Loss of R5m (1HFY2021 R134.0m loss)
- Prior year included disposal of Ontime Automotive (UK)

Net finance charges

- Net financing charges 7.7% higher (incl IFRS16, fair value adjustments and hedge costs)
- Borrowing costs increased by 16.9%
- Higher gross debt (international bond) and slight step up in funding costs
- Cost of debt 4.7% (1HFY2021 4.6%)

Taxation

- Effective tax rate of 26.8% (1HFY2021 31.3%)
- Foreign tax differential is 2%
- As the international portfolio grows, the effective tax rate will reduce

Non-controlling interest

- Predominantly Adcock with a good attributable profit performance

HEPS

- Continuing operations +35.3% to 813.8 cents
- Normalised HEPS +30.9% to 852.9 cents. Excludes acquisition costs, amortisation of customer contracts and COVID-19 expenses in the prior year
- No material COVID-19 costs to date

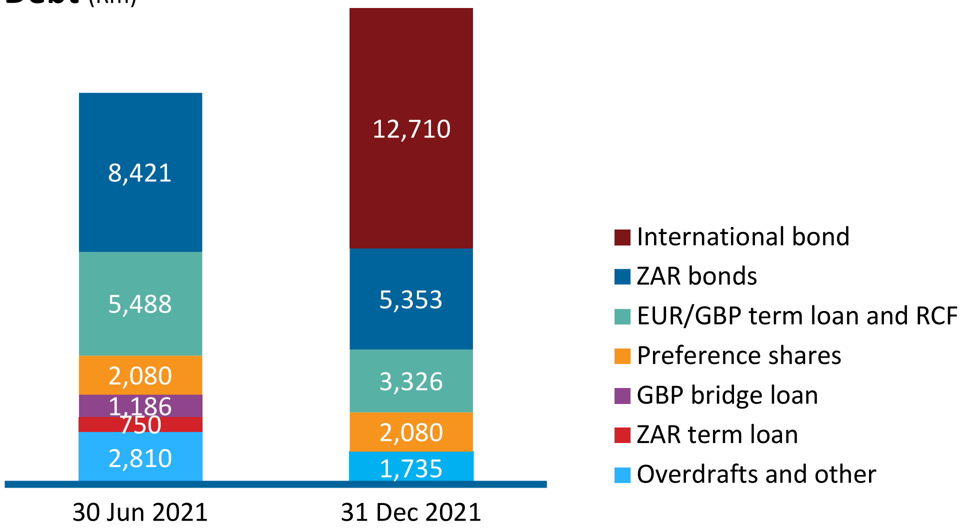
Dividend

- Interim dividend 380 cents +31.0% (1HFY2021 290 cents)
- Cover ratio within policy range of 2.0 - 2.5 normalised HEPS

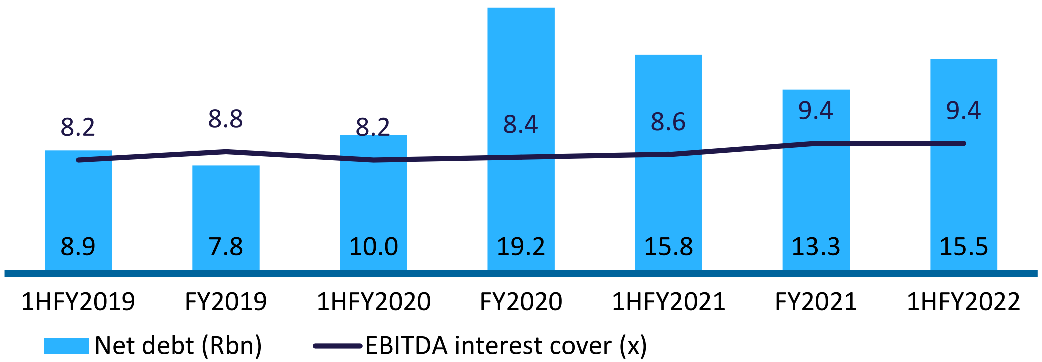
Debt and funding: Strong liquidity and capacity for expansion

- Net debt R15.5bn, up R2.2bn from Jun 2021
- EBITDA interest cover in line with Jun 2021 at 9.4x (Dec 2021 8.6x)
- Consistent net debt/EBITDA at 1.8x (Jun 2021 1.8x; Dec 2021 1.7x)
- 82.8% of gross debt long term
- New syndicated, multi-currency loan of GBP400m
- Issued USD800m international bond swapped into GBP581m
- Total offshore funding available for M&A GBP372m

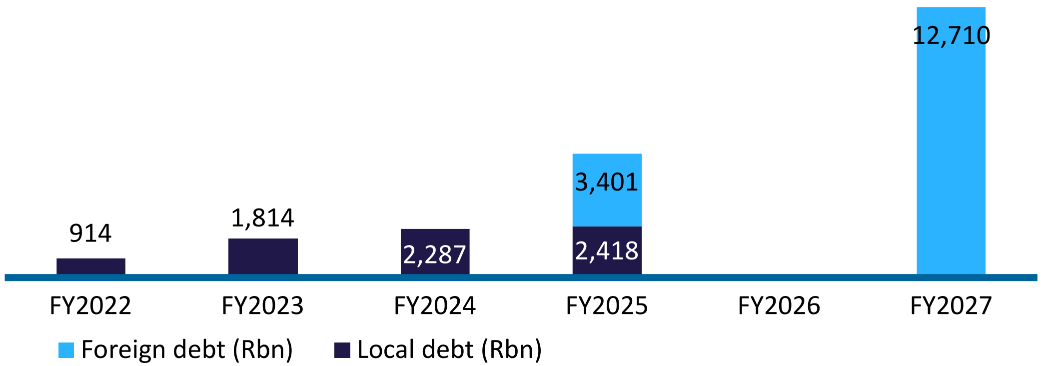
Debt (Rm)



Interest cover



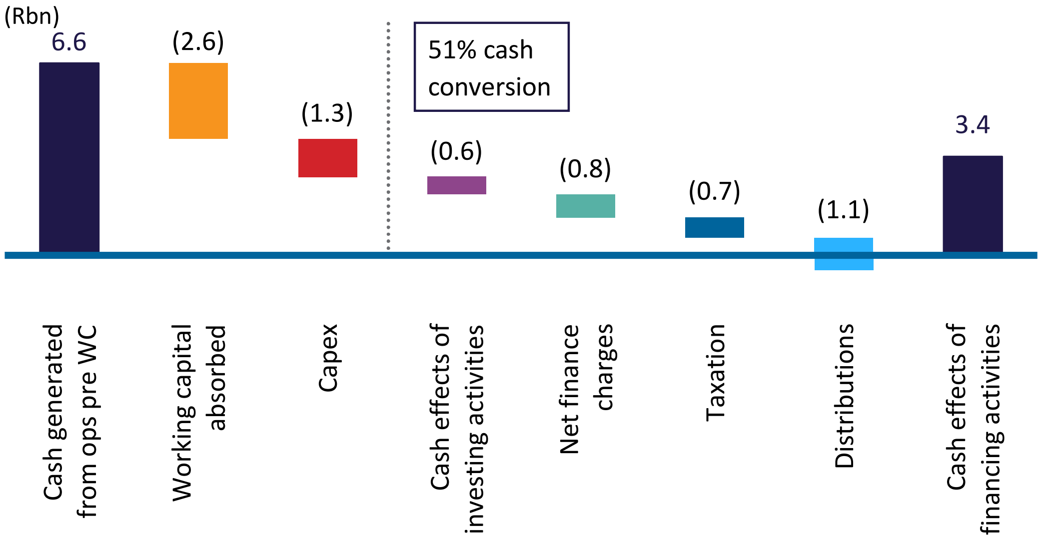
Debt maturity *



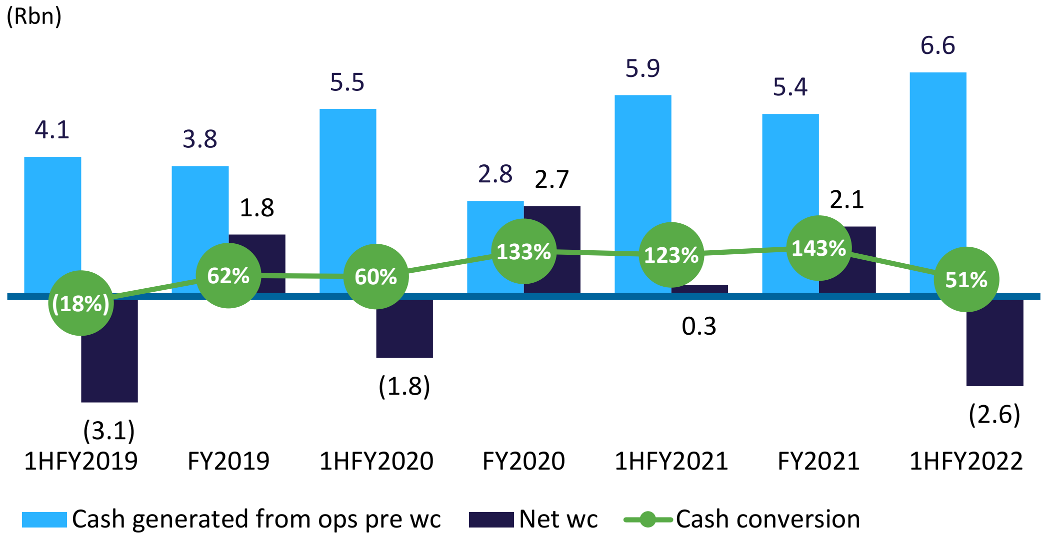
* *Excludes cash, overdrafts, floorplan and rolling general bank facilities*

Cash flow: Positive cash generation

Free cash flow



Cash generated vs working capital



- Cash generated by operations pre working capital of R6.6bn (1HFY2021 R5.9bn)
- Working capital investment of R2.6bn (1HFY2021 R0.3bn release)
  - Increased inventory and trade receivables due to higher activity levels
  - Lower payables - timing in relation to constrained stock supply
- Cash conversion at 51% marginally down on same period pre-COVID (1HFY2021 123%)
- Free cash flow at R2.0bn exceeded Dec 2019 of R1.8bn (1HFY2021 R4.4bn)

03

Operational updates

Mpumi Madisa

Chief executive

Services

Alan Fainman

▲ 26%	▲ 19%	▼ 60bps
R17.6bn	R2.0bn	11.4%
Revenue	Trading profit	Trading margin

▲ 14%	▲ 43%	▲ 1 770bps
R2.4bn	R2.3bn	228%
EBITDA	Funds employed	ROFE

- Strong overall result with trading profit in SA and offshore +11% and +28%, respectively
- International operations delivered outstanding result
  - Strong contract wins support organic growth
  - Successful integration of acquisitions and new country structures bear fruit in Noonan
  - Hygiene pool growth continues unabated in PHS
- Solid performance from annuity-income driven Facilities Management and Security and Aviation clusters
- Travel and hospitality related services delivered profits despite impact of renewed travel restrictions over peak season
- Sequential quarterly trading profit improvement in Allied is indicative of a return to offices
- Acquisition opportunities being pursued globally






Branded Products
Kevin Wakeford

▲ 8%	▲ 24%	▲ 130bps
R9.6bn	R1.0bn	10%
Revenue	Trading profit	Trading margin
▲ 20%	▲ 3%	▲ 470bps
R1.1bn	R6.4bn	31%
EBITDA	Funds employed	ROFE

- Excellent performance from Adcock (best ever six-month result)
  - New products launched and improved demand for OTC and consumer healthcare products
  - Gross margin improvement supported by favourable sales mix, higher factory recoveries. Opex well controlled
  - Growth strategy in non-regulated products working
- Balance of the division geared modest revenue growth into good trading profit growth
  - Good demand for e-commerce and food packaging, office automation units, printing and mobile computing & barcoding solutions.
    The back-to-school season normalised
  - Supported by strong cost control and continuing business re-engineering
- Konica Minolta and Mobility finished with a strong order book
- Input and product price inflation managed actively
- Excellent operational cash generation




Freight
Wiseman Madinane

▲ 16%
R3.9bn
Revenue

▲ 29%
R0.8bn
Trading profit

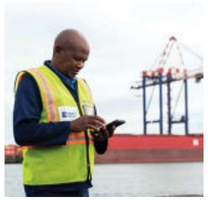
▲ 220bps
21.2%
Trading margin

▲ 25%
R0.9bn
EBITDA

flat
R4.2bn
Funds employed

▲ 1 240bps
44%
ROFE

- Terminal operations performed well
  - SABT benefited from record export maize volumes. Outlook remains positive
  - BTT handled strong LPG volumes while vegetable oil volumes declined
  - BC handled less manganese volumes offset by iron-ore following a surge in global demand which has now tapered off
- BPO maximised bulk export mineral throughput on their reduced footprint in Durban
- BIL recovered from the negative trading impact of COVID-19
  - Led by increased volumes
  - General improvement in the economy
- Global supply chain challenges including high freight rates continue to affect customers and the economy
- Engagements on the new master plans in KZN ports are ongoing and constructive
- Very pleasing ROFE




Commercial Products
Howard Greenstein

Revenue	Trading profit	Trading margin
▲ 3%	▲ 25%	▲ 150bps
R7.2bn	R0.6bn	8.6%

EBITDA	Funds employed	ROFE
▲ 21%	▲ 9%	▲ 650bps
R0.7bn	R3.8bn	33%

- Excellent operating leverage
  - Trading profit up 25%
  - Gross margin improves to 31% from 29%
  - Overall good expense control
- Limited revenue growth as difficult economic and operating environment continued
  - Good demand from mining, agriculture, select industrial sectors and luxury goods
- Stock on hand, a key differentiator
- Solid results from Trade, DIY / Tools / Workwear, Leisure & Warehousing divisions
- Significant investment in inventory resulted in higher funds employed. Despite this, ROFE improved


Automotive
Steve Keys

▲ 10%	▲ 15%	▲ 20bps
R11.7bn	R0.4bn	3.2%
Revenue	Trading profit	Trading margin
▲ 13%	▼ 24%	▲ 1 090bps
R0.4bn	R1.3bn	45%
EBITDA	Funds employed	ROFE

- Good trading profit growth despite unpredictable supply chain and socio-political disruptions
- New vehicle unit sales grew, at double industry growth in SA, but sold fewer used cars
- GP margins improved on both new and used sales
- Aftersales activity was pedestrian but noticeable pick up in demand from panelshops towards the end of the period
- Opportunity to sell additional F&I products are limited as consumer affordability is under pressure
- Good cost and asset management control
- ROFE outstanding

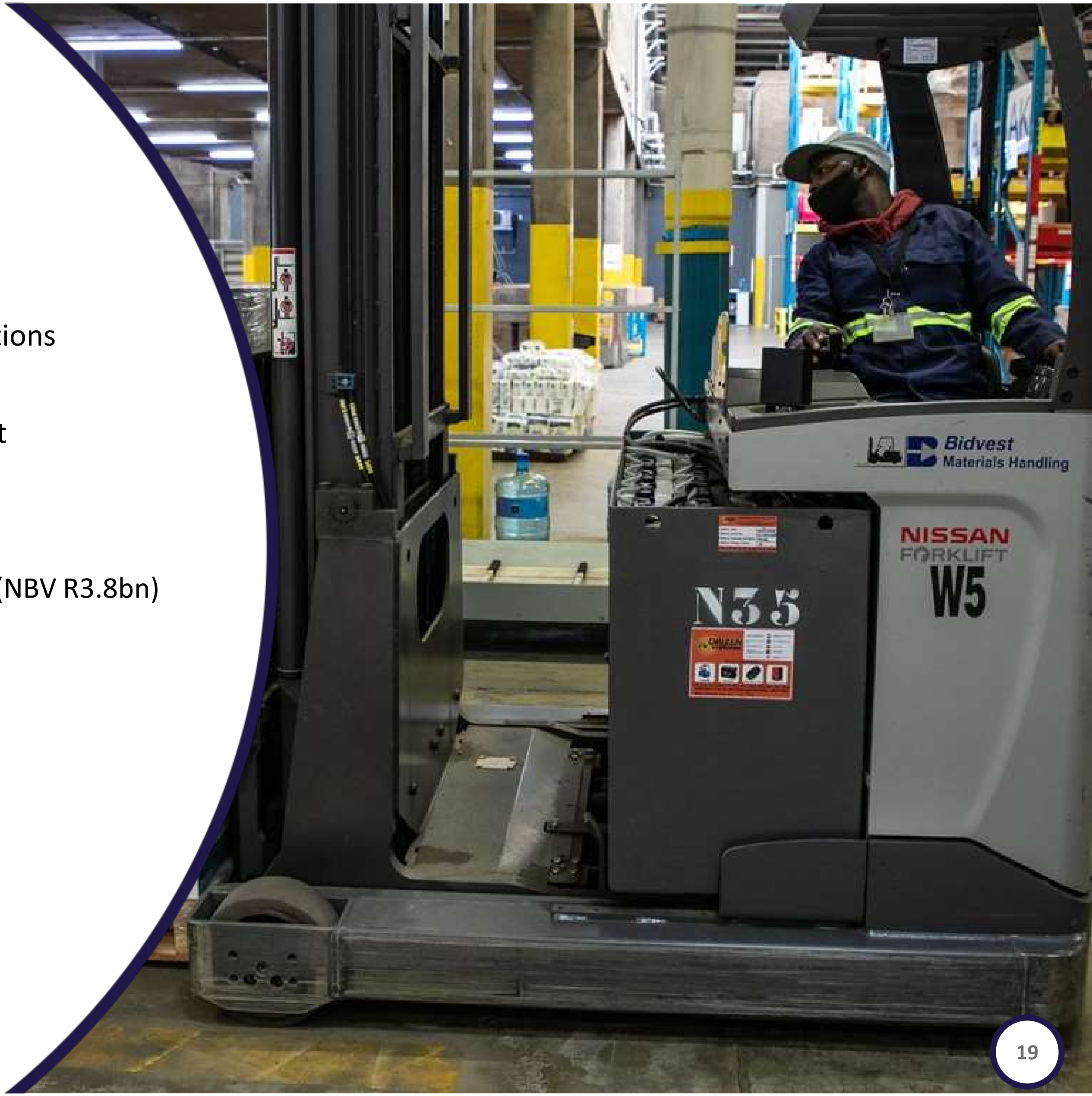
Financial Services
Hannah Sadiki

▼ 6%	▲ 20%	▲ 350bps
R1.2bn	R0.2bn	16.2%
Revenue	Trading profit	Trading margin
▲ 14%	▼ 5%	▲ 230bps
R0.3bn	R3.6bn	12%
EBITDA	Funds employed	ROFE

- Bidvest Bank’s trading profit lower
  - Roll-off in FML and loan books (-9%)
  - Increased impairments
  - Pleasing corporate forex products and services growth
- Deposits stable and liquidity strong
- Bidvest Insurance gross written premiums slightly down after a disrupted start to the year. Renewed management focus on sales and products
- FMI reported healthy new business growth. Claims increased
- Investment portfolio returns significantly higher
- FinGlobal and Compendium delivered pleasing results

Corporate & Properties

- Corporate comprises Bidvest Properties, corporate functions and other investments
- Bidvest Properties held its own in a difficult environment
  - Vacancies increased and rental escalations were muted
  - Good cost and portfolio management
  - 130 properties with an unchanged R8.1bn market value (NBV R3.8bn)



04

Strategy and outlook

Mpumi Madisa

Chief executive

Group growth strategy

Bidvest aims to expand & grow its portfolio while maintaining business objectives

Portfolio selection criteria

- Blend of defensive, cyclical and growth assets
  - › **Asset light** businesses that are **highly cash generative**
  - › **Established market** players with identifiable **opportunities to scale**
  - › With **entrepreneurially focused decentralised** management teams
- Predetermined return requirements per business type. At Group level, consider ROIC vs WACC

Acquisitive growth

- Grow portfolio to maximise stakeholder value

South African acquisitions
- Complementary / adjacent to existing business portfolio
- Long-dated capital investment in relevant infrastructure

Offshore acquisitions
- Hygiene services, FM services and plumbing and related wholesaling

Bolt-on opportunities
- Broaden products and services baskets
- Likely integrated into existing businesses

Organic growth

- Target organic growth ahead of the market
  - › Extract **value from scale** in fragmented markets
  - › **Expand service offerings geographically** to meet large corporate clients' needs, whilst maintaining service offering to smaller single location clients
  - › Capitalise on structural **growth drivers** including out-of-home hygiene, urbanisation, health & wellness awareness, outsourcing

Business objectives:

- Maximising a diverse asset portfolio by innovation and continuously broadening the service and product basket
- Maintaining a strong financial position by focusing on asset management, generating cash and growth
- Investing capital in key areas that will ensure future growth and internationalising of niche services
- Create social value and long-term sustainability for all stakeholders

Outlook

- Demand and economic recovery gathering momentum
  - Return to offices, albeit off low base
  - Tender activity and building plans passed
  - Renewable and alternative energy demand
  - Bulk commodity demand to remain robust
  - Record maize season with strong exports
- Optimised cost base and active margin management. Key in a rising inflation environment
- Engagement on new master plans for KZN port plans ongoing and constructive
- Noticeable interruptions and growing inefficiencies in SA's infrastructure backbone
- Healthy M&A opportunity pipeline

05

Appendices

Services

- Generally, the UK economy is returning strongly and resumption of work in London has commenced, albeit slowly
- Irish economy strong. Restrictions lifted and return to work in phased approach
- PHS
  - Washroom, Clinical, Offensive, Floorcare and Waste businesses are all growing
  - 33 months of consecutive hygiene pool growth
  - Exciting product innovation
- Noonan
  - Lots of tender activity and strong new business wins
  - Focus on industry verticals yielding benefit
  - Acquisitions integrated and synergies materialising

- Solid trading result from Facilities Management cluster
  - Mobilised sizeable new contract and extended key contract with cost savings
  - Annuity income base resilient
  - Catering and Lounges reported pleasing turnaround
- Security & Aviation operational result pleasing
  - Fuel price increases adding to the cost base
  - Innovation and technology applied to secure new contacts, for example rail security surveillance
- Allied Services' result across the board are excellent. Aquazania almost back to pre-COVID level
- Travel cluster's streamlined, technology enabled back office allowed for a break-even position even on modest revenue

Outlook for remainder of FY2022

- Focus on sales teams, which have all been strengthened, to increase the pipeline and win rate
- Non-contractual revenue to be converted to contractual
- Build facilities management service expertise in niche sectors such as food, ICT and the continued integration of existing soft and hard service clients
- Extract value from Noonan acquisitions
- Continue to pursue PHS synergies and share strategies with Bidvest Steiner

Services - operational snapshot

Business description

- Diverse mix of outsourcing services to clients in South Africa, Ireland and the United Kingdom
- Unique platform for an integrated solution that is proprietary and customised to clients' requirements
- 90% of income is derived from annuity-type businesses with a 50/50% split between South Africa and international

Divisional strategy for growth

- Target expansion in niche services areas internationally and via bolt-ons to augment the basket
- Drive to introduce technology, alternative products and services to remain relevant and well-positioned
- Continued focus on margin management

Products and Services

Facilities Management

- Largest cleaning company servicing the commercial, mining, industrial, hospital and healthcare sectors
- South Africa and UK's largest washroom hygiene businesses
- Third largest specialised pest control services in South Africa
- South Africa and Ireland's largest facility management companies specialising in hard and soft services
- Hard services include HVAC, generators, chillers, energy management and cell phone tower management
- Airport lounges
- Catering services

Security & Aviation

- South Africa's second largest security company
- Vehicle tracking and recovery
- Specialist divisions focused on mining, estates, banking, reaction and investigation units, general guarding and aviation clients
- Technological security services
- Offers complete unmanned airbourne surveillance solutions
- Full charter and cargo services

Allied Services

- South Africa's second largest security company
- Vehicle tracking and recovery
- Specialist divisions focused on mining, estates, banking, reaction and investigation units, general guarding and aviation clients
- Technological security services
- Offers complete unmanned airbourne surveillance solutions
- Full charter and cargo services

Travel

- Travel management services to corporate clients
- South Africa's largest corporate travel company
- Inbound leisure travel
- Harvey World (70 franchisees)

Branded Products

- Adcock
  - Excellent trading profit growth
  - Good gross margin as a result of a more favourable sales mix in OTC and Consumer, improved factory recoveries at the Clayville factory from increased OTC demand
  - Benefiting from higher demand for flu products, key brands of consumer products and the onboarding of several portfolios
  - Strong operational cash generation
- Data, Print and Packaging
  - Resilient printing demand
  - Strong demand for packing into e-commerce and food
  - Print-to-post volumes ticked up nicely while electronic volumes held their own
  - Bidvest Mobility delivered significant trading profit growth
- Office Products
  - Tough start at Waltons from the July unrest, but normal back-to-school season and growth in commercial volumes resulted in a decent performance
  - Konica Minolta posted a fantastic result. Unit sales, rentals and consumable volumes grew while copies were slightly down. Excellent margin management
  - Office furniture held its own, with quarter two showing a significant improvement on quarter one
- Consumer Products
  - Downward trend of constrained consumer spend continued coupled with erratic summer weather patterns
  - Luggage, handbags and crockery showing tremendous growth

Outlook for remainder of FY2022

- Focus on revenue growth post significant restructuring
- Simplifying of businesses and productivity focus will continue
- Adcock looking to expand its range
- Continue to seek suitable acquisitions
- Return to school and office momentum positive

Branded Products - operational snapshot

Business description

- Trading in and distribution of every-day household and pharmaceutical products representing local and global brands
- Offers a comprehensive suite of services relating to office products, office automation and office furniture, while also meeting all print, packaging, labelling and communication requirements

Divisional strategy for growth

- Focus on business simplification and efficiencies
- Product innovation and range extension in trusted brands in an evolving environment
- Acquisitions in select complementary areas

Products and Services

Pharmaceuticals[1]

- Over the counter products
- Prescription medicine
- Critical care products
- Consumer care products in the healthcare and personal care areas

Office Products and Furniture

- Stationery
- Envelopes and files
- IT hardware and consumables
- Paper
- Optiplan filing systems
- Diaries and legal forms
- Office furniture
- Wide format print consumables
- Multifunctional devices
- Management of print rooms
- Document storage and management
- Production print systems

Branded Household Products

- Branded household and homeware durables
- DTSV decoders and accessories
- Branded luggage, handbags and travel accessories

Data, Packaging & Print

- Print to mail
- E-billing and e-payment
- Plastic card printing
- Digital printing and publishing
- Mobile billing and animation
- Paper bags, wraps and serviettes
- Folding cartons
- Package inserts
- Aluminium foil lids, closures and wrappers
- Business forms
- Security certificates
- Marketing collateral
- Product identification and blank labels
- RFID tags and readers
- Point-of-sales collateral
- Barcode scanners and printers

1. *Adcock Ingram consolidation effective 1 August 2019, previously accounted for as an associate*

Freight

- BTT
  - Good growth mainly due to rate and volume growth. Tank capacity let improved
  - Isando LPG project approved (R0.5bn) but reliant on efficient rail service commitment
- SABT
  - Delivered an excellent six-months performance
  - Overall increase in agricultural volumes with exceptional maize export volumes which already exceeded that of 2021
- BC
  - Reasonable result as the prior period included cargo redirected from Maputo due to congestion
  - Manganese and chrome volumes lower but offset by the handling of iron ore
- BPO
  - Excellent result
  - Benefiting from high commodity demand, increased volumes and improved productivity on reduced Durban footprint
- BIL
  - Pleasing recovery as activity levels improve. Expenses very well controlled
  - Delays and space shortage in ocean freight resulting in increases in airfreight volumes
- Naval reported a good result on higher volumes handled while Manica and BSACD struggled due to reduced activity driven by the global container shortages

Outlook for remainder of FY2022

- Record grain volumes expected. Maize export slots booked to September
- Expect continued LPG volume growth, higher vegetable oil volumes and solid mineral demand
- Freight rates to and from Southern Africa increased significantly and this is expected to continue for the foreseeable future
- Specific poor efficiency in SA ports and rail of concern
- Various major projects underway

Freight - operational snapshot

Business description

- A leading private sector freight management group in sub-Saharan Africa, drawing on more than 150 years of portside experience
- Offers bulk liquid, dry bulk and multi-purpose terminals with container freight stations, logistics and supply chain solutions
- Annuity-income represents 50% of trading profit (take-or-pay contracts)
- Diverse commodity exposure which include chemicals, wheat, maize, vegetable oils, fuels, gases, manganese and chrome, benefitting from both imports and exports

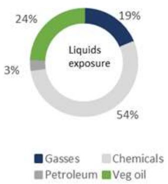
Divisional strategy for growth

- Commissioned R1bn LPG terminal in October 2020 backed by a 10 year + 5 year + 5 year take-or-pay contract
- Commission 5 000m^3 inland LPG terminal
- Back of port operations in Saldanha
- Maximise throughput in terminals

Products and Services

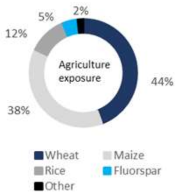
Bulk Liquid

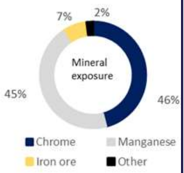
- Largest cleaning company servicing the Bulk liquid handling & storage in Durban, Richards Bay and Isando
- 868 000m^3 of bulk liquid storage capacity
- Handles over 3.5bn liters of product annually
- 200 000 tons pa LPG storage capacity



Dry Bulk

- Multi-product bulk terminals in the Port of Durban
- Capacity to handle up to 8m tons pa
- 600 000 tons storage capacity for mineral bulk
- 219 500 tons storage capacity for agriculture bulk





Logistics

- Leader in global supply chain solutions, including air and ocean import and export forwarding and clearing, warehousing, transport and supply chain management
- 25 locations throughout SA with 180 000m^2 warehousing space
- Global forwarding partner, EMO Trans has a global reach of 250 offices in more than 140 countries

Port Services

- Port warehousing, open storage space, transport, stevedoring and ships agency services in all SA ports
- Products handled include forest products, steel, containers, cement, general cargo, fertiliser, minerals and grains

Container Services

- 4 facilities with 100 000m^2 of warehousing in Durban, Cape Town and City Deep
- Container pack and unpack, warehousing, transport & logistics
- Handling cleared & uncleared containers and cargo

Africa Port Services

- Provider of port services in Mozambique, including stevedoring, container packing and unpacking, tallying, lashing and securing of cargo, caulking and cleaning of rail trucks
- Manica Group Namibia is a logistics, supply-chain management and related marine services business with warehousing and open storage space of more than 105 000m^2

Commercial Products

- Trade cluster
  - Bidvest Electrical continues to impress with good gross margin management, especially at Voltex, Waco and Cabstrut
  - Stock availability, store and product growth and technical expertise continue to drive Plumblink's dynamic growth
- DIY / Tools / Workwear cluster
  - Academy Brushware's innovation came to the fore off a very high base (restocking). They traded very well
  - Matus produced an excellent result largely due to its upgraded customer centric approach
  - G Fox secured new local and export work, consequently increased factory capacity. COVID related product demand and prices declined
- Leisure cluster
  - Severe supply chain impediments at Yamaha continue, but excellent margin management led to strong profit growth
  - Motoquip performed well
- Industrial cluster
  - Bidvest Materials Handling revenue remains under pressure, but expenses very well controlled leading to improved profitability
  - Berzacks produced an excellent result, due to significant orders of productivity enhancing product and expansion of product basket
  - Burncrete and Renttech remain under pressure as a result of current market conditions
  - Afcom benefitted from large capex sales and buoyant agricultural and e-commerce sectors
- Catering cluster
  - Vulcan continues to be impacted by muted health and hospitality sectors
  - Improved 'footfall' in malls evident at King Pie but margins remain under pressure due to high ingredient inflation

Outlook for remainder of FY2022

- Definite signs of market gaining momentum will benefit most businesses
- Product availability to remain critical
- Margin management and inventory control will continue to receive focused attention
- Looking for opportunities to the broaden product basket

Commercial Products - operational snapshot

Business description

- Manufacturing and trading businesses in South Africa, representing global brands across a diverse range of basic essential industrial products including industrial clothing, plumbing and electrical supplies and allied products
- Plumblink, Matus and Voltex are respectively the largest plumbing supplies, tool and electrical wholesalers in South Africa

Divisional strategy for growth

- Investments were made into manufacturing and distribution facilities and initiatives are being put in place to improve efficiencies and created capacity for growth
- Management is focused on selling a broader product basket to existing customers
- Would be a beneficiary of government development programs

Products and Services

Trade

- Plumbing products
- Bathroom products and accessories
- Geysers
- Electrical cable and wire
- Transmission and distribution products
- General electrical products
- Smart energy solutions
- Alternative energy solutions
- Lighting products

DIY, Tools, Workwear

- Protective workwear and footwear
- Safety equipment
- Cleaning chemicals and products
- Brushware
- Tools

Industrial: Packaging, Warehousing and General

- Tape and fastening products
- Packaging closures
- Sales of new and refurbished forklifts
- Maintenance contracts for forklifts
- Short-term machine hire
- Battery supplies and maintenance
- Long-term machine hire
- Wholesale supply of tools, lifting and rigging equipment
- Power tools, air tools and accessories
- Generators and compressors
- Adhesives, lubricants and sealants
- Welding and safety equipment
- Pulling and lashing equipment
- Sewing and embroidery equipment

Catering

- Commercial and industrial catering equipment
- Food warming and display equipment
- Pie manufacturing franchise stores

Leisure

- Musical instruments
- Audio and visual equipment
- Golfcarts, boats, motorcycles
- Leisure accessories

Automotive

- New vehicles units +10%. Used vehicle units -11%
- Shift away from luxury vehicles to volumes brands continue. Toyota franchise major beneficiary
- Strong performances from Toyota, Nissan/Renault/Isuzu and Mercedes Benz dealerships
- Good fleet business pickup during the period
- Dealerships in Namibia holding their own
- Nissan Melrose acquired effective 1 September 2021
- Focus remained on maximising gross margin and tight cost control
- Supply constraints from OEMs continued unabatedly
- Challenging to source quality used vehicles at right prices
- Right-to-repair viewed as an opportunity

Outlook for remainder of FY2022

- Portfolio diversifications strategies will continue
- Targeting a more balanced retail business
- Extract value from used car procurement systems
- Maintain tight cost control
- Short supply issues in most franchises

Automotive - operational snapshot

Business description

- One of South Africa's largest motor retailers representing 24 brands over past 100 years
- Vehicle auctioneering

Divisional strategy for growth

- Target a more balanced motor retail business - new vs used sales; passenger cars vs commercial vehicles
- Greater adoption of an intelligent used vehicle procurement system to source and drive higher used car profitability
- Target fleet customers and their aftermarket service requirements

Products and Services

Motor Retailing

- 85 dealerships
- Retail new, demo and pre-owned vehicles
- Vehicle range includes passenger vehicles, light commercial vehicles and heavy commercial vehicles
- Online retailer mccarthy.co.za
- After sales services include vehicle service and parts sales
- Finance, insurance and other value-added products offered
- Club McCarthy

Vehicle Auctioneering

- Drive-through auction facility
- On-line auction capability
- Auction centers in Durban, Johannesburg and Cape Town
- Free valuations on all vehicles
- Finance and insurance products offered through McCarthy and all major finance institutions

Financial Services

- Bidvest Bank loan book under pressure
  - Loans and advances -13%; R2.6bn
  - Leased assets flat; R1.3bn
  - Deposits -1%; R7.7bn
- Bidvest Bank wrote new business but not sufficient to mitigate the roll-off from material fleet customers. Roll-out of fleet contracts impeded by vehicle shortages
- Encouraging improvement in commercial forex products and services while retail forex demand remain very limited
- FinGlobal delivered a resilient result despite global restrictions which meant lower emigration

- Solid result from Compendium, as focus on customer retention paid off. Acquired a small KZN regional broker
- Insurance unit's strategic re-focus showing early signs of success. Significantly higher investment income recognised
- FMI remained lossmaking despite good new business growth
- Across the division management is focused on improving operational efficiencies, through
  - Operational efficiencies and effectiveness
  - Automation and technology
  - Digital client journey transformation

Outlook for remainder of FY2022

- Increase in client growth across distribution channels being implemented
- Meaningful fleet management and advances growth opportunities are being pursued
- Optimise divisional cross sell opportunities
- Focus on new niche insurance products launches to grow book
- Retention focus to limit policy cancellations

Financial Services - operational snapshot

Business description

- Bidvest Bank is a leading second tier bank. It offers niche foreign exchange and asset-based finance solutions to a largely corporate and business customer base
- Non-bank offerings include amongst others short-term insurance, life insurance, trade finance and pension fund administration
- Complies with the regulatory capital requirements laid out by the Prudential Authority, Financial Sector Conduct Authority, Banks Act, Insurance Act

Divisional strategy for growth

- Establishing Bidvest Bank as the largest FML and asset leasing player in SA
- Forex solutions through unique multi-currency card, money transfer, alliances and treasury
- Attract depositors to secure cheap funding
- Grow FMI to a profitable alternative life assurance provider

Products and Services

Fleet Finance & Management, Business Banking, Foreign Exchange

- Business bank account, including deposits
- Asset-based finance and full maintenance leasing
- International payments
- Trade services
- Bureau de change services
- Merchant acquiring services

Bidvest Bank

NSFR: 156%

LCR: 471%

CAR: 23%

Insurance Services

- Commercial insurance brokerage
- Life insurances including income protection and living annuity
- Short term insurance focusing on automotive value-added products

Bidvest Insurance

SCR: 1.57x
MCR: 6.27x

FMI life. done better

SCR: 1.67x
MCR: 6.07x

Other

- Pension fund administration
- Financial emigration and wealth externalisation
- Trade finance