Bidcorp

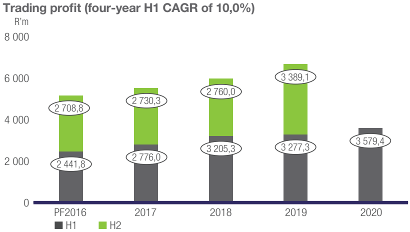
Bid Corporation Limited

Unaudited results for the half-year ended

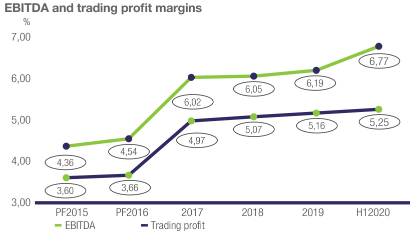
December 31 2019

Bidcorp's entrepreneurial and decentralised business model, the depth and experience of our management teams and the strength of the group's culture positions the group for sustained growth in the future.

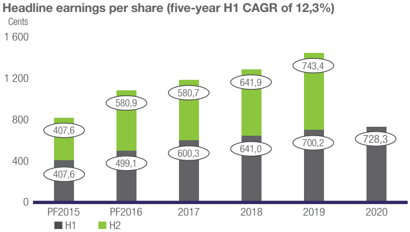
Trading profit (four-year H1 CAGR of 10,0%)



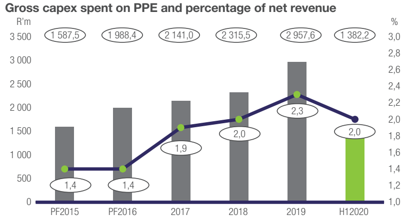
EBITDA and trading profit margins



Headline earnings per share (five-year H1 CAGR of 12,3%)



Gross capex spent on PPE and percentage of net revenue



Bidcorp

> is a complete foodservice offering
> serves multiple customer segments
> is internationally diversified across developed and emerging markets
> people are entrepreneurial and incentivised to be so
> has a proven decentralised business model and best practice learnings are widely shared
> growth is organic, acquisitive-organic through bolt-ons, and acquisitive
> believes that balance sheet strength with low debt is a strong competitive advantage
> proprietary technology enhances customer relationships and efficiencies
> is environmentally conscious

Financial highlights

⬆ 4,0%

728,3 cents

Continuing HEPS

H1F2019: 700,2 cents

Constant currency, HEPS ⬆ 4,1%

⬆ 61,4%

R4,1 bn

Cash generated by continuing operations

H1F2019: R2,5 bn

⬆ 9,2%

R3,6 bn

Continuing trading profit

H1F2019: R3,3 bn

Constant currency, trading profit ⬆ 9,2%

⬆ 6,5%

330,0 cents

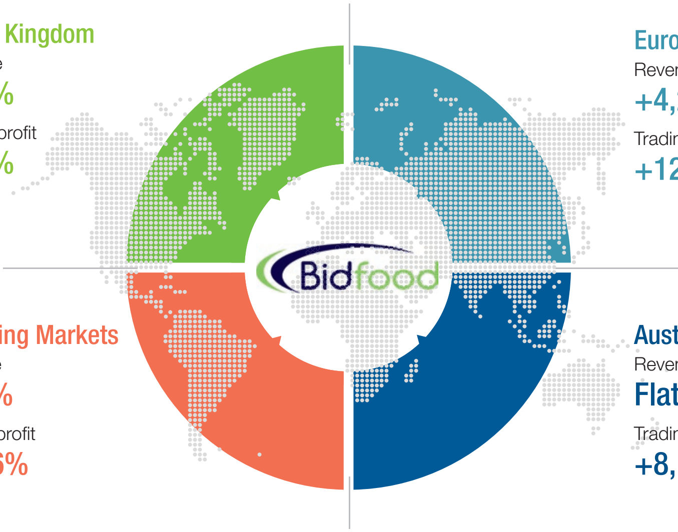
Final dividend declared

H1F2019: 310,0 cents

Segmental growth in constant currency

United Kingdom
Revenue
+2,6%
Trading profit
+5,3%

Europe
Revenue
+4,2%
Trading profit
+12,1%



Emerging Markets
Revenue
+6,0%
Trading profit
+12,6%

Australasia
Revenue
Flat
Trading profit
+8,1%

Condensed interim consolidated statement of profit or loss
for the

R000s	2019* Unaudited	Half-year ended December 31 2018 Unaudited Restated#	% change	Year ended June 30 2019 Audited
Continuing operations				
Revenue	**68 215 439**	66 091 975#	3,2	129 249 988
Cost of revenue	**(51 992 387)**	(50 580 680)#	(2,8)	(98 418 233)
Gross profit	**16 223 052**	15 511 295	4,6	30 831 755
Operating expenses	**(12 643 698)**	(12 233 948)	(3,3)	(24 165 327)
Trading profit	**3 579 354**	3 277 347	9,2	6 666 428
Share-based payment expense	**(62 316)**	(58 347)		(114 468)
Acquisition costs	**(1 590)**	(8 613)		(27 686)
Capital items	**(6 056)**	(4 897)		44 106
Operating profit	**3 509 392**	3 205 490	9,5	6 568 380
Net finance charges	**(329 239)**	(143 246)	(129,8)	(285 942)
Finance income	**45 991**	52 103		109 506
Finance charges	**(375 230)**	(195 349)		(395 448)
Share of profit of associates and jointly controlled entities	**34 164**	32 942	3,7	59 148
Profit before taxation	**3 214 317**	3 095 186	3,8	6 341 586
Taxation	**(769 845)**	(751 981)	(2,4)	(1 472 282)
Profit for the period from continuing operations	**2 444 472**	2 343 205	4,3	4 869 304
Discontinued operations				
Loss after taxation from discontinued operations	**(147 732)**	(455 011)		(731 969)
Profit for the period	**2 296 740**	1 888 194	21,6	4 137 335
Attributable to:				
Shareholders of the company	**2 273 879**	1 872 734		4 104 169
From continuing operations	**2 421 611**	2 327 745	4,0	4 836 138
From discontinued operations	**(147 732)**	(455 011)		(731 969)
Non-controlling interest from continuing operations	**22 861**	15 460		33 166
	2 296 740	1 888 194		4 137 335
Shares in issue ('000)				
Total	**335 404**	335 404		335 404
Weighted	**333 836**	333 162		333 302
Diluted weighted	**334 286**	333 776		333 864
Continuing operations (cents)				
Basic earnings per share	**725,4**	698,7	3,8	1 451,0
Diluted basic earnings per share	**724,4**	697,4	3,9	1 448,5
Headline earnings per share	**728,3**	700,2	4,0	1 443,6
Diluted headline earnings per share	**727,3**	698,9	4,1	1 441,2
Discontinued operations (cents)				
Basic loss per share	**(44,3)**	(136,6)		(219,6)
Diluted basic loss per share	**(44,2)**	(136,3)		(219,2)
Headline loss per share	**(16,1)**	(19,7)		(103,1)
Diluted headline loss per share	**(16,1)**	(19,7)		(103,0)
Total operations (cents)				
Basic earnings per share	**681,1**	562,1	21,2	1 231,4
Diluted basic earnings per share	**680,2**	561,1	21,2	1 229,3
Headline earnings per share	**712,2**	680,5	4,7	1 340,5
Diluted headline earnings per share	**711,2**	679,2	4,7	1 338,2
Distributions per share (cents)	**330,0**	310,0	6,5	640,0

* *These figures include the impact of IFRS 16: Leases. For like-for-like comparison refer to the pro forma financial statements set out in the Annexure, which exclude the impact of IFRS 16: Leases*

\# *Refer to revenue and cost of revenue restatement of comparatives note*

Condensed interim consolidated statement of other comprehensive income

for the

R000s	Half-year ended December 31 2019 Unaudited	2018 Unaudited	Year ended June 30 2019 Audited
Profit for the period	**2 296 740**	1 888 194	4 137 335
Other comprehensive income	**244 861**	442 741	(241 652)
Items that may be classified subsequently to profit or loss	**244 861**	442 741	(235 565)
Foreign currency translation reserve			
Increase (decrease) in foreign currency translation reserve	**244 891**	443 530	(234 959)
Cash flow hedges	**(30)**	(789)	(606)
Fair value loss arising during the period	**(37)**	(1 063)	(837)
Taxation relief for the period	**7**	274	231
Items that will not be reclassified subsequently to profit or loss			
Defined benefit obligations	**–**	–	(6 087)
Remeasurement of defined benefit obligations	**–**	–	(6 257)
Taxation relief for the period	**–**	–	170
Total comprehensive income for the period	**2 541 601**	2 330 935	3 895 683
Attributable to:			
Shareholders of the company	**2 523 782**	2 305 219	3 862 897
Non-controlling interest	**17 819**	25 716	32 786
	2 541 601	2 330 935	3 895 683

Headline earnings

for the

R000s	Half-year ended December 31 2019 Unaudited	2018 Unaudited	% change	Year ended June 30 2019 Audited
Headline earnings				
The following adjustments to profit attributable to shareholders were taken into account in the calculation of continuing headline earnings:				
Profit attributable to shareholders of the company from continuing operations	**2 421 611**	2 327 745		4 836 138
Impairments	**20**	4 897		40 748
Property, plant and equipment	**28**	4 897		27 992
Intangible assets	**–**	–		21 346
Taxation relief	**(8)**	–		(8 590)
Loss on disposal of interest in subsidiary	**16 201**	–		–
Loss on disposal in subsidiary	**14 530**	–		–
Taxation charge	**1 671**	–		–
Capital profit on disposal of property, plant and equipment	**(6 598)**	–		(65 358)
Property, plant and equipment	**(8 502)**	–		(93 444)
Taxation charge	**1 904**	–		28 086
Headline earnings from continuing operations	**2 431 234**	2 332 642	4,2	4 811 528

Condensed interim consolidated segmental analysis
for the

R000s	Half-year ended December 31 2019* Unaudited	2018 Unaudited Restated#	% change	Year ended June 30 2019 Audited
Revenue				
Bidfood				
Australasia	**15 833 235**	16 047 837	(1,3)	31 145 965
United Kingdom	**17 787 330**	17 208 760	3,4	33 327 046
Europe	**23 040 079**	22 129 984#	4,1	43 663 890
Emerging Markets	**11 554 795**	10 705 394	7,9	21 113 087
	68 215 439	66 091 975#	3,2	129 249 988
Trading profit				
Bidfood	**3 626 044**	3 319 487		6 770 272
Australasia	**1 045 922**	980 922	6,6	2 147 000
United Kingdom	**909 354**	856 706	6,1	1 720 467
Europe	**1 098 949**	979 866	12,2	1 860 482
Emerging Markets	**571 819**	501 993	13,9	1 042 323
Corporate	**(46 690)**	(42 140)		(103 844)
	3 579 354	3 277 347	9,2	6 666 428

* *These figures include the impact of IFRS 16: Leases. For like-for-like comparison refer to the pro forma financial statements set out in the Annexure, which exclude the impact of IFRS 16: Leases*

\# *Revenue restatement – refer to revenue and cost of revenue restatement of comparatives note*

Condensed interim consolidated statement of cash flows

for the

R000s	Half-year ended December 31 2019* Unaudited	2018 Unaudited Re-presented#	Year ended June 30 2019 Audited
Cash flows from operating activities	**2 065 619**	471 779	2 332 967
Operating profit	**3 509 392**	3 205 490	6 568 380
Dividends from jointly controlled entity	**20 000**	–	–
Acquisition costs	**1 590**	8 613	27 686
Depreciation and amortisation	**684 696**	642 287	1 330 200
Amortisation on Right-of-Use lease assets	**355 010**	–	–
Equity-settled incentive scheme	**(272 309)**	–	–
Non-cash items#	**182**	109 880	94 436
Cash generated by operations before changes in working capital	**4 298 561**	3 966 270	8 020 702
Changes in working capital	**(239 102)**	(1 450 864)	(1 439 767)
Cash generated by operations	**4 059 459**	2 515 406	6 580 935
Net finance charges paid	**(113 165)**	(137 672)	(262 813)
Taxation paid	**(950 167)**	(679 662)	(1 423 951)
Dividends paid	**(1 106 834)**	(939 132)	(1 978 885)
Net operating cash flows from discontinued operations	**176 326**	(287 161)	(582 319)
Cash effects of investment activities	**(1 571 867)**	(1 811 952)	(3 739 498)
Additions to property, plant and equipment	**(1 382 177)**	(1 268 473)	(2 957 607)
Acquisition of subsidiaries	**(159 297)**	(337 512)	(448 640)
Additions to intangible assets	**(98 729)**	(69 848)	(156 023)
Proceeds on disposal of property, plant and equipment	**102 583**	29 248	271 349
Proceeds on disposal of investments	**85 755**	21 180	33 202
Proceeds on disposal of interests in subsidiaries	**33 185**	–	–
Receipts from associates	**3 328**	–	70 409
Proceeds on disposal of intangible assets	**54**	–	3
Payments made to vendors for acquisition#	**(45 017)**	(179 021)	(297 443)
Payments made to puttable non-controlling interests#	**–**	–	(74 428)
Investments acquired	**(61 287)**	–	(79 166)
Investment in jointly controlled entity	**–**	–	(51 017)
Net investing cash flows from discontinued operations	**(50 265)**	(7 526)	(50 137)
Cash effects of financing activities	**(929 735)**	438 943	856 149
Borrowings raised	**2 711 617**	2 526 433	5 135 168
Borrowings repaid	**(2 967 886)**	(2 090 041)	(4 232 742)
Right-of-Use lease liability payments	**(655 765)**	–	–
(Payments to) receipts from non-controlling interests	**(17 701)**	2 551	(39 971)
Treasury shares purchased during the year#	**–**	–	(6 306)
Net decrease in cash and cash equivalents	**(435 983)**	(901 230)	(550 382)
Cash and cash equivalents at beginning of period	**6 058 269**	6 643 149	6 643 149
Exchange rate adjustment	**27 762**	95 191	(34 498)
Cash and cash equivalents at end of period	**5 650 048**	5 837 110	6 058 269
Cash and cash equivalents comprise:			
Cash and cash equivalents	**5 302 854**	5 279 911	5 775 863
Cash and cash equivalents of discontinued operations	**363 661**	594 267	282 406
Bank overdrafts included in short-term borrowings	**(16 467)**	(37 068)	–
	5 650 048	5 837 110	6 058 269

* *These figures include the impact of IFRS 16: Leases. For like-for-like comparison refer to the pro forma financial statements set out in the Annexure, which exclude the impact of IFRS 16: Leases*

\# *Refer to statement of cash flow re-presentation note*

Condensed interim consolidated statement of financial position
as at

R000s	December 31 2019* Unaudited	December 31 2018 Unaudited	June 30 2019 Audited
ASSETS			
Non-current assets	**36 454 844**	30 649 023	31 294 178
Property, plant and equipment	**14 808 095**	13 378 632	14 025 113
Right-of-Use lease assets	**4 192 906**	–	–
Intangible assets	**717 008**	500 188	667 572
Goodwill	**14 934 254**	14 958 417	14 784 154
Deferred taxation asset	**966 714**	943 417	944 212
Defined benefit pension surplus	**20 928**	19 380	20 928
Interest in associates	**160 897**	223 826	177 978
Investment in jointly controlled entities	**499 439**	429 432	481 975
Investments and loans	**154 603**	195 731	192 246
Current assets	**34 484 658**	33 216 575	33 637 800
Inventories	**9 823 477**	9 871 456	9 703 879
Trade and other receivables	**15 191 469**	14 592 113	15 213 598
Assets classified as held-for-sale	**4 166 858**	3 473 095	2 944 460
Cash and cash equivalents	**5 302 854**	5 279 911	5 775 863
Total assets	**70 939 502**	63 865 598	64 931 978
EQUITY AND LIABILITIES			
Capital and reserves	**26 155 892**	28 250 170	28 735 967
Attributable to shareholders of the company	**25 918 507**	27 977 450	28 498 700
Non-controlling interest	**237 385**	272 720	237 267
Non-current liabilities	**15 182 942**	5 615 162	6 524 604
Deferred taxation liability	**688 258**	711 785	686 849
Long-term borrowings	**5 500 348**	3 710 446	4 659 325
Long-term Right-of-Use lease liabilities	**4 527 223**	–	–
Post-retirement obligations	**58 117**	50 358	59 117
Long-term vendors for acquisition	**290 731**	299 461	275 144
Long-term puttable non-controlling interest liabilities	**3 805 681**	305 106	336 620
Long-term provisions	**312 584**	432 505	430 462
Long-term lease liabilities	**–**	105 501	77 087
Current liabilities	**29 600 668**	30 000 266	29 671 407
Trade and other payables	**18 861 832**	18 199 848	18 698 495
Short-term provisions	**338 471**	121 997	313 892
Short-term vendors for acquisition	**40 448**	55 469	103 882
Short-term puttable non-controlling interest liabilities	**38 917**	1 155 977	1 126 128
Liabilities classified as held-for-sale	**4 605 042**	3 403 101	3 116 633
Taxation	**341 028**	435 788	470 753
Short-term Right-of-Use lease liabilities	**622 535**	–	–
Short-term borrowings	**4 752 395**	6 628 086	5 841 624
Total equity and liabilities	**70 939 502**	63 865 598	64 931 978
Net tangible asset value per share (cents)	**3 061**	3 732	3 890
Net asset value per share (cents)	**7 728**	8 341	8 497

* *These figures include the impact of IFRS 16: Leases. For like-for-like comparison refer to the pro forma financial statements set out in the Annexure, which exclude the impact of IFRS 16: Leases*

Condensed interim consolidated statement of changes in equity
for the

R000s	Half-year ended December 31 2019 Unaudited	Half-year ended December 31 2018 Unaudited	Year ended June 30 2019 Audited
Equity attributable to shareholders of the company			
Stated capital	**5 428 016**	5 428 016	5 428 016
Treasury shares	**(248 441)**	(550 341)	(435 584)
Balance at beginning of period	**(435 584)**	(601 908)	(601 908)
Shares disposed of in terms of share schemes	**187 143**	57 663	172 630
Shares purchased for share schemes	**–**	(6 096)	(6 306)
Foreign currency translation reserve	**5 513 109**	5 930 430	5 263 176
Balance at beginning of period	**5 263 176**	5 497 156	5 497 156
Realisation of reserve on foreign subsidiaries	**–**	–	599
Increase (decrease) in foreign currency translation reserve	**249 933**	433 274	(234 579)
Hedging reserve	**(1 086)**	(1 239)	(1 056)
Balance at beginning of period	**(1 056)**	(450)	(450)
Fair value loss	**(37)**	(1 063)	(837)
Deferred taxation recognised directly in reserve	**7**	274	231
Equity-settled share-based payment reserve	**249 770**	331 184	341 798
Balance at beginning	**341 798**	325 383	325 383
Arising during period from total operations	**63 506**	59 948	116 882
Deferred taxation recognised directly in reserve	**–**	–	7 143
Utilisation during period from total operations	**(459 452)**	(57 663)	(172 630)
Transfer to retained earnings	**303 918**	3 516	65 020
Retained earnings	**14 977 139**	16 839 400	17 902 350
Balance at beginning of period	**17 902 350**	15 896 255	15 896 255
IFRS 9 transition adjustment to retained earnings at beginning of year	**–**	–	(60 447)
IFRS 16 transition adjustment to retained earnings at beginning of year	**(1 035 469)**	–	–
Attributable profit	**2 273 879**	1 872 734	4 104 169
Dividends paid	**(1 106 834)**	(939 132)	(1 978 885)
Recognition of puttable non-controlling interest	**–**	13 059	12 964
Recognition of puttable non-controlling interest liability*	**(2 473 097)**	–	–
Reclassification of equity-incentive scheme to cash-settled incentive scheme	**(279 772)**	–	–
Remeasurement of defined benefit obligations	**–**	–	(6 087)
Transfer from foreign currency translation reserve	**–**	–	(599)
Transfer from equity-settled share-based payment reserve	**(303 918)**	(3 516)	(65 020)
	25 918 507	27 977 450	28 498 700
Equity attributable to non-controlling interests of the company			
Balance at beginning of period	**237 267**	244 452	244 452
Total comprehensive income	**17 819**	25 716	32 786
Attributable profit	**22 861**	15 460	33 166
Movement in foreign currency translation reserve	**(5 042)**	10 256	(380)
Dividends paid	**(18 035)**	(7 351)	(52 854)
Share of movement on reserves	**334**	358	–
Changes in shareholding	**–**	9 545	83 347
Transfer to puttable non-controlling interest liability	**–**	–	(70 464)
	237 385	272 720	237 267
Total equity	**26 155 892**	28 250 170	28 735 967

** Refer to disclosure on page 17 regarding the recognition of the puttable non-controlling interest liability.*

Review of operations

Bidcorp delivered a resilient performance for the half-year in volatile social, political and environmental circumstances in some operating geographies and despite underperformance in a number of operations.

Headline earnings per share (HEPS), post the introduction of IFRS 16 *Leases*, increased by 4,0% to 728,3 cents per share (H1F2019: 700,2 cents), with basic earnings per share (EPS) increasing by 3,8% to 725,4 cents per share (H1F2019: 698,7 cents). On a like-for-like basis, HEPS increased by 4,3%. Currency volatility had limited impact on rand-translated results for the half-year.

Operating conditions were challenging in a number of geographies. Social unrest in Hong Kong and Chile impacted out-of-home demand, the bush fires in Australia dampened consumer sentiment while the lead-up to the UK general election and Brexit-fatigue dampened British consumer spending. In addition, trading performance was impacted by management underperformance in Bidfresh UK, Spain and Germany.

Europe continued to perform well, particularly Netherlands, Czech and Slovakia, Italy and Poland. Australia's revenue growth remained subdued while the team continued to rationalise exposure to lower-margin customers. New Zealand achieved both top-line and margin growth, offsetting cost pressures. Bidfood in the United Kingdom continued its growth trajectory. However, this was somewhat negated by the poor performance of Bidfresh. In Emerging Markets, South Africa maintained some growth despite tough economic conditions. The Middle East performed well. Greater China's performance declined as the recovery in mainland China was insufficient to offset the impact of social unrest on our Hong Kong activities.

The two discontinued operations exits are near completion. UK Contract Distribution (CD) benefited from a major contract win in the previous year, however, poor consumer sentiment in the QSR market impacted volumes. CD has operated efficiently and effectively in this period. CD disposal remains on track for March 2020. All expected costs arising from the sale have been expensed. PCL distribution business (PCL) performed to expectation despite lower volumes, generating a small contribution. No further material costs are expected into H2F2020.

Distribution

Bidcorp has declared an interim cash dividend of 330,0 cents per share, a 6,5% increase on the F2019 interim dividend.

Financial overview

Net revenue of R68,2 billion (H1F2019: R66,1 billion) grew by 3,2% (constant currency growth of 3,1%). Good volume growth in the independent sector has been offset by our multi-year journey to transition away from larger low-margin logistic type activities. Gross profit percentage increased to 23,8% (H1F2019: 23,5%), which has enabled the group to trade through the higher cost base.

The group's overall cost of doing business (operating costs excluding the IFRS 16 impact) increased to 18,8% (H1F2019: 18,5%) partly due to our greater focus on freetrade customers. Our significant investments over the past few years into operational capacity have also contributed to overhead growth, the full efficiency benefits of which have yet to fully manifest themselves. Cost pressures continue to be experienced in wages, fuel and energy, though the rate of increase appears to be moderating.

Group trading profit rose 9,2% to R3,6 billion (H1F2019: R3,3 billion). Excluding the impacts of IFRS 16, like-for-like trading profit growth was 4,2%. The like-for-like trading margin increased to 5,0% (H1F2019: 4,9%).

Net finance charges were 129,8% higher at R329,2 million (H1F2019: R143,2 million), the largest impact due to the implementation of IFRS 16. Excluding IFRS 16, net finance charges were up 10,6% driven by rising Asian base rates, some acquisitive activity now in the base and pockets of weaker asset management. Bidcorp remains well-capitalised and retains adequate headroom for further organic and acquisitive growth. Non-IFRS 16 trading profit interest cover is at a healthy 21,6 times (H1F2019: 22,9 times).

Investments in property, plant and equipment remained elevated, but necessary for anticipated organic growth. Non-IFRS 16 net debt at R4,9 billion (H1F2019: R5,1 billion) has declined, reflecting excellent free cash flows in the period, despite high investing activities.

Cash generated by operations before working capital absorption was R4,3 billion, an increase of 8,4% over H1F2019. Significant focus on working capital limited absorption to R0,2 billion, a large improvement on the R1,5 billion utilised in the comparative period. Receivables grew in the face of higher activity levels. Inventory levels were slightly higher, with longer supply chains on imports and expanded organic capacity. Monthly average net working capital days increased to 14 days (H1F2019: 12 days). Non-IFRS 16 free cash flow (excluding dividends paid) was R1,1 billion better than H1F2019.

Prospects

Bidcorp remains focused on growth opportunities in the wholesaling of food and allied products to the eating-out-of-home market; organically through achieving the appropriate customer mix, by selling more products and gaining new customers; via in-territory bolt-on acquisitions to expand our geographic reach or to expand our product ranges; and via strategic acquisitions to enter new markets, as and when these arise.

Our investments in Spain and Germany continue to underperform. However, significant focus and effort are being directed to improve the platforms from which we can realise the potential of each of these markets. Management changes within Bidfresh UK should see this business return to growth in the medium term. Our discontinued operations will be behind us into H2F2020, enabling the group to be fully focused on its core foodservice markets.

The group is well-capitalised, enabling us to retain significant financial headroom to exploit the right opportunities, either organic or acquisitive. We remain conscious of the need to balance gearing and shareholder returns. However, our strong financial position is a positive attribute in today's volatile global markets.

Recent political and social upheaval in some markets combined with the unfolding coronavirus pandemic, is very likely to impact growth prospects into H2, the severity of which is impossible to predict. However, despite these short-term disruptions, the fundamental demographics and industry drivers of our global foodservice markets remain positive.

Bidcorp's resilient business model will enable it to take advantage of any market opportunities, whether organic or acquisitive, as they arise.

Australasia

Trading profit rose 6,6% to R1,0 billion (H1F2019: R980,9 million) on the back of revenue dip of 1,3% to R15,8 billion (H1F2019: R16,0 billion). Shifting away from lower-margin customers continues to deliver the benefits of management's implemented strategy.

Australia performed acceptably in tough conditions. Sales were flat as drought and the national bush fire crisis affected many regions. Profit moved higher as the strategic focus on independent business and growing the product range bedded down. Volumes were hit by the sale of the Fresh business and discontinuation of Logistic operations. Exit of a large national contract also affected sales as did lack of growth in meat and national accounts overall.

A key challenge has become the need to grow quality national contracts at acceptable margins.

Continued freetrade growth was registered. Foodservice opened in Bendigo in November. Supply Solutions (now Foodservice's largest supplier) again recorded pleasing growth. Liquor marketing receives growing focus. Expenses and payroll costs were well-managed.

New Zealand performed well. Sales picked up later than usual and heavy rain and flooding affected South Island tourism. Exit of a large catering contract in July reduced volumes while the opening of a second Auckland branch increased expenses. However, food inflation moved higher, sales rose and profit was slightly ahead of expectation. Infrastructure investment was maintained.

Foodservice was again the standout performer. The new Auckland North distribution centre opened a little later than planned. The existing South Auckland operation did well. New Plymouth moved to a new DC.

Fresh was assisted by a good Q2. Processing delivered another pleasing result.

United Kingdom

Revenue rose 3,4% to R17,8 billion (H1F2019: R17,2 billion) while trading profit increased by 6,1% to R909,4 million (H1F2019: R856,7 million).

Foodservice continues to deliver good results in spite of a weak economic environment.

Bidfood UK performance slowed after its strong start in the first quarter. Sales were flat, margins were effectively managed and trading profit was ahead of prior year. Gains were underpinned by a strong independent showing. We kept clear focus on our successful strategy: growing freetrade volumes, protecting national account margins, growing own-brands and exclusive offerings, driving ecommerce and delivering efficiencies.

In the past 18 months, the business has invested in new sites at Worthing, Penrith and Liverpool, creating platforms for growth in strategic areas. Technology investment continues along with the pursuit of operational efficiencies.

Manufacturing started the year well. Market penetration of our wine brand continues to improve. National accounts recorded several contract gains, the benefits of which will be evident in H2F2020.

Challenges will mount in the second half, but performance in the first six months positions us for another standout year.

Bidfresh UK had a disappointing first half. Revenue and profit were well below prior year. Seafood was again the main contributor, though sales slipped. Independents accounted for most sales.

Oliver Kay made significant losses. Recovery continues within Meat as the Henson's operation grew volumes and Campbell's (Scotland) achieved solid profit.

Post some senior management changes, a new CEO took the reins in January.

Europe

Europe continues to perform well, with most businesses delivering higher revenues and solid trading results. Revenue rose 4,1% to R23,0 billion (H1F2019: R22,1 billion) while trading profit rose 12,2% to R1,1 billion (H1F2019: R979,9 million). Our eastern European businesses have shown record revenue growth, but wage pressures were experienced throughout the region.

Netherlands did very well in a faltering economy. Sales were a little ahead of expectation and profit moved higher. Institutional segment achieved pleasing growth. Catering volumes fell, though national account turnover was up. Freetrade sales were well ahead of market growth. Reaction to our customer "Horeca Feest" event in Amsterdam was highly positive.

Belgium optimised opportunities flowing from a robust economy and growth in private consumption and purchasing power. Sales were up and margins protected thanks to vigorous action to curtail expenses. Profits ticked higher. Horeca, Institutional and Logistics exceeded expectations and prior year. Catering faced margin pressure but performed well. Rollout of the new 'myBidfood' ecommerce platform was completed.

Italy sales were in line with budget and trading profit moved higher. Foodservice continues to make a growing contribution and the business entrenched its position as a strategic partner of independent, street-based operators. Cash flows showed improvement.

Germany failed to meet sales expectations, though Munich and Stuttgart made up for national account volumes shed in line with the strategic independent focus. Hamburg and Southwest made losses and along with Vienna, faced sales challenges. New warehousing capacity in Munich came on stream late in the period, however, the transition costs were significant.

Czech Republic and Slovakia capitalised on a resilient economy to deliver solid profit growth. Further penetration of the restaurant channel continues. Freetrade growth was pleasing. Ice cream remains an important category, but strategic product diversification has brought better balance.

Production saw good revenue growth in Q2, despite intense competitive activity. Exports rose. Businesses were strongly cash generative and returns exceeded expectation. Preparations for the upgrade of the ERP system are well-advanced.

Poland produced pleasing results. Sales were up. The customer portfolio shows a 77% split in favour of independents versus national accounts. National account sales fell as expected following last year's decision to exit low-margin contracts. Farutex specialist subsidiaries continue to do well. Our ecommerce platform achieved 29% of total sales.

Baltics achieved revenue and profit growth on the back of a strong second quarter. Operations in both Lithuania and Latvia were ahead of expectations. Foodservice sales to independents and chains were up.

Iberia (Spain and Portugal) overall made a small loss. Frustock, the Portuguese business, did exceptionally well. The Guzmán business made operational progress with its transition from a local produce supplier to a national multicategory player but financially performed poorly. Igartza (a recently acquired multicategory business based in the north) made a positive contribution.

Emerging Markets

Emerging Markets continued to navigate challenging economic and political headwinds. Revenue was up 7,9% to R11,6 billion (H1F2019: R10,7 billion), with trading profit up 13,9% at R571,8 million (H1F2019: R502,0 million).

Bidcorp Food Africa (BFA) achieved commendable results in tough conditions. Sales eased higher without reaching budget. Trading profit was also up on prior year, but below target. Bidfood witnessed continued independent channel growth. National account business also grew. Industrial catering volumes dipped. 'myBidfood' ecommerce sales now account for 68% of net revenue. Most trading branches did well. Crown Food Group faced meat and poultry pressures, but made franchise and retail gains. Profitability improved significantly.

Manufacturing made good progress. Equity-accounted JV Chipkins Puratos had a difficult first-half, but is growing own-manufactured sales to independents. Good artisan volumes were registered. Bidfood Properties bought two new sites in Port Elizabeth and Pretoria while selling two Nelspruit sites.

Greater China delivered acceptable results in spite of the negative impact from social unrest in Hong Kong.

Hong Kong and Macau faced headwinds as protests impacted consumption and tourism. Out-of-home eating was hard hit and our sales dipped. Loss of a significant dairy brand contract created opportunities to introduce new dairy brands to the portfolio. Strong management action in response to the situation limited the decline in profitability.

Mainland China saw continued growth, ensuring an uptick in overall profit on prior year. Mainland businesses continue to widen the brand portfolio. Beijing, Shanghai and Guangzhou are selling more of the President, Boiron and Cacaobarry ranges. Penetration of the supermarket segment is pleasing. Meat sales are growing steadily. Strong focus remains on expense management, restaurant customers, chinese cuisine, own-brands and medium to high-end ranges like chilled and processed meats to enhance our foodservice offering.

Singapore and the Malaysia business continued revenue and profit gains, despite slowing economies. Singapore's largest sales division, Foodservice, beat expectations, fuelled by strong gains in dairy, veg/fruit and butchery. Margin management was assisted by the introduction of our house brand wagyu beef (Austige).

Brazil grew sales across the core Irmãos Avelino business and Mariusso but underperformed on expectations. Own-brand growth was pleasing. Avelino made a concerted effort to boost 'myBidfood' ecommerce sales in Q2. The ecommerce platform was extended to Mariusso in December. Sales operations were restructured early in the second half.

Chile experienced a dramatic fall in October and November volumes, the result of unrest and the resultant plundering of shops, supermarkets and malls. Even so, revenue exceeded target, but profit was below initial expectation. Calm returned in December, but renewed volatility may occur in the second half.

Argentina (the Blancaluna business in which Bidfood has a 38% stake) achieved good growth in line with expectations until political uncertainty in December impacted performance. Still, revenue and trading profit gains were secured.

Middle East was boosted by an exceptional Q2. Sales and profit exceeded expectation. Horeca UAE did well, despite margin pressure. Al Diyafa (Saudi Arabia) performed strongly. Horeca Oman face shipment delays but margins were well-managed. Bahrain faced trading challenges but recovered well. Bidfood Jordan reaped the rewards for constant portfolio development.

Turkey achieved strong sales gains, but a small loss was made. A new operation was launched in Antalya. Bidfood EFE continues to produce positive results.

Corporate

BidOne total electronic orders continue to rise along with order value. BidOne now handles 30% of total group sales, indicating promising momentum.

Bidfood Procurement Community (BPC) half-year growth was pleasing and an operating surplus was achieved. Work to improve supplier terms continues. Product category development is ongoing.

Directorate

Mr DDB Band retired from the board at the 2019 AGM. The board expresses its sincere appreciation to Mr Band for his services as lead independent director, and the significant role Mr Band played in the development phase of the group.

The board welcomes Mrs T Abdool-Samad and Mr CJ Rosenberg, who were appointed as independent non-executive directors to the Bidcorp board in November 2019.

BL Berson
Chief executive

DE Cleasby
Chief financial officer

Dividend declaration

In line with the group dividend policy, the directors declared an interim cash dividend of 330,0 cents (264,0 cents net of dividend withholding tax, where applicable) per ordinary share for the half-year ended December 31 2019 to those members registered on the record date, being Friday, March 27 2020.

Share code:	BID
ISIN:	ZAE000216537
Company registration number:	1995/008615/06
Company tax reference number:	9040946841
Gross cash dividend amount per share:	330,0 cents
Net dividend amount per share:	264,0 cents
Issued shares at declaration date ('000):	335 404
Declaration date:	Wednesday, February 19 2020
Last day to trade cum dividend:	Tuesday, March 24 2020
First day to trade ex dividend:	Wednesday, March 25 2020
Record date:	Friday, March 27 2020
Payment date:	Monday, March 30 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, March 25 2020 and Friday, March 27 2020, both days inclusive.

For and on behalf of the board

AK Biggs
Company secretary

Johannesburg
February 19 2020

Basis of presentation of the condensed interim consolidated financial statements

The condensed interim consolidated financial statements have been prepared in accordance with the JSE Limited Listings Requirements for interim reports, and the requirement of the Companies Act of South Africa applicable for condensed interim consolidated financial statements. The Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and include disclosure as required by IAS 34: Interim Financial Reporting and the Companies Act of South Africa. With the exception of IFRS 16: Leases (as described on page 16), the accounting policies applied in the preparation of the condensed interim consolidated financial statements from which the condensed interim consolidated financial statements were derived in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

In preparing these interim condensed consolidated financial statements, management has made judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these judgements, estimates and assumptions.

Preparation of results

These half-year ended December 31 results have not been audited or reviewed by the group's auditors. The condensed interim consolidated financial statements have been prepared by CAM Bishop (CA)SA, under the supervision of DE Cleasby CA(SA), and were approved by the board of directors on February 18 2020.

(a) Revenue and cost of revenue restatement of comparatives

Following a reassessment of the group's judgements of agent versus principal, it was detected that Bidfood Netherlands was acting as an agent, instead of as a principal on certain chilled food deliveries. To reflect this restatement, the comparative revenue and cost of revenue were restated as set out below:

R000s	Previously reported revenue and cost of revenue H1F2019	Restatement	**Restated revenue and cost of revenue H1F2019**
Revenue	66 413 585	(321 610)	**66 091 975**
Cost of revenue	(50 902 290)	321 610	**(50 580 680)**

This restatement had no impact on the group's gross profit, earnings per share, headline earnings per share or statement of financial position.

(b) Statement of cash flows re-presentation

The group made the following re-presentations to the statement of cash flows and have adjusted comparatives accordingly:

> cash effects from payments made to puttable non-controlling interests and vendors for acquisition were reclassified from cash effects from financing activities to cash effects from investing activities due to them being associated with the acquisition of businesses and subsidiaries. The comparatives were re-presented to show this cash flow activity change. This re-presentation had no impact on the group's cash and cash equivalents or statement of financial position.

> cash effects from the group's share incentive plans were previously recorded on a gross basis with intergroup cash received from participant employment companies disclosed under cash flows from operating activities and the proceeds received for the sale of the treasury shares under cash flows from financing activities. As there was no change to the group's overall cash and cash equivalents position, this transaction is now shown on a net basis. There is no effect to cash flows from operating and financing activities. The comparatives were re-presented to show this cash flow activity change. This re-presentation had no impact on the group's cash and cash equivalents or statement of financial position.

(b) Statement of cash flows re-presentation continued

R000s	Previously reported H1F2019	Payments to puttable NCI and VFA re-presentated as investing activities	Group share incentive scheme payments and treasury shares sold re-presented on a net basis	**Re-presented H1F2019**
Operating activities	414 116	–	57 663	**471 779**
Investing activities	(1 632 931)	(179 021)	–	**(1 811 952)**
Financing activities	317 585	179 021	(57 663)	**438 943**
Net change in cash and cash equivalents	(901 230)	–	–	**(901 230)**

(c) Changes in accounting policies

With effect from July 1 2019 the group adopted IFRS 16: Leases (IFRS 16). IFRS 16 replaces IAS 17: Leases which requires that all operating leases, other than short-term and low-value leases, to be recorded on the statement of financial position in a similar manner to finance leases under IAS 17.

The group elected to adopt IFRS 16 using a modified retrospective approach. Under a modified retrospective approach, the group applies IFRS 16 from the beginning of July 1 2019 and has not restated prior-period financial information. The lease liability was measured using the present value of the remaining lease payments discounted at the incremental borrowing rates at July 1 2019. The Right-of-Use lease assets was measured as if IFRS 16 had always been applied (but using the incremental borrowing rates at July 1 2019). The cumulative effect of initially applying IFRS 16 has been recognised as an adjustment to the opening balance of retained earnings on date of initial application (being July 1 2019).

The group leases various leasehold property, vehicles and equipment as the need arises. Lease contracts are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension and termination options are included in a number of leases across the group. These options are used to maximise operational flexibility in terms of managing lease contracts. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

Judgements and assumptions made by management in applying the related accounting policies for IFRS 16:

(i) In determining the incremental borrowing rates, management considers the term of the lease and the nature of the asset being leased.

(ii) In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The adoption of the IFRS 16: Leases from July 1 2019 complicates the comparison of the performance of H1F2020 and H1F2019. In order to provide comparative information to assess the group's performance, a pro forma condensed consolidated statement of profit or loss, pro forma summarised consolidated statement of financial position, pro forma summarised consolidated statement of cash flows and pro forma supplementary information regarding the currency effects of the translation of foreign operations on the group (the pro forma information) has been presented for the half-year ended December 31 2019. Refer to the Annexure for the pro forma financial information of the group that reflects the group as if IFRS 16 had not been adopted on July 1 2019.

Puttable non-controlling interest (NCI) liabilities

During the period the puttable NCI for 40% of Distrubuzione Alimentari Convivenze (DAC) expired. In December 2019, a new shareholders agreement was signed with the minority shareholders of DAC which included an option for the minority shareholders to put their 40% interest to the group on or about June 30 2024. The minority shareholders agreed not to directly or indirectly sell, transfer or otherwise dispose their stake in DAC for 5 (five) years.

The group accounts for puttable NCI liabilities under the anticipated acquisition method whereby the put option is derecognised from NCI and accounted for as a financial liability. The puttable NCI liability is calculated as the present value of the contracted redemption value discounted from the expected redemption date to the reporting date. The R2,5 billion recognised as an equity adjustment in the period relates to the net increase between the expired put option value of R1,1 billion and the present value of the expected contracted redemption value for the put option calculated in terms of the December 2019 shareholders agreement of R3,6 billion.

The main assumptions used in the calculation of the liability is the contracted redemption value at the expected redemption date and the discount rate used to discount the expected redemption value to the reporting date.

Acquisitions and disposals

Acquisition opportunities in the period were limited, due to unrealistic vendor expectations and management's focus on bedding down recently acquired underperforming businesses, a consequence of which is only one bolt-on acquisition was concluded. The acquisition of Elite Frozen Foods Limited, a regional wholesaler in the United Kingdom supplying ambient, chilled and frozen products was completed in July 2019. Total investment in the acquisition was R159,0 million, and its contribution to revenue and trading profit for the half-year ended December 31 2019 was R450,7 million and R9,7 million respectively.

Bidfood Australia disposed of its Fresh business for R33,2 million in September 2019.

Exchange rates

The following exchange rates were used in the conversion of foreign interests and foreign transactions during the periods:

	December 31		June 30
	2019	2018	2019
	Unaudited	Unaudited	Audited
Rand/Sterling			
Closing rate	**18,43**	18,29	17,82
Average rate	**18,49**	18,34	18,35
Rand/Euro			
Closing rate	**15,73**	16,49	15,97
Average rate	**16,29**	16,32	16,18
Rand/Australian dollar			
Closing rate	**9,83**	10,15	9,87
Average rate	**10,05**	10,26	10,14

Financial instruments

When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques categorised as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

	Non-current assets (liabilities)			Current liabilities		
R000s	**Puttable non-controlling interests**	**Investments**	**Vendors for acquisition**	**Puttable non-controlling interests**	**Vendors for acquisition**	**Total**
December 31 2019						
Financial assets measured at fair value	**–**	**55 309**	**–**	**–**	**–**	**55 309**
Financial liabilities measured at fair value	**(3 805 681)**	**–**	**(290 731)**	**(38 917)**	**(40 448)**	**(4 175 777)**
December 31 2018						
Financial assets measured at fair value	–	78 410	–	–	–	78 410
Financial liabilities measured at fair value	(305 106)	–	(299 461)	(1 155 977)	(55 469)	(1 816 013)
June 30 2019						
Financial assets measured at fair value	–	55 115	–	–	–	55 115
Financial liabilities measured at fair value	(336 620)	–	(275 144)	(1 126 128)	(103 882)	(1 841 774)

Fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
December 31 2019				
Financial assets measured at fair value	**–**	**4 691**	**50 618**	**55 309**
Financial liabilities measured at fair value	**–**	**–**	**(4 175 777)**	**(4 175 777)**
December 31 2018				
Financial assets measured at fair value	–	6 167	72 243	78 410
Financial liabilities measured at fair value	–	–	(1 816 013)	(1 816 013)
June 30 2019				
Financial assets measured at fair value	–	–	55 115	55 115
Financial liabilities measured at fair value	–	–	(1 841 774)	(1 841 774)

Valuation technique	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
The expected payments are determined by considering the possible scenarios of forecast EBITDAs, the amount to be paid under each scenario and the probability of each scenario. The valuation models consider the present value of expected payment, discounted using a risk-adjusted discount rate.	– EBITDA growth rates: 3% – 35% (H1F2019: 5% – 15%) – EBITDA multiples: 5,8x – 10,5x (H1F2019: 5,5x – 8,5x) – Risk-adjusted discount rate: 1,7% – 9,0% (H1F2019: 0,5% – 9,0%)	The estimated fair value would increase (decrease) if: – the EBITDA were higher (lower); or – the risk-adjusted discount rate were lower (higher).

Discontinued operations

The results of the discontinued operations included in the group's results is detailed below:

R000s	For the half-year ended December 31 2019 Unaudited	For the half-year ended December 31 2018 Unaudited	Year ended June 30 2019 Audited
Revenue	**12 072 843**	9 620 844	19 502 386
Cost of revenue	**(10 807 068)**	(8 227 118)	(16 838 559)
Gross profit	**1 265 775**	1 393 726	2 663 827
Operating expenses	**(1 297 391)**	(1 469 355)	(3 049 910)
Trading loss	**(31 616)**	(75 629)	(386 083)
Share-based payment expense	**(1 190)**	(1 601)	(2 414)
Capital items	**(106 745)**	(470 376)	(470 514)
Operating loss	**(139 551)**	(547 606)	(859 011)
Net finance charges	**(35 811)**	(5 610)	(12 326)
Finance income	**–**	–	193
Finance charges	**(35 811)**	(5 610)	(12 519)
Loss before taxation	**(175 362)**	(553 216)	(871 337)
Taxation	**35 001**	98 205	139 368
Loss for the period from discontinued operations	**(140 361)**	(455 011)	(731 969)
The following adjustments to loss attributable to shareholders were taken into account in the calculation of headline loss:			
Loss attributable to shareholders of the company from discontinued operations	**(140 361)**	(455 011)	(731 969)
Impairments	**86 463**	389 359	383 907
Property, plant and equipment	**106 745**	5 366	–
Intangible assets	**–**	465 010	465 147
Taxation relief	**(20 282)**	(81 017)	(81 240)
Loss on disposal of intangible assets and property, plant and equipment	**–**	–	4 347
Intangible assets	**–**	–	3 185
Property, plant and equipment	**–**	–	2 182
Taxation relief	**–**	–	(1 020)
Headline loss from discontinued operations	**(53 898)**	(65 652)	(343 715)
Discontinued operations (cents)			
Basic loss per share	**(42,0)**	(136,6)	(219,6)
Diluted loss per share	**(42,0)**	(136,3)	(219,2)
Headline loss per share	**(16,1)**	(19,7)	(103,1)
Diluted headline loss per share	**(16,1)**	(19,7)	(103,0)

Discontinued operations continued

R000s	For the half-year ended December 31 2019 Unaudited	2018 Unaudited	Year ended June 30 2019 Audited
Effect of the discontinued operations on the statement of financial position of the group			
Assets classified as held-for-sale	**4 166 858**	3 473 095	2 944 460
Property, plant and equipment	**275 689**	313 467	323 355
Right-of-Use lease assets	**845 630**	–	–
Intangible assets	**8 574**	4 525	5 871
Deferred tax asset	**24 001**	7 752	6 952
Inventories	**604 139**	466 982	523 457
Trade and other receivables	**1 932 430**	1 959 650	1 687 617
Investments and loans	**449**	445	434
Taxation	**112 285**	126 007	114 368
Cash and cash equivalents	**363 661**	594 267	282 406
Liabilities classified as held-for-sale	**4 605 042**	3 403 101	3 116 633
Deferred tax liability	**15 610**	10 906	11 704
Long-term provisions	**115 702**	183 847	128 056
Long-term Right-of-Use lease liabilities	**931 024**	–	–
Trade and other payables	**3 385 313**	3 114 250	2 976 873
Short-term provisions	**37 248**	94 098	–
Short-term provisions Right-of-Use lease liabilities	**75 581**	–	–
Bank overdrafts	**44 564**	–	–

R000s	For the half-year ended December 31 2019 Unaudited	2018 Unaudited	Year ended June 30 2019 Audited
Cash flows from discontinued operations			
Net operating cash flows from discontinued operations	**176 326**	(287 161)	(582 319)
Net investing cash flows from discontinued operations	**(50 265)**	(7 526)	(50 137)
Net increase (decrease) in cash and cash equivalents	**126 061**	(294 687)	(632 456)

Supplementary pro forma information regarding the currency effects of the translation of foreign operations on the group

The pro forma financial information has been compiled for illustrative purposes only and is the responsibility of the board. Due to the nature of this information, it may not fairly present the group's financial position, changes in equity and results of operations or cash flows. The pro forma information has been compiled in terms of the JSE Listings Requirements and the Revised Guide on Pro Forma Information by SAICA.

The illustrative information, detailed below, has been prepared on the basis of applying the H1F2019 average rand exchange rates to the H1F2020 foreign subsidiary income statements and recalculating the reported revenue, trading profit, headline earnings and headline earnings per share of the group for the period. Average exchange rates are calculated using the arithmetic mean of the daily exchange rates over the reporting period.

	For the half-year ended December 31				
R000s	**2019 Unaudited**	2018 Unaudited Restated#	% change	**Illustrative 2019 at 2018 average exchange rates**	% change
Continuing operations					
Revenue	**68 215 439**	66 091 975#	3,2	**68 115 403**	3,1
Trading profit	**3 579 354**	3 277 347	9,2	**3 580 079**	9,2
Headline earnings	**2 431 234**	2 332 642	4,2	**2 432 431**	4,3
Headline earnings per share (cents)	**728,3**	700,2	4,0	**728,6**	4,1
Constant currency per segment from continuing operations					
Revenue					
Australasia	**15 833 235**	16 047 837	(1,3)	**16 048 191**	0,0
United Kingdom	**17 787 330**	17 208 760	3,4	**17 649 363**	2,6
Europe	**23 040 079**	22 129 984#	4,1	**23 066 399**	4,2
Emerging Markets	**11 554 795**	10 705 394	7,9	**11 351 450**	6,0
	68 215 439	66 091 975#	3,2	**68 115 403**	3,1
Trading profit					
Australasia	**1 045 922**	980 922	6,6	**1 060 190**	8,1
United Kingdom	**909 354**	856 706	6,1	**902 301**	5,3
Europe	**1 098 949**	979 866	12,2	**1 098 784**	12,1
Emerging Markets	**571 819**	501 993	13,9	**565 246**	12,6
Corporate office	**(46 690)**	(42 140)	(10,8)	**(46 442)**	(10,2)
	3 579 354	3 277 347	9,2	**3 580 079**	9,2

** These figures include the impact of IFRS 16: Leases. For like-for-like comparison refer to the pro forma financial statements set out in the Annexure, which exclude the impact of IFRS 16: Leases*

 # Revenue restatement – refer to revenue and cost of revenue restatement of comparatives note

Pro forma information – IFRS 16: Leases

The adoption of the IFRS 16: Leases from July 1 2019 complicates the comparison of the performance of H1F2020 and H1F2019. To provide comparative information in order to assess the group's performance; a pro forma condensed consolidated statement of profit or loss, pro forma summarised consolidated statement of financial position, pro forma summarised consolidated statement of cash flows and pro forma supplementary pro forma information regarding the currency effects of the translation of foreign operations on the group (the pro forma information) has been presented for the half-year ended December 31 2019. The pro forma financial information of the group as set out in the attached has been prepared for illustrative purposes and reflects the group as if IFRS 16 had not been adopted on July 1 2019.

The directors of Bidcorp are responsible for compiling the pro forma financial information on the basis applicable of the criteria as detailed in paragraphs 8.15 to 8.33 of the JSE Listings Requirements and the SAICA Guide on Pro forma Financial Information, revised and issued in September 2014 (applicable criteria). The pro forma information does not constitute financial statements fairly presented in accordance with IFRS. The pro forma information has been prepared for illustrative purposes only and because of its nature may not fairly present the group's financial position, results of operations and cash flows.

The pro forma information has not been audited or reviewed by the group's external auditors.

PRO FORMA CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the half-year ended December 31

R000s	2019* Unaudited	IFRS 16 adjustments Unaudited	Pro forma 2019 Unaudited	2018 Unaudited Restated#	% change	June 30 Audited
Continuing operations						
Revenue	**68 215 439**	–	**68 215 439**	66 091 975#	3,2	129 249 988
Cost of revenue	**(51 992 387)**	–	**(51 992 387)**	(50 580 680)#	(2,8)	(98 418 233)
Gross profit	**16 223 052**	–	**16 223 052**	15 511 295	4,6	30 831 755
Operating expenses	**(12 643 698)**	(163 831)[1]	**(12 807 529)**	(12 233 948)	(4,7)	(24 165 327)
Trading profit	**3 579 354**	(163 831)	**3 415 523**	3 277 347	4,2	6 666 428
Share-based payment expense	**(62 316)**	–	**(62 316)**	(58 347)		(114 468)
Acquisition costs	**(1 590)**	–	**(1 590)**	(8 613)		(27 686)
Capital items	**(6 056)**	–	**(6 056)**	(4 897)		44 106
Operating profit	**3 509 392**	(163 831)	**3 345 561**	3 205 490		6 568 380
Net finance charges	**(329 239)**	170 875	**(158 364)**	(143 246)	10,6	(285 942)
Finance income	**45 991**	–	**45 991**	52 103		109 506
Finance charges	**(375 230)**	170 875[2]	**(204 355)**	(195 349)		(395 448)
Share of profit of associates and jointly controlled entities	**34 164**	–	**34 164**	32 942		59 148
Profit before taxation	**3 214 317**	7 044	**3 221 361**	3 095 186	4,1	6 341 586
Taxation	**(769 845)**	(965)[3]	**(770 810)**	(751 981)		(1 472 282)
Profit for the period from continuing operations	**2 444 472**	6 079	**2 450 551**	2 343 205	4,6	4 869 304

PRO FORMA CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS continued

R000s	2019* Unaudited	IFRS 16 adjustments Unaudited	Pro forma 2019 Unaudited	2018 Unaudited Restated#	% change	June 30 Audited
	For the half-year ended December 31					
Discontinued operations						
Loss after taxation from discontinued operations	**(147 732)**	(957)	**(148 689)**	(455 011)		(731 969)
Profit for the year	**2 296 740**	5 122	**2 301 862**	1 888 194	21,9	4 137 335
Attributable to:						
Shareholders of the company	**2 273 879**	5 122	**2 279 001**	1 872 734		4 104 169
From continuing operations	**2 421 611**	6 079	**2 427 690**	2 327 745	4,3	4 836 138
From discontinued operations	**(147 732)**	(957)	**(148 689)**	(455 011)		(731 969)
Non-controlling interest from continuing operations	**22 861**	–	**22 861**	15 460		33 166
Continuing operations (cents)						
Headline earnings per share	**728,3**	1,8	**730,1**	700,2	4,3	1 443,6
Diluted headline earnings per share	**727,3**	1,8	**729,1**	698,9	4,3	1 441,2

** These figures include the impact of IFRS 16: Leases*

 # Refer to revenue and cost of revenue restatement of comparatives note

Adjustments for IFRS 16: Leases comprise of the following:

1 Reinstatement of operating lease expenses (R518,8 million) per IAS 17 allocation to operating expenses and the reversal of IFRS 16 amortisation (R355,0 million) on Right-of-Use lease assets

2 Reversal of the IFRS 16 finance cost on Right-of-Use lease liabilities

3 Deferred tax impact on 1 and 2

PRO FORMA CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

R000s	2019* Unaudited	IFRS 16 adjustments Unaudited	Pro forma 2019 Unaudited	2018 Unaudited	June 30 Audited
Assets					
Non-current assets	**36 454 844**	(4 191 941)	**32 262 903**	30 649 023	31 294 178
Property, plant and equipment	**14 808 095**	–	**14 808 095**	13 378 632	14 025 113
Right-of-Use lease assets	**4 192 906**	(4 192 906)[1]	**–**	–	–
Intangible assets	**717 008**	–	**717 008**	500 188	667 572
Goodwill	**14 934 254**	–	**14 934 254**	14 958 417	14 784 154
Deferred taxation asset	**966 714**	965	**967 679**	943 417	944 212
Defined benefit pension surplus	**20 928**	–	**20 928**	19 380	20 928
Interest in associates	**160 897**	–	**160 897**	223 826	177 978
Investment in jointly controlled entities	**499 439**	–	**499 439**	429 432	481 975
Investments and loans	**154 603**	–	**154 603**	195 731	192 246
Current assets	**34 484 658**	(845 630)	**33 639 028**	33 216 575	33 637 800
Inventories	**9 823 477**	–	**9 823 477**	9 871 456	9 703 879
Trade and other receivables	**15 191 469**	–	**15 191 469**	14 592 113	15 213 598
Assets classified as held-for-sale	**4 166 858**	(845 630)[1]	**3 321 228**	3 473 095	2 944 460
Cash and cash equivalents	**5 302 854**	–	**5 302 854**	5 279 911	5 775 863
Total assets	**70 939 502**	(5 037 571)	**65 901 931**	63 865 598	64 931 978
Equity and liabilities					
Capital and reserves	**26 155 892**	1 040 591	**27 196 483**	28 250 170	28 735 967
Attributable to shareholders of the company	**25 918 507**	1 040 591[2]	**26 959 098**	27 977 450	28 498 700
Non-controlling interest	**237 385**	–	**237 385**	272 720	237 267
Non-current liabilities	**15 182 942**	(4 454 709)	**10 728 233**	5 615 162	6 524 604
Deferred taxation liability	**688 258**	–	**688 258**	711 785	686 849
Long-term borrowings	**5 500 348**	–	**5 500 348**	3 710 446	4 659 325
Long-term Right-of-Use lease liabilities	**4 527 223**	(4 527 223)[3]	**–**	–	–
Post-retirement obligations	**58 117**	–	**58 117**	50 358	59 117
Long-term vendors for acquisition	**290 731**	–	**290 731**	299 461	275 144
Long-term puttable non-controlling interest liabilities	**3 805 681**	–	**3 805 681**	305 106	336 620
Long-term provisions	**312 584**	–	**312 584**	432 505	430 462
Long term lease liabilities	**–**	72 514	**72 514**	105 501	77 087
Current liabilities	**29 600 668**	(1 623 453)	**27 977 215**	30 000 266	29 671 407
Trade and other payables	**18 861 832**	5 687	**18 867 519**	18 199 848	18 698 495
Short-term provisions	**338 471**	–	**338 471**	121 997	313 892
Short-term vendors for acquisition	**40 448**	–	**40 448**	55 469	103 882
Short-term puttable non-controlling interest liabilities	**38 917**	–	**38 917**	1 155 977	1 126 128
Liabilities classified as held-for-sale	**4 605 042**	(1 006 605)[3]	**3 598 437**	3 403 101	3 116 633
Taxation	**341 028**	–	**341 028**	435 788	470 753
Short-term Right-of-Use lease liabilities	**622 535**	(622 535)[3]	**–**	–	–
Short-term borrowings	**4 752 395**	–	**4 752 395**	6 628 086	5 841 624
	70 939 502	(5 037 571)	**65 901 931**	63 865 598	64 931 978

** These figures include the impact of IFRS 16: Leases*

Adjustments for IFRS 16: Leases comprise of the following:

[1] Reversal of IFRS 16 Right-of-Use lease assets

[2] Reversal of the impact of IFRS 16 adjustments to retained earnings comprising of:

> Net transition date adjustment of R1,0 billion

> Recognition of the current period profit attributable to shareholders of R5,1 million under IAS 17

[3] Reversal of IFRS 16 Right-of-Use lease liabilities

PRO FORMA CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended December 31

R000s	2019* Unaudited	IFRS 16 adjustments Unaudited	Pro forma 2019 Unaudited	2018 Unaudited	June 30 Audited
Cash flows from operating activities	**2 065 619**	(655 765)	**1 409 854**	471 779	2 332 967
Operating profit	**3 509 392**	(163 831)[1]	**3 345 561**	3 205 490	6 568 380
Dividends from jointly controlled entity	**20 000**	–	**20 000**	–	–
Acquisition costs	**1 590**	–	**1 590**	8 613	27 686
Depreciation and amortisation	**684 696**	–	**684 696**	642 287	1 330 200
Amortisation on Right-of-Use lease assets	**355 010**	(355 010)[2]	**–**	–	–
Equity-settled incentive scheme	**(272 309)**	–	**(272 309)**	–	–
Non-cash items#	**182**	(39 170)	**(38 988)**	109 880	94 436
Cash generated by operations before changes in working capital	**4 298 561**	(558 011)	**3 740 550**	3 966 270	8 020 702
Changes in working capital	**(239 102)**	5 687	**(233 415)**	(1 450 864)	(1 439 767)
Cash generated by operations	**4 059 459**	(552 324)	**3 507 135**	2 515 406	6 580 935
Net finance charges paid	**(113 165)**	–	**(113 165)**	(137 672)	(262 813)
Taxation paid	**(950 167)**	–	**(950 167)**	(679 662)	(1 423 951)
Dividends paid	**(1 106 834)**	–	**(1 106 834)**	(939 132)	(1 978 885)
Net operating cash flows from discontinued operations	**176 326**	(103 441)[1]	**72 885**	(287 161)	(582 319)
Cash effects of investment activities	**(1 571 867)**	–	**(1 571 867)**	(1 811 952)	(3 739 498)
Additions to property, plant and equipment	**(1 382 177)**	–	**(1 382 177)**	(1 268 473)	(2 957 607)
Acquisition of subsidiaries	**(159 297)**	–	**(159 297)**	(337 512)	(448 640)
Additions to intangible assets	**(98 729)**	–	**(98 729)**	(69 848)	(156 023)
Proceeds on disposal of property, plant and equipment	**102 583**	–	**102 583**	29 248	271 349
Proceeds on disposal of investments	**85 755**	–	**85 755**	21 180	33 202
Proceeds on disposal of interests in subsidiaries	**33 185**	–	**33 185**	–	–
Receipts from associates	**3 328**	–	**3 328**	–	70 409
Proceeds on disposal of intangible assets	**54**	–	**54**	–	3
Payments made to vendors for acquisition#	**(45 017)**	–	**(45 017)**	(179 021)	(297 443)
Payments made to puttable non-controlling interests#	**–**	–	**–**	–	(74 428)
Investments acquired	**(61 287)**	–	**(61 287)**	–	(79 166)
Investment in jointly controlled entity	**–**	–	**–**	–	(51 017)
Net investing cash flows from discontinued operations	**(50 265)**	–	**(50 265)**	(7 526)	(50 137)
Cash effects of financing activities	**(929 735)**	655 765	**(273 970)**	438 943	856 149
Borrowings raised	**2 711 617**	–	**2 711 617**	2 526 433	5 135 168
Borrowings repaid	**(2 967 886)**	–	**(2 967 886)**	(2 090 041)	(4 232 742)
Right-of-Use liability payments	**(655 765)**	655 765[1]	**–**	–	–
(Payments to) receipts from non-controlling interests	**(17 701)**	–	**(17 701)**	2 551	(39 971)
Treasury shares purchased during the year#	**–**	–	**–**	–	(6 306)
Net decrease in cash and cash equivalents	**(435 983)**	–	**(435 983)**	(901 230)	(550 382)
Cash and cash equivalents at beginning of period	**6 058 269**	–	**6 058 269**	6 643 149	6 643 149
Exchange rate adjustment	**27 762**	–	**27 762**	95 191	(34 498)
Cash and cash equivalents at end of period	**5 650 048**	–	**5 650 048**	5 837 110	6 058 269

** These figures include the impact of IFRS 16: Leases*
 # Refer to statement of cash flow re-presentation note

Adjustments for IFRS 16: Leases comprise of the following:
[1] Reclassification of cash flows relating to lease payments shown as finance costs in financing activities under IFRS 16 to cash generated by operations as previously disclosed under IAS 17
[2] Reversal of depreciation on Right-of-Use assets to operating profit

PRO FORMA SUPPLEMENTARY INFORMATION REGARDING THE CURRENCY EFFECTS OF THE TRANSLATION OF FOREIGN OPERATIONS ON THE GROUP

In addition to excluding the adoption IFRS 16: Leases on July 1 2019, the illustrative information detailed below has been prepared on the basis of applying the H1F2019 average rand exchange rates to the H1F2020 foreign subsidiary income statements and recalculating the reported income of the group for the half-year ended December 31 2019.

	Illustrative H1F2020 at H1F2019 average exchange rates* Unaudited	IFRS 16 adjustments translated at H1F2019 average rates Unaudited	**Pro forma H1F2020 Unaudited**	H1F2019 Unaudited Restated#	% change
Continuing operations					
Revenue	68 115 403	–	**68 115 403**	66 091 975#	3,1
Trading profit	3 580 079	(162 863)[1]	**3 417 216**	3 277 347	4,3
Headline earnings	2 432 431	5 628[2]	**2 438 059**	2 332 642	4,5
Headline earnings per share (cents)	728,6	1,7	**730,3**	700,2	4,3
Constant currency per segment from continuing operations					
Revenue					
Australasia	16 048 191	–	**16 048 191**	16 047 837	–
United Kingdom	17 649 363	–	**17 649 363**	17 208 760	2,6
Europe	23 066 399	–	**23 066 399**	22 129 984#	4,2
Emerging Markets	11 351 450	–	**11 351 450**	10 705 394	6,0
	68 115 403	–	**68 115 403**	66 091 975#	3,1
Trading profit					
Australasia	1 060 190	(28 666)	**1 031 524**	980 922	5,2
United Kingdom	902 301	(43 966)	**858 335**	856 706	0,2
Europe	1 098 784	(45 376)	**1 053 408**	979 866	7,5
Emerging Markets	565 246	(44 506)	**520 740**	501 993	3,7
Corporate office	(46 442)	(349)	**(46 791)**	(42 140)	(11,0)
	3 580 079	(162 863)[1]	**3 417 216**	3 277 347	4,3

** These figures include the impact of IFRS 16: Leases*
 # Revenue restatement – refer to revenue and cost of revenue restatement of comparatives note

Adjustments for IFRS 16: Leases comprise of the following:
[1] Constant currency reinstatement of operating lease expenses (R515,6 million) per IAS 17 allocation to operating expenses and the reversal of IFRS 16 amortisation (R352,7 million) on Right-of-Use lease assets
[2] Constant currency ZAR impact on headline earnings on the adoption of IFRS 16: Leases

Directors

Chairman: *S Koseff*

Lead independent director: *NG Payne*

Independent non-executive: *T Abdool-Samad, PC Baloyi, DD Mokgatle, CL Rosenberg*, H Wiseman**

Non-executive director: *B Joffe*

Executive directors: *BL Berson* (chief executive), DE Cleasby (chief financial officer)*
**Australian*

Company secretary

AK Biggs

Bid Corporation Limited
("Bidcorp" or "the group" or "the company")
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Share code: BID
ISIN: ZAE000216537

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www.bidcorpgroup.com

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