

Bidvest

AUDITED FINANCIAL RESULTS AND CASH DIVIDEND DECLARATION

FOR THE YEAR ENDED 30 JUNE

2021



PEOPLE AND PRODUCTS BEHIND A BRIGHTER FUTURE

Salient features

R8 billion **trading profit***

+48%

Strengthened balance sheet
with **net debt/EBITDA**

1.8x

R14 billion **cash generated**
by operations

+49%

Normalised HEPS* 1 292 cents

+26%

HEPS* 1 183 cents

+114%

ROFE# up to

32%

Total **dividend** of 600 cents

+113%

R230 million

spent toward easing the impact
of COVID-19 on **employees and
communities**

*Continuing operations
Normalised

BIDVEST GROUP DELIVERS STELLAR PERFORMANCE

Four Bidvest
divisions
delivered
record results

"This has been a pivotal year for Bidvest. We have achieved an outstanding financial and operating performance and successfully accomplished many of our strategic ambitions. Four divisions delivered their best-ever performances, a tremendous achievement. This year's results are in most respects better than those achieved in 2019."

Mpumi Madisa, Chief executive

Message to shareholders

Introduction

There have been numerous stand-out features over the past year, not least of which has been an excellent financial and operating performance for the year ended 30 June 2021, with trading profit increasing by 47.8% to a stellar R7.9 billion and cash generated by operations of R13.6 billion, which is 48.6% higher than last year.

These financial results reflect Bidvest's success in achieving its planned strategic objectives, increased market share and organic growth in key sectors. It also follows the successful conclusion of the disposal of non-core assets, which started after the unbundling of the food services businesses and resulted in cumulative proceeds of more than R4 billion since FY 2017.

The Group has been successful in advancing its strategy of carefully considered geographic diversification, concluding two sizeable and a few smaller bolt-on acquisitions in the United Kingdom.

A special tribute must be directed toward the Bidvest family of employees that have worked consciously and faithfully through these difficult times. Our employees displayed tremendous dedication, often in difficult circumstances, to ensure the continuation and enhancement of value in the delivery of the Group's products and services. Bidvest's Board of Directors has acknowledged this commitment and expressed its thanks and gratitude to all employees on behalf of all stakeholders.

Sadly, we lost 122 Bidvest family members to the COVID-19 pandemic and we extend our sincere condolences to the families and colleagues of these employees. Bidvest continues to provide support to employees and communities besieged by the harsh impacts of the pandemic.

The value of a diverse Board and executive team is evident. We are extremely proud of the fact that the Bidvest Board is now comprised of 70% females and 80% black and the Exco are 42% female and 50% black.

There was limited damage to the infrastructure of the Group during the riots in KwaZulu-Natal and parts of Gauteng and thankfully, no employees were harmed. The Group provided assistance to both employees and communities in the affected areas where there were food shortages due to supply chain disruptions.

Highlights

The essential and contractual nature of a significant part of the Bidvest portfolio, together with strong trading agility across the Group and excellent cost management, culminated in a very strong operational result. The Services, Automotive and Commercial Products divisions delivered their highest ever trading profit, as did Branded Products, which is inclusive of a second full year contribution from Adcock Ingram (Adcock).

Cash generation was 48.6% higher at R13.6 billion with free cash generated doubling to R10.1 billion and Group cash conversion of 144.5% (FY 2020 137.8%). HEPS grew by 113.9% to 1183.3 cents from continuing operations. Normalised HEPS¹, a measurement used by management to assess the underlying business performance, grew by 25.6% to 1292.0 cents.

Return on Funds Employed (ROFE)[#] improved significantly from 23.0% at 30 June 2020 to 31.6%. Return on Invested Capital (ROIC)[#] of 14.1%, which compares to 12.9% last year, is above the Group's weighted cost of capital.

The Group declared a final dividend of 310 cents per share, bringing the total dividend for the year to 600 cents per share.

Note¹: Normalised HEPS excludes acquisition costs, amortisation of acquired customer contracts and COVID-19 costs.

[#] Normalised.

Financial overview

Group revenue grew 15.4% to R88.3 billion (FY 2020: R76.5 billion). The annualisation of PHS, which was acquired in May 2020, and the acquisitions concluded by Noonan during the year, augmented the revenue performance.

The gross and trading profit margins were 30.8% (FY2020 30.6%) and 8.9% (FY2020 7.0%), respectively. Expenses were exceptionally well managed and increased by only 3.2%, on a like-for-like basis. COVID-19 charges totalled R182 million (FY 2020: R1.6 billion) during the period.

Trading profit grew by 47.8% to R7.9 billion. Commercial Products delivered an excellent result driven by a strong trading capability, market share gains, improved factory recoveries and good expense management. Automotive's focus on margin rather than volume, efficiency improvements and expense management culminated in very strong profit growth despite lacklustre vehicle demand. Freight handled greater bulk volumes through its terminal operations, while other general import and export volumes remained depressed. PHS exceeded expectations and the South African businesses of Services delivered a very good result despite its exposure to struggling travel and related industries. Branded Products' result, which includes Adcock, was good considering the significant demand disruption caused by the hybrid way of working and learning, and no flu season. Financial Services' performance was reasonable, helped by good investment returns. Global supply chains were and continue to be disrupted, while travel and related services, including hospitality, operate at low levels. The demand for majority of Bidvest products and services started normalising toward the end of the financial year, and in many instances, demand has exceeded expectations.

Acquisition costs, which were significantly lower year-on-year, were incurred as part of the corporate activity conducted during the year. The amortisation of acquired customer contracts increased by R201.4 million to R271.5 million as the Purchase Price Allocation review relating to PHS was concluded.

Net capital items contributed losses of R179.7 million (FY 2020: R2.0 billion), relating mainly to COVID-19 capital impairments as well as losses on disposal of businesses.

Message to shareholders (continued)

Net finance charges were 2.9% higher at R1.5 billion (FY 2020: R1.4 billion). Excluding IFRS 16, the increase was 4.9%, the result of the higher gross debt following the PHS acquisition and the step up in the bridge funding costs as time progressed but at lower average interest rates. The Group's average cost of funding decreased to 4.6% – pre-tax (FY 2020: 5.7%).

Share of associate profits amounted to R100.1 million, in the main attributable to Adcock's associate holdings. The prior year included operating losses from Comair and one month of Adcock, prior to consolidation.

The Group's effective tax rate, excluding capital items, is 28.3% (FY 2020: 29.8%).

Basic earnings per share (EPS) from continuing operations increased from 49.8 cents to 1130.2 cents mainly due to large impairments, disposals and associate losses in the prior period. Basic EPS for the Group improved from a loss of 136.6 cents to a profit of 1131.3 cents.

Bidvest's net debt decreased from R19.2 billion as at 30 June 2020 to R13.3 billion at the end of June 2021. Strong free cash flow generation resulted in a covenant net debt to adjusted EBITDA of 1.2x compared to 2.1x as at 30 June 2020. When cash balances in Financial Services were excluded from the net debt for covenant calculation purposes the leverage ratio improved from 2.7x, as at 30 June 2020, to 1.8x a year later. Interest cover was 9.4x (FY 2020: 8.4x).

Cash generated by operations at R13.6 billion, was 48.6% higher than the R9.2 billion generated in the prior period. The Group released R2.4 billion of working capital in the current year compared to R0.9 billion in the prior year. Increased trade payables as a result of higher activity levels and lower inventory on the back of supply chain constraints and reduced inventory days.

Corporate action

Disposals

We are pleased that the portfolio streamlining that started after the unbundling of the foodservices businesses is now largely complete. In addition to the disposals of the 6.75% stake in Mumbai International Airport Limited (MIAL) and Ontime Automotive reported on previously, the sales of Bidair Services, the ground handling business, Bidvest Car Rental, Bidvest Namibia IT and MSC Sports were concluded. Both Bidair Services and Bidvest Car Rental were sold to majority black-owned consortiums which included existing management.

The disposal of Namibia Bureau de Change is awaiting the final condition precedent to close, and some small items remain work-in-progress.

Capital deployed

As announced previously, Noonan acquired Axis Group, a UK-based security and cleaning services provider in early February 2021. Subsequently, Noonan concluded the acquisition of Cordant Group, a leading cleaning and security company in the UK, for an enterprise value of GBP41.5 million. These concluded acquisitions were the final pieces of the puzzle, that would create a UK facilities management business of scale.

Several other bolt-on acquisitions were also concluded: four offshore transactions with the combined value of GBP17.5 million to augment existing facilities management and hygiene offerings; and in South Africa, Compendium acquired Genesis Insurance Brokers and Adcock acquired a product portfolio from Aspen and the remaining 51% in the Novatis Ophthalmic joint venture.

The flagship Liquid Petroleum Gas (LPG) project in Richards Bay was commissioned on 22 October 2020 and the volumes handled through this facility to date have exceeded expectations. Divisional management is exploring further opportunities.

Prospects

While the pandemic continues to disrupt global supply chains and affect certain markets, a rapid sustainable economic recovery is likely to be delayed. Bidvest remains positive that profitability momentum will be maintained given the Group's spread of products and services. Encouragingly, there are signs of increased infrastructure investment activity out of mining and industrial sectors. While we will continue to optimise our cost base and improve efficiencies across the Group, the significant work already completed in these areas, will positively support future results.

Shortly after year-end, we concluded the refinancing of the EUR320 million Euro loan facility that was due to mature in September 2022. As part of this refinancing, a new syndicated Sterling facility was upsized to GBP400 million and include a revolving credit element that provides the Group with enhanced funding flexibility. The remaining GBP60 million PHS bridge finance balance was settled. The maturity profile of the Group was pushed out by three years.

The Group's business objectives and strategy remain unchanged and its growth ambitions resolute.

The recent riots, which occurred in KwaZulu-Natal and certain parts of Gauteng in South Africa, have been devastating from a personal loss and harm perspective, while the infrastructure destruction has been extremely distressing. The Group reaffirms its duty and commitment to building an inclusive South Africa.

The Group

Bidvest encourages a performance-driven, decentralised business model that continuously seeks scale and growth. We empower many enterprises across our diverse areas of operation – Services, Branded Products, Freight, Commercial Products, Financial Services and Automotive – and act as remarkable catalyst for value creation.

Divisional review

Services

A very strong trading profit of R3.3 billion, up 54.8% on last year, was achieved and was supported by exceptional cash conversion. The trading profit was almost equally split between South Africa and international, as PHS delivered a result that exceeded pre-acquisition expectations. Organically Noonan produced a solid result in underlying currency, augmented by the inclusion of the acquisitions for only part of the second six months of the financial year. Despite COVID-19's impact on the South African businesses, particularly as it pertains to low office occupancy in mainly the professional services sector, facilities management services, which has shown significant growth over the last five years, delivered another good performance. The Security & Aviation cluster performed strongly across virtually all its businesses. Within the Allied cluster, which includes products and services to corporate offices and hotels, trading profit was slightly down, but the strategic changes as well as the system and customer integrations are starting to show real benefits. The Travel Services cluster, understandably, remained under pressure due to pandemic restrictions, but some indication of stronger domestic travel was evident in the last quarter. Significant investments in technology and rationalisation of back-office functions will yield benefit when demand returns. Across the division, a handful of businesses benefited from COVID-related work, but the net benefit was tempered by suspended customer contracts. The reversal of both these aspects are expected to be broadly neutral going forward.

Branded Products

After being 18.7% down at half year, the division's trading profit ended 4.2% up on the previous year at R1.5 billion, a commendable turnaround. The year was characterised by exchange rate fluctuations that affected certain businesses, as well as the impact of people working from home, the disruption in the education sector, the lack of a flu season, supply chain challenges and the active management of COVID environment as most staff are employed in factories, warehouses and distribution. The early rightsizing and re-engineering of the businesses, together with impressive cost control, has been the ultimate key to these good results. Operating cash generation was outstanding. Adcock, which is the largest contributor to trading profit, naturally experienced uncertainty, and volatility with regard to demand patterns throughout the year, but still managed a healthy increase in sales albeit at a lower gross margin due to a weaker exchange rate, lower factory recoveries and mix. All other clusters within the division delivered improved growth in trading profit as expenses were well controlled and demand slowly returned.

Freight

A solid trading profit result of R1.3 billion is up 11.6% for the year to June 2021. Bidvest Tank Terminals had an exciting year with the commissioning of the LPG storage facility, one of the largest in the world, and a contributor to both volume growth and profitability. This was despite reduced demand for other products. South African Bulk Terminals posted a pleasing result and managed costs exceptionally well, benefiting from the last two seasons' good export maize crop, as well as stable rice and wheat volumes. Bulk Connections gained from strong commodity demand, delivering record volumes, exceeding the previous record achieved in 2014. Bidfreight Port Operations delivered an excellent result as it benefited from the high commodity demand during the second half of the year where the fertiliser volumes are usually out of season. Bidvest International Logistics (BIL), Bidvest SADC (BSADC), Naval and Manica Namibia experienced challenges throughout the year, largely dominated by low volumes as a result of a slow recovery from the pandemic and the significant container shortages and very high global sea freight rates. Market momentum is evident, and it is expected that the future LPG supply, strong commodity and agricultural sectors will remain robust for some time, which will benefit divisional profitability going forward.

Commercial Products

The year's trading profit increased by an impressive 134.5% to R921.6 million, which is the best ever result produced by this division, and was backed up by exceptional cash generation. Achieving this during these turbulent times with particularly volatile exchange rates, coupled with major supply chain disruptions, soaring commodity prices, and an extremely difficult and competitive customer environment, make these results even more impressive. The strong market share gains made over the period contributed to the results, as did the focus on cash preservation, well managed stock holdings, changing lifestyle options, margin and expense management as well as the strategic internal restructuring that started in Electrical in the prior year. Margin management remains at the forefront of management decision-making. Excellent results were delivered from the respective Trade, Catering, DIY / Tools / Workwear, Leisure, Packaging, and General Industrial clusters, with increased profitability, acknowledging that certain months in the previous financial year included restricted trading periods. Particularly pleasing was that the Plumblink, Electrical, Academy Brushware, Matus, Yamaha, Bidvest Afcom, Burncrete and Vulcan all reported high double digit trading profit growth on FY19.

Automotive

South Africa's automotive sector has started its slow recovery with new vehicle sales growing by 8.6% over the prior year still well below pre-COVID-19 levels. Against this backdrop, the division increased trading profit by an outstanding 267.3% to R652.0 million. A lean cost structure and focus on margin rather than market share, yielded this very strong result. Bidvest McCarthy retailed 1.1% and 7.2% more new and used vehicles, respectively, this year. The used vehicle market is relatively strong, partly due to new vehicle affordability and stock constraints, whilst the ability to source good quality used vehicles remains a challenge and is driving up purchase prices. The rationalisation embarked on a few years ago together with decisive expense action taken at the start the pandemic period have contributed significantly to the year's result. Efficiencies through process re-engineering and Robot Processing Automation remains an ongoing initiative. Despite the new vehicle market approximately 15% lower today compared to FY 2017, trading profit is 20% higher.

Message to shareholders (continued)

Financial Services

Financial Services' trading profit increased by 8.9% to R331.6 million. Lockdown restrictions that placed financial pressure on current and future customers, the net roll-off of fleet contracts, lower interest rates that drove a reduced net interest margin and closed international borders for a significant portion of the period, which was detrimental to South African tourism and consequently foreign exchange revenues, all had a severe impact on revenue and trading profit of Bidvest Bank. The Bank's liquidity and capital ratios remain strong and are comfortably above the South African Reserve Bank minimum requirements. The insurance businesses grew gross written premiums, mainly in the life insurance products. Stable claims ratios, acceptable retention and good expense management resulted in an improved performance. Investment returns almost doubled on the prior year.

Bidvest Properties and Corporate

The Group owns a significant property portfolio which is largely Bidvest occupied. Bidvest Properties delivered a resilient result in a very challenging property market marred by falling market values and vacancies with occupancy costs increasing by more than inflation. Trading profit declined by 3.2% to R560.7 million. The portfolio comprises of 136 properties across South Africa and Namibia with an estimated market value of R8.1 billion, significantly higher than the R3.9 billion book value.

The last negative foreign exchange mark-to-market adjustment of R140.3 million on MIAL was recognised. Increased trading losses in the non-core businesses, which are in the process of being disposed, more than offset the saving achieved from the exit of Bidvest Wits and other sponsorships.

Directorate

In accordance with the section 3.59 of the JSE Listings Requirements, the board of directors of the Group advised shareholders that, effective 12 March 2021, Ms Sindisiwe Ntombenhle (Sindi) Mabaso-Koyana and Ms Lulama Boyce were appointed as independent non-executive directors. Messrs Eric Diack and Alex Maditse, both of whom have been independent non-executive directors on the board for nine years, retired from the Board with effect from 1 April 2021, and Mr Myles Ruck resigned as an independent non-executive director, effective 30 June 2021. With effect from 10 August 2021, Ms Ilze Roux resigned as company secretary and Ms Nonqaba Katamzi was appointed to the position.

For and on behalf of the board

BF Mohale
Chairman

NT Madisa
Chief executive

Johannesburg

6 September 2021

Dividend declaration

In line with the Group dividend policy, the directors have declared a final gross cash dividend of 310 cents (248.0000 cents net of dividend withholding tax, where applicable) per ordinary share for the 12 months ended 30 June 2021 to those members registered on the record date, being Friday, 1 October 2021. The dividend has been declared from income reserves. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

Share code:	BVT
ISIN:	ZAE000117321
Company registration number:	1946/021180/06
Company tax reference number:	9550162714
Gross cash dividend amount per share:	310.0
Net dividend amount per share:	248.000
Issued shares at declaration date:	340 274 346
Declaration date:	Monday, 6 September 2021
Last day to trade <i>cum</i> dividend:	Tuesday, 28 September 2021
First day to trade <i>ex-dividend</i> :	Wednesday, 29 September 2021
Record date:	Friday, 1 October 2021
Payment date:	Monday, 4 October 2021

Share certificates may not be dematerialised or rematerialised between 29 September 2021, and 1 October 2021, both days inclusive.

For and on behalf of the board

Ms Nonqaba Katamzi
Company Secretary

Summarised consolidated income statement

for the

R000s	2021 Audited	Year ended 30 June Restated ** 2020 Audited	% Change
Continuing operations			
Revenue	88 314 806	76 542 581	15.4
Non-interest revenue	87 881 064	75 953 538	
Interest revenue	433 742	589 043	
Cost of revenue	(61 140 027)	(53 101 006)	15.1
Gross profit	27 174 779	23 441 575	15.9
Operating expenses	(19 278 934)	(18 079 798)	6.6
Net impairment losses on financial assets	(252 164)	(245 401)	2.8
Other income	273 347	266 807	2.5
Income from investments	(26 103)	(43 482)	40.0
Trading profit	7 890 925	5 339 701	47.8
Share-based payment expense	(246 096)	(202 493)	
Acquisition costs and customer contracts amortisation	(305 025)	(345 229)	
Net capital items	(179 663)	(1 973 149)	
Profit before finance charges and associate income	7 160 141	2 818 830	154.0
Net finance charges	(1 470 534)	(1 429 627)	2.9
Finance income	57 367	80 253	
Finance charges	(1 527 901)	(1 509 880)	
Share of profit (loss) of associates	100 095	(92 250)	208.5
Current year earnings	100 208	(87 129)	
Net capital items	(113)	(5 121)	
Profit before taxation	5 789 702	1 296 953	346.4
Taxation	(1 670 774)	(851 589)	96.2
Profit for the year from continuing operations	4 118 928	445 364	824.8
Discontinued operations			
Profit (loss) after tax from discontinued operations	3 789	(632 267)	
Profit (loss) for the year	4 122 717	(186 903)	
Attributable to			
Shareholders of the Company – continuing operations	3 840 933	168 981	2 173.0
Shareholders of the Company – discontinued operations	3 789	(632 267)	(100.6)
Non-controlling interest	277 995	276 383	0.6
	4 122 717	(186 903)	
Basic earnings per share (cents) – continuing operations	1 130.2	49.8	2 169.5
Diluted basic earnings per share (cents) – continuing operations	1 129.4	49.7	2 172.4
Basic earnings per share (cents) – discontinued operations	1.1	(186.4)	
Diluted basic earnings per share (cents) – discontinued operations	1.1	(186.1)	
Basic earnings per share (cents) – Group	1 131.3	(136.6)	
Diluted basic earnings per share (cents) – Group	1 130.5	(136.4)	
Supplementary information			
Normalised headline earnings per share (cents) – continuing operations*	1 292.0	1 028.3	25.6
Headline earnings per share (cents) – continuing operations	1 183.3	553.2	113.9
Diluted headline earnings per share (cents) – continuing operations	1 182.4	552.5	114.0
Headline earnings per share (cents) – discontinued operations	15.2	(159.2)	
Diluted headline earnings per share (cents) – discontinued operations	15.2	(159.0)	
Normalised headline earnings per share (cents) – Group*	1 307.2	869.1	50.4
Headline earnings per share (cents) – Group	1 198.4	394.0	204.2
Diluted headline earnings per share (cents) – Group	1 197.5	393.5	204.3
Shares in issue			
Total ('000)	339 888	339 770	
Weighted ('000)	339 847	339 264	
Diluted weighted ('000)	340 096	339 728	

* Refer normalised headline earnings note for detailed definition.

** Refer to restatement note for further details.

Summarised consolidated income statement

(continued)

for the

	Year ended 30 June		
R000s	2021 Audited	2020 Audited	% Change
Supplementary information continued			
Headline earnings			
The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline earnings:			
Profit attributable to shareholders of the Company – continuing operations	3 840 933	168 981	2 173.0
Impairment of property, plant and equipment, right-of-use assets, goodwill and intangible assets	71 872	990 164	
Property, plant and equipment #	48 976	222 463	
Right-of-use assets #	(12 950)	145 144	
Goodwill #	–	496 850	
Intangible assets #	44 395	322 124	
Taxation effect	(8 549)	(141 865)	
Non-controlling interest	–	(54 552)	
Net loss on disposal of interests in subsidiaries and disposal and closure of businesses	62 821	247 181	
Loss on disposal and closure #	64 722	278 944	
Taxation effect	(1 901)	(18 482)	
Non-controlling interest	–	(13 281)	
Net loss on disposal and impairment of associates	77 448	485 711	
Impairment of associates #	77 448	523 279	
Net loss on change in shareholding in associates #	–	693	
Taxation effect	–	(38 261)	
Net gain on disposal of property, plant and equipment and intangible assets	(2 270)	(8 963)	
Property, plant and equipment #	(8 503)	29 981	
Intangible assets #	6 259	(30 681)	
Taxation effect	375	(8 263)	
Non-controlling interest	(401)	–	
Compensation received on loss or impairment of property plant and equipment	(29 667)	(11 267)	
Compensation received #	(40 684)	(15 648)	
Taxation effect	11 017	4 381	
Non-headline items included in equity accounted earnings of associated companies	113	5 121	
Headline earnings – continuing operations	4 021 250	1 876 928	114.2
Profit (loss) attributable to shareholders of the Company – discontinued operations	3 789	(632 267)	
Loss on disposal of discontinued operations	85 224	–	
Impairment of property, plant and equipment, right-of-use assets, goodwill and intangible assets	(37 478)	92 094	
Property, plant and equipment	(28 782)	48 927	
Right-of-use assets	–	52 790	
Intangible assets	(23 271)	26 583	
Taxation effect	14 575	(36 206)	
Headline earnings – Group	4 072 785	1 336 755	

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

Summarised consolidated income statement

(continued)

for the

Normalised headline earnings per share

Normalised headline earnings per share is a measurement used by the chief operating decision-maker, Mpumi Madisa and the executive board. The calculation of normalised headline earnings per share excludes acquisition costs, amortisation of acquired customer contracts, the Group's non-cash share of Comair's SAA travel agent incentive scheme settlement (prior year) and COVID-19 pandemic expenses relating to abnormal receivables provisioning, inventory obsolescence, restructuring costs and COVID-19 compliance regulatory costs and is based on the normalised headline earnings attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year. The presentation of normalised headline earnings is not an IFRS requirement.

R000s	Year ended 30 June	
	2021 Audited	2020 Audited
Headline earnings – continuing operations	4 021 250	1 876 928
Acquisition costs	33 509	178 179
Amortisation of acquired customer contracts	271 516	70 120
Fair value uplift of Adcock Ingram inventory	–	96 930
Non-cash share of Comair's SAA travel agent incentive scheme settlement	–	122 191
COVID-19 pandemic expenses (refer significant accounting judgements)	182 466	1 200 644
COVID-19 pandemic impact on MIAL investment (refer significant accounting judgements)	–	351 442
Taxation effect	(101 433)	(333 513)
Non-controlling interest	(16 474)	(74 193)
Normalised headline earnings – continuing operations	4 390 834	3 488 728
Normalised headline earnings – discontinued operations	51 535	(540 173)
Normalised headline earnings – Group	4 442 369	2 948 555

Summarised consolidated statement of other comprehensive income

for the

	Year ended 30 June	
R000s	2021 Audited	2020 Audited
Profit (loss) for the year	4 122 717	(186 903)
Other comprehensive income (expense) net of taxation		
<i>Items that may be reclassified subsequently to profit or loss</i>	(620 829)	155 080
(Decrease) increase in foreign currency translation reserve		
Exchange differences arising during the year	(647 494)	200 770
Increase (decrease) in fair value of cash flow hedges	26 665	(51 704)
Fair value gain (loss) arising during the period	37 035	(71 811)
Taxation effect for the year	(10 370)	20 107
Share of other comprehensive income of associates	–	6 014
Other comprehensive income transferred to profit or loss		
Realisation of exchange differences on disposal of subsidiaries and or associates	52 954	7 327
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Changes in the fair value of financial assets recognised through other comprehensive income	1 862	(15 865)
Defined benefit obligations	12 094	(28 030)
Net remeasurement of defined benefit obligations during the year	16 798	(38 729)
Taxation effect for the year	(4 704)	10 699
Total comprehensive income for the year	3 568 798	(68 391)
Attributable to		
Shareholders of the Company	3 326 301	(368 125)
Non-controlling interest	242 497	299 734
	3 568 798	(68 391)

Summarised consolidated statement of cash flows

for the

	Year ended 30 June	
R000s	2021 Audited	2020 Audited
Cash flows from operating activities	9 743 709	4 258 631
Profit before finance charges and associate income	7 160 141	2 818 830
Dividends from associates	97 767	123 910
Acquisition costs	33 509	178 179
Depreciation and amortisation	3 639 341	2 947 695
Share-based payment expense	224 666	216 348
Impairments of associates	77 448	523 279
Impairment of goodwill and intangibles	44 395	818 974
Impairment of property, plant and equipment and right-of-use assets	36 026	367 608
Fair value adjustment to investments	68 384	108 598
	(130 945)	201 858
Other non-cash items		
Cash generated by operations before changes in working capital	11 250 732	8 305 279
Changes in working capital	2 394 336	874 428
Decrease (increase) in inventories	918 156	(740 413)
(Increase) decrease in trade receivables	(436 212)	2 623 679
Decrease (increase) in banking and other advances	198 852	(449 541)
Increase (decrease) in trade and other payables and provisions	1 373 632	(1 438 571)
Increase in amounts owed to bank depositors	339 908	879 274
Cash generated by operations	13 645 068	9 179 707
Net finance charges paid	(1 411 645)	(1 432 054)
Taxation paid	(1 814 274)	(1 454 119)
Dividends paid by the Company	(985 674)	(2 033 951)
Dividends paid by subsidiaries	(83 059)	(233 613)
– Non-controlling shareholders	(80 024)	(229 818)
– Put-call option holders	(3 035)	(3 795)
Net operating cash flows from discontinued operations	393 293	232 661
Cash flows from investment activities	(1 786 944)	(3 319 199)
Net additions to property, plant and equipment	(1 916 901)	(1 678 051)
Net additions to intangible assets	(324 156)	(141 409)
Net cash and cash equivalents arising on consolidation of Adcock Ingram	–	467 913
Acquisition of subsidiaries, businesses, associates and investments	(3 935 212)	(5 329 003)
Disposal of subsidiaries, businesses, associates and investments	2 949 139	4 014 367
Net investing cash flows from discontinued operations	1 440 186	(653 016)
Cash flows from financing activities	(7 083 290)	2 041 278
Repayment of lease liabilities	(1 294 769)	(1 017 544)
Settlement of puttable non-controlling interest liability	–	(57 050)
Transactions with non-controlling interests	(481 410)	(200 650)
Part held subsidiary share buy-back from non-controlling interest	–	(154 056)
Borrowings raised	5 424 273	19 954 763
Borrowings repaid	(10 372 402)	(16 774 408)
Net financing cash flows from discontinued operations	(358 982)	290 223
Net increase in cash and cash equivalents	873 475	2 980 710
Net cash and cash equivalents at the beginning of the year	5 343 865	2 034 523
Exchange rate adjustment	(399 211)	328 632
Net cash and cash equivalents at end of the year	5 818 129	5 343 865
Net cash and cash equivalents comprise:		
Cash and cash equivalents – continuing operations	7 438 073	10 412 475
Cash and cash equivalents – discontinued operations	–	(746 561)
Bank overdrafts included in short-term portion of interest bearing borrowings	(1 619 944)	(4 322 049)
	5 818 129	5 343 865

Summarised consolidated statement of financial position

as at

	30 June	
	2021	2020
R000s	Audited	Restated Audited
ASSETS		
Non-current assets	53 211 879	53 367 575
Property, plant and equipment	14 107 562	14 425 708
Right-of-use assets	4 615 625	5 134 768
Intangible assets	13 661 818	13 313 157
Goodwill	13 678 707	14 058 238
Deferred taxation assets	1 538 254	1 588 036
Defined benefit pension surplus	252 230	214 329
Interest in associates and joint ventures	527 908	599 188
Life assurance fund	368 937	242 048
Investments	2 758 682	2 031 937
Banking and other advances	1 702 156	1 760 166
Current assets	33 187 856	36 806 591
Inventories	10 106 113	11 060 258
Short-term portion of banking and other advances	1 203 708	1 344 550
Short-term portion of investments	–	1 141 545
Trade and other receivables	14 072 021	12 522 646
Taxation	367 941	325 117
Cash and cash equivalents	7 438 073	10 412 475
Assets of disposal group held for sale	–	1 806 855
Total assets	86 399 735	91 981 021
EQUITY AND LIABILITIES		
Capital and reserves	28 790 766	26 640 903
Attributable to shareholders of the Company	25 537 831	23 159 047
Non-controlling interest	3 252 935	3 481 856
Non-current liabilities	24 337 921	32 143 344
Deferred taxation liabilities	3 907 936	3 931 901
Life assurance fund	222 165	165 860
Long-term portion of borrowings	15 355 102	22 883 554
Post-retirement obligations	77 040	79 075
Puttable non-controlling interest liabilities	20 889	22 002
Long-term portion of provisions	635 356	667 672
Long-term portion of lease liabilities	4 119 433	4 393 280
Current liabilities	33 271 048	31 557 555
Trade and other payables	18 288 267	15 018 849
Short-term portion of provisions	460 634	820 590
Vendors for acquisition	752	2 611
Taxation	482 485	438 105
Amounts owed to bank depositors	7 626 671	7 286 764
Short-term portion of borrowings	5 380 263	6 752 335
Short-term portion of lease liabilities	1 031 976	1 238 301
Liabilities of disposal group held for sale	–	1 639 219
Total equity and liabilities	86 399 735	91 981 021
Net asset value per share (cents)	7 514	6 816

Summarised consolidated statement of changes in equity

for the

R000s	Year ended 30 June	
	2021 Audited	2020 Audited
Equity attributable to shareholders of the Company	25 537 831	23 159 047
Share capital	17 014	17 014
Balance at beginning of the year	17 014	16 948
Shares issued during the year	–	66
Share premium	1 367 796	1 367 796
Balance at beginning of the year	1 367 796	1 099 231
Shares issued during the year	–	268 856
Share issue costs	–	(291)
Foreign currency translation reserve	(166 446)	400 927
Balance at beginning of the year	400 927	208 936
Movement during the year	(620 327)	184 664
Realisation of reserve on disposal of subsidiaries and or associates	52 954	7 327
Hedging reserve	(38 619)	(65 284)
Balance at beginning of the year	(65 284)	(13 580)
Fair value losses arising during the year	37 035	(71 811)
Deferred tax recognised directly in reserve	(10 370)	20 107
Equity-settled share-based payment reserve	(326 401)	(437 247)
Balance at beginning of the year	(437 247)	(343 118)
Arising during the year	215 848	219 827
Deferred tax recognised directly in reserve	23 362	(18 093)
Utilisation during the year	(130 097)	(295 863)
Realisation of reserve on disposal of subsidiaries and or associates	1 733	–
Movement in retained earnings	24 005 009	21 211 095
Balance at the beginning of the year	21 211 095	23 818 868
Attributable profit (loss)	3 844 722	(463 286)
Change in fair value of financial assets recognised through other comprehensive income	1 861	(15 865)
Net remeasurement of defined benefit obligations during the year	12 297	(28 319)
Other transactions with subsidiaries	–	(154 056)
Transfer of reserves as a result of changes in shareholding of subsidiaries and other transactions with subsidiaries	(79 292)	80 424
Remeasurement of put option liability	–	1 266
Share of other comprehensive income of associates	–	6 014
Net dividends paid	(985 674)	(2 033 951)
Treasury shares	679 478	664 746
Balance at the beginning of the year	664 746	637 063
Purchase of shares by subsidiaries	(111 975)	–
Shares disposed of in terms of share incentive scheme	126 707	27 683
Equity attributable to non-controlling interests of the Company	3 252 935	3 481 856
Balance at beginning of the year	3 481 856	304 620
Total comprehensive income	242 497	299 734
Attributable profit	277 995	276 383
Movement in foreign currency translation reserve	(27 167)	16 106
Movement in cash hedge fund	(8 169)	6 936
Changes in the fair value of financial assets recognised through other comprehensive income	41	20
Net remeasurement of defined benefit obligations during the year	(203)	289
Dividends paid	(80 024)	(229 818)
Movement in equity-settled share-based payment reserve	7 391	(2 155)
Changes in shareholding	(478 077)	3 189 899
Transfer of reserves as a result of changes in shareholding of subsidiaries	79 292	(80 424)
Total equity	28 790 766	26 640 903

Summarised disaggregated revenue

for the

R000s	Year ended 30 June	
	2021 Audited	2020 Restated Audited
Revenue		
Sale of goods ¹	53 723 694	47 812 696
Rendering of services ²	33 449 398	27 388 751
Commissions and fees earned ³	2 190 198	2 306 642
Billings relating to clearing and forwarding transactions ⁴	1 946 949	2 112 326
Interest ⁵	433 742	589 043
Insurance ⁶	531 792	512 356
	92 275 773	80 721 814
Inter-group eliminations	(3 960 967)	(4 179 233)
	88 314 806	76 542 581
Included in commissions and fees earned is R2,0 billion (2020:R1,9 billion) which does not relate to revenue from contracts with customers but commissions and fees from rendering financial services. All other categories other than insurance relate to revenue from contracts with customers.		
Disaggregation of segmental revenue		
Services ²	27 612 714	21 008 073
Branded Products ¹	17 081 744	16 298 000
Freight ^{2, 4}	5 846 612	6 054 636
Commercial Products ¹	13 449 322	11 287 019
Financial Services ^{3, 5, 6}	2 464 425	2 452 682
Automotive ¹	20 883 554	18 028 934
Properties ²	43 444	48 059
Corporate and Investments ¹	932 991	1 365 178
	88 314 806	76 542 581
Geographic disaggregation of revenue		
Southern Africa	73 352 022	67 687 640
International	14 962 784	8 854 941
	88 314 806	76 542 581

Summarised segmental analysis

for the

	Year ended 30 June		
	2021	2020	Percentage
R000s	Audited	Restated Audited	Change
Segmental revenue			
Services	28 892 866	22 090 784	30.8
Branded Products	17 793 068	17 327 336	2.7
Freight	6 204 869	6 308 343	(1.6)
Commercial Products	14 024 659	11 943 006	17.4
Financial Services	2 646 657	2 650 190	(0.1)
Automotive	21 095 402	18 263 276	15.5
Properties	587 726	624 292	(5.9)
Corporate and investments	1 030 526	1 514 587	(32.0)
	92 275 773	80 721 814	14.3
Inter-group eliminations	(3 960 967)	(4 179 233)	
	88 314 806	76 542 581	15.4
Geographic region			
Southern Africa	76 993 821	71 857 855	7.1
International	15 281 952	8 863 959	72.4
	92 275 773	80 721 814	
Segmental trading profit			
Services	3 303 383	2 133 745	54.8
Branded Products	1 462 522	1 404 039	4.2
Freight	1 295 003	1 160 543	11.6
Commercial Products	921 610	393 032	134.5
Financial Services	331 584	304 354	8.9
Automotive	652 031	177 518	267.3
Properties	560 689	579 110	(3.2)
Corporate and investments	(635 897)	(812 640)	(21.7)
	7 890 925	5 339 701	47.8
Geographic region			
Southern Africa	6 328 706	4 766 668	32.8
International	1 562 219	573 033	172.6
	7 890 925	5 339 701	
Earnings before interest, taxation, depreciation and amortisation (EBITDA)			
EBITDA is determined as trading profit before depreciation and amortisation charges. EBITDA has been adjusted for the impact of IFRS 16: Leases by adding back the right-of-use asset depreciation and deducting lease payments.			
Services	4 140 815	2 740 148	51.1
Branded Products	1 686 534	1 652 919	2.0
Freight	1 522 180	1 361 220	11.8
Commercial Products	1 006 409	508 313	98.0
Financial Services	605 633	546 669	10.8
Automotive	685 034	227 853	200.6
Properties	567 518	586 860	(3.3)
Corporate and investments	(623 375)	(800 184)	(22.1)
	9 590 748	6 823 798	40.5
Geographic region			
Southern Africa	7 616 966	6 113 383	24.6
International	1 973 782	710 415	177.8
	9 590 748	6 823 798	

Summarised segmental analysis

(continued)

for the

		30 June	
	2021	2020	Percentage
R000s	Audited	Restated Audited	Change
Segmental operating assets			
Services	9 350 235	8 928 512	4.7
Branded Product	9 723 479	10 026 686	(3.0)
Freight	8 339 044	8 311 029	0.3
Commercial Products	6 113 905	6 036 883	1.3
Financial Services	7 786 911	7 630 831	2.0
Automotive	4 330 847	4 656 611	(7.0)
Properties	3 895 019	3 561 295	9.4
Corporate and investments	797 589	2 086 390	(61.8)
	50 337 029	51 238 237	(1.8)
Inter-group eliminations	(622 087)	(761 094)	
	49 714 942	50 477 143	(1.5)
Geographic region			
Southern Africa	44 333 476	46 201 208	(4.0)
International	6 003 553	5 037 029	19.2
	50 337 029	51 238 237	
Segmental operating liabilities			
Services	8 173 531	7 306 940	11.9
Branded Products	4 295 126	4 298 796	(0.1)
Freight	4 659 191	4 257 185	9.4
Commercial Products	2 965 766	2 360 317	25.7
Financial Services	9 344 214	8 973 342	4.1
Automotive	2 827 663	2 354 633	20.1
Properties	78 152	40 877	91.2
Corporate and investments	739 986	839 395	(11.8)
	33 083 629	30 431 485	8.7
Inter-group eliminations	(622 087)	(761 094)	
	32 461 542	29 670 391	9.4
Geographic region			
Southern Africa	27 299 845	25 610 101	6.6
International	5 783 784	4 821 384	20.0
	33 083 629	30 431 485	

Basis of presentation of summarised consolidated financial statements

The provisional summarised consolidated financial statements have been prepared in accordance with and containing information required by IAS 34: Interim Financial Reporting as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the Companies Act of South Africa and the JSE Listings Requirements. The summarised report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Group during the interim reporting period (IAS 34 para 6). Selected explanatory notes are included to explain events and transactions that are significant to an understanding to the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2021.

In preparing these provisional summarised consolidated financial statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Significant accounting policies and judgements

The accounting policies applied in these provisional summarised consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ending 30 June 2021. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.

Judgement was required to consider the impact of COVID-19 on the results of the Group for the period under review. The financial impact arising from the Group's assessment is detailed below:

R000s	2021	2020
Restructuring and retrenchment costs	160 638	460 443
Net impairment losses on financial assets (IFRS 9: Expected Credit Losses (ECL))	5 622	228 315
Write-down of inventory to net realisable value	11 302	54 738
Onerous contracts	4 903	57 148
Bidvest COVID-19 Fund	–	400 000
Impairment of MIAL, classified as a financial asset at fair value through profit or loss, where the fair value is not based on observable market data (Level 3)	–	351 442
COVID -19 non-capital charges	182 465	1 552 086
COVID -19 capital impairments	134 693	1 147 958

Restatement of comparatives

The comparative consolidated statement of financial position has been restated following a Purchase Price Allocation (PPA) review of a prior year acquisition (refer Business Combinations note for further details). In prior periods the net life assurance fund was disclosed on the face of the consolidated statement of financial position. In the current reporting period the gross life assurance fund asset and the gross reinsurer's share have been separately disclosed in non-current assets and non-current liabilities respectively, the prior year comparative has been restated accordingly. The impact on the 2019 financial period was not material. Interest revenue, disclosed in the Rendering of services category in prior periods, has been restated and disclosed in the interest from banking operations category.

Significant commitments

Bidvest Properties has committed R195 million to build two Gauteng distribution centres for operations within the Bidvest Commercial Products division. The estimated completion date for the distribution centre project is 30 November 2021.

Fair value of financial instruments

The Group's investments of R2 759 million (2020: R3 173 million) include R163 million (2020: R141 million) recorded at amortised cost, R2 476 million (2020: R1 757 million) recorded and measured at fair values using quoted prices (Level 1) and R119 million (2020: R1 276 million) recorded and measured at fair value using factors not based on observable data (Level 3). Fair value losses on Level 3 investments recognised in the income statement total R140 million (2020: R103 million gain).

Basis of presentation of summarised consolidated financial statements (continued)

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

R000s	Year ended 30 June	
	2021 Audited	2020 Audited
Balance at the beginning of year	1 276 338	1 311 132
On acquisition of business	–	29 627
Purchases, loan advances or transfers from other categories	36 815	41 169
Fair value adjustment recognised directly in equity	124	55
Fair value adjustment arising during the year recognised in the income statement	(3 040)	(102 831)
Proceeds on disposal, repayment of loans or transfers to other categories	(1 050 807)	(3 396)
Loss on disposal of investments	(140 222)	–
Exchange rate adjustments	–	582
	119 208	1 276 338

Effective 5 February 2021 the Group disposed of its entire remaining interest in the Indian based Mumbai International Airport Private Limited (MIAL) for R1.0 billion (Rcr 505). MIAL was an unlisted investment held at fair value through profit or loss, where the fair value is not based on observable market data (level3). A R140 million loss on disposal was recognised in the current period. The carrying value at 30 June 2020 was R1.1 billion (Rcr 497).

The carrying values of all financial assets and liabilities approximate their fair values, with the exception of borrowings of R20 796 million whose carrying value is R20 735 million.

Discontinued operations

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

Effective 29 June 2021 the Group disposed of its entire interest in BCR for the gross consideration of R725 million (net R701 million) to the Thesele Consortium, lead by the 100% black-owned Thesele Group. The balance of the discontinued operations' net assets were disposed of on the open market.

Basis of presentation of summarised consolidated financial statements (continued)

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

R000s	2021 Audited	2020 Audited
Revenue	536 819	1 057 525
Cost of revenue	(291 257)	(840 519)
Gross profit	245 562	217 006
Operating expenses	(7 135)	(716 538)
Other income	–	1 063
Trading profit (loss)	238 427	(498 469)
Share-based payment expense	1 427	(1 324)
Impairment of property, plant and equipment and right-of-use assets	52 051	(128 300)
Loss on disposal of discontinued operations	(85 224)	–
Operating profit (loss) before finance charges and associate income	206 681	(628 093)
Net finance charges	(77 931)	(210 151)
Finance income	31 815	5 151
Finance charges	(109 746)	(215 302)
Operating profit (loss) before taxation	128 750	(838 244)
Taxation	(124 961)	205 977
Gain (loss) for the year from discontinued operations	3 789	(632 267)
Basic earnings per share (cents) – discontinued operations	1.1	(186.4)
Diluted basic earnings per share (cents) – discontinued operations	1.1	(186.1)
Effect of the discontinued operation on the Group's consolidated statement of financial position		
Assets of disposal group held for sale	–	1 806 855
Current tax asset	–	58 335
Vehicle rental fleet	–	1 561 338
Inventories	–	1 600
Trade and other receivables	–	168 694
Cash and cash equivalents	–	16 888
Liabilities of disposal group held for sale	–	1 639 219
Post-retirement medical aid obligations	–	1 123
Lease liabilities	–	78 096
Trade and other payables	–	195 325
Provisions for discontinuation	–	255 233
Interest-bearing borrowings	–	345 993
Cash and cash equivalents (overdrafts)	–	763 449
Cash flows from discontinued operations		
Net operating cash flows from discontinued operations	393 293	232 661
Net investing activities from discontinued operations	1 440 186	(653 016)
Net financing activities from discontinued operations	(358 982)	290 223
Net increase (decrease) in cash and cash equivalents	1 474 497	(130 132)
Analysis of discontinued net assets sold and consideration received		
Assets of disposal group sold	864 757	–
Liabilities of disposal group sold	(54 533)	–
Net assets sold	810 224	–
Loss on disposal	(85 224)	–
Gross consideration received	725 000	–
Cash and cash equivalents included in net assets of disposal group sold	(24 206)	–
Net consideration received	700 794	–

Basis of presentation of summarised consolidated financial statements (continued)

Business combinations

The prior year acquisition, PHS Group was subject to a Purchase Price Allocation (PPA) review in the current period. The PPA review, which was finalised during the current period, resulted in the recognition at 30 June 2020 of an indefinite life Brand intangible asset in the amount of R2 336 million (£108.8 million), a 15-year definite life Customer Relationships intangible asset in the amount of R2 482 million (£115.6 million) and deferred tax liabilities of R915 million (£42.6 million), a resultant net R 3 903 million (£181.7 million) goodwill has been de-recognised. The 30 June 2020 comparative condensed consolidated statement of financial position has been restated accordingly, the impact of which is illustrated in the table below. The impact of the PPA on the consolidated income statement and condensed consolidated statement of other comprehensive income was considered immaterial and these statements were not restated.

	De-recognised at acquisition (1 May 2020)	Restated at acquisition (1 May 2020)	Movement in FCTR to 30 June 2020	Net impact of restatement at 30 June 2020
R000s				
Deferred taxation	–	(1 006 737)	91 253	(915 484)
Intangible asset – PHS brand (indefinite life)	–	2 569 026	(232 863)	2 336 163
Intangible asset – Customer relationships (15-year life)	–	2 729 590	(247 416)	2 482 174
Goodwill	(11 685 164)	7 393 285	389 026	(3 902 853)
Net assets recognised	(11 685 164)	11 685 164	–	–

The relief-from-royalty method was used to determine the value of the PHS brand. A royalty rate of 3.5% was applied after considering PHS's market-leading position, profitability levels and licensing transactions for similar entities. The Multi-Period Excess Earnings Method (MPEEM), an income-based valuation method that isolates the cash flow attributable to the customer related intangible asset, was used to value Customer Relationships, which were estimated to have a Remaining Useful Life (RUL) of 15 years. A ratio of 92.5% was applied to forecasted revenues (representing the revenue remaining after removing revenue from new customers) in addition to an existing customer attrition rate of 13.5%. The Weighted Average Cost of Capital (WACC) was calculated as 9.8%, to which a 0.25% intangible asset specific risk premium was added to arrive at the discount rate of 10.05% used in valuation of the identified intangible assets. The residual Goodwill is supported by the identified trained and assembled workforce.

Acquisition of businesses, subsidiaries, associates and investments

During the current period, Bidvest Services' international operations, Noonan Services (UK) and Noonan Services (ROI) made a number of bolt-on acquisitions in the United Kingdom (UK) and Republic of Ireland (ROI), which have been collectively disclosed as the Bidvest Services international acquisitions. The acquired companies specialise in security, cleaning and other facilities management services throughout the UK and ROI in the retail, transport, corporate, warehouse and distribution sectors. The acquisitions substantially add to the Bidvest Services division's facilities management offerings as a whole and in the UK and ROI. The Group will gain and achieve substantial synergies from these bolt-on acquisitions, which have been funded using the Group's cash resources and existing facilities.

Acquisition	Effective acquisition date	Net identifiable assets	Goodwill	Cash and cash equivalents acquired	Net purchase price paid
Axis Group Limited (United Kingdom)	01-Feb-21	186 490	200 818	(12 734)	374 574
Cordant Group (United Kingdom)	01-Jun-21	484 309	116 056	292 767	893 132
Lynch Interact (Republic of Ireland)	01-May-21	116 499	64 863	(25 554)	155 808
Amber Cleaning (United Kingdom)	01-May-21	51 824	5 267	(17 300)	39 791
		839 122	387 004	237 179	1 463 305

A PPA review resulted in the identification of definite life Customer Relationship intangible assets in the amount of R1 087 million (£47 million and €9 million). The Multi-Period Excess Earnings Method (MPEEM) using cash flows attributable to the customer related intangible asset was used to value Customer Relationships, which were estimated to have a Remaining Useful Life (RUL) of 20 years. An existing customer attrition rate of 5% was applied to forecasted existing customer revenues. A WACC of 11% was used in valuation. The residual Goodwill is supported by the identified trained and assembled workforce.

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

Basis of presentation of summarised consolidated financial statements (continued)

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

R000s	Bidvest Services international acquisitions				
	Cordant Group	Axis Group Limited	Other Services int. acquisitions	Other minor acquisitions	Total acquisitions
Property, plant and equipment	18 894	8 663	10 875	638	39 070
Right-of-use assets	3 109	22 854	2 144	–	28 107
Deferred taxation	(110 394)	(57 374)	(25 281)	(2 047)	(195 096)
Interest in associates and joint ventures	–	–	–	62 054	62 054
Investments and advances ^o	–	–	42	2 364 541	2 364 583
Inventories	–	692	–	787	1 479
Trade and other receivables	935 228	629 655	60 898	1 808	1 627 589
Cash and cash equivalents	(292 767)	12 734	42 854	324	(236 855)
Borrowings	–	–	(20 191)	–	(20 191)
Trade and other payables and provisions	(609 030)	(717 585)	(79 233)	(13 329)	(1 419 177)
Lease liabilities	(9 741)	(39 948)	(2 013)	–	(51 702)
Taxation	(32 011)	–	(5 192)	159	(37 044)
Intangible assets	581 021	326 799	183 420	10 094	1 101 334
Non-controlling interest	–	–	–	(3 106)	(3 106)
Goodwill	116 056	200 818	70 130	14 939	401 943
Net assets acquired	600 365	387 308	238 453	2 436 862	3 662 988
Settled as follows:					
Cash and cash equivalents acquired	292 767	(12 734)	(42 854)	(324)	236 855
Acquisition costs				33 509	33 509
Net change in vendors for acquisition				1 860	1 860
Net acquisition of businesses, subsidiaries, associates and investments	893 132	374 574	195 599	2 471 907	3 935 212

^o R8 million of advances to B-BBEE and other partners, R36 million costs capitalised to MIAL investment, R2 321 million purchases made in the Bidvest Insurance and Bidvest Bank investment portfolios.

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

Trade receivables acquired are stated net of impairment allowances of R25 million (2020: R151 million). There were no significant contingent liabilities identified in the businesses acquired.

The Bidvest Services international acquisitions contributed R1 412 million to revenue and R98 million to operating profit, had the acquisitions taken place 1 July 2020 the contribution to revenue would have been R7 094 million and R328 million to operating profit. Other minor acquisitions contributed R54 million in revenue and R1.1 million in operating losses, had these other acquisitions taken place 1 July 2020 the contribution to revenue would have been R56 million and R0.7 million in operating losses.

Disposals

On 23 December 2020, the Group disposed of 100% of the share capital and voting rights of Ontime Automotive Limited (Ontime). Ontime is a specialist in vehicle transport services and is Europe's largest enclosed car delivery operator. This disposal follows the prior period disposal of DH Mansfield and completes the divestiture of the Group's Freight interests in the United Kingdom, which are considered non-core because of size, geographical isolation and lack of scalability.

On 4 June 2021, the Group disposed of its entire interest in BidAir Services Proprietary Limited to National Aviation Services (NAS), Colossal Africa and a consortium comprising the BidAir Services executive management team. BidAir Services provides handling services, including passenger and ramp handling, load control and operations, cleaning, and toilet and water services, at nine South African airports. The decision to sell arose due to the advent of COVID-19 and the Group's reassessment of the suitability of this investment within its security and aviation portfolio.

Basis of presentation of summarised consolidated financial statements (continued)

R000s	On Time Automotive	BidAir Services	Other disposals	Total disposals
Property, plant and equipment	(140 601)	(66)	(12 077)	(152 744)
Right-of-use assets	(42 609)	–	(208)	(42 817)
Deferred taxation	(3 305)	(9)	1 719	(1 595)
Interest in associates	–	–	(2 815)	(2 815)
Investments and advances °	–	–	(2 747 929)	(2 747 929)
Inventories	(818)	(672)	(12 380)	(13 870)
Trade and other receivables	(74 493)	(45 157)	(8 803)	(128 453)
Cash and cash equivalents and bank overdrafts	31 262	(5 537)	(3 642)	22 083
Borrowings	18 169	–	–	18 169
Lease liability	45 151	–	230	45 381
Trade and other payables and provisions	52 965	31 374	16 853	101 192
Taxation	(162)	4 618	(198)	4 258
Intangible assets	(55)	(717)	(116)	(888)
	(114 496)	(16 166)	(2 769 366)	(2 900 028)
Non-controlling interest	–	–	(227)	(227)
Realisation of foreign currency translation reserve	(62 143)	–	9 189	(52 954)
Realisation of share based payment reserve	–	533	(2 266)	(1 733)
Goodwill	–	(16 983)	(5 770)	(22 753)
Net assets disposed of	(176 639)	(32 616)	(2 768 440)	(2 977 695)
Settled as follows:				
Cash and cash equivalents and bank overdrafts disposed of	(31 262)	5 537	3 642	(22 083)
Net loss on disposal of operations	96 580	(42 382)	8 622	62 820
Raising of other investment arising on disposal of subsidiaries and associates	–	35 000	–	35 000
Net receivable reversed on disposal of subsidiaries and associates	51 839	–	(99 020)	(47 181)
Net proceeds on disposal of businesses, subsidiaries, associates and investments	(59 482)	(34 461)	(2 855 196)	(2 949 139)

° R30 million repayment of advances to B-BBEE and other partners, R1 666 million sales made in the investment portfolios of Bidvest Insurance and Bidvest Bank, R1 040 million for the disposal of MIAL and R12 million disposal of other investments

Subsequent event

Subsequent to the year end the Group executed a new three year banking facility dated 8 July 2021 with a Syndicate of seven international and local banks for a total facility amounting to £400 million. The facility comprises a Term loan of £160 million and a committed Revolving Credit Facility ("RCF") of £240 million. The facility can be drawn in multi-currencies and has the potential to be upsized to an aggregate of £460 million upon request by the Company. £345 million of the facility was drawn down on 14 July 2021 and used to repay in full the €320 million Term Facility (due for repayment in September 2022) and the remaining £60 million balance of the PHS Bridge facility (due for repayment in December 2021). Both repaid facilities have been terminated. The facility adds further available liquidity to the group in terms of the undrawn portion of the RCF and lengthens the loan maturity to July 2024. The company has the option to extend the facility by a further two years upon request to the lenders.

Audit report

The auditors, PriceWaterhouseCoopers Inc. have issued their audit opinion on the consolidated financial statements for the year ended 30 June 2021. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified opinion. A copy of the auditor's report together with a copy of the audited consolidated financial statements are available for inspection at the Company's registered office.

These summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent in all material respects with the consolidated financial statements. These summarised provisional consolidated financial statements have been audited by the Company's auditors who have issued an unmodified opinion. The auditor's report does not necessarily report on all of the information contained in this announcement. Any reference to future financial information included in this announcement has not been reviewed or reported on by the auditors. Shareholders are advised, that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the Company's registered office.

Preparer of the summarised consolidated financial statements

The consolidated financial statements and final summarised consolidated financial statements have been prepared under the supervision of the Chief Financial Officer, MJ Steyn BCom CA(SA), and were approved by the board of directors on 3 September 2021.



Bidvest

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