Bid Corporation Limited
(Incorporated in the Republic of South Africa)
Registration number: 1995/008615/06
Share code: BID
ISIN: ZAE000216537
("Bidcorp" or "group" or the "company")

CAPITAL MARKETS TRADING UPDATE: TEN MONTHS TO APRIL 2021

Shareholders are advised Bidcorp today, Wednesday June 9th 2021, wishes to update the market on the trading environment across its operations. This is in accordance with Bidcorp's obligations for continuous disclosure in terms of the JSE Listings Requirements.

Management comments as follows:

Employees

The health and well-being of our employees continues to be our top priority in the face of the impact from the global COVID-19 pandemic (COVID). We are extremely proud of the great achievements of our teams in every jurisdiction we operate in and how well they have adapted to the ever-changing landscape. Low case numbers of infections within our businesses around the world have not impacted our ability to operate at any time. We remain vigilant and continue to manage within strict business best practices and local government regulations and protocols.

We appreciate the stress and difficulties being experienced by all our people during this time and are indebted to all who work tirelessly to keep our products moving and the wheels rolling. Our customer base has been affected more than most, where any form of lockdown inevitably results in hospitality closures. We continue to work with our partners, including customers and suppliers, in navigating this crisis and moving forward.

Overall market trends

The operating environment in most countries remains volatile and restrictions are often imposed to varying degrees with no advance warning, which has challenged both ourselves and our customers abilities to operate effectively and efficiently. These challenges include maintaining good service levels and ensuring we operate with adequate inventory levels to prevent wastage of product. Our teams around the world have come to expect this unpredictability and continue to remain flexible, nimble, and highly adaptive to the inevitably changing circumstances.

Where lockdown restrictions have been eased or reduced in each country where we operate, we have seen a recovery in demand in the discretionary spend sectors. However, hospitality closures from any form of restrictions continue to adversely impact activities such as entertainment, sports events, business travel, conventions and conferences, aviation, and the cruise line industry, which remain largely shuttered. Non-discretionary demand from our institutional customers, including hospitals, aged care, prisons, the military, and government departments has remained relatively stable although at levels below our expectations.

The work from home (WFH) requirement of major institutions, many of whom are located in large inner capital cities, continues to reduce activity levels of our national customers. However where life has returned to some form of 'normality', we are seeing some growth in the customer base. The shift of WFH activity into suburban areas and more rural locations has assisted where restrictions do not have an impact on our customer's ability to operate.

Our independent customer base appears resilient, managing the varying economic conditions relatively well through their flexibility and adaptability. We are confident we are gaining market share in this segment of the market against competitors who do not have the financial strength of Bidcorp. We have gained many new national customers which will benefit the business as soon as activity levels improve.

Trading performance for the ten months to end April 2021

The Q3 F2021 trading has been dominated by the harsh second wave which gripped both the UK and Europe from September 2020 onwards and continued through to April 2021. This has had a significant financial impact on these businesses. However, we are a well-diversified business, with Australia, New Zealand, and Asia doing well, and our other Emerging Market constituents continuing to slowly improve despite being subject to further COVID related lockdowns.

From March 2021 onwards, comparatives of group and divisional sales to F2020 have become meaningless. Sales progression by division and for the group, from the first two weeks of March 2020 (deemed to be 'normal' just prior to the start of the global pandemic, rebased to 100%) to the end of May 2021, as shown in the table below, reflects the COVID impact on our operations. Overall group sales for the last week of May 2021 have returned to 100% of our pre-COVID 'normal'.

TABLE: Constant currency sales by division and group per month from March 2020 to the end of May 2021 (rebased to the period just prior to the start of the global pandemic)**:**

MONTH	AUSTRA LASIA	EUROPE	EMERGING MARKETS	UNITED KINGDOM	GROUP
March 2020	73%	42%	80%	52%	59%
April 2020	42%	40%	61%	44%	45%
May 2020	61%	55%	70%	56%	59%
June 2020	78%	84%	79%	59%	75%
July 2020	87%	107%	78%	69%	87%
August 2020	84%	112%	86%	72%	90%
September 2020	88%	104%	100%	88%	92%
October 2020	93%	84%	101%	71%	85%
November 2020	94%	61%	110%	59%	76%
December 2020	102%	66%	119%	63%	83%
January 2021	89%	57%	102%	36%	66%
February 2021	92%	67%	100%	40%	72%
March 2021	97%	66%	106%	56%	78%
April 2021	98%	68%	105%	60%	79%
May 2021	99%	92%	107%	83%	94%

Please note that monthly percentages should be viewed as a trend reflecting the impacts of the pandemic since the start in March 2020.

- **Australasia (AUS) -** Sales have fluctuated between 89% and 99% of 'normal' demand during Q3 F2021 reaching 99% during May 2021. Demand has been negatively impacted by localised lockdowns at varying times both in New Zealand and Australia.

- **United Kingdom (UK) -** Wholesale and Fresh sales were severely impacted by the strict lockdown through the 3rd quarter but have subsequently improved as restrictions have been eased from mid-March onwards. The highest weekly sales in both businesses of the financial year were recorded in the last week of May 2021.

- **Europe (EUR) -** Sales have been significantly impacted for the period of November 2020 through to April 2021 reaching a low of 57% in January 2021. May 2021 sales have recovered to an average of 92% for the month.

- **Emerging Markets (EM) -** COVID has had a much longer and deeper impact in our EM region, other than in Greater China where the recovery was quick. Sales in EM are seeing improvements in the Middle East, Turkey, and South Africa. Angliss Greater China continues to outperform its Q3F2019 results.

Currency volatility has positively impacted our rand-translated results however this impact is diminishing with current rand strength. Year to date currency movements for the 10 months to the end of April 2021 are shown below:

	F2021 Average FX rate	**F2020 Average FX rate**	***% change***
AUD:ZAR	**11,63**	10,24	*13,6*
EUR:ZAR	**18,65**	16,87	*10,5*
GBP:ZAR	**20,93**	19,29	*8,5*

Our group gross profit percentage for the period to April 2021 has largely been maintained at similar levels to the comparative period in F2020 and is the same as that for the same period in F2019. We are benefitting from our overall mix of smaller independent customers, however we have sacrificed some margin in certain businesses that are driving market share gains. Liquidation of expiring stock, caused by sudden lockdown restrictions, has also had a slightly negative impact.

Throughout the crisis, we have been conscious of making sure that our businesses retain as much human capital capacity and internal IP as we are able, ready to scale-up as activity levels return. We have continued to access various government wage assistance schemes in jurisdictions where we are eligible to do so, to protect as many of our staff as possible and retain the 'muscle' in the respective business. Unfortunately, this has not negated the need to furlough some employees and permanently reduce headcount where restructuring was required.

With lower levels of activity, operating costs as a percentage of net revenue through to April 2021 remained flat at 20,1% however this is elevated compared to F2019. Constant currency operating expenditure (opex) declined by 17,0% compared to a constant currency revenue decline of 17,5% for the period to April 2021. As 35% to 40% of opex is relatively fixed, we do not see a linear reduction in opex as revenues decline, particularly where the onset of the resurgent spread of the virus results in rapid and sudden lockdowns imposed by governments.

For the period to April 2021, the group made a pleasing EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) equivalent to 4,8% of net revenue (10 months of COVID impacts), the same as for the period to April 2020 (2 months of COVID impacts). EBITDA for the comparative period in F2019 was 5,8%.

Constant currency non-IFRS 16 finance charges were 10,4% lower to April 2021 despite the imputed interest on the DAC put option. Excluding this impact, real net finance charges were lower by 18% arising out of the benefits of lower capex and good working capital management.

Average working capital days are better by 7 days year to date versus F2020, a great result achieved by our operations despite a few areas of anticipated absorption. Our inventories are in good condition, customers are largely honouring their payment terms and we have normalised our payables terms.

In the period to April 2021, we have completed a number of sale & leaseback transactions as part of our property maximisation strategy in dealing with end-of-useful-life properties, where we are taking advantage of very low yields currently being achieved in many markets on industrial property.

Free cash flow (excluding dividends but after operating cashflows, working capital, and capex) for the year to April 2021 amounted to an inflow of R2,2 billion, some R1,9 billion better than the comparative year to April 2020. This has been achieved by improved cash generated from operations, capex a little ahead of depreciation and amortisation, and proceeds received on the sale & leaseback of the properties noted above.

Cashflow evolution comparison since March 2020

As at May 31st 2021, the group's net debt was £138 million, some £229 million better when compared to the prior year.

Month	F2021	F2020	YTD change	Month movement
September	£205 m	£401 m	£196 m	-
October	£190 m	£373 m	£183 m	(£13 m)
November	£211 m	£371 m	£160 m	(£23 m)
December	£128 m	£269 m	£141 m	(£19 m)
January	£190 m	£352 m	£162 m	£21 m
February	£179 m	£341 m	£162 m	*Nil*
March	£147 m	£325 m	£178 m	£16 m
April	£139 m	£350 m	£211 m	£33 m
May	£138 m	£367 m	£229 m	£18 m

Liquidity

Our priority has been to ensure that our operations have had sufficient liquidity for their respective requirements over the past 14 months. We believe that the group has sufficient liquidity for the foreseeable future and have reduced headroom in order to preserve costs. The group and its subsidiaries have, as at May 31st 2021, total headroom available including uncommitted facilities and cash and cash equivalents, of R12,8 billion (£653,7 million).

Debt covenants

The group's debt covenants sit at 2,5x net debt to EBITDA and interest cover ratio of EBITDA to net consolidated finance costs (excluding the effects of IFRS 16) of not less than 5x. As at April 2021, the group remains well within these covenant ranges.

Update on under-performing businesses

Our businesses in Spain, Germany, and Fresh UK have stabilised following remedial action taken over the past 10 months. Although the financial numbers do not yet show it, we are well on the track to recovery with all of them. Spain remains the largest challenge, the senior management team is new and rising to the challenge. Fresh UK has been significantly streamlined and excess costs and capacity taken out, without diminishing its position as a specialist supplier of seafood, meat, and produce. Germany is operating effectively, and once sales return as expected, so too will profits.

Strategic challenges and opportunities

Bidcorp's focus is to operate at the 'new normal' which is being dictated by the unpredictability we are seeing in many countries arising out of the effectiveness of vaccination rollouts, ongoing government interventions, and recovery timelines. Forecasting remains difficult as it is not possible to confidently predict sustained activity levels until we see broad declines in the incidence of COVID infections. Our businesses in the UK and Europe are emerging from the second wave of the pandemic, however the sustainability of this recovery will be determined by effectiveness of immunisations, as seen in the UK. Australasia and Asia are performing well and many countries in EM are starting to show signs of recovery.

We are not seeing evidence of any long-term fundamental shift in consumer behavior away from eating-away-from-home and not much has changed in those markets where normality and confidence has returned. The consumer appears to be in reasonable shape worldwide and this is benefitting our target market, namely the smaller to mid-size independent customer.

Large supply disruptions have not materialised as predicted, however for our products imported into Hong Kong and China, the supply chain is being stretched. The majority of our products are procured locally and although there is an element of disruption currently being experienced in global shipping and container availability, this is having a negligible effect on our businesses.

A number of macro challenges are starting to emerge, such as inflation and labour shortages. We are not seeing too much direct food inflation yet but that will take a while to filter through. We are seeing large increases in the price of vehicles and mechanical handling equipment (and a total lack of availability), construction costs are escalating quickly (led by steel and wood), and energy prices in many geographies are increasing dramatically. All of this will likely lead to wage inflation. We are also unbelievably facing a labour shortage in many markets where the recovery has been quick and sharp, particularly in driver and warehouse roles. COVID related travel restrictions is no doubt impacting on people being able to move around freely.

Bidcorp has committed to a target of a 25% reduction in carbon emissions by 2025. We are a user of energy, we operate warehouses with refrigeration, and we operate fleets of vehicles delivering our products to our customers. Accordingly, our investments are focused on long-term sustainability which is getting the focus and attention of each of our management teams. Our initiatives in low emission, energyefficient refrigeration, trucks, and particularly in warehousing, is significant and ongoing.

No significant new-country acquisitions in the foodservice industry have become evident yet. The ability to explore opportunities in new markets remains hindered by the general difficulties of international travel into and from many parts of the world. In our developed markets, the government support and available financial resources has delayed opportunities becoming evident. In our developing world, where such support is far more limited, we are seeing more opportunities and are exploring tangible targets in Chile, Brazil, Turkey, South Africa, and Argentina. We have concluded a number of small in-country acquisitions in Australia, Germany, Italy, and the Middle East. We reiterate that acquisitions made now are riskier than before due to the uncertainty and disruption of the past year.

We are again making investments in those jurisdictions where activity levels have returned, as well as reconsidering investments that were delayed by the onset of the pandemic. This is important as the time delay between conceptualisation and conclusion can be up to three years.

Our ecommerce strategy is developing with increased momentum as our own software development business continues to innovate in the HORECA industry providing our business with a clear competitive advantage. Our digital transformation journey has accelerated through this crisis, and we are seeing some great benefits in customer service, business efficiency, and insights through data analytics, of which we have the benefit of a multi-jurisdictional view.

Comment

Bernard Berson, CEO, commented as follows:

> “I remain extremely proud of our teams around the world, often operating in tough conditions (who don’t have the luxury of working from home and need to deliver food regardless) and who are being severely impacted by changing and unpredictable events. We are indebted to our workforce who keep the products moving and wheels rolling every day.
>
> I am truly enthused and excited (as is our entire senior team) about the future prospects of our business, it may just take a little longer than expected (or maybe not) and will probably be a little bumpier than hoped, but it will be good.”

The information contained in this announcement has not been reviewed or reported on by the group’s external auditors.

Date: June 9th 2021
Johannesburg

Sponsor: The Standard Bank of South Africa Limited