

**THE BIDVEST GROUP LIMITED****("Bidvest" or "the Group")**

(Incorporated in the Republic of South Africa)

(Registration number 1946/021180/06)

JSE Share code: BVT

ISIN: ZAE000117321

**VOLUNTARY TRADING UPDATE: Four months to 31 October 2023**

An update on the Group's performance during the first four months of the financial year (FY24), which ended 31 October 2023, has been provided at the Group's Annual General Meeting (AGM) held on 28 November 2023.

"Group performance was muted during the first four months of FY24. Whilst the expected slowdown was signalled previously, the actual volume and margin drop, particularly in the consumer-facing activities, was greater than anticipated", said Mpumi Madisa, Bidvest chief executive.

Overall, revenue growth slowed as activity, off a high base, was diluted by contracting durable consumer spend, volume reduction in some sectors and increased price competitiveness. Travel and hospitality as well as commercial demand for basic products and services were pockets of growth. Gross margin pressure could not be neutralised by good cost management. Active margin and expense management remain a key focus.

True to its largely defensive nature, the business services operations, which include the Services International, Services South Africa, Freight and Financial Services divisions, delivered a resilient result. Travel and hospitality demand remained healthy as the weaker rand makes South Africa an attractive destination. Contractual pricing continued to support revenue growth, while contract retention came at the expense of margin, which will be clawed back over time. Consumable sales and service innovation differentiates the businesses, while structural growth drivers remain intact. Bulk volumes through our terminal operations contracted from peak volumes handled in the prior year. The benefit of accelerated capital deployment in Bidvest Bank and the endowment effect of higher interest rates was moderated by lower new policy sales in short-term insurance.

The trading and distribution operations, which include the Branded Products, Commercial Products and Automotive divisions, came under pressure. Commercial and industrial demand was robust on the back of higher office occupancies and private sector investment. Unfortunately, there was little follow through on the initial municipal infrastructure spend flagged at year end. Renewable energy sales, while higher, are well off peak levels as consumer demand is closely linked to loadshedding levels which reduced during the period. The Automotive result was significantly weaker as volumes declined and gross margins contracted. Customers remain very price sensitive and operating expense management is therefore top of mind.

In line with normal business seasonality, working capital was absorbed. Inventory levels are higher than desired in Automotive and renewable energy products and will take some time to work down. The debtors book remained well managed.

Returns have moderated from the prior year but remain healthy and value accretive. There has been a meaningful increase in net interest charges due to funding for the acquisition of Consolidated Property Services (Pty) Limited (Consolidated) in Australia, working capital and the annualisation of rising interest rates. In October 2023, we successfully raised R1.4 billion in the domestic bond market to replace existing maturing bonds. The combination of 3-year and 5-year paper was multiple times oversubscribed and the spreads a few basis points better than ever achieved.

We have been actively converting the Groups' M&A pipeline over the past few months. Transactions with a combined value of R3.5 billion have been concluded with most becoming effective in recent weeks. Acquired businesses include Consolidated, as per our voluntary SENS announcement in September, as well as hygiene services businesses in Singapore, the UK, Ireland and Australia, and bolt-on acquisitions in Branded Products, Services South Africa and Services International. Further diversification in the Automotive division continues with the activation of our first Mahindra dealer point, and we await closing on other potential transactions. Discussions are ongoing with regards to private sector participation in Freight. Other potential opportunities have also recently been added to the pipeline.

**Administration**

Bidvest results for the six-months ending 31 December 2023 are expected to be released on SENS on or about Monday, 4 March 2024.

The information above has not been audited, reviewed or reported on by the Group's auditors and does not constitute a forecast.

Date: 28 November 2023

Johannesburg

Sponsor: Investec Bank Limited