

THE BIDVEST GROUP LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1946/021180/06
Share code: BVT
ISIN ZAE000117321
(“Bidvest” or “the Company”)

VOLUNTARY ANNOUNCEMENT: BIDVEST FINANCIAL SERVICES DIVISION RESTRUCTURE

“The opportunity to facilitate a step-change in value-creation for all stakeholders does not arise often. The strategic restructure of Bidvest Financial Services allows us to set these businesses up for their next phase of sustainable expansion whilst recycling capital to position the Group for continued growth.” Mpumi Madisa, chief executive

Background

The Financial Services division provides banking and related products and services to South African corporates, businesses and consumers through Bidvest Bank and FinGlobal. The division also offers short- and long-term insurance products through Bidvest Insurance, Bidvest Life and Compendium. The division’s post-pandemic financial performance has been strong, evident in the FY2023 annual and FY2024 interim results, and this positive momentum is continuing in subsequent trading.

Strategic focus

The Bidvest Group’s strategic ambition is to achieve scale and growth by maintaining a strong balance sheet, exercising financial discipline through considered capital allocation, and pursuing organic and acquisitive growth opportunities in the Group’s identified areas of focus. The Group aims to expand its blend of defensive, cyclical and growth assets through capital investment in key strategic areas to ensure continued growth in South Africa and internationally, in niche services of hygiene, facilities management and distribution of plumbing and related products.

Considering the overall Group strategy and notwithstanding the solid performance of the Financial Services division, the Bidvest Group Board of Directors believes that dedicated financial services ownership is required for the continued sustainability and prosperity of some of the companies in this division.

Shareholders are therefore advised that the Bidvest Group Board has approved a process to dispose of Bidvest Bank and its related entity, FinGlobal.

The remaining short-term insurance businesses within the Financial Services division focus primarily on vehicle insurance cover and related value-added products. These businesses will be transferred to the Automotive division. This aligns to this division’s strategy of diversifying into allied automotive services.

The disposal of Bidvest Life, which has been previously announced, is underway.

Post this disposal process, the Group will comprise of six divisions, namely Services International, Freight, Services South Africa, Commercial Products, Branded Products and Automotive, with Adcock Ingram remaining a majority owned Bidvest subsidiary company. This strategic restructure facilitates the recycling of capital to support continued growth.

Way forward

The formal disposal process for Bidvest Bank and FinGlobal will be launched imminently, and management will endeavour to identify a suitable acquirer/s by end of the 2024 calendar year. The transaction/s will be subject to several relevant regulatory approvals.

The Bidvest Group will honour its responsibility to ensure that Bidvest Bank remains financially sound and operationally stable during this transition period. The well-being of employees and maintaining high-quality service standards for all clients will remain priorities.

The envisaged disposal of Bidvest Bank will require several regulatory approvals in terms of (i) the Banks Act, 1990; (ii) the Companies Act, 2008 and the Takeover Regulations promulgated thereunder; (iii) the Competition Act, 1998; and (iv) the Financial Sector Regulation Act, 2017. Bidvest will appropriately engage with the relevant regulators and other bodies in this regard.

For ease of reference, in FY2023, Bidvest Bank generated trading profit and operating income of R234 million and R219 million, respectively. The Bidvest Bank book, which consists mainly of leased assets, loans and advances, totalled R5 billion funded by deposits of R8 billion. Cash and investment securities amounted to R6 billion which included restricted cash, from a Group perspective, of R4 billion.

Investor call

Mpumi Madisa, CEO of Bidvest, will host a conference call for investors today, Wednesday 3 July 2024, at 3pm (SA time) to discuss this strategic decision.

Please register for the conference call using the link below. An email confirmation will follow, together with dial-in options.

<https://services.choruscall.za.com/DiamondPassRegistration/register?confirmationNumber=5288270&linkSecurityString=11fb42ada8>

Johannesburg
Date: 3 July 2024

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