

Bidvest at a glance: our structure

	Description of business	Incorporating
 The Bidvest Group Limited	International services, trading and distribution company.	Bidvest Freight, Bidvest Services, Bidvest Foodservice, Bidvest Industrial and Commercial, Bidvest Paperplus, Bidvest Automotive, Bidvest Namibia, Bidvest Corporate
 Bidvest Freight	The leading private sector freight management group in sub-Saharan Africa, consisting of several independent businesses focusing on terminal operations, international clearing and freight forwarding, logistics and marine services.	Bulk Connections, Island View Storage, Bidfreight Port Operations, Rennie's Distribution Services, SACD Freight, South African Bulk Terminals, Naval, Safcor Panalpina, Marine Services, Manica Africa
 Bidvest Services	Offers a full range of outsourced services including cleaning, laundry, hygiene, security, interior and exterior landscaping, aviation services, industrial supplies, travel, banking and foreign exchange services, office automation, e-procurement, online travel, drinking water, water coolers and indoor plants and flowers.	Bidvest Prestige Group, TMS Group Industrial Services, Laundry Services, Steiner Hygiene, Bidserv Industrial Products, Green Services, Aviation Services, Bidrisk Solutions, Global Payment Technologies, Office Automation, Bidtravel, Bidvest Procurement, Bidvest Bank, Bureau de Change Services
 Bidvest Foodservice	Europe Comprises market leading foodservice product distributors in the United Kingdom, Belgium, the Netherlands, Czech Republic, Slovakia, Poland, Saudi Arabia and the United Arab Emirates, sources and processes highly regarded own brands and provides products, quality ingredients, finished products, equipment and logistics to the catering and hospitality industry. Asia Pacific Comprises Bidvest Australia, Bidvest New Zealand, Angliss Singapore and Angliss Greater China. Bidvest leads the foodservice industry and offers a full end-to-end national distribution service. Southern Africa A leading multi-range manufacturer and distributor of food products and ingredients. Bidvest operates through strategically located independent business units in southern Africa, aimed at servicing the catering, hospitality, leisure, bakery, poultry, meat and food processing industries.	3663 Wholesale, Bidvest Logistics – United Kingdom, Deli XL – Belgium, Deli XL – Netherlands, Nowaco – Czech Republic, Nowaco – Slovakia, Farutex – Poland, Horeca Trade – United Arab Emirates, Al Difaya – Saudi Arabia Bidvest Australia, Bidvest New Zealand, Angliss Singapore, Angliss Greater China Bidvest Foodservice South Africa, Bidfood Ingredients, Speciality
 Bidvest Industrial and Commercial	A leading manufacturer and distributor of electrical products, appliances and services, office stationery, office furniture, packaging closures and catering equipment in southern Africa with a small presence in the United Kingdom.	Voltex Electrical Distribution, Berzacks, Eastman Staples, Catering Equipment, Stationery, Office Furniture, Packaging Closures
 Bidvest Paperplus	A leading manufacturer, supplier and distributor of commercial office products, printer products, services and stationery and packaging products, through a wide network of outlets in southern Africa.	Printing and Related, Stationery Distribution, Alternative Products, Packaging and Label Products
 Bidvest Automotive	One of South Africa's largest motor vehicle retailing groups. Bidvest Automotive offers leading motor brands through 116 dealerships, as well as vehicle auctioneering, comprehensive financial services, car and van rental and the full range of Yamaha products.	McCarthy Motor Group, Bidvest Financial Services, Budget Car and Van Rental, Amalgamated Automobile Distributors (50% joint venture), Yamaha distributors, Support Services
 Bidvest Namibia	Bidvest Namibia is the holding company for Bidvest's interests in Namibia, which include fishing and similar commercial businesses to those of Bidvest in South Africa.	Bidvest Fisheries Holdings, Bidvest Commercial Holdings
 Bidvest Corporate	Provides strategic direction, financial, risk and sustainability management, marketing, investor relations, corporate communications, corporate finance, houses investments and provides executive training to the Group. Investments in Bidsport, Bidvest Wits Football Club and Ontime Automotive. The corporate centre adds value by identifying opportunities and implementing Bidvest's decentralised entrepreneurial business model.	Bidvest Corporate Services, Bidvest Properties, Ontime Automotive, Bidsport, Bidvest Wits Football Club

Results

Our people are our universe

Bidvest is a dynamic organisation, it reinvents itself through its culture of innovation and entrepreneurship while decentralisation gives the Group its momentum. Bidvest is continuously grooming new talent with increasing focus on executive development. Succession planning is a focus area.

It's a bulk connection

Very acceptable result with profits at record levels despite challenging economy. Transnet strike costly. Recovering export trade. Capex of R503 million. SABT good results on volumes in wheat, maize, soya and rice. RDS profits up strongly. SACD imports weak but new facilities attracting new business. Bulk Connections volumes up 30%. BPO record year on forestry and steel exports.

Recessionary resilience

Discretionary spend businesses impacted by recession but "soft service" portfolio resilient with 16% increase in H2 profits. Bank and Fleet collectively a meaningful contributor. Exceptional results from Steiner and Prestige. Konica Minolta and Océ ended the year strongly with profits well up. Security continued to make excellent progress. Greens showed strong profit off flat revenue.

Expanding as belts tighten

Nowaco and Farutex meet expectations with eastern Europe contributing €30 million to trading profit. All European markets remained under stress; 3663 profits flat with spending constrained in the Netherlands/Belgium Deli XL in line with budget. Horeca, institutional, and catering markets under pressure with keen pricing on renewals and tenders. Significant improvement in cash generation and asset management.

A joint effort

Record contributions from all operations being 31% up in constant currency. Greater China and Singapore contribute 16% of result. In Australia H2 weaker but margin overall at a record. Results impacted slightly by entry into fresh. Sales and profits up in foodservice and hospitality supply profits up marginally. QSR volumes slowed in H2 but productivity continues to improve. New Zealand profits up 15% based on sound strategy and tight focus on asset management. Angliss greater China profits up 55% and gaining good traction on mainland. Angliss Singapore much improved H2.

Closing off the year on a high note

Despite shrinking marketplace, 2010 profits at a record level, with Ingredients and Speciality particularly strong. H1 profits down 22% surge in H2 profits to R205 million. Bidvest Foodservice SA flat revenue and profit but much improved H2 with tight expense control, supplier incentives, further reduction in shrinkage and aggressive pursuit of market share. Speciality: sales up 6% with 30% rise in profits. New opportunities in convenience sector such as petrol stations and own-brand Goldcrest continues to gain traction. Profits up 19% in ingredients with excellent results driven by product innovation and strong performance from NCP Yeast.

Bottomed out

Electrical and office furniture have borne the brunt of the slump but even normally stable Waltons was affected. Voltex energy saving endeavours in developmental phase; Q4 sales and profits encouraging. Waltons distribution in KwaZulu-Natal to be streamlined with benefits to flow from F2012. Rationalisation taken place in all furniture businesses. Kolok with a pleasing result and distribution capabilities continue to be refined. Afcom GE Hudson profits flat. Buffalo Executape ended the year strongly. Vulcan profits up 8%. Materials handling: a modest but profitable contributor.

A good score

Improved H2, revenue 25% higher lifted by 2010 FIFA World Cup™ business. Strong cash generation. Reduced volumes in traditional business forms and stationery (30% of revenues), exacerbated by the recession, countered by pleasing growth in newer diversification and technology segments. Parker/Waterman writing instrument agency contributed to result. Print on demand has proved highly profitable.

Stabilising

Slightly better H2 on sales with fleet better than private market. Overall sales volumes down. Profits up 85% in motor retail on a 12% rise in revenue. Franchises in dramatic turnaround; ROFE improved to 22%. Used vehicle sales outperform new. Substantially improved position at Value Centres. Burchmore's Auctioneers good contribution. Financial services performed strongly. Budget Car and Van Rental struggling with poor 2010 FIFA World Cup™ demand.

The ocean's bounty

Revenue up 20,6% to R1,95 billion, trading profits up 25% to R367,9 million driven predominantly by fishing (78% of profits). Mixed results from BidCom but satisfactory. Normalised headline earnings as publicly reported up 44% from NAD129 million to NAD185 million. Capital investment in fishing vessel has a positive impact on productivity. Cash generated from operations doubled, good asset management.

A real estate

Bidvest's strategic property holdings contributed a substantial R176,6 million in trading income, up 22%. Ontime Automotive loss reduced from R50 million to R16 million as a result of rationalisation. Investment and other income and corporate costs made a positive contribution of R45 million. Bidvest Wits won the Nedbank Cup.

Strategic imperatives and prospects

Impact of rand – local margin pressure and translation of overseas profits. Economic landscape uncertain. Bidvest companies to benefit from restructuring of past two years. Funding costs likely to remain stable and Group will lock in at attractive rates where possible. Earning line will benefit from non-recurrence of acquisition costs and the non-recurrence of 4% dilution as result of shares issued. Management budgeting for real growth in earnings in 2011.

Bulk commodity exports to remain buoyant, import demand weak. Hugely strategic asset but performance dependent on global trade developments. Strategic positioning provides unique platform for growth.

Benefit of rightsizing at Bidtravel, Bidair and TMS. A return to pre-recession levels of activity. Stronger results anticipated in F2011. Alert to acquisition/new activity potential. Bidvest corporate brand increasingly being associated with operational branding.

UK economic rebalancing with 3663 appropriately restructured and significant capex completed. Deli XL to focus on streamlining, new ERP systems planned in Netherlands; growth in fresh remains a focus. Eastern Europe potential encouraging with opportunities sought. Profits targeted to grow in F2011.

Regional prospects probably the most promising in total foodservice stable; focus will be on mid to high-end customer, particularly in mainland China where there is a burgeoning middle class. Sydney a focal point particularly in fresh. New Zealand to extend fresh range with further value initiatives; acquisitions evaluated. Hong Kong local market competitive and variable but mid-term growth targeted on mainland, including new regional markets. Singapore targeting enhanced performance in F2011.

Recession reinforced strengths in foodservice. Speciality to focus on growth in own-brand and the independent trade. Leadership and staff development remains key for Bidvest Foodservice SA while Ingredients plan to extend their bakery ingredients offerings by focusing on product development and innovation.

2011 results anticipated to improve. Electrical wholesaling – immediate prospects mildly encouraging. With savings from new Gauteng delivery model effective F2011, Stationery profitability likely to improve. With a rightsized and well leveraged cost base furniture anticipated to benefit from better volumes. Vulcan seeking opportunities throughout Africa. Acquisition of Sellotape trademark an advantage.

Positive management mindset anticipates growth in F2011. Continued execution on strategy to diversify. Project work in European office market targeted as part of concerted tendering effort. Electricity cost escalations a challenge. Behavioural changes by customers reinforces the necessity of diversification toward newer technology solutions. Complementary acquisitions continue to be sought.

Benefit of focused motor retail organisation. New level of resourcing supports improved profitability. Demand for new cars increasing and price stability with rand strength. Emissions tax and significant hikes in perks tax negative. Credit approvals improving. New car market could be up 25% in 2010 from 2009. Multi-franchising where feasible, increased emphasis on customer retention. F2010 year of financial recovery, rate of growth in F2011 will be substantially lower.

Expansion of BidCom footprint and appropriate complementary acquisitions sought. Foodservice investing NAD45 million in a modern multi-temp distribution centre in Windhoek. Total allowable catch could limit full exploitation of fishing capacity efficiencies. Currency strength has a marked effect on fishing results. Momentum being maintained and improved results are expected in F2011.

The Bidvest brand is increasingly being associated with operating brands, eg Bidvest Foodservice SA, formerly known as Caterplus. Acquisition opportunities to be examined.

Sustainable development

Comment

Build leadership of sustainable development; apply King III principles; reduce costs and improve market share by recognising sustainable business opportunities; continue to build a reputation for outstanding quality and responsible stewardship of resources; source and retain world-class talent.

Developing and updating charters and codes. An integrated annual report to apply King III. Awareness campaigns around Acts, relevant to businesses. Aligning social and environmental issues to Bidvest products, services and brands.

Safety of employees in potentially hazardous working environments; impact of operations on environment; staff wellness and HIV/Aids management; skills development and transfer.

Savings of 22% in electricity consumption. Seeking solutions to road transport challenge. Focus on supervisor training and support. Two fatalities. Expenditure on VCT programmes to combat HIV/Aids increases.

Management of HIV/Aids in the workplace; employee engagement to avoid strike action; focus on conservation of energy from fossil fuel sources; assessment of water, coal and electricity consumption at Laundry Services; safety of bureau de change and banking staff.

While LPG and diesel usage increased slightly, other forms of fossil fuel energy reduced significantly. Staff turnover low for cleaning industry. Substantial investment in training of unskilled recruits. Work-related injuries below industry norms. Business ethics awareness campaign.

Demand for reduction of environmental impacts, particularly carbon performance impacted by food miles, packaging and fuel; demand for healthier foods; accurate information on food labelling; local and seasonal produce.

Targets set for packaging waste, recycled packaging and energy and fuel usage. 54% of total electricity usage from renewable sources. Local sourcing increases. Employee satisfaction reflects loyalty to businesses. Training spend maintained. One fatality at 3663. Gender diversity improves. Customer complaints at 3663 reduced 12%.

Food safety and product integrity; effects of the economic downturn on consumer spending patterns; water shortages and restrictions; increasing government regulation to reduce carbon emissions; competition for labour.

Women represent 29% of national and regional managers in Australia. Fuel consumption increased slightly. Bidvest Academy achieves university accreditation. Certification for Safety Management Systems commences with widespread audits. Claims drop significantly. Customer satisfaction continues to improve.

Food safety and product integrity; sustainability of seafood; cost and impact of energy; reducing waste and impact on environment; staff skills development, and succession planning; customer service.

Subsidise Centre for Culinary Excellence at Johannesburg University. Improved measurement of all energy and resource usage. Joined the South African Sustainable Seafood Initiative (SASSI). Prepared for new labelling legislation. No strike action. Reaching educational goals for entry-level employees.

Skills shortages; managing impact of HIV/Aids; instability of rand, interest rates and commodity prices; opportunities for replacements to traditional energy sources.

Kolok establishes township business hub with 22 micro-businesses. Petrol and diesel consumption down 12%. Direct deliveries increase – reducing double-handling of product. Office furniture more sustainable. Training investment reaches 3% target. 367 black employees participated in learnerships. Lost-time injury frequency rate improves.

Economic hardship of employees in economic downturn; skills shortages, particularly technical roles; risk of injury when working with equipment; responsible supply chain stewardship and choice of packaging materials; increasing impact of HIV/Aids.

More than half domestic suppliers now BEE. New market for on-demand digital printing solutions. Silveray Manufacturing wins energy-saving competition for solar water-heating system. Wage negotiations successful except for strike at Lufil plant. Training spend increased 39%. 91% ABET pass rate. CSI spend increases 20% to R1,1 million.

Retaining customer loyalty through responsible business practices; effect of the economic downturn and legislation on turnover and business practices; difficulty in attracting and retaining historically disadvantaged individuals at senior level; impact of increasing fuel prices, stricter emission standards and the green tax (CO₂ emissions tax); impact of crime on dealerships and car rental.

Owner-driver scheme for 20 employees launched. New tax set to increase retail selling prices of cars by up to 2,5%. Training spend including learnership increases 33% to R86,7 million. New courses accredited at McCarthy Automotive Artisan Academies. Customer complaints resolution centre established. Ready for the new Consumer Protection Act. CSI spend increases to R7,4 million.

Dependence on natural fish resources, can be affected by natural disasters and poor resource management; welfare of crews and local communities affected by operations; HIV/Aids in the workplace related to high health-related absenteeism.

Ovanhu empowerment transaction concluded. 800 seasonal workers re-employed in pilchard cannery. JV with locally empowered Trachurus Fishing continues to perform. Horse mackerel and pilchard populations recovering, quotas increasing. By-catch remains low at 1% of total catches. Manica 9001: 2008 compliant for potentially hazardous materials. Namsov Community Trust invests R3,2 million in local community projects.

Achieving coherence around sustainable business issues in a decentralised organisation; improving Group measuring systems; constraints on energy supply per site, increasing energy costs and obtaining basic services; increasingly stringent environmental standards for buildings. On-time Automotive impacted by vehicle emissions, cost of fuel and rising claims culture in the UK.

New intensity measures established. Bidvest Academy graduated 64 and enrolled a further 68 candidates. On-time Automotive disposed of 4 200 tonnes of vehicle scrap at authorised de-pollution site and recycles 4% of total materials used. Corporate runs employee survey to gauge support for sustainable development. CSI spend up 154% to R12,2 million.