

Introduction

Recovery is officially under way in most international markets. However, Bidvest's much-improved performance should not be seen simply as the product of more favourable economic conditions.

Challenges persist in almost every region in which Bidvest is represented. The sole exception is Asia.

The move out of recession has been hesitant. This is the recovery no one quite believes in; at least, not yet.

Bidvest teams performed wonders by achieving a substantial turnaround on last year when operational results and headline earnings per share came under severe pressure. It was a strong performance and I congratulate my colleagues on the achievement. As a result, our final distribution to shareholders rose by 18,4% to 225,0 cents.

Strength in diversity

Results such as this are only possible by working together. Unity of purpose certainly characterises the Bidvest universe, yet our workforce is one of the most diverse in the world.

This fact was underlined earlier in the year when we formally introduced our Nowaco and Farutex colleagues to the rest of Bidvest. To ensure everyone understood how happy we were to greet them and how we embrace diversity, key articles in *Bidvoice*, our Group magazine, were translated into Polish, Czech, Slovakian, French, Flemish and Dutch.

It's often said of South Africa that we're the world in one country. Bidvest is rapidly becoming the world in one company. At every step of the way we prove there's strength in diversity.

International markets

Certainly, our diversified international businesses made a strong contribution, despite generally adverse trading

conditions. The UK and continental Europe have a long way to go before shaking off the after-effects of recession. Challenges are also evident in Australia and New Zealand, though sustained recovery appears to be under way in Asia.

Re-imagining Africa

Continuing reverberations from the international financial crisis have had a notable side-effect – a thorough reappraisal of Africa, its progress and potential.

Previously, international concern about sovereign debt and dubious reporting tended to centre on sub-Saharan Africa. Today, there is broad recognition that fundamental change is taking place. Africa has upped its game. Talk sovereign risk in 2009/10 and the chances are you are discussing Greece, Ireland, Portugal and Spain rather than Africa.

So-called "frontier markets" to our north bounced back from the international crisis a lot faster than some. Many now report continued growth.

Namibian success

What about Bidvest in Africa? Bidvest Namibia listed on the Namibian Stock Exchange on October 26, with new Namibian owners and strong local empowerment partners firmly in place. The listing was a huge success and Bidvest Namibia is looking to significantly grow the business in its home market. Bidvest is also interested in further growth across sub-Saharan Africa.

Scanning sub-Sahara

In the past, some have criticised Bidvest for not investing more in Africa. This had nothing to do with Afro-pessimism. We believe in Africa's potential. We look at various markets to our north, note the growth of a new middle class and burgeoning demand for services and are greatly encouraged.

Internationalisation at Bidvest is driven largely by our foodservice interests. In

recent years, the search for value has taken us to Asia, the Middle East and more recently emerging Europe. Results to date justify the priority we gave these regions. That does not mean we have turned our back on Africa.

We continually scan sub-Saharan jurisdictions for possible openings. When we identify the right partners and the right value proposition, we will not be afraid to seek "frontier market growth".

South Africa

Our domestic market officially moved out of recession in the first quarter of the Bidvest year, but at an annualised 0,9% few noticed. By the opening quarter of calendar 2010, annualised growth of 4,6% was reported, yet unemployment continued to rise.

Job losses and a household debt-to-income ratio close to 80% help explain the challenge faced by Bidvest's South African businesses. Consumers are still hard pressed and sales projections are looking flat.

Growing jobs

Regrettably some jobs were lost at Bidvest as we had to streamline operations for a new future, but we still grew more jobs than we shed. Last year's staff complement stood at 103 449. By year-end it was up to 105 752.

We also increased training investments – up from R209,8 million to R242,0 million. In the process, we prioritised South African training spend to ensure the development of critical skills within historically disadvantaged groups.

In South Africa, BEE continued to be an integral part of our business and these companies achieved major BEE improvements. Every second procurement rand is now spent with a BEE supplier. Independent audit confirms that Bidvest is a level 4 contributor with unconstrained operational capacity. This means that



Cyril Ramaphosa
Non-executive chairman

Bidvest is now a 100% contributor to BEE and our suppliers can claim full BEE expenditure points when doing business with us.

2010 FIFA World Cup™ effects

Despite job and debt worries, South Africans were determined to be perfect hosts for the 2010 FIFA World Cup™. Unfortunately, initial estimates of the number of foreign visitors were not realised, largely as a result of international belt-tightening in the immediate aftermath of recession. Those who made the trip were bowled over by the reception, the facilities, infrastructure and the natural beauty of our wonderful country.

South Africa's international image was greatly improved and it was highly satisfying to see Africa and the entire world celebrating with us. African pride and self-belief soared.

Challenges

Here in South Africa, the challenge is to maintain the team spirit and draw continued benefit from restored morale. This may not always be easy.

Labour relations in South Africa's public sector have deteriorated. Transport workers engaged in a long and costly strike. Threatened strikes at Eskom were averted by a settlement well above inflation. Pay negotiations with public sector workers became increasingly acrimonious as our

year drew to a close. Ultimately, strikes affected schools, hospitals and other services.

The 2010 FIFA World Cup™ created a sense that a new dawn was breaking. It is imperative we work together and capitalise on this positive mood and can-do attitude.

Sustainable development

Two years ago, we defined sustainable development at Bidvest as a fresh way of thinking that inspires and enables a new generation of entrepreneurs to create business value that integrates evolving financial, social and environmental needs and expectations.

Change continues. Influential bodies like the King III committee encourage long-term thinking as short-term actions have long-term impact. Yesterday's profligate lending still has profound consequences

for business today. Humankind currently exploits the resources of 1,3 planets with little thought for replenishment.

We have to interrogate how we do business and exploit relationships and resources, not only to turn a profit today, but to store goodwill and natural bounty for generations to follow. We must look after the general environment the way we look after the environment in our own homes, with care.

When such a philosophy harnesses Bidvest's people-power, opportunities materialise and projects are launched to strengthen our competitive position. Our people internalise issues, make them their own and drive them until targets are achieved.

Bidvest people have now reached the stage where they are taking personal

Highlights

- ▶ Hesitant macro-recovery, but strong Bidvest rebound
- ▶ Distribution to shareholders of 225,0 cents, up 18,4%
- ▶ Bidvest Namibia off to great start as an NSX-listed company
- ▶ We boost staff complement to 106 000 despite tough trading conditions
- ▶ Continued people investment takes training spend to R242,0 million
- ▶ Every second South African procurement rand now spent with a BEE supplier
- ▶ Sustained effort shines through across Bidvest
- ▶ External measurement of Bidvest highly positive
- ▶ Our people eager to embed sustainable business practice

control of sustainability initiatives. This was recently confirmed by our employee sustainability engagement survey.

Research showed that our people are eager to embed sustainable business practices into their activities. They want to be involved and want to make a difference.

This is just what the board wanted to hear. Our businesses have been collating sustainability data for several years while building awareness of the need to cultivate diversity, nurture customers, practise ethical behaviour, reduce, reuse and recycle resources.

Our people in the UK and Europe work in jurisdictions where environmental impacts are rigorously regulated. They don't merely comply, they lead. Their experience is now being shared to avoid duplication while fast-tracking smart solutions.

I am happy to report progress was maintained in a year of huge recessionary pressure. Our people are proud to belong to a company committed to sustainable business practice. It's part of being Proudly Bidvest.

On a mission

There's no such thing as Mission Control at Bidvest. Our teams are encouraged to reach for the stars in their own way.

The Group attitude is summed up by an old advertising industry watchword – if you reach for the stars, you might not quite get one, but you won't end up with a handful of mud, either.

That philosophy has come into play as never before. Some businesses achieved record profits, some came close. Others were thwarted by adverse conditions. But sustained effort shone through wherever you looked.

External measurement

Performance is closely monitored by all our businesses. We set great store by internal benchmarking, but we are just as keen to learn what external parties think of us.

Numerous and varied awards, appraisals and accolades were granted to Bidvest and our chief executive. Bidvest was ranked 37th of the world's top companies, the JSE reaffirmed our status as a founding constituent of the JSE Socially Responsible Investment Index, we received reporting and transformation awards and our chief executive was named one of South Africa's top 25 business leaders. Details of these awards and others are provided on the facing page.

Future

Economic recovery may or may not gather traction in the year ahead. It appears prudent to expect patchy performance across Bidvest geographies. Diversification will enable us to capture the upside where it occurs while using local initiative to minimise impacts in markets that achieve no or low growth.

Bidvest's 2010 rebound moves us marginally above the peaks of two years ago. Our teams are highly motivated and poised for further gains. Investment has been maintained in people and infrastructure. I have every confidence Bidvest will secure real growth in the year ahead.



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