Bid Corporation Limited
(Incorporated in the Republic of South Africa)
Registration number: 1995/008615/06
Share code: BID ISIN ZAE 000216537
("Bidcorp" or "the company" or "group")

Capital Markets Day – November 13 2017

Management update on general trading conditions

Shareholders are advised that the executive management of the group are meeting with members of the financial community, today November 13th 2017, including shareholders, financial analysts and the press, for an update on current market conditions and the trading environment across its international operations.

Management comments as follows:

1. Current trading performance and overall market conditions

- Trading for the first quarter of the 2018 financial year has been reasonably positive (measured in home currencies) in the core foodservice businesses. Corrective management attention to down scale our exposure in the non-core Logistics business in the UK is underway, but trading performance in that business remains poor. These results are however not material in the context of the overall underlying core operations of the group. Currency volatility continues to impact Bidcorp's rand translated results, with a negative constant currency impact of approximately 2,0% (to the end of October 2017) against the basket of currencies in which the group trades.
- Fundamentals within the global foodservice industry remain positive and continued organic growth and bolt on opportunities remain in all our operating geographical segments.
- Our performance has been achieved against a backdrop of increasing inflation in certain categories of products, particularly dairy. Wage cost pressure is evident in a number of economies as unemployment levels fall.
- Our strategic plan to rebalance customer portfolios by focusing on the correct segments of the markets, and on adding value to our customer offering through innovation and service delivery, is on track.

Australasia

- In Australia, performance is in line with expectation in the broadline foodservice business as our major metro expansion project rolls out. The splitting of the Melbourne, Sydney and Brisbane / Gold Coast branches has created some short-term cost pain but will be positive in the years ahead. The fresh and meat operations remain challenging. Our product range has been expanded with the acquisition of a liquor wholesaler. The exit of our low margin contracts is nearing completion, with a A$75m exit planned for March 2018.

- New Zealand is experiencing a tougher trading environment however has again delivered very solid results. The business is in good shape, with all segments of the business performing well. Significant investments are being made into capacity expansion.
- Further bolt-on acquisition opportunities remain under consideration in both countries.

United Kingdom ("UK")

- Some 15 months post the referendum to leave the EU (Brexit) and the subsequent sterling devaluation, the overall the economy in the United Kingdom continues to grow, albeit at a slower rate. Overall inflation has ticked up to nearly 3%, the food component of which has been substantially passed onto our market. Unfortunately, there is a sense of pessimism and lack of confidence generally emerging in the economy.
- The foodservice business continues to perform well, growing sales strongly but selectively in both the independent sector as well as the national accounts segment. The internal transformation process undertaken over the past 3 years is driving the businesses success. Further investment into increased capacity is underway to capture anticipated growth opportunities ahead.
- The Fresh business strategy of building out a national presence across Meat, Produce and Seafood continues with the immediate focus having been on strengthening management in each of the pillars. Fresh products by nature are more volatile in terms of pricing and demand. Trading has been a little disappointing in the quarter (mainly in September and further in October) and dampened the growth trajectory in the short term.
- Although the Logistics business performance remains disappointing, our new management are getting to grips with the scale back plan. The operations have been segmented into three distinctive areas of which the shared user business remains of greatest concern. Management are making progress in improving underlying results, the key area being the control of costs. The strategic options for this non-core business remain under consideration. This will remain a work in progress for a few years due to the nature of the underlying contracts.

Europe

- Eastern Europe remains particularly buoyant in terms of economic growth. Western and central Europe are seeing growth, however at lower rates than eastern Europe. Results for the first quarter out of our Czech, Slovakian, Polish and Italian businesses are pleasing.

- Netherlands delivered an improved performance as the business continues to make steady but slow progress in transforming the shape of the business to a more entrepreneurial and horeca focus. Management attention is trying to match the infrastructure and cost base with the revenue opportunity, removing the complexity of operations. This remains a medium-term outcome.
- The Belgium performance is pleasing, delivering solid growth in its horeca market while maintaining an even keel in its institutional exposure. The recent Bestfoods bolt-on acquisition has turned the corner and is solidly headed into profitability. Preliminary investigations are being made into another acquisition.
- Czech and Slovakia have continued to perform strongly across all segments of their foodservice business. Good economic growth in the region is creating wage pressures and lack of staff availability. Further infrastructure investment is underway to bolster capacity.
- Good organic growth has continued in Poland as the benefits of their infrastructural investment manifest in productive capacity. Our business is well positioned to enhance margin capability.
- DAC Italy has delivered a solid performance in Q1 2018 driven by a bumper summer season, benefitting the independent sector of the market. Management remain confident growth will continue. Further bolt-on acquisitions are being investigated in the highly fragmented market. Growth in global procurement benefits in Italian product (sourced from DAC) are being achieved across the group.
- Guzman in Spain, acquired in April 2017, has settled in well and we are satisfied with overall performance. Significant internal change from integrating our existing business, a new ERP implementation to the acquisitions of a Produce business in Portugal and meat business in Spain have kept management busy. Management remain confident about the potential for Spain, notwithstanding the potential impacts of the political risks, which has been disruptive to trading recently
- In the Baltics, further good progress has been made and the business in now profitable.
- Our German and Austrian acquisition made in July has performed well, and presents us with a solid platform on which to grow in this very large and developed foodservice market.
- Further expansion into the European region, both in terms of in-country bolt on acquisitions and strategic entry into new geographies, remains possible, as we are not represented or underrepresented in many countries.

Emerging markets

- South Africa has delivered solid results in extremely tough operating conditions, low GDP growth and negative consumer sentiment. Sales growth particularly in Crown Ingredients businesses has been challenging. The Chipkins Puratos JV is performing well and starting to benefit from the Puratos technical influence. Innovation and energised management teams are contributing to moving the businesses forward. Trading into sub Saharan Africa, now being driven from within each business segment, is starting to receive more management attention.

- Within Greater China, our Hong Kong business is suffering from cost inefficiencies due to duplicate warehousing costs despite the move to a new facility in June. In mainland China, our business continues to show strong growth as our geographic expansion continues with a focus on selling branded products to western styled food outlets. The results are particularly good in Q1 due to the effects of the 'dairy' crisis currently affecting many parts of the world. As the overall business grows, management structures are being bolstered.
- In Singapore, progress is steady but frustrating as we develop our foodservice model. The 'dairy' crisis and the challenges in the Marine business last financial year has negatively impacted Q1 performance. A small acquisition has been concluded in Malaysia to bulk up our presence there.
- Further expansion into Asia always remains an opportunity as investment criteria become more investor friendly. Vietnam is being closely looked at.
- Despite ongoing political and economic challenges in South America, management continues to build a strong growth platform in a region with significant opportunities. In Brazil, our business has delivered a solid performance in a tough foodservice market. Bolt-on opportunities continue to be explored. Chile is delivering within expectation, reflecting the investments made into product range extension and its expanded national platform.
- In the Middle East, our business in the UAE has been negatively affected by lower tourism impacted from the geopolitical challenges, lower oil prices and new consumer taxes in the region. Focused management attention over cost control and asset management is underway. Our Saudi operations appear to have been less impacted by regional issues and has performed much better. Other regional expansion possibilities are being investigated, including Jordan.

2. General

- In Q1 2018, we have made the following new territory and bolt-on's acquisitions costing (inclusive of acquisition costs) in aggregate R608 million:
    - We acquired 70% of Pier 7, a specialist broadline distributer operating in Germany and Austria.
    - We entered Portugal acquiring 70% of a Produce distributer.
    - We bolstered out exposure in Malaysia by acquiring a small bakery products wholesaler.
    - Guzman in Spain acquired 100% of a meat processor and wholesaler.
    - In Australia, we acquired 100% of a Liquor wholesaler in Adelaide, Melbourne & Darwin.

    - In New Zealand, we acquired a fresh produce value-add business.
- Assuming they all perform as planned, the approximate annualised financial impact of these transactions (converting at current forex rates) would be EBITDA of R104 million (before one-off acquisition related costs).
- Management remains highly motivated and alert to all acquisition opportunities that present themselves both in current markets and in new territories.

The full presentation is being recorded and a playback recording is available on the group's website www.bidcorpgroup.com

This management update has not been reviewed or reported on by the Company's independent auditors.

Johannesburg
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