

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 Trading Update – November 28th 2018

Shareholders are advised that the Bidcorp executive management are meeting with members of the financial community (including shareholders, financial analysts and the press) today, November 28th 2018, to update the market on the trading environment across its international operations.

Bidcorp's UK CD business is still being classified as a discontinued operation. The following update deals with the continuing and discontinued operations separately.

Update on trading conditions

Continuing operations:

Management comments as follows:

Current trading performance and overall market conditions

- Trading for Q1 F2019 continues to be positive (measured in home currencies). Performance achieved by our large UK, European and Australasian foodservice businesses remains on expectation however Angliss China and South Africa in particular, are challenging.
- Organic sales have continued to grow, with the gross margin percentage increasing marginally. This has offset operating cost increases impacted by rising wage costs (due to full employment levels in numerous economies) and higher fuel and energy expenses. Overall trading margins are being maintained.
- Economic growth in the UK, Europe and Australasia remains supportive of the foodservice industry. Food inflation remains relatively benign across most markets.
- Currency volatility continues to impact Bidcorp's rand translated results. The constant currency results are approximately 3,1% lower than the rand translated results to the end of October 2018.
- Fundamental conditions within our global foodservice markets continue to support organic growth and bolt-on opportunities remain in all our geographical segments.
- Bidcorp's strategy remains focused on growth – organically in current markets, via in-territory bolt-on acquisitions to expand geographic reach

and product ranges; and via strategic acquisitions as the group enters new markets.

Australasia

- Australia's trading performance has returned to anticipated levels as our major metro expansion gathers momentum. The Melbourne, Sydney and Brisbane / Gold Coast branches are now generating much improved returns. Revenue growth has been dampened by the exiting of a residual low margin contract. Our focus on liquor has proved challenging but will be a key driver of growth in years to come as the range is extended into the foodservice network. The core foodservice businesses are doing well, and the fresh and meat businesses are slowly improving. Supply Solutions (Imports) continues to perform well off the back of the success of its cheese processing plant. Bolt-on acquisition opportunities remain, however the current focus is on the integration of recent investments.
- New Zealand continues its solid performance however top line gains and margin improvements are being offset by higher costs, particularly labour (full employment and no migration) and the costs of recent increased capacity. All segments of the business continue to develop profitably with ongoing innovation and product development, particularly value add and processing. Further capacity expansion is being planned to accommodate organic growth.

United Kingdom ("UK")

- Bidfood UK continues to perform very well. Good summer weather assisted activity levels despite increasing stress in the casual dining space and lower consumer confidence, partly due to the Brexit uncertainty. Sales volumes continue to grow in the independent sector as our focus on service levels continues. National account volumes are being well controlled but margins have improved. Business improvement initiatives continue to deliver margin improvements. Ecommerce implementation continues to gather traction. Further investment into increased distribution capacity remains a key focus to cater for anticipated growth. Implementation of importing exclusive brands is underway. An acquisition of a niche independent foodservice businesses is in progress.
- Trading in Bidfresh has been reasonable with the overhang from good trading in July and August being experienced in September. Market conditions have been challenging, with the customer base experiencing many 'casual dining' failures as well as several suppliers going bankrupt. Seafood has performed well, Produce is getting better, and the evolution of the Meat model still lagging. The Bidfresh business has a good national footprint across each of its Meat, Produce and Seafood segments. The focus is on strengthened management capability in each of the Produce and Meat pillars.

- Trading in PCL (dairy distribution business for Arla) has been poor. Low revenue increases, higher distribution costs and a dispute on transport rates have impacted profitability. The future viability of the business is under serious consideration and our relationship with Arla is severely strained.

Europe

- Overall results from our European businesses are pleasing. Solid like-for-like trading profit growth in constant FX, excluding recent acquisitions, has been achieved. The performances of the Netherlands, Belgium, Czech & Slovakia, Poland and Italy are good. Cost increases, particularly labour and fuel, are having an impact in many economies experiencing full employment.
- Netherlands has delivered an improved performance. Economic activity is buoyant however the labour market has tightened. The business is making progress on its simplification journey with product range rationalisation and IT infrastructure costs reconfiguration starting to benefit the overall cost base.
- The Belgium performance is pleasing, delivering incrementally higher profitability. Focus remains on volume growth in its freetrade and institutional sectors. Depot consolidation between Bestfoods and Langens to achieve operational efficiencies in its infrastructure have commenced. Our private label development in the freetrade segment is being pursued. The 'myBidfood' ecommerce platform is live and being progressively rolled out across the business.
- Czech & Slovakia have continued to deliver strong performance across all segments of their business. Economic growth has moderated however staff availability is driving up wage costs. Our sales have continued to grow with margins being maintained. A new depot was opened in Chlumec late in the quarter and further infrastructure investment in depots is planned. Production facilities are operating at high capacities to meet demand but are benefitting from new technology around products and packaging.
- Good organic growth in Poland has continued, driven by focus on the freetrade sector. New depots investments, positive economic conditions and a good summer have contributed to their positive performance. Development of the product range into both Asian cuisine and liquor has benefitted the business. Further margin enhancement continues to be achieved.
- DAC Italy has continued to grow off the back of higher business and consumer confidence. D&D, a horeca specialist, acquired in January 2018, has performed well. Global procurement benefits in Italian product (sourced/co-sourced from/with DAC) continues to grow.
- Bidfood Iberia comprises our businesses in Spain and Portugal. Overall performance in Spain is below expectations. Internal focus in Guzman is

on improving the business platform around infrastructure, ERP systems and people. The integration of our produce business in Portugal and meat business in Spain continues. A bolt-on acquisition of a multi category distributor in northern Spain was concluded. Management remain positive about the potential opportunity in the Iberian market.

- Our German and Austrian acquisition, made in July 2017, has underperformed. Work on its business foundation including sales structures, IT platforms, human capital and infrastructure continues. Additional management support has been deployed to assist the local operators. Germany still represents a very large and developed foodservice opportunity.
- The Baltics, with a focus on Lithuania, is now profitable. The new depot, under construction in Kaunas, is expected to be operational in Q3 F2019.
- Further expansion, both in terms of in-country bolt-on acquisitions and strategic entry into new geographies in Europe, remains possible, as we are not represented or underrepresented in many countries.

Emerging markets

- South Africa overall has underperformed in extremely trying economic conditions, characterised by stagnant GDP growth and ongoing weak consumer sentiment. Despite these conditions, Bidfood and the Chipkins Puratos (CP) JV have achieved satisfactory growth through good cost containment and improved profitability. However, the aftermath of the listeriosis crisis in chilled processed meats continues to impact the Crown Food Group (CFG) business. Food inflation trajectory is up following recent deflation which will assist Bidfood going forward. The CP JV is developing new product offerings with the benefit of the Puratos influence. A small ingredients distributor was acquired by CFG, broadening exposure to this segment of the market.
- Greater China's financial performance has been disappointing, but the business has reacted well in recovering from the effects of dairy market supply dislocation and accordant margin pressures and rising operating and logistics costs. There has been a slowdown arising out of the trade war with the US, mostly due to the effects of the currency devaluation. Hong Kong's cost inefficiencies remain due to duplicate warehousing, but these will rectify themselves in the 2nd half of F2019 as surplus capacity is eliminated. In mainland China, our geographic expansion continues with the distribution network reasonably complete. Despite dairy remaining an important category, the diversification of the product range continues. Operations are expected to commence in the new meat (value add processing) factory in Q3 of F2019. The working capital cycle remains under scrutiny. As the geographic spread in mainland China grows, management structures are being bolstered.
- Singapore has achieved steady growth as we develop our foodservice model. Good progress in being made in the core foodservice market with other areas such as exports, marine and commodities being scaled back

significantly. Bidfood Malaysia, albeit small, is developing well. Our small joint venture in Vietnam has commenced activities.

- Further expansion into Asia always remains an opportunity.
- In South America, our focus remains on building a strong platform in a region with significant growth potential. Our Brazilian business has delivered an improved performance in a tough and competitive foodservice market. Refinement of the business model continues to enable sales growth and expansion of their broadline product range. Bolt-on opportunities continue to be explored however vendor expectations remain unrealistic. Chile is performing well and to expectation, a significant customer base and two additional depots were acquired in October, bolstering its geographic footprint.
- In the Middle East, our businesses have improved significantly, benefitting from less geopolitical challenges and the flow through effects of higher oil prices. The UAE has remains challenged by lower tourism and hotel occupancies however an improvement is foreseen. Our Saudi operation has performed very well, buoyed by structural reforms and less impacted by regional geopolitical issues. All businesses are profitable other than the recently commenced Jordan operation.
- Despite severe economic volatility in Turkey, our operations are performing well.

Acquisitive activity

- Bidcorp remains alert to all acquisition opportunities that present themselves both in current markets and in new territories.
- In the 4 months to October, activity has been relatively quiet as management focusses on integration of acquisitions made in prior periods.
- We have however made the following bolt-on acquisitions costing (exclusive of acquisition costs) in aggregate R162 million:
 - Guzman acquired 100% of a broadline distributor in Spain.
 - CFG in SA acquired 100% of an ingredients distributor to bolster access to this market.
 - Chile acquired a customer base and two depots significantly broadening its geographic footprint.

Discontinued operation – UK CD business:

- Post the unsuccessful sale transaction, management remains of the view that the logistics business remains non-core to the foodservice activities of the group. Bidcorp is running a broader sales process designed to achieve a controlled exit of this business.

- Trading performance in the CD business is much improved compared to the same period in F2018, however is still slightly loss making. Bidcorp is continuing to implement initiatives, including better rate contributions and returning customers to improve the business, as well deliver superior service.

The full presentation is being webcast and recorded and a playback recording is available on the group's website:

<http://www.bidcorpgroup.com/presentations.php>

The Capital Markets trading update has not been reviewed or reported on by the company's independent auditors.

Johannesburg
November 28 2018

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