

Bid Corporation Limited

(Incorporated in the Republic of South Africa)

Registration number: 1995/008615/06

Share code: BID

ISIN: ZAE000216537

('Bidcorp' or 'Group' or the 'Company')

CAPITAL MARKETS TRADING UPDATE Q4 F2020

AND TRADING STATEMENT

Shareholders are advised Bidcorp today, Monday June 15th 2020, wishes to update the market on the trading environment across its operations, with particular emphasis on the impacts of the COVID-19 (COVID) crisis. This is in terms of Bidcorp's requirement of continuous disclosure in terms of the JSE Listings Requirements and needs to be read in conjunction with the update provided on April 14th 2020.

Management comments as follows on:

Our employees have been our top priority, good progress has been made in terms of securing their health, well-being and where possible, maintaining their incomes. To date, most of our employees have managed to avoid any health impact from the COVID pandemic with a limited number of cases having been reported in South Africa and Chile.

Sadly, one employee has succumbed to the disease in South Africa. We have extended our sincere condolences to the family and his colleagues within the Group. Our heart goes out to all those affected by the pandemic and we remain committed to play our role through various support initiatives across our operations.

We continue to work with our customers and suppliers in navigating the fallout from this crisis and plotting the way forward.

Current trading performance

As noted in the April update, the full impact of the economic crisis became evident from April onwards. Group sales for the week ended April 5th reached a low of 37% versus the corresponding week in F2019 but had recovered to 65% of the corresponding sales for the week ended May 31st. For the past week ended June 14th, sales have improved to 67% compared to the same week in the prior year.

All our businesses have continued operating in each geography; however each country is at a different stage of the COVID crisis. Sales progression by division and for the Group as a whole, as shown in the image over the page between the period March 1st and June 14th reflects the different stages of the COVID impact on our markets. Please note that weekly comparatives to last year

should be viewed as a trend; as the timing of public holidays, school holidays and other events can have an impact on any one week in isolation.

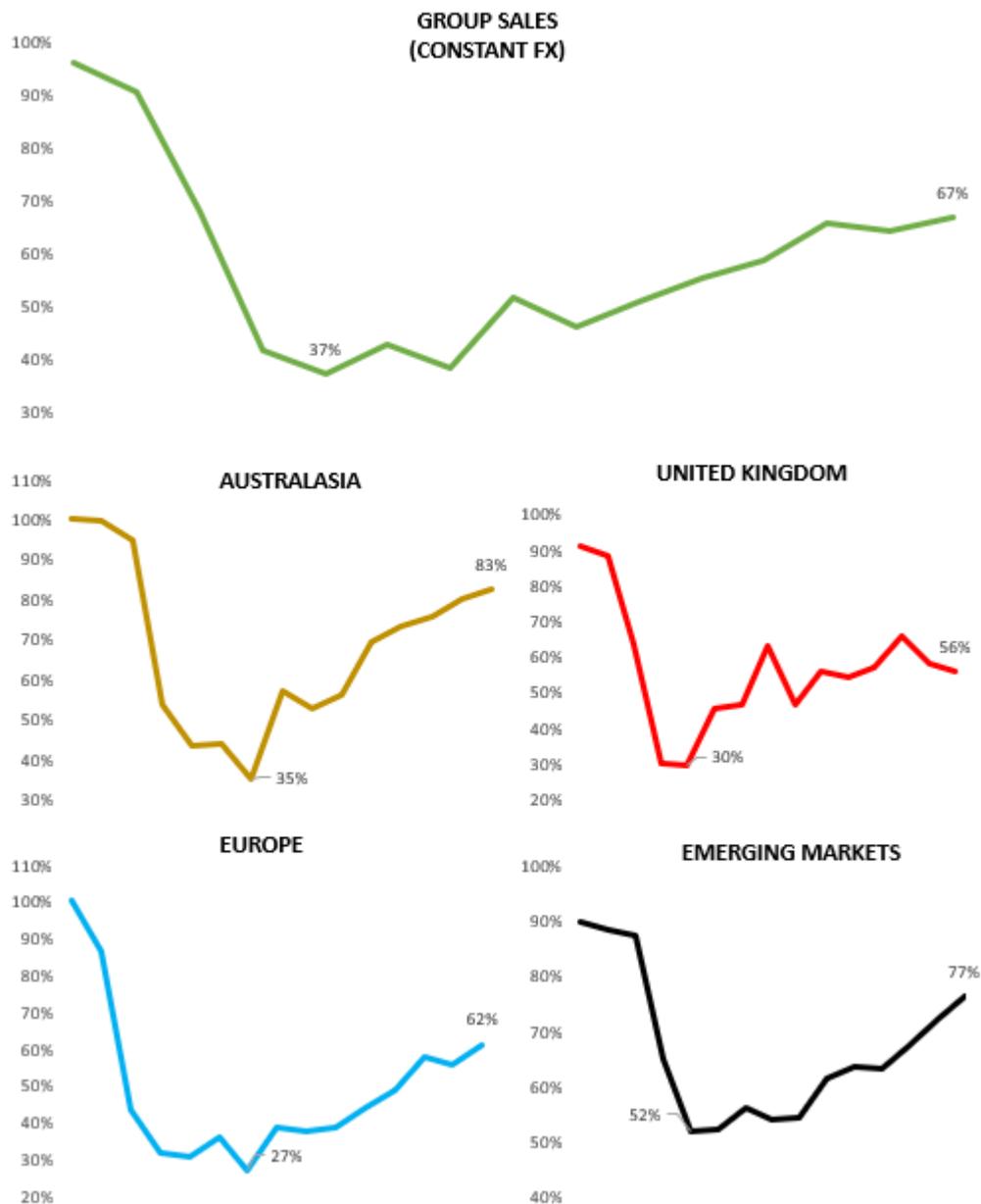


IMAGE: Sales progression by division for the 15-week period from the week ended March 8th to June 14th

- **Australasia (AUS)** – Despite hitting a low of 35% of its F2019 demand in the week of April 19th, sales have recovered to 83% of the F2019 level in the week ended June 14th.
- **United Kingdom (UK)** – UK achieved a low of 30% of its F2019 sales in the week of April 5th however sales have recovered to 56% of the F2019 level in the week of June 14th. Most of this activity has arisen away from our traditional markets.

- **Europe (EUR)** - Sales reached a low of 27% of the F2019 activity levels in the week of April 19th however has recovered to 62% of the F2019 level in the week of June 14th. Eastern Europe appears to be further along the economic recovery path than what we are experiencing in western Europe. Activity levels in Italy (weekly sales low of 17% to a current 43%), Spain (weekly sales low of 7% to a current 31%) and the Netherlands (weekly sales low of 12% to a current 55%) are experiencing a slower recovery.
- **Emerging Markets (EM)** – Sales in mainland China have recovered and are now exceeding those of the comparative week in F2019. Weekly sales in Hong Kong and Macau are tracking at about 20% behind the comparative week in F2019, additionally subdued by the resurgence of the political unrest. Activity levels in the other emerging market countries in which the Group operates (South Africa, Brazil, Chile, Turkey and the Middle East) remain subdued as the path out of the COVID crisis still lags that of Australasia and Europe.

Our Group gross profit percentage over the months of April and May have been maintained at their pre-COVID levels despite the severity and suddenness of the worldwide lockdowns.

Even though all our businesses have, and continue to experience reduced levels of activity, the Group has been cognisant of the need to retain as much human capital capacity as we are able, in order to scale-up as activity levels return, as we are seeing in a number of businesses. We have accessed various government wage assistance schemes in a number of businesses where we are eligible to do so, in order to protect as many of our staff as possible, unfortunately this hasn't negated the need to temporarily stand down and furlough some employees.

The board and executive management have taken a 30% reduction in fees and salary respectively in Q4 F2020 and we are evaluating whether this should be extended post June 2020. All businesses where salary reduction initiatives were implemented will continue to align themselves with the impacts in their respective workforces.

With lower levels of activity, variable costs have been taken out the businesses as much as possible bearing in mind that all businesses have traded through the past 3 months, each to varying degrees.

For the month of April, the Group made a positive EBITDAC (Earnings Before Interest, Tax, Depreciation and Amortisation, and COVID adjustments) equivalent to 2,2% of monthly revenue. For the month of May the Group made a positive EBITDAC (Earnings Before Interest, Tax, Depreciation and Amortisation and COVID adjustments) equivalent to 4,4% of monthly revenue. The COVID adjustments relate to abnormal receivables provisioning and restructuring costs arising out of the current crisis which amounted to R317 million for April and R177 million for May.

Overall market conditions

Demand in the discretionary spend sectors, particularly across hotels, restaurants, pubs, leisure and travel related segments remains weak but are improving off a near zero base. Many customers are reopening and emerging from their 'hibernation' at a pace quicker than we had anticipated, however those businesses associated with 'large crowds', such as entertainment, sports clubs and travel, remain shuttered. Our businesses have diversified into new channels, such as home delivery and supply to other retail related channels, however the overall contribution of these initiatives is small and remains non-core.

Non-discretionary demand from our institutional customers , including serving customers such as hospitals, aged care, prisons, the military and government departments has stabilised.

Our governmental support programs in several countries to provide food and care packages to the most vulnerable members of society via home delivery, have continued. We are grateful to our staff who are involved with these for their valued and selfless contribution.

Ongoing actions being undertaken by the businesses in the current environment:

Workplaces

As activity levels have increased and more staff return to the work, so has the need to increase compliance throughout our work environments. Our priority remains ensuring a safe workplace for our staff through maintaining exceptional hygiene standards in line with each environment and jurisdiction recommendations and legislations.

Social distancing in the workplace remains an effective methodology to contain the risk of infections with operations operating under strict sanitization protocols to prevent any potential risk of cross-contamination.

Working remotely for those employees who can do so has been encouraged. Discretionary travel and commuting have been discontinued.

Liquidity

Our priority has been to ensure that our operations have sufficient liquidity for their respective requirements. Further headroom has been created and we believe that the Group has sufficient liquidity for the foreseeable future. The Group and its subsidiaries have available to it, as at June 10th 2020, headroom facilities of R17,4 billion (£823 million) which is in addition to our existing net debt. Our net debt at May 31st 2020 was R7,6 billion (£353 million, at the month end exchange rate of R21,67:£1).

Free cash flow (excluding the interim dividend paid in March 2020 but after operating cashflows, working capital and capex) for the period from January 1st 2020 to May 31st 2020 amounted to an outflow of R470 million

(£24 million) highlighting a concerted effort by operational management to aggressively manage their cashflows in these trying circumstances.

Debt covenants

The Group's debt covenants sit at 2.5x net debt to EBITDA and interest cover ratio of EBITDA to net consolidated finance costs (excluding the effects of IFRS16) of not less than 5x. As at May 31st 2020, the Group was well within these covenant ranges and does not believe there will be any breach thereof for the year ended June 2020.

Dividends

As noted in the interim financial results commentary, the Group is conscious of the need to balance gearing and shareholder returns (in light of the Group's stated dividend policy). Management anticipate that as the economic recovery gains strength, gearing is likely to increase as our working capital investment increases in the return of the businesses to growth. Accordingly, it is too early to determine the status of the final dividend for the year ending June 2020 and any changes to the Group's dividend policy beyond that.

Working capital

The working capital cycle has been well-managed by our operations across the Group in the context of having experienced a significant shutdown of a large part of the customer base. Collections from customers through April and May have exceeded our expectations under the circumstances and where required, payment plans have been agreed to. We expect further stress in some of the customer base and our businesses continue to work alongside those affected customers to proactively manage this. All businesses have and continue to evaluate their credit loss exposure which will result in additional provisioning, the exact quantum of which is unquantifiable at this stage. We insure a proportion of our current credit book however the ability of many customers to obtain insurance is becoming increasingly difficult.

Our businesses through April and May have actively managed their inventory exposure, particularly their short-dated stock. All inventory obsolescence has been expensed as incurred and we do not believe our current broad range of ambient and frozen products, all of which have longer shelf-lives, presents a significant further exposure. All stock continues to be carefully monitored and remains fit for our customer base.

Through March and April, payables were aggressively managed in conjunction with our suppliers however supplier payment cycles were largely regularised by the end of May.

Our expectation is that we will see the working capital cycle normalise in the months ahead even though some working capital pressures may manifest as markets open and we experience a return to a more normalised customers credit cycle, however some counter to this is we will be selling our inventory that has largely been paid for.

Strategic future

Bidcorp's current focus is to predict the likely 'new normal' that will exist post the short-term effects of the COVID crisis. Our initial assessment was that activity levels would return to levels of 75% – 85% of pre-COVID levels in the next 12 to 18 months but we now believe this number will be higher and hopefully sooner. Our businesses are preparing to ride out the next phase of the economic recovery with these activity levels in mind. We believe that there will not be any fundamental shift in consumer behavior of eating-away-from-home and early anecdotal evidence suggests that human muscle memory in respect of socialisation remains an important component of the consumers existence.

Unfortunately, not all of our operations entered this crisis in as strong a market position as we would have liked and in order to ensure their long-term survival, will require restructuring to achieve simplification and focus on their core competencies and markets. In this respect, management are evaluating our Spanish operations to focus on their independent customer base in their core markets. Depending on the extent of the restructuring required, this may necessitate some impairment of the goodwill associated with this operation.

Our recovery in China has been hampered by supply chain disruptions of products sourced in Europe, USA and South America. Whilst this has assisted with ensuring that we trade our current inventory judiciously, we are unable to establish whether this is a short-term aberration only in relation to our Greater China operation or is likely to become a long-term supply chain issue. In most of our businesses, the majority of product is procured locally so this is unlikely to have any material impact across the Group.

No significant acquisition opportunities in the foodservice space have become evident and we believe is premature to be exploring these in the current environment. There is the possibility of market share gains should competitors, without the financial strength of Bidcorp, exit the industry. We are finalising the acquisition of a distressed business in northern Italy and expect more of these in-country type of opportunities to present themselves in the months ahead.

We continue to scale back any discretionary spend in capex and other business expenses. We are also not committing to any large investments for future years until we have greater clarity on the outlook.

Our ecommerce platform remains a source of competitive advantage and has been adapted to cater for retail customers, who can either collect or elect home-delivery. There has been good take-up of home deliveries in many countries, but this remains a fringe activity catering to the current environment.

Trading statement

Bidcorp believes that the worst of the COVID crisis is behind the Group however significant uncertainty persists as to the speed and depth of the economic recovery in the jurisdictions in which the Group operates.

Bidcorp's financial results in April, May and as anticipated in June as well, have been adversely affected by crisis and accordingly shareholders are advised, in terms of the JSE Listings Requirements, that both headline earnings per share

and basic earnings per share for the year to June 2020 is expected to be more than 20% lower than the comparative year to June 2019.

The Company will issue a further trading statement with more specific guidance ranges once there is reasonable certainty regarding the extent of the decline relative to the comparable period.

The information contained in this announcement has not been reviewed or reported on by the Group's external auditors.

Date: June 15 2020
Johannesburg

Sponsor: The Standard Bank of South Africa Limited