Bid Corporation Limited
("Bidcorp" or "the Group" or "the company")
Incorporated in the Republic of South Africa
Registration number: 1995/008615/06
Share code: BID
ISIN: ZAE000216537

Unaudited results for the half-year ended
December 31 2018

Bidcorp
- is a complete Foodservice offering
- serves multiple customer segments
- is internationally diversified across developed and emerging markets
- people are entrepreneurial and incentivised to be so
- has a proven decentralised business model and best practice learnings are widely shared
- growth is organic, acquisitive-organic through bolt-ons, and acquisitive
- believes that balance sheet strength with low debt is a strong competitive advantage
- proprietary technology enhances customer relationships and efficiencies

It's all about the
- food
- service
- technology

Financial highlights
- Continuing HEPS +9,2%
  700,2 cents
  H1F2018: 641,0 cents
  Constant currency, HEPS +7,1%

- Continuing trading profit +8,3%
  R3,3 bn
  H1F2018: R3,0 bn
  Constant currency, trading profit +6,5%

- Cash generated by continuing operations before working capital +14,8%
  R3,9 bn
  H1F2018: R3,4 bn

- Interim dividend declared +10,7%
  310,0 cents

- Segment trading profit % growth

Australasia	+4,7%	United Kingdom	+17,9%
Europe	+19,9%	Emerging Markets	-13,6%

Condensed interim consolidated statement of profit or loss for the

	Half-year ended December 31 2018	2017 Unaudited	%	Year ended June 30 2018 Unaudited

R000s	Unaudited	Re-presented*	change	Re-presented*
Continuing operations				
Revenue	66 413 585	60 873 527	9,1	118 205 621
Cost of revenue	(50 902 290)	(46 939 264)	(8,4)	(90 749 470)
Gross profit	15 511 295	13 934 263	11,3	27 456 151
Operating expenses	(12 233 948)	(10 908 997)	(12,1)	(21 490 808)
Trading profit	3 277 347	3 025 266	8,3	5 965 343
Share-based payment expense	(58 347)	(53 531)		(99 236)
Acquisition costs	(8 613)	(14 630)		(35 541)
Net capital items	(4 897)	21 124		(58 391)
Operating profit	3 205 490	2 978 229	7,6	5 772 175
Net finance charges	(143 246)	(135 445)	(5,8)	(227 912)
Finance income	52 103	42 340		84 502
Finance charges	(195 349)	(177 785)		(312 414)
Share of profit of associates and jointly controlled entities	32 942	29 270		52 378
Profit before taxation	3 095 186	2 872 054	7,8	5 596 641
Taxation	(751 981)	(714 650)	(5,2)	(1 368 818)
Profit for the period from continuing operations	2 343 205	2 157 404	8,6	4 227 823
Discontinued operations				
Loss after taxation from discontinued operations	(455 011)	(74 547)		(662 713)
Profit for the year	1 888 194	2 082 857	(9,3)	3 565 110
Attributable to:				
Shareholders of the Company	1 872 734	2 072 051		3 542 923
From continuing operations	2 327 745	2 146 598	8,4	4 205 636
From discontinued operations	(455 011)	(74 547)		(662 713)
Non-controlling interest from continuing operations	15 460	10 806		22 187
	1 888 194	2 082 857		3 565 110
Shares in issue ('000)				
Total	335 404	335 404		335 404
Weighted	333 162	332 570		332 725
Diluted weighted	333 776	333 524		333 651
Continuing operations (cents)				
Basic earnings per share	698,7	645,5	8,2	1 264,0
Diluted basic earnings per share	697,4	643,6	8,4	1 260,5
Headline earnings per share	700,2	641,0	9,2	1 282,9
Diluted headline earnings per share	698,9	639,2	9,3	1 279,3
Total operations (cents)				
Basic earnings per share	562,1	623,1	(9,8)	1 064,8
Diluted basic earnings per share	561,1	621,2	(9,7)	1 061,9
Headline earnings per share	680,5	618,8	10,0	1 127,4
Diluted headline earnings per share	679,2	617,0	10,1	1 124,3
Distributions per share (cents)	310,0	280,0	10,7	560,0

* Refer to 'Preparation and results' note

Condensed interim consolidated statement of other comprehensive income for the

	Half-year ended December 31		Year ended June 30
	2018	2017	2018
R000s	Unaudited	Unaudited	Audited
Profit for the period	1 888 194	2 082 857	3 565 110
Other comprehensive income	442 741	(350 397)	1 179 542
Items that may be classified subsequently to profit or loss	442 741	(350 397)	1 177 096
Foreign currency translation reserve			

Increase (decrease) in foreign currency translation reserve	443 530	(350 067)	1 178 884
Financial assets held at fair value through other comprehensive income	-	-	-
Fair value loss	-	-	(1 329)
Reclassified to profit of loss	-	-	1 329
Cash flow hedges	(789)	(330)	(1 788)
Fair value loss arising during the period	(1 063)	(407)	(2 208)
Taxation relief for the period	274	77	420
Items that will not be reclassified subsequently to profit or loss			
Defined benefit obligations	-	-	2 446
Remeasurement of defined benefit obligations	-	-	2 657
Taxation charge for the period	-	-	(211)
Total comprehensive income for the period	2 330 935	1 732 460	4 744 652
Attributable to			
Shareholders of the Company	2 305 219	1 723 102	4 698 321
Non-controlling interest	25 716	9 358	46 331
	2 330 935	1 732 460	4 744 652

Headline earnings for the

R000s	Half-year ended December 31 2018 Unaudited	2017 Unaudited Re-presented*	% change	Year ended June 30 2018 Unaudited Re-presented*
Headline earnings				
The following adjustments to profit attributable to shareholders were taken into account in the calculation of continuing headline earnings:				
Profit attributable to shareholders of the Company from continuing operations	2 327 745	2 146 598		4 205 636
Net impairments	4 897	198		90 321
Goodwill	-	-		58 079
Property, plant and equipment	4 897	-		25 833
Intangible assets	-	198		5 347
Investment at fair value through OCI	-	-		1 329
Associate	-	-		267
Taxation relief	-	-		(534)
Net loss on disposal of interest in subsidiary	-	-		9 050
Gain from bargain purchase	-	(3 040)		(4 222)
Net capital profit on disposal of property, plant and equipment	-	(11 970)		(10 389)
Property, plant and equipment	-	(17 100)		(15 318)
Taxation charge	-	5 130		4 929
Insurance proceeds received in relation to the impairment of property, plant and equipment	-	-		(21 974)
Headline earnings from continuing operations	2 332 642	2 131 786	9,4	4 268 422

Condensed interim segmental analysis for the

R000s	Half-year ended December 31 2018 Unaudited	2017 Unaudited Re-presented*	% change	Year ended June 30 2018 Unaudited Re-presented*

Revenue				
Bidfood				
Australasia	16 047 837	15 864 241	1,2	30 030 647
United Kingdom	17 208 760	15 637 658	10,0	30 265 100
Europe	22 451 594	19 555 009	14,8	39 234 279
Emerging Markets	10 705 394	9 816 619	9,1	18 675 595
	66 413 585	60 873 527	9,1	118 205 621
Trading profit				
Bidfood	3 319 487	3 061 787		6 043 247
Australasia	980 922	937 090	4,7	1 967 280
United Kingdom	856 706	726 463	17,9	1 430 025
Europe	979 866	816 982	19,9	1 618 219
Emerging Markets	501 993	581 252	(13,6)	1 027 723
Corporate	(42 140)	(36 521)		(77 904)
	3 277 347	3 025 266	8,3	5 965 343

* Refer to 'Preparation and results' note

Condensed interim consolidated statement of cash flows for the

R000s	Half-year ended December 31 2018 Unaudited	Half-year ended December 31 2017 Unaudited Re-presented*	Year ended June 30 2018 Unaudited Re-presented*
Cash flows from operating activities	414 116	(68 246)	2 427 578
Operating profit	3 205 490	2 978 229	5 772 175
Dividends from associates and jointly controlled entity	-	25 000	25 000
Acquisition costs	8 613	14 630	35 541
Depreciation and amortisation	642 287	566 718	1 156 326
Non-cash items	52 217	(179 704)	(232 521)
Cash generated by operations before changes in working capital	3 908 607	3 404 873	6 756 521
Changes in working capital	(1 450 864)	(1 832 520)	(965 419)
Cash generated by operations	2 457 743	1 572 353	5 791 102
Net finance charges paid	(137 672)	(112 272)	(213 443)
Taxation paid	(679 662)	(794 959)	(1 423 711)
Dividends paid	(939 132)	(838 511)	(1 777 643)
Net operating cash flows from discontinued operations	(287 161)	105 143	51 273
Cash effects of investment activities	(1 632 931)	(1 583 276)	(3 136 908)
Additions to property, plant and equipment	(1 268 473)	(1 054 512)	(2 315 516)
Acquisition of businesses, subsidiaries and associates	(337 512)	(588 231)	(965 611)
Additions to intangible assets	(69 848)	(59 357)	(123 872)
Proceeds on disposal of property, plant and equipment	29 248	112 250	292 005
Proceeds on disposal of investments	21 180	11 583	26 902
Proceeds on disposal of intangible assets	-	436	5 775
Proceeds on disposal of interests in subsidiaries and associates	-	-	16 946
Amounts advanced to associates	-	-	(11 643)
Investments acquired	-	-	(45 575)
Net investing cash flows from discontinued operations	(7 526)	(5 445)	(16 319)
Cash effects of financing activities	317 585	347 043	708 841
Borrowings raised	2 526 433	2 762 115	5 381 256
Borrowings repaid	(2 090 041)	(2 455 488)	(4 711 152)
Receipts from non-controlling interests	2 551	5 587	5 495
Payments to vendors for acquisition	(179 021)	(69 834)	(160 037)
Proceeds on disposal of treasury shares	57 663	104 663	193 279

Net decrease in cash and cash equivalents	(901 230)	(1 304 479)	(489)
Cash and cash equivalents at beginning of period	6 643 149	6 348 049	6 348 049
Exchange rate adjustment	95 191	7 005	295 589
Cash and cash equivalents at end of period	5 837 110	5 050 575	6 643 149
Cash and cash equivalents comprise:			
Cash and cash equivalents	5 279 911	5 194 090	5 927 352
Cash and cash equivalents of discontinued operations	594 267	(89 744)	715 797
Bank overdrafts included in short-term portion of interest-bearing borrowings	(37 068)	(53 771)	-
	5 837 110	5 050 575	6 643 149

* Refer to 'Preparation and results' note

Condensed interim consolidated statement of financial position as at

	December 31		June 30
	2018	2017	2018
R000s	Unaudited	Unaudited	Audited
ASSETS			
Non-current assets	30 649 023	26 754 387	29 711 793
Property, plant and equipment	13 378 632	10 956 738	12 497 123
Intangible assets	500 188	866 298	949 252
Goodwill	14 958 417	13 329 559	14 539 284
Deferred taxation asset	943 417	885 375	941 851
Defined benefit pension surplus	19 380	17 134	19 380
Interest in associates	223 826	163 230	215 045
Investment in jointly controlled entities	429 432	409 228	401 113
Investments and loans	195 731	126 825	148 745
Current assets	33 216 575	28 943 760	32 219 601
Inventories	9 871 456	8 492 071	9 081 056
Trade and other receivables	14 592 113	12 780 760	14 583 086
Assets classified as held-for-sale	3 473 095	2 402 441	2 590 657
Cash and cash equivalents	5 279 911	5 268 488	5 964 802
Total assets	63 865 598	55 698 147	61 931 394
EQUITY AND LIABILITIES			
Capital and reserves	28 250 170	24 599 573	26 788 904
Attributable to shareholders of the Company	27 977 450	24 461 324	26 544 452
Non-controlling interest	272 720	138 249	244 452
Non-current liabilities	5 615 162	7 302 669	8 203 640
Deferred taxation liability	711 785	730 332	776 085
Long-term portion of borrowings	3 710 446	5 518 253	6 070 473
Post-retirement obligations	50 358	41 123	48 489
Long-term of vendors for acquisition	299 461	66 270	300 315
Long-term of puttable non-controlling interest liabilities	305 106	411 648	356 522
Long-term portion of provisions	432 505	505 055	534 655
Long-term portion of lease liabilities	105 501	29 988	117 101
Current liabilities	30 000 266	23 795 905	26 938 850
Trade and other payables	18 199 848	16 239 432	18 868 611
Short-term portion of provisions	121 997	155 962	243 397
Short-term portion of vendors for acquisition	55 469	283 911	234 709
Short-term portion of puttable non-controlling interest liabilities	1 155 977	1 017 736	1 122 068
Liabilities classified as held-for-sale	3 403 101	2 751 815	2 613 207
Taxation	435 788	393 879	367 846
Short-term portion of borrowings	6 628 086	2 953 170	3 489 012
Total equity and liabilities	63 865 598	55 698 147	61 931 394

Number of shares in issue ('000)	335 404	335 404	335 404
Net tangible asset value per share (cents)	3 732	3 061	3 296
Net asset value per share (cents)	8 341	7 293	7 914

Condensed interim consolidated statement of changes in equity for the

	Half-year ended December 31		Year ended June 30
	2018	2017	2018
R000s	Unaudited	Unaudited	Audited
Equity attributable to shareholders of the Company			
Stated capital	5 428 016	5 428 016	5 428 016
Treasury shares	(550 341)	(690 524)	(601 908)
Balance at beginning	(601 908)	(795 187)	(795 187)
Shares disposed of in terms of share option scheme	57 663	104 663	193 279
Shares purchased for share option scheme	(6 096)	-	-
Foreign currency translation reserve	5 930 430	3 969 653	5 497 156
Balance at beginning	5 497 156	4 318 272	4 318 272
Increase (decrease) in foreign currency translation reserve	433 274	(348 619)	1 178 884
Hedging reserve	(1 239)	1 008	(450)
Balance at beginning	(450)	1 338	1 338
Fair value loss	(1 063)	(407)	(2 208)
Deferred taxation recognised directly in reserve	274	77	420
Equity-settled share-based payment reserve	331 184	(29 415)	325 383
Balance at beginning	325 383	20 914	20 914
Arising during period	59 948	55 113	102 346
Deferred taxation recognised directly in reserve	-	-	145
Utilisation during the period	(57 663)	(131 257)	(193 279)
Transfer to retained earnings	3 516	25 815	395 257
Retained earnings	16 839 400	15 782 586	15 896 255
Balance at beginning	15 896 255	14 574 861	14 574 861
Attributable profit	1 872 734	2 072 051	3 542 923
Dividends paid	(939 132)	(838 511)	(1 777 643)
Changes in shareholding of subsidiaries	-	-	(53 876)
Remeasurement of defined benefit obligations	-	-	2 446
Remeasurement of puttable option	13 059	-	2 801
Transfer from equity-settled share-based payment reserve	(3 516)	(25 815)	(395 257)
	27 977 450	24 461 324	26 544 452
Equity attributable to non-controlling interests of the Company			
Balance at beginning	244 452	123 306	123 306
Total comprehensive income	25 716	9 358	46 331
Attributable profit	15 460	10 806	22 187
Movement in foreign currency translation reserve	10 256	(1 448)	24 144
Dividends paid	(7 351)	(969)	(24 357)
Share of movement on reserves	358	(409)	3 022
Changes in shareholding	9 545	140 459	342 342
Transfer to puttable non-controlling interest liability	-	(133 496)	(246 192)
	272 720	138 249	244 452
Total equity	28 250 170	24 599 573	26 788 904

Comment

Bidcorp's performance overall was in line with management expectations, considering the differing economic realities of its developed and emerging market exposures. Headline earnings per share (HEPS) increased by 9,2% to 700,2 cents per share (H1F2018: 641,0 cents), with basic earnings per share (EPS) increasing by 8,2% to 698,7 cents per share (H1F2018: 645,5 cents). Currency volatility across major currencies positively impacted our rand-translated results for the period. On a constant currency basis, HEPS grew by 7,1%.

Trading across developed market geographies remained positive, despite cost pressures, persistent low food inflation and moderate economic growth. Good top-line growth combined with gross-margin gains alleviated cost inflation.

Europe again delivered a standout performance, particularly eastern Europe. UK Foodservice continued to perform very well and Bidfresh continued on its recovery trajectory. Australia benefited from its previous infrastructure investments while continuing to rationalise its exposure to lower-margin customers. New Zealand achieved both top-line and margin growth, offsetting cost pressures. South Africa performed admirably, despite tough economic conditions. Greater China struggled, hampered by the after-effects of the loss of a major dairy products agency and dairy market crisis, which constrained gross margins and added costs as rapid range diversification proceeded.

Discontinued operations
Consequent to our previously announced strategy of exiting the UK Contract Distribution activities, Bidcorp has classified all of its UK Logistics' activities as discontinued, the details of which are reported below.

UK Contract Distribution (CD)
Performance significantly improved on the second half of F2018, though the business still recorded a small loss. Service levels have improved and customer pricing has been substantially increased to more fully reflect the risk and reward of these activities.

Bidcorp continues to run a broad sales process designed to achieve a controlled exit of this business.

PCL distribution business (PCL)
Trading in PCL (dairy distribution business for Arla) was poor and losses were incurred. Despite improved service levels, profitability was significantly impacted by low revenue increases, higher distribution costs and a dispute on transport rates. As noted previously, the business relationship with Arla has largely broken down and negotiations for the sale of the major portion of these activities is underway. Accordingly, the intangible associated with this contract has been fully impaired and further costs associated with the exit will be incurred in the second half particularly vehicle fleet disposal costs.

Distribution
Bidcorp has declared an interim cash dividend of 310,0 cents per share, a 10,7% increase on the 2018 interim dividend.

Financial overview
Net revenue of R66,4 billion (H1F2018: R60,9 billion) grew by 9,1% (constant currency growth of 6,8%), reflecting real growth in activity levels in all geographies. Despite significant cost pressures in fuel, wages and energy, food inflation in our core foodservice markets remains low.

Gross profit percentage increased to 23,4% (H1F2018: 22,9%), reflecting further freetrade growth in the mix as well as trading through the higher cost base.

Operating expenses increased due to ongoing wage pressure in many economies and higher fuel and energy costs. The Group's overall cost of doing business increased to 18,4% (H1F2018: 17,9%) on higher sales and distribution activity and the cost of invested operational capacity.

Group trading profit rose 8,3% to R3,3 billion (H1F2018: R3,0 billion). Trading margin was maintained at 4,9%.

Share-based payment costs increased to R58,3 million (H1F2018: R53,5 million) on the back of further long-term incentivisation of staff across the Group. Lower acquisition costs reflect slightly lower acquisitive activity as management bedded down acquisitions made in previous periods.

Net finance charges were 5,8% higher at R143,2 million (H1F2018: R135,4 million), in line with overall trading profit growth. Bidcorp remains well capitalised, with trading profit interest cover at 22,9 times (H1F2018: 22,3 times). We retain adequate headroom for further organic and acquisitive growth; however, we remain conscious of the need to balance gearing and shareholder returns.

The Group's financial position remains strong, a positive attribute in volatile global markets. Investments in fixed assets reflect both replacement and expansionary capital expenditure to accommodate increased capacity and facility modernisation. Net debt is R5,1 billion (H1F2018: R3,2 billion), impacted by normal first-half working capital absorption and ongoing investment.

Cash generated by operations before working capital absorption was R3,9 billion, an increase of 14,8% over H1F2018. Lower utilisation of working capital of R1,5 billion (H1F2018: R1,8 billion) is pleasing in the face of higher activity levels, tighter supplier terms and impacts from recent acquisitions not fully in the base. Monthly average net working capital days remained consistent at 11 days (H1F2018: 10 days). Free cash flow (excluding dividends paid) was better than H1F2018 by R0,9 billion, largely due to higher cash flow from operations and lower working capital absorption.

Acquisitions
Several small bolt-on acquisitions were made, the most significant of which entailed the acquisition of the remaining minority of the D&D bolt-on acquisition in Italy and 100% of Igartza in Spain. Investments totalled R337,5 million. Focus remains on bolstering systems and infrastructure while extracting synergies and efficiencies from recent acquisitions in Germany and Iberia.

Prospects
Bidcorp remains focused on growth opportunities in the wholesaling of food and allied products to the eat-out-of-home market; organically through achieving the appropriate customer mix, by selling more products and gaining new customers; via in-territory bolt-on acquisitions to expand our geographic reach or to expand our product ranges; and via strategic acquisitions to enter new markets, as and when these arise.

Our mantra of "it's all about the food, the service and the technology" articulates our aim of delivering customer satisfaction backed by high service levels, efficient infrastructure and fit-for-purpose cost-effective products.

Fresh produce, meat, value-add processing and supply chain procurement initiatives all remain areas of further potential across all businesses in the Group. Our bespoke global ecommerce and CRM platform continues to evolve and embrace our best worldwide intellectual property, all leveraged for the greater benefit of the Group. Our service capability continues to improve as we further invest in our decentralised infrastructure programme to fulfil the strategic objective of getting as close as possible to the customer base. Shared innovations across the Group greatly enhance our speed of business development.

We retain significant financial headroom to enable us to decisively capitalise on the right opportunities, either organic or acquisitive, while always remaining disciplined in our overriding approach.

Financially, the Group is strong and we expect cash generation to remain robust. Our objective is to generate above-average returns in each of our businesses in their home markets, notwithstanding macro-considerations and short-term volatility in various markets.

Bidcorp's strength lies in the experience of its entrepreneurial management teams who thrive within our decentralised Group culture. Despite some short-term challenges in our emerging markets, the fundamental demographic and industry drivers of our global foodservice markets remain positive, positioning the Group to continue to deliver real earnings growth for the full year.

Divisional performance
Australasia
The region performed strongly. Revenue was up 1,2% to R16,0 billion (H1F2018: R15,9 billion). Trading profit rose 4,7% to R980,9 million (H1F2018: R937,1 million), demonstrating the benefit of the continuing strategic move away from the

lower margin customer portfolio.

Australia had a reasonable first half, with sales slightly up on last year, a great result considering the exit of further low-margin business in the period.

Continuing focus was given to freetrade customer space, which now represents 77% of total sales, up from 73%. In terms of the metropolitan branch splits effected in F2018, all three regions are tracking well ahead of previous performance. Supply Solutions continues to perform well while developing further exclusive brand lines and other light manufacturing opportunities.

The key challenge is to drive continuing growth in a large, mature business - the strategic factor behind our move into liquor following the Festival acquisition. Initial Festival results were disappointing, but opportunities abound in the medium term, given improved operational performance.

New Zealand put in a credible first-half performance as consumers became increasingly cautious and many customers reported tough trading conditions. Sales showed pleasing growth, margins firmed and expenses were well controlled as branches focused on productivity improvements. Labour availability continues to be a challenge, as well as pressure on wage rates.

Construction started at three more sites to ensure we can maintain our growth trajectory. All the 2018 new builds are now delivering a positive return. Returns slipped slightly on the back of continued investment in property and related assets.

United Kingdom
Notwithstanding uncertainty surrounding Brexit, revenue rose 10,0% to R17,2 billion (H1F2018: R15,6 billion) while trading profit increased by 17,9% to R856,7 million (H1F2018: R726,5 million). Foodservice continues to deliver excellent results, with Bidfresh refreshed and ready to deliver good growth.

Bidfood UK performed strongly, with sales and trading profit ahead of projections. Intense margin management delivered the anticipated gains, a pleasing performance in view of persistent cost pressures in wages, fuel and energy prices.

The independent and multiple freetrade categories showed continued growth, both in margins and volumes. National account volumes fell, but margins improved. The focus remains on exiting non-profitable business while improving margins across our existing customer base.

New brand Unity Wines strengthened its market position despite the brand transition undertaken. Own brand product growth was buoyant.

Bidfresh performance overall was flat. Seafood did well and margins improved. However, further losses were recorded at Meat. Steps are being taken to drive renewed Meat growth. The Produce business has been restructured following its new depot and geographical expansion. National accounts showed good growth. Independents face challenges in a slowing economy. Cost efficiency is key going forward.

Europe
Europe continues to be the stand-out performer in the Group, with most businesses delivering good sales growth and solid trading results. Eastern Europe jurisdictions continue to show record revenue growth, in spite of significant wage pressures throughout the region. Revenue rose 14,8% to R22,5 billion (H1F2018: R19,6 billion) while trading profit rose 19,9% to R979,9 million (H1F2018: R817,0 million).

Netherlands maintained strong momentum, supported by a solid second-quarter performance. Sales and trading profit exceeded expectation. Strong gains in the horeca channel more than offset a slowdown in other areas of the business, notably in the healthcare market. Freetrade growth was unabated and beat expectations. Margins were supported by import activities and some small price rises. Operational expenses rose. Labour availability remains a challenge.

Belgium performed strongly in both the horeca and institutional segments. Sales were above budget and margins well managed. All customer segments showed growth, except the Catering channel. Development of the ecommerce customer offering is ongoing.

Italy again performed strongly. Sales and trading profit growth was pleasing in view of the national economy slowdown. Cash generated by operations rose significantly. Sales to Bidcorp sister companies continued to grow. Continued success in the freetrade sector underscores recent gains. This will remain a point of focus in the second half, along with continued integration of the D&D acquisition.

Czech Republic and Slovakia again recorded excellent first-half growth. Higher sales and better margins offset significant wage pressures due to labour shortages. Sales of our Nowaco products were pleasing, thanks in part to a highly effective TV campaign. Production numbers were positive overall. The Czech economy is slowing, but we are confident we can maintain momentum. Further depot openings are planned to ensure we can effectively service our increasing customer base.

Poland had an outstanding first half, once again registering record sales. The business drew strategic benefit from sustained investment in previous years. Growing sales to the independent street trade provided much of the impetus. Contract reviews in the national accounts segment assisted margin management. Smart Food, the subsidiary that serves Asian restaurants, is expanding its geographic reach. Our Food & Wine subsidiary continues to grow its wine sales and is expanding into spirits.

Iberia (Spain and Portugal) performance is below expectations. However, steady progress is being made internally on improving the business platforms and systems. The Barcelona region is still performing poorly, offset by good growth in Madrid and Lisbon. Focus remains on growing the independent customer-base. Restructuring of the legacy Food4 business impacted profitability. Frustock (Portugal) and newly acquired Igartza performed well.

Baltics achieved pleasing sales growth, driven by strong foodservice performance. Operations in both Latvia and Lithuania recorded a profit. Construction of the new depot in Kaunas is progressing well.

Germany continued to underperform. Horeca sales rose and national accounts ticked higher, though expenses remained too high. Additional management support has been deployed to assist our local operators. This remains a medium-term market opportunity for us. We need to structure the base before attempting expansion.

Emerging Markets
This segment continues to navigate the challenging economic and political headwinds in these developing jurisdictions. Even so, overall revenue was up 9,1% to R10,7 billion (H1F2018: R9,8 billion), with trading profit down 13,6% at R502,0 million (H1F2018: R581,3 million), largely due to the impact of the mainland China results.

Africa was impacted by a challenged performance at Crown Food Group (CFG) as recovery by the processed meats sector after last year's listeriosis crisis proved slow. Bidfood and Chipkins Puratos (CP), our 50% equity-accounted JV, delivered excellent results, despite consumer pressure and cost rises well above food inflation. All businesses grew volumes in targeted channels, but margins are under pressure. Bidfood secured further street trade gains. National accounts declined slightly, but industrial catering sales rose. Sales through the MyBidfood ecommerce platform continue to expand. Our private and exclusive labels remain a differentiator in the market. At CFG, the Six Bar acquisition has been integrated into the business. CP grew across most channels, bolstered by good sales of own-manufactured products. Its state-of-the-art wet plant opens soon.

Greater China faced pressures as the economy slowed. Some sales gains were registered. Margins slipped and profit fell as expenses moved significantly higher as we expanded our product offering following the loss of our cornerstone dairy products agency. This loss was unpreventable, the principal (a large New Zealand dairy company) made the strategic decision to insource the selling function and outsource only the distribution component, which is not the type of activity we choose to be involved in. The Guangzhou and Shanghai operations were under particular pressure in adjusting to the loss of the dairy agency. Miumi, the Japanese food business, put in a strong showing. The second quarter 'festival effect' boosted Hong Kong and Macau.

Work continued on the further diversification of the product mix. Hong Kong and Macau plan to continue the introduction of new brands while stepping up investment in production centres. The hotel and restaurant channel and Chinese cuisine are focus areas for mainland operations. The business is now poised to resume its growth strategy, with the aim of repeating the performance levels seen in the previous 10 years.

Singapore achieved modest sales gains, but operating profit was slightly lower as a result of our Vietnam startup costs. The Vietnam JV became operational late in the period. Our Singapore business is now performing better after being transformed into a more traditional foodservice operation. Malaysia performed well, growing sales and margins.

Chile exceeded expectations. Volumes benefited from the October acquisition of Foodchoice. Organic growth remained the biggest driver, supported by contributions from the Viña del Mar branch. Sales from two more branches (Foodchoice Temuco and Antofagata) added to momentum.

Brazil achieved strong sales growth. Both the Irmaos Avelino and Mariusso components of the business reported solid gains as the foodservice sector benefited from a more positive consumer mood following national elections. Gains were underpinned by productivity improvements and the introduction of enhanced technology and reporting tools. We began the launch of own brand products in numerous categories, drawing on the experience of Group businesses around the world.

Middle East sales and profit exceeded expectations while margins improved. Operating expenditure was well managed. Dubai was under pressure. However, Abu Dhabi did well. Al Diyafa, the Saudi Arabian JV, recorded pleasing results, driven by new account gains and a better product sales mix.

Turkey recorded big sales gains. Trading profit lagged budget but was up on the comparative period. Izmir-based EFE put in an exceptional performance. Expenses were well controlled, but the weak Turkish lira drove some distribution costs higher.

BL Berson
Chief executive

DE Cleasby
Chief financial officer

Dividend declaration
In line with the Group dividend policy, the directors declared an interim gross cash dividend of 310,0 cents (248,0 cents net of dividend withholding tax, where applicable) per ordinary share for the half-year ended December 31 2018 to those members registered on the record date, being Friday, March 22 2019.

The dividend has been declared from income reserves. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

Share code:	BID
ISIN:	ZAE000216537
Company registration number:	1995/008615/06
Company tax reference number:	9040946841
Gross cash dividend amount per share:	310,0 cents
Net dividend amount per share:	248,0 cents
Issued shares at declaration date ('000):	335 404
Declaration date:	Wednesday, February 20 2019
Last day to trade cum dividend:	Monday, March 18 2019
First day to trade ex dividend:	Tuesday, March 19 2019
Record date:	Friday, March 22 2019
Payment date:	Monday, March 25 2019

Share certificates may not be dematerialised or rematerialised between Tuesday, March 19 2019 and Friday, March 22 2019, both days inclusive.

For and on behalf of the board

AK Biggs
Company secretary

Johannesburg
February 20 2019

Basis of presentation of the condensed interim consolidated financial statements
The condensed interim consolidated financial statements have been prepared in accordance with the JSE Limited Listings Requirements for interim reports, and the requirement of the Companies Act of South Africa applicable for condensed interim consolidated financial statements. The Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and include disclosure as required by IAS 34: Interim Financial Reporting and the Companies Act of South Africa. The accounting policies applied in the preparation of the condensed interim consolidated financial statements from which the condensed interim consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

In preparing these interim condensed consolidated financial statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Acquisitions
The Group made a number of small acquisitions during the period, namely:
- Igartza, S.L. (Spain)
- D&D S.p.A. (Italy) - acquired remaining 30%
- Foodchoice (Chile)
- Six Bar Trading 409 CC (South Africa)
- KBC Foods (Australia)

These acquisitions form part of the Group's strategic expansion plans in the international foodservice industry. The acquisitions have enabled the Group to expand its range of complementary products and services and, as a consequence, has broadened the Group's base in the market place. Total investment in acquisitions was R337,5 million, and their contribution to revenue and trading profit for the half-year ended December 31 2018 was R195,2 million and R11,0 million respectively. There were no significant contingent liabilities identified in the businesses acquired.

Financial instruments
When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques categorised as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

R000s	Non-current assets (liabilities) Puttable non-controlling interests	Investments	Vendors for acquisition	Current liabilities Puttable non-controlling interests	Vendors for acquisition	Total
December 31 2018						
Financial assets measured at fair value	-	78 410	-	-	-	78 410
Financial liabilities measured at fair value	(305 106)	-	(299 461)	(1 155 977)	(55 469)	(1 816 013)
December 31 2017						
Financial assets measured at fair value	-	61 911	-	-	-	61 911
Financial liabilities measured at fair value	(411 648)	-	(66 270)	(1 017 736)	(283 911)	(1 779 565)
June 30 2018						
Financial assets measured at fair value	-	56 288	-	-	-	56 288
Financial liabilities measured at fair value	(356 522)	-	(300 315)	(1 122 068)	(234 709)	(2 013 614)

Fair value	Level 1	Level 2	Level 3	Total
December 31 2018				
Financial assets measured at fair value	-	6 167	72 243	78 410
Financial liabilities measured at fair value	-	-	(1 816 013)	(1 816 013)
December 31 2017				
Financial assets measured at fair value	-	8 163	53 748	61 911
Financial liabilities measured at fair value	-	-	(1 779 565)	(1 779 565)
June 30 2018				
Financial assets measured at fair value	-	-	56 288	56 288
Financial liabilities measured at fair value	-	-	(2 013 614)	(2 013 614)

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The expected payments are determined by considering the possible scenarios of forecast EBITDAs, the amount to be paid under each scenario and the probability of each scenario. The valuation models consider the present value of expected payment, discounted using a risk-adjusted discount rate.	- EBITDA growth rates: 5% - 15% (H1F2018: 10% - 23%) - EBITDA multiples: 5,5x - 8,5x (H1F2018: 4,8x - 7x) - Risk-adjusted discount rate: 0,5% - 9,0% (H1F2018: 1,99% - 5,0%)	The estimated fair value would increase (decrease) if: - the EBITDA were higher (lower); or - the risk-adjusted discount rate were lower (higher).

Discontinued operations

In December 2017, management committed to a plan to discontinue the UK Contract Distribution (CD) business segment which operates in the United Kingdom. By June 30 2018, Bidcorp was close to finalising its proposed exit from this non-core segment. Costs associated with this anticipated exit were substantially provided for and any further costs are unlikely to be significant. The CD business segment is a component of the Group's United Kingdom business, the operations and cash flows of which can be clearly distinguished from the rest of the Group. Post June 30 2018, the prospective purchaser of the CD business notified Bidcorp that for its own internal reasons, it has decided not to proceed with the transaction. The CD business remains a non-core activity in respect of Bidcorp's global foodservice operations. Accordingly, Bidcorp pursued alternative exit proposals, and has engaged in a formal sale process, managed by independent advisers. The sale process is ongoing at December 31 2018.

PCL's (dairy distribution business for Arla) performance for the half year was disappointing. Towards the end of 2018, following a dispute with Arla,management committed to exit the PCL business by either selling the PCL transport operations to Arla or to close down the PCL business. Heads of Terms are being negotiated with Arla, and the sales process is ongoing at December 31 2018. An outcome is expected to be finalised before June 2019. Further costs associated with the exit will be incurred in the second half of the financial year, including trading losses and vehicle fleet disposal costs.

The results of the discontinued operations included in the Group's results are detailed below:

R000s	December 31 2018 Unaudited	December 31 2017 Unaudited Re-presented*	June 30 2018 Unaudited Re-presented*
Revenue	9 620 844	11 073 688	19 408 282
Cost of revenue	(8 227 118)	(9 582 438)	(16 686 301)
Gross profit	1 393 726	1 491 250	2 721 981
Operating expenses	(1 469 355)	(1 579 080)	(3 353 932)
Trading loss	(75 629)	(87 830)	(631 951)
Share-based payment expense	(1 601)	(1 582)	(3 110)
Net capital items	(470 376)	(811)	(145 545)
Operating loss	(547 606)	(90 223)	(780 606)
Net finance charges	(5 610)	(3 389)	(8 459)
Finance income	-	2	45
Finance charges	(5 610)	(3 391)	(8 504)
Loss before taxation	(553 216)	(93 612)	(789 065)
Taxation	98 205	19 065	126 352
Loss for the period from discontinued operations	(455 011)	(74 547)	(662 713)
The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline loss:			
Loss attributable to shareholders of the Company from discontinued operations	(455 011)	(74 547)	(662 713)
Net impairments	389 359	657	145 394
Intangible assets	465 010	-	-
Property, plant and equipment	5 366	811	3 408
Goodwill	-	-	142 137
Taxation relief	(81 017)	(154)	(151)
Headline loss from discontinued operations	(65 652)	(73 890)	(517 319)
Discontinued operations (cents)			
Basic loss per share	(136,6)	(22,4)	(199,2)
Diluted loss per share	(136,3)	(22,4)	(198,6)
Headline loss per share	(19,7)	(22,2)	(155,5)
Diluted headline loss per share	(19,7)	(22,2)	(155,0)

* Refer to 'Preparation and results' note

R000s	December 31 2018 Unaudited	December 31 2017 Unaudited	June 30 2018 Audited
Effect of the discontinued operations on the statement of financial position of the Group			
Assets classified as held-for-sale	3 473 095	2 402 441	2 590 657
Property, plant and equipment	313 467	219 769	212 090
Intangible assets	4 525	6 081	7 437

Deferred tax asset	7 752	499	1 338
Inventories	466 982	469 322	428 733
Trade and other receivables	1 959 650	1 684 627	1 161 229
Investments and loans	445	-	440
Taxation	126 007	22 143	101 043
Cash and cash equivalents	594 267	-	678 347
Liabilities classified as held-for-sale	3 403 101	2 751 815	2 613 207
Deferred tax liability	10 906	12 069	6 476
Long-term portion of provisions	183 847	52 313	30 013
Trade and other payables	3 114 250	2 501 452	2 576 718
Short-term portion of provisions	94 098	21 839	-
Bank overdrafts	-	164 142	-

	December 31		June 30
		2017	2018
	2018	Unaudited	Unaudited
R000s	Unaudited	Re-presented*	Re-presented*
Cash flows from discontinued operations			
Net operating cash flows from discontinued operations	(287 161)	105 143	51 273
Net investing cash flows from discontinued operations	(7 526)	(5 445)	(16 319)
Net (decrease) increase in cash and cash equivalents	(294 687)	99 698	34 954

Preparation and results

These half-year ended December 31 results have not been audited or reviewed by the Group's auditors. The condensed interim consolidated financial statements have been prepared by CAM Bishop (CA)SA, under the supervision of DE Cleasby CA(SA), and were approved by the board of directors on February 19 2019.

The consolidated statement of profit or loss, consolidated statement of cash flows, segmental analysis and related notes have been re-presented as a result of classifying the remaining UK logistics activities, PCL, as a discontinued operation in the 2019 interim period, together with the related notes.

As a result of this disclosure change, the June 30 2018 consolidated statement of profit or loss, consolidated statement of cash flows, segmental analysis and related notes have been described as "unaudited" in the 2019 interim financial statements contained herein.

The adoption of IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts from Customers, which became effective from July 1 2018, has not had a material impact on the financial position or performance of the Group. No transition adjustments have been processed to retained earnings.

IFRS 16: Leases will be adopted by the Group with effect from July 1 2019. Management's initial assessment of IFRS 16 is that it will have an impact on the following areas (but not limited to):

- an overall increase in the Group's total assets, net debt and debt/equity ratio due to the inclusion of the lease liability on statement of financial position;
- higher trading profit due to an element of the operating lease charge being disclosed as a finance charge; and
- higher finance charges and lower trading interest cover levels due to the finance element of the current lease charge being moved to the finance charges line on the statement of profit or loss.

Exchange rates

The following exchange rates were used in the conversion of foreign interests and foreign transactions during the periods:

	December 31	June

	2018 Unaudited	2017 Unaudited	2018 Audited
Rand/Sterling			
Closing rate	18,29	16,67	18,06
Average rate	18,34	17,65	17,27
Rand/Euro			
Closing rate	16,49	14,80	16,00
Average rate	16,32	15,74	15,30
Rand/Australian dollar			
Closing rate	10,15	9,65	10,15
Average rate	10,26	10,43	9,94

Supplementary pro forma information regarding the currency effects of the translation of foreign operations on the Group

The pro forma financial information has been compiled for illustrative purposes only and is the responsibility of the board. Due to the nature of this information, it may not fairly present the Group's financial position, changes in equity and results of operations or cash flows. The pro forma information has been compiled in terms of the JSE Listings Requirements and the Revised Guide on Pro Forma Information by SAICA.

The illustrative information, detailed below, has been prepared on the basis of applying the H1F2018 average rand exchange rates to the H1F2019 foreign subsidiary income statements and recalculating the reported income of the Group for the period.

	For the half-year ended December 31				
R000s	2018 Unaudited	2017 Unaudited	% change	Illustrative 2018 at 2017 average exchange rates	% change
Continuing operations					
Revenue	66 413 585	60 873 527	9,1	65 007 423	6,8
Trading profit	3 277 347	3 025 266	8,3	3 220 854	6,5
Headline earnings	2 332 642	2 131 786	9,4	2 286 551	7,3
Headline earnings per share (cents)	700,2	641,0	9,2	686,3	7,1
Constant currency per segment from continuing operations					
Revenue					
Australasia	16 047 837	15 864 241	1,2	16 268 930	2,6
United Kingdom	17 208 760	15 637 658	10,0	16 559 783	5,9
Europe	22 451 594	19 555 009	14,8	21 665 880	10,8
Emerging Markets	10 705 394	9 816 619	9,1	10 512 830	7,1
	66 413 585	60 873 527	9,1	65 007 423	6,8
Trading profit					
Australasia	980 922	937 090	4,7	994 507	6,1
United Kingdom	856 706	726 463	17,9	824 398	13,5
Europe	979 866	816 982	19,9	944 695	15,6
Emerging Markets	501 993	581 252	(13,6)	498 326	(14,3)
Corporate office	(42 140)	(36 521)		(41 072)	
	3 277 347	3 025 266	8,3	3 220 854	6,5

Average exchange rates are calculated using the arithmetic mean of the daily exchange rates over the reporting period.

Administration

Directors
Chairman: S Koseff
Lead independent director: DDB Band
Non-executive director: B Joffe
Independent non-executive: PC Baloyi, DD Mokgatle, NG Payne, H Wiseman*
Executive directors: BL Berson* (chief executive), DE Cleasby (chief financial officer)
*Australian

Company secretary
AK Biggs

Transfer secretaries
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Sponsor
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30 Baker Street, RosebankSouth Africa, 2196

Independent auditor
PricewaterhouseCoopers
Registration number: 1998/012055/21
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Midrand, 2090

Registered office
2nd Floor North Wing, 90 Rivonia Road, Sandton Johannesburg, 2196, South Africa
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Further information regarding our Group can be found on the Bidcorp website:
www.bidcorpgroup.com

February 20 2019