

Bidvest to pursue foodservice growth

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The Bidvest Group (BVT) has not only decided to hang on to its Foodservices interests, but has decided to pursue growth in the division.

It has concluded memorandums of understandings to purchase foodservice businesses in Egypt, the Baltics, and Chile - its first entry into the high growth South American market.

The group said on Thursday, 18 August 2011, that it had received several unsolicited proposals for its foodservice interests, but these have been turned down by the board.

The group has indicated its desire to build further value by pursuing organic growth and acquisition opportunities rather than realise significant cash, said Bidvest chief executive Brian Joffe.

Bidvest informed shareholders last month that it had received unsolicited proposals relating to its foodservice unit. A board sub-committee was appointed to conduct a strategic review to see if any of the proposals would optimise value for Bidvest shareholders.

On Thursday, Bidvest said it had concluded the strategic review and has decided not to pursue any of the proposals. The Board acknowledged that the unsolicited proposals would not have optimised value nor the strategic benefits that are likely to flow from the current Bidvest structure over the medium term. In assessing the proposals, the Bidvest business model was strongly endorsed, it said.

"The unsolicited proposals highlight the appeal of our foodservice assets and underscore the intrinsic value we believe has always been there. The fact that the Foodservice assets have not been disposed of does not diminish their value," said Joffe.

He reiterated Bidvest's previously stated position that a demerger of a significant part of Bidvest's assets should not take place at the expense of critical mass and financial strength.

"Notwithstanding current trading challenges, the potential for substantial growth in the value of these assets should not be under-estimated. We see considerable opportunity and are well placed to pursue it, notably in the new geographies covered by the signing of memorandums of understanding to buy foodservice businesses in Egypt, the Baltic States and Chile - the first time the group has sought entry into the South American market."

Bernard Berson, chief executive of the Foodservice division, added that management was pleased with the conclusion reached by the board.

"It shows confidence in the capability of our people to continue to deliver growth and build an even bigger business across new international markets. The way is now clear for the next stage of our growth strategy to roll out," he said.

Joffe founded Bidvest 22 years ago by buying Chipkins, Bidvest's first South African foodservice company and foodservice remains a core focus area for the diversified group.

Bidvest also informed shareholders they no longer need to exercise caution in their share dealings, lifting the cautionary status that had applied since early July.

Bidvest is the largest foodservice operator outside the USA. The Group has foodservice interests in SA and Namibia, the UK, Western and Central Europe, the Middle East, Australia, New Zealand, Singapore, Hong Kong and greater China.

At 11:00 on the JSE, Bidvest shares were down R5.75, or 3.7%, at R149.25.

A local equities trader noted that the share price had spiked when the initial cautionary announcement advising shareholders of the various unsolicited proposals relating to its Foodservice Business was issued in July.

So the decline today is related to the announcement that Bidvest has decided to reject the proposals, the trader added.

The overall market is also weaker this morning, the trader added. The General Industrials (J272) index was down 2.28%.

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