

# Bidvest results 'reasonable' says Joffe

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Industrial conglomerate Bidvest on Monday (4 March) said it was pleased with its financial results for the six months to December given tough trading conditions in many regions, with chief executive Brian Joffe attributing the solid earnings growth to good management over the group's multitude of subsidiaries.



Bidvest's normalised headline earnings per share rose 18.2% to 725.1c. Normalised earnings per share rose 24.5% to 724.4c. But headline earnings per share declined 2.3% to 725.1c while basic earnings per share rose only 1.9% to 724.4c, because of a one-off profit from the partial sale of the group's investment in Mumbai International Airport, which held earnings back.

In 2011 Bidvest subsidiary Bid Services agreed to sell part of its interest in the airport to a subsidiary of Indian infrastructure company GVK Power & Infrastructure.

Joffe said the trading results for the six months to December were "reasonable" despite challenging conditions including weak demand in many regions.

"In SA, lower demand in different sectors combined with a customer drive for cheaper cost of services is driving increased competition, some of which is at sub-economic rates.

"Despite low inflation, cost pressures, particularly those of administered prices, are mounting. Labour unrest in the mining and transport sectors had a negative impact on many operations," he said.

## Geographical breakdown

Looking at a geographical breakdown of Bidvest's investments, Joffe said the overall trading performance in SA was good, with "excellent results from a number of divisions".

This was despite demand in the construction industry and discretionary consumer spending remaining weak when compared with the preceding six months.

Asia Pacific continued to deliver to management's expectations but the performance of food services provider Angliss Singapore lagged those of other businesses.

Bidvest Europe's results reflected resilient performances from most operations other than food wholesaler Deli XL Netherlands, which recorded a loss.

Bidvest Namibia's trading profit fell 20.7%, primarily due to a drop in fishing profits after a 25% reduction of quotas.

Bidvest derived 27% of trading profit from businesses outside Africa.

Bidvest's share price did not react much to the results as the market had already factored in growth forecasts detailed in a trading statement released last week.

"Trading conditions are not easy, but the broad portfolio of the group has offered protection from tough conditions in specific markets by delivering solid performances in others. In general, they continue to make good headway," said Macquarie Securities analyst Peter Steyn.

Anthony Geard an investment analyst at Investec Securities, said: "The results were very much in line with their recent guidance and a bit ahead of my pre-guidance expectations. I have not changed my broadly neutral view of the stock."

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