

Bidcorp reaps most of its profits from Australia and New Zealand

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Bid Corporation (Bidcorp) earns most of its revenue in Europe, but most of its profit from Australia and New Zealand.



The geographically diverse food conglomerate unbundled from Bidvest in 2016 reported on Wednesday morning that its revenue for the six months to end-December grew 8% to R61.5bn.

At Tuesday's closing price of R264.15, Bidcorp had a market capitalisation of R88.6bn, placing it ahead of Tiger Brands's R85.5bn and making it the JSE's largest food group. Bidcorp segments its results into four geographic regions. Its Europe division, which excludes the UK, grew revenue 20% to R19.6bn, contributing nearly a third of the group's total sales.

The results refer to a "free trade horeca business" - horeca is an abbreviation used in Europe for the hotel, restaurant and caf industries - which Bidcorp serves on the continent.

"Belgium's revenue growth continued to beat expectations and trading profit growth was pleasing. The catering segment maintained volumes in the face of pressure, while the horeca and institutional channels exceeded budget. The 'My BidOne'

e-commerce platform was successfully introduced," CEO Bernard Berson said in the results statement.

Bidcorp views its expertise in e-commerce as a key strength. "Our investment in digital interaction with our customers is being leveraged off our ability to intelligently interpret our significant data sets. The development of BidOne, our bespoke global e-commerce and customer relationship management platform, continues to ensure our best worldwide innovations are leveraged for the greater benefit of the group," Berson said.

The UK was Bidcorp's second-largest revenue generator at R16.2bn, narrowly beating Australasia's R15.9bn. Although Australasia's contribution was only the third-biggest revenue source, it contributed 31% of the group's profit.

"Overall progress in Australia was highly satisfactory for a business that recently opened three additional metro sites in Sydney, Melbourne and Brisbane," Berson said.

"New Zealand put in a strong second-quarter performance, offsetting a slow start to the half year. Performance was driven by steady revenue growth, supplemented by ongoing focus on imports and margin management."

In SA, Bidcorp formed a joint venture with Belgium confectionery group Puratos. "The new Chipkins Puratos joint venture made excellent progress. Puratos's knowledge and best practice are being implemented across the business," Berson said.

Bidcorp raised its interim dividend by 12% to R2.80 from R2.50 in the matching period.

Source: BDpro

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