



APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Bidcorp FY 2026 Results

Share Price	R45.46
Date	01 September 2026

RESULTS SUMMARY

Bidcorp delivered a solid 2026 result, with earnings in line with expectations. Revenue rose 2.8% , slightly below expectations, while constant-currency growth was 5%. Trading profit increased 6.5%, with the trading margin improving to 5.7%. HEPS rose 5.4% to R27.01, slightly ahead of the expected R26.97. Management declared a final dividend of R6.25, bringing the total dividend for the year to R12.40, up 6.9% year-on-year

Growth was strongest in Europe, with broad-based gains across the region. The UK continued to improve despite challenging conditions, with solid margin expansion. Emerging markets were mixed, with continued weakness in Greater China offset by strong growth in Africa. Australia and New Zealand remained under pressure, with low revenue growth and margin compression.

The balance sheet remains strong, supported by solid cash flow generation. During the year, Bidcorp repurchased 2.6m shares, equivalent to 0.8% of shares in issue and management indicated that buybacks are likely to continue at current valuation levels.

Despite tough global trading conditions, Bidcorp continues to demonstrate the resilience of its business model and ability to deliver organic growth. With low food inflation and currency headwinds having weighed on the share price, the stock now trades on a forward P/E of 14.8x, below its historical average. We believe this presents an attractive entry point for a high-quality long-term compounder.

OUR LONG-TERM INVESTMENT VIEW

- Bidcorp is the largest food services business outside the US and boasts the most diversified footprint. In its operating regions, the group has a leading (top three) market share, which we believe is a competitive advantage within food services. We believe that the continued benefit from scale and exposure to fast growing economies will support earnings growth going forward.
- The group's stated strategy of exiting low-cost operations, achieving the correct customer mix and providing additional value-added services support our expectation that margins will continue to improve in the coming years.
- Bidcorp is highly cash generative and has low gearing. We believe this leaves room for the continuation of the current strategy of acquiring independent operators as bolt-on acquisitions, or for management to make a larger transformative acquisition either in a new market or to bulk up existing operations.

UNPACKING THE FY 2026 RESULTS

High level numbers

- **Revenue grew** 2.8%, 5% in constant currency (CC), driven largely by organic growth through market share gains with acquisitions and food inflation contributing negligibly. Geographically, growth was driven by Europe and the UK.
- **Gross margin** improved 30bps to 24.7% with improved mix and cost management able to offset continued pressure from wage inflation impacted by government policies.
- **Europe** (40% of group trading profit) continued its solid growth. Performance varied across the region with Italy being the standout performer. Spain and Portugal remain in early investment phase with management expecting growth to improve in the coming years. Central Europe saw improvement despite low growth environments. Revenue increased 5.5% (5% in CC) with trading profit increasing 14.4%(14.3% in CC). Margins continued to improve, increasing 50bps to 6%.

- **Operating expenses** as a percentage of revenue increased by 10bps to 19.1% on higher wage and fuel costs.
- Group **trading profit** increased by 6.5% (8.2% in CC) to R6.8bn. Trading profit margin improved 20bps to 5.7% as gross margin gains more than offset increase in operating costs.
- **HEPS** increased 5.4% to 2 701.4cps with a dividend per share of 1 240cps, increasing 6.9%y-o-y.
- **Free cash flow** generation was strong for the year at R7bn. Cash conversation improved with cash generated from operations at R18,1bn, 135% of trading profit.
- The group's **balance sheet remains strong** and conservative, with net debt to EBITDA of 0.2x – well below the group threshold of 2.5x.

Regional performance

- **Australasia** (27% of group trading profit) continues to face challenging market conditions with strong competition. The division saw revenue decrease 0.4% (up 4.2% in CC) with trading profit decreasing 2.3% (up 2% in CC). While trading profit margin remains the highest within the group, it decreased 20bps to 8.2%. Trading conditions, by management commentary, seemed to have bottomed with improvement expected in the short to medium term.
- The **UK** (19% of group trading profit) delivered a solid performance in a continued weak environment. Revenue increased 3.2% (6.9% in CC) with food service as the main growth area. Discretionary spend in the UK remains under pressure with growth primarily coming from non-discretionary clients. Trading profit increased 8.4% (12.3% in CC), with margin improving 30bps to 4%.
- **Emerging Markets** (14% of group trading profit) saw mixed performances with Latin America, Malaysia and Africa excelling with the Middle East and China struggling. Revenue decreased 0.6% (up 2.2% in CC) with trading profit decreasing 1% (flat in CC) and margin improving remaining at 5.7%. South Africa's strong performance from H1 continued with investment in private label benefitting margins. The Middle East had a challenging year given the geopolitical issues with Turkey seeing some recovery. Mainland China remained weak with some resilience seen in Hong Kong. Chile was the standout performance in South America with trading profit doubling.

Looking ahead

Management expects some impact from food inflation related to the Middle East conflict over the coming year. With core inflation expected to remain above food inflation, continued cost discipline will be important in protecting margins and supporting earnings growth.

The bottom line

Bidcorp continues to demonstrate the resilience of its business model despite challenging global trading conditions. Trading on a forward P/E of 14.8x, below its historical average, we believe the current valuation remains attractive for a high-quality long-term compounder.

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