IJG Securities (Pty) Ltd.
Member of the NSX

BIDVEST NAMIBIA LIMITED
FY16 Initial Impression
August 2016

Bidvest Namibia
FY16 Initial Impression

Target Price (c)	1000
Current Price (c)	1048

Year End 30 June	2013	2014	2015	2016	F2017
Revenue (N$m)	3,355	3,703	3,535	3,859	3,987
EBITDA (N$m)	601	501	410	293	352
Net profit (N$m)	427	343	412	235	257
HEPS (c)	129.5	116.0	103.2	86.2	104.9
HEPS growth (%)	-7.7	-10.4	-11.0	-16.5	3.3
DPS (c)	69	63	56	38	52
P/E (x)*	8.1	9.1	7.7	12.1	11.9
DY (%)	6.6	6.1	5.3	4.6	4.6

Source: BVN, IJG
**Based on current share price*

Recommendation	SELL
NSX Code	BVN
Market Cap (N$m)	2,221
Shares in Issue (m)	212
Free float (%)	24
52 week high (c)	1051
52 week low (c)	1048

1H16 Results
Bidvest Namibia delivered poor results for the 2016 financial year. As we expected, the firm's results reflect the difficulties the fishing division finds itself in. EPS decreased 36.2% to 86.9 cents per share, while HEPS fell 16.5% to 86.2 cents per share. At N$3.859 billion, revenue is up 9.2% from last year, mainly due to the acquisition of Novel Motor Company during the financial year, which added N$755.2 million to revenue. However, BVN's trading profit shrunk 43.0% to N$235.1 million, primarily as a result of significantly lower horse mackerel quota available to Namsov. A final cash dividend of 18 cents per share was declared, taking the total dividend for the year to 38 cents per share, thus the company cut dividends by 36.2% when compared to FY15.

Fishing
Performance by the fishing division was particularly poor. Firstly, lower horse mackerel quota was allocated directly to BVN by the Ministry of Fisheries and Marine Resources together with the fact that quota contributing partners exited from Trachurus Joint Venture, resulting in the tons of horse mackerel sales falling by 36.2%. Secondly, the hard currency prices of horse mackerel fell, down 21.0% year on year. Thirdly, the entire industry reported poor pilchard catches during the fishing season, consequently, BVN reached an agreement with Etosha Fishing to do all the canning, while BVN's United Fishing vessels were used to catch pilchards. Lastly, broken down vessels in Angola also contributed to lower landings, therefore lower volumes sold. As usual, the fishing division supplied the largest chunk of trading profit, coming in at N$197.4m or 67%. This figure compares to N$339.5 million or 83% seen in FY15.

Freight and Logistics
Freight and logistics struggled due to a lack of projects and reduced port and freight volumes during the financial year. Given the integrated nature of the Freight and Logistics business, projects have spin-offs to all areas in the division. Therefore, all entities in this division are facing challenging times. Trading profit for this division decreased significantly, down 66.9% to N$11.9 m million.

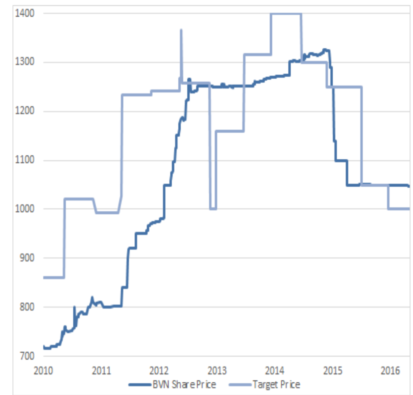
Food and Distribution
Trading profit for the Food and Distribution division doubled to N$19.5 million from FY15, however, this year's trading profit includes a N$7.0 million settlement received from Namibian Poultry Industry Proprietary Limited regarding their cancellation of a chicken distribution agreement in 2015. Performance for the Food and Distribution division was poor for various reasons, however, the division was affected to a large extent by the loss of the contract for distribution of Namibia Poultry Industry products.

Commercial and Industrial Products and Services
Commercial and Industrial Products and Services also delivered poor performed, with trading profit down 19.3%. Management reported that most of the businesses in the Commercial and industrial products and services division showed double-digit growth in revenue and in profits, which, however, were off-set by a poor performance at Voltex.

Automotive
In the Automotive division, the newly acquired Novel Motor Company, brings diversification to the existing portfolio of the BVN structure, contributing 14.5% of the group trading profit, making it second largest contributor given a trading profit margin of 8.7%.

Segmental Trading Profit Margin	FY15	Margin	FY16	Margin	Change
Fishing	339,516	22.5%	197,443	18.1%	-4.42%
Freight and Logistics	35,845	2.4%	11,873	1.1%	-1.29%
Food and Distribution	9,555	2.5%	19,546	6.3%	3.84%
Industrial and Commercial Products	28,370	2.4%	22,894	1.9%	-0.46%
Automotive	0	0.0%	42,620	8.7%	8.70%
Corporate Services	(3,631)	-	511	0.1%	-
	409,655	11.5%	294,887	7.6%	-3.89%

Valuation and recommendation
We are currently reviewing our BVN valuation model; and as such have left our forecasts and target price unchanged and retain and reiterate our SELL recommendation. We will release a detailed report following management discussions.

BVN Share Price


Dividends
Notice is hereby given that a final dividend of 18 cents per ordinary share was declared for the period ended 30 June 2016.

- Last day to trade cum dividend: 2 September 2016
- First day to trade ex-dividend: 5 September 2016
- Record date: 9 September 2016
- Payment date: 23 September 2016

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