

BURSON GROUP LTD

Investor Day – Optimisation Projects Update

19th April 2016



Disclaimer

The material in this presentation has been prepared by Burson Group Limited ("Burson") ABN 80 153 199 912 and is general background information about Burson's activities current at the date of this presentation. The information is given in summary form and does not purport to be complete. Information in this presentation, including forecast financial information should not be considered as advice or a recommendation to investors or potential investors and does not take into account investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

Persons needing advice should consult their stockbroker, solicitor, accountant or other independent financial advisor.

The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about and observe such restrictions.

This presentation does not constitute, or form part of, an offer to sell or the solicitation of an offer to subscribe for or buy any securities, nor the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issue or transfer of the securities referred to in this presentation in any jurisdiction in contravention of applicable law.

Certain statements made in this presentation are forward-looking statements. These forward-looking statements are not historical facts but rather are based on Burson's current expectations, estimates and projections about the industry in which Burson operates, and beliefs and assumptions. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Burson, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Burson cautions investors and potential investors not to place undue reliance on these forward-looking statements, which reflect the view of Burson only as of the date of this presentation. The forward-looking statements made in this presentation relate only to events as of the date on which the statements are made. Burson will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this presentation except as required by law or by any appropriate regulatory authority.



Optimisation Projects Overview

- There are 15 Optimisation Projects which will be summarised into 6 for the purpose of this presentation;
- Each project is led by a member of the Executive Team;
- The projects each have specific goals, deliverables and timeframes;
- Not all projects have a defined financial outcome, and some are not yet capable of quantification of the financial outcome;
- The majority of the financial benefits will commence from FY17 onwards;
- Each month the Executive review the progress of each of the projects.



#	Project / Area
1	Direct Procurement / Buy Better
2	Freight Negotiation
3	Marketing Spend
4	In Direct Procurement / Buy Better
5	Intercompany Sales
6	Product Substitution
7	Price / Margin Optimization
8	Warehouse Optimization
9	Warehouse Productivity
10	Network Development Plan
11	Conversion Company Stores & Franchise network optimisation
12	Inventory Duplication
13	Group Support Office
14	Supply Chain
15	Organization



Product Procurement

Project Outline:

- Negotiation with product suppliers to improve cost of goods purchased, based on size of spend, payment terms, promotional allowances and other areas.
- Total spend approx. \$400 million.
- Created role of GM- Group Procurement.
- Initially negotiating with largest 40 suppliers. Initial supplier focus \$300m or 75% of addressable spend.
- Strategy for each product category was determined.
- Expect continued strong growth of the group that should be reflected in buying terms.
- Meetings being held with each supplier
- Expect project to be largely complete by July 2016, with majority of benefits impacting immediately.

Current Status:

- Met with 40% of suppliers.
- Progress in line with expectations.



Indirect Procurement – including freight, marketing, consultants, other services.

Project Outline:

- Negotiation with indirect suppliers to improve cost of purchases, based on size of spend, payment terms.
- Includes insurance, consultants, accounting, freight, marketing, travel, telephones. IT, motor vehicles, etc
- Total spend approx. \$40 million
- Meetings being held with each supplier.
- Expect project to be largely complete by December 2016, with benefits deriving over following 18 months.

Current Status:

- Met with key providers. Negotiations continuing, including preparing some RFP's.
- Progress in line with expectations.



Group Support Office / Shared Services/ ERP system

Project Outline:

- Transition business units onto a common ERP IT platform in ANA.
- In the back office finance and administration areas, consider the option of a shared services structure to optimise the efficiency across the group.
- Benefits in reduced inventory holdings due to product duplication (different systems).
- Potential labour cost benefits with shared services

Current Status:

- All ANA business units transitioned to a common ERP platform (last was end March). Is the same platform as Burson Trade.
- Will appoint a shared services manager to manage the overall services area.
- Benefit of shared Services yet to be quantified.
- Inventory duplication benefit identified. Will be delivered over FY17 to FY19.



Warehouse Optimisation

Project Outline:

- Review the optimum methods for operating the 16 plus warehouses that the group has, taking account of the various service level requirements of the various market segments the business services.
- Total spend approx. \$30 million
- In the process of appointing an external consulting group to review the current structure and operating methods and to provide the group with recommendations..
- Expect consulting assignment to be complete by September 2016.
- Do not expect any benefits to accrue until FY2018.
- There is likely to be a capital cost required to extract a portion of the benefits.

Current Status:

- Appointing External Consulting Group to undertake review.
- Recommended action steps due by September 2016



Intercompany Product Sourcing and Sales Optimisation

Project Outline:

- Optimise the sourcing of product from within the group's business unit's, taking account of customer requirements.
- Particularly impacts the direct sourcing and private label.
- Changes from sourcing product from external suppliers to sourcing product from group companies.
- Program takes some time as each product needs to be considered separately, and sell through of existing inventory and orders.
- Categories completed; rotors, water pumps,
- Categories in process of review; brakes,

Current Status:

- Progress is slow but making headway.



Network Development

Project Outline:

- Develop strategy for the growth of company owned trade and retail store network.
- Identify locations for each store based on criteria developed for optimum stores.
- Utilised software to plot the store network against the criteria developed.
- Identify the total number of stores for each of retail and trade network.
- Identify the potential “franchised” network that the group can support as “independents”.

Current Status:

- All detailed groundwork complete.
- Identified targets for Burson Trade and Autobarn Retail at 200 stores each, Opposite Lock 120 locations.
- Priorities for new stores determined.
- Commenced the review of potential acquisitions in the priority target areas, or greenfield stores.
- Implementing the priorities.

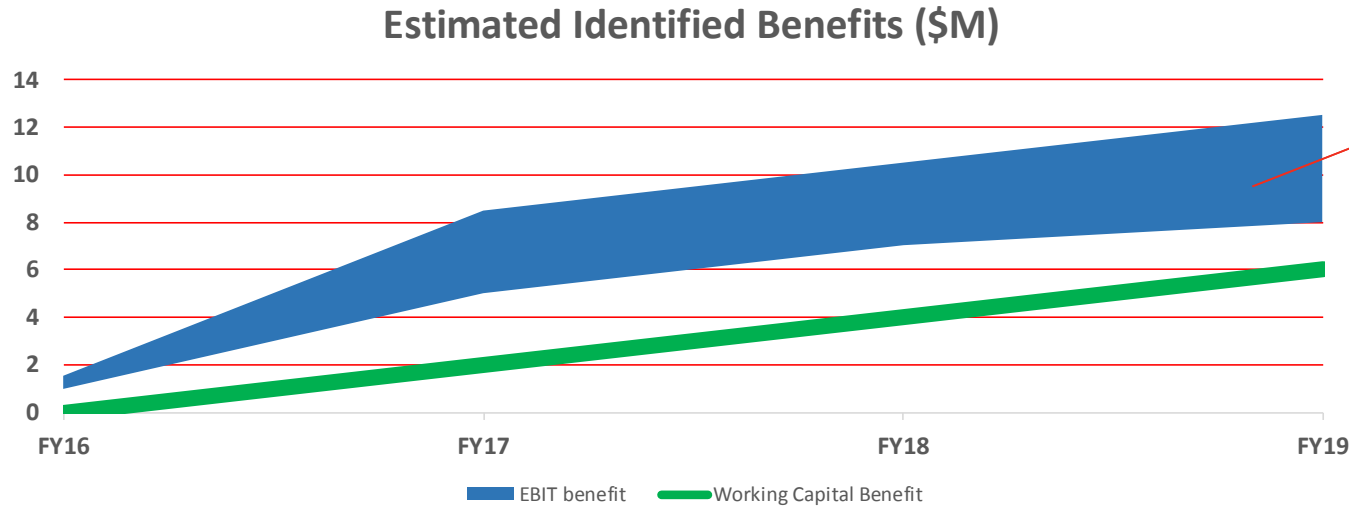


Estimated Identified Benefits

Mainly includes benefits of direct procurement, indirect procurement, freight and marketing



Estimated Identified Benefits



Mainly includes benefits of direct procurement, indirect procurement, freight and marketing

	FY16	FY17	FY18	FY19	TOTAL
EBITDA Benefit	\$1.0 - \$1.5	\$5.0 - \$7.0	\$1.0 - \$2.0	\$1.0 - \$2.0	\$8.0 - \$12.5
Working Capital Benefit*		\$2.0M	\$2.0M	\$2.0M	\$6.0m

*Excludes working capital investment in line with business growth

BENEFITS YET TO BE QUANTIFIED

	FY17	FY18	FY19
Ongoing Procurement activities			
Intercompany sourcing / Product substitution			
Support Services / Back office			
Warehouse and logistics			



Thank You

