

ASX Announcement Bapcor Limited (ASX:BAP)

4 May 2023

MACQUARIE AUSTRALIA CONFERENCE PRESENTATION

Attached is a copy of the presentation by the CEO and Managing Director of Bapcor Limited, Noel Meehan, that is to be given at the 2023 Macquarie Australia Conference today, Thursday 4 May 2023.

- Ends -

Issued by: Bapcor Limited (“Bapcor” or “the Company”), ASX:BAP, www.bapcor.com.au

Authorised by: The Board of Bapcor Limited.

For further information, please contact:

Investor Relations

+61 3 8470 7300

investorrelations@bapcor.com.au

Stefan Camphausen

Chief Financial Officer

+61 403 703 467

stefanc@bapcor.com.au



BAPCOR LIMITED (BAP.ASX)

4 May 2023

Macquarie Conference

Noel Meehan

CEO and Managing Director



Agenda

PERFORM

Overview and Trading Update

TRANSFORM

Better than Before

Questions & Answers



We are Asia Pacific's leading provider of vehicle parts, accessories, equipment, service and solutions



c.\$1.8B
FY22 REVENUE



c.1,000
LOCATIONS IN AUSTRALIA, NEW ZEALAND AND THAILAND



5,000+
TEAM MEMBERS



Australia's leading trade focused automotive parts and equipment distributor



Industry leaders in specialist product categories



Premium parts and accessories retailer including automotive service centres



Services New Zealand's trade, service and specialist wholesale automotive segments



Trusted provider of premium-quality aftermarket parts, accessories and workshop equipment

A market leading group of specialist businesses in a resilient industry

Our journey so far...

Burson founded
By Garry Johnson
and Ron Burgoine
in Victoria,
Australia

**Burson Group
Limited**
Lists on the ASX

**Burson Group
becomes
Bapcor Limited**

**Expansion of
Bapcor into
Asia**

**50th
anniversary**

**Better than
Before**

1971

2014

2015

2016

2017

2018

2019

2020

2021

2022



Acquisition of

- > Metcash Automotive Holdings
- > Opposite Lock



Acquisition of

- > Roadsafe Automotive Products
- > Bearing Wholesalers
- > Precision Equipment
- > Baxters Auto Electrical
- > MTQ Engine Systems
- > Sprint



Acquisition of

- > Tricor Engineering
- > Hellaby



Acquisition of

- > Commercial Truck Parts Group
- > AADi Australia



Acquisition of

- > Toperformance Products
- > JTA
- > Brookers
- > Brakeforce
- > AFI South
- > Diesel Drive



Acquisition of

- > Truckline
- > RTS



Purchase of stake

- > Tye Soon, Singapore



Acquisition of

- > Truck & Auto Parts
- > Wrights Truck & Trailer



Acquisition of

- > Blacktown Auto Spares
- > Gibbs
- > Absolute Spares



Track record of accretive and successful inorganic and organic growth, providing basis for today's strategy



We do the right thing



We are in it together



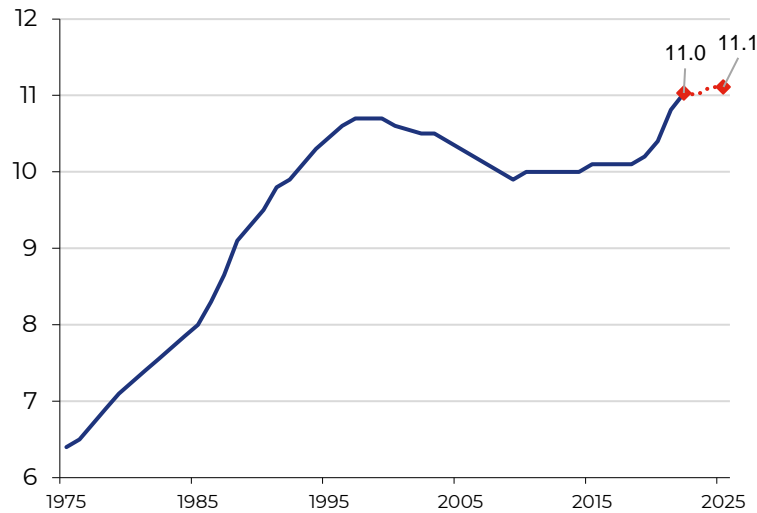
We give a damn



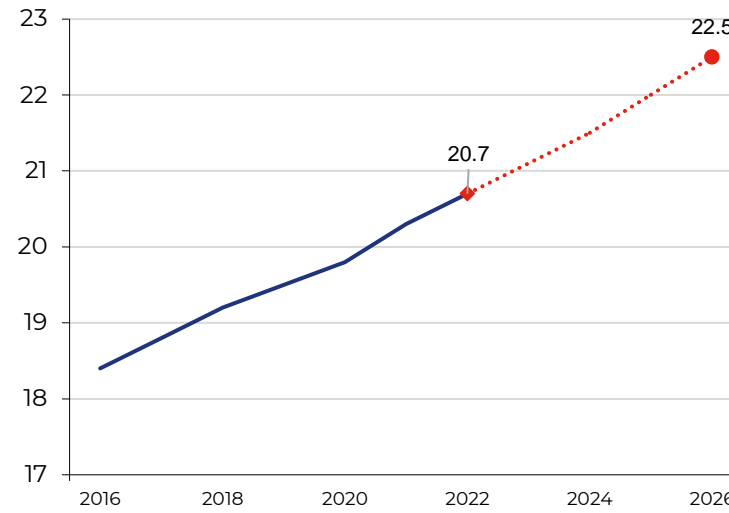
We get it done

The automotive aftermarket remains strong, resilient and continues to offer attractive growth opportunities

Average Australian Vehicle Age^{1,2,4}
(Years)



Australian Number of Vehicles^{1,2,3}
('M)



AUS CAR PARC

- > No. of vehicles – 21m
- > New cars sold p.a. – 1.1m
- > Ave. age of vehicles – 11 years

NZ CAR PARC

- > No. of vehicles – 5m
- > New cars sold p.a. – 200k
- > Ave. age of vehicles – 14 years

THAI CAR PARC

- > No. of vehicles – 16m
- > New cars sold p.a. – 850k
- > Ave. age of vehicles – 10 years

Source:

1. Australian Bureau of Statistics, Motor Vehicle Census, Australia (2021) – dates prior to 2021
2. Bureau of Infrastructure and Transport Research Economics', Motor Vehicles, Australia, January 2022 report – 2021 & 2022
3. Forecasts, IBISWorld November 2022
4. Forecasts, Australian Automotive Intelligence 2021

Continued tailwinds from positive macroeconomic market fundamentals in passenger and commercial vehicles

Bapcor's approach to leadership in the ZEV market

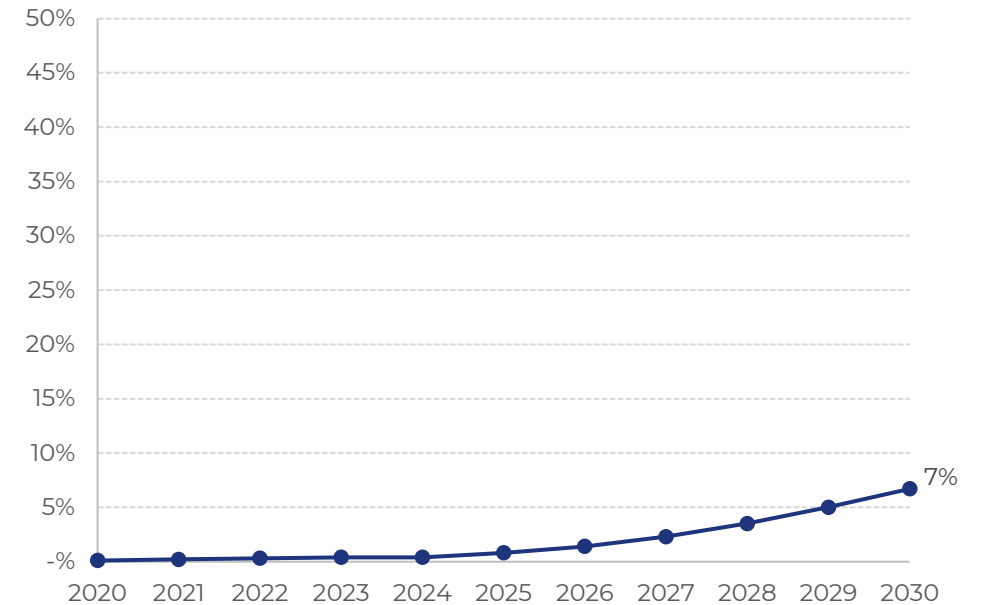
- > Zero Emission Vehicles (ZEVs) are adding to the size and complexity of the car parc, with the introduction of new / more makes & models an opportunity for Bapcor
- > Car part consumption in ZEVs differs from combustion vehicles, with a ZEV-specific approach required to mitigate risk to the business
- > Bapcor initiated "Project Zero" with the aspiration to be a market leader in the supply of ZEV parts and technologies
- > Timing of ZEV take-up is fluid / slow due to availability, cost, infrastructure, government policies, evolving technologies and consumer behavior
- > Bapcor can leverage existing key enablers to implement the strategy:

Our people and expertise

Our vertically integrated network and unique footprint

Our industry relationships and partnerships

PROJECTED EV SHARE OF CAR PARC IN 2030¹



ZEVs to complement 10+ year growth trajectory in current car parc, with Bapcor well positioned to seize opportunities



¹ CSIRO Electric vehicle projections November 2022, Progressive Change scenario



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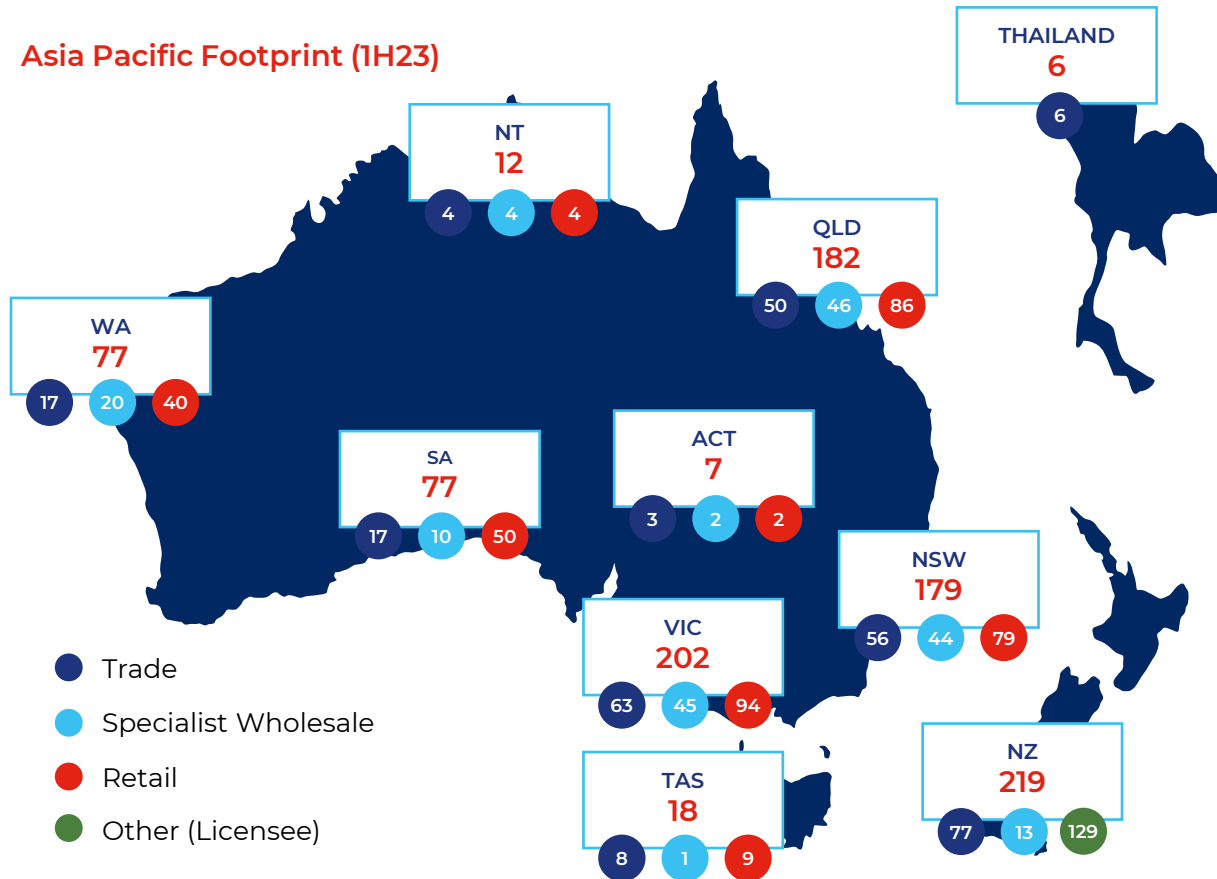
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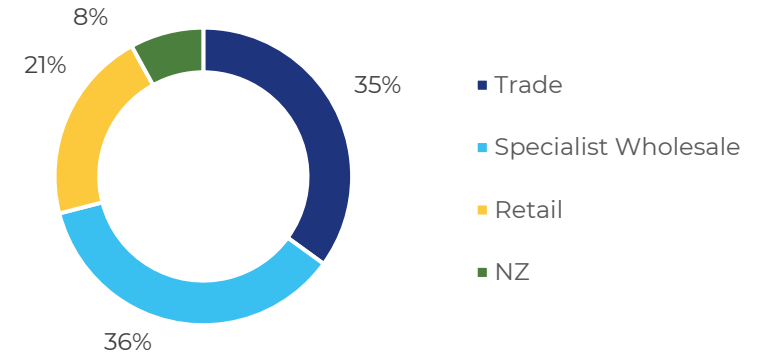
We get it done

Our footprint and diversified segment contribution

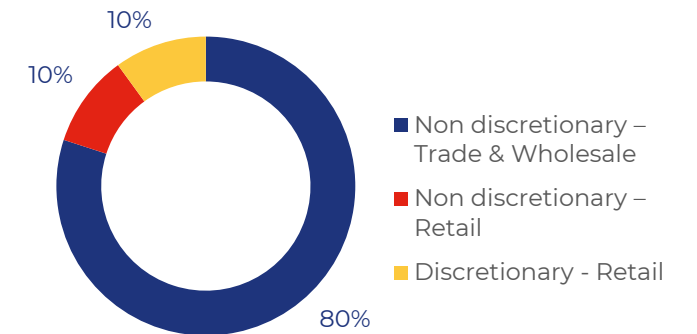
Asia Pacific Footprint (1H23)



Revenue by segment (1H23)



Revenue by type (1H23)



Hard-to-replicate SA network and non-discretionary nature of business provides competitive advantage and resilience

1H23 Results Summary

REVENUE	EBIT ¹	NPAT ¹	1H23 DIVIDEND ²	RETURN ON INVESTED CAPITAL ³
\$1,000.8M	\$100M	\$62M	10.5 cps	10.2%
▲ 11.2% vs 1H22 ▲ 13.3% vs 1H21	▲ 4.5% vs 1H22 ▼ -6.9% vs 1H21	▲ 2.3% vs 1H22 ▼ -11.7% vs 1H21	▲ 5.0% vs 1H22 ▲ 16.7% vs 1H21	▼ 10.4% in 1H22 ▼ 11.0% in 1H21

PERFORM

Robust operational performance

- Strong performances in Trade and Wholesale partially offsetting temporary margin compression in Retail and New Zealand
- Resilience of Bapcor's diversified business model demonstrated, supported by continued network expansion
- Strong balance sheet with leverage of 1.45x

Supply chain capability further enhanced

- Supply rates improved
 - Continued consolidation at DCV, DCQ with practical completion
- Ongoing focus on capital efficiency**
- Inventory reduced from peak earlier in 1H23;
 - Additional actions implemented to improve cash conversion

TRANSFORM

Continued investment in capability and culture

- Group Leadership Team completed
- Values refreshed, based on team member feedback
- Further improvements in safety culture and outcomes
- Simplification of key HR processes underway
- Purpose workstream kicked off

Good progress on Better Than Before

- All workstreams successfully set up
- Transition from planning to implementation & execution
- Self-funded, Bapcor-wide incentive plan underway
- Spend-to-date in line with plan

Solid performance in 1H23



Notes

1. All P&L KPIs on pro-forma basis unless indicated otherwise
2. All dividends fully-franked
3. ROIC calculated based on Pro-Forma EBIT less adjusted taxes / net debt + equity



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Market & Trading Update

Market

- Trade and Wholesale markets remain resilient
- Retail market with revenue and margin headwinds, as cost-of-living pressures impact product mix
- Stabilisation in New Zealand economy, despite impact from natural disasters and macro economic factors

Guidance

Bapcor continues to expect a solid underlying¹ performance in FY23 with slight improvements in trading in 2H23 compared to 1H23, subject to market conditions; and progress in reduction of inventory levels²

Priority for FY23 continues to be to perform and transform



1. Excludes Pro Forma adjustments such as DC consolidation cost and Better Than Before costs
2. All other things being equal and subject to global supply chain risks



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TRANSFORM

Better Than Before

Noel Meehan

CEO and Managing Director

Natural evolution of strategy, with unchanged focus on our customers

Building on our strong foundations, to further improve performance, reduce risk and underpin continued growth



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Better Than Before - the opportunity ahead



Bapcor's portfolio of businesses has a track record of strong performance, with growth opportunities ahead
Bapcor has grown rapidly via acquisitions, but has not leveraged the scale opportunities of a fully integrated business
Bapcor currently operates with limited Group capabilities, missing out on efficiencies of scale



At our heart, Bapcor procures, distributes and sells parts – our businesses can work together to create leverage:

Procurement: build an industry-leading procurement capability to manage our thousands of suppliers

Pricing: utilize unique insights into the value we provide customers through our millions of transactions

Property: strategically optimise management of our portfolio of 1,000+ properties

Supply Chain: operate a world-class distribution backbone linking our businesses to drive competitive advantage



We now have a diverse mix of specialist skills on our management team, bringing significant operational experience as well as integration and transformation capability

Bapcor has launched the Better Than Before transformation to realise its potential and support future growth

Better than Before is the roadmap to identify, plan, and capture the opportunity, and is now in implementation phase

The aspiration is to reach a new horizon of performance:

- Deliver even more for our customers
- Unleash the power of our people
- Drive value for shareholders



Better Than Before – by the numbers

OUR PORTFOLIO & ENGAGEMENT

120+

Team members with initiative ownership

~700

Ideas assessed since inception

16

Specific OHI initiatives

~300

Initiatives progressing toward implementation

170+

Participants completed training

5,000+

Team members affected by BTB

OUR ENABLERS¹

\$20-25M

One-off transformation kick-start opex (70-80% in FY23)

\$10-15M

Steady State Opex (25-35% in FY23)

\$15-20M

One-off fit-for-purpose capex (25-35% in FY23)

OUR TARGETED GOALS¹

>\$100M

Net EBIT Benefit FY25

>12%

Return on Invested Capital ØFY23-25

OHI²

2nd Quartile by FY25

 Nonfinancial metrics

 Financial metrics



1. Unchanged from previously communicated targeted goals, with detail available in Investor Day presentation from 22/11/2022
2. KPI to measure Employee Engagement



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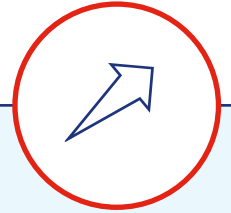
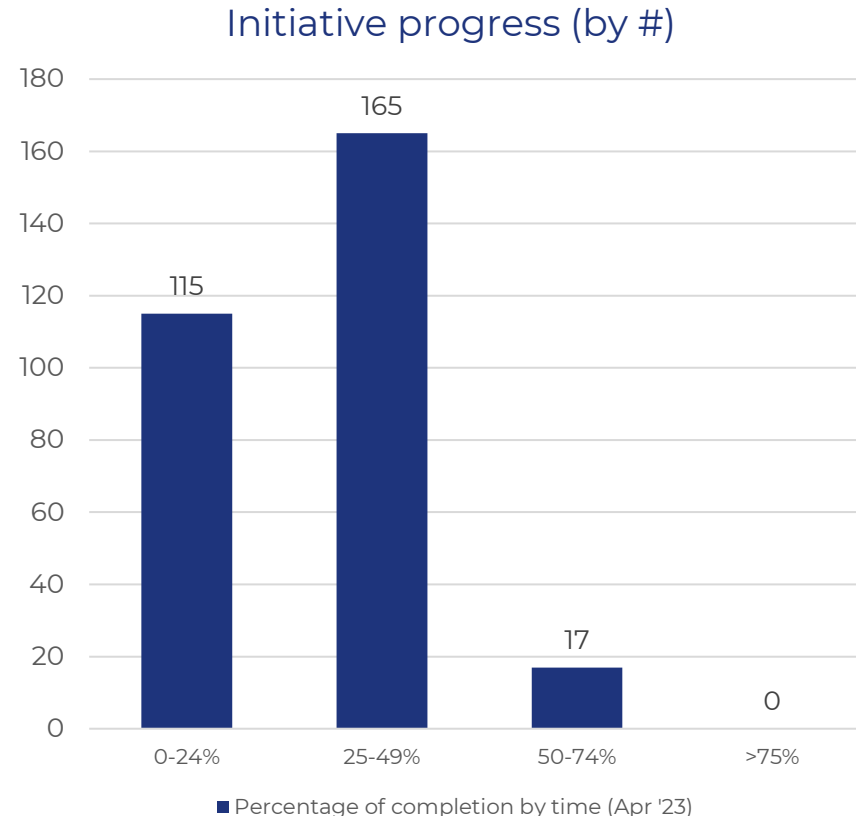
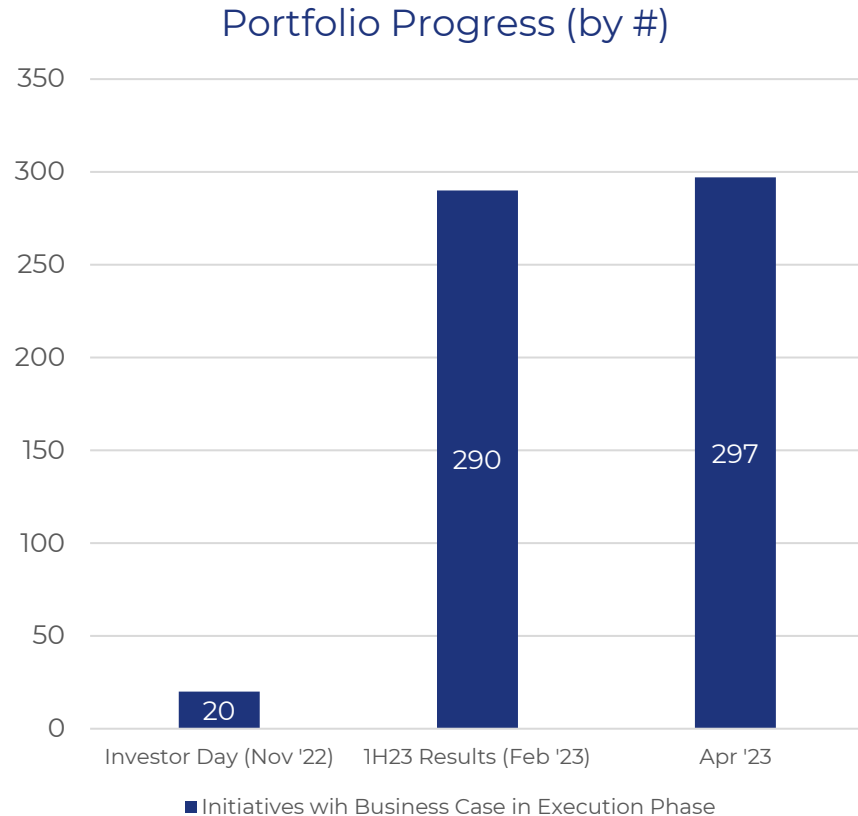


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We get it done

Better Than Before: portfolio progress as planned ...



Overall program now in implementation & execution phase

Schedule on track and all workstreams progressing as planned

... supported by strategic capability investment ...

Commercial & Growth Capability

- Data driven enablement of optimised pricing strategies
- Dedicated leadership in Networks division to capture opportunities in truck market

Category Management and IT Delivery Capability

- Differentiated approach to increase private label penetration
- Enabler for Better than Before Technology initiatives



Transformation Capability

- In-house execution capability and discipline to enable sustainable and successful transformation implementation
- Provide transparency and support execution

Procurement Capability

- Critical group procurement capability to leverage Bapcor scale
- Enable deeper & more strategic supplier relations
- Streamline spend flows
- Vendor consolidation
- Capital & inventory efficiency

... to become a purpose-led organisation

Our context:

- > Team members are the heart and soul of Bapcor
- > Our values, which have been refreshed based on team member feedback, guide our day-to-day operations and behaviours
- > Our dual focus on performance and organisational health is reflective of Bapcor's Perform and Transform agenda

Purpose and Better than Before:





- > Purpose-led organisations provide a more connected environment
- > Purpose unlocks faster growth, more innovation and higher workforce satisfaction and retention, in line with our Better than Before targets

Our approach:

- > 360 degree involvement of team members, customers, suppliers, and investors
- > 1000+ team members contributing via live and online focus group sessions
- > Purpose workstream to be completed mid-2023



Our emerging balanced scorecard on a page (FY22)

	People & Culture	Financial	Customer	ESG
	 <p>Organisational Health</p>	 <p>Capital and Returns</p>	 <p>Customer Focus</p>	 <p>Sustainability</p>
Our ambition	Employer of choice	Perform and Transform	Best-in-class service through execution excellence	Delivering today and tomorrow
Our KPIs	<p>Organisational Health Index Score 3rd Quartile</p> <p>TRIFR 20.58</p> <p>Total Turnover¹ 39.3%</p> <p>Female Diversity 26.2%</p>	<p>Proforma NPAT \$131.6M</p> <p>Return on Invested Capital 10.6%</p> <p>Operating Cash Flow Conversion 63.6%</p> <p>Better than Before Net EBIT Benefit started in FY23</p>	<p>Net Promoter Score starting FY24</p> <p>Number of locations² 1,002</p> <p>Own brand penetration³ 33.1%</p> <p>Major DC emergency fill rate 97.4%</p>	<p>GHG Scope 1 & 2 Emissions⁴ 22,065 tCO₂</p> <p>Modern Slavery Assessments started in FY23</p> <p>Renewable Electricity (%) started in FY23</p> <p>Waste diverted from Landfill⁴ (%) 47.2%</p>



1. Total Turnover includes permanent, casual and fixed term employees
2. Locations include owned / controlled and franchise / licensee operations
3. Relates to go-to-market channels (excluding Wholesale)
4. FY22 represents estimate for Australian owned / controlled locations only



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We get it done

Bapcor's investment proposition

Our markets are strong, resilient and continue to grow

- Ongoing pipeline of organic and inorganic opportunities across the group
- Rational marketplace
- Strong position for EV transition

Our business is defensive and resilient

- 80% of revenue in trade and wholesale
- 90% of revenue non-discretionary in nature

Our people are our most important asset

- Industry leading knowledge and unrivalled customer passion, with culture focused on empowering our front line
- Aligning team members with One Bapcor Purpose

Better than Before will generate shareholder value

- Deliver better for customers, unleash team members' power & unlock more growth
- Targeted Goals: >\$100M Net EBIT benefit and ØROIC > 12% in FY25

Our competitive advantage is built through significant national networks

- Scaled footprint and efficient service model create high barriers to entry

Our inventory range and availability is a core competitive differentiator

- Strong and trusted brands
- State of the art supply chain
- Inventory is non-perishable

Our leaders are aligned and bring diverse expertise

- Deep automotive aftermarket pedigree empowered by skilled people, supply chain, strategy and IT capability

Our strong financial foundations are the platform for growth

- Strong balance sheet
- Return-based growth to drive shareholder returns

Unique foundations to perform and transform; resulting in value for our shareholders



Thank you & Questions and Answers



WE DO THE RIGHT THING

We are open, honest and respectful. We do what we say and say what we do.



WE ARE IN IT TOGETHER

We're all part of the Bapcor family. We support each other, include everyone and have fun along the way.



WE GIVE A DAMN

We care about what we do and are proud of how we do it. We are passionate and make a difference.



WE GET IT DONE

We use our unique talents to find solutions and achieve common goals. We celebrate success and strive to win.

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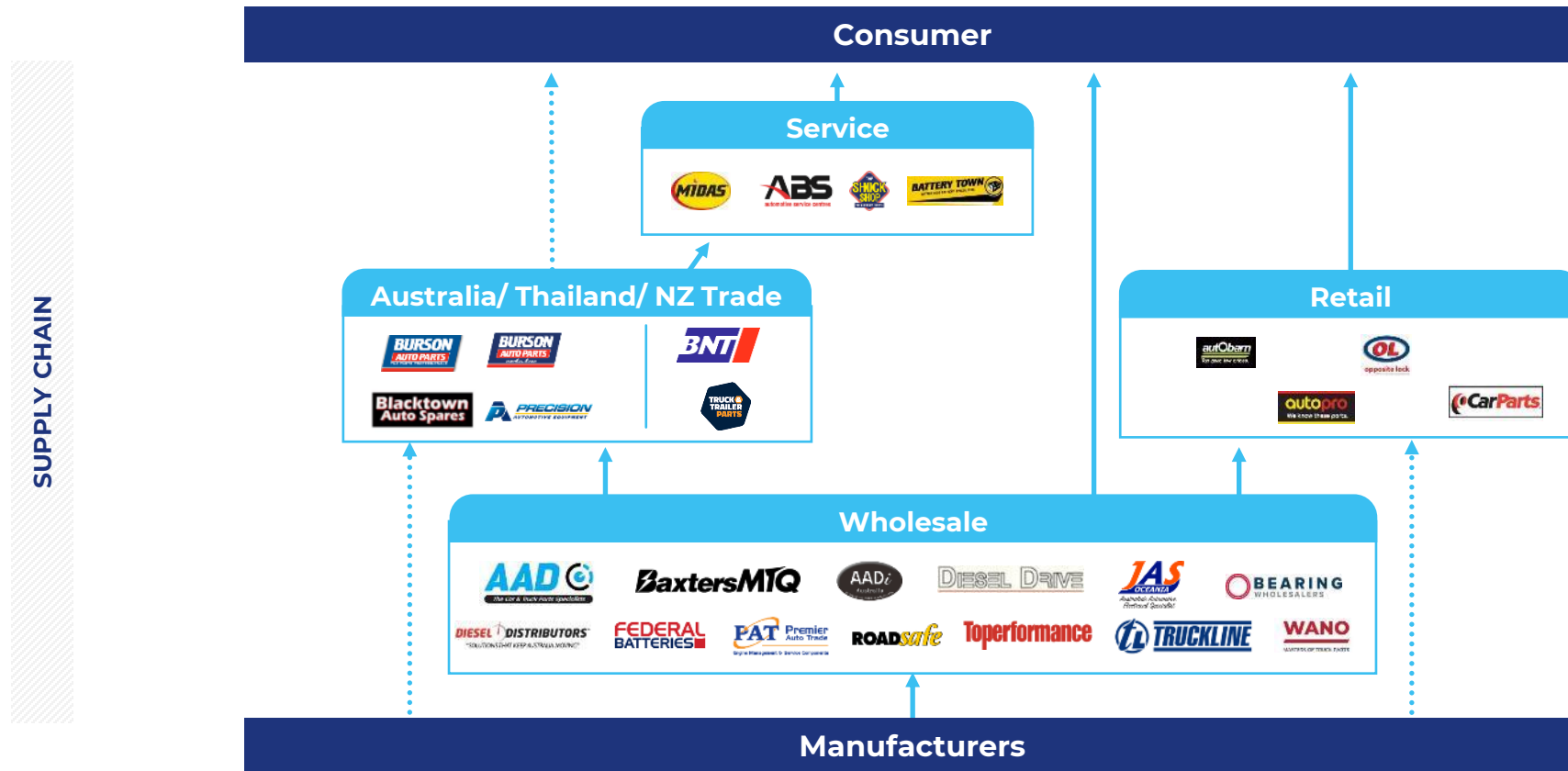
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Appendix

Our unique automotive aftermarket ecosystem



Vertically integrated network and specialist go-to-market channels creating competitive advantage

Our Environmental, Social and Governance approach



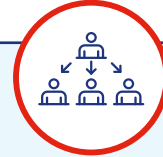
ETHICAL SUPPLY CHAIN/PROCUREMENT

- › Ethical sourcing and supply chain transparency
- › Continued improvements to our Modern Slavery Framework



ENVIRONMENTAL SUSTAINABILITY

- › Efficiently use our resources
- › Optimise our fleet
- › Environmental benefits from DCs
- › Streamlined waste and recycling initiatives
- › Continued contribution to reforestation projects



GOOD GOVERNANCE – SUPPORTING AND DEVELOPING OUR PEOPLE

- › Live our values
- › Health, safety and wellbeing of our team members
- › Diverse, engaging and inclusive workplace
- › Pay fair share of tax in all jurisdictions



POSITIVELY IMPACT OUR COMMUNITY

- › Stakeholder engagement
- › Every Bapcor location supports at least two local community groups

Commitment to assess and reduce our impact in line with a net-zero carbon aspiration





Asia Pacific's leading provider of vehicle parts, accessories, equipment, service and solutions