BURSON GROUP LTD

FY2014 Results Presentation

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Agenda

Delivered Prospectus Forecasts

$ million	Pro Forma FY2014	Prospectus Pro Forma Forecast	Variance
Revenue	341.6	340.8	*0.2%*
EBITDA	36.0	35.7	*0.8%*
NPAT	19.4	19.3	*0.5%*
EPS[(1)] (CPS)	11.86	11.80	*0.5%*

- Record result as Burson continues to deliver steady growth
- Resilience of automotive aftermarket parts distribution allows Burson to operate with predictable growth

Note:

1. Assumes 163.6 million shares on issue for the full year

Proforma Financial Highlights in FY2014

Comparison to FY2013

- ✓ 116 stores – increase of ***11 stores***
- ✓ Like for like sales growth of ***3.9%***
- ✓ Revenue $342 million – ***up 11.5%***
- ✓ Gross margin ***up 0.8%***
- ✓ EBITDA margin 10.5% – ***up 0.6%***
- ✓ NPAT $19.4 million – ***up 21.3%***
- ✓ ***Earnings per share – up 21.3%***

Operational Highlights in FY2014

- ✓ Continued store expansion, ***up net 11 stores*** to 116
  - 8 acquisitions NSW (7) and NT (1)
  - 5 greenfields in Vic, NSW and Qld (3)
  - Merged 2 stores in Vic and NSW
- ✓ Focus on ***customer service*** foundations
  - People development
  - Inventory range enhancement
  - Systems (on-line ordering and infrastructure)
- ✓ ***Direct sourcing*** of water pumps
- ✓ ***Front-of-store enhancements*** to grow walk in sales
- ✓ Successful listing on ASX - a milestone for Burson

Summary Income Statement

- **Revenue growth of 11.5% delivered by**
  - Like for like sales growth of 3.9%
  - Full year impact of FY2013 acquisitions 2.0%
  - Impact of FY2014 acquisitions 5.6%
- **Gross margin % improvement of 0.8%**
  - Full year impact of FY2013 rebate negotiations
  - Direct sourcing of water-pump program
  - Continued business focus
- **CODB % up 0.1%**
  - Freight expense up 0.3% due to location of new stores relative to the DC
  - Some scale efficiencies in administrative costs
- **Depreciation up 12.8%**
  - Reflects investment made in IT systems and store refurbishments and relocations
- **NPAT up 21.3%**
- **EPS up 21.3%**

Pro forma, $ million	FY2014	FY2013	*Change*
Revenue	**341.6**	**306.3**	***11.5%***
Gross Profit	146.9	129.4	*13.5%*
Margin (%)	*43.0%*	*42.2%*	
CODB	(110.9)	(99.2)	*11.8%*
Margin (%)	*(32.5%)*	*(32.4%)*	
EBITDA	**36.0**	**30.2**	***19.2%***
Margin (%)	*10.5%*	*9.9%*	
Depreciation and Amortisation	(4.4)	(3.9)	*12.8%*
EBIT	**31.6**	**26.3**	***20.2%***
Finance Costs	(3.8)	(3.7)	*0.0%*
Profit Before Tax	**27.8**	**22.6**	***23.0%***
Income Tax Expense	(8.4)	(6.6)	*27.3%*
NPAT	**19.4**	**16.0**	***21.3%***
Margin (%)	*5.7%*	*5.2%*	
EPS[1] (CPS)	*11.86*	*9.78*	*21.3%*

Notes:

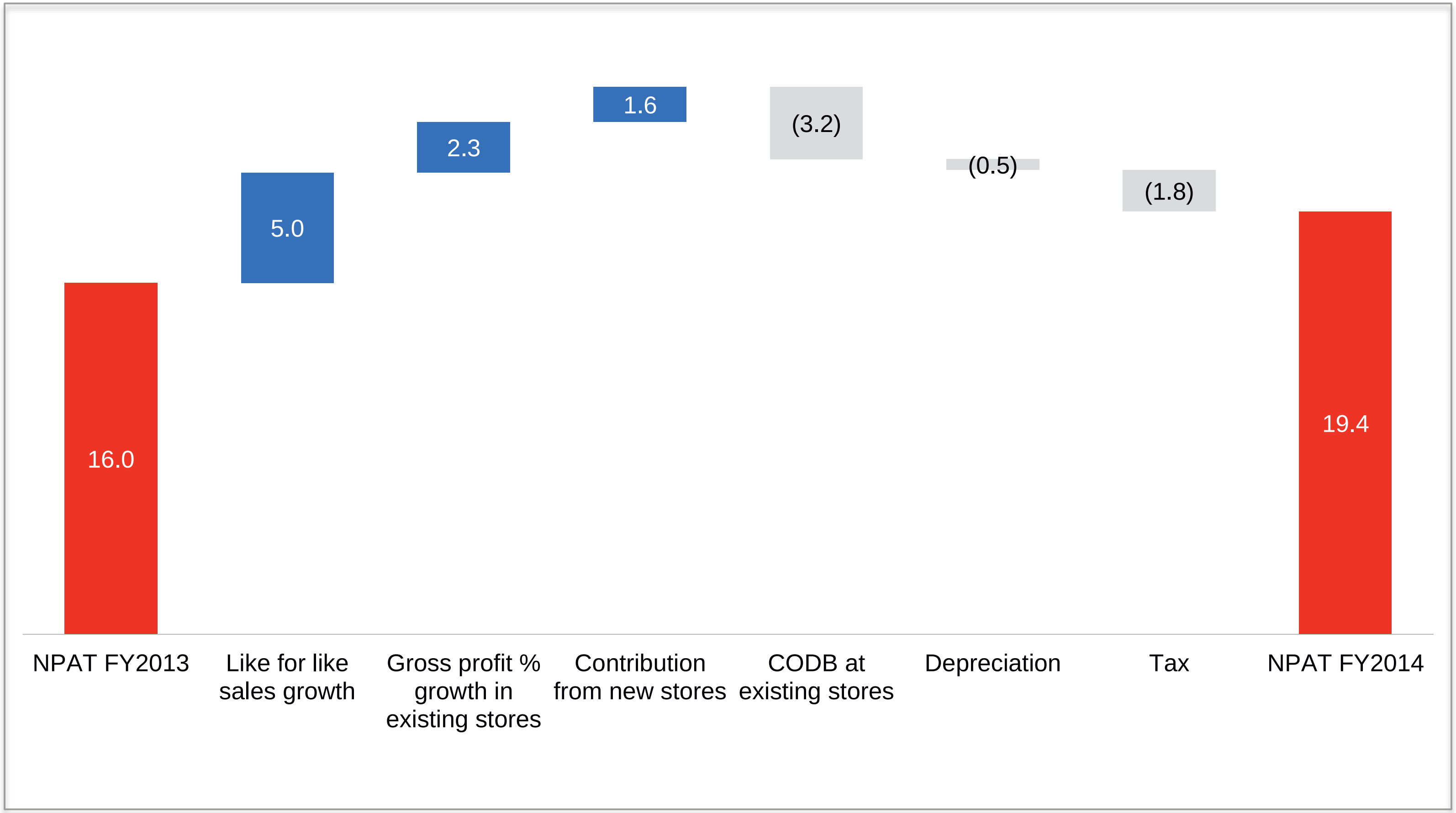
A reconciliation of proforma to statutory results is provided in the appendix

1. Assumes 163.6 million shares on issue for the full year

NPAT Bridge

FY2013 – FY2014 Pro Forma NPAT Bridge

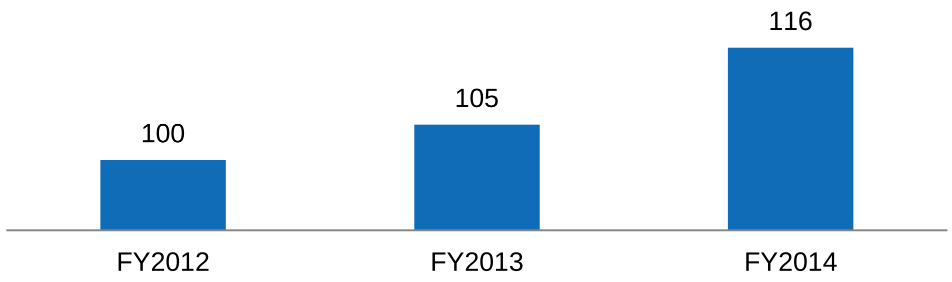
$ million



Summary of Key Performance Indicators

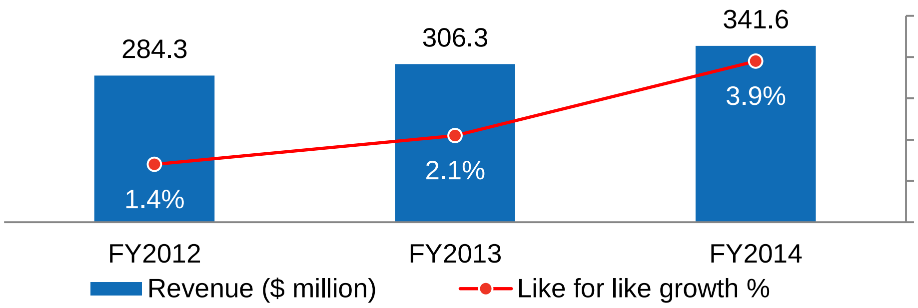
Store Numbers

Store expansion continues – ahead of prospectus forecast and well positioned to meet or exceed 2015 forecast



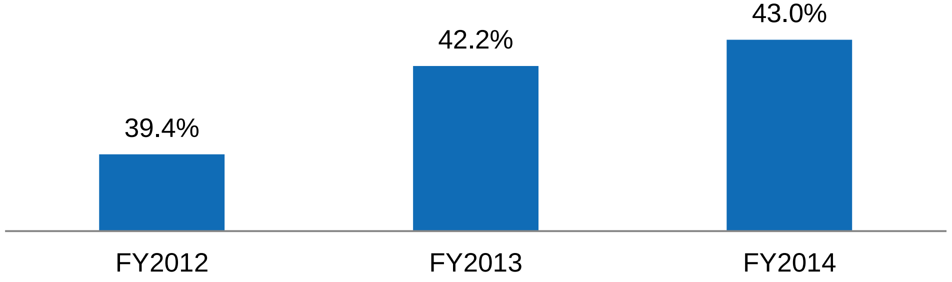
Revenue and "Like for Like" growth

Store expansion together with strong like for like sales growth driving revenue growth



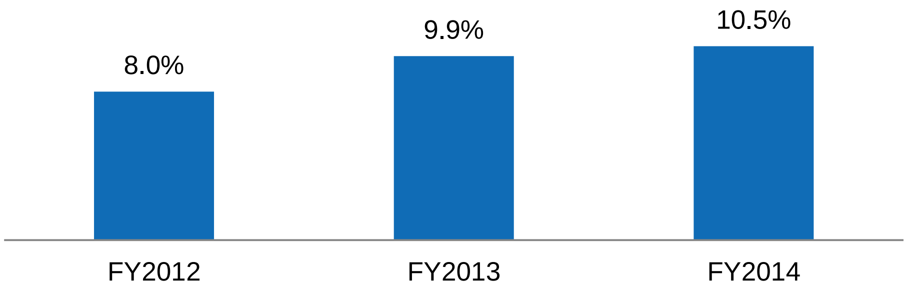
Gross Profit Margin

Continued improvement reflecting margin improvement initiatives



EBITDA Margin

Outcome of growth and improvement initiatives



Summary Cash Flows

- **Working capital**
  - Working capital approx. 11% of sales
  - Continue to renegotiate supplier terms as Burson scales
  - Partially offset by inventory range investment in FY2014
- **Capex and Acquisitions**
  - Capex in FY2014 included 6 store relocations, 4 major refurbishments and IT investment
    - Investment higher than prospectus forecasts due to increased store relocations and major refurbishments

Pro forma, $ million	FY2014 Actual	FY2013 Actual	FY2014 prospectus forecast
EBITDA	**36.0**	**30.2**	**35.7**
Change in working capital	3.0	13.3	0.3
Operating free cash flow	**39.0**	**43.5**	**36.0**
Capital expenditure excluding new stores	(7.3)	(4.7)	(6.8)
Business acquisitions and greenfield stores [(1)]	(9.1)	(3.9)	(10.2)
Net free cashflow (before financing, tax and dividends)	**22.6**	**34.9**	**19.0**
Cash conversion	*62.8%*	*115.6%*	*53.2%*

Note:

1. Acquisitions and Greenfield stores include inventory

Summary Balance Sheet

- **Net Debt**
  - Strong cash flow generation and earnings growth has resulted in lower net debt and leverage ratio
    - Closing net debt of $63.1 million*
    - 1.75x FY2014 pro forma EBITDA
  - Current undrawn banking facilities of $50 million plus that can be used to fund acquisitions
    - Burson may increase gearing above current levels to fund acquisitions and then look to use its strong cash flow generation to de-lever

- **Dividends**
  - As per prospectus, no final dividend in respect of FY2014
  - Current intention to pay an interim dividend in respect of H1 FY2015

$ million	Statutory June 2014	Pro forma December 2013
Cash	10.9	2.0
Trade and Other Receivables	32.4	29.9
Inventories	69.1	64.5
PP&E	19.4	19.2
Deferred Tax Assets	10.8	12.0
Intangible Assets	97.4	96.2
Other Assets	0.3	0.2
Total Assets	**240.3**	**224.0**
Trade and Other Payables	57.4	47.8
Tax Liabilities	0.1	0.4
Provisions	12.5	12.0
Borrowings	73.3	74.7
Total Liabilities	**143.3**	**134.9**
Net Assets	**97.0**	**89.1**

* Excludes capitalized borrowing costs

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Strategy and Outlook

Expand store network

- On track to meet FY2015 prospectus forecast of 124 stores. Since 30 June 2014 have added 1 greenfield in NSW and signed acquisitions in NSW (2) and Qld (1) taking store network to 120.
- Continuing to work on a range of acquisition and greenfield developments opportunities across Australia including Vic, NSW, ACT, Qld and WA.
- 175 store target by 2019

Increase existing store revenue

- Benefit from resilient demand for automotive aftermarket parts distribution
- Maintain high level of customer service through continued development of people and systems
- Focused on sales from electronic and online platforms, increase “walk-in” store sales, chain workshop sales and inventory range

Increase existing store earnings

- Supplier terms, proportion of parts distributed with Burson’s own brands, and developing direct sourcing relationships

Trading in FY2015 continues to be strong and Burson maintains its FY2015 financial forecast as outlined in its 2014 prospectus

Questions?

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Pro Forma – Statutory Profit and Loss Reconciliation

$M	Note	Consolidated 2014	2013
Statutory Net Profit After Tax		**1.2**	**10.3**
Public Company Costs	1	(0.8)	(1.0)
IPO Remuneration Adjustment	2	2.3	(0.2)
IPO and Other Transaction Costs	3	7.2	–
Net Interest Adjustment	4	16.5	9.5
Other Operating Adjustments	5	0.8	0.1
Tax Effect	6	(7.8)	(2.7)
Pro Forma Net Profit After Tax		**19.4**	**16.0**

Notes on pro forma adjustments

1. **Public company costs** – an adjustment has been made to include Burson's full year estimate of the incremental annual costs that it will incur as a public company. These incremental costs include share registry fees, Non-Executive Director remuneration, Directors' and officers' insurance premiums, additional audit and legal costs, additional staff costs, listing fees, investor relations costs, as well as annual general meeting and annual report costs
2. **IPO related remuneration adjustment** – An adjustment has been made to FY2014 to remove the impact of a one-off senior management cash payment of $2.5M (inclusive of on-costs). In addition an adjustment has been made to FY2013 and FY2014 to include the $0.2M uplift in senior management fixed remuneration that will commence post IPO
3. **IPO and other transaction costs** – includes expenses of the IPO relating to the sale of existing shares. In addition, $7.0M ($5.2M after tax) of IPO costs directly attributable to the issue of new shares has been be offset against equity raised
4. **Net interest adjustment** – the net interest expense included in the statutory results has been adjusted to reflect the actual margins applicable to Burson under the terms of the renegotiated banking facilities. The interest expense is based on the net debt drawn down at the time of the IPO including an allowance for the anticipated average net overdraft balance. In addition, an adjustment has been made to remove the one-off costs of $1.1M ($0.7M net of tax) arising on close-out of interest rate hedge and to remove the impact of unamortised borrowing costs in the statutory results relating to the historical debt structure of Burson
5. **Other operating adjustments** –Adjustments have been made for one-off costs that have been expensed in the statutory results in FY2014 for associated with the initial recognition of a $0.3M provision for credit notes and a one-off uplift of $0.4M in the long service leave provision relating to the application of superannuation on-costs
6. **Tax effect** – the effective income tax rate applicable to Burson is approximately 30%, which is equivalent to the Australian corporate tax rate of 30%. This tax rate as adjusted for permanent differences has been applied to each of the historical and forecast periods. In addition, the tax impact of the above adjustments has been reflected as part of this adjustment as appropriate