

The logo for Bapcor features the word "Bapcor" in a bold, italicized, white sans-serif font. The letters are set against a dark blue background with several horizontal, glowing light trails in shades of yellow, red, and blue that sweep across the scene behind the text. A registered trademark symbol (®) is located at the end of the word.

**Bapcor**®

***Macquarie Conference***  
***May 2018***

# Our Business Brands



"Australasia's leading provider of aftermarket parts, accessories, equipment and services"

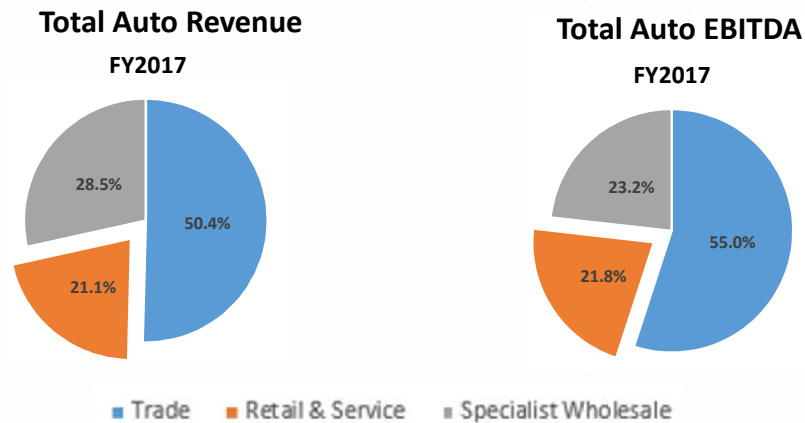
# Who we are



Australasia's leading provider of automotive aftermarket parts, accessories, equipment and services..... that span the supply chain.

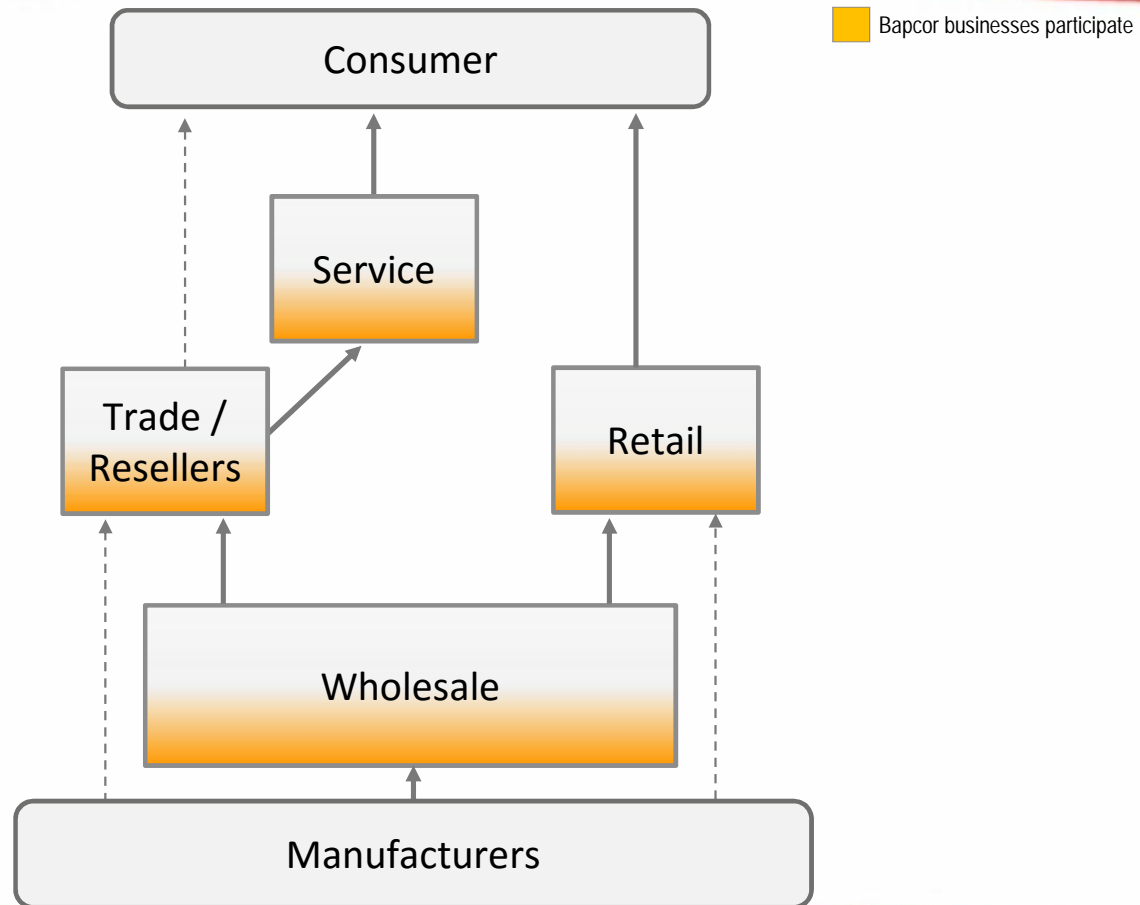
- # sites 850+
- # employees 3,700+
- Turnover \$1.4b
- Market cap \$1.6b

**A "Trade" focused business generating circa 80% of sales/earnings**



"Australasia's leading provider of aftermarket parts, accessories, equipment and services"

# Aftermarket Supply Chain



"Australasia's leading provider of aftermarket parts, accessories, equipment and services"

**Consistent strategy with specific, clear, measurable targets.**

**No changes to direction or goals.**

**We know what we do best and stick with it.**

# Bapcor 5 Year Strategic Targets



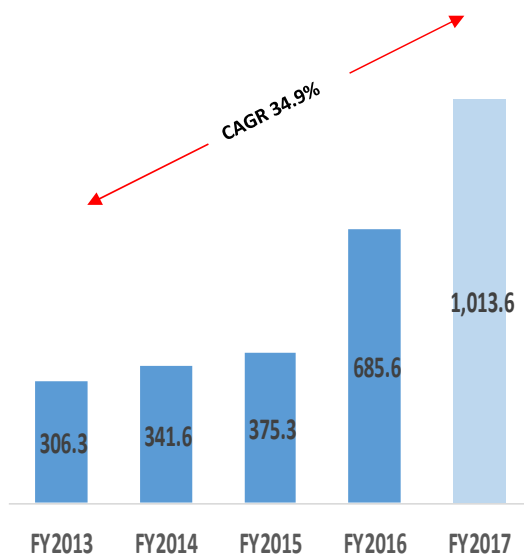
Segment Contribution									
50%	<b>TRADE</b>	Trade focussed "parts professionals" supplying workshops in Australia & New Zealand	  	<b>AUS Target</b> 200 Stores <b>163</b>	<b>AUS Target</b> 30% Own Brands <b>22%</b>	<b>NZ Target</b> 65 Stores <b>55</b>	<b>NZ Relocations &amp; Refurb Target</b> 25 Stores <b>3</b>	<b>NZ Target</b> 30% Own Brands <b>22%</b>	
30%	<b>SPECIALIST WHOLESALE</b>	#1 or #2 Industry category specialists in parts programs	  	<b>AUS Target</b> \$A 450 Turnover <b>\$A 350</b>	<b>NZ Target</b> \$A 50 Turnover <b>\$A 35</b>				
20%	<b>RETAIL &amp; SERVICE</b>	Premium Retailer of Automotive Accessories Supplying the independents: parts, accessories & 4WD Experts at scheduled car servicing at affordable prices	  	<b>AUS Target</b> 200 Stores <b>124</b>	<b>Target</b> 35% Own Brands <b>16%</b>	<b>Target Over</b> 200 Stores <b>215</b>	<b>AUS Target</b> 120 OL Stores <b>71</b>	<b>AUS Target</b> TBD <b>134</b>	<b>NZ Target</b> TBD <b>26</b>
	<b>ASIA</b>	Bringing automotive aftermarket parts to Asia		<b>Asia Target</b> TBD					

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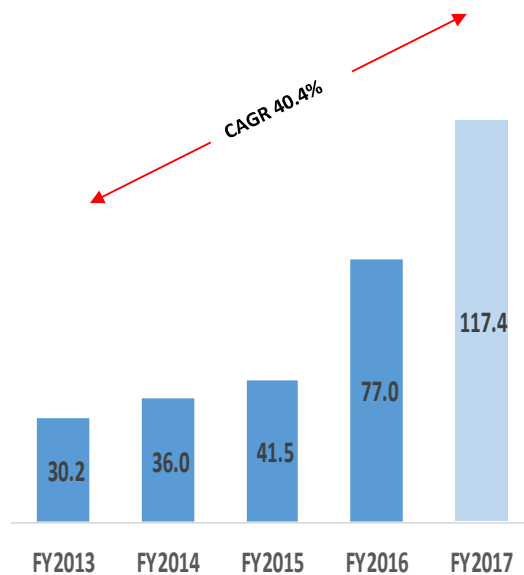
# Summary of Key Performance Indicators



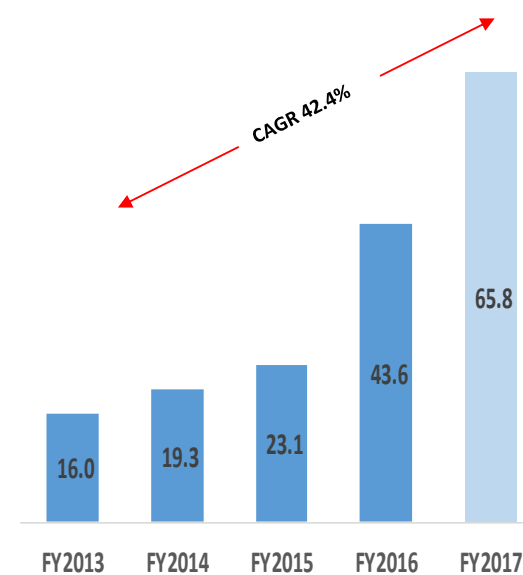
## Revenue \*



## EBITDA \*



## NPAT \*

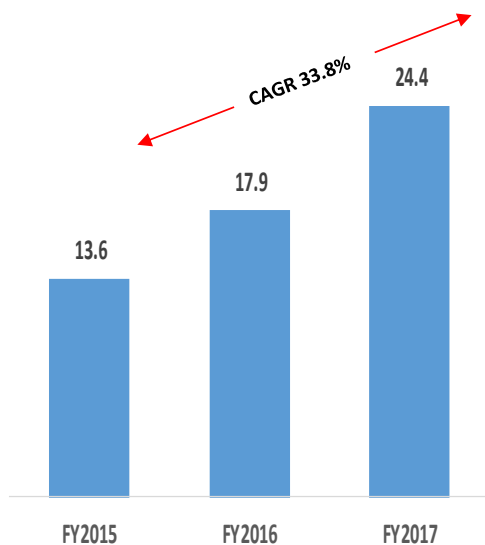




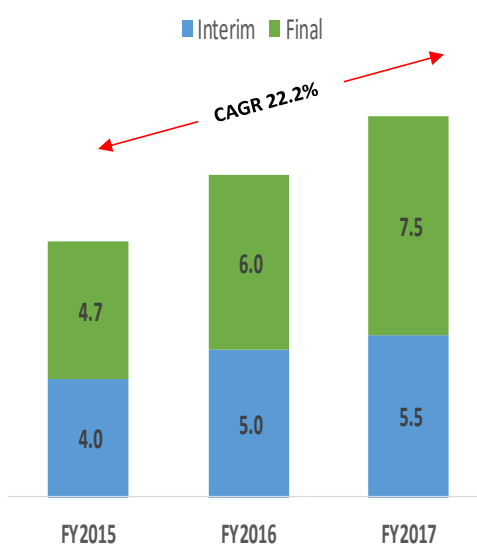
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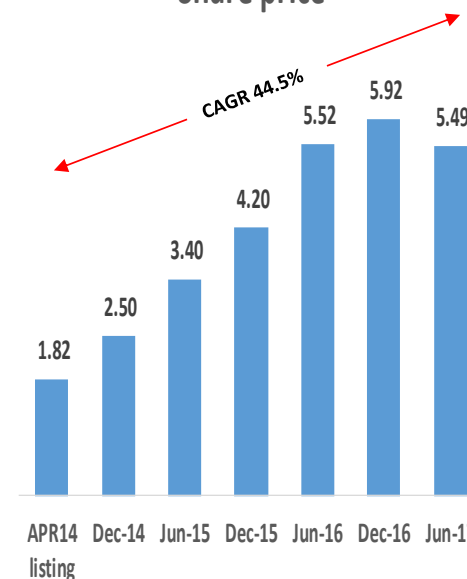
### EPS (cps) \*



### Dividends per share



### Share price





# CURRENT STATUS

## **DIVESTMENTS / NON-CORE ASSETS**

- Completed the non-core asset divestments from Hellaby acquisition
  - Footwear and Contract Resources
  - Proceeds NZ\$99m. Accounts provided NZ\$92m

## **INTEGRATION OF AUTOMOTIVE BUSINESS**

- Successfully integrated Hellaby Automotive
- Achieving above business case results
- Still has a lot of potential to develop further
- Opened first new store in NZ

## **OVERALL**

- Reiterate guidance for full year NPAT – on target

## **TRADE**

- Burson continues to perform strongly
- Same store sales circa 4% YTD
- Gross Margin % holding
- Number of new stores added on target

## **SPECIALIST WHOLESALE**

- Trading solidly, in line with expectations

### **NEW ZEALAND**

- BNT same store sales continue to be strong
- Margins improving

### **RETAIL & SERVICE**

- Strategy delivering results
- Autobarn same store sales > 2%
- Earnings in line with expectations
- Number of new stores added on target
- Introducing click and deliver

### **OPTIMISATION PROGRAM**

- Delivering strong results, as expected
- Increasing intercompany sales and “own” brands

### **ASIA**

- First store opens this month
- Five additional stores by December

### **WAREHOUSE EVOLUTION PROJECT**

- Good progress made
- WMS review underway
- Data collation re warehouse specifications

### **GROUP CONFERENCE**

- Just completed conference & expo in Singapore
- Over 900 store managers, franchisees, suppliers, support staff
- Amazing atmosphere showcasing the high potential of the group

## ADDRESSING THE MYTHS

## **INVENTORY PROVISION**

- Profit is not propped up by release of inventory provision.
  - No inventory provision was released to profit in H1;
    - In fact there was an expense to profit and hence an increase in provision.
  - Obsolete inventory scrapped (sent to recycling) of \$4.8m in H1.
  
- When any business is acquired Bapcor's inventory provisioning policy is applied.
  
- We continue to apply inventory provisioning policy consistently
  - And disclose all movements in reporting.



## On line retailing / Amazon

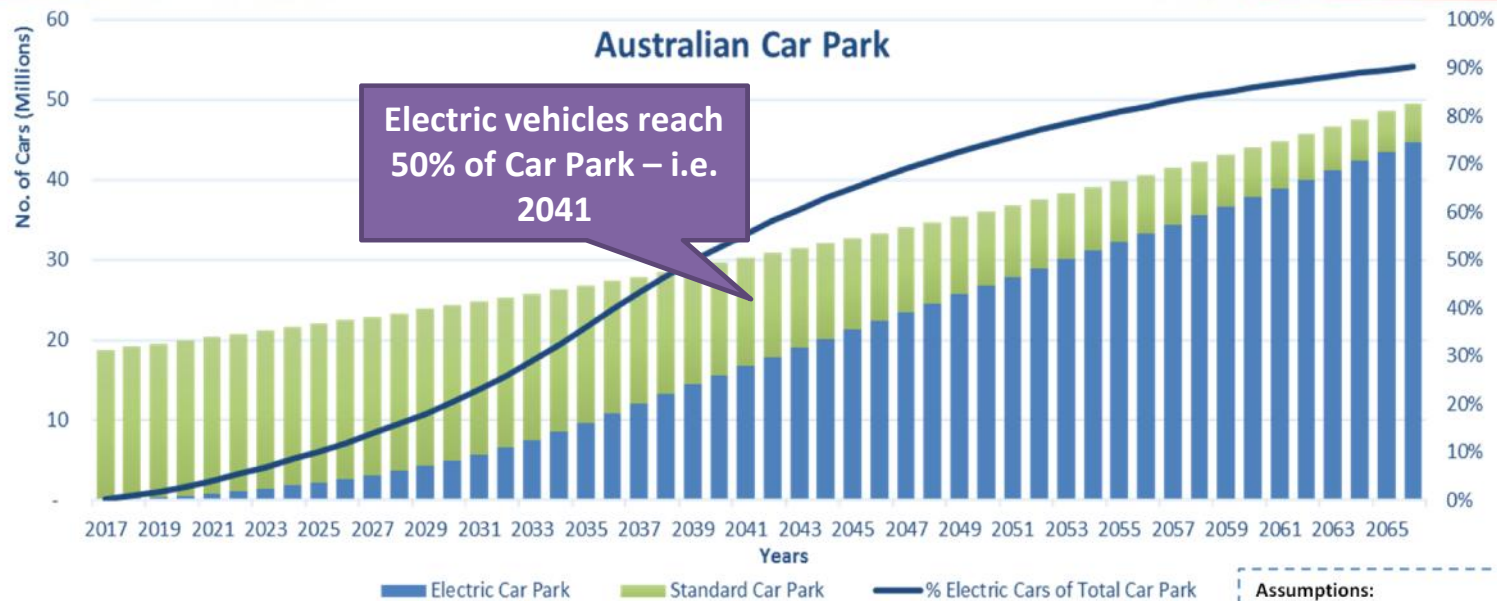
- Likely to focus on electronics, health & beauty, kitchen & home, toys, in initial stages
- If and when auto parts introduced, likely to be on products that do not require professional fitment or advice
- Bapcor's trade based businesses relatively protected due to high service level
- Substantial portion of Autobarn's customer base categorised DIFM – plays into Autobarn's high customer service model
- May be an opportunity for Bapcor businesses

### Electric Cars

- Bapcor will evolve and adapt to the car parc - as it has historically as cars have changed
- Bapcor well placed to supply electronic components and batteries, especially through its electrical and electronics wholesale businesses.
- Will be **many many** years for electric cars to reach a significant portion of the car parc
  - In context – **18 million** cars on road in Australia – average age 12 years
  - Less than **1 million** new cars sold *annually*
  - Cars on road continue to grow in line with population growth

# What will be the impact of electric cars ?

## Australian Car Park Forecast Model.



- With the above assumptions input into the model:
  - 100% of new cars sold will be electric by year 20
  - Electric vehicles reach 50% of Car Park in 24 years – i.e. 2041
  - Drop off rate is 4.0% p.a.

**Assumptions:**  
 Starting Car Park (Year 0): 18.4m cars  
 Annual growth of total car park: 2%  
 New Cars Sold Year 1: 1.1m cars  
 Annual growth of new cars sold: 2%  
 Share of new cars sold as Electric:  
 Y1 – 5%  
 Y2 – 10%  
 Y3 – 15%  
 Y4 – 20%  
 Y5 – 25%  
 Y6 – +10% year on year...



# SUPPORTING THE INDUSTRY



"Australasia's leading provider of aftermarket parts, accessories, equipment and services"



# THANK YOU



"Australasia's leading provider of aftermarket parts, accessories, equipment and services"