



Bapcor Limited
(ASX: BAP)

ASX Release

29 April 2019

Macquarie Conference Sydney 30th April 2019

Bapcor Limited (**Bapcor**) advises that its CEO & Managing Director, Mr Darryl Abotomey has had to withdraw from presenting at the Macquarie Investor Conference in Sydney on Tuesday 30th April due to ill health. He is suffering from the flu, however is expected to return to work by the end of this week.

The presentation that Mr Abotomey was to present to the conference is attached, and will be loaded onto the Bapcor website.

-Ends

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Macquarie Conference – Sydney - April 30, 2019

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H1 FY2019 Headline Results – *it was a record result !*



3.2%



Revenue

Up 3.2% to \$636.1M
(continuing ops)

8.2%



EBITDA

Up 8.2% to \$76.0M
(proforma continuing ops)

Up 13.2% to \$79.4M
Statutory

6.6%



NPAT

Up 6.6% to \$43.1M
(proforma continuing ops)

Up 12.6% to \$45.5M
Statutory

5.9%



EPS

Up 5.9% to 15.34 cps
(proforma continuing ops)

Up 3.4% to 16.20 cps
Statutory

TRS was divested 3 July 2018. Excluding TRS from prior period:

Revenue  **5.5%**

EBITDA  **10.4%**

NPAT  **9.2%**

EPS  **8.5%**

H1 FY2019 Financial Highlights



		H1 FY19	H1 FY18	Variance
<u>Continuing Operations</u>				
Revenue	\$'M	636.1	616.1	3.2%
Gross Margin	%	47.1%	45.6%	1.5 pp
EBITDA – proforma	\$'M	76.0	70.2	8.2%
EBITDA	%	11.9%	11.4%	0.6 pp
NPAT – proforma	\$'M	43.1	40.4	6.6%
EPS – proforma	cps	15.34	14.48	5.9%
<u>Total Bapcor (including Discontinued Operations)</u>				
NPAT – statutory	\$'M	45.5	43.7	4.1%
EPS – statutory	cps	16.20	15.66	3.4%
Dividend	cps	7.5	7.0	7.1%



Every performance indicator improved.

Notes:

1. In H1 FY2018 Discontinued Operations of Hellaby Footwear and Contract Resources are included in the results for 3 months until their divestment, and TBS is included for the full 6 months. The TRS business which was divested 3 July 2018 and is not treated as a “discontinued operation” and is therefore included for the full six months in H1 FY2018.

H1 FY2019 Operational Highlights

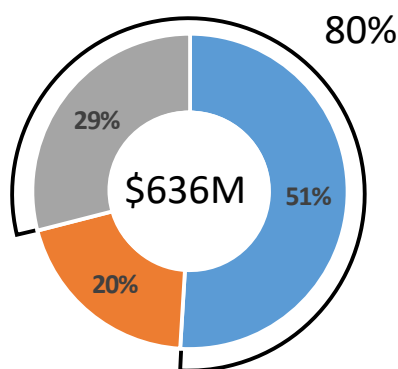


- A record first half result in Revenue, Earnings and EPS, in challenging economic conditions.
- NPAT growth negatively impacted by 2.5% due to the divestment of TRS on 3 July 2018. The FY18 profit contribution of TRS is expected to be fully offset in H2 FY19 due to acquiring commercial truck group (Don Kyatt (Qld) & associated companies) in December 2018.
- Good revenue & profit growth in the Trade, Bapcor NZ and Specialist Wholesale segments
- Retail & Service profit flat due to market conditions and continued company store expansion that is loss making in initial phase
- Intercompany sales up 37%
- Higher inventory reflects acquisitions, network growth, investment in new & existing ranges and impact of cyclical purchases. Expect to reduce by June 19.

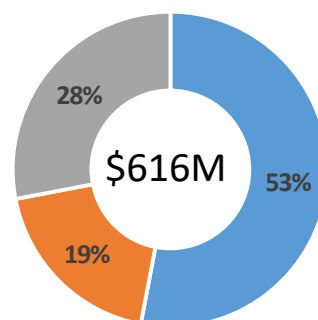
Business Segment Contribution to Results

Total Auto Revenue

H1 FY19

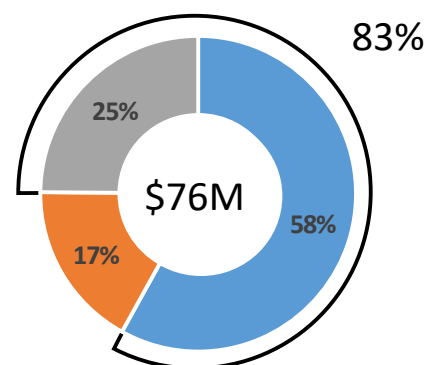


H1 FY18

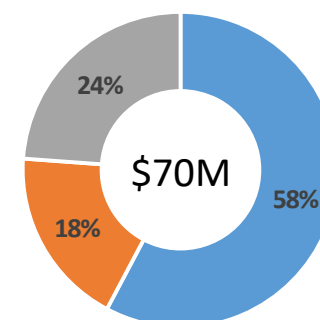


Total Auto EBITDA

H1 FY19

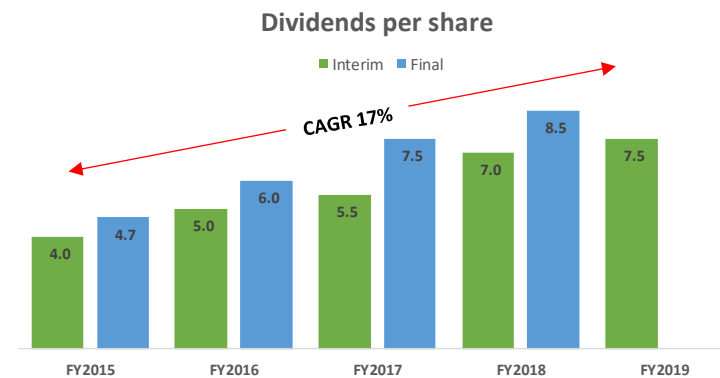
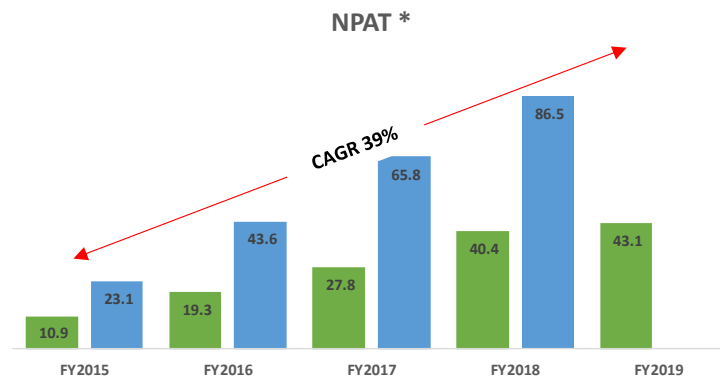
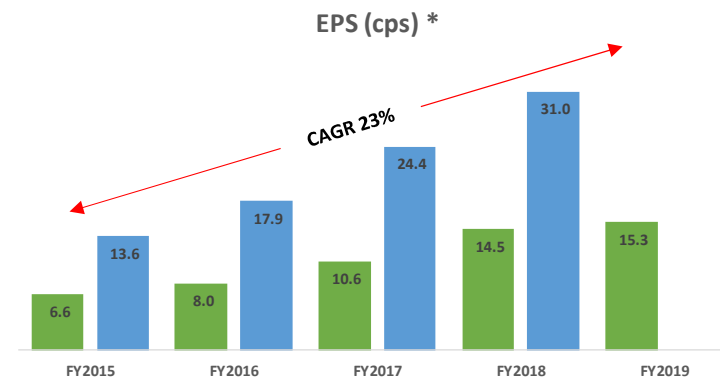
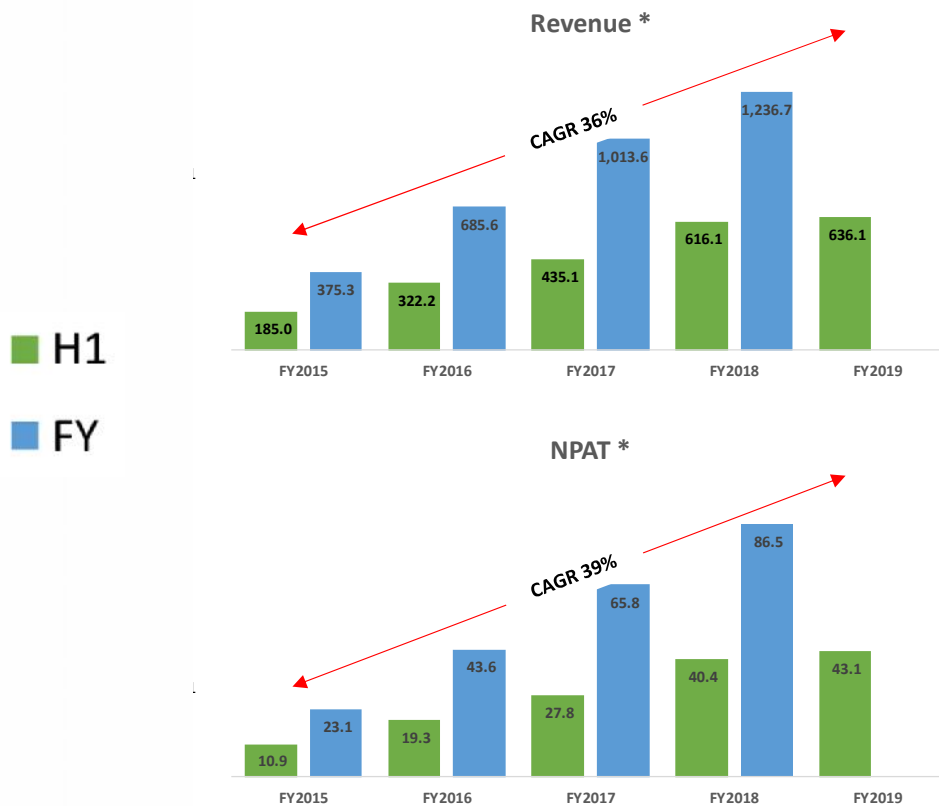


H1 FY18



■ Trade ■ Retail & Service ■ Specialist Wholesale

Summary of Key Performance Indicators



* Based on continuing operations and estimated FY19 results

CURRENT YEAR FORECAST



FY19 Financial Year Forecast



For the full FY19, Bapcor continues to forecast an increase NPAT of circa 9% above FY18 proforma NPAT – i.e. Circa \$94.3million

- THIS HAS NOT CHANGED

This guidance delivers a *record full year result* in Revenue, Earnings and EPS.

Full Year cash conversion is expected to be at historical normal levels
– i.e. cash conversion greater than 90%

New Debt facilities in place by 30 June with 7 year, 5 year and 3 years debt tranches.

Net debt annualised leverage ratio (EBITDA) forecast around 2x earnings.

Comments on current performance



- Overall market remains softer than historically
 - Competition continues in every sector and fighting for business – nothing new here!! This is normal for any business.
- In trade, market share gain is not as high as historically, BUT NOT LOSING market share – just not gaining as much.
- Recent acquisition of “Commercial Parts Group” (Don Kyatt (QLD) etc)
 - Business is performing well.
 - Additional branches to be added by June.

STRATEGY & Industry Fundamentals



Bapcor Ltd has partnered with Greenfleet to plant native forests in Australia and capture over 5,250 tonnes of greenhouse gas emissions.

Bapcor 5 Year Strategic Targets



NO
CHANGE
TO
GROWTH
STRATEGY

Trade 	50% Segment contribution Trade focussed "parts professionals" supplying workshops in Australia & New Zealand	230 AUS Target Stores Now 179	75 NZ Target Stores Now 59	25 NZ Relocation & Refurb Target Now 6	35% Own brand Target Now 24%
Specialist wholesale 	30% Segment contribution #1 or #2 Industry category specialists in parts programs	A\$450m AUS Target Turnover Now A\$364m	A\$50m NZ Target Turnover Now A\$31m	55% Own brand Target Now 45%	<small>*excludes TRS - since divested</small>
Retail 	20% Segment contribution Premium Retailer of Automotive Accessories Supplying the independents: parts, accessories & 4WD	200 AUS Autobarn Target Stores Now 131	200 Independents Target Stores Now 203	120 AUS OL Target Stores Now 83	35% Own brand Target Now 24%
Service 	Reliable & Trusted car servicing at affordable prices Supporting the independents	500 AUS Target Stores Now 124	150 NZ Target Stores Now 115	90% Intercompany Sourcing Target	
Asia 	Bringing automotive aftermarket parts to Asia	TBD Target Locations Now 4			

Growth Strategy



- All current business segments;
 - Grow sales
 - Organic
 - Store Footprint Expansion
 - Margin
 - Procurement / Buying
 - Pricing Management
 - Own Brand
 - Intercompany
 - Operating Efficiencies
- Strategic Acquisitions / Expansion



Strategy



- Consistent strategy with specific, clear, measurable targets.
- No changes to direction.
- We know what we do best and stick with it.



Continued growth of the Australian Car Parc...



- Estimated **19.5m registered vehicles** at the end of 2018, an increase of 2% on 2017
 - **Average age** of vehicles stable at **11 years**
- **New vehicle sales** in 2018 were 1.15m, down 3% on 2017 and ending four years of YoY growth
 - 60% of new vehicle sales were in the SUV & Utility categories; 33% in Passenger vehicles
- **Electric vehicle penetration continues to be minimal**, <0.5% of new vehicle sales in 2018 were electric vehicles



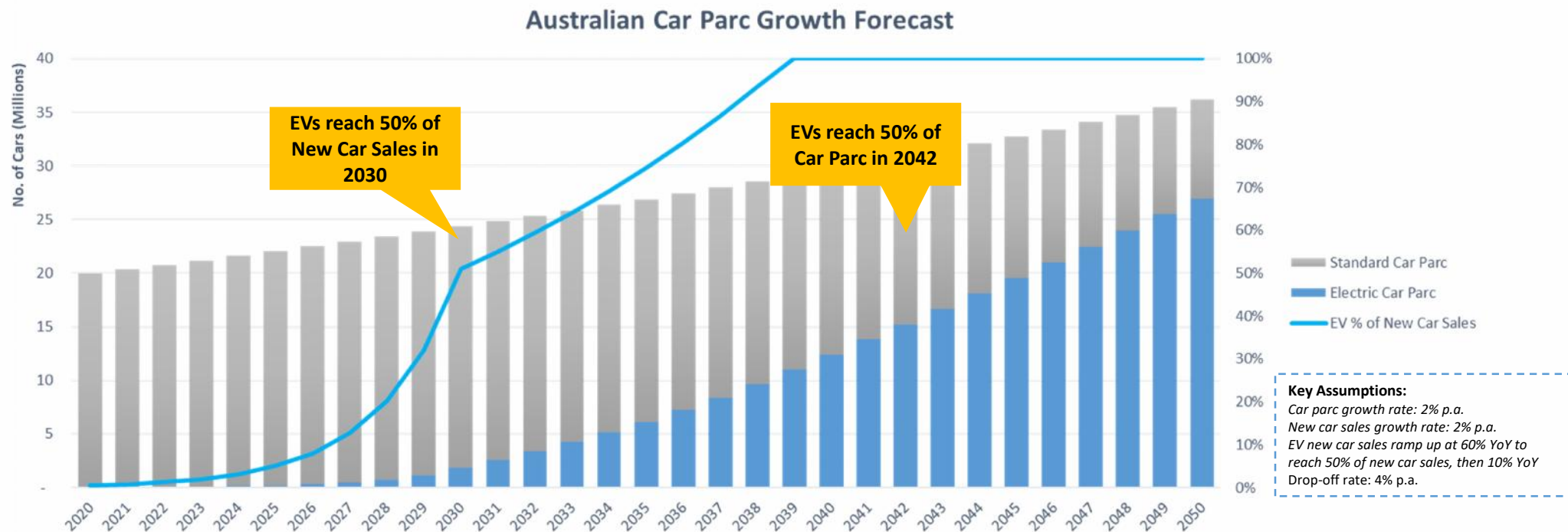
Source: ABS Motor Vehicle Census; FCAI VFACTS;

No change to industry fundamentals.

Impact of Electric Vehicles (EVs)... Facts do not support rhetoric!!!!



- For EVs to reach 50% of New Car Sales by 2030,
60% year on year sales growth in electric cars is required – and at that point only 7% on road will be electric!!

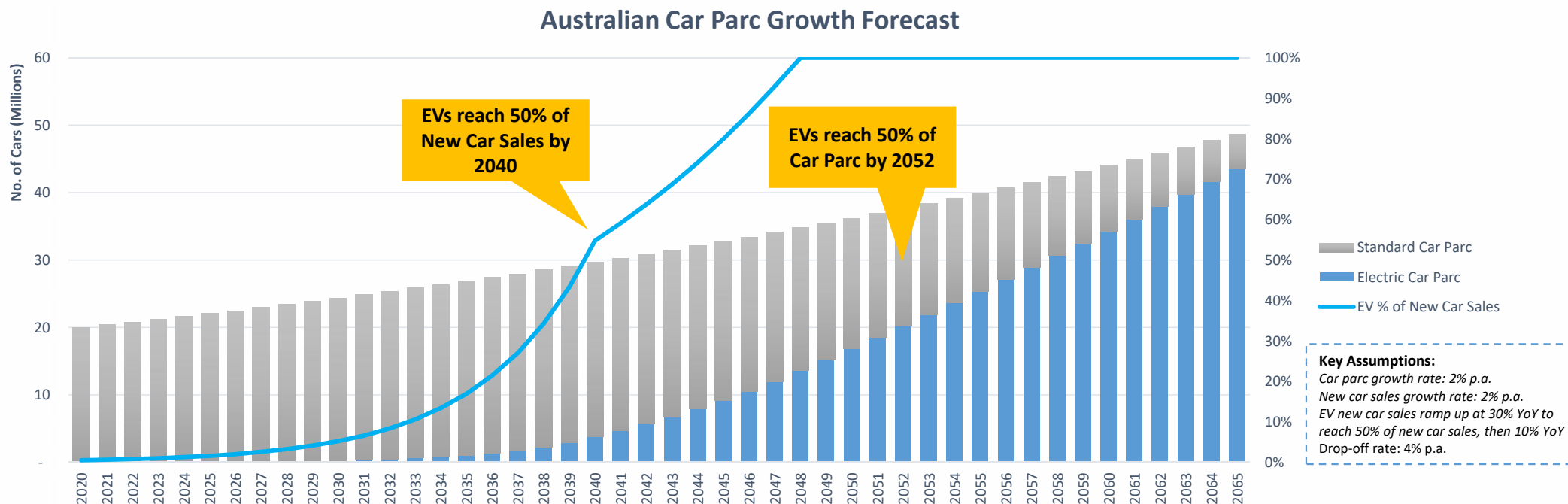


Impact of Electric Vehicles (EVs)...

Do you remember the LPG usage forecasts???? Where are these today?



- For EVs to reach 50% of New Car Sales by 2040,
30% year on year sales growth is required – and at that point only 12% of cars on road will be electric!!



Bapcor Thailand



- Now operating 4 stores in Bangkok district
- A further 2 new stores planned pre June
- Stores making positive progress in new market dynamics
- Good relationships being established with a significant chains presenting good growth opportunities as we grow more scale
- As with any start-up operation in a new market we are learning and will over time fine tune product ranges and operation methods to optimise outcomes.



Thank you!