



**2019 Annual General  
Meeting**

**CEO Presentation**

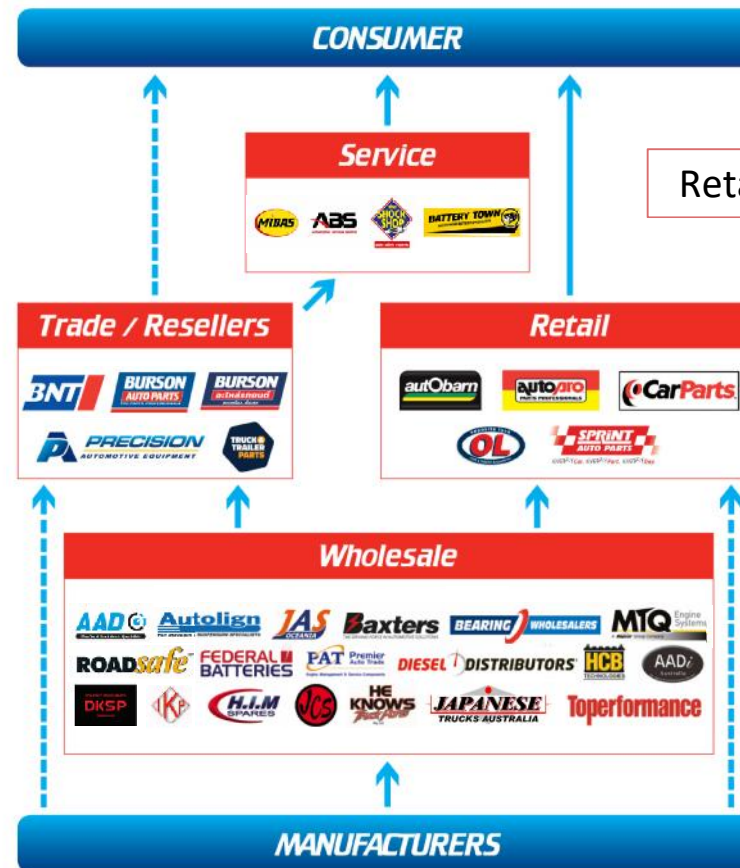
# Aftermarket Supply Chain



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Trade:

- Burson Australia
- New Zealand
- Thailand



Retail

Retail

Specialist Wholesale Group:

- Mechanical
- Engine Management

Bapcor businesses participate

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

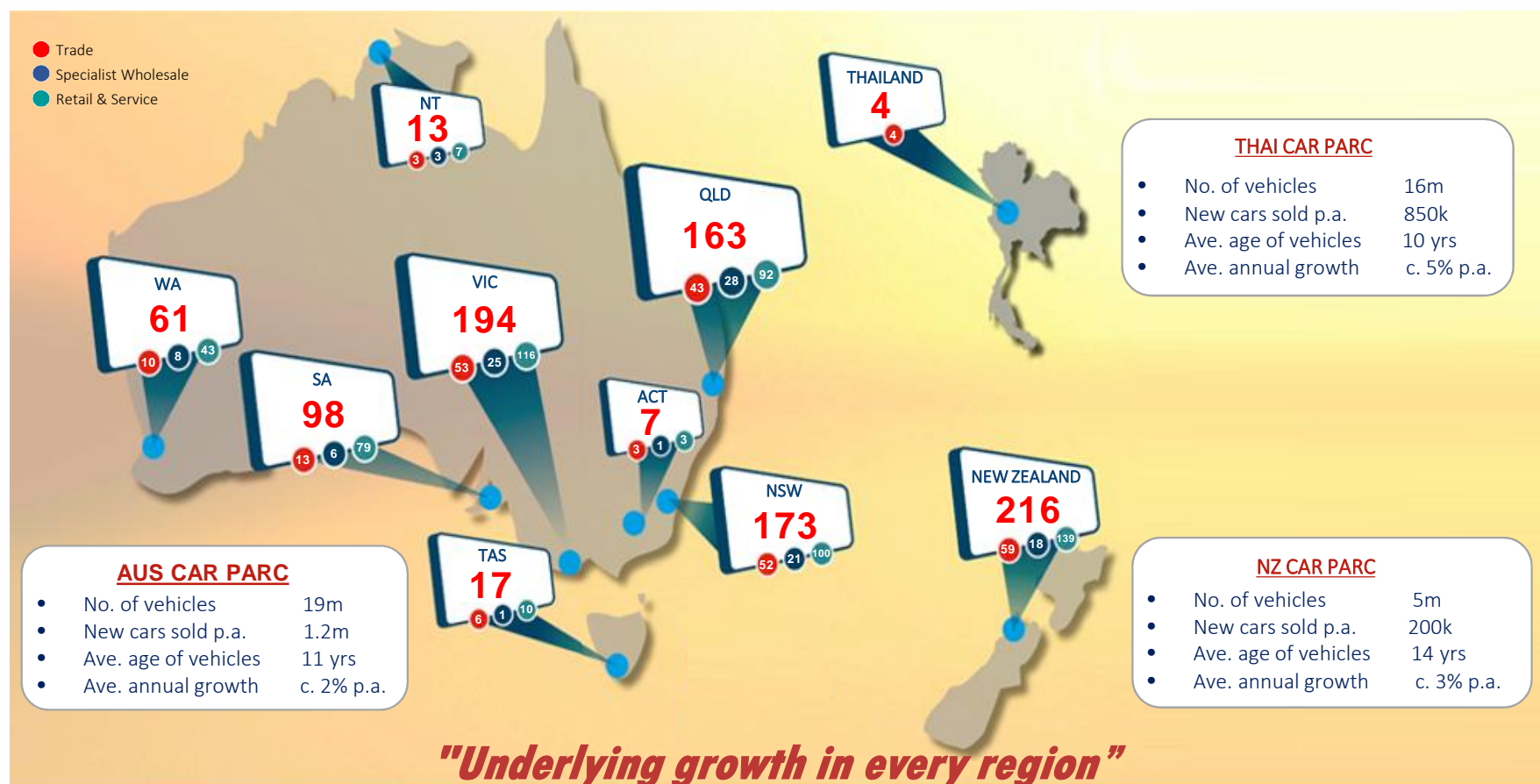
## Bapcor at a Glance



<b>Revenue</b>	<b>\$1.3 Billion</b>
<b>EBITDA</b>	<b>\$165 Million</b>
<b>NPAT</b>	<b>\$94 Million</b>
<b>Market Cap</b>	<b>~ \$2.0 Billion</b>

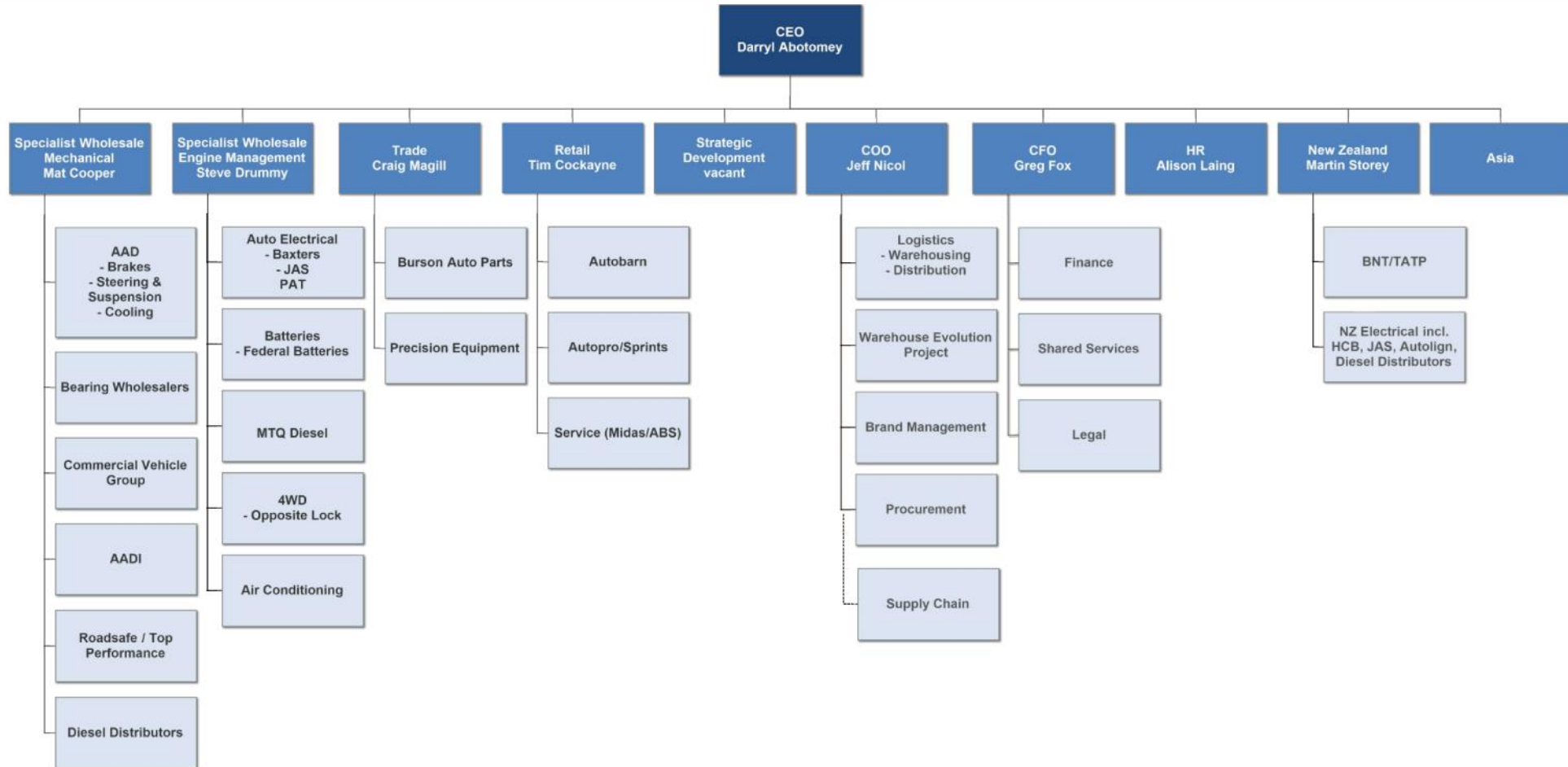
<b>EBITDA: Net Debt</b>	<b>&lt; 2.0 X</b>
<b>Interest Cover</b>	<b>&gt; 10.0 X</b>
<b>Locations</b>	<b>&gt; 950</b>
<b>Employees</b>	<b>&gt; 4,500</b>

# Over 950 locations across Australia & NZ



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

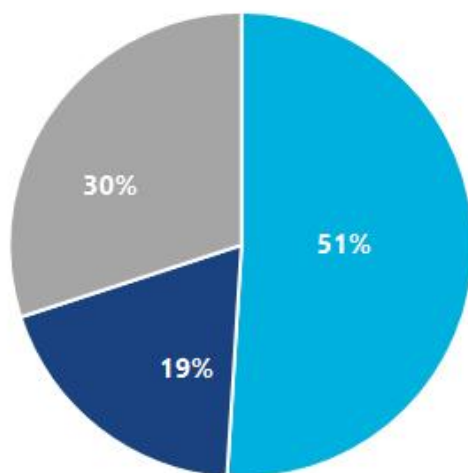
# Leadership Team



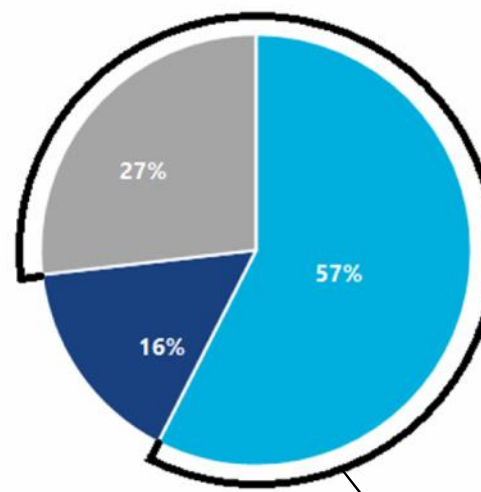
# Business Segment Contribution



**Revenue  
FY19**



**EBITDA  
FY19**



Trade focused 84%

**Notes:**

1. Trade includes Trade and Bapcor NZ segments

■ Trade<sup>1</sup> ■ Specialist Wholesale<sup>1</sup> ■ Retail



# FY2019 Headline Results




Record results in FY2019 on all key measures.

## Revenue

 **Up 4.8% to  
\$1,297M**  
(continuing ops)

**Up 6.9%**  
(excluding TRS divestment)

## EBITDA

 **Up 9.8% to  
\$164.6M**  
(proforma continuing ops)

**Up 11.7%**  
(excluding TRS divestment)

## NPAT

 **Up 9.0% to  
\$94.3M**  
(proforma continuing ops)

**Up 11.2%**  
(excluding TRS divestment)

## EPS

 **Up 8.0% to  
33.45cps**  
(proforma continuing ops)

**Up 10.3%**  
(excluding TRS divestment)

# FY2019 – Financial Highlights



		FY2019	FY2018	Variance
<b>Continuing Operations<sup>1</sup></b>				
Revenue	\$'M	1,296.6	1,236.7	4.8%
Gross Margin	%	46.9%	46.0%	0.9 pp
EBITDA – proforma	\$'M	164.6	150.0	9.8%
EBITDA	%	12.7%	12.1%	0.6 pp
NPAT – proforma	\$'M	94.3	86.5	9.0%
EPS – proforma	cps	33.45	30.97	8.0%
Dividend	cps	17.0	15.5	9.7%
<b>Continuing Operations excluding TRS</b>				
Revenue	\$'M	1,296.6	1,212.4	6.9%
EBITDA – proforma	\$'M	164.6	147.4	11.7%
NPAT – proforma	\$'M	94.3	84.7	11.2%
EPS – proforma	cps	33.45	30.33	10.3%

**Notes:**

1. The TRS business which was divested 3 July 2018 and is not treated as a “discontinued operation” and is therefore included for the full year in FY2018.



## FY2019 – Operational Highlights



- FY2019 result in line with guidance
- Result reflects resilience to market conditions
- Major segments of Burson Trade, Bapcor New Zealand and Specialist Wholesale all recorded solid growth
- Retail segment challenged in H2 due to market conditions and high proportion of immature loss making stores
- Intercompany sales growth of 35%
- Commercial Truck Parts acquisition – a future growth platform
- Added 59 new company branch / store locations – now over 950 locations
- Thailand expansion showing positive signs
- Working capital management improved compared to H1 FY2019
- Debt refinanced with more favourable terms
- Major investments in new Point of Sale, Warehouse Management System, IT Infrastructure
- Reinvigoration of Senior Leadership Team
- Focus on training of team members

## Segment Results – continuing operations



AUD \$'M proforma	Revenue			EBITDA			EBITDA % Revenue		
	FY2019	FY2018	% Change	FY2019	FY2018	% Change	FY2019	FY2018	Change
Trade	524.5	501.6	4.6%	78.2	72.1	8.5%	14.9%	14.4%	+0.5 pp
Bapcor NZ	165.0	153.6	7.4%	22.9	20.1	13.8%	13.9%	13.1%	+0.8 pp
<i>Bapcor NZ – TRS<sup>1</sup></i>	-	24.3	(100.0%)	-	2.6	(100.0%)			
Specialist Wholesale	413.1	364.3	13.4%	46.3	38.6	20.0%	11.2%	10.6%	+0.6 pp
Retail	255.3	239.1	6.8%	27.1	28.8	(6.0%)	10.6%	12.0%	-1.4 pp
Group / Elims	(61.3)	(46.2)	(32.7%)	(9.9)	(12.3)	20.0%			
<b>Continuing operations</b>	<b>1,296.6</b>	<b>1,236.7</b>	<b>4.8%</b>	<b>164.6</b>	<b>150.0</b>	<b>9.8%</b>	<b>12.7%</b>	<b>12.1%</b>	<b>+0.6 pp</b>

AUD \$'M proforma	Revenue		
	FY2019	FY2018	% Change
Revenue from Intercompany sales	62.1	46.2	34.5%

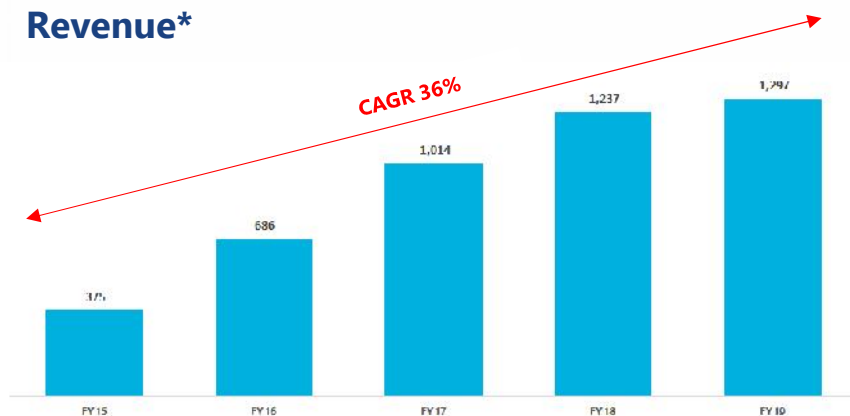
### Notes:

1. TRS in NZ was divested 3 July 2018, however is included in the above for FY2018 as it was not classified as a "discontinued operation"

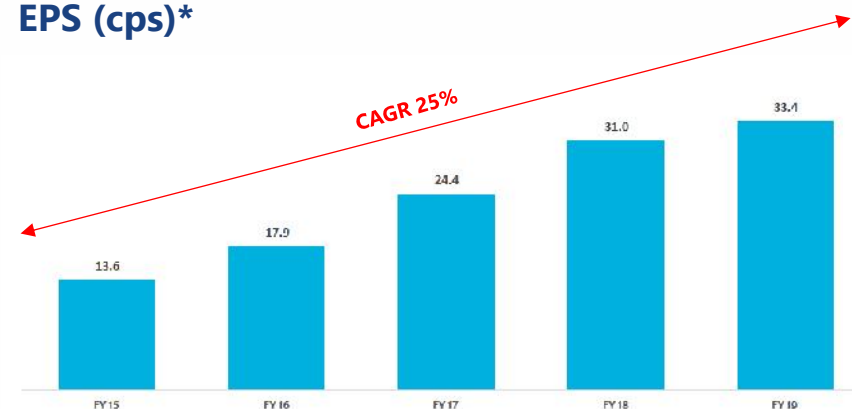
# Summary of Key Performance Indicators



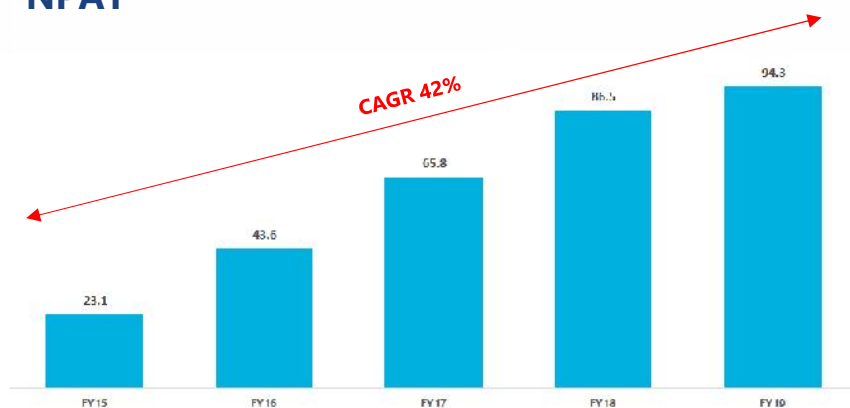
## Revenue\*



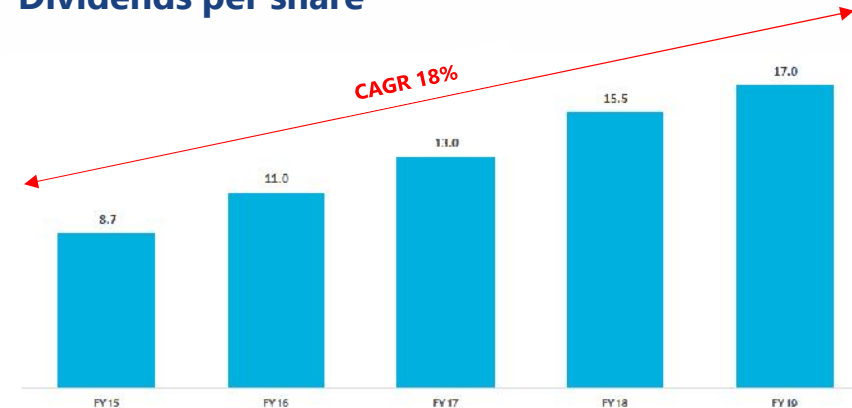
## EPS (cps)\*



## NPAT\*



## Dividends per share



### Notes:

\* Based on proforma continuing operations where appropriate

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

## Core Values



# Environmental, Social & Governance (ESG): FY19 Highlights



## Developing our ESG Strategy

- ✓ **Established** a sustainability governance process at Board level
- ✓ **Integrated** sustainability risks within our risk management framework
- ✓ **Achieved** our FY19 objectives. Targets set for FY20 and beyond

### Ethical Supply Chain/Procurement

**Formalising** agreement of ESC/P policy across supplier base

**Implemented** structured risk assessment to mitigate modern slavery risk

**Monitoring** international suppliers' labour conditions and human rights policies through site visits

### Environmental Sustainability

**Diverted** >71% of total waste (24,000 metric tonnes) from landfill

**Offset** delivery fleet emissions; planting over 19,750 native trees to capture 5,292 tonnes of carbon

**Energy** savings of >2 million kW p.a. delivered through Burson & Autobarn LED roll-out to date

### Practise Good Governance

**Safety** Risk Registers operational in all business units

**Promoting** diversity in the workplace (26% of our workforce is female, 75% of NEDs are female)

**Training** & development programs, including: leadership, customer service, respect in the workplace, values workshops

### Positively Impact Our Community

**'Dress Like a Farmer Day'** for Australian drought relief raised to \$74,075 to support Burrumbuttock Hay Runners

**Raised** a combined total of \$35,517 from 76 teams for Steptember

**52** Auto Super Shoppes Academy graduates placed into full-time employment in New Zealand

More information on Bapcor's ESG policy and strategy is available on our website.



# 5 Year Strategy



Trade	Trade focussed “parts professionals” supplying workshops in Australia & New Zealand 57% Segment Contribution	<b>230</b> AUS Target Stores Now 181	<b>75</b> NZ Target Stores Now 58	<b>25</b> NZ Relocation & Refurb Target Now 6	<b>35%</b> Own brand Target Now 24%
Specialist Wholesale	#1 or #2 Industry category specialists in parts programs 27% Segment Contribution	<b>A\$600m</b> AUS Target Turnover Now A\$437m	<b>A\$50m</b> NZ Target Turnover Now A\$31m	<b>40</b> CTPG Target Locations Now 14	<b>55%</b> Own brand Target Now 45%
Retail	Premium retailer of automotive accessories. Supplying the independents: parts, accessories & 4WD 16% Segment Contribution	<b>200</b> AUS Autobarn Target Stores Now 134	<b>200</b> Independents Target Stores Now 195	<b>120</b> AUS Opposite Lock Target Stores Now 84	<b>35%</b> Own brand Target Now 24%
Service	Reliable & trusted car servicing at affordable prices Supporting the independents	<b>500</b> AUS Target Stores Now 119	<b>150</b> NZ Target Stores Now 117		<b>90%</b> Intercompany Sourcing Target
Asia	Bringing automotive aftermarket parts to Asia	<b>TBD</b> Target Locations Now 5			

ories, equipment and services



# Strategy Summary



**No change to targets – consistent, specific, measurable targets. Significant growth still to come.**

- **Grow sales**
  - Organic (circa 2% to 3% pa)
  - Footprint expansion
    - Burson 10-12 stores pa
    - Retail up to 10 stores pa
    - NZ 5 stores pa
- **Margin**
  - Procurement / buying initiatives
  - Pricing management
  - Increase "own brand" sales
  - Optimise intercompany sourcing of products
- **Operating efficiencies**
- **Consolidate and optimise**
- **Strategic acquisitions / expansion**

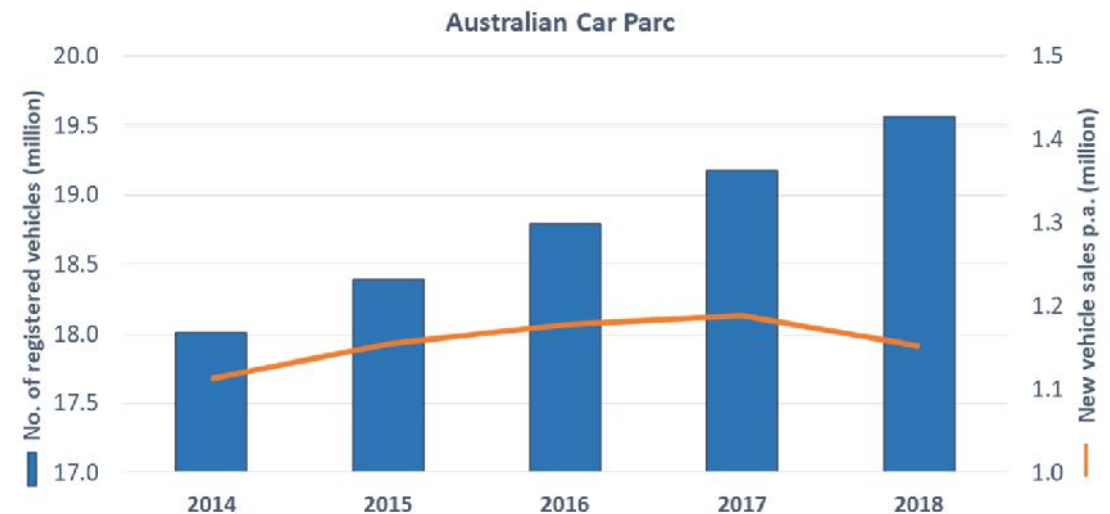




## Continued growth of the Australian Car Parc...



- Estimated **19.2m registered vehicles** at the end of 2018, an increase of 2% on 2017
  - **Average age** of vehicles stable at **10 - 11 years**
- **New vehicle sales** in 2018 were 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.**

# Bapcor Thailand



- Now operating 5 stores in Bangkok district
- A procurement office
- Stores making positive progress in new market dynamics
- Good relationships being established with 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.



Latest Burson store at retail shopping centre - at entrance to Thai Watsadu. A workshop is also on the shopping centre site.

## Strategic Initiatives Update



- **Warehouse Evolution Program** – feasibility and detailed planning reaching conclusion with more detailed announcement expected within the next two months
- **Warehouse Management System** – First location expected to go live in November 2019
- **Point of Sale System Retail** – some delays due to provider programming issues. Full roll out now expected during the course of FY20 (no impact on project cost)
- **Technology Infrastructure** – completion due November– improves systems redundancy and stability
- **Future Acquisitions** – Bapcor is always on the lookout for businesses that fit with our core strategy and are fairly priced. Additions to our commercial vehicle group announced today – Truckline and Diesel Drive

## Commercial Vehicle Group Expansion



- Bapcor have signed agreements to purchase Truckline and Diesel Drive
- Truckline is a heavy commercial parts business with 22 locations and revenue of approximately \$100M
- Diesel Drive specialises in the sale of Japanese commercial spare parts in NSW with revenues of approximately \$13M
- Total purchase price of \$48M with underlying ROI of 15% in first full year (FY21)
- FY20 EBITDA impact will be immaterial due to acquisition and transitional costs
- Bapcor is now well positioned to service this sector now having 38 locations in its Commercial Vehicle Group and annual revenues of approximately \$160M



## FY2020 Trading Update / Outlook



- Market fundamentals and appropriate opportunities continue to drive profit growth;
  - YTD trading update
    - Selling price increases occurring in all segments, predominately reflecting currency fluctuation / devaluation
    - Trade segment same store sales more in line with pre FY19 historical levels however margin below FY19
    - Specialist Wholesale continuing to perform reasonably
    - NZ facing economic headwinds but still growing
    - Retail showing green shoots and positive same store sales growth
    - In all segments margins under pressure due to competitive environment
  - Profit guidance reiterated for FY2020 of at least mid single digit percentage increase in pro-forma NPAT, with
    - EBITDA approx. 2 percentage points higher increase due to additional depreciation from investment in technology and systems.

# QUESTIONS

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