

ASX Announcement

22 November 2022

Bapcor Investor Day Presentation

Bapcor Limited (ASX:BAP) will be holding an Investor Day in Melbourne today, 22 November 2022, commencing at 10.00am (AEDT).

Participants not attending in person can join the Investor Day virtually via the following link:
https://macquariegroup.zoom.us/webinar/register/WN_D2SQHRoaRTy9i5hNBKRP5w

Attached are the Investor Day presentation materials.

- Ends -

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

Authorised by: the Board of Directors of Bapcor.

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





INVESTOR DAY PRESENTATION

The Road Ahead - Better Than Before

22 NOVEMBER 2022

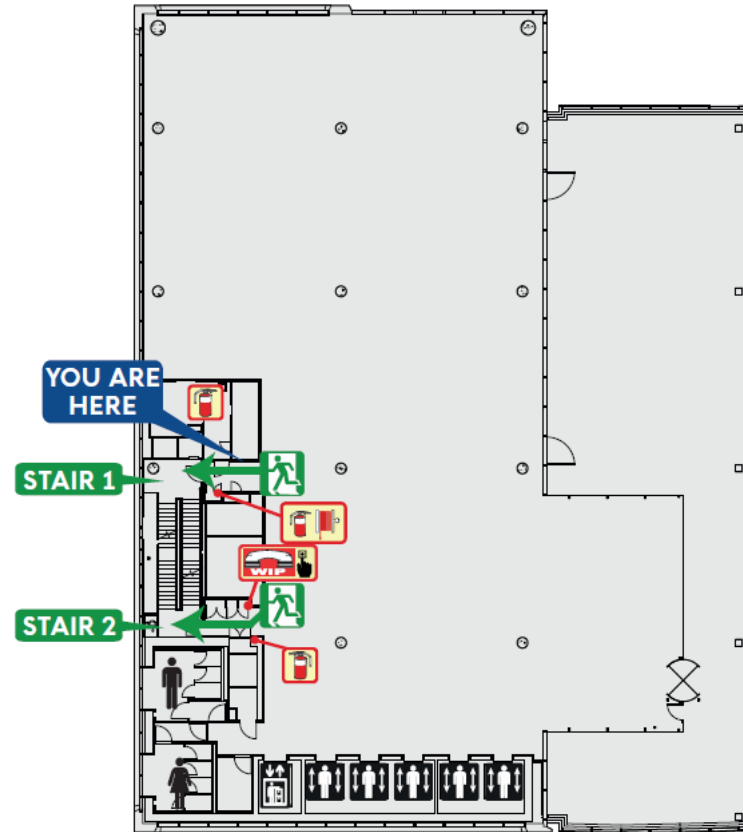


Safety first

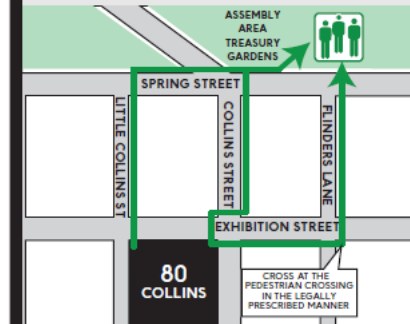
Evacuation briefing,
80 Collins Street Melbourne

EVACUATION DIAGRAM

80 COLLINS STREET
LEVEL 36



ASSEMBLY AREA



AT THE ASSEMBLY AREA

- Account for people from the building
- Report missing people to the Emergency Services
- DO NOT re-enter the building until the "All Clear" is given by the responding Emergency Services

EMERGENCY PROCEDURES

STAGE 1 - ON HEARING THE ALERT TONE BEEP... BEEP... BEEP...

- Be aware of an emergency situation occurring. (DO NOT EVACUATE ON THIS TONE).
- Follow work shut-down procedures. Secure your area. (lock away confidential files etc).
- Wardens to check for signs of smoke/fire.

STAGE 2 - ON HEARING THE EVACUATION TONE WHOOOP... WHOOOP.. WHOOOP...

- Evacuate the building immediately via the nearest safe exit, closing all doors behind you.
- DO NOT use the lifts.
- Proceed to the nominated Assembly Area.
- DO NOT re-enter the building until authorised by the Emergency Service/Chief Warden.

ALWAYS FOLLOW THE INSTRUCTIONS OF WARDENS/EMERGENCY SERVICES

VALID FROM 10/02/2020 © CAPACITY BUILDING EMERGENCY MANAGEMENT



Welcome and introduction

Noel Meehan

CEO and Managing Director



Presenting & attending today - our executive team



Noel Meehan
CEO and Managing
Director



Steve Drummy
Executive General
Manager – Trade



Martin Storey
Executive General
Manager – New Zealand



Stefan Camphausen
Chief Financial Officer



Craig Magill
Executive General
Manager –
Specialist Wholesale



Tim Cockayne
Executive General
Manager – Retail



Meryll Dooley
Chief People and Culture
Officer



Morris Lieberman
Chief Technology Officer



Abdul Jaafar
Executive General
Manager – Supply Chain



A diverse mix of specialist skills with significant automotive aftermarket industry experience



We do the
right thing



We are in
it together



We give
a damn



We get
it done

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



c.\$1.8B
FY22 REVENUE



1,100+
LOCATIONS IN
AUSTRALIA,
NEW ZEALAND AND
THAILAND



5,000+
TEAM MEMBERS



Australia's leading trade focused automotive parts distributor



Industry leaders in specialist product categories



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



Premium parts and accessories retailer including automotive service centres



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

A market leading group of specialist businesses in a resilient industry

Bapcor's investment proposition

Our markets are strong and continue to grow

- Ongoing pipeline of organic and inorganic opportunities across the group

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

- Organisational structure and culture realigned to empower our front line team

Our team is passionate about delivering for our customers

- Industry leading knowledge and service

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

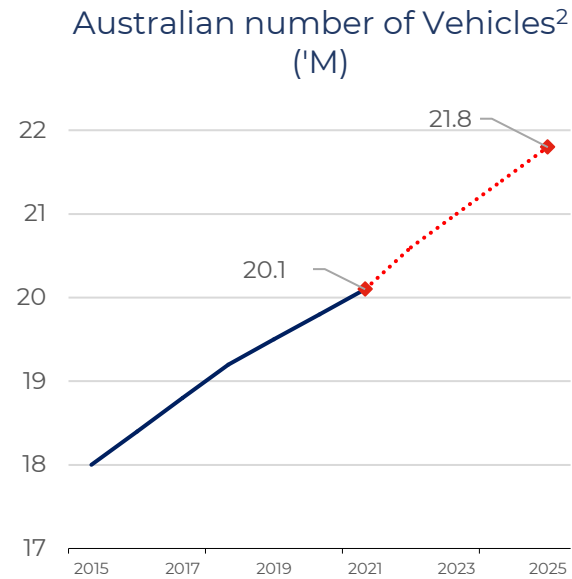
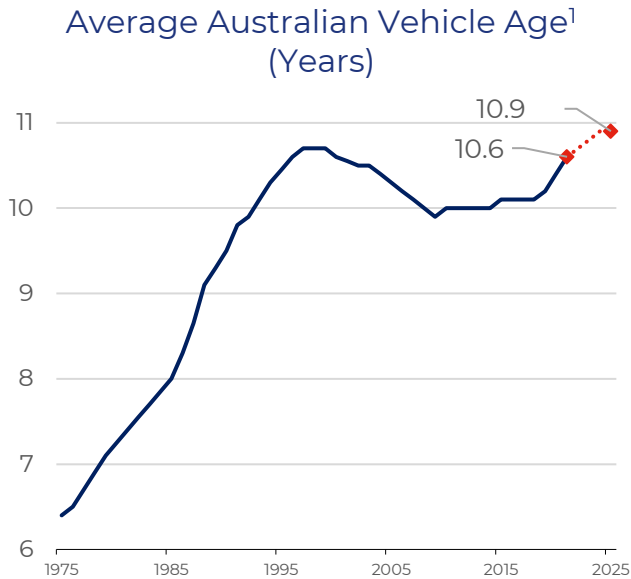
Our strong financial foundations are the platform for growth

- Return-based growth to drive shareholder returns

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



Our automotive aftermarkets remain strong, resilient and continue to offer good organic growth opportunities



AUS CAR PARC

- > No. of vehicles – 20m
- > 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

Notes:

1. Source: Australian Bureau of Statistics, Motor Vehicle Census, Australia (2021), Forecast from Australian Automotive Intelligence
2. Source: Australian Automotive Intelligence (2021)

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

Bapcor's transition to Zero Emission Vehicles

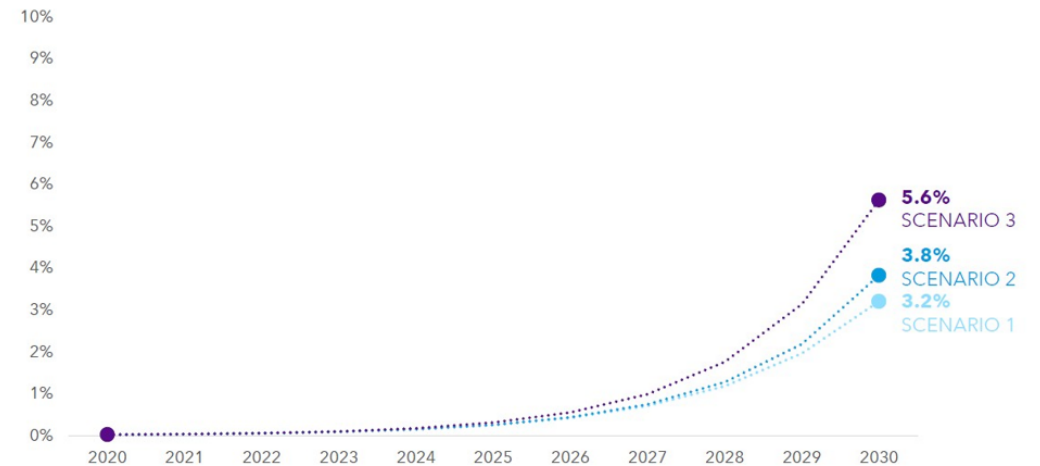
Current state of the Australian EV market

- > Timing of ZEV take-up is fluid due to availability, cost, infrastructure, government policies, evolving technologies and consumer behavior
- > There are 24 ZEV models available in Australia supplied by 17 OEMs, compared to 130 models in the UK
- > At least 8 OEMs have committed to transition to 100% ZEV production by 2040 (Nissan, Volvo in 2030's)
- > With ZEV sales increasing significantly in the coming decade, market penetration projections suggest:

<p>2030² 50% of new car sales ~ 5% of car parc</p>	<p>2035² 65% of new car sales ~ 19% of car parc</p>	<p>2045² 95% of new car sales ~ 50% of car parc</p>
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- > The pace of take up depends (amongst other influences) on government policy and affordability

PROJECTED EV SHARE OF CAR PARC IN 2030¹



Today's passenger and truck car parc supports robust growth for >10 years, plus additional growth driven by ZEVs



¹ Source: AAAA Critical Industry Trends 2021 Presentation (ACA Research)

² Scenario 3: high adoption case



We do the right thing



We are in it together



We give a damn



We get it done

Bapcor's approach to leadership in the ZEV market

> Aspiration to also be a market leader in the supply of ZEV parts and technologies to the automotive aftermarket

> Initiation of "Project Zero", applying a One Bapcor approach

> Recent initiatives and research identifies opportunities across our in house capability, category management and evolving market segments

> 5 strategic pillars developed to position Bapcor as the ZEV aftermarket leader through:



Customer and network development



Products and sourcing



Workshops and equipment



Marketing and awareness



Training and knowledge

> Enablers:

Our people and expertise:

provide clear direction for our teams to pursue growth in the ZEV aftermarket

Our distribution networks:

add value via our service model

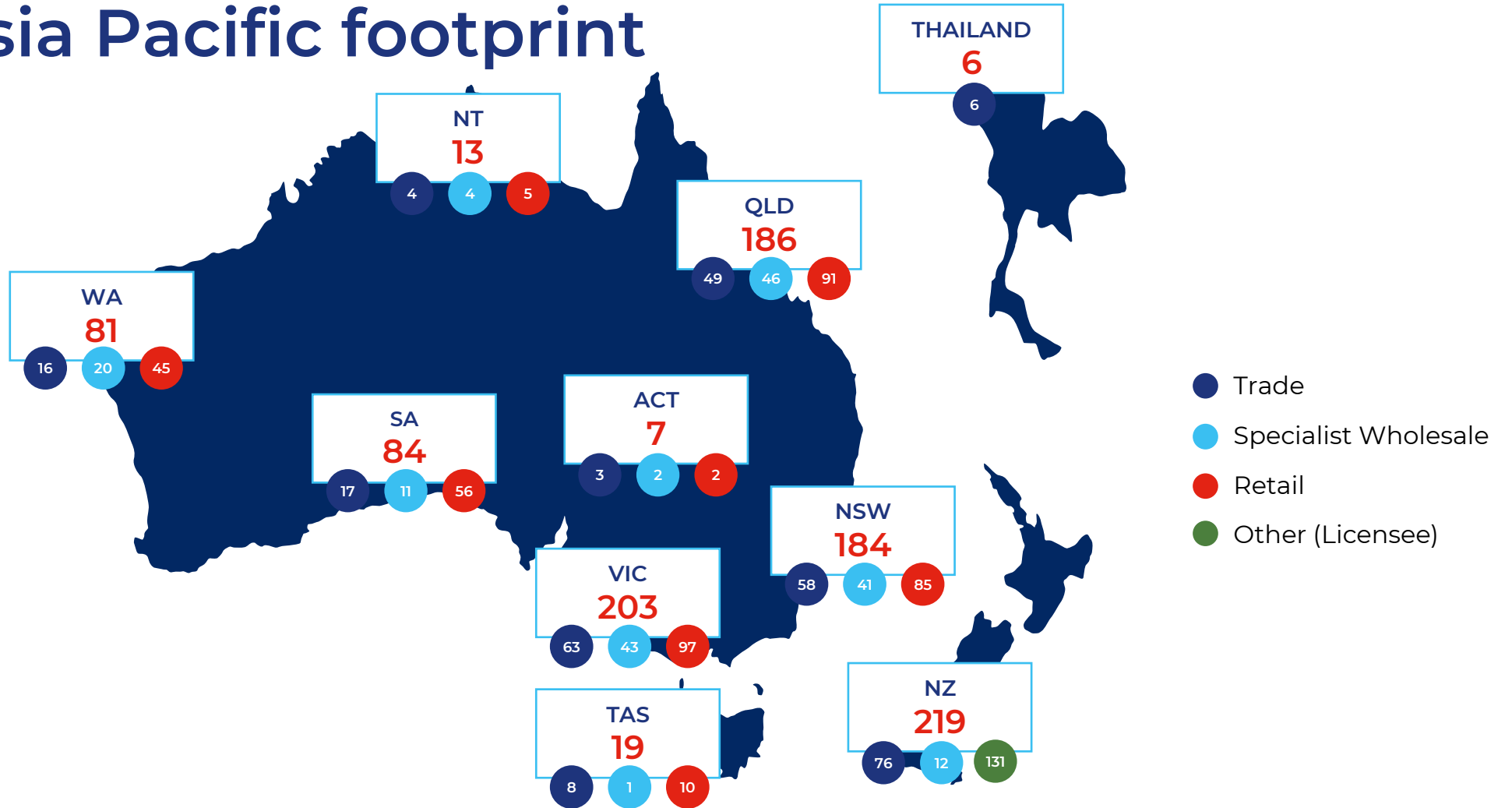
Our industry relationships and partnerships:

supporting our customers and suppliers as the ZEV market develops

We are well positioned to seize opportunities in the transition to ZEV's whilst supporting the current car parc



Our Asia Pacific footprint



Hard-to-replicate footprint provides competitive advantage

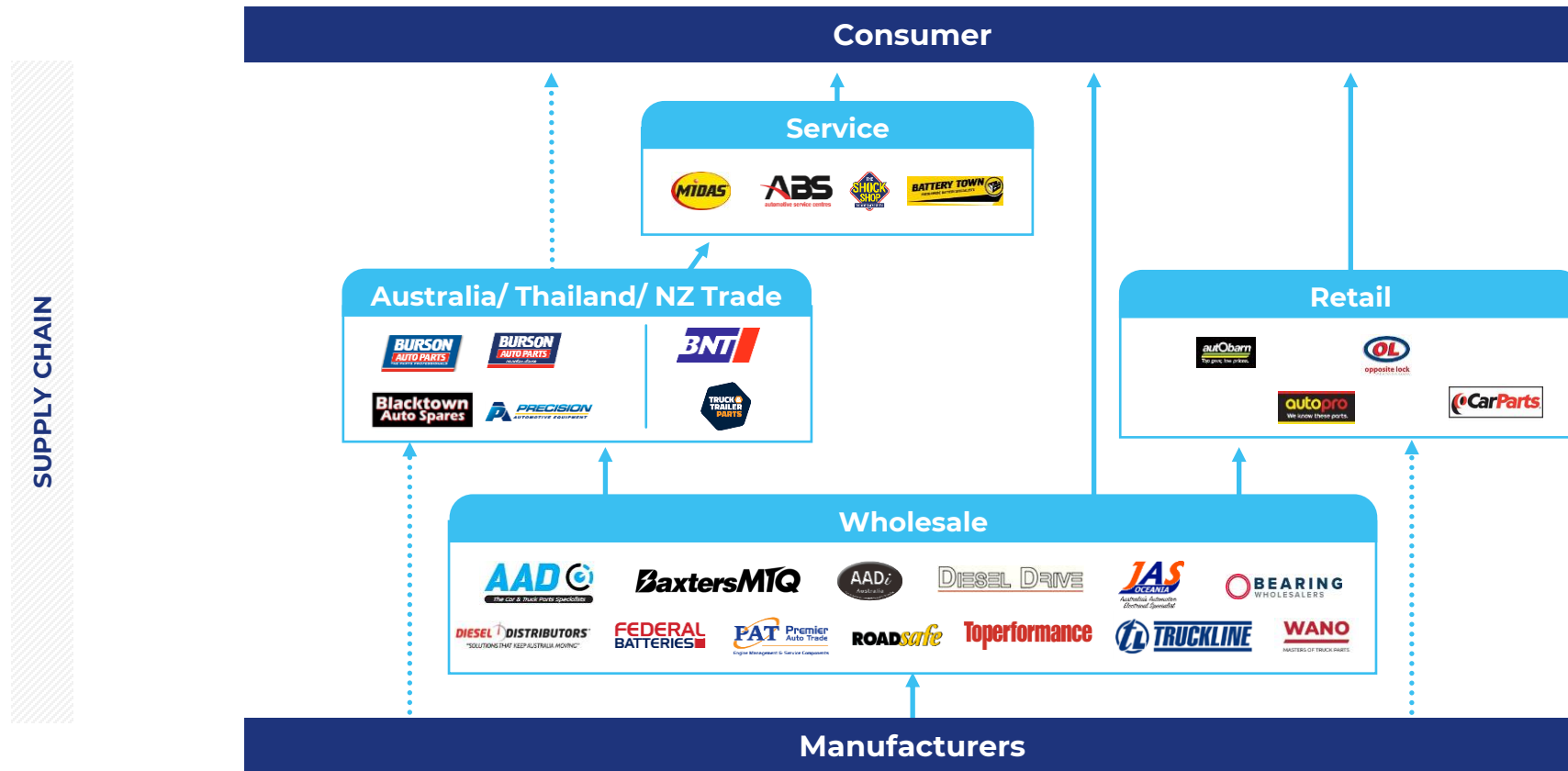
Our journey so far...

<p>Burson founded By Garry Johnson and Ron Burgoine in Victoria, Australia</p>	<p>Burson Group Limited Lists on the ASX</p>		<p>Burson Group becomes Bapcor Limited</p>			<p>Expansion of Bapcor into Asia</p>		<p>50th anniversary</p>	
<p>1971</p>	<p>2014</p>	<p>2015</p>	<p>2016</p>	<p>2017</p>	<p>2018</p>	<p>2019</p>	<p>2020</p>	<p>2021</p>	<p>2022</p>
		<p>Acquisition of</p> <ul style="list-style-type: none"> > Metcash Automotive Holdings > Opposite Lock 	<p>Acquisition of</p> <ul style="list-style-type: none"> > Roadsafe Automotive Products > Bearing Wholesalers > Precision Equipment > Baxters Auto Electrical > MTQ Engine Systems > Sprint 	<p>Acquisition of</p> <ul style="list-style-type: none"> > Tricor Engineering > Hellaby 	<p>Acquisition of</p> <ul style="list-style-type: none"> > Commercial Truck Parts Group > AADi Australia 	<p>Acquisition of</p> <ul style="list-style-type: none"> > Toperformance Products > JTA > Brookers > Brakeforce > AFI South > Diesel Drive 	<p>Acquisition of</p> <ul style="list-style-type: none"> > Truckline > RTS 	<p>Purchase of stake</p> <ul style="list-style-type: none"> > Tye Soon, Singapore <p>Acquisition of</p> <ul style="list-style-type: none"> > Truck & Auto Parts > Wrights Truck & Trailer 	<p>Acquisition of</p> <ul style="list-style-type: none"> > Blacktown Auto Spares > Gibbs > Absolute Spares

Track record of accretive and successful inorganic and organic growth



... creating a unique automotive aftermarket ecosystem ...

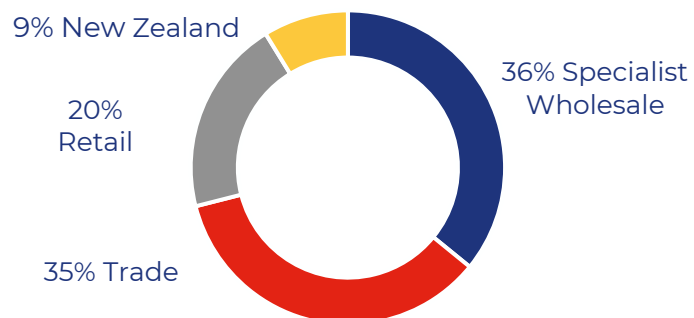


Vertically integrated network and specialist go-to-market channels creating competitive advantage

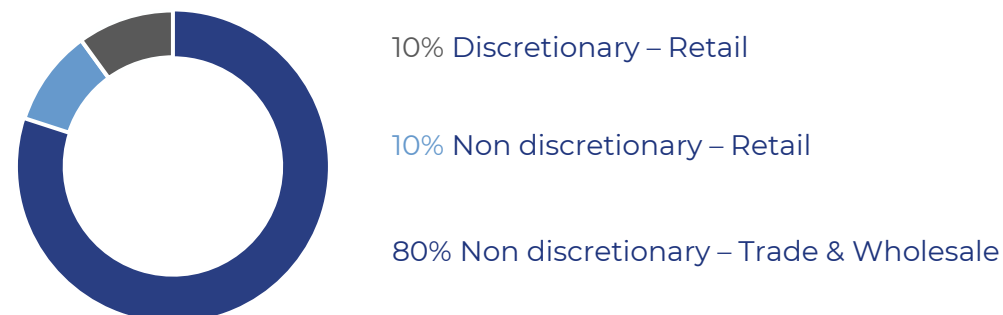
... and growing a diversified and resilient business

	FY14	FY15	FY16	FY17	FY18	FY19	FY20 ¹	FY21 ¹	FY22 ¹
Revenue (\$'m)	342	375	686	1,014	1,237	1,297	1,463	1,762	1,841
EPS (cents)	11.9	13.6	17.9	24.4	31.0	33.4	30.2	38.3	38.8
EBITDA (\$'m)	36.0	41.5	77.0	117.4	150.0	164.6	217.1	279.5	291.5
EBIT (\$'m)	31.6	36.3	67.0	103.9	134.4	147.5	144.5	200.7	205.8
Pro-forma NPAT (\$'m)	19.4	23.1	43.6	65.8	86.5	94.3	88.7	130.1	131.6
Dividends (cents)	0	8.7	11.0	13.0	15.5	17.0	17.5	20.0	21.5
ROIC ²	N/A	N/A	N/A	N/A	10.5%	10.2%	9.3%	11.6%	10.6%
Market cap 30 June (\$)	347	747	1,357	1,530	1,836	1,582	2,003	2,885	2,064

REVENUE BY SEGMENT



REVENUE BY TYPE



Strong growth history operating in a resilient and rational market



¹ AASB 16 only included in FY20-FY22; preceding years not restated
² ROIC introduced in FY18



We do the right thing



We are in it together



We give a damn



We get it done

Market & Trading Update

Market	Trading
<p>Overall continued positive market momentum:</p> <ul style="list-style-type: none">- Trade and Wholesale markets with robust growth- Lower market growth with cost-of-living pressures in Retail sector and the New Zealand economy	<p>Ongoing positive revenue growth year-to date</p> <p>Temporary margin compression expected as price adjustments lag currently accelerated input cost increases:</p> <ul style="list-style-type: none">- inflation and FX- labour cost and SG&A- supply chain cost (freight, fuel, elevated inventory level)

Bapcor demonstrating resilience, despite challenges in Australian Retail and New Zealand economy



The building blocks for growth



Organic and inorganic growth is in Bapcor's DNA, alongside an improved capital allocation framework



Complement strong brands with ongoing private label penetration



Harness the power of collaboration through One Bapcor to drive intercompany sales



Better than Before to identify and capture the significant operational and financial efficiency potential



Unwavering "customer first" commitment



Focus on operational health, safety and wellbeing as well as team member development and training

Delivering on our strategy is an evolutionary process



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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We get it done

Environmental, Social and Governance



POSITIVELY IMPACT OUR COMMUNITY

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



ENVIRONMENTAL SUSTAINABILITY

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



ETHICAL SUPPLY CHAIN/PROCUREMENT

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



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

ESG and sustainability commitment with aspirations to be net carbon neutral

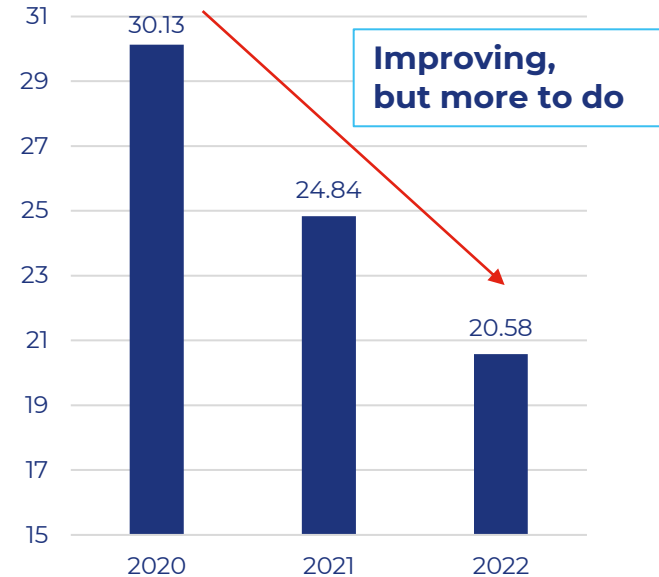


Bapcor's Health, Safety & Wellbeing Program

INVESTING IN A ONE BAPCOR SAFETY CULTURE AND PROGRAM TO MATCH THE SCALE AND MATURITY OF OUR BUSINESS

- › Investing in specialist safety resources and uplifting capability aligned with the scale and diversity of our operations and sites
- › Establishment of Bapcor Zero Harm plan with a focus on high-risk activities and controls, embedded in our Health, Safety and Wellbeing culture
- › Cascade into segment-wide safety plans, underpinned by roll-out of our Bapcor wide IT platform solution

SAFETY PERFORMANCE - TRIFR



Health, Safety & Wellbeing is in our culture; with further investment underway



Notes:

1. TRIFR calculated based on injuries per million hours worked



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We get it done

Bapcor Values

Our Values are at the centre of everything we do, and we will continue to embed them into our culture and processes



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.

Agenda

PERFORM

10.00 – 11.15

Business Fundamentals

Trade - Steve Drummy

Wholesale – Craig Magill

Retail – Tim Cockayne

New Zealand – Martin Storey

Summary – Noel Meehan

Questions & Answers

Break

11.15 – 11.30

TRANSFORM

11.30 – 12.30

Our People - Meryll Dooley

Supply Chain - Abdul Jaafar

Technology - Morris Lieberman

Better than Before Introduction – Noel Meehan

Commercial Excellence – Steve Drummy / Tim Cockayne

COGS and Operational Excellence –

Martin Storey / Abdul Jaafar

Financial & Capital Framework – Stefan Camphausen

Summary & Outlook – Noel Meehan

Questions & Answers



PERFORM

Trade

Steve Drummy

Executive General Manager

Trade overview

Building on the strong foundations of our Burson heritage

- › Portfolio of market-leading brands and businesses
- › Burson, Precision and Blacktown Auto Spares in Australia & Burson Thailand
- › Burson is the largest and most established business, focused on the distribution of non-discretionary vehicle parts to independent and chain mechanic workshops
- › “Engine room” of the division with good organic growth potential and proven track record
- › Attractive market structure with robust growth and good defensive characteristics
- › Organic growth opportunities across all businesses
- › One Bapcor benefit with pull-through from Wholesale



We do the right thing



We are in it together



We give a damn



We get it done

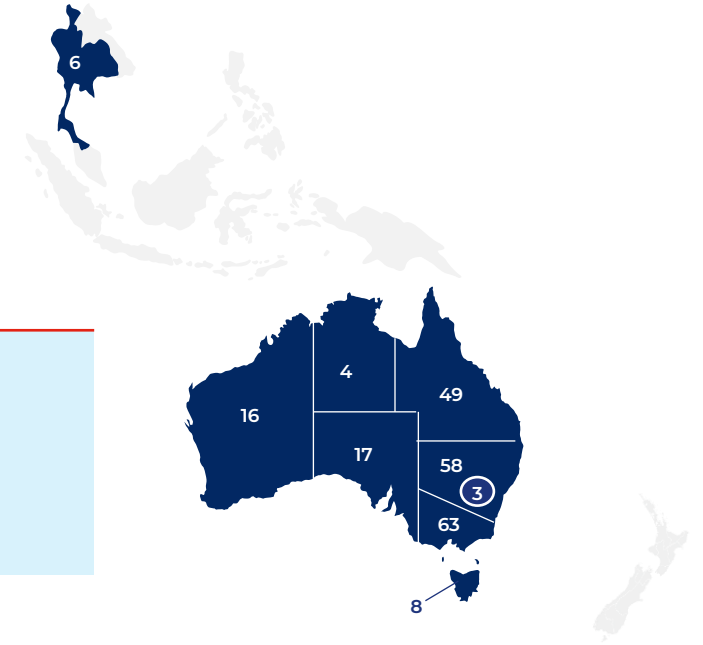
Trade

Our strong and sustainable business fundamentals

WHERE WE COME FROM

- > Independent trade customer focused business
- > Trade expertise, history and local relationships
- > Track record of delivering results whilst growing our network

Burson	210
Blacktown/ Precision	8
Thailand	6
Total	224



WHO WE ARE

- > Foundation built on our expert and passionate team dedicated to their local customers
- > Partner of choice in the trade market
- > Home of trusted brands and range
- > Strategic geographic footprint with growth opportunities

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Revenue (\$'m)	419.1	465.1	501.6	524.5	565.8	653.7	685.6
Burson same store sales growth (%)	4.6%	4.6%	4.4%	2.2%	6.0%	14.3%	2.7%
EBITDA (\$'m)	51.8	63.3	72.1	78.2	96.0	114.8	115.1
EBITDA Margin	12.4%	13.6%	14.4%	14.9%	17.0%	17.6%	16.8%

Trade

Our growth pipeline remains exciting and strong – enabling us to win

WHERE WE PLAY

- › Whole-of-Trade: independent and chain motor repairers
- › Burson: Solid foundations with continued organic growth opportunity
- › Precision: World leading brands, complete workshop setup
- › Blacktown Auto Spares: Diversifying exposure to independent market
- › Burson Thailand : Localise/ adapt/learn with geographic expansion

HOW WE WIN

- › Strong fundamentals – range, service, expertise, relationships
- › Leverage our strategic footprint close to customer
- › Building brand portfolio with leading brands and increasing One Bapcor wholesale pull through
- › Say “yes” more often with right range at the right price
- › Empower our team with better technology, training and career development



PERFORM

Wholesale

Craig Magill

Executive General Manager

Bapcor[®]

Wholesale overview

Innovating and growing our product and network portfolio

- › Importer, aggregator and distributor for all of Bapcor; and industry leader supplying market leading brands across specialized categories
- › Highly entrepreneurial culture built and maintained through our acquisition and integration program
- › Building the leading platform in light and heavy truck market with further organic and consolidation opportunities
- › One Bapcor benefit delivered through greater leveraging our integrated group network and supply risk mitigation



We do the right thing



We are in it together



We give a damn



We get it done

Wholesale

Our strong and sustainable business fundamentals

WHERE WE COME FROM

- > Individual specialist business heritage with strong market positions built on quality products and brands
- > Foundations of Truckline and Wano completed and well positioned to scale and lead the market in the attractive heavy and light commercial market
- > Rapid organic and inorganic growth at scale

WHO WE ARE

- > Diverse and attractive aftermarket businesses servicing specialist markets
- > Passionate and knowledgeable specialist teams differentiate our offering in our markets
- > Expanding national footprint and positioning our parts close to our distributors



	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Revenue (\$'m)	103.4	272.3	364.3	413.1	506.3	637.2	699.5
EBITDA (\$'m)	10.1	28.0	38.6	46.3	62.5	87.9	102.0
EBITDA Margin	9.8%	10.3%	10.6%	11.2%	12.3%	13.8%	14.6%

Wholesale

Our growth pipeline remains exciting and strong – enabling us to win

WHERE WE PLAY

- › Strong specialist market positions with growth trajectory across all categories
- › Import, aggregate and distribute branded and private label product internally and externally
- › Technically based specialist players operating as centres of expertise
- › Truck and Electrical businesses service their markets through store networks

HOW WE WIN

- › Deliver on the market opportunity in heavy and light commercial vehicle market
- › Grow our specialist network footprint
- › Consolidate Bapcor volumes to leverage group benefit
- › Empower and invest in our specialist team to deliver unwavering customer service
- › Consolidate enabling functions such as product development and marketing
- › Lead development of new product offerings to meet the changing car parc and market



PERFORM

Retail

Tim Cockayne

Executive General Manager

Bapcor[®]

Retail overview

Capturing the market opportunity via organic growth and operational excellence

- › Strategically positioned retail portfolio providing solution-based consumer experiences with significant organic runway
- › Realignment of brand and network across owned and franchised stores in metro and regional markets driving engagement, efficiency and growth
- › Leading new store format supports future earnings growth
- › Omni-channel development will unlock significant upside
- › One Bapcor enables our front line to deliver the best range at the best price with market leading customer service



We do the right thing



We are in it together



We give a damn



We get it done

Retail

Our strong and sustainable business fundamentals

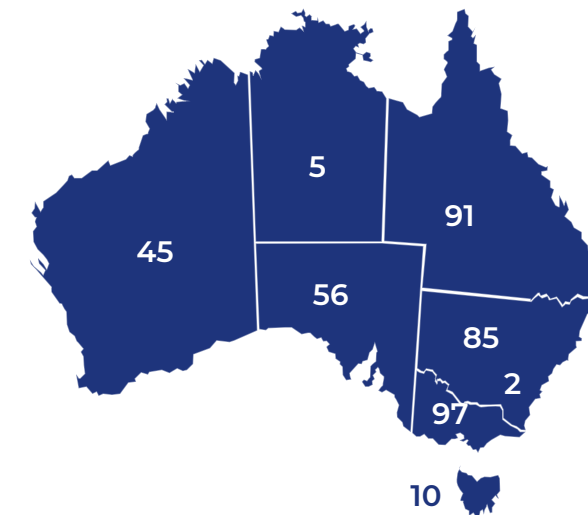
WHERE WE COME FROM

- > Completed network re-alignment via closures, franchise rationalisation and re-branding into metro and regional
- > Introduced common systems and discipline across the store network
- > Brand strategy revamp providing a modern and consistent offer

WHO WE ARE

- > Passionate and knowledgeable team sets us apart in the market
- > Expanding national footprint taking the offer closer to our loyal customer base
- > House and leading brand strategy offers customers choice, quality and value

	Total	Owned	Franchised
Autobarn	136	93	43
AutoPro/ Sprint/ Opposite Lock	148	12	136
Midas/ ABS	107	1	106
Total	391	106	285



	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Revenue (\$'m)	191.1	221.0	239.1	255.3	306.7	391.8	393.5
Autobarn company same store sales growth (%)	5.2%	1.9%	4.7%	5.0%	14.5%	28.0%	-3.2%
EBITDA (\$'m)	22.2	27.6	28.8	27.1	54.8	66.9	66.5
EBITDA Margin	11.6%	12.5%	12.0%	10.6%	17.9%	17.1%	16.9%

Retail

Our growth pipeline remains exciting and strong – enabling us to win

WHERE WE PLAY

- › Full retail offer providing an end-to-end solution for customers in metro and regional Australia
- › Large format metro stores and smaller format regional stores
- › Pricing architecture realignment completed with low price guarantee

HOW WE WIN

- › Leading customer experience enabled by team training and development
- › Driving advanced digital omni channel shopping experience
- › Loyalty Club go live enabling greater customer segmentation and personalisation
- › Low price guarantee underpinned by One Bapcor supply chain
- › Expanding footprint by taking stores to the customers
- › Continue to standardise store operations and One Bapcor procurement benefit across our owned and franchised network



PERFORM

New Zealand

Martin Storey

Executive General Manager

New Zealand overview

Building on our market leading positions with continued innovation and growth

- › Integrated trade and specialist wholesale group with comprehensive national coverage
- › Attractive market structure as we service a complex car parc
- › Strategic portfolio of “hero” and “own brand” products optimises offer
- › Embedded team engagement and safety culture enabled by our Blue Army program
- › Drive for multi-brand super sites, to unlock the next phase of growth



We do the right thing



We are in it together



We give a damn



We get it done

New Zealand

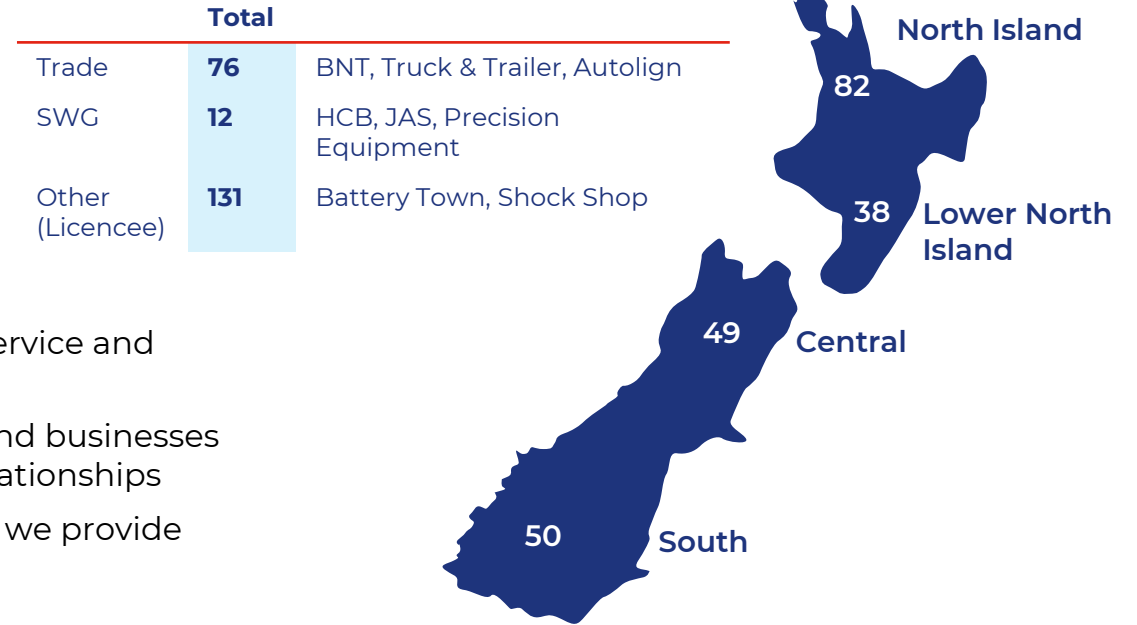
Our strong and sustainable business fundamentals

WHERE WE COME FROM

- > Leading trade and wholesale distribution brands with industry best service and range
- > Built on the foundations of the Hellaby business with new products and businesses and a team that leverages network efficiency and drives customer relationships
- > Performance driven by disciplined price and margin management as we provide solutions for NZ's evolving and complex car parc

WHO WE ARE

- > Passionate team who strive every day to keep NZ moving
- > An integrated group of businesses focused on trade-based customers deploying whole of segment support services in marketing, supply chain, warehousing and IT
- > Truly national footprint with over 200 owned and agency locations and developing super store program



	FY17	FY18	FY19	FY20	FY21	FY22
Revenue (\$'m)	87.1	153.6	165.0	156.3	170.0	171.0
BNT same store sales growth (%)		6.1%	5.3%	-9.0%	11.3%	-2.1%
EBITDA (\$'m)	9.3	20.1	22.9	26.9	32.6	32.8
EBITDA Margin	10.7%	13.1%	13.9%	17.2%	19.2%	19.2%

New Zealand

Our growth pipeline remains exciting and strong – enabling us to win

WHERE WE PLAY

- › Serving the automotive, commercial and marine trade markets with the most comprehensive aftermarket parts and equipment offer in NZ
- › Our customers include service workshops, specialist auto electrical providers and general parts resellers
- › Leading scale player in the trade and specialist wholesale markets
- › Recent move into B2C e-commerce for batteries establishes a platform for future market penetration

HOW WE WIN

- › Our frontline team provides superior knowledge, service and industry leading product range
- › Balanced portfolio of brand and private label products procured via established supplier arrangements
- › Super sites unite our businesses under one roof to build superior supply offer to our customers
- › Enable our team to service our customers through systems and process
- › One Bapcor leverage of supply chain expertise, procurement and inventory management



PERFORM

Summary

Noel Meehan

CEO and Managing Director

PERFORM

Questions & Answers



PERFORM



Break



Agenda

PERFORM

10.00 – 11.15

Business Fundamentals

Trade - Steve Drummy

Wholesale – Craig Magill

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Technology - Morris Lieberman

Better than Before Introduction – Noel Meehan

Commercial Excellence – Steve Drummy / Tim Cockayne

COGS and Operational Excellence –

Martin Storey / Abdul Jaafar

Financial & Capital Framework – Stefan Camphausen

Summary & Outlook – Noel Meehan

Questions & Answers



TRANSFORM

Our People

Merryl Dooley
Chief People and Culture Officer

Our people

WHERE WE COME FROM

- > We have 5,500 passionate team members – large employer across diverse businesses and geographies
- > Values-led culture
- > Somewhat fragmented systems and processes
- > Some capability gaps emerging in talent management and support services

HOW WE WIN

- > Build a One Bapcor culture and purpose
- > Empower our people to support and service their customers with meaningful people and culture support
- > Establish new capabilities to facilitate performance and growth in our people

EMPOWERING OUR FRONT LINE



Supporting our front line through investing in our people, culture and capability

Sustainable transformation requires a dual focus on performance and health



Team members are the heart and soul of Bapcor



TRANSFORM

Supply Chain

Abdul Jaafar

EGM – Supply Chain

Supply chain



WHERE WE COME FROM

- › Traditional supply chain model managed at business unit level
- › Establishment of Bapcor's first state-of-the-art centralised distribution facility in Victoria
- › Network expansion of centralised distribution, with the build of our new Distribution Centre Queensland
- › Significant investment in building supply chain capabilities

HOW WE WIN

- › Strong focus on safety, people, culture and efficiencies
- › Building a best-in-class supply chain that delivers on what we promise our customers
- › Driving continuous improvement centered around making our supply chain network "Better than Before"
- › Leveraging our vertically integrated business to reduce our touch points, lead times and costs and improve customer experience

Smart investment in global supply chain infrastructure and capability



Supply chain - our current network



Ongoing investment in Supply Chain is a critical competitive advantage in managing global supplier network



The supplier map is based on the % of suppliers at origin. The distribution network heat map is based on delivery frequency to destination points for the month of August 2022 and does not include geographical areas outside Australia.



We do the right thing



We are in it together

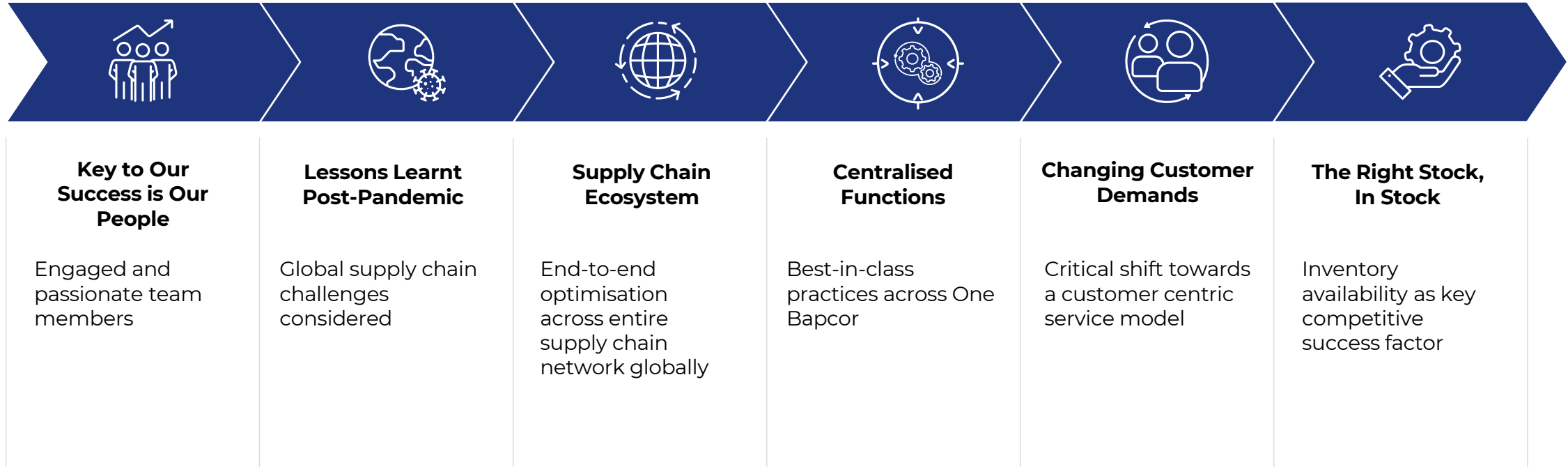


We give a damn



We get it done

A new strategic direction for our supply chain



Clear Supply Chain strategy, fully embedded into One Bapcor

DCV and DCQ update

- › Emergency order fulfillment rate of >99% through DCV in recent weeks, and significant uplift in supply rates across all consolidated DC's nationally
- › Improved last mile visibility to our network
- › DCV: on track to operational steady-state
 - Bearing Wholesalers successfully transitioned in 1H23
 - Remaining wholesale business transitions to be completed during 2023
 - EBITDA benefit on track (normalised for difference in inventory levels compared to business case)
- › DCQ: construction on track - practical completion scheduled in the coming months and commissioning commencing in 2023
- › Key learnings from DCV have been incorporated into strategy and implementation roadmap for DCQ

Continued progress on consolidation projects and driving network efficiency



TRANSFORM

Technology

Morris Lieberman

Chief Technology Officer

Technology

WHERE WE COME FROM

- › Acquisition of many successful individual businesses with own IT and systems approach
- › Various existing & acquired platforms and systems had become an impediment to One Bapcor enablement of our front line teams
- › Creating a new One Bapcor Technology & Digital function to streamline operating model and optimise our footprint and standards
- › Fit-for-purpose solutions architected to ensure they support One Bapcor and Better Than Before value drivers, whilst not creating implementation risk or significant capital expenditure

HOW WE WIN

- › Store support: Continually improving network and operational system performance
- › Customer Service: IT Service transformation program to uplift supporting all team members
- › Collaboration: Supporting the One Bapcor approach across every business unit
- › Agile Development: Ongoing process improvements across all key systems
- › Cybersecurity: Enhancing the Cyber Hygiene program to maximise existing controls

Fit-for-purpose design and execution of technology strategy to maximise impact and minimise cost and risk



Digitalising Bapcor empowers our stakeholders



CUSTOMERS

- › Initial digital priority driven by 'Customer Value' lens approach
- › Key projects and investment have included:
 - Omnichannel eCommerce
 - CRM implementations
 - Data and analytics
 - Loyalty under development



TEAM MEMBERS



COMMUNITY



SUPPLIERS

- › Progress on our Digital opportunities to be aligned with Better Than Before priorities
- › Fit-for-purpose assessment to drive efficiency and advantage across all stakeholder groups

Embedding digital capability as a key enabler in our evolving strategy





TRANSFORM

Better than Before

Noel Meehan

CEO and Managing Director

The opportunity ahead of us



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, transports and sells parts – our businesses can work together to create leverage:



Procurement: build a world class 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



Now is the time to **transform the business** to realise its potential and support future growth



Where we are going

	From	To
Our businesses	<p>Stand-alone businesses with limited cross-unit synergies</p> <p>Separate business unit economics</p>	<p>Strong businesses that collaborate to generate value for customers and Bapcor</p> <p>Full value-chain economics and incentives</p>
Our operating model	<p>Distinct operating procedures and systems across business units with high complexity and limited leverage of scale</p>	<p>Simplified operating model with cross-cutting core processes</p>
Our capabilities	<p>Minimal central functions and support for business units</p> <p>No central transformation capability</p>	<p>Select, value-adding central functions to drive business unit performance and leverage Bapcor scale</p> <p>Small central transformation office in a coordination role</p>
Our strategic focus	<p>Growth of individual businesses</p> <p>Private label expansion</p>	<p>Continued , return-based growth with twin focus on P&L and ROIC</p> <p>Continued expansion and consolidation where efficient</p>

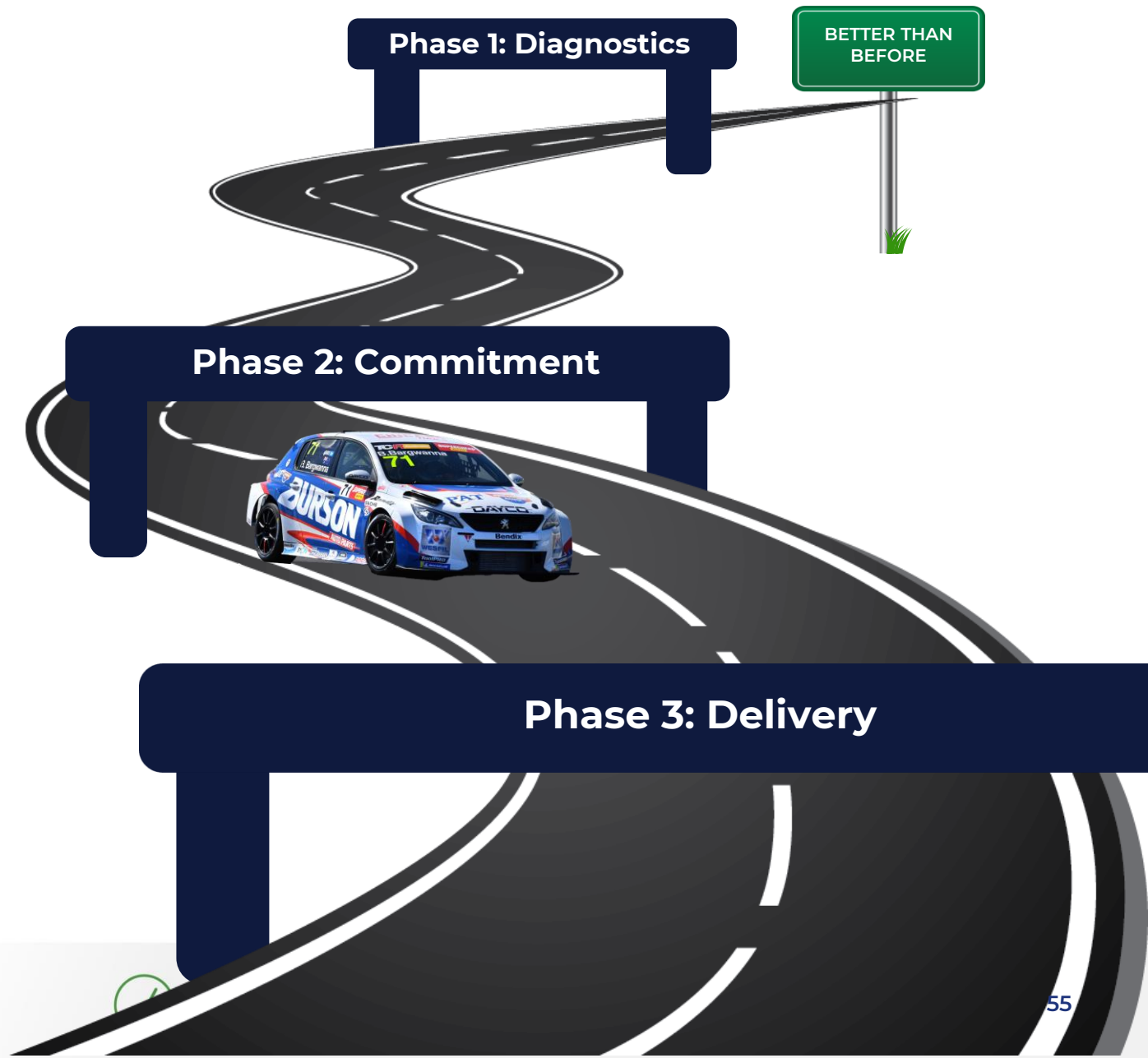


The Road Ahead – “Better Than Before”: Bapcor’s strategic transformation

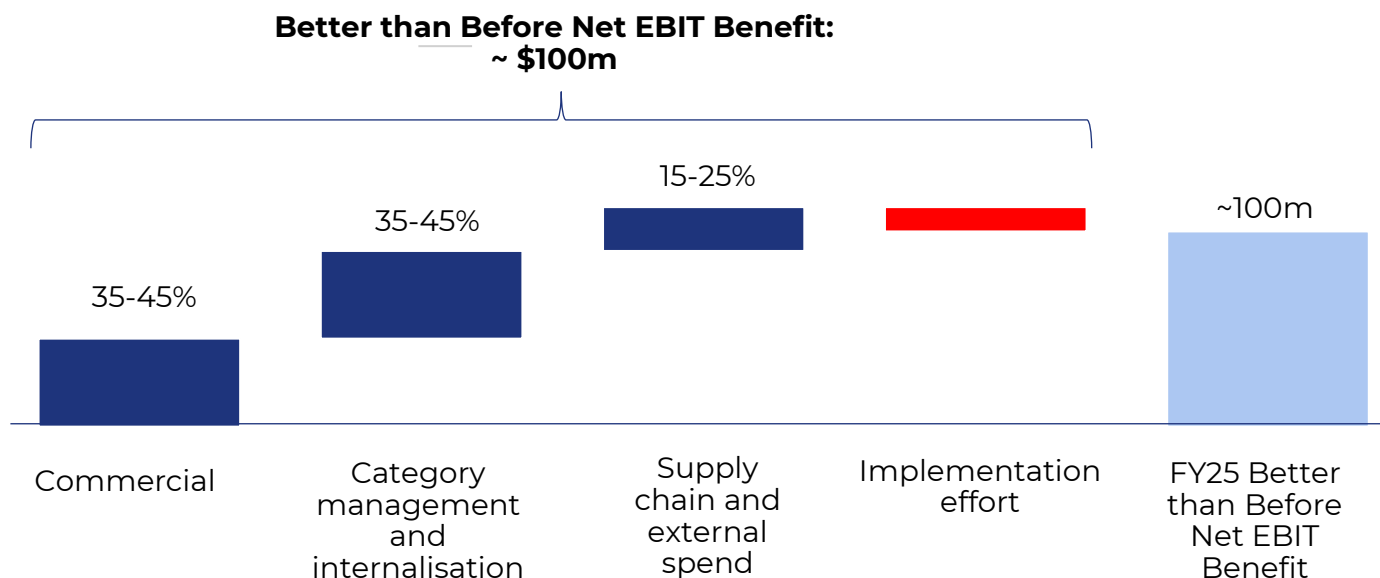
- › Better than Before launched in July
- › Multi-phase transformation to enable additional, sustainable growth

Timeline:

- › Phase 1: Diagnostics (complete)
- › Phase 2: Detailed cost and benefits profile per initiative (in progress)
- › Phase 3: Delivery (commencing in 2023)



Better than Before program goal of > \$100m Net EBIT Benefit, enhanced ROIC & organisational health



- > Goal to realise at least \$100m net EBIT Benefit in FY25* from Better than Before program
- > Further improved Return on Invested Capital by FY25
- > In parallel, targeting enhanced organisational health

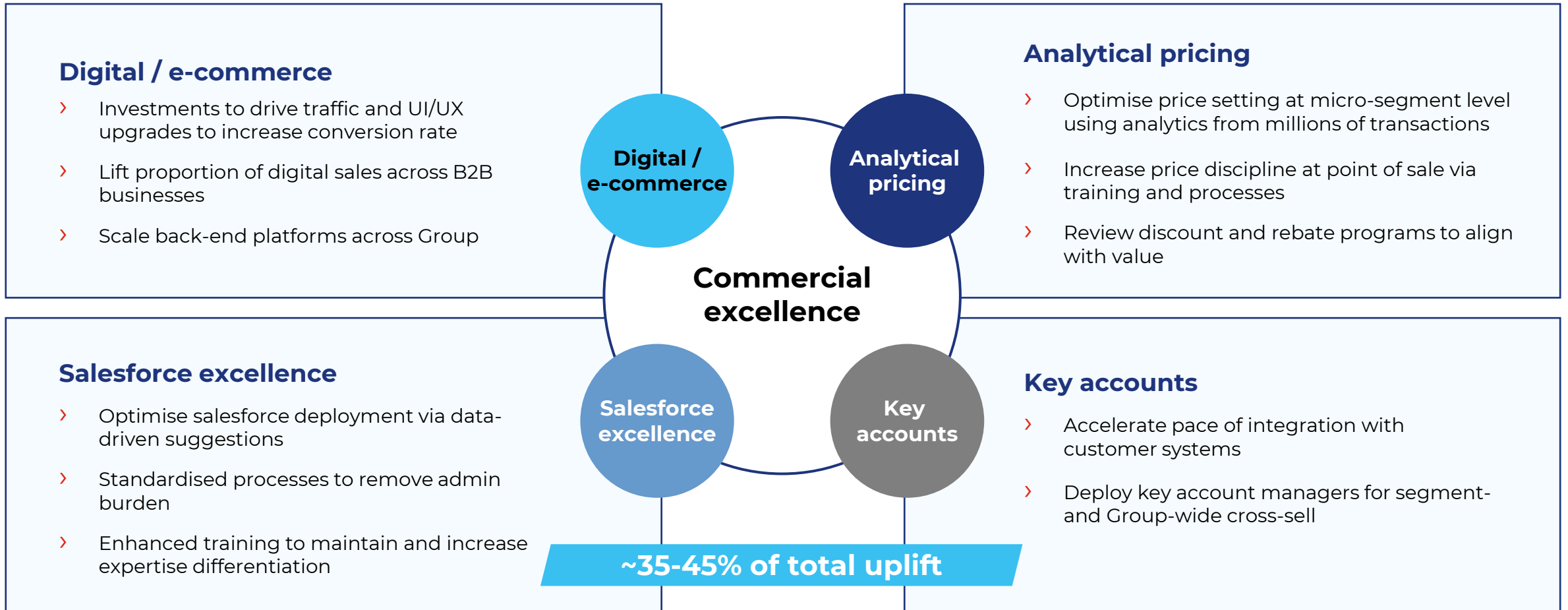
* Discreet Better than Before program target benefits do not indicate / guide on overall FY25 financial outcomes, which are subject to business-as-usual trading and general market conditions

TRANSFORM

Commercial Excellence

Steve Drummy / Tim Cockayne

Commercial excellence levers

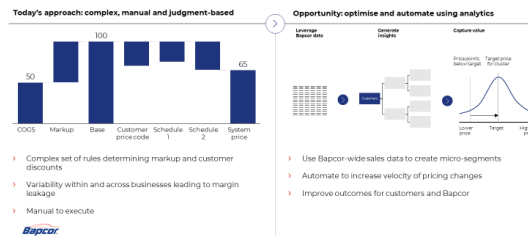


Commercial excellence: opportunities

Analytical pricing

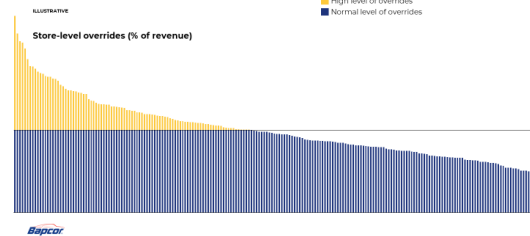
Optimise price setting

B2B Pricing: Optimising pricing using data



Improving pricing disciplines

B2B Pricing: Reducing store overrides via improved processes and training



Linking discounts to value

B2B Pricing: Better aligning customer discounting to value



Increase share in key accounts

B2B Selling: Opportunity to increase share in key accounts

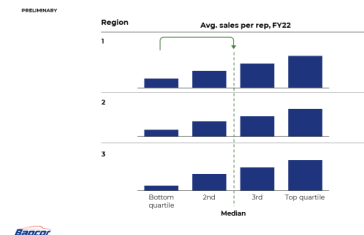
Key account	Est. total spend, \$M	Current share	Estimated opportunity
Customer 1		Low	Very high
Customer 2		Moderate	Moderate
Customer 3		Moderate	Moderate
Customer 4		Moderate	Moderate
Customer 5		Moderate	Moderate
Customer 6		Low	Very high
Customer 7		Moderate	Moderate
Customer 8		High	Low
Customer 9		High	Low
Customer 10		High	Low

Key accounts and salesforce

Enabling improved sales force performance

B2B Selling: Improving sales force performance

Commercial > Burson deep dive > B2B SFE, KAM and Digital



TRANSFORM

COGS & Operational Excellence

Martin Storey / Abdul Jaafar

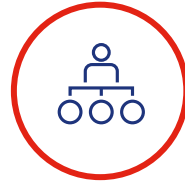
COGS & Operational excellence levers



Category management

- > Consolidate supplier spend across the business for better pricing/rebates
- > Increase proportion of private label in certain categories
- > Reduce variability in pricing for the same SKU within the same BU/across BUs

~35-45% of total uplift



Increase internalisation

- > Increase proportion of internal sales (wholesale to trade / networks) vs purchasing from external parties
- > Bapcor benefit in internalised margin and increased scale



Supply chain optimisation

- > Optimise offshore warehouse network
- > Implement productivity improving processes in warehouses
- > Streamline and optimise freight costs

~15-25% of total uplift



External spend

- > Consolidate vendors for external spend (e.g. motor vehicles, travel, light and power)
- > Standardise policies for external spend

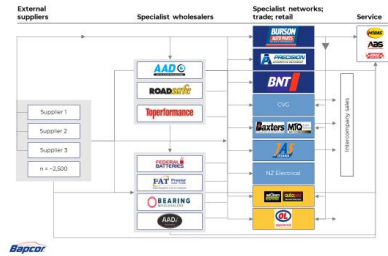


COGS & Operational excellence: opportunities

Category management and internalised sales

Streamline spend flows

High fragmentation of spend across the group



Ensure best price per sku

Example: Same sku currently purchased from 7 suppliers across 4 BUs at different unit prices

Price tier	Supplier	BU	Current state	
			Avg. unit cost/price ¹	FY22 spend
Best	Supplier 1	BU-1	€5	€5
	Supplier 1	BU-2	€5	€5
	Supplier 2	BU-2	€15	€15
	Supplier 3	BU-3	€1	€1
Better	Supplier 4	BU-2	€15	€15
	Supplier 5	BU-2	€5	€5
	Supplier 6	BU-4	€1	€1
	Supplier 7	BU-2	€15	€15
Good	Supplier 8	BU-2	€15	€15
	Supplier 7	BU-4	€1	€1

Improve inventory positioning

Improving stock location can reduce high freight costs

Examples of inefficient deliveries from Sydney over 3 month period



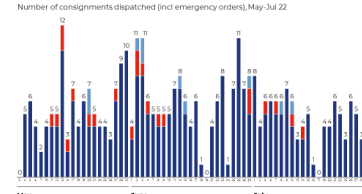
Unlocks for value

- Enhanced demand forecasting
- Inventory management (e.g. pre-positioning)

Consolidating shipments

Opportunity to consolidate shipments from DCs

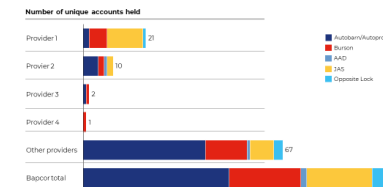
Case Example: QLD store



¹ Calculated as the total fleet cost savings from consolidating consignments in excess of consignments per week, assuming a base rate of €10 included in all consignments.
Source: Bapcor Freight consignments data, team analysis

Consolidating external suppliers

High fragmentation of external spend: over 100 energy accounts across Bapcor



Unlocks for value

- Route spend to preferred suppliers
- Update procurement policies

A photograph of a warehouse interior, showing high ceilings, metal shelving units filled with boxes, and a worker in a white jacket and cap. The image is overlaid with a dark blue gradient that covers the bottom half of the page.

Financial and Capital Framework

Stefan Camphausen

CFO

Investment required to enable Better Than Before

1) “Transformation Kick-Start”: early-phase Opex of ~\$20-25m (~70-80% in FY23, and balance in FY24)

- Interim critical capabilities support
- Transformation infrastructure

2) “Capability Build-Up”: steady-state Opex increase of ~\$10-15m p.a. (~25-35% in FY23, with full run rate in FY24)

- Procurement capability
- Property portfolio management team
- Commercial analytics
- SaaS software

3) “Fit-for-Purpose Enablement”: incremental Capex of ~\$15-20m (~25-35% in FY23, and balance in FY24)

- Data warehousing
- Technology integrations with customers
- Development of e-commerce channels
- Fit-for-purpose systems

One-Off

One-Off

Net EBIT benefit phasing profile of Better than Before

FY23 – initial gross benefits only partially offsetting upfront one-off costs



FY24 – gross benefits of at least \$20-30m targeted in FY24, with costs reducing during the year due to progress towards steady-state



Overall Outcome:

FY25 – Goal to realise at least \$100m Net EBIT Benefit in FY25 from Better than Before program and further improved ROIC by FY25

Outcomes to be unlocked through development of specialist capabilities and targeted capital expenditure



Capital Management Framework

OPERATING CASHFLOW

Improved cash realisation

SUSTAINABLE CAPITAL STRUCTURE

DIVIDENDS

Sustainable payout ratio of 50-60%
(based on current expectations)

DEBT OBLIGATIONS

Relating to bank debt and lease
obligations

CORE CAPEX

Expenditure to sustain normal
business operations

GROWTH CAPEX

Expenditure allocated for growth and
to deliver on strategy

RETURN-BASED INVESTMENT

Acquisitions – Aligned to Bapcor Strategy

Capital Management

Better than Before

CREATION OF SHAREHOLDER VALUE





Summary

Noel Meehan

CEO and Managing Director

How we will deliver



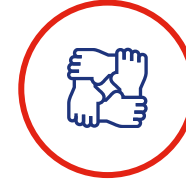
Build deeper capabilities in select areas that drive value

- > **Build central capabilities** that benefit across Bapcor (e.g. pricing analytics, procurement, property)
- > **Retain** business unit customer-focus and entrepreneurship



Create transformation capability across Bapcor

- > **Accelerate** implementation and One Bapcor thinking
- > **Develop** detailed Better than Before value creation blueprint to prioritise and sequence efforts



Deploy a consistent Bapcor Way

- > **Introduce standard operating processes** to streamline and optimise critical processes
- > **Put the customer at the centre** of everything we do
- > **Invest in our organisational health** to make the change sustainable

Achieve full potential from the portfolio of businesses



Confidence in executing Better than Before



We have a diverse talented group of leaders and passionate team members in the business with proven track record



We are building on Bapcor's strong foundations, and the transformation is a natural evolution of Bapcor's business model and maturity



We have a clear line of sight of the initiatives that will drive the uplift in earnings



We have an aligned organisation that wants to make Bapcor Better than Before



We have strong values which underpin our approach to delivery



Our Perform & Transform strategy will deliver

For all of our stakeholders, built on an unwavering focus on customers, and driven by our team members

A financially stronger business with better earnings performance and higher capital efficiency

A business set up for sustained, long-term success

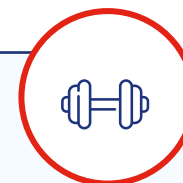
AND WILL TARGET TO



- Realise at least \$100m net EBIT Benefit in FY25 from Better than Before program



- Improve the return on invested capital



- Enhance Bapcor's organizational health



- De-risk impacts of future external headwinds





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Thank you &
Questions and Answers



Appendix

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