

## **ASX/Media Announcement** **Bapcor Limited (ASX:BAP)**

19 October 2021

### **2021 Annual General Meeting**

#### **(I) Chair's Address**

I am delighted to present to you my first annual general meeting of shareholders Chair's report which is for the year ended 30 June 2021.

The 2021 financial year delivered record results across Bapcor despite ongoing challenges and uncertainty in a COVID-19 environment. The Bapcor team once again delivered record annual revenue and earnings proving their dedication, and adaptability with a strong response to the unprecedented circumstances. The result highlighted the resilience of the Bapcor business in difficult economic conditions. It is worth reiterating that Bapcor is predominately a non-discretionary business, supplying essential parts and supplies to keep vehicles operating safely.

A final fully franked dividend of 11.0 cents per share was declared and paid in September 2021. This brought the full year fully franked dividend to 20.0 cents per share, representing a 14.3% increase on the prior year.

The safety and well-being of our team members remains at the forefront of Bapcor's priorities. We reviewed our workplace COVID safe plans, rolled out wellness programs focused on mental health, introduced paid pandemic leave and encouraged working from home where possible. Succession planning and development plans were also completed across the business over the course of the year.

At the 2020 Annual General Meeting, Shareholders delivered a first strike on Bapcor's Remuneration Report. The Board acknowledged the sentiments of shareholders and in response Bapcor has amended many parts of its Remuneration practices, which are outlined in detail in the 2021 Remuneration Report.

Bapcor is committed to accelerating our work to deliver on our environmental, social and governance (ESG) strategy. To emphasize the importance of this area the scope of the Nomination and Remuneration Committee has been expanded to include ESG. The Group's initiatives and targets are outlined in the annual report including the vision that Bapcor aspires to be net carbon neutral.

In line with the annual review of Bapcor's strategy and reflecting the exceptional progress made in 2021, the 5-year strategic targets for Bapcor have been updated with physical store and own brand targets revised upwards. The revised 5-year strategic targets will ensure Bapcor maintains its strong growth trajectory.

I would also like to acknowledge Andrew Harrison's outstanding contribution in shaping Bapcor to be the business it is today. Andrew retired from his position as Chairman after 7 years with the company, including 4 years as an Independent Non-Executive Director. We extend Andrew and his family our very best wishes for his retirement. In September 2020 Bapcor welcomed two new Independent Directors to the Board, Mark Powell and James Todd, as part of the Board renewal and succession planning. We continuously review the needs of Bapcor and will appoint additional directors as appropriate.



The success of Bapcor is in our people. On behalf of the Board, I wish to express my gratitude to our leadership team and to all Bapcor team members for an exceptional year. We also thank our shareholders, franchisees, customers and suppliers for their ongoing support and contribution to the continued success of Bapcor.

Margaret Haseltine  
Chair

## (II) CEO Presentation

Attached are the slides, which will be presented by Darryl Abotomey (Managing Director and CEO) at the 2021 Annual General Meeting.

**- Ends**

*This announcement was authorised by the Board of Bapcor Limited.*

For further information:

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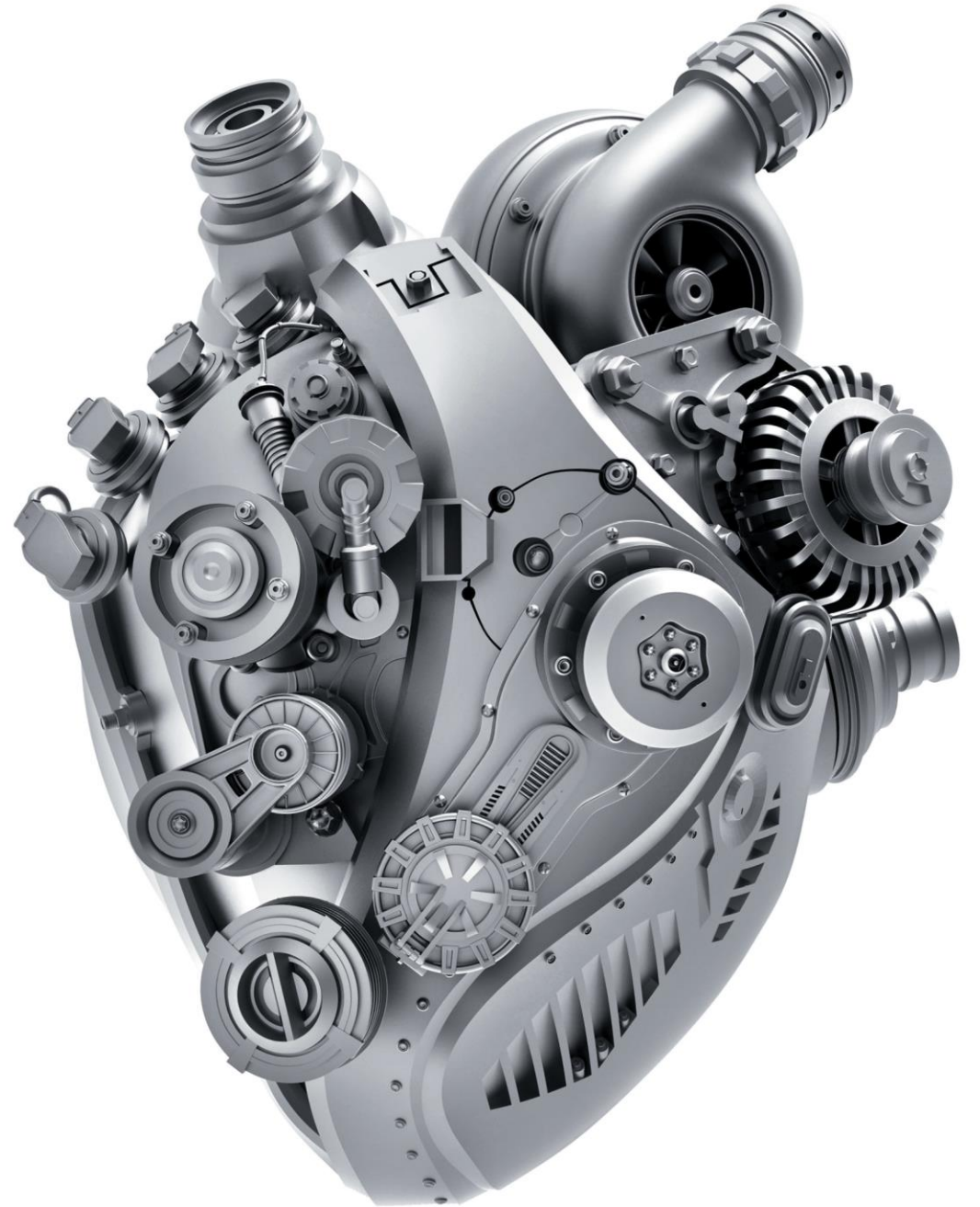
Noel Meehan  
CFO  
Bapcor Limited  
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ANNUAL GENERAL MEETING 2021  
MANAGING DIRECTOR & CEO PRESENTATION

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# WHAT'S AT THE HEART OF BAPCOR?





**WE ARE THE  
*UNSEEN* PARTS  
OF *EVERY*  
JOURNEY**

## **WHO IS BAPCOR?**

Bapcor Limited is Asia Pacific's leading provider of vehicle parts, accessories, equipment, service and solutions. From our origins as Burson Auto Parts in 1971, Bapcor has since grown into a vertically integrated business servicing trade, wholesale and retail customers. Bapcor's reach now extends across c.1,100 locations and employs approximately 5,000 team members across Australia, New Zealand and Asia.

# WE ARE ASIA PACIFIC'S LEADING PROVIDER OF VEHICLE PARTS, ACCESSORIES, EQUIPMENT, SERVICE AND SOLUTIONS



750K+ CAR PARTS



400K+ TRUCK PARTS

## COUNTRIES



8

ACROSS THE  
ASIA PACIFIC

\* Includes Tye Soon (Bapcor holds 25%  
equity interest in Tye Soon)

## LOCATIONS



~1,100

IN AUSTRALIA,  
NEW ZEALAND  
AND ASIA

\* Includes c.60 Tye Soon locations

## PEOPLE



~5,000

TEAM  
MEMBERS

# WE ARE GROWING OUR FOOTPRINT

## SOUTH KOREA

### Locations

20 Tye Soon Limited branches  
(Operating as Sejong Parts Plus  
Limited Liability Company)

## THAILAND

### Locations

6 Plus 1 Tye Soon Limited branch  
(Operating as Pal Everts Co., Ltd)

**Team members** 70

**FY21 Revenue** \$5m

## MALAYSIA

### Locations

15 Tye Soon Limited branches  
(Operating as Naga Jaya Group)

## AUSTRALIA

### Locations

c.815. Plus 20 Tye Soon Limited  
branches (Operating as Imparts Group)

**Distribution centres** 26

**Team members** 4,400

**FY21 Revenue** \$1,587m\*

## SINGAPORE

### Locations

2 Tye Soon Limited  
branches

## HONG KONG

### Locations

1 Tye Soon Limited  
branch (Operating as  
TSC Enterprise (HK) Ltd)

## INDONESIA

Wholesale distribution

## NEW ZEALAND

### Locations

c.220

**Distribution centres** 2

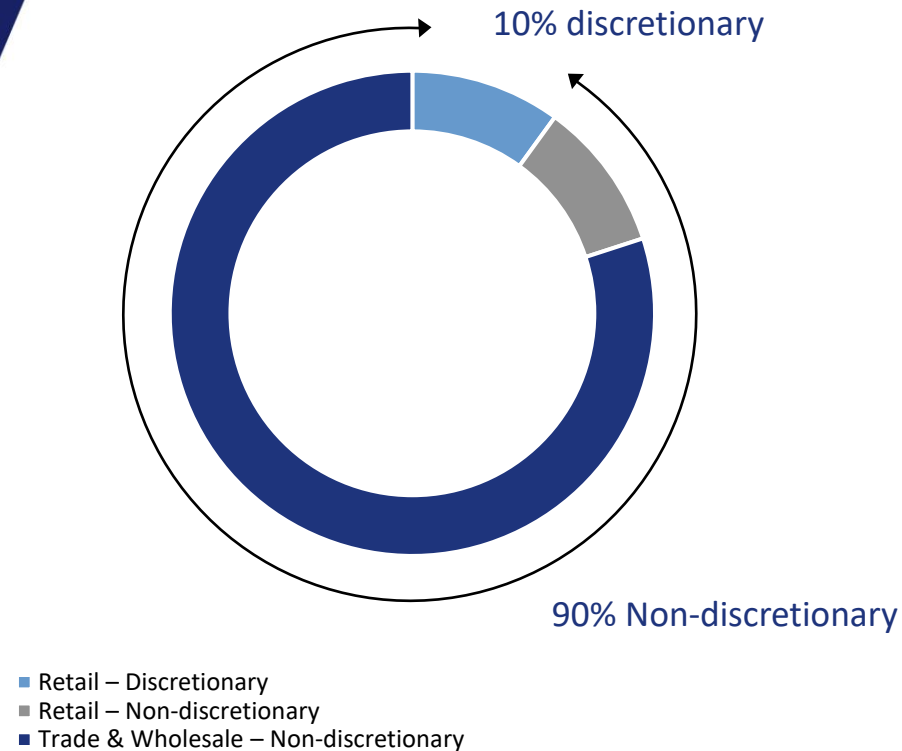
**Team members** 560

**FY21 Revenue** \$170m

# BAPCOR IS PREDOMINANTLY A DISTRIBUTOR AND WHOLESALE OF NON-DISCRETIONARY VEHICLE PARTS

Bapcor provides a comprehensive range of vehicle parts required to safely keep cars and trucks on Asia Pacific roads with c.90% of revenue attributable to these non-discretionary items

## FY21 BAPCOR REVENUE BREAKDOWN



*Note: Retail non-discretionary considered to be products required to be able to maintain and operate a vehicle safely (batteries, electrical, oils/additives, spare parts).*

- > 90% of the Bapcor's revenue is attributable to parts that must be purchased otherwise a vehicle will not be able to be driven safely
  - c.80% of Bapcor's revenue is generated by trade and wholesale activities
  - A considerable portion of the retail revenue relates to non-discretionary parts or services (an additional c.10%)
- > A maximum of c.10% of Bapcor's revenue might be considered discretionary retail spend
- > This significant amount of revenue linked to non-discretionary spend differentiates Bapcor from many other retailers and distributors which is evident in the resilience of Bapcor's results irrespective of economic conditions

# WE ARE A GROUP OF SPECIALIST BUSINESSES

## TRADE

- > specific focus on supplying automotive trade workshops in Australia, New Zealand and Thailand

## SPECIALIST WHOLESALE

- > product focused, specialist businesses with market leading knowledge, product range and depth in automotive electrical, batteries, suspension, braking, engine management/electronics, diesel, cooling and 4WD as well as commercial vehicles

## RETAIL

- > omni-channel experience through a modernised brick and mortar store network and digital retail offering

## DELIVERING SPECIALIST PRODUCTS AND ADVICE FOR RESPECTIVE CUSTOMER GROUPS

CUSTOMER GROUP

DISTRIBUTOR/  
RESELLER

WORKSHOP

END CONSUMER

BAPCOR ENTITIES SERVING RESPECTIVE CUSTOMER GROUP





# WE DELIVER RESULTS

## REVENUE



26%

FY14 TO FY21 CAGR

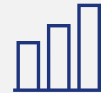
## EPS

18%



FY14 TO FY21 CAGR

## EBITDA



34%

FY14 TO FY21 CAGR

## NPAT – PRO-FORMA



31%

FY14 TO FY21 CAGR

## DIVIDENDS



15%

FY14 TO FY21 CAGR

## SHARE PRICE 30 JUNE



22%

FY14 TO FY21 CAGR

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Revenue (\$'m)	342	375	686	1,014	1,237	1,297	1,463	1,762
EPS (cents)	11.9	13.6	17.9	24.4	31.0	33.4	30.2	38.3
EBITDA (\$'m)	36.0	41.5	77.0	117.4	150.0	164.6	217.1	279.5
Pro-forma NPAT (\$'m)	19.4	23.1	43.6	65.8	86.5	94.3	88.7	130.1
Dividends (cents)	0	8.7	11.0	13.0	15.5	17.0	17.5	20.0
Share price 30 June (\$)	2.12	3.40	5.52	5.49	6.55	5.58	5.90	8.50

*Note:*

1. The above table presents the pro-forma results of the Group between FY14 and FY21.

2. FY14 to FY19 EBITDA excludes the impact of AASB16 Leases. At a NPAT level, the impact of AASB16 Leases is negligible.

# WE HAVE A PLAN AND ARE WELL POSITIONED TO GROW



## Drive expansion of network footprint – physical and online

- > Grow existing store sales
- > Develop our network footprint
  - Grow absolute number of stores
  - Roll out improved concepts to differentiate against our competitors
  - Provide customers with online offering to supplement physical stores
- > Geographic expansion in Asia



## Supplement market leading brands with Bapcor own brand products

- > Moving closer to the manufacturer where capability exists and consistent with Trade and Retail strategies
- > Implement in-field marketing resources to promote brands



## Realise benefits and efficiencies of the Bapcor Group

- > ESG – develop and deliver deep commitments to become net carbon neutral
- > Invest in key systems, digital solutions & data driven analytics
- > Procurement – utilise Bapcor’s scale to deepen supply relationships and financial benefits
- > Leverage group logistics capability – deliver operational excellence and optimise supply chain benefits
- > Cohesive brand architecture – effective marketing spend
- > Utilise store networks to reach customers – increase addressable market



## Invest in our team members

- > Enhance organisational capability by investing in our team member’s development
  - Structured learning and development across the group
  - Key functional capabilities – sales excellence, pricing, procurement, product capability, brand management
  - Leadership development
  - Online training and development
  - Be an employer of choice

# WE HAVE STRATEGIC PRIORITIES AND TARGETS

Underpinned by our core strategic pillars are a clear set of targets to drive future growth and shareholder value.

With a record result in FY21, strong balance sheet and robust cash flows, Bapcor is well positioned to deliver on these targets to ensure the continued growth and sustained success of the Bapcor Group.

## ESG



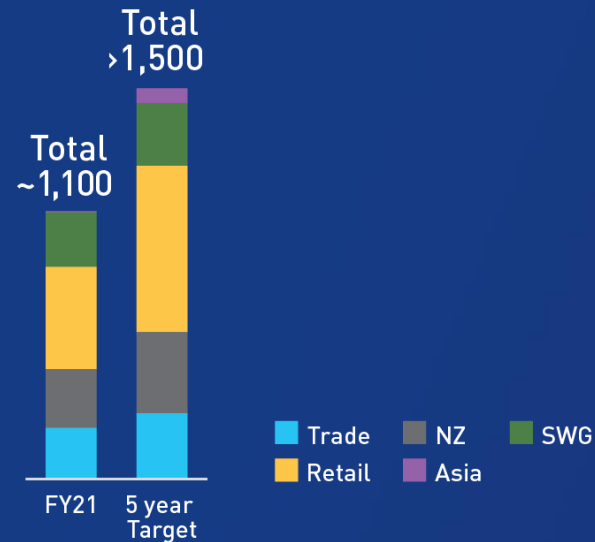
NET  
CARBON  
NEUTRAL

# OVER THE NEXT 5 YEARS, BAPCOR SEEKS TO

## GROWTH

### GROW THE NETWORK

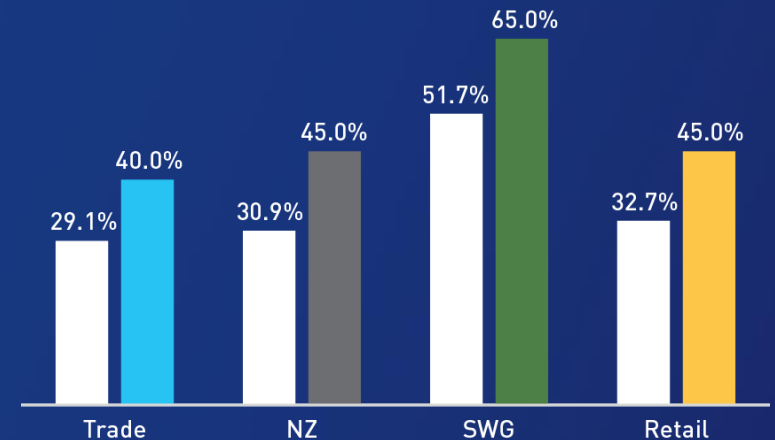
Increase our footprint from c.1,100 locations to over 1,500 locations



## OWN BRAND

### GROW OUR OWN BRAND PROGRAMS

Increase market penetration of own brand products



## SUPPLY CHAIN INITIATIVES



DELIVER SUPPLY CHAIN INITIATIVES & INVEST IN TECHNOLOGY

## INVEST



INVEST IN STORE REFURBISHMENTS & RELOCATION

## WE ARE INVESTING FOR THE FUTURE

- > On road vehicles\* are increasing in Australia and New Zealand by c.350,000 per year
  - Average age of vehicles is getting older
  - Number of parts required continue to increase
- > The only aftermarket business to **supply parts for all on road vehicles**
  - Parts for every make & model of on road vehicle
  - **Includes new technology vehicles of electric, hybrid and hydrogen** (by 2030 estimated to represent c.6% of on road vehicles)
  - **Established a team to focus on electric vehicles**
- > Expanding store footprint in Australia and New Zealand to be closest to customer base – workshops, retail, resellers
  - Increase from c.1,100 to c.1,500 locations
- > Create most efficient supply chain in the industry
  - Melbourne semi-auto DC; Brisbane semi-auto DC; bespoke DC's
- > Increase profitability through own brand expansion – from c.30% to c.45%
- > Developing state of art technology / digital transformation that supports bricks & mortar and makes doing business easier for customers
  - eCommerce (B2B & B2C); CRM; POS; WMS; Online Vehicle Service Booking; Workshop Management Systems; & much more
- > Expanding into new markets with significant future growth potential
  - Thailand, Tye Soon investment – Singapore, Malaysia, South Korea etc.

\* Excludes motorbikes

# WE ARE RESPONSIBLE AND COMMITTED



## Positively impact our community

- > Engage stakeholders and support the communities in which we operate
- > Every Bapcor location supports at least two local community groups



## Environmental sustainability

- > Aspire to be net carbon neutral
- > Efficiently use resources
- > Optimise our fleet
- > Environmental benefits from the Victorian DC – to be replicated in Queensland
- > Streamlined waste and recycling initiatives
- > Continued contribution to Australia reforestation projects



## Ethical supply chain/procurement

- > Ethical sourcing
- > Forge strong supplier relationships
- > Enhance transparency in our supply chain through use of supplier self-assessment and/or independent audits
- > Continued developments and improvements to our Modern Slavery Framework



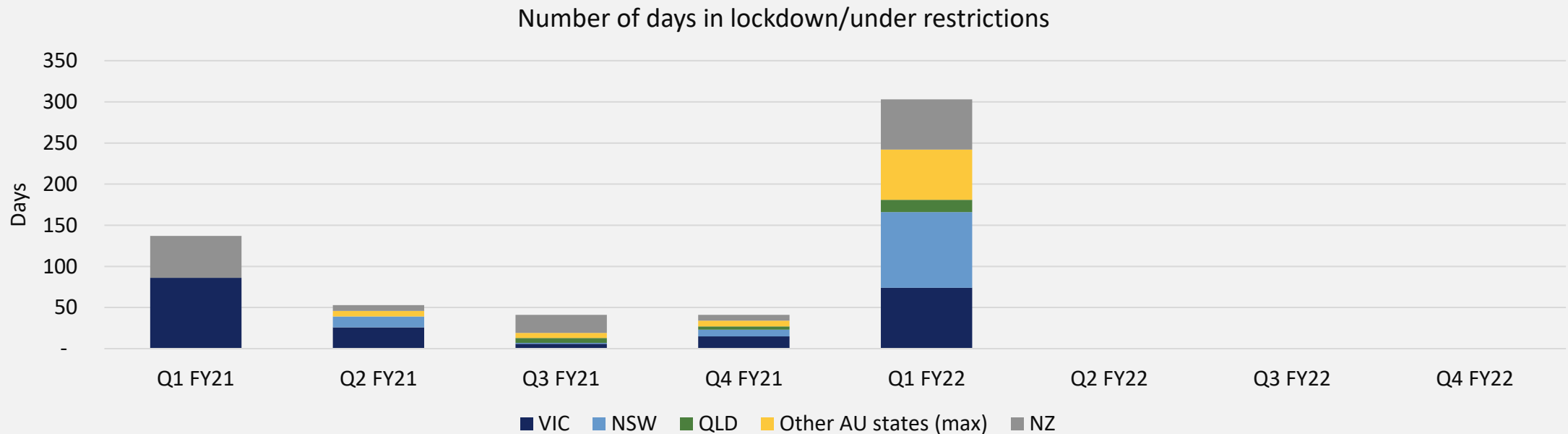
## Good governance – supporting and developing our people

- > Uphold our values and code of conduct
- > Enhance the health, safety, training and development of our team members
- > Foster a diverse, engaging and inclusive workplace
- > Focus on four key areas of diversity – gender, age, disability & ethnicity
- > Pay fair share of tax in all jurisdictions

ESG AND SUSTAINABILITY COMMITMENT WITH ASPIRATIONS TO BE NET CARBON NEUTRAL

## FY22 TRADING UPDATE/OUTLOOK

- > Solid start to FY22 – overall Group revenue flat in Q1 FY22 v Q1 FY21
  - Result demonstrates the resilience and non-discretionary nature of Bapcor’s businesses
  - NSW, VIC, ACT and NZ impacted by prolonged lockdowns – at least 70% of the stores affected

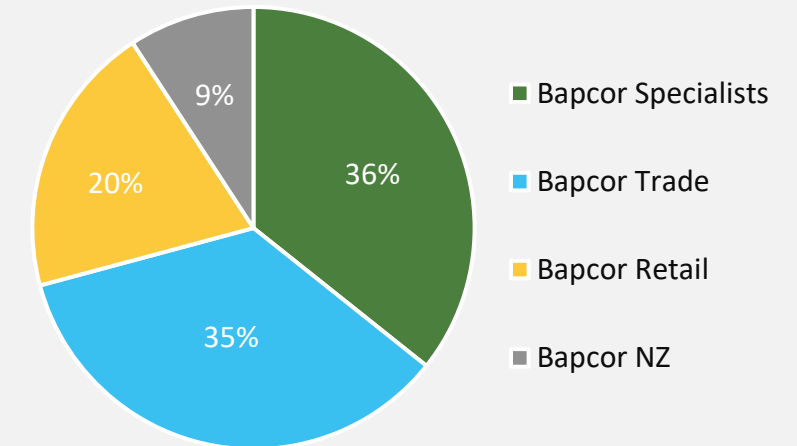


## FY22 TRADING UPDATE/OUTLOOK (CONTINUED)

- > Overall Group revenue in line with last year:
  - Non-lockdown areas are overperforming to expectation
  - Lockdown areas are impacted negatively to expectation

	% stores impacted by lockdowns	Segment Revenue Q1 FY22 vs Q1 FY21	Q1 FY22 LFL sales	Q1 FY21 LFL sales
<b>Trade/Burson</b>	<b>70%</b>	<b>Up 2 %</b>	<b>(1%)</b>	<b>+8%</b>
NZ/BNT	100%	Down 10%	(15%)	+4%
<b>Retail/Autobarn</b>	<b>50%</b>	<b>Down 12%</b>	<b>(16%)</b>	<b>+36%</b>
<b>Retail/Online</b>		<b>Up 80%</b>		
<b>Specialist Wholesale</b>		<b>Up 7%</b>		
<b>SWG/Auto Electrical</b>		<b>Performing strongly</b>		
<b>SWG/Truckline (Heavy CVG)</b>		<b>Performing strongly</b>		
<b>SWG/WANO (Light CVG)</b>		<b>Underperforming</b>		

FY21 Revenue\* by Segment



\* Excludes head office / eliminations



## FY22 TRADING UPDATE/OUTLOOK (CONTINUED)

- > Higher cost base due to:
  - Duplication / higher costs associated with the Victoria Distribution Centre
  - Group office
  - Team member support during lockdown
- > Gross margins:
  - Stable across Wholesale and New Zealand
  - Down c.0.5% in Trade and Retail due to revenue being driven by promotional and online pricing especially in lockdown areas with Click & Collect
  - **Expect margins to revert when lockdowns cease**
- > Initiatives continue:
  - Store rollouts / refurbishments on track for full year
  - DCV consolidation: 3 largest DCs transitioned
  - Brisbane DC project underway
  - Digital transformation
  - Own brand increasing



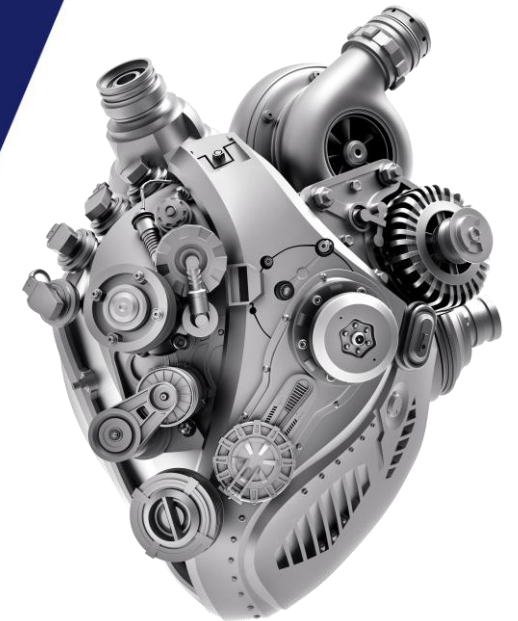
## FY22 TRADING UPDATE/OUTLOOK (CONTINUED)

- > The fundamentals of the vehicle aftermarket continue to remain strong, notably:
  - An additional c.**350,000** vehicles are added to the Australian & NZ vehicles on the road **every year**
  - Average age of vehicles continues to rise = more maintenance required
  - Trends evident during Covid-19 are likely to continue:
    - Increase in secondhand vehicle sales with more cars on the road
    - Move away from public transport due to social distancing
    - More people spending their holidays domestically utilising their vehicles
  
- > *In FY22, Bapcor aims to deliver pro forma earnings at least at the level of FY21:*
  - *This remains Bapcor's objective as we do not expect any further significant lockdowns in the second half*
  - *The first half of FY22 is expected to be softer than the first half of FY21*
  - *The second half of FY22 is expected to be stronger than the second half of FY21*

# WHAT IS AT THE HEART OF BAPCOR?

1. A group of specialist businesses
2. A business which focuses on the distribution and wholesaling of non-discretionary vehicle parts for repairs, maintenance and servicing in the automotive aftermarket
3. Team members are the heart and soul of the business
4. A business that has consistently delivered results and expects to continue to do so
5. A business that has a well thought out and proven plan for growth – which is expected to continue
6. A business that has successfully grown in the past, which has plenty of identified growth opportunities
7. A business that operates in a resilient market
8. A business that is responsible and committed
9. A business that is proud of its history and excited by its future
10. Genuine, down to earth practical values
11. Specific, clear strategy and growth targets
12. A track record of delivering increasing shareholder value

***Bapcor is committed to growing shareholder value***





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