

ASX/Media Announcement Bapcor Limited (ASX:BAP)

23 August 2017

Bapcor Ltd results for the twelve months ended 30 June 2017

Proforma Net Profit after Tax of \$71.5 million, up 64.2%.
Proforma Net Profit after Tax from continuing operations of \$65.8M, up 50.9%.
Statutory Net Profit after Tax \$63.8M, up 46.5%.
Proforma EPS up 48.4%.

Bapcor Ltd (“Bapcor”) today announced its financial results for the 12 months ended 30 June 2017 (FY2017).

The financial results include Hellaby Holdings Ltd (“Hellaby”) that was acquired by Bapcor effective January 2017. The Hellaby businesses of Footwear and Resource Services have been deemed non-core and have been classified as “discontinued operations” in the financial statements.

Highlights of the financial results compared to FY2016 reported results are;

\$ million	FY2017 ⁽¹⁾	FY2016	Variance
<u>Continuing Operations</u>			
Revenue	1,013.6	685.6	47.8%
Gross Margin % ⁽²⁾	45.7%	44.2%	1.5pp
EBITDA ⁽³⁾ – pro-forma	117.4	77.0	52.4%
EBITDA%	11.6%	11.2%	0.4pp
NPAT – pro-forma ⁽³⁾	65.8	43.6	50.9%
NPAT – statutory	53.7	43.6	23.3%%
EPS ⁽³⁾ (cps) – pro-forma	24.40	17.89	36.4%
<u>Total Bapcor (including discontinued operations)</u>			
NPAT – pro-forma	71.5	43.6	64.2%
EPS (cps) – Proforma	26.54	17.89	48.4%
Dividend (cps)	13.0	11.0	18.2%
Notes:			
1. Hellaby Holdings Ltd included from January 2017			
2. Gross margin presented in line with statutory format			
3. FY2017 pro-forma results exclude Hellaby related acquisition and financing costs			
4. Discontinued operations are Resources Services Group and Footwear			

The results incorporate acquisitions made during FY2017 including Hellaby, Baxters, MTQ Engine Systems and Roadsafe, as well as acquisitions made during FY2016 which included the former Metcash Automotive (“ANA”) business that was acquired effective 1 August 2015.

Net debt at 30 June 2017 was \$381.9M representing a leverage ratio of less than 2.5X (Net Debt : FY17 EBITDA) on an annualised EBITDA basis allowing for a full twelve months of trading for acquisitions made during FY17 (the leverage ratio on a non-annualised EBITDA basis including discontinued operations was 2.9X).

A final fully franked dividend of 7.5 cents per share has been declared, up 25.0% on the FY2016 final dividend. The final dividend takes the total dividends in relation to FY2017 to 13.0 cents per share, up 18.2% compared to FY2016.

Comments from Bapcor’s CEO

Bapcor CEO Mr. Darryl Abotomey said “FY2017 was again a transformative year with the acquisition of Hellaby making us Australasia’s leading automotive aftermarket supplier with over 850 locations. We are very pleased with the full year results in which the Trade, Retail & Service and Specialist Wholesale businesses all recorded year on year improvements. In addition, the acquisitions made over the previous two years have also been very successful as has the former Metcash Automotive integration and optimisation program. I would especially like to acknowledge the work of our dedicated team of employees and franchisees across all areas of our business.

The Burson Trade segment, consisting of Burson Auto Parts and Precision Automotive Equipment, delivered strong sales and profit growth. Total revenue for Burson Trade increased by 11.0% with same store sales growth of 4.6%. Store numbers increased by 15 during FY2017 to 160, well on track for our target of 200 stores. Along with strong top line growth, Burson Trade also increased its profitability with the EBITDA to sales ratio increasing by 1.2%.

The Retail & Service segment consists of Autobarn, AutoPro, Sprint Auto Parts and Carparts retail stores, as well as Midas and ABS service workshops. This segment performed well recording an increase in EBITDA of 30.3% and EBITDA as a percentage of sales increased by 0.2 percentage points. Autobarn recorded same store sales growth for the full year of 2.0%. The number of Autobarn stores increased by 8 to 122 stores in FY2017. Consistent with our strategy to grow the proportion of company owned stores, 25% of Autobarn’s stores are now company owned. At the end of June 2017 there were 31 company owned stores, an increase of 16 during FY2017. There were 9 greenfield stores added during FY2017, the highest greenfield growth for Autobarn in over 20 years. The service business also performed well during FY2017 recording the highest sales level in over 10 years, as well as the highest average revenue per store in the history of the business.

The Specialist Wholesale segment (excluding Hellaby) comprises AAD, Opposite Lock and Bearing Wholesalers, as well as Baxters, Roadsafe and MTQ Engine Systems that were acquired during FY2017. The Specialist Wholesale business recorded revenue growth of 105.7% and EBITDA growth of 141.1%. The AAD business, the original foundation of the Specialist Wholesale segment, also recorded increased sales and profit.

Hellaby Automotive, which operates in NZ and Australia in the trade and wholesale segments, performed ahead of Bapcor’s business acquisition assumptions and recorded revenue of \$146.7M and EBITDA of \$15.1M for the six months to 30 June 2017, an increase of 16.0% and 27.6% respectively compared to H2 FY2016. Bapcor has been very pleased with the quality and upside potential of this asset. Integration and optimisation of Hellaby Automotive is well underway, including an optimisation program targeting an annual EBIT benefit of between \$8M and \$11M. This is in addition to Hellaby head office cost reductions of approximately \$5M.



The combination of the specialist wholesale businesses of Hellaby Automotive and the pre-existing Bapcor specialist wholesale businesses are very complementary in the auto-electrical and mechanical specialist areas.

The Hellaby businesses of Footwear and Resource Services combined contributed \$197M in revenue and \$16.8M in proforma EBITDA. Footwear and the TBS component of Resource Services both performed well. The Footwear and Resource Services businesses are being actively marketed and are at various stages through a potential divestment program, and hence are classified as discontinued operations.

In addition to good profit growth, Bapcor's cash flow has also been solid with a cash conversion rate of 102.5% and net debt at June 2017 of \$382M representing a leverage ratio of less than 2.5X on an annualised proforma EBITDA basis.

Bapcor's results reflect the skills and passion of our employees and franchisees, and the support of our customers and suppliers. We continue to invest in people to assist in their development as well as provide a resource pipeline for our continued forecast growth. Our people are what makes us successful and we appreciate their efforts and are grateful for their support.

Bapcor is forecasting another strong year of revenue and profit growth in FY2018 including a full 12 months trading of Hellaby Automotive, as well as continued growth in each of the business segments, with a forecast NPAT growth from continuing operations of circa 30% from FY17 proforma NPAT."

Bapcor is Australasia's leading provider of automotive aftermarket parts, accessories and services with an automotive network of over 850 locations.

For further details refer to the Investor Presentation and Financial Statements contained in the Investor Centre section in the Bapcor Ltd website (www.bapcor.com.au/presentations).

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