

2015 Annual General Meeting Chief Executive Officers Presentation



Australia's Leading Provider of Aftermarket Parts, Accessories and Services.

BURSON 2015 AGM PRESENTATION

I am pleased to be presenting to you today on behalf of all the team at Burson Group. Our business has grown significantly in the last year, with many staff joining us including those in the Aftermarket Network Australia (formerly Metcash Automotive). It is indeed a privilege to lead such a talented and dedicated group, a number of whom are here with us today.

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- 5 Integration and Optimisation of Aftermarket Network Australia

In my presentation I will cover the 2015 financial year highlights, an introduction to our new business, Aftermarket Network Australia, known as “ANA” and how our overall business now looks, the trading performance for the first quarter of the current financial year, our progress on the integration and optimisation of the ANA business and some comments on our strategy and outlook for the year.

Operational & Strategic Highlights FY2015

- ✓ Burson now operating in all states and territories in Australia with continued store expansion during FY2015 of **14 stores** to 130. Current store total 133.
 - 3 new stores in Western Australia
 - 6 new stores in Queensland
 - 4 new stores in New South Wales
 - 1 new store in South Australia
- ✓ Supplier price increases successfully passed through to customers in H2 FY2015
- ✓ 8,000 sqm Brisbane DC established and operating since July 2015
- ✓ 27 front-of-store enhancements completed to grow walk in sales
- ✓ Inventory cleansing program conducted reducing slow moving and obsolete inventories by \$3M
- ✓ Continued people development / regional management expansion
- ✓ Signed agreement for the purchase on Metcash Automotive Holdings with transaction completed 31 July 2015. Successful Entitlement Offer in June & July 2015.

The 2015 was another very successful year for the group. As our Chairman has outlined, our trade based network, Burson Auto Parts, increased the number of stores to 130 at end of June 2015 and as of today we have 133 stores. This included our inaugural 3 stores in Western Australia, 6 in Queensland, 4 in New South Wales and 1 in South Australia. Since June we have added another 3 stores, including one in the Australian Capital Territory, which makes us a truly national business, with stores in every state and territory in Australia.

We were able to pass price increases fully onto our customers in the second half of 2015 financial year, open a new Distribution centre in Brisbane, refurbished 27 store showrooms, cleansed inventory and continued to expand our people development program.

Proforma Financial Highlights in FY2015

Comparison to FY2014 Proforma Results

- ✓ Same store sales growth of 4.6%
- ✓ Revenue \$375 million – up 9.9%
- ✓ Gross margin % 43.7% - up 0.7
- ✓ EBITDA margin 11.1% – up 0.6
- ✓ NPAT \$23.1 million – up 19.1%
- ✓ **Earnings per share – up 19.1%**
- ✓ Underlying net debt down \$15M since June 14
- ✓ Working capital to sales 11%

Our Chairman covered the main financial highlights, with sales up almost 10% on the prior year, same store sales up 4.6%, Net profit after tax and earnings per share up strongly at 19.1%. We met or exceeded every key indicator. Our balance sheet also performed strongly with underlying net debt down and a low working capital to sales level of 11%.

Summary of Key Performance Indicators

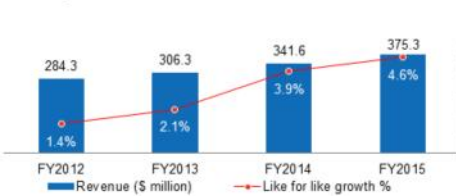
Store Numbers

Store expansion continues – ahead of FY2015 prospectus forecast of 124 stores



Revenue and "Same Store" growth

Store expansion together with strong like for like sales growth driving revenue growth



Gross Profit Margin

Continued improvement reflecting margin improvement initiatives



EBITDA Margin

Outcome of growth and improvement initiatives



We have a number of Key Performance Indicators in graphical form to illustrate the growth that Burson has been achieving. These show the growth in store numbers, same store sales, gross profit margin percentage and Earnings before interest, tax, depreciation and amortisation margin percentage (or EBITDA). We operate amongst the best contributing and most efficient auto parts businesses in Australia. Many companies would be very pleased to present graphs like these!

Looking at the trend of the key profit drivers can see they are all heading in the right direction.

Store numbers have grown from 100 to 116 over the last 2 years but by 35 since May 2011 or approximately 1 per month.

The positive trend in like for like growth demonstrates the success of the initiatives put into place such as range expansion and on-line ordering [mention FY12??]

Gross profit has increased by 3.6% since FY2012 reflecting approx. half the pricing initiatives put into place and business focus, as well as the impact of supplier negotiations.

The fact that CODB has remained relatedly stable means the higher gross margin % has largely flowed through to EBITDA % growing from 8% to 10.5% over the past 2 years. Top line growth will continue to drive profits but Whilst US benchmarks EBITDA % are mid teens and demonstrates the upwards potential of the business.

Introduction to ANA



- Burson Group acquired Metcash Automotive Holdings (since renamed Aftermarket Network Australia or ANA) for \$283M effective 1 August 2015.
- The acquisition is approximately 20% EPS accretive on a full year proforma basis*
- ANA is a wholesaler and distributor of automotive parts and accessories to a marketing network of 416 stores (under the Autobarn, AutoPro, Carparts, Opposite Lock, ABS and Midas brands) as well as ~3,000 other aftermarket customers through its wholesale business.
- Core focus on;
 - Retailing parts & accessories (Autobarn, AutoPro, Opposite Lock & Carparts)
 - Service workshops (Midas, ABS)
 - Wholesale Operations (ABG distribution, ATAP, IBS, Partco, MCB & Garmax)
- Stocks over 130,000 SKU's with 10 Distribution Centers (50,000 sqm's)
- Business Size;

	End ⁽¹⁾ Network Sales	ANA ⁽²⁾ Sales	Locations
Retail	\$400m	\$70m	331
Service	\$110m	\$20m	140
Wholesale/sales to franchisees	–	\$180m	10
	\$510m	\$270m	481

- Australia's largest automotive aftermarket franchise network

(1) Includes sales recorded in franchisee stores
 (2) Franchise fees, marketing, company store sales, supplier rebates
 *on a long adjusted basis using broker consensus forecasts for 12 months ending 30 June 2015 for BAP and MVA; audited accounts for twelve months ending 30 April 2015



I will provide a brief introduction to our new business, ANA.

ANA is a wholesaler and distributor of automotive parts, accessories and service to a marketing network of 416 stores. It has 416 mainly franchised stores as well as around 3,000 other aftermarket customers.

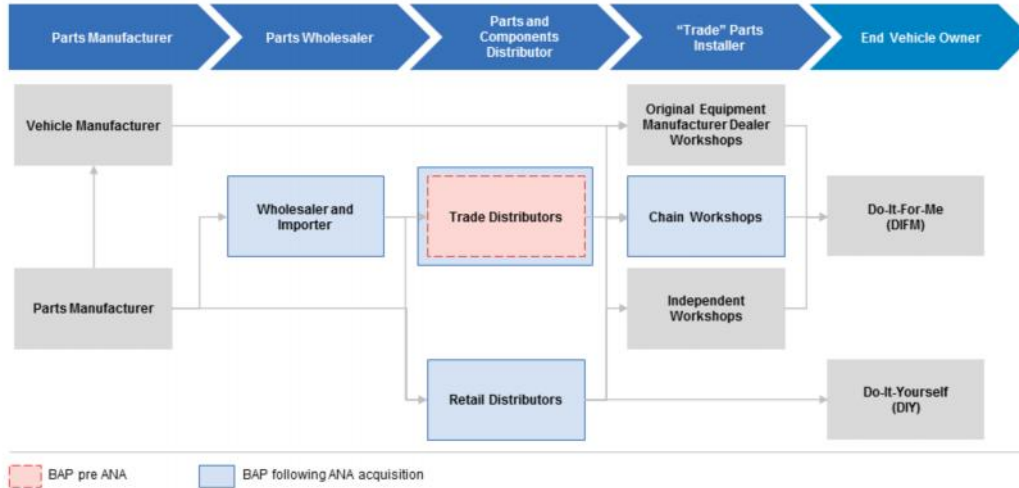
The core focus is on:

- Retailing parts and accessories through Autobarn, AutoPro, Opposite Lock and Carparts.
- Service workshops through Midas and ABS, and
- Wholesale operations through ATAP, IBS, Partco, Garmax, and MCB.
- The business stocks over 130,000sku's with ten distribution centres throughout Australia.

ANA is Australia's largest automotive franchised network.

Automotive Aftermarket Supply Chain

The acquisition of ANA was strategically compelling and aligned with Burson Group's growth strategy – complementary to trade business with minimal overlap and provides additional avenues for growth



The acquisition was compelling as it now places Burson across the supply chain, as shown in this chart, and provides significant growth opportunities via every segment of the supply chain we now operate in.

Burson Group including ANA

- The Brands of the Group now comprise;

TRADE



RETAIL



SERVICE



WHOLESALE



In summary, slide 8 shows the structure and brands that Burson Group now operates across the supply chain through trade, retail, service and wholesale.

FY16 – 1st Quarter

- Completed the acquisition of ANA on 31st July 2015.
 - Transition is proceeding smoothly
 - ANA is operating largely stand-alone until optimisation review completed
 - Delivering expected results
- Added three stores in Burson Trade, including opening first store in ACT.
- Sales up approx. 9% YOY in Burson Trade and 6% in ANA.
- Solid start to year, with same store sales;
 - Burson Trade at 3.9%
 - ANA Autobarn stores at 3.7 %
- Margins continue to be under competitive pressure but holding slightly ahead of FY2015 full year.
 - Direct import margin not yet recovered in marketplace
 - Unsustainable competitive discounting buying business

The first quarter of the 2016 financial year has been another massive few months for the Burson Group.

- We completed the acquisition of the ANA business, with a smooth transition. ANA is operating largely as a stand-alone business and is delivering the expected results, noting it is included since 1 August.
- We've added 3 stores to the Burson Trade business, including our first in the Australian Capital Territory.
- Burson Trade sales are up 9% year on year and ANA are up 6%.
- Same store sales are robust with Burson Trade up 3.9% and Autobarn up 3.7%.
- Margins continue to be under pressure in Burson Trade due to unsustainable discounting by competitors, buying business or attempting to restrict Burson's entry into new markets. Also, the wholesale business has been impacted by the devaluation in the Australian dollar, which has a short term impact. Despite these influences, overall margin is ahead of last year.

- Integration Process underway:
 - Currently largely as a stand alone businesses
 - Achieve synergies where appropriate.
- Strategy reaffirmed for each segment within the business.
- 15 Optimisation Plan Projects being established. Areas include Procurement, freight, marketing, intercompany sales, price/margin, warehouse, network plan, inventory, supply chain.
- Planned Investor Day after FY16 half year results to update on plan.

In integrating ANA with Burson Auto Parts, we have taken a measured approach, choosing to minimise any adverse impact on either business, given that both businesses produce excellent results in their own right.

We are achieving synergies where appropriate, have reviewed and reaffirmed the strategy for each segment of the business, and established 15 Optimisation projects which are being pursued. These optimisation projects are as shown, including procurement, freight, intercompany sales etc.

Our current plan is to update investors after the half year results with the progress on the optimisation projects, the timing and anticipated benefits.

Burson Group Strategy

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



Slide 12 reaffirms the strategy for our business, across Burson Auto Parts and ANA. We are confident and excited at the range of excellent opportunities to continue to grow all of our business segments.

Outlook

Burson Auto (excluding ANA)

- Full year NPAT outlook for Burson excluding the ANA business is to grow NPAT by low double digit percentage
- Target approximately 140 stores by 30 June 2016 (currently at 133 stores)
- Expect same store sales growth of between 3% and 4% with reasonably steady margin
- Competitive pressures exist but overall market opportunities remain favourable

ANA

- FY2016 will include 11 months trading of ANA – similar run rate to FY15
- Wholesale business impacted by exchange rate, offset by higher volumes in distribution business

GROUP

- FY16 EPS growth percentage – mid teens
 - Consistent with previous announcement of annualized 20%
 - ANA will be included for 11 months – from 1 August 2015

Our outlook remains positive and unchanged, with

- Burson Auto Parts to grow sales and NPAT at low double digit percentage;
 - Achieving at least 140 stores by June 2016, with
 - Same store sales growth of 3% to 4% and reasonably steady margin
- ANA is expected to deliver in the 11 months it will be included this year with low double digit sales growth and a similar earnings level to last financial year. This trades off higher volume against the impact of the exchange rate.
- As a Group, EPS growth for Financial Year 2016 remains as previously indicated, in the mid-teens.

This is a fabulous business to be involved with, particularly given we are proudly Australian owned and operated, directly employing over 1,700 people around Australia and many more through our franchise network. Thank you to all our customers, staff, franchisees, suppliers and shareholders for your continuing support.

Thank You