



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

21 August 2019

**Bapcor Ltd today announced its results for the twelve months ended 30 June 2019 (FY19)**

### RECORD REVENUE AND EARNINGS

Revenue from continuing operations of \$1,297M, up 4.8%

Pro-forma EBITDA from continuing operations up 9.8% to \$164.6M

Pro-forma Net Profit after Tax from continuing operations of \$94.3M, up 9.0%

Pro-forma Earnings Per Share of 33.45 cents per share, up 8.0%

Statutory Net Profit after Tax from continuing operations of \$97.0M, up 14.8%

Statutory Earnings Per Share of 34.40 cents per share, up 1.5%

*Bapcor divested TRS in New Zealand on 3 July 2018. TRS was not a “discontinued operation” and is therefore included in the prior year results. For comparative purposes, **excluding** TRS from the prior year, the results are:*

Revenue from continuing operations up 6.9% to \$1,297M

Pro-forma EBITDA from continuing operations up 11.7% to \$164.6M

Pro-forma Net Profit after Tax from continuing operations up 11.2% to \$94.3M

**Highlights** of the FY19 financial results compared to the 12 months ended 30 June 2018 (FY18) are:

\$ millions	FY19	FY18	Variance	FY18	Variance
<b>Continuing Operations*</b>				<b>Excluding TRS</b>	
Revenue	1,296.6	1,236.7	4.8%	1,212.3	6.9%
EBITDA – pro-forma	164.6	150.0	9.8%	147.4	11.7%
NPAT – pro-forma	94.3	86.5	9.0%	84.7	11.2%
EPS (cps) – pro-forma	33.45	30.97	8.0%	30.33	10.3%
EBITDA – statutory	167.0	147.1	13.6%		
NPAT – statutory	97.0	84.5	14.8%		
EPS (cps) – statutory	34.40	30.24	13.8%		
Dividend (cps)	17.0	15.5	9.7%		

\* “Continuing Operations” includes TRS which was divested on 3 July 2018. In FY18 TRS contributed revenue of \$24.3M, EBITDA \$2.6M and NPAT of \$1.8M.

Proforma results include adjustments for mergers, acquisitions and restructuring activities and any unusual one off transactions to reflect the underlying performance of the business.

Net debt at 30 June 2019 was \$336.3M, an increase of \$47M compared to June 2018. This increase mainly reflects the investment in the Commercial Truck Parts Group on 30th November 2018. In addition, inventory has increased by \$39M due to acquisitions, network growth and inventory range investment. The leverage ratio at 30 June was under 2.0X (Net Debt: last twelve months annualised EBITDA) which was in line with Bapcor's target. Interest cover remains strong at > 10X (EBITDA / Interest).

A fully franked final dividend of 9.5 cents per share has been declared taking the total dividends in relation to the FY19 financial year to 17.0 cents per share, up 9.7% compared to the FY18 dividend. Bapcor operates a Dividend Reinvestment Plan ('DRP') which provides shareholders with the opportunity to utilise all or part of their dividends to purchase shares in the Company. The DRP will continue to be in operation for the FY19 final dividend.

### **Comments from Bapcor's CEO & MD**

Bapcor CEO & Managing Director Mr. Darryl Abotomey said, "FY19 has delivered Bapcor another record and respectable result reflecting the resilience of our businesses despite experiencing challenging market conditions. Solid growth was achieved in our Trade and Specialist Wholesale businesses in both Australia and New Zealand, with these businesses making up over 80% of Bapcor's business. Growth in these businesses was experienced both in top line revenue as well as margin and earnings expansion.

The group added 59 new company locations throughout our network which was fabulous work from our team members. Our business now has over 950 locations throughout Australia, New Zealand and Thailand.

The Burson Trade segment, consisting of Burson Auto Parts and Precision Automotive Equipment, grew revenue by 4.6% with same store sales up 2.2% (up 2.5% in H2 FY19). EBITDA grew by 8.5% and EBITDA margin was up 50 basis points compared to FY18. The Burson store network expanded to 181 stores nationwide, an increase of 11 stores in the year.

Bapcor New Zealand continued to perform solidly. Excluding the impact of the divestment of TRS, in FY19 revenue increased by 7.4% and EBITDA increased 13.8%. Bapcor New Zealand's largest business, the BNT trade business, achieved same store sales growth of 5.3% (5.9% in H2 FY19). In addition EBITDA margin grew by 80 basis points compared to FY18. BNT expanded its store network by 4 during the year to 58 stores.

The Specialist Wholesale segment, consisting of thirteen Specialist Wholesale business units, increased revenue by 13.4% and EBITDA by 20.0% reflecting good growth, particularly in the auto- electrical/engine management businesses, as well as the impact of the new Commercial Truck Parts businesses. The newly formed Commercial Truck Parts Group creates a new growth platform in an expanding sector. EBITDA margin increased by 60 basis points compared to FY18.

Intercompany sales across Bapcor grew by 35% which mainly reflects increased sales from our Specialist Wholesale segment into our Trade networks in Australia and New Zealand and into Retail. The increase in intercompany sales reflects the strategy to increase the proportion of "own brand" product sold through our Trade and Retail segments that is sourced via our wholesale businesses. There are a number of programs in place that will see the level of intercompany sales continue to increase.

The Retail segment makes up less than 20% of Bapcor's revenue and earnings and consists of Autobarn, AutoPro and Sprint Auto Parts stores, as well as Midas and ABS service workshops. Revenue for FY19 increased by 6.8% compared to FY18 largely due to an increase in the number of company owned stores as well as underlying company owned store growth. The Autobarn store network consists of 134 stores at year end, up by 6 compared to June 2018. The number of Autobarn company owned stores over the same period grew from 48 to 66 and now represent almost half of the Autobarn network. Same store sales in Autobarn company owned stores was 5% (5.7% in H2 FY19) with franchise store same store sales growth being flat. EBITDA decreased by 6.0% compared to FY18 reflecting the impact of the significant number of new company stores that are loss making in their initial phase, as well as the challenging retail environment.

We have also made solid inroads into digital with Burson trade now supplying over \$80 million of its sales via its B2B system, and Autobarn's on-line sales trebled through its click and collect combined with the introduction of its click and deliver.



Bapcor remains positive regarding the fundamentals of the automotive aftermarket and is excited about the many opportunities of the business including further network growth, procurement and supply chain efficiencies and own brand growth. Bapcor is focussed on consolidating and optimising its current portfolio of businesses, as well as looking for new opportunities as they arise.

The market fundamentals and opportunities will continue to drive profit growth in the future and Bapcor is expecting to grow its proforma NPAT by mid to high single digits in FY20. Bapcor has been investing in technology and systems to support the future growth of the business, which will result in higher depreciation expense in FY20. Taking this into account Bapcor's EBITDA is expected to increase by approximately 2.0 percentage points above the forecast proforma NPAT growth.

I would like to thank all employees and franchisees of Bapcor as well as customers and suppliers for their continued support, making Bapcor the great business it is today".

*Bapcor is Australasia's leading provider of automotive aftermarket parts, accessories, automotive equipment and services, with a network of over 950 locations across Australia and New Zealand.*

*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](http://www.bapcor.com.au/presentations)).*

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