



Bapcor Limited

(ASX: BAP)

ASX Release

26th July 2017

Bapcor Acquisition of Hellaby – “Optimisation Benefits”

Bapcor Limited (“Bapcor”) is pleased to advise the outcome of its review of the optimisation benefits it estimates it will achieve following the acquisition of Hellaby Holdings Limited, which was effective January 2017.

As has been Bapcor’s past practice when making an acquisition, Bapcor does not include any substantial synergy / optimisation benefits when considering and announcing an acquisition. Bapcor examines with the acquired business management the synergy opportunities that may arise so that it can accurately identify and quantify the opportunities prior to announcing them. This process has now been undertaken for the Hellaby Holdings acquisition.

Bapcor estimates that it will achieve optimisation benefits over the next three years predominately from the areas of direct and indirect procurement, intercompany sourcing, increased sales, freight, shared business services and expansion in product ranges. The estimated EBIT (earnings before interest & tax) benefits are expected to be in the *range of \$8 million to \$11 million*.

In *addition* to the optimisation benefits, Bapcor will reduce the Hellaby Holdings head office costs from an annual \$6 million to \$7 million, to approximately \$1 million, by October 2017. This is a reduction of between \$5 million and \$6 million. The majority of the reduction has already been implemented.

The forecast timing of the optimisation program EBIT benefits, excluding the benefit of the reduction in the Hellaby head office costs are as follows:

<u>Year</u>	<u>Low</u>	<u>High</u>
FY18	\$2m	\$3m
FY19	\$3m	\$4m
FY20	\$3m	\$5m
Total	\$8m	\$11m
Less retained HO costs	\$1m	\$1m
<u>Net EBIT Benefit</u>	<u>\$7m</u>	<u>\$10m</u>

Bapcor’s Chief Executive Officer, Mr Darryl Abotomey said, “The work that has been undertaken by our business unit managers in identifying the opportunities within the Bapcor group has been exceptional. There are opportunities beyond what we had originally thought and the enthusiasm from the teams to work together to further improve our business is extraordinary.”

“We are confident our businesses will work together to achieve the optimisation EBIT benefits of \$8 million to \$11 million over the next three years they have identified in direct and indirect procurement, intercompany sourcing, freight, increased sales through expanded product ranges, developing shared services and optimizing category expertise.”

“We appreciate the co-operation of the Hellaby Holdings head office staff as we have been transitioning their roles over the last six months leading up to the closure of that office by October 2017”.

“The estimated optimisation benefits are *in addition* to the forecast benefits of the Hellaby acquisition that were announced at the time of the Hellaby acquisition, which will result in further value enhancement for Bapcor shareholders.”

Bapcor is continuing the process of divestment of non-core assets. Further announcements regarding the divestments will be made at an appropriate time.

A conference call for investors on the Optimisation Benefits will be held at 10.30am, Wednesday 26th July 2017. Details will be on the Bapcor website.

Bapcor will announce its annual results for FY17 at 2.30pm on Wednesday 23rd August 2017.

-Ends

For further information, please contact:

Darryl Abotomey

Managing Director and CEO

+61 419 838 059

+61 3 9914 5555

Gregory Fox

Chief Financial Officer and Company Secretary

+61 417 562 891

+61 3 9914 5555

61 Gower Street, (P.O. Box 8251, Northland, 3072) Preston VIC 3072 Australia
P +61 3 9914 5555 F +61 3 9914 5544 www.bapcor.com.au
A.B.N – 80 153 199 912