



# Capital Raising and Business Update

16 April 2020

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Bapcor reserves the right to withdraw, or vary the timetable for the Offer without notice. Cooling off rights do not apply to the acquisition of New Shares.

# Executive Summary



## Equity Raising

Bapcor is raising \$180m through an underwritten institutional Placement to strengthen its balance sheet and increase funding flexibility. The raising will enable Bapcor to be well positioned to continue to execute against its 5 year strategy through the COVID-19 disruption and afterwards. A follow-on non-underwritten Share Purchase Plan ("SPP") will also be offered to eligible shareholders in Australian and New Zealand to raise up to \$30m.

## Trading Update<sup>1</sup>

Bapcor performed strongly across January and February 2020 with YTD<sup>2</sup> revenue to end of February +12.7% vs. pcp. The trading performance in March was below expectations with revenue growth of 11.5% vs. pcp reflecting Australian segments performing solidly but Bapcor New Zealand was materially impacted by COVID-19 disruptions. Trading conditions in both Australia and New Zealand deteriorated in the last week of March and into April as the COVID-19 disruptions impacted Bapcor's businesses.

## Operational Levers

Measures implemented by Bapcor have been successful in preserving and managing liquidity in light of current trading conditions. Bapcor has multiple operational levers including labour, rent relief, working capital, capex and new stores / acquisitions which it is utilising. Bapcor continues to review its operations on a daily and weekly basis to respond to operating conditions.

## Strengthening Balance Sheet

The institutional Placement will reduce Bapcor's pro-forma net debt to EBITDA ratio at 31 Dec 2019 to 1.3x<sup>3</sup>. This institutional Placement together with the multiple operational levers, positions Bapcor with significant liquidity and flexibility to trade through the COVID-19 disruptions and execute on its 5 year strategy and any growth initiatives that may arise.

## Growth Strategy

Bapcor provides an essential service for the community in ensuring that replacement and service parts are available for cars and trucks. Bapcor will continue to serve the demand of its customers through the COVID-19 disruptions and beyond. Bapcor has a clear 5 year strategy that it is well positioned to execute.

### Notes:

1. Revenue based on audit reviewed results for the 6 months ended 31 December 2019 and unaudited management accounts for the period from 1 January 2020.
2. July 2019 to February 2020 inclusive.
3. Pro-forma net debt at 31 December 2019 is \$226m and LTM EBITDA for the purpose of leverage calculation was \$177m.

# Group Trading Update and Impact of COVID-19



## Key Points

- Trading and operating results across January and February 2020 were in line with expectations. In March results were below expectations as the COVID-19 disruptions impacted Bapcor's businesses.
- Group revenue in March 2020 grew +11.5% vs. pcg with Australian businesses +15.6% vs. pcg and Bapcor New Zealand declining 16.1% vs. pcg due to the impact of COVID-19 disruptions including store closures.
- Weaker trading conditions have been experienced in both Australia and New Zealand in the last week of March and into April as the COVID-19 disruptions further impacted Bapcor's business.
- Gross margins have and continue to remain stable.

## Impact of COVID-19

- Bapcor has historically been able to maintain robust trade through economic downturns given the defensive nature of our business operations. Bapcor provides essential service and replacement parts for vehicles required by essential services within the economy such as for essential service workers, emergency vehicles, defence and the transport and logistics sector.
- However Bapcor's operations are temporarily being impacted by the unique nature of lockdown and social distancing measures enforced to combat COVID-19.
- The Company has taken decisive action to mitigate to the extent possible the impacts of the COVID-19 disruptions as outlined on slide 9.

### Notes:

1. Revenue based on audit reviewed results for the 6 months ended 31 December 2019 and unaudited management accounts for the period from 1 January 2020.

2. Group revenue includes eliminations of A\$(49.6)m and A\$(5.6)m in YTD February 2020 and March 2020 respectively.

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Revenue (\$M) <sup>1</sup>	YTD Feb-20 (Jul-19 to Feb-20)			March 2020		
	Actual	Prior Year	Var (%)	Actual	Prior Year	Var (%)
Trade	377.6	342.2	10.4%	46.9	44.0	6.5%
Specialist Wholesale: Excl. Commercial Vehicle Group	277.3	259.8	6.7%	34.0	33.8	0.7%
Specialist Wholesale: Commercial Vehicle Group	53.1	8.4	532.1%	13.4	3.1	330.3%
Retail	182.6	172.9	5.6%	23.4	21.2	10.2%
Bapcor New Zealand	112.8	106.5	5.9%	12.4	14.7	(16.1%)
<b>Group Revenue<sup>2</sup></b>	<b>953.7</b>	<b>846.6</b>	<b>12.7%</b>	<b>124.4</b>	<b>111.6</b>	<b>11.5%</b>

# Trading Performance by Segment



## Trade<sup>1</sup> – 43% of H1 FY20 EBITDA<sup>2</sup>

- Burson same store sales growth in January and February 2020 were in excess of 5%. Same store sales growth in March were flat.
- In April 2020 month to date<sup>3</sup>, sales are approximately 20% below expectations, with same store sales down 11%. Staff levels have been reduced approximately in proportion to the decline in sales.
- Burson trade is delivering an essential service for the community in ensuring that replacement and service parts are available for vehicles, including essential service vehicles.
- Own brand sales at 26.5%.

## Bapcor New Zealand<sup>1</sup> – 13% of H1 FY20 EBITDA<sup>2</sup>

- A Stage 4 Lockdown has been imposed in New Zealand with the majority of retail businesses closed.
- Bapcor have taken a store by store approach to closures with a number of select stores remaining open where there is sufficient customer demand to service.
- Revenue since the government enforced closures in late March is down 85%, with 75% of staff stood down / on leave and government subsidies have been received.
- Bapcor New Zealand delivers an essential service for the community in ensuring that replacement and service parts are available for vehicles.

## Specialist Wholesale<sup>1</sup> – 28% of H1 FY20 EBITDA<sup>2</sup>

- Excluding the Commercial Vehicle Group, revenue for January and February 2020 was up 6.7% compared to prior year. In March 2020 revenue was up 0.7% vs. pcp.
- Excluding the Commercial Vehicle Group, revenue in April month to date<sup>3</sup> has dropped 12%-15% below expectations as resellers (the major customers of this segment) reduce orders. Staff levels have been reduced.
- Heavy Duty Commercial Vehicles (Truckline) continues to perform in line with expectation.
- Light Commercial Vehicle revenue has reduced approximately 20% vs. pcp due to the cessation of deliveries to restaurants, cafes and small businesses usually done by these vehicles.

## Retail<sup>1</sup> – 17% of H1 FY20 EBITDA<sup>2</sup>

- Autobarn same stores sales growth in January and February 2020 was in excess of 5% – both in company & franchise stores.
- Same store sales growth in March was 3% and April month to date<sup>3</sup> is down 12%.
- Significant acceleration of online sales continuing trend from H1 FY20.
- Staffing has been reduced to reflect current sales levels.
- Own brand sales at 27.5%.

### Notes:

1. Revenue based on audit reviewed results for the 6 months ended 31 December 2019 and unaudited management accounts for the period from 1 January 2020.
2. Reflects contribution to H1 FY20 EBITDA calculated prior to Group / Eliminations of \$(8.9)m.
3. First 7 days of April 2020.

# Operational Levers in Response to COVID-19



## Key Points

- Bapcor has moved swiftly to implement measures to ensure the safety of its employees and customers across its network in order to allow its stores to continue to trade:
  - All staff and customers adhere to distancing rules (including markers on store floors)
  - Sanitisers in all stores
  - Processes in place should any staff be COVID-19 positive (implemented a number of times already)
- In parallel, Bapcor has implemented multiple operational levers to optimise cash flow and preserve liquidity:
  - Store Closures
  - Staff costs reduced approximately in proportion to revenue declines
  - Approached landlords for rent relief
  - Approached main suppliers for extended terms
  - Eliminated all discretionary expenditure
  - Board and Executive salary cuts of 30%
  - Ceased acquisitions and greenfield activity where possible
  - Reduced all non-essential capital expenditure
  - Closely monitoring debtor receipts

<b>Store Closures</b>	<ul style="list-style-type: none"> <li>• All stores in network reviewed on daily basis based on customer demand and trading conditions</li> <li>• All stores/ branches in Australia currently remain open but on lower staffing levels</li> <li>• Two thirds of stores closed in New Zealand</li> </ul>
<b>Staff Expenses</b>	<ul style="list-style-type: none"> <li>• Board and Executive salary cuts by 30%</li> <li>• Bapcor is reducing staff costs in proportion to revenue movements through a combination of temporary stand-downs and usage of annual leave and long service leave where possible</li> <li>• Bapcor does not currently qualify for the Australian Government’s JobKeeper Wage Subsidy scheme but will apply if it becomes eligible</li> <li>• Bapcor has received the New Zealand Government’s wages subsidy which is passed through to staff stood down</li> </ul>
<b>Rent and Other Expenses</b>	<ul style="list-style-type: none"> <li>• Bapcor is in discussions with its landlords with whom it maintains strong longstanding relationships for rent relief</li> <li>• All discretionary expenses reduced where possible</li> </ul>
<b>Working Capital</b>	<ul style="list-style-type: none"> <li>• Main suppliers approached for extended terms</li> <li>• Inventory replenishment reduced to only fast moving items</li> <li>• Bapcor has exposure to only one material debtor – circa 7% of debtor balance, and all other debtors are under 1%</li> </ul>
<b>Capex</b>	<ul style="list-style-type: none"> <li>• Bapcor has ceased all discretionary capex except some major projects (Melbourne consolidated DC) and selected high priority projects</li> </ul>

# Bapcor's Business Fundamentals Remain Strong



Asia-Pacific's leading provider of vehicle parts, accessories, equipment, service and solutions



## Market Leader

- Market leader - with scale of distribution network creating significant competitive advantages:
  - Extensive store network close to customers with wide range of inventory available
  - Longstanding customer relationships with service workshops and member based buying organisations
  - Ability to secure procurement synergies / discounts with key suppliers
  - Cost efficiencies from centralised systems and back office services



## Resilient Industry

- 19 million registered motor vehicles in Australia with an average age of ~10 years, 5 million in New Zealand and 16 million in Thailand
- Decline in new vehicle sales will increase average age of Australian vehicles and servicing needs
- Vehicle maintenance is essential to the ongoing operation of a vehicle
- Bapcor expects vehicle usage, and thereby demand for service and parts, to recover following COVID-19



## Strategic Operating Model

- Integrated operating model across Trade, Commercial Vehicle, Specialist Wholesale and Retail business segments
- Difficult to replicate and underpins strong business resilience and diversity
- Each segment has clearly defined and focused strategies and targets, knowledgeable and experienced staff and management



## Proven Track Record

- Strong historical growth with 31% revenue and 36% EBITDA CAGR since IPO (FY14-FY19)
- Proven ability to integrate acquisitions and extract synergies, develop efficiencies and seamlessly integrate new businesses
- Well respected management team with a proven track record



## Strong Growth Opportunities

- Demand for vehicle servicing expected to recover strongly following COVID-19 as vehicle usage increases
- Bapcor's scale and strong financial position, positions it well to consider a range of attractive growth and investment opportunities that may arise following COVID-19 impacts
- Clear 5 year strategy and targets that underpins attractive growth profile that combines defensive and growing customer demand, store expansion, own brand and inventory initiatives, international expansion into South-East Asia and acquisition opportunities

# 5 Year Strategy / Targets



**No Change to Targets – consistent, specific and measurable targets. Significant growth ahead with digital and own brand opportunities and bolt-on acquisition opportunities expected to emerge from COVID-19 disruptions**

<b>Trade</b>	Trade focussed “parts professionals” supplying workshops in Australia & New Zealand	<b>240</b> AUS Stores Target <u>Currently 186</u>	<b>35%</b> AUS Own Brand Target <u>Currently 26.5%</u>	<b>75</b> NZ Stores Target <u>Currently 73</u>	<b>35%</b> NZ Own Brand Target <u>Currently 32%</u>
<b>Specialist Wholesale</b> (Ex. Commercial Vehicles)	#1 or #2 Industry category specialists in parts programs	<b>A\$600m</b> AUS Turnover Target <u>Currently \$A434m</u>	<b>A\$50m</b> NZ Turnover Target <u>Currently \$A33m</u>	<b>55%</b> Own Brand Target <u>Currently 45%</u>	
<b>Commercial Vehicles</b> - Light (<20t) - Heavy (>20t)	The only choice for commercial vehicle parts and accessories	<b>40</b> Light Locations Target <u>Currently 16</u>	<b>A\$120m</b> Light Turnover Target <u>Currently \$A55m</u>	<b>50</b> Heavy Locations Target <u>Currently 23</u>	<b>A\$220m</b> Heavy Turnover Target <u>Currently \$A100m</u>
<b>Retail</b>	Premium retailer of automotive accessories Supplying the independents: parts, accessories & 4WD	<b>200</b> AUS Autobarn Stores Target <u>Currently 135</u> (79 Company Owned)	<b>200</b> Independents Stores Target <u>Currently 189</u>	<b>100</b> Opposite Lock Stores Target <u>Currently 72</u>	<b>35%</b> Own brand Target <u>Currently 27.5%</u>
<b>Service</b>	Reliable & trusted car servicing at affordable prices Supporting the independents	<b>500</b> AUS Stores Target <u>Currently 121</u>	<b>150</b> NZ Stores Target <u>Currently 128</u>	<b>80%</b> Intercompany Sourcing Target	
<b>Thailand</b>	Bringing automotive aftermarket parts to Asia	<b>&gt;80</b> Locations Target <u>Currently 6</u>	<b>A\$100m</b> Turnover Target <u>Currently \$A6m</u>		

# Pro Forma Capitalisation



- Proceeds of the capital raising will be used to materially reduce Bapcor's net debt position.
- Bapcor is seeking to maintain increased levels of cash on balance sheet to provide liquidity and flexibility in the current operating environment.
- Following the Placement, pro forma net debt as at 31 December 2019 will be \$226m<sup>1</sup> and pro forma leverage ratio (net debt / CY19 EBITDA) of approximately 1.3x<sup>2</sup>.
- As at 31 March 2020, the company had net debt of \$429m<sup>3</sup>, which on a pro forma basis for the Placement will be reduced to \$252m<sup>1</sup>.
- Pro forma following the Placement, Bapcor has total cash of \$231m at 31 March 2020<sup>1</sup>.
- Additional proceeds to be raised via the non-underwritten SPP.

## Summary Pro Forma Balance Sheet

\$M	31 Dec 2019 (Statutory)	Impact of Placement <sup>1</sup>	31 Dec 2019 (Pro Forma)
Cash	43.0	+177.1	220.1
Trade and other receivables	178.2	-	178.2
Inventories	374.4	-	374.4
PP&E	66.9	-	66.9
Deferred tax assets	26.6	-	26.6
Right of use assets	144.8	-	144.8
Intangible assets	754.6	-	754.6
Other assets	1.5	-	1.5
<b>Total assets</b>	<b>1,590.0</b>	<b>+177.1</b>	<b>1,767.1</b>
Trade and other payables	194.1	-	194.1
Deferred Settlements	2.7	-	2.7
Income Tax Provisions	53.6	-	53.6
Borrowings	441.4	-	441.4
Lease liabilities	158.3	-	158.3
Other liabilities	2.1	-	2.1
<b>Total liabilities</b>	<b>852.1</b>	<b>-</b>	<b>852.1</b>
<b>Net assets</b>	<b>737.8</b>	<b>+177.1</b>	<b>914.9</b>

### Notes:

1. Pro forma adjustments are shown after tax-effected transaction costs and exclude any funds raised through the non-underwritten SPP.
2. Pro-forma net debt at 31 December 2019 is \$226m and LTM EBITDA for the purpose of leverage calculation was \$177m.
3. Based on unaudited management accounts.

# Offer Details



<b>Offer size and structure</b>	<ul style="list-style-type: none"> <li>Fully underwritten A\$180m institutional Placement and a non-underwritten SPP to raise up to \$30m</li> <li>It is intended that eligible institutional shareholders who bid for up to their 'pro-rata' share of New Shares under the Placement will be allocated their full bid, on a best endeavours basis<sup>1,2</sup></li> </ul>
<b>Use of proceeds</b>	<ul style="list-style-type: none"> <li>Proceeds of the capital raising will be used to reduce Bapcor's net debt position</li> <li>Bapcor will continue to implement measures to preserve cash flow and respond further as market conditions require</li> </ul>
<b>Institutional Placement</b>	<ul style="list-style-type: none"> <li>The Placement will be conducted at \$4.40 per New Share ("Placement Price") which represents a 8.5% discount to the last closing price of \$4.81 on Wednesday, 15 April 2020</li> <li>The Placement will result in approximately 40.9 million New Shares being issued, representing approximately 14.3% of Bapcor's existing issued capital</li> <li>The Placement is fully underwritten</li> </ul>
<b>Non-Underwritten Share Purchase Plan</b>	<ul style="list-style-type: none"> <li>Bapcor will offer all eligible shareholders in Australia and New Zealand the opportunity to participate in a non-underwritten SPP. The SPP is capped at \$30,000 per eligible shareholder and up to \$30m in aggregate</li> <li>Bapcor reserves the right to increase the size of the SPP or scale back applications under the SPP at its discretion</li> <li>New Shares under the SPP will be issued at the lowest of: (i) the Placement Price; (ii) a 2% discount to the 5-day volume weighted average price of Bapcor shares up to the SPP closing date; and (iii) a 2% discount to the volume weighted average price of Bapcor shares on the SPP close date</li> <li>Further details in relation to the SPP will be provided to eligible shareholders in Australia and New Zealand in due course</li> </ul>
<b>Placement Settlement</b>	<ul style="list-style-type: none"> <li>New Shares issued under the Placement are expected to settle on Tuesday, 21 April 2020 and be issued, and commence trading on the following business day, Wednesday, 22 April 2020</li> </ul>

**Notes:**

- For this purpose, an eligible institutional shareholder's 'pro-rata' share will be estimated by reference to Bapcor's beneficial register on 15 April 2020, but without undertaking any reconciliation and ignoring shares that may be issued under the SPP. Accordingly, unlike in a rights issue, this may not truly reflect the participating shareholder's actual pro-rata share. Nothing in this Presentation gives a shareholder a right or entitlement to participate in the Placement and Bapcor has no obligation to reconcile assumed holdings (e.g. for recent trading or swap positions) when determining a shareholder's 'pro-rata' share. Institutional shareholders who do not reside in Australia or other eligible jurisdictions will not be able to participate in the Placement. See Appendix B for the eligible jurisdictions and selling restrictions relevant to these jurisdictions. Bapcor and the underwriters disclaim any duty or liability (including for negligence) in respect of the determination of a shareholder's 'pro-rata' share.
- Eligible institutional shareholders who bid in excess of their 'pro-rata' share as determined by Bapcor and the underwriter are expected to be allocated a minimum of their 'pro-rata' share on a best endeavours basis as set out in footnote 1 above, and any excess may be subject to scale back.

# Offer Details



Event	Date <sup>1</sup>
SPP record date	7:00pm (AEDT) on Wednesday, 15 April 2020
Trading halt and announcement of the Placement and SPP	Thursday, 16 April 2020
Placement bookbuild	Thursday, 16 April 2020
Announcement of the outcome of the Placement	Friday, 17 April 2020
Trading halt lifted – trading resumes on the ASX	Friday, 17 April 2020
Settlement of New Shares under the Placement	Tuesday, 21 April 2020
Issue and normal trading of New Shares issued under the Placement	Wednesday, 22 April 2020
SPP offer opens and SPP offer booklet is dispatched	Friday, 24 April 2020
SPP closing date	5:00pm (AEDT) on Friday, 15 May 2020
Announcement of results of SPP	Wednesday, 20 May 2020
SPP Allotment Date	Friday, 22 May 2020
SPP issue date, dispatch of holding statements and normal trading of New Shares issued under the SPP	Monday, 25 May 2020

**Notes:**

1. All dates in this presentation are indicative only. All dates and times are Sydney, Australia time unless otherwise specified. Bapcor reserves the right to vary the dates of the Offer, in general or in particular cases, including closing the Offer early, without prior notice.

# Appendix A

## Risk Factors

## **Introduction**

This section discusses some of the key risks associated with any investment in Bapcor together with the general risks and risks relating to the participation in the Placement and the SPP, which may affect the future operating and financial performance of Bapcor and the value of Bapcor shares. The risks set out below are not listed in order of importance and do not constitute an exhaustive list of all the risks involved with an investment in Bapcor. Before investing in Bapcor, you should be aware that an investment in Bapcor has a number of risks, some of which are specific to Bapcor and some of which relate to listed securities generally, and many of which are beyond the control of Bapcor.

Before investing in New Shares, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on Bapcor (such as that available on the websites of Bapcor and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

You should note that the occurrence or consequences of many of the risks described in this section are partially or completely outside the control of Bapcor, its directors and management. Further, you should note that this section focuses on the potentially key risks and does not purport to list every risk that Bapcor may have now or in the future. It is also important to note that there can be no guarantee that Bapcor will achieve its stated objectives or that any forward looking statements or forecasts contained in this presentation will be realised or otherwise eventuate. All potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances and taxation position.

## **Specific risks of an investment in Bapcor**

### **Impact of COVID-19**

Bapcor has observed that in response to COVID-19 a growing number of governments globally are imposing restrictions on the movement of its citizens and limiting non-essential services and activities. Governments around the world are also recommending or enforcing restrictions on domestic and international travel in order to slow the spread of COVID-19. Given the high degree of uncertainty surrounding the extent and duration of COVID-19, it is not currently possible to assess the full impact of COVID-19 on Bapcor's business. However a prolonged reduction in automotive aftermarket parts and accessories distribution activity across the business' key markets (particularly across Australia, New Zealand and Thailand) will materially adversely impact Bapcor's financial performance and profitability. A number of aspects of Bapcor's business may also be directly or indirectly affected by government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions associated with COVID-19, including: disruption to Bapcor's supply chain and workforce, particularly availability of products and logistics (including shipping of goods) and government imposed shut-downs of manufacturing and distribution centres affecting supply of products to customers.

While Bapcor expects it will have robust liquidity to deal with the circumstances relating to COVID-19 as a result of the Placement and the SPP, there is a risk that if the duration of events surrounding COVID-19 are prolonged, Bapcor may need to take additional measures in order to respond appropriately (for example, by raising additional funding).

There are also other changes in the domestic and global macroeconomic environment associated with the events relating to COVID-19 that are beyond the control of Bapcor and may be exacerbated in an economic recession or downturn. These include, but are not limited to:

- a) changes in inflation, interest rates and foreign currency exchange rates;
- b) changes in employment level and labour costs;
- c) changes in aggregate investment and economic output; and
- d) other changes in economic condition which may affect the revenue or costs of Bapcor.

# Risk Factors



## Competition Risk

The Australian, New Zealand and Thailand automotive aftermarket parts and accessories distribution industry is competitive and Bapcor may face increased competition from existing competitors (including through downward price pressure), new competitors that enter the industry, vehicle manufacturers, and new technologies or technical advances in vehicles or their parts. Additionally, the COVID-19 environment may encourage and/or accelerate online trading and online competition in Bapcor's key markets. Increased competition, and/or a failure by Bapcor to keep up with online offerings provided by its competitors, could materially adversely impact Bapcor's financial performance and profitability.

## Increased Bargaining Power of Customers

A significant majority of Bapcor's sales are derived from repeat orders from customers. Bapcor may experience increased bargaining power from customers due to consolidation of existing workshops forming larger chains, greater participation of existing workshops in purchasing and buying groups, and closure of independent workshops (including as a result of COVID-19) resulting in greater market share of larger chains. An increase in bargaining power of customers may result in a decrease in prices or loss of customer accounts, which may in turn materially adversely impact Bapcor's financial performance and profitability.

## Supplier Pressure or Relationship Damage

Bapcor's business model depends on having access to a wide range of automotive parts, in particular parts with established brands that drive customer orders. An increase in pricing pressure from suppliers, a damaged relationship with a supplier or the adverse impacts of COVID-19 on Bapcor's supply chain may increase the prices at which Bapcor procures parts or limit Bapcor's ability to procure parts from that supplier. If prices of parts increase, Bapcor will be required to pass on or absorb the price increases, which may result in a decreased demand for Bapcor's products or a decrease in profitability. If Bapcor is no longer able to order parts from a key supplier, Bapcor may lose customer orders and accounts, resulting in lower sales. Any decline in demand, sales or profitability may materially adversely impact Bapcor's financial performance and profitability.

## Exchange Rate Risk

A large proportion of Bapcor's parts are sourced from overseas (as is the case with Bapcor's competitors), either indirectly through local suppliers or directly by Bapcor. This exposes Bapcor to potential changes in the purchase price of products due to exchange rate movements (including as a result of the circumstances surrounding COVID-19). Historically Bapcor has been able to pass on the majority of the impact of foreign exchange movements through to the market. If a situation arises where Bapcor is not able to recoup foreign exchange driven cost increases, this may materially adversely impact Bapcor's financial performance and profitability. Additionally, Bapcor's businesses in New Zealand and Thailand exposes it to New Zealand and Thai currency risks, including fluctuations in its revenue and profits as reported by Bapcor in Australian dollars

## Interest rate and access to capital risk

Bapcor is subject to the risk of rising interest rates associated with bearing liabilities with variable interest rates where interest rate movements can impact Bapcor's cash flow exposures. Bapcor seeks to manage part of its exposure to adverse fluctuations in floating interest rates through fixing the interest rate on a portion of its borrowings and also through interest rate hedging arrangements, including derivative financial instruments such as interest rate swaps. Such arrangements involve risk, such as the risk that counterparties may fail to honour their obligations under these arrangements, and that such arrangements may not be effective in reducing exposure to movements in interest rates. To the extent that Bapcor does not hedge effectively (or at all) against movements in interest rates, such interest rate movements may materially adversely impact Bapcor's financial performance and profitability.

Bapcor may need to access additional debt finance or capital to fund its operations. However, developments in global financial markets, such as the impact of COVID-19, may adversely affect the liquidity of global credit markets and Bapcor's access to those markets. If Bapcor is unable to access capital, or refinance, repay or renew its debt facilities or otherwise obtain debt finance on favourable terms, this may materially adversely impact Bapcor's financial performance and profitability.

# Risk Factors



## Expansion

A key part of Bapcor's growth strategy is to increase the size of its store networks, which it intends to achieve through store acquisitions, greenfield developments and other business acquisitions. As a result of COVID-19, this growth strategy will be delayed. In the future, if suitable acquisition targets are not able to be identified, acquisitions are not able to be made on acceptable terms, or suitable greenfield sites are not available, or if the circumstances surrounding COVID-19 are prolonged, this will limit Bapcor's ability to execute its growth strategy within its expected timeframe. Further, new stores may not prove to be as successful as Bapcor anticipates including due to issues arising from integrating new businesses. Any or all of these factors could materially adversely impact Bapcor's financial performance and profitability and its capacity to pursue further expansion.

## Managing Growth and Integration Risk

The integration of acquired businesses and the strategy of growing the store network will require Bapcor to integrate these businesses and, where appropriate, upscale its operational and financial systems, procedures and controls and expand and retain, manage and train its team members. If Bapcor is not able to manage its expansion and growth efficiently and effectively, or if the performance of new stores or acquisitions does not meet expectations, in each case including as a result of the circumstances surrounding COVID-19, this may materially adversely impact Bapcor's financial performance and profitability.

## Franchise Regulations

Bapcor has a large franchise network within its retail segment. Changes in franchise law or regulations may have an impact on the responsibilities of the franchisor or the operations of these franchise businesses. Although Bapcor senior management seek ongoing professional advice to monitor any developments and implement appropriate changes, any such changes in franchise law or regulations could materially adversely impact Bapcor's financial performance and profitability.

## People Risk

Bapcor is a highly focused customer service business and its team members and senior management are key to maintaining the level of operational service to its customers, as well as executing Bapcor's strategy. Any significant turnover of team members or unplanned loss of key senior management (in each case, including as a result of COVID-19) has the potential to disrupt Bapcor's ability to develop and implement its business strategies, and may materially adversely impact Bapcor's financial performance and profitability.

## Information Technology

All of Bapcor's business operations rely on information technology platforms. Although Bapcor's business units operate with a number of different operating systems, making it less likely that any unplanned downtime will occur across the entire business, any sustained unplanned downtime due to system failures, cyber-attack or any other reason has the potential to have a material impact on the ability for Bapcor to service its customers which, in turn, may materially adversely impact Bapcor's financial performance and profitability.

## Counterparty risk

There is a risk that counterparties (including customers) may fail to meet their contractual obligations (particularly to the extent that the relevant counterparties are facing financial distress, including as a result of COVID-19) resulting in financial loss to Bapcor and impacting on Bapcor's business relationships and operations. Bapcor cannot guarantee that its counterparties will fulfil these obligations or that Bapcor will successfully manage counterparty credit risk. Any significant failure of customers to meet their financial obligations to Bapcor may materially adversely impact Bapcor's financial performance and profitability.

# Risk Factors



## **Business Disruptions**

A disruption in the systems and processes utilised in Bapcor's business can affect part availability and result in delays in the delivery of parts to Bapcor's customers. Stock-outs and delays in delivery (including as a result of COVID-19) can have the short-term effect of lost orders from the period, as well as the longer term consequence of the loss of customer accounts, either of which could materially adversely impact Bapcor's financial performance and profitability.

## **Industry Trends and Customer Decisions**

Demand for automotive parts and accessories is affected by a number of factors, including the number of vehicles, vehicle age and vehicle usage. An unfavourable trend in these factors may reduce the demand for automotive parts and accessories. In addition, sales of automotive parts and accessories are impacted by the frequency of vehicle servicing and general economic and consumer confidence. Any postponement of servicing or purchasing by vehicle owners (including as a result of COVID-19), either through delaying the service or opting-out of particular jobs or purchases, is likely to decrease the demand for automotive parts and accessories which could materially adversely impact Bapcor's financial performance and profitability.

## **Supply Chain Management**

Bapcor's business relies on being able to access a wide variety of SKUs from its suppliers and having the required part available for timely delivery to its stores, outlets and customers when ordered. Any potential delay or default by suppliers in delivering parts and accessories to Bapcor (including as a result of COVID-19) may adversely impact Bapcor's ability to service its customers and marketing network and damage the customer relationship and ultimately may materially adversely impact Bapcor's financial performance and profitability.

## **Property Leases**

Bapcor has a large number of leased premises. The growth prospects of the Bapcor are likely to result from increased contribution from existing stores and Bapcor's ability to continue to open and operate new stores on a profitable basis (notwithstanding the circumstances surrounding COVID-19). Accordingly, there may be a material adverse impact on Bapcor's financial performance and profitability if Bapcor is unable to renegotiate acceptable lease terms of existing stores when leases are due to expire and to identify suitable sites and negotiate suitable leasing terms for new stores.

Additionally, if in response to COVID-19 Bapcor's stores are closed or suffer a significant decline in revenue (in one or more of its key markets) as a result of governments imposing restrictions on the movement of its citizens and limiting non-essential services and activities, and Bapcor is not able to negotiate appropriate rent relief terms with its landlords, there may be a material adverse impact on Bapcor's financial performance and profitability.

## **Changing Consumer Preferences and Buying Patterns**

Bapcor's businesses operate in a competitive market. In such an environment, consumer preferences are dynamic and subject to change with changes in the economy. For example, in the long term it is expected that there will be continued growth in the demand and production of electric vehicles. However, customer demand and buying patterns are difficult to accurately assess in this uncertain and competitive environment, including as a result of COVID-19. Misjudgements in demand or changes in customer preferences could result in overstocked or understocked inventory, lower sales growth and/or lower gross margins as a result of markdowns. These outcomes could materially adversely impact Bapcor's financial performance and profitability.

# Risk Factors



## **Brand Names May Diminish in Reputation and Value**

Brand names are crucial assets to the business of Bapcor and the success of Bapcor is heavily reliant on its reputation and branding. Unforeseen issues or events which place Bapcor's (or any of its brands) reputation at risk may impact on its future growth and profitability. The reputation and value associated with these brand names could be adversely impacted by a number of factors, including failure to provide customers with the quality of product and service standards they expect, product recalls, disputes or litigation with third parties such as employees, suppliers or customers, or adverse media coverage.

Reputational damage may potentially result in a fall in customer orders and impinge on Bapcor's ability to both maintain relationships with existing customers, and retain or attract key employees. If this were to occur, it may materially adversely impact Bapcor's financial performance and profitability. In particular, significant erosion in the reputation of, or value associated with any of Bapcor's brands including but not limited to the Burson, BNT, Truckline, Autobarn, Autopro, Midas ABS and Sprint brand names could materially adversely impact Bapcor's financial performance and profitability.

## **Regulatory risk and changes in law**

In addition to changes in franchisee regulations (referred to above), other changes in the structure and regulation of the industries in which Bapcor operates in Australia, New Zealand and Thailand and elsewhere could materially affect Bapcor and its business.

Changes to government policy, law or regulations, or the introduction of new regulatory regimes (for example, in relation to responses to COVID-19 or climate change), may lead to an increase in operational costs and could materially adversely impact Bapcor's financial performance and profitability.

Failure to comply with applicable laws and regulations may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include civil or criminal fines or penalties.

## **Litigation risk**

Disputes or litigation may arise from time to time in the course of the business activities of Bapcor. There is a risk that any material or costly dispute or litigation could materially adversely impact Bapcor's financial performance and profitability.

## **Insurance risk**

Although Bapcor maintains insurance coverage that it believes is appropriate to protect against major operating and other risks, not all risks are insured or insurable. Bapcor cannot be sure that adequate insurance coverage for potential losses and liabilities will be available in the future on commercially reasonable terms, and may also carry large deductibles and premiums. If Bapcor experiences a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses or liabilities to third parties. This could materially adversely impact Bapcor's financial performance and profitability.

## **Taxation risks**

Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of an investment in Bapcor shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Bapcor operates (in particular, Australia, New Zealand and Thailand), may impact the future tax liabilities of Bapcor which, in turn, could materially adversely impact Bapcor's financial performance and profitability. In addition, an investment in shares involves tax considerations which may differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in Bapcor.

## Changes to Accounting standards

The Australian Accounting Standards are set by the Australian Accounting Standards Board (AASB). Changes to accounting standards issued by AASB could materially adversely affect the financial position and performance reported in Bapcor's financial statements.

## **General and Offer Risks**

### Risks associated with an investment in shares

There are general risks associated with investments in equity capital such as Bapcor shares. The trading price of Bapcor shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Placement Price or the issue price of the New Shares under the SPP. Generally applicable factors which may affect the market price of Bapcor shares include:

- a) the impact of COVID-19 (or other pandemics or epidemics), including prolonged reduction in automotive aftermarket parts and accessories distribution activity across the business' key markets and on Bapcor's workforce, industry, customers and supply chains, including as a result of governmental action, work stoppages, lockdowns, quarantines, travel restrictions and the impact on the economics and share markets of the key markets in which Bapcor operates;
- b) general movements in Australian and international stock markets;
- c) investor sentiment;
- d) Australian and international economic conditions and outlook;
- e) changes in interest rates and the rate of inflation;
- f) changes in government legislation and policies, including taxation laws, or changes in accounting standards;
- g) loss of key personnel and delays in replacement;
- h) announcement of new technologies;
- i) geopolitical instability, including international hostilities and acts of terrorism, the response to COVID-19 and travel restrictions;
- j) demand for and supply of Bapcor shares;
- k) announcements and results of competitors; and
- l) analyst reports.

No assurances can be given that the New Shares will trade at or above the Placement Price or the issue price of the New Shares under the SPP. None of Bapcor, its directors or any other person guarantees the market performance of the New Shares.

The financial position, performance and prospects of Bapcor and Bapcor's share price may be adversely affected by the worsening of general economic conditions in Australia and New Zealand (including, the adverse impacts of, and the responses to, COVID-19), as well as international market conditions and related factors. It is also possible new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable.

# Risk Factors



In particular, the events relating to COVID-19 have recently resulted in significant market falls and volatility in Australia, New Zealand and overseas, including in the prices of securities trading on the ASX. There is continued uncertainty as to the further impact of COVID-19 on the Australian and New Zealand economies and equity and debt capital markets including in relation to governmental action, work stoppages, lockdowns, quarantines, travel restrictions and the impact on the Australian economy (and international economies) and share markets globally. Any of these events and resulting fluctuations may materially adversely impact the market price of Bapcor's shares.

## Dilution risk

If shareholders do not participate in the Placement or the SPP, then their percentage shareholding in Bapcor will be diluted as a result of the Placement and the SPP. Even if a shareholder does take up their full allocation under the SPP, the percentage shareholding in Bapcor may be diluted by the Placement and possibly also from the SPP because participation is limited to a fixed amount and shareholders are not entitled to participate in the SPP on a pro rata basis relative to their existing shareholdings.

## Dividends

Bapcor's payment of dividends in respect of Bapcor's shares is impacted by a number of factors, including Bapcor's profitability, retained earnings, availability to frank credits, capital requirements and available cashflow. Any future dividends will be determined by Bapcor's board having regard to these (and other) factors. There is no guarantee that any dividend will be paid by Bapcor, or if paid, paid at historical levels. From time to time, Bapcor's board may also cancel or defer previously announced dividends.

# Appendix B

## Foreign Selling Restrictions

# Foreign Selling Restrictions



This presentation does not constitute an offer of New Shares of Bapcor in any jurisdiction in which it would be unlawful. In particular, this presentation may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## United States

This presentation may not be distributed or released in the United States. This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. The securities referred to in this Presentation have not been, and will not be, registered under the US Securities Act of 1933, as amended ("U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares to be offered and sold in the Placement may not be offered or sold, directly or indirectly, in the United States unless such securities have been registered under the U.S. Securities Act (which Bapcor has no obligation to do) or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States. The New Shares to be offered and sold in the Share Purchase Plan may not be offered or sold, directly or indirectly, in the United States or to any person that is acting for the account or benefit of a person in the United States.

The New Shares to be offered and sold in the Placement may only be offered and sold:

- outside the United States, in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act; and
- in the United States, (a) to persons that are reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) pursuant to Rule 144A under the U.S. Securities Act, or (b) to dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not "U.S. persons" (as defined in Rule 902(k) under the U.S. Securities Act) for which they have, and are exercising, investment discretion, within the meaning of Rule 902(k)(2)(i) under the U.S. Securities Act, in reliance on Regulation S under the U.S. Securities Act.

## Canada (British Columbia, Ontario and Quebec provinces)

This presentation constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This presentation is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This presentation may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this presentation, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

Bapcor as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon Bapcor or its directors or officers. All or a substantial portion of the assets of Bapcor and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against Bapcor or such persons in Canada or to enforce a judgment obtained in Canadian courts against Bapcor or such persons outside Canada. Any financial information contained in this presentation has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this presentation are in Australian dollars.

# Foreign Selling Restrictions



## *Statutory rights of action for damages and rescission*

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this presentation (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against Bapcor if this presentation or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against Bapcor. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this presentation contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against Bapcor, provided that (a) Bapcor will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, Bapcor is not liable for all or any portion of the damages that Bapcor proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

*Certain Canadian income tax considerations.* Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this presentation is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces. *Language of documents in Canada.* Upon receipt of this presentation, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

## **European Union**

This presentation has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this presentation may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

# Foreign Selling Restrictions



## Hong Kong

WARNING: This presentation has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this presentation or to permit the distribution of this presentation or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this presentation, you should obtain independent professional advice.

## Japan

The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

## New Zealand

This presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

# Foreign Selling Restrictions



## Norway

This presentation has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this presentation shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

## Singapore

This presentation and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this presentation and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This presentation has been given to you on the basis that you are (i) an existing holder of Bapcor's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this presentation immediately. You may not forward or circulate this presentation to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this presentation nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

Neither this presentation nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This presentation is personal to the recipient and not for general circulation in Switzerland. No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this presentation will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

# Foreign Selling Restrictions



## United Arab Emirates

This presentation does not constitute a public offer of securities in the United Arab Emirates and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this presentation nor the New Shares have been approved by the Securities and Commodities Authority ("SCA") or any other authority in the UAE.

This presentation may be distributed in the UAE only to "qualified investors" (as defined in the SCA Board of Directors' Chairman Decision No. 37 RM of 2019, as amended) and may not be provided to any person other than the original recipient. No marketing of the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE.

No offer or invitation to subscribe for New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

## United Kingdom

Neither this presentation nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this presentation or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This presentation is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This presentation may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Bapcor.

In the United Kingdom, this presentation is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this presentation relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

# Appendix C

## Placement Agreement



# Placement Agreement



Bapcor has entered into a placement agreement with the Underwriters of the Placement (Placement Agreement), pursuant to which the Underwriters have agreed to fully underwrite the Placement on the terms and conditions of the Placement Agreement.

The obligations of the Underwriters under the Placement Agreement, including to manage and underwrite the Placement, are conditional on certain matters, including Bapcor delivering certain certificates and opinions. Further, if certain events occur, some of which are beyond the control of Bapcor, the Underwriters may terminate the Placement Agreement. Termination of the Placement Agreement would have a materially adverse impact on the total amount of proceeds that could be raised under the Placement.

The Underwriters may terminate their obligations under the Placement Agreement on the occurrence of the following events:

- the conditions precedent in the Placement Agreement (including delivery by Bapcor to the Underwriter of a due diligence questionnaire) are not satisfied or waived by their respective deadlines;
- the Offer materials:
  - contain a statement that is or becomes misleading or deceptive or likely to mislead or deceive;
  - omit any information they are required to contain (having regard to the provisions of section 708A and any other applicable requirements); or
  - fail to comply with the Corporations Act or any other applicable law or any statement about a future matter (including the doing or, or refusing to do, an act, and also including any forecast, expression of opinion, intention or expectation) expressed in the Offer materials being taken to be misleading in accordance with section 769 of the Corporations Act;
- the Placement cleansing statement is defective within the meaning of section 708A(10) of the Corporations Act or a corrective notice is issued or is required to be issued under section 708A(9) of the Corporations Act;
- ASIC (i) makes an application for an order under Part 9.5 of the Corporations Act in relation to the Placement or the Offer materials; (ii) commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Placement or the Offer materials; (iii) holds, or gives notice of intention to hold, a hearing or investigation in relation to the Placement or Bapcor; or (iv) prosecutes or gives notice of an intention to prosecute or commences proceedings against, or gives notice of an intention to commence proceedings against, Bapcor or any of its directors, officers, employees or agents in relation to the Placement, and in each case which:
  - is public; or
  - is not public, and is not withdrawn, within 3 business days or within 1 business day of the settlement date of New Shares under the Placement (ie, 21 April 2020).
- unconditional approval (or conditional approval, provided such condition would not, in the reasonable opinion of the Underwriters, have a material adverse effect on the success or settlement of the Placement) by the ASX for official quotation of the Placement shares is refused, or is not granted on or before the allotment date for New Shares under the Placement (ie, 22 April 2020) (or such later date agreed in writing by the Underwriters in their absolute discretion) or is subsequently withdrawn, qualified or withheld;
- ASX makes an official statement to any person or indicates to Bapcor or the Underwriters that official quotation of the Placement shares will not be granted;
- Bapcor ceases to be admitted to the official list of ASX or the ordinary shares in Bapcor are suspended from trading on, or cease to be quoted on ASX (which, for the avoidance of doubt, does not include the trading halt requested by Bapcor for the purposes of conducting the Placement or any other period of trading halt agreed by Bapcor and the Underwriters);
- any certificate which is required to be provided by Bapcor under the Placement Agreement is not provided when required;
- Bapcor withdraws the Placement or indicates that it does not intend to proceed with the Placement or any part of the Placement;
- any event specified in the timetable for the Placement is delayed without the prior consent of the Underwriters;
- any Bapcor group member becomes insolvent, or there is an act or omission which is likely to result in a Bapcor group member becoming insolvent;

# Placement Agreement



- in the opinion of the Underwriters, a material adverse change or effect, or any development involving a prospective material adverse change or effect, in or affecting:
  - the general affairs, business, operations, assets, liabilities, financial position or performance, profits, losses, prospects, earnings position, shareholder's equity, or results of operations of the Bapcor group or otherwise (taken as a whole);
  - the market price of the Placement shares; or
  - the success, marketing or settlement of the Placement;
- at any time between the Placement bookbuild opening time and 4 hours after the Placement bookbuild closing time, either the S&P/ASX 200 Index or the S&P/ASX 200 SPI Futures Index falls to a level that is 10% below the level of the relevant index as at the Placement bookbuild opening time; or
- there is an event, occurrence or non-occurrence after the execution of this agreement which makes it illegal or commercially impossible for the Underwriters to satisfy a material obligation under the Placement Agreement, or to market, promote or settle the offer of Placement shares, or that causes the Underwriters to delay satisfying a material obligation under the Placement Agreement, including, without limitation:
  - any acts, statute, order, rule, regulation, directive or request of any government agency, orders of any courts, lockdowns, lock-outs, forced closures, restrictions on mobility, or interruptions or restrictions in transportation which has this impact; or
  - any acts of God or other natural forces, civil unrest or other civil disturbance, currency restriction, embargo, action or inaction by a government agency, or any other event similar to those enumerated above.

In addition, the Underwriters may terminate the Placement Agreement on the occurrence of the following events if they have reasonable grounds to believe that the event (a) has or is likely to have a material adverse effect on (i) the success, settlement or marketing of the Placement or on the ability of the Underwriters to market or promote or settle the Placement or on the likely price at which the Placement shares will trade on ASX or (ii) the willingness of investors to subscribe for the Placement shares; or (b) will, or is likely to, give rise to a liability of an Underwriter under, or a contravention by an Underwriter or its affiliates or an Underwriter or its affiliates being involved in a contravention of, any applicable law:

- there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Placement Agreement);
- a representation, warranty, undertaking or obligation contained in the Placement Agreement on the part of the Bapcor is breached, becomes not true or correct or is not performed;
- Bapcor defaults on one or more of its obligations under the Placement Agreement;
- hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, Canada, Japan, the United Kingdom, the People's Republic of China, South Korea, Israel, Singapore, or any member state of the European Union, or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- a statement in a certificate which is required to be provided by Bapcor under the Placement Agreement is false, misleading, deceptive, untrue or incorrect;
- any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, New Zealand, Singapore, Hong Kong, the United Kingdom, the United States or a Member State of the European Union is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
  - any adverse effect on the financial markets in Australia, New Zealand, Singapore, Hong Kong, the United Kingdom, the United States or a Member State of the European Union, or in foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries;
  - trading in all securities quoted or listed on ASX, the New Zealand Stock Exchange, New York Stock Exchange, London Stock Exchange, or the Hong Kong Stock Exchange is suspended or limited in a material respect for one day (or a substantial part of one day) on which that exchange is open for trading, or a Level 3 "market-wide circuit breaker" is implemented by the New York Stock Exchange upon a 20% decrease against the prior day's closing price of the S&P 500 Index only.

If the Placement Agreement is terminated by an Underwriter, that Underwriter is not obliged to perform its obligations that remain to be performed under the Placement Agreement.