



Bapcor Limited

(ASX: BAP)

ASX Release

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2019 Annual General Meeting – Chairman’s Address

Good afternoon ladies and gentlemen. My name is Andrew Harrison, Chairman of Bapcor Limited, and I welcome you to Bapcor’s 2019 Annual General Meeting.

On behalf of the Board I am pleased to report on another successful year for Bapcor. Financial year 2019 was another record year for our business which saw exceptional results in the face of softer trading conditions. Revenue, EBITDA and EPS all recorded solid growth, whilst proforma net profit after tax increased by 9.0% to \$94.3M.

Bapcor has now achieved its stated strategic and profit growth targets every year since listing on the ASX over 5 years ago.

The achievement of these targets can be put down to a few key factors:

- Bapcor operates in an industry that has opportunity for profitable expansion and is not overly exposed to economic fluctuations;
- we have a consistent strategy and focus on our core competencies; and
- we have a strong management team that are good operators and execute well on strategy, supported by over 4,500 talented and passionate team members and franchisees.

Through executing on our strategy as well as continuing to improve on our core business operations, Bapcor has become a major participant in the Australasian Automotive Aftermarket with our businesses operating from over 950 locations in three countries with over 4,500 employees covering the end-to-end automotive aftermarket supply chain in Trade, Specialist Wholesale, Retail and Service segments.

Highlights of the Financial Year included the continued strong growth of our largest segment “Trade” which delivered EBITDA growth of 8.5%. Bapcor New Zealand increased EBITDA by 13.8% and this business has performed very strongly since the acquisition of Hellaby in January 2017. The “Specialist Wholesale” business segment increased its EBITDA by 20% which included the entry into commercial vehicles.

Bapcor entered the commercial vehicle market segment in a more meaningful way with two acquisitions adding 14 locations and we have since added one Greenfield location. We also announced today the pending acquisitions of Truckline and Diesel Drive with a further 23 locations which will take our total footprint to a meaningful 38 locations. Australia continues to be dependent upon the logistical services provided by both heavy and Japanese commercial truck sectors. We see considerable growth opportunities for the group in these sectors.

Bapcor is now uniquely positioned to provide aftermarket parts for all forms of road transport. Bapcor's strategy is to continue to expand our business reach and product offerings. We will also be aiming to optimise the benefits of our network and vertically integrated structure through increased intercompany sourcing and operating efficiencies.

We are building for the future by undertaking significant technology and infrastructure investments in the areas of warehousing, retail point of sale and information technology. These investments will ensure Bapcor's systems and processes are fit for purpose and well positioned in the years to come.

We also continue to look for appropriate opportunities to enhance our business that deliver shareholder value, whilst being in line with our strategy and disciplined acquisition criteria.

With these initiatives and our focus on customer service, Bapcor still has a significant runway of growth ahead of it well into the future.

Whilst Bapcor is focussed on profitable growth, it also is very aware of its safety obligations and continues to make significant investments in this area, as well as community responsibilities and has made several notable achievements in relation to its environmental, social and governance strategy. This included establishing an ESG governance process at Board level, identifying sustainability risks, and integrating these within the Group risk management framework. We also improved our responsible sourcing practices, with a primary focus on mitigating the risks of modern slavery within our supply chain. We reduced our environmental impact through offsetting delivery vehicle emissions and LED replacement programs. Bapcor continues to support the communities in which our businesses operate through a wide range of local and grass-root initiatives.

Bapcor's success does not happen without outstanding management and dedicated employees. The skills and effort required to successfully execute our strategy in all aspects of our business does not go unrecognised by the Bapcor board. We would like to sincerely thank our chief executive Darryl Abotomey, his executive team, and all of the Bapcor team including employees and franchisees for their efforts in making us Australasia's leading provider of aftermarket parts, accessories, equipment and service.

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