

ASX Announcement Bapcor Limited (ASX: BAP)

21 August 2024

Full Year Financial Results

Bapcor Limited (“Bapcor” or the “Company”, ASX: BAP), Asia Pacific’s leading provider of vehicle parts, accessories, equipment, service and solutions, today announces its financial results for the year ended 30 June 2024 (“FY24”).

FY24 Overview¹

- Statutory loss of \$(158.3)m post significant items of \$(253.1)m (post tax), mostly non-cash and related to impairments and write downs in the Retail segment as previously foreshadowed
- Pro-forma NPAT² of \$94.8m, which excludes \$253.1M (post tax) of significant items was in-line with May 2024 guidance
- Revenue up 0.8% to \$2.0bn, with growth in Trade and Specialist Wholesale segments partly offset by a decline in Retail and New Zealand flat
- Pro-forma EBITDA of \$268.4m down 10.1% on FY23 driven by performance in Retail segment and Wholesale business within Specialist Wholesale segment
- Strong balance sheet with a net bank debt at 30 June 2024 of \$337.1M³, a leverage ratio of 1.70x and \$280m in undrawn facilities
- Final dividend of 5.5cps, total FY24 dividend of 15cps representing 54% payout ratio, in the mid-point of the Company’s target range
- Better than Before (BTB) transformation program scaled back with key activities embedded within the business segments
- Appointment of Angus McKay as Executive Chair & CEO (commencing 22 August 2024) and George Saoud as CFO

Bapcor’s Interim CEO and Managing Director Mr. Mark Bernhard said: “FY24 has been a challenging year with significant disruption to the business, through management changes and difficult trading conditions. That said, since the trading update in May, we have taken decisive action as a management team to right-size the company’s cost base and reduce operational complexity to set Bapcor back on the right path. This included scaling back the BTB program, restructuring and rationalising the business and addressing the inventory issues. These actions will deliver \$20m to \$30m in savings in FY25.”

¹ All comparisons relate to FY23, unless stated otherwise.

² Pro-Forma results are adjusted to exclude distribution network rationalisation costs, impairment of assets, restructuring costs, impairment of assets held for sale and other items mainly related to Better than Before one-off costs.

³ Net bank debt is based on pre-AASB16 net debt and pre-AASB16 EBITDA



Key Management Actions in FY 24 Q4

Management is taking actions to reduce complexity, simplify the business and improve its efficiency by:

- Rationalising the supply chain network with a planned closure of circa 20% of smaller warehouses to reduce costs, optimise its inventory and sell a wider range of products across its customer base
- Reducing its head office headcount by more than 100 non-customer facing roles
- Rationalising its Specialist Networks operations including consolidating trucking brands into one business and auto electrical businesses into a single operation to optimise our go-to-market strategy, deliver better value for customers and improved efficiencies
- Focusing on core segment and exiting non-core businesses.

Financial Performance⁴

\$M	FY24	FY23	YoY %
NPAT Statutory	(158.3)	106.4	(248.7)%
Revenue	2,036.9	2,021.1	0.8%
EBITDA Pro-Forma	268.4	298.6	(10.1)%
EBIT Pro-Forma	174.9	204.3	(14.4)%
NPAT Pro-Forma	94.8	125.3	(24.3)%
Basic EPS Pro-Forma	27.9	36.9	(24.3)%
Dividend per share	15.0cps	22.0cps	(7cps)
Cash conversion	77.0%	107.4%	(348)bps
Net Debt	337.1	251.7	33.9%
Leverage (ND / EBITDA)	1.70x	1.12x	N/A

Significant Items

Significant items (pre-tax) were \$(296.8)m of which \$(286.4)m was incurred in 2H FY24, with more than 80% of that being non-cash. Of this 2H charge:

- \$(208.6)m related to the non cash impairment of the assets in the Retail segment due to the write-off of goodwill, trademarks and other tangible and intangibles assets.
- \$(39)m related to distribution centre rationalisation as Bapcor plans to close ~20% of its smaller warehouses with operations transferred to its more efficient, large-scale distribution centres.

⁴ Pro-Forma results are adjusted to exclude significant items relating to the distribution network rationalisation costs, impairment of assets, restructuring costs, impairment of assets held for sale and other items mainly related to Better than Before one-off costs (NPAT impacts: FY24 \$253.1M, FY23 \$18.9M). Cash conversion calculated based on Operating Cash Flow divided by EBITDA. Net Debt and Leverage calculation are based on pre-AASB16 net debt and pre-AASB16 EBITDA.

- Restructuring costs of approx. \$14m related to the cost reduction and efficiency programs including more than 100 head office redundancies and the consolidation and closure of 13 stores.
- The balance related to an impairment of non-core businesses for sale, costs associated with the BTB program in H1 FY24 and Distribution Centre Queensland consolidation costs.

Cash, balance sheet and dividend

Bapcor ended FY24 with a net debt position of \$337.1M, representing a leverage ratio of 1.70x. During the year, Bapcor refinanced its debt facilities with extended tenures to 2028 and 2029 and has no facilities expiring in 2025. This provided an additional \$100m of headroom, with undrawn facilities as at 30 June 2024 of \$280m.

Cash flows from operating activities were \$206.7.0m. There was a significant improvement in cash conversion in 2H24 of 81.4% (1H24 65.1%) driven by strong working capital management in Q4.

The Board has declared a final dividend of 5.5cps taking the full year dividend to 15 cents per share. This represented a payout ratio of 54%, of pro-forma NPAT at the mid-point of the company's payout range.

Summary and Trading Update

Group total revenue for the first 5 weeks was up 7.7% and up 1.0% on a like for like basis⁵. Mark Bernhard commented: "Bapcor's fundamentals remain strong. We have a great business in a rational and resilient industry. We have great brands and strong market share in each of our segments with competitive strength in our fulfilment model and an amazing team of industry experts. We announced the appointment of Angus McKay as our new CEO and Executive Chair, who starts on 22 August and George Saoud as CFO who joined permanently on 1 July. With the new team in place, the positive actions already underway and trading momentum, we are confident in the future of Bapcor and its ability to deliver an improved financial performance."

Bapcor will host a results briefing today at 10am AEDT which participants can join via the following webcast link: https://event.webcasts.com/starthere.jsp?ei=1679635&tp_key=332cac3019

Issued by: Bapcor Limited ("Bapcor" or "the Company"), ASX:BAP, www.bapcor.com.au

Authorised by: the Board of Bapcor

For further information, please contact:

Investors
Karen McRae
+61 417 186 500
karenm@bapcor.com.au

Media
Kate Hobson
+61 434 314 312
kateh@bapcor.com.au

⁵ Like for like is adjusted for 2 lower trading days in FY25 v pcp (our non-Retail businesses do not trade weekends).

