



# FY2018 Results Presentation

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## AFTERMARKET SUPPLY CHAIN

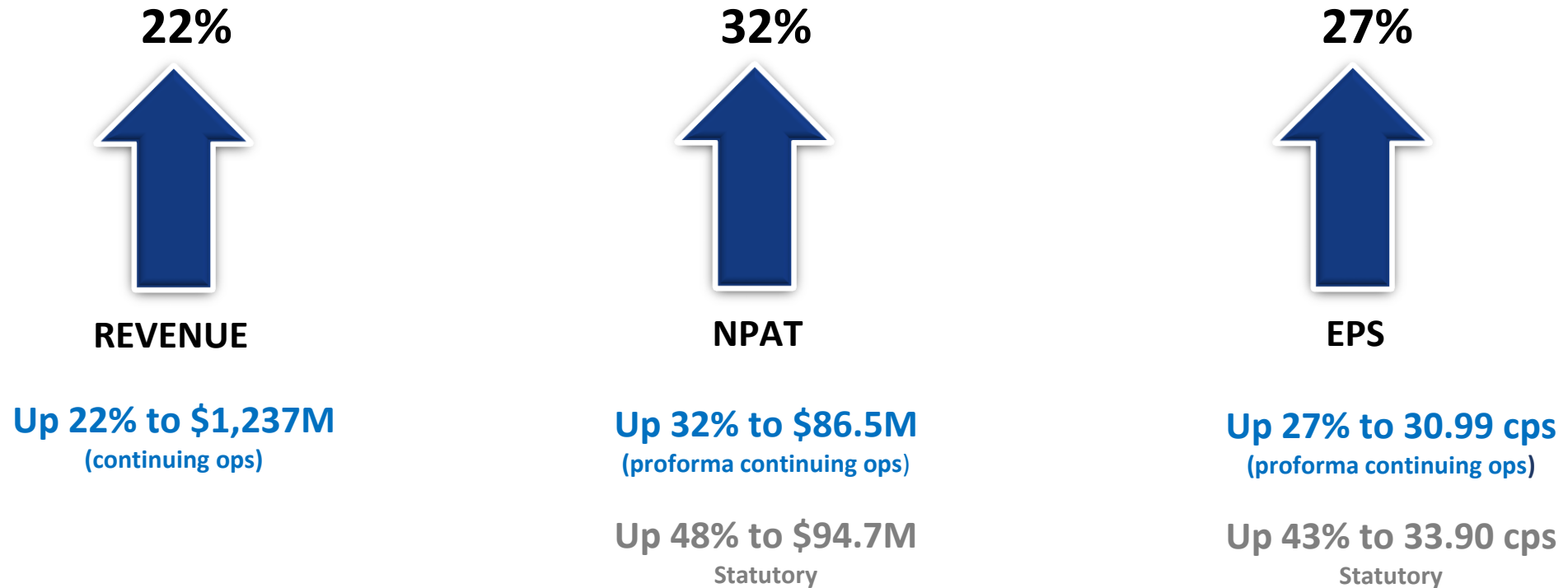


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# FY2018 Headline Results





## FY2018 Operational Highlights

- Delivered result in line with guidance – have done each year since IPO in 2014
- Every business segment showing improvement on prior year
- Trade continues to perform extremely well, as does Specialist Wholesale and Bapcor New Zealand
- Retail & Service making good progress, in line with plan
- Intercompany sales & own brand increasing
- Completed divestment of non-core assets with investment proceeds of NZ\$103M
  - Resulting in a gain on divestments of \$7M in statutory NPAT
- Successful integration of Hellaby Automotive acquisition and delivered on synergies.

# FY2018 Financial Highlights



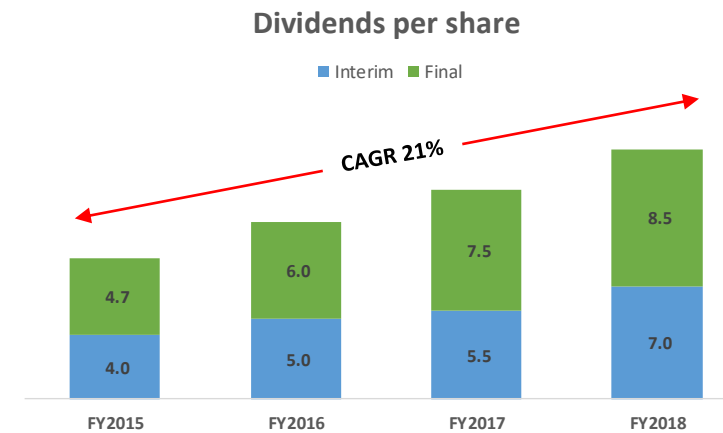
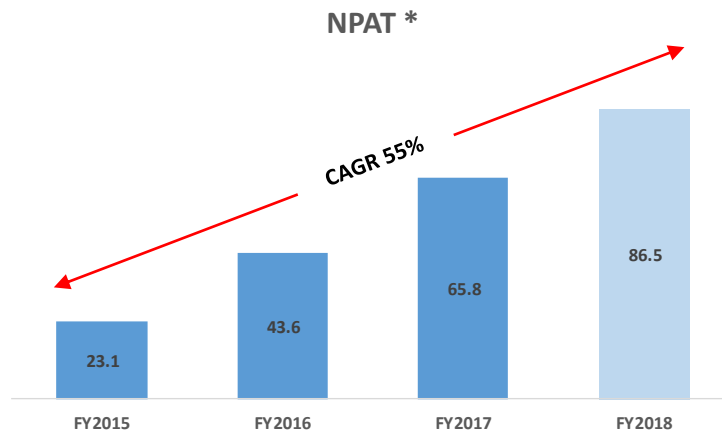
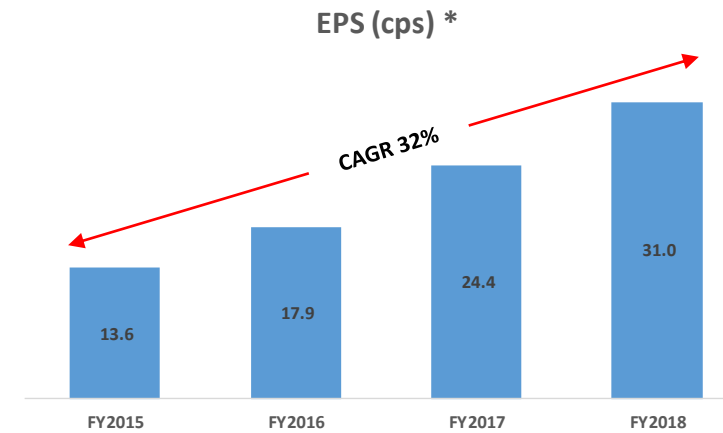
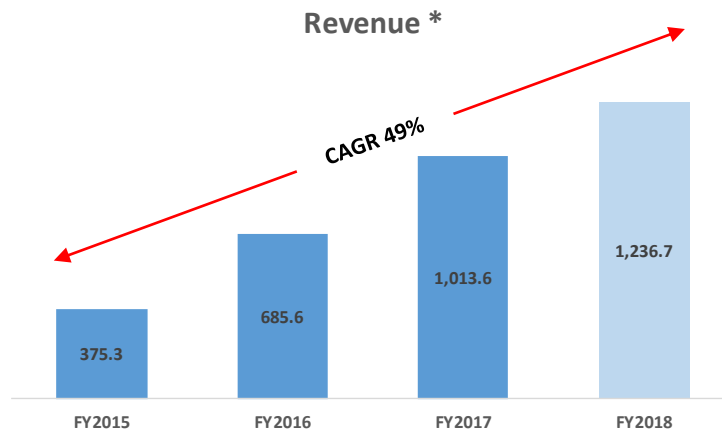
		FY18	FY17	Variance
<u>Continuing Operations</u>				
Revenue	\$'M	1,236.7	1,013.6	22.0%
Gross Margin	%	46.0%	45.7%	0.3 pp
EBITDA – proforma	\$'M	150.0	117.4	27.7%
EBITDA	%	12.1%	11.6%	0.5 pp
NPAT – proforma	\$'M	86.5	65.8	31.6%
EPS – proforma	cps	30.99	24.40	27.0%
<u>Total Bapcor (including Discontinued Operations)</u>				
NPAT – statutory	\$'M	94.7	63.8	47.8%
EPS – statutory	cps	33.90	23.76	42.7%
Dividend	cps	15.5	13.0	19.2%



**Notes:**

1. Hellaby was acquired in January 2017 and hence is included for the full year FY18, but only six months in the prior year.
2. Discontinued Operations include Hellaby Footwear, Contract Resources and TBS.

# Summary of Key Performance Indicators

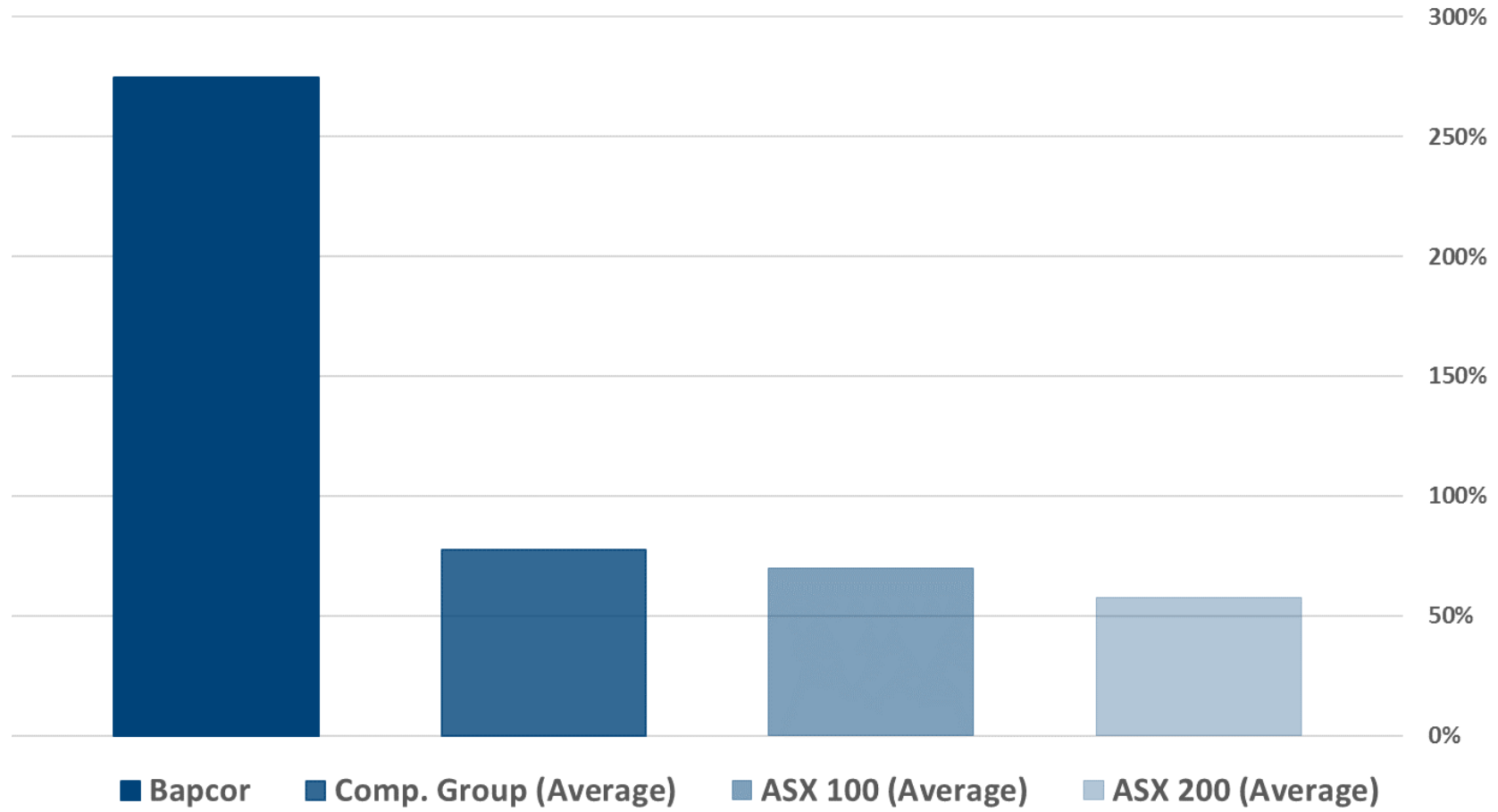


\* Based on continuing operations only and proforma results where appropriate



# Comparative Total Return to Shareholders

- over last four years



Source: KPMG

## Business Segment Results – continuing operations

\$'M Proforma	Revenue			EBITDA			EBITDA % Revenue
	FY18	FY17	% Change	FY18	FY17	% Change	Change
Trade	501.6	465.1	7.8%	72.1	63.3	13.9%	+0.8 pp
Bapcor NZ	177.9	87.1	104.1%	22.7	9.3	144.3%	+2.1 pp
Specialist Wholesale	364.3	272.3	33.8%	38.6	28.0	37.7%	+0.3 pp
Retail & Service	239.1	221.0	8.2%	28.8	27.6	4.4%	-0.5 pp
Group / Elims	(46.2)	(31.9)	44.7%	(12.3)	(10.8)	(13.5%)	
<b>Continuing operations</b>	<b>1,236.7</b>	<b>1,013.6</b>	<b>22.0%</b>	<b>150.0</b>	<b>117.4</b>	<b>27.7%</b>	<b>+0.5 pp</b>

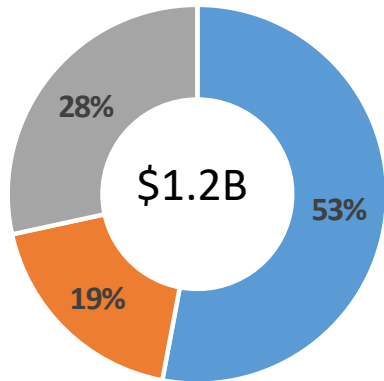
NOTE: The former Hellaby Automotive Specialist Wholesale businesses based in Australia have been reallocated to Specialist Wholesale Group for FY18 and FY17. Refer ASX release on 20 July 2018.

# Business Segment Contribution to Results

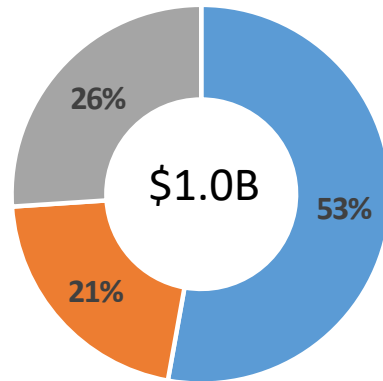


## Total Auto Revenue

FY2018

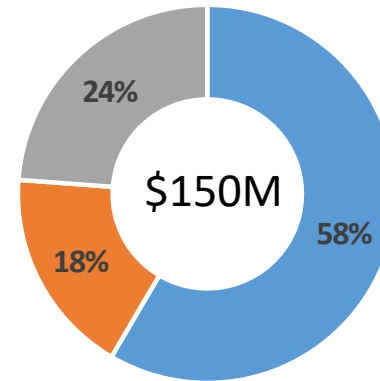


FY2017

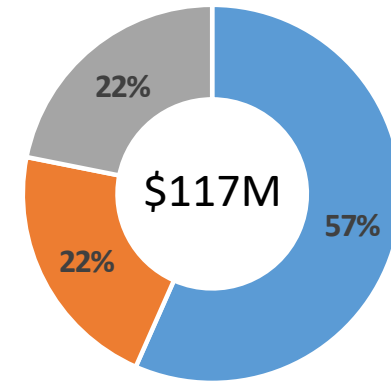


## Total Auto EBITDA

FY2018



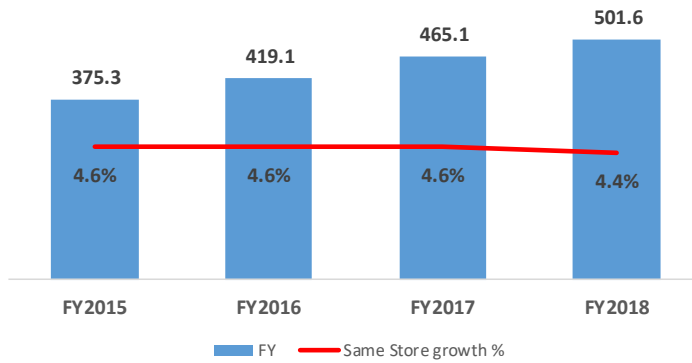
FY2017



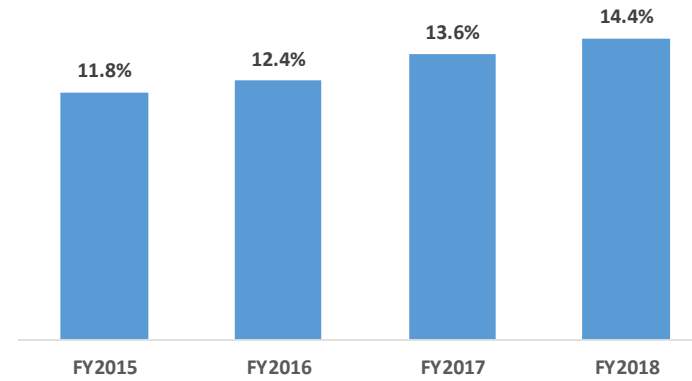
■ Trade ■ Retail & Service ■ Specialist Wholesale

### Revenue and "Same Store" growth

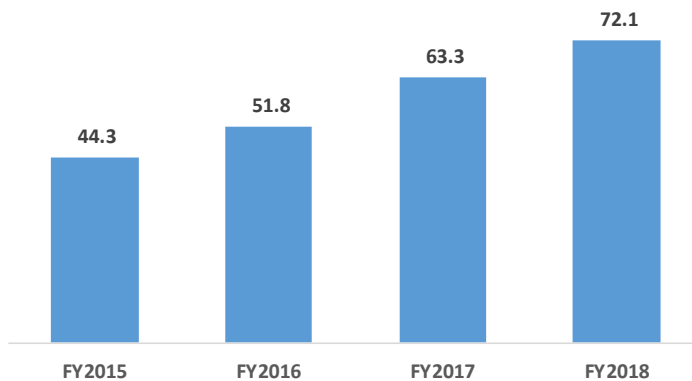
■ FY  
— Same Store growth %



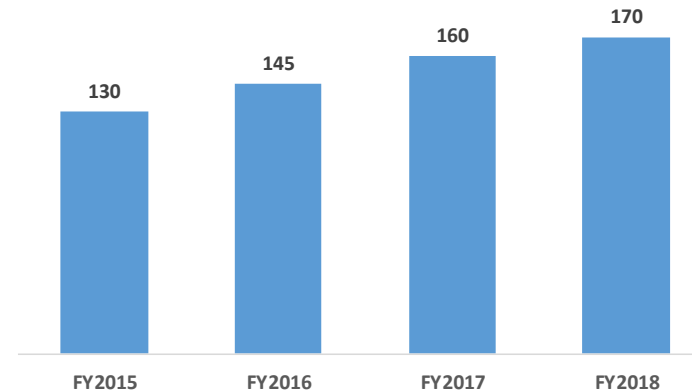
### EBITDA % of Sales



### EBITDA \$M



### Store numbers



# Burson Trade

\$'M	FY18	FY17	Change
Revenue	501.6	465.1	7.8%
EBITDA	72.1	63.3	13.9%
EBITDA %	14.4%	13.6%	+0.8 pp
Stores	170	160	+10

- Good revenue and EBITDA growth
- FY18 same store sales growth of 4.4%
- Equipment sales growth very strong
- Margin up 0.8pp for the full year
- +10 new stores in FY18, now at 170.
- 5 year target number of total stores increased from 200 to 230
- Workstreams in place to increase Own Brand ratio
- People pipeline and training a high priority
- Acquired Tricor Engineering, specialising in supply & installation of lubrication equipment for workshops, on 3 July 2017.

\$'M NZD	FY18	FY17	Change
Revenue	192.9	92.8	107.8%
EBITDA	24.6	9.9	148.7%
EBITDA %	12.8%	10.7%	+1.2 pp
BNT Stores	57	56	+1

- *Bapcor NZ reflects the NZ based operations of the Hellaby acquisition. The Australian based operations have been moved to Specialist Wholesale. FY17 comparatives have been changed to reflect this change.*

- Significant Revenue and EBITDA growth with full 12 months in FY18 versus 6 months results in FY17 post Hellaby acquisition
- Revenue growth of 5.7% and EBITDA growth of 33.1% (assuming include full year of Hellaby FY17 results)
- Full year BNT same store sales up 6.1%
  - H2 lower than H1 due to stronger comparative period
- Good margin growth reflecting optimisation benefits and pricing management.
- Optimisation benefits on target
- Many growth opportunities in progress
- Implemented leadership and sales training



# Specialist Wholesale

\$'M	FY18	FY17	Change
Revenue	364.3	272.3	33.8%
EBITDA	38.6	28.0	37.7%
EBITDA %	10.6%	10.3%	+0.3 pp

- Specialist Wholesale now includes the Australian based operations of the Hellaby acquisition. These were moved from the Bapcor NZ segment. FY17 comparatives have been changed to reflect this change.*

- Specialist Wholesale reflects a full twelve months results of the Australian based Hellaby Automotive businesses.
  - 11 business units now comprise Specialist Wholesale
- Revenue growth of 11.0% and EBITDA growth of 16.2% (assuming include full year of Hellaby FY17 results)
- Good performance throughout the portfolio of businesses
- Large pipeline of projects for intercompany product range substitution.
- A number of business units back office function transitioned into Shared Services centre
- DC improvements delivering improved customer service
- Acquired AADi, a specialist importer/distributor of driveshafts, CV's, wheel bearings and shock absorbers, on 30 April 2018

## Retail & Service

\$'M	FY18	FY17	Change
Revenue	239.1	221.0	8.2%
EBITDA	28.8	27.6	4.4%
EBITDA %	12.0%	12.5%	-0.5 pp
<u>Autobarn store numbers</u>			
Company owned	48	31	+17
Franchise	80	91	-11
Total	128	122	+6
% coy stores	38%	25%	+13 pp
Other stores	250	263	-13

- Growth in Autobarn company stores driving revenue growth of 8.2%
- EBITDA increased by 4.4%
- Autobarn same store sales of 4.7% for company owned and 1.4% for franchise stores
- Autobarn Number 1 in Auto Stores customer satisfaction survey conducted by Roy Morgan – significant jump compared to last year
- 8 greenfield stores and 9 franchise conversions during the period
- Now 38% of Autobarn stores are company owned. Number of company stores has tripled in the last two years
- EBITDA % of revenue down 0.5 pp due to increased sales from company stores that impacts revenue mix

## Discontinued Operations - statutory

\$	FY18	FY17	Change
Revenue	145.6	196.6	(25.9%)
NPAT – stat <sup>1</sup>	10.2	10.3	(1.0%)

- Divested in FY18;
  - Footwear – divested end September 2017
  - Contract Resources – divested September / October 2017
  - TBS – divested March 2018

### NPAT Reconciliation:

Disc Operations during year until divested <sup>1</sup>	6.7
Reserve reclassifications	0.4
Gain on sale of divestments	7.0
Tax	(3.9)
<b>Statutory NPAT</b>	<b>10.2</b>

1. Includes minority interest adjustment of \$0.3M (PY: \$0.2M)



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# Summary Income Statement



- Revenue growth of 22% delivered by

	Segment Growth
Burson Trade	7.8%
Bapcor NZ	104.1%
Specialist Wholesale	33.8%
Retail & Service	8.2%

- Same Store sales growth

– Burson Trade	4.4%
– BNT	6.1%
– Autobarn company stores	4.7%
– Autobarn Franchised stores	1.4%

- Gross margin % up 0.3 percentage points

- GM% is a continuous focus across all segments
- Includes the benefits of the optimisation projects

- CODB as a % of sales down 0.2 percentage points

- Cost control focus across all segments and optimisation benefits

- Finance costs up due to Hellaby acquisition funding

- Proforma NPAT from continuing operations up 31.6%

- EPS from continuing operations up 27.0%

Pro-forma, \$'M	FY18	FY17	Change
<b>Continuing Operations</b>			
<b>Revenue</b>	<b>1,236.7</b>	<b>1,013.6</b>	<b>22.0%</b>
Gross Profit	569.4	463.3	22.9%
Margin (%)	46.0%	45.7%	0.3 pp
CODB	(419.4)	(345.9)	21.3%
CODB (%)	(33.9%)	(34.1%)	0.2 pp
<b>EBITDA</b>	<b>150.0</b>	<b>117.4</b>	<b>27.7%</b>
EBITDA (%)	12.1%	11.6%	0.5 pp
Depreciation and Amortisation	(15.6)	(13.5)	15.2%
<b>EBIT</b>	<b>134.4</b>	<b>103.9</b>	<b>29.4%</b>
Finance Costs	(13.5)	(9.6)	40.3%
<b>Profit Before Tax</b>	<b>120.9</b>	<b>94.3</b>	<b>28.3%</b>
Income Tax Expense	(34.5)	(28.5)	21.0%
Non-controlling Interest	0.1	-	100%
<b>NPAT - continuing</b>	<b>86.5</b>	<b>65.8</b>	<b>31.6%</b>
NPAT (%)	7.0%	6.5%	0.5 pp
EPS <sup>(1)</sup> (CPS)	30.99	24.40	27.0%

Note: 1. EPS is based on the TERP adjusted weighted number of shares on issue during the year as per accounting standard AASB-133



# Summary Cash Flows

- **Strong cash conversion of 98.9%**
  - Working capital excluding impact of acquisitions and new stores as a % of sales has decreased by 1.7 pp to 17.5% compared to June 2017
- **Capex and acquisitions**
  - Capex mainly reflects investment in new stores, purchase of motor vehicles, IT development and front of store refurb
  - Business acquisitions includes Tricor and AADi and deferred payments for Precision, Sprints and TBS
- **Net cash generated is positive \$57.1M excluding acquisitions, dividends and divestment proceeds.**
- **Divestment proceeds**
  - Cashflow includes proceeds related to divestments of Contract Resources, TBS and Footwear divisions of Hellaby

\$'M	FY18
<b>EBITDA – Proforma</b>	<b>150.0</b>
<b>Operating cash flow before finance, transaction and tax costs</b>	<b>148.3</b>
<i>Cash conversion</i>	<i>98.9%</i>
Financing costs	(14.7)
Payments associated with discontinued operations	(0.7)
Payments associated with restructuring activities	(2.0)
Transaction costs	(0.7)
Tax paid	(38.1)
<b>Operating cash flows</b>	<b>92.1</b>
Store acquisition and greenfields	(17.0)
Business acquisitions – net of cash – including deferred payments	(14.8)
Capital expenditure (excluding new stores)	(15.6)
Dividend paid	(31.8)
Treasury shares and equity costs	(3.0)
Other	0.6
<b>Cash generated excluding divestments</b>	<b>10.5</b>
Divestment proceeds – net of expenses	93.7
<b>Cash generated</b>	<b>104.2</b>
Opening cash on hand	39.8
Borrowing repayments	(103.8)
Net cash movement	104.2
Closing cash on hand	40.2



# Summary Balance Sheet



- **Net Debt/Cash**
  - Net debt at June 2018 is \$289.5M
  - Represents annualised leverage ratio of less than 2.0X on a twelve month EBITDA basis
  
- **Dividends**
  - Final dividend declared for FY18 of 8.5 cents per share fully franked
  - Record date 31 August 2018
  - Pay date 27 September 2018
  - Dividend reinvestment plan will continue for the FY18 final dividend

**Notes:**

1. Net debt is based on borrowings less cash of (\$286.3M), adding in financial derivative assets of \$1.3M, less capitalized borrowing costs including in borrowings of (\$2.0) and removing cash pertaining to the non-controlling interest of (\$2.5M)

\$'M	FY18	FY17
Cash	40.2	39.8
Trade and other receivables	146.8	136.1
Inventories	287.3	261.6
PP&E	52.6	49.8
Deferred tax assets	17.8	18.7
Intangible assets	677.7	647.8
Assets held for sale	-	178.9
Other assets	5.2	4.1
<b>Total assets</b>	<b>1,227.5</b>	<b>1,336.7</b>
Trade and other payables	187.8	174.8
Tax liabilities	2.4	3.5
Provisions	68.0	65.5
Borrowings	326.5	429.7
Liabilities held for sale	-	70.8
Other	0.5	2.4
<b>Total liabilities</b>	<b>585.2</b>	<b>746.7</b>
<b>Net assets</b>	<b>642.3</b>	<b>590.0</b>

# Inventory Provision

\$	\$'M
Balance at 1 July 2017	54.0
Additional provisions recognised against profit	1.9
Additions through business combinations	1.2
Inventory written off against provision	(9.9)
Foreign currency translation	(0.4)
Balance at 30 June 2018	46.8

- **Profit has not been enhanced by the release of inventory provision**
- No inventory provision was released to profit in FY18; in fact there was an expense charged to profit of \$1.9M representing businesses as usual recognition of slow and obsolete inventory
- Provisions of \$1.2M were raised during the year relating to acquired businesses by applying Bapcor's provisioning policy which is consistently applied to all acquisitions
- Obsolete inventory scrapped (sent to recycling) of \$9.9M in FY18 – related to previous Metcash and Hellaby acquisitions. This had been recognised and provided for at time of acquisition in line with Bapcor's policy
- We continue to apply inventory provisioning policy consistently and disclose all movements in reporting



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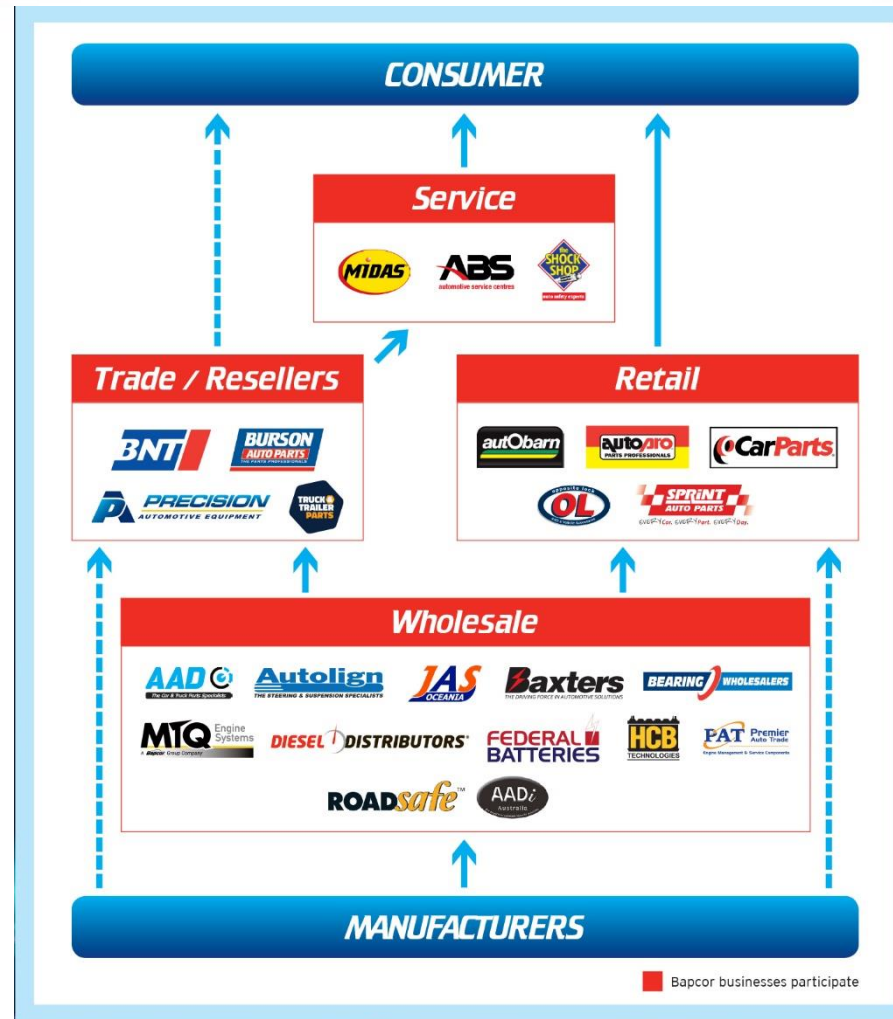
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FY2019 Trading Update

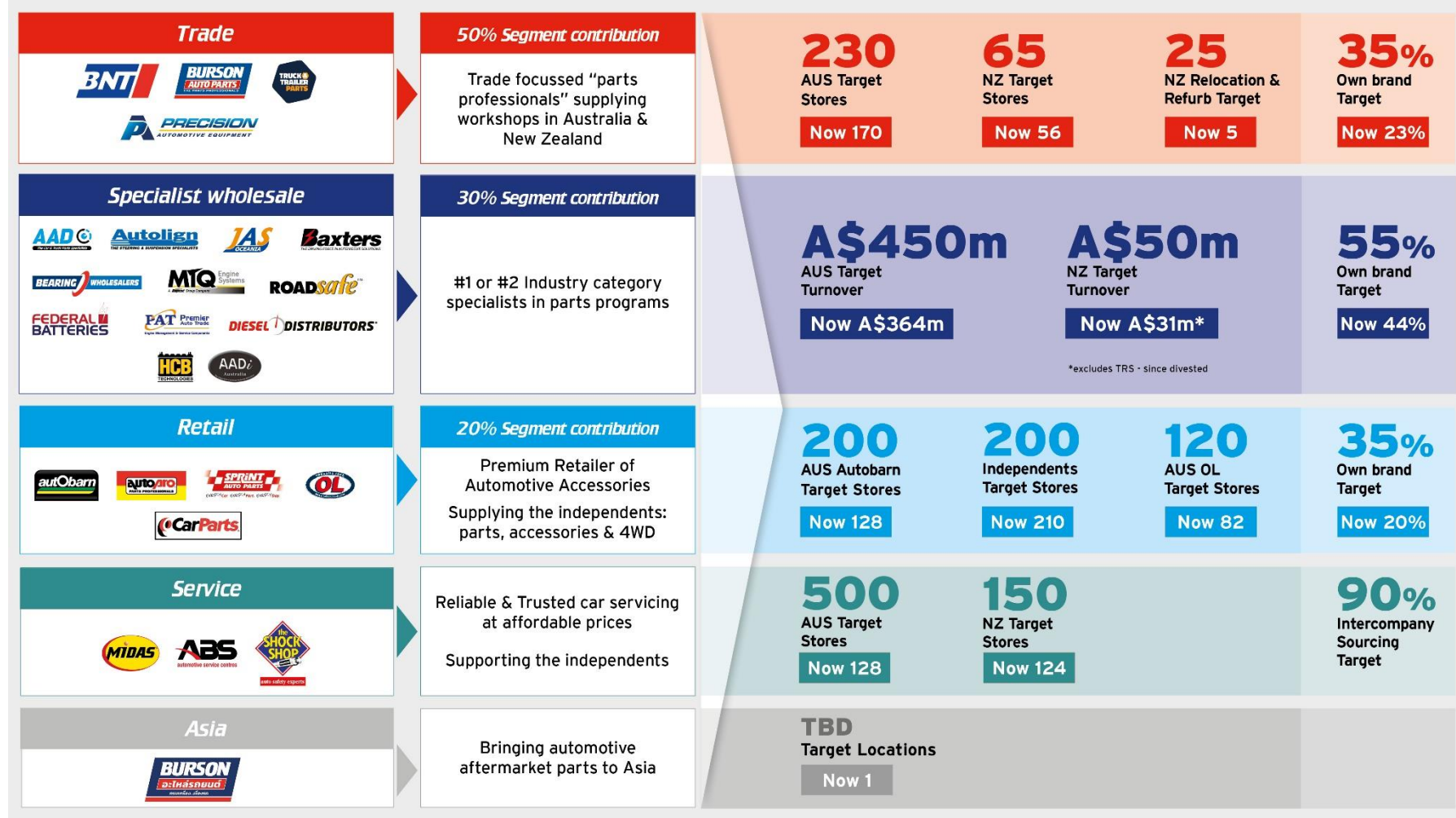
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Q&A

# Aftermarket Supply Chain



# Bapcor 5 Year Strategic Targets





- Consistent strategy with specific, clear, measurable targets.
- No changes to direction.
- We know what we do best and stick with it.





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## Trading Update



- TRS, a NZ tyre & wheel specialist business, was divested in July 2018 for NZ\$20M
- First store in Asia opened – formal grand opening was held 10 August 2018
- FY19 YTD all business segments tracking to expectations
- **FY19 expect continued revenue & profit growth**
  - **Consensus EBITDA circa \$170M**
  - **Increase NPAT between 9% & 14% above FY18 proforma NPAT**



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## Appendix – Statutory to Proforma Reconciliation

		Consolidated					
		2018	2018	2018	2017	2017	2017
\$'M	Note	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
<b>Statutory NPAT</b>	1	84.5	10.2	94.7	53.7	10.3	64.0
Costs associated with the Hellaby acquisition	2	-	-	-	15.3	-	15.3
Interest adjustment	3	-	-	-	(0.7)	-	(0.7)
Depreciation and amortisation adjustment	4	-	(4.2)	(4.2)	-	(6.4)	(6.4)
Gain on divestment	5	-	(7.0)	(7.0)	-	-	-
Net reserve release to profit and loss	6	-	(0.4)	(0.4)	-	-	-
Restructuring activities	7	2.9	-	2.9	-	-	-
Tax adjustment	8	(0.9)	2.8	1.9	(2.5)	2.0	(0.5)
<b>Pro-forma NPAT</b>		<b>86.5</b>	<b>1.4</b>	<b>87.9</b>	<b>65.8</b>	<b>5.9</b>	<b>71.7</b>