FY24 Results Presentation

21 August 2024

Acknowledgement of country

Bapcor would like to acknowledge the Traditional Custodians of country throughout Australia. We pay our respect to elders past and present.

We recognise the continued connection of all First Nations people with country across Australia, in particular, and on all the land where Bapcor operates.

Agenda

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1. FY24 Group Highlights
2. Segment Summaries
3. FY24 Financial Summary
4. Summary and Outlook

Appendices

1. Key Financial Reconciliations

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

$2.0B
FY24 REVENUE

Top 3
BRAND ACROSS ALL SEGMENTS

955
NATIONAL BRANCH FOOTPRINT

Bapcor TRADE
Australia's leading trade focused automotive parts and equipment distributor (also comprises our footprint in Thailand)

Bapcor SPECIALIST WHOLESALE
Industry leaders in electrical and truck markets
and specialist product categories

Bapcor RETAIL
Premium parts and accessories retailer including automotive service centres

Bapcor NEW ZEALAND
Services New Zealand trade, service and specialist wholesale automotive segments

Offering strong brands, competitive fulfilment model and expertise in a resilient industry

FY24 Group Highlights

Mark Bernhard

Interim Managing Director and CEO

Executive Summary

- Pro-forma NPAT of $94.8M, in line with guidance
  - Growth in group revenue up 0.8% to $2.0B
  - Share maintained in Trade segment
  - Group results negatively impacted by Retail and Wholesale and higher corporate costs
- Statutory loss of $158.3M includes $253.1M (post-tax) of significant items ($296.8M pre-tax)
- Final dividend of 5.5cps, total FY24 dividend of 15cps representing 54% pay-out ratio
- Better than Before program scaled back, incorporated into the business
- 2H24 actions to right size the cost base are expected to deliver savings of $20-30M in FY25
- Management team strengthened with appointment of Angus McKay as Executive Chair and CEO (commencing 22 August) and George Saoud as CFO
- Revenue growth in first 5 weeks of FY25 – total revenue up 7.7% and like for like up 1.0% [2]

Revenue

$2.0B

▲ 0.8% on FY23

Gross Margin %

46.2%

▼ 45bps on FY23

EBIT – Pro-forma

$174.9M

▼ 14.4% on FY23

NPAT – Pro-forma

$94.8M

▼ 24.3% on FY23

NPAT - Statutory

$(158.3)M

▼ Includes $253.1M in impairments and writedowns

Dividend

5.5 cps

▼ Payout ratio of 54%

Notes (also see reconciliations in appendix):

1. All P&L KPIs on pro-forma basis unless indicated otherwise
2. Like for like is adjusted for 2 lower trading days in FY25 v pcp (our non-Retail businesses do not trade weekends)

Better Than Before Program - Update

- BTB program was primarily focused on margin improvement across key areas of procurement, pricing, supply chain and property
    - $25M of BTB cost have been pro formed out in FY23 & 1H24
    - FY24 NPAT benefit achieved was minimal (gross benefits offset by higher CODB)
- The potential benefits of the program have not met expectations. The ability to achieve the benefits was impacted by the complexity of our business
- The decision was made to scale back the program and close the transformation office so we can focus on simplifying the business and setting the appropriate cost structures
- Key initiatives which add value will be delivered through business-as-usual improvements but in a more targeted manner
- Program benefits will no longer be reported separately

Bapcor

Management Actions

Key focus areas to simplify the business:

1) **Supply Chain Network Rationalisation**
   - *Simplifying* the supply chain network by consolidating circa 20% smaller warehouses, optimising costs and releasing inventory

2) **Support function (Head office rationalisation)**
   - In 2H24 more than 100 non-customer facing roles removed

3) **Specialist Networks rationalisation**
   - *Integration* of trucking brands into one Commercial Vehicle Group (CVG)
   - *Integration* of auto electrical businesses into one Auto Electrical Group (AEG)
   - Store closures and consolidations

4) **Focus on core business - Automotive Parts**
   - *Reducing complexity* in the business by exiting non-core businesses and investing in the core

- **Investing through organic store openings and strategic IT improvements**
- **Expected savings from the above actions in FY25 circa $20-30M**
- **Operational reviews commenced in Retail and Wholesale businesses**

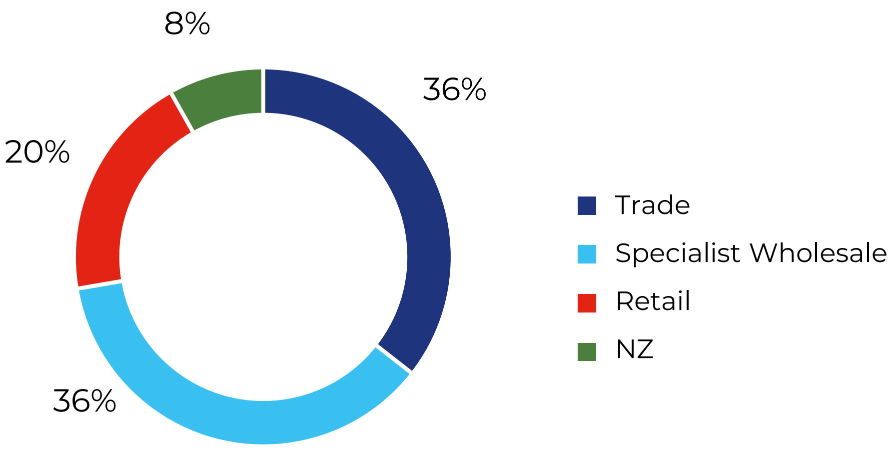
Segment Summaries

Mark Bernhard

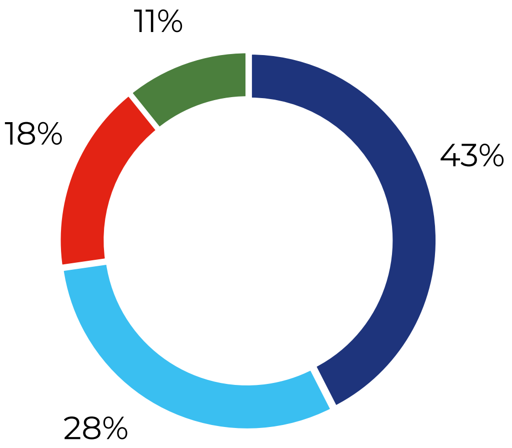
Interim Managing Director and CEO

FY24 Segment Overview [1.]

Revenue

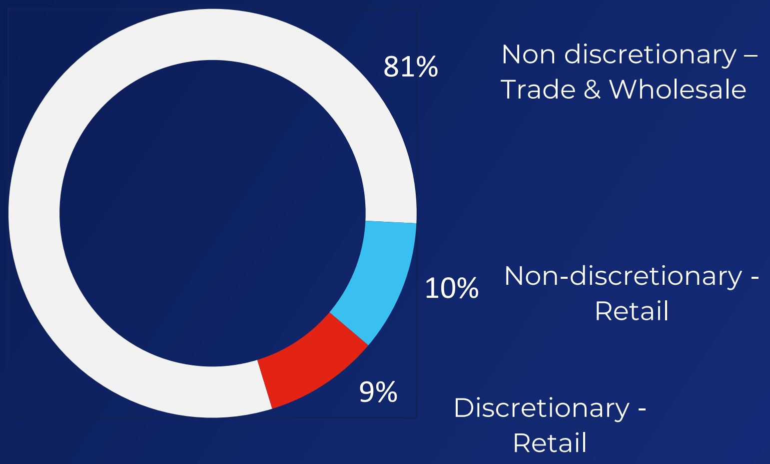


EBITDA



	Revenue			EBITDA		
Segment ($M)	**FY24**	**FY23**	**▲ %**	**FY24**	**FY23**	**▲ %**
Trade	767.3	763.2	▲ 0.5%	126.5	124.2	▲ 1.8%
Specialist Wholesale	792.2	766.0	▲ 3.4%	90.1	102.9	▼ 12.5%
Retail	420.9	426.2	▼ 1.2%	49.1	67.6	▼ 27.4%
New Zealand	176.1	176.1	▶ Flat	32.1	29.9	▲ 7.5%

Revenue by type



91% of revenue is from non-discretionary products

Notes:
1. Includes intercompany revenue and EBITDA

Trade

Australia's leading distributor of vehicle parts and equipment solutions for the Trade

	FY24 $M	FY23 $M	▲ PCP
Revenue			
Parts	674.2	660.7	+2.1%
Tools & Equipment	93.1	102.5	(9.2)%
Total Revenue	767.3	763.2	0.5%
EBITDA	126.5	124.2	1.8%
EBITDA margin	16.5%	16.3%	21 bps
Same store sales	+0.5%	8.8%	-
# of Stores	229	226	+3

Key highlights

- Market share maintained in the general parts category and gains in equipment category
- Network expansion with three new stores in Portland (Vic) and Cardiff and Silverwater (NSW) and ~10 openings planned per year in FY25 & FY26
- Continued revenue growth with record revenue in the resilient general parts category (up 2.1% YOY & up 2.9% in Q4 v pcp)
- Decline in equipment sales of 9.2% due to cost-of-living pressures (at small independent repairs) and expiry of prior year $150K tax write off (Q4 sales down 17.7% v pcp)
- Improved EBITDA margin through stronger pricing discipline and operational efficiencies implemented across the store network
- Technology upgrades to systems and store infrastructure including parts catalogue (EzyParts) to improve customer experience and employee efficiency

Specialist Wholesale

Truck, electrical and specialist wholesale market leader, aggregator and importer for One Bapcor

	FY24 $M	FY23 $M	▲ PCP
Revenue			
Specialist Networks	540.7	517.6	+4.5%
Wholesale	251.5	248.4	+1.2%
Total Revenue	792.2	766.0	+3.4%
EBITDA	90.1	102.9	(12.5)%
EBITDA margin	11.4%	13.4%	(206) bps
# of Stores	162	168	(6)

Key highlights

- Both Specialist Networks and Wholesale continued to deliver sales growth. 1H24 declines in Wholesale were offset by growth in 2H24
- Lower EBITDA reflects the challenging trading conditions in Wholesale
- Operational review and right-sizing in Wholesale operations is underway
- Rationalisation programs in Specialist Networks underway:
  - Consolidation of Trucking distribution into central distribution centres;
  - Integration of the auto electrical businesses (JAS, Baxters and Federal Batteries); and
  - Separation of MTQ diesel service business from Baxters
- These rationalisation programs will deliver savings in FY25

Wholesale

Specialist Networks

Retail

Full-offer retailer and service centre providing best-in-class consumer shopping and fitment services

	FY24 $M	FY23 $M	▲ PCP
Revenue[1.]	420.9	426.2	(1.2)%
EBITDA	49.1	67.6	(27.4)%
EBITDA margin	11.7%	15.9%	(420) bps
Same store sales [2.]	(2.6)%	+5.6%	-
# of company owned stores	124	118	+6
# of franchise stores	225	237	(12)
Total Stores	349	355	(6)

Notes:
1. Franchise store revenue only includes franchisee fees and therefore leads to higher EBITDA margin
2. Same Store Sales relate to company-owned stores only

Key highlights

- Revenue declined 1.2% impacted by challenging economic conditions with lower sales in discretionary categories (sound & vision, roof racks and bull bars) partly offset by higher sales in non-discretionary categories (oil, batteries, paint). H1 revenue declined 2.7% while 2H revenue increased 0.4% (v pcp) driven by improved Q4 momentum
- EBITDA impacted by reduction in sales of higher margin discretionary categories, stock clearance (particularly in Q4) and higher operating costs
- Investment in the Autobarn website, with an increased portion of sales delivered from this channel
- Continued growth in memberships of the Accelerate loyalty program, now at 1.2 million
- Service operations (Midas /ABS) performed strongly which reflects the market shift towards larger national service chains
- Operational review of business underway, focused on efficiency and margin improvements

New Zealand

Integrated trade and wholesale group providing leading parts and equipment solutions across New Zealand

	FY24 $M	FY23 $M	▲ PCP
Revenue	176.1	176.1	Flat
EBITDA	32.1	29.9	+7.5%
EBITDA margin	18.2%	17.0%	+127bps
Same store sales [1]	(1.0)%	+4.1%	-
# of company stores	89	89	No change
# of Licensee stores	126	127	(1)
Total Stores	215	216	(1)

Key highlights

- Revenue decline in 2H24 due to challenging macro environment impacting consumer spending and business confidence
- EBITDA margin growth driven by procurement benefits, market pricing disciplines and effective cost management
- The Bapcor " Drive Together" program to promote own brands increased own brand sales, particularly in Q4, and is expected to drive growth into FY25
- Improving front-line branch support from the new contact centre (assists customers with parts interpretation and sales) and increased functionality of the electronic parts catalogue

Notes:
1. Company-owned stores only and in local currency

FY24
Financial Summary

George Saoud

Chief Financial Officer

Income Statement

$M	FY24	FY23	% change
Revenue	**2,036.9**	**2,021.1**	**0.8%**
Cost of Goods Sold (COGS) [1.]	(1,094.9)	(1,077.3)	1.6%
Gross Margin	**942.0**	**943.8**	**(0.2%)**
Cost of Doing Business (CODB)	(673.6)	(645.2)	4.4%
EBITDA – pro forma	**268.4**	**298.6**	**(10.1%)**
Depreciation and amortisation	(93.4)	(94.3)	(1.0%)
EBIT – pro forma	**174.9**	**204.3**	**(14.4%)**
Finance costs	(40.1)	(28.9)	38.6%
Profit before tax	**134.8**	**175.4**	**(23.1%)**
Income tax expense	(40.3)	(50.3)	(19.9%)
Non-controlling interest	0.3	0.3	13.3%
NPAT – pro forma	**94.8**	**125.3**	**(24.3%)**
Significant items	(296.8)	(26.9)	>100%
Tax adjustment	43.7	8.0	>100%
NPAT - statutory	**(158.3)**	**106.4**	**(248.7%)**
Key performance indicators [2.]			
Gross Margin %	46.2%	46.7%	(45) bps
CODB %	33.1%	31.9%	+115 bps
EBITDA margin %	13.2%	14.8%	(160) bps

Notes (also see reconciliations in appendix):

1. Excludes $13.4M stock write off relating to DC rationalisation
2. All P&L KPIs on pro-forma basis unless indicated otherwise

Key points

- NPAT of $94.8m, with 2H24 NPAT of $40.6M in-line with guidance
- Revenue growth of 0.8%, with growth in Trade and Specialist Wholesale segments offset by declines in Retail
- Higher gross margin dollars in Trade and New Zealand was largely offset by declines in Retail and Wholesale business (within Specialist Wholesale segment)
- CODB % increased by 4.4% due to higher employee costs including payroll tax increases, increases in information technology and occupancy costs
- Higher finance costs is due to higher interest rates as well as higher average debt levels
- Statutory loss of $158.3M due to $296.8m of significant items detailed on next page

FY24 Significant items breakdown

$M	1H	2H	FY24	Commentary
DCQ consolidation	3.6	3.5	7.1	Pre-commissioning & transition ramp up costs for DCQ to steady state which is achieved
DC Network rationalisation	-	39.0	39.0	DC Network rationalisation relates to closure of circa 20% of smaller warehouses with operations transferred to large-scale distribution centres, DCV, DCQ and establishment of a mini-DC-NSW
DC rationalisation	**3.6**	**42.5**	**46.1**	
Retail Impairment	-	208.6	208.6	Represents the write-off of goodwill, trademarks, and other tangible and intangibles assets related to the Retail segment. The decline in value is due to lower Retail earnings and expected earnings growth not achieved
Tye Soon	-	3.5	3.5	Impairment of Tye Soon Investment
Other	-	4.8	4.8	Write-off of decommissioned IT projects
Impairment of assets		**216.9**	**216.9**	
Support Functions	1.8	10.6	12.4	Represents more than 100 redundancies in Corporate/Support offices in 2H
Business Segments	-	3.2	3.2	Consolidation and closure of 13 stores across the businesses
Restructuring costs	**1.8**	**13.8**	**15.6**	
Assets available for sale	**-**	**10.3**	**10.3**	Exit of non-core businesses. Relates to impairment of assets held for sale
Other	**5.0**	**2.9**	**7.9**	Mainly represents BTB costs incurred in 1H24
Total	**10.4**	**286.4**	**296.8**	

Cash Flow

$M [1]	FY24	FY23
EBITDA – Pro Forma	**268.4**	**298.6**
Operating Cash Flow	**206.7**	**320.7**
Cash conversion %	***77.0%***	***107.4%***
Interest	(23.1)	(14.4)
Finance lease costs	(78.3)	(66.3)
Other	(21.4)	(25.1)
Tax	(27.5)	(53.0)
Operating Cash Flow after Interest & Tax	**56.4**	**162.0**
Growth and Major Projects	(22.9)	(50.2)
Sustaining [2.]	(45.3)	(26.0)
Capital Expenditure	**(68.2)**	**(76.3)**
Proceeds from sale of assets	1.7	2.7
Free Cash Flow	**(10.1)**	**88.4**
Supplementary costs	(1.4)	(1.3)
Dividends paid	(71.3)	(74.7)
Net Cash Movement	**(82.8)**	**12.5**
Opening net debt	(251.7)	(262.0)
Net cash movement [3.]	(82.8)	12.5
FX & Derivatives	(2.6)	(2.2)
Closing net debt	**(337.1)**	**(251.7)**

Key points

- Significant improvement in 2H24 cash conversion of 90.8% (1H24 65.1%) driven by improved working capital management in Q4
- Reduction in operating cashflow from $320.7M to $206.7M in FY24 largely relates to the increase in inventory, shown on the balance sheet as “inventories” or within “assets held for sale”. The increase in CODB also reduced operating cash flows. The FY24 result of $206.7M was above FY22 of $185.3M
- Increase in finance lease and interest costs driven by property cost increases and higher debt levels
- Lower store rollout and acquisitions in FY24 resulted in lower cashflows for growth and major projects
- Increase in sustaining capital expenditure due to IT investments in software such as data lake and systems integrations
- Other comprises cash outflows related to significant items

Notes (also see reconciliations in appendix):

1. All P&L KPIs on pro-forma basis unless indicated otherwise
2. Includes capital expenditure on property, plant and equipment, intangibles, business acquisitions and new stores stock first fills refer to consolidated statement of cashflows in the statutory financial statements
3. Funded by net proceeds from borrowings refer to consolidated statement of cashflows in the statutory financial statements

Bapcor

Balance Sheet

$M	30 Jun 24	30 Jun 23
Cash	71.6	78.6
Trade and other receivables	198.6	239.6
Inventories	541.2	519.7
Income tax receivable	10.9	20.5
Assets held for sale	28.3	-
Total current assets	*850.6*	*858.4*
PP&E	115.4	115.2
Right-of-use assets	249.9	283.8
Intangible assets	618.6	798.7
Other assets	70.4	36.2
Total non-current assets	*1,054.2*	*1,234.0*
Total assets	**1,904.8**	**2,092.4**
Trade and other payables	214.7	260.0
Provisions and other	68.0	47.7
Lease liabilities	65.8	72.1
Liabilities held for sale	15.0	-
Total current liabilities	*364.3*	*379.8*
Lease liabilities	222.8	239.2
Borrowings	405.6	331.1
Provisions	17.8	17.2
Total non-current liabilities	*646.2*	*587.5*
Total liabilities	**1,010.5**	**967.3**
Net assets	**894.3**	**1,125.1**
Key performance indicators[1]		
Average net working capital / revenue	22.2%	25.0%
Average inventory / revenue	26.4%	26.2%

Notes (also see reconciliations in appendix):

1. All P&L KPIs on pro-forma basis unless indicated otherwise
2. NWC/ sales % = (Average of current year and prior year NWC)/ current year revenue
3. Inventory/ Sales % = (Average of current year and prior year net closing inventory)/ current year revenue

Key points

- Improved working capital management in Q4 including receivables collection, negotiating improved creditor terms and better enforcement of trading terms
- Inventory build up driven by stock injection from own brand program (Drive Together)
  - Inventory reduction is expected in FY25 with the introduction of tighter controls and DC rationalization
- Net debt levels driven by the inventory build up and higher cost of doing business
- Right-of-use asset reduction driven by the planned DC network rationalization and branch closures
- Intangible asset reduction relates to the impairment of goodwill, trademarks and customer contracts in the Retail segment
- Assets and Liabilities held for sale relate to non-core businesses up for sale

Net Debt- including debt facilities and maturity profile

$337.1M

NET BANK DEBT

>$280M

UNDRAWN COMMITTED FACILITIES

~3.7 years

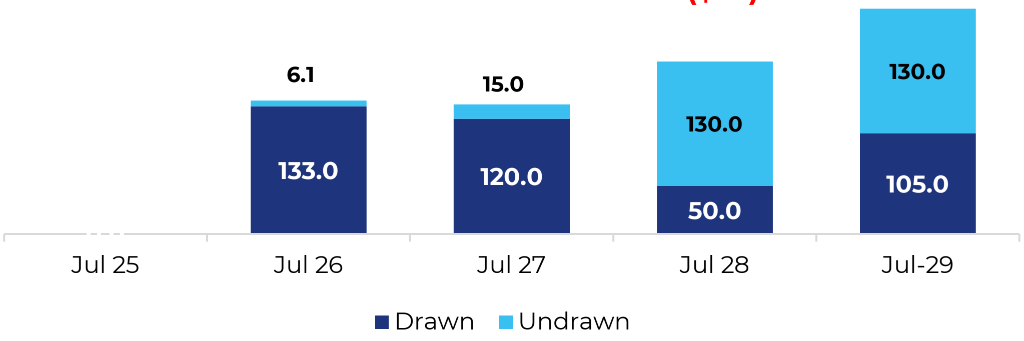
AVERAGE REMAINING TENOR

1.70x

NET LEVERAGE RATIO

- In June refinanced $200m of debt facilities and upsized by $100m to $300m maturing in 2028 and 2029
- Tenor increased from ~2.8 years to ~3.7 years
- Net debt increase driven by inventory build-up. Plans in place to reduce the level of inventory
- Significant headroom with >$280m undrawn committed facilities and covenants
  - Interest cover 8.58X
  - FCCR 2.73

DEBT MATURITY PROFILE ($'M)



			As at 30 June 24	
Committed facility	**Maturity**	**Facility amount**	**Drawn**	**Undrawn**
4 year tranche	Jul-2026	39.1	33.0	6.1
7 year tranche	Jul-2026	100.0	100.0	
4 year tranche	Jul-2027	135.0	120.0	15.0
4 year tranche	Jul -2028	65.0		65.0
5 year tranche	Jul-2028	115.0	50.0	65.0
5 year tranche	Jul-2029	235.0	105.0	130.0
Total		**689.1**	**408.0**	**281.1**

Notes:

1. Total facilities available at 30 June 2024 was $720M, whereas the amount presented as available above excludes parts of the facility which relate to bank overdraft, credit cards and bank guarantees
2. Net leverage ratio = pre-AASB 16 net debt / pre-AASB 16 Pro-forma EBITDA (see reconciliation in appendix)
3. FCCR (fixed cover charge ratio) = pre-AASB 16 EBITDA plus rent / interest plus rent
4. Interest cover = pre-AASB 16 EBITDA / Interest

Summary and Outlook

Mark Bernhard

Interim Managing Director and CEO

Summary & Outlook

Focus on the basics: key actions to simplify the business, reset the cost base, drive efficiency and deliver future growth

- Disappointing result for FY24 but groundwork in place to set the business up for the future
- Operational improvements in progress
  - Supply chain network rationalisation and store closures
  - Headcount reductions in head office
  - Trucking brands into a single Commercial Vehicle Group (CVG)
  - Auto electric brands into a single Auto Electrical Group (AEG)
  - Focus on the core business (network expansion in trade) and exit non-core businesses
- Continued emphasis on reducing complexity, internally and how we interact with our people and our customers
- Targeted IT improvements focused on people, stores & customers
- Business Restructuring costs will **deliver savings of $20-30M in FY25**
- **Revenue growth in first 5 weeks of FY25 – total revenue up 7.7% and like for like revenue up 1.0%** [1]

Note

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

Appendices

Statutory to Pro Forma reconciliation

FY24 Consolidated

$M	Statutory	DC Rationalisation	BTB	Impairment, Restructuring and other	Pro-Forma
Revenue	2,036.9				2,036.9
EBITDA	209.6	6.3	5.0	47.5	268.4
D&A	(94.5)			0.1	(93.4)
Impairment	(237.0)	0.9		237.0	
EBIT	(121.9)	7.1	5.0	284.7	174.9
Finance Cost	(40.1)				(40.1)
Profit before tax	(162.0)	7.1	5.0	284.7	134.8
Income tax expense	3.3	(2.1)	(1.5)	(40.0)	(40.3)
Non-controlling interest	0.3				0.3
NPAT	(158.3)	5.0	3.5	244.7	94.8

FY23 Consolidated

$M	Statutory	DC Consolidation	BTB	Pro-Forma
Revenue	2,021.1			2,021.1
EBITDA	274.0	4.7	19.9	298.6
D&A	(96.7)	2.3		(94.3)
EBIT	177.3	7.0	19.9	204.3
Finance Cost	(28.9)			(28.9)
Profit before tax	148.4	7.0	19.9	175.4
Income tax expense	(42.2)	(2.1)	(6.0)	(50.3)
Non-controlling interest	0.3			0.3
NPAT	106.4	4.9	13.9	125.3

- The table reconciles the statutory results to the pro-forma results
- These tables are subject to rounding
- NPAT attributable to members of Bapcor Limited
- Refer to slide 16 for the summary of the significant items

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Bapcor

Bapcor TRADE

Bapcor RETAIL

Bapcor SPECIALIST WHOLESALE

Bapcor NEW ZEALAND

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