



**FY20 Results
Presentation**

19 August 2020

1. **FY20 Results**
2. FY20 Result Details
3. Strategy Update
4. Trading Update / Outlook

Solid result in an unpredictable year impacted by drought, bushfires and COVID-19

- Revenue up 12.8% (excl acquisitions up 7%)
- EBITDA pre AASB16 down 4.1% to \$157.8M
- NPAT down 5.5% to \$89.1M (2nd highest ever)
 - Including AASB16 NPAT \$88.7M
- Record revenue and EBIT in Burson Trade and Retail businesses with strong same store sales growth
 - Burson same store sales up 6% in FY20
 - up 14% in May and June
 - Autobarn same store sales up 9.5% in FY20
 - up 51% in May and June
- NZ impacted by COVID-19 with same store sales down 9%
- Improved cash conversion of 125% pre AASB16
- Successful equity raising (\$236M) with leverage now at 0.7x EBITDA pre AASB16
- Final dividend 9.5cps fully franked – same as FY19
- Full year dividend 17.5 cps – up 2.9% on FY19
- Share price at 30 June 2020 – up 6% on 30 June 2019

\$M	FY20 Reported	FY20 Pre AASB16	FY19 Reported	Pre AASB16 YoY %
Revenue	1,462.7	1,462.7	1,296.6	12.8%
EBITDA proforma	217.1	157.8	164.6	(4.1%)
EBIT proforma	144.5	138.7	147.5	(6.0%)
NPAT proforma	88.7	89.1	94.3	(5.5%)
NPAT	79.2	79.2	97.0	(18.4%)
Cash conversion	119%	125%	79%	57.4%
Leverage (ND/EBITDA)	0.7X	0.7X	2.0X	(66.0%)
EPS (basic) proforma	30cps	30 cps	33cps	(9.2%)
DPS – Final	9.5 cps	9.5 cps	9.5 cps	-
DPS – Full year	17.5 cps	17.5 cps	17.0 cps	2.9%

Effectively managed external environment impacts and made solid progress delivering on strategy

- Added Truckline – Heavy Commercial Trucks (Dec 19)
 - Contributed revenue of \$57M and EBITDA of \$2.8M (well ahead of expectations)
- Investments in retail point of sale system, warehouse management system and IT infrastructure
- Solid progress on the new Victorian Distribution Centre at Tullamarine
- Added 45 new branches / store locations
- Reset staffing levels
- Proactively handled COVID-19
 - Primary concern safety of team members, customers and suppliers
 - Reduced discretionary expenditure and investment = cash conservation
 - COVID-19 significantly impacted March, April and early May results
- Retail improvements bearing fruit – management, marketing, store format and standards, inventory injection and online sales (up over 240%)
- “Thank you” incentive to all permanent staff – \$300 full time; \$150 part time
- Reduced WC / sales % from 21.0% to 17.4%
- Prudent increase in provisions including debtors and inventory, reflecting economic uncertainty

FY20 Headline Results



Record result for revenue while profitability down given external environment

Proforma excluding AASB 16 Leases

<u>Revenue</u>	<u>EBITDA</u>	<u>NPAT¹</u>	<u>EPS</u>
↑ Up 12.8% to \$1,462.7M	↓ Down 4.1% to \$157.8M	↓ Down 5.5% to \$89.1M	↓ Down 9.2% to 30.36 cps

Proforma including AASB 16 Leases

<u>Revenue</u>	<u>EBITDA</u>	<u>NPAT¹</u>	<u>EPS</u>
↑ Up 12.8% to \$1,462.7M	↑ Up 31.9% to \$217.1M	↓ Down 5.9% to \$88.7M	↓ Down 9.6% to 30.23 cps

Notes:

1. NPAT as attributable to members of Bapcor Limited.

FY20 – Financial Highlights



Proforma		FY20 reported	Variance YoY	AASB 16 impact	FY20 exc. AASB 16	FY19 reported	Variance YoY
Revenue	\$'M	1,462.7	12.8%	-	1,462.7	1,296.6	12.8%
Gross Margin	%	46.5%	(0.4 pp)	-	46.5%	46.9%	(0.4 pp)
EBITDA – proforma	\$'M	217.1	31.9%	(59.3)	157.8	164.6	(4.1%)
EBITDA	%	14.8%	2.1 pp	4.1%	10.8%	12.7%	(1.9 pp)
NPAT – proforma	\$'M	88.7	(5.9%)	0.4	89.1	94.3	(5.5%)
EPS – proforma	cps	30.23	(9.6%)	(0.13)	30.36	33.45	(9.2%)
Dividend	cps	17.5	2.9%	-	17.5	17.0	2.9%

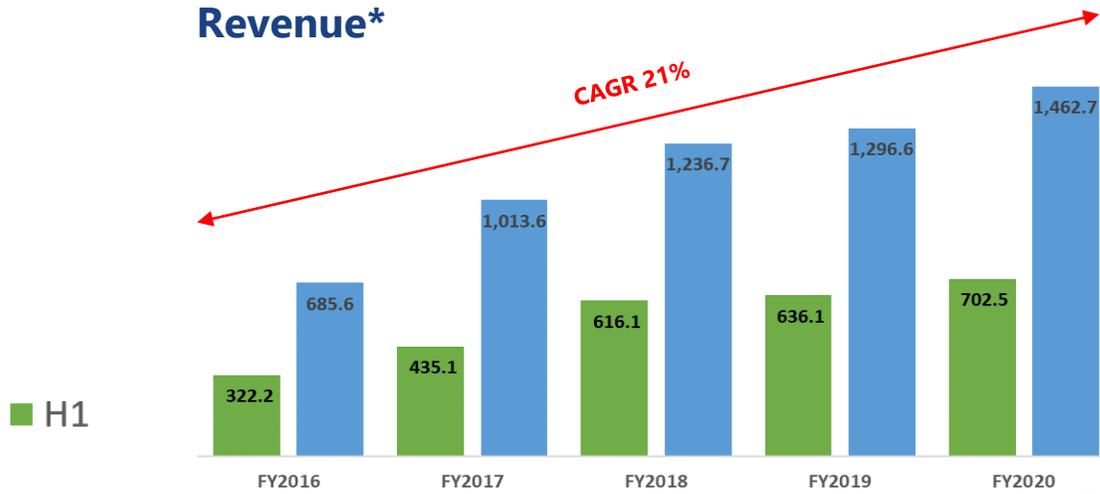
Notes:

1. During FY20 Bapcor adopted AASB 16 Leases and as per the adoption provisions the comparative periods have not been adjusted. The proforma results throughout this presentation include adjustments to remove the impact of this standard adoption allowing comparability across the periods. Refer to the appendix for detailed reconciliations between proforma and statutory results.

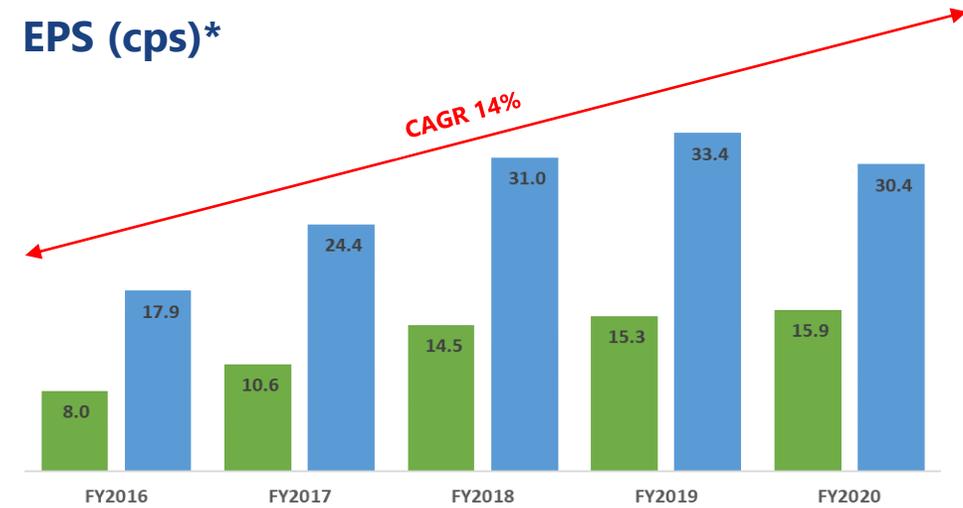
Summary of Key Performance Indicators



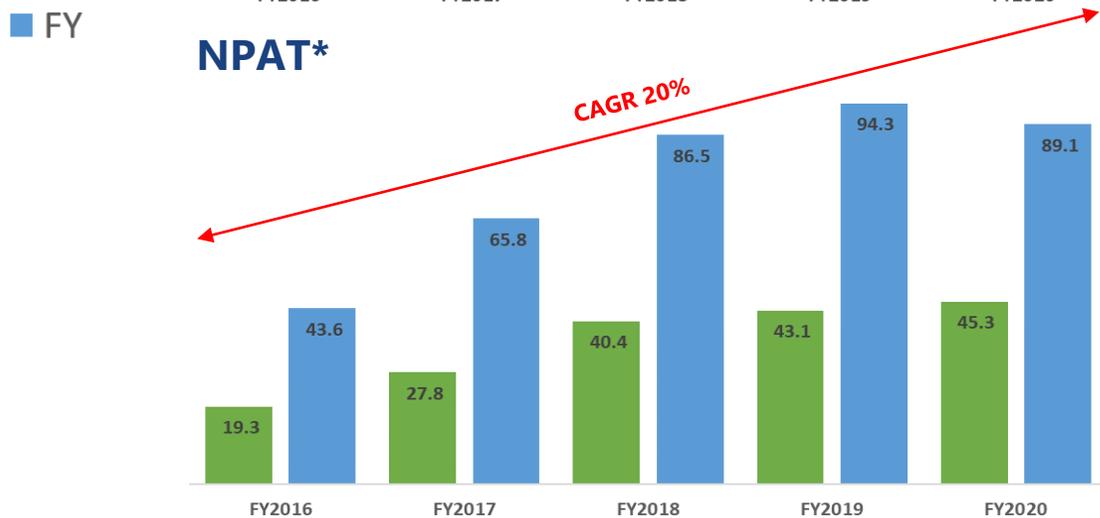
Revenue*



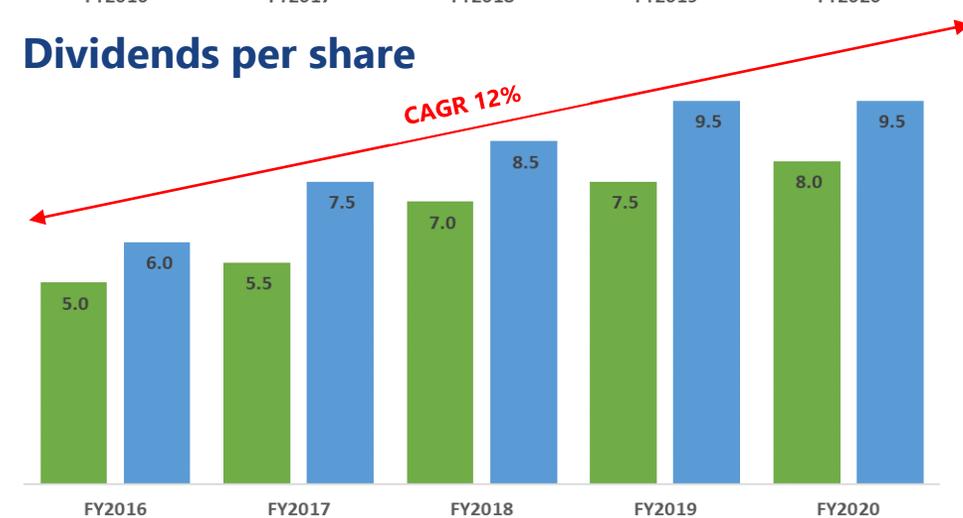
EPS (cps)*



NPAT*



Dividends per share



Notes:

* Based on proforma results excluding AASB 16. The impact of AASB 16 on NPAT was (\$0.4M).

Segment Results



AUD \$M proforma exc. AASB 16	Revenue			EBITDA ¹			EBITDA % Revenue		
	FY20	FY19	% Change	FY20	FY19	% Change	FY20	FY19	Change
Trade	561.7	524.5	7.1%	81.1	78.2	3.7%	14.4%	14.9%	(0.5 pp)
Bapcor NZ	156.3	165.0	(5.2%)	19.6	22.9	(14.0%)	12.6%	13.9%	(1.3 pp)
Specialist Wholesale	520.4	413.1	26.0%	50.3	46.3	8.7%	9.7%	11.2%	(1.5 pp)
Retail	292.7	255.3	14.7%	30.5	27.1	12.8%	10.4%	10.6%	(0.3 pp)
Group / Elims	(68.4)	(61.3)	NM	(23.7)	(9.9)	NM			
Total	1,462.7	1,296.6	12.8%	157.8	164.6	(4.1%)	10.8%	12.7%	(1.9 pp)

AUD \$'M proforma	Revenue		
	FY20	FY19	% Change
Revenue from Intercompany sales	72.4	62.1	16.6%

Notes:

1. Proforma results excluding AASB 16. Refer to appendix for reconciliations.

Business Segment Contribution to Results



Total Revenue

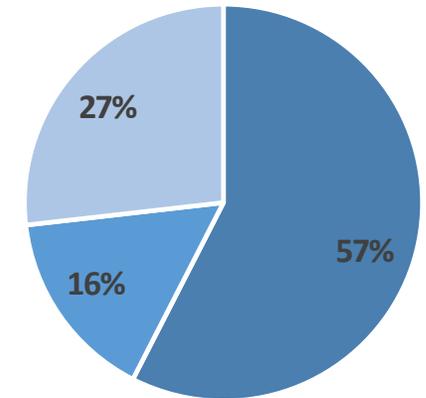
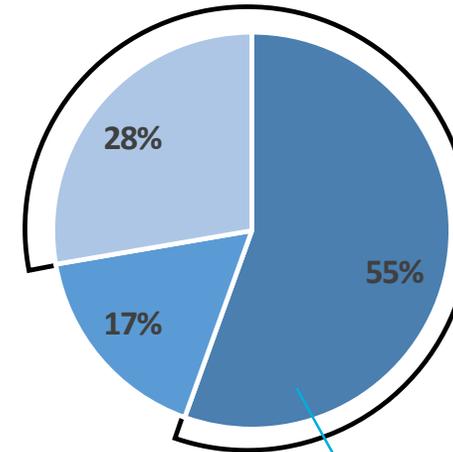
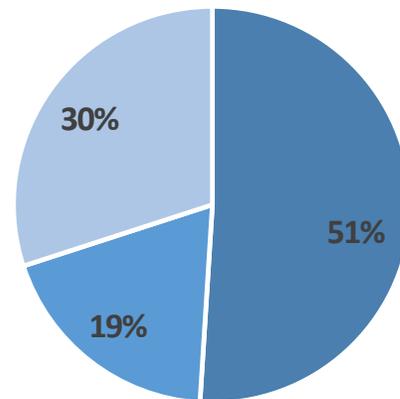
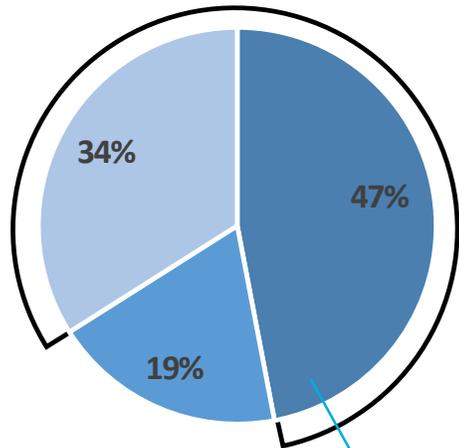
Total EBITDA

FY20

FY19

FY20

FY19



Trade focused 81%

Trade focused 83%

■ Trade ¹ ■ Specialist Wholesale ■ Retail

Notes:

1. Trade includes Trade and Bapcor NZ segments

\$M	FY20	FY19	Change
Revenue	561.7	524.5	7.1%
EBITDA	81.1	78.2	3.7%
<i>EBITDA %</i>	<i>14.4%</i>	<i>14.9%</i>	<i>(0.5 pp)</i>

	FY20	FY19	Change
Stores	186	181	+5
Same store sales	6.0%	2.2%	



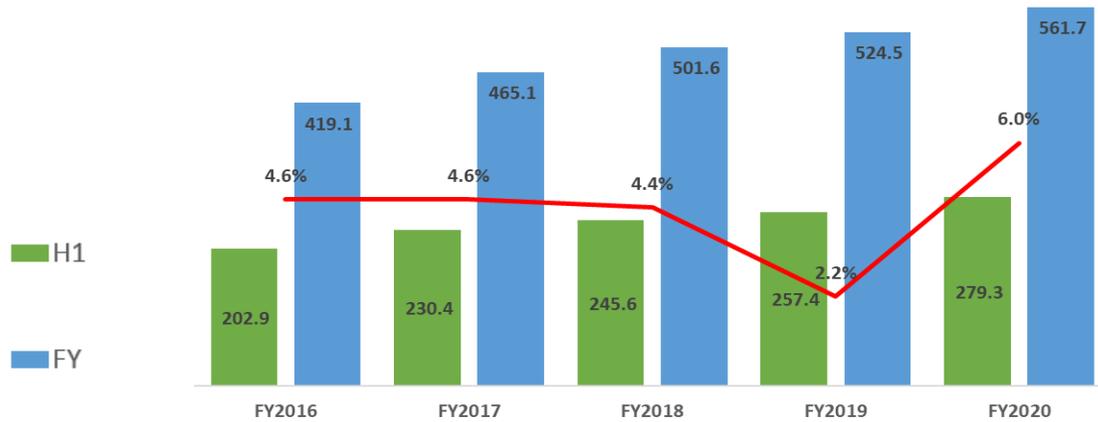
Achievements

- Record revenue up 7.1% with record month in June
- Very successful 6 month promotion
- Same store sales growth 6% for the year – May / June was 14%
 - 70% of stores set new revenue records
- 5 new stores to 186 stores
- Equipment business performed well – \$39.4M of revenue in FY20
- General selling price increase 27 December 2019
- Own brand jumped to 31.3%
- Improved inventory and debtors as % of sales
- Strong focus on safety and environment

Challenges

- Gross margin down 0.5% due to competitive environment & promotion impact – H1 EBITDA margin was 13.5%, H2 recovered to 15.4%

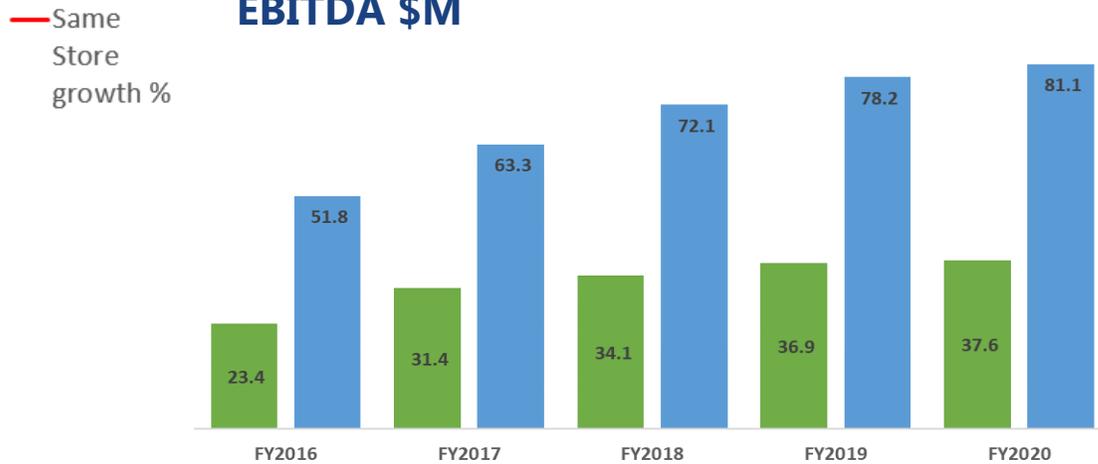
Revenue and 'Same Store Sales' growth



EBITDA % of Sales



EBITDA \$M



Store Numbers



\$'M	FY20	FY19	Change
Revenue	156.3	165.0	(5.2%)
EBITDA	19.6	22.9	(14.0%)
<i>EBITDA %</i>	<i>12.6%</i>	<i>13.9%</i>	<i>(1.3 pp)</i>

	FY20	FY19	Change
BNT stores	73	70	+3
BNT same store sales	(9.0)%	5.3%	



COVID-19 impacts

- New Zealand significantly impacted by COVID-19 government enforced restrictions but business reacted swiftly – revenue dropped by up to 80%
- \$3.9M NZ government subsidy – during the period the subsidy was applied, Bapcor NZ also paid out an additional \$4M in wages
- June revenue recovered strongly to beat Feb 2020 level

Highlights

- 3 greenfield BNT stores growing total stores to 73
- Increased sales with major chains
- New 6,000sqm SWG warehouse in Auckland
- Opened 3 “Supersites” incorporating various business units
- Own brand at 30.4%
- Improved working capital utilisation

\$'M	FY20	FY19	Change
Revenue	520.4	413.1	26.0%
EBITDA	50.3	46.3	8.7%
<i>EBITDA %</i>	<i>9.7%</i>	<i>11.2%</i>	<i>(1.5 pp)</i>

	FY20	FY19	Change
<i>CVG sites:</i>			
Light commercial	16	14	+2
Heavy commercial	26	-	+26
Other SWG (excl. OL)	102	89	+13



Achievements

- Excluding Don Kyatt (Qld) light commercial truck, Truckline and Diesel Drive acquisitions:
 - Revenue up 5.5%
 - EBITDA down 7.1%
- Revenue and profit growth particularly strong in Electrical/Engine Management business units
- Launched numerous new programs
- Intercompany sales increased 17%
- Acquisition of Truckline in December 2019 – adds Heavy Commercial Vehicles and contributed \$57M in revenue and EBITDA of \$2.8M
- Light Commercial added 2 locations
- Safety focus with “Thousands of spare parts, none fit you!”
- Invested in additional people resources in management, finance, HR & marketing due to significant increase in segment size.

Challenges

- Impacted by bushfires and particularly COVID-19 in March, April and May
- Negative impact of currency – timing of passing through increases

\$'M	FY20	FY19	Change
Revenue	292.7	255.3	14.7%
EBITDA	30.5	27.1	12.8%
EBITDA %	10.4%	10.6%	(0.2 pp)

	FY20	FY19	Change
<u>Autobarn store numbers</u>			
Company owned	79	66	+13
Franchise	55	68	-13
Total	134	134	
% coy stores	59%	49%	+10 pp
Autobarn same store sales	14.5%	5.0%	
Other stores (Autopro, Sprints, Service)	216	231	- 15



Achievements

- Record sales and EBITDA
- Autobarn same store sales
 - 9.5% full year – Company up 14.5%, Franchise up 6.6%
 - 51% May and June – Company up 60%, Franchise up 46%
- Autobarn added 13 company stores
 - Company stores now represent c.60% of total stores
- Online sales exceptionally strong – up 240% for the year, May and June up 400%
- New multimedia marketing calendar, increasing brand awareness
- Own brand at 27.8% up 2.5%
- Clean up of debtors, service and underperforming stores
- Slight reduction in EBITDA margin due to competitive environment

Achievements

- Operating 6 locations in Bangkok district including procurement office
- Impacted by COVID-19 government restrictions in April and May
- Stores making positive progress in new market dynamics
- Good relationships established with workshop groups
- Potential to expand to 60-80 locations
- June achieved record revenue

Challenges

- Bed down processes and further develop people in existing stores
- Roll out electronic catalogue / online B2B – delayed due to COVID-19
- Staffing

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- The background of the slide is a photograph of a large, modern warehouse. The warehouse has a high ceiling with a grid of metal beams and several long, bright fluorescent light fixtures. The floor is a smooth, light-colored concrete. On both sides of a central aisle, there are tall, industrial metal shelving units (pallet racks) filled with numerous cardboard boxes. In the foreground, there are several wooden pallets stacked on the floor. The overall atmosphere is one of a well-organized and spacious industrial facility.
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Summary Income Statement



- Revenue growth of 12.8%
- Gross margin % declined 0.4 percentage points
 - Competitive environment
 - Depreciation of both the Australian and NZ currencies
 - Impact of sales promotion in the first half (Trade)
 - Additional level of prudent obsolescence provisioning due to the COVID-19 restrictions impacting year end stocktake process
- CODB as a % of sales increased 1.5 percentage points
 - Increased investment in support functions (IT, finance, HR, marketing, legal and governance)
 - Additional conservative level of doubtful debts provision in light of economic uncertainty due to COVID-19

Pro-forma, \$M exc. AASB 16	FY20	FY19	Change
Revenue	1,462.7	1,296.6	12.8%
Gross Profit	680.3	608.3	11.8%
<i>Margin (%)</i>	46.5%	46.9%	(0.4 pp)
CODB	(522.5)	(443.6)	17.8%
<i>CODB (%)</i>	(35.7%)	(34.2%)	(1.5 pp)
EBITDA	157.8	164.6	(4.1%)
<i>EBITDA (%)</i>	10.8%	12.7%	(1.9 pp)
Depreciation and Amortisation	(19.1)	(17.1)	(11.8%)
EBIT	138.7	147.5	(6.0%)
Finance Costs	(13.4)	(15.0)	10.4%
PBT	125.3	132.5	(5.5%)
Income Tax Expense	(36.6)	(38.7)	(5.4%)
Non-controlling Interest	0.5	0.4	(2.0%)
NPAT	89.1	94.3	(5.5%)
NPAT - statutory	79.2	97.0	(18.4%)
NPAT – pro-forma (%)	6.1%	7.3%	(1.2 pp)
EPS – pro-forma (cps)	30.36	33.45	(9.2%)

Summary Cash Flows



- Cash generated excluding acquisitions was \$67.4M
- Cash conversion of 119% (inc. AASB 16)
- Capex
 - Store acquisitions and greenfields represent investment in Burson Trade, BNT NZ and Autobarn networks
 - Other capex mainly reflects IT development, purchase of motor vehicles and the DC consolidation investment
- Business acquisitions
 - Truckline & Diesel Drive \$48M
 - Deferred payment for Don Kyatt (QLD) of \$15M
 - Other acquisitions and deferred payments \$5M
- Successful completion of equity raise via \$180M institutional placement and \$56M share purchase plan

Proforma \$M	FY20	
	Inc. AASB 16	Exc. AASB 16
EBITDA	211.2	157.8
Operating cash flow before finance, transaction and tax costs	251.6	197.1
<i>Cash conversion</i>	<i>119%</i>	<i>125%</i>
Financing costs	(11.6)	(11.6)
Transaction / restructuring costs	(2.2)	(2.2)
Tax paid	(35.5)	(35.5)
Operating cash flows	202.3	147.8
Store acquisition and greenfields	(9.8)	(9.8)
Capital expenditure (excluding new stores)	(35.2)	(35.2)
Dividend paid	(35.7)	(35.7)
Treasury shares	(1.1)	(1.1)
Finance lease costs	(54.6)	-
Other	1.5	1.5
Cash generated pre acquisitions / equity raising	67.4	67.4
Business acquisitions – net of cash – inc. deferred payments	(68.2)	(68.2)
Equity raising– net of costs	231.5	231.5
Cash generated	230.7	230.7
Opening cash on hand	47.6	47.6
FX adjustment on opening balances	0.2	0.2
Borrowing repayments	(152.2)	(152.2)
Net cash movement	230.7	230.7
Closing cash on hand	126.3	126.3

Summary Balance Sheet



- Net Debt/Cash
 - Proforma net debt¹ at 30 June 2020 of \$109.2M (June 2019: \$335.3M)
 - Represents annualised leverage ratio of 0.7X on a twelve month annualised proforma EBITDA basis
 - Higher level of cash on hand compared to the prior corresponding period following the capital raising during the year
 - Increased level of inventories reflects the impact of acquisitions, network growth and product range expansion
 - Increased level of trade and other payables reflect the impact of acquisitions

\$M	FY20		FY19
	Inc. AASB 16	Exc. AASB 16	
Cash	126.3	126.3	47.6
Trade and other receivables	164.0	164.0	162.5
Inventories	363.0	363.0	326.1
PP&E	75.2	75.6	60.7
Deferred tax assets	34.7	29.1	18.4
Intangible assets	757.4	757.4	734.5
Right-of-use assets	158.0	-	-
Other assets	1.4	1.4	3.3
Total assets	1,680.0	1,516.8	1,353.3
Trade and other payables	222.2	226.2	183.6
Tax liabilities	2.0	2.0	2.9
Provisions	58.1	59.7	63.4
Borrowings	229.1	229.1	380.4
Lease liabilities	181.8	-	-
Other	4.7	4.7	0.8
Total liabilities	697.9	521.7	631.1
Net assets	982.1	995.1	722.2

Notes:

1. Refer to appendix for reconciliation of net debt

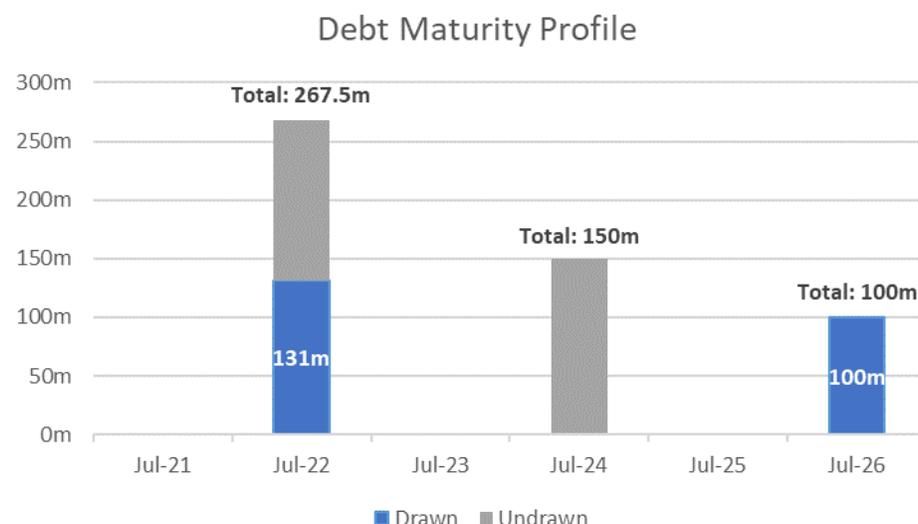
Balance Sheet - Liquidity



Committed facility	Maturity	Facility amount	As at 30 June 2020	
			Drawn	Undrawn
3 year tranche	Jul 2022	\$267.5M	\$131.0M	\$136.5M
5 year tranche	Jul 2024	\$150.0M	-	\$150.0M
7 year tranche	Jul 2026	\$100.0M	\$100.0M	-
Total		\$517.5M¹	\$231.0M	\$286.5M

Credit metrics	30 June 2020	30 June 2019
Net leverage ratio ²	0.7x	2.0x
FCCR ³	3.0x	3.4x
Interest cover ⁴	12.2x	11.7x

- Proforma net debt of \$109.2M at 30 June 2020
- Undrawn committed facilities of \$286.5M
- Average remaining tenor of facilities at 30 June 2020 of 3.4 years
- Net leverage ratio would have been just over 2.0x excluding the equity raise proceeds received in FY20



Notes:

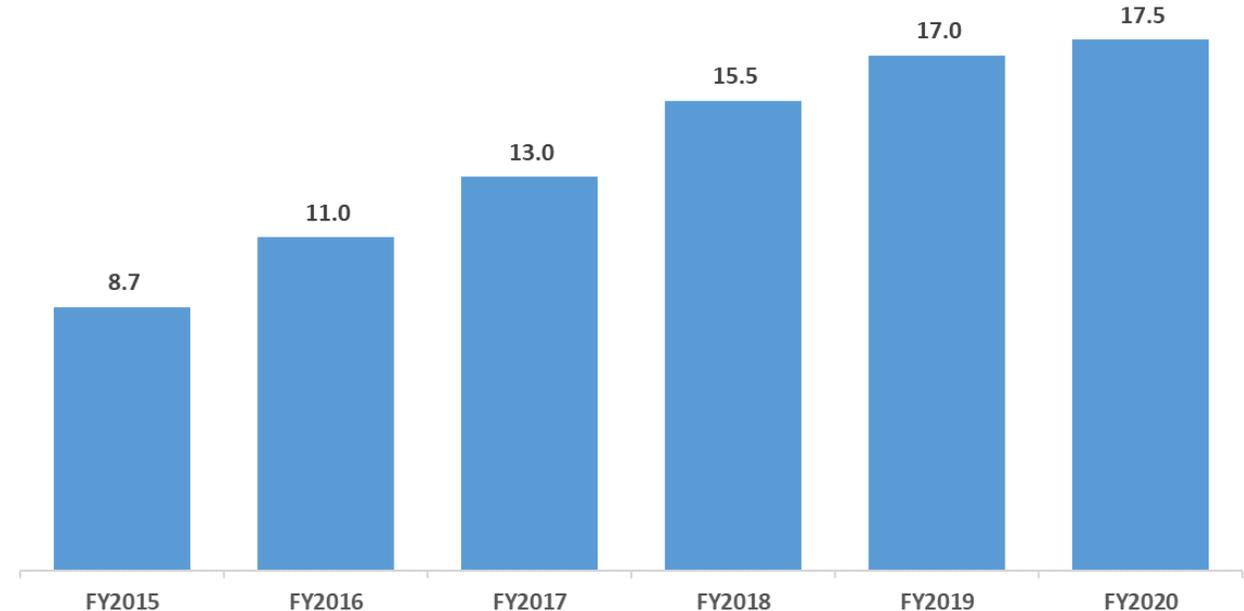
1. Total facilities available at 30 June 2020 was \$520M. The amount used in the above table excludes \$2.5M of facility which relates to bank guarantees under the 3 year tranche.
2. Net leverage ration = net debt / proforma EBITDA (exc. AASB 16 *Leases* impact)
3. FCCR (fixed cover charge ratio) = proforma EBITDA plus rent / Interest plus rent (exc. AASB 16 *Leases* impact)
4. Interest cover = proforma EBITDA / Interest (exc. AASB 16 *Leases* impact)

Dividend



- Final dividend declared for FY20 of 9.5 cents per share (fully franked) inline with FY19
- Full year dividend of 17.5 cents per share (fully franked)
- Dividend payout ratio of 62% of proforma NPAT
- Record date: 31 August 2020
- Payment date: 11 September 2020
- Dividend reinvestment plan suspended for FY20 final dividend
- Shares on issue as at 30 June 2020 of 339.4M (30 June 2019: 283.5M)

Dividend History – Cents per Share



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- The background of the slide is a photograph of several plastic jugs of motor oil on a shelf. The jugs are dark grey or black with white and blue labels. The labels prominently display the brand name "BURSON" and various oil grades such as "SUPER ENGINE OIL", "25/70", "HV50", and "5W40". The image is slightly blurred and has a blue tint overlay.
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5 Year Strategy / Targets

“Asia Pacific’s leading provider of vehicle parts, accessories, equipment, service and solutions”



No change to targets despite COVID-19 impacts / delays

Trade	Trade focussed “parts professionals” supplying workshops in Australia & New Zealand	240 AUS Stores Target <u>Currently 186</u>	35% AUS Own Brand Target <u>Currently 31%</u>	75 NZ Stores Target <u>Currently 73</u>	35% NZ Own Brand Target <u>Currently 30%</u>
Specialist Wholesale (Ex. Commercial Vehicles)	#1 or #2 Industry category specialists in parts programs	A\$600m AUS Turnover Target <u>Currently \$A415m</u>	A\$50m NZ Turnover Target <u>Currently \$A30m</u>	55% Own Brand Target <u>Currently 45%</u>	
Commercial Vehicles - Light (<20t) - Heavy (>20t)	The only choice for commercial vehicle parts and accessories	40 Light Locations Target <u>Currently 16</u>	A\$120m Light Turnover Target <u>Currently \$A50m</u>	50 Heavy Locations Target <u>Currently 26</u>	A\$220m Heavy Turnover Target <u>Currently \$A105m</u>
Retail	Premium retailer of automotive accessories Supplying the independents: parts, accessories & 4WD	200 AUS Autobarn Stores Target <u>Currently 134</u> (79 Company Owned)	200 Independents Stores Target <u>Currently 188</u>	100 Opposite Lock Stores Target <u>Currently 72</u>	35% Own brand Target <u>Currently 28%</u>
Service	Reliable & trusted car servicing at affordable prices Supporting the independents	500 AUS Stores Target <u>Currently 102</u>	150 NZ Stores Target <u>Currently 126</u>	80% Intercompany Sourcing Target	
Thailand	Bringing automotive aftermarket parts to Asia	>80 Locations Target <u>Currently 6</u>	A\$100m Turnover Target <u>Currently \$A4m</u>		

Consistent delivery of specific and measurable targets with significant growth still to come

1 Grow sales

- Organic (circa 2% pa)
- Footprint expansion
 - Burson 10 – 12 stores p.a.
 - Retail up to 10 stores p.a.
 - NZ 5 stores p.a.
 - Light Com 5 locations p.a.
 - Heavy Com 10 locations p.a.
 - Electrical 5 locations p.a.

2 Margin

- Procurement / buying initiatives
- Pricing management
- Increase “own brand” sales
- Optimise intercompany sourcing of product

3 Operating efficiencies

- Network Plan / DC evolution

4 Consolidate and optimise

5 Strategic acquisitions / expansion

No change to targets despite COVID-19 impacts / delays





- **Warehouse Management System** – Tier 1 System Manhattan – implemented Nunawading DC Jan 20 and operating well with improved efficiencies
- **Warehouse Evolution Program** – Consolidated DC Melbourne (Tullamarine) using latest technology – target Q3 FY21
- **Retail Point of Sale System** – state of the art retail POS – implementation in Autobarn delayed due to COVID-19 and required enhancements
- **Technology Infrastructure** – investing in all aspects of IT – new infrastructure complete Dec 19
- **Commenced implementation of new safety data system**
- **Category Leadership & Brand Management** – first categories underway – aircon, tools, electrical accessories and 4x4
- **New ecommerce platform underway** – target Q3 FY21
- **Future Acquisitions** – Bapcor is always on the lookout for businesses that fit with our core strategy and are fairly priced; well placed financially to move on appropriate opportunities

Our New Melbourne DC



Consolidated Warehousing

- The most efficient distribution
- Strong investment in 'state of the art'
- 'Step change' with new Melbourne Tullamarine DC
- 50,000m² warehouse
- Goods to Person technology
- Immediate picking growth
- Substantial capacity
- Manhattan WMS
- Plans for future investments in Australia and connecting to the global supply chain

Transition costs charged to P&L

\$M	FY20	FY21	FY22	FY23	Total
Total provisions and transition costs	5.6	6.4	1.5	-	13.5
<i>Accelerated depreciation</i>					
Property plant and equipment	1.0	1.3	-	-	2.3
Right-of-use-assets (AASB 16)	5.1	5.2	0.2	(3.4)	7.1
Total accelerated depreciation	6.1	6.5	0.2	(3.4)	9.4
Total	11.7	12.9	1.7	(3.4)	22.9

Financials	\$M
Capital	34
Transition Costs	23
Incentive	(14)
Inventory Reduction	(8)
Net Investment	35
Benefits (est p.a.)	10
<i>Simple ROI %</i>	<i>27%</i>

Note: Any difference in totals is due to rounding

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- The background of the slide is a grayscale photograph of a car lift shop. A silver SUV is elevated on a two-post lift. A male mechanic in a light-colored short-sleeved shirt and dark trousers with reflective stripes is standing on the left, holding a tablet and looking towards a female customer on the right. The customer is wearing a light-colored patterned top and dark pants. The shop floor is polished and has white lines. In the background, there are shelves with tools and a metal cart.
1. FY20 Results
 2. FY20 Result Details
 3. Strategy Update
 4. **Trading Update / Outlook**



- July was a very strong month – following a solid May and June
 - Burson Trade same store sales up c.15%
 - BNT NZ same store sales up c.10%
 - Retail – Autobarn same store sales up c.50%
 - SWG sales up on a comparative basis to July 2019 by c.15% – 20%
- Excellent start to FY21
 - Likely driven by increased consumer cash availability – low restaurant, travel, entertainment spend combined with government stimulus / super withdrawals
- COVID-19 is also likely to result in changes with a significant net positive for the automotive aftermarket:
 - More vehicle use / kms driven – domestic travel and lower public transport use
 - More vehicles per household – refer used car sales
 - More repair and less replacement
 - Older average age of vehicles
 - More DIY activity



- Addition of Truckline and ongoing improvements in other businesses, including retail, will positively contribute
- Lockdowns in Melbourne and Auckland and any future government restrictions will have an impact on trading conditions and earnings
- There is a lack of clarity and uncertainty around underlying economic conditions
- However, historically Bapcor's businesses have been resilient to economic downturns
- Further update at October's AGM

The background of the slide is a photograph of a male warehouse worker. He is wearing a dark polo shirt, dark trousers, and a safety harness. He is looking down at a small box or package he is holding in his hands. The setting is a large warehouse with tall metal shelving units filled with various boxes and parts. The lighting is bright, and the overall color palette is dominated by the orange and white tones of the slide's design.

THANK YOU

Now, Q&A

Appendix



New Lease Accounting Standard



- Bapcor adopted the new lease accounting standard (AASB 16) from 1 July 2019 on a modified retrospective approach (comparative amounts will not be restated).
- In FY19, leases were treated as operating leases and \$43.7M in expenses was incurred which was disclosed within occupancy /motor vehicle expenses in the profit and loss and as an operating cashflow item (within payments to suppliers) in the statement of cash flows.
- On adoption the following was recognised on the balance sheet:
 - \$145.1M right-of-use asset
 - \$159.6M lease liability
 - \$3.9M deferred tax asset
 - \$1.5M other asset/liability reclassifications
 - \$9.2M opening retained earnings adjustment
- In FY20, leases are held on balance sheet with a total cost incurred of \$59.9M* which was recorded as \$53.5M* in depreciation and \$6.4M as interest expense. For cashflow purposes the total amount is treated as a financing cost (as repayment of lease liabilities).
- Overall impact on the FY20 result includes:
 - NPAT decrease of \$0.4M
 - No impact on cash flows except for presentation
 - No impact on debt covenants

\$'M	FY20 Proforma Exc. AASB 16	AASB 16 impact*	FY20 Proforma Inc. AASB 16
Revenue	1,462.7	-	1,462.7
Other income	-	3.2	3.2
COGS	(782.4)	-	(782.4)
CODB	(522.5)	56.1	(466.4)
EBITDA	157.8	59.3	217.1
Depreciation and Amortisation	(19.1)	(53.5)	(72.6)
EBIT	138.7	5.8	144.5
Finance Costs	(13.4)	(6.4)	(19.8)
PBT	125.3	(0.6)	124.7
Income Tax Expense	(36.6)	0.2	(36.4)
Non-controlling Interest	0.5	-	0.5
NPAT	89.1	(0.4)	88.7
EPS – (cps)	30.36	0.12	30.23

* Excludes any impact of the DC Consolidation right-of-use accelerated depreciation

Reconciliations



The following table reconciles the Statutory NPAT to the Proforma NPAT inclusive and exclusive of AASB 16:

	\$'M	Note	Consolidated	
			FY20	FY19
Statutory NPAT		1	79.2	97.0
Victorian DC Consolidation		2	11.6	-
Other activities		3	1.7	1.7
Other gains adjustment		4	-	(4.1)
Finance cost adjustment		5	-	0.3
Tax adjustment		6	(3.8)	(0.6)
Pro-forma NPAT inc. AASB 16			88.7	94.3
AASB 16 Leases adjustment		7	0.6	-
Tax adjustment		6	(0.2)	-
Pro-forma NPAT exc. AASB 16			89.1	94.3

The following table reconciles the Statutory NPBT to the Proforma EBITDA inclusive and exclusive of AASB 16:

	\$'M	Note	Consolidated	
			FY20	FY19
Statutory net profit before tax ('NPBT')			111.4	134.7
Add back depreciation and amortisation		8	80.1	17.1
Add back finance costs			19.8	15.3
Statutory EBITDA			211.2	167.0
Victorian DC Consolidation		2	4.2	-
Other activities		3	1.7	1.7
Other gains adjustment		4	-	(4.1)
Pro-forma EBITDA inc. AASB 16			217.1	164.6
AASB 16 Leases adjustment		7	(59.3)	-
Pro-forma EBITDA exc. AASB 16			157.8	164.6

Reconciliations cont.



The following table reconciles the earnings per share under Statutory NPAT and Proforma NPAT inclusive and exclusive of AASB 16:

	\$'M	Note	Consolidated			FY19	
			Stat	FY20 Pro-forma inc. AASB 16	Pro-forma exc. AASB 16	Stat	Pro-forma
NPAT		1	79.2	88.7	89.1	97.0	94.3
Weighted average number of ordinary shares			293.6	293.6	293.6	281.9	281.9
Earnings per share (cps)			26.97	30.23	30.36	34.40	33.45

- 1 NPAT attributable to members of Bapcor Limited.
- 2 The Victorian DC Consolidation relates to the significant items incurred in relation to the new Tullamarine Victoria Distribution Centre and includes the recognition of provisions for restructure and make good as well as the accelerated depreciation of property, plant and equipment and right-of-use assets. Refer to note 17 of the financial report for further details.
- 3 The other activities in current and prior period relates to one off consulting costs incurred relating to acquisitions that did not proceed or are considered major acquisitions.
- 4 The prior period other gains adjustment relates to a one off gain realised on the Baxters acquisition final deferred settlement payment.
- 5 The prior period finance cost adjustment relates to the write off of borrowing costs performed due to refinancing activities.
- 6 The tax adjustment reflects the tax effect of the above adjustments based on local effective tax rates.
- 7 The current period AASB 16 Leases adjustment relates to the adoption of the standard effective 1 July 2019 for which comparatives have not been restated. Refer to note 3 of the financial report for further details.
- 8 Depreciation in the current period includes the right-of-use assets depreciation from the adoption of AASB 16 Leases of \$58.5M.

Reconciliations cont.



The following table reconciles the Statutory net debt to the Proforma net debt:

	Consolidated	
	2020 \$'000	2019 \$'000
Cash and cash equivalents	126,300	47,610
Lease liabilities	(181,808)	-
Borrowings excluding unamortised transaction costs capitalised	(230,982)	(382,960)
Statutory net debt	(286,490)	(335,350)
Add: Lease liabilities	181,808	-
Add/(less): Net derivative financial instruments	(4,521)	54
Pro-forma net debt as per debt facility agreement	(109,203)	(335,296)

The following table reconciles the Statutory EBITDA to Proforma EBITDA exclusive of AASB 16 by segment:

\$Ms	FY20					FY19					
	Statutory EBITDA per segment note	Intersegment EBITDA per segment note	Acquisition costs per segment note	Pro-forma adjustments	AASB 16 adjustments	Pro-forma EBITDA per Directors' Report	Statutory EBITDA per segment note	Intersegment EBITDA per segment note	Acquisition costs per segment note	Pro-forma adjustments	Pro-forma EBITDA per Directors' Report
EBITDA											
Trade	96.7				(15.6)	81.1	78.2				78.2
Bapcor NZ	26.9				(7.3)	19.6	22.9				22.9
Specialist Wholesale	62.7			0.3	(12.6)	50.3	45.5				45.5
Retail	57.6				(27.1)	30.5	27.1				27.1
Group / Unallocated	(29.8)	(1.1)	(1.8)	8.9		(23.8)	(5.0)	(0.7)	(0.9)	(2.4)	(9.0)
Total	214.1	(1.1)	(1.8)	9.2	(62.6)	157.8	168.7	(0.7)	(0.9)	(2.4)	164.6

Reconciliations cont.



The following table reconciles the movements in provision for slow moving inventory:

	Consolidated	
	2020 \$'000	2019 \$'000
Opening balance	(43,647)	(46,839)
Additional provisions recognised against profit	(4,857)	(580)
Additions through business combinations	(9,333)	(3,505)
Inventory written off against provision	1,844	4,155
Foreign currency translation	140	236
Derecognised on divestment	-	2,886
	<hr/>	<hr/>
Closing balance	(55,853)	(43,647)

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