

ASX/Media Announcement Bapcor Limited (ASX:BAP)

22 August 2018

Bapcor Ltd results for the twelve months ended 30 June 2018

Revenue from continuing operations of \$1,236.7M, up 22.0%.

Proforma Net Profit after Tax from continuing operations of \$86.5M, up 31.6%.

Statutory Net Profit after Tax of \$94.7M, up 47.8%.

Pro-forma Earnings Per Share of 30.99 cents per share, up 27.0%.

Statutory Earnings Per Share of 33.90 cents per share, up 43%.

Bapcor Ltd (“Bapcor”) today announced its financial results for the 12 months ended 30 June 2018 (“FY18”).

Highlights of the FY18 financial results compared to the 12 months ended 30 June 2017 (“FY17”) are:

\$ million	FY18	FY17	Variance
<u>Continuing Operations</u>			
Revenue	1,236.7	1,013.6	22.0%
EBITDA – Statutory	147.1	103.0	42.8%
EBITDA – Pro-forma ⁽¹⁾	150.0	117.4	27.7%
NPAT – Statutory	84.5	53.7	57.3%
NPAT – Pro-forma ⁽¹⁾	86.5	65.8	31.6%
EPS (cps) – Pro-forma	30.99	24.40	27.0%
<u>Total Bapcor (including discontinued operations⁽²⁾)</u>			
NPAT – Statutory	94.7	64.0	47.8%
EPS (cps) – Statutory	33.90	23.76	42.7%
Full Year Dividend (cps)	15.5	13.0	19.2%

Notes:

(1) Proforma results exclude Hellaby related acquisition costs in FY17 and restructuring costs in FY18.

(2) Discontinued operations are Contract Resources, TBS and Footwear

FY18 results include a full 12 months of Hellaby operations compared to 6 months in FY17 due to the acquisition of Hellaby Holdings Ltd by Bapcor in January 2017. The Hellaby businesses of Contract Resources, TBS and Footwear were deemed non-core and have been classified as “discontinued operations” in the financial statements. These businesses were divested during the course of FY18.

Statutory revenue and net profit after tax for FY18 increased by 22.0% and 47.8% respectively compared to FY17. Statutory earnings per share for FY18 was 33.90 cents per share, up 42.7% compared to FY17.

Pro-forma net profit after tax from continuing operations increased by 31.6%. The increase in pro-forma net profit after tax reflects the impact of the acquisition of Hellaby's automotive businesses as well as good profit growth across all of Bapcor's automotive business segments.

FY18 proforma net profit after tax from continuing operations of \$86.5M represents the underlying performance of the business, and excludes \$2.0M of costs after tax related to restructuring activities.

Net debt at 30 June 2018 was \$289.5M representing a leverage ratio of less than 2.0X (Net Debt : last twelve months EBITDA) and was in line with Bapcor's end of financial year target.

A final fully franked dividend of 8.5 cents per share has been declared, up 13.3% compared to the final FY17 dividend, bringing the total dividends in relation to the FY18 financial year to 15.5 cents per share, up 19.2%. Bapcor operates a Dividend Reinvestment Plan ('DRP') which provides shareholders with the opportunity to utilise all or part of their dividends to purchase shares in the Company. The DRP will be in operation for the 2018 final dividend.

Comments from Bapcor's CEO

Bapcor CEO Mr. Darryl Abotomey said "FY18 has delivered a very good result for our automotive businesses which were slightly ahead of our expectations. Most pleasing is that each of our business segments have recorded good revenue and profit growth and they have executed well on opportunities that can be further built on in FY19.

"Bapcor also divested its non-core assets of Contract Resources, TBS and Footwear during the course of FY18 that will enable Bapcor to focus on its core Automotive Aftermarket businesses. Proceeds of NZ\$103M from the divestments exceeded book value by NZD\$7M.

"The integration of the Hellaby Automotive businesses has progressed to plan and the businesses have all performed well since their acquisition in January 2017.

"The Burson Trade segment, consisting of Burson Auto Parts and Precision Automotive Equipment, delivered another strong result. Burson Trade revenue increased by 7.8% and EBITDA grew by 13.9% compared to FY17, achieving same store sales growth of 4.4%. The Burson store network expanded to 170 stores nationwide, an increase of 10 stores. Burson Trade has also refreshed its store rollout target based on the current market size, and increased its target from 200 to 230 stores by 2023.

"Bapcor New Zealand (previously the New Zealand based operations of Hellaby Automotive), performed very strongly. Revenue and EBITDA in FY18 increased by 104.1% and 144.3% respectively. In New Zealand dollar terms and had Bapcor owned the business for a full 12 months in FY17, revenue increased by 5.7% and EBITDA grew by 33.1% compared to FY17. Bapcor New Zealand's largest business, the BNT trade business, achieved same store sales growth of 6.1% reflecting the success of organisation changes, range expansion and market growth.

"The Specialist Wholesale segment now comprises eleven business units - AAD, Bearing Wholesalers, Opposite Lock, Baxters, MTQ Engine Systems, Roadsafe and AADi (acquired during FY18), as well as the ex-Hellaby Australian based Automotive operations of JAS Oceania, PAT, Diesel Distributors and Federal Batteries. The Specialist Wholesale segment grew revenue by 33.8% and EBITDA by 37.7%. Had Bapcor owned the former Hellaby Specialist Wholesale businesses in

Australia for a full twelve months in FY17, then in FY18, revenue increased 11.0% and EBITDA grew by 16.2%. Good performance was recorded across all Specialist Wholesale businesses.

"The Retail & Service segment consists of Autobarn, AutoPro, Sprint Auto Parts and Carparts retail stores, as well as Midas and ABS service workshops. Revenue for FY18 increased by 8.2% compared to FY17, which includes a higher mix of company owned stores versus franchise operations across its store network. EBITDA increased by 4.4%, while EBITDA as a percentage of sales decreased by 0.5 percentage points as a result of a higher level of sales relative to profit in the new company owned stores. Same store sales growth for company owned Autobarn stores was 4.7% and Autobarn franchise stores increased by 1.4%. Autobarn added 17 new company owned stores to its network during the year, consisting of 8 greenfield stores and the conversion of 9 franchise operations. This brings the total number of company owned Autobarn stores to 48, or 38% of the 128 Autobarn store network, which is well on the way to the target of 200 Autobarn stores.

"Bapcor is extremely pleased with its performance in FY18 and is excited about its continued growth prospects in each area of its business. I would like to thank all employees and franchisees of Bapcor who work tirelessly and passionately to deliver these outcomes. Also thank you to all of our customers and suppliers.

"In closing we would like to acknowledge the significant contribution of Bapcor's inaugural Chairman, Robert McEniry, who sadly passed away on 4th July 2018."

Bapcor is forecasting continued revenue and profit growth in FY19. Consensus predictions of EBITDA of approximately \$170M are reasonable, leading to an increase in NPAT of between 9% and 14% above FY18 proforma NPAT.

Bapcor is Australasia's leading provider of automotive aftermarket parts, accessories, equipment and services, with a network of over 850 locations across Australia and New Zealand.

For further details refer to the Investor Presentation and Financial Statements contained in the Investor Centre section in the Bapcor Ltd website (www.bapcor.com.au/presentations).

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