

ASX Announcement Bapcor Limited (ASX: BAP)

16 October 2024

2024 ANNUAL GENERAL MEETING AND TRADING UPDATE

In accordance with ASX Listing Rule 3.13.3, please find attached the following documents that will be delivered at the Bapcor Limited 2024 Annual General Meeting to be held today at 127-139 Link Road, Melbourne Airport, VIC 3045:

- Executive Chair and CEO's Address, including trading update; and
- Presentation to shareholders.

– Ends –

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

Authorised by: The Board of Bapcor Limited

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BAPCOR 2024 ANNUAL GENERAL MEETING

EXECUTIVE CHAIR & CEO ADDRESS

I have been Executive Chair and CEO for 8 weeks and it's a privilege to have joined Bapcor at such an important time for the company and its shareholders.

I believe the company has enormous potential. Since commencing, my core priorities have been delivering the commitments made at the full year results presentation, learning the business and meeting our employees and our major shareholders. I have been working with the leadership team to form a clear strategic agenda, and working fast!

Before joining I had formed a view that Bapcor is an excellent company with great potential. Two months later that position has not changed.

I remain excited about the journey ahead and all that can be achieved.

This position is based on these points:

- Bapcor is a strong and well positioned business in the resilient auto aftermarket industry.
- It has a healthy balance sheet and cash flows.
- Revenue has grown year on year since its listing in 2014.
- It is among the top three in the markets where it competes.
- The company enjoys strong, stable market share with independent repairers and is growing in key Trade accounts, equipment and in the Auto Electrical segment.
- It has a depth of talent and experience in its team members who are passionate about their industry, products and delivering for their customers.

It has been my experience that having good people selling the right products with the right customer service attitude is an excellent recipe for positive shareholder outcomes.

It's for all these reasons I joined the company.

New Board Roles

I'd like to elaborate on the decision to bring the Executive Chair and Chief Executive Officer roles together into the one position.

Although it's less common in Australia than in other jurisdictions, Bapcor's decision to appoint a combined Executive Chair & CEO is driven through careful consideration and listening to the views of our major shareholders.

Bapcor's Board believes the combined role will improve accountability and speed of decision-making. It will also strengthen Bapcor's ability to reset its business, drive efficiencies and ultimately grow our position in our selected markets.

Let me tell you a little about my background, and how this enables the Exec Chair & CEO structure.

I have 30+ years of executive experience and a track record in improving operational performance and increasing shareholder value across a range of industries nationally and internationally in Chief Executive Officer and Chief Financial Officer roles.

My approach is values-led. By this, I mean establishing a common set of organisational values to drive team cohesiveness and accountability.



Bapcor's stated values of getting things done in the right way puts customers front and centre of everything the company does. I recognise this is easy to say but my experience goes to making this a reality.

Appointment of Mark Powell, Lead Independent Director

In creating the combined role of Exec Chair & CEO, Bapcor's Board has put in place measures to ensure Bapcor continues to have clear separation and open communication in respect to governance requirements.

The Board has appointed Mark Powell as Lead Independent Director. Mark will fulfill the role of Chair whenever I am conflicted in this capacity, to assist the Board in reviewing my performance and to provide a separate channel of communication for shareholders (especially where issues concern my role as Executive Chair).

Marks's role took effect from 22 August 2024.

FY2024 Operational Performance

Reflecting on Bapcor's FY2024 – the company has said the results were disappointing:

- A Statutory loss of \$158.3m included \$253.1m (post-tax) of significant items (\$296.8m pre-tax) that reset the business as we look to the future:
 - Relating mainly to the non-cash impairment of the Retail segment, distribution centre rationalisation plans and restructuring costs.
- Bapcor reported 0.8% overall revenue growth to \$2.0b, and three of its four businesses (Trade, New Zealand and Specialist Wholesale) delivered either a steady or growing top line.
- Pro-forma NPAT of \$94.8m was in line with guidance provided in the May 2024 trading update:
- Trade and New Zealand segments both grew earnings in FY2024.
- Group earnings were negatively impacted by the performance of the Retail and Specialist Wholesale segments.
- Corporate costs, including employee costs and occupancy adversely impacted performance as did increased interest rates.
- Bapcor maintained a strong balance sheet and good operating cash flows.

Actions taken in Q4 FY2024

At the company's results announcement, it confirmed that several management actions had been put in place in Q4 FY2024 to address business complexity. These included:

- Rationalising its distribution network, transitioning circa 20% of smaller warehouses into the distribution centres. This will reduce cost, better utilise our distribution sites, optimise inventory and provide a wider range of products to our customers. To date, the company has exited a quarter of the planned warehouses.
- The company made reductions in head office headcount, removing more than 100 non-customer facing roles.
- It rationalised its Specialist Network segment through consolidating trucking brands into a single business and bringing the auto electrical businesses into a single operation to optimise the go-to-market strategy, delivering better value for customers and improve efficiencies.
- Focusing on the core business and exiting non-core businesses. The recently announced sale of the MTQ diesel fuel injection business is an example of this. We expect the MTQ sale to complete this half.
- The management actions are expected to deliver savings between \$20m-\$30m in FY2025. Progress will be updated at our 1H 2025 results but we are on track to deliver on these commitments.
- To reiterate, the profile of these savings is expected to be weighted to the back end of the fiscal year.
- The operational reviews of the Retail and Wholesale businesses are underway.

Better Than Before

At FY2024 results, management also announced the scaling back of Better Than Before – or BTB transformation program. BTB was designed to extract value from improvements in pricing, procurement, supply chain and property. The program involved numerous initiatives which required the investment of both resources and capital.

The potential benefits of the program did not meet expectations to the extent originally envisaged. The ability to achieve the benefits was impacted by the complexity of the business – a result of a lack of integration of the many acquisitions Bapcor has made over multiple years. Key initiatives which add value remain in place but are being delivered through business-as-usual improvements in a more targeted manner.

The BTB program benefits will no longer be reported separately.

Private equity response

On 11 June 2024, Bapcor received an unsolicited, indicative, conditional and non-binding proposal from Bain Capital Private Equity to acquire 100% of shares in the company by way of a scheme of arrangement for \$5.40 in cash per share.

After considering the proposal in detail, the Board rejected the non-binding proposal. The Board was of the view that the proposal did not properly reflect the value of the company and was not in the best interests of shareholders.

Diversity, Equity and Inclusion

Bapcor has made excellent progress on Diversity, Equity and Inclusion (DE&I) in its senior leadership cohort – being the Group Leadership Team and their direct reports. In FY2024, Bapcor reached 35% female representation in this cohort, doing so two years ahead of our original target of FY2026.

Bapcor is focused on modelling DE&I at all levels of the company. This is coupled with the company's collaboration with the Australian Automotive Aftermarket Association members, which in 2024 launched a new industry partnership promoting gender equality in the automotive aftermarket industry.

Bapcor acknowledges the imbalance in diversity in the Board and is currently managing the Board member succession to address this appropriately, with the right talent.

Environment, Social and Governance (ESG)

In FY2024, Bapcor conducted a review to prioritise the ESG areas that matter most to the company, the environment and its supply chain and activities. The results of this assessment will inform our strategic ESG roadmap.

It made its first voluntary disclosure that aligns with the recommendations of the Task Force on Climate-related Financial Disclosures and established a cross-functional climate reporting working group. This program of work has prepared Bapcor for the introduction of mandatory climate and sustainability regulations.

The company progressed its waste management practices, significantly improving its performance in diverting waste from landfill. Its sustainable packaging program continued to evolve, and performance improved from a position of 'Getting Started' to a rating in the early stages of 'Advanced' in our second year of Australian Packaging Covenant Organisation reporting.

Bapcor's published its first standalone ESG report, which is available on the company website.



Trading Update

Consistent with the direction given at our full year results announcement, the Company is focussing on simplification and the basics of running our businesses well - to enhance growth, to re-set the cost base and drive a more efficient business that benefits customers and the employees that serve them.

We are well progressed on the operational improvements. Completion of the previously announced headcount reductions has occurred and we have exited operations from a quarter of our planned warehouses consolidations to our central state based distribution centres.

These actions are expected to deliver savings of \$20-30M in FY2025, skewed to the 2H. Savings from the headcount reductions are coming through in the 1H of FY2025 and the savings from the DC rationalisation are weighted to 2H of FY2025. I would reiterate we are on track with these initiatives.

Total revenue to 30th September is up 0.7% versus the prior comparative period. Bapcor's Australian trade and Specialist Networks businesses are performing well. The retail environment, and our performance in it, continues to be more challenged.

Since my arrival, the senior leadership team and I, have been focused on business performance delivery and preparing a clear strategic direction. We will talk to this direction post the H1 results.

Future Focus

The Bapcor leadership team and I are developing a clear strategy and vision for the business. While at a very early stage, I would share with you what we are focused on:

1. **Simplifying the business.** This starts with the way we work with our customers, wanting to make that experience as easy as possible. It then extends into the Bapcor business, looking to simplify how we are structured, and how we work with each other across the business.
2. **Strengthen our customer position.** We will continue to strengthen our core customer facing business units. These include Burson, Autobarn, our commercial vehicle and auto electrical groups, and our other businesses.
3. **Leveraging our supply chain / network.** We have an extensive supply chain offering the unique advantage of simplification and speed to customer. We will continue to build on this position.
4. **Service.** At our core we are a fulfillment organisation. Parts / products delivered to customers coupled with superior service and product knowledge must be at the heart of our operations.
5. **We will grow.** We will look to appropriately grow our footprint to better serve our customers and to leverage our current proximity.
6. **Be fit to compete.** We will continue to optimise our cost base and appropriately invest in the right capabilities for now and the future.

Thank you to Board members

Finally, I want to thank everyone who has welcomed me to Bapcor and supported my transition.

In particular, I want to acknowledge the work Mark Bernhard has done as Interim CEO and Managing Director. Mark stepped into an executive role at a challenging time and did an outstanding job. He led new initiatives to simplify our operations, reduce cost and stabilise the business. Thank you.



Mark has returned to his role as an independent Non-Executive Director, and the company looks forward to his continued contribution.

To Margie, who has played an important and enduring role with Bapcor over the past 8 years, serving the last 3 as Chair. Margie has decided she will not stand for re-election to the Board and has today stepped down as a non-executive Director. On behalf of the Board, I'd like to thank Margie for her dedication and effort. Her contribution has been significant and the company has evolved in so many ways with her input.

As I said earlier, Bapcor acknowledges the imbalance in diversity in its Board and is addressing this in an appropriate way in the NED search.



2024 Annual General Meeting

16 October 2024



Acknowledgement of country

Bapcor would like to acknowledge the Traditional Custodians of the land on which we meet today. We pay our respects to Elders past and present.

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

Agenda

1. Executive Chair & CEO's Address
2. Items for Resolution
3. General Questions



Executive Chair & CEO's address

Angus McKay



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



\$2.0B

FY2024 REVENUE



Top 3

BRAND ACROSS
ALL SEGMENTS



955

NATIONAL BRANCH
FOOTPRINT

Healthy balance
sheet and cash flows

Stable market share
with independent
repairers, growing in
key Trade accounts,
equipment and the
auto electrical
segment

Revenue growth year
on year since listed in
2014

Experienced team
members passionate
about their industry,
products and
delivering for
customers

New Board Roles

- › Angus McKay
Executive Chair & CEO
- › Mark Powell
Lead independent Director



FY2024 Operational Performance

Revenue

\$2.0B

▲ 0.8% on FY2023

Gross Margin %

46.2%

▼ 45bps on FY2023

EBIT – Pro-forma

\$174.9M

▼ 14.4% on FY2023

NPAT – Pro-forma

\$94.8M

▼ 24.3% on FY2023

NPAT - Statutory

\$(158.3)M

▼ Includes \$253.1M in impairments and writedowns

Dividend

5.5 cps

▼ Payout ratio of 54%

FY2024 Q4 Management Actions

Action	Progress
Supply Chain network rationalisation	A quarter of our planned warehouse exits are well underway or complete
Support function (head office rationalisation)	Complete
Specialist Networks rationalisation	Underway
Focus on core business - Automotive Parts	Underway
Investing through organic store openings and strategic IT improvements	Underway
Expected savings from the above actions in FY2025 circa \$20-30M	Skewed to H2 FY2025
Operational reviews commenced in Retail and Wholesale businesses	Expected completion Q3 FY2025

Better Than Before (BTB) Program

- › Primary focus was margin improvement across key areas of procurement, pricing, supply chain and property
 - › \$25M of BTB cost have been pro formed out in FY2023 & 1H2024
 - › FY2024 NPAT benefit achieved was minimal (gross benefits offset by higher CODB)
- › Potential BTB benefits have not met expectations, impacted by the complexity of the business
- › Scaled back BTB and focusing on simplifying the business and setting appropriate cost structures
- › Key initiatives being delivered through business-as-usual improvements
- › BTB Program benefits won't be reported separately



Diversity, Equity and Inclusion (DE&I)

- › Bapcor reached 35% female representation in its senior leadership cohort
- › Modelling DE&I at all levels of the company
- › Collaboration with Australian Automotive Aftermarket Association
- › Acknowledge the current imbalance in Board diversity



Environment, Social and Governance

Ethical Supply Chain & Procurement



MODERN
SLAVERY
ROADMAP
Launched



MODERN
SLAVERY
TRAINING
MODULE
+800
Team members
completed



SUPPLIER
SELF-ASSESSMENT
QUESTIONNAIRES
More than doubled
completion rate

Environmental Sustainability



SCOPE 3
More than doubled
completion rate



53%
WASTE
DIVERTED
From landfill



SCOPE 1 AND 2
EMISSIONS
2.8%
Increase from FY23



APCO PACKAGING
STATUS
'Advanced'

Good Governance & Supporting and Developing Team Members



WOMEN IN
LEADERSHIP
35%
Target achieved



DEI
COUNCIL
ESTABLISHED



TRIFR
15.41



LTIFR
5.72

Positively Impacting Our Communities



B4SI
MEMBERSHIP
New methodology
used to measure
contributions



DONATIONS
303k
Direct cash, time, in-kind
contributions
and management costs



COMMUNITY
VOLUNTEER
WORK
280 HOURS
Outside work hours

Trading Update

- › Focus on simplification and running the business well
- › Operational improvements and savings of \$20-30m for FY2025 on track; benefits skewed to 2H FY2025
- › Operational performance as at 30 September 2024:
 - › Total revenue is up 0.7% versus the prior comparative period
 - › Australian Trade and Specialist Networks businesses performing well
 - › Retail environment continues to be more challenged
- › Leadership focus: business performance and strategy
- › Further update on this post H1 FY2025 results



Business Focus



SIMPLIFICATION



**STRENGTHEN
CUSTOMER POSITION**



**LEVERAGE SUPPLY
CHAIN**



**SERVICE
AT THE HEART**



GROWTH



**FIT TO
COMPETE**

Thanking Board Members

- › Mark Bernhard
Independent Non-Executive Director and previous Interim CEO
- › Margie Haseltine
Independent Non-Executive Director, and previous Chair



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