

ASX/Media Announcement
Bapcor Limited (ASX:BAP)

9 February 2022

Bapcor Limited ("**Bapcor**" or "the **Company**", ASX: BAP) today announces its financial results for the six months ended 31 December 2021 (H1 FY22).

H1 FY22 Highlights

- Solid financial performance, including continued revenue growth despite ongoing challenges of COVID-19
- H1 proforma NPAT in line with achieving our full year guidance provided at the AGM in October 2021
- Revenue in Q2 FY22 increased materially compared with Q1 FY22 as lockdowns and COVID restrictions eased, establishing a positive trajectory going into H2 FY22
- Strong balance sheet and successful debt refinancing (as announced in December 2021) means the Company is well-positioned to capitalise on sensible growth opportunities that may arise
- A fully franked interim dividend of 10.0 cents per share has been declared, up 11.1% compared to the H1 FY21 dividend
- Solid progress on delivery of Bapcor's existing 5-year strategic targets to drive long-term sustainable growth, including continued network expansion, new supply chain and logistics capabilities and investment in the development and well-being of our team
- Appointment of Noel Meehan as Chief Executive Officer after an extensive search process
- Appointment of Mark Bernhard as a Non-Executive Director

Bapcor CEO Mr. Noel Meehan said: *"I am grateful to our hard-working and resilient team members who have contributed strongly to a solid result during the half, despite the challenges of COVID-19 lockdowns and restrictions in Australia, New Zealand and Thailand.*

"The team delivered an increase in revenue of 1.9% and proforma NPAT of \$61M, a testament to the resilience of the business. Compared to FY20, a year that had the benefit of stimulus induced demand, the current half year delivered a 28% increase in revenue and 33% increase in pro forma NPAT.

"During the half, we expanded our geographic footprint, opening eight Retail stores, four Burson stores and six Specialist Wholesale sites resulting in Bapcor now having a presence in over 1,100 locations throughout Australia, New Zealand and Thailand.

"We also developed our group logistics capabilities in the half, including transitioning our three largest warehouses in Victoria – Nunawading (Retail), Preston (Trade) and Derrimut (Wholesale) which represent 80% of volumes – to our new consolidated distribution centre at Tullamarine. In addition to investment in the supply chain improvements, we continue to invest in technology and digital transformation."

Financial Performance

Our H1 FY22 results demonstrate the resilience of our business model:

\$M	H1 FY22	H1 FY21	YoY %	H1 FY22	H1 FY20	YoY %
Revenue	900.1	883.6	1.9%	900.1	702.5	28.1%
EBITDA proforma	137.2	145.6	(5.8%)	137.2	106.7	28.6%
EBIT proforma	95.2	106.8	(10.9%)	95.2	73.7	29.1%
NPAT proforma	60.7	70.2	(13.7%)	60.7	45.6	33.0%
NPAT	57.7	67.7	(14.7%)	57.7	45.2	27.7%
EPS proforma	17.87 cps	20.70 cps	(13.7%)	17.87 cps	16.06 cps	11.3%
DPS – Interim	10.0cps	9.0 cps	11.1%	10.0cps	8.0 cps	25.0%
Cash conversion	69%	84%		69%	87%	
Leverage (ND/EBITDA)	1.0x	0.6x		1.0x	2.3x	

Proforma results are adjusted for transition costs relating to the new Melbourne Distribution Centre at Tullamarine to reflect the underlying performance of the business. Statutory net profit after tax in H1 FY22 includes \$2.9M of the transition costs relating to the new Melbourne Distribution Centre at Tullamarine which do not relate to H1 FY22's underlying performance.

The balance sheet is in a strong position, with net debt at 31 December 2021 of \$203M compared to 30 June 2021 of \$164M. The leverage ratio at 31 December 2021 was 1.0x with interest cover remaining very strong.

A fully franked interim dividend of 10.0 cents per share has been declared, an increase of 11.1% compared to the H1 FY21 dividend.

Business Unit & Segment Performance

The Bapcor Trade segment, consisting of Burson Auto Parts and Precision Automotive Equipment, delivered record revenue in the current half. Revenue grew by 3.1% with same store sales up 1.1% (Q1 +0.5%; Q2 +1.4%), with the second quarter improving on the first quarter as COVID-19 lockdowns and restrictions eased. The Burson team continued to expand the store network, adding a further 4 stores to reach the milestone of 204 stores nationwide in Burson's 50th anniversary year. Precision Equipment achieved revenue of c.\$22M for the half year. Further network expansion in Bapcor Trade will occur in the second half of FY22.

Bapcor New Zealand performed well in a market particularly challenged by COVID-19 lockdowns and restrictions, with revenue up 0.5% and EBITDA up 0.5% compared to H1 FY21. Same store sales in New Zealand were down 1.6% (Q1 -13.2%; Q2 +11.2%) over the prior year, with the increase in the second quarter demonstrating the ability of the business to perform as lockdowns eased. Given the market conditions, BNT did not expand its store network in the current half.

The Bapcor Specialist Wholesale ("SWG") segment continued strong growth in H1 FY22. SWG revenue increased 7.4% and EBITDA grew 4.3% compared to H1 FY21 with the segment adding 6 sites in the period.

Bapcor Retail rebounded in the second quarter to deliver revenue of \$197M for H1 FY21 – revenue was down 5.4% and EBITDA decreased by 15.7% compared to H1 FY21, which was an exceptional period that included the benefit of government stimulus. Compared to H1 FY20, revenue and EBITDA in H1 FY22 are +36.7% and +33.6% respectively. The brand consolidation focussing on Autobarn, Autopro and Midas has been well received by the market and its implementation continues. Online sales also increased c.80% for the half with over 80% of online sales being 'Click and Collect'.

The Autobarn store network now consists of 135 stores, with the number of Autobarn company owned stores representing 67% of the Autobarn network.

Since the end of the half year, the Company acquired two businesses, one in Bapcor Trade and one in Specialist Wholesale. Collectively, these acquisitions will contribute annualised revenue of close to \$50M and were made at attractive mid-single digit EBITDA multiple pricing (pre-synergies), reflecting the Company's commitment to fiscal discipline.

Summary & Guidance

A solid first half result has been delivered, demonstrating the resilience of the Bapcor business, with increased revenue achieved as lockdowns eased in the second quarter. Business performance was inevitably impacted in January 2022 through a reduced level of demand due to the effects of Omicron on the economy (pleasingly revenue was inline with January 2021).

In FY22, Bapcor continues to aim to deliver pro forma earnings at least at the level of FY21. H2 FY22 is expected to be stronger than the second half of FY21, subject to no further material COVID-19 impacts.

Bapcor CEO Mr. Noel Meehan said: *"Our 5-year strategy to drive sustainable long-term value for our stakeholders remains unchanged. We continue to make solid progress on executing our strategic targets, with a focus during the half on network growth, realising operational efficiencies, expanding our own brand product range and growing in Asia. Our team is critical to Bapcor's success, and we are committed to investing in our people and their training and development, to deliver on our strategic objectives."*

"I would like to thank all of our team members and franchisees, as well as our customers, suppliers and shareholders, for their continued support in making Bapcor the outstanding business it is today and helping us achieve our future potential".

This announcement was authorised by the Board of Bapcor Limited.

Bapcor is Asia Pacific's leading provider of vehicle parts, accessories, equipment, services and solutions, with a network of over 1,100 locations across Australia, New Zealand and Thailand.

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).

For further information:

Noel Meehan
CEO
Bapcor Limited
+61 3 9914 5555

Scott Elliott
EGM – Strategic Development & Investor Relations
Bapcor Limited
+61 3 8470 7349