

ASX/Media Announcement
Bapcor Limited (ASX:BAP)

17 August 2022

Bapcor Limited ("**Bapcor**" or "the **Company**", ASX: BAP) today announces its financial results for the financial year ended 30 June 2022 (FY22).

FY22 Highlights

- Record Statutory NPAT of \$125.8M, up 5.9% year-on-year and 41.2% over a two-year period
- Delivered on market guidance with FY22 Pro Forma NPAT of \$131.6M
- Revenue growth of 4.6% year-on-year, and 25.9% over a two-year period
- Full year result supported by stronger second half, offsetting impact of 1H22 Covid-lockdowns
- Increased final dividend of 11.5cps, bringing dividends for FY22 to 21.5cps, up 7.5%, with a payout ratio of 55.4%
- Global supply chain disruption and prudent inventory management leading to elevated working capital levels and impacting FY22 cash conversion
- Victorian distribution centre on track to achieve steady-state performance
- Continued network expansion and growing proportion of own brand sales across all segments
- Priority for FY23 is to perform operationally while transforming simultaneously and make Bapcor "Better than Before"

Bapcor CEO Mr. Noel Meehan said: *"FY22 was a successful year for Bapcor and I would like to thank our more than 5,000 team members for their hard work and contributions to this outcome. The team has delivered record Revenue and NPAT, in line with market guidance, which demonstrates the team members' focus on the customer and the resilience of the business despite adverse trading conditions during the year and global supply chain disruptions."*

"Demand drivers in the automotive aftermarket remain positive and supported our revenue increasing 5% year-on-year, or 26% over a two-year period. During the last year, we also continued to expand our network by opening 31 stores (10 in Trade, 14 in Specialist Wholesale and seven in Retail)."

"Inventory availability remains a key competitive advantage and significant progress was made in the development of our distribution capabilities with our Victorian DC on track to achieve steady-state performance and the construction of our Queensland DC progressing well. This helped to mitigate the ongoing risk from global supply chain disruption due to manufacturing, transportation and staff shortages which increased product shortages in the market and raised ordering lead times to unprecedented levels, with a flow-on effect to temporarily elevate Bapcor's inventory levels."

Financial Performance

Our FY22 results demonstrate the resilience of our business model:

| \$M | FY22 | FY21 | YoY % |
|-----------------------------------|----------|----------|-------|
| Revenue | 1,841.9 | 1,761.7 | 4.6% |
| EBITDA proforma | 291.5 | 279.5 | 4.3% |
| EBIT proforma | 205.8 | 200.8 | 2.5% |
| NPAT proforma ¹ | 131.6 | 130.1 | 1.2% |
| NPAT ¹ | 125.8 | 118.8 | 5.9% |
| EPS proforma | 38.8 cps | 38.3 cps | 1.2% |
| DPS – Final | 11.5 cps | 11.0 cps | 4.5% |
| DPS – Full year | 21.5 cps | 20.0 cps | 7.5% |
| Cash conversion | 64% | 74% | |
| Leverage (ND/EBITDA) ² | 1.2x | 0.7x | |

1) Pro Forma results are adjusted for transition costs relating to the Victorian and Queensland Distribution Centres (NPAT impacts: FY22 \$5.9M, FY21 \$6.9M) and investment impairment charges (NPAT impacts: FY22 \$0.0M, FY21: \$4.4M).

2) Leverage calculation based on pre-AASB16 Net Debt and pre-AASB16 EBITDA

Bapcor's balance sheet remains strong with a leverage ratio of 1.2x as at 30 June 2022, notwithstanding net debt increasing from \$164.1M to \$262.0M.

A fully franked interim dividend of 11.5 cents per share has been declared, up 4.5% compared to the FY21 final dividend, bringing the full year dividend to 21.5 cents which is an increase of 7.5% compared with FY21.

Segment Performance

Bapcor Trade continued to grow both Revenue and EBITDA. The Trade result was characterised throughout the year by a stronger second half offsetting lockdown shortfalls and Covid impacts from the first half of the year. The Burson network expansion continued with 10 new branches in the period and the successful acquisition of Blacktown Auto Spares.

Bapcor Specialist Wholesale ("SWG") continued its strong performance from the first six months of the year, with a full year revenue increase of 10% and EBITDA growth of 16%. SWG further expanded its network in the Commercial Vehicle and Electrical businesses with 14 new branches opened, 12 of which were in the Commercial Vehicle Group (Truckline and WANO brands).

Bapcor Retail consolidated the growth from prior years with Revenues up 28% and EBITDA up 21% compared to FY20. This robust result also benefitted from a stronger performance in the second half of the year with same store sales growth through 2H22 of +2.7% for Autobarn and +2.0% for Autopro & Sprints. Retail also continued the optimisation of its store portfolio, as well as supporting the customer experience by the launch of a new online platform and CRM system.

Bapcor New Zealand experienced particularly trying market conditions with ~125 days of Covid-lockdown in the first half of FY22, which was more than during the entire FY21 financial year (~90 days). Notwithstanding the Covid impact and reduced customer confidence in 2H22, the New Zealand business still achieved Revenue and EBITDA growth.

Summary & Outlook

The strong performance in FY22 demonstrates the resilience of Bapcor's operating model and provides a solid foundation going forward. The priority for FY23 is to improve operational efficiency and progress strategic initiatives to make Bapcor "Better than Before".

Operationally, Bapcor expects a solid underlying performance in FY23, subject to market conditions (particularly with regards to Covid-impacts and global supply chain disruption risk):

- Trading will continue to benefit from positive macroeconomic trends
- Normalisation of currently elevated working capital levels expected
- Enhanced distribution capabilities with Victorian DC achieving steady-state performance and construction of Queensland DC progressing

Strategically, work has commenced to make Bapcor "Better than Before" which will enable additional sustainable growth in both the mid and long-term.

Bapcor CEO Mr. Noel Meehan said: *"I am excited by what the future holds for Bapcor. Operationally, we expect a solid underlying trading performance with our continued focus on network growth, realising operational efficiencies and expanding our own brand product range. These initiatives will be complemented by strategically reviewing how we can make Bapcor "Better than Before" to allow us to deliver even more for our customers, unleash the power of our people and drive value for shareholders.*

"Our team and their customer-focus remain critical to everything we achieve at Bapcor, and we continue to invest in our people and their training and development.

"I would like to thank all of our stakeholders, including our team members and franchisees, our customers, suppliers and shareholders, for supporting us in FY22 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.

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