

ASX & Media Announcement Bapcor Limited (ASX: BAP)

16 August 2023

Full Year 2023 Financial Results

Bapcor Limited ("Bapcor" or the "Company", ASX: BAP), Asia Pacific's leading provider of vehicle parts, accessories, equipment, service and solutions, today announces its financial results for the year ended 30 June 2023 ("FY23").

FY23 Highlights¹

- Record revenue of \$2.0b, up 9.7%, with growth across all segments
- Pro-Forma NPAT of \$125.3m, with 2H23 Pro-Forma NPAT of \$63.3M higher than 1H23 of \$62.0M and in line with guidance
- Record full year dividend of 22.0 cents per share, fully franked, with a payout ratio of 59.6%, including a final dividend of 11.5 cents per share
- Operating margins lifted in all Trade and Wholesale segments in 2H23 versus 1H23, while Retail faced some headwinds due to macro-economic factors
- Year on year temporary margin compression due to input cost inflation, capability build and higher interest costs
- Continued resilience of Bapcor's diversified business model demonstrated throughout FY23
- Ongoing focus on capital efficiency with ~\$50M like for like reduction in inventory leading to significantly improved cash conversion of 145.4% in 2H23
- Distribution Centre Queensland achieved practical completion in 2H23
- Continued network expansion and growth in proportion of own brand sales across all segments
- Better than Before transformation program in execution phase and on track to deliver initial benefits in FY24

Bapcor's Managing Director and CEO Mr. Noel Meehan said: "Bapcor achieved a solid financial and operational performance during FY23. Our diversified model has demonstrated the continued resilience of Bapcor's business. Financial results were in line with guidance and good progress was made on the Better than Before transformation program. Our focus on capital efficiency resulted in a significant reduction in 2H23 inventory levels and improved cash generation.

"Operationally, positive demand across Australia and Bapcor's strong market position led to record annual revenues of \$2.0b, up 9.7% year-on-year. This strong trading performance was mainly driven by growth in same-store-sales, and complemented by targeted network expansions with a total of 31 additional locations through new store openings, franchise conversions and acquisitions. Pleasingly, in line with our guidance Bapcor's Pro-Forma NPAT improved during the year from \$62.0M in 1H23 to \$63.3M in 2H23, leading to a full year Pro-Forma NPAT of \$125.3M. This was on the back of operating margins across all Trade and Wholesale segments in Australia and New Zealand increasing in 2H23 versus H123 driven by the implementation of customer and pricing initiatives, and increasing

¹ All comparisons relate to the 2022 financial year, unless stated otherwise



own brand penetration across all segments. These actions helped to mitigate some of the profitability headwinds due to temporary margin compression from cost inflation, the investment in capability, depreciation and amortisation costs and higher interest; as well as a generally more challenging environment in the Retail market.

“In line with Bapcor’s dividend policy and on the back of our solid operational performance, a fully franked final dividend of 11.5 cents per share has been declared. This leads to a record full year dividend of 22.0 cents per share, with a payout ratio of 59.6%.

“Bapcor’s strategic multi-year transformation, Better than Before, announced at the Investor Day in November 2022 is now in the implementation and execution phase. This ambitious program is aimed at making it easier for our team members, unleashing Bapcor’s full potential and enabling additional growth. The program has the goal of achieving at least a \$100M net earnings before interest and tax benefit by FY25², an increase in average return on invested capital to greater than 12% and enhanced employee engagement. Pilot initiatives undertaken during the year have achieved expected outcomes and initial benefits from the program are expected in FY24.

Financial Performance³

\$M	FY23	FY22	YoY %
Revenue	2,021.1	1,841.9	9.7%
EBITDA Pro-Forma	298.6	291.5	2.4%
EBIT Pro-Forma	204.3	205.8	(0.7%)
NPAT Pro-Forma ³	125.3	131.6	(4.8%)
NPAT	106.4	125.8	(15.4%)
EPS Pro-Forma	36.9 cps	38.8 cps	(4.8%)
Dividend per share – total FY23	22.0 cps	21.5 cps	2.3%
Cash conversion ⁴	107.4%	63.6%	
Net Debt ⁵	\$251.7M	\$262.0M	
Leverage (ND / EBITDA) ⁵	1.12x	1.18x	

Bapcor ended FY23 with a stronger balance sheet, an improved leverage ratio of 1.12x and net debt decreasing to \$251.7M. Operating Cash Flows improved significantly during the year with a 2H23 cash conversion of 145.4% and Bapcor’s financial flexibility was further enhanced during FY23 with the successful refinance of a debt facility, which also included an increase of \$100M of available limits.

² Discrete Better than Before program target benefits do not indicate / guide on overall FY25 financial outcomes, which are subject to business-as-usual trading and general market conditions

³ Pro-Forma results are adjusted for transition costs relating to the Victorian and Queensland Distribution Centres (NPAT impacts: FY23 \$4.9M, FY22 \$5.9M) and Better than Before one-off costs (NPAT impacts: FY23 \$14.0M, FY22 \$0.0M)

⁴ Cash conversion calculated based on Operating Cash Flow divided by EBITDA

⁵ Net Debt and Leverage calculation are based on pre-AASB16 net debt and pre-AASB16 EBITDA



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Bapcor remains in a strong financial position to support successfully transforming the business with the execution of the Better than Before program, pursuing acquisition opportunities and investing in growth.

Summary and Outlook

Bapcor's priority is to continue to perform operationally, as well as executing on the Better than Before transformation program.

For FY24, Bapcor expects a solid underlying⁶ performance subject to market conditions⁷ and for the Better than Before program to deliver its targeted FY24 goals. This outlook is based on:

- Solid demand in Trade segment to continue, but with market growth rate to return to more normalised longer-term levels
- Specialist Wholesale segment to benefit from growth and consolidation opportunities in the Truck market
- Retail segment to face ongoing challenging market conditions and a more uncertain trading environment, with the impact of the loyalty program and increase in own brand sales targeted to mitigate some of these market impacts
- Underlying demand in New Zealand segment expected to improve (versus prior year)
- Macro headwinds due to ongoing temporary margin pressures from cost inflation and other external factors such as increasing payroll taxes, the investment in capability, depreciation and amortisation costs and higher interest

Bapcor Managing Director and CEO Mr. Noel Meehan said: "I would like to acknowledge our team members and their dedication and passion, which is critical to everything we do at Bapcor. I would like to thank all of them for their contributions this year, and I am looking forward to Bapcor continuing to perform and transform in FY24."

– Ends –

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

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⁶ Underlying refers to Pro-Forma NPAT which excludes Distribution Centre transition costs and Better than Before one-off costs

⁷ Particularly with regards to changes in macro conditions such as cost-of-living, inflation and FX and associated impacts.

