



## ASX/Media Announcement Bapcor Limited (ASX:BAP)

28 June 2021

### **Updated 5-year strategic targets**

Bapcor Limited routinely updates its five-year strategic targets and publishes them to the market. The updated targets were to be presented at our investor day on 24<sup>th</sup> June 2021 which unfortunately had to be postponed due to COVID restrictions. Therefore the updated strategic targets are being announced today.

Further elaboration on Bapcor's strategy and strategic targets will be provided at the next Investor Day – currently planned for Wednesday 28 July 2021.

*Bapcor is Asia Pacific's leading provider of vehicle parts, accessories, equipment, services and solutions, with a network of over 1,000 locations across Australia, New Zealand and Thailand.*

### **Ends**

#### **Authorisation:**

This announcement was authorised by Darryl Abotomey, CEO & Managing Director.

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## Bapcor Strategy Update

28<sup>th</sup> June 2021



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

## June 2021 - Five Year Strategic Targets Update



**Bapcor routinely updates its 5 year strategy and targets. In this update;**

- *Physical store targets have increased in all segments*
- *Supply Chain & Technology strategy detailed*
- *Asia strategy expanded with the addition of Tye Soon*
- *Expanded on Environmental, Social & Governance (“ESG”) commitment*
- *Own brand targets increased in all segments*

The strategy will be elaborated on at the Bapcor Investor Day – currently planned for Wednesday 28 July 2021 (COVID dependent!)

# Bapcor at a Glance



## Asia Pacific's Leading Supplier of Vehicle Parts, Accessories, Service and Solutions

Unique in Australasia - cover **ALL** on road vehicles – cars, truck, bus & trailer

### Overview

- *Founded in 1971 as Burson Auto Parts*
- *Listed on ASX April 2014 and became Bapcor Group in 2015*
- *Asia Pacific operations spanning the sale and distribution of vehicle parts, accessories, automotive equipment, servicing and solutions*
- *Specialist focussed businesses*
- *Vertically integrated between wholesale, trade/retail & service.*
- *Greater than 80% of business is trade related*

### Investment Highlights

- *Proven track record of growth*
- *Resilient industry*
- *Clear and consistent strategy*
- *Numerous continuing growth opportunities*
- *Strong cashflow and capacity to support growth*

### Key Statistics (\$AUD)\*

Revenue	~ \$1.7 Billion
Market Cap	~ \$3.0 Billion
EBITDA: Net Debt	< 1.0 X
Interest Cover	>10.0 X
Locations	> 1,000
Team Members	~5,000

\* As at June 2021

# Bapcor Business Overview – June 2021



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

## H1 FY21 revenue contribution



Revenue  
c. \$1.7 billion



> 1,000  
locations in  
Australia, New  
Zealand and  
Thailand



~ 5,000  
Team members

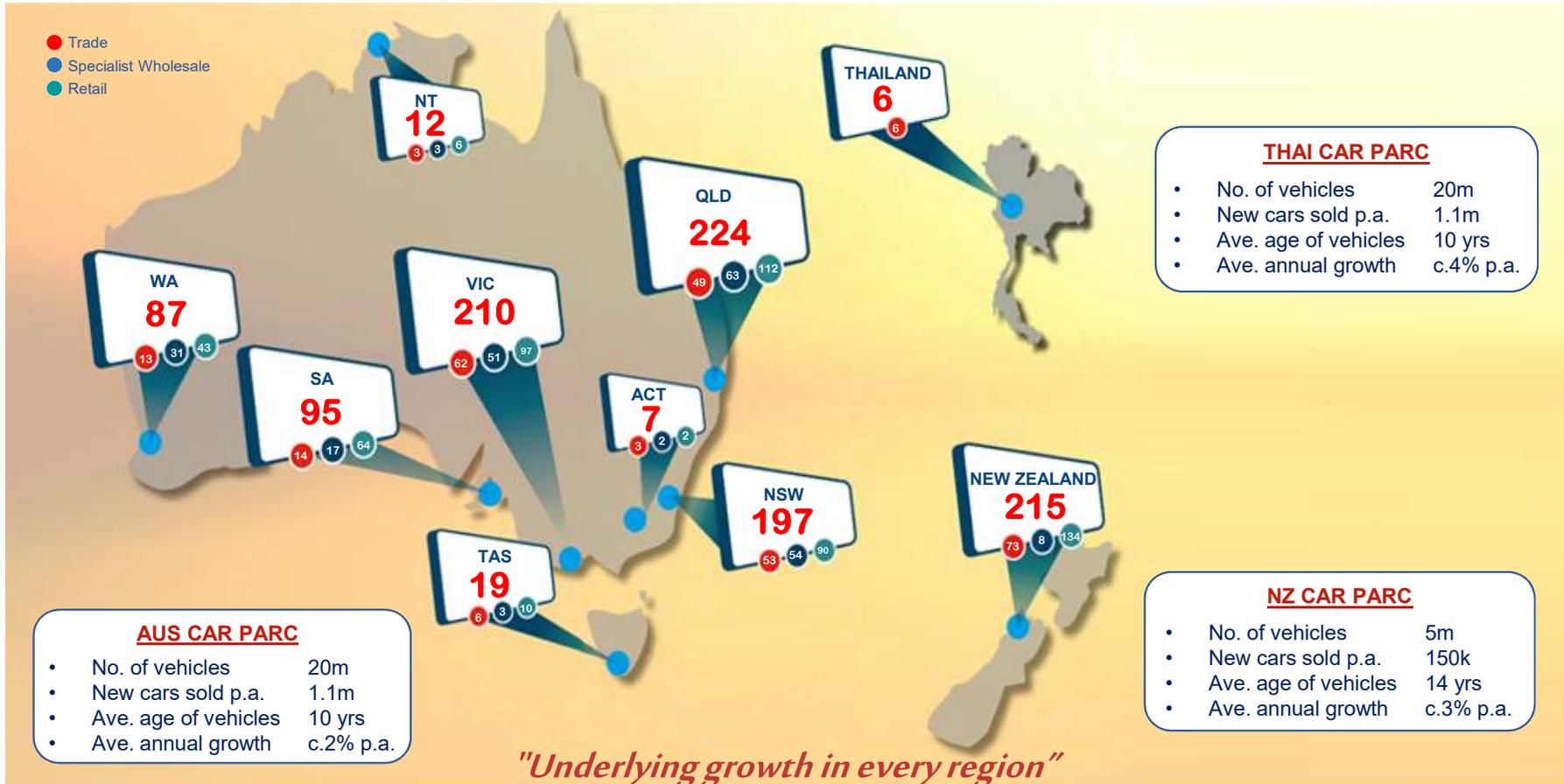
	Australia's leading trade focused automotive parts distributor	
	Premium parts and accessories retailer including automotive service centres	
	Industry leaders in specialist product categories	
	Services New Zealand's trade, service and specialist wholesale automotive segments	
	Trusted provider of premium-quality OE, aftermarket parts, accessories and workshop equipment	

Note: Revenue % contribution excludes Asia and Head Office. The above percentages do not add up to 100% due to rounding.

Over 1,000 locations across Australia, NZ & Thailand



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# Strategy – Continuing to grow the business



With our team members, safety and our customers always at the core of what we do



## 1 Drive expansion of network footprint – physical and online

- Grow existing store sales
- Develop our network footprint
  - Grow absolute number of stores
  - Roll out improved concepts to differentiate against our competitors
  - Provide customers with online offering to supplement physical stores
- Geographic expansion in Asia



## 2 Supplement market leading brands with Bapcor own brand products

- Moving closer to the manufacturer where capability exists and consistent with Trade and Retail strategies
  - Capture more margin and develop internal capability
- Implement in-field marketing resource to promote brands



## 3 Realise benefits and efficiencies of the Bapcor Group

- ESG → develop and deliver deep commitments
- Invest in key systems, digital solutions & data driven analytics
- Procurement → utilise Bapcor's scale to deepen supply relationships and financial benefits
- Leverage group logistics capability → deliver operational excellence and optimise supply chain benefits
- Cohesive brand architecture → effective marketing spend
- Utilise group company store networks to reach customers → increase addressable market



## 4 Invest in our team members

- Enhance organisational capability by investing in our team member's development
  - Establish structured learning and development across the group
  - Invest in key functional capabilities – sales excellence, pricing, procurement, product capability, brand management
  - Invest in leadership development
  - Expand online training and development
  - Be an employer of choice

# Strategic roadmap



## Business Fundamentals

Market leader

Resilient Industry

Integrated operating model

Proven track record

## Strategic Pillars

Drive expansion of network footprint – physical and online

Supplement market leading brands with Bapcor's own brand products

Realise benefits and efficiencies of the Bapcor Group

Invest in our team members

## Current Strategic Priorities

Grow existing network footprint

Optimise supply chain

Invest in new and upgraded technology

Expand into Asia

Good Citizen Through ESG

# Strategic Priority – Grow Existing Network Footprint



Business Segment	Number of locations – June 2021 <sup>(1)</sup>	Indicative store expansion growth p.a.	Indicative Relocations / Refurbishments p.a.
Bapcor Trade	200	10 - 12	5-6
Bapcor New Zealand	73	2-3	3-5
Bapcor Retail			
– Autobarn	133 Autobarn	c. 12	c. 8
– Autopro	104 Autopro	c. 8	c. 4
75 CarParts			
Specialist Wholesale			
- Light Commercial (WANO)	17	c. 5	
- Heavy Commercial (Truckline)	32	c. 5	
- Electrical (JAS)	17	c. 5	



(1) Excludes various businesses

# Strategic Priority – Optimise Supply Chain

*“to be the most efficient supply chain in the industry”*

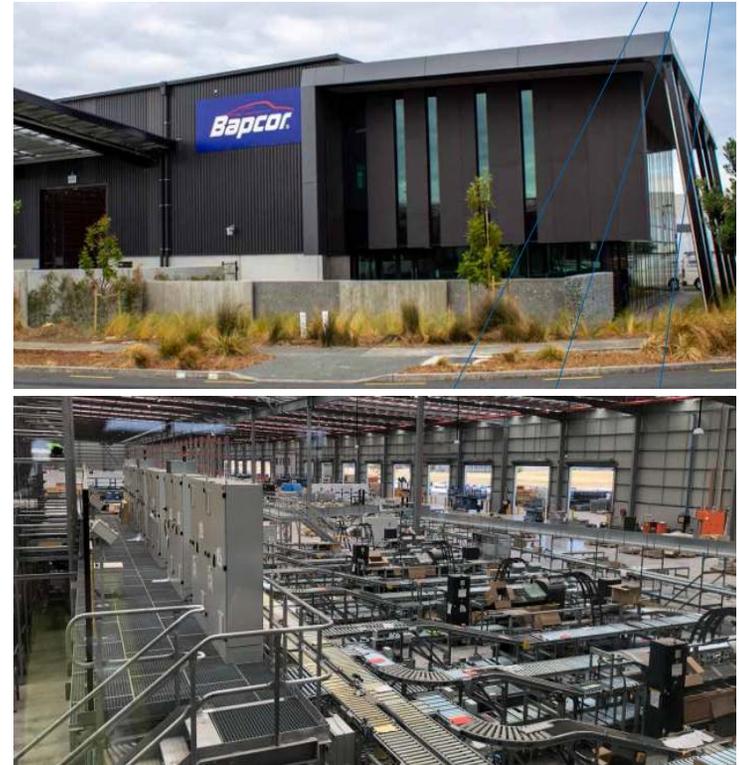


## Phase I – Victorian DC consolidation

- Moving from 13 DCs in VIC to one located in Tullamarine
- Retail segment successfully transitioned
- Expected opex benefit of \$10m in FY23 and reduction in working capital of \$8m
- Strong investment in 'state of the art' technology
- 50,000m<sup>2</sup> warehouse
- Goods to Person (GTP) technology – GTP pick 600 lines per hour, previous 600 lines per day
- Tier 1 Warehouse Management System
- Improved freight efficiencies / carbon emission reductions / energy utilisation

## Phase II – Potential Queensland DC consolidation

- Replicate the Victorian DC in Queensland
  - Approx. 43,000m<sup>2</sup> vs 50,000m<sup>2</sup> in Victoria
- Ability to consolidate 7 Queensland DCs
- Project initiated and property EOI underway



## Strategic Priority– Invest in new & upgraded technology



- **Infrastructure/common technology**
  - ERP rationalization
  - Warehouse management systems
  - Data warehouse
  - Safety management system
  - Time & Attendance
- **Customer Facing**
  - Retail point of sale
  - Customer Relationship Management
  - Online Workshop Booking System – “ENJI”
- **Digital Transformation**
  - Upgrading parts catalogue
  - Upgrade eCommerce platform – trade (B2B) & retail (B2C)
  - Workshop support system
  - Data Warehouse / Data Analytics

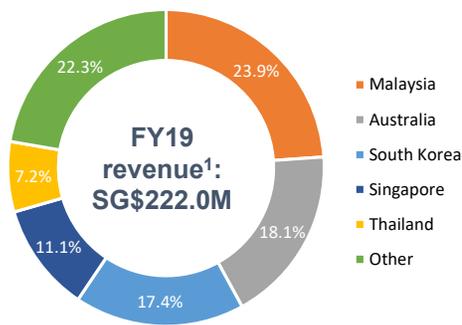
# Strategic priority - Expansion in Asia through acquisition of 25% of Tye Soon



- Established in 1933, Tye Soon is the most prominent independent automotive parts distributor in South East & North East Asia.
- Distributes one of the largest portfolios of top-tier global brands of genuine & aftermarket automotive parts
- The business is headquartered in Singapore and listed on the Singapore Securities Exchange (TYE)
- Operate c.60 locations across South East and North East Asia;



Country	Legal entity name	Operations	Branches
1. Singapore	Tye Soon Limited	European & Japanese parts exporter	2
2. Malaysia	Naga Jaya Group	Parts wholesaler (90%) and distributor to workshops (10%)	15
3. Australia	Imparts Group	European parts specialist distributor	20
4. South Korea	Sejong Parts Plus Limited Liability Company	European parts specialist distributor	20
5. Thailand	Pal Everts Co., Ltd	Japanese parts distributor	1
6. Hong Kong	TSC Enterprise (HK) Ltd	European & Japanese parts – resellers and workshops	1



Note: 1. Based on 31 December fiscal year end

### Key brands



# Strategic Priority – ESG and sustainability commitment



## Ethical supply chain / procurement

Ethical sourcing, forging strong supplier relationships and enhanced transparency



2020 Modern Slavery Report Lodged

## Good governance

Upholding our values and code of conduct, prioritising health and safety, training and developing our team members, and fostering a diverse and welcoming workplace

Pay fair share of tax in all jurisdictions



## Positively impact our community

Engaging stakeholders and supporting the communities in which we operate



## Environmental sustainability

Efficiently use resources, optimise our fleet and reduce waste



Reduce carbon footprint through DC consolidations

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## 5 Year Strategy (updated June 2021)

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



<b>Trade</b>	Trade focussed "parts professionals" supplying workshops in Australia & New Zealand	<b>260</b> AUS Stores Target Currently 200	<b>10 - 12</b> AUS New Stores p.a.	<b>5 - 6</b> AUS Store Refurbishments / Relocations p.a.	<b>40%</b> AUS Own Brand Target Currently 29%	<b>&gt;90</b> NZ Stores Target Currently 73	<b>2 - 3</b> NZ New Stores p.a.	<b>3 - 5</b> NZ Stores Refurbishments / Relocations p.a.	<b>45%</b> NZ Own Brand Target Currently 31%
<b>Specialist Wholesale</b> (Ex. Commercial Vehicles)	#1 or #2 Industry category specialists in parts programs	<b>A\$600m</b> AUS Turnover Target Currently c.\$A480m	<b>A\$50m</b> NZ Turnover Target Currently c.\$A35m	<b>65%</b> Own Brand Target Currently 52%					
<b>Commercial Vehicles</b> - Light (<20t) - Heavy (>20t)	The only choice for commercial vehicle parts and accessories	<b>40</b> Light Locations Target Currently 17	<b>c.5</b> New Light Locations p.a.	<b>A\$120m</b> Light Turnover Target Currently c.\$A60m	<b>50</b> Heavy Locations Target Currently 32	<b>c.5</b> New Heavy Locations p.a.	<b>A\$220m</b> Heavy Turnover Target Currently c.\$A120m		
<b>Retail</b>	Australia's premium retailer of automotive accessories – supplying the independents: parts, accessories & 4WD	<b>200</b> Autobarn Stores Target Currently 133 (85 Company Owned)	<b>c.12</b> New Autobarn Stores p.a.	<b>c.8</b> Autobarn Store Refurbishments / Relocations p.a.	<b>200</b> Autopro Stores Target Currently 104 plus 75 CarParts	<b>c.8</b> New Autopro Stores p.a.	<b>c.4</b> Autopro Store Refurbishments / Relocations p.a.	<b>45%</b> Own brand Target Currently 32%	
<b>Service</b>	Reliable & trusted car servicing at affordable prices Supporting the independents	<b>500</b> AUS Workshops Target Currently 105	<b>165</b> NZ Workshops Target Currently 134	<b>80%</b> Intercompany Sourcing Target					
<b>Asia</b>	Bringing automotive aftermarket parts to Asia	<b>Thailand</b> <b>&gt;60</b> Locations target Currently 6	<b>Thailand</b> <b>A\$100m</b> Turnover target Currently \$A4m	<b>Total Asia</b> <b>A\$500m</b> Turnover target Currently \$A4m + Tye Soon \$A200m					



**Market fundamentals and appropriate opportunities continue to drive growth;**

- Continued expansion of core businesses
- The only “specialist” focussed aftermarket distributor in Asia Pacific – difficult to replicate
- Expand market penetration
- Focussed category leadership
- Most Efficient & Optimised Supply Chain
- Solid financial position
- **THE** leading Asia Pacific vehicle parts business

**THANK YOU**



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

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