

Bapcor Limited
(ASX: BAP)

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ASX/MEDIA RELEASE

Bapcor Limited Results for the six months ended 31 December 2016

Proforma Net Profit after Tax of \$27.8 million, up 44.0% and Proforma EPS up 33.4%

Bapcor Limited today announced its financial results for the 6 months ended 31 December 2016 (**H1 FY2017**).

Highlights of the financial results compared to H1 FY2016 are:

- A 34.1% increase in revenue to \$435.1M
- Same store sales growth
 - Burson Trade >5.0%
 - Autobarn 2.8%
- EBITDA:Sales ratio up 0.7pp to 11.3%.
- Proforma* net profit after tax of \$27.8M, an increase of 44.0%
- Proforma* earnings per share of 10.64 cents, up 33.4%

*Proforma results exclude the after tax impact of transaction costs specifically related to the acquisition of Hellaby Holdings Ltd., and include a proforma adjustment to exclude the finance cost benefit due to the capital raising to partially fund the Hellaby acquisition.

Statutory NPAT (including Hellaby transaction) was \$25.3M, up 30.7% on the prior year, and statutory EPS 9.66 cents, up 21.2%.

H1 FY2017 results include the benefits of 6 months of the ANA business versus 5 in the prior period, and other acquisitions made post December 2015.

Due to the Hellaby related capital raising that generated of \$179.5M net of capital raising costs, Bapcor was in a positive net cash and debt position of \$20.7M at 31 December 2016. Excluding the impact of the capital raising, net debt would have been \$158.8M, representing a Net Debt:EBITDA ratio of 1.6X on an annualised FY17 EBITDA basis.

An interim fully franked dividend of 5.5 cents per share has been declared, up 10% on the previous interim dividend. Bapcor has initiated a dividend reinvestment plan that will apply to the interim dividend to enable existing shareholders to further invest in Bapcor.

Key Financial Results (\$M)

\$ million	H1 FY2017 (3)	H1 FY2016	Variance
Revenue	435.1	324.4	34.1%
Gross Margin % ⁽¹⁾	45.0%	43.5%	1.5pp
EBITDA – pro-forma	49.2	34.5	42.5%
NPAT – pro-forma	27.8	19.3	44.0%
NPAT – statutory	25.3	19.3	30.7%
EPS ⁽²⁾ (cps) – pro-forma	10.64	7.98	33.4%
EPS ⁽²⁾ (cps) – statutory	9.66	7.97	21.2%
Interim dividend (cps)	5.5	5.0	10.0%

Notes:

1. Gross margin presented in line with statutory presentation. H1 FY2016 includes a reclassification of freight expense from CODB to COGS.
2. EPS is based on the TERP adjusted weighted number of shares on issue during the year as per accounting standard AASB-133.
3. H1 FY2017 proforma NPAT excludes acquisition costs of \$3.5M and includes interest / tax adjustments of (\$1.0M) all related to the Hellaby acquisition

Bapcor CEO Mr Darryl Abotomey said “The first half of FY2017 has been very pleasing in what we have been able to achieve both financially and strategically. We have seen the continued strong performance of Burson Trade, the benefits of the ANA optimisation programs flowing through, and we have added quality businesses to our specialist wholesale group. This culminated with the successful takeover of Hellaby Holdings Ltd in January 2017.

“Bapcor’s Trade segment continues to grow in line with our strategy, adding an additional 11 stores since June 2016, and recorded increased revenue of 13.6%. Same store sales growth was above 5%. EBITDA was up 32.0% reflecting the higher sales, improved gross margin and lower cost of doing business ratios. A number of new stores are in the pipeline as the Trade business continues its strong march towards a target of 200 stores. All regions in Trade contributed to the profit growth except for Western Australia which has grown a good sales base but continues to experience a high level of price competition.

“Our Retail segment consisting of Autobarn, Autopro, Sprints Auto Parts, Midas and ABS recorded revenue and EBITDA growth of 42.9% and 42.5% respectively. The integration of Sprints which was acquired in April 2016 has progressed well including the program to increase its sourcing from Bapcor Group’s specialist wholesale businesses. The strategy to increase the number of Autobarn stores is progressing well, having increased the number of company owned stores by 8 to 23 during the 6 month period. Autobarn’s same store sales growth was 2.8% with the second quarter being lower than the first quarter as the business experienced a high level of price discounting and promotions from competitors.

"The Specialist Wholesale segment added the acquisitions of Roadsafe, Baxter's and MTQ Engine Systems during the first half and also included the results of Bearing Wholesalers which was acquired in March 2016. Revenue for Specialist Wholesale increased by 125.3% and EBITDA by 144.8%. There has been some good progress in increasing the level of 'home brand' intercompany sales, particularly to the Burson Trade business.

"Trading in January has met expectations, although competition in retail remains high. After considering the results for the 6 months to December 2016 and January 2017 and the trading outlook for the remainder of FY2017, Bapcor has increased its proforma FY17 NPAT guidance (excluding the Hellaby acquisition) to be in the range of \$57M to \$59M (up from \$54.5M to \$56.7M).

"The financial and strategic outcomes for the first half of FY2017 are very pleasing and reflect the dedication of the Bapcor team. I would like to thank all our dedicated employees for their support to grow this business into the company it is today. Also thank you to our loyal franchisees, customers and suppliers".

Hellaby Update

On 27 September 2016 Bapcor announced a cash takeover offer for 100% of the shares in Hellaby Holdings Ltd. Bapcor effectively took control of Hellaby once it passed the 50% acceptance threshold in January 2017, passed the 90% compulsory acquisition threshold in February 2017, and will own 100% of the shares in Hellaby by 8 March 2017. Consequently Hellaby will be delisted from the New Zealand stock exchange.

The Hellaby Automotive business is a perfect fit for Bapcor with their Trade and Specialist Wholesale businesses being very complementary to Bapcor's businesses. Hellaby also has businesses in Resource Services and Footwear.

Hellaby has a very capable leadership team with sound businesses. We will continue to learn more about the Hellaby business and formulate an optimisation plan over the next few months.

We would like to welcome all of Hellaby's employees to the Bapcor family.

Interim dividend and dividend reinvestment plan

The Board of Bapcor has declared an interim dividend for FY17 of \$0.055 per share. The dividend will be paid on 21 April 2017 to all shareholders registered on the record date of 17 March 2017. The ex-dividend date for dividend entitlement will be 16 March 2017.

The Board has established the Dividend Reinvestment Plan (DRP) for the 2017 interim dividend. Shareholders who elect to participate in the DRP for the 2017 interim dividend will be issued shares at a share price incorporating a 1.5% discount. That price will be determined over 10 trading days, commencing on 27 March 2017, and otherwise in accordance with the DRP Rules.

Key features of the DRP (subject to the DRP Rules):

- Participation in the DRP is optional and available to shareholders with registered addresses in Australia or New Zealand.
- Shareholders who have elected to participate in the DRP will have the dividends on some or all of their shares automatically reinvested in additional shares.
- Shareholders may participate for all or part of their shareholding and there is no minimum or maximum limit on the number of their shares that may participate.
- No brokerage or transaction fees will be charged to DRP participants.
- Shares allocated under the DRP will rank equally with existing ordinary fully paid shares.

- Once a shareholder elects to participate, the DRP will continue to apply for future dividend payments, unless a shareholder advises otherwise or unless the DRP is suspended or terminated by the Board in its absolute discretion.

In order to participate in the DRP for the 2017 interim dividend, shareholders will need to ensure their DRP election form is lodged, or their online election is made, by no later than 5pm (Melbourne time) on 24 March 2017.

Bapcor recommends shareholders seek financial advice and read the full terms and conditions set out in the DRP Rules before deciding whether to participate.

A copy of the DRP Rules and a shareholder information booklet containing answers to some frequently asked questions can be accessed through Bapcor's website at www.bapcor.com.au, as well as through the ASX.

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For further information on Bapcor, visit our website at www.bapcor.com.au

For further detail on the results, refer to the Investor Presentation contained in the News and Announcements section contained in the Bapcor Limited Website (<http://www.bapcor.com.au/presentations-announcements-2017/>).

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