

17 December 2020

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BAPCOR LIMITED (BAP)

Retailing

HOLD

BAP A\$8.00

TARGET PRICE A\$7.48

Bapcor Limited, formerly known as Burson Group Limited, is a locally owned publicly listed company, deriving revenue from the sale and distribution of aftermarket motor vehicle parts and accessories, and motor vehicle servicing. The company operates in Australia, New Zealand and Thailand, is administered by its head office in Preston, Victoria.

Company Data

Number of shares	339.4M
Market Capitalisation	\$2,481.1M
Free float (%)	96.2
12-month high/low	\$8.45/\$3.15
Average Daily Turnover (\$m)	9.0261
% S&P/ASX200	0.13%
DDM Ranking	333
% All Ordinaries	0.11%
GICS Industry Group	Retailing

Source: FactSet, Barclay Pearce Capital

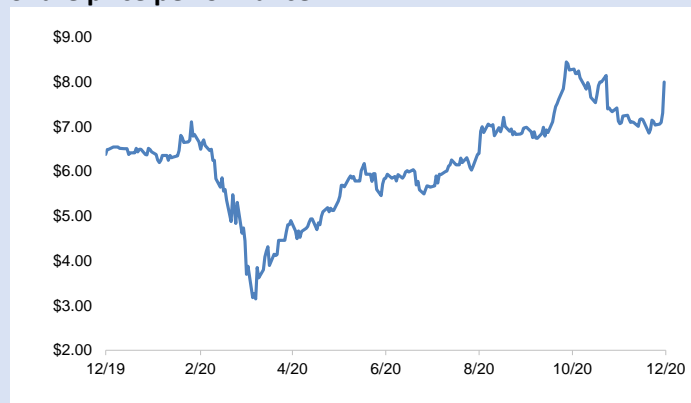
Earnings Summary (AUD)

Year end June	2020A	2021F	2022F	2023F
Revenue (\$M)	1,462.7	1,752.4	1,997.8	2,135.1
EBITDA (\$M)	214.0	272.3	293.1	348.9
Reported NPAT (\$M)	79.2	110.8	142.8	169.9
Adjusted NPAT (\$M)	89.1	124.9	146.1	169.9
Reported EPS (c)	26.9	35.5	42.4	49.9
Adjusted EPS (c - FD)	30.4	35.9	43.1	45.3
Adjusted EPS growth (%)	-9.2	6.6	20.1	5.1
Adjusted P/E (x)	24.1	20.4	17.0	16.1
Dividend (c/sh)	17.5	19.7	23.2	27.4
Gross yield (%)	3.4	3.8	4.1	4.9
Net yield (%)	2.4	2.7	2.9	3.4
ROIC (%)	7.9	10.4	11.3	-

Source: Barclay Pearce Capital

Barclay Pearce Capital contributes all company estimates to Thomson Reuters, FactSet and Capital IQ.

Share price performance



Source: FactSet, Barclay Pearce Capital

FY21 Trading Update

On 17 December 2020, Bapcor Limited (ASX:BAP) announce trading updates for the Financial Year 2021 with the following highlights:

Outlook

- For the 1HFY21, BAP anticipates revenue growth of at least 25% over the pcip in FY20;
- NPAT increase of at least 50% over the pcip in 1HFY20 which was \$45.6m;
- Market consensus for BAP's FY NPAT currently ranges from \$110m to \$115m, which prima facie does not appear unreasonable; and
- Considering the uncertain economic conditions, BAP will update on their view of the FY outlook as part of their half year results in February 2021.

BAP CEO & MD Darryl Abotomey stated that: "We are very pleased

with the strong performance of Bapcor's businesses. Trade and wholesale represent over 80% of Bapcor's business, with Retail c. 20%.

In addition the changes that have been implemented in our retail business continue to gain momentum with revenue up c.40% over the pcip. Initiatives include the recently launched new Autobarn store format that is delivering a significant uplift in sales.

This is supported by changes in our overall retail "go to market" strategy with improvements in our on-line capabilities, our revitalised catalogues, expanded and exciting new product ranges and continued footprint expansion which are expected to continue to drive above market growth going forward."

Earnings changes

BAP reported FY20 revenue of \$1462.7m and adjusted NPAT of \$89.1m. BAP is expecting revenue growth of 25% for 1HFY21. We are forecasting revenue growth of 15% for 2HFY21. BAP forecasts an adjusted NPAT increase of 50% for 1HFY21. We forecast NPAT to grow by 30% for 2HFY21.

Also we expect positive earnings revisions of 10% for FY22 and future periods.

We are initiating on BAP with a 12-month price target of \$7.48 and a HOLD recommendation. The price target is underpinned by our Valuation.

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Barclay Pearce Capital provides research services to its clients. Mr Wright is General Manager of Research and has over thirty (30) years' experience in the financial services industry, particularly in financial analysis and research report writing. Mr Wright joined the Barclay Pearce team in 2020 where he has been involved in the research and publication of reports. Prior to this Mr Wright worked at a number of entities where he held Director/Head of Research and General Manager of Research positions. Mr Wright holds a Bachelor of Mathematics (Honours) from Edinburgh University and has completed the SDIA Accreditation Program (RG146) through DeakinPrime.

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