



Operating Specialised Automotive Aftercare and Accessory Companies

## FY2018 Half Year Results Presentation 1 March 2018

# AMA Group Overview

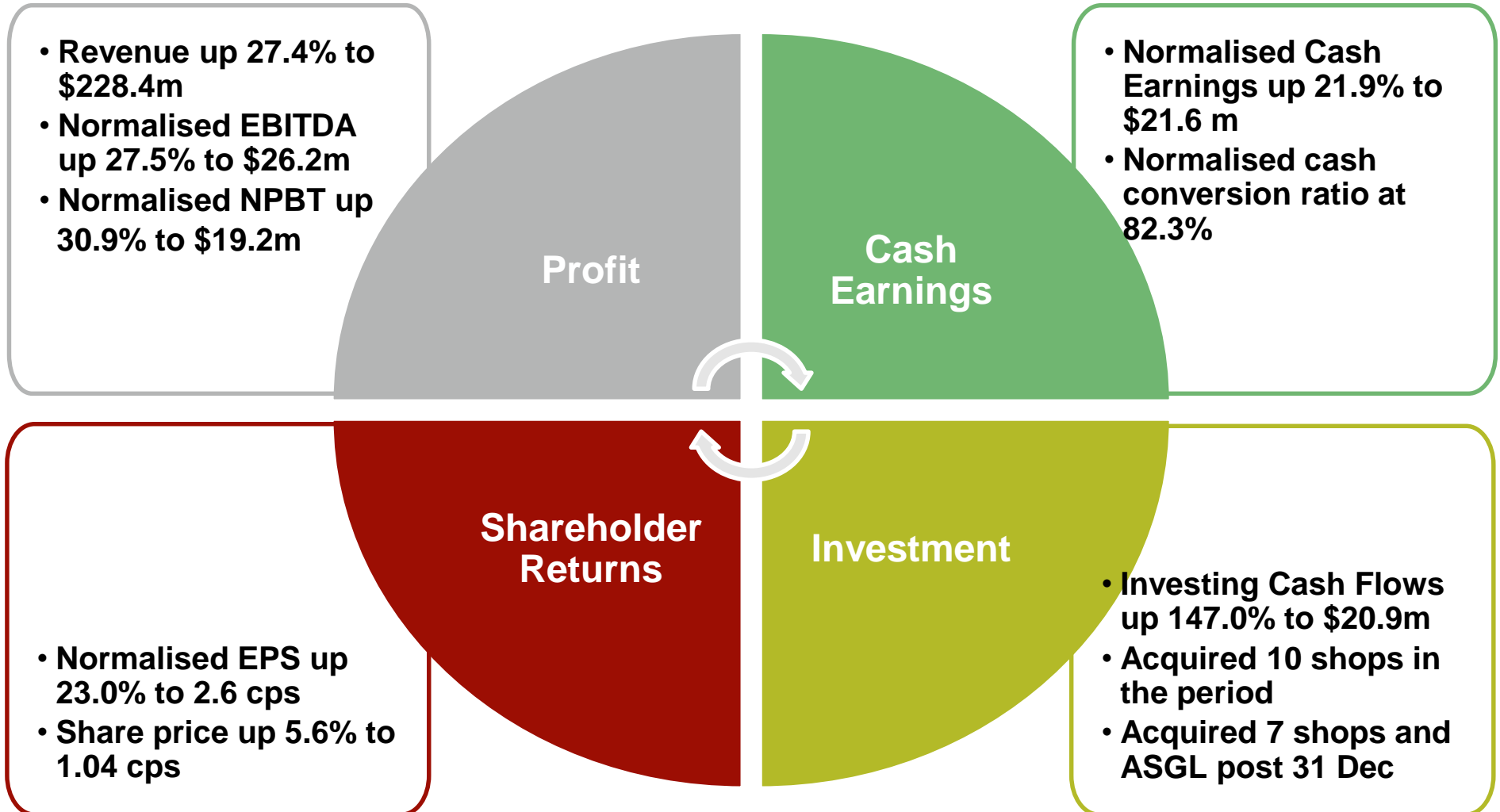


Operating Specialised Automotive Aftercare and Accessory Companies

	Vehicle Panel Repair	Vehicle Protection Products & Accessories	Automotive Electrical & Cable Accessories	Automotive Component Remanufacturing
Brands				

- Australian leader in the automotive aftercare and accessories market
- An ASX 300 Company (ASX:AMA) with a strong Balance Sheet; highly cash generative
- Well-positioned for organic and inorganic growth opportunities, especially in Vehicle Panel Repair with close relationships with work providers
- Proven track record of successful business enhancement through targeted acquisitions and partnering with insurers to open exclusive “greenfield” sites backed by a long term contract with an attractive payback period
- The business model in Vehicle Panel Repair effectively provides an “annuity” income stream

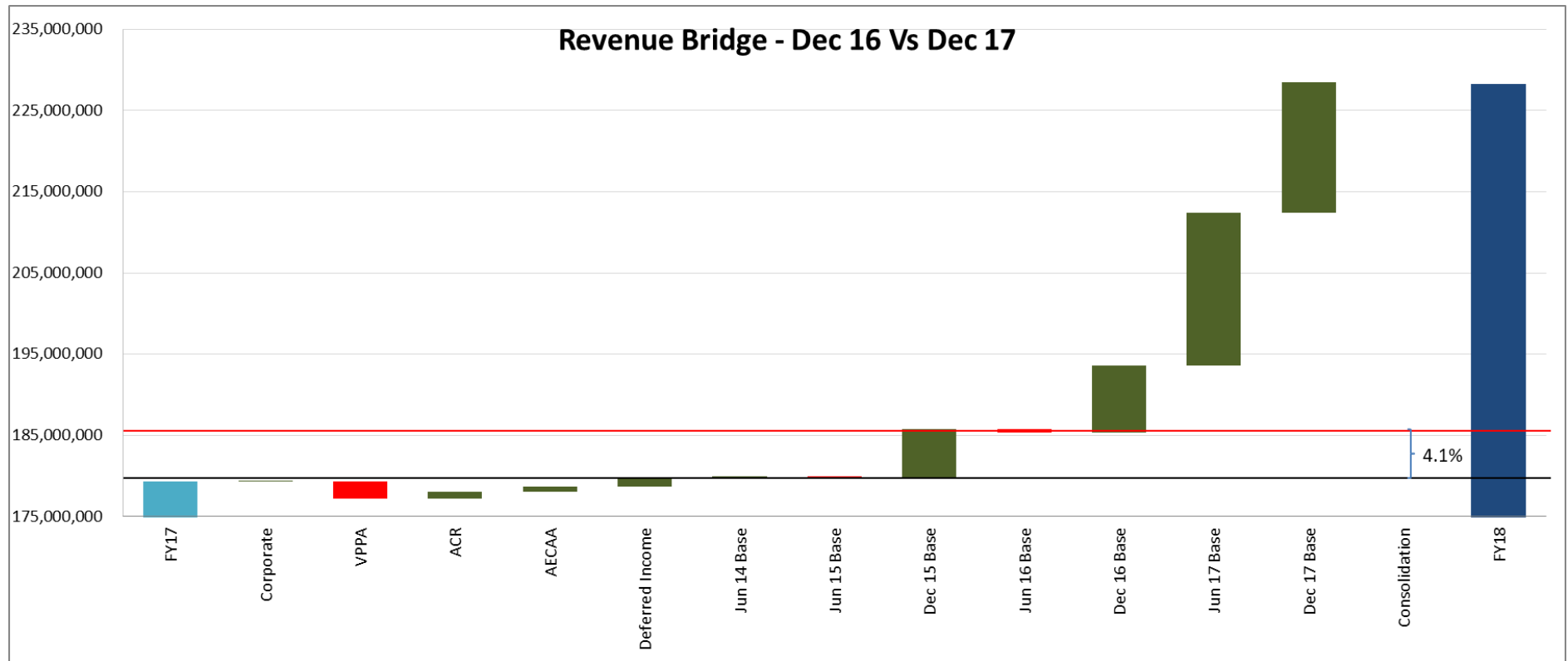
# Strong Performance Year on Year



# Revenue Bridge



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Deferred Income – Market Investment Incentive Amortisation  
 Jun 14 Base - All panel acq. pre FY15  
 Jun 15 Base - RMA, BMB and Shipstone  
 Dec 15 Base - Gemini and Woods

Jun 16 Base - Micra, BDS & Keswick  
 Dec 16 Base - Direct One, Trend, Highland, Joondalup, Woollards, Mitcham  
 Jun 17 Base - Geelong, Canberra, Laverton, Prestons, Milperra  
 Dec 17 Base – Current Period Acquisitions

# Normalisation of EBITDA



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(\$'000)	Dec 17	Dec 16
<b>EBITDA – Reported</b>	<b>20,623</b>	<b>18,357</b>
Greenfield Start Ups	2,250	250
Blackstone Private Equity Due Diligence Costs	916	-
Business Acquisition expenses	899	453
Site Integrations	500	300
IT Roll Out	450	-
Employee Equity Plan expense	368	192
Site Closures, Restructuring and Redundancies	195	554
Litigation Settlement	-	350
Borrowing Cost	-	101
<b>EBITDA – Normalised</b>	<b>26,201</b>	<b>20,557</b>

# EBITDA to Operating Cash Flow



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(\$'000)	Dec 17	Dec 16
<b>EBITDA – Reported</b>	<b>20,623</b>	<b>18,357</b>
Interest Paid	(188)	(82)
Deferred Income Amortisation	(3,525)	(2,396)
Equity Issued As Employment Condition	368	218
Other Non Cash Items	(913)	(414)
<b>Cash Earnings (pre tax)</b>	<b>16,365</b>	<b>15,683</b>
Income Tax Paid	(5,466)	(5,020)
Market investment incentive receipt	-	-
Repayment of Paint Prebate of Acquired business	-	(5,433)
Normalisation of Working Capital for Acquired business	-	(1,981)
Other Working Capital Movement	293	(984)
<b>Net Cash Flow From Operations</b>	<b>11,192</b>	<b>2,265</b>

# Investment Cash Flows



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(\$'000)	Dec 17	Dec 16
Capital Expenditure - Greenfields <sup>1</sup>	2,646	-
Capital Expenditure - Other (Maintenance) <sup>2</sup>	3,461	5,827
	6,107	5,827
Acquisition of Existing Businesses	9,528	2,648
Investment in Automotive Solutions Group Ltd	1,140	-
Loan to Automotive Solutions Group	2,901	-
Other	1,228	(11)
<b>Investment Cash Outflow</b>	<b>20,904</b>	<b>8,463</b>

Notes:

- 1 - Greenfields relates to capital expenditure on new facilities dedicated to a work provider supported by a long term contract.
- 2 - Other (Maintenance) relates to capital expenditure on existing facilities.

# Free Cash Flow



Operating Specialised Automotive Aftercare and Accessory Companies

(\$'000)	Dec 17	Dec 16
<b>Cash Earnings (pre tax)</b>	<b>16,365</b>	<b>15,683</b>
Income Tax Paid	(5,466)	(5,020)
Other Working Capital Movement	293	(984)
<b>Net Cash Flow From Operations</b>	<b>11,192</b>	<b>9,679</b>
Maintenance Capital Expenditure	(3,461)	(5,827)
<b>Free Cash Flow</b>	<b>7,731</b>	<b>3,852</b>



# Shareholder Returns



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	Dec 17	Dec 16	Change <sup>1</sup> (\$'000)	Change <sup>1</sup> (%)
Share Price - Closing	1.04	0.98	0.06	5.6%
Basic EPS – Reported (cps)	1.48	1.71	(0.23)	(13.5)
Basic EPS – Normalised (cps)	2.60	2.11	0.49	23.0
Current Ratio	0.84	0.81	0.03	3.7
Current Ratio ex non cash items	0.95	0.96	(0.01)	(1.1)
Gearing	8.4%	5.5%	2.9%	52.9%

**AMA has declared an Interim Dividend of 0.5 cents per share fully franked  
This represents the same amount per share as the FY17 Interim Dividend**

<sup>1</sup>. Period on Period growth.

# Vehicle Panel Repair



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	Dec 17	Dec 16	Change <sup>1</sup> (\$'000)	Change <sup>1</sup> (%)
Sales	198,018	149,313	48,705	32.6
Gross Margin (\$'000) <sup>2</sup>	110,980	85,520	25,460	29.8
Gross Margin (%)	56.1	57.3	(1.2)	(2.1)

## Comments:

- National footprint with 106 sites across Australia
- Acquired 10 businesses and executed 4 “greenfield” contracts in the 6 months to 31 Dec 2017
- Purchased another 7 businesses post 31 Dec 2017
- Principal consolidator in highly fragmented industry in Australia
- Active “roll out” of exclusive rapid / express shops increasing “annuity” revenue stream
- Strong relationship continues with major insurers and prestige car manufacturers
- Continuing to explore new ways to drive “cost to do business” down.
- More acquisitions and “Greenfields” are currently being considered

1. Period on Period growth.

2. Gross Margin (“GM”) does not include direct labour or an overhead allocation

# National Footprint of 106 Panel Repair Shops



Victoria	41
Queensland	20
Western Australia	10
New South Wales	18
Australian Capital Territory	8
South Australia	3
Tasmania	5
New Zealand	1
	<hr/>
	106
	<hr/>

Network – 30 June 2017	86
Acquired	17
Greenfields	4
Disposed	(1)
	<hr/>
Network - Current	106
	<hr/>

Prestige	3
Traditional	77
Exclusive	23
Mechanical	3
	<hr/>
	106
	<hr/>

Seven shops acquired to the network post balance date with further in the “pipeline”

# Vehicle Protection Products & Ute Accessories



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	Dec 17	Dec 16	Change <sup>1</sup> (\$'000)	Change <sup>1</sup> (%)
Sales	12,604	14,727	(2,123)	(14.4)
Gross Margin (\$'000) <sup>2</sup>	6,023	6,700	(677)	(10.1)
Gross Margin (%)	47.8	45.5	2.3	5.1

## Comments:

- Leading manufacturer of premium quality alloy bull bars
- Prominent in the market with approximately 50%+ share across aftermarket, fleet and OEM markets in alloy
- Consolidation & reorganisation of the sites is continuing to provide production efficiencies as expected
- OEM revenues decreased although aftermarket revenues increased
- Acquired the business of CSM Service Bodies in December 2017 enabling a broadening of product range entering the premium quality ute accessories market
- Significant acquisitions in this segment have been achieved through the takeover of Automotive Solutions Group Limited

1. Period on Period growth.

2. Gross Margin ("GM") does not include an overhead allocation

# Automotive Electrical & Cable Accessories



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	Dec 17	Dec 16	Change <sup>1</sup> (\$'000)	Change <sup>1</sup> (%)
Sales	8,495	7,919	576	7.3
Gross Margin (\$'000) <sup>2</sup>	2,719	2,663	56	2.1
Gross Margin (%)	32.0	33.6	(1.6)	(4.8)

## Comments:

- Product innovation creating quality revenue and margin opportunities
- Pursuing broader product segments including industrial, marine, leisure and automotive retail sectors
- Strong team buy-in is set to deliver improved operational results in FY18

1. Period on Period growth.

2. Gross Margin ("GM") does not include direct labour or an overhead allocation

# Automotive Component Remanufacturing



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	Dec 17	Dec 16	Change <sup>1</sup> (\$'000)	Change <sup>1</sup> (%)
Sales	5,851	4,927	924	18.8
Gross Margin (\$'000) <sup>2</sup>	2,119	1,929	190	9.8
Gross Margin (%)	36.2	39.1	(2.9)	(7.4)

## Comments:

- Solid organic growth profile within FluidDrive
- Strong management and team buy-in are delivering exceptionally strong operational results
- Strong relationship with major manufacturers
- Integrated relationship with 4 out of the top 6 market share OEM brands
- Opportunity to expand in core market areas
- Integration of ASNU has been completed as expected but this has changed the product mix and margin
- Further potential acquisitions in this segment being explored

1. Period on Period growth.

2. Gross Margin ("GM") does not include an overhead allocation

# ACAD New Business Units Integration Plan



- In January 2018, AMA Group acquired full ownership of Automotive Solutions Group Limited.
- AMA's long term plan is to utilise its significant experience in business turnaround strategies, to bring the group of businesses together in achieving common profitability growth goals.
- Phase 1 of the organisational plan is an interim structure to enable process, systems, procedures and protocol to be established, ensuring consistency in reporting for 2018 and beyond.
- AMA Management believe that following the integration of these businesses, and given their complementary nature, the merged group should be able to derive material synergies and cost savings.

# Restructure after Integration of ASG

## Vehicle Protection Products & Ute Accessories Manufacturing



## Automotive Electrical & Cable Accessories / 4x4 Accessories Distribution



## Automotive Component Remanufacturing



## Automotive Workshops and Performance Products





## *Initiatives*

- Aggressively participate in the Panel Industry consolidation
- Identify and execute further “Greenfield” opportunities in Vehicle Panel Repair division
- Prioritize and continually drive vertical integration across Vehicle Panel Repair division
- Renegotiate new strategic partnership agreements with key customers and key suppliers
- Identify and execute strategic acquisitions in the Automotive Components and Accessories divisions
- Manage Operating Margins to ensure that AMA Shareholders are provided with a satisfactory Return on Investment

**AMA has multiple opportunities to continue its growth by both organic and acquisition means**

# Blackstone Private Equity Proposal



- On 29 January 2018, AMA Group Limited confirmed that it has received a confidential, non-binding, conditional, indicative proposal from Blackstone Private Equity in relation to AMA's Panel business.
- This indicative proposal values the Panel business at \$530 million on a cash free, debt free basis and is subject to numerous conditions including completion of satisfactory due diligence and internal approvals by Blackstone, and agreed transaction structure and documentation.
- There is no certainty that a transaction with Blackstone or any other party will eventuate or of the nature of any such transaction.
- AMA will continue to inform shareholders and the market in accordance with its continuous disclosure obligations.

# Summary

- ✓ **Leading provider of Australian automotive aftercare services and accessories**
- ✓ **Cemented position as Australia's leading consolidator in the panel repair market**
- ✓ **Strong balance sheet with ability to take on additional leverage**
- ✓ **Strong cash generation business model**
- ✓ **Growing exclusive panel repair shops is increasing "annuity" income stream**
- ✓ **High quality management team with extensive industry experience**

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# Appendix A - Market Investment Incentive



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(\$'000)	Dec 17	Dec 16
Deferred Income - Opening Balance	14,532	20,019
Receipt	-	-
Amortisation	(3,525)	(2,396)
Deferred Income - Closing Balance	11,007	17,623
Classified as:		
Current	7,000	5,100
Non Current	4,007	12,523
	11,007	17,623

# Appendix B - NPBT and NPAT Normalisation



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Attributable to Members	NPBT		NPAT	
	Dec 17	Dec 16	Dec 17	Dec 16
<b>Reported</b>	<b>12,272</b>	<b>12,176</b>	<b>7,660</b>	<b>8,548</b>
Greenfield Start Ups	2,250	250	1,575	175
Blackstone PE Due Diligence Costs	916	-	916	-
Business Acquisition expenses	899	453	899	453
Site Integrations and IT Roll Out	950	300	665	210
Employee Equity Plan expense	368	192	258	192
Site Closures & Restructuring	195	554	136	388
Litigation Settlement	-	350	-	245
Borrowing Cost	-	101	-	101
Share of Associate Result	1,372	-	1,372	-
Impairment	-	300	-	210
<b>Normalised</b>	<b>19,222</b>	<b>14,676</b>	<b>13,481</b>	<b>10,522</b>