


AMAGROUP

2019 FULL YEAR RESULTS PRESENTATION | 26 AUGUST 2019


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WORLD CLASS AUTOMOTIVE SOLUTIONS



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AMA GROUP OVERVIEW



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About Us.

Industry leader in 3 key automotive industry sectors:



Vehicle Panel Repairs – National footprint of c. 130 panel sites offering a unique service proposition to key insurance customers and their policy holders.



Automotive Components and Accessories – Business focussed on key growing market niches with unique products and long standing distribution partners.



Procurement and Distribution – Expansion into procurement and distribution of cost effective consumables for the motor vehicle panel industry.



Our Journey.



2006: The Start of the Journey

AMA Group under the previous name Allomak Limited first listed on the Australian Securities Exchange.



2009: Gemini Commences in Australia

Gemini commenced operations in Australia, leveraging off their learnings in the UK.



2010: Key Management Changes

Allomak Limited was renamed to AMA Group and underwent changes to key management personnel, including the Board of Directors.

2014: Award Winning

Gemini wins the Mayor's Innovation GC Award for using latest technologies, environmentally friendly products and centralising the Support Centre.



2018: Blackstone Deal

Blackstone Group seeks to acquire Panel Division for \$508 million, however, the ATO refused AMA's request for a Ruling for Demerger Relief of ACAD. The transaction did not proceed.



2019: Corporate Strategy

Post Gemini's earn out, significant changes were made to both the Board of Directors and Management Team. With a new Support Centre and increased focus on corporate governance, the corporate strategy will ensure AMA Group realises the significant market opportunities before it.



2015: AMA Group and Gemini Merger

AMA Group acquires Gemini Accident Repair Centres (under a 3 year earn out), becoming the largest national repair group. This strengthens AMA Group's position to consolidate Australia's highly fragmented panel repair market.



2020: Working Towards \$1bn Revenue

Focusing on key strategies and goals around acquisitions, people, processes, systems and brand.



2021: \$1bn Revenue and ASX200

On-track to achieve AMA Group's goal of becoming an ASX200 company and reach \$1 billion revenue by FY2021.



Our Highlights.

REVENUE
\$616m
YOY GROWTH
20.9%

NORMALISED EBITDA
\$58.2m
YOY GROWTH
11.6%

NET PROFIT AFTER TAX
\$21.7m
YOY GROWTH
43.7%

BASIC EPS
4.00c
YOY GROWTH
1.12c | 38.9%

ACQUISITIONS



SUCCESSFULLY COMPLETED 21 ACQUISITIONS, INCLUDING 6 BUSINESS ACQUISITIONS IN THE HEAVY VEHICLE REPAIR INDUSTRY AND OPENED 4 GREENFIELDS

PEOPLE



NEW BOARD APPOINTMENTS, GROUP CFO AND PANEL CEO, REFLECTIVE OF THE ASX200 COMPANY WE WANT TO BECOME OVER THE NEXT FEW YEARS

PROCESSES



LAUNCHED CENTRALISED ESTIMATING SERVICE AND COMPLETED THE ROLLOUT OF NEW ERP SYSTEM (NETSUITE)

BRAND



WORLD CLASS AUTOMOTIVE SOLUTIONS BRAND WITH INCREASED AWARENESS AND PENETRATION IN KEY PRODUCTS BRANDS

CONNECTION



CENTRALISING CORPORATE FUNCTIONS WITH NEW HEAD OFFICE AND IMPLEMENTING NEW PLATFORMS COMPANY WIDE



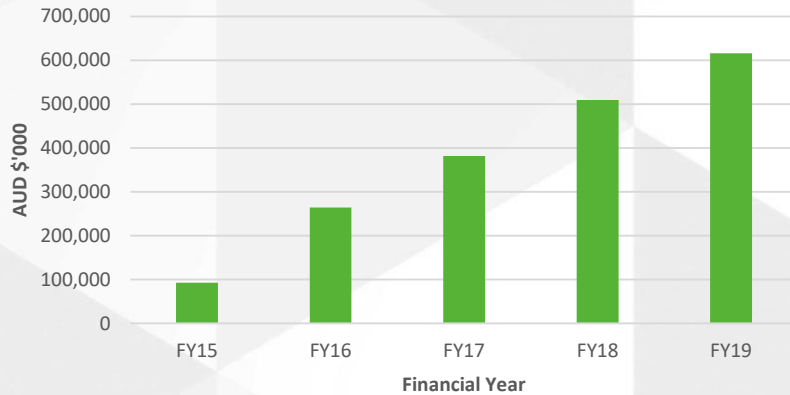
AMA GROUP FINANCIAL INFORMATION



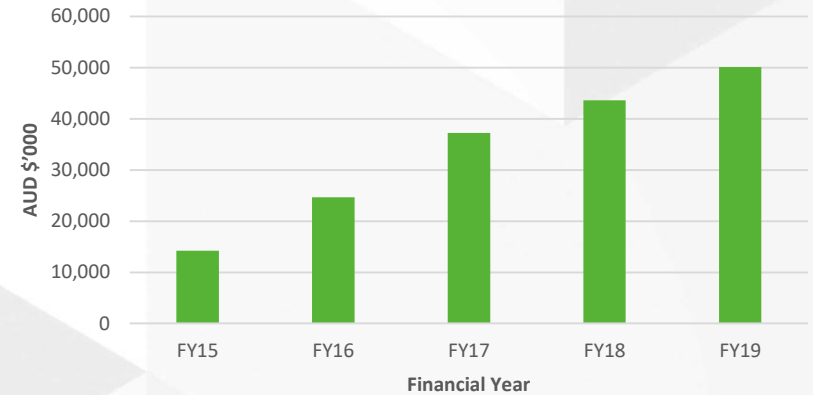
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History to Sustainable Earnings Growth.

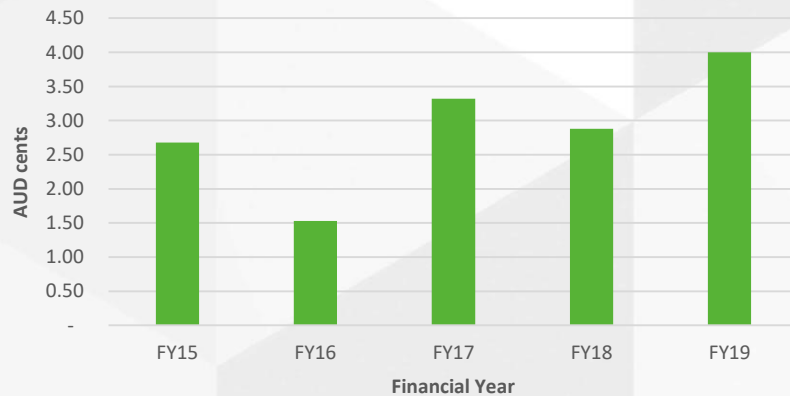
Reported Revenue



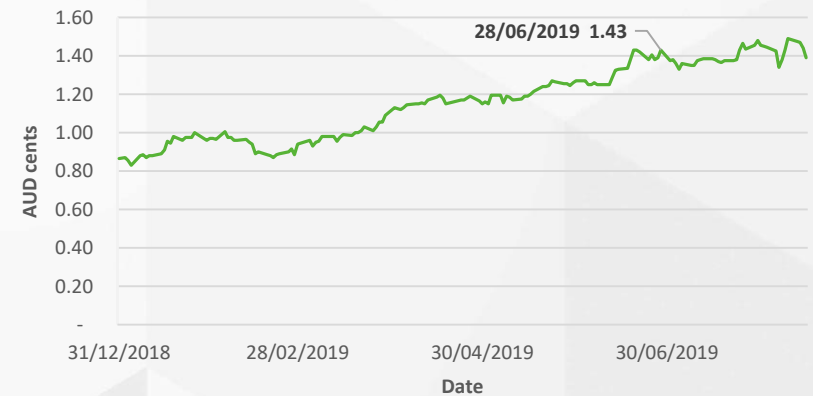
Reported EBITDA



Basic Earnings per Share



Share Price



Summary Financial Performance and Metrics.

SUMMARY FINANCIAL PERFORMANCE	FY19	FY18	CHANGE FY19 v FY18	
	(AUD \$'000)	(AUD \$'000)	(AUD \$'000)	(%)
Reported Revenue (continued operations)	616,174	509,756	106,418	20.9%
Reported EBITDA (continued operations)	50,127	43,633	6,494	14.9%
Normalised EBITDA ¹ (continued operations)	58,184	52,156	6,028	11.6%
Reported EBIT (continued operations)	33,919	28,173	5,746	20.4%
Reported NPAT (continued operations to members)	21,715	15,108	6,607	43.7%
Normalised NPAT (continued operations to members)	28,130	24,073	4,057	16.9%

SUMMARY METRICS	FY19	FY18	CHANGE FY19 v FY18	
Normalised EBITDA Margin (%)	9.4%	10.2%	- 0.0	-7.7%
Reported Basic EPS (cents)	4.00	2.88	1.12	38.9%
Current Ratio (times)	0.8	1.0	- 0.1	-11.6%
Gearing Ratio (%)	13.3%	11.4%	1.9%	16.4%
Net Debt / Normalised EBITDA (times)	1.2	0.7	0.5	69.2%



FY2019 RESULTS ARE CONSISTENT WITH MARKET GUIDANCE - NORMALISED EBITDA OF APPROXIMATELY \$58 MILLION



Notes:

1. Refer to Appendix A on Slide 23 for Normalisations.



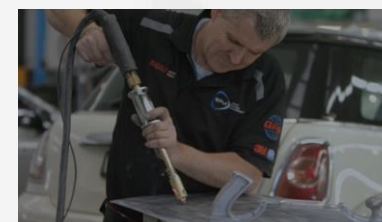
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Summary Financial Position.

SUMMARY FINANCIAL POSITION	FY19	FY18	CHANGE FY19 v FY18	
	(AUD \$'000)	(AUD \$'000)	(AUD \$'000)	(%)
Current Assets	110,492	93,999	16,493	17.5%
Non-Current Assets	348,903	268,855	80,048	29.8%
Total Assets	459,395	362,854	96,541	26.6%
Current Liabilities	131,191	98,964	32,227	32.6%
Non-Current Borrowings	80,568	52,500	28,068	53.5%
Other Non-Current Liabilities	55,163	40,313	14,850	36.8%
Total Liabilities	266,922	191,777	75,145	39.2%
Net Assets	192,473	171,077	21,396	12.5%
Contributed Equity	200,263	187,206	13,057	7.0%
Reserves	46	3,004	(2,958)	-98.5%
Retained Earnings / (Deficit)	(8,128)	(19,429)	11,301	-58.2%
Total Parent Entity Interest	192,181	170,781	21,400	12.5%
Non-Controlling Entity	292	296	(4)	-1.4%
Total Equity	192,473	171,077	21,396	12.5%



**BALANCE SHEET IS
ROBUST AND WELL
POSITIONED FOR
FUTURE GROWTH**



EBITDA to Operating Cash Flows.

EBITDA TO OPERATING CASH FLOWS	FY19	FY18	CHANGE FY19 v FY18	
	(AUD \$'000)	(AUD \$'000)	(AUD \$'000)	(%)
Reported EBITDA (continued operations)	50,127	43,633	6,494	14.9%
Discontinued Operations	(238)	32	(270)	-843.8%
Interest Paid	(2,595)	(786)	(1,809)	230.2%
Non-cash Remuneration	1,499	853	646	75.7%
Gain on Acquisition of ASG	-	(2,108)	2,108	-100.0%
Other Non-Cash Items	(682)	(1,293)	611	-47.3%
Cash Earnings (Pre-tax and Deferred Income Amortisation)	48,111	40,331	7,780	19.3%
Cash Conversion	96%	92%	4%	3.8%
Income Tax Paid	(7,794)	(9,423)	1,629	-17.3%
Deferred Income Amortisation	(9,419)	(7,453)	(1,966)	26.4%
Increase in Inventories ¹	(10,881)	-	(10,881)	100.0%
Other Working Capital Movement ¹	(540)	1,019	(1,559)	-153.0%
Net Cash Flows Used in Operating Activities	19,477	24,474	(4,997)	-20.4%

GEMINI EARNOUT OF \$15 MILLION PAID IN H2 2019.

MARKET INCENTIVE INSTALMENT OF \$30.9M WAS RECEIVED IN H2 2019. PROCEEDS WERE USED TO FINALISE CONTRACTUAL EARNOUTS, ACQUISITIONS AND GENERAL CORPORATE PURPOSES

INCREASE IN INVENTORIES TO SUPPORT RECENTLY ESTABLISHED PROCUREMENT DIVISION

Notes:

1. Due to the significant increase in Inventories, we have split this out from "Other Working Capital Movement"



Summary Investment and Financing Cash Flows.

SUMMARY INVESTMENT AND FINANCING CASH FLOWS	FY19	FY18	CHANGE FY19 v FY18	
	(AUD \$'000)	(AUD \$'000)	(AUD \$'000)	(%)
Net Cash Flows Used in Operating Activities	19,477	24,474	(4,997)	-20.4%
Cash Flows from Investing Activities				
Proceeds from sale of PP&E or disposal of business	308	565	(257)	-45.5%
Payments for purchases of PP&E and intangibles	(10,889)	(11,044)	155	-1.4%
Payments for businesses acquired, net of cash acquired	(37,871)	(36,836)	(1,035)	2.8%
Loans and other investments	1,095	(2,003)	3,098	-154.7%
Net Cash Flows Used in Investing Activities	(47,357)	(49,318)	1,961	-4.0%
Cash Flows from Financing Activities				
Equity raised	9,509	(51)	9,560	-18745.1%
Net proceeds from and repayments of borrowings	27,816	39,087	(11,271)	-28.8%
Dividends paid to AMA shareholders and non-controlling shareholders	(13,500)	(12,612)	(888)	7.0%
Net Cash Flows Provided by Financing Activities	23,825	26,424	(2,599)	-9.8%
Net (decrease) / increase in cash and cash equivalents	(4,055)	1,580	(5,635)	-356.6%
Cash and cash equivalents, at the end of year	12,096	16,214	(4,118)	-25.4%



DIVISIONAL PERFORMANCE










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Vehicle Panel Repair.

SUMMARY FINANCIAL PERFORMANCE	FY19	FY18	CHANGE FY19 v FY18	
	(AUD \$'000)	(AUD \$'000)	(AUD \$'000)	(%)
Reported Sales and Other Income ¹	529,374	436,075	93,299	21.4%
Reported EBITDA	46,623	39,202	7,421	18.9%
Reported EBITDA Margin	8.8%	9.0%	-0.2%	-2.0%
Normalised EBITDA	50,668	44,771	6,304	14.1%
Normalised EBITDA Margin	9.6%	10.3%	-0.6%	-6.0%

KEY ACHIEVEMENTS

-  Integrated 21 acquisitions and opened 4 greenfields in FY2019
-  Commenced operations into the Heavy Vehicle Repair industry (6 businesses across 3 states)
-  Recruited a new CEO (Steve Bubulj) to lead the Panel Division
-  Completed the rollout of the new ERP (NetSuite)
-  Relocated the Panel Division Support Centre into new a corporate office in Bundall, Gold Coast
-  Launched a digital, centralised estimating service to insurer and fleet clients
-  Completed the rollout of GemSafe and commenced the rollout of Torque

National footprint with 130 sites across Australia

Principal consolidator in highly fragmented \$7.2 billion industry

Panel contributes 86% of revenue to AMA Group

Strong year on year growth in Sales and EBITDA

Long-term relationships with major insurers, OEMs and Dealers

Notes:

1. Includes Deferred Income Amortisation.



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National Footprint.

PANEL REPAIR SHOP COUNT

	2019	2018
Opening Balance at 1 July	109	86
Acquired	21	22
Greenfields ¹	4	4
Disposed ²	-2	-3
Adjustment ³	-2	0
Closing Balance at 30 June	130	109

PANEL REPAIR SHOP LOCATION

	2019	2018
Victoria	47	40
Queensland	27	24
Western Australia	12	10
New South Wales	26	18
Australian Capital Territory	7	7
South Australia	3	3
Tasmania	7	6
New Zealand	1	1

Closing Balance at 30 June **130** **109**

PANEL REPAIR SHOP TYPE

	2019	2018
Prestige	6	5
Exclusive	34	28
Traditional	81	73
Mechanical	3	3
Heavy Motor	6	0

Closing Balance at 30 June **130** **109**

Notes:






1. Albany, Eagle Farm, Chatswood, Ballarat – all Exclusive
2. Aspley, Takapuna
3. Includes 2 shops which were included in opening balance which never opened



Automotive Components & Accessories Divisions.

SUMMARY FINANCIAL PERFORMANCE	FY19	FY18	CHANGE FY19 v FY18	
	(AUD \$'000)	(AUD \$'000)	(AUD \$'000)	(%)
Reported Sales and Other Income	86,767	71,503	15,264	21.3%
Reported EBITDA	12,495	11,502	993	8.6%
Reported EBITDA Margin	14.4%	16.1%	-1.7%	-10.5%
Normalised EBITDA	13,416	11,502	1,914	16.6%
Normalised EBITDA Margin	15.5%	16.1%	-0.6%	-3.9%

KEY ACHIEVEMENTS

-  Manufacturing: New production management team and new designs are now bedded down in life cycle and looking forward to a busy FY2020
-  Manufacturing: Opened a second fitting site in Q4 FY19, that will enable increased volumes and take advantage of all opportunities to grow
-  Manufacturing: Worked with our OEM customers to develop protection products for their new vehicle ranges utilising our expert product development team
-  Distribution: Continued integration of the 4x4 Accessories ranges and further development of new innovative product ranges
-  Distribution: Expansion of the solar range through it being introduced to several of our national retail chain customers bolstering future supply to market

The leading vertically integrated player in automotive products and accessories





Completed all major restructuring and integration relating to acquisitions

Strong year on year growth in Sales

Increased awareness and penetration in key product brands



Procurement.

-  The Procurement Division was piloted in H1 FY19 and formally established in late FY19 to leverage off our buying power and our specialised line of consumable products.
-  Whilst it is a large global market (> \$5 billion) with no established market leader, we are taking a staged approach by first targeting a small number of key distributors and repairer customers.
-  Supplier agreements have been established with key customers and we have generated external sales which are expected to ramp up in FY20.
-  We have invested up-front in inventory to prepare for future orders.



STRATEGY AND OUTLOOK



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Strategy and Outlook.

AMA HAS MULTIPLE OPPORTUNITIES TO CONTINUE ITS GROWTH BY BOTH ORGANIC AND ACQUISITION MEANS



Continue to lead the Panel Industry consolidation in Australia



Leverage Procurement opportunities



Progressively execute further “Greenfield” opportunities in Vehicle Panel Repair division working with our business partners



Identify and execute strategic acquisitions in the Automotive Components and Accessories Divisions



Expansion of our strategic partnership agreements with key customers and suppliers

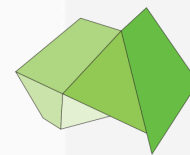


Realise the full potential of our Team and synergistic opportunities



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APPENDICES



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Appendix A: Normalisations.

NORMALISATIONS	FY19	FY18	CHANGE FY19 v FY18	
	(AUD \$'000)	(AUD \$'000)	(AUD \$'000)	(%)
Employee equity plan expense	1,499	853	646	75.7%
Procurement project	967	550	417	75.8%
Greenfield start-up costs	1,000	2,500	(1,500)	-60.0%
Site integrations	900	1,400	(500)	-35.7%
Business acquisition costs	1,494	1,363	131	9.6%
Reorganisation costs	733	294	439	149.3%
IT roll out	1,000	650	350	53.8%
Litigation and resolution costs	182	-	182	100.0%
Site closures and make good	150	150	-	0.0%
Other	132	-	132	100.0%
Blackstone Due Diligence costs	-	2,871	-	0.0%
Gain on acquisition of ASG	-	(2,108)	2,108	-100.0%
Total Normalisations	8,057	8,523	(466)	-5.5%
% of Reported EBITDA	16.1%	19.5%	-3.5%	-17.7%



Appendix B: FY19 Acquisitions.

ACQUISITIONS	# SITES	DATE	STATE
Mt Druitt Autobody Repair Group	4	01-Jul-19	NSW
Simply Smashing Repairs Group	2	12-Oct-18	NSW
Bellarine Smash Repairs	1	01-Nov-18	VIC
Parins Panel Works	1	14-Dec-18	WA
Northern Smash Repairs	1	08-Feb-19	TAS
Correct Panel Group	4	01-Apr-19	VIC
Re-Car Australia Group	3	01-Apr-19	QLD
Wales Truck and Bus Repairs	2	01-May-19	NSW
Inkerman Panels	1	01-May-19	VIC
KSR Autobody	1	21-Jun-19	NSW
Norm Flynn Smash Repairs	1	28-Jun-19	WA
Total Sites	21		

