



AMAGROUP

20 November 2019

ANNUAL GENERAL MEETING CEO'S ADDRESS

INTRODUCTION

I am delighted to be standing here today on behalf of the AMA Group to recognise the significant progress and success our team have achieved in 2018/19.

We have invested in talent and technology and continued to develop our long-standing relationships with partners and suppliers.

AMA is today recognised as *the* industry leader across the key automotive industry sectors. Having completed 21 acquisitions during the financial year, our growing **Vehicle Panel Repairs Division** offers a unique service proposition to insurance customers and their policy holders.

AMA's **Automotive Components and Accessories** business continues to grow market niches with unique products and long-standing distribution partners. And our **Procurement and Distribution** capability is successfully expanding into cost-effective consumables for the motor vehicle panel industry.

When you match those achievements with our recent acquisition of the **Capital S.M.A.R.T.** and **ACM Parts** businesses, we have a suite of high-quality, complementary businesses working together which boast great track-records and outstanding reputations.

I will come back to the highlights of FY19 and the acquisitions completed shortly, but first some important financial and metrics over the past 12 months.

FINANCIAL & METRICS

- The Group's revenue was **\$616m**, which reflects year-on-year growth of **21%**.
- Normalised EBITDA was **\$58.2m** which was year-on-year growth of **12%**.
- Our net profit after tax was **\$22m, up 44%** from the previous year.
- Earnings per share was **4.00 cents**, an increase of **38.9%** from the previous year.

PROCESSES & SYSTEMS

In 2018/19 we launched a centralised estimating service and completed the rollout of our new Netsuite financial system.

We centralised corporate functions within our new head office and relocated the Panel Division Support Centre into our office in Bundall on the Gold Coast.

During the year, we launched a digital, centralised estimating service for insurers and clients enhancing customer experience and providing improved efficiencies.

HIGHLIGHTS - Panel Division

Our Panel Division continues to grow and is the leading consolidator in a highly fragmented \$7.2 billion repair industry.

Panel contributed 86% of revenue to the Group and delivered year-on-year growth in sales and EBITDA in FY19.

This division continues to foster and grow long-term relationships with major insurers, OEMs and Dealers.

HIGHLIGHTS - Automotive Components & Accessories Divisions

The Automotive Components & Accessories Divisions (ACAD) is the leading vertically integrated player in automotive products and accessories.

ACAD also had strong year-on-year growth with sales up 21% and normalised EBITDA up 17%. Looking forward, ACAD's manufacturing sector has appointed a new production management team and new designs have been bedded down in preparation for growth in FY20.

The division also opened a second fitting site in Q4 FY19 aimed at increasing volumes and taking advantage of growth opportunities.

We have also been working with our OEM customers to develop protection products for their new vehicle ranges utilising our expert product development team.

On the distribution side, there is continued integration of the 4x4 Accessories ranges and further development of new innovative product ranges, including the expansion of the solar powered range of products.

HIGHLIGHTS - Procurement

The Procurement Division was formed in early FY19 and formally established in late FY19 to leverage our buying power and specialised consumable products.

The new division faces a \$5 billion plus global market opportunity with no established market leader but we will take a staged strategic approach to its development over the coming months and years to ensure we are able to meet our customers' service expectations.

S.M.A.R.T AND ACM PARTS

Turning now to the acquisition of Capital S.M.A.R.T and ACM Parts - a significant acquisition for the company and our shareholders.

Capital S.M.A.R.T and ACM Parts are great assets for our business, and we are harnessing the collective expertise of the expanded management group to ensure both these two businesses and our current AMA Group operations continue to thrive and grow.

We believe that the transaction will deliver annual synergies of \$17 million by the end of FY21 and in the process create shareholder value through double digit EPS accretion in the first full year of ownership (FY21 inclusive of synergies).

Capital S.M.A.R.T brings to the AMA Group 50 sites across Australia and New Zealand, primarily in metropolitan areas.

Capital S.M.A.R.T serviced almost 180,000 vehicles in Australia and New Zealand in the past financial year.

Most importantly, the S.M.A.R.T team is a great cultural fit with AMA and the progress we have already made in a short period is pleasing.

A dedicated integration committee and leadership team has been formed and is implementing our detailed integration program.

This separation of the integration team from the core business operations ensures our people to continue to focus on our respective underlying business operations so for our customers it is 'business as usual'.

ACM Parts

The lesser known business we acquired is ACM Parts which is Australia's largest recycler of panels and mechanical parts for the automotive industry. ACM's largest segment is the collision repair market.

ACM sources, warehouses, sells and delivers its products directly to both collision and mechanical repair shops. They offer a wide range of products in recycled and new parts across 7 sites in Victoria, New South Wales and Queensland.

This business has significant potential and is also a meaningful contributor to our ESG credentials as it effectively reduces the amount of waste in the collision repair industry.

STRATEGY AND OUTLOOK

Moving forward, AMA has multiple opportunities to continue its growth both organically and via acquisition. While we are the leader in the Collision Repair Industry consolidation in Australia, "Greenfield" opportunities with our existing business partners continue to be attractive.

Talent acquisitions across Management and Board will add value to our business and position us to deliver on our strategic goals and to realise our goal of exceeding \$1bn of revenues by FY21.

We will continue to focus on the expansion of our strategic partnership agreements with key customers and suppliers, and execute strategic investments in employee training and career development across the Group to retain and attract quality candidates.

FINAL REMARKS

In closing, I would like to take this opportunity to thank our increasing number of customers, investors, financiers and all stakeholders for their continued support of the AMA Group.

I would also like to acknowledge my fellow Board members for their support and guidance during the year. I would also like to acknowledge again the service of Ray Malone and Ray Smith-Roberts, both of whom have retired from the Board after lengthy periods of valued service during which the Company went from a minnow to today's market leader.

In particular I want to congratulate the AMA Group Management team who have steered this ship always putting our customers first.

Last but not least, our incredible employees who are the backbone of our company, contributing to and delivering on every aspect of our growth and success which has made the AMA Group what it is today.

I look forward to another exciting and profitable year ahead.

Thankyou

Ends.