



AMAGROUP

ASX RELEASE

20 December 2019

COMPANY UPDATE

AMA Group Ltd (ASX: AMA) is pleased to provide the following update:

1. Integration of Capital Smart and ACM Parts

The integration of Capital Smart and ACM Parts is proceeding better than expected.

Based on the work undertaken to date by the dedicated integration team, AMA is confident of delivering the previously identified \$17M of synergies for the entire FY21. Additional synergies have been identified and will be realised as the integration progresses.

We would also like to confirm that we expect the full year earnings contribution (inclusive of synergies) from Capital Smart and ACM Parts in FY21 to be at least in line with our disclosure at the time the acquisition was announced.

2. Acquisitions Update

The Group provides the following update on acquisitions:

- The acquisition pipeline for AMA remains very strong with no upward pressure on acquisition multiples. We are currently negotiating acquisition opportunities representing \$110M of revenues and in addition to these opportunities, the pipeline we are evaluating represents over \$200M of revenues.
- Due to the significant strategic acquisition of Capital Smart and ACM Parts, the level of “business as usual” acquisitions understandably slowed in the first half. The acquisition pace is on track to return to historical levels in the Second Half of this financial year.
- Recently the Group completed the following acquisitions in addition to Capital Smart and ACM Parts:
 - Smash Care
 - Diplocks
 - All Transport (trucks)
- These acquisitions represent a total of 10 new sites and, once full integrated, are expected to contribute approximately \$30M in revenue and \$2.5M of EBITDA to the Group.
- The current acquisitions were funded through a combination of cash and deferred earnout related consideration.

3. Banking Facility Update

To facilitate the acquisition of Capital Smart and ACM Parts and help enable the continued growth of the Group, a new \$375M banking facility was implemented with ANZ and NAB in October this year.

The new facility was underwritten by ANZ and NAB who in turn undertook to syndicate part of the facility to a group of new lenders by the end of 2019. The Syndication process has now been completed with 5 additional parties joining the facility as lenders.

Pleasingly, the Syndication was extremely well supported and oversubscribed.

The facility is currently drawn on a net basis to approx. \$235M.

4. Current trading condition and outlook

AMA expects to deliver normalised EBITDA (excluding transaction and integration costs) for FY20 in the range of \$73M-\$77M.

As noted at the AGM, repair volumes and mix in the Panel Division have been affected by prolonged drier weather conditions in the First Half and the ACAD Division has been impacted by a pronounced year-on-year decline in new car sales impacting the industry as a whole.

We have recently seen an increase in trading volumes and coupled with historical trading trends we expect Second Half to be consistent with these more recent trends.

5. Senior Management

We have now completed our Senior Management structural changes with the most recent addition being the appointment of Darrel Maloney as Head of Acquisitions to lead the Group's acquisition program.

Darrel comes with extensive commercial and industry experience and most recently has been CEO of Strategic Collision Repair, a smash repair consortium. Darrel joins the Group in late December 2019.

We are confident that this experienced and capable Senior Management team are well positioned to execute the Group's strategy and deliver the full benefit of the recent acquisitions, into FY21 and beyond.

Andy Hopkins
Group CEO
AMA Group Limited

Investors
Andy Hopkins
Group CEO
+61 448 400 600

Steve Becker
Group CFO
+61 409 643 023

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