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# Investor Day 2022

31 May 2022

AMA GROUP



# AMA GROUP

Aspiring to be

Industry benchmark for safety

Preferred employer within the industry

Training “more than our share”

250+ sites

\$1.5b+ revenue

12%+ post AASB-16 margins

Supporting environmental sustainability through  
collision repair and parts sourcing



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# Introduction to AMA Group

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AMA GROUP



# Executive Team



**Carl Bizon**  
CEO & Executive Director



**Mathew Cooper**  
Group Chief  
Operating Officer



**Geoff Trumbull**  
Group Chief  
Financial Officer



**Andrew Mair**  
Group Chief  
Commercial Officer



**Janelle Leonard**  
Group Chief  
People Officer



**Scott Lancaster**  
Group Chief  
Information Officer



**Alexandra Holston**  
Director Investor  
Relations  
& Corporate Affairs

**David  
Chin**  
EGM  
Drive



**Craig  
Hogan**  
EGM  
Non-Drive



**Darren  
Wales**  
EGM  
Heavy Motor



**Adam  
O'Sullivan**  
EGM  
Supply



**Jim  
Lynch**  
EGM  
Procurement



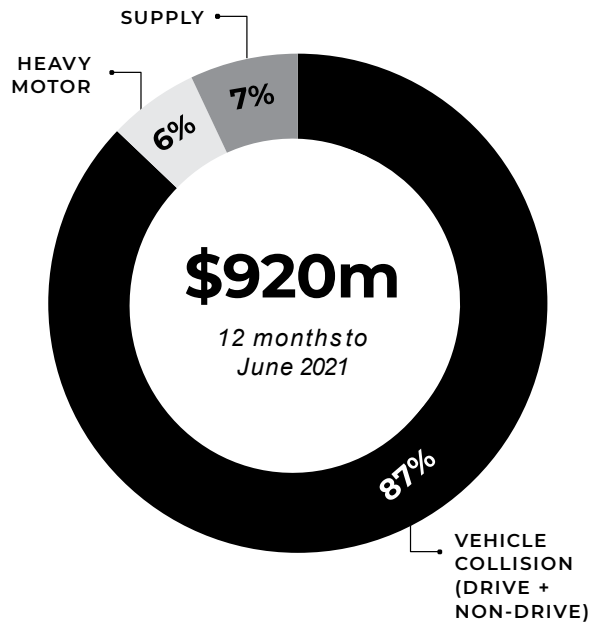
Note: EGM = Executive General Manager.



# AMA GROUP

## The leader in the Australian and New Zealand collision repair industry

We have the biggest collision repair network across Australia and New Zealand, supported by Australia's leading distributor of vehicle parts. We are Australia's only publicly listed purely collision repair company. Our team provides repairs for light to high-severity collisions, on everything from small private vehicles to commercial trucks and buses.



**3,500+**  
Team members



**220k+**  
Recycled & new parts supplied per year



**300k+**  
Vehicles repaired per year



**8.5k+**  
Vehicles reclaimed per year

### Australian & New Zealand Network

**158**

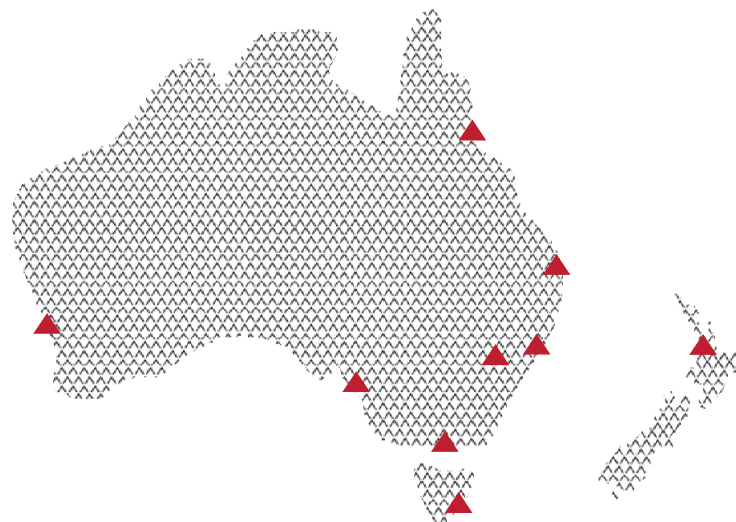
Collision Repair Sites

**12**

Supply Locations

**2**

Support Offices



### Four Business Units



**DRIVE**



**NON DRIVE**



**HEAVY MOTOR**



**SUPPLY**

AMA GROUP

## Our Vision

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# ENDURING MOBILITY

### Sustainability

The longer vehicles remain on the road, the less likely they will end up as landfill

### Innovation

AMA Group partners with industry, government and academic institutions to raise the standard of the industry

### Community

AMA Group helps communities to be more mobile, more resilient, and more sustainable

## Our Mission

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**AMA Group extends the life of vehicles**  
through an integrated network of repairers,  
dismantlers, and distributors so our  
**customers can keep moving.**



# Our Values

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## **Together** we do it right

### **Care**

We treat everyone with empathy and respect

### **One Team**

We are One AMA, working together to a common goal

### **Ownership**

We own our decisions and actions

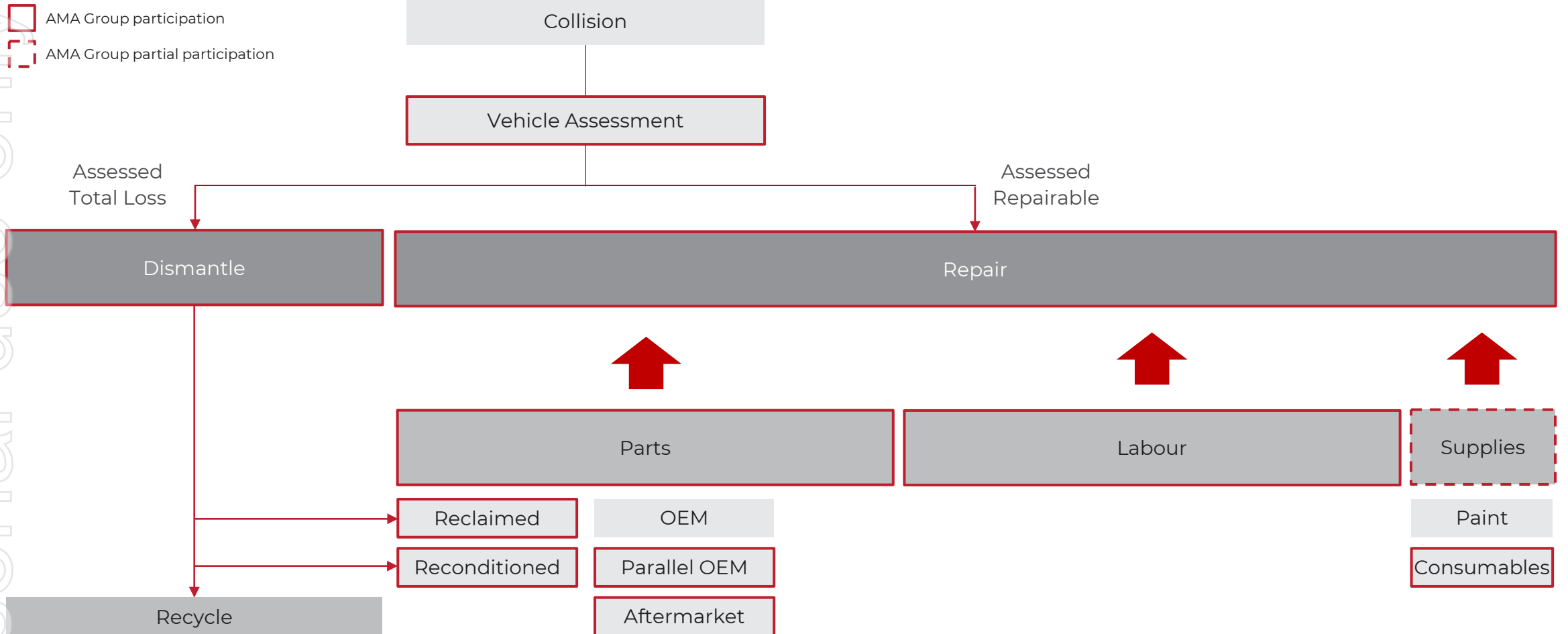
### **Resilience**

We embrace change and adapt as needed

### **Performance**

We deliver value through performance, innovation and quality

# AMA Group Collision Repair Industry Participation

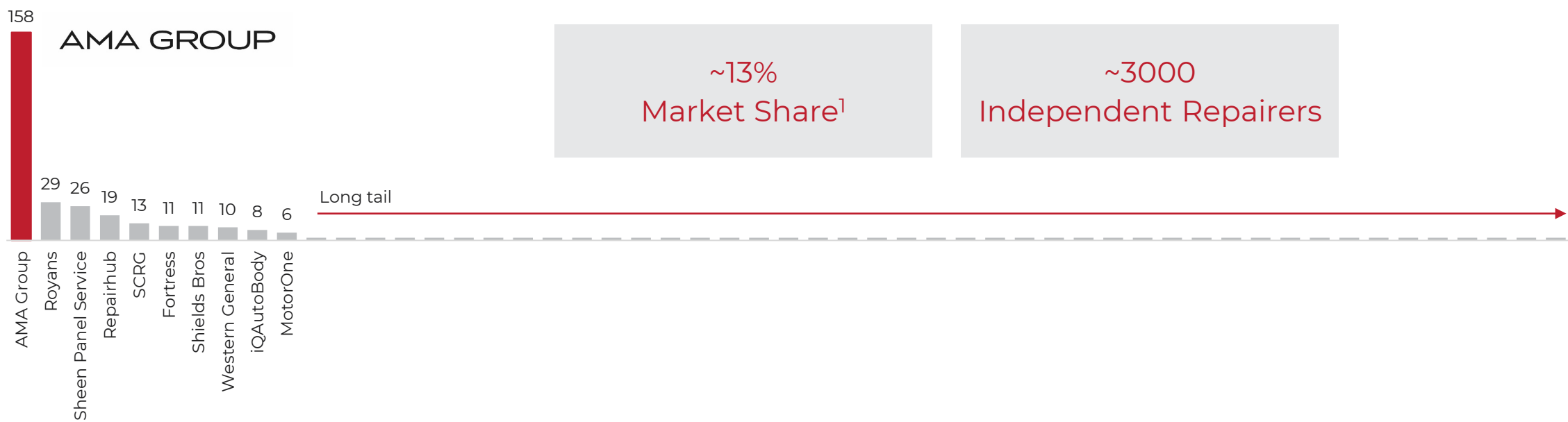


Note: OEM = original equipment manufacturer.

# Collision Repair Marketplace

AMA Group is the only national network of any scale in Australia, operating in a highly fragmented marketplace

Number of Collision Repair Sites by Operator (Australia and New Zealand)



Sources: Paint & Panel MSO Series (January/February 2022), public websites, Google Maps. IBIS World.  
Note: Excludes franchises and collaborative groups. Royans is Royans Group Australia (commercial vehicle repairs), SCRG is Strategic Collision Repair Group, Fortress is Fortress Collision Repair Group, Western Gen is Western General Bodyworks Group.  
<sup>1</sup>Market size per IBIS World Report S9412, Motor Vehicle Body, Paint and Interior Repair in Australia, February 2022. Includes motor vehicle body repair services, motor vehicle painting services, glass repair and replacement services. Excludes car wash, cleaning and detailing services, upholstery and interior repair services, and other services. Market share calculated using FY21 revenue from external customers of \$917m per the FY21 Annual Report (pg.51).



# AMA Group Benefits of Scale

**~\$55m+**

annual benefit

**\$300k+**

annual benefit  
per site

**2.0x leverage**

vs financial costs  
of scale

## Benefits of Scale

### Paint Supply

Long term supply agreement with cash market incentive and substantial market discount

### Part Supply

Procurement benefits from National Dealer Tender and OEM direct negotiations

### Consumables Supply

Direct sourcing consumables supplied internally and planned external supply

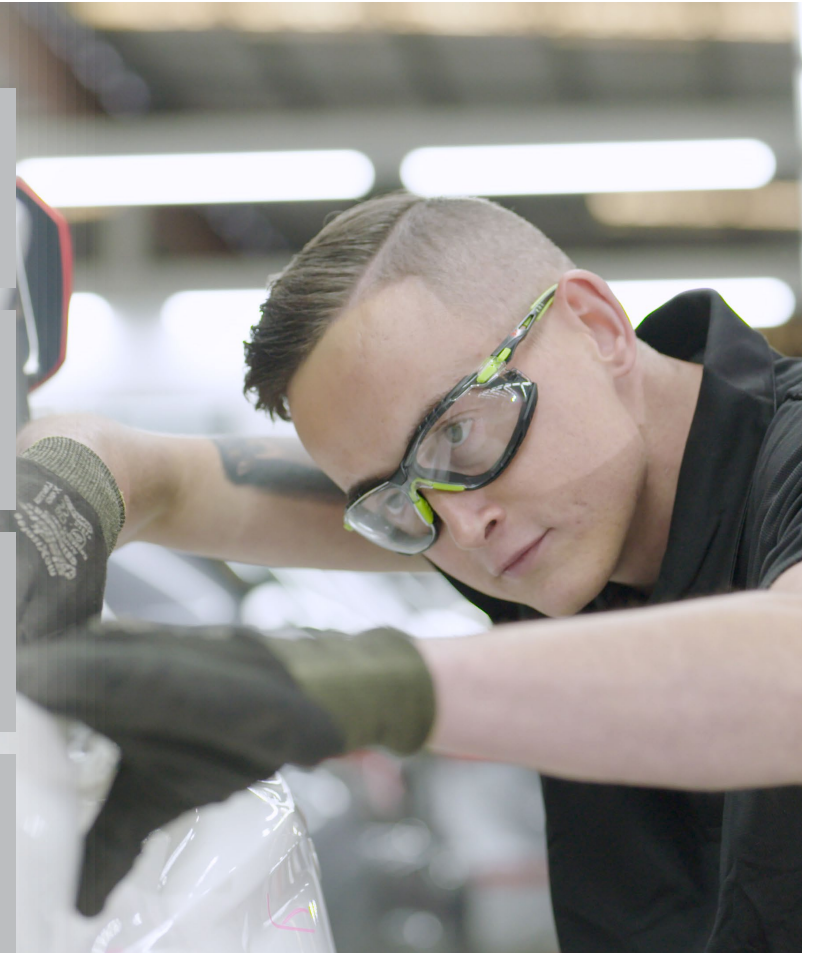
### Indirect Supply

Scale benefits – e.g., electricity, gas, maintenance services

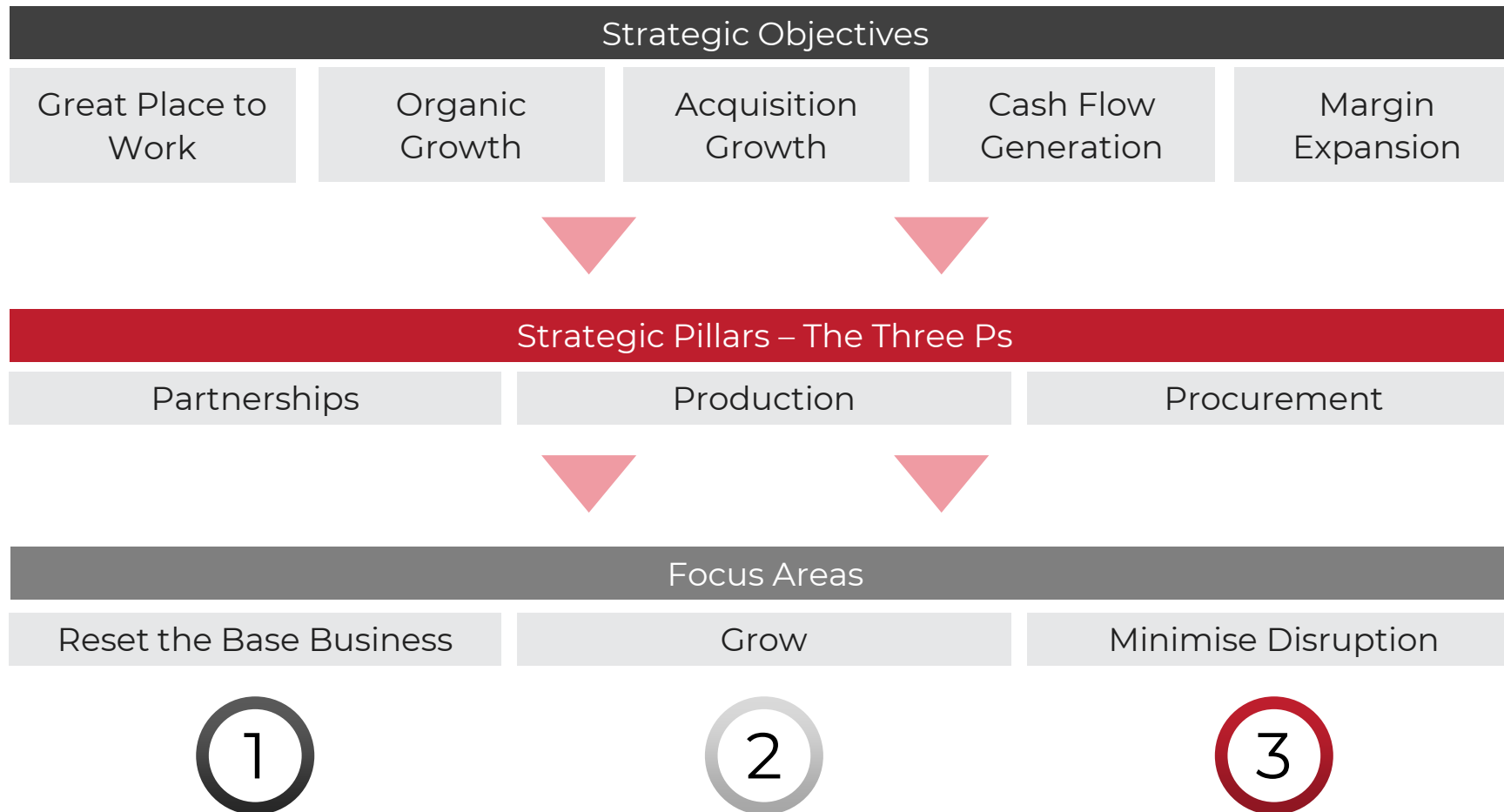
# Five Year Strategic Targets

## Australia & New Zealand

Vehicle Collision	 DRIVE NON DRIVE	<b>200+</b> Locations <i>149 currently</i>	<b>\$1.0b</b> Revenue <i>FY21 \$801m</i>
Heavy	 HEAVY MOTOR	<b>16+</b> Locations <i>9 currently</i>	<b>\$100m</b> Revenue <i>FY21 \$54m</i>
Supply	 SUPPLY	<b>70,000 m<sup>2</sup></b> Capacity <i>~40,000 m<sup>2</sup> currently</i>	<b>\$150m</b> Revenue <i>FY21 \$64m</i>
Group	 GROUP	<b>3.0x</b> Group Cost Leverage <i>2.0x currently</i>	



# Five Year Strategy Overview





# Short to Medium Term Focus Areas

①

Reset the Base Business

**Reset operations, pricing and customer approach to entrench leadership position in collision repair industry**

Retention and engagement

Groupwide procurement to leverage benefits of scale

Optimise network

Operational improvements

②

Grow

**Expand network, maximise existing operations and grow adjacent businesses**

Accelerate third-party parts and consumables business

Organic and acquisition growth

ADAS opportunities

Revenue diversification

③

Minimise Disruption

**Minimise disruption caused by situational challenges**

Workforce of the future

Disintermediation of parts

Reset contract pricing

People – AMA Group: A Great Place to Work

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# Top People Priorities

Retention and Engagement	Health and safety
	A great place to work
	Employee share plan
Workforce of the Future	Apprenticeships
	Skilled migration
	Training and development
ESG	Environment
	Social
	Governance



# A Great Place to Work

## > ONE AMA

- Employee Value Proposition has been about building a better AMA Group
- Culture focused on One AMA — capitalising on our synergies as one organisation, as well as our differences
- Building better Leaders is a key focus for a great culture

We asked our Team  
“What would make AMA Group a great place to work”?

### *Better workplaces*

- ✓ Facilities and equipment
- ✓ Take care of each other and our customers

### *Better benefits*

- ✓ Reward excellence
- ✓ Share success
- ✓ Support families and communities

## ***Building Better***

### *Better communication*

- ✓ 2-way communication
- ✓ More listening
- ✓ More sharing

### *Better careers*

- ✓ Apprenticeships
- ✓ Leadership training
- ✓ Skills training

# Retention Initiatives

To improve retention, the Group is building a better place to work

## Major initiatives to-date:

- Communication through workplace updates, monthly business updates and a quarterly magazine
- Incentivising loyalty through service awards
- Recognition of work throughout COVID-19
- Annual awards program
- Virtual monthly CEO townhalls (with operational leadership team)
- Flexible / part-time working arrangements in roles where that wouldn't traditionally be offered
- One AMA Team recognition program
- Career progression planning for frontline leaders
- Industry leading remuneration and benefits analytics

**ONE AMA**  
*Building Better*



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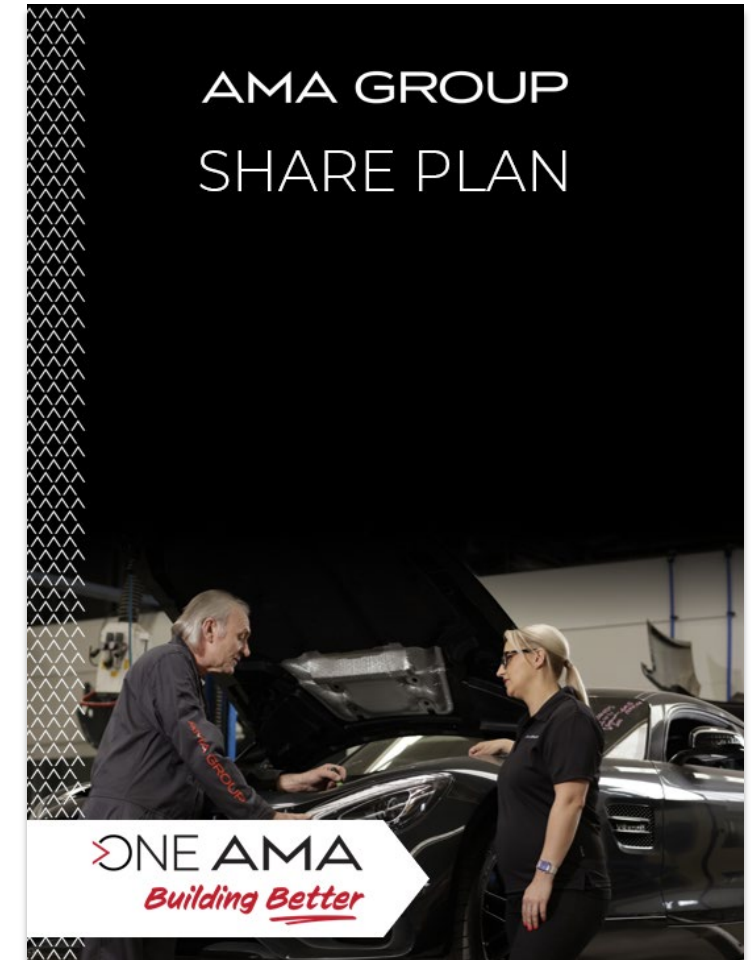
# Employee Share Plan

A major One AMA Building Better initiative was the introduction of the general employee share plan

- Gifted share ownership can help to reward, recognise and retain Team members
- Unique employee value for proposition AMA Group - It is a benefit that can only be offered as a listed company
- Makes Team members part owners of the Group and connects them through a common goal, as each stands to benefit personally from the success of the broader business
- Helps Team members understand the investor experience

*"Giving our people shares in the company acknowledges and rewards the significant contribution they each make to AMA Group."*

CEO Carl Bizon



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# Safety – Take the LEAD

- We value the health, safety and wellbeing of our Team above all else
- Significant reduction in LTIFR
- Take the LEAD is a cultural safety program designed to shift behaviour that moves beyond compliance
- This is a comprehensive safety program rolling out across all AMA Group businesses in mid-2022
- Priorities include
  - Getting the basics right
  - Clear guidance to all Team members on the standards that are expected
  - Information on key workplace risks within AMA Group operations with tools to manage these risks and prevent injury
  - Accident management processes and procedures
  - Consistent and dedicated messaging and communications channels
  - Empowerment of our people to Take the LEAD

Note: LTIFR = Lost time injury frequency rate.



# Apprenticeships

**335**  
Current  
Apprentices

**150+**  
Planned  
Annual Intake

## Building the Workforce of the Future through Apprenticeships

- Apprentices are the next generation of leaders and skilled tradespeople
- AMA Group is committed to bringing in the best people and ensuring the best start to their careers in the collision repair industry
- The Group recognises this is a critical industry investment and is committed to the recruitment and development of **“more than our share”** to secure the future of the industry
- Our apprentices reflect the diversity in our workforce; age, gender, ethnicity
  - Fourth year apprentice spray painter, Isabella Turrise is now a multi-award winner

**AMA GROUP  
APPRENTICE  
PROGRAM**

AMA GROUP



**START YOUR  
CAREER ON  
THE RIGHT ROAD**

Ever wondered what a career in the automotive repair industry would be like?

Are you passionate about learning, want to learn from the very best, with access to the best technology and employment conditions?

Then start your career in the automotive industry on the right road, with us, at the AMA Group.

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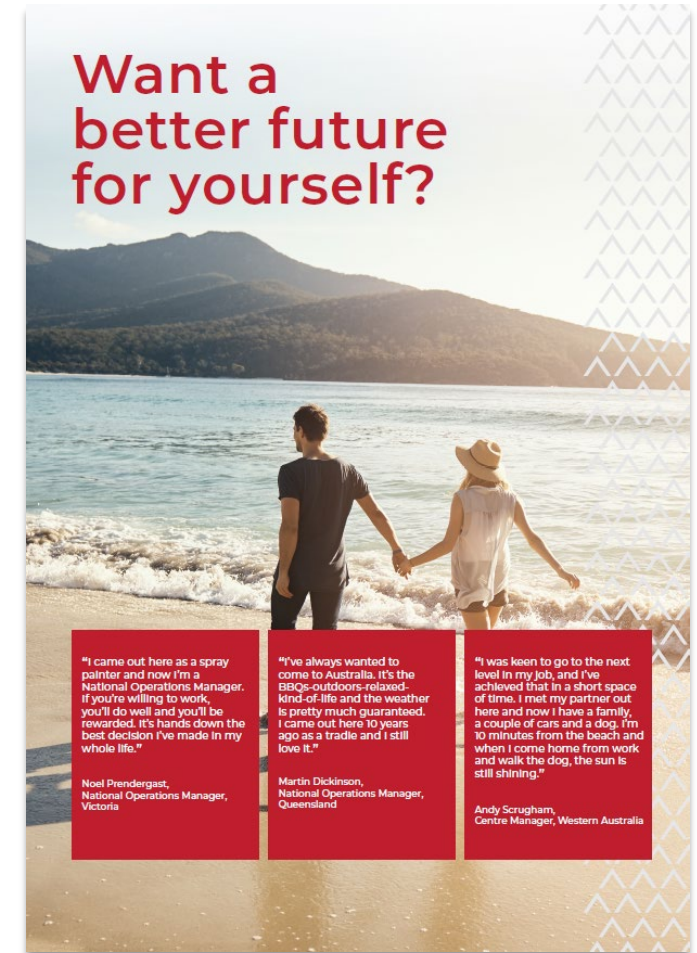
# Skilled Migration

**230**  
Visa Holders

**20+**  
Visa Applications  
Processing

## Building the Workforce of the Future through Skilled Migration

- While AMA Group builds the workforce of the future, it is critical that the immediate needs of the business are met
- COVID-19 and border closures until February 2022 impacted the number of international hires in the past two years
- Focus on targeted attraction strategies (advertising in industry publications and conferences) and use of immigration agents has seen skilled migration hires recommence
- Historically the Group has supported up to 100 new visa applications annually



**Want a better future for yourself?**

"I came out here as a spray painter and now I'm a National Operations Manager. If you're willing to work, you'll do well and you'll be rewarded. It's hands down the best decision I've made in my whole life."

Noel Prendergast,  
National Operations Manager,  
Victoria

"I've always wanted to come to Australia. It's the BBQs-outdoors-relaxed-kind-of-life and the weather is pretty much guaranteed. I came out here 10 years ago as a tradie and I still love it."

Martin Dickinson,  
National Operations Manager,  
Queensland

"I was keen to go to the next level in my job, and I've achieved that in a short space of time. I met my partner out here and now I have a family, a couple of cars and a dog. I'm 10 minutes from the beach and when I come home from work and walk the dog, the sun is still shining."

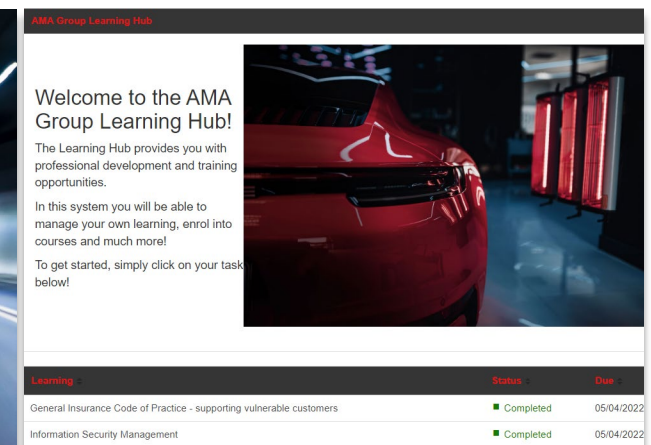
Andy Scrugham,  
Centre Manager, Western Australia



# Training and Development

## Building the Workforce of the Future through Training and Development

- Continued training of our Team is key to the Group's long-term success – training doesn't end after an apprenticeship
- Changing technology and governance requirements demand ongoing, up-to-date training to ensure quality of repairs and ongoing compliance
- Development of the Team is critical to their retention and success
- FY22 initiatives to-date include
  - Code of Conduct "The AMA Way"
  - Commitment to I-CAR training
  - Frontline Leadership Program
  - Online compliance training has already seen a comprehensive rollout of Information Security Management and Supporting Vulnerable Customers training



# ESG Priorities

AMA Group is at the beginning of its ESG journey and will be working toward an ESG strategy, with a number of key areas identified to date

## Environment

- Extending the life of vehicles
- Reclaiming and recycling auto parts
- Waste management
- Emissions reduction
- Compliance with laws and regulations

## Social

- Grass roots community involvement
- Local charity involvement
- Employment programs
- Sponsorships
- Welfare Fund
- Diversity, equity and inclusion

## Governance

- Embed our vision and values
- Anti-corruption practices
- Risk framework
- Health, safety & environment program: Take the LEAD
- Code of Conduct

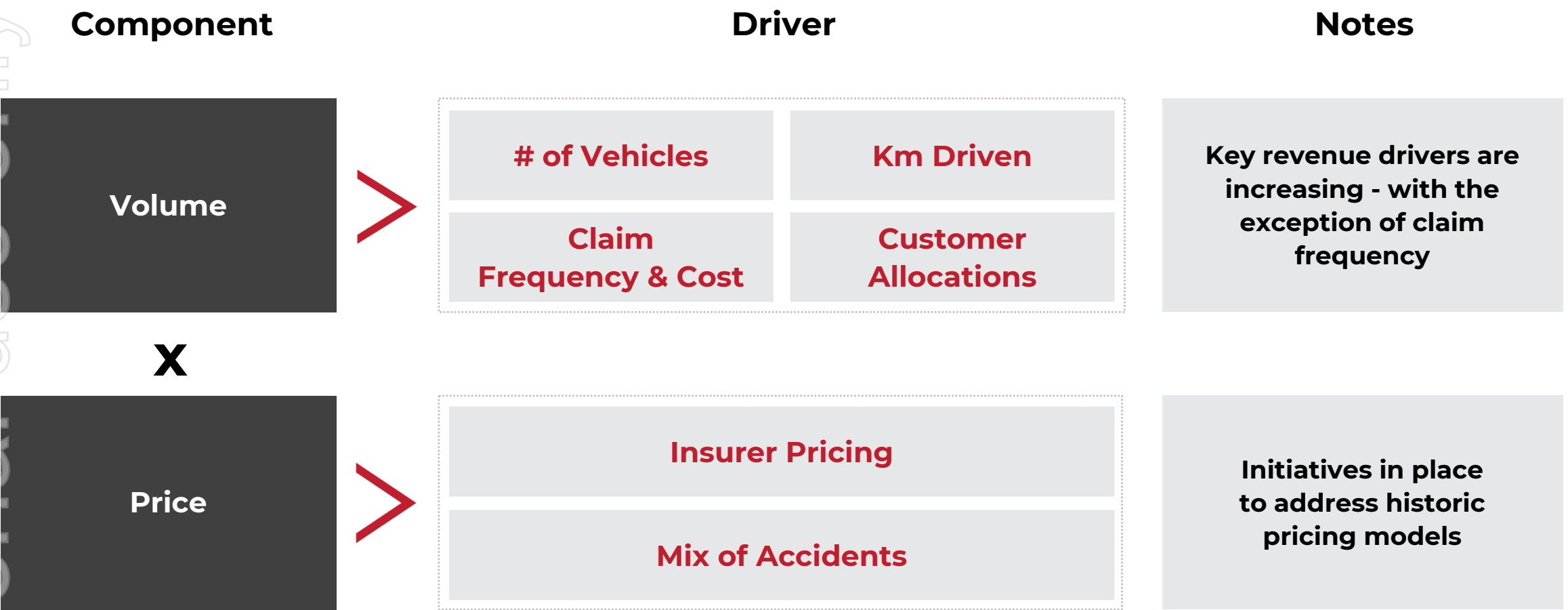
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Business Drivers

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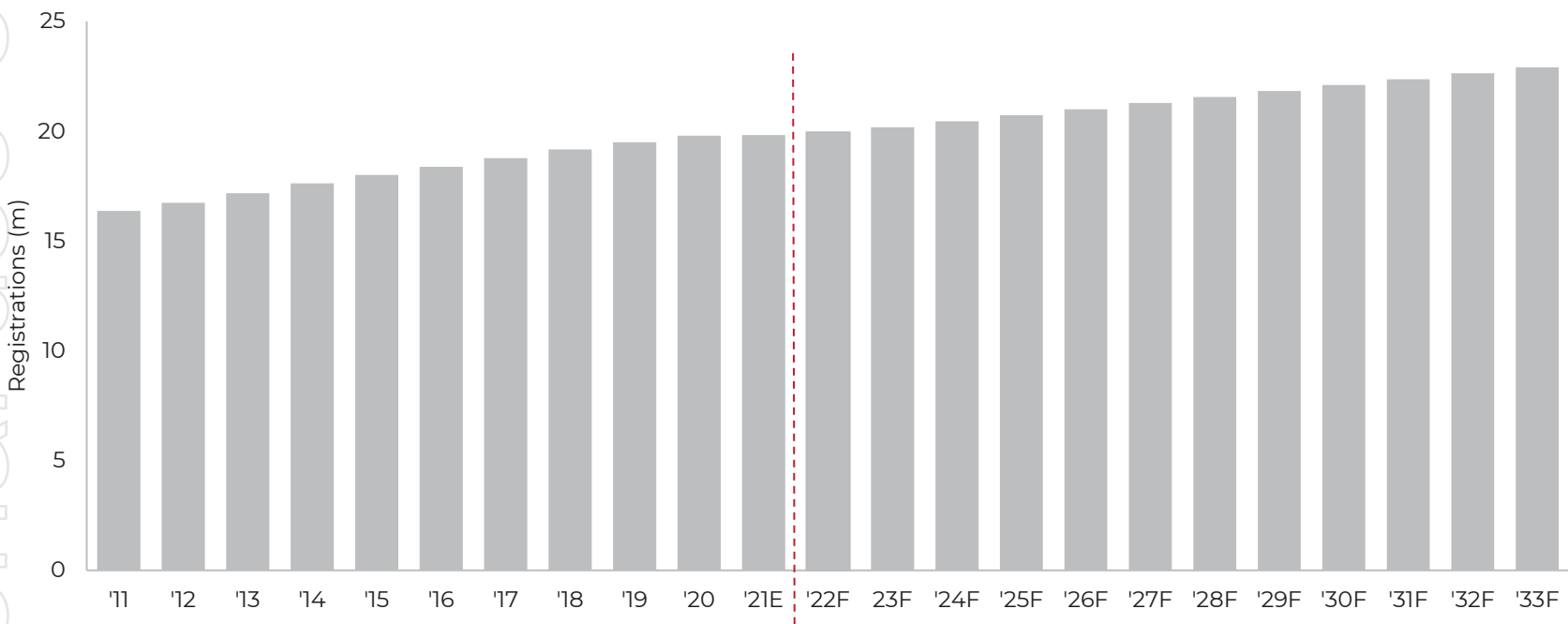
# Underlying Drivers of Revenue



# Number of Vehicles

Increasing vehicles on the roads drives the number of repairs

Historical and Forecast Number of Vehicle Registrations<sup>1</sup>



Notes

~1 in 10 cars are damaged through collisions annually

~75% of collisions result in repairable damage

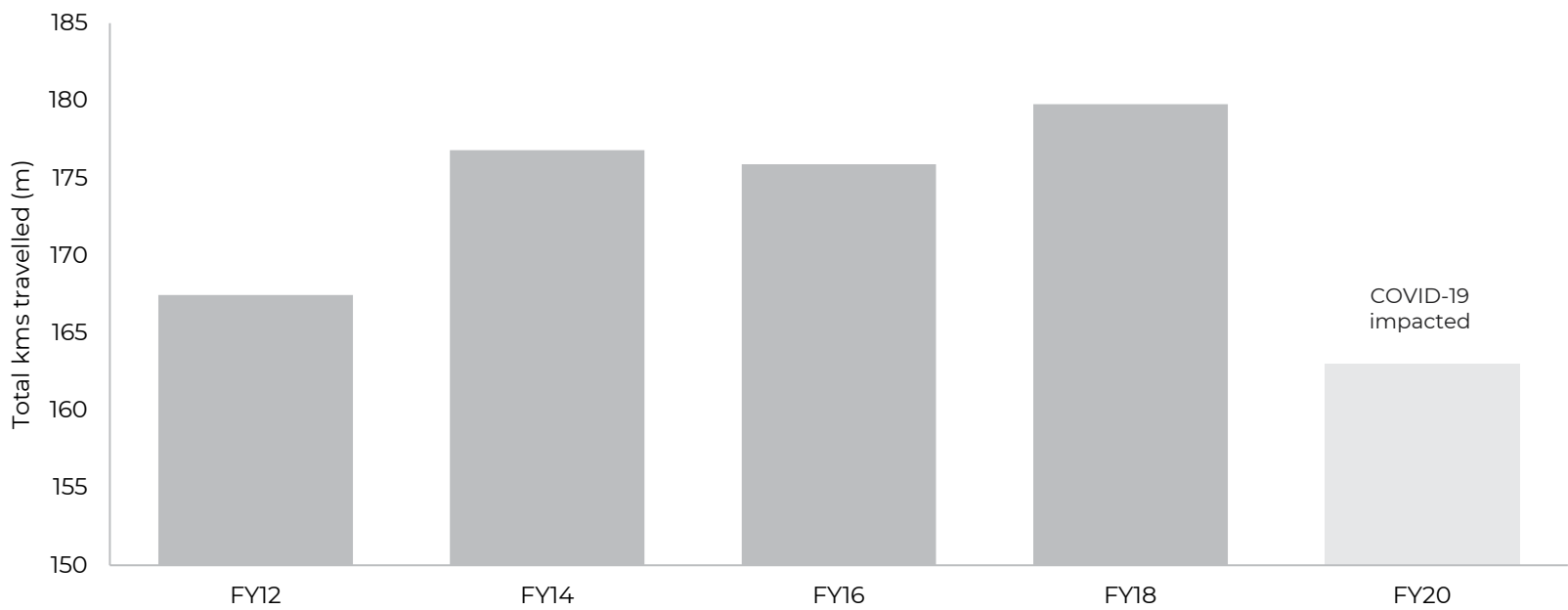
Change is slow to impact car parc

Sources: BITRE Road Trauma Australia 2020 Statistical Summary. Budget 2022-23: Capital city and rest-of-state projections, 2020-21 to 2031-32 Australian Bureau of Statistics National, state and territory population, Sep 2021.  
<sup>1</sup> Includes four-wheeled motor vehicles, motorcycles and campervans per BITRE Road Trauma Australia 2020 Statistical Summary. Vehicle registration '21 estimates and '22 onwards forecast calculated as per capita registrations as at 2020 per BITRE and Australian Bureau of Statistics, applied to 2021 population per ABS and population forecasts per Budget 2022-2023. '22 forecasts are for financial years.

# Kilometres Travelled

Increasing kilometres travelled reflects greater time on the road

Kilometres Travelled (Passenger Vehicles) in Australia



## Notes

Outside COVID-19, total kilometres driven have been increasing over time

Greater kilometres travelled is expected to correlate to collision frequency

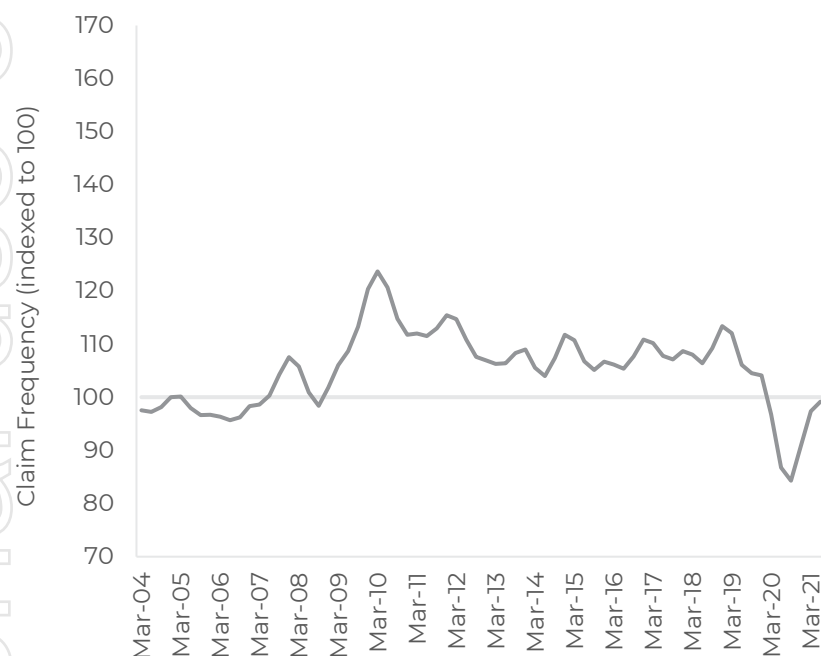
Sources: Australian Bureau of Statistics Motor Vehicle Census, Australia, 2021. Survey of Motor Vehicle Use, Australia, 12 months ended 30 June 2020. IBIS World Report S9412, Motor Vehicle Body, Paint and Interior Repair in Australia, February 2022.



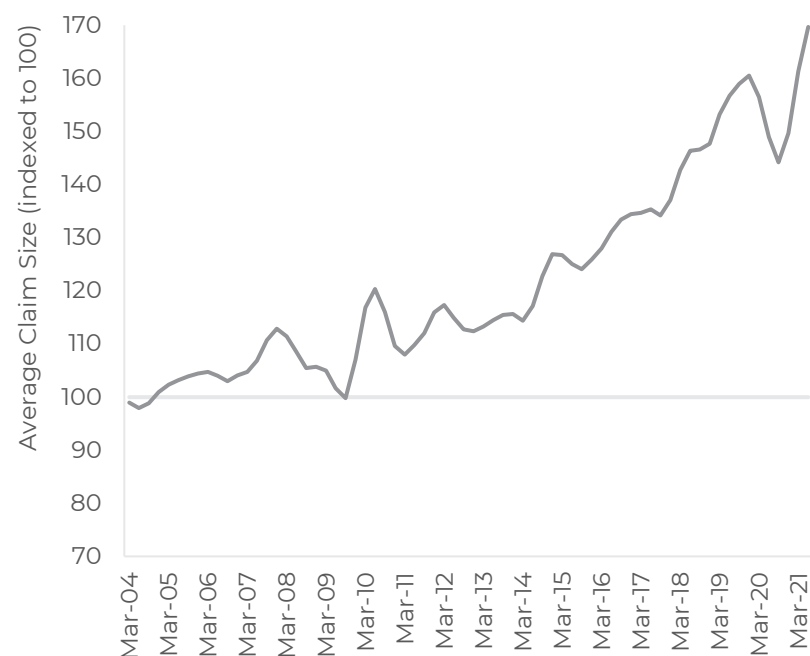
# Claim Frequency & Claim Size

Claim frequency has been relatively stable outside COVID-19, however claim size is increasing

## Claim Frequency



## Average Claim Size



## Notes

Higher penetration of ADAS in new cars believed to reduce frequency but increase claim size

Decision to claim impacted by increasing use of high excesses in exchange for lower premiums

Source: Insurance Council of Australia, <https://insurancecouncil.com.au/industry-members/data-hub/>  
Note: ADAS = Advanced driver assistance systems.

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Procurement

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# Procurement Structure

Groupwide	ACM Supplied
OEM Dealer Agreements	Reclaimed Parts
OEM Partnerships	Parallel Imports
Groupwide Paint Partnership	Aftermarket Parts
Groupwide Negotiations for Indirect & Supplemental Costs	Consumables

# Key Collision Repair Procured Inputs

## Parts

- Items installed on the car such as panels, lamps, steering and suspension components

## Paint

- Colour matched to the existing vehicle and painted onto existing or new external parts

## Consumables

- Items “used up” and discarded during the collision repair process, such as sandpaper and masking tape

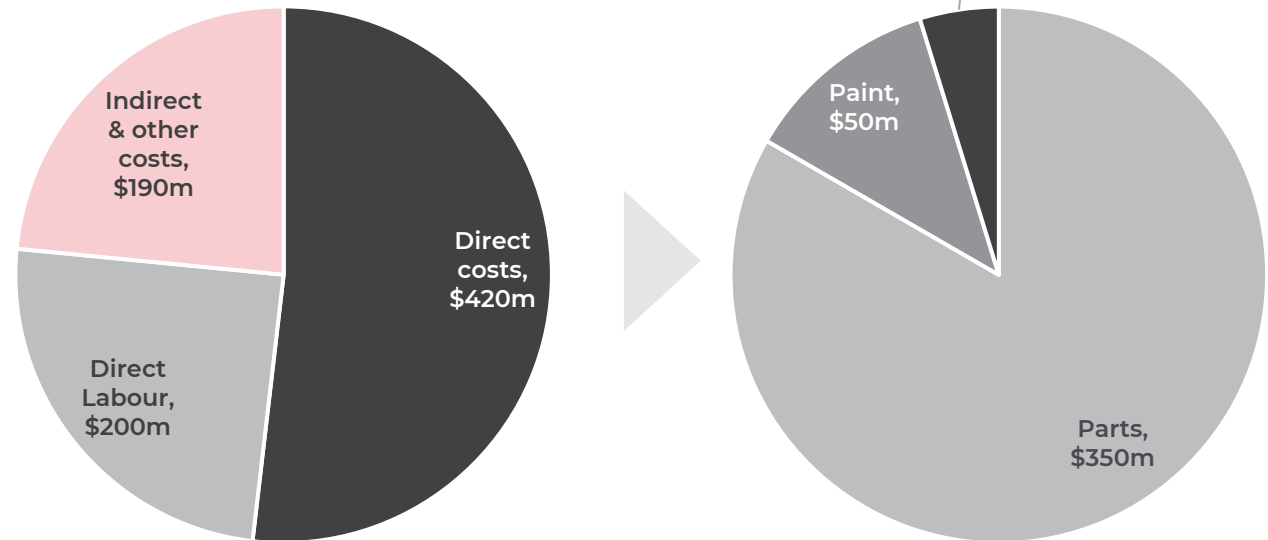
## Other (Supplemental costs)

- Other direct spend not represented including towing, windscreens, ADAS, tyres etc

## Indirect Costs

- E.g. Travel, utilities

## Indicative AMA Group Key Collision Repair Inputs<sup>1</sup>



Approximate annual spend ~\$420m<sup>1</sup>

<sup>1</sup>Based on AMA Group full run rate estimates.

# Groupwide Procurement Strategy

Area	Action	Result
Parts Annual spend ~\$350m groupwide <sup>1</sup>	<ul style="list-style-type: none"> <li>▪ National Dealer Tender (completed) and OEM direct negotiations (ongoing)</li> <li>▪ National Dealer Tender will be completed annually</li> </ul>	AMA Group cost advantage through leveraging scale - ~\$10m in annualised savings identified and commenced in April 2022
Consumables Annual spend ~\$20m <sup>1</sup>	<ul style="list-style-type: none"> <li>▪ Enhance procurement benefits through supplier negotiation and broader sourcing</li> <li>▪ Increase depth of range</li> </ul>	
Indirect	<ul style="list-style-type: none"> <li>▪ A range of initiatives conducted over last 18 months and ongoing including electricity, gas, insurance, towing, fire services, telco</li> </ul>	
Paint Annual spend ~\$50m <sup>1</sup>	<ul style="list-style-type: none"> <li>▪ Strong long-term partnership with BASF for network-wide paint supply</li> <li>▪ Capital S.M.A.R.T fully transitioned to BASF supply</li> <li>▪ Forward looking at new technologies, applications and processes with paint partner to improve cost efficiency and quality outcomes</li> <li>▪ Strong training relationship</li> </ul>	AMA Group market cost advantage in addition to market incentive of ~\$54m received in FY20 – annual benefit ~\$13m in FY21

<sup>1</sup> Based on AMA Group full run rate estimates.

# ACM Parts – AMA Group's Internal Sourcing Opportunity

## Observations

Acquired with Capital S.M.A.R.T

Historically loss making of  
~\$2m per annum post-AASB-16

Turned around to ~\$5m profit post-AASB-16 in FY21

Transformative year in FY22 as the business optimises  
operations for growth and loss of wreck agreement

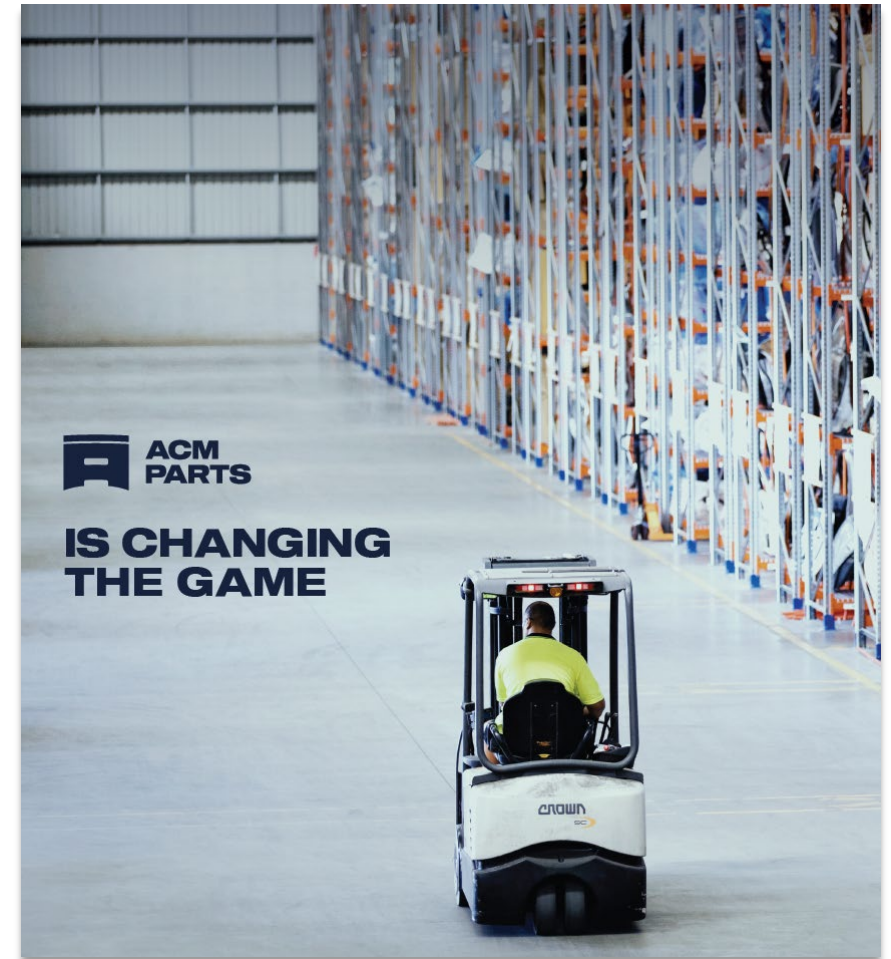
## Opportunities

Rebrand

Strategic enabler for parts disintermediation

Third-party sales

Backed by the power of AMA Group's data



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# Disintermediation Opportunity

Opportunity exists to disintermediate parallel, aftermarket and reclaimed parts in AMA Group's most in-demand parts, and to leverage the benefits of scale through supply chain optimisation

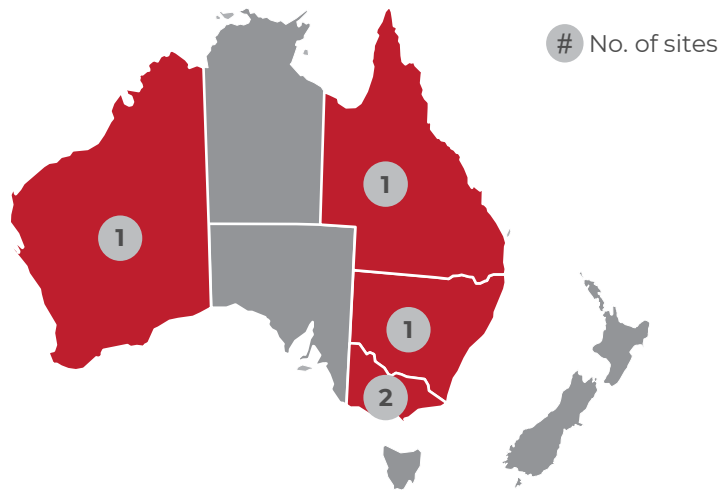
## Indicative Disintermediation Opportunity - AMA Group Parts (Total Parts Spend ~\$350m)

The size of the opportunity will depend on ongoing pricing discussions with suppliers, and timing will be dependent on inventory investment



# ACM Parts Overview

## ACM Parts' Distribution Operations

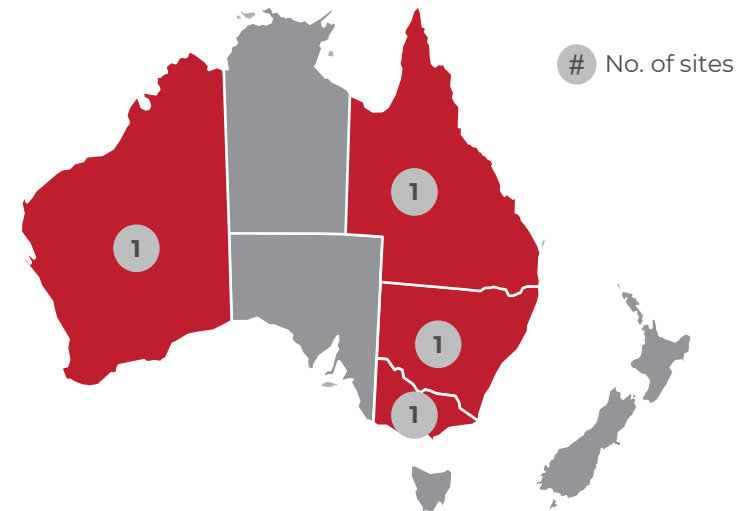


**70,000 m<sup>2</sup>**  
Capacity  
~40,000 m<sup>2</sup> Currently



**4**  
Locations  
5 Currently

## ACM Parts' Dismantling Operations



**4**  
Locations  
4 Currently



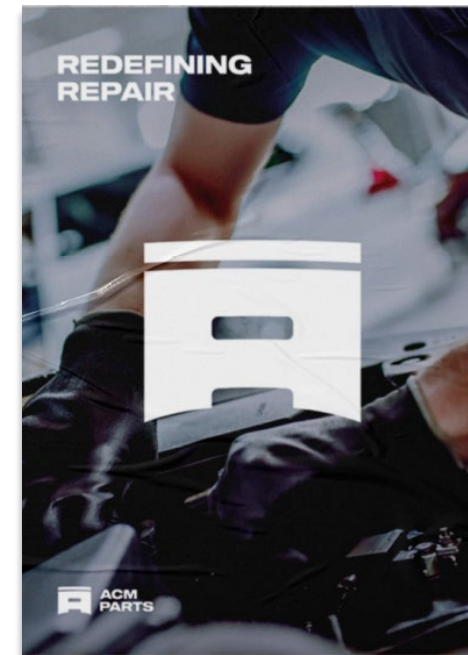
Modernise facilities  
and operations  
processes

# ACM Parts Rebrand and Repositioning

Rebranding and repositioning the ACM Parts' Brand was completed in early 2022, to enhance market presence and position for the offering and service expansion to AMA Group and external customers



- Redefining repair by building a purpose-led brand
- Refocusing on own-brand strategy to develop the portfolio and accelerate growth in Consumables and Aftermarket categories
- Re-imagining the service model to enhance customer benefits and maximise distribution potential
- Solidifying commitment to sustainable repair to appeal to a broader set of consumers and partners
- Restoring the perception of used parts through ACM Parts' reclaiming processes and quality checks
- Focus on the Corporate Social Responsibility and Environmental benefits of reclaimed parts



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# ACM Parts' New Somerton (Vic) Warehouse

- Over 19,500 m<sup>2</sup> of undercover warehouse capacity
- Fully equipped with over 5,000 m<sup>2</sup> of hardstand and fit-for-purpose access
- Strategically positioned for access to key transport infrastructure
- Fully operational as of May 2022
- Complementary delivery vehicle investment
- Queensland investment study for similar facility underway



# ACM Parts Priorities and Opportunities

Third-party sales with the largest customer in the industry as the foundation customer



**Priorities:** Increase parts range and distribution capability

**Opportunities:** Leverage base internal demand to develop broader market business



**Priorities:** Invest in people, supplier development and range

**Opportunities:** Internal supply penetration and external supply business with internal base load



**Priorities:** Study overseas operations, modernise facilities and approach best practice

**Opportunities:** Increase number of parts removed and focus on environmental sustainability



**Priorities:** Systems, marketing plans, and expansion of direct sourced (private label) range

**Opportunities:** Internal supply penetration and external supply business with internal base load



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Production

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# Production Brands



Rapid repairs on cars that are still drivable  
Includes Capital S.M.A.R.T and other AMA Group rapid repair businesses



Higher severity, more complex repairs of cars with more significant damage;  
Prestige repairs



Prestige



Specialist truck and bus repairs

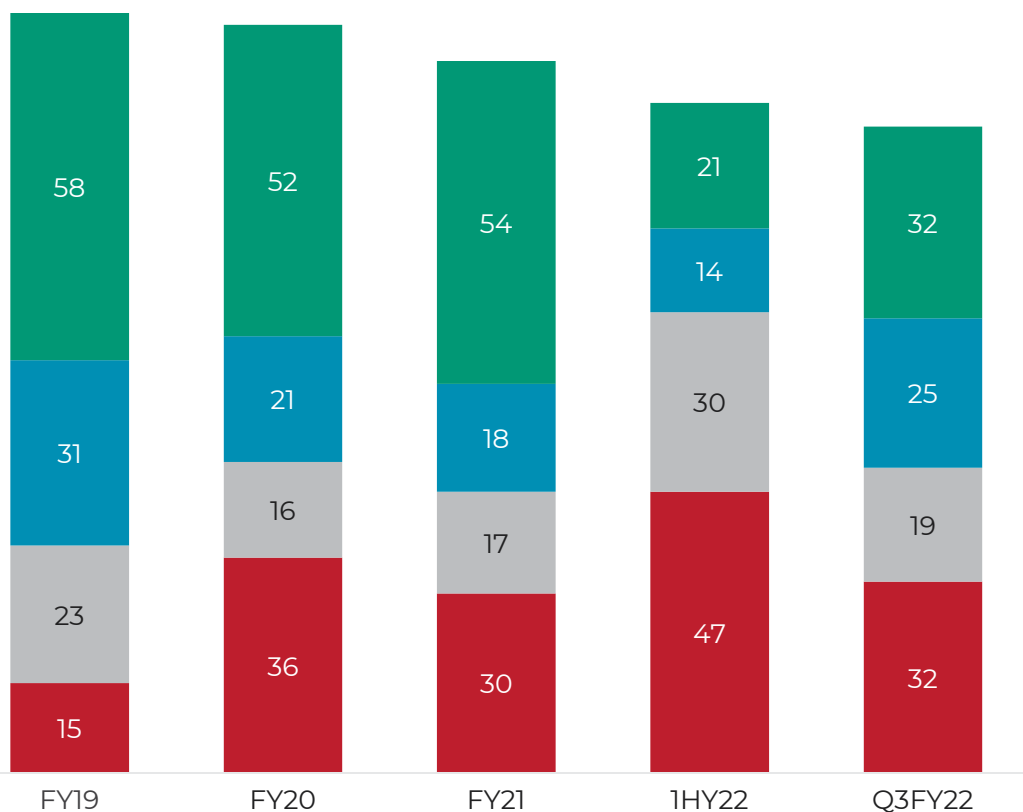


Single site brands (various)

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# Site Profitability Analysis (Excluding Capital S.M.A.R.T)

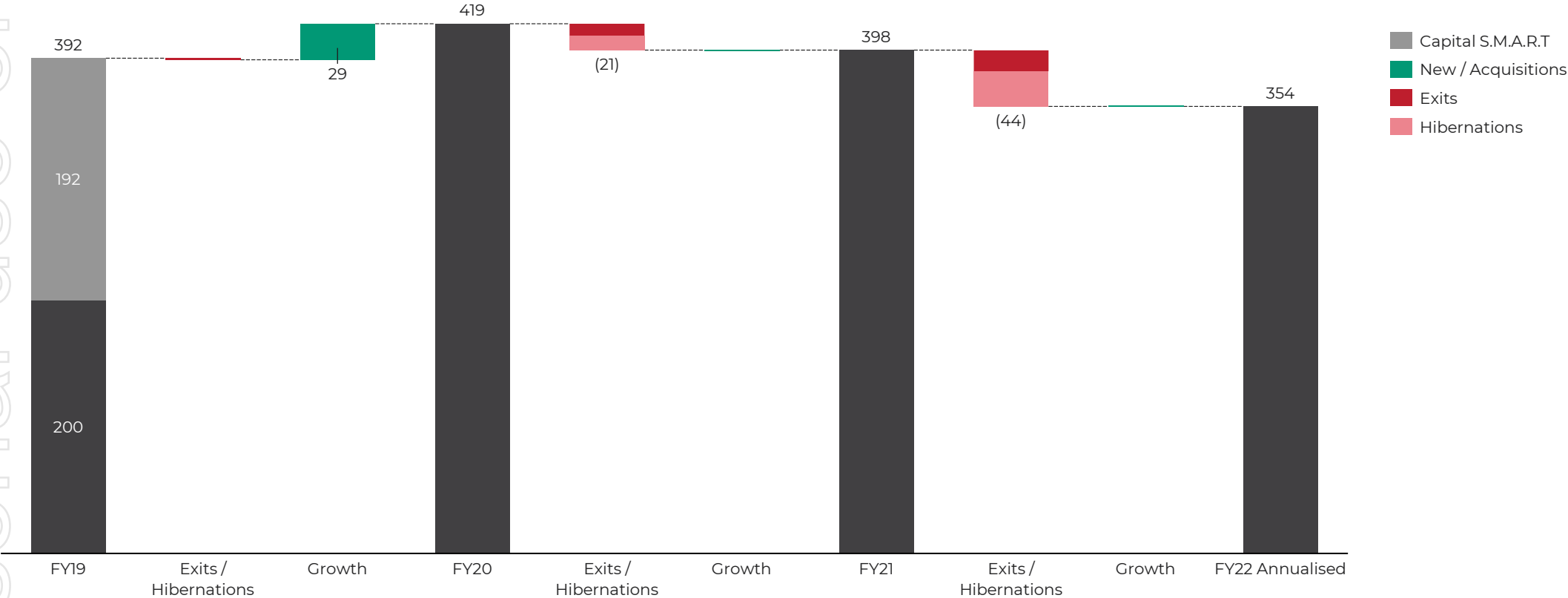
■ +10% EBITDA ■ 5-10% EBITDA ■ 0-5% EBITDA ■ Unprofitable



- Focus on the profitability of each site individually
- As volumes have returned the profitability position of a significant number of sites has improved rapidly
- Network actions in FY22 to date:
  - NSW: Prestons, Wetherill Park, Artarmon, Fivedock – Exit (or in process)
  - NSW: Milperra – redirect to Capital S.M.A.R.T – replacing Riverwood
  - WA: Booragoon – redeployed from Capital S.M.A.R.T
  - WA: Melville, Welshpool – Exit in process
  - ACT: Autoco Hume – Exit
- The Group continues to evaluate unprofitable sites for improvements and will make further consolidation and exit decisions subject to the outcomes of commercial negotiations with insurance partners

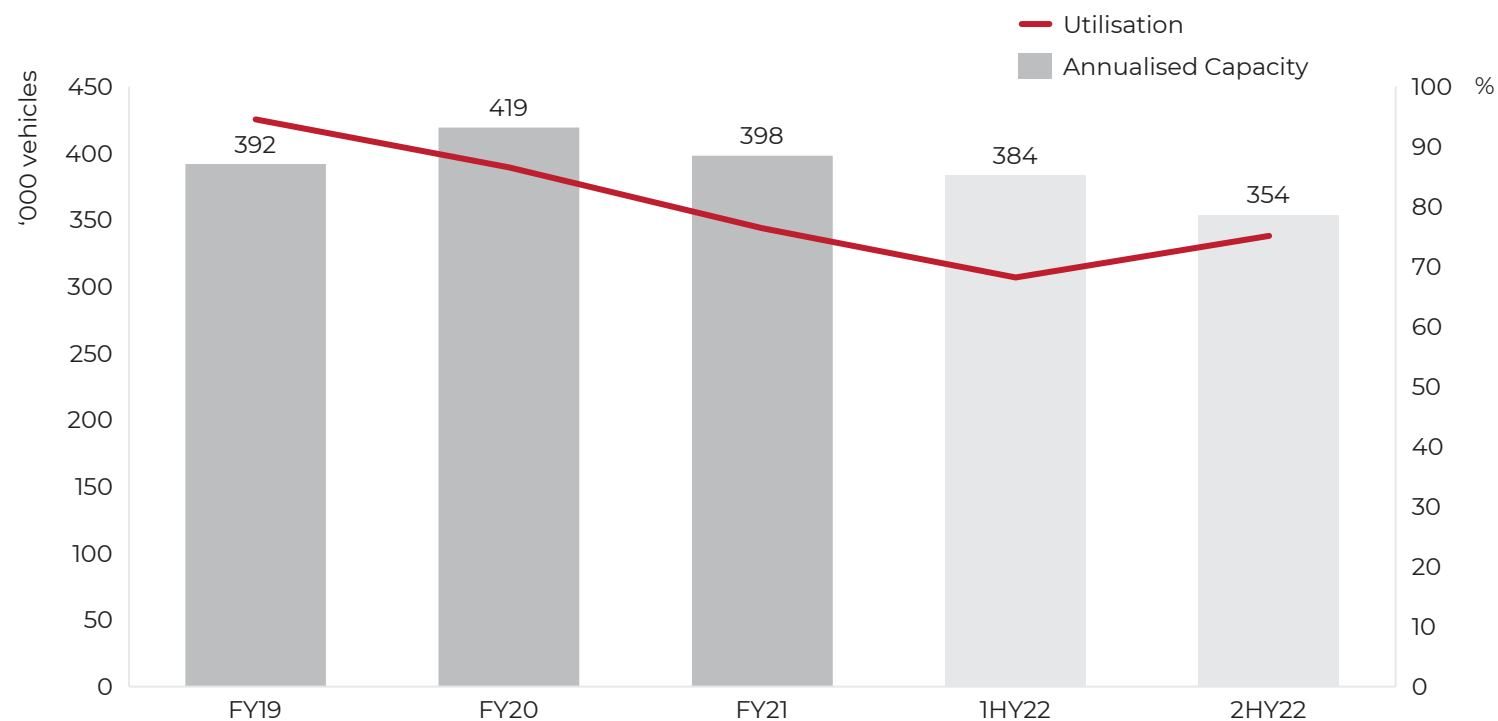
# Evolution of Repair Volume Capacity

Practical capacity of ~354k repairs, absent staff shortages and site hibernations following network optimisation



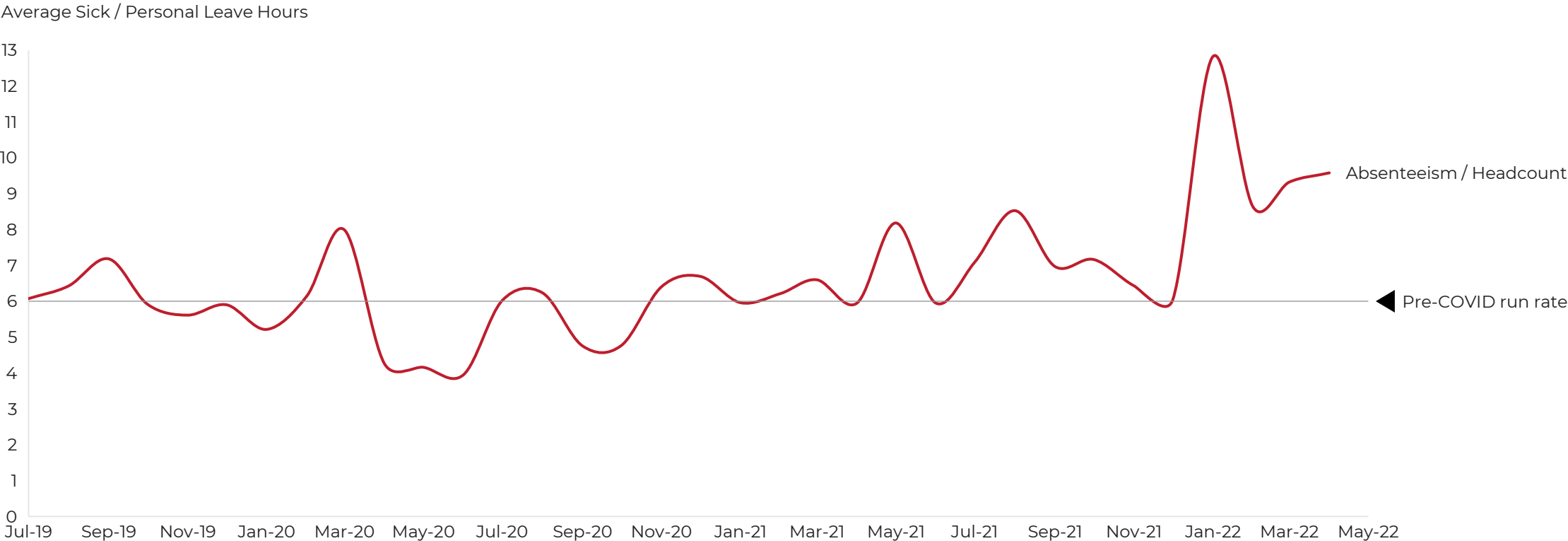
# Capacity Utilisation Improving

Utilisation of right sized capacity is improving as volumes return, but still not to pre-Covid levels.  
Commercial evaluation of hibernated sites continues.



# COVID-19 Disruption / Absenteeism

Unplanned absenteeism for direct roles in AMA Group collision sites is 58% higher than the pre-COVID run rate



# Capital S.M.A.R.T Improvement Plan

- Approximately breakeven with current pricing and volumes
- Pricing reset 30 June 2023
  - Open dialogue with insurance partner
  - No surprises approach given significance of reprice impact
- Private work opportunity
  - Historically not available in this network
  - Initial trial being undertaken at 5 sites
  - Broader roll out expected in FY23
- Digital triage / pathing
  - Seeking to understand extent of damage earlier and ensure vehicle pathed to correct facility
  - Towing cost avoidance
- Network refinement / Cost reductions
  - Riverwood Exit – Planned June 2022, team and volume redeployed to Milperra site
  - Shopfront exits – Alexandria, Preston – cost reduction ~\$0.9m
  - Booragoon redeployment – consolidation and exit of Melville and Welshpool operations – cost reduction ~\$0.6m





# Vehicle Collision Opportunity

There are many target sites available for purchase by AMA Group, and a number already within the network which will benefit from organic opportunities

## Organic

- Refurbishment
- Relocation
- Organically increasing capacity where there is demand
- Additional investment
  - Paint booths
  - Equipment
- Continue to optimise portfolio

## Acquisition

- Network plan delivered and will continue to evolve
- Addresses where and who based on
  - Population and expected growth
  - Existing AMA Group representation
  - Sustainable volumes
  - Proportionate market share

**10-15 annually** additional sites digestible nationally  
Current target: ~5 annually

Target acquisition multiple of **3 – 4x EBITDA** for a single site operation

Regional  
area focus

# Network Capacity Investment



- Continued investment in greenfield and improved capacity where strong returns are available
- Current approved investments include:
  - Rockhampton – Greenfield (complete)
    - Upgrade to existing capacity in township
    - Replaced older facility which is in process of make good exit
  - Mackay – Refurbishment / Booth Investment
    - Replacement of existing paint booths to improve site capacity
    - Refurbishment of site
  - Gold Coast – Wells – Booth Relocation
    - Relocation of booth from Artarmon facility to install additional capacity on Gold Coast
  - Coburg – Capital S.M.A.R.T – Booth upgrade and Infrared arch replacement
  - Sunshine – Trackright business relocation and property consolidation

# Prestige Opportunity

## Benefits of Prestige Repairs

- Higher investment returns
- Greater complexity of repairs resulting in higher technician skill base
- Higher cost of operations (technology and equipment) reflected in pricing available
- Greater training commitments for staff
- Scarcity of capability

## Key Opportunities

- Expand prestige network through both greenfield investments and acquisition





# Heavy Motor Opportunity



## Organic Growth

Expanded footprint – Victorian expansion case under study

Refurbishment allowing greater site throughput

Customer growth

## Acquisition Growth

Specialised sites

3 – 5x EBITDA for single site operations

# ADAS Opportunity

## Observations

In CY21, less than 20% of repairable vehicles in the USA had at least one ADAS technology that may have engaged during the incident<sup>1</sup>

Expected that ADAS may prevent some accidents, especially low-speed accidents and reduce severity, however the presence of ADAS substantially increases costs to repair and will not prevent external/natural incidents

## Opportunities

Insource

Develop capability

Potential ~40 installations network wide

Existing footprint utilisation

<sup>1</sup>. CCC Crash Course 2022.



# Operational Improvement Focus

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## **Cost Control**

Deferral where possible  
Elimination of waste  
Efficiency of process

## **Leadership Development**

Frontline leaders  
training program with  
People focus

## **Best Practice**

Sharing internal /  
external learnings  
Operational decision  
making

## **Site Improvement Plans**

Target improvement  
plans in place at all sites

## **Internal Procurement**

"In stock, in state,  
purchase from ACM"

## **Effective Quoting**

Support audit  
processes to assist  
estimator quoting skills



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Partnerships

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AMA GROUP

# Customers in Collision Repair

The bulk of AMA Group's work is from insurers, with opportunities to expand



## Insurer Customers



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# AMA Group Value Proposition



Consistently  
High  
Quality

Excellent  
Customer  
Experience

Compelling  
Capacity

Technical  
Capability

National  
Network

Breadth of  
Repair Offering

Reduced  
Administrative  
Burden

Compliance  
and  
Governance

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# Insurance Repair Pricing Models

## Average Price Model

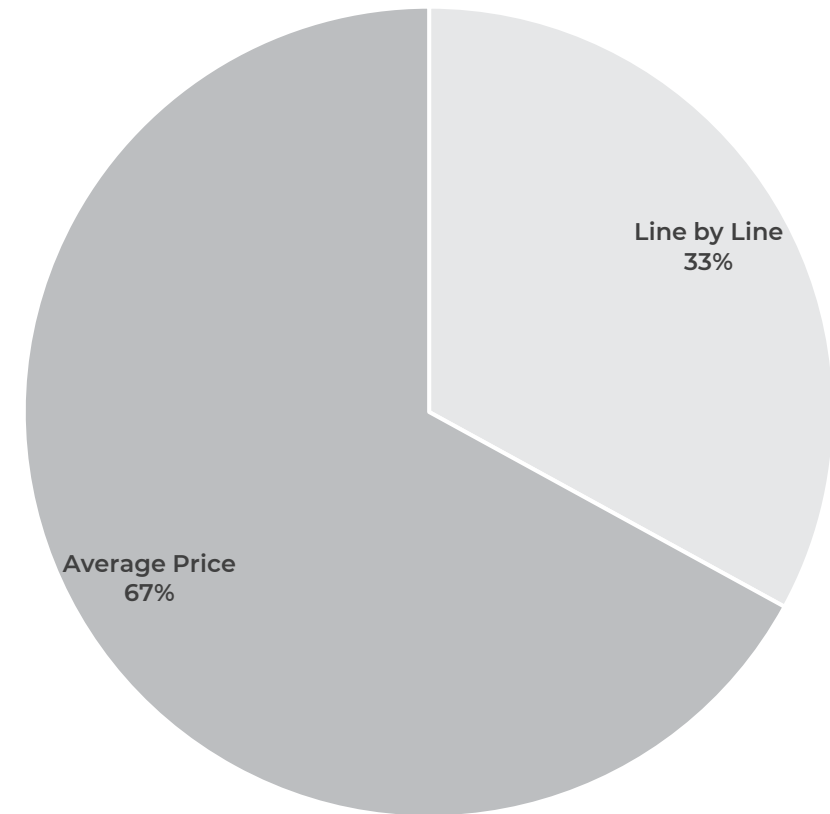
Fixed price paid for all repairs for work up to a specific value (the “cap”) and other agreed criteria with work pre-authorised under that amount

## Line by Line

Each job is quoted on site, specific to the vehicle, with estimates provided for all items of work required – task, labour required, parts, paint, and consumables

*Refer to Additional Information section for further information on pricing models.*

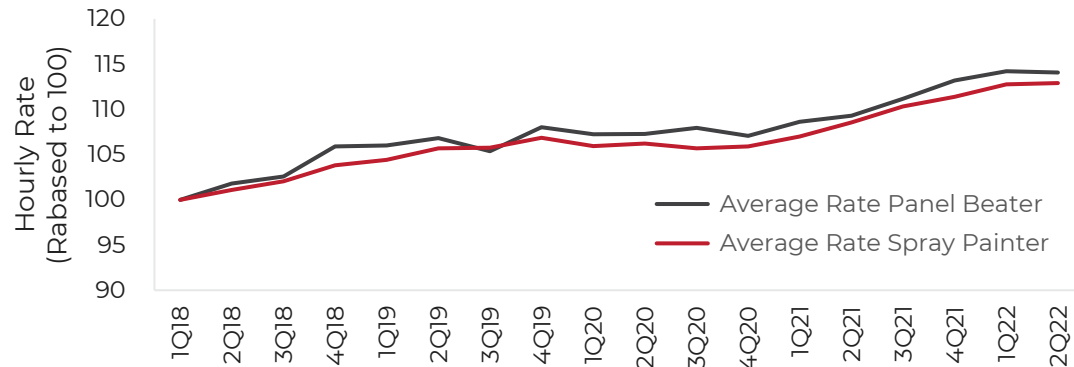
## AMA Group Contract Profile by Revenue



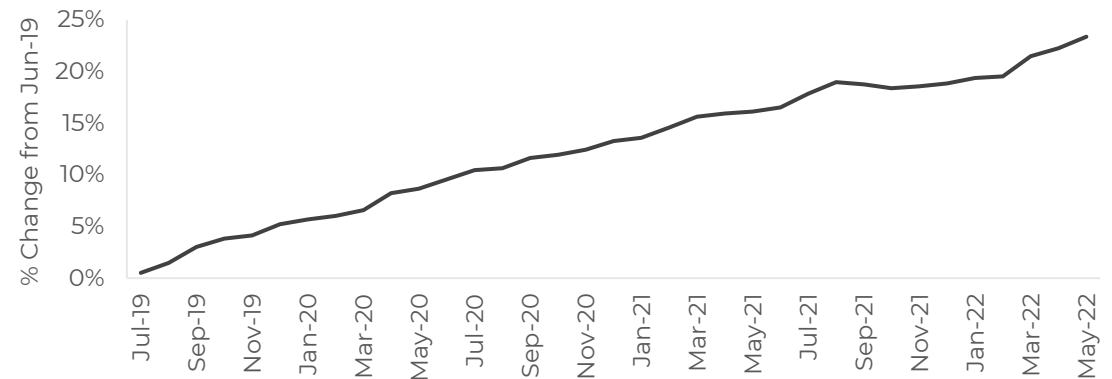
# Pricing Challenges

All insurers have been approached and are in active discussion regarding repricing contracts

## Wages



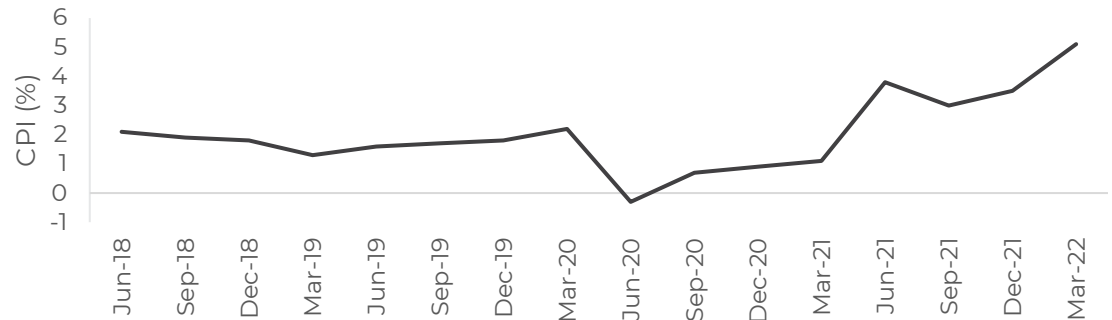
## Parts Pricing



## Paint and Consumables

- Paint cost increases flagged by supplier as supply chain pressures increase
- Consumables are largely imported and have been impacted by a four-fold increase in international shipping costs.

## General Inflationary Pressures



Sources: AMA Group, Australian Bureau of Statistics Consumer Price Index, Australia.

# Pricing Approach

Pricing must keep pace with market changes to ensure a fair return on work completed

	Historical	Targeted
Site Customers	Single / Exclusive Sites	Multi-Customer Sites
Price Review	Limited Price Review (12+ Months)	Regular Price Review (3-6 months)
Labour Rates	Limited Review (NB: Some 3+ Yrs old)	Regular Review (6 months)
Pricing Model	Average Pricing / Line by Line (limited price review)	Average Pricing / Line by Line (regular price review)



# Repair Revenue Diversification Opportunities

	Direct Business	Services Business
Opportunities	<p>Access non-insurer-based revenue from:</p> <ul style="list-style-type: none"><li>Car Rental Companies</li><li>Fleet Managers</li><li>Government Fleets</li><li>Self-Insureds</li></ul>	<p>Horizontal expansion of services offered to drive retention of existing income and acquisition of additional income e.g. claims management</p> <p>Creates stickiness with insurer customers</p> <p>Ability to manage vehicle pathing more appropriately</p>
Actioned	<p>Currently recruiting General Manager - Direct Sales</p> <p>Private work trials have commenced at a small scale (upsell)</p>	<p>Small claims handling program with single insurer commenced in late 2021 with positive results so far</p>
	Target revenue ~\$50m	Target revenue ~\$50m

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Focus Areas

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# Focus Areas

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①

Reset the Base Business

**Reset operations, pricing and customer approach to entrench leadership position in collision repair industry**

②

Grow

**Expand network, maximise existing operations and grow adjacent businesses**

③

Minimise Disruption

**Minimise disruption caused by situational challenges**

# ① Reset the Base Business

Reset operations, pricing and customer approach to  
entrench leadership position in collision repair industry

Retention and engagement



- Safety
- A great place to work
- Employee share plan

Groupwide procurement to  
leverage benefits of scale



- National dealer tender and OEM direct negotiations for parts supply
- Long-term partnerships with BASF
- Enhance procurement benefits through supplier negotiation and broader sourcing
- A range of initiatives completed in last 18 months and ongoing

Optimise network



- Focus on individual site profitability, seeking improvement actions or hibernations/closures as appropriate

Operational improvements



- Ensure operations maximise profitability opportunity, notwithstanding contract pricing

## ② Grow

Expand network, maximise existing operations and grow adjacent businesses

Accelerate third-party parts and consumables business



- ACM Parts warehouse capacity expansion
- ACM Parts rebrand and repositioning

Organic and acquisition growth



- Organic growth and investment where there is demand
- Network plan delivered and numerous acquisition opportunities available, with a focus on regional expansion
- Opportunities to expand Prestige network for higher investment returns
- Organic and acquisition growth opportunities in the high margin Heavy Motor area

ADAS opportunities



- Potential for insourcing / capability development with rollout to ~40 sites utilising existing footprint

Revenue diversification



- Opportunities to access non-insurer-based revenue
- Horizontal expansion of services offered

## ③ Minimise Disruption

Minimise disruption caused by situational challenges

Workforce of the future



- Apprenticeships program – “more than our share”
- Skilled migration
- Training and development

Disintermediation of parts



- Opportunities to disintermediate parallel, aftermarket and reclaimed parts and leverage the benefits of scale through supply chain optimisation
- ACM Parts warehouse capacity expansion
- ACM Parts rebrand and repositioning

Reset contract pricing



- Ensure fair return on work created through appropriate pricing and review mechanism



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Financing

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# AMA Group Financing Summary

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Sufficient liquidity to manage through recovery

Projected available cash  
of approximately \$50m  
at 30 June 2022

Debt funding in place  
until October 2024

Prudent capital structure  
based on FY24 EBITDA  
outlook

4Q22 covenant test  
waiver confirmed

Ongoing bank support on  
covenant management  
through earnings recovery  
period

Capacity to fund  
ongoing earnings  
recovery period

# Funding and Liquidity

31 March 2022	\$m
Facility B – Term Loan	147.5
Facility D – Working Capital Facility	17.5
<b>Borrowings – cash drawn</b>	<b>165.0</b>
Cash and cash equivalents	(58.3)
Contingent vendor consideration – 50% of cash settled	3.5
<b>Net senior debt</b>	<b>110.2</b>
Convertible bonds	50.0
<b>Net total debt</b>	<b>160.2</b>

- Over \$170m of debt reduction since 2020
  - Nov 2020: ACAD sale \$70m + 30m working capital facility
  - Sep 2021: Capital raising \$72.5m
- Debt facilities mature in October 2024
  - Banking group remain supportive – collaborative discussions on amendments to FY23 covenant profile to support earnings recovery
  - Base interest rate on senior debt 100% hedged at 0.43% through to October 2022 and 60% hedged through to maturity
- Convertible bonds mature on 22 March 2027 with an early put date of 21 March 2025
  - 4% coupon per annum, paid semi-annually

# Capital Structure

- Medium term guidance remains unchanged - FY24 projected as the first “clean” year
  - Revenue \$1b+
  - EBITDA (post-AASB 16)<sup>1</sup> \$120-140m
  - EBITDA (pre-AASB 16)<sup>1</sup> \$70-90m
- Prudent capital structure based on underlying EBITDA profile
  - Net Senior Leverage = <1.5x<sup>2</sup>
  - Net Total Leverage = <2.25x<sup>3</sup> (in line with previous medium-term guidance)
  - Interest Coverage Ratio = >8.0x<sup>4</sup>
- Additional funding sources available to fund growth acceleration if required
  - Further investment in Supply strategy
  - Acquisition opportunities

1. Normalised earnings before interest, tax, depreciation, amortisation. Pre- and post-AASB 16 refers to EBITDA calculated prior or subsequent to the adoptions of the AASB 16 Leases accounting standard, respectively  
2. Calculated as net senior debt of \$115m (\$165m senior debt less \$50m cash) divided by \$80m EBITDA (pre-AASB 16)  
3. Calculated as net total debt of \$165m (\$165m senior debt plus \$50m convertible bonds less \$50m cash) divided by \$80m EBITDA (pre-AASB 16)  
4. Calculated as EBITDA (pre-AASB 16) divided by interest costs

# Capital Allocation

Sources	Uses	Approach
<p><b>Available cash</b></p> <p>Projected available cash of approximately \$50m at 30 June 2022</p>	<p>Stay-in-business capex</p>	<ul style="list-style-type: none"> <li>Stay-in-business capex to ensure safe and reliable operations</li> <li>Targeted investment to improve site functionality and implement other operational initiatives</li> <li>Payment of residual cash earn-outs</li> <li>Ongoing investment in parallel import program to build inventory within the Supply business and enhance internal and external parts offering</li> <li>Residual cash available for targeted acquisition opportunities to implement network enhancement strategy (likely 2H FY23)</li> </ul>
<p><b>Operating cash flow</b></p> <p>Projected operating cash flow positive (post leases) through FY23</p>	<p>Growth capex</p>	
<p><b>Debt &amp; equity funding</b></p> <p>Ongoing bank support on covenant management through earnings recovery period</p>	<p>Residual earn-outs</p>	
	<p>Inventory investment</p>	
	<p>Acquisition opportunities</p>	

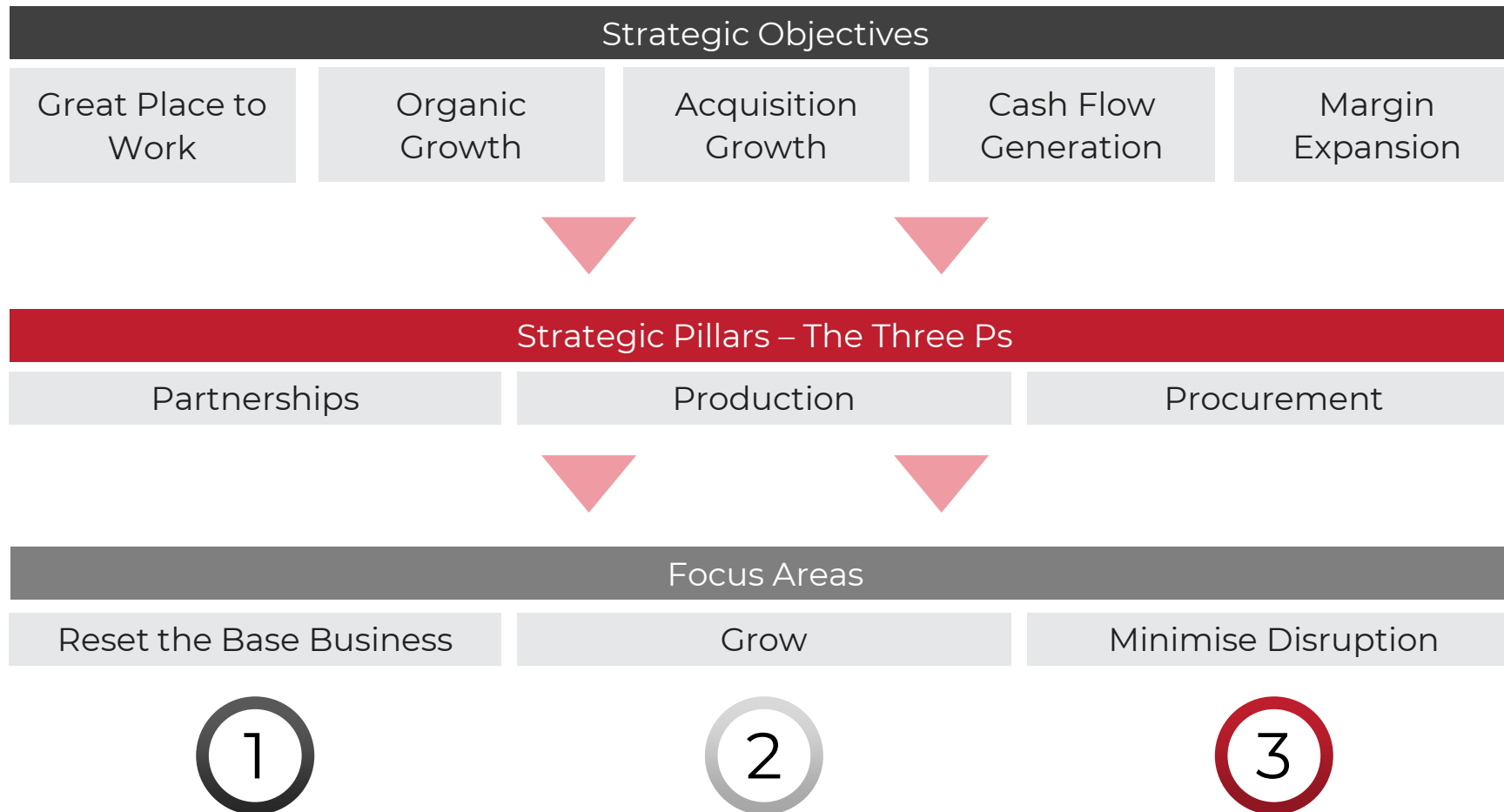
## Summary and Outlook

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AMA GROUP



# Achieving AMA Group's Five Year Strategic Goals



# Earnings Outlook

## FY22 – EBITDA<sup>1</sup> ~\$12-17m

- Demand
  - COVID-19 volume impacted
  - Mix shift to higher cost repairs
  - Competitor pressure (rapid repairs)
- Capacity
  - Site closures / hibernations
  - Labour shortages / absenteeism
- Commercial pricing
  - Commence repricing of insurance contracts
  - Capital S.M.A.R.T constrained under 3 year fixed price deal (ends 6/23)
- Operating costs
  - Significant parts inflation
  - Group purchasing benefits commence from Mar-22
- Growth
  - Pause on acquisitions
  - Additional warehouse capacity in VIC

## FY23 – EBITDA<sup>1</sup> ~\$70-90m

- Demand
  - Continued demand growth
  - Expected pause in competitor roll-outs
- Capacity
  - Some sites out of hibernation
  - Progressive skilled labour recruitment
- Commercial pricing
  - Repricing of residual insurance contracts (excl. Capital S.M.A.R.T)
  - Capital S.M.A.R.T constrained under 3-year fixed price deal (ends 6/23)
- Operating costs
  - Parts and labour inflation expected to remain high
  - Full year of Group rebates
- Growth
  - Tactical acquisitions and network growth
  - Commencement of inventory investment to support Supply strategy

## FY24 – EBITDA<sup>1</sup> \$120-140m+

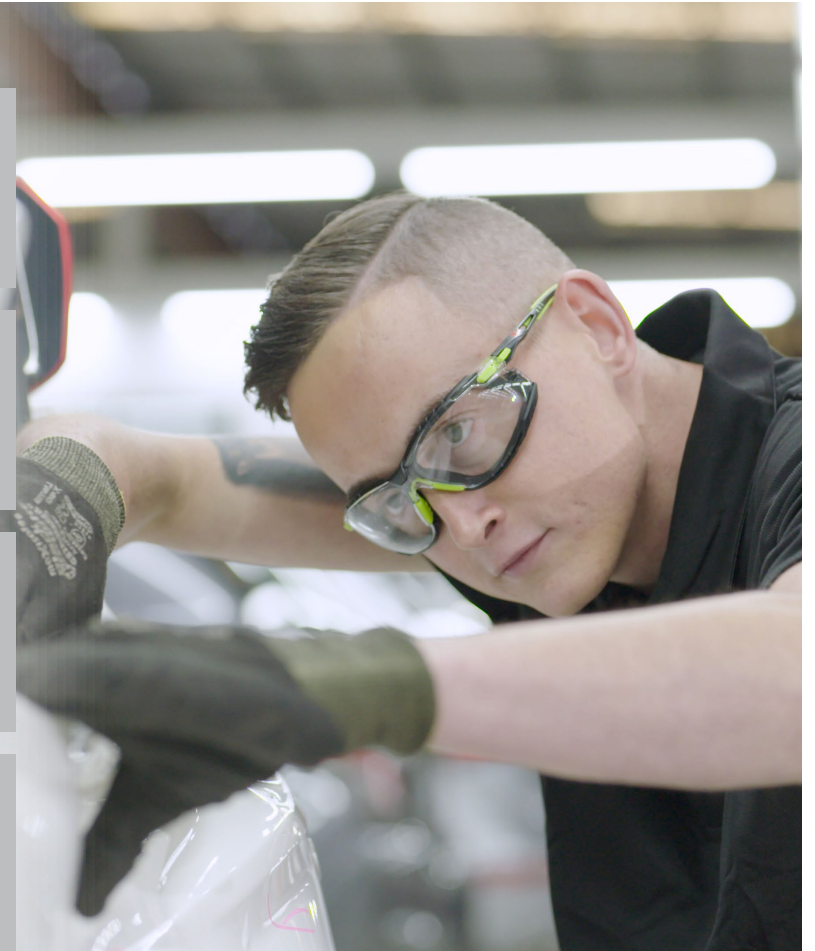
- Demand
  - Demand for panel repairs normalised to pre-COVID levels
- Capacity
  - All sites operating at capacity
  - Full employment
- Commercial pricing
  - All insurance contracts reset to commercial arrangements
- Operating costs
  - Parts and labour inflation stabilise
  - Second round of group purchasing tenders
- Growth
  - Network growth continues
  - Ramp up acquisition strategy
  - Supply strategy running at 100%

<sup>1</sup>Normalised post-AASB-16 earnings before interest, tax, depreciation and amortisation

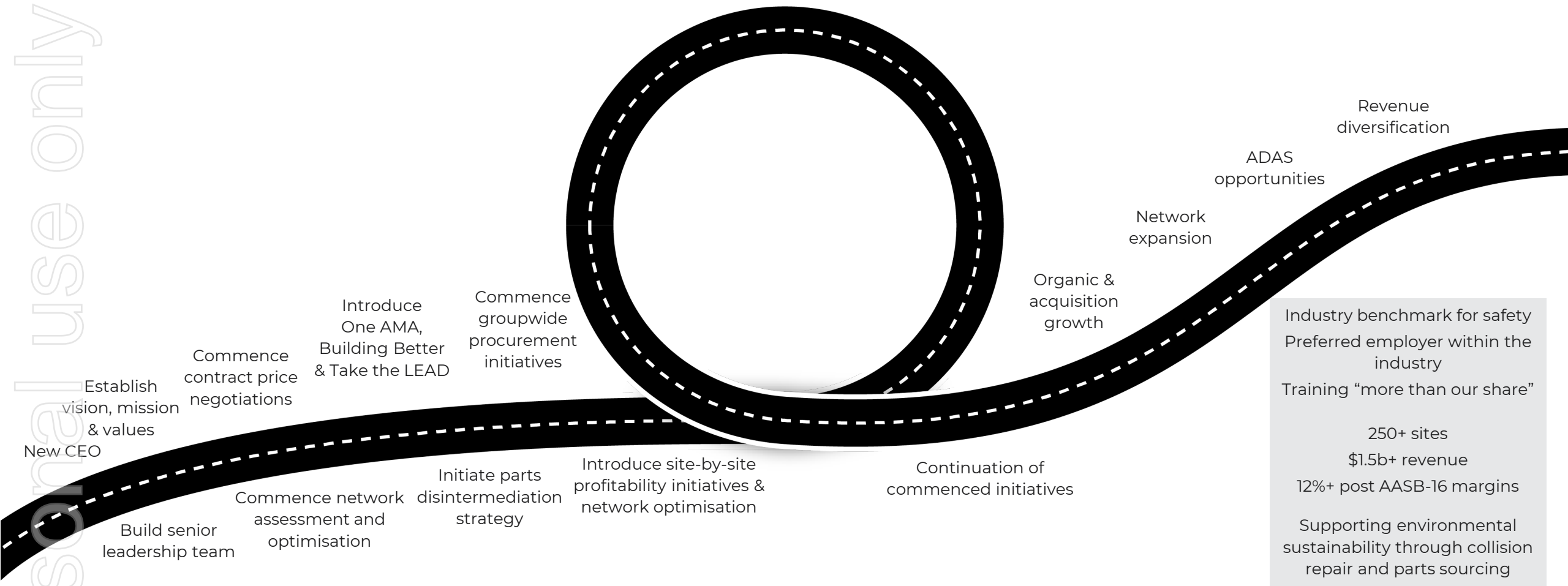
# AMA Group 2027

## Australia & New Zealand

Vehicle Collision	 DRIVE NON DRIVE	200+ Locations <i>149 currently</i>	\$1.0b Revenue <i>FY21 \$801m</i>
Heavy	 HEAVY MOTOR	16+ Locations <i>9 currently</i>	\$100m Revenue <i>FY21 \$54m</i>
Supply	 SUPPLY	70,000 m <sup>2</sup> Capacity <i>~40,000 m<sup>2</sup> currently</i>	\$150m Revenue <i>FY21 \$64m</i>
Group	 GROUP	3.0x Group Cost Leverage <i>2.0x currently</i>	



# The AMA Group Road Trip



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Q&A

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## Additional Information

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# The Road So Far...

**2005**

**Allomak Ltd**

established to acquire  
automotive aftercare  
businesses

'05

**2006**

Acquired auto protection accessories  
company **ECB**; Allomak listed on **ASX**

'06

**2007**

Acquired auto parts  
distributor **Alanco Australia**  
and our first collision repair  
business **Mr Gloss**

'07

'09

**2009**

Allomak Ltd changed  
name to **AMA Group** Ltd

**2013**

Acquired commercial vehicle  
alloy bull-bar specialist  
**Custom Alloy**

'13

'14

**2014**

Acquired **Repair  
Management Australia**  
(4 sites in Victoria)

**AMA GROUP**

# ...The Road So Far

**2015**

Acquired **Woods Auto Group** (incl. 14 **GoRapid** repair sites, Vic) and **Gemini Accident Repairs** (42 repair sites across ANZ)

'15

**2016**

Acquired 6 more collision repair sites (3 in Vic, 2 in Qld, 1 in WA)

'16

**2018**

Acquired auto aftermarket group **Automotive Solutions Group**

'18

'20

**2020**

Acquired **Fully Equipped Group** (NZ), **Western Trucks** (Vic) and 9 other repair sites; Disposed ACAD & Fully Equipped to GUD Holdings

'21

**2021**

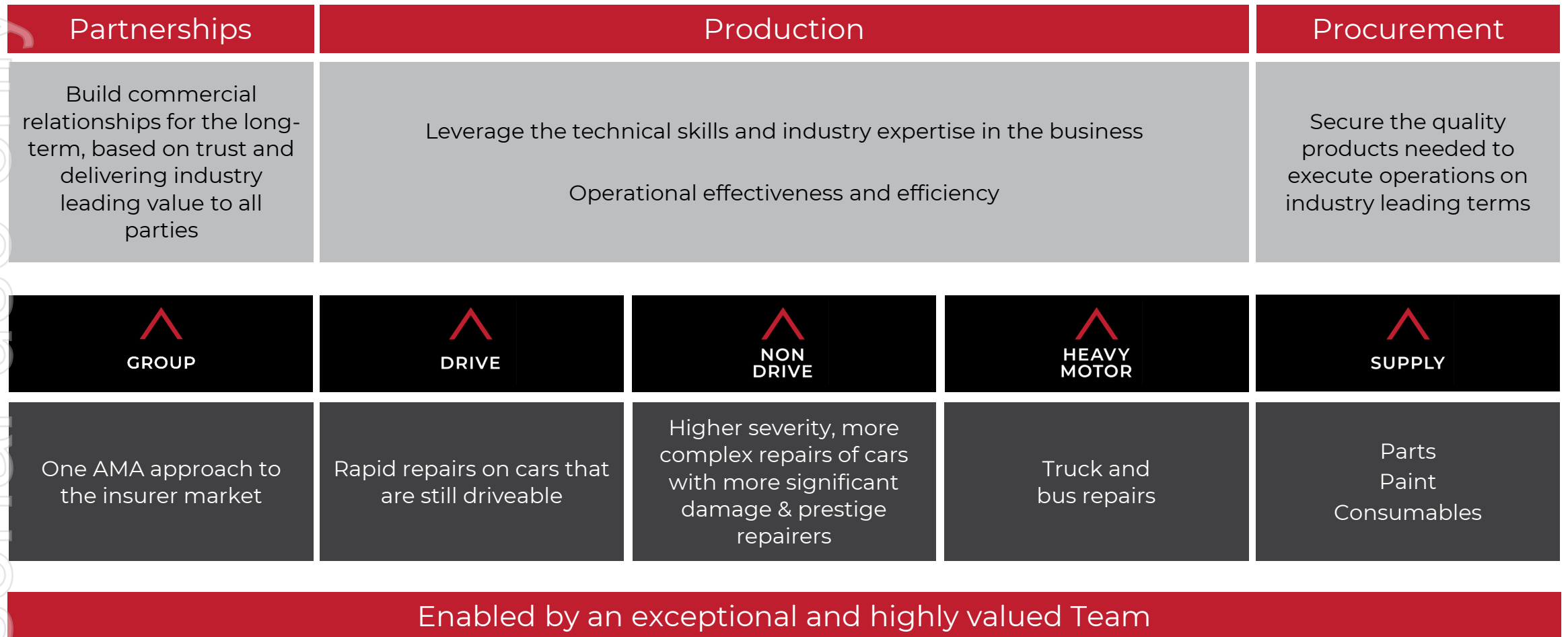
**Carl Bizon** appointed Group Chief Executive Officer (CEO); Acquired **Perth Parts Solutions** (WA) and **National Trucks** (NSW)

**2019**

Acquired 90% of Suncorp's **Capital S.M.A.R.T.**, 100% of **ACM Parts**, and 30 other collision repair sites across Australia (incl. heavy motor)

'19

# AMA Group Structure



# AMA Group Board

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**Anthony Day**  
Chair

**Simon Moore**  
Non-Executive Director

**Nicole Cook**  
Non-Executive Director

**Carl Bizon**  
CEO and Executive Director

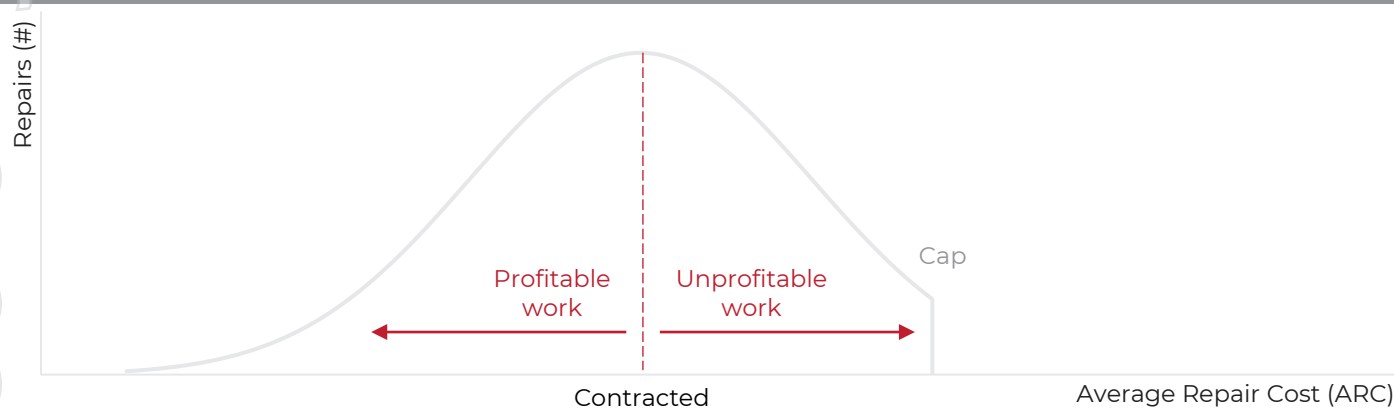
**Paul Ruiz**  
Non-Executive Director

**Kyle Loades**  
Non-Executive Director

**Caroline Waldron**  
Non-Executive Director

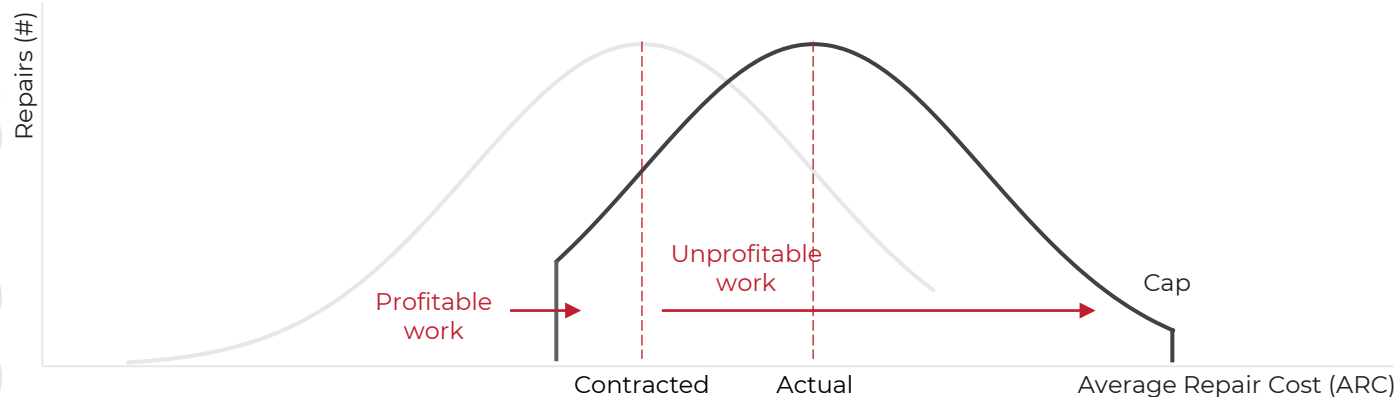
# Average Cost Model

## Theoretical Average Price Model



- Contracted ARC based on anticipated repair volumes and mix (balance of repair severity)
- Cap prevents extreme loss making repairs being priced at the contracted ARC
- Fair compensation received for work completed

## Uncommercial Average Price Model



- Mix, volume and/or increased input costs shifts average actual cost of repairs
- Trend toward high excess reduces low cost repairs claimed under insurance
- High cap means more loss making repairs fall "in scope"
- Average actual cost of repairs exceeds contracted ARC

# Average Price Model

- Fixed price paid for all repairs for work up to a specific value (the “cap”) and other agreed criteria with work pre-authorised under that amount
- Jobs are individually quoted to assess whether they fit within the cap of the agreement
  - Quotes are completed in specific software with labour, parts, paint and consumables allocated for specific tasks
  - These allocations are sometimes fixed by systems used
- Jobs falling within the cap are ultimately invoiced at the agreed rate in a “batch” to the insurer – where those above and below the agreed rate are essentially offset in the batch of invoices
- Jobs outside the cap or agreed criteria are “out of scope” and either repaired as Line by Line agreements on site or moved to another site.

## Benefits of Average Price Model

- Reduced assessment and approval burden for insurer
- Reduced quoting for repairer
- Theoretical certainty of volume and mix (balance between higher and lower severity accidents), as well as access to out of scope work
- Benefits achieved through efficiency and input sourcing flow to the repairer

## Risks of Average Price Model

- Volume and mix dependent
- Increasing deductibles or “excesses” reducing work at the low end of the scale
- Repairer absorbs cost increases over life of agreement
- Adjustments to underlying systems by insurers can unilaterally impact contract performance



# Line by Line Pricing

- Each job is quoted on site, specific to the vehicle, with estimates provided for all items of work required – task, labour required, parts, paint, and consumables
- By being an agreed supplier, rates for hourly labour and parts (based upon source) have been agreed with the insurance customer
- The quote is authorised or negotiated with the insurer
- Once agreement is reached, work commences on the vehicle repair
- Work can be adjusted through supplementals where additional items are identified throughout the repair which were not evident through the initial quoting stages

## Benefits of Line by Line

- Each job is assessed and paid for on the basis of the actual work required
- Profitability is not impacted by “mix” (balance between higher and lower severity accidents)

## Risks of Line by Line

- Requirement for individual assessment and approval adds time and cost for both repairers and insurers
- Incomplete quoting can result in undercharging
- As quotes are negotiated in many instances margin erosion can occur through this process
- Agreed labour rates need to account for appropriate overhead recovery based upon volumes

# Parts Channels

## Channel

## Description

**OEM**



National Dealer Parts made by the original manufacturer then imported and supplied by a dealer distributor in Australia

**Parallel**



OEM parts imported from an international market and supplied by a third-party distributor such as ACM Parts

**Aftermarket**



Parts made by a third-party manufacturer to OEM standards, then imported and supplied by a distributor such as ACM Parts

**Reclaimed**



Parts removed from an end-of-life vehicle and supplied by a third-party distributor such as ACM Parts

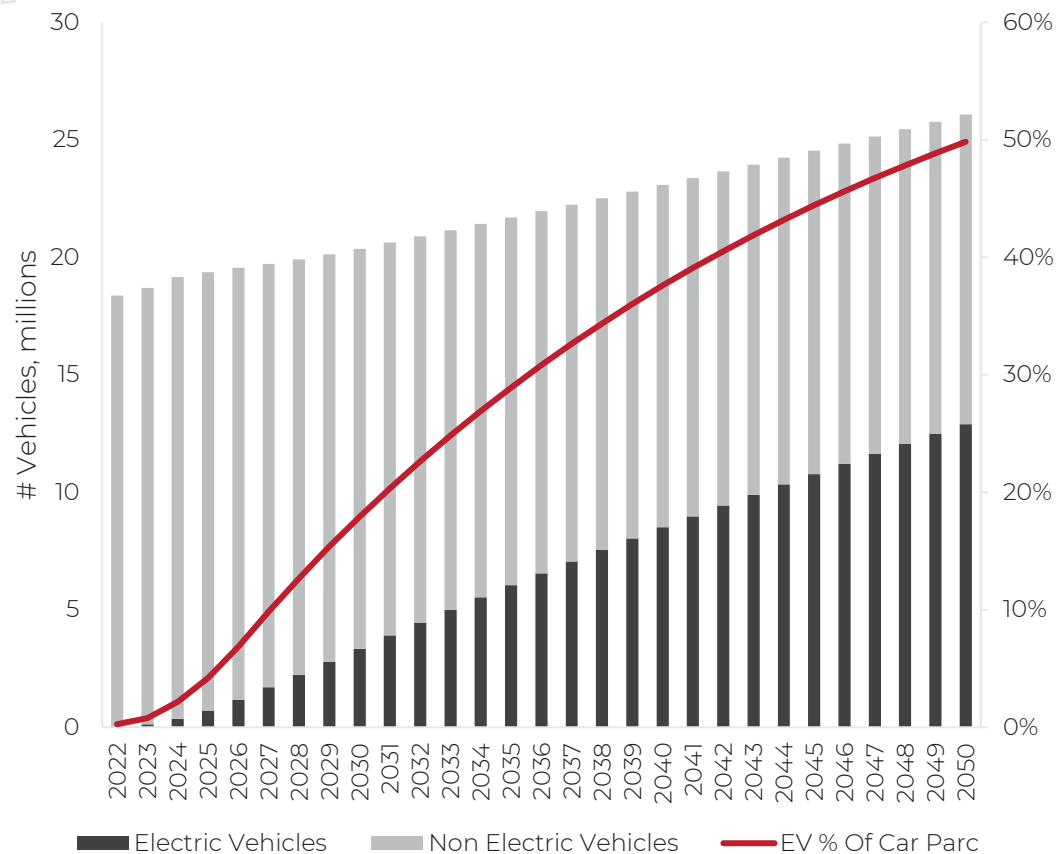
**Reconditioned**



Reclaimed components reconditioned to “as new” quality and supplied by a distributor such as ACM Parts

# Pace of Industry Change is slow

## Example – Electric Vehicles as % of Car Parc



Sources: Australian Bureau of Statistics, Motor Vehicle Census, Australia 31 Jan 2021. FCAI VFACTS New Vehicle Sales by Fuel Type. Budget 2022-23: population projections, Australia, 2021-22 to 2032-33

- For electric vehicles (EVs) to account for 50% of the Australian car parc by 2050, 70% of new cars sold would need to be EVs from 2027 onwards
  - Due to the size of the car parc and useful life of vehicles, EVs are unlikely to reach 15% of the Australian Car Parc until 2029
- Key differences for workshops repairing EVs:
  - Skills/training – both techniques and safety
  - Equipment/Space – investment required
  - Aluminium (unsuitable for traditional spray booths due to heat)
- AMA Group has technicians skilled, and workshops equipped for EV repairs in areas in which it makes commercial sense
  - The group has also commenced defibrillator rollouts across the network to ensure the safety of staff when working around EVs
- Key Assumptions
  - Australian Car Parc growth in line with population projections
  - EV new car sales to ramp up to 70% of new car sales by 2027 and remain at 70%
  - Vehicle attrition/drop-off rate of 3.5%

# Electric Vehicles

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## Special repair requirement for EVs:

- The repair process is different as steel has 'memory', aluminium does not
- Repairing aluminium requires a different skill set
- While different spray booths are not required, there are temperature restrictions to not affect the batteries

## Safety

- High voltage (HV) gloves and safety glasses must be worn when handling any high voltage component
- Gloves with leather protectors must meet a minimum standard
- Specific High Voltage (HV) isolation and repair bay requirements must be met

# AMA GROUP

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