

# AMA GROUP

## ASX Announcement

18 August 2023

### Capital S.M.A.R.T FY24 Repricing Negotiations Concluded

AMA Group Limited (ASX: AMA) (AMA Group, the Group) today advises that negotiations for new pricing for Capital S.M.A.R.T. under the Motor Repair Services Agreement (MRSA) with Suncorp have concluded. Whilst the details of the new pricing and surrounding terms are commercially sensitive, AMA Group can disclose the following key features of the agreement:

- The new pricing will apply to all repairs booked from 1 July 2023 and returns the arrangement to annual pricing reviews with a clear re-pricing mechanism.
- The annual re-pricing mechanism provides for price to be adjusted with reference to industry specific inflationary measures with additional mechanisms to capture material changes in severity, up to agreed tolerances.
- An additional mechanism allows for price renegotiations for significant external events where inflationary measures exceed agreed tolerances.

The arrangements include transitional support while AMA Group implements several operational initiatives throughout FY24, which are planned to improve efficiency and profitability of Capital S.M.A.R.T. As transitional support payments cease at the end of FY24, the loss of those benefits is expected to be offset by the benefits realised from the several operational initiatives identified by management which include:

- A program for converting a majority of Capital S.M.A.R.T sites to undertake a broader range of severity repairs and thereby reducing vehicle movement between sites.
- Increased use of non-OEM parts to reduce costs, consistent with the insurer framework.
- Adjusting business processes and further employee training to realise operational efficiencies.

As a result of the revised pricing agreement, AMA Group expects Capital S.M.A.R.T. to contribute to AMA Group EBITDA in the range of \$32 – 36 million on a post-AASB 16 basis/ \$16 – 20 million on a pre-AASB16 basis (excluding approximately \$7 million of rebate benefits captured within Group results) in FY24.

As the FY23 audited results are being finalised it is anticipated that the remaining \$58 million balance of the goodwill of Capital S.M.A.R.T. will be fully impaired, which will leave the unamortised portion of the MRSA contract held on the Capital S.M.A.R.T. balance sheet at a value of approximately \$166 million.

Having concluded the Capital S.M.A.R.T. re-pricing negotiations, AMA Group provides revised FY24 guidance of between \$86 and \$96 million normalised, post-AASB 16 EBITDA. This guidance reflects:

- A more modest outcome for Capital S.M.A.R.T. pricing compared to original forecast.
- A more conservative outlook for AMA Collision based on the observed run rate performance and margins in 2H23, which is also likely to lead to impairment of goodwill of approximately \$50 million for that business in the FY23 accounts.
- A slower than previously forecast ramp up in ACM Parts (which adversely impacts annual guidance by \$4 – 5 million compared to year end run rate).

The longer-term financial aspirations for the Group remain unchanged with meaningful opportunities to further enhance AMA Group's earnings expectations in future years through operational and business productivity initiatives.

This announcement has been authorised by the Board of AMA Group Limited.

ENDS.

---

#### AMA Group Limited

Level 13, 484 St Kilda Road, Melbourne, VIC 3004 ABN 50 113 883 560  
+61 3 7066 5022 [info@amagroupltd.com](mailto:info@amagroupltd.com) [amagroupltd.com](http://amagroupltd.com)

**Investors and Media:**

Alexandra Holston, Director Investor Relations and Corporate Affairs

E: [alexandra.holston@amagroupltd.com](mailto:alexandra.holston@amagroupltd.com) M: +61 418 312 837

For personal use only