



Operating Specialised Automotive Aftercare and Accessory Companies

Ray Malone

Executive Director & CEO Presentation

4<sup>th</sup> Annual Australian

Microcap Investment Conference

22 – 23 October 2013

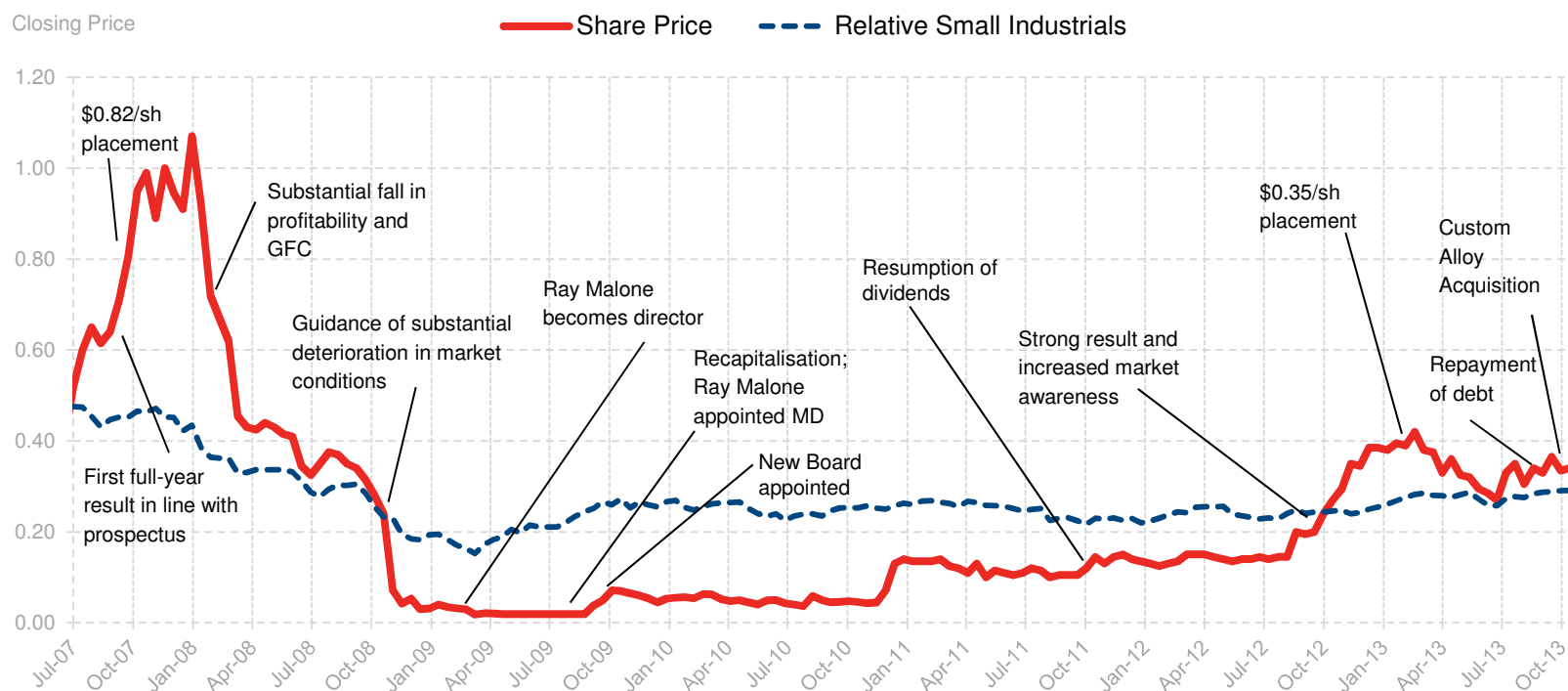
# AMA Group

- AMA Group Ltd (ASX:AMA) was listed on the Australian Stock Exchange on 31 August, 2006.
- Focused on the wholesale vehicle aftercare and accessories market.
  - vehicle protection bullbars
  - smash repair shops
  - automotive and electrical components
  - servicing workshops for transmissions and brakes
- Market leading brands with a commitment to operating excellence.
- Strong Balance Sheet (net cash) and highly cash generative.
- Culture of employee ownership.
- Well positioned for organic and inorganic growth opportunities.
- Enhancement of business through Custom Alloy acquisition



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# AMA History



## February 2009

- \$50m+ of liability
- Challenging operating environment
- Business inefficiencies
- Unstable outlook

## Getting back on track: FY09 – FY12

- Stabilise management/HR investment
- Debt reduction plan
- Focus on increasing revenues
- Stabilise/grow operating cash
- Increase EBITDA
- Improve stakeholder returns

## FY13 and beyond

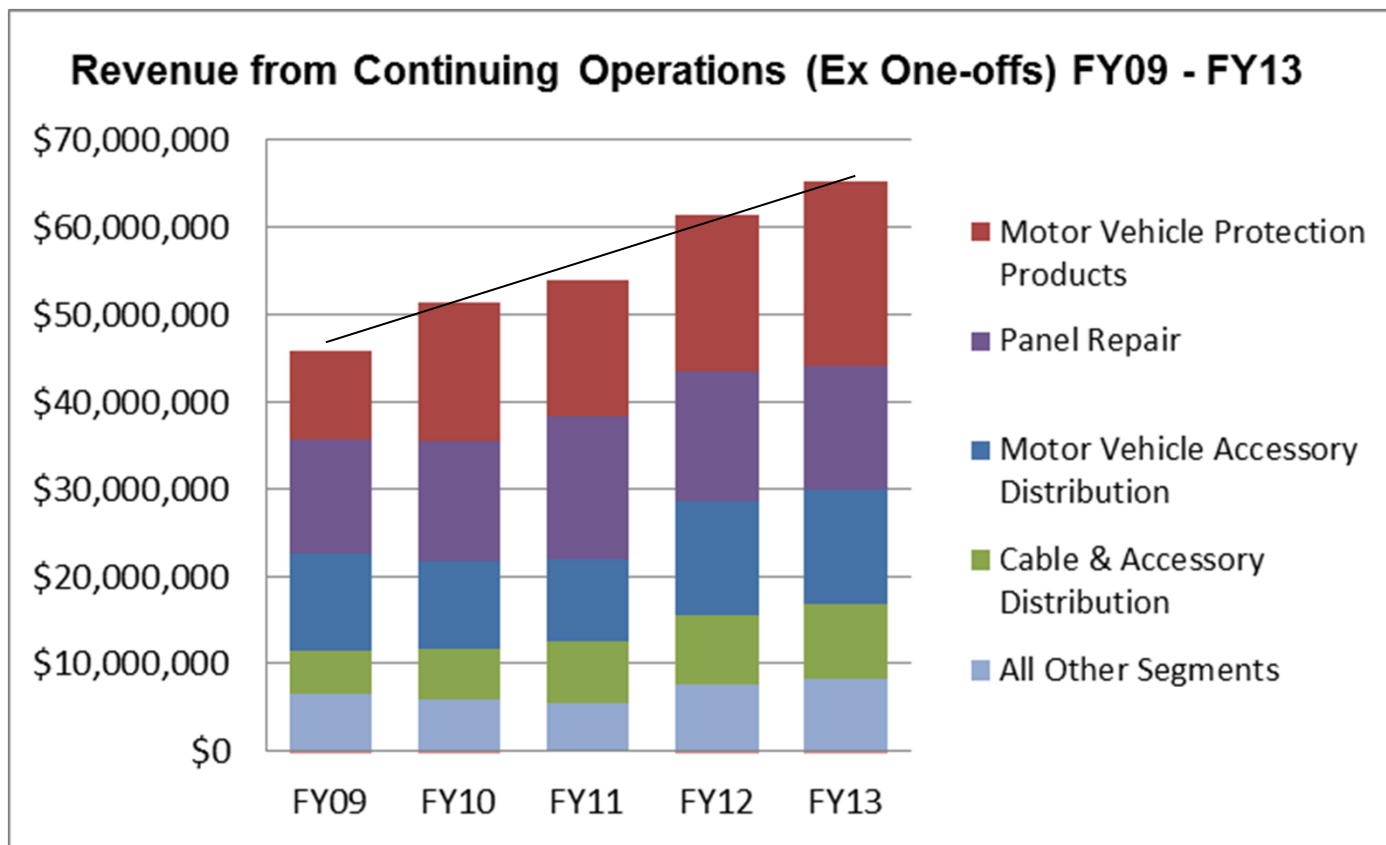
- Capital Raising
- Debt Reduction
- Organic Growth
- Complementary Acquisition

# AMA Group



Reporting segment	Vehicle protection products	Vehicle protection products	Panel repair	Vehicle accessory distribution	Cable & accessory distribution	Vehicle transmission repair	Other
Market focus	<ul style="list-style-type: none"> <li>SUV and 4WD vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Medium commercial vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Prestige vehicles</li> <li>Broader market</li> </ul>	<ul style="list-style-type: none"> <li>SUV and 4WD vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Vehicle auto-electrical, caravan &amp; boat</li> </ul>	<ul style="list-style-type: none"> <li>All road vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Off the road and sports brakes sales and repair</li> </ul>
Client focus	<ul style="list-style-type: none"> <li>Wholesale distributors</li> </ul>	<ul style="list-style-type: none"> <li>Wholesale distributors</li> </ul>	<ul style="list-style-type: none"> <li>Major insurance companies, OEM, fleet, private clients</li> </ul>	<ul style="list-style-type: none"> <li>Auto electrical, fleet buyers, mining operations</li> </ul>	<ul style="list-style-type: none"> <li>OEMs, mass-market retail chains</li> </ul>	<ul style="list-style-type: none"> <li>Major vehicle manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>Specialist fleets, private after-market</li> </ul>
Geographic spread	<ul style="list-style-type: none"> <li>Qld based, national &amp; international market</li> </ul>	<ul style="list-style-type: none"> <li>Qld based, national</li> </ul>	<ul style="list-style-type: none"> <li>South-east Melbourne</li> </ul>	<ul style="list-style-type: none"> <li>Western Australia</li> </ul>	<ul style="list-style-type: none"> <li>Qld based with national &amp; international distribution</li> </ul>	<ul style="list-style-type: none"> <li>Melbourne based, national distribution</li> </ul>	<ul style="list-style-type: none"> <li>Western Australia</li> </ul>
FY13 Revenue	<ul style="list-style-type: none"> <li>\$21.09m</li> </ul>	<ul style="list-style-type: none"> <li>\$11.69m</li> </ul>	<ul style="list-style-type: none"> <li>\$14.33m</li> </ul>	<ul style="list-style-type: none"> <li>\$13.01m</li> </ul>	<ul style="list-style-type: none"> <li>\$8.476m</li> </ul>	<ul style="list-style-type: none"> <li>\$5.58m</li> </ul>	<ul style="list-style-type: none"> <li>\$2.81m</li> </ul>

# Continued Organic Growth



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# Financial Summary

	FY09	FY10	FY11	FY12	FY13
<b>Revenue</b> (\$million)	44.95	51.34	53.93	60.79 <sup>(1)</sup>	64.91
<b>EBIT</b> (\$million)	(6.72)	8.15	8.16	8.92 <sup>(2)</sup>	9.21
<b>Operating Cash Flow</b> (\$million)	(3.09)	6.86	6.45	7.93	10.99
<b>Dividends</b> (cents per share)	0	0	1.0	1.6	1.6
<b>Net Debt</b> (\$ million)	27.25	21.97	15.17	15.53	(8.24)

(1) From continuing operations

(2) Normalised to remove legal recovery from EBIT



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# 2013 Highlights

Date (2013)	Event
January	Successful Capital Raising - \$14.5m net proceeds @ \$0.35 per share
August	Entire Bank Debt extinguished Restrictive Bank Covenants removed
October	First Major Acquisition Announced

## Custom Alloy Acquisition - Headline Information

- Main business is Alloy bullbar manufacturing specifically for the medium commercial vehicle market
- Located in Queensland, within 15km of ECB
- Has demonstrated strong growth in recent years
  - Revenue was c\$11.69 million in FY13
  - EBIT was c\$1.42 million in FY13
- Acquired at an EBIT multiple of 3.4x for cash of \$4.9 million plus Inventory (capped at \$1.0 million)



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# Custom Alloy Acquisition

## Improved market positioning for AMA in the Motor Vehicle Protection Products Segment

- The total Vehicle Frontal Protection Bar market is made up of, Steel Bullbars and Nudge Bars, Aluminium Bullbars and Nudge Bars and Plastic/Poly Bullbars.
- Aluminium Bullbars only – represent approx. 35%-40% of total Vehicle Frontal Protection Bars sold in Australia.
- ECB
  - Primarily services the SUV, Light Commercial and Passenger Vehicle markets
  - Currently supplies approx. 35% of the total Alloy Bullbar market and approx 20% of the Alloy Nudge Bar market
- Custom Alloy
  - Primarily services the Medium and Heavy Commercial Vehicle segments
  - Currently supplies approx. 15% of the total Alloy Bullbar market
- In summary the combined companies would supply approximately;
  - 50% of the Aluminium Bullbar market.
  - 20%-22% of the overall Frontal Protection Bar market.



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# Custom Alloy Acquisition

## **The Acquisition will improve AMA earnings through:-**

- Significant improvement in:
  - Business Leadership
  - Financial Management
  - Internal Control Systems
  - Production Productivity
  - Inventory Management
- Maximisation of purchasing & sub-contract services synergies with our ECB business.
- Business focus of ECB and CA
  - allow each business to focus on their own target market sectors
  - eliminate duplication of products for the same vehicle
  - eliminate competing market offerings
- Efficiency gains in R&D through maximisation of knowledge-sharing and capacity utilisation.
- Increase potential customers for CA and ECB through cross-pollination.
- Leverage marketing synergies.
- Increase customer satisfaction through RFT (Right First Time) and DIFOT (Delivered In-Full & On-Time) management and “the best job possible” mentality.



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# AMA – FY2014 Outlook

- Commitment to paying and growing dividends
- Continued focus on delivering organic growth across all business units
- Integration of Custom Alloy acquisition
- Further earnings accretive acquisitions will be considered when the time is right

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# Thank you

## Contact Details:

Ray Malone  
AMA Group Limited  
PO Box 122  
Margate  
QLD 4019



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