



Operating Specialised Automotive Aftercare and Accessory Companies

14 September 2015

AMA acquires Australia's largest accident repair group

The Directors of AMA Group Limited (AMA) (ASX:AMA) are pleased to announce that AMA has entered into a binding agreement to acquire Australia's largest accident repair group, Gemini Accident Repair Centres Pty Ltd ("Gemini").

Gemini's repair centres are located across Australia and in New Zealand, and when added to AMA's existing repair centre presence in Victoria and Queensland, create a strong national footprint with 70 centres across NSW, Queensland, Victoria, ACT and WA.

AMA Group Executive Chairman, Ray Malone, said that this deal has considerable strategic value for the combined group because:

- it brings together two of the leading consolidators in the accident repair industry;
- the combined group is extremely well placed to participate in the ongoing consolidation process;
- it further cements the group's leading position in the accident repair market; and
- it provides the group with a step change growth opportunity.

"Gemini is an extremely well run business with very competent management and effective systems in place.

With Gemini and its management team joining the fold, AMA is by far and away the leading operator in Australia's highly fragmented panel repair market and further strengthens our position to participate in the industry consolidation", he said.

The Gemini acquisition is highly complementary to AMA, and Gemini's management team and systems will play an important role in the expanded operation. Gemini Executive Chairman, Andrew Hopkins, joins the AMA Board and becomes CEO of the AMA Panel business.

AMA's team is confident of generating meaningful synergies and cost savings from the integration of Gemini, with procurement being a key plank of those synergies.

AMA has structured the deal to require a financial performance hurdle to be met in order for the maximum consideration of \$100m in cash and shares to be paid out. If the financial performance hurdle is met, the consideration paid will represent an EBITDA multiple of 7.5 times.

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The transaction payment structure is as follows:

- AMA will make upfront cash payment of \$27-28m (\$35m less Gemini's working capital) to be funded from AMA's current cash resources.
- Two tranches of AMA shares will be issued at a price of 60 cents per share escrowed for 3.5 years:
 - \$35m of new shares. The holders of these shares will be entitled to dividends during the escrow period;
 - A further \$15m in B class shares. These shares will not attract dividends during the escrow period;
- An additional cash payment of \$15m at the end of the escrow period
- The two tranches of shares and the additional cash payment of \$15m will be adjusted downwards if the performance hurdle is not met during the escrow period

Mr Malone said that the deal payment structure has been carefully designed to protect AMA's balance sheet whilst also ensuring that performance delivery is appropriately recognised.

AMA is in advanced discussions with a major Australian bank regarding an increased debt facility which, together with the proceeds of the recent \$45 million capital raising and very strong operating cash flows, will position AMA well to continue to take advantage of attractive acquisition and growth opportunities across the group.

For further details on Gemini refer to website: geminiarc.com.au

An investor conference call is scheduled for 11.30am AEST. The details are:

AMA Update	Conference ID 41337910
Australia	02 8373 3582
New Zealand	+64 9280 5281

For and on behalf of the Board,

A handwritten signature in blue ink that reads 'Terri Bakos'.

Terri Bakos
Company Secretary
AMA Group Ltd