



Engineering Specialised Automotive Aftercare and Accessories Companies

## 2017 Half Year Results Presentation 24 February 2017

# AMA Group Overview



Operating Specialised Automotive Aftercare and Accessory Companies

	Vehicle Panel Repair	Vehicle Protection Products & Accessories	Automotive Electrical & Cable Accessories	Automotive Component Remanufacturing
Brands	       	  	  	

- An ASX 300 Company (ASX:AMA)
- Australian leader in the automotive aftercare and accessories market
- Market leading brands with a commitment to operating excellence
- Strong Balance Sheet; highly cash generative
- Culture of employee ownership
- Well-positioned for organic and inorganic growth opportunities
- Proven track record of successful business enhancement through targeted acquisitions

# Dec 2017 Half Year - Normalised Results



Operating Specialised Automotive Aftercare and Accessory Companies

**First half 2017 results saw strong operating performance despite several abnormal items**

	Current	Prior <sup>3</sup>	Change
EBITDA - continuing operations : Reported (\$'000)	18,357	9,571	91.8%
EBITDA - continuing operations : Normalised <sup>1</sup> (\$'000)	20,557	12,508	64.4%
NPBT (\$'000)	12,320	6,759	82.3%
Basic EPS - continuing operations : Reported (cents)	1.71	0.85	101.2%
Basic EPS - continuing operations : Normalised <sup>1</sup> (cents)	2.07	1.55	33.5%
Current ratio (times)	0.82	1.06	(22.6)%
Current ratio adjusted for non cash items (times)	1.05	1.18	(11.0)%
Gearing ratio	4.80%	1.73%	177.5%
Net Operating Cash Flows (\$'000)	2,265	4,593	(50.7)%
Cash Earnings (\$'000) <sup>2</sup>	15,684	12,047	30.2%

**AMA has declared an interim dividend of 0.5 cents per share**

**Notes:**

1. Normalised excludes effect of various items which are detailed in Appendix A
2. Calculation of Cash Earnings is detailed in Appendix B
3. Prior comparative period – six months ended 31 December 2015 (except for Current ratio and Gearing ratio – 30 June 2016)

# Vehicle Panel Repair



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Brands	
Sales	A\$149.3 m (+88.7%) <sup>2</sup>
GM \$ <sup>1</sup>	A\$85.5m (+88.8%) <sup>2</sup>
GM % <sup>1</sup>	57.3% (0.0%) <sup>2</sup>
Comments	<ul style="list-style-type: none"> <li>– Highly fragmented industry in Australia</li> <li>– AMA ideally placed for significant consolidation taking place in panel repairs</li> <li>– Solid Like for Like growth over 1<sup>st</sup> Half FY16</li> <li>– Strong relationship with major insurers and prestige car manufacturers</li> <li>– National footprint with 79 sites across Australia <sup>3</sup></li> <li>– Integration progressing well with cost saving / synergies ahead of expectations</li> <li>– Several more acquisitions are currently being considered</li> </ul>

<sup>1</sup>. Gross Margin ("GM") for Panel does not include direct labour or an overhead allocation

<sup>2</sup>. Period on Period growth.

<sup>3</sup>. 5 shops added to the network post balance date

# Vehicle Protection Products & Accessories



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Brands	 
Sales	A\$14.7 m (-1.7%) <sup>2</sup>
GM \$ <sup>1</sup>	A\$6.6 m (+0.5%) <sup>2</sup>
GM % <sup>1</sup>	44.8% (+2.3%) <sup>2</sup>
Comments	<ul style="list-style-type: none"> <li>– Leading manufacturer of alloy bullbars</li> <li>– Prominent in the market with approx 50%+ market share across aftermarket, fleet and OEM sales channel in alloy</li> <li>– OEM business performing strongly in current half</li> <li>– Further potential acquisitions in this segment</li> </ul>




<sup>1</sup>. Gross Margin ("GM") for Protection does not include an overhead allocation

<sup>2</sup>. Period on Period growth.

# Automotive Electrical & Cable Accessories



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Brands	  
Sales	A\$7.9 m (-5.3%) <sup>2</sup>
GM \$ <sup>1</sup>	A\$2.6 m (+11.6%) <sup>2</sup>
GM % <sup>1</sup>	33.2% (+17.9%) <sup>2</sup>
Comments	<ul style="list-style-type: none"> <li>– Product innovation creating organic opportunities</li> <li>– Pursuing broader product segments including industrial, marine, leisure and automotive retail sectors</li> <li>– The re-organisation of this division is providing increased gross margin as expected</li> <li>– Opportunity to expand through vertical integration in supply chain for Panel</li> </ul>

1. Gross Margin ("GM") for Electrical and Cable does not include direct labour or an overhead allocation

2. Period on Period growth.



# Automotive Component Remanufacturing



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Brands	
Sales	A\$4.9 m (+29.3%) <sup>2</sup>
GM \$ <sup>1</sup>	A\$1.9 m (+37.1%) <sup>2</sup>
GM % <sup>1</sup>	39.1% (+6.1%) <sup>2</sup>
Comments	<ul style="list-style-type: none"> <li>– Solid organic growth profile with FluidDrive</li> <li>– Strong management and team buy-in are delivering exceptionally strong operational results</li> <li>– Strong relationship with major manufacturers</li> <li>– Integrated relationship with 4 out of the top 6 market share OEM brands</li> <li>– Opportunity to expand in core market areas</li> <li>– Potential acquisitions in this segment being explored</li> </ul>

<sup>1</sup>. Gross Margin ("GM") for Component Remanufacturing does not include direct labour or an overhead allocation

<sup>2</sup>. Period on Period growth.

## *Initiatives*

- Aggressively participate in the Panel Industry consolidation
- Identify and execute further “Greenfield” opportunities in Vehicle Panel Repair division
- Prioritize and continually drive vertical integration across Vehicle Panel Repair division
- Renegotiate new strategic partnership agreements with key customers and key suppliers
- Identify and executive strategic acquisitions in the Automotive Components and Accessories divisions
- Manage Operating Margins to ensure that AMA Shareholders are provided with a satisfactory Return on Investment

AMA has multiple opportunities to continue its growth by both organic and acquisition means

**AMA is expected to generate an EBITDA, on a normalised basis, for FY2017 Full Year in excess of \$40 million.**



# Summary



Operating Specialised Automotive Aftercare and Accessory Companies

- ✓ Leading provider of Australian automotive aftercare services and accessories
- ✓ Cemented leading position in Australia's panel repair market
- ✓ Strong balance sheet with ability to take on additional leverage
- ✓ Well positioned to drive ongoing consolidation in panel repair market
- ✓ High quality management team

# Appendix A – Normalisation Adjustments



Operating Specialised Automotive Aftercare and Accessory Companies

	Dec 16	Dec 15
	\$'000	\$'000
<b>EBITDA from continuing operations – Reported</b>	<b>18,357</b>	<b>9,571</b>
Employee Equity Plan expense – Corporate division	192	2,340
Business Acquisition expenses – Vehicle Panel Repair division	453	597
Site Integrations – Vehicle Panel Repair division	300	-
Site Make Good – Vehicle Panel Repair and Protection Products divisions	175	-
Redundancies – Vehicle Panel Repair division	379	-
Greenfield Start Ups - Vehicle Panel Repair division	250	-
Litigation Settlement – Automotive Electrical and Cable division	350	-
Borrowing Cost – Corporate division	101	-
<b>EBITDA from continuing operations – Normalised</b>	<b>20,557</b>	<b>12,508</b>

# Appendix B – Operating Cash Flow



Operating Specialised Automotive Aftercare and Accessory Companies

	Dec 16	Dec 15
	\$'000	\$'000
<b>EBITDA from continuing operations – Reported</b>	<b>18,357</b>	<b>9,571</b>
Interest paid	(82)	(93)
Deferred income amortisation	(2,396)	-
Equity issued as employment condition	218	2,587
Other non cash items	(414)	(19)
<b>Cash Earnings</b>	<b>15,684</b>	<b>12,047</b>
Income tax paid	(5,020)	(3,028)
Repayment of paint prebate	(5,433)	-
Normalisation of working capital for Acquisitions	(1,981)	-
Other working capital movement	(985)	(4,426)
<b>Net Cash Flow From Operations</b>	<b>2,265</b>	<b>4,592</b>

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