

5 September 2017

AMA expects FY2018 Normalised EBITDA to be in excess of \$48 million

Following today's webinar, the Directors of AMA Group Limited (ASX Code "AMA") are pleased to provide some further detail on the operating results.

The reported FY2017 EBITDA increased from \$24.672 million to \$37.205 million; a 50.80% increase. This result was, however, significantly impacted by several abnormal items. Restating for these abnormal items results in normalised EBITDA increasing to \$41.07 million from the prior year comparative of \$31.92 million; an increase of 28.66%. Importantly, this normalised EBITDA result exceeded the Company's previous market guidance of being "in excess of \$40.0 million".

One of the abnormal items was the effect of the establishment of new "Greenfield" sites. While these new sites initially have a detrimental impact on the reported earnings of AMA, they typically begin to make a positive contribution within six months. As they are backed by a long term contract with a reputable work provider and provide other strategic benefits to the Group, the Board believe that they enhance the "annuity" nature of this business and are a sound long term investment.

The Directors' would also like to advise that it is anticipated that AMA will generate an EBITDA, on a normalised basis, for FY2018 Full Year in excess of \$48 million. This would represent an increase of over 17% from the FY2017 Full Year Normalised EBITDA.

Also set out below is an extract from the preliminary final report reconciling the reported EBITDA result to the reported results for Net cash flows used in operating activities.

	30 June 2017 \$'000	30 June 2016 \$'000
<i>Reported EBITDA</i>	37,205	24,672
Discontinued operations	-	(10)
Interest paid	(170)	(207)
Deferred income amortisation	(5,487)	(2,981)
Equity issued as employment condition	403	3,644
Other non-cash items	(910)	(750)
<i>Pre Tax Cash Earnings</i>	31,041	24,368
Income tax paid	(9,724)	(7,247)
Market investment incentive receipt	-	23,000
Repayment of paint rebate	(5,433)	-
Normalisation of working capital for acquisitions	(1,981)	-
Other working capital movement	(916)	(3,360)
<i>Net cash flows used in operating activities</i>	12,987	36,761

The cash inflow for FY16 was significantly impacted by the receipt of the market investment incentive of \$23 million. As detailed in previous financial reports, this sum is amortised to the operating result as deferred income; \$5.487 million in FY2017 and \$2.981 million in FY2016. As such it is anticipated that the market investment incentive should be fully amortised to profit in the short term before the next tranche is received.

As outlined in previous financial reports, the FY2017 net cash flows used in operating activities result was also impacted the repayment of supplier prebates (\$5.433 million) and the adoption of normal purchasing terms (\$1.981 million) for businesses acquired in FY16 and FY17. The obligation of AMA to pay these items arose from the acquisition of these businesses and was factored into the purchase consideration at the time of acquisition.

For those investors who were unable to listen to the webinar, a copy of it will be available on the AMA website www.amagroupltd.com within the next 24 hours.

If you have a query about any matter covered by this announcement, please contact Mr Ashley Killick on ashley.killick@amagroupltd.com.