

## AMA Group Media Release

18 June 2014

### **AMA more than doubles its Panel Repair business Acquisition of leading Melbourne Panel business – Panel Consolidation Group RMA**

The directors of AMA Group Limited (AMA) (ASX:AMA) are delighted to announce the acquisition of the panel consolidation group, Repair Management Australia (RMA). The acquisition is scheduled to complete on 1 July 2014.

The directors consider this to be a very significant acquisition and the cornerstone of AMA's strategy to build on its solid foundations in the panel repair sector. The acquisition gives AMA a strong presence in the future growth and consolidation of the rapidly evolving panel industry.

The acquisition of RMA more than doubles the revenue of AMA group's current panel repair business and extends the footprint of repair locations in metropolitan Melbourne. RMA is strategically placed in the East and Outer East of Melbourne and together the combined businesses provide an exceptional platform for growth.

Ray Malone, AMA Group CEO said:

"the opportunity to acquire RMA and work with its Managing Director Phil Munday is very exciting. The acquisition is the result of AMA's strategic analysis of the industry's future and ongoing assessment of a range of opportunities.

Phil Munday is one of the best operators in the panel space in Australia and has built an enviable business. Together AMA and RMA will work to grow the panel repair business from a combined revenue position of more than \$30 million, with further growth, both organic and green fields, anticipated. With anticipated synergies, the new business is expected to improve the groups buying power and scale and should contribute in excess of \$2m in EBIT in the first year."

#### **About RMA**

Established in 1977, RMA operates out of four sites in the East and Outer East of Melbourne Victoria. RMA has two established, traditional panel repair businesses in Kilsyth and two rapid repair sites, one in Bayswater South and one in Dandenong.

#### **Purchase Price**

1. The purchase price for RMA is \$6.99 million, of which \$6.0m is payable on completion, and the balance by way of three instalments of \$330,000 each over 3 years.
2. The transaction also provides for an additional earn-out incentive of up to \$6.0m of AMA shares (calculated at 90 day VWAP prior to completion) and \$500,000 cash, both to be calculated on the average EBIT of RMA over the 3 years following completion. It is proposed that the shares will be issued to the vendor after the 3 year earn-out period is assessed.
3. The multiple varies according to the earn-out performance and ranges from 4.15 times (at maximum achievement of earn-out) to 4.5 times (based on expected FY14 EBIT).

Funding for the acquisition is by way of an extra \$2m in bank facility (relationship with the bank is now normalised and fully operational) and the balance is funded from earnings and cash generation.

For the purpose of ASX Listing Rule 3.10.3, the Company provides the following information:

<b>Class of securities to be listed:</b>	Ordinary Shares in AMA Group Limited (ASX:AMA).
<b>Number of securities to be issued or maximum number which may be issued:</b>	Such number as equals a value of up to \$6 million, based on the issue price described below.
<b>Principle terms of the securities to be issued:</b>	The Shares will rank equally with the existing ordinary shares in AMA Group Limited.
<b>Issue Price:</b>	VWAP of ordinary shares in AMA Group Limited traded on the ASX on the 90 day period up to 1 July 2014
<b>Purpose of the issue:</b>	Performance payment as part consideration under Share Sale Agreement dated 13 May 2014 (SSA)
<b>Whether the Company will seek security holder approval for the proposed issue:</b>	AMA will not seek security holder approval for the issue of Shares.
<b>Whether the issue will be to a class of security holders:</b>	The issue will be limited to the Vendors under the SSA.

#### For further information

Please contact Ray Malone

#### About AMA Group

Focused on the wholesale aftercare and accessories market, including smash repair shops, automotive and electrical components, vehicle protection bullbars and servicing workshops for brakes and transmissions, AMA Group Ltd (ASX: AMA) was listed on the Australian Stock Exchange on 31 August 2006.

The Company is a leader in this sector, operating specialised automotive aftercare and accessory companies, each with a commitment to excellence in customer service, cost effective operations, and sector leading brands.

The Company is intensely focused on investing in its people and customers, delivering strong organic growth and maintaining a focus on shareholder value.

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