



Creating Specialised Automotive Aftercare and Accessories Companies

Strategy update

August 2014

AMA Group – who we are



Creating Specialised Automotive Aftercare and Accessory Companies

Focused on the automotive aftercare and accessories market

Vehicle Protection Products & Accessories



FY14 Revenue

~\$29m (pro-forma)

~\$31m (pro-forma)

\$17.9m

\$7.8m

Market leading brands with a commitment to operating excellence

- FY15 focus is execution of significant revenue and earnings growth in vehicle panel repair, vehicle protection products & accessories and automotive electrical & cable accessories segments

Strong relationships across multiple channels provides major growth opportunities through group-wide synergies

- e.g. ECB/CA are now the preferred direct suppliers of alloy bullbars to major insurers

Strong balance sheet with low gearing

- Banking facility available (\$8m)
- Net Cash @ 30 June 2014: ~\$2.1m
- Listed company with access to capital (important for acquisition structures)

Well positioned to capitalise on an industry undergoing considerable change and consolidation



Growth Strategy

Organic growth opportunities for smash repairs

- Mr. Gloss and the recently acquired RMA are geographically located to maximise synergies and opportunities
- Significant capacity for revenue growth with existing assets
- Numerous greenfield Rapid/Express opportunities¹
 - All insurers embracing this model

Compelling consolidation opportunities within the smash repairs industry

- Industry is highly fragmented and the changing landscape will lead to fewer providers who will emerge stronger as a result of:
 - Technology (RMA has a developed a customised Rapid/Express model)
 - Capability and reliability
 - Relationships
- **AMA has strong financial capacity to make strategic and accretive acquisitions**

Growth opportunities across bullbars and parts segments

- Insurer procurement benefits exist in ECB, Custom Alloy and KT Cables

Note 1: The Rapid/Express model is large smash repair operation that is configured to efficiently handle a large volume of minor repairs



Market opportunity – Vehicle Panel Repair

AMA is at the centre of an increasingly specialised industry that is highly fragmented and undergoing significant consolidation

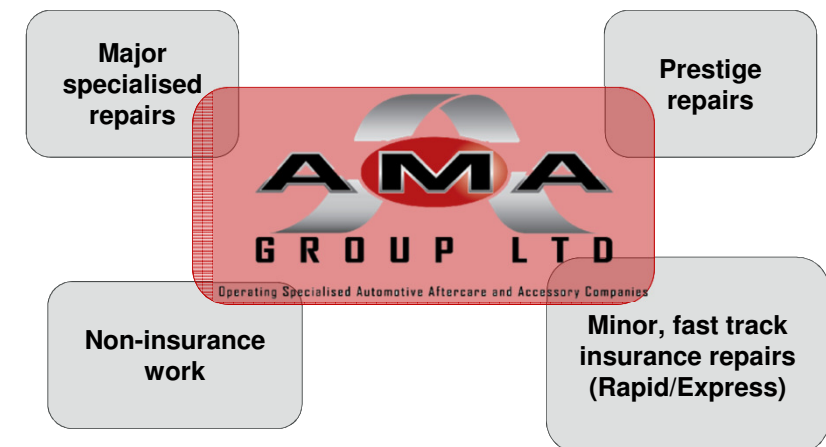
- Prestige repairs through a limited number of authorised repairers
- Minor repairs driven by insurers expecting fast turnaround and consistent pricing – increasingly leading to larger consolidated operators (Rapid/Express)
- Sophisticated materials requiring specialised skills and capital equipment for repairs
- Insurers and manufacturers pushing for networks of preferred/accredited repairers

AMA is perfectly positioned to capitalise on this opportunity

- Strong relationships with major insurers
- One of limited number of authorised repairer with key premium manufacturers including BMW, Subaru & Chrysler
- Strong management team and balance sheet

Attractive growth options – both organic and by acquisition

Smash Repairs Schematic





Market opportunity – Vehicle Protection Products & Accessories and Automotive Electrical & Cable Accessories

Vehicle Protection Products & Accessories – dominant position in Alloy Bullbars with >50% market share in most attractive segments

- FY15 will see continued rollout of AMA's systems and processes delivering earnings upside
- Future capacity for growth now available across multiple sites
- Further attractive opportunities have been identified and are being assessed

Automotive Electrical & Cable Accessories – significant organic growth opportunities

- Product innovation in LED lighting range and cable harnesses launching in late 2014 with strong initial take-up across multiple sales channels
- Further growth via increasing demand generated within the group



RMA acquisition

RMA acquisition is the next step in delivering on strategy

- RMA acquisition has more than doubled revenue to ~\$31 million from the vehicle panel repair segment
- Strategic benefits
 - Geographically ideal spread across eastern Melbourne
 - Exceptional mix of work (e.g. minor high volume repairs (Rapid), larger towed crashes, fleet work, manufacturer-authorised and prestige repairs)
 - Best practice systems and integration between RMA and Mr. Gloss
 - Strong relationships with insurers based on working model and delivery
 - Scale and purchasing savings
 - Strengthens depth of management team for AMA in the smash repairs segment
- Acquisition multiple highly accretive
 - Approximately 50/50 cash/equity split with a 3 year sunset date
 - Maximum multiple payable is capped at 4.5x EBIT
 - Earn-out structure incentivises vendor to have focus and alignment going forward
 - Sets great precedent for earnings accretive model for further acquisitions



Organic growth opportunities to complement accretive acquisitions

- Strength of relationships with insurers and manufacturers, together with a strong financial position, creates unique opportunity to develop new operations for the smash repairs business to capitalise on consolidation
- Minor damage accidents accounts for ~70% of all accident repairs
- Savings from new Rapid/Express model are ~25%
- All insurers are embracing this model to remain competitive
- AMA is now positioned to be a major part of this evolution going forward



Conclusion

- Smash repairs industry undergoing consolidation and rationalisation
- AMA very well placed to capitalise on opportunities for growth
- Strong financial position
 - Low debt
 - High cash generation
 - Exceptional Rapid/Express model
- Focused on striking a balance between growth and shareholder returns