

19 November 2020

AMA Group Limited (ASX: AMA) 2020 AGM CEO Address

2020 has been an extraordinary year. Not only for AMA but for most businesses and people throughout Australia and the world.

If we look back to October 2019, we almost doubled the size of our business with various acquisitions including the acquisition of Capital Smart and ACM Auto Parts, and we set our sights on further growth and increased earnings.

This transaction secured a significant customer and with that came significant opportunity for growth over the long term.

The business has now been fully integrated and the paint roll-out across Capital Smart will be complete in December 2020. The synergies we anticipated when buying Capital Smart of at least \$17m on an annualised run-rate will be achieved, I'm pleased to say.

Other acquisitions obviously took somewhat of a back seat while we focused on this acquisition to deliver everything we promised.

But the consolidation of the panel industry still has a long way to go and the growth of our core business and capability will return in January 2021 with a number of potential additions earmarked in the second half of this year.

Q3 last year saw repair volumes return and in the quarter we were well on track to achieve FY20 performance and targets I outlined to shareholders in February 2020.

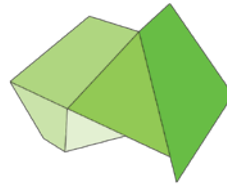
In March 2020, Covid-19 diverted our focus to preparing the business to withstand the challenges that were expected at the outset of the pandemic.

We responded immediately and for the remainder of FY20 monitored and adjusted the lockdowns and restrictions imposed by the Australian and NZ Governments.

We used the Government wage subsidies for the exact reason they were meant - our staff, and anything the Government didn't cover, I am pleased to say AMA did, so no one missed out, which has helped to instil in our workforce that AMA is a compassionate and people focused business and this will enable us to keep our valuable employees and retain key skills within the business in readiness for post Covid-19.

The dedication and flexibility of the businesses and employees was key to the FY20 financial result achieved but more importantly to maintaining the quality of service our customers are used to.

We also successfully negotiated reduced rent for most of our sites, stopped all non-essential capex projects and closed any loss making or marginal sites to optimise our foot print. The AMA Board and senior management team took a pay cut and no cash bonuses were paid for FY20.



All this produced a much better than expected cash balance at June 30. This combined with favourable terms and liquidity negotiated with our Lenders ensured we could sustain our operations for a prolonged downturn, if required.

As promised in February 2020 and despite the challenges of the pandemic, we were unwavering in securing favourable and increased repair pricing right across our major insurance customers – this was fundamental to improving margins into FY21. Our improved and very pleasing FY21 YTD results have demonstrated how fundamental this was for the business to return to expected margins.

The improvements and cost management disciplines we implemented as a result of the pandemic are certainly a silver lining and are here to stay and will contribute to the margin improvement for FY21.

Outlook

As announced this morning, not only are we very pleased with the performance of the Group this year but I'm truly pleased to tell you that AMA has entered into a binding agreement to divest its ACAD businesses including Fully Equipped (excluding the ACM Auto Parts and Fluidrive Holdings businesses) to GUD Holdings Ltd. ACAD is strongly aligned to the GUD Group of businesses in manufacturing and retailing of accessories and although a great business, AMA's focus on the Panel Repairs sector will provide greater opportunities for investment, and growth for our shareholders.

The AMA Board and I performed a full review of the business and it became obvious that the medium to long term strategies and opportunities lie in our core capabilities and now AMA's complete focus will be as the Australian, global leading, Panel consolidator.

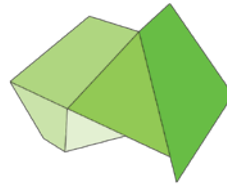
The ACAD transaction is targeted for completion at the end of December 2020. The proceeds of the sale, circa \$70m, will be used to retire debt and importantly set the Group up for continued growth in the Panel Repairs sector – the Group's core expertise and capability. I am excited about this transaction, it allows Management to focus its efforts and invest in opportunities that will deliver long term growth for our shareholders.

I would also like to congratulate the current management team at ACAD for their work and commitment to the ACAD business. In particular Trevor Long, Mark Henricksen and Evan Black. Thank you and I wish you all the success under the GUD banner.

The outlook for AMA remains very positive, especially considering the year that has been. The business has emerged from the pandemic in a strong position seeing increased volume and margins aimed at growth in financial performance and shareholder value.

AMA Panel and Capital Smart businesses are now fully operational in all states except Victoria which is expected to return to full capacity by the end of December 2020.

As statistics in other countries and Australia have shown, post pandemic, private vehicle use is preferred to public transport which positively impacts our volumes and earnings ability. Our Q1 FY21 results which tracked ahead of expectation, even with Victoria in lockdown, are evident of this.



As the leader in the Panel Industry consolidation in Australia, the business will continue its focus on acquisitions in the panel repair sector in Australia, a \$7 billion dollar repair industry, targeting our aspiration to grow past the \$1b plus company in panel, replacement parts and claims management.

The ACM Auto Parts business is Australia's largest recycler of panels and mechanical parts for the automotive industry and is an important part of the success of the Panel group. ACM Auto Parts has benefitted from growth in utilisation across our business and will continue to grow in this sector of recycled and aftermarket parts for the collision industry.

We have always been efficient and vigilant on operating costs but we are ensuring disciplines are maintained as we grow.

We will continue to invest in training, growth and development of our employees to provide career opportunities and improved customer service. We are currently one of the largest employers of apprentices in Australia which will ensure the ongoing sustainability of the Group. AMA Group would not have performed nearly as well and achieved the result it had without the performance of the AMA Group employees and I extend my gratitude to all our team but in particular Steve Bubulj CEO of AMA Panel, Dave Marino CEO of Capital Smart and Campbell Jones CEO of ACM Auto Parts who have all been relentless in putting AMA where it is today.

Also, all our employees whose daily commitment and dedication during an extremely testing and uncertain year, for you all, I personally thank, because you have ensured our operations were able to continue and our customer service and safety was maintained.

I thank our supportive financiers, investors and all stakeholders for their continued support of the AMA Group who themselves have been impacted by the pandemic.

I also acknowledge and thank my fellow Board members for their support during the year.

In closing I would like to reiterate that the year has got off to a great start with FY21 YTD financial performance tracking ahead of expectation despite Victoria in lockdown. The circa \$70m cash proceeds from the ACAD sale will lower our debt levels and I look forward to the year ahead, perhaps one with less uncertainties, which will allow the business to develop, grow and achieve its objectives and aspirations for the benefit of all stakeholders.

End.

This announcement has been approved by the Directors of AMA Group.

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