

AMAGROUP

19 November 2020

**AMA Group Limited (ASX: AMA)
2020 AGM Chairman Address**

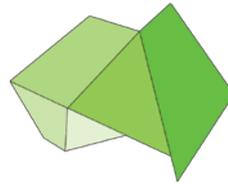
Thanks for joining us today, when I became Chairman just over 12 months ago, I'm not sure anyone could foresee what has transpired over the last twelve months both here and overseas. 2020 was undoubtedly an extraordinary year for AMA, as it has been for most businesses. The business performed significantly better than what we could have expected at the outset of the pandemic and we are confident of returning to at least pre-Covid-19 volume as restrictions are lifted, as evidenced in the trends we have seen in states that have opened up over recent months.

In March, the business responded swiftly to the emergence of Covid-19, safeguarding the health and safety of our employees and customers in line with Government health recommendations and restrictions. Management quickly set a plan to optimise the performance of our operations and manage expenditure in line with volume reductions on a state by state basis. We immediately consulted with our Lenders to ensure ongoing liquidity that would enable the business to withstand the impact of the pandemic, which at the time was uncertain. Wage subsidies in Australia and New Zealand were welcomed and ensured the business was well prepared when volumes returned. The business implemented cost reductions and reviewed operating processes for the short-term. These are now entrenched in the business for the longer term.

With increased discipline on cash management, the Group remained cashflow positive (inclusive of wage subsidies) reducing the net debt position to circa \$252 million at 30 June 2020 - a significant achievement considering it included approximately \$19m for acquisitions and earnout payments plus the ongoing demands of the business. The Group remains compliant with banking covenants and cash management disciplines, with a focus on further reducing the Group's net debt position.

The completion of the acquisition of the Capital Smart and ACM Auto Parts businesses in October 2019 was a significant and strategic milestone. And whilst in the first half we saw an impact in our performance as we started the integration, we are now seeing the true value of this acquisition. The integration is largely finished with the paint roll-out expected to be complete by the end of December 2020. The business is on target to achieve annual run-rate synergies of \$17 million by the end of the 2021 financial year.

The combined businesses have created a leader in the Australian smash repair business and provides the platform for improved operational performance and future revenue growth.



When we released our half year results in February, Management made a commitment to implement a number of key initiatives aimed at improved operational and revenue performance. In the third quarter of 2020, the business was well on track to deliver on its commitment prior to the impact of the pandemic, however in the last quarter we delivered on those commitments, including.

- Negotiated revised terms for the motor repair partnership between Capital Smart and Suncorp which would deliver average repair pricing and volume increases in 2021 reflecting a change in the mix of repairs to be pathed through the Capital Smart network; and
- Secured price and repair volume increases for AMA Panel network with all major insurance customers to ensure sustained and improved revenue generation and profitability for the Group from 1 July 2020.

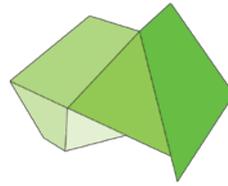
The above revised pricing has delivered margin growth and contributed to the financial performance of the business in the first quarter of this financial year.

The Board would like to acknowledge the significant efforts of our Senior Management and all our people who were instrumental in managing the business through an extremely demanding year and delivered the performance of the Group for 2020.

When appointed to Chair the Board in August 2019 we set a strong focus on improving governance, disclosure and implemented policies you'd expect from a strong ASX listed company. We listened to feedback we received at the 2019 AGM, implemented numerous initiatives on our journey towards improving and developing governance in all sectors of the business, which included:

- Developing an overall People, Culture and Remuneration strategy for the Group including short and long-term incentive remuneration structures for Senior Management which align Senior Management's interest with the interests of shareholders;
- Reviewing and implementing new governance policies to ensure best practice in corporate governance is maintained; and
- Improving our reporting disclosures aimed at increased transparency for our shareholders and stakeholders.

We welcomed two new Independent Non-Executive Directors, Nicole Cook and Carl Bizon. These additions to the Board complement the existing skill, expertise and in-depth industry knowledge base of the Board. During the height of the pandemic, the Board met on a regular basis to provide support and guidance to the management team. I'd like to express my gratitude to my fellow Board members for their guidance and support in a very challenging year.



AMA continues its valued partnership with I-Car to enhance the skills of our workforce and ensure the business is equipped to repair modern day vehicles effectively. We are committed to leading the way in providing education and training to our front line staff and in line with the current rapidly changing digital environment, our focus over the past six months has been on automotive digital technology.

The Group has a successful apprentice program that recognises the benefits and supports diversity including gender diversity aimed at attracting and retaining mature age, female, regional and indigenous apprentices, into our industry. In 2019, we reported that the group's apprentice program was recognised awarding an industry first female finalist in the World Skills Competition held in Russia to Maxine Colligan, who works at our Campbelltown repair facility. Since then, Maxine has travelled to Vietnam as an apprentice ambassador with the Australian Federal Government Trade delegation and is consulting to the NSW Government for the Department of Education and Training encouraging careers in trade. She has recently accepted a Women in Leadership Scholarship.

Outlook

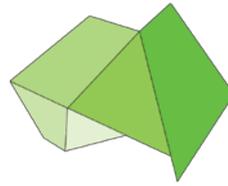
Although Victoria has remained in lockdown for most of the first quarter of this financial year, the overall business performed strongly, delivering results above expectation. All states are currently operating at or near pre-Covid-19 levels except for Victoria which is expected to return to pre-Covid-19 levels by the end of this calendar year. We have seen volume return and the business rebound quickly from the easing of restrictions. This has a direct impact on revenue generation. The business is less reliant and impacted by state or international border closures. With the lifting of restrictions in Victoria and an initial preference for private transport over public transport use, we anticipate the entire business to return to pre-Covid-19 levels.

We are pleased to have announced that the Group has transacted to divest of its ACAD business to GUD Holdings Ltd. The Board has for some time been reviewing its strategic objectives aligned with business simplification and leverage of the Group's core capabilities and determined that a focus on the Panel Repairs sector would provide greater opportunities for investment and growth for our shareholders.

Tomorrow, the Company will announce that shares held by Senior Management including, CEO Andy Hopkins, will be released from escrow on 27 November 2020. Similar to last year, Andy has no intention of divesting of his shares in the medium term.

On behalf of the Board, I thank Senior Management and all our people during a demanding year and their ongoing commitment to delivering quality service to our customers.

We thank our customers, insurance partners, investors and all stakeholders for their ongoing support of the AMA Group at a time when so many have been impacted by these challenging times.



AMAGROUP

The business has demonstrated its resilience throughout the year. It has been able to adapt to the ever-changing environment and will remain agile in its response to ongoing market conditions. The business is emerging from the pandemic in a stronger position than initially anticipated and is committed to exploring growth opportunities aimed at delivering shareholder value in 2021 and beyond, for the ongoing success of the Group and all stakeholders.

End.

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

For further information:

Investors: Steve Becker, Group CFO - +61 409 643 023
Andy Hopkins, Group CEO - +61 448 400 600

Media: Mark Gold, Director of Corporate Affairs - +61 411 221 292