

AMA GROUP

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10 September 2021

AMA Group Announces \$150 million Capital Raising and Enhanced Banking Structure

Key Highlights

- **AMA Group has launched a \$150 million capital raising (the “Capital Raising”) comprising:**
 - \$100 million fully underwritten¹ accelerated 1 for 2.80 pro rata non-renounceable entitlement offer; and
 - \$50 million fully underwritten¹ senior unsecured convertible notes due 2027²
- **The Capital Raising is the outcome of AMA Group’s Capital Structure Review and is expected to deliver:**
 - Enhanced balance sheet flexibility, funding diversification and extended duration
 - Enhanced liquidity to navigate short term disruptions associated with COVID-19
 - A platform for AMA Group to execute on its growth strategy
- **AMA Group has also successfully restructured its existing bank debt facilities:**
 - No facility maturing before October 2024
 - First covenant test in June 2022 on an annualised earnings basis from January 2022 to December 2022 and then on a standard LTM basis thereafter

Key information related to the transaction

AMA Group Ltd (“AMA Group”) today announces that it has launched a capital raising of \$150 million (the “Capital Raising”) comprising:

- \$100 million fully underwritten accelerated 1 for 2.80 pro rata non-renounceable entitlement offer (“**Entitlement Offer**”); and
- \$50 million fully underwritten senior unsecured convertible notes (“**Notes**”) due 2027² which are convertible into AMA Group ordinary shares (“**Ordinary Shares**”) (“**Convertible Notes Offer**”).

The Capital Raising is the outcome of AMA Group’s Capital Structure Review and is expected to deliver the following objectives:

- Enhanced balance sheet flexibility, funding diversification and extended duration, including:
 - Reduction in AMA Group’s net senior secured debt pro-forma as at 30 June 2021 to \$32 million (from \$173 million) and pro-forma leverage ratio to 0.5x (from 2.7x)³
 - Debt funding mix diversified to ~78% bank debt and ~22% capital markets⁴
 - Longer duration of debt, with average maturity increased to April 2025⁵
- Enhanced liquidity to navigate short term disruptions associated with COVID-19
 - Increased cash and liquidity position pro-forma as at 30 June 2021 to \$134 million⁶
- A platform for AMA Group to execute on its growth strategy

¹ Please refer to footnote 16 below.

² Notes holders have a put option in March 2025.

³ Net senior secured debt as at June 2021, based on \$237.5 million of gross debt and \$64.2 million of cash on balance sheet. Pro-forma net senior secured debt based on FY21 net senior secured debt less \$72.5 million of debt repayment plus \$69.3 million of additional cash on balance sheet from the Capital Raising. Net Senior Secured Leverage Ratio (NSLR) based on FY21A EBITDAI (pre AASB-16) \$71.5 million (including normalisations) less \$7.0 million for ACAD divestment that equals \$64.5 million.

⁴ Based on committed bank debt facilities of \$305 million prior to the Capital Raising, and committed bank debt facilities of \$182.5 million and \$50 million of Notes post Capital Raising.

⁵ Based on the new facilities having October 2024 maturities for bank debt and March 2027 for the Notes. Notes have an investor put option in March 2025.

⁶ Post Capital Raising liquidity based on \$64.2 million cash on balance sheet at 30 June 2021 and \$69.3 million of additional cash on balance sheet from the Capital Raising.

AMA Group Ltd

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Net proceeds⁷ from the capital raising will be used to permanently repay \$72.5 million in debt facilities and \$69.3 million will be used for the purposes of working capital, liquidity (including for COVID-19 related disruption) and in supporting growth initiatives.

AMA Group CEO, Carl Bizon said:

“This Capital Raising will provide us with funding and flexibility as we face the headwinds presented by COVID-19 and give us the firepower to execute our strategy. AMA Group is uniquely positioned to respond as restrictions lift, and I look forward to us realising the value inherent in the Group”.

Bank Debt Restructure

AMA Group has successfully agreed with its banking syndicate to restructure its debt facilities to provide further balance sheet flexibility. This includes:

- No debt facility maturing prior to October 2024 (two facilities were due to mature in October 2022) and;
- Covenant testing under the bank facilities restarting in the quarter ending June 2022

After the permanent repayment of bank debt of \$72.5 million, the total bank facility limit will be \$182.5 million, comprising a \$147.5 million term debt facility, \$17.5 million working capital facility and \$17.5 million bank guarantee facility, reduced from the initial \$305 million as at 30 June 2021. \$165 million of cash will be drawn on completion of the Capital Raising from the restructured facilities.

Growth Strategy

AMA Group is the leading collision repairer in Australia⁸, repairing vehicles for major insurers across 178 repair sites in Australia and New Zealand. The Group handles everything from low to high severity repairs on private and prestige vehicles as well as trucks and buses. AMA Group also provides new and recycled automotive parts and consumables to the automotive collision and mechanical repair industries.

AMA Group’s strategy is focused on unlocking three dimensions of value:

- Procurement – Securing the quality products needed to execute operations on industry leading terms
- Production – Leveraging the scale, technical skills, and industry expertise in the business
- Partnerships – Building commercial relationships with customers for the long term, on a foundation of trust and delivering industry leading value to both parties

With a ~14%⁹ market share in the ~\$7 billion⁹ vehicle repair market, AMA Group is well placed to take advantage of attractive tailwinds as:

- Number of vehicles on the road continues to increase
- Kilometres driven on the road has continued to increase over the last ~10 years¹⁰
- Domestic driving holidays are expected to increase kilometres travelled as consumers seek domestic travel options while international borders remain closed

⁷ Net proceeds exclude senior debt restructure and Capital Raising transaction fees of \$8.2 million.

⁸ By number of sites.

⁹ Market size per IBIS World Report S9412, Motor Vehicle Body, Paint and Interior Repair in Australia, October 2020. Includes motor vehicle body repair services, motor vehicle painting services, glass repair and replacement services. Excludes car wash, cleaning and detailing services, upholstery and interior repair services, and other services. Market share calculated using FY21 revenue from external customers of \$917 million per the FY21 Annual Report (pg.51).

¹⁰ ABS Survey of Motor Vehicle Use, Australia – 2010 to 2020.

Operational Priorities

AMA Group's operational priorities are:

- Ongoing development of mutually beneficial customer contracting arrangements
- Realisation of the benefits of the new business structure
- Continued growth of the Supply business unit
- Pursuit of organic and acquisition growth opportunities
- Capitalising on technology advancements
- Ongoing effort to position AMA Group as 'A Great Place to Work'

Disruption from COVID-19 and AMA Group's response

1H22 is expected to see the ongoing impact of COVID-19 related restrictions reducing kilometres travelled, which directly affects vehicle repair volumes. As at early September 2021, in NSW the Drive and Non-Drive business units showed ~70% and ~60% in unutilised capacity, respectively. 31 sites were either hibernated or under partial stand down, with approximately 344 staff temporarily hibernated across the network at that time.

AMA Group continues to focus on operational efficiencies and cost management, and the Group's insurer partners are supportive of the business.

Repair volumes returned quickly as restrictions eased in 2020. AMA Group's priority is supporting staff to maximise retention so the business can withstand the impacts of COVID-19 and return to normal operational volumes quickly.

Medium-Term Targets¹¹

Over the last 18 months, the impacts of COVID-19 and related restrictions have caused significant disruptions to the business. AMA Group's medium-term focus remains on margin expansion and revenue growth, with medium-term (FY23+) targets for a normalised, post COVID-19 environment including the following:

- Number of sites: ~180 sites
- Revenue from external customers: \$1 billion+ turnover (~14% of the market¹²)
- Normalised EBITDAI margins¹³: 8%+ pre-AASB 16 / 12%+ post-AASB 16 EBITDAI margins
- Gearing¹⁴: ~ 20%
- Total Net Leverage Ratio¹⁵: ≤ 2.25x

Capital Raising Details

Both the Entitlement Offer and the Convertible Notes Offer are fully underwritten¹⁶ by UBS AG, Australia Branch ("**Sole Lead Manager**"). Further details on each are set out below:

¹¹ Medium term target assumes normal operating conditions (including traffic volumes, supply chain inputs and labour availability), and no ongoing impacts from COVID-19 or its variants.

¹² Market size per IBIS World Report S9412, Motor Vehicle Body, Paint and Interior Repair in Australia, October 2020. Includes motor vehicle body repair services, motor vehicle painting services, glass repair and replacement services. Excludes car wash, cleaning and detailing services, upholstery and interior repair services, and other services. Market share calculated using FY21 revenue from external customers of \$917 million per the FY21 Annual Report (pg.51).

¹³ EBITDAI is Earnings before interest, tax, depreciation, amortisation, impairment and fair value adjustments. Pre- and post- AASB 16 refers to EBITDAI calculated prior or subsequent to the adoption of the AASB 16 Leases accounting standard, respectively.

¹⁴ AMA Group measures Gearing as (a) Senior bank facilities at amortised cost (drawn cash) plus the Face value of the Note plus 50% of the cash portion of contingent vendor consideration; less (b) Cash and cash equivalents; with (a) less (b) divided by the aggregate of (a), (b) and; (c) Fully paid ordinary shares where quoted shares are calculated based on market price and unquoted shares are calculated using issue price.

¹⁵ Net leverage target is inclusive of the Note and based on pre-AASB 16 EBITDAI.

¹⁶ The Sole Lead Manager will be acting as underwriter, lead manager and bookrunner to the Entitlement Offer and the Convertible Notes Offer. AMA Group entered into an underwriting agreement with the Sole Lead Manager in respect of the Entitlement Offer on 10 September 2021 ("**Underwriting Agreement**") and proposes to enter into a subscription agreement with the Sole Lead Manager in respect of the Convertible Notes Offer ("**Subscription Agreement**", which is interdependent with the Underwriting Agreement). If certain conditions are not satisfied or certain events occur under the Underwriting Agreement or the Subscription Agreement, the Sole Lead Manager may terminate the Underwriting Agreement and the Subscription Agreement. Please refer to the section headed "Key risks – Transaction and Offer Risks – Equity raising risk" and "Underwriting Agreement" in the Investor Presentation announcement for further details.

Entitlement Offer

AMA Group today announced the launch of a \$100 million fully underwritten 1 for 2.80 accelerated non-renounceable entitlement offer at \$0.375 per share ("**Equity Offer Price**")

The offer price represents a 10.7% discount to AMA Group's closing price of \$0.420 on the ASX on Friday, 3 September 2021 and a 8.1% discount to the theoretical ex-rights price ("**TERP**") of \$0.408.

The Entitlement Offer will result in approximately 267 million new Ordinary Shares ("**New Shares**") being issued, representing approximately 36% of AMA Group's existing issued capital. New Shares issued will rank equally with existing Ordinary Shares.

The Entitlement Offer consists of an accelerated institutional entitlement offer ("**Institutional Entitlement Offer**") and a retail entitlement offer ("**Retail Entitlement Offer**").

All directors have expressed their intention to take-up their entitlements.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from Friday, 10 September 2021 with the results announced to the market on Monday, 13 September 2021. Eligible institutional shareholders can choose to take up all, part or none of their entitlements under the Entitlement Offer. Entitlements not taken up by institutional shareholders cannot be traded on market or transferred. Entitlements not taken up by eligible institutional shareholders, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to new and existing institutional shareholders concurrently with the Institutional Entitlement Offer.

Retail Entitlement Offer

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the Retail Entitlement Offer at the same offer price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open at 9am (Sydney time) on Friday, 17 September 2021 and close at 5pm (Sydney time) on Thursday, 30 September 2021. Eligible retail shareholders who take up their entitlement in full can also apply for additional shares in excess of their entitlement up to a maximum of 50% of their entitlement under an oversubscription facility.

Eligible retail shareholders should carefully read the retail offer booklet and accompanying personalised entitlement and acceptance form which are expected to be despatched on Friday, 17 September 2021 and which will be made available on the ASX website on that date.

Convertible Notes Offer

AMA Group's Convertible Notes Offer is being marketed to eligible investors with the final terms to be determined via a book-build process expected to be completed prior to market open Monday 13 September 2021. A summary of the key terms of the Notes is set out in this announcement in Appendix A.

AMA Group will apply for the Notes to be listed on the Official List of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Conversion of Notes will be settled by the issuance of Ordinary Shares.

Delta Placement

In connection with the Notes offering, to facilitate some of the hedging activity that may be executed by eligible investors in the Notes, the Sole Lead Manager may sell some Ordinary Shares (the “**Delta Placement**”). The manner of conducting the Delta Placement will be determined by the Sole Lead Manager in consultation with AMA Group. The Sole Lead Manager and/or its affiliates may acquire Ordinary Shares in the Delta Placement.

Stock Lending Facility

AMA Group understands that in relation to the offering of Notes, a shareholder intends to make at least 19.1 million Ordinary Shares available at the time of the Delta Placement to eligible investors of the Notes for stock borrowing purposes via the Sole Lead Manager.

Indicative Timetable

Event	Date
Trading halt and voluntary suspension	Monday, 6 September 2021
Capital Raising announced and investor presentation lodged to the ASX	Friday, 10 September 2021
Convertible Notes Offer and Institutional Entitlement Offer open	Friday, 10 September 2021
Trading halt and voluntary suspension lifted and Ordinary Shares recommence trading on ASX	Monday, 13 September 2021
Results of the Convertible Notes Offer and Institutional Entitlement Offer announced	Monday, 13 September 2021
Record Date for determining entitlement to subscribe for New Shares under Entitlement Offer	7.00pm (Sydney time), Tuesday, 14 September 2021
Retail Entitlement Offer opens and Retail Offer Booklet despatched	Friday, 17 September 2021
Settlement of Institutional Entitlement Offer	Monday, 20 September 2021
Settlement of the Convertible Notes Offer	Tuesday, 21 September 2021
Allotment and normal trading of New Shares under the Institutional Entitlement Offer	Tuesday, 21 September 2021
Trading of Notes on the SGX-ST	Expected to be Wednesday, 22 September 2021
Despatch of holding statements for New Shares under the Institutional Entitlement Offer	Wednesday, 22 September 2021
Retail Entitlement Offer closes	Thursday, 30 September 2021
Results of the Retail Entitlement Offer announced	Tuesday, 5 October 2021
Settlement of Retail Entitlement Offer	Wednesday, 6 October 2021
Allotment of New Shares issued under the Retail Entitlement Offer	Thursday, 7 October 2021
Normal trading of New Shares under the Retail Entitlement Offer	Friday, 8 October 2021
Despatch of holding statements for New Shares under the Retail Entitlement Offer	Friday, 8 October 2021

Note – all dates and times are indicative and subject to change without notice

Additional Information

Further details of the Capital Raising are set out in the Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer.

Ends.

This announcement has been authorised by the Board of AMA Group Limited.

Investors and Media:

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Appendix A – Convertible Notes Offer summary Note terms

Issuer	AMA Group Limited
Issue Size	A\$50 million, fully underwritten
Ranking	Direct, unsubordinated, unconditional and (subject to condition 2 of the final terms and conditions of the Notes) unsecured obligations of the Issuer
Maturity Date	22 March 2027 (5.5 years)
Investor Put Date	21 March 2025 (3.5 years)
Coupon	4.000% p.a., payable semi-annually in arrear
Conversion Premium	25% – 30% over the Reference Ordinary Share Price
Conversion Period:	From (and including) 21 September 2022 (being one year after the Closing Date) to (but excluding) the date falling 5 business days prior to the Maturity Date
Reference Share Price	A\$0.375 per Ordinary Share, being the Equity Offer Price
Dividend Protection	Conversion price adjustment for all dividends paid on the Ordinary Shares
Settlement on Conversion	Where a Noteholder is entitled to exercise its conversion right, the conversion of the Notes will be physically settled by the issuance of new Ordinary Shares
Conversion Price Adjustments	Standard anti-dilutive adjustments including upon a change of control of AMA Group, the conversion price will be reduced in accordance with the terms of the Notes. The extent to which the conversion price is reduced following a change of control is variable, dependent on the time period between the change of control and the final maturity date of the Notes
Listing	SGX-ST
Selling Restrictions	Regulation S (Cat 1) only
MiFID II professionals/ECPs-only/No PRIIPs KID	Manufacturer target market (MiFID II product governance) is expected to be eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in the European Economic Area
UK MiFIR professionals/ECPs-only/No PRIIPs KID	Manufacturer target market (UK MiFIR product governance) is expected to be eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in the United Kingdom

Important Notices

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

All amounts are in Australian dollars.

Forward-looking statements and forecasts

This announcement contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward-looking statements include statements regarding the timetable, conduct and outcome of the Capital Raising and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of AMA Group, statements about the industry and the markets in which AMA Group operates, statements about the future performance of AMA Group's businesses and statements about AMA Group's dividend policy, including its ability to pay dividends. Indications of, and guidance or outlook on, future earnings or financial position or performance, and distributions are also forward-looking statements.

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Any such statements, opinions and estimates in this announcement speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this announcement are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of AMA Group, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward-looking statements may also assume the success of the Company's business strategies and targets, some of which are described in this announcement. The implementation and success of any of these strategies and targets are subject to risks, uncertainties and contingencies beyond the Company's control including: that normal operating conditions (including traffic volumes, supply chain inputs and labour availability) do not resume and that COVID-19 or its variants continue to impact AMA Group's target for margin expansion and revenue growth; that detailed business plans have not been developed for the entirety of the strategy; that the full scope and cost of implementation may vary as plans are developed and as AMA Group engages with third parties; that AMA Group may not successfully execute and manage implementation of these strategies and plans in a sequenced, controlled and effective manner and in accordance with the relevant project and business plans (once developed), including due to a lack of sufficiently qualified personnel or loss of key personnel; and AMA Group's ability to execute productivity initiatives and realise operational synergies, cost savings and revenue benefits in accordance with its plans. No assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statements may have been prepared or otherwise. Refer to the section "Risk factors" in the FY21 Investor Presentation announcement for a non-exhaustive summary of certain key business, offer and general risk factors that may affect the Group.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the Australian and global economic environment and capital market conditions and other risk factors set out in the FY21 Investor Presentation announcement. Investors should consider the forward-looking statements contained in this announcement in light of those risks and disclosures. The forward-looking statements are based on information available to the Company as at the date of this announcement.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules), the Company disclaims any obligation or undertaking to update forward-looking statements in this announcement to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.