

AMA GROUP

SGX Announcement

24 January 2024

2Q24 Quarterly Cash Flow and Activities Report

Attached is an announcement made by AMA Group Limited (ASX: AMA) (AMA Group) which is provided for the information of AMA Group Noteholders.

AMA Group has Notes listed on the Singapore Exchange.

ENDS.

Investors and Media:

Alexandra Holston, Director Investor Relations and Corporate Affairs

E: alexandra.holston@amagroupltd.com M: +61 418 312 837

AMA GROUP

ASX Announcement

24 January 2024

2Q24 Quarterly Cash Flow and Activities Report

AMA Group Limited (ASX: AMA) (AMA Group, the Group), today provides its Appendix 4C Quarterly Cash Flow and Activities Report for the quarter ended 31 December 2023 (2Q24) (unaudited).

Financial highlights

Key Metrics - Quarter on Quarter		Units	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
All	Repair volume	'000	69.5	61.6	64.7	64.7	66.7	58.0
Collision	Average repair price	\$	2,914	3,123	3,176	3,342	3,528	3,736
Repair	Revenue	\$m	202.5	192.4	205.5	216.2	235.3	216.7
ACM Parts	Average daily parts sales	\$'000	204	228	249	255	278	287
	Average daily internal parts sales	\$'000	92	96	121	134	148	151
Group	Reported EBITDA (post AASB 16)	\$m	8.7	16.5	16.7	21.8	27.3	16.8
	Reported EBITDA (pre AASB 16)	\$m	(3.0)	5.8	5.7	10.2	15.5	4.8
	Operating cash flow (pre AASB 16)	\$m	(6.9)	(12.5)	(8.2)	11.7	(6.7)	1.8

Note: All Collision Repair includes Vehicle Collision Repairs and Heavy Motor segments.

All figures presented are unaudited.

- Continued positive turnaround momentum.
- \$34.3 million closing cash balance at 31 December 2023.
- Positive operating cash flow of \$1.8 million for 2Q24 after including \$7.8 million in principal elements of lease payments.
- \$3.0 million additional investment in ACM inventory (Aftermarket, Parallel and Reclaimed).
- Working capital positive as a result of reduced work in progress and debtors over the holiday period.
- Unaudited 2Q24 post-AASB 16 EBITDA of \$16.8 million tracking to expectations.
- 1H24 EBITDA significantly above minimum EBITDA covenant.
- Vehicle Collision Repair performed ahead of expectations in 2Q24.
- Guidance maintained at \$89 - \$96 million normalised post-AASB 16 EBITDA, or \$42 - 49 million normalised pre-AASB 16 EBITDA.
- Projecting positive total cash flows in FY24, including all lease payments, changes in working capital, capital expenditure, and before net benefits of equity raising and debt repayment.
- Debt refinancing process progressing as planned.

Operational highlights

- Group LTIFR remains low at 2.55 at 31 December 2023 (up from 2.43 at 30 September 2023). An improvement on the prior corresponding period LTIFR of 2.87 at 31 December 2022.
- Mathew Cooper appointed Group Chief Executive Officer, effective 1 December 2023.
- ~10% improvement in voluntary employee turnover year on year.
- Capital S.M.A.R.T Project SHIFT ahead of plan, with physical changes to the network largely complete.
- AMA Collision progressing several site initiatives, including the planned reopening of the hibernated Craig Hall site in the Australian Capital Territory in early 2024.
- Heavy Motor business continues to deliver strong revenues and has solid forward bookings. Plans are progressing for further capacity increases and rebranding of sites in the Heavy Motor network.
- ACM Parts maintained growth in Parallel and Aftermarket Parts revenues with average daily parts sales up 25.9% and average daily parts sales to AMA Group sites up 57.3% compared to 2Q23.

AMA Group Limited

Level 13, 484 St Kilda Road, Melbourne, VIC 3004 ABN 50 113 883 560

+61 3 7066 5022 info@amagroupltd.com amagroupltd.com

Business update

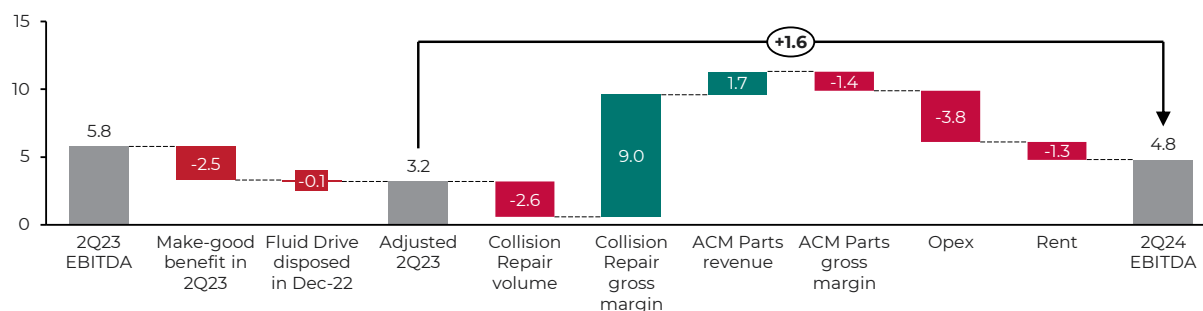
Key Metrics - Quarter on Quarter	Units	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
All Collision Repair							
Repair volume	'000	69.5	61.6	64.7	64.7	66.7	58.0
Average repair price	\$	2,914	3,123	3,176	3,342	3,528	3,736
Revenue	\$m	202.5	192.4	205.5	216.2	235.3	216.7
ACM Parts							
Average daily parts sales	\$'000	204	228	249	255	278	287
Average daily internal parts sales	\$'000	92	96	121	134	148	151
Labour							
Average headcount	#	3,372	3,253	3,215	3,267	3,343	3,370
Apprentices (end of quarter)	#	341	334	345	373	431	442
Group							
Revenue	\$m	218.6	207.6	216.9	226.4	248.0	225.6
Reported EBITDA (post AASB 16)	\$m	8.7	16.5	16.7	21.8	27.3	16.8
AASB-16 adjustments	\$m	(11.7)	(10.7)	(11.0)	(11.6)	(11.8)	(12.0)
Reported EBITDA (pre AASB 16)	\$m	(3.0)	5.8	5.7	10.2	15.5	4.8
Non-cash items in P&L	\$m	(6.1)	(8.6)	(4.1)	(3.8)	(1.5)	(5.6)
Net interest payments	\$m	(4.4)	0.5	(7.0)	5.8	(8.0)	(1.5)
Tax payments	\$m	15.3	0.0	(0.2)	0.0	(0.1)	(0.1)
Impaired lease payments / make goods	\$m	(3.1)	(4.0)	(2.2)	(3.9)	(1.1)	(2.0)
ACM inventory	\$m	(4.9)	(4.7)	2.8	2.3	(0.7)	(3.0)
Other / working capital	\$m	(0.7)	(1.5)	(3.2)	1.1	(10.8)	9.2
Operating cash flow (pre AASB 16)	\$m	(6.9)	(12.5)	(8.2)	11.7	(6.7)	1.8
Principal lease elements	\$m	9.4	8.9	7.6	7.7	7.9	7.8
Operating cash flow (post AASB 16)	\$m	2.6	(3.8)	(0.6)	19.4	1.2	9.9

Note: ACM Parts daily sales figures exclude consumables sales and brokered sales.
All figures presented are unaudited.

Group EBITDA decreased by \$1.0 million from the prior corresponding period. This includes an unfavourable \$2.5 million reduction in non-cash make-good accounting impacts and \$0.1 million Fluid Drive earnings which were recorded in 2Q23.

Excluding these items, Group EBITDA increased by \$1.6 million, driven by improved pricing and gross margins offset by the reduced volume impact. The Group continues to target profitable growth through the ongoing turnaround.

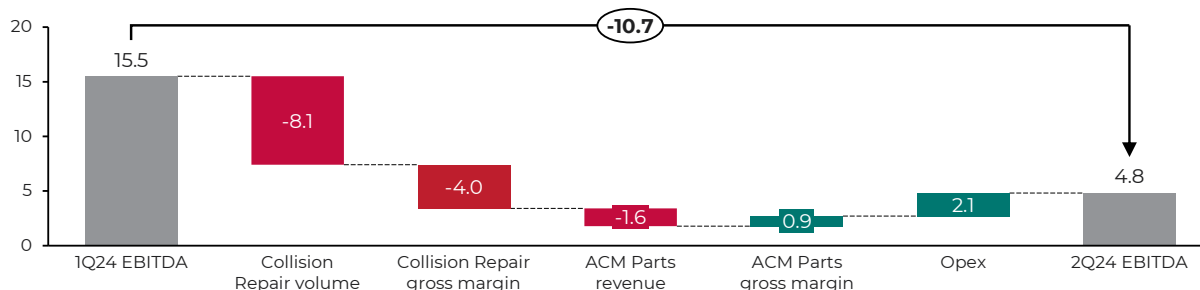
EBITDA (pre-AASB 16) – 2Q24 vs. 2Q23



Group EBITDA decreased by \$10.7 million from 1Q24 reflecting the expected seasonality, as the second quarter is typically the softest earnings result each year.

Repair volumes and parts sales were both lower due to the holiday period in December with the reduced labour recovery impacting margin.

EBITDA (pre-AASB 16) – 2Q24 vs. 1Q24



Vehicle Collision Repair (Capital S.M.A.R.T and AMA Collision)

Vehicle Collision Repair performed ahead of expectations in 2Q24, as it pivots to focus on delivering exceptional customer experience for both insurers and vehicle owners.

2Q24 revenue was up 12.7% on 2Q23, while volumes reduced 5.8% following network rationalisation activities in FY23. This revenue increase reflects the higher average price of repair.

Capital S.M.A.R.T continued to deliver operating results ahead of expectations in 2Q24. AMA Collision EBITDA margins were impacted by factors including ramp up of newly opened sites and ongoing labour constraints.

Project SHIFT, which will evolve the Capital S.M.A.R.T service model is progressing ahead of plan. The program includes significantly expanding the number of locations vehicle owners can directly and conveniently access, and transitioning site capability to enable a full spectrum of drivable repairs at the majority of Capital S.M.A.R.T locations. Site reconfiguration, equipment installation and team training are all ahead of plan and largely complete. The more efficient service model is already contributing to improved business performance.

The refit of the hibernated Craig Hall site in the Australian Capital Territory is progressing and expected to open in early 2024. This site is initially expected to add over 1,200 in annual vehicle repair capacity and anticipated to be fully allocated. Fit out of a new prestige site for Harris and Adams in Gosford is well underway with opening expected early in 2024.

Care for team members is a key priority for the Group. Retention initiatives have seen a reduction in annual voluntary turnover from 39.9% in December 2022 to 30.2% in December 2023. The total number of apprentices has continued to grow, closing the year with 442 apprentices across the AMA Group network to build the talent pipeline for the future. To address the near-term needs of the business, 140 international recruits are awaiting visa approval and relocation.

With an eye on being even better tomorrow, ADAS equipment has landed in Australia and will be rolled out to six sites from 3Q24. As previously announced, this will be a new business operating under Tech Right. After an initial evaluation phase AMA Group expects to make further investment in ADAS, extending capability and capacity.

Heavy Motor

The Heavy Motor business unit delivered strong revenues through the quarter (up 10.9% on 2Q23), reflecting increased throughput in the existing network and the benefit of incremental capacity at the new South Australian site. Heavy Motor 1H24 unaudited post- AASB 16 EBITDA is up 21.0% on 1H23.

Plans are continuing for refurbishment and rebranding of sites throughout the Heavy Motor network. Works are underway to install an additional spray booth in Townsville, a new spray booth has been approved for National Truck Repairs in Newcastle, and plans will soon be finalised for the expansion of capacity in Perth.

ACM Parts

Results are promising with sales of Parallel and Aftermarket products increasing 67.6% 1H24 vs 1H23. This is offset by the previously announced exit of Brokered business and a reduction in revenues related to the reset of the Consumables business to higher margin core products. Lower scrap commodity prices have impacted Reclaimed product margins by 9.9 percentage points 1H24 vs 1H23. As a result, ACM EBITDA is tracking below expectations, but shows solid signs of continued growth in the core focus areas of Parallel and Aftermarket products.

The Aftermarket parts program was launched in August 2023. The team continues to work through ACM's intensive quality control processes to ensure the high standard of product supplied.

ACM is expanding its distribution network, placing an order for twelve additional delivery vans, in New South Wales and Queensland.

Summary of cash position

AMA Group ended 2Q24 with a cash balance of \$34.3 million and unused available finance facilities (undrawn bank guarantees) of \$1.7 million, including the pay down of \$35.0 million of bank loans in December 2023.

The Group generated positive operating cash flows of \$1.8 million during the quarter after including \$7.8 million in principal elements of leases (presented as part of financing cash flows). The operating cash flow for the quarter includes the payment of \$1.5 million accrued interest on the \$35.0 million prepayment made in December 2023.

The Group spent \$4.1 million on Property, Plant, and Equipment (PP&E) during the quarter including \$1.7 million of growth capex initiatives to increase vehicle repair capacity, and \$1.6 million invested into Capital S.M.A.R.T transformation (Project SHIFT). In addition, \$0.6 million was spent on a new Harris & Adams Prestige site, \$0.3 million preparing the hibernated Craig Hall site in Canberra for production and various end-of-life replacements. Make-good expenditure of approximately \$1.2 million is reflected in operating cash flows for 2Q24. The cash impact of onerous leases and exit costs on closed but not yet exited sites is \$2.9 million FY24 year-to-date and projected to be approximately \$6.7 million for the full year, with the majority of this cash spend not expected to continue into FY25.

Debt refinancing

In November 2023, AMA Group formally launched the planned refinancing process with prospective lenders, which is intended to provide a solution for the existing \$130 million of bank debt and \$50 million of outstanding convertible bonds. The Group expects to be well progressed with the refinancing by the release of the half year results in February 2024.

FY24 guidance

AMA Group maintains FY24 guidance range of \$89 - \$96 million normalised post-AASB 16 EBITDA, or \$42 - 49 million normalised pre-AASB 16 EBITDA.

Other than these matters there were no other material developments or material changes in business activities during 2Q24.

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

ENDS.

Investors and Media:

Alexandra Holston, Director Investor Relations and Corporate Affairs

E: alexandra.holston@amagroupltd.com M: +61 418 312 837

Appendix 4C
Quarterly cash flow report for entities
subject to Listing Rule 4.7B

Name of entity			
AMA GROUP LIMITED			
ABN			
50 113 883 560		Quarter ended ("current quarter") 31-Dec-23	
Consolidated statement of cash flows		Current Quarter	Year to date (6 months)
		\$A'000	\$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers (inclusive of GST)	275,536	551,678
1.2	Payments to suppliers and employees (inclusive of GST)	(257,973)	(519,285)
	(a) research and development	0	0
	(b) product manufacturing and operating costs	(146,882)	(303,309)
	(c) advertising and marketing	(379)	(707)
	(d) leased assets	(7,047)	(13,926)
	(e) staff costs	(96,296)	(186,098)
	(f) administration and corporate costs	(7,369)	(15,244)
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	458	583
1.5	Interest and other costs of finance paid		
	Interest elements of lease payments and debt interest	(7,144)	(20,392)
1.6	Income taxes paid	(111)	(233)
1.7	Government grants and tax incentives	0	0
1.8	Other (provide details if material)		
	Make good of leased premises	(1,208)	(1,590)
1.9	Net cash from / (used in) operating activities	9,558	10,761
2	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	(4,061)	(6,600)
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	(5)	(29)
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	56
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	Net cash from / (used in) investing activities	(4,066)	(6,573)
3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	431	55,000
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(209)	(3,060)
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	(35,000)	(35,000)
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)		
	Principal elements of lease payments	(7,799)	(15,668)
3.10	Net cash from / (used in) financing activities	(42,577)	1,272
4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	71,421	28,874
4.2	Net cash from / (used in) operating activities (item 1.9 above)	9,558	10,761
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,066)	(6,573)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(42,577)	1,272
4.5	Effect of movement in exchange rates on cash held	2	4
4.6	Cash and cash equivalents at end of period	34,338	34,338
5	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter (Q1 of FY24)
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	34,338	71,421
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	34,338	71,421

6	Payments to related parties of the entity and their associates	Current quarter
		\$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	0
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<i>Note: If any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7 Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
7.2 Credit standby arrangements
7.3 Other (please specify) CONVERTIBLE NOTES
7.4 **Total financing facilities**

Total facility amount at quarter end	Amount drawn at quarter end
\$A'000	\$A'000
147,500	145,744
50,000	50,000
197,500	195,744

7.5 Unused financing facilities available at quarter end

Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

1,756

8 Estimated cash available for future operating activities

- 8.1 Net cash from / (used in) operating activities (item 1.9)
8.2 Cash and cash equivalents at quarter end (item 4.6)
8.3 Unused finance facilities available at quarter end (item 7.5)
8.4 Total available funding (item 8.2 + item 8.3)

\$A'000
9,558
34,338
1,756
36,094

8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)

Note: If the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2 This statement gives a true and fair view of the matters disclosed.

Date: **24 January 2024**

Authorised by: **The AMA Group Board of Directors**

(Name of body or officer authorising release – see note 4)

Notes

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.