

AMA GROUP

SGX Announcement

18 July 2024

4Q24 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:

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AMA Group Limited

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AMA GROUP

ASX Announcement

18 July 2024

4Q24 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 30 June 2024 (4Q24) (unaudited).

Financial summary

Key Metrics - Quarter on Quarter		Units	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Collision Repair	Repair volume	'000	69.5	61.6	64.7	64.7	66.7	58.0	58.8	60.8
	Average repair price	\$	2,914	3,123	3,176	3,342	3,514	3,736	3,685	3,735
	Revenue	\$m	202.5	192.4	205.5	216.2	234.3	216.7	216.7	226.9
ACM Parts	Average daily parts sales	\$'000	204	228	249	255	278	279	298	315
	Average daily internal parts sales	\$'000	92	96	121	134	148	148	160	159
Group	Reported EBITDA (post AASB 16)	\$m	8.7	16.5	16.7	21.8	27.3	16.8	23.8	26.7
	Reported EBITDA (pre AASB 16)	\$m	(3.0)	5.8	5.7	10.2	15.5	4.8	11.1	14.6
	Operating cash flow (pre AASB 16)	\$m	(6.9)	(12.5)	(8.2)	11.7	(6.7)	1.8	(6.8)	19.5

Note: All Collision Repair includes Vehicle Collision Repairs and Heavy Motor segments.
All figures presented are unaudited.

- Continued positive turnaround momentum, delivering the strongest quarter in FY24¹.
- Unaudited 4Q24 pre-AASB 16 EBITDA of \$14.6 million up 31.5% from 3Q24 and up 43.1% from 4Q23.
- Unaudited normalised² FY24 pre-AASB 16 EBITDA of \$49.0^{3,3} million, up 125.1% on FY23⁴ (including ACM Parts normalised FY24 pre-AASB 16 EBITDA of \$45.3 million).
- Operating cash inflow for 4Q24 of \$19.5 million after all lease costs, including \$8.3 million in receipts from 3Q24 that were delayed because of public holiday processing interruptions.
- Positive FY24 operating cash flow of \$7.8 million after all lease costs.
- Significant headroom to June 2024 net senior leverage covenant.
- Existing syndicated debt facilities extended to 31 December 2025, and recapitalisation through \$125.0 million fully underwritten equity raising launched today to reset the balance sheet.

Operational summary

- Capital SMART continued to perform well ahead of expectations - Project SHIFT completed ahead of plan and capacity expansion commenced.
- AMA Collision's Project Wallaby has shown early positive impact, but more work to do to increase repair volumes, and improve operational efficiency and margins.
- Wales continues to deliver strong results.
- ACM Parts sale process commenced to focus the Group on collision repair.
- 4Q24 closed with 450 apprentices and a total of 3,440 team members, representing a net annual increase of 146 team members (83 in 4Q24).
- A recent recruitment trip to Ghana has identified over 100 panel beaters expected to be on shore in coming months.
- Group LTIFR has increased to 4.95 at 30 June 2024 (up from 4.03 at 31 March 2023). Most lost time injuries continue to be minor in nature.

¹ On a normalised pre AASB 16 basis.

² Normalised EBITDA is Earnings before interest, tax, depreciation, amortisation, impairment, and fair value adjustments on contingent vendor consideration, excluding the impact of normalisations.

³ FY24 normalised EBITDA is unaudited and includes professional services costs on earn outs and investigations, closed and hibernated site costs, restructuring costs and insurance claim costs.

⁴ Excludes ACM Parts, which is now classified as held for sale. Unaudited normalised FY24 pre-AASB 16 EBITDA including ACM Parts is \$45.3 million vs. guidance range of \$44 – 49 million including ACM Parts.

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Business update (includes ACM Parts)

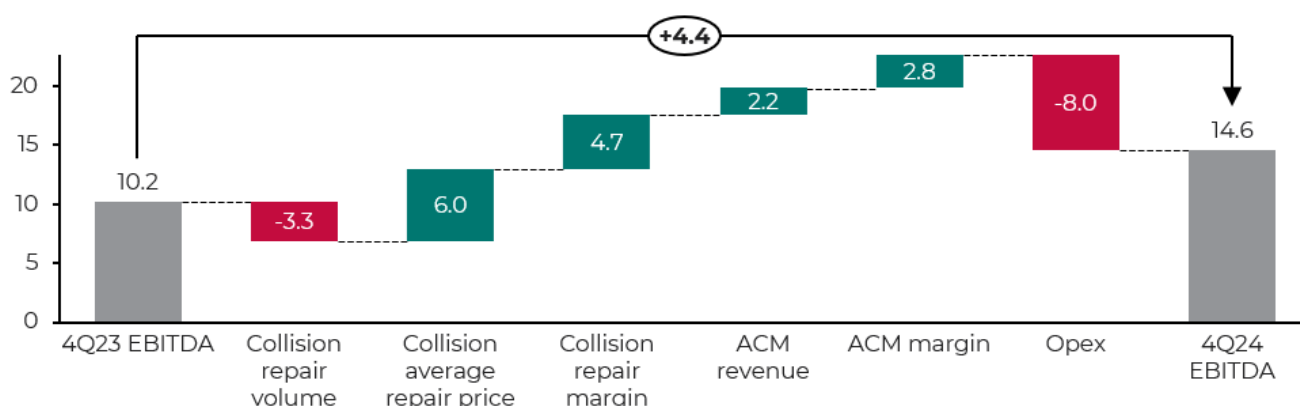
Key Metrics - Quarter on Quarter	Units	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Safety									
LTIFR	#/mhrs	3.63	3.04	2.05	2.07	2.43	2.72	4.03	4.95
Collision Repair									
Repair volume	'000	69.5	61.6	64.7	64.7	66.7	58.0	58.8	60.8
Average repair price	\$	2,914	3,123	3,176	3,342	3,514	3,736	3,685	3,735
Revenue	\$m	202.5	192.4	205.5	216.2	234.3	216.7	216.7	226.9
ACM Parts									
Average daily parts sales	\$'000	204	228	249	255	278	279	298	315
Average daily internal parts sales	\$'000	92	96	121	134	148	148	160	159
Labour									
Average headcount	#	3,372	3,253	3,215	3,267	3,343	3,370	3,367	3,418
Apprentices (end of quarter)	#	341	334	345	373	431	442	417	450
Group									
Revenue	\$m	218.6	207.6	216.9	226.4	243.7	225.6	226.2	237.7
Reported EBITDA (post AASB 16)	\$m	8.7	16.5	16.7	21.8	27.3	16.8	23.8	26.7
AASB-16 adjustments	\$m	(11.7)	(10.7)	(11.0)	(11.6)	(11.8)	(12.0)	(12.7)	(12.1)
Reported EBITDA (pre AASB 16)	\$m	(3.0)	5.8	5.7	10.2	15.5	4.8	11.1	14.6
Non-cash items in P&L	\$m	(6.1)	(8.6)	(4.1)	(3.8)	(1.5)	(2.6)	0.1	(2.0)
Net interest payments	\$m	(4.4)	0.5	(7.0)	5.8	(8.0)	(1.5)	(7.3)	(3.1)
Tax payments	\$m	15.3	0.0	(0.2)	0.0	(0.1)	(0.1)	6.4	(0.1)
Impaired lease payments / make goods	\$m	(3.1)	(4.0)	(2.2)	(3.9)	(1.1)	(2.0)	(1.6)	(1.2)
ACM inventory	\$m	(4.9)	(4.7)	2.8	2.3	(0.7)	(3.0)	1.1	(0.5)
Working capital	\$m	(0.7)	(1.5)	(3.2)	1.1	(9.1)	6.2	(16.6)	11.8
Other	\$m	0.0	0.0	0.0	0.0	(1.7)	0.0	0.0	0.0
Operating cash flow (pre AASB 16)	\$m	(6.9)	(12.5)	(8.2)	11.7	(6.7)	1.8	(6.8)	19.5
Principal lease elements	\$m	9.4	8.9	7.6	7.7	7.9	7.8	8.6	7.7
Operating cash flow (post AASB 16)	\$m	2.6	(3.8)	(0.6)	19.4	1.2	9.6	1.8	27.2
Normalisations									
Normalised EBITDA (pre AASB 16)	\$m	(1.9)	4.7	7.4	9.4	13.6	5.4	10.7	15.6

Note: ACM Parts daily sales figures exclude consumables sales and brokered sales.

All figures presented are unaudited.

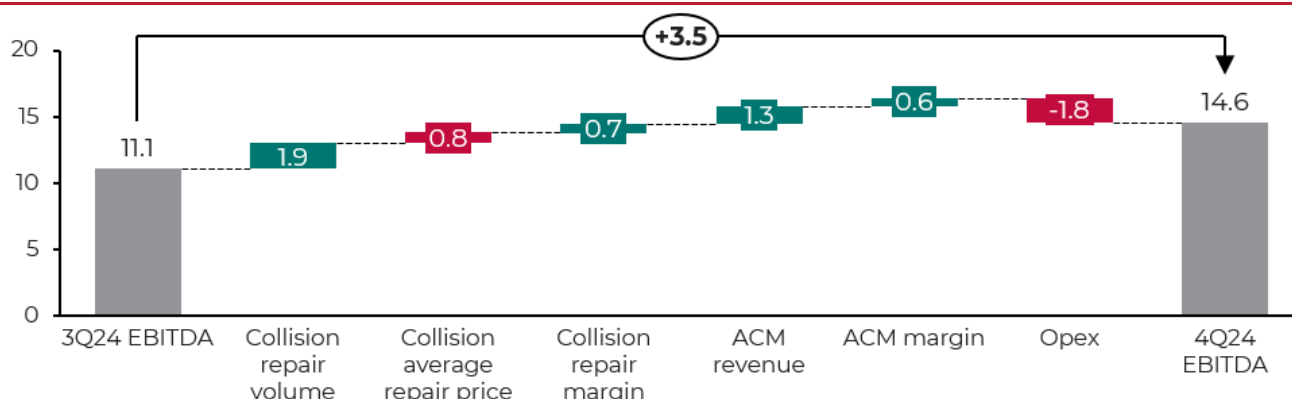
Group pre-AASB 16 EBITDA increased by \$4.4 million, 43.1% from the prior corresponding period, with a reduction in repair volumes driven by mix changes (time to repair / severity) more than offset by a higher average repair price and gross margins. Opex increased due to higher occupancy costs attributed to market rent escalation and increased outgoings, in addition to higher indirect staff costs due to higher head count and salaries.

EBITDA (pre-AASB 16) – 4Q24 vs. 4Q23



Group pre-AASB 16 EBITDA increased by \$3.5 million, 31.5% from 3Q24 reflecting a seasonally strong trading period and additional trading days versus the prior quarter. Repair volumes and parts sales both improved, along with better labour recovery positively impacting margins.

EBITDA (pre-AASB 16) – 4Q24 vs. 3Q24



Vehicle Collision Repair (Capital SMART, AMA Collision and Specialist Businesses)

Vehicle Collision Repair continued to perform ahead of expectations in 4Q24. 4Q24 revenue was up 4.9% on 4Q23. Despite lower repair volumes, the increase in hours required for each repair was reflected in a higher average price of repair. Capital SMART outperformance more than offset challenges in AMA Collision.

Capital SMART

Capital SMART continued to deliver results ahead of expectations in 4Q24. Project SHIFT has been executed ahead of plan and delivers annualised pre-AASB 16 EBITDA benefits of over \$20 million. This more than offsets transitional support provided by Suncorp for FY24. A step down is expected in pre-AASB 16 EBITDA in FY25 due to early execution resulting in higher FY24 results.

Three AMA Collision facilities converted to Capital SMART sites, one Capital SMART site relocated into a larger facility, and one previously hibernated AMA Collision site reopened as Capital SMART in 3Q24 have been fully integrated. Repair volumes have been increasing month-on-month and providing important additional vehicle repair capacity (expected to add over 3,000 of additional vehicle repair capacity on an annualised basis).

AMA Collision

AMA Collision Project Wallaby is targeted to deliver over \$20 million in annualised pre-AASB 16 EBITDA benefits over the next three years through improved repair volumes, operational efficiency, and margins. During 4Q24, initiatives have been identified and prioritised with delivery commenced. Enhanced business reporting has been defined and commenced roll out.

Early positive results have been shown in the site intensive care program. AMA Collision Arundel is an early example of the benefits of Project Wallaby. A root cause analysis was undertaken which identified key bottlenecks. These were prioritised and resolved over a period of three months. As a result, throughput improved, resulting in a revenue uplift of approximately 27% in 4Q24 vs 3Q24, with the average monthly unaudited pre-AASB 16 EBITDA improving from \$34k EBITDA loss to \$75k EBITDA profit in 4Q24 vs 3Q24.

Specialist Businesses

AMA Group's new TechRight ADAS solutions business was rolled out to five pilot locations, and have commenced operations, already servicing 11 locations in the AMA Group network. Additionally, national procurement arrangements have been agreed for external ADAS calibration services.

A dual-branded TechRight and TrackRight facility in Victoria is under development and scheduled to open in 1H25. This will act as a centralised mechanical repair and ADAS calibration centre for AMA Group locations in surrounding areas. Plans are also underway to open a TrackRight at the Group's Gemini Eagle Farm location in Queensland.

Wales

The Wales business unit continued to deliver strong revenues and earnings through the quarter (and ended the year with unaudited normalised pre-AASB 16 EBITDA up 22.5% on FY23), as the business continues to experience strong work volumes and increased throughput compared to the previous corresponding period.

New paint booths have been installed in sites in Newcastle and Townsville, with both operational during 4Q24. Major expansion works are now underway at the existing Parins site in Perth – to be rebranded as Wales Perth. A smaller expansion is also in place for Wales Trucks in Sydney to increase productive capacity. Both projects to be effective in 1H25 as part of the expansion program expected to deliver \$1.5 million in annualised pre-AASB 16 EBITDA in the next two years.

ACM Parts

During 4Q24, AMA Group announced that following significant transformation activities in recent years, the Board resolved that it is now the appropriate time to identify a new owner for the business, to sell ACM Parts and focus on pure collision repair. Pitcher Partners has been appointed to advise on the sale which is expected to be completed during FY25.

ACM Parts delivered record Parallel parts sales per day in 4Q24, representing an increase of \$51k or 36.1% over 4Q23 and year to date up 49.1% compared to the prior corresponding period. ACM Parts achieved record sales in FY24, driven by growth in both AMA Group and external parts sales over the period.

Summary of cash position

AMA Group ended 4Q24 with a cash balance of \$39.9 million and unused available finance facilities (undrawn bank guarantees) of \$1.4 million.

An operating cash inflow of \$19.5 million was recorded for the quarter after including \$7.7 million in principal elements of leases (presented as part of financing cash flows). The operating cash flow for the quarter includes \$8.3 million in receipts from 3Q24 that were delayed because of public holiday processing interruptions, and the positive impact of lower work-in-progress / debtors due to an enhanced focus on working capital management.

The Group spent \$3.4 million on Property, Plant, and Equipment (PP&E) during the quarter including \$1.9 million of growth capex initiatives to increase vehicle repair capacity, and \$1.5 million in maintenance capex. Make-good expenditure of approximately \$0.5 million is reflected in operating cash flows for 4Q24. The cash impact of onerous leases and exit costs on closed but not yet exited sites was \$5.9 million for the full FY24 year, with most of this cash spend not expected to continue into FY25.

Debt refinancing

Existing syndicated debt facilities extended to 31 December 2025, and recapitalisation through \$125.0 million fully underwritten equity raising launched today resets the balance sheet. Funds raised under the Equity Raising will be used to repay \$50 million of existing senior bank debt with an additional \$50 million to be held in a locked account to settle expected redemptions on the convertible note put option (expected in March 2025). The remaining net proceeds will be put towards future debt amortisation payments (\$5 million in each of June 2025 and September 2025), repayment of accrued PIK interest on senior debt (\$3.8 million), transaction costs, future working capital, and growth requirements.

Other than these matters there were no other material developments or material changes in business activities during 4Q24.

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

ENDS.

Investors and Media:

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

Name of entity			
AMA GROUP LIMITED			
ABN		Quarter ended ("current quarter")	
50 113 883 560		30-Jun-24	
Consolidated statement of cash flows		Current Quarter \$A'000	Year to date (12 months) \$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers (inclusive of GST)	262,936	1,013,123
1.2	Payments to suppliers and employees (inclusive of GST)	(226,968)	(937,824)
	(a) research and development	0	0
	(b) product manufacturing and operating costs	(117,656)	(513,872)
	(c) advertising and marketing	(223)	(1,136)
	(d) leased assets	(9,041)	(29,101)
	(e) staff costs	(90,825)	(365,930)
	(f) administration and corporate costs	(9,213)	(27,775)
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	69	738
1.5	Interest and other costs of finance paid	(8,290)	(39,744)
1.6	Income taxes paid	(111)	6,086
1.7	Government grants and tax incentives	0	0
1.8	Other (provide details if material)	(464)	(2,650)
1.9	Net cash from / (used in) operating activities	27,172	39,729
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	(3,413)	(13,603)
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	(13)	(207)
2.2	Proceeds from disposal of:	0	
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	75	161
	(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	(3,351)	(13,649)
3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	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	0	(3,060)
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	0	(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)	(7,733)	(32,000)
3.10	Net cash from / (used in) financing activities	(7,733)	(15,060)
4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	23,795	28,874
4.2	Net cash from / (used in) operating activities (item 1.9 above)	27,172	39,729
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,351)	(13,649)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7,733)	(15,060)
4.5	Effect of movement in exchange rates on cash held	2	(9)
4.6	Cash and cash equivalents at end of period	39,885	39,885
5	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter (Q3 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	39,885	23,795
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)	39,885	23,795

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 <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>	0

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	146,119
50,000	50,000
197,500	196,119

7.5 Unused financing facilities available at quarter end

1,381

- 7.6 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.

Facility	Lender	Interest Rate	Maturity Date	Secured
147,500	Australia and New Zealand Banking Group Limited National Australia Bank Limited Bank of China Limited Bendigo and Adelaide Bank Limited First Commercial Bank Perpetual Corporate Trust Limited ACF The Metrics Credit Partners Diversified Australian Senior Loan Fund Westpac Banking Corporate	BBSY + 415bps*	5 years (October 2024)	Secured
50,000	Various - Notes listed on SGX-ST	4%pa Coupon	5.5 years (March 2027)	Unsecured

* Margin relates to period for which revised covenant structure in place (until September 2024), after which margin reverts to being determined pursuant to a sliding scale with reference to Net Senior Leverage Ratio first tested in Sep-24 (Max Margin: 365bps; Min Margin: 225bps). AMA Group incurs an additional 150bps margin until Sep-24 which is capitalised into the loan balance every six months. \$1,066,000 was capitalised into the loan balance in January 2023, \$1,211,000 was capitalised into the loan balance in July 2023, \$1,000,000 was capitalised into the loan balance in January 2024 and \$494,000 was capitalised into the loan balance in April 2024 increasing the facility to \$151,271,000.

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
27,172
39,885
1,381
41,266

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.

N/A

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: 18 July 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.