



1 October 2019

AMA GROUP LIMITED
ACQUISITION OF SUNCORP'S CAPITAL S.M.A.R.T & ACM PARTS
BUSINESSES
NEW EXPANDED 25.5 YEAR SERVICE PARTNERSHIP BETWEEN
SUNCORP AND AMA
\$216 MILLION EQUITY RAISING

Highlights:

- Acquisition of Capital S.M.A.R.T from Suncorp for an implied enterprise value (100% basis) of \$420m
- Suncorp to retain a 10% stake in Capital S.M.A.R.T, reinforcing long term partnership
- Suncorp has entered a 25 year plus service agreement comprising a 15.5 year initial term and two 5 year renewal options under which Capital S.M.A.R.T remains Suncorp's "recommended repairer"
- Strong strategic fit with AMA's existing Vehicle Panel Repair division
- Purchase price equates to a pro-forma EV/EBITDA purchase multiple of 11.1x in FY20 and 9.5x in FY21 incorporating expected annual synergies of \$17m
- AMA will also acquire the ACM Parts business from Suncorp for \$20m
- Combined the transaction is double digit EPS accretive¹ in the first full-year of ownership (FY21) based on current broker consensus forecasts² for AMA

Transaction overview:

AMA Group Limited (**AMA**) today announced it has entered into a binding agreement with Suncorp Insurance Ventures Pty Ltd (**Suncorp**) to acquire 90% of Capital Smart Repairs Australia Pty Ltd (**Capital S.M.A.R.T**) based on an implied enterprise value (100% basis) of \$420 million (**Acquisition**). AMA will also acquire 100% of ACM Parts Pty Ltd (**ACM**) from Suncorp for \$20 million, concurrent with the Acquisition (together, the **Transaction**).

The Transaction is expected to deliver double-digit EPS accretion in the first full-year of ownership (FY21) on a pro-forma basis (inclusive of \$17 million of annual synergies, excluding transaction and integration costs and acquisition related amortisation) based on current broker consensus forecasts for AMA.^{1,2}

¹ Including \$17m of expected run-rate synergies and excluding impact of one-off transaction and integration costs and acquisition-related amortisation. EPS is presented on a TERP-adjusted basis — in accordance with AASB 133 AMA's standalone EPS has been adjusted to account for the bonus element of the Entitlement Offer. The theoretical ex-rights price ("TERP") is the theoretical price at which an AMA share should trade at immediately after the ex-date for the Entitlement Offer. It is a theoretical calculation only and the actual price at which AMA shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP.

² Current broker consensus forecast FY21 NPAT (adjusted for acquisition-related amortisation) for AMA of \$43 million based on forecast financials from research analysts available to AMA.

Capital S.M.A.R.T

Owned by Suncorp (under joint venture) since 2010, Capital S.M.A.R.T specialises in low to medium severity repairs in metropolitan areas in Australia and New Zealand. Capital S.M.A.R.T operates under a long-term service agreement with Suncorp Group Limited, the second largest motor insurer in Australia, providing repair volumes under the Motor Repair Services Agreement (**MRSA**). Capital S.M.A.R.T's revenues are currently almost exclusively related to Suncorp policyholder repairs.

Capital S.M.A.R.T has 50 sites across Australia and in FY19 serviced over ~179,000 vehicles.

ACM

ACM is a national automotive parts supplier selling original, recycled and independently certified parts to both the motor repair industry and the general public.

ACM's largest customers include Capital S.M.A.R.T and AMA.

Transaction rationale

AMA believes that there is a strong strategic rationale for the Transaction:

- Strong strategic fit with AMA's existing Vehicle Panel Repair division;
- AMA's long standing relationship with Suncorp is further strengthened via the long term strategic service agreement between Capital S.M.A.R.T and Suncorp;
- Significant value creation from the combination with approximately \$17m of annual cost saving opportunities to be realised through AMA's market leading procurement capabilities;
- Combined market share of metropolitan driveable repair market estimated at ~10%³ ensuring significant opportunity for future growth;
- Experienced high quality Capital S.M.A.R.T management team to remain in place post transaction to ensure seamless customer experience and realisation of combination benefits; and
- Attractive shareholder value with double-digit EPS accretion expected in the first full year of ownership (FY21).^{1,2}

AMA expects annual synergies of approximately \$17 million per annum which are expected to be fully implemented by the end of FY21. One-off synergy implementation costs are estimated to be approximately \$15 million.

AMA CEO Andy Hopkins said, "The acquisition of Capital S.M.A.R.T represents a strategically compelling and highly attractive opportunity for our customers and shareholders. We are excited to combine Capital S.M.A.R.T's best-in-class capabilities in low to medium severity panel repairs with AMA's industry leading platform across the smash repair market. The Acquisition further strengthens our long standing close relationship with Suncorp which, in addition to committing to a 25.5 year service agreement with Capital S.M.A.R.T, is joining us as a partner in the business."

"The Acquisition will provide the opportunity for shareholders to benefit from significant EPS accretion and the creation of an industry leading platform to pursue further growth."

"We are looking forward to welcoming the impressive team at Capital S.M.A.R.T into AMA. Through the transaction process we have had the opportunity to spend considerable time with senior management as well as meet some of the highly capable operational team members. It was clear during this process that there is a very strong cultural alignment between Capital

³ Based on FY18 management estimates.

S.M.A.R.T and AMA. We believe that the combined AMA/Capital S.M.A.R.T group will open significant career opportunities for team members in both organisations."

Suncorp CEO Steve Johnston said, "We look forward to working closely with AMA as an ongoing partner, and to maintaining a high level of service to Suncorp's customers. This agreement builds on our long-standing relationship with AMA."

Funding

The Transaction will be funded through a fully underwritten ~\$216 million equity raising and new debt facilities. The equity raising will comprise a 1 for 4.5 pro-rata accelerated non-renounceable entitlement offer (**Entitlement Offer**) to raise ~\$139m and a placement of approximately 67m shares to raise ~\$77m (**Placement**) (together, the **Equity Raising**). Approximately 188 million new ordinary shares (**New Shares**) will be issued under the Equity Raising.

AMA is targeting pro forma net debt / synergy adjusted EBITDA of ~2.5x at FY20, targeting medium-term leverage of ~2.0x.⁴

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 new AMA share for every 4.5 existing AMA shares (**Entitlement**) held at 7pm (Sydney time) on Thursday, 3 October 2019 (**Record Date**).

All New Shares offered under the Equity Raising will be issued at a price of \$1.15 per New Share, which represents a:

- 5.3% discount to the last close price of \$1.22 on Friday, 27 September 2019
- 4.4% discount to TERP of \$1.20

Each New Share issued under the Equity Raising will rank equally with existing AMA shares on issue. AMA will, upon issue of the New Shares under the Equity Raising, seek quotation of the New Shares on the ASX.

Colinton Capital Partners and Myer Family Investments have committed to take up 100% of their entitlements.

Group CEO Andy Hopkins has committed to take up at least half of his entitlements.

Timetable

A timetable of key dates in relation to the Entitlement Offer is set out below. The timetable is indicative only and dates and times are subject to change without notice. All dates and times refer to Sydney time.

⁴ Net debt / synergy adjusted EBITDA as defined for debt covenant calculation purposes.

Event	Date
Trading halt and announcement of the Transaction, Placement and Entitlement Offer	Tuesday, 1 October 2019
Placement and Institutional Entitlement Offer opens	Tuesday, 1 October 2019
Trading halt lifted and shares recommence trading on ASX	Thursday, 3 October 2019
Record Date for determining entitlement to subscribe for New Shares	7.00pm (Sydney time), Thursday, 3 October 2019
Retail Entitlement Offer opens	Tuesday, 8 October 2019
Settlement of Placement and Institutional Entitlement Offer	Thursday, 10 October 2019
Allotment and normal trading of New Shares under the Placement and Institutional Entitlement Offer	Friday, 11 October 2019
Retail Entitlement Offer closes	Monday, 21 October 2019
Settlement of Retail Entitlement Offer	Friday, 25 October 2019
Allotment of New Shares issued under the Retail Entitlement Offer	Monday, 28 October 2019
Normal trading of New Shares under the Retail Entitlement Offer	Tuesday 29, October 2019
Despatch of holding statements	Wednesday, 30 October 2019

AMA outlook

Excluding the impact of the Transaction, AMA expects its financial results for FY20 to be in line with current analyst consensus.

Further information

Further information on the Acquisition and the Equity Raising is set out in the Investor Presentation separately lodged with the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer, which you are encouraged to review.

If you have any questions in relation to the Entitlement Offer, please contact the AMA Offer Information Line on 1300 850 505 (within Australia) or 613 9415 4000 outside of Australia between 8:30am to 5:00pm (Sydney time) Monday to Friday. For other questions, you should consult your stockbroker, solicitor, accountant or other professional adviser.

-ENDS-

For Further information

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