AMA GROUP

ASX Announcement

22 April 2024

3Q24 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 March 2024 (3Q24) (unaudited).

Financial summary

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

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

- Continued positive turnaround momentum as the Group heads into the historically strong fourth quarter.
- Unaudited 3Q24 pre-AASB 16 EBITDA of $11.1 million up 128.8% from 2Q24 and up 92.4% from 3Q23.
- Guidance maintained at $42 - 49 million normalised pre-AASB 16 EBITDA[1].
- Operating cash outflow of $6.8 million, excludes $8.3 million in delayed receipts because of public holiday processing interruptions.
- March 2024 net senior leverage covenant achieved with significant headroom.
- Projecting positive operating cash flows in FY24, including all lease payments and changes in working capital. Returning to historical trading terms is now expected to occur in FY25 once refinancing has been completed. As a result, total cash flow is now only expected to be positive for FY24 after including capital expenditure and net benefits of equity raising and debt repayment.
- Debt refinancing process progressing with several parties engaged in diligence processes. This remains on track to be finalised through 2H24.

Operational summary

- Capital SMART performed ahead of expectations and Project SHIFT completed ahead of plan.
- AMA Collision has commenced Project Wallaby, to focus on customer service and performance.
- Wales continues to deliver strong results.
- ACM Parts tracking behind expectations given continuation of compressed reclaimed margins.
- Visa processing delays have deferred the arrival of 67 international recruits.
- Proceedings against former CEO, Mr Andrew Hopkins were settled with a payment to AMA Group.
- Group LTIFR has increased to 4.03 at 31 March 2024 (up from 2.72 at 31 December 2023). Most lost time injuries continue to be minor in nature.

[1] $89 - $96 million normalised post-AASB 16 EBITDA.

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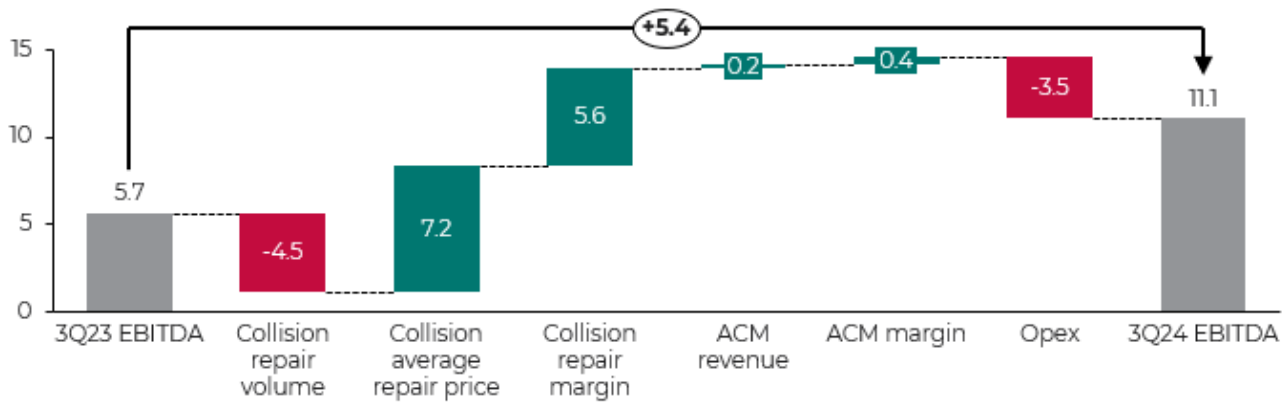
Business update

Key Metrics - Quarter on Quarter	Units	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Collision Repair								
Repair volume	*'000*	69.5	61.6	64.7	64.7	66.7	58.0	58.8
Average repair price	*$*	2,914	3,123	3,176	3,342	3,514	3,736	3,685
Revenue	*$m*	202.5	192.4	205.5	216.2	234.3	216.7	216.7
ACM Parts								
Average daily parts sales	*$'000*	204	228	249	255	278	279	298
Average daily internal parts sales	*$'000*	92	96	121	134	148	148	160
Labour								
Average headcount	*#*	3,372	3,253	3,215	3,267	3,343	3,370	3,367
Apprentices (end of quarter)	*#*	341	334	345	373	431	442	417
Group								
Revenue	*$m*	218.6	207.6	216.9	226.4	243.7	225.6	226.2
Reported EBITDA (post AASB 16)	*$m*	8.7	16.5	16.7	21.8	27.3	16.8	23.8
AASB-16 adjustments	*$m*	(11.7)	(10.7)	(11.0)	(11.6)	(11.8)	(12.0)	(12.7)
Reported EBITDA (pre AASB 16)	*$m*	(3.0)	5.8	5.7	10.2	15.5	4.8	11.1
Non-cash items in P&L	*$m*	(6.1)	(8.6)	(4.1)	(3.8)	(1.5)	(5.6)	0.1
Net interest payments	*$m*	(4.4)	0.5	(7.0)	5.8	(8.0)	(1.5)	(7.3)
Tax payments	*$m*	15.3	0.0	(0.2)	0.0	(0.1)	(0.1)	6.4
Impaired lease payments / make goods	*$m*	(3.1)	(4.0)	(2.2)	(3.9)	(1.1)	(2.0)	(1.6)
ACM inventory	*$m*	(4.9)	(4.7)	2.8	2.3	(0.7)	(3.0)	1.1
Working capital	*$m*	(0.7)	(1.5)	(3.2)	1.1	(9.1)	9.2	(16.6)
Other	*$m*	0.0	0.0	0.0	0.0	(1.7)	0.0	0.0
Operating cash flow (pre AASB 16)	*$m*	(6.9)	(12.5)	(8.2)	11.7	(6.7)	1.8	(6.8)
Principal lease elements	*$m*	9.4	8.9	7.6	7.7	7.9	7.8	8.6
Operating cash flow (post AASB 16)	*$m*	2.6	(3.8)	(0.6)	19.4	1.2	9.6	1.8

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

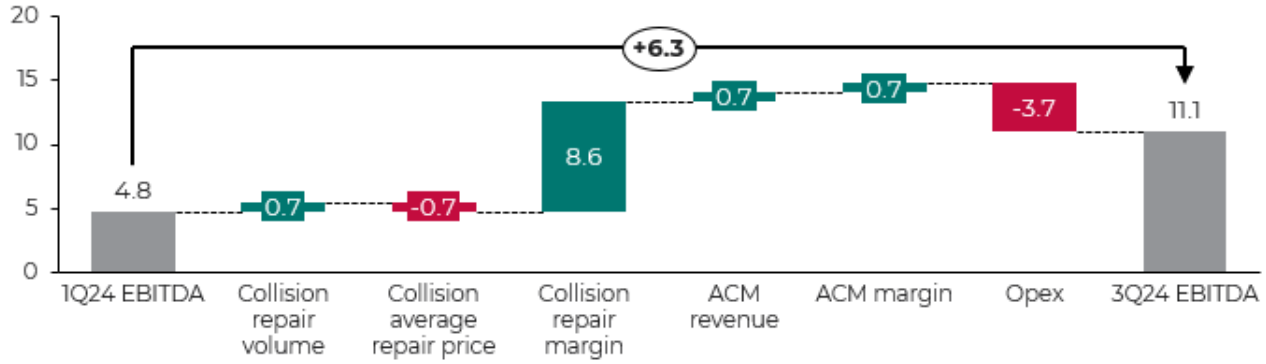
Group pre-AASB 16 EBITDA increased by $5.4 million, 92.4% from the prior corresponding period, with a reduction in repair volumes driven by mix changes (time to repair / severity) more than offset by a higher average repair price and gross margins.

EBITDA (pre-AASB 16) – 3Q24 vs. 3Q23



Group pre-AASB 16 EBITDA increased by $6.3 million, 128.8% from 2Q24 reflecting seasonality in earnings over the soft summer holiday season. Repair volumes and parts sales both improved, along with better labour recovery positively impacting margins.

EBITDA (pre-AASB 16) – 3Q24 vs. 2Q24



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

Vehicle Collision Repair continued to perform ahead of expectations in 3Q24. 3Q24 revenue was up 5.5% on 3Q23. 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 3Q24. Project SHIFT, which evolved the Capital SMART service model, has now been completed ahead of plan. This delivers annualised pre-AASB 16 EBITDA benefits of over $20 million and more than offsets transitional support provided by Suncorp for FY24.

Three AMA Collision facilities have been converted to Capital SMART sites, as the Group aligns the network to reflect current volumes and growth opportunities. Further, one Capital SMART site has been relocated into a larger facility, and one previously hibernated AMA Collision site has been reopened as Capital SMART. Within six months this is expected to add over 3,000 of additional vehicle repair capacity on an annualised basis.

AMA Collision

AMA Collision has launched Project Wallaby to embed sustainable improved performance through exceptional customer service and operational improvements. This project is targeted to deliver over $20 million in annualised pre-AASB 16 EBITDA benefits over the next three years.

Repair volume supply continues to increase and come from an increasingly diverse portfolio of insurers. Additionally, a structured operational performance team has been resourced.

The refit and rebrand to AMA Collision of the hibernated Craig Hall site in the Australian Capital Territory is nearing completion, with the site expected to open soon. This site is initially expected to add over 1,200 in annual vehicle repair capacity to the region and anticipated to be fully allocated.

Specialist Businesses

The Group has established a Specialist Businesses unit. This will encompass AMA Prestige, TechRight (Advanced Driver Assistance Systems (ADAS) calibration) and TrackRight (mechanical).

The establishment of the new TechRight ADAS solutions business is progressing with initial installations in various stages of implementation across the Australian network in line with plans.

Fit out of the new prestige site for Harris and Adams in Gosford has completed, and operations commenced in late 3Q24.

Wales

The Wales business unit continued to deliver strong revenues and earnings through the quarter (pre-AASB 16 EBITDA up 42.2% on 3Q23), as the business continues to experience strong work volumes and increased throughput compared to the previous corresponding period.

Expansions in Townsville and Newcastle were completed in 3Q24, with plans approved for the upgrade and expansion of capacity in Perth. These expansions are targeted to deliver $1.5 million in annualised pre-AASB 16 EBITDA in the next two years.

ACM Parts

Reclaimed margins continue to be a headwind to profitability. Higher auction purchase prices and lower scrap commodity prices have continued to impact these margins.

ACM Parts increased the focus on its offering of collision parts outside AMA Group. This focus through a dedicated sales team delivered record external collision parts sales results over the quarter.

ACM Parts delivered record Parallel parts sales per day, representing an increase of $45k or 35.0% over 3Q23 and year to date up 53.2% compared to the prior corresponding period.

Summary of cash position

AMA Group ended 3Q24 with a cash balance of $23.8 million and unused available finance facilities (undrawn bank guarantees) of $1.6 million. The cash balance excludes approximately $8.3 million of cash receipts delayed until April given the 29 March public holiday.

An operating cash outflow of $6.8 million was recorded for the quarter after including $8.6 million in principal elements of leases (presented as part of financing cash flows). The operating cash flow for the quarter includes semi-annual interest payments of $7.3 million and tax refunds of $6.4 million, however excludes $8.3 million in delayed receipts because of public holiday processing delays. Had cash receipts landed without public these delays, the Group would have recorded positive operating cash flow of $1.5 million for 3Q24.

The Group spent $3.6 million on Property, Plant, and Equipment (PP&E) during the quarter including $0.9 million of growth capex initiatives to increase vehicle repair capacity, and $0.1 million invested into Project SHIFT. This included $2.6 million in maintenance capex. Make-good expenditure of approximately $0.6 million is reflected in operating cash flows for 3Q24. The cash impact of onerous leases and exit costs on closed but not yet exited sites is $4.7 million FY24 year-to-date and projected to be approximately $6.7 million for the full year, with most of this cash spend not expected to continue into FY25.

Debt refinancing

The Group launched the refinancing process in November 2023 and remains confident it will be completed through 2H24, in advance of the Group's senior debt maturity in October 2024. As part of the senior debt refinancing, the Group's intent has been to provide a solution for the existing convertible bonds, which have a bondholder put date in March 2025. The Group continues to work with a range of prospective financiers who are now conducting their due diligence.

FY24 guidance

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

Other than these matters there were no other material developments or material changes in business activities during 3Q24.

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

ENDS.

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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		31-Mar-24	

	Consolidated statement of cash flows		Current Quarter $A'000	Year to date (9 months) $A'000
1	**Cash flows from operating activities**			
1.1	Receipts from customers (inclusive of GST)		223,202	750,187
1.2	Payments to suppliers and employees (inclusive of GST)		(216,264)	(710,856)
	(a) research and development		0	0
	(b) product manufacturing and operating costs		(117,772)	(396,216)
	(c) advertising and marketing		(202)	(913)
	(d) leased assets		(4,515)	(20,060)
	(e) staff costs		(90,545)	(275,105)
	(f) administration and corporate costs		(3,230)	(18,562)
1.3	Dividends received (see note 3)		0	0
1.4	Interest received		86	669
1.5	Interest and other costs of finance paid	Interest elements of lease payments and debt interest	(11,062)	(31,454)
1.6	Income taxes paid		6,430	6,197
1.7	Government grants and tax incentives		0	0
1.8	Other (provide details if material)	Make good of leased premises	(596)	(2,186)
1.9	**Net cash from / (used in) operating activities**		**1,796**	**12,557**
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		(3,590)	(10,190)
	(d) investments		0	0
	(e) intellectual property		0	0
	(f) other non-current assets		(165)	(194)
2.2	Proceeds from disposal of:		0	
	(a) entities		0	0
	(b) businesses		0	0
	(c) property, plant and equipment		30	86
	(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**		**(3,725)**	**(10,298)**
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)	Principal elements of lease payments	(8,599)	(24,267)
3.10	**Net cash from / (used in) financing activities**		**(8,599)**	**(7,327)**
4	**Net increase / (decrease) in cash and cash equivalents for the period**			
4.1	Cash and cash equivalents at beginning of period		34,338	28,874
4.2	Net cash from / (used in) operating activities (item 1.9 above)		1,796	12,557
4.3	Net cash from / (used in) investing activities (item 2.6 above)		(3,725)	(10,298)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		(8,599)	(7,327)
4.5	Effect of movement in exchange rates on cash held		(15)	(11)
4.6	**Cash and cash equivalents at end of period**		**23,795**	**23,795**

5	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter (Q1 of FY24) $A'000
5.1	Bank balances	23,795	34,338
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)**	**23,795**	**34,338**

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
	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.	

7	Financing facilities	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
	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	147,500	145,883
7.2	Credit standby arrangements		
7.3	Other (please specify) CONVERTIBLE NOTES	50,000	50,000
7.4	**Total financing facilities**	**197,500**	**195,883**

7.5	**Unused financing facilities available at quarter end**	1,617

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 and $1,000,000 was capitalised into the loan balance in January 2024, increasing the facility to $150,777,000.

8	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,796
8.2	Cash and cash equivalents at quarter end (item 4.6)	23,795
8.3	Unused finance facilities available at quarter end (item 7.5)	1,617
8.4	Total available funding (item 8.2 + item 8.3)	25,412

8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	N/A

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: 22 April 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.