



AMA Group Limited
Group Reorganisation Overview
13 April 2018

Important Notice and Disclaimer



Operating Specialised Automotive Aftercare and Accessory Companies

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Announcement highlights



Operating Specialised Automotive Aftercare and Accessory Companies

AMA Group to Demerge Automotive Component, Accessory and Procurement Business (“Demerger”); Blackstone Group to acquire Vehicle Panel Repair Business (“Blackstone Proposal”)

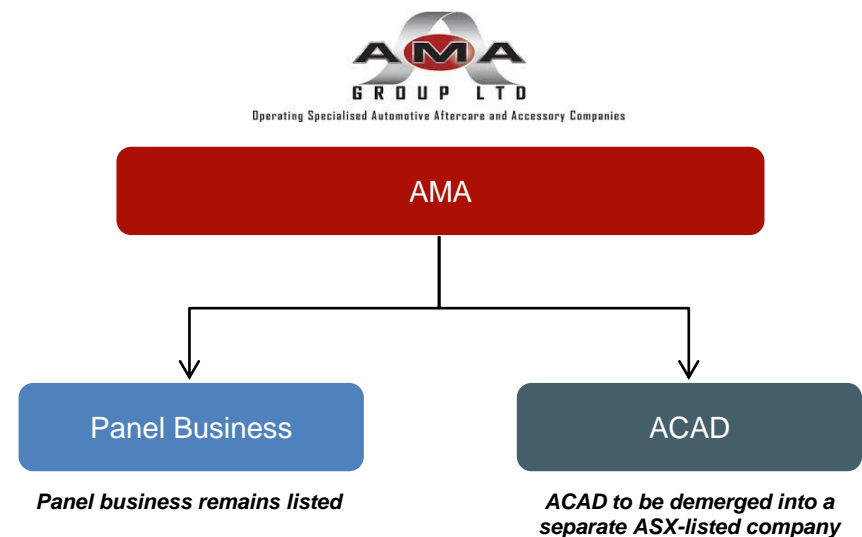
- AMA to demerge its Automotive Component, Accessory and Procurement Business (“ACAD”)
- The Blackstone Group agrees to acquire the demerged Vehicle Panel Repair Business (“Panel Business”)
- The Demerger is not conditional on the Blackstone proposal, however, if both transactions are implemented, AMA Group shareholders will receive:
 - shares in the newly listed ACAD business on a one-for-one basis; and
 - 86c in value for their shares in the demerged Panel Business in their choice of either cash or a mix of cash and unlisted shares in the bidder vehicle
- **AMA Group Directors unanimously recommend shareholders vote in favour of both transactions, in the absence of a superior proposal and subject to the Independent Expert concluding that the transactions are in the best interests of AMA shareholders**

Demerger of Automotive Component, Accessory and Procurement Business

Demerger overview

- Intention to demerge AMA Group's ACAD business into a separate ASX-listed company
- Shareholders have the opportunity to vote on the Demerger
- Shareholders will receive new shares in ACAD proportional to their existing shareholding
- Transaction subject to ATO ruling, shareholder approvals and a small number of conditions precedent. Not conditional on the Blackstone proposal
- If approved by shareholders, the Demerger is expected to be completed in September 2018

Corporate Structure



Overview of business units

"Panel Business"

Vehicle Panel Repair



"Automotive Component, Accessory and Procurement Business"

Vehicle Protection Products & Ute Accessories Manufacturing



Automotive Electrical & Cable Accessories / 4x4 Accessories Distribution



Automotive Component Remanufacturing



Automotive Workshops and Performance Products



Procurement Business

Provides consumables, paint and parts procurement for panel repair operators

Demerger rationale

- The AMA Group Board is proposing the Demerger in pursuit of the following specific benefits:
 - Allow each business to adopt a capital structure that is most appropriate for its scale, operations and strategic objectives
 - Enable the ACAD Business to gain access to new capital sources; for example, capital from investors that are attracted by the return profile of the business, which will in turn enable it to further exploit growth opportunities
 - Ensure each business focuses on its core competencies
- Importantly, AMA considers the demerger of ACAD will allow it to realise significant revenue growth opportunities in both domestic and international markets. AMA considers these benefits will have a positive impact on ACAD's core business regardless of the Blackstone Proposal

Summary and next steps

■ Board recommendation

- The AMA Group Board unanimously recommends that shareholders vote in favour of the proposed Demerger at the relevant Demerger scheme meeting subject to the Independent Expert concluding (and continuing to conclude) the Demerger is in the best interests of AMA Group shareholders
- Each AMA Group Director intends to vote, or cause to be voted, all the AMA Group shares in which they have a relevant interest in favour of the Demerger in the absence of a proposal that is superior to the Demerger and subject to the Independent Expert concluding (and continuing to conclude) the Demerger is in the best interests of AMA shareholders

■ Implementation

- The Demerger will be effected by means of a Scheme of Arrangement and will be separately assessed by an Independent Expert. The Demerger is not conditional on the Blackstone Proposal being implemented

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The Blackstone Proposal

Blackstone Proposal overview



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- **If the Demerger Scheme is approved by shareholders and the Court, AMA has agreed to implement the “Blackstone Proposal”**
- Under the Blackstone Proposal, the shareholders of AMA Group will have their shares in AMA Group (which will then be the holding company of the Panel Business) acquired by The Blackstone Group advised funds for 86 cents per share, which equates to an enterprise value of \$508 million
 - Enterprise value represents 10.7x projected pro forma normalised EBITDA for the year ending June 30, 2018 adjusted for the assumption of AMA Group’s outstanding bank debt (less \$22.5 million which will be assumed by the demerged APAC Business) and deferred acquisition consideration liabilities.
- Under the Blackstone Proposal, significant value is added to the demerged ACAD business through the implementation of a long term product sourcing agency agreement between the demerged businesses
 - The agreement provides for the long term continuation of existing sourcing arrangements between ACAD and the Panel Business
 - 10 year agreement with minimum annual sourcing agency fees of \$1m
 - The Blackstone Group-controlled Panel Business will also work with other Blackstone Group portfolio companies to develop mutually beneficial product supply arrangements.
 - The agreement guarantees \$12 million of product sourcing agency fees (Year 1: \$6 million / Year 2: \$4 million / Year 3: \$2 million) with the obligation of the demerged Panel Business reduced by the sourcing agency fees received from other Blackstone Group portfolio companies in the relevant period. The sequencing of the fee guarantee provides a strong foundation to support the ramp up of the ACAD business

Key terms of the Scheme Implementation Deed



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■ Consideration alternatives:

- AMA Group shareholders will be entitled to elect to receive:
 - All Cash Consideration: 86 cents cash per share; or
 - Mixed Alternative 1: 40% cash and 60% TopCo (refer to the Scheme Implementation Deed for overview and definition of TopCo) shares to the total value of 86 cents per share; or
 - Mixed Alternative 2: 95% cash and 5% TopCo shares to the total value of 86 cents per share
- Both mixed consideration alternatives will be subject to a scale back to ensure the total number of shares issued does not exceed 22% of the total shares on issue in TopCo

■ Minimum elections

- AMA Shareholders holding at least 13% of the AMA shares on issue elect to receive the Mixed Alternative 1
 - Shareholders who together hold 14.1% of the AMA shares on issue have indicated to AMA that they intend to vote in favour of the Scheme in the absence of the Board recommending a Superior Proposal and subject to an Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of AMA Shareholders, and intend to elect to receive the Mixed Alternative 1
- AMA Shareholders holding at least 12% of the AMA shares on issue elect to receive the Mixed Alternative 2
 - Ray Malone, who holds 14.6% of the AMA shares on issue has indicated to AMA that he intends to vote in favour of the Scheme in the absence of the Board recommending a Superior Proposal and subject to an Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of AMA Shareholders, and intends to elect to receive the Mixed Alternative 2

Summary and next steps



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■ Board recommendation

- The AMA Group Board has considered the Blackstone Proposal in detail and unanimously recommends that shareholders vote in favour of the Blackstone Proposal at the relevant acquisition scheme meeting in the absence of a superior proposal and subject to the Independent Expert concluding (and continuing to conclude) the Blackstone Proposal is in the best interests of AMA shareholders
- Each AMA Group Director intends to vote, or cause to be voted, all the AMA Group shares in which they have a relevant interest in favour of the Blackstone Proposal in the absence of a superior proposal and subject to the Independent Expert concluding (and continuing to conclude) the Blackstone Proposal is in the best interests of AMA shareholders

■ Implementation

- The implementation of the Blackstone Proposal is subject to a number of customary conditions including the approval of AMA Group shareholders and the Court, no material adverse change or prescribed occurrence taking place, obtaining certain material third party consents as well as the approval of Australia's Foreign Investment Review Board ("FIRB"). An application for such approval will be submitted by The Blackstone Group to FIRB for its consideration
- The Blackstone Group has advised AMA Group that the Blackstone Proposal is fully funded on customary terms
- The Scheme Implementation Deed contains customary exclusivity provisions including no shop and no talk restrictions, a notification obligation and a matching right, subject to AMA Group Directors' fiduciary obligations. The Scheme Implementation Deed also details circumstances under which a break fee may be payable to The Blackstone Group, or a reverse break fee payable to AMA Group

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Transaction summary

Combined value of transactions



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	Panel Business	ACAD			
		Low	High		
Management Forecast FY18 Pro Forma EBITDA (A\$m)	47.7 ⁽¹⁾	18.1 ⁽²⁾	20.1 ⁽³⁾		
EV / EBITDA Acquisition Multiple	10.7x	10.7x (Panel Business acquisition multiple assumed)			
Enterprise Value (A\$m)	508.4	192.9	214.2		
Debt (A\$m)	49.2 ⁽⁴⁾	22.5		Combined Consideration	
Equity Value (A\$m)	459.2	170.4	191.7	632.3	653.7
Equity Value per Share (cents)	86.0	31.9	35.9	117.9	121.9

Note: The above table contains forecasts which may involve known and unknown risks, uncertainties and assumptions and other important factors that could cause the actual performance to be materially different from future performance expressed or implied by such forecasts.

(1) Management forecast of AMA Panel Business FY18 Pro Forma Normalised EBITDA

(2) Management Forecast FY18 Pro Forma EBITDA of ACAD includes base ACAD forecast of \$9.3m and adjustments for corporate costs (-\$1.75m), minimum year 1 procurement EBITDA contribution (\$7m) (Blackstone fee guarantee – i.e. no incremental business) and estimated low case normalised annual EBITDA of Automotive Solutions Group Limited (\$3.5m)

(3) Management Forecast FY18 Pro Forma EBITDA of ACAD includes base ACAD forecast of \$9.3m and adjustments for corporate costs (-\$1.75m), minimum year 1 procurement EBITDA contribution (\$7m) (Blackstone fee guarantee - i.e. no incremental business) and estimated high case normalised annual EBITDA of Automotive Solutions Group Limited (\$5.5m)

(4) Includes adjustments for debt like items

Key milestones



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Demerger

Event	Date
• AMA lodges draft Demerger Scheme Booklet with ASIC – including IER	28 June 2018
• First Court Date	17 July 2018
• Demerger Scheme Booklet registered by ASIC and released on ASX	17 July 2018
• Demerger Scheme Booklet despatched to AMA Shareholders	24 July 2018
• Demerger Scheme meeting eligibility – last time for determining eligibility to vote	5:00pm 23 August 2018
• Demerger Scheme Meeting	24 August 2018
• Economic Separation Date	31 August 2018
• Second Court Date for Demerger Scheme	10 September 2018
• Effective Date for Demerger Scheme	11 September 2018
• ASX Listing of ACAD – ACAD Shares commence trading on ASX on deferred settlement basis	12 September 2018
• AMA Shares trade ex Demerger Scheme entitlements	17 September 2018
• Record Date for Demerger Scheme	5:00pm 18 September 2018
• Implementation Date for Demerger Scheme	20 September 2018
• Capital Reduction Amount applied to pay for transfer of ACAD Shares to AMA Shareholders	
• ACAD shares commence trading on a normal settlement basis	21 September 2018

Blackstone Proposal

Event	Date
• AMA lodges draft Acquisition Scheme Booklet with ASIC – including IER	28 June 2018
• First Court Date	17 July 2018
• Acquisition Scheme Booklet registered by ASIC and released on ASX	17 July 2018
• Acquisition Scheme Booklet despatched to AMA Shareholders	24 July 2018
• Election Date – deadline for receipt of mixed consideration election forms	16 August 2018
• Acquisition Scheme meeting eligibility – last time for determining eligibility to vote	5:00pm 23 August 2018
• Acquisition Scheme Meeting	24 August 2018
• Second Court Date for Acquisition Scheme	21 September 2018
• Effective Date for Acquisition Scheme	24 September 2018
• Last day for trading in AMA Shares on ASX	28 September 2018
• Record Date for Acquisition Scheme	5:00pm 2 October 2018
• Implementation Date for Acquisition Scheme	4 October 2018
• Scheme Consideration despatched to AMA Shareholders	
• AMA shares transferred to Blackstone	
• Delisting of AMA from ASX	5 October 2018