14 August 2024

Manager
Company Announcements
ASX Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Amotiv Limited – Results for the year ended 30 June 2024

Result in line with guidance driven by above system organic growth and acquisitions

Highlights

- Underlying EBITA is in line with guidance of "at least $193.5m", with all segments performing in line with expectations
- Revenue growth of 7.7% includes 5.8% organic growth driven by ongoing strategic diversification into new geographies, categories, products and customers
- Underlying EBITA of $194.6 million includes investment in greenfields, and increased product development (PD) spend to support medium and long-term growth
- Gross margin expansion reflects resilience and effective margin management
- Strong cash conversion and ongoing deleveraging resulted in Net debt/Adjusted EBITDA[1] at bottom end of medium-term target range of 1.6x–1.9x
- Final dividend of 22.0 cents per share (cps) in line with the prior year. Full year dividend increased 1.5 cps

Financial overview

$M	FY24	FY23	Change
Revenue	987.2	916.5	7.7%
Statutory NPAT (continuing operations)	99.8	93.7	6.5%
Underlying NPATA[1]	118.9	113.8	4.5%
Underlying EBITA[1]	194.6	185.3	5.0%
Cash conversion[2]	92.9%	112.4%	(19.5pps)
Net Debt/Adjusted EBITDA[3]	1.6x	2.0x	(0.4x)
Cents	**FY24**	**FY23**	**Change**
EPS (Basic)	70.8	66.5	6.4%
Underlying EPSA[1]	84.4	80.8	4.5%
DPS (full year)	40.5	39.0	3.8%

Global notes: FY23 financials have been restated to exclude discontinued operations (Davey) - refer to note 7 in Appendix 4E. 1. Underlying NPATA, underlying EBITA and underlying EPSA are non-IFRS, unaudited and exclude (non-cash) acquisition-related inventory step ups and significant items outlined in note 7 of Appendix 4E. 2. Operating cash flow adjusted for tax paid, lease payments and transaction costs as a percentage of underlying EBITA adjusted for leases. 3. Refer to slide 49 of the FY24 investor presentation for Net debt/Adjusted (bank covenant) EBITDA calculation.

Revenue for the full year increased 7.7% to $987.2 million, driven by both organic growth and part year contribution from FY24 acquisitions.

The Group reported Statutory NPAT from continuing operations of $99.8 million, up 6.5% on the prior year. This result includes $22.2 million of amortisation of acquired intangibles, acquisition-related inventory step ups and $5.0 million of significant items, on a post-tax basis. Underlying NPATA, which excludes these items, increased 4.5% on prior year.

Underlying EBITA of $194.6 million increased 5.0% on the prior year.

Following the divestment of Davey, management of working capital and capex requirements, and the acquisition of Rindab and CES, net debt was significantly reduced allowing the Group to achieve a leverage ratio (Net Debt/Adjusted EBITDA) of circa 1.6x, at the bottom end of the target range of 1.6x-1.9x. Sufficient borrowing lines remain in place to respond to compelling organic and bolt-on acquisition opportunities.

A fully franked final dividend of 22.0 cps was announced, in line with the prior year. This brings the full year dividend to 40.5 cps, up from 39 cps in line with the prior year, representing 57% of NPAT from continuing operations.

Segment summary

All business segments contributed to EBITA growth, with corporate costs increases responding to the larger and more diverse nature of the Group.

Underlying EBITA	FY24	FY23	Change
4WD Accessories & Trailering	62.7	58.2	7.7%
Lighting, Power & Electrical	71.6	65.1	10.0%
Powertrain & Undercar	72.7	71.3	2.0%
Corporate	(12.4)	(9.2)	34.1%

4WD Accessories and Trailering

Revenue and underlying EBITA growth of 4.7% and 7.7% respectively reflects improved vehicle supply offsetting a less favourable model mix and challenges in New Zealand. In line with guidance provided in the May 2024 trading update, APG's underlying EBITA was $63.1 million. The improvement in the underlying EBITA margin largely reflects improved recoveries from higher volumes through the Thailand, Keysborough and ECB facilities.

The Division is establishing its manufacturing presence in South Africa with first production trials expected in the second quarter of FY25.

Lighting, Power and Electrical

Organic revenue growth of 7.3% combined with acquisitions to deliver growth of 13.3%. The lower EBITA margin reflects the impact of FY24 acquisitions. Organic EBITA margins were in line with prior year, inclusive of the investment in offshore growth initiatives, demonstrating the positive effect of margin management.

FY24 acquisitions have extended the geographic reach and capability of the Division.

Vision X Europe (Rindab AB) was acquired in November 2023. The integration is complete and FY24 revenue tracked slightly above expectations.

Caravan Electrical Solutions (CES) was acquired in March 2024 and adds capability in customised electrical and power management solutions for caravan Original Equipment Manufacturers (OEMs).

Powertrain and Undercar

Revenue growth of 5.7% and underlying EBITA growth of 2.0% was driven by a combination of above system volume growth and pricing actions.

All businesses achieved solid-to-strong growth, excluding the brakes business. The decline in the revenue and EBITA of the brakes category was primarily due to warehouse capacity challenges. This issue is expected to be rectified through the impending move to a new national distribution centre scheduled for quarter 2 of FY25.

Price rises were implemented early in the second half to manage currency pressures and domestic cost inflation. Adjusting for investment in the Electric Vehicle battery repair greenfield business, Infinitev, the division's underlying EBITA margin remained relatively stable.

Balance sheet and cash flow

Further deleveraging of the balance sheet was achieved in FY24 inclusive of the following actions:

- The disposal of Davey, with the funds partially reinvested in the acquisition of Rindab and CES
- Strong cash conversion on the back of a solid EBITA result, notwithstanding materially lower debtor factoring
- Increased capex and PD spend to support growth
- Higher full year dividends

The balance sheet is in a strong position with a high proportion of fixed-rate debt, optimised maturity profile and low cost of funds.

A fully franked final dividend of 22.0 cents per share was announced, in line with the prior year and the medium-term leverage aspirations of the Group.

July Trading Update

4WD Accessories and Trailering

- Solid growth in revenue
- NZ and caravan/RV softness has continued into FY25

Lighting, Power and Electrical

- Slower start in Australia - solid revenue growth for truck and power management mitigated lower orders from a major reseller and softer caravan/RV market
- Solid growth in non-ANZ revenue

Powertrain and Undercar

- Solid growth in revenue
- No significant change to reported garage activity levels
  - 2 weeks forward bookings nationally ex Victoria (1 week)
  - Labour tightness remains a major constraint
- Feedback suggests that the consumer shift to service rather than major repairs is persisting

Outlook

- Further growth in Group revenue and underlying EBITA is expected in FY25
  - Wear and repair market expected to stay resilient
  - New Vehicle Sales projected to remain stable
  - NZ continues to show weakness, 4WDAT manufacturing cost reductions underway
  - Closely monitoring indicators of ongoing softness in the Caravan/RV market and broader economic conditions
- Corporate cost expected to be ~$14m reflecting annualisation of the platform reset
- PD spend as a % of revenue expected to be slightly higher in FY25
- Core currencies ~80% hedged in H1
- Group remains focused on margin management
- Cash conversion expected to be ~85%
- Capex expected to be ~$25m
- Strong balance sheet and leverage position supportive of growth initiatives
- The Group looks forward to providing a further update at the AGM on 21 October 2024

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Announcement approved by the Board of Directors