Analyst
Chris Savage 612 8224 2835

Authorisation
Sam Brandwood 612 9255 2850

AMA Group (AMA)

Levers to pull?

Recommendation
Hold (unchanged)
Price
$0.23
Target (12 months)
$0.24 (previously $0.17)

GICS Sector

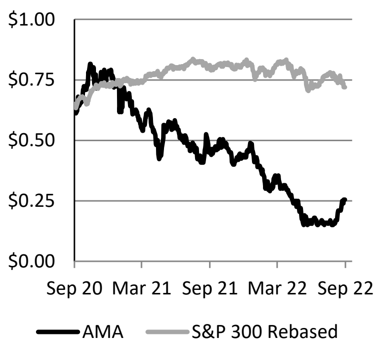
Automobiles and Components

Expected Return	
Capital growth	**4.3%**
Dividend yield	**0.0%**
Total expected return	**4.3%**
Company Data & Ratios	
Enterprise value	**$410.8m**
Market cap	**$246.8m**
Issued capital	**1,073.1m**
Free float	**95%**
Avg. daily val. (52wk)	**$1.1m**
12 month price range	**$0.145 - $0.51**

Price Performance

	(1m)	(3m)	(12m)
Price (A$)	0.15	0.17	0.50
Absolute (%)	70.00	54.55	-49.00
Rel market (%)	75.62	53.66	-39.18

Absolute Price



SOURCE: IRESS

Levers to pull?

In our view AMA is close to needing a capital raise given the debt facility is close to fully drawn and the company only had cash of $52m at 30 June. There are, however, some levers the company can potentially pull to reduce the need for or avoid a capital raise and these include: 1. A pull forward of the next market incentive payment to this financial year; 2. The sale of ACM Parts; and/or 3. Successful renegotiation of the Capital Smart contract and an earlier commencement than 1 July 2023. In our view the most likely of these scenarios occurring in the near term is the first or the third – ACM is probably considered too integral to the business to sell – though neither is at the option of AMA and would have to be negotiated with the relevant other party. In fact, the need or desire of AMA to achieve one or both of these outcomes potentially puts AMA in a weaker negotiating position so the company may have to give up something or accept less than hoped for in order to reach an agreement.

Modest upgrades in FY24 and FY25

There is no change in our FY23 forecasts and we continue to forecast normalised EBITDA of $63.2m which is below the company's guidance range of $70-90m. We have, however, upgraded our normalised EBITDA forecasts in FY24 and FY25 by 5% and 7% given the likelihood of a successful renegotiation of the Capital Smart contract at some stage this financial year and we were also well below the FY24 guidance. We now forecast FY24 normalised EBITDA of $99.9m which is closer to but still below the guidance of $120-140m.

Investment view: PT up 33% to $0.24, Maintain HOLD

We have updated each valuation used in the determination of our price target for the forecast changes as well as market movements and time creep. We have also increased the multiple applied in the EV/EBITDA valuation from 4.25x to 5.25x and reduced the WACC in the DCF from 11.8% to 11.3% due to the potential for AMA to pull one or more of the highlighted levers and reduce or avoid the need of a capital raise. The net result is a 33% increase in our PT to $0.24 and we maintain the HOLD.

Earnings Forecast

Year end 30 June	**2022**	**2023e**	**2024e**	**2025e**
Total revenue (A$m)	844.9	955.6	1,018.2	1,067.3
EBITDA (normalised) (A$m)	21.6	63.2	99.9	105.2
NPAT (statutory) (A$m)	-144.2	-32.0	2.1	12.3
EPS (diluted) (cps)	-15.1	-3.0	0.2	1.1
EPS growth (%)	NM	NM	NM	NM
PER (x)	NM	NM	118.6	20.2
Price/CF (x)	NM	5.3	3.3	3.0
EV/EBITDA (x)	21.8	6.6	4.1	3.9
Dividend (¢ps)	0.0	0.0	0.0	0.0
Yield (%)	0.0%	0.0%	0.0%	0.0%
ROE (%)	NM	NM	NM	5.1%
Franking (%)	0%	0%	0%	0%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Levers to Pull?

In our view AMA is close to needing a capital raise given the debt facility is close to fully drawn and the company only had cash of $52m at 30 June. There are, however, some levers the company can potentially pull to reduce the need for or avoid a capital raise and these include:

- **Pull forward of next market incentive**: Every four to five years or so AMA receives a "market incentive" from its paint supplier – BASF – which is effectively a prebate or upfront discount for the exclusive use of BASF paint. The last market incentive was $59.5m in FY20 and since then has this payment been amortised against purchases of paint. The market incentive balance at 30 June 2022 had been reduced to $48.0m which is enough for another three years or so given the current annual amortisation charge is around $14m. There is, therefore, no particular need for another market incentive payment at present though in theory AMA could ask for another payment now which would increase the balance and further extend the exclusivity period. But given there is no particular need for a payment currently AMA may have to agree to a change in terms of the agreement in order to receive a payment now which may, for instance, include a reduction in the discount and/or an extension of the exclusivity period.
- **Sale of ACM Parts**: ACM Parts was acquired as part of the Capital SMART acquisition in 2019 and is a provider of recycled parts for use in collision repair. The business forms most of the Supply division within AMA which generated revenue of $96m in FY22 and a modest positive EBITDA. In theory, the business could be sold as it is separate from the other three collision repair divisions – Drive, Non Drive and Heavy Motor – and not only provides parts to these divisions but the wider collision repair industry as well. But ACM is becoming increasingly integral to AMA given it works closely with each repair division and is key in the sourcing of parts. A sale is therefore perhaps unlikely and this is also supported by the relatively low EBITDA at present which may hamper the ability to achieve a reasonable price for the business.
- **Renegotiation of Capital SMART deal**: AMA has flagged numerous times over the past several months that renegotiation of the Capital SMART deal is a key focus for FY23 with the current unprofitable deal set to expire on 30 June 2023. CEO Carl Bizon has said he hopes to have a new deal sorted by Christmas and, while not saying this, what would be even better is if the new deal took effect before the current deal expires at the end of FY23. But for Suncorp to agree to this they would likely want something in return so, again, AMA may have to give up something to achieve such an outcome. This may include a lower margin or a less favourable mix of repairs or lower guaranteed volumes or some combination of these. A new deal commencing pre 1 July next year may therefore provide a boost to earnings in FY23 but may also provide less of a boost in FY24 and beyond.

In our view the most likely of these scenarios occurring in the near term is the first or the third – ACM is probably considered too integral to the business to sell – though, as indicated, neither is at the option of AMA and the company may have to give up something or accept less than hoped for in order to reach an agreement on one or both. The company may try to achieve both outcomes to try and minimise the risk and also strengthen their negotiation position (i.e. not be dependent on solely one outcome). In our view a result on one or both sometime next quarter is necessary to reduce or avoid the need of a capital raise – and keep the banks onside – and is also consistent with when AMA has indicated it wants a new Capital SMART deal sorted (i.e. pre Christmas).

Forecast and Valuation Changes

Modest Upgrades in FY24 and FY25

There is no change in our FY23 forecasts and we continue to forecast normalised EBITDA of $63.2m which is below the company's guidance range of $70-90m. We have, however, upgraded our normalised EBITDA forecasts in FY24 and FY25 by 5% and 7% given the likelihood of a successful renegotiation of the Capital Smart contract at some stage this financial year and we were also well below the FY24 guidance. We now forecast FY24 normalised EBITDA of $99.9m which is closer to but still below the guidance of $120-140m.

A summary of the changes in our key forecasts is shown below. These forecasts assume a successful renegotiation of the Capital SMART deal but only commencing 1 July 2023. We also assume no capital raise though it is tight with cash forecast to fall below $50m in FY23.

Figure 1 - Change in key forecasts

Year end 30 June	FY23e			FY24e			FY25e		
	Old	New	*Change*	Old	New	*Change*	Old	New	*Change*
Total revenue (A$m)	955.6	955.6	*0.0%*	1,018.2	1,018.2	*0.0%*	1,067.3	1,067.3	*0.0%*
EBITDA (normalised post AASB 16)	63.2	63.2	*0.0%*	95.4	99.9	*4.7%*	98.0	105.2	*7.4%*
NPAT after OEI	-32.0	-32.0	*NM*	-2.2	2.1	*NM*	5.8	12.3	*>100%*
Diluted EPS	**-3.0c**	**-3.0c**	***NM***	**-0.2c**	**0.2c**	*NM*	**0.5c**	**1.1c**	*NM*
DPS	0.0c	0.0c	*NM*	0.0c	0.0c	*NM*	0.0c	0.0c	*NM*

SOURCE: BELL POTTER SECURITIES ESTIMATES

33% Increase in PT to $0.24

We have updated each valuation used in the determination of our price target for the forecast changes as well as market movements and time creep. We have also increased the multiple applied in the EV/EBITDA valuation from 4.25x to 5.25x and reduced the WACC in the DCF from 11.8% to 11.3% due to the potential for AMA to pull one or more of the highlighted levers and reduce or avoid the need of a capital raise.

The change in each valuation and the impact on our PT calculation is shown below.

Figure 2 - Change in forecasts and impact on PT

	Old (as at 23-Aug-22)			New (as at 26-Sep-22)		
	Valuation per share	% weighting	Price target	Valuation per share	% weighting	Price target
Methodology						
EV/EBITDA	$0.10	50%	$0.05	$0.16	50%	$0.08
DCF	$0.24	50%	$0.12	$0.32	50%	$0.16
Total			**$0.17**			**$0.24**

SOURCE: BELL POTTER SECURITIES ESTIMATES

The figure shows strong double digit percentage increases in both valuations. The net result is a 33% increase in our PT to $0.24 which is a modest premium to the share price so we maintain our HOLD recommendation.

AMA Group

Company Description

AMA Group (AMA) is the largest accident repair group in Australia with approximately 170 vehicle panel repair shops. The company also has a presence in New Zealand with 6 vehicle panel repair shops. AMA sold its parts business – called ACAD – in 1HFY21 so is now almost a pure play accident repair group. The only parts of the company outside of panel repair are ACM Auto parts – a parts recycler – and Fluiddrive (a remanufacturer of automatic transmissions).

Investment Thesis

We maintain our HOLD recommendation on AMA. Our investment thesis is based on:

- **Valuation**: Our 12 month price target on AMA is $0.24. The price target is generated from a blend of two valuation methodologies we apply to the company: EV/EBITDA and DCF. The price target is a 4% premium to the current share price and the total expected return (which includes the forecast dividend yield) is the same.
- **Consolidation opportunity**: AMA is the largest accident repair group in Australia but still only has around a 13% market share in what is a very fragmented industry. AMA is well positioned to lead consolidation in the industry and has a track record of successfully integrating acquisitions. A lack of strength in the Balance Sheet at present, however, suggests this opportunity is currently on hold.
- **Situational headwinds**: AMA is facing headwinds at present largely driven by the lockdowns and labour shortages associated with COVID-19. How long these headwinds will last is unclear though the company describes them as situational rather than structural.

Key Risks

Key downside risks to our estimates and valuation include (but are not limited to):

- **Acquisition risk**: The business model of AMA is to acquire, operate and develop complementary businesses in the automotive aftercare market. A risk is that an acquisition may not deliver to the expectations of AMA and this may negatively impact the financial performance of the company. A further risk is there may need to be a write down of goodwill or other intangibles associated with the acquisition.
- **Integration risk**: Every acquisition of AMA needs to be integrated into the group and this involves the centralising of finance and admin systems and potentially also the rationalisation of production process and brand integration. Integration is key for a successful acquisition and in some cases can be the key driver of an acquisition if cost savings or synergies are expected to be achieved. A risk, therefore, is the integration does not go well and/or the expected level of cost savings or synergies is not achieved.
- **Personnel risk**: A key strength of AMA is its experienced management team who have long standing customer relationships and a proven track record of targeted acquisitions and successful integration. A risk is that some key management leave the company and with that also goes one or more key customer relationships and lowers the overall experience level of the team which could have an adverse effect on the financial performance of the company.

AMA Group
as at 26 September 2022

Recommendation	Hold
Price	$0.23
Target (12 months)	$0.24

Table 1 - Financial summary

AMA Group (AMA)

Share price:	$0.23	**Target price:**	$0.24
No. of issued shares:	1,073.1m	**Market cap:**	$246.8m

Profit & Loss (A$m)					
Year end 30 Jun	**2021**	**2022**	**2023e**	**2024e**	**2025e**
Revenue from operations	**916.5**	**838.1**	**952.2**	**1,014.9**	**1,064.3**
Other revenue (excl. int.)	3.1	6.9	3.4	3.2	3.0
Total revenue (excl. int.)	**919.6**	**844.9**	**955.6**	**1,018.2**	**1,067.3**
Change	*11%*	*-8%*	*13%*	*7%*	*5%*
Expenses (excl. D&A, int.)	**-813.6**	**-826.1**	**-893.4**	**-918.3**	**-962.1**
% of revenue	*-88.8%*	*-98.6%*	*-93.8%*	*-90.5%*	*-90.4%*
EBITDA (statutory)	**105.9**	**18.9**	**62.2**	**99.9**	**105.2**
Depreciation	-63.3	-61.0	-59.5	-58.0	-56.6
Amortisation	-17.9	-17.7	-17.3	-16.8	-16.4
Impairment	-102.5	-105.5	0.0	0.0	0.0
EBIT	**-77.8**	**-165.4**	**-14.6**	**25.0**	**32.2**
Net interest (expense)/revenue	-29.9	-31.1	-29.6	-25.9	-21.4
Share of associates' profit	0.0	0.0	0.0	0.0	0.0
Pre-tax profit bef. adjust.	**-107.7**	**-196.6**	**-44.2**	**-0.9**	**10.8**
Fair value adjustments	-6.0	13.7	0.0	0.0	0.0
Pre-tax profit from ops.	**-113.6**	**-182.8**	**-44.2**	**-0.9**	**10.8**
Profit from discont. ops	12.2	0.0	0.0	0.0	0.0
Pre-tax profit	**-101.5**	**-182.8**	**-44.2**	**-0.9**	**10.8**
Income tax expense	2.3	34.8	8.8	0.0	-1.1
NPAT before OEI	**-99.2**	**-148.0**	**-35.3**	**-0.8**	**9.8**
OEI	2.1	3.8	3.3	2.9	2.5
NPAT after OEI	**-97.1**	**-144.2**	**-32.0**	**2.1**	**12.3**
Change	*NM*	*NM*	*NM*	*NM*	*NM*

Cash Flow (A$m)					
Year end 30 Jun	**2021**	**2022**	**2023e**	**2024e**	**2025e**
EBITDA	105.9	18.9	62.2	99.9	105.2
Change in working capital	-19.9	-19.7	4.8	0.0	0.0
Gross cash flow	**86.0**	**-0.9**	**67.0**	**99.9**	**105.2**
Interest received	0.3	0.2	0.0	0.0	0.0
Interest paid	-27.0	-26.4	-29.6	-25.9	-21.4
Tax paid	-7.2	-1.2	8.8	0.0	-1.1
Operating cash flow	**52.1**	**-28.2**	**46.3**	**74.0**	**82.7**
Proceeds from sale of PPE/bus.	63.9	0.2	0.0	0.0	0.0
Payments for PPE	-12.5	-6.8	-12.5	-15.0	-17.5
Payments for intangibles	-0.2	-0.5	0.0	0.0	0.0
Payments for acquisitions	-17.9	-10.8	-10.0	-10.0	-12.5
Loans and other investments	0.0	0.0	0.0	0.0	0.0
Investing cash flow	**33.3**	**-18.0**	**-22.5**	**-25.0**	**-30.0**
Equity raised	0.0	95.3	0.0	0.0	0.0
Change in borrowings	-102.5	-28.5	0.0	0.0	-25.0
Lease payments	-31.6	-32.5	-33.5	-34.5	-35.0
Dividends paid	0.0	0.0	3.3	2.9	2.5
Financing cash flows	**-134.1**	**34.2**	**-30.2**	**-31.6**	**-57.5**
Net change in cash	**-48.7**	**-11.9**	**-6.4**	**17.4**	**-4.7**
Cash at start of period	112.9	64.2	52.2	45.8	63.2
Exchange rate impact	0.0	-0.1	0.0	0.0	0.0
Cash at end of period	**64.2**	**52.2**	**45.8**	**63.2**	**58.4**

Balance Sheet (A$m)					
Year end 30 Jun	**2021**	**2022**	**2023e**	**2024e**	**2025e**
Cash	64.2	52.2	45.8	63.2	58.4
Current receivables	72.9	67.4	71.4	76.1	79.8
Inventories	32.4	39.6	47.6	50.7	53.2
Other current assets	7.6	25.3	25.3	25.3	25.3
PPE	379.6	319.9	263.6	210.9	162.4
Intangibles - Goodwill	349.2	268.4	273.4	278.4	284.6
Intangibles - Other	202.7	185.8	182.8	180.6	179.9
Other non-current assets	18.6	26.2	26.2	26.2	26.2
Total assets	**1,127.2**	**984.7**	**936.0**	**911.4**	**869.8**
Payables	119.2	102.2	119.0	126.9	133.0
Current borrowings	32.5	2.9	2.9	2.9	2.9
Current provisions	34.2	42.6	42.6	42.6	42.6
Other current liabilities	14.0	29.1	29.1	29.1	29.1
Non-current borrowings	237.7	205.1	205.1	205.1	180.1
Non-current provisions	64.1	59.9	59.9	59.9	59.9
Other non-current liabilities	47.6	33.8	33.8	33.8	33.8
Total liabilities	**876.2**	**764.9**	**748.2**	**721.5**	**667.7**
Contributed equity	424.4	536.7	536.7	536.7	536.7
Reserves	0.6	5.1	5.1	5.1	5.1
Retained earnings/(losses)	-188.3	-332.5	-364.5	-362.4	-350.1
Outside equity interest	14.2	10.4	10.4	10.4	10.4
Total shareholders' equity	**250.9**	**219.8**	**187.8**	**189.9**	**202.2**

Valuation data					
Year end 30 Jun	**2021**	**2022**	**2023e**	**2024e**	**2025e**
NPAT (A$m)	-97.1	-144.2	-32.0	2.1	12.3
Diluted EPS (cps)	**-13.1**	**-15.1**	**-3.0**	**0.2**	**1.1**
Change	*NM*	*NM*	*NM*	*NM*	*NM*
P/E ratio (x)	**NM**	**NM**	**NM**	**118.6**	**20.2**
CFPS (cps)	7.1	-3.0	4.3	6.9	7.7
Price/CF (x)	**3.3**	**NM**	**5.3**	**3.3**	**3.0**
DPS (cps)	0.0	0.0	0.0	0.0	0.0
Yield	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Franking	0%	0%	0%	0%	0%
EV/EBITDA (x)	**3.9**	**21.8**	**6.6**	**4.1**	**3.9**
NTA per share (cps)	-40.2	-21.9	-25.0	-25.0	-24.3
Price/NTA (x)	**NM**	**NM**	**NM**	**NM**	**NM**
Normalised EBITDA	**116.1**	**21.6**	**63.2**	**99.9**	**105.2**
EV/EBITDA (x)	**3.5**	**19.1**	**6.5**	**4.1**	**3.9**

Performance ratios					
Year end 30 Jun	**2021**	**2022**	**2023e**	**2024e**	**2025e**
EBITDA margin	**11.6%**	**2.2%**	**6.5%**	**9.8%**	**9.9%**
Return on assets	-8.8%	-15.0%	-3.8%	-0.1%	1.1%
Return on equity	**NM**	**NM**	**NM**	**NM**	**5.1%**
ROIC	NM	NM	NM	NM	NM
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Effective tax rate	-2.2%	-19.0%	-20.0%	-5.0%	-10.0%

Leverage ratios					
Year end 30 Jun	**2021**	**2022**	**2023e**	**2024e**	**2025e**
Net debt/(cash) (A$m)	206.0	164.0	167.3	147.3	127.1
Net debt/equity	**82%**	**75%**	**89%**	**78%**	**63%**
Gearing	45%	43%	47%	44%	39%
Net debt/EBITDA (x)	1.9	8.7	2.7	1.5	1.2
Net interest cover (x)	-2.6	-5.3	-0.5	1.0	1.5

Segmentals (A$m)					
Revenue	**2021**	**2022**	**2023e**	**2024e**	**2025e**
Vehicle collision repairs	775.4	687.7	790.9	844.3	886.5
Heavy motor	54.1	53.9	55.2	56.6	58.0
Supply	86.7	96.2	105.8	113.8	119.4
Other services	0.3	0.3	0.3	0.3	0.3
Total revenue	**916.5**	**838.1**	**952.2**	**1,014.9**	**1,064.3**
Other income (excl. int.)	3.1	6.9	3.4	3.2	3.0
Total revenue and other inc.	**919.6**	**844.9**	**955.6**	**1,018.2**	**1,067.3**
EBITDA					
Vehicle collision repairs	95.7	24.4	53.4	88.6	93.1
Heavy motor	12.6	10.8	11.0	11.3	11.6
Supply	2.2	1.2	2.6	5.1	6.0
Corporate/eliminations	-4.2	-17.3	-4.8	-5.1	-5.3
Total EBITDA	**106.3**	**19.1**	**62.3**	**100.0**	**105.3**
Less interest income	0.3	0.2	0.1	0.1	0.1
EBITDA	**105.9**	**18.9**	**62.2**	**99.9**	**105.2**

Interims (A$m)				
Year end 30 Jun	**1HFY21**	**2HFY21**	**1HFY22**	**2HFY22**
Revenue from operations	**435.0**	**481.6**	**418.1**	**427.1**
Other revenue (excl. int.)	0.1	3.0	1.7	0.0
Total revenue (excl. int.)	**435.1**	**484.5**	**419.8**	**0.0**
Change	*10%*	*13%*	*-4%*	*0%*
EBITDA (statutory)	**55.6**	**50.3**	**2.8**	**16.1**
Depreciation	-32.3	-31.1	-29.6	-31.4
Amortisation/Impairment	-11.0	-109.4	-25.6	-97.6
EBIT	**12.4**	**-90.2**	**-52.5**	**-112.9**
Net interest (expense)/revenue	-15.7	-14.2	-15.5	-15.6
Share of associates' profit	0.0	0.0	0.0	0.0
Pre-tax profit bef. adjust.	**-3.3**	**-104.4**	**-68.0**	**-128.5**
Fair value adjustments	-5.4	-0.6	0.0	13.7
Pre-tax profit	**-8.7**	**-105.0**	**-68.0**	**-114.8**
Pre-tax profit from ops.	14.2	0.0	0.0	0.0
Profit from discont. ops	**5.5**	**-107.0**	**-68.0**	**-114.8**
Income tax expense	-0.9	3.2	20.0	14.8
NPAT before OEI	**4.6**	**-103.8**	**-48.0**	**-100.0**
Normalised EBITDA	**65.1**	**51.1**	**4.2**	**17.4**

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

Research Team

Staff Member	Title/Sector	Phone	@bellpotter.com.au
Chris Savage	Head of Research/Industrials	612 8224 2835	csavage
Analysts			
John Hester	Healthcare	612 8224 2871	jhester
Anubhav Saxena	Healthcare	612 8224 2846	asaxena
Tara Speranza	Healthcare	612 8224 2815	tsperanza
Michael Ardrey	Industrials	613 9256 8782	mardrey
Marcus Barnard	Industrials	618 9326 7673	mbarnard
Sam Brandwood	Industrials	612 8224 2850	sbrandwood
Olivia Hagglund	Industrials	612 8224 2813	ohagglund
Daniel Laing	Industrials	612 9256 2886	dlaing
Chami Ratnapala	Industrials	612 8224 2845	cratnapala
Jonathan Snape	Industrials	613 9235 1601	jsnape
David Coates	Resources	612 8224 2887	dcoates
Stuart Howe	Resources	613 9235 1856	showe
Brad Watson	Resources	618 9326 7672	bwatson
Regan Burrows	Resources	618 9326 7677	rburrows
Joseph House	Resources	613 9235 1624	jhouse
Associates			
Thomas Sima	Associate Analyst	612 8224 2843	tsima
James Williamson	Associate Analyst	613 9235 1692	jwilliamson

Research Coverage & Policies

For Bell Potter Securities' Research Coverage Decision Making Process and Research Independence Policy please refer to our company website: https://bellpotter.com.au/research-independence-policy/.

Authoring Research Analyst's Certification

The Authoring Research Analyst is responsible for the content of this Research Report, and, certifies that with respect to each security that the Analyst covered in this Report (1) all the views expressed accurately reflect the Analyst's personal views about those securities and were prepared in an independent manner and (2) no part of the Analyst's compensation was, is or will be, directly or indirectly, related to specific recommendations or views expressed by that Research Analyst in the Research Report.

Research Analyst's Compensation

Research Analyst's compensation is determined by Bell Potter Securities Research Management and Bell Potter Securities' Senior Management and is based upon activities and services intended to benefit the investor clients of Bell Potter Securities Ltd. Compensation is not linked to specific transactions or recommendations. Like all Company employees Research Analysts receive compensation that is impacted by overall Company profitability.

Prices

The Price appearing in the Recommendation panel on page 1 of the Research Report is the Closing Price on the Date of the Research Report (appearing in the top right hand corner of page 1 of the Research Report), unless a before midday (am) time appears below the Date of the Research Report in which case the Price appearing in the Recommendation panel will be the Closing Price on the business day prior to the Date of the Research Report.

Availability

The completion and first dissemination of a Recommendation made within a Research Report are shortly after the close of the Market on the Date of the Research Report, unless a before midday (am) time appears below the Date of the Research Report in which case the Research Report will be completed and first disseminated shortly after that am time

Dissemination

Bell Potter generally disseminates its Research to the Company's Institutional and Private Clients via both proprietary and non-proprietary electronic distribution platforms. Certain Research may be disseminated only via the Company's proprietary distribution platforms; however such Research will not contain changes to earnings forecasts, target price, investment or risk rating or investment thesis or be otherwise inconsistent with the Author's previously published Research. Certain Research is made available only to institutional investors to satisfy regulatory requirements. Individual Bell Potter Research Analysts may also opt to circulate published Research to one or more Clients by email; such email distribution is discretionary and is done only after the Research has been disseminated. The level and types of service provided by Bell Potter Research Analysts to Clients may vary depending on various factors such as the Client's individual preferences as to frequency and manner of receiving communications from Analysts, the Client's risk profile and investment focus and perspective (e.g. market-wide, sector specific long term and short term etc.) the size and scope of the overall Client relationship with the Company and legal and regulatory constraints.

Disclaimers

Bell Potter Securities Limited
ABN 25 006 390 772
Level 29, 101 Collins Street
Melbourne, Victoria, 3000
Telephone +61 3 9256 8700
www.bellpotter.com.au

Bell Potter Securities (HK) Limited
Room 1701, 17/F
Prosperity Tower, 39 Queens Road Central, Hong Kong, 0000
Telephone +852 3750 8400

Bell Potter Securities (US) LLC
Floor 39
444 Madison Avenue, New York NY 10022, U.S.A
Telephone +1 917 819 1410

Bell Potter Securities (UK) Limited
16 Berkeley Street London, England
W1J 8DZ, United Kingdom
Telephone +44 7734 2929