Australian Shareholders' Association

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Company	AMA Group
Code	AMA
Meeting	AGM
Date	20 November 2019
Venue	RACV City Club, Melbourne
Monitor	John Whittington (proxy collector)

Number attendees at meeting	About 50
Number of holdings represented by ASA	6
Value of proxies	$8.5m
Number of shares represented by ASA	5.4m (equivalent to 10th largest holder)
Market capitalisation	$911m
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	No

Getting Used to Being Listed with an Agenda as Long as a BHP AGM

AMA Group is a company which is aiming to consolidate Australia's vehicle panel repair industry and link with acquisitions in automotive components and accessories.

A number of significant board and management changes were made during the year, probably as part of the transition from a small closely held company to a more broadly held larger company. Andy Hopkins was appointed Group CEO in October 2018 and two new independent directors were appointed in November 2018, ex Suncorp Insurance CEO Anthony Day and a private equity director, Simon Moore. A new CFO was appointed in February, and new CEOs appointed in the Heavy Motor Division and the Panel Division. In September 2019 the previous Executive Chair, Ray Malone, retired from the board and was replaced by Anthony Day as a non-executive Chair.

As a result, the new Chair had a lot to talk about. He highlighted the growth of the group (panel division now has 130 sites), the dividend, the changes mentioned above, the retirement of Executive Director Ray Smith-Roberts, and the appointment of a new independent non-executive director Nicole Cook (finally bringing some diversity to the board), the acquisition of the Capital SMART and ACM Parts businesses in October 2019, and the capital raising to undertake that acquisition. The CEO then went into more operational detail of the year, highlighting the 21% growth in revenue, and 44% growth in net profit after tax (NPAT).

The formal part of the meeting had an immense agenda with 14 agenda items and 15 items requiring a vote. So, we got to hear a lot of the Chair reading a lot of legal boilerplate.

The first item, remuneration, received a strike with a 27.5% against vote. We asked why and the answer was provided by deputy Chair Simon Moore explaining that there was concern with FY19 payments under the previous board structure and board independence. The structure of the board has subsequently changed with the resignation of both Executive Directors other than the CEO and he felt that shareholders were more comfortable with this.

The next item covered was the election of directors. Four directors initially stood for (re-)election but the resolution for one, Ray Smith-Roberts, was withdrawn before the meeting, probably for the reasons mentioned above (it was good to see the company publish the proxies on the withdrawn motion). The two new independent directors, Anthony Day and Simon Moore, were easily elected with 95% and 99% support and the remaining director, Leath Nicholson, (first elected end 2015) had a tougher time with only 73% support. The ASA asked Mr Nicholson to speak to his election (the other two standing had already spoken, answering other questions) who spoke convincingly emphasising the benefit of his knowledge and experience of the previous (many) acquisitions that had made the AMA Group.

Other items included the ratification of the issue of AMA shares to companies they had acquired (all passed 99+%), approval of a change of auditor (passed 99.9%), issue of performance rights to the CEO (passed 86%), an increase in the (low) non-executive directors' remuneration pool (passed 92%), ratification of an institutional only capital raising (passed 96%), a selective buy-back at zero cost due to an acquisition clawback (passed 99.9%), and financial assistance for three subsidiaries (all passed 99.9%).

Since the equity raising during the year was only open to institutional investors, the ASA asked for the company to use renounceable rights issues open to retail investors in future capital raisings. Simon Moore responded by saying that that the method they used was the most cost-effective method to provide about one quarter of the company's equity and he wasn't enthusiastic about share purchase plans or renounceable rights issues for retail shareholders. We suggested that if that was the case the company should be transparent and make it clear they were focussed on institutional and not retail investors.

ASA supported all items except the issue of performance rights, the increase in the non-executive remuneration pool and the ratification of the issue of shares to institutional investors.