



TMA Bootcamp: Case Study 2025
Pre-release Brief





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Introduction

Situation

Smash Group Limited (“**Smash**”) is an ASX-listed automotive services group that provides vehicle repairs and servicing.

You have been monitoring recent announcements and press regarding Smash and have recently reached out to one of the Non-Executive Directors (“**NED**”) with a view to providing support for Smash.

After not hearing back initially, you receive a call from the NED that the CEO and CFO would be open to a meeting with you. The meeting is in two days.

Timeline

June 2022



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Summary of recent events

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Management Changes

- **Key executive changes:** There have been new management changes across key roles:
 - CEO Feb-21
 - COO Jul-21
 - CFO Feb-22
- **Board of director changes:** The board also underwent multiple director and committee chair changes between 2021 and 2022.

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Performance Drivers

- **Volume:** Significantly affected by reduced mobility and therefore accidents during COVID-19 lockdowns.
- **Contract pricing:** Revenue is highly dependent on contract terms with major insurance customers.
- **Cost pressures:** Smash has faced sustained cost inflation across wages, parts and materials.
- **Labour / skill shortages:** Shortages have placed additional pressure on operational performance and service capacity.

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Capital Structure

- **Capital raise:** Smash Management completed a ~\$95m equity capital raise in Sep-21 to provide short-term liquidity relief.
- **Financial covenant breach:** In late 2021, Smash breached financial covenants under its existing debt facilities.
In response, the lending group granted a temporary waiver on covenant testing, providing Smash with relief from default and time to pursue operational turnaround initiatives.
Debt facilities are due to mature in Oct 2024.



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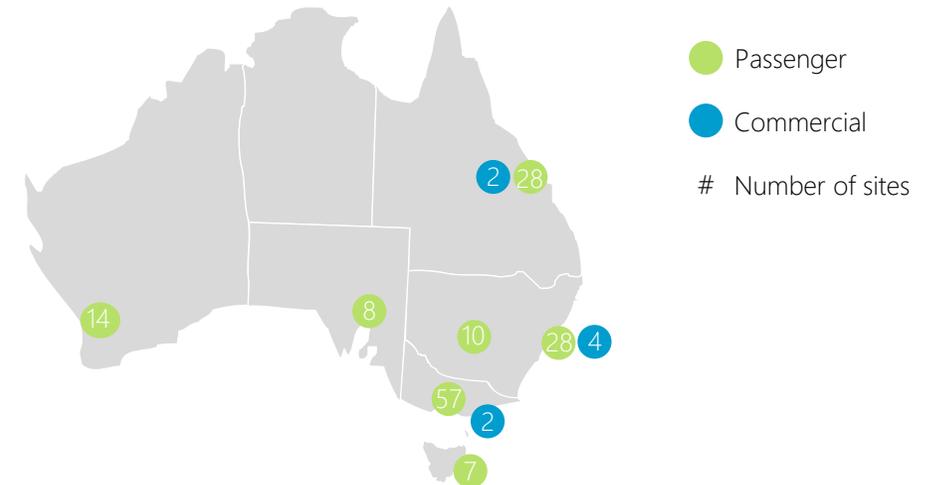
Research findings | Ahead of the CEO and CFO meeting

Smash operates one of the largest vehicle aftercare networks in Australia and New Zealand. The business primarily services insurance providers through contractual arrangements, making it highly sensitive to pricing and volume changes.

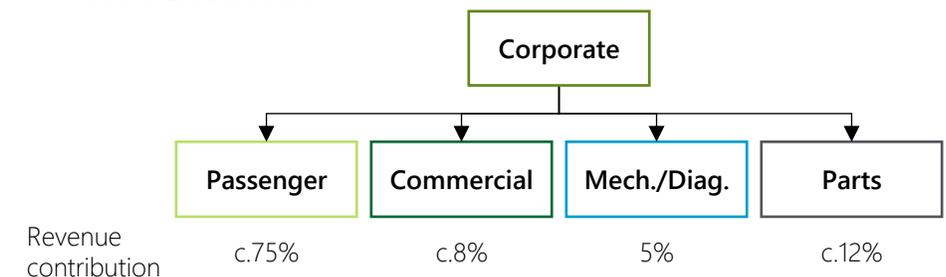
Operational complexity, labour availability and contractual pricing dynamics significantly influence its financial performance. There are four core operating divisions:

- 1. Passenger vehicle repairs:** The largest business unit, generating approximately c.75% of total group revenue, provides end-to-end repair services for drivable and non-drivable vehicles, ranging from rapid repairs to complex structural work.
- 2. Commercial vehicle repairs:** Contributing c.8% of total group revenue, this division specialises in repairs for heavy and industrial vehicles such as buses, trucks and commercial fleets.
- 3. Mechanical & diagnostic services:** Provides vehicle servicing, mechanical repairs and calibration of advanced driver-assistance systems ("ADAS").
- 4. Parts distribution:** Supplies recycled and aftermarket vehicle parts through a dedicated distribution arm, this segment accounts for the remaining c.12% of group revenue, with a strategic focus on capturing internal sales beyond the external repair network.

Operational Footprint



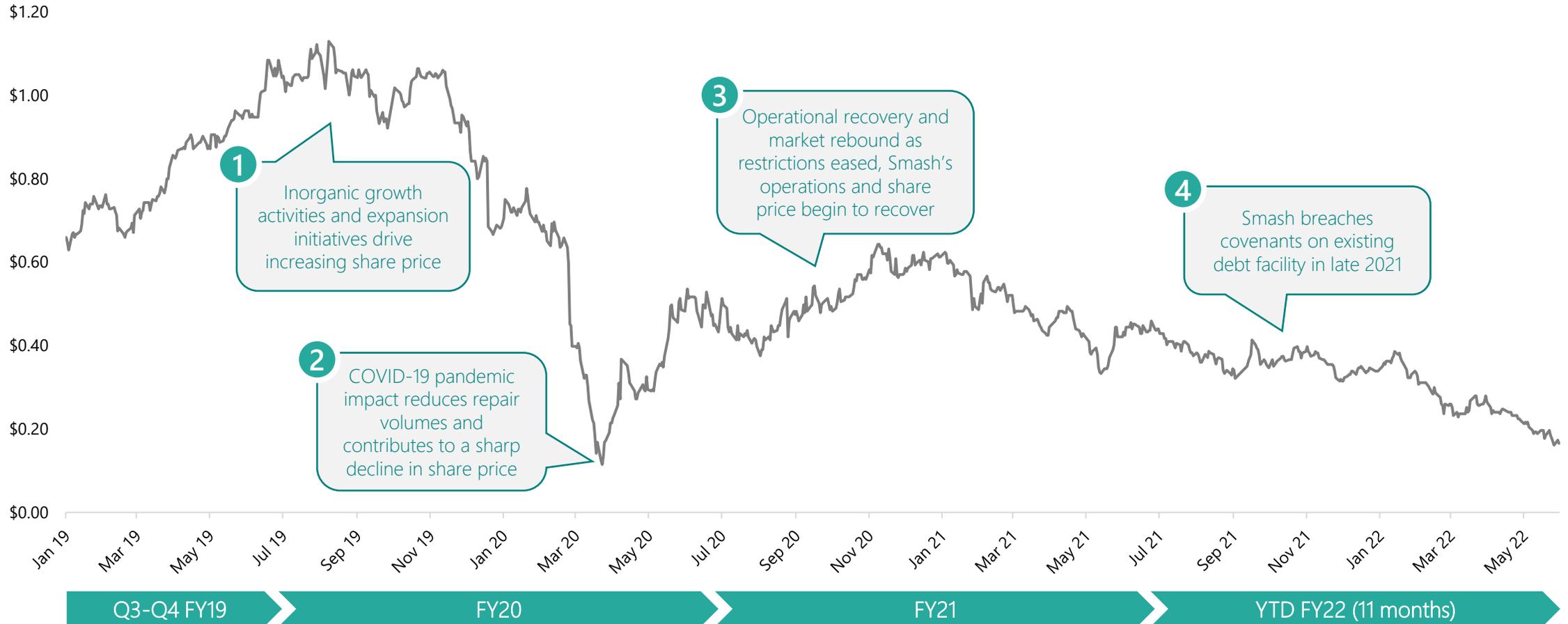
Core Divisions





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Recent Financial Performance | Share Price



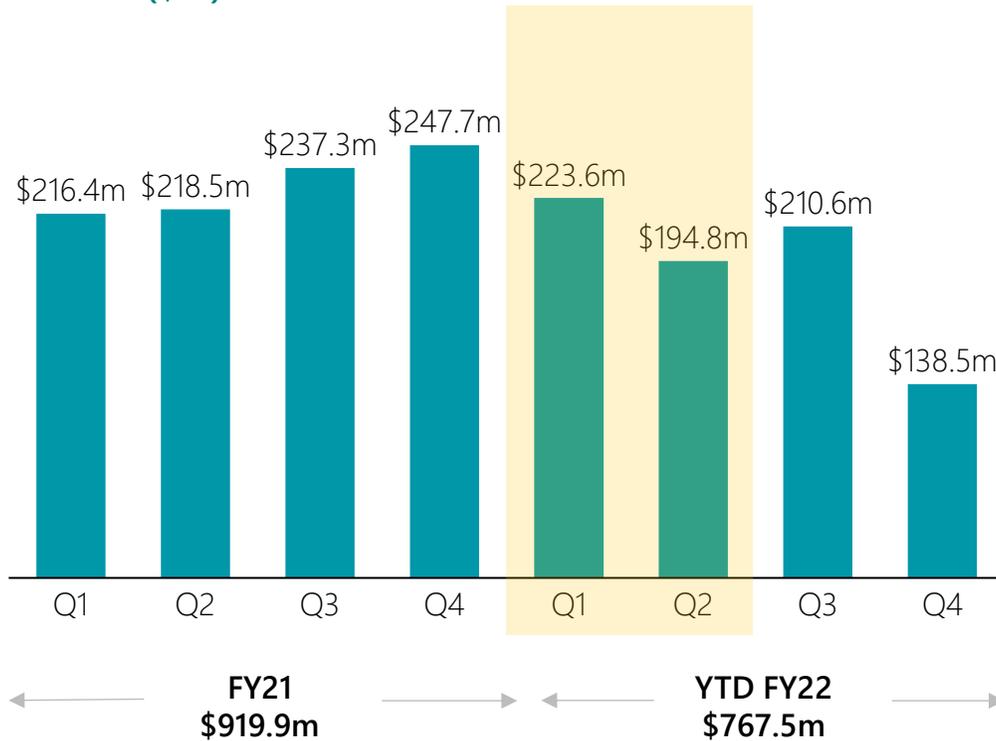


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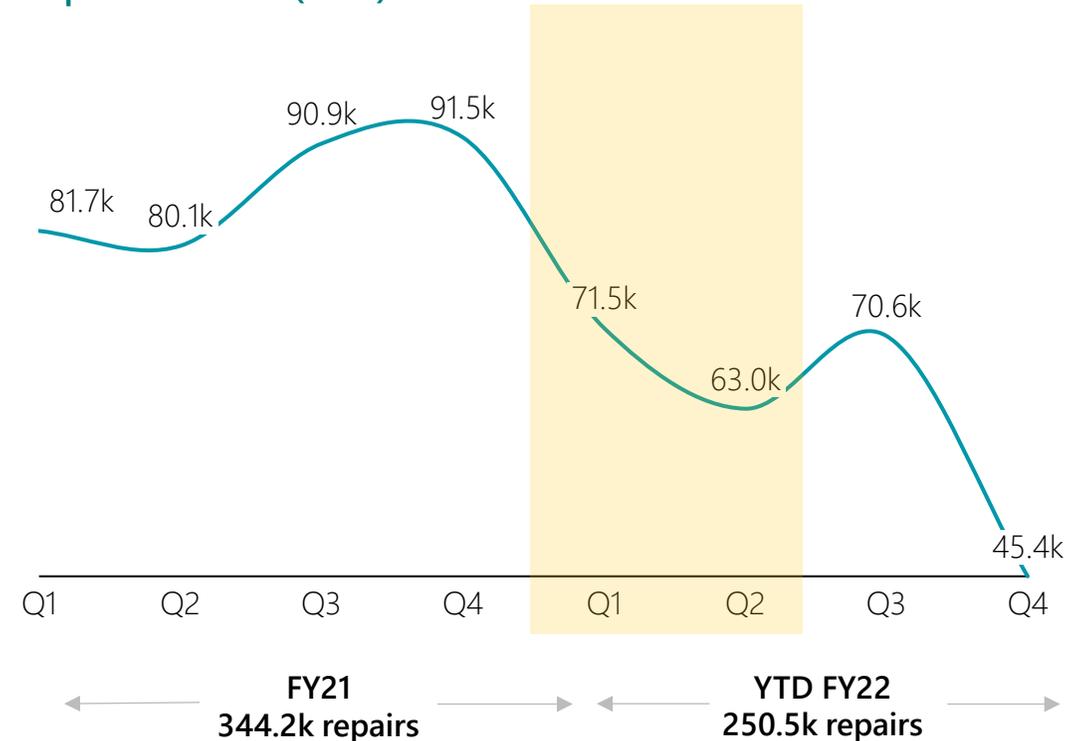
Recent Financial Performance | Revenue and Repair Volumes

Note: Period of significant COVID-19 disruption

Revenue (\$m)



Repair Volumes ('000)



Note: YTD FY22 Q4 represents 2 months

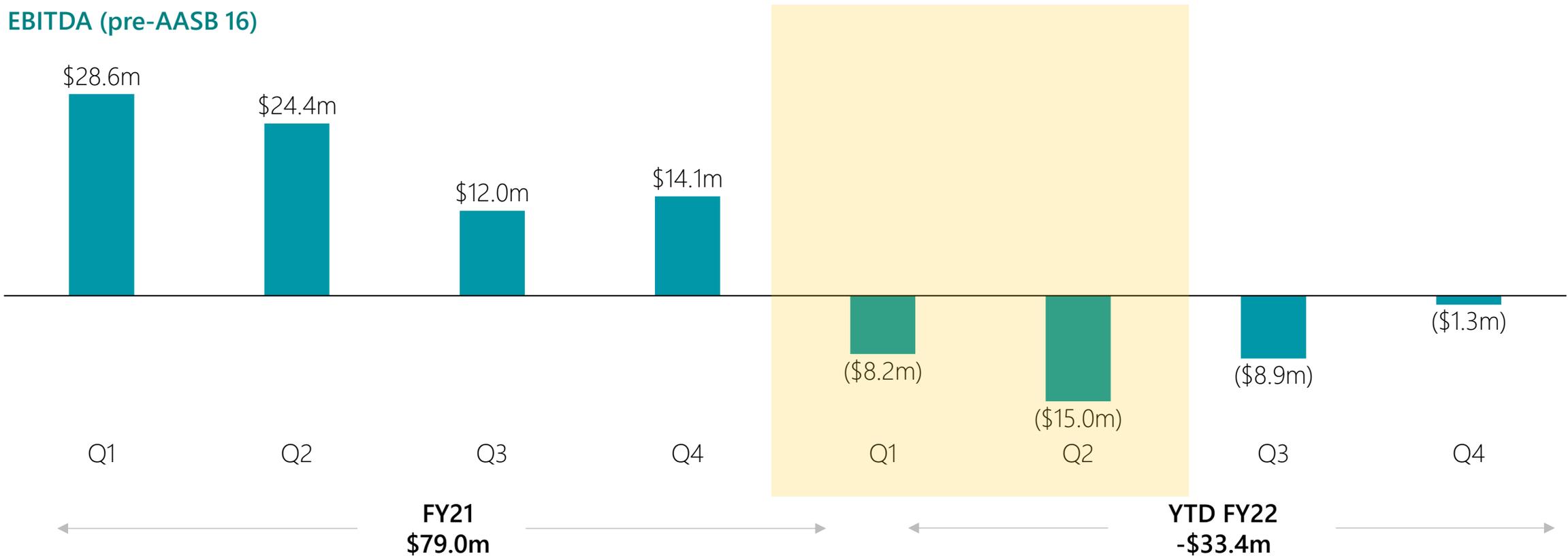


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Recent Financial Performance | EBITDA

Note: Period of significant COVID-19 disruption

EBITDA (pre-AASB 16)



Note: YTD FY22 Q4 represents 2 months



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Recent Financial Performance

Profit and loss

AUD'm	FY21	YTD FY22
Revenue	919.9	767.5
Cost of goods sold	(650.5)	(561.6)
Gross Profit	269.4	205.9
Employee expenses	(97.1)	(136.7)
Occupancy expenses	(26.0)	(24.1)
Services (professional, IT, insurance)	(1.9)	(22.5)
Other expenses	(23.7)	(9.9)
Total Operating Expenses	(148.7)	(193.2)
Post-AASB 16 EBITDA	120.7	12.7
AASB 16 normalisations	(41.7)	(46.2)
Pre-AASB 16 EBITDA	79.0	(33.4)

Cash Flow Statement

AUD'm	FY21	YTD FY22
Receipts from customers	1,042.3	867.4
Payments to suppliers and employees	(1,000.2)	(928.4)
Other operating cash flows	9.9	(8.4)
Net cash movement from operating activities	52.1	(69.5)
Net proceeds / (outflows) from sale / purchases of PPE	(11.8)	(6.1)
Net proceeds / (outflows) from disposal / acquisition of business	45.3	(7.3)
Other investing cash flows	(0.2)	(0.4)
Net cash movement from investing activities	33.3	(13.8)
Net proceeds / (repayments) of borrowings	(102.5)	(22.5)
Equity raised	0.0	95.3
Other financing cash flows	(31.6)	(5.8)
Net cash movement from financing activities	(134.1)	67.0
Net increase / (decrease) in cash	(48.7)	(16.2)
FX movements	(0.0)	(0.1)
Opening cash balance	112.9	64.2
Closing cash balance	64.2	47.9

Note: YTD FY22 represents the 11-month period from 1 July 2021 to 31 May 2022



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Recent Financial Performance

Balance Sheet

AUD'm	FY21	May-22
Cash and cash equivalents	64.2	47.9
Trade and other receivables	72.8	62.7
Inventories	32.4	39.1
Other current assets	9.5	15.7
Current assets	178.9	165.4
Property, plant and equipment	72.7	55.1
Intangible assets	551.9	536.3
Other non-current assets	428.7	413.8
Non-current assets	1,053.3	1,005.1
Total assets	1,232.2	1,170.5

AUD'm	FY21	May-22
Trade and other payables	125.9	107.8
Lease liabilities	33.8	31.1
Provisions	32.8	35.5
Other current liabilities	¹ 46.5	53.7
Current liabilities	238.9	228.1
Other financial liabilities	¹ 237.7	204.7
Provisions	12.9	26.2
Other non-current liabilities	495.1	435.6
Non-current liabilities	745.7	666.4
Net assets	247.6	276.0

¹ Note | Total Debt

- **FY21 total debt: \$269.9m**
\$32.2m in Other Current Liabilities | \$237.7m Other Financial Liabilities (non-current)
- **May-22 total debt: \$232.1m**
\$27.4m in Other Current Liabilities | \$204.7m Other Financial Liabilities (non-current)
- **Debt maturity: October 2024**