

## Hard not to be bullish about latest purchase

### AMA Group (AMA) 34.5c (trading halt)

AMA chief Ray Malone can't mask his zeal about a deal, to be unveiled today, that buttresses the auto accessories mob's share of the bull bar market. "This is a better," he says. "If this involved 100 per cent of my money I would have bought it in a heartbeat."

AMA is paying \$4.9 million for the Queensland-based, privately owned Custom Alloy, maker of alloy bull bars for mid-sized commercial vehicles.

AMA's East Coast Bullbars accounts for 35 per cent of this market, while Custom Alloy adds an-

other 15 per cent. The purchase also moves AMA's share of the total "frontal protection" market to 20-22 per cent, behind the 34 per cent enjoyed by fallen angel ARB, which issued a subdued outlook statement last week.

Overall, the auto sector has been buffeted by the mining industry downturn and the abandoned FBT changes (see below). "But things seem to be returning to normal," Malone says.

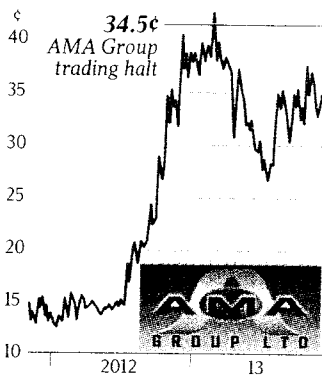
He says the deal, which was five years in the offing, was struck on an earnings multiple of a stingy 3.4 times 2012-13 EBIT. East Coast Bullbars operates just down the road.

The purchase is another milestone in the redemption tale of AMA, which was in the hands of bankers in July 2009, but under revived management paid a dividend just over two years later.

Malone plans to double AMA's revenues (\$65m last year) and has targeted other purchases. But he won't be rushed: "We want to eat our elephant one bit at a time."

AMA also owns the panel-beater Mr Gloss, Perth Brake Parts, Fluidrive, Allanco (auto electrics) and KT Cables.

We had AMA as a **long-term buy** at 29.5c in May and retain the call — providing the shares don't



Source: Bloomberg

go too sick today. Malone yesterday spoke at the fourth annual Australian Microcap Investment Conference, which has a habit of hosting winners.

Payments intermediary Emerchants has rocketed 650 per cent since presenting last year. Other dazzlers have been biotech hero Bionomics (up 128 per cent), Telstra and Apple store operator Vita Group (103 per cent), truck-tray maker MaxiTrans (70 per cent) and online lottery reseller Jumbo Interactive (60 per cent).

### McMillan Shakespeare (MMS) \$12.81

McMILLAN chief Michael Kay yesterday soared to, well, Shakespearean heights of rhetoric when he described the "tumultuous events" arising from Labor's July 16 "day of infamy".

This, of course, refers to the now-abandoned car FBT changes. But while a tragedy of *Hamlet* proportions was averted, it's clear the interruption to normal leasing levels continues to weigh on the nation's biggest salary packager.

The question is for how long and by how much, and management is not quite ready to quantify the likely current-year impact.

But the trends suggest a steady return to business as usual, with novated leasing levels recovering to close to the previous levels in the last month. But McMillan has always been rated as a growth company — or at least it was until July 16 — so merely matching the previous year's activity would be deemed as inadequate.

Management refers to returning to growth in the second half, which along with a belated 18c final div was enough to placate punters yesterday.

Criterion last had McMillan as a sell at \$12.87 on September 12, but returns to a **long-term buy**.

We would finish off with an apt quote from the Bard, but oddly enough he had much to say about the human condition but little to offer on novated leasing.

### Neuren (NEU) 12.5c

HERE'S the perfect antidote to Monday's news of yet another drug developer (pSivida) hitting a regulatory wall.

Six months ago 1 orders house was tra a share and a sub-\$ cap; yesterday its \$ ment was heavily ov at 11.5c, with a furthe capped share purcha

The moolah ensu ing of four phase-tw ing to Fragile X sync tellectual disability drome (a genetic r disorder), concussio- matic brain injury.

There's a pers Neuren is run by Riel who took roll-on t play AcruX from zer before it was sold for

Criterion sense- more to go in Au Neuren traded at 10c on board for the T effect with a target pr one's guess. **Spec buy** borehamt@theaustr

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