

AUTO MASTERS

FRANCHISE OVERVIEW

- Log Book Servicing
- Tune & Service
- Brakes
- Mechanical Repairs

Auto Masters

☎ 1300 AUTOMASTERS

Service & Repair Centre

- Air Conditioning
- Exhaust Systems
- Injector Servicing
- Cooling Systems



Great service, guaranteed!

FRANCHISE OVERVIEW



This document has been prepared to provide you with information to assist you with consideration of the Auto Masters Franchise System. You should not make any decisions based solely on the information contained in this document.

Information obtained for some parts of this document has been obtained by Auto Masters from a third party and is provided for what it is worth.

You should seek additional advice from outside advisors such as a Lawyer and an Accountant. All advice is given as a guide only and the Franchisor can in no way warrant with any accuracy the final performance of any franchise in any particular way.

This is a brief overview and must be read in conjunction with the Auto Masters Franchise Agreement and Disclosure Document.

This overview will change from time to time with no advice going to franchisees or potential franchisees.

Accurate @ 1st December 2023

FREE TOWING!
KEEP this ✓

Displayed on your vehicle and if you break down in the metropolitan area, we'll arrange to tow your vehicle to our closest service centre for repairs **FREE!**

We have **RETURNED** over **2500** SETS OF LOST KEYS!

Got your **FREE TAG?**

SERVICE & REPAIR CENTRES

FIX NOW PAY LATER
options available ✓

Great service, guaranteed!

SERVICE & REPAIR CENTRES

REPAIR NOTICE
YOUR RIGHT TO CHOOSE
Always choose a licensed repairer
Always choose an MTA WA member

To ALL Customers

Please note that you, as a consumer, have the right to choose who repairs your vehicle, whether that is body repair after an accident or mechanical repair.

Independent Repairers can complete long bodysanding on your vehicle, even when it is under the warranty period and without taking your warranty.

Great service, guaranteed!

SERVICE & REPAIR CENTRES

FREE OIL & WATER CHECK ✓

Great service, guaranteed!

TERMS AND CONDITIONS:

1. Free offer limited to basic oil and water checks only.
2. No replacement parts, oil, coolant etc are included in the "Free Offer".
3. Auto Masters reserves the right not to check water level if vehicle exhibits signs of overheating and the Auto Masters technician fears a chance of injury.

SERVICE & REPAIR CENTRES

REMEMBER to complete **OUR CUSTOMER FEEDBACK SURVEY** & you will go in the draw to **WIN \$500** ✓

Great service, guaranteed!

Lookout for our SMS with details on HOW TO ENTER.

SERVICE & REPAIR CENTRES



COMPANY HISTORY



The Auto Masters concept was the brainchild of the company's founder who observed a similar operation during a study tour of America. The concept had evolved in America as a result of the 1970's oil crisis, where for the first time Americans became conscious of fuel consumption.

Auto Masters opened its first store at William Street, Perth in 1975 and initially provided engine tuning only. Over the years it has added additional services, now specialising in brakes, suspension and general servicing and repairs.



Auto Masters has been responsible for a number of "firsts". It was the first in WA to:

- Introduce a fixed price concept.
- Introduce a money back guarantee.
- Provide 10,000 kms or six-month warranty on tunes and services.
- Provide 24,000 kms or twelve-month warranty on brakes.

Throughout Western Australia, South Australia and Queensland the Auto Masters highly recognisable corporate livery has become synonymous with service and professionalism.

This has translated into market dominance.

It has also translated into great businesses where the majority of customers are repeat customers.

The concept of quality is continually extending its boundaries of influence beyond product and service performance, into management and every other aspect of organisational life. Auto Masters have recognised this. Auto Masters has obtained Accreditation under International Model ISO 9002 of 1987 and Australian Standards Quality Management System for its stores, recognised world over by Governments and Industry alike. Accreditation makes us the only Franchised General Vehicle Servicing Specialists in Australia to achieve this status.



Company Management is aware that we exist in a constantly changing business environment. Customers are becoming increasingly sophisticated in their demands from suppliers, and we are continually training staff to develop people skills ensuring sensitivity to customers needs. We are passionately committed to the following principals:

QUALITY COMES FIRST.

- Customers are the focus of everything we do.
- Continuous improvement is essential to success.
- Employee involvement is our way of life.
- Customers and suppliers are our partners.
- Integrity is never compromised.

Training programs are an integral part of our operation. Advancement in technology is continual. We need to be aware of these changes, in some instances prior to them being introduced to the Industry at large.

There is now a recognisable quality culture at Auto Masters based on Total Quality Control and Total Management, which seeks continuous improvement in all our business activities.

The future for Auto Masters is well defined, there are a number of factors that confirm this. Small mechanical workshops are unable to keep up with the advances in technology and customer demands. Many Petrol Stations are now focusing on sales of delicatessen lines, moving their emphasis steadily and quickly away from vehicle servicing.

Increased awareness by the general public to the detrimental affects that inefficiently run vehicles have on the environment is now an important factor in favour of well-maintained fuel efficient vehicles.

Today Auto Masters provides a one-stop shop for a total automotive management program. It is an industry with a positive future in both growth and profitably.



THE FRANCHISE SYSTEM



The Franchisor and related companies have expended considerable time, effort, skill and money in developing a unique image and technique for the purpose of Automotive Service by way of maintenance and repair of commercial and private vehicles. The Franchisor operates a service system, which includes proprietary rights in certain valuable logos, business names and trade names, including the trade name Auto Masters. This modern clean image, with quality service and components also incorporates specific interior and exterior designs and colour schemes for business premises, signs, layouts, uniforms, fixtures and fittings.

The Auto Masters System is a comprehensive automotive service system operating strictly within the boundaries of the Franchising Code of Conduct. The Franchisee understands and acknowledges that its essence and foundation require the strictest adherence by Franchisees to all the Franchisor's standards, specifications, procedures and policies, which are designed to provide for the smooth operation and uniform image of all Auto Masters stores. Strict compliance with the Confidential Operations Manual and all provisions of the Franchise Agreement is essential.

The Franchisee will be granted the right to adopt and use the Auto Masters System at specified premises

and the Franchisor will agree to grant such rights to the Franchisee, subject to the terms, covenants and conditions contained in the Franchise Agreement.

The Franchise is personal to the Franchisee and cannot be in whole or in part voluntarily, involuntarily, directly or indirectly assigned, sub-divided, sub-franchised or otherwise transferred by the Franchisee without prior written consent of the Franchisor. The Franchisor cannot unreasonably refuse assignment or transfer in accordance with the Franchise Agreement.

THE AUTO MASTERS PREMISES

The Franchisor invests a lot of time in the selection of Auto Masters sites. Only sites that fall into the strict requirements of Auto Masters are selected.





INITIAL TRAINING

Proven methods need proven training techniques to ensure consistency across all outlets around the state.

Master manuals and training sessions are provided. Due to constant advancements in technology, ongoing training upgrades are planned and structured to ensure up-to-date knowledge and ability in all mechanical areas.

This is just one further area where Auto Masters has it all over small, traditional mechanical workshops.

Another aspect of Auto Masters' training is its unique knowledge and systems which it applies when analysing potential applications from Franchisees. This has in no small way resulted in the ongoing and increasing success of the outlets.

The analysis concentrates on the franchisees being reviewed on their management abilities as well as any relationship or experience with the motor industry.

But training is not just product orientated, it is very much customer orientated. All staff are taught that customers are the focus of everything they do, that continuous improvement is essential, that customers and suppliers are regarded as partners and that integrity is not negotiable.

In addition, all Auto Masters franchises are run in complete accordance with the ACCC franchise regulations.

As each individual Franchisee is different and comes with different experience and skills it is impossible to have a "Standard Training Package". All Franchisee's receive training suited to their individual needs, which is discussed and planned with each Franchisee.

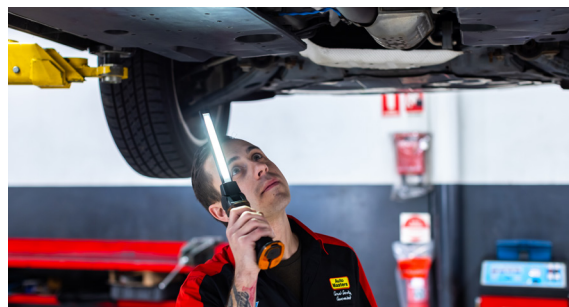
OPERATIONS AND QUALITY MANUAL

The Franchisor has developed for the use of the Franchisee, the Confidential Operations Manuals containing the confidential and mandatory specifications, standards and procedures prescribed by the Franchisor for the operation of the business and the maintenance of the Auto Masters System and Image.



The Franchisee shall operate the business strictly with the provisions of the Confidential Operations Manuals.

The Franchisor shall have the right to add, delete or otherwise modify the contents of the Confidential Operations Manuals; provided however, that no such addition or modification shall alter the Franchisee's fundamental status and rights under the Franchise Agreement.





WHAT QUALITIES DO I NEED

As a successful Auto Masters Franchisee you do not necessarily need to be a mechanic, you do however need to have mechanical aptitude. By this we mean that you need to be able to grasp the basic mechanical workings of a motor vehicle, you don't have to know how to repair a motor vehicle just understand the basic workings and be able to explain these to the customers.

Sales are a very important part of an Auto Masters Franchise, either face to face or in most cases on the telephone. In the first instance a Franchisee needs to be able to convert an enquiry into a booking. After a vehicle has been serviced and inspected a Franchisee needs to be able to confidently explain to a customer what other work needs to be done to their vehicle, how much it will cost, why a repair needs to be done, when the vehicle will be ready and what may happen if the repair is not done. It is very important for a franchisee to gain a customer's confidence in their ability to repair their vehicle on time and on budget and to make the customer feel comfortable with their purchase.

A day in an Auto Masters Franchise can be very very busy for the Franchisee. A Franchisee needs to be very organised so a busy day flows smoothly. An organised Franchisee can produce a lot more sales than one that is not organised.

Prior business experience is also not necessarily required, what is required is business sense. Any successful business person, be it an Auto Masters Franchisee or the like, requires a certain business sense. By this we mean a Franchisee needs to have an understanding of the very basic business practises and accounting procedures.

ADVERTISING AND MARKETING

All Auto Masters stores, Franchised and Company owned pay monthly in to the Auto Masters Advertising fund for their State or Region.

All advertising is handled by the Auto Masters Advertising and Business Development Manager. Auto Masters main advertising is TV, Radio, Digital, Social, Press and Outdoor. In most cases a Franchisee does not need to do any other advertising than the group advertising. Any store specific advertising done by a Franchisee must be approved by Auto Masters Head Office. If a Franchisee wishes to do local advertising in their area this is at their cost and Auto Masters Marketing Manager will assist in the production and distribution of this advertising.



Roadside Billboard



TV Advertising



Targetted Press Advertising



FEES, LEVIES, ROYALTIES AND COSTS

INITIAL FRANCHISE FEE

In consideration of the Franchisor's grant of an Initial Franchise term of Ten (10) years to the Franchisee, the Franchisee shall pay to the Franchisor an Initial Franchise Fee. In most cases this is included in the price of a new franchise.

PRE EXPIRATION TRANSFER FEE

At the end of the Franchisee's Initial Franchise term (10 Years), the Franchisor may, but is not obliged to offer a further term subject to conditions in the Franchise Agreement and upon payment of the Pre Expiration Transfer Fee.

FRANCHISE SERVICE AND ADMINISTRATION FEES (ROYALTIES)

The Franchisee shall pay to the Franchisor for the use of Trademark and Trading Names, ongoing support, advice and assistance 7% of Gross Monthly Sales, payable monthly by the 10th of the following month.

ADVERTISING LEVY

The Franchisee shall pay to the Group Advertising Fund levies equal to 6% of Gross Monthly Sales, payable by the 10th of the following month.

PURCHASE PRICE OF AN AUTO MASTERS FRANCHISE

The purchase price of a Franchise can vary from Franchise to Franchise. When a prospective Franchisee enquires about a Franchise specific costs are discussed.

When purchasing an Auto Masters Franchise you are purchasing a fully equipped business. You buy and own all the plant, equipment, tools, fit out computer furniture, signage stock etc.

SET UP COSTS

As with any business there are set up costs such as Legal Fees, Accountant Fees, Stamp Duty and Working Capital. These costs vary from franchise to franchise.

STAFF REQUIREMENTS

STORE MANAGER

The standard style of set up is the owner/franchisee is the store manager and runs the business day to day.

TECHNIANS/MECHANICS

Each store has 2 to 4 technicians/mechanics this can be made up of people with different qualifications and experience. In some cases apprentices or experienced trades assistants will be employed to assist qualified technicians/mechanics or in other cases only qualified tradesmen are employed.

BOOK WORK AND ACCOUNTING

In most cases the Manager/Franchisee runs the store day to day and has internal/external assistance to pay bills, BAS accounting etc. Please note the Auto Masters system does not provide any accounting software or management system. Franchisees are advised to seek this information and instruction from their accountant.



FRANCHISEES MOST FAQ'S



Q. How long has Auto Masters been in business?

A. Auto Masters celebrated its 46th year in 2023.

Q. Do I need mechanical experience?

A. Mechanical experience is an asset but not essential. However a mechanical aptitude is important as a franchisee needs to understand the basic working of a car. A team of mechanics are employed to perform all mechanical work.

Q. Can I choose my own staff?

A. Yes. It is integral that you choose the right people for your team. Auto Masters Operations Managers will assist you if required. An Auto Masters franchise typically has 2 to 4 staff.

Q. Is the franchisee required to be actively involved in the running of the branch?

A. Yes, as Auto Masters head office deals and assists the franchisee. The Auto Masters franchise system has previously been based on owner/operator model. Recently a number of successful franchisees have become multi franchise owners and are successfully operating franchises under management.

Q. Can I own more than one Auto Masters?

A. Yes you can, after a period of time successfully operating your first franchise. Applications for a further Auto Masters store are assessed on a case by case basis.

Q. What is the required level of start up capital to become an Auto Masters Franchisee?

A. It will vary and depend on whether you are interested in a new or established branch. This will determine the investment required. Almost all franchisees finance the full value of the franchise. Auto Masters is on the list of preferred franchise groups with several major banks offering finance packages to prospective Auto Masters Franchisees.

Q. Do the group have any pre-negotiated discounts in place with suppliers?

A. Auto Masters has established national purchasing agreements with all major suppliers, such as Valvoline, Bosch, Repco etc. All franchisees will have accounts with local branches of parts suppliers that will supply you on a daily basis with some suppliers delivering up to 8 times a day. In addition to excellent pricing, Auto Masters also negotiates purchasing terms with suppliers such as delivery, warranty, refunds, rebates, product knowledge and technical training.



BOSCH





Q. How much stock does a branch need to keep?

- A. As most local parts suppliers deliver multiple times a day, your stock holding will only be between \$5,000 - \$10,000 partly dependent on Franchisee preference.

Q. What training will I receive?

- A. Training begins with time in Head Office running through the Operations Manual and continues in a number of branches under the guidance of existing Franchisees. The cost of the initial training is usually, but not always included in the price of the new franchise and may form part of the sale of an established franchise. The training requirements for individual franchisees depends on each persons requirements and experience.

Q. How much is the Initial Franchise fee and how long?

- A. The fee is \$75,000 for a brand new site, which is included in the aquisition price. On a new Franchise the initial term is 10 years with a pre expiration transfer term of a further 10 years, with a renewal fee of \$75,000 plus CPI and GST, subject to the terms of the franchise agreement. In the case of purchasing an established Franchise you will takeover the remainder of the term. The initial Franchise fee for a long established store will vary and details will be included in the disclosure document.

Q. What are the ongoing fees?

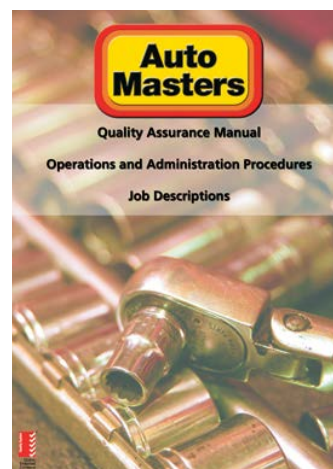
- A. Franchise fees are 7% of monthly sales (pre- GST) and Advertising contribution fees are 6% of monthly sales (pre-GST) Both fees are paid monthly. There are other ongoing fees and expenses, as detailed in the disclosure document.

Q. Who selects the site for a new branch?

- A. Auto Masters actively source sites through a number of developers & commercial property agents, however if the Franchisee finds a site we will carry out a due diligence to ascertain its suitability.

Q. Does Auto Masters provide any manuals on how to operate the business?

- A. An operations manual forms part of the Auto Masters Franchise system. This is continually developed and can be in one or more parts.





Q. Who controls the advertising and marketing?

- A.** The group advertising & marketing is controlled by Auto Masters Head Office and managed by Auto Masters Advertising & Business Development Manager. In most cases a Franchisee does not need to carry out any other advertising other than the group advertising. However, if a Franchisee feels they need to do some local advertising in their area, this is at their cost & the Advertising Manager will assist in the production & distribution of this advertising.

Q. What do I get for my money?

- A.** The purchase price for both a new & established branch is what is called "Turn Key". This term implies that everything required for the business to operate for its intended purpose is supplied. From computer to toilet paper, we try & make the transition as smooth as possible, allowing you to concentrate on serving the customers.

Q. How long has the franchisor been in business?

- A.** 1992 Nigel Warr became a Manager of Auto Masters Northbridge & then in 1994 purchased his 1st Franchise & by 1995 he owned 2 Franchises. In July 1996 Nigel & Donna Warr purchased the franchisor rights to the 17 Auto Masters Franchises. Through his vision and strong leadership skills he has grown to the size it is today.

Q. Do you receive a territory or location?

- A.** No territories are granted. A Franchisee is restricted to operating from the selected site. New stores can be opened in any location at the Franchisors discretion, taking into account customer demand.

Q. Are there any restrictions on you selling your business in the future?

- A.** As with most Franchise Systems, the applicant has to be approved by us and otherwise the terms of the Franchise agreement must be complied with.

Q. What is the assignment fee if you do sell?

- A.** There is a \$3,000 plus gst assignment fee paid by the seller, and there are & there are other costs and expenses payable on the transfer as outlined in the disclosure document.

Q. Does the franchisor provide any projections of earnings?

- A.** We may supply figures available for an established branch & may supply projections on a new branch based on historical evidence from the most recent new branches. If so, these will be available subject to qualifications as outlined in the disclosure materials.



Auto Masters

☎ 1300 AUTOMASTERS

SERVICE & REPAIR CENTRES

Great service, guaranteed!

