

The Manager – Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

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BUSINESS UPDATE: PARTIAL ACQUISITION OF EQUIPMENT FINANCE BROKER SETTLED

Consolidated Operations Group Limited (COG) is pleased to announce that the partial acquisition of an equipment finance broker referred to in a previous announcement on 21 April 2017 has now been settled.

DLV (Qld) Pty Limited (DLV)

DLV is an equipment finance broker based in Rockhampton predominantly servicing Central Queensland. Established in 1997, there are four existing owners who work in the business.

QPF Holdings Pty Limited (QPF), a 50% owned COG subsidiary has acquired a 50% equity holding in DLV. The senior management at both DLV and QPF have known each other for many years, making this partial acquisition a great cultural fit and enhancing QPF's offering further throughout Queensland.

With a normalized EBITDA of \$0.7m for FY16, QPF is paying \$1.6m (50% cash and 50% COG shares @ 12.35 cents) for a 50% equity holding in the business. Three years post completion QPF have an option to acquire a maximum of 18% additional equity each year (at a multiple of 4.5 times normalized EBITDA) should any of the vendors transition out of the business.

With strong client relationships across multiple industry segments and younger brokers being developed within the business, QPF and DLV see great opportunity to expand the business.

This partial acquisition shows the continuation of the strategy of COG to acquire equipment finance brokers which represent a good cultural and commercial fit.

Cameron McCullagh
Managing Director