

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

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**BUSINESS UPDATE: TERMS AGREED PARTIAL ACQUISITION OF EQUIPMENT FINANCE BROKER & TERMS AGREED FOR IT SERVICES BUSINESS**

**Partial Acquisition of Equipment Finance Broker**

Consolidated Operations Group Limited (COG) is pleased to announce that a Terms Sheet has been executed and a significant portion of due diligence has been completed for:

- Platform Consolidated Group Pty Limited (PCG), which COG holds 62.03% equity in, to purchase 50% of the equity of an equipment finance broker for \$3.001m.

Further details of the transaction are:

- The agreed multiple is 4.5 times normalised 30 June 2017 EBITA;
- 30 June 2017 normalised EBITA is \$1.334m;
- The purchase price will be 100% cash and it is likely COG will contribute the total consideration, moving COG's shareholding in PCG to 64.68%;
- PCG and the vendor shareholders have put and call options which will take the PCG holding to 75% at an earliest date of July 2023 if exercised.

Given PCG and COG's other businesses in equipment finance broking and aggregation, we expect revenue and cost synergies.

The transaction is expected to be completed during February 2018 and is contingent on matters such as the finalisation of due diligence, no objection from the ACCC and completion of the transaction documentation.

The acquisition is seen to be a good, cultural, strategic and geographical fit with the PCG and COG group and the target has a consistent financial history.

### **Acquisition of an IT Services Business**

COG currently owns 100% of Hal Group Pty Limited (Hal) which is an IT services business offering managed services, professional services and hardware and software sales to more than 80 clients throughout Australia.

Hal has recently executed a Terms Sheet and substantially completed due diligence to acquire a business based in Victoria in the same sector as Hal with more than 90 clients throughout Australia on the following terms:

- Purchase 100% of the business assets for 3.75 times normalised FY17 EBITDA;
- Normalised FY17 EBITDA is estimated at \$353k hence the purchase price is estimated at \$1.3m;
- Consideration will be 100% cash.

This transaction is expected to settle in early February 2018.

This acquisition will give scale and geographical footprint to Hal which will allow synergies and further specialist services to be developed. Linked to the COG strategy to lead the equipment finance industry in IT solutions and compliance support and training, this is seen to be an important core service both within an external to the group.

There are cost synergies identified by Hal.

The above transactions illustrate COG's continued expansion within the equipment finance sector along with the investment of cash held into operating businesses.

Cameron McCullagh

Managing Director