

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

5 February 2018

BUSINESS UPDATE: TERMS SHEET EXECUTED - PARTIAL ACQUISITION OF EQUIPMENT FINANCE BROKER

Partial Acquisition of Equipment Finance Broker

Consolidated Operations Group Limited (COG) is pleased to announce that a Terms Sheet has been executed for:

- Platform Consolidated Group Pty Limited (PCG), which COG holds 62.03% equity in, to purchase 25% of the equity of an equipment finance broker for an estimated \$840k.

Further details of the transaction are:

- The agreed multiple is 6 times normalised 31 December 2017 EBITA;
- 30 June 2017 estimate normalised EBITA is \$560k;
- The purchase price will be 100% cash and it is likely COG will contribute the total consideration, slightly increasing COG's shareholding in PCG;
- PCG and the vendor shareholders have put and call options (at 5.25 times maintainable EBITA) which will take the PCG holding to 80% at an earliest date of July 2023 if exercised; and
- The vendor shareholders have put options (at 5.25 times maintainable EBITA) which will take the PCG holding to 100% at an earliest date of July 2025 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 March 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 strong growth trajectory.

Cameron McCullagh
Managing Director