Investor Presentation

ASX Code: COG

1H18 Financial Results

27 February 2018

Presenters
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Executive Summary *

+38%

Revenue Growth

+39%

EBITDA Growth

↑ +9%

EBITDA Leasing

↑ +24%

EBITDA Brokers and Members

↓ 38%

Improvement in Net Expenses Head Office & Other

- **Organic growth in Commercial Leasing** origination FY18 is forecast to increase by **29%.** This translates to a 44% increase in NPBT, to be recognised over four years.
- **Since December 2015 we have deployed $80m** in the acquisition of operating businesses, thus becoming the **largest Australian distribution network in Asset Finance Broking.**
- We are confident in our ability to **deploy the $39.8 million of funds for further investment,** which would support additional purchased EBITDA of approximately $7.2 million.[1]
- The Board is conscious of capital management and will consider dividends in FY19 based on the existing operations and acquisition pipeline.
- The FY19 outlook is strong – refer forecast EBITDA (page 14).

*On a Pro Forma Basis. Pro Forma numbers assume consolidation accounting principles applied for 1H17. Therefore the results for TL Rentals, QPF, LINX & CFG are shown for the full 1H17.

1. Assuming an average EBITDA multiple of 5.5 (compared to recent purchases of 4 to 4.5 times EBITDA).

Pro Forma Segment Performance

For the half year ended 31 December 2017	Note	Finance Broking & Aggregation $'000	Commercial Equipment Leasing $'000	All Other / Intersegment $'000	Total 1H18 $'000	Total 1H17 $'000	Movement $'000	%
Revenue		64,548	6,545	2,775	73,868	53,594	20,274	38%
EBITDA from core operations	**1, 2**	**7,828**	**3,940**	**(1,330)**	**10,438**	**7,829**	**2,609**	
Finance income / (costs)	**3**	146	(1,391)	(76)	(1,323)	(450)	(873)	
Depreciation and amortisation		(2,401)	(500)	(7)	(2,908)	(1,656)	(1,252)	
Due diligence costs		(7)	-	(263)	(269)	(530)	261	
Share of results from Riverwise		-	-	163	163	510	(347)	
Net profit / (loss) before tax		**5,566**	**2,049**	**(1,513)**	**6,101**	**5,703**	**398**	
Income tax (expense) / benefit		(1,627)	(389)	376	(1,640)	(2,966)	1,326	45%
Net profit / (loss) after tax		**3,939**	**1,660**	**(1,137)**	**4,461**	**2,737**	**1,724**	
Non-controlling interests		(1,839)	-	-	(1,839)	(1,810)	(29)	
Net profit /(loss) after tax, attributable to members		2,100	1,660	(1,137)	2,622	927	1,695	183%
EBITDA from core operations, attributable to members		**4,585**	**3,940**	**(1,330)**	**7,196**	**5,169**	**2,027**	**39%**

Notes:

1 EBITDA - Earnings before interest, taxation, depreciation and amortisation.

2 Excludes due diligence costs.

3 Commercial Equipment Leasing segment does not include finance costs paid to the parent entity COG (included in 'All Other').

Note: The 1H17 comparatives are shown on a Pro Forma Basis and have been restated to reflect the impact of changes to deemed acquisition accounting.

Established Leader in Asset Finance Broking

Commenced Aggregation December 2015

For the half year ended 31 December 2017

COG Group [1]

Net Expense ($1.3) million

Product

Lease Portfolio

EBITDA $3.9 million

Distribution

Asset Finance Broking & Membership Groups

EBITDA $4.6 million

Funds available for investment $39.8 million [2]

Consolidated Operations Group
Finance and Leasing

1 Including immaterial holdings (Hal and Riverwise Leading Edge).
2 Excluding Non-controlling Interest (NCI).

Segment: Broking & Aggregation

For the half year ended 31 December 2017	1H18	1H17	Movement	
	$'000	$'000	$'000	%
Revenue	64,548	45,820	18,728	41%
EBITDA from core operations	**7,828**	**6,370**	**1,458**	**23%**
Finance income / (costs)	146	(20)	166	
Depreciation and amortisation	(2,401)	(736)	(1,665)	
Due diligence costs	(7)	-	(7)	
Net profit before tax	**5,566**	**5,614**	**(48)**	
Income tax expense	(1,627)	(1,733)	106	
Net profit after tax	**3,939**	**3,881**	**58**	
Non-controlling interests	(1,839)	(1,810)	(29)	
Net profit after tax, attributable to members	**2,100**	**2,071**	**29**	
EBITDA from core operations, attributable to members	**4,585**	**3,710**	**875**	**24%**

Commentary

- Revenue has grown 41% due to acquisitions - Fleet Network (acquired April 2017); and DLV (acquired July 2018); and organic growth in broking and aggregation activities.
- Depreciation and amortisation has increased as a result of the amortisation of identified intangibles on the acquisition of Fleet Network.
- EBITDA for the segment was up 24% compared to the previous corresponding period.

Note: The 1H17 comparatives are shown on a Pro Forma Basis and have been restated to reflect the impact of changes to deemed acquisition accounting.

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Finance and Leasing

Acquisition of Asset Finance Brokers & Membership Groups

- December 2015 – Platform Consolidated Group, Finance and Leasing
- October 2016 – Consolidated Finance Group, Asset Finance Aggregation; QPF Finance Group; linx Australia Group, Finance Insurance Mortgage
- January 2017 – Fleet Avenue, 21st Century Car Buying
- March 2017 – FleetNetwork, Lease > Package > Save
- July 2017 – DLV Finance
- January 2018 – BusinessWorks IT Experts
- February 2018 – Vehicle & Equipment Finance

With $39.8 million of surplus assets, application to purchases suggests $7.2 million of additional EBITDA[1]

Potential ALP changes to

CGT[2]

Application of $80 million in acquisitions in 2 years.

1. Assuming EBITDA multiple of 5.5.
2. Additional investment opportunities may arise as selling brokers may pay additional Capital Gains Tax (CGT) under an ALP government's proposed changes to CGT.

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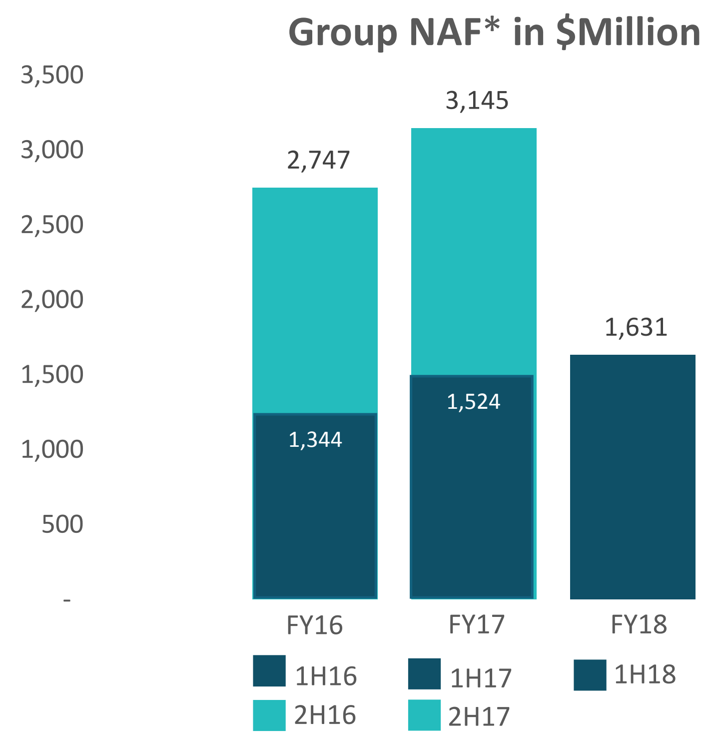
Asset Finance Broking

The positives were:

- Continued strong growth in CFG membership.
- Significant new Platform Partner Brokers, which will provide increased volume and revenue in the second half of this year and next year:
  - Three large mortgage aggregators; and
  - Finance Brokers.
- Increases in some Volume Based Incentives.



COG is around 10% of the Australian Asset Finance Broker market and is the largest aggregation group with significant company presence.

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* NAF: Net Amount Financed.

Benefits of Membership Group

COG is well progressed in improving the Membership services provided to the Asset Finance Brokers and the financiers whose products we distribute.

Asset Finance Brokers join COG due to:	
> Best commission and Volume Based Incentives (VBI) and access to a wider panel financiers	Significantly improving their service offering and profitability.
> Compliance and processing services	A central expertise reduces brokers cost and adds value to banks / finance companies.
> Workflow and CRM software (eVOLVED – an asset finance evolution)	Through scale we are investing in IT to improve focus on revenue growth.
> Conference (ASSET FINANCE BROKER'S CONFERENCE 13 - 14 SEPTEMBER 2018)	Deepens relationships with financiers and training for brokers. Promotes community spirit and helps shape the industry direction.
> Succession planning	Our aggregation model provides succession in a 'Baby Boomer' industry.

When buying brokers outside the membership groups, we can add revenue synergies in VBI; lowering the effective EBITA multiple of purchases.

Segment: Commercial Equipment Leasing

For the half year ended 31 December 2017	1H18	1H17	Movement	
	$'000	$'000	$'000	%
Revenue	6,545	5,654	891	16%
EBITDA from core operations	**3,940**	**3,599**	**341**	**9%**
Finance costs	(1,391)	(600)	(791)	
Depreciation and amortisation	(500)	(880)	380	
Net profit before tax	**2,049**	**2,119**	**(70)**	
Income tax benefit / (expense)	(389)	(1,403)	1,014	
Net profit after tax	**1,660**	**716**	**944**	**132%**
Non-controlling interests	-	-	-	
Net profit after tax, attributable to members	1,660	716	944	
EBITDA from core operations, attributable to members	**3,940**	**3,599**	**341**	**9%**

Commentary

> As we move to 100% of entities such as CFG (put and call option exercisable at June 2018), tax losses can be utilised at a greater rate.

> The accounting profit is gradually recognised over the period of the lease, so the growth in recent years has a delayed recognition.

Note: The 1H17 comparatives are shown on a Pro Forma Basis and have been restated to reflect the impact of changes to deemed acquisition accounting.

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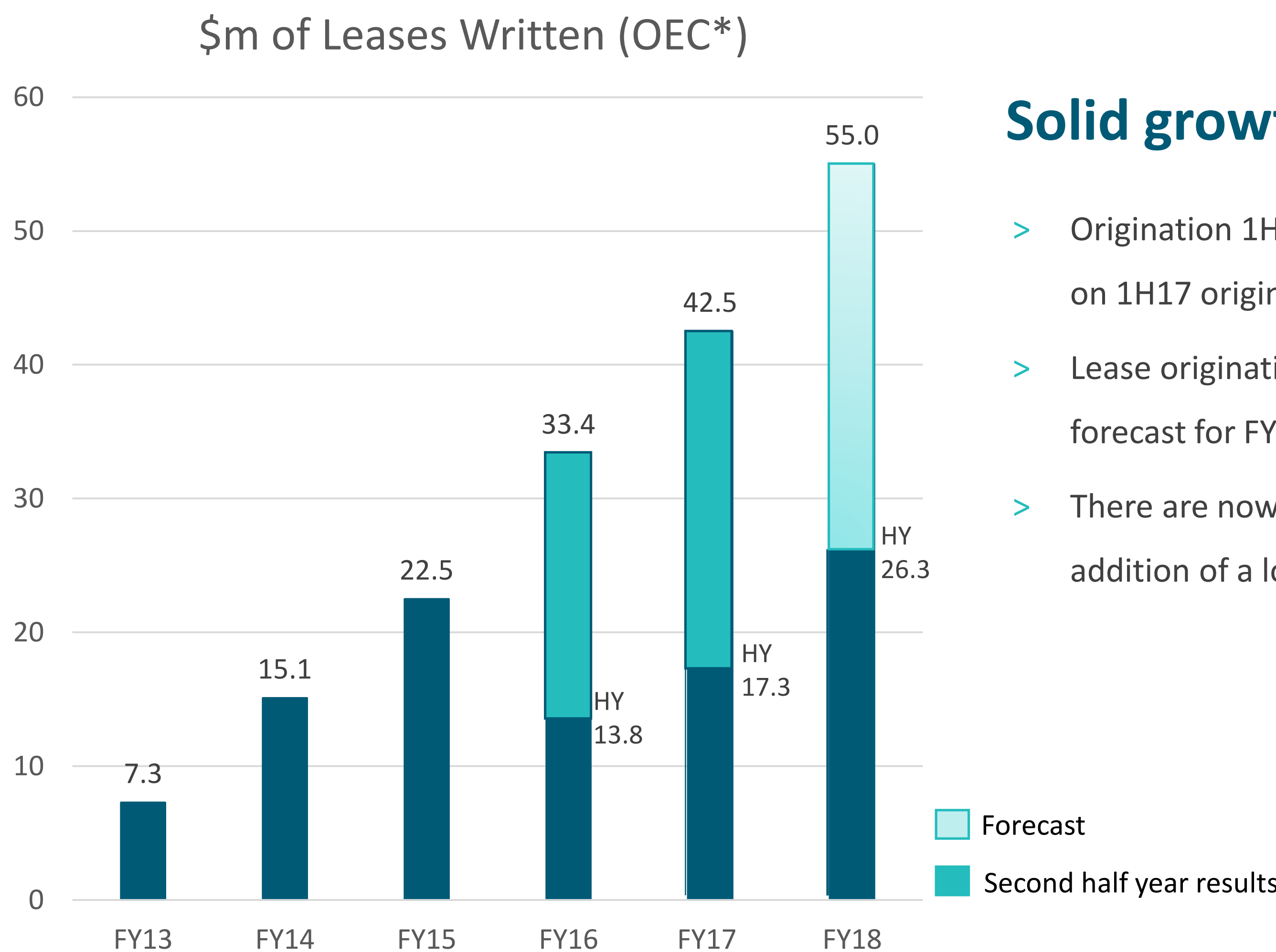
Finance and Leasing

Continued Solid Organic Growth



Solid growth in lease origination

- Origination 1H18 was $26.3m. This is a 52% increase on 1H17 origination of $17.3m.
- Lease origination is expected to reach the $55m forecast for FY18, which is a 29% increase on FY17.
- There are now six funding sources, including the addition of a low cost funder in the last month.

* Original Equipment Cost.

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Sensitivity: Value Creation – Lease Origination

While EBITDA has only increased 9%, the volume of OEC is expected to rise 29% this year (27% prior year), which results in a 44% increase in value created.

		FY17 Actual $m	FY18 Forecast $m	Growth
Lease Volume - (OEC*)		42.5	55.0	29%
Upfront net income	4.25%	1.81	2.34	
Overheads		(3.35)	(3.35)	
Write-off rate	2%	(0.85)	(1.10)	
End of term earnings	22%	9.35	12.10	
NPBT		6.96	9.99	44%
Discounted at 8% for 4 years		5.11	7.35	44%

* Original Equipment Cost.

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Profit & Value Created

> The accounting for leases generally recognises many costs upfront and income over the life of the leases.

> While the forecast growth in leases in 2018 should result in a 44% increase in NPBT, the accounting profit will be recognised over four years.

> The FY18 Lease Portfolio result includes income from leases written in:

	OEC	Subsidiary Referrals
FY14	$15.1m	$0
FY15	$22.5m	$0
FY16	$33.4m	$1.3m
FY17	$42.5m	$5.6m
FY18*	$55.0m	$9.0m

*(Forecast)

> *The growth is not at the expense of the credit quality of the book.*

> *The significant organic growth in each of the last four years underwrites the future profits.*

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Finance and Leasing

Segment: All Other

For the half year ended 31 December 2017	1H18 $'000	1H17 $'000	Movement $'000	%
Revenue	2,775	2,120	655	31%
EBITDA from core operations	**(1,330)**	**(2,140)**	**810**	
Finance (costs) / income	(76)	170	(246)	
Depreciation and amortisation	(7)	(40)	33	
Due diligence costs	(263)	(530)	267	
Share of results from Riverwise	163	510	(347)	
Net profit loss before tax	**(1,513)**	**(2,030)**	**517**	
Income tax (expense) / benefit	376	170	206	
Net loss after tax	**(1,137)**	**(1,860)**	**723**	
Non-controlling interests	-	-	-	
Net loss after tax, attributable to members	(1,137)	(1,860)	723	
EBITDA from core operations, attributable to members	**(1,330)**	**(2,140)**	**810**	**38%**

Commentary

- This segment includes the Hal IT business, COG parent entity (head office expenses) and the 33% interest in Riverwise (Leading Edge Group).
- Hal EBITDA for 1H18 was a loss of $54k an improvement on 1H17 of $617k. The business was restructured during FY17.
- Hal purchased 100% of the assets of Business Works (an IT service provider) in January 2018 to provide scale to the business. The results of Business Works are not included in the 1H18 results.
- COG head office expenses were $1,539k for 1H18, an improvement of $361k on 1H17 due to focus on cost management.

Note: The 1H17 comparatives are shown on a Pro Forma Basis and have been restated to reflect the impact of changes to deemed acquisition accounting.

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Forecast EBITDA

> The nature and timing of the funding of leases will significantly impact forecast profit.

EBITDA (after NCI)	Accounting profit		
$million	FY17 Actual [1]	FY18 Forecast	FY19 Forecast
Commercial Equipment Leasing	7.2	7.0 – 7.5	7.0 - 7.7
COG Brokers & Aggregation	8.6	8.9 – 9.9	10.9 – 12.0
Head Office & Other	(3.8)	(2.2) – (2.4)	(2.0) – (2.2)
Sub-total	**12.0**	**13.7 – 15.0**	**15.9 – 17.5**
Potential Acquisitions [2]	-	1.0 – 3.0	3.5 – 8.0
Total	**12.0**	**14.7 – 18.0**	**19.4 – 25.5**

> Accounting for leases results in increased profits in early years when there is a Sale of Receivables (SOR) compared to loan funding secured by the lease cashflows.

> In FY18 and FY19 a decrease in SOR is expected. The type of funding is driven by the requirements of the funders and the economic effect of the two funding types is the same.

1. The FY17 numbers are shown on a Pro Forma Basis and have been restated to reflect the impact of changes to deemed acquisition accounting.
2. With cash available and a low share price, cash purchases will be a preference. The outcome will depend on the characteristics of transactions. Note that there is a material volume embedded acquisition activity from purchase options over existing minority interests.

Capital Management

Funds available for investments at 31 December 2017 [1] = $39.58 million

- A new ongoing funder was contracted in February 2018. A successful implementation will further expand the portfolio of lenders at lower cost of funding.
- There are strong positive cashflows from the commercial lease and broking operations.

Dividend payment

- The best use of surplus shareholder funds is its application to the pipeline of acquisitions currently being pursued. The intention is to pay dividends based on operating profits as the current acquisition pipeline is fulfilled.

1. Funds available for investment includes $11 million of self funded leases (saleable to financiers) and excludes working capital, restricted cash and loss reserve of $10.6m.

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Strategy and outlook

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Business Strategy

Clear strategy to grow

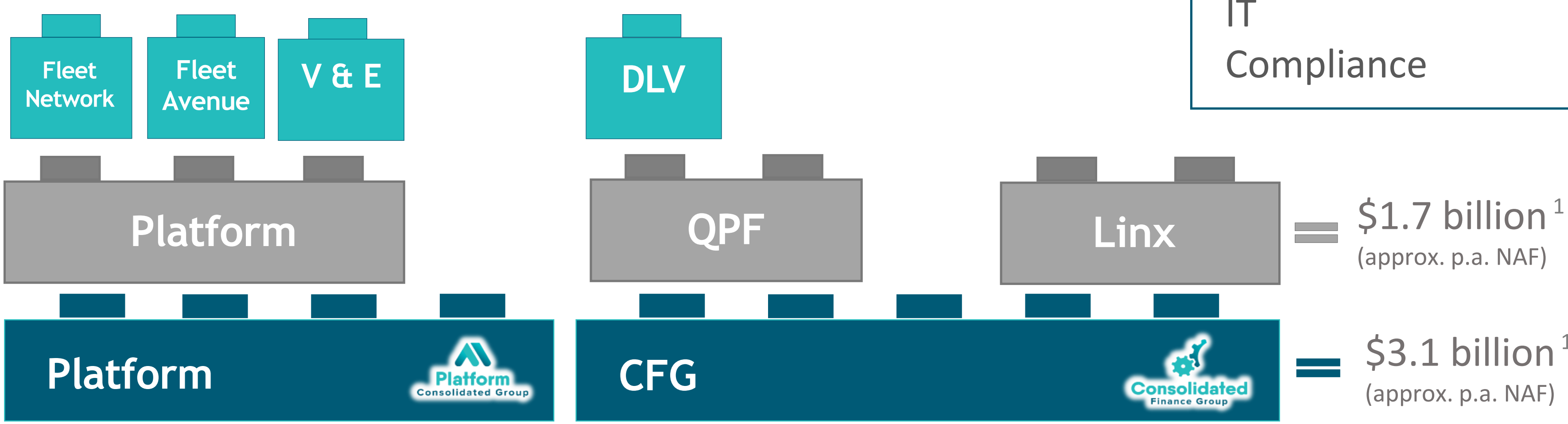
- > Organic growth in commercial equipment leasing
  - > Consideration of additional product
    - > Consumer finance
    - > Warehouse facility or syndication of commercial lending
- > Acquisition and organic growth in asset finance broking
- > Organic growth in Partner Brokers (CFG and Platform)
- > Revenue synergies

Revenue Synergies

Volume based incentives
Lead generation
Car purchasing
Mortgage broking

Other Synergies

Management expertise
IT
Compliance



1. FY17.

Priorities and Growth Initiatives

- Aggregation membership growth and improved service offering
- Organic growth of brokers
- Organic growth of TL Rentals
- Equipment finance broker acquisitions
- Over mid-term: expand in-house funding offering to CFG and Platform members

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Appendices

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Statutory Income Statement

For the half year ended 31 December 2017	1H18	1H17	Movement	
	$'000	$'000	$'000	%
Revenue from continuing operations	69,016	16,601	52,416	316%
Interest income	5,283	1,614	3,669	227%
Dividend income	82	1,060	(978)	-92%
Cost of sales	(21,592)	(1,162)	(20,430)	1758%
Commissions paid (incl. Brokerage)	(22,328)	(7,749)	(14,579)	188%
Employee benefits expense	(13,317)	(4,857)	(8,460)	174%
Administration expenses	(4,739)	(1,895)	(2,844)	150%
Occupancy expenses	(1,143)	(441)	(702)	159%
Finance costs	(1,776)	(326)	(1,450)	445%
Depreciation & amortisation	(2,908)	(861)	(2,047)	238%
Acquisition related costs	(269)	(528)	259	-49%
Other expenses	(372)	(227)	(145)	64%
Share of profits of associates	163	331	(168)	-51%
Profit before income tax	**6,101**	**1,560**	**4,541**	**291%**
Income tax expense	(1,640)	(749)	(891)	119%
Profit after tax	**4,461**	**811**	**3,650**	**450%**
Non-controlling interests (NCI)	1,839	420	1,419	338%
Total profit after tax after NCI	**2,622**	**391**	**2,231**	**571%**

Commentary

- 1H17 comparatives are based on investment accounting for the period 1 July 2016 to 31 October 2016 and therefore only shows the P&L of the parent entity COG. From 1 November 2016 to 31 December 2017 the accounts were prepared under consolidation accounting and therefore includes the results for all subsidiaries controlled during the period.
- 1H18 includes the results of all controlled entities for the 6 month period including recent acquisitions: Fleet Network and DLV. As a result the numbers are not comparable between periods.
- Cost of sales increased significantly due to the purchase of Fleet Network which buys and sells motor vehicles as part of its salary packaging operations.
- Depreciation & amortisation increased as a result of the acquisition of Fleet Network and the recognition of intangible assets that were subject to amortisation.

Note: 1H17 comparatives have been restated to reflect impact of changes to deemed acquisition accounting.

Statutory Balance Sheet

As at	31 Dec 17 $'000	30 Jun 17 $'000
Cash and cash equivalents	40,558	39,837
Trade and other receivables	11,919	13,015
Financial assets – lease receivables	15,721	11,297
Inventories	74	505
Other financial assets	4,644	3,715
Total current assets	**72,916**	**68,369**
Trade and other receivables	3,797	3,628
Financial assets – lease receivables	42,412	31,102
Other financial assets	1,936	1,943
Equity accounted associates	4,141	3,994
Property, plant and equipment	1,744	2,337
Intangible assets	142,930	143,121
Total non-current assets	**196,960**	**186,125**
Total assets	**269,876**	**254,494**
Trade and other payables	9,270	11,945
Unearned income	5,459	5,367
Interest bearing liabilities	17,713	16,611
Current tax liabilities	1,713	2,538
Provisions	1,926	2,460
Total current liabilities	**36,081**	**38,921**
Provisions	398	300
Interest bearing liabilities	27,007	12,408
Deferred tax liabilities	10,088	10,577
Total non-current liabilities	**37,493**	**23,285**
Total liabilities	**73,575**	**62,206**
Net assets	**196,302**	**192,288**

Commentary

- Financial assets – lease receivables relates to lease receivables in the TL Rentals business.
- Other financial assets (current) comprised of loan loss reserves, prepayments, and bank guarantees.
- Trade and other receivables (non-current) of $3,797k relates to trail receivable on mortgage and equipment finance books.
- Equity accounted associates is the Group's share of total net assets from Riverwise (Leading Edge Group).
- Unearned income relates to customer funds received in advance in the car packaging businesses.

Note: 1H17 comparatives have been restated to reflect impact of changes to deemed acquisition accounting.

Statement of Cash Flows

For the half year ended 31 December 2017	1H18 $'000	1H17 $'000
Cash flows from operating activities		
Receipts from customers	87,600	26,915
Payments to suppliers and employees	(73,719)	(22,020)
Dividends received	82	569
Interest received	4,525	983
Finance costs	(1,776)	(204)
Income taxes paid	(3,009)	(574)
Net cash inflow from operating activities	**13,703**	**5,669**
Cash flows from investing activities		
Payments for investments	(798)	(22,112)
Payments for deferred consideration	(402)	(3,800)
Payments to for equipment – finance leases	(26,264)	(6,120)
Payments for property, plant and equipment	(113)	(256)
Payments for intangible assets	(433)	-
Proceeds from sale of property, plant and equipment	63	162
Loans advanced to investee companies	-	(5,259)
Proceeds from loans repaid by investee companies	-	1,178
Net cash acquired on acquisition of controlled entities	103	6,434
Net cash outflow from investing activities	**(27,844)**	**(29,773)**
Financing activities		
Proceeds from issue of shares	-	33,650
Non-controlling interest acquisition contribution	777	-
Costs of raising capital	(17)	(1,189)
Proceeds from interest bearing liabilities	27,329	13,638
Repayments of interest bearing liabilities	(11,339)	(1,800)
Dividends paid by subsidiaries to non-controlling interests	(1,888)	(207)
Net cash inflow from financing activities	**14,862**	**44,092**
Net increase in cash and cash equivalents	**721**	**19,988**
Cash and cash equivalents at the beginning of the half year	39,837	11
Cash and cash equivalents at the end of the half year	**40,558**	**19,999**

Commentary

> The comparative period cashflow shows 4 months cashflows under the investment accounting methodology and 2 months under consolidation accounting. As a result the 1H18 and 1H17 cash flows are not comparable.

> Payments for intangible assets of $433k were costs relating to the build of Project Evolved.

> Non-controlling interest acquisition contribution was a cash contribution from minority shareholders in QPF for the purchase of DLV.

> Proceeds from interest bearing liabilities was external funding received for the TL Rentals business to write leases.

COG Broker Partners

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Broker Partners

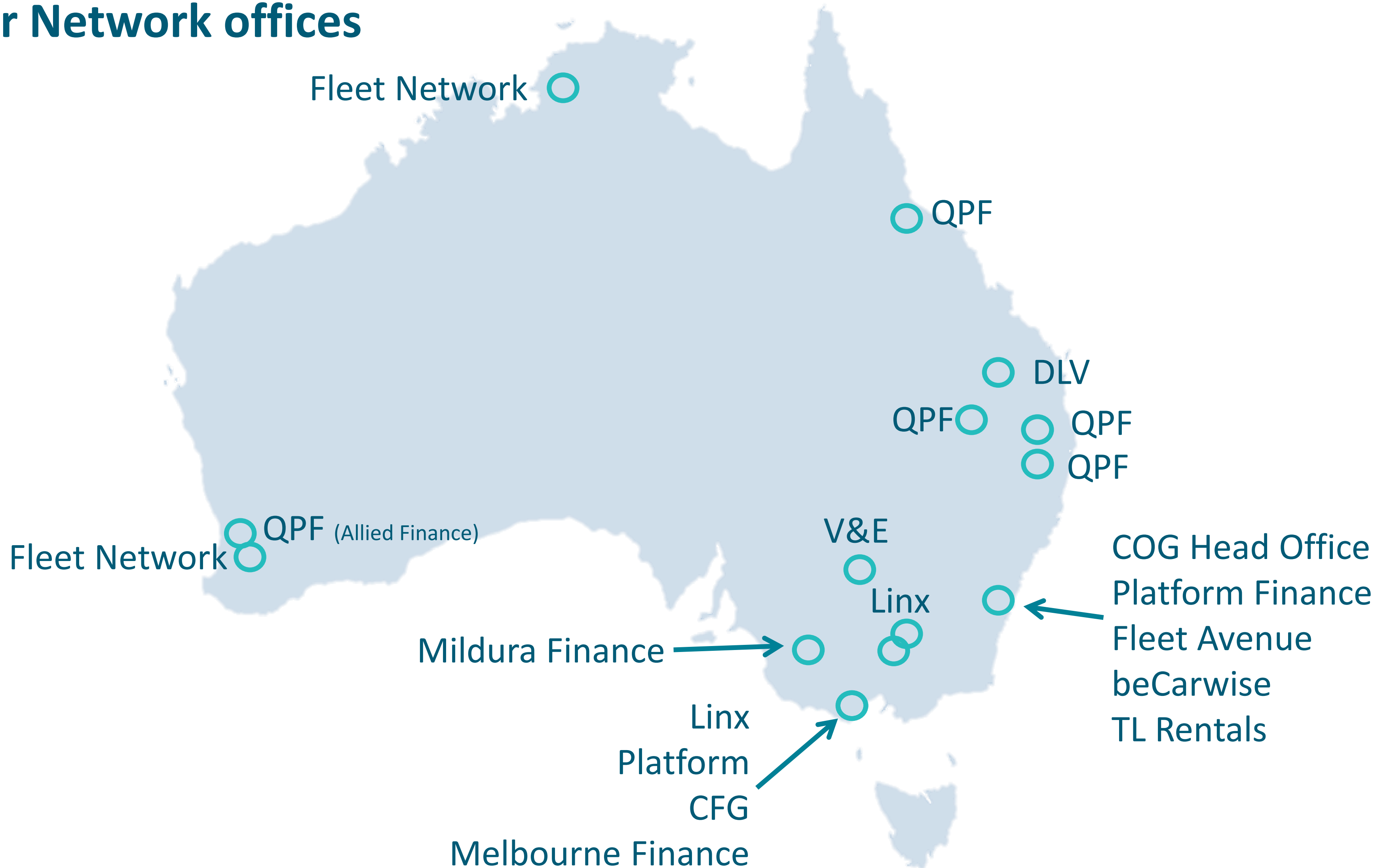
- Platform Consolidated Group Pty Limited — 62% owned*
  - Vehicle & Equipment Finance Pty Limited — 50% owned
  - Fleet Network Pty Limited — 80% owned
  - Fleet Avenue Pty Limited — 50% owned
- Consolidated Finance Group Pty Limited — 80% owned
- QLD Pacific Finance Group Pty Limited — 50% owned
  - DLV (QLD) Pty Limited — 50% owned
- Linx Finance Australia Pty Limited — 50% owned
  - Linx Insurance Australia Pty Limited — 100% owned

Membership Groups – Broker Partners.

*Post Vehicle & Equipment Finance purchase settled 26 February 2018, now 64.7%

COG Broking & Aggregation Network

Broker Network offices

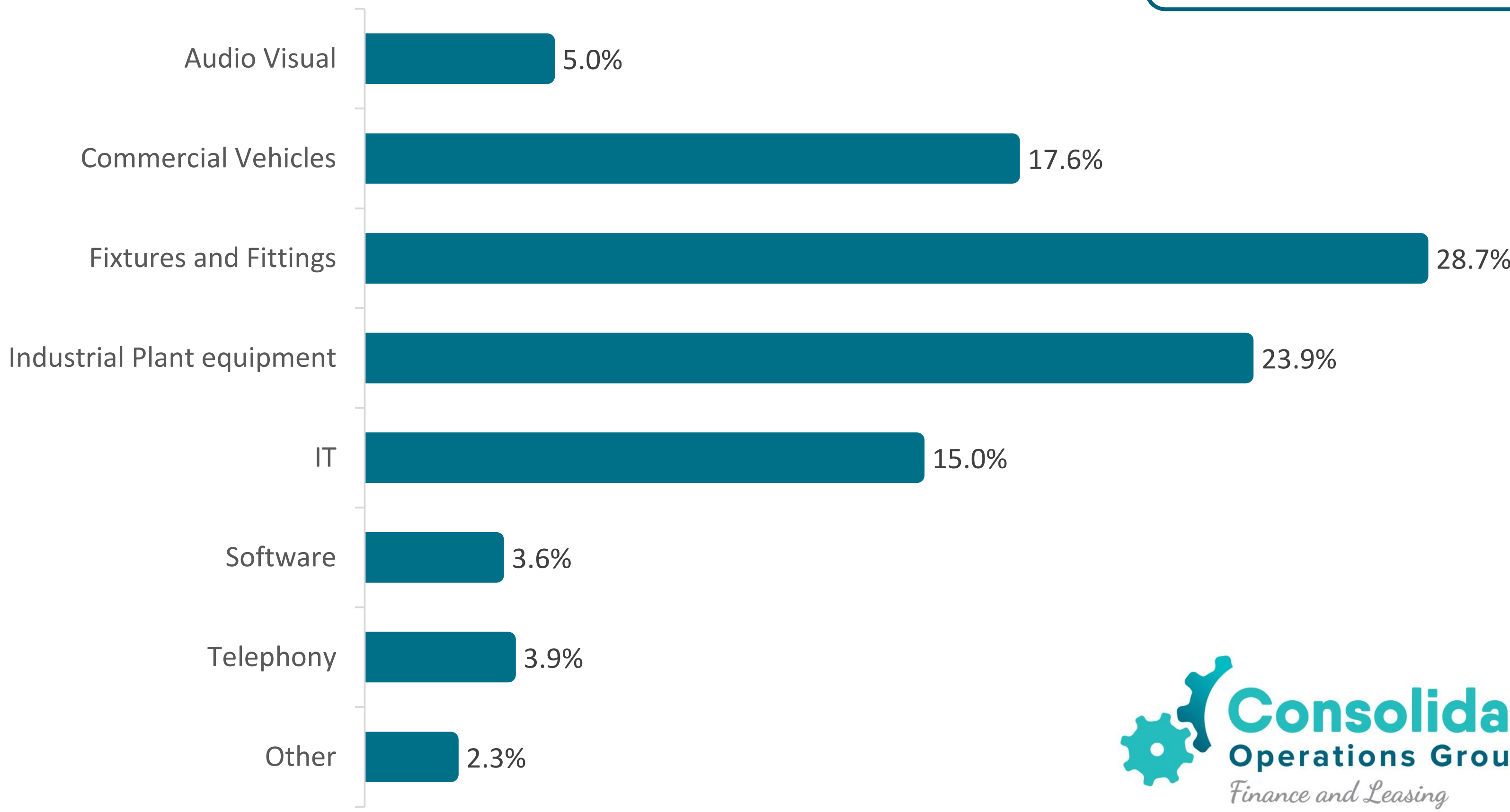


Commercial Equipment Leasing

The business model is to provide business essential assets under an operating lease with a lease period less than the life of the asset.

Lease portfolio by asset type

Lease Book at Original Equipment Cost



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