

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

30th August 2018

Term Sheet Executed – Highly EPSA Accretive Acquisition of 100% of Centrepont Finance Pty Ltd

Consolidated Operations Group Limited (COG) is pleased to announce that, following completion of due diligence, it has executed a Term Sheet for the purchase of 100% of Centrepont Finance.

Centrepont Finance has produced consistent financial results and operates as an Equipment Finance Broker within a corporate model. It has a strong management team and provides compliance and support services to its owned offices and Business Partner Brokers in Queensland, NSW, Victoria and Western Australia, including the use of a common proprietary Equipment Finance software system. In FY18, the group wrote \$415 million of Net Asset Finance (NAF).

Centrepont Finance is a strong cultural, strategic and geographic fit for COG. It will strengthen COG's management resources and options for further acquisitions. Post completion, Centrepont Finance will continue to operate in its current form; in parallel to COG's existing Platform Consolidated and Consolidated Finance businesses. It will also continue with the commercialisation of their proprietary Equipment Finance software for use in the wider Equipment Finance Broking industry.

Purchase consideration is \$7.6m (90% cash, 10% COG shares) plus a performance based earn-out over the next two financial years for an additional payment of up to \$1.9m. The forward multiple over FY19 and FY20, including synergies, is expected to be approximately 6 to 7 times Earnings Before Income Tax Depreciation and Amortisation (EBITDA). The well established corporate model combines well with the two year earn-out that promotes the "skin in the game" business model.

The transaction is expected to be completed in September following completion of conditions precedent.

While COG, through its subsidiaries (Equity Brokers) is the largest broker of Equipment Finance, there remains significant opportunity, as we represent approximately 12% of the industry as a membership group with 5% of this via Equity Brokers.

The acquisition is consistent with our business strategy to review investment opportunities. Centrepont earnings are not included in the guidance issued in our 2018 earnings Investor Presentation on 28th August, 2018.

Cameron McCullagh
Managing Director

Andrew Bennett
Executive Director