
ANNUAL GENERAL MEETING

CEO PRESENTATION

CONSOLIDATED OPERATIONS GROUP: YEAR ENDED 30 JUNE 2019

15 November 2019

CONSOLIDATED OPERATIONS GROUP LIMITED (COG)

Solid financial performance in softer market

- Revenue up \$52.7m on pcp – \$35.7m organic growth
- Organic EBITDA growth is up \$3.0m
- Underlying NPATA attributable to shareholders up 32%
- SME solid, novated leasing down

Completed investment of surplus funds into establishing Australia's largest commercial finance broker distribution network

- FY19 Net Asset Finance (NAF) settled up 26% to \$4.24bn
- Estimated 16% market share of broker originated NAF
- Six investments in FY19 for consideration of \$34.2m (\$28.6m in cash)

Strategic focus moves to leveraging significant distribution network

- expanding COG's in-house financial product portfolio
- establish external funding sources (bank senior warehouse facilities and subordinated mezzanine debt)
- new leadership roles and responsibilities effective from 1 Feb 2019 to reflect strategic focus

Revenue*  32%
\$217.2m

EBITDA**  23%
\$29.9m

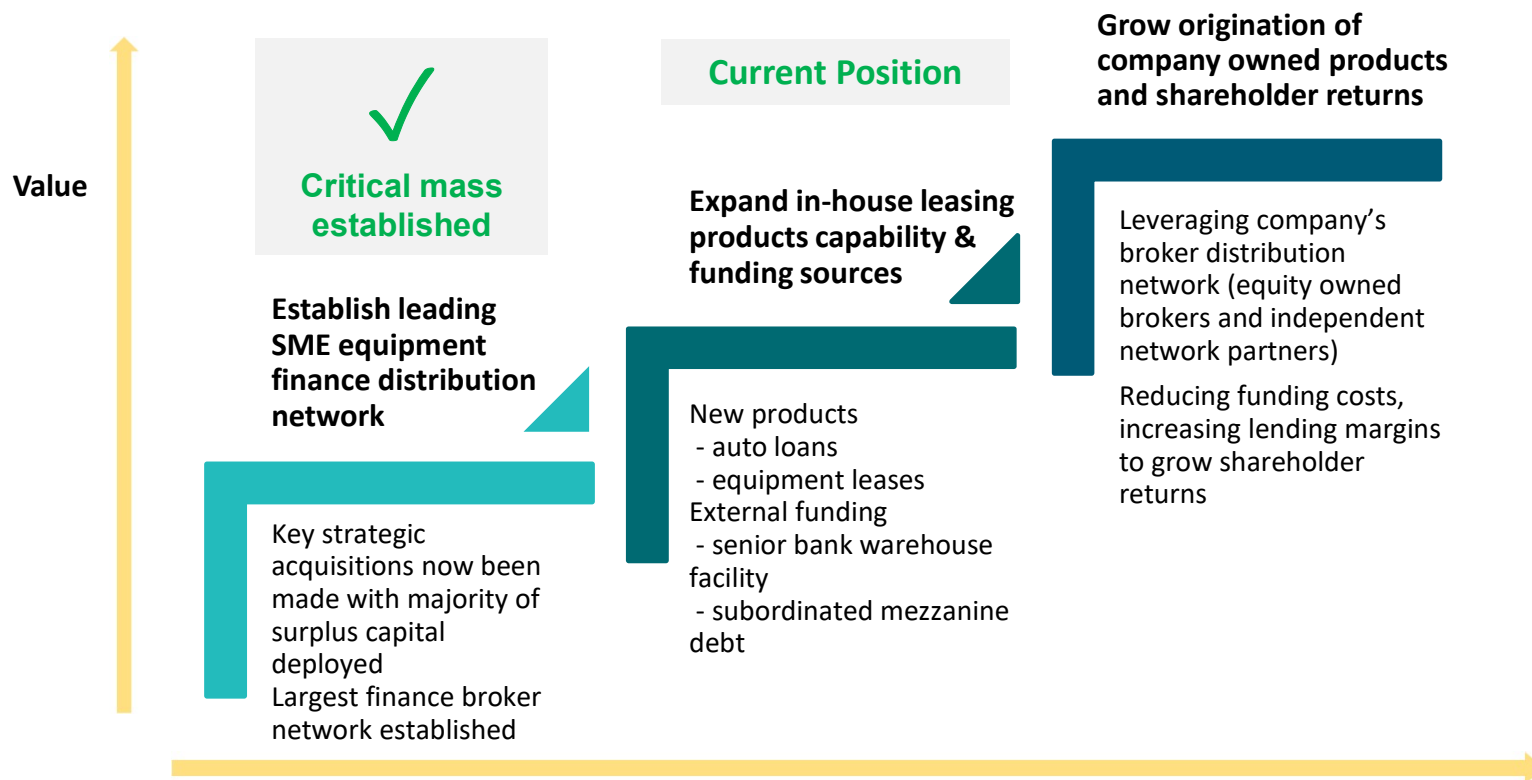
NPATA**  32%
\$7.9m

EPSA**  28%
0.59cps

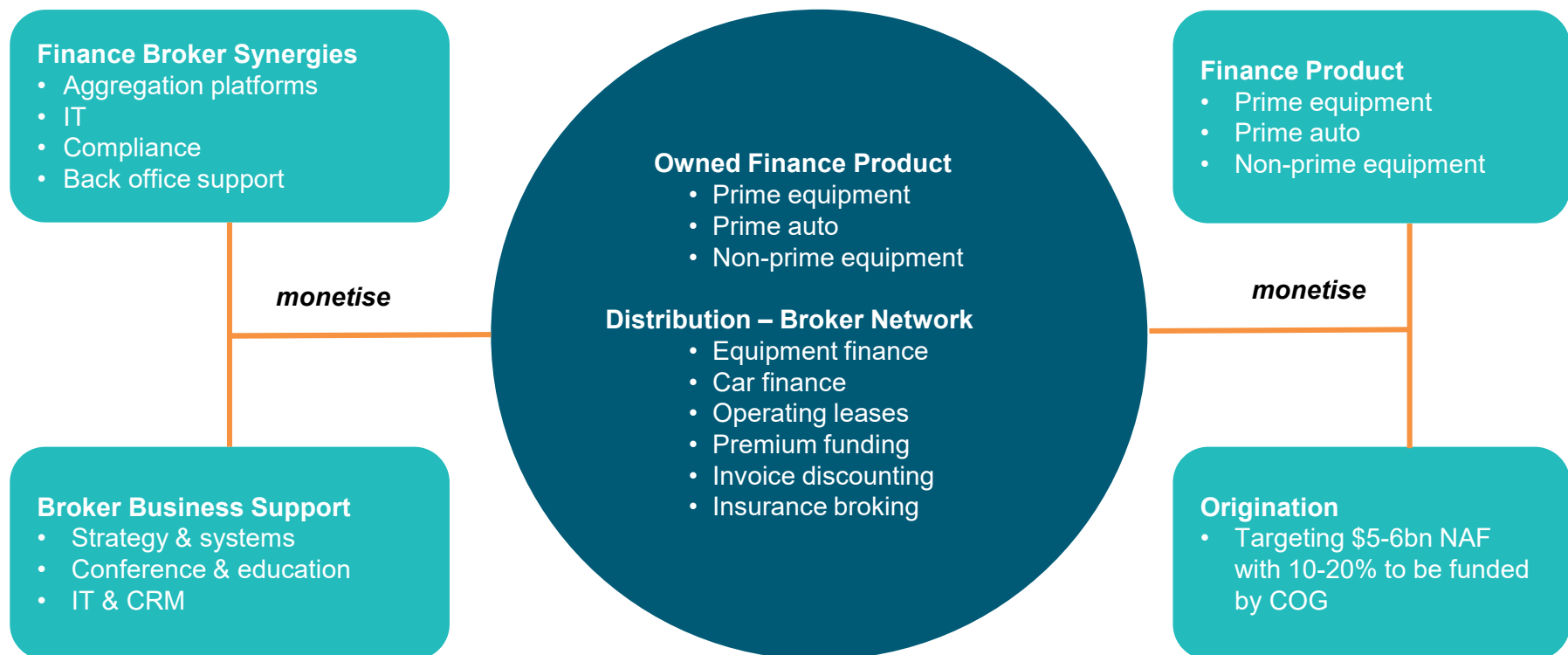
* Excludes interest income

** Underlying basis (excludes acquisition related expenses and significant items - disposal of Hal) attributable to shareholders

Building the leading Australian SME business equipment finance advisor



Leading SME finance advisor Estimated 16% market share¹ of broker intermediated finance for SMEs



1. Derived from market share information contained in 2017/18 Annual Review, Commercial & Asset Finance Brokers Association of Australia

Australia's largest equipment finance broking and aggregation group

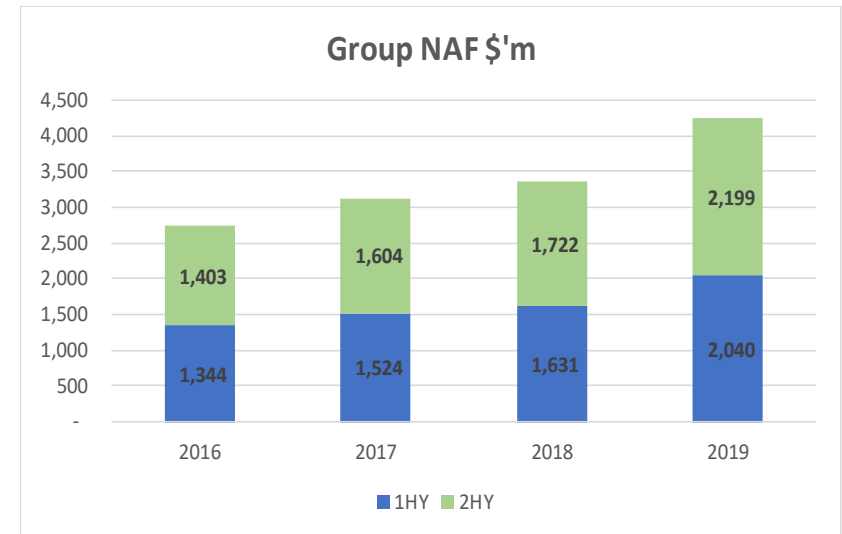
COG provides aggregation services to:

- independent network member finance brokers
- COG equity owned finance brokers

Total net asset finance (NAF) settled increased by 26% to \$4.24bn

COG offers Finance Brokers

- Access to wider panel of financiers and volume based incentives
- Improved service offering and profitability
- Compliance and processing services
- Workflow and CRM software
- Annual Asset Finance Broker Conference
- Succession planning



Aggregation Brands



Lease Origination Original Equipment Cost (OEC)



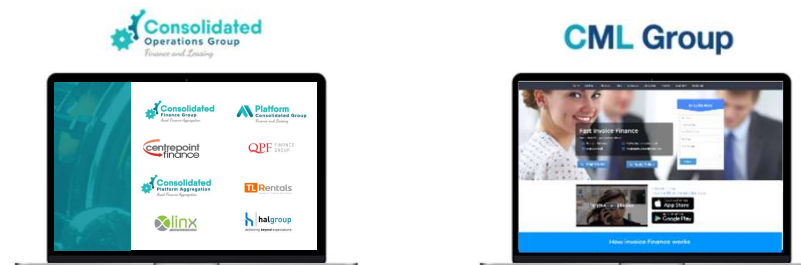
New leases written in FY19 of \$51.8m (down 11.8% on pcp) due to tighter internal credit appetite and restructuring of sales team. Additional sales staff have been hired

Lease referrals from COG Broker network

	OEC Written	COG Broker Referrals
FY16	\$33.4m	\$1.3m
FY17	\$42.5m	\$5.6m
FY18	\$58.7m	\$9.9m
FY19	\$51.8m	\$6.9m

CML & COG have agreed to a merger of equals with the merged entity leveraged to the rapidly expanding SME finance market

<p>Transaction Details</p>	<ul style="list-style-type: none"> Consolidated Operations Group (ASX:COG) (“COG”) and CML Group (ASX:CGR) (“CML”) have agreed to implement a merger of equals The transaction, will be implemented via a scheme of arrangement whereby COG will acquire all the shares of CML (“Merged Group”) The Merged Group will be listed on the ASX and will be renamed and rebranded Further details of the transaction are contained in the separate announcement of today and in the Scheme Implementation Agreement lodged with ASX
<p>Strategic Rationale</p>	<ul style="list-style-type: none"> Provides considerable increase in scale with the Merged Group, leveraged to the rapidly expanding SME finance market Revenue synergies achieved through cross-selling CML’s established finance products through COG’s extensive broking network Synergies to be realised via opex reductions: Corporate overheads, lower ASX & compliance costs
<p>Risk Mitigation</p>	<ul style="list-style-type: none"> Both parties have undertaken due diligence and hold a strong level of comfort on: <ul style="list-style-type: none"> The quality of the COG platform and CML loan books The newly structured management teams ability to integrate and extract synergies from combined operations
<p>Financial Impacts</p>	<ul style="list-style-type: none"> Expected to be immediately EPS accretive



COG to acquire all shares in CML with the Merged Group to remain listed but be renamed and rebranded

<p>Combined Revenue¹</p>	<p>\$264.9m</p>
<p>Combined EBITDA¹</p>	<p>\$50.3m</p>
<p>Combined NPATA¹</p>	<p>\$17.4m</p>

¹Based only on combined historical FY’19 audited financials, excluding any synergies post-acquisition and does not represent a forecast

CML & COG have entered into a Scheme Implementation Agreement (“SIA”) to effect the merger

- CML shareholders will have the option to elect to receive 100% of the Scheme consideration in COG shares or to receive a mixture of cash and COG shares. The Scheme consideration is as follows:
 - scrip consideration of 5.4 COG shares for every 1 CML share held; or
 - cash and scrip consideration of 2.7 COG shares plus A\$0.24 for every 1 CML share held (up to a total capped cash amount of A\$20 million)
- Each of these alternatives implies Scheme consideration of approximately A\$0.48 per CML share, valuing the equity of CML at approximately A\$111.4 million.
- In addition to the Scheme consideration, CML will pay a dividend of A\$0.03 per CML share immediately prior to the Scheme implementation date and subject to the Scheme becoming effective.



Merged Group Board & Management	CML & COG Board & Shareholder Support	Key Approvals
<ul style="list-style-type: none"> • Merged Group to be led by highly experienced Board & senior management teams, drawing on the strengths of both groups <ul style="list-style-type: none"> – Current COG CEO Andrew Bennett to assume role of CEO of Merged Group – Current CML CEO Daniel Riley to assume a new role as Executive-director • Merged Group’s Board of Directors will consist of multiple existing directors from both COG and CML 	<ul style="list-style-type: none"> • CML’s board has unanimously recommended that CML shareholders vote in favour of the merger in the absence of a superior proposal and subject to the Independent Expert concluding that the merger is in the best interests of CML shareholders • Directors of both groups intend to vote consistently with their recommendation • Major shareholders of CML and COG have signalled that they will support the Merged Group and remain committed to the long-term strategy and development of the Merged Group 	<ul style="list-style-type: none"> • The Scheme will be subject to the conditions set out in the SIA, which include: <ul style="list-style-type: none"> – Approval being received from CML shareholders; – Court approval; – The Independent Expert concluding that the Scheme is fair and reasonable and in the best interests of CML shareholders and not changing that conclusion; and – Other conditions customary for a transaction of this nature.

The merger will deliver a vertically integrated SME finance platform with both distribution (COG) & product (CML) underpinned by a low-cost funding structure

- Combined historical FY'19 audited revenue of \$264.9m, EBITDA of \$50.3m and NPATA of \$17.4m
- Significant opportunity to increase market share in SME finance space via cross-selling through existing customer networks

Merged Group ¹	COG	CML	Merged Group
Revenue ²	\$217.2m	\$47.7m	\$264.9m
EBITDA (underlying) ²	\$29.9m	\$20.4m	\$50.3m
NPATA (underlying) ²	\$7.9m	\$9.5m	\$17.4m
Share Price (12 th November close)	\$0.092	\$0.46	
Shares on Issue (Fully Diluted)	1,348.1m	201.7m	
Maximum Shares on Issue (post rights issue) ³	1,571.7m	232.0m	
Market Capitalisation (pre-rights issues)	\$124.0m	\$92.8m	

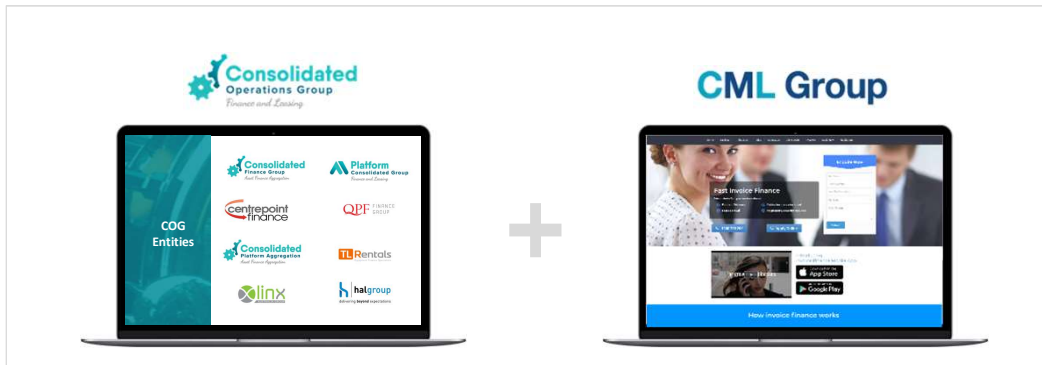
¹The above figures exclude CML's acquisition of Classic Funding Group announced 10th September 2019 and are only based on the historical audited financials for each of COG and CML for FY'19

²Based on historical FY'19 audited financials, with combined figures excluding any synergies post-acquisition and does not represent a forecast

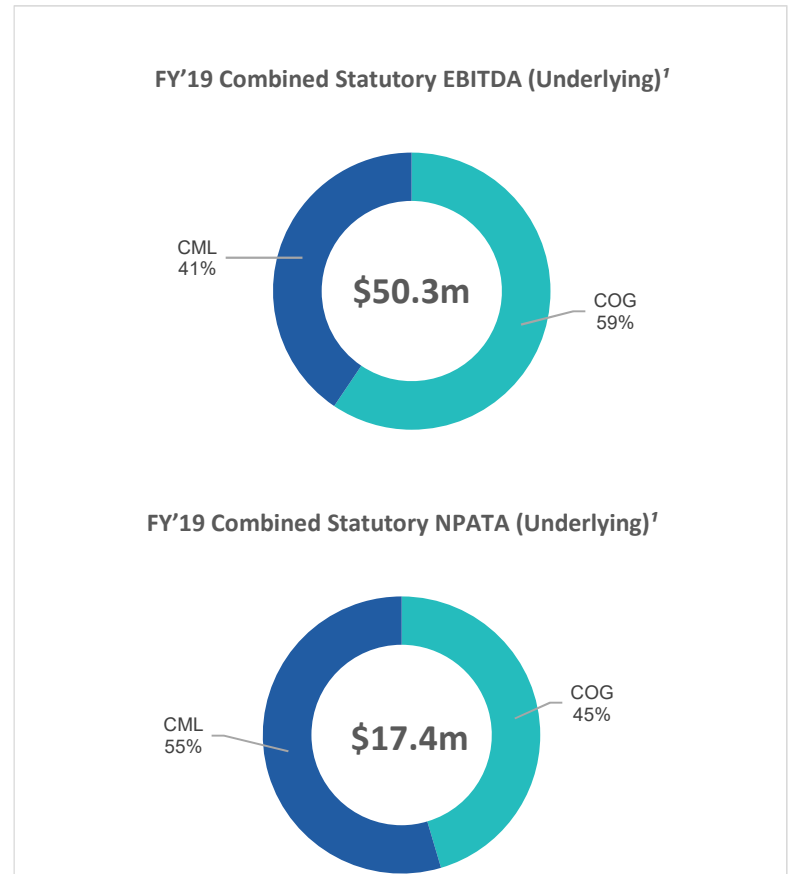
³Assumes all rights are taken up via both respective rights issues

1	Leverages key strengths of both groups (broking distribution & finance products) driving revenue synergies
	<ul style="list-style-type: none">• COG is Australia's largest asset finance broker and an aggregator with ~17% market share of the intermediated asset finance market• CML provides secured lending to a broad segment of SME's with facility sizes ranging from \$100k to \$14m in its invoice finance product, up to \$2m in its equipment finance product and facilities up to \$1.5m in its trade finance product• Combining these two companies provides:<ul style="list-style-type: none">a) A material cross-selling opportunity, in particular an ability to offer COG's SME's with an invoice financing productb) Ability to better leverage debt inside respective equipment financing businesses
2	Combines highly experienced Board & Management teams
	<ul style="list-style-type: none">• Complimentary skillsets of both leadership teams
3	Delivers low cost of funding with significant headroom
	<ul style="list-style-type: none">• CML's total available funding increased to \$397m with ~\$100m in headroom, including 3 wholesale funding facilities• With increased volumes the Merged Group will benefit from a lower cost of funding• Existing COG loans able to be transitioned to cheaper wholesale funding structures
4	Provides opportunity for operational cost synergies to be achieved
	<ul style="list-style-type: none">• Expected operational synergies to be achieved through corporate overheads, ASX & compliance costs
5	Strategic Objectives
	<ul style="list-style-type: none">• The Merger satisfies both groups respective strategic objectives<ul style="list-style-type: none">– COG – accelerates the strategic plan to deliver product, including invoice financing to its distribution network– CML – cross-selling will accelerate volume growth and achieve improved scale for all finance products and promote product diversification– Expected increase in liquidity in the stock

A fully integrated broking and finance platform, targeted at the rapidly expanding Australian SME market



Distribution	Lending
<ul style="list-style-type: none"> Australia's largest broking and aggregation group with ~17% market share of broker originated asset finance Provider of non-prime commercial equipment leasing, with 94% of loan book funded through external finance providers 	<ul style="list-style-type: none"> Scale and history in Factoring and Discounting finance products Fully established lending platform Equipment Finance loan book holding critical mass following acquisition of Classic Funding Group Low cost of capital with headroom in multiple warehouse facilities



¹Based only on combined historical FY'19 audited financials, excluding any synergies post-acquisition and does not represent a forecast

Both COG and CML to undertake simultaneous equity raisings via respective non-renounceable rights issue offers

	COG	CML
Offer Pricing	<ul style="list-style-type: none"> • Offer price of \$0.09 per share • 2.2% discount to the last close of \$0.092 	<ul style="list-style-type: none"> • Offer price of \$0.48 per share + \$0.03 special dividend • 4.3% premium to the last close of \$0.46
Funding	<ul style="list-style-type: none"> • Equity raising of \$20.2 million at \$0.09 per share via a 1 for 6 pro rata non-renounceable entitlement offer 	<ul style="list-style-type: none"> • Equity raising of \$14.5 million at \$0.48 per share via a 3 for 20 pro rata non-renounceable entitlement offer

Investments

Surplus funds now largely invested with the following investments during the year:

- Westlawn Finance \$14.3m
- Heritage Group \$4.9m
- CFG (20%) \$4.2m
- Centrepont Finance \$8.3m
- Geelong Financial Group \$0.3m
- Sovereign Tasmania \$2.2m

The investments were funded via cash (\$28.6m) and shares (\$5.6m). Cash acquired was \$2.0m, so net cash outflow was \$26.6m

Capex

Capex for FY19 was \$0.4m

Anticipated capex in FY20 of up to \$1.0m, for development and implementation of new systems

Dividends

The Board announced a dividend policy on 15th October 2019, and we expect to declare a FY20 final dividend

A Dividend Reinvestment Plan (DRP) will also be implemented in FY20

1. Complete CML 'merger of equals' transaction
2. Enhance underlying performance of businesses
3. Expand COG's in-house financial product portfolio
4. Establish external funding sources (bank senior warehouse facilities and subordinated mezzanine debt)
5. Invest in infrastructure and IT systems to support strategic growth objectives

Solid financial performance

- Revenue up \$52.7m on pcp - \$35.7m organic growth
- Underlying NPATA attributable to shareholders up 32%
- Earnings guidance for FY20 is not being provided

Completed investment of surplus funds into establishing Australia's largest commercial finance broker distribution network

Strategic focus

- Completion and implementation of CML transaction
- leverage significant distribution network
- expand COG's in-house financial product portfolio
- establish external funding sources (bank senior warehouse facilities and subordinated mezzanine debt)
- continue to acquire broker businesses to grow NAF and market share, as opportunities arise
- new leadership roles and responsibilities (effective 1 Feb 2019)

QUESTIONS

Consolidated Operations Group Limited ('**COG**') has not considered the financial position or needs of the recipient in providing this presentation ('**Presentation**'). Persons needing advice should consult their stockbroker, bank manager, solicitor, attorney, accountant or other independent financial or legal adviser.

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Words such as 'anticipates', 'expects', 'intends', 'plans', 'believes', 'seeks', 'estimates' and similar expressions are intended to identify forward-looking statements.

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This Presentation should be read in conjunction with COG Annual Financial Report for the year ended 30 June 2019.