



Thursday 19 December 2019

Scottish Pacific Non-Binding Indicative Proposal to acquire 100% of CML Group

CML Group Limited (ASX:CGR) ("CML" or the "Company") announces that on 11 December 2019 it received a confidential and unsolicited non-binding indicative and conditional offer ("Indicative Scotpac Proposal") from Scottish Pacific Group Limited ("Scottish Pacific") to acquire 100% of the issued share capital of CML for total cash consideration of \$0.60 per share, comprising \$0.57 cash per share and permitting a fully franked dividend of \$0.03 per share to be paid prior to completion.

The Indicative Scotpac Proposal is subject to a number of assumptions and conditions including completion of satisfactory confirmatory due diligence. The proposal is intended to be completed by way of a Scheme of Arrangement.

There is no certainty that the Indicative Scotpac Proposal will result in a binding offer and the board of CML recommends that shareholders take no action, in relation to the Indicative Scotpac Proposal at this point in time.

Indicative Scotpac Proposal

On 13 December 2019, pursuant to clause 12.2 of the Scheme Implementation Agreement with Consolidated Operations Group Limited ("COG") announced on 13 November 2019, the Board of CML resolved that, acting in good faith after receiving written advice from its external advisers, that the Indicative Proposal would reasonably be expected to constitute a Superior Proposal as defined in the COG Scheme Implementation Agreement.

Consistent with its fiduciary and statutory obligations, the Board of CML determined to engage with Scottish Pacific and to provide due diligence information.

COG Response

In line with the COG Scheme Implementation Agreement, the Company also informed COG of the offer on 13 December 2019. This notification triggered the Matching Right in clause 12.5 of the COG Scheme Implementation Agreement, giving COG 5 business days to announce a matching or superior proposal.

On 18 December 2019 COG confirmed to CML that it has no current intention to increase the proposed consideration to be offered to CML shareholders set out in the COG Scheme Implementation Agreement.

COG Scheme of Arrangement continues

The Company continues to pursue the COG Scheme of Arrangement as it remains presently the best available transaction for shareholders. The CML Board continues its recommendation of the COG transaction in the absence of a superior proposal capable of acceptance by shareholders.

In the event that the Indicative Scotpac Proposal does not result in a binding offer, it is the Company's intention to complete the COG Scheme of Arrangement.

CML Group

The Company is seeking to proceed with the First Court Hearing for the Scheme on Friday 20 December 2019. As a result of the Indicative Scotpac Proposal, amendments have been necessary to the Scheme Booklet, and these are currently pending review by ASIC .

If ASIC review is completed prior to the First Court Hearing, then the Company will seek for the Hearing to proceed and anticipates dispatching the Scheme Booklet immediately following this. The intended date of the CML Scheme Meeting is 29 January 2020.

In the event that the ASIC review is not completed prior to the scheduled First Court Hearing, then it will need to be adjourned. Due to the summer recess, the next available Court Hearing may not be available until early February, with a consequent delay in the timeline for the Scheme.

We will update the market with regard to whether the First Court Hearing is held and its outcome.

Appropriate to disclose to the market

As the Indicative Scotpac Proposal is confidential and incomplete, it has not been announced to date to the market under ASX Listing Rule 3.1A. However, in proceeding with the First Court Hearing for the COG Scheme of Arrangement, it is now necessary for this information to be provided to the Court, and therefore the Company has determined it necessary to make this announcement of the Indicative Scotpac Proposal as the existence of the Indicative Scotpac Proposal will cease to be confidential.

Timeline for Indicative Scotpac Proposal

The anticipated timeline is for Scottish Pacific to complete its due diligence and to potentially make a binding offer prior to the Scheme Meeting for the COG Scheme of Arrangement. CML will make a further announcement about the Indicative Scotpac Proposal in due course and will keep the market updated as to further material developments.

Advisors

CML is advised by financial advisers Henslow Pty Ltd and legal advisers Automic Legal Pty Ltd.

This announcement has been authorised by the Chief Executive Officer of CML, Daniel Riley.

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For further information, please contact:

CML Group:

Daniel Riley
Chief Executive Officer
+61 2 8116 4710

Henslow:

Ryan Whitelegg
Managing Director
+61 418 332 051

For media enquiries, please contact:

GRACosway:

Ben Wilson
Joint Managing Partner
+61 407 966 083

cashflow
finance



ABOUT CML GROUP

CML provides finance to SME businesses.

CML's primary service is 'factoring' or 'receivables finance'. Through the factoring facility CML provides an advance payment of up to 80% of a client's invoice to help their business overcome the cash pressure of delivering goods or services in advance of payment from their customers (often 30 to 60 days). This is a flexible line of credit that is utilised in line with sales volume. CML will consider an additional advance to a client (above the usual 80%) on occasion, for an additional fee and when there is adequate security from the client to cover the position.

Other services include trade finance to assist clients finance purchases, as well as labour sourcing, project management and direct recruitment.

