

---

# INVESTOR PRESENTATION

CONSOLIDATED OPERATIONS GROUP LIMITED

1H20 RESULTS

6 months ending 31 December 2019

---

26 February 2020

## CONSOLIDATED OPERATIONS GROUP LIMITED (COG)

### Solid financial performance in softer market

- Revenue up \$7.8m on pcp – \$5.7m organic growth in the FB&A segment
- EBITDA to shareholders of \$10.9m
- Underlying NPATA attributable to shareholders up 6%

### Continued to invest surplus funds into consolidating COG as Australia's largest commercial finance broker distribution network

- 1H20 Net Asset Finance (NAF) settled up 16% to \$2.4bn
- Estimated 17% market share of broker originated NAF
- Two investment buyouts in controlled entities for consideration of \$1.8m (\$1.2m in cash)

### Strategic focus on leveraging significant distribution network

- Progressing implementation of strategic plan focusing on systems, customer service and expansion of COG's in-house financial product portfolio
- Establish external funding sources (bank senior warehouse facilities and subordinated mezzanine debt)
- Announcement of Scheme of Arrangement with CML Group Limited; purchase of 17.36% interest in CML
- Successful capital raise of \$20.2m through a non-renounceable entitlement offer and placement

Revenue\*  
\$112.7m



7%

EBITDA\*\*  
\$10.9m



-%

NPATA\*\*  
\$4.2m



6%

EPSA\*\*  
0.31cps



-%

\* Excludes interest income

\*\* Underlying basis (excludes acquisition related expenses and redundancy costs) attributable to shareholders

# SUMMARY GROUP FINANCIAL RESULTS

Page 3

Half Year ended 31 December (\$m)	2019 <sup>1</sup>	2018 <sup>1</sup>	Change
Revenue <sup>2</sup>	112.7	104.9	+7%
EBITDA	15.9	14.4	+10%
Net Interest expense	-4.5	-4.7	-4%
Depreciation	-1.2	-0.5	+140%
Amortisation	-3.6	-2.2	+64%
Share of associates results	0.5	-0.5	+200%
NPBT	7.1	6.5	+9%
Tax	-2.0	-1.7	+18%
NPAT	5.1	4.8	+5%
Minority interests	-2.4	-1.7	+39%
<b>NPAT to shareholders</b>	<b>2.7</b>	<b>3.1</b>	<b>-12%</b>
<b>EBITDA to shareholders</b>	<b>10.9</b>	<b>10.9</b>	<b>-%</b>
<b>NPATA<sup>3</sup> to shareholders</b>	<b>4.2</b>	<b>4.0</b>	<b>+6%</b>
<b>EPSA to shareholders (cps)</b>	<b>0.31</b>	<b>0.31</b>	<b>-%</b>

1. Underlying basis - excluding transaction costs (1H20 \$0.6m, 1H19 \$0.4m) and redundancy costs (1H20 \$0.1m) before tax

2. Revenue excludes interest income

3. NPATA is NPAT adjusted for amortisation of identified intangibles on acquisition of controlled entities (after tax)

## Commentary

**Revenue growth** of \$7.8m primarily comprised of organic growth (+\$5.7m) in commission and fee income in the FB&A segment

**EBITDA margin** up to 14.1% (1H19: 13.7%), impacted by adoption of AASB 16 (+\$0.9m) and business growth (+\$0.6m)

**Depreciation and amortisation** includes \$3.0m amortisation of identified intangibles on acquisition of controlled entities (1H19: \$1.5m) and \$0.8m impact of AASB 16 adoption

**Share of Associates** related to Westlawn Finance is \$0.5m (1H19: \$0.2m), acquired in Oct. 2018

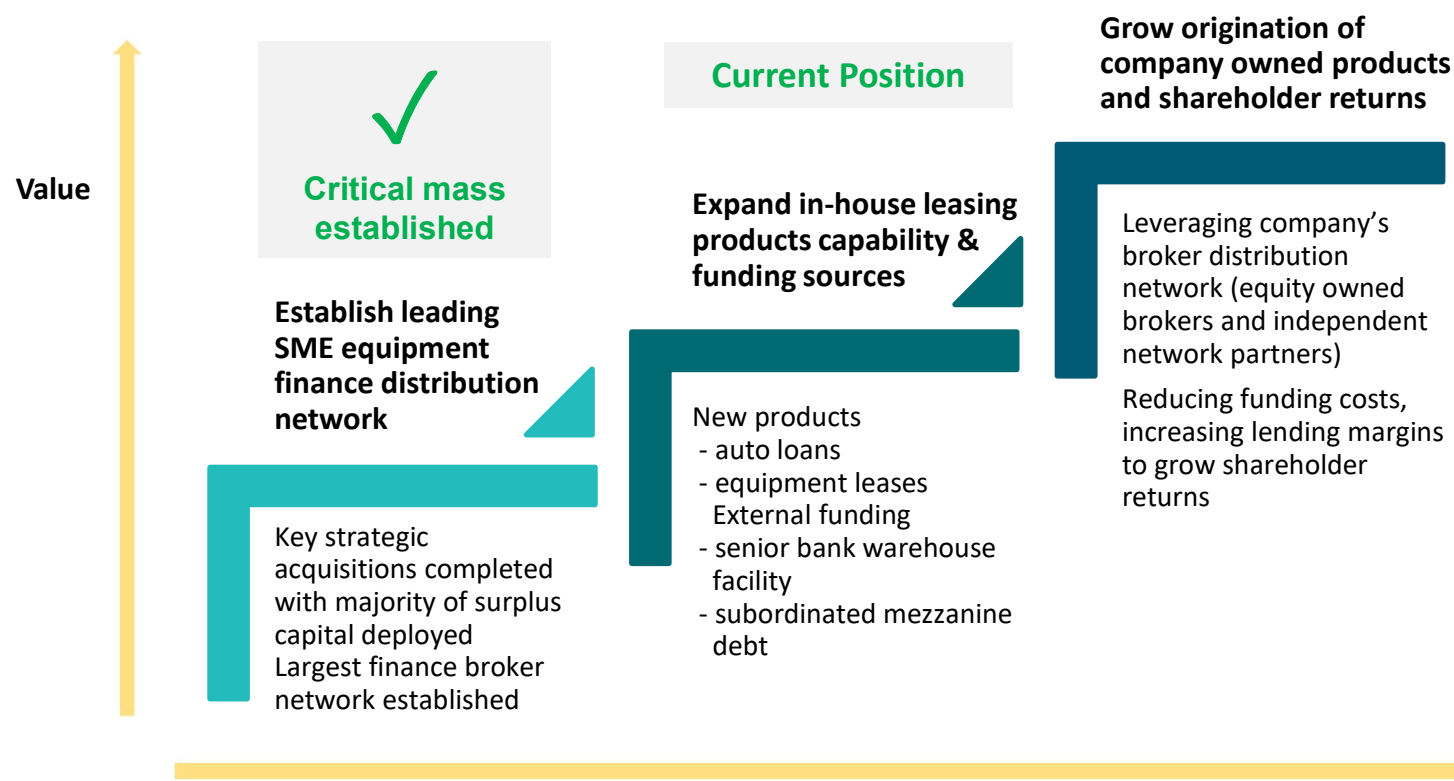
**EBITDA to shareholders** although flat, comprises increases of +\$0.6m from Finance Broking & Aggregation and +\$0.2m from Head Office & Other, offset by -\$0.8m from Commercial Equipment Leasing

**EPSA to shareholders** flat at 0.31 cps

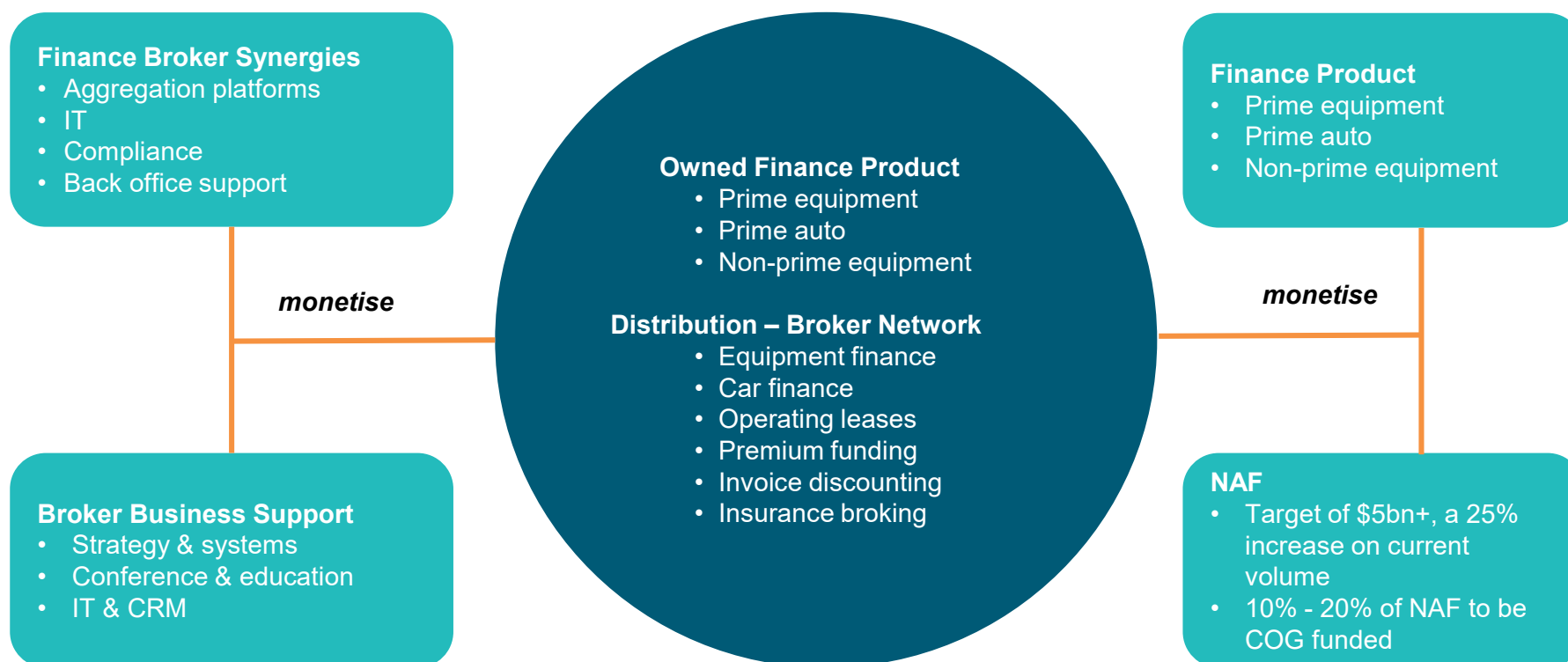
**Average effective tax rate** is 30% (1H19: 26.5%)



## Building the leading Australian SME business equipment finance advisor



**Leading SME finance advisor**  
**Estimated 17% market share<sup>1</sup> of broker intermediated finance for SMEs**



1. Derived from market share information contained in 2018/19 Annual Review, Commercial & Asset Finance Brokers Association of Australia

# BUSINESS PERFORMANCE

# 1. FINANCE BROKING & AGGREGATION SEGMENT

## Financial Performance

Page 7

Half Year ended 31 December (\$m)	2019 <sup>1</sup>	2018 <sup>2</sup>	Change
<b>Revenue</b>	<b>97.6</b>	<b>86.9</b>	<b>+12%</b>
EBITDA	10.4	8.3	+25%
Net Interest	-0.1	0.1	-200%
Depreciation	-1.0	-0.2	+400%
Amortisation (exc acquired intangibles)	-0.4	-0.7	-43%
<b>NPBT (before amortisation of acquired intangibles)</b>	<b>8.9</b>	<b>7.5</b>	<b>+19%</b>
Amortisation of acquired intangibles	-3.0	-1.5	<b>+100%</b>
<b>NPBT</b>	<b>5.9</b>	<b>6.0</b>	<b>-2%</b>

1. The following businesses were acquired during FY19 and contributed to financial performance during the period: Centrepont Finance (Sep 18), Heritage Group (Nov 18) and Sovereign Tasmania (Feb 19). These entities had a full period contribution in current period vs pcp.

2. Underlying basis - excluding transaction costs (1H19 \$0.2m)

### Commentary

**Revenue** growth of \$10.7m (up 12%) reflects:

- Increase in commission and fee income due to increase in equipment finance volume, NAF settled up 16%
- \$4.6m contribution from acquisitions made during FY19

**EBITDA margin** up to 10.7% (1H19: 9.6%) impacted by adoption of AASB 16 and contribution from acquisitions made during FY19

**Depreciation and amortisation** includes \$3.0m amortisation of identified intangibles on acquisition of controlled entities (1H19: \$1.5m) and \$0.8m impact of AASB 16 adoption

**NPBT (before amortisation of acquired intangibles)** in 1H20 includes +\$0.9m contribution from acquisitions made during FY19.

# 1. FINANCE BROKING & AGGREGATION

## Broker Services and Group NAF

Page 8

Australia's largest equipment finance broking and aggregation group

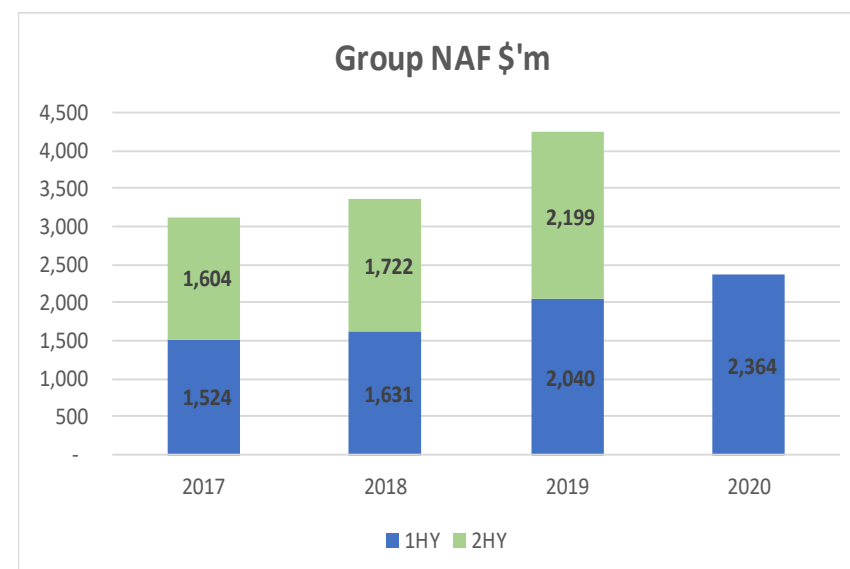
COG provides aggregation services to:

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

Total net asset finance (NAF) settled increased by 16% to \$2.4bn

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





## 2. COMMERCIAL EQUIPMENT LEASING SEGMENT

### Financial Performance

Page 9

Half Year ended 31 December (\$m)	2019 <sup>1</sup>	2018	Change
<b>Revenue</b>	<b>11.5</b>	<b>13.4</b>	<b>-14%</b>
EBITDA	6.8	7.6	-11%
Net Interest	-4.3	-4.6	-7%
Depreciation	-0.1	-0.2	-50%
Amortisation	-0.2	-	-
Share of associate <sup>2</sup>	0.5	0.2	+150%
<b>NPBT</b>	<b>2.7</b>	<b>3.0</b>	<b>-10%</b>

1. Underlying basis - excluding redundancy costs (1H20 \$0.1m)

2. Share of associate relates to the 32% interest in Westlawn Finance, acquired in October 2018

### Commentary

**Revenue** contraction of \$1.9m (down 14%) reflects:

- a lower volume of terminations in 1H20 (on termination all future rentals become due and payable and are taken to revenue)
- partially offset by increase in interest income resulting from growth in loan book

**EBITDA** includes doubtful debts provision on terminated leases (lower expense charge in 1H20 due to the reduced volume of terminations). Remaining administrative costs have also decreased as compared to prior period.

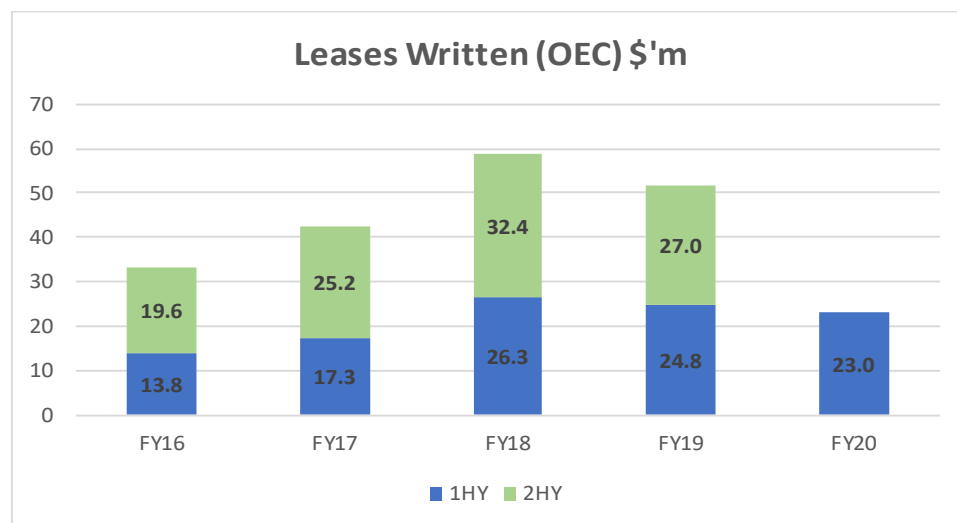
**NPBT** impacted by lower interest expense due to reduced funding costs as well as contribution from Westlawn Finance.

## 2. COMMERCIAL EQUIPMENT LEASING

### Lease Origination

Page 10

**Lease Origination**  
**Original Equipment Cost (OEC)**



**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
1H20	\$23.0m	\$2.0m

New leases written in 1H20 of \$23.0m, 7% lower on pcp (\$24.8m in 1H19) due to a soft market and tighter internal credit appetite.

TL Rentals appointed a new CEO in June 2019 and is progressing the implementation of its strategic plan. Several key initiatives are expected to drive lease origination up from 2H20 onwards:

- new sales manager and additional BDMs hired
- new products will be launched in 2H20
- new system implementation (expected to go live in 2H20)
- expansion of market channels through broker, vendor and direct market

## 2. COMMERCIAL EQUIPMENT LEASING

### Book Features

Key Statistics	31 Dec 2019	30 Jun 2019
<b>OEC of lease book</b>	\$149m	\$142m
<b>Number of leases</b>	2,868	2,890
<b>Average deal size</b>	\$52k	\$49k
<b>Average tenure</b>	49 mths	46 mths
<b>Loss rate <sup>1</sup></b>	3.9%	3.5%
<b>Residual value income<sup>2</sup></b>	21%	21%

1. Loss rate is calculated on an Expected Credit Loss basis. Increase in loss rate mostly relates to a higher delinquency rate observed on contracts written in FY18 and earlier. These contracts have a higher credit risk profile as compared to contracts recently written under a tighter credit lending criteria.

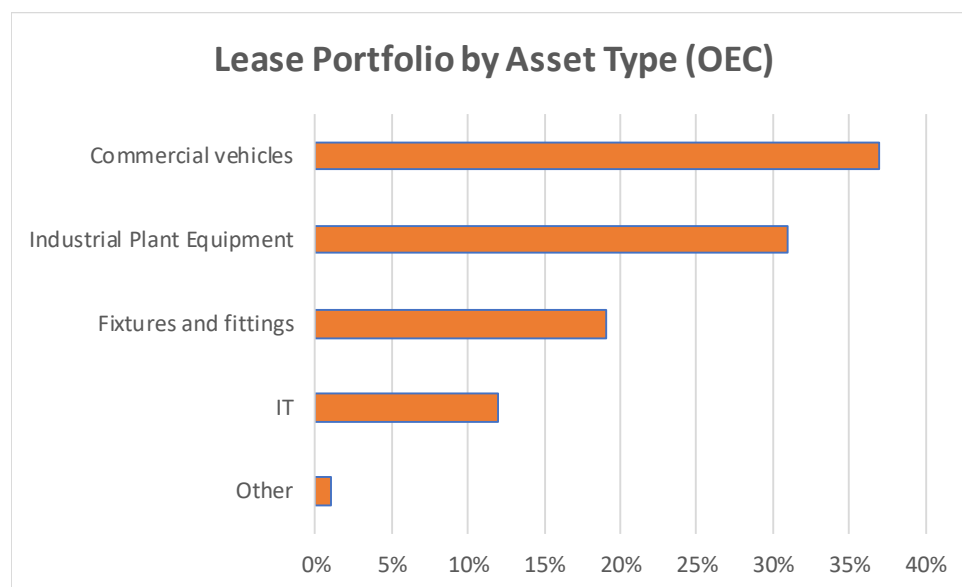
2. Residual value income cash flows to be received over the next 50 months is 21% of \$149m being \$31m. Approximately 66% is reflected in the balance sheet

### Funding

98% of total lease book has been externally funded through various funders and 2% remains internally funded

Self funded leases at 31 December 2019 were \$3.4m

### Lease Portfolio by Asset Type (OEC)



### 3. OTHER

Half Year ended 31 December (\$m)	2019 <sup>1</sup>	2018 <sup>1</sup>	Change
<b>Revenue</b>	<b>3.6</b>	<b>4.6</b>	<b>-20%</b>
EBITDA	-1.3	-1.5	+17%
Net Interest	-0.1	-0.2	+50%
Depreciation	-0.1	-0.1	-
Share of associates results	-	-0.7	n/a
<b>NPBT</b>	<b>-1.5</b>	<b>-2.5</b>	<b>+40%</b>

1. On an underlying basis - excluding transaction costs (1H20 \$0.6m, 1H19 \$0.2m)

#### Commentary

**Segment includes COG corporate overhead and Hal IT business**

**Revenue** down on lower Hal Group sales, although profitability of the IT business improved

**COG corporate overhead** \$1.6m compared to \$1.3m in the pcp. Employment expense higher due to changes in both executive management and Board structure

**HAL Group** EBITDA for 1H20 was \$0.3m, up significantly on pcp which was -\$0.3m.

**Share of Associates** includes equity accounted loss of Riverwise (Leading Edge Group). This investment is now written down to nil and no share of losses will be booked going forward. Following the appointment of new management, Leading Edge generated a small profit in 1H20.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Page 13

As at (\$m)	31 Dec 2019	30 June 2019
Cash and cash equivalents	46.4	26.0
Trade and other receivables	12.0	12.4
Financial assets - lease receivables	35.9	36.1
Other assets	5.1	4.9
<b>Total current assets</b>	<b>99.4</b>	<b>79.4</b>
Contract assets	6.5	6.4
Financial assets - lease receivables	74.4	73.7
Equity accounted associates	16.1	15.5
Other assets	4.6	4.4
Intangible assets	156.1	159.1
Right-of-use lease assets <sup>1</sup>	4.7	-
<b>Total non-current assets</b>	<b>262.4</b>	<b>259.1</b>
<b>TOTAL ASSETS</b>	<b>361.8</b>	<b>338.5</b>
Trade and other payables	11.6	12.1
Interest bearing liabilities - corporate	3.0	3.0
Interest bearing liabilities - leases	48.8	41.6
Other liabilities	11.9	11.2
Lease liabilities <sup>1</sup>	2.2	-
<b>Total current liabilities</b>	<b>77.5</b>	<b>67.9</b>
Interest bearing liabilities - corporate	2.3	3.8
Interest bearing liabilities - leases	50.0	56.2
Deferred tax liabilities	8.6	9.9
Other liabilities	1.7	1.7
Lease liabilities <sup>1</sup>	3.0	-
<b>Total non-current liabilities</b>	<b>65.6</b>	<b>71.6</b>
<b>TOTAL LIABILITIES</b>	<b>143.1</b>	<b>139.5</b>
<b>NET ASSETS</b>	<b>218.7</b>	<b>199.0</b>

1. The Group has adopted AASB 16 Leases at 1 July 2019 by using the modified retrospective approach, under which comparative information is not restated.

## Commentary

**Cash** increased due to \$20.2m of capital raised under a non-renounceable rights and placement issue

**Financial assets - lease receivables** relates to lease receivables in Commercial Equipment Leasing segment

**Intangible assets** relates to identified intangibles and goodwill on acquisition of controlled entities (\$153.7m) and IT/software assets (\$2.4m)

**Right-of-use lease assets** have been recognised in the statement of financial position on adoption of AASB 16 and is depreciated over the life of the contract on a straight-line basis

**Interest bearing liabilities - corporate** represents external corporate debt facility from an Australian bank

**Interest bearing liabilities - leases** are borrowings funding the lease book

**Lease liabilities** have been recognised in the statement of financial position on adoption of AASB 16 and is discounted using incremental corporate borrowing rate of 6%.



# CONSOLIDATED STATEMENT OF CASH FLOWS

Page 14

For the half ended 31 December (\$m)	2019	2018
Receipts from customers	144.9	132.9
Payments to suppliers and employees	(111.6)	(108.7)
Finance costs paid	(4.6)	(4.7)
Income taxes paid	(2.1)	(2.3)
<b>Net cash inflow from operating activities</b>	<b>26.6</b>	<b>17.2</b>
Payments for investments	(1.2)	(25.2)
Payments for equipment – finance leases	(23.0)	(24.8)
Payments for PPE and intangibles	(0.8)	(0.7)
<b>Net cash (outflow) from investing activities</b>	<b>(25.0)</b>	<b>(50.7)</b>
Proceeds from issue of shares	20.2	-
Costs of raising capital	(0.5)	(0.1)
Non-controlling interest acquisition contribution	0.3	2.6
Net proceeds from interest bearing liabilities	3.5	13.6
Repayments of lease liabilities – right-of-use lease assets	(1.0)	-
Dividends paid by subsidiaries to non-controlling interests	(3.7)	(2.1)
<b>Net cash inflow from financing activities</b>	<b>18.8</b>	<b>14.0</b>
<b>Net increase/(decrease) in cash</b>	<b>20.4</b>	<b>(19.5)</b>
Cash at the beginning of the year	26.0	36.2
<b>Cash at the end of the period</b>	<b>46.4</b>	<b>16.7</b>

## Commentary

**Net cash inflow from operating activities** includes \$37.0m (1H19: \$34.8m) relating to the lease product offered through the CEL segment (including recovery of terminated leases) under 'Receipts from customers'

**Net cash (outflow) from investing activities** includes two investment buyouts in controlled entities for a total consideration of \$1.8m (\$1.2m in cash and remaining \$0.6m in COG shares)

**Net cash inflow from financing activities** includes proceeds of \$20.2m from issue of shares to be utilised in new acquisitions

**Cash at the end of the period** includes restricted cash of \$3.3m (31 Dec. 2018: \$2.5m) received from customers under novated lease contracts, which is not available for general use

## Corporate debt facility

The Group has a corporate debt facility with Bendigo Bank Limited. During the 6 months ended 31 December 2019, the Group met its contractual repayments totalling \$1.7m, reducing the corporate debt to \$5.3m.

## Capital raising

On 6 December 2019, the Group issued 137,998,617 shares under a non-renounceable entitlement offer, raising \$12.4m. The Group also made a share placement for the shortfall under the entitlement offer, thereby raising an additional \$7.8m from the issue of a further 86,412,925 shares.

The funds were raised for business acquisitions.

## Investments

COG made the following investments during the period, in line with its acquisition growth strategy:

- Purchase of a 17.36% interest in the issued voting shares of CML Group Limited (CML) for a total consideration of \$22.0m in January 2020 (refer to pages 16 to 19 for more details)
- Purchase of a 3.62% interest in Platform Consolidated Group (PCG) by COG from minority shareholders for a total consideration of \$1.1m, being \$0.5m paid in cash and \$0.6m in new COG shares. COG now owns 69.7% of PCG.
- Purchase of a 15.8% interest in Fleet Network (FN) from minority shareholders by PCG for a total cash consideration of \$1.0m, funded by a pro rata issue of new shares to existing PCG shareholders (COG subscribed \$0.7m for PCG shares). PCG now owns 95.8% of FN.

## Dividend

On 15 October 2019, the Company adopted a dividend policy, targeting a dividend payout ratio of up to 50% of statutory net profit after tax, after non-controlling interests, per annum.

The Company also implemented a Dividend Reinvestment Plan ('DRP'). The DRP rules are disclosed on the company's website [www.coglimited.com.au](http://www.coglimited.com.au).

Under the terms of the CML Scheme Implementation Agreement, COG is not permitted to declare or pay any dividends. Consequently, the Directors will consider the payment of a final dividend following the finalisation of the Company's FY20 results.

## Capex

Capex for 1H20 was \$0.6m (1H19: \$0.7m) and largely relates to development and implementation of new IT systems.

## CML Merger

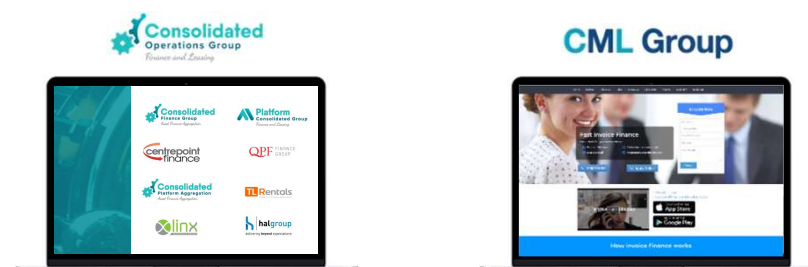


# EXECUTIVE SUMMARY - CML MERGER

Page 17

## On 13 November 2019, CML & COG entered into a Scheme Implementation Agreement (“SIA”) to effect a 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.
- The Merged Group will be listed on the ASX and will be renamed and rebranded



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

Combined Revenue <sup>1</sup>	\$264.9m
Combined EBITDA <sup>1</sup>	\$50.3m
Combined NPATA <sup>1</sup>	\$17.4m

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

<b>Strategic Rationale</b>	<ul style="list-style-type: none"> <li>• Provides considerable increase in scale with the Merged Group, leveraged to the rapidly expanding SME finance market</li> <li>• Revenue synergies achieved through cross-selling CML's established finance products through COG's extensive broking network</li> <li>• Synergies to be realised via opex reductions: Corporate overheads, lower ASX &amp; compliance costs</li> </ul>
<b>Financial Impacts</b>	<ul style="list-style-type: none"> <li>• Expected to be immediately EPS accretive</li> </ul>

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



## Merged Group Board & Management

- Merged Group to be led by highly experienced Board & senior management teams, drawing on the strengths of both groups
  - 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

## Key Approvals

- The Scheme will be subject to the conditions set out in the SIA, which include:
  - 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.



## Latest developments

- On 19 December 2019, CML announced that it has received a conditional non-binding indicative offer from Scottish Pacific Group Limited (Scotpac) to acquire 100% of CML's ordinary shares by way of a scheme of arrangement at a cash consideration of \$0.57 per CML share. The board of CML had recommended that shareholders take no action in relation to the indicative Scotpac proposal at that time, given there is no certainty that it would result in a binding offer or that it would be superior to the current offer from COG
- On 24 December 2019, the Court approved convening of Scheme Meeting for merger with COG and dispatch of Scheme Booklet to CML shareholders
- On 30 January 2020 COG acquired a relevant interest of 17.36% of the issued voting shares in CML
- On 4 February 2020, CML applied to the Federal Court of Australia for an order postponing the Scheme Meeting of CML shareholders scheduled for the 5 February 2020 to consider the Scheme
- On 12 February 2020, CML applied to the Court to seek a further adjournment of the Court proceedings (the Court has adjourned the Court proceedings to a time to be fixed by the Court)
- As at the date of release of this presentation (26 February 2020), there has been no announcement from CML indicating they have received a binding offer from Scotpac

## FY20 PRIORITIES & SUMMARY

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

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.

This Presentation includes certain 'forward-looking statements' which are not historical facts but rather are based on COG's current expectations, estimates and projections about the industry in which COG operates, and beliefs and assumptions regarding COG's future performance.

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

These statements are not guarantees, representations or warranties of future performance and are subject to known and unknown risks, uncertainties and other factors (some of which are beyond the control of COG), are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements.

COG cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of COG only at the date of this Presentation. The forward-looking statements made in this Presentation relate only to events and circumstances as of the date on which the statements are made.

COG will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Presentation except as required by law or by any appropriate regulatory authority.

Investors should also note that COG's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) COG's future performance including COG's future financial position or share price performance.

No party other than COG has authorised or caused the issue of this Presentation, or takes any responsibility for, or makes, any statements, representations or undertakings in this Presentation.

This Presentation should be read in conjunction with COG Appendix 4D and Half Year Financial Report for the period ended 31 December 2019, and COG's 30 June 2019 Annual Financial Report.

# APPENDICES

# CHANGE IN ACCOUNTING POLICIES

Page 24

The Group has applied the following mandatory changes in accounting policies in 1H20:

## **AASB 16 - Leases (effective 1 July 2019)**

The Group has adopted AASB 16 Leases in the current financial period, consistent with the mandatory adoption date, 1 July 2019.

AASB 16 has been adopted using the modified retrospective approach, under which comparative information is not restated. The cumulative effect of adopting AASB 16 has been recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information. The standard replaces AASB 117 Leases and will eliminate the classifications of operating leases and finance leases where the Group is a lessee.

The impact of adoption on transition is as follows:

- \$0.4m reduction to opening retained earnings to reflect the transition on 1 July 2019 (net of tax),
- \$3.4m increase in Right-of-use (ROU) lease assets were recognised as of 1 July 2019, and
- \$4.0m increase in lease liabilities were recognised as of 1 July 2019.



# STATUTORY INCOME STATEMENT

Page 25

For the half year ended 31 December (\$m)	2019	2018	\$ Change
<b>Revenue</b>	<b>112.8</b>	<b>105.1</b>	<b>+7.7</b>
<b>EBITDA</b>	<b>15.9</b>	<b>14.4</b>	<b>+1.5</b>
Net Finance costs	-4.5	-4.8	+0.3
Share of associates results	0.5	-0.4	+0.9
Acquisition related expenses	-0.6	-0.4	-0.2
Depreciation & amortisation	-4.8	-2.7	-2.1
Redundancy costs	-0.1	-	-0.1
<b>Profit before income tax</b>	<b>6.4</b>	<b>6.1</b>	<b>+0.3</b>
Income tax (expense)	-1.8	-1.6	-0.2
<b>NPAT</b>	<b>4.6</b>	<b>4.5</b>	<b>+0.1</b>
Profit after tax attributable to:			
<b>Members of COG</b>	<b>2.2</b>	<b>2.8</b>	<b>-0.6</b>
<b>Non-controlling interests</b>	<b>2.4</b>	<b>1.7</b>	<b>+0.7</b>

# RECONCILIATION BETWEEN STATUTORY NPAT AND UNDERLYING NPATA

Page 26

For the half year ended 31 December (\$m)	2019	2018	Variance	2019 ex NCI	2018 ex NCI	Variance
<b>NPAT</b>	<b>4.6</b>	<b>4.5</b>	<b>0.1</b>	<b>2.2</b>	<b>2.8</b>	<b>-0.6</b>
Acquisition related expenses after tax	0.4	0.3	0.1	0.4	0.2	0.2
Redundancy costs after tax	0.1	-	0.1	0.1	-	0.1
<b>Underlying NPAT</b>	<b>5.1</b>	<b>4.8</b>	<b>0.3</b>	<b>2.7</b>	<b>3.0</b>	<b>-0.3</b>
Amortisation of intangibles from acquisitions after tax	2.1	1.5	0.6	1.5	1.0	0.5
<b>NPATA</b>	<b>7.2</b>	<b>6.3</b>	<b>0.9</b>	<b>4.2</b>	<b>4.0</b>	<b>0.2</b>

# ACQUISITION HISTORY

Page 27

Date	Company	Activity	Acquirer	Interest	Price	Consideration
Dec 15	Platform Consolidated Group (PCG)	Aggregation platform + ownership of finance brokers	COG	60%	\$22.9m	76% cash/ 24% equity
Oct 16	Consolidated Finance Group	Largest independent specialist equipment finance aggregator in Aust	COG	80%	\$14.7m	60% cash/40% equity
Oct 16	Linx Group Holdings	Finance broker (VIC, NSW)	COG	50%	\$13.1m	60% cash/40% equity
Oct 16	QPF Holdings	Finance Broker (QLD, WA)	COG	50%	\$21.3m	60% cash/40% equity
Nov 16	Fleet Avenue	Motor vehicle finance broker	PCG	50%	\$0.2m	100% cash
Mar 17	Fleet Network	Finance broker (WA)	PCG	80%	\$6.1m	74% cash/26% equity
July 17	DLV (Qld)	Finance Broker (QLD)	QPF	50%	\$1.6m	50% cash/50% shares
Jan 18	BusinessWorks	IT support services	COG	100%	\$1.3m	100% cash
Feb 18	Vehicle and Equipment Finance	Finance Broker (VIC, NSW)	PCG	50%	\$3.0m	100% cash
May 18	Simply Finance	Finance Broker	PCG	25%	\$0.8m	100% cash
Jul 18	Consolidated Finance Group	Acq of outstanding minority interests	COG	Outst. 20%	\$4.2m	99.9% cash
Aug 18	Geelong Financial Group	Finance broker (Vic)	PCG	50%	\$0.3m	100% cash
Sep 18	Centrepont Finance	Finance broker (Vic)	COG	100%	\$8.3m	90% cash/10% shares
Oct 18	Westlawn Finance	Finance and insurance broker (NSW)	COG	32%	\$14.3m	70% cash/30% shares
Nov 18	Heritage Group	Finance broker (Vic)	Linx	50%	\$5.0m	100% cash
Feb 19	Sovereign Tasmania	Finance broker (Tas)	Linx	50%	\$2.2m	75% cash/25% shares

## ACQUISITION HISTORY cont.

Page 28

Date	Company	Activity	Acquirer	Interest	Price	Consideration
Jul 19	QPF Holdings	Acq of outstanding minority interests	COG	Outst. 5.6% <sup>1</sup>	\$1.7m	100% cash <sup>4</sup>
Oct 19	Platform Consolidated Group	Acq of outstanding minority interests	COG	Outst. 3.6% <sup>2</sup>	\$1.1m	50% cash/50% equity
Nov 19	Fleet Network	Acq of outstanding minority interests	PCG	Outst. 15.8% <sup>3</sup>	\$1.0m	100% cash
Jan 20	CML Group	Debtor Finance	COG	17.36%	\$22.03m	100% cash

1. COG now owns 55.6% of QPF Holdings

2. COG now owns 69.7% of PCG

3. Fleet Network equity. PCG now owns 95.8% of Fleet Network

4. Deferred payment to be satisfied by settlement of \$1.0m on August 2020 and \$0.7m payable August 2021