



26 February 2021

COG Financial Services Limited (ASX:COG)

COG Financial Services Achieves Improved Earnings Margins

Successful Acquisition Strategy & Revamped Lending Unit in H1 2021

COG Financial Services Limited (ASX:COG) is pleased to report its underlying NPATA for the six months to 31 December 2020 was more than double that for the previous corresponding period (PCP). This uplift was fuelled by much improved earnings margins, a successful acquisition strategy and a revamped Lending unit

1H21 NPATA¹	EPSA¹	EBITDA Margin¹
\$10.1m	0.64 ¢/share	20.6%
↑ 140% ²	↑ 106% ²	↑ 46.3% ²
Sales Revenue³	New Loan Contracts	DPS
\$128.4m	\$27.3m	0.122 cents/share
↑ 14% ²	↑ 19% ²	

- Underlying NPATA of \$10.1m, underwritten by strong PCP operating profit increases in COG's core segments of Finance Broking & Aggregation and Lending.
- EBITDA Margin of 20.6%, largely due to the consolidation of Westlawn and Access Capital (with a larger margin) and cost savings in response to COVID-19.
- Sales Revenue up 14% on organic growth, consolidation of Westlawn and Access Capital and government subsidies received.
- New Loan Contracts Written rose by 19% to \$27.3m in 1H21, powered by increased originations by Westlawn,
- An interim dividend per share (DPS) of 0.122 cents was declared (1H20: nil). It has an ex div date of 25 March 2021 and is payable on 26 April 2021.

COG Financial Services Limited's CEO Andrew Bennett said: "The Company reported strong underlying profit growth in its first half despite the economic uncertainty caused by the COVID-19 pandemic. Our Finance Broking & Aggregation delivered a surge in profits, with this uplift part organic and part acquisitions-driven. Our revamped Lending operation gained traction in the competitive SME lending segment, thanks to its well-accepted and less risky chattel mortgage product. We remain confident that our growth strategy will continue to deliver over the coming year, with scope for more M&A activity and continued efforts to enhance our insurance broking capability."



There will also likely be an expansion of the managed investment scheme offering, aimed at boosting Westlawn's funds under management".

Footnotes:

1. NPATA, EPSA and EBITDA margins are on an underlying basis, excluding acquisition related expenses, redundancy and restructuring costs, loss on deemed sale & reacquisition of investment at fair value, gain from a bargain purchase and impairment)
2. Percent Movements are all on a PCP basis

Sales revenue excludes interest income of \$0.5m and dividend received from associates of \$0.7m.

Announcement authorised by: Andrew Bennett, Chief Executive Officer

Company Enquiries

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About COG Financial Services Limited

COG Financial Services Limited (ASX:COG) has two complementary businesses:

1. Asset Finance Broking. Through our membership group serving independent brokers and COG's equity owned brokers (brokers in which we have invested), we are Australia's largest asset finance group, representing over \$4 billion per annum of Net Asset Finance (NAF). We will grow NAF through organic growth and further equity investment in brokers.
2. Lending. Through broker distribution, we provide equipment finance to SMEs and real property loans via our subsidiary Westlawn Finance Ltd.

In both businesses we are small parts of large markets, with growth opportunities through consolidation and organic growth.