Armidale Investment
CORPORATION

2015 ANNUAL GENERAL MEETING

26 November 2015
ASX: AIK

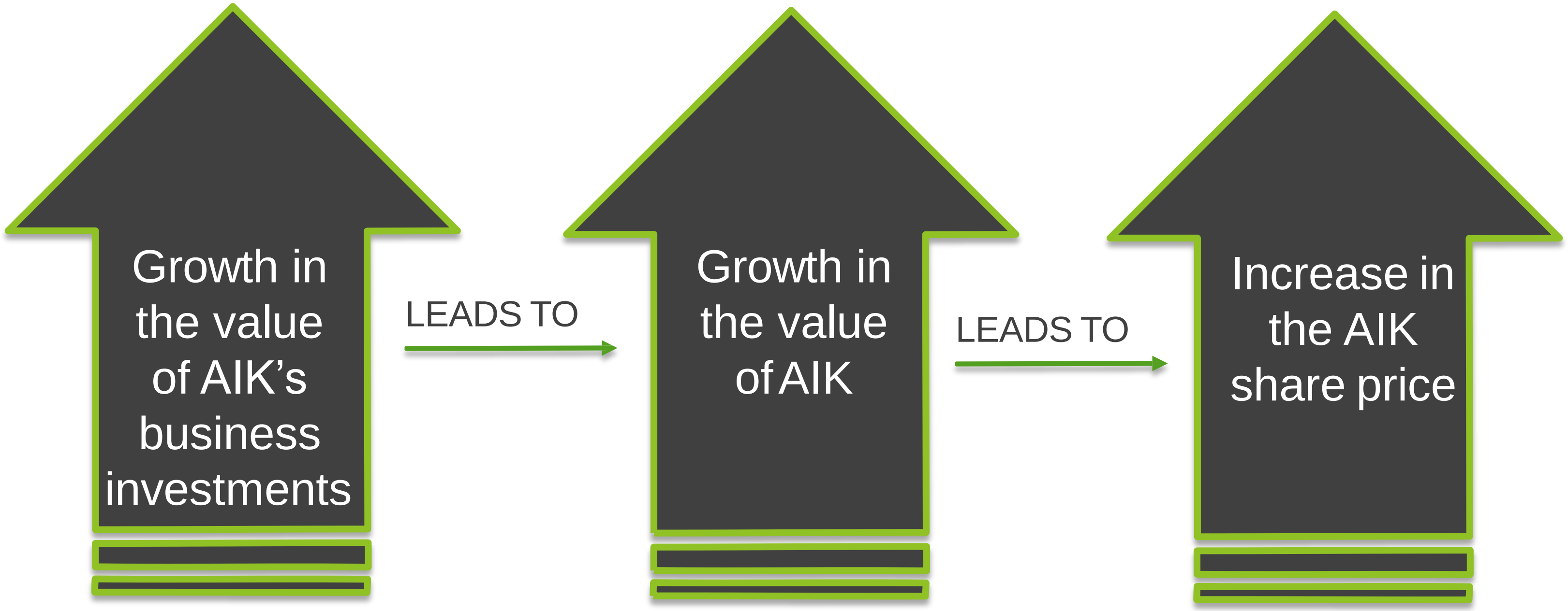
Andrew Grant – Managing Director

CONTENTS

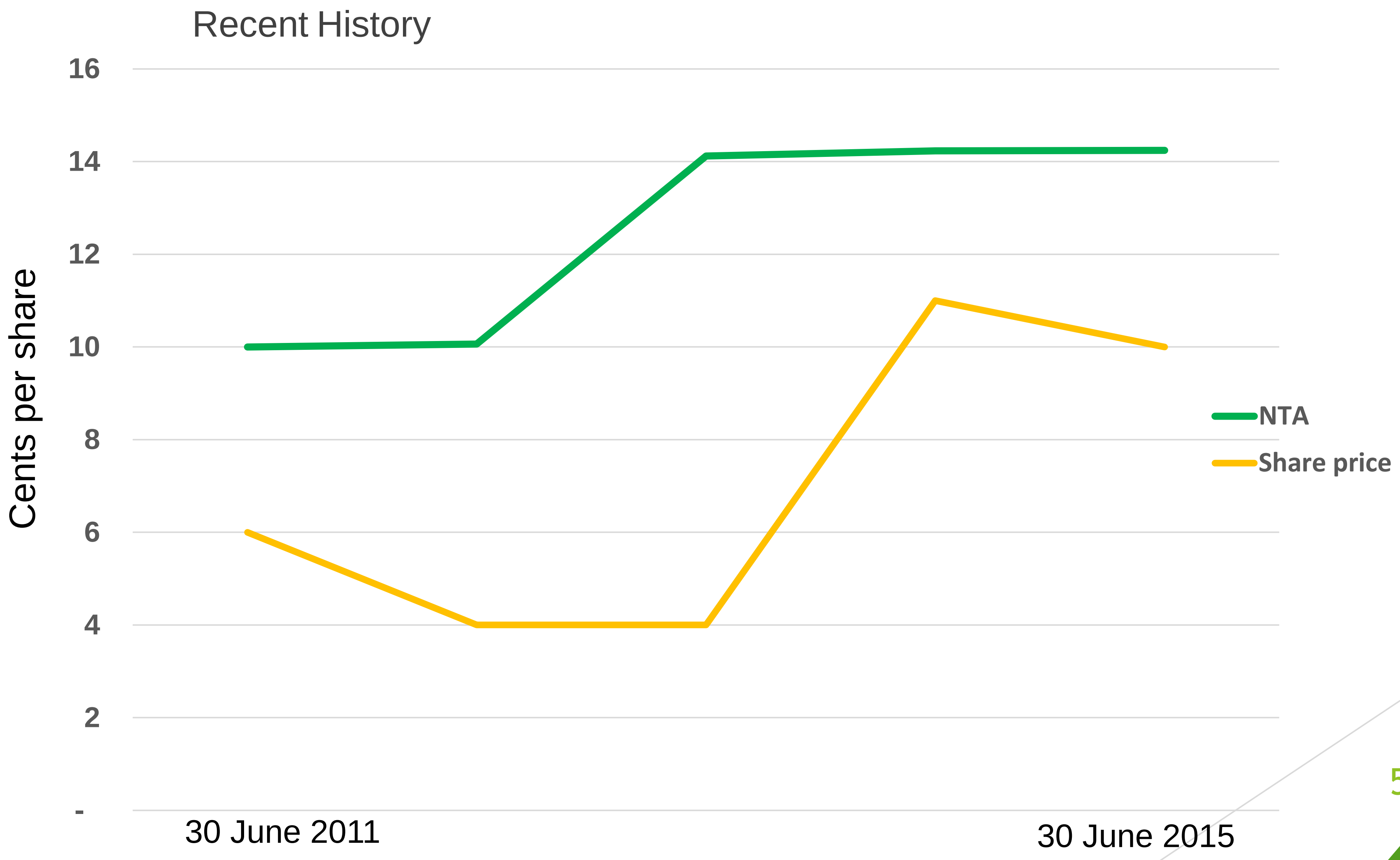
INVESTMENT PROPOSITION

We are here to create long term value by generating capital growth

INVESTMENT PROPOSITION

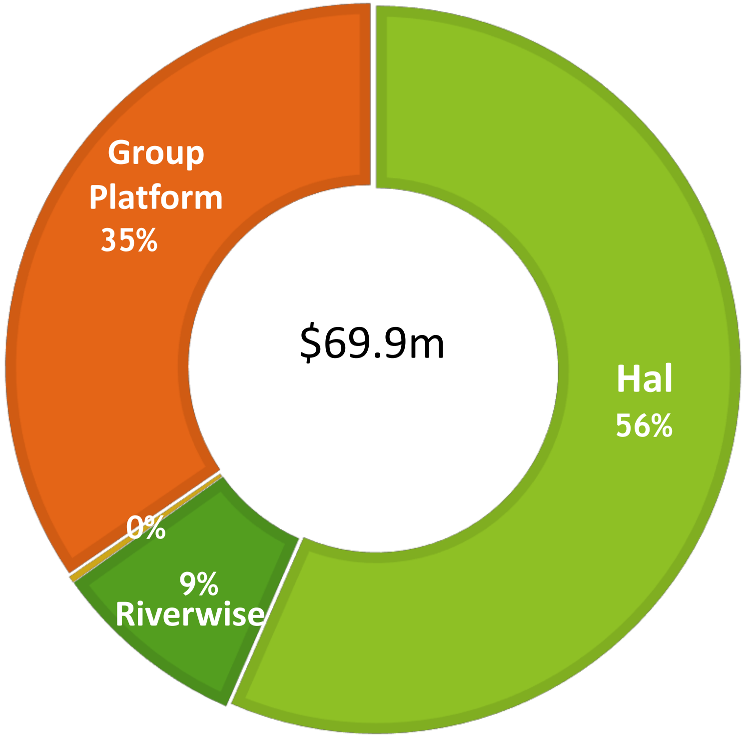


OVERVIEW – AIK



AIK PORTFOLIO

HEAVILY SKEWED TOWARDS GROWTH FROM THE FINANCING OF ESSENTIAL BUSINESS ASSETS



Portfolio of investments
(% of AIK group NTA)

HAL

Valuation at 31 October 2015 is $39.6m. This valuation is driven by a business in growth mode which provides corporate financing solutions for essential business equipment.

PLATFORM FINANCE GROUP*

Valuation is $24m. PFG provides motor vehicle and general business equipment finance.

* Assuming Group Platform deal settles

SOLID FINANCIAL PERFORMANCE IN 2015

Financials - Year ended 30 June ($m)		
	2015	**2014**
Revenue	3.0	4.1
Unrealised gain on investments	6.7	1.4
Profit before income tax	8.1	4.0
Income tax expense	(0.3)	(0.4)
Profit after tax	7.8	3.6

HIGHLIGHTS

- The increase in unrealised gain on investments and profit reflects significant increases in the value of the Hal business due to strong growth in lease origination.

STRONG FOUNDATIONS

Balance Sheet - Year ended 30 June ($m)		
	2015	**2014**
Cash	10.8	0.8
Financial assets	46.1	36.6
Intangible assets	0.4	0.6
Total assets	57.5	38.1
Other liabilities	(0.7)	(1.1)
Total equity	56.8	37.0

HIGHLIGHTS

- Increase in cash is due to the capital raising of $12m in April 2015
- The increase in financial assets is due to the revaluation of the Hal business

TL Rentals

Equipment Finance Specialists

TL Rentals
Equipment Finance Specialists

STRATEGY AND HIGHLIGHTS

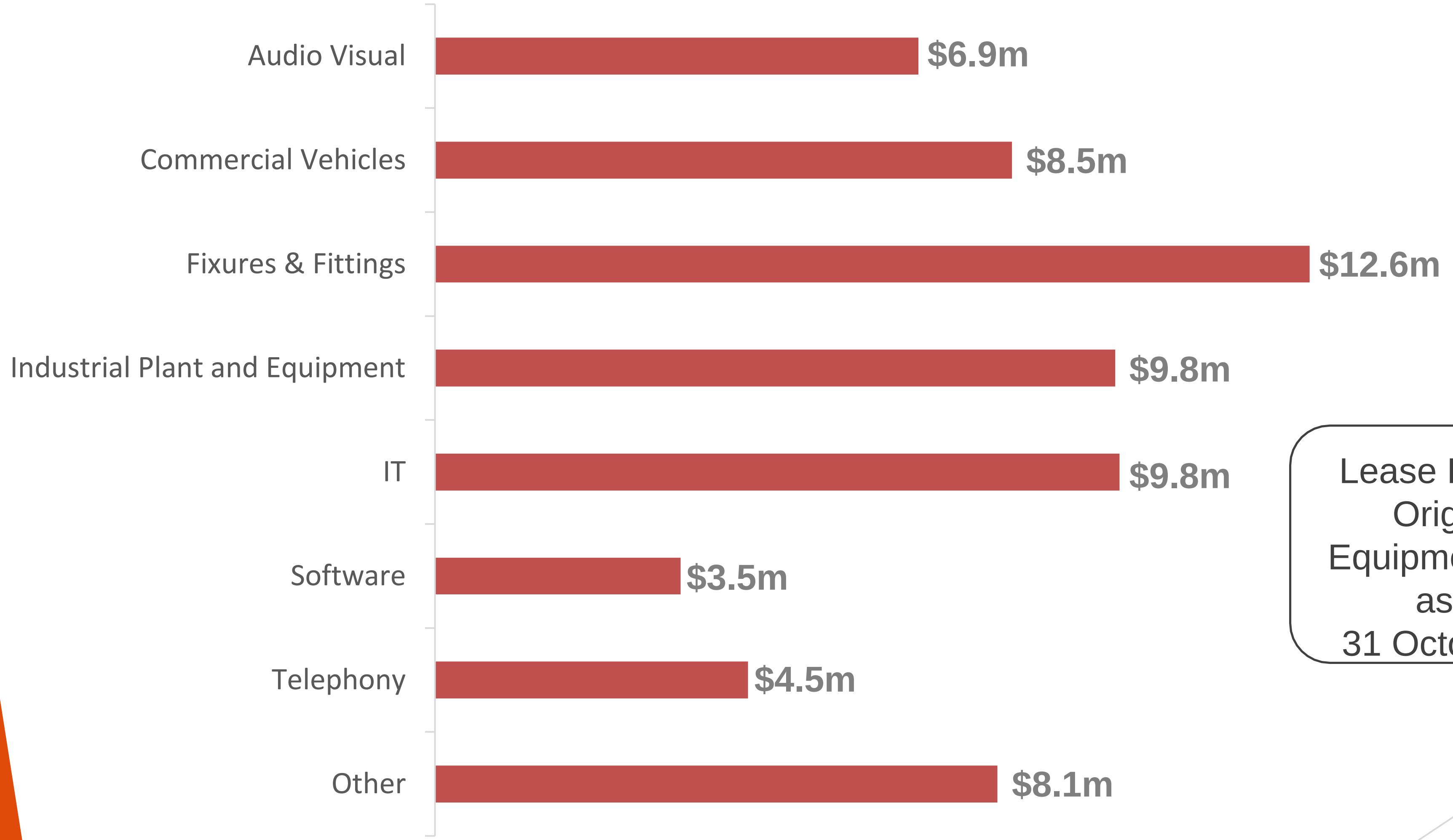
STRATEGY

Provide equipment financing solutions for essential business assets

HIGHLIGHTS

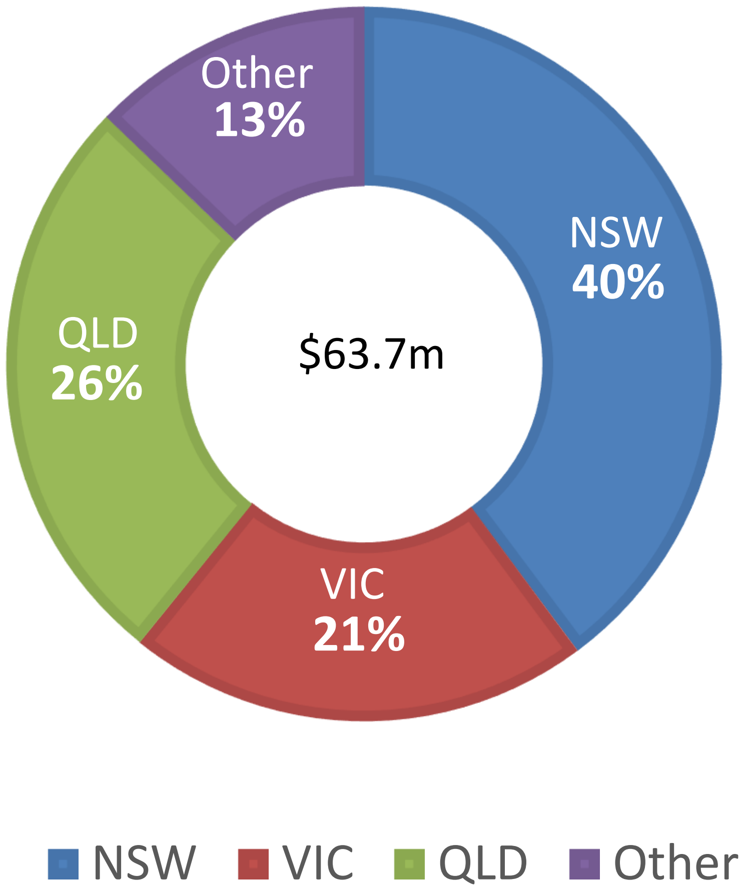
- Originated $24m in FY15, $8.7 originated YTD to 31 October 2015
- Lease Book at Original Equipment Cost (OEC) is $63.7m at 31 October 2015
- Funders: working capital, debenture, AIK debt, 3 external parties
- 22 Staff
- Average deal size is approx. $40k

LEASE PORTFOLIO BY ASSET TYPE



Lease Book at Original Equipment Cost as at 31 October 15

LEASE PORTFOLIO GEOGRAPHICAL SPREAD

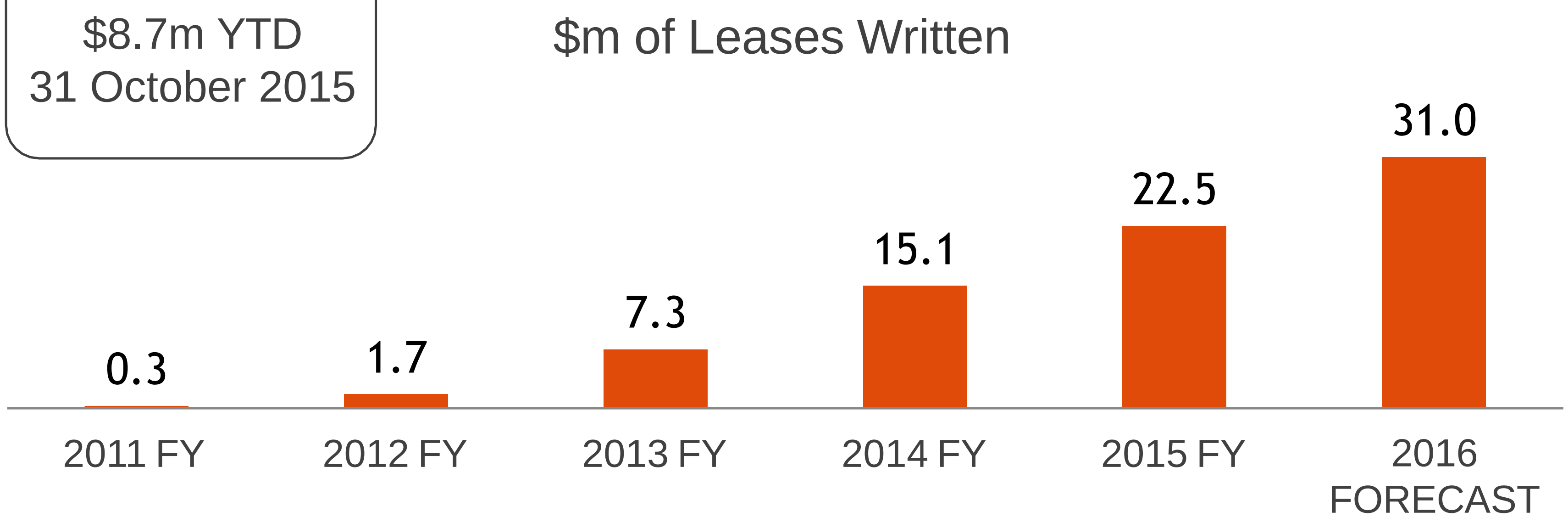


* At original equipment cost

TL Rentals
Equipment Finance Specialists

LEASE ORIGINATION CONTINUES TO GROW

$8.7m YTD
31 October 2015



- * At original equipment cost
- * 2008 TL Rentals Originated $60m

LEASING MODEL PRODUCES CASH FLOWS

CASHFLOWS FOR TL Rentals ex GST						
	Day 1	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Total**
Equipment paid for OEC	(100,000)					(100,000)
Brokerage paid	(4,000)					(4,000)
Proceeds from funding	107,432					107,432
Rent received		41,598	41,598	41,598		124,794
Rent paid to funder		(41,598)	(41,598)	(41,598)		(124,794)
Inertia rentals/equipt. sales proceeds					20,000	20,000
Net cash flow for TLR	3,432	-	-	-	20,000	23,432

* Cash flows are the core of the valuation model

KEY DATA
LEASE PERFORMANCE

- Arrears continue to track at 1% or less
- Write offs continue to track at 1.5% or less

KEY DATA
SECONDARY INCOME

% of return on inertia on a year to year basis	
Year	**% inertia**
2011	19%
2012	21%
2013	21%
2014	23%
2015	23%

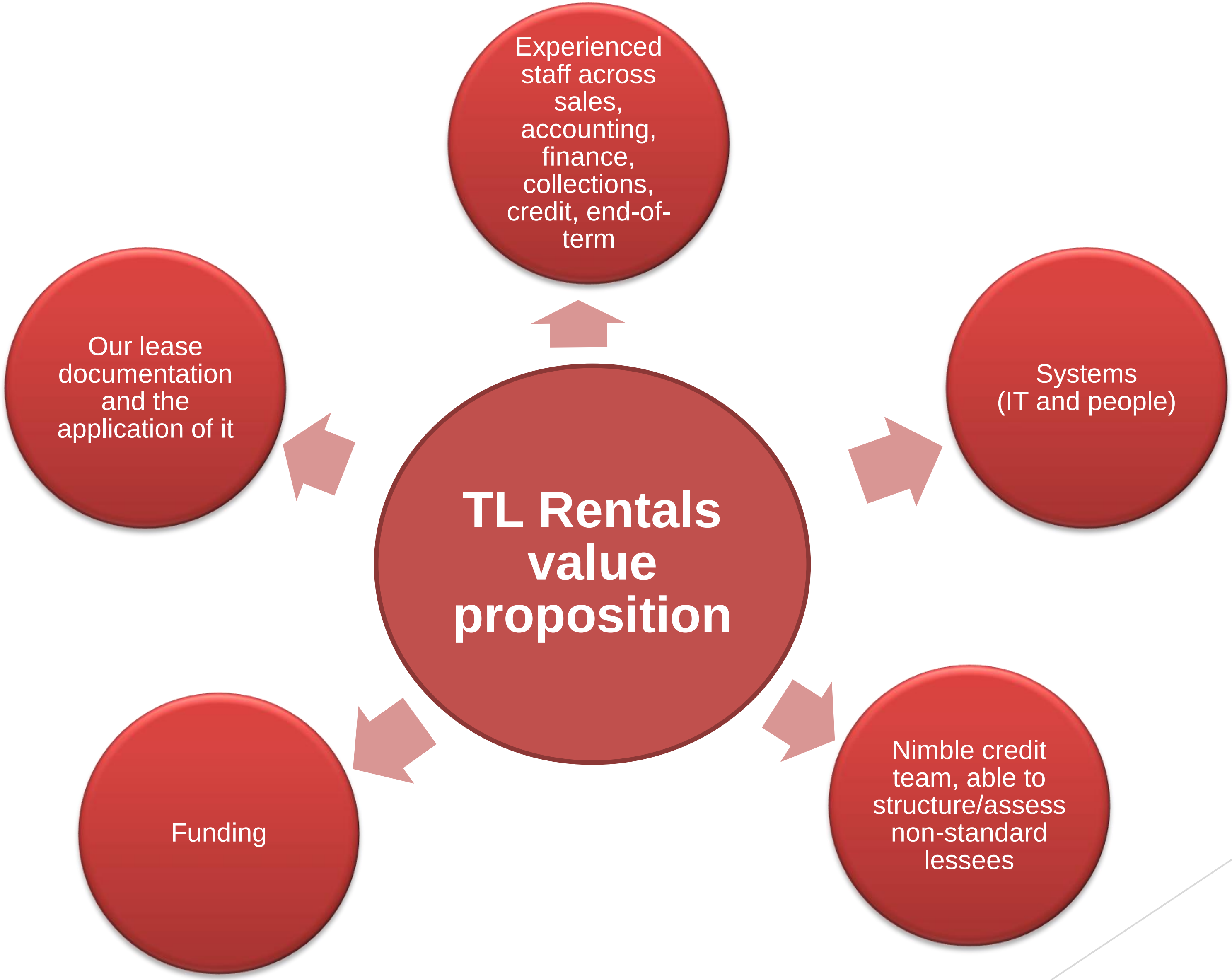
* % of original equipment cost

TL Rentals
Equipment Finance Specialists

KEY DATA “INTEREST RATE Vs COST OF FUNDS”

- Weighted average spread **+4%**

COMPETITIVE ADVANTAGE



TL Rentals
Equipment Finance Specialists

2016 OBJECTIVES

- Grow the lease book (aim is 20% per annum)
- Broaden funding sources (reduce risk, cheaper funding, more leases can be written)
- Vendor partners to become their preferred financier
- Build the sales team

halgroup

A growing and profitable Australian IT services business halgroup

Snapshot

History

Data Services (Hal) - commenced 1993, IT equipment trader

June 2015 Hal acquired CCA (for $200k) to merge and improve offering

Hal - large corporate and government client base + vendor network

+

CCA - SME client base + an expanded service offering (wireless, cloud, telephony etc)

=

IT Services

30 staff – Chatswood, Perth

Significant growth mode, building sales pipeline. Referral source for TL Rentals

Forecast for combined business to make $426k EBITDA for FY16

Riverwise PTY LIMITED

Holding company for

Leading Edge GROUP

Operates sales channels for telecommunication partners in Australia, NZ and the U.K. and one of Australia’s largest retail buying groups

Leading Edge GROUP

Business overview and strategy

UK telco	Australian buying groups
Sales channel management for British Telecom <u>Strategic focus</u>: drive more sales and restructure the arrangement with British Telecom	One of Australia's largest retail buying groups with more than 900 members <u>Strategic focus</u>: improving profitability, adding new groups, expanding services
New Zealand telco	**Australian telco**
Sales channel management for Spark (ex Telecom NZ) <u>Strategic focus</u>: drive sales, develop new sales channel partners	Owns and operates large Telstra Business Centres in Box Hill and Rosebery <u>Strategic focus:</u> driving sales growth, expanding product/service offering

Leading Edge GROUP

Profitable and stable financial outlook

Financials Year ended 30 June ($m)		
	2015	**2014**
Revenue	276.3	287.9
Gross Profit	57.6	59.0
Expenses	(50.3)	(52.9)
EBITDA	7.4	6.2
Depn, Amort & Interest	(2.4)	(3.8)
NPBT	4.9	2.3

PLATFORM FINANCE GROUP

An Australian asset finance broker and aggregator in motor vehicles and general business equipment finance

PLATFORM FINANCE GROUP

Snapshot and Strategy

- Number of employees – 53
- Office locations – Mildura, Melbourne & St Leonards
- Operate across Australia for predominantly motor vehicle finance
- Strategy
  - Grow business organically and through acquisitions of other finance brokers
  - Stay at the forefront of industry compliance, innovation and funder relationships
  - Finance in FY16 $1b of motor vehicle contracts

PLATFORM FINANCE GROUP

Improving financial results driven by consistent growth in equipment financed

Financials Year ended 30 June ($m)				
	FY12	**FY13**	**FY14**	**FY15**
EBIDA	1.5	2.5	3.5	3.8
NPBT	1.2	2.2	3.0	3.7
NPAT	1.1	1.9	2.4	2.9
Equipment financed directly	245.7	285.1	343.9	405.8
Total financed through Group Platform	303.7	591.5	630.8	851.6

Key People

- **Andrew Grant** – MD AIK and TL Rentals, founder of Hal Group
  - **Raylee Carruthers** – CFO AIK, TL Rentals and Hal Group
    - **Hal Group**
      - **Peet Jordaan** – Technical Services Director
      - **Chris Dawson** – Director of Hal Group, founder of Hal Group
    - **TL Rentals**
      - **George Matis** – Sales Director TL Rentals, founder of Hal Group
    - **Group Platform**
      - **Peter Schroeder** – CEO
        - **Michael Mitrovits** – CFO
      - **Michael Nicholls** – Sales Director

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