



Armidale Investment CORPORATION

ASX Company Announcements

11 March 2016

The Manager – Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

BUSINESS UPDATE

There have been a number of recent developments in Armidale Investment Corporation Limited's (AIK's) businesses that have been covered in previous ASX announcements that are updated in this announcement.

Platform Finance and Leasing Group Pty Limited (PFG) (Broker aggregation business)

- The acquisition of 60% of PFG announced on 21 December 2015 is now integrated into the management and strategic operations of AIK in an extremely cohesive and effective manner.
- The PFG business is running as anticipated, volume of transactions funded in FY2015 was \$851 million. The current volume of funded business is on track to exceed \$1.0 billion in FY2016. NPBT for FY2016 is on target to achieve NPBT pre the acquisition transaction costs of \$5.3 million (FY2015 \$4.3 million).
- The ASX release on 21 December 2015 referred to the acquisition multiple of EBITDA as 9.28 for PFG, which was relative to the FY2015 EBITDA. After the finalisation of the details of the transactions, combined with an increase in operating profit, the EBITDA multiple for the transaction is 7.66 when applied to a rolling 12 month profitability at the date of the transaction.
- Post the acquisition PFG have worked closely with AIK on a number of new revenue channels to roll out a comprehensive asset finance broking offering.
- The AIK board is committed to a broker accumulation strategy and is active in the market to identify possible acquisitions. AIK will update the market should we commence due diligence on any significant transaction.

Hal Group (Hal)

- The \$20 million lease funding facility with a tier one lender for TL Rentals, Hal's lease originator, announced on 29 January 2016 is moving towards completion and is still on schedule to be operational in May 2016. This facility will broaden the group's equipment finance business and further underwrite the expected increases in business volume.
- Announced in the 2015 AGM presentation was a forecast lease origination of \$31 million for FY2016. The group confirms it is on track to attain this forecast volume.
- One of the key attractions for AIK in its acquisition of PFG was the likely volume of referred general equipment lease opportunities. The volume of leases referred in the first two months was \$2 million which exceeded expectation. We anticipate that PFG will become one of Hal's key channels to market.



Armidale Investment

C O R P O R A T I O N

- In May 2016, Hal will again engage an independent expert to value its investments. The discounted cash flow model used to calculate the fair value of Hal in the accounts of AIK is quite sensitive to changes in the discount rate. The current discount rate applied in the valuation is 21%. It is held at this conservative level pending a number of key outcomes; continued successful origination of new leasing businesses, maintenance of existing funding and commencement of a new tier one bank funding facility. Each 1% reduction in the discount rate results in an approximate \$1.8 million increase in the holding value of Hal in the AIK accounts.

AIK

- AIK has no debt or encumbrances on its balance sheet. This does offer the opportunity to acquire debt funding for expansion and acquisitions. AIK is currently in early discussions with a tier 1 bank to consider securing a line of credit for these purposes.

For further information please contact:

Andrew Grant
Managing Director
0415 166 090

David Franks
Company Secretary
02 9299 9690