

10 June 2015

Company Announcement  
ASX

Via ASX Online

## CTI LOGISTICS LIMITED GOES NATIONAL WITH GMK LOGISTICS

The directors of CTI Logistics Limited (CTI) are pleased to announce the acquisition of GMK Logistics (GMK), a leader in the warehousing and distribution of floor coverings throughout Australia. With warehouses in Brisbane, Newcastle, Sydney, Melbourne, Adelaide and Perth, GMK provides CTI with a national footprint from which to grow its transport and logistics businesses.

The acquisition is being effected via the purchase of the shares of Logico Operations Group Limited (Logico). Logico owns all the issued capital of G.M. Kane & Sons Pty Ltd, which trades as GMK Logistics. Consideration for the purchase is \$27m, with \$10m cash plus \$2m of CTI shares issued at \$1.40 each at settlement, plus a first deferred payment of \$13.5m paid on or before 15 September 2015, and a second deferred payment of up to \$1.5m subject to performance levels in the 2015-16 financial year.

The initial and final payments will be funded by existing facilities, and the first deferred payment will be funded by a new bank facility which will require a general meeting of shareholders to approve a financial assistance whitewash facility under section 260B of the Corporations Act 2001. The directors have stated that they will vote in favour of the approval of the facility.

CTI retains sufficient balance sheet flexibility with the capacity and ability to reduce debt significantly through the sale and leaseback of selective mature property assets from the Company's extensive and long-standing property portfolio.

The business has been purchased on a multiple of 4.5 times EBITDA and is expected to be earnings per share accretive in the first year.

Logico CEO Derek Lightfoot, who also ran the national express freight business StarTrack as CEO under the ownership of Qantas and Australia Post, has been retained to run GMK Logistics from its Sydney headquarters.

Yours faithfully



David Mellor  
COMPANY SECRETARY