

ASX RELEASE

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DGL expands inter-state fleet through acquisition of Shackell Transport

Auckland, New Zealand - DGL Group Limited (ASX:DGL) (NZX:DGC), ("**DGL**" or the "**Company**"), a specialist chemicals business that manufactures, transports, stores and processes chemicals and hazardous waste, today announced the strategic acquisition of Shackell Transport Pty Ltd ("Shackell Transport").

Shackell Transport is a freight carrier service that specialises in bulk liquid haulage. The company has been operating for over 40 years, offering regional and interstate distribution and linehaul services across Australia to customers in the food, mining, chemical, agricultural, building and construction industries.

As the first acquisition for DGL's Warehousing and Distribution division it will complement existing fleet, bringing synergies and greater control over the distribution of chemicals, while also enhancing the Company's visibility and access to the bulk chemical industry.

Founder and CEO of DGL, Simon Henry, said: "Through the acquisition of Shackell Transport we are significantly expanding our transport fleet, adding 71 quality vehicles to the Group. Shackell Transport further enhances our service offering to our customers, providing them with additional services and capabilities to align with their needs."

"We are seeing more of our customers seeking efficiency in their supply chains and moving towards consolidating suppliers. By expanding our inter-state transport and bulk tanker fleet, we are cutting out the need for multiple suppliers, saving on transport costs and offering our customers all services in the sphere of chemical management."

Included in the acquisition price is Shackell Transport's fleet, consisting of 28 primer movers, 22 bulk liquid tankers and 31 trailers that cater for specialised products and services. Investing in equipment is a core part of DGL's growth strategy to achieve further economies of scale, driving growth through organic opportunities and greater operating efficiencies.

Mr Henry added: "Investing in quality equipment sets us up for the long-term and ensures we are able to keep up with the demand the industry requires. Expanding our inter-state transport fleet brings synergies between our three divisions and connects our Australia-wide network of facilities, giving us greater control over distribution and the customer service experience."

In a favourable deal, the total acquisition price agreed was \$8.9 million for both business and assets and equal to the asset value alone. The acquisition price consists of:

- (a) a cash payment of \$7.8M; and

(b) the issue of 506,912 fully paid ordinary shares in the capital of DGL. At the time the parties negotiated the conditional commercial terms in September 2021, the consideration represented a valuation of 7 x FY21 normalised EBITDA, and based on the current market price of DGL shares, a valuation of 7.3 x FY21 normalised EBITDA.

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Approved for release by the Board of DGL.

CONTACT

Barbara Furci
DGL Group Limited
+64 9 309 9254 or barbara.furci@dglgroup.com

MEDIA ENQUIRIES

Lucy Wigney
Cannings Strategic Communications
+61 438 960 201 or lwigney@canningscomms.com.au

ABOUT DGL GROUP LIMITED

DGL is a well-established, founder-led, end to end chemicals business that manufactures, transports, stores and manages the processing of chemicals and hazardous waste. The Company operates a network of 48 sites, both owned and leased, across Australia and New Zealand. The Company has a strong track record of revenue and earnings growth. Total pro-form revenue was \$180.1 million in FY20.