



SYDNEY, 29 January 2020

HGL ANNOUNCES CAPITAL RAISING WITH SUPPORT FROM SUBSTANTIAL SHAREHOLDERS

- A proposed non-renounceable one for four rights offer priced at 25 cents per share
- Capital raised from the rights offer supports recent investments and will fund new opportunities to unlock shareholder value
- The two substantial shareholder groups representing 54% of issued shares to support the offer
- Price represents a 26.5% discount to the closing price of 34 cents on 24 January 2020
- Substantial shareholder groups providing a funding bridge to the rights issue to support immediate opportunities

HGL Limited (ASX:HNG) is pleased to announce a proposed capital raising via a rights issue (the offer) at 25 cents per share. This issue price represents a discount of 26.5% to the close of 34 cents on Friday 24 January 2020 on the Australian Securities Exchange to attract participation by all shareholders. The offer will raise approximately \$3.8m if all rights are taken up. The offer has the support of its two substantial shareholder groups who have confirmed they will each participate in full, raising a minimum of \$2.1m under the proposed offer.

HGL's two substantial shareholder groups together represent 54% of HGL's shares on issue. This will increase to 59.7% following the issuance of new shares in the event that no other shareholders participate in the offer.

The proposed capital raise will help recalibrate HGL's long term funding profile. HGL Chair, the Hon. Helen Coonan, said: "The recent exciting investments across the HGL group, including Pegasus Health Group and LW Reid in the healthcare and school-wear sectors respectively, together with other operational investments, necessitate the sourcing of new long-term funding. These capital management initiatives reflect the firm's new leadership under CEO Greg Timar and our positive view on long term opportunities. We are very pleased to have the support of our substantial shareholders."

CEO Greg Timar added: "We are setting the building blocks for a new vision for HGL to unlock returns for shareholders. Since being involved with the group, I have observed a number of opportunities to build value across the businesses. I look forward to being in a position to drive a strategy for growth of HGL which has the potential to deliver solid shareholder returns."



To accelerate the receipt of funds under the rights issue, the two substantial shareholder groups have agreed to extend \$2 million in total in the form of a short-term funding facility. The facility has a three-month term to enable the launch and finalisation of the rights issue. The funding attracts interest at the rate of 6% per annum which accrues to and is paid on the repayment date, being 3 months from drawdown. The borrower is entitled to repay some or all the loans early without penalty, with interest payable only on the amount drawn. HGL will repay the facility from the proceeds of the subscriptions by the substantial shareholder groups, once the issue of shares under the rights offer is settled.

The proposed rights issue, when launched, will be open to all eligible shareholders who have a registered address within Australia or New Zealand (or other jurisdictions as agreed by the Company). The launch of the offer and its timetable is subject to the usual regulatory approvals from the Australian Securities Exchange and ASIC. Upon launch of the offer, shareholders will receive an offer booklet with more details, including the timetable and how to subscribe to the offer, expected to occur before HGL's Annual General Meeting to be held on 28 February. The timetable will contain the record date for participation, which will fall after the launch of the offer.

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About HGL Ltd

HGL is an investment company which invests in small to medium size businesses with a sustainable competitive advantage and strong growth prospects, providing them with specialist business management skills and equity capital to leverage these growth opportunities. Our core purpose is to create shareholder value through active long-term ownership in our portfolio businesses, driving sustainable growth through a strong focus on customers and employees.

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