



## **Transol Corporation Limited**

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**ASX Release**

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### **TRANSOL SECURES FUNDING TO FINANCE US GROWTH**

- **Finalisation of \$A15M funding agreement**
- **Provides for installation of 100+ approaches**

The finalisation of Transol's landmark leaseback agreement with RentWorks concludes the implementation of the financial platform required to fund Transol's US operations and future growth, Transol's Managing Director Rob Ciolli said today.

Transol Corporation Limited (ASX: TNC) today confirmed execution of the Master Rental Facility agreement for an initial \$A15 million operating lease facility with RentWorks Limited. Under the agreement Transol installs each red light camera program contract and may sell the infrastructure to RentWorks at a margin. Transol would then lease back the infrastructure from RentWorks for the contract's duration during which period Transol would operate and maintain the photo enforcement program on behalf of the client city.

Mr Rob Ciolli said Transol had adopted the leaseback funding model to maximise its early cash flows and build balance sheet strength to pursue new growth. "Transol's executive team has substantial prior experience in the US market. We have selected the install-sale-leaseback-operate model to secure a solid foundation of annuity revenues upon which to expand our high margin traffic enforcement services.

"The funding model adopted by Transol has been specifically tailored to our photo enforcement business and will enable the company to aggressively pursue growth opportunities, generate positive cash flows, maximise operating margins, fast track installations and grow and preserve shareholder value.

"We believe this method of financing provides a distinct competitive advantage. The high-upfront cost of installing program infrastructures is an industry-wide challenge that can place an inherent limitation on growth and slow the pace of installation if it has to be funded from capital reserves," said Mr Ciolli.

Mr Ciolli said that Transol's agreement with RentWorks was open-ended. "Although our first funding tranche amounts to \$A15 million, we have the ability to extend the facility should we choose to do so. It depends on the rate of new installations we wish to sell into the arrangement. Equally, the directors may, at a later stage, decide to retain ownership of future US installations if they consider it appropriate in order to manage the company's balance sheet position more actively."

Mr Ciolli said that signing the funding agreement signalled the conclusion of the establishment phase of Transol USA Inc.'s operations. "Finalisation of the lease facility concludes the company's establishment activities and positions Transol to aggressively pursue new contracts and exploit favourable market conditions."

**About RentWorks Limited**

RentWorks was established in 1988 as a global operating lease provider with a niche market focus on a range of equipment classes including information technology, telecommunications, healthcare, gaming, mining and materials handling. RentWorks operates as a finance group that invests in leasing companies that specialise in the provision of operating leases to the corporate and government customer markets. RentWorks is a fully owned subsidiary of Alleasing Trust that is owned by a number of privately held Allco Group related entities.

**About Transol**

Transol is a supplier of outsourced traffic enforcement service programs and a specialist developer of advanced traffic safety enforcement technologies. Transol USA Inc., a wholly owned subsidiary, is currently contracted by seven cities across the States of California, Colorado, Georgia and Iowa to operate their red light camera programs.

**Further information**

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