

THORN EQUIPMENT FINANCE

THORN'S EQUIPMENT FINANCE DIVISION HAS GROWN SIGNIFICANTLY IN FY17 MAINLY DRIVEN BY A STRONG RELATIONSHIP WITH BROKERS AND STRATEGIC PARTNERS, RESULTING IN RECEIVABLES GROWTH OF 80 PER CENT.

This division is now a significant contributor to earnings diversity within the group, gaining strong momentum and providing a growing proportion of group earnings. Equipment Finance grew revenue and EBIT strongly (up 58 per cent to \$26.4 million and 83 per cent to \$16.1 million respectively) with the support of brokers and partners and the success of franchise financing.

Equipment Finance provides a unique offering as a specialist source of funds for SMEs, a segment representing 99 per cent of Australian businesses which employ around 70 per cent of the entire Australian workforce. Equipment Finance provides SMEs with access to equipment they need to operate their businesses, from specialised medical equipment to information technology, commercial kitchen equipment, solar products, machinery and vehicles.

In FY17, Thorn has further tailored its offering to introducers and select brokers, driving organic growth and higher deal volume. Thorn has built a strong reputation in the equipment finance market, with brokers increasingly choosing TEF over competitors to assist their SME clients.

Thorn Equipment Finance's diversity of assets and customers mean arrears and losses are well controlled. There is a moderate concentration of catering equipment and motor vehicles, and the average transaction is around \$30,000.

CASHFLOW IT

Cashflow IT is an exclusive strategic partnership providing specialised lending solutions to the franchise sector. Working as an integral part of Thorn Business Finance, Cashflow It provides equipment finance to some of Australia's largest and best known franchise groups. Setting itself apart through a deep understanding of the challenges faced by both franchisees and franchisors, Cashflow It shows how expertise and a tailored approach can deliver a service experience beyond that of the banks, a feature highly valued by Australian businesses.

In FY17, the Cashflow It partnership continued to make a positive contribution, as the focus on the franchise segment increased. This translated into significant growth in the franchising model, with Thorn working directly with franchise groups as well as franchisees themselves.

In addition to the usual franchise groups operating in fitness and food, Thorn has seen growth in other industry sectors including health + wellbeing, real estate and newsagencies. The average loan in the franchise sector has increased as operators understand a stronger level of support is needed to succeed in a competitive market.

WHERE TRADITIONAL LENDERS HAVE NARROW REQUIREMENTS, THE TEAM AT THORN UNDERSTAND THE CHALLENGES OF A GROWING BUSINESS AND THE NEED TO FINANCE GROWTH



CUSTOMER STORY

ESTABLISHED IN 1986, OPORTO WAS FOUNDED ON CREATING AN AUTHENTIC PORTUGUESE TASTE. TODAY, OPORTO HAS OVER 140 RESTAURANTS ACROSS AUSTRALIA. OPORTO IS ONE OF THREE FRANCHISE SYSTEMS FROM CRAVEABLE BRANDS (FORMERLY QUICK SERVICE RESTAURANT HOLDINGS).

Cashflow It's accreditation program offers Oporto franchise partners pre-approved funding for all of their asset finance requirements.

Through the use of new dynamic restaurant designs, new uniforms, a loyalty program, marketing engagement and ongoing social media campaigns, Oporto is ensuring it maintains its image as a young, engaged and dynamic brand.

Cashflow It has been able to assist Oporto with the roll out of the new restaurant design by providing finance to franchise partners for the costs associated with the refurbishment.

"Cashflow It has supported our franchise partners by providing an alternative to traditional bank lending. They provide a variety of finance options to our franchise partners from equipment finance, refurbishment and full store fit out. Their application process is simple, efficient and they also provide a great customer service."

– Carl Tjandra, Franchise Analytical Manager