



Firstfolio snaps up Club Financial Services

Firstfolio has acquired non-bank finance brokerage Club Financial Services, as well as its mortgage management business National Finance Club and its risk insurance, investment and wealth management brokerage Club Money Management.

Firstfolio snapped up the CFS business for \$15.7m, plus a possible further \$4.3m depending on CFS sales volumes over the next 12 months. The deal will see the fast-growing Firstfolio financial services group take on Club's \$2.8bn loan book.

Firstfolio expects to be able to announce a resultant boost in its FY 2011 operating EBITDA – from \$15-16m to \$17-18m – thanks to the CFS business being earnings accretive. Firstfolio CEO Mark Forsyth said in a statement Club is a “profitable and well run

operation” that writes over \$70m in new finance commitments each month “On completion, this transaction will take the company’s loan portfolio beyond \$20bn, a significant milestone that includes \$12bn in loan book acquisitions since 2008,” Forsyth said.

In an added bonus for Firstfolio, the CFS acquisition will also provide access to an additional wholesale funding facility with Advantagedge – worth \$1bn – which will mesh with Firstfolio’s existing ING Direct and Adelaide Bank arrangements.

Firstfolio previously flagged that it would continue along its well-trodden acquisition trail, after a string of deals during the past 24 months that included Apple Home Loans, LeaseChoice, First Chartered Capital, Loan

Services Australia, Xplore Capital and eChoice.

CFS managing director Andrew Clouston said the acquisition would bring fresh perspectives and new growth opportunities to the CFS business, headquartered in South Australia. “The acquisition takes place at Holding company level, so it will remain business as usual across the Club Group,” Clouston said. “All existing company structures and terms remain intact and the Club organisation will continue to operate as an independent entity.”

Clouston said as a result of the acquisition the Club Group would become part of an Australian publicly listed company and gain immediate access to more funds and pricing product advantages as part of a larger ‘buyer’ group.



Mark Forsyth

► Why Club?

- \$2.8bn loan book
- \$1bn Advantagedge wholesale funding facility
- Boosts Firstfolio loan portfolio above \$20bn
- Immediate \$1m plus FY2011 earnings impact
- National distribution footprint expanded