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NZECO – NZTE – CDC Presentation
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Tait Electronics Ltd – NZECO Experience

- Introduction & Role
- Length of Relationship with NZECO
 - My mail folder goes to March 2001
 - Took a while for NZECO and corporates to “dive in”
 - Tait activity got serious in early 2007
- Tait is unequivocal in our support for the NZECO – they help us do business

What have we done with NZECO

- **Keep in mind we sell what you would call Capital Items (Radio Networks & Radios)**
- **Supplier Credits – Medium Term Funding**
 - Brazil (our customer supply's to Petrobras – 3 yr terms)
 - A Caribbean country (direct sale to Network operator 1-3 yr terms)
 - 11 separate transactions
 - Our bankers treat Insured Debtors differently to Uninsured
 - Terms have value to a number of customers
- **Approached NZECO on**
 - Mexico, Hungary, UK, USA, Venezuela, Iran, – many W.I.P.

What have we done with NZECO cont.

- **Bid bonds in USA**
 - Typically 5%
 - Automatic rollover to 100% Performance Bond if successful with bid
 - 3 bid bonds – jobs still WIP

- **Short Term Credit Insurance**
 - Flow on from GFC
 - Normal credit insurer withdrew cover
 - 2 transactions to Brazil 60 day terms and 90 day terms

Why do we do use the NZECO?

- Supplier credit is a means of securing a sale and getting the order
- Before the NZECO we did this “on balance sheet”
- NZECO helps leverage the level of business
- It has real working capital benefits to our customers
- It has positive implications for our working capital facilities with the bank – Iain likes it!
- It helps mitigate Risk

Is it complicated?

- **No – uncertainty of unknown but turned out to be quite uncomplicated**
- **We only approach the NZECO when there is a genuine need – often a complicated issue somewhere (do not refer anything that we do not have confidence in)**
- **NZECO have been outstanding on service levels and responding to all requests in a positive manner despite the “range” of our requests from**
 - **US Public Safety tender bonds to**
 - **Offer of terms to major US listed IT integrators for Budapest to**
 - **Leasing support to Brazil**
- **Contributes to Tait sales growth!**