

Case study: Jucy

NZEC solution: Access Trade Finance

NZEC product: Loan Guarantee

Sectors: Transport / Services / Tourism



JUCY combats US growing pains with smart Government-backed solution

JUCY could see a major opportunity.

If the vibrant family-owned Kiwi company could buy more campervans, it could continue its expansion into the US market. But JUCY was coming across some roadblocks from the US banks.

JUCY chief financial officer Jonathan Duncan says the company found itself locked in a stalemate.

“We were a bit stuck,” Duncan says.

The innovative company needed an innovative solution - and fast. JUCY wanted to increase its US fleet by 25 percent to 260 campervans. It needed to buy 50 Dodge chassis and fit them with 50 custom-made JUCY interiors and pop-tops before the start of the California summer peak tourist season on July 1, 2015.

ASB Bank, who had supported Jucy’s initial foray into the US and other export markets, was keen to enable growth while also ensuring Jucy had sufficient working capital to manage existing business activities.

The solution came courtesy of some classic NZ Inc networking. A US-based representative with New Zealand Trade and Enterprise mentioned JUCY’s situation to the New Zealand Export Credit (NZEC) and the team in Wellington immediately saw an opportunity to engage with JUCY, and the company’s bank, to come up with an appropriate solution.

NZEC head of business origination Peter Rowe says JUCY was transparent and cooperative in providing detailed analysis of its books and operations – a process which is a necessary requirement for any company seeking NZEC support.

The deal looked sound and NZEC confirmed it would offer a loan guarantee. NZEC’s support enabled ASB to offer JUCY a US\$1 million loan, over a three-year term.

“We were excited to be able to offer proactive assistance for a Kiwi company growing overseas,” Rowe says. “New Zealand businesses still need to take their own risks but, in a case like this, our support ensured the lending was secured and helped JUCY negotiate good finance terms.”

Jonathan Duncan says NZEC's support gave JUCY an injection of confidence right when it was needed.

"It's not like they give these loan guarantees to just anyone," Duncan says. "You have to prove you are worthy and just making the cut gave us a lot of confidence.

"And NZEC's support made us even more determined to get this right. When you have the New Zealand taxpayer behind you, cheering you on, you don't want to let anyone down."

The company, which launched in 2001, now has close to 300 staff and 3000 vehicles worldwide. JUCY got the new campervans on the road in time for the US summer and enjoyed a profitable peak season.

Duncan says: "Growth in the fleet has translated to growth in returns. It's all tracking well."

He's started advising other Kiwi businesses to make contact with NZEC when they hit a funding brick wall.

"I've found myself spreading the word," he says. "A business may not be able to see how the products on offer can help, but the team at NZEC will. They've got an innovative spirit and they'll go out of their way to support successful businesses."

Jucy

<https://www.jucy.co.nz/>

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