GE Capital

AUSTRALIAN MID-MARKET REPORT MARCH 2013

Inside the Mid-Market; innovation at work

GE Capital

CONTENTS:

Foreword

by Aaron Baxter
Head of Commercial Finance,
GE Capital, A&NZ

It's my great pleasure to introduce the March 2013 GE Capital Australian Mid-Market report. At a time when the economic outlook is uncertain, we should be celebrating the contribution of the Mid-Market – particularly its role as a large employment generator. The Mid-Market accounts for one in every four full-time jobs, despite only making up 1.4% of all businesses. This contribution is now forcing policymakers to take notice and seek to better understand the drivers and needs of this important sector.

Since the launch of the first Australian Mid-Market CFO report, GE Capital has briefed dozens of federal and state ministers, treasury officials and other policy leaders on its findings and the importance of the Mid-Market to the wider Australian economy. We know from these briefings that governments are beginning to better understand the needs of the Mid-Market, but, as we see later in Section 4.4, Mid-Market CFOs see government regulation as a key barrier to growth and a rising concern. From this perspective, more needs to be done to reduce red tape and make it easier for the Mid-Market to do business.

To help overcome these challenges, and other barriers to growth, GE Capital last year formed a strategic alliance with the Australian Graduate School of Management at the University of New South Wales to create the Australian Mid-Market Growth Alliance (AMGA). The Alliance will deliver research, events, scholarships, specialised education products and a consortium aimed at providing solutions for major issues identified by the Mid-Market.

And while I'm sure help is welcome, it should be noted that the Mid-Market is pretty good at solving its own problems. Creative thinking, adaptability and resiliance have always been what has allowed the Mid-Market to thrive even in times of adversity.

Examples of this flexible and innvovative approach can be seen in the case studies we have selected in Section 6, but also in many more businesses I have met with, which have all found ways to push through the current downturn with confidence. Perhaps this resilience is behind the growth in the *Future Expectations Index* (see Section 4.2), which has allowed the Mid-Market to regain its position as the most optimistic business sector, overtaking the Large business sector in November 2012 for the first time in eight months.

This rise in future expectations is also having an impact on the overall *Business Growth Outlook Index* for the Mid-Market, which has risen even though current conditions remain fairly flat.

While it is too early to say whether the Mid-Market has entered a recovery phase, the signs are looking positive. It is my hope that 2013 sees the improvements of the last quarter continue and strengthen in spite of the general economic uncertainty. It would be a welcome recovery, but not unusual given the resiliance and flexibility of the Mid-Market.

> "The Mid-Market contribution is now forcing policymakers to take notice and seek to better understand the drivers and needs of this important sector.

> "Creative thinking, adaptability and resilience have always been what has allowed the Mid-Market to thrive even in times of adversity.

02

Executive summary

THE ROAD AHEAD … Mid-Market CFO's are optimistic about chance of a recovery.

Mid-Market CFOs are experiencing tough business conditions at present, but they remain more optimistic than other business sectors about their growth prospects over the next 12 months. This optimism could point to a recovery, but overall it is too early to tell.

This is the third GE Capital report to examine the outlook of CFOs in Australian Mid-Market businesses (defined by revenue of between $10 million and $250 million). The series has been tracking the Mid-Market since September 2011 and during that time one of the key themes that has emerged is the overwhelming resilience of the Mid-Market in the face of adversity.

Regardless of whether the Mid-Market experiences a recovery, it will continue to make an important contribution to the Australian economy. The figures speak for themselves: the Mid-Market comprises 1.4% of all Australian businesses, but generates more than $425 billion annually to the economy and provides one in four full-time jobs.

While CFOs are positive about the future, they still hold generally negative views and growing concerns about their current situation. In particular, by December 2012, it was clear that Mid-Market CFOs were increasingly uneasy about the general economic environment and the need to manage costs and cash flow. Government regulations had also become significantly more important as a concern. If this trend continues, CFOs may revise their future expectations downwards.

There is, however, a divergence of views within the Mid-Market itself about the outlook for growth. This report is the first to explore how CFOs at the smaller, middle and larger end of the Mid-Market are thinking. Interestingly, much of the resilience in the Mid-Market is being driven by the smaller businesses in this sector.

This is also the first report to compare the concerns of optimistic Mid-Market businesses and those with a negative outlook. This comparison is explored in detail in Section 5.4.

Section 7.1 compares states and industries, and while findings such as the relative strength of Western Australia and declines in manufacturing are not unexpected, there are some surprises. The wholesale sector, possibly buoyed by the strong Australian currency, appears to be a bright spot.

The Industry Spotlight in Section 6 illustrates two Mid-Market businesses that are thinking innovatively and using their size to their advantage. While all businesses recognise the need to constantly adapt and innovate, there are always funding pressures.

What's clear is that Australian businesses need to find better ways of working, harnessing technology, innovating and unearthing opportunity at a time when there are meagre resources to fund it.

Part of the solution may come in the form of jugaad or frugal innovation, which is explored in Section 6.3. Jugaad uses innovation as a tool to lead businesses through adversity, enable them to do more with less, and adopt and adapt wherever they can.

As Australia looks to productivity and economic reform, government and the business community should be doing everything it can to support the Mid-Market and look to it as a source of not just prosperity, but adaptability, resilience and, most importantly, innovative thinking.

COMPRISES	CONTRIBUTES	PROVIDES
1.4%	$425	1 IN 4
OF ALL AUSTRALIAN BUSINESSES	BILLION ANNUALLY TO THE ECONOMY	FULL-TIME JOBS

03

Key highlights

BRIGHT SPOTS ... the Wholesale industry has improved significantly in outlook.

- The Mid-Market remains a key driver of the Australian economy and continues to be the most resilient business sector compared to the Small and Large business sectors.

- Mid-Market resilience is being driven by relatively optimistic expectations of growth over the next year, despite the difficult trading conditions affecting all business sectors. This optimism could be short-lived if the current conditions continue to remain tough.

- Mid-Market businesses are increasingly concerned about the deteriorating economic environment. Managing costs[1] and cash flows have become higher priorities than they were a year ago.

- For the first time since 2011, Mid-Market businesses are more focused on capital resourcing than talent management. In general, Mid-Market CFOs are more debt averse than larger businesses. Those that are looking to increase their debt are seeking funds for specific projects, land and building, managing cash flows and equipment purchases.

- Businesses that intend to increase their borrowings are looking for support on access to capital for special projects at reduced rates, reduced government regulations and tax incentives on technology upgrades. Those businesses in the top end of the Mid-Market intending to increase their borrowings are more likely to be looking for support on government regulations than those at the lower end of the sector.

- Concerns about government regulations have increased significantly, more so among the larger end of the Mid-Market and in Victoria and Western Australia, and those businesses feeling pessimistic about their outlook.

- The Mid-Market shows evidence of a multi-speed economy with the small end of the Mid-Market (annual revenues of $10m - $20m) showing the greatest improvement in optimism over the latter half of 2012, whereas the larger businesses ($50m - $250m) have shown the greatest decline over the last year.

- The Wholesale industry, probably buoyed by the strong Australian dollar, is the only sector to significantly improve in its outlook during 2012. Retail trade also has a strong outlook and is marginally more growth oriented than other industries.

- Due to reduced demand in the resources sector, Construction, Manufacturing and Other Industries (which includes mining) have suffered significant declines over the past year.

- Western Australia continues as the most optimistic state, despite a significant decline throughout 2012. Its reliance on the resources sector and the increased concerns about government regulations (coinciding with the introduction of the mineral resources rent tax and price on carbon) are probable contributors to the decline. Meanwhile, Victoria/Tasmania is now the region with the lowest optimism, in part due to its reliance on the Manufacturing sector which has not travelled well.

[1] Terms used in compiling the Business Growth Outlook Index are explained in the glossary in the Appendices.

GE Capital

04 Mid-Market overview

IMPROVING … retail is slightly more growth oriented than other sectors.

The economic backdrop at the time of the June 2012 GE Capital Mid-Market Report pointed to a small improvement in outlook, perhaps suggesting a recovery, with a few dark clouds on the horizon in the form of the Eurozone crisis, a sluggish US economy, the strong Australian dollar and global uncertainty. Eight months on, not much has changed …

Since then, the crisis in Europe has limped along, stalling recovery in Europe and worldwide, and the strong Australian dollar is still putting pressure on manufacturing and exports. The business community welcomed the Federal Government's announcement in December that the Budget would not be in surplus. More widely, the temporary deal to avoid the "fiscal cliff" in the US was also a relief but the feeling that it had been down to the wire added to general uncertainty about the economic outlook. The impact of some of these events can be seen in the timeline below.

In this context, it's easy to understand business decision-makers being hesitant about the current state of the economy, but the renewed sense of optimism about the future that began to emerge for the Mid-Market in September in the *Business Growth Outlook Index* is harder to explain and will be explored over the following pages.

KEY ECONOMIC INDICATORS

- **ABS Consumer Price Index** – 2.2% rise in the period Dec 2011 – Dec 2012
- **ABS retail trade** – rose 0.1% in the September Qtr 2012 to December Qtr 2012
- **RBA Australian GDP 2013 outlook** – 3% growth

4.1 Overall Business Growth Outlook Index

In summary, the *Business Growth Outlook Index* for the entire business community progressed cautiously throughout 2012, with only a slight improvement in November. Prior to this improvement, the overall market had remained at 0.00 for six consecutive months. A value of 0.00 indicates that businesses are treading water – balancing their concerns between looking at growth and barriers to growth. However, the overall index is driven by the Micro business sector, which represents nearly 90% of the business community by number. In fact, the Small, Mid-Market and Large business sectors were actually in positive territory (all above 0.05) and the Mid-Market was above 0.10 for the entire year, reflecting the skew of the overall index towards the Micro sector.

An earthquake occurs in Haiti killing 230,000 and destroying the majority of the capital Port-au-Prince.

Julia Gillard becomes the 27th Prime Minister and the first female appointed to that role.

The Prime Minister Julia Gilliard announces major changes to the mineral resources rent tax.

The most widespread flooding disaster in Queensland history affects more than 200,000 people. It continues into mid-January 2011.

2010

The Mid-Market was the first sector to show signs of growth in October 2012, at least a month ahead of the other sectors, and it had the highest score in the *Business Growth Outlook Index* at 0.12 in December 2012. This placed the Mid-Market above the Large and Small business sector both at 0.07 and substantially higher than the Micro business sector at 0.01.

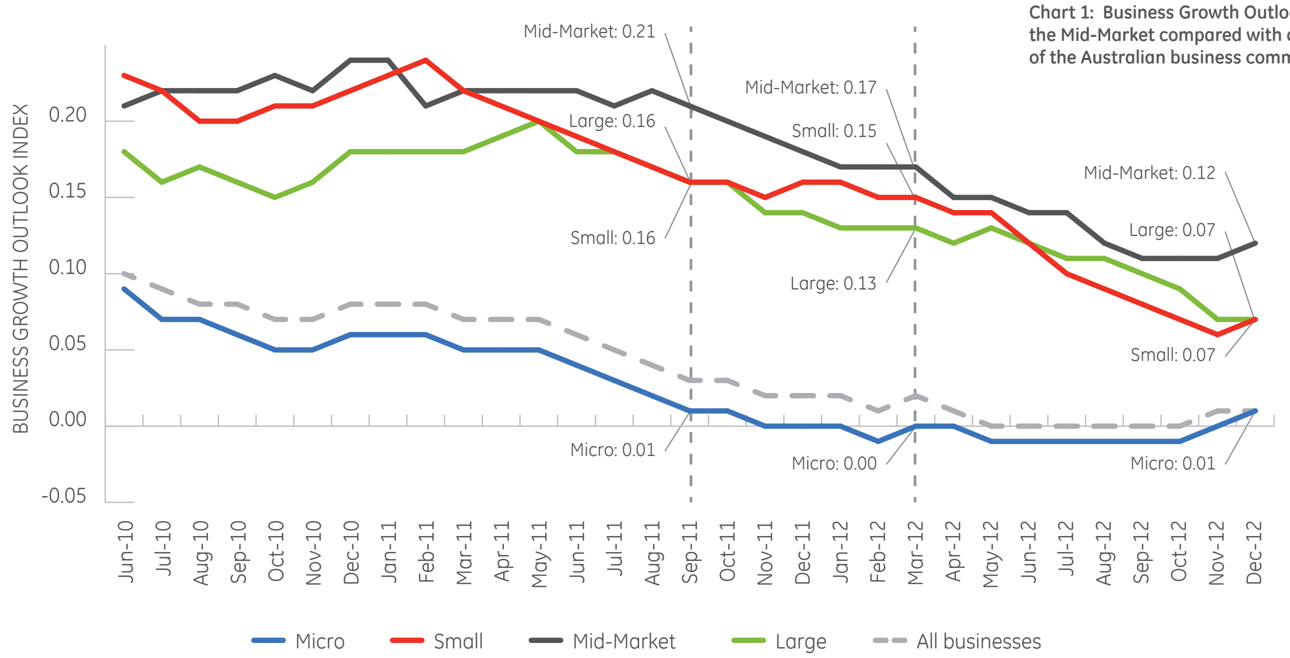
The overall *Business Growth Outlook Index* is determined by two constituent measures: the *Current Conditions Index* and the *Future Expectations Index*.

The *Future Expectations Index* increased from 0.25 in September 2012 to 0.27 in December 2012. This points to a growing optimism among CFOs and a change in focus for future growth opportunities for businesses. However, the *Current Conditions Index* remained in negative territory during the same period.

Despite the improvement in the *Future Expectations Index*, it's likely that further improvements in the *Business Growth Outlook Index* will be held back until perceptions of current conditions improve among Mid-Market CFOs.

> "Throughout this challenging time, the Mid-Market has proven once again to be the most resilient of all business sectors.

Chart 1: Business Growth Outlook Index for the Mid-Market compared with other sectors of the Australian business community.



The Arab Spring movement gains more momentum with massive protests breaking out in early January.

The Prime Minister announces a carbon pricing scheme to be introduced 1 July 2012 which aims to cut emissions by 80% by 2050.

A 9.1-magnitude earthquake and subsequent tsunami hit the east of Japan. 15,878 people died and emergencies were declared at four nuclear power plants affected by the quake.

Occupy Wall Street protests begin in the US. The Occupy movement spreads to 82 countries by October.

The Eurozone rescue fund is increased to €1 billion. It provides aid to Greece, Ireland and Portugal.

2011

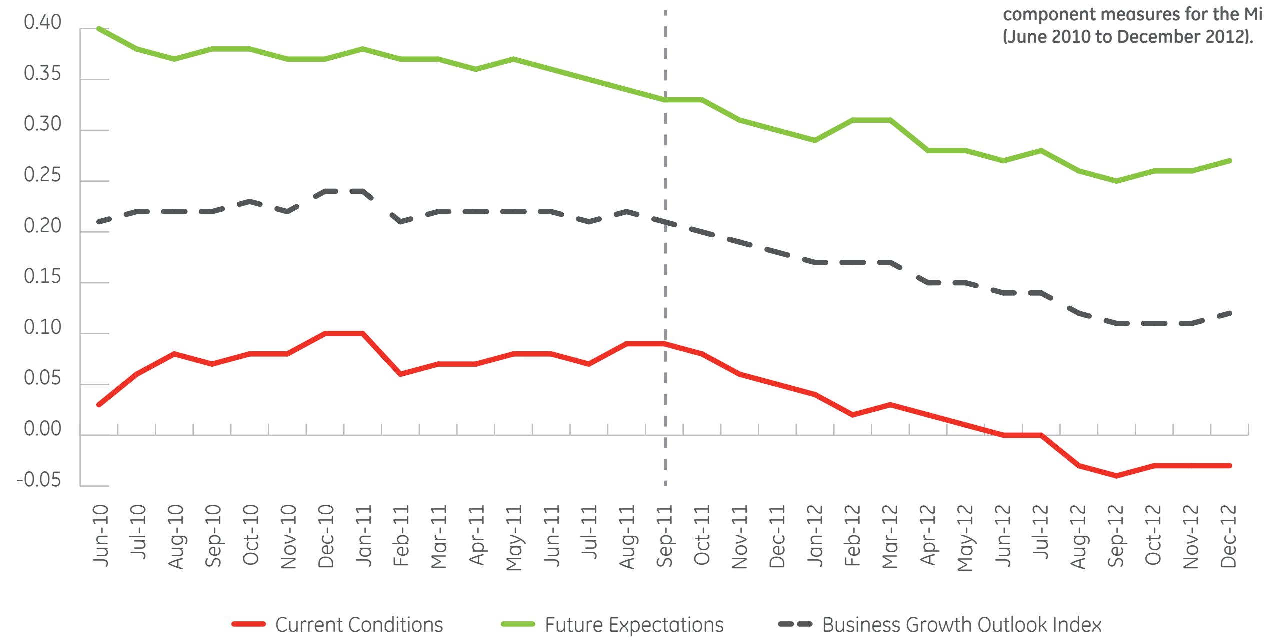
In June 2012, the GE Capital Mid-Market Report revealed early signs of recovery and asked whether these could be sustained. As the *Business Growth Outlook Index* for the subsequent period indicates, this hoped for recovery did not eventuate. The current modest improvement in indices since September could also be a false start given all indices are below the levels observed this time last year and given the lack of improvement in perceived current conditions (see Chart 2).

4.2 Future Expectations Index

Optimism around future expectations is largely confined to the Mid-Market and Large businesses sectors (see Chart 3 overleaf). The Small and Large sectors showed steady declines throughout most of 2012, although the Large sector picked up slightly in November. The Small business sector has been particularly affected by a loss of confidence in future expectations, showing a decline of around 50% throughout 2012.

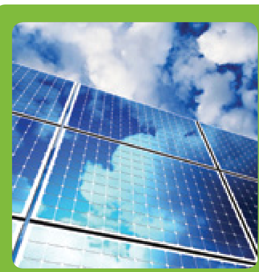
> "The turn-around in Mid-Market sentiment is being driven more by positive future expectations than an improvement in current conditions.

Chart 2: Business Growth Outlook Index and component measures for the Mid-Market (June 2010 to December 2012).



The Australian dollar is above parity with the $US after reaching a high of $US1.10 it remains so for most of 2012.

The 2012 Summer Olympics are held in London. Sponsorship from worldwide companies together provided £1.4 billion in funding.



The carbon pricing scheme begins operation in Australia.

US President Barack Obama returns to the Oval Office for a second term.

Negotiations continue in an effort to address the US fiscal cliff and raise the US debt ceiling by a deadline of 31 December.

2012

These results suggest that sentiment is still mixed across the business community. However, the Mid-Market has regained its position as the most optimistic business sector, overtaking the Large sector in November 2012 for the first time in eight months.

Future optimism is being driven by improvements in both revenue and staffing expectations. As indicated in Chart 4, both measures show a similar trend. Revenue expectations declined throughout most of 2012, albeit with some fluctuations. Growth in staffing expectations generally followed a similar trend and hit a low in late 2012 before climbing slightly in the December quarter. Both metrics are considerably below the levels observed this time last year.

4.3 Current Conditions Index

The *Current Conditions Index* has remained in negative territory since July 2012 and is not showing any signs of improvement. It reflects a tough business environment and concerns among CFOs about managing costs. As long as the measure remains below zero, the focus of most CFOs will be diverted away from growth related strategies, such as growing or maintaining revenue and finding or keeping staff, to dealing with barriers to growth, such as managing costs and accessing finance.

The main point to note is that the top seven drivers of the *Current Conditions Index* remained the same over the last year. And three of these top seven drivers — economic environment; managing costs; and government regulations — have become bigger concerns.

Chart 3: Future Expectations Index across market sectors.

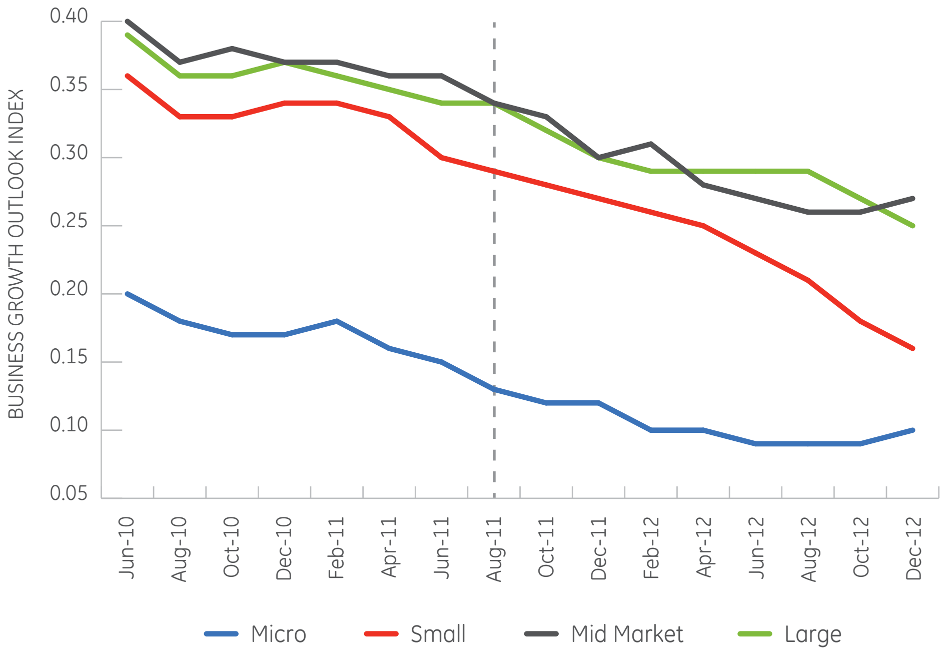
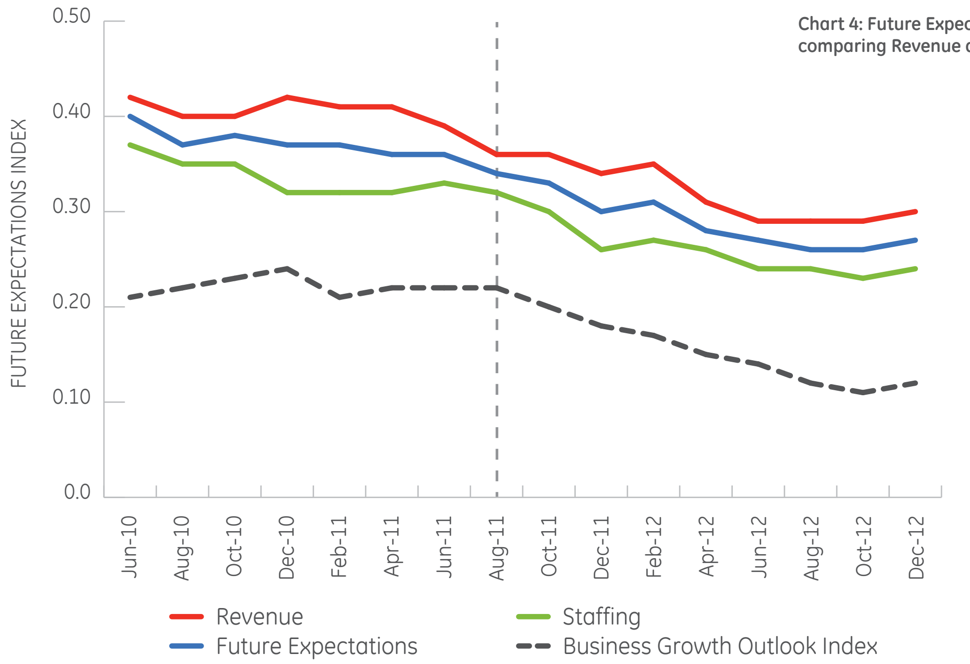


Chart 4: Future Expectations Index for the Mid-Market comparing Revenue and Staffing expectations.



> Three of the top concerns for CFOs – economic environment, managing costs and managing cash flows – have increased in importance.

4.4 Key concerns for Mid-Market businesses

It's not surprising that the single most important concern for Mid-Market CFOs was the current economic environment, identified by over two-fifths of businesses. This has increased by 6% from the same time last year. The measure includes concerns about the general level of economic activity, consumer and commercial demand, and continuing uncertainty in global conditions – particularly in Europe, the US, Japan and, more recently, China.

The second issue of concern to CFOs was managing costs, which also rose in the six months to December 2012.

There is a growing gap between concerns about managing costs compared to maintaining and growing revenue (see Chart 5). The position of these two measures is key to the overall health of the Mid-Market.

Other top concerns relate to indirect barriers to growth, such as government regulations and interest rates, and external growth opportunities such as marketing and competition. These are all beginning to rise as concerns among Mid-Market CFOs.

4.5 Managing growth and barriers to growth measures

The *Current Conditions Index* reflects the joint effect of 20 issues that are associated with either managing for growth or barriers to growth (see Appendix 4). These two indicators are again split into two categories — direct and indirect barriers. All four categories are compared in Chart 6 (overleaf).

If the *Current Conditions Index* is a positive number it indicates an overall disposition for managing for growth. The December 2012 *Current Conditions Index* is negative at -0.03, showing the focus of CFOs is now directed at overcoming barriers to growth.

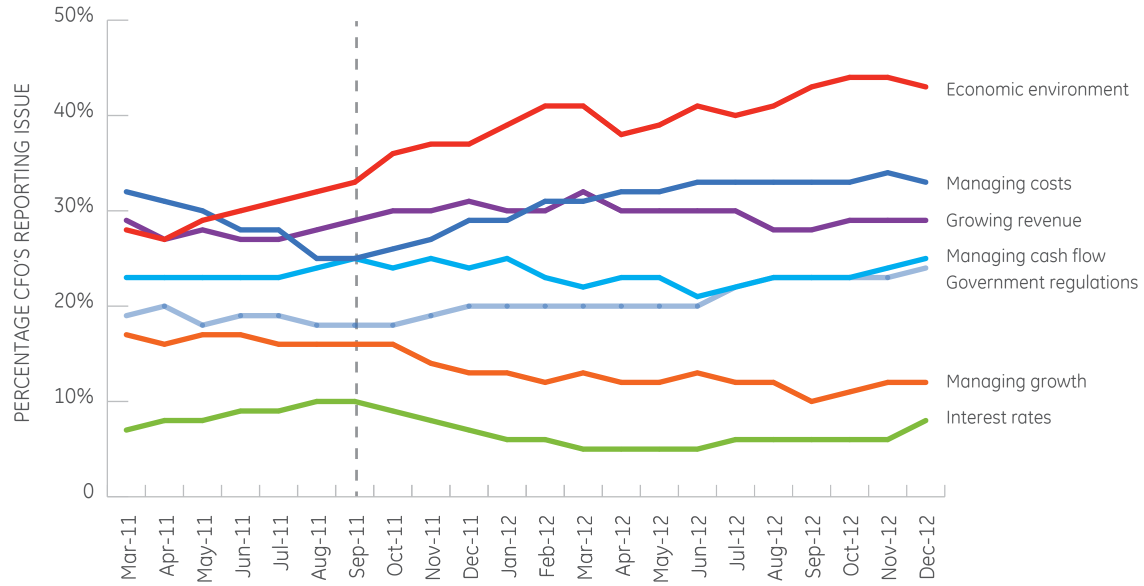


Chart 5: Changing importance of key issues affecting Mid-Market CFOs over the last year.

Two issues associated with direct barriers to growth — the economic environment and managing costs — have continued to increase as main concerns over time. Conversely other issues have declined throughout the past year. As long as concerns about the economic environment and managing costs stay at current levels, the *Current Conditions Index* will remain negative.

The two main issues associated with indirect barriers to growth – interest rates and government regulations – have also increased as concerns, while other issues declined over the last year. Concern over government regulations may be driven in part by the introduction of the price on carbon and the mineral resources rent tax. Concern over interest rates has also risen, suggesting that Mid-Market businesses appear to be once more feeling vulnerable to movements in interest rates, despite successive cuts to the official rate by the Reserve Bank over the past year.

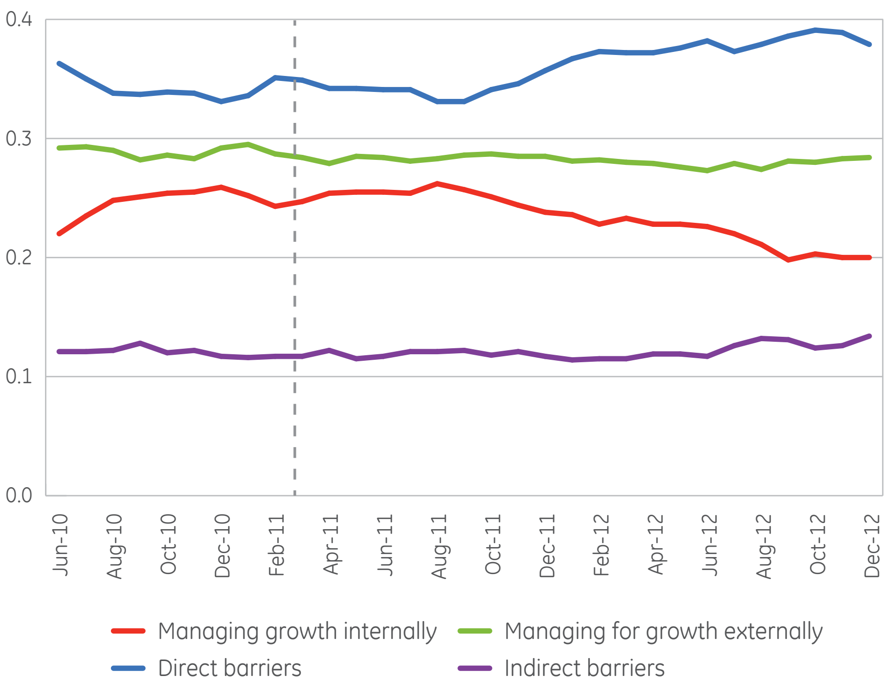


Chart 6: Current conditions: Managing for Growth vs. Barriers to Growth for Mid-Market CFOs (June 2010 to December 2012).

> CFOs are increasingly focused on barriers to growth such as economic conditions, cost management and government regulations.

4.6 Capital resourcing and talent management

Capital resourcing has become more important to CFOs than talent management for the first time since 2010, mainly because of concerns about managing cash flow, interest rates and access to finance.

Both capital resourcing and talent management still remain key areas of focus within the Mid-Market, although there has been a shift in priority. Capital resourcing is now identified by 38% of Mid-Market CFOs as a key issue. The reasons cited were difficulty in managing cash flow, which one-quarter of CFOs identified, while one in 12 reported interest rates and access to finance as concerns.

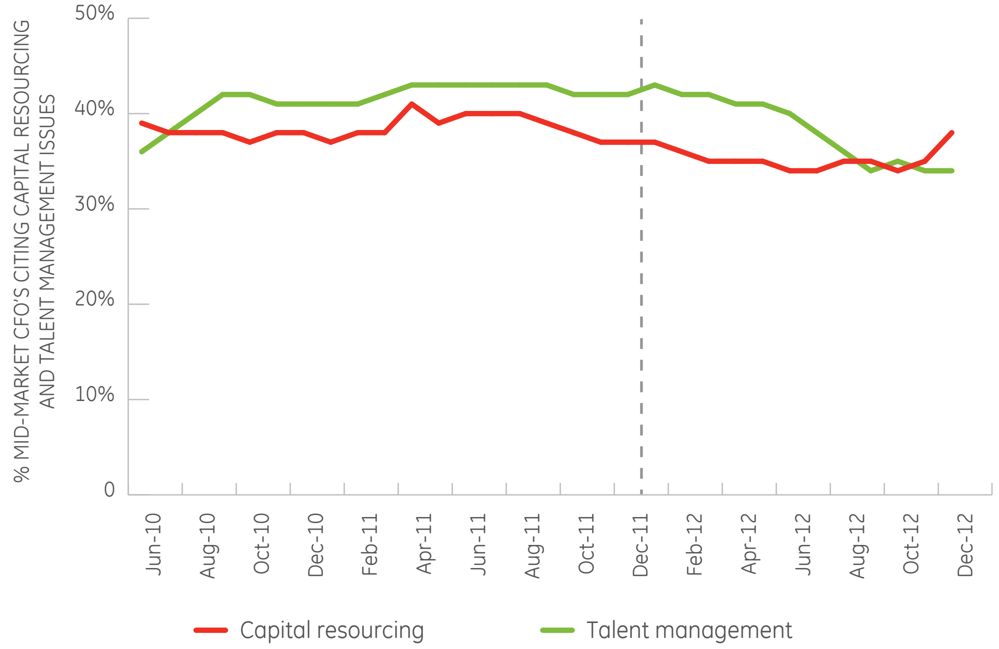


Chart 7: Capital Resourcing and Talent Management indices for the Mid-Market.

> Capital resourcing has become more important to CFOs than talent management for the first time since 2010, mainly because of concerns about managing cash flow, interest rates and access to finance.

05

What does this mean for the Mid-Market?

PICKING UP SIGNALS ... the Mid-Market is wary of debt.

The slight upturn the Mid-Market witnessed in the December quarter (detail in the previous section) is unusual in that it is being driven by improved expectations of growth despite tough operating conditions. This section will further analyse the causes of this divergence and explore the debt outlook within the Mid-Market.

5.1 Debt Outlook

The Mid-Market is relatively wary of debt at present. Just under one in five Mid-Market businesses were expecting to borrow more in the next 12 months. In contrast, around one in three were looking to reduce their debt. This makes the Mid-Market more debt averse than the Large sector, where 27% of CFOs said they intended to increase their debt and a lower proportion (20%) were preparing to de-leverage.

Within the Mid-Market, debt behaviour also varies across the country and industries (See Chart 9 and 10 overleaf):

- Mid-Market businesses in Western Australia were the most positive towards increasing their debt, reflecting a strong orientation towards business growth.
- Conversely, relatively few Mid-Market CFOs in the more pessimistic South Australia and Northern Territory were looking to borrow more.
- Transport and Storage had the highest proportion of businesses (28%) expecting to increase debt over the next year, reflected in its higher than average *Business Growth Outlook*.
- Business and Property Services recorded the lowest proportion of businesses expecting to increase debt with only 10% looking to borrow in the next year.
- Two-fifths of Retail Trade businesses were expecting to reduce borrowing over the next year.
- Within the Mid-Market, the larger, middle and smaller sub-sectors were fairly similar in terms of their willingness to take on more debt. The middle sub-sector of the Mid-Market appeared keener to pay off debt.

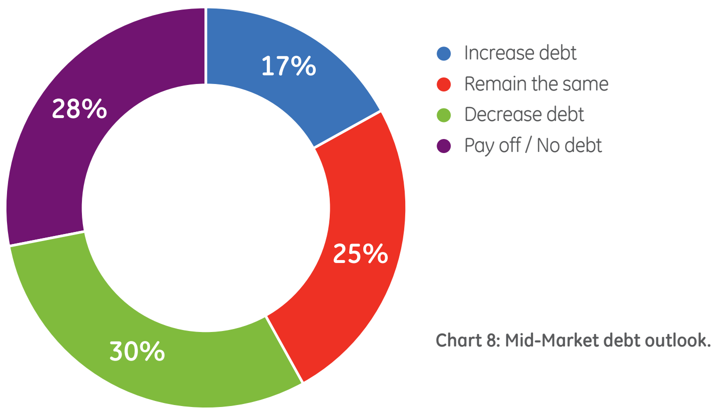


Chart 8: Mid-Market debt outlook.

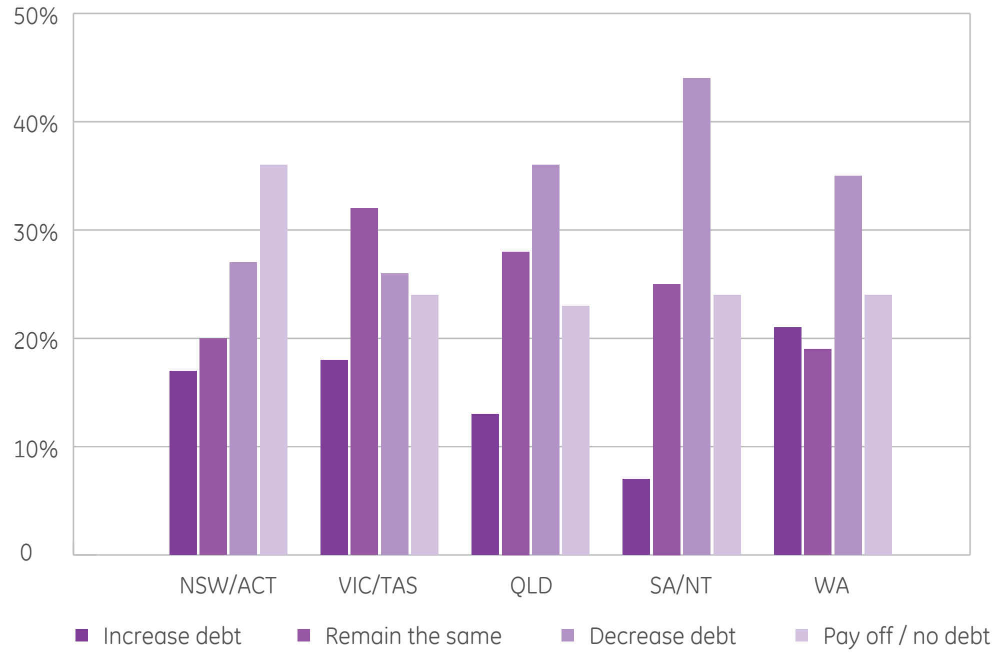


Chart 9: Business Expectations of Borrowings by Mid-Market States (December 2012).

5.2 What support do growing Mid-Market businesses need?

Among those Mid-Market CFOs who were expecting to raise borrowings, five priority areas of support were nominated:

- Access to capital for special projects at reduced rates (53%)
- Reducing government regulations (44%)
- A tax incentive on technology upgrades/ improvements associated with special projects (36%).
- Access to government funded training and skills development for employees (26%)
- Establishing an industry body to champion the needs of businesses (14%)

Within the Mid-Market, Large Mid businesses were primarily seeking support in reducing government regulations (51%) and gaining access to capital for special projects at reduced rates came second. This contrasts with Small and Middle Mid-Market businesses who rated access to capital for special projects at reduced rates as their number one concern.

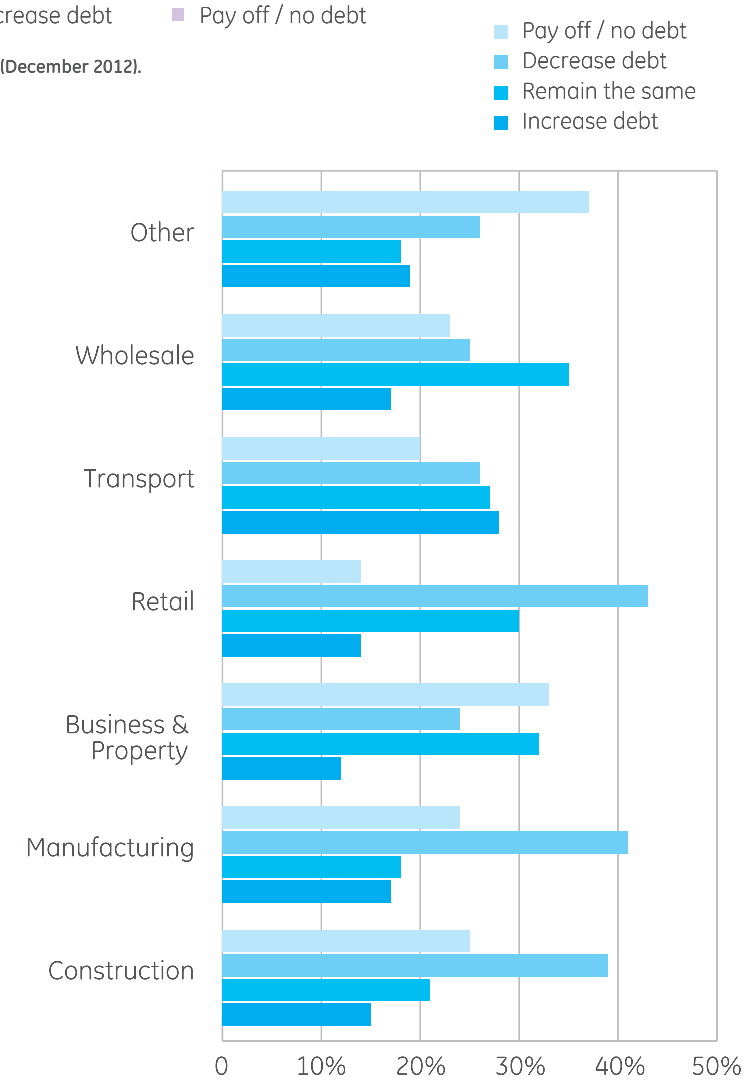


Chart 10: Business Expectations of Borrowings by Mid-Market Industries (December 2012).

5.3 Why are businesses increasing borrowing?

The most common purpose for Mid-Market CFOs seeking to increase borrowing was additional specific projects (37%). The other top purposes were purchasing land and buildings, funding significant investments in business growth, managing cash flows and purchasing equipment.

Not all Mid-Market sub-sectors planned to borrow for the same purposes. The primary purpose in the Small and Middle Mid-Market sub-sectors was to fund specific projects, while for Large Mid-Market businesses it was to fund significant investment in business growth.

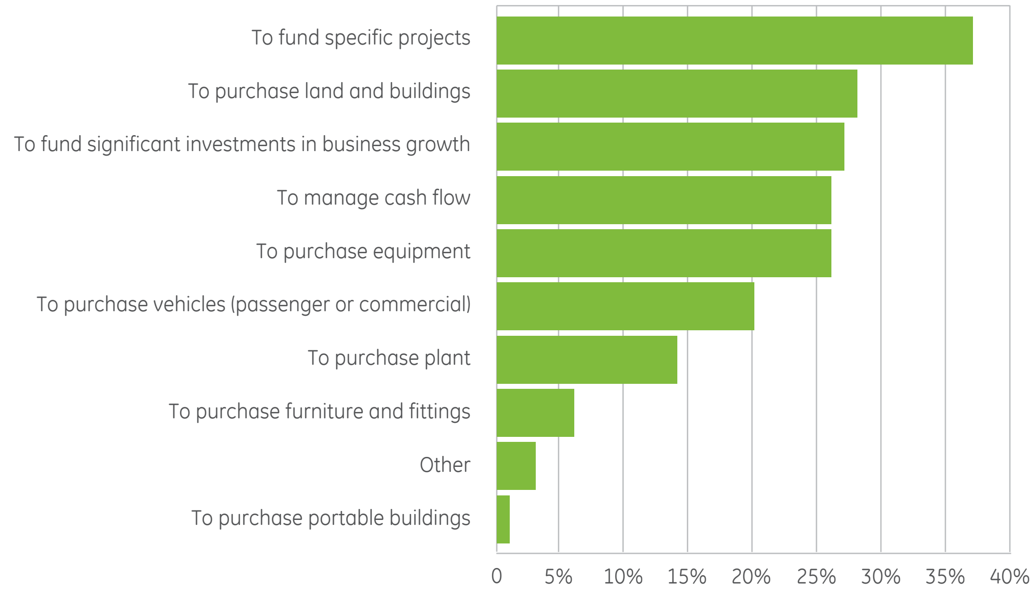


Chart 11: The purpose that Mid Market Businesses are likely to increase its investment with additional borrowing (December 2012).

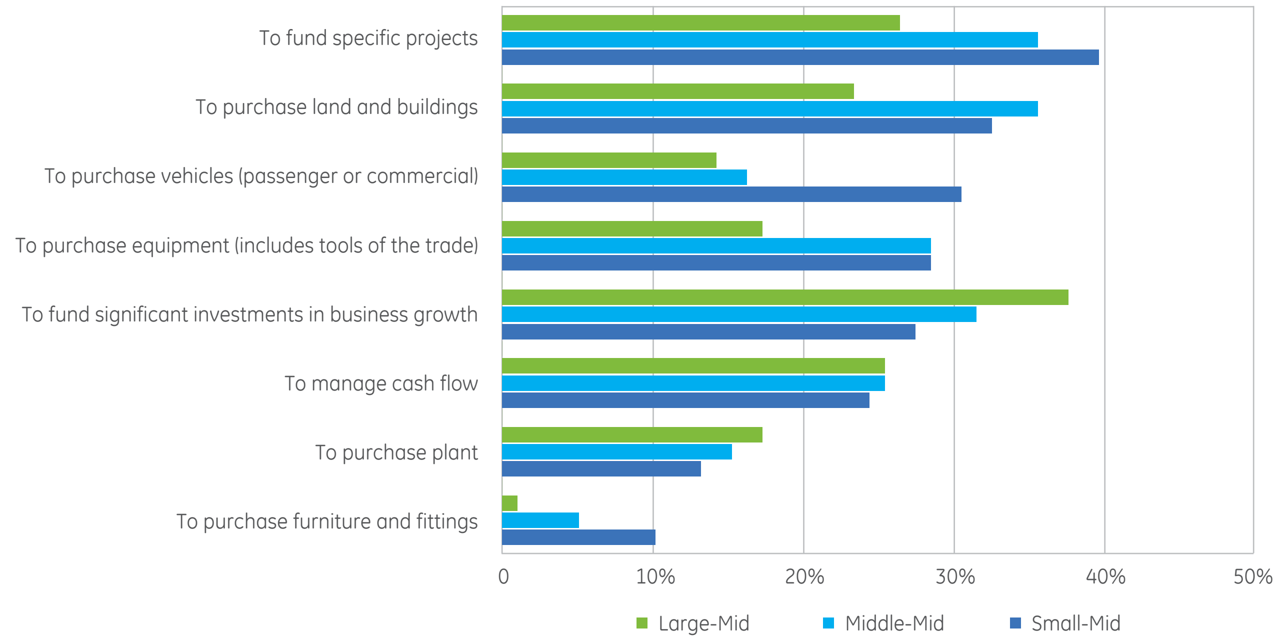


Chart 12: The purpose that businesses are likely to increase their investment with additional borrowing by Mid Market Sub-Sectors (December 2012).

5.4 What makes the Mid-Market more positive?

In December 2012, the Mid-Market was once again the most positive of all sectors of the business community. Some 60% of Mid-Market CFOs said they were positive about the future and just 16% negative. One in five said they were neither positive nor negative about future growth.

Levels of positive or negative expectations were based on the *Future Expectations Index*. Mid-Market businesses with a negative score on the index were classed as pessimists and those with a positive score as optimists.

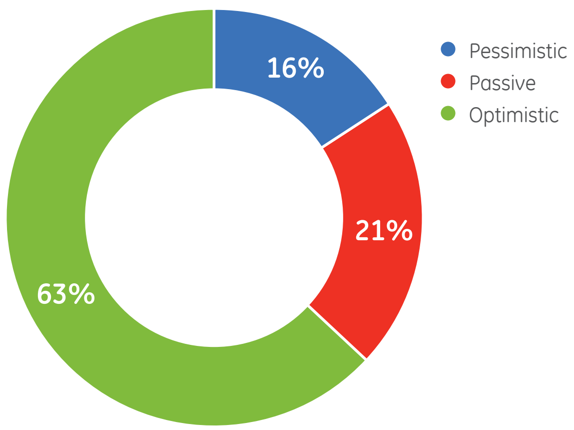


Chart 13: Proportion of Mid-Market Businesses who are Optimistic, Pessimistic and Passive about Future Growth (December-12).

WHO ARE THE OPTIMISTS AND THE PESSIMISTS?

Optimistic businesses are more likely to be from Western Australian, in the Wholesale Trade or Business and Property sectors while the pessimists are more likely to be from Victoria and Tasmania or the Manufacturing or Construction sectors.

WHAT CONCERNS OPTIMISTS VERSUS PESSIMISTS?

The divergent views within the Mid-Market are explored here by looking at the concerns of CFOs with either a pessimistic or optimistic outlook. The optimists among Mid-Market CFOs are more focussed on areas relating to growing their businesses, such as:

- managing cash flow (24%)
- finding staff (20%)
- marketing (21%)

This suggests that optimists are looking at the external factors that affect their ability to manage business growth. It also suggests that the optimists have growing businesses and with that comes the concerns of capital resourcing and talent management.

In contrast, businesses with a negative outlook cited factors that are currently affecting their ability to grow, such as:

- current economic environment (46%)
- managing costs (36%)
- government regulations (28%)
- interest rates (9%)

These concerns focus on areas that are outside their direct control. These findings once again point to the impact of the multi-speed economy and evolving views on the future of the economy which are all explored later in the report.

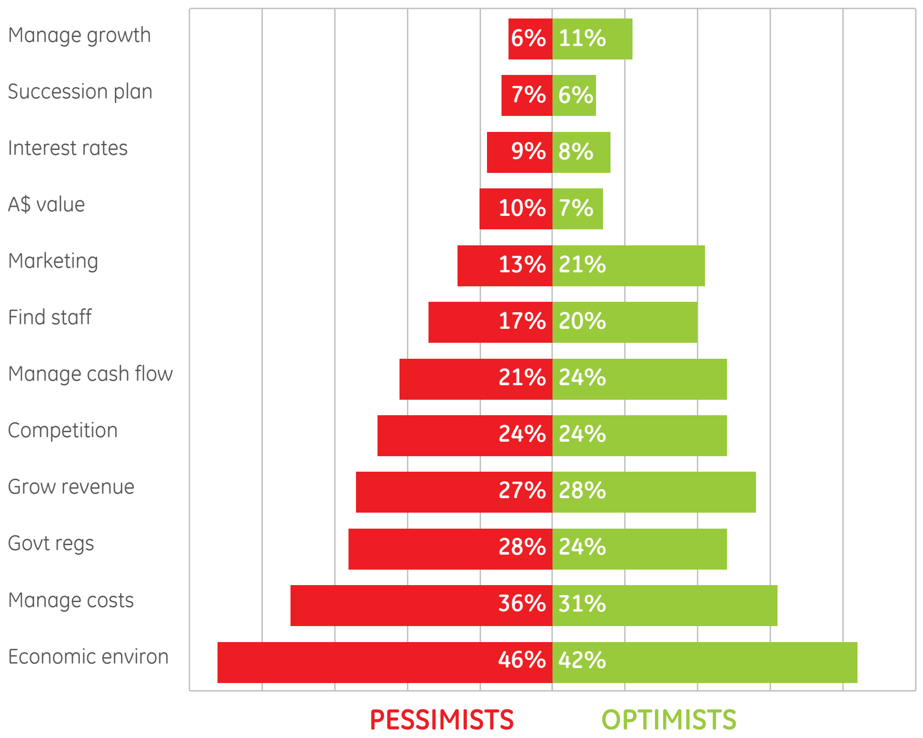


Chart 14: The differences of the main keys concerns for Optimistic Vs Pessimistic about Future Business Growth.

5.5 Comparisons across all market sectors

All business market sectors – Micro, Small, Mid-Market and Large – see the economic environment as a their higest ranked concern. For Small business, government regulation has become more of an issue, moving into the top five concerns after being previously ranked seventh (up three percentage points from December 2011). Small businesses are also concerned about managing costs, growing revenue and competition.

For the Large business sector, concern about managing cash flow has grown over the last 12 months. It moved seven places to be ranked fifth, almost doubling in its level of concern. Large businesses also cited growing revenue, managing costs and competition it their top five issues.

For the Mid-Market, finding staff has dropped out of the top five ranked issues (currently ranked seventh), where it has been replaced by concerns regarding competition.

CURRENT CONDITIONS INDEX ACROSS ALL MARKET SECTORS

The *Current Conditions Index* continued to decline sharply across all market sectors throughout most of 2012. In August, the Index for all market sectors fell below 0.00, demonstrating a shift in focus among CFOs to factors holding back growth.

Since October there has been an improvement in the Micro business sector, while Large business has seen further falls. This mixed result has led to an overall neutral *Current Conditions Index*.

The small growth seen in the overall *Business Growth Outlook Index* since October reflects a balance between a relatively stable result in the *Current Conditions Index* and the gradually improving *Future Expectations Index*.

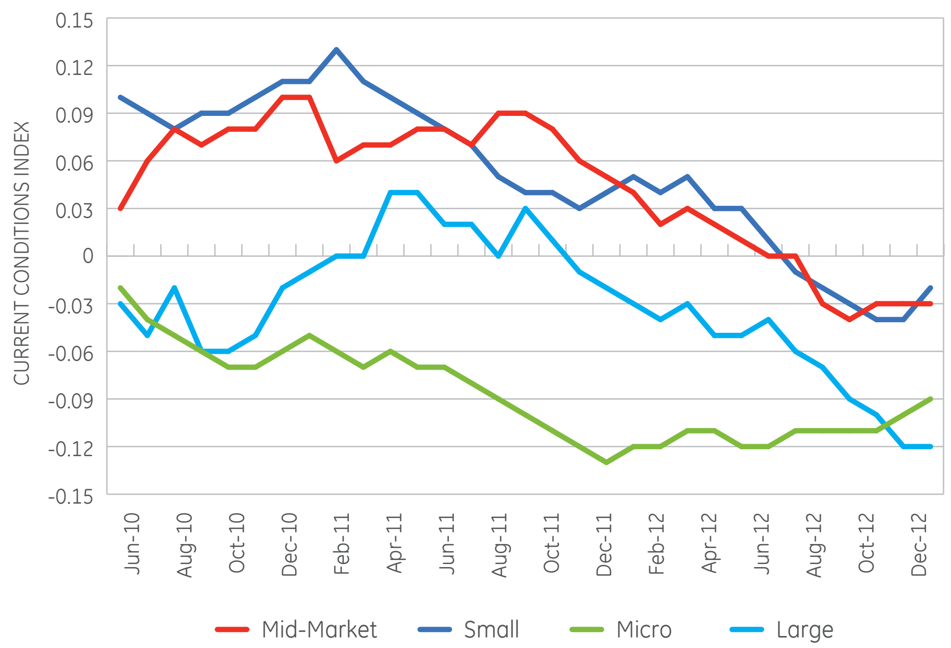


Chart 15: Current Conditions Index comparing Mid-Market with Micro, Small and Large business sectors.

> "Mid-Market optimists are more concerned about talent management and capital resourcing than those who are pessimistic about their prospects.

FUTURE EXPECTATIONS INDEX ACROSS ALL MARKET SECTORS

Both the Mid-Market, Large and Small business sectors experienced declines in the *Future Expectations Index* throughout 2012, however, Small businesses experienced a much sharper fall. Although there have been fluctuations over the last few months, all market sectors are now experiencing renewed optimism with the Mid-Market leading the recovery.

The key driver in the declining sentiment among the Small business sector has been around hiring staff. The Micro market has remained stable, but is pessimistic about future prospects, compared to the other sectors. Given that Micro businesses represent nearly nine out of 10 Australian businesses, the sector is having a disproportionately negative effect on the overall *Business Growth Outlook Index.*

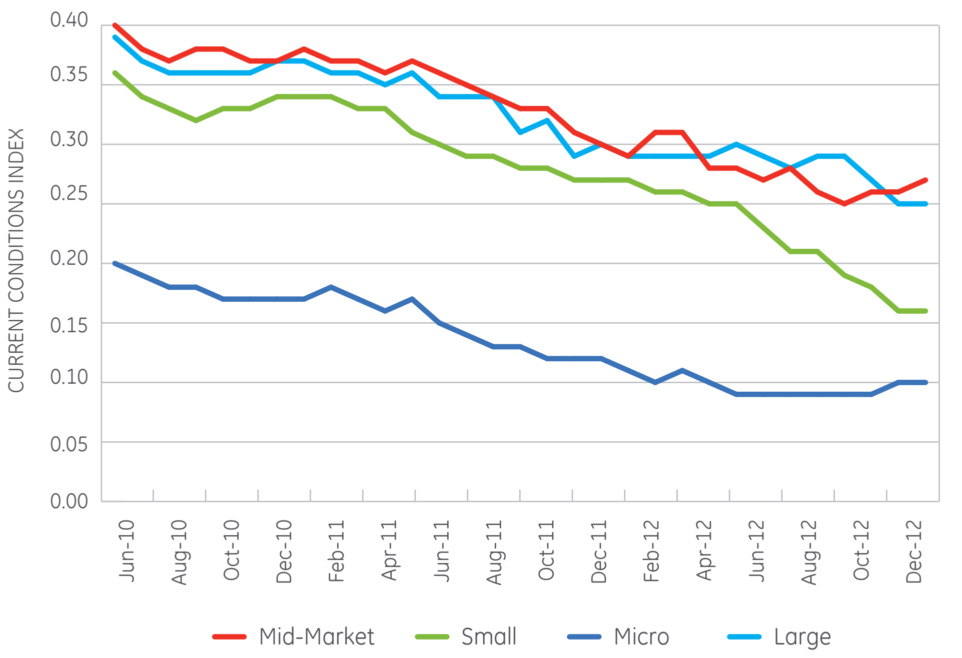


Chart 16: Future Expectation Index comparing Mid-Market with Micro, Small and Large business sectors.

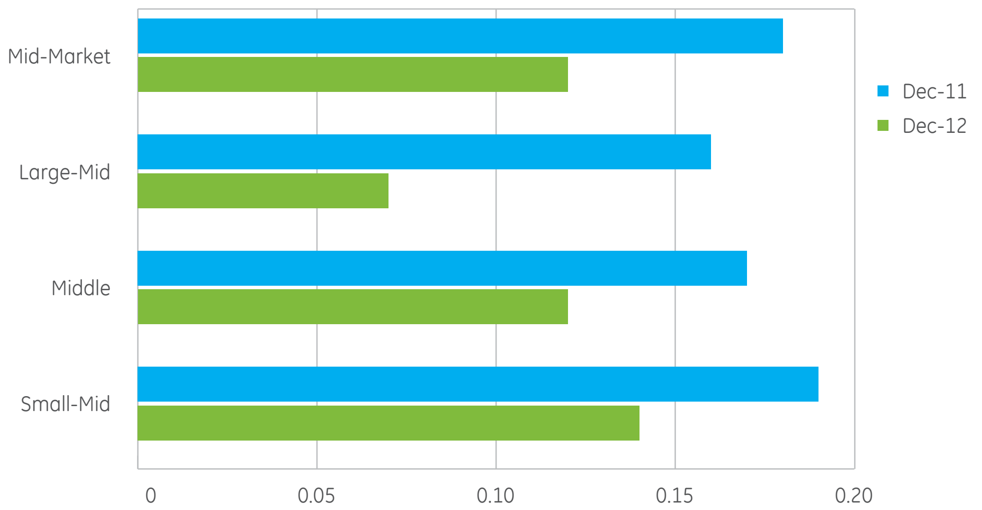


Chart 17: Growth Outlook Index by Mid-Market size sub-sectors (December 2011 and December 2012).

Market	% of Businesses	% of Revenue	% of Employees
Small Mid ($10-$20MM)	49%	19%	25%
Middle Mid ($20-$50MM)	33%	27%	27%
Large Mid ($50-$25 0MM)	18%	54%	48%

5.6 Growth outlook in Mid-Market sub-sectors

While the overall Mid-Market has recently shown signs of a positive growth outlook, the picture within the Mid-Market is not quite the same in all sub-sectors.

- The Small-Mid sub-sector is the highest performing in terms of its *Business Growth Outlook Index*. This is driven by its more favourable views on current conditions. These businesses are, however, increasingly concerned about the current economic environment, marketing their business (seven percentage points increase since December 2011) and government regulations.
- The Middle Mid-Market sub-sector suffered declines during 2012. Like the other sub-sectors, these businesses are increasingly concerned about the economic environment, managing costs and government regulations.
- The Large Mid-Market sub-sector has continued to be the least positive of all three with the lowest *Business Growth Outlook Index*. It also suffered the greatest decline of the sub-sectors. The main factor influencing this score is concern about current conditions amid a gradually increasing pessimism about the future. Like the other sub-sectors, the current economic environment, managing costs and government regulations have all been growing as concerns over the past year.

GE Capital

06

Spotlight

ALL CHANGE ... innovation is key to Mid-Market success.

6.1 Case study - Bisalloy Steel Group Ltd

Founded: **1980**

Industry: **Manufacturing**

2011/12 revenue: **$104 million (Large-Mid)**

Top three business issues: **economic environment, succession planning, growing revenue**

Bisalloy knows better than most what it means to be a Mid-Market company. The business sees its size as a strong advantage when competing in a global marketplace.

"We see flexibility as one of the keys to our success," said David MacLaughlin, Bisalloy CFO.

"A few years ago we noticed a shift in the way manufacturing companies were doing business and it was something we knew we needed to adapt to. The flexibility of our business enabled us to implement changes rather quickly, something larger manufacturers struggled with.

"While we were small enough to adapt to changes, we were, on the other hand, large enough to invest in the changes in order to make them a success. Mid-Market companies need to take advantage of this flexibility," MacLaughlin said.

As Australia's only manufacturer of high-tensile and abrasion-resistant steel plate, the business' competition comes exclusively from abroad. This makes global issues such as the economic environment, high Australian dollar and government regulation important issues for the business.

Rather than focusing on the negatives of these issues, Bisalloy tries to use them to its advantage.

"Many manufacturers of late have been complaining about the high Australian dollar. One of the things we have been able to do to overcome the issue is look at overseas suppliers of our raw materials and leverage the high dollar to receive a better price," MacLaughlin said.

MacLaughlin said the decision to expand its supplier base had also allowed it to put some pressure on domestic suppliers to match the lower overseas prices.

The Mid-Market manufacturing industry has seen one of the strongest declines in optimism of all industries; in particular future expectations of both staff and revenue are the lowest of all industries over the past year.

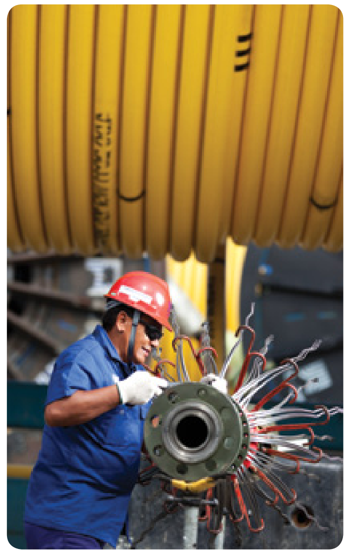
With 70% of Bisalloy's sales in the resources sector, which is facing declining commodity prices and rapidly rising costs, you would expect them to share this pessimism. However, the business is quietly confident about what lies ahead, with strong expectations of revenue growth and a target of growing market share by a further 10%.

"We believe we are the makers of our own destiny," McLaughlin said.

One area the Bisalloy leadership views as particularly important is investing and focusing on a succession plan for the business. The Mid-Market as a whole has seen a steady decline in the focus on talent management of late, however Bisalloy believes it's something that needs to be managed aggressively.

"Mid-Market companies can't afford to have extra staff around so it's essential they have the best people and are able to retain these people," MacLaughlin said.

"The competition from larger companies is fierce. Without certainty of the business' direction, people get anxious and look to move on and that is something we simply can't afford."



The Bisalloy leadership also understands the need for Mid-Market businesses to be innovative, and innovate within current needs. One example is the recent introduction of BisExpress, a stock holdings arm which moved the company away from operating a just-in-time model.

"We noticed a number of customers wanting access to products immediately however our current business model didn't allow it," MacLaughlin said.

"We were losing business to competitors and as such set up a small stock holding of certain products which has proved a great success.

"It's a great example of the business being nimble and able to react quickly to market demands," MacLaughlin said.

In terms of advice for other Mid-Market companies, Bisalloy believes knowing what your business' strengths are and being able to maximise them is important.

"From our experience, we believe you should find out what you do well, look at ways to do it better and implement strategies which pay for themselves to help you improve," MacLaughlin said.

6.2 Case study - Michael Hill

Founded: **1979**

Industry: **Retail**

2011/12 revenue: **$416 million (Australian business revenue $259 million)**

Top three business issues: **economic environment, finding staff, technology systems**

Michael Hill has risen from modest beginnings in late 1970s New Zealand to hold a large slice of the jewellery market in the Oceania region, but in North America, where the brand is relatively new, market share is a goal rather than a reality.

"We are essentially operating like a start-up business in the US, and to a lesser extent the Canadian market," said Phil Taylor, Michael Hill's Global CFO.

"We're close to reaching maturity in our Australian and New Zealand operations so we see the US and Canada as the markets that will experience the most significant growth."

While the company's Australian revenue sits just above the Mid-Market definition, the company has many Mid-Market attributes, particularly in the challenges it faces with its overseas expansion.

"The experience we have gained from our overseas expansion has been invaluable. We have had to operate in markets with little brand presence and without the benefit of economies of scale," Taylor said.

"You would be surprised with the number of idiosyncrasies in foreign markets which you're not even aware of until you enter the market. We have learnt some great lessons from our North American operations and believe we have a good grasp on these markets to expand further."

Taylor is positive about Michael Hill's future and predicts growth over the next year. This would be achieved through opening 20 new stores, but also by maximising revenue from our current locations and a nascent digital strategy.

"There is only likely [to be] three more years of new store growth available in Australia due to our population catchment and property requirements. What we are looking at, however, is maximising profits in our existing stores through refurbishments, relocations and reducing costs," Taylor said.

Taylor believes investment in the right technology, whether it's online sales or internal CRM systems, is vital. Many Mid-Market retailers would agree, given the impact on bricks and mortar retailing with the rise of e-commerce.

"We find that most jewellery customers still prefer the advice and service that only a bricks and mortar retailer can offer. However, we're not sure whether the next generation will share this view," Taylor said. "We want to learn and be a part of what may be the future of retailing."

When it comes to investment in staffing and IT, Taylor believes the dividends are well worth the outlay.

"Most retail businesses would agree that excellent staff are important to their businesses success, however in the jewellery industry they are absolutely crucial to our success," Taylor said.

The company has talent management initiatives to attract the right staff and retain successful employees, including strong incentives and recognition programs.

"We actually provide store managers with a share of the profit stream from their stores. We understand they know their business better than anyone else and give them autonomy over activities such as merchandising their stores, hiring and developing their staff and customer relationships," said Taylor.

"When managers share in the store's success, they are more likely to drive the business forward and develop great staff while keeping control of costs, which is essential in maximising profit, particularly in mature markets like New Zealand and Australia."

6.3 Jugaad innovation

Jugaad is a business management philosophy with origins in the Punjabi term meaning makeshift solution, something that provides a ready solution at a low cost.

The term came to prominence with the publication of *Jugaad Innovation: Think Frugal, Be Flexible, Generate Breakthrough Growth*.[3] The book argues that the innovation process in most businesses has become too rigid and complex leading to innovation being prohibitively expensive and causing long delays in commercialising new products and services.

Jugaad counters this by focusing on six key principles for cost-effective innovation:

- seek opportunity in adversity
- do more with less
- think and act flexibly
- keep it simple
- include the margin
- follow your heart

WHAT CAN MID-MARKET FIRMS LEARN FROM JUGAAD?

Survival for Mid-Market companies is based on relentless innovation. Smaller Mid-Market companies will always have the upper hand in innovation over larger companies. In fact, more than half of all successful Mid-Market companies invest in innovation and new product development, compared to only a quarter of businesses from all sectors. Even within the Mid-Market, successful Mid-Market companies typically invest more than twice as much in innovation as lower-growth firms do.

Anyone who has ever worked in a large business, with reporting lines that look like circuit boards, can understand the barriers to innovation. Smaller often equals more agile, however, Mid-Market companies are not immune to the problems that make innovation a slow and expensive process. At a time when the Mid-Market is feeling the pinch, the price of innovation can seem too high. Jugaad overcomes this by looking to places like India, China, and Africa for a new, bottom-up approach to frugal and flexible innovation that can work just as well for a Mid-Market company in Australia as it can for an S&P 500 multinational corporation.

GE HEALTHCARE INDIA: JUGAAD IN PRACTICE

The GE Healthcare team in India faced the challenge of developing an electrocardiogram (ECG) device that was affordable for doctors in emerging markets like India, China and Africa. Oswin Varghese, GE Healthcare India's Site Manager, Diagnostic Cardiology R&D, said one of the key difficulties in traditional innovation was the temptation to build in the latest high-end technology just because it was possible, but this added cost and limited the commercial viability of the product in these markets.

Rather than taking a traditional healthcare engineering approach, the team took insights and expertise from the consumer industry to build a smaller, cheaper and more portable device that could be carried on motorbikes or bicycles when visiting patients in remote villages.

The MAC 400 was created — a portable electrocardiogram (ECG) that costs one-tenth and weighs one-fifth of its current equivalent in the developed world. It achieved this through reducing components by more than half, standardising parts and therefore reducing assembly time significantly. Since then, newer models — such as the MAC 600 and the MAC i — have cut these figures even more, reducing the price from around $1,000 to $500 a unit and the cost per scan for healthcare providers to potentially as low as 20 cents.

But it is not just doctors in villages in India and Africa benefitting from such technology. GE Healthcare in the US gained approval from the Food and Drug Administration (FDA) for the MAC 600 and it is now being used by paramedics and in other areas where lightweight diagnostic devices are beneficial.

Critics of jugaad claim that it emphasises innovation and affordability over quality and reliability. But as the authors of Jugaad Innovation note, GE takes jugaad inventions through a rigorous process of improvement before they reach market. This process can then be used to rapidly up-scale production to sell to customers worldwide and also gain approvals with regulators like the FDA.

[3] Radjou, Navi; Prabhu, Jaideep; Ahuja, Simone, 2012, Jugaad Innovation: Think Frugal, Be Flexible, Generate Breakthrough Growth, John Wiley and Sons, New York.

07 Industry findings

POWERHOUSE ... *Business and Property have see the largest improvement.*

Since the release of the June 2012 GE Capital Mid-Market Report, three powerhouse industries within the Mid-Market have emerged: Business and Property, Wholesale, and Transport.

- Business and Property has the largest improvement in outlook of any industry between September and December and, over time it has maintained its relatively optimistic outlook. It has not been immune, however, to the general downturn in confidence evident among all industries (see chart 18 below), but the falls have been minor.
- Wholesale, while coming from a lower base, has almost doubled its *Business Growth Outlook Index* and shows a longer-term growth trend.
- Transport has generally remained resilient over the last 12 months.

While these three industries enjoyed a relative turn around, the outlook for every other industry has decreased significantly over the past year. The *Business Growth Outlook Index* shows some remarkable differences in the absolute level of confidence in the Mid-Market as well as relative changes within industries that clearly point to a multi-speed economy (see chart 18). The reasons for the mixed results are not clear cut, but there's no doubt the turbulent economic environment has contributed. Another cause may have been the uncertainty arising before the introduction of the price on carbon. The subsequent improvement in outlook after its introduction would seem to support that analysis.

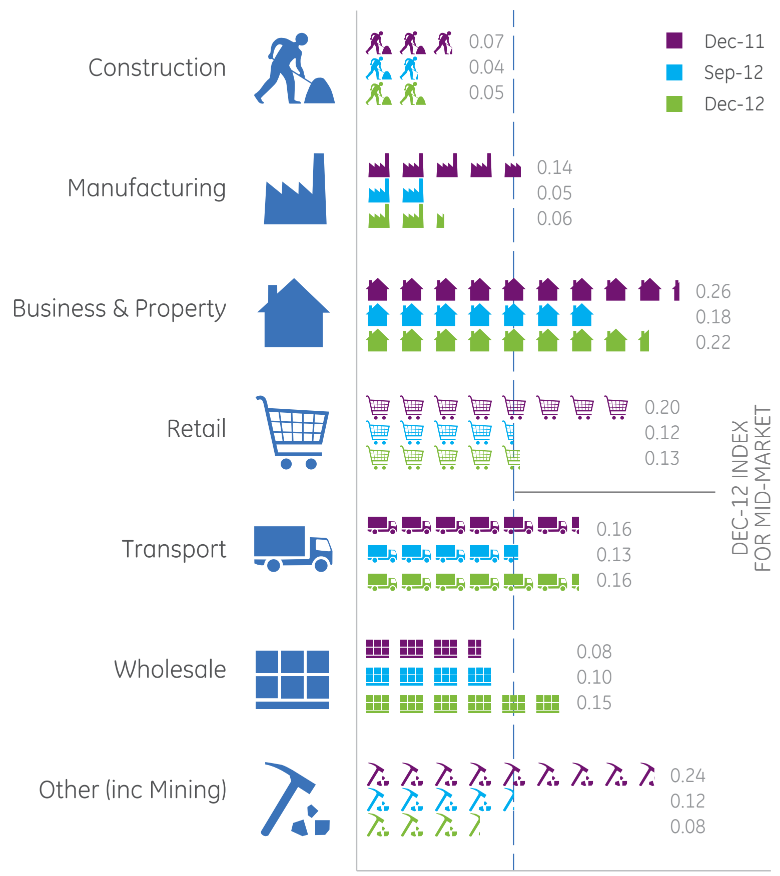


Chart 18: Business Growth Outlook Index by Mid-Market Industry.

GE Capital

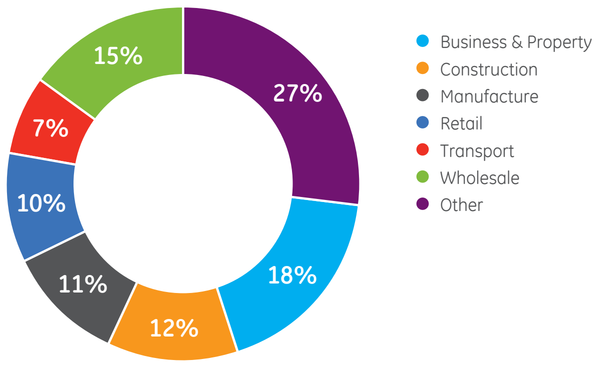


Chart 19: Mid-Market Industry Profile by percentage of businesses.

OTHER INDUSTRIES

The Other Industries group (which includes finance and insurance, education, health, accomodation, food services and mining) has been hardest hit, with its current *Business Growth Outlook Index* of 0.08 well down on a year ago when the group's index of 0.24 was among the strongest in the Mid-Market.

The decline reflects a large drop in the *Future Expectations Index* prompted by falls in both expected staff and revenue. This decline may be attributed to lower resource prices over the last two quarters, which has seen mining struggle to keep up with the high rates of growth experienced in recent years. While commodity prices are in the headlines, declines in service industries such as finance, communication, education, health and community services are also likely to contribute to the current state of the Index. Education (Australia's third-largest export earner) has been affected by the strong Australian dollar, with many overseas students choosing to study elsewhere.

A decline in the *Current Conditions Index* reflects growing concern about external influences such as the economic environment, interest rates and government regulations, which are largely out of the industry's control. Conversely, internal issues such as managing growth and finding and keeping staff have declined in importance from a year ago. The news is not all grim though; the outlook for Other Industries improved slightly in November and December 2012, which suggests a recovery may be on the horizon.

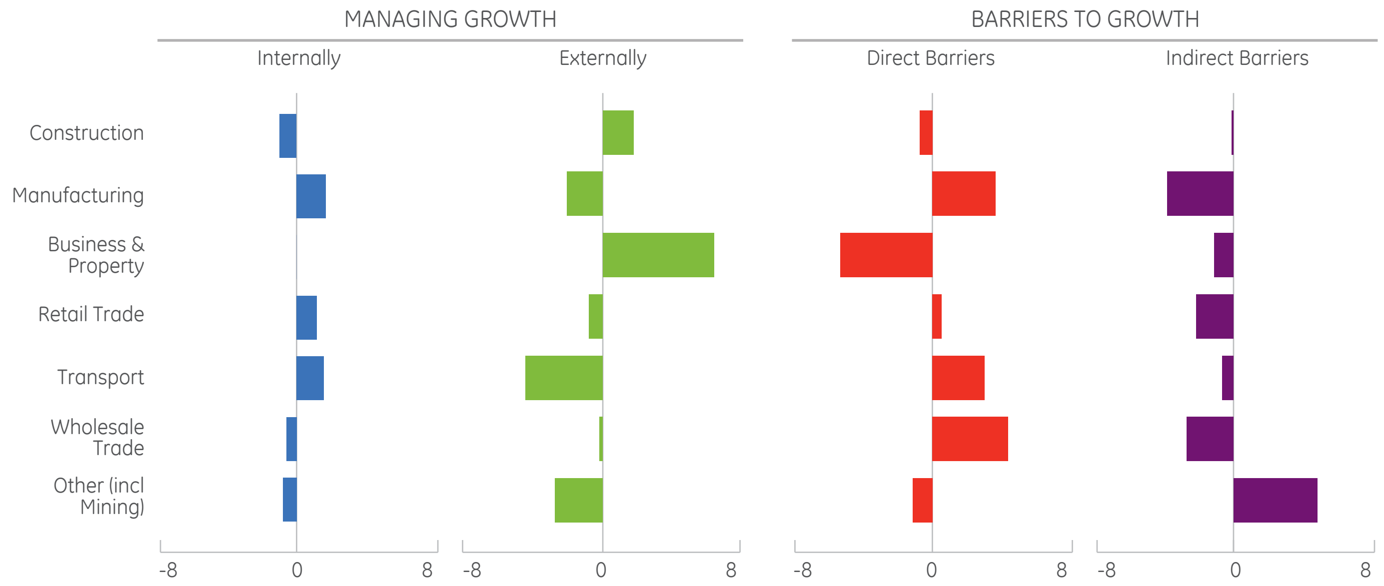


Chart 20: Industry comparison of Current Conditions measures.

BUSINESS AND PROPERTY

Business and Property continues to outperform the rest of the Mid-Market and has shown clear signs of recovery with a *Business Growth Outlook Index* of 0.22. This is up from the 0.18 recorded in September 2012, but still not as strong as at the end of 2011. Both the *Current Conditions* and *Future Expectations* indices for Business and Property fluctuated throughout the year, however both are still significantly higher than the Mid-Market averages.

There has been a noticeable shift in the Business and Property industry's focus over the last year towards external issues and growth measures. External issues such as competition, marketing the business and managing costs have all increased in importance, however, internal issues, such as finding staff, keeping staff and managing growth have declined as concerns.

The percentage of CFOs concerned about talent management has fallen from 58% to 33% in the past year. There has instead been growth in capital resourcing as a concern, signalling a shift towards business investment (see Chart 23 overleaf).

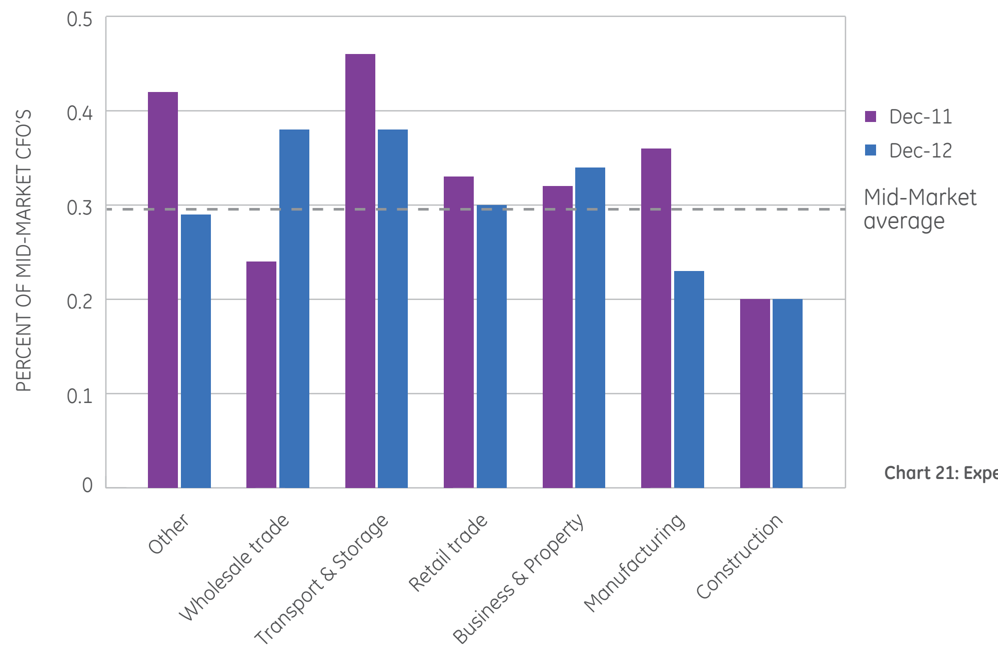


Chart 21: Expected Growth in Revenue.

CONSTRUCTION

The Construction industry experienced a prolonged downturn during 2012, with the lowest *Business Growth Outlook Index* of all industries at 0.05. Despite this, the industry has grown two percentage points from March 2012 to represent 12% of the Mid-Market.

Construction experienced a prolonged downturn during 2012, with the lowest *Business Growth Outlook Index* of all industries at 0.05. Despite this, the industry has grown two percentage points from March 2012 to represent 12% of the Mid-Market.

The collapse in the *Business Growth Outlook Index* was fuelled by declines in both the *Future Expectations* and *Current Conditions* indices over the first three quarters of the year, with a marginal increase in the fourth quarter. This small growth orientation was assisted by a reduction in concern about the current economic environment, which fell from 59% to 45% in the past year.

Capital resourcing and talent management both declined in importance among Construction CFOs throughout 2012. In turn, their focus shifted to financials, with an increase in concern about managing costs and growing revenue. The industry continues to lag behind the rest of the Mid-Market, and it is hoped the recent fourth quarter increase in confidence will continue throughout 2013.

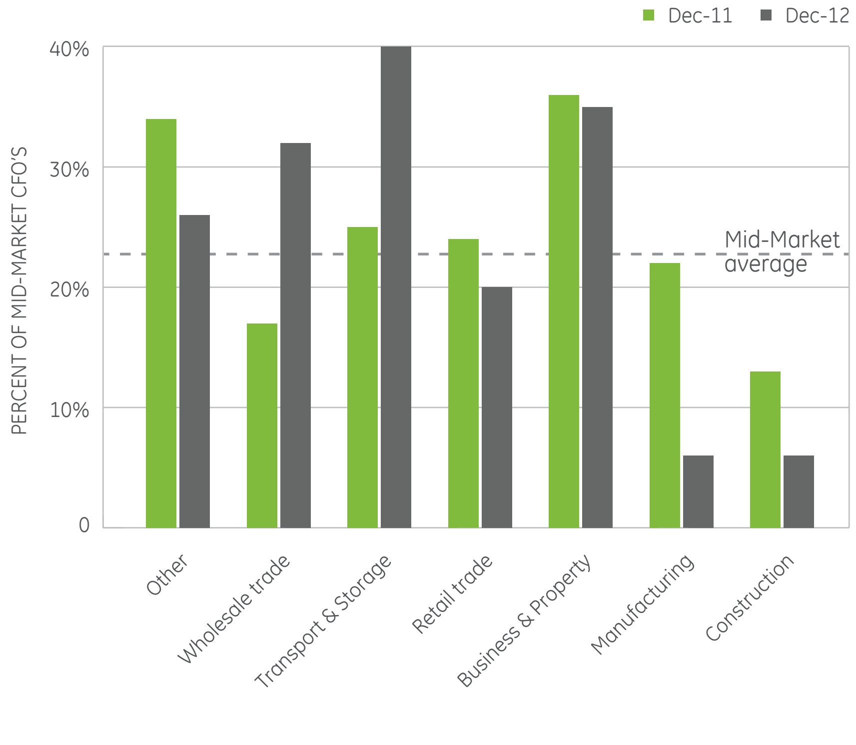


Chart 22: Expect Growth in Staff by Industry

MANUFACTURING

Manufacturing has seen a fall in the *Business Growth Outlook Index* from 0.14 in December 2011 to the current level of 0.06. Despite a brief increase in June 2012, the industry experienced the biggest decline in expected staff and revenue growth of all industries.

The decline of local manufacturing has been well documented. It now represents 11% of the Mid-Market, a drop of 2% from March 2012, and further falls cannot be ruled out given the high Australian dollar, which is making exports uncompetitive.

The recent downturn reflects weak *Future Expectations*, indicating the industry believes there are more difficult times ahead. This is shown through large increases in concern about issues such as the economic environment and government regulations which have risen 11 percentage points and 10 percentage points in the past year, respectively.

Unlike most of the Mid-Market, Manufacturing CFOs reported an increase in concern for talent management, driven mainly by concerns over finding staff.

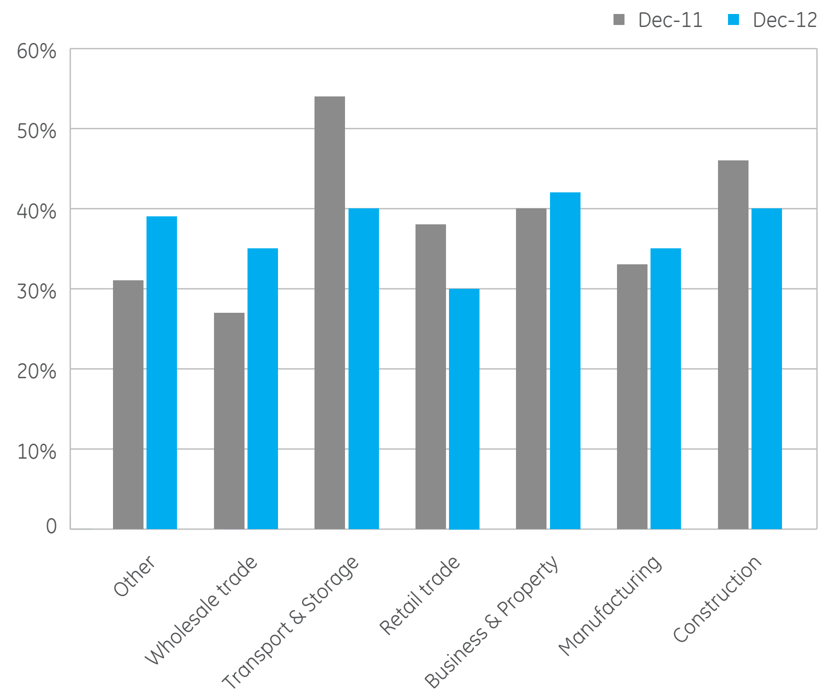


Chart 23: Capital Resourcing by Industry comparison to December 2011.

RETAIL

Retail trade in the Mid-Market has a strong *Business Growth Outlook Index* result in comparison to other Mid-Market industries and is marginally more growth oriented. Despite a general perception that Retail is struggling, CFOs in the industry remain positive about what lies ahead.

Retail has not been hit as hard by the downturn as other industries over the past year, however, it did experience declining *Future Expectations* for much of 2012 prior to experiencing a sharp increase in both *Current Conditions* and *Future Expectations* in September. The *Business Growth Outlook* has remained stable and above 0.01 since then.

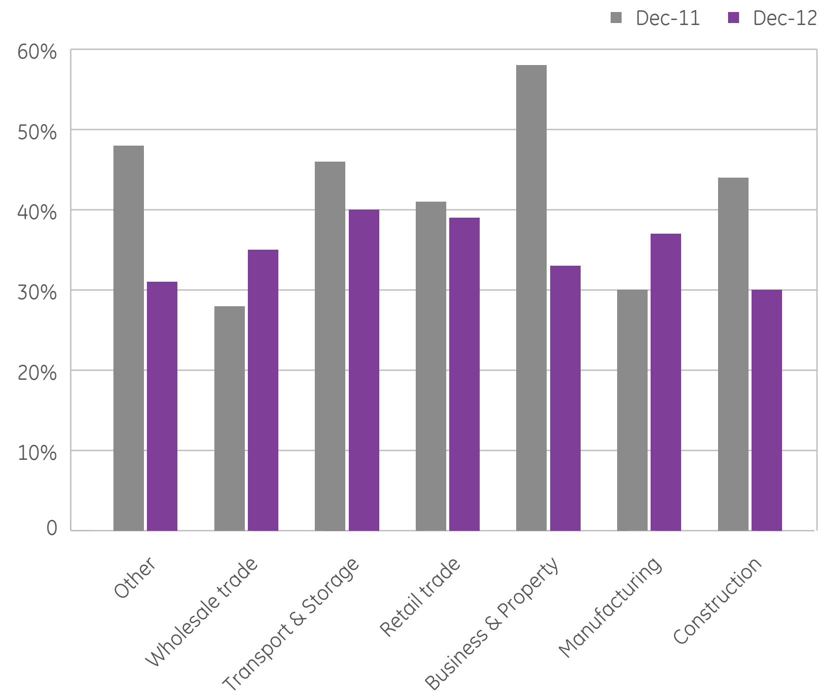


Chart 24: Talent Management by Industry comparison to December 2011.

TRANSPORT AND STORAGE

Transport and Storage has experienced a strong improvement in the *Business Growth Outlook Index*, and is one of only two industries to return to its December 2011 level, reaching 0.16.

The rise has been driven by an increase in *Future Expectations* which lifted markedly in May 2012. There has also been a large rise in expected growth in staff over the past year, with more Transport and Storage CFOs expecting growth in staffing than any other industry. And while there has been a drop in expected growth in revenue, the industry still remains significantly above the Mid-Market average.

The main shift in concern for Transport and Storage was around managing cash flow, which dropped from 41% in December 2011 to a low of 22%. This was replaced by concerns about managing costs, which is now identified as a concern by 40% of CFOs, a rise from the December 2011 level of 25%. The economic environment is still the number one concern for the industry at 42%.

WHOLESALE TRADE

Wholesale Trade has seen the most dramatic improvement in growth outlook of all Mid-Market industries. In the last GE Capital Mid-Market Report in June 2012, the industry was the hardest hit and showed little sign of recovery on the horizon. Since then, conditions have improved significantly, with the current *Business Growth Outlook Index* at 0.15, a large rise from the 0.08 recorded in December 2011.

The industry experienced the largest increases in revenue and staffing growth expectations, with overall *Future Expectations* significantly above the Mid-Market average. Previous concerns relating to growing revenue and the value of the Australian dollar have declined, indicating the industry has developed successful strategies to manage the high dollar value.

The economic environment is still the greatest concern to the industry with 45% of CFOs identifying it as an issue. For the industry to continue to prosper it must keep its nerve in uncertain economic times.

7.1 Mid-Market performance by state and territory

Mid-Market businesses are not evenly distributed across Australia. The difference in the geographic make-up of the Mid-Market is the single largest factor affecting overall performance in each state. For example, Manufacturing is overwhelmingly concentrated in the south-eastern states, while Other Industries (including mining) dominate in Western Australia and Queensland. Mid-Market businesses are mostly located in capital cities, with 22% in regional centres.

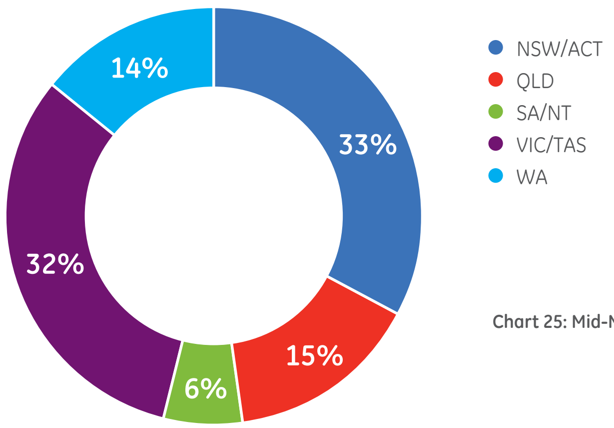
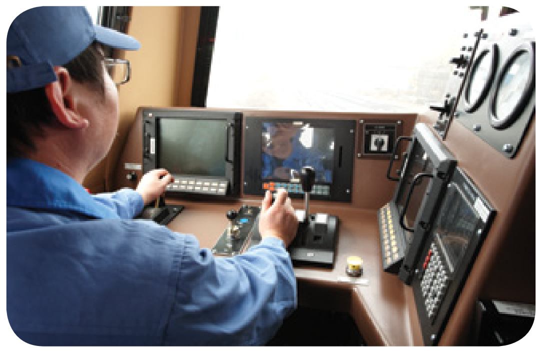


Chart 25: Mid-Market State breakdown.



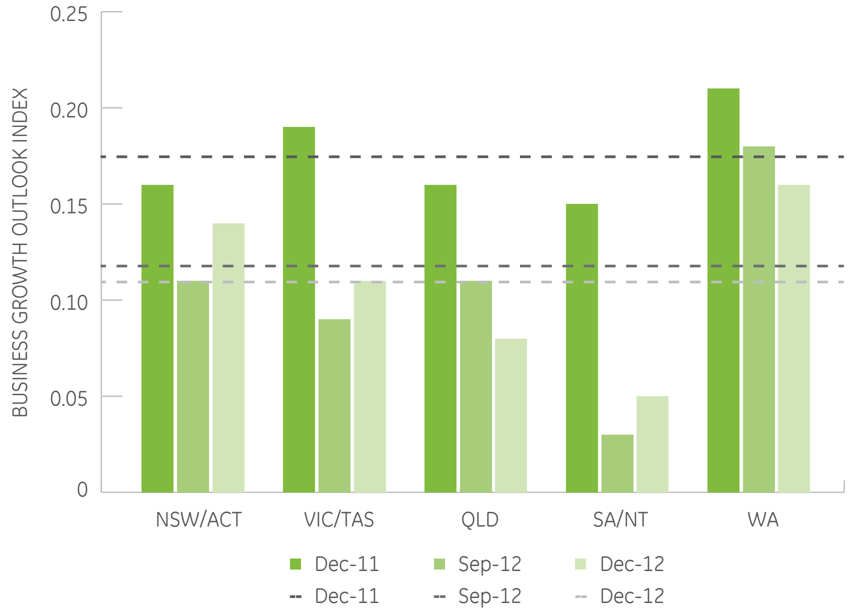


Chart 26: Business Growth Outlook Index by Mid-Market State.

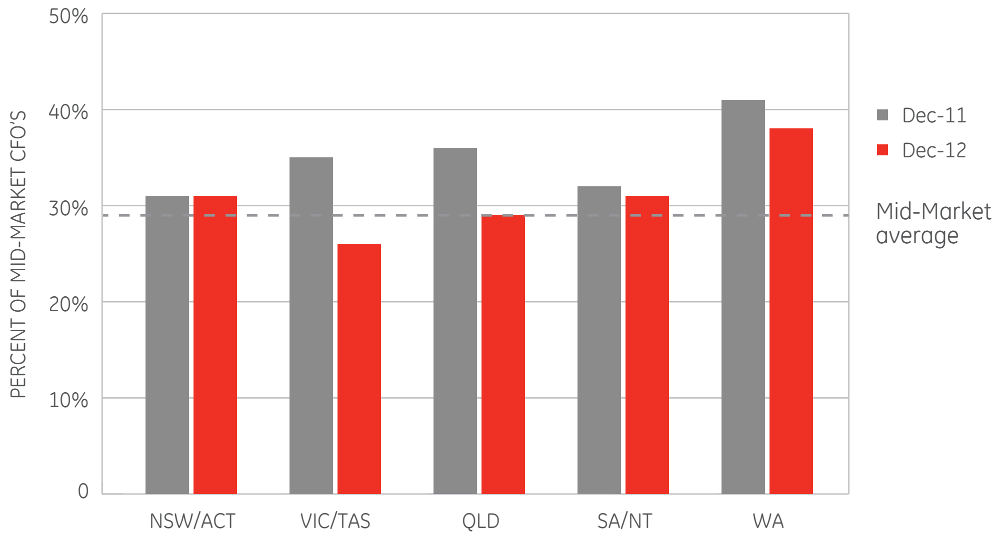


Chart 27: Expect Growth in Revenue by State.

RANKING - BEST TO WORST PERFORMING

1. Western Australia
2. New South Wales and the Australian Capital Territory
3. Victoria and Tasmania
4. Queensland
5. South Australia and the Northern Territory

Western Australia

Western Australia continues to have the most positive Business Growth Outlook Index and is the most resilient of all the states.

However, it has still experienced modest declines over the last year.

Western Australia has a much higher proportion of Business and Property and Other Industries, with the latter likely contributing to the declines seen over the last year.

Declines in the state are also driven by growing concerns over economic conditions and government regulation, while *Future Expectations* for revenue growth and staffing remain stable.

The outlook for the Mid-Market in Western Australia is on par with the large business sector and ahead of small business sentiment.

South Australian and the Northern Territory

This region has the weakest *Business Growth Outlook* and has experienced steep falls over the past year.

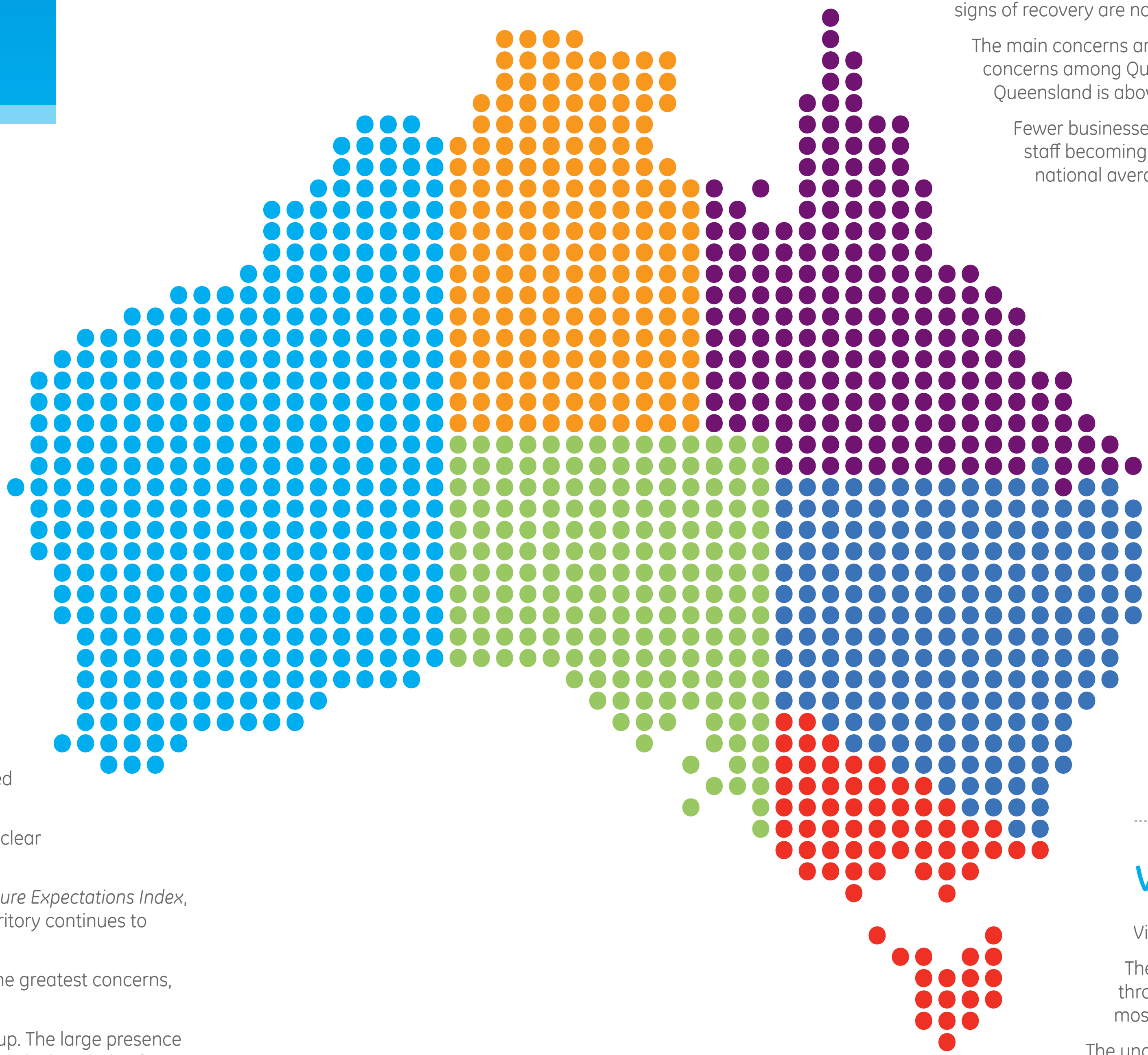
Some signs of a recovery did emerge in the last quarter, but it remains unclear whether they will translate into a turnaround.

Expectations of revenue growth have contributed to a recovery in the *Future Expectations Index*, but the *Current Conditions Index* for South Australia and the Northern Territory continues to decline.

Similar to other states, economic environment and managing costs are the greatest concerns, while finding and keeping staff have declined in importance.

Construction, Retail and Other Industries are over-represented in this group. The large presence of the two worst performing industries, Construction and Other Industries (which includes finance and insurance, education, health, hospitality and mining) explains most of the weakness of the outlook in South Australia and the Northern Territory.

The performance of the Mid-Market in South Australia and the Northern Territory is closer to the average of small and large sectors than in other states.



Queensland

Queensland experienced a steep decline in the *Business Growth Outlook Index* in 2012, perhaps reflecting the ongoing effects of the natural disasters from 2010/2011, uncertainty in the resources sector, and the greater representation of the poorly performing Construction industry.

Mid-Market businesses in Queensland are performing better than Small and Large businesses, but signs of recovery are not yet evident.

The main concerns are economic environment and managing costs, which are both growing as concerns among Queensland Mid-Market CFOs. Concern about the economic environment in Queensland is above the national average.

Fewer businesses are expecting to hire staff, with both finding staff and keeping staff becoming less of a concern, while revenue growth is on par with the national average.

New South Wales and the Australian Capital Territory

NSW and the ACT is the second most optimistic region in the *Business Growth Outlook Index* and shows the lowest levels of decline over the last year. It also posted the strongest turnaround in the December 2012 quarter.

This positive result has been driven by a greater representation of industries that are performing well, and the relative absence of the poorly performing industries.

The Retail and Wholesale industries are over-represented in NSW and the ACT, while Manufacturing and Construction are under-represented.

The foremost concerns for Mid-Market CFOs in NSW and the ACT – economic conditions and managing costs – continue to grow as concerns. Growing revenue is less of a concern.

CFOs in this region have also reported that they are more likely to hire staff than last year. Revenue expectations are generally on par with the national average.

Victoria and Tasmania

Victoria and Tasmania remains the third-best performing region.

The *Business Growth Outlook Index* has been in continuous decline throughout 2012, however, there was some evidence of a turnaround in the most recent quarter.

The under-performing Manufacturing industry has traditionally been strongly represented in Victoria and this, along with the under-representation of the more optimistic Retail, explains the lacklustre outlook for the state generally.

Fewer businesses are expecting revenue growth or to hire staff compared to the national average.

The key concern remains the economic environment. Fewer businesses report finding staff as an issue, while government regulations are more of a concern rising seven percentage points to 23%.

08

Appendices

Appendix 1: How the Business Growth Outlook Index is calculated

The GE Capital Mid-Market CFO Business Growth Outlook Index is based on DBM Consultants Business Financial Services Monitor (BFSM). The BFSM includes interviews with more than 19,000 businesses annually. It is also the only survey that covers Micro, Small, Mid-Market, Corporate and Institutional businesses, using the same performance measures.

The *Business Growth Outlook Index* research is based on a representative sample of n=5,096 Mid-Market CFOs drawn from the BFSM. The sample includes all industries, sizes and states. Survey results were projected to the total population of Mid-Market enterprises using the Australian business population defined by the Australian Bureau of Statistics. Both telephone and online interviews were used to conduct the survey.

The survey tracks CFOs' concerns and expectations on 22 key measures. The *Business Growth Outlook Index* was developed from these indicators.

The *Business Growth Outlook Index* is a single value ranging from -1.0 to 1.0. The Index reflects CFOs' overall feeling about their business's current orientation towards growth and future prospects for growth.

A value of +1.0 indicates a strong orientation towards current growth and strong expectations for future growth over the next 12 months.

A value of -1.0 indicates a strong orientation towards dealing with barriers to growth and strong expectations for contraction in the next 12 months.

A value of 0.0 indicates a net neutral position, often means focus is shared between growth and dealing with barriers to growth, showing holding neutral expectations for growth over the following 12 months.

The *Current Conditions Index* and the *Future Expectations Index* contribute equally to the *Business Growth Outlook Index*, each of which also range between -1.0 and 1.0.

Appendix 2: Current Conditions Index

The *Current Conditions Index* is based on asking CFOs to nominate the top three concerns for their business out of 20 issues which are associated with either managing growth or barriers to growth.

Managing growth and barriers to growth are each split into two categories.

- Managing for growth internally relates to building the capacity of the business to deal with growth
- Managing for growth externally is about seeking opportunities to build the business
- Direct barriers to growth relate to direct economic and competitive obstacles
- Indirect barriers to growth are defined by the broader economic environment

See Appendix 4 for a diagram illustrating which issues relate to which categories.

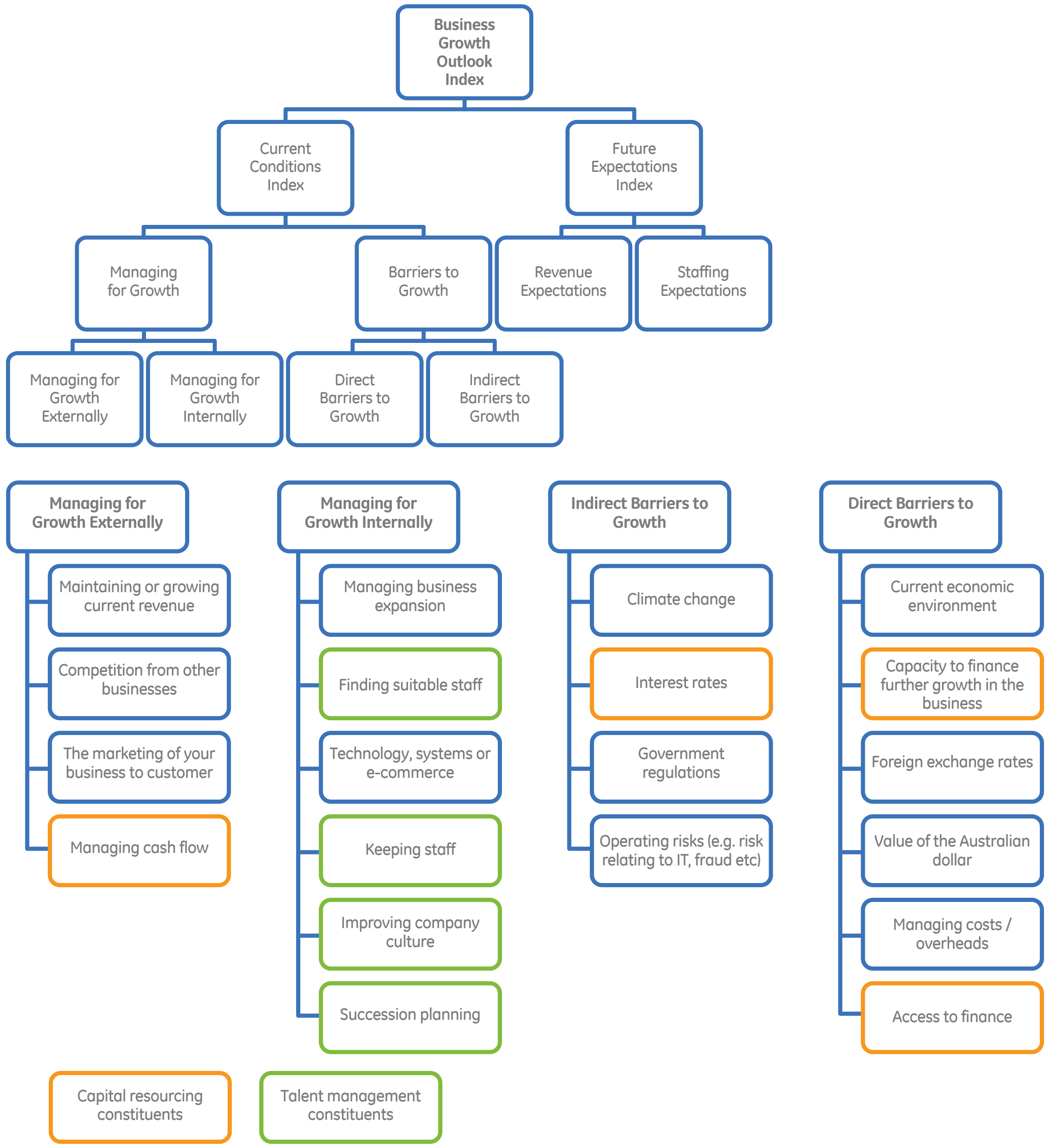
Appendix 3: Future Expectations Index

The *Future Expectations Index* is based on two questions: asking CFOs how much they expect revenue and staffing in their business to grow or contract over the next 12 months. Expectations for revenue and staffing are each scored from -1 to 1, where -1 indicates contraction and 1 indicates expansion. For revenue, a distinction is drawn between strong growth/contraction (score 1 or -1) and "grow/contract somewhat" (score 0.5 or -0.5).

Scores from each item are combined to produce a single *Future Expectations Index* and rescaled to range from -1 to -1. Each of the two elements contributes equally to the final *Future Expectations* score.

Appendix 4: Glossary of terms

The diagram below shows the measures used in the *Business Growth Outlook Index*. The relationships among the terms are summarised by the tree structure.



GE Capital

For further information log on to **www.gecapital.com.au** or contact Anthony Spargo, GE Capital at **anthony.spargo@ge.com**