



Lending | Toronto, ON | Founded: 2016 | Employees: 540 | <https://www.ecncapitalcorp.com/>

PHONE: 1-416-646-4710

WIKIPEDIA: https://en.wikipedia.org/wiki/ECN_Capital

BLOOMBERG: <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=325848548>

LINKEDIN: <https://www.linkedin.com/company/ecn-capital/>

COMPANY OVERVIEW

ECN Capital is a North American financial services provider that operates in the following business lines: home improvement, manufactured housing, credit card & consumer payments, and rail & aviation finance. They originate, structure and advise companies on how to manage these financial products. The corporation operates through subsidiary entities, who are market leaders in their respective space. Their client portfolio includes over 90 banks and financial institutions.

SENIOR MANAGEMENT

Steven Hudson: CEO & Director (2016-Present). Previously: Vice-Chairman, Executive Director, Element Fleet Management Corp. (2010-2018); CEO, Cameron Capital Corporation (2005-2010); Managing Director, CEO, Borealis Capital Corporation (1999-2005). Education: Bachelor of Arts, Honors Business Administration, York University (1981).

Jim Nikopoulos: President (2017-Present). Previously: Board Chairman, TeraGo (2016-2017); Partner, Davies Ward Phillips and Vineberg LLP (2001-2007). Education: B.A, Economics & Political Science, University of Toronto (1998); Law, York University – Osgoode Hall Law School (2001).

Grier Colter: CFO, (2017-Present). Previously: Vice President & Treasurer, Canadian Tire Group (2014-2017); CFO, Uranium One (2013-2013); Assistant Treasurer, Barrick Gold Corporation (2007-2013); Treasurer, Moneris Solutions (2001-2007). Education: BBA, Wilfred Laurier University (1996).

HISTORY

Element Financial Corporation separated into two public companies in October 2016. As a result of this separation, ECN Capital was formed and began operating in three of Element's legacy business verticals - Commercial & Vendor Finance, Rail Finance and Aviation Finance. In 2017, ECN sold its US commercial and vendor finance business to PNC Capital for \$1.25 billion.¹ The sale marked a move to re-deploy capital by ECN from vendor and equipment financing to home improvement and construction financing. In June 2017, the firm purchased Service Finance, an American home improvement lender, for \$410 million.² In October 2017, ECN purchased Triad Financial, a home improvement lender, for \$100 million.³ The transformation from an asset-based lender, to a more asset-light business model was a large part of the strategic narrative behind these acquisitions.

FUNDING

ECN Capital Corp did not conduct an IPO as a means of raising capital. Instead, they were a spin-off of Element Financial Corporation in 2016. Element was reorganized into two separate public entities and as a result of the Separation Transaction, ECN Capital became a leading North American commercial finance company with approximately \$8.2 billion in owned and managed assets.⁴ They completed a \$100 mm preferred share raise in May of 2017 to fund future growth strategies.⁵

¹ <https://www.prnewswire.com/news-releases/pnc-to-acquire-ecn-capitals-us-commercial-vendor-finance-business-300410610.html>

² <https://www.reuters.com/article/us-servicefinance-m-a-ecn-capital-idUSKBN18Z1LA>

³ <https://www.theglobeandmail.com/report-on-business/ecn-capital-moving-into-us-housing-market-triad-acquisition/article36719193/>

⁴ <http://www.marketwired.com/press-release/element-closes-transaction-to-separate-into-element-fleet-management-and-ecn-capital-tsx-efn-2163324.htm>

⁵ <https://www.ecncapitalcorp.com/content/uploads/2017-05-15-NR-ECN-Capital-to-Raise-100000000-through-Preferred-Share-Offering.pdf>

KEY CORPORATE DEVELOPMENTS

- Press releases:** <https://www.ecncapitalcorp.com/investor-news/>
- Sep 26, 2017:** <http://www.marketwired.com/press-release/ecn-capital-closes-the-sale-of-rail-finance-assets-tsx-ecn-2235126.htm>
- Jun 29, 2018:** <https://www.ecncapitalcorp.com/content/uploads/2018-06-29-TSX-Approves-ECN-Capital%E2%80%99s-Normal-Course-Issuer-Bid.pdf>
- Sep 24, 2018:** <https://www.ecncapitalcorp.com/content/uploads/ECN-Capital-Announces-Sale-of-55-of-Existing-Rail-Portfolio-and-Inventory-Reduction.pdf>

BUSINESS HIGHLIGHTS

STRATEGY

ECN Capital currently leverages technology to target three primary lines of service business:

- **Consumer Credit Card Portfolios:** ECN Capital operates through the entity, *the Kessler Group*. They originate and optimize affinity and co-brand credit card partnerships. They also provide funding, multi-channel marketing services and data analytics.
- **Home Improvement Loans:** ECN Capital operates through the entity: *Service Finance*. They leverage technology through tech-enabled point-of-sale originations. They originate and manage consumer loan portfolios on behalf of banks.
- **Manufactured Home Loans:** ECN Capital operates this business line through the entity *Triad Financial Services*. Once again, loans are originated and managed on behalf of banks.

PRODUCTS / PRICING

1. **Credit Card Portfolios:** The Kessler Group has been in business for 40+ years. They manage over 6000 co-brand credit card partnerships, transaction advisory services, portfolio acquisitions, transitions and exits. Their service is provided to over 25+ financial institutions, with over \$25B+ of managed and advised credit card portfolios.
2. **Manufactured Housing Loans:** Triad Financial Services offers secured consumer loan portfolios for manufactured housing. With over 59 years in business, they offer prime and super-prime, long duration manufactured housing loans. Loans are originated and managed on behalf of 40+ US banks and credit unions, with forecasted managed portfolios of \$2.3B.
3. **Home Improvement Loans:** Service Finance offers unsecured consumer loans for the Home Improvement sector. They have been in operation for 15+ years, with management boasting over 30 years of experience in the industry. They offer prime and super-prime, short duration home improvement loans, with a forecasted managed portfolio of \$1.8B for over 15+ financial institutions.

TECHNOLOGY

ECN Capital leverages technology by delivering loan origination for consumers through easy to use technology. This enables an efficient point of sale for their manufactured housing and home improvement loan clientele. Using a large digital network of partnerships with contractors, ECN Capital originates and manages these loans electronically.

DISTRIBUTION / LOGISTICS

ECN Capital serves over 90+ banks and other financial institutions by originating loans through decades old national dealer and manufacturer networks. For their home improvement loans specifically, originations are sourced through exclusive programs with top manufacturers.

MARKETING

Partners/clients of ECN Capital include large financial institutions, with significant brand recognition. Little needs to be done in terms of specific marketing initiatives for ECN Capital, given their portfolio of clients. The Kessler Group, provides multi-channel marketing services and data analytics for ECN's consumer credit card portfolios.

COMPETITORS

Primary competitors to ECN Capital are those who originate and manage consumer-type loans, for housing and/or credit part portfolio services.

1. [Quicken Loans](#) – (Plymouth, MI) They offer consumer loans for mortgages by providing technology, education and customer service to help customers with the mortgage process. Their distribution strategy is direct to consumer.
2. [Upstart](#) – (San Carlos, CA) Upstart uses alternative data such as education, employment history and whether applicants know their own credit score to underwrite and price loans. They boast \$1.5B+ in loan origination with over 120,000 borrower network.