

## Company aims to reap its rewards from loyalty



**Name: The Rewards Factory Limited**

**Recommendation: None**

**Proposed ASX code: REW**

**Capital to be raised: \$4 million**

**Shares on offer: 20 million**

**Listing Price: 20c per share**

**Proposed listing date: June 3**

WHEN companies look to ensure that members, customers and staff remain loyal to their business, a method commonly used is through a loyalty program that offers rewards and discounts on products and services.

We've all been a part of that and have taken up the offers available from time to time.

The Rewards Factory (REW) is a company that specialises in this. Wise-owl.com analyst Imran Valibhoy says: "It operates a loyalty, reward and incentive marketing business delivering solutions to companies, associations, member groups and consumers.

"REW was unfortunately a victim of the market downturn, with the company not floating in February as planned. However, it is now planning to launch in June."

REW, including Pegasus, another provider of staff and employee benefits, will have more than 950,000 members from 250 clients.

"These will have access to benefits and savings from over 6000 merchants and service providers throughout Australia and New Zealand," Valibhoy says.

"REW will complete acquisition of Pegasus on listing. The reward-and-loyalty industry is fragmented and comprised of a number of specialist providers.

REW aims to take advantage of this and provide a "one-stop" reward, incentive and loyalty marketing

company.

REW is already generating positive cash flows with a significant proportion of its revenues derived from the recurring revenue source of closed user-groups and the employee benefits marketing sector.

The management team forecasts a profit before tax of \$1,383,814 for the financial year ended 2008 on the back of \$10,674,357 in revenue.

"What also makes this an attractive investment are the technology platforms and membership marketing strategies can be easily applied to international markets," Valibhoy says. "Initially, as part of its international growth strategy, REW will expand its operations in Singapore and New Zealand."

REW has entered into a joint-venture agreement with Leapfrog to establish an Asian business hub in Singapore, which it will use as its base before expanding into the region, starting with Malaysia, China and India, where the potential target market is enormous.

