



FLEXIGROUP

Macquarie Conference Sydney

4th May 2012

John DeLano

Chief Executive Officer and Managing Director

Garry McLennan

Chief Financial Officer

Not for distribution or release in the United States or to U.S. persons

FLEXIGROUP 

Disclaimer

Important Notice

No recommendation, offer, invitation or advice

This presentation is not a financial product or investment advice or recommendation, offer or invitation by any person or to any person to sell or purchase securities in FlexiGroup Limited ("**FlexiGroup**") in any jurisdiction. This presentation contains general information only and does not take into account the investment objectives, financial situation and particular needs of individual investors. Investors should make their own independent assessment of the information in this presentation and obtain their own independent advice from a qualified financial adviser having regard to their objectives, financial situation and needs before taking any action. This presentation should be read in conjunction with FlexiGroup's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange.

Exclusion of representations or warranties

No representation or warranty, express or implied, is made as to the accuracy, completeness, reliability or adequacy of any statements, estimates, opinions or other information, or the reasonableness of any assumption or other statement, contained in this presentation. Nor is any representation or warranty, express or implied, given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, prospective statements or returns contained in this presentation. Such forecasts, prospective statements or returns are by their nature subject to significant uncertainties and contingencies many of which are outside the control of FlexiGroup. Any such forecast, prospective statement or return has been based on current expectations about future events and is subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described. To the maximum extent permitted by law, FlexiGroup and its related bodies corporate, directors, officers, employees, advisers and agents disclaim all liability and responsibility (including without limitation any liability arising from fault or negligence) for any direct or indirect loss or damage which may arise or be suffered through use or reliance on anything contained in, or omitted from, this presentation.

Jurisdiction

The distribution of this presentation including in jurisdictions outside Australia, may be restricted by law. Any person who receives this presentation must seek advice on and observe any such restrictions.

Nothing in this presentation constitutes an offer or invitation to issue or sell, or a recommendation to subscribe for or acquire securities in any jurisdiction where it is unlawful to do so. The securities of FlexiGroup have not been, and will not, be registered under the US Securities Act of 1933 (as amended) ("**Securities Act**"), or the securities laws of any state of the United States. Neither this presentation nor any copy hereof may be transmitted in the United States or distributed, directly or indirectly, in the United States or to any US person including (1) any US resident, (2) any partnership or corporation or other entity organised or incorporated under the laws of the United States or any state thereof, (3) any trust of which any trustee is a US person, or (4) any agency or branch of a foreign entity located in the United States. No securities may be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act and any other applicable securities laws or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

Investment Risk

An investment in FlexiGroup securities is subject to investment and other known and unknown risks, some of which are beyond the control of FlexiGroup. FlexiGroup does not guarantee any particular rate of return or the performance of FlexiGroup securities.

FlexiGroup Executive Summary

A diversified financial services company with a track record of strong volume and profit growth

Background

- Founded in 1988 leasing office equipment to business
- Leading provider of consumer/small business retail point-of-sale finance
- Diversified products include “No Interest Ever”, Small ticket leasing, Vendor Finance mid-large ticket leasing businesses

Market

- IPO in 2006
- ASX300 stock with market cap of approximately A\$637m
- 2nd in ASX300 for total shareholder returns over last 3 years (ASX 300 Industrials excluding Mining)

Distribution platform

- Distribution network across multiple industries, including strong relationships with:
 - Apple, Husqvarna, Toys-R-Us, M2 Commander, Harvey Norman, Noel Leeming, GPD, AGL Solar, Kitchen Connection,
- 1 million finance customers, 11,000 active retailers, 74,000 broadband subscribers, A\$1bn total assets

High performance culture

- Australia and New Zealand Best Employers — AON Hewitt
- Australia's Best Contact (Call) Centre — ATA Award
- International IT Award - ICMG Architecture Excellence

Balance sheet

- The group is well capitalised with strong balance sheet capacity
 - Highly diversified funding with committed facilities from Australian and International institutions to support growth
 - Return on Equity 24%

Acquisitions

- Management have undertaken numerous acquisitions throughout careers
- FXL \$30m acquisition of Certegy in 2008 has outperformed - c\$20m NPAT guidance for FY12
- Recent acquisition of Paymate provides payments processing platform to support FXL's 11,000 merchant partners and 2 million existing/prior customers as they move online
- Conservative approach to acquisitions - targeting accretive, high volume, retail point of sale acquisitions similar to Certegy

Market Performance:

Favourable performance to market metrics has FXL well positioned

FXL outperforms

- ✗ FlexiGroup outperforms ASX Small Industrials and S&P/ASX 200 average on ROE and EPS metrics.
- ✗ PE trading at discount to the ASX Small Industrials and S&P/ASX 200.

	<i>FXL</i>	<i>Small Indust.</i>	<i>ASX 200</i>
ROE (LTM)	23%	15%	19%
FY09–11 EPS CAGR	16.7%	5.4%	10.3%
1yr forward P/E	10.0x	12.1x	11.8x

Source: Datastream as at 2 May 2012, UBS Research

Positioned to move into ASX 200

- ✗ Market capitalisation \$647m (2 May 2012).
 - implied position in S&P/ASX 200 is #174 (unadjusted for free float).
- ✗ Inclusion in S&P / ASX 200 predicated on:
 - increase in median liquidity of 28%.
 - Increase in median value traded of ~26%.

<i>Rank by Market Capitalisation</i>	<i>Company</i>	<i>Market cap (A\$m)</i>
170	Energy Resources	680,412,924
171	Emeco Holdings	680,310,172
172	Charter Hall Group	674,311,680
173	Spotless Group Ltd	659,643,277
174	FlexiGroup Limited	646,594,750
175	GWA Group	628,171,469
176	FKP Property Group	617,627,268
177	G.U.D Holdings	588,749,002
178	OceanaGold Corporation	570,572,309
179	Pacific Brands	557,458,832
180	Linc Energy	541,923,981

Source: IRESS as at 2 May 2012

Growth Strategy:

Diversification, balance sheet and performance culture position FXL for growth

Well positioned for strong growth

1

High performance culture of innovation and excellence - delivers exceptional results



2

Diversified business with extensive distribution and access to high growth market segments



3

Well structured Balance Sheet and strong access to funding



Sound strategy, well executed

Highly talented management with diverse backgrounds aligned with shareholders

Target markets with reduced competition post GFC

Conservative approach to risk delivers strong funder support

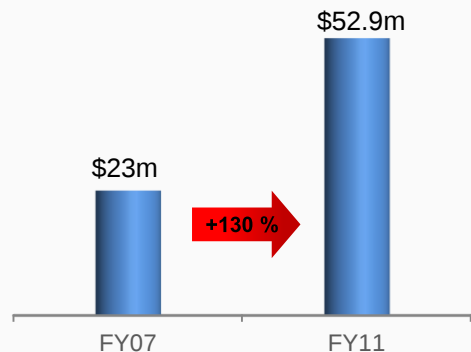
1

Culture of high performance drives financial and investor outcomes

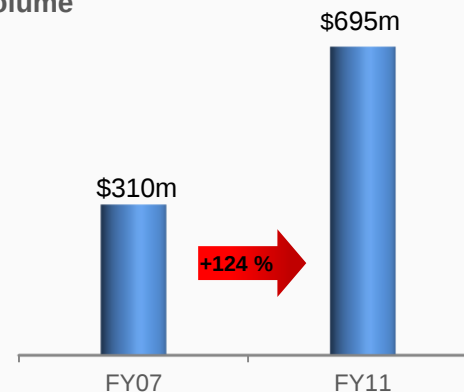
Since IPO, 4 years ago, volume and NPAT have more than doubled

Financial Scorecard

Cash NPAT



Volume



Investor Scorecard

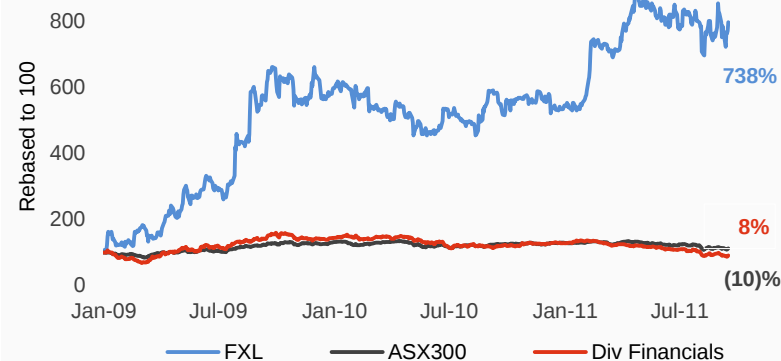
Market recognises FXL as a high growth company and enterprise value rises

Total Shareholder Return → 2nd; 2009-2011

Dividend per share (DPS) → Top 10%, 2009-2011 CAGR 40%

Earnings per Share (EPS) → Top 20%, 2009-2011 CAGR 17%

Total Shareholder Return



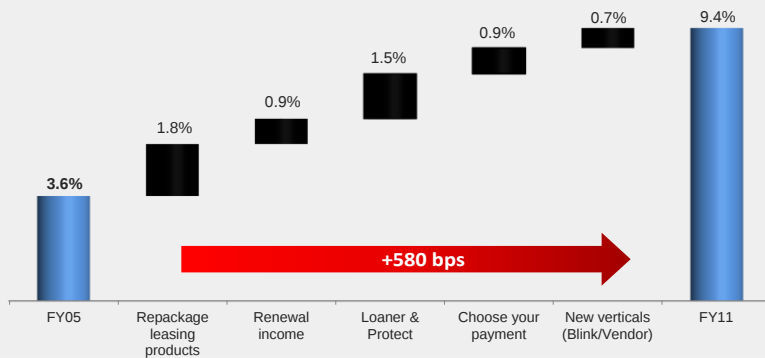
Notes

1 ASX300 excluding Mining & Metals companies

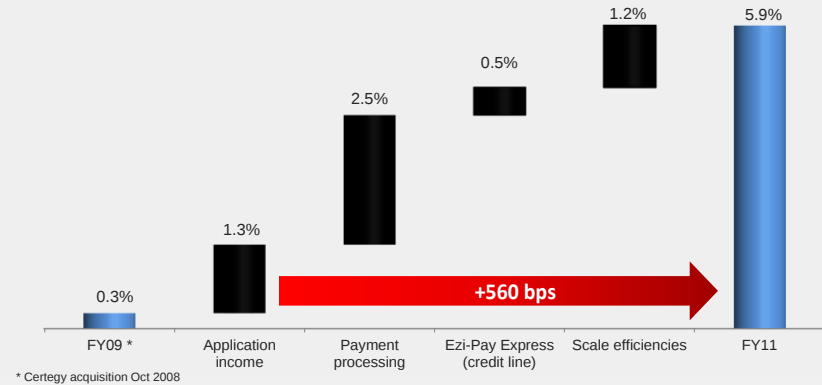
Culture of Innovation

Produces +560 bps margin improvement, monetises transaction intensive businesses

FlexiGroup (ex acquisition) NPAT/ANR Bridge



Acquisition NPAT/ANR Bridge



Driven by innovative products

- Repackage to include swap/double time
- Lost, damaged, stolen, Loaner protection
- Choose your payment date

- Ezi-pay Express continuing credit access
- Payment processing cost offset

Leverage infrastructure

- Target mobile broadband and commercial segments

- Target Lay-by market opportunity

NPAT Increases

- FY05-FY11 \$12m ➡ \$39m

- FY09-FY11 <\$5m ➡ \$13.7m

Culture of Excellence

Performance recognised with external awards

CUSTOMERS



Australia's
Contact Centre
Of the Year 2010

- Secured three of the seven categories in the ATA Awards
- ATA represents more than 3800 Australian contact centres
- Finalists included some of the country's largest and best known companies: CBA, IAG, Amex, and Energex

TECHNOLOGY



International iCMG
Best IT Architecture
Award 2010

- Joint winner of the Architecture Excellence Award in the category for Service-oriented Architecture (SoA)
- Over 100 nominations from 21 countries
- Competing in this category were IBM, SAP AG, Oracle and LG Electronics

FUNDERS



Consumer Asset
Backed Securities
Year 2011

- Certegy securitisation the first public issue of no interest ever receivables

PEOPLE



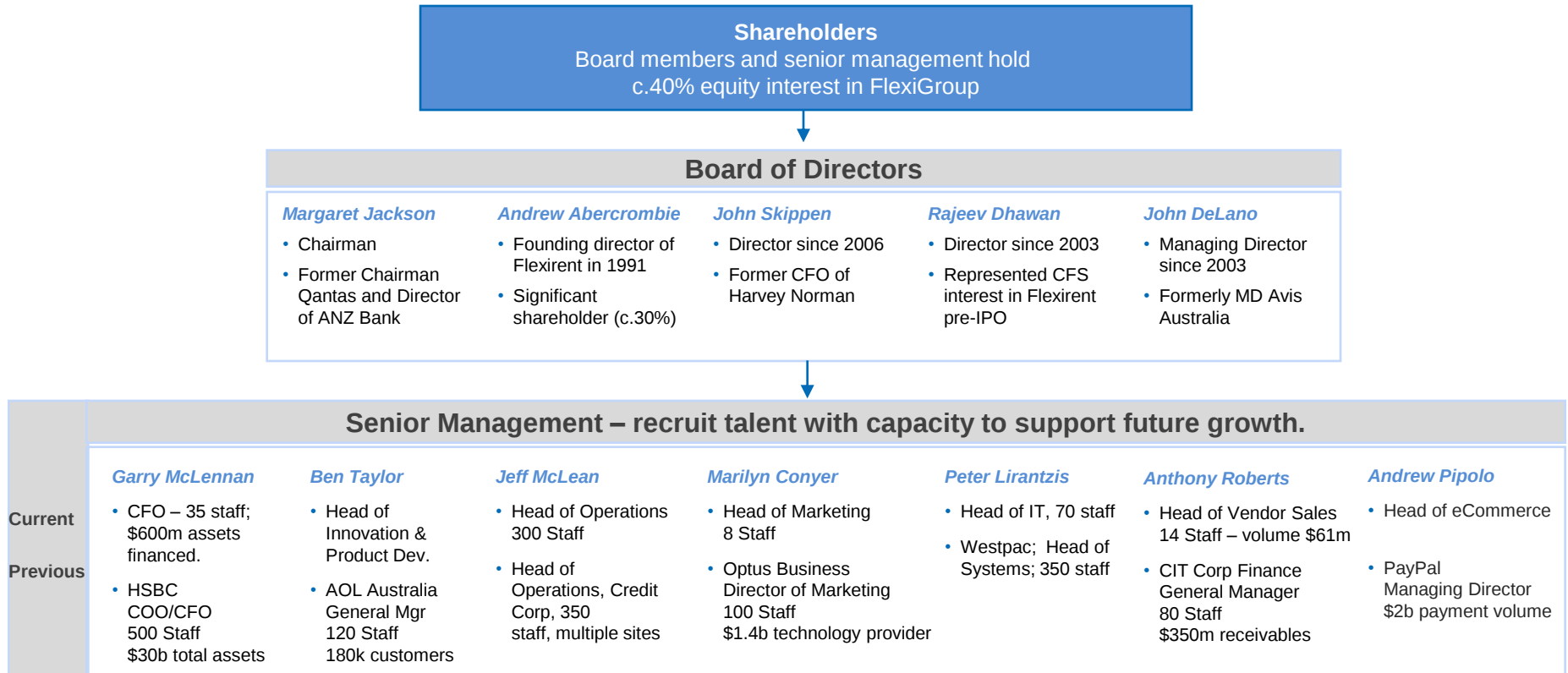
AON Hewitt
Best Employers
Of the Year 2011

- Specifically recognised for strong leadership and high performance culture
- Hewitt provides the most extensive engagement survey covering 200 organisations and 124,000 employees

Highly talented management

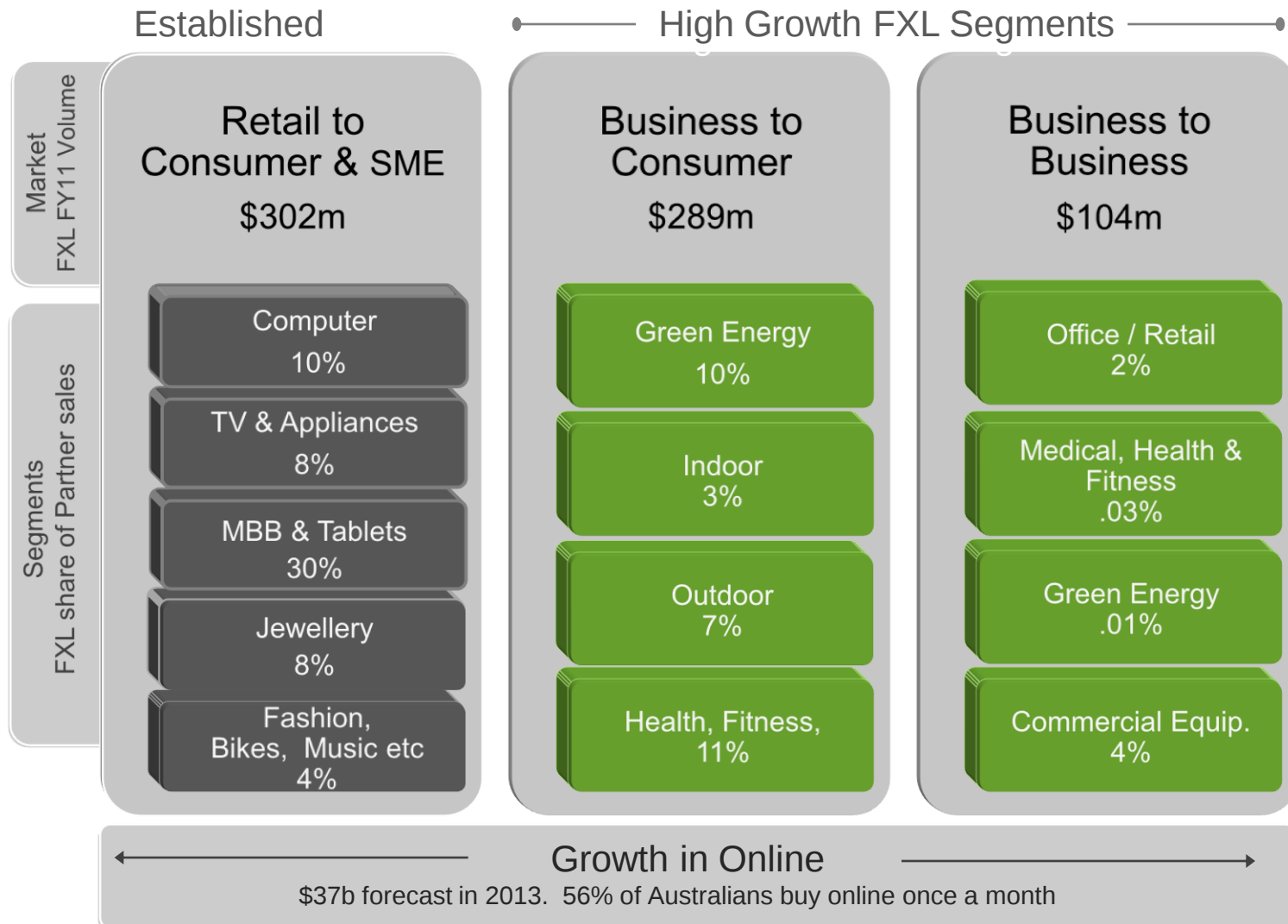
Aligned with shareholders and capable of managing larger organization

An experienced Board and management team that bring together a range of skills from consumer, banking, leasing, telecommunications and technology sectors...



Growth Strategy:

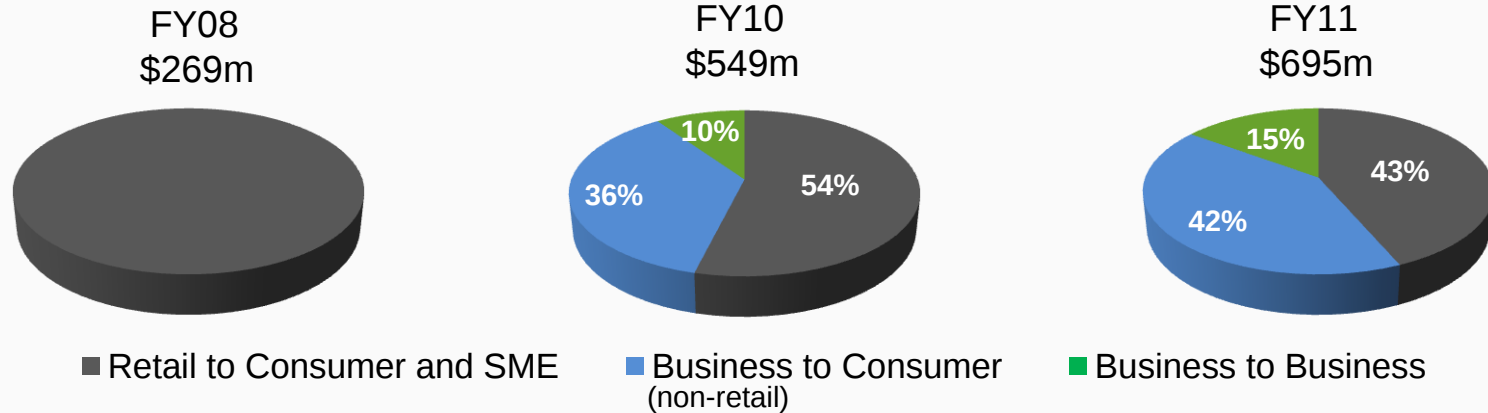
Shift from retail point-of-sale to diversified financial services



Growth Strategy:

Shift from retail point-of-sale to diversified financial services

Achieved high volume growth and diversification...



...through a comprehensive growth strategy

Identify an under serviced market

Leverage core infrastructure

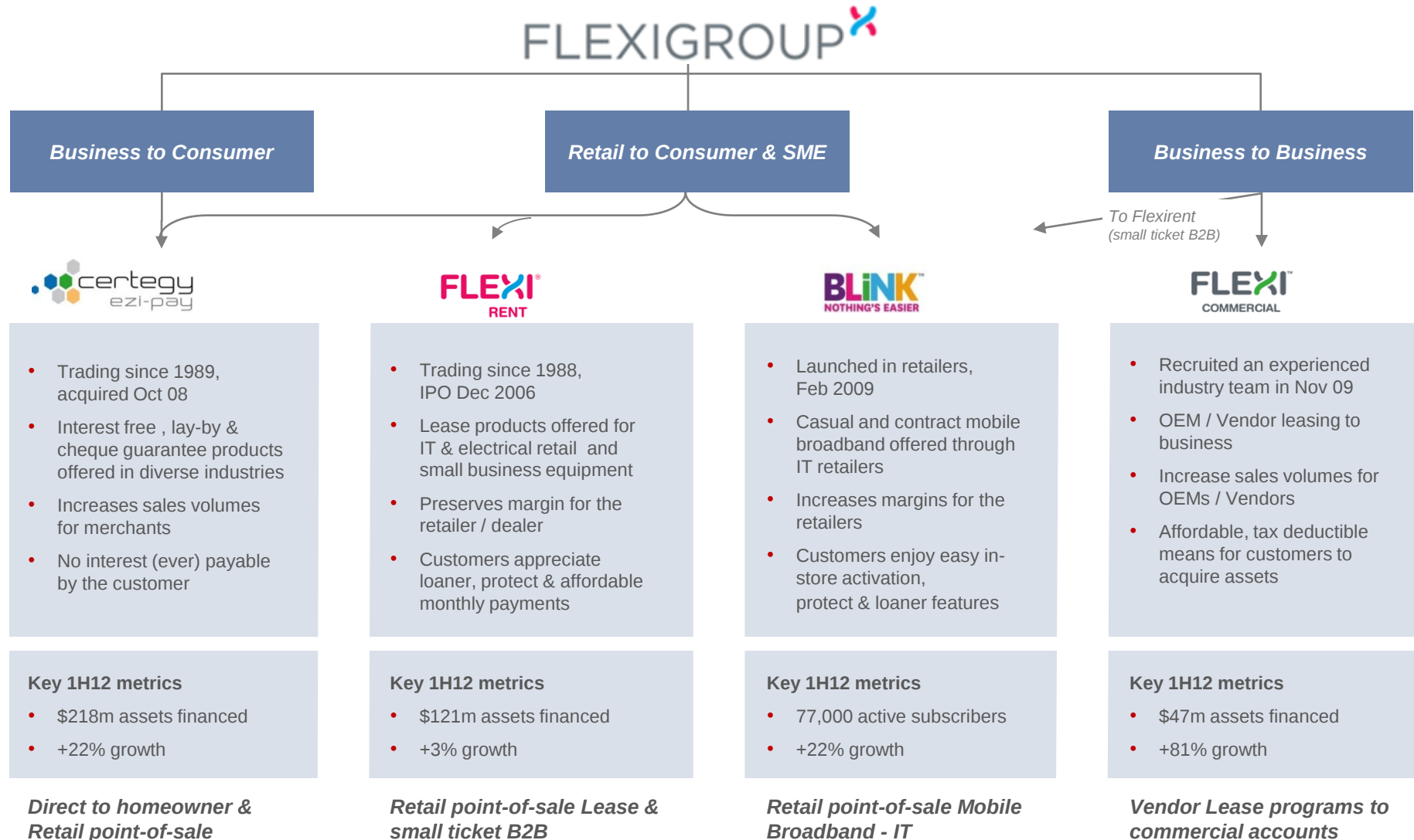
IT, Contact Centre
Collections,
Sales & Training

Innovate to drive growth and profit

Organic startup or acquisition

Growth Strategy:

Two acquisitions and two organic start-ups produce diversified product suite



Business description

- A fee generating online payment business through relationships with 3,500 online retailers

Strategic rationale

- 1 Capitalise on large, high growth online market with limited competition. Supports existing retailers move online and leverages customer relationships
- 2 Platform delivers speed to market. Supports new product innovation and provides immediate access online merchants to grow online payments
- 3 Extends diversified financial services strategy. Targets new online distribution channel, broadens merchant categories, access to International market

Well Positioned

- FXL has track record of growing high volume payment processing business with 11 million payments transacted per annum
- Online business led by very experienced online payment team (including Andrew Pipolo, ex MD of PayPal APAC)

2 Growth Strategy

Invest in first year to drive future profits.

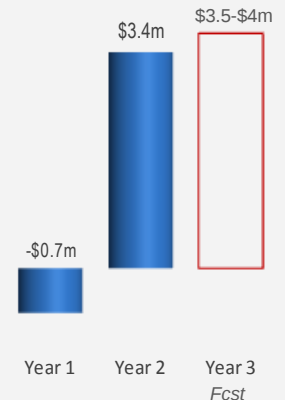
Certegy NPAT 4 year contribution

- **Trend:** Consumers begin paying off credit, renovating homes, and reducing energy costs.
- FXL acquires “no interest ever” Certegy operation without receivables income stream.



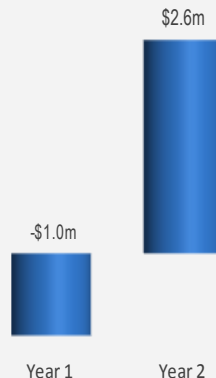
Blink NPAT 3 year contribution

- **Trend:** Strong growth of internet connectivity with mobile devices.
- FXL launches mobile broadband business including \$0 upfront tablet plans.



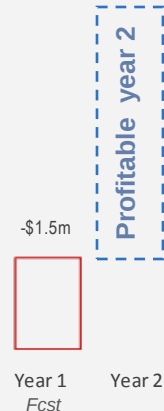
Vendor NPAT 2 year contribution

- **Gap:** During GFC, banks withdrew from SME market.
- FXL recruits experienced 10 person sales team from competitor.



Online / Paymate in first year

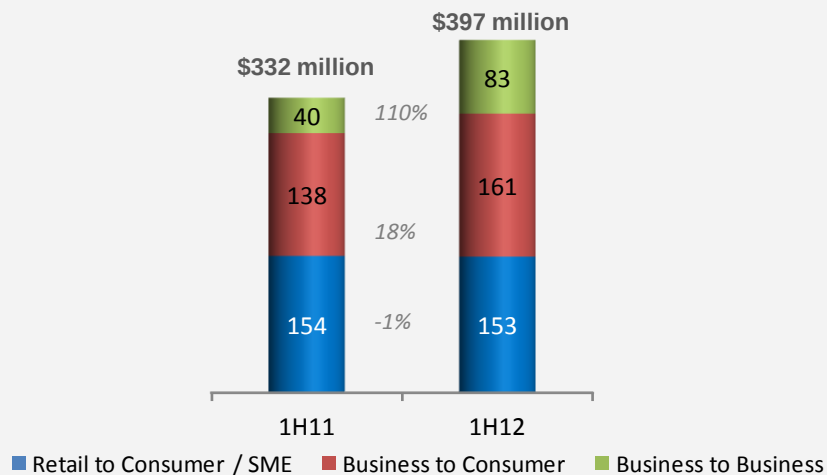
- **Gap:** High growth market with limited competition. Customers demand a secure online payment experience.
- FXL recruited an experienced team to lead initiative and acquired online payment processing business – Paymate.



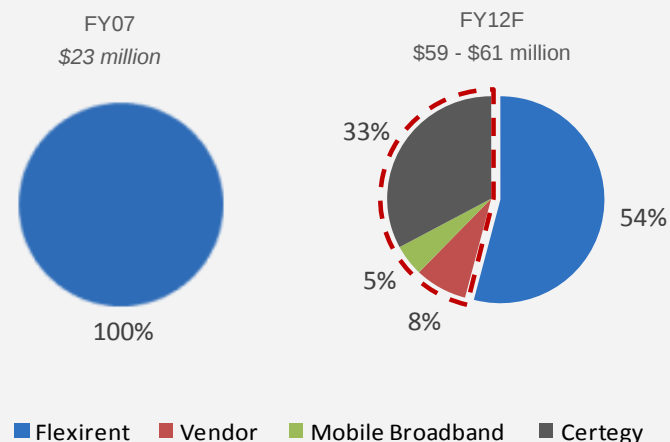
Growth Strategy:

Focus resources on B2B, B2C and Online (vs retail)

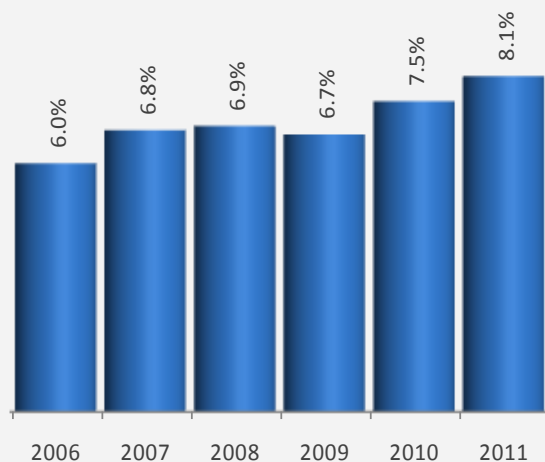
Volume Growth by market segment



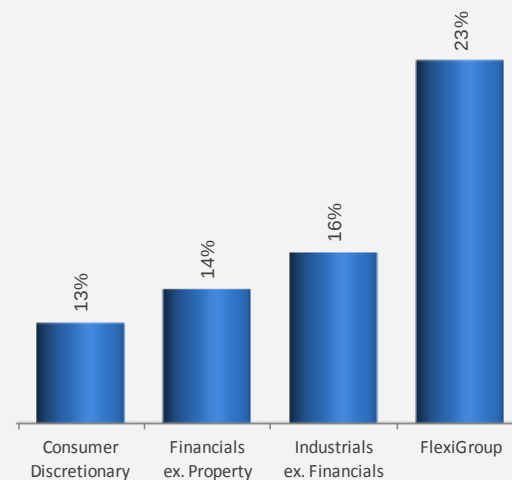
Diversification drives +260% NPAT growth



Return on Assets up 200 bps



FXL Return on Equity outperforms comparative industries



Well structured balance sheet

Conservatively geared at 9% - SPV borrowings are non-recourse to FXL

Performance – Recourse Balance Sheet (excl. SPV's)

- ✕ Post GFC funding paradigm requires equity contribution
- ✕ Balance Sheet now deleveraged. Total Equity now \$247m compared to \$54m at time of IPO.
- ✕ Remaining part of receivables include receivables funded by recourse borrowings and excess receivables held as security in funding facilities

Outlook

- ✕ No material bullet repayments on borrowings.
- ✕ Borrowings are predominantly fixed interest rate, therefore receivables portfolio is not impacted by rate movements
- ✕ Significant cash generation expected from FY13 and accelerating in FY14 from FXL owned receivables

Notes:

1. Gearing = Non-recourse borrowings as a percentage of FlexiGroup net tangible equity

Explanatory Notes:

1. FXL's lease and interest free receivables are funded by non-recourse borrowings from Banks
2. Non-recourse borrowings equals FlexiGroup's total borrowings of \$686.1m less borrowings (\$12.8m) which have recourse to FlexiGroup Limited i.e \$673.3m in bank borrowings in SPV's are non-recourse to FlexiGroup
3. These bank borrowings are secured against FXL's lease and interest free receivables and cash security in Special Purpose Entities (SPV's)
4. The cash security provided by FXL represents restricted cash at bank and are reflected as Loss Reserves on FXL's balance sheet

Summarised Balance Sheet as at 31 December 2011	FlexiGroup Excl. SPV's	FlexiGroup incl SPV's
Cash at Bank	58.1	58.1
Net Receivables	50.9	701.2
FXL's investment in bank securitisation warehouses	51.7	51.7
FXL's investment in external securitisation trusts	18.9	18.9
Other Assets	64.0	64.0
Goodwill and Intangibles	97.9	97.9
Total Assets	341.5	991.8
Borrowings	12.8	686.1
Cash Loss Reserves available to Funders	-	(23.0)
Other Liabilities	81.3	81.3
Total Liabilities	94.1	744.4
Total Equity	247.4	247.4
Gearing	9%	N/A

Conservative approach to risk

Diversification produces reduced impairment despite 24% receivables growth

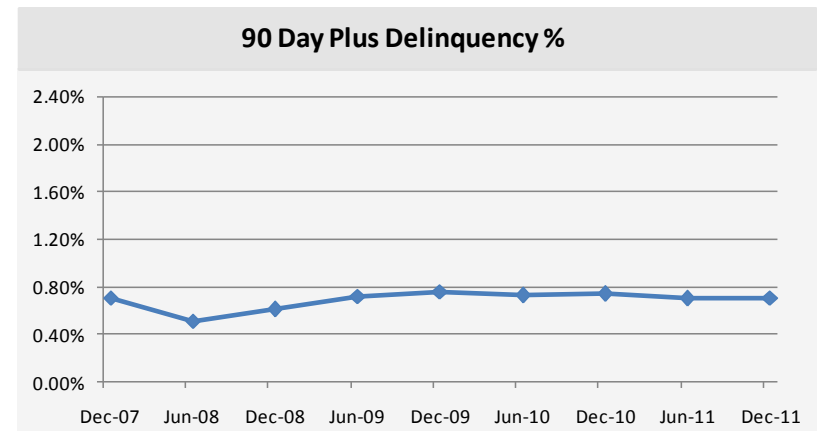
Performance

- Business diversification is into lower risk interest free and commercial receivables - now 52% of book
- Historical loss trend from 5.1% (1H09) to 3.0% - improves 70bps in 1H12
- Consumer de-leveraging results in improved applicant credit quality.
- Collections investment delivers improvement from optimised dialer, 2 way sms, and IVR
- 90 day plus arrears declines to 0.7% from 0.8% pcp

Outlook

- Expect continued strong credit performance due to diversification to lower risk receivables.

Net Impairment Losses	1H11	1H12
Leases	\$5.4m	\$5.6m
Personal Loans	\$1.9m	\$1.1m
Leases/Personal Loans	\$7.3m	\$6.7m
Certegy	\$4.2m	\$4.2m
Net Impairment Losses	\$11.4m	\$10.9m
% of Avg Receivables	3.7%	3.0%

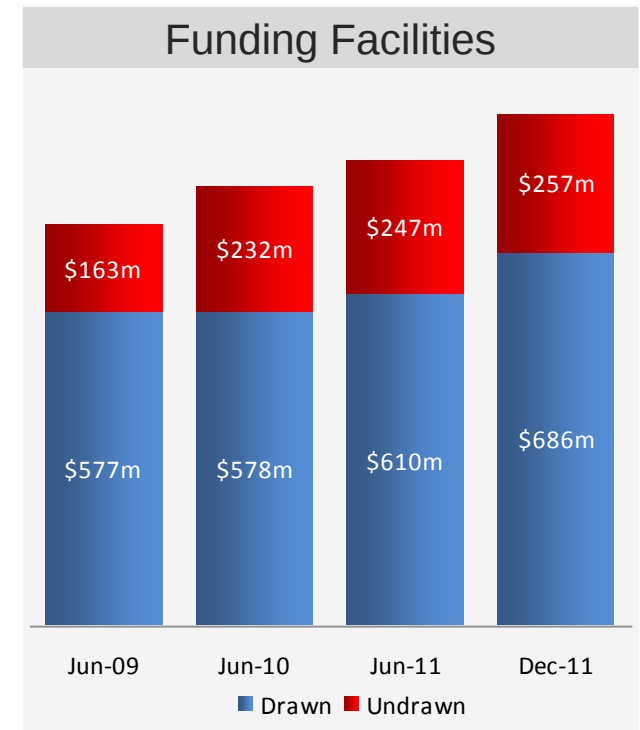


Strong support from banks and Institutions

Funding increased through the GFC, now diversified to 8 sources (from 2 in 2004)

Performance

- ✕ FXL anticipated the post-GFC new funding paradigm
 - Banks now require ratable, securitisable assets to meet new capital allocation and liquidity changes
- ✕ 5 new committed warehouse facilities provide increased diversity in funding to support growth (negotiated in FY10, FY11 & 1H12)
 - provided by a mix of new and existing funders
 - 50% of all funding now in securitisation vehicles – will reduce total borrowing costs
- ✕ 2 new securitisations provide new funding sources for the future
 - 2011 Certegy securitisation was first public issue of no interest ever receivables
 - All AAA to BBB notes placed, with over 90% to non-bank institutional bidders - multiple bidders across all notes
- ✕ Further securitisation planned for 2012



Outlook

- ✕ FXL has committed bank facilities in place to support growth
- ✕ Reviewing opportunities for other debt capital market issuances to further increase diversification of funding

Group Highlights for 1H12

- ✕ 1H12 Cash NPAT +13% to \$28.2m.
- ✕ Fully Franked Interim Dividend increased 20% to 6.0 cents.
- ✕ Diversification by organic start-up or acquired businesses contributes 42% of Cash NPAT.
- ✕ Standout Interest Free result with 1H12 Cash NPAT +58% to \$9.5m.
- ✕ Volume growth +20%. Strong contribution from new businesses.

\$m	1H11	1H12		Growth (%)
Cash NPAT ¹	25.0	28.2	↑	13%
Statutory NPAT	24.5	27.5	↑	12%
Volume ²	332	397	↑	20%
Operating Cash Flow (pre tax) ³	33.9	49.1	↑	45%

Notes:

1. Cash NPAT excludes intangible amortisation of \$0.7m.
2. Volume is all volumes for leases, loans, vendor finance, Certegy and gross revenue for Blink mobile broadband.
3. 1H11 & 1H12 statutory cash flow statement has been adjusted to better reflect the operations of the Group

Outlook for FY12

- ✕ FY12 Cash NPAT guidance of +12% to +15% on FY11 re-confirmed.
 - Increased contribution from Interest Free due to growth and product innovation.
 - Higher Flexi Commercial receivables produce additional income.
- ✕ Positive outlook on FY12 Volume growth resulting from:
 - Non-retail segment (B2B) greater contribution to small ticket leasing.
 - Vendor Finance new partner programs contribute for entire year.
 - Continue to sign up new Interest Free retailers.
- ✕ Strategic Outlook:
 - Opportunities in interest free through product expansion and distribution
 - Leverage FXL innovation culture through Paymate payment processing platform in online channel.
 - Continued focus on value accretive acquisition opportunities.

Appendices

Appendix 1 – Detailed Profit & Loss

A\$ MILLION	1H11	1H12
Net Interest income	64.3	69.5
Interest expense	(26.1)	(29.2)
Net Interest Margin	38.2	40.3
Other Net Income	45.5	49.7
Operating Income	83.7	90.0
Payroll and related expenses	(24.6)	(24.9)
Depreciation & amortisation expenses	(2.3)	(2.9)
Other expenses	(12.0)	(11.3)
Total Expenses (before impairment)	(38.9)	(39.1)
Impairment losses	(11.4)	(10.9)
Net Profit Before Tax	33.4	40.1
Tax expense	(8.4)	(11.9)
Cash Net Profit After Tax	25.0	28.2
Amortisation of intangibles	(0.5)	(0.7)
Statutory Net Profit After Tax	24.5	27.5

Appendix 2 – Detailed Balance Sheet

A\$ MILLION	Statutory (inc SPV's)		Excluding SPV's	
	Dec-10	Dec-11	Dec-10	Dec-11
Assets				
Cash at bank	53.4	58.1	53.4	58.1
Loans and receivables	635.3	785.9	112.2	135.6
Allowance for losses	(13.0)	(14.1)	(13.0)	(14.1)
	622.3	771.8	99.2	121.5
Other receivables	42.0	51.6	42.0	51.6
Rental Equipment	0.3	0.0	0.3	0.0
Inventory	0.3	1.0	0.3	1.0
Plant and equipment	3.6	3.5	3.6	3.5
Deferred tax assets	8.0	7.9	8.0	7.9
Goodwill	79.9	79.9	79.9	79.9
Other Intangible Assets	16.4	18.0	16.4	18.0
Total Assets	826.2	991.8	303.1	341.5
Liabilities				
Borrowings	563.7	686.1	0.0	12.8
Loss Reserve	(40.6)	(23.0)	0.0	0.0
Net Borrowings	523.1	663.1	0.0	12.8
Vendor note	15.0	0.0	15.0	0.0
Payables	30.3	29.2	30.3	29.2
Current tax liability	7.8	13.8	7.8	13.8
Provisions	4.0	4.2	4.0	4.2
Derivative financial instruments	0.0	1.4	0.0	1.4
Deferred tax liabilities	28.5	32.7	28.5	32.7
Total Liabilities	608.7	744.4	85.6	94.1
Net Assets	217.5	247.4	217.5	247.4
Equity				
Contributed equity	76.4	81.6	76.4	81.6
Reserves	(2.3)	(3.4)	(2.3)	(3.4)
Retained Profits	143.4	169.2	143.4	169.2
Total Equity	217.5	247.4	217.5	247.4

Appendix 3 - Detailed Statutory Cash Flows

A\$ MILLION	1H11	1H12
Cash flows from operating activities		
Net interest received	62.3	66.7
Other portfolio income	45.5	47.5
Payments to suppliers and employees	(47.8)	(35.9)
Borrowing costs	(26.1)	(29.2)
Taxation received/(paid)	18.7	(9.4)
Net cash inflow provided from operating activities	52.6	39.7
Cash flows from investing activities		
Capital expenditure	(4.1)	(4.2)
Net (increase)/decrease in:		
Customer loans	(37.9)	(48.7)
Receivables due from customers	(14.8)	(44.3)
Net cash outflow from investing activities	(56.8)	(97.2)
Cash flows from financing activities		
Dividends paid	(12.4)	(15.3)
Proceeds from issue of shares on vesting of share options	0.0	2.0
Payment of vendor note on Certegy Acquisition	0.0	(15.0)
Net increase / (decrease) in:		
Borrowings	(13.8)	75.7
Loss reserves	9.1	12.3
Net cash (outflow)/inflow from financing activities	(17.1)	59.7
Net impact of exchange rate movements	(0.1)	(0.1)
Net (decrease)/increase in cash and cash equivalents	(21.4)	2.1
Opening cash and cash equivalents	74.8	56.0
End of period cash and cash equivalents	53.4	58.1