



1H11 Investor Presentation

10th February 2011

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Agenda

- ✕ Highlights and overview - Chief Executive Officer
- ✕ Results analysis - Chief Financial Officer
- ✕ Priorities and outlook - Chief Executive Officer

Group Highlights

- ✕ FY11 Cash NPAT guidance upgraded to \$50m - \$52m: +20% to 25% above FY10.
- ✕ Fully franked interim dividend of 5 cents compared to 3 cents in 1H10.
- ✕ Volume growth +27%. All 4 businesses (Interest free, Leasing, Mobile Broadband, Vendor Finance) deliver strong volume and profit results.
- ✕ Interest free is on track to double Cash NPAT guidance provided at time of acquisition. 1H11 Interest Free Cash NPAT \$6m +103% above 1H10.
- ✕ FXL named Australia's Best Call Centre – among 3500 call centres serving Australia.
- ✕ NPAT and volume, more than double since IPO 4 years ago with diversification from one to four businesses.

Strong 1H11 Financial Performance

- ✕ **Profit:** Cash NPAT¹ up 31% to \$25.0m driven by Interest Free and Mobile Broadband.
- ✕ **Volume:** 27% growth – Interest Free, Mobile Broadband, Vendor Finance: >20% growth.
- ✕ **Fully franked interim dividend:** 5 cents per share to be paid April 15th 2011.

	1H10	1H11	Change 1H10 - 1H11	
Cash NPAT ¹	\$19.1m	\$25.0m	↑	31%
Volume ²	\$262m	\$332m	↑	27%
Net Operating Cash Flow ³	\$25.5m	\$33.1m	↑	30%

Notes:

1. Cash NPAT excludes Certegy intangible amortisation of \$0.54m.
2. Volume is all volumes for leases, loans, vendor finance, Certegy and gross revenue for Blink mobile broadband.
3. Net operating cash flow excludes the reported \$18.4m tax credit

NPAT growth continues to exceed receivables growth

- ✕ Strong volume performance across all businesses.
- ✕ Interest free (Oct 2008 acquisition), mobile broadband (Feb 2009 organic start-up) and vendor finance (Dec 2009 organic start-up) contribute 65% of new volumes.

Volume	1H11	1H11 v 1H10 Growth
Certegy Interest Free	\$179m	23%
Small Ticket	\$117m	9%
Vendor Finance	\$26m	767%
Mobile Broadband ¹	\$10m	87%
Total Volume	\$332m	27%
Total Receivables	\$635m	10%
Cash NPAT ²	\$25.0m	31%

Notes:

1. MBB is gross access and excess revenue.

2. Excludes Certegy Intangibles amortisation expense of \$0.54m in 1H11.

Since IPO 4 years ago, FXL diversifies to 4 verticals



Retail Point of Sale Interest Free

- ✕ Trading since 1989, acquired Oct 2008
- ✕ Interest free & cheque guarantee products offered in diverse industries
- ✕ Increases sales volumes for retailers
- ✕ No interest (ever) payable by the customer



Retail Point of Sale Lease - IT & electrical

- ✕ Trading since 1988, IPO Dec 2006
- ✕ Lease products offered in IT & electrical channels
- ✕ Preserves margin for the OEM/ Vendor
- ✕ Customers appreciate loaner, protect & affordable monthly payments



Retail Point of Sale Mobile Broadband - IT

- ✕ Launched in retailers, Feb 2009
- ✕ Casual and contract mobile broadband offered through IT retailers
- ✕ Increases margins for the retailers
- ✕ Customers enjoy easy in-store activation, protect & loaner features



OEM & Vendor Lease to commercial accounts

- ✕ Recruited an experienced industry team in Nov 09
- ✕ OEM / Vendor leasing to business
- ✕ Increase sales volumes for OEMs / Vendors
- ✕ Affordable, tax deductible means for customers to acquire assets

Key Metrics¹

\$321m assets financed
+23% growth

\$235m assets financed
+9% growth

63,000 active subscribers
+66% growth

\$42m assets financed
+767% growth

Notes:

1. Volumes are for 2010 calendar year. Growth reflects 1H11 performance.

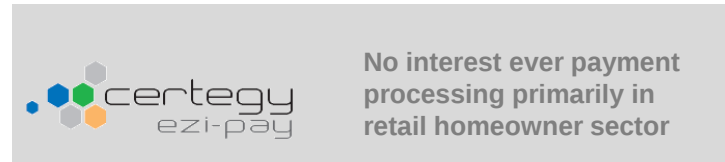
Interest Free product innovation and growth delivers exceptional NPAT result

Interest Income and Performance

- ✕ Certegy 1H11 NPAT¹ \$6.0m compared to \$3.0m 1H10.
- ✕ 1H11 volumes +23% - strong performance from solar, home, and fitness sectors.
- ✕ New highly accretive products drive NPAT/ANR margin from 0.3% to 5.7%.
- ✕ On track to double NPAT guidance provided at time of acquisition.

Growth Outlook

- ✕ NPAT/ANR margin will continue to improve as Ezi-Pay Express Product (\$3 customer/pm) portfolio mix increases.
- ✕ New Lay-by product targets \$1 billion+ lay-by market.



Interest Free	1H11 ACTUAL	1H11/1H10 Growth
Volume	\$179m	23%
Closing Net Receivables	\$229m	25%
Certegy Cash NPAT ¹	\$6.0m	103%

Notes:

1. Cash NPAT excludes Certegy intangible amortisation of \$0.54m

Flexirent leasing outperforms market as new sectors drive volume

Performance

- FXL small ticket leasing growth +9% despite challenging retail environment
- Post GFC diversification drives growth from other assets e.g. trades equipment, servers/networking, refrigeration and telephony
- Strong contribution from New Zealand

Growth Outlook

- Continue to capitalize on new sector opportunities
- Emerging Tablet market forecast to be 1m units in 2011 (½ the notebook/laptop volume).
- Customer value proposition strengthened by bundling mobile broadband with Flexi Advantage



Small ticket leasing of IT, Electronics, and Other Assets through retailers

Retail Point of Sale Leasing	1H11 ACTUAL	1H11/10 Growth
Volume ¹	\$117m	9%
Closing Net Receivables ^{1,2}	\$352m	1%
Flexirent NPAT	\$16.3m	1%

Notes:

- Volume and Net receivables have been reported at a constant exchange rate (NZD 1.317 & Euro 0.765) as at 31-Dec-10. FXL's closing net receivables as at 31-Dec-09 have been impacted by -\$4m due to foreign exchange differences as at 31-Dec-10.
- Closing net receivables excludes Personal loans which were \$20m as at 31-Dec-10 and \$34m as at 31-Dec-09

Mobile broadband continues to complement Flexirent - on track to meet \$3m FY11 NPAT guidance

Performance

- ✕ 1H11 NPAT improves to \$1.6m from -\$0.9m in 1H10. FY11 Forecast \$3m.
- ✕ Launched online portal (“myblink”) now producing \$0.5m incremental margin
- ✕ Renegotiated wholesale commercial arrangement which reduced costs significantly
- ✕ Successfully introduced termed contracts to customers with strong 40% take up rate

Growth Outlook

- ✕ Competitive market – focus will be on building scale on existing profitable customer base.
- ✕ New tablet segment opportunity



Sale of Mobile Broadband plans through retail POS partners

Mobile Broadband	1H11 ACTUAL	1HY11/10 Growth
Active Customers (000's)	63	66%
Access Revenue	\$10m	87%
BLiNK NPAT	\$1.6m	n/a

FXL's Vendor Finance is well placed to deliver strong growth in FY11/12

Performance

- ✕ Mandate for \$17m photo-lab lease to Major Retailer from 2H11
- ✕ Refrigerator and freezer OEM to provide \$10m p.a. in equipment leases volumes
- ✕ M2 Partnership agreement to lease telephony equipment to small businesses
- ✕ Global digital media group OEM to provide \$10m p.a. in operating lease volume

Growth Outlook

- ✕ Targeting 5% NPAT/ANR¹ as receivables book reaches scale and end of term revenues become more significant.



Commercial Leasing through
Original Equip. Manufacturers
(OEM) and Vendors

Lease: OEM / Vendor	1H11	1H 10
	ACTUAL	ACTUAL
Volume	\$26m	\$3m
Closing Net Receivables	\$35m	\$10m
Vendor Finance NPAT	\$1.1m	\$0.8m

Notes:

1. NPAT to ANR is Cash NPAT divided by average net receivables

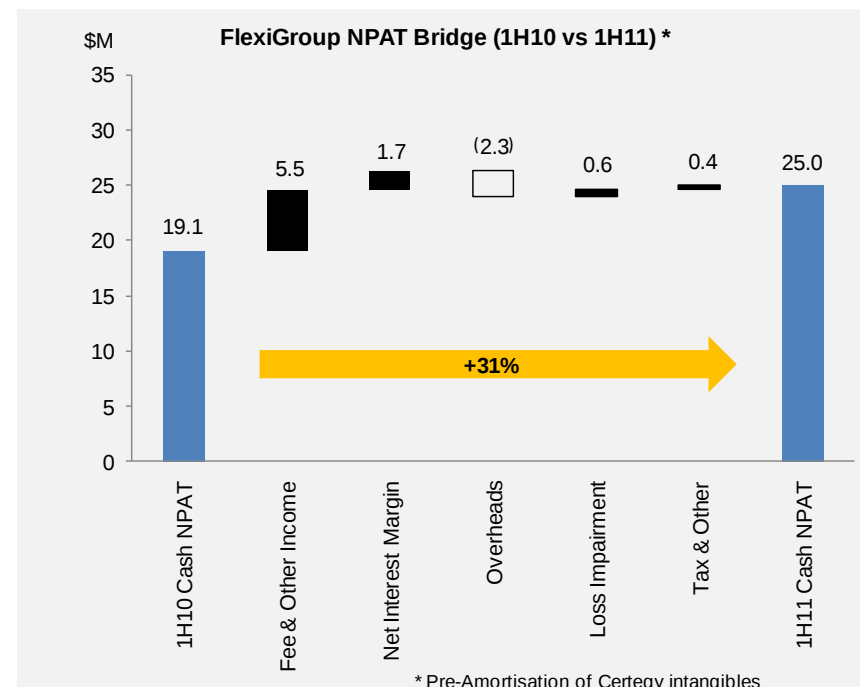


Results analysis

Garry McLennan
Chief Financial Officer

18% Cash NPAT CAGR since IPO

- ✖ 1H11 Cash NPAT growth 31%.
- ✖ Product innovation continues to deliver strong revenue growth.
 - Certegy product initiatives
 - BLiNK subscription revenue from a growing number of subscribers
- ✖ Strong growth in non-interest income has supported increased operating margins¹ +43 bps over 1H10
- ✖ 8% growth in overhead supports:
 - 66% increase in active Mobile Broadband customers
 - Continued investments in new product development
- ✖ Impairment losses have fallen 70bp to 3.7% of ANR.
 - Significant reductions in lease and personal loan impairment.
 - Certegy's focus on the home ownership and green segments help drive lower impairment costs



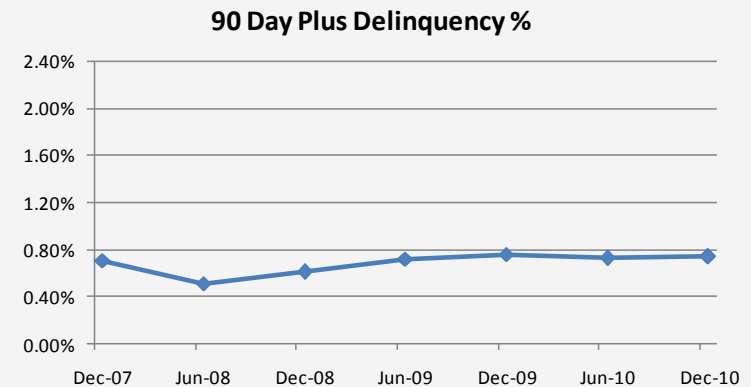
Notes:

1. Operating Margin is Net Operating Income before impairment to average net receivables

Improved credit quality and business diversification delivers a 70bp improvement in loss rates

- ✕ Net impairment losses declined to 3.7% of average net receivables.
 - Certegy's diversification into new industries including home ownership & green sectors
 - Enhanced collections processes
- ✕ 90 day plus arrears remains stable below 0.8%
- ✕ Positive results continue to be driven by:
 - 20 years experience in consumer and business credit embedded in FXL's credit scoring systems
 - Performance of FXL's award winning Collections Team¹
 - Continued investment in new technology platforms

	1H10	1H11
Net Impairment losses (\$m)	ACTUAL	ACTUAL
Leases	5.6	5.4
Personal Loans	2.5	1.9
Leases/Personal Loans	8.1	7.3
Certegy	4.2	4.2
Net Impairment Losses	12.3	11.4
% of Avg Receivables	4.4%	3.7%

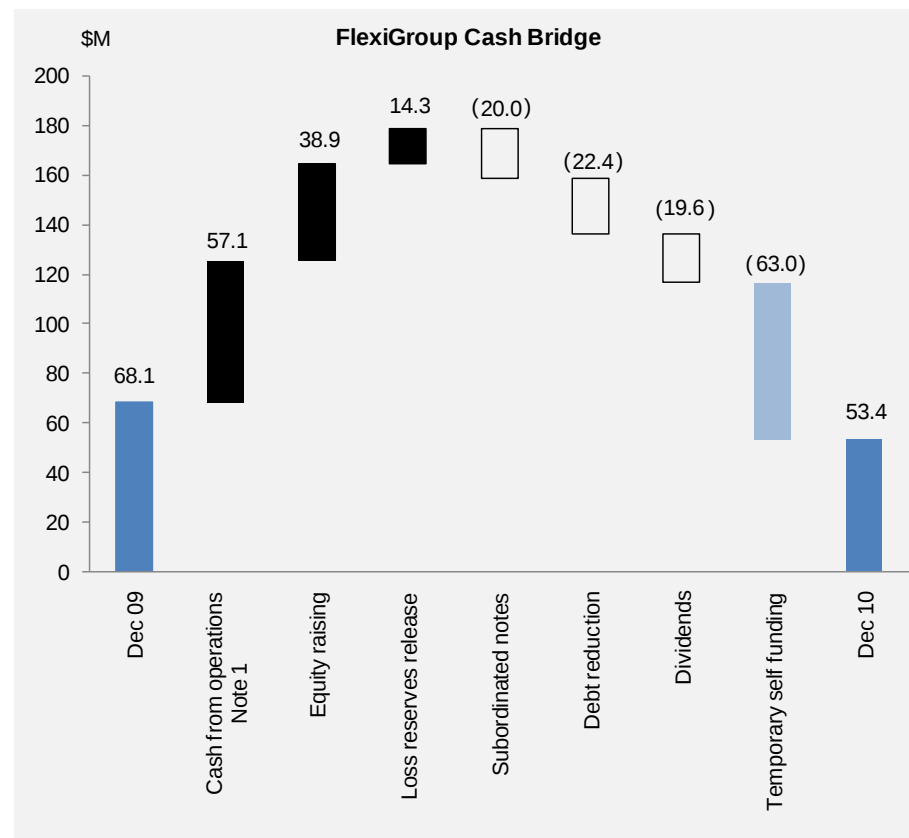


Notes:

1. FlexiGroup Collections call centre won Australian Telecommunications Award for best Australian Call Centre under 50 seats

FXL has commenced transitioning its funding to rated facilities

- ✕ New rated facilities are expected to deliver greater funding diversity and lower costs
- ✕ FXL has invested a net \$28.1m in transitioning to more highly rated funding facilities comprising:
 - ✕ \$20.0m in subordinated notes;
 - ✕ \$22.4m in debt reduction; less
 - ✕ \$14.3m in cash loss reserve release
- ✕ This has been funded from cash from FXL's \$38.9m equity raising
- ✕ Strategy has been to temporarily invest in own receivables to optimise utilisation of cash resources
- ✕ \$63m in self-funded receivables can be placed in undrawn committed bank facilities as required
- ✕ FXL has \$40.6m in cash loss reserves in addition to the \$53.4m in period end cash at bank



Notes:

1. Cash from operations includes CAPEX, current tax payments and tax refund from ATO
2. Cash at Bank of \$53.4m includes \$21.6m in cash which is held as part of FXL's funding arrangements that is not available to the Group (\$18.7m in Dec09).

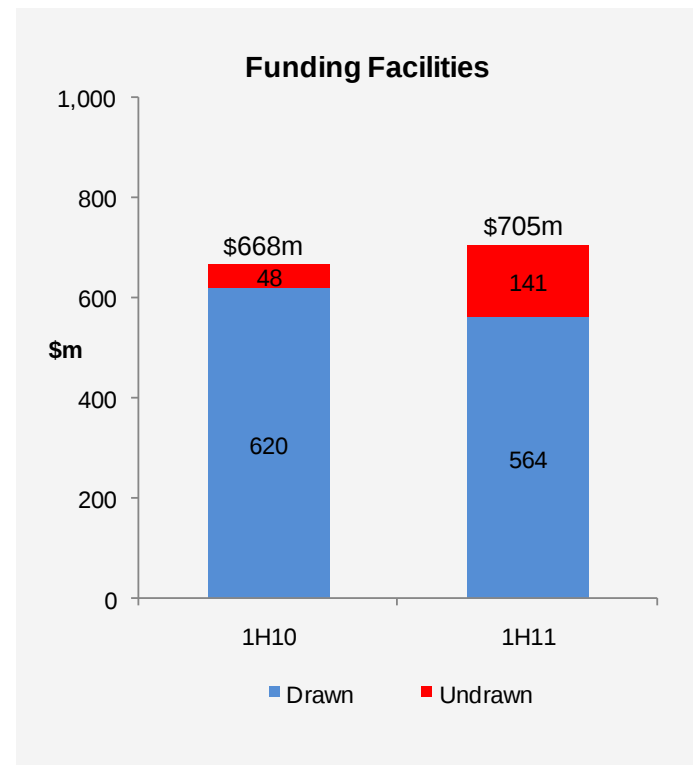
FXL has excess facilities in place to support growth

Background

- ✕ \$420m in facilities negotiated or extended in calendar year 2010, all with a 2 year duration
- ✕ Funding is non-recourse to FXL with no bullet repayments, facilities pay down in line with repayments from customers
- ✕ Balance sheet remains conservatively geared (details in Appendix 4)

Outlook

- ✕ Additional \$100m rated placement to institutions expected to complete in 2H11
- ✕ \$5m in net additional cash expected to be required to support this planned \$100m placement (net of existing loss reserves).
- ✕ Funding in place for \$1.3bn in volume for FY11 and FY12
- ✕ Sufficient cash reserves and self funded assets to support forecast growth and planned transition to rated funding structures
- ✕ We are reviewing opportunities for other debt capital market issuances



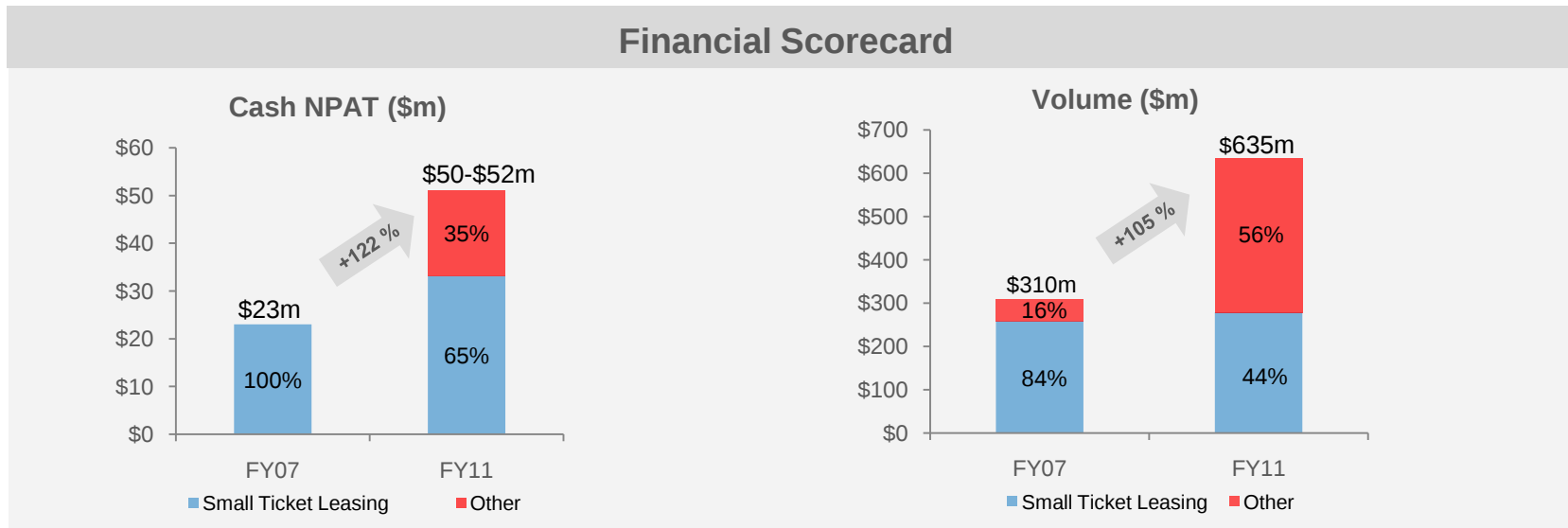


Growth initiatives and outlook for FY11

John DeLano

Chief Executive Officer and Managing Director

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



Throughout the GFC, FXL performance is among the best in the ASX300

Of ASX 300 Industrial Companies:-		Investor Scorecard
Total Shareholder Return ¹	➡	Ranked 12 th
Dividend per share (DPS)	➡	Top 5%
Earnings per Share (EPS) growth	➡	Top 10%

Notes:

1. For 12 months to 30JUN10

.....by leveraging FXL's sustainable competitive advantage

1.

Extensive Distribution

- ✗ 10,000 stores
- ✗ 1,000,000 customers
- ✗ Diverse industry coverage
- ✗ Key relationships underpinned by trading agreements

2.

Unique Customer Solutions

- ✗ Quick credit approval while in store
- ✗ Loss/damage/theft protection
- ✗ "no interest ever" payment
- ✗ Mobile Broadband bundled with IT equipment

3.

Proprietary Credit Database

- ✗ 20+ years underwriting history and experience
- ✗ Proprietary scorecards
- ✗ Ability to quickly respond to market conditions

4.

Longstanding, Multiple Funder Relationships

- ✗ Longstanding, trusted funder relationships
- ✗ Multiple funders with term maturities
- ✗ New rated facilities to deliver greater funding diversity and lower funding costs

5.

Culture of Excellence and Innovation

- ✗ 'Best contact centre' awards
- ✗ New product "incubator"
- ✗ Award winning scalable, proprietary technology

6.

Experienced and committed management team aligned with shareholders

.....and executing on a diversification strategy.....

Diversification Strategy	Results
Volume	➡ Number of businesses increased from 1 to 4
Funding	➡ Traditional bank facilities to now include securitisations
Channel Partner	➡ No single retailer above 20% of new business volume
Product	➡ Innovation delivers 5 highly accretive products

.....and monetising high volume transactional business with innovative products

Product Innovation		Steady State NPAT p.a.
Lost Damaged Stolen Protection	➡	\$5m
Choose lease repayment date	➡	\$4m
Mobile Broadband through IT Retailers	➡	\$3m
Repackage Leasing product in Electrical and IT Retailers	➡	\$2m
Interest Free payment processing cost offset	➡	\$5m

...with new and innovative products currently in development

New Product Innovation	Steady State NPAT p.a.
Interest Free Continuing Credit Facility - provides continuing credit to interest free customer base - implemented July 2010 – 90% take up	➡ \$4m - \$6m
Lay-By payment processing service - targets up to 20% of retail sales in partner stores - removes administration burden for Jewellers, fashion chains, discount retailers - January 2011 soft launch in two retailers – 100% customer take up	➡ \$2m - \$5m
0% Lease with mobile broadband - targets emerging 1m tablet market - provides customer with data, tablet, loss/damage protection - 27% penetration in test stores	➡ \$1m - \$2.5m

Outlook for FY11

- ✕ **FY11 Cash NPAT guidance of \$50m-\$52m. Growth of 20%-25% on FY10**
- ✕ Continued growth in volume and NPAT from Certegy's new product initiatives, tablet/mobile broadband bundle and other sector leasing growth
- ✕ Increased volume from Vendor Finance from new business mandated and under negotiation
- ✕ Retail volumes expected to initially soften in QLD, VIC and NSW following floods/cyclone with volume improving in the medium term as rebuilding commences
- ✕ Minimal floods/cyclone impact on FXL's customer base to date. FXL is providing support for a small number of affected customers.
- ✕ Unemployment is expected to decline in Australia and NZ. Credit growth is expected to remain at current levels with FXL outperforming system growth
- ✕ FlexiGroup has a strong balance sheet and continues to focus on value accretive acquisition opportunities.



Appendices

Appendix 1 - Detailed Statutory Profit & Loss

FlexiGroup Limited Profit & Loss Statement

A\$ MILLION	1H10	1H11
Net interest income	62.5	64.3
Interest expense	(25.0)	(26.1)
Net Interest Margin	37.5	38.2
Other net income	37.6	45.5
Operating Income	75.1	83.7
Payroll and related expenses	(23.3)	(24.6)
Depreciation & amortisation expenses	(1.9)	(2.3)
Other expenses	(10.7)	(12.0)
Total Expenses (before impairment)	(35.9)	(38.9)
Impairment losses	(11.7)	(11.4)
Loss provision	(0.6)	0.0
Net Profit Before Tax	26.9	33.4
Tax (expense) / benefit	(7.8)	(8.4)
Cash Net Profit After Tax	19.1	25.0
Tax credit	17.0	0.0
Amortisation of Certegy intangibles	(0.5)	(0.5)
Reported Net Profit After Tax	35.6	24.5

Appendix 2 - Detailed Statutory Balance Sheet

FlexiGroup Limited Balance Sheet

A\$ MILLION	FlexiGroup excluding SPV's		FlexiGroup including SPV's	
	Dec-09	Dec-10	Dec-09	Dec-10
Assets				
Cash at bank	68.1	53.4	68.1	53.4
Loans and receivables	32.5	112.2	579.3	635.3
Allowance for losses	(14.3)	(13.0)	(14.3)	(13.0)
	18.2	99.2	565.0	622.3
Other receivables	35.5	42.0	35.5	42.0
Income tax receivable	8.4	0.0	8.4	0.0
Rental equipment	2.8	0.3	2.8	0.3
Inventory	1.1	0.3	1.1	0.3
Plant and equipment	4.5	3.6	4.5	3.6
Deferred tax assets	8.2	8.0	8.2	8.0
Goodwill	79.9	79.9	79.9	79.9
Other intangible assets	14.4	16.4	14.4	16.4
Total Assets	241.1	303.1	787.9	826.2
Liabilities				
Borrowings	17.9	0.0	619.5	563.7
Loss reserve	0.0	0.0	(54.8)	(40.6)
Net borrowings	17.9	0.0	564.7	523.1
Vendor note	15.0	15.0	15.0	15.0
Payables	33.9	30.3	33.9	30.3
Current tax liability	0.0	7.8	0.0	7.8
Provisions	1.6	4.0	1.6	4.0
Deferred tax liabilities	23.8	28.5	23.8	28.5
Total Liabilities	92.2	85.6	639.0	608.7
Net Assets	148.9	217.5	148.9	217.5
Equity				
Contributed equity	35.6	76.4	35.6	76.4
Reserves	(1.9)	(2.3)	(1.9)	(2.3)
Retained profits	115.2	143.4	115.2	143.4
Total Equity	148.9	217.5	148.9	217.5

Appendix 3 - Detailed Statutory Cash Flows

FlexiGroup Limited Cash Flow Statement

A\$ MILLION	1H10	1H11
Underlying Cash Flow from Operating Activities	28.3	35.3
Tax refunded / (paid)	(6.1)	18.7
(Increase) / decrease in mobile broadband modem inventory	0.9	0.5
Timing of asset payments	2.4	(3.0)
Net cash inflow provided from operating activities	25.5	51.5
Cash flows from investing activities		
Capital expenditure	(2.8)	(4.1)
Net cash outflow from investing activities	(2.8)	(4.1)
Cash flows from financing activities		
Dividends	(7.2)	(12.4)
Investment in subordinated notes (funding facilities)	0.0	(20.0)
Self funding of leases and loans	0.0	(36.3)
Net cash outflow from financing activities	(7.2)	(68.7)
Net impact of exchange rate movements	0.0	(0.1)
Net increase (decrease) in cash and cash equivalents	15.5	(21.4)
Opening cash and cash equivalents	52.6	74.8
End of period cash and cash equivalents	68.1	53.4

Appendix 4 – FXL remains conservatively geared

- ✕ Recourse Debt/Equity at 7%¹. Includes \$15m Certegy vendor note².
- ✕ FXL's \$53.4m in unrestricted cash at bank is 3.5 times FXL's \$15.0m of recourse borrowings.
- ✕ FXL does not record future end of term income on its balance sheet.
- ✕ FXL's investment in approved new funding facilities over the next 2 years expected to be fully funded from FXL's receivables warehoused in FY10 and 1H11 and the release of cash loss reserves from existing SPV's as some facilities transition.
- ✕ Sufficient cash and funding to support \$1.3bn in volume for FY11 & FY12.
- ✕ Surplus cash will be deployed to repay the \$15m Fidelity vendor note (due Oct-11) and to support growth and strategic opportunities as well as capital management.

Notes:

1. Gearing = Non-recourse borrowings as a percentage of FlexiGroup equity .
2. FXL has a \$15m vendor note owed to Fidelity Inc as part of the acquisition of Certegy.

Summarised Balance Sheet as at 31 December 2010	FlexiGroup Excl. SPV's	FlexiGroup incl SPV's
Cash at bank	53.4	53.4
Net receivables	16.2	539.3
Receivables to be funded from undrawn bank facilities	63.0	63.0
Investment in sub-notes	20.0	20.0
Other assets	54.2	54.2
Goodwill & intangibles	96.3	96.3
Total Assets	303.1	826.2
Borrowings	15.0	578.7
Cash loss reserves available to funders	0.0	(40.6)
Other liabilities	70.6	70.6
Total Liabilities	85.6	608.7
Total Equity	217.5	217.5

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 \$578.7m less borrowings (\$15.0m) which have recourse to FlexiGroup Limited i.e \$563.7m 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.