



FLEXIGROUP

2011 Investor Day

Group Strategy and Tour

5th and 6th October 2011

Margaret Jackson
Chairman

John DeLano
Chief Executive Officer and Managing Director

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FLEXIGROUP 

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FlexiGroup Strategy Tour Agenda

- ✘ FlexiGroup Executive Summary

- ✘ Business Division Overview
 - Business to Business (Vendor Finance)
 - Retail to Consumer / SME (Flexirent and BLiNK)
 - Business to Consumer (No Interest Ever)
 - Online

- ✘ Tour of operations
 - Contact Centre
 - Innovation
 - IT
 - Credit/Risk
 - Collections

- ✘ Tour Wrap-up

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 mobile broadband, vendor finance mid-large ticket leasing businesses

Market

- IPO in 2006
- ASX300 stock with market cap of approximately A\$560m
- 2nd in ASX300 for total shareholder returns over last 3 years (ASX 300 Industrials excluding Mining)

Distribution platform

- 1 million finance customers, 11,000 active retailers, 74,000 broadband subscribers, A\$750 million in receivables
- Distribution network across multiple industries, including strong relationships with:
 - AGL Solar, Husqvarna, Toys-R-Us, Apple, M2 Commander, Harvey Norman, Noel Leeming, GPD, Kitchen Connection,

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 acquisition of Certegy in 2008 has outperformed market and management expectations
- Conservative approach to acquisitions - targeting accretive, high volume, retail point of sale acquisitions similar to Certegy

Strong track record and positioned 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

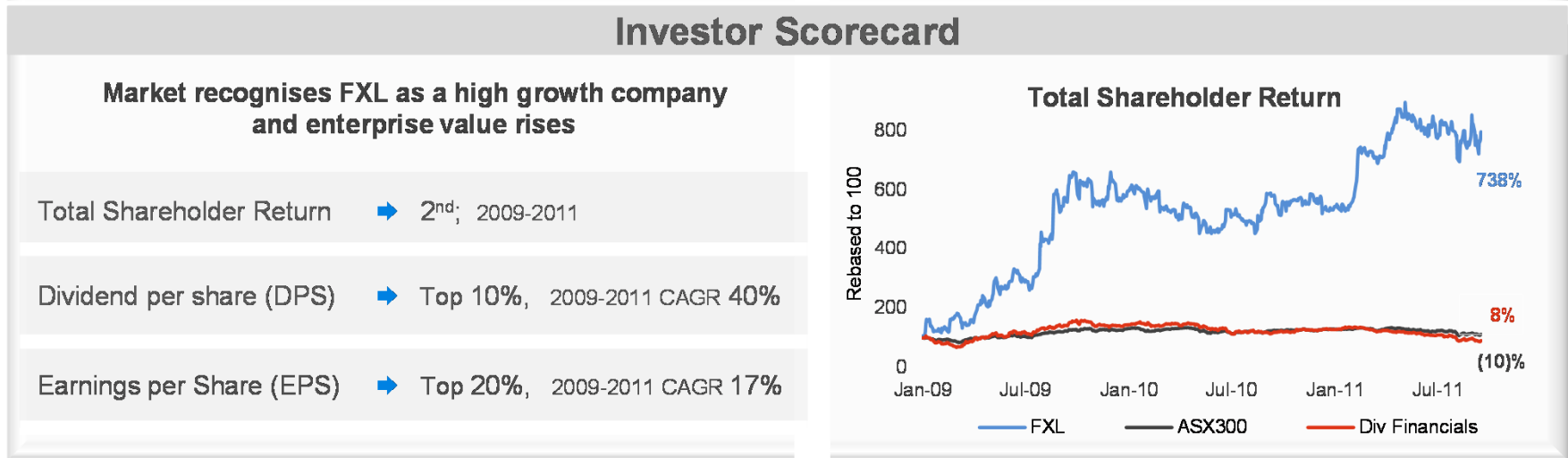
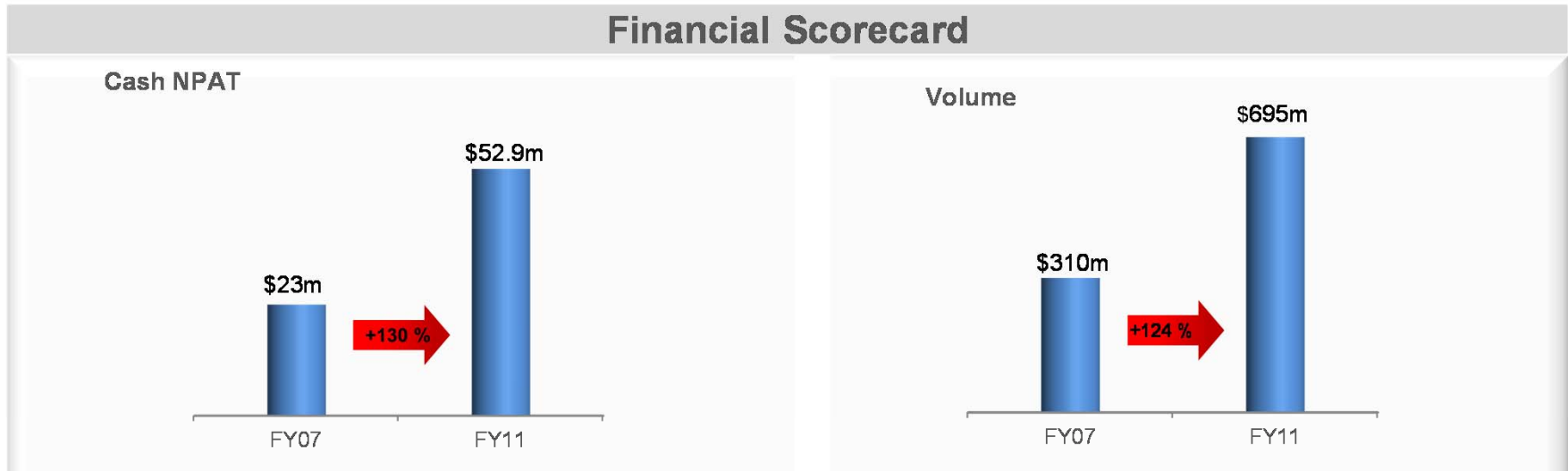
Highly talented management with diverse backgrounds aligned with shareholders

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



Notes
1 ASX300 excluding Mining & Metals companies

1

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



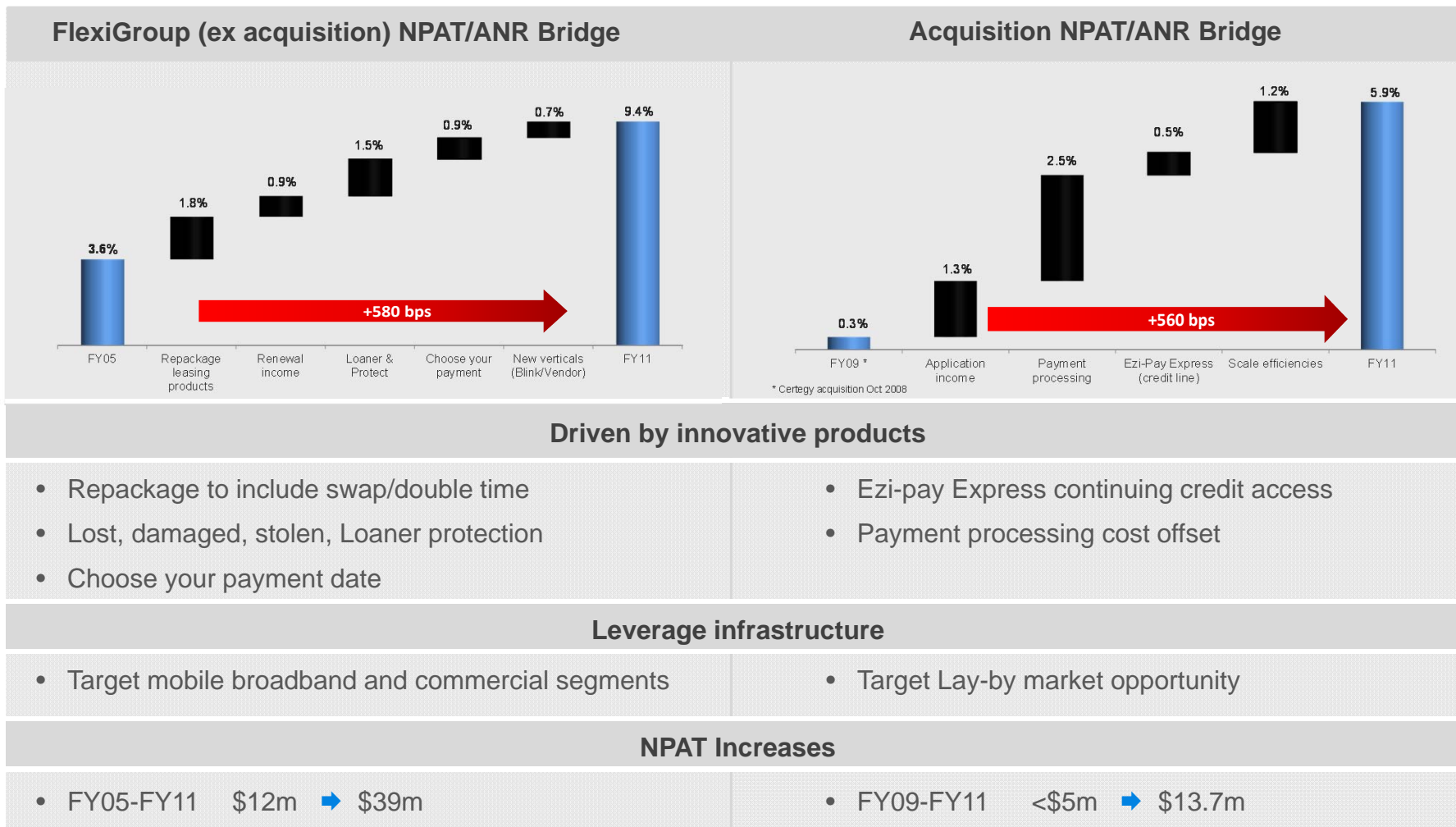
AON Hewitt
Best Employers
Of the Year 2011

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

1

Culture of Innovation

Produces +560 bps margin improvement, monetises transaction intensive businesses



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

1 Highly talented management with diverse backgrounds aligned with shareholders

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

Shareholders
Board members and senior management hold c.40% equity interest in FlexiGroup

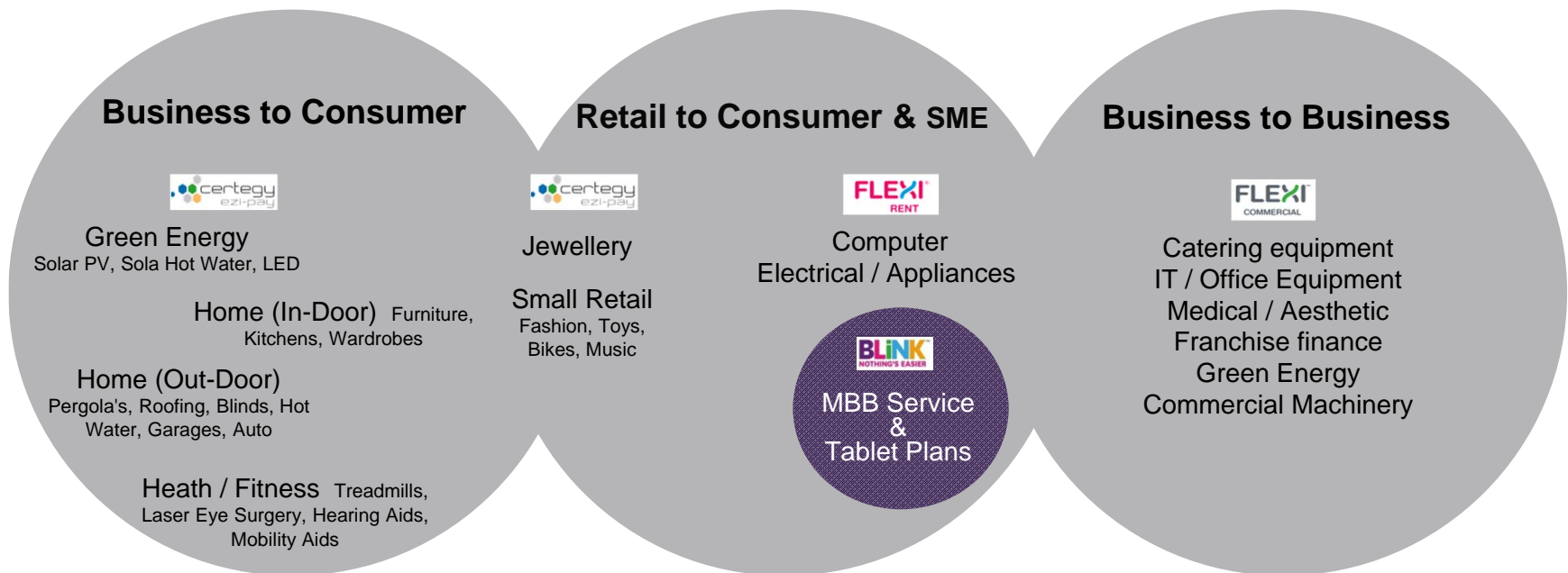
Board of Directors

<p>Margaret Jackson</p> <ul style="list-style-type: none"> • Chairman • Former Chairman Qantas and Director of ANZ Bank 	<p>Andrew Abercrombie</p> <ul style="list-style-type: none"> • Founding director of Flexirent in 1991 • Significant shareholder (c.30%) 	<p>John Skippen</p> <ul style="list-style-type: none"> • Director since 2006 • Former CFO of Harvey Norman 	<p>Rajeev Dhawan</p> <ul style="list-style-type: none"> • Director since 2003 • Represented CFS interest in Flexirent pre-IPO 	<p>John DeLano</p> <ul style="list-style-type: none"> • Managing Director since 2003. • Formerly MD Avis Australia
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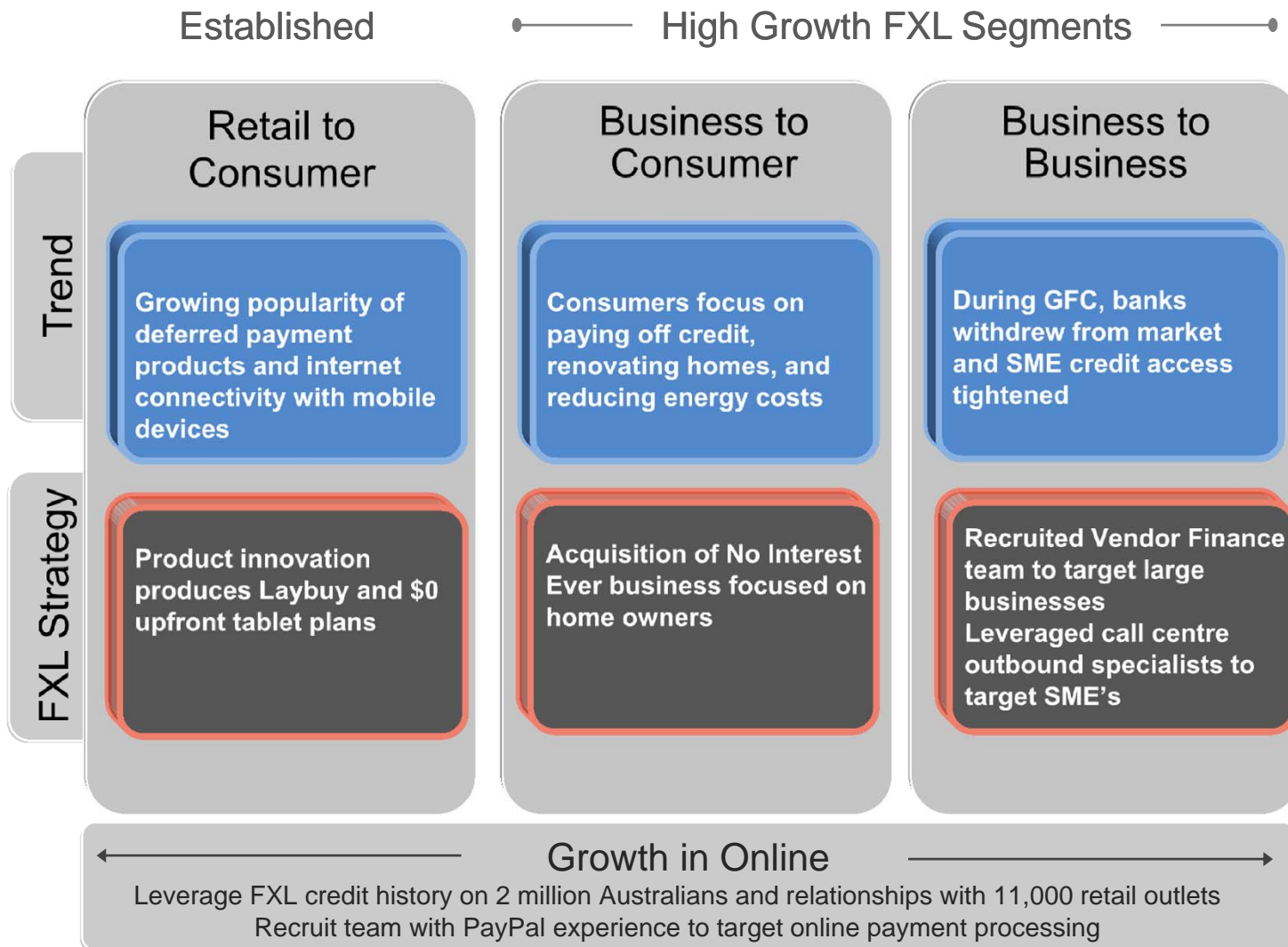
Senior Management – recruit talent with capacity to support future growth.

	Garry McLennan	Ben Taylor	Doc Klotz	Marilyn Conyer	Neil Roberts	Anthony Roberts	Andrew Pipolo
Current	<ul style="list-style-type: none"> • CFO - 35 Staff • \$600m assets financed 	<ul style="list-style-type: none"> • Head of Innovation & Product Dev. 	<ul style="list-style-type: none"> • Head of Operations • 300 Staff 	<ul style="list-style-type: none"> • Head of Marketing • 8 Staff 	<ul style="list-style-type: none"> • Head of Retail Sales • 40 Staff - \$238m 	<ul style="list-style-type: none"> • Head of Vendor Sales • 14 Staff – volume \$61m 	<ul style="list-style-type: none"> • Head of eCommerce
Previous	<ul style="list-style-type: none"> • HSBC COO/CFO • 500 Staff • \$30b total assets 	<ul style="list-style-type: none"> • AOL Australia General Mgr • 120 Staff • 180k customers 	<ul style="list-style-type: none"> • Expedia / Hotels.com • Snr Vice President • 1500 Staff • \$3b annual processing 	<ul style="list-style-type: none"> • Optus Business • Director of Marketing • 100 Staff • \$1.4b technology provider 	<ul style="list-style-type: none"> • GE Money (NZ) • General Manager • 450 Staff • \$750m in revenue 	<ul style="list-style-type: none"> • CIT Corp Finance • General Manager • 80 Staff • \$350m receivables 	<ul style="list-style-type: none"> • PayPal • Managing Director • \$2b payment volume

2 FXL has extensive access to 3 distinct markets



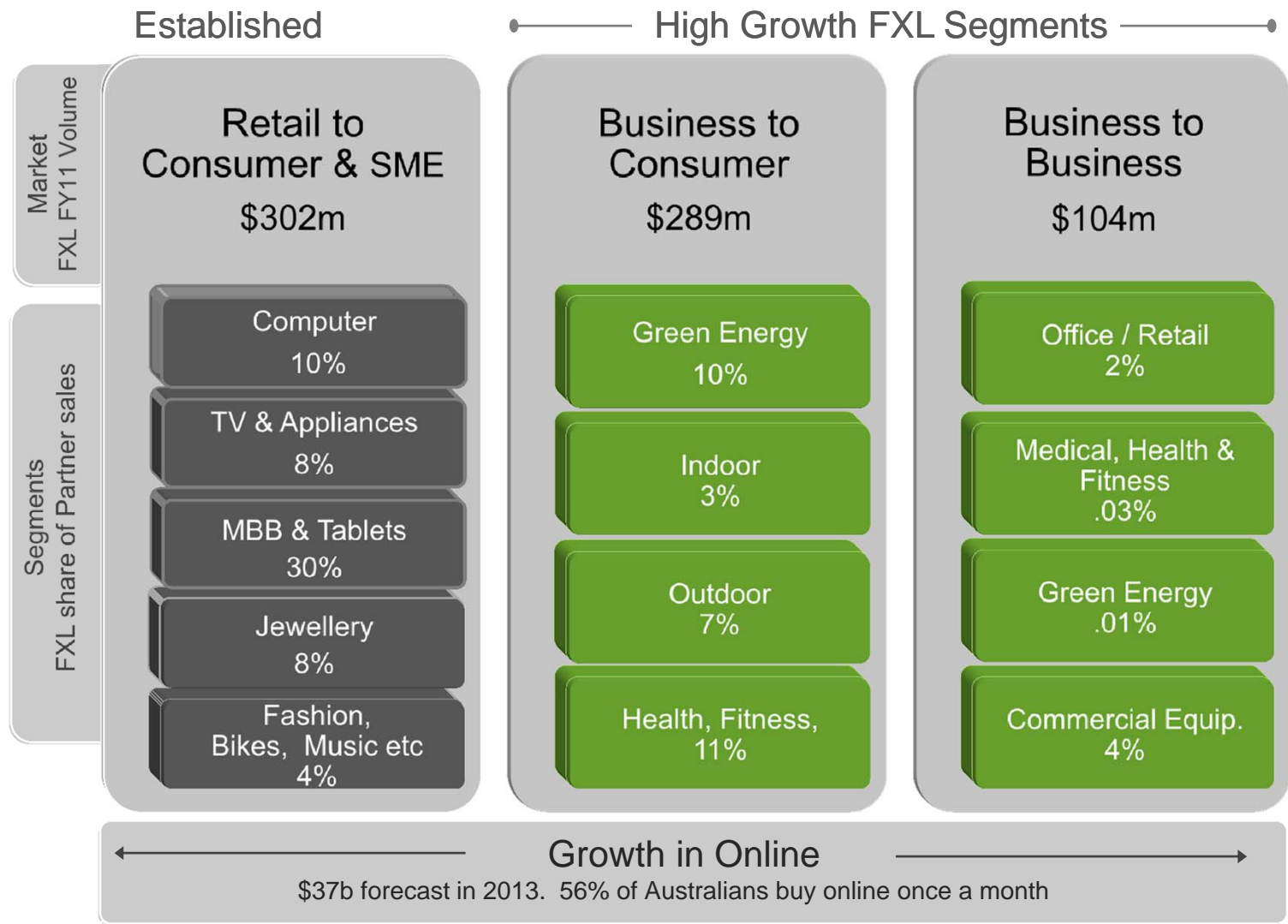
2 The macro trends at the core of new market expansion



2

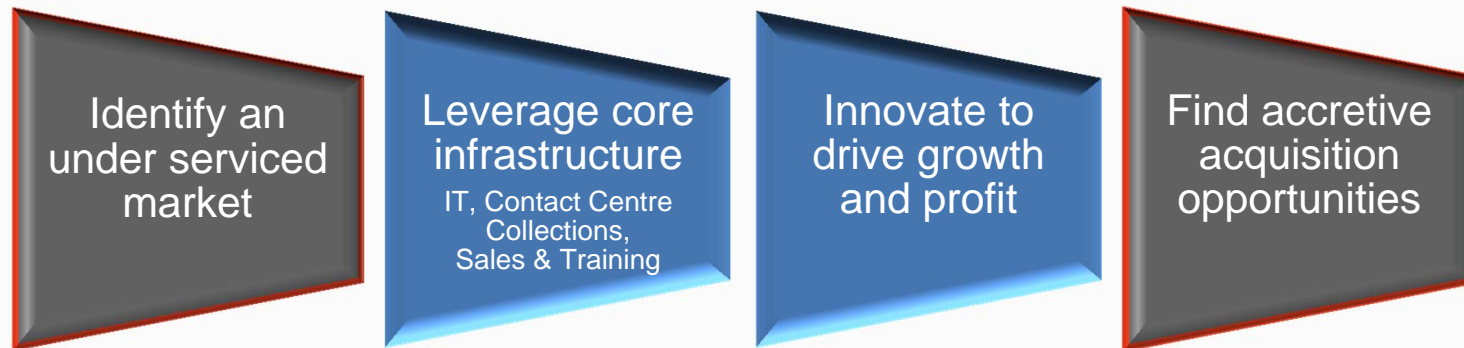
Shift from retail point-of-sale to diversified financial services

Extensive distribution and access to high growth markets

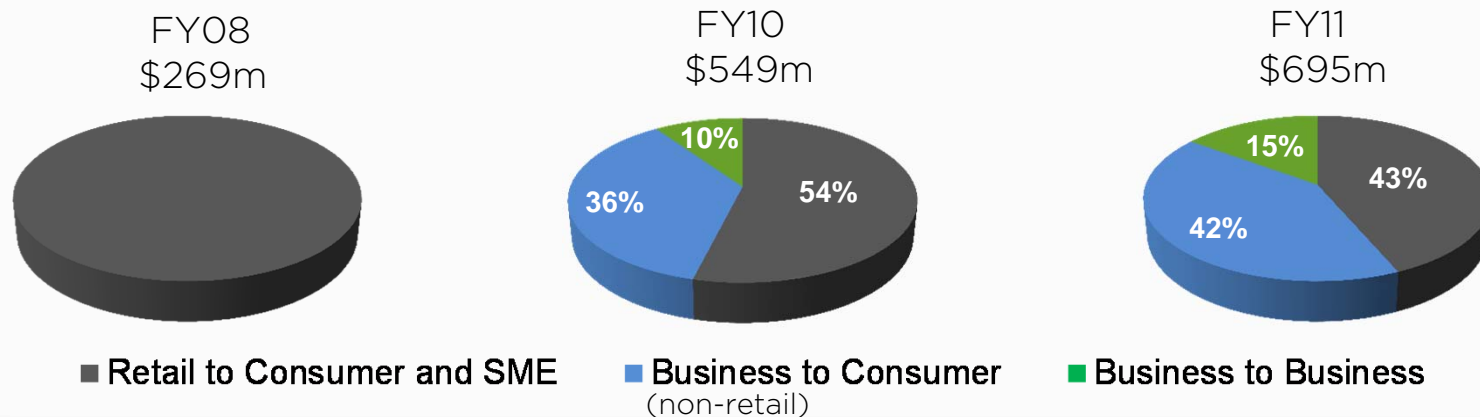


2 Strategy to capitalise on market gaps produces diversified growth

In summary, the process is...



... to drive high volume growth and diversification



3

Well structured balance sheet

Conservatively geared at 15% - SPV borrowings are non-recourse to FXL

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

- ✘ Recourse Debt/Equity at 15%¹. Includes \$15m Certegy vendor note²
- ✘ Self funded receivables that can be funded through existing committed bank facilities to c.\$45m
- ✘ Remaining part of receivables include receivables funded by recourse borrowings and excess receivables held as security in funding facilities

Outlook

- ✘ No material bullet repayments due on borrowings
- ✘ Borrowings are predominantly fixed interest rate, therefore receivables portfolio is not impacted by rate movements

Summarised Balance Sheet as at 30 June 2011	FlexiGroup Excl. SPV's	FlexiGroup incl SPV's*
Cash at Bank	56.0	56.0
Net Receivables	103.0	693.5
Investment in unrated notes in securitisation vehicles	36.0	
Other Assets	55.5	55.5
Goodwill and Intangibles	97.4	97.4
Total Assets	347.9	902.4
Borrowings	20.6	610.4
Certegy Vendor Note	15.0	15.0
Cash Loss Reserves available to Funders	-	(35.3)
Other Liabilities	79.1	79.1
Total Liabilities	114.7	669.2
Total Equity	233.2	233.2
Gearing	15%	N/A

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.

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 \$610.4m less borrowings (\$20.6m) which have recourse to FlexiGroup Limited i.e \$589.8m 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

3 Conservative approach to risk

Key impairment ratio improves 60 bps despite 19% growth in receivables

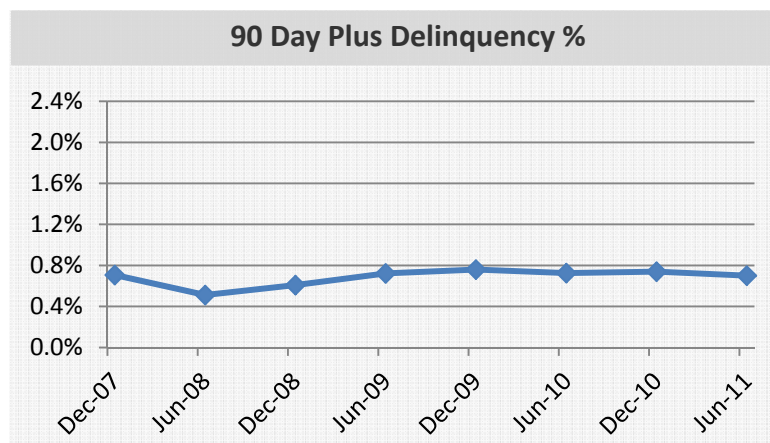
Performance

- Net impairment losses improved 60 bps to 3.8% of average net receivables.
 - Business diversification reduces credit risk
 - Portfolio mix of lower risk interest free and commercial receivables increases to 47% from 35% pcp
 - Collections delivers improvement from optimised dialler, 2 way sms, and IVR
- 90 day plus arrears declines to 0.7% from 0.8% pcp

Net Impairment Losses	FY10	FY11
Leases	\$10.9m	\$10.8m
Personal Loans	\$4.5m	\$3.4m
Leases/Personal Loans	\$15.4m	\$14.2m
Certegy	\$9.0m	\$9.0m
Net Impairment Losses	\$24.4m	\$23.2m
% of Avg Receivables	4.4%	3.8%

Outlook

- Positive results continue to be driven by:
 - ERisc award winning credit assessment system
 - 20 years experience in consumer and business credit embedded in credit scoring systems
 - Performance of FXL's award winning Collections Team



3

Strong support from banks and Institutions

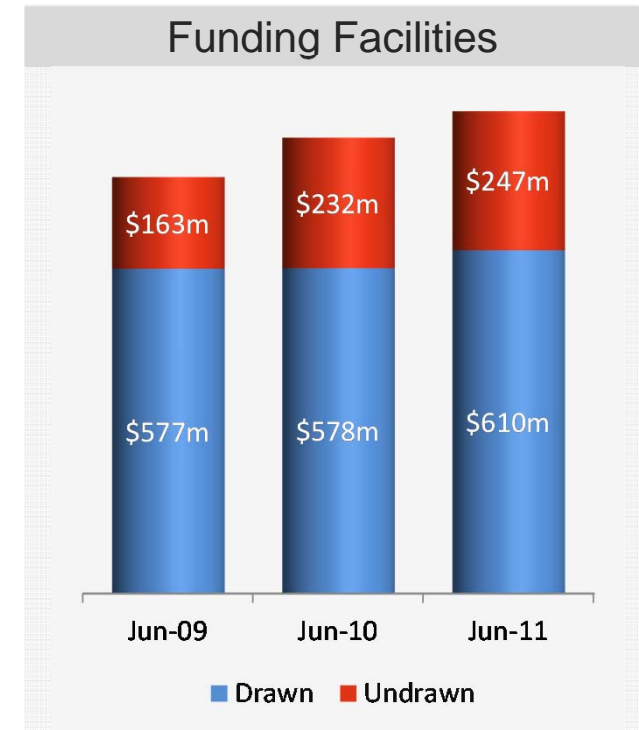
Funding increased through the GFC, now diversified to 8 sources (from 2 in 2004)

Performance

- ✘ FXL anticipated the post-GFC new funding paradigm
 - Banks now require rated securitisable assets to meet new capital allocation changes
- ✘ 4 new committed warehouse facilities provide increased diversity in funding to support growth (negotiated in FY10 and FY11)
 - provided by a mix of new and existing funders
 - 1/3 of all funding now rated – 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

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



FY12 Outlook

- ✘ Confirm FY12 Cash NPAT guidance of +12% to 15% on FY11

	FY09	FY 10	FY11	FY12 Fcst
NPAT	\$34m	\$42m	\$53m	\$59 - \$61m

- ✘ Q1 FY12 volume growth is +27% on pcp.

Growth v PCP	FY09	FY10	FY11	Q1 FY12
Volume Growth	+35%	+31%	+27%	+27%

- ✘ FY12 Key Growth Milestones

- Achieve 10% finance market share of B2B and B2C segments
- Capitalise on Green Energy opportunity by increasing market share from 10% to 15%
- Expand Layby to 20% of Certegy volume
- Launch Online payment processing suite
- Capture share of Tablet market - \$0 upfront Blink plan to comprise 25% of all Blink sales

- ✘ Continued focus on value accretive acquisitions