

Sydney – 6 May 2013

ACQUISITION OF ONCE CREDIT BUILDS SCALE IN INTEREST FREE CREDIT CARD MARKET. LAUNCH OF EQUITY PLACEMENT AND SHARE PURCHASE PLAN.

Highlights:

- Acquisition of Once Credit Pty Ltd for \$45 million
- Operates in interest free and credit card market, providing scale to FXL's Lombard business
- Enhances VISA card offering to retailers and FlexiGroup customers
- Acquisition fully funded by \$45m underwritten equity placement
- Acquisition is expected to be Cash EPS accretive within the first full twelve months
- FY13 Cash NPAT guidance improved to \$70-71m from \$68-71m
- In addition, a non-underwritten share purchase plan offered to eligible shareholders

FlexiGroup Limited ("FlexiGroup") (ASX: FXL) today announced it has entered into an agreement to acquire Once Credit Pty Ltd ("Once Credit" or "Once") for \$45 million which represents ~8.0 times Cash NPAT after synergies. Once Credit operates in the interest free and credit card market, providing scale to FlexiGroup's existing Lombard Finance business that was purchased in May 2012.

The acquisition will be fully funded through an underwritten equity placement of \$45 million and is expected to be Cash EPS accretive within the first full twelve months.

Established in 2004, Sydney based Once Credit provides consumer finance options to Australian households through retail outlets and third party distribution channels. Its primary product is a VISA Card offering to retailers and specified customers, supported by a strong distribution platform and a high quality receivables book.

Once Credit has a similar business profile to FlexiGroup's existing interest free and credit card business Lombard. Once Credit has 30,700 active customers and \$110 million in receivables compared to Lombard's 28,500 customers and \$64 million in receivables at 31 December 2012.

Once Credit has a leading credit card origination platform, a strong management team and relationships with over 800 merchants, with a focus on the home improvement space. Key customer relationships include several large homeowner focused retail chains which supplement FlexiGroup's growth focus.

Tarek Robbiati, CEO and Managing Director of FlexiGroup said: "Once Credit provides FlexiGroup with the necessary scale required to accelerate growth in the interest free credit card market."

"In less than twelve months we will have acquired two high growth businesses in the interest free credit card market, taking our diversification strategy to the next level. Following completion of the acquisition we will have an interest free receivable book in excess of \$174m as at 31 December 2012, which represents 15% of our total receivables on a pro-forma basis."

“Once Credit is a successful and profitable business which has been constrained by a lack of funding capital. FlexiGroup’s ability to provide deeper and wider access to funding markets, combined with our established customer base, will help drive interest free volumes. We will combine the Once and Lombard businesses together to create a single best-in-class organization that will drive continuous innovation for retailers and consumers alike.”

Equity Raising

The acquisition will be fully funded through an underwritten equity placement (the “Placement”) of \$45 million. The Placement is fully underwritten by UBS AG, Australia Branch and CBA Equities Limited.

The Placement will be conducted through a bookbuild to selected qualified and sophisticated investors at a fixed issue price of \$3.99 (“Placement Price”) per new fully paid ordinary share in FlexiGroup (“New Share”) representing a 3% discount to the last closing price of \$4.11 on 3 May 2013.

In addition, a non-underwritten Share Purchase Plan (“SPP”) will be offered to eligible shareholders who will be invited to subscribe for up to \$10,000 of New Shares each, to be capped at \$5 million. Proceeds from the SPP will be used to fund future growth opportunities. The issue price under the SPP will be the lower of i) the Placement Price and ii) a 3.0% discount to the average of the five day Volume Weighted Average Price of FlexiGroup ordinary shares traded on the Australian Securities Exchange up to and including the closing date of the SPP offer period.

Financial Outlook

The acquisition, which is scheduled to be settled by the end of May 2013, is expected to be Cash EPS accretive within the first full twelve months.

FlexiGroup today improved its FY13 Cash NPAT guidance to \$70-71m from \$68-71m previously.

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ABOUT FLEXIGROUP

FlexiGroup is a diversified financial services group providing “no interest ever”, leasing, vendor finance programs, interest free and visa cards, mobile broadband, lay-by and other payment solutions to consumers and businesses.

Through its network of 11,000 merchant, vendor and retail partners the Group has extensive access to four key markets, Business to Consumer, Business to Business, Retail to Consumers (and small business-to-business customers) and online.

Performance has been characterised by solid profitable growth as the company has expanded and diversified its business through organic growth, acquisition and product innovation. This diversification strategy has been extended to the large, high growth online market with the 2012 acquisition of Paymate (an online payment processing business) and to the \$45bn credit card market with the acquisition of Lombard.

FlexiGroup operates in Australia, New Zealand and Ireland within a diverse range of industries including: home improvement, solar energy, fitness, IT, electrical appliance, navigation systems, trade equipment and point of sale systems. Services are offered through four business units: Certegy (no interest ever & lay-by), Flexirent (lease), Flexi Commercial (vendor leasing programs) and Lombard (Interest free credit card).

Tarek Robbiati joined FlexiGroup as Managing Director and CEO in January 2013 replacing John DeLano, who joined FlexiGroup as Managing Director in 2003. Tarek was Group Managing Director of Telstra International Group (TIG), the fastest growing business unit of Telstra Corporation, and Executive Chairman of CSL-NWM, the number one mobile operator in Hong Kong. He was also previously deputy CFO of Telstra Corporation.

The Board of FlexiGroup is chaired by Margaret Jackson, former Chairman of Qantas and previously a director of: Australian and New Zealand Banking Corporation, The Broken Hill Proprietary Company Limited and Billabong International Limited. The Board also includes John Skippen, former Finance Director of Harvey Norman Holdings Limited, Rajeev Dhawan, a partner of Equity Partners, Andrew Abercrombie, a founding director and major shareholder in the company, and Anne Ward, presently also Chairman of the Qantas Superannuation Plan.



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