FLEXIGROUP

ABN 75 122 574 583

ASX ANNOUNCEMENT

2013 ANNUAL GENERAL MEETING

CHAIRMAN & CEO ADDRESSES

Sydney, 20 November 2013

CHAIRMAN'S ADDRESS

Ladies and Gentlemen,

It is my absolute delight to be able to present to you today the results of another outstanding year for FlexiGroup.

Over the last twelve months the company has achieved strong growth in profit, volume, receivables and—I am delighted to report—outstanding total shareholder return.

It's a great result—and a tribute to the hard work of everyone in the business, from our call centre operators here and in Manila, to our directors and our CEO.

I want to begin by thanking all of our people, and our new directors Anne Ward and, of course, our new CEO Tarek Robbiati. Our board's skills are now stronger in all relevant fields from governance to financial risk management and regulation.

Tarek will be going into greater detail about the company's various divisions, but let me mention a few company-wide highlights of the year:

- We achieved a Net Profit After Tax of $72.1 million—up from $61.3 million last financial year.
- Our receivables grew from $927 million to $1.163 billion.
- Our total shareholder return for FY13 was 92% which ranked FlexiGroup 6th in the ASX300 (excluding Mining stocks).
- And our annual dividend increased from 12.5 cents to 14.5 cents per share—including a fully franked final dividend of 7.5 cents.

As you will find in our Annual Report and Annual Review, these figures are well above—in fact well over double—the same results in 2009. In just four years we have matured significantly as a company. Our financial position has never been better.

Just last year we celebrated the achievement of market capitalisation of $1 billion. And yesterday we were $1.4 billion. We are now proudly an ASX150 listed company.

There are many reasons for this success, but the big picture is a vindication of the company's strategy of growing through diversification and the forward-thinking cost savings that are now bearing fruit.

This year, FlexiGroup continued the diversification journey with the acquisition of another interest free business. Following on from the purchase of Lombard in June 2012, we acquired Once Credit in May 2013, giving us growing scale in the $45 billion credit card market.

To give you an idea of how successful this diversification strategy is, 76 per cent of all sales volume this financial year came from new businesses developed or acquired since our IPO in 2006.

Our intention is to continue to selectively grow and acquire Consumer and Commercial finance businesses to achieve scale and reach new markets.

And we continued to consolidate and improve performance and efficiencies across the whole business—most notably through our investments in a shared services platform and the successful transition of selected contact centre operations to Manila.

We continue to have very strong support from our banks and securitisation programs. As the Group continues to integrate its recent acquisitions, strong earnings are predicted to continue into financial year 2014.

And so today we are reaffirming our FY14 market guidance of Cash Net profit After Tax growth of 17% to 19%, which is $84m-$86m.

Our achievements have been well recognised with many awards including, recently winning the AsiaMoney Award in Hong Kong in the category of "Overall Best Managed Company in Australia, Medium Cap".

So we are well set for the future—bigger, stronger, more efficient, with a great workforce that is extremely well-led, ready for the challenges of the future. Most important of all, we are continuing to work diligently for our shareholders, making our name synonymous with growth and shareholder value.

I want to conclude on behalf of the Board of Directors by thanking all of FlexiGroup's shareholders, as well as our customers, partners, funders and the entire FlexiGroup team, including our former and new CEOs, for an outstanding year. We appreciate your support and are determined to provide great shareholder value in return.

I would like to introduce our Chief Executive Officer Tarek Robbiati, who will provide further detail on the Company's activities over the past year.

CEO's ADDRESS

Thank you Margaret and good afternoon everyone.

As the Chairman outlined in her address, FlexiGroup's strong performance continues.

As the excellent numbers Margaret has outlined demonstrate, Flexigroup is going from strength to strength. And I'm delighted to be associated with such positive shareholder value.

As she has remarked upon, this success stems from a very sound strategy of diversification that has continued this year with the acquisition of Once Credit.

This strategy has served the business well and will continue to do so in the future as it gives us greater optionality to grow.

We have also given a great deal of focus to consolidating and integrating our businesses to realise scale and cost efficiencies and to fully leverage the potential synergies from these acquisitions.

Our creation of a thoroughly improved customer-centric, highly scalable and low-cost business platform has been achieved through a number of means.

- For instance, our investment in a shared services contact centre operations to Manila has delivered impressive cost efficiencies in the second half of FY13 and is expected to deliver significant efficiencies into the future.

- The relocation of our Once and Lombard businesses to FlexiGroup's St Leonards office and the integration across sales, operations, and systems has removed duplication in a way that will drive cost savings further.

- The creation of a customer-centric operating model, which aligns our sales force across the Consumer, SME and Interest Free Cards businesses has progressed well and is expected to drive growth in our distribution network.

- The development of online, wireless and payment capabilities to provide additional services to retailers and to deepen the relationship with end-customers is also driving down customer servicing costs.

- And, importantly, our focus on growing receivables in high quality segments to reduce loss rates and lower the cost of funds is also paying off.

Let me tell you briefly some of the divisional highlights for FY13 and the outlook for each business unit.

Certegy—our "no interest ever" payment provider—continues as a stand-out division.

Its Cash NPAT of $27.5 million was up 26% on the previous year and contributed 38% of the Group's profit. Its receivables grew 18% to $422 million and its volumes grew 13% to $490 million.

Certegy had an extremely solid year in the solar power area, despite the obvious government policy fluctuations, and its merchant development program signed 847 new merchants with 1,290 new store locations, including an important new relationship with Rebel Sports.

During FY14 we plan to expand our VIP program (which is designed to engage customers and drive repeat business), and continue to expand and diversify the merchant development program with new industries tested for growth opportunities.

The second business in the Group is **Interest Free Cards** formed by the consolidation of the Lombard and Once acquisitions. With similar products, systems and processes the businesses are now close to fully integrated.

Under FlexiGroup's ownership, the businesses are no longer capital constrained and are well placed to deliver solid growth.

In FY13 the consolidated receivables of Interest Free Cards was $186 million—16% of all the Group's receivables. Lombard in particular had strong organic receivables growth of 52% to $72 million.

Cash NPAT more than doubled to $2.7 million for the second half of FY13, up from the $1 million reported in the first half. This includes a $0.3million contribution from Once in June 2013.

Since acquisition approximately 500 new distribution relationships have been established including IKEA, Dick Smith Electronics and Escape Travel which are trading well.

During FY14 we plan to finalise full integration of the businesses to function as a single cards division, drive penetration in new accounts and continue to identify and develop new relationships with additional retailers.

Our third business, **Flexi Commercial Enterprise**, offers business equipment leasing through manufacturers and distributors and has consistently delivered strong results since it commenced in 2009.

With a lower-risk customer profile, this segment has delivered the best loss performance and has helped the Group access a lower cost of funds with a reduced capital requirement.

In FY13 cash NPAT increased 79% to $8.8 million with volume of $113 million up 11% on the previous year. And receivables grew by 27% to $197 million on the prior year. This is a great result, built on diversification to 135 vendor relationships in telephony, office equipment, software managed services and the commercial energy smart segment.

Our plan in FY14 is to continue to expand our vendor relationships, deliver innovative new products, widen our distribution footprint, and push further into the growing commercial energy smart segment.

The fourth business is **Flexirent Consumer and SME** (the Group's original point-of-sale leasing business) which previously operated predominantly in the computer and electrical channel.

In 2010 this business strategically diversified into the SME sector with focus given to growing new asset classes.

The business now operates across a wider range of industry segments and provides leasing services to small and medium commercial customers, which is helping mitigate the impact of a softening retail environment and the erosion of pricing in the computer category.

In FY13 Flexirent reported volume of $216 million with the SME business contributing 44% of this volume (up from 28% in FY10).

Cash NPAT of $33.1 million was down 4% on the prior year, but improved in the second half thanks to cost savings associated with the new FlexiGroup shared services platform in Manila.

Receivables of $358 million were down 2% on the previous year, reflecting the challenging retail environment.

Blink Mobile Broadband offered in key computer retailers, delivered a solid result with 75,000 active wireless broadband customers.

During FY14 we plan to continue to focus on growing the SME segment to off-set the recent trend to declining consumer leases. Receivables are expected to remain flat as the longer term commercial contracts build as a proportion of receivables.

We also aim to re-invigorate Blink Mobile Broadband and bundled product solutions in Harvey Norman to capitalise on the rollout of Apple products in their stores.

In summary, FlexiGroup began the year as a diversified business with multiple products, excellent risk management and funding competencies and with a strong culture led by a talented management team.

In FY13 growth opportunities have been realised and the company has been aligned and re-organised to best leverage growth and cost saving opportunities in FY14.

A significant amount of organisational change has been undertaken since the Once acquisition in May 2013 and I would like to extend my thanks to the entire FlexiGroup team who have handled the amount of change with a high degree of change while keeping their focus and continuing to deliver strong results.

I also want to add my thanks to all our shareholders for their continuing belief in our company, and assure you that we intend to repay that support by continuing to build a great company that provides value for your investment.

Thank-you and I will now hand back to the Chairman.