



THINKSMART ANNOUNCES SALE OF AUSTRALIAN BUSINESS FOR \$43 MILLION

- *Australian business to be sold to FlexiGroup Limited for \$43 million*
- *ThinkSmart intends to distribute 11 cents per share to shareholders via a fully franked special dividend and capital return*
- *ThinkSmart to undertake an on-market share buyback of up to 10% of issued capital after completion*
- *Profit before Tax on sale of approximately \$16 million*
- *Strategic focus on UK operations*
- *Reaffirms reinstatement of dividend policy in 2014*

ThinkSmart Limited (ASX: TSM) today announced it has reached agreement to sell its operations in Australia and New Zealand to FlexiGroup Limited (ASX: FXL) for \$43 million. The proposed transaction is subject to customary conditions and is targeted to complete on 31 January 2014.

ThinkSmart's Executive Chairman and Chief Executive Officer, Ned Montarello, said: "Following a strategic review, the decision has been made to focus our resources on the expansion of our very successful UK operations."

"To that end, the decision to sell the Australian business has been made to crystallise a return for our shareholders and generate funds to promote this expansion. The Board believes that this transaction is in the best interests of the shareholders."

Mr Montarello noted that the sale price represented an attractive return to ThinkSmart for its Australian business only and is equivalent to 26.5 cents per share.

Following completion of the proposed transaction, ThinkSmart's Board of Directors expects to:

- Distribute a fully franked special dividend of 3.6 cents per share; and
- Subject to receiving a ruling from the Australian Taxation Office on the taxation treatment of the payment, make a capital return of 7.4c per share.

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In addition, the Board intends to implement an on-market share buyback of up to 10% of the company's issued capital over the period of six months from the completion of the transaction.

"During the strategic review, the Board concluded that ThinkSmart should focus on its UK operations. The UK, with 62 million consumers and a growing economy, represents a highly attractive market for ThinkSmart both in terms of size and number of opportunities for which ThinkSmart is well positioned to address," said Mr Montarello.

"The existing UK business has provided strong growth since 2009 and the completion of this deal will mean the UK business will be well placed to build on this trajectory."

In May, ThinkSmart announced the extension of its operating agreement with Dixons, the UK's largest electronic retailer, to mid-2017 and, in October, ThinkSmart announced a new retail partnership with Kingfisher Future Homes Limited, a division of Kingfisher plc, Europe's largest home improvement group. Last month, ThinkSmart also announced the appointment of Keith Jones, an experienced executive with a strong UK and European retail background, as Chief Executive Officer of ThinkSmart from February 2014.

Mr Montarello said the Board would now explore a range of options for accelerating growth in the UK.

"These opportunities include increased funding efficiency, product development and diversification", he said.

Mr Montarello also noted that it is the Board's intention that any capital not required to support growth plans would be returned to shareholders.

Proposed transaction

The target completion date of the proposed transaction is 31 January 2014. The transaction is subject to a number of conditions, including no regulatory intervention, limited third party consents and certain steps to effect the separation of the Australian and UK businesses. The purchaser also has a termination right if there is any material adverse change in respect of the Australian business.

ThinkSmart consulted with ASX about the application of Listing Rules 11.1 and 11.2 to the proposed transaction. ASX has informed ThinkSmart that, based on the information provided, it considers that Listing Rules 11.1.2, 11.1.3 and 11.2 do not apply to the sale of the Australian and New Zealand parts of ThinkSmart's business.

Net proceeds from the proposed transaction, after tax and other transaction related costs, are expected to be approximately \$39 million, subject to a post-completion adjustment for any decrease in the net tangible assets of the Australian business. Subject to the finalisation of disposal accounting, a one-off profit before tax of approximately \$16 million is expected to be crystallised on sale.

Following the proposed transaction, ThinkSmart Limited will comprise the existing UK business and the corporate head office. Excluding the profit on disposal, transaction and restructure costs, ThinkSmart is expected to generate Net Profit after Tax in the region of \$3 million in the financial year to 31 December 2014 and to generate cash-flows in the region of \$3 million. Immediately post completion and subject to the finalisation of disposal accounting, ThinkSmart is expected to have net assets of approximately \$63 million, including Available Cash of approximately \$48 million.

As announced on 12 November, The Board of Directors intends to pay a franked dividend during 2014 (in addition to the fully franked special dividend of 3.6 cents per share linked to the sale of the Australian business).

Grant Samuel is acting as financial adviser to ThinkSmart and Herbert Smith Freehills is acting as legal adviser.

END



Further information:

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ABOUT THINKSMART:

ThinkSmart Limited is a leading provider of point of sale financing solutions in Australia and the UK. ThinkSmart offers innovative and diversified financial products to consumers and businesses in partnership with leading retailers in Australia and the UK. ThinkSmart processes high volumes of finance transactions quickly and efficiently through patented QuickSmart technology. This enables online credit approval in just a few minutes, whether customers are online or in store.

ThinkSmart's suite of financing and rental products are sold under the RentSmart, Fido, SmartPlan, Infinity and ThinkSmart Business Leasing brands. Products are available in retail stores, online and in multi-channel environments. The business has a strong presence in the personal computer, office equipment and consumer electronics markets and is expanding into new product categories, such as solar and jewellery, with its "no interest ever" product, Fido.

FORWARD-LOOKING STATEMENTS:

This announcement may contain forward-looking statements. Such statements are not guarantees of future conduct, results, performance or achievements and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the control of ThinkSmart. ThinkSmart cannot give any assurance that the conduct, results, performance or achievements expressed or implied by the forward-looking statements in this announcement will in fact occur. Investors are cautioned not to place undue reliance on the forward-looking statements in this announcement.