



Flexi Future: FlexiGroup strategy day

Financially Connecting Businesses and Consumers

15 May 2014

FLEXIGROUP 

Welcome to the FlexiGroup investor strategy day



Objectives for the day

- Provide an update to the market about the business health and recent acquisitions
- Reaffirm market guidance for FY14 of \$84-86M Cash NPAT
- Walk through our growth strategy covering the next few years
- Demonstrate some of the enabling technology we are releasing to deliver on the strategy



Flexi Future day agenda and timing:

TOPIC	PRESENTERS	MIN	SESSION 1	SESSION 2
Welcome, introduction to the Executive team and setting the scene	Tarek Robbiati	10	09:00-09:10	13:30-13:40
Our mission, vision and strategy overview	Tarek Robbiati	15	09:10-09:25	13:40-13:55
Business unit strategies	David Stevens	10	09:25-09:35	13:55-14:05
Consumer and demo	Nicholle Lindner	15	09:35-09:50	14:05-14:20
Certegy	Rob May	10	09:50-10:00	14:20-14:30
Interest free cards	Nicholle Lindner	10	10:00-10:10	14:30-14:40
SME	Nicholle Lindner	5	10:10-10:15	14:40-14:45
BREAK		10		
Enterprise and demo	Anthony Roberts, Brett Beaumont	15	10:30-10:45	15:00-15:15
New Zealand	Tarek Robbiati	5	10:45-10:50	15:15-15:20
Paymate and demo	Tarek Robbiati, Dom Agostino	15	10:50-11:05	15:20-15:35
Capabilities investment	Peter Lirantzis	5	11:05-11:10	15:35-15:40
Funding and M&A	David Stevens	10	11:10-11:15	15:40-15:45
Medium term ROE and growth	David Stevens	5	11:15-11:20	15:45-15:50
Strategy on a page and wrap up	Tarek Robbiati	10	11:20-11:30	15:50-16:00
Q&A	Tarek Robbiati, David Stevens	30	11:30-12:00	16:00-16:30

180



Historically our game plan has been about diversification for growth and our business has significantly changed since its IPO

In FY07 Flexirent and Flexiway were sold through Harvey Norman and independent retailers. We had:

- ~200K customers
- 1 line of business
- 1 major channel partner
- ~250 staff across Australia and New Zealand



Listed on ASX

FY07



Opened Irish office



Acquired Certegy

FY08



Launched Blink



Launched Commercial vendor finance



FY09



Launched 'too easy' and the bee



FY10



Awarded Australia's best contact centre



Acquired Paymate



FY11



Awarded Australia's best employer (EOC)



Acquired Lombard



Outsourced contact centre to Manila



FY12



Passed \$1B market capitalisation



Acquired Once



FY13



Awarded best managed company



Acquired RentSmart, Equico and ToT



FY14

Now, in FY14 FlexiGroup is a diversified non-bank Financial Services provider with:

- ~750K customers
- 11 lines of business
- ~40 major channel partners
- ~840 staff across Australia, New Zealand, Manila and Ireland

\$84-86M Cash NPAT

\$29M Cash NPAT

FLEXIGROUP^X

Where to from here?

- This year we remain **on track to deliver \$84-86M Cash NPAT**, another year of double-digit Cash NPAT and Cash EPS growth
- We have also heard **your growth concerns**, namely:
 - How steep is the **decline in consumer leasing**, can FlexiGroup stem this decline?
 - Have **solar** installations peaked?
 - How will we grow the **cards** businesses?
 - Why did we acquire **Think Office Technology**?
 - How will we manage **competitor threats**?
 - What are our plans for **Paymate**?



Is double-digit Cash EPS growth sustainable over a much greater profit base ?



We have been busy strengthening our core and setting the platform to support growth

	1H14 ACHIEVEMENTS	2H14 ACHIEVEMENTS
Australia Consumer and SME Leasing	<ul style="list-style-type: none"> Signed agreements with Optus (MVNO – Mobile Virtual Network Operator) and agreement Brightstar Mobile and tablets pilot – Nov. 13 Acquired RentSmart AU/NZ – Dec. 13 	<ul style="list-style-type: none"> Completed RentSmart acquisition – Jan. 14; on track to realise \$4-5M of pretax synergies as of FY15 Commercial launch of mobile phones and tablets Developed new leasing propositions in newly acquired channels (e.g. JB Hi-Fi, DSE) and launched Smartway in JB Hi-Fi Repositioned FlexiCommercial brand for SME
Interest Free Cards	<ul style="list-style-type: none"> Delivered Phase 1 of Lombard-Once integration; on track to exceed \$3.5M annualised post-tax opex synergies Restructured related financing facilities 	<ul style="list-style-type: none"> On track to deliver Phase 2 of Lombard-Once integration plan, a single IT platform to support multiple card brands Revamped card offerings for Lombard and Once
Certegy	<ul style="list-style-type: none"> Delivered \$99M in solar volumes in spite of 75% reduction in solar panel subsidies since Dec.12 Continued to develop VIP Program Significant enhancements of Certegy call & click platform to drive volumes 	<ul style="list-style-type: none"> Signed long-term partnerships with Michael Hill Jewellers Entered new category of Rental Bonds through a long-term partnership with rent.com Continue to see sustainable solar volumes of \$15M p/m Entered New Zealand market with unique product offering
Enterprise	<ul style="list-style-type: none"> Delivered 23% volume growth Launched new product offers including Purchase power Agreements, Managed IT services and Managed Print Services 	<ul style="list-style-type: none"> Launched FlexiEnterprise brand Acquired Think Office Technology Rolled-out state-of-the-art strategic vendor and broker platform
New Zealand Leasing	<ul style="list-style-type: none"> Delivered strong volume and cash NPAT contribution in 1H14* 	<ul style="list-style-type: none"> Acquired Equico, a well established provider of leasing to businesses and government agencies for a non-material consideration

Note: (*) New Zealand reported within Consumer & SME

The future of FlexiGroup starts and ends with its customers; our opportunity is to deliver a consistent experience across our brands

CUSTOMERS ARE VOICING THEIR OPINIONS ONLINE

- Our customer base is growing, becoming more savvy and increasingly want more value for money
- Customers **now have a voice** on social media forums



NET PROMOTER SCORE HAS HIGHLIGHTED MIXED CUSTOMER SENTIMENT FOR OUR PRODUCTS

NPS by segment		
Product group	Brands	NPS score (1H 14)
Consumer leasing	FLEXI RENT FLEXI WAY	-6
New Zealand leasing	FLEXI WAY New Zealand	23
Cards	Lombard Finance Once	-9
Certegy	certegy ezi-pay	48

IMPROVING OUR CUSTOMER ENGAGEMENT IS THE START OF OUR GROWTH STRATEGY

- To become a customer-centric company, our strategy starts by **listening to our customers**
- We are embedding processes which **identify the root cause** of each customer pain point and proposes how to **improve the customer experience**
- We are already seeing an **improvement in customer engagement** and see that our promoters drive over 50% of our repeat business



Note: As at December 2012, the NPS score of the Australian Financial Services Sector ranged from -45 to +8

Our mission and vision focuses on our customers and how we enable them to acquire things they need and things they dream of

OUR MISSION

We find new and ever-better ways to financially connect businesses and consumers to the things they need and the things they dream of

OUR VISION

To have “Flexi” become the empowering verb that people use when talking about acquiring a significant item

WHY? BECAUSE OUR CUSTOMERS’ WORLD IS CHANGING

They are more digital, more savvy, more social, more technology, more mobile, more choice, more complexity, more noise, more clutter, more pressure to keep up

SO FLEXIGROUP MUST ALSO CHANGE

We don’t have the scale of a big brand or the balance sheet of a bank

We have to do things differently and embrace the trends of the digital age



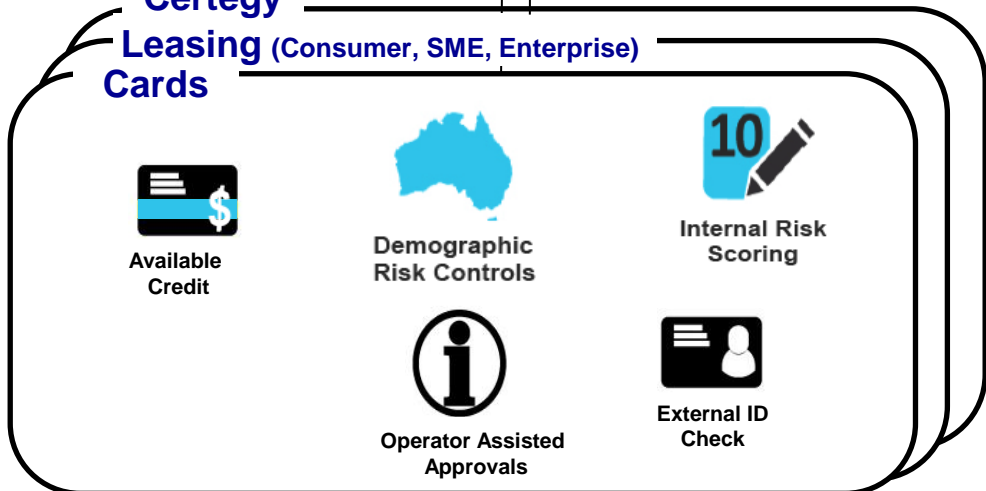
We will drive growth by becoming an integrated full-service provider of finance solutions

From Product-centric Call-Centre Based Finance Provider to...

... Integrated Full-Service Provider of Finance Solutions with multiple originating and servicing options



Certegy
Leasing (Consumer, SME, Enterprise) Cards



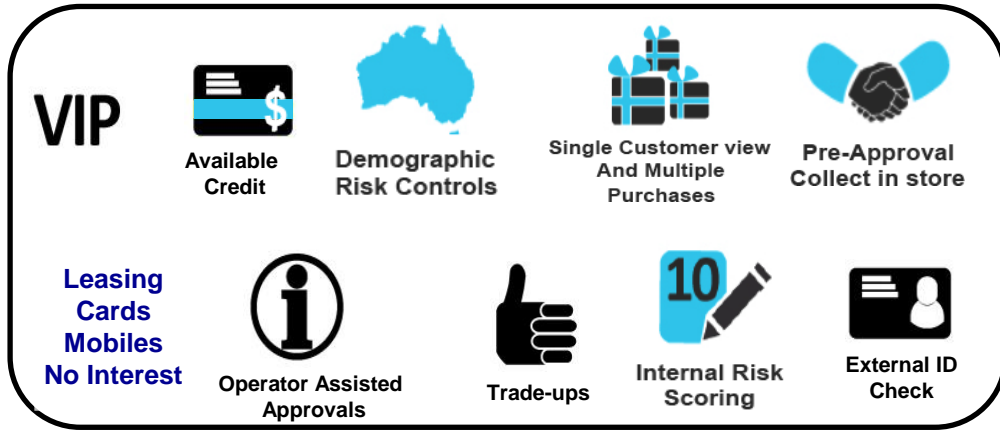
Back-office efficiencies from offshoring



VRU



Call Centre



Back-office efficiencies from offshoring combined with improved productivity and customer reach in Australia

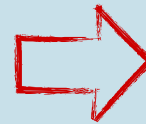
Three pillars will underpin our business growth in the future

TODAY

FUTURE FLEXI

Consumer and SME Finance

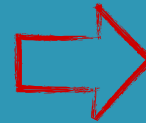
- Consumer and SME point-of-sale financing options including leasing, no interest ever, interest free cards



- Omnichannel experience through bricks and mortar, online and click & call
- Online self service functionality, repeat customer programs and pre-approval functionality
- Bundling of services (e.g. telco) and leases

Business Finance

- Enterprise equipment financing primarily offering solutions for office equipment and technology



- Expanded underlying asset financing solutions, service verticals and operating lease with residual value
- Advanced origination platform to secure selected broker channel

International¹

- New Zealand commercial leasing through Noel Leeming, Harvey Norman and independent partners









- Expand international business via acquisitions or joint-venture in areas of core domestic capabilities
- Initial expansion in New Zealand business through core business lines



1. International expansion requires our organisational capabilities being ready and a new Offshore Management Model in support

We will deliver sustained growth across all business units

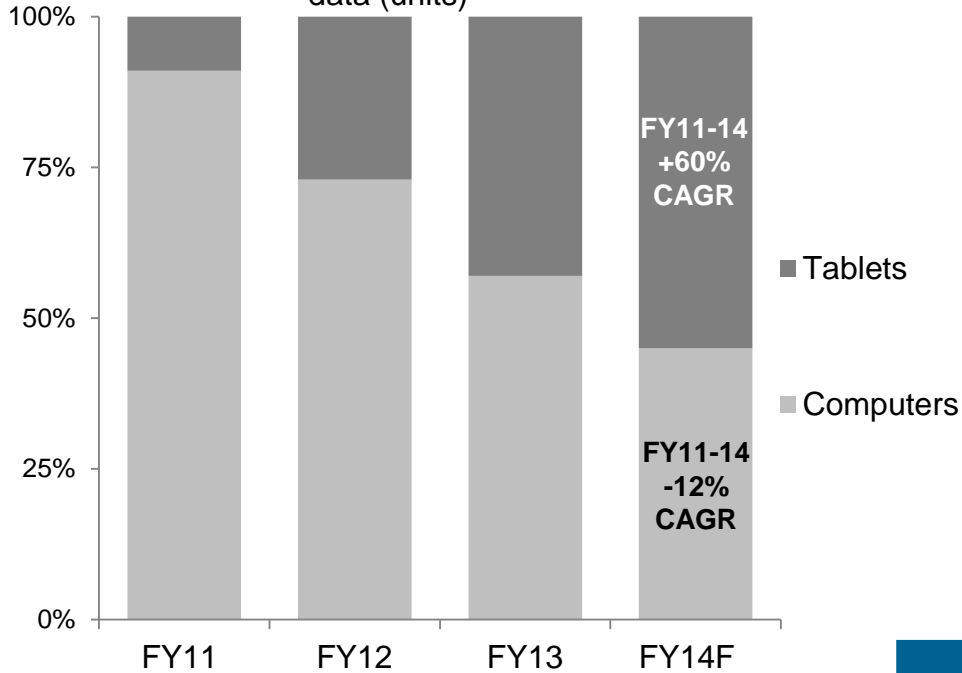
		FY11-14 historic volume CAGR	FY11-14 Historic NPAT/ANR margin	FY14-17 forecast organic volume CAGR	Growth drivers and comments
Consumer Leasing		(11%)-(10%) ¹ decline	↓ ~10%	0-5% growth	<ul style="list-style-type: none"> • Changing mix from computers to tablets, and from personal-use to business-use • Growth through new channels following RentSmart acquisition and new categories • New product offering bundling services (e.g. telco) with phones and/or tablets • Paymate to deliver a positive NPAT by FY16
No interest ever		11-13%	→ ~7%	5-10%	<ul style="list-style-type: none"> • Continued growth through solar, jewellery and other categories
Interest free cards		N/A	↑ ~5% ²	10-15%	<ul style="list-style-type: none"> • Continued growth through Once and Lombard brands • Organic growth and growth through acquisitions
SME Leasing		20-26%	n/a	15-20%	<ul style="list-style-type: none"> • Maintain market leadership and efficient application to settlement process
Enterprise Leasing		34-40%	↓ ~5%	15-20%	<ul style="list-style-type: none"> • Expansion of our operating lease and asset management capabilities, new product offerings and service verticals • Organic growth and growth through acquisitions
New Zealand		10-14%	n/a	15-20%	<ul style="list-style-type: none"> • International business of New Zealand will be separated out in our segment reporting for the first time at FY14-end • Organic growth and growth through acquisitions

Notes: ¹ Consumer volume growth CAGR of FY10-14. Paymate and MBB Blink accounted for in Consumer but generate no receivables volume. ² Interest free cards data FY12-14

Consumer: Currently we are experiencing a shift from computers to tablets and from personal-use to business-use

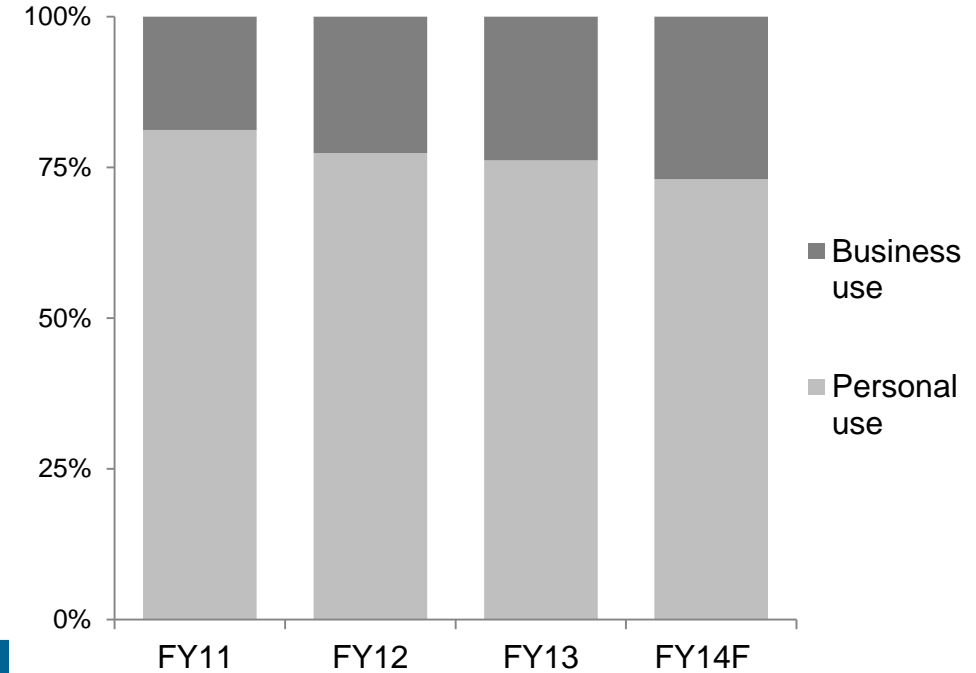
COMPUTER AND TABLET SALES HAVE BEEN SHIFTING...

Mix of sales through major retail partners and market data (units)



...THE USE OF IT PRODUCTS HAS ALSO SHIFTED FROM PERSONAL-USE TO BUSINESS-USE

Mix of financing purpose

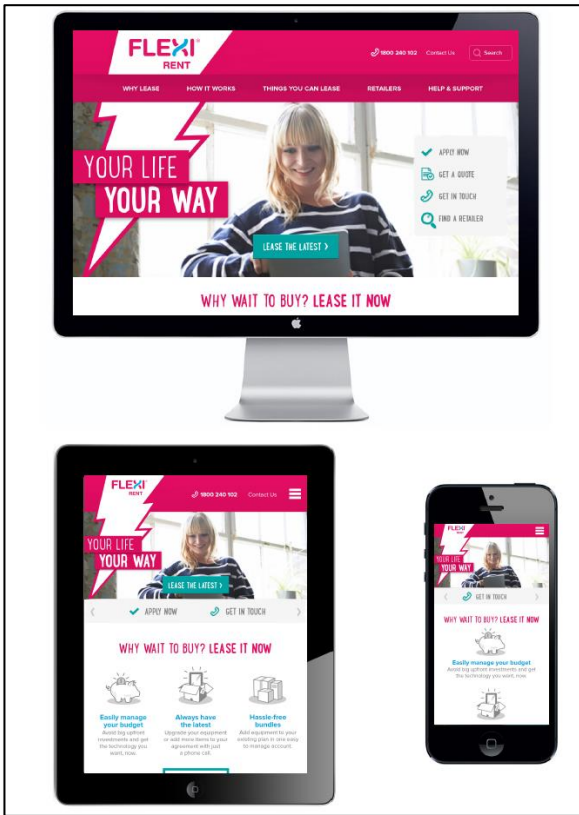


We are responding to these changes by (i) creating an omnichannel customer experience, (ii) bundling of services with phablets and (iii) acquiring new channels by consolidating the market

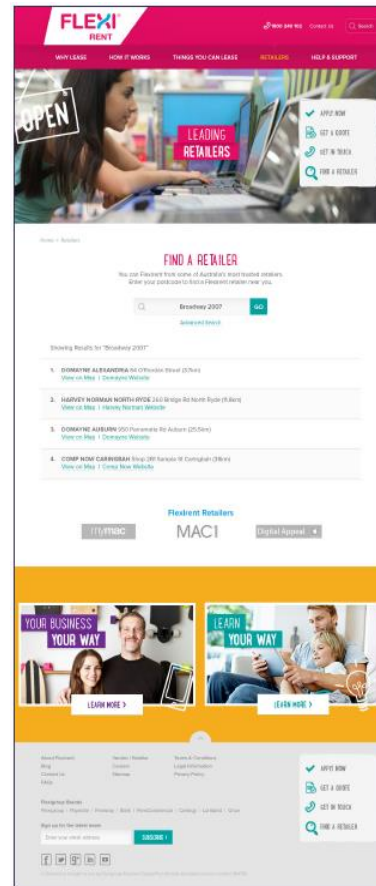
Note: the overall PC industry suffered its seventh consecutive quarterly decline in the three months to December 2013. IDC estimated a 5.6 per cent fall in shipments to 82.211 million units in 4Q2013, while Gartner saw shipments drop 6.9 per cent to 82.633 million over the same period.

Consumer: We are designing responsive websites for PC, mac, tablet and phone to support omnichannel experience

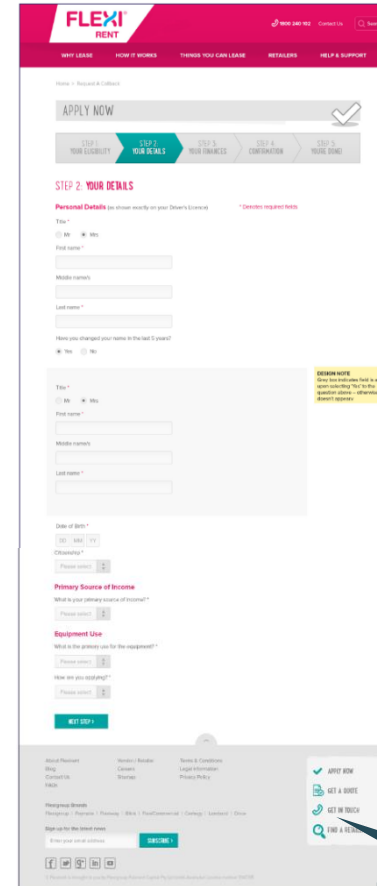
FLEXI AVAILABLE ON ALL DEVICES



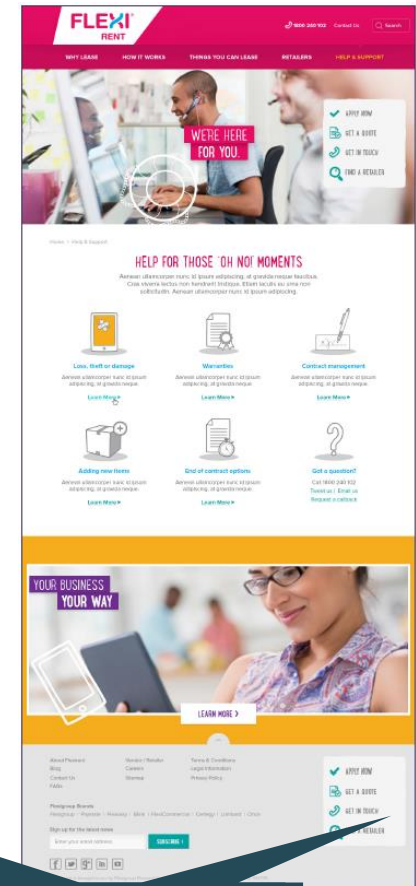
RETAILERS PAGE



APPLY NOW PAGE



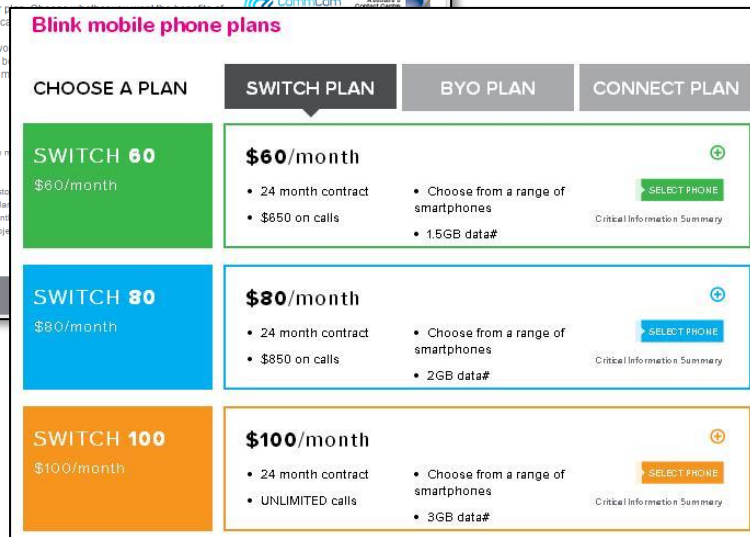
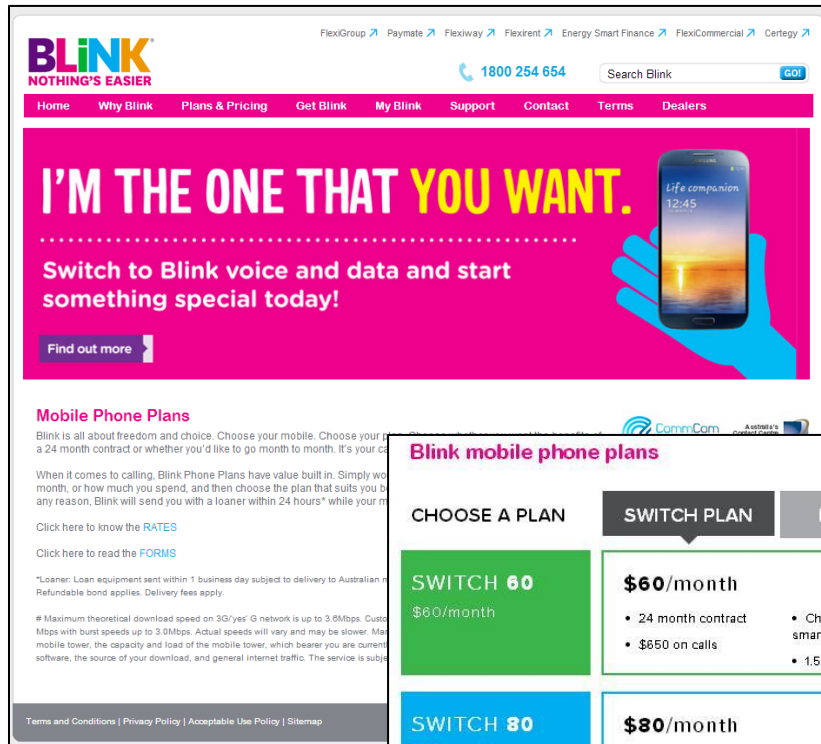
HELP PAGE



Call and Click available on each page



Consumer: Our telco offering has now launched in Major Retail Partners offering 12 or 24 month phone or tablet plans



CHOOSE A PLAN	SWITCH PLAN	BYO PLAN	CONNECT PLAN
SWITCH 60 \$60/month	\$60/month <ul style="list-style-type: none">• 24 month contract• \$650 on calls	<ul style="list-style-type: none">• Choose from a range of smartphones• 1.5GB data#	SELECT PHONE Critical Information Summary
SWITCH 80 \$80/month	\$80/month <ul style="list-style-type: none">• 24 month contract• \$850 on calls	<ul style="list-style-type: none">• Choose from a range of smartphones• 2GB data#	SELECT PHONE Critical Information Summary
SWITCH 100 \$100/month	\$100/month <ul style="list-style-type: none">• 24 month contract• UNLIMITED calls	<ul style="list-style-type: none">• Choose from a range of smartphones• 3GB data#	SELECT PHONE Critical Information Summary

CUSTOMER VALUE PROPOSITION

- Lease and telco product available for tablets and mobile phones
- Fast, convenient application, <5 minutes from application to activation
- Optus 4G network coverage
- Swap option available for a new phone every 12 months plus “loaner and protect”




DEMO

Consumer: The integration of RentSmart is on track to deliver the anticipated synergies

FINANCIAL PERFORMANCE

- **On track to deliver \$4-5m pre-tax opex synergies** as originally forecast from FY15 onwards
- **Downsized the team** in Perth, and rebalanced resources with Manila, as well as **renegotiated operational contracts** to reduce opex
- There has been **no disruption in volumes** during the acquisition and integration; FY14 volumes in line with expectation
- Restructuring the RentSmart funding facility is on track to deliver **\$8-10m reduction in cash support levels**

BRANDS, PRODUCTS AND CHANNELS

- **Refreshed our product offering within JB Hi-Fi**, using our new **SMARTWAY** brand, early results show promising uplift in volumes
- Launched end-of-financial-year leasing promotion in **Dick Smith Electronics** using the **FLEXIWAY** brand. DSE is now the largest account of FlexiGroup where we provide whole-of-business customer financing solutions
- **The fido brand and product is being retired** with existing retail partners moving to 

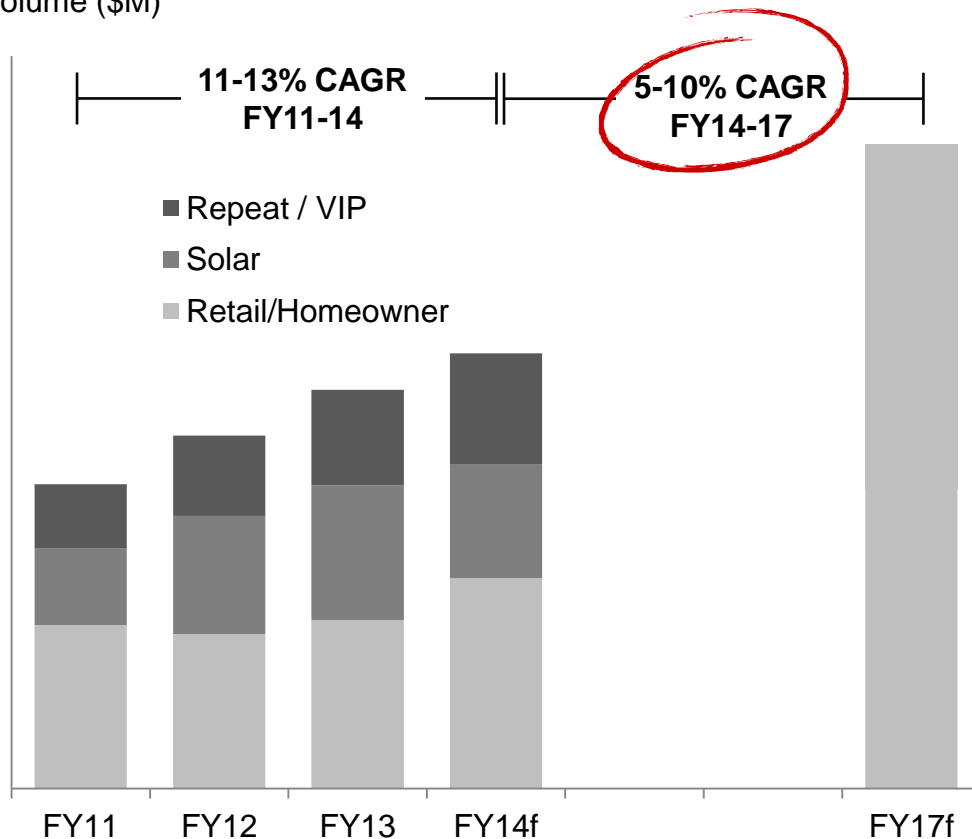
SYSTEMS AND PROCESSES

- Migration of all RentSmart customer contracts onto the FlexiGroup system is on track
- All originations are now using the FlexiGroup phone-based originations platform and process
- Working on leveraging the call&click-enabled RentSmart online originations platform to develop the same end-to-end online originations functionality across all FlexiGroup brands



No interest ever: Selective growth through solar, jewellery and other categories

Volume (\$M)



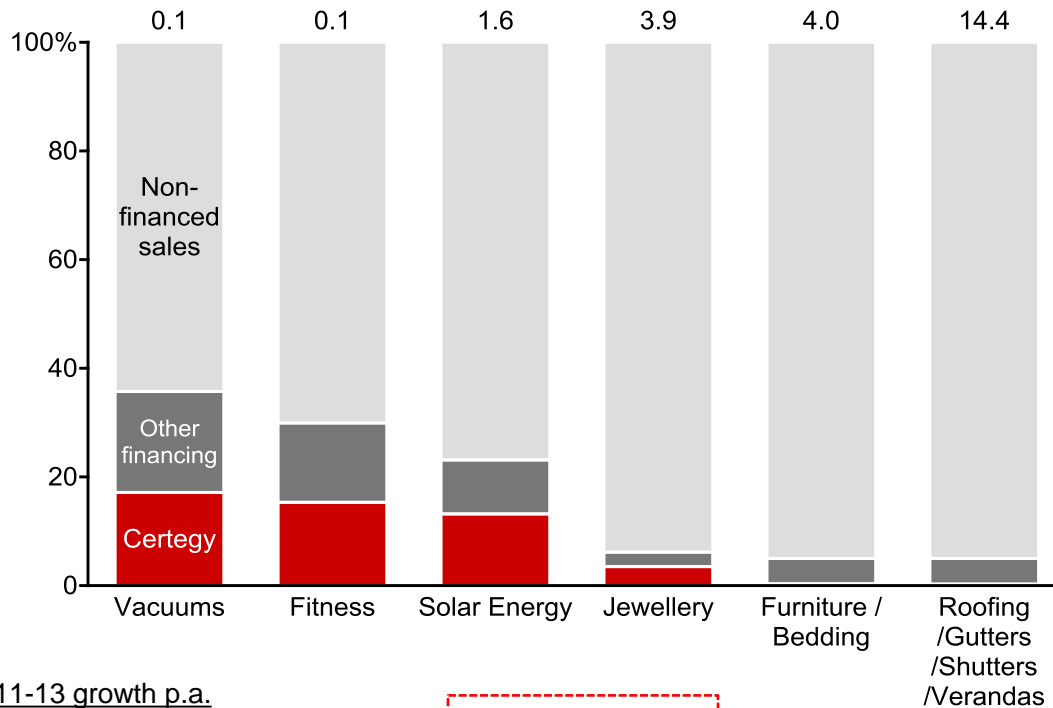
- Historically Certegy has grown through financing of solar panels and jewellery
- We have **continued to grow our solar business selectively** to a stable volume of \$15m per month despite the 75% reduction in government rebates in FY11-14 through increased sector penetration and increasing average deal size
- In the future we forecast continued strong solar volumes through traditional panels and **new technology of solar batteries**
- Additionally we will grow Certegy through **5 key pillars**:
 - expansion of the VIP repeat program
 - entry into New Zealand
 - direct to consumer marketing
 - increase penetration in 100 industries we service
 - new product categories (e.g. rental bonds where we have signed a long term agreement with rent.com)



No interest ever: Upside exists in both existing and new target categories, Certegy continues to be selective

CERTEGY CATEGORY PENETRATION AND FORECAST GROWTH

Overall Australian category sizes* (FY14, \$B)



FY11-13 growth p.a.

Category	+2%	+5%	-4%	+2%	n/m	n/m
Certegy	+91%	-29%	+33%	+18%	n/m	n/m

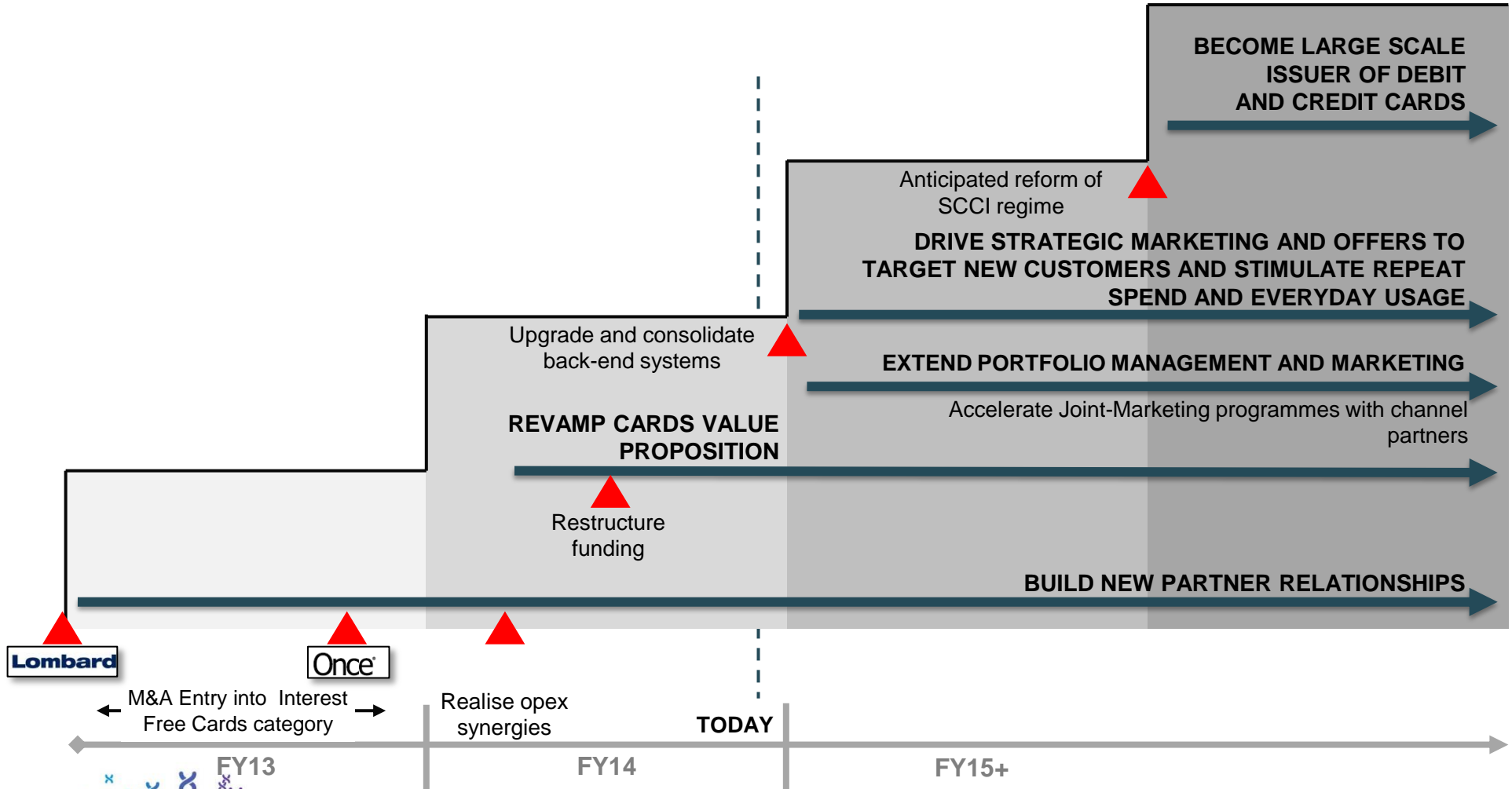
PLANNED METHODS FOR GROWING FASTER THAN THE CATEGORY

- **Grow VIP program** of repeat purchases from existing customers
- **Focus on high quality merchants** within each industry (e.g. selected solar merchants)
- Increase number of new customers through **direct marketing to consumers**
- **Higher penetration rate** at current and existing merchants. Examples are:
 - Solar: FY11 \$94m FY13 \$166m (+33%pa)
 - Jewellery: FY11 \$77m FY13 \$107m (+18%pa)
 - Vacuums: FY11 \$6m FY13 \$22m (+91%pa)
- **Increase the average value of purchases** for high value existing merchants
- **Find new growth anchor categories** and subsequently cross-sell, e.g.
 - Rental Bonds
 - Health (Aged Care products)
 - Education (Course costs)

Note: Overall Australian category sizes displayed are some of the products which are compatible with the No interest ever product

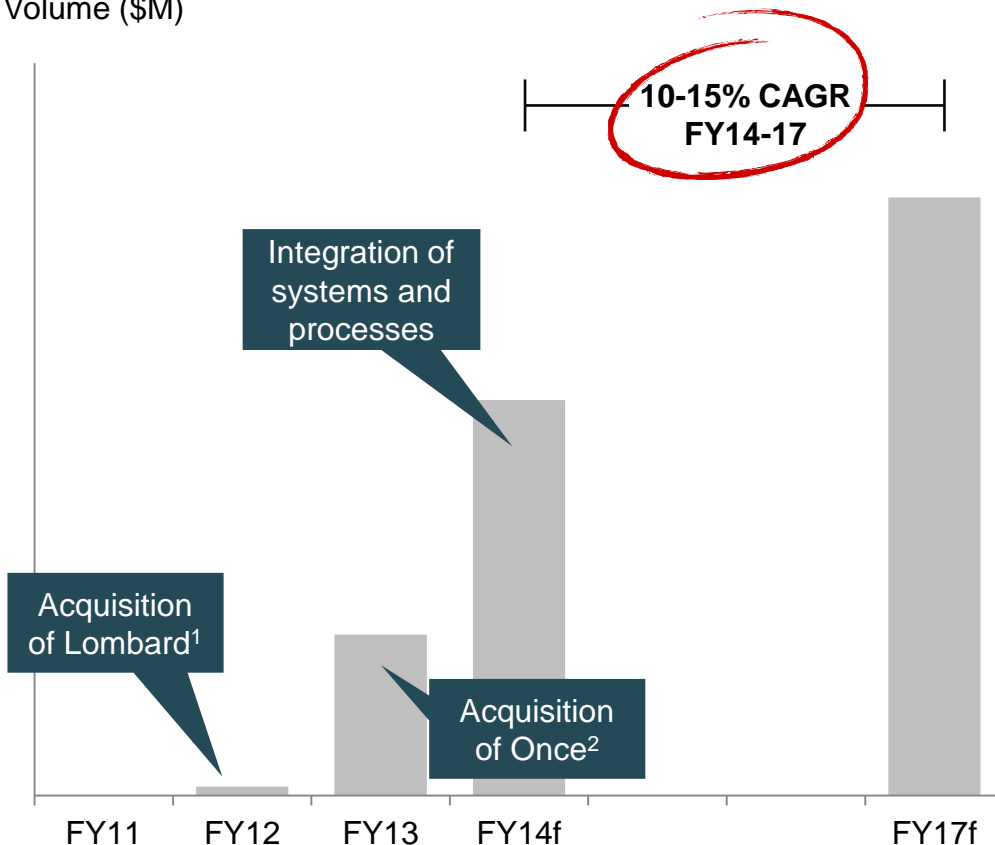
Source: APVA; HIA; Euromonitor; IBISWorld; Management estimates

Interest free cards: We are at the beginning of a 5-year+ journey during which several levers will drive and accelerate growth



Interest free cards: We see significant growth in cards over the next 3 years

Volume (\$M)



- After acquisition of Lombard in June 2012 and Once in May 2013, **we are now finishing the integration** and consolidation of systems and processes
- We are now turning our attention to our **existing partner relationships** and **potential expansion** into other categories and partners
- Further growth through **portfolio optimisation** such as greater share of wallet from existing card customers and improved customer retention

Notes: ¹ FY12 volumes include one month only for Lombard (June 2012). ² FY13 volumes include one month only for Once Credit (June 2013)

SME: Growth through new merchants and new industries

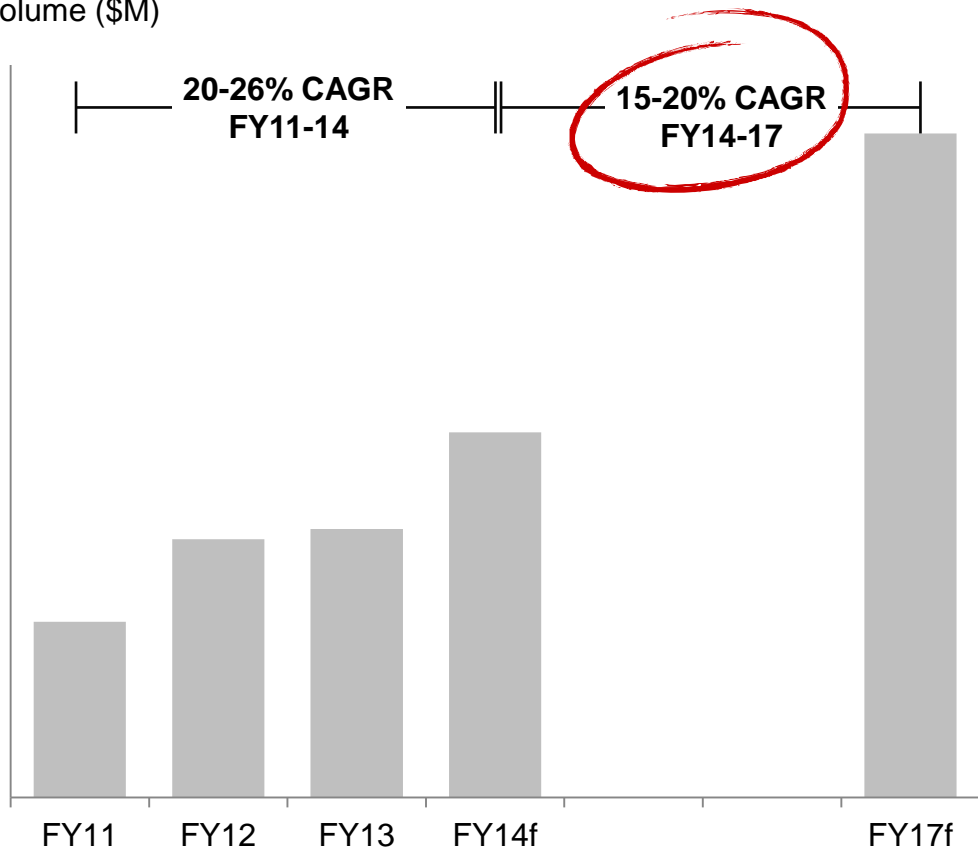


	Selected new industries
Commercial solar	We are leveraging the strong solar position of Certegy by providing solar leasing to smaller commercial installations such as day care centres, petrol stations and other owner occupied buildings
Retail commercial	With the integration of RentSmart a new distribution channel has opened up of a retail-based commercial offer through Dick Smith, Officeworks, JB Hi-Fi & Leading Edge
	Existing and new merchants in current categories
Fitness, catering and office equipment	Continued growth through our existing partners and new relationships



SME: Our dedicated SME team under the Flexi Commercial brand is the market leader in finance solutions for sole traders and SME

Volume (\$M)



- The SME model continues to **leverage our POS call-centre based capability** with a dedicated team
- Our product has a **strong customer value proposition** with a competitive rate and real-time application decision to settlement
- We have a **strong base of existing partners** as well as growth in new industries and partners in existing verticals
- Our broad industry view and strong partner relationships **protect us from cyclical volume fluctuations**



Enterprise: We are launching a new online originations platform for brokers and vendors, supported by our Enterprise team



Individualised Branded Dashboard

The dashboard displays a list of applications with columns for Purpose of Finance, Finance Type, Finance Amount, Target Bid Rate, Status, and Business Development Rep. Applications include Flexigroup Rental for FITNESS FIRST AUSTRALIA PTY LIMITED, Flexigroup Finance Lease for CREATIVE DESIGN PTY LTD, Flexigroup Rental for nobody, and Flexigroup Finance Lease for HIGH CO. PTY LIMITED.

Product Selection

The 'Apply for Finance' screen lists three product options, each with a 'Continue' button and a 'Read More' link:

- FlexiGroup - Lease:** Lease contract for the rental of goods used by a business in exchange for specified use.
- FlexiGroup - Rental:** Rental contract for goods used in the day-to-day operations of a business.
- FlexiGroup - Software Lease:** Lease contract for the rental of software for business use.

- We are shifting from manual originations processes to **digital originations and self-service**
- Brokers and Vendors will be able to **transact anytime, anywhere and on any device**
- We will be able to **track and support the progress** of deals from the central dashboard
- The platform will drive **increased originations** for lower opex, **faster approval speed**, and **stronger partner relationships**



FlexiGroup Broker Dashboard

The dashboard includes navigation tabs for Dashboard, Deals, My Tasks, My History, and Personal Customers. A sidebar menu on the left contains sections for Social Learning, My Tasks, My History, and Quick Quote.

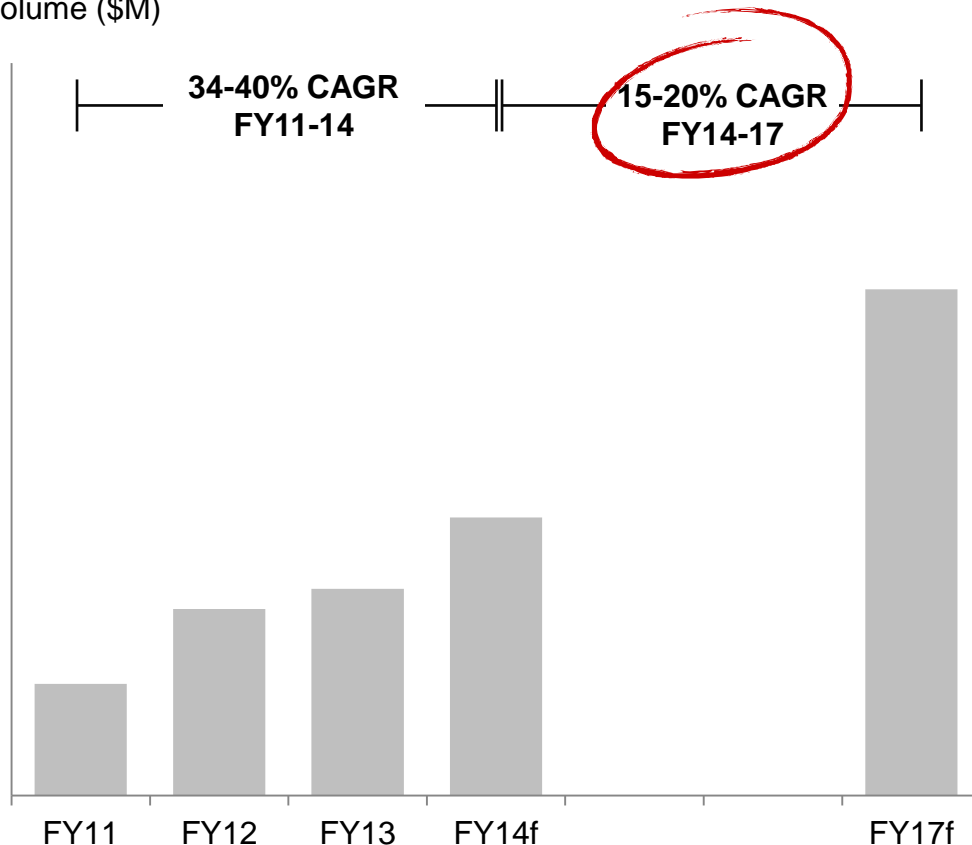
Full view and mgmt of application queue

The application queue table displays columns for Loan Process, Status, Amount, Application Name, Funding Rate, Progress, and Origination Group. It lists various applications such as CREATIVE DESIGN PTY LTD, FITNESS FIRST AUSTRALIA PTY LIMITED, and HIGH CO. PTY LIMITED.



Enterprise: Continued strong growth through existing products and by providing solutions

Volume (\$M)



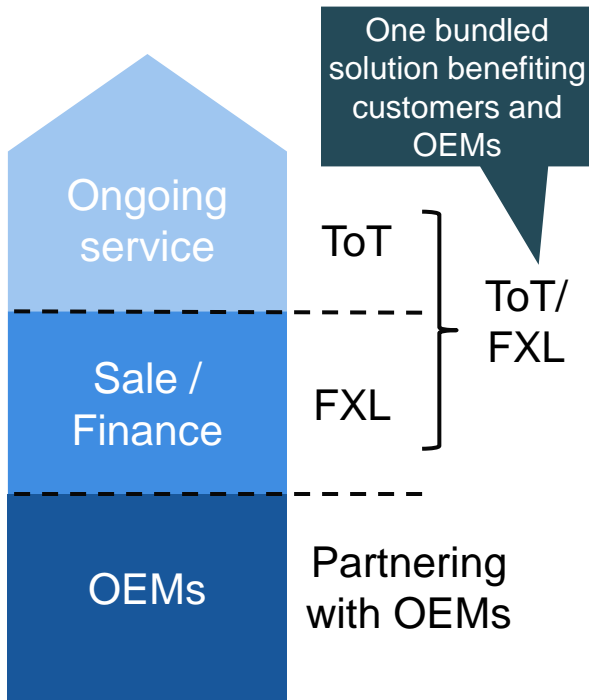
- We have **continued to grow the Enterprise business at >30% CAGR**
- **Future growth** will come from our **existing industries and products** as well as the introduction of **new products** such as an **operating lease with a residual value** and extending our **asset management capabilities**
- We **expect margins to come down** as we grow and compete more often with the higher end of the market
- To combat this compression we will continue to **differentiate into services to provide solutions** as we did through the acquisition of Think Office Technology



Enterprise: The acquisition of Think Office Technology (ToT) accelerates entry into service verticals and diversifies our revenues

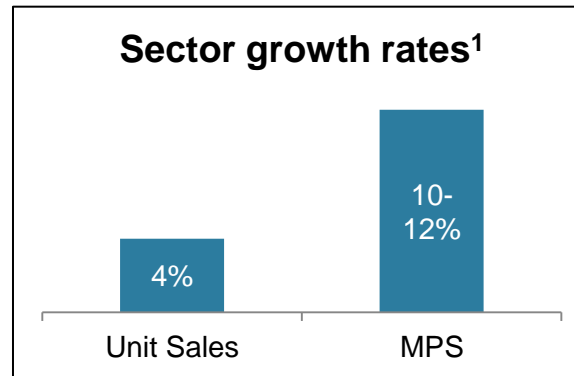


we think. others copy.



COMPANY BACKGROUND

- Specialist in **Office Print and Managed IT/Managed Print Services (MPS)** with **significant market share**
- **Nine offices** in regional Queensland
- Mix of revenue from **operating lease, finance lease and service**



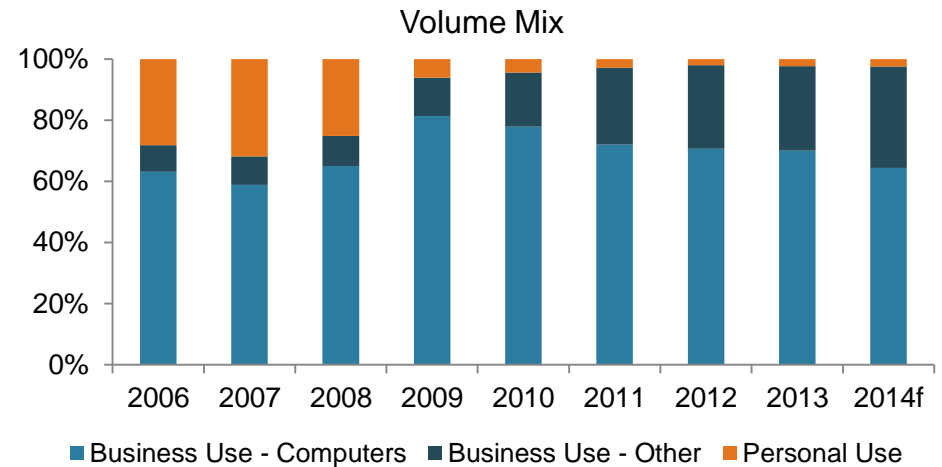
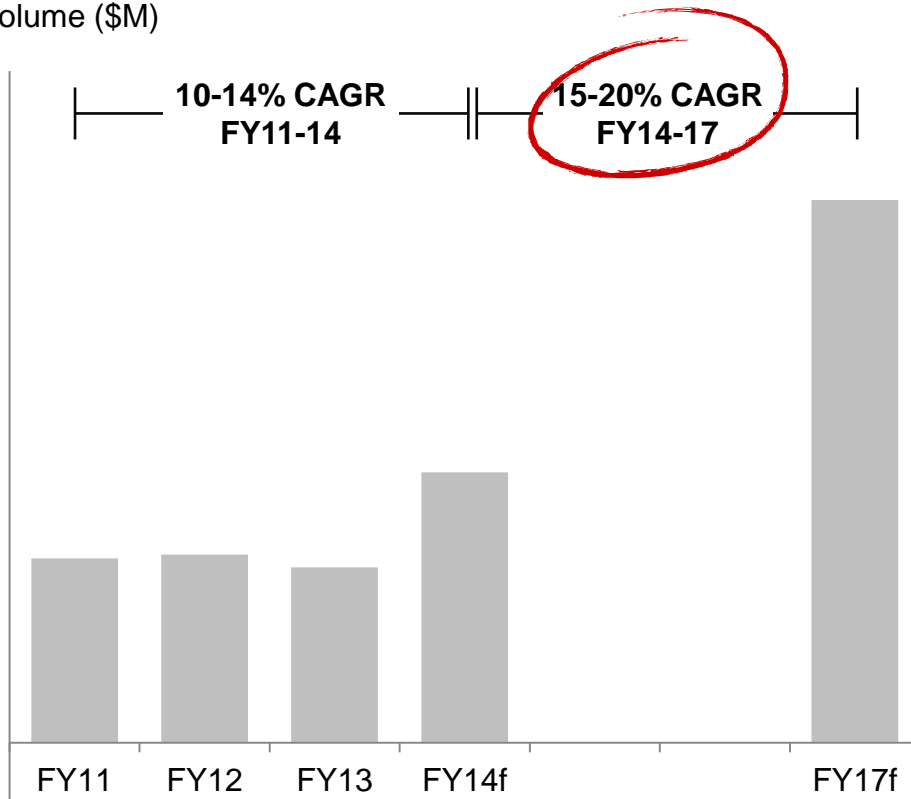
ACQUISITION RATIONALE

- **Diversification of revenue and protection against margin compression - Pricing flexibility** through bundling
- Accelerated **entry into service vertical** for print and IT
- Opportunity to **leverage service vertical expertise** for other segments such as New Zealand and SME
- **Scalable business model** requiring minimal capital for growth
- Expansion of FlexiGroup geographical reach with **regional focus and offices**
- **Key partner relationships** with significant growth opportunities

Notes: ¹ Growth rates are industry estimates for FY13

New Zealand: Growth through existing business and acquisitions

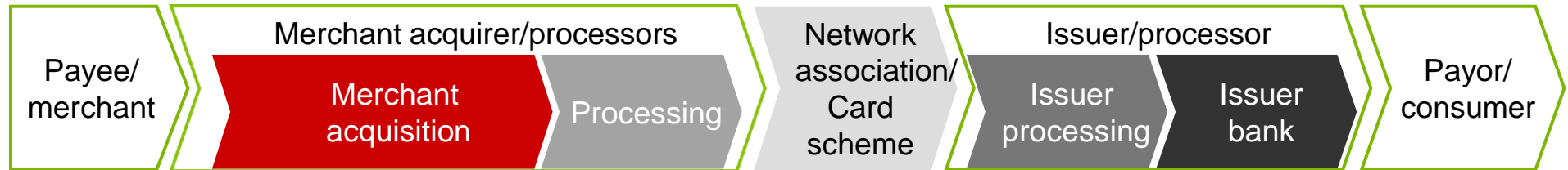
Volume (\$M)



- New Zealand **demonstrates the benefit of shifting focus of computer leasing** for personal use to business use
- Core business-use product **forecast to maintain strong and relevant position** in the New Zealand market
- Broker volumes to grow with new relationships and growth in existing partners, focussing on SME
- **Equico** acquisition to **strengthen our market position** and provide access to new channels
- **We may acquire smaller players** with strong management teams and broker and vendor relationships



Paymate operates in the card payment processing industry and provides synergistic value to our financing businesses (e.g. Cards)



- Payee/merchant**
 - Selling goods and services offline/ online
 - Billing/ Invoicing
- Merchant acquisition**
 - Sign up & provide swipe terminal
 - Settles funds with the merchant
 - Collects merchant service charges (MSC)
 - Accountable to merchant for processor
- Processing**
 - Capture & route transaction data
 - Passes authorisation back to merchant terminal or website
- Network association/ Card scheme**
 - Maintains central database of all cards on network
 - Routes (interchanges) transactions to the issuing bank
- Issuer processing**
 - Authorize transactions
 - Processes transaction data
- Issuer bank**
 - Issues the card and assumes credit risk of card holder
 - Settles funds with customer
 - Manages consumer credit
- Payor/consumer**
 - Buying goods and services offline/online

Value of card payments	~\$430B			\$430B
Card fees	31 bps	10 bps	40 bps	81bps
Expected 2015 card fees	~20-25 bps	10 bps	~35-40 bps	~65-75bps



Source: Euromonitor 2012 Financial cards and payments in Australia, company websites, Team analysis

FLEXIGROUP^x

Paymate: Today we are releasing the new OnTheGo product with mobile chip and pin processing, one of the first in Australia

Accepts EFTPOS®, credit and debit cards, compatible with Android and iOS smartphones and tablets

*All new Paymate.
It's the Australian way to pay.*



Secure transactions through a card reader, no card numbers need to be provided

- This year we have invested in **upgrading the back-end supporting platforms** to EMV and PCI requirements
- We have also upgraded the payment device for **chip and pin mobile payment processing**, before the mandatory change in August
- Now we are ready to **take this product to the market more aggressively, pursuing strategic partnerships** with small to medium enterprise

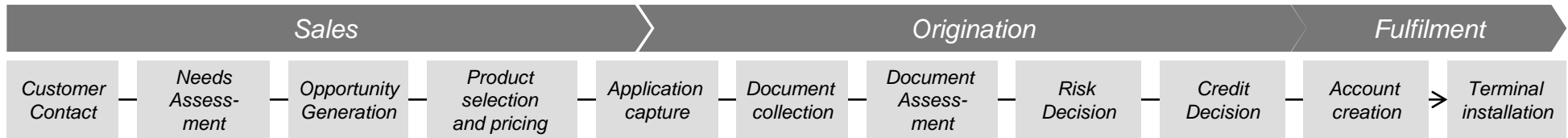


DEMO

Note: EMV refers to Europay, Mastercard and Visa, and PCI refers to Payment Card Industry

FLEXIGROUP 

Paymate: We have signed a long-term agreement with a major Australian bank to provide unique merchant services



PAIN-POINTS OF ON-BOARDING PROCESS WITH BANKS

- Merchant services are a **relatively complex sale for bank staff** (disincentive to sell)
- Branch **staff inadequately trained** and/or require hand-off to specialist sales force
- **Multiple systems used** for application capture (depending on segment and origination channel)
- Relatively **high incidence of errors** in application (eg. wrong or insufficient data)
- **Long on-boarding times** (often >14 days)
- **Multiple hand-offs** and large number of manual processes
- Risk assessment not performed until all documents are received
- Terminal not sent to customer until the end of the process
- **No visibility of workflow status** at frontline

PAYMATE UNIQUE VALUE-ADD

- Tightly managed process with dedicated team managing applications end-to-end
- Streamlined easy to use **paperless online application**
- Application assessment **completed next business day**
- **Short approval cycle**, within 2 days online and 4 days PTG (Pay-on-The-Go)
- PTG device **delivery within 4 days** of approval



Leakage 1:
Sales lead to application



Leakage 2:
Application to fulfilment



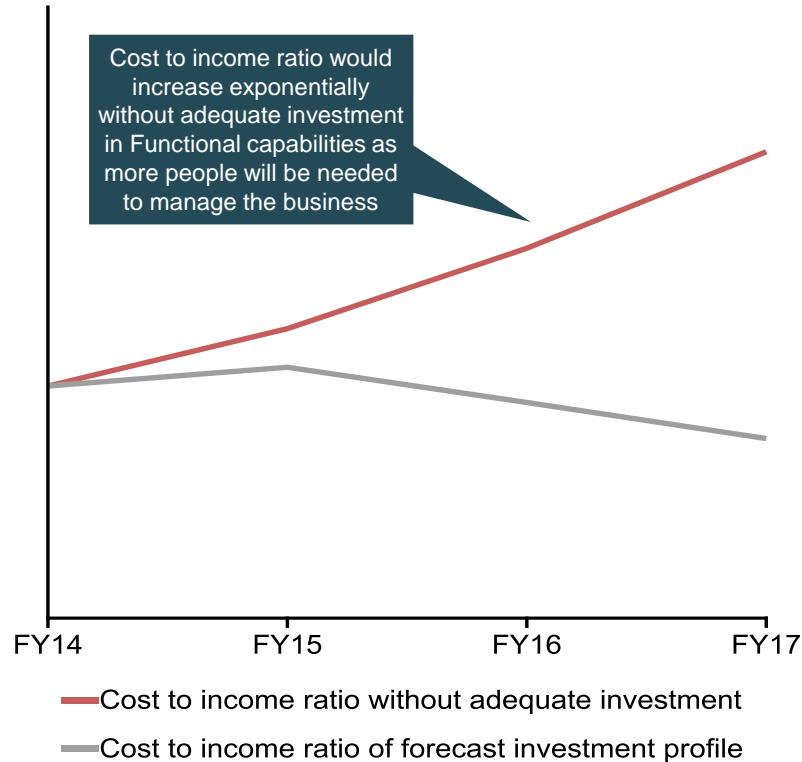
Leveraging FlexiGroup's core strengths of speed-to-market and convenience to deliver High customer satisfaction and reduced leakage

Conversion rate from lead to fulfilment as low as 25-50%

Corporate Centre: Delivering on our strategy requires further investment in our fundamental capabilities to scale up our business

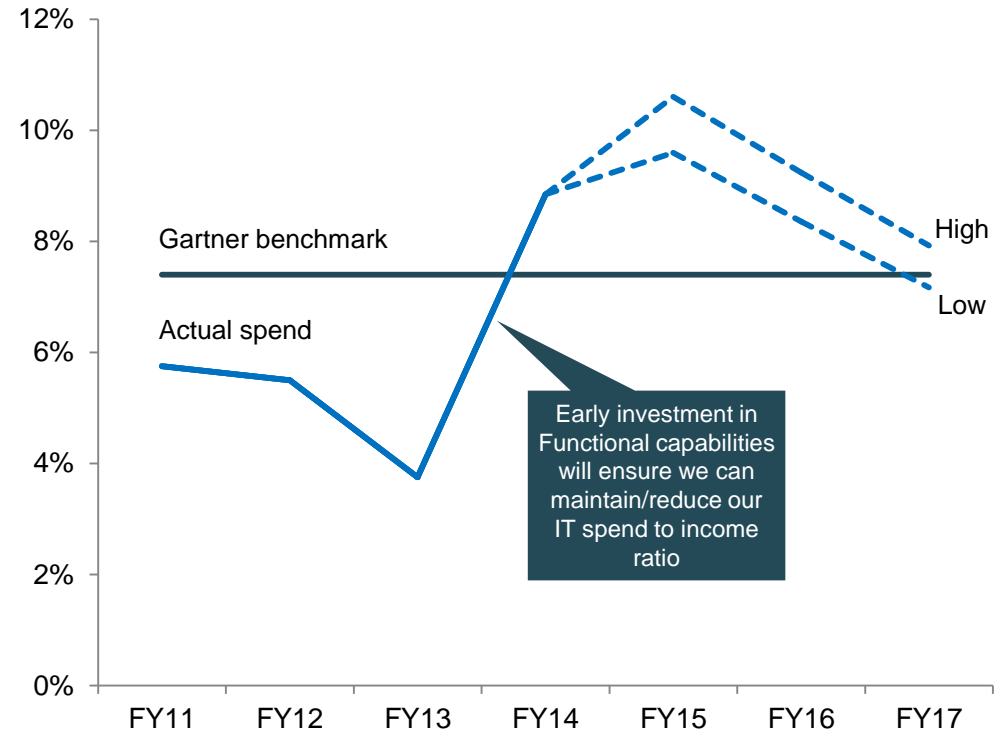
EARLY INVESTMENT IN OUR CAPABILITIES IS THE FOUNDATION OF OUR GROWTH AMBITION

Cost to income ratio FY14-17 (%)



FORECAST IT INVESTMENT WILL ENSURE WE CAN DELIVER GROWTH AND REDUCE FUTURE SPEND

IT spend as % of income (%)



IT: We must invest in both front-of-house applications as well as back-office support applications to deliver on our strategy

Click

Available Online Anytime, Anywhere on any Device

Online Card Originations
(multi-brand integrated front end)

Mobile Phones

Enterprise Originations Platform

SmartCheck/ FlexiRent

Open 24X7

- Pre Approval
- Online Store
- Available Online In store
- In Store

Call

Standardise and consolidated process across multiple brands

Management and Support for Online activity

Support provided to online channels to manage customer experience



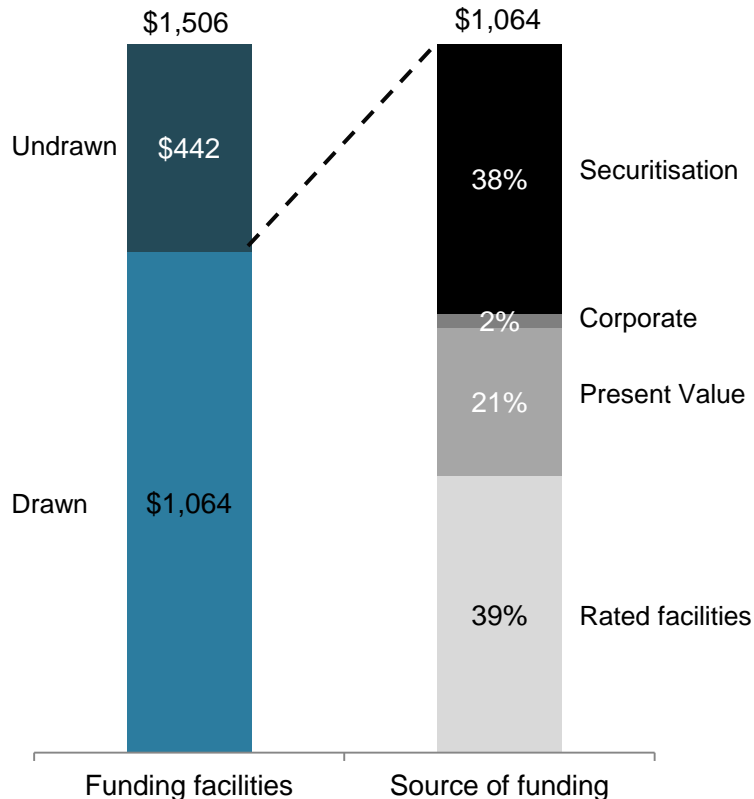
Back-end supporting applications

Back-end
Upgrade of existing capability to provide improved operating efficiencies



Funding: Committed support from banks and institutions, diverse funding sources

Funding at Dec-13



- FXL has sufficient unused bank warehouse facilities to fund growth in the foreseeable future without any securitisation of receivables
- Despite unused bank warehouse facilities, FXL intends to continue to securitise ~2 issues per annum
- Diversified funding structure continues to generate benefits through competitive funding costs
- Undrawn headroom will be maintained to provide buffer against unforeseen market events

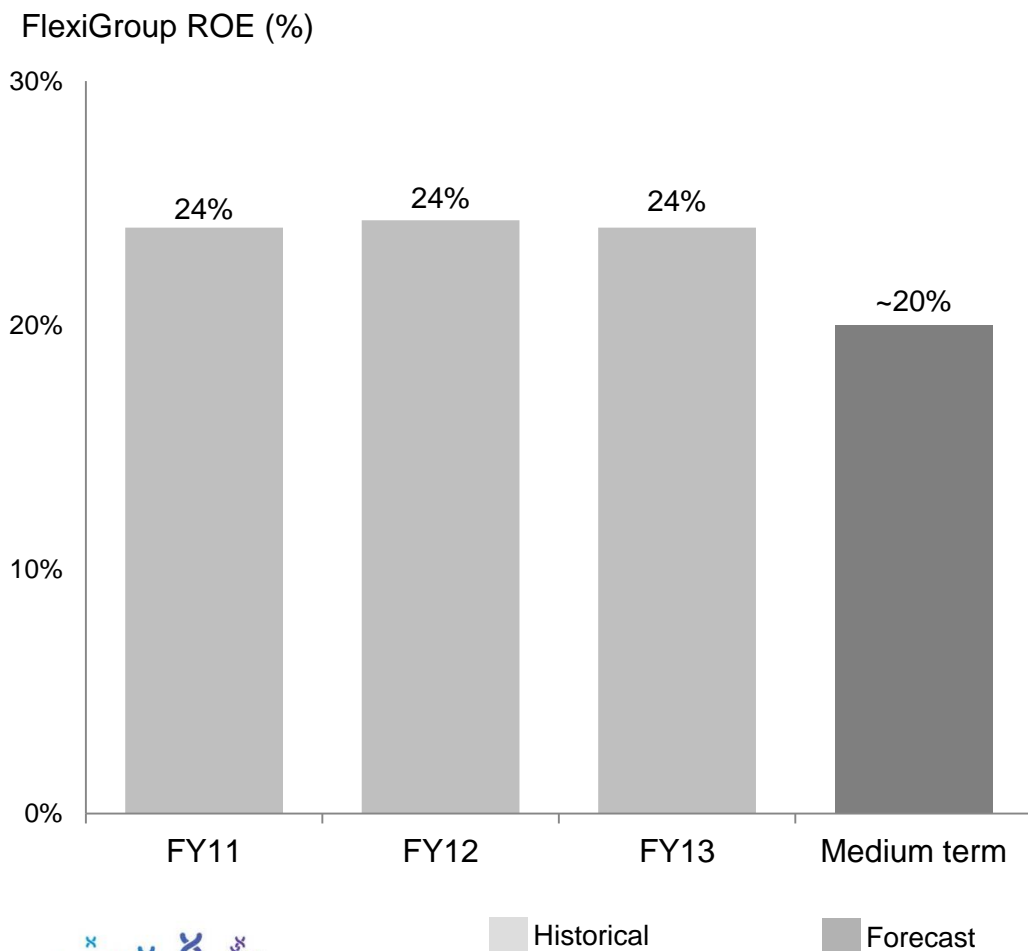


We will maintain discipline in M&A. Acquisitions pursued in line with our strategy, focussing on strengthening the core first to accelerate our growth

CORE PLATFORMS	<i>Reinforce the core</i> (scale acquisitions)	<i>Expand the core</i> (scope acquisitions)	<i>Step-out growth</i> (scope acquisitions)
<p>Consumer</p> <p>Business</p>	<ul style="list-style-type: none">• Extend existing product offering to a broader customer base such as cards, SME or enterprise	<ul style="list-style-type: none">• Expand into a new asset class, service vertical, channel or product suite	<ul style="list-style-type: none">• Extend our existing business lines into significantly different products or into new geographies
<p>International</p>	<ul style="list-style-type: none">• New Zealand acquisitions to reinforce or expand our core• No other market entry is likely until domestic capabilities have reached the desired competitive advantage and development of robust offshore management model		



We expect our return on equity (ROE) to continue at high levels of ~20% in the medium-term



- **Confirming FY14 guidance of \$84-86M Cash NPAT**
- **Strategic and financial investments in our capabilities** will underpin double-digit Cash NPAT growth over the medium term **subject to and after** FlexiGroup's investment program has been delivered
- **Further guidance will be provided** for FY15 at full-year results in August 2014 per the normal cycle
- **Current dividend policy (50-60% payout) remains appropriate** in the context of the forecast growth and investment



Our strategy on a page

Mission, Vision and Ambition

Our Mission – this is our reason for being (our purpose): We find new and ever-better ways to financially connect businesses and consumers to the things they need and the things they dream of

Our Vision – this is where we want to go: To have “Flexi” become the empowering verb that people use when talking about acquiring a significant item

Our Ambition - how we'll measure success:

ROE ~20%

From ASX200 to ASX100 company

Highest ranking NPS in Aust. FS industry

Employer of choice

Partner of choice

Where to play

Consumer Finance

- We offer a range of financing solutions for consumer and SMEs at **point-of-sale in-store and online**
- We offer services that complement our consumer products, such as mobile broadband with tablets **plans with leases**

Business Finance

- We provide **standardised and bespoke financing solutions** for a range of assets, offering finance and operating leases (including residual value options) and service solutions
- Our partners can use our **digital platform** for originations and self-service

International

- We may acquire or joint-venture businesses overseas where we can **win in our core**
- We will first look to buy assets overseas where there is a similar regulatory environment, rule of law and credit bureau
- Our **development of NZ is through our core business lines** such as Enterprise and Certegy and where appropriate through acquisition

How to win

Reinforce core

Funding

- Maintain conservative funding approach

Talent

- Install talent management processes

IT

- Upgrade core systems to drive further efficiencies and support growth

Legal & Regulatory

- Regulatory compliance
- Commercial structuring

Next generation, expand and grow

Digital

- Develop omnichannel experience across all products

Credit Risk Mgmt

- Maintain industry leading credit assessment process

M&A

- Access new or adjacent customers through acquisition



Strategy summary

- Our strategy is customer-centric and is about financially connecting Businesses and Consumers
- Our strategy leverages our strengths in (i) credit scoring, (ii) sales distribution and channel marketing, (iii) fast, easy and convenient finance products and solutions, (iv) coupled with strategic innovation and a unique culture
- It will be delivered one step at a time, business segment by business segment so that FlexiGroup becomes a connected, integrated provider of financial solutions
- Our strategy protects the value of our mature business, and accelerates the growth of our new segment areas
- It will require up-front investment with a relatively short-term payback period



Q&A

