



FLEXIGROUP DELIVERS 1H15 CASH NPAT OF \$42.5 MILLION, UP 9% ON 1H14

Highlights:

- 9% volume and 10% receivables growth delivers 1H15 Cash NPAT of \$42.5 million (+9% pcp)
- 8.75c fully franked Interim Dividend declared (up 9% on 1H14)
- Transformation of FXL's profit pool has continued with all segments contributing higher earnings compared to 1H14
- Consumer & SME division posting positive Cash NPAT growth for the first time since FY11
- Business integration and focus on digitisation now delivering strong earnings momentum and adding significant value to retail partners
- Strategic investment program announced in May 2014 already creating visible benefits across the business with FXL's NPS score at an all-time high +15
- Reconfirm FY15 Cash NPAT guidance of \$90m-\$91m

FlexiGroup Limited (ASX:FXL) ("FlexiGroup" or "the Company" or "the Group") today reported Cash Net Profit After Tax (Cash NPAT) of \$42.5 million⁽¹⁾ for the six months ended 31 December 2014, an increase of 9% on 1H14. This was driven by a 9% growth in volume to \$587 million (on 1H14) and a 10% increase in receivables with \$1,345 million reported for 1H15. 1H15 Statutory NPAT was \$38.5 million, up 11% on 1H14. 1H15 Cash Earnings Per Share were 13.9c, which reflected an 8% increase on 1H14.

The Board of Directors declared a fully franked Interim Dividend of 8.75c, an increase of 9% on 1H14.

Chief Executive Officer and Managing Director, Tarek Robbiati, said that the stand out feature of the result was all business segments contributing to higher earnings, with strong volumes and receivables momentum across all areas compared to the previous period.

"Looking at the business divisions it is worth highlighting the turnaround in the Consumer and SME Leasing segment, which has shown positive Cash NPAT growth in 1H15, for the first time since FY11."

"We are increasingly focused on the digital finance opportunity and are well positioned to become the digital finance leader in Australia and New Zealand. There are fantastic areas to pursue where we are not competing with banks and we are already starting to deliver strong earnings momentum."

"We are also realising benefits from our strategic investment program announced last year, with cost savings being realised across the business."

The Board today reconfirms guidance of FY15 cash NPAT of \$90m-\$91m.

Initiatives undertaken as part of the Group's strategic investment program, outlined in May 2014, are already realising operational and efficiency benefits.

(1) Cash NPAT excludes the one-off residual value loss in Enterprise business of \$2.5m that was announced on 19 Nov. 2014 AGM

Major projects delivered over the period include online applications for interest free cards products, online leasing applications for customers across the three consumer leasing brands of FlexiRent, FlexiWay and SmartWay, and the implementation in a record 6-months of a best-in-class customer management and collection platform across the Group's three consumer leasing and cards brands.

FlexiGroup's strategic investment focus for 2H15 is to continue to enhance the key capabilities required to scale up the business and accelerate earnings growth.

Outlook and Guidance

FlexiGroup has reconfirmed Full Year 2015 Cash NPAT guidance of \$90-91 million, with an expected return to higher growth.

FY15 Cash NPAT growth is expected to be underpinned by:

- Continued Certegy performance through VIP customer program enhancements, increased penetration within existing retail partners and targeted expansion into new product categories
- Refreshed product offerings (including transition to Call and Click model) across existing retail partners in Consumer & SME Leasing
- Strong volume growth in New Zealand Leasing primarily targeting the low-risk SME sector, in addition to focusing on the education sector through the acquisition of Equico
- Scale-up of the Enterprise Leasing business by using the digital originations platform rolled-out in FY14 and significant new product innovation
- Continued investment in core IT Systems to support future business growth

Dividends are expected to remain within 50-60% of Cash NPAT.

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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 over 12,000 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 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 \$45bn credit card market with the acquisition of Lombard and Once Credit businesses.

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 five business units: Certegy (no interest ever & lay-by), Consumer & SME Leasing - Australia, New Zealand Leasing, Flexi Enterprise (vendor leasing programs) and Lombard and Once (interest-free cards).

Tarek Robbiati joined FlexiGroup as Managing Director and CEO in January 2013. 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, and Head of Corporate Finance at Orange Plc in the UK.

The Board of FlexiGroup is chaired by Chris Beare, who is also Chairman of DEXUS Property Group (ASX: DXS). 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 Colonial First State Investments and the Qantas Superannuation Plan.