1H15 Investor Presentation

5th February 2015

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FLEXIGROUP

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Agenda

- Highlights and Overview – Chief Executive Officer
- 1H15 Results Analysis – Chief Financial Officer
- Strategy and Outlook – Chief Executive Officer

Highlights and Overview

Tarek Robbiati
Chief Executive Officer

FXL Highlights

9% volume & 10% receivables growth delivers Cash NPAT of $42.5m (+9% pcp)

Strategy

- Business integration and customer centricity focused on digitisation now starting to deliver strong earnings momentum across Consumer Leasing, Interest Free Cards and Certegy

Financial Result

	1H14	1H15		1H15/1H14
Cash NPAT [1]	$39.0m	$42.5m	⬆	9%
Statutory NPAT	$34.6m	$38.5m	⬆	11%
Volume	$537m	$587m	⬆	9%
Closing Receivables	$1,227m	$1,345m	⬆	10%
Interim Dividend (fully franked)	8.0c	8.75c	⬆	9%
Cash Earnings Per Share	12.9c	13.9c	⬆	8%

Notes
1. Cash NPAT excludes amortisation of acquired intangibles $1.5m (1H14 $0.8m) and one off residual value loss in Enterprise business of $2.5m.

Key Highlights

- Continued transformation of profit pool with all segments contributing higher earnings v pcp
- Consumer & SME Leasing segment showing positive Cash NPAT v pcp in 1H15 – first time since FY11
- Investment program announced in May-14 is already creating synergies across the business
- FXL is becoming digital with material improvements in service levels driving NPS at +15 and repeat-business value across the group with significant benefits to retail partners

Guidance

- Reconfirm FY15 Cash NPAT guidance of $90m-$91m
- Dividends expected to remain within 50-60% of Cash NPAT (currently ~6% dividend yield fully-franked)

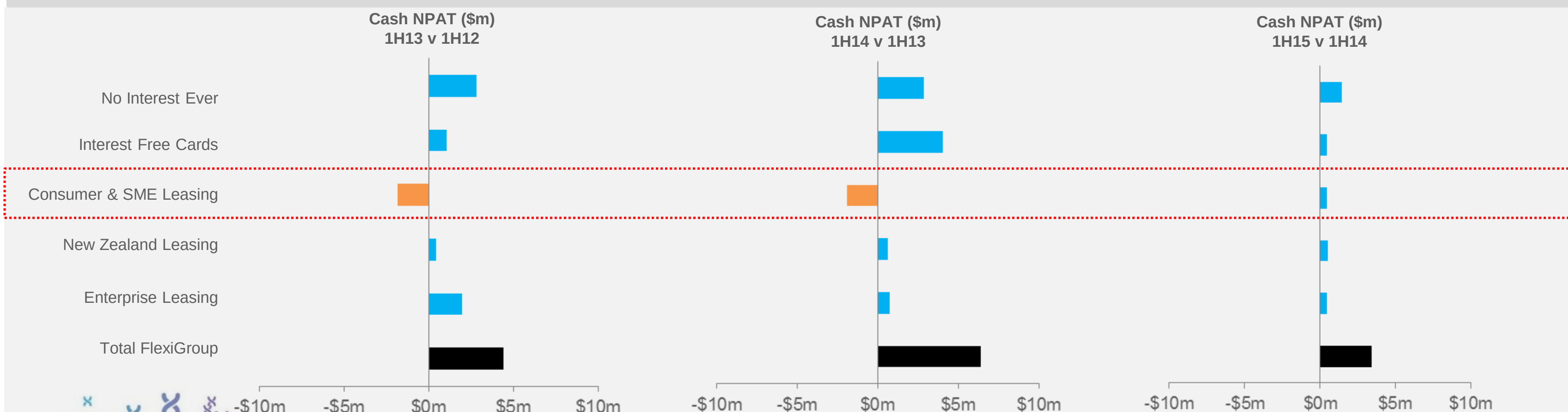
In 1H15 FXL has delivered strong volumes and receivables momentum across all areas

Robust volume and receivables growth with continued momentum across all segments in 1H15

	Volume			Closing Receivables			Cash NPAT [1]			Cash NPAT / ANR %		
	1H14	1H15	1H15/ 1H14	1H14	1H15	1H15/ 1H14	1H14	1H15	1H15/ 1H14	1H14	1H15	1H15/ 1H14
No Interest Ever	$262m	$286m ↑	9%	$445m	$476m ↑	7%	$15.1m	$16.6m ↑	10%	7.0%	7.1% →	0.1%
Interest Free Cards	$95m	$116m ↑	22%	$195m	$218m ↑	12%	$5.1m	$5.6m ↑	10%	5.3%	5.2% →	(0.1%)
Consumer & SME Leasing	$93m	$95m ↑	2%	$303m	$317m ↑	5%	$11.8m	$12.2m ↑	3%	7.7%	7.6% →	(0.1%)
New Zealand Leasing	$19m	$27m ↑	42%	$58m	$72m ↑	24%	$2.6m	$3.2m ↑	23%	9.5%	9.2% ↓	(0.3%)
Enterprise Leasing	$68m	$63m ↓	(7%)	$226m	$262m ↑	16%	$4.4m	$4.9m ↑	11%	4.2%	3.7% ↓	(0.5%)
Total FlexiGroup	**$537m**	**$587m** ↑	**9%**	**$1,227m**	**$1,345m** ↑	**10%**	**$39.0m**	**$42.5m** ↑	**9%**	**6.5%**	**6.4%** →	**(0.1%)**
	Growth & Future Earnings Potential						*Results*			*Returns*		

Notes
1. Cash NPAT adjustments are detailed in individual segment results

9% Cash NPAT growth delivered, with Consumer & SME Leasing Cash NPAT increasing for first time since FY11



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FXL Financial Performance Overview

FlexiGroup		1H14	1H15	1H15/1H14
Portfolio income	$m	151.5	164.4	9%
Interest expense	$m	32.4	34.2	6%
Net portfolio income	$m	119.1	130.2	9%
Impairment losses	$m	16.9	20.1	19%
Net portfolio income (after impairment)	$m	102.2	110.1	8%
Total expenses	$m	52.5	54.8	4%
Statutory NPAT	$m	34.6	38.5	11%
Cash NPAT [1]	$m	39.0	42.5	9%
Cash EPS	cents	12.9	13.9	8%
Dividends	cents	8.0	8.75	9%
ROE	%	22%	22%	-

Notes

1. Cash NPAT adjustments are detailed in individual segment results

Key financial performance highlights

- 9% growth in Net portfolio income v pcp
- Reduction of funding costs in percentage of borrowings as a result of funding diversification
- Impairment losses under control driven by proprietary credit scoring capabilities and improved utilisation of collections technology (3.0% Impairment/ANR v 2.8% pcp)

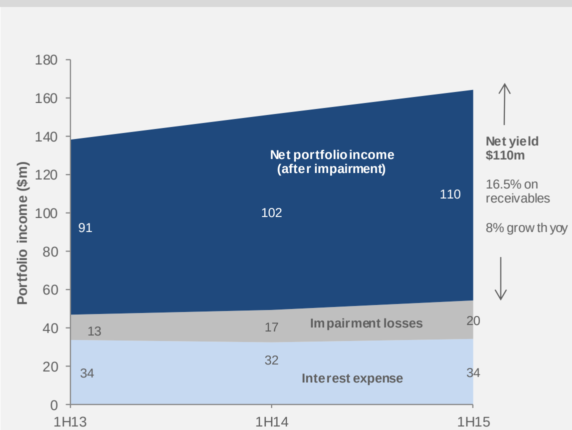
Strategy

- Play where the banks don't
- FXL investment program in digital technology to scale up the business and capitalise on the digital finance opportunity

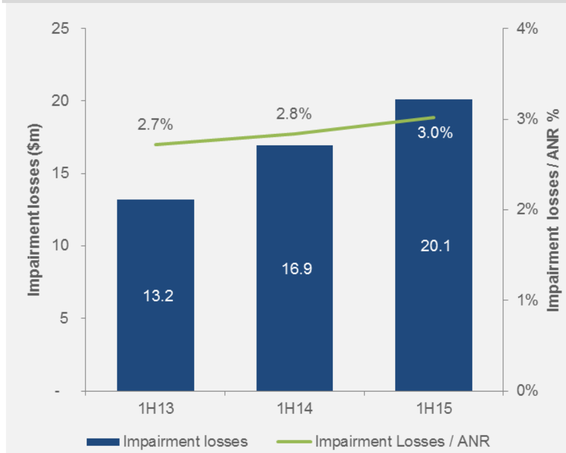
Outlook

- FY15 Cash NPAT guidance of $90m-$91m reconfirmed

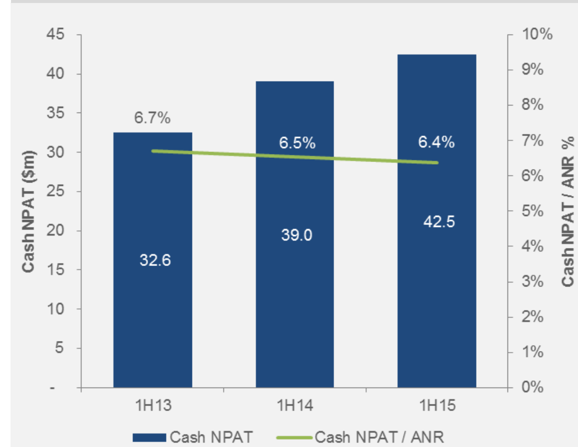
Portfolio Income



Impairment Losses



Cash NPAT



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No Interest Ever (Certegy)

1H15 volume growth of 9% and NPAT growth of 10%

Key financial performance highlights

- Cash NPAT growth of 10%, driven by 7% growth in receivables off a highly scalable platform
- Solar volumes remain stable at $15m per month in a low government subsidy environment ($100m volume in 1H15)
- VIP / Repeat business accounts for 75% of the volume growth. Certegy NPS score at +50 – all time high.

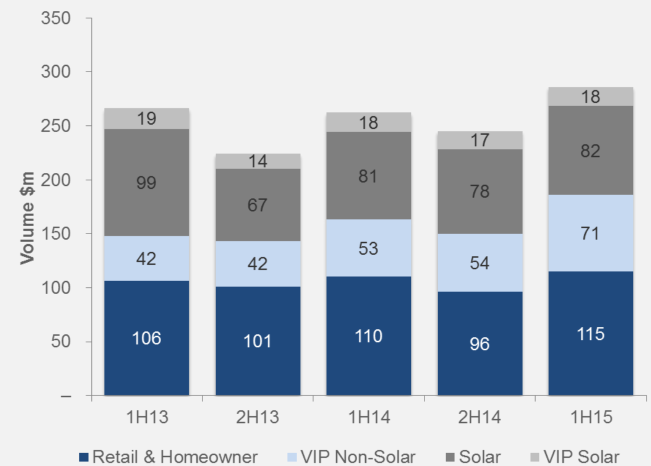
Growth Outlook

- Certegy continues to strategically expand its new Ezi-Pay Edge product in New Zealand
- VIP Program success illustrates the value provided to retail partners and merchants. Further leverage of the successful VIP and Repeat Business programs to acquire new merchant relationships
- Increased penetration of existing merchant partners and industries with a continued focus on expanding areas in health and education, solar power storage and home renovations
- Further expansion of Certegy's direct to consumer marketing to support newly released pre-approval "click, apply and collect" digital model
- Increased focus on expanding penetration of our paperless (anywhere / anytime) mobile application program

No interest ever payment processing primarily in homeowner sector

No Interest Ever (Certegy), $m	1H14	1H15	1H15/ 1H14
Volume	$262m	$286m	9%
Closing Receivables	$445m	$476m	7%
Cash NPAT	$15.1m	$16.6m	10%

Certegy Volume Mix ($m)



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Interest Free Cards

22% volume growth business delivers 10% NPAT growth

Key financial performance highlights

- 1H15 cash NPAT increased by 10% v pcp driven by 22% growth in new volume and 12% growth in total receivables
- Growth in interest free receivables provide a runway of future interest earnings as receivables revolve from interest free to interest bearing
- New business volumes (Interest Free and Card Spend) are up $21m (22%) on 1H14 while total active accounts have increased by 22%

Growth Outlook

- Combined cards business now using a single digital originations platform and process making it easier for dealers to do business, with approval times in store below 20min
- Accelerating product innovation through: Launch of two new card products under the Once brand and new flagship products (Lombard 180 and Once Agile) have been launched with key dealers
- Introduction of 'mobile payments' with the launch of the Once and Lombard Tap2Pay apps for Android phones, driving incremental card activation and usage

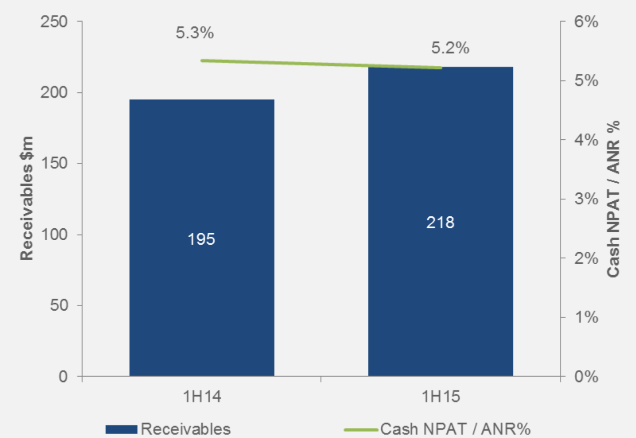
Interest free cards finance offered through retail point of sale

Interest Free Cards, $m	1H14	1H15	1H15/ 1H14
Total Volume	$95m	$116m	22%
Closing Receivables	$195m	$218m	12%
Cash NPAT [1]	$5.1m	$5.6m	10%
Active customers	79,408	96,599	22%

Notes

1. Cash NPAT excludes amortisation of acquired intangibles $0.9m (1H14 $0.4m). 1H14 excluded integration costs of $2.8m (1H15: nil)

Cash NPAT & Receivables Growth



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Consumer & SME Leasing

High yielding Consumer business delivers strong result in 1H15

Key financial performance highlights

- Cash NPAT up 3%, positively impacted by 2% volume growth and 5% receivables growth
- First time Cash NPAT has increased v pcp since FY11
- 13% volume growth in Consumer primarily driven by refreshed product offerings and increased penetration across all channels
- 13% volume decline in SME driven by increased competition in the SME sector

Growth Outlook

Consumer

- Completed Dick Smith Electronics whole of business 5 year contract extension incorporating both consumer leasing and Interest Free Cards
- Continued growth and improved product offerings across large retailers
- Launched online application portal to improve engagement with retail partners in omnichannel model

SME

- Rate cards have been refined and risk based pricing introduced to improve competitiveness in key sectors
- Continued growth in the education sector with BYOD school programs and new distribution partner JB Education
- Further opportunities for growth in both existing and new channels such as energy (solar & LED), franchise catering, beauty & digital media space

FLEXI RENT, FLEXI COMMERCIAL, SMART WAY, FLEXI WAY

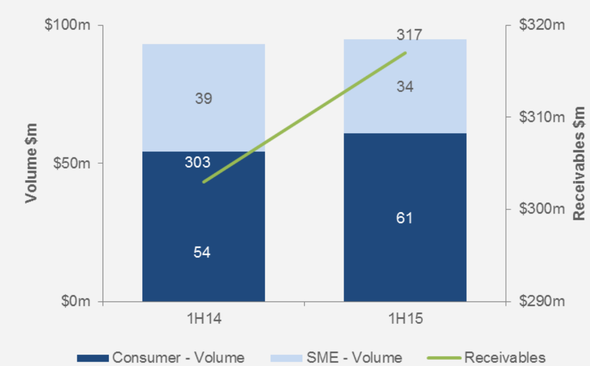
Leasing of IT, electronics and other assets

Consumer & SME Leasing, $m	1H14	1H15	1H15/ 1H14
Volume	$93m	$95m	2%
Consumer	$54m	$61m	13%
SME (Flexi Commercial)	$39m	$34m	(13%)
Closing Receivables	$303m	$317m	5%
Consumer	$177m	$183m	3%
SME (Flexi Commercial)	$126m	$134m	6%
Cash NPAT[1]	$11.8m	$12.2m	3%

Notes

1. 1H15 Cash NPAT excludes amortisation of acquired intangibles of $0.3m (1H14: $0.1m). 1H15 excluded RentSmart acquisition costs of $ nil (1H14: $0.8m).

Volume & Receivables growth



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New Zealand Leasing

Strong volume growth drives 23% Cash NPAT growth (+21% in local currency)

Key financial performance highlights

- Cash NPAT at $3.2m is up 23% on prior year driven by 42% volume growth in both new and existing retail / vendor partners
- Receivables of $72m are up 24% and this growth has predominately come from lower risk SME and education sectors
- Reduced Impairment to ANR ratio demonstrates a robust lending approach and a sound strategy that is well aligned with high value NZ customer segments
- Receivables are diverse in nature with little customer or vendor concentration risk.
- Growth and low impairment will enable further efficiencies to be gained with local funders and sustainability of profit margins

Growth Outlook

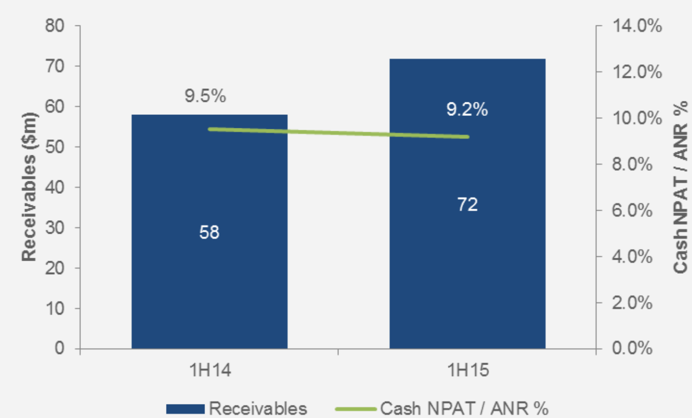
- Continued high growth in SME sector expected from core leasing business throughout the remainder of fiscal year
- Equico business now fully integrated following acquisition in March 2014. This will enable accelerated growth with education customers given our strong presence in this market
- Provides a solid platform for the transfer of other successful AU products into the NZ market

FLEXIRENT equico Funding Technology

Leasing of IT, electronics and other assets

New Zealand Leasing, $m	1H14	1H15	1H15/ 1H14
Volume	$19m	$27m	42%
Closing Receivables	$58m	$72m	24%
Cash NPAT	$2.6m	$3.2m	23%
Cash NPAT (NZD)	*$2.9m*	*$3.5m*	*21%*

Cash NPAT & Receivables Growth



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Enterprise Leasing

Enterprise contributes $4.9m NPAT, an increase of 11% on 1H14

Key financial performance highlights

- Cash NPAT at $4.9m, up 11% on pcp, driven by:
  - TOT acquisition delivered strong 1H15 performance
  - Receivables growth of 16% v pcp. Receivables growth has been achieved whilst maintaining Impairment/ANR
  - $2.5m after tax one off residual value loss excluded from Cash NPAT. No further exposures to assets of this type or unguaranteed residual values of this magnitude

Growth Outlook

- FXL forecasts ongoing growth in Enterprise, resulting from:
  - Digital originations and self-service platform will continue to drive increased originations, faster approval speed and stronger partner relationships
  - Further product developments expected to result in both increased distribution footprint & improved market penetration
  - Managed services and power purchase products to deliver new volumes during 2H15 onwards
  - Ongoing focus on growing mid-large market segments

FLEXI ENTERPRISE | THINK OFFICE TECHNOLOGY

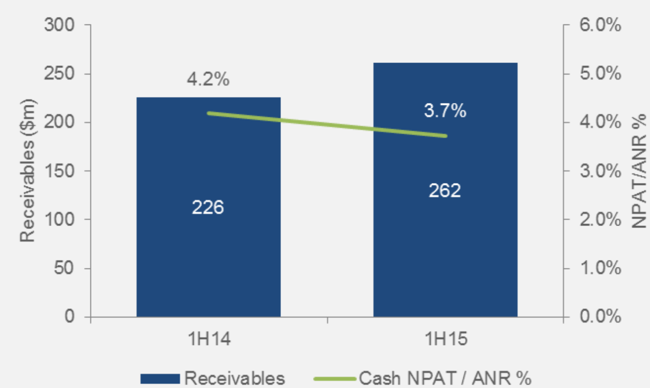
Commercial leasing through Original Equip. Manufacturers (OEM) and Vendors

Enterprise Leasing, $m	1H14	1H15	1H15/ 1H14
Volume	$68m	$63m	(7%)
Closing Receivables	$226m	$262m	16%
Cash NPAT [1]	$4.4m	$4.9m	11%

Note:

1. 1H15 Cash NPAT excludes amortisation of acquired intangibles $0.3m and one off residual value loss of $2.5m (1H14 $ nil)

Cash NPAT & Receivables Growth



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1H15 Results Analysis

David Stevens
Chief Financial Officer

Cash NPAT of $42.5m 9% growth v pcp

Receivables growth, cost control and cost of funds reductions underpin Cash NPAT growth

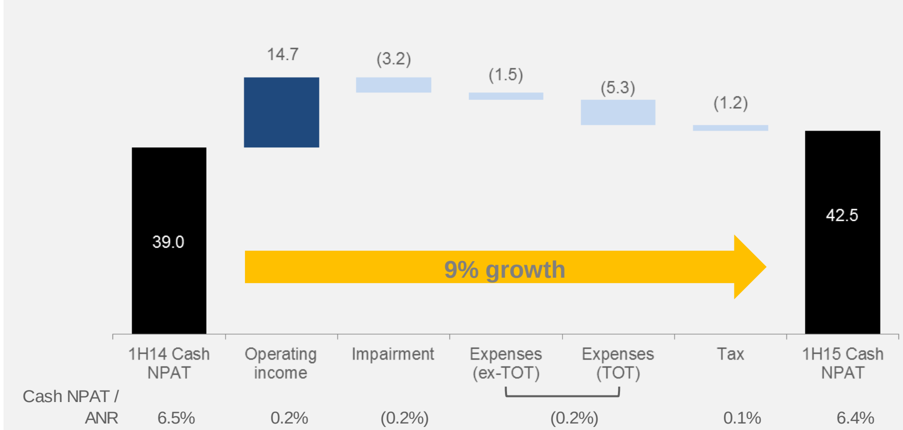
Performance

- Group Cash NPAT at $42.5m is up 9% on pcp, driven by:
  - +10% growth in receivables and lower funding costs, delivering a $15m increase in operating income on pcp
  - Cost to Income ratio has decreased from 40.6% in FY14 to 40.3% (excluding TOT) through continued tight control of costs and deployment of investment program
  - Cost of funds benefit from ongoing successful securitisation program in addition to improved funding terms achieved from banks on warehouse funding facilities

Growth Outlook

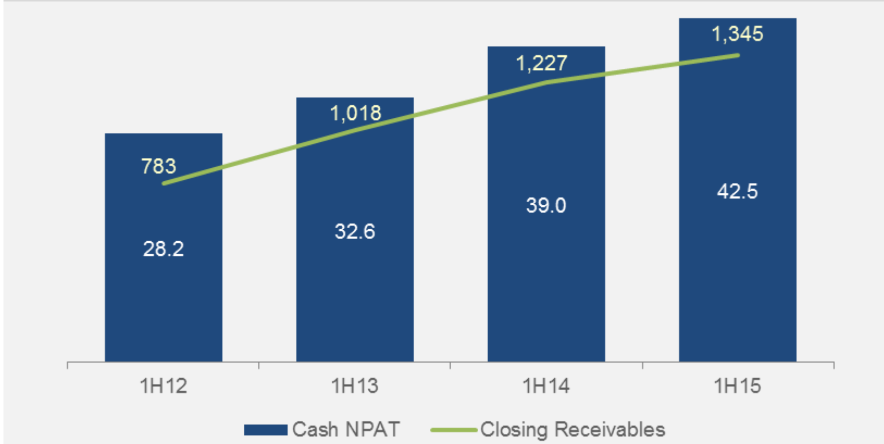
- Diversified funding structure continues to generate benefits through competitive lower funding costs
- Focused cost control combined with investment in technologies and acquisition synergies to manage cost to income ratio
- Impairment levels to remain stable through leverage of new collections technology platform plus focus on growing lower loss segments through deployment of enhanced risk-based pricing and maintenance of credit standards

Cash NPAT Bridge 1H14 – 1H15 ($m)



Note: Expenses and tax in 1H14 and 1H15 were normalised to remove impact from one-off adjustments

Consistent Cash NPAT growth – 3 Year CAGR 15%



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Flexigroup will continue to drive focus and scale efficiencies, providing solid and consistent profitability

Focused Growth and Credit Quality

- FXL has focused on growing receivables across large market segments by delivering compelling customer value propositions within a diversified range of consumer and commercial products
- FXL's portfolios have low risk profiles, resulting in lower loss performance and in turn driving efficient funding costs and lower capital requirements

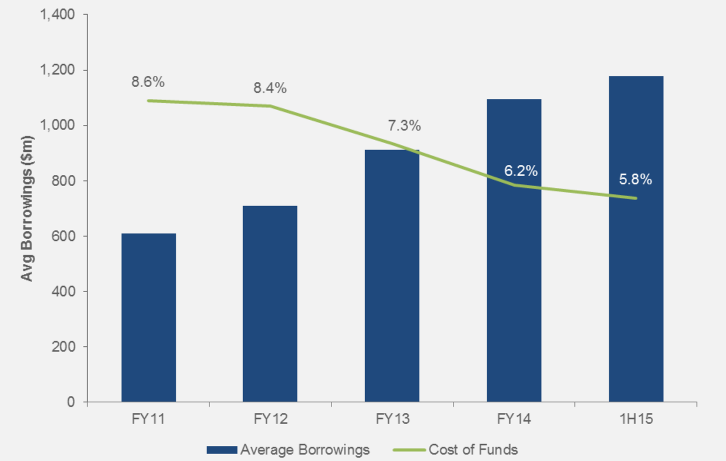
Funding Efficiencies

- FXL's focus on growth in high quality segments has enabled the Group to embrace securitisation and deliver capital efficient funding resulting in a 40bps improvement in cost of funds on FY14

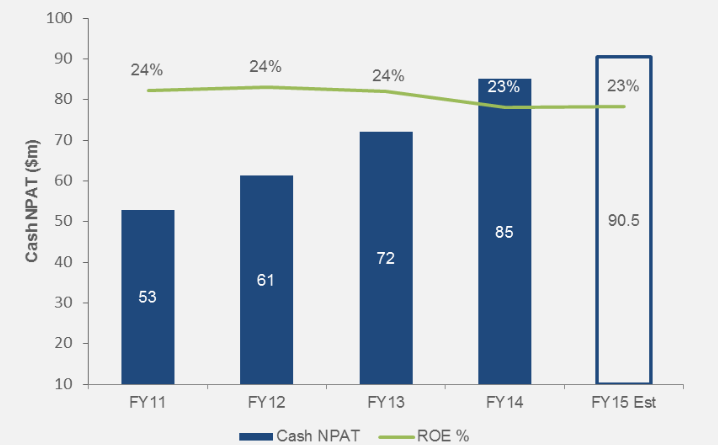
Profitability and Returns

- FXL's growth has been achieved whilst maintaining ROE in excess of 20% (significantly higher than the financial services sector average)

Securitisation supports cost of funds improvements



FXL maintains high ROE



Note: FY15 based on mid-point of Cash NPAT guidance

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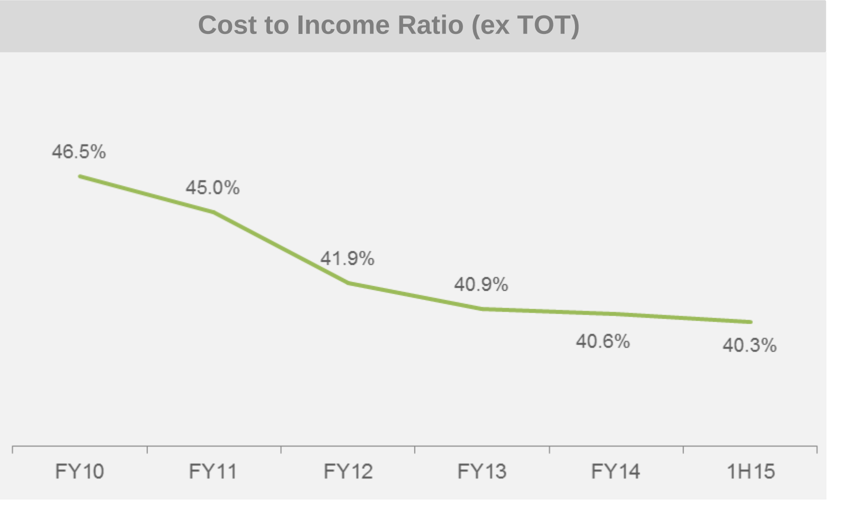
Cost to Income ratio continues to improve and will be sustained by capex investment program moving forward

Cost / Income Ratio

- Cost to Income ratio improved to 40.3% from 40.6% FY14 (excluding TOT) driven by:
  - Ongoing tight control of costs and scale efficiency benefits
  - Synergies being realised from acquisitions completed
  - Investment in customer facing digitisation projects which are beginning to show benefits in both cost efficiency and customer experience (e.g. Collections platform)
- Digital evolution and the move towards Call&Click model across Interest Free Cards, Consumer and SME Leasing and Enterprise to increase customer reach and drive significant productivity and scale benefits



Capital Expenditure

- Investment program is expected to remain within a Capex / Income ratio of 4-6% on average over the next 2-3 years
- Capex investment will sustain improvement in Cost / Income ratio and drive continuous improvements in NPS score and customer advocacy. FXL's NPS Score at all time high +15 across the group
- Strategic shift away from in-house developments towards use of commercial software building blocks which reduce total cost of ownership and secure investments longer term through availability of ongoing software upgrades

Note:
1. Think Office Technology employs a different cost structure to all other FXL businesses. Ratio used above excludes TOT to ensure accurate trend comparison

FXL - Impairment Losses

Business diversification continues to underpin strong credit quality

Performance

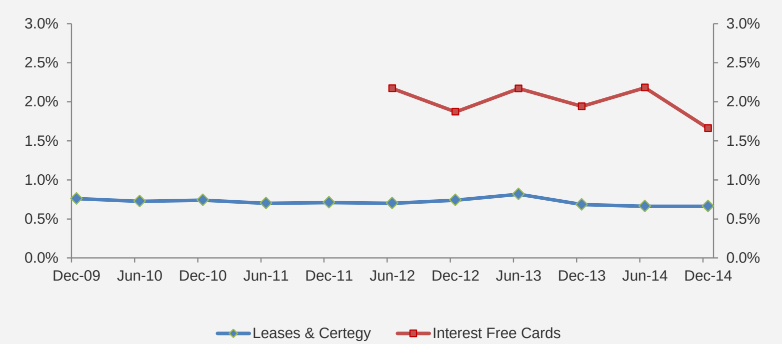
- Net impairment losses increased slightly to 3.0% of ANR driven by higher consumer mix in portfolio
- Certegy portfolio remains focused on the lower loss homeowner segment and VIP program
- Consistently low loss performance in NZ
- FXL's revolving IFC portfolio continues to demonstrate stable performance with 90+ delinquency improving to <2.0% in 1H15

Outlook

- FXL will continue to drive growth in customer segments it understands in terms of risk, and will not relax its credit underwriting criteria
- Enhanced collections platform implemented in 1H15 with increased automation and productivity through collections processes

Net Impairment Losses	1H14	1H15	Impairment / ANR %
No Interest Ever	$6.4m	$6.7m	2.9%
Interest Free Cards	$2.5m	$3.5m	3.2%
Consumer & SME Leasing	$6.5m	$8.1m	5.0%
New Zealand Leasing	$0.4m	$0.3m	0.9%
Enterprise Leasing	$1.1m	$1.5m	1.2%
Leases	$8.0m	$9.9m	3.0%
Net Impairment Losses	**$16.9m**	**$20.1m**	**3.0%**
Impairment / ANR %	**2.8%**	**3.0%**	

FlexiGroup 90+ Delinquency



Note:
Consumer & SME Leasing, NZ Leasing and No Interest Ever's write off policy is after 120 days. Enterprise and IF Cards' is after 180 days

FXL - Cash Flow

Strong operating cash flow supports investment in capital projects and receivables growth

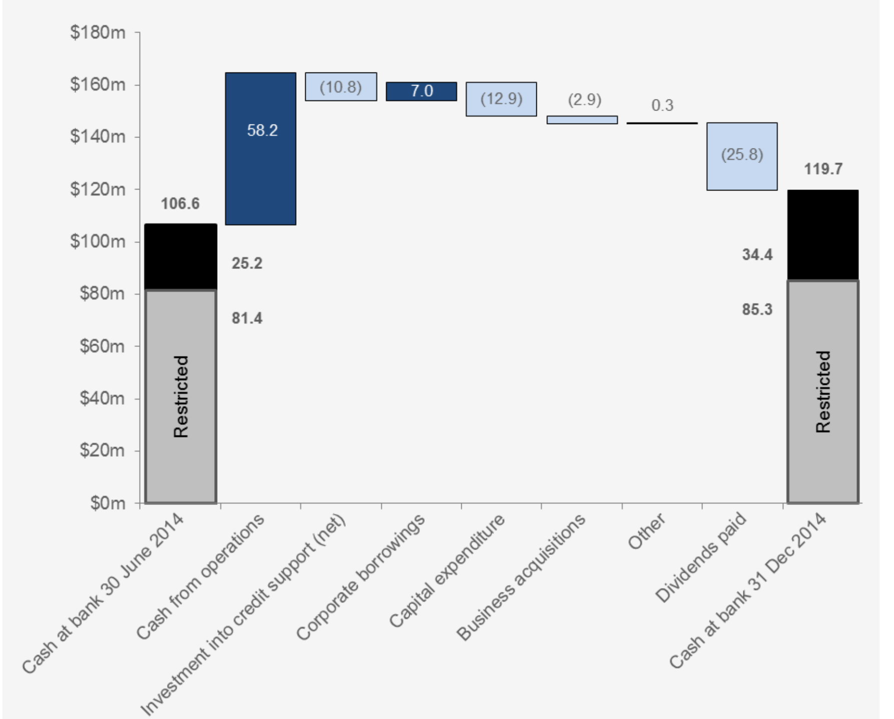
Performance

- Cash at bank was $119.7m as at 31 December 2014
- Impressive operating cash flow generation capabilities of the business allow FXL to reinvest funds into receivables growth and increase interim dividend by 0.75 cents per share
- Increased capital expenditure to upgrade IT platforms and support continuing diversification of the business

Outlook

- Dividend payout forecast to remain at 50-60% of Cash NPAT
- Investment into receivables and unrated notes in securitisation vehicles to support portfolio growth
- $100m corporate debt facility to provide flexible funding for organic and non-organic growth drawn to $52m ($45m drawn at 30 June 2014)

Cash Flow Bridge 1H15 ($m)



Note:

1. Restricted cash represents balances on collection accounts, which are held as part of the Group's funding arrangements and are not available to the Group as at reporting date

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FXL - Balance Sheet

Appropriate gearing maintained as balance sheet continues to grow

Performance

- FXL remains appropriately geared with recourse Debt/Equity at 23% whilst maintaining balance sheet flexibility via $48m available undrawn limit in the corporate facility
- SPV borrowings are non-recourse to FXL
- Borrowings are matched to customer contract term and interest rates are fixed to match fixed income products
- No bullet repayments on receivables funding

Outlook

- 81% of total borrowings are fixed to contract term, which provides protection against underlying movements in base interest rates
- Remaining 19% of borrowings relate to Interest Free Cards and corporate facility which are funded off a floating rate. FXL has the ability in IFC to vary the customer rates to match any underlying change in official interest rates
- FXL's strategy of diversifying funding sources has resulted in an ongoing reduction in FXL's funding costs

	Dec-13		Dec-14	
Summarised Balance Sheet	**FlexiGroup excl. SPV's**	**FlexiGroup incl. SPV's**	**FlexiGroup excl. SPV's**	**FlexiGroup incl. SPV's**
Cash at bank (unrestricted)	44.1	44.1	34.4	34.4
Cash at bank (restricted)	74.8	74.8	85.3	85.3
Receivables	76.3	1,208.7	58.8	1,326.5
Investment in unrated notes in securitisation vehicles	119.8	-	146.4	-
Other assets	62.7	62.7	63.5	63.5
Goodwill and intangibles	124.3	124.3	172.3	172.3
Total assets	**502.0**	**1,514.6**	**560.7**	**1,682.0**
Borrowings	25.0	1,064.3	52.0	1,199.7
Cash loss reserve available to funders	-	(26.7)	-	(26.4)
Other liabilities	95.3	95.3	109.8	109.8
Total liabilities	**120.3**	**1,132.9**	**161.8**	**1,283.1**
Equity	**381.7**	**381.7**	**398.9**	**398.9**
Gearing	**10%**	n/a	**23%**	n/a
ROE	**22%**	n/a	**22%**	n/a

Notes:

1. Gearing = Recourse borrowings as a percentage of FlexiGroup equity adjusted for goodwill and intangibles
2. Non-recourse borrowings are secured against FXL's lease and interest free receivables and cash security in Special Purpose Entities (SPV's)

FLEXIGROUP

FXL - Funding

Committed support from banks and institutions, diverse funding sources

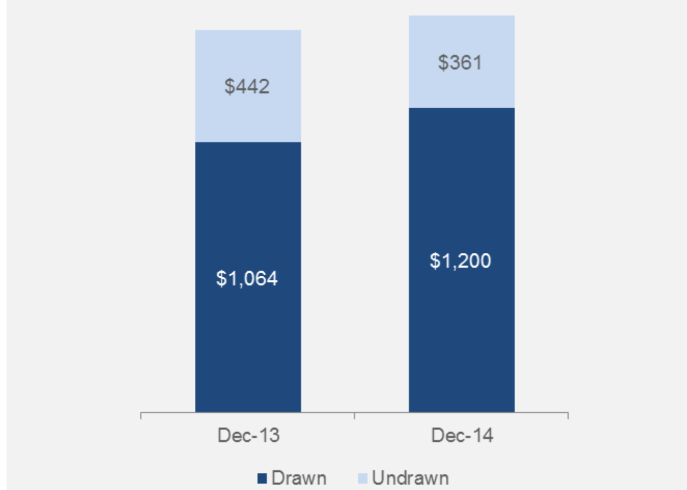
Performance

- FlexiGroup continues to maintain a conservative funding strategy, underpinned by multiple committed debt facilities, matched term and rate structures for wholesale debt and an active debt capital markets presence
  - Strong stable relationships with 5 Australian institutions providing revolving committed facilities
  - Material reduction in cost of funds driven by both lower base swap rates and decreased bank/securitisation credit margins

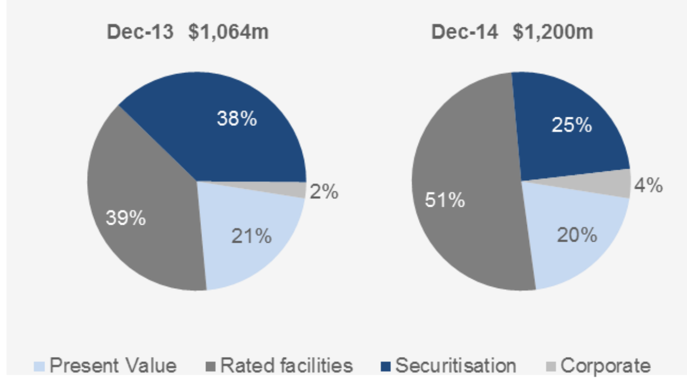
Outlook

- FXL has substantial unused committed revolving facilities to fund growth in the foreseeable future, even without securitisation of receivables
- Despite this, FXL will continue to securitise through its ABS program to
  - Decrease cost of funds
  - Improve capital efficiency
  - Maintain diversification of funding sources
- In 1H15, mix of funding sources from securitisation to rated warehouses increased as no securitisations completed in 1H15 – next issuance planned for Mar/Apr 2015

Funding Facilities ($m)



Diversified Funding Sources



FLEXIGROUP

Strategy and Outlook

Tarek Robbiati
Chief Executive Officer

FXL is on track to become a digital finance leader

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

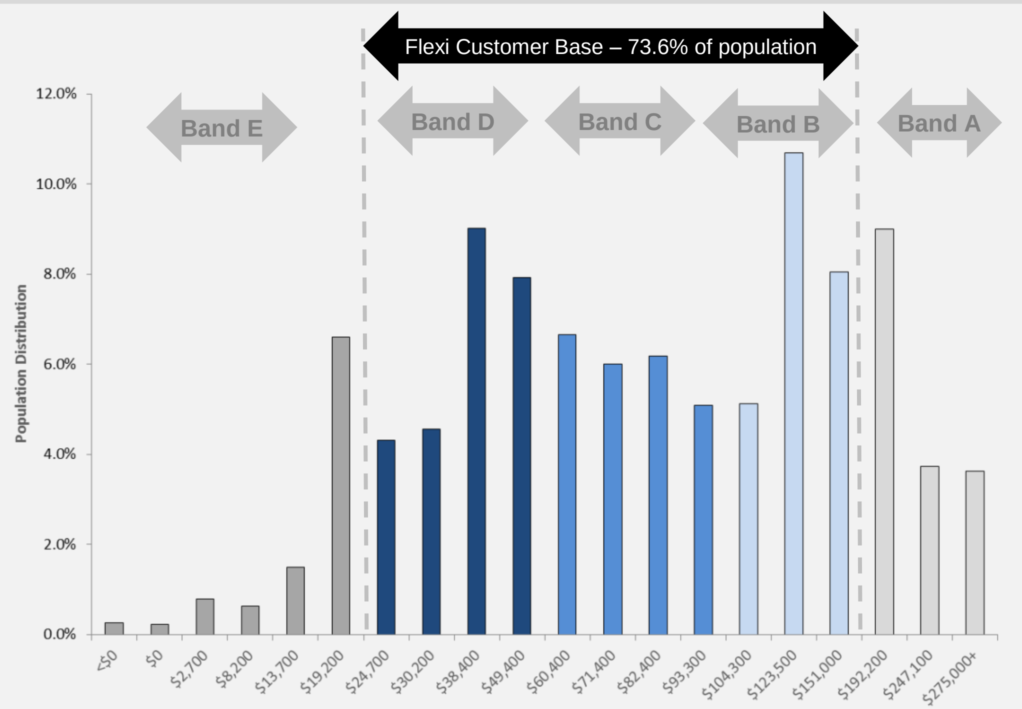
FlexiGroup Target Customer Demographic

FXL's target audience is the mass middle market of Australian Consumers

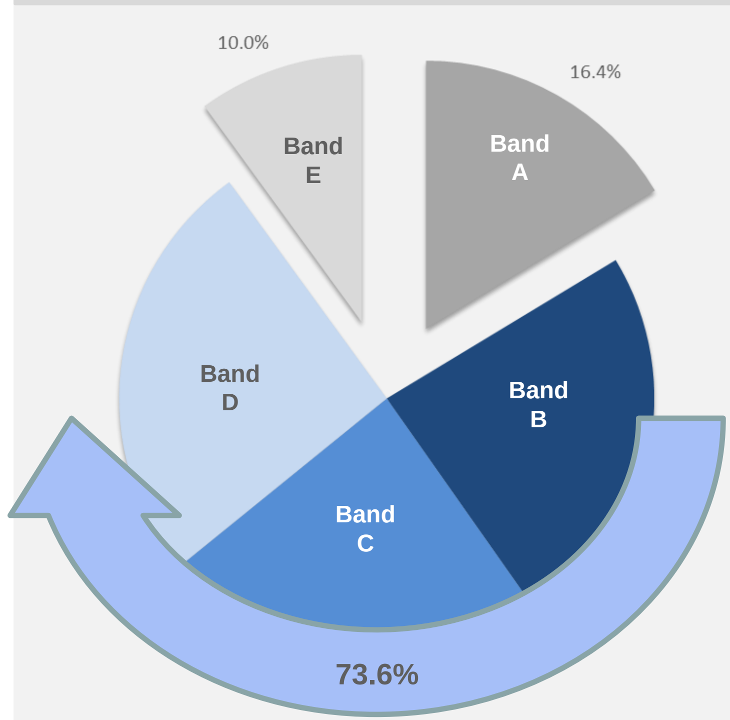
Overview

- The Flexi suite of financial products are generally aimed at the mass middle market in Australia, New Zealand and Ireland
- Low income (Band E) and very high income (Band A) individuals are not generally part of the Flexi customer base
- The low income customer sector (Band E) is serviced by pay-day or subprime enders with higher interest rates and losses
- By targeting the middle market, Flexi achieves the optimal balance of volume, risk and profitability

Australian Household Income Distribution



Australian Household Income Distribution by Band



Source: Australian Bureau of Statistics data at FY12 adjusted for wage inflation to FY14

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Delivering on our strategy: Our repeat business in Certegy as proof point of digital finance opportunity

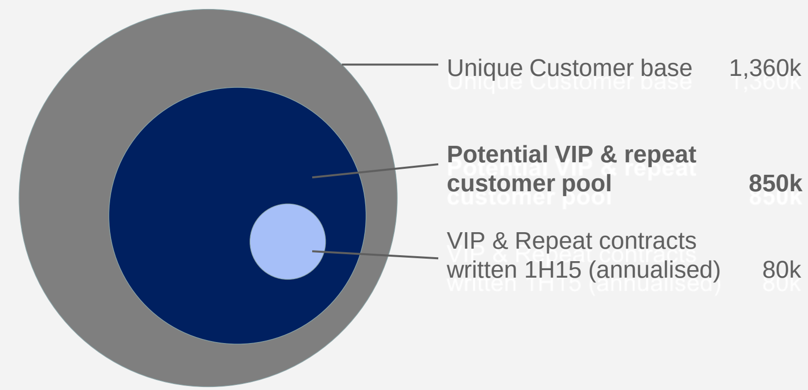
Certegy VIP and repeat business pool opportunity

- Total unique customer pool of 1.36m customers
- Of those, 850k are VIP and pre-approved repeat customers
- In 1H15, 80k annualised (9.4%) of the VIP and repeat customer pool entered a new contract
- The 80k VIP and repeat customers make up 41% of total new contracts written
- Since FY11, the VIP and repeat customers have made up an increasing share of new contracts written from 26% in FY11 to 41% in FY15

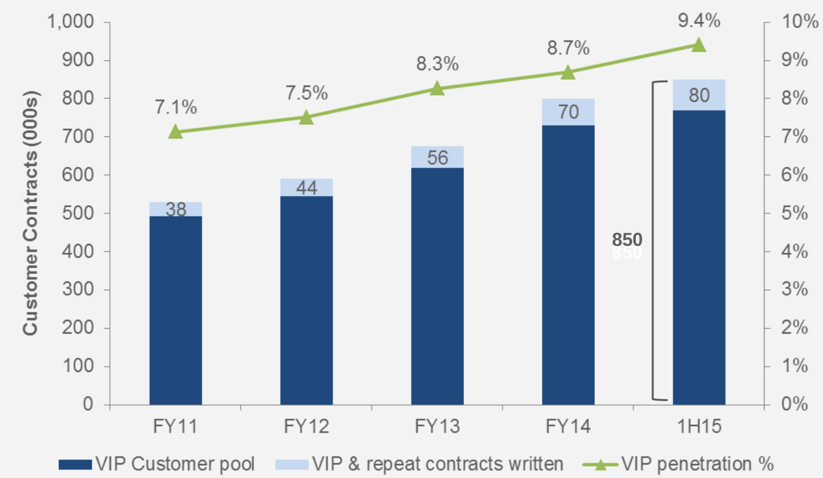
Repeat Customer Opportunity

- Ongoing efforts to maximise penetration into the VIP and repeat customer pool have proven successful with penetration increasing from 7.1% in FY11 to 9.4% in FY15
- VIP and repeat customer engagement is enhanced by the use of digital methodologies (web, smart phone and tablets, SMS, MMS and EDM) to create seamless and highly engaging customer experiences – driving repeat purchases
- Increased tailored "offers" from merchant partners specifically of interest to VIP's underpins communication strategies
- No Interest Ever! combined with Certegy's increased service and support capabilities drives high NPS of +50

VIP customer pool as at December 2014



VIP customer pool growth and penetration



FLEXIGROUP

Delivering on our strategy: FXL repeat customers drive significant value to retail partners

Overview

- FXL markets heavily to existing customer base to drive repeat business with focus on customers approaching end of contract
- As a result, FXL customers have a strong propensity to repeat, usually with original retailer
- FXL commission structures reward retailer for repeat business, regardless of source
- This leads to a strong flow of FXL customers back to the retailer which is particularly valuable when retail activity depressed
- Furthermore, these customers are particularly valuable to retailers as they are typically acquiring high margin, larger ticket items

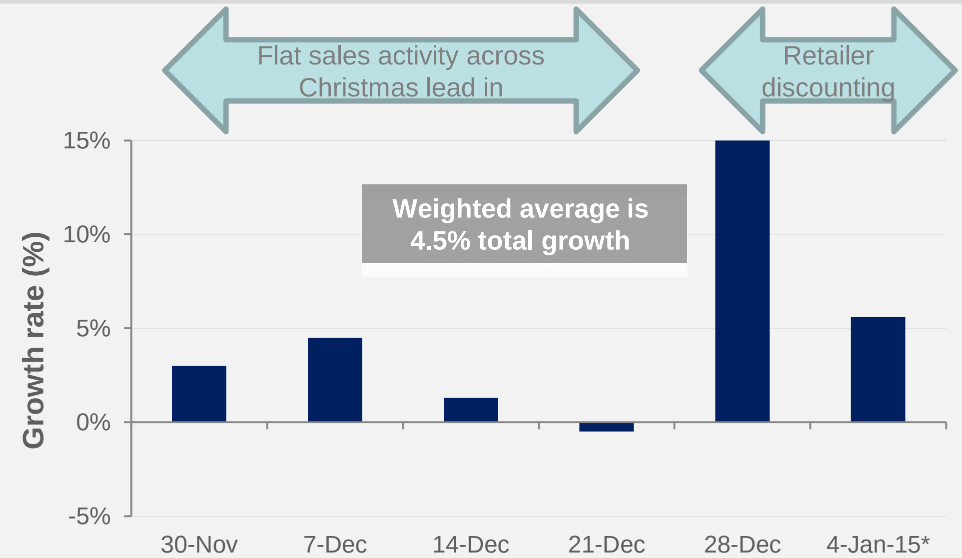
Christmas 2014 retail spending illustrated value of FXL relationship and customer base to retailers

Key points

- Christmas period lead-in was disappointing for retailers with discretionary sales lagging catering industry
- Total Australian retail sales were up 5.7% in 1H15 pcp mainly driven by discretionary services (8.1% pcp). This compares to 4.5% growth in discretionary goods.
- Retailers used discounting heavily to drive foot traffic during 2nd half of December
- Meanwhile, FXL repeat customers were being driven back to store for larger ticket items which were less likely to be discounted which improves the profitability mix of retailers

- **FXL business performs well even when retail volumes are soft**

Christmas 2014 retail spending trend – discretionary goods

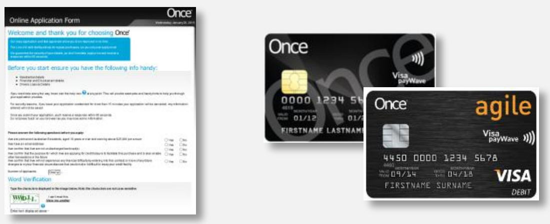


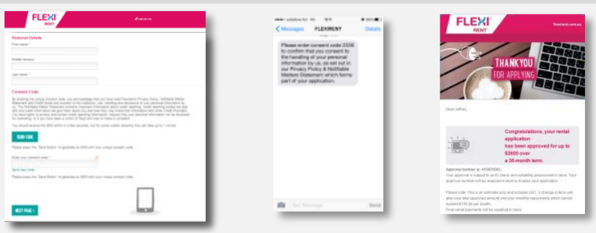
* Week of 4-Jan-15 is Citi estimate. Source: Quantium, Citi Research

Source: CitiGroup Equity Research, Quantium Research

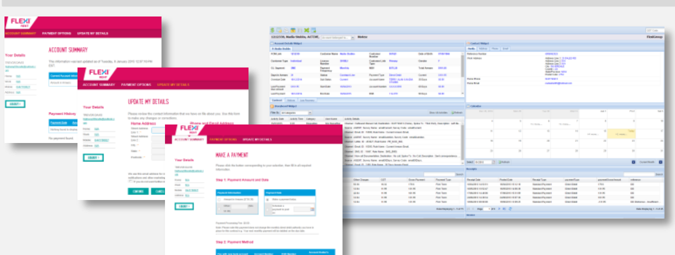
Delivering on our strategy: Our strategic investment program is turning vision and ambition into reality

SOME OF OUR MAJOR DELIVERABLES[1]	DESCRIPTION	BENEFITS BEING REALISED[2]
CARDS ONLINE ORIGINATIONS & NEW PRODUCTS	• Online application process for customers at home or in-store • Digital contract generation and eSignature • New Agile product offering 6 months interest free on any purchase over $250 • New Once 55 day card offering 55 days interest free	• 10% reduction in average handle time for phone based new applications • Faster card issuance of 5 days, improved credit decisioning and increased customer requested headroom • Improved customer experience through origination process
LEASING ONLINE APPLICATIONS	• Online application for customers at home or in-store; accessible on any device from mobile, tablet or computer • Available across our three consumer leasing brands of FlexiRent, FlexiWay and SmartWay • Provides customers an immediate credit decision to be used in-store	• Improved customer and dealer experience • Reduced average handle time on the phone for check-out • Increased conversion rate for online applications • Improved credit decisioning with additional external fraud and identification checks
CUSTOMER SELF-SERVICE & COLLECTIONS	• New collections platform delivering risk based collection strategies • Integrated dialler, print house for statements and digital workflow for agents • Online customer self-service for our three consumer leasing brands to change details or make a payment	• Reduction in delinquent accounts through automated contact strategies and increased targeted collections intensity • Decreased reliance on phone support for administrative tasks such as change of details • Significant productivity improvements in collections • Retirement of 7 legacy platforms





apply.flexirent.com.au ; apply.flexiwaycom.au ; apply.smartway.com.au



Note: 1. Our strategy consists of >10 major deliverables, above are three examples 2. Customer self-service and Collections and Leasing online applications were launched in December and January respectively; more detailed demonstration of the benefits may be shown in the full year results after six months of operations

Outlook

Mid single-digit growth in FY15 with expected return to higher growth

Drivers of FY15 Cash NPAT Growth

FXL Cash NPAT guidance of $90m-$91m is reconfirmed, driven by:

- Continued solid performance from **Certegy** through enhancements to VIP customer program, increased penetration within existing retails partners and targeted expansion into new product categories and new merchants
- New 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 leveraging the acquisition of Equico
- Scale up of the **Enterprise Leasing** business by leveraging the digital originations platform rolled-out in FY14 and significant new product innovation through Managed Services
- Continued investment in core IT Systems to support future business growth and scale up the business
- FXL continues to look at value accretive acquisition opportunities

Appendices

Appendix A: Detailed Statutory Income Statement

A$ MILLION	1H14	1H15
Total portfolio income	151.5	164.4
Interest expense	(32.4)	(34.2)
Net portfolio income (before impairment)	**119.1**	**130.2**
Impairment losses	(16.9)	(20.1)
Net portfolio income (after impairment)	102.2	110.1
Employment expenses	(27.6)	(32.1)
Depreciation and amortisation expenses	(4.5)	(4.2)
Operating expenses	(20.4)	(18.5)
Total expenses	**(52.5)**	**(54.8)**
Profit before income tax	**49.7**	**55.3**
Income tax expense	(15.1)	(16.8)
Statutory profit after tax	**34.6**	**38.5**
Amortisation of acquired other intangible assets	0.8	1.5
Residual value loss	-	2.5
Acquisition and integration costs	3.6	-
Cash net profit after tax	**39.0**	**42.5**

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Appendix B: Detailed Statutory Balance Sheet

A$ MILLION	Dec-13	Dec-14	Excluding SPV's Dec-13	Excluding SPV's Dec-14
Assets				
Cash at bank	118.9	119.7	118.9	119.7
Loans and receivables	1,226.6	1,344.7	214.0	223.4
Allowance for losses	(17.9)	(18.2)	(17.9)	(18.2)
Net receivables	1,208.7	1,326.5	196.1	205.2
Other receivables	46.2	43.4	46.2	43.4
Inventory	1.3	2.8	1.3	2.8
Plant and equipment	4.0	6.3	4.0	6.3
Deferred tax assets	11.2	11.0	11.2	11.0
Goodwill	100.7	136.0	100.7	136.0
Other intangible assets	23.6	36.3	23.6	36.3
Total Assets	**1,514.6**	**1,682.0**	**502.0**	**560.7**
Liabilities				
Borrowings	1,064.3	1,199.7	25.0	52.0
Loss reserve	(26.7)	(26.4)	-	-
Net borrowings	1,037.6	1,173.3	25.0	52.0
Payables	31.0	33.5	31.0	33.5
Current tax liability	7.2	15.3	7.2	15.3
Provisions	4.6	5.4	4.6	5.4
Derivative financial instruments	3.0	5.5	3.0	5.5
Contingent and deferred consideration	-	5.8	-	5.8
Deferred tax liabilities	49.5	44.3	49.5	44.3
Total Liabilities	**1,132.9**	**1,283.1**	**120.3**	**161.8**
Net Assets	**381.7**	**398.9**	**381.7**	**398.9**
Equity				
Contributed equity	160.1	161.2	160.1	161.2
Reserves	(1.1)	3.6	(1.1)	3.6
Retained profits	222.7	234.1	222.7	234.1
Total Equity	**381.7**	**398.9**	**381.7**	**398.9**

Appendix C: Detailed Statutory Cash Flows

A$ MILLION	1H14	1H15
Cash flows from operating activities		
Interest received	107.9	112.5
Fees and other non-interest income received	47.8	57.8
Payments to suppliers and employees	(52.7)	(63.7)
Borrowing costs	(33.9)	(34.0)
Taxation paid	(14.7)	(14.4)
Net cash inflows from operating activities	**54.4**	**58.2**
Cash flows from investing activities		
Payment for purchase of plant & equipment and software	(5.0)	(12.9)
Loans to related parties	(0.8)	-
Payment for deferred consideration relating to business acquisitions	-	(2.9)
Net movement in:		
Customer loans	(39.6)	(42.3)
Receivables due from customers	(35.2)	(0.7)
Net cash outflows from investing activities	**(80.6)**	**(58.8)**
Cash flows from financing activities		
Dividends paid	(22.8)	(25.8)
Net movement in borrowings	27.8	40.0
Net movement in loss reserves on borrowings	16.4	(0.8)
Cash settlement on vesting of options	-	(0.1)
Net cash inflows from financing activities	**21.4**	**13.3**
Net increase/(decrease) in cash and cash equivalents	**(4.8)**	**12.7**
Cash and cash equivalents at the beginning of the half-year	**122.8**	**106.6**
Effects of exchange rate changes on cash and cash equivalents	**0.9**	**0.4**
Cash and cash equivalents at end of the half-year	**118.9**	**119.7**

FLEXIGROUP

Appendix D: FXL - Overview

FlexiGroup is a diversified financial services group providing point of sale interest free, no interest ever, leasing, vendor programs, interest free cards and other payment solutions to consumers and businesses

Background

- Founded in 1988 leasing office equipment to business
- Leading provider of consumer/small business retail point-of-sale finance
- Diversified products include: interest free cards, no interest ever, vendor finance /commercial leasing, mobile broadband, online & mobile payment services

Market

- IPO in 2006
- ASX200 stock with market cap of approximately ~A$1.0bn

Distribution platform

- 700,000 finance customers, ~12,000 active retailers, $1.35bn in receivables
- Distribution network across multiple industries, including relationships with:
  - JB Hi-Fi, Dick Smith, Harvey Norman, Apple resellers, IKEA, Husqvarna, M2 Commander, AGL Solar, Noel Leeming, King Furniture, Fantastic Group and Officeworks

High performance culture

- Talented management team with capability to manage much larger organisation
- Australia and New Zealand Best Employers — AON Hewitt
- Australia's Best Contact (Call) Centre — ATA Award
- International IT Award — ICMG Architecture Excellence

Balance sheet

- Well capitalised balance sheet with further capacity – return on equity ~23%
- Highly diversified funding with committed facilities from Australian and International institutions to support growth

Solid risk profile

- eRisc award winning credit assessment system
- 20 years experience in consumer & business credit embedded in scoring systems

Acquisitions

- Management with significant acquisition experience, have successfully acquired:
  - Rentsmart ANZ in January 2014
  - Once Credit Interest Free and Visa card business in May 2013
  - Lombard Finance Interest Free and Visa card business in June 2012
  - Certegy acquisition in 2008 now represents 35% of FXL receivables
- Conservative approach to acquisitions - target accretive, high volume businesses

30 Jun YE (A$m)		FY11	FY12	FY13	FY14
Receivables		**707**	**927**	**1,163**	**1,318**
	growth	*19%*	*31%*	*25%*	*13%*
Portfolio Income		**223**	**246**	**284**	**317**
	growth	9%	10%	15%	11%
Volume		**695**	**779**	**907**	**1,083**
	growth	*27%*	*12%*	*16%*	*19%*
Cash NPAT		**53**	**61**	**72**	**85**
	growth	*26%*	*15%*	*18%*	*18%*
Cash NPAT/ANR		**8.5%**	**7.7%**	**7.2%**	**6.9%**
	change	*0.8%*	*-0.8%*	*-0.5%*	*-0.3%*
Dividends, cents per share		**10.5**	**12.5**	**14.5**	**16.5**
	growth	5%	19%	16%	14%

Appendix E: FXL - Overview

FLEXIGROUP

No Interest Ever	Interest Free Cards	Consumer & SME Leasing	New Zealand Leasing	Enterprise Leasing
certegy ezi-pay	Lombard Once	FLEXI RENT / FLEXI COMMERCIAL	FLEXIRENT equico Funding Technology	FLEXI ENTERPRISE / THINK OFFICE TECHNOLOGY
• Trading since 1989, acquired Oct 2008 • Interest free & cheque guarantee products offered in diverse industries • Increases sales volumes for retailers • No interest (ever) payable by the customer	• Trading since 2002, acquired June 2012 • Interest free point of sale card finance company • Retail partners are offered interest free product and customers are cross sold a Visa card • Visa card subsequently used for everyday retail purchases • Once Credit acquired on May 2013	• Flexirent trading since 1988, IPO Dec 2006 • Lease and mobile broadband offered • Customers get loaner, protect & affordable monthly payments • Online & mobile payment solutions via Paymate • RentSmart acquired Jan 2014. Expands distribution to include JB Hi-Fi, Dick Smith and Officeworks	• Flexirent NZ office opened 1997 • Computer leasing mainly in the commercial / business use sector • Preserves margin for the retailer / merchant • Equico acquisition in Mar 2014 – expands distribution to education and government sectors	• Recruited an experienced OEM / Vendor leasing team in Nov 2009 • Increase sales volumes for OEMs / Vendors • Affordable, tax deductible means for customers to acquire and manage assets • Acquired Think Office Technology in Mar 2014 – a specialist in managed print, IT and office solutions
Key metrics • $476 million receivables • 27 month average term	**Key metrics** • $218 million receivables • 18 month average term	**Key metrics** • $317 million receivables • 36 month average term	**Key metrics** • $72 million receivables • 36 month average term	**Key metrics** • $262 million receivables • 50 month average term
Retail & homeowner "No Interest Ever"	***Retail point-of-sale Interest Free Cards***	***Retail / SME / On line point-of-sale Lease, Mobile Broadband & mobile payment solutions***	***Leasing solutions for business and point-of-sale retail***	***OEM & vendor lease to Enterprise accounts***

Appendix F: Interest Free Cards customer lifecycle revenue overview

The example below is illustrative of revenue earned across the lifecycle of a new Interest Free Cards customer

Key assumptions in example

- Customer takes out an Interest Free contract to finance $4,000 purchase over 18 months – customer approved for $10k facility
- Merchant Service Fee charged to retailer upfront – based on a percentage of amount financed and term of interest free period
- Customer is then sent a Lombard/Once branded visa card and marketed to utilise remaining $6,000 facility
- Other card transactions are interest bearing after 55-days interest free period
- Balance of Interest Free amount reverts to interest bearing on expiry of interest free period
- Fees charged in example are: annual fee, monthly paper statement fee (optional) and non-direct debit payment fee (optional)
- Customer makes monthly repayments in line with portfolio average behaviour (minimum repayment 3% of outstanding balance)