FLEXIGROUP TO ACQUIRE TELECOM RENTALS FROM SPARK NEW ZEALAND

Highlights:

- **Binding agreement entered to acquire 100% share capital in Telecom Rentals Limited from Spark New Zealand Limited (Formerly known as Telecom Corporation of New Zealand Limited)**
- **The acquisition consolidates FlexiGroup's distribution footprint in New Zealand, making it the largest technology leasing provider in NZ**
- **Enables FXL NZ business to provide full market coverage (Retail, SME, Education & Enterprise)**
- **Improves sales presence for FXL in government sector focused in Wellington**
- **Consideration represents ~5x FY16 Cash NPAT (TRL expected to deliver NZ ~$3m NPAT in FY16)**
- **Acquisition is expected to be Cash EPS accretive in FY16**
- **FY15 Cash NPAT guidance reaffirmed at A$90–91 million**

FlexiGroup Limited ("FlexiGroup") (ASX:FXL) today announced it had entered into a binding agreement to acquire 100% of the share capital in Telecom Rentals Limited (TRL), a leading provider of IT and telecommunications equipment leasing solutions in New Zealand for ~NZ$106m, comprised of NZ$92m Net Tangible Assets (NTA), plus NZ$14.5m goodwill.

The acquisition, which includes existing leasing receivables of NZ$97 million, is expected to be Cash EPS accretive in FY16 and will be funded by a combination of cash and senior portfolio debt as the business is currently 100% funded by the Spark New Zealand Limited (NZX: SPK, ASX: SPK).

Established in 2006 as a wholly-owned subsidiary of the Spark New Zealand Group to provide financing solutions to customers of Spark Digital, Telecom Rentals delivers IT and telecommunications equipment leasing solutions to the commercial and government sectors in New Zealand, primarily through operating leases. In 2012 it won the Ministry of Education TELA contract to supply and lease laptops to NZ schools. The business is being divested following a strategic review which identified TRL as non-core to Spark.

FlexiGroup CEO and Managing Director, Tarek Robbiati, said FlexiGroup was a natural owner of Telecom Rentals.

"Bringing TRL into the FlexiGroup portfolio will consolidate our distribution footprint in NZ and provides significant scale for our existing high-growth New Zealand business.

"With approximately 1,350 customers across education, data centres, digital business and government, this acquisition will see us become the largest technology leasing provider in New Zealand.

"There are significant opportunities for FlexiGroup to grow the business through partnering with Original Equipment Manufacturers for Government contract wins, and also combining the existing relationships Spark has with FlexiGroup's strong sales culture."

The transaction is expected to be completed by 30 April 2015 and change of control consent is required from the New Zealand Ministry of Education as a condition precedent to the transaction.

<u>Financial Outlook</u>

FlexiGroup today reconfirmed FY15 Cash NPAT guidance of A$90–91million.

Conference Call

Investors and analysts are invited to participate in a conference call today at 9:30am AEDT to be hosted by FlexiGroup CEO Tarek Robbiati and CFO David Stevens.

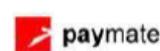| Australia toll free:	1800 064 278
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ABOUT FLEXIGROUP

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.