

Sydney – 27 October 2015

ACQUISITION OF FISHER & PAYKEL FINANCE FOR A\$275 MILLION¹ (NZ\$294 MILLION) LAUNCH OF FULLY UNDERWRITTEN NON-RENOUNCEABLE ENTITLEMENT OFFER

Highlights

- Transformational acquisition of Fisher & Paykel Finance, a leading provider of non-bank consumer credit in New Zealand with over 430,000 active card holders
- Fisher & Paykel Finance has strong business momentum with receivables of NZ\$662 million and new business volumes of NZ\$617 million, as of 30 June 2015
- Significant opportunity to have an Australia-New Zealand interest free cards offering to create scale and drive value for retail partners
- Further diversification of FlexiGroup creating operational scale, with combined group across Australia and New Zealand with over A\$2 billion in receivables
- Acquisition is expected to be high single digit Cash EPS accretive on a pro-forma basis, including expected synergies²
- Attractive acquisition structure with significant deferred consideration
- Upfront cash consideration to be funded through A\$150 million fully underwritten accelerated non-renounceable entitlement offer, expansion of existing corporate debt facilities and surplus cash
- Founder and Chairman Andrew Abercrombie, who owns 25.4% of FXL, to take up a total of 71% of full entitlement (c.A\$27 million)
- FlexiGroup reaffirms FY16 Cash NPAT guidance of A\$92 million-A\$94 million (excluding Fisher & Paykel Finance acquisition)

FlexiGroup Limited (“FlexiGroup” or “The Group”) (ASX:FXL) today announced it has entered into an agreement to acquire Fisher & Paykel Finance (“F&P Finance”), a leading provider of non-bank consumer credit in New Zealand, from Fisher & Paykel Appliances for A\$275 million. The acquisition price represents an acquisition multiple of 8.8x pro-forma FY15 Cash NPAT (taking into account expected synergies under FXL ownership) and 2.9x book value².

Established in 1973, F&P Finance is New Zealand’s leading independent non-bank finance business with receivables of NZ\$662 million. It has a high quality portfolio of brands including Q Card and Farmers Finance Card, more than 12,000 partnerships and 430,000 active cardholders.

Consideration for the acquisition will comprise an upfront cash consideration of NZ\$250 million (A\$234 million), and deferred consideration of NZ\$65 million (A\$61 million) including a vendor finance component. Total purchase price has net present value of NZ\$294 million (A\$275 million)². The upfront consideration will be funded through a mix of a A\$150 million fully underwritten accelerated non-renounceable entitlement offer, to be launched today, expansion of existing corporate debt facilities to A\$187.5 million provided by three Australian major bank lenders and surplus cash.

The acquisition is expected to be high single digit Cash EPS accretive to FlexiGroup on a pro-forma basis, including expected synergies².

FlexiGroup Acting Chief Executive Officer David Stevens said "Fisher & Paykel Finance is a very high quality asset that FlexiGroup worked hard to secure because it compliments and offers synergy to FlexiGroup’s existing card business.

¹ Based on AUD/NZD exchange rate of 1.0691 which is used throughout this announcement.

² Refer to accompanying Investor Presentation for further detail on calculation of adjusted purchase price, Cash EPS accretion and acquisition multiples.

“Cards are a scale driven business and F&P Finance has over 430,000 active card holders, providing FlexiGroup with a Trans-Tasman interest free cards offering, and a compelling proposition for our retail partners.

“This is a transformational deal for FlexiGroup on many levels that positions us as one of the leading non-bank financial services providers across Australia and NZ. We have acquired a unique portfolio of card brands and strong partner relationships across numerous industries.

“The financial metrics are compelling with clearly identified synergies and an attractive transaction funding structure in place, including a deferred consideration component.

“Fisher & Paykel Finance will significantly enhance the scale of FlexiGroup’s NZ operations, provide access to new industry channels both in NZ and Australia, and opportunities for customer growth.”

The transaction is subject to Overseas Investment Office and Reserve Bank of New Zealand approvals. All lenders to F&P Finance have provided the necessary change of control approvals. Subject to receipt of outstanding approvals, the transaction is expected to close in early calendar 2016.

Equity Raising – Non-renounceable Entitlement Offer

FlexiGroup will today launch a 1 for 4.46 pro-rata accelerated non-renounceable entitlement offer to raise approximately A\$150 million (“Entitlement Offer”).

The Entitlement Offer comprises an institutional component and a retail component. New shares issued under the Entitlement Offer will rank equally with existing FlexiGroup shares in all respects.

The Offer Price of A\$2.20 per new share represents a:

- 11.5% discount to the Theoretical Ex-Rights Price (“TERP”)
- 13.7% discount to the last closing price of FlexiGroup shares on 26 October 2015

FlexiGroup's largest shareholder, Chairman Andrew Abercrombie, has given an irrevocable undertaking to participate in the Entitlement Offer for a total of ~A\$27 million, representing 71% of his full entitlement.

The other FlexiGroup directors have stated they intend to participate in the Entitlement Offer for some or all of their respective pro-rata entitlements to the extent their financial circumstances permit.

FlexiGroup was advised on this acquisition by Citi. Other advisors and due diligence providers included PwC and Ashurst for Australia and Mayne Wetherell, Schmidt & Co and KPMG for New Zealand. The entitlement offer is fully underwritten by Citi and CBA.

Full Year FY16 Guidance

FlexiGroup today also reaffirmed full year FY16 Cash NPAT guidance, with the Group remaining on track for FY16 Cash NPAT of A\$92 million-A\$94 million (excluding F&P Finance acquisition).

Dividend guidance is also reaffirmed, with FY16 dividend expected at the lower end of 50-60% of Cash NPAT.

Governance and Leadership

The process of recruiting a new CEO is progressing well with a number of high-quality candidates.

The Group continues to conduct a search for further independent non-executive directors.

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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 Australian Interest Free Cards (Lombard and Once).

The Board of FlexiGroup is chaired by Andrew Abercrombie who is the founding director and 25% shareholder in FlexiGroup. The Board also includes John Skippen, former Finance Director of Harvey Norman Holdings Limited and Rajeev Dhawan, a partner of Equity Partners.

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