



FLEXIGROUP^x

Annual General Meeting

Monday 27 November 2017

27 November 2017



Chairman's address: Andrew Abercrombie



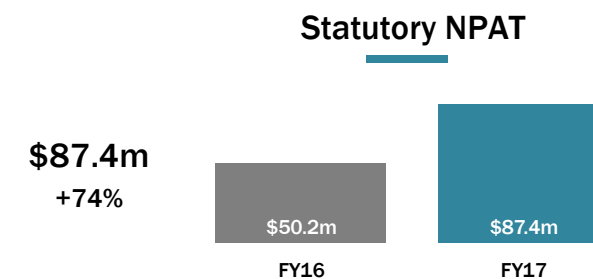
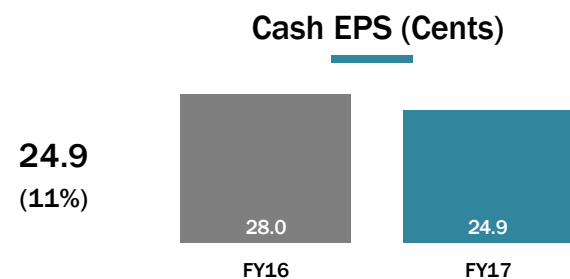
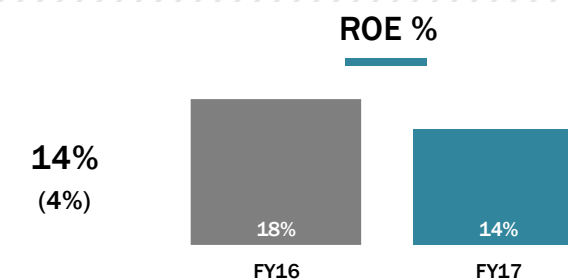
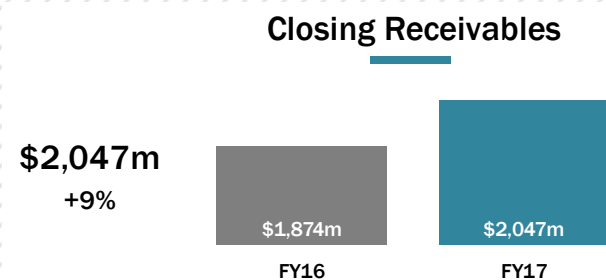
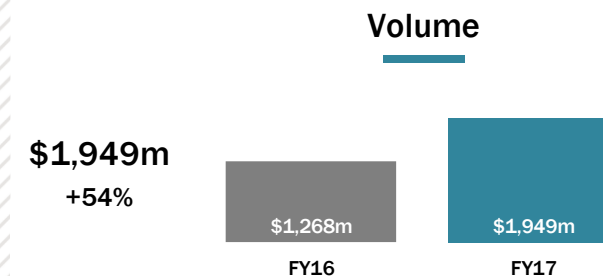
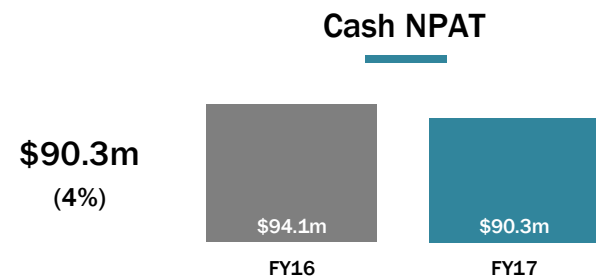
CEO's address: Symon Brewis-Weston

- FY2017 - transitional year
- Cash NPAT result achieved in line with guidance
- Focus on digitisation and streamlining products
- Significant changes to core platforms and processes, focusing on underperforming units
- First 4 months of FY18 trading in line with expectations
- Certegy results encouraging with digitisation program starting to roll out to market
- **Reaffirming FY2018 Cash NPAT guidance - \$85–90m**

FY17 results delivered on guidance – as we invest for growth



- While refocusing the business and investing for growth, FXL delivered solid cash NPAT result on guidance, \$90.3m
- Revenue \$445m, growth of +20%
- Strong group volume growth of +54%
- Exceptional Australia Cards receivables growth +55%. Cards NPAT set to rise in FY18
- New funding line established for Australia cards. Capital contribution reduced by 33%. ROE to improve in FY18
- First full year of NZ cards. Consistent profit growth – further projected growth in FY18
- Certegy performing in line with budget. Increasing confidence in outlook. Investing in technology, growth targeted in FY19
- Strong investment in digital marketing and improved data analytics – benefits starting to flow through quickly



Growth investments delivered in FY17



Sales and Marketing

- Launched Flight Centre relationship in Australia and co-branded card in New Zealand - sales above target
- Commercial managed services offering to market – tier 1 consulting firm signed. Lenovo partnership established
- Developed & launched Oxipay as online offering and moving in store in AU and NZ, signed 549 retailers
- Flexi-Fi Launched in Ireland, 60 retailers with 600 in trial

Skills and Capability

- New Management team embedded and driving the business
- Strong new director appointments in AU and NZ have broadened Board skills, experience and independence
- Recruiting Chief Customer Officer and Chief Information Officer
- Data and analytics team embedded
- Social media and digital team established

Products

- Digitised AU cards online origination platform creating market leading experience
- Finalising exit of unprofitable non-core business and realignment of program agreements
- Developed clear strategy and commenced migration of AU cards onto NZ platform
- Built strategic API capability

Collections and Risk

- Enhanced collections investment has led to improved impairments and reduced arrears from 9.1% to 8.6% of total receivables
- Third party consultants validated that risk modelling and data capture processes remain a key strength
- New Chief Risk Officer embedding improved risk culture
- Significant enhancement of internal risk control environment

Regulatory and Governance

- Improved funding facility, with lower capital contribution and funding costs to support growth in the AU Cards business
- New independent directors appointed in AU and NZ
- Pro-active approach to pre-empting legislative and regulatory changes
- Group Asset and Liability Committee upskilled
- Project governance structure created to drive oversight of strategic project execution

Six key strategic priorities identified for driving cash NPAT



PRIORITY	KEY INITIATIVES	DUE DATE
Digitise	<ul style="list-style-type: none"> • Simplify and consolidate front and back end platforms <ul style="list-style-type: none"> • Move to two core operating platforms across AU & NZ • Invest in CRM and data analytics technology • End to end digitisation of Certegy and consumer leasing 	} Q3-Q4'18
Consolidation of consumer business	<ul style="list-style-type: none"> • Centralise marketing to leverage investment & capability • Create one Australian consumer sales team, leveraging deep retailer relationships • Target growth of existing book • Centralise data management 	Q2'18 Q2'18 Ongoing Q3'18
Enter new segments & launch new products	<ul style="list-style-type: none"> • New AU card launch • Certegy – Entering professional services, home services, dental and many others • Commercial – Managed services and subscription models 	Q3'18 Ongoing Ongoing
Build cross sell capability	<ul style="list-style-type: none"> • Oxipay is a low cost customer acquisition engine • Build CRM capability and expertise • Drive product cross sell to generate incremental income 	} Q4'18
Refocus commercial and leasing	<ul style="list-style-type: none"> • Digitise front and back end • Leverage trans Tasman relationships 	Q3'18 Ongoing