

FLEXIGROUP

ABN 75 122 574 583

ASX ANNOUNCEMENT

2011 ANNUAL GENERAL MEETING

CHAIRMAN & CEO ADDRESSES

Sydney, 30 November 2011

CHAIRMAN'S ADDRESS

MARGARET JACKSON

Ladies and Gentlemen,

When we last met 12 months ago one of the key aspects of my address was the successful strategy being implemented as the Group broadened its earnings base through diversification into new product areas and new business channels.

Over the past year this strategy of diversification has been the core focus for FlexiGroup. The results for the year ended 30 June 2011 delivered an outstanding result for shareholders, which has included the following highlights:

- Cash net profit after tax ("Cash NPAT") was \$52.9 million, which represented a 27% increase from the previous year;
- There was strong volume growth of 27% across all four businesses;
- Diversification has resulted in FlexiGroup's new businesses now contributing approximately 37% of Cash NPAT;
- The company won the Aon Hewitt Australia & New Zealand Best Employer award, fulfilling the strategic goal of an outstandingly engaged workforce; and
- The Board declared a fully franked final dividend of 5.5 cents per share, and with annual dividend growth of 40%.

We are also today reconfirming our FY12 market guidance of Cash NPAT growth of 12-15%.

The original Flexirent business has provided the foundation for new business opportunities across Interest Free, Mobile Broadband and Vendor Finance. As a result of our successful diversification the company has been able to generate a broader and higher quality level of earnings. This is how FlexiGroup has been able to resist the trends experienced across the broader retail sector over the past twelve months.

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Our Chief Executive Officer John DeLano will address you shortly and provide you with an update on the operational side of the four business units that have delivered such a strong result for shareholders.

I would like to take a moment to recap on the significant journey FlexiGroup has travelled since listing 5 years ago.

1. Firstly, we have more than doubled both net profits, from \$23m to \$52.9m and volumes from \$310m to \$695m.
2. We have successfully transitioned from a Company with a product called Flexirent targeting a single retail point-of-sale market, to becoming a diversified financial services Company with access to high growth markets. These high growth markets are referred to as Business to Consumer (B2C) and Business to Business (B2B).
3. How far we have come in shifting the business is illustrated by our traditional leasing retail point-of-sale which now accounts for approximately 20% of volumes. In comparison, our high-growth new business divisions targeting the B2C and B2B markets now account for 57% of volume.

This success has been driven by the company's business belief of developing an engaged workforce and a talented executive team. Every aspect of FlexiGroup is related to fostering a culture of excellence, and the Board is proud that the programs implemented across the Group have been recognised externally with the company receiving three prestigious awards during the past year. Each award saw the company compete against some very large and well recognised global corporations. The awards included being recognised as one of Australia and New Zealand's Best Employers, Australia's Best Contact Centre and an award for the Best IT Architecture Worldwide.

Whilst the external awards are important recognition, what this culture of excellence has really demonstrated is a clear ability to execute growth initiatives that deliver strong returns for shareholders.

The Certegy transaction has proved to be one of the best examples of this to date. Certegy was acquired during the GFC, which included securing funding in one of the toughest financial markets of recent times. The integration of the business into the broader Group was achieved ahead of schedule, as was building profit growth. Certegy is now FlexiGroup's largest division and a strong driver of both profit and volume growth for the whole Company.

The GFC also highlighted our ability to be both prudent and opportunistic. We were prudent because we acted early, ensuring credit metrics remained steady, and developed operational improvements that underpin today's impressive credit figures. An example of our opportunistic approach during the GFC was through the development of our Vendor Finance division. By recruiting an existing and experienced sales team and aggressively targeting the B2B Commercial market we significantly enhanced our opportunities in this high-growth, underserved market.

Our commitment to innovation is a strong driver of product development, with new products providing future profit growth for the company. Blink Mobile Broadband is an example where we identified the potential to drive future sales in our core leasing products by offering a natural add-on product. This successful initiative has also allowed us to capitalise on the high growth trends in the domestic tablet market.

Our capacity to recognise gaps in the market has also led us to our newest growth initiative, online payment systems. We believe the Company is well-positioned to deliver an outstanding product in a rapidly growing area, particularly when combined with our ability to recruit the best, and leverage our core strengths in collections, IT and the contact centre.

From where I stand today the Company has the largest array of growth initiatives it has had at any time in its history.

Another core attribute of FlexiGroup, is the Company's ability to attract highly credentialed and experienced senior executives. If you look across finance, IT, marketing, sales, and in exciting new areas for the Group such as online payments, FlexiGroup has consistently attracted high calibre executives who enjoy the challenge of working for a smaller, fast growing Company that rewards innovation and excellence. These people, and their committed teams are what makes FlexiGroup different.

It is also pleasing that the hard work of all FlexiGroup's employees is being recognised by the market. Our share price has risen by approximately 50% since our last AGM, which makes FlexiGroup one of the stand-out performers on the ASX over the past 12 months. More specifically the Group ranked eighth for total shareholder return among ASX300 non-mining companies. This measure is even more pleasing for shareholders when compared with a 5% decline in the broader ASX300 over the same period.

As mentioned earlier your Board declared a final fully franked dividend of 5.5 cents per share, which when combined with the interim dividend of 5 cents, represents an annual dividend growth of 40%.

Looking forward, the Group has committed funding facilities and a strong balance sheet to support growth, which includes any value accretive acquisition opportunities that may arise.

On behalf of the Board of Directors I would like to thank all of FlexiGroup's shareholders for your continued support. I would also like to extend our appreciation to the Company's customers, partners, funders and our CEO John Delano and the entire FlexiGroup team for an outstanding year.

In conclusion it is worth reiterating to shareholders that our diversification strategy is working and approximately 37% of Group NPAT is now generated from businesses created or acquired over the past three years. I would like to introduce our Chief Executive Officer John DeLano, who will provide some further detail on the Company's activities over the past year.

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CEO's ADDRESS

JOHN DELANO

Thank you Margaret and good afternoon everyone.

As the Chairman outlined in her address, the reason for FlexiGroup's continued out-performance is the fact that we have a management team who are executing superbly on a very sound strategy.

That strategy put in place three years ago was simply to identify new business opportunities that fit our core strengths and then build profitable businesses in new industry channels as rapidly and as efficiently as possible. We believe in speed to market and we believe in innovation. To have speed you need flexibility and this is where the company has a strong advantage over some of the larger players in financial services. We have a workforce who are encouraged to be innovative in their thinking and outstanding in their execution.

Let me run you through some of the operational highlights for the Group over the past twelve months.

Certegy – our no interest ever payment provider delivered a stand-out performance in 2011, particularly in home improvement, fitness and the solar energy sector. Since its acquisition in 2008, Certegy has had strong growth in volumes and net profit after tax. In 2011 volumes increased 30% to \$375 million, and cash profit rose 80% to \$13.7 million, which represented 26% of the Group's total cash profit.

Lay-Buy Express represents an exciting new product area for Certegy and it was successfully introduced into a number of retail stores during the year, including Toys R Us. Our product offers the traditional features of Lay-Buy, but is unique in that it allows customers to self-manage their payments online and removes operational and administrative costs for retailers. Our customer take-up has exceeded expectations and we are targeting this product to contribute to 10% to 20% of total Certegy volumes in 2012.

FlexiCommercial Vendor Finance – this was an organic start-up from December 2009 that provides commercial equipment financing and vendor programs. This is a high growth area which we identified as an opportunity during the GFC when banks started to withdraw from the B2B market. We now have specialised vendor finance teams targeting large businesses, supported by our call centre expertise. Volumes over the year increased 221% to \$61 million and NPAT doubled to \$2.6 million.

Blink Mobile Broadband – this business was another organic start-up from February 2009 that I believe best reflects our ability to see a market opportunity and move quickly to develop a strong and profitable market presence. Blink provides mobile broadband plans and has more than 74,000 active customers, representing strong market share in key retail channels. NPAT improved \$4 million to 6% of the Group's total.

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Over the course of the year we successfully innovated and rolled out our Blink tablet plan to capitalise on the fast growth in the tablet market. This product offers consumers an alternative to paying by cash or credit for a tablet device, with consumers receiving the device for \$0 upfront when they take out a Blink mobile broadband plan.

Flexirent – The Group's original point of sale leasing business outperformed in a challenging retail environment, delivering a 6% increase in sales volumes to \$238 million. Successful diversification into the non-retail commercial sector provided growth opportunities and led to higher average transaction amounts. We saw growth accelerate in the fourth quarter of FY2011 with volume contribution from the non-retail commercial sector increasing from 15% to 29%.

In summary, FlexiGroup has successfully shifted from relying on retail point of sale to being a diversified financial services group with extensive distribution capabilities and access to high growth markets.

We have identified underserved markets, then used our expertise in IT, our Contact Centre, Collections and Sales & Training to build innovative businesses.

The improvement in the Group's credit metrics over the past 12 months is testament to the efforts of our award winning collections team, and also reflects the experience gained from 20 years providing consumer and business credit. This result saw losses decline to only 3.8% of average net receivables, which is down from 4.4% in 2010, despite a 19% overall growth in receivables.

Our balance sheet is in very good shape and we now have strong support from over eight different banks and institutions. Over the last 12 months we have further diversified funding with four new committed warehouse facilities, and the company also completed two new securitisations. Our 2011 Certegy securitisation was the first public issue of no interest ever receivables, and the take-up was very strong. Today, given the successful diversification in funding sources over the past two years, 98% of our funding is from Australian based funders.

FY12 Outlook

Today I am pleased that FlexiGroup reiterates its FY12 cash NPAT guidance of +12% to 15% growth on FY11. The Company has continued its momentum in the first quarter of FY12, with volume growth up 27% on the previous corresponding period.

For the year ended 30 June 2012 we anticipate continued strong growth and the key milestones we are targeting include the following:

- Achieving 10% market share in FlexiGroup's targeted B2B and B2C segments;
- Capitalising on the significant opportunity across the green energy sector by increasing market share from 10% to 15% ;

- Expanding our Lay-Buy Express product to 20% of total Certegy volumes;
- Successfully launching an online payment processing product;
- Capturing further market share in the booming tablet market, with the company's \$0 upfront Blink plan to comprise 25% of all Blink sales; and
- Continuing to focus on value accretive acquisitions.

We are also excited by the opportunity around internet payment processing. In the United States this is a fast growing area led by companies such as Paypal and Bill Me Later, both divisions of eBay. We believe there is an expanding and willing market in Australia for new types of online payments apart from traditional credit cards. We have the credit systems and expertise to provide consumers with alternative and attractive funding for online purchases, such as offering 90 days extended credit terms. We have hired an experienced online executive, have a team in place and are actively pursuing this opportunity.

On a final note I would like to take this opportunity to thank the executive team and all staff who have again demonstrated enthusiasm and commitment to delivering strong results and setting the company up for a profitable future.

Thank-you and I will now hand back to the Chairman.