Sydney – 7 August 2014

FlexiGroup delivers $85 million Cash NPAT (+18% year-on-year) and significantly transforms its profit mix in FY14

HIGHLIGHTS

- 19% Volume growth to $1,083 million ($1bn mark passed for the first time), 13% Receivables growth to $1,318 million
- Significant transformation of profit pool with $15.7m of Cash NPAT added in-year by new business lines; Certegy is now the largest profit centre of FlexiGroup
- Cash Earnings Per Share of 28.0c, up 12% on FY13
- M&A Strategy is delivering - realisation of full year benefits of acquisitions completed in FY14. Cards integration nearing completion, RentSmart integration completed 12 months ahead of schedule
- Fully franked Final Dividend of 8.5c, up 13% on FY13, with dividends expected to remain within the 50-60% of Cash NPAT payout range
- New investment programme aligned with the strategy is already creating synergies across the business. FXL is now ideally positioned to capitalise on the digital finance opportunity
- FY15 Cash NPAT guidance of $90m-$91m

FlexiGroup Limited ("FlexiGroup" or "the Company" or "the Group") (ASX:FXL) today reported Cash Net Profit After Tax of $85 million for the Full Year ended 30 June 2014, up 18% on FY13. Volumes for the year were $1,083 million, an increase of 19% on the previous full year, and Receivables grew 13% to $1,318 million.

FY14 Statutory NPAT ($57.6m) was impacted by a number of one-off (non-recurring) non-cash adjustments and pre-announced integration and deal costs.

The Board of Directors declared a fully franked final dividend of 8.5c, up 13% on FY13.

FlexiGroup CEO Tarek Robbiati said the Company had transformed the mix of its profit pool over the past financial year, delivering strong volumes and receivables momentum across all areas.

"Our M&A strategy is working. Interest Free Cards is the latest example of FlexiGroup's ability to identify impressive growth segments, secure the right opportunities within those segments and rapidly realise value through integration into the Flexi-fold," Mr Robbiati said.

"The results from our acquired businesses are strong, with Interest Free Cards contributing $11 million in Cash NPAT and $210 million in Receivables for the year, after only a 13 month period of ownership of both Lombard and Once.

“The acquisitions of RentSmart, Think Office Technology and Equico NZ resulted in cash outflow of only $38m, net of acquired cash balances, and we are already seeing the realisation of full year benefits for FY15.

“The New Zealand market opportunity is another that we see great potential in. We will drive development through our core business lines such as Enterprise and Certegy and, where appropriate, through acquisitions.

“FlexiGroup’s investment strategy is built around protecting the value of our mature business, and accelerating growth into new segment areas.

“The company continues to generate significant cash flows allowing us to reinvest funds into receivables growth, modernise our capabilities, and also increase dividends to shareholders,” Mr Robbiati said.

DIVISIONAL RESULTS

No Interest Ever (Certegy)

No Interest Ever (Certegy) delivered FY14 Cash NPAT of $32.3 million, up 17% on FY13, driven by ongoing receivables growth and cost of funds benefits from the securitisation program. Volumes at $507 million, are up 3% on FY13, and Closing Receivables of $453 million, are up 7% on FY13. No Interest Ever has seen 2H14 volume growth of 9% pcp (vs. -2% pcp in 1H14) that was attributable to stable solar volumes and continued growth in repeat business from FlexiGroup’s successful VIP loyalty program, and the increased direct consumer marketing activities initiated during the year.

Growth Outlook

Certegy launched its new Ezi-Pay Edge product in New Zealand in July 2014. Overall the No Interest Ever division is expecting continued growth in its highly successful VIP and Repeat Business Programs. FlexiGroup expects continued selective growth opportunities from new merchants and new solar technologies such as batteries / air-conditioning. Additionally the group is targeting increased penetration of current and existing merchants, with the focus on growing retail and homeowner contributions. New growth opportunities have been identified across rental bonds, travel and education, as well as further penetration in home improvement, health and aged care products.

Interest Free Cards

Interest Free Cards contributed FY14 Cash NPAT of $11m, up 307% ($8m) on FY13. This was largely driven by the realisation of significant integration synergies, and the result of increased customer acquisition activity and card spend. Volume was up 127% to $200 million, and Closing Receivables of $210m reflect an increase of 13% on FY13.

The number of new applications increased by 40% on FY13, contributing to 29% growth in customers across the combined business.

Growth Outlook

The integration of Lombard and Once is nearing completion with deployment of a single originations platform for both brands. Back-end system integration is expected to deliver further synergy benefits in FY15.

New card products with enhanced customer value propositions will be launched into the Once brand, to align with Lombard's 180 Card offering. Overall the division will focus on joint marketing programs and potential sector expansion in existing partner relationships and portfolio optimisation.

Consumer & SME Leasing - Australia

Consumer & SME Leasing (Australia) delivered FY14 Cash NPAT of $26.0m, down 10% on FY13, reflecting slowing decline and positive impact of mix shift from Consumer to SME. Aggregate Volume was $189 million, up 1% on FY13, as a result of 18% volume growth in SME, which now contributes 41% of the total Consumer & SME Leasing volume. Closing Receivables of $326 million are up 7% on FY13, resulting from consolidation of RentSmart business in February 2014.

Growth Outlook

In Consumer, the RentSmart integration was completed in June 2014 with significant cost take out. The transition services arrangement between FlexiGroup and ThinkSmart was also completed ahead of schedule as of 30 June 2014. FlexiGroup has now signed a long-term agreement with Dick Smith Electronics for leasing and is now the whole of business provider of DSE. New product offerings through SmartWay (JB Hi-Fi) and FlexiWay (Dick Smith) brands are expected to continue to drive volume uplift in these channels in FY15 and beyond.

In SME, the Group launched a refreshed FlexiCommercial brand in 2H14. FlexiGroup will continue to build on its strong customer value proposition through a competitive product offering and real-time solutions, with planned growth through new dealer acquisitions across existing channels such as catering, beauty, fitness and identification of new asset class opportunities in the solar & digital media space.

New Zealand Leasing

New Zealand Leasing is an increasingly important segment for FlexiGroup, and was bolstered by the acquisition of Equico, a well established provider of leasing to businesses and government agencies, in March 2014. Today FlexiGroup offers leasing in New Zealand through Noel Leeming, Harvey Norman and independent partners of which 90% of customers are business users and leasing products are tailored towards SME customers.

The segment contributed $5.6 million in Cash NPAT, up 30% on FY13, driven by volume growth in both existing and new retail/vendor partners. FY14 Volume was $38 million, representing a 31%

increase on FY13. Closing Receivables of $66 million are up 27% on FY13, with this growth predominantly in the low risk SME sector.

Growth Outlook

The current New Zealand Leasing structure provides a solid platform for growth through the transfer of other successful Australian products in to the NZ market. The NZ Leasing segment also allows for further expansion and improved service of existing AU sales channels as key AU channel partners have untapped NZ operations.

FlexiGroup expects to see continued growth in SME from the core leasing business in FY15, and education sector (Equico product) sales volumes are expected to show strong growth.

Enterprise Leasing

FlexiGroup's Enterprise Leasing segment delivered FY14 Cash NPAT of $10.1m, up 15% on FY13. FY14 Volume was $149 million, an increase of 32% on FY13, and Closing Receivables were $263 million, up 34% on FY13. The acquisition of Think Office Technology was completed in March 2014, accelerating the Group's entry into service verticals and further diversifying FXL's revenue base.

The segment's ongoing focus on growing mid-large market segments (>$250k average deal size) has resulted in 32% volume growth and has also enhanced portfolio credit quality.

Growth Outlook

FlexiGroup forecasts ongoing growth in Enterprise, resulting from continued diversification & growth of distribution with 179 vendor relationships as at Jun-14, shifting from manual origination processes to digital originations and self-service; and new product innovations designed to increase distribution footprint and improve penetration rates.

Cash NPAT margin at 4.4% is expected to stabilise as a result of vertical integration strategy in print services with Think Office Technology.

Balance Sheet and Funding

FlexiGroup remains appropriately geared with recourse debt/equity at 20%, whilst maintaining balance sheet flexibility via $55m in the undrawn corporate facility.

The Company 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.

Outlook and Guidance

FlexiGroup provides FY15 Cash NPAT guidance of $90m-$91m, with dividends expected to remain within the 50-60% of Cash NPAT payout range.

Cash NPAT growth is expected to be driven by continued solid performance from Certegy, completion of the integrated Once and Lombard IT platform, refreshed product offerings (including Telco bundle and transition to Call and Click model) across existing and acquired retail partners in Consumer & SME Leasing, strong volume growth in New Zealand Leasing, scaling up of the Enterprise Leasing business, and further investment in the company's core IT Systems.

For further information:

Investors / Analysts

David Stevens

Chief Financial Officer

T: 02 8905 2045

Media

Peter Brookes, Citadel

T: 0407 911 389

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, print equipment, 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 the Qantas Superannuation Plan.