FlexiGroup Limited

Ord Minnett
Financial Services Conference

FlexiGroup Limited

John DeLano
Chief Executive Officer and Managing Director

Wed 28 May 2008

A Sales and Marketing Driven Company

FlexiGroup Limited

What is FlexiGroup

- Leading market position in micro-ticket (sub A$10,000) transactions
- Leading provider of retail point-of-sale lease finance products in Australia and New Zealand
- Highly profitable and cash flow generative
- Expanding to the fast growing personal loans market
- Track record of strong, profitable growth

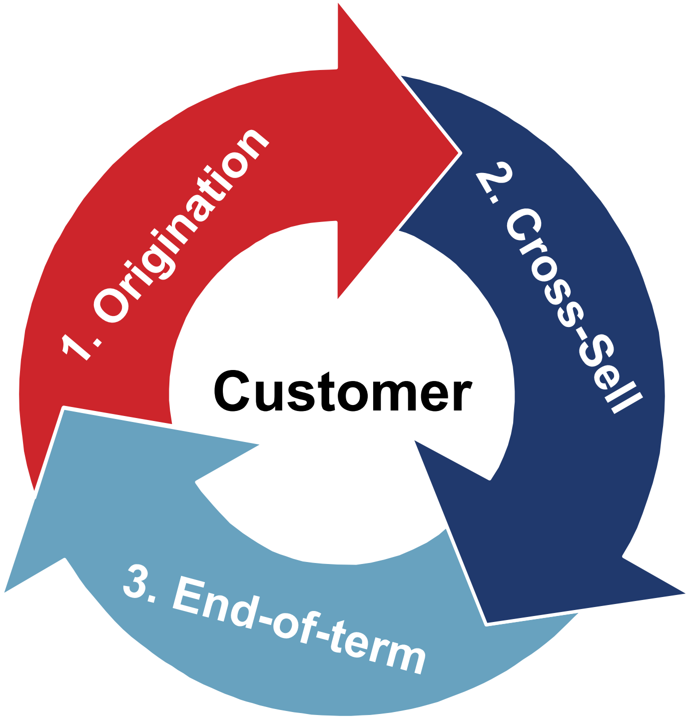
What is FlexiGroup Good At

- Customer origination
  - Motivating retail partners to sell FlexiGroup products
  - “Push” sales and marketing culture
- Driving repeat business for retail partners
- Customer service / interface and processes
  - Fast, easy and convenient
  - Investment in systems, processes and customer contact centre
- Maximising the customer opportunity

The Business Model - Maximising Margin Throughout the Customer Lifecycle

FlexiGroup Limited

3-Stage Business Model



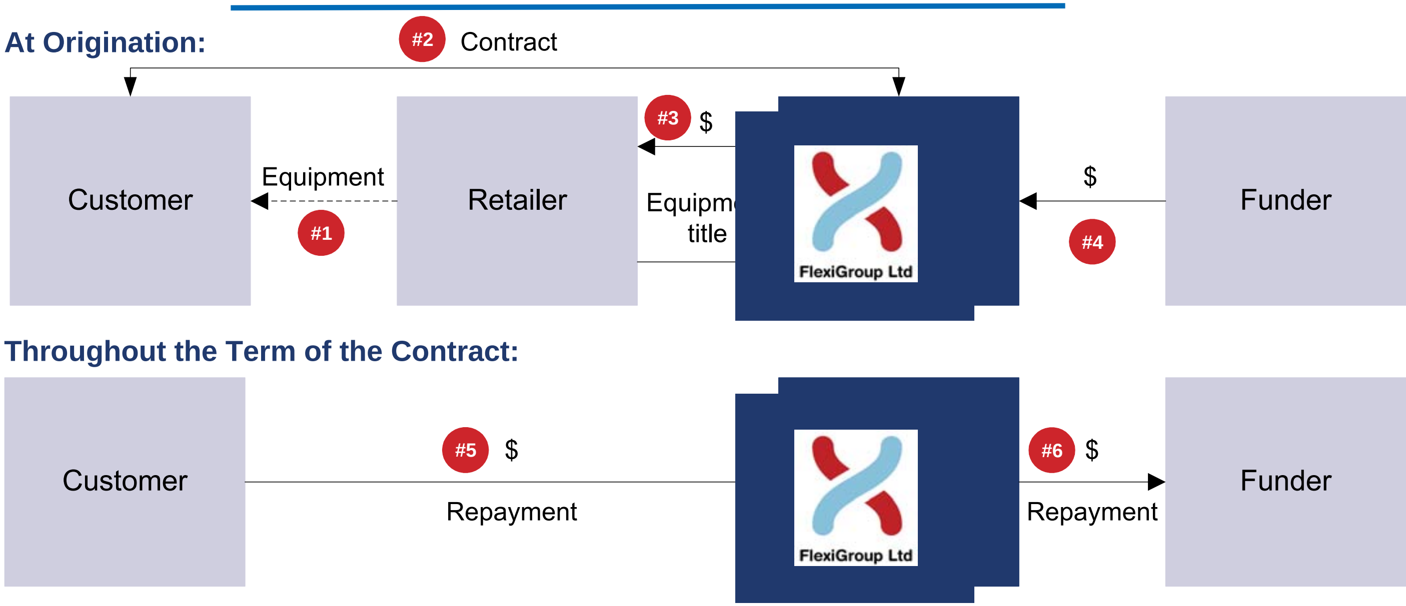
Business Model Highlights

1. Origination
   - New customers acquired – approx 70% of volume
   - Motivation of retail partners
   - Up-front cashflow and margin
2. Cross-Sell
   - 76% of lease customers choose to attach Protect / Protect Platinum
   - Customers lease additional assets (add-on)
3. End-of-term
   - Trade-up to new asset
   - Rental extension
   - Purchase of asset by customer
   - Return asset to FlexiGroup

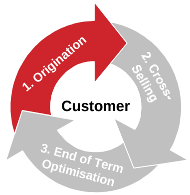
Relationship Model with Retailers Drives Profitable Customer Origination

FlexiGroup Limited

Transactions Flows



- #1 Salesperson invites the customer to apply at the retail point-of-sale to use a FlexiGroup payment option for the selected equipment or appliance.
- #2 Customer enters into a contract with FlexiGroup.
- #3 FlexiGroup pays the retailer's invoice and acquires title to the IT equipment or electrical appliance.
- #4 Funder lends FlexiGroup an upfront amount (less the loss reserve portion). The loss reserve represents an amount set aside to cover potential future bad debts.
- #5 Throughout the term of the contract, the customer makes monthly rental payments to FlexiGroup.
- #6 FlexiGroup passes the majority of those monthly rental payments through to the funder to repay the loan.

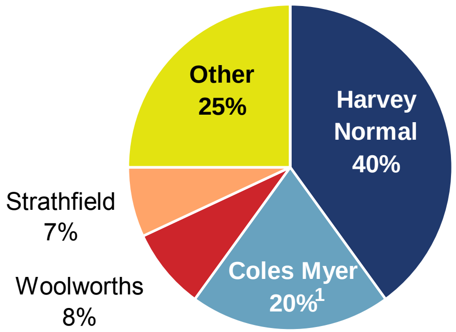


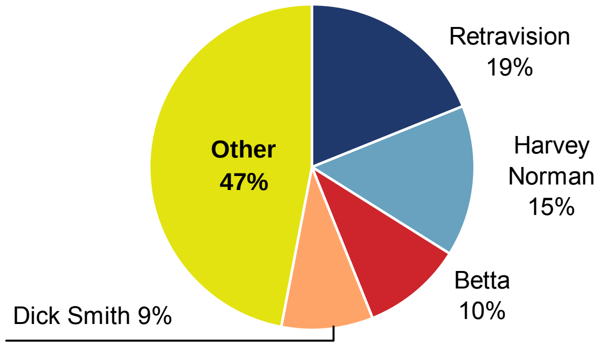
Size of Available Market

FlexiGroup Limited

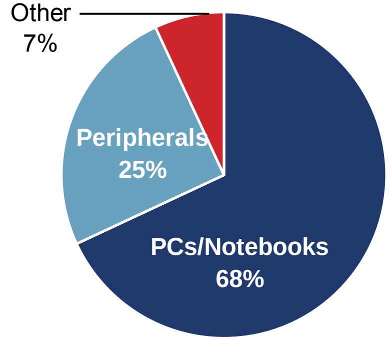
	Retail IT Equipment	Retail Electrical Appliance
Market Size (2005)	$3.6bn	$10.4bn
Market Growth FY2001-FY2005 (CAGR)	5.8%	10.9%

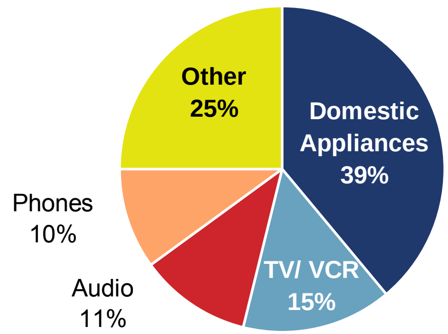
Market Share





Product Split





Footnote: (1) Retail IT Equipment market share reflects that prior to the sale of Myer Department Stores by Myer. Six Myer owned Megamart stores were acquired by Harvey Norman in November 2005. The effect of these transactions are not included in the above chart. Source: IBIS World.

Strong National Distribution Footprint with 4,400 Retail Stores

FlexiGroup Limited

3,800 stores and 9,530 salespeople in Australia

600 stores and 1,500 salespeople in New Zealand

A 3 Year Journey

Laying the Foundation for Future Growth

FlexiGroup Limited

Build Infrastructure	Diversify Revenue Streams	Growth Phase
2003/04	**2004/05**	**2005/06 and Beyond**

2003/04 – Build Infrastructure

- Recruitment of new executive team
- Business discipline
- First strategic plan and budget
- Expansion of sales team and training
- Investments in core systems
  - Reporting
  - Collections
  - Credit Scoring

2004/05 – Diversify Revenue Streams

- Design of new products
  - Electrical product (Ezyway)
- Improvement of NZ performance
  - New management team
  - Australia best practice transfer
- Margin expansion
  - Increase Protect and Flexirent pricing
  - Drive Protect penetration
- Diversified funding sources

2005/06 and Beyond – Growth Phase

- Grow Ezyway in electrical appliance market
- Improve cross-selling
  - Propensity modelling
  - Optimise end-of-term
- Cross-sell personal loans
- Enhance Protect product

$16.8m NPAT(1H FY08) compared to $15.3m Pro Forma NPAT (1H FY07)

FlexiGroup Limited

Results

	1H FY08	PRO FORMA 1H FY07	Var
NPAT	16.8	15.3	1.5
Net Income	60.1	50.0	10.1
Total Opex	25.3	20.7	4.6
Bad Debt	10.0	6.7	3.3
Total Assets Financed	163.6	138.7	24.9
Cash Flow*	9.2	9.9	(.7)

* *Operating cash flow before working capital management and capital expenditure*

Comments

- NPAT +10% above 1H FY07 result
- Net income growth due to interim rental product, Consumer Credit Insurance & Protect
- OPEX increase due to new product / channel / acquisition opportunities
- Bad debt marginally above expectations
- Growth from Ezyway and Personal Loans as per prospectus forecast
- Cash Flow reflects an increased mix of Ezyway and loan volumes

Key Highlights – several new initiatives, funding stable, opportunities exist due to global funding environment

FlexiGroup Limited

- **As at December 2007, FlexiGroup had:**
  - A$771m of committed funding facilities
  - Undrawn committed limits of A$239m and anticipated principal repayments and monthly amortisations received on previous business written are expected to be sufficient to fund new business to June 2009
  - Market place in flux due to global funding environment and numerous strategic acquisition and product expansion opportunities exist
  - Interim Dividend to be paid at 5.5 cents
  - Four new products and one new channel

- **New Initiatives**
  - Flexirent Advantage
  - Consumer Credit Insurance
  - Interim Rental
  - Flexi-Limits
  - Travel Channel

Update on Funding Arrangements

FlexiGroup Limited

- FlexiGroup does not directly rely on global capital markets to source funds, nor does it have any securitisation programmes in place
- Portfolio funding is provided by a mix of Australian and international banks.
  - These relationships range in length from 1 to 17 years
  - Flexirent has never had a facility rollover refused
- Each funding arrangement is well secured, with a loss coverage in excess of 2 times forecast loss on each funder's outstanding facilities
- The net interest margin on the existing portfolio is predominantly locked in. Any funding margin changes will mainly impact new business
- As at 31 December 2007, FlexiGroup had:
  - A$771m of committed funding lines
  - undrawn committed limits of A$239m
    - A$46m on a three year basis
    - A$163m on 364 day evergreen arrangements
    - Working capital facility of $30m on a 364 evergreen basis
  - Outstanding borrowings of A$532m directly supported by the underlying lease receivables and loans

Update on Funding Arrangements

FlexiGroup Limited

- All drawn facilities and their repayment are aligned to the underlying lease and loan contracts and the cash flow produced under these contracts
- The facilities are not subject to a bullet repayment (even if the facilities are cancelled) – they amortise in line with contractual payments received from customers / borrowers
- Each funding arrangement is on a non recourse basis to the assets of FlexiGroup –appropriate loss reserve structures are established at the time of funding
- In addition to these undrawn facility amounts, capital repayments made and normal monthly principal amortisations received on previous business written are available to fund new business
- The contractual amortisation profile for the borrowing portfolio at 31 December 2007 is:

Within (years)	$M
1	251
1 – 2	160
2 – 3	91
3 - 4	12
Greater than 4 years	18
	532

New Initiatives – four new products and one new channel

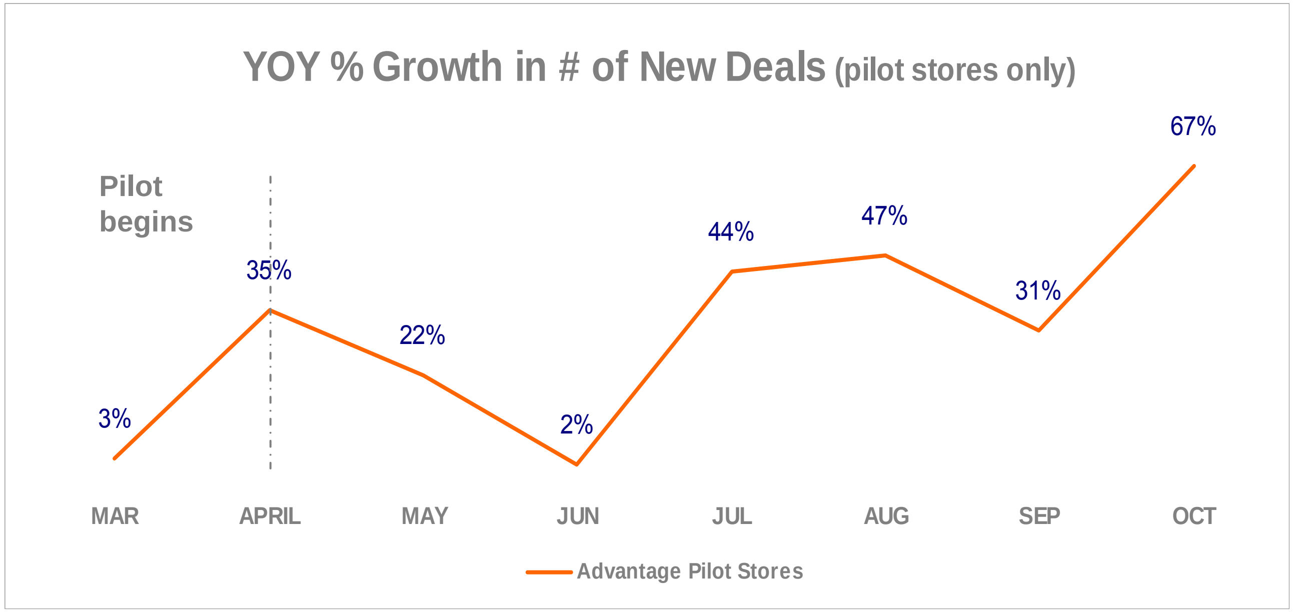
FlexiGroup Limited

		Results
#1	**Flexi Advantage** is the first major re-engineering of our core rental product in 11 years. Designed to increase penetration (particularly with consumers & assets < $1500). 7 month pilot and launched nationally with HVN Computers Dec 07 - Feb 08	+35% growth (in **pilot** stores)
#2	**Consumer Credit Insurance** payment relief in the event of death, disability, redundancy for personal loan customers Launched Oct 07	5% growth in loan revenue
#3	**Interim Rental** provides customers with an option to select rental payment start date. Launched Sept 07	$1.3m NPAT annually
#4	**Flexi-Limits** provides customers in store with an increased limit to acquire additional goods. Full launch planned for 2H FY 08.	+4% increase in avg deal size (in **pilot**)
#5	**Travel Channel** entered new vertical with Flexiway product – several distribution agreements now in place	1 x sales volume of largest IT / electrical retail partner

New growth initiative. Drive Advantage product (+35% pilot growth) across IT retail partners

FlexiGroup Limited

- 9 Sydney metro computer stores, for careful monitoring
- Pilot ran from April 07 thru October 07 with solid results



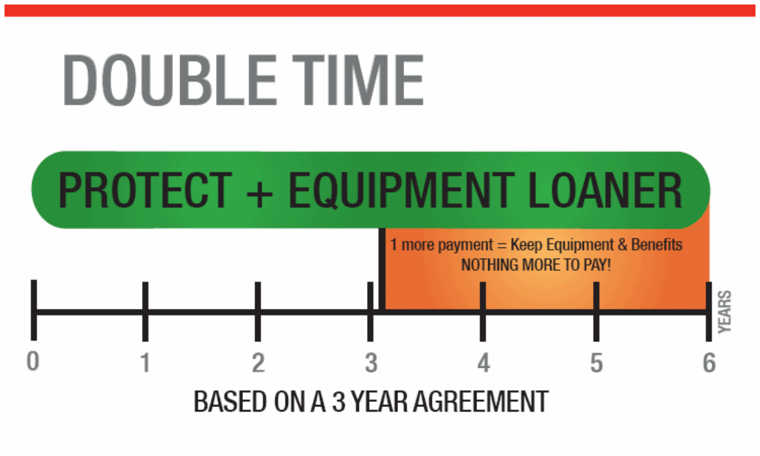
- Perfected message during pilot & began rollout in December
- Now complete in HN computers
- March rollout to NZ (HN & Noel Leeming) & Australia Independent channel

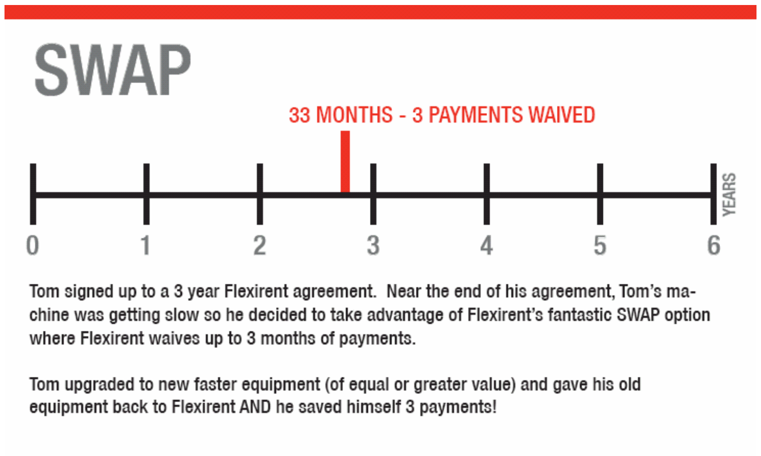
What is Advantage? Product leverages core competency of warehouse technicians & inventory (desktops, notebooks, GPS, etc)

FlexiGroup Limited

FXL research: New Benefits have a High Perceived Value

	Original	Advantage
24 hour replacement if equipment needs repair	-	✓
If lost, stolen or damaged it's automatically replaced	-	✓
Payments are waived in times of crisis *(disability/redundancy/death)*	-	✓
Free software to track your computer in the event of theft	-	✓
Choose to update (swap) last 3 payments are waived	-	✓
Double Time (*use of equipment & benefits for twice the term, for one extra payment)*	-	✓





Flexi Advantage – much more than just finance, it gives total peace of mind

FlexiGroup Limited

Strong point of sale, reflects value proposition:

A Tangible product is easier to sell:

- Flexi Advantage actually comes "in a box"

- Cube is a selling aid used to increase the speed and consistency of the sale:

Outlook for FY 08 and FY09

FlexiGroup Limited

Overall Strategic Direction

- Continue to invest in new channels and products to diversify business
- Continued IT investment in product development and process efficiency
- Routinely re-evaluate product pricing
- FY08 NPAT forecast to increase 8% - 12% over FY07 Pro forma. FY09 NPAT expected to exceed FY08

Environment

- Potentially slowing retail environment in Australia could impact volumes
- Increased risk of consumer hardship – sound credit risk process in place
- 12 year HN relationship strong and with Advantage the commitment has moved to a new level

Outlook for FY 08 and FY09 (cont'd)

FlexiGroup Limited

Financial Management Plan

- Tighten credit standards on new loans
- Increased focus on collections to operate at peak effectiveness
- OPEX: Tight control, tactical reductions

Organic Growth

- Drive Flexirent Advantage to IT retail partners
- Travel channel – existing and new products and partners
- Ireland expansion with HN (March 08) will proceed in a measured fashion
- Ezyway Advantage in development

External Growth

- A number of strategic acquisitions and evaluations progressing