

Sydney – 20 February 2018

FLEXIGROUP CONFIRMS GUIDANCE FOR FY18 **SOLID FIRST HALF 2018 RESULTS WITH \$44M UNDERLYING CASH NPAT**

Highlights

- In line with expectations FlexiGroup reports Underlying Cash NPAT of \$44 million, with 13% growth in volume and 4% growth in closing receivables at 31 December 2017
- Corporate debt reduced by \$62 million YoY – gearing reduced to 44% from 82% pcp
- Australian Cards continued to experience significant volume growth of 51% in 1H18 driven by strong customer acquisitions and increasing spend behaviour
- Rebuild of Certegy advanced and re-establishment of growth trend compared to 2H17
- New AU Consumer Lease product launched in February 2018
- FY18 Cash NPAT guidance of \$85 million to \$90 million reaffirmed

FlexiGroup Limited (ASX:FXL) (“FlexiGroup” or “the Group”) today released its results for the six months ending 31 December 2017 (1H18). Underlying Cash Net Profit After Tax (Cash NPAT) from continuing operations was \$44 million (1H17: \$49.6 million) and Statutory NPAT decreased to \$50 million loss (1H17: \$45.9 million profit) resulting from a \$89.1 million non-cash exceptional asset impairment on the Consumer Lease product.

Group volume for 1H18 grew 13% to \$1,102 million (1H17: \$978 million) while closing receivables were up 4% to \$2,249 million (1H17: \$2,172 million).

FlexiGroup (\$m)	FY17 1H	FY17 2H	FY18 1H	Growth HoH%
Underlying Cash NPAT	49.6	43.4	44.0	1%
Restructuring Costs absorbed (after tax)	-	-	(2.5)	n/a
Cash NPAT ¹	49.6	43.4	41.5	(4%)
Volume	978	974	1,102	13%
Closing Receivables	2,172	2,168	2,249	4%
ROE % ²	16%	14%	13%	(1%)

NOTES: 1. Cash NPAT excludes amortisation of acquired intangibles \$2.4m (1H17: \$1.9m), impairment of assets \$89.1m. 2. ROE calculated based on Cash NPAT.

Funding and Balance Sheet

The Board of Directors declared a fully franked interim dividend of 3.85c per share. This dividend is in line with the 2H17 period and remains within the Group’s stated payout ratio of 30-40% of Cash NPAT.

During 1H18 significant funding improvements were achieved resulting in the drawn balance of the corporate facility decreasing from \$126 million (as at 31 June 2017) to \$115 million. Gearing reduced from 82% to 44% (1H17 compared to 1H18) with ongoing deleveraging to occur in 2H18.

Outlook

FlexiGroup's execution to build a more stable Group with profitable organic growth remains on track and the first half results were in line with expectations and across the business, the volume outlook is positive.

The period included a significant amount of restructuring the costs of which will deliver ongoing savings from the second half of the year.

FlexiGroup will continue to experience significant growth in the Group's AU cards businesses as the portfolio mix between interest free and interest bearing steadily moves towards more interest bearing although this transition rate will vary as FlexiGroup continues to attract new customers. FlexiGroup expects an increased Cash NPAT contribution from AU Cards in FY19.

While the commercial businesses have initially been slow to contribute to Group Cash NPAT they continue to have tremendous opportunities in the managed services and subscription models as it captures the emerging trend towards *"anything as a service"*.

FlexiGroup CEO, Symon Brewis-Weston, confirmed the Group had delivered a solid result; "Cash NPAT was in line with guidance as the rebuilding of parts of the Group is ahead of schedule. I reaffirm the steps taken in the past 6 months position FlexiGroup to meet FY2018 Cash NPAT guidance of \$85 million - \$90 million and drive Cash NPAT growth in FY19".

Investor Call and Video

FlexiGroup will present its 1H18 half year results via a tele-conference commencing at 10.30am today. Registered participants will be able to access the live webcast via this URL link:

<https://edge.media-server.com/m6/p/xepakntt>

To view a video interview with Symon Brewis-Weston, Flexigroup CEO, discussing the 1H18 half year results click this URL link: <https://citadel-magnus.publish.viostream.com/flexigroup-HYR2018>

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ABOUT FLEXIGROUP

FlexiGroup is a diversified financial services group providing "no interest ever", leasing, vendor finance programs, interest free and credit cards, lay-by and other finance solutions to consumers and businesses.

Through its network of over 20,000 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, Once Credit and Fisher & Paykel Finance.

FlexiGroup operates in Australia, New Zealand and Ireland within a diverse range of industries including: home improvement, solar energy, fitness, IT, electrical appliances, travel and trade equipment.

The Board of FlexiGroup is chaired by Andrew Abercrombie who is the founding director and ~24% shareholder in FlexiGroup. The Board also includes Symon Brewis-Weston, the FlexiGroup CEO, Rajeev Dhawan, Jodie Leonard and Christine Christian.

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