

15 August 2017

The Manager  
ASX Market Announcements  
Australian Securities Exchange  
Sydney NSW 2000

Dear Sir / Madam

**Replacement of Announcement made on 15 August 2017**

**FlexiGroup FY2017 Result In Line With Guidance - Investing For Growth**

There was a non-functional link in the announcement titled “FlexiGroup FY2017 Result In Line With Guidance - Investing For Growth” released earlier this morning. The link is on the final page of the announcement labelled “click here”.

The replacement announcement is attached.

There are no other changes to the announcement.

Yours sincerely



**Melissa Robinson**  
**Company Secretary**

Sydney – 15 August 2017

## **FLEXIGROUP FY2017 RESULT IN LINE WITH GUIDANCE** **INVESTING FOR GROWTH**

### **Highlights**

- Solid cash NPAT result within guidance while refocusing the business and investing for growth
- Strong volume growth of 54% being substantially driven by Cards businesses, including full year of NZ Cards acquisition
- Exceptional Australia Cards receivable growth +55%
- NZ Cards delivered consistent profit growth, further projected in FY18
- Certegy currently performing in line with budget, increasing confidence in outlook
- Cards is an exciting growth engine for FlexiGroup
- New funding line for Australia Cards, capital contribution reduced by 33%
- Continued investment in Ireland and Oxipay to build critical mass

FlexiGroup Limited (ASX:FXL) (“FlexiGroup” or “Group”) today released its results for the year ending 30 June 2017. Cash Net Profit After Tax (Cash NPAT) from continuing operations was down 4% to \$90.3 million (FY16: \$94.1million). Statutory NPAT from continuing operations increased 74% to \$87.4 million (FY16: \$50.2 million).

Group volume from continuing operations for FY17 grew 54% to \$1,949 million (FY16: \$1,268 million) while closing receivables were up 9% to \$2,047 million (FY16: \$1,874 million).

FlexiGroup CEO, Symon Brewis-Weston, confirmed that the Group had delivered a solid result which was in line with guidance.

“There was strong volume growth of 54% predominately driven by our Cards businesses which included a full year of performance for the New Zealand cards business. In Australia Cards there was exceptional growth across all key metrics with a clear path from transaction volume to revenue and profit. Receivables growth was recorded across all major retailers, with strong take up, particularly in Flight Centre. The large volume growth in Australian Cards resulted in a 4% reduction to Group Return on Equity (RoE). RoE will improve in FY18 as significantly reduced cash support levels and receivables growth turns into revenue and profit. The New Zealand Cards business delivered solid profit in line with expectations. Investments were made in management, sales and marketing, reinvigorating growth.”

“Certegy is currently performing in line with budget, and we are increasingly confident in the outlook with Cash NPAT growth expected to return in FY19. During the year we identified the need for further investment in Certegy, and in particular investment in the platform and digitising the model. Our focus is to continue expanding in high value, high margin segments, building a seamless retailer experience, acquiring and activating customers and building our data analytics capability. Through the year we continued to enter new categories of professional

services and home improvement. There remains huge potential to acquire new customers from cross-sell opportunities with our Cards businesses.”

“Oxipay, which we have developed and launched as an online micro-payment (<\$1,000) offering, is targeting the increasing trend of millennials to buy now and pay later. It is a strong customer acquisition tool. It has deepened our retailer relationships as FlexiGroup now offers a full suite of payment solutions, delivering increased uptake of the Oxipay offering. FlexiGroup will continue to invest in Oxipay building scale and profitability.”

FlexiGroup launched its new digital finance offering, Flexi-Fi, in Ireland, with 60 stores currently signed and a further 600 stores in a trial – all in its first 8 weeks.

Mr Brewis-Weston said, “This is a business, born digital, and designed and developed in-house within 6 months. We will use this exciting platform in the digitisation of the Certegy business.”

While there has been a reduction in cash NPAT from consumer leasing, the businesses are set to stabilise in FY18 with recovery in FY19.

FlexiGroup is building commercial leasing in Australia and New Zealand where market trends are creating opportunities.

### **Funding and Balance Sheet**

The Board of Directors declared a fully franked final dividend of 3.85c per share bringing the FY17 total dividend to 7.70c per share (FY16: 14.5c per share). The reduced payout ratio will support the Group’s investment strategy and continue to reduce the Group’s leverage, strengthening our balance sheet. The dividend reinvestment program has been suspended.

Significant funding improvements were achieved in FY17 with corporate debt reduced by \$16 million, with our gearing reducing from 67% to 53% year on year with ongoing deleveraging to occur in FY18.

Following the completion of a new \$550 million funding facility with a major US bank with extensive global operations, FlexiGroup is well placed to fund planned asset growth.

Mr Brewis-Weston said, “Our new funding facility will fund both the existing portfolio of FlexiGroup’s Australia Cards business as well as providing for continued growth in the business with our strategy to double the Cards portfolio over the next three years. Importantly the funding was secured on significantly improved terms than the previous facilities as well as allowing for lower capital support levels. As a result the Group’s ROE will improve in FY18.”

### **Outlook**

The Group has growth opportunities across all of its portfolio. Significant growth will continue in the Group’s cards businesses. The commercial businesses have tremendous opportunities in managed services and subscription models as it captures the emerging trend to “anything as a service”. Investment in Certegy during FY18 will return the business to growth in FY19. In addition, investments in OxiPay and Flexi-Fi demonstrate that FlexiGroup can be as tech smart and contemporary as anyone in business. While providing market leading originating services at Point of Sale, FlexiGroup’s sizeable distribution, funding capability and proven portfolio and asset management skills ensure that the business is set for long term sustainable growth.

The Group has a strong investment plan in FY18 with a small increase in capex to \$28-31 million to deliver regulatory, strategic and growth initiatives.

FlexiGroup today provided guidance of FY18 Cash NPAT of \$85-90 million.

FlexiGroup will present its FY17 full year results via a tele-conference commencing at 10.30am.

Registered participants will be able to access the live webcast via this URL link:

<http://www.openbriefing.com/OB/2595.aspx>

To view a video interview with Symon Brewis-Weston, Flexigroup CEO, discussing the FY17 full year results [click here](#).

For further information:

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**ABOUT FLEXIGROUP**

FlexiGroup is a diversified financial services group operating in Australia, New Zealand and Ireland. The Group offers a broad range of financial services including “no interest ever”, consumer and commercial leasing, vendor finance programs credit cards, buy now pay later and other finance solutions to consumers and businesses.

Through its network of over 24,000 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.

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

**FLEXIGROUP** 