



THINKSMART

**2008 – Full Year Results Presentation:
23 February 2009**

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 - 2. Performance Update**
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1. Business Overview

About ThinkSmart

- International B2B finance specialist (ASX:TSM).
- Provides on-the-spot finance for 1 to 5 seat small businesses within the retail store environment to capture their annual \$4-5k of computer and office equipment purchases per year.
- Products fill the gap between credit card & bank loan for small businesses.
- Provides retail partners with highly attractive gross margin solution.
- Partners with leading international retailers and funders.
- Operations centres in Australia and Europe employing circa 140 people including 25 sales staff across 6 countries.



2. Performance Update

Growth on Previous Corresponding Period

	FY 2008	FY 2007	% change
Application Volume	53,225	48,111	+11%
Settled Volume*	27,234	28,584	-5%
Total Revenue	\$38.9m	\$36.3m	+7%
Gross Margin	66%	61%	+7%
EBITDA (pre IPO and US costs)	\$11.3m	\$8.3m	+36%
EBITDA Margin (pre Corp Dev costs)	32%	28%	+14%
NPAT	\$3.2m	\$0.7m	+335%
Earnings Per Share	3.3 ¢	0.8 ¢	+318%
Dividend – Franked†	3.5 cps	0 cps	

* Impact of credit environment with 8% drop in approval rate

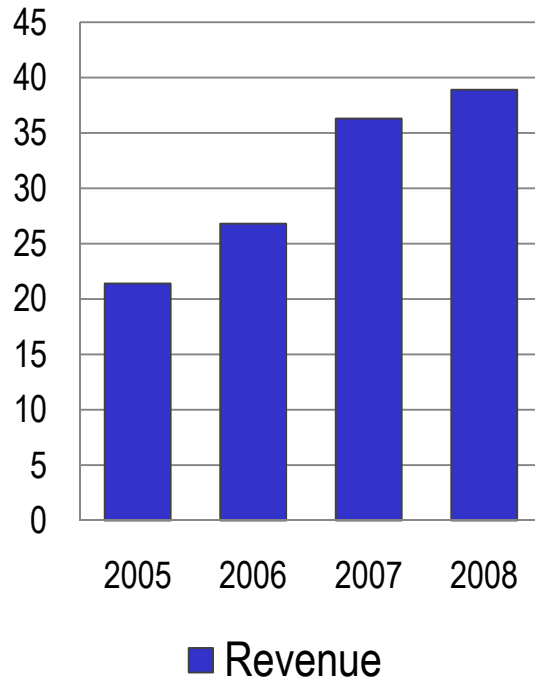
† 2 cents paid in October 2008. Final Fully Franked Dividend of 1.5 cents to be paid on 14 April 2009

2. Performance Update

Historical Performance

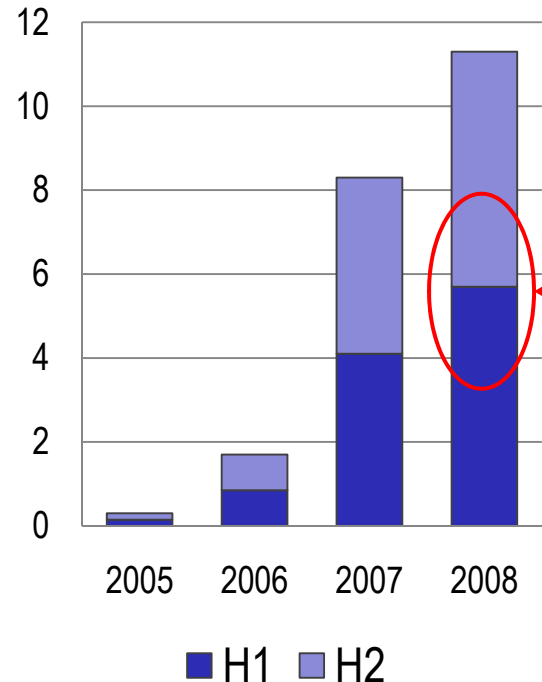
Revenue*

A\$m



EBITDA†

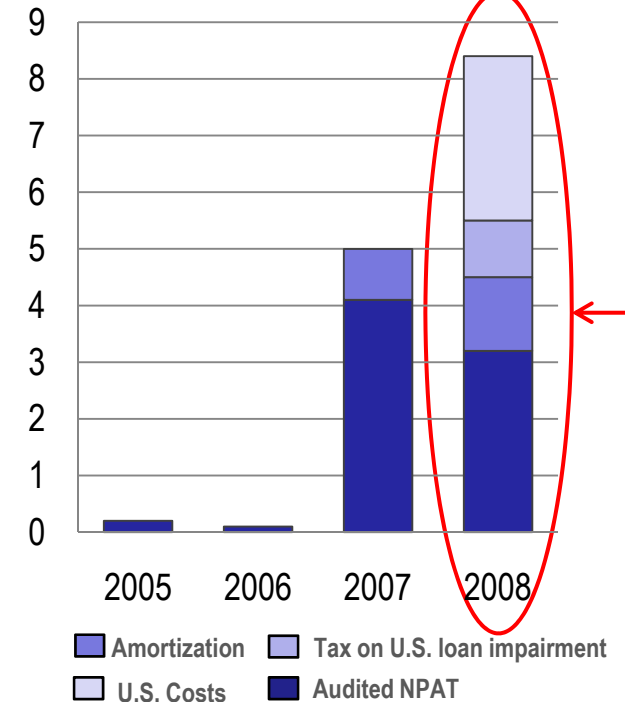
A\$m



Solid second half performance in challenging market

NPAT*†

A\$m



Equates to underlying earnings per share of 8.7 cents.

*100% of UK pre-acquisition. † Pre IPO, amortization and U.S. costs

2. Performance Update

EBITDA by Territory

	Actual 2008 \$Am	Actual 2007 \$Am	% Change
United Kingdom	7.9	6.0	+32%
Australia / NZ	4.6	3.9	+18%
Spain	0.7	0.7	--
Italy	(0.4)	--	n/a
Corporate Development	(1.4)	(2.3)	+39%
Corporate Costs	<u>(0.1)</u>	--	n/a
EBITDA <small>pre IPO & U.S. Costs</small>	11.3	8.3	+36%
US Operations inc. exit costs	(2.9)	--	n/a
	<u>8.4</u>	<u>8.3</u>	

GBP = 45.84 pence
Euro = 57.72 cents

2. Performance Update

Strong Growth from UK & Australia

Volume Contribution

Australia

- Revenue up 13% to \$18.4m
- EBITDA up 29% to \$4.7m
- EBITDA margin up 4% to 27%
- Gross margin up 4% to 62%
- Volumes up by 10%
- ATV down to \$2,090 from \$2,249



42%



United Kingdom

- Revenue up 15% to £8.1m
- EBITDA up 44% to £3.6m
- EBITDA margin up 9% to 44%
- Gross margin up 4% to 76%
- Volumes up by 10%
- ATV down to £781 from £878



46%



Spain

- Revenue down 35% to €1.5m
- EBITDA down 10% to €0.4m
- EBITDA margin up 7% to 27%
- Gross margin up 9% to 40%
- Volumes down by 19%
- ATV down to €1,405 from €1,604



8%




2. Performance Update

In Summary

- Strong Result – ThinkSmart has traded well through challenging times.
- Customer Demand – Product continues to experience strong customer demand in UK and Australia.
- Retail Conditions – Business has performed well in Australia and UK:
 - › Australia proving resilient with JBH and WOW both posting strong 1st half (FY08) results.
 - › UK results achieved 10% growth in applications in 2008, despite PC World's approx 10% drop in LFL sales.
 - › Spain continues to experience tough trading conditions.
- Credit Environment – Average 8% drop in group approval rates, negatively impacting conversion rates.
- Margin growth – Positive impact of interest rates, Inertia & Warranty Contribution.
- Recurring Income – Inertia & Insurance continued growth
- New revenue lines – Positive and increasing contribution from Aus / NZ warranty.
- Solid January LFL Performance – Jan 09 EBITDA performance is strongly up on Jan 08 evidencing effectiveness of strategies to address economic cycle. Generating higher profit despite lower volumes.

3. Strategic Focus

Guiding Principles Underpinning Business Strategy

1. *Growth through cash flow not debt*
 2. *Pace of expansion to be governed by performance*
 3. *Alignment with market leading retail partners.*
- 

- **Responsible cash flow management and risk mitigation:**
 - › No net debt
 - › No scheduled new Territory openings in 2009
- **Cost management and operational efficiencies:**
 - › Implementing new automated systems to reduce overheads
 - › Managed costs including 12% reduction in workforce
- **Focus on existing Territories driving for market share gains:**
 - › Pursuing multi-channel partner strategy in all territories
 - › Includes expansion of existing strategic partnership as well as nurturing new partner relationships
- **Development of new revenue lines in partnership with retailers:**
 - › SmartPay rental
 - › SmartConnect mobile broadband packaging
 - › Warranty Services

4. 2009 Outlook

Strong Recurring Income | *Significant Margin Growth* | *Market Share Gains*

- **Positive outlook for 2009 EBITDA:**
 - › **Australia:** Stable volumes forecast. Strong contribution from Inertia and Warranty Services
 - › **Europe:** Slight decline in volumes forecast but offset by continued strong growth in Inertia and Insurance Income.
 - › AUD/GBP forecasts suggest positive retranslation of UK earnings.
 - › Improved margins from lower global interest rates should be sustained with possible upside.
- **Robust income framework:**
 - › Recurring Inertia income continues to exceed forecast, evidencing long term sustainability even in challenging trading conditions.
 - 75,000 contracts on books at 31 December 08 which should contribute around \$60m in revenue from Inertia and Insurance over the next 4 years.
 - › Recurring insurance income growing.
 - › Margin upside at front end.
- **Targeting market Share Gains**

4. 2009 Outlook: Australia & NZ

System Efficiencies and New Revenue Lines to Continue to Drive EBITDA in Australia

Australia

- Key partners proving very resilient in market place:
 - › JB Hi-Fi delivered 28% growth in half year sales
 - › Dick Smith (WOW Consumer Electronics) delivered 9.1% growth in half year sales
- Delivering operational efficiencies and improved customer experience through new online application system (due for full deployment in Q2).
- Increasing income contribution from new product lines including Warranty Services programme with The Warranty Group through Dick Smith.

New Zealand

- Completed roll out to all 65 DSE stores (completed in Feb 2009).
- Warranty services product delivering sustainable income

The graphic features a yellow background with a purple border. At the top, it says "CHOOSE ONE OF THESE 3 ITEMS:" in yellow text. Below this, the word "FREE!" is written in large, bold, black letters. To the right of "FREE!", it says "When you RentSmart any Computer for \$1200 or more" in black text. Below the text, there are three images: an iPod touch, a desktop computer tower, and a Garmin navigation device. To the right of the desktop computer is an Xbox 360 console and controller. At the bottom, it says "Now that you've completed your RentSmart application go to www.rentsmart.com.au/go/ghfi to redeem your offer" and the "RENTSMART" logo. At the very bottom, there is a small disclaimer in fine print.

JB HI-FI

dick smith
Talk to the Techxperts

Officeworks

CHOOSE ONE OF THESE 3 ITEMS:

FREE! When you RentSmart any Computer for \$1200 or more

iPod touch

GARMIN

XBOX 360

Now that you've completed your RentSmart application go to www.rentsmart.com.au/go/ghfi to redeem your offer

RENTSMART

To qualify for this promotion you must purchase a desktop or notebook computer with a value of \$1200 or more and redeem from an New Zealand Apple Computer or iPod. Offer is available in certain New Zealand. Offer is available from 01/01/09 to 31/03/09 from 10 AM to 10 PM on New Zealand time. Offer not available on 24 months term. Offer is available for redemption from 01/01/09 to 31/03/09. In the event of a purchase from our online website, we reserve the right to substitute that item for one of equal or greater value. RentSmart is a rental facility operated by RentSmart Pty Ltd. RentSmart Pty Ltd is a member of the RentSmart Group of companies. RentSmart is a trademark of RentSmart Pty Ltd. Terms and conditions apply. RentSmart is not responsible for any other RentSmart offer.

4. 2009 Outlook: United Kingdom

Consolidating UK Operations to Sustain EBITDA Performance Through 2009

United Kingdom

- Achieved 10% growth in applications in 2008, despite PC World's approx 10% drop in LFL sales.
- Stable, strong relationship set to ride out tough trading conditions.
- Business geared appropriately for full impact of recessionary environment in 2009.
- Forecasting moderate decline in volumes on 2008, but higher margin.
- Growth in Inertia and Insurance income.
- Exploring opportunities to broaden product range.



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4. 2009 Outlook: Mainland Europe

Pursuing Market Share Gains in Europe Through Multi-Channel Partnerships

France

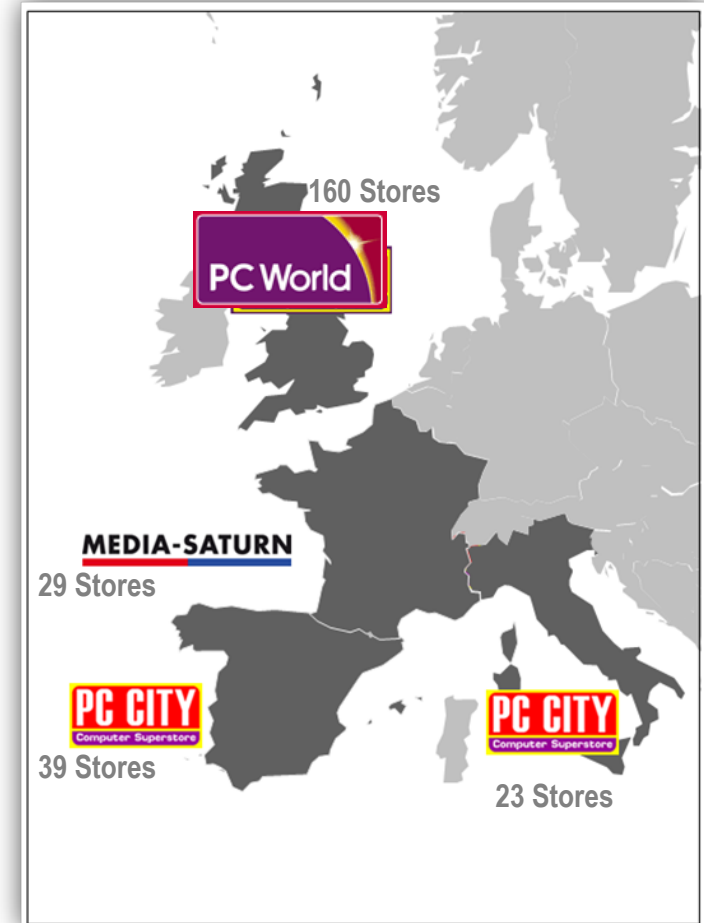
- Commenced 4 store trial with Media-Saturn, Europe's largest electrical retailer. Success would see roll out across all 29 stores. Media-Saturn operates 750 stores across 16 European Countries.
- TSM will be multi-channel in France

Spain

- Retail and credit environment remains challenging, but business remains cash flow positive.
- Agreement to become multi-channel in Spain
 - › In dialogue with a number of prospective major retailers
- Targeting market share gains through 2009.
- Inertia and insurance revenues sustain profitability.

Italy














- Pursuing multi-channel strategy to similarly target market-share gains in Italian market place.



5. Investment Checklist

- ☑ Positive EBITDA and margin performance
- ☑ Strong and resilient business model, proven in challenging trading conditions
- ☑ Compelling and highly profitable value proposition for retail partners, SME customer and wholesale funders
- ☑ No net debt
- ☑ Recurring income lines from 75,000 contracts on books at 31 December 08 should contribute around \$60m in revenue from Inertia and Insurance over the next 4 years.
- ☑ Exclusive and entrenched partnerships with market leading international retailers and funders. Expanding distribution channels in 2009.
- ☑ International footprint covering UK, Spain, France, Italy, Australia and NZ.

Appendix 1: Partners & Markets Snapshot

		# Stores	Launched	Contract to	Description	Funding Partner	Contract to
United Kingdom		160+	2003	2013	Exclusive 2-way relationship Umbrella agreement for Europe		2011
Australia		350	1996	2011	Long-term exclusive working relationship	 Plus 1 undisclosed International Funder	2012
		105	2007	2011	Solid trading from first full year together		
		125	1998/99	2010	Long-term partnership with traditional B2B strength		
New Zealand		65	2009	2011	Complements Australian partnership Number 2 player in NZ	Stage 1 - low volumes and self funding	
		14	e/o 2007	2011	Complements Australian partnership Aggressive growth plans	Stage 2 – appoint NZ funder	
Spain		39	2005	2013	Long-term relationship		2010
Italy		23	2008	2011	Non-exclusive relationship		2012
France		29	4 store trial commenced Q1 2009		Trial with Media-Saturn provides premier European retail partner relationship	In negotiations	

A blurred photograph of several business professionals in a modern office environment, likely a hallway or meeting area. The image is out of focus, emphasizing movement and a fast-paced business atmosphere. The color palette is cool, dominated by blues and greys.

THINKSMART

The smart way to do business.