

Our Businesses

CONSUMER LEASING

Radio Rentals, which also operates as RR - Rentlo Reinvented in South Australia, provides an extensive range of essential household living and home office needs through consumer leasing products, principally under the Rent, Try, \$1Buy® banner. Radio Rentals operates over 90 outlets nationally and has been a market leader since 1937.

Rent, Try, \$1Buy® has become an industry icon enabling customers to enjoy the benefits and flexibility of rental along with the potential to obtain ownership. In line with the group's "responsible rental policy", Radio Rentals ensures all customers are provided with products that suit their needs and budget and are not over committed. This aligns with the group's 'fair go' ethic through which credit decisions are based on customers' capacity to pay, rather than their credit history. The outcome of this enables more Australians to gain access to everyday living essentials.

Thorn's market research among customers continues to show high levels of satisfaction and repeat business. Again in FY15, nearly half of Radio Rentals customers on completion of a contract signed up to take out a new contract for another product.



STRATEGIC INTENT

From its market leading position, Thorn is looking to reach a wider and expanding demographic, through trialling of new propositions and an evolution of the brand.

Thorn's intent for its consumer leasing business is to be a leading provider of essential household goods and financial services to consumers who might find themselves excluded from mainstream finance sources.

In FY15, Radio Rentals² posted record installations, with furniture and household essentials the most popular categories. The launch of 48-month agreements has had considerable success, with more customers now choosing profitable longer term contracts that provide affordable weekly payments for larger products and whole room packages.

Thorn has empowered its rental teams to embrace innovation. This has included the trial of new products and propositions including interest free, broadband plans and cash loans as well as the planned trial of a savings club.

The Thorn-branded product range is expanding and now includes a range of televisions and fridges, including the recent addition of a French door fridge, as well as a smart phone and tablet. Our experience with Thorn-branded products has been very positive over the years, with them being very popular with our customers and having a positive effect on margins, supporting the business.

Key initiatives in the consumer leasing business include a potential rebranding of Radio Rentals to reach a wider demographic, the development of new propositions and a second rental brand to increase market penetration and improve asset utilisation.

STRATEGY

Develop
products and services offered through the rental network to grow customers

Evolve
core brand and introduce new propositions to reach a wider demographic

Improve
acquisition channels through store model conversions, second brand expansion, and website evolution

2 RR – Rentlo Reinvented in South Australia



RADIO RENTALS EVOLUTION

As Thorn looks to reach a wider and expanding demographic, trials of new propositions and branding have been implemented and will be reviewed during the year.

Brand Evolution Trial

In April 2015, a brand evolution trial to attract a broader demographic and customer base was launched and will be reviewed throughout the year. The pilot includes eight locations which have been rebranded from either Radio Rentals or Rentlo to RR. Transitioning from a 78-year old brand to a new one enables Thorn to maintain heritage and history while launching new propositions, such as broadband plans and interest free.

The “new generation” store fit outs include tech bars, privacy booths and information screens.

Second Rental Brand Trial

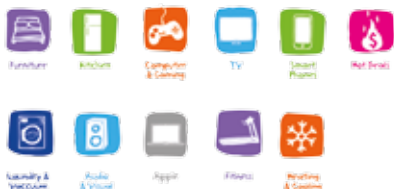
A pilot second rental brand offering a “no lock-in” contract and flexible rental solutions was launched in Brisbane in December 2014 under the name Rentlo and will be reviewed during the year.

The second brand is designed to take on competitors, gain market share and benefit from asset utilisation.

This proposition is completely differentiated from Radio Rentals, with points of difference including ‘no lock-in’ contracts, predominantly re-rent stock on offer, and flexible rent-to-rent contracts.

Initial findings show Rentlo is attracting a broad range of customers with a situational need for rental products. Customers are based in a wider geographic catchment area than first anticipated, covering most of the Brisbane footprint.

Even though the trial was only launched in December, the brand is meeting expectations and the plan is to review at the end of financial year 2016 with a view to further expand.



OUR CUSTOMERS

MARY, TASMANIA

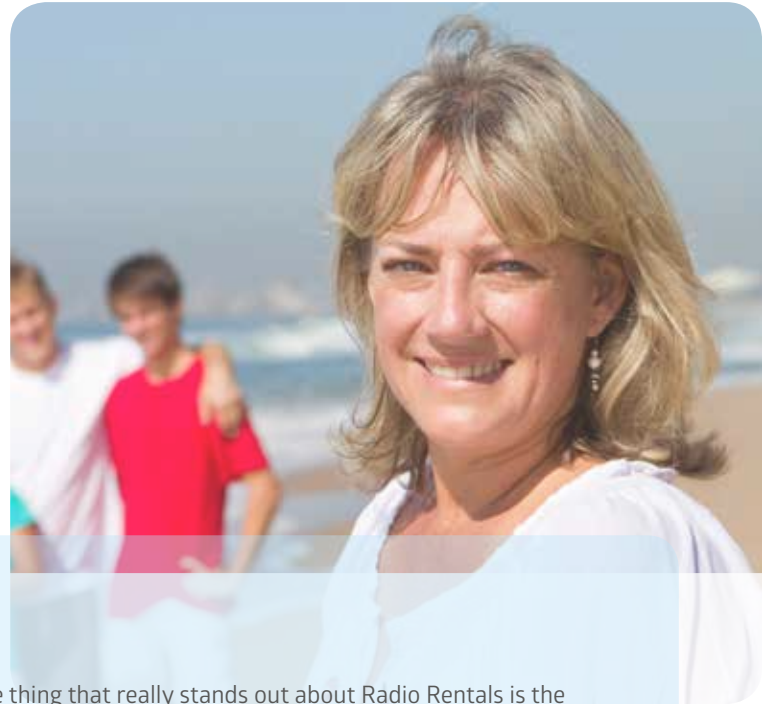
Mary is a single mum from Tasmania. She has been a loyal customer of Radio Rentals for over 18 years. Radio Rentals is now helping her children get the products they need for their new families.

“Yes, I’ve been using Radio Rentals for 18 years now. The first thing I got was a fridge. I used to only have second hand stuff because that’s all I could afford. Radio Rentals gave me the chance to own new things for the first time and I am very grateful.

I was a single mum, I couldn’t work and I couldn’t save money to afford to buy things upfront. It made it very challenging.

I started out with one thing then I could afford to rent another and so on, I added a dining table and then a cabinet.

“ Without Radio Rentals I really would have struggled. ”



The thing that really stands out about Radio Rentals is the staff. They are friendly, never look down on you and are always there to help with anything you need. It’s the only store in Hobart where I know the staff by name. I’ll head in there occasionally just for a chat and a joke. Jodie and Kellie are great. Whenever I call up they do whatever they can to help me.

“ I was a single mum, I couldn’t work and I couldn’t save money to afford to buy things upfront. ”

Radio Rentals is more than just a company they are there to help, they give me advice and never push me to spend too much. My two eldest kids now use Radio Rentals themselves.

Without Radio Rentals I really would have struggled, I probably wouldn’t have all the great things I do now because I just wouldn’t have been able to afford it. They’re just fantastic.”

DAVID & FLIC, TASMANIA

David and Flic are a young couple from Devonport. With a young family, they struggled financially. Now, thanks to Radio Rentals they have a successful small business that continues to grow.

"We're photographers, we do weddings, portraits, maternity shoots, and we have five kids now so we are very busy. We have been customers of Radio Rentals for about 14 years, it's grown with our business, and it's grown with those guys down in Devonport.

"We really did have nothing and they gave us the chance to get the things we wanted."



They have been fantastic since we opened the business, organising the equipment we needed, making sure we knew what was available before we made any decisions and when we asked them to track something down, nothing was ever too much trouble.

We have a personal relationship with the staff in-store, Megan and Marty, Leila and Kim, they are all great, some of them are clients of ours now! We love having that relationship, personally buying online is so impersonal, it's so much better being able to give them a call or go in the store and get an answer straight away. It's not just with the business either.

Recently, one of our kids was very sick and we needed a new bunk bed. Within the day it was delivered to our house while we were still at the hospital, they are just always fantastic.

When we started out, we were very young with two kids, we had absolutely nothing.

Radio Rentals gave us the chance to prove we could get the things we needed by working within our budget. We really did have nothing and they gave us the chance to get the things we wanted.

We love them."

"We have a personal relationship with the staff in-store, Megan and Marty, Leila and Kim, they are all great."

To preserve privacy we have not used real customer photos

Our Businesses

CONSUMER FINANCE

Thorn's consumer finance business, provides consumers with access to a broad range of personal loans through Thorn Money, which offers unsecured loans up to \$15,000 and secured loans up to \$25,000; and Cashfirst, which provides unsecured loans of between \$500 and \$5,000.

Expansion of the consumer finance business reflects Thorn's ongoing research which indicates there is increasing demand for these types of loans as they are not being met comprehensively by other, larger finance providers.

Thorn has the capability to offer a broader range of loan products, which revolves around the group's skills to assess credit worthiness and make decisions quickly. Technology, systems and ongoing staff training enable fast processing and quick decision making within company lending guidelines.



STRATEGIC INTENT

The consumer finance business aims to provide niche credit products to consumer markets overlooked by major lenders.

The consumer lending sector is undergoing significant change, with a number of technology start-ups beginning to populate the local market and offering a new range of finance products.

Thorn believes its consumer finance business is well placed to compete in this market and some of the initiatives carried out in the past year include expansion of product offerings to reach broader customer segments, refinement of the customer proposition, development of the Cashfirst offer in-store, and redesign of the Cashfirst website to improve customer experience.

Thorn is currently developing a comprehensive range of innovative consumer finance products to match customer needs and transform the customer experience, both online and in-store. This includes further expansion of the product offering, technology enhancements, introduction of paperless contracts and same day loan funding.



STRATEGY

Diversify

and expand distribution to grow sales volumes

Develop

operational efficiency to deliver simplicity and speed

Improve

customer engagement and transactional experience

OUR CUSTOMERS

LINDA, SYDNEY

Linda is a mother of one who dedicated her time to help keep kids off the street. Cashfirst has helped her keep that dream alive.

"I'm a normal mum, I work full-time but my real passion is the kids group I support.

Our goal is to keep disadvantaged kids away from alcohol and drugs, giving them something to do, getting them to help the community, giving them something in their lives, for their future. It's self-funded because it's hard to get donations for our cause, we aren't very big.

The kids come out with smiles on their faces and they love it, contributing to the community feeling needed, it's great, you get so much joy from looking after and helping these kids, it's worth it.

"The kids come out with smiles on their faces and they love it, contributing to the community feeling needed, it's great."

Cashfirst has helped us time and time again. Whenever I get behind on payments, I give them a call and they are so helpful, they organise for the payment to be moved or added over a few months or tacked onto the end of my loan, whatever I can manage.

They aren't just about the money either. They will have a chat with you, ask you how you're going, they actually care.

They help me keep my dream alive and I am always so appreciative of that."



To preserve privacy we have not used real customer photos

Our Businesses

COMMERCIAL FINANCE

Thorn's Commercial Finance division includes, Thorn Equipment Finance (TEF), which provides equipment finance solutions for business and government with small to medium enterprises (SMEs) a key target market for supply of a diversified range of products.

The recently acquired Cash Resources Australia (CRA) is a debtor finance business that provides working and growth capital solutions through invoice discounting and secured commercial loans for SMEs.

The key target market for Commercial Finance is SMEs which require funding for equipment under \$100,000, an area Thorn considers underserved by the major financial institutions.

CRA's core business activity involves working and growth capital finance solutions for businesses that may have a short term cash requirement to fund growth opportunities or simply prefer the flexibility of dealing with an organisation such as CRA, rather than set-up overdraft or other financing facilities with a bank.



STRATEGIC INTENT

The commercial finance business is growing at a rapid rate, both organically and through acquisition. The strategic acquisition of CRA this year enhances coverage of the commercial sector and expands the group's client base.

In FY15, the receivables book grew to just over \$100 million compared with \$64 million a year ago. Even with this growth, bad debts and arrears declined considerably due to improved risk and receivables management.

The basis of the commercial finance offer is to provide a cost effective way for companies to grow, by giving them a way to protect cash flow while acquiring new assets and providing working capital finance for different parts of the business.

The integration of CRA has allowed Thorn to broaden its product suite and cross-sell between TEF and CRA, offering both equipment finance and debt facilities to SMEs. Often, businesses that need equipment finance also need working capital finance. The ability to offer both has led to development of stronger relationships with partners and customers.

Key initiatives include the expansion of the product offering through these partnerships across the commercial direct channel, franchise finance channel and broker network.



CASH RESOURCES AUSTRALIA

STRATEGY

Expand

product offering to create cross-sell opportunities and allow for organic growth

Continue

to develop acquisition and partnership opportunities, strategic alliances

Develop

synergies to create a scalable and efficient business, better service SMEs

OUR CUSTOMERS

HYPERBARIC HEALTH PTY LTD

Thorn helped a unique client this year, providing equipment finance to its operation in the Northern Territory

One of Thorn's clients is Hyperbaric Health Pty Ltd, which manufactures hyperbaric chambers and provides painless and non-invasive treatment for leg wounds, ulcers and radiotherapy injuries. They provide these services through hospitals, and medical centres throughout Australasia.

Hyperbaric oxygen chambers create air pressure inside that is about two and a half times higher than the normal pressure in the atmosphere. This helps a patient's blood carry more oxygen to organs and tissues in the body and help wounds, especially infected wounds, heal more quickly.

Hyperbaric Health needs a finance partner which really understands the nature of its business because of its uniqueness. Taking into consideration their business model, the specialist nature of the equipment and the location, Thorn Equipment Finance was able to provide flexible efficient financing over a Hyperbaric Chamber located in Darwin Hospital.

Tim Snowden, CEO, Hyperbaric Health

“Hyperbaric Health needs a finance partner which really understands the nature of its business because of its uniqueness.”

GUARDSPLUS AUSTRALIA

CRA helped a security company which, despite growing considerably, was experiencing cashflow issues due to late invoice payments.

“Guardsplus is a security company based in Sydney, with operations in Queensland and Victoria, supplying specialised security services for individuals, small business and multinational corporations.

As the business was growing, we started having issues with clients paying on time, placing the business under extensive cash flow pressure to meet existing overheads.

I contacted CRA about a year ago to explore invoice discounting solutions and John was extremely helpful and found a solution to our problem. As a result, the business has no more finance issues.

Ever since, I can call John in the morning and funds are in my account within 2-3 hours. Everyone at CRA is very personable and our relationship has gone from strength to strength.

I really recommend that business, they provide an exceptional service. It is safe to say, our business would not have been able to survive without CRA. It's been fantastic to deal with CRA and I will be using them for a very long time.”

David Millward, Owner/Operator of Guardsplus

“Everyone at CRA is very personable and our relationship has gone from strength to strength.”



To preserve privacy we have not used real customer photos

Our Businesses

RECEIVABLES MANAGEMENT

National Credit Management Limited (NCML) is a provider of credit and receivables management services throughout Australia. This involves an in depth understanding of the credit lifecycle and offering a range of products and services to help clients maximise their cash flow.

Since 1990, NCML has been partnering with Australia's largest creditors within government, banking and finance, insurance, utilities and telecommunications to provide comprehensive commercial solutions, from pre-collection services to legal recovery and debt purchasing.



STRATEGIC INTENT

After a strategic review of the business by independent consultants, the business model was simplified and streamlined to position NCML better in a highly competitive market.

The business has narrowed its execution focus in order to scale Purchased Debt (where debt is purchased from the original credit issuer) and Contingent Debt (where the debt is actioned, for a fee, on behalf of the credit issuer).

The strategic review resulted in the creation of two "Centres of Excellence" and a transformation project to consolidate smaller operations to create scale and efficiencies.

In FY15 the business increased its investment in Purchased Debt Ledgers (PDL) resulting in PDL receivables growth of 62 per cent on prior year. New collections strategies have recently been implemented and the development of new targeted debt seller relationships continues. The increase in Purchased Debt coupled with an improved value proposition to debt sellers has better positioned NCML to manage reputational impact for debt sellers while ensuring customers are dealt with in a highly compliant and ethical manner.

The new framework is attracting further clients in financial services, which is helped by Thorn having the skills and experience in this sector.

In contingent debt collection, NCML continues to demonstrate a commitment to delivering leading recovery rates for its clients. Where NCML is benchmarked on panel arrangements against other providers, NCML now outperforms more consistently across a number of key relationships in banking and government sectors with leadership positions being maintained.

NCML's ongoing investment in its Quality and Compliance framework and in the refinement and development of hardship programs with recent software implementations, reporting and policy alignments further evolves this element of its operation. This framework not only reinforces a commitment to business transformation, but also builds a level of compliance that offers competitive advantage and is intended to contribute to NCML being a highly compliant and ethical leader in the debt collection industry.

STRATEGY

Consolidate

operation to create scale, necessary for competitive advantage, market positioning

Seek excellence

in execution discipline, by creating greater focus and clarity across business

Diversify

earnings and grow PDL revenues, focus on and build targeted relationships primarily across banking and finance products

OUR CUSTOMERS

TRANSURBAN

NCML was appointed following a rigorous tender process to collect outstanding tolling debt on behalf of Transurban and its tolling asset stakeholders.

"NCML impressed with a deep understanding of our needs and its impressive compliance framework which ensured our brand was in safe hands. They presented strong credentials to deliver leading recovery rates given a number of clients in this sector. I'm delighted to say NCML continue to impress and projects are well advanced to extend the relationship into the more recently acquired Queensland Motorway assets in Queensland."

Arthur Tchetchenian, National Credit Manager, Transurban



COMMONWEALTH BANK OF AUSTRALIA

NCML and CBA have partnered for a number of years in working with the bank's customers to resolve their outstanding debt obligations.

"The Bank is very mindful of who it works with in this area and we are constantly reassured by NCML's respect for the values of our brand and the lengths they go to in effecting positive outcomes. We're aware NCML has invested significantly to drive performance through a range of systems and processes to ensure a highly compliant and ethical operation is delivered on our behalf, while continuing to deliver leading recovery rates."

Craig Worsely, Senior Manager, Outsourced Relationships, CBA



To preserve privacy we have not used real customer photos