

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

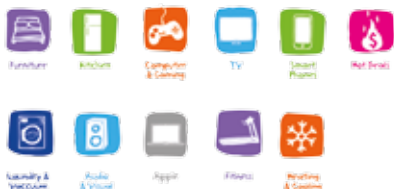
A pilot second rental brand offering a “no lock-in” contract and flexible rental solutions was launched in Brisbane in December 2014 under the name Rentlo and will be reviewed during the year.

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

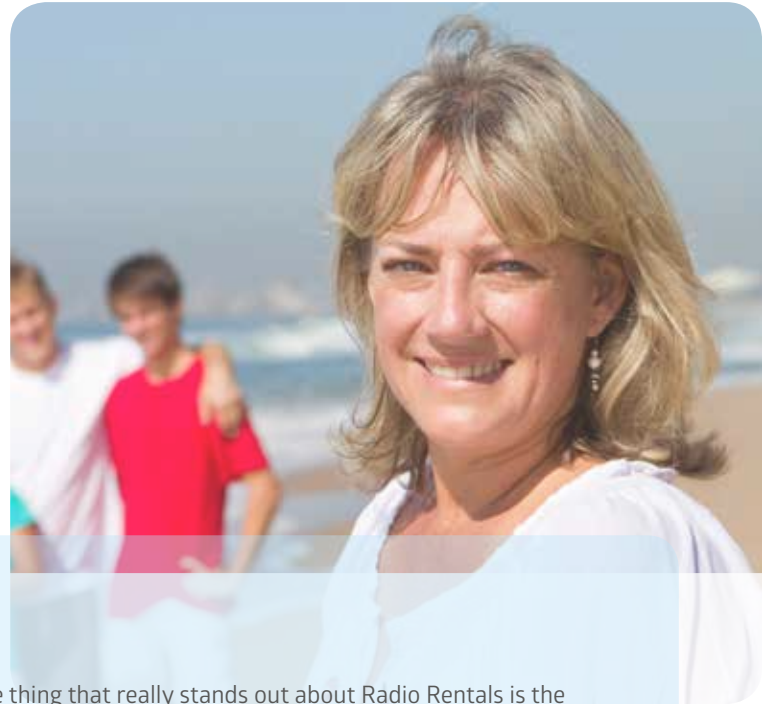
Mary is a single mum from Tasmania. She has been a loyal customer of Radio Rentals for over 18 years. Radio Rentals is now helping her children get the products they need for their new families.

“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