THORN Group Ltd.

FY14 Interim Results Presentation

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Performance remains strong

Group

- Revenue up 12% to $112.7m
- Reported NPAT down 5% at $13.3m
- Underlying NPAT up 2.9% at $13.5m
- Basic EPS of 8.98 cents
- Operating cash grew 17% to $58m
- Net debt remains conservative at 18.2%
- Interim dividend 4.5 cents per share fully franked

In thousands of AUD	30 September 2013	30 September 2012
Reported NPAT	13,305	14,007
Debt sale	-	(1,250)
Rent Drive Buy start-up costs	300	-
Tax effect	(90)	375
Underlying NPAT	**13,515**	**13,132**

Performance remains strong

By Division

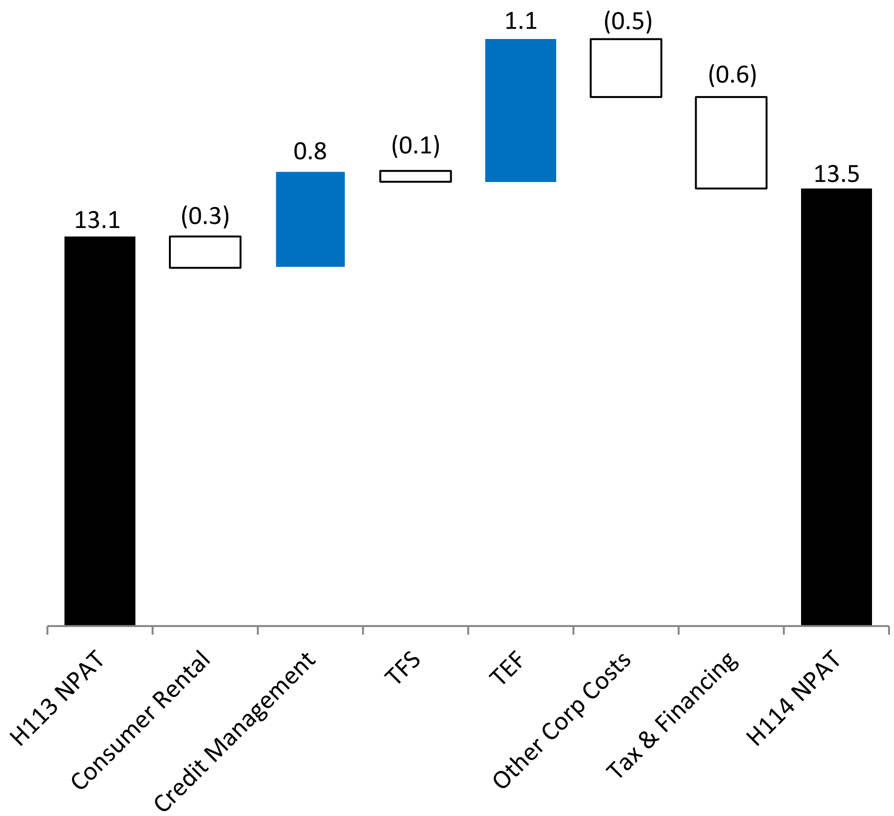
- Radio Rentals – record installations
- Cashfirst – growth strategy being implemented
- Thorn Equipment Finance (TEF) – strong book build to $55m*
- NCML – strong revenue growth
- Rent Drive Buy – trial continuing

** Commercial lease receivables disclosed on a gross basis, inclusive of interest due*

Underlying NPAT up 2.9% on prior year – investment continues in emerging divisions

- Radio Rentals earnings impacted by product mix and cost of additional locations
- Credit Management grew collections and PDL revenue
- TFS earnings impacted by costs relating to business development initiatives
- TEF continues receivables growth – early signs of earnings growth

Underlying NPAT Bridge
H113 – H114 ($m)



Impairment well held despite economic conditions

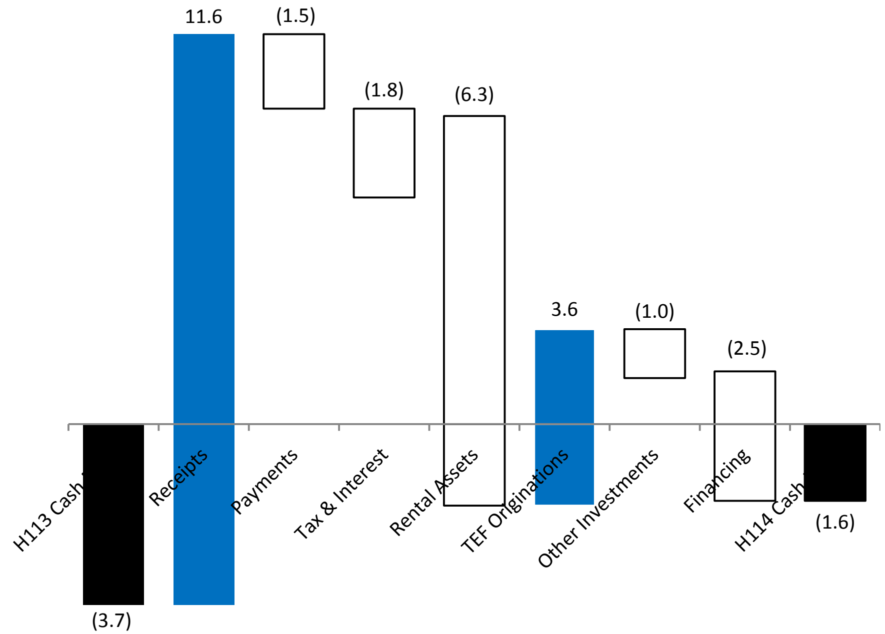
- Radio Rentals
  - Finance lease provision impacted by the popularity of smartphone products
  - Losses well maintained in a challenging market
  - One off debt sale of $850,000 in H113
- TFS
  - Provisioning down due to lower receivables growth
  - Write-offs slightly higher than prior year levels
- TEF
  - Risk grew in line with receivables growth

In thousands of AUD	H113	H114
Radio Rentals		
– Provisioning	**3,013**	**4,076**
– Asset losses	**945**	**802**
– Debt	**814**	**755**
– Debt Sale (one off)	**(850)**	**-**
TFS		
– Provisioning	**358**	**73**
– Net Debt	**814**	**1,297**
TEF		
– Provisioning	**541**	**319**
– Net Debt	**205**	**351**

Operating Cash Flows continue to increase

- Receipts up 10% driven by increased customer payments in all divisions
- Payments increased slightly due to the timing of creditors payments
- Significant increase in rental asset expenditure due to Radio Rentals performance
- TEF settlements down on PCP impacted by slower Q1. Run rate resumed in Q2
- Increased debt used to fund growth initiatives

Cash Flow Bridge
H113 – H114 ($m)



Key asset growth maintained

	30 Sep 13	H1 Movement $m	H1 Movement %
Radio Rentals Leases receivables* Rental Assets	106,327 59,910	10,620 6,981	11 13
Thorn Equipment Finance Leases*	55,496	9,307	20
Thorn Financial Services Loan receivables	22,236	482	2
NCML PDLs	8,515	219	3

** Consumer and Commercial lease receivables disclosed on a gross basis, inclusive of interest due*

Significant funding headroom

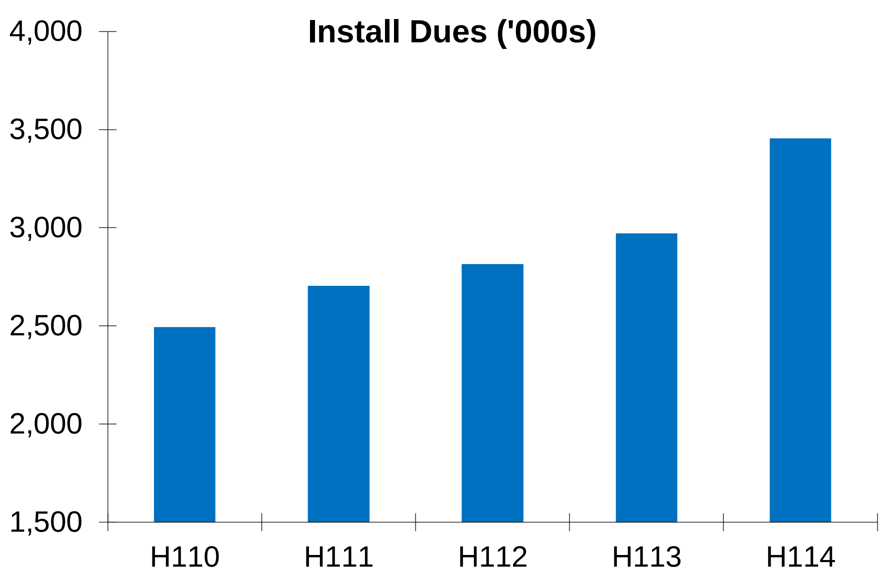
- Corporate debt facility $50m
- Securitisation facility
  - Implementation delayed in line with funding requirements
  - $50m to fund TEF growth
  - Funding likely to commence November 2013

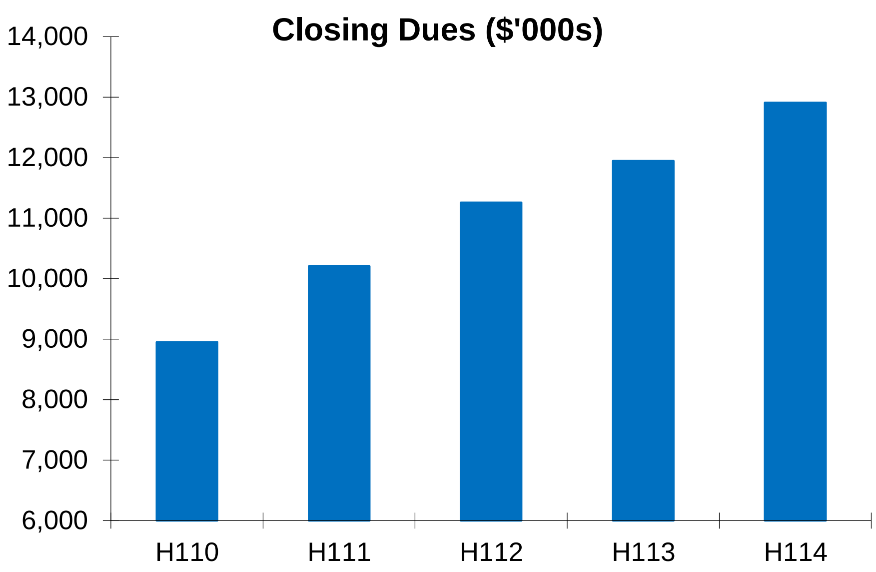
As reported Sep-13			
Facility	Limit	Drawn	**Headroom**
Corporate	$50.0m	$32.9m	**$17.1m**

Expected Dec-13			
Facility	Limit	Drawn	**Headroom**
Corporate	$50.0m	-	**$50.0m**
Securitised	$50.0m	$40.0m	**$10.0m**
Total	$100.0m	$40.0m	**$60.0m**

radio rentals Record installation revenue

- Underlying EBITDA $23.5m, 1% down on underlying prior year
- Total installation revenue grew 16%
- AUR (average price per unit) increased 6% to $50.33
- Customer retention steady
- Disconnections dues grew 9% in-line contract maturity profile

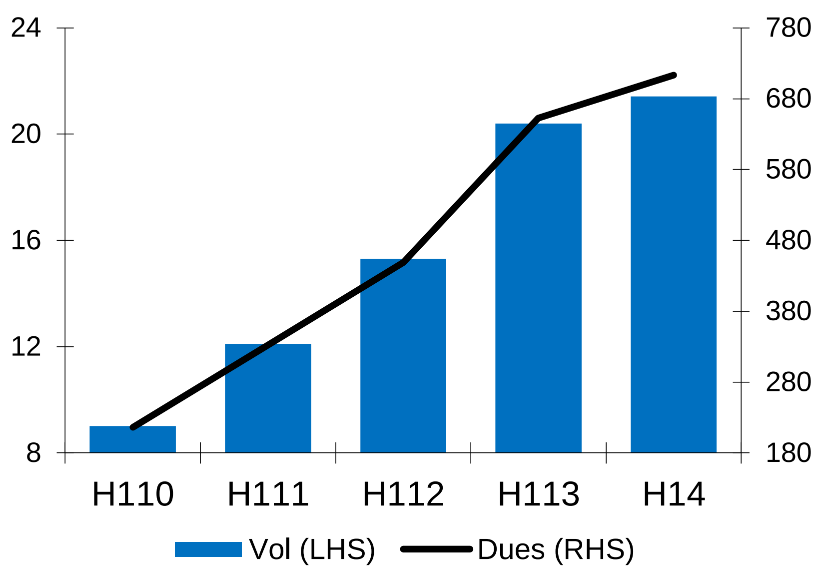




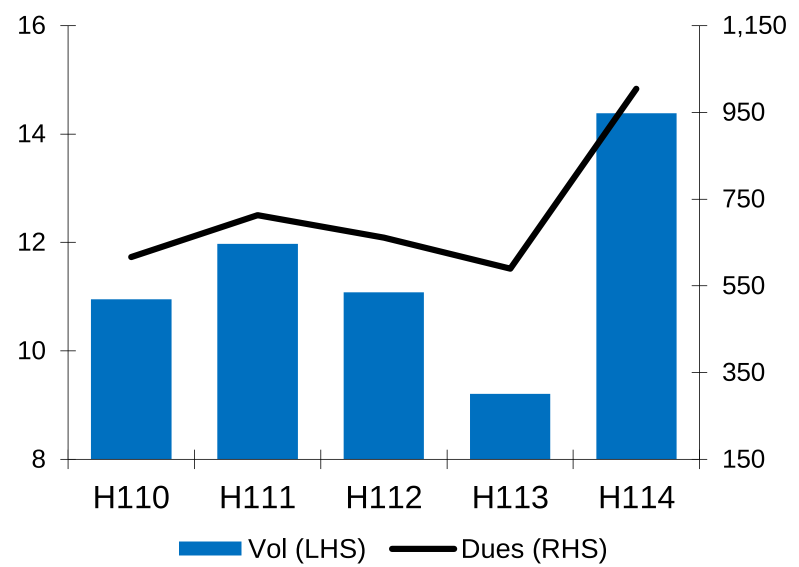
radio rentals — Renewed growth in technology products

- Furniture up 9% - increased demand for lounge and bedroom products
- Technology products up 70% - increased demand for smartphones
- Other categories steady

Furniture ('000)



Technology ('000)



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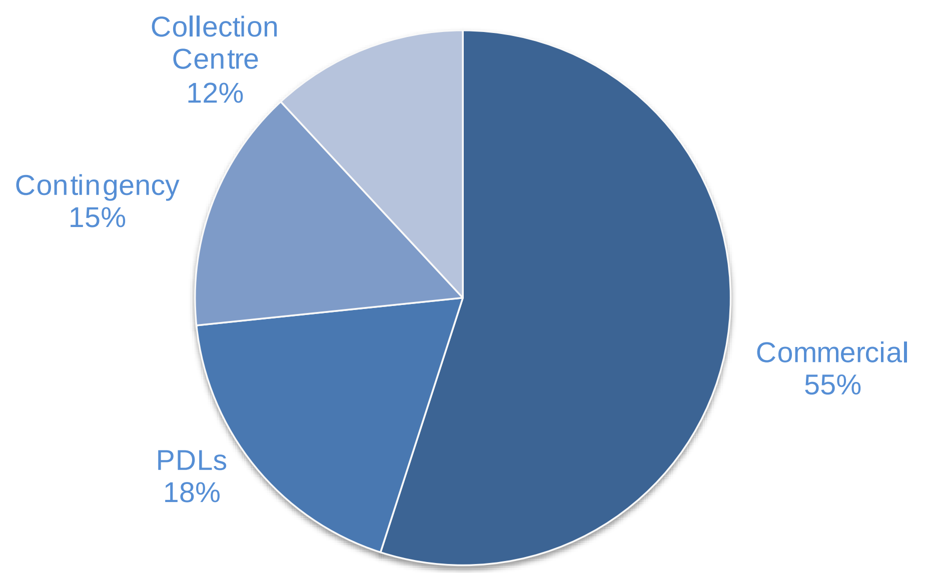
Restructure delivering results

- EBITDA generated $2.0m – 64.3% up on underlying PCP
- PDL revenue up due to larger receivable investment
- Commercial and contingent collections performance improved
- Consumer collections steady with offshoring initiatives implemented

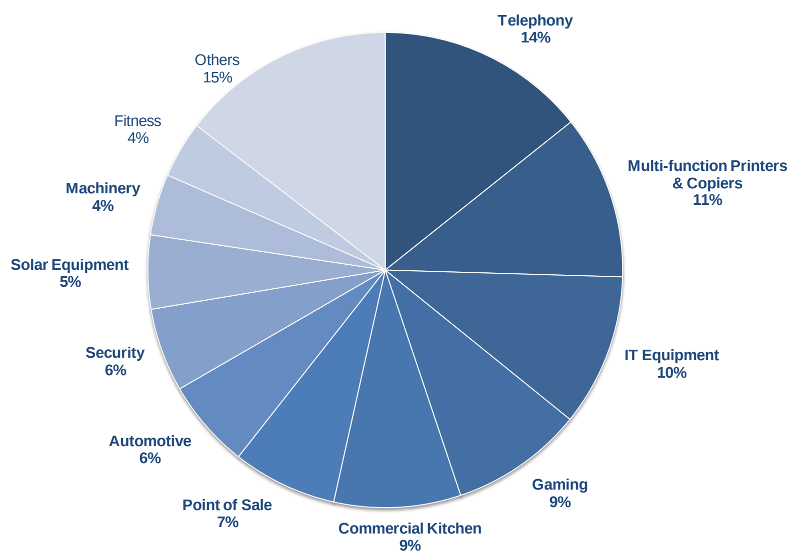
H114 Revenue Split



Continued receivables build towards $100m

- EBITDA $1.6m – up 282% due to receivables growth
- Originations $15.2m – down by 19% impacted by slower Q1
- Brokers and introducers remain key originators
- Arrears performance improving to sub 4.5%
- Average deal size steady at $20k

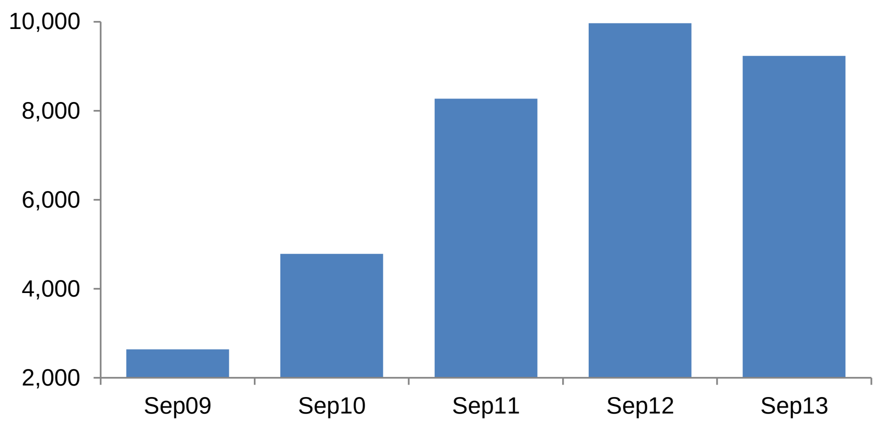
H114 Deals Split by Product



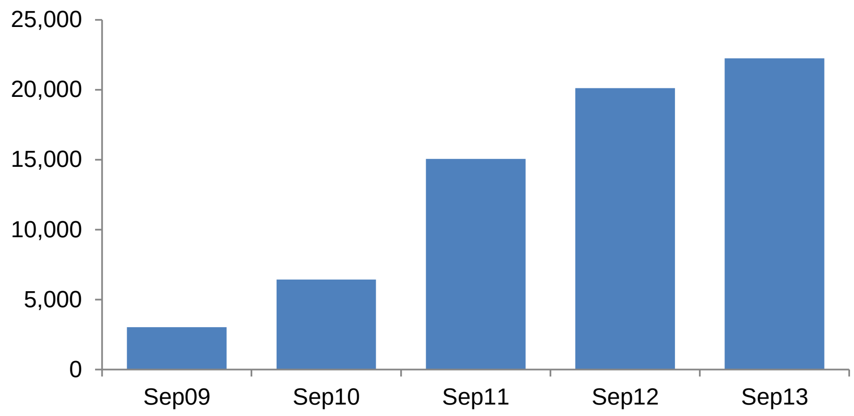
Building receivables key focus

- EBITDA $0.5m - down 12.3% due to investment in resources for future growth
- Originations increased to $9.8m - up 20%
- Average loan value steady at $2,400
- Approval rates up, between 20-25%
- Slight increase in annualised write-off rate

Customer Base



Loan Book ($'000s)



Proposed Legislative changes – Federal election impact

Positive credit reporting – potential consumer benefits

- Expected to commence in calendar year 2014

Enhancements to NCCP – potential benefits in positioning

- No changes expected in the short term

Centrepay review

- No changes expected in the short term

Strategic Development Update

Initiative	Objective	Status
RR Reinvention	To appeal to a broader demographic	• Short list of names created for potential rebranding • Consumer research ongoing • Longer term contract commenced November 2013
New ERP launch	To increase efficiency in stores	• Pilot region live September 2013 • Full go live December 2013
Increase PDL returns	To improve profitability of NCML	• Profitability review undertaken and offshore solutions reviewed • Increased participation in sale processes
Additional TFS products	To appeal to a broader demographic	• Thorn Money launched October 2013 offering unsecured loans to $15,000 and secured loans to $25,000

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Strategic Development Update

Initiative	Objective	Status
Rental offer for retailers	Increase access to customers	• Negotiations ongoing with several major retailers
Rent Drive Buy trial	Finance another essential household item	• Trial continues with over 150 cars on rent
Additional TEF products	Provide an alternative solution to the market	• Rental Advantage product developed

Company Strengths and Outlook

Group

- Continued strength and resilience of the Radio Rentals business
- Evolving new business divisions poised to deliver earnings after significant investment
- Substantial recurring revenue streams generating significant operating cash
- Solid capital base to enable expansion & healthy ROE

Outlook

- Continued development of new business divisions will limit growth in 2014
- Investment return horizon remains medium to long term

Appendix 1 – Group structure

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	Consumer	Commercial
Equipment	radio rentals rentlo RENTdriveBUY!	THORN Equipment Finance
Financial Services	cashfirst thornmoney	NCML