Macquarie Connections Conference
4 May 2011

Group Performance Summary

- 1st Half 2010/11
  - Normalised Net Profit after Tax up 38% at $11m[1]
  - 2.4% increase in Net Profit after Tax to $11m
  - Revenue up 10%
  - 6.7% total customer growth
- Full Year Forecast
  - $22-23m NPAT, pre NCML acquisition costs
  - Cashfirst loan book to exceed $12m
- Continuous low level of arrears
- Investment in Big Brown Box exited

[1] *PCP NPAT contained a one-off tax benefit pertaining to the temporary investment allowance of $2.8m*

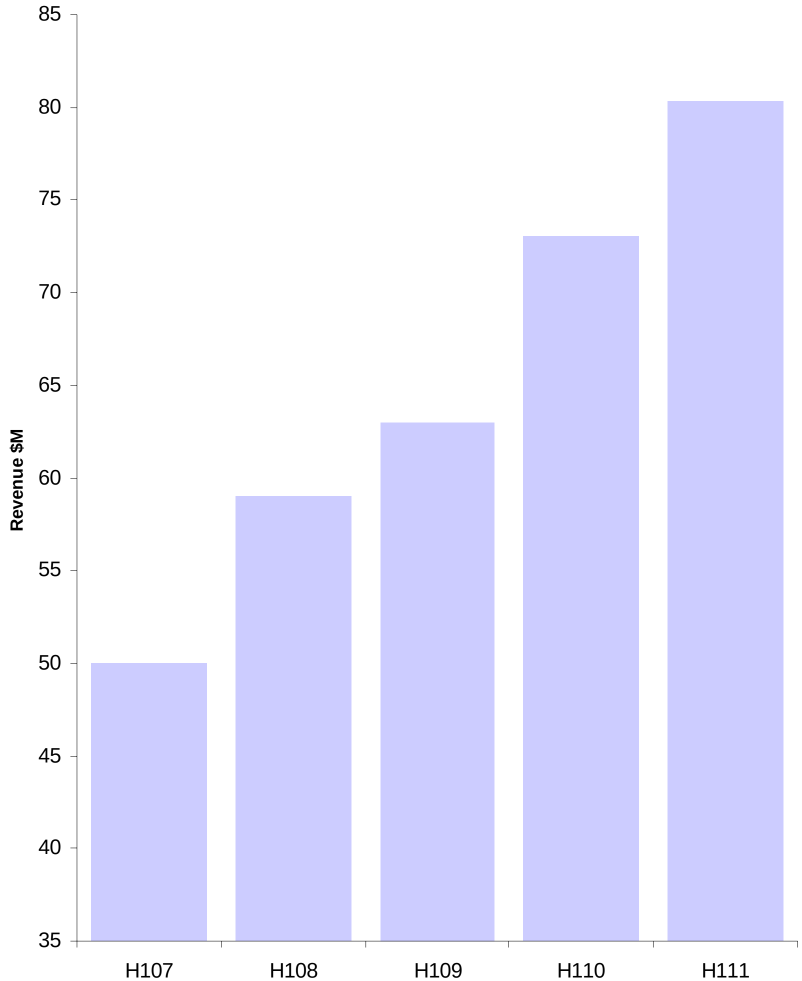
Performance Summary

1^{st} Half

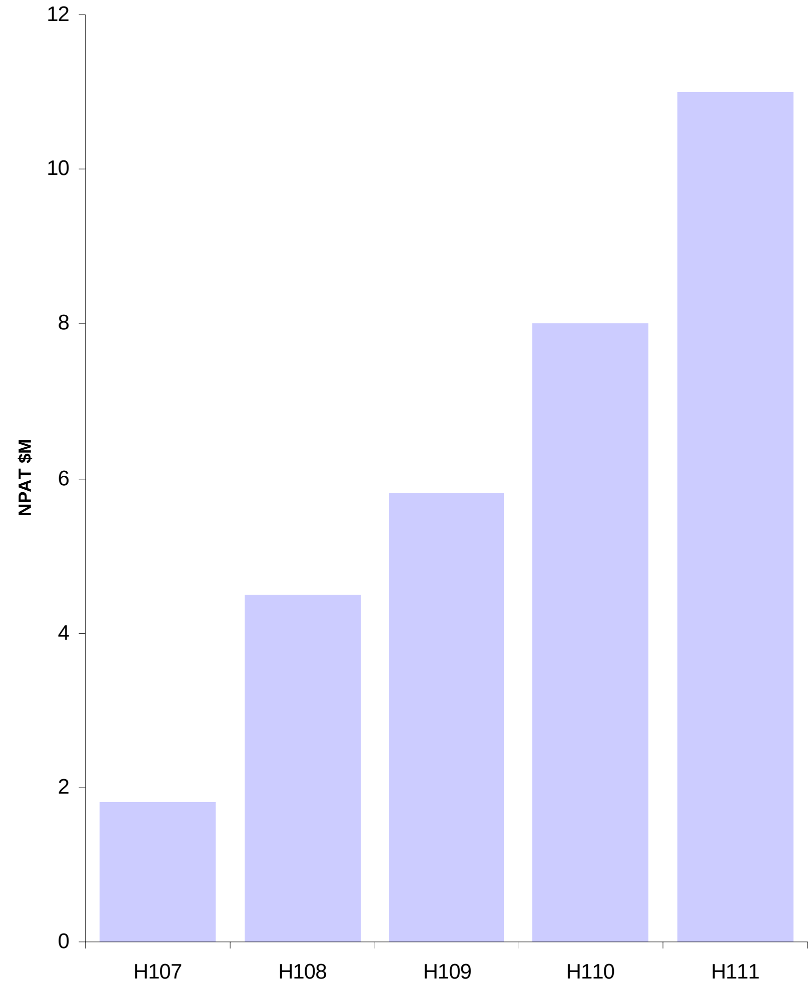
THORN Group Ltd.

Historical performance: Strong growth

Revenue +10%



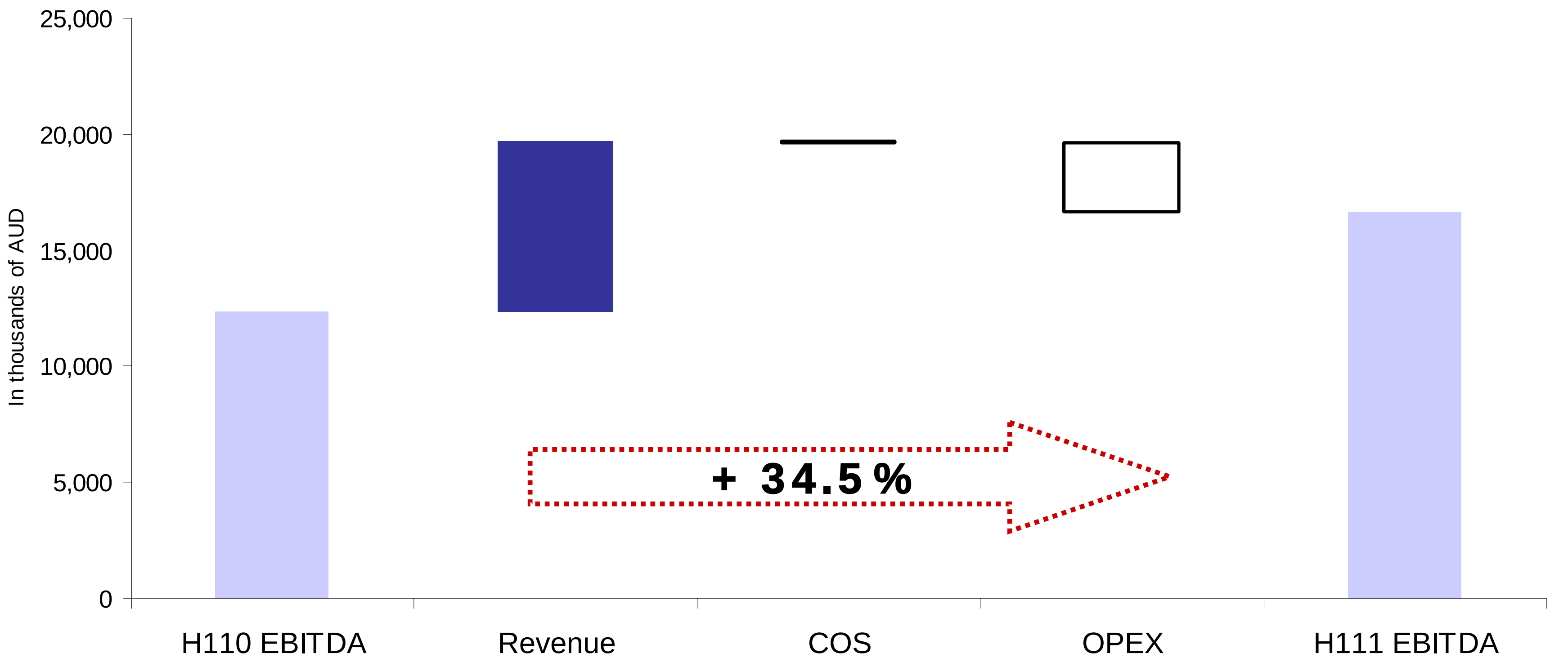
NPAT +38%



Note – normalised 2010 NPAT

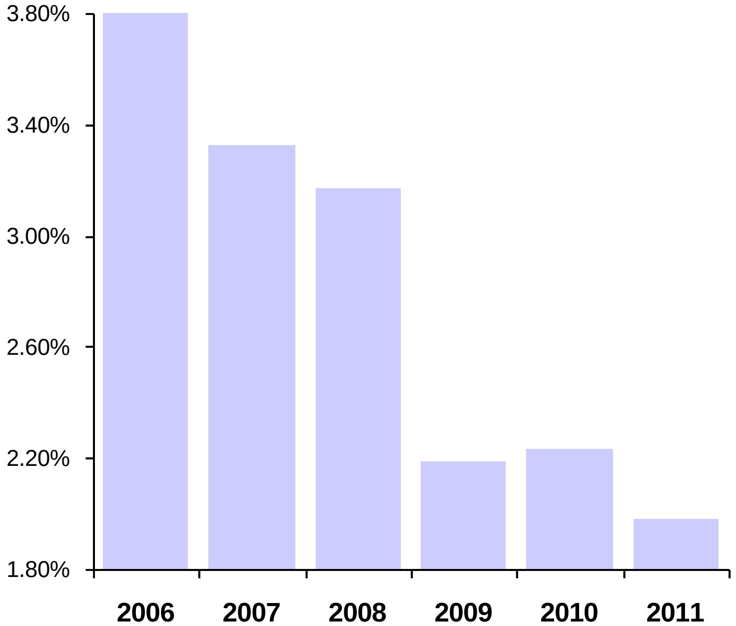
EBITDA: Double digit growth maintained

- Revenue increase of 10% main driver
- COS steady due to declining asset prices and bad debts
- Gross margin percent up to 61.8%
- OPEX increases in-line with the expansion of the business



Bad Debt: Tracking behind revenue growth

- Impairment charges on the rental book continue to decline as a percent to revenue – 2.0% versus 2.3% LY
- Provisioning movement continues to track in-line with finance lease sales



H1 Comparison: Rental Bad Debt & Asset Losses as a percentage of customer payments

In thousands of AUD	H110	H111
Provisioning movement	2,544	2,984
Losses incurred:		
— Net Debt	479	399
— Asset	832	920
Total	3,855	4,303

Balance sheet

- Net asset growth of 8%
- Total tangible assets $113m, an 11% increase
- Debt to equity ratio remaining conservative

Key asset movements	30 Sep $'000s	Movement $'000s	
Cash	3,460	(2,287)	• Impacted by increased purchases and loan book growth
Finance lease	51,576	5,801	• 13% book growth
Cash loans	5,550	891	• Solid first half performance
Operating lease	1,258	79	• Remains steady due to arrears results
Inventory	1,208	339	• Impact of imported Visea TVs
Rental assets	41,169	5,958	• Growth in operating lease book

THORN Group Ltd.

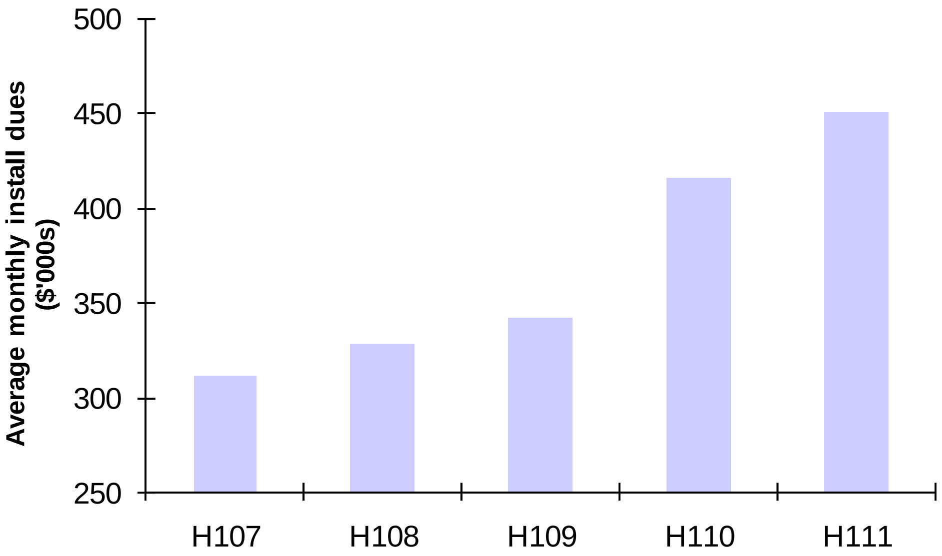
Consumer Rental

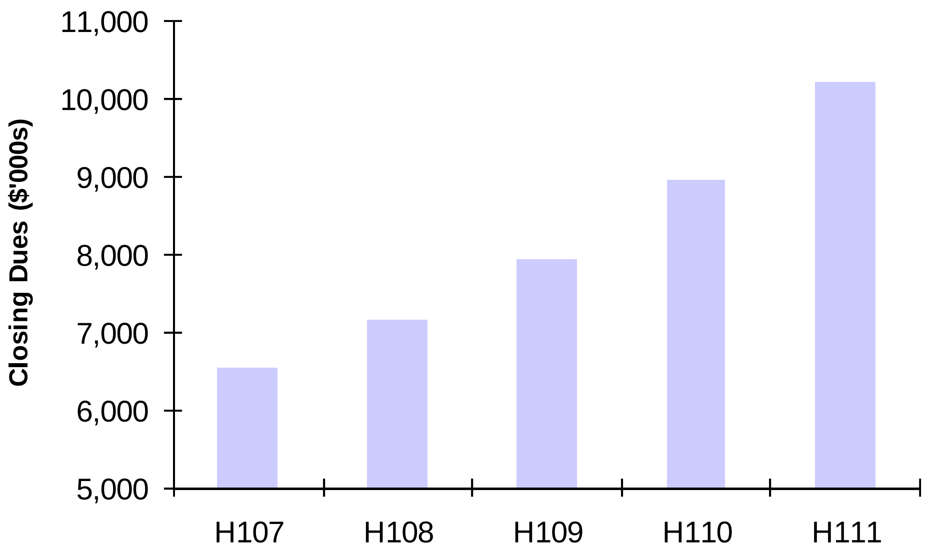
radio rentals

rentlo

Performance: Continued to tick all the boxes

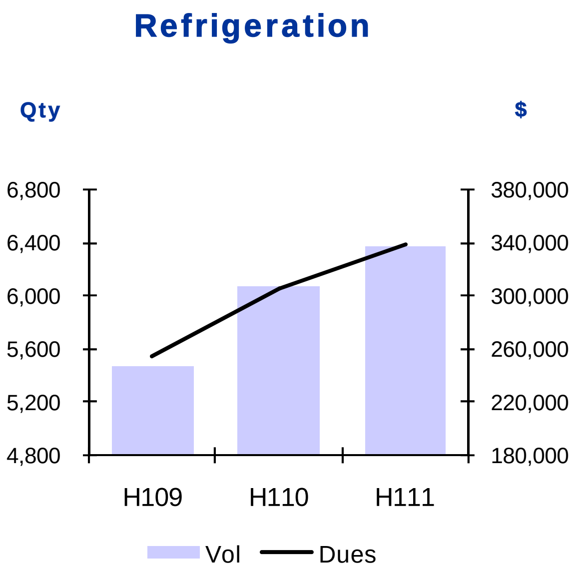
- Total installations grew 5%
- AUR (average price per unit) increased 4% to $48.42
- Monthly dues base exceeding $10m

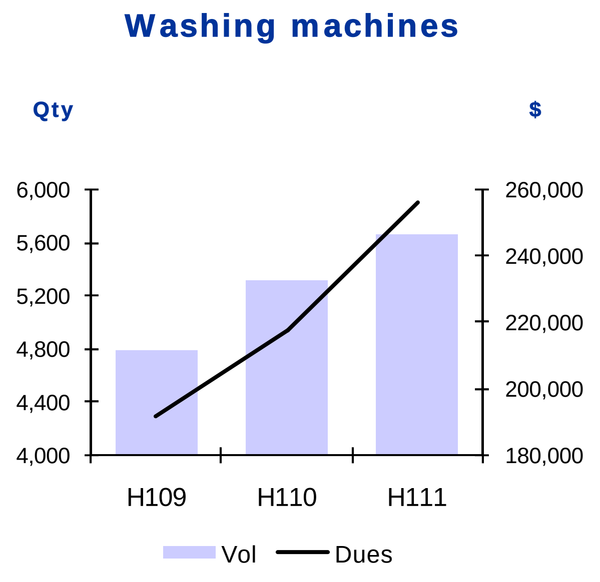


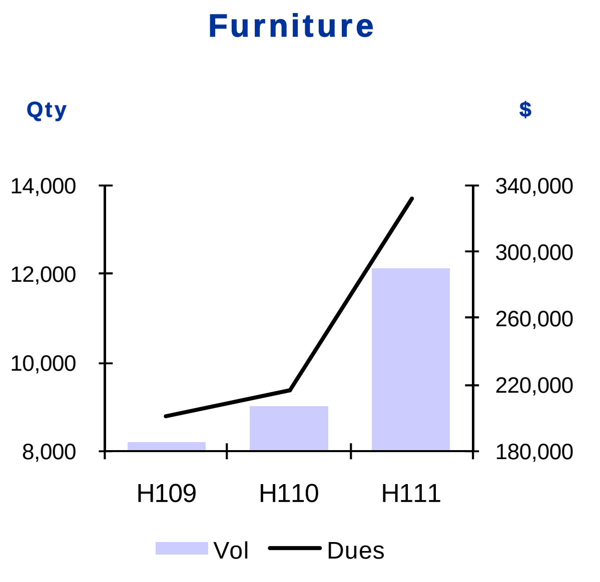


Trading: Operating Leases

- 'Essential' products remained a key driver
- Whitegoods up 11% - increased demand for larger appliances
- Furniture up 54% - quality and range of product improved

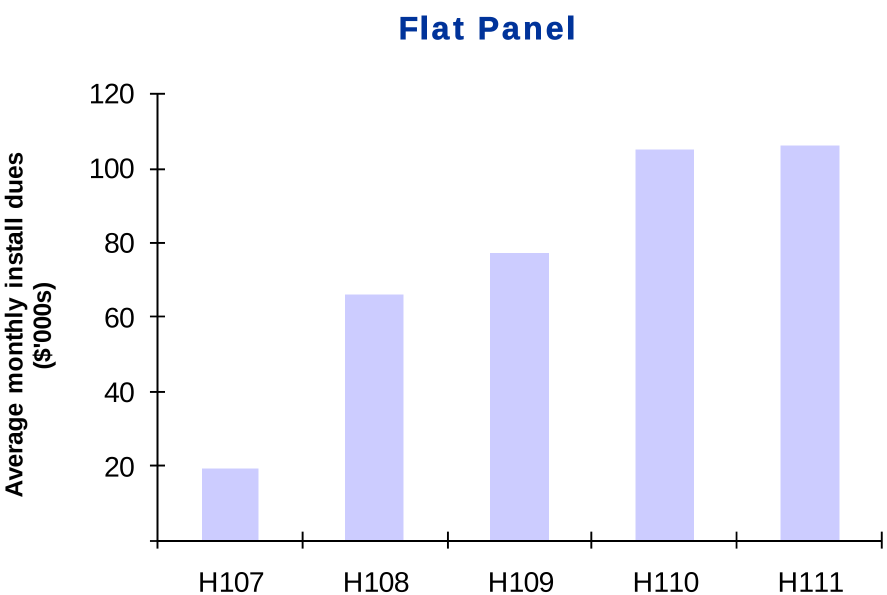


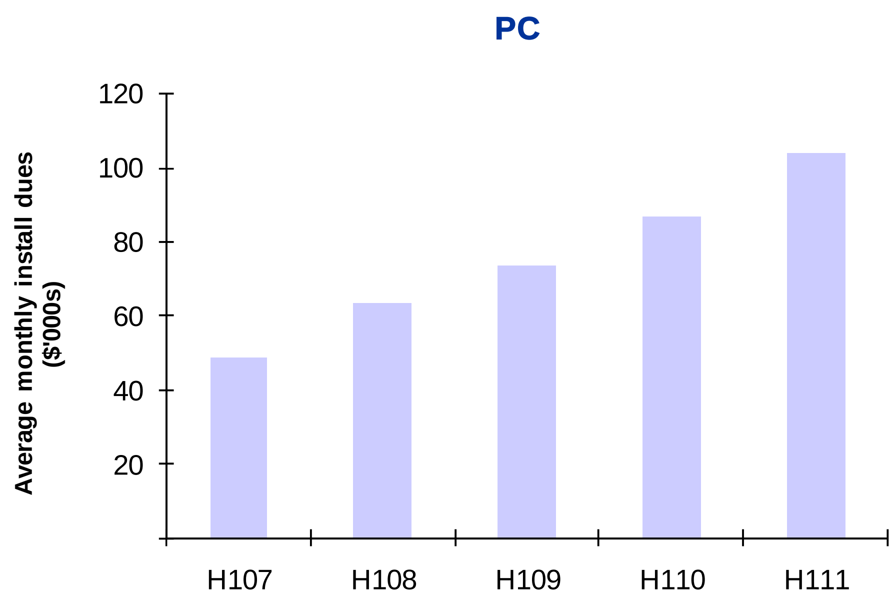




Trading: Finance Leases

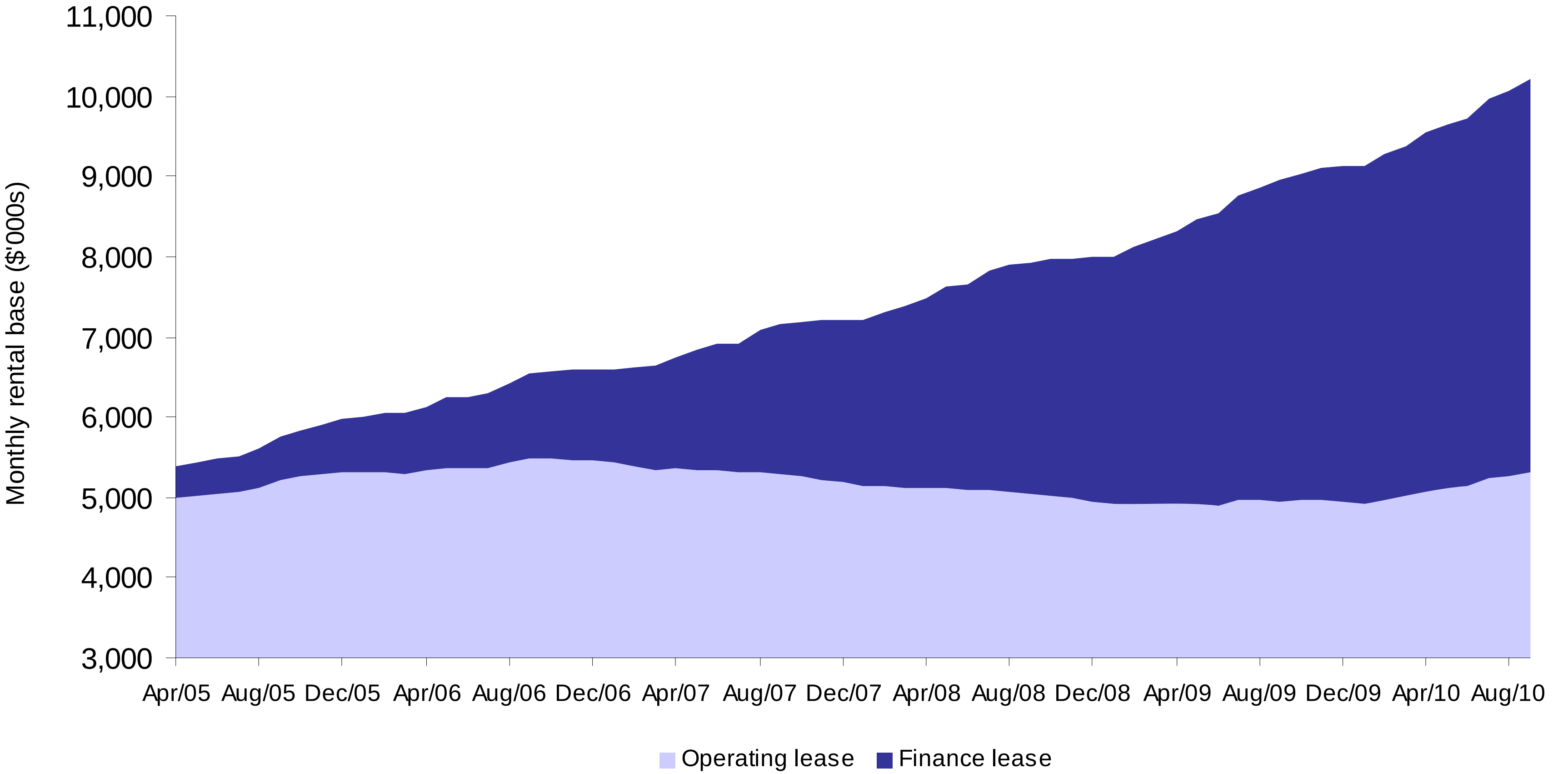
- Solid demand for flat panels (FP) and PCs
- Launch of Thorn brand has met with good consumer response – 25% of Q2 installs
- New technology impacts slowing





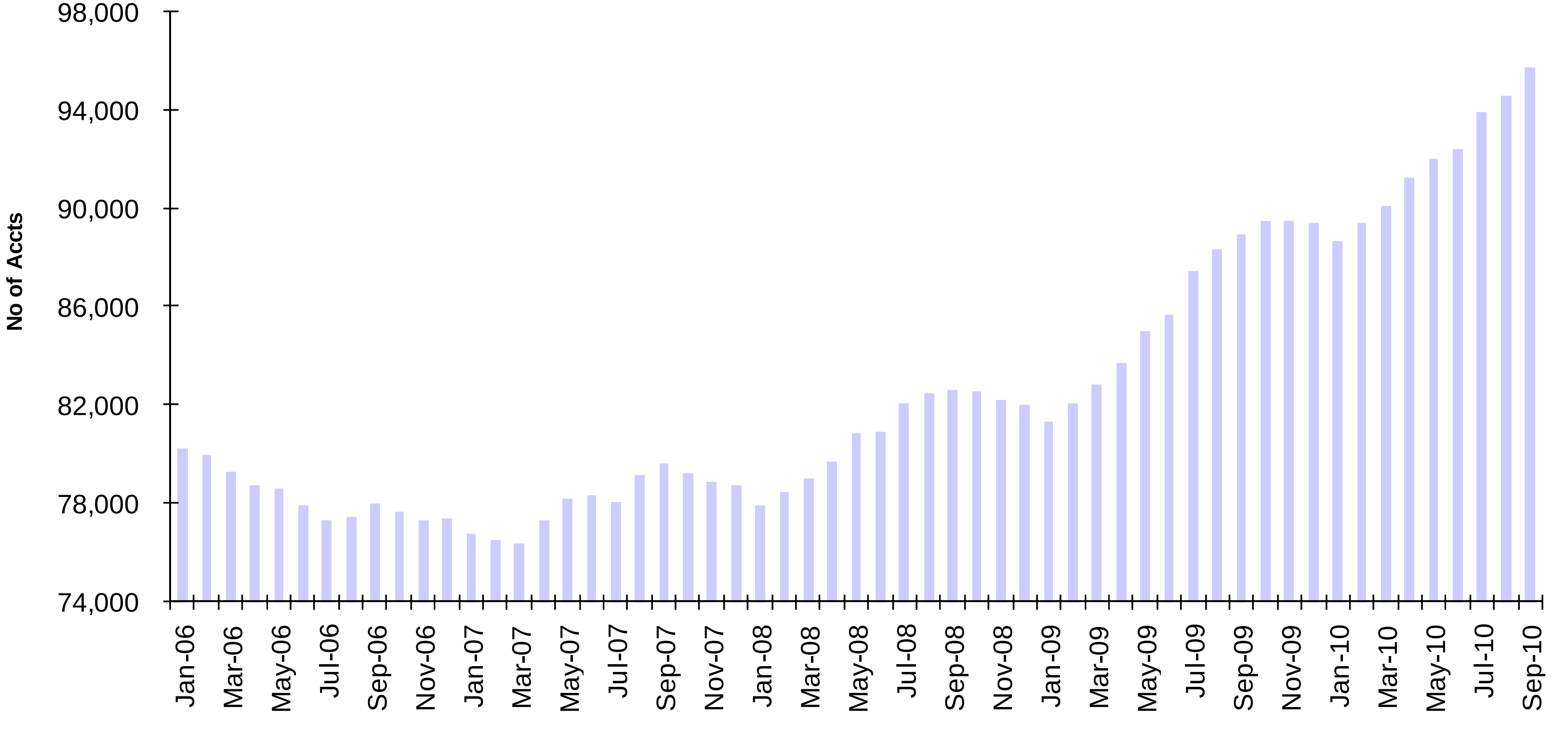
Trading: Overall

- 9% growth of rental base due to strong installation increases
- Disconnection curves are improving in-line with the better quality of written business and lower arrears rates, resulting in longer average contract lengths



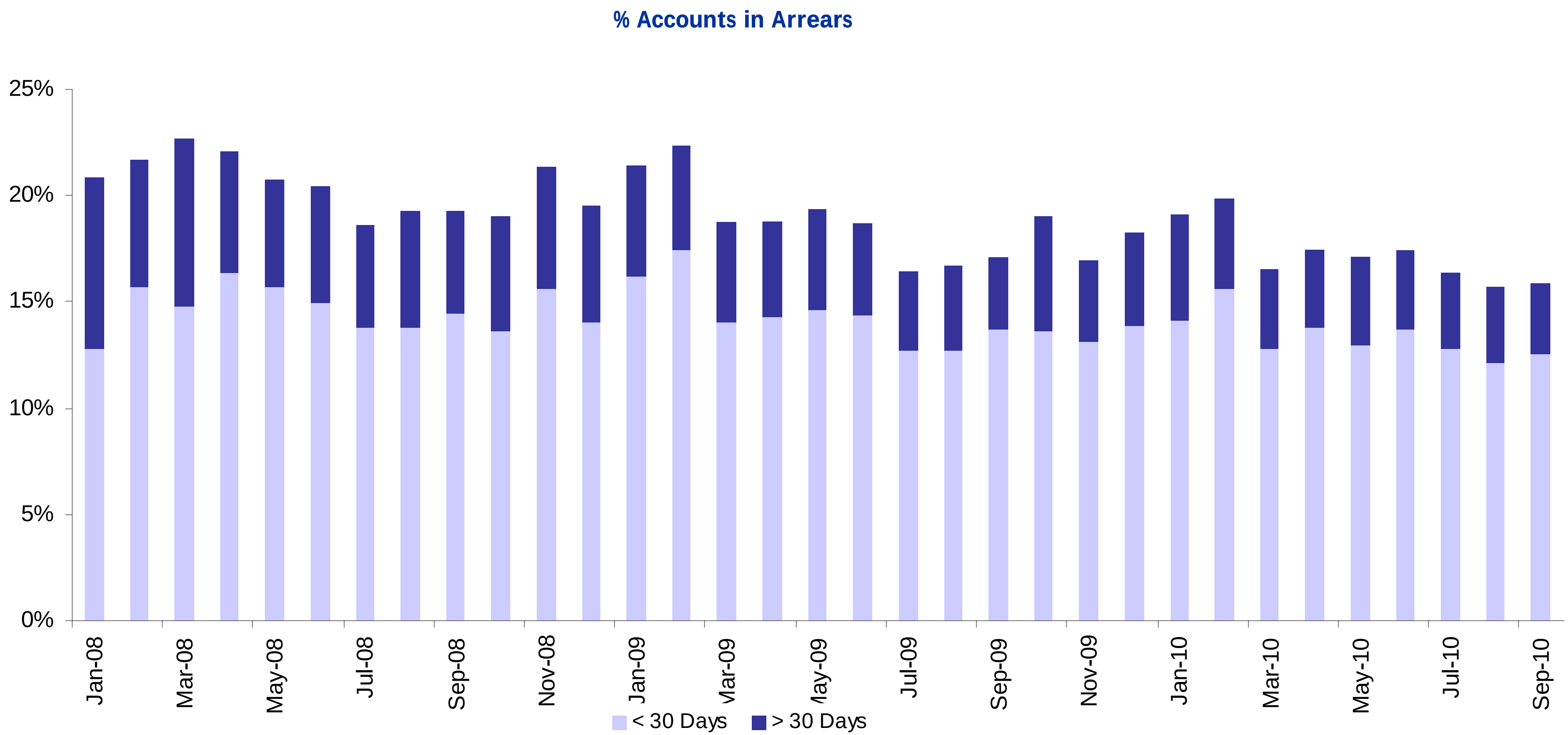
Customer Growth: 6.3%

- 6.3% customer growth versus 7.4% LY
- 40% retention rate maintained i.e. take-up of a new contract at completion of current contract
- Customer base near 96,000



Account delinquencies maintained at record lows

- Focus on “Responsible Rental Policy”
- Providing product that suits a customers needs and budget



Opportunities for Growth

- Uncertain economic conditions
- Further acceptance of ‘rental’ as a means of accessing product
- Store expansion program:
  - Enabling increased market penetration in unserviced/underserviced areas of strong potential
  - ‘One Person Branches’ – regional areas
    - 5 opened
  - Kiosks - metropolitan areas
    - Mt Druitt trial commenced December
  - Showrooms
    - Selected metro and regional areas
  - All initiatives showing strong results to-date

cashfirst™ : Loan book continues to grow

Performance

- 18% growth in loan book and customers
- Loan book \$6.5m - to exceed \$12m loan book by end Full Year
- 65% of business written with new customers
- 30% retention rate - customers now onto their second/third loans
- Write-offs improving

Opportunities for Growth

- Increased market penetration – national TV advertising
- Increased retention – loyalty program with reduced rates
- Risk related pricing - lower rates for lower risk customers

: Early stages of development

Performance

- Relaunch 1st April 2010
- Development of:
  - Broader offering of financial products and services
  - Wider product range
  - Additional sales resources
  - Creation of vendor and preferred supplier relationships
- TABs remain cornerstone customers

Opportunities for growth

- Continuation of organic development strategies
- Acquisition opportunities being sought
- New GM appointed with strong industry experience

National Credit Management Limited :Transaction Highlights

NCML	❑ A leading provider of integrated receivables management services in Australia
Strategic Rationale	❑ Expansion of Thorn's financial services platform and diversification relative to core operations ❑ Opportunity to develop debt ledger activities on a 'selective' basis ❑ Leverages Thorn's debtor management expertise ❑ Increases Thorn's knowledge base regarding debtor behaviour
Transaction	❑ Purchase price of $32.5 million, represents a 5.2x FY2010A EBIT multiple ❑ Funded through new debt facilities (expected to be partly refinanced by a pro-rata equity offering within the next 12 months) ❑ Acquisition expected to be accretive[1] to Thorn EPS in FY2012

1. Pre amortisation on intangibles

National Credit Management Limited :Background

- Established in 1990
- Provides a full suite of debt collection and receivables management services
- Operates nationally with some 160 staff
- Top 20 customers accounted for c.53% of FY2010A revenue and have been with NCML for an average of 5.5 years
- Services over 800 active customers across both the private and public sectors
- NCML operates through 3 divisions:
  - Commercial
  - Consumer
  - Consumer Finance

National Credit Management Limited :Growth Potential

Commercial	Consumer	Consumer Finance
Collection Services	Collection Services	Collection Services & PDL
• Underrepresented in NSW - a number of prospective clients have been identified • Establish Brisbane office and increase Queensland focus • Expansion of service offering	• Strategic relationships with key players should drive future activity • Tenders for a number of major government contracts	• Favourable industry trends will drive growth • Purchase of additional PDL ledgers • Potential to charge interest on outstanding amounts[1]

NCML has a range of exciting growth initiatives to pursue over the medium term along with the potential for future acquisitions

1. Standard practice by other operators

NCML Financial Impact

- In FY2010 NCML generated:
  - $21.3m in revenue
  - $6.6m in EBITDA
  - $6.2m in EBIT
- Strong earnings growth expected in FY2011
- As at 31 December 2010, NCML had a net asset value of $9.4m
- Acquisition is expected to be accretive[1] to Thorn EPS in FY2012 (March year end)
- Net debt to equity ratio to be c.30% post transaction
- Acquisition is conservatively priced and meets Thorn's strict acquisition criteria
- Future growth initiatives of Thorn and NCML able to be funded out of cashflows and utilisation of new debt facilities

1. Pre amortisation on intangibles

THORN Group Ltd.

Overview of Thorn Group

NCML acquisition represents an expansion of Thorn's financial services capabilities, particularly in the Commercial segment

THORN Group Ltd.

	Consumer	Commercial
Equipment	radio rentals rentlo	THORN Business Services
Financial Services	cashfirst THORN Financial Services	National Credit Management Limited

THORN Group Ltd.

Company Strengths and Outlook

- Demand continues for "essential" household goods
- Solid consumer business with opportunity to grow underserviced areas
- Emerging commercial businesses
- Strong cashflows through recurring revenue streams
- Conservative debt to equity
- Ability to grow in both positive and negative economic environments
- Capacity to leverage 'core competencies'

2011 full year NPAT guidance: $22 - $23m