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## CHAIRMAN'S AGM ADDRESS

## 22 AUGUST 2013

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Since listing on the ASX seven years ago, each year Thorn has increased its presence in the market and delivered a pleasing performance that has benefited all stakeholders. Once again, I am pleased to present a solid result and returns for investors, with Thorn recording a net profit after tax of \$28.2 million and increasing dividend payout to 55 per cent of profit. I believe this is certainly a noteworthy performance given the current state of the economy and weak consumer confidence, which is an environment that is negatively impacting many businesses. The combination of these tough economic conditions and the significant investments we've made to strengthen and diversify the business have certainly affected our pace of growth, however we continue to demonstrate significant positive cashflows that are driven by the strength of our recurring revenue streams and low levels of debt.

### **Shared Vision**

The board and management have a shared vision of Thorn as an innovative and growing company. We continue to focus on growth initiatives across all divisions and I believe this year we made excellent progress with our strategy to ensure we continue our "momentum for growth" to become a broader based financial services organisation. This long term strategy does require significant investment in the short term and hence there is an impact on earnings in the short to medium term, before the long term benefits are realised.

### **Changing Environment**

Our operating environment continues to change and therefore presents challenges and opportunities. In order for Thorn to optimise its potential within this environment we need to continue to challenge ourselves and adapt, particularly if we are to achieve our goal of being a market leader in providing alternative financial solutions in both the consumer and commercial markets. Our Managing Director, John Hughes, will elaborate on how we are developing our strategy in each of our businesses and how they are performing but I'd like to mention a few points which I believe highlight our general focus and direction.

### **Strong Core**

Once again, the biggest contributor to earnings was the consumer rental business that posted an outstanding result with record installations and revenue. This is a very good result given the state of today's retail trading environment that I mentioned earlier. However whilst the core business is strong we continue to develop our positioning with further refinement of our store network and additional improvements to our internet presence along with the creation of new product concepts. Whilst the business is 76 years old we firmly believe that there are still significant opportunities for development and growth.

### **Expanding in Financial Services**

Also of significant importance is our continued expansion as a broader based financial services organisation though the further development of our offerings to both consumer and commercial markets. Cashfirst, which is the cornerstone of our consumer finance area, continues to perform strongly and we look forward to the launch of a number of new products in the coming months that will add strong impetus to our growth. Thorn Equipment Finance is also well placed to continue its growth with a new funding facility in-place and we also consider NCML has a more positive year ahead after a restructuring and the winning of new contracts.

## **Corporate Governance**

The board and management give a priority to high standards of corporate governance and to social responsibility. We are committed to operating ethically and doing the right thing towards our shareholders, staff, the wider community and the environment. Central to the organisation is our Code of Conduct which outlines clear expectations for all our people in the way they interact with each other. We also ensure all our customers get a “fair go” in obtaining the goods they need, while strictly following our “responsible lending policy” to ensure that their commitments are within their financial capabilities.

## **People**

Finally, I would like to mention that this year’s performance would not have been achieved without the outstanding contributions of the staff and management team and I would like to thank them all on behalf of the board. At a critical time in the company’s progress, we were pleased to extend the contract of Managing Director, John Hughes, who has been a key driver of Thorn’s growth over the past seven years and I highly commend him for that. I would also like to thank my fellow board members for their continuous support and a special mention to Paul Lahiff who has decided to retire from the board this year. We are grateful for his substantial contribution to the company.

## **Conclusion**

Performing well in today’s economic conditions while being able to achieve dividend growth reflects the confidence the board and management have in Thorn’s future. We all expect to uphold this standard in the future.

**David Carter**  
***Chairman of the Board***

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### **ABOUT THORN GROUP LIMITED (ASX: TGA, [www.thorn.com.au](http://www.thorn.com.au))**

Thorn Group is a financial services company and a leader in the household goods rental market. Its core business is Radio Rentals (Rentlo in South Australia), a brand in Australia since 1937 and has over 90 outlets nationally. Other group businesses comprise Thorn Equipment Finance, providing commercial finance, Thorn Financial Services which includes Cashfirst, offering personal loans up to \$5000, and NCML, a full service receivables management company.