THORN Group Ltd.

Full Year Results Presentation 2015

Growth through investment

	31 March 2015	31 March 2014	% Change
Revenue ($m)	293.8	234.9	25.1
Underlying Cash NPAT [1] ($m)	**34.2**	**30.1**	**13.6**
Reported NPAT ($m)	30.6	28.2	8.5
Underlying EPS (Basic)	22.73	20.26	12.2
Reported EPS (Basic)	20.34	18.94	7.4
ROE [2]	**18.9%**	**18.4%**	**2.7**
Final Fully Franked Dividend	6.75	6.50	4.0
Gearing [3]	38.6%	8.4%	-
Receivables [4]	424.3	226.2	87.6

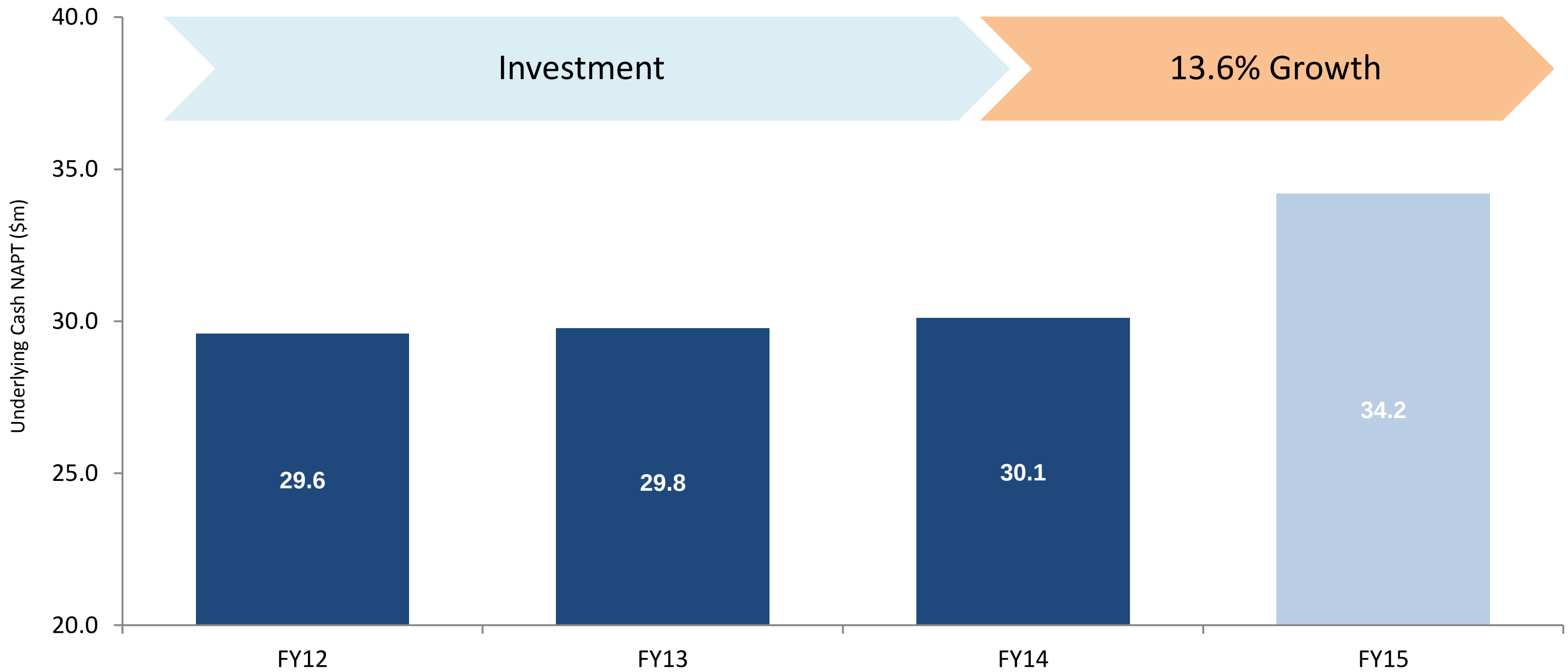
Notes:
1. Underlying Cash NPAT includes the add-back of $2.2m (pre-tax) of Cash Resources Australia (CRA) acquisition costs and amortisation of acquired intangibles of $1.8m.
2. Return on equity calculated as underlying cash NPAT / average of opening and closing equity.
3. Gearing is calculated as net debt (senior borrowing less free cash) divided by closing equity.
4. Receivables on a gross basis, inclusive of interest due (refer to Appendix for receivables reconciliation). Includes $41.3m of CRA invoices.

Diversification strategy gaining momentum

- Consumer Leasing
  - Strong originations driving organic growth
- Consumer Finance
  - Receivables growth across dual brands
- Commercial Finance
  - Significant receivables growth
  - Acquisition of CRA
- Receivables Management
  - PDL net additions up 112%

13.6% Underlying Cash NPAT growth

- Significant organic growth achieved in consumer leasing and commercial finance divisions driven by strong origination levels
- Acquisition of CRA further diversifies earnings and increases scale of commercial finance business

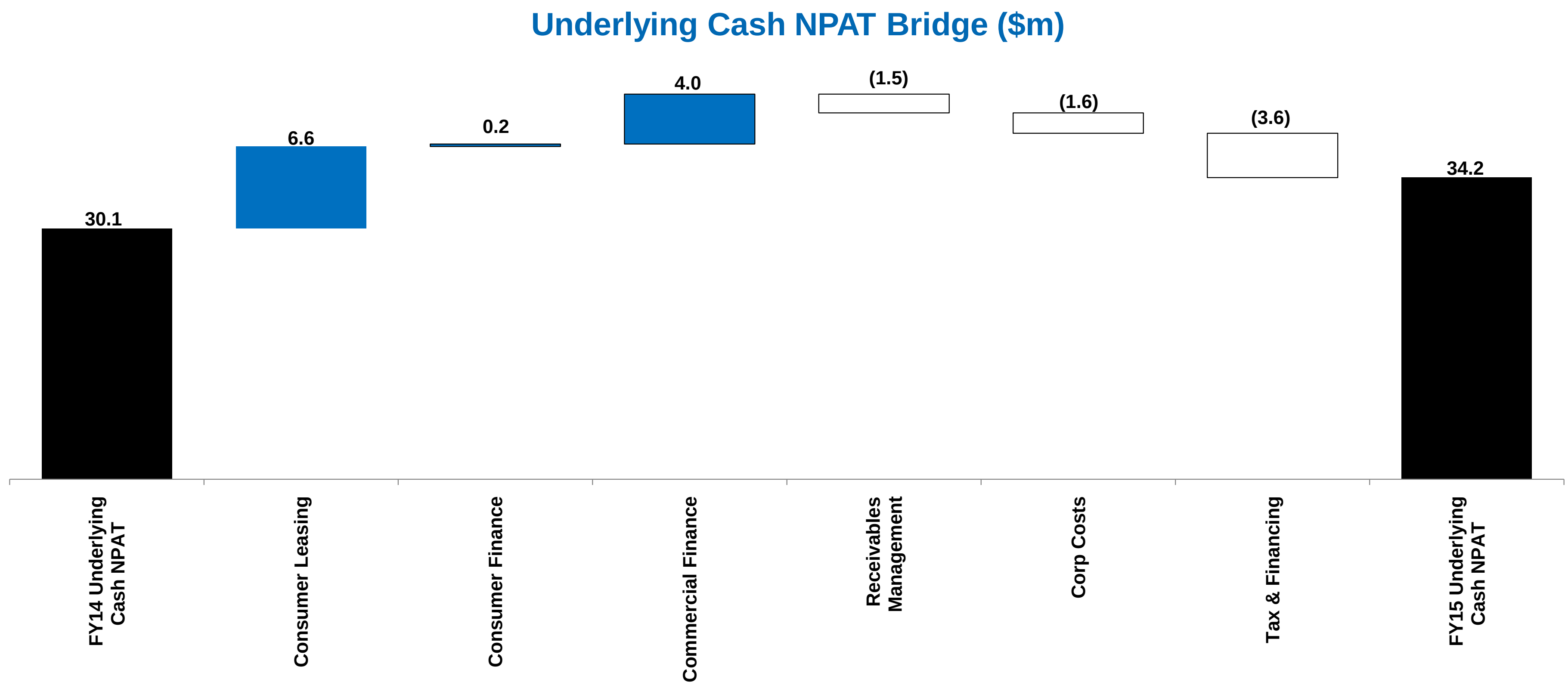


Strong receivables growth across all divisions

		31 Mar 15 ($m)	Movement $m	Movement %
Consumer Leasing	Leases [1]	219.6	94.3	75
	Rental Assets	33.2	(19.4)	(37)
Consumer Finance	Loan Book	44.3	15.8	56
Commercial Finance	Leases [1]	104.8	41.3	65
	Discounted Invoices	37.0	-	-
Receivables Management	PDLs	14.4	5.5	62

Notes:
1. Consumer and Commercial lease book disclosed on a gross basis, inclusive of interest due.

Significant receivables growth drives NPAT growth



- Consumer leasing driven by record installations and contract mix
- Commercial finance growth due to increase in receivables and acquisition of CRA (4 months)
- Debt financing costs increased due to additional financing (both senior and warehouse facility)

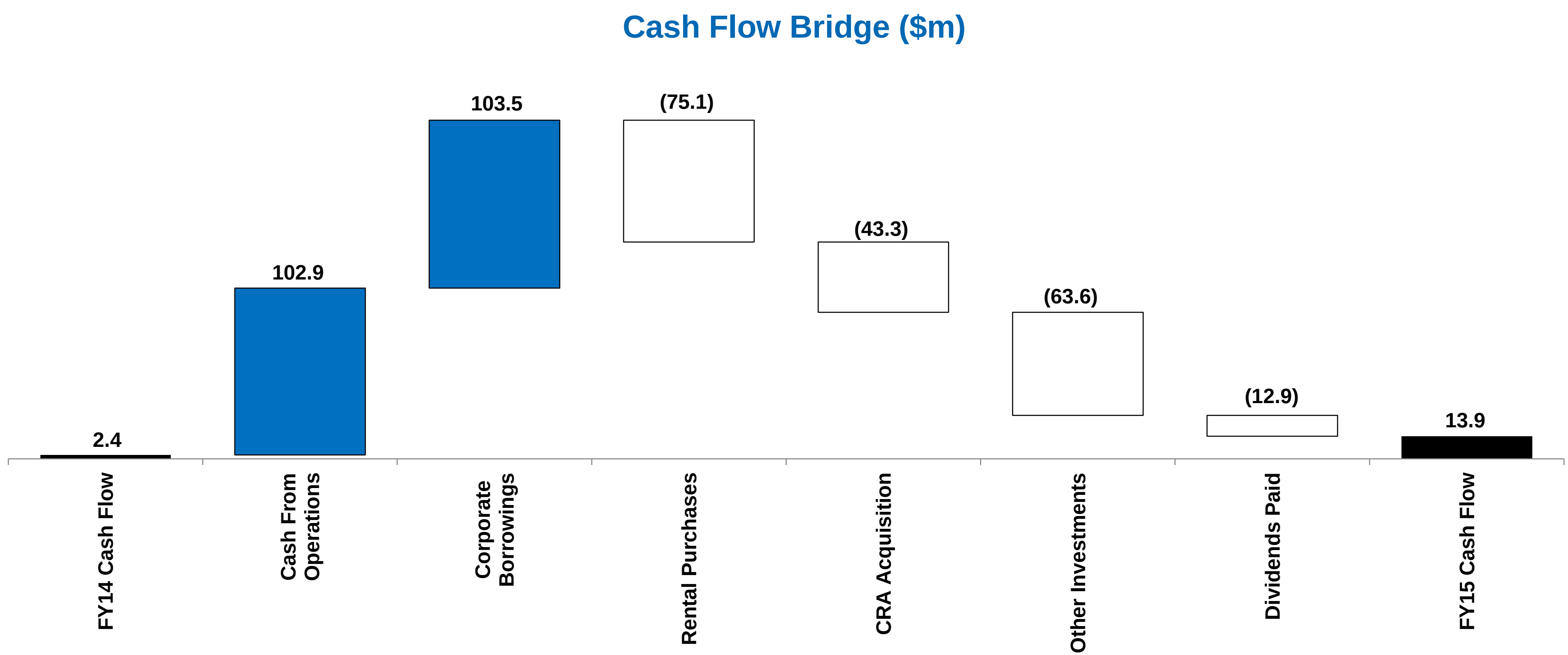
Strong credit quality and enhanced risk management

- Consumer Leasing
  - Improved arrears performance resulted in reduced write-offs and delinquency
- Consumer Finance
  - Improvement in 30+ day arrears
  - Increase in Net Bad Debt reflects ‘test & learn’ product trials
  - Changes to risk management processes to reduce net bad debt
- Commercial Finance
  - Significant reduction in write-offs and delinquency due to improved risk and receivables management

	FY15	FY14
Consumer Leasing		
Average Delinquency (30+ days)	7.3%	8.5%
Net Bad Debt [1]	10.3%	11.2%
Consumer Finance		
Average Delinquency (30+ days)	6.0%	7.1%
Net Bad Debt [1]	12.3%	10.9%
Commercial Finance		
Average Delinquency (30+ days)	1.3%	2.1%
Net Bad Debt [1]	1.4%	2.7%

Notes:
1. Net bad debt expressed as % of average interest bearing receivables.

Strong cash flows support growth in loans advanced and receivables



- Receipts increased 55% driven by revenue growth and gross receipts from CRA invoices
- Payments increased driven by loans originated, PDL purchases and gross payments for invoices in CRA
- Corporate borrowings increased to support investment in CRA and TEF receivables
- Increase in rental purchases due to record installations and originations

Increased debt facilities to fund growth

- Corporate debt facility
  - Increased to $110m to fund CRA acquisition and future growth opportunities
- Securitisation facility
  - Increased to $100m secured by TEF lease receivables

As reported Mar-15			
Facility	Limit	Drawn	**Headroom**
Corporate	$110.0m	$84.0m	**$26.0m**
Securitised	$100.0m	$60.0m	**$40.0m**
Total	$210.0m	$144.0m	**$66.0m**

Balance sheet continues to evolve in line with diversification of group

Summarised Balance Sheet ($m)	Mar-15 excl. Trust	Mar-15 incl. Trust	Mar-14 excl. Trust	Mar-14 incl. Trust
Cash at Bank	13.9	13.9	2.4	2.4
Receivables	215.8	289.6	126.8	158.0
Investment in unrated notes	13.8	-	6.2	-
Other assets	40.1	40.1	60.3	60.3
Goodwill	32.9	32.9	31.7	31.7
Total Assets	**316.5**	**376.5**	**227.5**	**252.4**
Borrowings	84.0	144.0	15.5	40.5
Other liabilities	43.0	43.0	40.3	40.3
Total Liabilities	**127.0**	**187.0**	**55.8**	**80.8**
Total Equity	**189.5**	**189.5**	**171.6**	**171.6**
Gearing	38.6%	n/a	8.4%	n/a

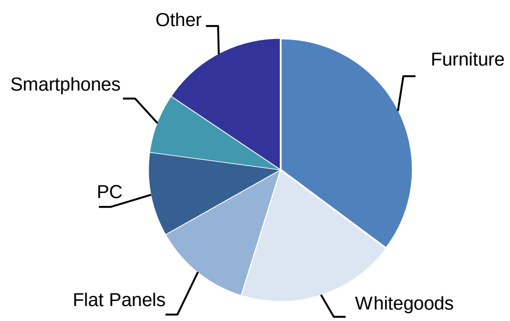
Finance lease receivables up 75%

- Revenue increased 25% to $246.2m
- EBITDA $56.1m, up 13%
- Record installations
- Continued shift in mix to finance lease originations (represents 88% of mix compared to 45% last year)
  - Closing receivables up 75%
- AUR down 10% to $45.6 reflects contract mix
- Customer retention strong at 48%
- Record low delinquency levels
- Outlook
  - Brand evolution pilot
  - New propositions
  - Pilot second consumer rental brand

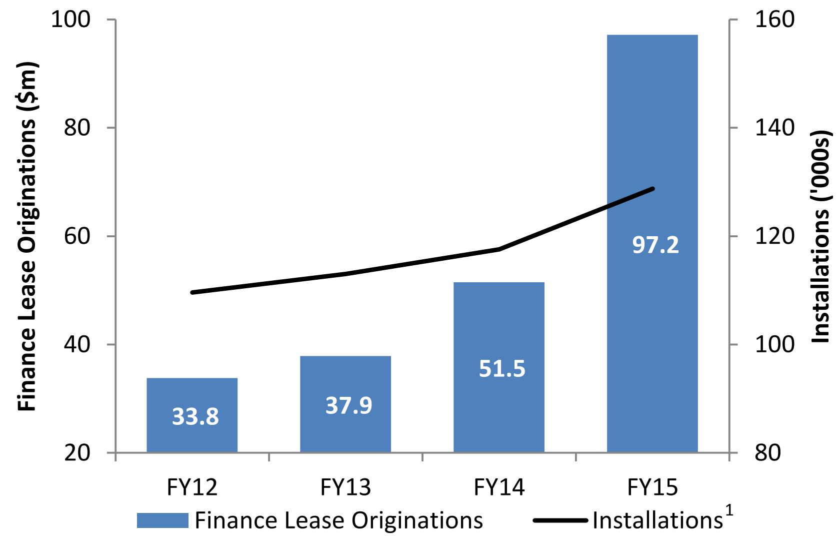
Consumer Leasing	FY15	FY14	% Change
Installations ('000) [1]	129.4	117.6	10.1%
Originations ($m)	97.2	51.5	88.7%
Closing Receivables ($m)	219.6	125.4	75.2%
EBITDA ($m)	56.1	49.5	13.4%

FY15 Store Model Distribution	Full Service Branch	One Person Branch	Hub [2]	Spoke [3]
Number of Stores	48	6	16	20

Top Product Categories



Finance Lease Originations / Volume



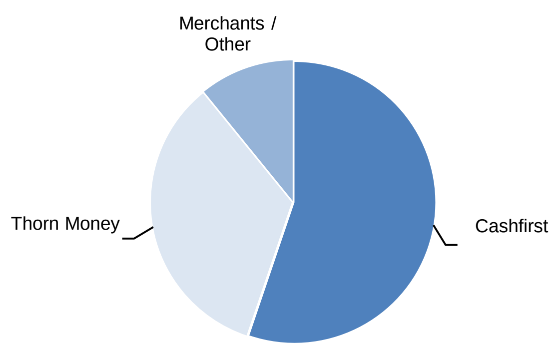
Notes:
1. Includes both finance lease origination volumes and operating lease installations.
2. Site with warehouse facilities.
3. Display showroom / points of acquisition.

Receivables up 56% to $44m

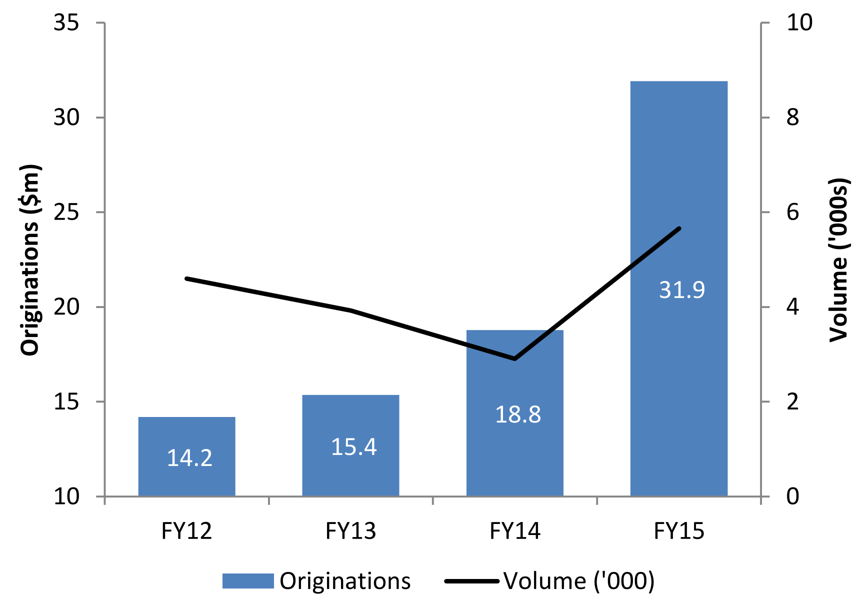
- Revenue up 48% to $13.8m
- EBITDA $1.4m, up 17%
- Closing receivables up 56%
- Receivables portfolio influenced by larger loans:
  - Cashfirst: 87% (average loan value: $4.3k)
  - Thorn Money: 12% (average loan value: $12.5k)
- Reduction in 30 Day+ account delinquency
- Product suite expanded to align with consumer credit profiles
- Outlook
  - Refinement of origination technology
  - Continued expansion of distribution
  - Improved cost of acquisition

Consumer Finance	FY15	FY14	% Change
Originations ($m)	31.9	18.8	70.0%
Closing Receivables ($m)	44.3	28.4	56.0%
EBITDA ($m)	1.4	1.2	16.7%

Originations By Product



Originations / Volume



Receivables up 130% to $146m

- Revenue up 81% to $15.0m (incl. $4.3m from CRA)
- EBITDA $7.0m, up 133% (incl. $1.2m from CRA)
- TEF closing receivables up 65%, total receivables up 130%

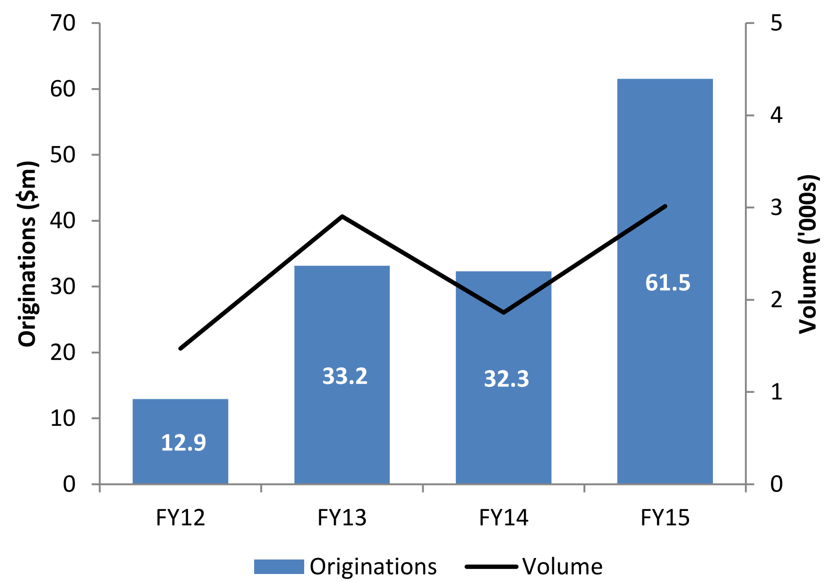
TEF

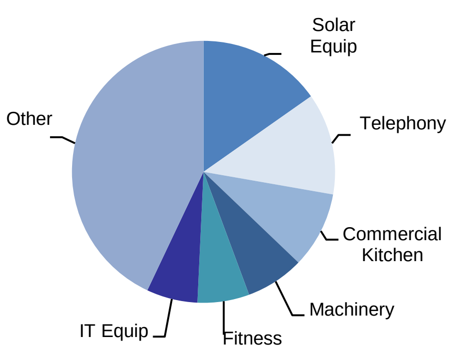
- Improved direct and strategic partner business generation
- Low levels of account delinquency
- Average equipment finance deal size of $20k
- Outlook
  - Expanded product offerings
  - A 'Commercial Direct' pilot
  - Specialised 'Franchise Finance' strategic alliance

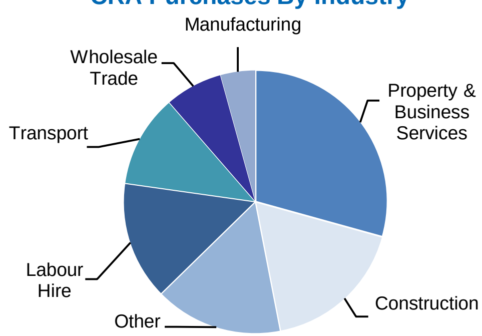
CRA

- CRA integration to enhance synergies and client base
- Outlook
  - Cross sell between TEF and CRA

Commercial Finance	FY15	FY14	% Change
TEF Originations ($m)	61.5	32.3	90.4%
CRA Purchases ($m) (4 mths)	100.1	-	-
Closing Receivables ($m) [1]	146.1	63.5	130.2%
EBITDA ($m)	7.0	3.0	133.3%







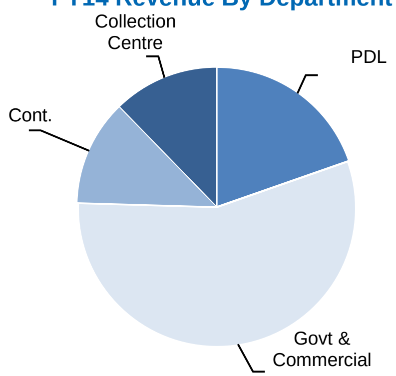
Notes:
1. Includes $41.3m of CRA invoices.

Evolution of Receivables Mix

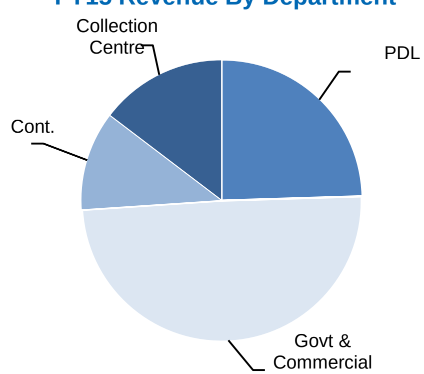
- Revenue decreased 7% to $19.2m
- EBITDA $2.6m, 37% lower
- Strategic review completed Mar-15
- Centres of excellence established to leverage IP
  - Contingent collections → Melbourne office
  - PDL collections → Adelaide office
- Lower contingent placements due to changing business practises in long standing clients
- Evolutionary shift to more profitable / higher margin PDLs
  - Continued growth in PDL book
- Outlook
  - PDL receivables up 62% from the prior year
  - Increased purchase of high quality PDLs
  - Strategic initiatives to improve operational performance

Receivables Mgt	FY15	FY14	% Change
EBITDA ($m)	2.6	4.1	(36.6%)
PDL Receivables ($m)	14.4	8.9	61.8%
PDL Net Additions ($m)	12.5	5.9	111.9%

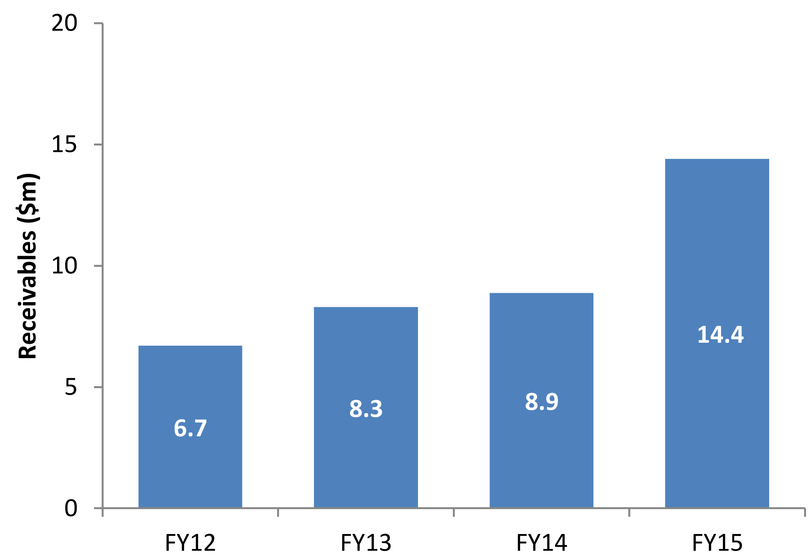
FY14 Revenue By Department



FY15 Revenue By Department



PDL Closing Receivables



Centrepay and NCCP update

Centrepay participation

- Centrepay is a payment method similar to direct debit but managed by the federal government, it is not a government guaranteed payment to Thorn
- Customers choose Centrepay as a fee free method of payment (subsidised by Thorn)
- Thorn supports new criteria announced by the Department of Human Services
- Radio Rentals contracts are regulated under the NCCP Act and therefore not affected

Enhancements to NCCP

- Previous Thorn submissions to Treasury focus on consumer benefit
  - i. Right to purchase
  - ii. Cap early termination fees
  - iii. Closing indefinite lease loophole
  - iv. Improved contract disclosure
- Significant stakeholder consultation required between industry and legislators
- Thorn remains focused on addressing financial exclusion
  - i. 17% of adult population severely financially excluded
  - ii. 10 million Australians don't have access to a credit card
  - iii. "Fair Go" policy developed to enable access to goods and financial services

Four Pillar Strategy

Leading provider of financial services to niche consumer and commercial markets

Consumer Leasing	Commercial Finance	Consumer Finance	Receivables Management
➢ Evolve core brand and business to improve relevance ➢ Introduce new propositions to grow customers ➢ Evolve business model to optimise geo - footprint ➢ 2nd brand pilot to increase market share	➢ Increase organic originations ➢ Develop strategic alliance program ➢ Expand product offering across core channels ➢ Expand combined distribution network ➢ Expand CRA offer ➢ Evolve commercial direct strategy	➢ Drive efficiency to reduce direct acquisition cost ➢ Improve customer engagement and transactional experience ➢ Optimise credit & risk management framework ➢ Diversify distribution	➢ Align strategic execution with industry & group ➢ Establish PDL & Contingent centres of excellence ➢ Develop profitable new business pipeline ➢ Deliver leading recovery rates ➢ Expand PDL investments

Providing consumers and SME's a "Fair Go" to access goods and financial services

Key Strengths and Outlook

Group

- Core business continues to deliver solid results
- Emerging finance divisions gaining momentum and scale
- Receivables management division realigned with industry evolution
- Evolving balance sheet reflects investment

Outlook

- New propositions and branding expected to extend reach of core business
- New systems and brand positioning to improve origination efficiency
- Growth in receivables to deliver strong future revenues
- Broader commercial footprint drives diversification
- Ongoing commitment to strategy and long term shareholder value
- The group expects to deliver solid growth from all business units

Appendix 1: NPAT to Underlying Cash NPAT bridge

In thousands of AUD	**31-Mar-15**	**31-Mar-14**
Reported NPAT	30,593	28,151
Acquisition costs CRA	2,235	-
Amortisation of intangibles	1,759	1,760
Rent Drive Buy trial (revenue)/costs	(363)	239
Debt sale	-	(810)
CEO termination/recruitment costs	-	500
Software	-	358
Tax effect	(25)	(87)
Underlying Cash NPAT	**34,199**	**30,111**

Appendix 2: Lease Receivables Gross and Net

Receivables ($m)		Gross	Net
Consumer Leasing	Leases	219.6	117.5
Commercial Finance	Leases	104.8	85.0

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