

# Thorn Group Limited

ACN 072 507 147

## Chair AGM Address

Ladies and Gentlemen,

Welcome to the 2015 Annual Meeting of Thorn Group.

### **Introduction**

In my first year as Thorn's Chair, it is pleasing to look back on a fulfilling but extremely busy year, in which Thorn has produced impressive financial results while also broadening its perspective as a financial services group. This has involved extending the company's vision and adding specialised talents to our board. Financial outcomes over the past year have been pleasing. Thorn reported results which have met our expectations, with group revenue increasing by over 25 per cent in financial year 2015 to \$293.8 million. This resulted in an underlying cash net profit after tax of \$34.2 million, a 13.6 per cent increase on last year's results. Reported net profit after tax increased 8.5 per cent to \$30.6 million.

The significance of these results is perhaps emphasised if I remind you that Thorn originally listed in 2006, with a market capitalisation of \$64 million. Since then the company has grown more than sixfold to a market capitalisation around \$390 million. This year alone, Thorn Group has added just over \$50 million in value for our shareholders. Thorn has implemented its diversification strategy, broadening its coverage of financial services products and markets, whilst continuing to grow its core business, Radio Rentals. Our Managing Director, James Marshall will speak to Thorn's vision and our four pillar strategy.

### **Dividend**

What is noteworthy about Thorn's performance over the past few years is the way it has maintained a rigorous strategy of investing in growth opportunities to diversify, while maintaining organic development of its core business, consumer leasing. It is pleasing to see this investment across the group is now showing demonstrable financial benefits, however, we are conscious more work is required. A leading indicator of this is growth in group receivables, which have reached record levels and have been the drivers of higher revenue and profit. These financial results have enabled the board to increase final dividend to 6.75 cents giving shareholders a total dividend of 11.75 cents per share fully franked for financial year 2015. This increased dividend demonstrates Thorn's commitment to shareholders enabling them to participate in the benefits of growth.

### **Board**

An important aspect of Thorn's development this year is the way we have adopted a strategic approach at board level to align our skills sets with the way we see trends

in our market place. Developments in the financial services sector especially around technology are having a widespread impact. This means we need to continually review our skill set at board level to ensure we are at the forefront of expertise and innovation. This year, we have made two new appointments which reflect our strategic perspective. We believe both of these appointments will round out our capabilities and assist Thorn to forge a path through these emerging trends.

In December 2014, we welcomed David Foster to the board. Mr Foster has 25 years of experience in the financial services industry, spending the past five years as Chief Executive Officer of Suncorp Bank, Australia's only A+ rated regional bank. He played an integral part in the bank's overall strategy and development of its business model, acquisitions, product development and implementation of a technology platform reflecting changing industry trends. Mr Foster has also been appointed as chair of Thorn's audit, risk and compliance committee.

Two (1/6/2015) months ago, Andrew Stevens was appointed as a non-executive director. Mr Stevens has 30 years' experience across business and technology. He spent 12 years at IBM, with his roles including Managing Director Australia and New Zealand as well as Managing Partner of Global Business Services and Growth Markets across Asia Pacific. During this time, Mr Stevens was closely involved in IBM's transformation of business and client relationships for the cloud-based market era.

## **Corporate Governance**

The importance of corporate governance is a primary concern for Thorn's board, with it being committed to the ongoing creation of shareholder value and meeting the expectations of stakeholders. A full outline of all aspects of Thorn's corporate governance and remuneration policies are in the financial section of Thorn's annual report.

## **People**

Your board is very aware that our financial results could not have been achieved without outstanding contributions from Thorn's people at all levels. On behalf of the board, I would like to commend our Managing Director, James Marshall, on his first full year in the position. He is committed, has a passion and significant knowledge of the business and has recorded substantial achievements during a period of transformation for the company, which has reinforced Thorn's position for future growth and financial success. Thorn is very fortunate to have a strong group of senior executives and staff who are dedicated to the business, ensuring our customers have positive experiences with our brands. I want to acknowledge and thank our staff for their efforts and commitment throughout the year. They are a major factor in the success of our business.

I would also like to thank our shareholders for their continued support which will be rewarding over the long term.

## **Future**

As we look to the future, Thorn will continue to implement its strategy of diversification, investing in the expansion of its range of financial services for a wider demographic. The outcomes we expect from this are increasing returns to shareholders while meeting the needs of customers, employees and the community.

It has been a privilege to serve as the Chair of Thorn and I will now ask our Managing Director, James Marshall, to comment on the performance, vision and operating priorities of the business.

**Joycelyn Morton**

Chair