CHAIR AGM ADDRESS 29 August 2018

The year ending 2018 was a year of challenges but also important achievements in the transformation of the business:

- a strong performance from Equipment Finance contrasted by a struggling consumer leasing business.
- Overall revenue from continuing operations was down 15% to $236.2 million due to tougher conditions in consumer leasing which was down 22% year on year.
- By comparison, revenue from our Equipment Finance division was up 50%.
- Earnings Before Interest and Tax was down 12% to $35.8 million.
- Profit after tax and before the goodwill write down was $14.3 million.
- From a statutory perspective (including Goodwill write offs and discontinued operations) the Group recognized a loss of $3.6 million.

In the interests of retaining cash for balance sheet flexibility the Board adopted a conservative approach and paid an interim dividend of 1 cent a share, fully franked, but no final dividend.

2018 was a challenging year for the Group and our disappointing results should be considered in light of these difficulties.

I don’t believe it is an exaggeration to say that 2018 was perhaps the toughest in the Group’s 81 year trading history.

To face these challenges the Board and our senior management recognize that to succeed, we must continually adapt in a rapidly changing regulatory and business environment.

As announced previously, we settled the ASIC investigation and entered into an Enforceable Undertaking. As part of the EU we agreed to remediate certain affected Customers and to have our internal systems and process reviewed and assessed by an Independent Expert.

Thorn is committed to this process and invested heavily in upgrading our systems, policies and procedures to ensure a scalable and compliant platform for the future.

These initiatives, together with changes already made to our pricing structures, position us well for anticipated legislative changes to the National Consumer Credit Protection Act, likely to be passed through parliament in the next year.

The Board believes Thorn has achieved measurable progress in addressing the historic issues facing the Group and to reposition itself for future growth.

To do so, we have refreshed our senior management to ensure we have the talent and skills necessary to position the Group going forward.

We are very pleased Tim Luce, our Chief Executive Officer, has now joined us and leads a committed senior management team capable of achieving our short and long-term strategies.

Tim has already shown his extensive retail experience will be invaluable to Thorn.

Whilst not wishing to state the obvious, Thorn has undergone rapid change over the last eighteen months and has successfully refocused its business strategy on its core strengths: consumer leasing and business finance.

We divested our non-core business units - selling the Personal Finance and Debtor Finance Divisions earlier this year. The vast majority of the proceeds of those divestments were applied to reduce our corporate debt facility.

In addition, earlier this month, to further strengthen our funding position and reduce Corporate debt facilities, we introduced a mezzanine debt financier into the Thorn ABS Warehouse, which funds our Business Finance division and is rated by Fitch (AA – BB).

As part of the investment our available warehouse facility was increased from $300 to $400 million.

This is a real indication of the underlying strength of Thorn's Business Finance Division and the demand in this growing sector. With the increased facility, Business Finance is well positioned for future growth.

Our class action is ongoing. I am unable to provide any substantive commentary on it other than to say Thorn continues to defend it through the courts and to seek to bring it to as successful and quick conclusion as possible.

Following Tim's appointment, we are in the process of undertaking a comprehensive review of the consumer leasing division. This should be seen for what it is: a root and branch review, assessing all aspects of the Radio Rentals' business model.

Led by Tim Luce, the review is now well underway and includes new store concepts, a wider product range, more flexible pricing and more extensive promotions. This looks to leverage the historic strengths of Radio Rentals by ensuring its relevance and scalability in a modern world. It allows us to respond to changing consumer and regulatory demands but at the same time drive efficiencies in the organisation.

Tim will speak in a moment to share his observations on the Group, our strategy and the review of consumer leasing.

So, I won't steal his thunder.

I think it is important to comment briefly on executive remuneration which covers a number of resolutions today and emphasize the importance of aligning executive remuneration and retention with shareholder interests.

The challenge is to retain and incentivize our executive management whilst undergoing significant corporate change and implementing our strategic plan.

To assist this, in the coming year, we will review and revise the Group's remuneration plan, including the Group's LTI and STI schemes.

The Board is keen to assure our shareholders that we will seek to ensure we align our senior executive remuneration with the Group's strategy whilst maximizing shareholder value and a clear focus on shareholder returns and the management of capital.

I would like to thank to my fellow directors and our executives for their active involvement and dedication in tackling the difficult issues, we have faced this year.

I also want to thank Joycelyn Morton, who retired earlier this year after seven years with the Company, the last three as Chair

It is also important to recognize the efforts and dedication of the Thorn staff for both their support and efforts to move the business forward.

Finally, the Board again thanks our shareholders for their continuing support during the last few difficult years.

I will now ask our CEO and Managing Director, Tim Luce, to report on Thorn's performance and operations.

David Foster
Chair