FY13 Interim Results
20 November 2012

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Group Performance Summary

Group

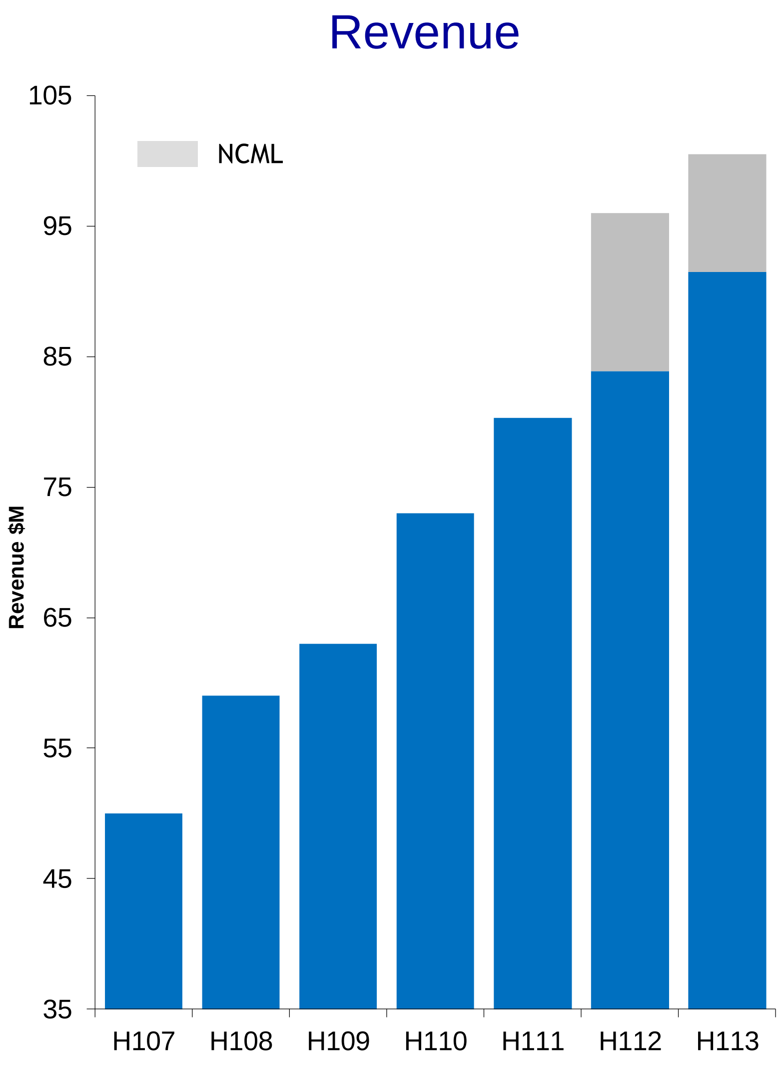
- NPAT down 2% to $14m
- Cash NPAT[1] flat at $14.9m
- Revenue up 4% to $100.5m
- Basic EPS of 9.57 cents; a decrease of 5%
- Operating cash grew to $48.8m
- Gearing levels remain conservative at 14%
- Interim DPS 4.5 cents; a 13% increase

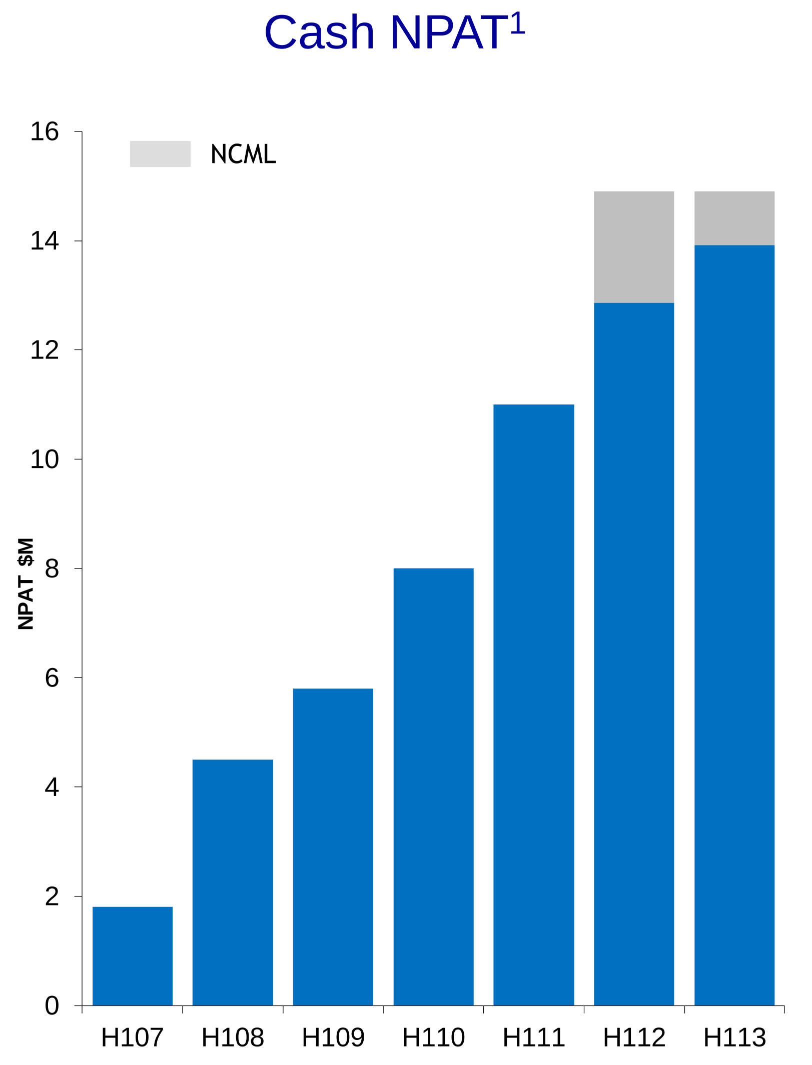
By Division

- Radio Rentals – record installations and earnings
- Cashfirst - loan book to $20m and new growth strategy being implemented
- Thorn Equipment Finance – strong book build to $28m
- NCML – earnings impacted but recovery beginning

[1] Cash NPAT is calculated as NPAT adjusted for the amortisation expense of NCML customer relationship intangible asset

Revenue and Cash NPAT[1] summary





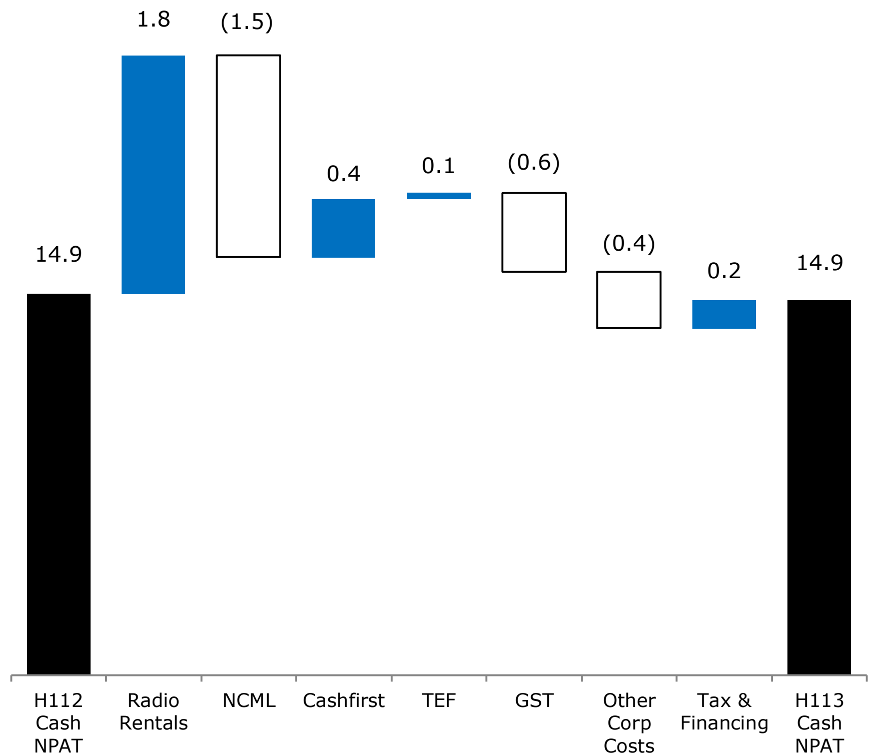
[1] Cash NPAT is calculated as NPAT adjusted for the amortisation expense of NCML customer relationship intangible asset

Cash NPAT[1] in-line with prior year

Impacted by one-off GST expense and NCML performance

- Radio Rentals grew earnings contribution to a new record
- NCML earnings impacted by loss of the ATO contract and lower PDL revenue
- Cashfirst performance improved in line with the loan book growth
- TEF book growth yet to convert to earnings
- GST on financial products issue expensed
- Other corporate costs increased in line with business growth
- Financing costs decreased due to lower average debt levels

Cash NPAT[1] Bridge H112 – H113 ($m)



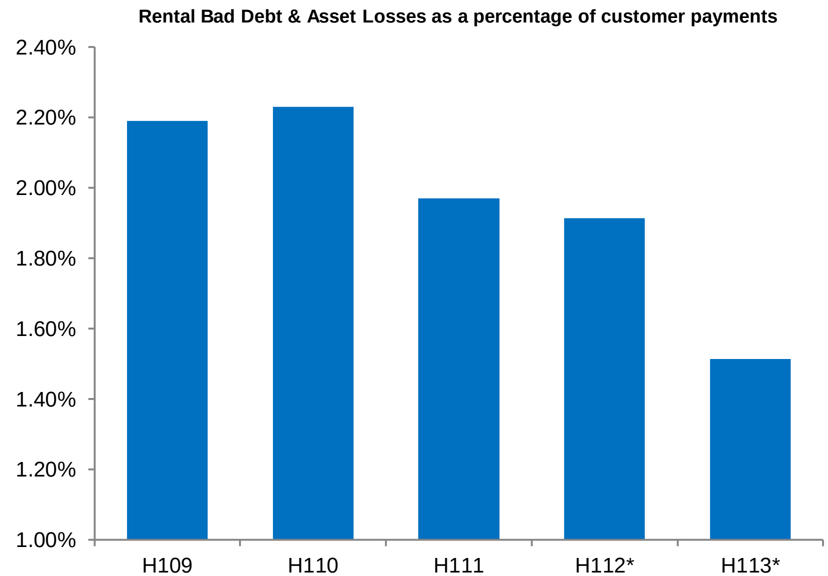
[1] *Cash NPAT is calculated as NPAT adjusted for the amortisation expense of NCML customer relationship intangible asset*

Impairment Losses

Continue to run at historic rates

- Rental improved due to the sale of debt and lower rental asset losses
- Provisioning for finance leases continues at historic run rates
- Cashfirst write offs continue at prior year levels, with recoveries favourably impacting
- Thorn Equipment Finance in-line with expectations
- One-off debt sale $900k
- Regular debt sale process initiated earning $200k

In thousands of AUD	H112	H113
Rental		
– Provisioning	3,002	3,013
– Asset losses	698	945
– Net Debt	226	(36)
Cashfirst		
– Provisioning	396	358
– Net Debt	588	814
TEF		
– Net impairment losses	163	747



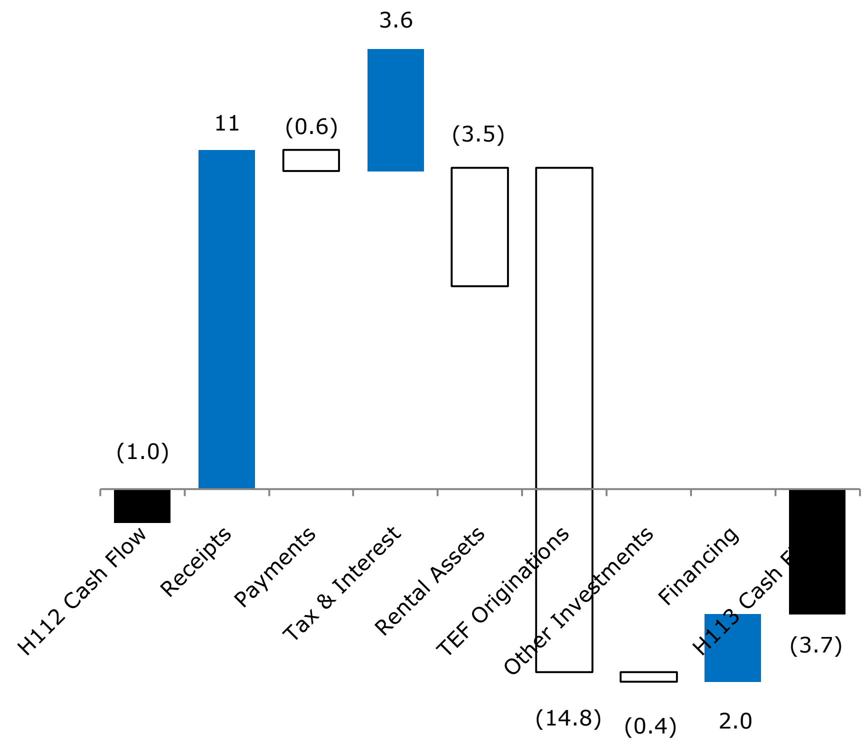
**H112 Net bad debt and asset losses includes the favourable impact of $600k debt sale*

**H113 Net bad debt and asset losses includes the favourable impact of $1.1m debt sale*

Cash Flows continued to grow
Operating cash flows up 40% on PCP

- Receipts increased 11% driven by Radio Rentals, TEF and Cashfirst revenues
- Payments positively affected by timing differences
- Tax favourable as there was no final payment for FY12 due to the deferred tax gain arising from the NCML acquisition
- Increase in Rental Asset expenditure due to furniture demand and the introduction of Apple products
- Financing positively impacted by debt repayment in the PCP following the rights issue

Cash Flow Bridge H112 – H113 ($m)



Balance Sheet
Continued growth in key asset categories

- Consumer lease book growth generated by demand for large TVs
- Commercial lease book continued to gain momentum with the brand achieving good traction in the market
- Consumer loans continued to grow due to solid new business levels and increasing re-writes
- Rental assets driven by strong performance in furniture
- Limited PDL purchases
- Closing net debt to equity increased versus PCP – Commercial lease book growth as main factor.

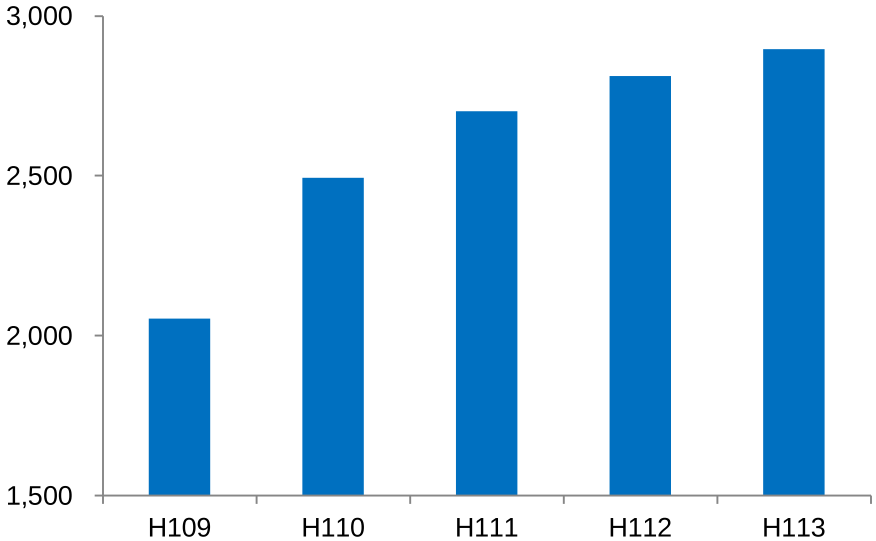
	30 Sep 12	Movement	
		$m	%
Consumer Lease book*	94,637	5,305	6
Commercial Lease book*	36,203	20,660	133
Consumer Loans	20,281	2,689	15
Rental Assets	52,696	4,218	9
PDLs	5,737	594	12

** Consumer and Commercial lease book disclosed on a gross basis, inclusive of interest due*

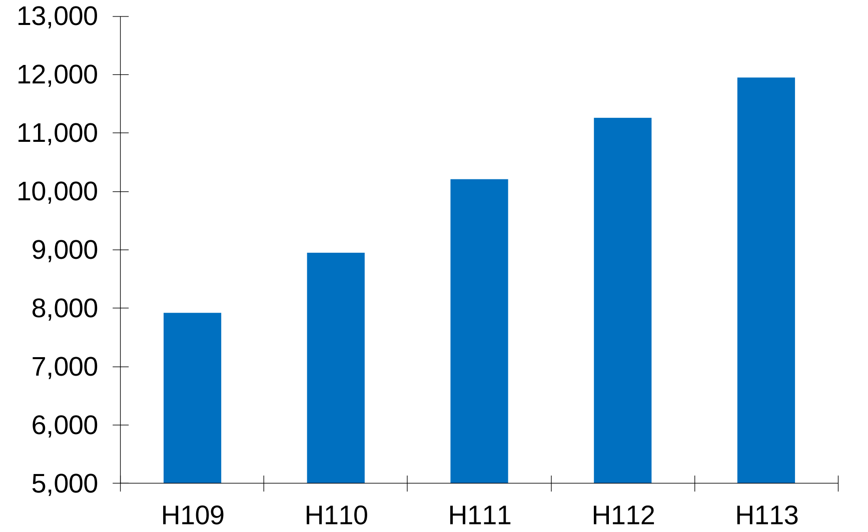
radio rr rentals : Strong result in a tough market

- ❑ EBITDA $24.6m, 9% up on prior year
- ❑ Total installation revenue grew 3%
- ❑ AUR (average price per unit) increased 1% to $48.19
- ❑ Customer count steady with the base remaining at 100,000
- ❑ Customer retention improved from 44% to 46%
- ❑ Disconnections dues grew 19% in-line with base growth & life curves

Install Dues ($'000s)



Closing Dues ($'000s)



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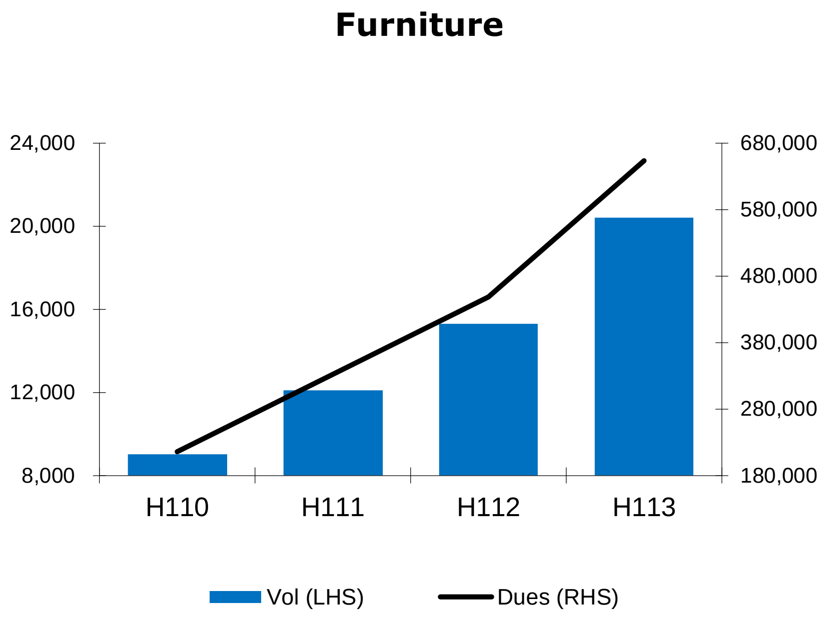
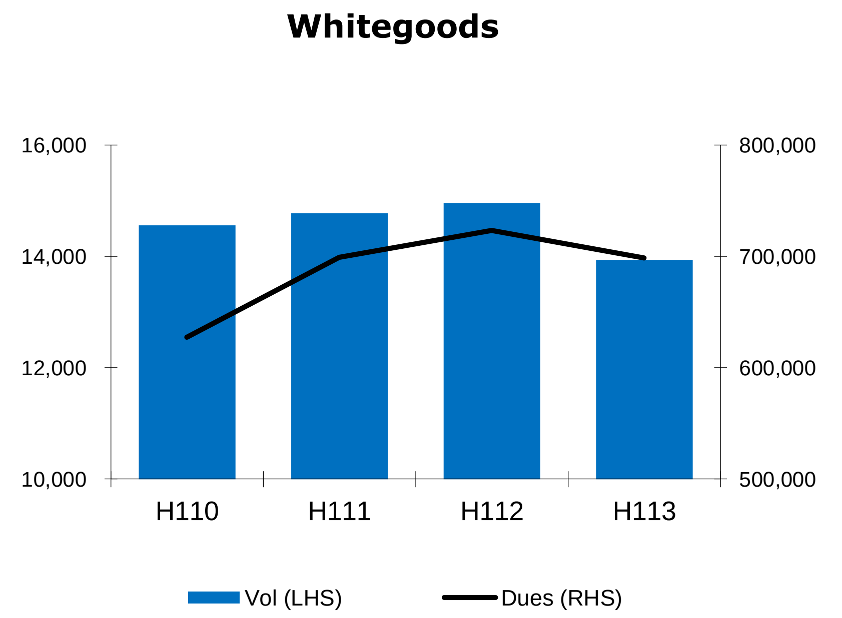
Significant furniture growth achieved

- Furniture up 46%* - increased demand for lounge and dining products
- Whitegoods down 3%* - continued demand for larger appliances
- Other categories up 6% - driven by audio products

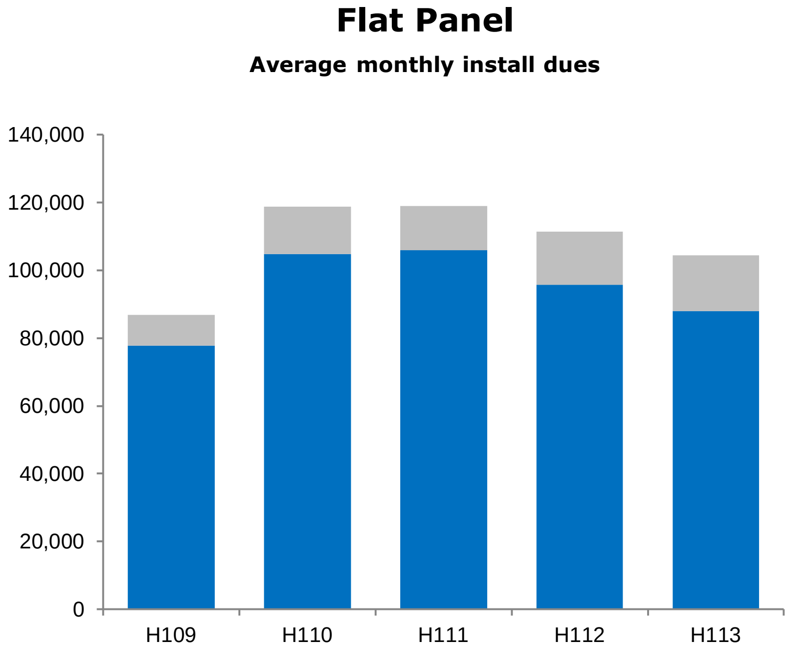


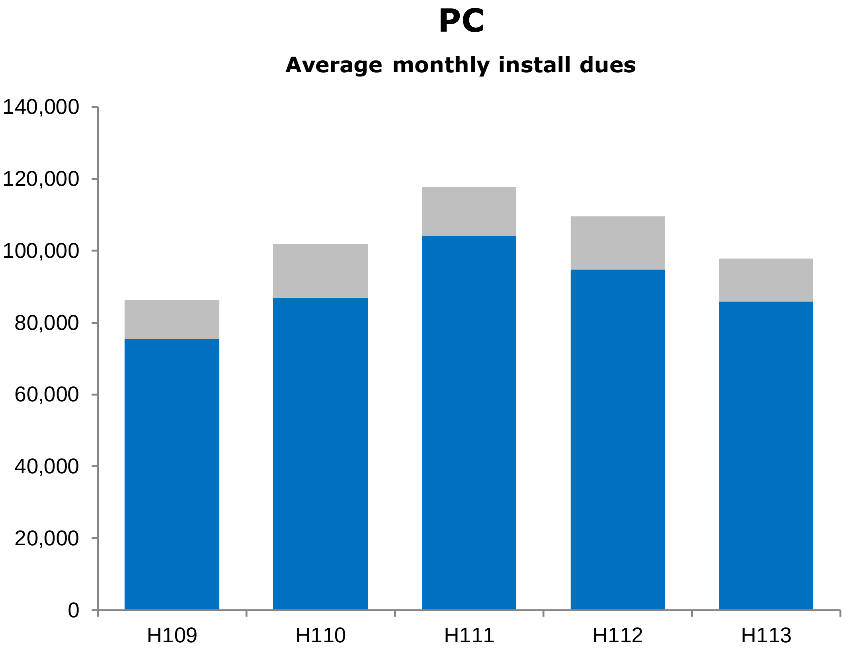


** Installation revenue movement*

Large screens and new products improving performance

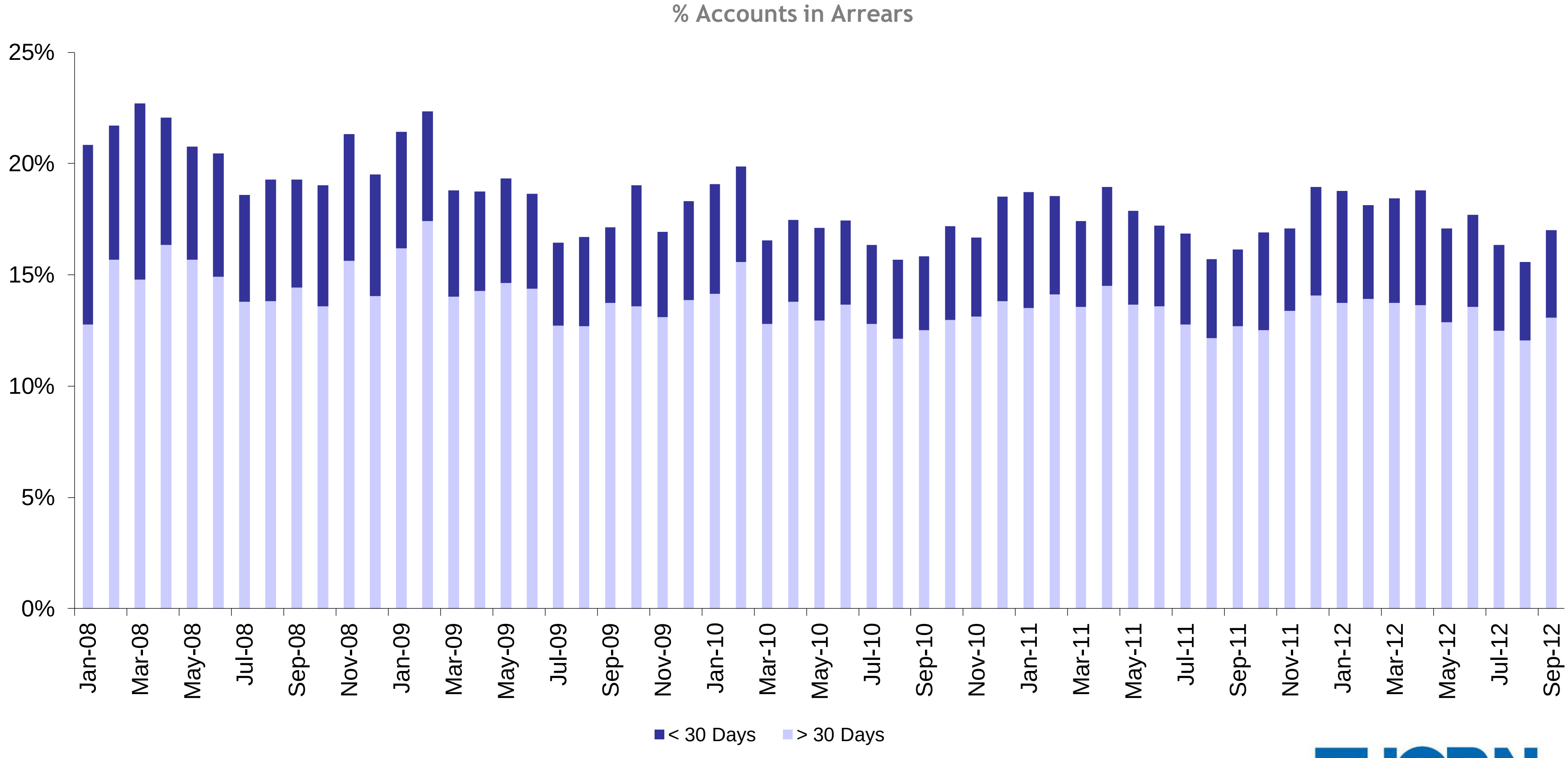
- Flat panels down 7%, but boosted by the performance of larger screens
- Thorn branded panels - 38% of segment installation revenues
- PCs down 10% in line with shifting technology spend
- To offset decline, 3 core Apple products added to range from September





Account Delinquencies: Run-rate maintained

- Focus remains on providing products that suit a customer's needs and budget
- Strict guidelines for customer approvals and payment limits are audited monthly
- Hardship extension contract now in place and assisting good customers in need



Opportunities for Growth

- Further extension of furniture range
- Launch of new products & brands
- Increased penetration of Thorn product, currently 9% of installation revenues
- Development of broader range of propositions to meet diverse customer needs
- Continued expansion and refinement of store network structure:
    - Transition from single Full Service Branch (FSB) to multi outlet footprint
    - ‘One Person Branches’ in regional areas
    - ‘Kiosks’ and ‘showrooms’ in metropolitan areas
    - Up to 5 additional outlets in the second half dependent on quality of available locations

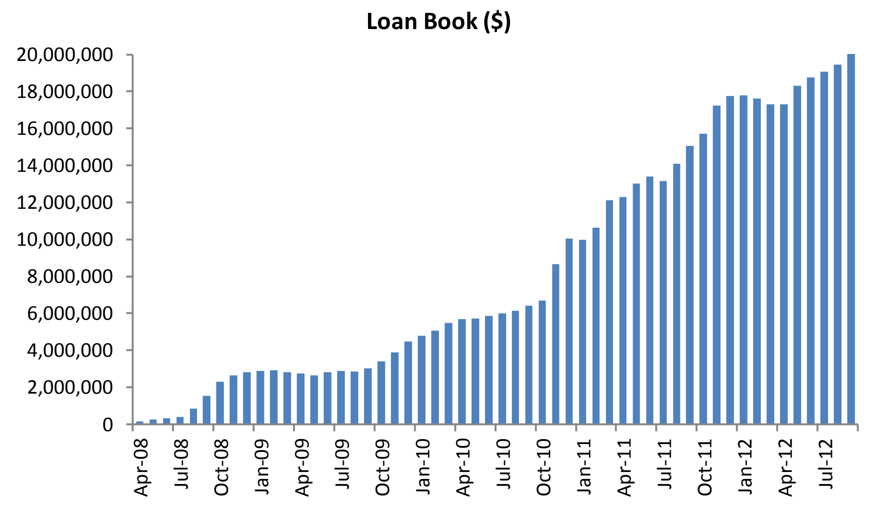
: Loan book now $20m

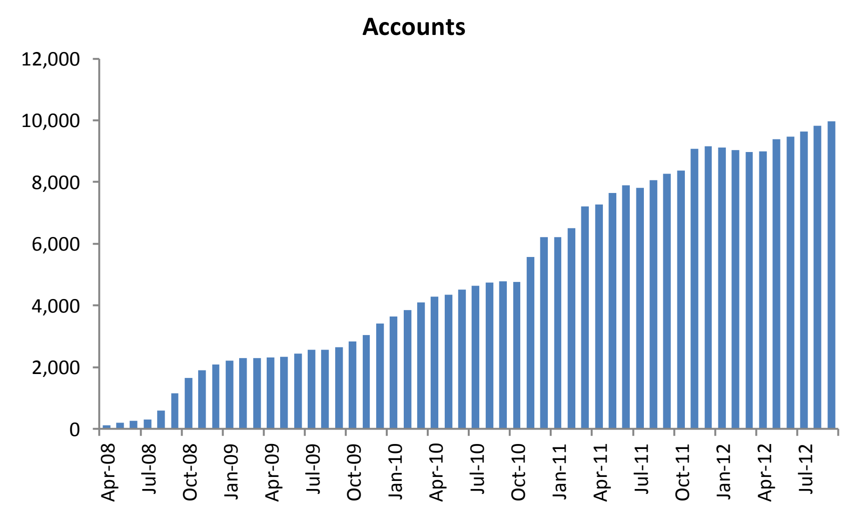
Performance

- ❑ EBITDA $576k; significantly up versus prior year
- ❑ Originations $5.5m; slightly down on prior year
- ❑ Refinancing increased to $2.7m; up 104%
- ❑ Average loan value steady at $2,400
- ❑ Approval rates maintained at 15-20%
- ❑ Annualised write-off rate below 10%

Opportunities for Growth

- ❑ Specialist GM Financial Products appointed
- ❑ Increase in unsecured loan value and term
- ❑ Introduction of secured loans





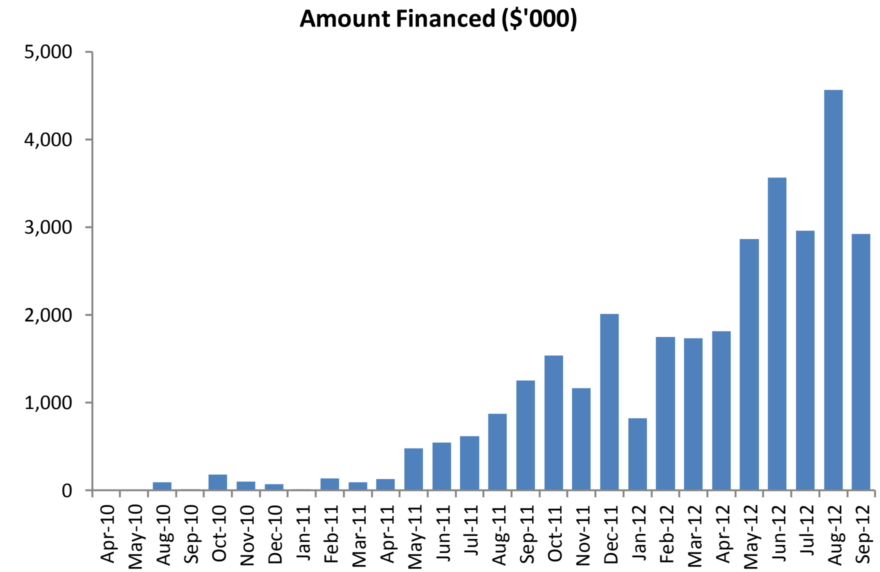
: Continued strong trading performance

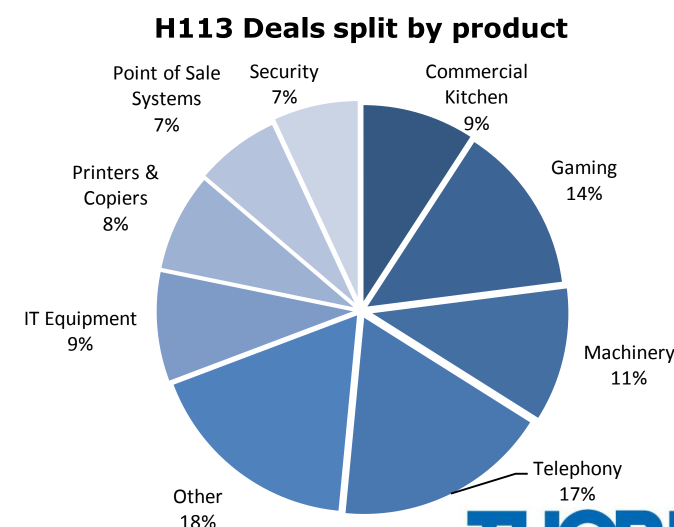
Performance

- EBITDA $406k; slightly ahead of prior year
- Originations $18.7m versus $4m in prior period
- Average deal size $25k
- Diversified range of products financed
- TAB relationship maintained and expanding

Opportunities for Growth

- Expand geographic footprint – WA under review
- Increase vendor and introducer relationships
- Revised financing structure





NCML :Restructure yet to fully deliver results

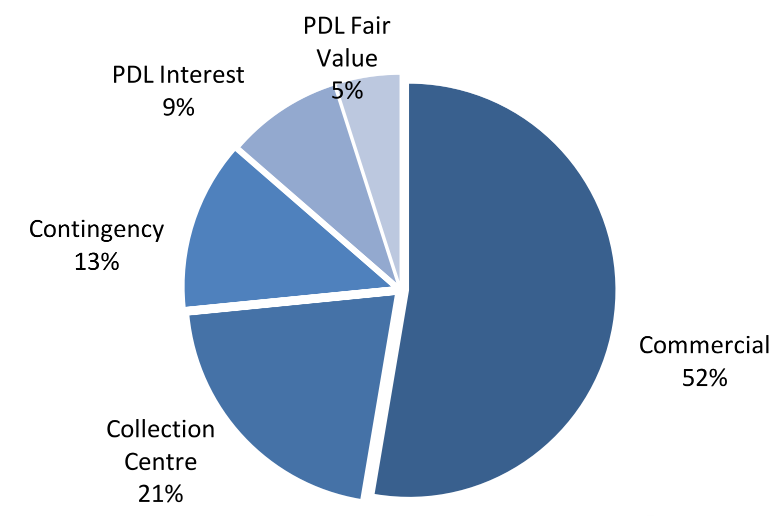
Performance

- EBITDA generated $1.6m - considerably down on prior year
- Revenue of $9m – down on prior year due to the loss of the ATO contract
- PDL performance impacted by pricing
- PDL collections on existing portfolios continue to outperform - revaluation gains
- Consumer collections were well maintained
- Commercial collections impacted by tough conditions for clients and resourcing issues
- Short term impacts of restructure

Opportunities for Growth

- PDL investment – continue to target $8m to $10m in FY13
- New business
- Business restructure and streamlining of operations
- Development of 'credit lifecycle' model

H113 Revenue Split



Proposed Legislative Changes: No issues

Closing of NCCP licensing loophole – ‘indefinite length leases’

- Some rental businesses avoid regulation with contracts of ‘indefinite length’
- Exempts such businesses from licensing and hence Responsible Lending requirements
- Negative consumer impacts
- Government acting but very slow

Positive Credit Reporting

- Proposed commencement in Sep 2013
- Sound consumer benefits expected

Enhancements to NCCP

- Consideration re further disclosures in consumer leases
- Discussions ongoing between Treasury and industry
- Significant issues need to be understood/considered by legislators

Company Strengths and Outlook

Group

- Strong core business with substantial recurring revenue streams generating significant operating cash
- Solid capital base to enable expansion & healthy ROCE

By Division

- Resilient rental business with further opportunities to grow
- Continue to evolve and expand Cashfirst offerings
- Emergence of Thorn Equipment Finance – critical mass is key to contribution
- Solid growth of NCML through new initiatives in business development
- Rent Drive Buy! launched October

Outlook:

- Market factors may slow growth rate
- Continued investment in strategic initiatives will impact short term – but generate longer term rewards

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Overview of Thorn Group

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	Consumer	Commercial
Equipment	radio rentals rentlo RENTdriveBUY!	THORN Equipment Finance
Financial Services	cashfirst	NCML