THORN Group Ltd.

FY12 Interim Results
22 November 2011

radio rentals | rentlo | cashfirst | THORN Business Services | NCML National Credit Management Ltd.

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Group Performance Summary

- Growth from core business and new initiatives – continuing to evolve

Group

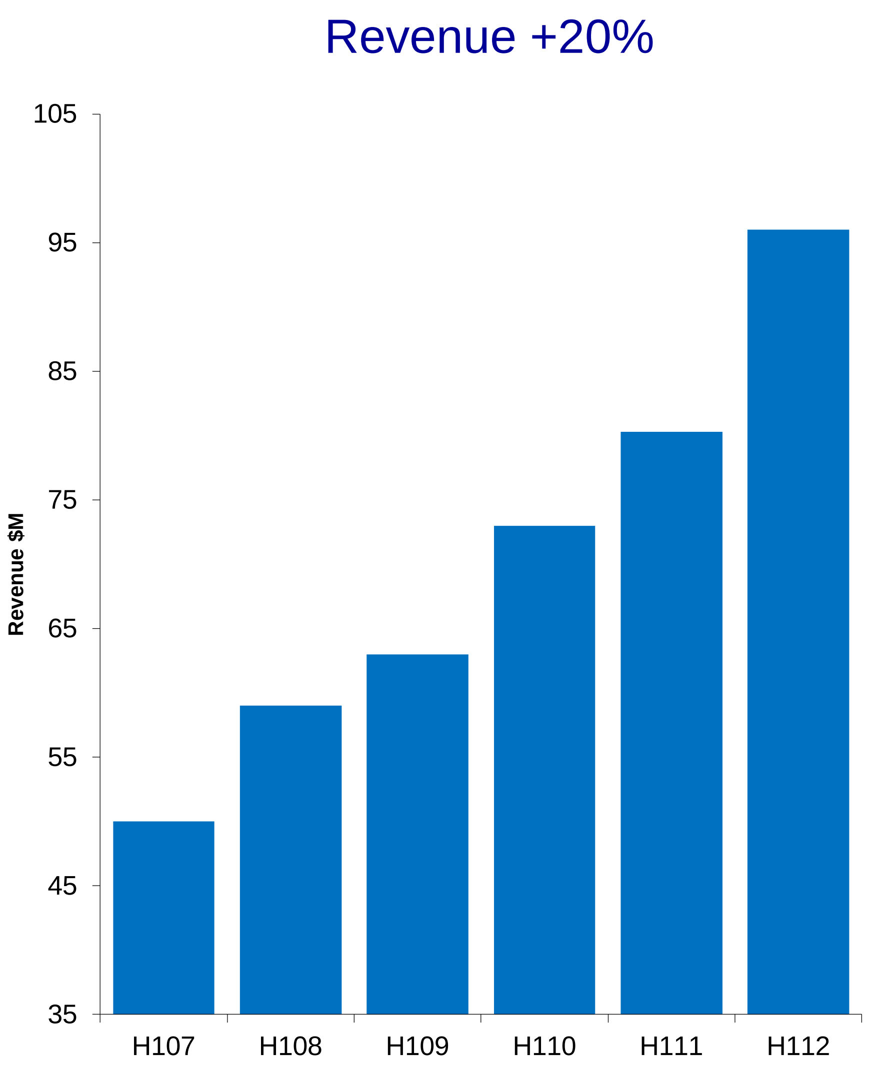
- Net Profit after Tax up 29.5% to $14.3m
- Revenue up 20% to $96m
- Basic EPS of 10.08 cents[1]; an increase of 19.3%
- Return to conservative gearing levels following successful $30m capital raising
- DPS 4 cents; a 13% increase

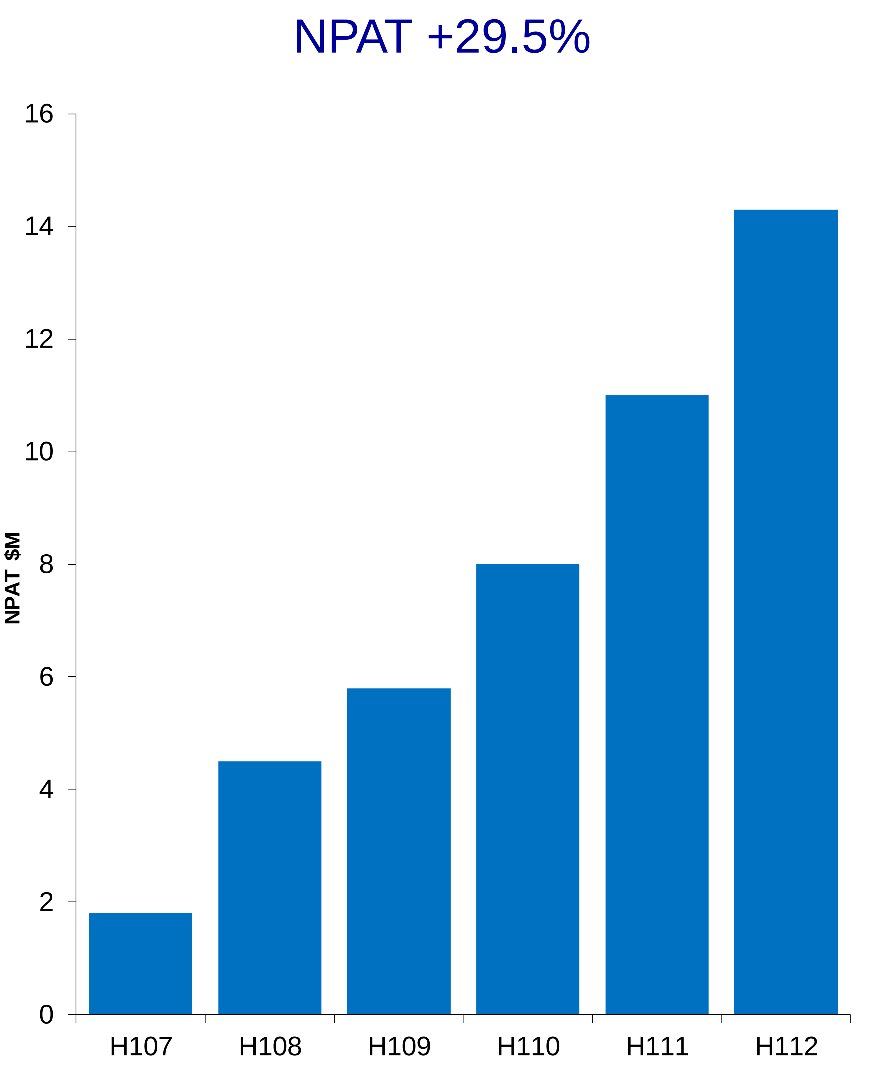
By Division

- Rental - 4% customer growth while maintaining low levels of arrears
- Cashfirst - loan book up 25% to $15m
- Thorn Equipment Finance – heading in the right direction
- NCML - adds meaningful contribution of $3.3m EBITDA

[1] Based on weighted average of 142m ordinary shares on issue and a restatement of the prior year as a result of entitlement offer made on 1 June 2011

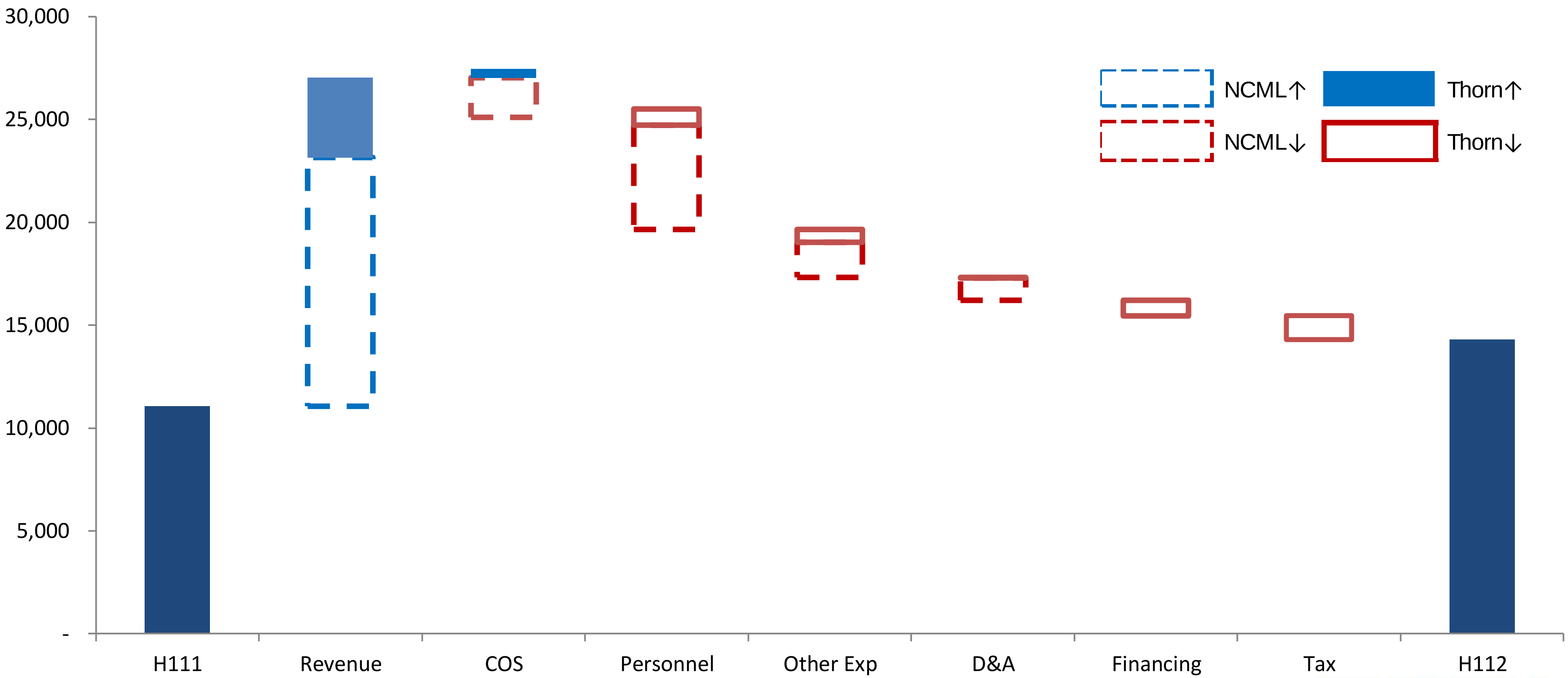
Revenue & NPAT: Strong growth continued





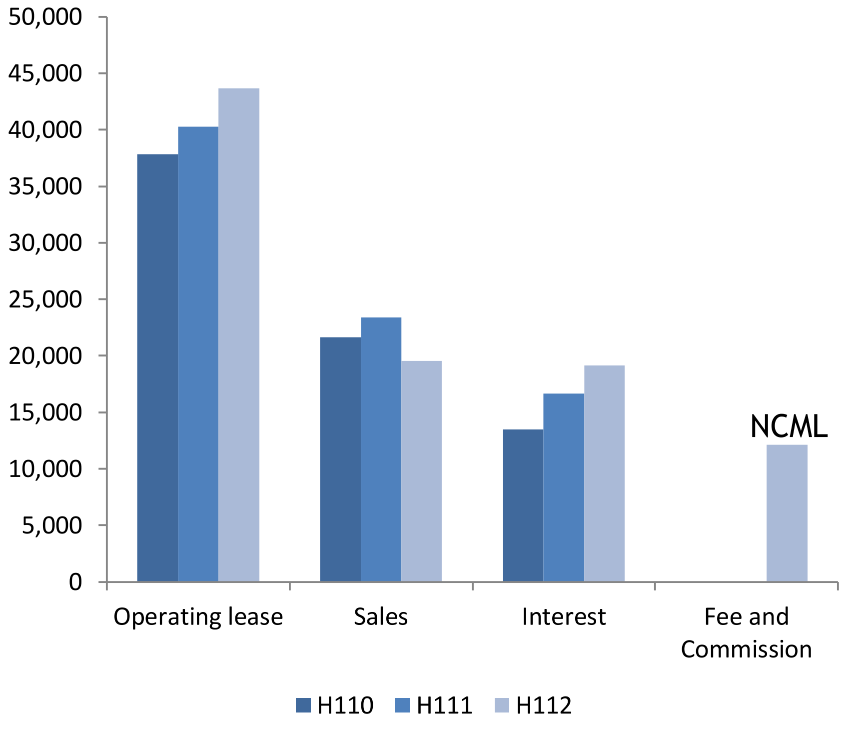
NPAT: Growth maintained

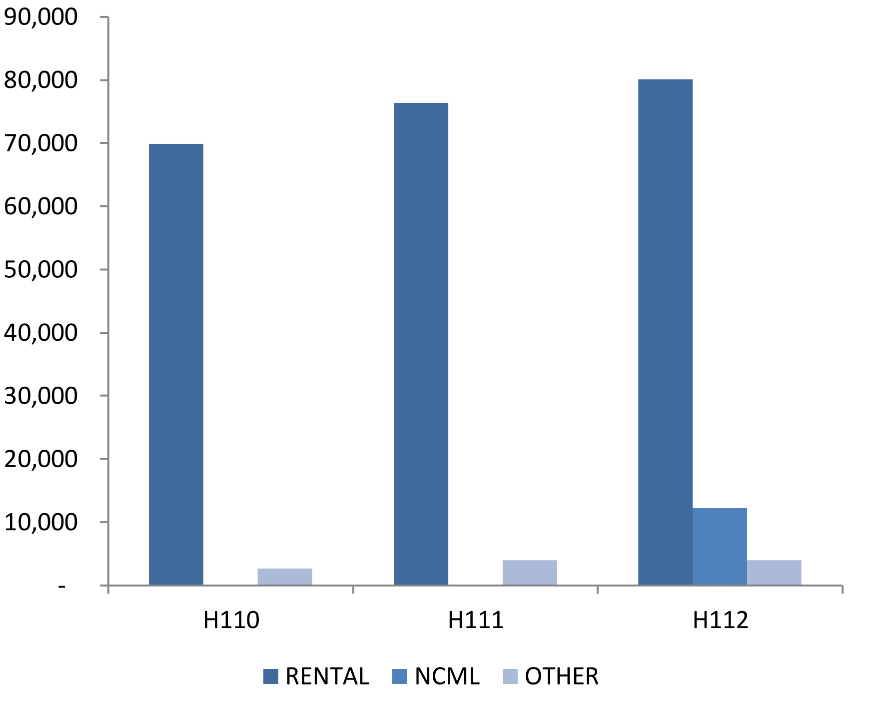
- Revenue increase of 20% the main driver – all divisions positive
- Cost of sales held in the rental division due to the import program
- OPEX increases largely attributable to the addition of NCML
- Amortisation of intangible incurred post acquisition



Revenue: Increased in all divisions

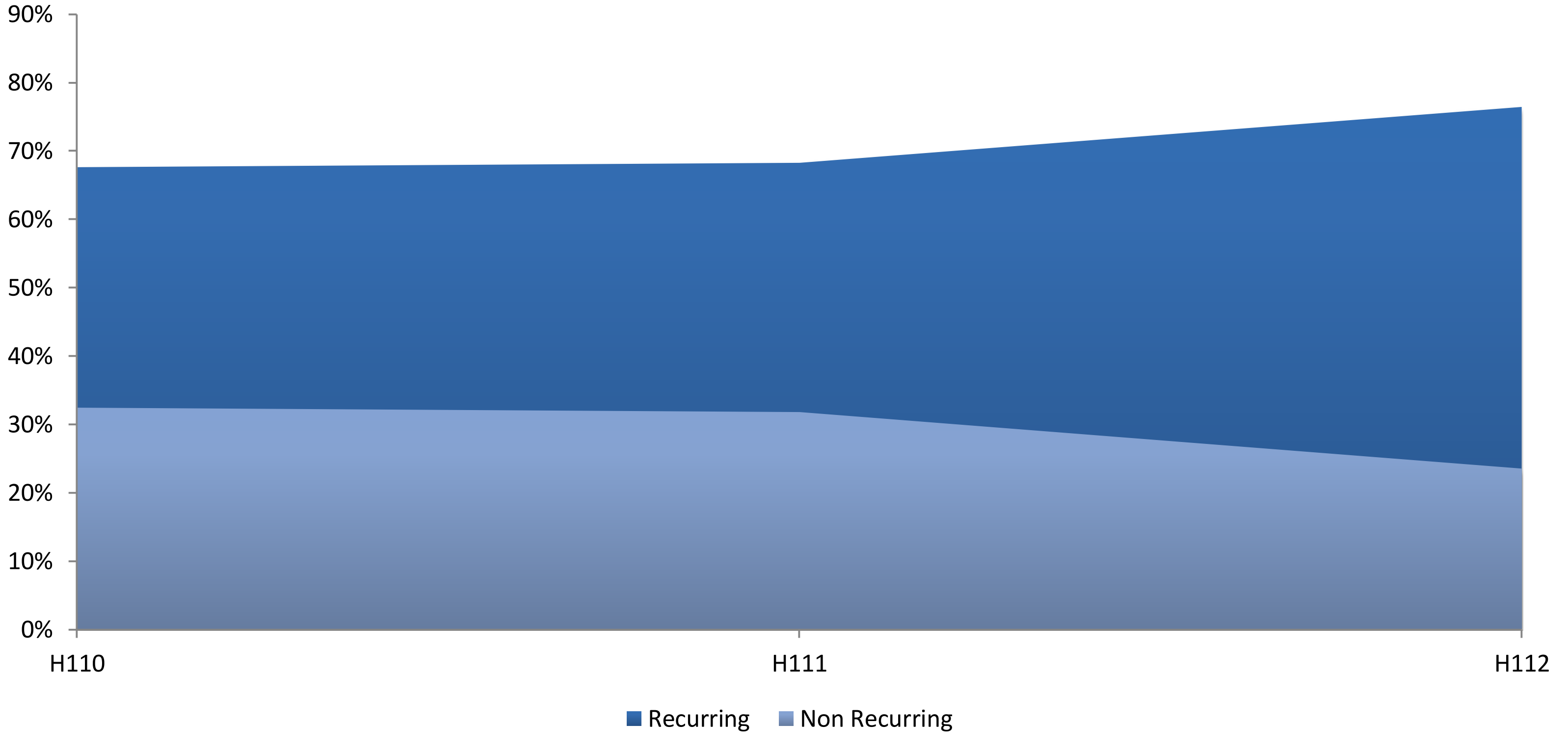
- Rental revenue the mainstay – up 5%
- Reduction in sales income relates to:
  - BBB closure; and
  - Lower finance lease sales – rev/unit down (flat panels) and volume (PCs)





Revenue: Increasing recurring portion

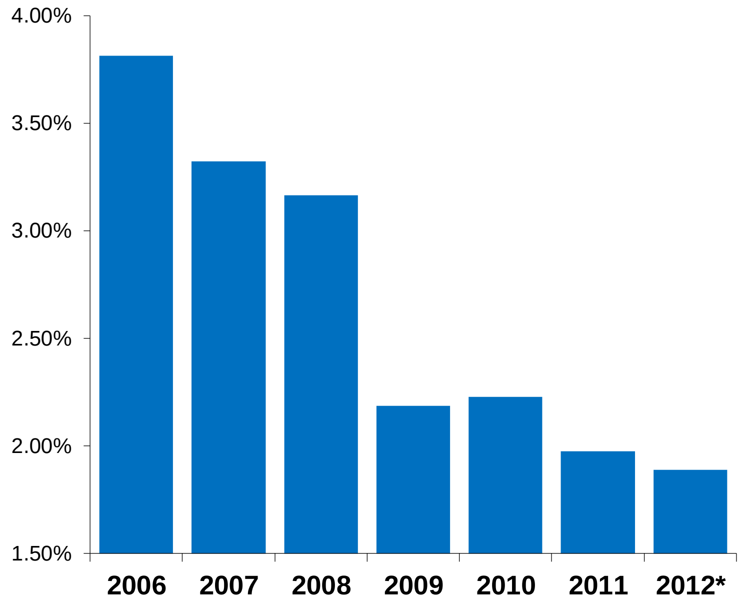
- Recurring revenue increasing due to:
  - Consistent operating lease growth in the first half;
  - Closure of Big Brown Box; and
  - Addition of NCML



Note: Revenue relating to the ATO contract has been excluded from the above graph

Bad Debts: Reflects quality of business practices

- Impairment charges on the rental book well maintained
- Rental finance lease provisioning marginally up on prior period due to increased repossessions
- Cashfirst bad debt and provisioning in-line with growth in receivables



H1 Comparison: Rental Bad Debt & Asset Losses as a percentage of customer payments

In thousands of AUD	H111	H112
Provisioning		
– Rental	2,984	3,165
– Cashfirst	56	396
Losses incurred:		
– Net Debt	399	213
– Asset	920	1,187
– Cashfirst	341	584
Total	4,700	5,545

** 2012 Net bad debt and asset losses includes the favourable impact of a one off $650k debt sale*

Balance Sheet: Significant underlying strength

- Total tangible asset growth
- $30m capital raising completed
- Debt to equity ratio returned to pre NCML acquisition levels at 8%
- Finance lease growth attributable to Thorn Equipment Finance
- Continued strong growth of the Cashfirst loan book
- Rental asset growth reflective of operating lease performance
- PDLs declined due to a lack of purchases in the 1st half and strong collections performance on the existing portfolio

In thousands of AUD	**30 Sep 2011**	**Movement**
Finance lease	61,805	4,974
Cash loans	15,057	2,866
Rental assets	46,155	4,977
PDLs	3,810	(1,511)

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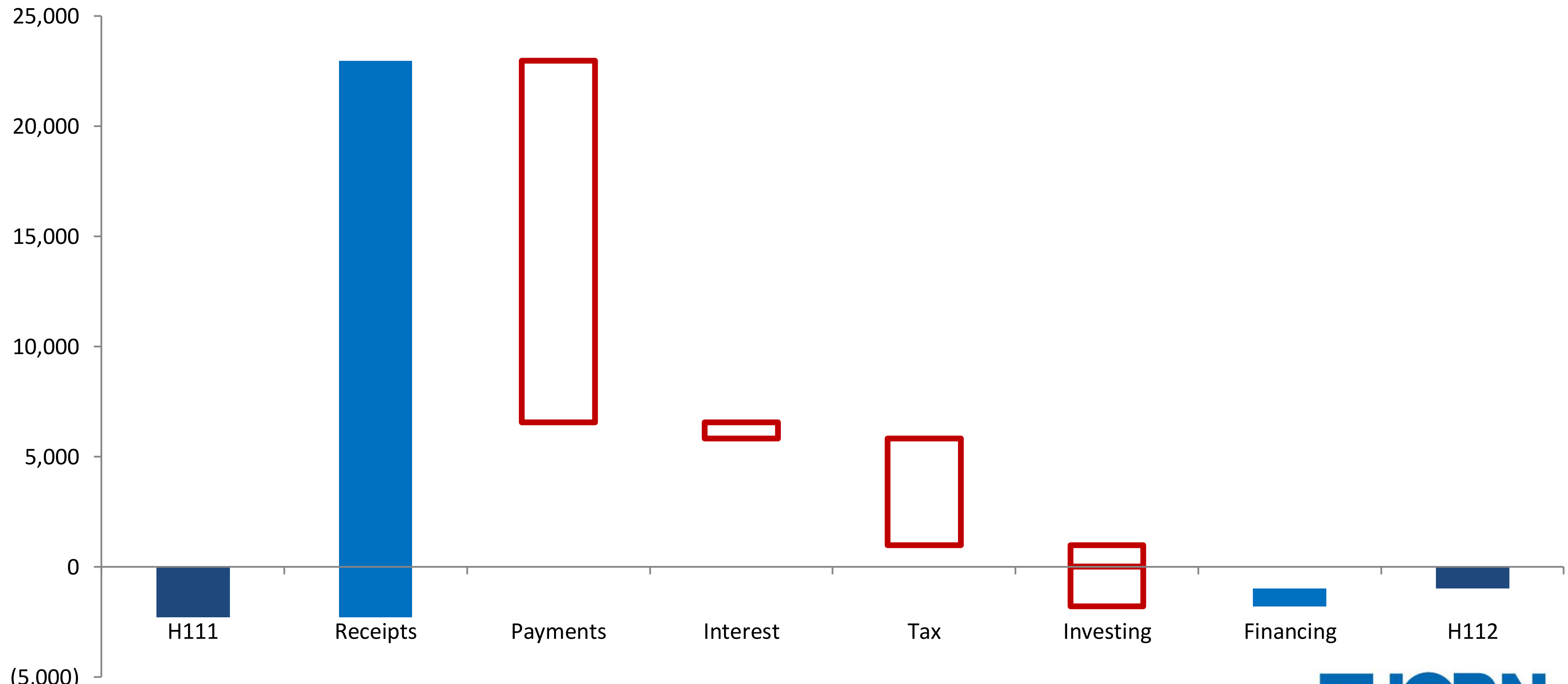
Cash Flow: Substantial operating cash flows allow for reinvestment in new ventures

- Receipts increased as the rental and finance books grow plus NCML collections of $15m
- Payments increased due to finance book growth plus NCML payments $9.3m
- Tax impacted by final FY11 payment, prior year favourably impacted by investment allowance



Consumer Rental

radio rentals

rentlo

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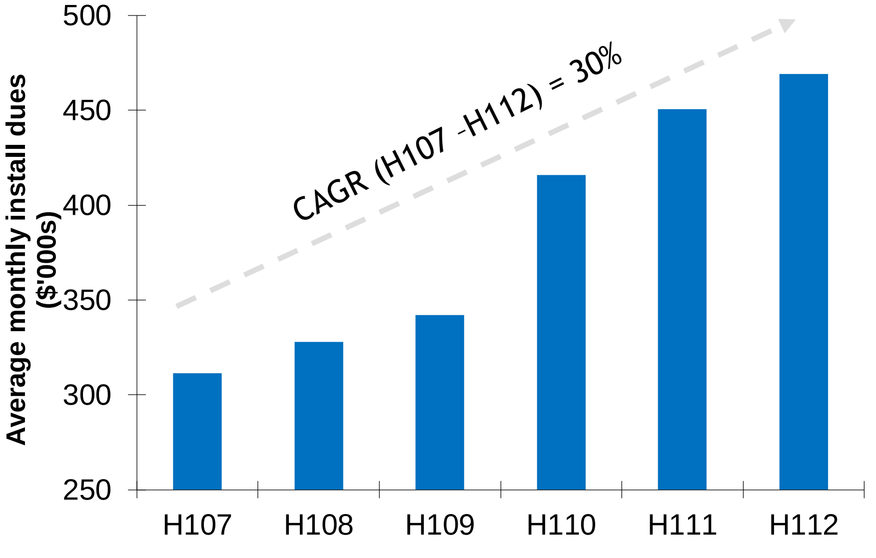
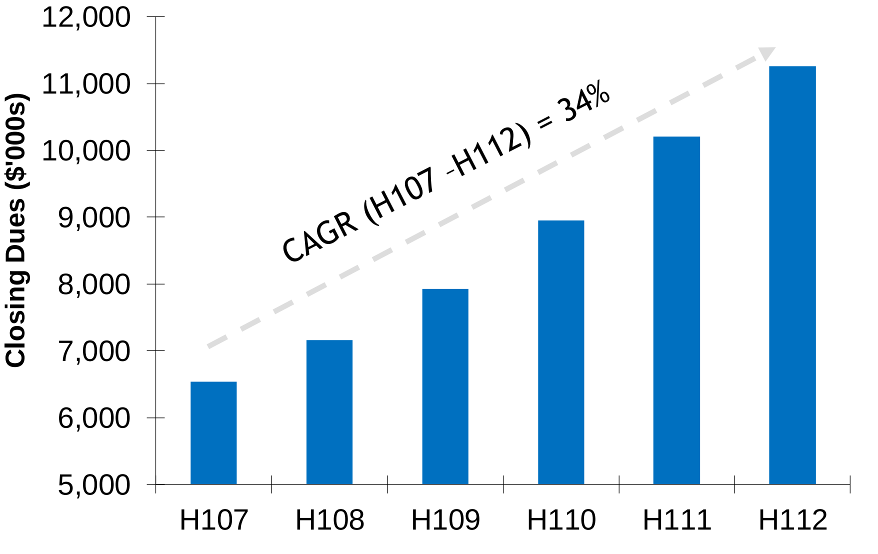
Performance: Continues to excel in a tough market

- Revenue up 5%
- Total installations revenue grew 4.1%
  - Finance leases decreased 9.7%
  - Operating leases increased 14.8%
- AUR (average price per unit) decreased 1.1% to $47.90

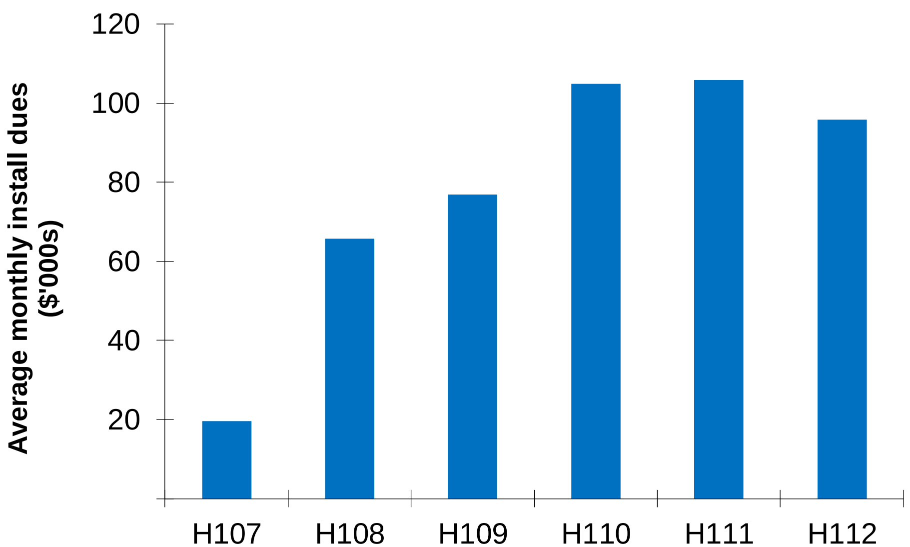




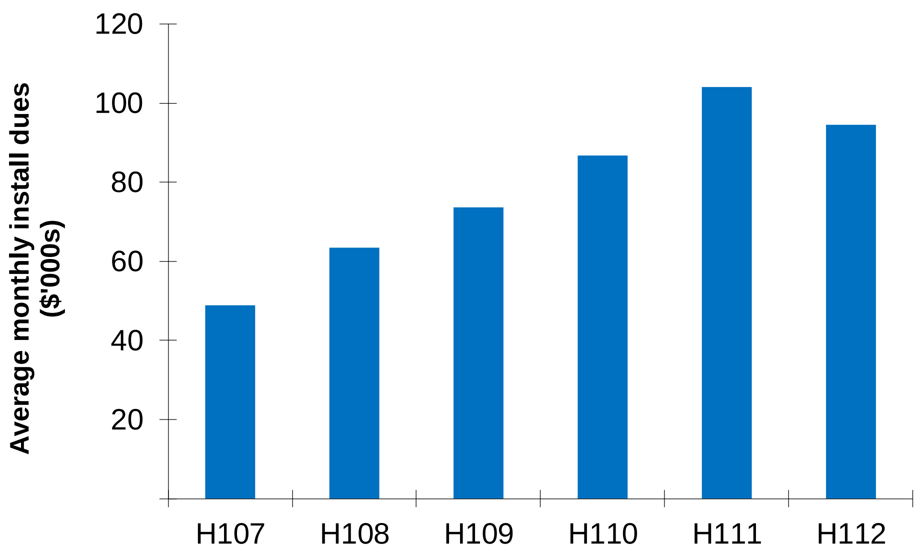
Trading: Finance Leases

- Demand for flat panels remains steady – dues impacted by price realignment from 1 January
- PC installs impacted by broader retail factors and cannibalisation due to tablets
- Thorn brand providing positive outcomes and continues to grow as a percent of flat panel installs

Flat Panel



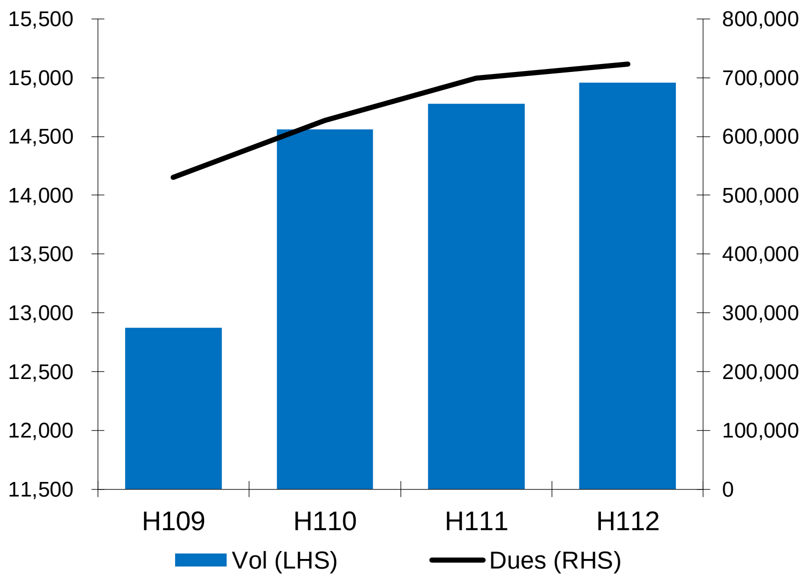
PC



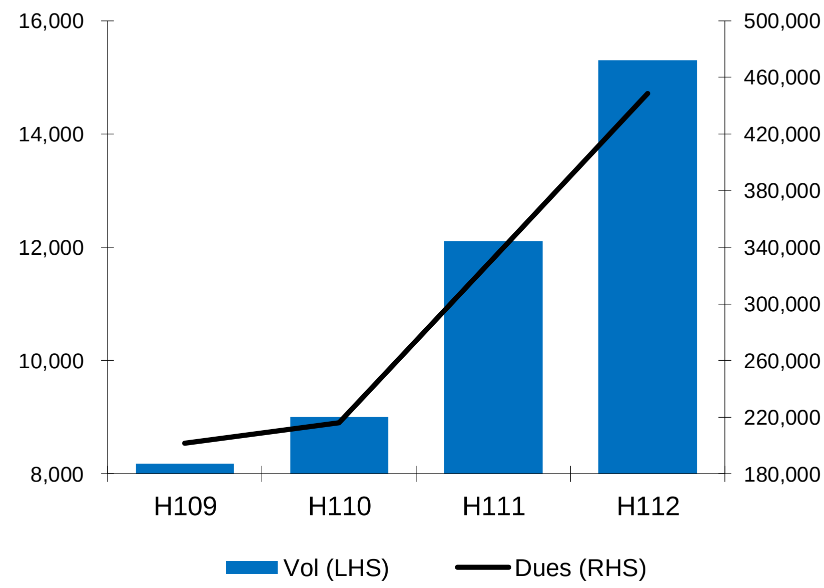
Trading: Operating Leases

- Strong demand for household ‘necessities’ continues
- Whitegoods up 3% - continued demand for larger appliances
- Furniture up 35% - increased demand for lounge and dining products

Whitegoods

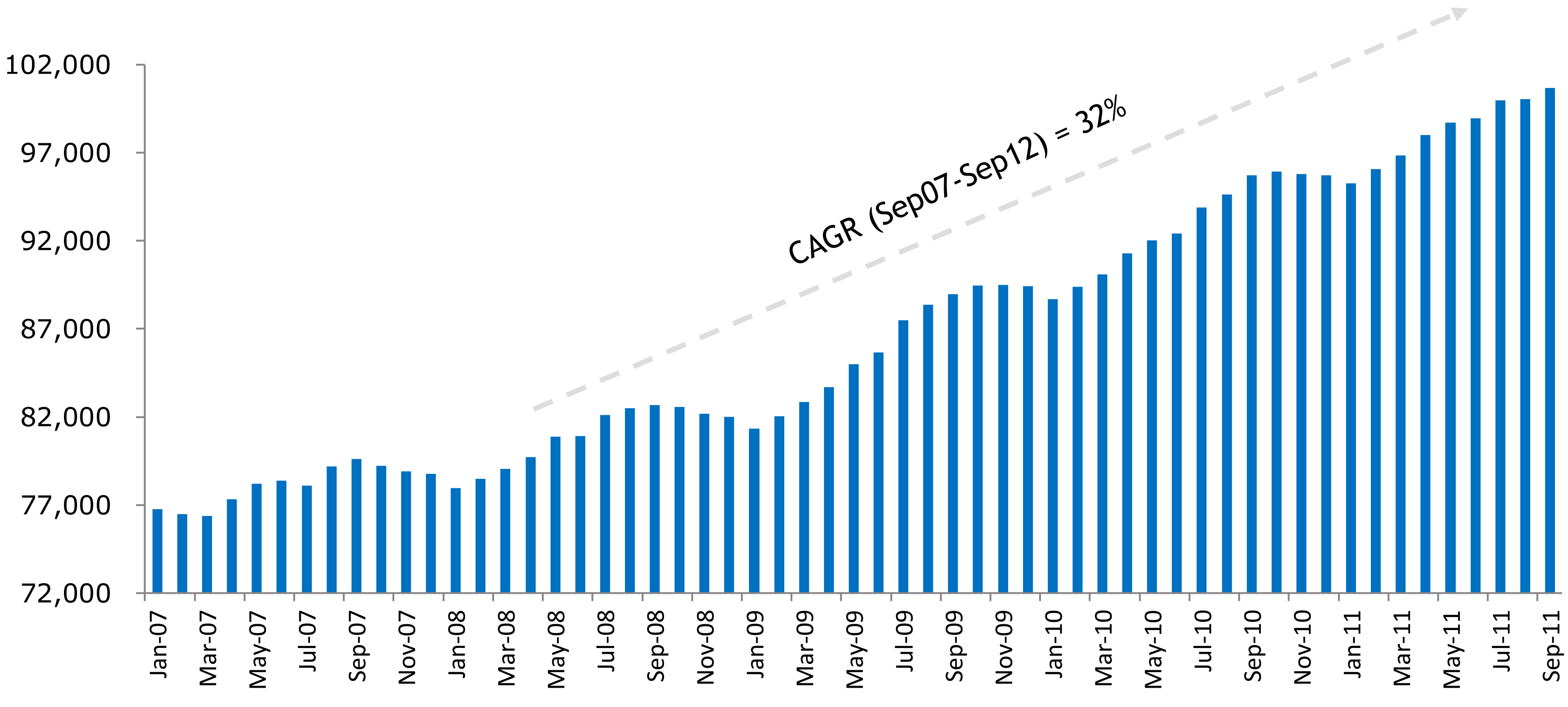


Furniture



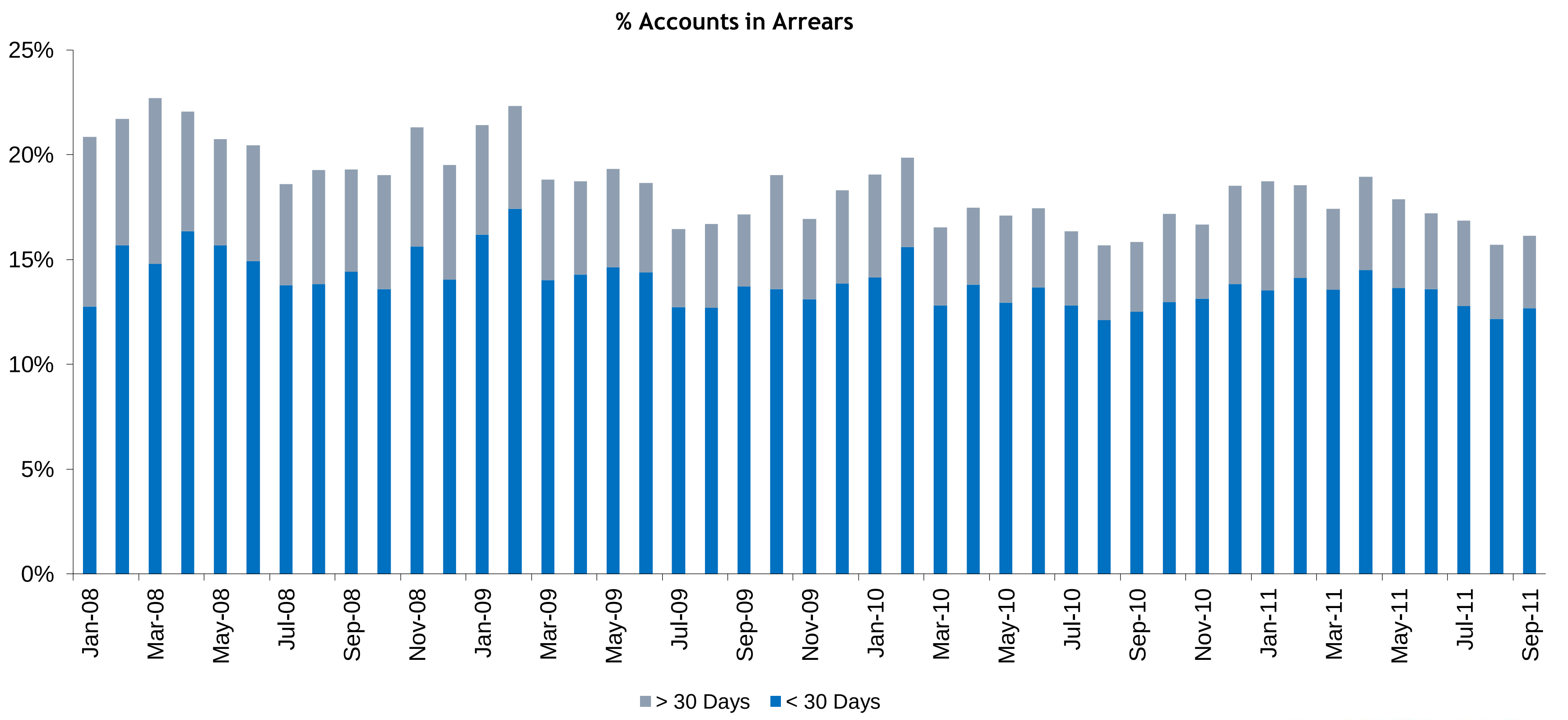
Customer Growth: 4%

- 4% customer growth in challenging market conditions
- 40% take-up rate of a new contract at completion of existing contract maintained
- Customer base now exceeds 100,000
- Average contract life increased to 27 months



Account Delinquencies: Run-rate maintained

- Focus on providing product that suits a customer's needs and budget
- Strict guidelines for customer approvals and payment limits
- Benefit of 'Responsible Rental Policy'



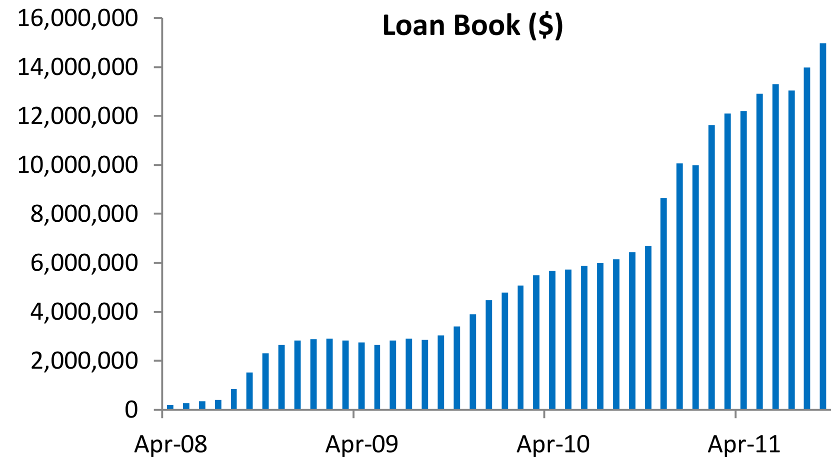
Opportunities for Growth

- Challenging market conditions and increased cost of living impacting all market sectors
- Redevelopment of network structure:
  - Transition from single Full Service Branch (FSB) to multi outlet footprint
- Geographic expansion:
  - ‘One Person Branches’ in regional areas
  - Kiosks in key metropolitan areas
  - All initiatives showing strong results to-date
  - Up to 5 additional outlets in FY12 dependent on quality of available locations

cashfirst™ : Loan book now $15m

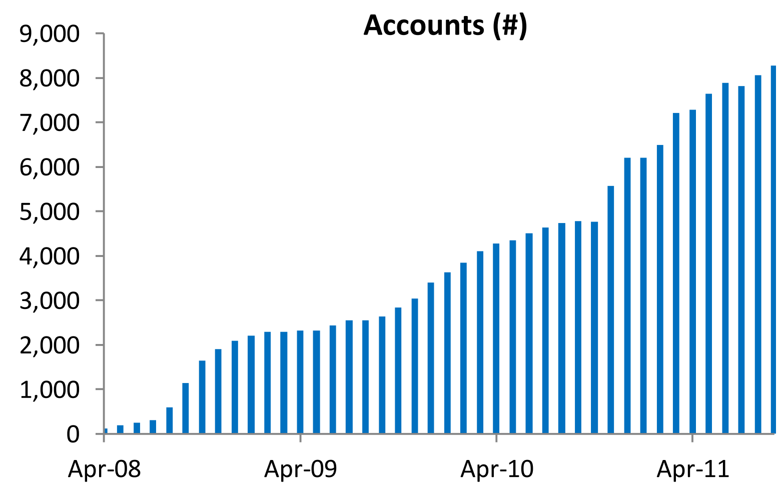
Performance

- Originations $6m; an increase of 96%
- $900k in loans refinanced; up 31%
- Average loan value up to $2,500
- Consistent approval rates at 15-20%
- Annualised write-off rate c.10% down from 11.4% in FY11



Opportunities for Growth

- Increased market penetration – national TV advertising
- Expansion of offering



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THORN Equipment Finance: Building on the foundations

Performance

- Originations $4m versus zero in prior period
- Average deal size $22k
- TAB relationship enhanced via investment in dedicated resources
- Financial performance ‘subdued’ as resources added to grow book

Opportunities for Growth

- Continuation of organic development strategies
- Considerable market demand in <$100k deal area
- Strategic relationships for deals greater than $100k

:Positioning for growth

Performance

- Revenue generated $12.1m; excluding the ATO $10.4m
- EBITDA generated $3.3m; excluding the ATO $2.5m
- ATO contract terminated in September - volumes lower than prior year
- Consumer collections were well maintained
- PDL collections outperformed initial estimates
- Commercial collections impacted by economic effects on clients

Opportunities for Growth

- PDL investment - $5m secured for 2nd half; $3m secured for 1st half FY13
- Increased business development and marketing focus
- Development of the ‘credit lifecycle’ model

:Product Development

Current

Customer Acquisition → Credit Application → Scorecard and Capacity Limits → Account Management → Receivables Management → Bad Debt Recovery → Legal Action

Future | Current

Development of a "complete credit lifecycle" model

Company Strengths and Outlook

Group

- Strong core business plus development opportunities
- Substantial recurring revenue streams generating significant operating cash

By Division

- Resilient rental business with opportunity to develop further geographically
- Continue to evolve and expand Cashfirst offerings
- Growing Equipment Finance operation
- Increased business development and marketing focus in NCML

Outlook:

‘The company expects a substantial increase in earnings FY12 due to a full year contribution from NCML and solid organic earnings growth from the existing divisions’

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