

Annual General Meeting

23 August 2016



Shaping the future

radio  rentals

 **THORN**[®]
BUSINESS FINANCE

 **EQUIPMENT
FINANCE**

 **TRADE & DEBTOR
FINANCE**



Overview

ANNUAL REPORT
2016

- ❑ Group revenue up 3.5% and underlying EBIT up 3.9%
- ❑ Strong growth in Business Finance demonstrates diversification strategy
- ❑ Group receivables (net) up 31.9% to \$379.5m
- ❑ Three significant events impact FY16 profit by \$11.8m pre tax (\$10.3m post)
 1. Closure of TFS Consumer Loan business
 2. Write off of the NCML goodwill
 3. Provision for historic customer credit refunds in Consumer Leasing
- ❑ Consumer Leasing focused on its regulatory compliance framework and welcomes the Treasury inquiry report into the Consumer Leasing industry
- ❑ Consumer Leasing and Business Finance underpin Thorn's future growth strategy across niche consumer and commercial markets
- ❑ Additional \$30m funding approved by Westpac to meet record new business levels

Business Finance Customers



“Thorn and Cashflow It understood the challenges of a growing franchise system and have been a partner for our growth.”

- Ray Esquieres, Co-Founder & CFO, Roll'd Australia

WHERE TRADITIONAL LENDERS HAVE RIGID REQUIREMENTS, THE TEAM AT THORN UNDERSTAND THE CHALLENGES OF A GROWING BUSINESS AND THE NEED TO FINANCE GROWTH



“Trade & Debtor Finance has given me the confidence to grow the business and prospect for new accounts instead of being apprehensive to place large purchase orders with an overseas manufacturer to import the goods.”

- Paul Davies, founder & violin maker, Arts Music Pty Ltd

Consumer Leasing Customers

- ❑ Roy Morgan independent market research conducted across 1000's of customers nationally this year highlighted;
- ✓ **97% of customers say the Radio Rentals team treat them with dignity and respect**
- ✓ 95% of customers said “Rent, Try \$1 Buy” was important to them
- ✓ 92% of customers rated Radio Rentals affordable
- ✓ 70% of customers said Radio Rentals was the only way for them to access everyday essential goods
- ✓ More than half of all respondents said if they had not gone to Radio Rentals, they would have had to go without the goods

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Legislative landscape

- ❑ Treasury review
- ✓ Treasury inquiry report released April 2016
- ✓ Report recognises fundamental differences between loans and leases
- ✓ Report highlights Thorn as a low cost provider
- ✓ Recommended pricing caps support Thorn's business model
- ✓ Thorn adopting market leadership position
- ✓ Committed to providing products and services within ethical framework
- ✓ Strong support for consumers to have affordable access
- ✓ Customer testimonials to support ongoing communication plan



Regulatory landscape

- ❑ ASIC engagement
- Evolving ‘Responsible lending’ views
- Thorn committed to meeting expectations and requirements
- Low delinquency and write-off levels continue to reflect positive customer experience
- Introduction of market leading technology platform will;
 - ✓ Reduce transaction times
 - ✓ Further improve customer experience
 - ✓ Support compliance requirements
- Committed to providing Australian consumers a ‘Fair Go’ in accessing essential household items



”Radio Rentals showed a lot of empathy, it wasn’t just a business relationship, it was more like a mateship”
- Paul & Bronwyn, Mudgeeraba Qld



”Radio Rentals gave me independence and the chance to prove myself, no one else gives you that opportunity” - Melissa, Colyton NSW

People and community engagement

- ❑ Actively engage with customers and the broader communities we operate in
- ❑ Employees are encouraged to participate in community activities
- ❑ Committed to developing and maintaining long term strategic partnerships;
 - White Ribbon Australia
 - Children's Tumour Foundation of Australia (CTF)
 - Project New Dawn
 - Mission Australia
- ❑ Employee programs are integral to our culture and are based around our values of:
 - Leadership
 - Innovation
 - Responsibility
 - Support
 - Nurturing



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