

ASX & MEDIA RELEASE**31 January 2019**

Thorn Group Ltd (“**ASX:TGA**”) today announces a profit warning.

Profit Warning

Thorn has identified in its Business Finance division an emerging equipment finance exposure where a majority of the individual lessees for a certain product, introduced via agency arrangements, have recently defaulted on their lease payments and are challenging the enforceability of the leases. This is a widespread exposure in the equipment finance industry of which Thorn’s total exposure could be an amount up to \$10.5m. The company is examining all options, but at this point considers a full provision may be required with an after tax cost to the profit and loss account of \$(7.4m).

It should be noted that aside from this single product exposure, the equipment finance portfolio continues to perform well with low arrears.

The expected reduction in the company’s cash flows that would arise from the non-payment of these receivables, along with continuing challenging operating conditions in the consumer leasing division referred to in its last half year report, are anticipated to impact the accounting valuation of the remaining intangible assets held on the balance sheet. The value of these assets on the balance sheet is \$5.7m and a full reduction in their value would give rise to a non-cash write-down of \$(4.0m) after tax.

Consequently, the company advises its year end profit after tax for the year ending on 31 March 2019 may be reduced down to a loss in the order of \$(6m).

End of release.

For further information please contact:

Tim Luce
Chief Executive Officer
02 8761 5616
rebecca.wakefield@thorn.com.au

Peter Forsberg
CFO
0401 700 909
peter.forsberg@thorn.com.au

For media enquiries please contact Emi Clancy on 02 8761 5617 or emi.clancy@thorn.com.au

ABOUT THORN GROUP LIMITED (ASX: TGA, www.thorn.com.au)

Thorn Group is a diversified financial services company providing financial solutions to consumers and businesses. Thorn’s consumer leasing business, Radio Rentals (RR Rentlo Reinvented in South Australia), is a leader in the household goods consumer leasing market, operating since 1937 and with 68 retail stores nationally. Thorn Business Finance is a provider of leasing and other financial services to small and medium enterprises. Thorn employs approximately 550 people, has been listed on the ASX since 2006, is licensed under the National Consumer Credit Protection Act 2009 and operates a responsible lending policy.