
ASX & MEDIA RELEASE**21 March 2017****PROFIT GUIDANCE AND PROVISION**

Thorn Group Limited (ASX: TGA, “Thorn Group” or “Company”) announces an additional provision will be made in its accounts and provides guidance of its expected profit for the financial year ended 31 March 2017, together with a brief business update.

Additional provision

Thorn Group continues to engage with the Australian Securities and Investments Commission (ASIC) with respect to ASIC’s investigation into the responsible lending obligations of the Company’s consumer leasing division, Radio Rentals.

To date, Thorn Group has made provision in its accounts with respect to compensation that may be payable to customers who did not meet minimum income thresholds for their contracts.

Discussions with ASIC have now reached a point where Thorn Group anticipates that ASIC will seek a civil penalty and require further compensation and remediation. In light of this, the Board considers it prudent to make a further provision with a \$4 million profit after tax impact in its financial statements for the year ending 31 March 2017.

Profit guidance

Once the additional provision noted above is accounted for, Thorn Group expects its net profit after tax for the financial year ending 31 March 2017 will be in the range of \$24 million to \$26 million.

Business update

Thorn Group is implementing several major new initiatives to drive its business performance.

These include an investment in the Radio Rentals store network with several stores relocating under the new RR format into popular high footfall shopping centre locations with exposure to larger consumer bases and higher demographics, the progressive establishment of metro location warehousing and distribution hubs to better service customers, the closure of a number of underperforming stores, and a restructuring program which has resulted in a reduction of 53 jobs.

Further, the Company has merged its Trade & Debtor Finance Division with the Equipment Finance Division to improve efficiencies and management control at a time when the Equipment Finance Division is experiencing strong organic growth requiring significant capital investment.

Final dividend

In the circumstances, the Board considers that it may be necessary to reduce the final dividend for this year from the 6.0 cents per share paid in 2016 and it will give due consideration to the appropriate amount once it has all available information following the year end.

Release of 2016-2017 results

Thorn Group anticipates that it will release its 2016-2017 full year result on 26 May 2017.

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

Thorn Group is a diversified financial services company, providing financial solutions to niche consumer and commercial markets. Thorn's operating priorities are diversifying and growing as a business and meeting the needs of customers, employees and investors. Its principal operations are its foundation business, Radio Rentals (RR in South Australia), a leader in the household goods rental market since 1937 and with over 90 outlets nationally, and Thorn Business Finance, a provider of leasing and debt finance to businesses. Thorn employs in excess of 800 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.
