

ASX & MEDIA RELEASE**29 November 2016****Thorn Group welcomes the Federal Government's response to review of Small Amount Credit Contract Laws**

Thorn Group Limited (ASX: TGA, the "Company") wishes to acknowledge the Turnbull Government's response to the final report of the review of the Small Amount Credit Contract Laws on 28 November, 2016, which includes new restrictions on consumer leases.

The Minister for Revenue and Financial Services, the Hon Kelly O'Dwyer MP, said the government supported the vast majority of the recommendations in the final review. Thorn Group welcomes most of these changes as the Company supports greater accountability in the industry and is committed to industry best practices when it comes to customer care.

While the new restrictions will only apply in the 12 months following the passage of the legislation through Parliament sometime in 2017, Thorn Group has already implemented most of the recommended changes, including adoption of the recommended pricing caps, as highlighted in the Company's half year results on 15th November.

It is anticipated that these tighter restrictions already adopted by Thorn Group will gradually impact the earnings of Radio Rentals over the next few years, however, this is expected to be offset by productivity improvements, organic growth and increasing market share from the Company's proactive stance on customer care.

"We think the vast majority of the recommendations on consumer leasing are a positive step forward for the industry and consumers. Many people using consumer leases for household goods belong to some of the most vulnerable households, and the new caps on such leases will ensure such households are not exploited by unscrupulous operators – and that can only be a good thing for the industry," said Thorn Group's Managing Director, James Marshall.

"This doesn't mean there isn't room for improvement to the legislation and we will be engaging with government to explore these issues further. For example, the blanket cap of 10% of net income for rental payments could actually lead to worse outcomes for consumers because some customers may be forced to take longer term contracts than they might want and consequently pay more for their items."

The 10% Affordability Cap, which limits the total payments on consumer leases an individual can hold to 10% of the individual's after tax income, has not yet been adopted by Thorn Group. It is difficult to estimate what the financial impact of this Affordability Cap will be currently as there are limited reference points to identify consumer lease transactional history across the industry on which to base forecasts.

However, based on Thorn's present customer database, only small percentage of the Company's earnings are from customers that are over the 10% Affordability Cap.

“Thorn Group, through our Radio Rentals chain, is the leading national consumer leasing company in Australia. Our robust balance sheet, market leadership position and positive industry reputation places us in a strong position to grow our market share over the medium to long term,” Mr Marshall said.

For further information please contact:

James Marshall

Managing Director, Thorn Group Limited

James.marshall@thorn.com.au

Telephone: +61 2 9101 5057 or +61 404 811 254

Asher Moses

Media + Capital Partners

Asher.moses@mcpartners.com.au

Telephone: +61 4038 008 616

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.
