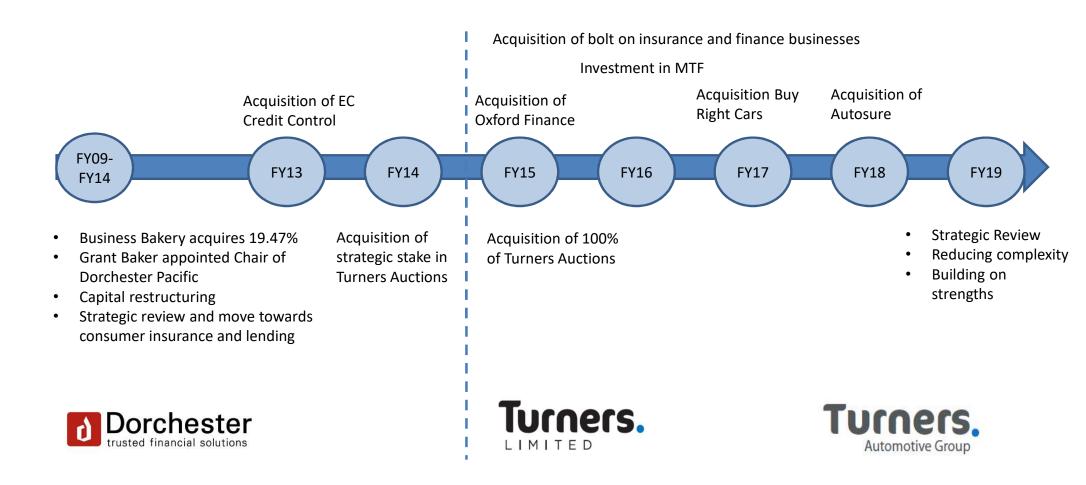


**SEPT 2019 ADVISOR BRIEFING** 

# **Chairman Grant Baker**



### **Ten Years of Transformation with Turners**



## **A Transformed Business**

As at March YE	2009	2014	2019
Shareholder Equity (\$m)	16.2	74	226
Total Assets (\$m)	149.3	127	654
NPBT (\$m)	(18.3)	4.9	29.0
Dividend per Share (cps)	-	5.0	17.0
Market Capitalisation (\$m)	1.8	111	197

## Track record of building value through acquisition growth

Company	Date	Acquisition Price (\$m)	NPBT at time of Acquistion (\$m)	NPBT for FY19 (\$m)	% Change
EC Credit Control	2012	17.8	3.6	6.3	+75%
Oxford & Southern Finance	2014	12	2.9	11.1	+283%
<b>Turners Auctions</b>	2014	76	6.8	18.3	+169%
<b>Buy Right Cars</b>	2016	12	3.4	-0.9	(126%)
Autosure Insurance	2016	34	4.6	8.2	+78%

### **Turners Today**

#1

NZ's largest buyer and seller of vehicles

9%+

Gross dividend yield within the top 10 yielding stocks on NZX

33

Locations in NZ from Whangarei to Invercargill

6 mins

Turners sell 1 car every 6 minutes, which equates to over 100 cars per day

**Turners** 



40

We write over 40 consumer and commercial loans per day in Oxford Finance

200

We sell over 200 insurance policies per day

900

We employ over 900 kiwis across the business

\$6m debt

Collecting over \$6m per month of hard to collect debt.

# **CEO Todd Hunter**



# 1 million cars that are 20 years or older in the NZ vehicle fleet

### The Kiwi Car Economy

3.85m

Light vehicles in the New Zealand vehicle fleet 953,000

The number of cars in the light vehicle fleet that are 20 years or older

1.13 m

used cars were traded to the year ended 31 March 2019 down 1% on year ended Mar 18



16,000 EVs

The number of EVs registered in New Zealand to end of August 2019

**18.5** years

In 2017, the average age light vehicles were scrapped was 19.5 years for an import and 17.5 years for New Zealand-new

140,000 cars

Used cars imported from Japan for year ended Mar 2019 down 11% on Mar 18 204,000

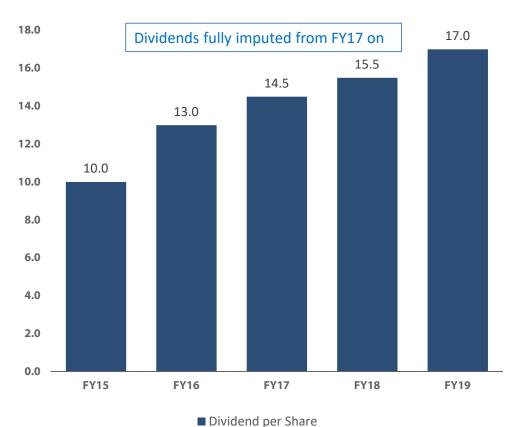
Average odo reading for a scrapped car in the light fleet for 2017



Our quarterly dividend delivers a gross yield of 9%+, and we expect to continue paying at this level

## **Strong and Growing Dividend**

### **Earnings and Dividend per Share (Cents)**



- Dividend Policy Change: Increase in pay out ratio to 60% to 70% of NPAT
- Turners pays quarterly dividends
- Gross dividend yield of 9.9% at indicative price of \$2.39 (as at 16/09/19)
- 4.0m shares purchased during Share Buy Back programme reducing issued shares by 4.5%.

# Our forward strategy focuses on simplification, de-risking, and capital efficient growth

### **Strategic Pathways**

### **Simplify the Business**

### **De-Risk the Business**

#### **Grow the Business**



- Single brand strategy for Auto Retail
- Single brand and system strategy in finance and insurance
- Run down non-core life insurance products
- Strategic review for business units where we don't hold dominant market position

- Continue strategy of writing higher quality loans
- Early adoption of comprehensive credit reporting
- Focus on loan origination rather than underwriting credit risk
- Active engagement with regulators

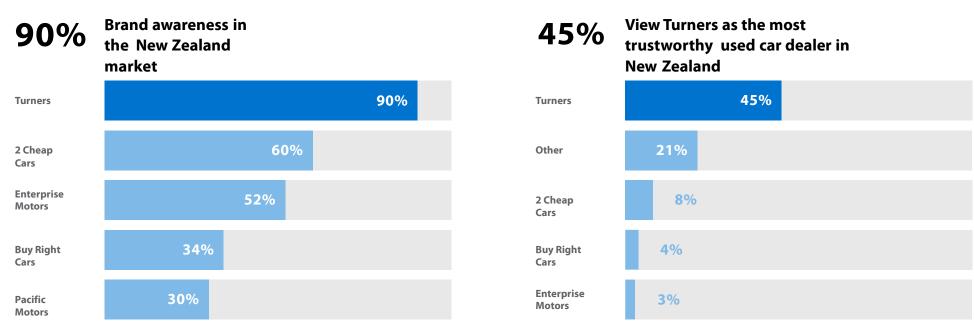
- Expand auto retail footprint
- Shift marketing investment into digital platforms
- Leverage data analytics to buy and sell smarter
- Evolve the customer experience in person and online
- Look for innovation and disruptive opportunities

# We have a #1 brand and we are growing market share



## **Industry-leading brand**

With over 50 years in the market, we are the largest and most-trusted brand in the industry.



### **Branch Re-location – Whangarei (Owned Site)**

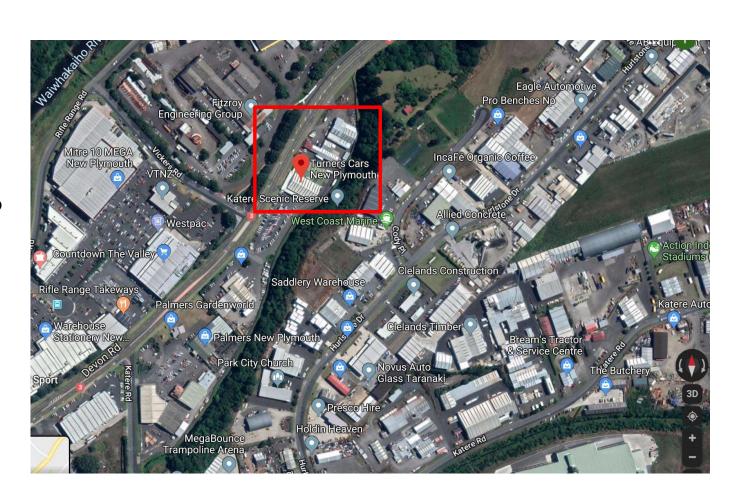
- Purchased old Placemakers site
- Increased footprint from 6,500m2 to 8000m2
- High profile corner site
- Higher % of retail sales at new site, more finance deals, higher margins on owned inventory
- 3 months to June 85% increase in operating profit Jun YTD





## **New Branch - New Plymouth**

- Leased site
- High profile corner site on busy arterial of 4,600m2
- 180+ car site
- High yard to building ratio

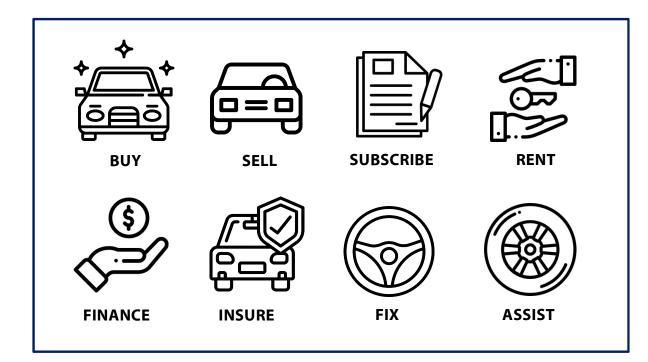




We are looking to invest in highly adjacent businesses to auto sector with a specific emphasis on disruption, aggregators & platform plays

### Disrupt: Strengthening The Turner's Ecosystem Via Innovation

#### **TURNER'S ECOSYSTEM**



#### **Criteria for Investment/Partnership**

- Must fit within our automotive ecosystem
- Turners brand is logical and can be leveraged
- Strong interest in 'capital lite' platform/ aggregator type models
- Must significantly improve the way customer needs are met
- Must help to reduce operating costs
- Helps mitigate potential threats and provide optionality on innovative and disruptive opportunities

PARTNERSHIPS, PLATFORMS, INVESTMENTS, NEW MODELS

### **Example: Recent Investment In Collaborate (CI8.ASX)**

#### **OWNERSHIP MODELS**











### **Subscription Based Services Are Growing:**

- AirBnB, Netflix, etc have help to disrupt traditional ownership models with subscriptionbased services now accounting for 10% of monthly household expenditure
- It is estimated that by 2025, 10% of all car sales will be via a subscription-based service





#### 1+1=3

- Core expertise and focus on subscription services enabling us to offer an innovative and differentiated proposition into the NZ market
- Strong brand, large customer-base, data and capital that can help scale Carly.

# Questions



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- Uncertainties relating to government and regulatory policies;
- The occurrence of catastrophic events with a frequency or severity exceeding our estimates;
- The legal environment;
- Loss of services of any of the company's officers;
- · General economic conditions; and
- The competitive environment in which the company, its subsidiaries and its customers operate; and other risks inherent in the company's industry

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