



TURNERS AUTOMOTIVE GROUP

NZX Retail Investor Webinar

12 August 2021

An integrated automotive financial services group

Primarily operating in the automotive sector and providing strength in three key areas:

AUTOMOTIVE RETAIL



Controlling the buying and selling of second hand cars, trucks and machinery to earn a transactional margin and delivering cross-sell opportunities for Finance and Insurance

Turners is the largest second hand vehicle retailer in New Zealand

FINANCE AND INSURANCE



Helping customers with simple and attractive finance and insurance products, and building annuity revenue streams

Turners has a portfolio of reputable businesses offering finance and insurance products to customers across New Zealand, including personal, motor vehicle loans and insurance

DEBT MANAGEMENT SERVICES



Helping businesses of any size in New Zealand and Australia with better management of their credit challenges

Turners has a growing presence in the debt management sector in both New Zealand and Australia through its EC Credit business

A Transformed Business

As at March YE	FY10	FY15	FY20	FY21
Shareholder Equity (\$m)	(3)	121	223	234
Total Assets (\$m)	109	329	708	718
NPBT (\$m)	(18)	19	29	37.4
Dividend per Share (cps)	-	10.0	14.0	20.0
Market Capitalisation (\$m)*	4	202	118	370**

* Market capitalisation as at 31 March each year

**Note – as at 6th August 2021

Numbers adjusted for 1-10 share swap in 2016

- Turners Auctions was established in 1967
- In 2014, Dorchester launched a successful takeover offer for Turners Auctions
- In 2017, Turners Limited changed its name to Turners Automotive Group to reflect the focus of the group on the automotive sector
- In 2021 the business produced a record profit year which has reflected a multi-year work program of integration and simplification of the business.

Our vision:

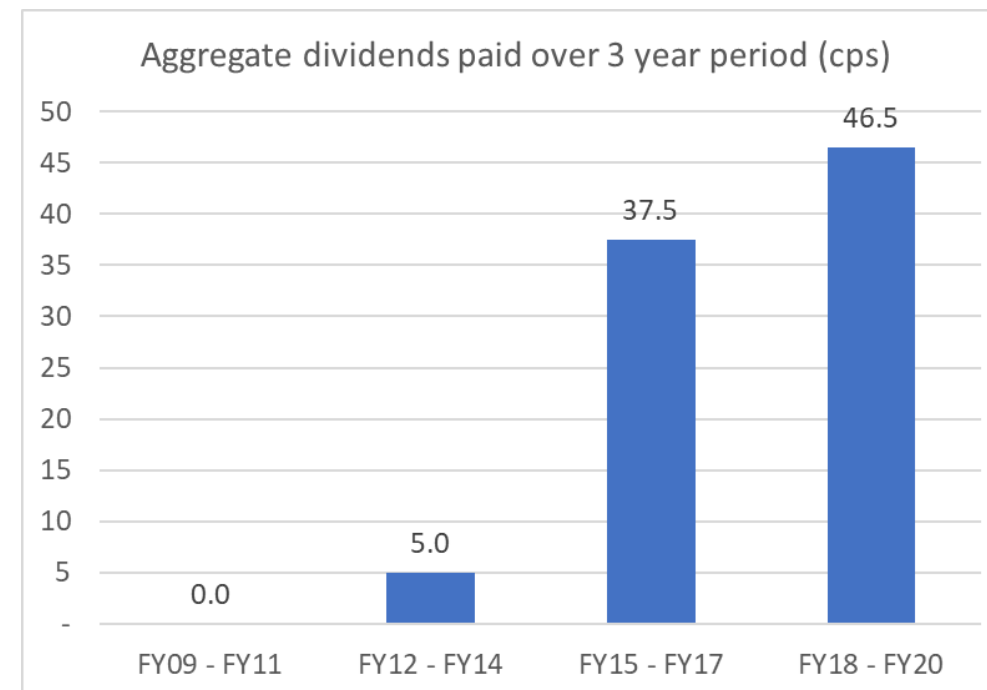
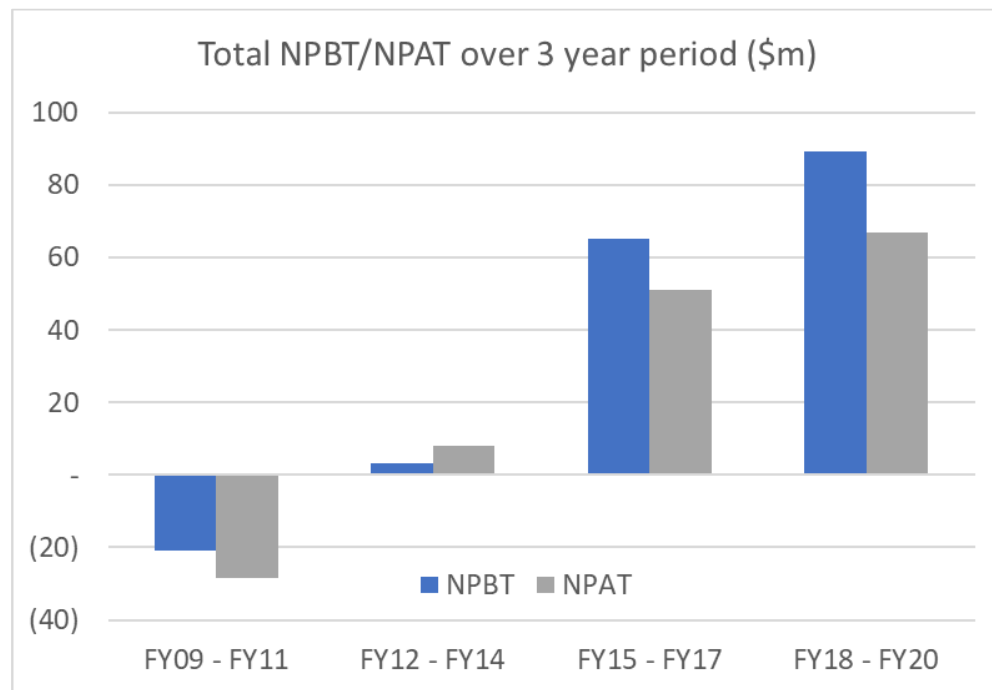
To be NZ's leading ecosystem for vehicle users



Turners.
Automotive Group

Successfully delivered on growth strategy

Earnings and dividends have grown substantially and predictably



We are on track for a step change in profit and dividends over the next 3 year period.

A record result in FY21 ... despite Covid pandemic

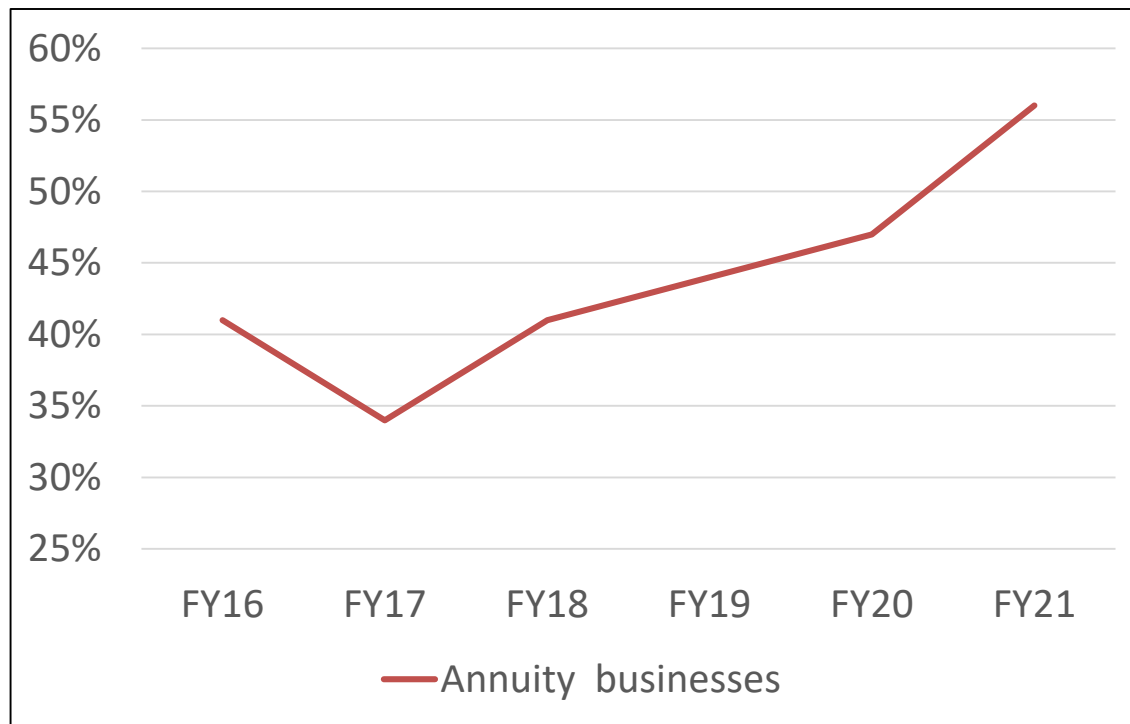
1. We achieved 19% growth in normalised PBT in FY21...a step change in the business performance
2. Full year dividend at 20.0cps versus guidance of 18.0cps. Based on a share price of \$4.30 this is a gross yield of 6.5% pa.
3. Our plan for growth* has been proven up and de-risked over the last three years:
 1. Building out an omni-channel experience in Auto Retail
 2. Auto Retail optimisation
 3. Targeting high quality lending growth in finance
4. FY22 has started well...
5. Our target is for a further 31% increase in Underlying NPBT from FY21 to FY24

* For more details on our Growth Plan, please refer to our recent [Investor Presentation](#) (14/4/2021) and FY21 results announcement

Annuity earnings are increasing

Higher levels of annuity earnings are leading to more stable and predictable profits

Annuity business profits as a % of total operating profit



- Businesses are a mix of activity and annuity based revenue business
- Annuity profits (Finance and Insurance) now account for 53% of group profits
- The growth in annuity earnings is providing more consistency and stability in group profits

Our businesses are well positioned for the “new norm”



Auto Retail

- Used cars have demonstrated resilience
- Geographical diversification
- Diversified sources of supply
- High trust brand for uncertain times



Insurance

- Annuity earnings helpful in lockdowns
- Premium taken up front
- Improving technology and distribution
- Using a portion of capital reserves to build property portfolio used in Auto Retail



Finance

- Annuity earnings helpful in lockdowns
- Arrears proven to be robust
- De-risking and focus on quality borrowers working well



Credit/Management

- Payment bank stickier than expected
- Counter-cyclical, defensive
- Strong relationships from debt loaders

We buying cars



Growth model: FY22 – FY24

The model gives us confidence in higher earnings growth through the cycle...a number of changes we have been working on over the last 2-3 years are now delivering both market share growth and margin expansion as well as de-risking the business.

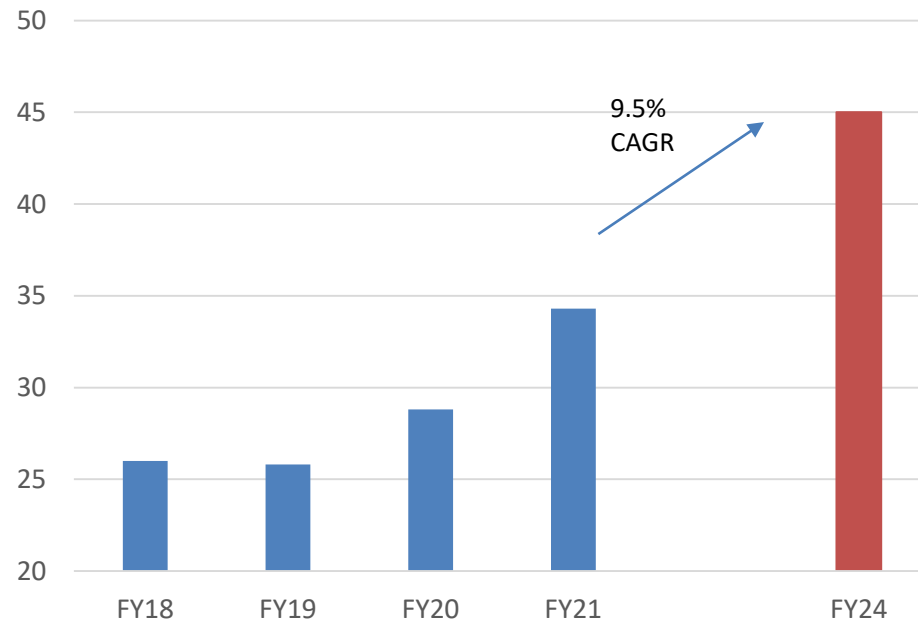
We have found the right formula, and will optimise further...

1. Retail optimisation
2. Vehicle purchasing decision-making
3. Premium lending
4. Continued investment in digital and omni-channel customer experience

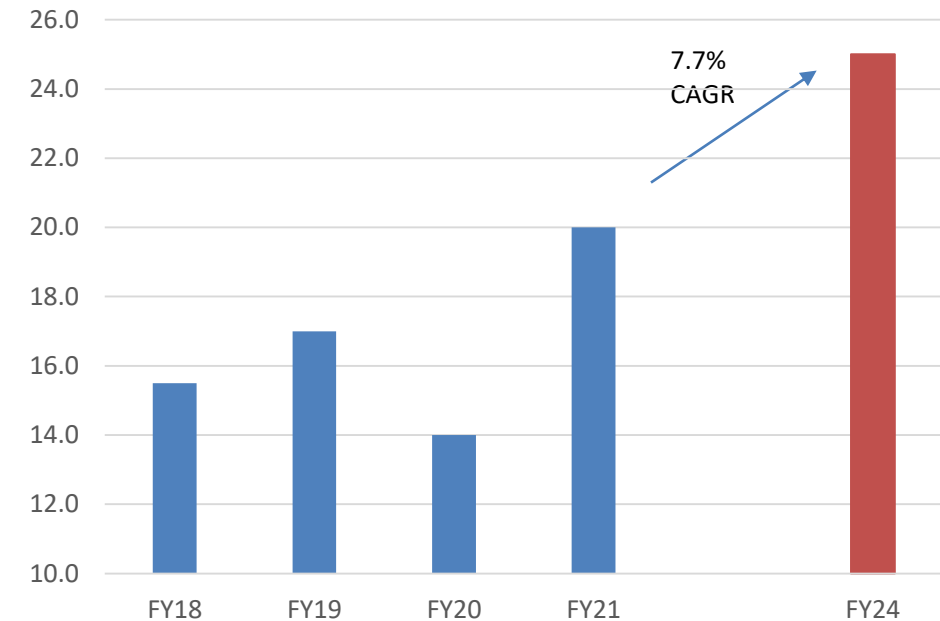
Performance: Line of sight on where we're going

Over three years we target 31% growth in Underlying NPBT¹

Underlying Net Profit Before Tax (\$M)¹



Dividends Paid (cps)



¹ Underlying NPBT is a non-GAAP measure

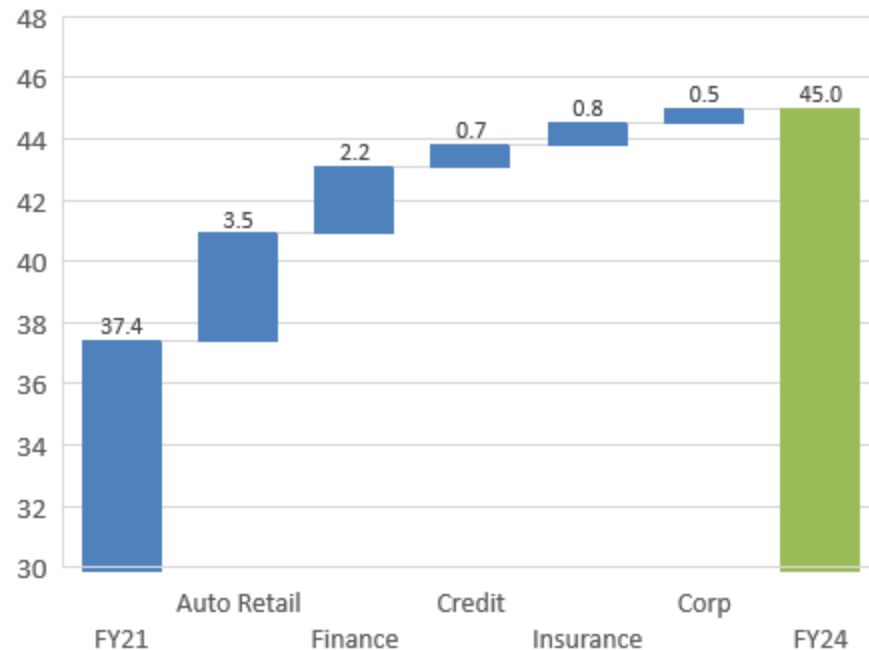
Reported NPBT (\$m) for FY18 31.1, FY19 29.0, FY20 29.1, FY21 37.4. Reconciliations for each of the periods can be found in the respective Annual Results Presentation

This is a target and will depend on various factors outside of our control.

Roadmap to \$45m NPBT

The majority of the profit growth will come out of Auto Retail and Finance divisions.

Net Profit Before Tax Bridge (\$M)



- Business is highly cash generative, leading to growth + yield for shareholders
- Profit growth largely driven out of Auto Retail and Finance
- Retail optimisation in Auto Retail – growth driven by combination of new sites and growth in existing sites
- Margin expansion in Auto Retail out of supply side initiatives
- Finance growth driven out of direct lending and improvements in distribution
- Whilst PE multiples are assumed to expand they remain very conservative

Our pathway to future growth

1. A strong focus on organic growth
2. Further optimisation in all businesses with margin expansion and market share gains
3. Focus on sustainable dividend growth - management and board “skin in the game”
4. We will consider and look at opportunistic bolt-on acquisitions
5. Investing further to press home our scale advantages through digital investments

Questions



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