

TURNERS ANNUAL MEETING

17 August 2022

1. TITLE SLIDE

2. WE LOVE CARS

[run Tina welcome video]

My name is Grant Baker and I am the chairman of Turners. And at Turners, we love cars!

Welcome and thanks for joining us at the 2022 annual meeting of shareholders of Turners Automotive Group. I hope you enjoyed that little intro from Tina...

It's great to see people in person as it's been almost 3 years since we ran our last in-person meeting. So welcome everyone here today!

A few housekeeping matters before we begin...

In the case of a fire, please exit from the doors you came through head into the foyer and down the escalators and the fire wardens will direct you from there.

Bathrooms are outside the room here on the right.

The Notice of Meeting and 2022 Annual Report and financial statements have been circulated and made available to shareholders. A quorum is present and therefore I declare the meeting open.

3. BOARD OF DIRECTORS

Now I'd like to introduce my fellow directors - Matthew Harrison, Alistair Petrie, John Roberts, Antony Vriens, and Martin Berry who joins us online from Japan, plus our emerging director Lauren Quaintance.

Also at the table with us are Todd Hunter, our CEO and Aaron Saunders, the company's CFO.

There are also a number of our senior managers and staff here today. Welcome to you all.

Also in attendance today are the company's auditors, Staples Rodway, legal advisors Chapman Tripp and other advisors. Thank you to all these firms that provide valuable services to Turners.

4. MEETING AGENDA

Today you will hear presentations from me and Todd covering our business direction, the opportunities available to us and the progress we are making.

Following the presentations, there will be an opportunity for discussion and any questions you may have.

We will answer questions on the resolutions at the time they are proposed, and there will be a further opportunity at the end of the meeting for you to ask any other general questions about the company and our operations.

5. CHAIR'S ADDRESS

We are very pleased with the year just completed...another record result for the business. Our track record is showing how robust our business model is and how we're ready for the challenges that lie ahead. I'll start with looking at how far this business has progressed over the last decade or so.

6. TURNERS CONTINUE TO BUILD A STRONG TRACK RECORD

I think both these graphs show the progress we have made in periods of three years. Starting on the left, we grew this business initially by some very strategic acquisitions. In more recent years, and perhaps the aspect that we don't get enough credit for is the organic growth we have achieved.

In the most recent 3 year period we've delivered almost \$80m of after tax profits. That's up 24% over the previous 3 year period, and not a single acquisition involved.

Obviously with this sort of growth we've been able to deliver excellent returns to our shareholders, with 57c per share in fully imputed dividends paid over the most recent 3 year period. As a substantial shareholder myself, I reckon this is a great outcome, and paints a stark comparison to what the business was in 2009 when I first got involved.

7. WE HAVE MADE GREAT PROGRESS IN THE LAST 3 YEARS

Narrowing in on the time frame to the last three years, we've made excellent progress in a number of critical areas. Our retail momentum has gained traction, as can be seen through our auto retail market share.

A higher number of retail transactions enables growth in finance conversions, margins and units sold that we own, which all leads to improvement in our overall margins. The improvements in the quality of our loan book are very obvious, as are the changes we've made to our insurance pricing and claims management. The focus on these metrics is what's driving the much improved outcomes for shareholders, demonstrated through the Earnings per Share numbers and Dividends paid.

8. FY22 WAS ANOTHER EXCELLENT YEAR

FY22 was a ripper of a year for Turners. Net Profit before Tax was up 15% in what has again been a year impacted by Delta lockdowns and Omicron impact.

Used vehicle supply has eased up since FY21 but overall remains below historic supply levels.

Consumer demand was better than we expected during L3 lockdowns, but worse than expected in Omicron outbreak. We have continued gains in margin and market share in Auto, and our geographic and earnings diversification have yet again proven to be very valuable during pandemic lockdowns.

9. WE OPERATE TO A SIMPLE FORMULA

We do try to operate this business to a simple formula...I have always found simple concepts work best.

10.FORMULA

If we provide a quality environment and conditions for our people - this will give us the best chance of providing a quality experience for our customers, and this should lead to quality outcomes for you - our shareholders.

I wanted to drill into each of these parts of the equation a little further.

11.QUALITY ENVIRONMENT FOR OUR TEAM

We have a really strong positive culture right across the Turners organisation. Our employee engagement results have been a priority, particularly given the wider pressure in the economy on retention and recruitment of staff. We continue to invest in training, remuneration and other benefits. An example of this is we have just launched an Employee Share Scheme in the last week.

We're very pleased to see our engagement scores so high, and this is a core strength within the business.

12.CUSTOMER EXPERIENCE

Being customer driven is one of our core values and the team do an excellent job on this...we've now won the most trusted brand in the used car category for the 3rd year running, however we know there is more work to do.

We have also introduced customer experience measures across all parts of the business as part of our "good customer outcomes" focus. We're even quite bravely measuring customer experience in EC Credit Control where we are collecting money on long overdue debts, but it is giving us very valuable insights.

13.GREAT RETURNS FOR SHAREHOLDERS

The combination of this highly engaged team plus the great customer experiences underpins the returns we can deliver to you (and me) as shareholders. We're very

proud of the improved returns we've been able to deliver for shareholders for well over 8 years, with the most recent year being 23c cents per share representing a gross yield of over 8%.

14.PROPERTY

Turners continues to build a significant property asset base. With the sites we have under development plus new sites we have committed to, the portfolio is just under \$100m.

Because these properties are used within the group we carry the assets at their development cost on our balance sheet. The "unrecognised" gains on this portfolio now sit at a conservative \$19m, adding further value for shareholders. We have a number of new opportunities in play right now and look forward to updating you on these when we can.

15.THERE ARE SOME CHALLENGES

Whilst pandemic uncertainty has decreased, NZ's economic uncertainty has increased, and there are challenges on the horizon. These challenges centre largely around the health of the economy, the rapid increase in interest rates and inflation, supply chain on new cars, recruitment and retention of people, and also the regulatory environment. We understand these issues, and we've already taken actions and are well placed to minimise their impact.

Our competitive advantages are what gives us confidence about our ability to stand up to these challenges. We have high trust brands in markets that generally stand for the opposite of this. We have scale and reach that cannot be matched. We have unique diversified sources of cars that are very difficult to replicate. Our data and technology capability has positioned us well, and will continue to do so. And lastly we have a highly engaged and capable team of people.

16.WE ARE READY FOR WHAT'S NEXT

Last year we announced our first three year target and we are very pleased with the progress we have made against our \$45m target by FY24. If it wasn't for lockdowns and Omicron we believe this 3 year goal would have been achieved in one year. Like many others we are expecting the broader economic environment to moderate the rate of growth we have experienced over the last 3 years.

So we have updated our 3 year roadmap which now has us targeting to be above \$50m of pre-tax profit in FY25. The main growth engine will be out of Auto Retail with modest growth from Finance, Insurance and Credit Management.

Auto retail growth continues to come from retail optimisation and branch expansion. We're targeting 10% market share.

Headwinds in finance are offset by growth driven out of direct lending and improvements in distribution.

Insurance growth will come from direct and digital distribution.

Like last year this gives some indication on what the growth pathway looks like, which we think is useful for shareholders.

Before I hand over to Todd I would like to acknowledge the efforts of our team, from our Board of Directors and the operational teams who deliver day in day out for our customers, and for our shareholders. This group of people have been totally committed, and prepared to go above and beyond. We are very lucky to have such a talented and hard working group of people in this business.

[HAND OVER TO TODD]

17.CEO'S PRESENTATION

Good morning everyone great to be with you all today in-person! Let me start with a few comments about FY22 results and what we see happening in the car market.

18.FY22 RESULTS SNAPSHOT

It has been another excellent year for the Turners business. We have achieved another year of strong growth with 15% growth in Profit before tax in FY22. Our Auto retail optimisation is working, branch expansion plans are delivering results, our de-risking by focusing on quality in finance and insurance has positioned us well and our investments in digital are paying off. I am particularly pleased with the improved levels of return our loyal shareholders have been rewarded with ... the dividend of 23 cents per share being a record and also the earnings per share at 36.4 cents.

19.NZ USED CAR MARKET

Overall used car transaction levels continue to track well below pre-pandemic levels, and in more recent months there has been a significant drop in transaction levels. The causes of this contraction are a combination of the economy, COVID and Government regulation The impact of each specific one is difficult to know. Our website data is telling us that demand for used cars is shifting down the price point curve, and this lines up with the anecdotal feedback from our branch network, in that they could sell \$10,000 cars many times over at the moment, where as higher priced stock over \$20,000 the demand is moderating.

20.DEALER NUMBERS

Registered dealer numbers are at the lowest point in the last 5 years (3k), down 14% from peak in 2017. There is a close correlation between the fortunes of the used import market and registered dealer numbers and we expect dealer numbers to track down further due to challenges in supply and impact of government regulation.

21.BUSINESS DIVISIONS

22.AUTO RETAIL

Our Auto Retail division has continued the momentum they finished the year with. Market share has continued to improve with sales volumes increasing year on year. The focus to source a much larger proportion of our vehicles locally has paid off and we are seeing elevated levels of consignment vehicles particularly from lease customers. We have seen some softening in margins as demand has dropped away due to the economy and COVID.

Our focus is very much on a continuation of our wholesale to retail transition. We still sell around 35% of our units down the auction lane and for every one of these sales we can move into our retail channel it is worth another \$1,000 in transaction margin to the business.

Our branch expansion plans are going well and I will update you shortly on Rotorua and Nelson. Our “supermarket” approach to used cars is working really well.

23.ROTORUA

Pleased to report that our Rotorua team moved into our re-developed building last week, which I think was around 2 weeks later than the planned schedule. So a pretty good outcome.

24.ROTORUA

We have been operating on half the site and we still have some remedial works to complete before the site is fully operational. However even off a partial use of the site we have sold over 500 cars in the first 6 months of operating in Rotorua which gives us a lot of confidence about our future there.

25.NELSON

Nelson is looking fantastic and pleased to report we were able to open there two weeks ago. We are about 2 months ahead of when we had budgeted to open and we are very pleased with our initial results and in particular how the branch and site is looking. We are very excited about the potential this site has.

26.NELSON

27.NELSON

28.FINANCE

The finance book is in excellent shape. Our risk pricing model and focus on premium borrowers has been very successful over the last 3 years and I am very pleased with the structural change in quality we have been able to make in this loan book, particularly with the economic conditions likely to worsen. Our focus remains on a highly efficient credit decisioning process and improving our loan application conversion.

We are continuing to grow the loan book however growth has moderated both as a result of our pricing strategy and because of a contraction in the wider used car market.

29.QUALITY OF FINANCE

Premium borrower lending accounts for well over 50% of monthly lending, and arrears continue to track down at historically low levels. The increasing proportion of premium borrower business is reflected in our average credit scores.

The business is still retaining a Covid-19 arrears provision buffer to allow for any unemployment increase in future months.

30.INSURANCE RETURNS IMPROVING

In insurance we are seeing improving returns through less consumers driving and higher investment returns. Both WFH dynamics and the cost of fuel mean people are driving their vehicles less which means we are seeing less mechanical repair claims lodged. Some of this reduction is offset by parts price inflation and labour rate increases.

Investment returns are improving from the higher interest rates.

Our digital distribution arrangements are working well and there is a very good pipeline of opportunities filling up.

31.CREDIT MANAGEMENT

The Credit Management business continues to have lower debt load levels due to the historically low consumer arrears and corporates working back into recovery action post pandemic. Debt load in FY22 was down 54% on pre-pandemic levels and debt collected down 35% which was a significant hit to revenues.

As expected with things getting tougher in the economy we are seeing debt loads increasing. There are also continued positive signs in debt recovery rates due to the new “resolution” collections strategy and payment arrangement commitments are being met more often under the new resolution collections strategy. With the economic environment expected to deteriorate further, we expect debt load levels to increase as a result.

32.SUPPORTING NZ’S VEHICLE FLEET TRANSITION

33.SUPPORTING NZ’S VEHICLE FLEET TRANSITION

As the largest reseller of both used and end-of-life vehicles in New Zealand, we believe we have an important role and responsibility to support and accelerate the transition of the New Zealand light vehicle fleet to a cleaner, lower emission future. This transition will take place progressively over a period of time and will likely consist of a number of elements including:

- Accelerated uptake of new and used low emitting vehicles (LEVs) to the Fleet
- Retirement/replacement of older higher emitting vehicles
- Improved availability and adoption of public transport
- Introduction of new technologies

We are seeing hybrid and EV sales increasing particularly as more corporate and government fleets transition. We have also seeded a number of EVs and Hybrids into our Turners Subscription fleet.

34.EVS AND TURNERS SUBSCRIPTION

Turners Subscription provides a highly flexible way of accessing exclusive use of a vehicle on a rolling 30 day cycle. Think of it as a long term rental or a very flexible lease. The subscriber pays for their subscription and fuel...all the running costs, insurance, registration, WOF etc are paid for by Turners.

We now have over 160 vehicles out on subscription as of today and there is high demand for our EV and Hybrid stock. Particularly with the EVs which provide a very flexible and low cost way of trying before you buy.

We are pleased with the progress and the traction we are getting with this alternative to outright vehicle ownership and the role it is playing in helping consumers experience LEVs.

35.LOOKING FORWARD

36.RESILIENT AND WELL DIVERSIFIED

One of the most attractive aspects of the used car market is that it is a needs-based purchase and therefore more resilient and less affected by changing economic conditions. There is also a significant cohort of vehicles 20% of the NZ vehicle fleet that are more than 20 years old essentially at the end of their economic life and needing to be replaced in the near future.

Our brands, network and diversified business position this company very well and as we head into an economic environment that will offer up different challenges and opportunities, the business has already been significantly de-risked. The work we have done on local sourcing of vehicles, building quality into the finance book, adding distribution to insurance, means the business is positioned to withstand or potentially take advantage of some of these changing conditions.

37.ROADMAP TO \$50M

As Grant outlined earlier despite the economic headwinds we are still confident of growth. The main growth engine will be out of Auto Retail with modest growth from Finance, Insurance and Credit Management.

Auto retail growth continues to come from retail optimisation and branch expansion and we have a 10% market share goal in our sights. Our expanding auto retail business has an obvious positive halo effect in Insurance and Finance.

Headwinds in finance are offset by growth driven out of direct lending and improvements in distribution.

Insurance growth will come from direct and digital distribution.

Like last year this gives some indication on what the growth pathway looks like which we think is useful for shareholders.

38.TRADING UPDATE AND OUTLOOK

A few comments about how the business has been trading in the first part of the year.

In Auto Retail car sales have been strong, margins have moderated and we are seeing demand shifting to the lower price end of the market. We expect further upside from Rotorua and Nelson coming on stream.

In finance we are seeing lower lending volumes as interest rates rises take effect and lending market contracts, arrears are holding and our net interest margin has compressed as expected.

The benevolent claims environment in Insurance is persisting and combined with payback from strategic initiatives returns are improving.

In Credit the debt load and associated commissions are expected to increase through the year.

Despite the challenges Omicron has caused amongst our team and our customer base we are pleased to report that FY23 Q1 underlying profit performance is in-line with last year.

39.KEY MESSAGES

Business is in the best shape it has ever been...we have a very robust business with a sustainable dividend yield.

The used car market is mostly needs based...lots of market resilience in this segment and 20% of NZ vehicle fleet is 20 years or older...this is over 830,000 cars that are at the end of their life.

Our business model is based on vehicle churn...we are neutral on what powers the vehicle. However Turners do have a role to play in helping the vehicle fleet transition to different types of Low Emission Vehicles.

We are very conscious of the clear NZ and global economic challenges over the next 12-24 months

We are aware of the challenges and have plans to mitigate these but believe these are still opportunities for the strong to get stronger.

Our FY25 updated target is \$50m in Underlying NPBT and this projection would have been higher, however given economic situation we have been more conservative in our outlook.

I will now hand back to Grant for discussion in relation to the annual report or today's presentations.

[HAND BACK TO GRANT]

40.SHAREHOLDER DISCUSSION

Are there any questions on the presentation or results?

There will be an opportunity to ask questions about each resolution as they are put to shareholders to vote.

If you have a question please feel free to direct it to any one of the panel up here. Could you clearly state your name if you are a shareholder, or, if you are a proxy holder or corporate representative, please state the interest you represent.

41.RESOLUTIONS

I would now like to move to the resolutions before the meeting. These were notified in the Notice of Meeting and explanatory notes have been provided.

Voting on each of the resolutions in the Notice of meeting will be by way of poll.

Staples Rodway, the company's auditors, will act as scrutineers.

Please use the voting paper you used in the mail or were given when you registered for this meeting,

If you do not have a voting paper, you will be able to request one from scrutineers when the voting takes place.

Only shareholders, proxy holders or corporate representatives of a shareholder may vote on today's resolutions.

42.RESOLUTIONS

Resolution 1

The first resolution is to record the re-appointment of Staples Rodway as auditors of the Company and authorise the directors to fix the auditor's remuneration.

Are there any matters for discussion or questions from the floor?

I would like to move this motion. Do I have a seconder? Thank you.

Resolutions 2 and 3: Re-election of Directors

The next two resolutions are in regards to director re-elections. We believe that having Directors with relevant industry, commercial and governance skills is essential for the continuing success of the Turners' group. Diversity of thought in particular and broader commercial acumen, are also taken into consideration by the Board when reviewing Board positions.

We currently have Directors with hands on experience in the finance, insurance and debt management sectors as well as Directors with expertise in governance and very diverse experience and entrepreneurial skills in sales, marketing and business growth.

Resolution 2 is for my re-election. You've already heard from me quite a bit today and about my passion for the business. I'm pleased to put myself forward for re-election as a Director. I'll ask John Roberts to chair the meeting for this resolution.

[John to stand]

Thank you.

Grant Baker has been a director and chairman of Turners Automotive Group Limited since September 2009. As businessmen go, Grant Baker is probably at the more unconventional end of the spectrum. The co-founder of The Business Bakery has a number of successes under his belt, including the 42 Below vodka venture and Trilogy International, which recently sold to Chinese Citic Group, amongst a number of other ventures he has been involved in. With a 7.45% shareholding, Grant is long term committed investor in Turners Automotive Group. As an avid collector of specialist vehicles and motor racing enthusiast, both as a competitor and as a backer of young up and coming drivers, he is passionate about the strong Turners brand and its focus on cars. He has wide experience at a senior level in both public and private New Zealand companies and has been Chairman of Turners Automotive Group since September 2009. In terms of the Listing Rules, the Board considers that Grant Baker is a non-executive Director but is not independent.

Are there any questions?

I would like to move this motion. Do I have a seconder? Thank you.

I will now pass back to Grant.

[Grant to stand]

The next resolution is in relation to the re-election of Alistair Petrie who retires by rotation and has offered himself for re-election.

Alistair has been a director of Turners since February 2016 and has over 15 years of senior management experience in both private and listed companies in the agribusiness sector. He has extensive knowledge in sales and marketing in both international and domestic environments, which is particularly useful for some of the challenges and opportunities Turners has in importing vehicles from Japan.

Alistair has a number of directorships with companies that have a focus on growth and innovation, and he represents the interests of Bartel Holdings, which has a 11.48% shareholding in Turners Automotive Group.

He worked for many years at Turners & Growers, the original parent company of Turners Auctions, which provides a nice connection at Board level back to those foundational brand values of “trust and integrity”. The Board considers that Alistair Petrie is a non-executive Director but is not independent.

I will now ask Alistair to say a few words in support of his re-election.

[Address from Alistair]

Are there any questions?

I would like to move this motion. Do I have a seconder? Thank you.

43.VOTING

Many shareholders, who are not attending this meeting have voted by proxy.

I wish to advise that proxies have been received for 10,686,217 shares being 12.34% of total shares on issue.

Please complete your voting paper by ticking “FOR”, “AGAINST”, or “ABSTAIN” in the appropriate place on the form and ensure you have signed the form. Please do not tick the “DISCRETION” box.

If you have any difficulty, or do not have a voting paper, please raise your hand and someone will assist you.

Once everyone has finished voting, scrutineers will collect the voting papers.

[3 minute pause]

Scrutineers will now collect the voting papers. Could shareholders please pass their voting papers to the scrutineers?

The results of today’s voting will be posted to the NZX as soon as possible.

44.OTHER BUSINESS AND CLOSE OF MEETING

That brings the formal part of the meeting to a close.

Is there any other business shareholders would like to discuss in regards to today’s presentations or Turners’ progress?

I therefore call the 2022 annual meeting of shareholders closed.

Thank you all for your attendance today.

I would like to invite you to join Board and management for refreshments.