Company Announcement

21 May 2024

Turners delivers record FY24 earnings and lays out roadmap for future growth

Turners Automotive Group (NZX/ASX: TRA) has again delivered record earnings for the financial year to March 31, 2024 (FY24), underscoring its resilient earnings platform, and the value of diversification, integrating the activity and annuity elements of its business.

Despite economic challenges and soft consumer demand, the company achieved its FY24 target a year early, is well placed to exceed its FY25 Net Profit Before Tax (NPBT) target of $50M and today announced its new medium-term target for $65m NPBT in FY28.

Key Financial Highlights:

- Revenue $417m +7%
- EBIT $58.6m up 12%
- NPBT $49.1m +8%
- NPAT $33.0m +1.5% (normalised NPAT $35.1M +8%)[1]
- Earnings per share (EPS) 37.7cps 0% (normalised EPS 40.2cps +7%)[1]
- Final dividend declared of 7.5 cents per share (cps)
- Full year dividend of 25.5cps +11%, representing a gross yield of ~9% per annum based on current share price ($4.10)

[1]The legislative change to remove depreciation on commercial buildings has increased the effective tax rate to 33% for FY24. This is a one-off non-cash impact in FY24 only. The effective tax rate over the last two years is between 27.5-28.5%. A normalised NPAT using FY23 tax rate of 28.5% would be $35.1M +8% and EPS would be 40.2 +7%.

Key Business Highlights:

- **Auto segment** profit was up 27% and constituted more than 50% of group profits. Driven by two new branches launched in FY24, improved sourcing, retail optimisation (from wholesale auctions to retail), growing brand strength, operating efficiencies and solid organic growth across the network.
- **Finance** segment has weathered the interest rate shock as we deliberately sacrificed some top line growth over the last two years to focus on higher quality borrowers, positioning the segment well as interest rates ease. Net interest margin (NIM) is expanding, following an inflection point during H2 and rate headwinds will now turn into tailwinds. Meanwhile, arrears remain significantly below industry benchmarks.
- **Insurance** segment increased contribution to profit as a well-tuned business with robust policy sales, well managed claims and improved investment returns. Notably claims cost inflation was offset by reduced frequency of claims.
- **Credit Management** business has turned a corner with debt load recovering in line with a tightening economy, particularly in SMEs. The business is well-placed for growth as the economy tightens and debt value load continues to increase.
- **A strong culture** remains a key advantage, ranking in the top 5% of consumer businesses globally using Peakon (employee engagement tool). 50% of the team took up the Employee Share Scheme offer.
- **Outlook:** An anticipated deterioration in economic conditions during HY25, combined with cycling against a high-growth HY24 comparative period arising in part from extreme weather events, means we expect HY25 to be testing. Our near term focus remains on exceeding the $50M NPBT goal in FY25, despite the economic backdrop. Beyond FY25, Turners is well-placed to continue to make strong progress, thanks to the resilience of a diversified business model (activity and annuity), and clear strategy for further growth.

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Turner's FY24 result demonstrated strong earnings in challenging conditions, thanks to its resilient, diversified business model, and is well placed to implement its next phase of development and growth.

Group revenue rose 7% to $417m, delivering a record NPBT result of $49.1m up 8% on FY23.

The Auto Retail segment achieved another year of 20%+ growth, with segment profit up 27% over FY23 to $31.8m. Although the Finance segment's profit was down, revenue continued to grow, and further progress was made improving the quality of the loan book, and rebuilding lending margins. Insurance continued its steady growth of recent years with 15% profit growth. And Credit Management expanded of a low base, recording 9% profit growth.

Todd Hunter, CEO, said: *"We're pleased to continue to deliver another record result for shareholders. Our business is founded on delivering great experiences for our customers. We continue to innovate, gain market share and improve margins across all segments. In addition to the continued expansion of our activity businesses (Auto Retail and Credit Management), our annuity businesses (Finance and Insurance) have gained momentum. This underscores the benefits of our diversification strategy and ensures the resilience we need to grow, through all phases of the economic cycle.*

"Our Auto Retail segment again excelled and is now entering a build phase for our next growth push. Our Finance segment has weathered the interest rate shock, continued to improve its credit scores and is now back into growth mode. Our Insurance and Credit Management teams continue to finely-tune these businesses to market-leading positions with future opportunity as the economic cycle tightens."

FY24 Financial results

NPBT for the full year increased 8% to $49.1m. Net profit after tax (NPAT) of $33.0m was up 1.5%. EBIT rose 12% to $58.6m.

Earnings per share (EPS) for FY24 were 37.7cps, matching last year. The legislative change to remove depreciation on commercial buildings increased the effective tax rate to 33% for FY24. This is a one-off non-cash impact for FY24 only.

A final 7.5cps dividend (payable in July) takes FY24 dividends to 25.5cps, up 11% on last year. This meets the company's dividend policy payout of 60-70% of net profit after tax (NPAT), and represents a yield of ~9% per annum based on the current share price.

Grant Baker, Chairman, said**:** *"This is an outstanding result for the business in light of the economic backdrop. The strength of our brand, and our distribution networks means we are ever more accessible and trusted by customers, offering strong adjacent opportunities. The resilience of our diversified model leaves us well-placed for what comes next in the economic cycle.*

Our leadership position and strong balance sheet, means we can continue to invest for our next phase of growth, even in tough times, so that we remain ahead of the market as conditions begin to improve into the next year and beyond. We continue to remain focused on returns to shareholders, as well as strengthening our platform for growth as we now implement our roadmap to NPBT of $65m at FY28. The economic conditions New Zealand is faced with are challenging but I have absolute confidence in the team to keep delivering."

Results by segment
Refer to Appendix

FY25 Outlook
We expect New Zealand's trading conditions to remain challenging throughout HY25 (six months ending September 2024). However we expect to see a recovery in the second half of the year and our near term focus remains on exceeding our goal of $50m NPBT in FY25.

Roadmap to $65m (FY25-FY28 Growth model)
Having successfully met our FY24 target a year early, and remaining on track for our FY25 $50m target, we today announced our **Roadmap to $65m NPBT for FY28**.

Our FY25-FY28 growth model is underpinned by five key areas:

- Auto Retail - Branch expansion
- Auto Retail - Retail optimisation (transition of unit sales from wholesale auctions to retail)
- Finance - growth in premium lending as economic cycle eases and interest costs start to reduce
- Insurance - growth in market share gains and direct to consumer distribution opportunities;
- Credit Management - growth from rebuilding the payment bank as debt load increases.

Given the uncertain economic outlook, the mix of activity and annuity-based revenues remains a core strength for the business as we grow towards our future goals.

Turners FY24 Results Call
Todd Hunter (Group CEO) and Aaron Saunders (Group CFO) will present the FY24 financial results followed by Q&A at 10:30am on 21 May 2024.
https://turners.zoom.us/webinar/register/WN_Zqo5c_sKTwaIcgm7IWpEBg

Results Video
For further commentary on the FY24 results, a short video is available at
https://www.turnersautogroup.co.nz/invest

About Turners
Turners Automotive Group Limited is an integrated financial services group, primarily operating in the automotive sector www.turnersautogroup.co.nz

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Appendix: Segmental Results

Auto Retail: Revenue $298.6m +7%, NPBT $31.8m +27%

The Auto Retail segment completed another year of strong growth off the back of improved local sourcing of vehicles. Revenue was up 7% to $298.6m, lifting profit contribution to $31.8m, up 27% on FY23. This was founded on continuing to develop a very strong brand, sourcing vehicles smarter and improving systems efficiency. Some one-off impacts from the Auckland Anniversary floods and Cyclone Gabrielle also affected early HY24 (higher levels of sales from damaged and end of life vehicles plus replacement vehicles).

Central to Auto Retail's profit growth is a continued migration from auctioned vehicles into expanding retail channel sales. Retail channel sales generate higher revenues and add on sales opportunities compared to vehicles sold through auction. The segment is sourcing more owned stock, and is increasing its retail capacity through branch expansion. Total 'owned' unit sales grew 5% in FY24 to 25.3k vehicles. The number of vehicles sold at auction in FY24 also grew, +7% to 19.8k units.

Branch expansion, local sourcing and increased brand awareness is driving increased sales. 'Tina from Turners' continues to prove effective in the market, and popular with customers.

The segment is now entering a "build phase" for its next growth push. A new Timaru branch and Napier branch expansion was completed in FY24. The development pipeline for FY25 includes: Tauranga-Tauriko, Hornby in Christchurch, and Burnside (Christchurch Airport precinct). But the timing of these mean that their impact will only be fully felt in FY26, not FY25. Branches in Christchurch City Centre and Greerton, Tauranga are planned for FY26 and FY27 respectively.

Finance: Revenue $62.4m +6%, NPBT $12.2m -18%

Finance segment achieved steady revenue growth during FY24, up 6% at $62.4m. Segment profit was down 18% at $12.2m. The high interest rate environment continued to bite. However, by H2-24, the segment was back in growth mode.

Net interest margin (NIM) has stabilised and returned to growth. This inflection confirms the segment has weathered the interest rate shock and is now well placed when the rate cycle begins to ease. The relentless focus on quality means that premium lending was 50% of our total loan book as at March 2024. Credit policy was further tightened through FY24 with the consequence that average borrower credit scores continued to improve. As a result of the focus on quality, consumer loan arrears continue to track at half the levels of the wider market. The segment has maintained a conservative position on the possible impact on credit losses from unemployment, increasing its economic overlay provision to $2.3m (FY23 $2.0m).

Insurance: Revenue $46.1m +6%, NPBT $14.3m +15%

Insurance continued to make gains in FY24, with distribution networks delivering significant value. Inflation continued to increase the cost of claims, but this was offset by lower frequency of claims (work from home and cost of living encouraging more use of public transport). Indications are that we are nearing the end of claims inflation phase. Loss ratios strengthened due to further improvements to risk pricing during FY24.

Autosure has introduced two new categories of vehicle during FY24 to further optimise pricing for risk. The business now has the building blocks in place to address a substantial opportunity within the private car selling market (50% of used cars are sold private to private).

Credit Management: Revenue $9.8m +6%, NPBT $3.1m +9%

The Credit Management business continued to recover well in FY24, building back through improved marketing and benefitting from higher demand as cashflow pressures emerge in the wider economy. Debt value loaded increased by 14% ($18m) over FY23. Lower repayment amounts and extended payment arrangements were a feature of FY24 due to diminished customer payment capacity. The Payment bank is being rebuilt as debt load increases. The business is well-positioned to make further gains as New Zealand’s credit metrics continue to deteriorate. They are now at their worst level in seven years, suggesting debt load levels will increase over coming years.

ENDS

Turners Automotive Group

Results announcement

Results for announcement to the market		
Name of issuer	Turners Automotive Group Limited	
Report period	12 months to 31 March 2024	
Previous reporting period	12 months to 31 March 2023	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$416,145	7.0%
Total revenue	$416,968	7.0%
Net profit from continuing operations	$32,966	1.5%
Total net profit	$28,796	-12.2%
Final dividend		
Amount per quoted equity security	$0.07500000	
Imputed amount per quoted security	$0.02916667	
Record date	18 July 2024	
Dividend payment date	26 July 2024	
	Current period	**Prior comparable period**
Net tangible assets per quoted security	$1.47	$1.38
A brief explanation of any of the figures above necessary to enable the figures to be understood	Please refer to accompanying Company Announcement	
Authority for this announcement		
Name of person authorised to make this announcement	Barbara Badish	
Contact person for this announcement	Todd Hunter	
Contact phone number	021 722 818	
Contact email address	Todd.Hunter@turners.co.nz	
Date of release through MAP	21/05/2024	

This announcement is based on audited results.

TURNERS AUTOMOTIVE GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Note	**2024** $'000	Restated 2023 $'000
Revenue	2	**416,145**	389,027
Other income	2	**823**	608
Cost of goods sold		**(177,175)**	(173,986)
Interest expense		**(27,842)**	(19,933)
Impairment provision expense	2	**(4,616)**	(3,740)
Subcontracted services expense		**(15,466)**	(11,927)
Employee benefits		**(66,365)**	(60,709)
Commission		**(11,070)**	(12,024)
Advertising expense		**(5,650)**	(4,934)
Depreciation and amortisation expense	2	**(11,968)**	(11,478)
Systems maintenance		**(5,384)**	(5,109)
Claims		**(21,901)**	(21,827)
Other expenses		**(20,392)**	(18,544)
Profit before taxation		**49,139**	45,424
Taxation expense		**(16,173)**	(12,941)
Profit from continuing operations		**32,966**	32,483
Other comprehensive income for the period (which may subsequently be reclassified to profit/loss), net of tax			
Cash flow hedges		**(4,118)**	**415**
Revaluation of financial assets at fair value through OCI		**(73)**	**(91)**
Foreign currency translation differences		**21**	**(7)**
Total comprehensive income for the period		**28,796**	32,800
Earnings per share (cents per share)			
Basic earnings per share	3	**37.71**	37.54
Diluted earnings per share	3	**37.61**	37.65

TURNERS AUTOMOTIVE GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2024

		Share Capital	Share Options Reserve	Translation Reserve	Revaluation of financial assets at fair value through OCI	Cash flow reserve	Retained Earnings	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 March 2022		205,482	472	(32)	(1,085)	5,477	42,083	252,397
Adjustments on initial application of NZ IFRS 17, net of tax	9	-	-	-	-	-	(1,754)	(1,754)
Restated balance at 1 April 2022		205,482	472	(32)	(1,085)	5,477	40,329	250,643
Transactions with shareholders in their capacity as owners								
Employee share based payments	3	1,594	(188)	-	-	-	296	1,702
Dividend paid	8	-	-	-	-	-	(14,732)	(14,732)
		1,594	(188)	-	-	-	(14,436)	(13,030)
Comprehensive income								
Profit		-	-	-	-	-	32,483	32,483
Other comprehensive income		-	-	(7)	(91)	415	-	317
Total comprehensive income for the period, net of tax		-	-	(7)	(91)	415	32,483	32,800
Balance at 31 March 2023		207,076	284	(39)	(1,176)	5,892	58,376	270,413
Transactions with shareholders in their capacity as owners								
Dividend reinvestment plan	3	**5,106**	**-**	**-**	**-**	**-**	**-**	**5,106**
Employee share based payments	3	**1,040**	**(41)**	**-**	**-**	**-**	**-**	**999**
Dividend paid/payable	8	**-**	**-**	**-**	**-**	**-**	**(27,090)**	**(27,090)**
		6,146	**(41)**	**-**	**-**	**-**	**(27,090)**	**(20,985)**
Comprehensive income								
Profit		**-**	**-**	**-**		**-**	**32,966**	32,966
Other comprehensive income		**-**	**-**	**21**	**(73)**	**(4,118)**	**-**	(4,170)
Total comprehensive income for the period, net of tax		**-**	**-**	**21**	**(73)**	**(4,118)**	**32,966**	**28,796**
Balance at 31 March 2024		**213,222**	**243**	**(18)**	**(1,249)**	**1,774**	**64,252**	**278,224**

TURNERS AUTOMOTIVE GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2024

	Note	2024 $'000	Restated 2023 $'000	Restated 1 April 2022 $'000
Assets				
Cash and cash equivalents	4	**17,523**	11,845	13,373
Financial assets at fair value through profit or loss		**69,558**	66,730	70,274
Trade receivables		**7,277**	7,800	7,506
Inventories		**25,051**	26,057	31,980
Finance receivables	5	**430,299**	424,621	422,870
Other receivables, deferred expenses and contract assets		**13,782**	9,144	9,520
Derivative financial instruments		**1,774**	5,887	5,414
Financial assets at fair value through OCI		**157**	230	225
Reverse annuity mortgages		**2,489**	2,925	3,242
Property, plant and equipment		**113,948**	105,993	67,569
Right-of-use assets		**20,716**	22,226	23,497
Investment property		**-**	5,800	5,950
Intangible assets		**163,084**	163,556	164,453
Total assets		**865,658**	852,814	825,873
Liabilities				
Other payables		**48,352**	56,008	50,103
Contract liabilities		**1,297**	1,562	1,848
Tax payable		**5,183**	6,773	4,016
Deferred tax		**15,037**	12,412	12,564
Borrowings	6	**425,318**	412,035	412,761
Lease liabilities		**24,924**	27,120	28,209
Life investment contract liabilities		**7,188**	7,042	8,153
Insurance contract liabilities		**60,135**	59,449	57,576
Total liabilities		**587,434**	582,401	575,230
Shareholders' equity				
Share capital	3	**213,222**	207,076	205,482
Other reserves		**750**	4,961	4,832
Retained earnings		**64,252**	58,376	40,329
Total shareholders' equity		**278,224**	270,413	250,643
Total shareholders' equity and liabilities		**865,658**	852,814	825,873
Total assets per share ($)		**9.80**	9.84	9.53
Net tangible assets ($)		**1.47**	1.38	1.14

TURNERS AUTOMOTIVE GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2024

	2024	2023
	$'000	$'000
Cash flows from operating activities		
Interest received	**56,183**	51,639
Receipts from customers	**359,265**	334,105
Receipt of government subsidies	**13**	100
Interest paid - borrowings	**(25,954)**	(17,653)
Interest paid - lease liabilities	**(1,483)**	(1,548)
Payment to suppliers and employees	**(330,265)**	(286,783)
Income tax paid	**(15,259)**	(10,394)
Net cash inflow/(outflow) from operating activities before changes in operating assets and liabilities	**42,500**	69,466
Net increase in finance receivables	**(11,117)**	(6,814)
Net decrease in reverse annuity mortgages	**673**	572
Net increase of financial assets at fair value through profit or loss	**(2,293)**	3,872
Net (withdrawal)/contribution from life investment contracts	**(92)**	(304)
Changes in operating assets and liabilities arising from cash flow movements	**(12,829)**	(2,674)
Net cash inflow/(outflow) from operating activities	**29,671**	66,792
Cash flows from investing activities		
Proceeds from sale of property, plant, equipment and intangibles	**3,180**	942
Purchase of property, plant, equipment and intangibles	**(18,641)**	(44,177)
Purchase of investments	**-**	(96)
Sale of investments	**5,526**	-
Net cash inflow/(outflow) from investing activities	**(9,935)**	(43,331)
Cash flows from financing activities		
Net bank loan (repayments)/advances	**13,283**	(553)
Principal elements of lease payments	**(6,303)**	(5,976)
Proceeds from the issue of shares	**918**	1,436
Dividend paid	**(21,956)**	(19,896)
Net cash inflow/(outflow) from financing activities	**(14,058)**	(24,989)
Net movement in cash and cash equivalents	**5,678**	(1,528)
Add opening cash and cash equivalents	**11,845**	13,373
Closing cash and cash equivalents	**17,523**	11,845

TURNERS AUTOMOTIVE GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (CONT)
For the year ended 31 March 2024

RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES

	2024	Restated 2023
	$'000	$'000
RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss)	**32,966**	32,483
Adjustment for non-cash items		
Impairment charge on finance receivables, reverse annuity mortgages and other receivables	**4,627**	3,659
Net loss/(profit) on sale fixed assets	**(204)**	(290)
Depreciation and amortisation	**11,968**	11,478
Capitalised reverse annuity mortgage interest	**(291)**	(287)
Deferred revenues	**713**	628
Fair value adjustments on assets/liabilities at fair value through profit and loss	**(573)**	(444)
Net annuity and premium change to policyholders accounts	**394**	(656)
Non-cash adjustments to finance receivables effective interest rates	**-**	(3)
Deferred expenses	**765**	1,105
Revaluation loss on investment property	**-**	150
Adjustment for movements in working capital		
Net decrease/(increase) receivables and pre-payments	**(1,870)**	937
Net decrease/(increase) in inventories	**389**	5,923
Net increase in payables	**(7,033)**	12,580
Net decrease in contract liabilities	**(265)**	(345)
Net increase in finance receivables	**(11,117)**	(6,814)
Net decrease in reverse annuity mortgages	**673**	572
Net (decrease)/increase of insurance assets at fair value through profit or loss	**(2,293)**	3,872
Net (withdrawals)/contributions from life investment contracts	**(92)**	(304)
Net (decrease)/increase in deferred tax liability	**2,327**	(212)
Net increase in tax payable	**(1,413)**	2,760
Net cash inflow/(outflow) from operating activities	**29,671**	66,792

TURNERS AUTOMOTIVE GROUP LIMITED

1. SEGMENTAL INFORMATION

OPERATING SEGMENTS

Revenue	Total segment revenue **2024** **$'000**	Inter-segment revenue **2024** **$'000**	Revenue from external customers **2024** **$'000**	Total segment revenue 2023 $'000	Inter-segment revenue 2023 $'000	Revenue from external customers 2023 $'000
Automotive retail	**300,366**	**(1,750)**	**298,616**	283,354	(5,189)	278,165
Finance	**62,416**	**-**	**62,416**	58,634	-	58,634
Insurance	**47,838**	**(1,765)**	**46,073**	45,282	(1,717)	43,565
Credit management	**9,794**	**(10)**	**9,784**	9,259	(36)	9,223
Corporate & other	**79**	**-**	**79**	48	-	48
	420,493	**(3,525)**	**416,968**	396,577	(6,942)	389,635

Operating profit	**2024** **$'000**	Restated 2023 $'000
Automotive retail	**31,807**	24,985
Finance	**12,228**	14,956
Insurance	**14,287**	12,468
Credit management	**3,121**	2,865
Corporate & other	**(12,304)**	(9,850)
Profit/(loss) before taxation	**49,139**	45,424
Income tax	**(16,173)**	(12,941)
Profit attributable to shareholders	**32,966**	32,483

	Interest revenue		Interest expense		Depreciation and amortisation expenses	
	2024	2023	**2024**	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Automotive retail	**687**	225	**(3,583)**	(2,349)	**(9,700)**	(9,141)
Finance	**54,551**	51,508	**(18,399)**	(13,281)	**(775)**	(725)
Insurance	**3,505**	2,138	**(50)**	(61)	**(1,173)**	(1,211)
Credit management	**5**	4	**(9)**	(11)	**(162)**	(258)
Corporate & other	**31**	20	**(6,174)**	(4,261)	**(158)**	(143)
	58,779	53,895	**(28,215)**	(19,963)	**(11,968)**	(11,478)
Eliminations	**(373)**	(30)	**373**	30	**-**	-
	58,406	53,865	**(27,842)**	(19,933)	**(11,968)**	(11,478)

Other material non-cash items

	Revenue/(expenses)	
	2024	2023
	$'000	$'000
Finance - impairment provisions	**(4,562)**	(3,741)
Insurance - reverse annuity mortgage interest	**291**	287

SEGMENT ASSETS AND LIABILITIES	Segment assets		Segment liabilities	
		Restated		Restated
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Automotive retail	**163,917**	155,850	**96,478**	73,689
Finance	**457,041**	453,869	**340,080**	344,786
Insurance	**151,002**	136,896	**78,511**	79,576
Credit management	**35,432**	34,035	**2,927**	3,943
Corporate & other	**255,178**	238,577	**100,174**	84,618
	1,062,570	1,019,227	**618,170**	586,612
Eliminations	**(196,912)**	(166,413)	**(30,736)**	(4,211)
	865,658	852,814	**587,434**	582,401

Five reportable segments have been identified as follows:

Automotive retail -	remarketing (motor vehicles, trucks, heavy machinery and commercial goods) and purchasing goods for sale.
Finance -	provides asset based finance to consumers and SME's.
Insurance -	marketing and administration of a range of life and consumer insurance and saving products.
Credit management -	collection services, credit management and debt recovery services to the corporate and SME sectors. Geographically the collections services segment business activities are located in New Zealand and Australia.
Corporate & other -	corporate centre.

2. PROFIT BEFORE TAX

Revenue from continuing operations includes:	**2024**	2023
	$'000	$'000
Interest income		
Bank accounts, short term deposits and investments	**3,891**	2,026
Finance receivables	**54,224**	51,552
Reverse annuity mortgages	**291**	287
Total interest income	**58,406**	53,865
Sales of goods	**215,054**	205,916
Commission and other sales revenue	**87,549**	74,980
Loan fee income	**2,669**	2,988
Insurance and life investment contract income	**39,181**	38,514
Collection income	**9,810**	9,204
Bad debts recovered	**1,879**	1,832
Other revenue	**1,597**	1,728
Total operating revenue	**357,739**	335,162
Revenue from continuing operations	**416,145**	389,027
Other income includes:		
Dividend income	**8**	5
Gain on sale of property, plant and equipment	**233**	378
Government wage subsidies	**-**	100
Rental income	**386**	-
Other	**196**	125
	823	608
Over time		
Automotive retail		
Commission and other sales revenue	**21,874**	16,425
Finance		
Other sales revenue	**3,306**	2,434
At a point in time		
Automotive retail		
Sales of goods	**215,054**	205,916
Auction commissions	**60,640**	54,922
Credit management		
Collection income	**9,510**	8,704
Voucher income	**300**	500
Insurance		
Motor vehicle insurance commissions	**1,729**	1,199

Net operating profit includes the following specific expenses

	2024	2023
	$'000	$'000
Depreciation		
- Buildings	**380**	299
- Plant, equipment & motor vehicles	**1,427**	1,118
- Leasehold improvements, furniture, fittings & office equipment	**1,064**	1,075
- Computer equipment	**1,419**	1,274
- Signs & flags	**145**	198
Intangible amortisation		
Amortisation of software	**834**	1,099
Amortisation of customer relationships	**520**	520
Amortisation of right-of-use asset	**6,179**	5,895
	11,968	11,478

Movement in impairment provisions		
Provisions for:		
Specific impaired finance receivables	**1,333**	446
Collective impairment provision for finance receivables	**2,699**	2,784
Movement in COVID-19 overlay	**-**	(1,682)
Movement in economic overlay provision	**345**	1,965
Collective impairment on reverse annuity mortgages	**54**	32
Finance receivables bad debts written off	**185**	195
Movement	**4,616**	3,740

3. SHARE CAPITAL AND EARNINGS PER SHARE

	2024	2023
	$'000	$'000
Number of ordinary shares		
Opening balance	**86,700,247**	86,069,248
Shares issued for staff options	**300,000**	525,000
Shares issued for employee share scheme	**95,305**	105,999
Shares issued under dividend reinvestment plan	**1,258,137**	-
	88,353,689	86,700,247

Basic earnings per share

The calculation of basic earnings per share at 31 March was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, as follows:

	2024	Restated 2023
	$'000	$'000
Profit for the Period ($'000)	**32,966**	32,483
Weighted average number of ordinary shares at the end of the period	**87,423,305**	86,518,326
Basic earnings per share (cents per share)	**37.71**	37.54

Weighted number of shares		
Opening balance	**86,700,247**	86,069,248
Shares issued for staff options	**211,858**	385,479
Shares issued for employee share scheme	**56,246**	63,599
Shares issued for Dividend Reinvestment Plan	**454,954**	-
	87,423,305	86,518,326

Diluted earnings per share

The calculation of diluted earnings per share at 30 September and 31 March was based on the diluted profit attributable to shareholders and a diluted weighted average number of ordinary shares outstanding as follows:

	2024 $'000	Restated 2023 $'000
Continuing operations ($'000)	**32,966**	32,483
Add: Long term incentive expense relation to options ($'000)	**55**	265
Profit for the year ($'000)	**33,021**	32,748
Weighted number of ordinary shares (diluted)		
Weighted average number of shares (basic)	**87,423,305**	86,518,326
Effect of the exercise of options	**376,944**	467,052
Weighted average number of shares (diluted)	**87,800,249**	86,985,378
Diluted earnings per share (cents per share)	**37.61**	37.65

4. CASH AND CASH EQUIVALENTS

	2024 $'000	2023 $'000
Cash and cash equivalents	**17,523**	11,845

The Group's insurance business is required to comply with the solvency standards for licensed insurers issued by the Reserve Bank of New Zealand. The solvency standards specify the level of assets the insurance business is required to hold in order to meet solvency requirements, consequently all cash and cash equivalents held in the insurance business may not be available for use by the wider Group. The Group's insurance business' cash and cash equivalents at 31 March 2024 were $2.1m (2023: $2.0m).

Cash and cash equivalents at 31 March 2024 of $6.7m (2023: $4.3m) belongs to the Turners Marque Warehouse Trust 1 and the Turners Marque ABS 2023-1 Trust and are not all available to the Group.

5. FINANCE RECEIVABLES

	2024 $'000	2023 $'000
Gross finance receivables	**429,400**	422,014
Deferred fee revenue and commission expenses	**10,111**	11,276
Provision for impairment	**(6,902)**	(6,704)
Economic overlay provision	**(2,310)**	(1,965)
	430,299	424,621
Fair value	**432,065**	425,900

The fair values are based on cash flows discounted using a weighted average interest rate of 13.07% (2023: 11.81%).

Securitisation

The Group has two Trusts under which it securitises finance receivables. The Trusts are special purpose entities set up solely for the purpose of purchasing finance receivables originated by the finance sector. The New Zealand Guardian Trust Company Limited has been appointed Trustee and NZGT Security Trustee Limited as the security trustee for both Trusts. The Company is the sole beneficiary of both Trusts.

The Group has the power over the Trusts, exposure, or rights, to variable returns from its involvement with the Trusts and the ability to use its power over the Trusts to affect the amount of the Group's returns from the Trusts. Consequently the Group controls the Trusts and has consolidated the Trusts into the Group's financial statements.

The Group retains substantially all the risks and rewards relating to the finance receivables sold and therefore the finance receivables do not qualify for derecognition and remain on the Group's consolidated statement of financial position.

Turners Marque Warehouse Trust 1 (the Trust)

The Trust has a wholesale funding facility with the Bank of New Zealand (BNZ) which is secured by finance receivables sold to the Trust. The facility is for $355m and with a 1 year term that will be renewed annually. BNZ fund up to 90% (2023: 85%) of the purchase price of the finance receivables with the balance funded by sub-ordinated notes from the Group.

During the reporting period $202.4m finance receivables were sold to the Trust (31 March 2023: $215.5m) and the Trust sold $100.0m finance receivables to the Turners Marque ABS 2023-1 Trust. As at 31 March 2024 the carrying value of finance receivables in the Trust was $281.2m (2023: $314.4m).

Turners Marque ABS 2023-1 Trust (the 2023-1 Trust)

During the period the Group created the 2023-1 Trust. The 2023-1 Trust, is a closed pool trust, and issued $100m notes comprising $70m Class A1 notes and $20.7m Class A2 notes both rated AAAsf (Fitch) and $9.3m unrated Class B notes, the Class A2 notes and B notes are held by the Group. The 2023-1 Trust purchased $100.0m finance receivables from the Trust. As at the 31 March 2024 the carrying value of finance receivables in the 2023-1 Trust was $72.9m.

6. BORROWINGS

	2024	2023
	$'000	$'000
Secured bank borrowings	**373,710**	412,035
Non bank borrowings	**51,608**	-
Total borrowings	**425,318**	412,035
Fair value	**423,539**	406,127

Secured bank borrowings

At March 2024 the Group has a syndicated funding facility, including a 18 month working capital facility, with the Bank of New Zealand, ASB Bank and Westpac New Zealand, a self liquidating trade finance facility and three year term facility with ASB Bank and a securitisation facility with the Bank of New Zealand.

The bank borrowings are secured by a first-ranking general security agreement over the assets of the Company and its subsidiaries, excluding DPL Insurance Limited, Turners Finance Limited and EC Credit (Aust.) Limited. The bank funded securitisation financing arrangement is described under finance receivables.

Non bank borrowings

The Group's non bank securitisation arrangement with the Accident Compensation Corporation is described under finance receivables.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The fair value of financial assets and liabilities carried at fair value are summarised in the table below. The methods used to calculate fair value are the same as those applied when preparing the Group's Annual Report for the year ended 31 March 2023 (refer note 5.5 in the Annual Report for the year ended 31 March 2023). During the period there were no movements of fair value assets or liabilities between levels of the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
31/03/2024				
Fair value assets:				
Financial assets at fair value through profit or loss - insurance	**-**	**7,508**	**-**	**7,508**
Financial assets at fair value through profit or loss - term deposits	**62,050**	**-**	**-**	**62,050**
Derivative financial instruments	**-**	**1,774**	**-**	**1,774**
	62,050	**9,282**	**-**	**71,332**
31/03/2023				
Fair value assets:				
Financial assets at fair value through profit or loss - insurance	-	7,305	-	7,305
Financial assets at fair value through profit or loss - term deposits	59,425	-	-	59,425
Investment property	-	-	5,800	5,800
Derivative financial instruments	-	5,887	-	5,887
	59,425	13,192	5,800	78,417

8. DIVIDENDS

	2024 $'000	2023 $'000
Quarterly dividend for the year ended 31 March 2023 of $0.06 per fully paid ordinary share, imputed, paid on 27 April 2023.	**5,202**	-
Final dividend for the year ended 31 March 2023 of $0.07 (31 March 2022: $0.07) per fully paid ordinary share, imputed paid on 28 July 2023 (2023: 28 July 2022).	**6,085**	6,062
Quarterly dividend for the year ended 31 March 2024 of $0.06 (31 March 2023: $0.05) per fully paid ordinary share, imputed, paid on 27 October 2024 (2023: 28 October 2022).	**5,251**	4,335
Quarterly dividend for the year ended 31 March 2024 of $0.06 (31 March 2023: $0.05) per fully paid ordinary share, imputed, paid on 26 January 2024 (2023: 26January 2023).	**5,267**	4,335
Quarterly dividend for the year ended 31 March 2024: $0.06 per fully paid ordinary share, imputed, paid on 27 March 2024.	**5,285**	-
	27,090	14,732

Dividends not recognised at year end

In addition to the above dividends, after year end the directors recommended the payment of the following dividend:

Quarterly dividend for the year ended 31 March 2023 of $0.06 per fully paid ordinary share, imputed, paid on 27 April 2023 .	**-**	5,202
Final dividend of $0.075 (31 March 2023: $0.07) per fully paid ordinary share, imputed, payable on 26 July 2024 (2022: 28 July 2023).	**6,627**	6,085

9. CHANGE IN ACCOUNTING POLICY

This note explains the impact of the adoption of NZ IFRS 17 Insurance Contracts on the Group's financial statements and discloses the new accounting policies that have been applied from 1 April 2023.

The Group has adopted NZ IFRS 17 retrospectively from 1 April 2023 and has restated certain comparative amounts, the retrospective restatement does not have a material effect on the information in the statement of financial position at the beginning of the preceding period.

A. Recognition, measurement and presentation of insurance contracts
NZ IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measure groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin (CSM).

Under NZ IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

The Group applies the premium allocation approach (PAA) to simplify the measurement of certain contracts.

Under NZ IFRS 17, only directly attributable insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

B. Transition
Changes in accounting policies resulting from the adoption of NZ IFRS 17 have been applied using the fair value approach as the Group cannot obtain reasonable and supportable information necessary to apply the full or modified retrospective approach.

The change in accounting policy only relates to the insurance segment and has affected the following items in the Statement of financial position:

	1/04/2022 $'000
Increase in Other receivables, deferred expenses and contract assets	180
Increase in Insurance contract liabilities	2,561
Decrease in deferred tax impact	627
Decrease in Retained earnings	1,754

C. Accounting policy – Insurance contracts
Insurance contracts are those contracts that transfer significant insurance risk and are accounted for in accordance with the requirements of NZ IFRS 17 *Insurance Contracts.* The Group issues the following insurance contracts:

- Long-term insurance contracts with fixed and guaranteed terms, these contracts insure events associated with human life (for example, death) over a long duration;
- Temporary life insurance contracts covering death disablement, disability and redundancy risks; and
- Short term motor vehicle contracts covering mechanical breakdown risks.

Aggregation and recognition of insurance contracts
Insurance contracts
Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

An insurance contract issued by the Group is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Contract boundaries
The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

Insurance contracts
Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services). A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Measurement – Contracts not measure under the PAA
On initial recognition, the Group measures a group of contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of insurance contracts represents the unearned profit that the Group recognises as it provides services under those contracts. On initial recognition of a group of insurance contracts, the Group determines the net present value of future cash-flows expected to arise under those contracts, with an allowance for non-financial risk. If the result is positive (i.e. a net inflow), the group is not onerous, and a CSM is established equal to the present value of the net inflow, hence no profit is recognised in profit or loss at contract inception. If the result is negative, the CSM is zero, and the negative value reflects the loss on those contracts recognised at inception and is recognised as a loss in profit or loss.

Subsequently, the carrying amount of a group of contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses

The CSM is adjusted subsequently only for changes in fulfilment cash flows that relate to future services and other specified amounts and is recognised in profit or loss as services are provided. The CSM at each reporting date represents the profit in the group of contracts that has not yet been recognised in profit or loss because it relates to future service.

This approach is applied to the Group's Funeral Plan and Annuity Insurance Life contracts.

Measurement – Contracts measured under the PAA
The Group uses the PAA to simplify the measurement of groups of contracts when the Group reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the result of applying the accounting policies described above.

On initial recognition of each group of insurance contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. The Group has elected to recognise insurance acquisition cash flows as expenses when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognised as insurance revenue for services provided. The liability for remaining coverage for in-force policies will reduce in line with the underlying pattern of insurance risk over the duration of the contracts in the group.

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group will recognise a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.

The Group recognise the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The liability for incurred claims is derived from undiscounted fulfilment cash flows as the Group writes only lines of business with claims that are virtually all settled within 12 months.

This approach is applied to all the Group's insurance contracts, except for the Group's Funeral Plan and Annuity Insurance Life contracts.

The Group applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

Derecognition
The Group derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

Presentation
Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts are presented on a net basis; therefore, balances such as insurance receivables and payables are no longer presented separately. Any assets or liabilities recognised for cash

flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) are also presented in the same line item as the related portfolios of contracts.

Amounts recognised in the statement of profit or loss and OCI are disclosed by the nature of the item.

Insurance contracts
For contracts not measured using the PAA, insurance revenue for each year includes the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. For contracts measured using the PAA, insurance revenue is recognised based on an allocation of expected premium receipts to each period of coverage, which is based on the passage of time.

Transition
Changes in accounting policies resulting from the adoption of NZ IFRS 17 have been applied using the fair value approach as the Group cannot obtain reasonable and supportable information necessary to apply the full or modified retrospective approach.

The following items have not be applied retrospectively:

- The risk mitigation option in NZ IFRS 17 have not been applied prospectively from 1 April 2022. Certain groups of contracts to which the risk mitigation option is applied have been measured under the fair value approach at 1 April 2022 (see below).
- The consequential amendments to NZ IFRS 3 Business Combinations introduced by NZ IFRS 17 require the Group to classify contracts acquired as insurance contracts based on the contractual terms and other factors at the date of acquisition. This requirement has not been applied to business combinations before 1 April 2023, for which the Group classified contracts acquired as insurance contracts based on the conditions at contract.

Reinsurance of onerous underlying contracts
For groups of reinsurance contracts covering onerous underlying contracts that were entered into before or at the same time as the onerous underlying contracts, the Group has established a loss-recovery component at 1 April 2022.

Fair value approach
Under the "Fair Value" method of transition, the Group determines the price that an independent party would pay to take over the insurance contract liabilities, allowing for:

- the future net cash-flows arising under those contracts;
- the time value of money; and
- the compensation that the purchaser would require for the uncertainty relating to those cash-flows.

Non-performance risk of the contract issuer is taken into account in determining the fair value. In the valuation of portfolios of insurance contracts, the non-performance risk is normally taken as zero as it is assumed that policyholder obligations will be met with certainty.

The opening value of Contractual Service Margins is then equal to the difference between the Fair Value, and the value of fulfilment cash-flows determined under NZ IFRS 17.

Distribution Notice (updated)

Section 1: Issuer information				
Name of issuer	Turners Automotive Group Limited			
Financial product name/description	Ordinary shares			
NZX ticker code	TRA			
ISIN	NZVNLE0001S1			
Type of distribution (Please mark with an X in the relevant box/es)	*Full Year*	X	Quarterly	
	Half Year		Special	
	DRP applies	X		
Record date	18 July 2024			
Ex-Date (one business day before the Record Date)	17 July 2024			
Payment date	26 July 2024			
Total monies associated with the distribution	$ 6,626,526.68			
Source of distribution	Retained earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution	$0.10416667			
Total cash distribution	$0.07500000			
Excluded amount (applicable to listed PIEs)	n/a			
Supplementary distribution amount	$0.01323529			
Section 3: Imputation credits and Resident Withholding Tax				
Is the distribution imputed	Fully imputed			
If fully or partially imputed, please state imputation rate as % applied	28%			
Imputation tax credits per financial product	$0.02916667			
Resident Withholding Tax per financial product	$0.00520833			
Section 4: Distribution re-investment plan (if applicable)				
DRP % discount (if any)	2%			
Start date and end date for determining market price for DRP	17 July 2024		23 July 2024	
Date strike price to be announced (if not available at this time)	24 July 2024			
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	New issue			
DRP strike price per financial product				
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	19 July 2024			
Section 4: Authority for this announcement				
Name of person authorised to make this announcement	Barbara Badish			
Contact person for this announcement	Todd Hunter			
Contact phone number	021 722 818			
Contact email address	Todd.Hunter@turners.co.nz			
Date of release through MAP	21 May 2024			