

Interim Results Presentation

For six months ending 30 September 2017

Turners.
Automotive Group

Todd Hunter – Chief Executive Officer
Aaron Saunders – Chief Financial Officer



HY18 HIGHLIGHTS AND KEY EVENTS

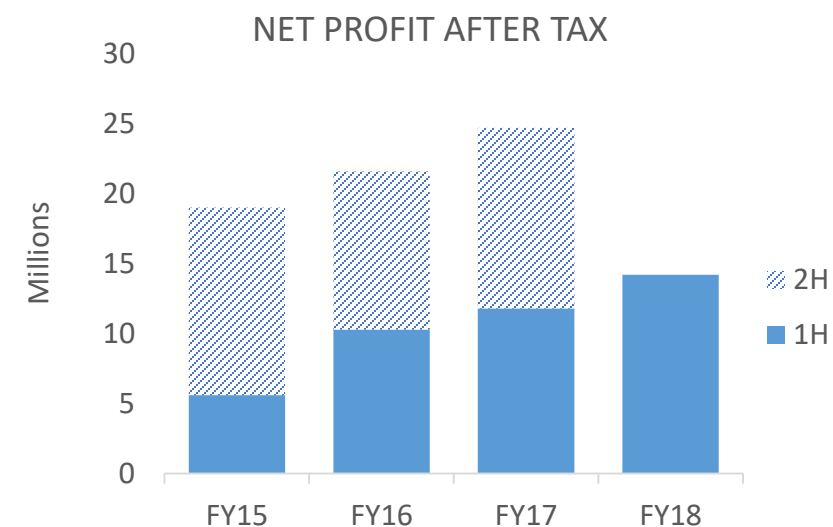
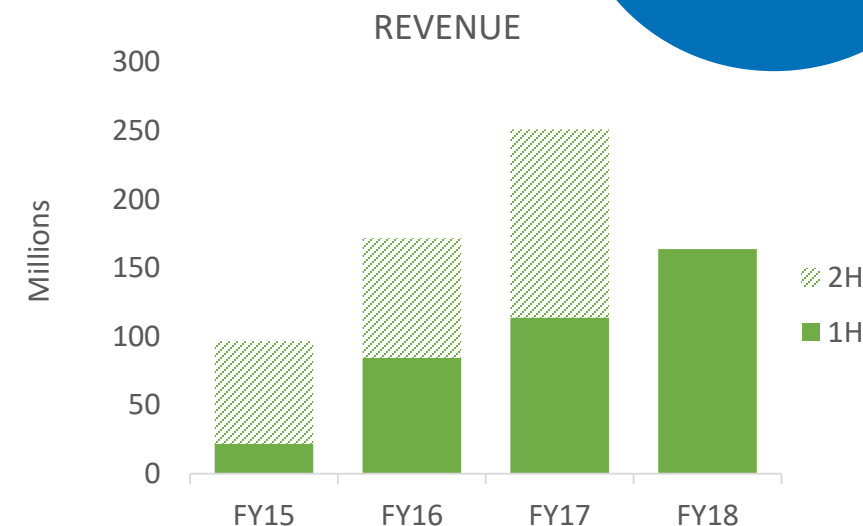


- Autosure and Buy Right Cars both successfully integrated into the group and contributed full six months of earnings
- All divisions delivered improvements in revenue and operating profit
- ASX dual listing completed
- Appointed Greg Hedgepeth as CEO of Auto Retail division
- Completion of capital raising: \$25m placement (plus \$5m SPP completed post-period end) to support growth initiatives

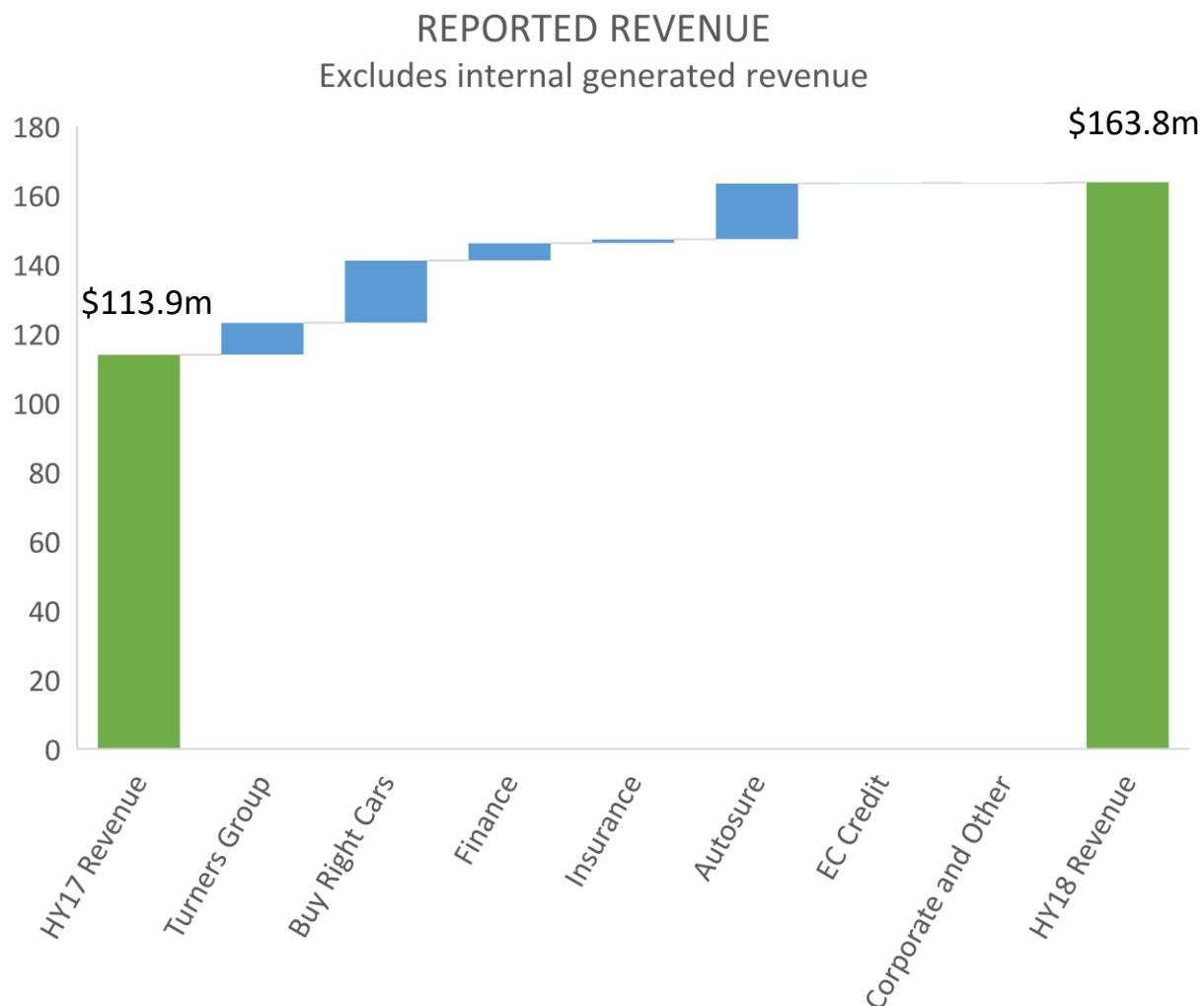
HY RESULTS SNAPSHOT

Continuing growth in revenue and profit

Revenue	\$163.8m, +44%
Net Profit Before Tax	\$14.2m, +21%
Net Profit After Tax	\$10.0m, +18%
Shareholders' Equity	\$200.7m as at 30 Sep 17
Q2 Dividend 3.0 cps	Total HY Dividend 6.0cps
Earnings Per Share	13.4cps

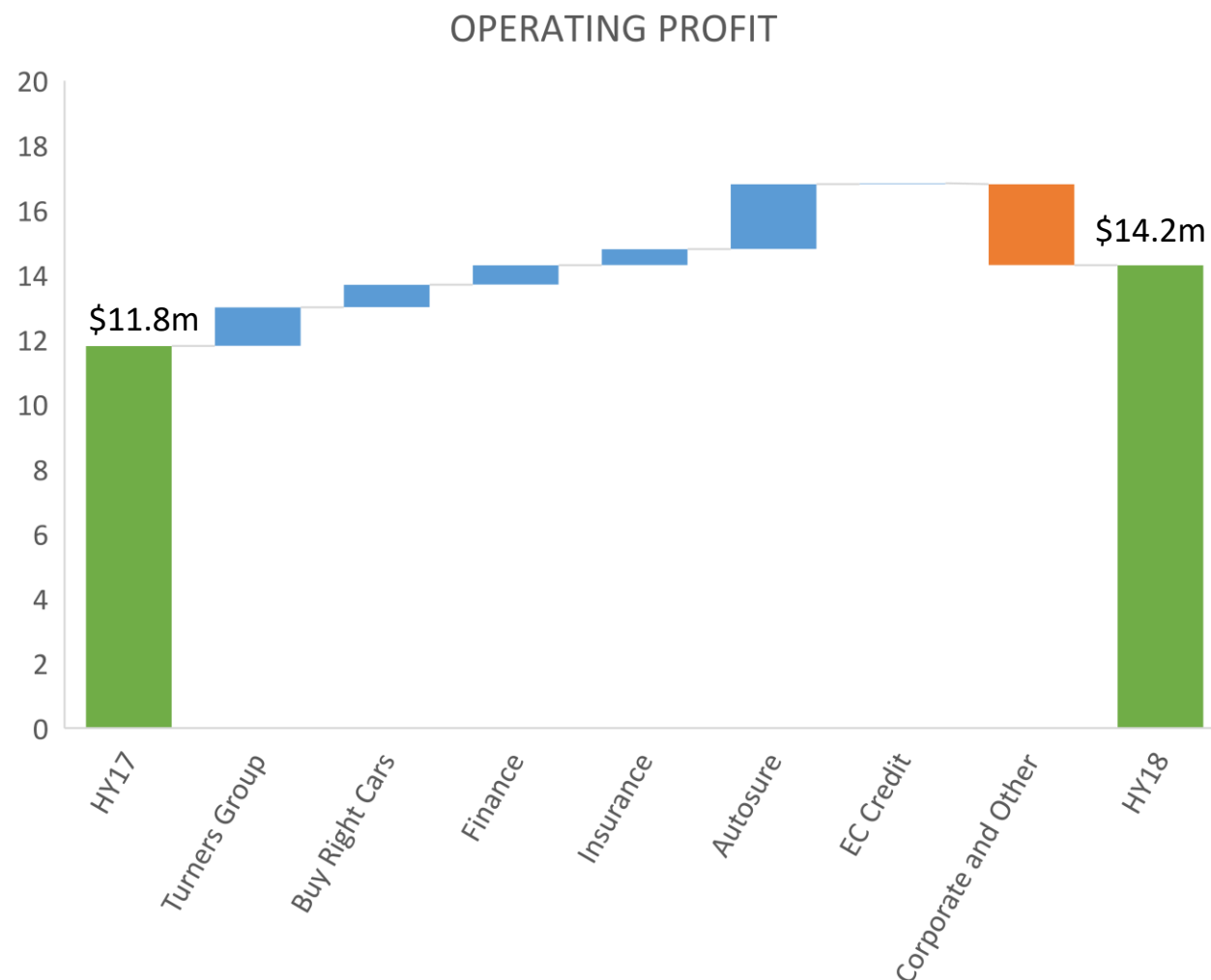


HY16: HY17 REVENUE BRIDGE



- Organic growth underpinned by strong used car sales and loan origination across the market
- Improvement in retail “end-user” sales in Turners Cars driving growth in finance and fleet margins (fixed price sales up 20% YoY)
- Continued growth in MTF non-recourse lending product. Loan book at \$51m at end of Sept 2017
- Autosure business performing well and integration well underway

HY16: HY17 OPERATING PROFIT BRIDGE



- Organic growth of 14% excluding Buy Right Cars and Autosure acquisition
- Turners Group additional end users sales and growth in Trucks and Machinery
- Finance result improvement due to increase in ledger, provisions have increased as size of ledger has grown
- Insurance showing pleasing growth in policy sales and GWP balanced by a conservative position on reserving for claims
- Corporate costs impacted by acquisition amortisation (\$1.1m) and increased interest on acquisition funding
- Increase in captive finance referrals resulting in upfront expensing of commissions at group level (\$1.2m drag on earnings)

BALANCE SHEET

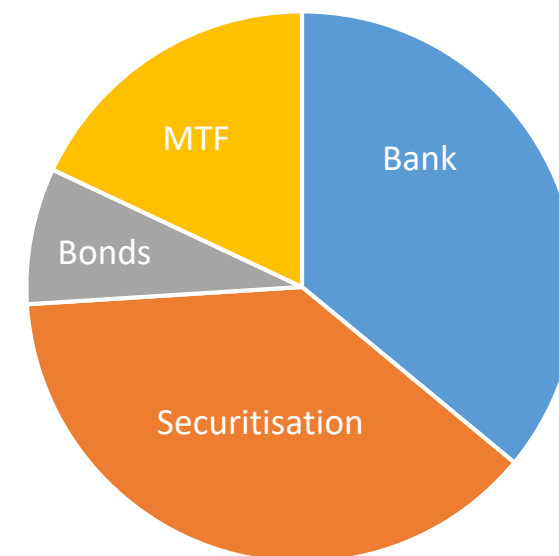
\$000s	HY18	HY17
Cash and cash equivalents	69,472	14,903
Finance Receivables	269,229	176,052
Inventory	42,143	44,028
Property, Plant and Equipment	23,736	13,856
Other Assets	49,415	50,975
Intangible Assets	171,527	133,269
TOTAL ASSETS	625,522	433,083
Borrowings	306,786	198,849
Other Payables	35,164	33,025
Deferred Tax	20,044	10,698
Insurance Contract Liabilities	44,456	11,560
Other Liabilities	18,336	27,630
TOTAL LIABILITIES	424,786	281,762

- Increase in cash balances due to transfer of Autosure Insurance liabilities on 31 March 2017
- Growth in Finance Receivables and acquisitions driving increased borrowing
- Property, plant and equipment includes Buy Right Cars and acquisition of greenfield sites
- Borrowings increased in line with demand for finance
- Insurance contract liabilities include Autosure
- Deferred tax increase reflects gross up of Goodwill for acquisition of Autosure

FUNDING MIX

	HY18 \$m	% of Total	HY17 \$m	% of Total
TOTAL ASSETS	626		433	
Equity	201	32%	151	35%
Convertible bonds	26	4%	26	6%
Securitisation Funding (BNZ)	114	18%	-	
Bank Funding [Corporate BNZ & ASB]	112	18%	126	29%
MTF Finance Receivables Funding	55	9%	46	11%
Insurance Contract Liabilities	45	7%	12	3%
Life Investment Contract Liabilities	8	2%	16	4%
Payables and Deferred Revenue	45	7%	45	10%
Deferred tax liability	20	3%	11	2%

FY17 Borrowings by Source



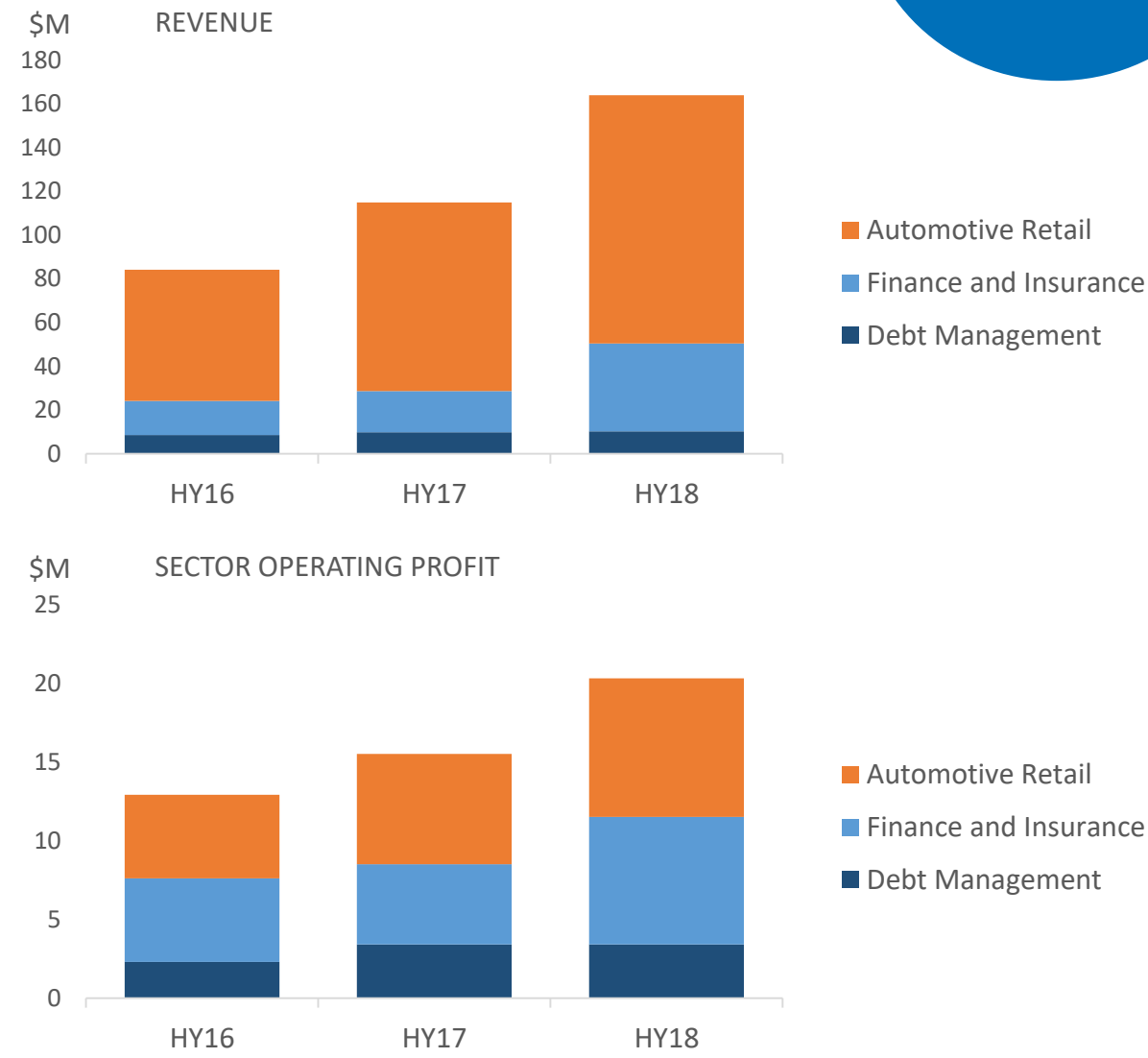
- Extension of securitisation funding programme underway
- Banking syndication in progress

OPERATING ENVIRONMENT



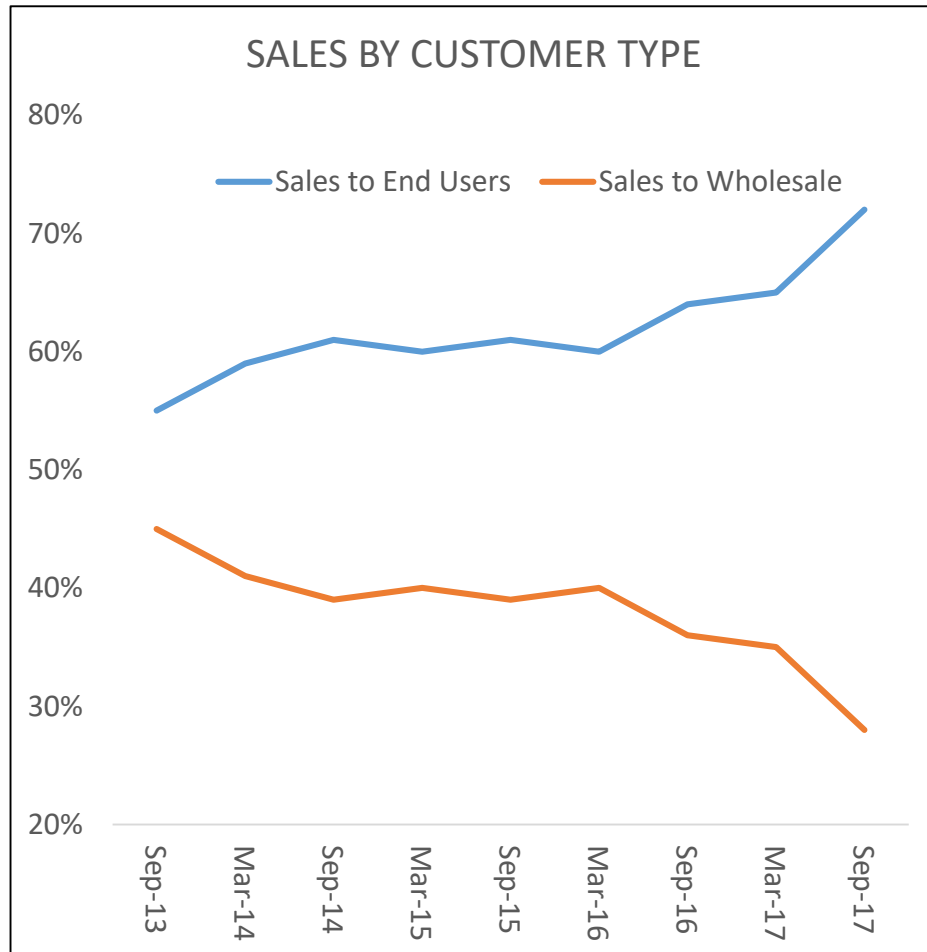
- Used vehicle market continuing to grow:
 - Used cars up 1% YOY
 - Used trucks up 5% YOY
 - Damaged and end of life up 10% YOY
- 12% increase (14,000 units) in number of used import cars coming into NZ Sept YTD
- New car registrations (passenger and light commercial) up 9.8% to 112,000 units registered Sept YTD.
- Number of registered dealers up 7% to 3,500 (an increase of 37% since 2012)
- Additional supply and increased competition leading to some margin pressure

DIVISIONAL RESULTS



AUTOMOTIVE RETAIL

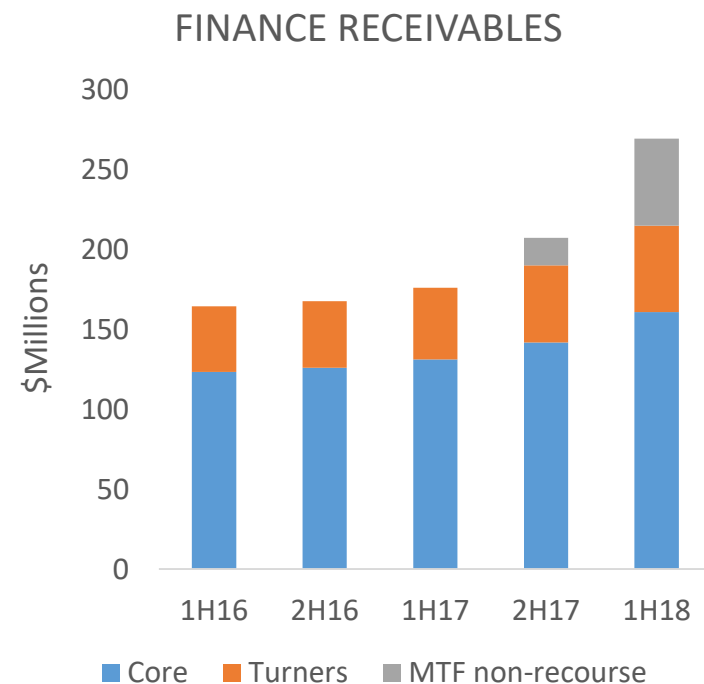
Revenue \$113.5m +32%, Op Profit \$8.8m +27%



- Organic revenue and profit growth (excluding Buy Right Cars) of 12% and 19% respectively
- Focus on higher margin sales helping to offset price competition:
 - Continuing increase in fixed price sales - up 20% YoY
 - Sales to end users were 72% of all car purchases in H1 FY18 (64% Sept 16)
- Corresponding increase in finance contract sales (23% increase in loans written, 22% increase in MBI policies sold)
- Expansion of physical footprint
 - Penrose Auckland (new) Buy Right Cars site
 - Wiri Auckland (replacement) Trucks and Machinery
 - Porirua Wellington (replacement) Cars
 - Whangarei (replacement) Cars
 - Hamilton (new) Trucks and Machinery
- Progressing opportunity to offer service and maintenance
- Refreshed management team at Buy Right Cars

FINANCE

Revenue 17.8m +39%, Op Profit \$5.5m +12%



- Finance receivables growth has continued, up 30% to \$269.2m from March 2017
- Continued enhancements of online loan approval platform AutoApp
- Non-recourse lending product for MTF network remains very popular, loan book at \$51m
- Focus on building and driving growth out of the referral base of dealers and brokers
- Account instalment arrears tracking at 1.05% (1.00% at Sept 16 YTD)
- Continue to tighten credit criteria to position the business for any change in the credit cycle
- Integration and consolidation of finance brands into single entity is progressing well



INSURANCE

Revenue \$22.4m +345%, Op Profit \$2.6m (HY17: \$0.1m)



- Continuing innovation – dealer loyalty scheme, EV breakdown cover, refreshed loan repayment insurance products
- Continue to build claims reserves over and above actual losses, in conjunction with close monitoring of risk profiles and claims management
- GWP ahead of expectations YTD
- Use of data analytics across the business to better understand claims and pricing by portfolio and vehicle category
- Consolidation of insurance brands into single entity is progressing well
- Improved performance in life products through new distribution arrangements

DEBT MANAGEMENT

Revenue \$10.2m +4%, Op Profit \$3.4m (HY17: \$3.4m)



- Business continues to perform well, remains highly cash generative
- Continue to increase debt load from key corporate accounts at expense of competitors
- Strong Terms of Trade product sales in both NZ and Australian markets (17% up YTD)
- Focus on building analytics capability and efficiencies in contact centre - new Auto Dialler technology introduced with encouraging results.
- Partnership established with IODM, an Australian based online automated accounts receivable solution provider, to resell IODM products and exclusive partnership for provision of debt collection services
- Result includes \$240k unredeemed voucher release (\$600k Sept 2016)

OUR STRATEGY IS FOCUSED ON GROWTH



ORGANIC GROWTH: Identify opportunities to grow each business: More customers, more products and services, more channels, better technology

GROUP INTEGRATION: Cross selling product across the group, and building a common operating and funding platform for the finance businesses

MERGERS AND ACQUISITIONS: Target businesses that build capability/scale and have sustainable earnings and growth potential

OUR PEOPLE: Invest into upskilling and rewarding our people to encourage them to strive for growth

2H18 OUTLOOK



- Organic growth through innovation
- Expand physical footprint through extension and development of new sites for both Cars and Trucks & Machinery
- Develop bundled approach to finance and insurance
- Consolidation of finance entities and insurance entities into single operating platforms
- Build on existing capability to offer servicing and maintenance
- Continue to assess M&A opportunities to build market share, particularly in Automotive Retail

Firmly on track to achieve FY18 Guidance

- Net Profit Before Tax of \$29m to \$31m (represents an 18% to 26% increase on FY17, or 10 to 14% excluding acquisitions)

Contact:

Todd Hunter
CEO Turners Limited
T: 64 21 722 818
E: todd.hunter@turners.co.nz

APPENDIX 1 – DIVISIONAL PERFORMANCE

Financial performance HY18 (vs pcg)

	HY18		HY18 (excl. acquisitions) ¹	
	NZ\$m	% pcg ²	NZ\$m	% pcg ²
Operating revenue				
Automotive	113.5	32%	84.5	12%
Finance	17.8	39%	17.8	39%
Insurance	22.4	345%	6.2	23%
Debt management	10.2	4%	10.2	4%
Corporate	0.0	-92%	0.0	-92%
Operating revenue	163.8	44%	118.7	15%
Operating profit				
Automotive	8.8	27%	7.4	19%
Finance	5.5	12%	5.5	12%
Insurance	2.6	1921%	0.6	368%
Debt management	3.4	1%	3.4	1%
Corporate	-3.8	6%	-3.9	14%
Inter-company eliminations	-1.2	n/a	-0.2	n/a
Acquisition amortisation	-1.1	n/a	0.0	n/a
Operating profit	14.2	21%	12.9	14%

Note 1. Excludes the acquisition of Buy Right Cars and Autosure

Note 2. Previous comparable period (pcg) is the six months to September 2016

APPENDIX 2 - THE NZ USED CAR ECONOMY

3.7m

Light vehicles in the NZ vehicle fleet



7.0% pa CAGR¹

Dealer-to-public sales growth over the past 5 years

14yrs

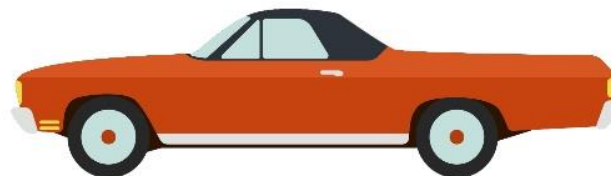
Is the average age of used vehicle in NZ

153,000

used cars were imported into NZ in 2016

657

Cars owned per 1,000 NZers, higher than Australia and the UK

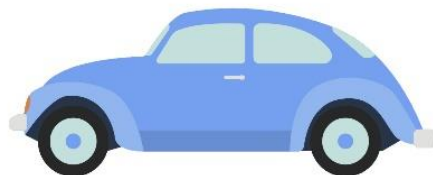


19.2 and 18.7 years

In 2015, the average age light vehicles were scrapped from fleet was 19.2 years for import and 18.7 years for NZ new

79%

Of all household trips taken in a car



3,500

Registered dealers in NZ



Source: NZTA, Ministry of Transport, MBIE
Note 1. Dealer-to-public plus ex-overseas sales

DISCLAIMER

Turners Automotive Group the (*company*) is solely responsible for the content of this document. This document is not an investment statement or prospectus and does not constitute an offer of securities.

This document or any other written or oral statements made by, or on behalf of, the company may include forward-looking statements that reflect the company's current views with respect to future events and financial performance. These forward-looking statements are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These uncertainties and other factors include, but are not limited to:

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

The words "believe," "anticipate," "investment," "plan," "estimate," "expect," "intend," "will likely result," or "will continue" and other similar expressions identify forward-looking statements. Recipients of this document are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. The company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.