



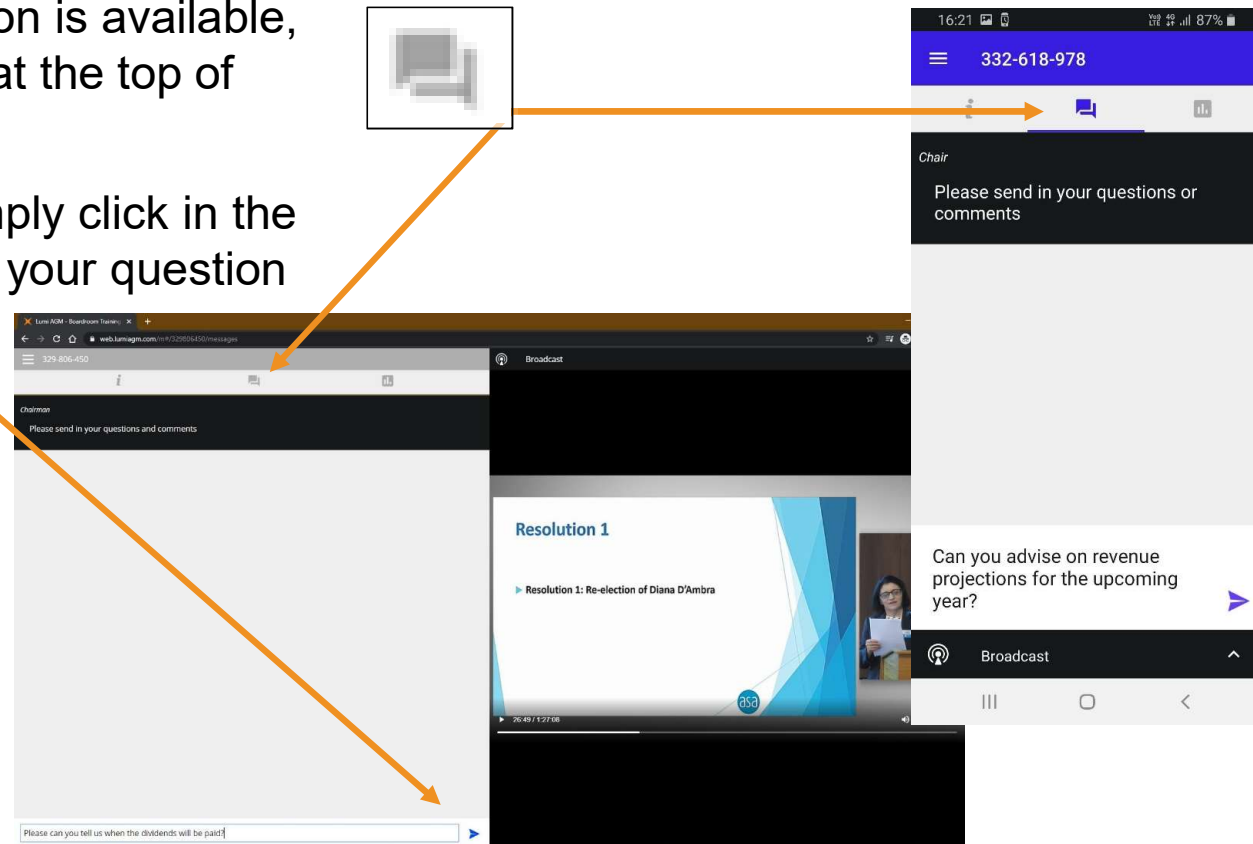
TURNERS AUTOMOTIVE GROUP

2020 ANNUAL MEETING

23 September 2020

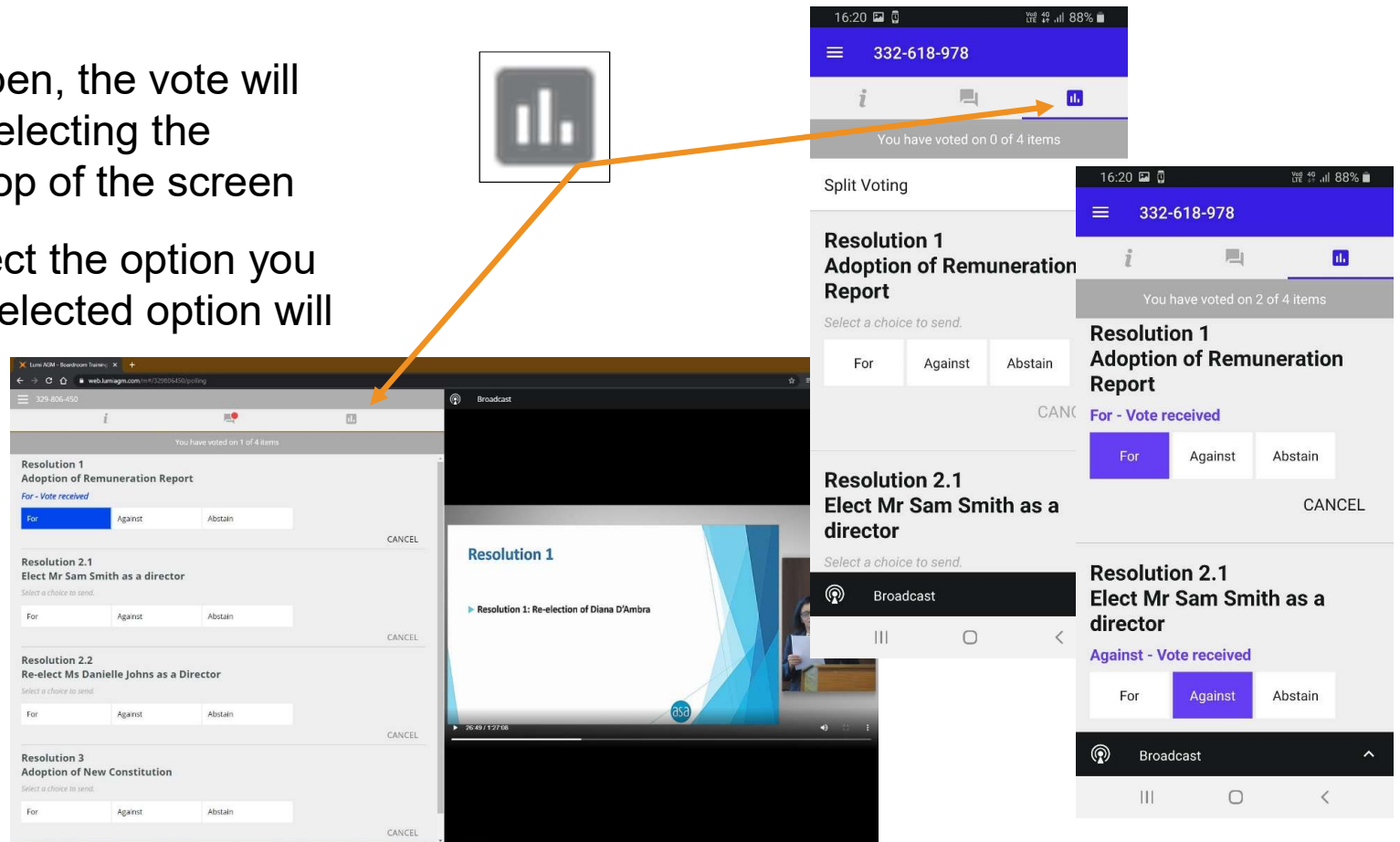
ONLINE ATTENDEES – QUESTION PROCESS

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- To send in a question, simply click in the 'Ask a question' box, type your question and then press the send arrow
- Your question will be sent immediately for review



ONLINE ATTENDEES – VOTING PROCESS

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- To vote simply select the option you wish to send, the selected option will change colour



Board of Directors



Antony Vriens
Independent Director

Grant Baker
Non-executive
Chairman

Alistair Petrie
Non-executive Director

John Roberts
Independent Director

Matthew Harrison
Non-executive Director

Paul Byrnes
Independent Dep
Chairman

Martin Berry
Independent Director

Meeting Agenda

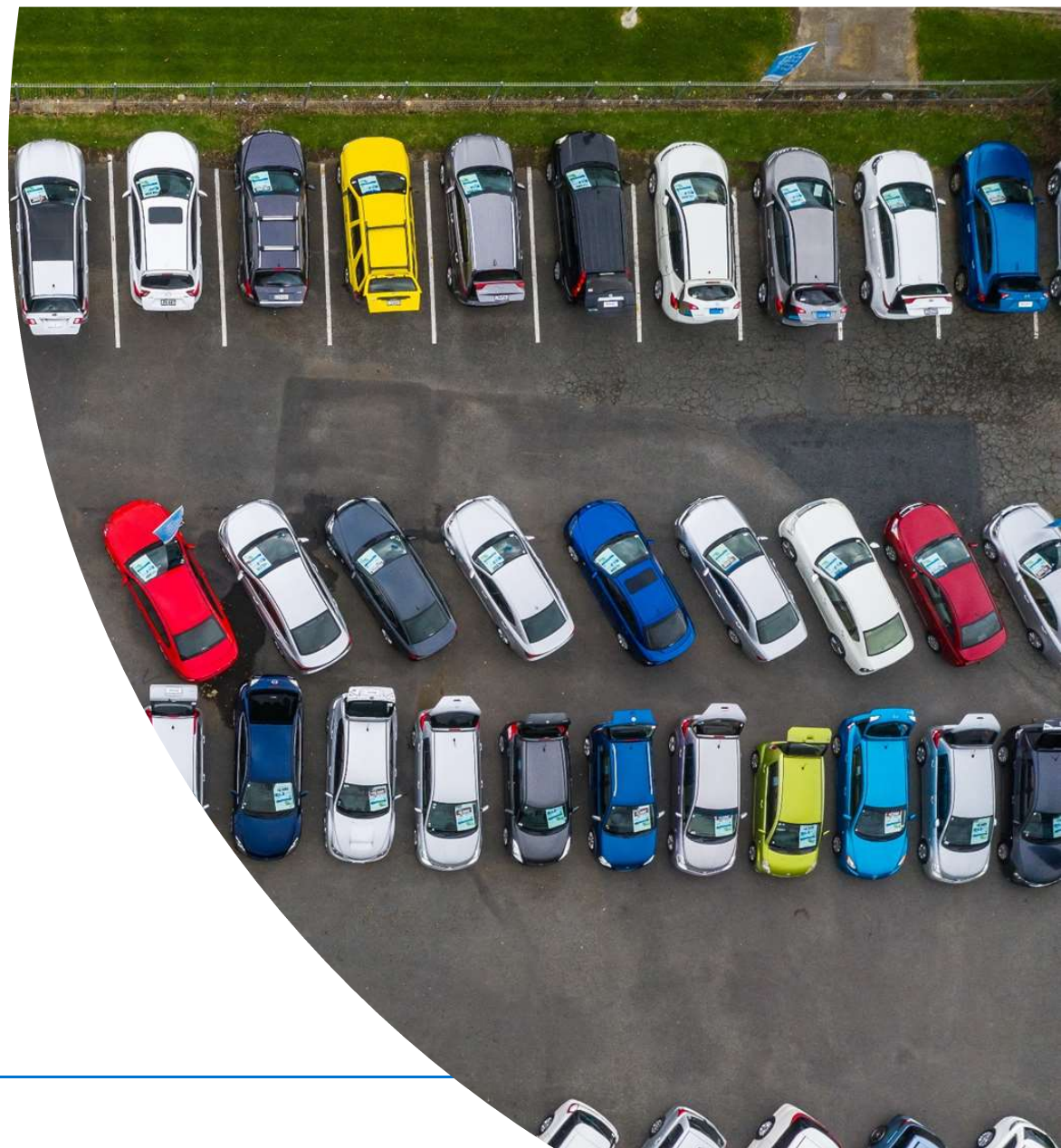
Presentations

- **Chairman's Address (Grant Baker)**
- **CEO Update (Todd Hunter)**

Shareholder Discussion

Resolutions per Notice of Meeting

General Business



Chairman's Address

Grant Baker



Building quality ...

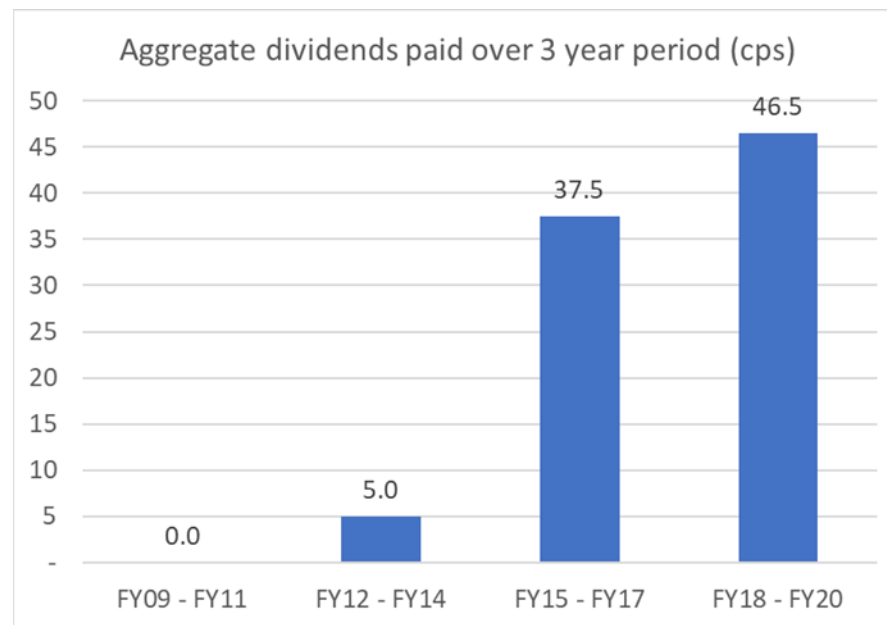
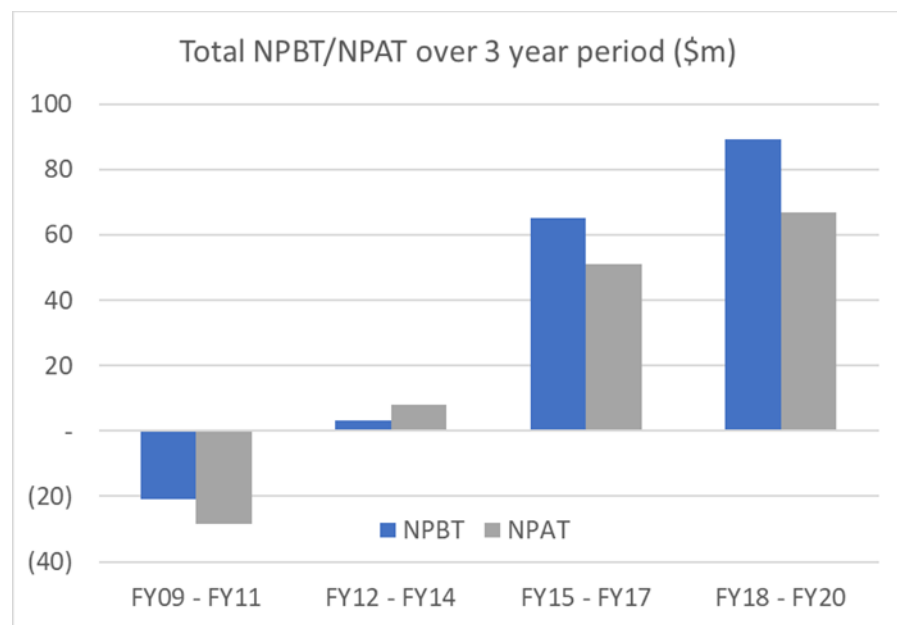
A Transformed Business

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

Note - \$118m
valuation as at 31
March 2020

Robust improvement in earnings and dividends

TRA has the third highest dividend yield on the NZX¹



¹ Source: NZX. Based on rolling 12 month gross div (net div + imps) divided by share price at 14 September 2020.

Excludes three NZX-listed higher yields (LIC (because co-op); NWF (because micro-cap with \$39m mk cap); KMD (because dividend suspended)).

² Dividends fully imputed from FY17 onwards

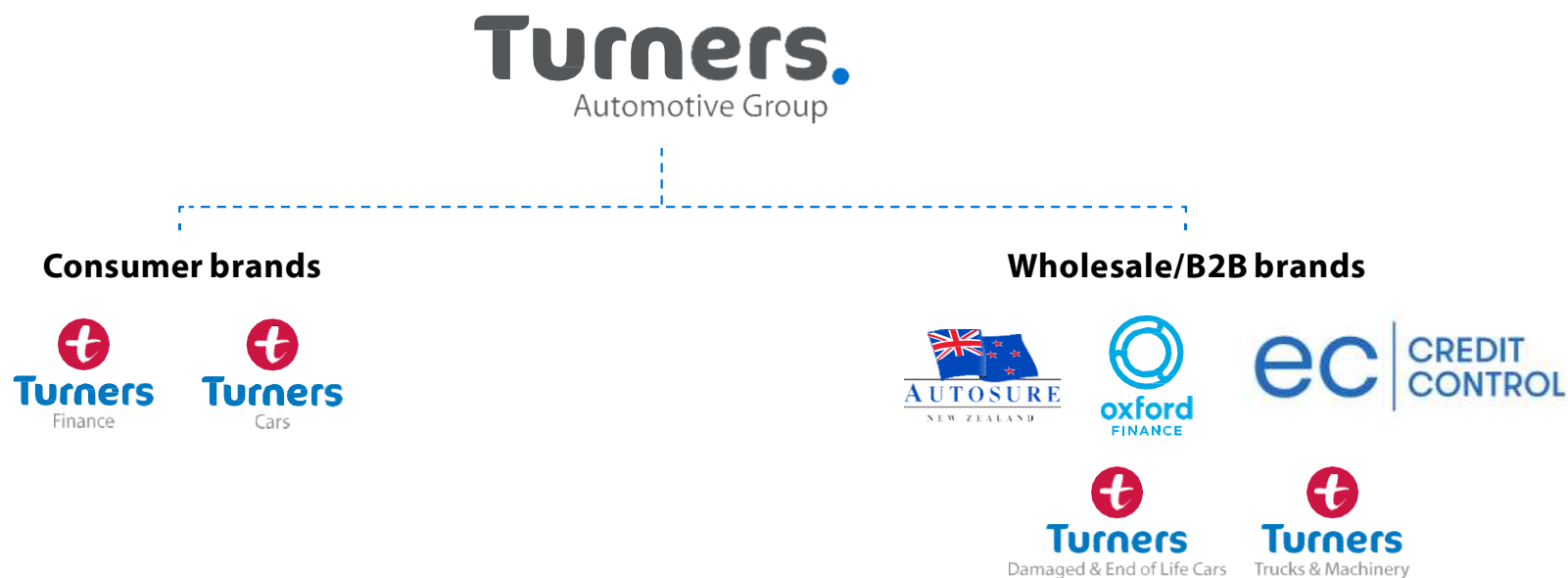
What is our ambition for Turners?

**To be New Zealand's
best place to buy and
sell vehicles with
continually high
customer satisfaction**



The rationale for the group's structure now proven

The Strategic Reviews for Oxford and EC Credit determined that the group was most valuable in its current structure.



Benefit of Auto retail business became clearer in COVID

Business unit	What we liked pre-COVID?	What we like post COVID?
Auto retail	<ul style="list-style-type: none">• Used cars is a large resilient market• Leading “trust” brand• Diversified sources of supply• Acquiring strategic sites and building property portfolio over time	<ul style="list-style-type: none">• Used cars have demonstrated resilience• Geographical diversification• Diversified sources of supply• Trust brand

Benefit of Finance business became clearer in COVID

Business unit	What we liked pre-COVID?	What we like post COVID?
Finance	<ul style="list-style-type: none">• Challenger brand• Promising signs from de-risk strategy• Pricing risk differently	<ul style="list-style-type: none">• Annuity earnings helpful in lockdown• Arrears proven to be robust• De-risking strategy working well

Benefit of Insurance business became clearer in COVID

Business unit	What we liked pre-COVID?	What we like post COVID?
Insurance	<ul style="list-style-type: none">• #1 brand in niche insurance• Promising signs from de-risk strategy• Improvements in distribution• Using a portion of capital reserves to build property portfolio used in AutoRetail	<ul style="list-style-type: none">• Annuity earnings helpful in lockdown• Premium taken up front• Technology and distribution• Using a portion of capital reserves to build property portfolio used in AutoRetail

Benefit of Credit business became clearer in COVID

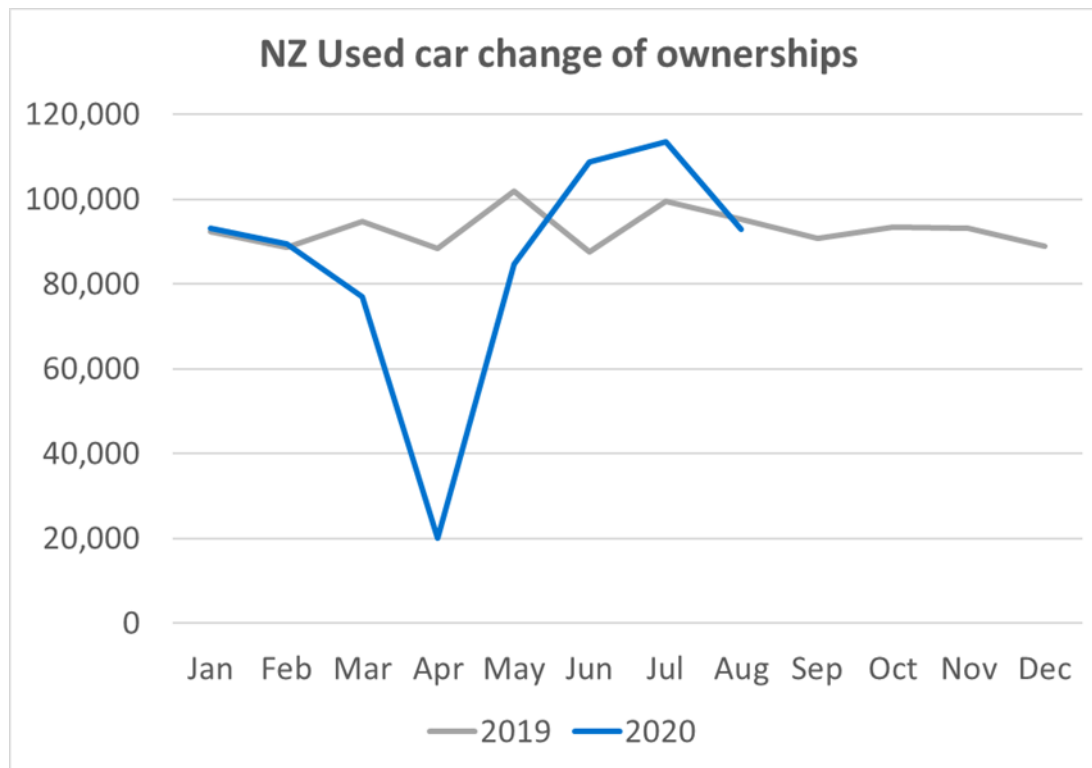
Business unit	What we liked pre-COVID?	What we like post COVID?
Credit Management	<ul style="list-style-type: none">• Strong cash flows• Capital light business• Data and web opportunity	<ul style="list-style-type: none">• Payment bank stickier than expected• Counter-cyclical, defensive• Strong relationships from debt loaders

Resilient and well placed for an uncertain environment

COVID was a stress-test, but we exceeded expectations

1. **Used car market is resilient**
2. **Diversified business**
3. **High “trust” brands**
4. **Digital is a competitive advantage**
5. **Strong and sustainable yield**
6. **Experienced management team and directors**

1. Market - The used car market is resilient and robust



Source: NZTA

- **COVID had a temporary impact, before a strong rebound in June and July**
- **August impacted by second lockdown, AKL sales dropped most (c.1/3 of population)**
- **Net migration has added to post lockdown demand**
- **Underlying demand still strong with more cars exiting the fleet**
 - **Mar 2020: all vehicles imported into the country required to have ESC, impact in sub \$8k budget segment**
 - **Cost of repairs increasing**
 - **Stricter WoF regime**
 - **20% of vehicle fleet 20 years or older**

2a. Geographic diversification

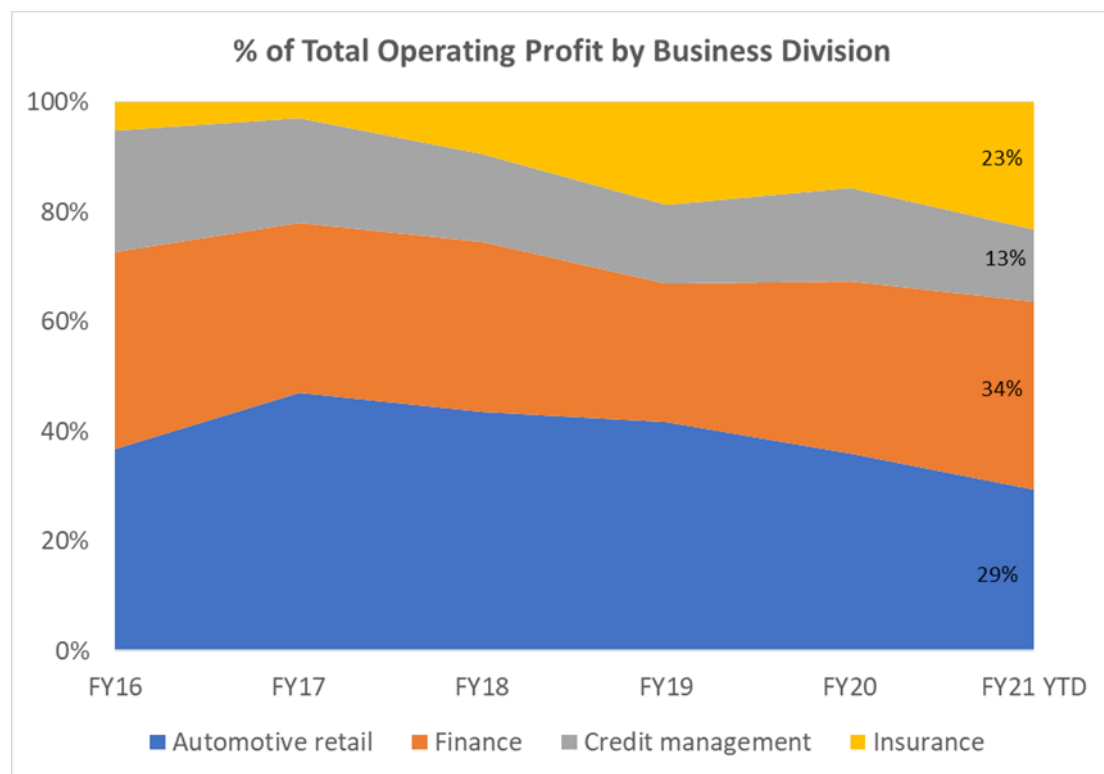
Our 37 sites nationwide offer a unique advantage



- **Geographical diversification allows the business to redeploy inventory**
- **Advantage if there are any localised lockdowns or regional demand differences**
- **Online sales / click n collect at any branch nationwide**

2b. Business diversification

Turners Group is a purposefully diversified business



Each business has different business cycles:

- **Stable annuity revenue (finance + insurance) helps offset short-term drop in activity-based revenue (auto retail + credit).**
- **Credit management is counter-cyclical**
- **Can increase our mix towards consignment (reduce working capital & any pricing risk).**

3. Brand - leverage the high trust Turners brand

Trust is even more important in a time of uncertainty

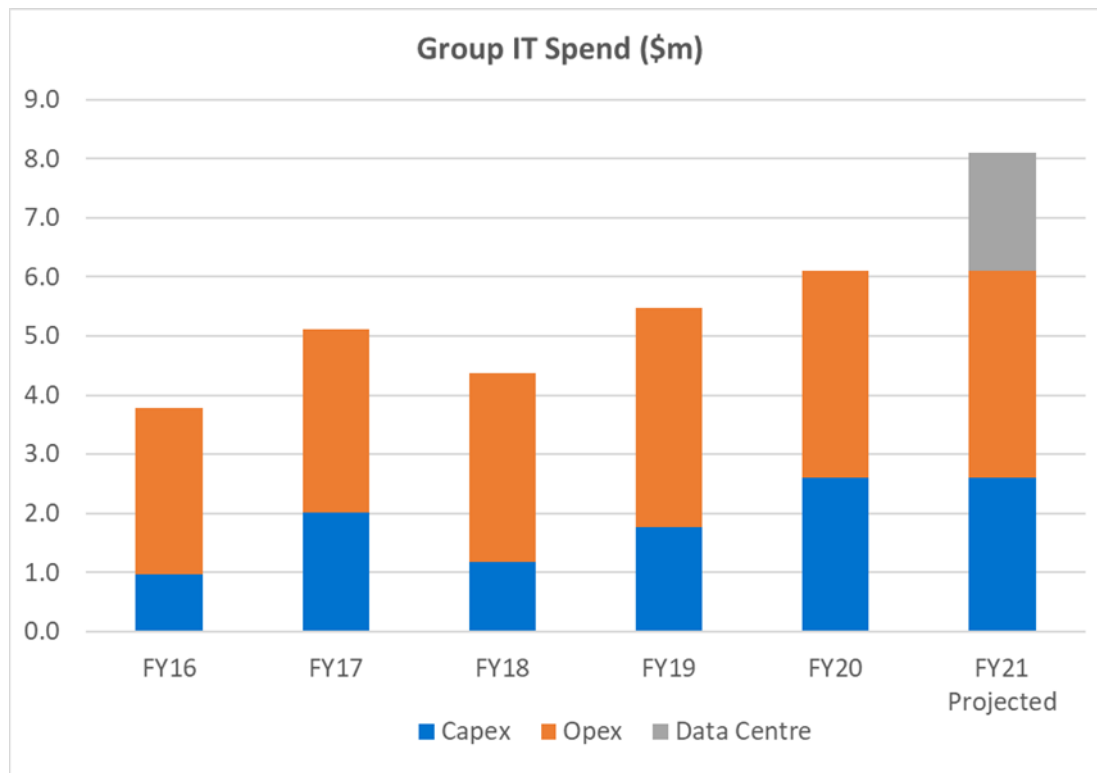
- **Most trusted brand: Turners is consistently NZ's leading used auto retail brand (independent market research)**
- **100% online sales demonstrates trust: Sold 600 vehicles during Level 4 and 3 lockdown. The ability to sell uninspected vehicles online at scale demonstrates the high trust and awareness of the Turners brand**
- **Valuable online presence: Second most visited auto site, with traffic online hitting all time highs**

***2020 Readers Digest Trusted Brand Award:
NZ's most trusted used car dealer.***



4. Digital advantage

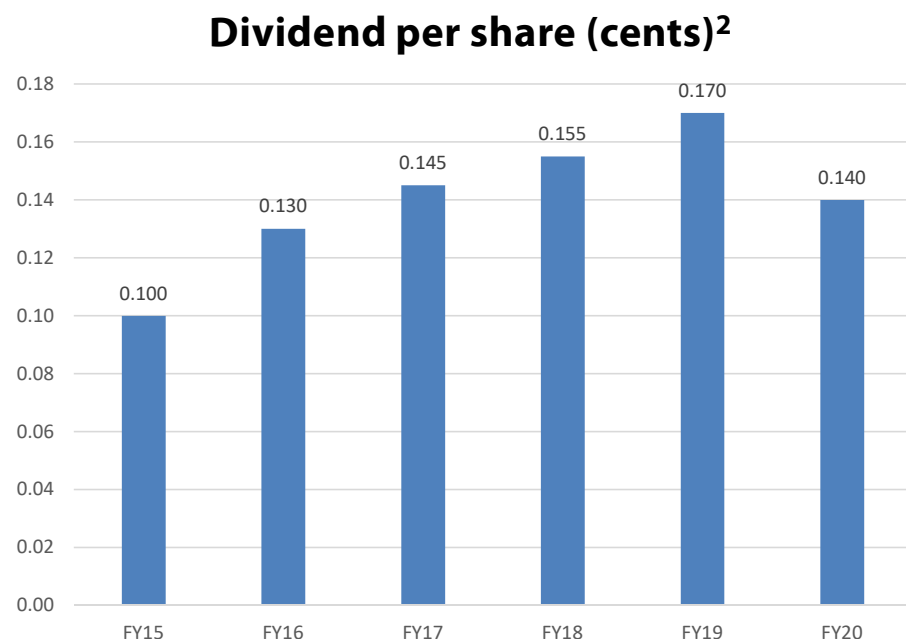
Continue to invest in this crucial competitive advantage



- **Maintained headcount of Technology team: 26 FTE (Applications 15, Infrastructure/Operations 11)**
- **Major investment and resource commitment in high redundancy data centre spread between 2 sites (AKL + HAM)**
- **Turners Car Subscription launched in mid-Sept**
- **Focus going forward on digital marketing, customer data platform and marketing automation**

5. Attractive + defensive dividend yield

TRA has the third highest dividend yield on the NZX¹



- Q3 dividend (payable April-20) was deferred as a precaution due to uncertainty of L4 lockdown
- Final FY20 6.0 cps dividend paid July-20
- Turners' dividend stream is supported by its robust balance sheet and stability of earnings, even in this extreme environment
- Directors intend to continue current dividend policy during FY21 (60% to 70% of NPAT).

¹ Source: NZX. Based on rolling 12 month gross div (net div + imps) divided by share price at 14 September 2020.

Excludes three NZX-listed higher yields (LIC (because co-op); NWF (because micro-cap with \$39m mk cap); KMD (because dividend suspended).

² Dividends fully imputed from FY17 onwards

6. “Through the cycle” experience

Team has alignment with shareholders, and plenty of experience, including the GFC

- **Board and management control just under 30% of shares in the company...high degree of alignment with shareholder interests**
- **All the businesses have key executives or directors who were involved in the management of these business units during the GFC**
- **Board continue to be involved in key areas of the business where skills directly apply**
- **During Covid response board and management meeting every few days and reviewing critical business KPIs**
- **Board and management continue to work collaboratively and engage to review and improve the business.**

Building a quality business

- **Quality of our trusted brands**
- **Purposefully diversified business model**
- **Risk optimisation**
- **Extending our competitive advantage for digital**

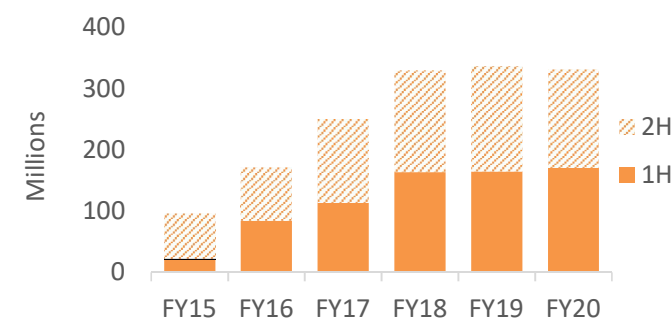
CEO's Update Todd Hunter



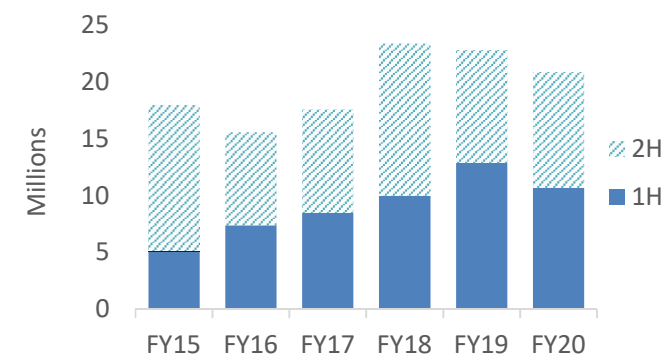
FY20 Results snapshot

Revenue \$332.7m -1% YoY	Shareholders' Equity \$223m as at 31 March 20
Underlying Net Profit Before Tax \$28.8m +11% YoY	Final FY20 Dividend 6.0 cps FY Div 14.0 cps
Net Profit Before Tax \$29.1m 0% YoY	FY20 Earnings Per Share 24.4cps (FY19 26.2cps, -7%)
Net Profit After Tax \$21.0m -8% YoY	

Revenue



Net profit after tax



FY20 Results Overview



FY20 Financials

- NPBT \$29.1M in line with FY19 and guidance (\$28m – \$30m)
- Underlying NPBT \$28.8m up 11%
- NPAT \$21.0m down 8%
- Final Q4 Dividend (incorporating the Q3 deferred dividend) declared at 6.0cps
- EPS 24.4cps (FY19 26.2cps)



FY20 Review by business

- Auto Retail: Retail optimisation continues, both sites + digital mktg
- Finance: Building a high quality loan book
- Insurance: Building a high quality insurance portfolio
- Credit: Continued digitisation of interfaces into EC Credit Control



Key Learnings from FY20

- “Trust” equity in the Turners brand is very strong
- New auto retail optimised sites materially outperform old auction wholesale premises
- Investments in IT/digital infrastructure have been worth every dollar
- De-risking Finance book and Insurance business have been the right strategy
- Strategic review process worthwhile

Our approach to lockdown...

React

*Ensure survival of business
“cash is king” approach*

Rethink

*Customer experience
and cost base*

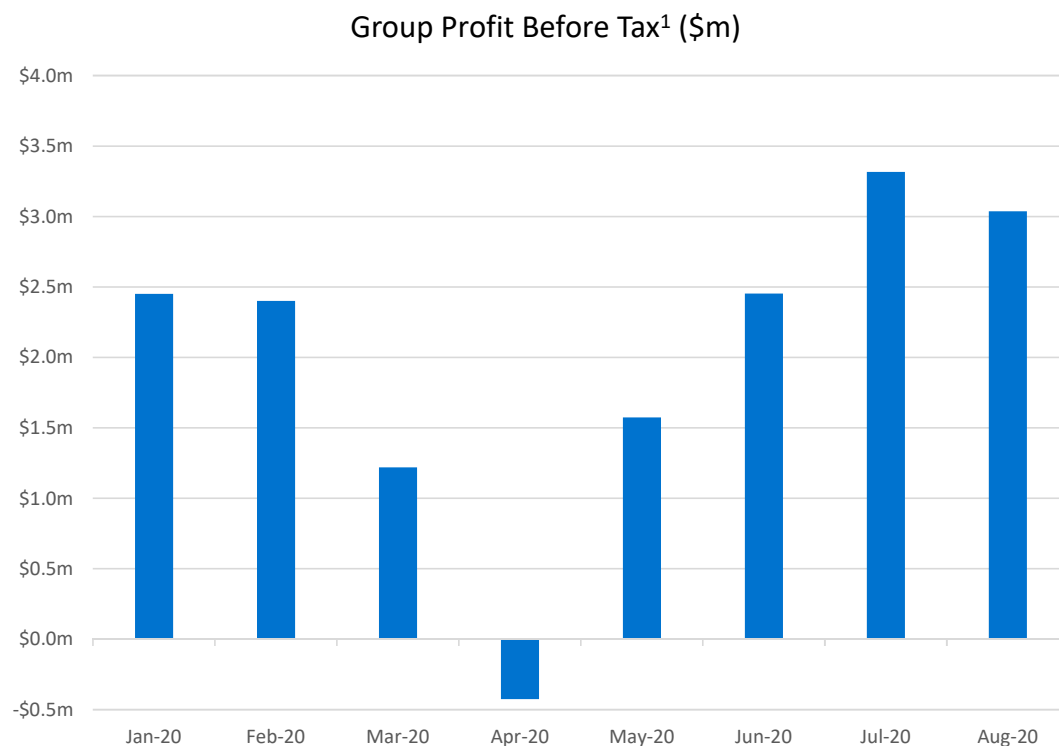
Rebuild

*“Eyes on the prize” and
prepare for opportunities*

Thank You to Our Team, Landlords and Business Partners

FY21 YTD Update

Strong recovery in business levels since April lockdown

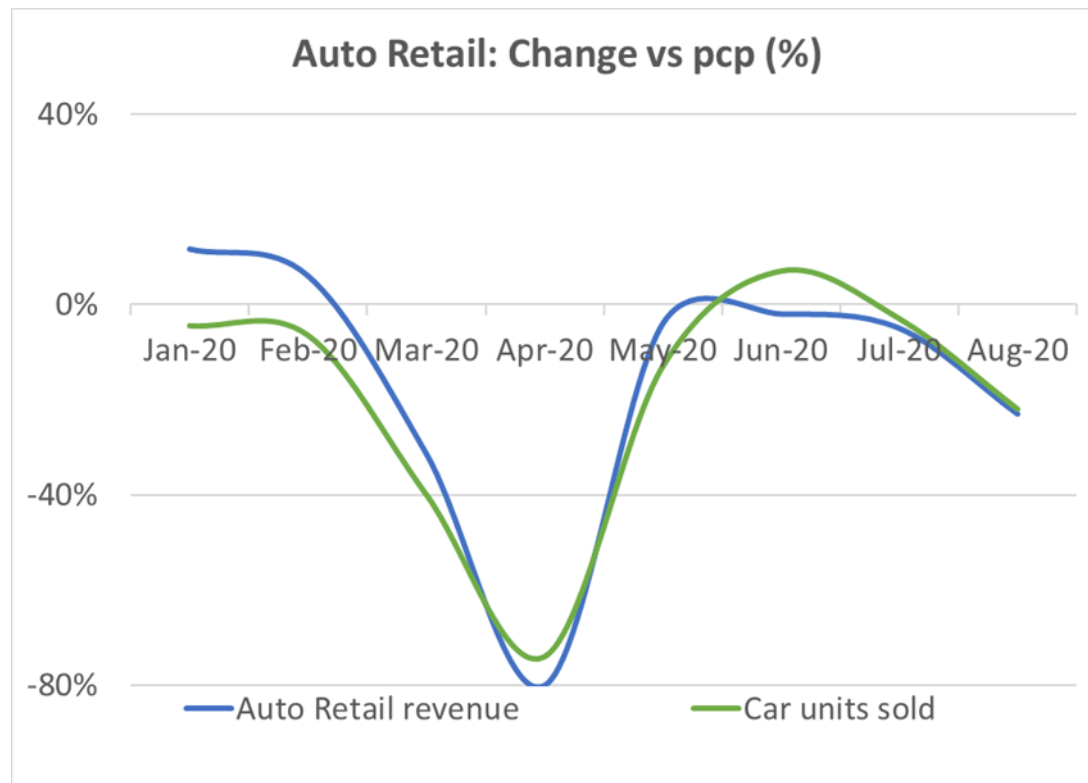


¹ Group operating profit excluding wage subsidy of \$5.1m

- **Brand:** Continuing marketing spend focusing on Turners “trusted brand”
- **Auto:** Car margins on “owned” fleet has bounced back strongly due to supply constraints
- **Finance:** Supported finance customers, hardship numbers are now negligible. Credit policy tightened, arrears in finance book very low.
- **Insurance:** Strong rebound in policy sales, low claim environment
- **Credit:** Large corporate debt load still subdued due to reputation management challenges

Auto Retail

YTD operating profit flat on Aug 19 YTD



- Strong recovery in metrics since April low point
- Car margins on “owned” fleet has bounced back strongly due to supply constraints
- Diversified sources of supply a real strength
- Inventory levels down 30% from peak at beginning of April
- Continuing marketing spend focusing on Turners “trusted brand”
- Accelerate our Phase 1 data strategy

We continue to optimise our network

Our focus this year is on continued retail optimisation

Continue to optimise retail network

- Transition from wholesale to retail eg. exit Penrose, open Mt Richmond and Westgate
- Rationalise sub-scale sites

We want to be closer and more accessible to our customers

- Omnichannel world: our sweet spot is c.10,000m², high profile site, adjacent to large customer catchment eg. Westgate
- Convenience is key, manageable selection on each site, but maximum selection online and cars are moved around more in a region (JIT approach)
- Logistically simpler and easier to manage a 10,000m² site than 40,000m²

We continue to cautiously assess new sites either lease or own ...

Property portfolio now 8 sites (valued on books at \$50m)

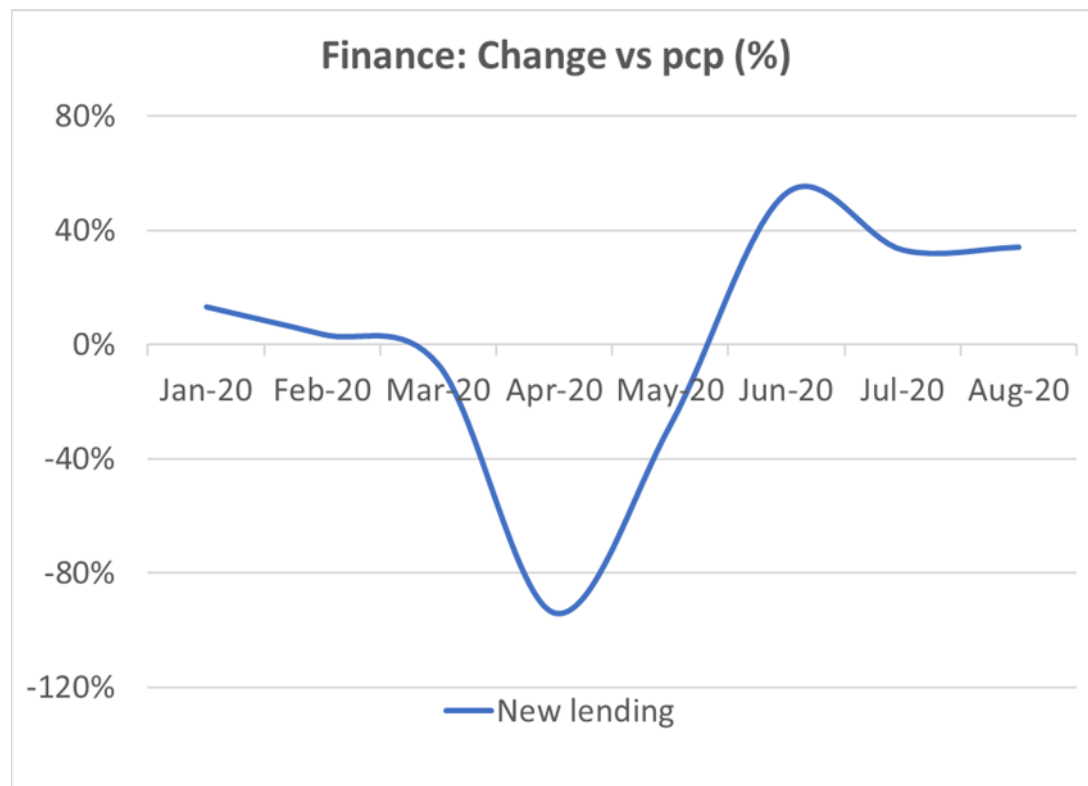
New Dunedin operation opened May 2020



- Retail Units up 34% Aug YTD
- Gross Profit per unit up 43%
- Operating profit \$243k v \$31k in FY20

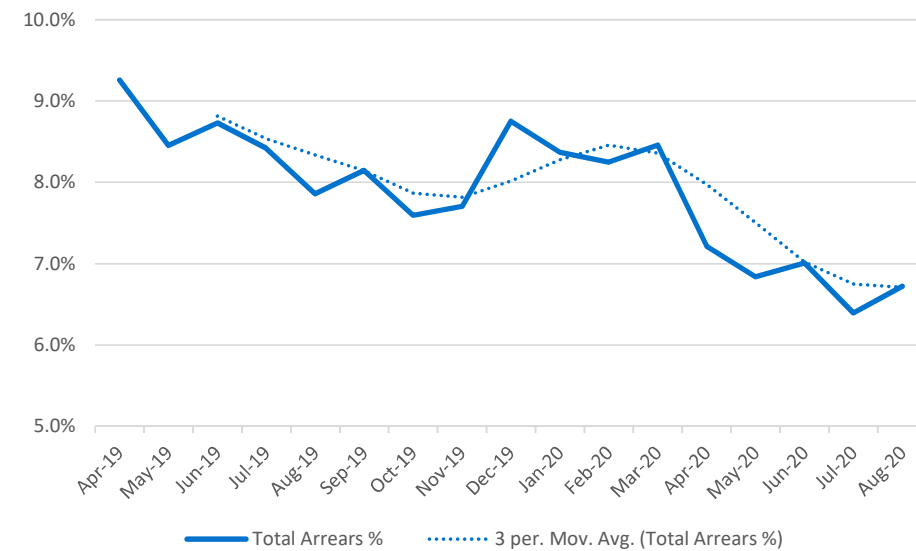
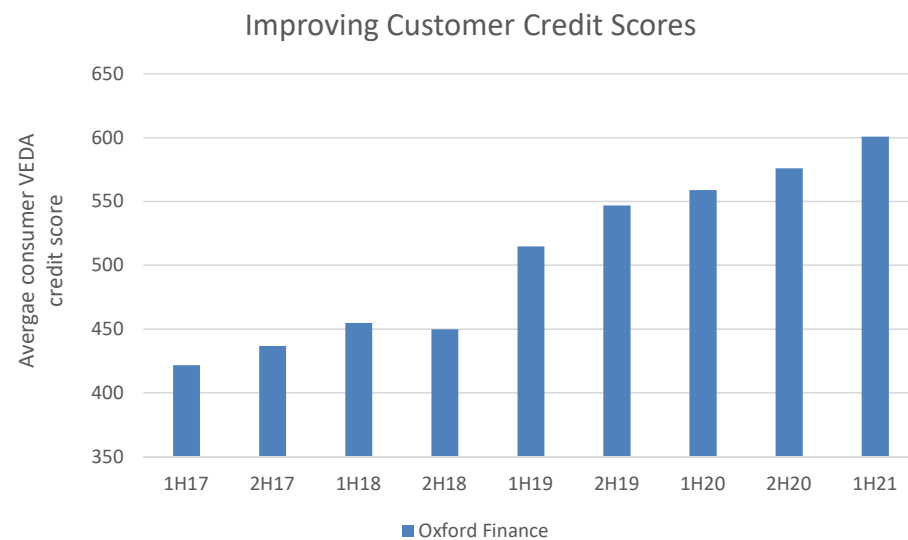
Finance

YTD operating profit significantly ahead of Aug 19 YTD



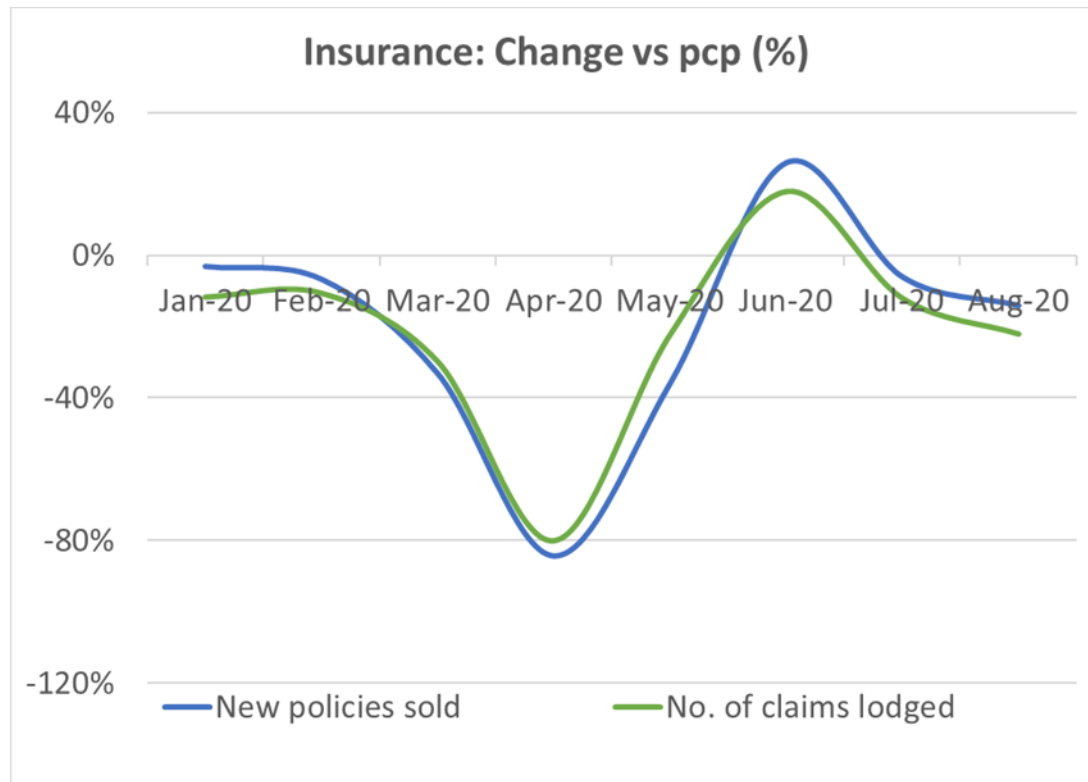
- **Post lockdown lending very strong.**
- **Improving credit quality via data-driven risk pricing. Early adopter of comprehensive credit reporting**
- **Premium Tier business now accounts for over 50% of our new business per month**
- **Promote 100% digital loan process**
- **Arrears at historic all-time lows, material buffer in arrears provisioning to allow for any unemployment increase**
- **Initial cohort of finance customers with hardship applications during L4 lockdown are all back paying**

Credit scores improving; arrears declining



Insurance

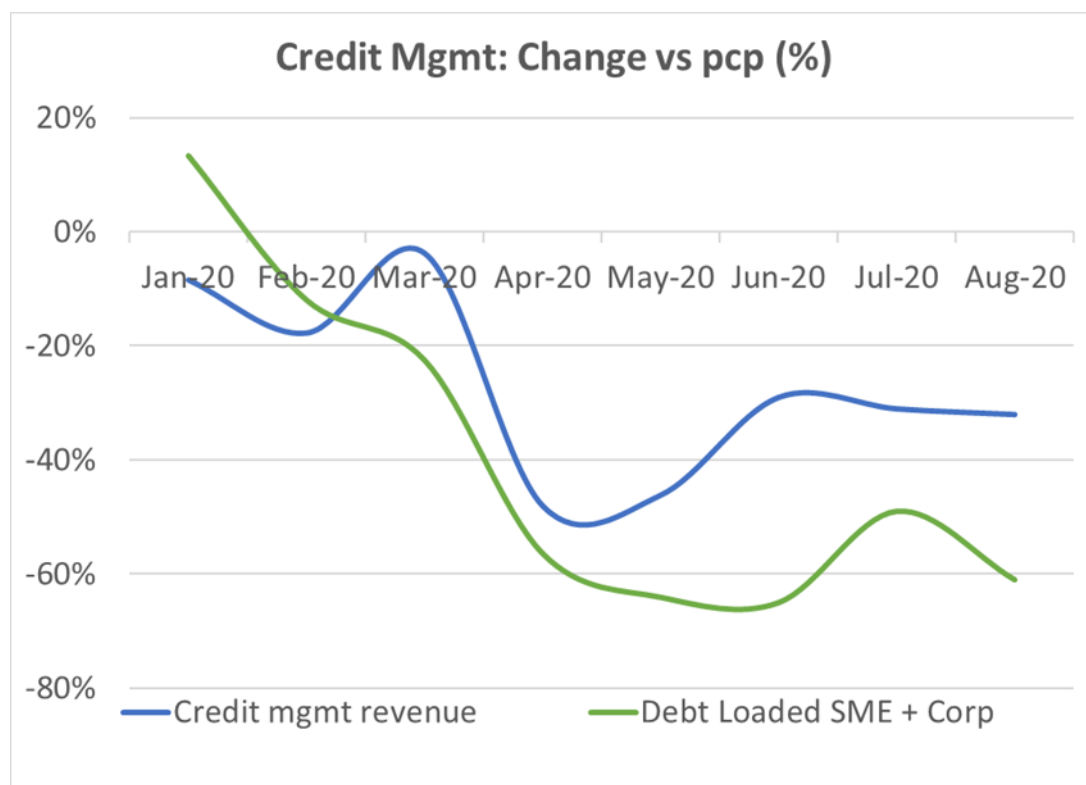
YTD operating profit significantly ahead of Aug 19 YTD



- Policy sales rebounded strongly, in-line with used car market
- Claims loss ratios continue to improve (due to better underwriting, less movement in lockdown)
- Focus is on digital distribution eg. Marac Finance, MotorCentral
- New portfolio management system providing product and pricing agility
- Increased regularity of claims payments to support workshop partners...important for partner relationships
- AM Best upgraded credit rating for Insurance. Financial strength rating improving to B++ (good).

Credit management

YTD operating profit down on Aug 19 YTD; but poised for acceleration



- Lockdown has been a good reminder of the strong “payment bank” annuity component to this business which has held up very well.
- Due to the cautious approach by large banks and government agencies to manage reputational risk, we expect the debt load to ramp up early in 2021.
- This impacted new debt load and ability to work existing debtors already loaded.
- Digital cost efficiencies – Xero/MYOB integration and building digital self-service channels for debtors.
- Non performing debt expected to build, which ECCC will be a beneficiary of similar to pattern experienced post GFC

Our focus for FY21



Auto Retail

- Cost discipline – property and people
- Continue to invest in promoting the Turners brand - build market share
- Retail optimisation – Exit Penrose and launch Westgate, Mt Richmond



Finance

- Keep improving credit quality through data driven risk pricing
- Continued focus on arrears and rehabilitation
- Promote 100% digital loan process



Insurance

- Cost and claims management discipline
- Increasing distribution through partnership strategy and sales integration into other businesses eg Marac
- Enhance risk pricing

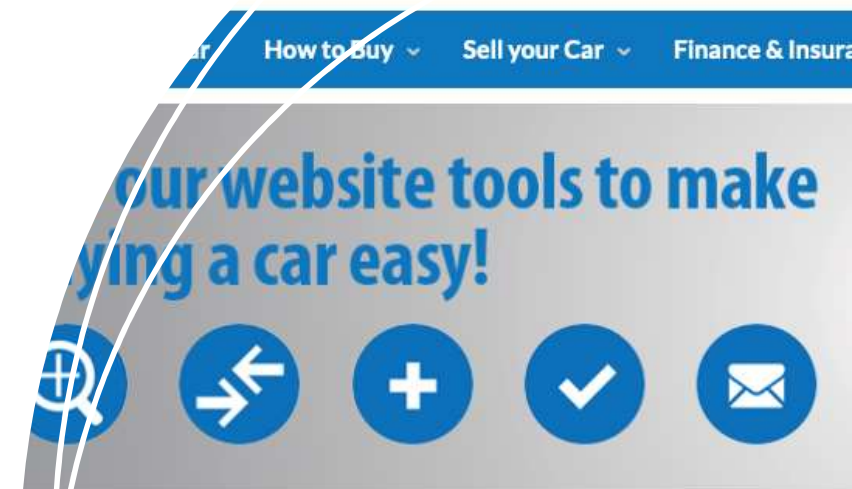


Credit/Management

- Extending into ledger management from credit collections
- Cost discipline with Digital efficiencies – debtor self service portal, Xero/MYOB
- Working closely with corporates to manage reputational risk



Digital and Data



1000's of Quality Cars for Sale

Timmers Cars is the largest used car network in New Zealand with 21 [car dealer](#) locations (one time) there is truly something for everyone. We've been helping Kiwis buy and sell u



☐ [Convertible](#) (6)



☐ [Wagon](#) (321)



☐ [Utility](#) (1



☐ [Hatchback](#) (990)



☐ [Van](#) (170)



☐ [Sedan](#) (5

Example #1 Digital - Rapid deployment of BuySafe

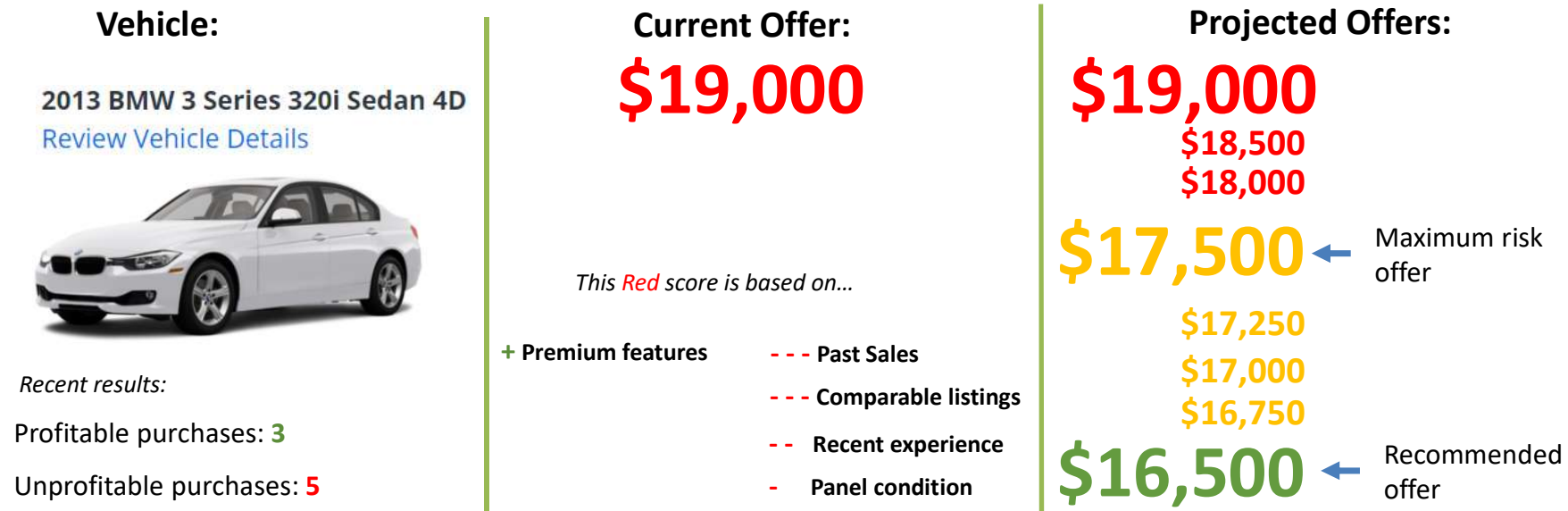


The graphic features a blue background with a smiling man in a blue TurnersCars polo shirt standing on the right. On the left, the 'TurnersCars BuySafe' logo is displayed with the tagline 'Making it safe & easy for our customers to buy from home'. Below the logo, six icons represent the service's features: a person wearing a mask for 'SAFETY FIRST', a car with a 'FOR SALE' sign and a checkmark for 'CHOOSE YOUR CAR', a hand holding a smartphone for 'VIRTUAL INSPECTION', a laptop with a car icon and a credit card for 'CONTACTLESS ONLINE BUYING', a curved arrow with '5-DAY RETURNS' for 'MONEY BACK GUARANTEE', and a car on a truck with a red bow for 'CONTACTLESS HANDOVER'. A small disclaimer at the bottom reads: '*Not all vehicles have this offer. Terms and conditions apply.'

- **Contactless 100% online buying process initiated in 1st week of lockdown April - 20**
- **5 day money back guarantee developed in consultation with vendors...now applies to all retail vehicles sold to consumers**
- **Consultants trained to provide virtual inspections of vehicles**
- **Contactless handover at branch or at home**
- **Used in April – 20 however since then people have reverted to more traditional modes of purchasing**

Example #2 Data - Fleet profitability tool

Big data enables higher margins by optimising pricing



- In FY20 we sold 26% of cars at a loss, equating to \$2.87m
- Optimising sales prices is a substantial opportunity
- A proof of concept has been developed using AI technology in February 2020, expecting deployment early in 2021

Example #3 Digital - Customer data platform - Business case

"Low hanging fruit" opportunity to improve lead conversion

Improve conversion metrics:

- **100,000 unique users visit turners.co.nz each month**
- **Most were anonymous, only ~10% are returning customers**
- **Now communicating in a more personalised, relevant and timely way**
- **Current conversion into sale/purchase/finance less than c. 5% of top of funnel leads**
- **High ROI project that will yield significant business outcomes**

Achieved by marketing automation + improved customer data



Turners Cars Winner TRUSTED BRAND 2020
Voted NZ's Most Trusted Used Vehicle Dealership

Still want to sell your car?

Hi Muzzurios

You bought your car into us a few weeks ago, and we're getting in touch to see if you would still like to sell your vehicle.

If you are interested please get in touch with our Contact Centre below to arrange a time that suits you to discuss selling your vehicle to us.

[Give us a call](#) [Email us](#)

Kind regards,
From the team at Turners Cars

Example #4 Digital - 100% online loan sign up process

Obtaining customer signatures in order to close a deal can prove challenging. The traditional paper process is often time consuming and costly and may take days to complete.

Digital signing replaces the need to capture a physical signature on a document moving the process online.

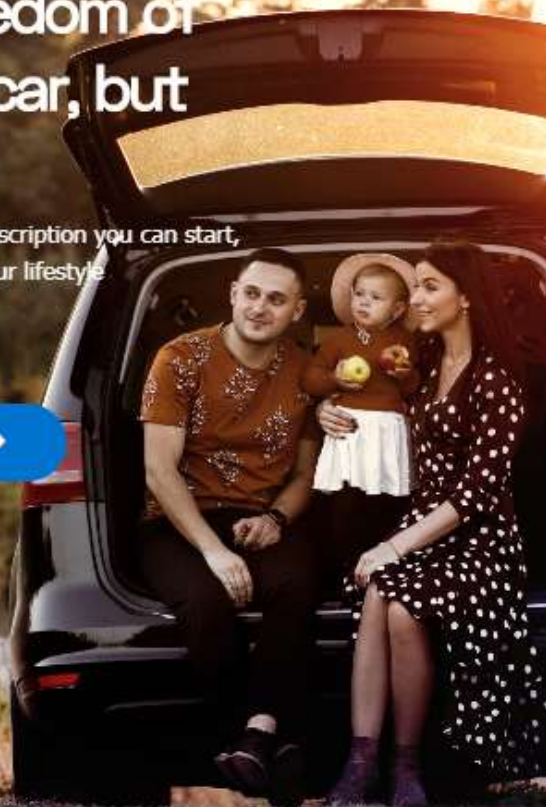


- **Deployed 100% online sign up process in July**
- **25% of loans in July used “secured signing”, rising to 40% of loans in August**
- **Much faster process for customers and originators and helps with identity fraud as well**
- **Secured Signing uses Digital Signature (PKI encryption) technology to verify & proves the document has not been modified after signing**

All the freedom of
owning a car, but
better.

A simple monthly car subscription you can start,
change or stop to suit your lifestyle

FIND A CAR >



2011 Suzuki Splash

[Avondale, Auckland](#) 7 km away



Specifications

VARIANT	BODY TYPE	TRANSMISSION
2011 Suzuki Splash	Hatchback	Constantly Variable Transmission
SEATS	DRIVE TYPE	COLOUR
5	Two Wheel Drive	Blue
FUEL TYPE	ENGINE CAPACITY	
Petrol	1.20 L	

Entry
\$112
/week

MOST POPULAR
Standard
\$119
/week

Premium
\$133
/week

Switch	1 per month
Free km per month	2,000
Excess km rate	20 cents per km
Damage liability	\$1,000
Insurance	<input checked="" type="checkbox"/>
Servicing	<input checked="" type="checkbox"/>
Roadside assistance	<input checked="" type="checkbox"/>

SUBSCRIBE

Launched 21-09-20

Outlook



FY21 outlook

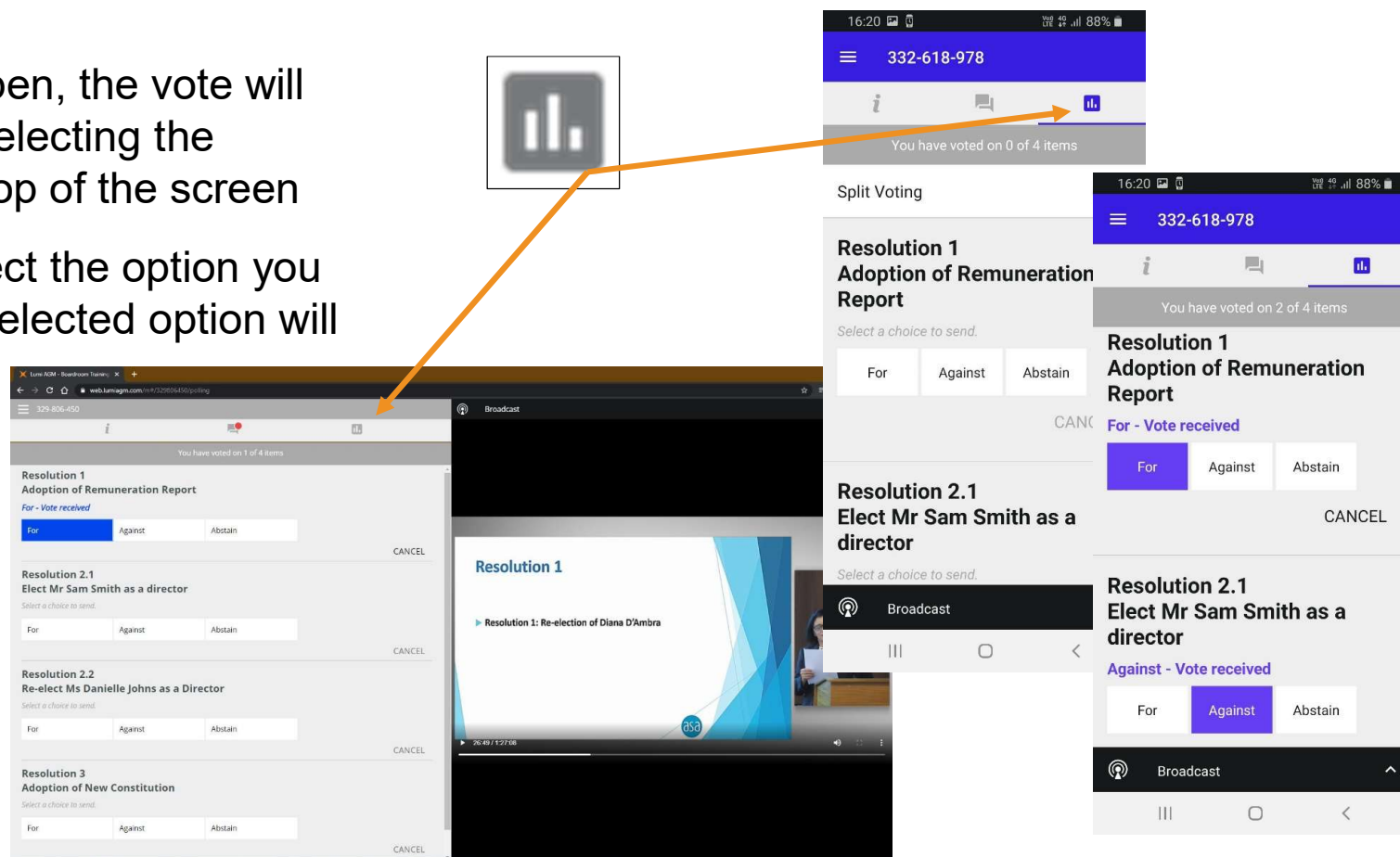
- **Business has rebounded strongly since lockdown and demonstrated resilience, and business has momentum and providing some optimism about H2**
- **We are targeting FY21 NPBT to be in the range of \$28m to \$31m. This is conditional upon no further substantive lockdowns occurring before year end.**
- **An indicative full year dividend at this level of net profit before tax would be 17.0 cps (fully imputed).**
- **FY21 Q1 dividend declared at 4.0 cps**

Shareholder Discussion



ONLINE ATTENDEES – VOTING PROCESS

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Resolutions

ORDINARY RESOLUTIONS:

- **RESOLUTION 1:** That Baker Tilly Staples Rodway be reappointed as auditors of the Company and that the Directors be authorised to fix the auditors' remuneration.
- **RESOLUTION 2:** That John Roberts, who retires by rotation and has offered himself for re-election, be re-elected as a Director of the Company.
- **RESOLUTION 3:** That Matthew Harrison, who retires by rotation and has offered himself for re-election, be re-elected as a Director of the Company.

Voting

Resolution: Proxies	FOR	AGAINST	PROXY DISCRETION
Auditor's remuneration	30,593,721	76,302	1,821,186
Re-election of John Roberts	30,574,083	41,000	1,874,853
Re-election of Matthew Harrison	29,795,792	339,044	1,589,337

Total proxies received in respect of 32,491,209 shares representing 38.0% of total shares on issue.

Voting on each resolution will be by way of poll.

Other Business Close Of Meeting

CONTACT

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CEO Turners Limited

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E: todd.hunter@turners.co.nz



Disclaimer

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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:

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

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.