

TURNERS ANNUAL MEETING

23 August 2023

1. TITLE SLIDE - [RUN TINA WELCOME VIDEO]

Good morning everyone.

My name is Grant Baker and I am the chairman of Turners.

Welcome and thanks for joining us at the 2023 annual meeting of shareholders of Turners Automotive Group. I hope you enjoyed that little medley from Tina. We're all very big fans of hers and she has been a real hit with our customers as well.

A few housekeeping matters before we begin...

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

Bathrooms are outside the room here on the right.

The Notice of Meeting and 2023 Annual Report and financial statements have been circulated and made available to shareholders. A quorum is present and therefore I declare the meeting open.

2. BOARD OF DIRECTORS

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

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

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

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

3. MEETING AGENDA

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

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

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

5. CHAIR'S ADDRESS & WE ARE GETTING EVEN STRONGER

I'm pleased to tell you that Turners is getting even stronger. FY23 has been another record result for the business and importantly this is a business that's growing top line revenue and bottom line profits.

6. TURNERS CONTINUE TO BUILD A STRONG TRACK RECORD

We've shown this historic perspective before, and it is important to reflect on the progress we've made.

For the most recent three year period we're really proud of the fact that we've delivered \$91M in after tax profits. That's an increase of 36%.

We've also paid 66 cents in dividends for every share in the company, which is up 40% on the prior three year period.

For me as a substantial shareholder, this is a fantastic outcome. And the good news is there's still way more opportunity for me and all shareholders. Our interests are very aligned.

7. A RECORD RESULT AND POSITIONED FOR FUTURE GROWTH

FY23 has been a real proof point year for Turners. We've had a number of head winds, like higher interest rates, a declining car market and more government regulation which are all material challenges.

Regardless of these, the business has continued to grow. The absolute highlights being the Auto Retail Division Profit being up 28% and Insurance Division being up 9%.

And our growth plans continue to deliver results.

In Auto Retail our focus is on domestic sourcing, retail optimisation and expanding our branch network, which is delivering strong growth.

Our Finance quality metrics continue to improve and de-risk our business and Insurance distribution has improved, helping deliver better sales

8. FY23 RESULTS SNAPSHOT

I'm not going to spend time on the FY23 results as these have been well covered by Aaron and Todd in May when we announced. However I do want to point out that since FY16 Turners Automotive Group have delivered a compound annualised growth rate of 11% each year, which I think is a very impressive track record.

9. WE OPERATE TO A SIMPLE FORMULA

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

10.FORMULA

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

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

11.QUALITY ENVIRONMENT FOR OUR TEAM

As we have talked about previously, we work hard on having a strong and positive culture in Turners.

Our employee engagement results continue to be best in class, and we feel with the introduction and take up of our employee share scheme, the combination of a highly engaged team, with ownership in the company will be even more powerful.

12.CUSTOMER EXPERIENCE

Being customer driven is one of our core values, and we've won the most trusted brand in the used car category for the 4th year running. There is no doubt that we're growing our "ownership" of the used car category here in NZ. Our customer experience measures, across the rest of the business are all tracking very well and we are seeing improvement year on year.

13.GREAT RETURNS FOR SHAREHOLDERS

Now for the last part of the formula...our shareholders. We've delivered growing dividends now for 10 years, and based on how the business is tracking so far in FY24 the payout should lift to 24 cents per share.

The combination of our highly engaged team, and great customer experiences underpin the returns we can deliver to you (and me) as shareholders.

We've also introduced a Dividend Reinvestment Plan in the most recent dividend cycle and plan to continue offering this going forward. The yield on our shares continues to be one of the best on the NZX. And we offer quarterly dividends.

14.WE HAVE ACTED TO MITIGATE OUR CHALLENGES

We called out a number of key challenges last year, and fortunately these challenges have been downgraded in terms of their likely impact on the business. Our mitigation plans have worked well and our business continues to demonstrate resilience, while operating in markets that are declining.

However, persistent inflation and interest rates are still a challenge, and a further lift in the OCR will impact our business through our borrowing costs...but we also know we are much closer to peak rates than we were in FY23 so the impact won't be as great.

15. ROADMAP TO \$50M

In regard to our FY25 target of \$50M, we see that the broader economic environment and specifically the OCR track could have a timing impact on achieving our FY25 goal.

We are very confident about achieving our \$50M target, however it is just a question of when.

We've outlined two scenarios based on what happens with the OCR. Given the most recent update from the RBNZ, you would have to say we're at an inflection point between the two scenarios.

16. WHAT'S NEXT

A couple of comments to wrap up. This business is in very good shape and the progress we have made in brand building within the used car category is really impressive. We should achieve our 10% market share goal in the near term and then we need to set our sights on the next goal.

There's still lots of opportunity for us...with more than 20% of cars in NZ over 20 years old. We know there's ample demand for replacements no matter what happens in the economy. Also a strong auto retail division creates the halo effect into finance and insurance...it is a great model.

The brand, systems, technology and people in Turners are a powerful combo and we do need to push ourselves to see how this can be extended into markets beyond used cars. We have a very strong and trusted consumer brand which needs to be leveraged.

We're close to our \$50M pre-tax profit target, and also getting close to becoming part of the NZX50. Based on recent free-float values we sit at around 47th spot and a number of current members are well below Turners.

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

[HAND OVER TO TODD]

[PLAY VIDEO]

19.CEO'S PRESENTATION

Good morning everyone great to be with you all today in-person! Let me kick things off with a few slides about what we are seeing in the used car market.

20.REGULATORY CHANGES DRIVING DROP IN USED CAR MARKET

Overall used car transaction levels continue to track well below pre-pandemic levels, and during FY23 we saw material impact from Government regulation. The Clean Car Discount and Clean Car Standard have had a supply constraining impact by making it more expensive to import used vehicles into NZ. What is pleasing though is that while the market has been reducing Turners unit sales have been increasing with a 14% increase in units sold in FY23 over FY22. And I am pleased to report that so far in FY24 we are tracking ahead of FY23.

21.CARS ADVERTISED ON TRADEME

Cars advertised on TradeMe continue to decline as sourcing used vehicles only gets more difficult. With our inventory growing we command a higher proportion of these TradeMe listings.

22.DEALER NUMBERS

Registered dealer numbers have continued to reduce over the last 5 years (3k), down 19% from the peak in 2017. There is a close correlation between the difficulties in sourcing used vehicles and the number of registered dealer numbers and we expect dealer numbers to track down further due to challenges in supply and impact of government regulation.

23.EV'S ACCOUNT FOR AROUND 2% OF TOTAL FLEET IN NZ

EVs are growing in numbers however still important to remember that plug-in and battery EVs account for less than 2% of the 4.4M NZ vehicle fleet and the rate of increase in these sales seems to be slowing. There is still a long time to change out the entire NZ vehicle fleet. We are encouraging the "Try before you buy" approach

for EVs through our subscription offering. And it is always good to remind people that whilst we are very supportive of EVs, Turners business model is based on churn. This business is now 56 years old and we are not selling the same vehicles today as we did 56 years ago!

24.BUSINESS DIVISIONS

25.FLYWHEEL OF OUR AUTO ECO SYSTEM

Before I get into the business divisions I wanted to remind everyone about the Turners flywheel. It starts with sourcing smarter...the unique combination of consigned and owned stock. However, like any retail business the money is made when you buy so we are using brand awareness, branch network, data and tools to make better buying decisions and purchase more highly demanded cars than we ever have before.

The more cars we consign and buy the more cars we have advertised. This leads to a larger audience and support for more branches. This scale gives us more reach and more market share and more retail sales. More retail sales provides greater opportunity for add-on sales from Oxford Finance and Autosure Insurance which provides greater transaction margins. Greater transaction margins makes us more competitive at the sourcing end, and enables us to pay “fair” prices for cars...and so the flywheel starts again.

We have very deliberately been improving our capability in each part of this flywheel over the last couple of years, and the good news is that it is working very effectively and there is still more opportunity for us to fine tune.

27.AUTO RETAIL

Our Auto Retail division has had an absolutely stellar 24 months of growth and this has continued into FY24. We are sourcing more cars locally, earning more consistent margins on these vehicles and opening more branches. We are now at a point where google searches for Turners Cars have outgrown searches for used cars!

Market share has continued to improve with sales volumes increasing year on year. The focus to source a much larger proportion of our vehicles locally has paid off and

we are seeing elevated levels of consignment vehicles particularly from lease customers.

Our focus is very much on a continuation of our wholesale to retail transition. We still sell around 50% of our units down the auction lane and for every one of these sales we can move into our retail channel it is worth another \$1,000 in transaction margin to the business.

28.BRANCH EXPANSION

We continue to expand our network through expanding existing operations or opening in new territories. This graph shows you the contribution more recently new branches have made to market share (in red) and what our forecasted retail footprint will be in square metres by FY26. Obviously this is a forecast and is dependent on some lease or purchase deals being concluded. We should see another 20-30k retail focused square metres added over the next 3 years.

What I would like you to understand though is that growing our unit sales and market share is not just about opening in more places...it is about the brand investment we have made, the sourcing we are doing, the operational improvements to increase the speed of processing, the people we have doing an excellent job for our customers, the investment in data and technology. We feel it is a very strong position for us and one that is very difficult to replicate.

29.RETAIL EXPANSION PIPELINE

Our pipeline of branch expansion projects is building really well. We have certainly seen more opportunity come to market as interest rates and holding costs increase. We now own 14 of our sites with a cost value on balance sheet of about \$95M.

30.TIMARU

Timaru will open in November with the project on budget and time. When it is fully up to speed this will contribute an additional \$500k pa in operating profit.

31.NAPIER

Napier is tracking well and will open in November of this year. This is a doubling of our existing site in Napier and will contribute an additional \$500k in operating profit.

32.CHRISTCHURCH

This is a very exciting plan coming together in the Christchurch region. Our current single branch in Christchurch will become 3 separate sites across the city progressively over the next 2-3 years. There is a lot of work to do but the sites are secured and development plans all underway. This will add at least another \$1M+ to operating profit, but more importantly the spread of locations we know will enable us to purchase more vehicles.

33.DAMAGED AND END OF LIFE

Another growing part of our business is the Damaged and End of Life vehicle business. More and more cars are being written off by insurers because they are too old and too expensive to repair. This combined with weather event claims means our damaged vehicle volumes continue to grow. We sold over 30,000 of these end of life vehicles in FY23.

34.DIGITAL ENGAGEMENT CONTINUES TO GROW

Whilst we see a lot of people in our branches a large part of their customer journey is spent online and is managed digitally. Our web traffic is up 25% year on year, appointments booked online for vehicle appraisals is up 24%, people saving vehicles to watchlists is up 26%. We are putting a lot of effort to both improving this experience for our customers but also testing and trailing to improve these conversion rates even further.

36.FINANCE

Our focus remains firmly on quality and margin, although we have seen a small amount of growth in the loan book over the last couple of months. Prioritising pricing and margin management has been critical in dealing with the speed of interest rate rises and the material increase in interest expense we have dealt with. Given our Auto business has been going so well it has given us the room to be more conservative on our lending in Oxford given the economic conditions likely to worsen.

We are very pleased with the new lending through our “controlled” higher margin channels of Turners Auto Retail and our Direct channel, up 8% in FY23 to \$77m.

37.QUALITY OF FINANCE

We have tightened our credit policy and have seen our quality metrics improve. The average credit scores of new customers is increasing reflecting the higher proportion of premium borrowers but also the affordability hurdles we use to approve customers. We have now had 3 years of writing new business at credit scores higher than the market average.

38.QUALITY LENDING STRATEGY

It is no surprise that with our focus on bringing better quality borrowers into the loan book our arrears levels have outperformed the broader market. We also continue to carry an economic uncertainty buffer of \$2M over and above BAU arrears provisioning.

40.INSURANCE RETURNS IMPROVING

In Insurance we have seen good market share gains and robust policy sales despite challenging market conditions. Our distribution arrangements continue to work well, and we have further opportunities in play.

The book has also been well tested over the last few months and years from a catastrophe risk perspective and we are pleased to report there has been no impact from either the pandemic or the recent weather events.

41.EXAMPLES OF OUR DIGITAL DISTRIBUTION

Our digital distribution arrangements are working well. This is where we integrate into their finance applications directly from our insurance quoting software. With MTF Finance we get to leverage their network of dealers and franchises to resell our MBI policies or Marac Finance where we integrate directly into their finance application system and leverage their network of 400 dealers and brokers.

43.CREDIT MANAGEMENT

In Credit Management the debt value loaded is up but debt collected is down due to diminished customer payment capacity requiring lower repayment amounts to be accepted, and payment arrangements being extended. The “payment bank” of arrangements we have in place is starting to grow nicely.

44.CREDIT MANAGEMENT

This is data from credit bureau Centrix. The % of NZ consumers now in arrears is at 11.4% which is above pre-pandemic levels and well above the low points seen during Covid lockdowns. With the economic environment expected to deteriorate further, we expect debt load levels to increase as a result.

46.FUNDING

Turners is a conservatively funded business. I think it is useful to think about what we use funding for. We borrow for the finance book, buying property and buying inventory to sell through the Auto retail business.

As you can see from the graph we have matched the borrowing to the corresponding asset we have borrowed against.

I think you can see this paints a picture that we are geared in a conservative way and we have sufficient funding capacity to support our committed branch expansion plans.

48.TRADING UPDATE AND OUTLOOK

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

We have had very positive results for FY24 so far and are on track for our FY24 result to be ahead of our record FY23 result. Our forecasted dividend for FY24 on this basis would be 24 cents per share up 4% on FY23.

Directors have also declared a Q1 fully imputed dividend of 6.0 cents per share.

In relation to the segments...

In Auto Retail car sales have been strong, in fact we had a record month in July for cars sold and margins on the cars we own have been very consistent. We expect the upside from our new branches and the transition of wholesale auction units into the retail sales channel to underpin further market share growth.

In finance we have seen a lift in lending volumes but quality and margin management will remain key priorities within the finance division in the short term. We are seeing economic downturn impacting arrears but this is more front-end arrears. Margins are expected to expand in near term although there is still some sensitivity to OCR track.

In Insurance new policy sales have been buoyant based on our distribution and market share gains and claims ratios are stable. Investment returns continue to improve.

And finally in Credit Management we expect better performance as the economic conditions worsen and the resultant lift in debt loads from corporate and SME clients. We are well positioned for the next stage of the NZ credit cycle.

So a strong start to the year has give us some confidence about the trajectory for the rest of the year.

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

[HAND BACK TO GRANT]

49.SHAREHOLDER DISCUSSION

Are there any questions on the presentation or results?

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

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

50.RESOLUTIONS

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

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

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

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

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

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

51.RESOLUTIONS

Resolution 1

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

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

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

Resolutions 2, 3 and 4: Re-election of Directors

The next three resolutions are in regards to director elections for John Roberts, Matt Harrison and Lauren Quaintance.

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

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

To make things run a little more efficiently I will ask John, Matt and Lauren now to come up and address the meeting in support of their election.

[John to address meeting]

Are there any questions for John

[Matt to address meeting]

Are there any questions for Matt

[Lauren to address meeting]

Are there any questions for Lauren

OK thanks for that everyone we will now deal with the specific resolutions...

Resolution 2 is in relation to the re-election of John Roberts who retires by rotation and has offered himself for re-election. Are there any questions?

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

Resolution 3 is in relation to the re-election of Matt Harrison who retires by rotation and has offered himself for re-election. Are there any questions?

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

Resolution 4 is in relation to the election of Lauren Quaintance who has offered herself for election. Are there any questions?

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

Resolution 5 Directors Fees

This resolution is that the pool for Directors' fees be increased by \$255,000 from \$665,000 to \$920,000 per financial year, with effect for the financial year commencing 1 April 2023.

Are there any questions?

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

Resolution 6 is a minor adjustment to alter the Constitution of the Company by deleting clause 4 of Schedule 2 and substituting the following:

A proxy form must be sent or made available with each notice of meeting.

Are there any questions?

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

53.VOTING

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

I wish to advise that proxies have been received for 23,672,683 shares being 27.1% of total shares on issue.

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

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

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

[3 minute pause]

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

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

54.OTHER BUSINESS AND CLOSE OF MEETING

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

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

I therefore call the 2023 annual meeting of shareholders closed.

Thank you all for your attendance today.

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