



Turners.

Automotive Group

Dear Shareholder

The Turners Limited Annual Report for the year ended 31 March 2021 is now available. We invite you to read this on our website at <https://www.turnersautogroup.co.nz/Investor+Centre/Investor+Reports.html>.

We were pleased to report a record profit and record dividend in FY21, with many of the changes we have made over the last two to three years now starting to provide strong traction.

Margin expansion and market share gains are helping deliver the bottom line growth that we knew was possible, and the mix of diversified earnings is delivering the consistent growth plus yield that shareholders are looking for. We were pleased to deliver record dividends of 20 cents per share in FY21.

Looking Forward

Our growth plan has developed over the last 24 months and we are confident our actions will deliver continuing growth over the next three years.

Four key areas will underpin our earnings growth. These will be a combination of both physical and digital investments and initiatives are already underway.

1. Retail Optimisation across people, property and processes.
2. Vehicle purchasing decision-making using data and tools to help identify new sourcing opportunities and ensure our vehicle buyers are maximising opportunities
3. Growing premium lending within Finance
4. Continued investment in digital and improving our omni-channel customer experience which allows customers to engage with us however, whenever and wherever they want.

Our focus is on organic growth which will be funded out of retained earnings and we are continually assessing ways to make our business more capital efficient.

We have full confidence that our growth plans will support our continued positive momentum in FY22. Shareholders should expect to see a further improved result and, accordingly, a corresponding increase in FY22 dividends.

We look forward to delivering another year of value to our people, our customers and our shareholders.

Within three years we are targeting profit before tax of \$45 million. This would equate to a dividend payout of 24cps.

Grant Baker
Chairman


Todd Hunter
Group Chief Executive Officer

FY21 AT A GLANCE

- The used car market proved resilient, rebounding strongly following COVID-lockdown, for the 'high trust' Turners brand
- Acceleration of digital strategy and rigorous cost management saw strong profit lift in three of four divisions
- Market share growth and margin expansion helping to deliver record profit
- Robust annuity earnings from Finance and Insurance sectors validates the diversified business model
- **Auto Retail**
Used vehicle market demonstrated resilience throughout the year. Margin expansion driven by buying initiatives, strong consumer demand and restrained supply
- **Finance**
Continuing to grow share of premium tier, high quality borrowers, with arrears at record lows
- **Insurance**
A number of key competitive wins, risk pricing adjustment and cost initiatives supporting operating profit growth of 50%
- **Credit Management**
Decrease in revenue and profit due to market-wide conservatism with respect to debt collection during first phase of the pandemic, with debt load and collections work recently reinitiated
- **Turners is in a position of strength to deliver further on its growth plans**

FY21 FINANCIAL SNAPSHOT

- Record earnings despite a COVID-disrupted year effectively reducing trading to a 10-month period
- Revenue down 11% to \$296.5m
- Net Profit Before Tax up 29% to \$37.4m
- Underlying Net Profit Before Tax up 19% to \$34.3m¹
- Net Profit After Tax up 28% to \$26.9m
- Record FY21 dividend of 20.0 cps (equating to a gross yield of 8.1% per annum based on a share price of \$3.42 as at 31 March 2021)
- Earnings per share up 29% to 31.4cps



Turners delivered record earnings in FY21, despite a COVID-disrupted year.

¹Underlying Net Profit Before Tax is a non-GAAP measure and excludes one-off or non-cash costs including property sales and acquisitions, COVID-related support and remuneration sacrifice, review and restructure costs and profit normalisation (Turners' estimated profit had the business not been shut during lockdown). In FY21, these totalled \$3.1 million. A reconciliation can be viewed on page 18 of the FY21 Annual Report.