

Turners Automotive Group Limited 2018 Annual Meeting

OUR OPPORTUNITY: THE NZ AUTOMOTIVE SECTOR

3.85m

Light vehicles in the NZ vehicle fleet



9,000+ EVs

9,752 as at the end of August 2018, more than double its size from August 2017.

164,000

used cars were imported into NZ in year ended Mar 18

153,000

New passenger and light commercial vehicles sold into NZ in year ended Mar 18

158,000

Vehicles de-registered in FY18



61%

of people ended up spending less than \$10,000 on their car, 80% were less than \$20,000

14yrs

Is the average age of used vehicle in NZ since 2013

3,500

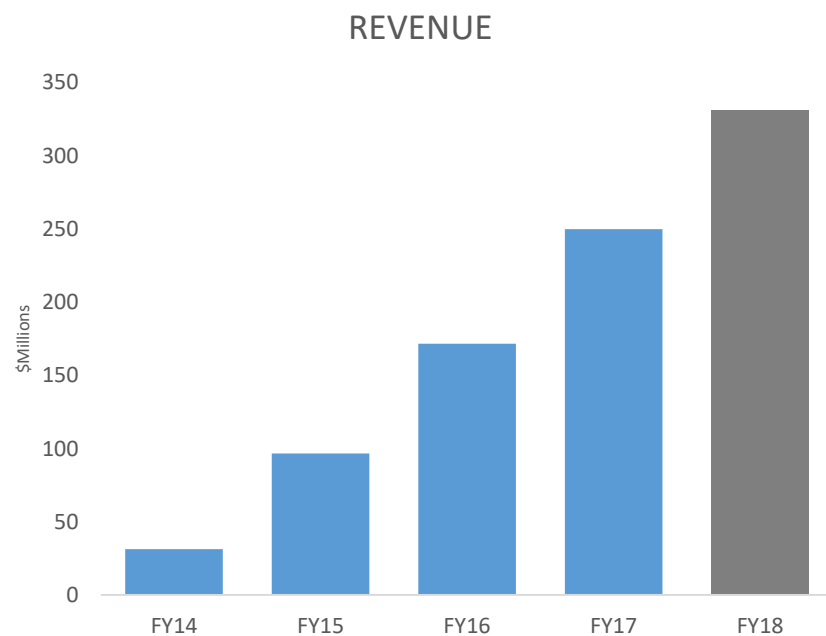
Registered dealers in NZ



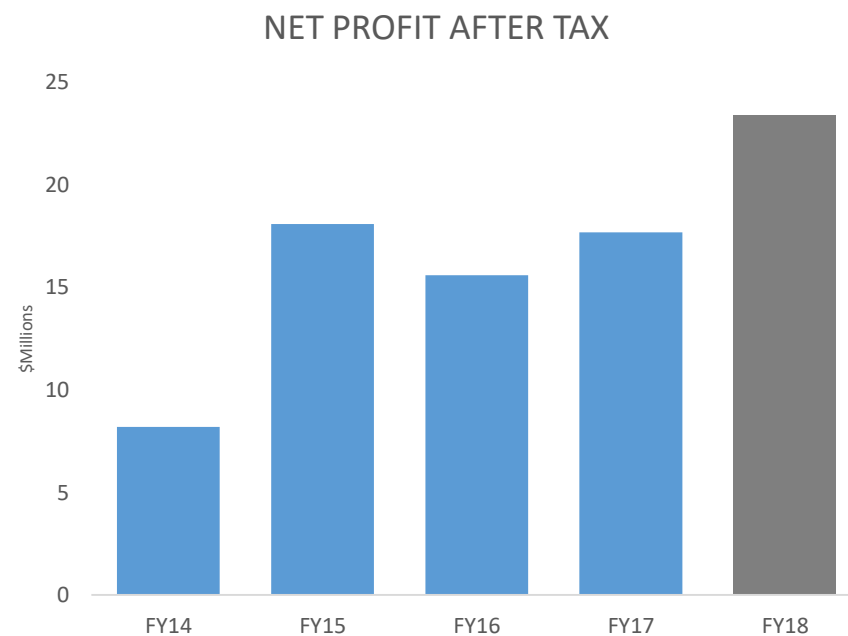
21 years

The average age light vehicles were scrapped from fleet was 22 years for an import and 21 years for NZ new

FY18: NET PROFIT AFTER TAX UP 33%

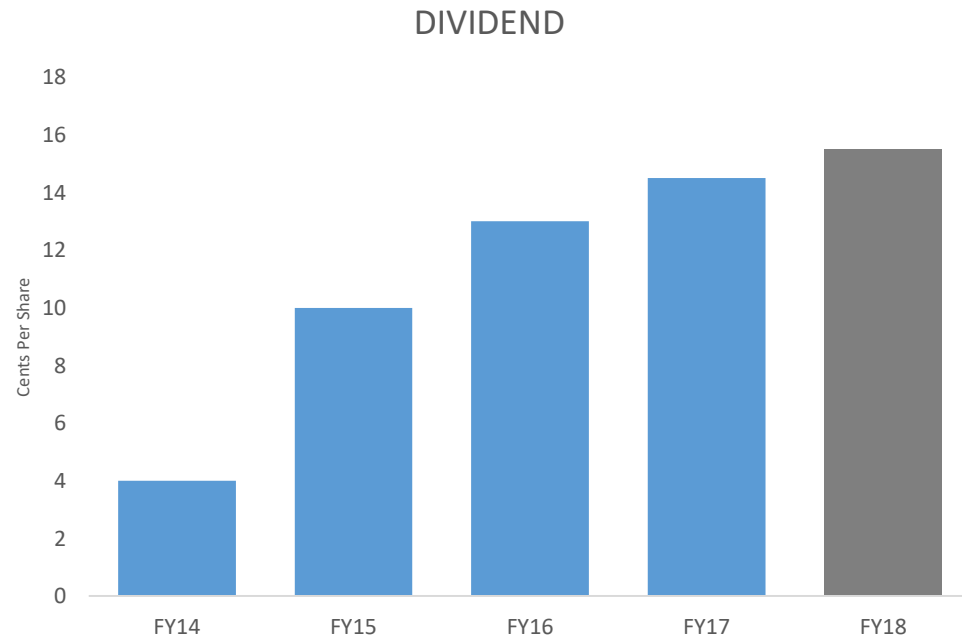


GROUP REVENUE Up 32% to \$330.5m

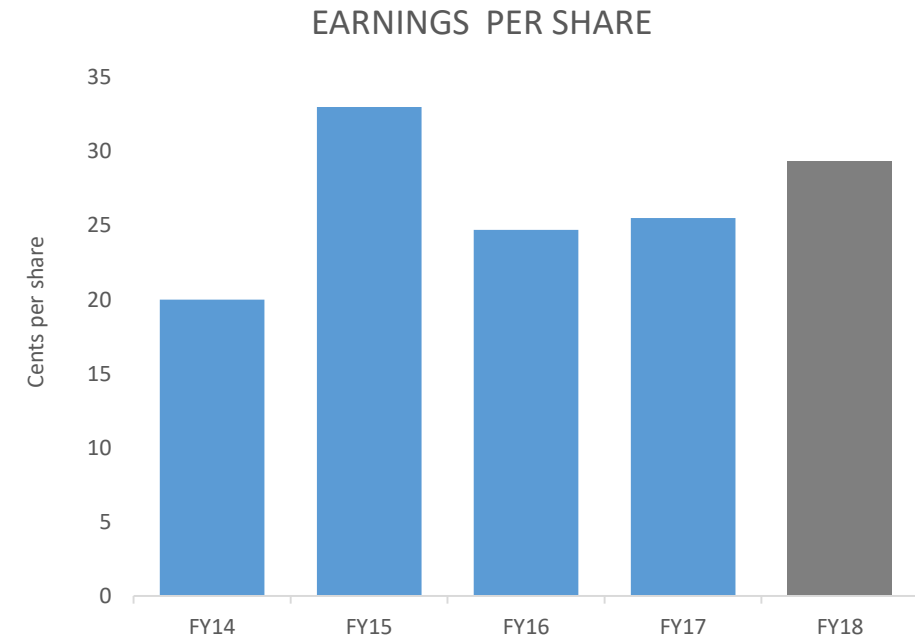


NPAT Up 33% to \$23.4m

FY18: FULL YEAR DIVIDEND UP 7% TO 15.5 CPS



FULL YEAR DIVIDENDS Up 7%
15.5 cents per share



EARNINGS PER SHARE up 15% to 29.3cps

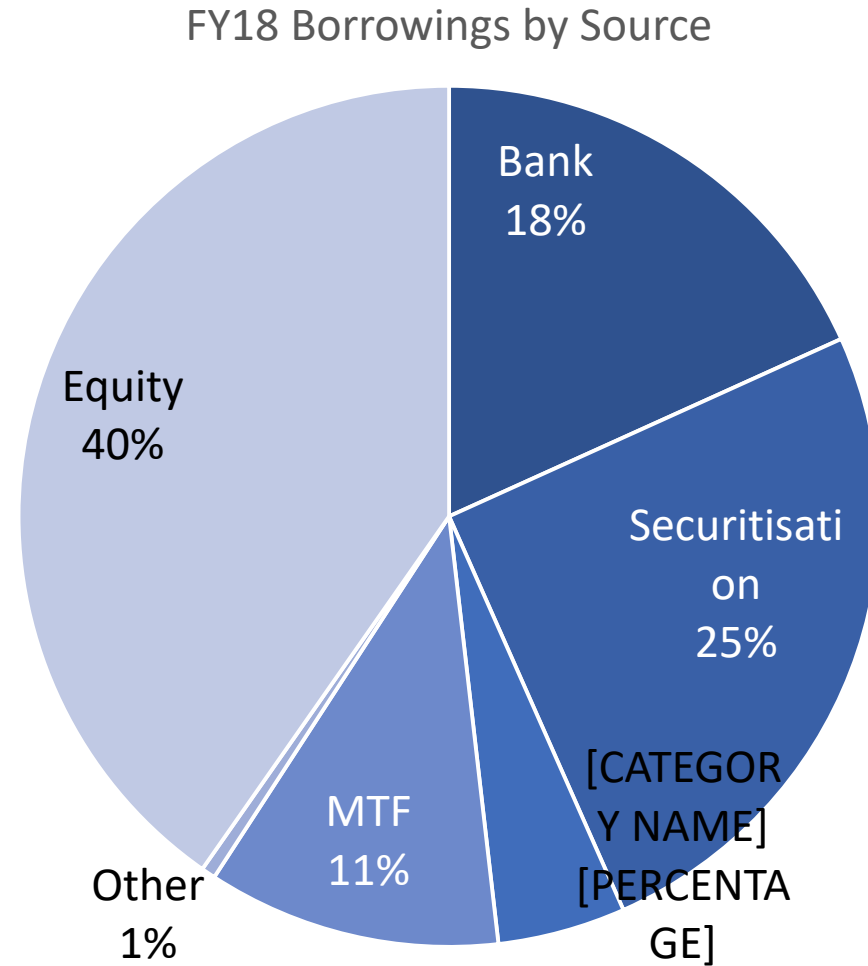
SHARE PRICE IS UNDERVALUED

- Share price undervalued on core metrics
- Board and management continue to invest personally
- Feedback centres around three core themes
 - Complexity of Turners business and strategy
 - Concern about the tightening credit cycle
 - Negative sentiment from last year's capital raise
- Strategy remains growth focused across our automotive and related financial services group
- No current plans to raise further equity

	Analyst A	Analyst B
12 month target share price (\$)	3.29	3.35
Forecasted FY19 NPBT (\$m)	34.1	35.0

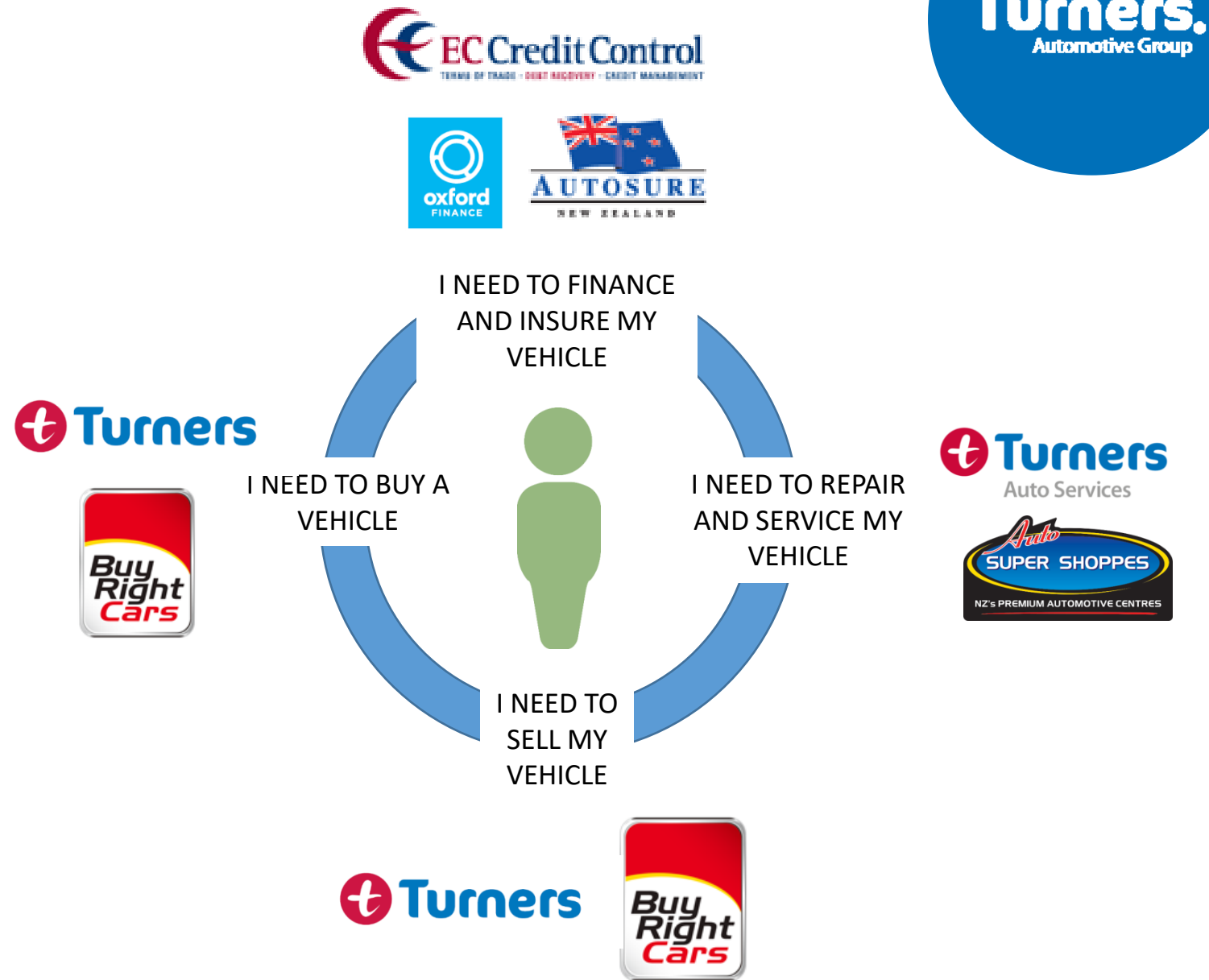
DIVERSIFIED FUNDING ENABLING GROWTH

- \$30M capital raise in Oct 17
- Convertible Bonds of \$26M mature Sept 2018.
- Growth in Securitisation
Warehouse reflects growth in finance book and substitution of corporate bank funding
- \$140m syndication facility with ASB and BNZ completed May 2018.
- Growth in MTF funding driven by growth in Turners Finance.



TURNERS' AN INTEGRATED AUTOMOTIVE GROUP

- Turners is the biggest seller of cars, trucks and machinery in NZ. We finance them and insure them for mechanical breakdown, accident and loan repayments with the best range of products in the market.
- We also operate in the Debt Management sector, leveraging off our expertise in the finance market.

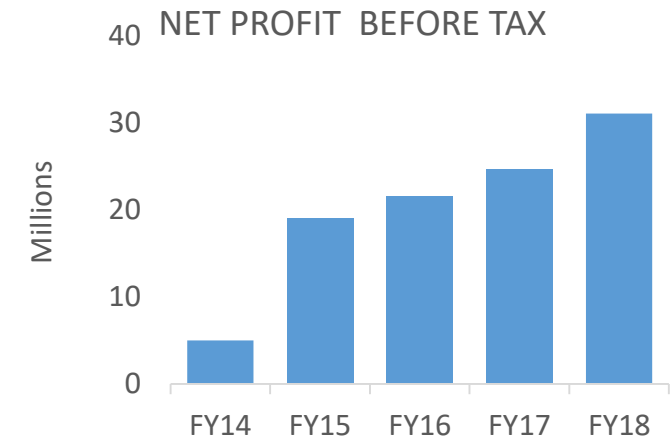
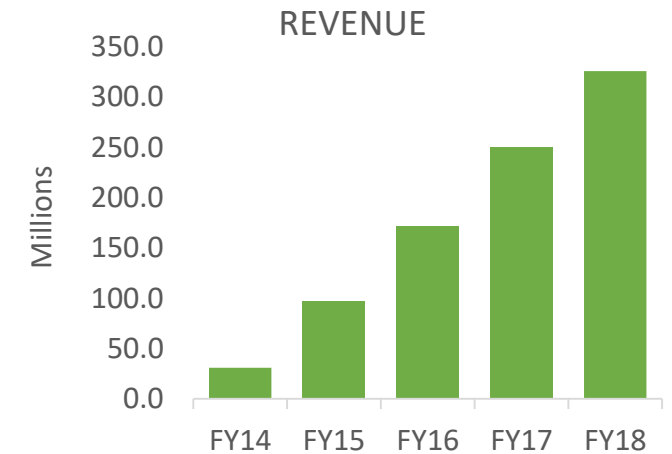




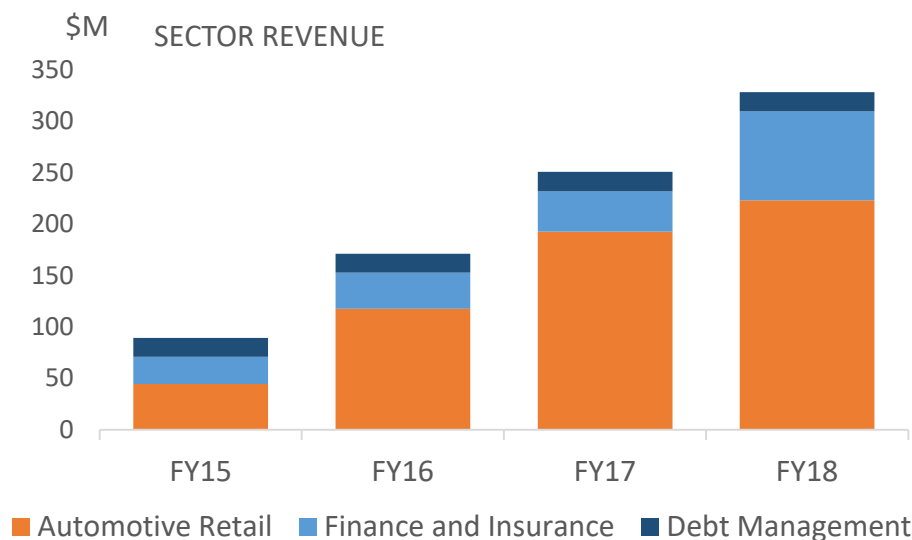
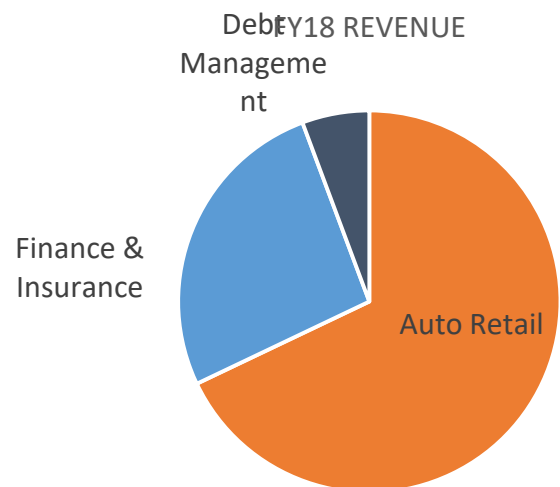
Todd Hunter
Chief Executive Officer

FY18 YEAR AT A GLANCE

- Integrated Buy Right Cars into the group
- Integrated three separate finance operating entities into single entity under the Oxford Finance brand
- Successfully merged existing insurance business into the newly acquired Autosure Insurance business
- Changed name to Turners Automotive Group Limited and dual listed on the ASX
- Completed \$30 million capital raising, to support growth initiatives
- Expanded property footprint with opening of four new retail sites for Cars and Trucks & Machinery
- Acquired new sites for retail development in Auckland, Wellington and Whangarei
- Banking syndication finalised with ASB and BNZ (post balance date May 2018)



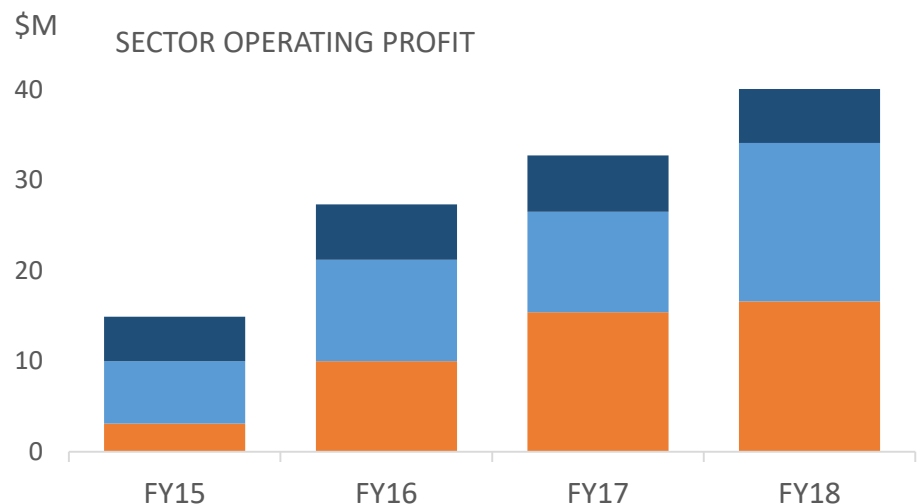
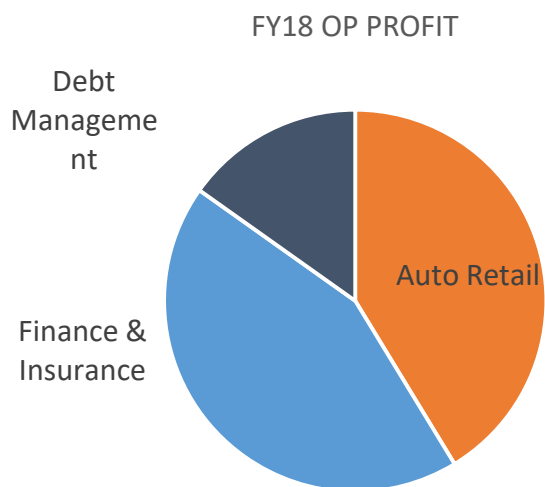
FY18 SECTOR RESULTS



Automotive Retail the largest contributor: 68% revenue and 41% Operating Profit

Annual trends reflect acquisition and organic growth

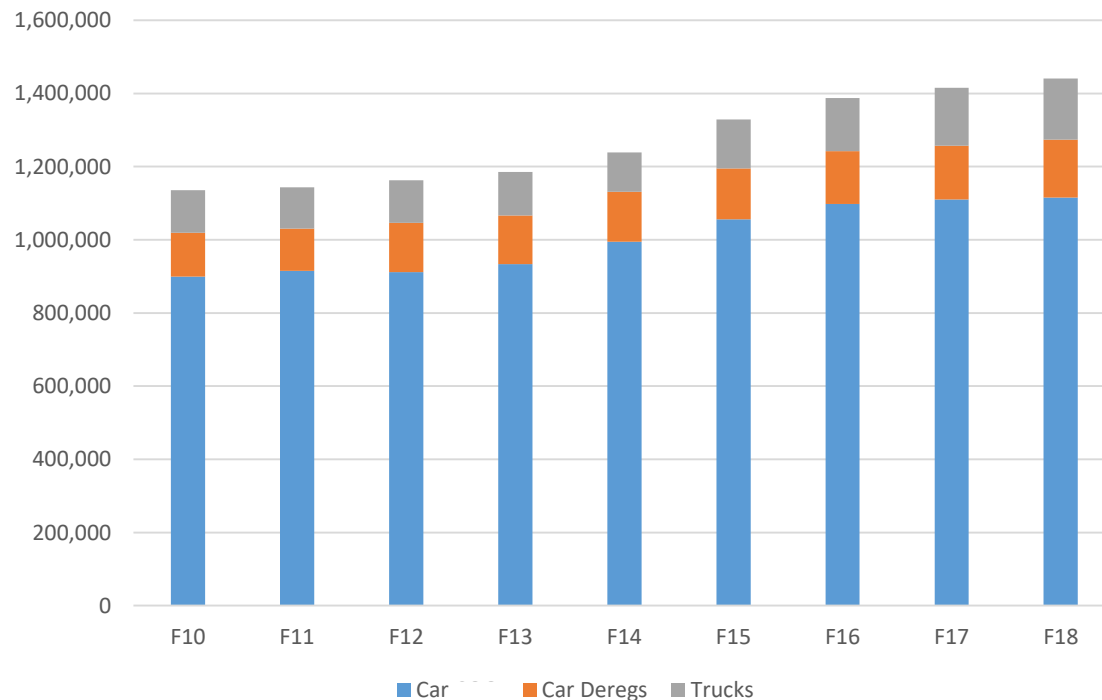
Step up in FY18 in Auto Retail – acquisition of Buy Right Cars; and Insurance – acquisition of Autosure



Balance between transactional income from Auto Retail and annuity income from Finance & Insurance. Consistent returns from Credit Management business

FY18 OPERATING ENVIRONMENT

Total Used Vehicle Sales
Financial Year



Used vehicle transactions in NZ (including deregistered vehicles and trucks)

- Used vehicle market continuing to grow:
 - Used cars in line with previous year
 - Used trucks up 5% YOY
 - Damaged and end of life up 11% YOY
- New car registrations (passenger and light commercial) up 5.4% to 153,000 units registered end-March 2018.
- 164,000 used vehicles imported from overseas (53% of total new registrations for FY18)
- Intense competition for originators
- Indications of a tightening credit market

STRATEGIC IMPERATIVES FOR FY19



Ollie - star of the Turners' TVCs

CUSTOMER FIRST:

- Keep developing 'Customer First' culture across all businesses
- Improve the quality of customer experience – both in-person and online

QUALITY LENDING:

- Continue transition to higher quality, more profitable lending

UTILISE WEALTH OF DATA:

- Access and drive value from the wealth of data in the business to engage with our customers, and deliver better service

LEVERAGE OUR UNIQUE AUTOMOTIVE ECO-SYSTEM TO MEET OF OUR CUSTOMERS NEEDS

AUTOMOTIVE RETAIL

FY19 KEY FOCUS AREAS

- Optimise for retail customers
- Deliver a better customer experience in-store and online
- Investment in property and recruitment, training and development
- Redirection of Turners Finance loans into Oxford Finance in 2H19



Turners
Automotive Group

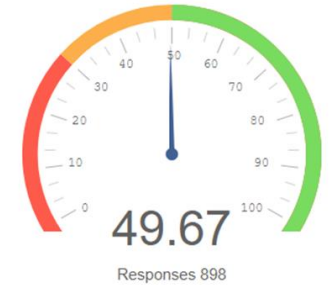
Turners Automotive Group is New Zealand's largest automotive company.



AUTO RETAIL - PROGRESS ON KEY INITIATIVES

Customer focused

- Introduced Net Promoter Score measure
- 63% promoters, 25% passive, 12% detractors so far



Online and digital experience

- Web traffic to www.turners.co.nz up 8.5% Aug YTD to 1.15 million users, NZ's second most popular auto website

Redirect Turners Finance into Oxford

- All Turners branches directing finance into OFL as at beginning of Sept.
- Expect \$4m+ per month from September

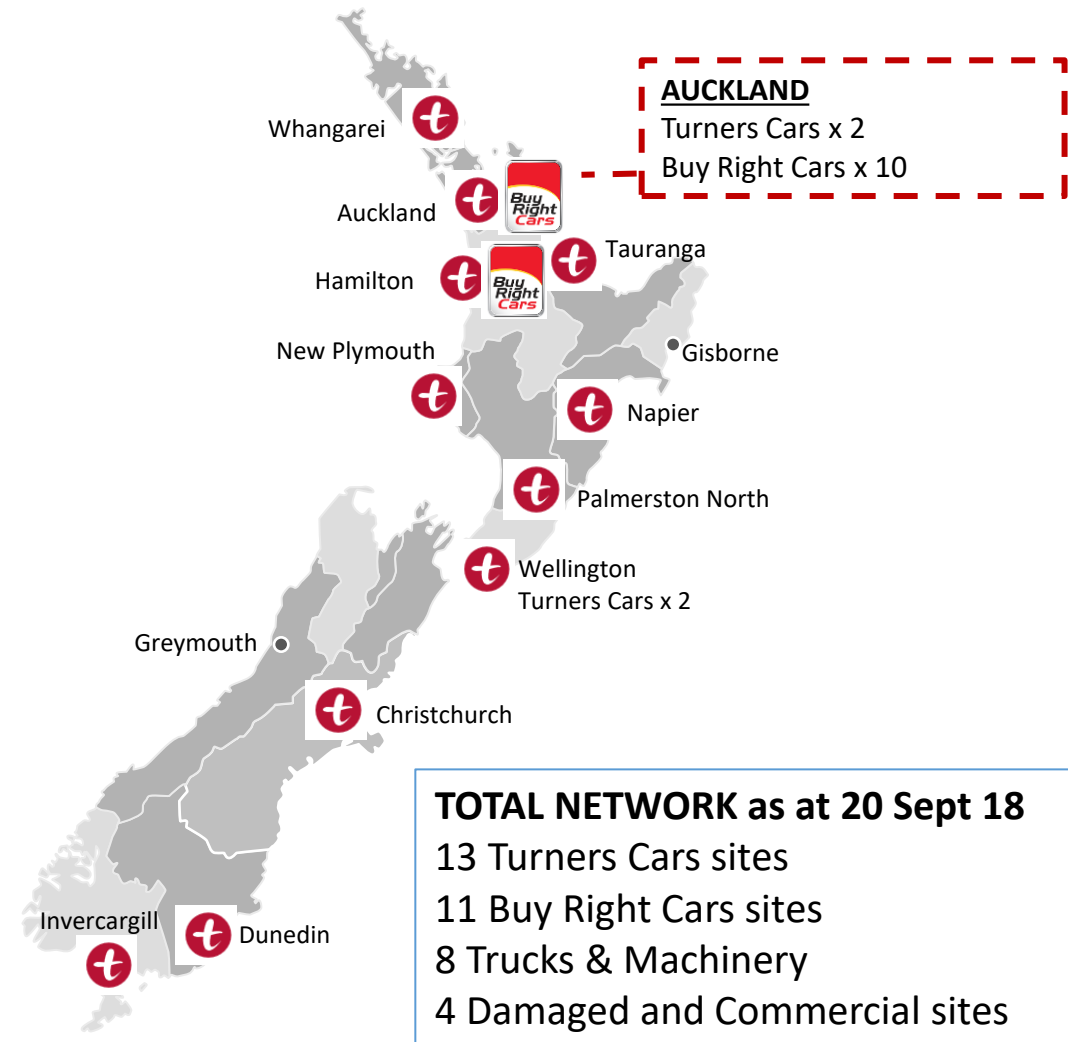
Auto servicing pilot

- Pilot of selling Auto Super Shoppe service plans started

AUTO RETAIL: PIPELINE OF PROPERTY OPPORTUNITY

PROPERTY ACTIVITY 2018 TO DATE

- Porirua – Turners Cars branch relocated from Seaview
- Whangarei – land acquired in high retail zone, existing branch to be relocated in Jan 2019
- North Shore – land acquired in Wairau Valley to relocate Turners Albany branch
- New Plymouth – acquired lease for new Turners branch. This is a new regional market for the business.
- Wellington City– second Turners branch in Wellington due to open in 2H18
- Napier – extension and redevelopment of existing Turners site
- Penrose – new Buy Right cars site
- Hamilton – Opening of Buy Right Cars site. First expansion outside of Auckland



FINANCE AND INSURANCE

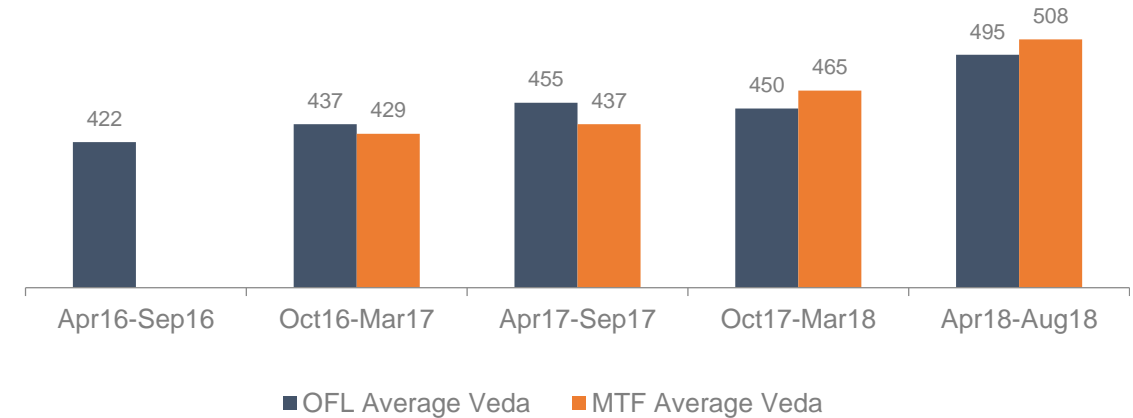
FY19 KEY FOCUS AREAS

- Streamline the customer experience by making it quicker and easier
- Use data analytics and automated services to make better lending decisions
- Continue to re-position finance ledgers towards higher quality lending
- Continued focus on insurance 'pricing for risk' with data analytics as a key enabler
- Implement replacement dealer retail selling system, tightly integrated in finance origination system AutoApp



FINANCE AND INSURANCE - PROGRESS ON KEY INITIATIVES

Improve lending quality by tightening credit criteria



Loan origination platform enhancements

- Electronic ID and address verification added, 100 new dealers on-boarded

Risk pricing work in Insurance

- Re-pricing high risk vehicles has impacted 100% of originators, with further targeted pricing work for high risk originators (15%)

Replacement of Insurance retail selling system

- Project initiated and progressing well.

CREDIT MANAGEMENT



FY19 KEY FOCUS AREAS:

- Investing in sales resource in Australia to build our corporate debt base
- Attract and load higher quality debt
- Use technology to improve efficiencies
- Use data to improve results for customers eg Collections Scorecard
- Integrate with Xero and MYOB

CREDIT MANAGEMENT - PROGRESS ON KEY INITIATIVES

Corporate debt load

- Corporate debt load up 13% Aug YTD
- Key wins in NZ - Contact Energy and QBE Insurance new clients, ACC renewed for 3 years, increase in debt load from banking clients
- New BDM hired in key Australian market of Melbourne

SME product sales

- Terms of Trade, HR and Credit reporting up 15% YTD

Collections Scorecard

- Developed and in production being used to prioritise actions with debtors.

Technology and efficiency

- Implemented dialler
- Sept YTD outbound calls, SMS, and emails up 95% year on year

OUTLOOK

- On track for FY19 guidance of NPBT \$34 million to \$36 million
- Challenging Q1, but much improved Q2
- Investments in people and property to deliver in H2
- Focus on organic growth
- Confidence in guidance and long term growth prospects of the business

FY19 NPBT guidance \$34 million to \$36 million



RESOLUTIONS

- RESOLUTION 1: That Staples Rodway be reappointed as auditors of the Company and that the Directors be authorised to fix the auditors' remuneration.
- RESOLUTION 2: That Martin Berry, who was appointed by the Board as a Director on 17 August 2018 and retires from office at the annual meeting, be elected as a Director of the Company.
- RESOLUTION 3: That Antony Vriens, who retires by rotation and has offered himself for re-election, be re-elected as a Director of the Company.
- RESOLUTION 4: That Paul Byrnes, who retires by rotation and has offered himself for re-election, be re-elected as a Director of the Company.
- RESOLUTION 5: That the pool for Directors' fees be increased by \$225,000 from \$440,000 to \$665,000 per financial year, with effect for the financial year commencing 1 April 2018.

VOTING

Resolution	FOR	AGAINST	PROXY DISCRETION
Auditor's remuneration	35,526,170	6,492	534,084
Election of Martin Berry	35,419,004	39,342	587,140
Re-election of Antony Vriens	35,475,741	27,101	537,140
Re-election of Paul Byrnes	35,490,679	61,677	495,179
Increase in Directors' remuneration pool	28,180,683	1,591,353	265,765

Total proxies received in respect of 36,071,218 shares representing 42.5% of total shares on issue.

Voting on each resolution will be by way of poll.

A full-page background image showing a male mechanic in a red and black polo shirt, safety glasses, and black gloves. He is smiling and working on the underside of a vehicle, specifically near a brake disc and suspension components. The car is elevated on a red hydraulic lift. The background is slightly blurred, showing a workshop environment.

OTHER BUSINESS

CLOSE OF
MEETING

CONTACT

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- 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

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