

<b>TURNERS AUTOMOTIVE GROUP LIMITED</b>
<b>Results for announcement to the market</b>

Reporting Period	12 months to 31 March 2018
Previous Reporting Period	12 months to 31 March 2017

	Amount (NZD000s)	Percentage change
Revenue from ordinary activities	330,470	32% increase
Expenses from ordinary activities	(299,337)	32% increase
Profit before tax	31,133	26% increase
Taxation expense	(7,773)	10% increase
Net profit attributable to security holders	23,360	33% increase

Final Dividend	Amount per security	Imputed amount per security
	\$0.0500	\$0.0194

Record Date	3 July 2018
Dividend Payment Date	18 July 2018

Comments:	
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# TURNERS AUTOMOTIVE GROUP LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018	2017
	\$'000	\$'000
<b>Revenue from continuing operations</b>	325,047	249,338
<b>Other income</b>	5,423	1,671
Cost of goods sold	(137,332)	(116,997)
Interest expense	(14,344)	(11,350)
Movement in impairment provisions	(6,380)	(2,026)
Subcontracted services expense	(10,777)	(8,520)
Employee benefits (short term)	(51,911)	(40,862)
Commission	(12,107)	(7,446)
Advertising expense	(4,001)	(3,431)
Depreciation and amortisation expense	(5,627)	(2,863)
Property and related expenses	(10,644)	(9,391)
Systems maintenance	(1,822)	(1,468)
Claims	(32,021)	(6,491)
Life fund movement	(82)	(1,056)
Credit legal fee service expense	(844)	(838)
Other expenses	(11,445)	(13,639)
<b>Profit/(loss) before taxation</b>	<b>31,133</b>	<b>24,631</b>
Taxation (expense)/ benefit	(7,773)	(7,057)
<b>Profit for the year</b>	<b>23,360</b>	<b>17,574</b>
<b>Other comprehensive income for the year (which may subsequently be reclassified to profit/loss), net of tax</b>		
Cash flow hedges	(170)	41
Foreign currency translation differences	2	(6)
<b>Total comprehensive income for the year</b>	<b>23,192</b>	<b>17,609</b>
<b>Earnings per share (cents per share)</b>		
Basic earnings per share	29.3	25.5
Diluted earnings per share	28.9	25.0

Included in other income is \$1.4 million (2017: \$1.2 million) resulting from unrealised gains on the revaluation of assets.

# TURNERS AUTOMOTIVE GROUP LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Share capital \$'000	Share options \$'000	Translation reserve \$'000	Cash flow reserve \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 31 March 2016</b>	<b>136,127</b>	<b>-</b>	<b>(17)</b>	<b>(35)</b>	<b>(6,263)</b>	<b>129,812</b>
<i>Transactions with shareholders in their capacity as owners</i>						
Capital contributions (net of issue costs)	32,682	-	-	-	-	32,682
Fair value options issued	-	208	-	-	-	208
Dividend paid	-	-	-	-	(8,595)	(8,595)
<b>Total transactions with shareholders</b>	<b>32,682</b>	<b>208</b>	<b>-</b>	<b>-</b>	<b>(8,595)</b>	<b>24,295</b>
<i>Comprehensive income</i>						
Profit	-	-	-	-	17,574	17,574
Foreign currency translation differences	-	-	(6)	-	-	(6)
Cash flow hedge	-	-	-	41	-	41
<b>Total comprehensive income for the year, net of tax</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>41</b>	<b>17,574</b>	<b>17,609</b>
<b>Balance at 31 March 2017</b>	<b>168,809</b>	<b>208</b>	<b>(23)</b>	<b>6</b>	<b>2,716</b>	<b>171,716</b>
<i>Transactions with shareholders in their capacity as owners</i>						
Capital contributions (net of issue costs)	30,339	-	-	-	-	30,339
Fair value options issued	-	493	-	-	-	493
Dividend paid	-	-	-	-	(11,417)	(11,417)
<b>Total transactions with shareholders</b>	<b>30,339</b>	<b>493</b>	<b>-</b>	<b>-</b>	<b>(11,417)</b>	<b>19,415</b>
<i>Comprehensive income</i>						
Profit	-	-	-	-	23,360	23,360
Foreign currency translation differences	-	-	2	-	-	2
Cash flow hedge	-	-	-	(170)	-	(170)
<b>Total comprehensive income for the year, net of tax</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>(170)</b>	<b>23,360</b>	<b>23,192</b>
<b>Balance at 31 March 2018</b>	<b>199,148</b>	<b>701</b>	<b>(21)</b>	<b>(164)</b>	<b>14,659</b>	<b>214,323</b>

# TURNERS AUTOMOTIVE GROUP LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 \$'000	2017 \$'000
<b>Assets</b>			
Cash and cash equivalents	1	25,145	69,069
Financial assets at fair value through profit or loss	1	53,378	10,320
Trade receivables		13,423	12,663
Inventories		38,596	44,642
Finance receivables		289,799	207,143
Derivative financial instruments		-	88
Other receivables and deferred expenses		9,900	8,489
Reverse annuity mortgages		9,997	9,222
Investment property		4,820	4,000
Property, plant and equipment		35,945	18,909
Intangible assets		170,982	172,088
<b>Total assets</b>		<b>651,985</b>	<b>556,633</b>
<b>Liabilities</b>			
Other payables		35,195	28,091
Financial liability at fair value through profit or loss		226	7,611
Deferred revenue		5,506	5,624
Tax payables		5,029	1,808
Derivative financial instruments		111	-
Deferred tax		18,466	20,173
Borrowings		317,373	265,889
Life investment contract liabilities		7,127	12,847
Insurance contract liabilities		48,629	42,874
<b>Total liabilities</b>		<b>437,662</b>	<b>384,917</b>
<b>Shareholders' equity</b>			
Share capital		199,148	168,809
Other reserves		516	191
Retained earnings		14,659	2,716
<b>Total shareholders' equity</b>		<b>214,323</b>	<b>171,716</b>
<b>Total shareholders' equity and liabilities</b>		<b>651,985</b>	<b>556,633</b>
Total assets per share (\$ per share)		7.69	7.47
Net tangible asset per share (\$ per share)		0.73	0.27

### Note 1

The Group's insurance business is required to comply with the solvency standards for licensed insurers issued by the Reserve Bank of New Zealand. The solvency standards specify the level of assets the insurance business is required to hold in order to meet solvency requirements, consequently all cash and cash equivalents and term deposits, disclosed in financial assets through the profit or loss, held in the insurance business may not be available for use by the wider Group. DPL Insurance's cash and cash equivalents at 31 March 2018 were \$9.2m (2017: \$55.6m) and term deposits at 31 March 2018 were \$42.5m (2017: \$nil).

Cash and cash equivalents at 31 March 2018 of \$4.9m (2017: \$2.1m) belong to the Turners Marque Trust 1 are not available to the Group.

# TURNERS AUTOMOTIVE GROUP LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	2018	2017
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Interest received	41,925	27,909
Receipts from customers	281,031	216,948
Interest paid	(9,609)	(8,237)
Payment to suppliers and employees	(265,806)	(216,489)
Income tax paid	(6,142)	(5,044)
<b>Net cash inflow from operating activities before changes in operating assets and liabilities</b>	<b>41,399</b>	<b>15,087</b>
Net increase in finance receivables	(75,248)	(36,403)
Net decrease in reverse annuity mortgages	66	1,246
Net decrease of financial assets at fair value through profit or loss	(41,937)	9,156
Net (withdrawals)/contributions from life investment contracts	(5,765)	(2,645)
<b>Changes in operating assets and liabilities arising from cash flow movements</b>	<b>(122,884)</b>	<b>(28,646)</b>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(81,485)</b>	<b>(13,559)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant, equipment, intangibles and held for sale assets	3,944	340
Purchase of property, plant, equipment and intangibles	(22,698)	(8,401)
Purchase of subsidiaries and investments	(3,754)	(63,346)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(22,508)</b>	<b>(71,407)</b>
<b>Cash flows from financing activities</b>		
Net bank loan advances/(repayments)	39,005	82,288
Proceeds from the issue of shares	29,656	13,374
Proceeds from the issue of bonds	-	19,784
Other borrowings	2,837	-
Dividend paid	(11,417)	(8,595)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>60,081</b>	<b>106,851</b>
<b>Net movement in cash and cash equivalents</b>	<b>(43,912)</b>	<b>21,885</b>
Add opening cash and cash equivalents	69,069	13,810
Cash included with purchase of subsidiaries	-	33,378
Translation difference	(12)	(4)
<b>Closing cash and cash equivalents</b>	<b>25,145</b>	<b>69,069</b>
<b>Represented By:</b>		
Cash at bank	25,145	69,069
<b>Closing cash and cash equivalents</b>	<b>25,145</b>	<b>69,069</b>

# TURNERS AUTOMOTIVE LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONT)

For the year ended 31 March 2018

### RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES

	2018	2017
	\$'000	\$'000
Profit or loss	23,360	17,574
<b>Adjustment for non-cash items</b>		
Impairment charge on finance receivables, reverse annuity mortgages and other receivables	6,390	2,026
Net (profit)/loss on sale of property, plant and equipment	(1,000)	(84)
Depreciation and amortisation	5,627	2,863
Capitalised reverse annuity mortgage interest	(869)	(885)
Deferred revenues	917	4,678
Financial assets at fair value through profit and loss	(1,139)	(1,012)
Net annuity and premium change to policyholder accounts	45	(137)
Non-cash long term employee benefits	516	179
Non-cash adjustment to finance receivables effective interest rates	109	83
Deferred expenses	(7,135)	(3,901)
Fair value adjustment on investment property	(820)	(500)
Fair value adjustment to contingent consideration	(2,845)	-
<b>Adjustment for movements in working capital</b>		
Net (increase)/decrease in receivables and pre-payments	1,009	(6,518)
Net (increase)/decrease in inventories	5,958	(3,585)
Net increase in current tax payable	1,881	2,159
Net increase/(decrease) in payables	9,761	2,071
Net increase in finance receivables	(75,248)	(36,403)
Net decrease in reverse annuity mortgages	66	1,246
Net decrease of insurance assets at fair value through profit or loss	(41,937)	9,156
Net (withdrawals)/contributions from life investment contracts	(5,765)	(2,645)
Net increase in deferred tax	(366)	76
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(81,485)</b>	<b>(13,559)</b>

# TURNERS AUTOMOTIVE GROUP LIMITED

## SEGMENTAL INFORMATION

For the year ended 31 March 2018

Management has determined the operating segments based on the components of Turners Automotive Group Limited and its subsidiaries (the Group) that engage in business activities, which have discrete financial information available and whose operating results are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors. The Board of Directors makes decisions about how resources are allocated to the segments and assesses their performance. Geographically the Group's business activities are located in New Zealand and Australia.

No businesses were acquired in the financial year ending 31 March 2018. During the financial year ending 31 March 2017, the Group acquired the business of Buy Right Cars and Autosure. Buy Right Cars has been aggregated into the 'Automotive retail' segment as Buy Right Cars, together with Turners Group NZ Limited, operate in the automotive sector remarketing motor vehicles and other related activity. Autosure has been aggregated into the 'Insurance segment' as Autosure, together with DPL Insurance, operate in the insurance market, marketing and administering consumer insurance products and other related activity.

Five reportable segment have been identified as follows:

Automotive retail - remarketing ( motor vehicles, trucks, heavy machinery and commercial goods) and purchasing goods for sale (motor vehicles and commercial goods) and related asset based finance to consumers.

Collection services - collection services, credit management and debt recovery services to the corporate and SME sectors.

Geographically the collections services segment business activities are located in New Zealand and Australia.

Finance - provides asset based finance to consumers and SME's.

Insurance - marketing and administration of a range of life and consumer insurance and superannuation products.

Corporate & other - corporate centre.

### OPERATING SEGMENTS

Revenue	Revenue			Revenue		
	Total	Inter-	from	Total	Inter-	from
	segment	segment	external	segment	segment	external
	revenue	revenue	customers	revenue	revenue	customers
	2018	2018	2018	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Automotive retail	226,434	(3,222)	223,212	193,472	(783)	192,689
Finance	39,747	-	39,747	26,818	-	26,818
Collection services - New Zealand	13,075	(3,886)	9,189	13,127	(3,804)	9,323
Collection services - Australia	9,488	-	9,488	9,783	-	9,783
Insurance	46,923	-	46,923	12,255	-	12,255
Corporate & other	1,911	-	1,911	466	(325)	141
	337,578	(7,108)	330,470	255,921	(4,912)	251,009
<b>Operating profit</b>					<b>2018</b>	<b>2017</b>
					<b>\$'000</b>	<b>\$'000</b>
Automotive retail					16,550	15,397
Finance					11,735	10,156
Collection services - New Zealand					5,845	6,006
Collection services - Australia					224	239
Insurance					5,731	928
Corporate & other					(8,952)	(8,095)
<b>Profit/(loss) before taxation</b>					31,133	24,631
Income tax					(7,773)	(7,057)
<b>Net profit attributable to shareholders</b>					23,360	17,574

# TURNERS AUTOMOTIVE GROUP LIMITED

## SEGMENTAL INFORMATION (CONT)

For the year ended 31 March 2018

	Interest revenue		Interest expense		Depreciation and amortisation expense	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Automotive retail	9,311	7,590	(4,767)	(3,753)	(2,351)	(2,286)
Finance	34,432	22,907	(5,829)	(3,648)	(348)	(329)
Collection services - New Zealand	12	13	-	-	(91)	(92)
Collection services - Australia	-	-	-	-	(2)	-
Insurance	1,997	875	-	-	(681)	(91)
Corporate & other	22	418	(4,438)	(4,274)	(2,154)	(65)
	45,774	31,803	(15,034)	(11,675)	(5,627)	(2,863)
Eliminations	(690)	(325)	690	325	-	-
	45,084	31,478	(14,344)	(11,350)	(5,627)	(2,863)

Other material non-cash items	Revenue		Expenses	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Automotive retail - impairment provisions	-	-	(423)	(297)
Finance - impairment provisions	-	-	(5,929)	(1,710)
Insurance - impairment provisions	-	-	(28)	(16)
Corporate & Other - impairment provisions	-	-	-	-
Collection services - New Zealand - deferred revenue	433	1,061	-	-
Insurance - Reverse annuity mortgage interest	869	825	-	-
Corporate & other - Reverse annuity mortgage interest	-	60	-	(3)
	1,302	1,946	(6,380)	(2,026)

Segment assets and liabilities	Assets		Liabilities	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Automotive retail	152,006	134,160	115,071	103,821
Finance	255,937	174,134	199,374	126,528
Collection services - New Zealand	27,115	25,974	5,756	9,246
Collection services - Australia	1,665	1,908	1,181	890
Insurance	124,611	118,722	69,466	66,503
Corporate & other	298,912	266,403	89,443	79,169
	860,246	721,301	480,291	386,157
Eliminations	(208,261)	(164,668)	(42,629)	(1,240)
	651,985	556,633	437,662	384,917

### Acquisition of property, plant & equipment, intangible assets and other non-current assets

	Business combinations		Other	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Automotive retail	-	1,958	21,515	7,578
Finance	-	-	418	403
Collection services - New Zealand	-	-	140	82
Collection services - Australia	-	-	-	-
Insurance	-	887	8,384	377
Corporate & Other	-	-	10	61
	-	2,845	30,467	8,501



# TURNERS AUTOMOTIVE GROUP LIMITED

## SEGMENTAL INFORMATION (CONT)

For the year ended 31 March 2018

### Automotive retail segment analysis

	Revenue			Revenue		
	Total	Inter-	from	Total	Inter-	from
	division	division	external	division	division	external
	revenue	revenue	customers	revenue	revenue	customers
2018	2018	2018	2017	2017	2017	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Auctions	41,655	(472)	41,183	38,169	(272)	37,897
Finance	14,711	(143)	14,568	12,700	-	12,700
Fleet	108,047	-	108,047	97,858	-	97,858
Buy Right Cars	62,021	(2,607)	59,414	44,745	(511)	44,234
	226,434	(3,222)	223,212	193,472	(783)	192,689

### Operating profit

	2018	2017
	\$'000	\$'000
Auctions	3,410	2,442
Finance	5,724	4,916
Fleet	4,970	4,932
Buy Right Cars	2,446	3,107
	16,550	15,397

### Division assets and liabilities

	Assets		Liabilities	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Auctions	44,395	30,386	24,038	13,044
Finance	66,294	55,506	60,133	50,694
Fleet	14,595	20,546	8,373	14,876
Buy Right Cars	28,549	29,450	23,045	25,724
	153,833	135,888	115,589	104,338
Eliminations	(1,827)	(1,728)	(518)	(517)
	152,006	134,160	115,071	103,821