

Results announcement

Results for announcement to the market		
Name of issuer	Turners Automotive Group Limited	
Report period	12 months to 31 March 2021	
Previous reporting period	12 months to 31 March 2020	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$296,512	-11%
Total revenue	\$303,527	-9%
Net profit from continuing operations	\$26,864	28%
Total net profit	\$27,490	36%
Final dividend		
Amount per quoted equity security	\$0.06000000	
Imputed amount per quoted security	\$0.02333333	
Record date	14/07/2021	
Dividend payment date	28/07/2021	
	Current period	Prior comparable period
Net tangible assets per quoted security	\$0.92	\$0.77
A brief explanation of any of the figures above necessary to enable the figures to be understood	Please refer to accompanying Company Announcement	
Authority for this announcement		
Name of person authorised to make this announcement	Barbara Badish	
Contact person for this announcement	Todd Hunter	
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Date of release through MAP	25/05/2021	

This announcement is based on audited results.

TURNERS AUTOMOTIVE GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2021

	2021	2020
	\$'000	\$'000
Revenue	296,512	332,174
Other income	7,015	500
Cost of goods sold	(116,036)	(135,003)
Interest expense	(11,266)	(14,853)
Impairment provision expense	(3,986)	(6,044)
Subcontracted services expense	(14,888)	(17,149)
Employee benefits	(52,023)	(55,458)
Commission	(12,721)	(13,368)
Advertising expense	(2,349)	(2,743)
Depreciation and amortisation expense	(11,418)	(11,919)
Systems maintenance	(2,365)	(1,747)
Claims	(21,843)	(25,952)
Other expenses	(17,257)	(19,373)
Profit before taxation	37,375	29,065
Taxation expense	(10,511)	(8,112)
Profit from continuing operations	26,864	20,953
Other comprehensive income for the period (which may subsequently be reclassified to profit/loss), net of tax		
Cash flow hedges	1,023	(447)
Revaluation of financial assets at fair value through OCI	(430)	(310)
Foreign currency translation differences	33	(12)
Total comprehensive income for the period	27,490	20,184
Earnings per share (cents per share)		
Basic earnings per share	31.40	24.35
Diluted earnings per share	31.54	24.35

TURNERS AUTOMOTIVE GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2021

	Share Capital \$'000	Share Options Reserve \$'000	Translation Reserve \$'000	Revaluation of financial assets at fair value through OCI \$'000	Cash flow reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 31 March 2019	206,395	1,027	(47)	-	(528)	19,527	226,374
Change in accounting policy							
Impact implementation of NZ IFRS 16	-	-	-	-	-	(5,666)	(5,666)
	-	-	-	-	-	(5,666)	(5,666)
Balance at 1 April 2019 (restated)	206,395	1,027	(47)	-	(528)	13,861	220,708
<i>Transactions with shareholders in their capacity as owners</i>							
Capital contributions (net of issue costs)	97	-	-	-	-	-	97
Capital buy back	(3,192)	-	-	-	-	-	(3,192)
Cancellation of options	1,027	(1,027)	-	-	-	-	-
Dividend paid	-	-	-	-	-	(14,742)	(14,742)
	(2,068)	(1,027)	-	-	-	(14,742)	(17,837)
<i>Comprehensive income</i>							
Profit	-	-	-	-	-	20,953	20,953
Other comprehensive income	-	-	(12)	(310)	(447)	-	(769)
Total comprehensive income for the period, net of tax	-	-	(12)	(310)	(447)	20,953	20,184
Balance at 31 March 2020	204,327	-	(59)	(310)	(975)	20,072	223,055
<i>Transactions with shareholders in their capacity as owners</i>							
Capital buy back	(30)	-	-	-	-	-	(30)
Employee share based payments	-	255	-	-	-	-	255
Dividend paid	-	-	-	-	-	(17,200)	(17,200)
	(30)	255	-	-	-	(17,200)	(16,975)
<i>Comprehensive income</i>							
Profit	-	-	-	-	-	26,864	26,864
Other comprehensive income	-	-	33	(430)	1,023	-	626
Total comprehensive income for the period, net of tax	-	-	33	(430)	1,023	26,864	27,490
Balance at 31 March 2021	204,297	255	(26)	(740)	48	29,736	233,570

TURNERS AUTOMOTIVE GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	Note	2021 \$'000	2020 \$'000
Assets			
Cash and cash equivalents	1	11,867	32,771
Financial assets at fair value through profit or loss			
- Insurance		67,465	61,834
- Other		2,931	3,154
Trade receivables		7,155	8,609
Inventories		30,189	44,371
Finance receivables		330,165	293,037
Derivative financial instruments		40	-
Other receivables, deferred expenses and contract assets		8,116	8,572
Reverse annuity mortgages		4,152	4,913
Investment property		5,950	5,650
Financial assets at fair value through OCI		570	1,000
Property, plant and equipment		60,258	52,788
Right-of-use assets		23,559	24,850
Intangible assets		166,034	166,843
Total assets		718,451	708,392
Liabilities			
Other payables		37,985	28,048
Contract liabilities		2,571	2,085
Deferred tax		11,297	10,080
Tax payable		3,453	2,772
Derivative financial instruments		-	985
Borrowings		339,611	350,364
Lease liabilities		28,747	32,511
Life investment contract liabilities		8,116	7,072
Insurance contract liabilities		53,101	51,420
Total liabilities		484,881	485,337
Shareholders' equity			
Share capital		204,297	204,327
Other reserves		(463)	(1,344)
Retained earnings		29,736	20,072
Total shareholders' equity		233,570	223,055
Total shareholders' equity and liabilities		718,451	708,392
Total assets per share (\$)		8.40	8.28
Net tangible assets (\$)		0.92	0.77

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 at fair value 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 2021 were \$0.7m (2020:\$1.5m) and term deposits at 31 March 2021 were \$59.2m (2020: \$54.6m).

Investments in unitised funds, disclosed in financial assets at fair value through the profit or loss, underwrite the Life investment policies and are not available for use by the wider Group. Investments in unitised funds at 31 March 2021 were \$8.3m (2020: \$7.2m).

Cash and cash equivalents at 31 March 2021 of \$3.6m (2020 : \$5.1m) belongs to the Turners Marque Warehouse Trust 1 and is not available to the Group.

TURNERS AUTOMOTIVE GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2021

	2021	2020
	\$'000	\$'000
Cash flows from operating activities		
Interest received	41,598	43,874
Receipts from customers	256,676	289,275
Receipt of government subsidies	5,247	-
Interest paid - borrowings	(9,193)	(10,822)
Interest paid - lease liabilities	(1,461)	(2,034)
Payment to suppliers and employees	(222,063)	(285,795)
Income tax paid	(8,166)	(11,460)
Net cash inflow/(outflow) from operating activities before changes in operating assets and liabilities	62,638	23,038
Net increase in finance receivables	(48,654)	(27,826)
Net decrease in reverse annuity mortgages	1,134	3,964
Net (increase)/decrease of financial assets at fair value through profit or loss	(4,090)	704
Net (withdrawal)/contribution from life investment contracts	(150)	88
Changes in operating assets and liabilities arising from cash flow movements	(51,760)	(23,070)
Net cash inflow/(outflow) from operating activities	10,878	(32)
Cash flows from investing activities		
Proceeds from sale of property, plant, equipment and intangibles	563	913
Purchase of property, plant, equipment and intangibles	(8,641)	(19,245)
Purchase of investments	-	(1,310)
Sale of investments	234	473
Net cash inflow/(outflow) from investing activities	(7,844)	(19,169)
Cash flows from financing activities		
Net bank loan advances/(repayments)	(392)	61,038
Principal elements of lease payments	(6,346)	(6,998)
Buy back of shares	-	(3,192)
Dividend paid	(17,200)	(14,742)
Net cash inflow/(outflow) from financing activities	(23,938)	36,106
Net movement in cash and cash equivalents	(20,904)	16,905
Add opening cash and cash equivalents	32,771	15,866
Closing cash and cash equivalents	11,867	32,771

TURNERS AUTOMOTIVE GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (CONT)
For the year ended 31 March 2021

RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES

	2021	2020
	\$'000	\$'000
RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss)	26,864	20,953
Adjustment for non-cash items		
Impairment charge on finance receivables, reverse annuity mortgages and other receivables	3,986	6,044
Net loss/(profit) on sale fixed assets	(689)	(33)
Depreciation and amortisation	11,418	11,919
Capitalised reverse annuity mortgage interest	(403)	(613)
Deferred revenues	52	(2,892)
Fair value adjustments on assets/liabilities at fair value through profit and loss	(1,582)	77
Net annuity and premium change to policyholders accounts	1,194	(500)
Non-cash adjustments to finance receivables effective interest rates	(86)	(226)
Deferred expenses	(1,850)	(2,652)
Fair value adjustment on contingent consideration	-	(116)
Revaluation gain on investment property	(300)	-
Gain on modification of a lease	(1,132)	-
Covid 19 rent concessions	(780)	-
Adjustment for movements in working capital		
Net decrease/(increase) receivables and pre-payments	1,515	5,251
Net decrease/(increase) in inventories	14,182	(5,512)
Net increase/(decrease) in payables	6,955	(3,544)
Net increase/(decrease) in contract liabilities	1,365	(1,694)
Net increase in finance receivables	(48,654)	(27,826)
Net decrease in reverse annuity mortgages	1,134	3,964
Net decrease of insurance assets at fair value through profit or loss	(4,090)	704
Net contributions/(withdrawals) from life investment contracts	(150)	88
Net increase/(decrease) in deferred tax liability	1,248	(1,618)
Net increase/(decrease) in tax payable	681	(1,806)
Net cash inflow/(outflow) from operating activities	10,878	(32)

TURNERS AUTOMOTIVE GROUP LIMITED

NEW ACCOUNTING POLICY

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to

COVID-19-Related Rent Concessions (Amendment to NZ IFRS 16) have been early adopted.

SEGMENTAL INFORMATION

OPERATING SEGMENTS

Revenue	Total		Revenue		Revenue	
	segment	Inter-	from	Total	Inter-	from
	revenue	segment	external	segment	segment	external
	2021	revenue	customers	revenue	revenue	customers
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Automotive retail	204,991	(4,080)	200,911	229,512	(4,634)	224,878
Finance	47,862	-	47,862	45,744	-	45,744
Credit management	12,762	-	12,762	17,939	-	17,939
Insurance	43,175	(1,262)	41,913	45,236	(1,129)	44,107
Corporate & other	82	(3)	79	6	-	6
	308,872	(5,345)	303,527	338,437	(5,763)	332,674
Operating profit					2021	2020
					\$'000	\$'000
Automotive retail					15,415	13,829
Finance					15,816	12,167
Credit management					5,087	6,494
Insurance					9,350	6,215
Corporate & other					(8,293)	(9,640)
Profit/(loss) before taxation					37,375	29,065
Income tax					(10,511)	(8,112)
Profit attributable to shareholders					26,864	20,953

	Interest revenue		Interest expense		Depreciation and amortisation expenses	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Automotive retail	1,208	3,904	(2,144)	(3,967)	(8,891)	(7,960)
Finance	40,466	40,579	(5,503)	(6,912)	(782)	(717)
Credit management	1	5	(30)	(39)	(289)	(249)
Insurance	1,654	2,276	(82)	(91)	(1,286)	(2,783)
Corporate & other	3	6	(3,510)	(3,930)	(170)	(210)
	43,332	46,770	(11,269)	(14,939)	(11,418)	(11,919)
Eliminations	(3)	(86)	3	86	-	-
	43,329	46,684	(11,266)	(14,853)	(11,418)	(11,919)

Other material non-cash items

	Revenue/(expenses)	
	2021	2020
	\$'000	\$'000
Automotive retail - gain on modification of a lease	1,132	-
Automotive retail - impairment provisions	229	(126)
Finance - impairment provisions	(4,185)	(5,888)
Insurance - reverse annuity mortgage interest	403	613

TURNERS AUTOMOTIVE GROUP LIMITED

SEGMENT ASSETS AND LIABILITIES

	Segment assets		Segment liabilities	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Automotive retail	110,818	129,496	67,552	92,078
Finance	351,185	308,696	271,383	241,086
Credit management	31,151	38,268	5,298	7,585
Insurance	139,583	134,236	75,022	73,133
Corporate & other	190,439	216,173	71,134	91,423
	823,176	826,869	490,389	505,305
Eliminations	(104,725)	(118,477)	(5,508)	(19,968)
	718,451	708,392	484,881	485,337

Five reportable segments have been identified as follows:

Automotive retail -	remarketing (motor vehicles, trucks, heavy machinery and commercial goods) and purchasing goods for sale.
Finance -	provides asset based finance to consumers and SME's.
Credit management -	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.
Insurance -	marketing and administration of a range of life and consumer insurance and saving products.
Corporate & other -	corporate centre.

DIVIDEND

	2021	2020
	\$'000	\$'000
Quarterly dividend for the year ended 31 March 2019: \$0.04 per fully paid ordinary share, imputed, paid on 30 April 2019.	-	3,489
Final dividend for the year ended 31 March 2020 of \$0.06 (31 March 2019: \$0.05) per fully paid ordinary share, imputed paid on 24 July 2020 (2019: 18 July 2019)	5,162	4,366
Quarterly dividend for the year ended 31 March 2021 of \$0.04 (31 March 2020: \$0.04) per fully paid ordinary share, imputed, paid on 22 October 2020 (2020: 22 October 2019).	3,440	3,441
Quarterly dividend for the year ended 31 March 2021 of \$0.04 (31 March 2020: \$0.04) per fully paid ordinary share, imputed, paid on 28 January 2021 (2020: 30 January 2020).	3,438	3,446
Quarterly dividend for the year ended 31 March 2021 of \$0.06 per fully paid ordinary share, imputed, paid on 30 March 2021	5,160	-
	17,200	14,742

Dividends not recognised at year end

In addition to the above dividends, after year end the directors recommended the payment of the following dividend:

Final dividend of \$0.06 (31 March 2020: \$0.06) per fully paid ordinary share, imputed, payable on 28 July 2021 (2020: 24 July 2020).	5,133	5,162
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