HY22 Results Presentation

For the six months ending
30 September 2021

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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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Agenda

1. Overview of HY22
2. HY22 Results
3. Segment results
4. Our business in context
5. Outlook

1 Overview of HY22

Key highlights: Delivering growth despite lockdown …

1. **We achieved 24% growth in NPBT in HY22 … a step change in the business performance despite the COVID-19 lockdown**

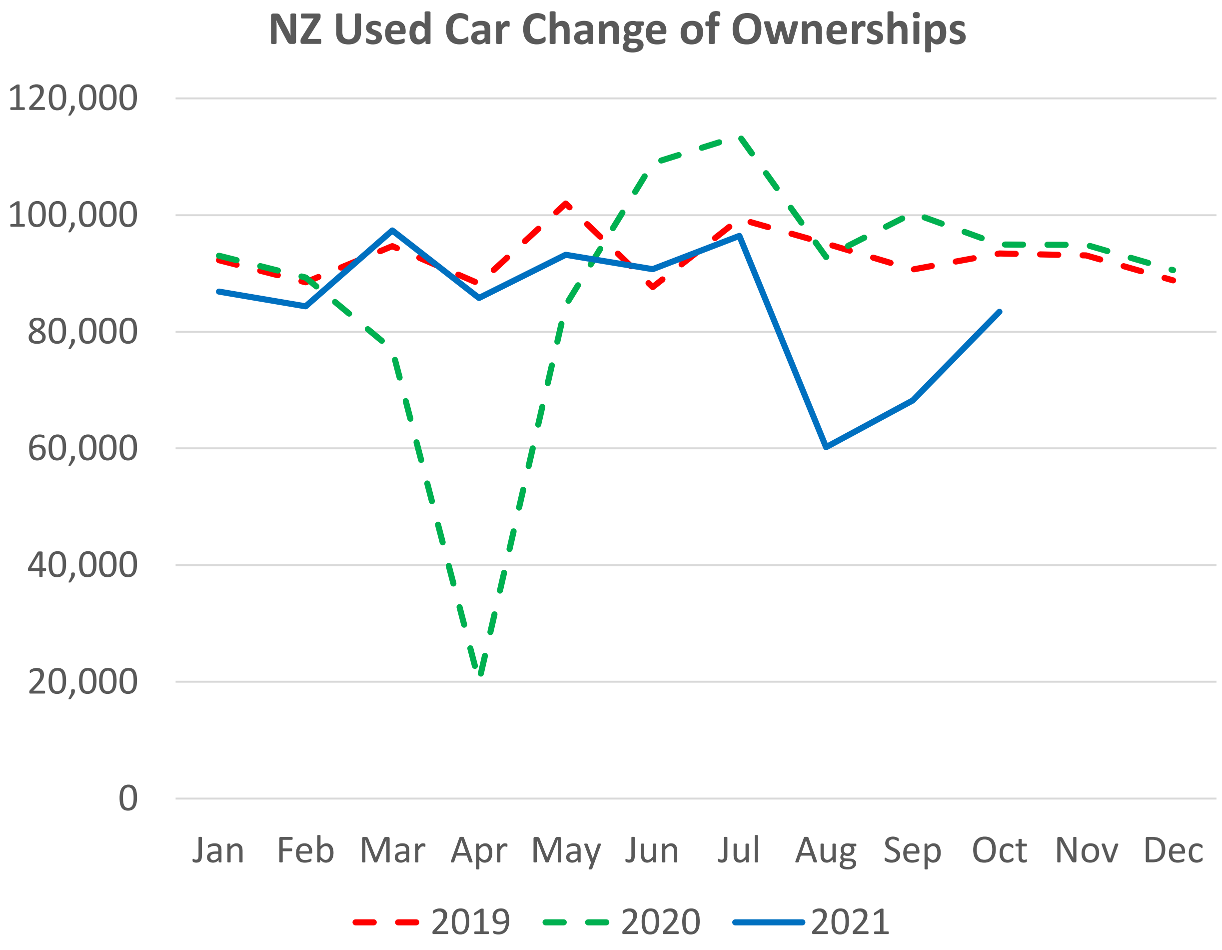
2. **Business tracking well in the conditions, expect profit to accelerate as restrictions ease**

3. **Strategic and competitive advantages widened relative to competitors during this time** (diversification of geography, earnings and sourcing; digital advantage; funding advantage)

4. **Outlook for $40-$42m NPBT and a minimum of 22.0 cps dividend for FY22**

5. **On track to materially exceed FY24 target of $45m NPBT. Will revisit FY24 target at year end.**

NZ used car market continues to be robust



Source: NZTA

- Auckland region transaction levels now recovering under extended L3
- Oct YTD total market transaction levels are tracking 6% below FY21 (Apr to Oct) and 12% below FY20 (Apr to Oct)
- Still expecting significant delays in the supply chain for new cars caused by Covid and the demand for semi-conductors and now shortage of magnesium. This enhances margins for used cars
- Used car prices rose ~10% since April 2020 but now stabilised. We expect them to hold at these levels.
- **Registered dealer numbers at lowest point in the last 5 years (3,044), down 14% from peak in 2017**

HY22 Results overview

Financials

- NPBT $23.2m +24%
- NPAT $16.9m +26%
- Normalised NPBT $24.5m +55%
- Revenue $166.8m +13%
- Q2 dividend declared at 5.0 cps
- Earnings per share 19.6 cps +25%

Key Drivers for HY22

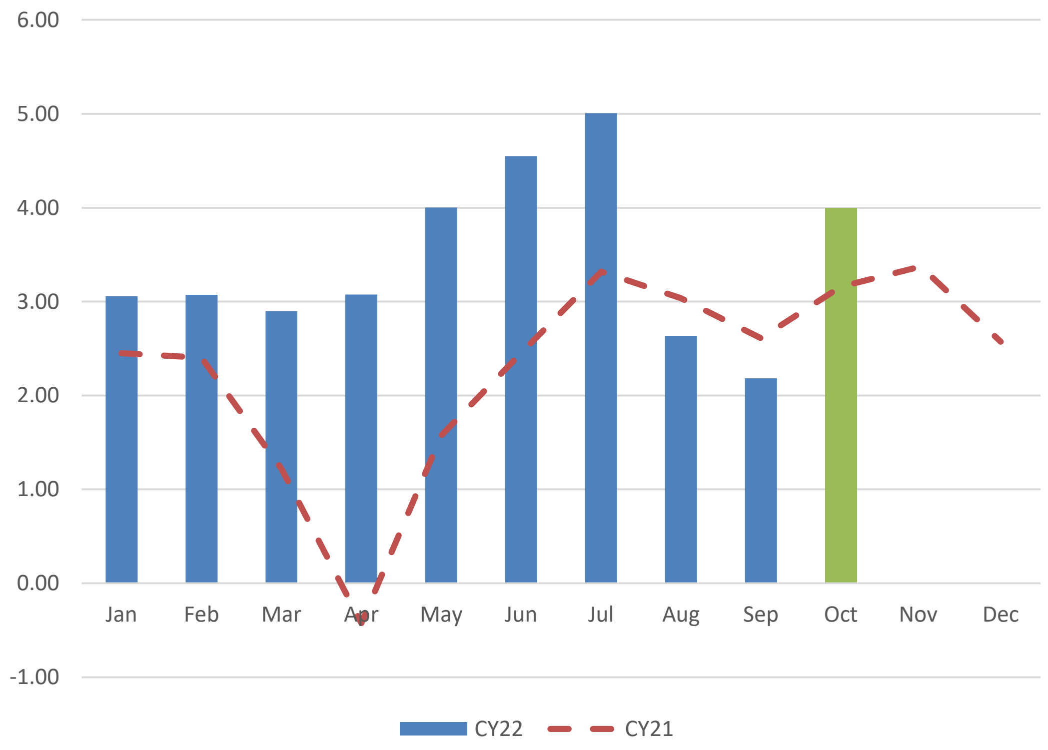
- Strong first 4 months to FY22 followed by disruption from Covid lockdowns
- However, consumer demand better than expected during L3 lockdowns
- Continued gains in margin and market share over the half
- Geographic and earnings diversification again shown in this lockdown
- Finance hardship applications have peaked at less than 1/3rd of 2020 levels

Q3 Update

- **Auto retail:** October vehicle unit sales ahead of Oct-20
- **Finance:** new lending materially ahead of Oct-20 levels. Arrears at historic lows
- **Insurance:** new policy sales ahead of Oct-20 levels. Claims below expectations
- **Credit:** Debt load recovering but collections actions still impacted in lockdown regions

Monthly operating profit update

Group Profit excl Wage Subsidy ($m) CY21 v CY20



FY21 – wage subsidy $5.1m
FY22 – wage subsidy $1.5m

FY22 started with a step change from April through to July

- Impact of August nationwide lockdown and extended Auckland lockdown was significant
- Substantial recovery in October reflects easing restrictions in Auckland and market share gains across NZ

By segment:

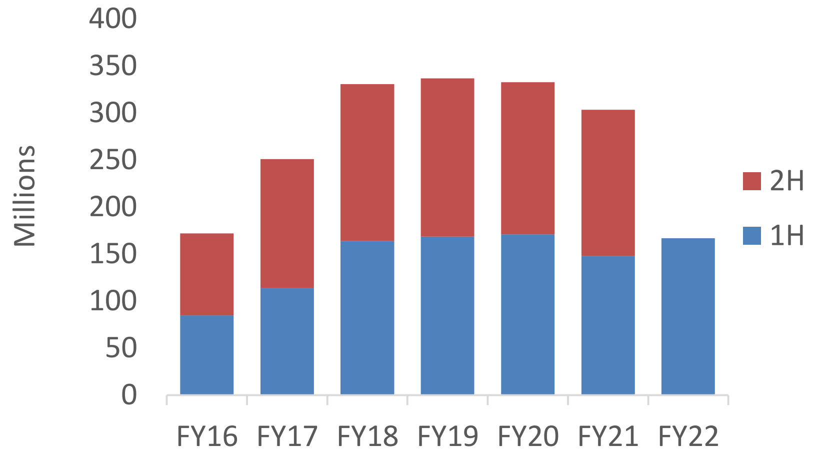
- **Auto:** Continued growth in market share and margins
- **Finance:** Strong ledger growth in high quality borrowers and improving arrears profile
- **Insurance:** Strong growth pre-lockdown, sales impacted through L4 and L3, but claims down
- **Credit:** Recovery in NZ Corp debt load but still being restricted in collections actions in L3 regions

2 HY22 Results

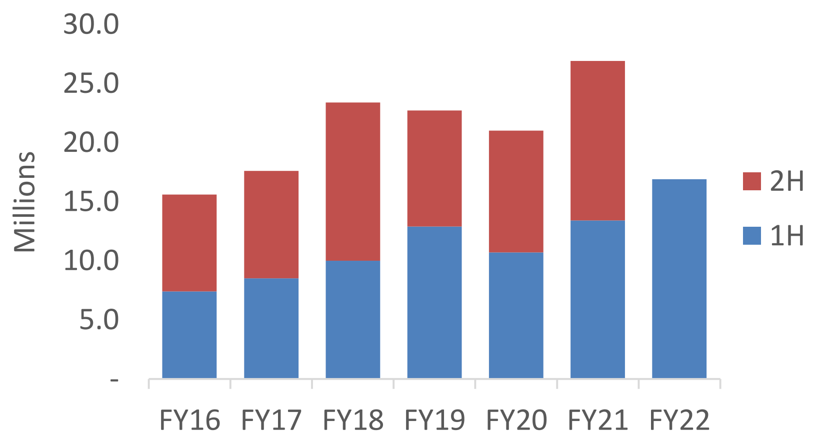
HY22 Results snapshot

Revenue **$166.8m** +13%	Shareholders' Equity **$248m as at 30 Sept 2021**
Normalised Net Profit Before Tax **$24.5m** +55%	Q1 Dividend 5.0 cps **Projected FY Div 22.0cps**
Net Profit Before Tax **$23.2m** +24%	H1 Earnings Per Share **19.6 cps** **(HY21 15.7 cps,** +25%**)**
Net Profit After Tax **$16.9m** +26%	

Revenue

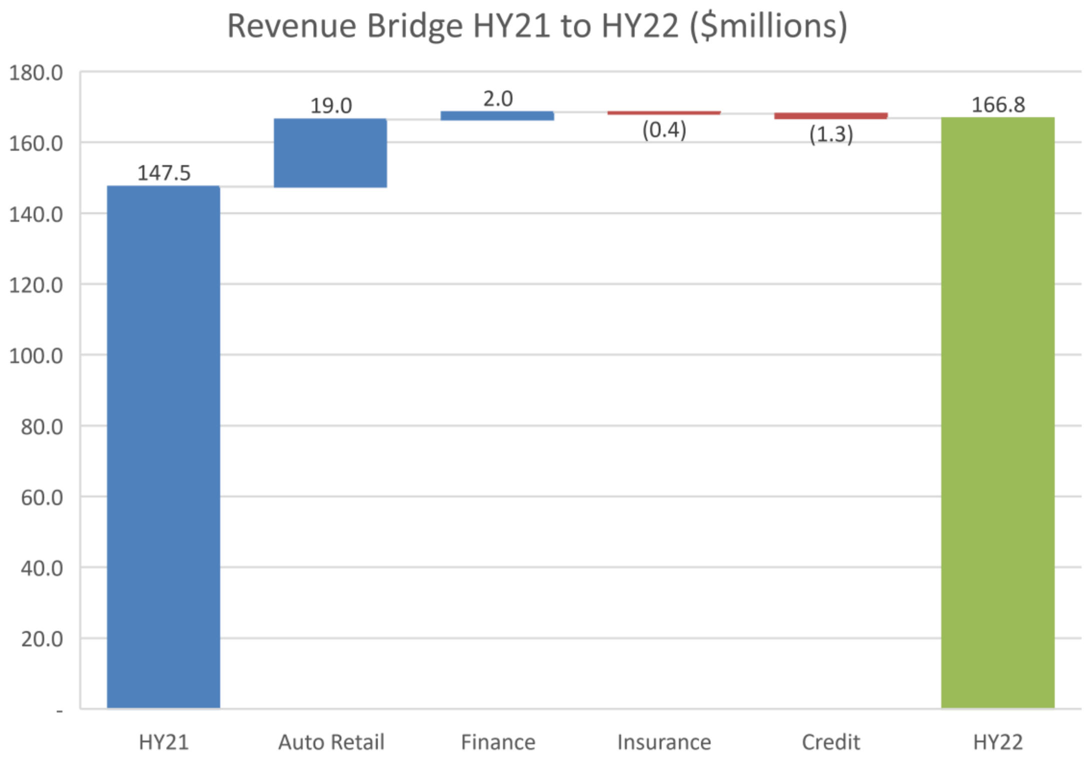


Net profit after tax



HY21: HY22 Revenue bridge

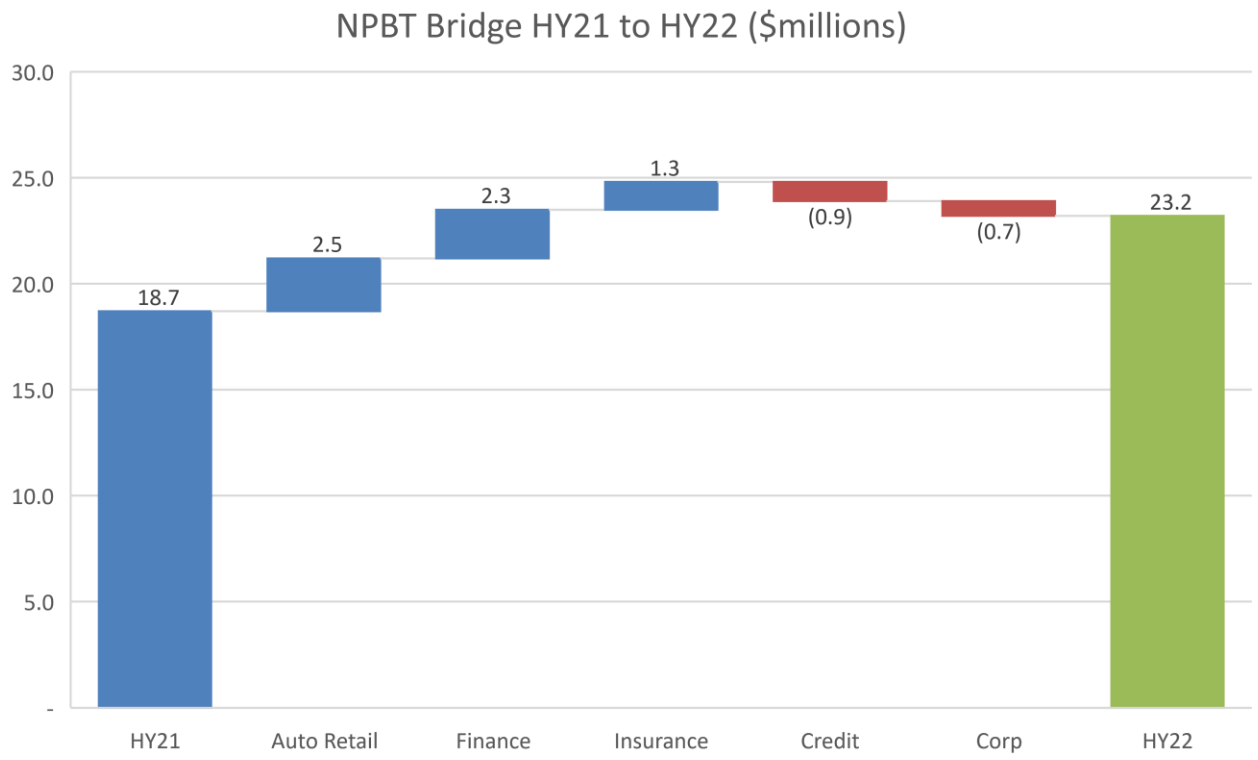
Revenue increased from $148m to $167m



- **Revenue growth in Auto Retail** reflects gains made in first 4 months of FY22.
- **NZ used car market** has demonstrated continued resilience despite Covid lockdowns.
- **Finance** revenue growth reflects market share gains in high quality borrower segment.
- **Credit management** revenue impacted by Covid-19 restrictions in both NZ and Australia.

HY21: HY22 Net profit before tax (NPBT) bridge

NPBT increased from $18.6m to $23.2m



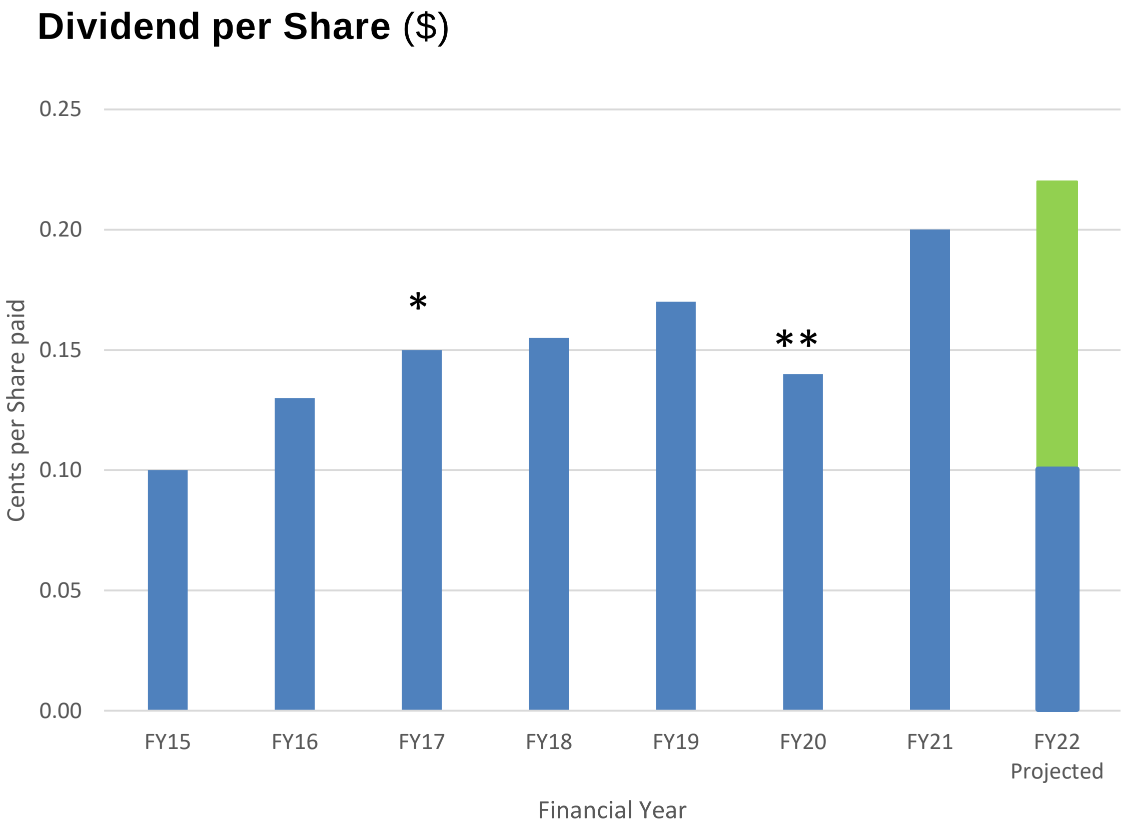
- **Auto Retail** result underpinned by market share gains and improved margins on owned inventory
- **Finance** growth driven by writing higher quality new business and the resulting improved arrears performance
- **Insurance** result reflects improvement in claims ratios and cost base
- **Credit** performance reflects inability to collect in lockdown regions

Reconciliation: NPBT to normalised NPBT

$Millions	HY22	HY21	Var
Profit before tax actual	23.2	18.7	24%
Profit on sale of MTF shares	(0.5)		
Property exit and lease adjustments		(1.3)	
NZ Government Covid Support	(1.5)	(5.1)	
Covid Restriction Profit Normalisation	3.3	3.5	
Normalised operating result	24.5	15.8	55%

- Significant improvement in underlying profit reflects improved efficiencies and margins, increased market share in auto, finance and insurance, combined with improved group resilience in lockdown trading conditions
- Sale of residual MTF shares back to MTF for a total of $3.4m (**above carrying value**) in June 21
- Covid Restriction profit normalisation is based on the April 21 to July 21 operating profit run rate.

Dividend Payments and Policy



*Dividends fully imputed from FY17 onwards
**Covid-19 related cancellation of final dividend

- Strong track record of growing dividends for shareholders over time
- Q1 FY22 dividend declared at 5.0 cps in Oct, Q2 FY22 dividend = 5.0 cps.
- Based on the current dividend payout policy of 60-70% of NPAT we anticipate full year fully imputed dividends of 22 cents.
- Based on the projected 22.0 cents per share dividend and a share price of $4.40 this is a gross yield of 6.9% pa

Balance sheet

$Millions	HY22	HY21
Cash and cash equivalents	14.2	18.9
Financial assets at fair value	65.4	65.1
Inventory	31.9	29.8
Finance receivables	372.3	300.7
Property, plant and equipment	66.6	53.6
Other Assets	26.7	28.4
Right of use asset	21.2	22.7
Intangible assets	165.3	166.6
Total Assets	763.6	685.8
Borrowings	374.3	314.4
Other payables	35.1	35.8
Deferred tax	12.2	9.8
Insurance contract liabilities	54.2	51.5
Lease liabilities	26.2	28.0
Other Liabilities	13.6	14.9
Total Liabilities	515.6	454.4

- **Inventory levels** have remained stable as we improve processing times and overall turn metrics
- Increase in **Finance Receivables** reflects growth in Oxford offset by rundown in MTF funded receivables
- **Property, plant and equipment** increase due to acquisition of sites in Rotorua and Nelson and completion of Otahuhu site.
- **Increase in borrowings** reflect ongoing growth in Oxford receivables
- **More efficient working capital utilisation** with increased undrawn funding facilities (see next slide)

Funding mix

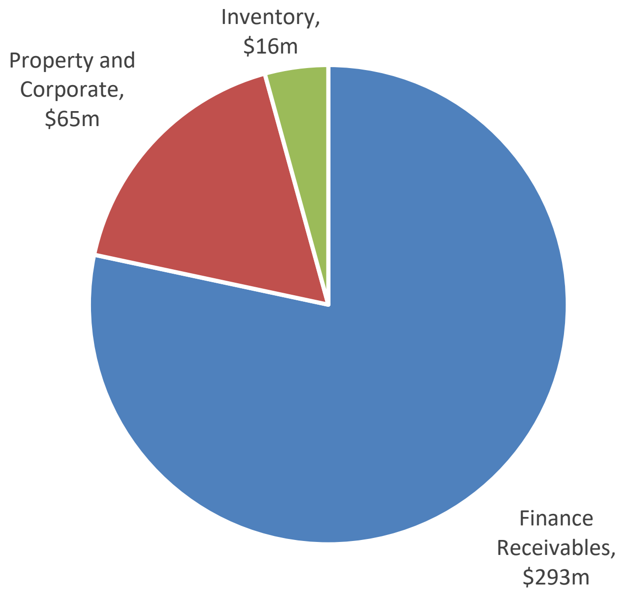
Borrowings

$Millions	Limit	Drawn	Undrawn
Receivables – Securitisation (BNZ)	276	269	7
Receivables – Banking Syndicate (ASB/BNZ)	50	23	27
Receivables – MTF	1	1	-
Corporate & Property	90	65	25
Inventory (ASB / BNZ)	30	16	14
Totals	447	374	73

- Corporate Bond has been repaid with new ASB term loan facility at significantly reduced interest rate
- Securitisation funding facility limit to be extended in November to $320m (excluding capital contribution from TRA).
- Commenced term out process to introduce 3rd party funders to Oxford securitisation warehouse and targeting transaction in Q1 2022

Borrowings by Utilisation ($Millions)

As at 30 September 2021



3 Segment Results

HY22 by segment

$Millions	Automotive Retail		Finance		Insurance		Credit	
Revenue	115.1	20%	25.2	9%	20.8	(2%)	5.7	(19%)
Segment Profit	10.2	32%	9.9	30%	5.8	28%	2.1	(31%)

Note – HY22 reported NPBT of $23.2m includes corporate costs of $4.8m

HY22 by segment

Auto Retail

- Market share gains through brand promotion and retail optimisation initiatives
- Covid recovery and cost management
- Margin improvement through supply initiatives and supply constraints

Finance

- Finance continued focus on targeting high quality borrowers, attracting 50%+ of new lending in premium risk business
- Arrears continuing to improve and borrower resilience higher than 2020

Insurance

- Good progress building out distribution using APIs
- Claims ratios continue to improve, + less cars moving during COVID-19 lockdowns

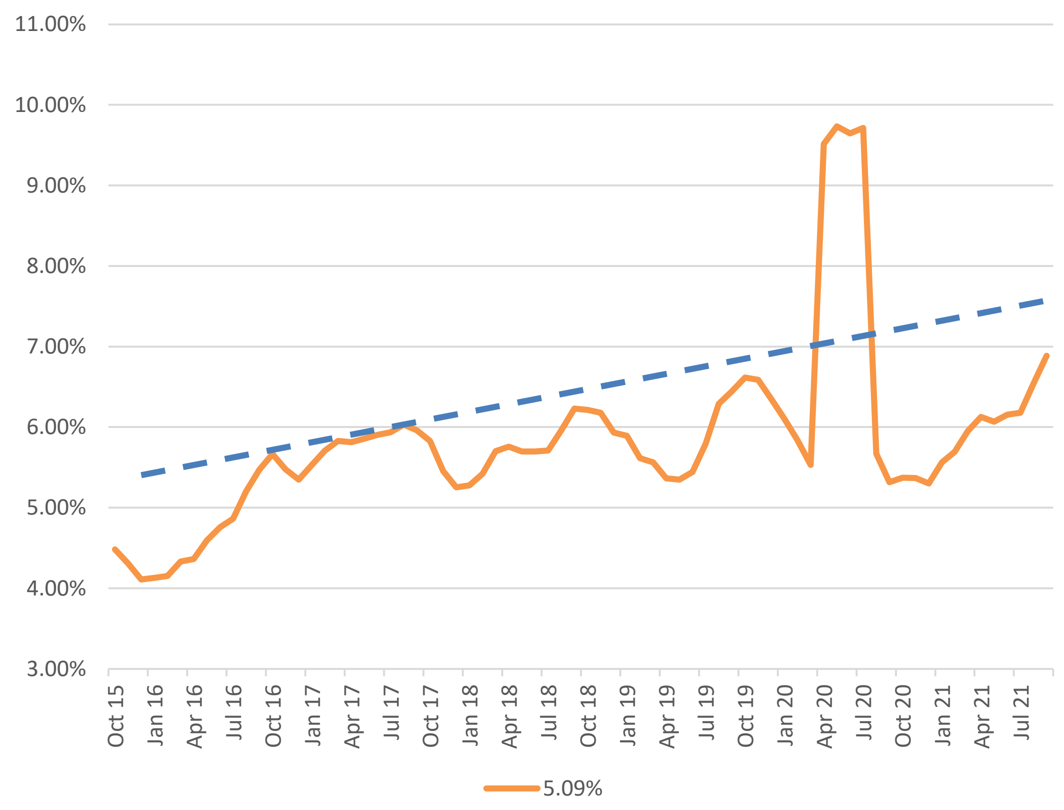
Credit/Management

- Debt load recovering
- Collections work impacted in lockdown regions
- Good progress on cultural transition

Automotive retail

Revenue 115.1m +20%, Segment Profit $10.2m +32%

Turners Public Market Share (3 Month Rolling Average)



- "Tina" brand campaign working well, market share continues to grow in key retail segment
- Secured large vehicle supply contract (~3,500 additional units pa) with Fleet Partners NZ closing down their "AutoSelect" retail yards and transitioning to Turners
- Margins continue to remain elevated due to constraints in supply
- Total "owned" units sold in HY22 up 30% over HY21, average gross margin up 29%
- Rotorua Phase 1 opening underway with October sales at 68 vehicles (double expectation)
- HY22 Finance attach rates improved to 36% (HY21: 29%)

Rotorua – Phase 1

Property asset keeps growing with a $14M unrealised valuation gain

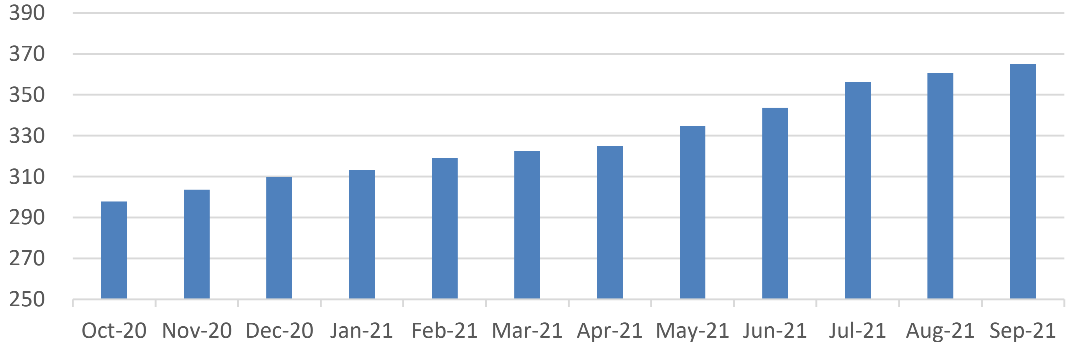
Site	Original Cost ($m)	31-Mar-21 Valuation	Unrealised Gain/loss
Developed Sites			
John Seddon Drive, Porirua	7,800	9,700	1,900
160 Roscommon Road, Auckland	6,600	10,700	4,100
Walton Street, Whangarei	5,400	6,500	1,100
Francella St, Christchurch	1,800	2,700	900
Archers Road, Auckland	13,600	17,000	3,400
Mt Richmond, Auckland	11,300	13,600	2,300
Matipo Lane, Palmerston North	800	1,100	300
Total Developed Sites	**47,300**	**61,300**	**14,000**
Development Sites (settled in FY22)			
Nelson	4,000		
Rotorua	5,500		
Napier	tbc		

- We have been building up a portfolio of property over the last 7 years
- We are utilising insurance company reserves to invest in these properties.
- These properties are on the balance sheet at cost at $47.3m compared to independent valuations of $61.3m resulting in an unrealised gain of $14m as at 31 March 2021 and which is expected to increase.
- We have an unconditional agreement on a new site in Napier which will double the footprint of the existing site. It is a development property to be settled in late FY23.

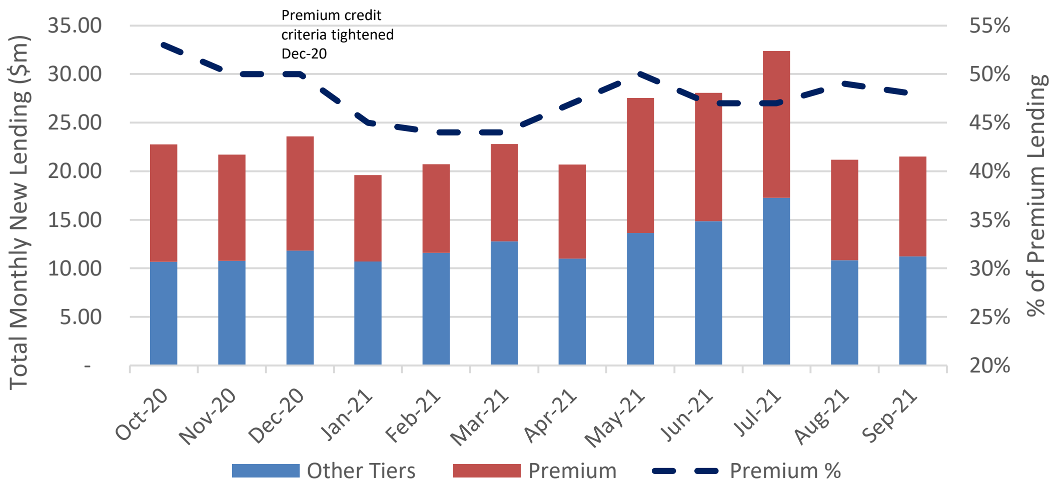
Finance

Revenue $25.2m +9%, Segment Profit $9.9m +30%

Receivables growth by month



New monthly lending by Risk Tier



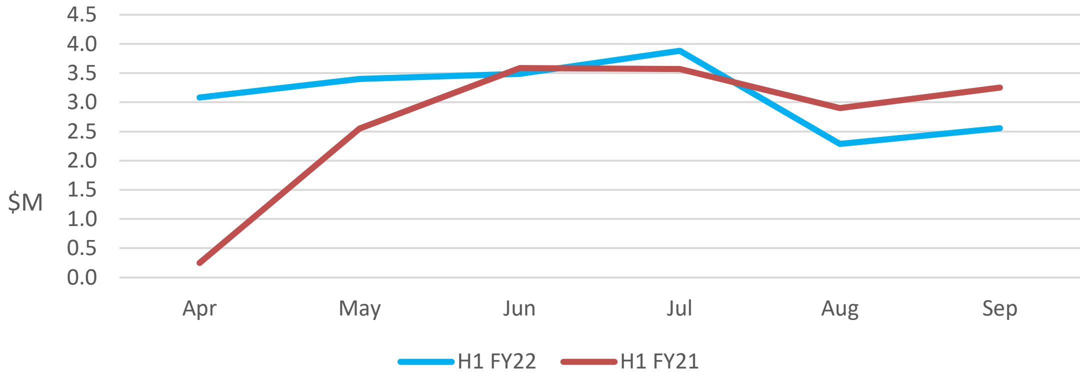
- Growth and improvement in quality of the loan book continues
- Lockdown lending has held up well
- Premium Tier business growing strongly and accounts for 50%+ of our new business per month
- Arrears continue to track down at historic low levels, 2.7% (6% H1FY21) in consumer and 1.2% (3.9% H1 FY21) in commercial. There is a material buffer in arrears provisioning to allow for further COVID-19 disruptions.
- Hardships peak at less than 1/3rd of 2020 peak levels

Covid Hardship Peak	FY21	FY22
Number	1,750	511
Balance	$32,000,000	$12,260,000

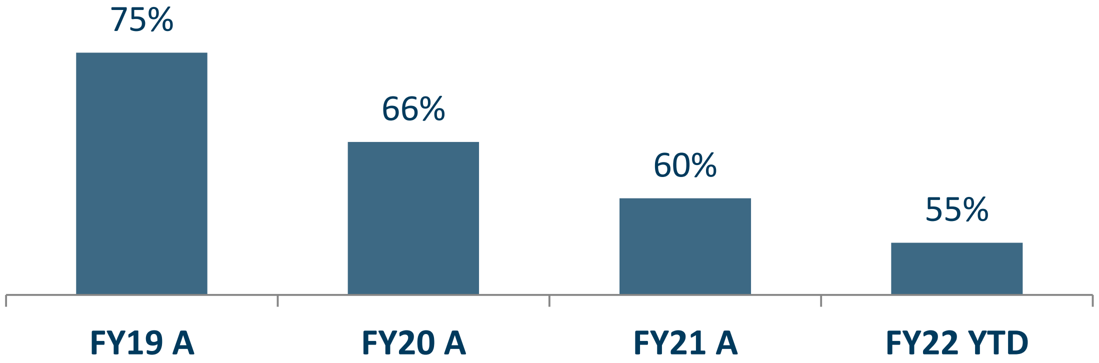
Insurance

Revenue $20.8m -2%, Segment Profit $5.8m +28%

Gross Written Premium FY21 v FY20 ($M)



MBI Claims Loss Ratios

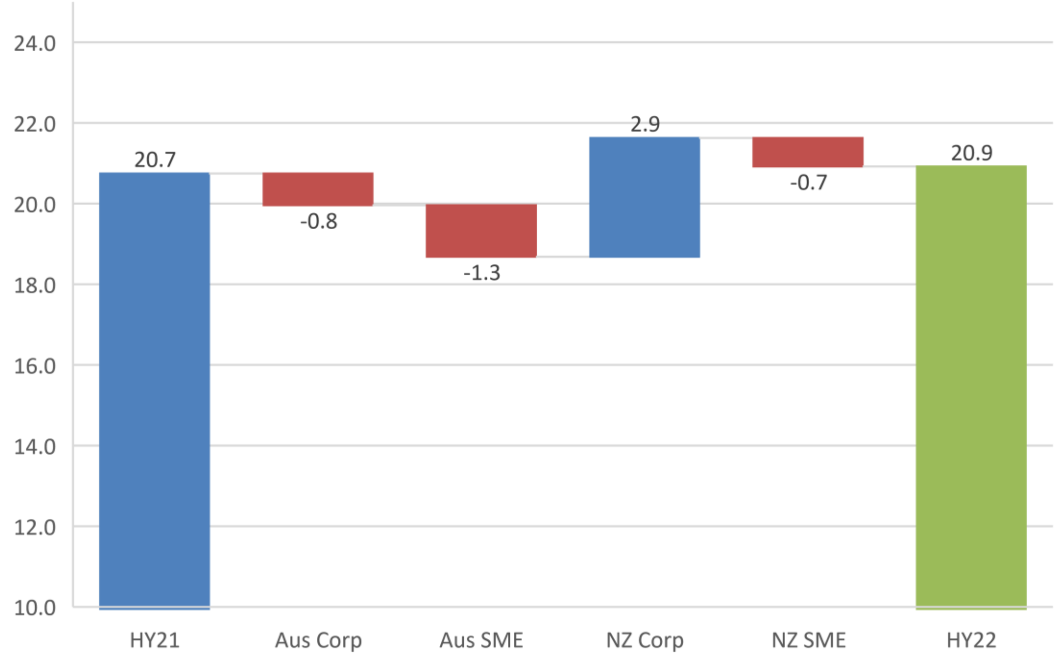


- Market share gains driving strong policy sales in Q1, but impacted during Q2 lockdown period
- Claims costs 13% down on H1 FY21, however emerging signs of parts price inflation and labour rate increases will require adjustments in policy pricing.
- Operating cost ratios are continuing a decreasing trend H1 FY22 – 21% cf. H1 FY21 – 25%
- Good growth in distribution and pipeline of opportunities
- Reaffirmed AM Best credit rating for Insurance. Financial strength rating improving to B++ (good).

Credit management

Revenue $5.7m -19% Segment Profit $2.1m -31%

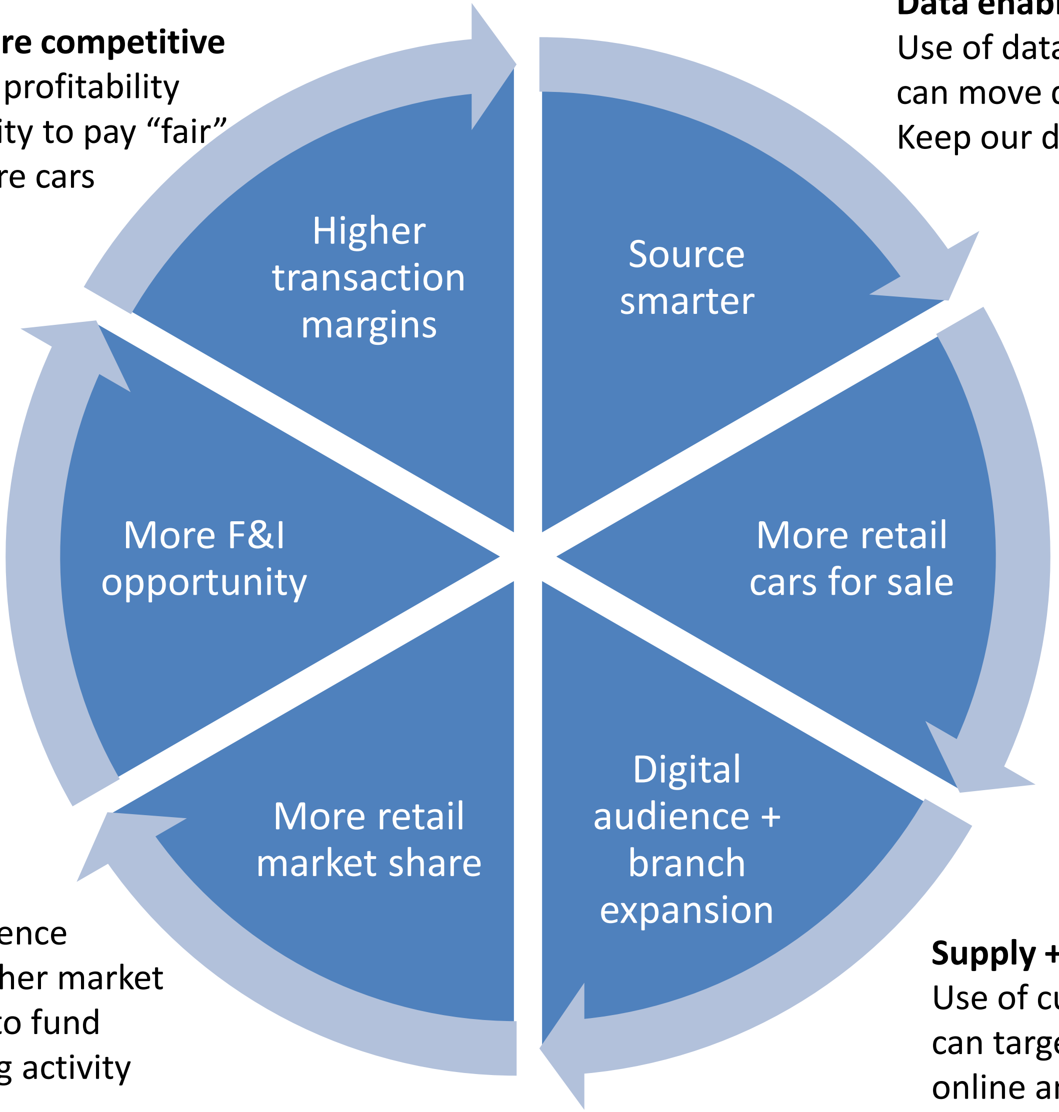
Debt Collected HY21 to HY22 ($000s)



- Total debt load up 9% for H1 FY22 to $61m, largely driven by improved debt load from NZ corporate customers.
- AU customers still holding back on debt load due to extended lockdowns in VIC and NSW
- Debt collected in line with prior year due to restrictions imposed on collecting from L3 regions.
- Auckland business debt defaults are up 18 per cent this year compared to 2019 in pre-Covid times, according to credit bureau Centrix.

4 Putting our business in context

The “flywheel” for our Auto ecosystem



Data enabled sourcing
Use of data and tools to source cars we can move quickly at the right price
Keep our diversified sources of supply

Secure the right cars at right price
Surety in supply of good cars means more cars advertised leading to larger audiences

Supply + Customer Data builds reach
Use of customer data platform means we can target the right consumers through online and offline channels

Building “retail” market share
Larger digital reach + retail presence means more retail sales and higher market share, meaning more cashflow to fund branch expansion and marketing activity

Higher X-Sell + Margins
More retail sales means more opportunity for sales of finance and insurance and higher customer profitability

More margin = more competitive
Higher transaction profitability provides opportunity to pay “fair” price to secure more cars

Our omni-channel model is at the intersection of physical + digital

TRADITIONAL

Typically offline, heavily dependent on physical stores and walk-in traffic

Predominately **sub-scale** & independent. Unable to benefit from economies of scale

Lack digital/data knowledge and expertise, especially when it comes to digital marketing

No F+I attach: Use third parties for finance and insurance

EMERGING

Little to no physical presence: majority of sales originated and closed online

Digital and data savvy and know how to acquire and convert customers online

Still largely appealing to a younger demographic and cannot serve the broader market (many people want to go physical car shopping)

Typically requires a huge upfront investment and a strong tolerance for losses over the medium/long term

TURNERS

We've built a **true competitive advantage with:** Our full omni-channel model, economies of scale & technology

Customer-centric: Our customers choose how and where they want to transact, whether face-to-face, online or any combination

Lead with technology: We invest majorly in technology / innovation to enhance customer experience, future-proof and mitigate threat of new entrants

Disruption is enabling Turners to extend our competitive advantages…

Despite Covid lockdowns we have continued to develop our competitive moat, which is positioning us for an even stronger performance post lockdown

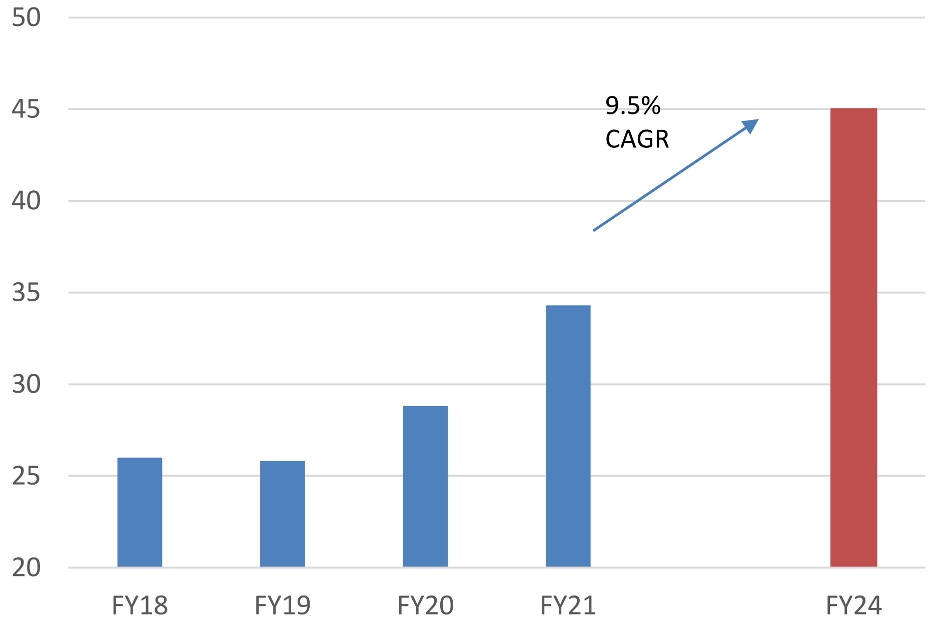
- High trust “Turners” brand
- Biggest buyer and seller of cars in NZ
- Unmatched national footprint
- Diversified sources of cars
- Agility in finance and insurance systems
- Technology capability and data advantages
- Geographic diversification
- Strong balance sheet

5 Outlook

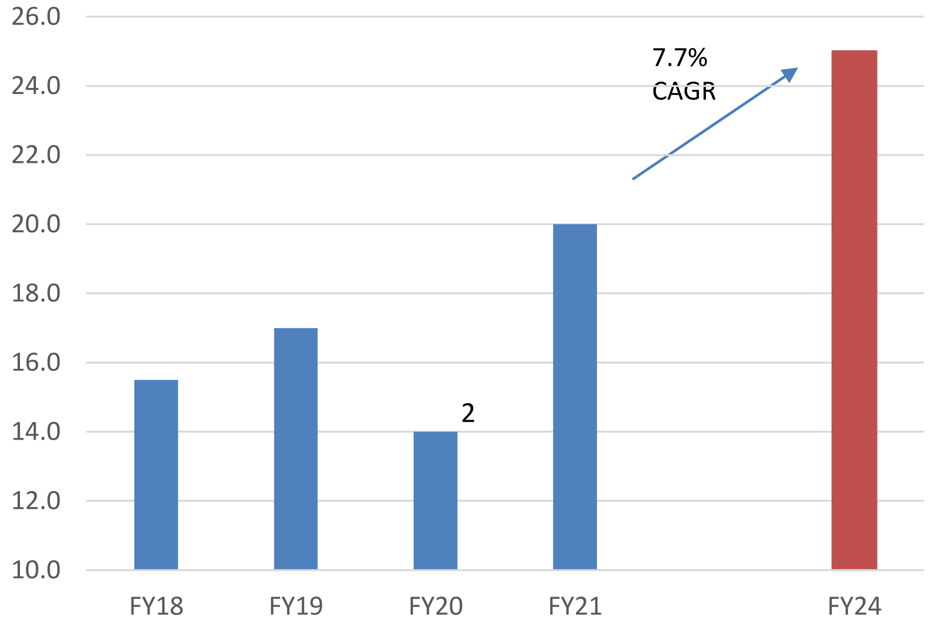
On track to exceed our FY24 target

Over three years we target 31% growth in Underlying NPBT [1]

Underlying Net Profit Before Tax ($M) [1]



Dividends Paid (cps)



[1] Reported NPBT ($m) for FY18 31.1, FY19 29.0, FY20 29.1, FY21 37.4. Reconciliations for each of the periods can be found in the respective Annual Results Presentation
Underlying NPBT is a non-GAAP measure
This is a target and achievement will depend on a range of factors some of which will be outside of our control.

[2] Covid-19 related cancellation of final dividend

Outlook – FY22 Guidance

- Prior to the most recent lockdowns, we were on track to deliver a 15% uplift in NPBT for FY22 (~$43m)
- Assuming current L3/L2 restrictions continue to gradually ease over coming months, we expect a FY22 NPBT to be within the range of $40-$42m (~10% growth).
- Based on the current dividend payout policy of 60-70% of NPAT we anticipate full year fully imputed dividends of a minimum of 22 cents per share
- We continue through this time to develop our competitive moat. This positions us for an even stronger performance in FY23 and FY24. **We will revisit FY24 target at year end results announcement.**

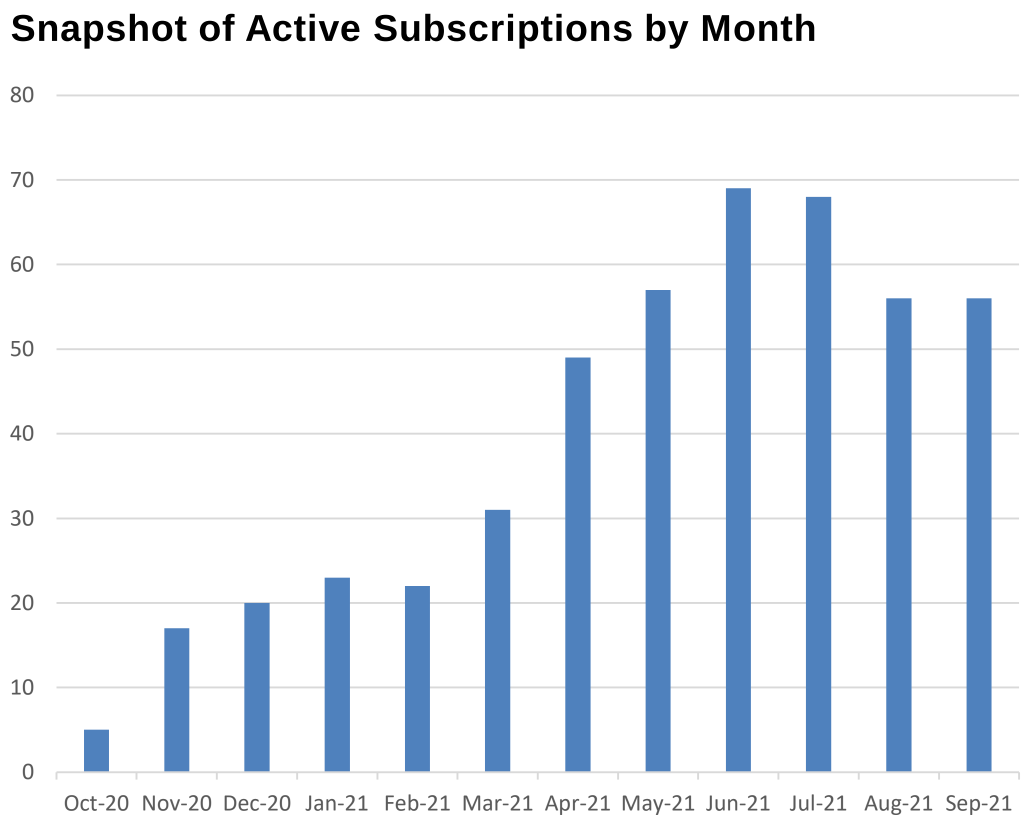
Malua Tipi and family - "Wheel of Immunity" Winner on TV3's The Project

Questions

Appendix

Turners.
Automotive Group

Subscription uptake growing strongly pre-lockdown



- Prior to lockdown strong growth, lockdown has impacted due to stock largely located in Auckland
- Demand rebuilding as restrictions ease
- Looking to acquire more cars for subscription fleet…confident there is an addressable market for this service
- 30 EVs in the fleet , see EVs playing a strong part in the make up of the fleet mix…try before you buy to help with fleet transition
- Majority of demand at price point of less than $200 per week subscription.

Our focus for FY22 - by business

Auto Retail

- Stock acquisition
- Continue to invest in promoting the Turners brand, further building market share
- Retail optimisation – launch and develop Rotorua, develop Nelson, identify further opportunities

Finance

- Keep improving credit quality through data driven risk pricing
- Continued focus on arrears and rehabilitation
- Anticipation and preparedness for regulatory changes

Insurance

- Cost and claims management discipline
- Increasing distribution through partnership strategy and sales integration into other businesses
- Continue to enhance risk pricing

Credit/Management

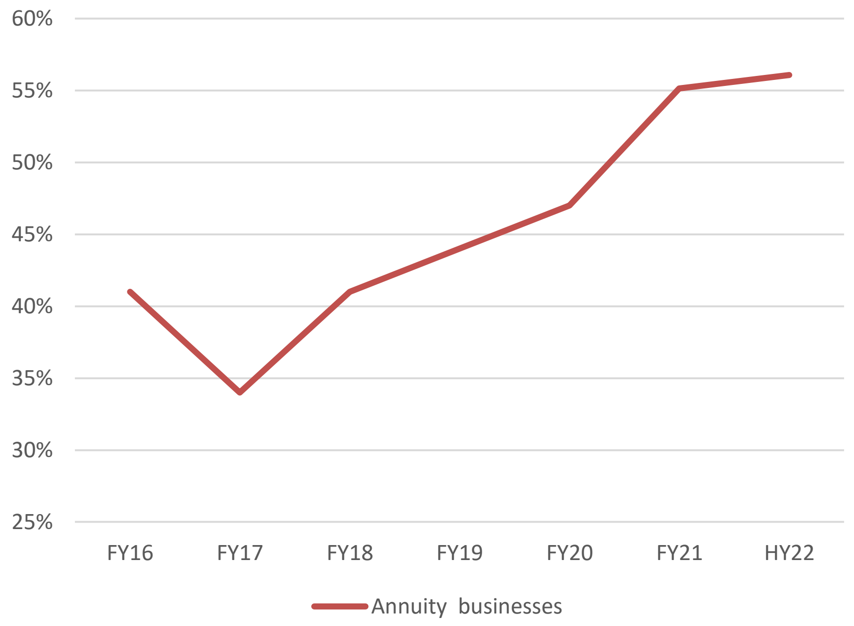
- Invest in digital lead generation
- Build digital efficiencies in customer processes – eg debtor self service portal
- Continue to build on cultural shift (resolution not consequence)

Resilient and well diversified, poised for further growth ahead

The business benefits from strong geographical and earnings diversification during restrictions. We expect stronger profit performance once restrictions ease

1. Used car market is resilient – strong sales expected out of lockdown
2. Diversified business – geographic diversity and earnings diversity (annuity earnings more than 55% of profits)
3. High "trust" brands – consumers move to high trust brand in times of uncertainty
4. Digital has become a competitive advantage - already demonstrated in both lockdown and normal periods
5. Business has a strong balance sheet and supportive banks

Annuity business profits as a % of total operating profits



Contact

Todd Hunter
CEO Turners Automotive Group Limited

T: 64 21 722 818
E: todd.hunter@turners.co.nz