

# WE'RE GETTING STRONGER.

**Turners.**  
Automotive Group

"Our company continues to demonstrate resilience no matter what the operating conditions. This year's strong performance is very pleasing and reflects the success of our diversification strategy, our de-risking initiatives as well as the quality of our team".



Dear Shareholder

The Turners Limited Annual Report for the year ended 31 March 2023 is now available. We invite you to read this on our website at [www.turnersautogroup.co.nz/Investor+Centre/Investor+Reports.html](http://www.turnersautogroup.co.nz/Investor+Centre/Investor+Reports.html).

When we presented our annual report last year, we said that our business had never been in better shape and we were ready for whatever came next. This sentiment has been proven true over the FY23 financial year. Despite challenging economic and market conditions, Turners has reported record earnings, market share gains and margin improvements.

This result is particularly pleasing in an environment where costs are up significantly due to inflation, interest rates have never increased faster, there has been more government regulation in finance and vehicle markets than ever before, and market demand is down....Turners has continued to perform.

This year's record earnings result underscores our well-founded confidence in the resilience of the used car market through the cycle but also the formula we operate the business to. Great employee experience gives us the best chance of providing a great customer experience and these two things combined should deliver great shareholder value.

Given the strong profit performance over the year, Directors declared a final dividend of 7 cps (payable in July 2023), taking FY23 dividends to 23.0 cps, matching last year's strong result.

Turners' dividend reinvestment plan (DRP) will be available for the final dividend with a 2% discount applied for those taking up the DRP. You can read a copy of the full DRP offer document at [www.turnersautogroup.co.nz/investor-centre/](http://www.turnersautogroup.co.nz/investor-centre/). Eligible investors wishing to take up the DRP must register by 5.00pm NZT on 12 July 2023. Any applications received on or after this time will be applied to subsequent dividends. If you have any queries on the DRP, please contact Computershare by emailing [drp@computershare.co.nz](mailto:drp@computershare.co.nz) or by calling 09 488 8777.

As we head into an economic environment that will offer up different challenges and opportunities, the business has already been significantly de-risked. We achieved the FY24 profit target of \$45m, which we set in FY21, 12 months' ahead of time and are now focused on our FY25 target of \$50m profit before tax. We remain confident about our growth, however, are very mindful of the macro challenges still in the market, particularly the headwinds in Finance. If interest rates start to cycle down by the second half of this calendar year, then our modelling shows we will remain on track to achieve our target by FY25. If interest rates continue to rise, then it is likely our timing will push out to FY26.

Looking beyond FY24 we remain confident that our growth model is broadly on track. On behalf of the Board and management, we would like to thank shareholders for your continued support.

A handwritten signature in black ink, appearing to be 'Grant Baker'.

**Grant Baker**  
Chairman

A handwritten signature in black ink, appearing to be 'Todd Hunter'.

**Todd Hunter**  
Group Chief Executive Officer

# FY23 AT A GLANCE

Turners continues to achieve strong results in challenging conditions and to strengthen its position for the next upcycle.

- Record earnings demonstrating sustainable earnings platform and strategic value of diversification and de-risking strategies over recent years.
- Strong performance despite challenging economic trends and changes in market conditions.
- **Auto Retail:** Market share gains and margin improvement driving record earnings. Expecting further market share gains as branch network expands.
- **Insurance:** Strong policy sales in a declining market and improved claims ratios. Distribution and market share gains expected to drive buoyant sales.
- **Finance:** Solid revenue growth, however, impacted by rapid interest rate rises driving a near term drag on earnings. Well placed to grow again once interest rates stabilise.
- **Credit management:** Debt load increased albeit from lower quality debt. Well positioned for the next stage of the credit cycle.
- Employee engagement levels remain at record levels and are a core part of the competitive advantage of Turners Auto Group.
- Employee Share Scheme launched with almost 50% take up.
- Diversified business is well-placed to deliver further growth as well as offering solid returns to shareholders.

## KEY FINANCIAL HIGHLIGHTS

PERCENTAGE INCREASES FY22:FY23

- Revenue up 13% to \$389.6m
- EBIT<sup>1</sup> increased 9% to \$52.2m
- Net profit before tax up 6% to \$45.5m
- Net profit after tax increased 4% to \$32.6m
- Full year dividend 23.0 cps, equating to a gross yield of 8.5% per annum based on a share price of \$3.75
- Earnings per share 37.6 cents per share, an increase of 3% year on year

<sup>1</sup>EBIT adjusted for interest expense in Finance (non-IFRS measure, NPAT \$45.5m and interest paid \$19.9m less Finance segment interest \$13.2m).

