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Turners' FY25 result caps off a decade of sustainable growth

Turners Automotive Group (NZX/ASX: TRA) has further strengthened its track record of resilience through the cycle by delivering another record profit and dividend for the financial year to March 31, 2025 (FY25).

The result caps off a decade of sustainable growth. Turners has grown dividends almost threefold, from 10 cps in FY15 to 29 cps in FY25.

The resilience of this result demonstrates a diversified platform to navigate extremely challenging economic conditions. With strong momentum in place, the business now moves into its next stage of growth and is on track to reach its FY28 targets earlier than expected.

Key Financial Highlights:
● Revenue $414.2m -1%
● EBIT [1] $62.3m +6%
● NPBT $54.3m +10%
● NPAT $38.6m +17%
● Earnings per share (EPS) 43.3 cps +17%
● Final dividend declared of 9.0 cps
● Full year dividend of 29 cps +14%

[1] EBIT adjusted for interest expense in Finance (non-IFRS measure)

Key Business Highlights:
● **Auto Retail** revenue and profit was down for the year, reflecting NZ's economic downturn and a tough consumer environment. However, margins and volumes improved in the second half, supported by disciplined pricing, a shift to domestic sourcing and repositioning inventory to lower priced cars.
● **Finance** achieved strong revenue and profit growth, as the interest rate environment became a tailwind with net interest margin building. Arrears remained well below market levels and the loan book continued to expand with improving quality metrics and a prudent provisioning buffer maintained.
● **Insurance** delivered solid revenue and profit growth, with momentum building in the digital / direct to consumer platform. Claims performance was well managed and policy sales remained resilient despite the challenging environment, due to effective risk-based pricing.
● **Servicing and Repairs** is a new business stream, soon to be rebranded to the Turners brand, with a growing mobile van network and focus on cross selling into Turners customers.
● **Credit Management** has continued to see debt load building in-line with tightening economy particularly in SMEs.
● **Developing and maintaining a strong culture** remains a key competitive advantage, with Turners ranking in the top 5% of consumer businesses globally using Peakon (an employee engagement tool), with a 9.4 / 10 score for diversity and inclusion and 9.1% for health and

wellbeing. The company's employee share scheme is now three years old with around 53% of team members participating, highlighting strong internal alignment.

● **Outlook for FY26** points to a recovering NZ economy cementing a return to margin growth with anticipated further growth in profits in FY26.

Despite an extremely challenging consumer environment and ongoing regulatory changes, Turners Automotive Group has delivered a robust result, achieving a 10% increase in net profit before tax (NPBT) to $54.3 million. This performance further underscores the resilience and strength of the company's diversified business model, with expanding annuity revenue streams effectively moderating fluctuations in Auto Retail market conditions.

FY25 was a year of two distinct halves. The first half was impacted by economic contraction and depressed consumer sentiment, which led to reduced vehicle margins. In contrast, the second half demonstrated a strong recovery, with all four core business divisions returning to year-on-year growth, driven by improved margins and significant momentum in the Finance, Insurance, and Credit Management segments. This turnaround enabled Turners to achieve another record financial performance, reinforcing the company's ability to navigate market cycles successfully.

Todd Hunter, CEO, said: "*Our team has worked incredibly hard to ensure that some of the toughest economic conditions we've faced didn't derail our growth strategy.*

Auto Retail remains our largest division, and the pressure it faced in the first half was no small matter. But even in worse conditions than the GFC, we proved that demand for used vehicles is resilient and though margins were squeezed for a period, our ability to proactively manage margins during the recovery in H2 was pleasing. With Auto Retail now firmly back in growth mode, we enter FY26 with strong momentum across all segments. We are on track to reach our FY28 targets earlier than expected. Our Tina brand refresh and new campaign launch reflect continued investment in a proven formula that is delivering strongly."

Financial results

Turners continued to achieve record financial results in FY25. EBIT was up 6% to $62.3m. It lifted NPBT 10% on the previous year to $54.3m. NPAT rose 17% to $38.6m. Earnings per share was 43.3cps, up 17%.

After a final dividend of 9.0 cps, annual dividends reached 29 cps, up 14% on the previous year. This represents a yield of approximately 6.6% per annum based on a $6.10 share price.

Grant Baker, Chairman, said: "*We've always believed that used auto sales are less cyclical than many retail segments, and that by deliberately diversifying the business we could create a sustainable, profitable business for our shareholders.*

This result caps a decade of steadily improving returns to shareholders – from 10 cps in FY15 to 29 cps in FY25 – demonstrating the resilience of our business model, and the scope for growth that exists in this sector.

With the economic cycle returning to a more positive mode, and with our competitive advantages, we are well positioned with a dedicated team, leading brand, robust balance sheet, and growing physical and digital retail channels. We are confident this platform will continue to generate shareholder value well into the future– including for the many team members who are now shareholders themselves."

FY26 Outlook

While New Zealand's economic recovery is expected to be gradual, Turners anticipates continued strong progress towards our medium-term goal of $65M in the next twelve months. The business will continue to benefit from the tail wind of reducing interest rates as will the NZ economy which will translate into more robust demand for cars. We also expect to see material benefits from our new branches in Christchurch and our other branch expansion plans. Ongoing market share gains and branch rollout for Auto Retail, supportive conditions and continued efficiency gains for its annuity businesses (Finance and Insurance), and increasing operating leverage across the group provide a solid foundation for continued profit growth.

Outlooks by segment are available in the investor presentation also announced today.

Roadmap to $65m (FY25-FY28 Growth model)
The company's FY25-FY28 growth model is underpinned by five key areas:

- Auto Retail - Branch expansion and continued investment in brand
- Auto Retail - Retail optimisation (transition of unit sales from wholesale auctions to retail)
- Finance – Grow premium lending as economic cycle eases, interest costs start to reduce
- Insurance – Grow market share and direct to consumer distribution opportunities;
- Credit Management – Grow by rebuilding the payment bank as debt load increases.

Turners is on track to reach its FY28 target of $65m NPBT earlier than expected.

Turners FY25 Results Call
Todd Hunter (Group CEO) and Aaron Saunders (Group CFO) will present the FY24 financial results followed by Q&A at 10:30am on 21 May 2024.
https://events.teams.microsoft.com/event/2e3c8675-78a9-4892-a5ce-b5afd35dc1b7@6a38d3ca-e45b-49d7-8a3d-68 0a588096ac

Results Video

For further commentary on the FY24 results, a short video is available at https://www.turnersautogroup.co.nz/invest

Results by segment

Refer to Appendix

About Turners

Turners Automotive Group Limited is an integrated financial services group, primarily operating in the automotive sector www.turnersautogroup.co.nz

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Appendix: Division Results

Auto Retail: Revenue $287.9m –4%, NPBT $29.1m –8%
Despite tough macroeconomic conditions, Turners grew market share with total owned unit sales up 6% in FY25. Retail units rose 4% to ~21,000, while wholesale auction units increased 1% to ~20,000. Margins were under severe pressure in H1 (down 16% YoY) but recovered through Q3 via Turners' pricing and sourcing improvements, coupled with early sector recovery. Finance attach rates held steady at 32%. Importantly, efficiency gains supported stock turn and working capital. The Commercial division saw uplift from more liquidations in H2. Turners' shift from wholesale to retail continued, with eight new dealerships targeted to be open by the end of FY27. A refreshed brand campaign for Tina will lift media spend 15% to $5.1m in FY26.

Finance: Revenue $68.3m +9%, NPBT $16m +31%
Finance was a strong performer in FY25 with arrears below industry norms, quality of lending continuing to improve, net interest margins expanding and some ledger growth achieved towards the end of the financial year. Despite challenging economic conditions, the total ledger has increased from $427m (Mar24) to $442m (Mar25). This growth has come largely from an increase in consumer lending. The ledger's weighted average interest rate is 13.62% (end of FY25) up from 13.07% at the end of the previous year. Loan arrears continue to perform materially better than the market average. Net Interest Margin (NIM) increased further in H2 as cost of funds stabilised and the loan book has been repriced. The hedged portion of Finance borrowings has increased to approximately ~80%. The medium term run rate NIM is expected to consolidate around 6.0%.

Insurance: Revenue $47.5m +3%, NPBT $16.2m +13%
Insurance delivered strong profit growth in FY25, driven by all portfolios and key dealer and finance broker partnerships. The Comprehensive Motor Insurance portfolio (underwritten by Suncorp NZ) grew 25% year-on-year, supported by strong customer acquisition and retention. Turners launched its CONNECT digital platform, enhancing direct-to-consumer reach and enabling growth via partners like MyAutoShop, Quashed, and NZ AA. CONNECT also supports the intermediated channel, with volumes expected to grow as adoption scales. Focus now shifts to optimising product design and customer experience for this channel. Claims cost inflation is stabilising, with scale helping reduce repair costs. The MBI claims ratio has slightly improved, reflecting effective claims and pricing management.

Credit Management: Revenue $10.3m +5%, NPBT $3.5m +11%
As the economic conditions declined, demand for credit management services increased. Debt referrals are up across all sectors, with corporate debt load +52% and SME +8% in FY25. Total debts under arrangement rose 17%, while debt collected increased 12% to $42m. Deteriorating credit metrics nationwide continue to drive growth in this division..

Investments - Servicing and Repair: MyAutoShop & Quashed
Turners is expanding into adjacent areas of vehicle ownership where it sees synergies and growth potential. In August 2024, it acquired 50% of My Auto Shop for $3.35m—a servicing platform with 300+ MTA-approved repairers and branded mobile vans. It also invested $1m for a 13% stake in Quashed, a fast-growing Kiwi platform helping consumers manage insurance across multiple categories.

My Auto Shop is being integrated into Turners' retail network, with servicing now offered onsite in Hamilton, Tauranga, and Wellington. A rebrand to Turners Servicing and Repairs is underway, with a focus on cross-selling to Turners' customer base. Break-even is targeted for FY26, and continued investment is planned.

Quashed complements Turners' partnership strategy, adding customer value. Its user base doubled to over 60,000 in FY25, with policy sales and commissions also more than doubling.

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