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Turners Maintains Momentum with Record First Half Performance

Turners Automotive Group (NZX: TRA) has again demonstrated its ability to perform in a challenging market, delivering a record first-half result, despite subdued consumer conditions. The diversified and resilient business model continues to generate sustainable growth and strong shareholder returns.

Turners has continued to make progress and grow profits in each core businesses. While the broader economy shows tentative signs of recovery, Turners' deliberate strategy and capital discipline position it to drive further growth across its core divisions through FY26.

Key Financial Highlights (HY26 vs HY25):

- **Revenue:** \$219.0m, **+5%**
- **EBIT¹:** \$34.1m, **+10%**
- **NPBT:** \$30.4m, **+13%**
- **NPAT:** \$21.9m, **+13%**
- **Earnings per share (EPS):** 24.2 cps, **+11%**
- **Interim dividend declared:** 8.0 cps, fully imputed

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

Key Business Highlights:

- **Auto Retail:** Significant uplift in brand marketing spend with launch of Tina2.0 brand campaign. Drove margin growth on owned stock and improved operational efficiency despite patchy demand. Inventory sourcing remains challenging, but margins benefited from disciplined buying and tighter inventory management.
- **Finance:** Biggest growth engine during the half, with 18% YoY profit growth. Loan book grew 13%, supported by strong origination and improving credit quality. Net interest margin remained stable, aided by easing funding rates.
- **Insurance:** Solid growth continues. Continued premium growth (+10%), underpinned by partnerships with NZ AA and Vero. Claims ratios stable, reflecting effective risk pricing.
- **Servicing and Repairs:** Rebranded to Turners Servicing & Repairs, leveraging strong brand recognition. Expansion continues with new VTNZ partnerships.
- **Credit Management:** Corporate debt load down and lower than expected. Consumers finding it harder to consistently meet payment arrangements reflecting the weaker economic environment.

The first half result reflects the broader dynamics of the used vehicle market, which continues to show resilience despite significant structural change. Registered dealer numbers have fallen to their lowest level since 2012, highlighting ongoing consolidation and pressure across the sector. Transaction volumes have stabilised and are beginning to recover, although vehicle supply remains constrained and sourcing stock continues to be challenging.

Against this backdrop, Turners' scale, brand strength, and diversified business model have again proven to be key competitive advantages, enabling the Group to expand margins in Auto Retail, grow its Finance and Insurance portfolios, and maintain steady overall performance during a period when more industry participants left the market.

Recognising this shifting environment, the Board and management are prioritising capital efficiency and disciplined allocation to ensure the business remains agile and focused on the highest-returning opportunities. The recently completed \$200 million securitisation term-out has improved funding costs and reduced capital requirements, further strengthening the balance sheet. A deeper capital management framework is being developed across the business, optimising finance structures, reallocating surplus capital from low-return areas, and driving targeted growth in Auto Retail and Finance.

These initiatives, supported by a strong culture and engaged workforce with 67% of the team participating in the employee share scheme, position Turners well to capture further upside as market conditions improve.

Financial Performance

Group Revenue rose 5% to \$219 million, with growth across Auto Retail, Finance, and Insurance more than offsetting softness in Credit Management. EBIT increased 10% to \$34.1 million, reflecting stronger divisional performance, improved vehicle margins, and continued cost discipline. NPBT grew 13% to \$30.4 million, while NPAT lifted 13% to \$21.9 million. Turners is able to deliver reliable profit growth through operational leverage and diversification.

Cash generation was strong, and Turners continues to fund growth initiatives from internal resources. The Board declared a fully imputed interim dividend of 8.0 cps, maintaining its policy of paying out 60–70% of NPAT.

Chairman Grant Baker said: "Delivering record profit in a challenging economic environment is a significant achievement. It reflects the strength of our diversified model and disciplined execution across every part of the business. Turners continues to grow shareholder returns while investing for the future, and our balance sheet gives us the flexibility to keep building on this momentum. With a track record of growing dividends for more than a decade, Turners' blend of consistent performance, prudent funding, and strong cash returns continues to deliver enduring value for shareholders."

Outlook for FY26

The two-speed economy is expected to persist into calendar year 2026, bringing some uncertainty around the pace of recovery in consumer demand and the broader economic rebuild. Despite this backdrop, Turners remains well positioned, with its diversified model and focussed management approach providing continued stability and earnings momentum. The Group is on track to deliver another record full-year result, with NPBT forecast around \$60 million, supported by solid operational performance and further gains in capital efficiency.

Turners is focussed on predictable, sustainable returns for all shareholders. Inline with dividend policy, \$60m NPBT could result in a full year dividend of at least 32 cps (which compares to 29 cps last year, and 20 cps five years ago).

Across the business, growth opportunities continue to build. In Auto Retail, branch expansion and a recovering lease market are expected to lift volumes, with improving vehicle pricing likely to support margins as the economy strengthens. Finance remains focused on growing the loan book whilst maintaining credit quality, benefitting from lower funding costs and improved interest margins. Insurance continues to perform well, with stable claims ratios and incremental contribution from new distribution channels and direct digital sales. Credit Management's contribution is expected to remain negligible, with repayment capacity remaining constrained. As a result, the carrying value of the business will be reviewed at year end based on 2H performance and outlook.

Group CEO Todd Hunter commented: "Our business has performed exceptionally well through the first half. We've strengthened every part of our model, from sourcing and lending quality to capital efficiency. As the economy starts to recover, Turners is well positioned to deliver further record years, underpinned by our brand strength, motivated team, and reliable execution."

Note – Management will be holding an investor day in mid-March 2026.

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