

Results announcement

Results for announcement to the market		
Name of issuer	Turners Automotive Group Limited	
Report period	12 months to 31 March 2023	
Previous reporting period	12 months to 31 March 2022	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$389,027	14%
Total revenue	\$389,635	13%
Net profit from continuing operations	\$32,566	4%
Total net profit	\$32,883	-10%
Final dividend		
Amount per quoted equity security	\$0.07000000	
Imputed amount per quoted security	\$0.02722222	
Record date		
Dividend payment date		
	Current period	Prior comparable period
Net tangible assets per quoted security	\$1.40	\$1.18
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	
Contact phone number	021 722 818	
Contact email address	Todd.Hunter@turners.co.nz	
Date of release through MAP	23/05/2023	

This announcement is based on audited results.

TURNERS AUTOMOTIVE GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2023

	Note	2023 \$'000	2022 \$'000
Revenue	3	389,027	342,029
Other income	3	608	2,487
Cost of goods sold		(173,986)	(153,173)
Interest expense		(19,933)	(10,932)
Impairment provision expense		(3,740)	(3,024)
Subcontracted services expense		(11,927)	(10,940)
Employee benefits		(60,709)	(56,030)
Commission		(12,024)	(12,925)
Advertising expense		(4,934)	(4,140)
Depreciation and amortisation expense		(11,478)	(10,702)
Systems maintenance		(5,109)	(3,399)
Claims		(21,785)	(21,024)
Other expenses		(18,465)	(15,107)
Profit before taxation		45,545	43,120
Taxation expense		(12,979)	(11,839)
Profit from continuing operations		32,566	31,281
Other comprehensive income for the period (which may subsequently be reclassified to profit/loss), net of tax			
Cash flow hedges		415	5,429
Revaluation of financial assets at fair value through OCI		(91)	(345)
Foreign currency translation differences		(7)	(6)
Total comprehensive income for the period		32,883	36,359
Earnings per share (cents per share)			
Basic earnings per share		37.67	36.39
Diluted earnings per share		37.77	36.45

TURNERS AUTOMOTIVE GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2023

	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 2021	204,297	255	(26)	(740)	48	29,736	233,570
<i>Transactions with shareholders in their capacity as owners</i>							
Employee share based payments	1,185	217	-	-	-	-	1,402
Dividend paid	-	-	-	-	-	(18,934)	(18,934)
	1,185	217	-	-	-	(18,934)	(17,532)
<i>Comprehensive income</i>							
Profit	-	-	-	-	-	31,281	31,281
Other comprehensive income	-	-	(6)	(345)	5,429	-	5,078
Total comprehensive income for the period, net of tax	-	-	(6)	(345)	5,429	31,281	36,359
Balance at 31 March 2022	205,482	472	(32)	(1,085)	5,477	42,083	252,397
<i>Transactions with shareholders in their capacity as owners</i>							
Employee share based payments	1,594	(188)	-	-	-	296	1,702
Dividend paid/payable	-	-	-	-	-	(14,732)	(14,732)
	1,594	(188)	-	-	-	(14,436)	(13,030)
<i>Comprehensive income</i>							
Profit	-	-	-	-	-	32,566	32,566
Other comprehensive income	-	-	(7)	(91)	415	-	317
Total comprehensive income for the period, net of tax	-	-	(7)	(91)	415	32,566	32,883
Balance at 31 March 2023	207,076	284	(39)	(1,176)	5,892	60,213	272,250

TURNERS AUTOMOTIVE GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Cash and cash equivalents	1	11,845	13,373
Financial assets at fair value through profit or loss	1	66,730	70,199
Trade receivables		7,800	7,581
Inventories		26,057	31,980
Finance receivables		424,621	422,870
Other receivables, deferred expenses and contract assets		8,271	9,340
Derivative financial instruments		5,887	5,414
Financial assets at fair value through OCI		230	225
Reverse annuity mortgages		2,925	3,242
Property, plant and equipment		105,993	67,569
Right-of-use assets		22,226	23,497
Investment property		5,800	5,950
Intangible assets		163,556	164,453
Total assets		851,941	825,693
Liabilities			
Other payables		56,008	50,103
Contract liabilities		1,562	1,848
Deferred tax		13,077	13,191
Tax payable		6,773	4,016
Borrowings		412,035	412,761
Lease liabilities		27,120	28,209
Life investment contract liabilities		7,042	8,153
Insurance contract liabilities		56,074	55,015
Total liabilities		579,691	573,296
Shareholders' equity			
Share capital		207,076	205,482
Other reserves		4,961	4,832
Retained earnings		60,213	42,083
Total shareholders' equity		272,250	252,397
Total shareholders' equity and liabilities		851,941	825,693
Total assets per share (\$)		9.83	9.59
Net tangible assets (\$)		1.40	1.18

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 2023 were \$2.0m (2022:\$1.5m) and term deposits at 31 March 2023 were \$59.4m (2022: \$61.9m).

Investments in unitholdings, 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 unitholdings at 31 March 2023 were \$7.3m (2022: \$8.3m).

Cash and cash equivalents at 31 March 2023 of \$4.3m (2022: \$3.4m) belongs to the Turners Marque Warehouse Trust 1 and is not all available to the Group.

TURNERS AUTOMOTIVE GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2023

	2023	2022
	\$'000	\$'000
Cash flows from operating activities		
Interest received	52,400	44,429
Receipts from customers	333,344	297,032
Receipt of government subsidies	100	1,580
Interest paid - borrowings	(17,653)	(6,676)
Interest paid - lease liabilities	(1,284)	(1,774)
Payment to suppliers and employees	(285,522)	(274,022)
Income tax paid	(10,394)	(9,326)
Net cash inflow/(outflow) from operating activities before changes in operating assets and liabilities	70,991	51,243
Net increase in finance receivables	(6,814)	(93,992)
Net decrease in reverse annuity mortgages	572	1,164
Net increase of financial assets at fair value through profit or loss	3,872	(2,482)
Net (withdrawal)/contribution from life investment contracts	(304)	126
Changes in operating assets and liabilities arising from cash flow movements	(2,674)	(95,184)
Net cash inflow/(outflow) from operating activities	68,317	(43,941)
Cash flows from investing activities		
Proceeds from sale of property, plant, equipment and intangibles	942	636
Purchase of property, plant, equipment and intangibles	(44,177)	(16,121)
Purchase of investments	(96)	-
Sale of investments	-	3,420
Net cash inflow/(outflow) from investing activities	(43,331)	(12,065)
Cash flows from financing activities		
Net bank loan (repayments)/advances	(553)	100,660
Principal elements of lease payments	(7,501)	(5,563)
Bond repayments	-	(25,000)
Proceeds from the issue of shares	1,436	1,185
Dividend paid	(19,896)	(13,770)
Net cash inflow/(outflow) from financing activities	(26,514)	57,512
Net movement in cash and cash equivalents	(1,528)	1,506
Add opening cash and cash equivalents	13,373	11,867
Closing cash and cash equivalents	11,845	13,373

TURNERS AUTOMOTIVE GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS (CONT)
For the year ended 31 March 2023

RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES

	2023	2022
	\$'000	\$'000
RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss)	32,566	31,281
Adjustment for non-cash items		
Impairment charge on finance receivables, reverse annuity mortgages and other receivables	3,659	3,108
Net loss/(profit) on sale fixed assets	(290)	(306)
Depreciation and amortisation	11,478	10,702
Capitalised reverse annuity mortgage interest	(287)	(294)
Deferred revenues	628	1,500
Fair value adjustments on assets/liabilities at fair value through profit and loss	(444)	(297)
Net annuity and premium change to policyholders accounts	(807)	(89)
Non-cash adjustments to finance receivables effective interest rates	(3)	(14)
Deferred expenses	1,135	(4,136)
Revaluation loss on investment property	150	-
Gain on modification of a lease	-	(60)
Covid 19 rent concessions	-	(92)
Adjustment for movements in working capital		
Net decrease/(increase) receivables and pre-payments	937	(1,506)
Net (increase)/decrease in inventories	5,923	(1,792)
Net increase in payables	14,105	11,190
Net increase/(decrease) in contract liabilities	(345)	(465)
Net increase in finance receivables	(6,814)	(93,992)
Net decrease in reverse annuity mortgages	572	1,164
Net increase of insurance assets at fair value through profit or loss	3,872	(2,482)
Net contributions/(withdrawals) from life investment contracts	(304)	126
Net increase in deferred tax liability	(174)	1,952
Net increase in tax payable	2,760	561
Net cash inflow/(outflow) from operating activities	68,317	(43,941)

TURNERS AUTOMOTIVE GROUP LIMITED

2 SEGMENTAL INFORMATION

OPERATING SEGMENTS

Revenue	Total		Revenue		Revenue	
	segment	Inter-	from	Total	Inter-	from
	revenue	segment	external	segment	segment	external
	2023	revenue	customers	revenue	revenue	customers
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Automotive retail	283,354	(5,189)	278,165	249,236	(6,707)	242,529
Finance	58,634	-	58,634	51,898	-	51,898
Insurance	45,282	(1,717)	43,565	43,269	(2,897)	40,372
Credit management	9,259	(36)	9,223	9,671	-	9,671
Corporate & other	48	-	48	46	-	46
	396,577	(6,942)	389,635	354,120	(9,604)	344,516

Operating profit	2023	2022
	\$'000	\$'000
Automotive retail	24,985	19,447
Finance	14,956	17,987
Insurance	12,588	11,580
Credit management	2,865	3,033
Corporate & other	(9,850)	(8,927)
Profit/(loss) before taxation	45,545	43,120
Income tax	(12,979)	(11,839)
Profit attributable to shareholders	32,566	31,281

	Interest revenue		Interest expense		Depreciation and amortisation expenses	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Automotive retail	225	199	(2,349)	(1,531)	(9,141)	(8,126)
Finance	51,508	44,782	(13,281)	(6,322)	(725)	(842)
Insurance	2,138	1,020	(61)	(72)	(1,211)	(1,240)
Credit management	4	1	(11)	(21)	(258)	(330)
Corporate & other	20	1	(4,261)	(2,994)	(143)	(164)
	53,895	46,003	(19,963)	(10,940)	(11,478)	(10,702)
Eliminations	(30)	(8)	30	8	-	-
	53,865	45,995	(19,933)	(10,932)	(11,478)	(10,702)

Other material non-cash items

	Revenue/(expenses)	
	2023	2022
	\$'000	\$'000
Automotive retail - gain on modification of a lease	-	60
Automotive retail - impairment provisions	33	151
Finance - impairment provisions	(3,741)	(3,135)
Insurance - reverse annuity mortgage interest	287	294

SEGMENT ASSETS AND LIABILITIES

	Segment assets		Segment liabilities	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Automotive retail	155,850	116,438	73,689	66,679
Finance	453,869	451,504	344,786	353,313
Insurance	147,701	139,091	76,866	75,544
Credit management	34,035	31,514	3,943	3,476
Corporate & other	238,577	187,749	84,618	76,181
	1,030,032	926,296	583,902	575,193
Eliminations	(178,091)	(100,603)	(4,211)	(1,897)
	851,941	825,693	579,691	573,296

TURNERS AUTOMOTIVE GROUP LIMITED

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.
Insurance -	marketing and administration of a range of life and consumer insurance and saving products.
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.
Corporate & other -	corporate centre.

3. REVENUE

Revenue from continuing operations includes:	2023	2022
	\$'000	\$'000
Interest income	53,865	45,995
Sales of goods	205,916	182,435
Commission and other sales revenue	74,980	58,962
Loan fee income	2,988	3,659
Insurance and life investment contract income	38,514	38,149
Collection income	9,204	9,519
Bad debts recovered	1,832	1,147
Other revenue	1,728	2,163
	389,027	342,029

Other income includes:

Gain on sale of investments	-	502
Dividend income	5	45
Gain on sale of property, plant and equipment	378	270
Government subsidies	100	1,580
Gain on modification of a lease	-	60
Other	125	30
	608	2,487

4. DIVIDEND

	2023	2022
	\$'000	\$'000
Final dividend for the year ended 31 March 2022 of \$0.07 (31 March 2021: \$0.06) per fully paid ordinary share, imputed paid on 28 July 2022 (2021: 24 July 2021).	6,062	5,164
Quarterly dividend for the year ended 31 March 2023 of \$0.05 (31 March 2022: \$0.05) per fully paid ordinary share, imputed, paid on 27 October 2022 (2022: 28 October 2021).	4,335	4,303
Quarterly dividend for the year ended 31 March 2023 of \$0.05 (31 March 2022: \$0.05) per fully paid ordinary share, imputed, paid on 26 January 2023 (2022: 27 January 2022).	4,335	4,303
Quarterly dividend for the year ended 31 March 2022: \$0.06 per fully paid ordinary share, imputed, paid on 20 April 2022.	-	5,164
	14,732	18,934

Dividends not recognised at year end

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

Quarterly dividend for the year ended 31 March 2023 of \$0.06 per fully paid ordinary share, imputed, paid on 27 April 2023 .	5,202	-
Final dividend of \$0.07 (31 March 2022: \$0.07) per fully paid ordinary share, imputed, payable on 28 July 2023 (2022: 28 July 2022).	6,069	6,062