HY23 Results Presentation

For the six months ending 30 September 2022

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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 HY23
2. HY23 Results
3. Segment results
4. Outlook

1 Overview of HY23

Key highlights: Turners maintains robust earnings despite macro challenges…

1. Record net profit before tax of $23.4m for HY23 slightly ahead of HY22 ($23.2m NPBT) despite a challenging macro environment,

2. The HY23 was 58% up on the last pre-Covid earnings in HY20.

3. Based on our experience in H1 and early trading in H2 we expect FY23 NPBT to be at or slightly above last year's record result with full year dividends expected at 23.0 cps (in line with FY22)

4. Despite the macro context, the resilience and diversification of the group continue to deliver robust earnings and consistent dividends for Turners' shareholders. Q2 dividend declared at 5.0 cps.

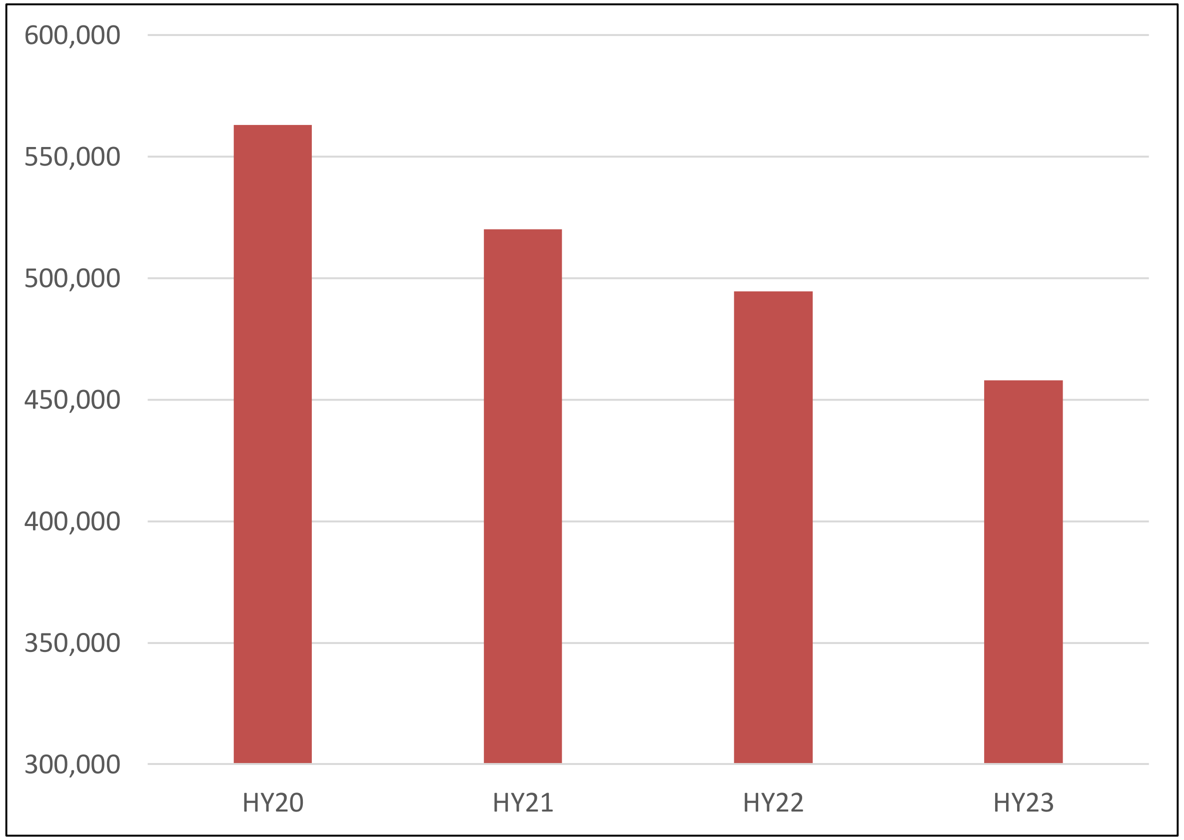
5. The wider NZ used car market is down 7.5% year to date (Apr to Sept) compared to the same period last year, however Turners has seen an increase in car units sold year on year and as a result, and strong growth in market share.

6. Turners' auto retail network expansion, highly effective (award winning) advertising and retail optimisation strategy continues to drive growth for the business and offset the impact of the interest rate headwinds being experienced by Oxford Finance.

7. Record high levels of employee engagement and record high scores for customer experience measures.

NZ used car market: Lower volumes and dealers leaving market …

Total Change of Ownerships for Used Vehicles in NZ by HY (Apr to Sep)

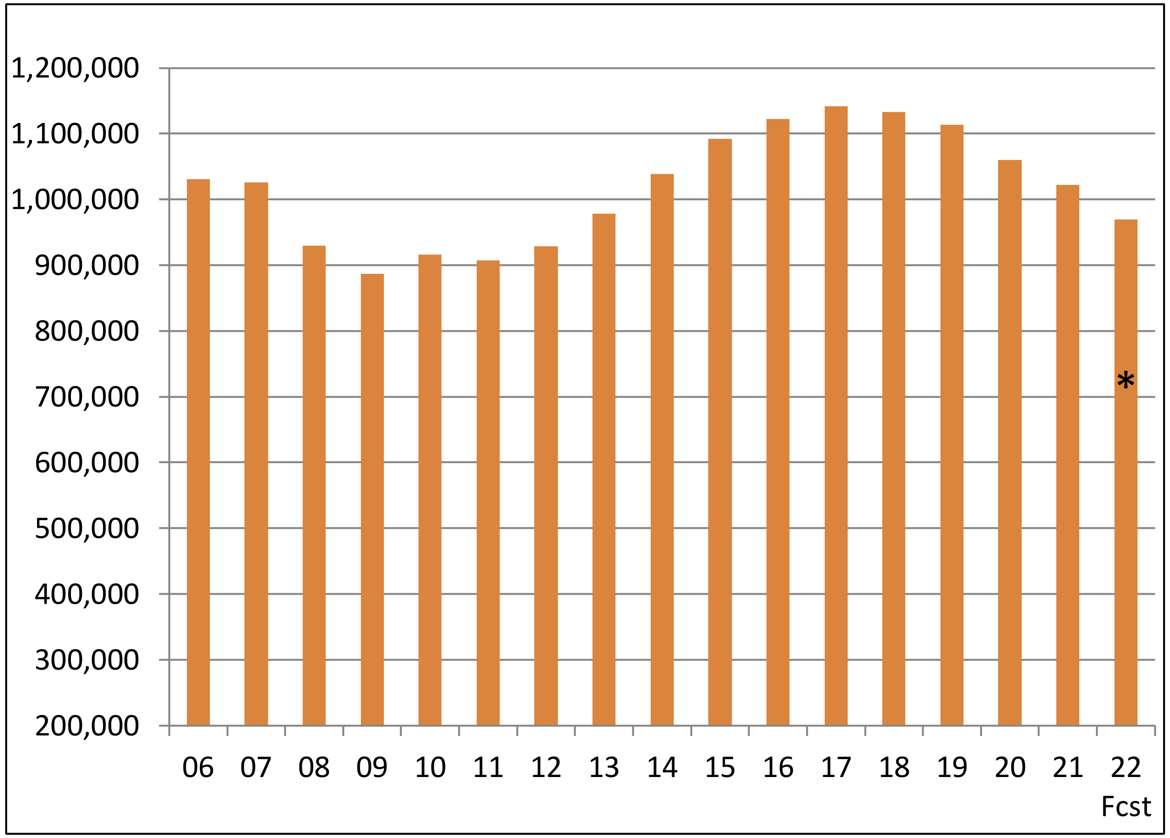


Source: NZTA

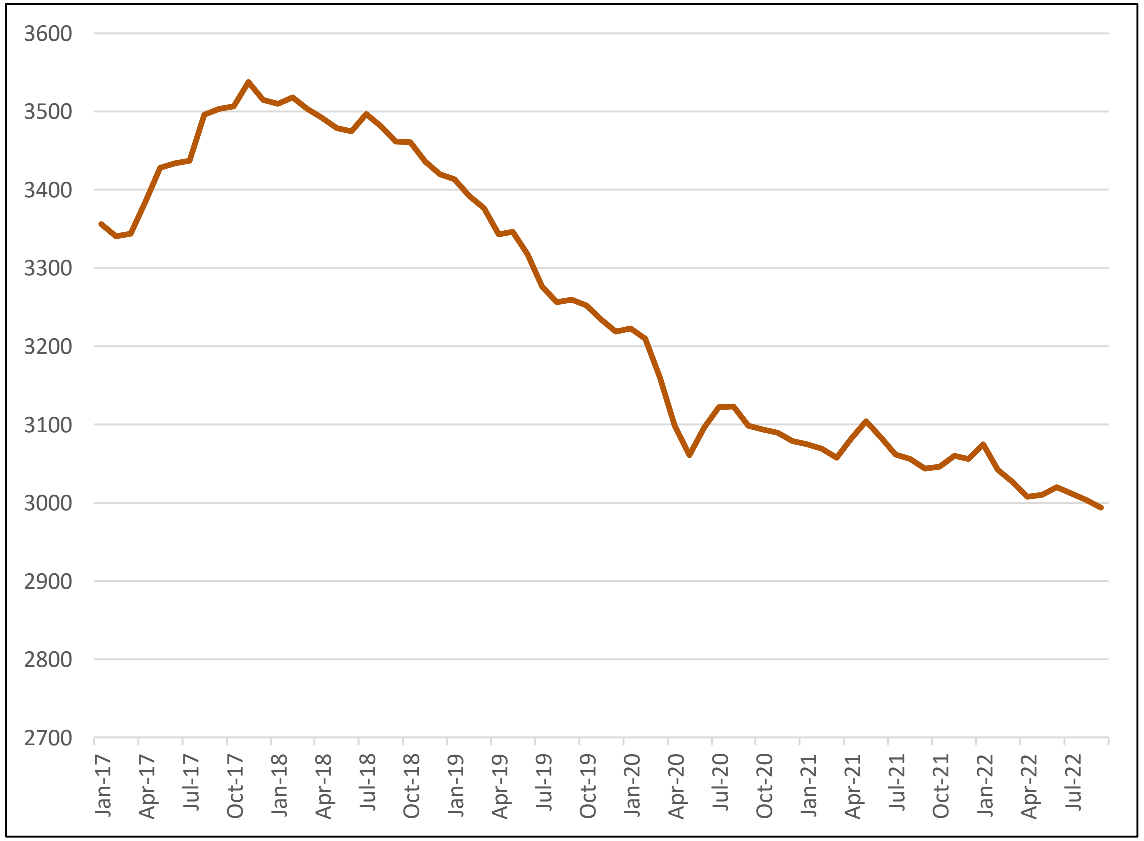
- Transaction levels tracking well behind pre-Covid levels due to Omicron impact, rising interest rates, increased government regulation, and decreased industry demand.
- Used car Change of Ownership transactions down 7.5% from April to September.
- Still expecting supply to be constrained due to disruption to material supply, and impact of government regulation.
- Registered dealer numbers at lowest point in the last 5 years (now under 3k), down 14% from peak in 2017…last time we were below 3k dealers was Feb-14.
- Demand for higher value cars is moderating and shifting into the lower price point segments.

Used car transactions impacted by government regulation

Total Change of Ownerships for Used Vehicles in NZ



Registered Dealer Numbers NZ (source MBIE)



* 2022 forecast annualises Sept YTD at 727,000 changes of ownership

HY23 Results overview

Financials

- Revenue $185.3m +11%
- EBIT $26.1m +2%
- NPBT $23.4m +1%
- NPAT $17.1m +1%
- Normalised NPBT $23.4m -4%
- HY dividend declared at 5.0 cps
- Earnings per share 19.8 cps +1%

Key Drivers for HY23

- Q1 impacted materially by Omicron both in customer demand and staff impact.
- Reduced vehicle margins offset by continued gains in auto market share.
- Interest rate environment negatively impacting finance net interest margin as expected.
- Finance arrears performing significantly better than market levels.
- Earnings diversification and resilience of business demonstrated in a challenging economic environment.

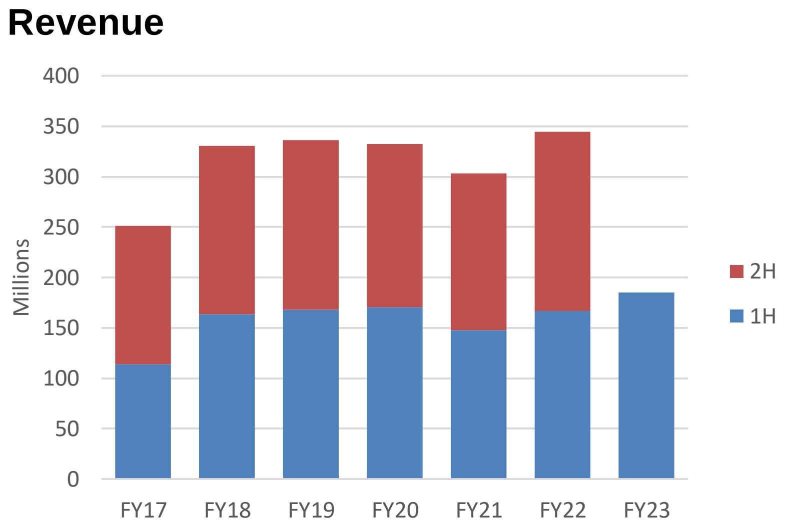
Q3 Update

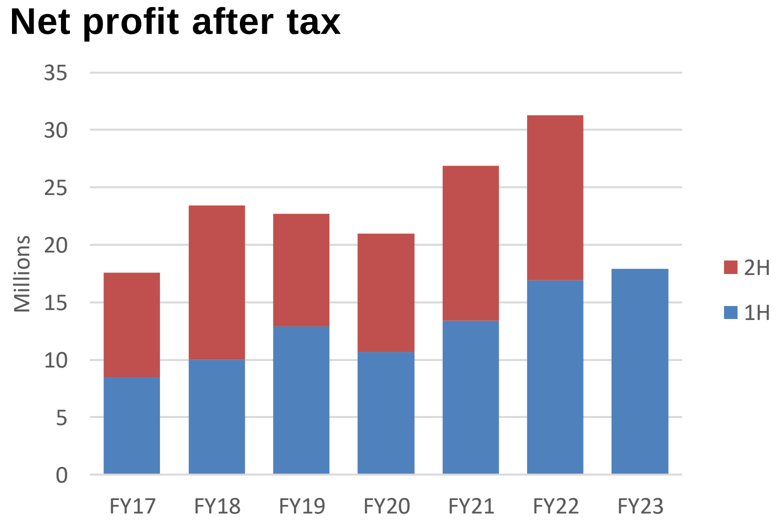
- **Auto retail:** Car sales holding up well, margins improving.
- **Finance:** Increasing impact of interest rate environment on cost of funds. Loan book stable.
- **Insurance:** Claims continue to track below expectations.
- **Credit:** Debt load recovering but slower than expected. NZ Credit metrics continue to deteriorate.

2 HY23 Results

HY23 Results snapshot

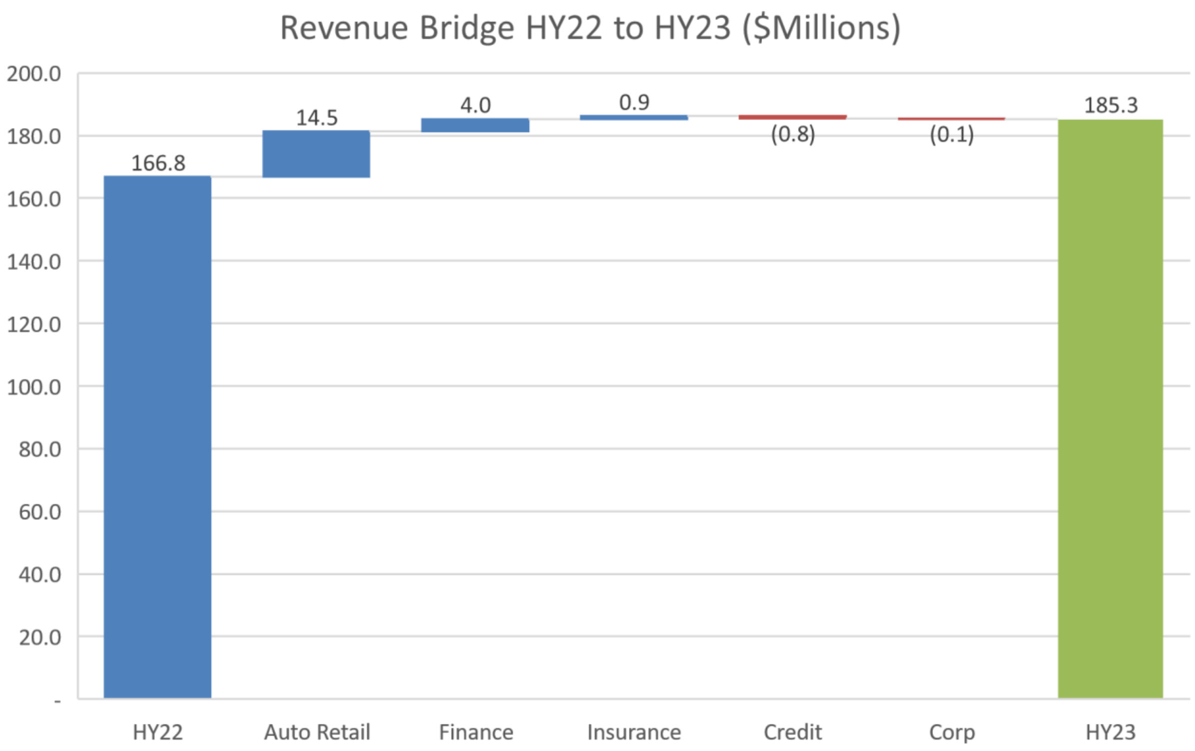
Revenue **$185.3m** +11%	Shareholders' Equity **$266.7m as at 30 Sept 2022**
EBIT **$26.1m** +2%	Q2 Dividend 5.0 cps **Projected FY Div 23.0cps**
Net Profit Before Tax **$23.4m** +1%	H1 Earnings Per Share **19.8 cps** **(HY22 19.6 cps,** +1%**)**
Net Profit After Tax **$17.1m** +1%	





HY22: HY23 Revenue bridge

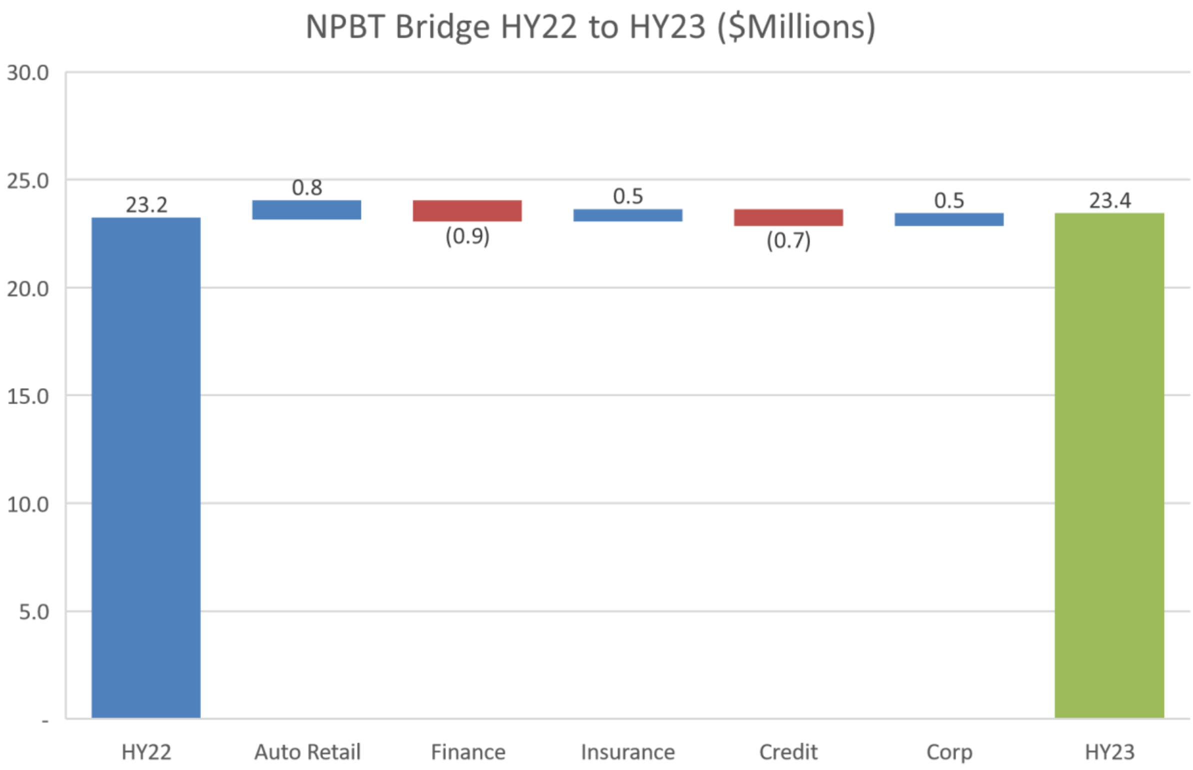
11% increase in revenue, predominantly driven by Auto Retail



- **Revenue growth in Auto Retail** reflects increase in both “owned” units sold and increase in consignment units.
- **Finance** revenue growth reflects larger loan book driven out of growth in high quality borrower segment.
- **Insurance** revenue gains from no lockdown periods in HY23.
- **Credit management** revenue impacted by reduced debt loaded.

HY22: HY23 Net profit before tax (NPBT) bridge

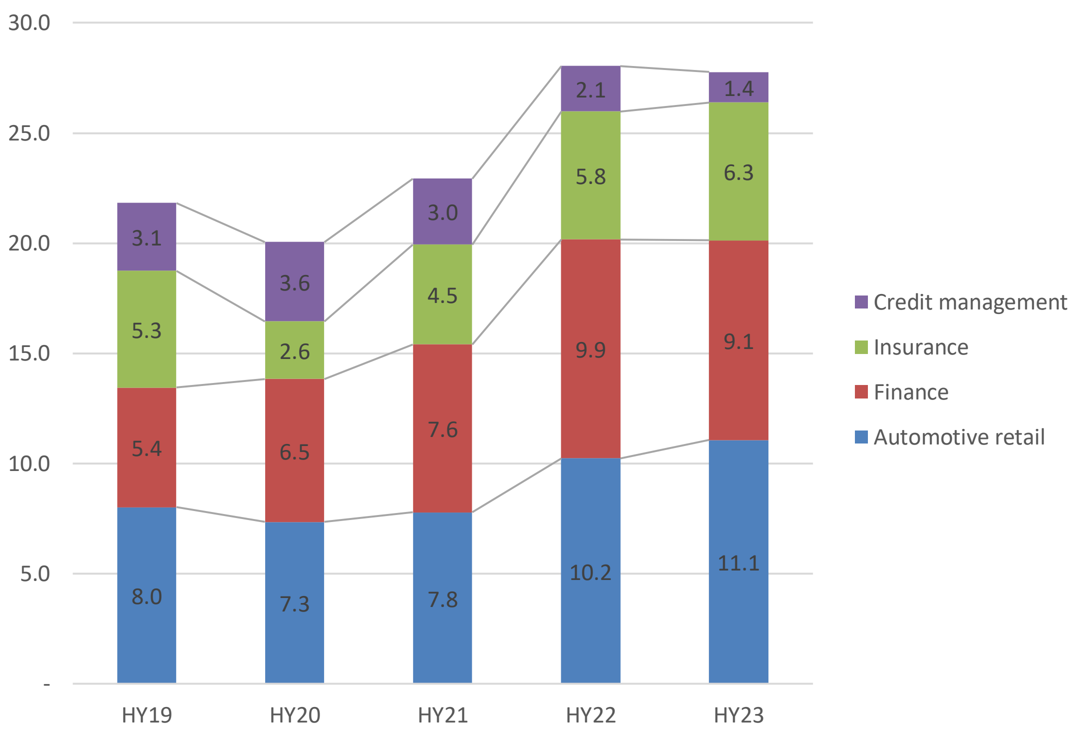
NPBT increased from $23.2m to $23.4m, profit largely unchanged for each segment



- **Auto Retail** result underpinned by market share gains and new branch growth, with market wide lower margins.
- **Finance** impact of rising interest costs.
- **Insurance** result reflects improvement in investment returns and continued efficiencies in claims.
- **Credit** performance reflects debt load still at reduced levels.

The business has a diverse and resilient earnings base

Operating Profit Contribution by Segment ($m)



- All three auto related businesses grew materially from pre-pandemic levels.
- Credit management has been significantly impacted by reduced debt load and no collection instructions from major corporates and government departments during COVID.
- The mix of activity and annuity businesses provides the earnings diversification to protect earnings stability during difficult times.

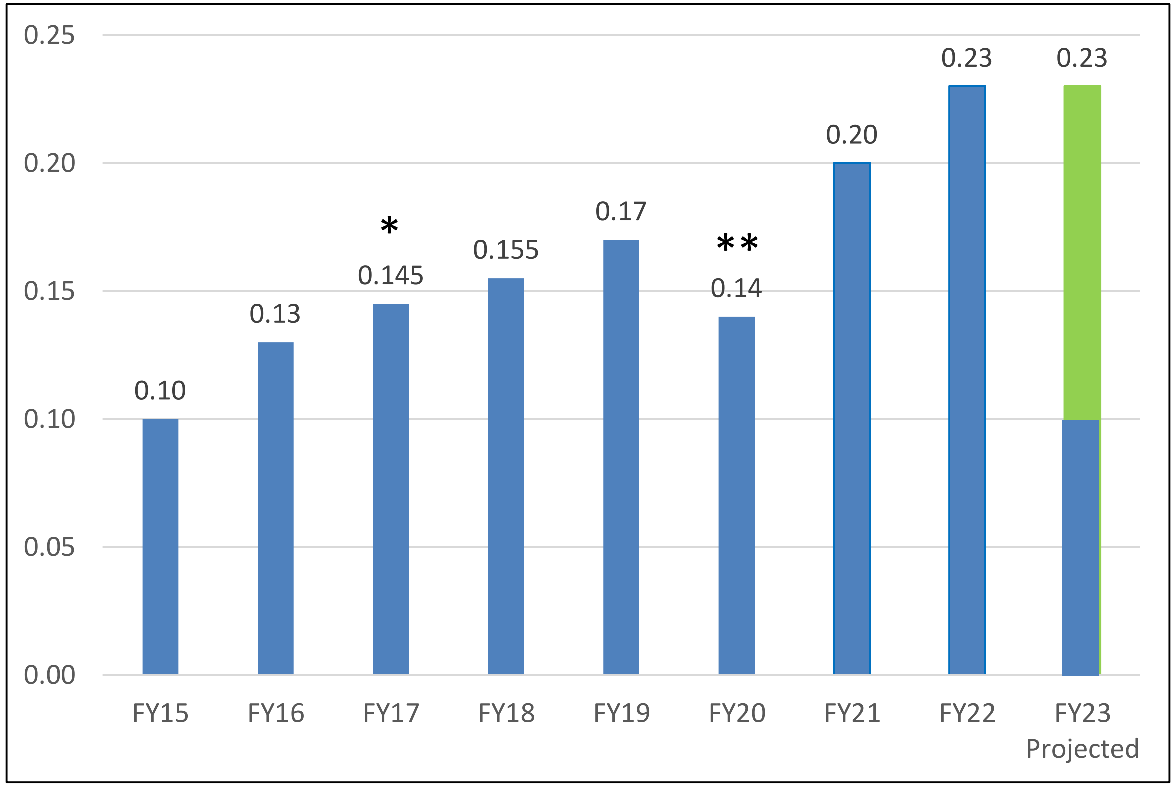
Reconciliation: NPBT to Normalised NPBT

$Millions	HY23	HY22	Var
Profit before tax actual	23.4	23.2	1%
Profit on sale of MTF shares		(0.5)	
NZ Government Covid Support		(1.5)	
Covid Restriction Profit Normalisation		3.3	
Normalised operating result	23.4	24.5	(4%)

- No material one-off gains or losses in HY23.
- Whilst there were no lockdowns in HY23 there were disruptions from the Omicron outbreak however these were difficult to isolate and quantify the impact of this.
- Results demonstrate the earnings resilience of the business during challenging macro conditions.

Dividend Payments and Policy

Dividend (cents per share)



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

- Continued strong track record of sustainable dividends for shareholders over time.
- Q1 FY23 dividend declared at 5.0 cps in Oct, Q2 FY23 dividend = 5.0 cps.
- Based on the current dividend payout policy of 60-70% of NPAT we anticipate full year fully imputed dividends of 23 cents.
- Based on the projected 23.0 cents per share dividend and a share price of $3.60 this is a gross yield of 8.9% pa.

Balance sheet

$Millions	HY23	HY22
Cash and cash equivalents	17.7	14.2
Financial assets at fair value	66.2	65.4
Inventory	26.2	31.9
Finance receivables	443.1	372.3
Property, plant and equipment	74.2	66.6
Other Assets	34.2	26.7
Right of use asset	24.6	21.2
Intangible assets	164.4	165.3
Total Assets	**850.6**	**763.6**
Borrowings	430.8	374.3
Trade & other payables	42.4	35.1
Deferred tax	13.4	12.2
Insurance contract liabilities	55.3	54.2
Lease liabilities	30.1	26.2
Other Liabilities	11.9	13.6
Total Liabilities	**583.9**	**515.6**

- **Inventory levels** down as we focus on improving processing times and overall stock turn metrics. Units down from 4,300 in Sept-21 to 3,067 in Sept-22
- Increase in **Finance Receivables** reflects growth in Oxford (offset partly by rundown in MTF funded receivables in Auto retail)
- **Property, plant and equipment** increase due to completion of new sites in Rotorua and Nelson
- **Increase in borrowings** reflects ongoing growth in Oxford receivables

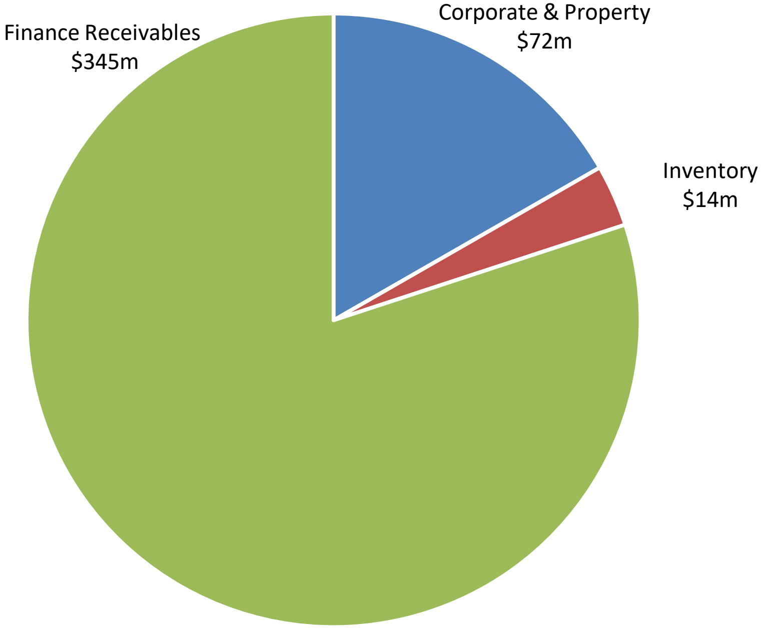
Funding mix

Borrowings

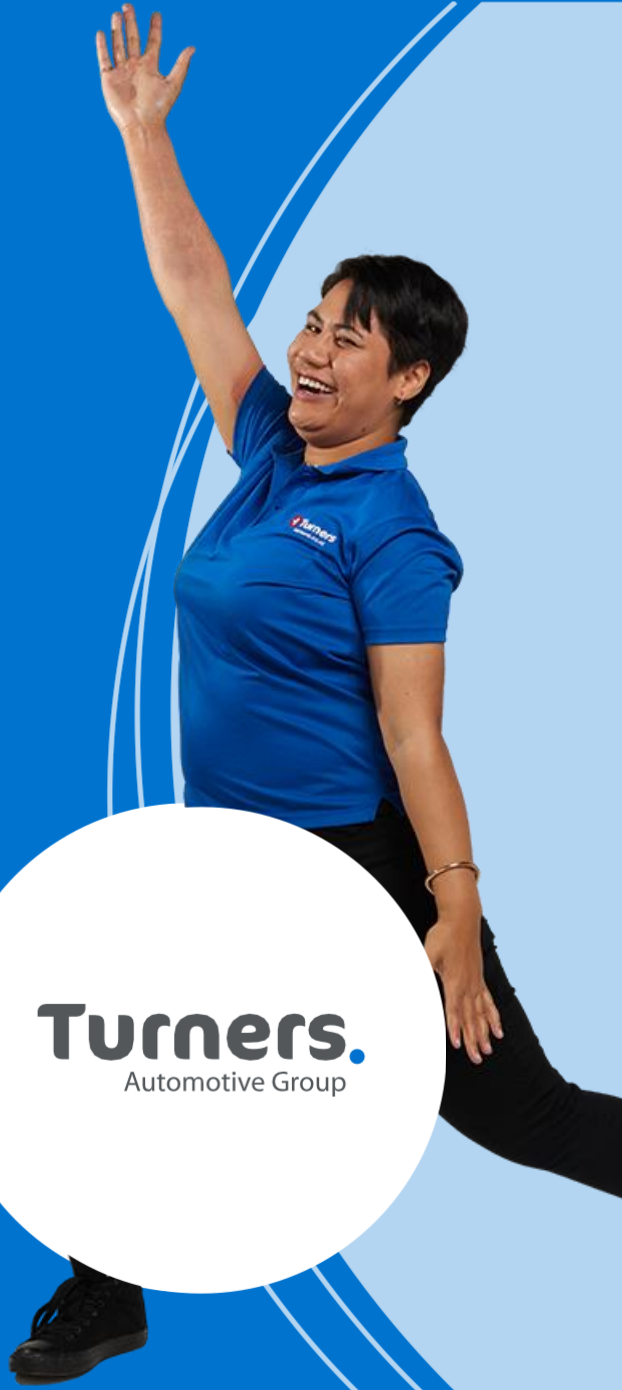
$Millions	Limit	Drawn	Undrawn
Receivables – Securitisation (BNZ)	331	316	15
Receivables – Banking Syndicate (ASB/BNZ)	50	29	21
Corporate & Property	110	72	38
Inventory (ASB / BNZ)	30	14	16
Totals	521	431	90

- BNZ Securitisation notes now consist of Class 1 and Class 2 only after June 2022 refinance of Class 3 notes by Turners.
- Securitisation funding facility limit extended from $276M at Sept 2021 to $331M (excluding notes funded by TRA).
- 80% of total debt in business relates to finance receivables. Oxford Finance has an equity to total assets ratio of 22% and currently has capacity to underpin a further 18 months growth in the finance book.

Borrowings by Utilisation ($Millions)
As at 30 September 2022



3 Segment Results



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HY23 by segment

$Millions	Automotive Retail		Finance		Insurance		Credit	
Revenue	129.6	13%	29.2	16%	21.6	4%	4.9	(14%)
Segment Profit	11.1	8%	9.1	(9%)	6.3	8%	1.4	(32%)

Note – HY23 reported NPBT of $23.4m includes corporate costs of $4.3m

HY23 by segment

Auto Retail

- Market share gains through brand promotion and retail optimisation initiatives.
- Speed to sale initiatives leading to more sales on lower inventory levels.
- Damaged unit sales up 13% year on year.

Finance

- Finance continued focus on targeting high quality borrowers, attracting 50%+ of new lending in premium risk business.
- Interest expense up materially 106% to $5.6m resulting in expected compression in net interest margin.
- Arrears stable.

Insurance

- Market share gains.
- Claims ratios continue to improve, and less cars moving in WFH arrangements.
- Core technology system replacement development underway and on target for completion in Nov-22.

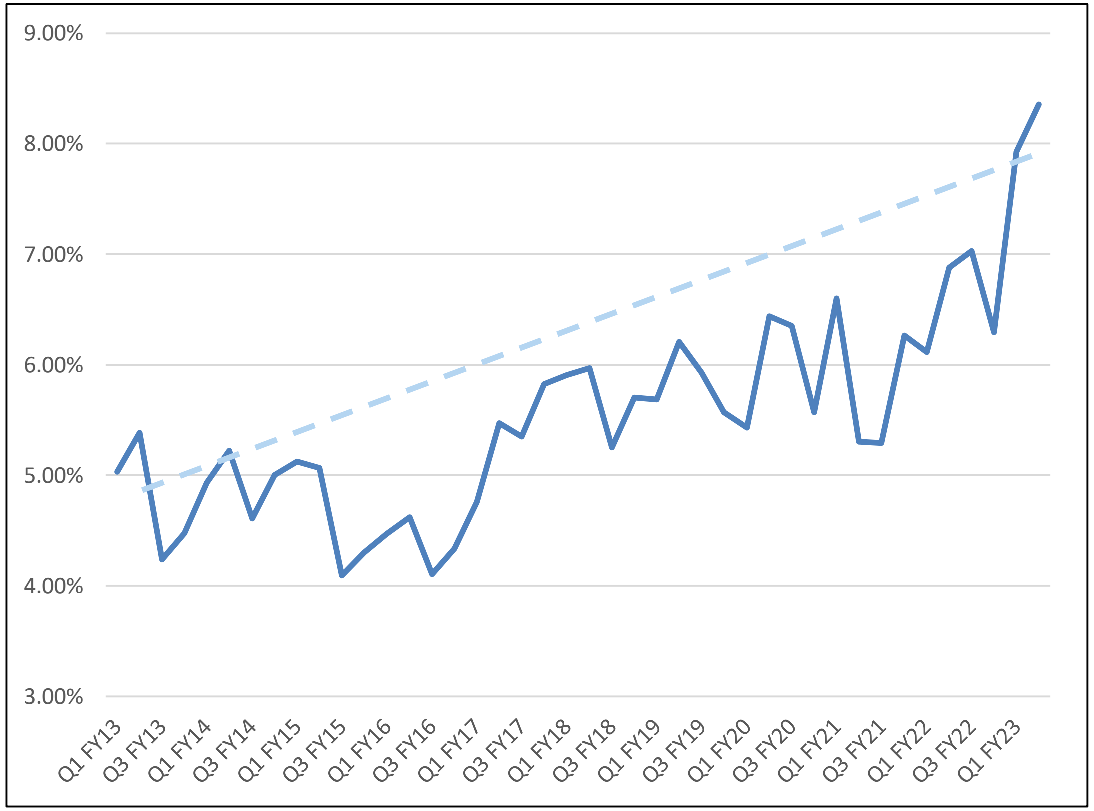
Credit/Management

- Debt load increasing.
- Market wide credit defaults starting to lift off historical lows.
- Customer experience scores very pleasing confirming resolution focus right strategy.

Automotive retail

Revenue 129.6m +13%, Segment Profit $11.1m +8%

Turners Retail Market Share % (Quarterly)



Source – NZTA Dealer to Public Registrations + Ex-Overseas Registrations

- Market share has continued to improve in HY23, “Tina” brand campaign working well, winning multiple NZ Marketing Awards.
- Retail (BuyNow) unit sales up 7% to ~9,500, wholesale auction unit sales up 42% to ~9,500 units.
- Total “owned” units sold in HY23 up 11% over HY22, overall margin on cars we own is down 9% for H1.
- Nelson and Rotorua now both fully operational and performing above expectations.
- HY22 Finance attach rates have recovered from low point conversion of 25% during time of CCCFA (Q3 FY22). Currently tracking at 32% (HY22: 35% pre CCCFA changes).
- Business is operating off lower inventory levels, with faster stock turn, and is repositioning type of stock (smaller and cheaper).

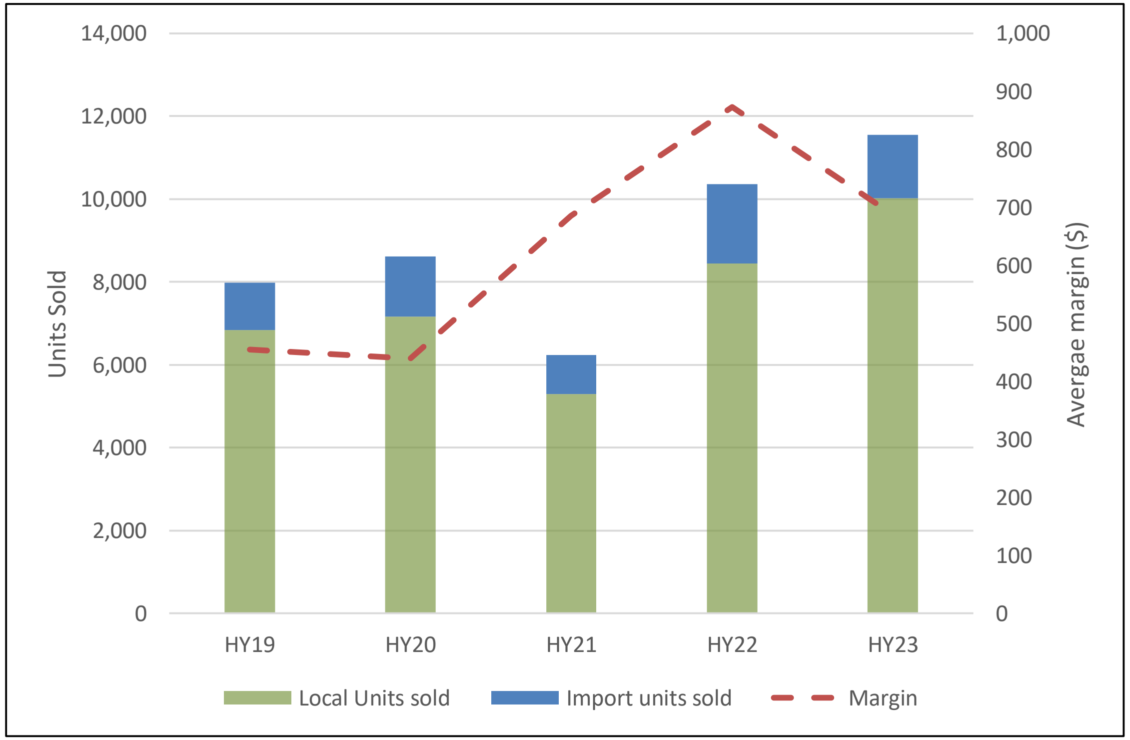
Improving our speed to sale has improved our stock turn and reduced inventory levels

Key Indicator	Sept-21	Mar-22	Sep-22
Speed to sale (days)	35	25	14
Stock value ($m)	34.0	33.3	27.7
Stock units	4,265	3,700	3,067

- Data tools have enabled accurate measurement of the process.
- Vehicle preparation process has been re-engineered and optimised for specific vehicle requirements, which has removed a number of time critical bottlenecks.
- Outcome has been higher sales of lower inventory investment, and reduced exposure to market pricing changes.
- Upweighting local sourcing versus used imports has been beneficial.

Focus on local sourcing reduced reliance on import channel

Average Margin[1] ($) and Units of "owned" cars sold



[1] Margin calculated after selling fees

- Noticeable impact on margins during high demand and limited supply during COVID pandemic.
- Positive impact on volume and margins from focus on local sourcing in HY22, use of data, branch network, lead generation, customer experience and conversion.
- Improvements in use of data, higher proportion of domestic buying have helped to lock in structural improvements in margin over pre-pandemic levels.

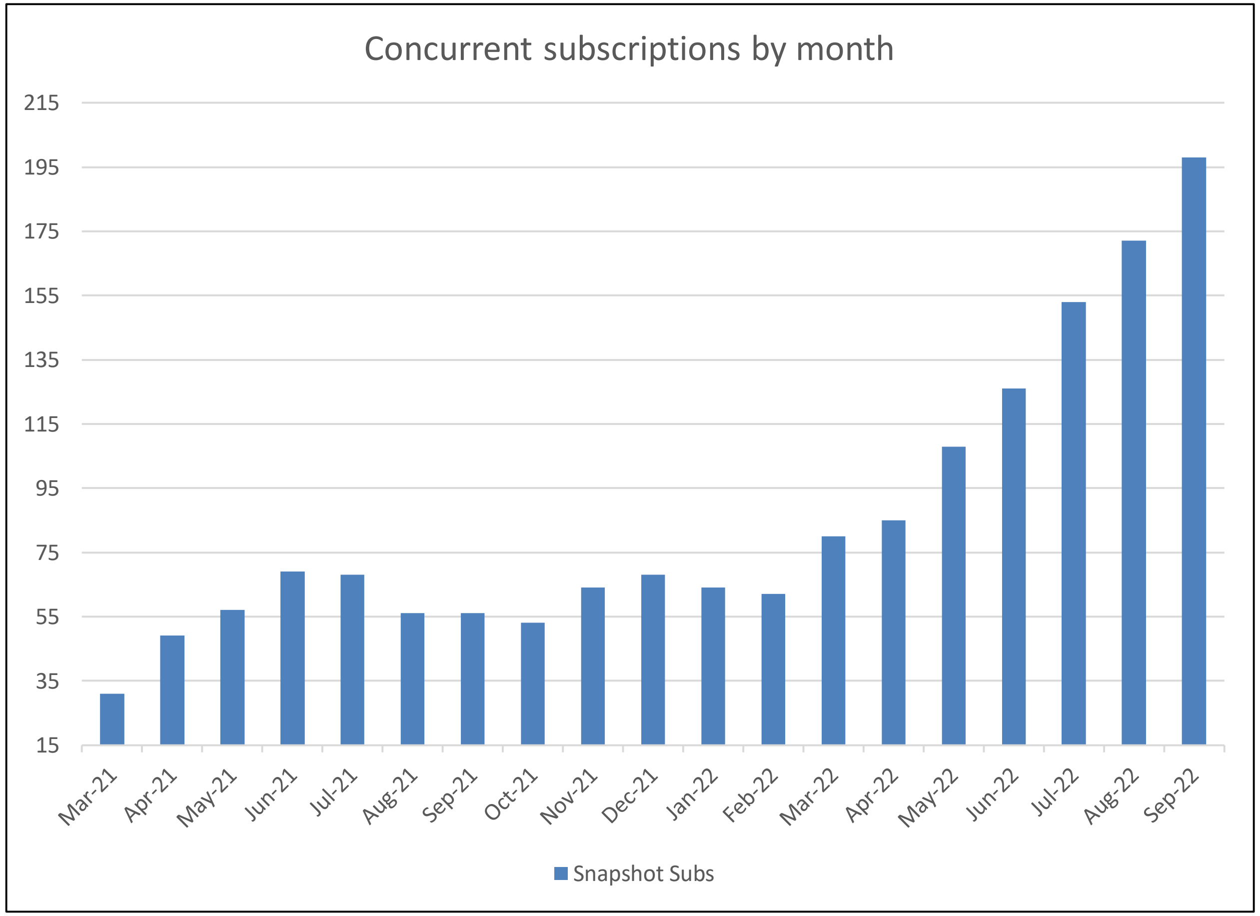
The value of the Turners brand continues to grow…

- Gains in market share have been supported by our “Tina from Turners” brand investment.
- In September 2022, Turners claimed the top award at the 2022 edition of the New Zealand Marketing Awards. With the Awards now in its 31st year, Turners took home the Supreme Award as well as Excellence in Brand Transformation Strategy and Excellence in Consumer Products & Services Strategy.
- In October Tina picked up two “gold” awards at the Advertising Effectiveness “Effie” Awards for Best Strategic Thinking and Retail/Etail categories.
- The executive judges said “WE LOVE TINA! This campaign was a brilliant case study which was effective in its delivery and had a clear strategy showcasing simplicity at its finest. It was a pleasant surprise and one that had our Executive Judges saying, “why didn’t I think of this?”

Continue to expand footprint – Rotorua exceeds expectations

Continue to expand footprint - Nelson exceeds expectations

Turners Subscription continues to gather momentum and clear pathway to viable business clear



- Turners Subscription has broken through the milestone of 200 live subscriptions in October with almost 250 vehicles concurrently on subscription in mid-Nov.

- The average subscription period continues to expand, currently at 15 weeks. The average subscription payment is just over $200 per week and trending up as demand increases.

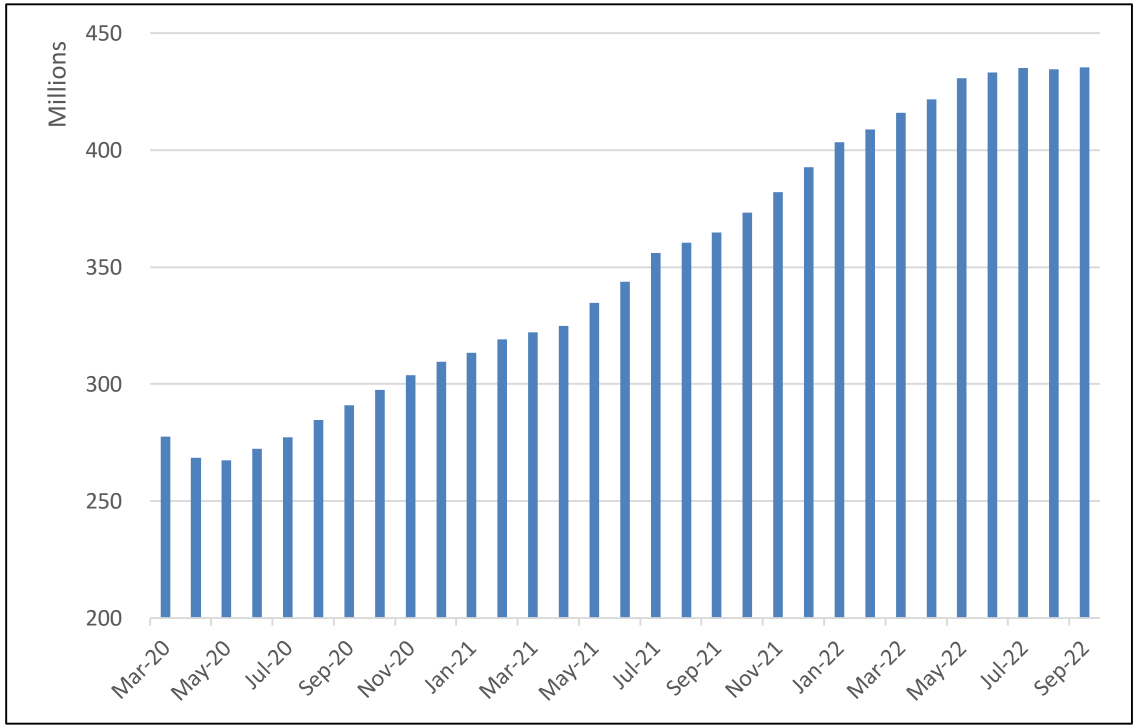
- Vehicles available at most branches around the country. Subscribers mostly come from metro areas with Auckland accounting for 75% of subscribers, Christchurch around 10%, and Hamilton and Tauranga making up 10% between them.

- 1 in 4 vehicles on subscription are now LEV (low emmission vehicle), but there continue to be challenges sourcing these vehicles.

Finance

Revenue $29.2m +16%, Segment Profit $9.1m (9%)

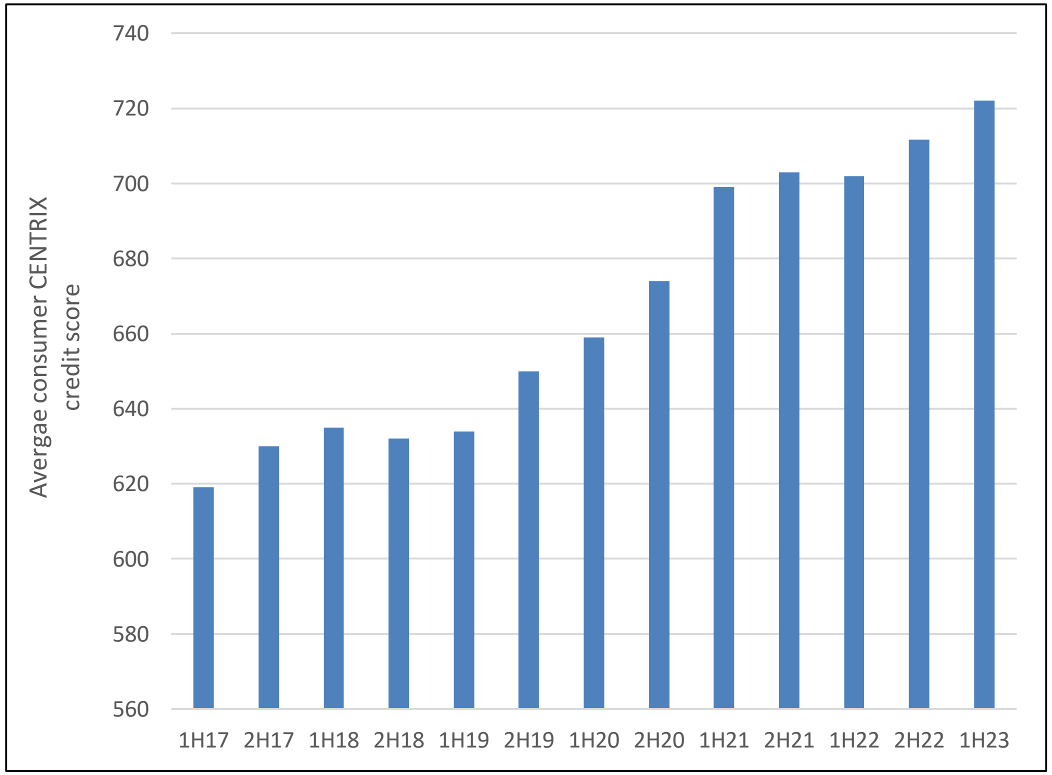
Receivables growth by month (excl impairments)



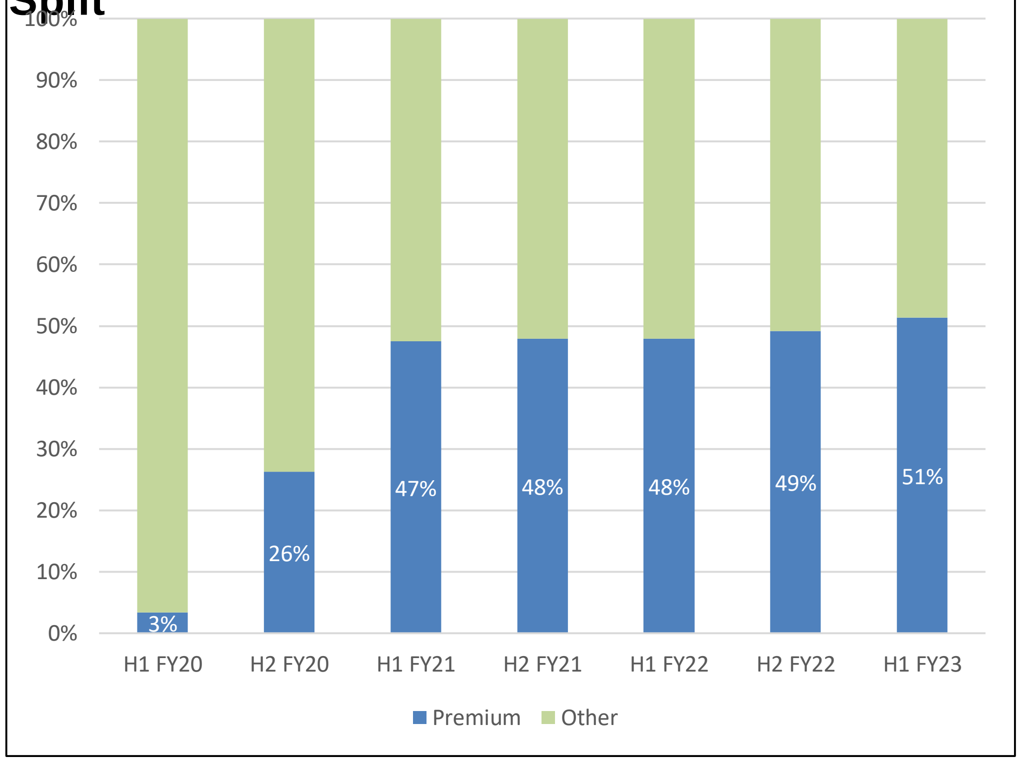
- Growth has moderated as quality and margin become higher priorities.
- Focus on pricing and margin management has been critical in dealing with the speed of interest rate rises.
- Premium Tier business holding up well and accounts for 50%+ of our new business per month.
- Controlled lending through our own Turners and Direct channel up 13% in HY23 to $34m.
- Credit policy continually tightened throughout HY23.
- Hardships peak at less than 1/3rd of 2020 peak levels.

The quality of the finance book continues to improve…

Average Centrix Credit Score for loans onboarded

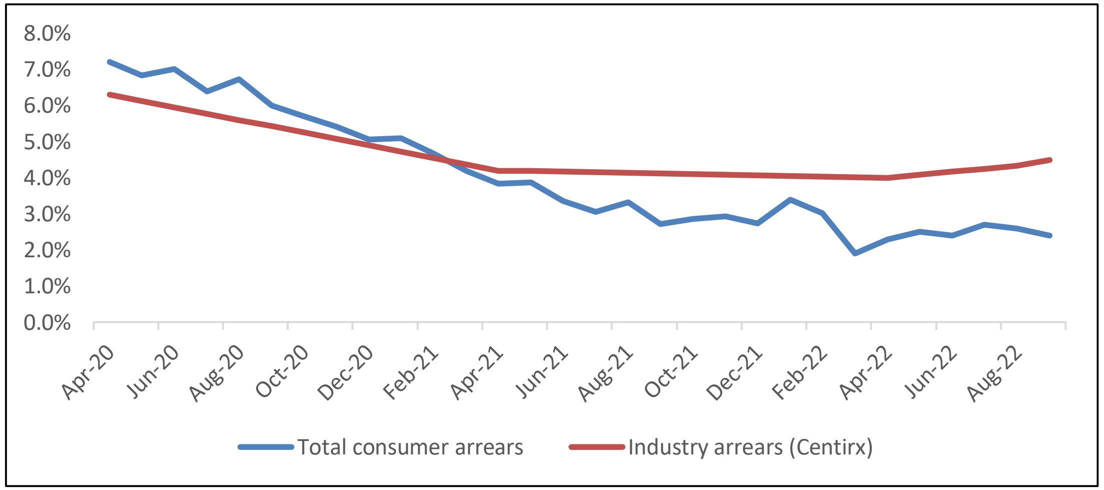


Total New Lending with Premium Tier Risk Split

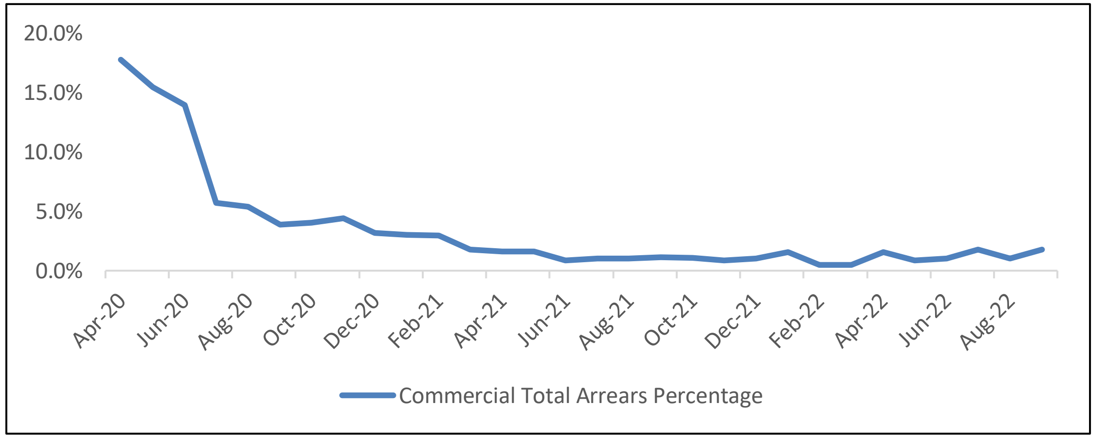


Focus on quality reflected in arrears

Consumer Customer +3 Day Arrears (Loan Balance)



Commercial Customer +3 Day Arrears (Loan Balance)



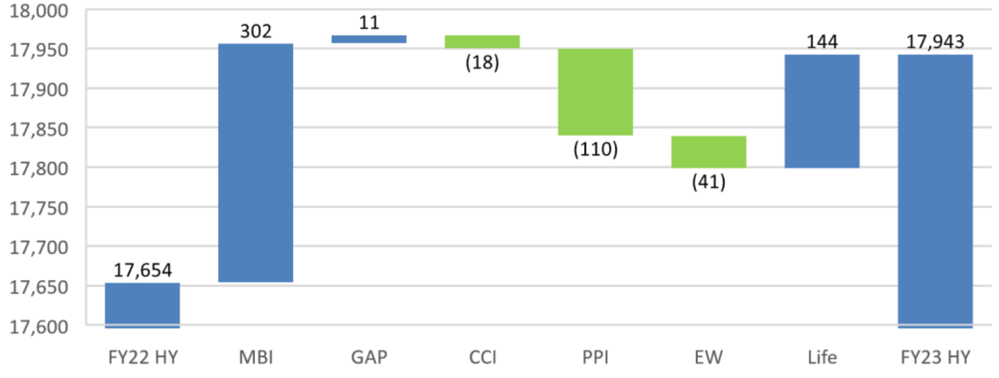
- Our large proportion of premium borrower business combined with the run-off of legacy loan book leads to structural improvement in arrears.
- Oxford has continued to tighten credit policy during HY23.
- Oxford loan arrears continue to track better than market data published by Centrix (see chart at top left).
- Hardships remain at historically low levels.
- There is a material buffer in arrears provisioning to allow for further economic uncertainty.

Covid Hardship Peak	HY23	FY22
Number	47	511
Balance	$971,000	$12,260,000

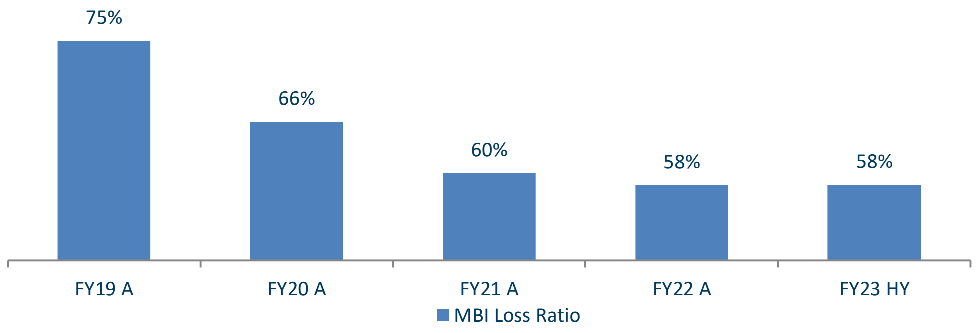
Insurance

Revenue $21.6m +4%, Segment Profit $6.3m +8%

Net Earned Premium HY22 to HY23 ($000s)



MBI Loss Ratio Performance

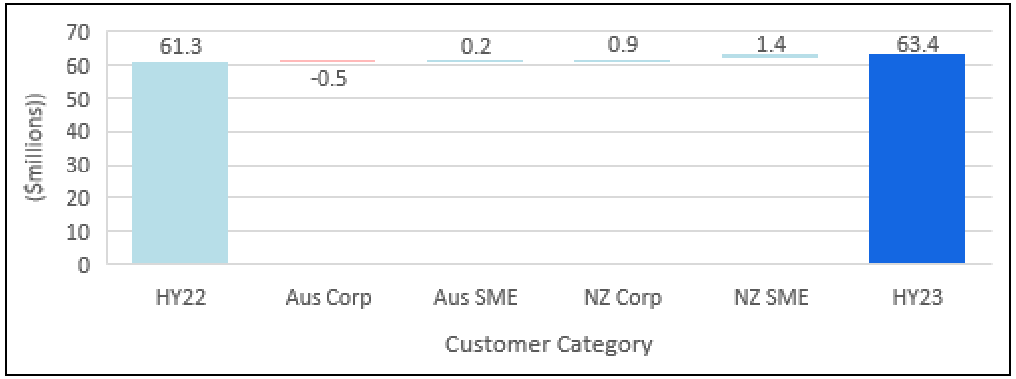


- Market share gains continuing to provide robust policy sales despite challenging market conditions.
- Distribution arrangements continuing to work well with further digital enhancements.
- Claims Costs remaining steady with procurement remaining a key strength and offsetting parts inflation and labour rate increases.
- Operating Cost Ratio steady between 20-21%.
- Reaffirmed AM Best credit rating for Insurance and Financial Strength rating at B++ (Good).
- Google Rating and Customer Net Promoter Score continuing to increase.

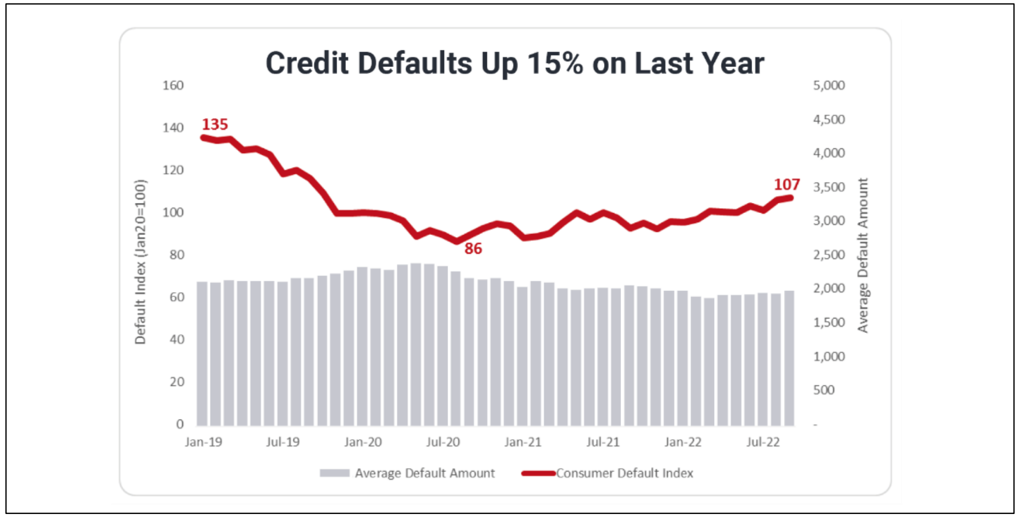
Credit management

Revenue $4.9m (14%) Segment Profit $1.4m (32%)

Debt Loaded HY22to HY23 ($m)



Centrix Consumer Credit Default Index – Sep 22

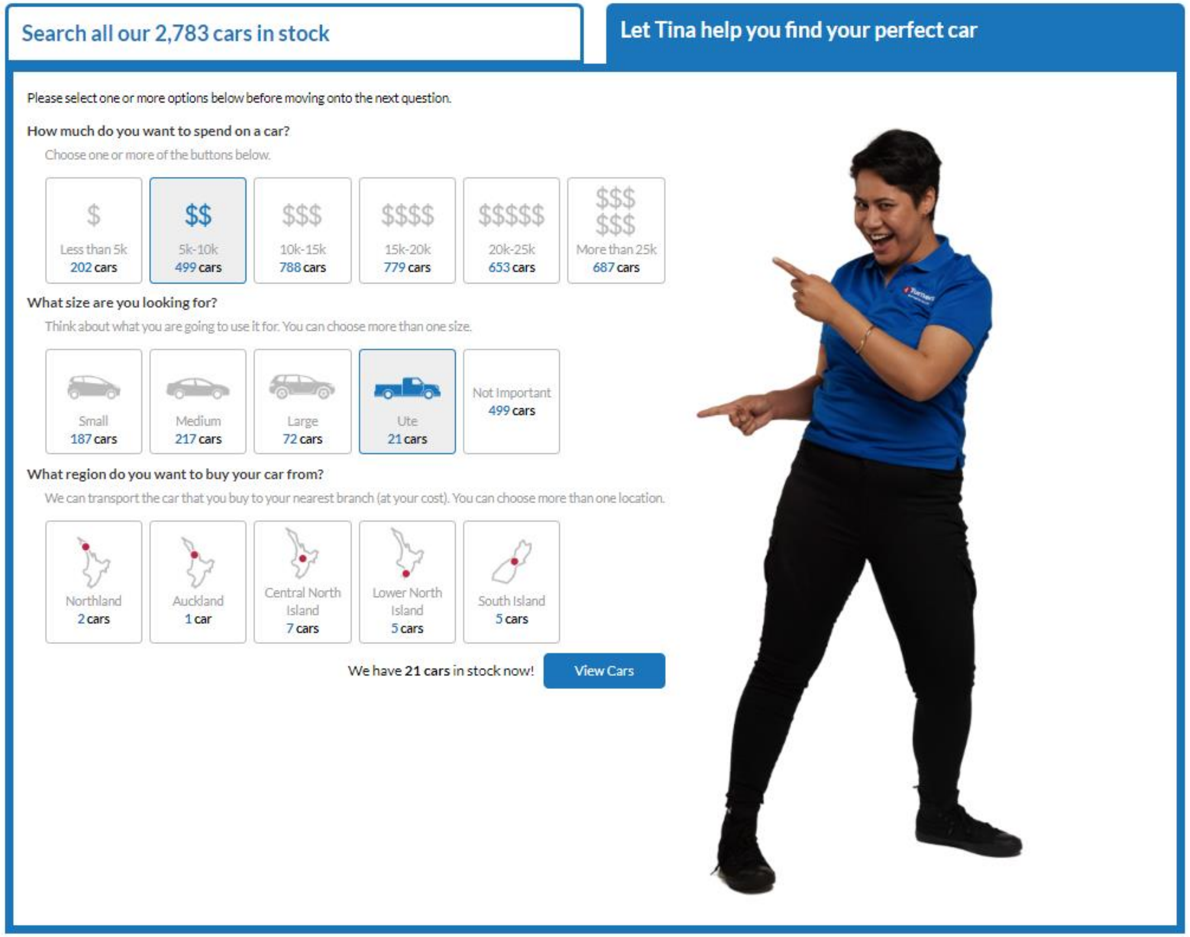


- Debt value loaded increased by 3% to $63.4m over HY22 as market wide credit metrics start to deteriorate.
- Debt value collected was down 8% to $18.7m with cost of living pressure impacting on consumers surplus levels to address outstanding debts.
- Promises to Pay kept rate has remained stable through the last 12 months at 76%.
- While many consumers have paid off and closed down credit cards during the pandemic, credit defaults are up 20% on last year, but still lower than pre-pandemic levels – Centrix data Sep 2022.

Digital advantage continues to expand against competitors

- Team fully resourced in a very challenging employment environment – headcount increased to 40 and team strengthened in data and development
- Data platform and tools – enabling sustainability measures, helping improve our sourcing, detailed measurement and insight into car preparation processes, customer data platform helping drive conversion
- Transformation to Cloud underway with first 3 pilot projects completed – commercial finance online application, new ratings engine for Insurance, new vehicle management portal for Auto Retail consignment vendors

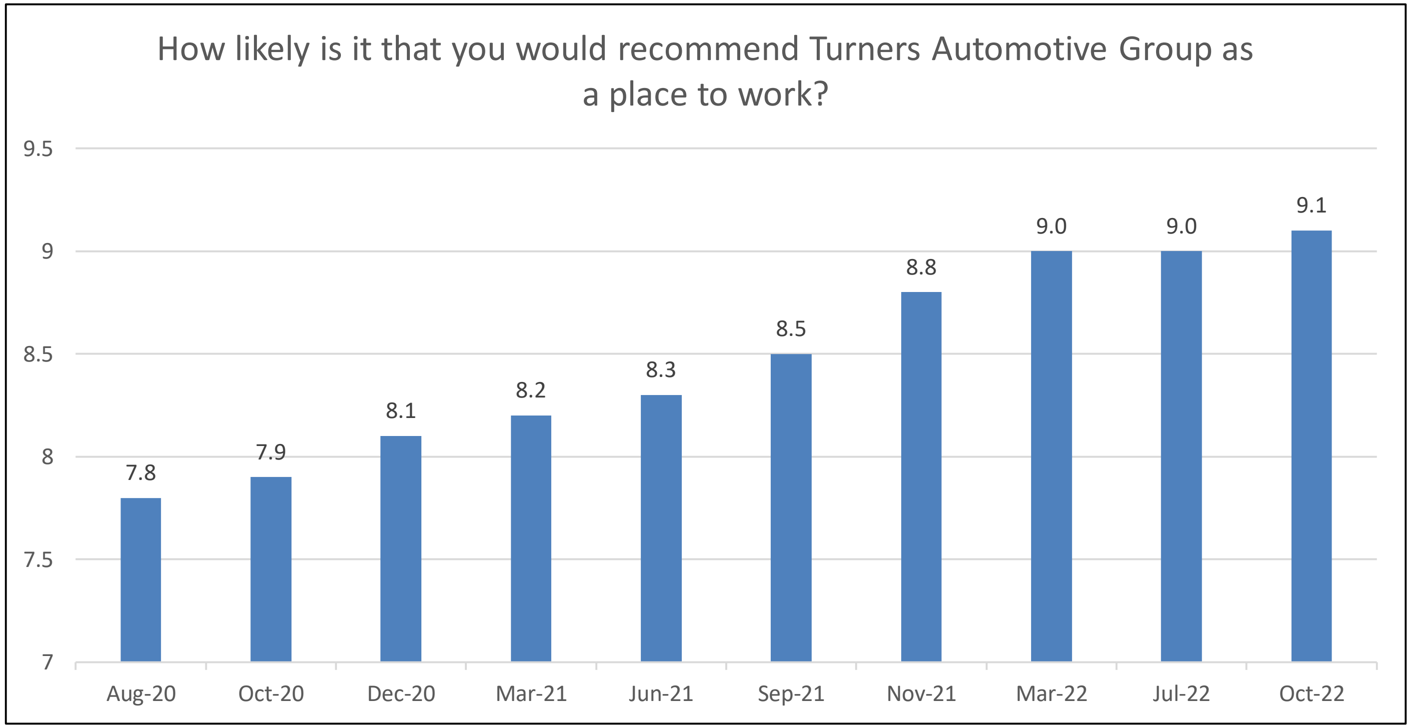
Car wizard launched on turners.co.nz



Launched Jun-22 and had 14,000 uses of the wizard

Our team engagement scores are at record high levels

Peakon Employee Engagement Scores



Across nearly 700 employees we are averaging 9/10 to the question "How likely is it that you would recommend Turners Auto Group as a place to work?"

- Having a strong culture and an engaged team is very important to us, particularly at a time when recruitment and retention is challenging
- Turners rank in the top 5% of consumer businesses globally using the Peakon survey tool
- We continue to invest in training, remuneration, and other benefits. We have also launched an Employee Share Scheme with just under 50% take up in HY23

4 Outlook

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There are some challenges, but we are in a strong position…

Challenges

- Cost of living impact on consumer confidence
- Rapidly increasing interest rate environment
- New car supply chain issues
- Recruitment and retention of people
- Regulatory

Competitive advantages…

- High trust brands in our stable
- 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
- Highly engaged and capable team of people

Outlook – FY23 Guidance

- **Based on our experience in the first half and early trading in H2 we expect FY23 NPBT to be at or slightly above last year's record result.**

- **We anticipate full year fully imputed dividends of 23 cents per share (FY22 23 cps) based on the current dividend payout policy of 60-70% of NPAT.**

- Vehicle margins improving, and we expect these to hold at or near current levels. We anticipate some deterioration in arrears as cost of living pressures become more material for people. Improving investment returns in insurance will offset some of the material impact in funding costs being experienced through the finance business.

- We expect the Auto retail business to continue to grow strongly from our execution of our retail optimisation strategy, however the impact of the interest rate environment will be more pronounced in H2 FY23 and FY24.

Key Messages

1. Continue to produce robust and reliable earnings, despite macro challenges

Following a number of strategic initiatives, and focus on de-risking, Turners continues to produce reliable and consistent earnings and a sustainable dividend yield. Auto and Insurance are growing strongly offsetting the impact of the interest rate environment on Finance.

2. Continue to grow market share in key auto retail segment

With more branches in the pipeline, customers turning to "trusted" brands in times of uncertainty and a diversified sourcing model Turners is well positioned to widen its competitive moat in the used vehicle segment.

3. Used car market is mostly needs based…lots of market resilience in this segment

20% of NZ vehicle fleet is 20 years or older…this is over 830,000 cars that are at the end of their life.

4. We are very conscious of NZ and global economic challenges over the next 12-24 months

We are aware of the challenges and still have clear plans to mitigate these. We still see opportunities in the markets we operate in, and are well positioned to take advantage of these. The strong will get stronger.

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