

TURNERS ANNUAL MEETING

18 September 2024

1. TITLE SLIDE

Good morning everyone.

My name is Grant Baker and I am the chairman of Turners.

Welcome and thanks for joining us at the 2024 annual meeting of shareholders of Turners Automotive Group.

A few housekeeping matters before we begin...

In the case of a fire, please exit from the doors you came through head into the foyer and down the escalators and the fire wardens will direct you from there.

Bathrooms are outside the room here on the right.

The Notice of Meeting and 2024 Annual Report and financial statements have been circulated and made available to shareholders. A quorum is present and therefore I declare the meeting open.

2. BOARD OF DIRECTORS

Now I'd like to introduce my fellow directors - Matthew Harrison, Alistair Petrie, John Roberts, Lauren Quaintance and Antony Vriens,

Also at the table with us are Todd Hunter, our CEO and Aaron Saunders, the company's CFO.

There are also a number of our senior managers and staff here today. Welcome to you all.

Also in attendance today are the company's auditors, Staples Rodway, legal advisors Chapman Tripp and other advisors. Thank you to all these firms that provide valuable services to Turners.

3. MEETING AGENDA

Today you'll hear presentations from myself and Todd covering our business direction, the opportunities available to us and the progress we are making.

Following the presentations, there will be an opportunity for discussion and any questions you may have.

We'll answer questions on the resolutions at the time they are proposed, and there will be a further opportunity at the end of the meeting to ask any other general questions about the company and our operations.

5. CHAIR'S ADDRESS – DELIVERING ON OUR PLAN

FY24 has been another record result for the business and importantly we are doing what we say we will do.

We're delivering on our plan for growing this business and creating value for customers, employees and of course our shareholders.

6. TURNERS CONTINUE TO BUILD A STRONG TRACK RECORD

We've shown this historic perspective before, and it is important to reflect on the progress we've made.

For the most recent three year period we're really proud of the fact that we've delivered almost \$97M in after tax profits. That's an increase of 37%.

We've also paid 71.5 cents in dividends for every share in the company, which is up 40% on the prior three year period.

For me as a substantial shareholder, this is a fantastic outcome. The best news though is that there is more to come for Turners, and we are very focused on future growth.

7. A RECORD RESULT AND POSITIONED FOR FUTURE GROWTH

FY24 has been yet another proof point for Turners. Despite headwinds in the economy, the business has demonstrated resilience, and our people have kept delivering.

Regardless of the economy, patchy customer demand and very challenging interest rates, the business has continued to grow. 3 out of our 4 business are materially ahead of the previous year.

The value of having a diversified business with a balance of activity and annuity revenues continues to be a strength, albeit the market doesn't seem to value this as highly as we would like.

8. HEADLINES

These headlines from the FY24 results announcement in May capture our performance very well. Turners Motors on in Slowdown being my particular favourite!

The summary is that while many consumer and retail businesses struggle Turners is outperforming.

9. FY24 RESULTS SNAPSHOT

I'm not going to spend time on the FY24 results as these have been well covered by Aaron and Todd in May when we announced.

However I will say our compound annualised growth rate over the last 7 years sits at 11%, which is a very impressive track record.

10. WE OPERATE TO A SIMPLE FORMULA

We do try to operate this business to a simple formula...these simple concepts do work very well for us.

11. FORMULA

If we provide a quality environment and conditions for our people, this will give us the best chance of providing a quality experience for our customers, and this should lead to quality outcomes for you, our shareholders.

I wanted to drill into each of the parts of the equation a little further.

12. FORMULA PROOF POINTS

We achieve very high levels of employee engagement and combined with our employee share scheme gives us one of Turners' super powers. We are very proud that we now have 53% of our team as owners in the business.

Being customer driven is one of our core values, and we've won the most trusted brand in the used car category for the 5th year running, and we've delivered growing dividends now for 10 years, footnote except for 2020 when were a little conservative given the pandemic.

The combination of our highly engaged team, and great customer experiences underpin the returns we can deliver to you (and me) as shareholders.

13. DIVIDEND GRAPH

These are the sort of dividend graphs that Chairs and CEOs love to show their shareholders.

We've also introduced a Dividend Reinvestment Plan in FY24 and plan to continue offering this going forward. The yield on our shares continues to be one of the best on the NZX and we offer quarterly dividends which is a nice point of difference.

14. ACCOLADES

Whilst we might not be seeing the share price we think we deserve, we have received some third party endorsement of our achievements over the last year. We entered the NZX50 in December 2023 which has been a goal for us since 2017. This is a significant and major milestone for the business.

Todd was awarded the CEO of the Year award at the INFINZ awards in May. We were selected as a finalist in the NZ Diversity Awards recently and just last week we won a NZ Marketing Award for Excellence in long team marketing strategy for Tina from Turners.

It is great to see our people and the business being recognised for the progress we have made.

15. NEW PROFIT TARGET

Having successfully met our FY24 target a year early, and remaining on track for our FY25 \$50m target, we have also updated our profit target to \$65m NPBT by FY28.

Our FY25-FY28 growth is underpinned by the following key areas:

New branches, and more sales through these branches drives growth in Auto Retail.

Headwinds in finance will become tail winds and we'll start growing the loan book in a more material fashion.

Insurance growth will come from direct and digital distribution.

Credit will deliver growth as low pandemic level arrears return to a more long term run rate level.

Like last year this gives some indication on what the growth pathway looks like which we think is useful for shareholders.

16. POSITIONING OURSELVES FOR FUTURE GROWTH

We have talked previously about our level of confidence in our organic growth plan. We are executing well and there is still plenty of runway for delivering on this plan.

We know the brand, systems, technology and people in Turners are a powerful combo and we have been giving thought to adjacent opportunities to used cars for further growth.

In the last month we have made two investments in companies that operate in adjacent markets being Insurance and Vehicle servicing and repairs. Let me tell you a little more about these now.

17. MY AUTO SHOP

We have recently purchased 50% of My Auto Shop a vehicle repair platform with more than 300 MTA approved repairers, as well as a mobile repair offering from a fleet of My Auto Shop branded mobile mechanics

Richard and Andy who started the business have done an impressive job of building a strong customer proposition with nearly 3,000 4.9 star google reviews.

Vehicle servicing and repairs is a \$3b business in NZ, and has been a gap in the Turners offering. We buy and sell vehicles, we can insure and finance those vehicles too, and now we can offer to service and repair vehicles. The potential lifetime value of our customers to us has increased substantially.”

The investment made strategic sense right across the Turners Automotive Group of businesses. Vehicle repairs is a big business in NZ.

It is highly fragmented and this is an opportunity to help develop a provider of scale in this market, delivering a significantly better customer experience. This fits well with our mission to consolidate and scale right across the auto business, and to significantly enhance the customer experience in the markets we operate in.

18. QUASHED

We have also made a strategic investment of \$1 million in Quashed, which is an innovative online insurance platform. Quashed allows consumers to easily compare, shop and manage insurance policies from multiple insurers across motor, contents, home, pet, and life insurance.

Insurance is something that everyone needs and is clearly complementary to our core business of selling used cars.

We want Kiwi consumers to be protected and Quashed enables this through the effortless comparison of a multitude of policies, pricing and features.

The fairness, ease and simplicity that Quashed brings to insurance is very aligned with how we think about our own customer proposition.

As part of our investment we have a commercial agreement established between Quashed and Turners for customer referrals.

19. WRAP UP

A couple of comments to wrap up.

This business has a very attractive yield.

Our track record speaks for itself and there is more to come.

The business has stood up incredibly well to the challenges of the economy, interest rates and changing regulation. Our Auto Retail business has been a stand out performer and we know our Finance division will start ramping up as interest rate headwinds become tail winds.

We have a special culture in the Turners business. Very customer focused, highly engaged and with 53% of our team owning shares this only super charges the “care” factor.

Before I hand over to Todd I’d like to acknowledge the efforts of our team, from our Board of Directors, through to our operational teams who deliver day in day out for our customers, and for our shareholders. This group of people have been totally committed, are always prepared to go above and beyond. We are very lucky to have such a talented and hard working group of people in this business. I will now hand over to Todd.

[HAND OVER TO TODD]

20.CEO'S PRESENTATION

Good morning everyone great to be with you all! Let me kick things off with a few slides about what we are seeing in the used car market.

21.REGULATORY CHANGES DRIVING DROP IN USED CAR MARKET

I think I would use the words “bouncing along the bottom” to summarise the car market at the moment. New cars being impacted in a material way as they tend to be more discretionary. Overall used car volumes April to August this year are tracking inline with last year which does support our position that used cars are a much more resilient market. However I think the overall trend is that we see demand continue to strengthen for lower value cars as the economy has deteriorated and consumers have been impacted. They still need vehicles but are spending less because they can afford less.

22.DEALER NUMBERS

The overall trend is clear in that there are significantly less registered dealers now than there were 5 years ago. There tends to be a reasonable correlation between dealer numbers and used imports coming into the country. Our expectation is that these dealer numbers will continue to drop and that ultimately this is a business where scale will win.

23.BUSINESS DIVISIONS

24. FY24 BY SEGMENT

FY24 was a great year with 3 out of 4 businesses showing material growth against FY23 and Finance obviously being impacted by the interest rate environment.

We expect the composition of profits in FY25 to look somewhat different to this picture with particularly Finance producing higher levels of profit as interest margins start to expand again.

27.AUTO RETAIL

Our brand is strong, we have continued to improve the way we source vehicles, we are driving efficiencies particularly in how quickly we can bring vehicles to sale and then sell them, and opening more branches is critical to our continued success. To be able to grow profits 130% over the last 5 years has been a phenomenal result.

28.BRANCH EXPANSION

We continue to expand our network through expanding existing operations or opening in new territories.

We know the combination of the additional footprint we have committed to bring additional opportunities to source vehicles, which will lead to additional sales.

What I would like you to understand though is that growing our unit sales and market share is not just about opening in more places...it is about the brand investment we have made, the sourcing we are doing, the operational improvements to increase the speed of processing, the people we have doing an excellent job for our customers, the investment in data and technology. We feel it is a very strong position for us and one that is very difficult to replicate.

29. ENTERING A BUILD PHASE

Our pipeline of branch expansion projects is building really well. We have certainly seen more opportunity come to market as interest rates and holding costs increase. We have delivered Timaru and Napier during FY24 and FY25 is very much a build year as we have a number of developments on the go.

Also Just a reminder that we now own 15 of our sites all on balance sheet at cost of \$115M.

30. PROPERTY UPDATE

This is a very exciting plan coming together in the Christchurch region. Our current single branch in Christchurch will become 3 separate sites across the city progressively over the next 18 months.

Shands Road we started work in August on the redevelopment of the building and we should be completed in the next 6 months or so.

Moorhouse Ave we hope to start work on this project in the next few weeks and should be finished in the middle of next year.

Wairakei Road we hope to start before the end of the year with construction finishing Jul/August next year.

Tauranga Tauriko is a new commercial site where we will sell trucks and machinery and operate our damaged vehicle business from. This is due for completion in the next month and the development has gone very well.

37.FINANCE

We have weathered the interest rate shock in Oxford Finance, we have firmly and resolutely focused on borrower quality and margin, and once market conditions improve we will be back into growth mode. We are in a strong position given the quality of the loan book and the controlled origination we get from Turners and our direct channel. We expect to see FY25 profits materially ahead of FY24.

39.NET INTEREST MARGIN

NIM has stabilised and is starting to grow again and should gather pace as the Reserve Bank does what it should do. Aaron and our finance team have done a great job of managing our swap profiles and taking advantage of some dips in rates and we should see NIM expand further in as the year develops.

40.QUALITY OF FINANCE

Quality continues to improve in the loan book and as you can see with the average credit scores of loans originated in the H2 set a new high level and premium (super prime) borrowers making up 56% of the loan book. In more recent months premium borrower lending has been 60% of new originations.

41.QUALITY LENDING STRATEGY

It is no surprise that with our focus on bringing better quality borrowers into the loan book our arrears levels have outperformed the broader market. The most recent Centrix auto loan market arrears numbers were 6.3% with our consumer arrears tracking at well less than half these rates.

We also continue to carry an additional economic uncertainty provision buffer of \$2M over and above BAU arrears provisioning.

42.INSURANCE RETURNS IMPROVING

Insurance is a well tuned business and our team have delivered excellent growth over the last 5 years at 130%. Our distribution networks remain vitally important, but we have laid the groundwork for a direct to consumer offer.

We have replaced our core insurance system on time and on budget in the last year and put in place the building blocks for a direct to consumer offer which will target the 50% of used cars bought and sold between private individuals.

44.INSURANCE RETURNS IMPROVING

Claims continue to be well managed. Claims cost inflation being offset by less frequent claims. Managing claims ratios is also very much about your risk pricing and we have introduced new layers of risk pricing over the last year to ensure we are pricing correctly for the risk we are taking. More recently we are also seeing evidence that claims inflation has peaked.

45. CREDIT MANAGEMENT

In Credit Management our business is recovering, the tightening economy is supportive of growth and our payment bank is being rebuilt.

The debt value loaded is up 14% year on year and this has led to an increase in debt collected as well.

NZ wide credit metrics continue to deteriorate and are now the worst they have been in the last 7 years, which should see debt load levels increase over coming years.

47. CENTRIX DATA

This is data from credit bureau Centrix. More than 12% of NZ consumers are now in arrears well above pre-pandemic levels. With the economic environment expected to deteriorate further, we expect debt load levels to increase as a result.

49. FUNDING

Turners is a conservatively funded business. I think it is useful to think about what we use funding for. We borrow for the finance book, buying property and buying inventory to sell through the Auto retail business.

Things to note in funding are that we have brought in two additional funders one bank Westpac and one non-bank ACC to bring further diversification and capacity. We are geared in a conservative way and we have sufficient funding capacity to support our committed branch expansion plans.

50. ADRIAN ORR

For those of you who watched the most recent MPS press conference you would have seen an example of how pervasive Tina has become when Adrian Orr quoted Tina at the end of his press conference....as Tina says the internet is everywhere!

52. SEGMENT OUTLOOK

A few comments about how the business has been trading in the first part of the year and our outlook. FY25 is playing out largely as we had anticipated at the end of FY24.

In Auto Retail we are very focused on completing our new branch developments on budget and on time. We will continue to push hard for the transition of wholesale to retail and see upside coming from this strategy. Consumers are demanding lower priced vehicles and an overall fall in demand is having the expected impact on margins. This is exactly what we had anticipated. Overall sales volumes are tracking ahead of FY24

In finance we are seeing the expected improved performance from Oxford in FY25 as a result of lower than expected impairments and credit losses and improvements in interest margin. We still think it is the right thing to maintain our credit discipline given the downturn still has some time to play out.

In Insurance our Earned premium is holding up very well and claims ratios are stable.

And finally in Credit Management our payment bank is rebuilding as debt load increases from the tightening economic conditions and the resultant impact on consumer arrears.

53. OUTLOOK

Pleasingly despite the environment we are operating in we are expecting a record first half performance with HY25 ahead of HY24.

We can also confirm that we are on track for exceeding the \$50M NPBT goal by the end of FY25. The obvious caveats remain in that there are still risks with the rate of recovery in the overall economy and consumer demand.

I will now hand back to Grant for discussion in relation to the annual report or today's presentations.

[HAND BACK TO GRANT]

54.SHAREHOLDER DISCUSSION

Are there any questions on the presentation or results?

There will be an opportunity to ask questions about each resolution as they are put to shareholders to vote.

If you have a question please feel free to direct it to any one of the panel up here. Could you clearly state your name if you are a shareholder, or, if you are a proxy holder or corporate representative, please state the interest you represent.

55.RESOLUTIONS

I would now like to move to the resolutions before the meeting. These were notified in the Notice of Meeting and explanatory notes have been provided.

Voting on each of the resolutions in the Notice of meeting will be by way of poll.

Baker Tilly Staples Rodway, the company's auditors, will act as scrutineers.

Please use the voting paper you used in the mail or were given when you registered for this meeting,

If you do not have a voting paper, you will be able to request one from scrutineers when the voting takes place.

Only shareholders, proxy holders or corporate representatives of a shareholder may vote on today's resolutions.

56.RESOLUTIONS

Resolution 1

The first resolution is to record the re-appointment of Staples Rodway as auditors of the Company and authorise the directors to fix the auditor's remuneration.

Are there any matters for discussion or questions from the floor?

I would like to move this motion. Do I have a seconder? Thank you.

Resolutions 2, 3 and 4: Re-election of Directors

The next two resolutions are in regards to director elections for Antony Vriens and Alistair Petrie.

We believe that having Directors with relevant industry, commercial and governance skills is essential for the continuing success of the Turners' group. Diversity of thought in particular and broader commercial acumen, are also taken into consideration by the Board when reviewing Board positions.

We currently have Directors with hands on experience in the finance, insurance and debt management sectors as well as Directors with expertise in governance and very diverse experience and entrepreneurial skills in sales, digital marketing and communications and business growth.

To make things run a little more efficiently I will ask Antony and Al to come up and address the meeting in support of their election.

[Antony to address meeting]

Are there any questions for Antony

[Al to address meeting]

Are there any questions for Al

OK thanks for that everyone we will now deal with the specific resolutions...

Resolution 2 is in relation to the re-election of Antony Vriens who retires by rotation and has offered himself for re-election. Are there any questions?

I would like to move this motion. Do I have a seconder? Thank you.

Resolution 3 is in relation to the re-election of Alistair Petrie who retires by rotation and has offered himself for re-election. Are there any questions?

I would like to move this motion. Do I have a seconder? Thank you.

57. VOTING

Many shareholders, who are not attending this meeting have voted by proxy.

I wish to advise that proxies have been received for 22,096,871 shares representing 24.8% of total shares on issue.

Please complete your voting paper by ticking “FOR”, “AGAINST”, or “ABSTAIN” in the appropriate place on the form and ensure you have signed the form. Please do not tick the “DISCRETION” box.

If you have any difficulty, or do not have a voting paper, please raise your hand and someone will assist you.

Once everyone has finished voting, scrutineers will collect the voting papers.

[3 minute pause]

Scrutineers will now collect the voting papers. Could shareholders please pass their voting papers to the scrutineers?

The results of today’s voting will be posted to the NZX as soon as possible.

58. OTHER BUSINESS AND CLOSE OF MEETING

That brings the formal part of the meeting to a close.

Is there any other business shareholders would like to discuss in regards to today’s presentations or Turners’ progress?

I therefore call the 2024 annual meeting of shareholders closed.

Thank you all for your attendance today.

I would like to invite you to join Board and management for refreshments.