

# **TURNERS ANNUAL MEETING**

**21 August 2025**

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## **1. TITLE SLIDE**

Good morning everyone.

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

Welcome and thanks for joining us at the 2025 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 2025 Annual Report, financial statements have been circulated and made available to shareholders. And for those here in the room your complimentary Tina Air Freshener should be on your seat.

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, Antony Vriens, Todd Hunter.

Also at the table with us is 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.

### **6. CHAIR'S ADDRESS – DELIVERING ON OUR PLAN**

This is all sounding familiar...but FY25 has been another record result for the business and importantly we continue to do what we say we will do.

Our business model is standing up to very challenging macro conditions, and our Turners team continue to do an outstanding job and our confidence in the future continues to build.

### **7. 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.

Apart from Covid impacted FY20 we have delivered growth in every year over the last 11.

Our track record speaks for itself. For me as a substantial shareholder, this is a fantastic outcome. The best news though, is that this is not a finished product, and we remain very focused on our growth opportunities.

### **8. A RECORD RESULT AND POSITIONED FOR FUTURE GROWTH**

FY25 is our fifth record result in a row, despite the very challenging macro environment the business was operating within. It was certainly a year of two halves as we will go into later.

Our team did a great job of reacting to the challenges, and they remained focused and motivated. 3 out of our 4 business are materially ahead of the previous year, and the other business had its second-best year ever.

The value of our diversified business and strong market position continues to be a major strength.

## **9. FY24 RESULTS SNAPSHOT**

I'm not going to spend time on the FY25 results as these have been well covered by Aaron and Todd in May when we announced.

## **10. WE OPERATE TO A SIMPLE FORMULA**

Again I feel like I repeat this every year but we 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**

Our strong culture is a huge strength and a big part of what makes us successful. Our very high levels of employee engagement combined with our employee share scheme ownership gives us one of Turners' super powers. We've benchmarked our engagement scores against some well known NZ companies and we stack up very well.

We have over 53% of our team owning shares in Turners and we hope to see this number closer to 60% after we launch the 2025 scheme shortly.

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**

I am rather fond of this graph not only as Chairman but as a substantial shareholder in Turners as well. The Compound Annual Growth Rate is a pretty impressive 14% over this 11 year period. Not many NZX companies can lay claim to that.

Shareholders should be very happy with their returns over the last 12 months as not only have they received record levels of dividends but we have had a material uplift in our share price as well.

## **14.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.

I try and take a 100 year view on this company. Turners has been around since 1967 and we want to be making decisions now that position it for the next 50 years. We try and bring a similar mindset to the team at Mainfreight...we are not into short term value creation, we are highly motivated by long term value creation for all shareholders

## **15. MY AUTO SHOP**

Which leads me into MyAuto Shop or Turners Servicing and Repairs as it is now called. We are mid-rebrand at the moment and are excited about the momentum we are seeing.

We have started selling multi-year service plans through the Turners branch network and are very pleased with the early take up of these.

We are also just about to launch a material marketing campaign in Auckland using Tina and the Turners brand to create some awareness of the mobile service offering.

We believe this is a very good example of an investment that makes long term strategic sense for the Turners Automotive Group of businesses. Vehicle repairs is a big business in NZ and we want a big part of it.

## **17. NEW PROFIT TARGET**

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. In what were arguably conditions worse 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 those 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, and we believe we are on track to reach our FY28 targets earlier than expected. There is a lot to feel good about.

## **18. KEY TAKEAWAYS**

We are leveraging our scale to our advantage.

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.

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.

We have some big growth opportunities and everyone involved in this business is aligned.

## **19. NEW TINA CAMPAIGN**

I can't finish this talk without mentioning Tina of course. Tina 2.0 dropped in April and we have been running the song since then. We now have 3.3M views of the 60 second ad on Youtube and 2.7M views of the 90 second version. It has been a phenomenal success which often doesn't happen with updated ads. We have spent a material amount more in media spend over April/May as well as June which has no doubt helped contribute to us knocking ANZ and ASB off their top spot for the first time since Dec-23 as NZ's favourite ad. And the good news is that we have more Tina content to come out over the next couple of years.

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.USED CAR MARKET DEMONSTRATING RESILIENCE**

Pleased to be in the used car market and not in the new car market. As you can see from this graph used cars are very resilient category in NZ. Although people are spending less on cars there are still large numbers of used cars changing hands in NZ.

Overall used car volumes April to August this year are tracking around 3% ahead of the same period in 2024. However, with continued pressure on household budgets we are still seeing demand for lower value cars at the expense of higher value cars. This will revert as the economy improves.

## **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 and it is getting increasingly difficult to make used imports work either because of government regulation or international competition for these cars. Our expectation is that these dealer numbers will continue to drop and that ultimately scale operators will dominate.

## **23.BUSINESS DIVISIONS**

## **25.AUTO RETAIL**

Our Turners brand is strong, we have continued to improve the way we source vehicles, we continue to speed up our operations to give us agility.

Auto Retail revenue and profit were down for the year, reflecting NZ's economic downturn and a tough consumer environment. After a very tough first half last year we saw margins and volumes improve in the second half, supported by disciplined pricing, a shift to a higher proportion of domestic sourcing and repositioning

inventory to lower priced cars. This is the 2nd highest operating profit contribution from the Auto Retsil division just to put this result into some perspective.

## **26. BRANCH EXPANSION**

We have delivered on 2 new commercial branches and 4 new Car branches in the last 12 months or so. Our property team and operational teams have been very busy.

They have done a great job of delivering these projects and have demonstrated we have some real capacity and capability to manage multiple projects at once if we need to.

Our focus now shifts to new opportunities. We have a number of live offers we are either negotiating on or completing due diligence on plus a number of new targets. We are confident our expansion pipeline will fill nicely.

## **28. PROPERTY UPDATE**

I did want to show you the newest branches in the network. Invercargill we have gone from a 2,000m<sup>2</sup> site to a 5,500m<sup>2</sup> site and the move has delivered a significant uplift in trading.

We have also brought our new Christchurch branches on stream progressively from April through to July. This is where we have gone from 1 super sized site in Chc to three spread around the city.

Here are a couple of short clips to give you a sense for the look and feel of these new sites.

Again early trading results are looking very promising.

## **33. FINANCE**

Finance has been a very strong performer for us in FY25. We have continued to maintain our discipline around credit quality and seen further improvements in overall lending quality metrics.



The ledger's weighted average interest rate is up and loan arrears continue to perform materially better than the market average.

### **35.LOAN BOOK GROWTH**

After a significant period of low or no growth, we have seen a good lift in loan origination with the loan book growing 5% in the in the first 4 months of the year.

### **36.QUALITY OF FINANCE**

Being focused on the quality end of the market remains core to our strategy. And as you can see with the average credit scores of loans originated continue to increase. Premium (super prime) borrowers make up over 56% of the loan book. In more recent months premium borrower lending has been at more than 60% of new originations.

### **37.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.

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

### **39.INSURANCE RETURNS IMPROVING**

Insurance has had strong GWP growth across all insurance portfolios with key distribution partnerships continuing to deliver significant value (large dealer and finance broker partnerships)

Our comprehensive Motor Insurance portfolio (underwritten by Suncorp NZ) has increased by +25% over FY24, and we have launched our new digital platform launched, enhancing our direct-to-consumer capabilities including NZ AA Digital Partnership successfully launched and showing promising early performance

#### **40.INSURANCE RETURNS IMPROVING**

Claims ratios have come down in the last year reflecting our effective claims management and pricing alignment. Our focus on continuous risk pricing enhancements are helping manage loss ratios effectively. We have moved from effectively 6 risk categories in FY24 to 14 risk categories in FY25 which is allowing us to price our risk much more accurately.

#### **42.CREDIT MANAGEMENT**

In Credit Management we continue to see the business rebuild from the low point in 2023. Revenue is up 5% and profit is up 11%. We have continued to see debt load building in-line with a tightening economy particularly in SMEs, but also seeing it come through in corporate load as well now.

We have recently onboarded a major new corporate customer and are seeing a material increase in the “first referrer” debt we get from some of our corporate customers. We expect to see EC Credit benefit from the “tail winds” of a struggling economy for at least another 2-3 years.

#### **43.CENTRIX DATA**

This is data from credit bureau Centrix. NZ credit metrics continue to perform at the worst levels seen in the last 8 years. There are no real signs of improvement in these numbers. We expect debt load levels to increase as a result.

#### **44.FUNDING**

Key message around funding is that our banks are being very supportive. We have funding capacity in place to support current committed branch expansion plans and to support Oxford lending over the next 12 months.

## **52. SEGMENT OUTLOOK**

We have seen a change in mix between consignment cars and owned cars in 1H with our lease volumes down as a result of many customers extending leases we have been able to make up for this drop by purchasing more cars. We have also seen some profit impact of Christchurch transition in Q1, and we have absorbed the additional cost of the new Tina campaign in 1H of \$600k additional media spend.

However we expect 2H26 to deliver stronger vehicle margins and volumes as overall demand improves as the economy recovers and we will see positive impact from the Tina investment and benefits of new Christchurch branch footprint.

In Finance we will be maintaining our credit discipline. This is a non-negotiable for us. And we expect solid book growth for FY26 at stable margins.

In Insurance our Earned premium is holding up very well and claims ratios are stable. We are expecting to see traction in our digital sales.

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**

The economy is still patchy and we have certainly seen consumer confidence deteriorate since Liberation Day. With Interest rates still restrictive and unemployment increasing, we think the economy is still bouncing along the bottom.

Despite these challenges we are still expecting a record first half performance, and we are guiding HY26 NPBT to be at least 10% ahead. We should be operating in a more positive environment in H2 with the RBNZ dropping rates further.

Still on track to achieve our mid-term target of \$65M NPBT in FY28 early. 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 myself and Todd Hunter.

I'll invite John Roberts up to talk through the resolution for my own re-election.

### **[John to address meeting]**

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.

I will ask Grant to come up and address the meeting in support of his election.

### **[Grant to address meeting and then hand back to John]**

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

Resolution 2 is in relation to the re-election of Grant Baker 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.

Thanks everyone I will now hand back to Grant.

### **[handback to Grant]**

Ok now on to Resolution 3 which is in relation to the re-election of Todd Hunter who retires by rotation and has offered himself for re-election.

*I thought it would be useful to give a little background to Todd's appointment to the Board in May of this year. One of the reasons Turners has been successful has been due to the continuity of management and board and ensuring there is internal succession if it makes sense.*

*Todd's appointment reflects Turners' ongoing commitment to strong governance and alignment between management and shareholders, and particularly with a view to succession and continuity plans for the board.*

I'll invite Todd to address the meeting now in support of his re-election.

[Todd to address meeting and then hand back to Grant]

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

Resolution 3 is in relation to the re-election of Todd Hunter 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 28,053,145 shares representing 31.01% 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 2025 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.