Company Announcement

20 November 2026

1H27 Results: Turners absorbs the oil shock to deliver a record first half

Turners Automotive Group (NZX/ASX: TRA) has delivered a record result for the six months ended 30 September 2026 (1H27), with net profit before tax (NPBT) of $31.5 million, up 4% on 1H26. The result extends an unbroken run of record half-year and full-year results stretching back to FY21.

The vertically integrated business has delivered strong growth in Finance, where NPBT rose 24% on a loan book up 26%, which more than offset lower vehicle margins in Auto Retail following the worst oil price shock since the 1970s. The Group's response has been to minimise short-term downside risk in Auto Retail while continuing to invest in the FY31 growth plan.

Key Financial Highlights (1H27 vs 1H26)

- **Revenue:** $225.3m, +3%
- **EBIT**[1]**:** $35.3m, +3%
- **NPBT:** $31.5m, +4%
- **NPAT:** $22.6m, +4%
- **Earnings per share (EPS):** 24.8cps, +2%
- **Q2 dividend declared:** 8.0cps, fully imputed
- **Projected FY27 dividend:** at least 34.0cps, +3%

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

Key Business Highlights

- **Auto Retail:** Vehicle margins down following the oil shock but recovering as pre-shock stock is worked through; owned units sold +3% with stock repositioned toward the sub-$15k segment where demand has held; consignment volumes down 12% as lease vendors delayed de-fleeting; damaged and end-of-life volumes stable with improving yields; Whanganui and Hastings branches opening in December, ahead of schedule, with Takanini and East Auckland (Ormiston) sites secured. NPBT -11%.
- **Finance:** Record result, NPBT +24%; loan book +26% since Sep-25 to $622m on market share gains; 31+ day arrears at 1.0%, up from 0.9% at March 2026 and materially below industry of 2.9% (Source Centrix October 2026 Credit Insights Report); NIM (net interest margin) stable; over 90% of Finance borrowings hedged (highest level on record); $1m economic overlay retained.
- **Insurance:** Gross earned premium +4%; net earned premium +4% to $19.7m; claims costs have been higher due to increased frequency and cost in certain European vehicle categories; NPBT -3%.
- **Turners Servicing & Repairs:** Revenue growth continuing; exclusive pre-purchase inspection partnership with VTNZ in covered regions; SME fleet and leasing opportunity developing.
- **EC Credit Management:** NPBT +17% on flat revenue through cost discipline and in-sourced sales; two major clients recommenced referrals late in the half; ISO27001 accreditation achieved. Remains non-core.
- **People and culture:** 72% of staff are proud shareholders.

The half was shaped by the oil price shock that followed the onset of the Iran-US conflict in late February. Demand and pricing for larger and diesel vehicles fell, and vehicle margins, which had been building through 2H26, fell from April and reached a low point mid-year. Turners responded with the playbook used through the FY24 and FY25 downturns: more selective buying weighted toward the sub-$15k segment, pricing to maintain stock turn, cost discipline, higher interest rate hedging and a retained provisioning overlay in Finance. With the stock purchased before the shock now largely worked through, vehicle margins have recovered from their mid-year low and are running above the first-half average, although they remain below pre-shock levels.

CEO Commentary

Todd Hunter, Group CEO, said:

"This is a record result delivered through the worst oil shock since the 1970s. We have shown over the last five years that this business is diversified and resilient in a recession, but it is not immune to an oil shock, which arrived suddenly and hit vehicle margins within weeks. However, Finance has had its best half yet, growing the book 26% while arrears fell and credit quality improved, and that growth offset the margin pressure in Auto Retail. In Auto Retail we moved quickly: we tightened buying, shifted stock to the cheaper end of the market, held costs and protected the balance sheet. Volumes held up. Margins took the hit but are now recovering, albeit slowly."

Financial Summary

Group revenue rose 3% to $225.3m, with Finance up 19% and Insurance up 2% offsetting a 1% decline in Auto Retail. NPBT rose 4% to $31.5m. Finance segment profit grew 24% to $11.8m on loan book growth and operating leverage; Auto Retail segment profit fell 11% to $14.2m on lower vehicle margins; Insurance segment profit eased 3% to $8.2m as higher claims costs offset premium growth; and Credit Management segment profit rose 17% to $1.2m. Corporate costs reduced, largely on lower interest costs. NPAT rose 3% to $22.6m and EPS rose 2% to 24.8cps. Total assets have now increased to $1,147m, with finance receivables up $129m on 1H26 and property, plant and equipment up $39m on the completion of new sites. Borrowings increased in line with finance receivables and branch developments, with no additional capital required to support the larger loan book. Shareholders' equity rose to $333m, from $318m at 31 March 2026.

Dividend

The Board has declared a Q2 FY27 dividend of 8.0 cents per share, fully imputed, in line with the Q2 FY26 dividend (record date 12 Jan 2027 and payment date 28 Jan 2027). The Board expects total FY27 dividends of at least 34.0cps, up 3% on FY26, within the Group's payout policy of 60-70% of NPAT and continuing more than a decade of dividend growth. The dividend reinvestment plan (DRP) will apply to this dividend.

Outlook

What has changed since May: the oil shock has lasted longer. Its effect on vehicle margins has been larger than expected, lease returns have been lower and market prices for diesel utes and SUVs have fallen, holding back consignment volumes for now, and claims costs in Insurance have risen in certain categories.

What has not changed: Group profit is ahead of last year, Finance is still growing its loan book with arrears well below industry, Insurance earned premium is up 4%, and the branch pipeline has accelerated, with Whanganui and Hastings opening in December ahead of time, and two new Auckland sites secured. Vehicle margins have recovered from their mid-year low point. The strategy set out at the March 2026 Investor Day is unchanged, as is the $100m NPBT target for FY31.

FY27 guidance: We continue to target $65m NPBT in FY27, a year ahead of our original medium-term forecast. However, we note that 2H26 was a particularly strong half, as the economy started to regain momentum. Large-engine and diesel vehicle sales are likely to remain challenging until Middle East tensions ease and consumer confidence recovers, with any further fuel price spikes potentially delaying recovery.

We view the current uncertainty as a temporary issue, our four site openings and continued Finance momentum are supportive to our FY28 outlook.

Todd Hunter said:

"We set out our targets in February 2026, as the oil shock was beginning. Since then, we've had the sharpest fall in vehicle margins we have seen in years, but our targets are unchanged. We continue to guide towards $65m NPBT for FY27, and $100m by FY31 is unchanged. I'm proud of how the team has adapted to yet another challenge, and we've kept investing in our FY31 plan while we've done it. We're very excited by what's ahead, as we start to look toward FY28 with two new branches opening early, more sites secured, and a Finance book that grew 26% over the last year."

Conference Call

Todd Hunter (Group CEO) and Aaron Saunders (Group CFO) will present the 1H27 financial results followed by Q&A at 1030am NZDT on 20 November 2026:

https://events.teams.microsoft.com/event/cb735be3-c527-411d-bf91-8dd9dae9687b@6a38d3ca-e45b-49d7-8a3d-680a588096ac?source=copyLinkLegacyShareLinkDialog

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About Turners

Turners Automotive Group Limited is an integrated financial services group, primarily operating in the automotive sector. www.turnersautogroup.co.nz

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Appendix: Update by Business

Auto Retail *(Revenue $151.3m -1%, Segment NPBT $14.2m -11%)*

Vehicle margins were lower than in 1H26, driven by the devaluation of larger vehicles purchased before the oil shock and the lower dollar margin per unit of the sub-$15k strategy. Higher discounting than anticipated was required to clear pre-shock stock. Sourcing was restricted, yet purchases still rose year on year and owned units sold rose 3% as stock was repositioned toward lower-priced vehicles. Consignment volumes fell 12% as lease customers extended contracts amid uncertainty; this is largely timing and should recover as confidence returns. Damaged and end-of-life volumes were broadly stable with improving yields, while Trucks & Machinery revenues fell 18%. Whanganui and Hastings open in December, ahead of schedule, and sites have been secured in Takanini and East Auckland (Ormiston).

Finance *(Revenue $44.0m +19%, Segment NPBT $11.8m +24%)*

A record result. The loan book grew 26% to $622m (from $493m at September 2025), with third-party consumer lending up 40% and direct lending up 23%, reflecting market share gains across the originator base. Credit policy remained disciplined: total arrears were 2.2% at September 2026, down from 2.5% at March 2026, and 31+ day secured consumer arrears of 1.0% remain well below the industry rate of 2.9%. Unsecured and partially secured lending is limited to Premium and Tier 1 customers, and a Premium+ category for 800+ credit scores was introduced. NIM was stable, supported by lower funding costs and stable pricing. The hedged portion of Finance borrowings increased to over 90%, and a $1m economic overlay is retained above business-as-usual provisioning.

Insurance *(Revenue $25.3m +2%, Segment NPBT $8.2m -3%)*

Gross earned premium rose 4% and net earned premium rose 4% to $19.7m, with growth through dealer and finance broker partnerships and digital channels. Claims frequency and cost rose in certain categories, with MBI (mechanical breakdown insurance) claims inflation concentrated in European vehicle categories, lifting the loss ratio and offsetting premium growth. Rating adjustments continue. Motor vehicle insurance gross written premium dropped 6% against HY26 with cost of living pressures and heightened competition.

Turners Servicing & Repairs

Revenue continued to grow half on half. TSR now provides pre-purchase inspections exclusively for VTNZ in covered regions, is developing the SME fleet and leasing opportunity, and is ramping cross-sell into the wider Turners customer base. Customer feedback remains strong, with a Google rating of 4.9 across 4,745 reviews.

EC Credit Management *(Revenue $4.6m 0%, Segment NPBT $1.2m +17%)*

Referral volumes remained constrained by holds at several major corporate clients undertaking system implementations and security audits; two recommenced referrals late in the half, with benefits expected through 2H27. Profit rose on cost discipline and in-sourced sales resource. ISO/IEC 27001 certification was achieved.

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