

Turners upgrades FY21 earnings guidance

Turners Automotive Group (NZX: TRA) now expects FY21 Net Profit Before Tax (NPBT) to be within a range of \$33 million to \$35 million, with trading results exceeding expectations across Auto Retail, Finance and Insurance business units in November and December.

This is an upwards revision from the company's update in November, when NPBT was "expected to be towards the upper end" of the \$28m to \$31m NPBT range provided at its September ASM. (The updated NPBT range excludes any further one-off adjustments or Covid-19 lockdowns.)

Whilst all three major business units continue to contribute strongly, Finance has led the majority of the uplift, with new lending volumes tracking well ahead of the prior year. The seasonal spike in finance arrears has also been more muted than previous years, reflecting continued improvements in ledger quality. Meanwhile, Auto Retail demand remained solid and margins have continued to benefit from a supply-constrained operating environment. Insurance policy sales also tracked well ahead of the prior year and claims ratios are being well managed.

As previously announced, a Q2 dividend of 4.0 cents per share will be paid out on January 28th. The updated FY21 NPBT guidance implies an indicative full year dividend of around 18 cents per share (fully imputed), based on the midpoint of the updated range and the company's dividend pay-out policy of 60% - 70% of NPBT.

Overall, management is encouraged by the broad-based performance, which reflects the deliberate business diversification strategy, the resilient used car market, and the combination of activity and annuity based businesses within the group.

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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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