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NEW ZEALAND EQUITY RESEARCH | CONSUMER DISCRETIONARY | AUTOMOTIVE RETAIL
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Turners Automotive Group Ltd
Brand Momentum Drives Market Share Growth

JAMES LINDSAY
James.Lindsay@forsythbarr.co.nz
+64 9 368 0145

WILL TWISS
will.twiss@forsythbarr.co.nz
+64 9 368 0129

Turners Automotive Group (TRA) reported a solid FY23 result that was slightly ahead of our expectations and the guidance provided by the company in March 2023. Group revenue for FY23 was NZ$389.6m, up +13% on FY22, whilst profit before tax (PBT) rose +6% to NZ$45.5m. FY23 was bolstered by a strong performance from the business's auto retail and insurance segments that was partially offset by weakness in the finance and credit management divisions. This was a pleasing result for TRA, which gained share in a challenging operating environment as impairments and interest costs rise. TRA declared a final dividend of NZ7cps, bringing total dividends for FY23 to NZ23cps, flat on FY22. Management's forward outlook was cautious, citing (1) ongoing macroeconomic weakness, and (2) timing of a peak in interest rates as headwinds that could impact the likelihood of achieving its FY25 PBT target of NZ$50.0m. We were below management guidance and raise our revenue and earnings estimates modestly (PBT +3% to NZ$48.2m in FY25) across the forecast horizon which sees our blended spot valuation increase by +NZ5cps to NZ$3.95.

NZX Code	TRA
Share price	NZ$3.79
Spot Valuation	NZ$3.95 (from 3.90)
Risk rating	High
Issued shares	86.7m
Market cap	NZ$329m
Avg daily turnover	26.3k (NZ$93k)

Financials: Mar/	23A	24E	25E	26E
Rev (NZ$m)	334.9	339.8	358.0	372.5
NPAT* (NZ$m)	31.7	30.4	34.7	37.1
EPS* (NZc)	36.1	34.6	39.6	42.2
DPS (NZc)	23.0	23.5	27.0	27.5
Imputation (%)	100	100	100	100
*Based on normalised profits				

Valuation (x)	23A	24E	25E	26E
PE	10.5	11.0	9.6	9.0
EV/EBIT	63.0	82.6	64.1	55.4
EV/EBITDA	31.2	32.9	28.8	26.7
Price / NTA	3.2	2.9	2.6	2.4
Cash div yld (%)	6.1	6.2	7.1	7.3
Gross div yld (%)	8.4	8.6	9.9	10.1

What's changed?

- **Earnings:** We lift our PBT estimates by +2% to NZ$42.2m in FY24, +3% to NZ$48.2m in FY25 and +1% to NZ$51.5m in FY26
- **Valuation:** Our blended spot valuation rises +1% to NZ$3.95.

Auto retail segment drives growth in FY23 with help from insurance

TRA's auto retail business continues to drive the group's success, contributing NZ$25.0m or ~55% of the total PBT in FY23. Market share gains continued in FY23, resulting in a +6% uplift in retail sales to 19,500 units and a +25% rise in auction sales to 18,500 units. Competing car dealerships continue to exit the market (down -5% over the FY23 year, see Figure 11). TRA's increased volumes were accompanied by margin expansion as the Government's Clean Car Rebate scheme has constrained the supply of imports into the NZ market, supporting higher used car prices. The success of new sites in Nelson and Rotorua provides renewed confidence in TRA's site expansion strategy, with further sites in Christchurch, Napier and Timaru in the pipeline and expected to contribute from FY24 to FY26. TRA's integrated insurance offering was a beneficiary of the auto retail division's success, with market share gains leading to PBT up +9% to NZ$12.6m despite claims cost inflation offsetting lower-than-expected claims frequency.

Interest rate environment

An unprecedented hiking cycle from the RBNZ — the quickest in NZ's history — has impacted the profitability of TRA's Oxford finance division in FY23. Since October 2021 the OCR has risen +5%, outpacing a +4.1% lift in Oxford's base rate and adding +NZ$7m to the interest expense in FY23 (resulting in a +110% lift). Focussing on premium credit customers and tightening lending conditions flattened the loan book in FY23. The net impact saw a -17% fall in PBT to NZ$15.0m. TRA expects margin expansion for the finance division to return once the OCR has peaked. The credit management business saw 'debt value loaded' increase by +20%, but PBT fell -6% as the value of debt collected fell on lower repayment schedules. However, increases in credit card demand and rising consumer arrears could assist the credit management business heading into FY24 as pressures on households heighten.

Turners Automotive Group Ltd (TRA)

Market Data (NZ$)	
Priced as at 23 May 2023	**3.79**
52 week high / low	3.87 / 3.12
Market capitalisation (NZ$m)	328.6

Key WACC assumptions	
Risk free rate	4.50%
Equity beta	0.95
WACC	8.8%
Terminal growth	1.5%

Profit and Loss Account (NZ$m)	2022A	2023A	2024E	2025E	2026E
Revenue	298.5	334.9	339.8	358.0	372.5
Normalised EBITDA	**18.8**	**21.8**	**20.8**	**23.8**	**25.7**
Depreciation and amortisation	(10.7)	(11.0)	(12.5)	(13.1)	(13.3)
Normalised EBIT	**8.1**	**10.8**	**8.3**	**10.7**	**12.4**
Net interest	35.1	33.9	33.9	37.5	39.1
Associate income	0	0	0	0	0
Tax	(11.8)	(13.0)	(11.8)	(13.5)	(14.4)
Minority interests	0	0	0	0	0
Normalised NPAT	**31.3**	**31.7**	**30.4**	**34.7**	**37.1**
Abnormals/other	0	0	0	0	0
Reported NPAT	**31.3**	**31.7**	**30.4**	**34.7**	**37.1**
Normalised EPS (cps)	36.3	36.1	34.6	39.6	42.2
DPS (cps)	23.0	23.0	23.5	27.0	27.5

Growth Rates	2022A	2023A	2024E	2025E	2026E
Revenue (%)	14.7	12.2	1.4	5.4	4.1
EBITDA (%)	12.1	16.4	-4.9	14.5	7.9
EBIT (%)	51.7	33.9	-23.2	29.2	15.6
Normalised NPAT (%)	27.5	1.4	-4.2	14.4	6.8
Normalised EPS (%)	26.7	-0.6	-4.2	14.4	6.8
Ordinary DPS (%)	15.0	0.0	2.2	14.9	1.9

Cash Flow (NZ$m)	2022A	2023A	2024E	2025E	2026E
EBITDA	**18.8**	**21.8**	**20.8**	**23.8**	**25.7**
Working capital change	(83.1)	9.9	8.2	(3.2)	(20.5)
Interest & tax paid	24.5	23.5	22.1	24.0	24.7
Other	(4.2)	12.3	0	0	0
Operating cash flow	**(43.9)**	**67.5**	**51.0**	**44.6**	**29.9**
Capital expenditure	(15.5)	(43.2)	(15.0)	(11.2)	(11.9)
(Acquisitions)/divestments	3.4	0	0	0	0
Other	(5.6)	(7.5)	(7.9)	(8.1)	(8.3)
Funding available/(required)	**(61.6)**	**16.7**	**28.2**	**25.3**	**9.7**
Dividends paid	(13.8)	(19.9)	(20.1)	(21.8)	(23.9)
Equity raised/(returned)	1.2	1.4	0	0	0
(Increase)/decrease in net debt	**(74.2)**	**(1.7)**	**8.1**	**3.5**	**(14.1)**

Balance Sheet (NZ$m)	2022A	2023A	2024E	2025E	2026E
Working capital	412.3	402.5	394.3	397.5	418.0
Fixed assets	67.6	106.0	116.5	122.0	127.4
Intangibles	164.5	163.6	162.0	160.7	159.5
Right of use asset	23.5	22.2	22.4	22.9	23.9
Other assets	94.4	89.8	93.5	95.1	96.6
Total funds employed	**762.2**	**784.1**	**788.6**	**798.2**	**825.4**
Net debt/(cash)	399.4	400.2	410.0	406.5	420.6
Lease liability	25.9	27.1	23.3	23.8	24.8
Other liabilities	84.6	84.5	85.6	86.7	87.8
Shareholder's funds	252.4	272.3	269.7	281.2	292.1
Minority interests	0	0	0	0	0
Total funding sources	**762.2**	**784.1**	**788.6**	**798.2**	**825.4**

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend

Spot valuation (NZ$)	**3.95**
Discounted cash flow (DCF)	4.33
Peers multiples	3.65
Discounted dividend model (DDM)	3.90

DCF valuation summary (NZ$m)	
Total firm value	855
(Net debt)/cash	(410)
Less: Capitalised operating leases	(75)
Value of equity	376

Valuation Ratios	2022A	2023A	2024E	2025E	2026E
EV/Sales (x)	2.2	2.0	2.0	1.9	1.8
EV/EBITDA (x)	n/a	n/a	n/a	n/a	n/a
EV/EBIT (x)	n/a	n/a	n/a	n/a	n/a
PE (x)	10.4	10.5	11.0	9.6	9.0
Price/NTA (x)	3.9	3.2	2.9	2.6	2.4
Free cash flow yield (%)	-17.9	4.2	7.0	6.2	2.4
Adj. free cash flow yield (%)	-13.6	15.0	10.6	8.9	5.3
Net dividend yield (%)	6.1	6.1	6.2	7.1	7.3
Gross dividend yield (%)	8.4	8.4	8.6	9.9	10.1

Capital Structure	2022A	2023A	2024E	2025E	2026E
Interest cover EBIT (x)	n/a	n/a	n/a	n/a	n/a
Interest cover EBITDA (x)	n/a	n/a	n/a	n/a	n/a
Net debt/ND+E (%)	61.7	60.0	59.7	58.5	58.3
Net debt/EBITDA (x)	21.3	18.3	19.7	17.1	16.4

Key Ratios	2022A	2023A	2024E	2025E	2026E
Return on assets (%)	6.5	7.7	8.5	9.1	9.2
Return on equity (%)	12.6	11.9	11.0	12.1	12.3
Return on funds employed (%)	3.9	3.8	3.6	4.1	4.2
EBITDA margin (%)	6.3	6.5	6.1	6.6	6.9
EBIT margin (%)	2.7	3.2	2.4	3.0	3.3
Capex to sales (%)	5.2	12.9	4.4	3.1	3.2
Capex to depreciation (%)	179	467	140	99	103
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	63	64	68	68	65

Operating Performance	2022A	2023A	2024E	2025E	2026E
Automotive Retail					
Revenue	242.5	278.2	280.3	295.7	307.6
Revenue growth (%)	20.7	14.7	0.8	5.5	4.0
Operating margin (%)	8.0	8.6	8.2	8.4	8.2
Finance					
Revenue	51.9	58.6	66.4	70.3	72.3
Revenue growth (%)	8.4	13.0	13.2	5.9	2.9
Operating margin (%)	34.7	25.5	20.0	23.5	26.0
Insurance					
Revenue	40.4	43.6	45.1	45.8	46.7
Revenue growth (%)	-3.7	7.9	3.4	1.7	1.9
Operating margin (%)	28.7	28.9	30.0	30.5	30.5
Credit Management					
Revenue	9.7	9.2	12.6	15.1	17.2
Revenue growth (%)	-24.2	-4.6	36.8	20.0	13.3
Operating margin (%)	31.4	31.1	31.1	31.1	31.0

FY23 results review

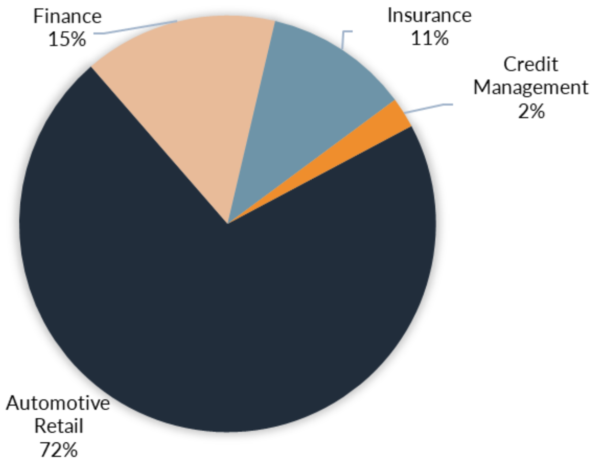
TRA reported FY23 revenue of NZ$389.6m, representing growth of +13% against FY22. This top-line result was +2% ahead of our expectations. The result saw positive contributions from each of TRA's core divisions. Auto retail revenues grew by +28% to NZ$278.2m, insurance rose +8% to NZ$43.6m and finance saw growth of +13% to NZ$58.6m. The smaller credit management business provided a minor drag, with revenues falling -6% to NZ$9.2m. Group PBT was NZ$45.5m and NPAT was NZ$32.6m, up +6% and +4% respectively on FY22 and were both +2% above our estimates. This uplift was largely attributable to the auto retail business, which gained market share and improved margin. Impairments in the finance book rose +24% to NZ$3.7m.

Figure 1. Results comparison (NZ$m)

	FY22 Actual	FY23 Actual	Change	FY23 Forecast	Difference
Operating Revenue	342.0	389.0	+14%	380.0	+2%
Other Income	2.5	0.6	(76%)	0.3	+138%
Total Income	**344.5**	**389.6**	**+13%**	**380.3**	**+2%**
Cost of goods sold	153.2	174.0	+14%	168.1	+3%
Interest expense	10.9	19.9	+82%	21.2	(6%)
Impairment provision expense	3.0	3.7	+24%	3.5	+8%
Subcontracted service expense	10.9	11.9	+9%	12.1	(1%)
Employee benefits	56.0	60.7	+8%	62.6	(3%)
Commision	12.9	12.0	(7%)	13.9	(14%)
Advertising expense	4.1	4.9	+19%	4.8	+4%
Depreciation & amortisation expense	10.7	11.5	+7%	11.0	+4%
Systems maintenance	3.4	5.1	+50%	3.6	+40%
Claims	21.0	21.8	+4%	20.6	+6%
Other expenses	15.1	18.5	+22%	14.5	+27%
Total Expenses	**301.4**	**344.1**	**+14%**	**335.9**	**+2%**
Profit before taxation (PBT)	**43.1**	**45.5**	**+6%**	**44.4**	**+3%**
Taxation (expense)/benefit	(11.8)	(13.0)	+10%	(12.4)	+4%
Profit for the year (NPAT)	**31.3**	**32.6**	**+4%**	**31.9**	**+2%**

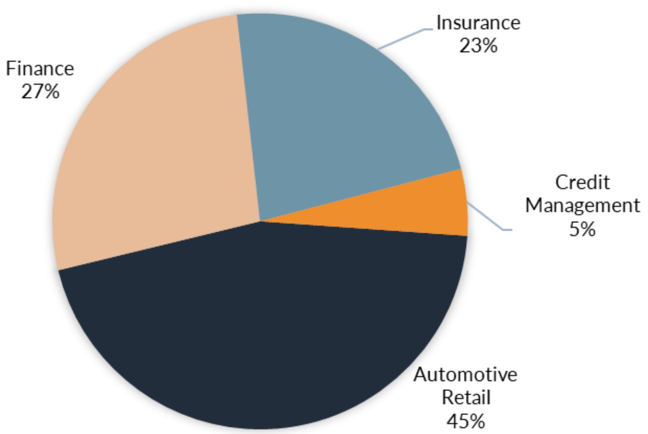
Source: Company data, Forsyth Barr analysis

Figure 2. TRA — Revenue by segment (FY23)



Source: Company data, Forsyth Barr analysis

Figure 3. TRA — Operating profit by segment (FY23)



Source: Company data, Forsyth Barr analysis

Earnings revisions

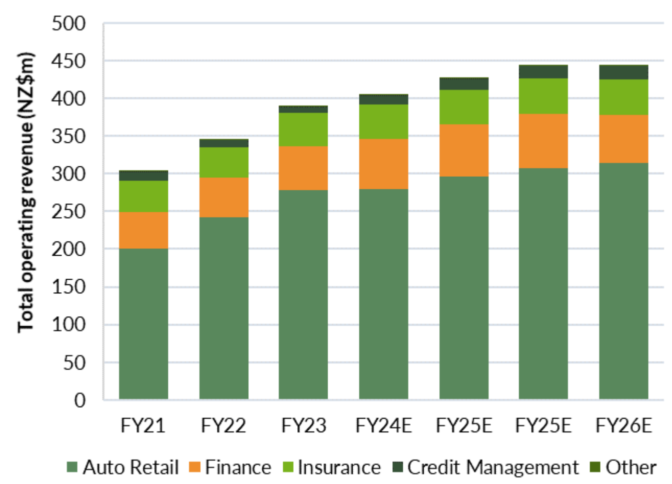
Driven by the unwinding of a degree of conservatism as unemployment remains low, our revenue and operating profit estimates rise. We lift our systems maintenance spend as TRA invests in its insurance platform and digital capabilities; however, this causes a reduction in our amortisation expense estimates. We lift our estimates for advertising as brand momentum continues.

Figure 4. Earnings revisions (NZ$m)

	FY24E			FY25E			FY26E		
	Old	New	Change	Old	New	Change	Old	New	Change
Operating Revenue	394.4	404.3	+3%	417.5	426.9	+2%	433.7	443.6	+2%
Other Income	0.0	0.1	n/a	0.0	0.1	n/a	0.0	0.1	n/a
Total Income	**394.4**	**404.4**	**+3%**	**417.5**	**427.0**	**+2%**	**433.7**	**443.7**	**+2%**
Cost of goods sold	170.8	176.7	+3%	182.3	188.1	+3%	190.8	196.3	+3%
Interest expense	29.3	30.8	+5%	30.1	31.6	+5%	29.5	32.1	+9%
Impairment provision expense	5.5	5.6	+2%	5.3	5.3	+0%	4.5	4.5	+0%
Subcontracted service expense	12.3	12.4	+1%	12.9	13.0	+1%	13.3	13.4	+1%
Employee benefits	63.7	63.0	-1%	64.7	63.7	-2%	66.8	65.9	-1%
Commision	14.2	14.5	+2%	14.5	14.8	+2%	14.9	15.3	+2%
Advertising expense	5.3	5.6	+7%	5.5	6.1	+10%	5.7	6.5	+13%
Depreciation & amortisation expense	12.0	12.0	+0%	13.0	12.1	-7%	13.6	12.3	-10%
Systems maintenance	3.8	5.4	+40%	3.9	5.4	+38%	4.0	5.6	+38%
Claims	21.3	21.6	+1%	21.5	21.7	+1%	21.8	22.0	+1%
Other expenses	14.7	14.7	-0%	16.9	17.1	+1%	17.5	18.2	+4%
Total Expenses	**353.0**	**362.3**	**+3%**	**370.6**	**378.8**	**+2%**	**382.6**	**392.2**	**+3%**
Profit before taxation (PBT)	**41.4**	**42.2**	**+2%**	**47.0**	**48.2**	**+3%**	**51.0**	**51.5**	**+1%**
Taxation (expense)/benefit	11.6	11.8	+2%	13.2	13.5	+3%	14.3	14.4	+1%
Profit for the year (NPAT)	**29.8**	**30.4**	**+2%**	**33.8**	**34.7**	**+3%**	**36.8**	**37.1**	**+1%**

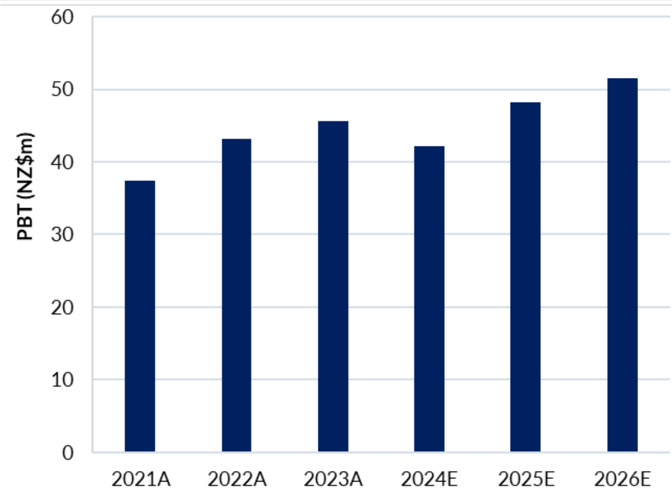
Source: Company data, Forsyth Barr analysis

Figure 5. TRA — Operating revenues by segment (NZ$m)



Source: Company data, Forsyth Barr analysis

Figure 6. TRA — Profit before tax / PBT (NZ$m)



Source: Company data, Forsyth Barr analysis

Figure 7. Segment revenue (NZ$m)

	2021	2022	2023	2024E	2025E	2025E
Auto Retail	200.9	242.5	278.2	280.3	295.7	307.6
Finance	47.9	51.9	58.6	66.4	70.3	72.3
Insurance	41.9	40.4	43.6	45.1	45.8	46.7
Credit Management	12.8	9.7	9.2	12.6	15.1	17.2
Other	0.1	0.0	0.0	0.1	0.1	0.1
Total	**303.5**	**344.5**	**389.6**	**404.5**	**427.0**	**443.8**

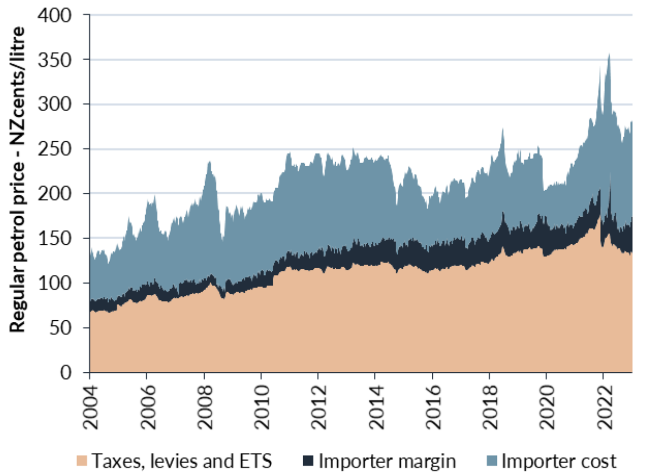
Source: Company data, Forsyth Barr analysis

The NZ automotive landscape

The economy and interest rates impact on vehicle sales, both new and used

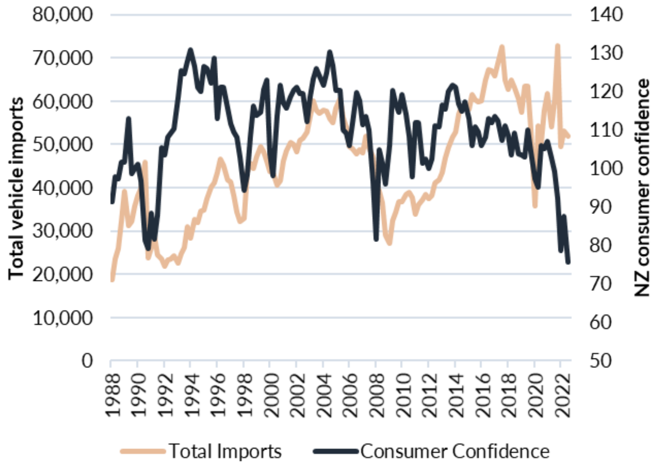
The auto industry has been facing considerable headwinds due to a sluggish global economy, rising interest rates, ongoing supply chain disruptions, higher fuel prices (see Figure 8) and reduced consumer confidence (see Figure 9), which collectively are impacting demand for big-ticket items such as automobiles. Financing vehicle purchases have become significantly more difficult as interest rates increase and credit criteria becomes stricter, discouraging potential buyers. Moreover, the industry is still reeling from supply chain challenges and chip shortages, leading to production delays and increased manufacturing costs. The input cost inflationary environment has further exacerbated the situation, forcing automakers to pass on some of these costs to consumers, making vehicles even less affordable. This challenging economic environment has resulted in a decline in overall auto sales across various markets.

Figure 8. Weekly average regular petrol price components



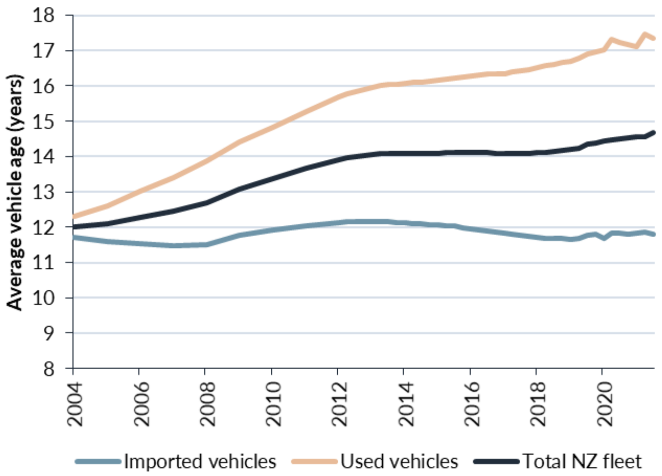
Source: MBIE, Forsyth Barr analysis

Figure 9. Total NZ vehicle imports and consumer confidence



Source: MOT, Stats NZ, Forsyth Barr analysis

Figure 10. Average age of the NZ vehicle fleet



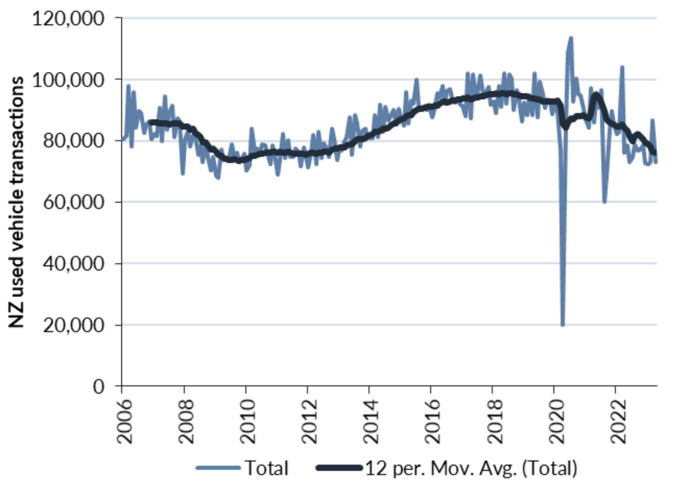
Source: Turners, Forsyth Barr analysis

Figure 11. Percent of NZ imports that are new or used

Source: Turners, Forsyth Barr analysis

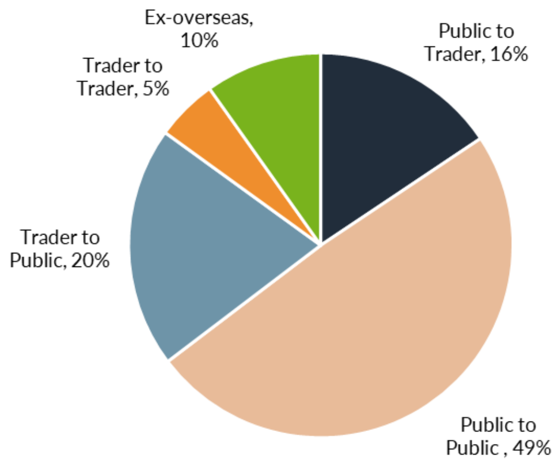
An article released by the Associated Press (16 May 2023, click here) said Americans were increasingly keeping their old cars for longer as the price of new cars makes switching less feasible. In the US, the average age of registered passenger vehicles has reached a record 12.5 years (versus 14.7 years in NZ, see Figure 10 above) as a combination of rising vehicle prices and ballooning finance costs have priced many Americans out of the new car market. Since the beginning of the pandemic the average price of a new car in America has increased by +24% to US$48,000. Meanwhile, the average loan rate has risen to 7%, bringing the average monthly payment to US$729. According to the Associated Press, a family earning the median household income cannot afford this monthly payment after paying for essentials like shelter and food. See Figure 15 for parallels with NZ second-hand car prices.

Figure 12. Total number of used vehicle transactions



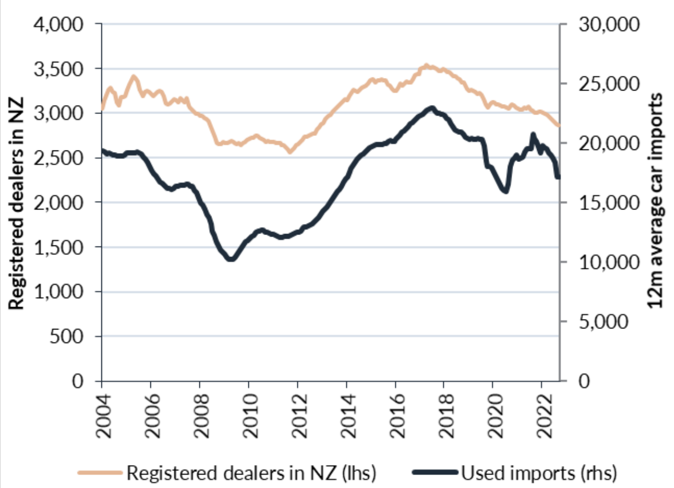
Source: Turners, Forsyth Barr analysis

Figure 13. Current transaction breakdown (April 2023)



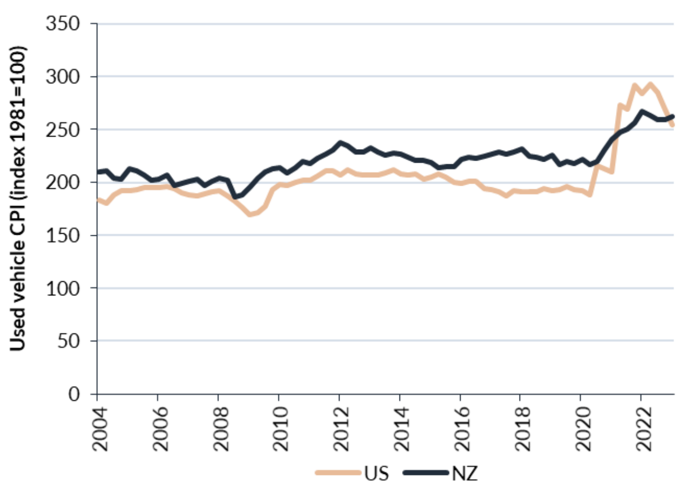
Source: Turners, Forsyth Barr analysis

Figure 14. Registered dealers v. Car imports (12-month average)



Source: Turners, Forsyth Barr analysis

Figure 15. US versus NZ used car price index

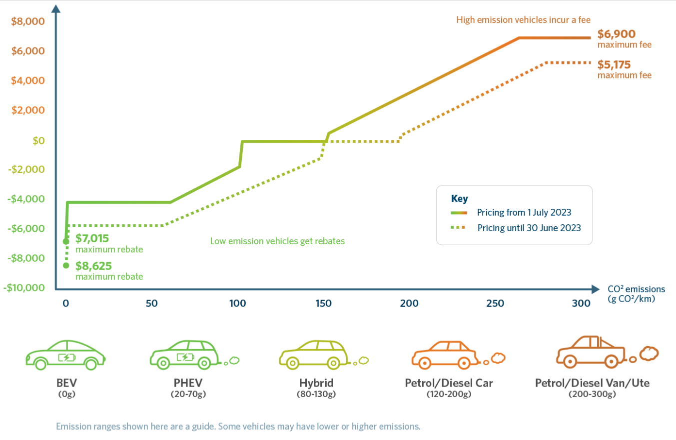


Source: Turners, Forsyth Barr analysis

Clean Car Discount rebate and fee pricing before and after 1 July 2023

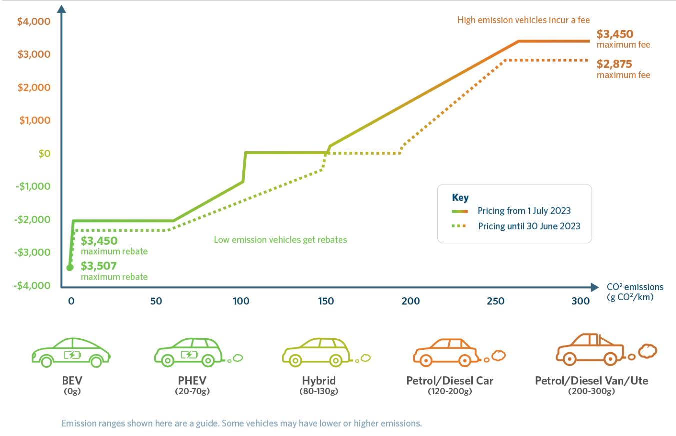
The New Zealand Clean Car Discount and Fee scheme incentivises the purchase of low-emission vehicles by establishing different levels of rebates and fees, based on a vehicle's CO2 emissions, measured in grams per kilometre (g CO2/km). The scheme is aiming to promote a cleaner and more sustainable transport system. Under changes to the subsidies and fees, vehicles with CO2 emissions ranging from 0 to 100 g CO2/km are eligible for a rebate. From 1 July 2023 for new models, the maximum EV rebate will reduce from NZ$8,625 to NZ$7,015. In contrast, vehicles emitting between 101 to 149 g CO2/km neither qualify for a rebate nor incur a fee; this is known as the 'zero band'. However, vehicles with emissions between 150 to 345 g CO2/km are subject to a fee as part of efforts to discourage the use of high-emission vehicles. The maximum fee will increase from NZ$2,875 to NZ$3,450.

Figure 16. Clean Car Discount rebate — new vehicles



Source: NZ Transport Agency, Forsyth Barr analysis

Figure 17. Clean Car Discount rebate — used vehicles

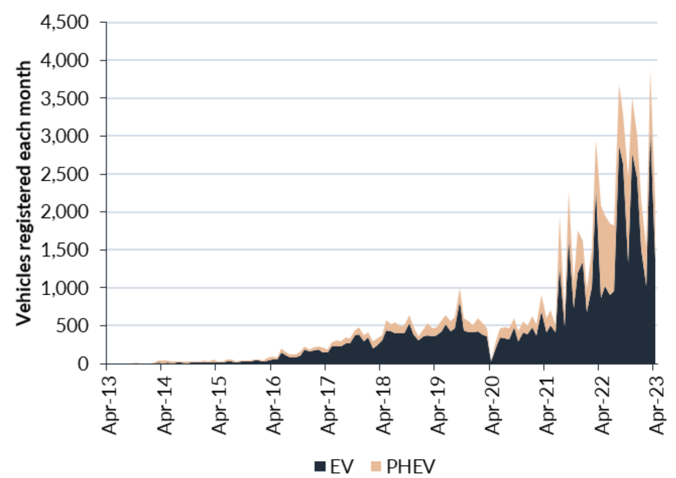


Source: NZ Transport Agency, Forsyth Barr analysis

Electric vehicle adoption

New Zealand has experienced a rapid acceleration in Electric Vehicle (EV) adoption in recent years, however, they remain a small portion of the total fleet. As of April 2023, there were ~57k BEVs and ~21k PHEV vehicles registered, a significant increase from ~500 and 6 only ten years ago, respectively. The NZ Government has played a proactive role in promoting EV adoption by implementing policies such as the Clean Car Discount, which offers rebates for purchasing low-emission vehicles (BEVs, PHEVs and hybrids) while imposing fees on high-emitting cars. Since the Clean Car Discount came into force on 1 April 2022, over ~22k BEVs and ~9k PHEVs have been added to NZ's fleet but also a substantial number of other hybrids (HEVs), representing ~61k new registrations. While new petrol and diesel vehicle registrations have been flat or negative, BEVs and PHEV registrations have continued to experience substantial growth and now account for over 12% of new vehicle registrations on a 12 month rolling basis.

Figure 18. NZ combined BEV + PHEV vehicle registrations



Source: MOT, Forsyth Barr analysis

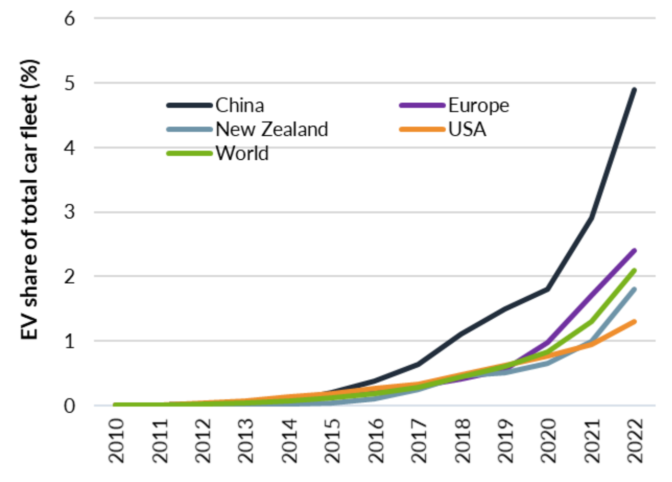
Figure 19. NZ combined BEV + PHEV share of registrations

Source: MOT, Forsyth Barr analysis

Although EV adoption in New Zealand has surged lately, the share of EVs as a proportion of the total car fleet (1.8% in December 2022) is still well behind many regions worldwide. Similar to NZ, governments around the world have played a vital role in driving EV adoption through tax incentives, subsidies, and the establishment of stricter emission regulations. As of December 2022, China was one of the world leaders in cumulative EV adoption, with almost 5% of its total car fleet electric powered. Europe has also seen strong adoption to 2.4% EV penetration, led by countries in Scandinavia, including Iceland, Norway and Sweden. Like NZ, the United States has been slower to adopt EVs than the world average, with only 1.3% EV penetration. In all these regions, a lift in the EV share of car sales will continue to increase their market share, with China and Europe continuing their strong adoption trends and New Zealand showing signs of closing the gap.

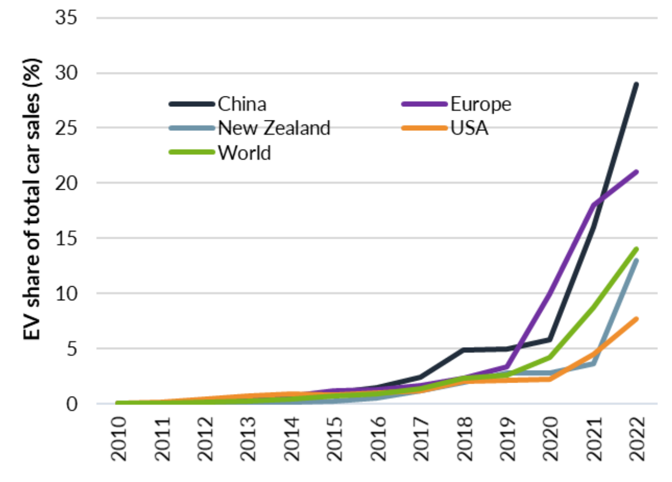
We consider TRA's auto retail business is mode of power agnostic, so whether consumers continue to purchase ICE vehicles or switch to electric, it is positioned to benefit from the transaction.

Figure 20. BEV + PHEV share of total car fleet globally



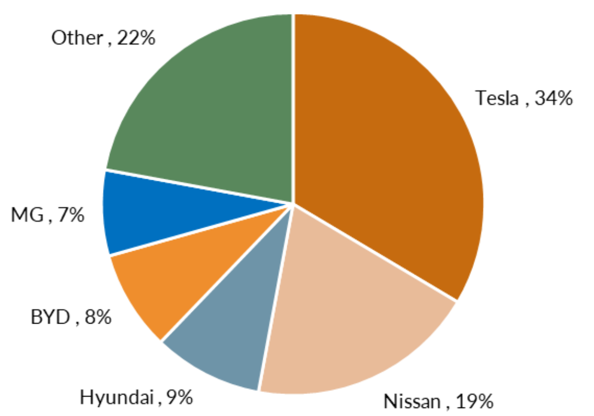
Source: International Energy Agency, Forsyth Barr analysis

Figure 21. BEV + PHEV share of incremental car sales globally



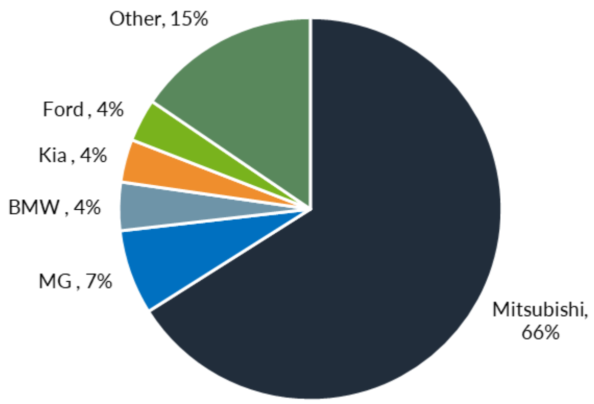
ISource: International Energy Agency, Forsyth Barr analysis

Figure 22. BEV registrations in NZ by brand (May 2021 to May 2023)



Source: MOT, Forsyth Barr analysis

Figure 23. PHEV registrations in NZ by brand (May 2021 to May 2023)



Source: MOT, Forsyth Barr analysis

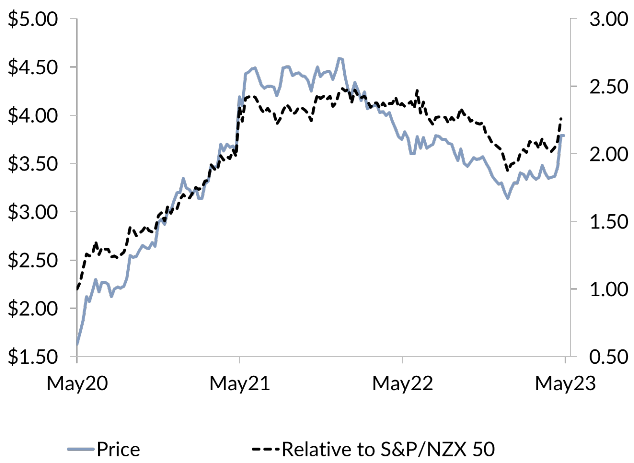
What constitutes a ICE, hybrid car and PHEV?

A hybrid car is a type of vehicle that combines different power sources, typically an internal combustion engine (ICE) and an electric motor, to enhance fuel efficiency and reduce emissions. There are two main types of hybrid cars:

- **Hybrid Electric Vehicles** (HEVs) come in two forms: mild hybrids and full hybrids. A mild hybrid, such as the Toyota Corolla Hybrid, features an electric motor and a small dedicated battery that primarily powers auxiliary systems like the stereo, heating, and air conditioning. The electric motor also provides a boost to the ICE when accelerating from a stop, but it does not drive the vehicle independently. In contrast, a full hybrid, like the Toyota Prius, can operate using either the ICE or the electric motor independently, and combines the power of both when needed.
- A **Plug-in Hybrid Electric Vehicle (PHEV)** has a larger electric battery that can be recharged by plugging the vehicle into an external power source. For instance, the Mitsubishi Outlander PHEV can travel up to 54km on its battery alone. This ability to operate on electric power alone for shorter distances, switching to the ICE when the battery is depleted, distinguishes PHEVs from HEVs. Depending on the specific model, the electric motor and ICE in PHEVs can either work independently, swapping control as necessary, or work together for added power.

When discussing the growth of electric vehicles it's important to note that **we are referring to a combination of Battery Electric (fully electric) Vehicles (BEVs) and PHEVs, as both of these types can be plugged in to recharge their batteries. This definition therefore excludes HEVs, which do not have plug-in capability.** It's crucial to understand that BEVs operate solely on electricity and do not have an ICE, unlike PHEVs which have both an ICE and an electric motor.

Figure 24. Price performance



Source: Forsyth Barr analysis

Figure 25. Substantial shareholders

Shareholder	Latest Holding
Bartel Holdings	11.7%
Baker Investment Trust No 2	7.5%
Harrigens Trustee Limited	6.1%

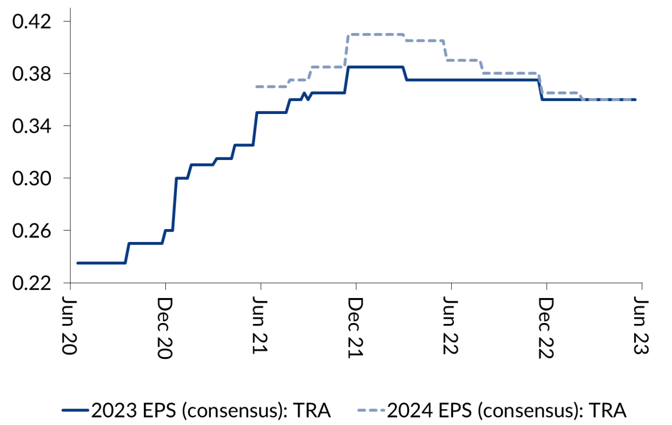
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 26. International valuation comparisons

Company	Code	Price	Mkt Cap	PE		EV/EBITDA		EV/EBIT		Cash Yld
(metrics re-weighted to reflect TRA's balance date - March)			(m)	2024E	2025E	2024E	2025E	2024E	2025E	2025E
Turners Automotive	**TRA NZ**	**NZ$3.79**	**NZ$329**	**11.0x**	**9.6x**	**33.2x**	**29.1x**	**>75x**	**64.6x**	**7.1%**
KMD Brands *	KMD NZ	NZ$1.13	NZ$804	12.5x	10.4x	4.5x	4.2x	9.5x	8.3x	6.9%
The Warehouse Group *	WHS NZ	NZ$1.71	NZ$593	13.2x	9.7x	5.2x	4.7x	13.7x	11.1x	7.5%
Briscoe Group	BGP NZ	NZ$4.36	NZ$971	12.5x	11.8x	7.2x	6.9x	9.2x	8.8x	6.3%
Michael Hill International L	MHJ NZ	A$1.08	A$410	n/a	9.1x	3.7x	3.6x	7.0x	6.7x	7.6%
Eagers Automotive	APE AT	A$13.74	A$3,509	12.3x	13.3x	9.5x	9.9x	11.2x	11.8x	4.7%
Autosports Group	ASG AT	A$2.20	A$442	6.7x	7.6x	6.2x	6.5x	8.1x	8.8x	7.7%
Motorcycle Holdings	MTO AT	A$1.58	A$116	5.2x	5.0x	5.3x	5.2x	7.0x	6.8x	11.3%
Peter Warren Automotive Hold	PWR AT	A$2.64	A$454	8.8x	9.3x	7.4x	7.6x	9.9x	10.3x	7.3%
Kamux Corp	KAMUX FH	€5.30	€212	15.0x	9.4x	8.2x	6.2x	13.0x	8.3x	5.1%
America'S Car-Mart Inc	CRMT US	US$86.43	US$551	16.4x	12.4x	12.9x	10.4x	39.3x	35.9x	n/a
Idom Inc	7599 JP	¥875.00	¥93,527	7.3x	6.6x	5.9x	5.3x	6.6x	6.0x	4.4%
			Compco Average:	**11.0x**	**9.5x**	**6.9x**	**6.4x**	**12.2x**	**11.2x**	**6.9%**
EV = Mkt cap+net debt+lease liabilities+min interests-investments			**TRA Relative:**	**-0%**	**1%**	**380%**	**354%**	**n/a**	**478%**	**3%**

Source: *Forsyth Barr analysis, Bloomberg Consensus, Compco metrics re-weighted to reflect headline (TRA) companies fiscal year end

Figure 27. Consensus EPS momentum (NZ$)



Source: Forsyth Barr analysis

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