

The Colonial Motor Company Limited

Unaudited PRELIMINARY RESULT

For the year
ended
30 June 2022



17 August 2022

Dear Shareholder

- **Trading Profit after Tax at \$33.3m, up 19% on last year and a new record for the Group**
- **Total Dividends for the year 62 cps, up 7 cps on last year, also a record pay out**

Trading conditions

As we reported to you in February, trading conditions over the first six months of the financial year were very strong, with all of our trading operations delivering outstanding results. The clean vehicle tax, that came into effect on 1 April 2022, created an incentive for customers to purchase before that deadline. This was particularly evident in the Light Commercial segment where virtually all vehicles now incur the tax.

Not unexpectedly, the final quarter was more challenging than the previous three, with a gloomy economic outlook and continued supply constraints post March combining to slow our car operations. Despite these challenges, our truck and tractor dealerships maintained momentum and, collectively, the team across the Group has delivered an exceptional result with total revenue just over \$1.0 billion.

Developments

Major refurbishments to Avon City Ford, Timaru Motors and Dunedin City Motors are well underway. We continue to be impacted by rising building costs, supply shortages and labour constraints in the construction sector. This has slowed a number of projects and required the deferment of others. The Company has purchased a well-situated property on Ti Rakau Drive in Auckland to support our brand representation in the East Auckland region.

Dividend

The Directors have declared a fully imputed dividend of 47 cps to be paid on Monday, 3 October 2022, with a record date of Friday, 23 September. This will take the total dividend for the year to 62 cps, 61% of the Trading Profit after Tax.

Annual Report

The 2022 Annual Report will be published in late September including the notice for the 104th Annual General Meeting to be held midday on Friday, November 11 2022 at the The Harbourside Function Venue, 4 Taranaki Street, Wellington.

Outlook

Registrations for the seven months to July 2022 for new and used vehicles have softened relative to 2021, down 7% and 2% respectively. March was a registration anomaly, driven by the clean car tax. In the period since March, new vehicle registrations have been down 20% and used 37% over the four months¹. We anticipate the industry will recover to a degree but a softer trajectory will likely be maintained over the medium term. Supply, particularly for EVs, remains constrained due to both global availability of raw materials and manufacturing capacity. This will

mean an element of erratic local supply and continued longer than normal lead times for desirable product.

High fuel prices and other inflationary pressures are taking their toll on consumer confidence and the Group will not be immune from these effects. We have confidence in the next generation products arriving in-market over the coming year and together with a steady demand for tractors and heavy trucks, these factors should allow us to remain competitive in all the segments we trade in.

Directors

Matthew Newman will be retiring from the Board at the conclusion of the Annual Meeting in November. The Directors have appointed John Hutchinson as a director with effect from 1 September. John will stand for election by the shareholders at the Annual Meeting.

For and on behalf of the Board

A J Waugh
CHAIRMAN

¹ MIA monthly registrations for new (passenger and commercial) and used imported vehicles

STATEMENT OF CASH FLOWS For the year ended 30 June 2022		
	2022 \$'000	2021 \$'000
Net Cash Flows from:		
Operating Activities	67,255	28,890
Investing Activities	(28,977)	(22,916)
Financing Activities	(41,170)	(8,233)
Net Decrease in Cash Held	(2,892)	(2,259)
Opening Cash Balance	14,736	16,995
Closing Cash Balance	11,844	14,736
Cash Flow Reconciliation		
Profit for the Year	35,224	26,413
Adjustment for Non Cash Items	8,059	9,413
Movement in Working Capital	23,972	(6,936)
Net Cash Flow from Operating Activities	67,255	28,890



The Colonial Motor Company Limited

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STATEMENT OF FINANCIAL PERFORMANCE		
For the year ended 30 June 2022		
	2022	2021
	\$'000	\$'000
Revenue		
Products	926,432	828,119
Services	72,600	70,392
Other Income	3,816	2,662
Total Revenue	<u>1,002,848</u>	<u>901,173</u>
Less Expenses		
Cost of Products Sold	815,425	734,905
Remuneration of Staff	90,648	83,442
Depreciation & Amortisation	8,082	6,785
Interest	4,401	3,025
Other	34,918	32,334
Trading Profit before Tax	<u>49,374</u>	<u>40,682</u>
Less Taxation		
Current	14,166	11,638
Deferred	(178)	(460)
	<u>35,386</u>	<u>29,504</u>
Less Non Controlling Interest	2,038	1,580
Trading Profit after Tax	33,348	27,924
Property – Fair Value Movement	(420)	(3,445)
Deferred Tax Movement	190	184
Investment – Fair Value Movement	68	170
Profit after Tax	<u>33,186</u>	<u>24,833</u>
Profit for the year attributable to:		
Shareholders	33,186	24,833
Non Controlling Interest	2,038	1,580
PROFIT FOR THE YEAR	35,224	26,413

STATEMENT OF COMPREHENSIVE INCOME		
For the year ended 30 June 2022		
	2022	2021
	\$'000	\$'000
Profit for the year	35,224	26,413
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Property revaluation reserve		
Change in fair value	23,981	25,166
Deferred tax movement	(675)	1,089
Items that may be classified subsequently to profit or loss:		
Foreign exchange hedging reserve		
Change in fair value	3,902	(962)
Deferred tax movement	(1,093)	269
Total comprehensive income	61,339	51,975
Attributable to:		
Shareholders	58,880	50,499
Non Controlling Interest	2,459	1,476
	<u>61,339</u>	<u>51,975</u>
	2022	2021
Basic & Diluted Earnings per Share on		
- Profit attributable to shareholders	101.5c	76.0c
- Trading Profit after Tax	102.0c	85.4c
Dividend per Share	62.0c	55.0c
Net Tangible Assets per Share	\$9.25	\$8.00

STATEMENT OF CHANGES IN EQUITY		
For the year ended 30 June 2022		
	2022	2021
	\$'000	\$'000
Equity at beginning of year	265,834	230,800
Total comprehensive income	61,339	51,975
Dividends paid to Shareholders	(17,983)	(15,366)
Dividend paid to Non Controlling Interest	(1,350)	(1,575)
Equity at end of year	307,840	265,834

STATEMENT OF FINANCIAL POSITION		
As at 30 June 2022		
	2022	2021
	\$'000	\$'000
Liabilities		
Bank Borrowings	14,732	12,197
At Call Deposits	31,076	32,304
Vehicle Floorplan Finance	28,443	55,866
Credit Contracts	956	1,142
Other Current Liabilities	54,494	63,129
Total Current Liabilities	<u>129,701</u>	<u>164,638</u>
Non Current Liabilities		
Lease Liabilities	19,752	15,607
Credit Contracts	920	1,666
Total Non Current Liabilities	<u>20,672</u>	<u>17,273</u>
Shareholders' Equity	303,340	262,443
Non Controlling Interest	4,500	3,391
Total Equity	<u>307,840</u>	<u>265,834</u>
Total Equity and Liabilities	458,213	447,745
Assets		
Inventory	137,021	163,378
Cash & Bank	11,844	14,736
Credit Contracts	942	1,121
Other Current Assets	42,770	45,152
Total Current Assets	<u>192,577</u>	<u>224,387</u>
Non Current Assets		
Property, Plant & Equipment	258,065	212,444
Credit Contracts	920	1,666
Other Non Current Assets	6,651	9,248
Total Non Current Assets	<u>265,636</u>	<u>223,358</u>
Total Assets	458,213	447,745

These summary consolidated Financial Statements have not been audited.