



*The
Colonial
Motor Company
Limited*

HALF YEAR REPORT

For the Six Months Ended 31 December 2020

The Colonial Motor Company Limited

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57 Courtenay Place
Wellington
18 February 2021

Dear Shareholder

**Trading Profit after tax at \$12.715m is up 58% on the same period last year
Interim Dividend resumed at 15cps, the same as the previously cancelled dividend**

Total revenue grew 4.6% compared with the same period last year, with most of this growth occurring in the last month. Favourable trading conditions flowed through to a trading profit after tax up 58% on the low 2019 result and up 18% on 2018.

The new vehicle market for the full calendar year was down 22% on the previous year, but that disguises a stronger second half. Most of the decline in the second half was due to the absence of rental cars. The business and private market available to dealerships in the six months was very similar to the previous year.

The new market is now dominated by supply constraints. Early Covid predictions over-estimated the market decline resulting in reduced ordering of product by distributors. The subsequent faster and stronger recovery has stayed ahead of supply due to capacity constraints and supply chain disruption. The issues are widespread, not restricted to the retail motor industry or our franchise suppliers. Consumers have adapted to this environment and are committing to forward orders or selecting from what is physically available. Near-new used vehicles are also affected with significant shortages.

The New Zealand heavy truck market for the full calendar year was down 26% on the previous year. Southpac Trucks has successfully launched the new Euro6 range of DAF trucks into this declining market where the Euro6 emission standard is not mandatory.

Developments

Major developments continue. In Christchurch, work at Team Hutchinson Ford (the greenway project) will be completed this financial year. At Lower Hutt, the separate showrooms for Ford and Mazda have been completed while other development work on the site continues and at Botany, the new Southern Autos facility for Suzuki and Isuzu will open in March.

Government Policy

The Government has announced that it will introduce a clean car import standard. It is a supply driven requirement for all new vehicle importers to meet very stringent CO² emission averages by 2025. In 2020, over 95% of the new vehicles registered in New Zealand did not meet the required average of 105gm of CO²/km. The ability of the importing franchisors to meet the target in the required timeframe cannot be taken for granted where the international supply of very low emission vehicles, including full EVs and PHEVs, is both limited and disrupted. The new technologies necessary to meet the standard will cost significantly more than current price ranges.

Outlook

It is expected that supply constraints and market volatility will continue to define the market. The need to constantly change and adapt will continue.

Dividend

The Directors have declared a fully imputed interim dividend of 15 cents per share. The interim dividend will be paid on 29 March, with a record date of 19 March 2021.

**For and on behalf of the Board
J P Gibbons
CHAIRMAN**

The Colonial Motor Company Limited
and Subsidiary Companies

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE For the six months ended 31 December 2020		6 Months to 31 December 2020 \$'000 Unaudited	6 Months to 31 December 2019 \$'000 Unaudited	12 Months to 30 June 2020 \$'000 Audited
Revenue				
	Products	400,627	384,154	679,759
	Services	35,506	33,298	66,200
	Other income	1,647	1,088	8,963
Total revenue		437,780	418,540	754,922
Trading expenses				
	Cost of products and services sold	357,922	345,768	609,316
	Remuneration of staff	40,565	39,120	76,118
	Depreciation and amortisation	3,341	3,114	6,289
	Interest	1,423	2,432	4,017
	Other operating costs	16,293	15,976	32,567
Total trading expenses		419,544	406,410	728,307
Trading profit before tax		18,236	12,130	26,615
Taxation		4,887	3,595	8,011
Non-controlling interest		634	504	1,255
Trading profit after tax		12,715	8,031	17,349
Non-trading items	Fair value adjustments after tax	74	71	4,479
Profit attributable to shareholders		12,789	8,102	21,828
Profit for the period				
Profit attributable to:	Shareholders	12,789	8,102	21,828
	Non-controlling interest	634	504	1,255
Profit for the period		13,423	8,606	23,083
Statistics per share				
Basic and diluted earnings per share				
	Profit attributable to shareholders (cents)	39.1	24.8	66.8
	Trading profit after tax (cents)	38.9	24.6	53.1
Dividends				
	Dividends (cents per share)	15.0	-	32.0
	Total dividends (\$'000)	4,904	-	10,462
Net tangible assets per share		6.96	6.24	6.92
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the six months ended 31 December 2020		6 Months to 31 December 2020 \$'000 Unaudited	6 Months to 31 December 2019 \$'000 Unaudited	12 Months to 30 June 2020 \$'000 Audited
Profit for the period		13,423	8,606	23,083
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Property revaluation reserve - Fair value movement after tax		(184)	(233)	6,991
Items that will be reclassified subsequently to profit or loss if conditions are met				
Cash flow hedge reserve - Movement in fair value of hedge derivatives after tax		(898)	(1,069)	565
Total other comprehensive income for the period		(1,082)	(1,302)	7,556
Total comprehensive income for the period		12,341	7,304	30,639
Total comprehensive income for the period attributable to:				
	Shareholders	11,842	6,960	29,299
	Non-controlling interest	499	344	1,340
Total comprehensive income for the period		12,341	7,304	30,639
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the six months ended 31 December 2020		6 Months to 31 December 2020 \$'000 Unaudited	6 Months to 31 December 2019 \$'000 Unaudited	12 Months to 30 June 2020 \$'000 Audited
Total equity at beginning of the period		230,800	210,944	210,944
Total comprehensive income		12,341	7,304	30,639
Dividends paid to shareholders		(10,462)	(9,808)	(9,808)
Dividends paid to non-controlling interest		(900)	-	(975)
Total equity at end of period		231,779	208,440	230,800

The Colonial Motor Company Limited
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2020	31 December 2020 \$'000 Unaudited	31 December 2019 \$'000 Unaudited	30 June 2020 \$'000 Audited
Shareholders' equity			
Share capital	15,968	15,968	15,968
Retained earnings	149,539	133,211	146,936
Property revaluation reserve	63,561	56,798	64,021
Foreign exchange cash flow hedge reserve	(378)	(1,004)	385
Total shareholders' equity	228,690	204,973	227,310
Non-controlling interest	3,089	3,467	3,490
Total equity	231,779	208,440	230,800
Current liabilities			
Bank borrowings	13,247	25,721	19,235
At-call deposits	30,561	29,336	27,389
Trade & other payables	46,056	36,904	42,505
Vehicle floorplan finance	37,049	49,714	42,851
Lease liabilities	1,925	1,707	1,813
Other	4,560	3,192	4,085
Total current liabilities	133,398	146,574	137,878
Non-current liabilities			
Lease liabilities	13,387	13,935	13,175
Other	2,203	5,464	2,379
Total non-current liabilities	15,590	19,399	15,554
Total equity and liabilities	380,767	374,413	384,232
Current assets			
Cash & bank accounts	16,452	10,045	16,995
Trade & other receivables	39,711	39,008	41,882
Inventory	129,808	151,015	139,291
Other	1,331	1,518	2,354
Total current assets	187,302	201,586	200,522
Non-current assets			
Property, plant & equipment	169,900	152,892	161,109
Right of use asset	13,491	13,760	13,137
Other	10,074	6,175	9,464
Total non-current assets	193,465	172,827	183,710
Total assets	380,767	374,413	384,232

CONSOLIDATED STATEMENT OF CASH FLOWS For the six months ended 31 December 2020	6 Months to 31 December 2020 \$'000 Unaudited	6 Months to 31 December 2019 \$'000 Unaudited	12 Months to 30 June 2020 \$'000 Audited
Operating cash flows			
Inflows	439,948	435,585	768,534
Outflows	(408,695)	(401,934)	(704,313)
Net operating cash flows	31,253	33,651	64,221
Investing cash flows			
Inflows	761	257	733
Outflows	(12,901)	(6,707)	(13,977)
Net investing cash flows	(12,140)	(6,450)	(13,244)
Financing cash flows			
Inflows	4,461	5,328	3,731
Outflows	(24,117)	(29,666)	(44,895)
Net financing cash flows	(19,656)	(24,338)	(41,164)
Net change in cash held	(543)	2,863	9,813
Cash at beginning of period	16,995	7,182	7,182
Cash at end of period	16,452	10,045	16,995

SEGMENT INFORMATION For the six months ended 31 December 2020	2020 Unaudited			2019 Unaudited		
	Operating segment \$'000	Corporate \$'000	Total Group \$'000	Operating segment \$'000	Corporate \$'000	Total Group \$'000
Revenue from customers	437,450	330	437,780	418,046	494	418,540
Trading profit before tax	16,653	1,583	18,236	10,259	1,871	12,130
Total assets	210,843	169,924	380,767	222,840	151,573	374,413

These summary consolidated financial statements have not been audited. They have been prepared using accounting policies that are consistent with the most recent annual financial statements and comply with NZ IAS 34, Interim Financial Reporting.

The financial statements were authorised for issue by the Directors on 18 February 2021.

The Colonial Motor Company Limited and Subsidiary Companies



Newly opened in January, Capital City Mazda's showroom is quite the sight, dominating the corner of Pretoria and High Streets in Lower Hutt. Construction continues on the Mazda service workshop located directly behind the showroom.

The CX-30 is the newest addition to the Mazda family. It's powered by a Skyactiv-X M hybrid system which delivers impressive fuel economy and a smooth driving experience.



Capital City Ford's showroom on the opposite end of the High Street property in Lower Hutt is complete. Internally, Ford's latest Brand@Retail vision has been brought to life, complete with an impressive array of showroom lighting.

The all-new Ford Escape has refined this small SUV in every way possible. The Escape combines performance, comfort and the latest technology, all while improving fuel economy.

25 YEARS



Peter Michels (left), Macaulay Motors, pictured with Grant Price.



James Harford (right), Avon City Motors, pictured with John Luxton.



David Lavington (centre), Capital City Motors, pictured with Matthew Carman (left) and Graeme Gibbons (right).

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MS Motors has recently taken on Bridgestone Motueka in addition to its Richmond Bridgestone business (pictured). This complements the Dealership's and the Richmond service lane operation across the street.



Pictured outside Timaru Motors is Wayne Hitchcock (left), Craig Tindall (centre back), Wayne Pateman (centre front) and Raewyn Hawkey (right) with Ford's new Puma compact SUV. Its sporty performance, striking silhouette, impressive fuel economy and all the latest electronics makes it quite the package.

Construction is well underway at Team Hutchinson Ford in Christchurch. The public greenway can be seen bisecting the Dealership, with the showroom and service reception building on the Tuam Street side.

The heritage service workshop has undergone a major refurbishment on the St Asaph Street side. Provisions have been made to ensure vehicles can safely traverse the greenway.



The conversion of 271 Botany Road to Southern Autos' Suzuki and Isuzu site with a five bay workshop is due to be completed this month.

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The Wanaka Service Centre opened in November 2020. The facility has successfully delivered brand separation for both Macaulay Motors (Ford & Mazda) and Southern Lakes Motors (Nissan & Mitsubishi).



South Auckland Motors' Ford showroom has undergone a revamp based on Ford's latest Brand@Retail vision. Pictured is the customer reception area complete with the Ford halo.



Agricentre South sporting the new Kubota orange and black branding at their Invercargill site.



Agricentre's new site on Old Saleyard Road in Cromwell became operational in October 2020.



Ritchie Malam from Oratia West Auckland operates the latest Euro6 530hp DAF, transporting aggregates in the Auckland construction market. Southpac launched the Euro6 range in 2020 which comes with advanced driver safety technology, collision avoidance software, lane departure warning, kerb side cyclist warning cameras and low emission engines.



Karl and Pam Scott from Balclutha added this Kenworth T909 logger to their fleet. Kenworth's market share continues to grow with its ability to maintain traditional North American styling coupled with the introduction of the latest technology, driver safety features, high horsepower low emissions engines, all of which combine to deliver excellent results for the customer.



The Colonial Motor Company Limited

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