



The Colonial Motor Company Limited

Half Year Report

31 December 2022

The Colonial Motor Company Limited
and Subsidiary Companies

HALF YEAR REPORT
For the Six Months Ended 31 December 2022

Dear Shareholder

Trading Profit after tax at \$14.2m, down 21% on the same prior year period
Interim Dividend unchanged at 15cps

Trading Results

Trading profit after tax of \$14.2m for the first half of the 2023 financial year was the second highest on record but below the comparative period's record result.

Dividend

The Board has declared a fully imputed interim dividend of 15 cents per share. The dividend will be paid on 27 March, with a Record date of 17 March.

Trading Conditions

All of our major trading operations remained in good shape, with motor vehicles, heavy trucks and tractor dealerships all contributing to deliver a very sound result for the six-month period despite softening market conditions. While the vehicle supply shortage shows signs of easing, waiting lists for popular models continued to pose challenges for our dealerships and lengthy wait times for customers. The trend of shipping arrivals dictating monthly sales results remains while, at the same time, the industry works through the tail end of the high vehicle demand of the last two years.

The headwinds of growing economic uncertainty, a relatively low New Zealand dollar, the cost-of-living crisis and rising interest rates have softened new and used vehicle enquiries and increased the cost of doing business. Despite these challenges, our focus on investing in our people and facilities and supporting our long-term customer relationships has proven to be a successful formula.

The new vehicle industry totalled 164,813 registrations for 2022, only slightly down on 2021. Targeted government intervention via the clean vehicle legislation has continued to drive demand for electric vehicles (EVs), with EVs playing an increasingly dominant role in the Passenger and SUV segments.

Property Developments

Dealership upgrades at Avon City Ford, Dunedin City Ford and Timaru Motors are all on track and due to be completed before the end of the financial year. A complete rebuild of the Fagan Motors showroom and Agricentre's tractor dealership in Gore are nearing their start dates. Later in the year a Mazda brand refresh for South Auckland Mazda and Dunedin City Mazda will get underway. The Company has also purchased a substantial property in Palmerston North which we plan to develop as a long-term investment to expand and future proof our heavy commercial business in the region.

Outlook

Uncertainty is the constant keyword heading into the second half of the financial year. While sales of popular vehicle models are expected to stay robust in the third quarter, the lag effect from lower levels of customer enquiry is anticipated to have a greater impact by the fourth quarter.

The economic environment experienced in the first half is expected to remain and will likely tighten the screws on the industry and wider retail sector as the year unfolds. We will also contend with the lead up to the 2023 general election, which can result in customers deferring major purchase decisions until a degree of certainty resumes.

As showcased at the 2022 AGM, we have an exciting array of new and electrified products coming to market across the portfolio of brands we partner with. The combination of great staff, investment in facilities and new products positions the Company well to succeed. However, in the short to medium term, we do expect a degree of turbulence as the supply of EV products remains globally scarce for the foreseeable future.

Christchurch Dealership Tour

Shareholders are invited to a tour of Team Hutchinson Ford and Avon City Motors on the 12th of May 2023. Please RSVP to cmc@colmotor.co.nz by the 14th of April if you would like to attend.

Annual Meeting

The 2023 Annual Meeting is scheduled to be held in Wellington at the Harbourside Function Venue at midday on the 10th of November.

For and on behalf of the Board
A J (Ash) Waugh
Chair

22 February 2023

The Colonial Motor Company Limited
and Subsidiary Companies

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE		6 Months to 31 December 2022 \$'000 Unaudited	6 Months to 31 December 2021 \$'000 Unaudited	12 Months to 30 June 2022 \$'000 Audited
For the six months ended 31 December 2022				
Revenue				
	Products	459,468	496,034	926,432
	Services	40,440	36,669	72,600
	Other income	1,014	2,972	3,816
Total revenue		500,922	535,675	1,002,848
Trading expenses				
	Cost of products and services sold	405,026	438,408	815,425
	Remuneration of staff	47,073	46,778	90,648
	Depreciation and amortisation	3,946	3,957	8,082
	Interest	3,635	2,269	4,401
	Other operating costs	20,339	17,796	34,921
Total trading expenses		480,019	509,208	953,477
Trading profit before tax		20,903	26,467	49,371
Taxation		5,880	7,514	13,988
Non-controlling interest		802	956	2,038
Trading profit after tax		14,221	17,997	33,345
Non-trading items	Fair value adjustments after tax	70	97	(162)
Profit attributable to shareholders		14,291	18,094	33,183
Profit for the period				
Profit attributable to:	Shareholders	14,291	18,094	33,183
	Non-controlling interest	802	956	2,038
Profit for the period		15,093	19,050	35,221
Statistics per share				
Basic and diluted earnings per share				
	Profit attributable to shareholders (cents)	43.7	55.3	101.5
	Trading profit after tax (cents)	43.5	55.0	102.0
Dividends				
	Dividends (cents per share)	15.0	15.0	62.0
	Total dividends (\$'000)	4,904	4,904	20,271
Net tangible assets per share		9.10	8.13	9.25
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		6 Months to 31 December 2022 \$'000 Unaudited	6 Months to 31 December 2021 \$'000 Unaudited	12 Months to 30 June 2022 \$'000 Audited
For the six months ended 31 December 2022				
Profit for the period		15,093	19,050	35,221
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Property revaluation reserve	- Fair value movement after tax	-	-	23,307
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	(4,455)	(728)	2,810
Total other comprehensive income for the period		(4,455)	(728)	26,117
Total comprehensive income for the period		10,638	18,322	61,338
Total comprehensive income for the period attributable to:				
	Shareholders	10,505	17,476	58,879
	Non-controlling interest	133	846	2,459
Total comprehensive income for the period		10,638	18,322	61,338
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY		6 Months to 31 December 2022 \$'000 Unaudited	6 Months to 31 December 2021 \$'000 Unaudited	12 Months to 30 June 2022 \$'000 Audited
For the six months ended 31 December 2022				
Total equity at beginning of the period		307,840	265,834	265,834
Total comprehensive income		10,638	18,322	61,338
Dividends paid to shareholders		(15,366)	(13,079)	(17,982)
Dividends paid to non-controlling interest		(450)	(450)	(1,350)
Total equity at end of period		302,662	270,627	307,840

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2022	31 December 2022 \$'000 Unaudited	31 December 2021 \$'000 Unaudited	30 June 2022 \$'000 Audited
Shareholders' equity			
Share capital	15,968	15,968	15,968
Retained earnings	170,808	161,696	171,883
Property revaluation reserve	113,304	89,997	113,304
Foreign exchange cash flow hedge reserve	(1,602)	(822)	2,185
Total shareholders' equity	298,478	266,839	303,340
Non-controlling interest	4,184	3,788	4,500
Total equity	302,662	270,627	307,840
Current liabilities			
Bank borrowings	32,343	33,447	8,732
At-call deposits	32,700	30,563	31,076
Trade & other payables	47,560	45,227	47,423
Vehicle floorplan finance	73,496	55,853	28,443
Lease liabilities	1,957	2,024	2,027
Other	5,453	5,880	6,000
Total current liabilities	193,509	172,994	123,701
Non-current liabilities			
Lease liabilities	18,278	17,909	19,752
Other	12,622	1,085	6,920
Total non-current liabilities	30,900	18,994	26,672
Total equity and liabilities	527,071	462,615	458,213
Current assets			
Cash & bank accounts	16,128	13,512	11,844
Trade & other receivables	43,801	51,221	39,200
Inventory	197,278	169,528	137,020
Other	708	969	4,513
Total current assets	257,915	235,230	192,577
Non-current assets			
Property, plant & equipment	241,465	199,625	238,170
Right of use asset	18,353	18,094	19,895
Other	9,338	9,666	7,571
Total non-current assets	269,156	227,385	265,636
Total assets	527,071	462,615	458,213

CONSOLIDATED STATEMENT OF CASH FLOWS For the six months ended 31 December 2022	6 Months to 31 December 2022 \$'000 Unaudited	6 Months to 31 December 2021 \$'000 Unaudited	12 Months to 30 June 2022 \$'000 Audited
Operating cash flows			
Inflows	495,942	529,601	1,008,798
Outflows	(546,614)	(531,078)	(941,543)
Net operating cash flows	(50,672)	(1,477)	67,255
Investing cash flows			
Inflows	1,568	1,573	1,636
Outflows	(6,594)	(9,573)	(24,154)
Net investing cash flows	(5,026)	(8,000)	(22,518)
Financing cash flows			
Inflows	75,798	23,522	-
Outflows	(15,816)	(15,269)	(47,629)
Net financing cash flows	59,982	8,253	(47,629)
Net change in cash held	4,284	(1,224)	(2,892)
Cash at beginning of period	11,844	14,736	14,736
Cash at end of period	16,128	13,512	11,844

SEGMENT INFORMATION For the six months ended 31 December 2022	2022 Unaudited			2021 Unaudited		
	Operating Segment \$'000	Corporate \$'000	Total Group \$'000	Operating Segment \$'000	Corporate \$'000	Total Group \$'000
Revenue from customers	500,365	557	500,922	535,402	273	535,675
Trading profit before tax	19,771	1,132	20,903	25,652	815	26,467
Total assets	286,968	240,103	527,071	265,279	197,336	462,615

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 22 February 2023.

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Avon City Ford - the complete rebuild of the showroom and administration building is progressing well considering the challenges within the construction industry over the last year. Shareholders will have the opportunity to tour the facility alongside Team Hutchinson Ford in May.



Timaru Motors – the facility is undergoing refurbishment. The interior is now finished and the remainder of the site is due for completion soon.



Energy Motors - the pre-delivery workshop facility on Mustang Drive, New Plymouth is now complete.



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Southpac Trucks



The new Euro6 DAF suits a wide range of agricultural applications. J Swap of Matamata operates a large fleet of DAFs specialising in stock food delivery.



The Kenworth T610 offers luxury sleeper cabins suited for long distance transport. Owner Dibble Transport of Te Awamutu operates a number of Kenworths for bulk cement transport.



The versatility of the Australian built Kenworth K200 is seen here as both a logger - (owner Harley Tripae) and a livestock unit - (Stephenson Transport) - working in Hawkes Bay.

Agricentre South



The Wilkins Family, loyal customers of Agricentre South, operate two of the largest New Holland combine harvesters on their farm in northern Southland.

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Agricentre South specialist baler techs, **Jack Pedlar** (L) and **Jordan Erskine** (R), with the latest New Holland T6.180 Dynamic Command Transmission tractor and New Holland RB125C Combi baler.



Case IH Puma tractor with front and rear Krone mowers making easy work of the crop in Otago. Krone is a very popular brand and offers a full range of harvesting equipment. Agricentre South is the agent for the full range of Krone equipment in Otago.

South Auckland Motors



A novel way to transport the latest Ford Ranger Raptors, here being delivered to South Auckland Motors.

Clark Robertson (L) from "Banner and Signs" (with salesman **Paul Whittle**) is a repeat customer and recently purchased a new Ranger Raptor. Clark also does most of the signwriting work at South Auckland Motors.



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Dunedin City Ford on Andersons Bay Road, Dunedin has undergone extensive renovations. The completed site is now a modern facility for both customers and staff to enjoy.



A lot of interest was shown in the new fully electric Ford Mustang Mach E on display at the "Take Charge EV Vehicle Expo" in Christchurch.

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Congratulations



(L-R) **Sam Johnson** - M.S. Motors, **Nick Hutchinson** - Team Hutchinson Ford, **Jason Robb** and **Andy Kimber** - South Auckland Motors, achieved their New Zealand Diploma in Business - Level 5, majoring in Leadership and Management.



Sebastian Cruzat (L) and **Ryan Vezeau** (R) of Southpac Trucks passed all theory and practical training requirements of an apprenticeship through MITO (Motor Industry Trades Organisation) and achieved their New Zealand Certificate in Heavy Automotive Engineering - Level 4, majoring in Road Transport. They are now qualified Heavy Diesel Road Transport Technicians.

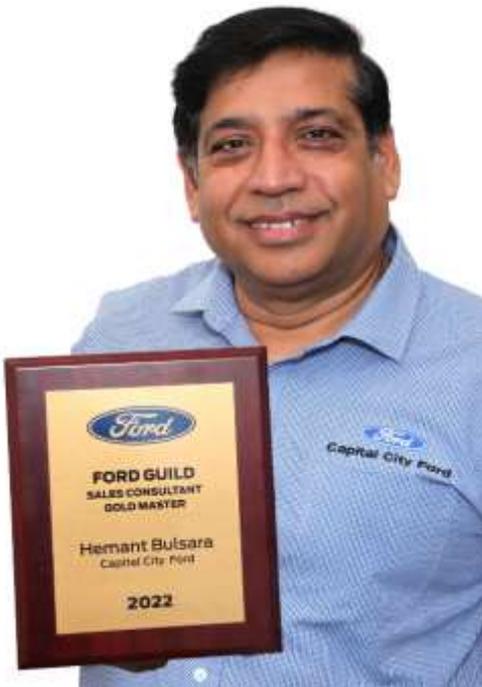
Amber Kay - Capital City Motors - was awarded MITO Scholarship Parts and Accessories - Level 3 and First-line Management - Level 4 Certificates.

In addition to these awards, Amber was awarded the Parts and Accessories Scholarship and the Sandy Fraser Memorial Scholarship through MITO Advance. She also holds an Automotive Engineering (Light) - Level 4 Certificate obtained before starting with Capital City Motors.



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Vinnie Waiwai - Capital City Motors - Apprentice Graduate of a New Zealand Certificate in Automotive Engineering - Level 3 and recipient of a Māori and Pasifika Trades Training Scholarship.



Hemant Bulsara - Capital City Motors - Ford Fleet and New Vehicle Sales Consultant, was awarded the Ford Guild: Sales Consultant Gold Master Award for 2022. This award recognises the top-performing salesperson and their commitment to upholding exceptional guest experiences across the Ford national network. This recognition is no surprise to his customers, who often have stories of Hemant going above and beyond.

Ravendra Lal (R) - South Auckland Motors - was awarded his Light Automotive - Level 3 and 4 National Certificate. Pictured with **Bruce Cullen** (Service Manager).



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25 Years' Service - Gold Watch Presentations



South Auckland Motors held a celebratory evening to recognise 25 years' service by (L-R) **Simon Robinson, Greg Huckstep, Greg Lunman** and **Aaron Matchett** with **Michael Tappenden** (Centre).



Forbes Gourlay (R) and **John Luxton** - Avon City Ford.



Janaya Price and **Grant Price** - Agricentre South.



(L-R) **Phil Noble, Matt Carman, Bob Natta** - Capital City Motors and **Alex Gibbons** - CMC.



Nathan Davis (L) and **Tim Rabbitte** - Macaulay Motors.

Shareholders are e-mailed the half year results in February and full-year results in August. To update your address please e-mail cmc@colmotor.co.nz with your current email address entering "Shareholder email" in the subject line.



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