

# *The Colonial Motor Company Limited*

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## **GUIDANCE UPDATE**

At the Annual General Meeting in November last year, the Company signalled that earnings for the 30 June 2024 financial year would be unlikely to meet the record returns achieved in the two previous financial years. As forewarned at the AGM, the legislated end to the Clean Car Discount (**CCD**) scheme would negatively impact the non-EV market in particular up to 31 December. This has proved to be the case.

The anticipated consumer delay in purchasing our Light Commercial range and SUV products and the weaker demand environment became evident through November and then materially worsened in December. For context, Light Commercial Vehicle registrations across New Zealand were down nearly 50% for the December quarter, driven by December itself being the lowest (non-Covid) month for registrations in this segment since January 1999.

This impacted our car dealerships in two ways; the deferral of vehicle sales to post 1 January 2024 and the cost of holding inventory for an extended period in a high interest rate environment.

When taken against the 2022 comparative half year, the combination of these effects suggests a decrease in the half year result to 31 December 2023 to be in the vicinity of 30%. Around half of this decrease has occurred in December. This outcome needs to be taken against the previous two half year comparative periods, to December 2021 and 2022, both being record results.

On the positive side, orders that had been taken, but their delivery deferred to post-December, are flowing through the system now and will continue to do so during the current quarter. Heavy truck sales are anticipated to remain robust in the second half.

As noted in the Chair's AGM address, it will take until well into this current quarter before we know how significant any turnaround in the overall vehicle market might be. The 31 December 2023 half year results will be published by the end of February.

On behalf of the Board  
The Colonial Motor Company Limited

A J Waugh  
Chair

18 January 2024