



**New Zealand Automotive
Investments Limited**

102 Mays Road,
Onehunga,
Auckland, 1061

info@nzautomotiveinvestments.co.nz

nzautomotiveinvestments.co.nz

31 January 2023

Market announcement
NZX:NZA

**Trading and director update:
2 Cheap Cars wins market share over Q3 FY23**

NZ Automotive Investments Limited (NZAI / the Company) (NZX:NZA) advises it has increased its used car market share to 7%¹, in the third quarter to 31 December 2022, despite the overall New Zealand used car market dropping by 9.5%².

The Company noted that its 2 Cheap Cars brand market positioning is increasingly relevant in the tough economic environment, resulting in its estimated market share of used vehicle registrations growing 0.4% year-on-year. 2 Cheap Cars also strengthened its position as the largest Japanese used vehicle retailer in New Zealand in terms of total used imports.

2 Cheap Car's year-to-date vehicle sales were 6,296 to 31 December 2022, up 6% on the 2021 year.

Sales of EVs and HEVs have almost doubled year-on-year to 41% of total sales, ensuring 2 Cheap Cars continues to lead the market in this competitive and increasingly valuable segment.

A disciplined cost and value focus has seen NZAI make steady progress in reducing internal costs. Despite inflationary pressures, the Company's Hub operation costs have reduced quarter-on-quarter and an integration and centralisation strategy has seen support staff relocated to the Hub, enabling the sublease of office space now surplus to requirements.

Profitable growth in its core business remains a priority for NZAI. Therefore, it is pleasing to note that in the face of competitive pricing during the third quarter, 2 Cheap Cars has maintained vehicle margins. Reducing costs by directly controlling more of the value chain will further improve process efficiency and increase speed-to-market. Opportunities in this area remain a key strategic focus and continue to be actively pursued.

New CEO onboard

Paul Millward started as CEO on 9 January 2023 with his immediate focus on understanding the core business of car retailing to step-change growth and delivery at NZAI.

¹ Source: NZTA - based on 2 Cheap Cars' vehicle sales as a proportion of used cars registered in New Zealand for the first time between 1 Oct 2022 and 31 Dec 2022.

² Source: NZ Customs and NZTA data.



“The 2 Cheap Cars brand is more relevant than ever and is the leader in its market segment. Historically our success was due to being disruptive, growth focussed and financially disciplined. That is my starting point. We need to bring back that disciplined, focused approach. We have great foundations, but I can already see so much potential to realise, including in the customer experience area,” Millward said.

Director update

Interim CEO Gordon Shaw’s appointment in an executive role will end on 31 January 2023 such that he will re-join the Board as an independent director from 1 February 2023. He will also take up the role of Chair of the Audit, Risk and Remuneration Committee from that date.

Samantha Sharif’s term as co-opted Director will end on 1 February 2023 and she will resign from the Board on that date.

The Board thanks both Samantha and Gordon for their governance and leadership since August 2022.

Focus for remainder of FY23

The Board is focused on energising the retail business through:

- Sales capabilities and programmes to ensure our people deliver profitable growth
- Improving third party finance and insurance penetration rates
- Improving core supply chain capabilities (vehicle purchasing and in-sourcing of services)
- The targeted expansion of the dealership distribution network
- Investing in brand marketing and digital engagement campaigns
- Seeking to secure replacement finance facilities for retail trade, post 30 April 2023 and NZ Motor Finance, after 1 October 2023
- Finalising the appointment of new auditors

The Board has retained the existing business strategy but with a permanent CEO now in place, an update is likely in coming months.

[Ends]

This announcement has been authorised by NZAI Chair, Michael Stiasny.

For shareholder enquiries, please contact:

Paul Millward

CEO

Mobile: +64 27 448 6458

Email: paul.m@nzautomotiveinvestments.co.nz

About NZ Automotive Investments Limited (NZAI)

NZAI is an integrated automotive group operating throughout New Zealand via two subsidiaries: Automotive Retail and Vehicle Finance. NZAI’s mission is to deliver quality cars and financing solutions at the most affordable prices to the average New Zealander. Operating under the “2 Cheap Cars” brand, its Automotive Retail company is one of the largest used vehicle sellers in New Zealand with 13 dealerships across the country. Its Vehicle Finance company operates under the “NZ Motor Finance” brand. www.nzautomotiveinvestments.co.nz

