



The Colonial Motor Company Limited

Half Year Report
31 December 2023

The Colonial Motor Company Limited

and Subsidiary Companies

Half Year Report For the Six Months Ended 31 December 2023

Dear Shareholder

Trading Profit after tax at \$9.1m, down 35.9% on the same prior year period
Interim Dividend unchanged at 15cps

Trading Results

Trading profit after tax of \$9.1m for the first half of the 2024 financial year was below the comparative period's very strong result.

Dividend

The Board has declared a fully imputed interim dividend of 15 cents per share. The dividend will be paid on 25 March, with a Record Date of 15 March.

Trading Conditions

As we reported to Shareholders and the market in the most recent guidance issued on 18 January 2024, the prior Government's clean car legislation had significant distorting impacts on the new vehicle market. The current Government's telegraphed and welcome decision to cease the Clean Car Discount program led to inevitable negative market impacts in November and December 2023. It logically suppressed immediate term demand for non-EV vehicles, pushing registration and sales into January 2024. This suppressed demand, a high interest rate environment and associated inventory holding costs also influenced the half year results.

The new light vehicle industry totalled 140,850 registrations for the 2023 calendar year, down over 15% on 2022. The later months of the year were clearly heavily impacted by the issues already mentioned. Conversely, the heavy truck market was up 7% on the prior year.

Added to the trading conditions were the known start-up costs incurred to launch the new venture into JAC light trucks. Diversification into the light truck market and the establishment of a new brand in New Zealand will take time to mature and we do not expect this investment to make a positive contribution in 2024.

Property Developments

The rebuild of Agricentre's tractor dealership in Gore has been completed. Post the end of the half year, we also acquired a very desirable property in Nelson which provides a 'foothold' and opens options for the future in that key market. In this somewhat volatile property market environment, we have adopted a more conservative program for dealership development and refurbishment for the remainder of 2024.

Outlook

Although our trading conditions stabilised in January we remain cautious for the remainder of the financial year.

The same fundamental issues of economic uncertainty, a relatively low New Zealand dollar, cost-of-living factors and stubbornly high interest rates, along with concerning geo-political tensions, will continue to influence consumer confidence. These will impact to an unknown degree on new and used vehicle enquiry in the second half of the financial year. As inventory levels ease from their current peak, but remain elevated in the short term, high interest costs will continue to impact earnings.

South Auckland Dealership Tour

Shareholders are invited to a tour of the South Auckland Motors, Southern Autos and Southpac Trucks dealerships in Manukau on Friday the 5th of July 2024. Please RSVP to cmc@colmotor.co.nz by the 7th of June if you would like to attend.

Annual Meeting

The 2024 Annual Meeting is scheduled to be held in Wellington at the Harbourside Function Venue at midday on the 8th of November.

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

21 February 2024

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Consolidated Statement of Financial Performance For the six months ended 31 December 2023		6 Months to 31 December 2023 \$'000 Unaudited	6 Months to 31 December 2022 \$'000 Unaudited	12 Months to 30 June 2023 \$'000 Audited
Revenue				
	Products	449,707	459,468	914,319
	Services	44,325	40,440	80,984
	Other income	841	1,014	1,922
Total revenue		494,873	500,922	997,225
Trading expenses				
	Cost of products and services sold	400,250	405,026	801,918
	Remuneration of staff	47,945	47,073	93,831
	Depreciation and amortisation	4,880	3,946	8,171
	Interest	7,065	3,635	9,253
	Other operating costs	20,788	20,339	38,954
Total trading expenses		480,928	480,019	952,127
Trading profit before tax		13,945	20,903	45,098
Taxation		3,951	5,880	12,642
Non-controlling interest		885	802	2,117
Trading profit after tax		9,109	14,221	30,339
Non-trading items	Fair value adjustments after tax	157	70	(2,491)
Profit attributable to shareholders		9,266	14,291	27,848
Profit for the period				
Profit attributable to:	Shareholders	9,266	14,291	27,848
	Non-controlling interest	885	802	2,117
Profit for the period		10,151	15,093	29,965
Statistics per share				
Basic and diluted earnings per share				
	Profit attributable to shareholders (cents)	28.3	43.7	85.2
	Trading profit after tax (cents)	27.9	43.5	92.8
Dividends				
	Dividends (cents per share)	15.0	15.0	57.0
	Total dividends (\$'000)	4,904	4,904	18,636
Net tangible assets per share		9.24	9.10	9.47
Consolidated Statement of Comprehensive Income For the six months ended 31 December 2023		6 Months to 31 December 2023 \$'000 Unaudited	6 Months to 31 December 2022 \$'000 Unaudited	12 Months to 30 June 2023 \$'000 Audited
Profit for the period		10,151	15,093	29,965
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Property revaluation reserve	- Fair value movement after tax	-	-	527
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	(3,734)	(4,455)	(789)
Total other comprehensive income for the period		(3,734)	(4,455)	(262)
Total comprehensive income for the period		6,417	10,638	29,703
Total comprehensive income for the period attributable to:				
	Shareholders	6,092	10,505	27,704
	Non-controlling interest	325	133	1,999
Total comprehensive income for the period		6,417	10,638	29,703
Consolidated Statement of Changes in Equity For the six months ended 31 December 2023		6 Months to 31 December 2023 \$'000 Unaudited	6 Months to 31 December 2022 \$'000 Unaudited	12 Months to 30 June 2023 \$'000 Audited
Total equity at beginning of the period		315,922	307,840	307,840
Total comprehensive income		6,417	10,638	29,703
Dividends paid to shareholders		(13,732)	(15,366)	(20,271)
Dividends paid to non-controlling interest		-	(450)	(1,350)
Total equity at end of period		308,607	302,662	315,922

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Consolidated Statement of Financial Position As at 31 December 2023	31 December 2023 \$'000 Unaudited	31 December 2022 \$'000 Unaudited	30 June 2023 \$'000 Audited
Shareholders' equity			
Share capital	15,968	15,968	15,968
Retained earnings	174,993	170,808	179,460
Property revaluation reserve	113,831	113,304	113,831
Foreign exchange cash flow hedge reserve	(1,659)	(1,602)	1,514
Total shareholders' equity	303,133	298,478	310,773
Non-controlling interest	5,474	4,184	5,149
Total equity	308,607	302,662	315,922
Current liabilities			
Borrowings	34,123	32,343	21,511
At-call deposits	29,444	32,700	31,327
Trade & other payables	85,637	47,560	74,368
Vehicle floorplan finance	81,136	73,496	51,994
Lease liabilities	2,082	1,957	2,038
Other	3,482	5,453	5,168
Total current liabilities	235,904	193,509	186,406
Non-current liabilities			
Lease liabilities	20,745	18,278	19,103
Other	60,203	12,622	26,987
Total non-current liabilities	80,948	30,900	46,090
Total equity and liabilities	625,459	527,071	548,418
Current assets			
Cash & bank accounts	12,779	16,128	9,854
Trade & other receivables	55,998	43,801	47,460
Inventory	269,880	197,278	205,977
Other	430	708	2,918
Total current assets	339,087	257,915	266,209
Non-current assets			
Property, plant & equipment	253,472	241,465	251,959
Right of use asset	20,778	18,353	19,199
Other	12,122	9,338	11,051
Total non-current assets	286,372	269,156	282,209
Total assets	625,459	527,071	548,418

Consolidated Statement of Cash Flows For the six months ended 31 December 2023	6 Months to 31 December 2023 \$'000 Unaudited	6 Months to 31 December 2022 \$'000 Unaudited	12 Months to 30 June 2023 \$'000 Audited
Operating cash flows			
Inflows	486,335	495,942	988,826
Outflows	(534,729)	(546,614)	(999,051)
Net operating cash flows	(48,394)	(50,672)	(10,225)
Investing cash flows			
Inflows	838	1,568	823
Outflows	(8,227)	(6,594)	(25,750)
Net investing cash flows	(7,389)	(5,026)	(24,927)
Financing cash flows			
Inflows	74,324	75,798	56,913
Outflows	(15,616)	(15,816)	(23,751)
Net financing cash flows	58,708	59,982	33,162
Net change in cash held	2,925	4,284	(1,990)
Cash at beginning of period	9,854	11,844	11,844
Cash at end of period	12,779	16,128	9,854

Segment Information For the six months ended 31 December 2023	2023 Unaudited			2022 Unaudited		
	Operating Segment \$'000	Corporate \$'000	Total Group \$'000	Operating Segment \$'000	Corporate \$'000	Total Group \$'000
Revenue from customers	494,484	389	494,873	500,365	557	500,922
Trading profit before tax	13,342	603	13,945	19,771	1,132	20,903
Total assets	382,275	243,184	625,459	286,968	240,103	527,071

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 21 February 2024.

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Avon City Ford

After an extensive refurbishment programme Avon City Ford in Christchurch has re-opened with the latest Ford branding and design.



With the sale of the motorcycle business and subsequent name change, the Avon City Motorcycle facility has been re-purposed. The showroom now represents JAC Motors and Mahindra alongside the Bridgestone tyres outlet.



Timaru Motors

Timaru Motors has also received the latest Ford and Mazda branding and design.

Left is the new Ford Ranger Wildtrak and below in white is the new Mazda CX60.



At the same time the attached truck workshop has been upgraded and leased to Southpac Trucks and HDPS, Southpac's service agent.

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Ford Electrified Vehicles



Demand for electric passenger vehicles is being met by Ford with the Mach E, a fully electric SUV available in 2 or 4 wheel drive. Pictured above is the high performance model (Mach E GT).



Electrification has also been extended to the commercial range with the E-Transit van now available with a pure electric power train.

BYD - Build Your Dreams



Energy Motors in New Plymouth signed a dealer agreement with BYD, the world's largest electric vehicle manufacturer.



Previously Hyundai and Isuzu, the dealership has been rebranded and is in a great position to meet the demand for electric vehicles across the Taranaki region.

JAC Trucks

The first delivery of JAC electric trucks has arrived in New Zealand and are now making their way to showrooms, including the rebranded Southern Autos site in South Auckland. The JAC Cummins diesel range will follow close behind.



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Agricentre South



Agricentre South has been appointed the New Holland dealer for the Otago region and the existing facility in Cromwell will be rebranded to include both the Case IH and New Holland brands.



The Agricentre New Holland facility in Gore has been extended to include Case IH. Agricentre has a second facility in Gore that represents Kubota and Yamaha.



A separate new facility has been leased in Cromwell to accommodate the full range of Kubota, Yamaha and Husqvarna equipment. Opened in December 2023 the dealership provides a single destination for lifestyle property owners in Central Otago.

Seen here operated by Waipounamu & Waimea Contracting of Riversdale, Southland, is the latest New Holland FR780 Forage Cruiser. The Forager is usually set up to cut grass but can be reconfigured to harvest maize.



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Southpac Trucks



Pictured above is a Southpac customer tour of the DAF Truck manufacturing factory in the Netherlands. This gives customers insight into the engineering and production process. The trips also include visits to European transport operators to gain first hand knowledge of new technologies and trends in the industry.

Southpac customers with **Richard Smart** and **Steve Herring** - third and fourth from the right.



The owners of Uhlenberg Haulage celebrate delivery of the latest T909 Kenworth. The company has been trading in Taranaki since 1966 and is a loyal customer of Southpac Trucks.



100 Years of Kenworth

Southpac Trucks recently organised a celebration for 100 Years of Kenworth, 60 years in New Zealand and 30 years of Southpac Trucks. The Mystery Creek event was the largest single-brand truck show in the southern hemisphere with 756 customer trucks on display.



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Qualifications and Congratulations



(L-R) Maarten Durent, Aaron Headington, Thomas Wilcox, Martin Croft, Daryl Fegen of Southpac Trucks with the 2023 DAF Global Best Service Performance Award. This prestigious award recognises Southpac's continued commitment to truck uptime, technical support, technician training and the quality of the work done by the new truck preparation team.



Aaron Perry (R) – South Auckland Motors – completes his Level 4 apprenticeship in Light Automotive Engineering and is congratulated by Andy Kimber (L), Manager at the Pukekohe branch. Aaron started in sales support and is now a valuable member of the service team.



Braeden McIntyre (R) – Dunedin City Motors - receives his qualification as an Auto Electrician from Gary Dench (L) of MITO (Motor Industry Trade Organisation). This adds to Braeden's qualification as an Auto Technician.



Congratulations to **Leon Ridd** – Agricentre South - who has just graduated from the Southern Institute of Technology top of his class in Heavy Automotive Engineering.

(Left to Right) **Jordan Erskine, Jordan Menlove and McKenzie Crosswell** – Agricentre South – were recognised for their achievements in obtaining certificates in Heavy Automotive Engineering awarded by TradeQual Southland.



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People are CMCs greatest asset. Investing in our people supports them in achieving their goals and helps equip our next generation of leaders to tackle the challenges of tomorrow. The company runs a broad range of training programmes across the Group, targeted at different vocations and experience levels.



Pictured above are attendees from the two-day Introduction to Automotive Management Programme.



Pictured above are attendees from the three-day CMC Leadership and Management Programme.

John Hutchinson – Team Hutchinson Ford – accepts the Ford President's Award on behalf of the dealership.

The Ford President's Award is one of Ford Motor Company's most prestigious awards and recognises Dealers achieving the highest levels of customer satisfaction in their respective Customer Viewpoint Group.



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Alan Kirby (R) CEO/DP – MS Motors – is recognised at the CMC Annual Awards Dinner for his contribution to the company and to mark his retirement after 16 years of service with MS Motors. Pictured here with Alex Gibbons.



Darrell Bower (Centre) - South Auckland Motors - receives his award from Jason Robb (L) and Michael Tappenden (R).

Celebrating 25 Years of Excellence: The Gold Watch Award

Dale Johnston (R) Parts Manager – Team Hutchinson Ford – receives his gold watch from John Hutchinson.



The Company is able to send shareholders e-mail notifications of the announcement and release of its half year (in February) and full year results (in August) and of the Annual Report (in September). If you are not already receiving these e-mail notifications then to register for this service you can send an e-mail to our Share Registry at ecomms@computershare.co.nz from the e-mail account you wish to receive the notifications to, with "Email Notifications" in the subject line. You will need to record the full name your shares are held in and the relevant CSN/shareholder number. You can find that number on your dividend statement or Securities Transaction Statement.



The Colonial Motor Company Limited

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