



The Colonial Motor Company Limited

Half Year Report

31 December 2021

The Colonial Motor Company Limited
and Subsidiary Companies

HALF YEAR REPORT
For the Six Months Ended 31 December 2021

Dear Shareholder

Trading Profit after tax at \$18.0m, up 42% on the same prior year period
Interim Dividend unchanged at 15cps

Trading Results

Trading profit after tax for the first half of our 2021/22 financial year was a record high at \$18.0m, up 42% on the prior year equivalent period.

Dividend

The Board has declared a fully imputed interim dividend of 15 cents per share. The dividend will be paid on 28 March, with a Record Date of 18 March.

Trading Conditions

It is seldom that all of our major trading operations within the Group deliver outstanding results in one six-month period but this has been the case over the first half of the financial year. Motor vehicles, heavy trucks and tractors have all delivered excellent results within a very challenging environment, particularly in terms of stock availability and especially for used cars, where supply remains an issue.

Disruptions to the supply chain of new vehicle arrivals has been the biggest operational challenge. From a dealership perspective, managing customer expectations is more complex than ever before. Demand has generally outstripped supply across the board and while vehicle flows through our dealerships have been strong, we did experience some negative impacts from the Covid lockdowns. Despite these challenges, our dealership staff are working at capacity in an ever changing and uncertain environment. These efforts are recognised and appreciated at every level.

The total new vehicle industry for the year recovered to end up as an all-time record of 165,287 vehicles registered. In the case of utility vehicles, the Government's new emissions-based taxes, that are due to be introduced soon after the end of March 2022, contributed to exceptional demand as buyers endeavour to secure vehicles before prices rise. Our major franchises scrambled well to meet that demand but as we trade into 2022, stock availability is patchy and with some brands and models it has the potential to adversely affect our trading over the second six months of the financial year.

Property Developments

It is pleasing to report that the major property redevelopments, of the Team Hutchinson Ford facility in central Christchurch and the Capital City Motors Ford and Mazda facilities in Lower Hutt, are finally complete and we are delighted with the outcome of these investments.

A new leased service facility on Mustang Drive in Bell Block, New Plymouth will improve Energy City Motors' service offering in Taranaki. Southpac Trucks also has a TRP parts store in the same location. We also have significant upgrade developments underway at Avon City Ford in Christchurch and Dunedin City Motors is going through a brand refresh. Two years after a major fire in our Nelson Ford Dealership (M.S. Ford), a rebuild of the leased facility is nearing completion.

Outlook

As we present this six month result, New Zealand is awaiting the full impact of Omicron and the reality is that it has the potential to be disruptive across all of our businesses. CMC has developed specific response plans for all operations, including the Group Office in Wellington.

At a macro level, consumer demand continues to be robust. However, the potential headwinds that could impact the results in the second half include direct and indirect disruptions to trading, labour and vehicle supply due to Omicron, as well as price increases from tax changes and inflation. CEO Alex Gibbons and the Management Team are performing well and our Dealerships are guided by experienced and capable leaders. We are well prepared as we enter a somewhat uncertain 2022.

Annual Meeting

Due to difficulty in securing a venue, the date for our annual meeting has been moved to Friday, 11 November (previously 4 November).

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

17 February 2022

The Colonial Motor Company Limited
and Subsidiary Companies

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE		6 Months to 31 December 2021 \$'000 Unaudited	6 Months to 31 December 2020 \$'000 Unaudited	12 Months to 30 June 2021 \$'000 Audited
For the six months ended 31 December 2021				
Revenue				
	Products	496,034	400,627	828,119
	Services	36,669	35,506	70,392
	Other income	2,972	1,647	2,662
Total revenue		535,675	437,780	901,173
Trading expenses				
	Cost of products and services sold	438,408	357,922	734,905
	Remuneration of staff	46,778	40,565	83,442
	Depreciation and amortisation	3,957	3,341	6,785
	Interest	2,269	1,423	3,025
	Other operating costs	17,796	16,293	32,334
Total trading expenses		509,208	419,544	860,491
Trading profit before tax		26,467	18,236	40,682
Taxation		7,514	4,887	11,178
Non-controlling interest		956	634	1,580
Trading profit after tax		17,997	12,715	27,924
Non-trading items	Fair value adjustments after tax	97	74	(3,091)
Profit attributable to shareholders		18,094	12,789	24,833
Profit for the period				
Profit attributable to:	Shareholders	18,094	12,789	24,833
	Non-controlling interest	956	634	1,580
Profit for the period		19,050	13,423	26,413
Statistics per share				
Basic and diluted earnings per share				
	Profit attributable to shareholders (cents)	55.3	39.1	76.0
	Trading profit after tax (cents)	55.0	38.9	85.4
Dividends				
	Dividends (cents per share)	15.0	15.0	55.0
	Total dividends (\$'000)	4,904	4,904	17,982
Net tangible assets per share		8.13	6.96	8.00
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		6 Months to 31 December 2021 \$'000 Unaudited	6 Months to 31 December 2020 \$'000 Unaudited	12 Months to 30 June 2021 \$'000 Audited
For the six months ended 31 December 2021				
Profit for the period		19,050	13,423	26,413
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
	Property revaluation reserve - Fair value movement after tax	-	(184)	26,255
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	(728)	(898)	(693)
Total other comprehensive income for the period		(728)	(1,082)	25,562
Total comprehensive income for the period		18,322	12,341	51,975
Total comprehensive income for the period attributable to:				
	Shareholders	17,476	11,842	50,499
	Non-controlling interest	846	499	1,476
Total comprehensive income for the period		18,322	12,341	51,975
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY		6 Months to 31 December 2021 \$'000 Unaudited	6 Months to 31 December 2020 \$'000 Unaudited	12 Months to 30 June 2021 \$'000 Audited
For the six months ended 31 December 2021				
Total equity at beginning of the period		265,834	230,800	230,800
Total comprehensive income		18,322	12,341	51,975
Dividends paid to shareholders		(13,079)	(10,462)	(15,366)
Dividends paid to non-controlling interest		(450)	(900)	(1,575)
Total equity at end of period		270,627	231,779	265,834

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2021	31 December 2021 \$'000 Unaudited	31 December 2020 \$'000 Unaudited	30 June 2021 \$'000 Audited
Shareholders' equity			
Share capital	15,968	15,968	15,968
Retained earnings	161,696	149,539	156,682
Property revaluation reserve	89,997	63,561	89,997
Foreign exchange cash flow hedge reserve	(822)	(378)	(204)
Total shareholders' equity	266,839	228,690	262,443
Non-controlling interest	3,788	3,089	3,391
Total equity	270,627	231,779	265,834
Current liabilities			
Bank borrowings	33,447	13,247	12,197
At-call deposits	30,563	30,561	32,304
Trade & other payables	45,227	46,056	54,740
Vehicle floorplan finance	55,853	37,049	55,866
Lease liabilities	2,024	1,925	2,041
Other	5,880	4,560	7,490
Total current liabilities	172,994	133,398	164,638
Non-current liabilities			
Lease liabilities	17,909	13,387	15,607
Other	1,085	2,203	1,666
Total non-current liabilities	18,994	15,590	17,273
Total equity and liabilities	462,615	380,767	447,745
Current assets			
Cash & bank accounts	13,512	16,452	14,736
Trade & other receivables	51,221	39,711	45,152
Inventory	169,528	129,808	163,378
Other	969	1,331	1,121
Total current assets	235,230	187,302	224,387
Non-current assets			
Property, plant & equipment	199,625	169,900	196,619
Right of use asset	18,094	13,491	15,826
Other	9,666	10,074	10,913
Total non-current assets	227,385	193,465	223,358
Total assets	462,615	380,767	447,745

CONSOLIDATED STATEMENT OF CASH FLOWS For the six months ended 31 December 2021	6 Months to 31 December 2021 \$'000 Unaudited	6 Months to 31 December 2020 \$'000 Unaudited	12 Months to 30 June 2021 \$'000 Audited
Operating cash flows			
Inflows	529,601	439,948	897,905
Outflows	(531,078)	(408,695)	(873,860)
Net operating cash flows	(1,477)	31,253	24,045
Investing cash flows			
Inflows	1,573	761	1,253
Outflows	(9,573)	(12,901)	(24,169)
Net investing cash flows	(8,000)	(12,140)	(22,916)
Financing cash flows			
Inflows	23,522	4,461	15,603
Outflows	(15,269)	(24,117)	(18,991)
Net financing cash flows	8,253	(19,656)	(3,388)
Net change in cash held	(1,224)	(543)	(2,259)
Cash at beginning of period	14,736	16,995	16,995
Cash at end of period	13,512	16,452	14,736

SEGMENT INFORMATION For the six months ended 31 December 2021	2021 Unaudited			2020 Unaudited		
	Operating segment \$'000	Corporate \$'000	Total Group \$'000	Operating segment \$'000	Corporate \$'000	Total Group \$'000
Revenue from customers	535,402	273	535,675	437,450	330	437,780
Trading profit before tax	25,652	815	26,467	16,653	1,583	18,236
Total assets	265,279	197,336	462,615	210,843	169,924	380,767

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 17 February 2022.