

The Colonial Motor Company Limited

**106th Annual General
Meeting 2024**



The Colonial Motor Company Limited

Agenda

- 1. Welcome and Introduction**
- 2. Address from the Chair**
- 3. Resolutions**
- 4. Presentation from the CEO/GM:PPT**
- 5. General Business**
- 6. Light lunch and refreshments**

The Colonial Motor Company Limited

Report from the Group Chief Executive

Alex Gibbons
106th Annual Meeting
8 November 2024

The Colonial Motor Company Limited

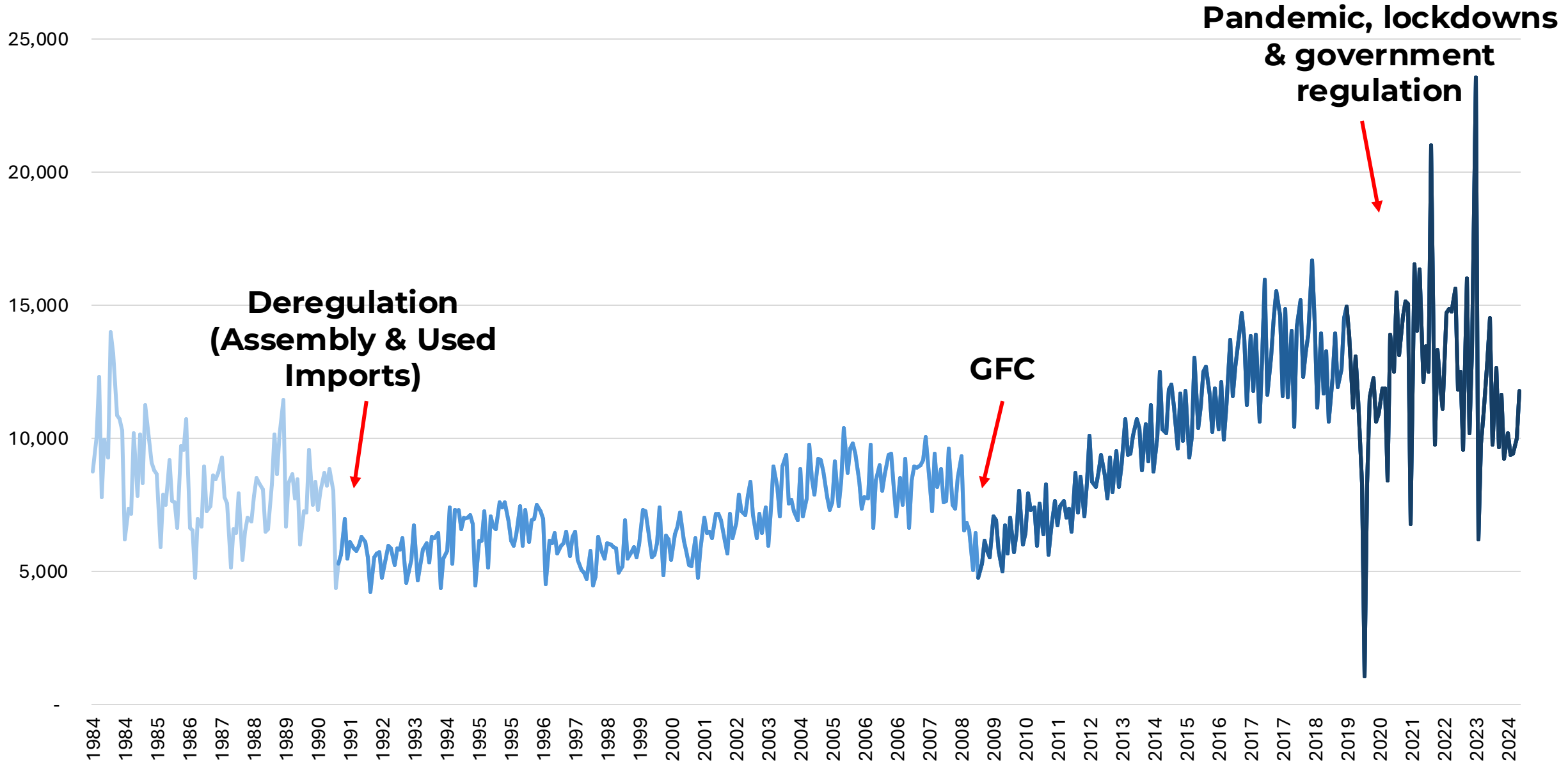
Thank you

Despite the trading profit being down this year, in what can only be described as a tough trading market, our people have rolled up their sleeves. This has resulted in dealerships maintaining, or in many instances growing, their relative market share.

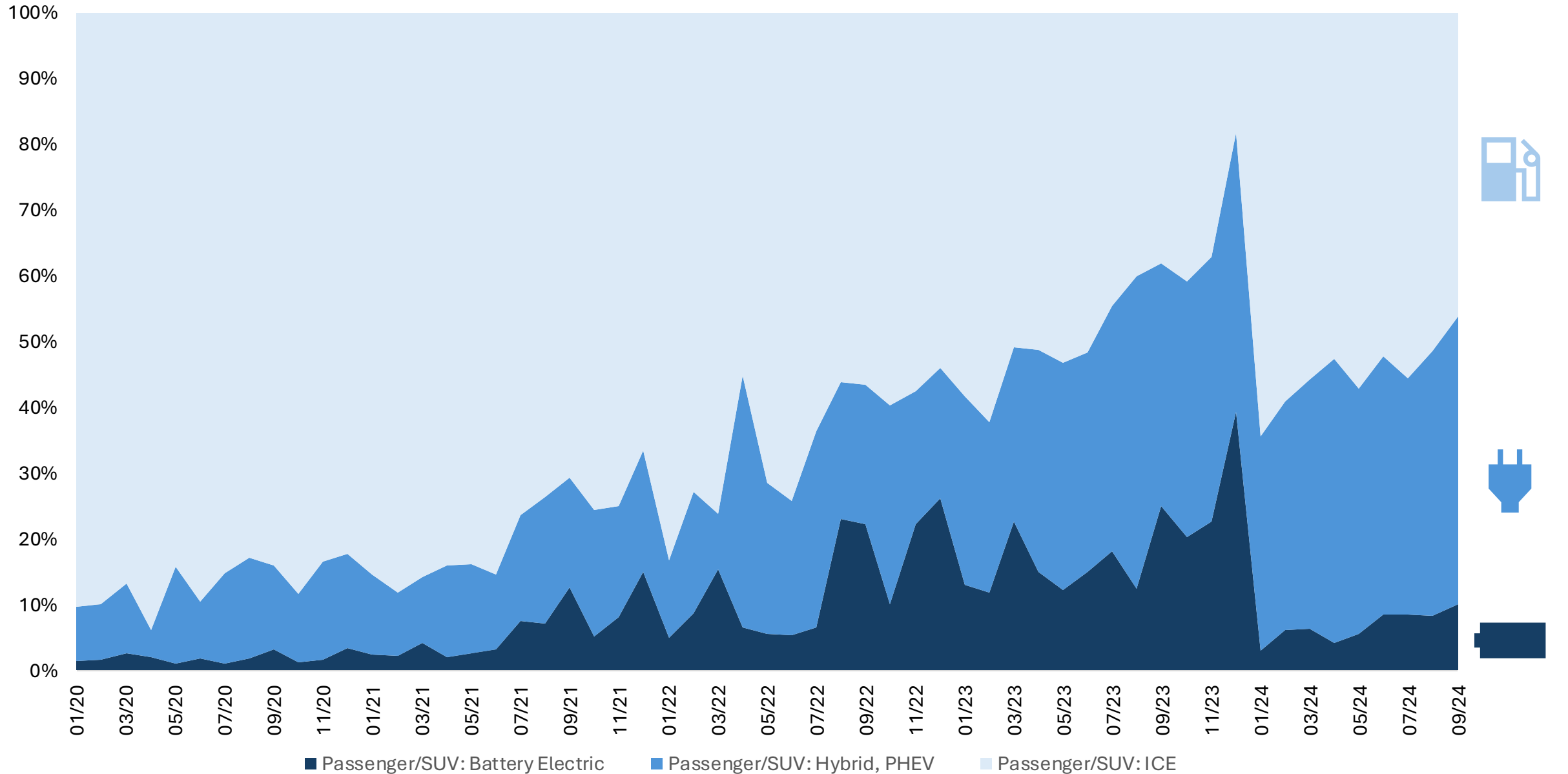
Our people are committed, loyal and highly capable and we thank them all for their contributions as we forge ahead this year.

We couldn't achieve what we do without our brand partners. CMC continues to stand side-by-side with you.

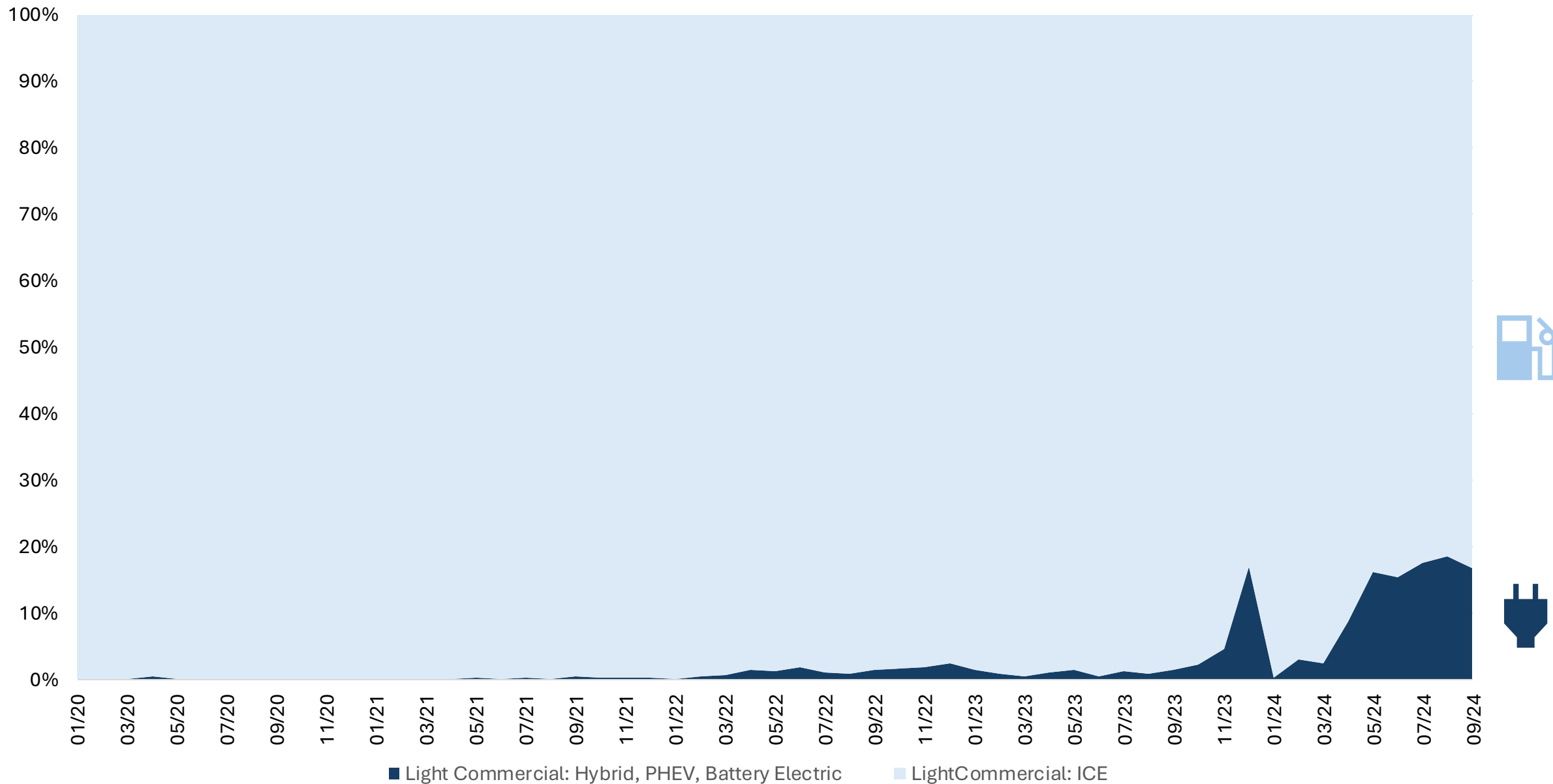
Monthly New Vehicle Registrations since 1984



Monthly New Vehicle Registrations Mix: **Passenger and SUV**



Monthly New Vehicle Registrations Mix: **Light Commercial**



Ford backing electric

As the light vehicle market pivots towards electric, Ford New Zealand is right on time with their new models.

CMC has invested significantly in Ford facilities and our people across New Zealand. It's great to see popular models arriving in their various next-generation electrified forms.



Mazda

Mazda continues to focus on refreshing their SUV lineup.



The CX80 is the latest addition, available with both Hybrid and PHEV powertrains.

Heavy Duty Trucks

It is an important time for Southpac as the team prepares for the arrival of Next Generation DAF.

We can't say much about the new model, other than it's an 'all-new' state-of-the-art truck in every respect. Southpac will be unveiling further details as 2025 unfolds.

Model changes on this scale are exciting but also disruptive. In the short-term, Southpac will maintain elevated inventory to support customers while the factory is re-tooled ahead of the new model's launch.



Light Duty Trucks

Our JAC journey continues to build momentum, albeit with a long road ahead.

The work of our distribution company, NZ Automotive Limited (NZAL), over the last year was focused on implementing the critical building blocks; vehicle specifications, compliance, testing and establishing a sales and service network.

2025 will mark an important milestone as the Diesel Automatic range arrives to support the existing EVs.

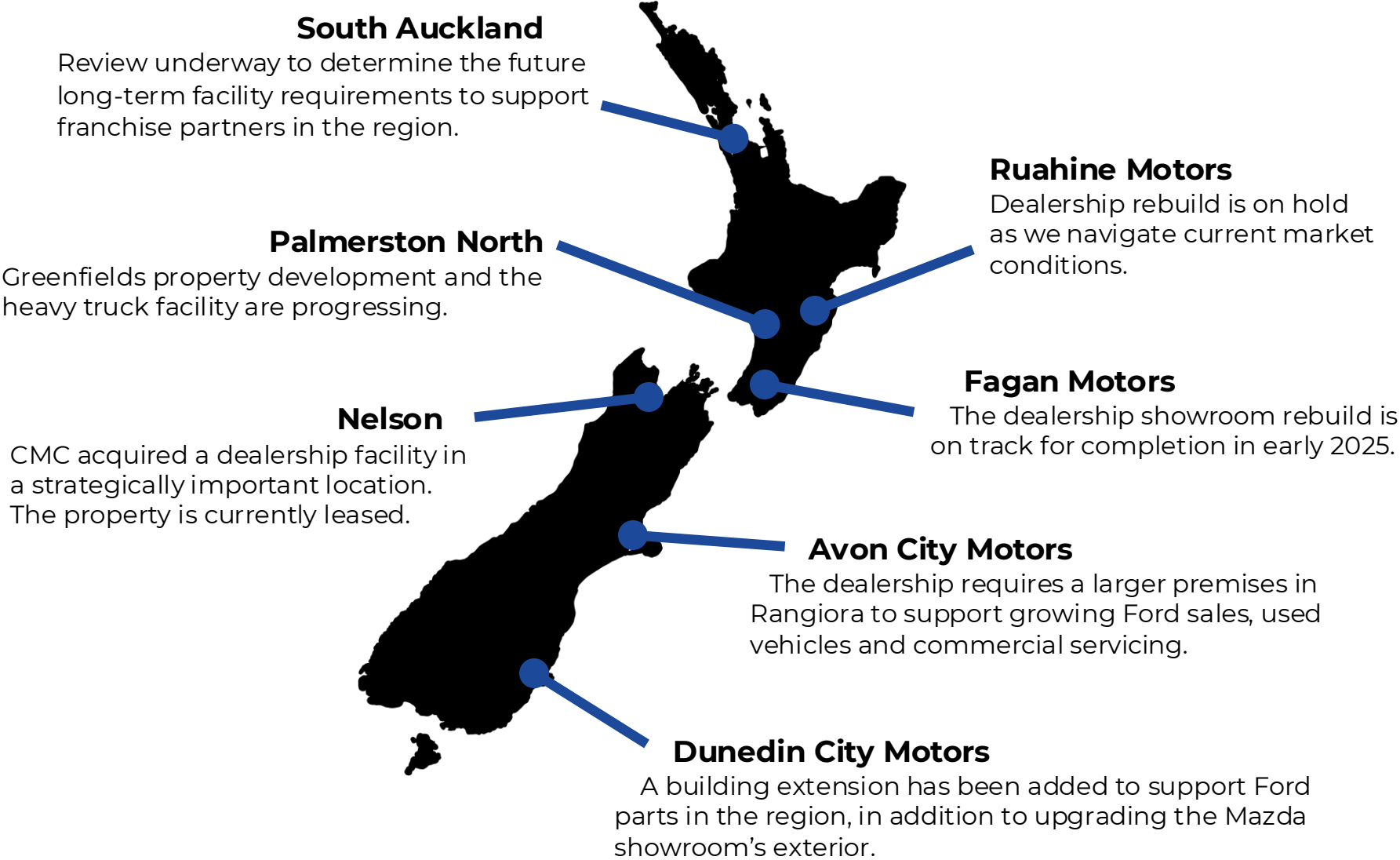
We know it will take NZAL and dealers several years to establish a foothold in the light-duty truck market. However, we continue to see this market as an important strategic investment for CMC.



Major Capital Projects

CMC continues to support and invest in long-standing, strategic partnerships, customers and people across the Group.

However, trading conditions are tough and a prudent approach is required to navigate today's market.



Industry

- Registrations in decline
- Oversupply
- New entrants
- Competition driving down margins
- Clean Car Standard
- Hybrid/PHEV favoured over BEV

CMC Dealers today

- Sales volumes stable, ahead of the market
- Robust processes, training and management
- Invested in first-class dealership facilities
- Brand partners launching new models
- Competition driving down margins
- Returned to higher inventory costs

CMC Dealer outlook

- Perform well relative to the market
- Margins will remain under pressure
- Lower interest rates will lessen inventory costs, but the cost of doing business remains high
- Well positioned to capitalise 'when' the market recovers
- Too early to determine where the market is heading



New Vehicles



Used Vehicles

Industry

- Market volumes stable
- Market disruptions shift vehicle values rapidly
- Vehicle margins returned to normal levels
- Lower value used vehicles in higher demand
- Influx of 'near new' used vehicles
- Clean Car Standard

CMC Dealers today

- Sales volumes increased, ahead of the market
- Internal focus on systems and processes
- Used operations support the new vehicle franchise/s
- Limited exposure to lower value used vehicles
- Higher exposure to mid/high value used vehicles

CMC Dealer outlook

- Perform well relative to the market
- Continue supporting existing franchise car dealers, rather than looking to establish a standalone used vehicle brand
- Increased investment available to dealers to grow their capability and operations

Industry

- Industry and market challenged
- Market volume decline
- Oversupply
- New entrants
- Shift away from high HP tractors
- Poor used tractor disciplines

CMC Dealers today

- Labour of love at present
- Maintaining market share
- Competition driving down margins
- Realigning inventory to meet changing demand
- High inventory costs

CMC Dealer outlook

- Awaiting a rebound in the market
- Focus on supporting customers, who are also doing it tough
- Realigning cost structures and inventory mix to meet the market



Tractors



Heavy Trucks

Industry

- Market volumes stable but forward outlook cooling
- Lingering backlog of trucks awaiting bodybuilding

CMC Dealers today

- Sales volumes stable, strong market share
- Operating sub-optimally to clear the backlog
- Starting to feel the impact of the slower economy
- High inventory costs

CMC Dealer outlook

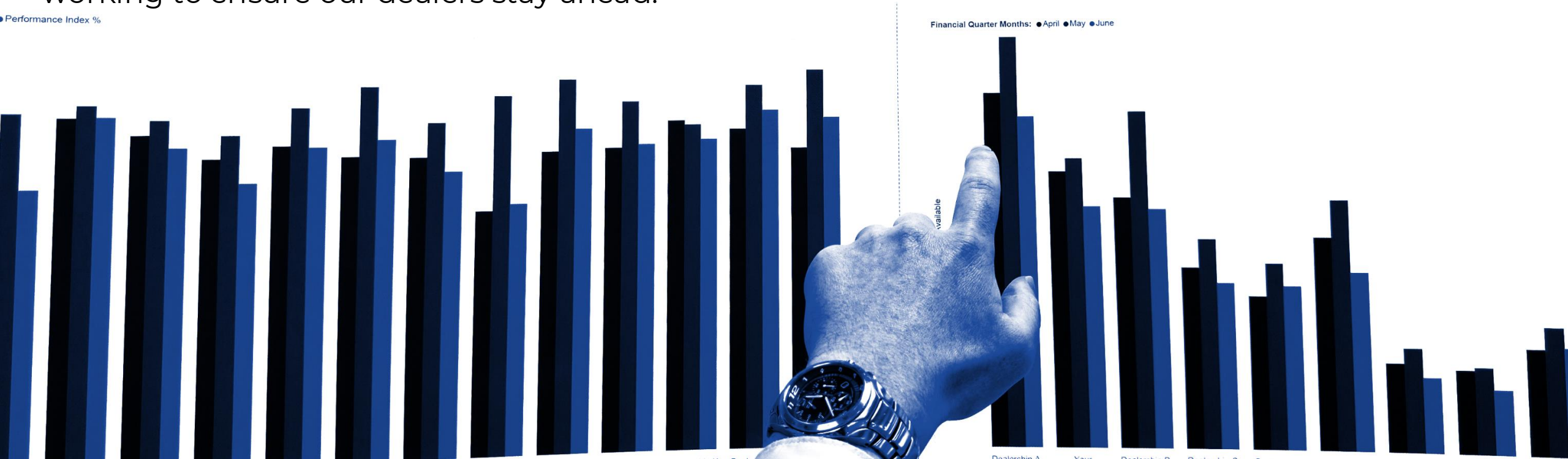
- Perform well relative to the market, with potential disruption around the DAF model transition
- Short-term inventory requirements remain elevated
- Cooling market over the course of this year

Data Analytics & Reporting

Over the last 18 months CMC has been quietly enhancing our in-house analytical tools, digital reporting and knowledge sharing.

This has resulted in our management teams having faster access to in-depth department analysis, improving their ability to identify opportunities and share them with frontline teams.

This, coupled with our use of external industry experts, is working to ensure our dealers stay ahead.



Internal Focus

Continue aligning dealership cost structures to the market

Grow digital capabilities & data analytics to give our dealers the edge

Build on our used vehicle momentum

Brand Focus

Get behind next generation vehicles and back our long-term partners to succeed

Build a strong foundation for future success with Light-Duty-Trucks

Prepare for the launch of the next generation DAF

External Focus

Continue delivering a first-class 'local' customer experience

Drive efficiency and productivity to deliver long-term returns for shareholders



Climate Related Disclosures

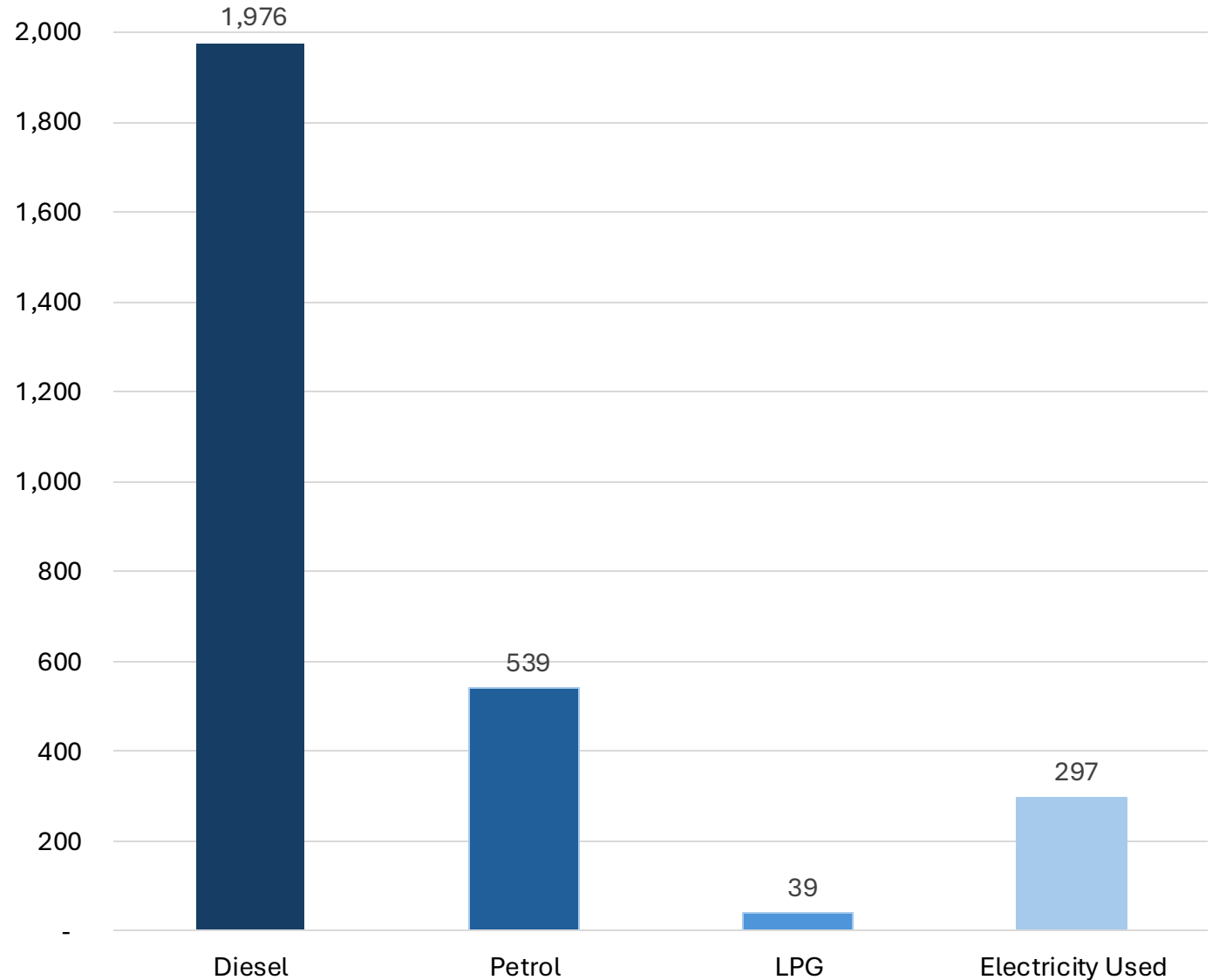
CMC's first climate statement was published in the 2024 Annual Report.

Climate risks are integrated into our existing strategic risk framework.

Our decentralised business model supports adaptation to potential physical impacts. However the core industries we operate in are exposed to regulatory and social impacts.

We continue to work with our franchise partners, suppliers and the industry to find opportunities to reduce our impacts.

CMC Group Emissions FY24 TCO₂e



The Colonial Motor Company Limited

Thank you

On behalf of the Management Team, we would like to thank our Shareholders for their continued support and long-term focus.

It's a tough market out there, particularly for new vehicle dealers, but CMC is open for business and we are ready to tackle the challenges this year will bring.

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