

The Colonial Motor Company Limited

**Unaudited
PRELIMINARY
RESULT**

**For the year ended
30 June 2024**



STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2024

	2024	2023
	\$'000	\$'000
Revenue		
Products	923,111	914,319
Services	87,800	80,984
Other Income	2,009	1,922
Total Revenue	1,012,920	997,225
Less Expenses		
Cost of Products Sold	821,895	801,918
Remuneration of Staff	95,054	93,831
Depreciation & Amortisation	10,021	8,171
Interest	15,492	9,253
Other	42,784	38,954
Trading Profit before Tax	27,674	45,098
Less Taxation		
Current	7,952	12,732
Deferred	18	(90)
	19,704	32,456
Less Non Controlling Interest	1,820	2,117
Trading Profit after Tax	17,884	30,339
Property – Fair Value Movement	(735)	(2,626)
Deferred Tax Movement	(12,731)	141
Investment – Fair Value Movement	117	(6)
Profit after Tax	4,535	27,848
Profit for the year attributable to:		
Shareholders	4,535	27,848
Non Controlling Interest	1,820	2,117
PROFIT FOR THE YEAR	6,355	29,965

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2024

	2024	2023
	\$'000	\$'000
Profit for the year	6.355	29,965
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Property revaluation reserve		
Change in fair value	2.390	(2,584)
Deferred tax movement	(634)	3,111
Items that may be classified subsequently to profit or loss:		
Foreign exchange hedging reserve		
Change in fair value	(3,243)	(1,096)
Deferred tax movement	908	307
Total comprehensive income	5,776	29,703
Attributable to:		
Shareholders	4,307	27,704
Non Controlling Interest	1,469	1,999
	5,776	29,703

	2024	2023
Basic & Diluted Earnings per Share on		
- Profit attributable to shareholders	13.9c	85.2c
- Trading Profit after Tax	54.7c	92.8c
Dividend per Share	35.0c	57.0c
Net Tangible Assets per Share	\$9.04	\$9.47

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2024

	2024	2023
	\$'000	\$'000
Equity at beginning of year	315,922	307,840
Total comprehensive income	5,776	29,703
Dividends paid to Shareholders	(18,637)	(20,271)
Dividend paid to Non Controlling Interest	(1,500)	(1,350)
Equity at end of year	301,561	315,922

STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	2024 \$'000	2023 \$'000
Current Liabilities		
Borrowings	62,665	21,511
At Call Deposits	29,325	31,327
Vehicle Floorplan Finance	100,032	51,994
Credit Contracts	438	452
Other Current Liabilities	59,719	81,122
Total Current Liabilities	252,179	186,406
Non Current Liabilities		
Lease Liabilities	19,777	19,103
Bank Borrowings	20,000	26,230
Other Non Current Liabilities	5,022	757
Total Non Current Liabilities	44,799	46,090
Shareholders' Equity	296,443	310,773
Non Controlling Interest	5,118	5,149
Total Equity	301,561	315,922
Total Equity and Liabilities	598,539	548,418
Assets		
Inventory	250,129	205,977
Cash & Bank	11,473	9,854
Credit Contracts	431	443
Other Current Assets	57,031	49,935
Total Current Assets	319,064	266,209
Non Current Assets		
Property, Plant & Equipment	277,492	271,158
Credit Contracts	463	757
Other Non Current Assets	1,520	10,294
Total Non Current Assets	279,475	282,209
Total Assets	598,539	548,418

These summary consolidated Financial Statements have
not been audited.

Dear Shareholder

- **Trading Profit after Tax at \$17.9m reflects a deteriorating market**
- **Total Dividends for the year 35 cps, 64% of the after-tax Trading Profit**
- **Deferred tax adjustment of \$12.7m does not affect Trading Profit or final dividend**

Trading conditions

Over the past two years we have reported a deteriorating market resulting in an increasingly challenging trading environment. That deterioration is evident in this year's result. It was still a year of two halves. The first half produced a respectable result in a weakening market, albeit with high inventory carrying costs. The second half bore the full brunt of recession with softer light vehicle demand, continuing high interest rates and an oversupplied market across the industry. New and used vehicle margins have been squeezed, reducing dealer profitability. The dealer response has been to review cost structures while remaining focused on delivering positive bottom-line results. For context, the June calendar year-to-date new vehicle market was 26.2% down on the prior year.

Our heavy truck business has continued to perform well as customers replaced their existing vehicles with long awaited new units. Meeting that demand came with adverse impacts on efficiency, productivity and inventory carrying costs. We have seen no such replacement policy in our tractor operations which are heavily impacted by the negative sentiment in the agricultural sector.

We remain confident that the ongoing investment in the JAC Motors brand will bear fruit in future years. The team continues to work through vehicle compliance, on-road testing and the set up of a sales and service network, all of which incur the normal challenges associated with establishing a new brand.

Property developments

The Company has trimmed facility investments in response to rising building costs and the downturn in the vehicle market. We have progressed the Fagan Motors dealership rebuild, an extension to Dunedin City's parts warehouse and refreshed facilities in South Auckland and Christchurch to represent the JAC brand. In addition, the consenting process is well underway for a new Southpac truck facility on the land purchased in Palmerston North.

Deferred tax adjustment

As reported in a recent release to the Stock Exchange, a one off non-cash deferred tax adjustment of \$12.7million was made at 30 June 2024. This was in response to the Government's decision to remove the depreciation allowance on commercial buildings with an estimated life of 50 years or more. The impact will see a minor increase in the tax payable over a period of decades. While the adjustment reduced the Profit for the Year, it had no effect on the determination of the final dividend. It also did not affect the 2024 financial year's cash flows, income tax liability, operating activities or value of the Company's property portfolio.

Dividend

Despite challenging trading conditions, the Company remains in a profitable position and the Directors have declared a fully imputed dividend of 20 cps. The dividend will be paid on Monday, 7 October 2024, with a record date of Friday, 27 September. This will take the total dividend for the year to 35 cps, 64% of the Trading Profit after Tax.

Annual Report

The 2024 Annual Report will be published in late September and will include notice of the 106th Annual General Meeting to be held at midday on Friday, November 8 at The Harbourside Function Venue, 4 Taranaki Street, Wellington.

Outlook

During this new financial year, the state of the New Zealand economy will dominate the direction of retail markets. Demand for light vehicles is likely to remain subdued for as long as interest rates remain relatively high. Oversupply will continue to be a challenge the industry has to manage, hand in hand with a growing number of new brand entrants competing for a declining market. These market forces will impact margins across our businesses, particularly in the new light vehicle fleet. Despite this, Ranger and Everest are expected to maintain their momentum, providing a degree of support to our Ford dealerships, although they too are not immune to market conditions.

One positive development has been the Government's decision to align New Zealand and Australian emissions standards. This will unify New Zealand's pattern of vehicle supply and demand across the Trans-Tasman region; so a rational change that has been welcomed by the industry.

A J Waugh
CHAIR

20 August 2024

STATEMENT OF CASH FLOWS For the year ended 30 June 2024

	2024 \$'000	2023 \$'000
Net Cash Flows from:		
Operating Activities	(40,981)	(10,225)
Investing Activities	(16,118)	(24,927)
Financing Activities	58,718	33,162
Net movement in Cash Held	1,619	(1,990)
Opening Cash Balance	9,854	11,844
Closing Cash Balance	11,473	9,854
Cash Flow Reconciliation		
Profit for the Year	6,355	29,965
Adjustment for Non Cash Items	23,266	10,563
Movement in Working Capital	(70,602)	(50,753)
Net Cash Flow from Operating Activities	(40,981)	(10,225)

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