

# **FY22 RESULTS PRESENTATION**

**NZ AUTOMOTIVE INVESTMENTS**

**FULL YEAR FINANCIAL RESULTS  
TO MARCH 2022**

**30 MAY 2022**



## IMPORTANT NOTICE & DISCLAIMER

This presentation is given on behalf of NZ Automotive Investments Limited (NZAI), (NZX:NZA).

Information in this presentation is for general information purposes only and is not an offer or invitation for subscription or purchase of, or a recommendation to invest in NZAI securities.

The presentation should be read in conjunction with, and is subject to, NZAI's latest set of financial statements for the period ended 31 March 2022, released on the NZX.

The presentation includes forward looking statements about NZAI and the environment that it operates in, which are subject to uncertainties outside of NZAI's control. NZAI's results or performance may vary from these statements. Also included are statements relating to past performance, which should not be regarded as a reliable indicator of future performance.

The presentation may contain information from third parties believed to be reliable, but no representations or warranties are made as to the accuracy or completeness of such information.

Non-GAAP and non-IFRS measures are used as management and the Board believe they provide useful information for readers to assist in the understanding of NZAI's financial performance. Non-GAAP and non-IFRS measures do not have a standardised meaning and should not be viewed in isolation or be considered substitutes for measures reported in accordance with NZ IFRS. These measures have not been independently audited or reviewed.

All information presented is current at 31 March 2022, unless otherwise stated. All currency amounts are presented in NZ dollars, unless otherwise stated.

Authorised for release by the Board of Directors.



## AGENDA

**1. PERFORMANCE UPDATE** | DAVID PAGE, CEO

**2. FINANCIAL RESULTS** | HAYDN MARKS, CFO

**3. BUSINESS UPDATE** | DAVID PAGE, CEO

**4. STRATEGY** | DAVID PAGE, CEO

**5. OUTLOOK**

**6. Q&A**



## PERFORMANCE HIGHLIGHTS – YEAR ENDING 31 MARCH 2022

**\$66.0M**

**REVENUE & INCOME**

▼ down 0.3%

**\$2.6M**

**NPAT**

▼ down 18.9% (\$0.6m)

**\$1.7M\***

**UNDERLYING NPAT**

▼ down 55.7%

**3.1 CPS**

**FULL YEAR DIVIDEND**

Final gross dividend of 0.88 cps  
to be paid in June 2022

**0.6 CPS**

**EPS**

▼ down 51%

**\$0.6m**

**NET OPERATING  
CASHFLOW ex LENDING**

▼ down (\$6.8M)

\* Underlying NPAT is a non-IFRS measure and excludes the net consideration from rearrangement of leases.



# 1. BUSINESS PERFORMANCE

---

- We have taken steps to establish a base for future growth in the business.
- Completed the move to the vehicle processing Hub in Onehunga, setting the business up to unlock growth.
- Opened new Westgate dealership in March 2022.
- Sales of HEV/EV's doubled in FY22 against last year and digital sales made up 16% of total sales.
- Dealership network was restricted from full operating for 108 days due to COVID restrictions.
- Pandemic related uncertainty impacted buyer behaviour.
- August lockdown provided opportunity to review stock and process vehicles, freeing up future capacity.
- 2 Cheap Cars finance and insurance income was impacted in second half of year by CCCFA regulations.
- NZ Motor Finance nearly doubled its loan book size during the year.
- Our buyer score improved during the year from 4.33 to 4.5 and again received the silver service Readers Digest award.



## 2. FY22 FINANCIAL RESULTS

- Revenue & income of \$66.0m was largely in-line with FY21.
- Vehicle sales and revenues were affected by COVID disruption.
- Underlying EBITDA including finance income decreased from \$7.8 million in FY21 to \$4.5 million in FY22.
- Sales volume decreases, together with reducing the age of inventory and costs associated with being a listed company contributed to the \$3.3m reduction.
- A foreign exchange hedging loss in March 2022 of \$0.7m also affected the FY22 result.
- Net profit after tax (NPAT) of \$2.6 million included a net gain of \$0.9m associated with the re-arrangement of leases.
- Gross dividend yield of 4.24% on an annualised basis, delivering a final gross dividend of 0.88 cents per share.

	NZD m		
	FY22	FY21	Change
Revenue and income	64.2	65.4	(1.7%)
Sundry income	1.7	0.8	127.2%
<b>Total revenue and income</b>	<b>66.0</b>	<b>66.1</b>	<b>(0.3%)</b>
Operating expenses	60.6	58.4	3.8%
Cost to list company		0.7	N/A
<b>EBITDA inc. finance income</b>	<b>5.4</b>	<b>7.1</b>	<b>(23.6%)</b>
Net consideration from reassignment of leases	(0.9)		N/A
Cost to list company		0.7	N/A
<b>Underlying EBITDA inc finance income</b>	<b>4.5</b>	<b>7.8</b>	<b>(41.8%)</b>
<i>EBITDA Margin</i>	6.8%	11.7%	(4.9%)
D&A	1.8	2.0	(9.8%)
<b>EBIT</b>	<b>3.6</b>	<b>5.1</b>	<b>(28.9%)</b>
Interest expense	0.4	0.4	6.5%
<b>NPBT</b>	<b>3.2</b>	<b>4.7</b>	<b>(31.9%)</b>
Tax	0.6	1.5	(59.7%)
<b>NPAT</b>	<b>2.6</b>	<b>3.2</b>	<b>(18.9%)</b>
Tax effect of Other items	(0.9)	0.6	(243.7%)
<b>Underlying NPAT</b>	<b>1.7</b>	<b>3.8</b>	<b>(55.7%)</b>
<i>Underlying NPAT Margin</i>	2.6%	5.8%	(3.2%)
EPS	0.06	0.12	(50.6%)

## FY22 CASHFLOW

### NZAI HAS FORWARD INVESTED IN INVENTORY WHILST MAINTAINING WORKING CAPITAL

- Net cash flow excluding loan book lending decreased by \$6.8m.
- Impacted by timing of inventory purchases, including a prepaid shipment of \$3.2m at the end of March.
- NZMF lent \$6.6m to customers resulting in net loan book lending of \$3.1m.
- Invested in new plant & equipment during the year, including the setup of the new vehicle processing hub to optimise flow and output.

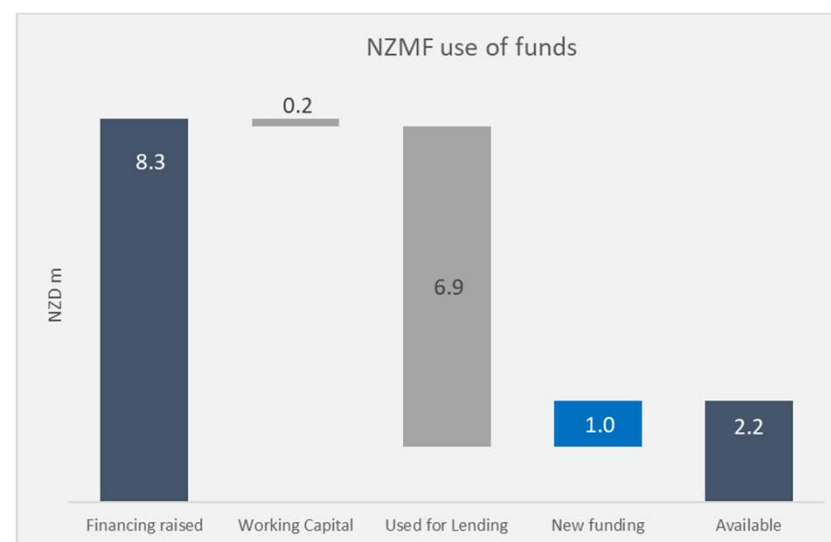
Cash flow summary	NZD m		
	FY22	FY21	Change
Net cash flow ex. loan book lending	0.6	7.4	(6.8)
Net loan book lending	(3.1)	(1.5)	(1.6)
<b>Net operating cash flow</b>	<b>(2.5)</b>	<b>5.7</b>	<b>(8.2)</b>
<b>Investing cash flow</b>	<b>(0.4)</b>	<b>(0.2)</b>	<b>(0.3)</b>
<b>Financing cash flow</b>	<b>(1.5)</b>	<b>1.0</b>	<b>(2.4)</b>
<b>Net cash flow</b>	<b>(4.4)</b>	<b>6.5</b>	<b>(10.9)</b>
<b>Cash equivalents</b>	<b>3.8</b>	<b>8.3</b>	<b>(4.5)</b>



## FY22 FINANCIAL POSITION & FUNDING

- Inventory turnover improved to 86 days from 94 days.
- Loan book grew to \$6.8m, with low write-offs for the period
- Loan book debt facility increased to \$6.0m.
- At 31 March NZMF had \$2.2m of funding available to lend.
- Balance sheet remains solid with \$3.8m in cash and net debt of \$8.0m as at 31 March 2022.

Balance sheet summary	NZD m	
	FY22	FY21
Cash equivalents	3.8	8.3
Inventories	13.0	11.9
Loan receivables	6.8	3.8
Other assets	13.7	10.5
<b>Total assets</b>	<b>37.3</b>	<b>34.4</b>
Borrowings	11.8	8.4
Other liabilities	10.4	10.4
<b>Total liabilities</b>	<b>22.2</b>	<b>18.8</b>
<b>Equity</b>	<b>15.1</b>	<b>15.6</b>





### 3. BUSINESS UPDATE

## 2 CHEAP CARS AUTOMOTIVE RETAIL

---

**13**

Dealerships

---

**7,882**

Cars sold in FY22

---

**16%**

Digital sales

---

**\$1.57k**

Average profit per car

---

#### VEHICLE SALES AND REVENUE

- Revenue down 2.1% on the prior year.
- Profit per car was in-line with the prior year.
- Average cost price of vehicles increased by 15% over FY22.
- Focus on improved vehicle quality as average car prices rise.

#### PROCESSING CAPACITY

- Relocated to the new expanded vehicle processing hub in Onehunga in February 2022 which will set the business up for greater processing capacity and enable growth.
- Hired new GM of Operations and Customer Care team.



## 2 CHEAP CARS EXPANSION OF DEALERSHIP FOOTPRINT

WESTGATE AUCKLAND WAS OPENED IN MARCH AND A LARGER NEW LYNN SITE WILL BE OPENING IN JUNE



WESTGATE



NEW LYNN



# GROWTH OPPORTUNITY ELECTRIC & HYBRID ELECTRIC VEHICLES (EV/HEV's)

NZAI HAS A LONG-TERM STRATEGY WHEN IT COMES TO EV/HEV's - WE ARE WELL POSITIONED TO MEET DEMAND

## 34,513

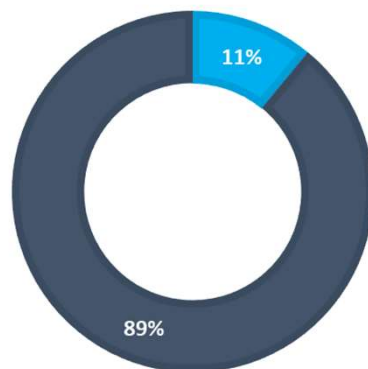
Electric vehicles on the road in NZ (Source: Ministry of Transport, 31 March 2022).

## 2,097

Number of of EV/HEVs  
2 Cheap Cars sold in FY22, an increase of 95% on FY21

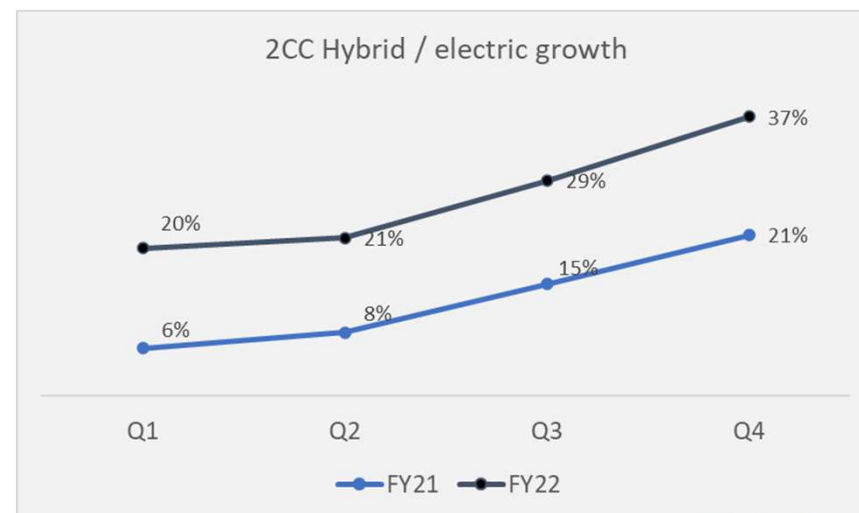
### CLEAN CAR IMPORT STANDARD

89% OF VEHICLES HELD IN STOCK  
WILL NOT ATTRACT PENALTY  
AS AT 31 MARCH 2022



■ Penalty ■ No Penalty

### EV/HEV SALES GROW TO 37% OF TOTAL SALES



## NZMF AUTOMOTIVE FINANCE

DEMAND FOR FINANCE CONTINUES TO BE STRONG, BUT HAS BEEN AFFECTED BY CCCFA REGULATION CHANGES.

---

**\$6.8M**

FY22 Finance book  
size

---

**889**

Number of loans

---

**32%**

Percentage of automotive  
retail customers that  
require finance

---

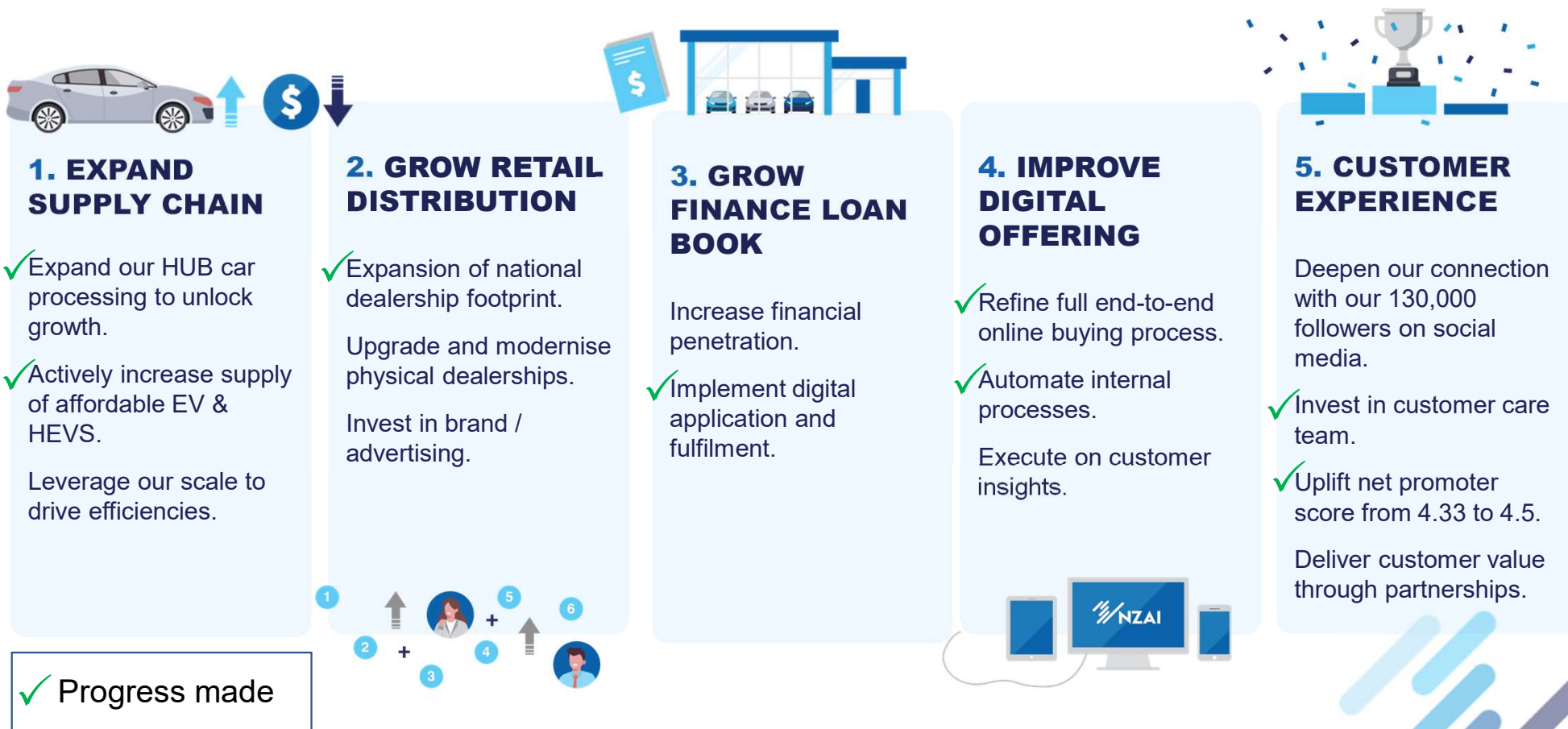
**4.6%**

Percentage of retail car  
sales financed by NZMF

- 
- NZMF grew its loan book by approximately 79% in FY22.
  - Signed partnerships with additional third-party automotive retail dealers.
  - Low write-off rate on loan book - less than 0.05%.



## 4. OUR STRATEGY



# STRATEGIC EXECUTION – NEW HOME FOR NZAI

SUCCESSFULLY MOVED VEHICLE PROCESSING HUB AND HEAD OFFICE FOR 2 CHEAP CARS



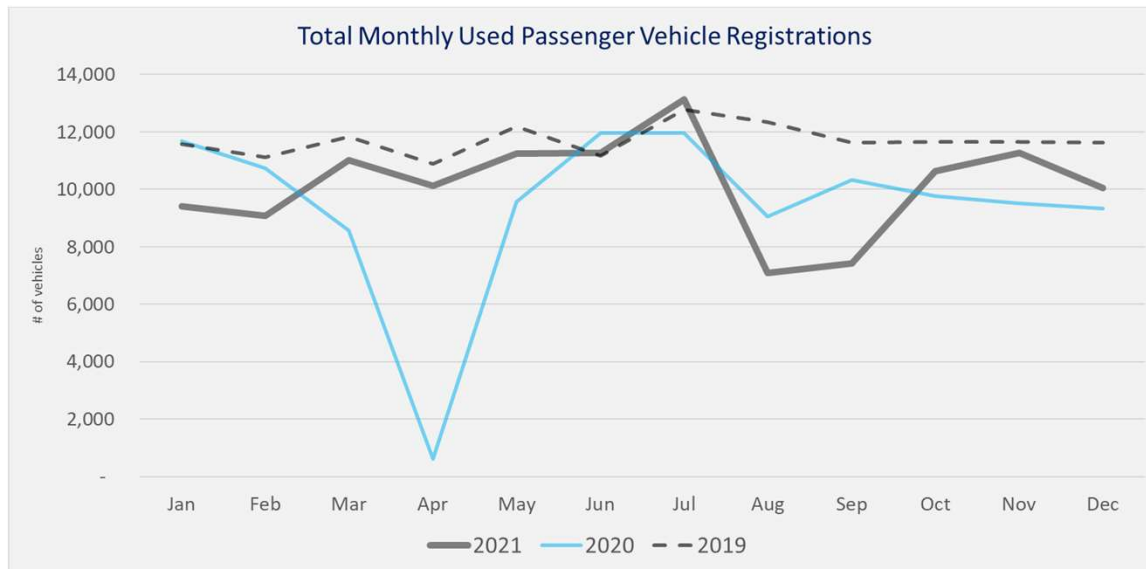
## Benefits

- Increased processing capacity.
- Functional layout enabling automation.
- Approximately 1.5 x footprint increase.
- More attractive and safer location for staff and suppliers.

# MARKET DYNAMICS

USED CAR IMPORT MARKET IN NEW ZEALAND IS UP 8% in 2021

EXPECT DEMAND FOR USED VEHICLES TO CONTINUE



- Average fleet age of a NZ used imported vehicle is 17 years.
- Government's 'Clean Car Discount' scheme, implemented earlier this year, is creating demand for EV/HEV vehicles.
- Government's recently announced scrap-to-replace scheme expected to add to demand.
- Rising fuel costs continuing to drive consumers towards more fuel-efficient vehicles.

Source: NZTA and Autofile  
CY: Calendar year.



## 5. OUTLOOK

---

In the early days of the new financial year, the business is seeing an improvement in sales and foot traffic.

### Focus areas for FY23

- Capitalise on the increased capacity at the new vehicle processing hub.
- Targeted expansion of the distribution network of dealerships.
- Significant uplift in sales and marketing investment.
- Improved core supply chain capabilities, including purchasing and in-housing activity.
- Leverage EV/HEV opportunities presented by the Government's clean car and scrap-to-replace initiatives.

We thank our valued shareholders for their continuing support.





# 6. Q&A



# THANK YOU



102 Mays Road, Onehunga, Auckland 1061

[www.nzautomotiveinvestments.co.nz](http://www.nzautomotiveinvestments.co.nz) | Ph: +64 9 869 3330

