

The Colonial Motor Company Limited

**Unaudited
PRELIMINARY
RESULT**

**For the year ended
30 June 2020**



Dear Shareholder

- **Revenue for the year was \$754.9m, down 17% on last year**
- **Trading profit after tax at \$17.3m, down 21% on last year**
- **Dividend for the year of 32 cps**

The directors consider the trading profit after tax for the year at \$17.3m to be very satisfactory given the challenges of the Covid impacted months.

Revenue was down 37% in March, 87% in April and 27% in May. It was a very volatile six months, with most of the Company in hibernation in April, followed by a sudden and strong bounce back after the initial restrictions were lifted. Profitability suffered in March and April but recovered in May and June. Inventory, along with floorplan finance and bank borrowing is down on last year at balance date. Full year remuneration paid to employees, which includes the wage subsidy, was similar to last year.

The tax deductibility of depreciation on buildings will be resumed as part of the Government's response to the Covid crisis. This has an impact on deferred tax, reversing the tax loss recorded in 2010 when the depreciation deductibility was stopped and creating a non cash deferred tax gain of \$6.58m.

The Covid lockdown has delayed but not stopped the Company-owned developments at Cromwell, Wanaka, Christchurch, Lower Hutt, Manukau and Botany.

Outlook

Volatility is expected to continue with uncertainty from the Covid shutdowns, consumer responses to this and the impact on the wider economy. It is currently not possible to make predictions with any confidence into the future. However, the Company has demonstrated that it can absorb and bounce back from adverse conditions. The balance sheet is strong, providing resilience in this environment.

Dividend

The interim dividend of 15cps was cancelled on 24 March at the start of the level four lockdown. Post lockdown trading in May and June bounced back strongly. Consequently, a fully imputed dividend of 32 cps, representing 60% of the full year trading profit after tax, has been declared to be paid on 5 October with a record date of 25 September. Note this is an earlier payment date than normal.

The 2020 Annual Report will be published in late September, including notice for the 102nd Annual General Meeting to be held at The Harbourside Function Venue, 4 Taranaki Street, Wellington at midday on Friday, 6 November 2020.

For and on behalf of the Board
J P (Jim) Gibbons
CHAIRMAN



STATEMENT OF PROFIT OR LOSS
For the year ended 30 June 2020

	2020 \$'000	2019 \$'000 Restated
Revenue		
Products	679,759	842,024
Services	66,200	64,900
Other Income	8,963	2,078
Total Revenue	754,922	909,002
Less Expenses		
Cost of Products Sold	609,316	757,262
Remuneration of Staff	76,118	75,995
Depreciation & Amortisation	6,289	5,955
Interest	4,600	5,681
Other	31,988	30,514
Trading Profit before Tax	26,611	33,595
Less Taxation		
Current	7,879	9,880
Deferred	128	53
	18,604	23,662
Less Non Controlling Interest	1,255	1,673
Trading Profit after Tax	17,349	21,989
Property – Fair Value Movement	(2,040)	(243)
Deferred Tax Movement	6,576	141
Investment – Fair Value Movement	(57)	(57)
Profit after Tax	21,828	21,830
Profit for the year attributable to:		
Shareholders	21,828	21,830
Non Controlling Interest	1,255	1,673
PROFIT FOR THE YEAR	23,083	23,503



STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
		Restated
Profit for the year	23,083	23,503
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Property revaluation reserve		
Change in fair value	6,476	6,982
Deferred tax movement	515	53
Items that may be classified subsequently to profit or loss:		
Foreign exchange hedging reserve		
Change in fair value	785	(505)
Deferred tax movement	(220)	141
Total comprehensive income	<u>30,639</u>	<u>30,174</u>
Attributable to:		
Shareholders	29,299	28,556
Non Controlling Interest	1,340	1,618
	<u>30,639</u>	<u>30,174</u>

	2020	2019
Basic & Diluted Earnings per Share on		
- Profit for the year	66.8c	66.8c
- Trading Profit after Tax	53.1c	67.3c
Dividend per Share	32.0c	45.0c
Net Tangible Assets per Share	\$6.92	\$6.32

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
		Restated
Equity at beginning of year	210,944	198,467
Total comprehensive income	30,639	30,174
Dividends paid to Shareholders	(9,808)	(16,347)
Dividend paid to Non Controlling Interest	(975)	(1,350)
Equity at end of year	<u>230,800</u>	<u>210,944</u>



BALANCE SHEET
As at 30 June 2020

	2020 \$'000	2019 \$'000
		Restated
Liabilities		
Bank Borrowings	19,235	35,856
At Call Deposits	27,388	24,008
Vehicle Floorplan Finance	42,851	58,613
Credit Contracts	1,404	1,773
Other Current Liabilities	47,000	50,472
Total Current Liabilities	137,878	170,722
Non Current Liabilities		
Lease Liabilities	13,175	14,798
Credit Contracts	2,379	2,759
Deferred Tax	-	3,589
Total Non Current Liabilities	15,554	21,146
Shareholders' Equity		
Non Controlling Interest	227,310	207,819
Total Equity	3,490	3,125
Total Equity and Liabilities	230,800	210,944
Total Equity and Liabilities	384,232	402,812
Assets		
Inventory	139,291	168,329
Cash & Bank	16,995	7,182
Credit Contracts	1,379	1,738
Other Current Assets	42,857	55,493
Total Current Assets	200,522	232,742
Non Current Assets		
Property, Plant & Equipment	174,246	163,316
Credit Contracts	2,379	2,761
Other Non Current Assets	7,085	3,993
Total Non Current Assets	183,710	170,070
Total Assets	384,232	402,812

These summary consolidated Financial Statements have not been audited. Comparatives have been restated to reflect the adoption of NZ IFRS 16 – Leases



STATEMENT OF CASH FLOWS
For the year ended 30 June 2020

	2020 \$'000	2019 \$'000 Restated
Net Cash Flows from:		
Operating Activities	64,221	38,068
Investing Activities	(13,244)	(17,356)
Financing Activities	(41,164)	(23,781)
Net Increase/(Decrease) in Cash Held	9,813	(3,069)
Opening Cash Balance	7,182	10,251
Closing Cash Balance	16,995	7,182
Cash Flow Reconciliation		
Profit for the Year	23,083	23,503
Adjustment for Non Cash Items	1,915	6,156
Movement in Working Capital	39,223	8,409
Net Cash Flow from Operating Activities	64,221	38,068



The Colonial Motor Company Limited

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