

The Colonial Motor Company Limited

Unaudited
**PRELIMINARY
RESULT**

For the year to
30 June 2019



Dear Shareholder

- **Trading profit after tax at \$22.1m, down 10.9% on last year**
- **Total dividends for the year 45.0 cps, down 5.0 cps**

The Directors consider the trading profit after tax for the year at \$22.1m was a very satisfactory result in a changing industry. It was in line with the \$22.0m recorded in 2017.

2018 was an exceptional year, capping nine years of continuous industry growth. This year, however, the new vehicle industry slowed to a growth of 1% in the first six months of the financial year then declined by 5% in the second half. Southpac Trucks, with Kenworth and DAF, continued to perform strongly. The new vehicle industry remains at a historically high levels and the Company's balance sheet enables it to adapt to changes.

Developments

In May there was a fire at Macaulay Motors' new facility at Queenstown which was contained in the workshop and was fully insured. The dealership has been able to continue operating while waiting for repairs. Southern Lakes Motors, representing Mitsubishi and Nissan, has opened at Macaulay's previous site on Glenda Drive, Queenstown.

The process of establishing a hub and spoke model for the wider Wellington region continues. The hub for both Ford and Mazda will be at the expanded Stevens Motors site in Lower Hutt following the acquisition of additional properties.

The Company has purchased a Honda dealership at Pukekohe to add to its stable of brands in South Auckland.

The redevelopment of Team Hutchinson Ford at Tuam Street in Christchurch to accommodate the 'greenway' is progressing and will include new Ford retail branding.

Outlook

The range and depth of potential challenges to our industry and the NZ economy, from both offshore and domestically, have increased. The outlook is for continued uncertainty.

Dividend

The Directors have declared a fully imputed dividend of 30.0 cps, to be paid on 21 October 2019 with a record date of 11 October 2019. This takes the total dividend for the year to 45.0 cps.

The 2019 Annual Report will be published in late September, including notice for the 101st Annual General Meeting to be held at midday on Friday 15 November at the Harbourside Function Venue, 4 Taranaki Street, Wellington.

For and on behalf of the Board

J P (Jim) Gibbons

CHAIRMAN



STATEMENT OF PROFIT OR LOSS
For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
Revenue		
Products	842,024	839,621
Services	64,900	62,455
Other Income	2,078	1,958
Total Revenue	<u>909,002</u>	<u>904,034</u>
Less Expenses		
Cost of Products Sold	758,497	755,544
Remuneration of Staff	74,760	71,181
Depreciation & Amortisation	4,371	3,741
Interest	4,992	4,565
Other	32,689	31,162
Trading Profit before Tax	<u>33,693</u>	<u>37,841</u>
Less Taxation		
Current	9,879	11,354
Deferred	81	(366)
	<u>23,733</u>	<u>26,853</u>
Less Non Controlling Interest	1,673	2,107
Trading Profit after Tax	22,060	24,746
Fair Value Revaluation of Property	(243)	(406)
Deferred Tax Movement	141	169
Fair Value Revaluation of Investment	(57)	476
Profit after Tax	<u>21,901</u>	<u>24,985</u>
Profit for the year attributable to:		
Shareholders	21,901	24,985
Non Controlling Interests	1,673	2,107
PROFIT FOR THE YEAR	<u>23,574</u>	<u>27,092</u>



STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	2019	2018
	\$'000	\$'000
Profit for the year	23,574	27,092
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Property revaluation reserve		
Change in fair value	6,982	5,430
Deferred tax movement	53	108
Items that may be classified subsequently to profit or loss:		
Foreign exchange hedging reserve		
Change in fair value	(505)	862
Deferred tax movement	141	(241)
Total comprehensive income	<u>30,245</u>	<u>33,251</u>
Attributable to:		
Shareholders	28,627	31,051
Non-controlling interest	1,618	2,200
	<u>30,245</u>	<u>33,251</u>

	2019	2018
Basic & Diluted Earnings per Share on -		
- Profit after Tax	67.0c	76.4c
- Trading Profit after Tax	67.5c	75.7c
Dividend per Share	45.0c	50.0c
Net Tangible Assets per Share	\$6.37	\$5.99

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	2019	2018
	\$'000	\$'000
Equity at beginning of year	199,746	182,885
Total comprehensive income	30,245	33,251
Dividends paid to Shareholders	(16,347)	(15,040)
Dividend paid to Non Controlling interest	(1,350)	(1,350)
Equity at end of year	<u>212,294</u>	<u>199,746</u>



BALANCE SHEET
As at 30 June 2019

	2019 \$'000	2018 \$'000
Liabilities		
Bank Borrowings	35,856	41,550
At Call Deposits	24,008	21,588
Vehicle Floorplan Finance	58,613	61,386
Credit Contracts	1,773	2,779
Other Current Liabilities	48,804	55,450
Total Current Liabilities	169,054	182,753
Non Current Liabilities		
Credit Contracts	2,759	3,025
Deferred Tax	3,589	3,844
Total Non Current Liabilities	6,348	6,869
Shareholders' Equity		
Non Controlling Interest	3,139	2,871
Total Equity	212,294	199,746
Total Equity and Liabilities	387,696	389,368
Assets		
Inventory	168,329	181,022
Cash & Bank	7,182	10,251
Credit Contracts	1,738	2,734
Other Current Assets	55,493	58,340
Total Current Assets	232,742	252,347
Non Current Assets		
Property, Plant & Equipment	148,725	130,470
Credit Contracts	2,761	3,026
Other Non Current Assets	3,468	3,525
Total Non Current Assets	154,954	137,021
Total Assets	387,696	389,368

These summary consolidated Financial Statements have
not been audited.



STATEMENT OF CASH FLOWS
For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
Net Cash Flows from:		
Operating Activities	36,582	(11,354)
Investing Activities	(15,905)	(14,062)
Financing Activities	(23,746)	27,607
Net (Decrease) / Increase in Cash Held	(3,069)	2,191
Opening Cash Balance	10,251	8,060
Closing Cash Balance	7,182	10,251
Cash Flow Reconciliation		
Profit for the Year	23,574	27,092
Adjustment for Non Cash Items	4,600	3,132
Movement in Working Capital	8,408	(41,578)
Net Cash Flow from Operating Activities	36,582	(11,354)



The Colonial Motor Company Limited

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