

ASX Announcement (ASX: MTO)



25 February 2021

MotorCycle Holdings continues to deliver strong performance

Australia's leading motorcycle dealership and accessories group, MotorCycle Holdings Limited (ASX: MTO), today announced a strong performance for the six months to 31 December 2020. The result was driven by an above market increase in sales due to an expanded product offering, dealer network growth and performance improvement and a lower cost structure and disciplined expense control.

Key features of the result include:

- Revenue increased 23% to \$218.4 million (2019: \$178.2 million)
- Underlying EBITDA increased 168% to \$26.8 million (2019: \$10.0 million)
- Net profit after tax increased 258% to \$17.2 million (2019: \$4.8 million)
- \$47.6 million bank debt at 30 June 2020 reduced to zero with \$7.4 million cash on hand

Due to the consistent and strong trading conditions, the company has returned to paying dividends with Directors declaring an interim dividend of 10 cents per share, fully franked, payable on 7 April 2021 with a record date of 18 March 2021.

	31 Dec 2020	31 Dec 2019	Annual change (%) [*]
Total motorcycle sales (units)	11,467	10,198	12
New motorcycle sales (units)	6,770	5,206	30
Revenue (\$m)	218.4 ^{**}	178.2	23
Underlying EBITDA ^{***} (\$m)	26.8	10.0	168
Underlying EBITDA margin (%)	12.3	5.6	
NPAT (\$m)	17.2	4.8	256

* Rounded figures ** Excludes JobKeeper payment

*** Underlying EBITDA includes interest and amortisation on leased properties as an expense to enable comparison to prior periods when lease expense was included and excludes acquisition costs

New motorcycle sales increased 30% to 6,770 units (2019: 5,206 units), as an outcome of introducing new products into existing stores and the dealership network expansion compared with the national market increase in new motorcycle sales of approximately 20%.

.../2

ASX Announcement (ASX: MTO)



The company grew its market share by securing approximately 12.1% of national new bike sales during the financial year, compared with 11.1% in the prior year.

Used motorcycle sales decreased 6% to 4,697 units (2019: 4,992 units) due to tightening stock availability. However sales value increased 5% and improved margins generated a gross profit increase of 30% compared to last year's comparative period results.

Online accessory sales increased 75% with major projects underway to improve e-commerce systems to deliver further growth.

Retail Accessories and Parts revenue increased 19% and Servicing and Repair revenue increased 33%. Retail Finance, Insurance and Mechanical Protection Plan income increased 6%.

Wholesale accessory sales increased 23% with divisional gross profit increasing 30% with demand expected to remain high in the second half. Stock supply has been subdued but is gradually improving and margins are expected to increase as benefits of a lower US dollar are realised.

The Wholesale Finance joint venture performed well above budget delivering \$410,000 NPAT for the half with these results expected to improve as the portfolio matures.

MotorCycle Holdings CEO David Ahmet said the half year results reflected the continuing increased market demand for recreation and leisure products, new franchises and expanded product ranges, lower overheads and a disciplined approach to ongoing expenses resulting in increased margin growth.

"We added two very profitable dealerships, introduced highly successful Indian and Polaris products into our stores for no net cost increase; are on track for a million dollars a year income from our finance JV; reduced our ongoing bank interest and product bailment costs by over two million dollars a year; and have a much improved foreign exchange position in our wholesale business", said Mr Ahmet.

"These operational improvements implemented across the group over the past 18 months have underpinned this result.

"Our growth strategy of expanding the business by adding new ranges and products to existing sites without increasing our cost base is delivering sustainable growth and profit.

"The Harley-Davidson dealerships are performing above expectations and the Indian Motorcycles and Polaris products added to existing stores contributed strongly to the results.

"The improved trading conditions also enabled us to retire all bank debt to be in a no debt position as at December 2020 with \$7 million at bank providing us with the ability to make strategic acquisitions should opportunities present themselves."

Mr Ahmet said the company expected the increased market demand and trading conditions to remain strong and consistent for the balance of the financial year.

ENDS

Half Year Results Presentation

MotorCycle Holdings invites investors to participate, via teleconference, in a half year results presentation by Managing Director David Ahmet and Chief Financial Officer Bob Donovan at 9:30am AEST on Friday 26 February 2021, after which they will take questions on the results.

Full details of the teleconference are below:

Date	Friday 26 February 2021																																				
Time	9.30am (AEST)																																				
Participants Dial-in Details	<p>All participants will be asked for their full name and Conference ID when joining the call.</p> <p>Conference ID: 7386425</p> <p>Australian Local Dial-In Number: 02 83733507 International Dial-In Number: +61 283733550</p> <p>Local Dial-In Numbers: China, Domestic 4001203169</p> <p>ITFS Dial-In Numbers:</p> <table> <tr><td>Australia</td><td>1800175864</td></tr> <tr><td>Australia, MOBILE</td><td>1300212365</td></tr> <tr><td>Canada</td><td>18552771647</td></tr> <tr><td>Germany</td><td>0800186810</td></tr> <tr><td>Hong Kong</td><td>800963435</td></tr> <tr><td>India</td><td>0008001008657</td></tr> <tr><td>Indonesia</td><td>0018030204844</td></tr> <tr><td>Japan</td><td>0120994106</td></tr> <tr><td>Korea (South)</td><td>0808520292</td></tr> <tr><td>Malaysia</td><td>1800816793</td></tr> <tr><td>New Zealand</td><td>0800444845</td></tr> <tr><td>Norway</td><td>80010865</td></tr> <tr><td>Philippines</td><td>180016120169</td></tr> <tr><td>Singapore</td><td>8006162312</td></tr> <tr><td>Taiwan</td><td>0809066683</td></tr> <tr><td>Thailand</td><td>0018006121037</td></tr> <tr><td>United Kingdom</td><td>08082341368</td></tr> <tr><td>United States</td><td>18558231291</td></tr> </table> <p>Leaderview website: http://www.leaderview.com Web PIN: 7109</p>	Australia	1800175864	Australia, MOBILE	1300212365	Canada	18552771647	Germany	0800186810	Hong Kong	800963435	India	0008001008657	Indonesia	0018030204844	Japan	0120994106	Korea (South)	0808520292	Malaysia	1800816793	New Zealand	0800444845	Norway	80010865	Philippines	180016120169	Singapore	8006162312	Taiwan	0809066683	Thailand	0018006121037	United Kingdom	08082341368	United States	18558231291
Australia	1800175864																																				
Australia, MOBILE	1300212365																																				
Canada	18552771647																																				
Germany	0800186810																																				
Hong Kong	800963435																																				
India	0008001008657																																				
Indonesia	0018030204844																																				
Japan	0120994106																																				
Korea (South)	0808520292																																				
Malaysia	1800816793																																				
New Zealand	0800444845																																				
Norway	80010865																																				
Philippines	180016120169																																				
Singapore	8006162312																																				
Taiwan	0809066683																																				
Thailand	0018006121037																																				
United Kingdom	08082341368																																				
United States	18558231291																																				

For personal use only

ASX Announcement
(ASX: MTO)



The presentation is available for download from the ASX announcements platform and the company's website www.mcholdings.com.au

For further information please contact:

Investor enquiries

Mr David Ahmet
Managing Director
MotorCycle Holdings Limited
Phone: 0403 333 048
Email: dave.ahmet@mcholdings.com.au

Media enquiries

Ms Stephanie Paul
Managing Director
Phillips Group
Phone: 07 3230 5000 / 0418 753 062
Email: spaul@phillipsgroup.com.au

ENDS

For personal use only