

MOTORCYCLE HOLDINGS

MotorCycle
Holdings

FY2017 Full Year Results



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Disclaimer and Important Information



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Results Highlights



1

Record full year profit of \$9.3 million, up 16% from June 2016, EPS growth 16%

2

Final dividend of 7.5 cents per share, fully franked

3

Record sales revenues of \$235.3 million, up 12%

4

17% growth in total motorcycle sales

5

Network expanded through acquisitions and organic growth

6

Outlook positive in a challenging market

Market leader in motorcycle retailing



1

Australia's largest motorcycle dealership operator with 29 year history and 27 dealerships

2

Proven business model with strong OEM relationships and diversified revenue streams

3

Substantial growth opportunities through organic initiatives and acquisitions

4

Experienced senior management led by CEO and 22% shareholder David Ahmet

5

Consistent earnings growth and operating cash flow and conservative gearing

6

Centralised business process with head office driving dealership performance

MTO share price has more than doubled since ASX listing in April 2016



Profit results



\$m	FY 16 Pro Forma	FY17	% Change
Revenue	209.3	235.3	12.4%
Cost of sales	(154.8)	(173.0)	11.8%
Gross Profit	54.5	62.3	14.3%
Gross Profit Margin (%)	26.0%	26.5%	
Employee benefits expense	(29.6)	(34.7)	17.2%
Occupancy expenses	(5.2)	(5.8)	11.5%
Other expenses	(6.5)	(6.8)	4.6%
Bailment interest	(0.4)	(0.4)	(0.0)%
Operating expenses	(41.7)	(47.7)	14.6%
EBITDA	12.8	14.6	14.4%
EBITDA Margin (%)	6.1%	6.2%	
Depreciation and amortisation	(0.8)	(0.9)	12.5%
EBIT	12.0	13.7	14.2%
Net interest (excluding bailment finance facilities)	(0.4)	(0.4)	0%
Profit Before Tax	11.6	13.3	14.7%
Tax expense	(3.6)	(4.0)	11.1%
Net Profit After Tax	8.0	9.3	16.3%

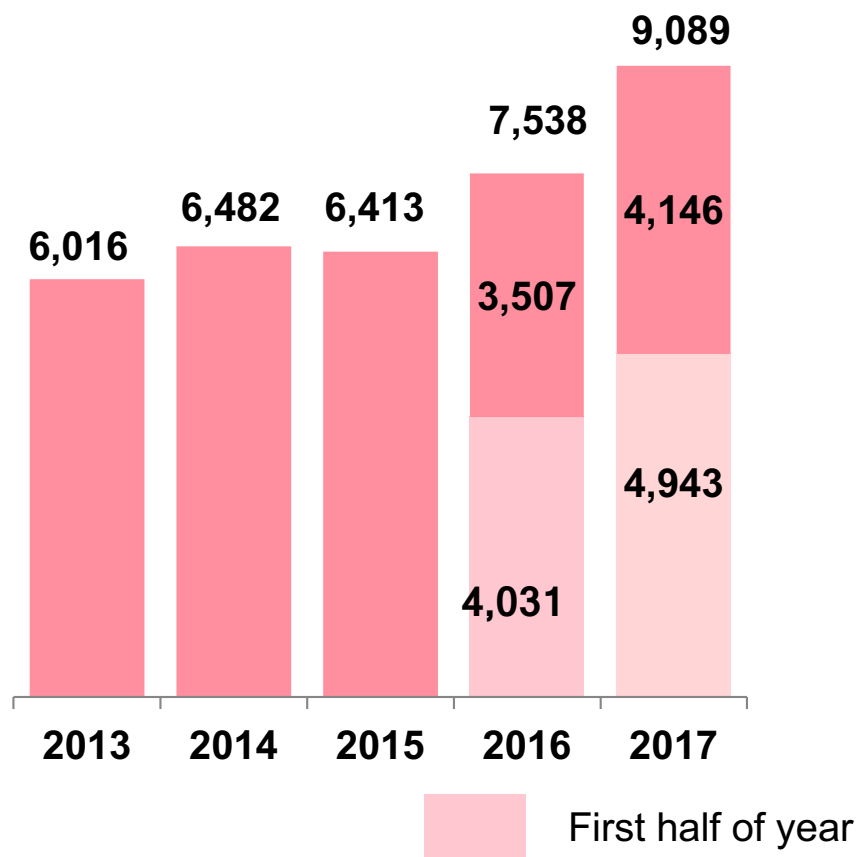
Proforma numbers were used in the IPO prospectus and the 2016 annual report.

Record new unit sales

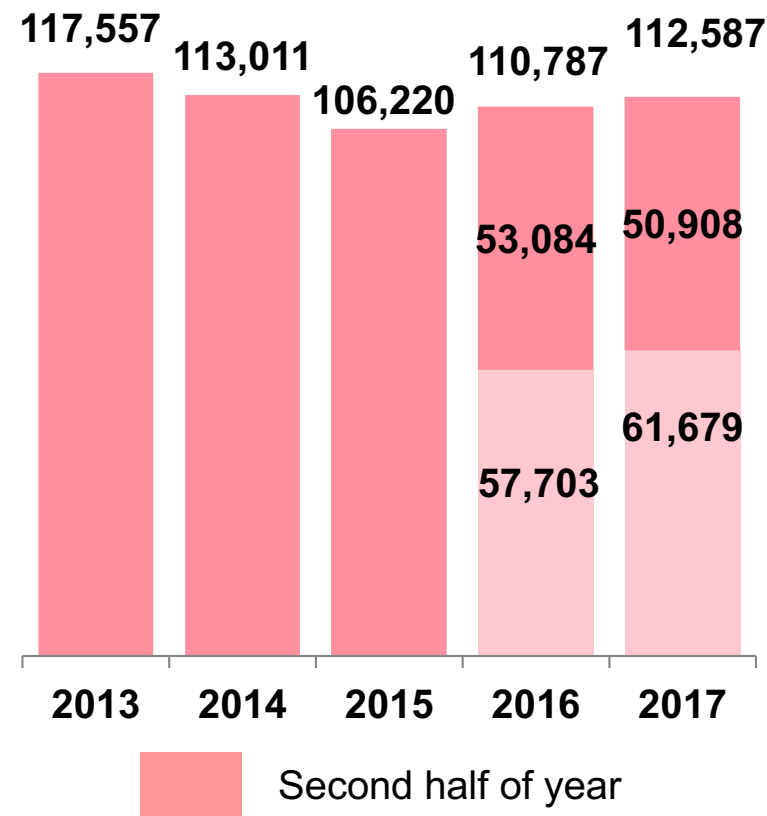


(Unit sales)

**New Motorcycles sales
up 21%**



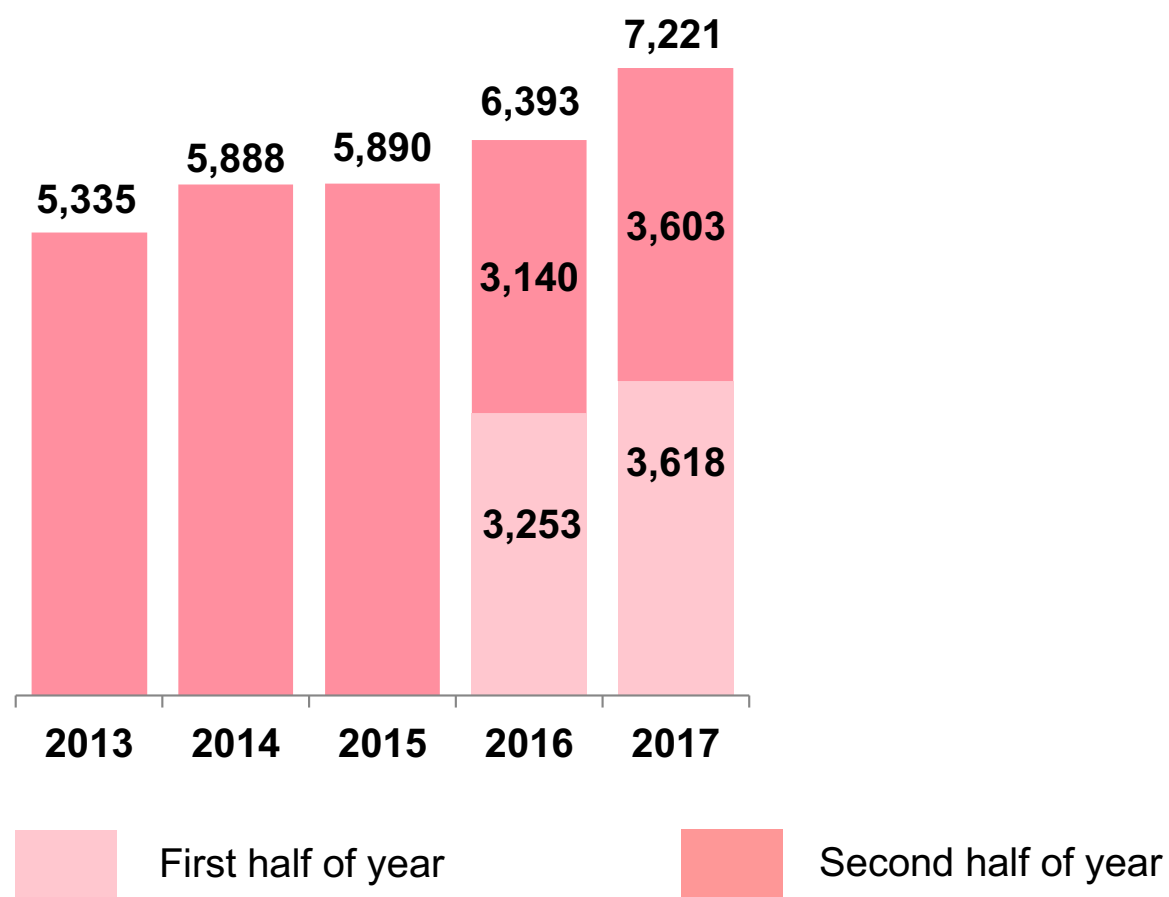
**New Motorcycles total industry sales
up 2%**



Record used unit sales

(Unit sales)

**Used Motorcycles sales
up 13%**

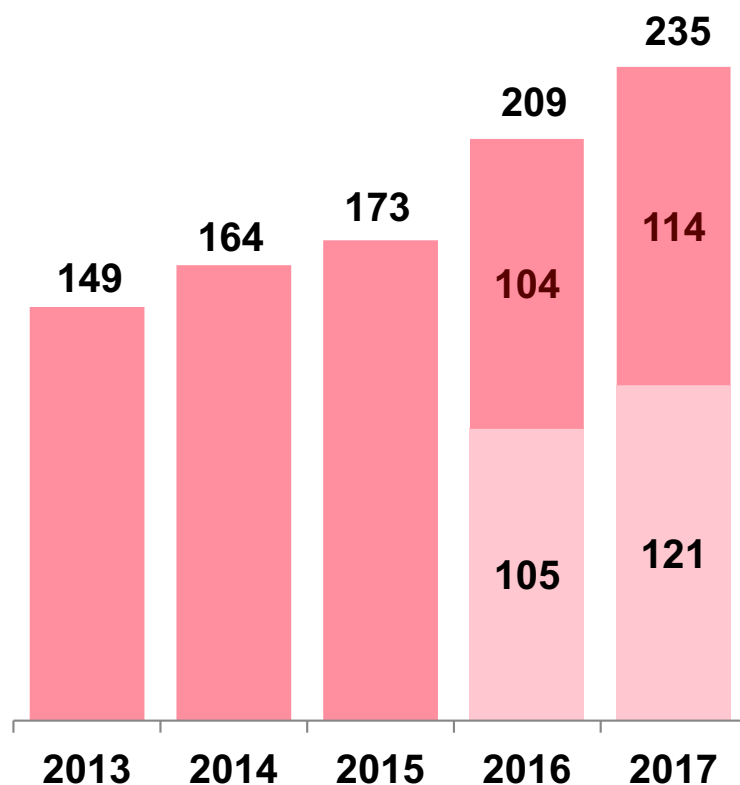


Record revenue and Net profit

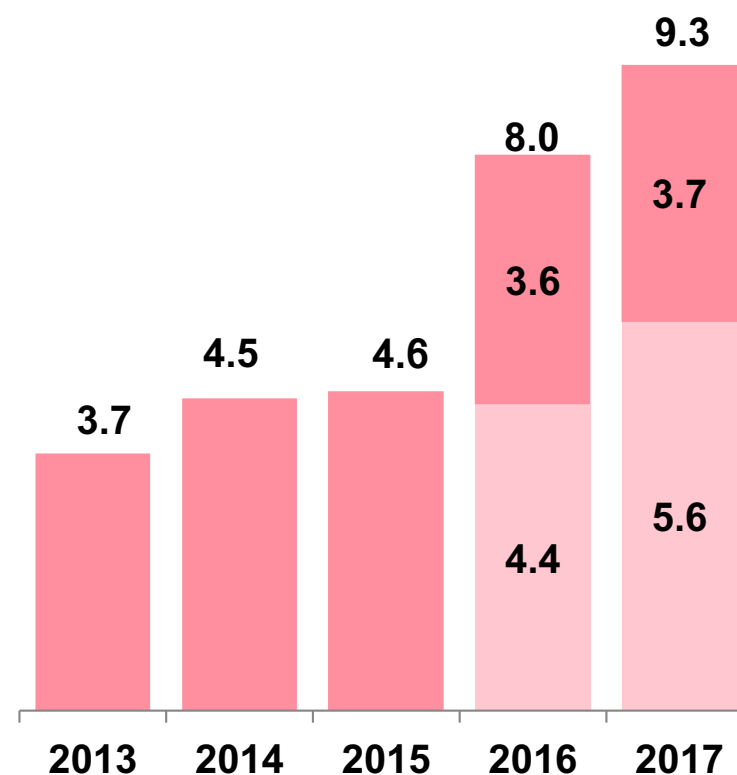


(\$million)*

Revenue up 12%



NPAT up 16%

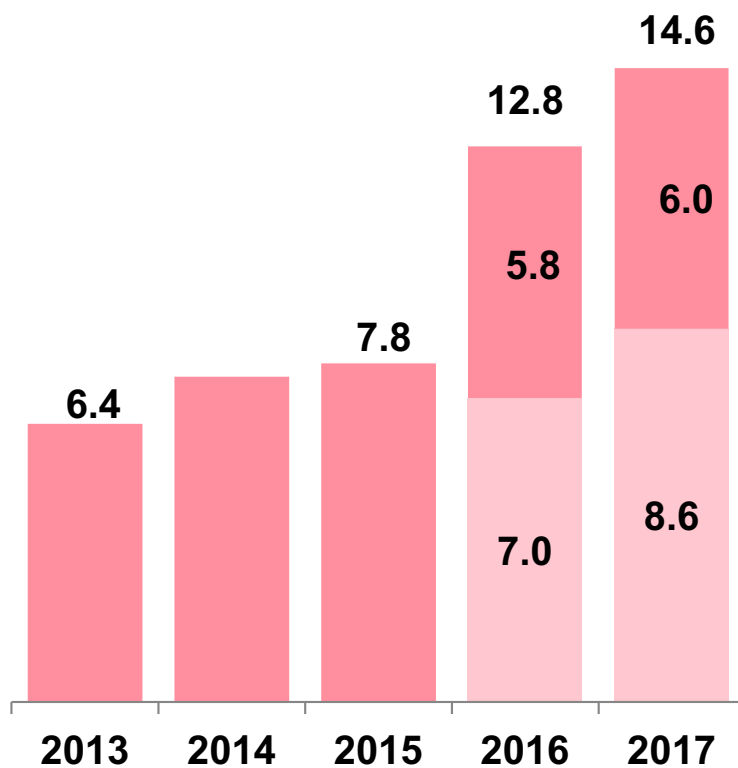


*2017 numbers are actual statutory. Prior years are proforma.

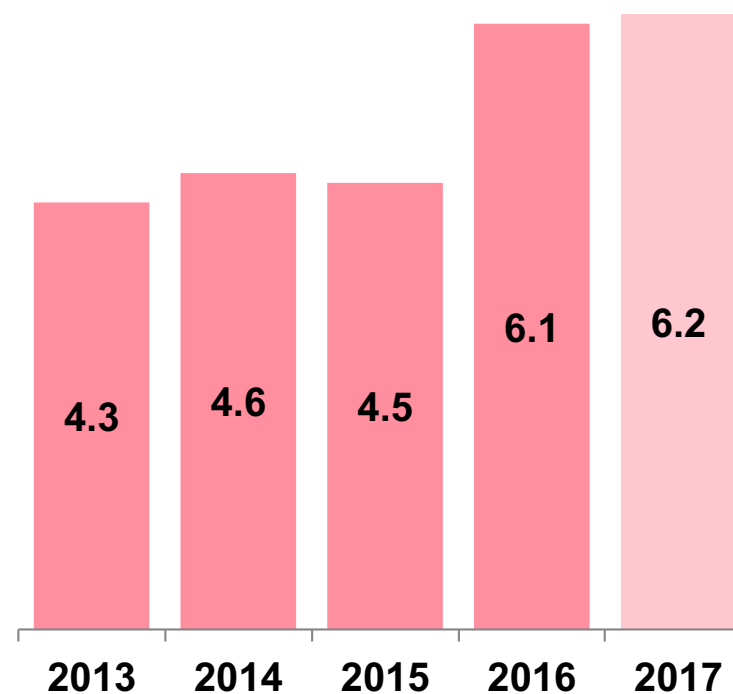
EBITDA and Margin



**EBITDA up 13%
(\$million)**



**EBITDA Margin at record
(%)**

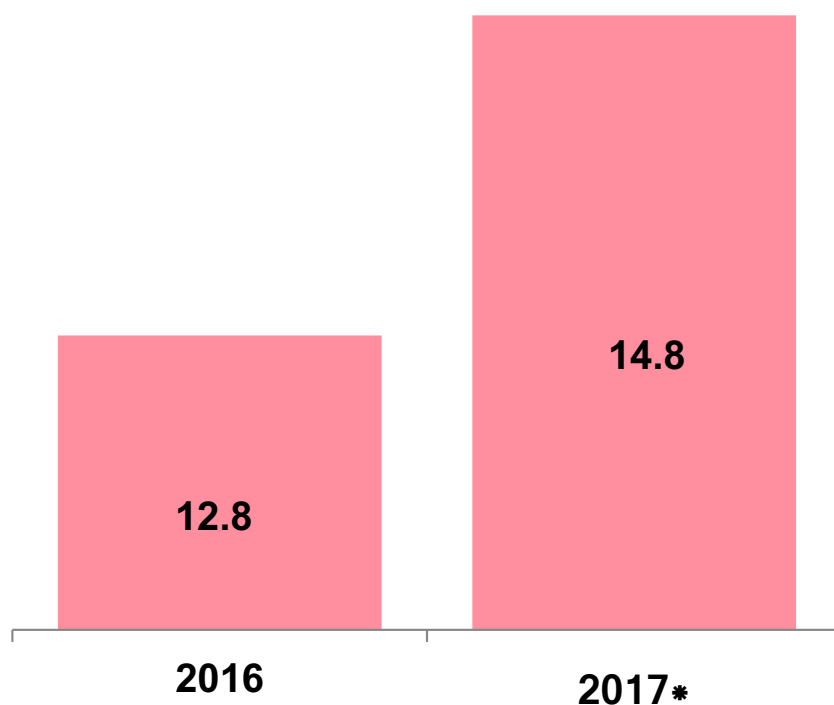


*2017 numbers are actual statutory. Prior years are pro-forma.

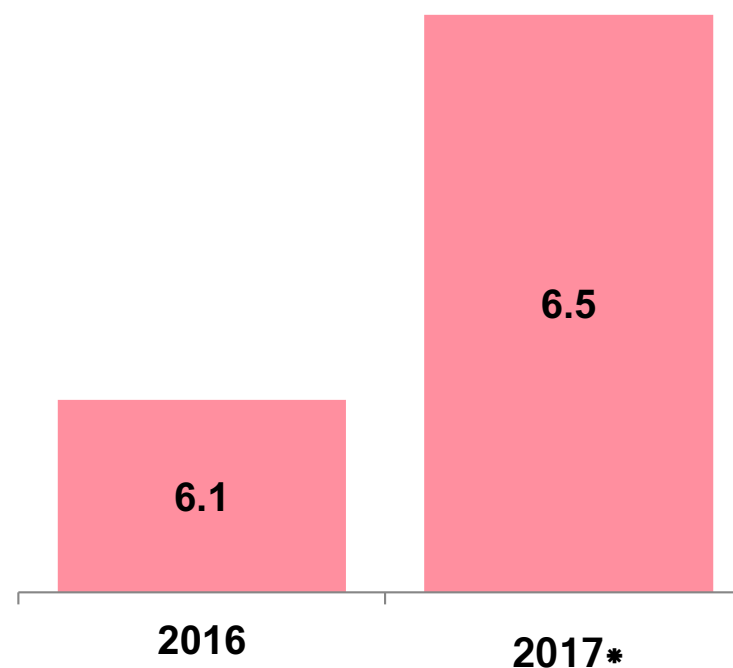
EBITDA and Margin excluding new stores



Underlying EBITDA up 15.6%



EBITDA Margin at 6.5%



2017 numbers are actual statutory. Prior years are pro-forma.

*Excluding new stores impact of (\$200,000) EBITDA

*Excluding new stores

All divisions performing well

New Motorcycles



- Revenue up 20%
- Gross profit up 24%



Used Motorcycles



- Revenue up 7%
- Gross profit up 9%



Accessories and parts



- Revenue up 8%
- Gross profit up 13%



Servicing and repair



- Revenue up 7%
- Gross profit up 15%



Finance, insurance and warranty

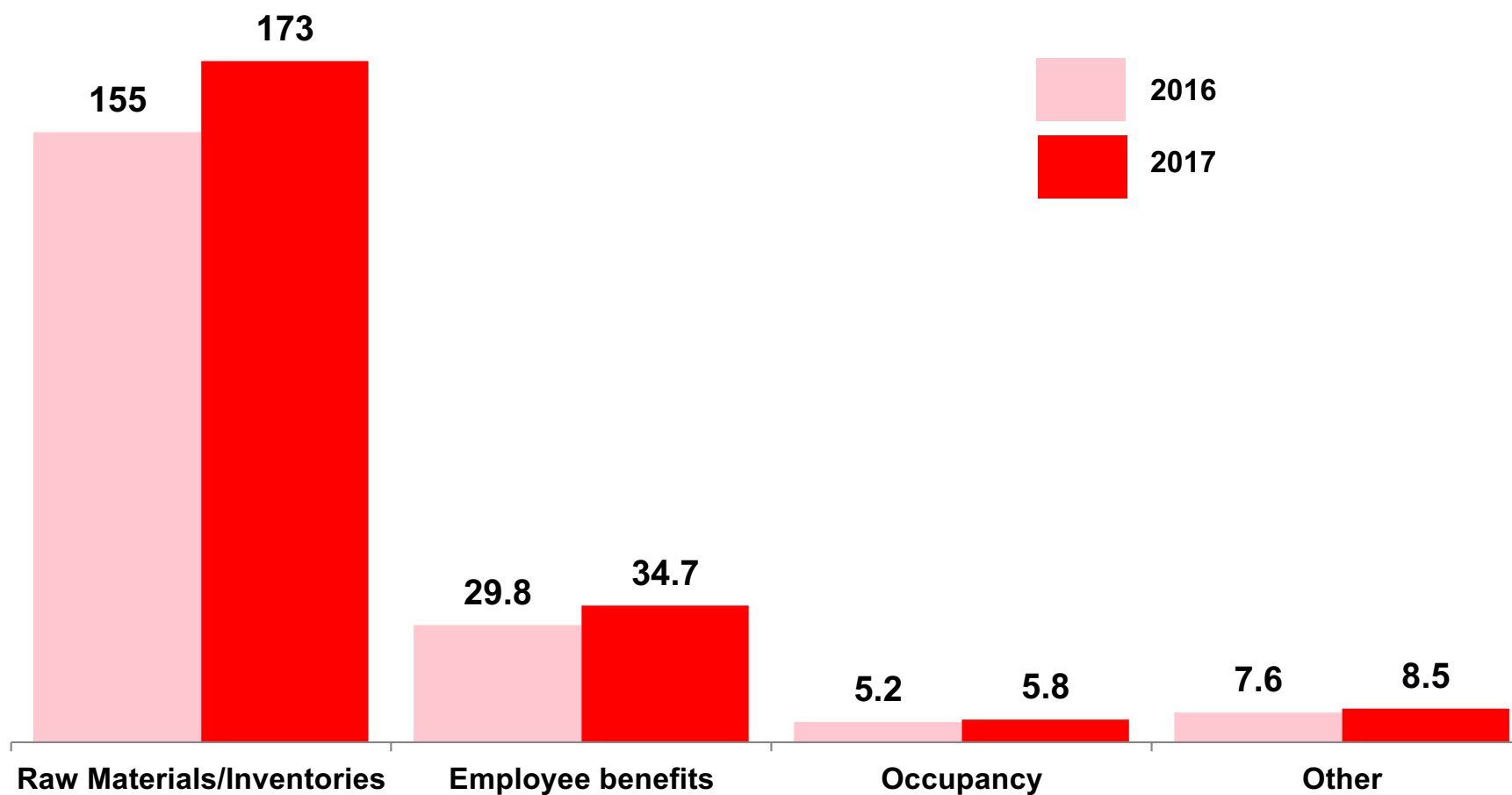


- Income up 20%



Operating expenses tightly controlled

\$ million

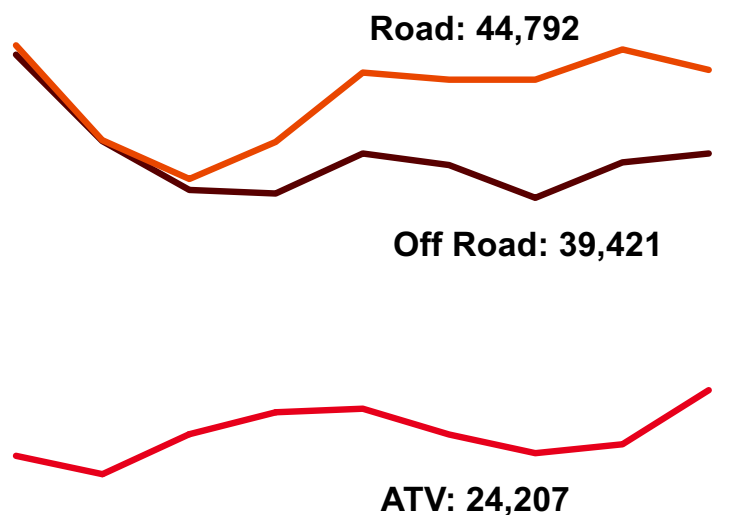


Year on year Industry conditions stable

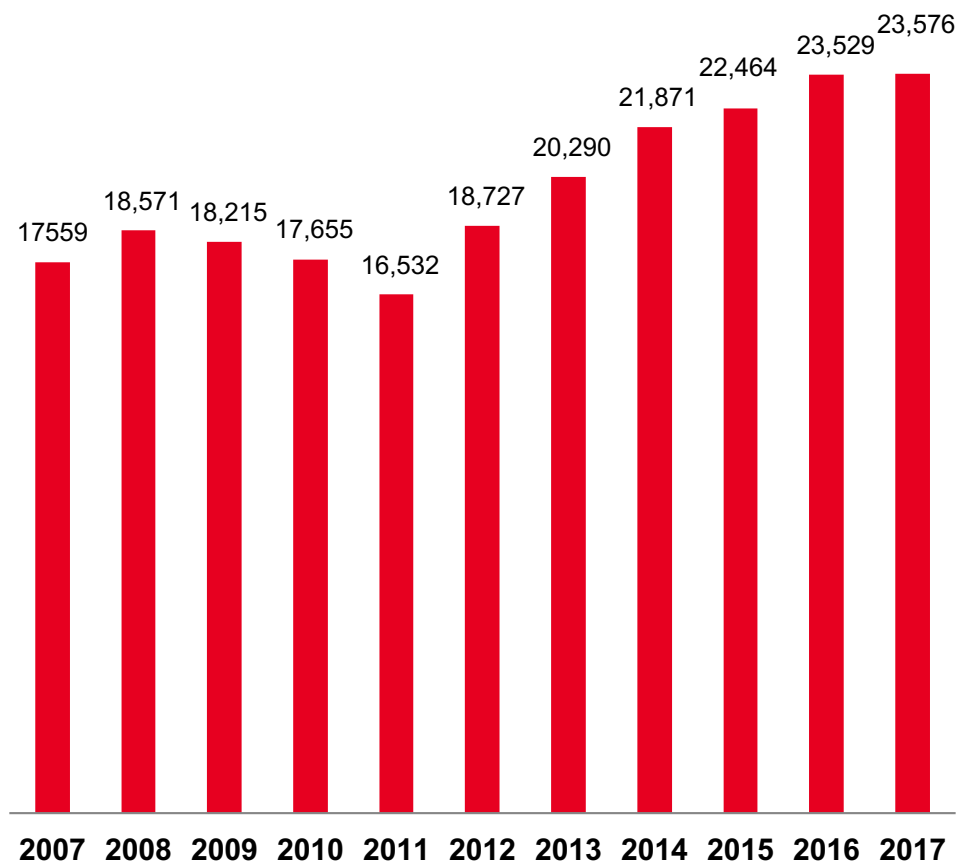


New motorcycle sales by type*

Thousands of motorcycles (FY)



Qld Used Bike Sales (FY)

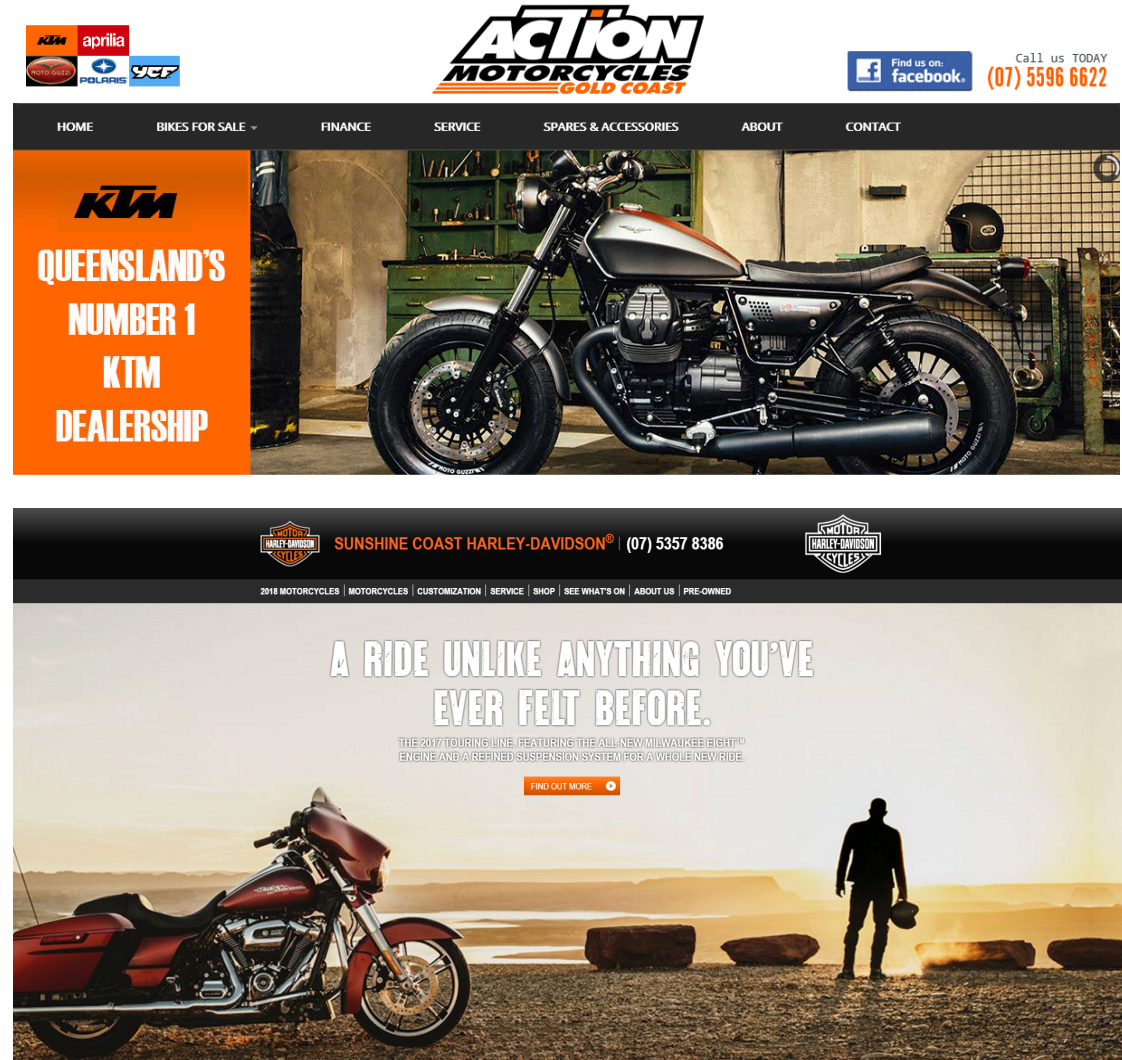


*New motorcycle sales includes registered and un-registered

QLD used motorcycles registered

Three dealerships acquired

- Evolution Motorcycles, Epping, Victoria, and Action Motorcycles Nerang acquired March 2016
- Sunshine Coast Harley-Davidson, Kunda Park Qld acquired in May 2017
- Confirms MotorCycle Holdings position as Australia's #1 motorcycle dealership operator with 27 locations on the eastern seaboard
- Acquisitions acquired for cash and funded from existing facilities



Effective business model

✓ Diversified revenue streams

- New motorcycles
- Used motorcycles
- Accessories and parts
- Servicing and repair
- Finance, insurance and warranty

✓ Centralised management structure drives performance

- Marketing, purchasing, product sourcing, training, finance and insurance, information technology and administration all undertaken centrally
- Sales staff incentivised by commissions

✓ Strong relationships with OEMs

- Sells motorcycles manufactured by 8 of the top 10 selling motorcycle manufacturers in Australia which in 2015 represented 84% of new motorcycle volume (the top 10 selling motorcycle manufacturers represented 91% of new motorcycle volume)

✓ Scale

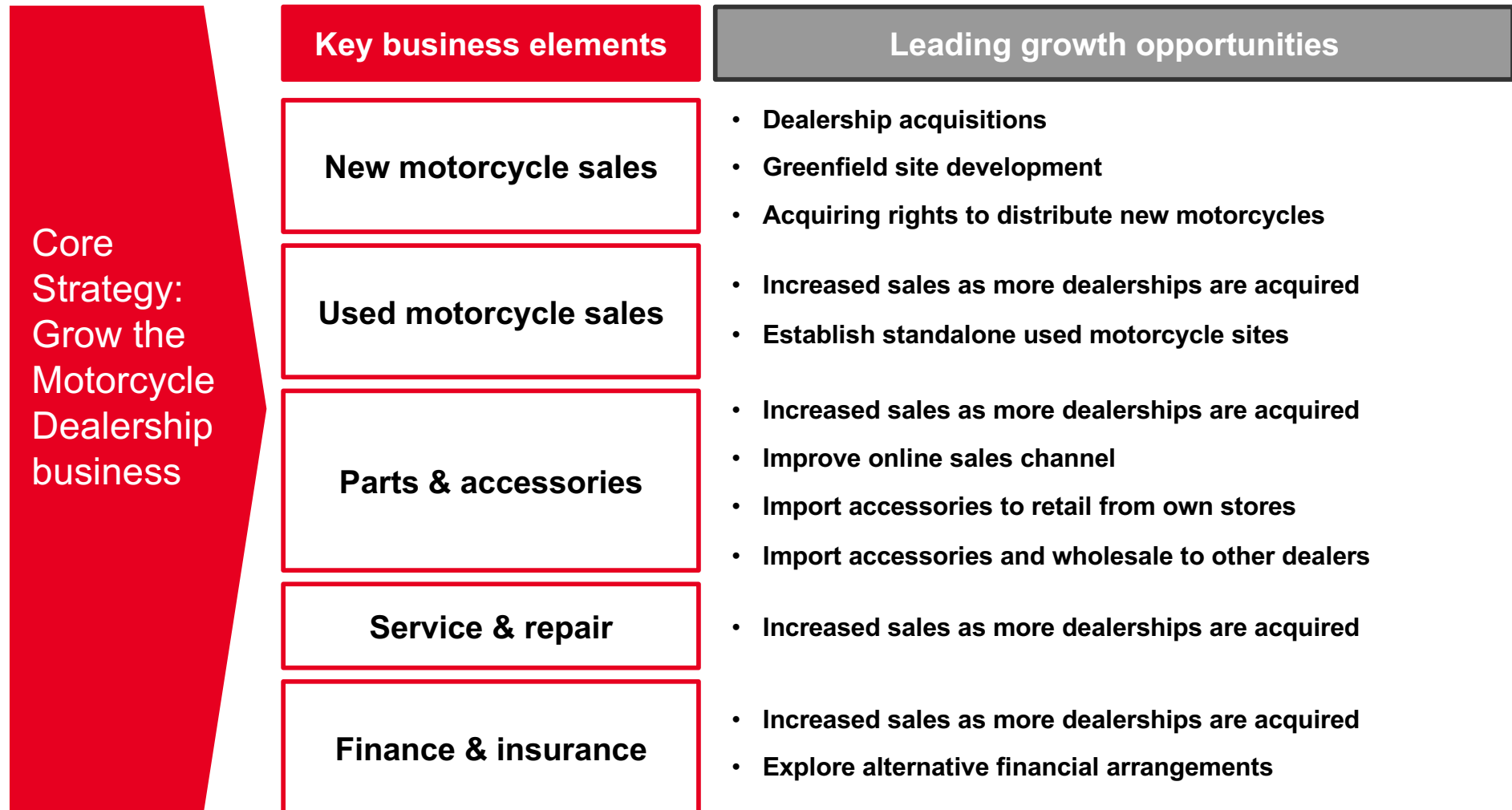
- Improved supplier terms and operational performance

Industry structure

DEALERSHIP OPERATORS BY NUMBER OF LOCATIONS



Strong growth opportunities



Outlook



- Market conditions show some volatility across the year, but MTO expects to continue to outperform the market
- Continued growth expected in same store sales
- Acquisition pipeline remains active
- Regulatory changes to reduce Insurance NPAT by ~\$1.4M, largely offset by the expected full year NPAT contribution from acquisitions completed late in FY17
- Opportunities to grow earnings in Finance and Accessories are being explored

