



## Results for Announcement to the Market

# Motorcycle Holdings Limited ("Company")

ABN 29 150 386 995

## APPENDIX 4E PRELIMINARY FINAL REPORT *for the year ended 30 June 2018*

## 1 Details of the reporting period

**Current Period:** 1 July 2017 – 30 June 2018

**Previous Corresponding Period (pcp):** 1 July 2016 – 30 June 2017

### Results for announcement to the market

Comparison to previous corresponding period	Increase/Decrease	Change %	To A\$'000
1.1 Revenue from ordinary operations	Increase	28.5%	302,443
1.2 Statutory profit from ordinary activities after tax attributable to members	Decrease	1.9%	9,100
1.3 Net profit attributable to members	Decrease	1.9%	9,100

## 1.4 Final dividend

Dividends	Amount per security	Franked amount per security
Final dividend	6.5 cents	6.5 cents
Record date for determining entitlement to the final dividend		12/09/2018
Date the final dividend is payable		3/10/2018

## 1.5 Results Overview

**Table 1: Results Summary**

	2017	2018	2018 vs 2017 (%)
Motorcycle sales (units)	16,310	<b>17,754</b>	9
Revenue (\$M)	235.3	<b>302.4</b>	29
EBITDA (\$M)	14.6	<b>17.7</b>	22
EBITDA margin (%)	6.2	<b>5.8</b>	(6)
NPAT (\$M)	9.3	<b>9.1</b>	(2)

MotorCycle Holdings Limited achieved steady growth in the year to 30 June 2018, primarily due to the acquisition of Cassons and expansion of its dealership network.

Earnings before interest, tax and depreciation (EBITDA) increased 22% to \$17.7 million (2017: \$14.6 million) while net profit after tax declined 2% to \$9.1 million (2017: \$9.3 million) having been impacted by acquisition costs.

These results were achieved on revenue increasing 29% to \$302.4 million (2017: \$235.3 million).

A final dividend of 6.5 cents per share (fully franked) will be paid to shareholders, bringing the total full year dividend to 12 cents per share (fully franked).

Overall motorcycle sales, including both new and used motorcycles, increased 9% to 17,754 units for the year ended 30 June 2018 (2017: 16,310 unit sales). New motorcycle sales increased 5% to 9,575 units (2017: 9,089 units), compared with a national market decline in new motorcycle sales of approximately 10%. The Company secured approximately 9.5% of national new bike sales during the financial year, compared with 8% in the prior year. Used motorcycles sales increased 13% to 8,179 units (2017: 7,221 units).

Retail Accessories and Parts revenue increased 54% and Servicing and Repair revenue increased 12%. Comparable store sales declined by 6.8% over the year.

Finance, Insurance and Warranty revenue decreased 11%, with reduced insurance commissions received after general insurance companies changed their premiums and commission rates as a consequence of the ASIC review into add-on insurance.

The acquisition of Cassons Pty Ltd, a leading wholesaler and retailer of motorcycle accessories and parts, increased the scale of MTO's existing retail accessory business, expanded the distribution network and provides opportunities to improve margin by sourcing additional Cassons' product for retailing through the MTO dealer network.

Two new dealerships were acquired and another was opened in during the year. The dealerships were TeamMoto Frankston, acquired in December 2017, Central Coast Harley-Davidson, acquired in March 2018 and TeamMoto Yamaha Sunshine Coast, a greenfield development opened in January 2018.

The Company also commenced operating a joint venture with motorcycle industry finance company Allied Credit, which provides a new revenue stream for existing loan origination activities, providing added diversity and strength to the Company.

While trading conditions were subdued in the first half of the year, the Company's strategy of growth through acquisitions had diversified revenue streams and made the Company more resilient and able to withstand tough trading conditions.

A combination of factors contributed to a decline in sales of new motorcycles across the industry over the past 12 months. The new motorcycle market continue to be tough, however the focus on used motorcycle sales continues to provide good results.

During the next 12 months, the Company will undergo a period of consolidation, which will include work to finalise the integration of recent acquisitions, improve processes, upgrade systems and improve operating efficiencies to support future growth

**Table 2: Operational metrics**

	<b>FY17</b>	<b>FY18</b>	<b>Change</b>
Dealership locations at period end	27	30	11%
Number of new motorcycles sold	9089	9575	5%
New motorcycles sold growth %	20.6	5.4	(74%)
Number of used motorcycles sold	7221	8179	13%
Used motorcycles sold growth %	13.0	12.7	(2%)

**2 Statutory Consolidated Statement of Profit and Loss and Other Comprehensive Income**  
**For the Year Ended 30 June 2018**

	Consolidated	
	30.06.2018	30.06.2017
	\$'000	\$'000
Sales Revenue	285,079	216,596
Other Income	17,364	18,698
Changes in inventories of finished goods and work in progress	(14,851)	(8,189)
Raw materials and consumable used	(199,814)	(164,844)
Employee benefits expense	(46,394)	(34,702)
Finance costs	(2,216)	(774)
Depreciation and amortisation expense	(2,734)	(846)
Other Expenses	(23,062)	(12,652)
<b>Profit before income tax</b>	<b>13,372</b>	<b>13,290</b>
Income tax expense	(4,272)	(4,010)
<b>Profit after income tax expense</b>	<b>9,100</b>	<b>9,280</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
<b>Total comprehensive income</b>	<b>9,100</b>	<b>9,280</b>
<b>Profit for the year is attributable to:</b>		
Owners of MotorCycle Holdings Limited	9,100	9,280
	<b>9,100</b>	<b>9,280</b>
<b>Total comprehensive income for the year is attributable to:</b>		
Owners of MotorCycle Holdings Limited	9,100	9,280
	<b>9,100</b>	<b>9,280</b>
<b>Earnings per share:</b>		
Basic earnings per share (cents)	16.6 <sup>1</sup>	22.8 <sup>1</sup>
Diluted earnings per share (cents)	16.6	22.8

<sup>1</sup> Earnings per share calculation is based on the weighted average number of shares (2018: 54,788,099; 2017: 40,646,189) issued to shareholders of MotorCycle Holdings Limited.

**3 Consolidated Statement of Financial Position**  
**As at 30 June 2018**

	<b>Consolidated</b>	
	<b>30.06.2018</b>	<b>30.06.2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	2,469	4,516
Trade and other receivables	6,783	2,867
Inventories	87,421	45,225
Current tax receivables	-	-
Other	39	-
<b>Current assets</b>	<b>96,712</b>	<b>52,608</b>
Property, plant and equipment	11,211	7,528
Deferred tax assets	-	1,768
Goodwill and other intangible assets	124,496	29,357
Interest in equity accounted investees	1,156	-
Other	100	109
<b>Non-current assets</b>	<b>139,963</b>	<b>38,762</b>
<b>Total assets</b>	<b>233,675</b>	<b>91,370</b>
Trade and other payables	11,889	8,981
Short term borrowings	26,044	23,097
Current tax liabilities	367	1,215
Provisions	6,568	4,425
<b>Current liabilities</b>	<b>44,868</b>	<b>37,718</b>
Borrowings	50,290	11,000
Redeemable preference shares	2,495	-
Provisions	999	517
<b>Non-current Liabilities</b>	<b>53,784</b>	<b>11,517</b>
<b>Total liabilities</b>	<b>98,652</b>	<b>49,235</b>
<b>Net assets</b>	<b>135,023</b>	<b>42,135</b>
Contributed equity	120,081	30,141
Share-based payment reserve	88	-
Retained earnings	14,854	11,994
<b>Equity attributable to the owners of MotorCycle Holdings Limited</b>	<b>135,023</b>	<b>42,135</b>
<b>Total equity</b>	<b>135,023</b>	<b>42,135</b>

**4 Consolidated Statement of Changes in Equity**  
**For the Year Ended 30 June 2017**

	Contributed equity	Retained earnings	Payment Reserve	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 30 June 2016</b>	<b>29,635</b>	<b>5,560</b>	-	<b>35,195</b>
Profit for the year	-	9,280	-	9,280
<b>Total comprehensive income for the year</b>	-	9,280	-	9,280
<b>Transaction with owners in their capacity as owners:</b>				
Transaction costs (net of tax)	506			506
Dividends paid	-	(2,846)	-	(2,846)
<b>Balance at 30 June 2017</b>	<b>30,141</b>	<b>11,994</b>	-	<b>42,135</b>
Profit for the year	-	9,100	-	9,100
<b>Total comprehensive income for the year</b>	-	9,100	-	9,100
<b>Transaction with owners in their capacity as owners:</b>				
Transaction costs (net of tax)	(1,523)			(1,523)
Dividends paid	-	(6,240)		(2,846)
Equity settled share-based payment			88	88
Issue of shares	66,963			66,963
Issue of shares related to business combinations	24,500			24,500
<b>Balance at 30 June 2018</b>	<b>120,081</b>	<b>14,854</b>	<b>88</b>	<b>135,023</b>

**5 Consolidated Statement of Cash Flows**  
**For the Year Ended 30 June 2018**

	<b>Consolidated</b>	
	<b>30.06.2018</b>	<b>30.06.2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers (inclusive of GST)	336,071	257,484
Payments to suppliers and employees (inclusive of GST)	(325,376)	(244,821)
Interest and other costs of finance paid	(2,847)	(774)
Income tax paid	(6,322)	(3,445)
Interest received	66	16
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,582</b>	<b>8,460</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for acquisition of businesses	(100,594)	(4,592)
Payments for investments in equity accounted investees	(1,150)	-
Purchase of property, plant and equipment	(2,039)	(775)
Proceeds from sale of property, plant, and equipment	48	43
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(103,735)</b>	<b>(5,324)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares and other securities	66,963	-
Costs of issue of ordinary shares	(2,205)	-
IPO costs (inclusive of GST) not capitalised	-	-
Repayment of shareholder loans	-	-
Proceeds from borrowings	41,588	-
Repayment of redeemable preference shares	-	-
Dividends paid	(6,240)	(2,846)
<b>CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>	<b>100,106</b>	<b>(2,846)</b>
<b>NET INCREASE / (DECREASE) IN CASH</b>	<b>(2,047)</b>	<b>290</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>4,516</b>	<b>4,226</b>
<b>CASH AT YEAR END</b>	<b>2,469</b>	<b>4,516</b>



## 6 Dividend Payment Information

An interim dividend of 5.5 cents fully franked was paid in April 2018.

A final dividend has been declared of 6.5 cents fully franked. The record date is 12 September 2018, and the payment date is 3 October 2018.

## 7 Dividend/distribution reinvestment plan

The Board has not adopted a Dividend Re-investment Plan (DRP)

## 8 Net tangible assets per ordinary share

	30 Jun 2018	30 Jun 2017
Net tangible assets per ordinary share (cents)	21	29

## 9 Details of entities over which control has been gained or lost during the period

The Company was incorporated on 12 April 2011, and converted to a public company on 16 March 2016.

The Company only acts as a holding company of the Motorcycle Holdings group. The operating business companies are Motorcycle Holdings Operations Pty Ltd and its wholly owned subsidiaries.

Cassons Pty Ltd, and its subsidiary Motor Cycle Accessories Supermarket Pty Ltd, were acquired as wholly owned subsidiaries of Motorcycle Holdings Operations Pty Ltd on 31 October 2017.

## 10 Details of associates and joint venture entities

MotorCycle Finance Pty Ltd (MCF) is a joint venture in which the Group has joint control and a 50% ownership interest. MCF was established and incorporated in the current financial year.

The joint venture was established to provide secured loans to customers directly for the purchase of motorcycles.

MCF is structured as a separate vehicle and the Group has a residual interest in the net assets of MCF. Accordingly, the Group has classified its interest in MCF as a joint venture. In accordance with the agreement under which MCF is established, the Group and the other investor in the joint venture have agreed to make additional contributions to their interest to make up any losses, if required.

## 11 Other significant information

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

There are no other significant events or information not otherwise disclosed in these reports needed by an investor to make an informed assessment of the entity's financial performance and financial position.

**12 Accountings standards**

AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Interpretations have been used in compiling the information in this Appendix 4E.

**13 Auditing Status**

This report is based on accounts which have been audited.

**14 Audit disputes or qualifications**

Nil.