

ASX Announcement (ASX: MTO)



26 February 2019

MotorCycle Holdings delivers growth in a challenging market

Australia's leading motorcycle dealership and accessories group, MotorCycle Holdings Limited (ASX: MTO), achieved steady growth in the six months to 31 December 2018, in a very challenging market.

Underlying earnings before interest, tax and depreciation (EBITDA) increased 19.5% to \$10.4 million (2018: \$8.7 million) while net profit after tax (NPAT) increased 37.3% to \$5.2 million (2018: \$3.8 million). Earnings per share decreased 7.6% from 9.2 cents to 8.5 cents.

These results were achieved on revenue for the half increasing 24.1% to \$172.8 million (2018: \$139.3 million) as a result of recent acquisitions. Comparable store sales declined 9.1% over the period.

The company said that although it had \$5.1 million cash at bank, Directors decided not to declare an interim dividend and have embarked on a program of lowering the business' cost structure, reducing debt and improving operational performance across all divisions to enable the company to take advantage of acquisition and growth opportunities that may arise in the current trading environment.

	HY2019 Actual	HY2018 Actual	Change (%)*
Motorcycle sales (units)	9,855	8,867	11.1%
Revenue (\$M)	172.8	139.3	24.1%
Underlying EBITDA** (\$M)	10.4	8.7	19.5%
Underlying EBITDA margin (%)	6.0%	6.2%	
NPAT (\$M)	5.2	3.8	37.3%

* Rounded figures

** Underlying EBITDA excludes acquisition costs

Overall motorcycle sales, including both new and used motorcycles, increased 11.1% to 9,855 units for the half year to 31 December 2018 (2018: 8,867 unit sales).

New motorcycle sales increased 4.2% as a result of recent acquisitions to 5,153 units (2018: 4,944 units), compared with a national market decline in new motorcycle sales of approximately 11.3%.

The Company secured approximately 10.9% of national new bike sales during the six months, compared with 9.3% for the corresponding period last year.

Used motorcycles sales increased 19.9% to 4,702 units (2018: 3,923 units).

Retail Accessories and Parts revenue increased 45% to \$38.4 million (2018: \$26.5 million) due to a full half of MCA sales. Servicing and Repair revenue increased 10.0% to \$6.3 million (2018: \$5.8 million).

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Finance, Insurance and Warranty revenue decreased 11.1% to \$6.5 million due to regulatory changes associated with add-on insurance and warranty revenue recognition.

MotorCycle Holdings CEO David Ahmet said that while trading conditions continued to be challenging, the company's strategy of growth through acquisitions and diversification had made the company more robust and better able to withstand the current trading environment.

"The company is responding to these market conditions by expanding its offering to drive sales with used bikes being included in MCA stores; by continuing to grow wholesale sales to the dealer network and by lowering our cost base," Mr Ahmet said.

"It's pleasing to see that Cassons and MCA stores are maintaining profitability despite the market contraction. We are also making good progress in reducing excess stock in these businesses amounting to \$3.5 million over the period.

"The new joint venture with motorcycle industry finance company Allied Credit, which enabled the company to provide secured loans to customers directly, provides another growth opportunity for the company."

Mr Ahmet said the company was continuing to experience tough trading conditions but it was well placed to ride out the current challenging market conditions.

The company would focus on the productivity of its core operations by lowering its cost base, upgrading systems and improving the profitability of existing motorcycle dealerships," Mr Ahmet said.

ENDS

For further information please contact:

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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 Eddie MacDonald at 0930hrs AEDT on 27 February 2019, after which they will take questions on the results.

Full details of the teleconference are below:

Day	27 February 2019																		
Time	0930hrs AEDT																		
Participants Dial-in Details	<p>All participants will be asked for their full name and passcode when joining the call.</p> <p>Participants Passcode: 7599800</p> <p>Participants Dial-in: 1800 148 258</p> <p>Participant International Dial-In Numbers:</p> <table><tr><td>Australia Toll-Free:</td><td>1800 148 258</td></tr><tr><td>Australia MOBILE</td><td>1300 157 230</td></tr><tr><td>Hong Kong Toll-Free:</td><td>800 965 808</td></tr><tr><td>Japan Toll-Free:</td><td>0066 3306 2118</td></tr><tr><td>New Zealand Toll-Free:</td><td>0800 667 018</td></tr><tr><td>Singapore Toll-Free:</td><td>800 616 2170</td></tr><tr><td>UK Toll-Free:</td><td>0800 056 9662</td></tr><tr><td>US Toll-Free:</td><td>1866 586 2813</td></tr><tr><td>International:</td><td>+61 2 803 85271</td></tr></table>	Australia Toll-Free:	1800 148 258	Australia MOBILE	1300 157 230	Hong Kong Toll-Free:	800 965 808	Japan Toll-Free:	0066 3306 2118	New Zealand Toll-Free:	0800 667 018	Singapore Toll-Free:	800 616 2170	UK Toll-Free:	0800 056 9662	US Toll-Free:	1866 586 2813	International:	+61 2 803 85271
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The presentation is available for download from the ASX announcements platform and the company's website www.mcholdings.com.au