

27 August 2019

MotorCycle Holdings achieves steady performance

Australia's leading motorcycle dealership and accessories group, MotorCycle Holdings Limited (ASX: MTO), achieved a steady performance in the year to 30 June 2019 despite the continuing challenging market conditions.

Net profit after tax (NPAT) decreased 2% to \$8.3 million (2018: \$8.5 million), with underlying earnings before interest, tax and depreciation (EBITDA) decreasing 4% to \$18.0 million (2018: \$18.8 million). Earnings per share decreased 13% to 13.5 cents per share.

These results were achieved on revenue increasing 9% to \$330 million (2018: \$302 million). Comparable store sales declined 9% compared with last year.

The company said that although it had \$9.2 million cash at bank, Directors decided not to declare a final dividend as they continued to implement a program of lowering the business' cost structure and reducing debt to enable the company to take advantage of any acquisition opportunities that may arise in the current trading environment.

	2019 Actual	2018 Actual [^]	Annual change (%) [*]
Motorcycle sales (units)	18,536	17,754	4.4
Revenue (\$M)	330	302	9.3
Underlying EBITDA ^{**} (\$M)	18.0	18.8	(4.3)
Underlying EBITDA margin (%)	5.5	6.2	
NPAT (\$M)	8.3	8.5	(2.4)

^{*} Rounded figures [^]FY18 figures restated due to adoption of AASB15

^{**} Underlying EBITDA excludes acquisition costs

Overall motorcycle sales, including both new and used motorcycles, increased 4% to 18,536 units for the year ended 30 June 2019 (2018: 17,754 unit sales).

New motorcycle sales decreased 1% to 9,468 units (2018: 9,575 units), compared with a national market decline in new motorcycle sales of approximately 11%. Like for like new motorcycle sales were down 9%.

The company grew its market share by securing approximately 10.6% of national new bike sales during the financial year, compared with 9.5% in the prior year.

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Used motorcycles sales increased 11% to 9,068 units (2018: 8,179 units). Retail Accessories and Parts revenue increased 15% and Servicing and Repair revenue increased 8%. Finance, Insurance and Warranty revenue decreased 9%.

MotorCycle Holdings CEO David Ahmet said the financial year was characterised by very challenging trading conditions, however the company had performed well in the context of the broader ongoing downturn in the retail discretionary market.

"Despite trading conditions continuing to be challenging during the year the company has been able to achieve steady revenue and NPAT results, and we continue to grow our market share," Mr Ahmet said.

"The company's strategy of growth through acquisitions has diversified our revenue streams and strengthened the resilience of the company, which has been a crucial factor enabling us to withstand these ongoing challenging trading conditions this year.

"We have responded quickly to these market conditions by focusing on lowering our cost base, expanding our offering to drive sales throughout the dealer network and continuing to grow wholesale sales to the dealer network.

"We expect to see further benefits of our cost reduction program flow through to this current financial year's performance.

"It's pleasing to see that Cassons and MCA stores maintained profitability despite the market contraction and pressure on margins. We made good progress in reducing excess accessory stock in these businesses amounting to \$2 million over the period and we also broadened its customer base.

"The new joint venture with motorcycle industry finance company Allied Credit is performing to expectations and budget and we expect this business to contribute to profit results in this forthcoming financial year.

Mr Ahmet said the company would continue to improve its dealerships' performance and drive used bike sales; add further brands and suppliers to the wholesale distribution business; improve its online sales presence and enhance its in-house brands through product range renewal and redesign.

In the coming year, the company would continue to focus on the productivity of its core operations by lowering our cost base, as well as pursuing additional acquisition opportunities that are becoming available due to the current challenging market conditions, Mr Ahmet said.

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ASX Announcement (ASX: MTO)



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Full Year Results Presentation

MotorCycle Holdings invites investors to participate, via teleconference, in a full year results presentation by Managing Director David Ahmet and Chief Financial Officer Bob Donovan at 9.00am AEST on Wednesday 28 August 2019, after which they will take questions on the results.

Full details of the teleconference are below:

Day	Wednesday 28 August 2019
Time	9.00am (AEST)
Participants Dial-in Details	<p>All participants will be asked for their full name and passcode when joining the call.</p> <p>Participants Passcode: 1387362</p> <p>Participants Dial-in: 1800 148 258</p> <p>Hong Kong: 800 965 808 Japan: 0066 3306 2118 New Zealand: 0800 667 018 Singapore: 800 616 2170 UK: 0800 056 9662 US: 1 866 586 2813 International: +61 280385271</p>

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:

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