

27 February 2020

MotorCycle Holdings delivers resilient result in challenging market

Australia's leading motorcycle dealership and accessories group, MotorCycle Holdings Limited (ASX: MTO), continued its sales growth in the six months to 31 December 2019, amid ongoing challenging trading conditions.

Revenue for the half increased 3.1% to \$178.2 million (2019: \$172.8 million), as a result of recent acquisitions and increased motorcycle unit sales. Comparable store sales increased 0.4% over the period.

Underlying earnings before interest, tax and depreciation (EBITDA) decreased 4.8% to \$9.9 million (2019: \$10.4 million) while net profit after tax (NPAT) decreased 7.7% to \$4.8 million (2019: \$5.2 million). Earnings per share decreased 8.2% from 8.5 cents to 7.8 cents.

Directors decided not to declare an interim dividend to enable the company to take advantage of any acquisition opportunities that may arise in the current trading environment.

	HY2020 Actual	HY2019 Actual	Change (%)*
Motorcycle sales (units)	10,198	9,855	3.5%
Revenue (\$M)	178.2	172.8	3.1%
Underlying EBITDA** (\$M)	9.9	10.4	-4.8%
Underlying EBITDA margin (%)	5.6%	6.0%	-0.4%
NPAT (\$M)	4.8	5.2	-7.7%

* Rounded figures

** Underlying EBITDA excludes acquisition costs

Overall motorcycle sales, including both new and used motorcycles, increased 3.5% to 10,198 units for the half year to 31 December 2019 (2019: 9,855 unit sales).

New motorcycle sales increased 1.0% to 5,206 units (2019: 5,153 units), compared with a national market decline in new motorcycle sales of approximately 0.8%.

The Company secured approximately 11.1% of national new bike sales during the six months, compared with 10.9% for the corresponding period last year.

Used motorcycles sales increased 6.2% to 4,992 units (2019: 4,702 units).

Retail Accessories and Parts revenue decreased 1.3% to \$37.8 million (2019: \$38.3 million). Servicing and Repair revenue decreased 4.7% to \$6.0 million (2019: \$6.3 million).

Finance, Insurance and Warranty revenue increased 4.6% to \$6.8 million (2019: \$6.5 million).

ASX Announcement (ASX: MTO)



MotorCycle Holdings CEO David Ahmet said the company's strategy of growth through acquisitions and diversification had generated increased sales and revenue despite the challenging market conditions.

"The company completed two dealership acquisitions in the second half of 2019, both of which are outperforming expectations, and we have continued to grow both new and used motorcycle sales across all brands, including Harley Davidson.

"Overall, we increased Harley Davidson unit sales by 15%, 11% like for like, which has strongly contributed to increased revenue for the half.

"Revenue from new motorcycle sales increased 4%, while gross profit was up 27%, largely on the back of increased Harley Davidson sales.

"We've also achieved volume growth in used motorcycles through a full contribution from five MCA stores, with an additional one expected to start trading by the end of the financial year.

"We are continuing to implement our product offering expansion to drive sales, with a focus on transitioning MCA stores towards a traditional dealership, through a broadened product offering to include new and used bikes and finance."

Mr Ahmet said there were indications the overall new motorcycle market had stabilised, with a national decline in new motorcycle sales of 0.8%, which was significantly lower than declines in recent periods.

"Comparatively our retail stores increased new motorcycle sales by 1%, so we have again outperformed the overall national market and continued to grow our market share."

Mr Ahmet said the focus for the company in the second half of the financial year was on improving productivity, reducing costs and increasing profitability of dealerships and retail stores, continuing to grow used motorcycle sales through existing dealerships, as well as maintaining revenue growth and improving margins in the wholesale business.

ENDS

This announcement was authorised for release by MotorCycle Holdings' Board of Directors.

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 Bob Donovan at 1030hrs AEDT on 28 February 2020, after which they will take questions on the results.

Full details of the teleconference are below:

Day	28 February 2020																		
Time	1030hrs 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: 8359427</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

ASX Announcement
(ASX: MTO)

