

ASX Announcement (ASX: MTO)



24 June 2020

Profit guidance and effects of Coronavirus (COVID-19) global pandemic

Motorcycle Holdings Limited (ASX:MTO) ('the Company') provides an update to shareholders on the trading and financial position of the Company as a result of the continuing impact of the global COVID-19 pandemic.

After first experiencing an impact in March the Company had reduced turnover in April and as a result, qualified for the JobKeeper program.

May trading improved as restrictions were progressively relaxed, with the number of motorcycles sold substantially exceeding normal levels. Strong sales levels have continued into June.

The Company expects to report underlying earnings before interest, tax, depreciation and amortisation ('Underlying EBITDA') of \$24 million to \$27 million for the financial year ending 30 June 2020, subject to audit.

Underlying EBITDA includes interest and amortisation on leased properties as an expense to enable comparison to prior periods when lease expense was included.

The Company still expects to recognise an impairment charge in the range of \$22 million to \$28 million in its full year accounts for the year ended 30 June 2020, subject to audit, as announced to ASX on 28 May 2020. The company has also booked a stock obsolescence charge of \$600,000, as announced to the ASX on 28 May 2020. Both amounts are non-cash in nature.

Liquidity remains sound, with the cash position continuing to improve as a result of improved sales in May and June, and as stock levels are reduced, especially in used motorcycles and accessories. Cash on hand is forecast to exceed \$30 million at 30 June 2020, significantly reducing the net debt position compared to 30 June 2019.

As well as cost cutting measures undertaken during the pandemic, the Company's results have been supported by various Government stimulus measures, but a period of volatility may be experienced after the JobKeeper program is withdrawn at the end of September 2020. Given the exceptional circumstances, care should be taken using this year's results as a guide for future performance.

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

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