

27 August 2020

MotorCycle Holdings delivers strong performance

Motorcycle Holdings Limited (ASX: MTO) today announced a strong performance for the year to 30 June 2020 driven by a solid increase in sales for new and used bikes, a lower cost structure, expanded product offering, improved dealer network and COVID-19 government support programs.

The company's performance in the last quarter exceeded expectations and was primarily driven by a sales resurgence in recreation and leisure products on the back of COVID-19 restrictions, combined with decisive and quick action to cut costs and reduce inventory.

Key features of the result include:

- Revenue increased 10% to \$363.7 million (2019: \$329.9 million)
- Underlying EBITDA increased 53% to \$27.6 million (2019: \$18.0 million)
- Cash position increased strongly to \$39.5 million (2019: \$9.2 million)
- Special dividend of 5 cents per share declared amounting to \$3.1 million
- Net Profit after Tax and before impairment increased 81% to \$15.2 million (2019: \$8.4 million)
- Non-cash impairment of \$24.3 million recognised on goodwill from Cassons acquisition.

| | 2020 Actual | 2019 Actual | Annual change (%) [*] |
|---------------------------------------|-------------|-------------|--------------------------------|
| Motorcycle sales (units) | 21,095 | 18,536 | 14 |
| Revenue (\$m) | 363.7 | 329.9 | 10 |
| Underlying EBITDA** (\$m) | 27.6 | 18.0 | 53 |
| Underlying EBITDA margin (%) | 7.6 | 5.5 | 38 |
| NPAT (\$m) before non-cash impairment | 15.2 | 8.4 | 81 |

* Rounded figures

** Underlying EBITDA excludes non-cash impairment and acquisition costs

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Due to the improved trading conditions and strong cash position, Directors decided to declare a special dividend of 5 cents per share amounting to \$3.1 million payable on 30 September 2020 with a record date of 9 September 2020.

Directors recognised a non-cash impairment of \$24.3 million against the carrying value of the wholesale segment's intangible assets, principally goodwill from the Cassons acquisition. There is no impact on the company's debt facilities or compliance with banking covenants.

The company continued to outperform the market with overall motorcycle sales, including both new and used motorcycles, increasing 14% to 21,095 units for the year ended 30 June 2020 (2019: 18,536 unit sales).

New motorcycle sales increased 16% to 11,013 units (2019: 9,468 units), compared with the national market increase in new motorcycle sales of approximately 11%. Like for like new motorcycle sales increased 7%.

The company grew its market share by securing approximately 11.1% of national new bike sales during the financial year, compared with 10.6% in the prior year.

Used motorcycles sales increased 11% to 10,082 units (2019: 9,068 units) with sales improving across all brands.

Retail Accessories and Parts revenue increased 4% and Servicing and Repair revenue increased 6%. Finance, Insurance and Warranty income increased 6%.

MotorCycle Holdings CEO David Ahmet said the financial year was characterised by challenging trading conditions, however the company's performance in the last quarter exceeded expectations.

"We were able to expand the network, reduce costs extensively across the group, and significantly grow our underlying EBITDA and profit after tax for the year," Mr Ahmet said.

"Importantly, we were able to improve our net debt position considerably and finished the year with \$39.5 million in cash, up from \$9.2 million the previous year.

"The expansion of our product offering to now include 16 top selling global motorbike brands generated increased sales and our expanded range for entry level bikes generated new business and customers which we expect will contribute to sales opportunities in future years.

"We expanded the network by adding six new Indian dealerships to our existing sites, and building and relocating a new Harley Davidson dealership in Melbourne, in the second half. Two new dealerships were added to the network in the first half of the year, Northside Harley Davidson in Melbourne, and Canberra Motorcycle Centre. Both additions performed well and have exceeded our expectations so far.

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“Cassons maintained profitability despite the market and while there was pressure on margins, performance improved in the second half with external sales up 7% for the year. While good progress was made in reducing operating expenses and excess accessory stock throughout the year, we have decided to book a non-cash stock obsolescence charge of \$600,000 against excess inventory,” Mr Ahmet said.

Mr Ahmet said the company was cautiously optimistic about the forthcoming year due to the renewed interest in motorcycles as a great leisure product, however they expected the current heightened sales demand momentum to temper particularly if there are future shutdowns due to the COVID-19 pandemic.

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

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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 8.00am AEST on Monday 31 August 2020, after which they will take questions on the results.

Full details of the teleconference are below:

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| Date | Monday 31 August 2020 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Time | 8.00am (AEST) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Participants Dial-in Details | <p>All participants will be asked for their full name and Conference ID when joining the call.</p> <p>Conference ID: 4289041</p> <p>Australian Local Dial-In Number: 02 8038 5271 International Dial-In Number: +61 280385271</p> <p>Local Dial-In Numbers: Perth, Australia: 0894600818 China, Domestic Mobile: 4006920028</p> <p>ITFS Dial-In Numbers:</p> <table> <tr><td>Australia</td><td>1800148258</td></tr> <tr><td>Australia, MOBILE</td><td>1300157230</td></tr> <tr><td>Belgium</td><td>080071572</td></tr> <tr><td>Canada</td><td>18668374489</td></tr> <tr><td>France</td><td>0800908221</td></tr> <tr><td>Germany</td><td>08001814827</td></tr> <tr><td>Hong Kong</td><td>800965808</td></tr> <tr><td>India</td><td>0008001007048</td></tr> <tr><td>Indonesia</td><td>0018030612145</td></tr> <tr><td>Ireland</td><td>1800720011</td></tr> <tr><td>Italy</td><td>800788772</td></tr> <tr><td>Japan</td><td>006633062118</td></tr> <tr><td>Korea (South)</td><td>007986121097</td></tr> <tr><td>Malaysia</td><td>1800180708</td></tr> <tr><td>Netherlands</td><td>0800229451</td></tr> <tr><td>New Zealand</td><td>0800667018</td></tr> <tr><td>Norway</td><td>80010112</td></tr> <tr><td>Philippines</td><td>180016120005</td></tr> <tr><td>Singapore</td><td>8006162170</td></tr> <tr><td>Sweden</td><td>020799376</td></tr> <tr><td>Switzerland</td><td>0800561529</td></tr> <tr><td>Taiwan</td><td>00801232398</td></tr> <tr><td>Thailand</td><td>0018006121124</td></tr> <tr><td>United Kingdom</td><td>08000569662</td></tr> <tr><td>United States</td><td>18665862813</td></tr> </table> <p>Leaderview website: http://www.leaderview.com Web PIN: 7109</p> | Australia | 1800148258 | Australia, MOBILE | 1300157230 | Belgium | 080071572 | Canada | 18668374489 | France | 0800908221 | Germany | 08001814827 | Hong Kong | 800965808 | India | 0008001007048 | Indonesia | 0018030612145 | Ireland | 1800720011 | Italy | 800788772 | Japan | 006633062118 | Korea (South) | 007986121097 | Malaysia | 1800180708 | Netherlands | 0800229451 | New Zealand | 0800667018 | Norway | 80010112 | Philippines | 180016120005 | Singapore | 8006162170 | Sweden | 020799376 | Switzerland | 0800561529 | Taiwan | 00801232398 | Thailand | 0018006121124 | United Kingdom | 08000569662 | United States | 18665862813 |
| Australia | 1800148258 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Australia, MOBILE | 1300157230 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Belgium | 080071572 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Canada | 18668374489 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| France | 0800908221 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Germany | 08001814827 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hong Kong | 800965808 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Indonesia | 0018030612145 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ireland | 1800720011 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Italy | 800788772 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Japan | 006633062118 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Korea (South) | 007986121097 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Malaysia | 1800180708 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Netherlands | 0800229451 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| New Zealand | 0800667018 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Norway | 80010112 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Philippines | 180016120005 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Singapore | 8006162170 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sweden | 020799376 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Switzerland | 0800561529 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Taiwan | 00801232398 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Thailand | 0018006121124 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| United Kingdom | 08000569662 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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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:

Investor enquiries

Mr David Ahmet
Managing Director
MotorCycle Holdings Limited
Phone: 0403 333 048
Email: dave.ahmet@mcholdings.com.au

Media enquiries

Ms Stephanie Paul
Managing Director
Phillips Group
Phone: 07 3230 5000 / 0418 753 062
Email: spaul@phillipsgroup.com.au

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