

Motorcycle Holdings Limited

FY2020 Full Year Results



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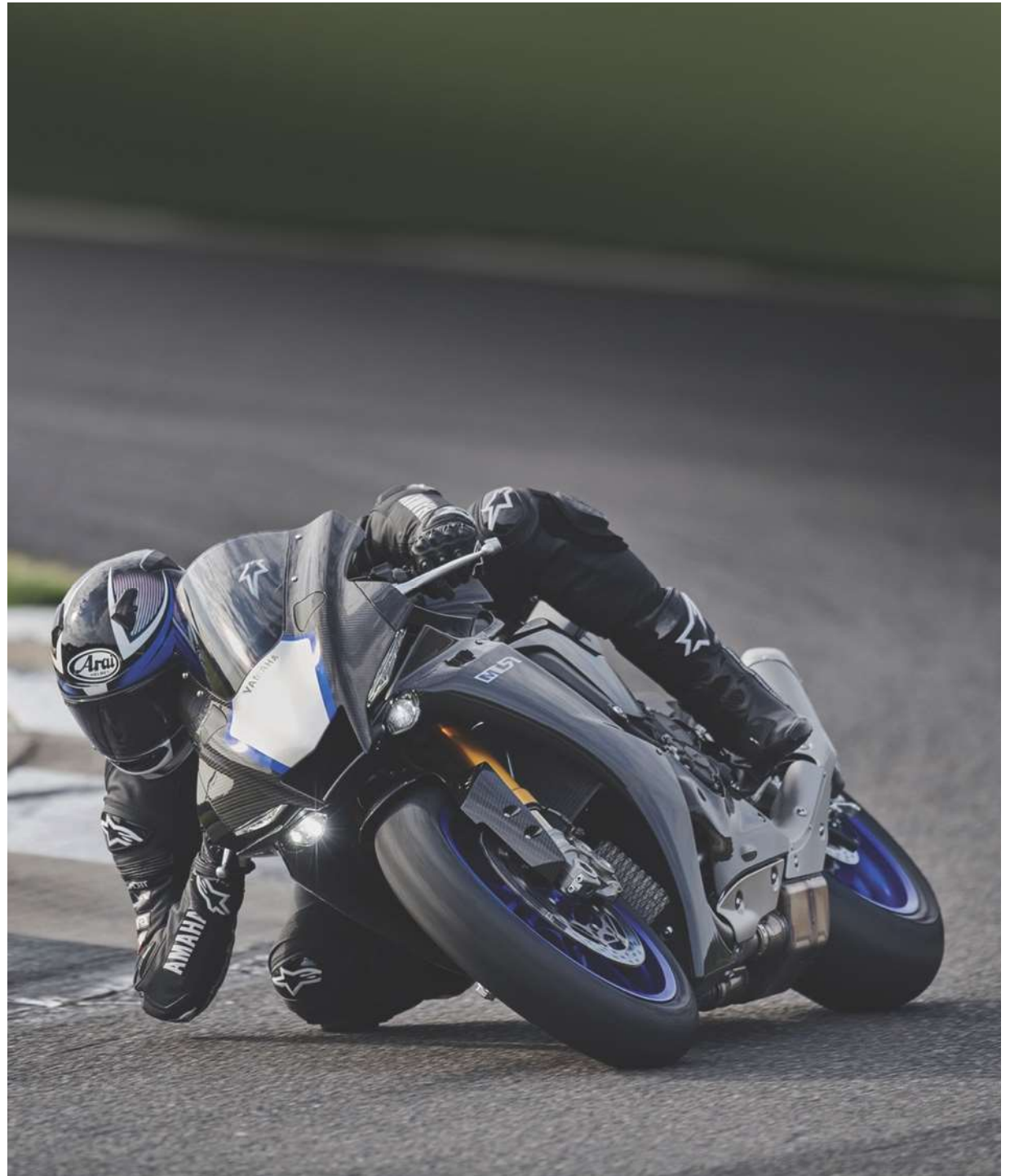
Agenda

- 1>** FY2020 key points
- 2>** Financial results
- 3>** Operational performance
- 4>** FY2020 outlook





FY2020 Key Points



Key Points

- 1> ▶ Surge in demand during May and June, despite initial concern about impacts of COVID-19 pandemic
- 2> ▶ Network expanded with 2 acquisitions; appointed dealers for Indian Motorcycles in 6 existing stores and Polaris in 2 existing stores
- 3> ▶ NPAT before non cash impairment increased 81% to \$15.2 million
- 4> ▶ Cash increased by \$30.3 million to \$39.5 million
- 5> ▶ Special dividend of 5 cents per share declared
- 6> ▶ Non cash impairment of \$24.3 million recognised on goodwill from Cassons acquisition

2>

Financial Results



Profit results

	FY20 (\$m)	FY19 (\$m)	Change
Revenue excluding JobKeeper payment	363.7	329.9	10.2%
Cost of sales	(261.6)	(233.5)	12.0%
Gross Profit excluding JobKeeper payment	102.1	96.4	5.9%
Gross Profit Margin (%)	27.6%	29.2%	0
JobKeeper Payment	6.0	-	-
Gross Profit including JobKeeper payment	108.1	96.4	12.1%
Employee benefits expense	(52.8)	(51.7)	2.1%
Occupancy expense	(2.5)	(12.3)	-
Other expenses	(13.8)	(13.6)	1.5%
Bailment interest	(0.8)	(0.8)	0
Depreciation and interest on ROU assets	(10.6)	-	-
Operating expenses	(80.5)	(78.4)	2.7%
Underlying EBITDA	27.6	18.0	53.3%
Underlying EBITDA Margin (%)	7.6	5.5	38.2%
Acquisition expenses	(0.4)	-	-
Depreciation and amortisation	(3.8)	(3.8)	-
Net bank interest	(1.5)	(2.1)	(28.6%)
Net Profit before tax before impairment	21.9	12.1	81.0%
Income tax expense	(6.7)	(3.7)	81.1%
Net Profit after tax before impairment	15.2	8.4	81.0%
Impairment	(24.3)	-	-
Net Profit after Tax	(9.1)	8.4	(208.3%)

- ▶ Revenue increased 10% to \$363.7 million
- ▶ Underlying EBITDA increased 53% to \$27.6 million
- ▶ NPAT before non cash impairment increased 81% to \$15.2 million
- ▶ Non cash impairment of \$24.3 million recognised on goodwill from Cassons acquisition

2. Balance sheet & dividends

	FY20 (\$m)	FY19 (\$m)
Cash and Cash Equivalents	39.5	9.2
Trade and Other Receivables	7.6	8.2
Inventories	74.4	84.4
Plant and Equipment	11.5	11.5
Lease right of use asset	28.8	-
Goodwill and Intangibles	94.6	119.7
Investments	3.2	3.5
Other Assets	0.5	2.9
Total Assets	260.1	239.4
Trade and Other Payables	(12.7)	(12.5)
Borrowings	(75.2)	(77.4)
Lease liability	(31.3)	-
Provisions	(14.3)	(14.3)
Deferred Tax Liabilities	(2.0)	0.0
Total Liabilities	(135.5)	(104.2)
Net Assets	124.6	135.2

Capital Structure

- ▶ Cash increased \$30.3 million from \$9.2 million to \$39.5 million
- ▶ CBA facility renewed until Jan 2023, maintaining existing debt covenants
- ▶ \$20 million cash used to reduce debt in Aug 20, but facility available for redraw
- ▶ Investments reduced by small loss in MotorCycle Finance Joint Venture

Dividends

- ▶ Special dividend of 5 cents per share declared amounting to \$3.1 million

3>

Operational Performance

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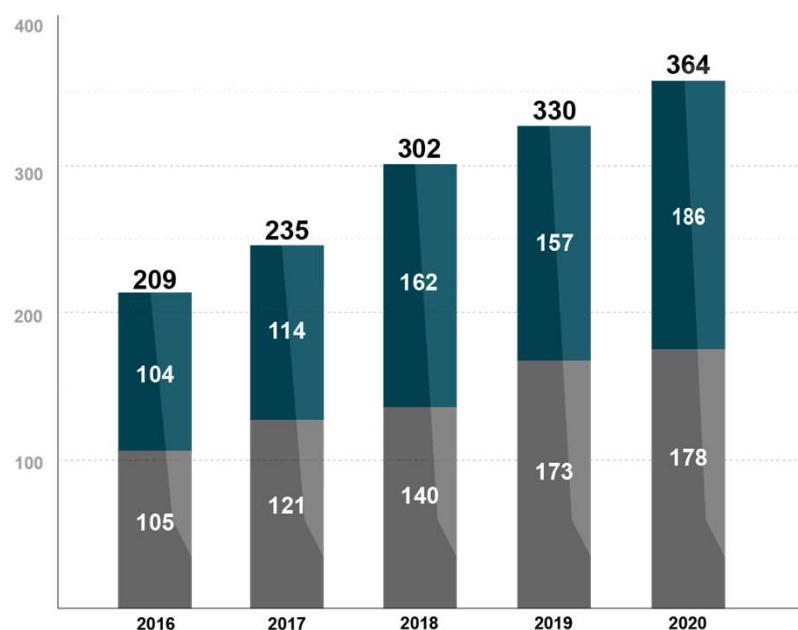


Revenue growth of 10%

(\$million)

Revenue up 10%

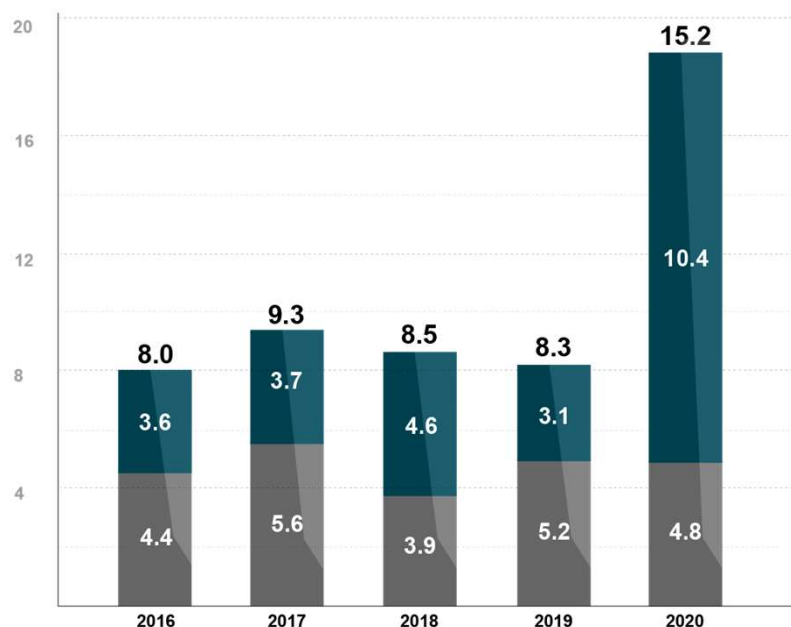
■ Second half ■ First half



*2017 numbers are actual statutory. Prior years are proforma.

NPAT before impairment up 81%*

■ Second half ■ First half

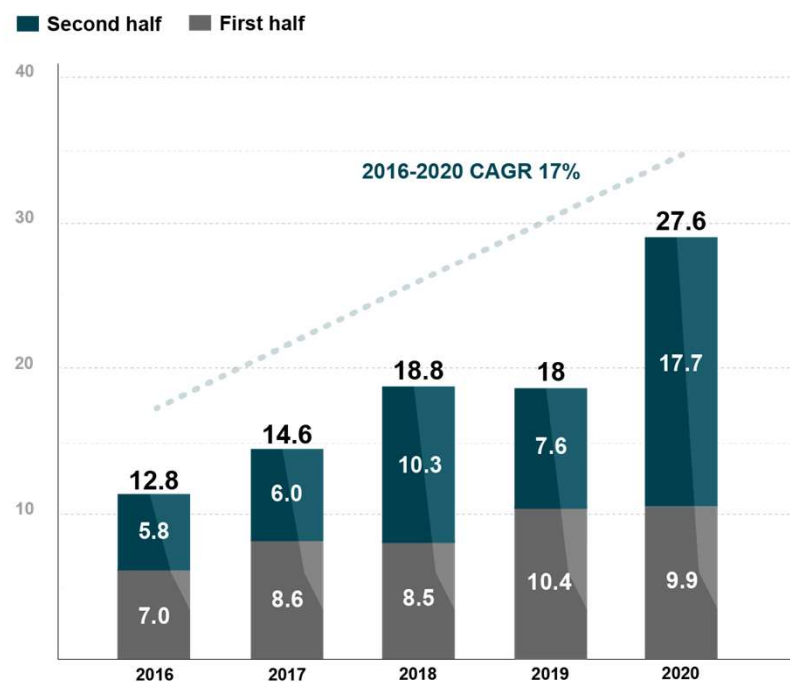


2018 numbers are restated for AASB15

*2020 numbers are before non-cash impairment charge

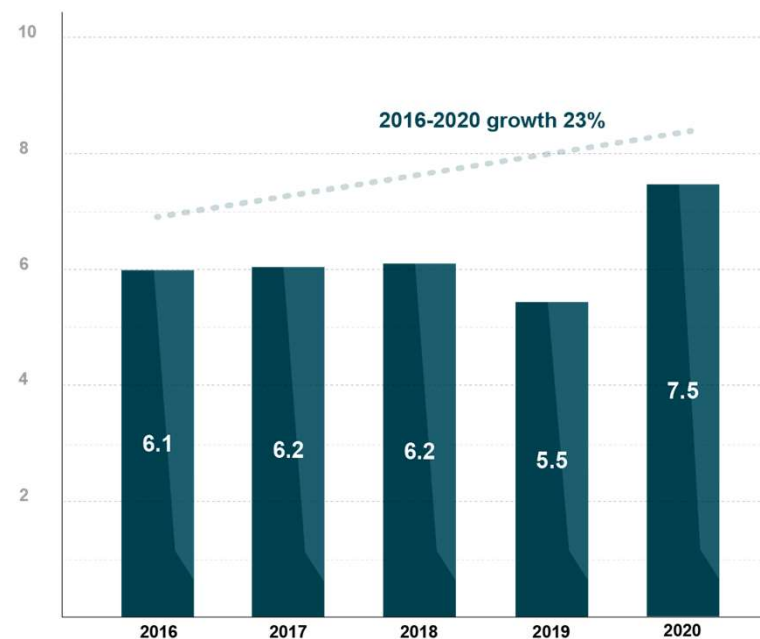
Underlying EBITDA and margin growth

Underlying EBITDA* up 53% (\$million)



*Underlying EBITDA excludes acquisition costs

EBITDA Margin up 36%

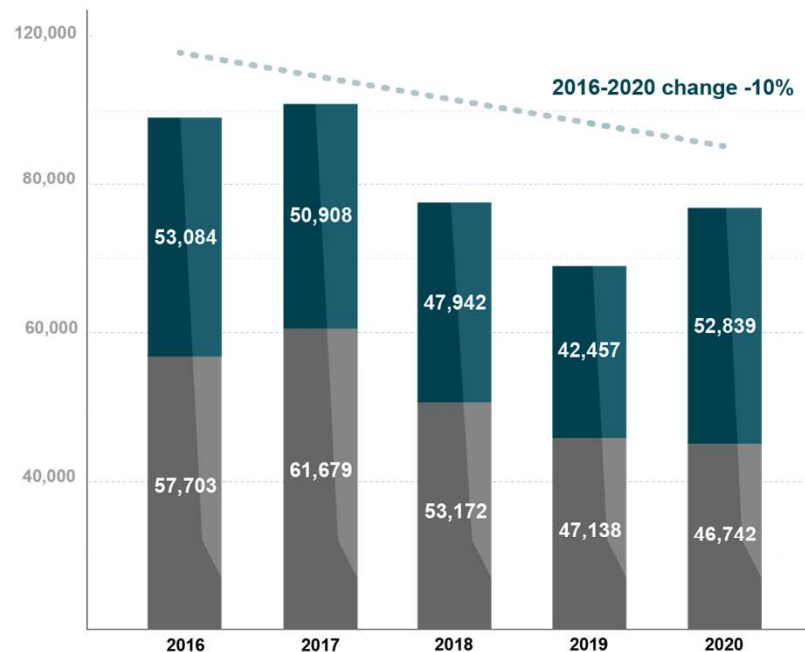


Note: 2017 numbers are actual statutory. Prior years are pro-forma.

New bike sales driven by changing sentiment

Industry new motorcycle units up 11%

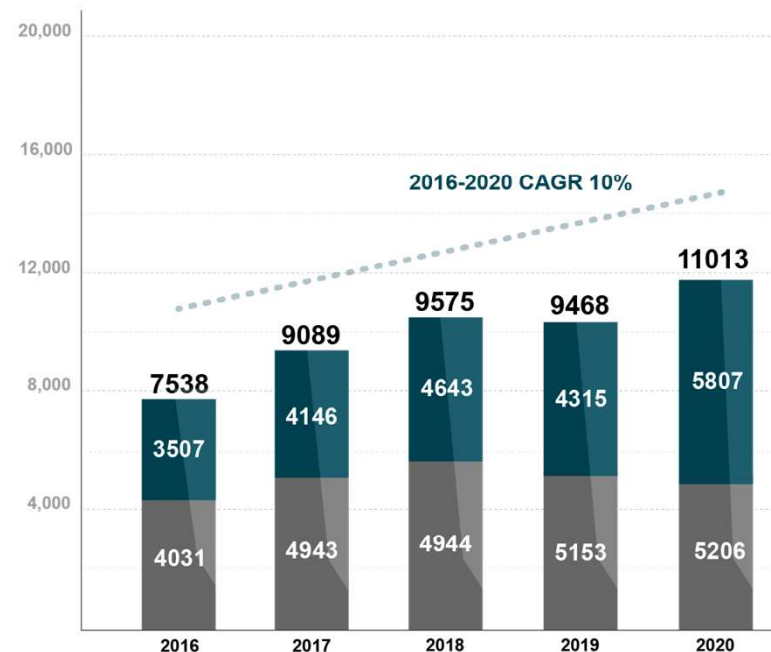
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*New motorcycle sales includes registered and un-registered

MTO new motorcycles units up 16%

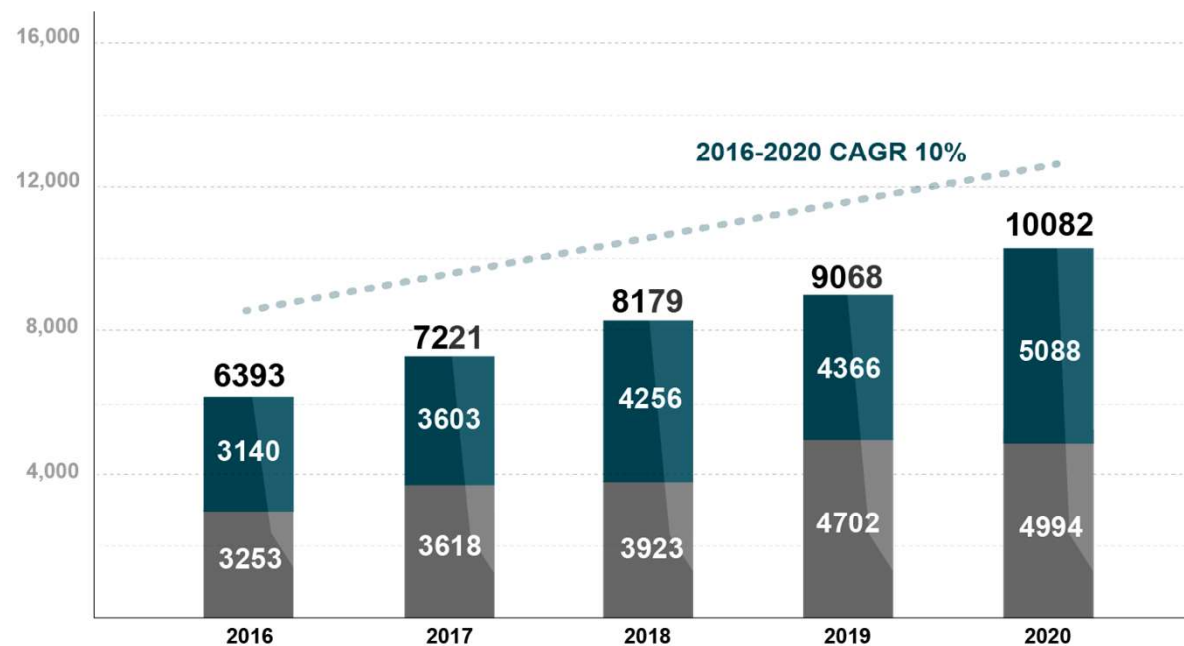
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Used motorcycles maintain growth trajectory

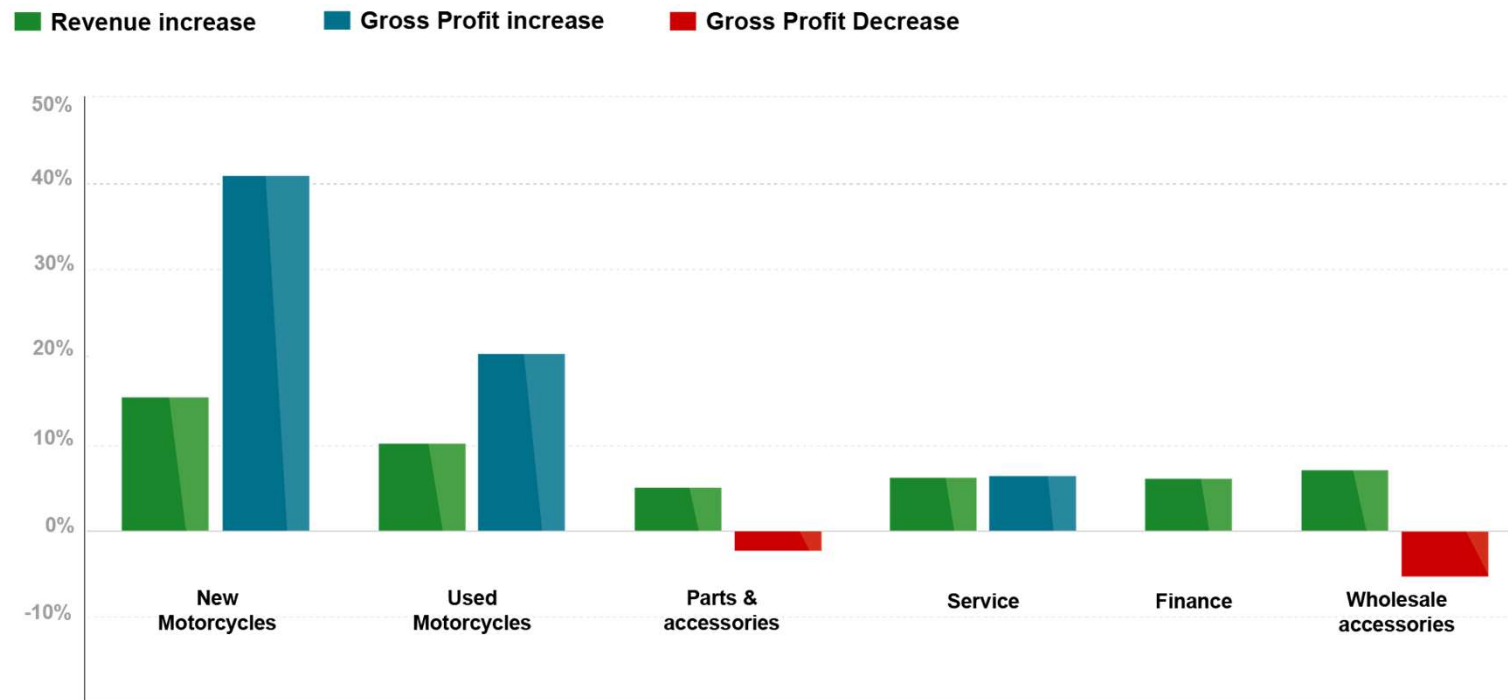
Used motorcycles units up 11%

■ Second half ■ First half



Diversified revenue drivers

Revenue and Gross Profit change by division



Growth in wholesale

1>

- ▶ Cassons external sales increased 7%

2>

- ▶ Adverse exchange rates and old stock clearance reduced margins

3>

- ▶ Non cash stock obsolescence charge of \$600,000 against excess inventory during COVID-19 shutdowns

4>

- ▶ Reduced stock by \$2.7 million

5>

- ▶ Trading strongly during pandemic

Motorcycle Finance Joint Venture

1>

- ▶ Expected returns softened due to COVID-19 (provisioning)

2>

- ▶ However, on track to become profitable from FY21

Business Development

1>

Acquisition

- ▶ Identified and acquired 2 blue chip strategic dealerships - on track to return investment capital in 2 years
- ▶ Relocated newly acquired Melbourne Harley dealership to larger more suitable location

2>

Expansion during COVID-19 pandemic

















- ▶ Change in business strategy to preserve capital but continue to expand
- ▶ Added 6 Indian, 2 Polaris, 2 Husqvana, 4 Royal Enfield, Peugeot, and Benelli showrooms to existing MCA and TeamMoto stores
- ▶ Added Yamaha Waverunners and Stihl to existing TeamMoto site

3>

Continuous Improvement

- ▶ Continue to apply our philosophy of continuous productivity improvement until maximum efficiency is achieved
- ▶ Constant and comprehensive benchmarking guides our focus

World-leading motorcycle brands

 <p>6 Dealerships</p>	 <p>9 Dealerships</p>	 <p>9 Dealerships</p>	 <p>3 Dealerships</p>
 <p>7 Dealerships</p>	 <p>7 Dealerships</p>	 <p>4 Dealerships</p>	 <p>6 Dealerships</p>
 <p>4 Dealerships</p>	 <p>1 Dealership</p>	 <p>2 Dealerships</p>	 <p>6 Dealerships</p>
 <p>4 Dealerships</p>	 <p>2 Dealerships</p>	 <p>1 Dealership</p>	 <p>4 Dealerships</p>

4>

Outlook

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Outlook

1>

- ▶ The COVID-19 pandemic has changed consumer attitudes towards outdoor leisure activities

2>

- ▶ Interest in motorcycles has ramped up since COVID-19 and continues to be strong

3>

- ▶ With a large footprint across Australia, set to benefit from renewed interest in motorcycles, lower overheads, and expanded product range

4>

- ▶ Continue to drive operational improvements across business units and look for additional products and locations to expand each business

5>

- ▶ Prepared to respond quickly as conditions change in uncertain trading environment created by COVID-19

6>

- ▶ Short-term stock shortages expected in last quarter of 2020, but margins increasing as stock becomes harder to acquire

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Thank you

