

ASX Announcement
(ASX: MTO)



6 October 2020

Morgans conference presentation

MotorCycle Holdings Limited (ASX:MTO) is pleased to provide shareholders with the presentation to be given at the Morgans Conference in Brisbane on 6 October 2020.

The presentation will be given by Mr David Ahmet, Managing Director.

-ENDS-

This announcement was authorised for release by Mr David Ahmet, Managing Director.

For further information please contact:

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FY2021 trading update



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Agenda

1> Current trading

2> Victoria trading

3> Debt reduction

4> FY2021 outlook





**Current
trading**

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Current trading

- 1>
 - ▶ Industry-wide units increased 57% in July, and 23% in August - road bike unit sales not as strong
- 2>
 - ▶ Used bike demand has been strong, but sales limited by stock availability
- 3>
 - ▶ Increased margins on new and used bikes due to limited supply of stock
- 4>
 - ▶ Cassons sales increased 20% on FY20. Retail accessories increased a similar amount
- 5>
 - ▶ Overheads remain tightly controlled – however commissions increased due to higher profits
- 6>
 - ▶ Motorcycle Finance joint venture performing in line with budget

2>

**Victoria
trading**

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Victoria trading

1>

- ▶ Six Victorian stores were unable to open - sales have continued by phone and internet with contactless delivery

2>

- ▶ Initial fears normal monthly sales of \$6 million would be 100% lost (\$9 million over a 6-week expected shutdown)

3>

- ▶ Sales maintained at 50% of normal trading level

4>

- ▶ Expectations of pent-up demand when stores reopen

5>

- ▶ JobKeeper payments have reduced potential lost revenue in Victoria - Motorcycle Holdings ineligible for further payments

3>

**Debt
reduction**

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Debt reduction

1>

- ▶ Fully drawn facility of \$48 million as at 30 June, offset by \$39 million of cash

2>

- ▶ Subsequently reduced debt by \$20 million

3>

- ▶ Paid \$3 million dividend

4>

- ▶ Paid out bailment on all bikes incurring interest - \$5 million total

5>

- ▶ Commenced discussions to repay remaining bank debt, and maintain a facility of \$20 million

6>

- ▶ Net debt to remain under \$10 million as used bike and accessory stock is replenished over the year

4>

Growth and Outlook

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Growth

1>

- ▶ MCA accessory warehouses to be added within 2 dealerships in Melbourne, at Epping and Frankston, using existing space

2>

- ▶ Buoyant industry conditions limit dealership acquisition opportunities at present

3>

- ▶ Will be ready to acquire dealerships in 2021 as they become available

Outlook

1>

- ▶ Interest in motorcycles has ramped up since COVID-19 and continues to be above FY20 levels

2>

- ▶ JobKeeper ended in September, but will offset wages of \$6 million in the first half

3>

- ▶ First half underlying EBITDA expected to exceed \$20 million

4>

- ▶ Zero net debt, and bailment interest almost eliminated

5>

- ▶ Dividends likely to recommence, with policy at 50% to 70% of NPAT

6>

- ▶ Second half of FY21 remains uncertain due to the external environment

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Thank you

