

MotorCycle Holdings Limited FY2021 Full Year Results

MotorCycle
Holdings



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Agenda

1> Summary highlights

2> Financial results

3> Operational performance

4> FY2022 outlook



1>

Summary highlights

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Strong, sustainable performance

1>

- ▶ Continued to outperform market due to new product additions, improved margins and strong dealership performance

2>

- ▶ Record revenue and profit largely due to increased margins driven by ongoing strong demand and restricted supply

3>

- ▶ Positive full-year contribution from dealerships acquired in 2019

4>

- ▶ Harley-Davidson dealerships, Indian Motorcycles and Polaris products contributed strong profit results with improved margins

5>

- ▶ Zero net debt, capacity to return to normal debt levels and fund aggressive acquisition program

6>

- ▶ All divisions improved performance and contributed to overall gross profit result

Financial highlights

- 1> ▶ Revenue increased 19% to \$433.9 million
- 2> ▶ Gross profit increased 26% to \$128.5 million
- 3> ▶ Gross profit margin of 29.6%
- 4> ▶ Underlying EBITDA increased 61% to \$44.5 million
- 5> ▶ NPAT increased 86% to \$28.3 million
- 6> ▶ Final dividend of 10c/share;
20c/share fully franked for year



2>

Financial results



Profit results

	FY21 (\$m)	FY20 (\$m)	Change
Revenue and other income excl. JobKeeper payment	433.9	363.7	19%
Cost of sales	(305.4)	(261.6)	17%
Gross profit excluding JobKeeper payment	128.5	102.1	26%
Gross profit margin (%)	29.6%	28.1%	5%
JobKeeper payment	5.8	6.0	(3%)
Gross profit including JobKeeper payment	134.3	108.1	24%
Employee benefits expense	(59.7)	(52.8)	13%
Occupancy expense	(2.7)	(2.5)	8%
Other expenses	(16.3)	(13.8)	18%
Bailment interest	(0.1)	(0.8)	(88%)
Depreciation and interest on RoU assets	(11.0)	(10.6)	4%
Operating expenses	(89.8)	(80.5)	12%
Underlying EBITDA	44.5	27.6	61%
Underlying EBITDA margin (%)	10.3%	7.6%	36%
Acquisition expenses	-	(0.4)	(100%)
Depreciation and amortisation	(3.8)	(3.8)	-
Net bank interest	(0.4)	(1.5)	(73%)
Net profit before tax before impairment	40.3	21.9	84%
Income tax expense	(12.0)	(6.7)	79%
Net profit after tax before impairment	28.3	15.2	86%
Impairment	-	(24.3)	(100%)
Net profit after tax	28.3	(9.1)	411%

Balance sheet

	FY21 (\$m)	FY20 (\$m)
Cash and cash equivalents	4.7	39.5
Trade and other receivables	8.6	7.6
Inventories	86.2	74.4
Plant and equipment	11.5	11.5
Lease right of use asset	43.2	28.8
Goodwill and intangibles	92.5	94.6
Investments	4.5	3.2
Other assets	1.3	0.5
Total assets	252.5	260.1
Trade and other payables	(17.1)	(12.7)
Borrowings	(27.5)	(75.2)
Lease liability	(45.3)	(31.3)
Provisions	(15.1)	(14.3)
Deferred tax liabilities	(3.2)	(2.0)
Total liabilities	(108.2)	(135.5)
Net assets	144.3	124.6

Capital Structure

- ▶ Zero net bank debt, paid down \$35 million
- ▶ CBA facility drawn to \$5 million with \$15 million unused and a further \$20 million available
- ▶ Lease RoU asset and lease liability increased due to renewal of a large portion of the portfolio on a common due date

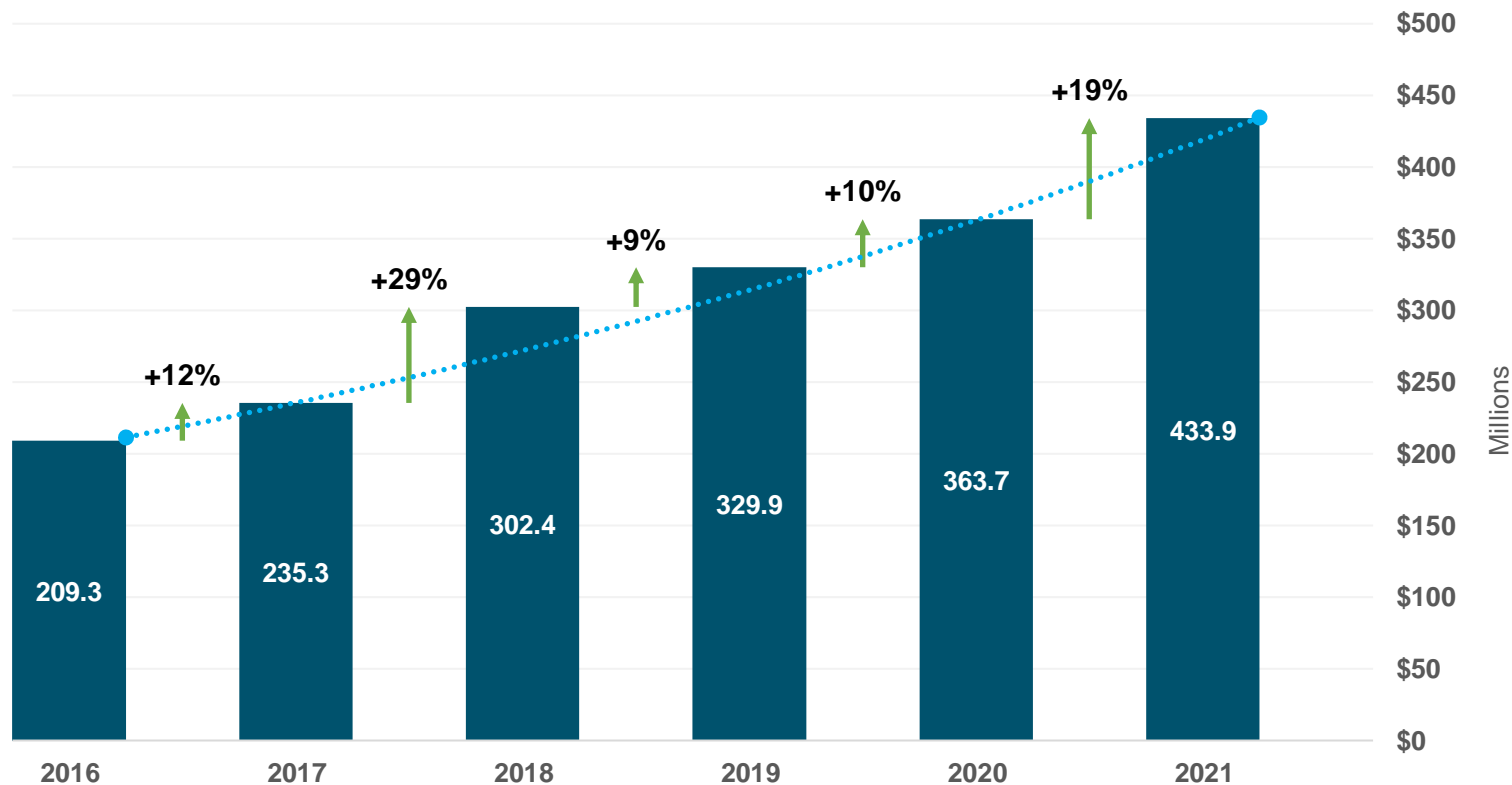
Market value ratios

	FY21	FY20	Change
Net profit after tax (NPAT)	\$28.3 m	(\$9.1 m)	411%
NPAT before non cash impairment	\$28.3 m	\$15.2 m	86%
Number of shares	61.7 m	61.7 m	-
Share price at 30/6/21 and 30/6/20	\$2.77	\$1.78	56%
Dividend per share	20.0 cents	5.0 cents	300%
Earnings per share*	\$0.459	\$0.246	87%
Price to earnings ratio*	6.0	7.2	17%
Dividend yield*	7.2%	2.8%	157%
Franking	100%	100%	-

*Ratios calculated on 2020 NPAT before impairment

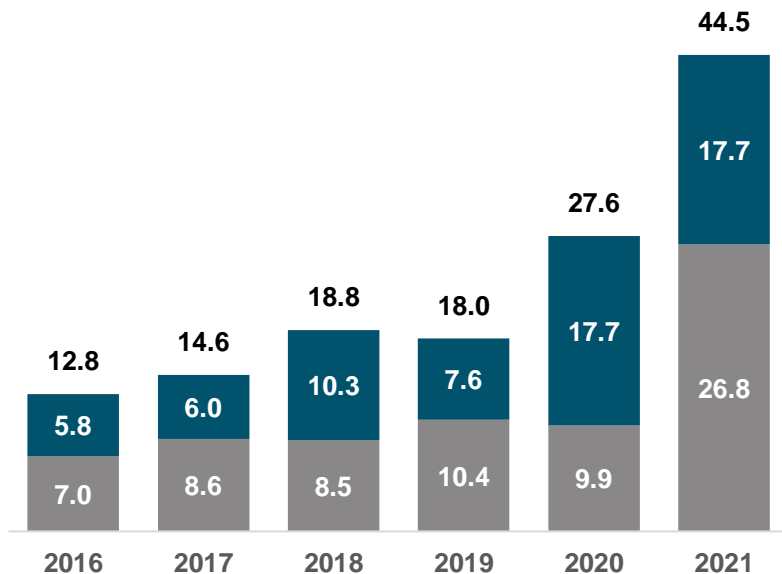
Consistent revenue growth

Revenue increased 19% to \$433.9 million

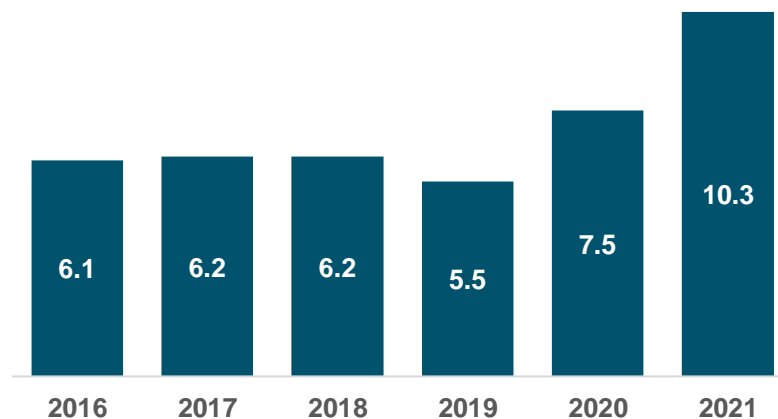


Underlying EBITDA and margin growth

**Underlying EBITDA* increased
61% to \$44.5 million**



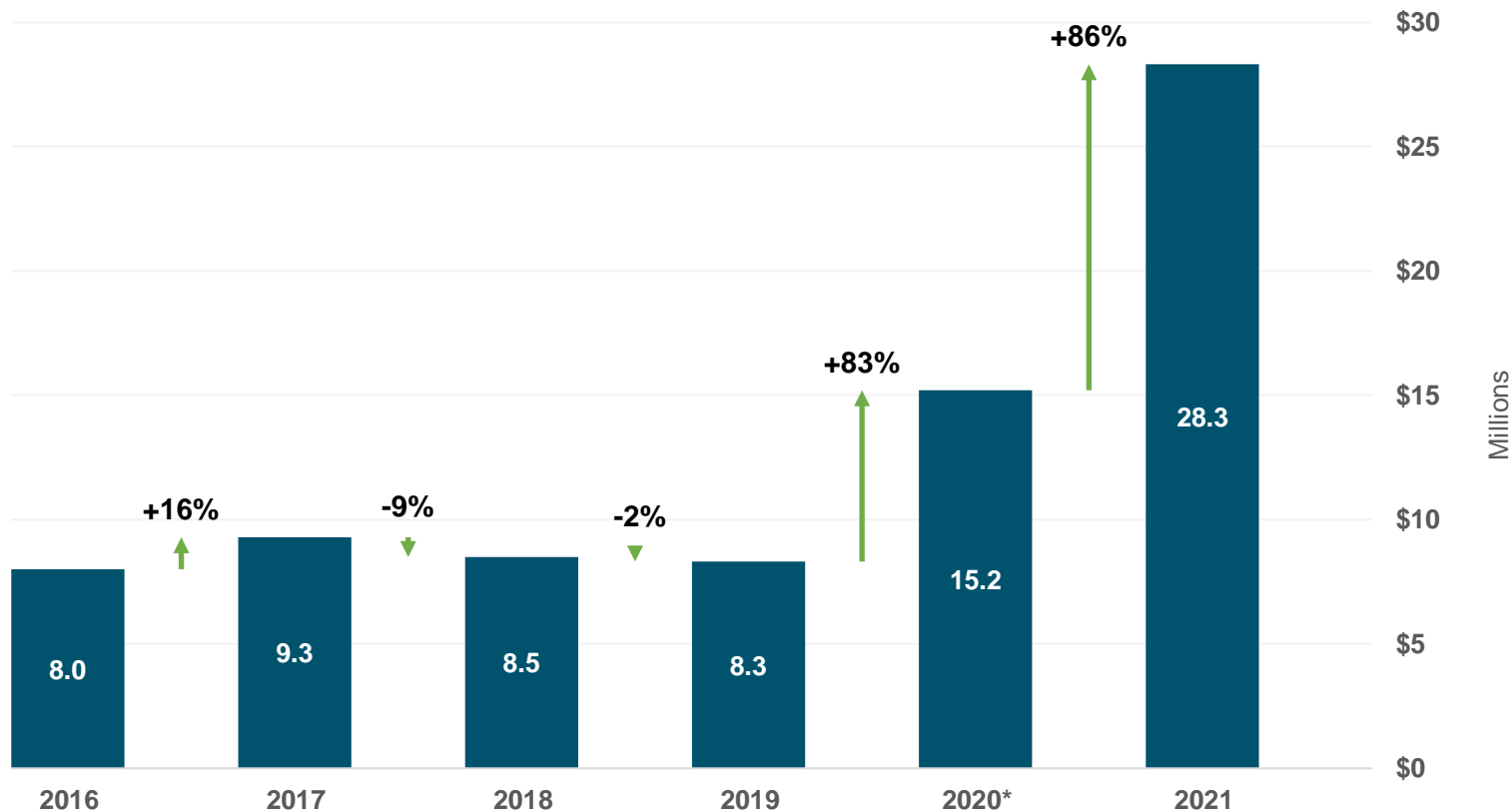
**Underlying EBITDA Margin
increased 36% to 10.3%**



*Underlying EBITDA excludes acquisition costs

Strong NPAT results

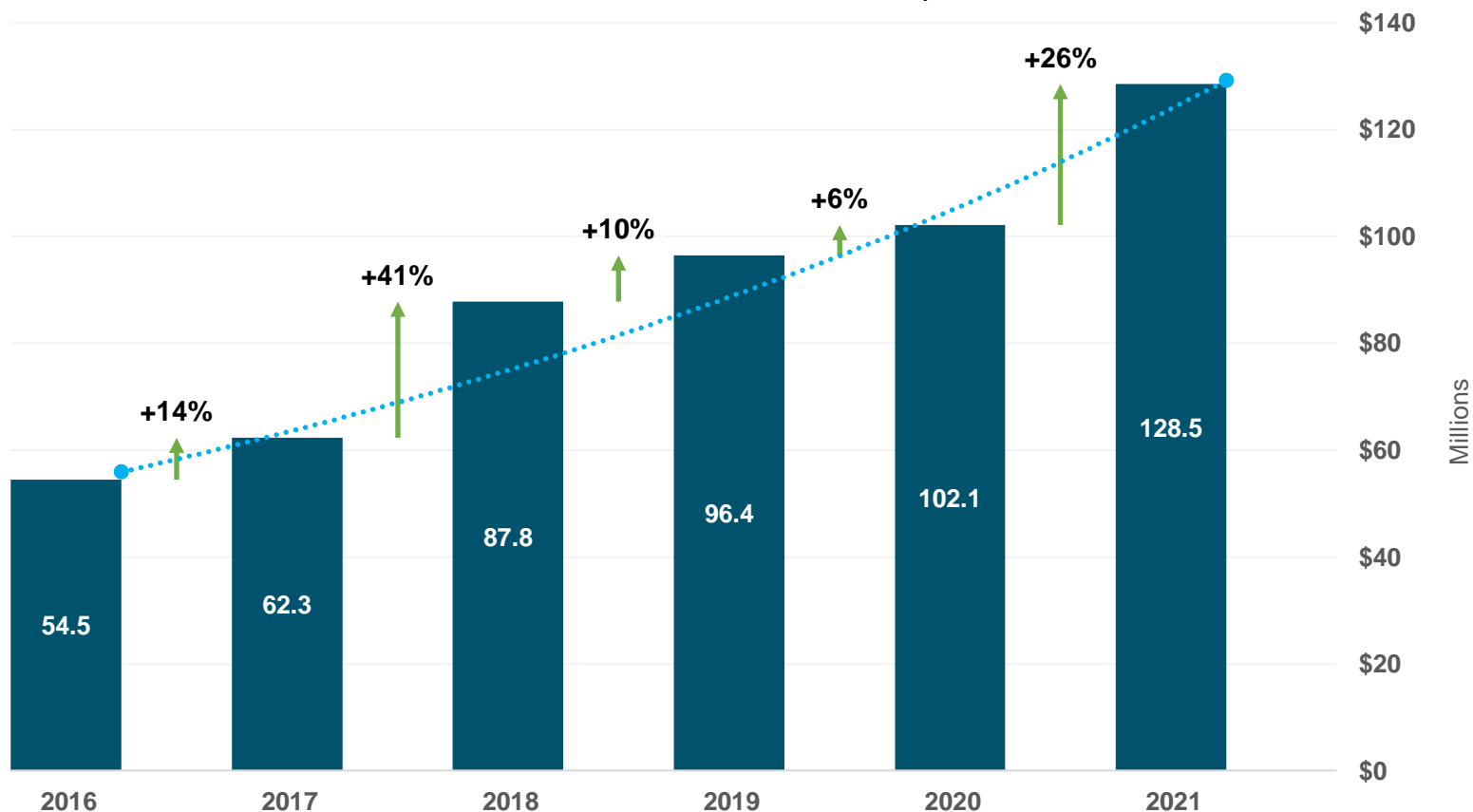
NPAT increased 86% to \$28.3 million



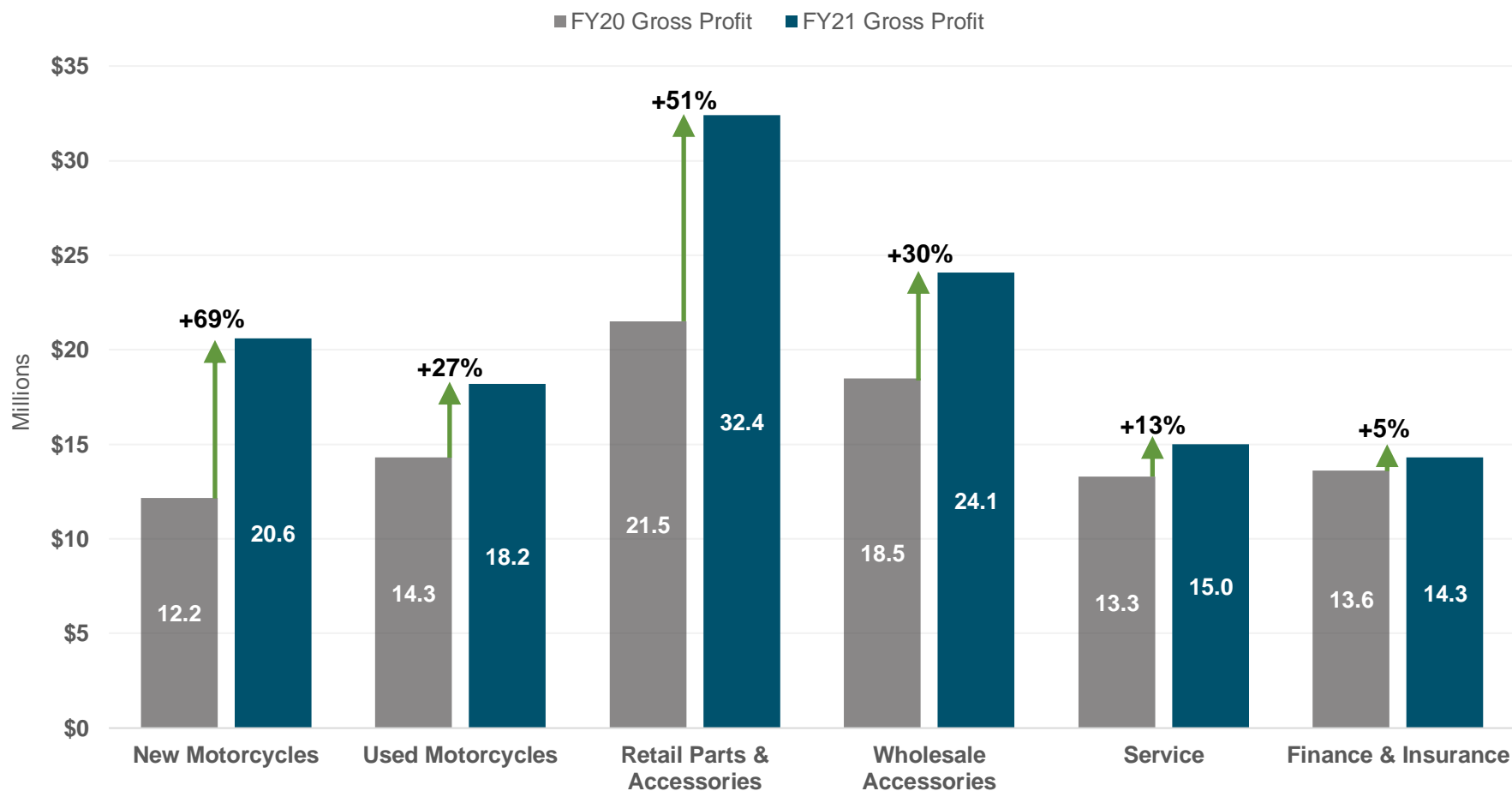
*2020 NPAT is before impairment

Annual Gross Profit growth

Gross Profit increased 26% to \$128.5 million



Diversified profit growth



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**Operational
performance**

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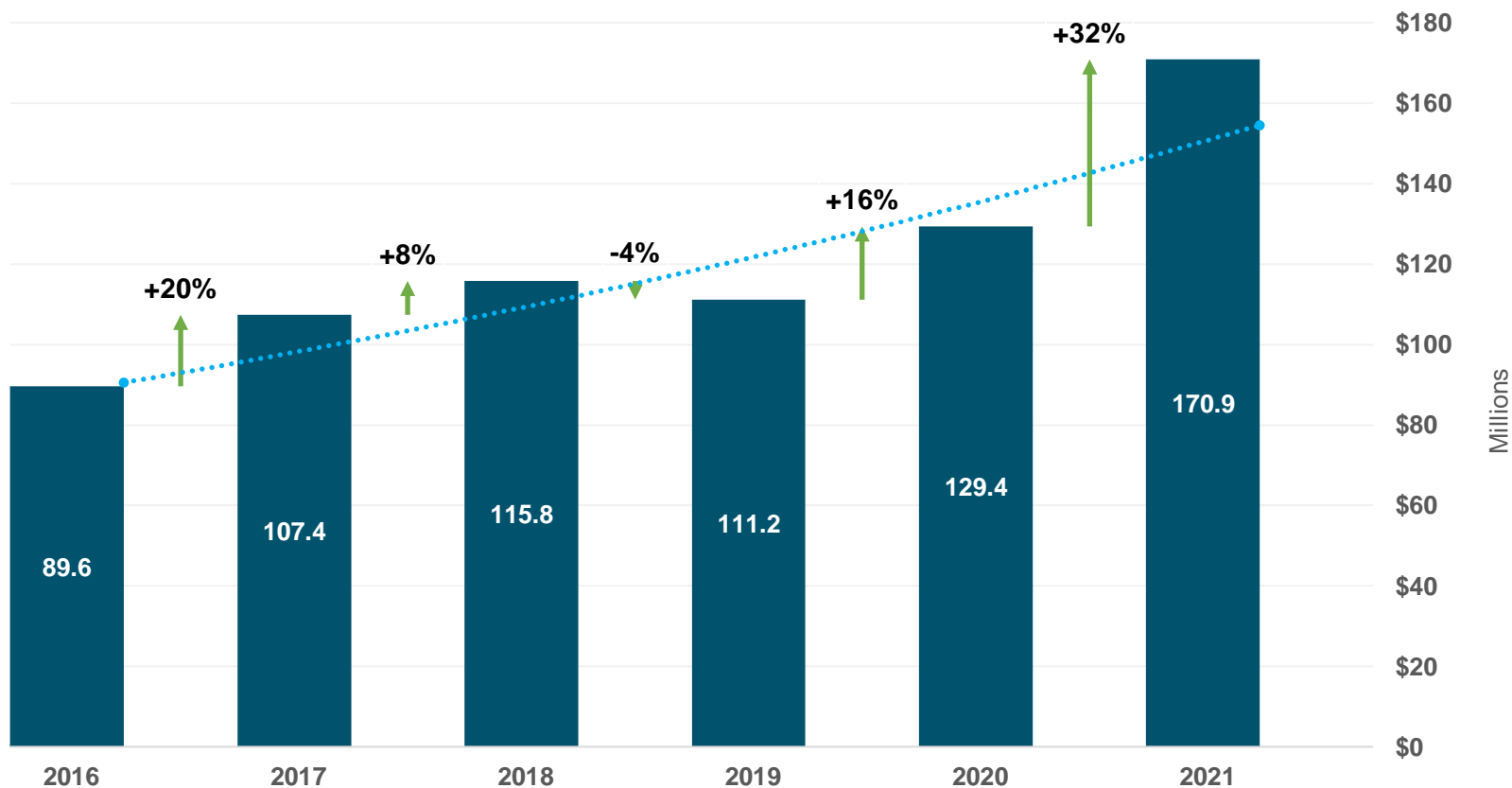


Retail

- 1> ▶ Harley-Davidson dealerships continue to produce strong profit results
- 2> ▶ Full-year contribution from dealerships acquired in 2019
- 3> ▶ Indian Motorcycles and Polaris products added to existing stores contributed strongly with high margins
- 4> ▶ Revenue growth in new bikes and used bikes
- 5> ▶ Retail Accessories and Parts revenue increased 14% to \$86.3 million

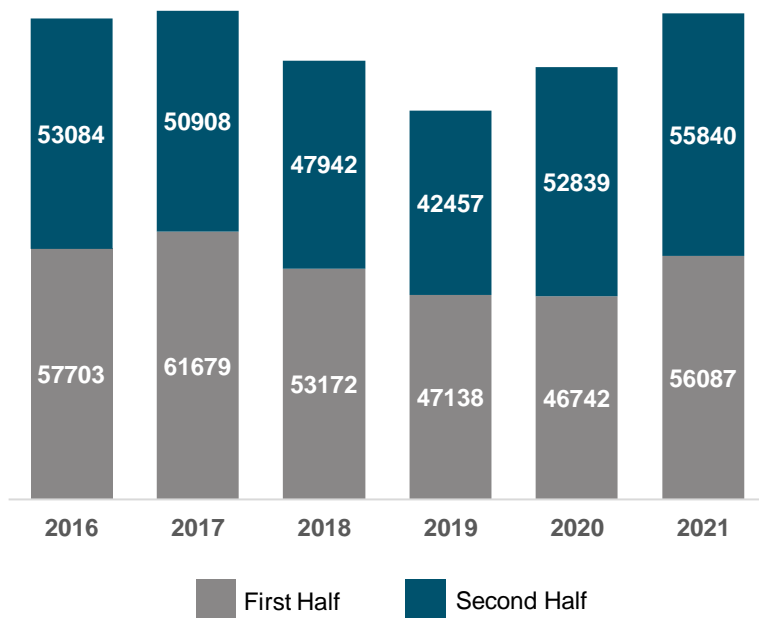
New motorcycle sales revenue growth

New motorcycle revenue increased 32% to \$170.9 million

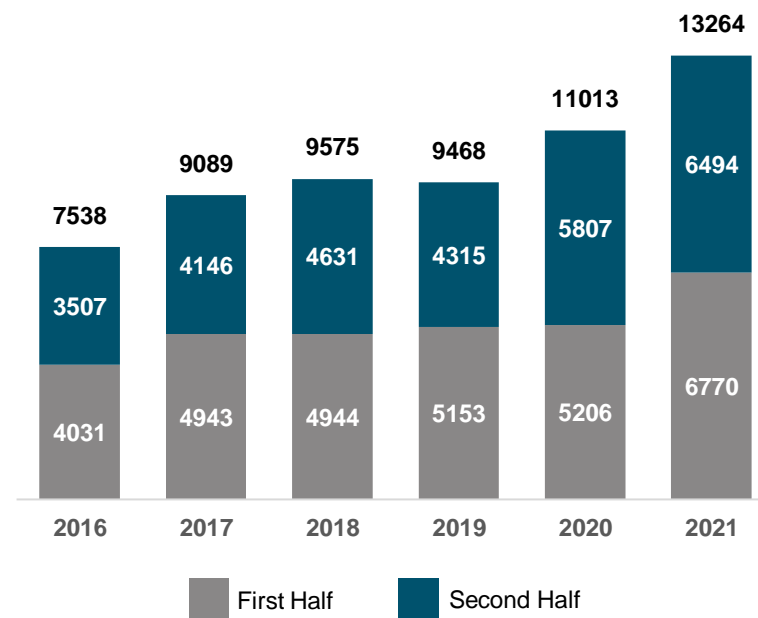


New motorcycle unit sales outperform market

Industry new motorcycle unit sales* increased 12%



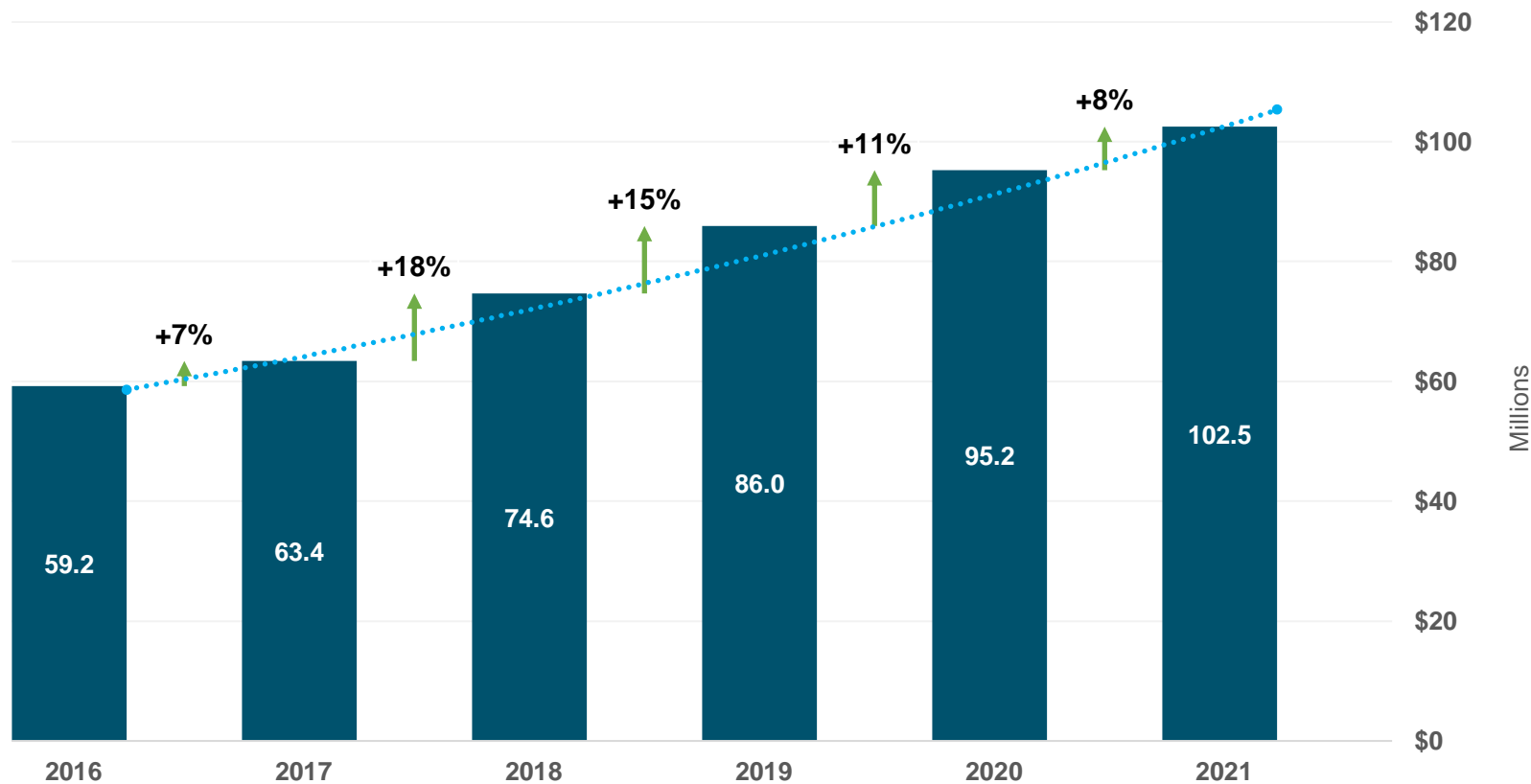
MTO new motorcycle unit sales increased 20%



*New motorcycle sales includes registered and un-registered

Used motorcycle sales revenue growth

Used motorcycle revenue increased 8% to \$102.5 million





Top global motorcycle brands



9 Dealerships

Kawasaki

8 Dealerships



7 Dealerships



7 Dealerships



6 Dealerships



6 Dealerships



7 Dealerships

Benelli

7 Dealerships



8 Dealerships



7 Dealerships



4 Dealerships



4 Dealerships



3 Dealerships



3 Dealerships



2 Dealerships



2 Dealerships



2 Dealerships



1 Dealership



1 Dealership



1 Dealership



1 Dealership



Wholesale

- 1>
 - ▶ Cassons external sales revenue increased 16% to \$40.4 million; internal sales revenue increased 32% to \$25.0 million
- 2>
 - ▶ Gross profit increased 30% to \$24.1 million
- 3>
 - ▶ High volumes of new product arrived and sold
- 4>
 - ▶ Supply chain challenges with international shipping
- 5>
 - ▶ Opportunity to add further products



Finance JV

1>

- ▶ Our 50% share contributed profit for first time with \$0.9 million NPAT

2>

- ▶ Reduced cost of funds and improved credit performance underpinning strong margins

3>

- ▶ Ongoing earnings growth expected as portfolio matures

4>

Focus & outlook

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FY2022 Focus

1>

Acquisition

- ▶ Expansion of geographical footprint through acquisition of well-established businesses with strong turnover
- ▶ Low debt allows for an aggressive acquisition program
- ▶ Vendor interest, with high expectations due to strong results in the last 12 months

2>

Product diversification

- ▶ Focus on continuing to expand in existing sites
- ▶ Continue to broaden product offering in both retail and wholesale network, e.g. Stasic Cycles, Husqvarna Mowers and Power Equipment, clothing accessories

3>

Continuous Improvement

- ▶ Major upgrade to online sales platform and digital marketing ongoing
- ▶ Improve used motorcycle stock levels to take advantage of strong demand
- ▶ Improve operational performance of dealerships and showrooms

FY2022 Outlook

1>

- ▶ Ongoing lockdowns impacting sales and profits; demand remains strong in locations with no restrictions; strong cash position to limit impact of any extended trading restrictions

2>

- ▶ Demand has stabilised at higher levels than 2019 and is maintainable

3>

- ▶ Restricted used motorcycle supply from FY21 improving and demand remains strong

4>

- ▶ Elevated profit margins to continue for at least the next 12 months

5>

- ▶ Healthy balance sheet and strong earnings, underpinning potential acquisition growth

6>

- ▶ Return to dividend policy of 50% to 70% of NPAT

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Thank you

