



# MotorCycle Holdings Limited

## Interim Results December 2021

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**MotorCycle**  
Holdings

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# Agenda

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**1** > Summary highlights

**2** > Financial results

**3** > Operational performance

**4** > FY2022 outlook





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## Summary highlights

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# Financial highlights

- 1> Revenue increased 9% to \$237.0 million
- 2> Gross profit increased 3% to \$66.6 million
- 3> Gross profit margin 28.1%\*
- 4> Underlying EBITDA decreased 6% to \$19.8 million
- 5> NPAT decreased 27% to \$12.6 million\*\*
- 6> Interim dividend of 12c/share

\* Mix between motorcycle and accessory sales impacted overall margin

\*\* JobKeeper included in 1H21





# Operational highlights

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- 1 > Demand remains strong in all areas of the business
- 2 > New motorcycles volumes increased despite Sydney, Melbourne and Canberra lockdowns for long periods. Industry new bike sales increased 21% due to high off-road bike volumes
- 3 > Used bike stock supply improved, volume increasing 14%, and historically high margins maintained
- 4 > COVID-19 lockdowns more extensive than first half last year, impacting accessory sales in NSW, Victoria, and ACT
- 5 > Strong increase in retail accessories sales since end of lockdowns contributed to strong finish to first half
- 6 > Group operating expenses increased 7% in line with revenue increase, with additional marketing, increased sales wages and commissions and investment in eCommerce platform
- 7 > Fire damage costs of \$400k were claimed on insurance and also included as income, and AASB16 rent increase of \$500k that was not reflected in lease payments actually made

# 2<sup>></sup>

## Financial results

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# Profit results

	1H FY22 (\$m)	1H FY21 (\$m)	Change
Total income	237.0	218.4	9%
Cost of sales	(170.4)	(153.7)	11%
<b>Gross profit</b>	<b>66.6</b>	<b>64.7</b>	<b>3%</b>
<b>Gross Profit Margin (%)</b>	<b>28.1%</b>	<b>29.6%</b>	<b>(5%)</b>
Employee benefits expense	(30.5)	(29.6)	3%
Occupancy expense	(1.4)	(1.3)	8%
Other expenses *	(8.6)	(7.2)	19%
Bailment interest	(0.3)	(0.1)	200%
Depreciation and interest on ROU assets **	(6.0)	(5.5)	9%
Operating expenses	(46.8)	(43.7)	7%
<b>Underlying EBITDA</b>	<b>19.8</b>	<b>21.0</b>	<b>(6%)</b>
Underlying EBITDA margin (%)	8.4%	9.6%	(13%)
JobKeeper	-	5.8	(100%)
Acquisition expenses	(0.1)	-	100%
Depreciation and amortisation	(1.8)	(1.9)	(5%)
Net bank interest	(0.1)	(0.4)	(75%)
<b>Net profit before tax</b>	<b>17.8</b>	<b>24.5</b>	<b>(27%)</b>
Income tax expense	(5.2)	(7.3)	(29%)
<b>Net profit after tax</b>	<b>12.6</b>	<b>17.2</b>	<b>(27%)</b>

\*\$0.4m of assets written off after a fire, with offsetting insurance proceeds in other income

\*\*Actual rent paid was \$5.8m in 1H22 v \$5.7m in 1H21 pre AASB16 accounting



# Balance sheet

	1H FY22 (\$m)	1H FY21 (\$m)
Cash and cash equivalents	4.9	7.4
Trade and other receivables	9.1	8.8
Inventories	99.8	71.5
Plant and equipment	11.8	11.7
Lease right of use assets	43.2	37.7
Goodwill and intangibles	94.3	93.5
Investments	5.4	3.9
Other assets	1.8	2.3
<b>Total assets</b>	<b>270.3</b>	<b>236.8</b>
Trade and other payables	17.4	18.4
Borrowings (includes floorplan)	39.0	18.9
Lease liabilities	45.5	40.0
Provisions	15.6	14.6
Tax liabilities	1.7	5.9
<b>Total liabilities</b>	<b>119.2</b>	<b>97.8</b>
<b>Net assets</b>	<b>151.1</b>	<b>139.0</b>

## Capital Structure

- ▶ Bank loan \$10 million offset by \$5 million cash. \$5 million used to fund NZ acquisition
- ▶ CBA facility has \$10 million unused and a further \$20 million available

## Inventory

- ▶ Inventory increased significantly and returned to historical levels
- ▶ \$10 million of the increase was offset by associated floorplan finance increase

## Dividends

- ▶ 12 cents fully franked interim dividend declared

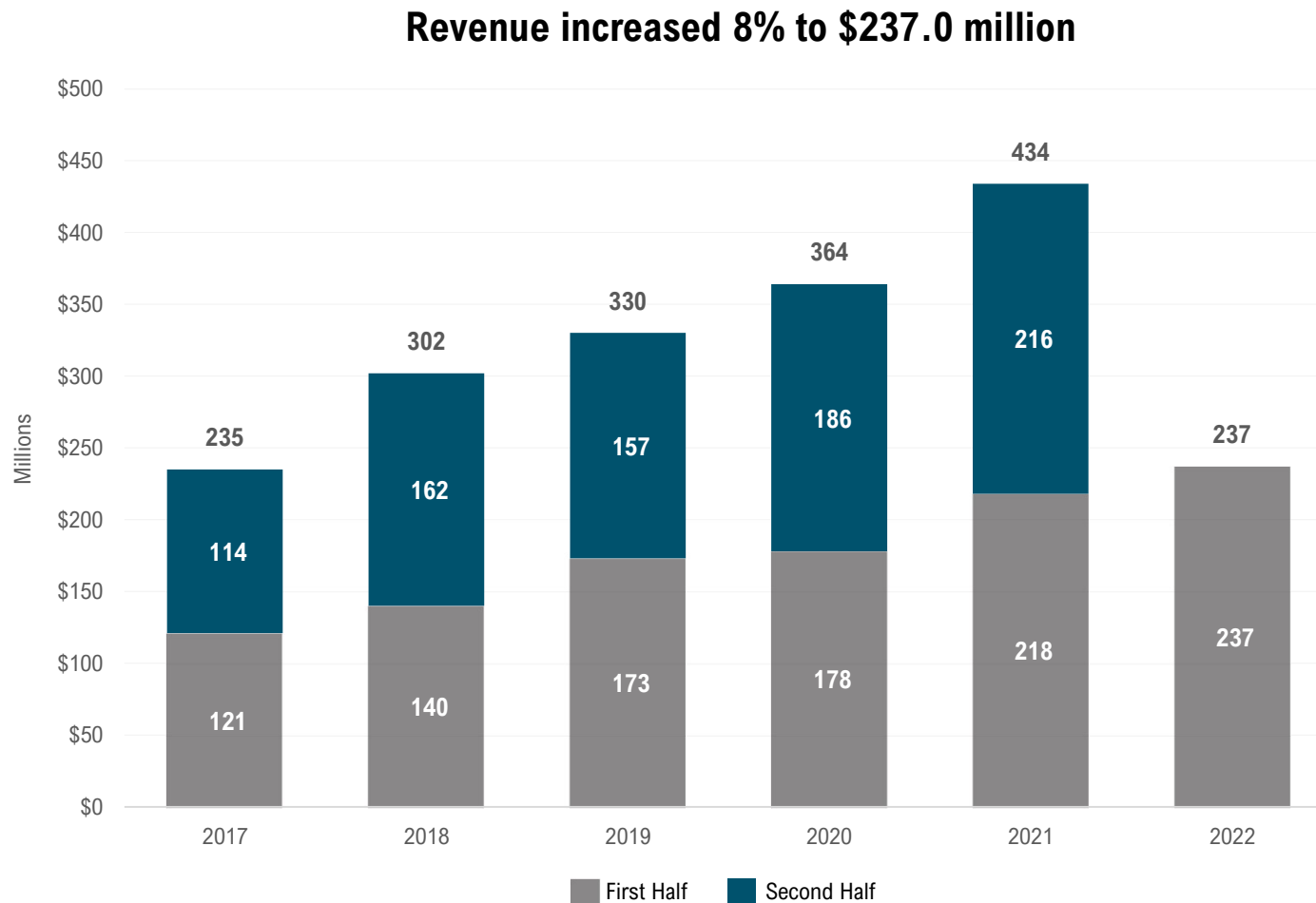
# Growing market value

	12 months to 31/12/21	12 months to 31/12/20	Change
<b>Net profit after tax (NPAT)</b>	<b>\$23.7 m</b>	<b>\$3.3 m</b>	<b>618%</b>
NPAT before non cash impairment	\$23.7 m	\$27.6 m	(14%)
Number of shares	61.7 m	61.7 m	-
Share price at 31/12/21 and 31/12/20	\$3.24	\$2.65	22%
<b>Dividend per share</b>	<b>20.0 cents</b>	<b>5.0 cents</b>	<b>300%</b>
<b>Earnings per share*</b>	<b>\$0.383</b>	<b>\$0.447</b>	<b>(14%)</b>
<b>Price to earnings ratio*</b>	<b>8.5</b>	<b>5.9</b>	<b>44%</b>
Dividend yield*	6.2%	1.9%	226%
Franking	100%	100%	-

\*Ratios calculated on 2020 NPAT before impairment

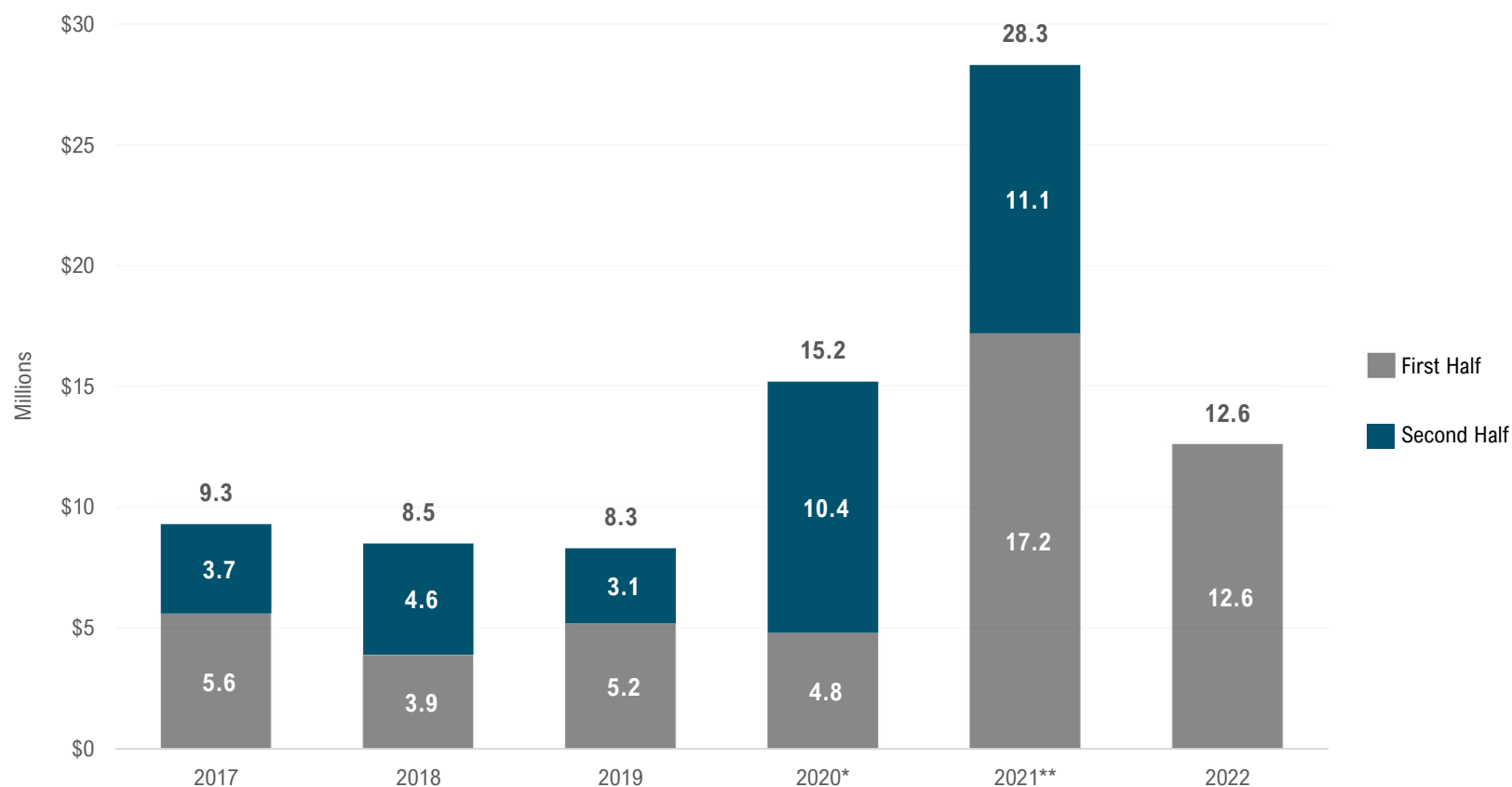


# Consistent revenue growth



# NPAT results remain strong

NPAT \$12.6 million for the half



\* 2H20 NPAT is before impairment and includes JobKeeper \*\* 1H21 NPAT includes JobKeeper



# 3<sup>></sup>

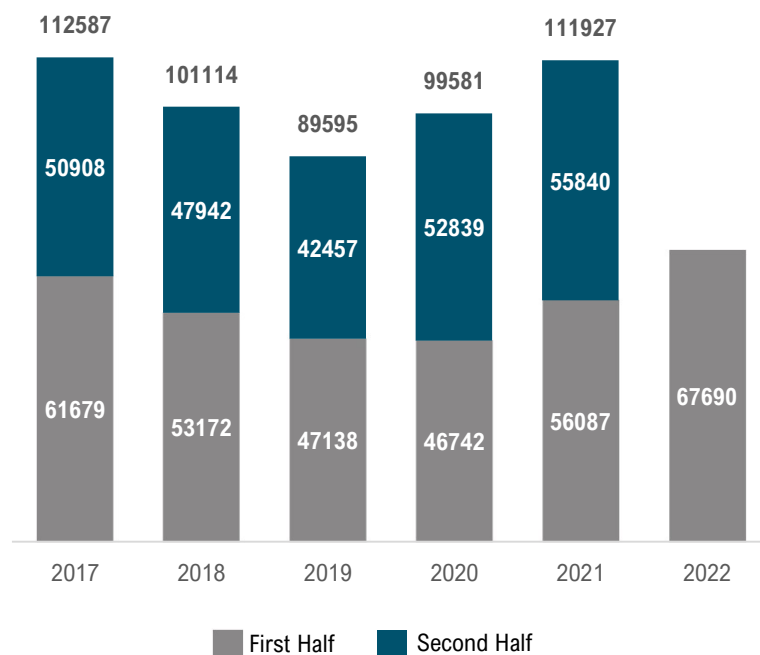
**Operational  
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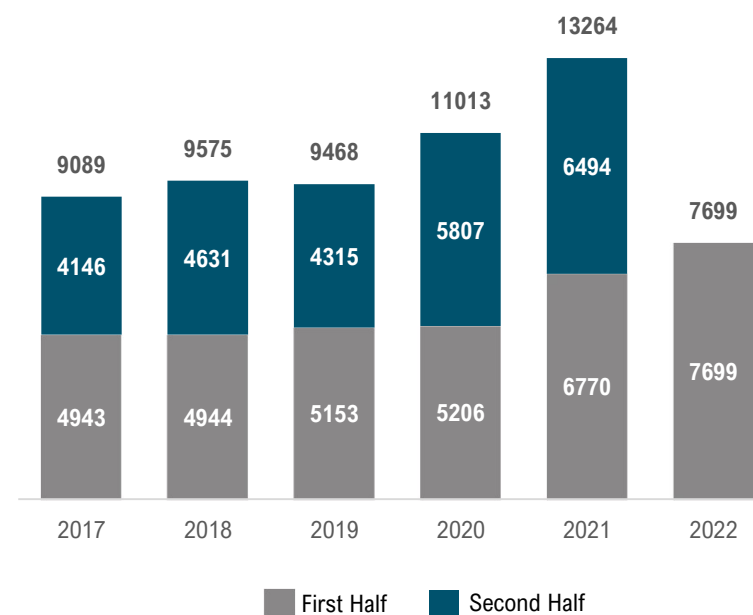


# Strong growth in new motorcycle sales

**Industry new motorcycle unit sales\*  
increased 21%**



**MTO new motorcycle unit sales  
increased 14%**

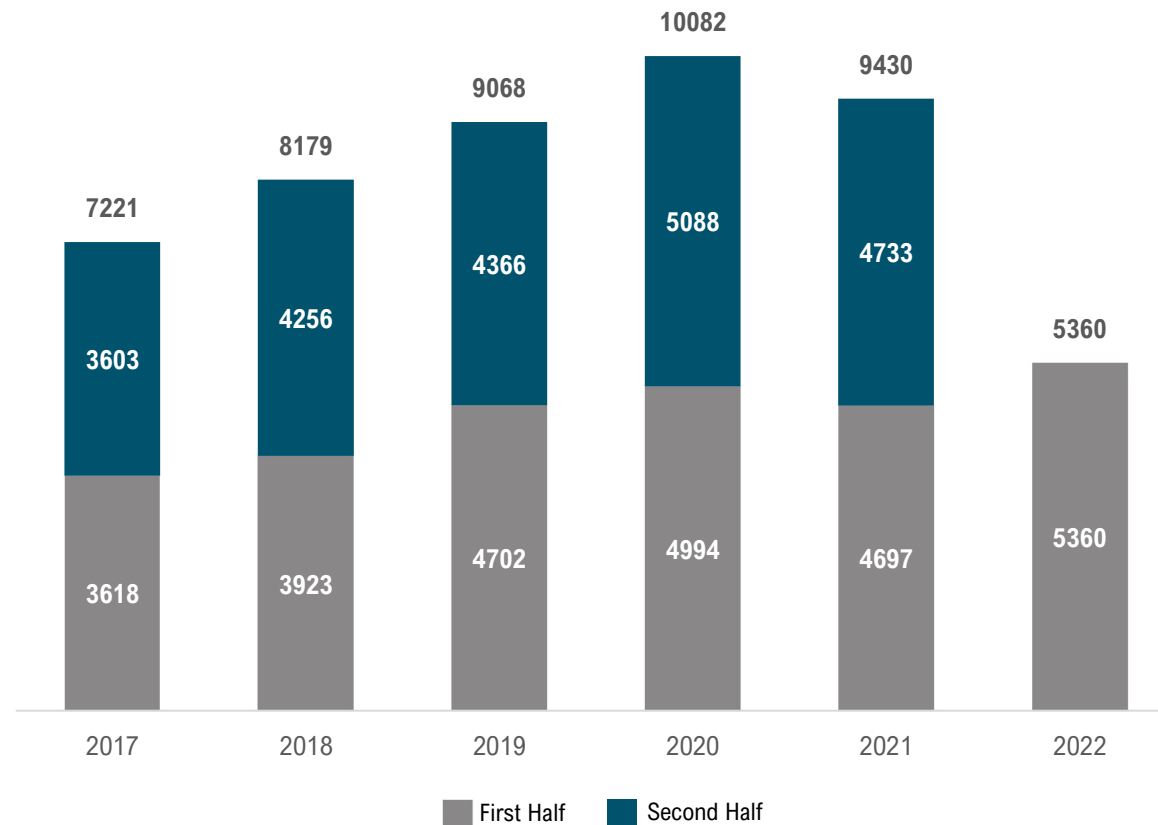


\*New motorcycle sales includes registered and un-registered

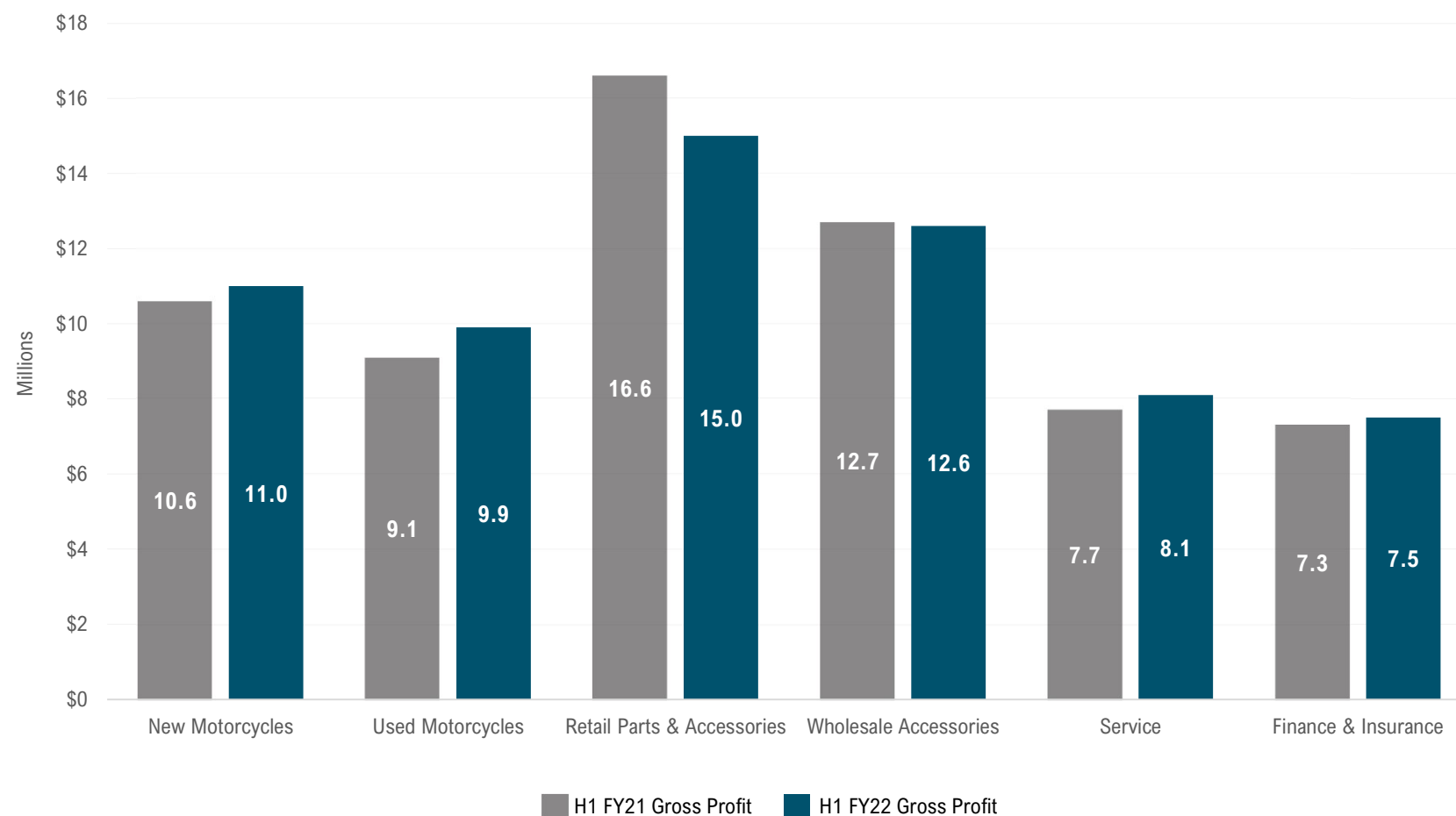


# Used motorcycles maintain growth trajectory

Used motorcycle unit sales increased 14%



# Diversified profit drivers





# Retail update

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- 1> Overall strong performance despite 16 dealerships impacted by COVID-19 restricted trading conditions in NSW, ACT and Victoria
- 2> New and used motorcycle sales volumes and demand remain strong
- 3> Strong increase in retail accessories sales since end of lockdowns
- 4> All dealerships across the group performing well



# Acquisition update

1>

Finalised acquisition of Forbes and Davies  
- New Zealand's leading importer and  
wholesaler of motorcycle tyres, ATV tyres,  
riding apparel, helmets, accessories and  
aftermarket parts

2>

Acquisition of Wide Bay  
Motorcycles completed in early  
2022 - Annual turnover of \$10m  
in FY21

3>

Both expected to contribute to  
full year profit FY22



# Wholesale update

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- 1> Sales decreased 7% compared to H1 2021, however gross profit maintained at similar levels due to higher margins
- 2> Sales impacted by restricted trading conditions in Sydney, Melbourne and Canberra
- 3> Supply chain challenges are ongoing, particularly for accessories, however sufficient inventory in stock and on order to minimise impacts
- 4> Demand remains strong
- 5> Ongoing long-term disciplined approach to cost management with reduced operating expenses supporting result and sustainable growth



# Finance JV - MCF

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- 1> \$624,000 NPAT for the half, an increase of 52% - expected to increase as portfolio matures
- 2> Special provision for COVID-19 losses is in place
- 3> Losses peaked in April last year and have trended down
- 4> Debt collections improved and responsible lending assisting with low loss ratio

# 4<sup>></sup>

**FY2022  
outlook**

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# FY2022 focus

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- 1 > Maintain current strong margins and tight control of overheads
- 2 > Continue to actively pursue potential dealership acquisition opportunities
- 3 > Continue organic growth with broadened product offering in both retail and wholesale network
- 4 > New e-commerce platform for online sales, B2B ordering and CRM to launch in early 2022



# FY2022 outlook

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- 1> Increased market demand and trading conditions remain strong and consistent despite COVID-19 challenges and stock supply delays
- 2> Supply of new motorcycles and accessories expected to improve during the next 12 months
- 3> Heightened sales demand momentum is expected to continue with industry sales growing
- 4> Second half results expected to reflect traditionally lower trading levels than first half
- 5> Dividend payments of 50% to 70% of NPAT

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Thank you

