

ASX Announcement (ASX: MTO)



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MotorCycle Holdings makes two key dealership acquisitions Expands into Victoria

MotorCycle Holdings Limited (**ASX:MTO**), Australia's largest motorcycle dealership operator, is to expand its operations into Victoria through the acquisition of its first dealership in the State and will add another dealership to its strong network on Queensland's Gold Coast.

The Company is to acquire the motorcycle trading operations of Evolution Motorcycles, located in Epping in Victoria, and Action Motorcycles, on the Gold Coast in Queensland.

The acquisitions are the first to be announced by MTO since its highly successful listing on the Australian Securities Exchange in April 2016.

The two acquisitions are expected to be completed in the current financial year, and will increase MotorCycle Holdings' dealership network to 26 locations spread across the eastern seaboard of Australia.

Evolution, a long-standing and well-established Victorian dealership, distributes KTM and Kawasaki products, and provides MTO with its first entry to the Melbourne market.

Completion is conditional on Evolution successfully finalising negotiations to secure a franchise to sell Honda motorcycles.

Evolution had an annual turnover of \$10.8 million in FY16.

Action Motorcycles, at Nerang on Queensland's Gold Coast, has been in operation for more than 20 years. It is one of the largest KTM dealerships in Queensland and its acquisition introduces the Aprilia, Moto Guzzi and Polaris brands to the MotorCycle Holdings stable.

The business had an annual turnover of \$6.8 million in FY16.

Both acquisitions are to be funded from cash reserves and are expected to be earnings accretive upon settlement. They are subject to completion of satisfactory due diligence by the Company and the obtaining of manufacturer and landlord approval.

MotorCycle Holdings Chief Executive David Ahmet said he was delighted the Company will soon acquire its first dealership in Victoria.

"Evolution Motorcycles is a well-established dealership with a strong reputation in Melbourne and it provides us with a solid base for growth and expansion across the State".

"For Evolution staff and customers, MotorCycle Holdings brings stability and financial strength to the dealership, and will enable us to deliver quality customer experience and excellent after sales service support," he said.

"We're also delighted to acquire a substantial, successful dealership in Action Motorcycles on the Gold Coast. It provides us with great critical mass in the rapidly growing Gold Coast market, and provides a terrific springboard for further growth.

"Together, these two acquisitions further strengthen our position as Australia's largest motorcycle dealership operator, with an unrivalled network of dealerships and brands, and excellent growth potential," he said.

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