

31 August 2016

## MotorCycle Holdings' NPAT exceeds prospectus profit forecast

In its maiden profit result as a listed company, MotorCycle Holdings Limited (ASX: MTO) has recorded a pro-forma net profit of \$8.0 million for the 12 months to June 2016, up 74% from the 2015 pro-forma profit of \$4.6 million.

The result is substantially higher than the forecast included in the prospectus for the company's initial public offer (IPO) and subsequent float on the Australian stock exchange, which was completed in April 2016.

**Table 1: Pro forma profit**

	2013	2014	2015	2016 Prospectus forecast	2016 <sup>1</sup>	2016 vs 2015 (%)
Motorcycle sales (units)	11,351	12,370	12,303	13,434	<b>13,931</b>	<b>13</b>
Revenue (\$M) <sup>2</sup>	148.6	163.6	173.3	196.9	<b>209.3</b>	<b>21</b>
EBITDA (\$M)	6.4	7.5	7.8	11.3	<b>12.8</b>	<b>64</b>
EBITDA margin (%)	4.3	4.6	4.5	5.7	<b>6.1</b>	<b>36</b>
NPAT (\$M)	3.7	4.5	4.6	6.9	<b>8.0</b>	<b>74</b>

1. 2016 results are preliminary and in the process of being audited
2. Prospectus revenue numbers were restated by \$15.9 million in a market announcement on 4 August 2016 and prior historical numbers have been restated in this table.

The strong result was driven by solid growth in motorcycle sales, which increased by 13% to 13,931 units for the year, exceeding the prospectus forecast by almost 500 units.

New motorcycle sales increased 17.5% to 7,538 units, which was well above market growth of approximately 1.8%. Used motorcycle sales grew by 8.5% to 6,393 units, which again exceeded market growth, estimated to be about 1.4% in the Company's main market in Queensland.

The better than expected sales result was due to a number of factors, including:

- benign weather conditions in the first three months of the year, which were favourable to motorcycle sales;
- increased focus on used motorcycle sales across the Company's 24 dealerships;
- and in particular, a strong performance by two new outlets in Canberra and Campbelltown acquired in the second half of FY2015. The two dealerships together increased sales by \$26.6 million in 2016, while organic growth and targeted sales efforts at our pre-existing 22 dealerships delivered \$9.4 million in increased sales.

Revenue for the year totaled \$209.3 million, which was up 21% from \$173.3 million in 2015, and well above the revised pro forma prospectus forecast of \$196.9 million.

After operating costs of \$196.5 million, which exceeded prospectus forecasts due to higher sales and stock turnover, earnings before interest and tax (EBITDA) was \$12.8 million, which was up 64% from 2015 and equivalent to a healthy EBITDA margin of 6.1%.

Company founder and Managing Director, David Ahmet, said the result provided a promising start for the listed Company.

"This is a solid performance, and it confirms the strength of this business. We were able to grow sales strongly and produce a result that exceeded our targets," he said.

"The new dealerships we acquired during 2015 have performed exceptionally well, and we continue to see real opportunity for consolidation in the market. We intend to play a leading role in that process as we build our business both organically, and through acquisitions, over the coming years," he said.

Chairman David Foster said the Company's 1500 shareholders had enjoyed strong capital gains over the period since the listing of the Company in April, with the share price climbing more than 80%.

"MotorCycle Holdings' shares have performed strongly since listing and that reflects the fundamental value of the business and its prospects for the future," he said.

The outlook for the business remains positive, with the motorcycle market in Australia growing slowly but steadily.

As was explained in the prospectus for the float, the Company elected not to pay a dividend in 2016, due to the short period between the completion of the offer and the end of the financial year.

However, assuming business conditions remain favourable, and subject to internal targets being achieved, the Company expects to pay a dividend for the period to December 2016, which would be payable in April 2017.

Results outlined in this announcement are preliminary and are currently being audited. The Company expects to release its audited results shortly.

For further information, please contact:

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