

29 August 2018

## MotorCycle Holdings maintains steady growth

Australia's leading motorcycle dealership group, MotorCycle Holdings Limited (ASX: MTO), achieved steady growth in the year to 30 June 2018, primarily due to the acquisition of Cassons and expansion of its dealership network.

Underlying earnings before interest, tax and depreciation (EBITDA) increased 36% to \$19.8 million (2017: \$14.6 million) while net profit after tax (NPAT) declined 2% to \$9.1 million (2017: \$9.3 million) having been impacted by acquisition costs.

These results were achieved on revenue increasing 29% to \$302.4 million (2017: \$235.3 million). Comparable store sales declined by 6.8% over the year.

Directors have declared a final dividend of 6.5 cents per share (fully franked) to be paid to shareholders registered as at September 12, 2018, bringing the total full year dividend to 12 cents per share (fully franked). This payout ratio of 81% of NPAT is higher than usual due to reduced acquisition activity over the next 12 months while the company consolidates and streamlines operations. The payout ratio is expected to return to 50-70% of NPAT going forward.

	2017 Actual	2018 Actual	Annual change (%)*
Motorcycle sales (units)	16,310	17,754	9
Revenue (\$M)	235.3	302.4	29
Underlying EBITDA** (\$M)	14.6	19.8	36
Underlying EBITDA margin (%)	6.2	6.5	4
NPAT (\$M)	9.3	9.1	(2)

\* Rounded figures

\*\*EBITDA of \$17.7M is after allowing for \$2.1M of acquisition expenses. Without these expenses underlying EBITDA is \$19.8M.

Overall motorcycle sales, including both new and used motorcycles, increased 9% to 17,754 units for the year ended 30 June 2018 (2017: 16,310 unit sales).

New motorcycle sales increased 5% to 9,575 units (2017: 9,089 units), compared with a national market decline in new motorcycle sales of approximately 10%. The Company secured approximately 9.5% of national new bike sales during the financial year, compared with 8% in the prior year.

Used motorcycles sales increased 13% to 8,179 units (2017: 7,221 units). Retail Accessories and Parts revenue increased 54% and Servicing and Repair revenue increased 12%.

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As foreshadowed in the December 2017 interim results, Finance, Insurance and Warranty revenue decreased 11%, with reduced insurance commissions received after general insurance companies changed their premiums and commission rates as a consequence of the ASIC review into add-on insurance.

MotorCycle Holdings CEO David Ahmet said while trading conditions were subdued in the first half of the year, the company's strategy of growth through acquisitions had diversified revenue streams and made the company more resilient and able to withstand tough trading conditions.

"A combination of factors contributed to a decline in sales of new motorcycles across the industry over the past 12 months; however, industry-wide sales during the six months to 30 June 2018 suggest the cyclical downturn is moderating, and the market has stabilised. Based on this, we are cautiously optimistic that sales volumes will recover over the year," Mr Ahmet said.

"We acquired two new dealerships and opened another in the past 12 months. The dealerships were TeamMoto Frankston, acquired in December 2017, Central Coast Harley-Davidson, acquired in March 2018 and TeamMoto Yamaha Sunshine Coast, a greenfield development opened in January 2018.

"We also commenced operating a joint venture with motorcycle industry finance company Allied Credit, which enables the company to provide secured loans to customers directly. The JV provides a new revenue stream for existing loan origination activities, providing added diversity and strength to the company," he said.

Mr Ahmet said the acquisition of Cassons Pty Ltd, a leading wholesaler and retailer of motorcycle accessories and parts, was a transformative expansion for the company.

"The Cassons acquisition increased the scale of MTO's existing retail accessory business, expanded the distribution network and provides opportunities to improve margin by sourcing additional Cassons product for retailing through the MTO dealer network.

"During the next 12 months, the company will undergo a period of consolidation, which will include work to finalise the integration of recent acquisitions, improve processes, upgrade systems and improve operating efficiencies to support future growth," he said.

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# ASX Announcement (ASX: MTO)



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## Full Year Results Presentation

MotorCycle Holdings invites investors to participate, via teleconference, in a full year results presentation by Managing Director David Ahmet and Chief Financial Officer Eddie MacDonald at 11.00am AEST on Thursday 30 August 2018, after which they will take questions on the results.

Full details of the teleconference are below:

<b>Day</b>	Thursday 30 August 2018
<b>Time</b>	11.00am (AEST)
<b>Participants Dial-in Details</b>	<p>All participants will be asked for their full name and passcode when joining the call.</p> <p><b>Participants Passcode:</b> 68766332#</p> <p><b>Participants Dial-in:</b> 1800 093 431</p> <p>Australia Toll-Free: 1800 093 431 Hong Kong: +852 3005 2399 Japan Toll-Free: 0120 200 683 New Zealand Toll-Free: 0800 452 257 New Zealand Toll: +64 9 307 1606 Singapore Toll-Free: 800 120 6856 UK Toll-Free: 0800 026 1552 US Toll-Free: 1 877 788 9032 International: +61 2 8047 9393</p>

The presentation is available for download from the ASX announcements platform and the company's website [www.mcholdings.com.au](http://www.mcholdings.com.au)

For further information please contact:

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**ENDS**