

ASX ANNOUNCEMENT

(ASX: MTO)



30 August 2024

RESILIENT PERFORMANCE IN CHALLENGING MARKET

MotorCycle Holdings Limited (ASX:MTO) (MTO, the Company) today announced its financial result for the full year ended 30 June 2024 (FY24), with stable revenue despite moderated consumer discretionary spending and demand.

Results highlights

- Sales revenue stable, up 1% to \$582.3 million (FY23: \$577.4m) with first full-year contribution from Mojo
- Operating gross profit decreased 2% to \$149.3 million (FY23: \$151.7 million)
- Gross operating margin of 25.6% (FY23: 26.3%)
- Underlying EBITDA¹ decreased to \$45.2 million (FY23: \$55.3 million)
- Net profit after tax decreased 39% to \$14.1 million (FY23: \$23 million)
- National market share² increased to 15.5% (FY23: 14.3%)
- Final dividend of 7 cents per share, fully franked

Managing Director David Ahmet said: "I am pleased to report a resilient FY24 performance despite challenging economic conditions, including softer consumer demand because of high interest rates, inflation and cost of living pressures.

"We've faced these challenges proactively and with a clear focus as we continue to execute our growth strategy, expanding our core dealership business.

"The integration of Mojo Group has played a key role in this execution, underpinning our retail performance, strengthening our market share and helping us diversify our range of products and brands.

"Our stable operational and financial performance speaks to the strength of our strategy, business model and operating discipline."

Dividend and capital position

The Board has declared a final dividend of 7 cents per share, fully franked. Combined with the interim dividend of 3 cents, the Group will pay a total FY24 dividend of 10 cents per share fully franked.

Cash at hand as at 30 June 2024 was \$12.1 million with bank debt of \$50 million, leaving net debt of \$37.9 million.

The Board intends to reduce bank debt during FY25.

¹ Post AASB-16

² Share of new motorcycle and off-highway vehicle unit sales as reported by the Federal Chamber of Automotive Industries

Financial Result Summary

The table below summarises the financial results for FY24 and the corresponding 12 months ending 30 June 2023.

Overview of Results (\$'million)	FY24	FY23	Reported change
Sales revenue	582.3	577.4	1%
Operating gross profit	149.3	151.7	(2%)
Operating gross profit margin (%)	25.6%	26.3%	(3%)
Underlying EBITDA	45.2	55.3	(18%)
Underlying EBITDA margin on sales (%)	7.8%	9.6%	(19%)
Total interest expense	(5.7)	(4.2)	36%
Total depreciation expense	(15.3)	(13.6)	13%
Amortisation of intangibles	(4.1)	(3.4)	21%
Acquisition-related costs	(0.2)	(1.5)	(87%)
Net profit before tax	20.0	32.6	(39%)
Net profit after tax	14.1	23.0	(39%)

The financial result for FY24 is reflective of a number of factors.

- Total sales revenue remained stable, increasing by 1% to \$582.3 million (FY23: \$577.4 million) with a full 12-month contribution from Mojo Group, compared to 8 months in the previous financial year.
- Total operating expenses rose by 8% to \$132.3 million (FY23: \$122.0 million) and 3% on a like-for-like basis³ to \$112.3 million (FY23: \$108.9 million). Expenses were marginally reduced by 2% in the second half.
- Financing costs rose to \$9.0 million (FY23: \$6.3 million) comprised of a \$1.2m increase in bank interest on borrowings for the Mojo acquisition, and \$1 million increase in floorplan bailment costs.
- Non-cash depreciation and amortisation expense increased by 13.5% to \$19.3 million (FY23: \$17.0 million).
- During the period MTO invested in business system upgrades to Cassons including a new ERP, warehouse management system, and improved B2B platform, resulting in an increase of \$1.4 million in software expenses.

As was reported at the half-year, demand weakened from November 2023 as a result of the impacts of increased interest rates, inflation and cost of living pressures on discretionary spending. We have experienced some initial recovery in May and June 2024 and into the early months of FY25.

New retail motorcycle unit sales increased by 5% (14,491) with 4% increase in total retail unit sales (24,604). Sales of used motorcycles remained stable at 10,113 units (FY23: 10,024). Retail parts and accessories sales declined 6%, partially offset by growth in online sales.

³ ¹Like-for-like excludes from both years: Mojo Motorcycles, TeamMoto Townsville, CFMOTO Springwood, Morgan & Wacker Harley-Davidson Sydney

During the financial year, MTO opened two new dealerships. The 12-month performance of the flagship corporate-owned CFMOTO Springwood dealership exceeded expectations, and Morgan & Wacker Harley-Davidson Sydney was acquired in January 2024 and re-located to the Group's existing Auburn location and commenced trade during March 2024.

Market conditions

Federal Chamber of Automotive Industries data for new motorcycle unit sales in FY24 showed a 3% decline for the industry to 93,436 units (FY23: 96,186 units). MTO increased new retail motorcycle unit sales by 5% to 14,491. This equates to national market share of 15.5% (FY23: 14.3%) and demonstrates the strength of the Group's industry leadership and robust business model.

Outlook

Looking ahead, the Group expects the cost of doing business to stabilise and EBITDA margin forecast to improve. Whilst interest rates and cost of living pressures are expected to remain challenging, it is pleasing to see, since the latter part of FY24 increased demand across our business leading to improved financial performance in July and August.

Organic growth is anticipated from the upgrade to Cassons' operating systems, greater penetration into the New Zealand market after the consolidation of operations of Forbes & Davies and Mojo NZ, and further complimentary brands being considered through Mojo and Cassons.

Results Presentation

The Company invites investors to participate, via teleconference, in a presentation of our FY24 results by Managing Director, David Ahmet, and Chief Financial Officer, Nicole Spink, at 10:00am AEST on Monday 2 September 2024.

Participants are required to register for the call by visiting the below link and completing the online registration form:

<https://register.vevent.com/register/BI08d3b95c023e4ca5a412ec84f99f7b71>

Upon submitting the form, participants will be able to select their preferred method for joining the call:

- *Dial-In:* a telephone number and unique PIN are displayed to connect directly from your phone.
- *Call Me:* enter your telephone number and click "Call Me" for an immediate callback from the system. The call will come from a US number.

Participants will also receive an email confirmation of their registration with a link to access their dial-in information.

-ENDS-

This announcement was authorised for release by the Board. For further information, please contact:

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