

EQS-Ad-hoc: PIERER Mobility AG / Key word(s): Half Year Results

PIERER Mobility AG: Economically volatile and difficult conditions led to negative result in H1 2024, outlook for the full year confirmed

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PIERER Mobility AG: Economically volatile and difficult conditions led to negative result in H1 2024, outlook for the full year confirmed

- **Results in H1 2024 negative, but in line with the current outlook for the 2024 financial year**
- **Significant improvement expected in H2**
- **Working capital remains at a high level, significant improvements expected at the end of 2024 and in 2025**
- **Increased net debt but solid financing structure**
- **Motorcycle market: Challenging market environment - Europe slightly positive, North America, Australia and China declining, India positive**
- **MV Augusta integration process going according to plan**
- **Bicycle market: persistent oversupply on the market necessitated value adjustments, focus on the premium segment**
- **Full-year outlook for 2024 confirmed**

Earnings performance in the first half of 2024

		H1 2023	H1 2024
Revenue	in €m	1,388	1,007
EBITDA	in €m	179	-102
EBIT	in €m	97	-195
Employees as of June 30	People	6,314	6,024

The PIERER Mobility Group generated revenue of € 1,007 million (-27%) in H1 2024. Around 93% of this was attributable to the Motorcycles segment and 7% to the Bicycles segment. Around 61% of revenue was generated in Europe, 27% in North America (USA, Canada, Mexico) and 12% in other countries.

At € -195 million, the operating result (EBIT) in H1 2024 was significantly below the previous year's figure of € 97 million. The main factor behind the negative result was the Bicycles segment at € -117 million, of which around € -75 million was attributable to special write-offs/effects. The result in the Motorcycles segment amounted to € -78 million. The Executive Board expects that the second half of the year - primarily driven by a higher-margin product mix - will turn the overall result into positive territory.

The operating result before depreciation and amortization (EBITDA) of € -102 million (previous year: € 179 million) corresponds to an EBITDA margin of -10%.

The result for the period amounted to € -172 million (previous year: € 53 million).

The main drivers behind the results for the first half of the year were the decline in sales due to the economic environment (particularly in the USA), expenses in connection with the restructuring of the Bicycle segment as well as the production and personnel costs in Europe.

Working capital and net debt

The increased net debt of € 1,469 million is due to the negative result as well as the increased capital commitment. One of the main reasons for this is the necessary support for the global dealer network. As a result of the packages of measures, working capital and thus net debt will return to a significantly lower level by the end of 2025. The necessary financing requirements have been secured.

Significant improvements expected in H2 2024 - measures to improve earnings

The following measures were taken to improve the result in the second half of the year:

- A further **significant cost reduction** will take place in the third quarter through the reduction of an additional 200 employees in the overhead area. Together with the cost reductions and personnel adjustments already made in the first half of the year, this will secure and strengthen the competitiveness of PIERER Mobility AG in the long term.
- The **reduction in production volumes** by around 25% in 2024 is intended to relieve pressure on the product pipeline and dealer warehouses. This will lead to a significant reduction in capital commitment and therefore also in net debt.
- Another focus is on increasing efficiency in product development. The focus is on aligning and prioritizing activities as part of the Group's **premium brand strategy** as well as **streamlining and accelerating development processes**. Following on from this, we are leveraging further synergies in research and development with our strategic partners.
- The loss-making **bicycle division will be systematically restructured**. The realignment already initiated in the 2023 financial year with a focus on the premium segment will be implemented and completed in 2024.

Motorcycles segment

		H1 2023	H1 2024	Change
External revenue	in €m	1,277	936	-27%
EBITDA	in €m	196	11	-94%
EBIT	in €m	117	-78	n.m.

In H1 2024, revenue in the Motorcycles segment fell by 27% to € 936 million. EBITDA reached € 11 million (previous year: € 196 million) and EBIT amounted to € -78 million (previous year: € 117 million).

The macroeconomic environment remained challenging in H1 2024. In particular, high interest rates in the USA, inflation in many European countries and a slowdown in global economic growth had a negative impact on PIERER Mobility's motorcycle sales in H1 2024, which fell by 21.2% to a total of 147,496 units. Around 44% of motorcycles were sold in Europe, 21% in North America including Mexico, 22% in India and Indonesia and 13% in the rest of the world. In H1 2024, PIERER Mobility acquired a majority stake in MV Augusta. The integration of the Italian luxury motorcycle manufacturer is going according to plan.

The development of motorcycle registrations in PIERER Mobility's core markets presented a mixed picture in the first half of the year: a slightly positive trend in overall demand in Europe, driven primarily by the low-price segment (Chinese imports), was offset by a decline in demand in North America as well as in Asia, Australia and New Zealand. In this environment, PIERER Mobility succeeded in maintaining or achieving a market share of over 10% in each of the key markets of Europe, the USA and China.

Bicycles segment

		H1 2023	H1 2024	Change
External revenue	in €m	108	69	-36%
EBITDA	in €m	-14	-115	> -100 %
EBIT	in €m	-16	-117	> -100 %

At € 69 million, revenue in H1 2024 was 36% lower than in H1 2023. EBITDA amounted to € -115 million (previous year: € -14 million) and EBIT to € -117 million (previous year: € -16 million).

As part of the restructuring of the bicycle business, the R Raymon brand was sold as a first step in 2023. In the first half of the previous financial year, this brand had a sales share of 51% for e-bicycles and 61% for bicycles. Strong sales increases for the Husqvarna, GASGAS and Felt brands in H1 2024 meant that sales of e-bicycles only fell by 26% to 28,771 units and sales of bicycles by 19% to 25,049 units. The special effects in connection with the restructuring of the bicycle business amounted to around € -75 million in H1 2024. PIERER Mobility is also focusing on premium brands in this segment. The Group therefore increased its stake in the bicycle manufacturer Felt and has been the majority shareholder since July 1, 2024.

Employees

As at June 30, 2024, the PIERER Mobility Group employed 6,024 people, 4,712 of whom were based in Austria (78%). In total, the Group's headcount has fallen by 160 employees since December 31, 2023. This was due to the reduction of 373 employees in H1 2024, 309 of whom were in Austria. In contrast, the first-time full consolidation of MV Agusta (Italy) added an additional 213 employees to the Group.

Outlook for the 2024 financial year confirmed

In a persistently challenging environment, the Executive Board expects a significantly better second half of the year, supported by a higher-margin product mix, particularly in the offroad segment. For 2024 as a whole, it is forecasting a decline in revenue of 10% to 15% compared to the previous year.

In the Motorcycles segment, the Executive Board assumes that the cost savings introduced will be able to compensate for the negative effects of declining sales to such an extent that a balanced to slightly positive EBIT can be generated in the 2024 financial year. The development of existing dealers and the further expansion of the dealer network to support the brand strategy will be key issues in the 2024 financial year.

In the Bicycle division, however, the Executive Board expects a significantly negative EBIT of € -110 to € -130 million, which is mainly due to extraordinary impairment and restructuring requirements. Valuation measures amounting to € -75 million have already been recognized in the half-year results.

Group key figures H1 2024 of PIERER Mobility AG

		H1 2023	H1 2024	Change
Revenue	in €m	1,388	1,007	-27.4%
EBITDA	in €m	179	-102	> -100 %
EBITDA margin		12.9%	-10.1%	-23.0pp
EBIT	in €m	97	-195	> -100 %
EBIT margin		7.0%	-19.4%	-26.4pp
Profit for the period	in €m	53	-172	> -100 %
Earnings per share	in €	2	-5	> -100 %

		Dec 31, 2023	June 30, 2024	Change
Balance sheet total	in €m	2,953	3,269	10.7%
Equity	in €m	909	722	-20.6%
Equity ratio		30.8%	22.1%	-8.7pp
Working capital employed	in €m	531	809	52.2%
Net debt	in €m	776	1,469	89.3%
Gearing		85.3%	203.4%	118.1pp

The Half-Year Financial Report 2024 of PIERER Mobility AG and the current investor presentation will be available on the company's website at <https://www.pierermobility.com/en/investor-relations/publications> before the market opens on Monday, August 26, 2024.

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