

June 2019

Motorcycle Overview

At some point the conversations of what is affecting the industry will move away from Brexit, unfortunately this is not the point and no guess as to when it will be. Overall the reports from dealers is that things are close to expected at this time of year, but slightly (very slightly) negative with the B word used frequently. As with the universe which always tries to find equilibrium, the motorcycle industry is no different and reports are frequent that Euro based buyers are increasingly hitting UK dealers for stock. Apart from the odd island of refusal, the draw of a “trade” sale at retail prices is proving too difficult to refuse.

New Market

The latest registration figures released from the MCIA have continued to outperform the underlying feelings and the April ones are no different. Total monthly registrations increased by 7.3% over the same period of 2018 (to 9,820), which is just slightly down on the year-to-date (YTD) that currently stands at 9.4%, or in number terms, 3,188 up. There is a bit of a mixed bag in the sectors as far as the sectors are concerned. Adventure Sport the big winner this month with an increase of just over a third compared to last year. The inevitable GS is top dog in the class, but with 168 this year compared to last year’s 1200 version number of 125, the 480 increase cannot all be attributed to BMW. The sector though is also strong in the YTD figures, with the first third of the year increasing by 1,256, a 20.8% positive. There is a feeling that this increase is in part coming from touring types, both sectors showing declines and thoughts are that Adventure types are good for touring and more an all-round machine. After a long time on the back foot the Moped types should have a mention for both the month and year. 64.2% up (to 609) is a significant jump, even with the relatively low numbers and the YTD doing 385 more than the same point last year is returning a healthy 26.2% increase. One Swallow doesn’t make a summer, but we can hope a few more kids are getting the bug or perhaps the reduction in moped crime reduction is having a drip down effect?

April 2019 and Year to Date - New Registrations by Style

Mopeds	Registrations		%	Market Share (%)		Year to date		YTD	Market Share (%)	
	Apr-19	Apr-18	Change	Apr-19	Apr-18	2019	2018	% Change	2019	2018
Scooter	525	302	73.8%	86.2%	81.4%	1,506	1,232	22.2%	81.1%	83.7%
Other	84	69	21.7%	13.8%	18.6%	351	240	46.3%	18.9%	16.3%
Totals	609	371	64.2%	100.0%	100.0%	1,857	1,472	26.2%	100.0%	100.0%

Motorcycles	Registrations		%	Market Share (%)		Year to date		YTD	Market Share (%)	
	Apr-19	Apr-18	Change	Apr-19	Apr-18	2019	2018	% Change	2019	2018
Adventure Sport	1,890	1,410	34.0%	20.7%	16.2%	7,295	6,039	20.8%	20.9%	18.8%
Custom	726	863	-15.9%	8.0%	9.9%	2,411	2,844	-15.2%	6.9%	8.9%
Naked	3,183	2,859	11.3%	34.9%	32.8%	11,213	9,851	13.8%	32.2%	30.7%
Scooter	1,680	1,613	4.2%	18.4%	18.5%	6,682	5,971	11.9%	19.2%	18.6%
Sport/Tour	225	310	-27.4%	2.5%	3.6%	947	1,077	-12.1%	2.7%	3.4%
Supersport	753	732	2.9%	8.2%	8.4%	2,913	2,790	4.4%	8.4%	8.7%
Touring	191	292	-34.6%	2.1%	3.3%	851	999	-14.8%	2.4%	3.1%
Trail/Enduro	464	637	-27.2%	5.1%	7.3%	2,533	2,470	2.6%	7.3%	7.7%
Unspecified	18	8	125.0%	0.2%	0.1%	22	38	-42.1%	0.1%	0.1%
Totals	9,130	8,724	4.7%	100.0%	100.0%	34,867	32,079	8.7%	100.0%	100.0%

Tricycles	Registrations		%	Market Share (%)		Year to date		YTD	Market Share (%)	
	Apr-19	Apr-18	Change	Apr-19	Apr-18	2019	2018	% Change	2019	2018
Scooter	31	46	-32.6%	0.3%	0.5%	107	142	-24.6%	0.3%	0.4%
Other	50	13	284.6%	0.5%	0.1%	120	70	71.4%	0.3%	0.2%
Total Registrations	81	59	37.3%	0.8%	0.6%	227	212	7.1%	0.6%	0.6%

Summary	Registrations		%	Market Share (%)		Year to date		YTD	Market Share (%)	
	Apr-19	Apr-18	Change	Apr-19	Apr-18	2019	2018	% Change	2019	2018
Total Moped, Motorcycle & Tricycles (exc Scooters)	7,584	7,193	5.4%	77.2%	78.6%	28,656	26,418	8.5%	77.6%	78.2%
Total Scooters	2,236	1,961	14.0%	22.8%	21.4%	8,295	7,345	12.9%	22.4%	21.8%
Total Registrations	9,820	9,154	7.3%	100.0%	100.0%	36,951	33,763	9.4%	100.0%	100.0%

There are many schemes around on the larger capacity machines at the moment that could be the reason the two capacity bands sitting in the middle have quite a healthy increase for the month and the 126-650cc band the only motorcycle one in double figure percentage growth YTD. Market share for the sub 125cc bracket is usually higher, but currently a little closer to the others at the moment, later in the year as bigger bikes stop selling, the learner legal, commuters still continue moving, so will pick up.

April 2019 and Year to Date - New Registrations by Engine Band

Engine Band	Registrations		%	Market Share (%)		Year to date		YTD	Market Share (%)	
	Apr-19	Apr-18	Change	Apr-19	Apr-18	2019	2018	% Change	2019	2018
0-50cc	637	381	67.2%	6.5%	4.2%	1,939	1,542	25.7%	5.2%	4.6%
51-125cc	2,742	2,697	1.7%	27.9%	29.5%	10,544	9,632	9.5%	28.5%	28.5%
126-650cc	2,025	1,716	18.0%	20.6%	18.7%	8,387	7,191	16.6%	22.7%	21.3%
651-1000cc	2,460	2,229	10.4%	25.1%	24.4%	8,239	7,629	8.0%	22.3%	22.6%
Over 1000cc	1,956	2,131	-8.2%	19.9%	23.3%	7,842	7,769	0.9%	21.2%	23.0%
Total Registrations	9,820	9,154	7.3%	100.0%	100.0%	36,951	33,763	9.4%	100.0%	100.0%

Nothing really unusual in the rest of the tables as seen below, but Royal Enfield worth another mention as it makes another appearance in the charts. Are we seeing the rise of a start in the retro world? There is a possibility as increasing prices of the established brands could drive budget conscious buyers to a more affordable alternative. Time will tell.

April 2019 and Year to Date - Highest Registering Model by Style

Mopeds	Highest Registering Model by style		Apr-19
Scooter	Lexmoto ECHO 50		59
Other	Lexmoto HUNTER 50 TD 50 Q		21
Motorcycles	Highest Registering Model by style		Apr-19
Adventure Sport	BMW R 1250 GS		168
Custom	Harley-Davidson SPORT GLIDE 1745		54
Naked	Royal Enfield INTERCEPTOR INT 650		153

Scooter	Honda PCX 125	225
Sport/Tour	Kawasaki Z1000 SX	109
Supersport	Ducati PANIGALE V4	67
Touring	BMW R 1250 RT	50
TRAIL/ENDURO	KTM 300 EXC TPI	81

Tricycles	Highest Registering Model by style	Apr-19
SCOOTER	Piaggio MP3 500 LT SPORT ABS	8
OTHER	BRP CAN-AM RYKER RALLY ED 900 ACE	11

April 2019 - Highest Registering Model by Engine Size

Engine Band	Highest Registering Model by Engine Band	Apr-19
0-50cc	Lexmoto ECHO 50	59
51-125cc	Honda PCX 125	225
126-650cc	Royal Enfield INTERCEPTOR INT 650	153
651-1000cc	Yamaha MT-07 ABS	127
Over 1000cc	BMW R 1250 GS	168

April 2019 - New Registrations by Brand

Major Brands	Apr-19
Honda	1,679
Yamaha	1,074
BMW	811
Triumph	739
Kawasaki	704
Lexmoto	559
KTM	553
Harley-Davidson	442
Ducati	381
Suzuki	331

Used Market

As touched on in the opening paragraph, the sentiment in the field is of the trade being a bit hit and miss. It's not doom and gloom, but no one has said they are pulling trees up either. Stock levels are not causing a problem (apparently), or is it that the industry has become used to the new order and the oversupply from ten years ago has been forgotten. There have been a few constructive conversations during the research and a few minor changes have been made this month. But generally we are in the plateau between the start and finish of the "season".

Auctions

As above, we are in the middle of the high point in the sales cycle and it is understandable that dealers at this moment in time are loath to part with quality stock. This is reflected in the entries seen in auctions, as the clean stock is attracting the retail punter into shops, there is little chance a dealer would put it under the hammer. So as is normal at this time of year quality of entries reduces and the age increases as part exchanges not regarded as retail material are disposed of via auction. That said

there is still plenty of quality available from the finance house entries and these consist of a large amount of low mileage three year old examples. Out of 93 entries in the last Black Horse sale 26 were Triumph and only two outside the PCP handback age. This is not highlighting a problem as yet, its indicating that being very successful selling lots of new bikes, will see a few comeback eventually and from the 100% sold ratio and bids “into book” there is no real indication yet there will be a problem. The rest of the aforementioned sale saw 89 sold (96%) and 102% of CAP prices for the whole sale. In the Rotherham sale MAG saw a lower amount of entries, but again no surprise for the above reasons. The good performers again the few clean ready for retail ones, particularly the large dealer group entries. 54 sold from the 61 lots and the overall sale finished at 99% of CAP, but as always there are a few anomalies that give indications for dealer opinion to confirm.

End Notes

Ducati production numbers were reduced for the first quarter of the year (to 16,183) to bring the stock into line with demand and global retail sales were 5% up to (12,541). The company statement added that sales in both Europe and the troubled US market had increased.

The problem results seen for several years now at Suzuki continue in the latest 12 month results to the end of March. Total revenue increased by 3.5% (to £1.784bn) with the emerging Asian markets the biggest positive, India with the largest percentage increase rising 18.1% (to £384m). In the developed world things were not as rosy, even though the struggling North American market increased by 2.7% (to £237m), their Japanese domestic market turnover was 7.7% down (to £134m) and Europe an even bigger loss of 10.5% (to £276m). Associated operating profit though, plummeted by 21.2% (to £25.4m) and the manufacturer blamed the decrease in European sales of large-capacity models as the main cause. Worldwide wholesale shipment volume was up by 10.6% to 1.743 million bikes and Suzuki has forecast 4.7% growth to 1.825 million bikes for the next fiscal year and promised shareholders profitability from the motorcycle division through restructuring.

Another massive year reported in the full-year results to the end of March for Honda’s motorcycle business with Honda-branded sales 3.5% up to an enormous 20.238 million bikes. 18.224m units went to Asia, which increased by 2.8% (to 18.224m), India, Indonesia, Thailand and Vietnam added together amounted to 14.502m, an increase of 3.5% and other emerging-market regions increased 12.2% (to 1.257m). In the developed world, Japan’s domestic market grew even faster, adding 24% to 207,000, Europe had the better results with a 6.4% volume improvement (to 249,000) and in North America the recent problems in the market saw sales fall by 3.8% (to 301,000). The £ note value to all these figures saw motorcycle revenue 3% higher (at £14.665bn), a 9.2% rise in operating profit (to £2.036bn) and operating margin was raised to 13.9% from 13.1%.

Another one with financial results as its that time of the year, is Kawasaki. the 12 months to end of March 2019, their bike business saw a better than forecast increase of 7.6% in revenue (to £2.477bn), but operating profit was down 5.8% (to £100m) and as costs increased it affected operating margin, reducing it from 4.5% to 4%. Wholesale motorcycle volume shipped to dealers in developed countries increased by 8.6% (to 165,000), associated turnover was 8.1% up (to £914m) and in emerging markets rising by 12.6% (to 385,000) which increased revenue by 9.1% (to £640m).

Europe’s largest powered two-wheeler manufacturer, Piaggio, looks to be back in the groove in the first quarter with consolidated revenue increasing by 10.8% (to £287.7m), operating profit 42.6% up (at £17.8m) and operating margin up to 6% from 4.6%. Net profit increased 97.7% (to £6.7m) and net debt fell by 9.3% year-on-year (to £392.2m). Sales of scooters, motorcycles are about two-thirds of total revenue, which increased by 7.9% (to £194.9m), with global volume 5% up (to 84,600). Their Asia Pacific region performance was the stand out, where volume grew by 16.8% and revenue 26%. In European volume made a 4.1% gain and associated revenue 5.1% up. While in India, revenue increased by 7.2%. Piaggio scooter brands continue at the top of the sector charts in Europe with a 23.2% market share.

Harley-Davidson's performance over the last year or so continues in Q1 of 2019 to be less than ideal. The US industry has been suffering and then compounded by political problems in the form of tariffs. Total revenue for the three months was 10.2% down (to £1.068bn), wholesale shipments worldwide fell by 7.9% (to 58,891), operating profit crashing by 29.3% (to £129m) and resulting in a net profit reduction of 26.8% (to £98.8m). All this is of course not helped by the brand subsidising US built exports that would obviously compound any other reason for the profit reduction.

Having touched on electric powered two-wheelers several times before, it is worth having a look at recent developments doing the rounds, it is after all the way forward. The flag carrier for our domestic industry has revealed a two-year project to develop electric motorcycle capabilities. It involves collaboration between Triumph Motorcycles, Williams Advanced Engineering, Integral Powertrain Ltd's e-Drive Division, and WMG (Warwick Manufacturing Group, an academic department at the University of Warwick). It is even supported and co-funded by the UK government's Department for Business, Energy & Industrial Strategy (BEIS) and the Office for Low Emission Vehicles (OLEV), via Innovate UK. Triumph will lead the project, providing advanced motorcycle chassis design and engineering expertise, manufacturing excellence and pioneering functional safety systems, as well as defining electric drivetrain power delivery characteristics. Williams Advanced Engineering will provide industry-leading lightweight battery design and integration capability, Integral Powertrain Ltd's e-Drive Division will lead the development of bespoke power-dense electric motors and a silicon carbide inverter, and WMG, at the University of Warwick, will provide electrification expertise, and the critical vision to drive innovation from R&D to commercial impact, through modelling and simulation based on future market needs. Innovate UK, the government agency that promotes science and technology programmes expected to expand the UK economy, will support the partners and administer funds. This forms part of the BEIS modern funding strategy with the aim of creating a market-leading UK electric vehicle capability. The project will be in four main phases, with one of its key aims being increased systems integration. By developing individual components of automotive-based electric drivetrains and optimising them into innovative combined units, the project aims to deliver sophisticated electric motorcycle systems which reduce mass, complexity and package requirements. Triumph Motorcycles will work alongside the partner organisations to accelerate joint expertise in the packaging and safety of batteries, optimum electric motor sizing and packaging, the integration of braking systems including regenerative braking, and advanced safety systems. The innovation and capabilities developed in these areas will input into Triumph's future electric motorcycle strategy. The collaboration could lead to a world class project that will possibly catapult UK technology back on to the forefront at a world level.

Continuing on the EV subject, there are a few having a dabble, but the big names have been noticeable by their absence. KTM have put a toe in the water with Freeride and Harley-Davidson's will very soon be into the market with the LiveWire. The Japanese big four have recently announced the Replicable Battery Association. There is a lot of detail to be worked out yet, but the joint announcement from Honda, Kawasaki, Suzuki and Yamaha, could actually give the industry the real kick in the butt to get mainstream and widespread use of alternative powered motorcycles.