

BIKEMAKER FAILS TO RAISE ADEQUATE FUNDS

Bajaj Auto partner KTM files for restructuring

SWARAJ BAGGONKAR
Mumbai, November 28

HAVING FAILED TO raise funds to the tune of 'high three-digit' million to keep itself afloat, Austria-based KTM, a subsidiary of Bajaj Auto-owned Pierer Mobility, will file for judicial restructuring proceedings. The objective is to reorganise the KTM group independently.

Bajaj Auto, through its 100% subsidiary Bajaj Auto International Holdings BV, holds a 49.9% stake in Pierer Bajaj AG, which in turn holds 74.9% in the listed entity, Pierer Mobility. KTMAG is the subsidiary of Pierer Mobility, producing motorcycles and accessories under the KTM brand.

While revenues of Pierer Mobility were down 27% year-on-year in the first half of 2024, gross profit plummeted by nearly 82%. The earnings before interest, tax, depreciation and amortisation (Ebitda) margin stood at a negative 10% compared to 13% in the same period last year.

The company's net debt doubled in just six months to €1.46 million by June 30, 2024, against €0.77 million reported on December 31, 2023.

The aim of the proceedings is to agree upon a reorganisation plan with the creditors within 90 days. A redimensioning is intended to sustainably secure the existence of the KTM Group, the company stated. This should lead to a gradual adjustment in excess stock at KTM and its dealers over the next two years. It will result in a reduction in operating performance at the Austrian sites, totalling over €1 billion in 2025 and 2026.

KTMAG said it will apply on Fri-

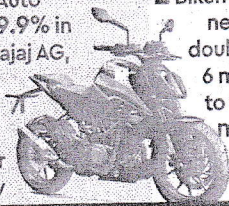
A ROUGH RIDE

■ KTMAG, which makes motorcycles & accessories under the KTM brand, is a subsidiary of Pierer Mobility

■ Pierer Mobility revenue was down 27% y-o-y, gross profit down nearly 82% in first half of 2024

■ Bajaj Auto holds 49.9% in Pierer Bajaj AG, which holds 74.9% in Pierer Mobility

■ Bikemaker's net debt doubled in 6 months to €1.46 million



STEFAN
PIERER,
CEO,
KTM AG

We are taking a pit stop for the future. The KTM brand is my life's work, and I will fight for it

day for the initiation of judicial restructuring proceedings with self-administration as its management does not expect to be able to secure the necessary funds. The proceedings provide the company the opportunity to continue to manage KTM AG's assets under supervision and to reorganise the group independently. All other subsidiaries of KTM AG, in particular all sales companies, remain unaffected.

The restructuring process will result in additional potential losses, for example, due to one-off expenses such as necessary write-downs (e.g. for capitalised development costs) and costs for staff reduction as well as the shortfall in fixed costs due to the reduced operating performance and other costs arising from the restructuring process.

Consequently, for the current 2024 financial year, the company expects a negative annual net result in 'very high three-digit million' range due to the aforemen-

tioned reasons.

In a statement, Stefan Pierer, CEO, KTM AG, said, "Over the past three decades, we have grown to become Europe's largest motorcycle manufacturer. We inspire millions of motorcycle riders around the world with our products. Now, we are taking a pit stop for the future. The KTM brand is my life's work, and I will fight for it."

Pierer and Bajaj Auto MD Rajiv Bajaj have closely worked together to strengthen the KTM brand, successfully making it the largest premium motorcycle brand in Europe. The two companies have been together since 2007 when the Pune-based company picked up equity in KTM.

This was followed by several motorcycles designed, developed and manufactured from scratch by both and exported from India. "The core shareholders stand by KTM and Pierer Mobility. The goal is clear: KTM should emerge stronger from this difficult time," Pierer added.