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ASX Announcement

28 July 2021

Guidance Update for the Financial Year ended 30 June 2021

National Tyre & Wheel Limited (ASX: NTD) (“NTD” and the “Group”) provides the following updated guidance for the financial year ended 30 June 2021 (“FY21”).

Subject to audit adjustments, NTD now expects FY21 Operating EBITDA to be \$35.9m, noting that Operating EBITDA in the period:

- has been normalised for \$1.4m of non-recurring and abnormal costs related to the Tyres4U acquisition;
- excludes adjustments for AASB16 *Leases*, which will increase reported EBITDA;
- includes eleven months ownership of Tyres4U as that business was acquired in August 2020; and
- does not include any material contribution from synergies arising from the acquisition of Tyres4U.

NTD estimates a basic earnings per share of 18 cents for FY21. Operating EBITDA of \$35.9 million without the adjustment for AASB16 *Leases* would be \$47.0m.

The Group’s Balance Sheet remains strong, with cash on hand at 30 June 2021 of \$29.0m and net debt of \$15.7m.

The revised FY21 guidance forecasts a result influenced by circumstances that cannot be reliably expected to prevail in the financial year ending 30 June 2022 (“FY22”). In particular, in FY21 NTD benefited from unusually high consumer demand for some products, price stability, unusual inventory movements throughout the industry, a stable and strong foreign currency exchange rate and favourable conditions in rural markets.

Given the uncertain trading conditions likely to be encountered in FY22, exemplified by the current COVID pandemic related lockdowns, NTD expects FY22 Operating EBITDA to be in the range of \$31m to \$33m, noting that Operating EBITDA in that period will exclude non-recurring costs associated with relocating various warehouses and installing a new Enterprise Resource Planning IT system (“ERP”). Material synergies associated with warehouse consolidations, logistics, the new ERP and cross selling between the Group’s business units are expected to accrue in the financial year ending 30 June 2023. NTD estimates a basic earnings per share of 15 cents in FY22 based on the mid-point of the FY22 guidance range.

The guidance for FY22 assumes that there is no materially adverse impact to operations from a downturn in prevailing market and economic conditions arising from the pandemic beyond that already anticipated by NTD in that guidance.

This announcement was approved, and authorised for release, by NTD's Board of Directors.

ENDS

For further information, please contact:

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Important Information and Disclaimer

This announcement may contain forward-looking statements, which include all matters that are not historical facts. Without limitation, indications of, and guidance on, future earnings and financial position and performance are examples of forward-looking statements.

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