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ASX Announcement

25 February 2020

Acquisition of Industrial Tyre Services

National Tyre & Wheel Limited (ASX code "NTD") and Industrial Tyre Services Pty Ltd ("ITS") are pleased to announce that they have entered into an agreement by which NTD's subsidiary, Statewide Tyre Distribution Pty Limited ("Statewide"), will acquire certain assets from ITS.

These assets include plant and equipment, intellectual property (including the business name) and some inventory of ITS for the cost or written down value of those assets. Subject to stocktakes and final valuations, NTD expects to pay \$700,000 to \$800,000 for these assets.

With its head office in Adelaide, South Australia, Statewide is a leading wholesaler of passenger, van and truck tyres. Statewide supplies a wide variety of tyres sourced from a large number of suppliers to different customers generally at a lower price point relative to other NTD businesses.

Statewide's business has grown in FY20 and, consistent with NTD's strategy to diversify its tyre businesses into lower priced segments in new markets, Statewide will establish a branch in Western Australia.

ITS is a similar but smaller business than Statewide with most revenue coming from selling the same tyre brands as Statewide. Statewide will occupy existing ITS premises under licence in the short term and continue the employment of Mr Rex Lovis, the founder of ITS and one other person. Statewide is looking to recruit to add to the sales team in WA.

The acquisition is subject to the satisfactory completion of due diligence by NTD and some other conditions precedent with the parties expecting to finalise the acquisition by 29 February 2020.

Peter Ludemann, CEO of NTD, said "we are committed to building a diversified tyre and wheel business that operates in many segments based on vehicle type, value proposition and geography. It so happens that the Statewide business model works well in the present business and consumer environment."

The purchase will be funded by existing NTD cash reserves.

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

ENDS

For further information, please contact:

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