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ASX Announcement

12 November 2020

Trading Update to 31 December 2020

National Tyre & Wheel Limited (“NTD” and the “Group”) (ASX: NTD) provides the following update on trading results and forecasts for the 6 months ending 31 December 2020 (H1 FY21).

On 3 August 2020, NTD acquired the business assets and liabilities of Tyres4U in Australia and New Zealand. A review of Group operations has resulted in a plan to re-organise some parts of Tyres4U, integrate some Group businesses and seek expressions of interest in re-capitalising the Tyreright retail business. NTD will provide more information about these plans at the Annual General Meeting to be held at 11am today.

Trading since NTD’s last update on 3 September 2020 has exceeded expectations. Demand from consumers and sales for commercial applications have been robust over the first four months.

NTD now expects H1 FY21 operating EBITDA to be between \$11.5 million and \$12.5 million, noting that Tyres4U was acquired in August and that adjustments for AASB16 Leases, which will increase reported EBITDA, have not been made in this guidance. NTD’s H1 FY21 forecast does not include any material contribution to earnings from synergies arising from the acquisition of Tyres4U. The Group’s Balance Sheet remains strong, with cash on hand at 31 October 2020 of \$28.6 million (net debt at that date of \$12.8 million).

In H2 of FY21 NTD will be implementing the re-organisation and integration plans to create a new growth platform for the Group. Some non-recurring expenses associated with that activity will be incurred. It is expected that these expenses will be largely offset by cost savings and revenue growth as the new business platform evolves. These costs and benefits have not yet been fully quantified and further guidance about the impact of the new growth platform on financial performance will be provided when the H1 results are released.

In the meantime, NTD expects the present trading trajectory to be maintained in H2 of FY21 noting that there is continuing uncertainty about economic conditions arising from the pandemic, including pressure on inventory levels arising from shipping delays, and the recent reduction in the level of financial assistance from the Australian government.

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

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