



**National Tyre & Wheel Limited**  
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## ASX Announcement

2 May 2019

### FY19 Trading Update

National Tyre and Wheel Limited (ASX: NTD) has offered the following update of trading and provided the following guidance in relation to the remainder of FY19.

Sluggish consumer demand and heightened price competition in Q3 have resulted in lower than expected sales volume and revenue over that period and, despite an array of promotional activities by NTD, we are not confident that the shortfall will be recovered in Q4.

NTD now expects FY19 revenue will be between \$165m and \$167m, a surprising departure in FY19 from the historical phasing of revenue between H1 and H2 and something that reflects unusual market conditions. The Company expects FY19 GP will be at the lower end of its historical range at about 29%. FY19 EBITDA (normalised for abnormal due diligence and redundancy costs) is expected to be between \$11.5m to \$12.5m.

Looking ahead to FY20, NTD will be implementing a number of initiatives to deal with prevailing market and industry conditions, positioning the operating businesses for growth. These initiatives were outlined in the H1 results presentation and include:

- ❖ Improved price competitiveness – targeting both import and wholesale price re-alignment throughout the group;
- ❖ Continuing changes to our product mix, including source of manufacture and a more aggressive push into SUV markets in Australia and NZ with Cooper branded products;
- ❖ Growth in ETD Australia’s dealership network;
- ❖ A new consumer/retailer loyalty program - “Dynamix”, launched in South Africa;
- ❖ Further development of the 360 Partner loyalty programs in Australia and NZ, with extra emphasis on value adding services;
- ❖ Continued expansion of the wheel business (geographically and into alloy wheels);
- ❖ New brand building and local area promotional activities as well as expanded call centre/customer service assets and capabilities in Australia.

NTD’s strong balance sheet and cash position provides the platform required to pursue these significant initiatives. The execution of a number of these strategies is also well advanced with the benefits of all initiatives set to accrue in FY20 and beyond. NTD continues to deliver a return on shareholders’ funds of 11-12%.

NTD continues to evaluate M&A targets with a view to advancing transactions.

NTD intends to pay a final dividend of 2.05c per share, which together with the H1 dividend of 1.25c per share, replicates the total FY18 dividend of 3.3c, which is consistent NTD's dividend policy of paying out 40-60% of NPATA.

**ENDS**

For further information, please contact:

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