



National Tyre & Wheel Limited
PH: (07) 3255 6595 | FAX: 07 3392 7318
30 Gow Street, Moorooka QLD 4105
PO Box 101, Moorooka QLD, 4105
ABN 97 095 843 020

ASX Announcement

1 June 2018

Acquisition of Statewide

National Tyre & Wheel Limited (ASX code "NTD") is pleased to announce that it has acquired 100% of Statewide Tyre Distribution Pty Ltd ("Statewide") for \$8.875 million after close of business on 31 May 2018. The consideration is a mix of cash and NTD shares. Statewide had no net debt on acquisition.

The purchase price is subject to adjustment based on a final determination of working capital and payment of 5% of the cash component of the completion payment has been deferred pending that calculation.

Background

With its head office in Adelaide, South Australia, Statewide is a leading wholesaler of passenger, van and truck tyres. Statewide has been supplying a wide variety of tyres sourced from a large number of suppliers for over 25 years. Statewide supplies less expensive products than NTD's existing wholesale businesses. It also operates in the truck and bus tyre segment, a category in which NTD is seeking to expand. Statewide and NTD do not have many existing customers in common.

Statewide has been acquired from its founders, John Weeks and Trevor Wren. Trevor Wren will continue as General Manager of Statewide after the acquisition.

Peter Ludemann, CEO of NTD, said "Statewide has built a business over 25 years and it now has a diverse supplier and customer base, a wide range of products and delivers outstanding customer service to tyre retailers.

Most of Statewide's customer base will be new to NTD. Statewide will continue to operate as a separate business within the NTD group.

"We look forward to working with the existing Statewide team to further enhance that service," Mr Ludemann said.

Trevor Wren said, "joining with the NTD group will deliver Statewide significant resources to continually improve our service levels and to grow Statewide's business into new markets."

Transaction Highlights

The acquisition will add approximately \$20 million to NTD group revenue on a full year basis. The purchase price represents less than 5 times Statewide's normalised forecast FY18 EBITDA and it is forecast to be immediately earnings per share accretive for NTD shareholders by 8.4% or by approximately 0.8 cents per share (with pro-forma earnings per share increasing from 10.2 cents per share to 11.0 cents per share)¹.

¹ Based on NTD Pro Forma FY18 forecast NPATA forecast published in the NTD Prospectus dated 24 November 2017 and Statewide Forecast FY18 NPAT



National Tyre & Wheel Limited
PH: (07) 3255 6595 | FAX: 07 3392 7318
30 Gow Street, Moorooka QLD 4105
PO Box 101, Moorooka QLD, 4105
ABN 97 095 843 020

Following the market close on 31 May 2018, NTD entered into and completed a share sale and purchase deed with John Weeks and Trevor Wren (“Vendors”) to acquire all of the issued capital of Statewide for \$8.875 million, subject to adjustment.

The purchase price was funded from NTD’s debt facility, which has been increased by \$7.5 million, and the issue of 1,209,016 NTD shares to the Vendors with a value of \$1.475 million based on the weighted average price of NTD shares traded over the period of 90 days prior to completion (\$1.22 per NTD share). John Weeks was issued 553,279 NTD shares at completion.

Trevor Wren, the Managing Director of Statewide, will receive 655,737 NTD shares on 18 June 2018 at the same issue price. The NTD shares issued to Trevor Wren will be subject to forfeiture and will be restricted so that one third of the shares will be released from trading restrictions on each anniversary of completion until 2021, subject to

1. Mr Wren remaining an employee of Statewide; unless
2. Mr Wren’s employment is terminated by Statewide without cause, unlawfully, or due to his redundancy, death or incapacity.

As a condition of the increase in debt facilities, Statewide will be required to join into the NTD Group’s debt facilities by entering into a guarantee and a general security agreement in favour of NTD’s financier. As this will amount to the giving of financial assistance in connection with the acquisition of shares in Statewide, the financial assistance will require the approval of NTD shareholders under section 260B(2) of the Corporations Act. That approval will be sought at NTD’s 2018 annual general meeting.

NTD’s debt facility will now expire on 21 May 2021.

Strategic Impact

Statewide specialises in offering lower price tyres and wheels to customers in South Australia, New South Wales and the Northern Territory. It sells a wide array of brands sourced mainly from suppliers based in China. Statewide supplies products that are suitable for trucks and buses as well as 4WD, SUV and passenger car vehicles.

NTD is the parent company of tyre and wheel wholesale businesses including Exclusive Tyre Distributors (in Australia and NZ), MPC Mags and Wheels, Top Draw Tyres (South Africa) and Dynamic Wheel Co. NTD’s existing businesses offer premium products from a few suppliers in the car, SUV and 4WD vehicle segments.

NTD seeks to continue diversifying its business and building the scale of its operations in the importation and wholesale distribution of tyres and wheels in Australia. Statewide will provide NTD with access to the multi branded lower priced segment of the market with opportunities for revenue and cost synergies over time.

Statewide expects to benefit from investment by NTD in sales and logistics. The Statewide acquisition also has the potential to act as a catalyst for further acquisitions by NTD of businesses similar to Statewide in other States and Territories.

Statewide will contribute to NTD earnings as it operates on NPAT and EBITDA to revenue ratios that are consistent with the margins achieved by NTD’s other operating entities.



National Tyre & Wheel Limited
PH: (07) 3255 6595 | FAX: 07 3392 7318
30 Gow Street, Moorooka QLD 4105
PO Box 101, Moorooka QLD, 4105
ABN 97 095 843 020

ENDS

For further information, please contact

Peter Ludemann
CEO, NTD
07 3255 6595

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. Forward-looking statements, including projections or guidance on future earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including NTD). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual results, performance or achievement may vary materially from any projections and forward looking statements and the assumptions on which those statements are based.