



Exclusive
Tyre Distributors
Building Leading Brands



Financial Results

2018 Financial Year

Note: Top Draw Tyres now trades as Tyrelife Solutions



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Results Highlights



FY18 results exceed prospectus forecast



Unit volume up 7.7% on FY17



Acquired businesses deliver on investment case



Statewide acquisition completed in May 2018



Other M&A discussions continuing



Expect FY19 earnings to be ahead of FY18

Pro Forma Results



FY18 Pro Forma NPATA \$10.7 million ahead of FY18 full year prospectus forecast
NPATA \$10.3 million



FY18 Pro Forma EBITDA \$16.9 million (FY18 full year prospectus forecast
\$16.4 million)



Statewide excluded from pro forma, adds another \$0.2 million to EBITDA
... one month's trading



Pro forma gross margin = 32.6% and EBITDA:Revenue = 11% - both ahead
of FY18 forecast



Net Cash at 30 June 2018 of \$5.2 million.



Final dividend of 2.3c per share (fully franked) confirmed, dividend reinvestment
plan activated.

Summary of Pro Forma Results



\$'000	Pro Forma			
	Historical		Forecast	Actual
	FY2016	FY2017	FY2018	FY2018
Sales revenue	137,379	144,464	155,232	153,402
Cost of sales	(97,452)	(97,343)	(106,199)	(103,323)
Gross profit	39,927	47,121	49,033	50,078
Other revenue	252	377	180	227
Employee benefits expense	(15,156)	(16,150)	(16,589)	(16,826)
Advertising & promotions	(4,240)	(5,517)	(5,519)	(5,761)
Occupancy expense	(3,562)	(3,543)	(3,802)	(3,749)
Other expenses	(6,484)	(6,689)	(6,922)	(7,029)
EBITDA	10,737	15,599	16,381	16,940
Depreciation	(874)	(797)	(880)	(707)
Amortisation of intangibles	(1,514)	(1,514)	(1,514)	(1,639)
EBIT	8,349	13,288	13,987	14,594
Share of net profit of associate				
Interest (net)	(228)	(228)	(228)	(357)
Profit before tax	8,121	13,060	13,759	14,237
Income tax expense	(2,721)	(4,221)	(4,432)	(4,496)
NPAT	5,400	8,839	9,327	9,741
Non-controlling interests	(434)	(335)	(397)	(427)
NPAT attributable to NTAW	4,966	8,504	8,930	9,314
Amortisation [addback]	1,339	1,339	1,339	1,426
NPATA attributable to NTAW	6,305	9,843	10,269	10,740
EBITDA attributable to NTAW	10,034	15,039	15,728	16,307

Comments

- The pro forma consolidated statement of profit and loss for FY2018 is reconciled to the consolidated statutory result for the same period in the Financial Report released on ASX on 30 August 2018; and
- The forecast income tax rate applicable to NTAW is approximately 32%, which is equivalent to the Australian corporate tax rate adjusted for permanent differences.
- EBITDA attributable to NTAW excludes non-controlling interests. The non-controlling interest represents the residual 50% interest in Top Draw held by the Top Draw Vendors (Top Draw now trades as Tyrelife Solutions)
- Statewide's results have been excluded from the pro forma result.
- The amortisation of finite life intangibles relates to customer relationships and importation rights. The amortisation expense is based on an average useful life of between 5 and 12 years. The add-back to NPAT is presented on a tax-effected basis.
- NPATA excludes non-controlling interests, attributable to NTAW shareholders adjusted for amortisation.

Bridging Pro Forma & Statutory Statements



\$'000	FY2015 Revenue	FY2016 Revenue	FY2017 Revenue	FY2018 Revenue	FY2018 Revenue
Pro forma revenue	137,662	137,379	144,464	155,232	153,402
Revenue relating to acquired businesses:					
NSW/ACT	(4,960)	0	0	0	0
MPC	(8,351)	(10,659)	(8,785)	0	0
Cotton	(10,155)	(9,835)	(9,729)	(3,262)	(3,193)
Top Draw	(12,628)	(12,823)	(13,779)	(8,446)	(8,804)
Statewide Tyre Distributors			0	0	1,968
Inter-company eliminations	7,233	7,222	7,226	2,227	2,812
Statutory revenue	108,801	111,284	119,397	145,751	146,184

\$'000	Note	FY2015 NPAT	FY2016 NPAT	FY2017 NPAT	FY2018 NPAT	FY2018 NPAT
Pro forma NPAT		5,617	5,400	8,839	9,327	9,741
NPAT relating to acquired businesses	1					
MPC		(986)	(1,163)	(1,059)	0	0
Cotton		(451)	(489)	(530)	(127)	(140)
Top Draw		(822)	(867)	(670)	(415)	(414)
Equity accounting Top Draw	2	0	0	0	(78)	133
Unrealised FX Translation	3	276	0	0	0	(628)
Offer costs	4	0	0	0	(1,531)	(1,455)
Public company costs	5	261	244	241	28	28
Share based payments	6	(100)	600	(444)	(2,052)	(2,057)
Other pro forma adjustments		0	86	(97)	0	(44)
Net interest		(119)	(157)	(78)	18	18
Taxation adjustment		(290)	294	(195)	(68)	172
Statutory NPAT		3,386	3,948	6,007	5,102	5,354

Notes

- NPAT relating to acquired businesses** - reflects the trading of the group from 1 July 2016 to the dates on which acquired entities become controlled (to the extent such trading was not already included in the FY2017 statutory financials for NTAW, or the FY2018 statutory forecast).
- Equity accounting Top Draw Tyres**- reflects the equity accounted share of Top Draw Tyres profit for the period from 1 November 2017 until the date of control 13 December 2017.
- Unrealised FX translations** – reflects the non-cash accounting for foreign exchanges translations at 30 June 2018 in accordance with AASB 121. This expense is a “point in time” translation and doesn’t represent a realised loss or gain.
- Offer costs** – reflects the amounts forecast to be expensed in FY2018 in relation to IPO and listing on the ASX. Note that \$1,475k of the offer costs (relating to the issue of new shares) are tax effected and netted off against issued capital.
- Public company costs** – reflects the increase in corporate costs expected as a consequence of the Company becoming ASX listed.
- Share based payments** – an employee option plan existed prior to the IPO. All options issued under that plan were exercised prior to the IPO resulting in a share based payment expense of \$2.657 million. The Company intends to adopt a new employee incentive plan that is consistent with a share based payment expense in FY2019 of \$600k. Therefore, the FY2018 pro forma financial statements exclude the pre IPO expense and include \$600k being the share based payment expense that will be attributable to the Company’s new employee incentive plan had it been in place in FY2018.

Balance Sheet



\$'000	FY2018 30 June 2018	FY2017 30 June 2017
Balance Sheet		
Current assets		
Cash and cash equivalents	19,608	14,765
Receivables	25,900	19,840
Inventories	47,754	31,348
Other assets	2,242	269
Total current assets	95,504	66,222
Non-current assets		
Property, plant and equipment	3,917	3,245
Intangible assets	22,167	14,591
Deferred tax	4	-
Other assets	-	81
Total non-current assets	26,088	17,917
Total assets	121,592	84,139
Current liabilities		
Payables	35,018	25,361
Borrowings	1,615	1,355
Provisions	3,107	1,976
Current tax liabilities	1,069	733
Other financial liabilities	-	399
Other liabilities	-	48
Total current liabilities	40,809	29,872
Non-current liabilities		
Payables	-	2,151
Borrowings	12,820	6,812
Deferred tax	-	636
Provisions	1,300	1,295
Total non-current liabilities	14,120	10,894
Total liabilities	54,929	40,766
Net assets	66,663	43,373

Notes

- Cash and cash equivalents** – The Group has a strong cash position holding \$19.6 million at 30 June 2018, resulting in a net cash position of \$5.2 million.
- Inventory** – increase in inventory driven by the acquisitions of Top Draw, Cotton and Statewide in the year .
- Intangibles** – movement in the period represents the acquired goodwill, customer relationships and South African importation rights.
- Provisions** – Increase in current provisions driven by acquired employee entitlements as well as import duties in the South Africa.

\$'000	FY2018 30 June 2018	FY2017 30 June 2017
Balance Sheet		
Equity		
Issued capital	64,761	18,942
Reserves	(215)	1,967
Retained earnings	(974)	16,025
Equity attributable to owners of National Tyre & Wheel Limited	63,572	36,934
Non-controlling interests	3,091	6,439
Total equity	66,663	43,373



Net Cash at 30 June 2018 of \$5.2 million.

Cash Flow



\$'000	Statutory Forecast FY2018	Statutory Actual FY2018
EBITDA	11,279	11,390
Non-cash items	2,652	2,657
Net movement in working capital	(3,268)	(2,469)
Operating cash flow before financing, taxation and capital expenditure	10,663	11,578
Capital expenditure (net)	(1,263)	(802)
Cash flow before financing and taxation	9,400	10,776
Payments to Non-controlling interests	(2,706)	(2,706)
Acquisition payments	(7,783)	(14,806)
Cash balances from acquisition		1,450
Proceeds from Offer	24,923	24,923
Proceeds from exercise of options	1,311	1,311
Capitalised offer costs	(1,553)	(1,475)
Repayment of borrowings	(1,368)	(1,398)
Receipt from borrowings		7,471
Interest paid	(203)	(291)
Net cash flow before taxation and dividends	22,021	25,255
Income tax paid	(3,856)	(4,461)
Net cash flow before dividends	18,165	20,794
Dividend	(16,011)	(16,011)
Net cash flow	2,154	4,783
EBITDA Cash flow conversion %	83%	95%

Comments

- EBITDA cash flow conversion 95%, stronger than prospectus forecast.
- Net movement in working capital lower than forecast due to running down inventory of Cooper AT3 in Australia as it will be replaced with a new version in Q1-2 of FY19.
- Capital expenditure in the period was under forecast as a result of the postponed Victorian warehouse move to FY19. In addition to three planned motor vehicle replacements not undertaken in the year. These will occur in FY19.
- Additional financing cashflows resulted from the Statewide acquisition.

Successful IPO and ASX Listing



- 59 million shares sold, raising \$59m at \$1.00 per share
- After sell down \approx 58% held by the public and institutions
- More than 30 institutional shareholders at IPO
- Market Cap at \approx \$125m @ \$1.22 per share (based on closing price on 20 August)
- Net Cash at 30 June \approx \$5.2m

Share Price since IPO

NTD Share Price Chart



- Specialised brand building business focused on tyre & wheel importing and distribution
- Leading position in 4WD/SUV tyres, steel wheels & OEM wheels and tyres to caravan manufacturers
- Strong history of earnings and dividends
- Track record of organic growth and successful M&A – targets have similar customers, suppliers and operating systems
- Future growth to be driven by organic strategies, geographic expansion and M&A (acquisition pipeline being pursued)
- Established national distribution footprints in Australia, New Zealand and South Africa
- Low customer concentration. Exclusive long term supplier relationships

Experienced Management Team & Board



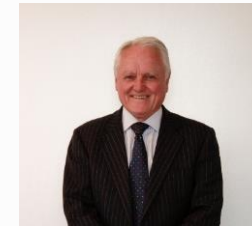
Peter Ludemann
Chief Executive Officer and Managing Director

- CEO as NTD grew revenue from \$109 m to \$153m over 4 years
- M&A background, successful integration of 6 key acquisitions since 2013



Jason Lamb
Chief Financial Officer and Company Secretary

- CFO for 10 years
- Integral part of NTD senior management



Murray Boyte
Chairman

- Experienced and distinguished public Company Director
- Extensive merchant banking and management experience



Terry Smith
Co-founder & Executive Director

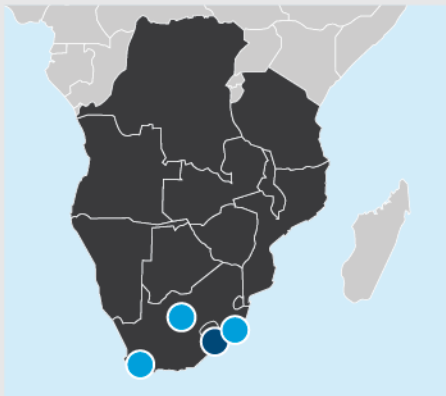
- Co-founder of NTD in 1989 from a tyre retail store in Brisbane
- 40 years experience in tyre wholesale & retail.

Extensive Distribution Platform

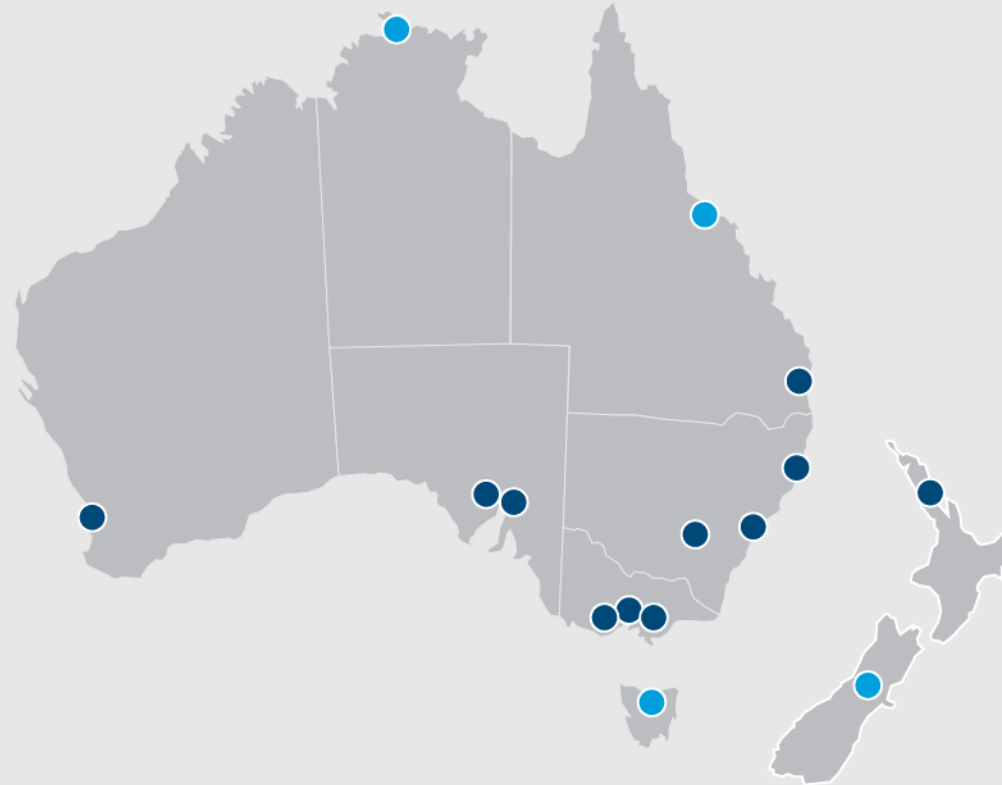


Sales & Distribution Centres

- NTAW Distribution Centers
- 3rd Party Warehouse



Durban, South African Economic Zone



- Senior Management team with over 200 years combined tyre and wheel industry experience
- Over 200 employees in 3 countries
- 12 Distribution Centres operated by NTAW
- 7 Warehouse operated by 3rd parties

A diversified tyre and wheel wholesaler



Exclusive
Tyre Distributors
Building Leading Brands



STATEWIDE TYRES



New Zealand

Australia

South Africa

South Australia

Hottest and toughest



Building Leading Brands – Tyres



- Exclusive importer and distributor of
 - Cooper and Mickey Thompson 4WD, SUV and passenger tyres and wheels in Australia, New Zealand and South Africa
 - All Federal tyres in Australia (ex Qld) and New Zealand
 - Mastercraft, Dick Cepek and Starfire tyres in Australia and New Zealand

Strong growth in new markets – Cooper passenger range launched in 2016, Mickey Thompson in South Africa in 2017

360° Customer Loyalty Program driving growth for ETD Australia and New Zealand. Tapping into new consumer pathways with “Man in the Tyre” and TCC campaigns

Access to the profitable budget segment via Statewide

Diversified and low concentration customer base covering the field of tyre and wheel retailers

Exclusive Tyre Distributors

Building Leading Brands

Australia

New Zealand

South Africa



TYRES WORTH OWNING



LEGENDARY OFF-ROAD TIRES



Bringing Motorsport Performance to Street Tyres



BUILDING HIGH MILEAGE TIRES SINCE 1909



American Engineered & Tested



Building Leading Brands – Wheels & MPC



- Dynamic – specialising in steel wheel importing and distribution in Australia and New Zealand
- MPC – specialising in OE solutions for caravan and trailer manufacturers in Australia
- Proprietary brands (Dynamic and MPC) and product designs
- Strong growth in new markets – Dynamic spreading in Australia and NZ from established footprints Vic & Qld; MPC targeting new trailer segments
- Founders still managing the businesses
- Dynamic has low customer concentration and a diversified customer base covering the field of tyre retailers
- MPC is the leading business in OE tyre and wheel solutions for Australian caravan manufacturers





Hottest and toughest



History of Growth & Profit



-  ETD (core business) founded in 1989 to import and distribute Cooper tyre products
-  Exclusive retailer business model and rapid expansion of 4WD vehicle fleet resulted in growth, with Cooper achieving a market leading position
-  Mickey Thompson 4WD range launched in 2000. New Zealand start up in 2011. Brand diversification – Mastercraft, Dick Cepek, Federal, 4x4 Wheel Co. business units set up.
-  M&A activity commences in 2012 followed by acquisition of NTW Import Rights (2012), Dynamic Wheel Co (2013), NTW (2014), MPC, Cotton, Top Draw (2017) and Statewide (2018)









	Historical Pro forma	Forecast Pro forma	Actual	Statutory Forecast	Actual
	FY2017	FY2018	FY2018	FY2018	FY2018
Number of tyres sold	720,566	783,550	776,123		
Tyres sold growth %	6.7%	8.7%	7.7%		
Revenue growth %	5.2%	7.5%	6.2%		
Gross profit growth %	18.0%	4.1%	6.3%		
Gross profit margin	32.6%	31.6%	32.6%	31.8%	31.9%
Operating costs as % of total revenue	22.1%	21.2%	21.8%	24.2%	24.8%
EBITDA growth %	45.3%	5.0%	8.6%		
EBITDA margin	10.8%	10.6%	11.0%	7.7%	7.8%

- Expect FY19 earnings (EBITDA) to be ahead of FY18, with H2 contributing more than usual due to Q2 new product launch.
- Organic growth at historical rates forecast for business units – backed by ETD launch of an update of its biggest selling product (August/September 2018).
- The tyre and wheel industry is predicted to grow steadily with population, the size of the vehicle fleet and distances travelled*.
- In Australia, the vehicle segments primarily targeted by ETD (4WD and SUV) continue to grow more rapidly than the rest of the fleet.
- ETD's 360° Customer Loyalty Program to be a key driver of growth
- New consumer pathways (access to online information) create opportunities for growth and underpin ETD's "Man in the Tyre", fitness for purpose and TCC campaigns.
- Subsidiaries operate as separate business units specialising in market segments where they can achieve a leading position, with founders managing them.
- Tyre Life Solutions, ETD (NZ) and MPC are at a relatively early stage in their life cycle ... room to grow. Opportunity to expand Statewide beyond South Australia
- Dynamic is targeting growth from geographic expansion and new products (alloy wheels).
- NTAW has an acquisition pipeline, is presently engaged with a number of parties and expects to add new businesses to the group over the next 12 months.
- Synergies from existing group businesses and new acquisitions.

* NTAW estimates and IBIS Report on Tyre Retailing 2017

FY19 Key Activities



	ETD new product launches	August/September
	Revenue synergies (all Group Businesses)	Ongoing
	Dynamic new product launch	Q2
	Mickey Thompson TCC Content Launch	August
	South Africa Product launches	Q3
	M&A Discussions	Ongoing
	New MPC Mud Tyre and new Wheel	Q1
	New ETD Australia COO	Q2



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Questions

Thank you

