



Exclusive
Tyre Distributors
Building Leading Brands



Hottest and toughest



**TOP
DRAW
TYRES**

Financial Results

Six Months to 31 December 2017



Important Information and Disclaimer



- ❑ This presentation may contain certain unaudited financial information in relation to National Tyre & Wheel Limited (NTD and the Company). As such, it has not been subject to an audit or an audit process or otherwise independently verified.
- ❑ This presentation may contain forward looking statements. Such statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements expressed, projected or implied in the statements. The company gives no assurance that the anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.
- ❑ None of the company or any of its directors or any other party associated with the preparation of this presentation guarantee that any specific objective of the company will be achieved or that any particular performance of the company or of its shares will be achieved.
- ❑ The information in this presentation does not take into account the objectives, financial situation or particular needs of any person. Nothing contained in this presentation constitutes investment, legal, tax or other advice.

Results Highlights



IPO successfully completed in December 2017



On track for pro forma Prospectus forecast



Organic strategies delivering growth



M&A pipeline and presently engaged with a number of parties



Recently acquired businesses on track for Prospectus forecast

Pro Forma Results



H1 Pro Forma NPATA \$5.02 million... FY18 full year forecast NPATA \$10.27 million



H1 Pro Forma EBITDA \$7.95 million (FY18 full year forecast \$16.38 million)



H1 seasonality consistent with prior years and FY18 forecast



Gross margin 32.9% and EBITDA:Revenue 11% - both ahead of FY18 forecast



H1 Expenses \approx Budget. Net Cash at 31 December 2017 of \$8.3 million.



H1 dividend Of 1.0c per share (fully franked) confirmed

Summary of Pro Forma Results



\$'000	Pro Forma			Statutory	
	Historical	Forecast	Actual	Forecast	Actual
	FY2017	FY2018	H1 FY2018	FY2018	H1 FY2018
Sales revenue	144,464	155,232	75,375	145,801	66,567
Cost of sales	(97,343)	(106,199)	(50,606)	(99,445)	(44,784)
Gross profit	47,121	49,033	24,769	46,356	21,783
Other revenue	377	180	109	146	6
Employee benefits expense	(16,150)	(16,589)	(8,429)	(17,556)	(9,703)
Advertising & promotions	(5,517)	(5,519)	(3,066)	(5,005)	(2,483)
Occupancy expense	(3,543)	(3,802)	(1,877)	(3,754)	(1,845)
Other expenses	(6,689)	(6,922)	(3,552)	(8,908)	(5,514)
EBITDA	15,599	16,381	7,954	11,279	2,244
Depreciation	(797)	(880)	(354)	(840)	(338)
Amortisation of intangibles	(1,514)	(1,514)	(770)	(1,361)	(610)
EBIT	13,288	13,987	6,830	9,078	1,296
Share of net profit of associate				78	133
Interest (net)	(228)	(228)	(171)	(203)	(154)
Profit before tax	13,060	13,759	6,659	8,953	1,275
Income tax expense	(4,221)	(4,432)	(2,145)	(3,851)	(1,297)
NPAT	8,839	9,327	4,514	5,102	(22)
Non-controlling interests	(335)	(397)	(173)	(610)	(616)
NPAT attributable to NTAW	8,504	8,930	4,341	4,492	(638)
Amortisation [addback]	1,339	1,339	680	1,232	568
NPATA attributable to NTAW	9,843	10,269	5,021	5,724	(70)
EBITDA attributable to NTAW	15,039	15,728	7,624		

Comments

- The pro forma consolidated statement of profit and loss for H1 of FY2018 is:
 - reconciled to the consolidated statutory result for the same period in the Interim Financial Report released on ASX on 27 February 2018; and
 - consistent with seasonality between first and second half performance experienced in prior years
- 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
- 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	Notes	FY2017 Historical Revenue	FY2018 Forecast Revenue	H1 FY2018 Actual Revenue
Pro forma revenue		144,464	155,232	75,375
Revenue relating to acquired businesses:				
MPC		(8,785)	-	-
Cotton		(9,729)	(3,262)	(3,193)
Top Draw Tyres		(13,779)	(8,446)	(8,427)
Inter-company eliminations		7,226	2,227	2,812
Statutory revenue		119,397	145,751	66,567

\$'000	Notes	FY2017 Historical NPAT	FY2018 Forecast NPAT	H1 FY2018 Actual NPAT
Pro forma NPAT		8,839	9,327	4,514
NPAT relating to acquired businesses:	1			
MPC		(1,059)	-	-
Cotton		(530)	(127)	(140)
Top Draw Tyres		(670)	(415)	(450)
Equity accounting Top Draw	2	-	(78)	133
Unrealised FX Translation	3	-	-	(583)
Offer costs	4	-	(1,531)	(2,015)
Public company costs	5	241	28	-
Share based payments	6	(444)	(2,052)	(2,357)
Other pro forma adjustments		(97)	-	245
Net interest		(78)	18	18
Taxation adjustment		(195)	(68)	613
Statutory NPAT		6,007	5,102	(22)

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 31 December 2017 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 FY2018 of \$600k. Therefore, the FY2018 pro forma financial statements exclude the pre IPO expense and include \$300k being 50% of the share based payment expense that will be attributable to the Company’s new employee incentive plan in FY2018.

Balance Sheet



\$'000			
Balance Sheet	Notes	FY2018 Actual 31 December 2017	FY2017 Actual 30 June 2017
Current assets			
Cash and cash equivalents	1	16,044	14,765
Receivables		19,350	19,840
Inventories	2	38,371	31,348
Other assets		482	270
Total current assets		74,247	66,222
Non-current assets			
Receivables		-	80
Property, plant and equipment		3,599	3,245
Intangible assets	3	18,652	12,690
Deferred tax assets		2,417	968
Other assets		1	1
Total non-current assets		24,669	16,983
Total assets		98,916	83,205
Current liabilities			
Payables		24,063	25,361
Borrowings		1,403	1,355
Provisions	4	3,217	1,976
Current tax liabilities		958	522
Other financial liabilities		674	399
Other liabilities		11	48
Total current liabilities		30,326	29,661
Non-current liabilities			
Payables		-	2,151
Borrowings		6,277	6,812
Provisions		1,301	1,295
Total non-current liabilities		7,578	10,258
Total liabilities		37,904	39,919
Net assets		61,012	43,287

Notes

- Cash and cash equivalents** – The Group has a strong cash position holding \$16 million at 31 December 2017, resulting in a net cash position of \$8.3 million.
- Inventory** – increase in inventory driven by the acquisitions of Top Draw and Cotton in the half 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.

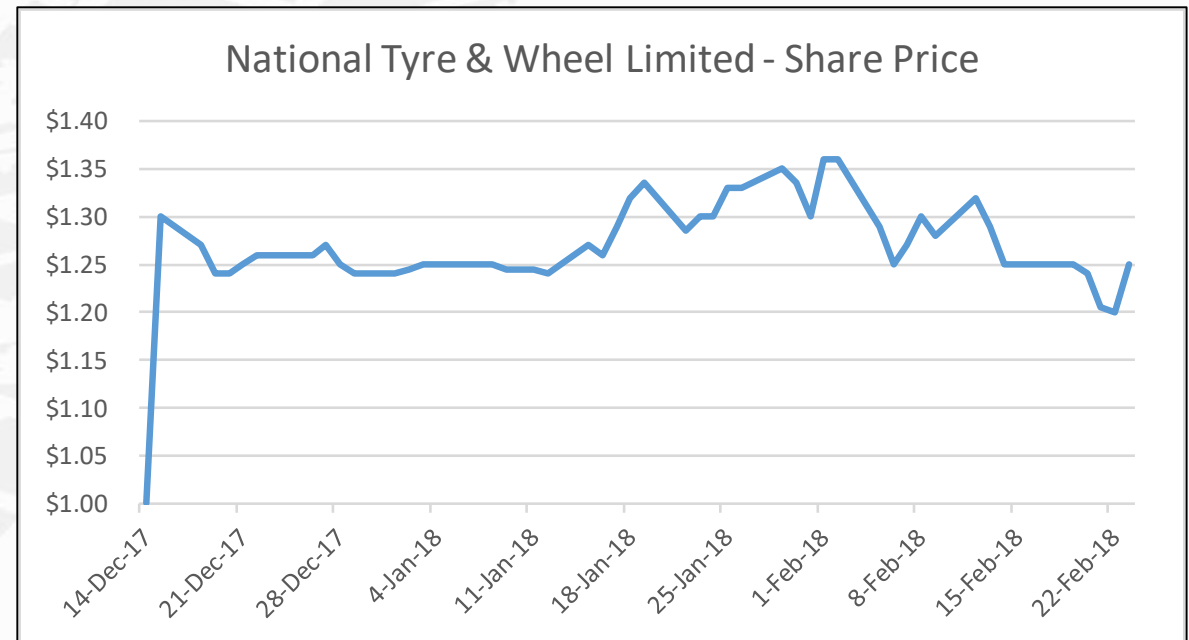
\$'000	Balance Sheet	
	FY2018 Actual 31 December 2017	FY2017 Actual 30 June 2017
Equity		
Issued capital	63,286	18,942
Reserves	26	1,967
Retained earnings	(5,160)	16,025
Equity attributable to owners of National Tyre & Wheel Limited	57,750	36,934
Non-controlling interests	2,861	6,353
Total equity	61,012	43,287

Successful IPO and ASX Listing



-  59 million shares sold, raising \$59m at \$1.00 per share
-  After founder sell down, ≈ 58% held by public and institutions
-  More than 30 institutional investors at IPO
-  Market Cap at ≈ \$122m @ \$1.21 per share (based on closing price on 23 February 2018)
-  Net Cash at 31 December 2017 ≈ \$8.3 million

Share Price since IPO



- Specialised brand building business focussed on tyre and wheel importing & 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 – shared customers, suppliers and operating systems
- Future growth to be driven by organic strategies, acquisitions and geographic expansion
- Established distribution footprint in Australia, New Zealand and South Africa
- Low customer concentration. Exclusive, long standing supplier relationships
- FY2018 earnings growth from existing strategy settings
- Acquisition pipeline being pursued
- Experienced Board and management team

Experienced Management Team & Board



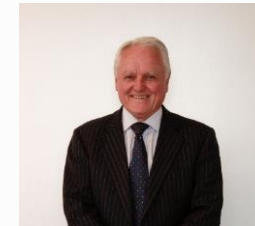
Peter Ludemann
Chief Executive Officer and Managing Director

- CEO as NTD grew revenue from \$109 m to \$146 m (forecast) over 4 years
- M&A background, successful integration of 5 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

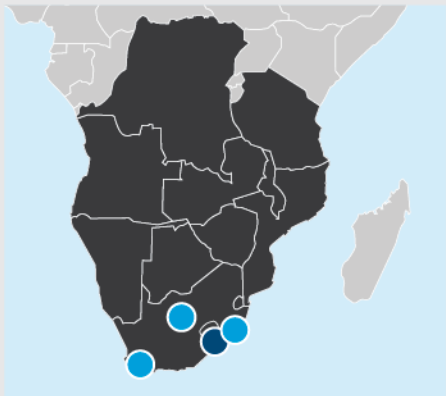
- Co-founder of NTD in 1989 from a tyre retail store in Brisbane
- 40 years experience in tyre wholesale & retail.

Extensive Distribution Platform

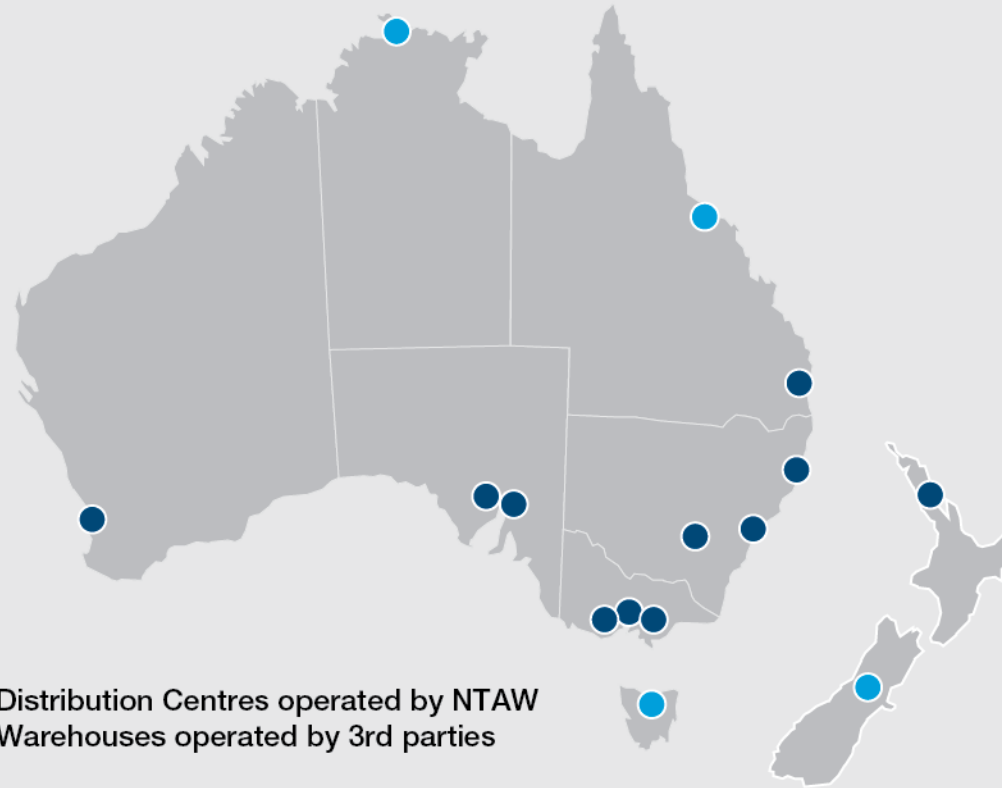


Sales & Distribution Centres

- NTAW Distribution Centers
- 3rd Party Warehouse



Durban, South African Economic Zone



11 Distribution Centres operated by NTAW
7 Warehouses operated by 3rd parties











Senior Management team with over 200 years combined tyre and wheel industry experience



175 employees in 3 countries

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.
-  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

TOP DRAW TYRES



TYRES WORTH OWNING



Building Leading Brands – Wheels & MPC



- Dynamic – specialising in steel wheels 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)

	Historical	Forecast	Actual	Statutory	
	Pro forma	Pro forma	Pro Forma	Forecast	Actual
	FY2017	FY2018	H1 FY2018	FY2018	H1 FY2018
Number of tyres sold	720,566	783,550	380,264		
Tyres sold growth %	6.7%	8.7%			
Revenue growth %	5.2%	7.5%			
Gross profit growth %	18.0%	4.10%			
Gross profit margin	32.6%	31.6%	32.9%	31.8%	32.7%
Operating costs as % of total revenue	22.1%	21.2%	22.1%	24.2%	29.4%
EBITDA growth %	45.3%	5.0%			
EBITDA margin	10.8%	10.6%	11.0%	7.74%	3.4%

- NTAW is on track to deliver the FY2018 pro forma Prospectus forecast.
- 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 exclusive business model has been enhanced by the 360° Customer Loyalty Program launched in 2017.
- New consumer pathways based on access to information create opportunities for growth and underpin ETD's "Man in the Tyre" and TCC campaigns.
- Subsidiaries operate as separate business units specialising in market segments where they can achieve a leading position, with founders managing them.
- Top Draw, ETD (NZ) and MPC are at a relatively early stage in their life cycle ... room to grow.
- 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.

* IBIS Report on Tyre Retailing 2017



Exclusive
Tyre Distributors
Building Leading Brands



Hottest and toughest



**TOP
DRAW
TYRES**

Questions

Thank you

