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ASX Announcement

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National Tyre & Wheel announces new strategic alliance with Michelin as part of a restructuring of its commercial truck and bus fleet business in Australia.

National Tyre & Wheel Limited (ASX: NTD) (“NTAW”) is pleased to announce two new initiatives in relation to its commercial truck and bus fleet tyre business. These initiatives are consistent with the strategy outlined in NTAW’s half year results announcement of 28 February 2023 to improve efficiency and generate growth in commercial tyre sales utilising its retail footprint.

Restructure of commercial truck and bus fleet tyre business

NTAW has restructured its commercial truck and bus fleet tyre business in Australia.

The restructure will see NTAW’s Tyreright network of owned, licensed and affiliated tyre stores, in partnership with its Black Rubber business, becoming the primary supplier of tyre management services to commercial truck and bus fleet owners throughout Australia.

Tyres are the second most important consumable cost, after fuel, to commercial truck and bus fleet operators. Maximising tyre availability, reducing tyre-related downtime and operating fleets at a competitive and predictable cost-per-kilometre are key factors for success. The provision of safe, efficient and environmentally responsible tyre management solutions is therefore a critical consideration for these customers.

NTAW has historically provided these services in Australia to its customers via its Tyres4U wholesale business. However, the acquisitions of Black Rubber Pty Ltd (“Black Rubber”) in November 2021 and Carters Tyre Services Limited (“Carter’s”) in January 2022 enhanced the Group’s ability to provide tyre management solutions to commercial fleet owners directly through NTAW’s retail network.

Black Rubber and Carter’s already provide tyre management services through their extensive retail networks, primarily in Western Australia and New Zealand, respectively. They have developed valuable expertise, systems and experience to deliver high-value solutions to small and large fleet owners.

The restructure enables NTAW to utilise this existing experience in tyre performance, tyre costs and environmental impact management to expand its commercial tyre business in other Australian states and territories directly through its Tyreright retail footprint.

NTAW’s Tyres4U wholesale business will continue to supply products to the expanded retail network.

Agreement with Michelin

Black Rubber has a long-standing relationship with Michelin Australia Pty Ltd (“Michelin”), a subsidiary of Michelin Group, the world’s largest tyre manufacturer. Under this arrangement, Black Rubber is a licensed Michelin Service Centre, re-selling premium Michelin truck tyres and using Michelin raw materials for manufacturing retread truck and bus tyres in its three Michelin accredited factories.

Michelin and Black Rubber have entered into an Agreement whereby Michelin will support the establishment of additional Michelin Service Centres throughout Australia, to be selectively co-branded with Tyreright stores based on the successful Black Rubber business model.

Under the proposed Michelin Agreement, the Tyreright network will receive favourable trading terms from Michelin and be the preferred supplier of fulfilment services to Michelin fleet customers.

Summary

The commercial tyre business initiatives outlined above will provide an enhanced experience for truck and bus fleet customers, including:

- direct access to tyre performance management systems and know-how, delivering cost certainty and minimal truck and bus downtime;
- an expanded product assortment, including premium new Michelin truck tyres as well as retreads manufactured by Black Rubber;
- a national network of Tyreright stores and affiliates, providing scheduled maintenance and tyre monitoring along with emergency tyre replacement and roadside services; and
- integrated account management, including central billing for the national fleets.

Peter Ludemann, CEO of National Tyre & Wheel Limited said, “NTAW is confident the new business structure will deliver growth to its commercial wholesale and retail businesses and greater access to high-value tyre supply and management solutions for its customers”.

Nathan Flynn, Commercial Director of Michelin Australia said, “Michelin is confident that our agreement with NTAW will expand our offer of services to improve transportation performance and provide solutions that enable customers to enjoy outstanding experiences while on the road.”

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