



National Tyre & Wheel Limited
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ASX Announcement

20 September 2023

National Tyre and Wheel Limited agrees to distribute Dunlop tyres in Australia and New Zealand.

- **The iconic Dunlop brand strengthens the NTD product range.**
- **Additional revenue of \$118m AUD p.a. Anticipated accretive to EPS from 4QFY24.**
- **Complementary strategic business fit, minimal increase in fixed cost base.**

National Tyre & Wheel Limited (ASX: NTD) (“**NTD**” or the “**Group**”) is pleased to announce the signing today of agreements between wholly owned NTD subsidiaries and Goodyear and Dunlop Tyres (Aust) Pty Ltd and Goodyear & Dunlop Tyres (NZ) Limited and (together “**Goodyear**”) for the wholesale distribution of Dunlop consumer and commercial tyres in Australia and New Zealand (“**Agreements**”).

NTD, through its subsidiaries, has entered into the Agreements with the expectation that no other distributors will be appointed and, if another was to be appointed, NTD could terminate the Agreements.

NTD’s distribution of Dunlop tyres is expected to commence in November 2023 in New Zealand and in April 2024 in Australia. The Agreements will have an initial term of five years from the commencement of the Australian agreement.

Strategic Fit with NTD

Dunlop is one of the world’s best known tyre brands, taking its name from John Dunlop who invented the pneumatic tyre in 1887. The new distribution arrangements strengthen NTD’s tyre portfolio by adding exclusively imported premium car and truck tyres.

Dunlop products can largely be accommodated within NTD’s existing wholesale distribution businesses with procurement, warehousing, logistics and sales for the brand being entirely complementary with the Group’s existing operations. The Group will distribute Dunlop tyres in New Zealand through Exclusive Tyre Distributors (NZ) Limited. In Australia, selling will commence in April 2024 following a transition period commencing today during which the Group will establish the necessary internal arrangements.

Financial Impact

Additional annualised Group revenue across Australia and New Zealand is estimated to be \$118m. The Board expects the Agreements with Goodyear will have an accretive impact on earnings per share once the distribution of Dunlop tyres commences.

Pursuant to the Agreements, NTD will acquire substantial opening inventory already imported into Australia and New Zealand by Goodyear. NTD does not expect any additional funding requirements for working capital or logistics support before 2QFY25. Additional funding, if any, is expected to be small relative to the earnings potential of the Dunlop distribution rights. NTD expects Dunlop tyres will be distributed with a modest increase in fixed costs.

Material Terms of the Agreements

The material terms of the Agreements are summarised below:

Distributors	Goodyear and Dunlop Tyres (Aust) Pty Ltd and Goodyear & Dunlop Tyres (NZ) Limited (together “ Goodyear ”) is appointing wholly owned subsidiaries of NTD as distributors of Dunlop products in Australia and New Zealand.
Scope	Wholesale distribution of Dunlop passenger car, 4WD and commercial tyres throughout Australia and New Zealand.
Commencement & Term	The Agreements have an initial term of five years, from the date of commencement of the Australian Agreement, expected to be in March/April 2024. The rights granted under the Agreements can be extended by mutual agreement or otherwise continue thereafter until terminated with at least 6 months’ notice. Goodyear can terminate the Agreements if NTD does not achieve certain volume targets.
Territories	Australia and New Zealand.
Pricing	The prices of products supplied under the Agreements can be adjusted by Goodyear acting fairly and in good faith.
Performance Hurdles	Volume targets relating to tenure and prices have been set for the first three years of the Agreements. At the end of the 3 rd year of the term of each Agreement, the parties will negotiate in good faith to reset performance hurdles.
Termination	The Agreements contain customary provisions for termination by either party for breaches of the Agreements, insolvency and for other causes.
Change of control	The Agreements contain change of control provisions relating to a change of control of NTD and/or its subsidiaries involved in the distribution of Dunlop products.

NTD

NTD is the largest independent tyre and wheel importer and wholesale distributor in Australia and New Zealand, currently importing 2.7m tyres and wheels per annum.

The Group's wholesale distribution footprint in Australia and New Zealand consists of 19 company operated wholesale distribution facilities and 3 warehouse facilities operated by third parties.

Peter Ludemann, NTD Managing Director and CEO, said: "The Group's vision is ***Going further to help our businesses & customers win***. Dunlop strengthens our existing product portfolio and we look forward to working with Dunlop customers as we prepare for the launch of our sales efforts in November 2023 (New Zealand) and April 2024 (Australia)".

This announcement was approved, and authorised for release, by NTD's Board of Directors.

ENDS

For further information, please contact:

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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.