NTAW Holdings Limited
PH: (07) 3212 0950 | FAX: (07) 3212 0951
385 MacArthur Avenue, Hamilton QLD 4007
PO Box 283, Hamilton QLD 4007
ABN 97 095 843 020

ASX Announcement

23 October 2024

2024 Annual General Meeting and Presentations

NTAW Holdings Limited (ASX: NTD) ("NTD" and "Company") releases the following documents which will be presented at this morning's Annual General Meeting, commencing at 9.00 am Brisbane time:

- the welcome address by Mr Murray Boyte, Chairman; and
- the address by Mr Peter Ludemann, Managing Director.

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

ENDS

For further information, please contact:

NTAW Holdings Limited
Mr Peter Ludemann
Managing Director & Chief Executive Officer
Phone: (07) 3212 0950

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.

Chairman's Address

2024 Annual General Meeting
of NTAW Holdings Limited (ACN 095 843 020)

23 October 2024

Good morning and welcome to NTAW Holdings Limited's 2024 Annual General Meeting.

The 2024 financial year has been another year of substantial change for your Company. Significantly, the Group commenced the distribution of Dunlop tyres in Australia and New Zealand, in April 2024 and November 2023, respectively. The Australian distribution coincided with the combination of Australian wholesale entities, Exclusive Tyre Distributors and Tyres4U, enabling customers to access a larger range of brands and products of both entities as well as Dunlop.

Your Company generated revenue of $533.4 million in the 2024 financial year and achieved an operating net profit after tax of $1.24m and delivered basic earnings per share of 1.2 cents.

Your Board acknowledges that the FY24 result is unsatisfactory. The result primarily stems from losses in the Tyres4U and Tyreright businesses in Australia following structural changes in those businesses and to the performance of our New Zealand business experiencing difficult trading conditions in that country. The Managing Director will, in his address, discuss the decisions being taken to address this performance.

We also note that more than 25% of shareholders entitled to vote today will be voting against the adoption of the FY24 Remuneration Report. In FY24, short term bonuses accrued to certain executives based on hurdles set at the beginning of FY24 by the Remuneration Committee as it was then constituted. Although consistent with the arrangements in previous years, shareholders are of the view the bonus structure is not aligned with the earnings per share delivered in FY24 and the price of the Company's shares on the ASX.

The concerns raised by shareholders and constructive comments on adopting performance measurements that are more closely aligned to shareholder returns are taken seriously by your Board and will be taken into account to reset the short-term remuneration incentive structure in FY25.

Peter will discuss the 2024 year in greater detail and will articulate your Company's strategy for the 2025 financial year. While the economic outlook in Australia and New Zealand remains uncertain, the initiatives taken in FY24 are expected to help your Company to meet challenges and opportunities ahead with confidence.

Three new Directors were appointed during the year, being Mr Ken Gunderson-Briggs, Mr Chris Hummer and Mr Tynan Young. Their appointments are being voted on today and details of their experience were included in the Notice of Meeting. I and the Board unanimously support the appointment of each Director. I'd like to acknowledge former Directors, Bill Cook and Rob Kent. Bill Cook retired from the Board in February after 11 years of service with NTAW Group, whilst sadly Rob Kent passed away suddenly in January. We are all grateful for the significant contributions Bill and Rob made to your Company throughout their tenure as Directors.

The senior management team has also experienced change with the appointment of new managers with extensive management and industry experience. At the senior executive level, Mr Warwick Hay has been appointed to the new role of Chief Operating Officer of NTAW Holdings. Warwick is an experienced senior executive with a proven track record of identifying and driving strategic and operational initiatives.

On 16th October 2024, your Company completed a 1 for 4 pro-rata non-renounceable entitlement offer, raising $12.4 million. The offer received shareholder support with 227 valid applications for entitlements received for approximately 16.9 million New Shares, equating to approximately $6.3 million, representing a take up rate by eligible shareholders of approximately 50.5%. The approximately 16.5 million New Shares that were not taken up by eligible shareholders were allotted to the underwriter and sub-underwriters of the Entitlement Offer. As previously communicated to the market, the capital raised from the entitlement offer will be used for working capital required to distribute Dunlop tyres and to meet costs associated with the offer.

I and the Board get no pleasure from communicating to shareholders that no dividend has been declared in respect of FY24. Your Board acknowledges shareholder's disappointment in the less than satisfactory performance of your Company. Your Board and management team is committed to improving performance to provide acceptable returns to shareholders.

Your Board and management have worked diligently and constructively during a challenging year. I would like to thank our staff, customers, suppliers and shareholders for the support they have delivered over the past year.

Thank you.

Managing Director's Address

2024 Annual General Meeting
of NTAW Holdings Limited (ACN 095 843 020)

23 October 2024

Welcome everybody.

As Murray has indicated, we delivered a very disappointing result in FY24, despite entering the year with some optimism based on our performance in the second half of FY23.

You may recall we had a perfect storm in 1H23 - higher COGS due to rising oil prices and a falling Australian dollar, higher shipping costs, disrupted supply chains, labour shortages and higher outbound freight costs. These conditions reversed in the second half of FY23 and provided momentum as we entered FY24.

We could not maintain it, and we meet today having had one decent half year result in two years. Results speak for themselves, and I note the aggrieved feedback from shareholders manifest in votes against the remuneration report and some long-term executive incentive proposals.

The FY24 incentives were designed at the beginning of the year by a Remuneration & Nominations Committee with different members to the current committee. The hurdles were structured in a context that is different to prevailing circumstances. I am sure the Committee will respond to votes cast in relation to the Remuneration Report in an appropriate manner.

While acknowledging that results speak for themselves, I am pleased to offer the following review of the Group's businesses in FY24.

Most of the Group's businesses did maintain the momentum built in the second half of FY23 and met our expectations in FY24.

Our 4WD brands recovered revenue, market share and profitability in Australia and New Zealand as fill rates from suppliers improved and more near sourced manufacturing increased competitiveness. Perhaps reflecting the times, revenue from the sale of budget tyres also increased. Our wheel and original equipment businesses performed well. These achievements are more meritorious given low levels of consumer sentiment and dull retail sales growth.

After a strong start to the year, commercial retail in Australia waned in the second half due to a sluggish economy and rising costs associated with our investment in the expansion of that business. The unexpected derailment of a succession plan for the management of this business also had an adverse effect on its profits.

FY24 earnings from Tyres4U in New Zealand grew with more support from suppliers and higher sales to Carter's, the Group's retail business in New Zealand. Carter's bore the brunt of declining economic activity as New Zealand entered a recession. Depressed demand from Carter's fleet customers, moving fewer goods and travelling less, saw Carter's revenue fall during the year, dampening the earnings from other business units.

For over 100 years, Goodyear has been a significant player in the Australian tyre industry. Goodyear's announcement in September 2023 that it intended to close its retail and wholesale operations, as well as its retreading plants, was a seismic event. It created and will continue to create opportunities tailor made for NTD, validating our strategy to build scale and diversity over the past decade.

Some of these opportunities have already been taken. In September 2023, NTD was appointed by Goodyear to take over the distribution of Dunlop tyres in Australia from April 2024 and New Zealand from November 2023. Dunlop is an iconic Australian brand with over 3,000 B2B customers, including a chain of 160 Dunlop Super Dealers, operating under license from Goodyear. While steeped in history and well known, Dunlop's brand suffered over recent years from destructive and persistent discounting.

In September 2024, we completed the purchase from Goodyear of a commercial retail tyre hub in Wingfield South Australia. We expect to complete the purchase of Goodyear's retread factory in Melbourne this month.

Tyres4U was acquired in 2020 for its scale and diversity, delivering the Group a larger distribution footprint and adding commercial tyres to the product range. The business generated reasonable profits in FY21. However, offering too many substitutable products and wholesaling tyres imported by competitors has eroded margins. We have been reducing costs by, for example, disposing of Tyreright retail stores and consolidating warehouses.

Dunlop products filled a gap in our Australian wholesale premium passenger and truck tyre product range. We concluded that we could not effectively sell both Dunlop and brands sourced by Tyres4U from local competitors. Distributing Dunlop also presented an opportunity to rethink how we used the Group's assets.

So, in 1H24 we radically changed the business model of Tyres4U in Australia. We stopped selling locally imported products to focus on core brands that we import and sell exclusively. We reduced the product assortment to remove lower margin products. We did this even though they required less working capital than core brands. We could not see maintainable earnings coming from locally imported brands. The remaining core brands have long histories, great reputations and meet customer needs – our mission now is focus on growing them.

We changed the Tyres4U sales and financial management system to make it compatible with our other wholesale businesses. We continued to dispose of the Tyreright retail stores owned by Tyres4U, shifting some of them to Black Rubber (our Australian commercial retail business).

We maintained the most favoured customer status of Tyreright licensees but reduced other support, including less promotional activity, downsizing the network by disposing of stores owned by Tyres4U and withdrawing products that competed with our exclusive core brands. We also tightened inventory management, knowing we would need additional working capital for the Dunlop business.

These changes to the Tyres4U business model were necessary to deliver maintainable earnings growth from the combined Australian wholesale business and to get the most from the introduction of the Dunlop product range and customer base.

Removing locally sourced brands, reducing support for the Tyreright network and tighter inventory management had a larger negative impact on revenue than we anticipated. The new sales and management systems added a degree of difficulty to managing the changes.

Unfortunately, the short-term pain associated with all these measures is reflected in the FY24 result, with losses in Tyres4U and Tyreright dragging down the Group's financial performance.

Your Board and management team believe we made the right call in changing the Tyres4U business model. The changes pave the way for transforming the Australian wholesale business, a transformation we believe will underpin its future success.

That transformation of the Australian wholesale business includes:

- the creation of a single wholesale entity offering a non-substitutable array of exclusive, core brands and products;
- a product offering in each vehicle segment – passenger, SUV, 4WD, truck & bus, industrial, agriculture and off-the-road;
- products in each value segment – budget, good, better, and best;
- a single management structure providing clarity and purpose to the entire business unit;
- the opportunity for thousands of B2B customers to purchase the expanded product portfolio in one transaction, on one running account;
- the formation of consumer and commercial sales teams, acknowledging different products and buying behaviours apply to these customer types; and
- opportunities to operate more efficiently and cost effectively, leveraging more adroitly the considerable experience and expertise that exists in the business.

A new management team and structure is leading this transformation. I would like to welcome Warwick Hay to the senior leadership team as Chief Operating Officer of NTAW Holdings with responsibility for the Australian Wholesale businesses and Simon Billington as CEO of National Tyre & Wheel, our renamed combination of Exclusive Tyre Distributors, Tyres4U and Dunlop.

Our other major initiative in FY24 was a commitment to growing our commercial truck and bus tyre business in Australia. The foundations for this business include:

- commercial "hubs" capable of providing tyres and services on site or remotely to large fleets;
- experience gained from supplying existing large national and regional truck and bus fleet customers;
- a national network of retreading plants;
- tyre performance management systems, providing customers with certainty and predictability in relation to their tyre expenditure (being the largest consumable cost after fuel);
- the ability to offer one running account for all tyres and services acquired by a fleet owner throughout Australia; and
- a network of affiliates to fulfil the needs of fleet owners on behalf of NTD.

Purchasing the Wingfield retail hub and Melbourne retread factory are important steps in this process. We now have retread capabilities, and a retail presence in all major capital cities, and we have employed experienced people in management and sales to execute the expansion plan.

I would particularly like to welcome Geoff May, the new CEO of Black Rubber. I would also like to acknowledge the contribution made by John Zelesco, one of the founders of Black Rubber who is retiring at the end of October. With great entrepreneurship, John and his partner, Jim Raffa, took Black Rubber from a start-up in 2014 to the substantial operation it is today.

I have been focussing on our Australian wholesale and commercial tyre strategies because they represent our best opportunity for improved performance. We are hopeful of an economic turn-around in New Zealand in 2H25. The Group's other businesses are performing well in a challenging operating environment – consumer sentiment and demand have been low for some time.

I confirm our previous guidance for FY25 of Operating EBITDA of between $47 million and $50 million. I expect FY25 performance will depend on the strategic plans for the Australian wholesale and commercial retail businesses bearing fruit in 2H25.

We completed an entitlement issue this month raising $12.4m from the issue of 33.5 million shares at $0.37 each. The proceeds will fund working capital required for the Dunlop business. Noting we still expect to reduce inventory, including excess Dunlop inventory, throughout FY25 we have also secured a temporary increase in our debt facility to manage the purchase of opening Dunlop inventory. I would like to thank shareholders for their support with this capital raising – especially the Young Family Office which underwrote the issue and those shareholders who provided sub-underwriting support.

It has again been a pleasure to lead the Group with assistance from our senior leadership team, and I appreciate their support very much. Thanks to all of our people who work diligently, especially those who made substantial changes happen throughout the year. Continuing support from our customers, shareholders and suppliers has also been very gratifying.

Thanks for your time this morning.