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ASX Announcement

3 April 2020

FY20 Trading Update – Covid-19

National Tyre & Wheel Limited (“NTD” and the “Group”) (ASX: NTD) has provided the following update on the impact of the Covid-19 virus on trading results and forecasts.

NTD’s New Zealand subsidiary, Exclusive Tyre Distributors (NZ), ceased trading almost entirely on Wednesday 25th March 2020 following a Government imposed lock down that is scheduled to end on 22 April 2020. Only sales to end users engaged in essential services are permitted during this period.

The financial impact of the New Zealand lock down has been ameliorated to some extent by Government assistance for companies to pay employees.

NTD’s 50% owned South African business unit, Tyre Life Solutions, ceased trading entirely on 26 March 2020 following a Government imposed lock down that is scheduled to end on 16 April 2020. No trading is permitted during this period.

NTD’s Australian businesses performed according to expectations for the month of March 2020, and FY20 Q3 results were also consistent with expectations.

However, sales in Australia commenced a downward trend in the last trading days of March and the impact of lock downs in New Zealand and South Africa will add momentum to an expected downturn in Group sales in April.

Consumer demand for many products throughout the economy is expected to decline over the next few months. While tyres are essential, we expect demand will be adversely affected by less vehicle use as a result of restrictions on movements and social gatherings, consumer reluctance to shop and/or spend as well as the forced or voluntary closure of tyre retailers.

The Group is managing expenses to preserve cash, effectively ceasing all discretionary spending and preparing for further expense reductions if, as expected, trading conditions deteriorate.

The Group’s supplies have suffered minor interruptions due to factories in China and, more recently, the USA closing for periods of 2-5 weeks. Despite these interruptions, shipments continue to arrive and the Group holds enough inventory to meet expected demand over the next few months.

Having regard to a very uncertain demand outlook and the possible duration of any downturn, NTD is unable to maintain any guidance on the impact of Covid-19 on full year FY20 results. Accordingly, all previous guidance or future oriented information it has given to the market is withdrawn. NTD is also suspending its dividend policy until further notice.

The Group's balance sheet remains strong, with cash on hand consistent with the 31 December 2019 balance and no present need to increase non trading debt or raise capital. The Group is taking a conservative approach to product procurement having regard to demand expectations and to preserve cash.

Further updates on the impact of the Covid-19 virus will be provided as appropriate.

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

ENDS

For further information, please contact:

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