National Tyre & Wheel

Driving the Future

Financial Results

Six Months to 31 December 2021

Agenda

Item	Page
1H22 Highlights	3
Performance & Strategy	6
Financial Results	13
Outlook	17

NTAW – Strategy Execution, 1H22 Highlights

Further development of a new growth platform & strategic acquisitions

Growth, diversity and scale	• National Tyre & Wheel Limited ("NTAW") is the largest independent tyre and wheel importer and wholesale distributor in Australia and New Zealand. • 1H21 revenue of $251.5 million (1H21: $212.4 million). Recent acquisitions take NTAW annualised revenue to approximately $560 million. • Since 31 December 2018, NTAW revenue has grown at a CAGR of 28% and EBITDA has grown at a CAGR of 17% (in each case to 31 December 2021). • NTAW imports approximately 2.7 million tyres and wheels per annum for almost all vehicle types for distribution to more than 3,000 wholesale customers, with a retail arm also selling to consumers.
Financial Performance	• NTAW reported 1H22 Operating EBITDA of $20.4 million, consistent with 1H21 Operating EBITDA of $20.4 million. • NTAW's balance sheet remained strong with cash at 31 December of $45.0 million (net debt of $45.3 million) and Net Assets of $101.3 million. • EPS based on Operating NPATA of $8.0 million was 7.0 cents per share. • Interim dividend of 3.0 cents per share (fully franked at 30%) declared.
Strategy Execution	• Organic growth will be driven by digital transformation, warehouse consolidations, restructuring at Tyres4U and Tyreright, support from Shared Service units and cross selling.
Strategic Acquisitions	• Acquisition of Black Rubber and Access Alloys (November 2021) and Carter's (January 2022) are all expected to be earnings accretive, adding diversity and scale to NTAW. • NTAW raised $19.9 million (14.75 million shares at $1.35) via a share placement and a Share Purchase Plan ("SPP") over December 2021 and January 2022. The funds raised were used to fund the Carter's acquisition and for general working capital purposes.

Financial Results Consistent with Expectations

Diversified earnings streams offset COVID and supply chain disruptions

National Tyre & Wheel
Driving the Future

- 1H22 Operating EBITDA of $20.4 million (1H21: $20.4 million) was generally consistent with expectations in a difficult market.
- Adverse COVID and supply chain impacts offset to some extent by having two months of Black Rubber earnings.
- Earnings per share for 1H22 (based on Operating NPATA* of $8.0 million) amounts to 7.0 cents per share (1H21: 8.9 cents per share).
- Interim Dividend of 3.0 cents per share (fully franked at 30% tax rate) declared.
- The following table reconciles Reported EBITDA to Operating EBITDA:

$'000	1H22	1H21
Net profit after tax	**5,565**	**9,832**
Depreciation	7,445	6,040
Amortisation	523	605
Finance costs (net)	1,820	1,158
Income tax expense	2,095	3,134
Reported EBITDA	**17,448**	**20,769**
Acquisition costs	674	1,418
One-off IT project and warehouse consolidation costs	2,075	-
Unrealised FX (gains) / losses	244	(739)
Gain on bargain purchase	-	(1,058)
Operating EBITDA	**20,441**	**20,390**

*Operating NPATA is based on NPATA attributable to NTAW shareholders, adjusted for non-recurring and abnormal items. See page 14.

1H22 Financial Highlights

A strong result in a difficult operating environment

Financial Highlights	1H22	1H21
Gross profit margin	29.0%	28.4%
Operating costs as a % of revenue	22.1%	18.6%
EBITDA ($ million)	17.4	20.8
EBITDA margin	6.9%	9.8%
NPATA ($ million)	5.9	10.2
Basic EPS (cents)	4.7	8.7
Dividend per share (cents)	3.0	3.0
Net debt ($ million)	45.3	18.2
Net debt : debt+equity	23.4%	15.0%
NTA per share (cents)	55.3	56.3
Operating cash flow ($ million)	(4.3)	10.7
Interest cover (times)	9.6x	17.9x

Performance & Strategy

Managing Through Disruptions

Adjusting inventory to changing lead times and managing margins

- NTAW's diversified business portfolio saw growth in some units (particularly wheels and original equipment) offset by sluggish demand for consumer tyres.
- COVID lockdowns early in 1H22 followed by high infection rates later in the half had an adverse impact on staff availability, customer fulfilment and sales volume. While this was particularly evident in premium consumer categories and mostly in metropolitan markets, commercial tyre sales were also adversely affected.
- Sales volume was also adversely affected by supply chain disruption (shipping capacity falling short of global demand meant longer lead times, especially to smaller ports) and delays in overland transport caused by backlogged demand. The impact on products sourced from the USA was more substantial than other source countries.
- Adjustments were made to orders, with 31 December 2021 inventory levels being approximately $15m higher than normal, influencing the decision to lift the ceiling on the SPP capital raising in January 2022. These adjustments are expected to be temporary and surplus inventory levels are expected to substantially reduce by Q1 of FY23.
- Management reacted quickly to higher import prices (decline in the AUD:USD FX rate, factory prices driven by raw material costs, mainly oil) and substantially higher shipping costs that are affecting all industry participants.
- Most NTAW business units had two or more price rises in 1H22 and more are expected in 2H22 to address recent margin pressure.

Strategic Acquisitions

Continuing NTAW's commercial vehicle tyre expansion

National Tyre & Wheel
Driving the Future

November 2021

Black Rubber

November 2021

ACCESS
A L L O Y S

January 2022

CARTER'S
tyre service

Expansionary Acquisitions

Strategically important and EPS accretive

The acquisitions of Black Rubber and Carter's substantially enhance NTAW's value proposition to commercial customers.

Key benefits from the acquisitions include:

- Increasing the number of commercial fleets entrusting tyre management to NTAW businesses – building confidence in capabilities and sharing resources (including know how) and creating a solid foundation for winning new business.
- Adding new retread tyre products to NTAW's portfolio and enhancing sustainability credentials.
- Advancing NTAW's push to offer more value adding services, including off site fitting, tyre monitoring and management as well as cents per kilometre or per hour solutions.
- Securing ongoing sales from Tyres4U NZ to Carter's and opportunities to grow Tyres4U's share of Carter's shelf.
- Increasing sales from NTAW wholesale businesses to Black Rubber.
- Building deeper relationships with suppliers.

Acquiring the assets of Access Alloys adds a missing link to the Dynamic Wheel Co product portfolio that can be immediately integrated into Dynamic Wheel Co's infrastructure.

Committing to Business Units Focussed on Winnable Segments

Scale and diversification across channels, customers and products

B2B - End User

Customer Mix

- Caravan, truck trailer and farm equipment manufacturers
- Commercial truck and bus fleet operators
- Hire car fleet operators
- Forklift and industrial equipment operators
- Large scale farmers

B2B - Reseller

Customer Mix

- Tyre speciality retail stores (chains and independents)
- Mechanical service businesses
- Car dealers
- Online re-sellers

B2C - Retail

Customer Mix

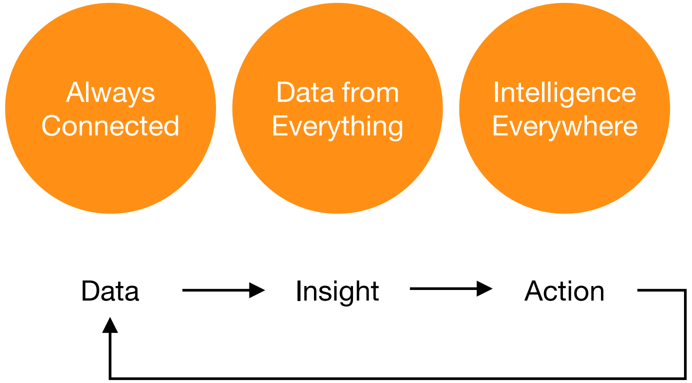
- Consumers
- Commercial customers

Note – some business units operate in more than one distribution channel

Digital Transformation Driving Growth

Phase 1 ERP “Go Live” May to August 2022, Phase 2 of the transformation includes more customer “Value Adds” in FY23

Digital Transformation



- Engage customers
- Empower employees
- Optimise operations
- Transform products

Examples of Phase 2 Value Adding Platforms *to increase sales, win new business and improve customer loyalty.*

- Low code programming.
- Application program interfaces.
- Data security.
- Virtual reality tools.
- Data management.
- Robotic process automation, artificial intelligence.
- Single source of truth.
- Virtual ecosystems, marketplaces.

Operational Growth and Synergy Initiatives

Future benefits from scale and diversity

NTAW is executing the following initiatives to drive customer and revenue growth, as well as efficiencies and cost savings:

- Business unit focus on specialisation and benefits of shared service units.
- Warehouse consolidations – Sydney and Melbourne completed, new purpose-built Brisbane and Perth leased premises to complete in Q2 of FY23. On track for annualised occupancy savings and logistics synergies of approximately $3 million from FY23.
- Structural changes at Tyres4U (Australia) – as planned, Tyreright retail and Integrated OE successfully established as separate business units.
- Changes to group product assortments.
- Tyreright restructure – moving at least 10 company owned stores to license arrangements and 2-3 closures are expected to be completed by April 2022 improving profitability and allowing for further execution of the “Bright Future” Tyreright network program.
- Cross selling and integration synergies (increased sales between business units) to generate additional revenue.
- NTAW business units leveraging assets across Tyres4U, Black Rubber, Tyreright and Carter’s to grow commercial tyre sales.
- Driving increased revenue from more advertising and promotional activity.
- Ongoing cultural alignment, training and OH&S programs.

Financial Results

NTAW Results Summary

NTAW reported revenue of $251.5 million and Operating EBITDA of $20.4 million

Statement of Profit or Loss		
$'000	**1H22**	**1H21**
Sales revenue	251,488	212,403
Cost of goods sold	(178,646)	(152,154)
Gross profit	**72,842**	**60,249**
	29.0%	*28.4%*
Other income	375	2,259
Employee benefits	(34,938)	(26,254)
Occupancy	(4,824)	(3,551)
Professional fees	(3,347)	(3,926)
Marketing	(2,457)	(1,813)
Other expenses	(10,203)	(6,195)
EBITDA	**17,448**	**20,769**
Depreciation & amortisation	(7,968)	(6,645)
EBIT	**9,480**	**14,124**
Finance costs (net)	(1,820)	(1,158)
Net profit before tax	**7,660**	**12,966**
Income tax expense	(2,095)	(3,134)
Net profit after tax	**5,565**	**9,832**
Addback:		
Non-controlling interest (gain)	(104)	(110)
Amortisation[1]	446	504
NPATA attributable to NTAW	**5,907**	**10,226**

1 Amortisation add-back is net of tax effect.

Key Operating Metrics	1H22	1H21
Gross profit margin	29.0%	28.4%
Operating costs as a % of revenue	22.1%	18.6%
EBITDA margin	6.9%	9.8%
NPATA ($ million)	5.9	10.2
Basic EPS (cents)	4.7	8.7
Operating EPS* (cents)	7.0	8.9
Dividend per share (cents)	3.0	3.0
Operating cash flow ($ million)	(4.3)	10.7
Interest cover	9.6x	17.9x

*NPAT includes non-recurring and abnormal expenses of $2.9 million, as summarised on page 5. After adjusting for these expenses, Operating EBITDA in 1H22 was $20.4 million, Operating NPATA was $8.0 million and Operating NPAT was $7.6 million.

Comments

- 1H22 result includes 6 months of Tyres4U and 2 months of Black Rubber businesses.
- Expenses (excluding abnormal and non-recurring items) were higher than 1H21 due to Tyres4U and Black Rubber ownership, higher employment costs (arising mainly from increased headcount in new shared service units rather than wage inflation) and higher marketing costs.
- Cash flows from operating activities were lower in the 1H22 as a result of increased inventory holdings and income tax payments.

Balance Sheet

Solid Balance Sheet supporting working capital needs and future growth

National Tyre & Wheel
Driving the Future

Statement of Financial Position		
$'000	Dec-21	June-21
Current assets		
Cash and cash equivalents	45,009	28,905
Receivables	71,346	71,807
Inventory	128,205	101,025
Other current assets	6,671	5,100
Current tax receivable	833	(1,138)
	252,064	**205,699**
Non-current assets		
Property, plant and equipment	14,677	10,167
Right-of-use assets	42,368	33,544
Intangible assets	35,267	15,698
Other non-current assets	59	116
	92,371	**59,525**
Total assets	**344,435**	**265,224**
Current liabilities		
Payables	87,293	82,335
Borrowings	7,084	2,954
Lease liabilities	10,793	9,496
Provisions	12,343	11,904
Other liabilities	2,751	-
	120,264	**106,689**
Non-current liabilities		
Borrowings	83,209	41,940
Lease liabilities	32,958	24,472
Provisions	2,555	2,386
Other liabilities	2,600	-
Deferred tax liabilities/(assets)	1,573	(2,076)
	122,895	**66,722**
Total liabilities	**243,159**	**173,411**
Net assets	**101,276**	**91,813**

Net Debt at 31 December 2021 of $45.3m.
Net Debt to LTM Operating EBITDA 1.1 times.
Net Debt to Equity + Debt ratio of 23.4%.

Comments

- Net debt comprises debt of $90.3 million and cash of $45.0 million, including $21.5 million drawn down from debt facilities to fund the Carter's acquisition in January 2022.
- Net tangible assets per ordinary share of 55.3 cents at 31 December 2021.
- An amended banking facility was negotiated to fund the Carter's acquisition as well as ongoing working capital requirements.
- On 31 December 2021, NTAW reported total assets of $344.4 million and net assets of $101.3 million, being $0.83 per share (based on issued share capital prior to new shares being issued under the Share Purchase Plan in January 2022).
- The NTAW Balance Sheet excludes shares issued (8.1 million) and capital raised ($10.9 million) from the SPP in January 2022.
- NTAW result does not include any contribution from the Carter's acquisition which was not completed until January 2022.

Capital Management

16% return on equity (LTM), interim dividend of 3.0 cps fully franked

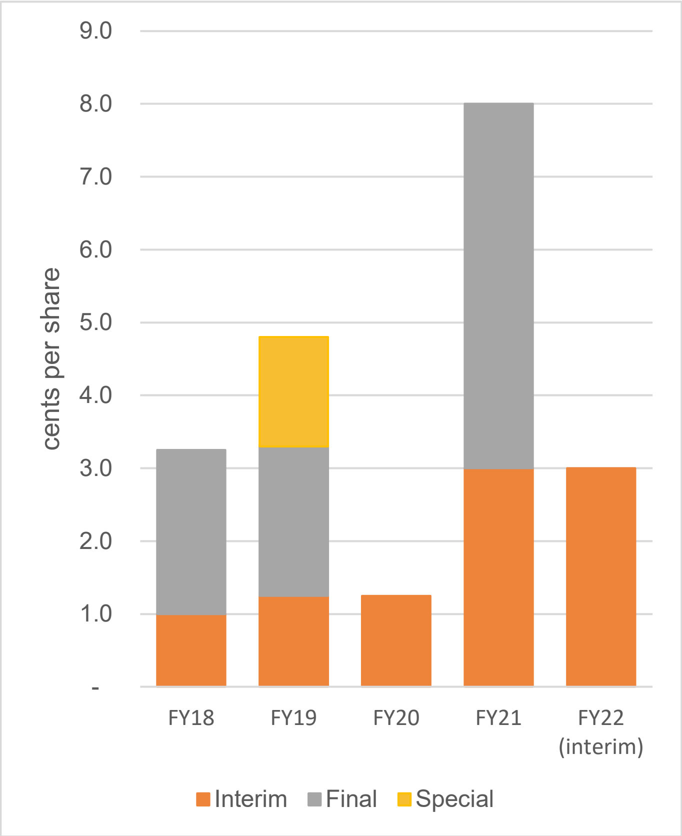
The FY22 interim dividend has been declared at 3.0 cents per share, fully franked (at 30% tax rate).

Ex date:	11 Mar-22
Record date:	14 Mar-22
DRP election date:	15 Mar-22
Payment date:	8 Apr-22
DRP issue date:	8 Apr-22

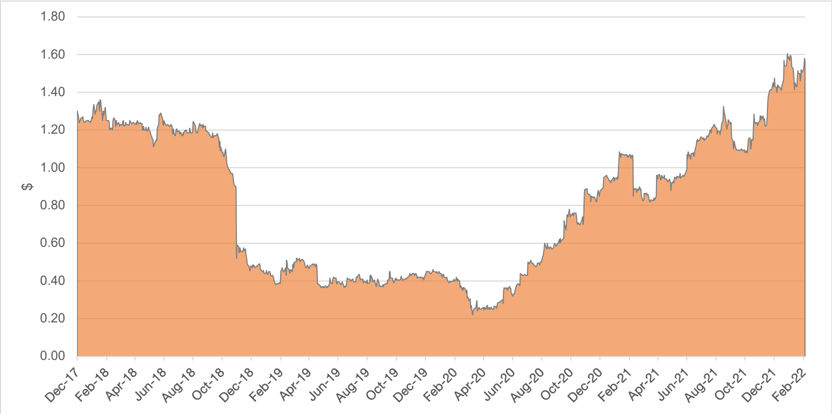
NTAW's Dividend Reinvestment Plan ("DRP") will apply with 10 day VWAP discount of 3.5%.

NTAW currently has $20.2m available franking credits.

Dividend History



Share Price post IPO (Dec-17)



Outlook

Outlook

Strong platform for disciplined growth and improved shareholder return

- NTAW expects significantly less COVID disruption to all businesses in 2H22. Continuing changes to NTAW's product assortment, organisational changes at Tyres4U Australia, cross selling activities and increasing promotional activity levels are expected to underpin revenue growth in 2H22.
- Recently acquired businesses along with cost savings from licensing some company owned Tyreright stores will make additional contributions to earnings.
- Traditionally, NTAW revenue and earnings are biased to 2H, with Q4 stronger than other quarters. NTAW expects this phasing to be slightly higher in FY22 than prior years due to more stable trading conditions and the impact of various measures outlined above.
- NTAW anticipates further increases in COGS (mainly factory prices and shipping costs which are expected to peak in 2022) and some pressure on employment costs as low rates of unemployment hamper recruitment.
- Trading conditions for the first six months of the year continue pointing to reasonable returns on revenue and equity. As expected, the trading environment in 1H22 was more challenging than FY21.
- NTAW remains confident that continuing organic revenue and earnings growth in FY23 and beyond will come from the strategic initiatives outlined above.
- NTAW is presently focussed on improving margins in existing businesses and extracting the expected benefits from recent acquisitions rather than further merger and acquisition activity.

Important Information and Disclaimer

This presentation may contain certain unaudited financial information in relation to National Tyre & Wheel Limited. 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.