



# National Tyre Services Limited

## Trading Update for the 3<sup>rd</sup> Quarter ended 31 December 2019

### **1. Nature of Business**

The Company remained focused on its core business of retailing and retreading of tyres, wheel alignment, wheel balancing and related services from its fourteen branches.

### **2. Trading Environment**

Power outages continued to affect operations although the impact varied depending on location. Shortage of foreign currency persisted whilst fuel supplies remained constrained. The economic environment remained difficult with the local currency continuing to loose purchasing power, thus leading to a weak aggregate demand in the economy.

### **3. Volume Performance**

- 3.1 Retreading volumes for the quarter increased by 11% compared to same period last year due to strong demand from customers.
- 3.2 Tyre repairs also increased by 5% compared to the same period last year in line with retreading performance.
- 3.3 The volume of new tyres sold in the quarter declined by 63% compared to the same period last year due to limited availability of foreign currency, particularly in the banking sector, to import stock.
- 3.4 Services volumes decreased by 32% compared to the same period last year mainly due to power outages which frequently interrupted operation of machinery for this service.
- 3.5 Overall, volumes decreased by 37% when compared to the corresponding quarter in the prior period. Foreign currency constraints, as already alluded to, power outages and dwindling incomes were the main factors which contributed to the decline.

### **4. Outlook**

The trading environment is expected to remain challenging. However, with our wide branch network country-wide and the ongoing phased programme to upgrade branch image and services we remain confident that demand for our products and services will continue.

**By Order of the Board**

A handwritten signature in black ink, appearing to be "S. N. Mandimika".

**S. N. Mandimika**  
**Company Secretary**  
**13 February 2020**