



NATIONAL TYRE SERVICES LIMITED

TRADING UPDATE TO 31 DECEMBER 2020

1. Trading environment

Covid-19 pandemic continued to affect operations in Q3 2020/2021. South Africa recorded a new wave of Coronavirus, forcing level 4 lockdown measures to be implemented. This resulted in serious delays of stock movement across the border. Movement of stock into Zimbabwe was further curtailed by cyclones that delayed berthing of ships at Beira with stocks from China and India. The market experienced noticeable stock outs particularly in December 2020. Locally, critical demand for forex to import essential requirements including Covid-19 testing kits, vaccines and raw materials, weighed in.

The Company's volume performance improved despite these challenges. Good rainfall resulted in high demand for Agricultural related tyres.

2. Volume performance

The table below shows volume performance for the quarter under review as well as comparisons with the preceding quarter and prior year's corresponding period.

GROUP	Q3-2020/2021	Q2-2020/2021	Q3-2019/20	YTD	LY-YTD
Other Imported brands	4,804	3,470	2,105	10,312	7,495
SRSA	7,828	6,962	1,936	17,302	9,390
Retreading	3,490	3,395	2,877	8,754	9,809
Tubes	1,683	1,570	993	3,994	2,560
Services	21,410	17,636	11,581	46,178	39,101
Repairs	2,454	2,370	2,392	6,270	7,502
Accessories	10,939	8,664	4,592	23,574	15,338
Total	52,608	44,067	26,476	116,384	91,195

Notes:

- (a) Overall, volumes for period October to December 2020 increased by 99% compared to the same period last year, despite Covid-19 challenges faced. Growth is attributed mainly to effective marketing initiatives and availability of stock.
- (b) The volume of new tyres sold in **Q3 2020-2021** increased by 213% compared to same period last year as the Company continues to implement robust marketing strategies to promote sales complemented by good stock availability.
- (c) Retreading volumes for October to December 2020 increased by 21% compared to same period last year due to focused key account management effort to retain strategic fleet customers.
- (d) Services category volumes increased by 87% compared to Q3 2019-2020 driven by good service delivery to customers.
- (e) Overall, 2020/2021 YTD 31 December 2020 volumes have increased by 28% compared to same period last year mainly due to stock availability and marketing effort to push sales.

3. Outlook

The COVID-19 pandemic effects are expected to subside as infections continue to come down due to the rollout of vaccines. Key areas to watch, to ensure the continued viability of the business, will be cost control, an uninterrupted supply chain and avoidance of loss of capital against inflationary pressures. It is hoped that the foreign currency auction platform will grow further to cater for the industry's needs.

By Order of the Board



S. N. Mandimika
Company Secretary
3 March 2021