



# NATIONAL TYRE SERVICES LIMITED

## TRADING UPDATE TO 31 JUNE 2020

### 1. Trading environment

The adverse effects of the COVID-19 pandemic on the business environment continued during the quarter under review and became the single largest contributor to depressed performance. The disruptions caused by the complete shutdown in April and the reduction in trading hours in the subsequent months meant that volumes were lost. However, mitigatory measures were put in place to satisfy market demands, albeit at subdued levels, due to limited movements as a result of lockdown measures as well as constraints in disposable incomes.

The health and safety of employees, customers and other stakeholders remained paramount. In this regard, enhanced hygienic procedures and other measures, as guided by the relevant health authorities and practitioners, were strictly complied with to contain the spread of COVID-19.

### 2. Volume Performance

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

Group	Q1-2020/21	Q1-2019/20
New tyres	4,550	8,553
Retreading	1,869	3,750
Tubes	741	803
Services	7,132	16,253
Repairs	1,446	2,534
Accessories	3,971	6,670
<b>TOTAL</b>	<b>19,709</b>	<b>38,563</b>

#### Notes:

- (a) First quarter 2020-2021 tubes unit sales had the lowest decrease of 8% when compared to same period last year as the company continued to service farmers listed under the essential service providers during the total lockdown period.
- (b) Overall, volume performance in the first quarter 2020-2021 declined by 49% when compared to same period last year mainly due to COVID-19 induced national lockdown. Trading was suspended following the announcement of nationwide lockdown in April 2020. Subsequent to that, May and June performance was affected by COVID measures introduced that restricted movement of our customers into central business districts.
- (c) New tyres sales in units were 47% below prior year, branches closed operations for a full month in April 2020 and importation of tyres was also negatively affected.

(d) Services volumes decreased by 57% compared to the previous quarter ended 30 June 2019 as customers could not travel as before due to COVID-19 travel restrictions introduced.

**3. Outlook**

The COVID-19 pandemic is expected to persist and its effects felt right across the economy. 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 to cater for the industry's needs.

**By Order of the Board**



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