



GUD Holdings Limited

A.B.N. 99 004 400 891

29 Taras Avenue,
Altona North, Vic 3025
Australia.

PO Box 62
Sunshine, Vic 3020
Australia.

Telephone: +61 3 9243 3311
Facsimile: +61 3 9243 3300
Email: gudhold@gud.com.au
Internet: www.gud.com.au

27 July 2017

Manager, Company Announcements
ASX Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Full Year Ended 30 June 2017 Results Briefing and Webcast

Attached is a copy of the Full Year Results Briefing to analysts and brokers, to be presented by Jonathan Ling, Managing Director, GUD Holdings Limited.

Today at 11.00 am, GUD will be hosting a webcast of its FY17 results briefing, for the period ended 30 June 2017. To register and view the webcast, please go to www.gud.com.au/webcasts or click [here](#).

Yours faithfully

A handwritten signature in black ink, appearing to read 'Malcolm G Tyler', written over a horizontal line.

Malcolm G Tyler
Company Secretary

Enc

GUD Holdings Limited

Results for year ended
30 June 2017

Jonathan Ling

Managing Director



Result key points

- Reported NPAT result of (\$7.3 m) compared with (\$43.0 m) previously
 - Reported NPAT from continuing operations up 45% to \$51.5 m
 - Discontinued operations contributed a loss of (\$58.9 m)

- Reported EBIT from continuing operations up 18% to \$83.2 m from \$70.2 m
 - Underlying EBIT from continuing operations up 2% to \$83.6 m
 - Underlying EBIT from Automotive business up 11% to \$73.8 m

- GUD's portfolio reshaped through:
 - Sale of Sunbeam, Lock Focus and Dexion
 - Acquisition of further automotive activities – Griffiths Equipment and IM Group

Financial summary

\$ million	FY16	FY17	% Change
Continuing operations			
Revenue	409.3	426.3	4%
Underlying EBITDA	85.5	87.7	3%
Depreciation and Amortisation	3.7	4.1	10%
Underlying EBIT	81.8	83.6	2%
Net Finance Expense	14.0	10.4	-25%
Underlying Profit before Tax	67.8	73.1	8%
Non-recurring items pre-tax	11.6	0.4	-97%
Tax	20.7	21.2	2%
Continuing Operations NPAT	35.6	51.5	45%
NPAT from Discontinued Operations	-78.6	-58.9	
Reported NPAT	-43.0	-7.3	
EPS & Dividend - cents			
Underlying basic EPS	54.9	60.5	10%
Reported basic EPS	-50.5	-0.09	
Final Dividend	23.0	25.0	9%

Automotive revenue growth of 11% offset by small declines in Davey and Oates

Underlying EBIT growth of 11% in Automotive and lower financing costs

Last year's result included non-recurring item relating to BWI purchase

Discontinued operations

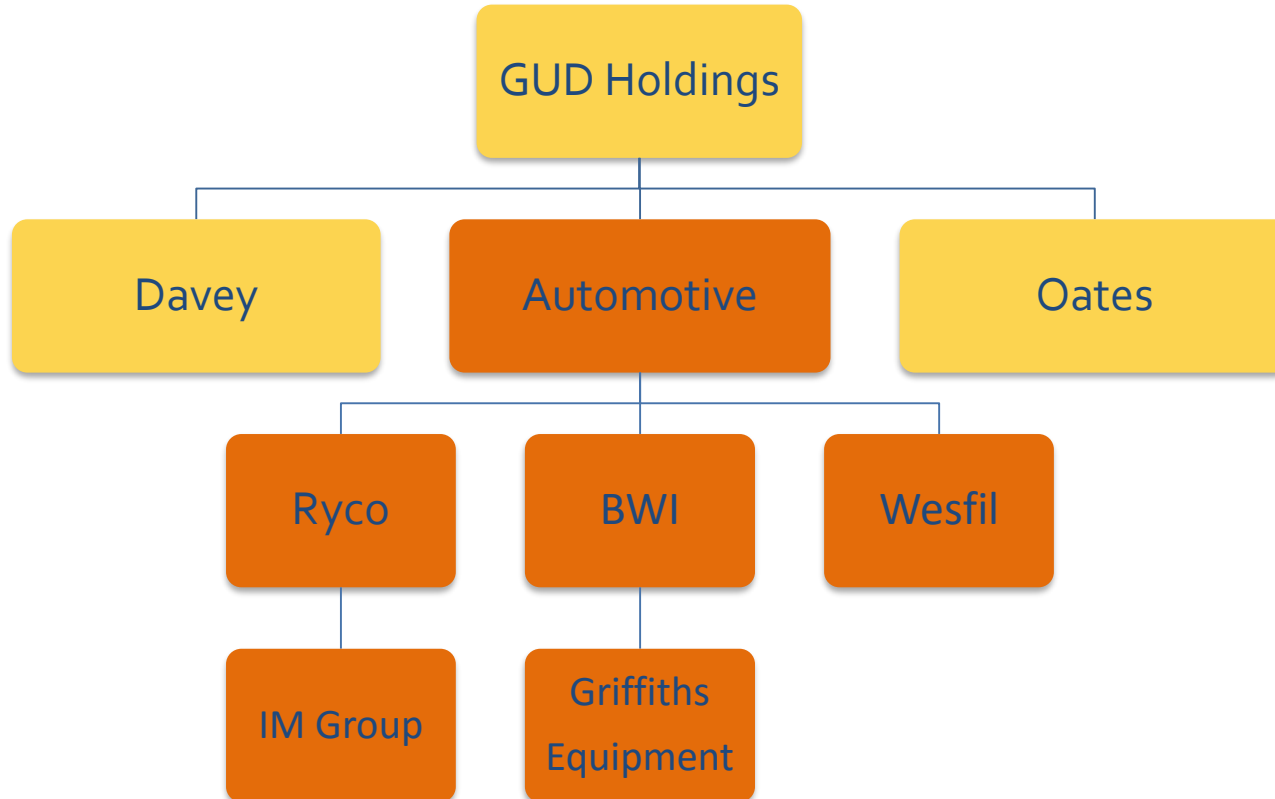
- Dexion and Lock Focus reclassified as discontinued operations for FY16 and FY17
- Dexion sold on 1st June 2017 for total estimated consideration of \$12.2 m
- Lock Focus sold on 1st December 2016 for consideration of \$4.9 m
- NPAT loss in FY17 of \$58.9 m consisting primarily of:
 - losses on sale of Dexion and Lock Focus of \$50.7 m
 - EBIT loss of \$2.7 m
 - Restructuring and transaction costs of \$6.7 m
- NPAT loss in FY16 of \$78.6 m consisted principally of Dexion impairments totalling \$75.7 m

Cash generation and financial position

- Cash flow from operating activities of \$45 m down from \$70 m previously
 - Dexion related effects included an operating loss, higher working capital and costs associated with the sale
 - Higher working capital in the Automotive business supporting organic growth
 - One-off taxation-related timing differences associated with the integration of BWI
- Net debt reduced \$8 m to \$161 m on the pcip
 - Net financing cost reduced from \$14.0 m to \$10.4 m due to lower average debt balances and lower effective interest rate
 - Interest cover* improved to 8.4 times from 6.1
- Full year dividend of 46 cents per share fully franked
 - Final dividend of 25 cents per share payable 1st September 2017
 - Payout ratio of 76%, down from 78% (using underlying continuing operations basic EPS)

* EBITDA from continuing operations/net interest

Current GUD group structure



Reshaped portfolio structure

	Share of Revenue		Share of Operational EBIT*	
	FY16	FY17	FY16	FY17
Automotive	56%	60%	75%	81%
Davey	26%	24%	14%	10%
Oates	18%	16%	11%	9%

* Operational EBIT is underlying EBIT before unallocated costs

- Automotive is the principal contributor to both revenue and earnings
- Work remains to be done with Davey and Oates to improve EBIT performance and relative contribution

Automotive

\$ million	FY16	FY17	% Change
Sales	229.9	254.4	11%
EBITDA	68.2	75.7	11%
Depreciation and Amortisation	(1.5)	(1.9)	
Underlying EBIT	66.7	73.8	11%
<i>EBIT/Sales %</i>	29%	29%	



- Each business in Automotive continues to contribute strong organic growth
 - Offset partly by BWI product recall costs of \$500k
- New products and improved market share underpinned growth
- Total sales of \$7 m and profit contribution of \$1.8 m in FY17 from acquisitions of GEL and IM Group

Growth drivers in Automotive segment

1. BWI

- Full year contribution from new Narva products introduced with 2016 catalogue
- Initial contribution from new Projecta products introduced with 2017 catalogue
- Commenced activities to grow share in identified growth segments

2. Ryco

- 400 new filtration part numbers introduced to support car population diversity growth
- Ryco FireGuardian air filters gaining market acceptance
- Conquest program continues to convert workshops to Ryco users
- Heavy duty filtration growth, especially in Japanese truck segment

3. Wesfil

- TriPower spark plug program introduced late in first half, tracking to planned contribution levels

FY17 Automotive acquisitions

1. Griffiths Equipment Limited

- New Zealand-based, established 1960, acquired 1st October 2016
- Initial consideration of \$7.3 m paid (\$1.8 m additional payment contingent on performance)
- Sources and sells a broad range of automotive accessory products
- Major customers include Repco, Supercheap Auto, Mitre10 (NZ)
- Small footprint in Australia
- Sales contribution of around \$8 m expected

2. Innovative Mechatronics Group

- Melbourne based, established 1983, acquired 1st June 2017
- Initial consideration of \$6.3 m paid (\$4 m additional payment contingent on future performance)
- Active in engine management and related products
- Major customers include Repco, Burson and Supercheap Auto
- Sales contribution of around \$7 m expected

Davey

\$ million	FY16	FY17	% Change
Sales	107.5	102.5	-5%
Underlying EBITDA	13.4	10.5	-21%
Depreciation and Amortisation	(1.3)	(1.4)	
Underlying EBIT	12.1	9.1	-24%
<i>Underlying EBIT/Sales %</i>	11%	9%	



- Demand in most water market segments across the industry declined due to poor seasonal conditions
- EBIT decline due to margin loss from lower sales and inflationary overhead costs increases
- Dependence on seasonality being addressed through innovation with the launch of new non-weather dependent products

Oates

\$ million	FY16	FY17	% Change
Sales	72.0	69.4	-3%
EBITDA	11.0	9.5	-14%
Depreciation and Amortisation	(0.8)	(0.8)	
Underlying EBIT	10.2	8.7	-15%
<i>EBIT/Sales %</i>	14%	13%	



- Sales decline due to closure of Masters and Oates withdrawal from Woolworths – sales to commercial customers increased over the prior year
- EBIT impacted by sales decline and negative currency effect due to inability to achieve price increases in retail segment
- New CEO refocusing the business on targeted opportunities in commercial markets and operational performance improvements

Outlook

- Further improvement in underlying financial performance expected in 2017-18 as a result of:
 - New part numbers, new products and customer gains in Ryco
 - New products, new segments and full year benefit from Projecta product introductions at BWI
 - Continuation of steady growth at Wesfil
 - Full year contributions from GEL and IM Group acquisitions
 - Internal efficiency improvements and lower currency effect at Oates
 - Less weather dependent, new product growth in Davey
 - Reconfiguring Davey's supply chain
- GUD remains well positioned to deliver strong returns for shareholders

GUD Holdings Limited

Results for year end
30 June 2017

