



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

7 August 2023

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

GUD HOLDINGS (“GUD”) (ASX:GUD) ANNOUNCES DIVESTMENT OF DAVEY WATER PRODUCTS (“DAVEY”)

Key points:

- GUD has entered into a sale and purchase agreement (the “transaction”) to divest Davey for a total enterprise value of \$64.9 million¹
- The purchaser, Waterco Limited (ASX:WAT), is an ASX-listed, industry-leading designer, manufacturer and distributor of water solutions
- Anticipated net cash proceeds of approximately \$56 million² to be used to pay down debt
- Exiting Davey crystallises GUD’s ambition to be a pure play automotive business

GUD is pleased to announce that it has signed a sale and purchase agreement to divest Davey for a total enterprise value of \$64.9 million.

The divestiture of Davey signifies the Group’s exit from the Water sector and crystallises GUD’s ambition to be a pure play Automotive business.

The net cash proceeds, post customary net working capital and net debt type adjustments, are expected to be approximately \$56 million. These proceeds will be used to further pay down debt. GUD has previously communicated a FY23 Net Debt/adjusted EBITDA target of circa 2x³ before the impact of this transaction. The transaction is expected to complete, subject to standard conditions precedent being satisfied, on 1 September 2023.

¹ Before estimated customary net working capital (NWC) and net debt type adjustments

² After estimated customary net working capital (NWC), net debt type adjustments and consideration of a deferred vendor payment of \$1.25m. Excludes transaction costs.

³ Net debt excludes lease liabilities and adjusted EBITDA is 1) pre AASB-16; 2) excludes significant items; 3) includes rolling 12-month EBITDA from acquisitions; and 4) excludes rolling 12-month EBITDA from disposals.

Graeme Whickman, Managing Director of GUD commented "This transaction simplifies the GUD Group by becoming an automotive pure play and strengthens the Group's balance sheet by materially reducing net debt. It also represents an important strategic step towards supporting GUD's growth aspirations in 4WD Accessories and Trailering, Lighting and Power Management, Undercar, Powertrain and Electric Vehicles. The Group remains focused on growing these key prospective automotive categories both organically and via financially and strategically compelling acquisitions. Whilst the pipeline of acquisition opportunities is rich, as previously communicated, the Group remains focused on delivering APG's business case before considering any transformative acquisitions.

Waterco is in our view the natural owner of the Davey business, and we are optimistic about the prospects for the combined businesses. I would like to thank Davey's CEO, Valentina Tripp and the entire team for their significant contribution to Davey and the wider GUD Group."

GUD Chair, Graeme Billings said "The sale provides a favourable outcome for the Group and our shareholders. It is pleasing to see Davey, an iconic Australian brand, with a long history in this country and abroad, combining with an Australian listed business that also shares a strong heritage in the Water sector. We are excited by the future growth prospects for GUD as it progresses along its strategic journey, now as we concentrate on the automotive businesses with their clear and very promising growth corridors."

The Group looks forward to providing a detailed update about the GUD Group and its FY23 performance at the results announcement, to be made on 15 August 2023.

This announcement was approved for release by the Board.

For inquiries:

Mr Graeme Whickman

Managing Director & Chief Executive Officer

+ 61 3 9243 3375