



GUD Holdings Limited

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4 May 2016

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

Dear Sir

Macquarie Australia Conference Presentation – 4 May 2016

Attached is a copy of a presentation to be given at the Macquarie Australia Conference to be held in Sydney on Wednesday, 4 May 2016 this afternoon by Jonathan Ling, Managing Director, GUD Holdings Limited.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Malcolm G Tyler', with a long horizontal flourish extending to the right.

Malcolm G Tyler
Company Secretary

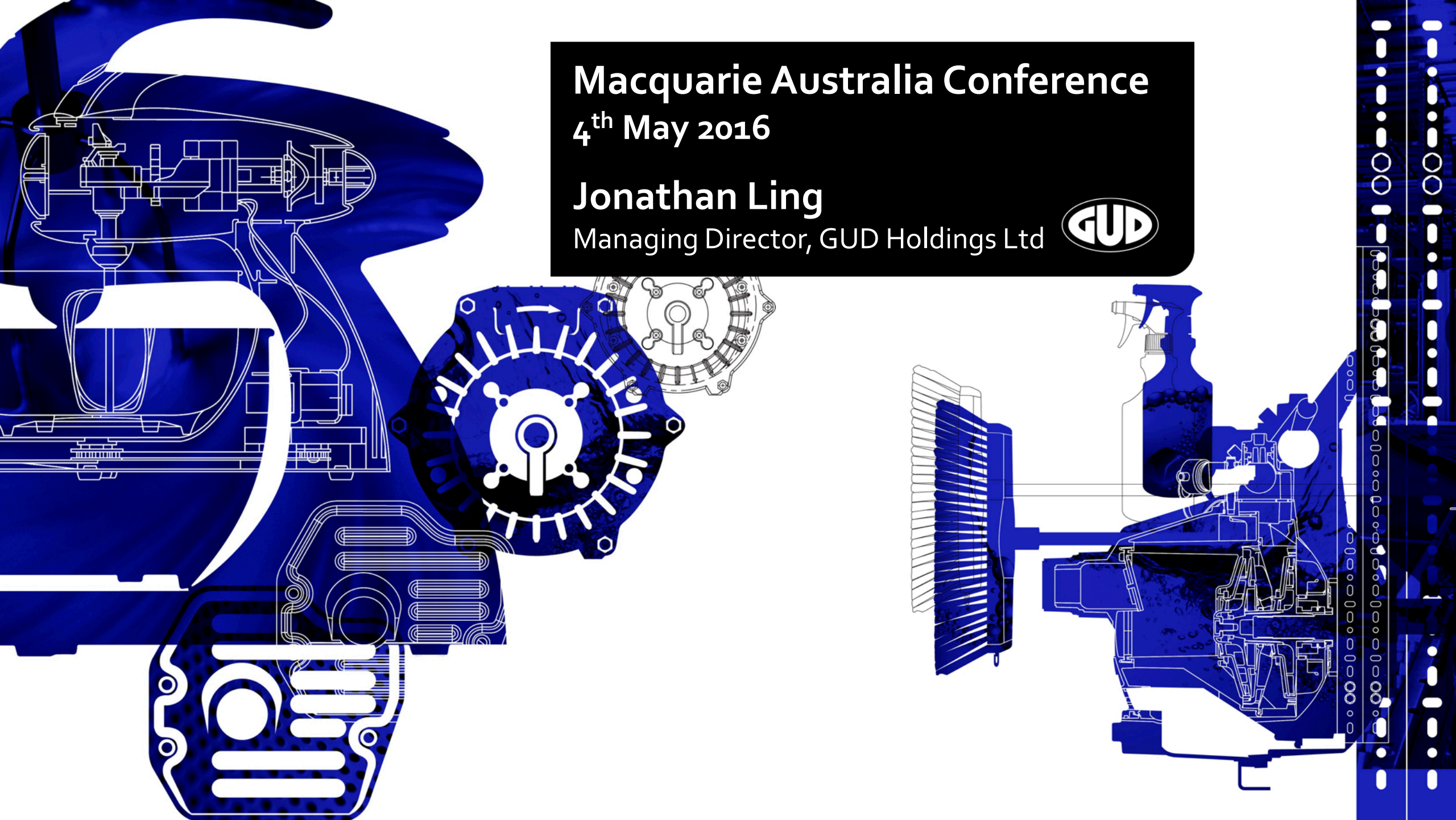
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Macquarie Australia Conference

4th May 2016

Jonathan Ling

Managing Director, GUD Holdings Ltd



FY16 first half result key points

- Reported NPAT of \$1.7 million down from \$17.3 million previously
 - Includes \$18.5 million after tax of impairment costs, predominantly goodwill in Dexion
- Underlying EBIT up 33% to \$37.2 million from \$27.9 million in pcp
 - Automotive EBIT contribution was \$32.6 million, including the first contribution from Brown & Watson (BWI) and organic growth from Ryco and Wesfil
- Operating cash flow of \$19.1 million, up from \$3.7 million due to stronger collections
- Interim dividend 20 cents per share fully franked
 - Same level of interim dividend as last year

First half financial summary

\$ million	H1 FY15	H1 FY16	% Change	
Revenue	297.1	355.9	20%	BWI contribution of \$58.2 million
Underlying EBITDA	34.1	43.3	27%	
Depreciation	(3.3)	(3.8)		
Amortisation	(2.9)	(2.2)		
Underlying EBIT	27.9	37.2	33%	Growth in Automotive, Davey and Oates
Net Finance Expense	(3.6)	(6.2)		
Underlying Profit before Tax	24.4	31.1		
Tax	(6.7)	(9.2)		
Share of loss of equity accounted investees	0.0	(2.3)		GUD's share of Jarden Asia for six months
Underlying NPAT	17.6	19.6	11%	
Non-controlling Interest	(0.3)	0.6		
Underlying NPAT attributable to members	17.3	20.2	17%	\$15m goodwill and \$3.5m inventory impairment
Impairment Costs after Tax	0.0	(18.5)		
Reported NPAT	17.3	1.7	-90%	
EPS & Dividend - cents				
Underlying EPS	24.4	23.7	-3%	
Reported EPS	24.4	2.0	-92%	
Interim Dividend	20.0	20.0	0%	

Cash generation and financial position

- Operating cash flow to underlying NPAT ratio improved to 98% from 21% previously
- Net debt to equity at 56% in line with guidance following BWI acquisition
- Net debt position at 31 December was \$191 million
 - Includes further payment from Jarden of \$16.2 million for share of Sunbeam
- Interest cover remains solid at 6.4 times underlying EBITA / Net Interest
- Interim dividend maintained at 20 cents per share fully franked

Business contribution to results

	Share of Revenue		Share of Operational EBIT*	
	H1FY15	H1 FY16	H1 FY15	H1 FY16
Automotive	17%	32%	51%	79%
Davey	18%	16%	16%	16%
Oates	12%	10%	18%	14%
Lock Focus	2%	2%	1%	1%
Sunbeam	19%	16%	8%	-4%
Dexion	32%	24%	6%	-6%

* Operational EBIT is underlying EBIT before unallocated costs

- 32% of revenue and 79% of Operational EBIT from the Automotive business
- Davey, Oates and Lock Focus EBIT contributions broadly in line with revenues
- Sunbeam and Dexion continue to under-contribute; improved H2 expected

Sale of remaining interest in Sunbeam

- GUD exiting Sunbeam joint ventures with Jarden Consumer Solutions in July 2016:
 - Expect to receive cash of around \$35 million
- Sale consistent with stated strategic portfolio direction of GUD
 - Focus on industrial, trade or commercial businesses with B2B profile, strong brands and sustainable and attractive returns
- Jarden is the natural owner for Sunbeam:
 - It is an international business with global scale
 - Jarden owns the Sunbeam brand globally except for Australia and New Zealand
 - Sunbeam has benefited from product access and product sourcing capability since the joint ventures were formed in late 2014
- GUD to focus on complementary growth opportunities and its remaining portfolio



Business contributions without Sunbeam

	Share of Revenue		Share of Operational EBIT*	
	H1FY15	H1 FY16	H1 FY15	H1 FY16
Automotive	21%	38%	55%	76%
Davey	22%	19%	17%	15%
Oates	15%	13%	19%	14%
Lock Focus	2%	2%	2%	1%
Dexion	40%	29%	7%	-6%

* Operational EBIT is underlying EBIT before unallocated costs

Automotive

<u>\$ million</u>	<u>H1 FY15</u>	<u>H1 FY16</u>	<u>% Change</u>
Sales	50.8	113.2	123%
EBITDA	16.4	33.2	102%
Depreciation	(0.3)	(0.6)	
Amortisation	0.0	0.0	
EBIT	16.2	32.6	102%
<i>EBIT/Sales %</i>	32%	29%	



- BWI contributed \$58.2 m of sales and \$15.4 m of EBIT, ahead of expectations
- Ryco and Wesfil businesses improved sales 8% and EBIT 7% over pcp
- Price increases applied to recover higher product costs due to lower Australia dollar
- New product programs starting to deliver expected uplift in growth

Filtration – GUD Automotive and Wesfil

- Targeting accelerated top line and EBIT growth through new product and expanded market access activities:
 - Launch of diesel particulate filter program in April 2016
 - Niche high performance filter – Ryco Syntec – launched March 2016
 - Microshield cabin filters launched October 2015
 - Continuing development of Ryco SmartFilter innovation
 - Technology leadership underpinning growth in heavy duty market segment
 - Workshop conquest program growing customer base and contributing to growth



Brown & Watson

- Tracking ahead of plan for delivering the financial targets for FY16:
 - Initiatives implemented since acquisition have progressed better than expected
 - Narva 2016 catalogue providing expected revenue uplift
 - Achieving anticipated GUD synergy benefits on costs
- Two price increases applied to offset higher product costs
- Adopting GUD performance culture – profitability analysis and understanding, high performance framework and innovation initiative
- Growth direction and strategy being developed:
 - Targeting sustainable 8% revenue growth and 30% EBIT/sales
 - Business diversity provides unique growth opportunities



Davey

<u>\$ million</u>	<u>H1 FY15</u>	<u>H1 FY16</u>	<u>% Change</u>
Sales	52.5	55.9	7%
Underlying EBITDA	5.7	7.2	28%
Depreciation	(0.7)	(0.6)	
Amortisation	(0.0)	(0.0)	
Underlying EBIT	4.9	6.6	34%
<i>EBIT/Sales %</i>	9%	12%	



- Sales growth across all market areas, notably Australia and Europe
- Solid profit increase as a result of:
 - Sales growth
 - Internal cost efficiencies, particularly freight
 - Further contribution from sales force effectiveness program
 - Pool business returning to profitability
- EBIT of \$5.6 m includes inventory write down of \$1 m pre-tax following product range rationalisation program

Oates

\$ million	H1 FY15	H1 FY16	% Change
Sales	35.3	37.3	6%
EBITDA	5.9	6.2	5%
Depreciation	(0.3)	(0.4)	
Amortisation	(0.0)	(0.0)	
EBIT	5.6	5.8	4%
<i>EBIT/Sales %</i>	16%	16%	



- Sales growth across all domestic market segments
- Higher product costs due to currency not fully recovered through price rises
- Market conditions remain stable

Dexion

<u>\$ million</u>	<u>H1 FY15</u>	<u>H1 FY16</u>	<u>% Change</u>
Sales	96.3	86.5	-10%
Underlying EBITDA	3.7	-0.7	-118%
Depreciation	(0.6)	(1.0)	
Amortisation	(1.0)	(0.8)	
Underlying EBIT	2.0	(2.5)	-221%
<i>EBIT/Sales %</i>	2%	-3%	



- Sales performance affected by low demand in Australian commercial and racking products markets and no major Australian racking project
- Strong racking project activity in New Zealand, Asia and Middle East
- Low throughput in Malaysian factory, due to demand conditions and stock position, generated unrecovered fixed overhead of \$2 million
- Goodwill impairment taken reflecting Australian trading performance and inventory write down recognising commercial business stock position

Outlook – Sunbeam and Dexion

- Sunbeam H2 outlook:
 - Sales and margin improvements from average 8% price increase applied 1st February
 - Relative volumes to improve due to regained BigW electric blanket business, Woolworths supermarkets ranging and full half contribution from pre-Christmas product launches
 - Contribution from H1 restructure and lower marketing spend relative to H1
 - Further restructure occurred in April 2016 as a consequence of closer cooperation with Jarden

- Dexion H2 outlook:
 - Improved sales due to stronger Australian order bank and progress on current major projects
 - Factory volume to improve with increased recovery of fixed overhead costs in H2
 - Identified overhead cost reductions and procurement costs savings to contribute
 - Relocation of Sydney warehouse and office occurred in March 2016

Outlook

- Automotive to maintain strong trading with trends similar to H1
- BWI expected to produce full year EBIT in excess of \$27.9 million
 - Ahead of acquisition expectations
 - Likely achievement of BWI earn-out
- Davey to continue momentum of H1
- Oates to perform consistently with H1
- Sunbeam ANZ jv and Dexion trading better than H1 but not to levels of H2 FY15
- Sunbeam sale to complete July 2016
- Expecting full year underlying EBIT in the range of \$82m to \$88m

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Jonathan Ling

Managing Director, GUD Holdings Ltd

