



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](mailto:gudhold@gud.com.au)  
Internet: [www.gud.com.au](http://www.gud.com.au)

21 January 2014

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

Dear Sir

**Half Year Ended 31 December, 2013  
Results Briefing and Webcast**

Attached is a copy of the Half Year ended 31 December, 2013 Results Briefing to analysts and brokers, to be presented by Jonathan Ling, Managing Director, GUD Holdings Limited.

On Tuesday 21 January, 2014 at 2.00pm, GUD will be hosting a webcast of its HY14 results briefing, for the period ended 31 December 2013. To register and view the webcast, please go to [www.gud.com.au/webcasts](http://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

Att:

# Half year results

Six months ended 31 December 2013



Jonathan Ling  
Managing Director

# Result key points

- ▶ Interim result slightly ahead of December trading update
  - Underlying EBIT of \$24 million down 27%
- ▶ Strong contribution from Automotive offset by weakness in Sunbeam and Dexion
- ▶ Full year guidance remains in place
  - Underlying EBIT down 20% on pcp
- ▶ Restructuring costs of \$13.9 million provided in Dexion to cover shift of manufacturing to Asia and exit from Elite Built
  - Expected payback less than two years following completion
- ▶ Organisational restructuring costs of \$0.6 million in Sunbeam related to overhead cost reductions
  - Annualised savings of \$0.9 million
- ▶ Dividend of 18 cents per share fully franked (86% payout on underlying EPS)

Note: All underlying measures noted in this document are non-IFRS and have not been subject to audit or review



# Financial summary

\$ million	FY13	FY14	% Change	
<b>Revenue</b>	<b>311.8</b>	<b>298.4</b>	<b>-4%</b>	Revenue growth in Automotive and Water offset by declines in Consumer and Industrial
<b>Underlying EBITDA</b>	<b>39.9</b>	<b>31.2</b>	<b>-22%</b>	
Depreciation	(4.0)	(3.9)		
Amortisation	(3.2)	(3.3)		
<b>Underlying EBIT</b>	<b>32.7</b>	<b>24.0</b>	<b>-27%</b>	Affected by volume and margin declines in Sunbeam and Dexion
Net Finance Expense	(2.5)	(3.2)		
Underlying Profit before Tax	30.2	20.8		
Tax	(8.5)	(5.9)		
<b>Underlying NPAT</b>	<b>21.7</b>	<b>14.9</b>	<b>-31%</b>	Activities in Sunbeam and Dexion to enhance future profitability
Restructuring Costs after Tax	(3.6)	(10.1)		
<b>Reported NPAT</b>	<b>18.2</b>	<b>4.8</b>	<b>-74%</b>	
<b>EPS &amp; Dividend - cents</b>				
Underlying EPS	30.6	20.9	-31%	
Reported EPS	25.6	6.7	-74%	
Interim Dividend	26.0	18.0	-31%	
Special Dividend	10.0			



# Financial position

- ▶ Net debt increased by \$29m to \$114m partly due to timing of Dexion project payments and an increase in inventories
- ▶ Net debt to equity remains conservative at 53%
- ▶ Healthy interest cover of 8.6 times (Underlying EBITA/Net Interest)
- ▶ An on-market buy back facility for up to 6 million shares is in place
  - 100,000 shares purchased in the current reporting period
- ▶ Interim dividend of 18 cents per share fully franked declared
  - Payable 6<sup>th</sup> March 2014
- ▶ Solid financial position continues



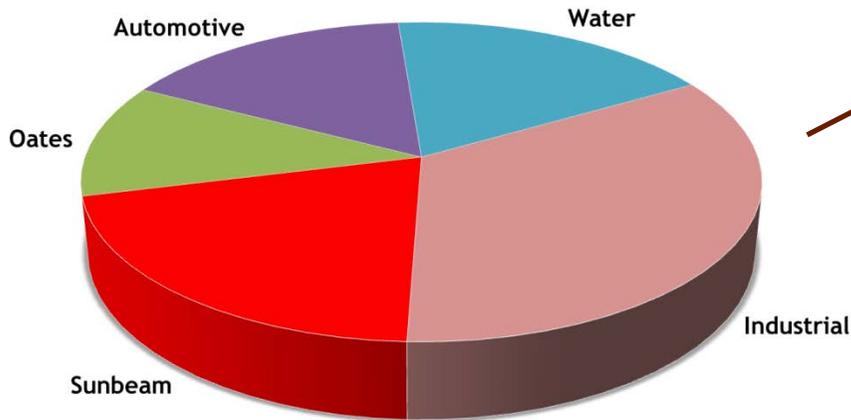
# Current issues and priorities

- ▶ Fix Sunbeam and Dexion operational and profit performance
  - New CEOs appointed and in place in both businesses
  - Restructuring activities planned and being implemented
  - Improvements in performance to be evident FY15
  
- ▶ Apply detailed understanding of profit drivers
  - Profitability by customer and product analyses initially occurring in Sunbeam, Dexion and Davey
  - Expect short and long term uplifts in EBIT as a result
  
- ▶ Create breakthrough innovation culture across the group
  - Group framework for innovation introduced across all businesses
  - Aiming to increase idea generation leading to breakthrough new products



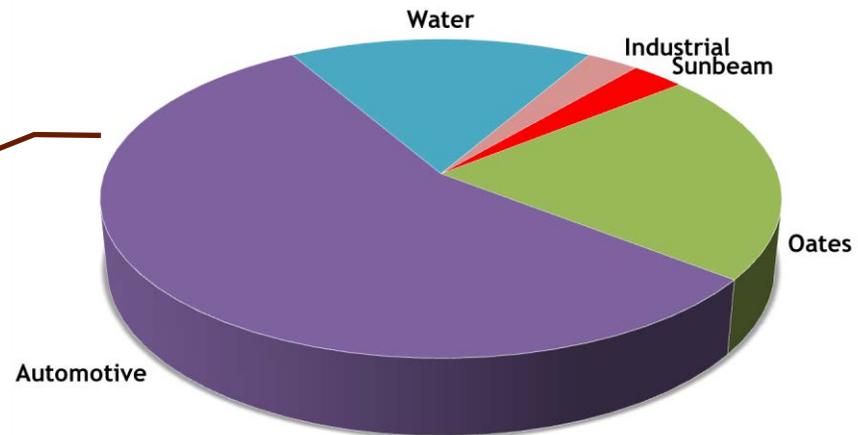
# GUD business mix

FY14 H1 revenue - \$298m



Diversified revenue base with Industrial being the largest contributor

FY14 H1 underlying operational EBIT\*



Automotive is currently the dominant contributor; highlights the substantial EBIT growth opportunity in Industrial and Sunbeam

\*Underlying EBIT before Unallocated Costs



# Business segment summary

Industrial   Revenue down 12% to \$101m  
EBIT\* down 86% to \$0.8m

---

Consumer   Revenue down 4% to \$96m  
EBIT\* down 44% to \$6.7m

---

Water  Revenue up 1% to \$54m  
EBIT down 7% to \$4.6m

---

Automotive    Revenue up 9% to \$48m  
EBIT up 11% to \$15.4m

---

\* Underlying EBIT

# Industrial Products

<b>\$ million</b>	<b>FY13</b>	<b>FY14</b>	<b>% Change</b>
<b>Sales</b>	<b>114.7</b>	<b>101.2</b>	<b>-12%</b>
<b>EBITDA</b>	<b>8.0</b>	<b>3.0</b>	<b>-62%</b>
Depreciation	1.4	1.2	-12%
Amortisation	0.9	1.0	5%
<b>Underlying EBIT *</b>	<b>5.6</b>	<b>0.8</b>	<b>-86%</b>
<i>EBIT/Sales %</i>	<i>5%</i>	<i>1%</i>	



- ▶ Revenue declines principally attributed to project timings in Asia and competitive conditions in the Australian market
- ▶ EBIT decline driven by lower sales and margins
- ▶ Margin decline resulting from competitive conditions; being addressed with manufacturing restructure
- ▶ New Dexion CEO appointed in September

# Dexion restructuring

Two major restructuring actions commenced:

- ▶ Relocation of Australian rack manufacturing to Asian plants
  - Closure of Kings Park, Sydney manufacturing plant
  - Shift of capacity to Dexion Malaysia
  - Scheduled for completion in September 2014
  - Cost of \$11.8 million fully provided
  - Annualised benefit estimated at \$6.5 million
  - Additional significant capacity and productivity improvements anticipated as a result of this project
- ▶ Exit of Elite Built business in Dexion Commercial
  - Divestment of this brand progressing
  - \$2.1 million restructuring costs with annual benefit of \$1 million expected



# Consumer Products

<b>\$ million</b>	<b>FY13</b>	<b>FY14</b>	<b>% Change</b>
<b>Sales</b>	<b>100.0</b>	<b>95.7</b>	<b>-4%</b>
<b>EBITDA</b>	<b>15.5</b>	<b>10.5</b>	<b>-32%</b>
Depreciation	1.5	1.6	8%
Amortisation	2.1	2.2	3%
<b>Underlying EBIT*</b>	<b>11.9</b>	<b>6.7</b>	<b>-44%</b>
<i>EBIT/Sales %</i>	<i>12%</i>	<i>7%</i>	



- ▶ Revenue for Oates was up 3% to \$34m and EBIT down 1% to \$5.9m
  - Solid performance with EBIT marginally affected by increasing levels of retail promotional support and resistance in implementing price increases
- ▶ Revenue for Sunbeam declined 8% to \$61m and EBIT down 86% to \$0.8m
  - Drop in revenue reflects an overall market decline, continued intense competitive conditions and a lack of innovative new products
  - EBIT affected by reduction in sales, a drop in margin from lower Australian dollar and increasing cost of doing business

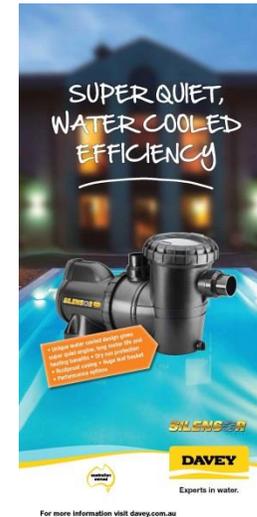
# Sunbeam profit revitalisation

- ▶ Organisational restructure to reduce overheads completed in November 2013
  - cost of \$0.6m with expected annual benefit of \$0.9m
- ▶ New CEO commenced early December 2013
- ▶ Major priority to refocus product development to deliver innovative new products
- ▶ Profit improvement plan to be documented and actioned following customer and product profitability analysis
- ▶ Program implemented to reduce cost of product warranty
- ▶ New sales channels being evaluated
  - On-line sales of accessories commenced



# Water Products

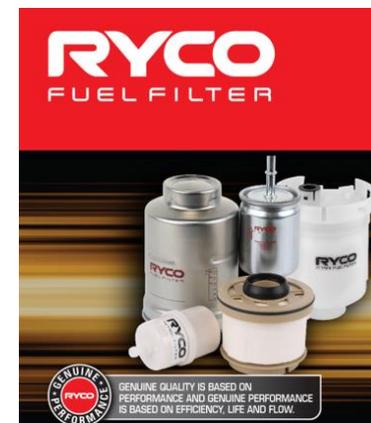
\$ million	FY13	FY14	% Change
<b>Sales</b>	<b>53.2</b>	<b>53.5</b>	<b>1%</b>
<b>EBITDA</b>	<b>5.8</b>	<b>5.5</b>	<b>-6%</b>
Depreciation	0.8	0.8	4%
Amortisation	0.1	0.1	-36%
<b>EBIT</b>	<b>4.9</b>	<b>4.6</b>	<b>-7%</b>
<i>EBIT/Sales %</i>	<i>9%</i>	<i>9%</i>	



- ▶ Local market conditions remain subdued; delayed start to traditional summer selling season
- ▶ Price increases implemented late in the half to have an effect in second half
- ▶ International businesses benefiting from lower dollar

# Automotive Products

<b>\$ million</b>	<b>FY13</b>	<b>FY14</b>	<b>% Change</b>
<b>Sales</b>	<b>43.9</b>	<b>48.0</b>	<b>9%</b>
<b>EBITDA</b>	<b>14.2</b>	<b>15.7</b>	<b>11%</b>
Depreciation	0.3	0.3	1%
Amortisation	0.0	0.0	
<b>EBIT</b>	<b>13.9</b>	<b>15.4</b>	<b>11%</b>
<i>EBIT/Sales %</i>	<i>32%</i>	<i>32%</i>	



- ▶ Continuing strong performance with both Ryco and Wesfil contributing
- ▶ Exit of major competitor due to Ryco's brand strength and customer support
- ▶ Price increases implemented early December to cover increasing product costs
- ▶ Ryco and Goss product launches into new segments underpinning growth

# Outlook

- ▶ Anticipate around a 20% decline in underlying EBIT for the full year, consistent with guidance provided at AGM
- ▶ Expect general business conditions to remain consistent with recent patterns
- ▶ Continued strong performance from Automotive and solid performance from Water and Oates should underpin the overall result
- ▶ Dexion focused on successfully implemented major restructuring programs over the balance of the year
- ▶ Revitalisation of Sunbeam to accelerate in second half
- ▶ Significant opportunities to improve profitability exist across the GUD group

