



GUD Holdings Limited

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22 May 2014

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

Dear Sir,

Goldman Sachs – Small & Mid Cap Conference – Company Presentation

Attached is a copy of the presentation to be given at the Goldman Sachs – Small & Mid Cap Conference this morning, by Jonathan Ling, Managing Director, GUD Holdings Limited.

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:

Goldman Sachs Small & Mid
Cap Conference
22 May, 2014



Jonathan Ling
Managing Director

NOTICE

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Key points

- ▶ 2014 interim result
 - Underlying EBIT of \$24 million down 27% on pcp
- ▶ Strong contribution from Automotive offset by weakness in Sunbeam and Dexion
- ▶ Full year guidance remains in place
 - Underlying EBIT down 20% on pcp
- ▶ Total restructuring costs of \$15.4 million provided in Dexion to cover shift of manufacturing to Asia and exit from Elite Built
 - Additional restructuring costs of around \$1.5 million in 2nd half
 - 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
- ▶ Other organisational restructuring costs of \$0.6 million in H2 in other businesses
- ▶ 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 (2014 1st Half Year)

\$ million	FY13	FY14	% Change	
Revenue	311.8	298.4	-4%	Revenue growth in Automotive and Water offset by declines in Consumer and Industrial
Underlying EBITDA	39.9	31.2	-22%	
Depreciation	(4.0)	(3.9)		
Amortisation	(3.2)	(3.3)		
Underlying EBIT	32.7	24.0	-27%	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)		
Underlying NPAT	21.7	14.9	-31%	Activities in Sunbeam and Dexion to enhance future profitability
Restructuring Costs after Tax	(3.6)	(10.1)		
Reported NPAT	18.2	4.8	-74%	
EPS & Dividend - cents				
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 @ 31 December 2013

- ▶ 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
 - 326,000 shares purchased to date
- ▶ Interim dividend of 18 cents per share fully franked paid 6 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

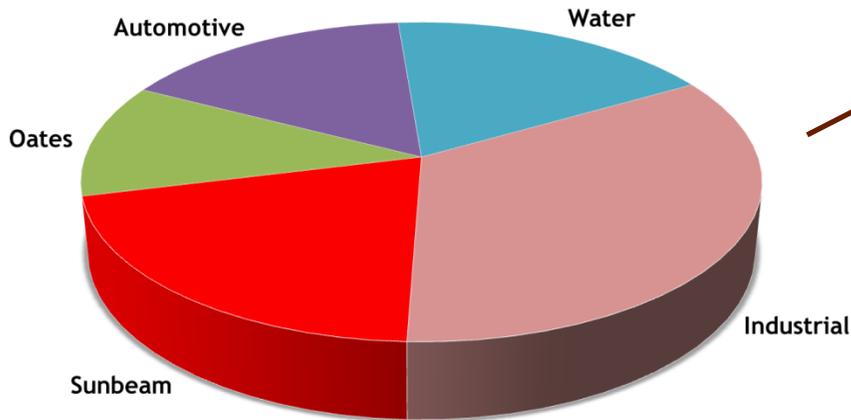
- ▶ Apply detailed understanding of profit drivers
 - Profitability by customer and product analyses initially occurring in Sunbeam, Dexion and Davey
 - Expect short and long term uplifts in EBIT as a result

- ▶ 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

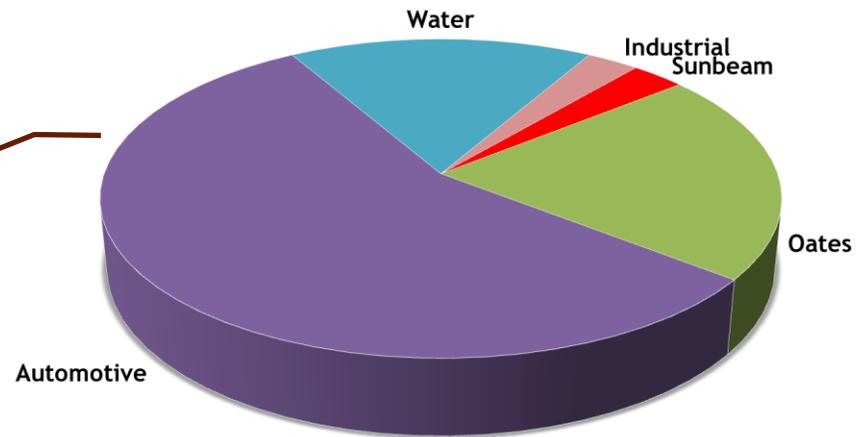
FY14 H1 revenue - \$298m



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 (2014 1st Half Year)

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

\$ million	FY13	FY14	% Change
Sales	114.7	101.2	-12%
EBITDA	8.0	3.0	-62%
Depreciation	1.4	1.2	-12%
Amortisation	0.9	1.0	5%
Underlying EBIT *	5.6	0.8	-86%
<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 and Australian manufacturing in Dexion Commercial
 - Divestment of this brand progressing
 - \$3.6 million restructuring costs with annual benefit of \$1.5 million expected



Consumer Products

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

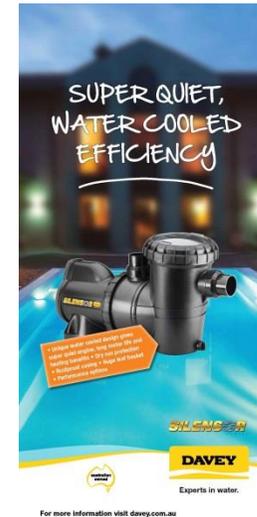
Sunbeam profit revitalisation

- ▶ 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 has been documented and is being actioned following customer and product profitability analysis
- ▶ Program being implemented to reduce cost of product warranty
- ▶ New sales channels being evaluated
 - On-line sales of accessories commenced



Water Products

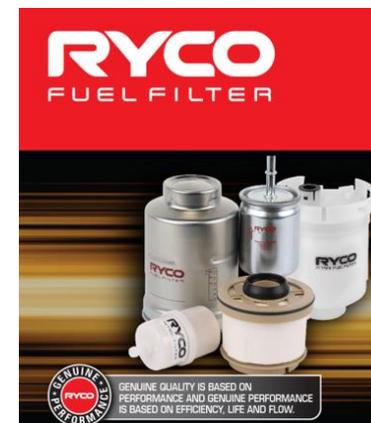
\$ million	FY13	FY14	% Change
Sales	53.2	53.5	1%
EBITDA	5.8	5.5	-6%
Depreciation	0.8	0.8	4%
Amortisation	0.1	0.1	-36%
EBIT	4.9	4.6	-7%
<i>EBIT/Sales %</i>	<i>9%</i>	<i>9%</i>	



- ▶ 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
- ▶ New CEO appointed

Automotive Products

\$ million	FY13	FY14	% Change
Sales	43.9	48.0	9%
EBITDA	14.2	15.7	11%
Depreciation	0.3	0.3	1%
Amortisation	0.0	0.0	
EBIT	13.9	15.4	11%
<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 has accelerated in second half
- ▶ Significant opportunities to improve profitability exist across the GUD group

