

**GUD Holdings Limited**

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28 November 2018

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

Dear Sir

Macquarie Emerging Leaders Forum Presentation – 28 November 2018

Attached is a copy of a presentation to be given by Martin Fraser, Chief Financial Officer, GUD Holdings Limited at the Macquarie Emerging Leaders Forum to be held in Melbourne this morning, Wednesday, 28 November 2018.

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

The background of the slide is a complex financial chart. It features a grid of red and orange lines. Overlaid on this grid are several data series: a candlestick chart with white and red bars, a line chart with a solid red line and a dotted red line, and a bar chart at the bottom with red bars of varying heights. Numerical values are scattered across the chart, including 10414.01, 12195.3, 1439.27, and 782.41. The overall color scheme is dominated by red and orange, creating a sense of financial activity and data analysis.

Macquarie Emerging Leaders Forum - Melbourne
28 November 2018

Martin Fraser
Chief Financial Officer

FY18 Result key points

- Reported NPAT of \$101.8m compared with (\$7.3m) in pcp
 - Underlying NPAT from continuing operations up 20% to \$55.2m
 - Discontinued operations NPAT of \$51.3m predominately due to the sale of Oates
 - Underlying EBIT from continuing operations up 12% to \$83.5m
- Automotive sales growth of 16%; organic growth 9%, acquired growth 7%
 - Full year contribution from GEL and IMG
 - AAG acquired 1 December 2017
- Improved cash conversion, above 80% and net debt reduced to \$92.4 m
- Final fully franked dividend increased to 28 cents per share from 25 cents in pcp
 - Full year fully franked dividends of 52 cents per share from 46 cents in pcp
- Safety performance improvements recorded:
 - Lost time injury frequency rate (LTIFR) declined to 2.9 from 5.8 in pcp
 - Total recordable injury frequency rate (TRIFR) reduced to 4.4 from 9.6 in pcp

Discontinued and non recurring items of +\$46.6m

- Half year discontinued NPAT from Oates of \$3.3m
- After tax gain from sale of Oates of \$51.5m;
 - Sale proceeds of \$83.8m after NWC adjustments
- Davey non-cash write-offs of \$5.8 from discontinued products consisting of:
 - Capitalised product development costs of \$1.7m
 - Tooling \$1.7m
 - Inventory \$2.4m
- Acquisition and disposal costs of \$4.3m
- Tax credit from one off costs of \$1.9m

Financial summary

\$ million	Reported FY17	Re-Styled FY17	FY18	% Change Restated
Revenue - continuing operations	426.3	356.9	396.7	11%
Underlying EBITDA	87.7	78.2	87.1	11%
Depreciation and Amortisation	(4.1)	(3.3)	(3.7)	
Underlying EBIT	83.6	74.9	83.5	12%
Net Finance Expense	(10.4)	(10.3)	(6.7)	
Underlying Profit before Tax	73.1	64.5	76.8	19%
Tax	(21.3)	(18.6)	(21.6)	
Underlying NPAT from continuing operations	51.8	45.9	55.2	20%
Non-recurring items post tax	(0.3)	(0.2)	(4.7)	
NPAT from continuing operations	51.5	45.7	50.5	11%
Discontinued Operations	(58.9)	(53.0)	51.4	
Reported NPAT	-7.3	-7.3	101.8	n/a
EPS & Dividend - cents				
Underlying EPS from Continuing operations	60.5	53.3	64.1	20%
Reported EPS	-8.5	-8.6	118.8	
Final Dividend	25	25	28	12%
Full year Dividends	46	46	52	13%

FY17 re-stated with Oates reclassified to discontinued operations

Revenue growth contributions from all Automotive businesses

Organic profit growth from the Automotive segment with additional contribution from recent acquisitions

Cash generation and financial position

- Improved cash conversion
 - Cash flow from operating activities of \$59.4m, up from \$45.3m previously
 - Cash conversion , operating cash flow before tax over Underlying EBITDA from continuing operations, lifts to 81%
- Net debt reduced to \$92.4 m from \$161.0 m previously
 - Net debt to underlying EBITDA (from continuing operations) improved to 1.1 times
 - Interest cover on underlying EBIT improves to 12.5 times from 6.9 times
- Full year dividend of 52 cents per share fully franked, up 13% on prior year
 - Final dividend of 28 cents per share fully franked paid on 31 August 2018
 - Payout ratio of 80% on underlying continuing operations basic EPS

GUD's portfolio repositioning

- Prior to FY18 GUD disposed of Sunbeam, Lock Focus, Dexion and acquired BWI, Griffiths Equipment (GEL) and IM Group
- In FY18 GUD acquired AA Gaskets and disposed of Oates
- At the start of FY19 acquired Disc Brakes Australia
- Remaining businesses are Automotive and Davey, with the majority of activity now in the automotive aftermarket
- Now focused on maximising the performance of recent acquisitions, organic growth in the existing businesses, improving performance at Davey, and continuing to build the Automotive business through further acquisitions

Automotive aftermarket industry profile

- Market is growing
 - Record new vehicle sales of 1.2m in 2017
 - 39% SUV's and 17% pick ups
 - Vehicles on the road totalled 18.1m up 355,000 or 2% from the previous year
 - Growth rate is expected to be maintained

- Ability to grow through acquisitions
 - GUD have acquired BWI, IMG, Griffiths Equipment, AA Gaskets, Disc Brakes Australia
 - Substantial segments remain fragmented
 - Potential for further acquisitions

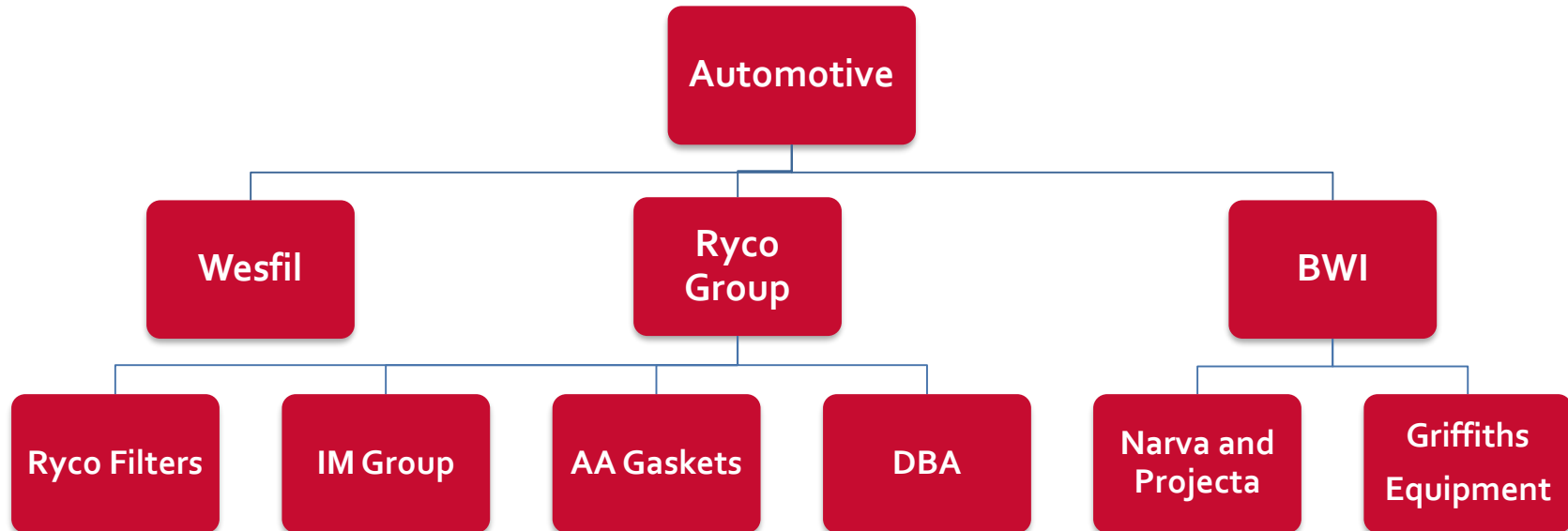


Compelling automotive organic growth opportunities

- Market share growth
 - Part number range extensions in light and heavy duty filtration, gaskets, IM group, and DBA
 - Workshop conversion to Ryco brand
 - New product initiatives for Ryco, Wesfil, BWI and GEL
 - Tools, and new consumables segments
 - Emergency lighting and Toyota/Kenworth parts and accessories
- Inter business synergies
 - Group share of wallet on common customers
 - Shipping, transport, insurance, fleet purchasing
 - Operational benchmarking and cross learning
 - Acquired businesses leverage Ryco's 28,000 customer visits each year



Automotive business structure



Automotive

\$ million	FY17	FY18	% Change
Sales	254.4	295.6	16%
Underlying EBITDA	75.7	85.4	13%
Depreciation and Amortisation	(1.9)	(2.2)	
Underlying EBIT	73.8	83.2	13%
<i>Underlying EBIT/Sales %</i>	29%	28%	



- Sales growth of 16% consisted of 9% organic growth and the balance from the acquired businesses
- FY18 sales included 7 month's contribution from AA Gaskets, and a full year from IM Group and Griffiths Equipment compared with 1 and 9 months respectively in the pcip
- Solid 13% underlying EBIT growth with small underlying EBIT/sales reduction to 28%, reflecting the early contribution from acquired businesses

Automotive operating performance – Ryco Group

- Ryco Filters
 - Record number - over 400 - of “Conquest” customer (workshop) gains
 - Continued product range expansion – over 300 new parts introduced
 - Strong growth in heavy duty segment, air and cabin filters
 - Awarded Trade Supplier of the Year 2018 at Repco and Burson
- IM Group
 - Goss brand relaunch in Q3
 - Nearly 800 new products introduced over the year
- AA Gaskets
 - Range gap filling program initiated – SKUs now number 9,500
 - Improvements in operational, procurement, supply chain and delivery performance

Automotive operating performance – BWI & Wesfil

■ BWI

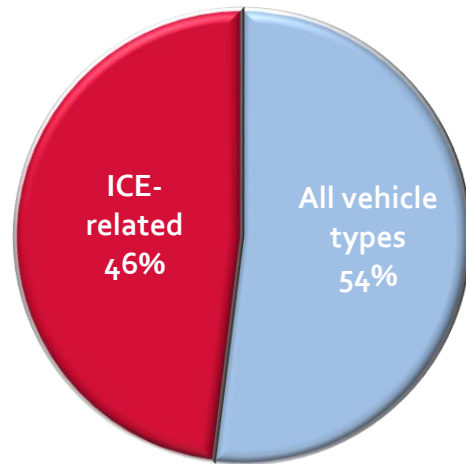
- Awarded Repco Retail Supplier of the Year in 2018
- Continued product range expansion in both Narva and Projecta brands
- Strong wins in new channels:
 - Emergency lighting and sirens – NZ police
 - Toyota parts and accessories
 - Kenworth truck headlamp supply

■ Wesfil

- Awarded Auto One Supplier of the Year in 2018
- Product range expansion
- Opened new distribution centre in Western Sydney

GUD's exposure to internal combustion engines

FY18 Estimated Automotive Segment Sales Split



- Currently 54% of GUD's automotive segment sales are common to all vehicle types:
 - Narva - lighting and electrical
 - Projecta – most products with the exception of jump starters
 - Ryco and Wesfil – cabin air filters, and other common merchandise
- GUD retains a positive outlook on both market segments

Automotive industry trends & GUD's responses

- Universal shifts in the automotive landscape:
 - Driverless vehicles
 - Connected vehicles
 - Electric vehicles
 - Shared utilization
- Development of on-line services – vehicle purchasing and servicing, parts and accessories purchasing
- GUD's positioning in light of these trends:
 - Build capability and agility
 - Build “thought leadership” stance in the industry
 - Assist independent workshops and mechanics to transition

Investments in automotive start-ups

- Liftango
 - Corporate (closed environment) staff ride sharing platform
 - Public bus on demand enablement platform

- Auto Guru
 - Car service comparison and booking platform
 - Monitors owner satisfaction

Davey

\$ million	FY17	FY18	% Change
Sales	102.5	101.1	-1%
Underlying EBITDA	10.5	10.6	1%
Depreciation and Amortisation	(1.4)	(1.4)	
Underlying EBIT	9.1	9.2	0%
<i>Underlying EBIT/Sales %</i>	9%	9%	



- Soft export sales demand into Middle East due to construction downturn
- Sales gains across ANZ offset by loss of major AUS tank equipment supply contract
- Corrective cost actions taken to retain margin.
- Encouraging progress on commercialisation of innovative new products across a number of targeted market segments particularly non-mains water supply and irrigation applications
- One off impairment below underlying EBIT of \$5.8m for tooling, product development, and inventory alignment for discontinued lines developed prior to the current innovation product development methodologies.

Outlook

- Further improvement in financial performance expected in FY19 from:
 - New part numbers, new products and customer gains in the automotive business
 - 2019 Narva catalogue
 - Full year contribution from Wesfil's recently opened Western Sydney facility
 - Full year contribution from AA Gaskets and DBA

- GUD remains well positioned to deliver continued strong returns for shareholders

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