GUD Holdings Limited
A.B.N. 99 004 400 891

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

5 May 2021

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

Dear Sir

Macquarie Australia Conference Presentation – 6 May 2021

Attached is a copy of a presentation to be given by Graeme Whickman, Managing Director and CEO, GUD Holdings Limited at the Macquarie Australia Conference in Sydney tomorrow.

Approved for release by the Company Secretary.

Yours faithfully

Malcolm G Tyler
Company Secretary

Direct: +61 3 9243 3380
Email: malcolmt@gud.com.au

Enc

Macquarie Australia Conference – 6 May 2021

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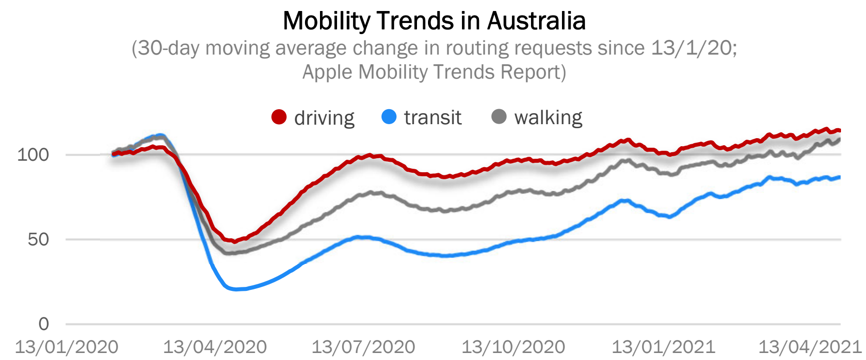
Graeme Whickman
Managing Director

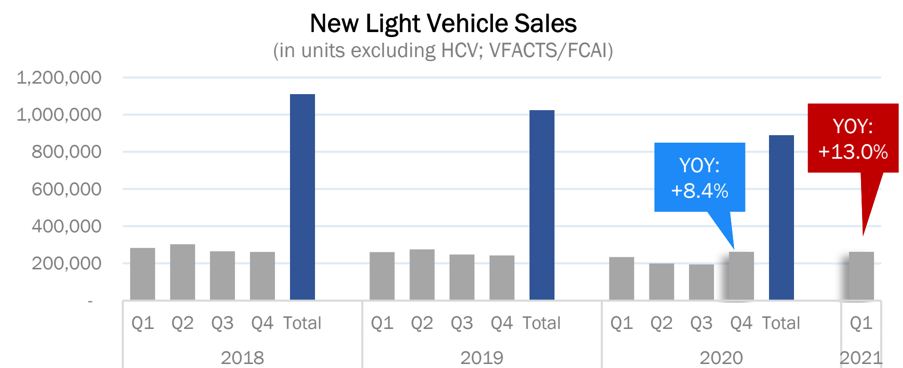
Martin Fraser
Chief Financial Officer

Macro economic drivers remain positive

- Positive macro factors persist
  - Used vehicle volumes and values rising
  - Mobility at strong levels (domestic tourism, public transport aversion)
  - Ave fleet age likely to increase
  - "Right of Repair" legislation presented to parliament March 21 (not yet passed)
  - New vehicle demand strengthening



- Some challenges exist / expected
  - New vehicle supply interruptions due to micro chip shortages may create headwinds and tailwinds
    - Headwinds: impact on new 4wd sales
    - Tailwinds: car parc will continue to age
  - Davey export markets still constrained



Trading in line with guidance

- Q3 FY21 Group trading in line with expectations
  - **Automotive:** Strong workshop end user demand sees YTD Auto YoY organic sales growth of 15%
  - **Water**: YoY sales up 4%. COVID lockdown impacts continuing as production ramps to meet sales backlog with associated incremental costs (shift penalties, outwards/export air freight, partial factory closure, etc.) which are impacting margin
- Strong inventory position maintained to support demand
- Cost inflation slightly above levels flagged at H1 FY21 driven by freight costs and supplier price rise requests which are under negotiation
- FY21 underlying EBIT guidance narrowed to $98-100m[1]
- Cash conversion target of circa 80-85% remains but not at the expense of appropriate inventory levels given current demand

1. FY21 guidance includes recent acquisitions (6 months of G4CVA & 4 months of ACS) and assumes no significant change in prevailing economic conditions or mobility in Q4

G4CVA acquisitions tracking to plan

- **Buy** stage; final completion amount subject to FY21 sales earn out rise and fall
  i. Maximum sales trigger would see an additional payment of $2.1m
  ii. Minimum sales trigger would see a refund of $2.1m (which is currently sitting in escrow)
- **Bolster** stage; well underway
  i. Businesses performing consistent with GUD expectations
  ii. Integration in line with planning
  iii. Immediate upgrades to IT infrastructure and security standards completed
  iv. AE4A (auto electrical) business moved to sit within the Brown & Watson Group
  v. Work well underway on business "where to play" and "how to win" reviews
  vi. Mission critical capex completed or underway – in line with expectations

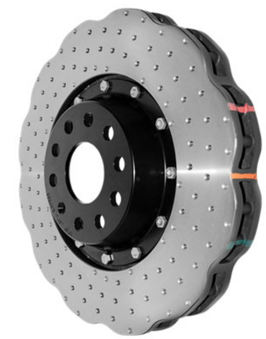
- **Build** stage; yet to commence
  i. Will be informed by redefined business strategies coming from the bolster stage
  ii. Will include product cycle plans, supporting processes and production strategies
  iii. Balance of capex to be spent when the production strategies have been formulated

Solid start to ACS acquisition

- **Buy** stage; final completion payment expected to be paid by May 2021
- **Bolster** stage; well underway
  I. Business performing slightly ahead of expectations
  II. Integration ahead of expectations
  III. Potential ACS ERP enhancements under evaluation
  IV. New CEO appointed from within ACS to address retiring former owner
  V. Will shortly commence a “where to play” and “how to win” strategy review
- **Build** stage; yet to commence
  I. Will be informed by redefined business strategies coming from the bolster stage
  II. No change in product cycle plan tempo expected
  III. Will seek to further extend export activity

Automotive acquisition landscape remains robust

- No shortage of aftermarket acquisition opportunities
- Disciplined approach maintained with adherence to clearly defined acquisition and pricing criteria
- Balance sheet remains well-positioned for bolt-ons
- Debt financier support remains solid
- Recent acquisitions do not diminish capacity or appetite



Q&A

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Appendix: H1FY21 results presentation highlights

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H1 FY21 Snapshot

Rebound in earnings demonstrates resilience of Automotive business

- Net revenue up 11% on PCP reflecting strong recovery in Automotive demand
  - Domestic Auto rebounded strongly. Exports were COVID-19 impacted
  - Flow through of selective modest price rises in Auto and Davey
  - Davey significantly impacted by substantially lower export volumes, factory idling (during COVID-19 lockdowns) and deferred water treatment (MWT) tenders
- Underlying EBIT up strongly on PCP despite lingering COVID-19 challenges
  - JobKeeper of $2.8m more than offset by employee COVID-19 safety and support programmes and incremental COVID-19 operating costs
  - Margin expansion achieved in Automotive despite mix changes (to higher value, lower gross margin products) and substantial incremental freight costs
  - Davey margins heavily impacted by significant factory shutdown during extended Victorian lockdown and other COVID-19 disruptions
- Management focus has remained on our COVID-19 response framework
  - Continued prioritisation of health, safety and hygiene measures
  - Delivery of mental health and wellbeing modules and peer support network
  - Financial support via special COVID-19 leave
- Cash conversion ahead of target
- Issued $75.7m in equity to support the successful acquisition of the ACAD businesses
- Announced fully franked, interim DPS of 25c, in line with the prior corresponding period, representing a payout ratio of 76% of underlying NPAT excluding JobKeeper
- Solid progress on disciplined acquisition strategy
- Balance sheet and funding well positioned for further bolt on acquisitions

Summary Group Financials – Statutory

$M	H1 FY21	H1 FY20	YoY%
Revenue	251.5	227.1	10.7%
EBIT	50.5	43.0	17.4%
NPAT	31.3	26.6	17.6%
Non-Operating Items	(1.8)	(1.5)	20.0%
Underlying EBITDA[1]	59.9	51.6	16.1%
Underlying EBIT[1]	52.3	44.5	17.6%
Underlying NPAT[1]	32.7	27.6	18.4%
Net Operating Cash Flow	39.5	26.2	50.8%
Cash Conversion	90.6%	84.4%	16.5%
EPS (Basic)	34.5	30.7	12.2%
DPS (Interim)	25.0	25.0	-

1.*"Underlying" results represent statutory results adjusted for non-operating items*
Refer to slide 25 for detailed AASB 16 impacts
Small differences due to rounding

COVID-19 Financial Impacts

Incremental costs	• Higher freight costs due to shipping disruption • Higher air freight costs across Automotive, predominately in BWI • Incremental cost of split/staggered shifts in warehouses and production sites • Additional IT expenditure to support remote/virtual working and increased health and safety measures
Cash conservation initiatives	• Senior and executive management and Board salary reductions of 10-20% finished in the September quarter • Operating expenses yielded savings of approximately $1.1m in H1 • No KMP bonuses were paid in FY20. FY21 STI calculations will exclude any government subsidies received in FY20 and FY21
Manufacturing	• Davey significantly impacted by extended lockdown of the Melbourne facility resulting in lost sales and reduced overhead recovery • Significant order backlog in Q2 necessitated multiple shifts and cost penalties further pressuring margins
Safe and engaged workforce	• No redundancies directly related to COVID-19. Continued GUD 'pre-JobKeeper' approach including COVID-19 special leave • Partial stand down for some businesses covered by special COVID-19 and annual leave (i.e. take home pay not diminished) • Heightened health and safety efforts continue with inherent incremental costs
Government subsidies	• Wage subsidy programs contributed a combined $2.8m in H1 FY21. No further subsidies expected in FY21 • No tax deferrals claimed • Employee care programmes and financial support programmes coupled with the incremental COVID-19 operational costs more than offset the JobKeeper receipts
Robust inventory levels	• Minimal disruption reinforced strength of supplier relationships • Key challenges of port logistics and cancelled shipping runs were well managed resulting in comparatively low backorders • Anticipated higher inventory levels in H2 to support current demand
Demand impacts	• Mix shift evidenced in the Automotive businesses • Strong gains in non-discretionary, albeit lower margin/higher value items • Export market demand in Automotive and Water impacted, and in some cases, significantly lower

Automotive

Financials – Statutory

$M	H1 FY21	H1 FY20	YoY%
Revenue	196.7	173.6	13.3%
Underlying EBITDA	56.7	48.1	18.0%
Depreciation & Amortisation	(4.3)	(4.6)	
Underlying EBIT	52.4	43.4	20.7%
Underlying EBIT Margin	*26.6%*	*25.0%*	

Note: small differences due to rounding

Strong revenue growth across all business units reinforces resilience of the Automotive portfolio

- Decision to maintain strong inventory position left the Group competitively well positioned for demand recovery
- Healthy balance of service and repair parts revenue

Positive increase in underlying EBIT margin despite adverse mix impact and sustained product investment

- Flow through of selective price increases combined with conservative cost management were the key drivers of margin expansion
- JobKeeper subsidy of $2.8m was more than offset by incremental COVID-19 operating costs and employee support programs (e.g. special COVID-19 leave). No further subsidies are expected in FY21
- Result includes higher corporate recharges of $1.7m to better reflect Group support to the Automotive businesses

Product development, operating fitness and margin management initiatives on track

Automotive – H1 FY21 Snapshot

Ryco Filters

- Strong revenue-driven growth over PCP driven by strong demand beyond reseller restocking
- Strategic initiatives across commercial and 4x4 channels are progressing to plan
  - Released new Catch Can kit for Isuzu trucks and continued roll out of vehicle-specific kits
  - Automotive Innovation Lab Access Grant for 4x4 program initiative underway
- Launch of market first Microshield N99 Cabin air filtration program in Q2 FY21, further supported strong segment growth
- Ranked 5th Most Innovative Company (Consumer and Manufacturing Goods) (AFR BOSS 2020)

Wesfil

- Strong sales aided by COVID-19 recovery - growth seen in all categories
- Brand value proposition well positioned as government stimulus unwinds
- Second Sydney DC contributing well. Considering further interstate expansion

IM Group

- Repair activity significantly ahead of pre-COVID-19 levels
- Strong demand for traditional products (such as distributors, mechanical fuel pumps etc.)
- Announced the hybrid battery refurbishment program

Automotive – H1 FY21 Snapshot

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BWI

- Strong revenue-driven growth on PCP
  - Caravan and Truck OEM segments growing to meet demand. Awarded Jayco power management contract
  - Very strong sales growth in retail DIY channels. Launched TJM's Sunseeker range through store network
  - Supply and shipping delays impacting COGS and inventory
  - COVID-19 negatively impacting export sales
- Strong growth in new BWI segments and channels were skewed to lower average GP products
- Ranked 8th most innovative consumer goods and manufacturing company (AFR BOSS 2020)

AA Gaskets

- Discretionary, 4x4, general and enthusiast engine-building demand remains strong
- Supply is the key challenge - demand for project vehicle parts is at all time high globally
- Profit turnaround plan on track, with the final stage of the 'proof of concept' integration at Ryco in progress

DBA

- Strong domestic growth on PCP driven by retail and market share gains from competitor supply chain issues
- Export markets were COVID-19-impacted but demand started to recover with USA now performing above expectations
- Product range continues to expand; R90 European certification commenced and starting to see results in export markets with stocks currently in transit to European distributors and expected to see ramp up in FY22

Water

Financials – Statutory

$M	H1 FY21	H1 FY20	YoY%
Revenue	54.8	53.5	2.4%
Underlying EBITDA	4.4	6.6	-33.6%
Depreciation & Amortisation	(2.2)	(2.1)	
Underlying EBIT	2.1	4.5	-51.9%
Underlying EBIT Margin	*3.9%*	*8.3%*	

Note: small differences due to rounding

- Sales growth hampered by COVID-19 impacts including MWT deferrals and soft export markets
  - Growth in traditional Davey products suggest market share gains in Australia and NZ driven by domestic pool and agricultural demand
  - Modular water treatment (MWT) demand softened in Australia and NZ as capital expenditure decisions were deferred
  - Melbourne plant idled during COVID-19 extended lock-down as products were deemed to be "non-essential" thereby hampering ability to meet demand for the European pool season
  - Export demand to traditionally strong Pacific and Indian Ocean export markets contracted significantly due to collapse in tourism. South East Asia and Middle East also soft due to COVID-19
- COVID-19 significantly impacted margins
  - Significant idling of Melbourne plant through extended lock-down impacted factory overhead recoveries and flowed through to COGS and gross margin
  - Staff retention strategy consistent with Automotive, but recovery in demand is lagging
  - Result includes higher corporate recharges of $0.4m to better reflect the Group's support to the Davey business

Disclaimer

Important notices

This Presentation has been prepared by GUD Holdings Limited (ABN 99 004 400 891) ("GUD" or "Company").

Summary information

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Financial data

All dollar values are in Australian dollars ($) unless stated otherwise.

Past performance

Past performance information, including past share price performance, given in this Presentation is given for illustrative purposes only and should not be relied upon as an indication of future performance.

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