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1 February 2017

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

Dear Sir

**Half Year Ended 31 December 2016  
Results Briefing and Webcast**

Attached is a copy of the Half Year ended 31 December 2016 Results Briefing to analysts and brokers, to be presented by Jonathan Ling, Managing Director, GUD Holdings Limited.

On Wednesday 1 February 2017 at 11.00am, GUD will be hosting a webcast of its HY17 results briefing, for the period ended 31 December 2016. To register and view the webcast, please go to [www.gud.com.au/webcasts](http://www.gud.com.au/webcasts).

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:

# GUD Holdings Limited

Results for half year ended  
31 December 2016

Jonathan Ling

Managing Director



# Result key points

- Reported NPAT increased to \$17.7 m from \$1.7 m previously
  - Underlying NPAT from continuing operations up 8% to \$24.7 m
- Underlying NPAT of \$24.7 m up 26% on last year's reported result
- Underlying EBIT on reported basis improved to \$39.1 m
  - 10% uplift in Automotive and \$1.9 m improvement in Dexion partially offset by declines in Oates and Davey
- Sale of Sunbeam and Lock Focus completed in the half
- Strengthened Automotive portfolio with acquisition of Griffiths Equipment
- Interim dividend increased to 21 cents per share fully franked from 20 cents previously

# Active portfolio management

- Divested remaining stakes in Sunbeam joint ventures on 1<sup>st</sup> July 2016
  - Received total cash consideration of \$34.5 m in the half
  - Reported \$2.5 m profit before tax and tax expense of \$4.2 m
  
- Sold assets of Lock Focus for \$4.9 m on 1<sup>st</sup> December 2016
  - GUD retained net working capital assets of \$1.4 m to be recovered by 30 March 2017
  - Net book loss of \$3.1 m included in half's Reported NPAT
  
- Acquired New Zealand distributor for Brown & Watson (Griffiths Equipment) for \$7.3 m on 1<sup>st</sup> October 2016
  - On track to deliver the expected \$8 m of annualised sales

# First half significant items

- Significant items of \$8.7 m reported in EBIT in the half consisted of:
  - Dexion restructuring \$2.5 million
  - Pre-tax loss on sale of Sunbeam \$1.5 million
  - Pre-tax loss on sale of Lock Focus \$4.6 million
  - Transaction costs \$90k
  
- \$4 m gain on sale of Jarden Asia reported after EBIT and included in discontinued operations

# Financial summary

\$ million	Reported	Re-Styled		% Change	% Change
	H1 FY16	H1 FY16	H1 FY17	Reported	Restated
<b>Revenue from continuing operations</b>	<b>355.9</b>	<b>292.9</b>	<b>291.2</b>	<b>-18%</b>	<b>-1%</b>
<b>Underlying EBITDA</b>	<b>43.3</b>	<b>42.0</b>	<b>42.0</b>	<b>-3%</b>	<b>0%</b>
Depreciation and Amortisation	(6.0)	(3.4)	(2.9)		
<b>Underlying EBIT</b>	<b>37.2</b>	<b>38.6</b>	<b>39.1</b>	<b>5%</b>	<b>1%</b>
Net Finance Expense	(6.2)	(6.0)	(4.3)		
<b>Underlying Profit before Tax</b>	<b>31.1</b>	<b>32.6</b>	<b>34.8</b>	<b>12%</b>	<b>7%</b>
Tax	(9.2)	(9.7)	(10.1)		
Share of profit from equity accounted investees	(2.3)				
<b>Underlying NPAT</b>	<b>19.6</b>	<b>22.9</b>	<b>24.7</b>	<b>26%</b>	<b>8%</b>
Non-controlling interest	0.6				
<b>Underlying NPAT to Members</b>	<b>20.2</b>	<b>22.9</b>	<b>24.7</b>	<b>22%</b>	<b>8%</b>
Non-recurring items after tax*	(18.5)	(21.2)	(7.0)		
<b>Reported NPAT</b>	<b>1.7</b>	<b>1.7</b>	<b>17.7</b>	<b>914%</b>	<b>914%</b>
<b>EPS &amp; Dividend - cents</b>					
Underlying EPS	23.7	26.9	28.8	21%	7%
Reported EPS	2.0	2.0	20.6	908%	908%
Interim Dividend	20	20	21	5%	5%

FY16 re-stated with discontinued operations reclassified

Automotive revenue growth of 10% offset by declines in other businesses

FY17 includes net result of Sunbeam and Lock Focus sales and \$2.5 m restructuring cost in Dexion

# Cash generation and financial position

- Net debt reduced by \$27 m to \$163 m on pcp
  - Net \$12 m cash inflow from portfolio activities including cash outlay of \$20m for BWI earn out for FY16
- Net financing costs declined from \$6.2 m to \$4.3 m reflecting lower net debt position
- Cash from operating activities down by \$4.1 m to \$15 m due to higher tax payments
- Interim dividend lifted to 21 cents per share, payable on 3<sup>rd</sup> March 2017

# Portfolio structure

	Share of Revenue		Share of Operational EBIT*	
	H1 FY16	H1 FY17	H1 FY16	H1 FY17
<b>Automotive</b>	32%	42%	79%	82%
<b>Davey</b>	16%	17%	16%	10%
<b>Oates</b>	10%	12%	14%	9%
<b>Dexion</b>	24%	27%	-6%	-1%
<b>Discontinued</b>	18%	2%	-3%	0%

\* Operational EBIT is underlying EBIT before unallocated costs

- Automotive further increased its share of revenue and operational EBIT
- Portfolio simplified to include only four activity areas



# Automotive

\$ million	H1 FY16	H1 FY17	% Change
<b>Sales</b>	<b>113.2</b>	<b>124.9</b>	<b>10%</b>
<b>EBITDA</b>	<b>33.2</b>	<b>36.5</b>	<b>10%</b>
Depreciation and Amortisation	(0.6)	(0.6)	
<b>EBIT</b>	<b>32.6</b>	<b>35.8</b>	<b>10%</b>
<i>EBIT/Sales %</i>	29%	29%	



- Brown & Watson continues to benefit from new product activity and increasing business in new segments
- Profit contribution from Griffiths Equipment since acquisition in line with expectations
- Ryco and Wesfil delivered solid growth in sales and EBIT

# Growth drivers in Automotive segment

1. New products:
  - BWI continues to benefit from new Narva products launched in conjunction with 2016 catalogue
  - Growing sales of Ryco Japanese truck filters as it gains users and distribution
  - Ryco introduced FireGuardian™ air filters for emergency services vehicles
  - Wesfil introduced spark plug program late in the half
2. New customers:
  - Ryco continues with its workshop “Conquest” program, now encompassing truck as well as automotive workshops
  - BWI gained a major new distributor and expanded into new market segments
3. Acquisition:
  - Griffiths Equipment added to BWI business

# Davey

\$ million	H1 FY16	H1 FY17	% Change
<b>Sales</b>	<b>55.9</b>	<b>51.3</b>	<b>-8%</b>
<b>Underlying EBITDA</b>	<b>7.2</b>	<b>4.9</b>	<b>-32%</b>
Depreciation and Amortisation	(0.6)	(0.6)	
<b>Underlying EBIT</b>	<b>6.6</b>	<b>4.3</b>	<b>-34%</b>
<i>Underlying EBIT/Sales %</i>	12%	8%	



- Slow start to season in Australia – cold, wet Spring – drove lower performance
- Signs of recovery apparent in November and December
- Stronger gross profit margin from internal efficiency improvements and improved purchasing terms

# Oates

\$ million	H1 FY16	H1 FY17	% Change
<b>Sales</b>	<b>37.3</b>	<b>35.5</b>	<b>-5%</b>
<b>EBITDA</b>	<b>6.2</b>	<b>4.2</b>	<b>-32%</b>
Depreciation and Amortisation	(0.4)	(0.4)	
<b>EBIT</b>	<b>5.8</b>	<b>3.8</b>	<b>-34%</b>
<i>EBIT/Sales %</i>	16%	11%	



- Sales affected by closure of Masters, associated hardware industry competition and Oates withdrawal from supplying Woolworths
- Drop in EBIT largely attributed to currency effects
  - Competitive nature of grocery and hardware industries prevent offsetting price adjustments
- New CEO appointed and commenced early November

# Dexion

\$ million	H1 FY16	H1 FY17	% Change
<b>Sales</b>	<b>86.5</b>	<b>79.6</b>	<b>-8%</b>
<b>Underlying EBITDA</b>	<b>-0.7</b>	<b>0.6</b>	<b>n.a.</b>
Depreciation and Amortisation	(1.8)	(1.2)	
<b>Underlying EBIT</b>	<b>(2.5)</b>	<b>(0.6)</b>	<b>n.a.</b>
<i>EBIT/Sales %</i>	<i>-3%</i>	<i>-1%</i>	



- Business remains in turnaround mode with \$1.3 m improvement in underlying EBITDA and \$1.9 m improvement in underlying EBIT
- Sales continue to be affected by decision delays on major projects
- Australia experiencing a significant lift in franchise business and in small project work
- \$2.5 m restructuring cost principally associated with closure of Middle East operation
- Continue to explore divestment options

# Outlook

- Improvement across all businesses expected in the second half
- Continued strong profit growth anticipated from Automotive
  - Full half's contribution from Griffiths Equipment
- Davey to benefit from customer gains in Australia and new management in New Zealand
- Oates expecting recovery in hardware and to benefit from improved currency position and overhead cost savings
- Recent trajectory of improvement in Dexion to continue with additional contribution from new project confirmations
- Reaffirm AGM guidance of full year underlying EBIT around \$85 million

# GUD Holdings Limited

Results for half year ended  
31 December 2016

