



GUD Holdings Limited

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2 May 2017

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

Dear Sir

Macquarie Australia Conference Presentation – 2 May 2017

Attached is a copy of a presentation to be given at the Macquarie Australia Conference to be held in Sydney on Tuesday, 2 May 2017 this morning by Jonathan Ling, Managing Director, GUD Holdings Limited.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Malcolm G Tyler', with a long horizontal flourish extending to the right.

Malcolm G Tyler
Company Secretary

Enc

GUD Holdings Limited

Macquarie Australia Conference – 2nd May 2017

Jonathan Ling

Managing Director



The GUD group

Automotive



From 1st June 2017

- Automotive filters
- Heavy duty filters
- Fuel pumps
- Ignition coils
- Other automotive repair parts
- Automotive lighting and accessories
- Battery maintenance and power products
- Engine management and electronic replacement parts

Davey



- Household and farm water pumps
- Rainwater harvesting
- Swimming pool products
- Water treatment

Oates



- Consumer and professional cleaning hardware
- Speciality cleaning chemicals

Dexion



- Intralogistics products and systems

FY17 H1 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 1st 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 1st December 2016
 - Net book loss of \$3.1 m included in half's Reported NPAT
- Acquired Griffiths Equipment New Zealand for \$7.3 m on 1st October 2016
 - On track to deliver the expected \$8 m of annualised sales
- Announced acquisition of Innovative Mechatronics Group, effective 1st June 2017
 - Annualised sales of ~ \$7m and ~\$1 m EBIT
 - To be managed independently as part of GUD Automotive (Ryco and Goss)

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-Stated		% Change	% Change
	H1 FY16	H1 FY16	H1 FY17	Reported	Restated
Revenue from continuing operations	355.9	292.9	291.2	-18%	-1%
Underlying EBITDA	43.3	42.0	42.0	-3%	0%
Depreciation and Amortisation	(6.0)	(3.4)	(2.9)		
Underlying EBIT	37.2	38.6	39.1	5%	1%
Net Finance Expense	(6.2)	(6.0)	(4.3)		
Underlying Profit before Tax	31.1	32.6	34.8	12%	7%
Tax	(9.2)	(9.7)	(10.1)		
Share of profit from equity accounted investees	(2.3)				
Underlying NPAT	19.6	22.9	24.7	26%	8%
Non-controlling interest	0.6				
Underlying NPAT to Members	20.2	22.9	24.7	22%	8%
Non-recurring items after tax*	(18.5)	(21.2)	(7.0)		
Reported NPAT	1.7	1.7	17.7	914%	914%
EPS & Dividend - cents					
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, paid on 3rd March 2017

Portfolio structure

	Share of Revenue		Share of Operational EBIT*	
	H1 FY16	H1 FY17	H1 FY16	H1 FY17
Automotive	32%	42%	79%	82%
Davey	16%	17%	16%	10%
Oates	10%	12%	14%	9%
Dexion	24%	27%	-6%	-1%
Discontinued	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
Sales	113.2	124.9	10%
EBITDA	33.2	36.5	10%
Depreciation and Amortisation	(0.6)	(0.6)	
EBIT	32.6	35.8	10%
<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

IM Group profile and direction

- Business commenced operations in 1983 and is based in Hallam, Victoria
- It markets and sells products in the automotive aftermarket using brands:
 - Injectronics, Genuine OEM Parts, MAP and RAE
- Activities and products include:
 - Repair and re-manufacture of automotive electronic components – eg. ABS modules, engine control modules, climate controls, etc.
 - Aftermarket ignition and sensors products, replacement keys and remote controls
- Customers include Repco, Bapcor, Supercheap Auto and specialists
- Bringing GUD's Goss brand into IM Group will result in a category leadership with premium brands, in replacement engine management products

Davey

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



- Slow start to season in Australia – cold, wet Spring – drove lower performance
- Recovery apparent since November
- Stronger gross profit margin from internal efficiency improvements and improved purchasing terms
- Innovation programs starting to deliver

Oates

\$ million	H1 FY16	H1 FY17	% Change
Sales	37.3	35.5	-5%
EBITDA	6.2	4.2	-32%
Depreciation and Amortisation	(0.4)	(0.4)	
EBIT	5.8	3.8	-34%
<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
- Recovery in H2 on track

Dexion

\$ million	H1 FY16	H1 FY17	% Change
Sales	86.5	79.6	-8%
Underlying EBITDA	-0.7	0.6	n.a.
Depreciation and Amortisation	(1.8)	(1.2)	
Underlying EBIT	(2.5)	(0.6)	n.a.
<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 lift in franchise business and in small project work
- \$2.5 m restructuring cost principally associated with closure of Middle East
- Continue to explore divestment options
- Order pipeline improved to \$53m, marginally below FY16's monthly average

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

Macquarie Australia Conference – 2nd May 2017

