



## GUD Holdings Limited

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11 February 2021

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

Dear Sir

### **Half Year Ended 31 December 2020 Results Briefing and Webcast**

Attached is the Results Briefing for the Half Year ended 31 December 2020 to shareholders, analysts and brokers, to be presented by Graeme Whickman, Managing Director and CEO and Martin Fraser, CFO of GUD Holdings Limited.

Today at 11.00 am, GUD will be hosting a webcast of its HY21 results briefing. To register and view the webcast, please go to <https://gud.com.au/webcasts> or click [here](#).

*Approved for release by the Company Secretary.*

Yours faithfully

A handwritten signature in black ink, appearing to read 'Malcolm G Tyler', written over a horizontal line.

**Malcolm G Tyler**  
Company Secretary

Direct: +61 3 9243 3380  
Email: [malcolmt@gud.com.au](mailto:malcolmt@gud.com.au)

Attached

# H1 FY21 Financial Result

Graeme Whickman  
Managing Director

Martin Fraser  
Chief Financial Officer



GUD  
HOLDINGS  
LIMITED

analysts only



# Table of Contents

GUD HOLDINGS LIMITED

1. H1 FY21 Snapshot – Graeme Whickman
2. COVID-19 update – Graeme Whickman/Martin Fraser
3. Automotive – Graeme Whickman
4. Water – Graeme Whickman
5. Financials – Martin Fraser
6. Trading Update and Outlook - Graeme Whickman
7. Q&A – Graeme Whickman and Martin Fraser



# H1 FY21 Snapshot

GUD HOLDINGS LIMITED

## 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 <sup>1</sup>	59.9	51.6	16.1%
Underlying EBIT <sup>1</sup>	52.3	44.5	17.6%
Underlying NPAT <sup>1</sup>	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

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## 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

## 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)	
<b>Underlying EBIT</b>	<b>52.4</b>	<b>43.4</b>	<b>20.7%</b>
<i>Underlying EBIT Margin</i>	<i>26.6%</i>	<i>25.0%</i>	

*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

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## 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





# Vehicle Sales Recover in Q4 - Segmentation Trends Continue

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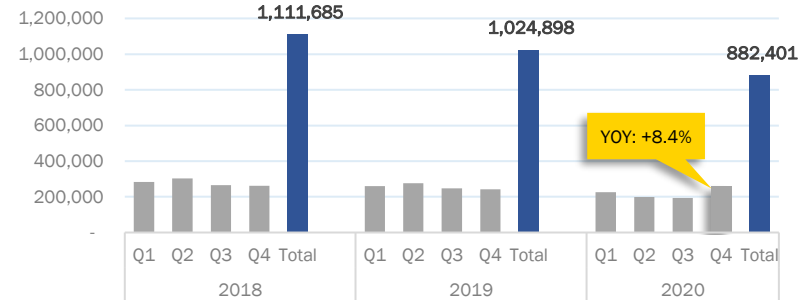
## New vehicle down YOY but sales recover in Q4 CY20

- New vehicle sales dipped below 1 million in CY20, down 13.9% on PCP
- Passenger vehicles declined 30%, LCVs declined 9% while SUV's were down only 6%
- However, 262,271 new vehicles were sold in Q4 2020, up 8.4% on PCP
- 67K EV's were sold in 2020 (up 81%) however 97.2% of EV's sold in 2020 were hybrid and plug-in hybrid electric vehicles (HEV/PHEV), both of which use ICE components
- Battery electric vehicle (BEV) penetration remains low at 1,769 new vehicles, or 0.2% of total light vehicle sales in 2020 (Note Tesla not reported in VFacts estimates)

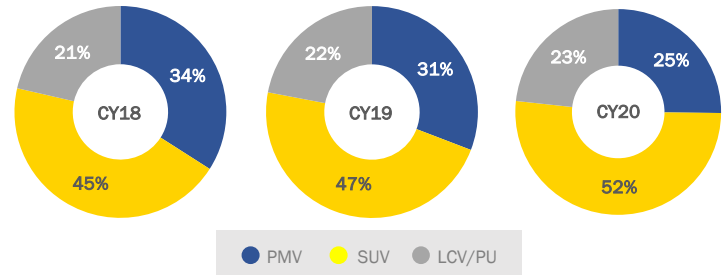
## New vehicle segmentation

- SUVs and Pick-Ups (PUs) continue growth trend - shift in composition expected to continue
- SUVs/PUs combined share of new vehicle sales rose 6% pts YOY to 75% in CY20
- Customisation of SUVs and pick-ups is aligned with GUD's product range, particularly service bodies, vehicle protection, canopies, brake, electrical, lighting and filtration upgrades

## New Light Vehicle Sales (units, excl. HCV)



## Vehicle Sales Composition by Vehicle Type (units, excl. HCVs)



Charts: Federal Chamber of Automotive Industries (FCAI): VFacts Dec-20 Report

# GUD's Addressable Market Outpacing Car Parc

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## Car Parc growth remains steady

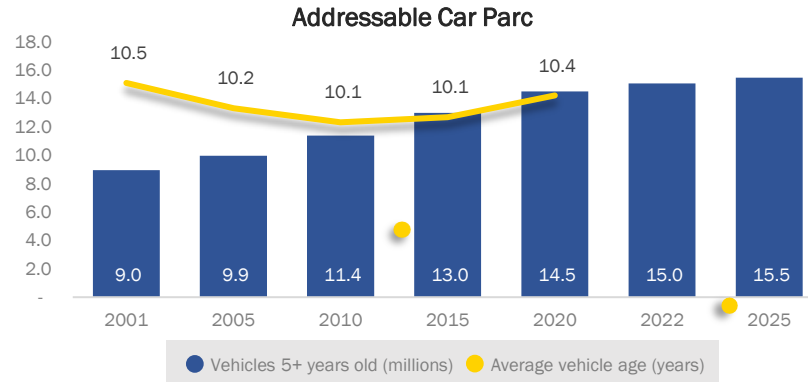
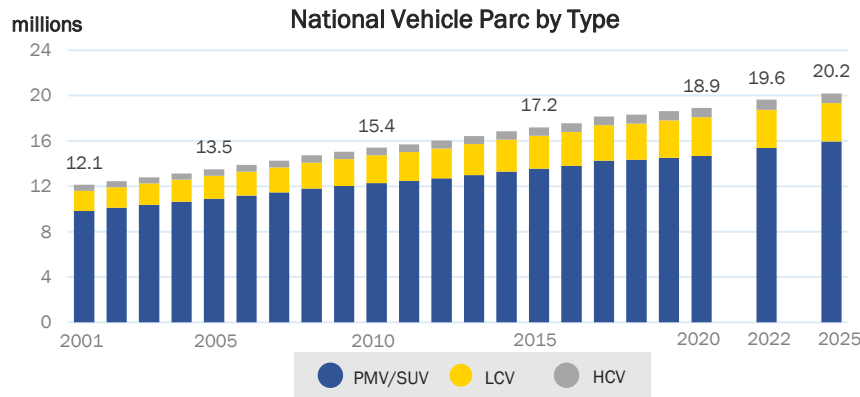
- Car Parc stands at 18.9 million vehicles in 2020
- Grew by 289K units (+2%) over prior year
- Forecast to reach 20.2 million vehicles by 2025 (+ 1.3 million units)

## GUD's addressable Car Parc growing at a faster rate

- Addressable Car Parc (5+ years old) stands at 14.5 million at the end of 2020
- Increased by 380K vehicles (+3%) over prior year, outpacing growth of the total Car Parc
- Slower new vehicle sales drives growth in addressable parc

## Ageing Car Parc a positive for the automotive aftermarket

- Average vehicle age increased by 0.2 years to 10.4 in 2020, the largest YOY increase in two decades



# Acquisitions – G4CVA (formerly ACAD)

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## Overview of GUD 4WD & Commercial Vehicles Accessories (G4CVA)

- Portfolio of market leading brands across a range of automotive products:
  - Light and heavy vehicle accessory, protection and enhancement products
  - Pickup truck and commercial vehicle storage solutions
  - Automotive electrical and 4WD accessories
- Products are manufactured and distributed in Australia and NZ
- At acquisition, ACAD was forecast to achieve revenue of \$83.4 million and \$9.2 million of EBITA in FY21<sup>1</sup>

## Strategic Rationale

- Highly complementary to GUD's automotive business, provides strategic diversification (across customer channels and products), and increased exposure to fast-growing vehicle segments
- Attractive valuation with an implied EV/FY21F EBITA<sup>1</sup> acquisition multiple of 7.6x, pre synergies

## Financial Impact

- Acquisition to be mid single-digit pro forma FY21 EPS accretive, pre synergies<sup>2</sup>



1. EBITA pro forma adjusted to remove Job Keeper payments (including expected payments). EBITA presented on a pre AASB 16 basis, before amortisation of identifiable intangibles recognised as a result of the acquisition. Forecast assumes a continued recovery throughout H2 from COVID-19 interrupted demand

2. As if ACAD had been acquired on 1 July 2020. On a pre AASB 16 basis, before amortisation of identifiable intangibles recognised as a result of the acquisition.

# Acquisitions – Australian Clutch Services (ACS)

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## Overview of ACS

- One of the market leading manufacturers of clutch components and systems with a portfolio of brands for car, 4WD, truck and agricultural applications
- Addressable market is manual transmission (3.4 million vehicles) and the growing, higher value dual clutch transmission (DCT) (2.3 million vehicles)
- Manufacturing and main warehouse based in Adelaide with a national distribution network
- Exports to Europe and USA
- EV \$32m, FY20 EBIT<sup>1</sup> \$5.7m

## Strategic Rationale

- Highly complementary to GUD's automotive business and provides strategic diversification (across customer channels and products)
- Together with DBA, forms a new "Friction" division
- Attractive valuation with an implied EV/FY20 EBIT<sup>1</sup> acquisition multiple of 5.6x, pre synergies

## Financial Impact

- Acquisitions is expected to be EPS accretive in H2 FY21<sup>2</sup>, pre synergies
- Scope for synergies between ACS and DBA
- Expected to complete March 1 2021



1.  
2.

EBIT excludes non-recurring costs and income and is on a pre AASB 16 basis

Forecast assumes a continued recovery throughout H2 from COVID-19 interrupted demand and is based on FY21 ACS NPAT forecast (before amortisation of identifiable intangibles recognised as a result of the acquisition)



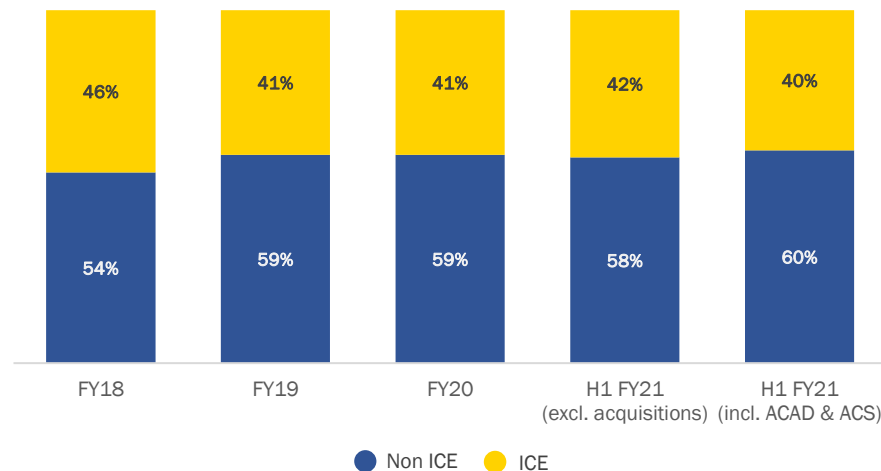
# GUD exposure to ICE further reduces post acquisitions

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## Recent acquisitions continue improving trend of reduced ICE exposure

- Sales of non-ICE products comprised 58% of automotive revenues for the six months to 31 December 2020, in line with the FY20 result
- Accounting for the impact of the ACAD and ACS acquisitions, the share of non-ICE revenue for the automotive division increases to 60% (+2% pts)
- GUD continues to rebalance its ICE/non-ICE portfolio

ICE vs. non-ICE as % of Total Automotive Revenue



## 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)	
<b>Underlying EBIT</b>	<b>2.1</b>	<b>4.5</b>	<b>-51.9%</b>
<i>Underlying EBIT Margin</i>	<i>3.9%</i>	<i>8.3%</i>	

*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





## FINANCIALS

# Financial Summary - Statutory

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\$M	H1 FY21	H1 FY20	YoY%
<b>Revenue</b>	251.5	227.1	10.7%
<b>EBITDA</b>	58.0	50.1	15.8%
<b>Depreciation and Amortisation</b>	(7.5)	(7.1)	
<b>EBIT</b>	50.5	43.0	17.4%
<b>Underlying EBIT</b>	52.3	44.5	17.6%
Net Finance Expense	(6.8)	(5.1)	
<b>Profit Before Tax</b>	43.7	37.9	15.2%
Tax	(12.4)	(11.3)	
<b>Reported NPAT</b>	31.3	26.6	17.6%

## EPS & Dividend - cents

<b>Reported EPS</b>	34	31	12.2%
<b>Interim Dividend</b>	25	25	-

Demand rebounded solidly in Auto while Davey has lagged. Selective price rises have stuck

Mix changes as COVID-19 influences short term demand patterns

Excludes non-operating costs of \$1.8m

Interim dividend of 25cps inline with PCP

\* Refer to page 25 for further detail on the AASB 16 impacts and Income Statement (pre AASB-16) on slide 26



# Non-Operating Items

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\$M	Automotive	Davey
<b>Acquisitions</b>		
Legal and due diligence costs in relation to acquired businesses	0.5	
<b>Davey</b>		
Restructuring costs to improve efficiency and velocity		0.1
<b>AAG Gaskets</b>		
Restructuring costs	1.2	
<b>Total</b>	<b>1.7</b>	<b>0.1</b>

- AAG restructuring cost reflect the planned closure of manufacturing and moving to an import sourcing model

# Working Capital

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## Working capital flat on PCP despite strong growth in revenue

- Sales growth in Automotive reflected in higher debtors
- Stronger payables reflecting velocity of inventory turn
- Increasing inventories to position for current strong demand
- \$12.4m in NWC acquired as part of the G4CVA acquisition

## Net Working Capital Balances and Movements

\$M	H1 FY21	H2 FY20	H1 FY20	Variance
<b>Period End Balances</b>				
Organic NWC				
Inventories	122.3	108.2	108.9	14.1
Receivables	137.9	114.5	112.1	23.4
Payables	(87.1)	(65.1)	(60.6)	(22.0)
<b>NWC</b>	<b>173.0</b>	<b>157.6</b>	<b>160.4</b>	<b>15.5</b>
Acquired NWC				
Inventories	10.9			
Receivables	8.0			
Payables	(6.5)			
<b>Total Acquired NWC</b>	<b>12.4</b>			
<b>NWC (excluding acquisitions)</b>	<b>160.6</b>	<b>157.6</b>	<b>160.4</b>	<b>3.0</b>

# Cash Conversion and Free Cash Flow

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## Cash conversion exceeded internal targets

- Strong creditor management assisted solid cash conversion
- Collection did not falter during COVID-19 lockdowns, including small resellers
- Some large resellers settled early (December vs. January)

## Capex

- The G4CVA capex flagged at acquisition is expected to fall largely in H2 FY21

## EBITDA to Cash Flow Conversion (post AASB 16)

\$M	H1 FY21	H1 FY20
Operating cash flow <sup>1</sup>	39.5	26.2
+ Tax paid	14.7	17.4
<b>Gross operating cash flow</b>	<b>54.2</b>	<b>43.6</b>
Underlying EBITDA	59.9	51.6
<b>Cash flow conversion</b>	<b>91%</b>	<b>84%</b>

1. Operating cash flow excludes net finance costs  
Small differences due to rounding

## Free Cash Flow (lease-adjusted)

\$M	H1 FY21	H1 FY20
<b>Working capital</b>		
Gross operating cash flow	54.2	43.6
Taxes	(14.7)	(17.4)
Net operating cash flow	39.5	26.2
Net capital expenditure	(2.2)	(3.8)
Payments for lease liability	(5.7)	(5.7)
Interest on lease liability	(1.6)	(1.8)
<b>Free cash flow</b>	<b>30.0</b>	<b>14.9</b>

Small differences due to rounding

# Robust Financial Position

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## Balance sheet flexibility remains

- Completed \$75.7m equity raising to fund acquisitions
- Net debt decreased by \$32m to \$117.6m versus PCP and decreased \$25m versus FY20
- Strong balance sheet metrics:
  - Net Debt/Underlying EBITDA of 1.2 times
  - Underlying EBITDA interest cover circa 13.5 times
  - Ratios adjusted for leases to reflect bank covenant calculations
- Available debt capacity of circa \$100m (pre net outflow of \$32m in H2 for ACS)
- \$22.5m of additional short-term 'COVID-19' lines secured on 2 July 2020 (currently undrawn) will not be extended on expiry (30 June 2021)
- Interim DPS is in line with the PCP but total cash consideration is 8% higher given the additional equity raised

## Gearing Ratios (lease adjusted<sup>1</sup>)

\$M	H1 FY21	H1 FY20
Current borrowings	0.0	94.8
Non-current borrowings	152.5	75.4
Cash and cash equivalents	34.9	20.6
<b>Net Debt</b>	<b>117.6</b>	<b>149.6</b>
Underlying EBITDA <sup>2</sup>	98.3	92.6
<b>Net Debt/Underlying EBITDA<sup>2</sup>(x)</b>	<b>1.2</b>	<b>1.6</b>
Net interest <sup>3</sup>	7.2	7.1
<b>Underlying EBITDA<sup>2</sup>/Net Interest<sup>3</sup> (x)</b>	<b>13.6</b>	<b>13.0</b>
<b>Gearing ratio (%)</b>	<b>24%</b>	<b>35%</b>

- Adjusted to reflect (bank) covenant calculations
- 'Covenant' EBITDA (see calculation below) - rolling 12 months
- 'Covenant' Net Interest (see calculations below)

	H1 FY21	H1 FY20
Reported Underlying EBITDA	104.0	98.2
Less Lease expenses	-5.7	-5.6
<b>Covenant Underlying EBITDA</b>	<b>98.3</b>	<b>92.6</b>
	H1 FY21	H1 FY20
Reported Interest	12.3	8.9
Less Interest on Lease liabilities	-3.1	-1.8
Less Net Foreign Exchange Loss	-2.0	-0.6
<b>Covenant Net Interest</b>	<b>7.2</b>	<b>7.1</b>





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## GROUP OUTLOOK

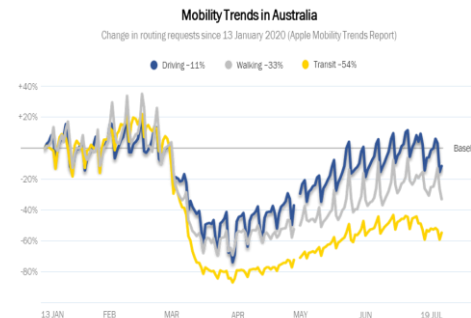


# Trading Update and Outlook

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- The demand moderation did not play out as expected in the latter part of H1 FY21 with demand still trending above long-term averages
- January trading for Automotive continues to be strong vs. PCP
- While COVID-19 continues to create uncertainty, the Group expects revenues will ultimately normalise to trend growth rates noting the following short- to medium-term drivers:
  - net effect of the COVID-19 tailwinds and headwinds
  - rebound in mobility (now back to pre-COVID levels)
- Davey sales performance in H2 is dependent on continuing domestic strength and export markets operating at more normal levels. H2 profitability is expected to improve due to an improved factory load and the ability to supply the export market and domestic pool season
- No further material government subsidies are expected in H2 FY21
- Freight logistics are expected to remain challenging with a significantly higher proportion of volume secured at spot (sea) container rates or air freight leading to cost and margin headwinds in H2
- Container contracted rates are currently being negotiated for FY22, with significant rate increases expected
- COVID-19 related costs are expected to continue in H2 with a strong inventory position also required to support elevated demand levels
- Managerial focus remains on our COVID-19 response framework, enhancing the Core through operational fitness actions, driving Growth through strategic plan execution and Acquisition opportunities (in Automotive)
- Assuming no H2 fiscal cliff or significant mobility restrictions, FY21 underlying EBIT is forecast to be in the range of \$95-100m<sup>1</sup> and cash conversion of circa 80-85%

1. Forecast includes 6 months of G4CVA and 4 months of ACS



## Potential COVID-19 Effects

↑ Tailwind    ↓ Headwind

Key market drivers	Potential Effect
Lower GDP	↓
Government stimulus	↑
Lower vehicle miles travelled	↓
Lower public transport use	↑
Higher domestic tourism	↑
Rise in used car sales	↑
Increase in average parc age	↑
More repair, less replacement	↑
Rise in DIY activities	↑



# Q&A



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# Appendix



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# Business Foundations + Sharpening Strategic Direction

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## Customer relationships

- Leveraging multi-year deals
- New customers and channels
- Supplier of the Year Awards
- House branding outcomes
- COVID-19 support actions



## Supplier Engagement

- Delivered COGs cost down project
- COVID-19 support actions
- Supplier priority through COVID-19
- ESG supplier program launched



## People Cycle Planning

- Talent Development program launched
- Diversity & Inclusion program launched
- Improved Employee Engagement survey results
- COVID-19 support actions
- Further strengthening of the executive team



## Product Cycle Planning

- New Product launches in all Automotive BU's
- Automotive govt grants of ~\$0.5M won
- Ryco top 3 in AFR awards
- Product Cycle Plan approved in Davey
- Product development maintained through COVID-19



## Operational Fitness

- AAG integration proof of concept
- NZ warehouse learnings
- Real estate footprint savings
- Domestic freight tender
- Leaner workforce (pre-COVID-19)



## CORE: Groupwide Initiatives

- Leverage multi-year preferred supplier agreements in select automotive categories
- Quality and logistics councils to leverage scale and skills
- Internal management resources pivoted to address operational fitness opportunities in real estate, logistics, IT, and revenue management
- Increased emphasis on achieving supplier costs
- First shared logistics facility opened in Auckland, built capability which could be applied elsewhere
- AAG integration proof of concept to establish blueprint for the future



## GROWTH: Individual Business Unit Strategies

- Individual business unit competitive strategies with appropriate COVID-19 overlays
- Addressing new organic growth pathways with existing customers and a focus on 'low touch' exports
- Strengthened resources dedicated to innovation and product development, under our new Chief Innovation Officer



## ACQUISITION: Portfolio and Category Plans

- Established acquisition criteria and decision thresholds including returns above the cost of capital beyond initial integration
- Appropriate balance of opportunity and caution through post-COVID-19 period
- Internally, developing a pool of potential managers for acquired businesses under the leadership of our new Chief People Officer
- Securing new customers and categories through acquisition
- Strong automotive acquisition & strategy capacity of our dedicated acquisition & strategy leader

# Impact of AASB 16 Leases Standard

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- Adoption of AASB 16 commenced in FY20 (1 July 2019)
- The Group has initially applied AASB 16 using the modified retrospective approach
- No impact on cash, net debt or banking covenants
- Operating leases moved on to the balance sheet:
  - lease assets (right of use assets)
  - lease liabilities (present value of future lease payments)
- Depreciation of the right of use assets and interest on the lease liabilities are now recognised on the income statement over the lease term

## Impact of AASB 16 on Financial Statements

\$M		H1 FY20		H1 FY21
Profit & Loss				
Occupancy costs/rent	-	5.6	-	5.7
EBITDA	+	5.6	+	5.7
Depreciation	+	5.1	+	5.3
EBIT	+	0.5	+	0.8
Underlying EBIT	+	0.5	+	0.8
Finance costs	+	1.8	+	1.6
PBT	+	1.3	+	0.4
NPAT	-	1.3	-	0.1
Balance sheet				
Assets	+	86.5		87.5
Liabilities	+	87.8		91.5

\* Opening balance sheet restatement (at 1/7/2019):

- + Assets \$88.9m
- + Liabilities \$88.9m



# Financial Summary - Pre AASB 16

GUD HOLDINGS LIMITED

\$M	H1 FY21	H1 FY20	YoY%
<b>Revenue</b>	251.5	227.1	10.7%
<b>EBITDA</b>	51.9	44.6	16.4%
<b>Depreciation and Amortisation</b>	(2.2)	(2.1)	7.1%
<b>EBIT</b>	49.6	42.5	16.8%
<b>Underlying EBIT</b>	51.5	44.0	17.1%
Net Finance Expense	(5.3)	(3.3)	59.0%
<b>Profit Before Tax</b>	43.3	39.2	10.5%
Tax	(12.4)	(11.3)	9.6%
<b>Reported NPAT</b>	30.9	27.9	10.9%
<b>EPS &amp; Dividend - cents</b>			
Reported EPS	34	31	12.2%
Interim Dividend	25	25	-

# Disclaimer

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## Important notices

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

## Summary information

This Presentation contains summary information about GUD and its activities current as at 30 June 2020. The information in the Presentation is of a general nature and does not purport to be complete or comprise all information which a shareholder or potential investor may require in order to determine whether to deal in GUD shares. It should be read in conjunction with GUD’s other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

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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.

## Future performance

This presentation contains certain “forward-looking statements” including statements regarding our intent, belief or current expectations with respect to the Company’s business and operations, market conditions, results of operations and financial condition, and risk management practices. The words “likely”, “expect”, “aim”, “should”, “could”, “may”, “anticipate”, “predict”, “believe”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This Presentation contains such statements that are subject to risk factors associated with an investment in GUD. GUD believes that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially.