

# UBS Investment Research

## GUD Holdings Limited

### An opportunity at current levels

#### ■ Event: Meeting with management

We have received an update on business at GUD Holdings following a meeting with management. The H1 05 result was clearly a disappointment and we believe that the key problems were in Victa. The costs of assembly in Australia appear to have meant that the brand has struggled to compete with much cheaper fully imported mowers in a stronger A\$ environment.

#### ■ Impact: Forecasts unchanged

There are no changes to our forecasts. We continue to forecast \$58.8m EBIT in FY 05, representing a 6% decline in EBIT y/y. While this is clearly a disappointing interruption to the strong earnings growth that GUD has experienced in recent years, we do not believe that it represents a structural decline in the company's capacity to deliver future growth.

#### ■ Action: Buy 2 rating

We estimate that GUD is trading on a FY 06E P/E (normalised) of 9.0x, a FY 06E EV/EBITA of 6.7x and an FY 06E dividend yield of 8.1% ff. We believe that this is an opportunity for investors who are satisfied that the underperformance in Victa will be improved and Sunbeam earnings will be resilient.

#### ■ Valuation: \$9.38 per share; Price Target: \$8.94 per share

We have adopted a DCF/sector-multiple composite (FY 06E P/E (n) 11.0x) in setting our price target of \$8.94 per share. Our DCF valuation is \$9.38 per share, 5% lower due to a higher rfr.

Highlights (A\$m)	06/03	06/04	06/05E	06/06E	06/07E
Revenues	375.7	396.7	401.3	428.4	444.3
EBIT	44.3	62.6	58.8	64.3	68.2
Net income (UBS)	27.3	41.7	39.2	43.1	45.8
EPS (UBS, A\$)	0.47	0.72	0.71	0.77	0.82
Net DPS (UBS, A\$)	0.26	0.40	0.49	0.56	0.60

Profitability & Valuation	5-yr hist. av.	06/04	06/05E	06/06E	06/07E
EBIT margin %	-	15.8	14.6	15.0	15.4
ROIC (EBIT) %	-	36.5	33.0	36.4	39.3
EV/EBITDA x	-	5.9	6.3	5.8	5.4
PE (UBS) x	-	9.5	9.8	9.0	8.5
Net dividend yield %	-	5.8	7.1	8.1	8.7

Source: Company accounts, Thomson Financial, UBS estimates. UBS EPS is stated before goodwill, exceptionals and other special items. Valuations: based on an average share price that year, (E): based on a share price of A\$6.92 on 10 Mar 2005

#### Alexander Mees

alex.mees@ubs.com

+61-2-9324 2328

## Global Equity Research

Australia

Auto Parts

Rating **Buy 2**  
*Unchanged*

Price target **A\$8.94/US\$7.12**  
*Prior: A\$9.86/US\$7.86*

Price **A\$6.92/US\$5.51**

RIC: GUD.AX BBG: GUD AU

10 March 2005

#### Trading data (local/US\$)

52-wk. range	A\$11.30-6.58/US\$8.88-5.21
Market cap.	A\$0.42bn/US\$0.33bn
Shares o/s	60.4m (ORD)
Free float	100%
Avg. daily volume ('000)	483
Avg. daily value (A\$m)	3.8

#### Balance sheet data 06/05E

Shareholders' equity	A\$0.15bn
P/BV (UBS)	3.0x
Net cash (debt)	(A\$0.03bn)

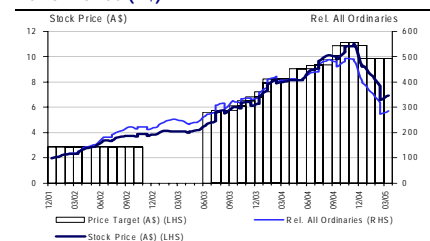
#### Forecast returns

Forecast price appreciation	+29.2%
Forecast dividend yield	9.8%
Forecast stock return	+39.0%
Market return assumption	10.6%
Forecast excess return	+28.4%

#### EPS (UBS, A\$)

	06/05E		Cons.	06/04 Actual
	From	To		
H1	-	0.35	-	0.38
H2E	-	0.35	-	0.34
06/05E	-	0.71	0.68	
06/06E	-	0.77	0.74	

#### Performance (A\$)



Source: UBS

www.ubs.com/investmentresearch

### ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 4

UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

## Oversold? We believe so

Shares in GUD Holdings (ASX code: GUD) have fallen by 20% since the H1 05 result on 31 January 2005. At \$6.92 per share, we estimate that GUD is trading on a FY 06E P/E (normalised) of 9.0x, a FY 06E EV/EBITA of 6.7x and an FY 06E dividend yield of 8.1% ff. This compares to the average of the UBS universe of basic and manufacturing stocks of FY 06E P/E (n) of 11.0x, FY 06E EV/EBITA of 9.2x and a FY 06E dividend yield of 4.6%.

### An opportunity at current levels

At current levels, we believe that GUD offers good value, although we do not dispute the argument that the risk profile is greater now than it was a year ago, with softer conditions in domestic appliance retailing and competitive pressures affecting Victa. We have reduced our price target to reflect our view of these greater risks, but even at \$8.94 per share, there is significant upside to the current price with a forecast excess return of 27.9%. We believe that this is an opportunity and we maintain a Buy 2 rating.

## What happened in H1 05?

The H1 05 result was clearly a disappointment. NPAT, excluding the significant costs incurred during the restructure of Ryco, was 14% below H1 04 and 19% below our forecast. The largest division, Sunbeam Victa, was the largest underperformer. Trading EBITA fell 22% y/y on 4% lower revenues. Although the Sunbeam and Victa businesses are not disaggregated for reporting purposes, we believe that the key problems were in Victa.

### Victa affected by import competition

Victa mowers are assembled in Australia using largely imported componentry. While the strength in the A\$ may have been beneficial in reducing the A\$ cost of imported components, the costs of assembly are incurred in A\$ and it is this that has made Victa a more expensive product (in general terms) than competing products that are entirely imported. During H1 05, it appears that imported brands of mower were available in some of the national hardware chains (and elsewhere) at a materially lower price point than the cheapest Victa model.

### Softer in Sunbeam too

Comments from GUD as well as some of the other Australian suppliers of domestic appliances (Housewares International and McPherson's) have indicated that the demand for appliances from the major retailers was softer over Christmas 2004 than the previous year. Lower volumes, and the possibility that higher plastics and steel prices may have trickled through to higher input costs, are likely to have affected Sunbeam's earnings.

## Where to from here?

We forecast that GUD will earn EBIT of \$58.8m in FY 05. This represents a 6% decline in EBIT y/y. While this is clearly a disappointing interruption to the strong earnings growth that GUD has experienced in recent years, we do not believe that it represents a structural decline in the company's capacity to deliver future growth. We maintain our view that earnings will return to growth in FY 06E assuming GUD takes the appropriate action to improve the competitive

position of Victa and increase its return. FY 06E EBIT is \$64.3m, representing 9% growth from FY 05E.

### What needs to happen at Victa?

Our view is that GUD has three main strategic options in dealing with the reduced profitability in Victa. These are:

#### (1) Supply a cheaper entry-level product

- In order to compete with the inexpensive mowers currently available while returning an appropriate margin, it is likely that GUD would need to source a model that is fully imported. Whether it is sufficient to keep assembling the more expensive models in Australia while importing pre-assembled entry-level mowers, or whether the only viable option is to cease domestic manufacturing entirely will be a critical decision for the company to make.

#### (2) Do not compete at the entry-level

- As an alternative to competing head-on with fully imported entry-level products, GUD could choose to capitalise on and support the brand equity in Victa by supplying mowers only at the premium-end of the market. With tight cost controls in place, it may be possible to charge sufficiently high prices to make this a viable option, although the loss of scale economies by stepping away from this segment of the market may be prohibitive.

#### (3) Divest Victa

- It may be appropriate for GUD to cut the problem out altogether by divesting the Victa business. The costs of doing so compared to the likely sales price may not be attractive, however.

### Why buy GUD?

The risks are that GUD fails to deliver an improved performance in Victa in the next year or so and that a downturn in consumer spending could be materially detrimental to Sunbeam. At FY 06E P/E (n) of 9.0x, a FY 06E EV/EBITA of 6.7x and an FY 06E dividend yield of 8.1% ff, however, GUD appears attractive even in light of these risks. Our Buy 2 rating, price target and forecasts are based partly on the assumptions listed below. We believe that the current pricing of GUD presents an opportunity to investors who are comfortable with these assumptions.

- The profitability of Victa can and will be improved in the next 6-12 months;
- Sunbeam will maintain its brand reputation and leading position in the small domestic appliances market;
- Consumer spending on small domestic appliances, though likely to downturn in H2 05, will be resilient enough to avoid a sharp fall in Sunbeam sales;

- The restructuring of Ryco, the relocation of Sunbeam electric blanket manufacturing to Asia and other measures will ensure that costs across the organisation will continue to be tightly controlled; and
- The low gearing of the business and reasonable operating cash flows mean that the dividend (as forecast by UBS) is sustainable.

## Valuation and price target

Our DCF valuation declines by 5% from \$9.86 per share to \$9.38 per share following a change in our rfr from 5.3% to 5.6% due to higher bond rates. In view of the risks facing GUD at present, we have adopted a DCF/sector-multiple composite (using an assumed FY 06E P/E (n) of 11.0x) in setting our price target of \$8.94 per share. Our price target was previously \$9.86 per share, which was equal to our DCF valuation.

---

### ■ GUD Holdings Limited

GUD Holdings owns and manages a diverse group of businesses selling branded manufactured products in Australia and New Zealand. GUD operates several of Australia's most established and well-recognised consumer and industrial brands, including Sunbeam appliances, Victa lawnmowers, Ryco filters and Davey pumps. GUD was formed in 1940 and first listed in 1959.

### ■ Statement of Risk

We believe that risks to our investment case include a loss of sales due to a downturn in consumer spending and greater competitive pressure from imported goods.

### ■ Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

## Required Disclosures

This report has been prepared by UBS Securities Australia Ltd, an affiliate of UBS AG (UBS).

### UBS Investment Research: Global Equity Ratings Definitions and Allocations

UBS rating	Definition	UBS rating	Definition	Rating category	Coverage <sup>1</sup>	IB services <sup>2</sup>
<b>Buy 1</b>	FSR is > 10% above the MRA, higher degree of predictability	<b>Buy 2</b>	FSR is > 10% above the MRA, lower degree of predictability	<b>Buy</b>	36%	32%
<b>Neutral 1</b>	FSR is between -10% and 10% of the MRA, higher degree of predictability	<b>Neutral 2</b>	FSR is between -10% and 10% of the MRA, lower degree of predictability	<b>Hold/Neutral</b>	53%	35%
<b>Reduce 1</b>	FSR is > 10% below the MRA, higher degree of predictability	<b>Reduce 2</b>	FSR is > 10% below the MRA, lower degree of predictability	<b>Sell</b>	11%	29%

1: Percentage of companies under coverage globally within this rating category.

2: Percentage of companies within this rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS; as of 31 December 2004.

### KEY DEFINITIONS

**Forecast Stock Return (FSR)** is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

**Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (an approximation of the equity risk premium).

**Predictability Level** The predictability level indicates an analyst's conviction in the FSR. A predictability level of '1' means that the analyst's estimate of FSR is in the middle of a narrower, or smaller, range of possibilities. A predictability level of '2' means that the analyst's estimate of FSR is in the middle of a broader, or larger, range of possibilities.

**Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

**Rating/Return Divergence (RRD)** This qualifier is automatically appended to the rating when stock price movement has caused the prevailing rating to differ from that which would be assigned according to the rating system and will be removed when there is no longer a divergence, either through market movement or analyst intervention.

### EXCEPTIONS AND SPECIAL CASES

**US Closed-End Fund ratings and definitions are:** Buy: Higher stability of principal and higher stability of dividends; Neutral: Potential loss of principal, stability of dividend; Reduce: High potential for loss of principal and dividend risk.

**UK and European Investment Fund ratings and definitions are:** Buy: Positive on factors such as structure, management, performance record, discount; Neutral: Neutral on factors such as structure, management, performance record, discount; Reduce: Negative on factors such as structure, management, performance record, discount.

**Core Banding Exceptions (CBE):** Exceptions to the standard +/-10% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Companies Mentioned table in the relevant research piece.

### Companies mentioned

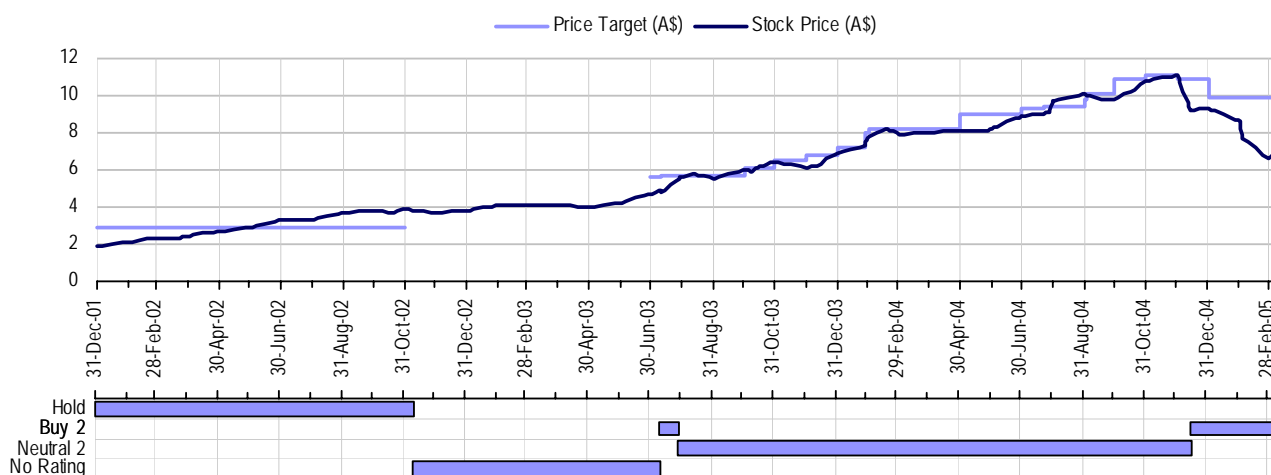
Company Name	Reuters	Rating	Price
GUD Holdings Limited <sup>5</sup>	GUD.AX	Buy 2	A\$6.95

Price(s) as of 9 March 2005. Source: UBS.

5. UBS AG, its affiliates or subsidiaries expect to receive or intend to seek compensation for investment banking services from this company within the next three months.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

GUD Holdings Limited (A\$)



Source: UBS; as of 9 March 2005.

Note: On October 13, 2003, UBS adopted new definition criteria for its rating system. (See 'UBS Investment Research: Global Equity Ratings Definitions and Allocations' table for details.) Between January 11 and October 12, 2003, the UBS ratings and their definitions were: Buy 1: Excess return potential > 15%, smaller range around price target; Buy 2: Excess return potential > 15%, larger range around price target; Neutral 1: Excess return potential between -15% and 15%, smaller range around price target; Neutral 2: Excess return potential between -15% and 15%, larger range around price target; Reduce 1: Excess return potential < -15%, smaller range around price target; Reduce 2: Excess return potential < -15%, larger range around price target. Prior to January 11, 2003, the UBS ratings and definitions were: Strong Buy: Greater than 20% excess return potential, high degree of confidence; Buy: Positive excess return potential; Hold: Low excess return potential, low degree of confidence; Reduce: Negative excess return potential; Sell: Greater than 20% negative excess return potential, high degree of confidence. Under both ratings systems, excess return is defined as the difference between the FSR and the one-year local market interest rate.

## Global Disclaimer

---

This report was produced by: UBS Securities Australia Ltd, an affiliate of UBS AG (UBS).

**Head Office:** UBS Limited, 1 Finsbury Avenue, London, EC2M 2PP, UK Phone: +44-20-7567 8000

**Local Office:** UBS Securities Australia Ltd, Level 25, Governor Phillip Tower, 1 Farrer Place, Sydney, NSW 2000 Phone: +61-2-9324 2000

This report has been prepared by UBS AG or an affiliate thereof ("UBS"). In certain countries UBS AG is referred to as UBS SA.

This report is for distribution only under such circumstances as may be permitted by applicable law. It has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. It is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, except with respect to information concerning UBS AG, its subsidiaries and affiliates, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in the report. The report should not be regarded by recipients as a substitute for the exercise of their own judgement. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of UBS as a result of using different assumptions and criteria. UBS is under no obligation to update or keep current the information contained herein. UBS, its directors, officers and employees (excluding the US broker-dealer unless specifically disclosed under required disclosures) or clients may have or have had interests or long or short positions in the securities or other financial instruments referred to herein, and may at any time make purchases and/or sales in them as principal or agent. UBS (excluding the US broker-dealer unless specifically disclosed under Required Disclosures) may act or have acted as market-maker in the securities or other financial instruments discussed in this report, and may have or have had a relationship with or may provide or has provided investment banking, capital markets and/or other financial services to the relevant companies. Employees of UBS may serve or have served as officers or directors of the relevant companies. UBS may rely on information barriers, such as "Chinese Walls," to control the flow of information contained in one or more areas within UBS, into other areas, units, groups or affiliates of UBS.

The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Neither UBS nor any of its affiliates, nor any of UBS' or any of its affiliates, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this report. **Additional information will be made available upon request.**

**United Kingdom and rest of Europe:** Except as otherwise specified herein, this material is communicated by UBS Limited, a subsidiary of UBS AG, to persons who are market counterparties or intermediate customers (as detailed in the FSA Rules) and is only available to such persons. The information contained herein does not apply to, and should not be relied upon by, private customers. **Switzerland:** Distributed by UBS AG to persons who are institutional investors only. **Italy:** Should persons receiving this research in Italy require additional information or wish to effect transactions in the relevant securities, they should contact Giubergia UBS SIM SpA, an associate of UBS SA, in Milan. **South Africa:** UBS South Africa (Pty) Ltd (incorporating J.D. Anderson & Co.) is a member of the JSE Securities Exchange SA. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a "non-US affiliate"), to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. **Canada:** Distributed by UBS Securities Canada Inc., a subsidiary of UBS AG and a member of the principal Canadian stock exchanges & CIPF. A statement of its financial condition and a list of its directors and senior officers will be provided upon request. **Hong Kong:** Distributed by UBS Securities Asia Limited. **Singapore:** Distributed by UBS Securities Singapore Pte. Ltd. **Japan:** Distributed by UBS Securities Japan Ltd to institutional investors only. **Australia:** Distributed by UBS AG (Holder of Australian Financial Services Licence No. 231087) and UBS Securities Australia Ltd (Holder of Australian Financial Services Licence No. 231098) only to "Wholesale" clients as defined by s761G of the Corporations Act 2001. **New Zealand:** Distributed by UBS New Zealand Ltd.

© 2005 UBS. All rights reserved. This report may not be reproduced or redistributed, in whole or in part, without the written permission of UBS and UBS accepts no liability whatsoever for the actions of third parties in this respect.

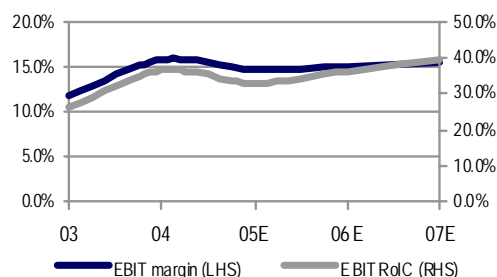


## GUD Holdings Limited

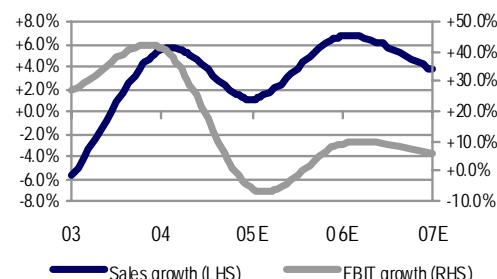
Per share (A\$)	6/03	6/04	6/05E	6/06E	6/07E
EPS (pre-abnormal)	0.47	0.72	0.71	0.77	0.82
CEPS	0.61	0.88	0.83	0.90	0.95
Net DPS	0.26	0.40	0.49	0.56	0.60
BVPS	2.10	2.34	2.32	2.50	2.68
<b>Profit &amp; loss (A\$ m)</b>					
Sales	375.7	396.7	401.3	428.4	444.3
EBITDA	54.3	74.4	70.2	75.8	79.7
Operating income (EBIT)	44.3	62.6	58.8	64.3	68.2
Pre-tax profit	40.6	60.2	56.0	61.6	65.5
Net profit (pre-abnormal)	27.3	41.7	39.2	43.1	45.8
<b>Cash flow (A\$ m)</b>					
Operating income (EBIT)	44.3	62.6	58.8	64.3	68.2
Depreciation & amortisation	10.0	11.9	11.4	11.4	11.4
Net change in working capital	8.4	(8.8)	(10.8)	(5.9)	(3.6)
Other (operating)	(7.4)	(2.5)	(5.5)	(0.0)	(0.0)
Operational cash flow	55.2	63.1	54.0	69.9	76.0
Tax paid	(9.0)	(11.3)	(13.0)	(18.5)	(19.6)
Capital expenditure	(7.6)	(9.2)	(7.6)	(7.5)	(7.5)
Net interest	(3.7)	(2.4)	(2.8)	(2.7)	(2.7)
Dividends paid	(12.2)	(19.4)	(27.9)	(32.7)	(35.1)
Net (acquisitions) / disposals	0.0	(9.3)	0.0	0.0	0.0
Other items	(4.4)	(2.3)	(6.2)	0.9	0.7
Increase (decrease) in net debt	18.1	9.1	(3.5)	9.4	11.8
<b>Operating free cash flow (OpFCF) (A\$ m)</b>					
EBITDA (core)	54.3	74.4	70.2	75.8	79.7
Less maintenance capital expenditure	(3.8)	(4.6)	(3.8)	(3.8)	(3.8)
Less maintenance net working capital	0.9	(11.3)	(16.3)	(5.9)	(3.6)
OpFCF	51.4	58.5	50.2	66.1	72.3
<b>Balance sheet (A\$ m)</b>					
Net tangible fixed assets	37.5	36.8	25.5	21.4	17.2
Net intangible fixed assets	50.8	57.9	56.8	53.2	49.6
Net working capital	75.6	84.4	95.1	101.1	104.7
Total invested capital (IC)	163.9	179.1	177.5	175.6	171.5
Financial & other fixed assets	6.7	8.1	11.8	11.8	11.8
Net cash / (debt)	(20.9)	(17.6)	(27.5)	(15.0)	0.1
Provisions	(18.5)	(18.3)	(17.2)	(17.2)	(17.2)
Minority interests	0.0	0.0	0.0	0.0	0.0
Shareholders' funds	126.8	142.6	149.0	159.7	170.7
<b>Profitability</b>					
EBITDA margin	14.4%	18.8%	17.5%	17.7%	17.9%
EBIT margin	11.8%	15.8%	14.6%	15.0%	15.4%
EBIT RoC	26.1%	36.5%	33.0%	36.4%	39.3%
Net RoE	21.9%	31.0%	26.9%	27.9%	27.7%
Interest cover (EBIT)	11.8x	25.8x	21.0x	23.4x	24.9x
Dividend cover (net)	1.3x	1.3x	1.0x	1.0x	1.0x
<b>Productivity</b>					
<b>Labour % sales</b>					
Depreciation % sales	2.7%	3.0%	2.9%	2.7%	2.6%
Capex % sales	2.0%	2.3%	1.9%	1.8%	1.7%
Invested capital turnover	2.2x	2.3x	2.3x	2.4x	2.6x
Tax rate	29.1%	26.2%	23.2%	30.0%	30.0%
Net debt / total equity	16.5%	12.3%	18.4%	9.4%	Cash
<b>Momentum</b>					
Sales growth	-5.7%	+5.6%	+1.2%	+6.8%	+3.7%
EBIT growth	+27.0%	+41.3%	-6.1%	+9.4%	+6.1%
Net earnings growth	+31.2%	+53.1%	-6.1%	+10.0%	+6.4%
Dividend growth	+57.6%	+53.8%	+22.5%	+14.3%	+7.1%
<b>Value*</b>					
Market capitalisation (A\$ m)	237.3	419.5	418.2	418.2	418.2
Plus: Core net debt / (cash)	29.4	19.2	22.5	21.2	13.7
Plus: Pension provisions	-	-	-	-	-
Plus: Buy out of minorities	-	-	-	-	-
Less: Non-core assets	-	-	-	-	-
Enterprise value (EV, avg)	266.7	438.8	440.8	439.4	431.9
EV/Sales (core)	0.71x	1.11x	1.10x	1.03x	0.97x
EV/EBITDA (core)	4.9x	5.9x	6.3x	5.8x	5.4x
EV/EBIT (core)	6.0x	7.0x	7.5x	6.8x	6.3x
EV/OpFCF	5.2x	7.5x	8.8x	6.6x	6.0x
EV/Invested capital	1.6x	2.6x	2.5x	2.5x	2.5x
P/CE	6.4x	7.8x	8.3x	7.7x	7.3x
P/E	8.2x	9.5x	9.8x	9.0x	8.5x
Dividend yield (net)	6.69%	5.79%	7.08%	8.09%	8.67%
P/BV (average)	1.9x	3.0x	3.0x	2.8x	2.6x

GUD Holdings owns and manages a diverse group of businesses selling branded manufactured products in Australia and New Zealand. GUD operates several of Australia's most established and well-recognised consumer and industrial brands, including Sunbeam appliances, Victoria lawnmowers, Ryco filters and Davey pumps. GUD was formed in 1940 and first listed in 1959.

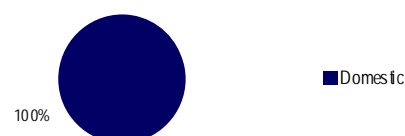
## Profitability (EBIT margins &amp; RoC)



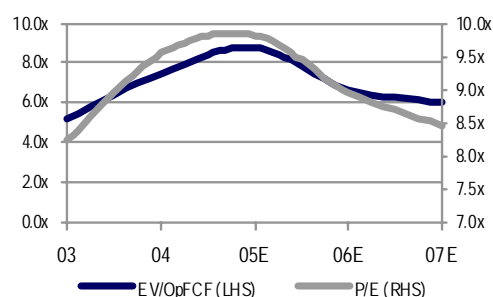
## Momentum (Sales &amp; EBIT growth)



## Geographic exposure (Sales)



## Value (EV/OpFCF &amp; P/E)



Source: UBS estimates \* Historical valuations are based on an 'average for the year' share price. Current & future valuations are based on a share price of A\$6.92 on 10/03/2005