

# GUD Holdings Limited

Results for half year ended  
31 December 2006

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· Managing Director

· GUD HOLDINGS LIMITED



# Result key points



- Sales increased 10% to \$265.6 million from \$241.1 million
- Competitive trading conditions prevail - as expected
- Gross profit margin 36.7% versus 38.2%
- Trading EBIT, before NZ restructuring costs, down 10% to \$29.2 million
- Stronger A\$ partially offset the impact of higher commodity prices
- Water Products sales and profit up 50% due to organic growth and acquisitions
- Consumer Products impacted by weaker Victa and Oates results
- Currency hedging costs (mark-to-mkt) \$2.0 million - \$0.6 million gain previously
- New Zealand automotive restructuring costs \$3.5 million
- Interim dividend 27 cents fully franked, in line with previous corresponding half

# Financial summary



**\$ million**

	<b>FY06 H1</b>	FY06 H2	FY06	<b>FY07 H1</b>
Working Capital	110	84	84	117
PP&E	36	30	30	32
<b>Capital Employed</b>	<b>226</b>	196	196	<b>251</b>
<b>Sales</b>	<b>241.1</b>	221.3	462.4	<b>265.6</b>
EBITDA	38.1	37.2	75.2	35.6
Depreciation	3.5	3.5	7.0	3.9
EBITA	34.6	33.6	68.2	31.7
Amortisation	2.2	2.4	4.6	2.5
<b>EBIT</b>	<b>32.4</b>	31.2	63.6	<b>29.2</b>
Interest	3.3	3.4	6.7	4.4
Trading Profit Before Tax	29.1	27.8	56.9	24.8
Tax	8.9	7.8	16.7	7.6
<b>NOPAT</b>	<b>20.2</b>	20.0	40.2	<b>17.2</b>
ISI After Tax	<b>0.0</b>	0.0	0.0	<b>(2.3)</b>
<b>Reported Profit</b>	<b>20.2</b>	20.0	40.2	<b>14.9</b>
Trading EPS - cents	<b>33.7</b>	33.4	67.1	<b>28.7</b>
Reported EPS - cents	33.7	33.4	67.1	24.8
<b>Dividend per share - cents</b>	<b>27</b>	33	60	<b>27</b>

Reflects Monarch Pool Systems acquisition in July 2006

\$29.2m EBIT includes \$2.0m mark-to-market hedging cost. Contract rate US\$0.7536 v Dec. spot US\$0.7885

NZ Automotive

# Cost focus



	\$ million		% sales		
	H1 FY06	H1 FY07	H1 FY06	H1 FY07	
<b>Revenue</b>	<b>241.1</b>	<b>265.6</b>			Reflects higher sales and acquisition
Cost of Goods Sold	149.0	168.2	61.8%	63.3%	Increase reflects higher prices for copper, aluminium and plastics partially offset by stronger A\$
<b>Gross Profit</b>	<b>92.1</b>	<b>97.4</b>	<b>38.2%</b>	<b>36.7%</b>	
Marketing & Selling	28.1	30.7	11.7%	11.5%	
Product Development & Sourcing	2.0	2.6	0.8%	1.0%	
Logistics & Outward Freight	14.7	17.9	6.1%	6.8%	Impact of fuel surcharges
<i>Administration</i>	<i>15.1</i>	<i>17.1</i>	<i>6.3%</i>	<i>6.4%</i>	
<i>Less FX Hedging Cost/(Gain)</i>	<i>0.6</i>	<i>(2.0)</i>	<i>0.2%</i>	<i>-0.8%</i>	
Net Administration Costs	15.7	15.1	6.5%	5.7%	
Other Expenses	0.3	0.3	0.1%	0.1%	
<i>Less Monarch Pool Systems</i>	<i>0</i>	<i>(4.0)</i>	<i>0.0%</i>	<i>-1.5%</i>	Reflects on-going cost focus
<b>'Like-for-Like' Expenses</b>	<b>60.9</b>	<b>62.7</b>	<b>25.2%</b>	<b>23.6%</b>	3% increase

# Brand portfolio



Consumer



Automotive



Water



Security

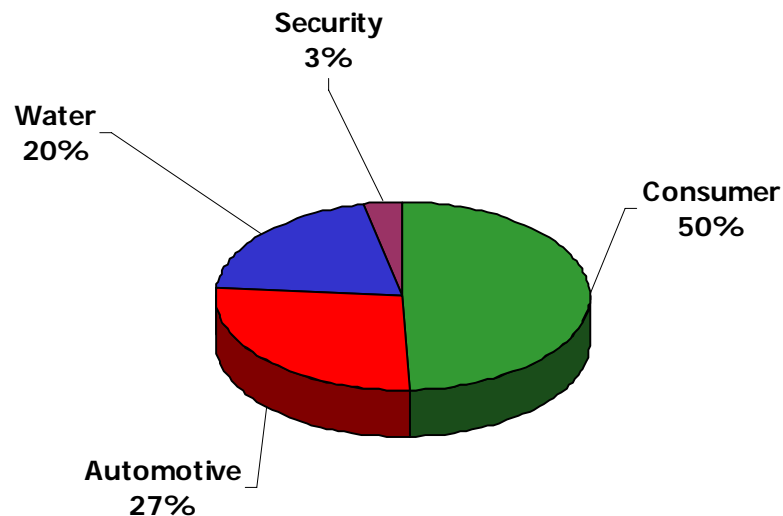


- Ongoing potential to grow portfolio
  - Interest cover 7.2 times
- Acquisition strategy remains focused on
  - Industrial and consumer sectors in Australia and New Zealand
  - Bolt-ons and new line-of-business

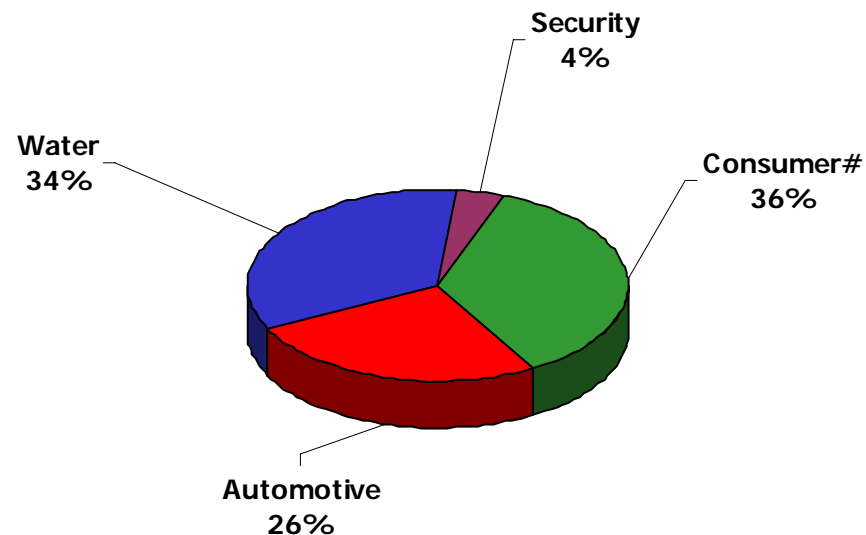
# EBIT\* segmentation



## H1 FY06



## H1 FY07



- Water Products contribution up due to
  - Bolt-on acquisition strategy
  - New products
  - Organic growth in expanding water products market
  - Relative weakness in Victa and Oates affecting Consumer Products

\* Excluding NZ restructuring costs

# Consumer includes \$2 million FX impact

# Water Products



\$ million	FY06 H1	FY06 H2	FY06	FY07 H1
Working Capital	20	17	17	32
PP&E	8	7	7	10
<b>Capital Employed</b>	<b>46</b>	43	43	<b>79</b>
<b>Sales</b>	<b>49.7</b>	47.1	96.7	<b>76.5</b>
EBITDA	8.2	9.0	17.2	12.1
Depreciation	0.9	1.0	1.9	1.2
EBITA	7.3	8.0	15.3	10.9
Amortisation	0.2	0.3	0.5	0.3
<b>EBIT</b>	<b>7.1</b>	7.7	14.9	<b>10.7</b>
<b>EBIT/Sales Margin</b>	<b>14%</b>	16%	15%	<b>14%</b>

- EBIT increased 50% to \$10.7 million
  - Sales up 54% to \$76.5 million
  - Organic sales growth exceeded 20%
  - EBIT margin remains steady at 14%
- Growth business with positive outlook
  - Sales growth 18% compound over 5 years
  - EBIT growth 33% compound over 5 years



# Water Products



- Davey's growth in Australia driven by innovative products and dry conditions
  - RainBank rainwater tank controller
  - New Silver Series pumps for water conservation applications
  - Silensor water-cooled pool pump
  - Buoyant demand for Firefighter pumps due to bush fires
- Davey export business mixed
  - US and New Zealand soft
  - Double digit growth elsewhere
- Spa-Quip growth in all markets, especially Australia and Europe
  - Successful integration of Davey spa bath business
- First contribution from Monarch Pool Systems
  - Cost savings to accrue following integration of interstate warehouses with Davey
- Contamination Control
  - benefiting from domestic applications for harvested water



# Consumer Products



\$ million	FY06 H1	FY06 H2	FY06	FY07 H1
Working Capital	68	46	46	64
PP&E	18	17	17	17
<b>Capital Employed</b>	<b>146</b>	124	124	<b>142</b>
<b>Sales</b>	<b>148.7</b>	133.6	282.3	<b>147.8</b>
EBITDA	21.4	19.7	41.0	15.5
Depreciation	2.1	2.1	4.1	2.0
EBITA	19.3	17.6	36.9	13.5
Amortisation	2.0	2.1	4.1	2.2
<b>EBIT</b>	<b>17.3</b>	15.5	32.8	<b>11.3</b>
<b>EBIT/Sales Margin</b>	<b>12%</b>	12%	12%	<b>8%</b>

- EBIT down 35% to \$11.3 million
  - \$2.0 million hedging cost incurred by Consumer Products
  - Drought severely impacted Victa contribution
  - Oates contribution down versus last year
  - Slight improvement in Sunbeam's contribution before hedging costs
- Sales steady on prior year
  - Growth in Sunbeam offset by Victa decline



# Consumer Products



- Victa unit sales down
  - First quarter sell-in met expectations
  - Demand weak in main grass growing months of October through December
  - Benefits of expanded retailer ranging did not accrue
  - On-going impact of dry conditions
- Oates underperforming
  - Contribution from Bissell product range delayed
  - Competitive conditions in cleaning products markets affecting prices and margins
  - Make versus buy implementation slower than planned
- Sunbeam sales slightly ahead of expectation
  - Success with new products including gas barbecues
  - Market share recovery in NZ
  - Profit impacted by translation of NZ currency
  - Margins slightly lower due to higher product and container freight costs

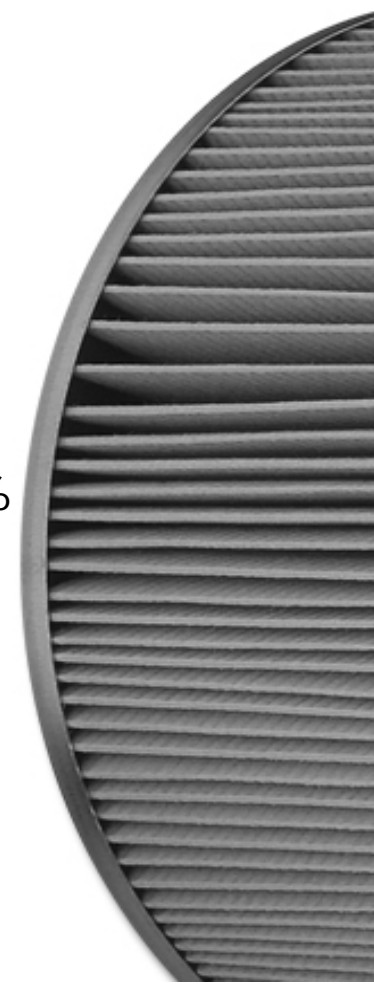


# Automotive Products



\$ million	FY06 H1	FY06 H2	FY06	FY07 H1
Working Capital	15	14	14	13
PP&E	7	2	2	2
<b>Capital Employed</b>	<b>24</b>	19	19	<b>19</b>
<b>Sales</b>	<b>36.0</b>	34.5	70.4	<b>34.4</b>
EBITDA	9.6	9.5	19.1	8.3
Depreciation	0.2	0.1	0.3	0.3
EBITA	9.4	9.4	18.8	8.0
Amortisation	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>9.4</b>	9.4	18.8	<b>8.0</b>
<b>EBIT/Sales Margin</b>	<b>26%</b>	27%	27%	<b>23%</b>

- EBIT before restructuring declined 14% to \$8.0 million on sales down 4%
- Lower sales and margins
  - Reflects competitive automotive aftermarket conditions
  - Lower overhead NZ recoveries as offshore sourcing commenced
- New Zealand Ryco factory closed December
  - Product now fully offshore sourced
  - Rapid payback expected on \$3.5 million restructuring charge



# Security Products



\$ million	FY06 H1	FY06 H2	FY06	FY07 H1
Working Capital	3	3	3	4
PP&E	4	4	4	4
<b>Capital Employed</b>	<b>13</b>	13	13	<b>13</b>
<b>Sales</b>	<b>6.8</b>	6.2	13.0	<b>6.9</b>
EBITDA	1.5	1.3	2.8	1.7
Depreciation	0.3	0.4	0.7	0.5
EBITA	1.2	0.9	2.1	1.2
Amortisation	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>1.2</b>	0.9	2.1	<b>1.2</b>
<b>EBIT/Sales Margin</b>	<b>17%</b>	15%	16%	<b>17%</b>



- Sales, EBIT and margin largely unchanged from previous period
  - EBIT maintained despite raw material cost increases, particularly zinc and brass
  - Efficiency improvements and higher depreciation reflects investment in new plant

- Continued growth is expected within Water Products due to the expanding market, new products, Monarch Pool Systems contribution and business integration
- Within Consumer Products, Victa is unlikely to rebound short term, but sustained strong performance is expected from Sunbeam, driven by electric blankets and new products
- Benefits from the NZ Automotive restructuring should flow
- Currency hedging costs which impacted the first half are unlikely to recur
- Trading EBIT in the second half year is expected to be around the first half result of \$29.2 million
- Share buy-back up to 5% of issued capital over next 12 months