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GUD Holdings Limited results for year ended 30 June 2007

FY07 EBIT slightly ahead of guidance at \$60.2 million

GUD Holdings Limited today reported \$33.6 million net profit after tax for the year ending 30 June 2007 and a 1 cent increase in annual dividend to 61 cents per share fully franked.

Group EBIT before restructuring costs was slightly ahead of guidance at \$60.2 million but 5% lower than the previous year's contribution of \$63.6 million. EBIT in the second half increased 7% to \$31.0 million over the first half contribution of \$29.2 million.

The full year net profit after tax of \$33.6 million was 16% lower than the previous period reflecting a \$2.4 million after tax charge for restructuring the New Zealand automotive business, a 34% increase in net interest expense to \$9.0 million and the 5% dip in Group EBIT.

EBIT performance was affected by an adverse result in Victa due to the drought, underperformance within Oates and the mark-to-market foreign exchange hedging costs disclosed in the first half. The benefits to trading margins of a stronger Australian dollar were largely offset by higher input costs.

The result included a 12% increase in sales to \$518.7 million largely due to growth of 54% in Water Products' revenue to \$148.8 million. Water Products' EBIT increased 29% to \$19.1 million.

"Water Products is a strongly growing business benefiting from buoyant markets, new products and acquisitions. Revenue and EBIT have more than doubled since FY04 and we expect further growth as water conservation and household water supply and treatment markets expand," Managing Director Ian Campbell said.

"Sunbeam maintained strong returns and its long standing market leadership position as it continues to penetrate new segments with new products," he said.

"Victa and Oates underperformed within our Consumer Products business but both have adopted strategies that are expected to generate improvements in FY08."

Segment Summary - for the year to 30 June

\$ million	Sales			EBIT pre-restructuring		
	2006	2007	% change	2006	2007	% change
Consumer	282.3	287.5	2%	32.8	25.6	-22%
Water	96.7	148.8	54%	14.9	19.1	29%
Automotive	70.4	68.6	-3%	18.8	16.9	-10%
Security	13.0	13.8	6%	2.1	2.3	6%
Unallocated	0.0	0.0		(5.0)	(3.7)	
TOTALS	462.4	518.7	12%	63.6	60.2	-5%

* Unallocated expenses were direct segment costs previously.

Note: Minor differences may occur due to rounding of amounts.

Consumer Products EBIT down 22% to \$25.6 million

Sunbeam's contribution was in line with last year excluding FX hedging costs despite higher raw material, new product development and marketing costs. The business maintained brand leadership in Australia and significantly improved its market share in New Zealand.

Victa was impacted by the adverse effects of the drought but is now well advanced in transitioning to a more profitable business model. The brand continues to hold clear market leadership in Australia and strong growth is evident in New Zealand.

Victa warehousing has been taken in-house and customer service levels have improved. Improved returns are expected in FY08 as more product is sourced from offshore and as the business benefits from new Victa branded products in the broader garden products market.

Oates' contribution was impacted by the underperforming Bissell product range, and competitive market conditions. Oates strengthened its position in the commercial/contractor market segment and, during the year, relocated to a purpose built distribution centre and head office.

The Oates business has completed its make-versus-buy analysis and will be restructured in FY08. Australian manufacturing will be closed and the Bissell distributorship will be terminated. A one-off restructuring charge of \$5.9 million after tax will be incurred in FY08, including \$2.9 million of cash costs. The Oates restructuring will generate a rapid payback consistent with prior GUD restructuring programs.

The outlook for the Consumer Products segment is positive with FY08 EBIT expected to rise around 20% despite further increases in raw material costs and the cessation of Chinese export rebates.

Water Products EBIT increased 29% to \$19.1 million

Drought and extreme bushfire conditions boosted demand for Davey's established product range, including firefighter and borehole pumps. Growth in water conservation and treatment products continues to be strong. Monarch Pool Systems' first contribution to EBIT was below expectations, partly due to the adverse impact of water restrictions on swimming pool construction.

The outlook for Water Products is for continuing growth driven by new products, particularly in the water conservation and treatment segments. Organic growth is expected to offset the normal dip in pump sales as drought conditions ease. EBIT is expected to increase at least 10% in FY08.

Automotive Products EBIT (pre-restructuring) down 10% to \$16.9 million

The New Zealand filter manufacturing operation was closed in December 2006 and the business is now fully sourcing product from a number of offshore suppliers. Ryco has maintained brand leadership and has recently expanded distribution in Australia to regional resellers.

The full benefits of the New Zealand restructure will be captured in FY08.

Security Products EBIT up 6% to \$2.3 million

Consistent with prior years this business performed solidly. Sales growth in higher margin products offset cost increases in zinc and brass.

Outlook

"A stronger earnings outcome, before the Oates restructuring, in FY08 will be driven by organic growth in Water Products and margin improvement and sales growth within Sunbeam," Mr Campbell said.

"Our growth profile will also benefit from our well advanced business improvement programs in Victa, Oates and Automotive," he said.

"EBIT before restructuring charges should rise in a range of 10% to 15%."

"We expect to maintain our consistent dividend growth record."

For further information:

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