

GUD Holdings Limited

Results for year ended
30 June 2007

· Presentation by Ian Campbell
· Managing Director
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· GUD HOLDINGS LIMITED



Result summary



- Sales increased 12% to \$518.7 million
 - driven by Water Products' sales growth of 54% to \$148.8 million
- EBIT pre-restructuring slightly ahead of guidance at \$60.2 million
 - Water Products up 29% to \$19.1 million
 - Consumer Products down 22% to \$25.6 million
 - Automotive Products down 10% to \$16.9 million
 - Security Products up 6% to \$2.3 million
- New products, new markets and acquisitions drove strong Water Products result
- Sunbeam contribution in line with last year excluding FX hedging costs
- Benefits of stronger A\$ partially offset by higher raw material costs
- Drought severely impacted Victa; Oates underperformed
- Final dividend up 1 cent to 34 cents, lifting annual dividend to 61 cents fully franked
- Total shareholder return of 24% for FY07

Financial summary







\$ million	FY06	FY07	% change	
Sales	462.4	518.7	12%	
EBITDA	75.2	73.1	-3%	Investment in new product development up
Depreciation	7.0	7.9	12%	
EBITA	68.2	65.2	-4%	
Amortisation	4.6	5.0	8%	January 07 guidance implied EBIT around \$58.4 m
EBIT	63.6	60.2	-5%	
Interest	6.7	9.0	34%	
Trading Profit Before Tax	56.9	51.3	-10%	Interest cover 7.3 times
Tax	16.7	15.2	-9%	
NOPAT	40.2	36.1	-10%	
ISI After Tax	0.0	(2.4)		NZ Automotive restructuring
Reported Profit	40.2	33.6	-16%	
Trading EPS - cents	67.1	60.2	-10%	
Reported EPS - cents	67.1	56.2	-16%	Reflects lower EBIT, higher interest and restructuring costs
Dividend per share - cents	60	61	2%	

Brand portfolio



Water Products business EBIT now represents 30% of Group EBIT before unallocated costs*

Consumer				
Water				
Automotive				
Security				

EBIT segment balance

FY06	FY07
48%	40%
22%	30%
27%	26%
3%	4%

* Segment EBIT contributions are before unallocated costs of \$3.7m in FY07 versus \$5.0m in FY06. Previously these costs were reflected in segment EBIT contributions.

Consumer Products



- Sunbeam number one in small appliances since January 2004
- Brand leadership sustained amid competitive market conditions
- Sunbeam improved market share in New Zealand
- Further penetration of new segments with new products
 - Gas barbeques
 - Beer chillers
 - Electric over-blankets
- Victa transitioning to a more sustainable business model
- Continues to hold clear mower market leadership position in Australia
- Substantial growth in market share in New Zealand
- Warehousing taken in-house and customer service levels improving
- Oates relocated to purpose built warehouse/head office
- Increased proportion of business in commercial/contractor sector



Consumer Products



\$ million	FY06	FY07	% change
Sales	282.3	287.5	2%
EBITDA	41.0	34.1	-17%
Depreciation	4.1	4.1	-1%
EBITA	36.9	30.0	-19%
Amortisation	4.1	4.4	7%
EBIT	32.8	25.6	-22%
EBIT/Sales Margin	12%	9%	

- Sunbeam contribution pre-FX hedging in line with last year despite higher raw material, new product development and marketing costs
- Victa severely impacted by drought
- Oates underperformance largely due to Bissell



Consumer Products outlook



- Sunbeam expected to improve margins on solid sales growth in FY08
- Positive retail discretionary spend environment
- New products driving further market share gains
 - Upgraded Ultura iron range
 - Ceramic kettle and toaster
 - Café Series contact grill
 - Hair dryer and straightener
- Further benefits from offshore sourcing
 - Broadening the supplier base
- Supply chain efficiencies



Consumer Products outlook



- Strategy being implemented to restore Victa profit margins
- Increased proportion of mowers and components sourced from China to increase margins
- Victa improvement based on return to normal seasonal conditions and a new range of higher margin powered garden products
 - Electric mowers, Enviromowers, electric Vac and Blow (launched FY07)
 - Petrol trimmers and petrol Vac and Blow
 - Victa V40 4 stroke Chinese-sourced engine
- Victa becoming less reliant on weather conditions and mower market



Consumer Products outlook



- Oates' 'make versus buy' analysis complete; business to be restructured
 - Exit Bissell distributorship August 2007
 - Perth and Melbourne manufacturing to close - Oct. '07, Feb. '08 respectively
 - Offshore sourcing program well advanced
- FY08 one-off restructuring charge of \$5.9 million after tax
 - Including \$2.9 million cash
 - Rapid payback expected, consistent with prior GUD restructuring programs
- New products coming on stream and existing products to be upgraded
- Efficiencies in inventory management to emerge from relocation to purpose built distribution centre
- More orderly market expected following Sabco ownership change



Consumer Products outlook



- Despite increases in raw material costs and cessation of Chinese export rebates, Consumer Products' EBIT margin to improve in FY08 driven by
 - Business restructuring
 - Offshore sourcing
 - New products
 - Benefits of stronger A\$

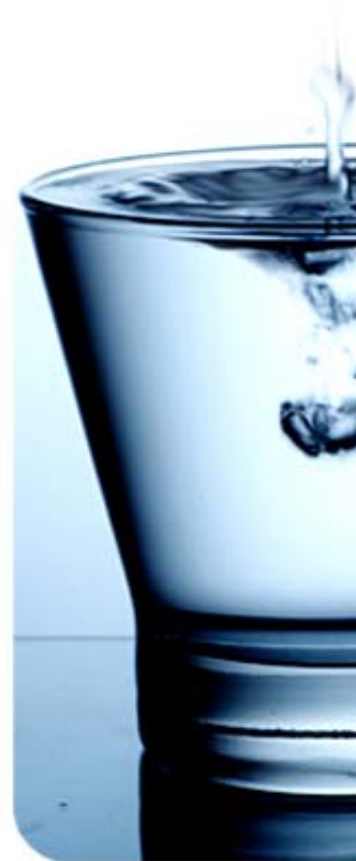
- Consumer Products' EBIT expected to rise around 20% in FY08
 - Sunbeam to record solid EBIT growth with margins improving
 - Early evidence of Victa recovery expected
 - Oates' EBIT margin expected to rise to 10% after business restructuring



Water Products



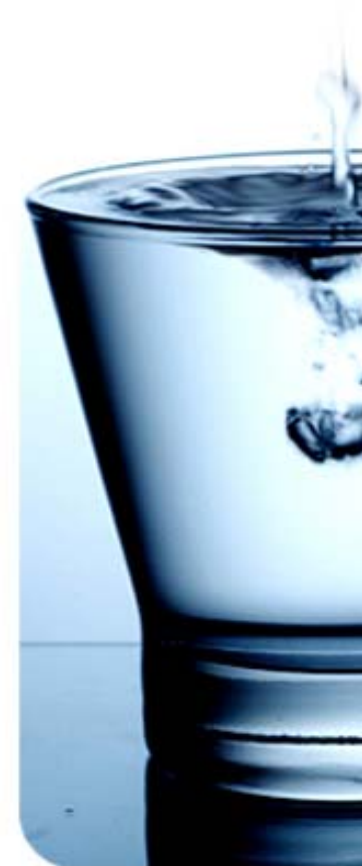
- Strongly growing business benefiting from buoyant market conditions
- Organic growth in demand for water conservation products
 - RainBank
 - Silver Series pumps
- Growing sales of water treatment products – filtration, UV disinfection
- Drought and extreme bush fire conditions further boosted demand
 - Firefighter pumps
 - Bore hole pumps
- Spa business now fully merged
- Integration of interstate branches and warehouses well advanced
- Water restrictions constrained Monarch Pool Systems' performance



Water Products



\$ million	FY06	FY07	% change
Sales	96.7	148.8	54%
EBITDA	17.2	22.1	28%
Depreciation	1.9	2.4	27%
EBITA	15.3	19.7	29%
Amortisation	0.5	0.6	23%
EBIT	14.9	19.1	29%
EBIT/Sales Margin	15%	13%	



- EBIT increases from Davey and Spa-Quip
- Margin contraction due to first year contribution from Monarch
- Strong growth over past three years:
 - Average annual revenue growth of 35% since FY04
 - Average annual EBIT growth of 44% since FY04

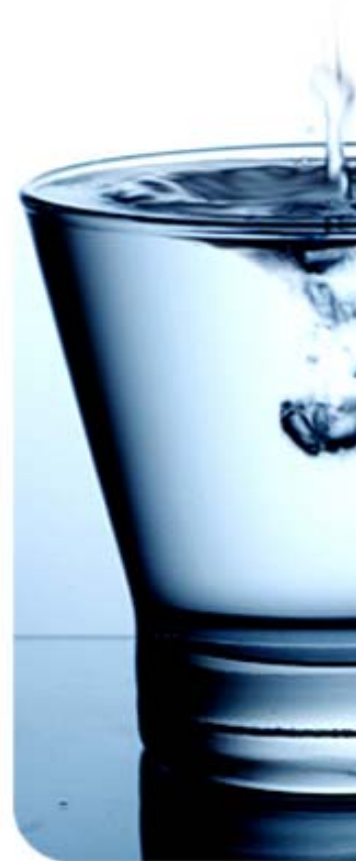
Water Products outlook



- Growth from new products and markets in FY08
 - RainBank 2
 - Aquashield household water treatment system
 - Grey water products

to offset traditional dip in pump sales as drought conditions ease

- Integration benefits expected from merging
 - Davey's pools business with Monarch
 - New Zealand household water supply and treatment businesses
- Continue to seek acquisition opportunities to complement three main business streams:
 - Household water supply, water treatment and irrigation
 - Swimming pools
 - Spa pools and baths
- 10% plus EBIT growth rate expected notwithstanding return to normal seasonal conditions in FY08



Automotive Products



\$ million	FY06	FY07	% change
Sales	70.4	68.6	-3%
EBITDA	19.1	17.4	-9%
Depreciation	0.3	0.5	48%
EBITA	18.8	16.9	-10%
Amortisation	0.0	0.0	
EBIT Before FY07 restructuring charge	18.8	16.9	-10%
EBIT/Sales Margin	27%	25%	

- Early benefits of New Zealand restructuring evident with lower product costs and reduced overhead
- Premium Ryco product maintained brand leadership
- Distribution expanded to regional resellers in Australia
- Single digit EBIT growth anticipated in FY08 as the full benefits of last year's restructuring accrue

Security Products



\$ million	FY06	FY07	% change
Sales	13.0	13.8	6%
EBITDA	2.8	3.2	11%
Depreciation	0.7	0.9	24%
EBITA	2.1	2.3	6%
Amortisation	0.0	0.0	
EBIT	2.1	2.3	6%
EBIT/Sales Margin	16%	16%	



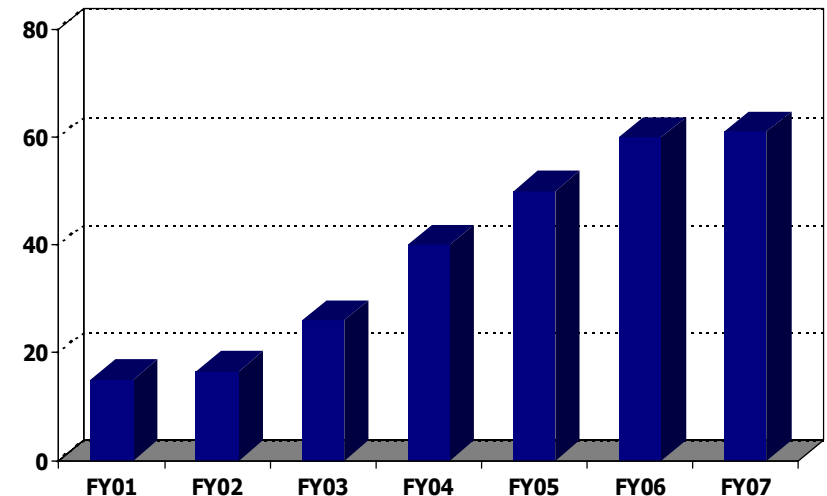
- Sales growth in higher margin products offset cost increases in zinc and brass
- Steady contribution expected in FY08

Shareholder returns



- Share price increased 16% to \$9.18 in FY07
- Annual dividend increased 1 cent to 61 cents fully franked
- Total Shareholder Return of 24% for FY07
- No activity under share buy back but can be activated if appropriate
- US investor – Harbinger – announced 5% GUD shareholding in July 2007 after purchasing shares at \$11.00

Total Dividend per Share



- Growth profile improving
- Strong first half result anticipated
- Strong uplift in Consumer Products expected
 - Sunbeam margin improvement and market leading position to drive growth
 - Victa to benefit from more normal seasonal conditions, new products, offshore sourcing
 - Restructuring benefits to become evident in Oates
- Water Products' organic growth to continue
 - Partially offset by normal dip in pump sales as the drought eases
- All segments expected to grow
- EBIT before restructuring expected to increase 10% to 15% in FY08
- Six-year record of annual dividend growth should be extended in FY08