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GUD Holdings Limited results for half year ended 31 December 2007

Record half year trading EBIT

GUD Holdings Limited today announced a 31% increase in trading EBIT to a record \$38.3 million, from \$29.2 million, in the half year ending 31 December 2007.

The interim dividend has been lifted 3 cents to 30 cents per share, fully franked.

Sales increased 7% to \$285.2 million, from \$265.6 million, and reported net profit after tax increased 18% to \$17.5 million from \$14.9 million previously, after a \$6.0 million charge for restructuring the Oates cleaning products business.

Trading EBIT margin improved to 13.4% from 11.0% and gross profit margin rose to 38.2% from 36.7%. The strong profit performance was underpinned by the benefits of outsourcing activities, improved seasonal conditions, the higher Australian dollar and selected market share growth.

The 11% increase in interim dividend, to 30 cents per share, is comfortably covered by a 37% increase in earnings per share to 39.2 cents, excluding the restructuring charge. Reported earnings per share increased 18% to 29.2 cents per share.

“The profit growth is pleasing, reflecting the strength of our brand portfolio, our continual focus on product costs through various outsourcing programs and new product development,” Managing Director, Ian Campbell said.

“The 31% increase in trading EBIT on a 7% growth in sales highlights the benefits of tight cost controls and the effects of recent outsourcing initiatives in Victa, Oates and Ryco New Zealand,” he said.

“The result in our Water Products division was disappointing. Water restrictions have severely impacted demand for our spa and pool products in the Australian market.”

“Our balance sheet remains strong, with net debt declining to \$108.2 million from \$113.8 million and interest cover rising to 8.1 times. This provides us with the flexibility to undertake further acquisitions or implement some of the capital management options available to us.”

Segment Summary - for the half year to 31 December

\$ million	Sales			Trading EBIT			Reported EBIT		
	2006	2007	% change	2006	2007	% change	2006	2007	% change
Consumer	147.8	168.1	14%	11.3	20.9	85%	11.3	12.4	10%
Water	76.5	73.6	-4%	10.7	8.5	-20%	10.7	8.5	-20%
Automotive	34.4	36.5	6%	8.0	10.2	27%	4.6	10.2	124%
Security	6.9	7.0	2%	1.2	1.2	-2%	1.2	1.2	-2%
Unallocated	(0.1)	0.0		(2.0)	(2.5)		(2.0)	(2.5)	
TOTALS	265.6	285.2	7%	29.2	38.3	31%	25.7	29.8	16%

Note: Minor differences are due to rounding.

Consumer Products EBIT (before restructuring) up 85% to \$20.9 million

Sunbeam's sales and profits increased as a result of market share growth in New Zealand and continuation of market leadership in Australia. Higher product costs from predominantly, Chinese suppliers, were offset by the strengthening Australian and New Zealand currencies.

Victa reaped the benefit of recent business structure reconfiguring, to a source and assemble operation. Strong demand in the local market, driven by improved grass growing conditions, led to higher sales and profits. Additionally, the initiative to broaden Victa's product range to allied, powered garden products is underpinning revenue and profit growth.

Similarly, the Oates cleaning products business reported improved results due to a combination of sales growth from increased business with the supermarket channel, relinquishing distribution of the loss-making Bissel product range and early benefits from the outsourcing program. Oates announced the closure of two manufacturing facilities during the half year resulting in a \$6.0 million charge.

Water Products EBIT down 20% to \$8.5 million

The lower result follows a 50% lift in profit last year and reflects the impact of water restrictions on demand in local markets for pools and spas. The core Davey business performed solidly, benefiting from growth in new markets and new areas of activity, especially rain water harvesting and domestic water treatment.

The Water Products businesses including Spa-Quip, Contamination Control and Monarch Pool Systems, are being integrated into one unified management structure. Additionally, all activities are being consolidated under the Davey brand, reflecting its strength in both local and offshore markets.

These initiatives will result in operational efficiencies and product growth opportunities in future periods.

Automotive Products EBIT up 27% to \$10.2 million

The transitioning of the Ryco business to a fully outsourced model is complete and the benefits are evident in improved margins and profit.

Wesfil's geographic spread of distribution centres and superior customer service has led to sales and profit growth.

Security Products EBIT steady at \$1.2 million

The Security Products business has been restrained by higher raw material costs, especially zinc and brass.

Outlook

“We expect growth in full year trading EBIT to be at the top end of our previously advised guidance range of 10% to 15%,” Mr Campbell said.

“Given our balance sheet strength, shareholders can also expect an increased final dividend,” he said.

“The positive trend in profit and dividend will be driven by new product activity in Sunbeam, on-going improvements in Victa and Oates and the positive underlying trend for the Davey brand in Water Products.”

“We are well positioned to move on acquisitions or implement capital management strategies, as opportunities arise.”

For further information:

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