UBS

Global Equity Research

Australia

Auto Parts

UBS Investment Research

GUD Holdings Limited

Solid result - confidence returning

12-month rating	Buy
	Unchanged
12m price target	A$7.60/US$6.25
	Prior: A$7.00/US$5.75
Price	A$7.35/US$6.04

RIC: GUD.AX BBG: GUD AU

28 July 2009

■ FY09 EBIT 3% ahead of our forecasts

GUD reported FY09 NPAT of $34.8m (vs UBSe $33.0m) including a one off interest rate hedging cost of $3.7m taken in the first half. Full year EBIT margin of 13.0% was broadly in line with our 12.8% est. (aided by the successful Oates + Monarch restructuring). Weak 1H operating cashflow reversed as expected – FY09 free cashflow grew 6% yoy to $52m despite the exit of Victa. Final div was 33cps vs UBSe 28c.

■ EPS raised 15% in FY10E

We have raised FY10E EPS by 15%, largely on the back of higher Consumer revenue expectations, raised 6% vs our prev FY10 estimates. We have raised our FY10E group EBIT margin from 12.0% to 13.2% given f/x movements and continued potential for price rises. Incorporating a DRP we now forecast y/e net debt to fall to $81m.

■ Bolt-on acquisitions the catalyst – remain Buy

We moved GUD to a Buy after the opportunistic acquisition of their stake in BRG. Following results upgrade the stock trades on 11x FY10E earnings (FCF yield of 10%) - not demanding given excellent cashflow and proven brands. Further bolt-on acquisitions are the likely catalyst over the next 6-12 months.

■ Valuation: price target raised to $7.60

Our sum of the parts valuation multiples are unchanged, however rolling over our estimates to FY10, including assumed DRP dilution and marking the value of BRG to market our valuation is raised to $7.60.

Highlights (A$m)	06/08	06/09	06/10E	06/11E	06/12E
Revenues	535.1	468.4	480.6	493.8	506.3
EBIT (UBS)	68.9	60.8	64.5	68.8	70.6
Net Income (UBS)	41.9	34.8	40.6	44.0	45.5
EPS (UBS, A$)	0.70	0.60	0.67	0.72	0.75
Net DPS (UBS, A$)	0.65	0.62	0.65	0.70	0.72

Profitability & Valuation	5-yr hist av.	06/09	06/10E	06/11E	06/12E
EBIT margin %	14.0	13.0	13.4	13.9	13.9
ROIC (EBIT) %	34.3	30.4	32.8	35.2	36.2
EV/EBITDA (core) x	7.4	6.1	7.0	6.2	6.0
PE (UBS) x	12.2	10.1	11.0	10.2	9.8
Net dividend yield %	6.7	10.3	8.8	9.5	9.8

Source: Company accounts, Thomson Financial, UBS estimates. (UBS) valuations are 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$7.35 on 28 Jul 2009 18:12 EST

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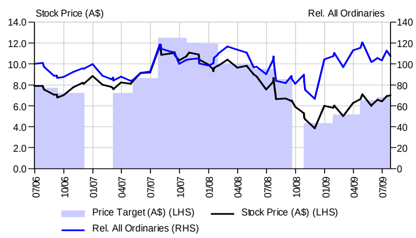
Trading data (local/US$)	
52-wk range	A$7.50-3.58/US$7.08-2.28
Market cap.	A$0.44bn/US$0.36bn
Shares o/s	60.1m (ORD)
Free float	100%
Avg. daily volume ('000)	238
Avg. daily value (A$m)	1.5

Balance sheet data 06/10E	
Shareholders' equity	A$0.14bn
P/BV (UBS)	3.2x
Net Cash (debt)	(A$0.08bn)

Forecast returns	
Forecast price appreciation	+3.4%
Forecast dividend yield	13.0%
Forecast stock return	+16.4%
Market return assumption	8.5%
Forecast excess return	+7.9%

EPS (UBS, A$)	06/10E			06/09
	From	To	Cons.	Actual
H1E	-	-	-	0.29
H2E	-	-	-	0.31
06/10E	0.58	0.67	*0.61*	
06/11E	0.65	0.72	*0.65*	

Performance (A$)



Source: UBS

www.ubs.com/investmentresearch

FY09 Result Review

Excellent cashflow, fuel for M&A

GUD reported FY09 NPAT of $34.8m (vs UBSe $33.0m) including a one off interest rate hedging cost of $3.7m taken in the first half. While the charge was one-off in nature we included it above the line as a total financing cost component.

Full year group EBIT margin of 13.0% was broadly in line with our 12.8% est. (aided by the successful Oates + Monarch restructuring). Weak 1H operating cashflow reversed as expected.

Final dividend of 33c was ahead of our 28c estimate, we have raised our FY10 dividend estimate to 65c assuming near 100% payout.

Key positives include:

- **Strong Consumer top-line**: Aided by February price rises, Consumer revenue rose 3.4% vs FY08 on an underlying basis and was 5% ahead of our estimate for 2H09. Sunbeam new product launches and Oates restructuring all contributed, market share was estimated to be fairly steady for the period.

- **Excellent cashflow**: While cash seasonality for GUD is very high, 2H09 working capital declined meaningfully as promised, with full year free cashflow up 6% yoy to $52.4m - 73% EBITDA conversion. 2H09 free cashflow was an impressive $70m.

  We now forecast net debt to fall from $91m end June '09 to c. $81m end June '10 including the recently announced DRP.

- **Any negatives**? While only minor quibbles, weaker than expected 2H09 EBIT margins for consumer (10.6% vs UBSe 11.9%) is a reminder of the difficulties of unusual f/x movements during the period and the increasing cost of hedging.

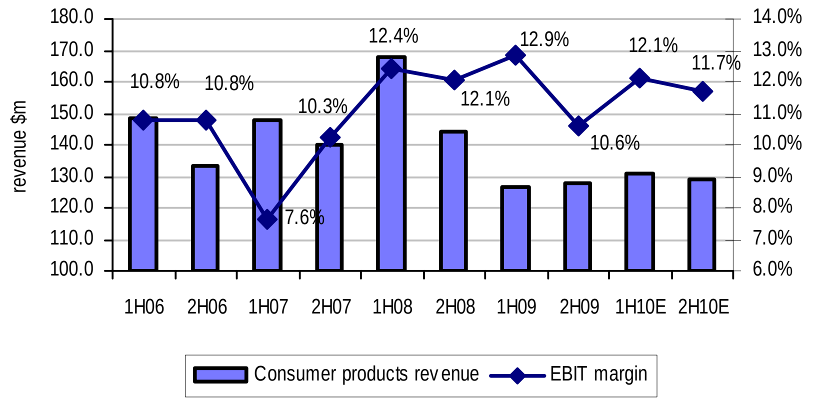
  Supplier risk also remains front of mind. While GUD have been diversifying sourcing in conjunction with the Oates restructure, tighter supplier terms could impact 1H10 working capital requirements. Supplier reliability remains a key focus of management in FY10.

No guidance: GUD have not given formal management guidance going forward other that to say an 'improved financial performance is expected', and they are 'relatively optimistic about FY10'. Our revised forecasts assume 6% growth in EBIT for FY10 increasing to 6.7% in FY11.

Result Overview by division:

- **Consumer products**: Stripping out Victa, consumer revenue rose 3.4% yoy while EBIT fell 9% to $29.9m on an underlying basis. Margin pressure was largely due to unusually volatile f/x movements during the period, 2H09 Consumer EBIT margin of 10.6% was under our estimate of 11.9% for the period.
- We have raised our FY10 revenue assumption from -1.5% to +1.9% for the year. We now forecast EBIT margins relatively flat in FY10 at 11.9%. While raw material and freight costs continue to come down, f/x remains the swing factor as a number of older 70c hedges roll off. Further improvements in Sunbeam sourcing should defend margins to some degree going forward.

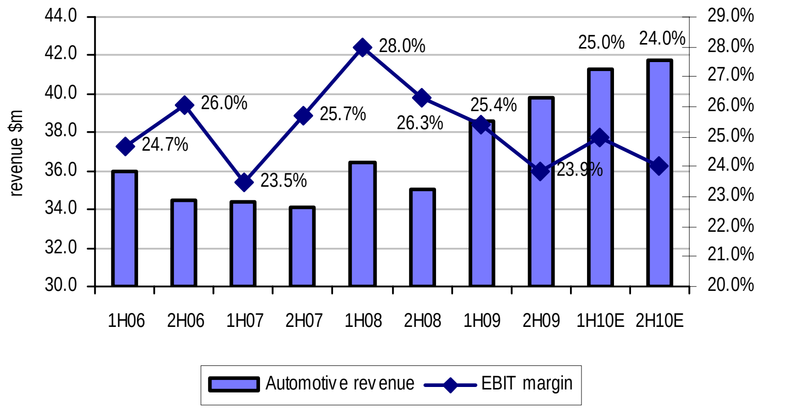
Chart 1: Consumer products margin – impacted by Victa sale



Source: company data, UBS

- **Automotive products**: Automotive revenue growth strong from new distribution agreements with Supercheap on the retail side, as well as progress with Repco in the trade business. Revenue rose well above our forecast 4% yoy to 9.7%, helped by Ryco and Westfil gaining market share during the period (National Parts continues to help with that respect). Auto EBIT margin of 24.6% was in line with our 24.0% forecast. We have raised our EBIT estimate to $20.4m for FY10 (from $15.8m).

Chart 2: Automotive products margin

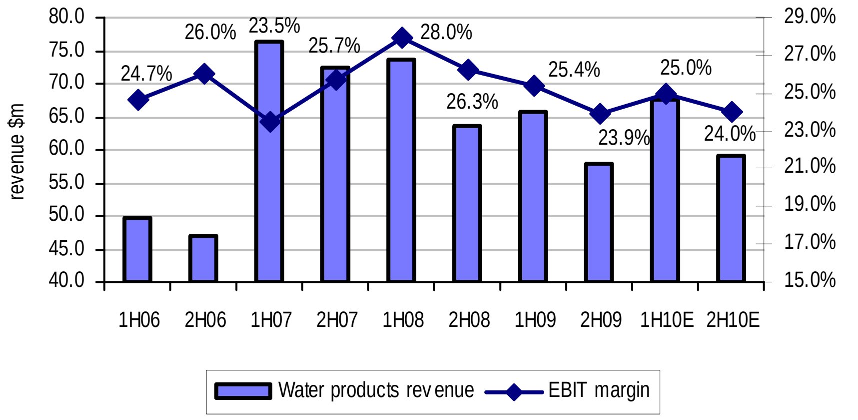


Source: company data, UBS

- **Water products**: Revenue fell 9% vs pcp in 2H09 impacted by broader economic conditions for pool/spa product sales and by the drought in select rural regions for the Davey division.

- A new initiative selling salt water chlorinators in the US should contribute to positive revenue growth going forward – we have raised our forecast to 2.5% revenue growth for FY10. We also assume a minor recovery in margins with FY10 EBIT margin of 13.0% vs 12.1% in FY09.

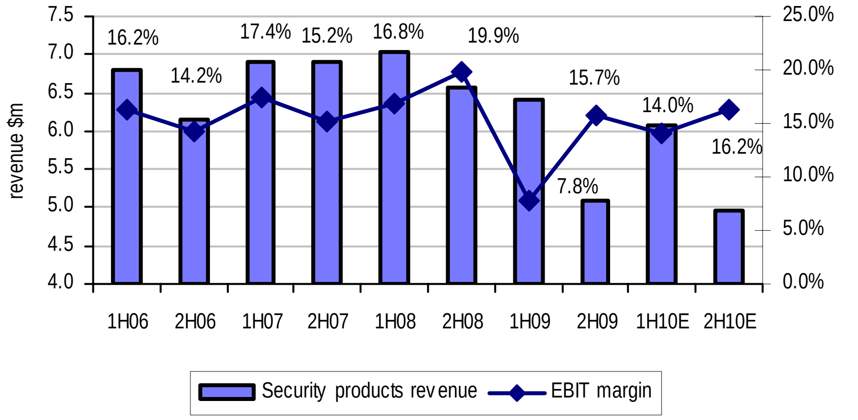
Chart 3: Water products margin



Source: company data, UBS

- **Security products**: GUD's smallest division, Security product earnings have been impacted by import substitution and have been impacted by destocking by local customers. New management has recently been installed with a focus on margin improvement/customer service initiatives.

Chart 4: Security products margin



Source: company data, UBS

Table 1: GUD – results summary

(A$m)	FY08A	FY09A	change	UBS FY 09 UBSe	% change
Revenues	535.1	468.4	(12.5)	461.9	1.4
EBITDA	81.5	71.7	(12.1)	69.7	2.8
Depreciation & Amortisation	(12.6)	(10.9)	13.9	(10.7)	(1.8)
EBIT	68.9	60.8	(11.8)	59.0	3.0
Net Interest Expense	(9.5)	(11.5)	(21.6)	(12.2)	6.2
Earnings Before Tax	59.5	49.3	(17.1)	46.8	5.1
Tax Expense	(15.0)	(14.5)	3.2	(13.8)	(4.8)
Reported NPAT	37.4	34.8	(7.0)	33.0	5.2
DPS (cents)	65.0	62.0	(4.6)	56.0	9.7
EBITDA margin (%)	15.2	15.3	0.4	15.1	1.4
EBIT margin (%)	12.9	13.0	0.8	12.8	1.6

Source: UBSe

Change in earnings

- Our key changes to earnings are summarised below. Of note, we have upped our interest expense for FY10 (including higher working capital requirements in the lead up to Xmas selling season). FY10 net debt however has been cut to $81m from $87m.

Table 2: GUD – change in earnings

GUD Holdings Limited	Actual	Actual	Prev.	(%)	New	Prev.	(%)	New	Prev.	(%)
(A$m)	2008	2009	2009E	Change	2010E	2010E	Change	2011E	2011E	Change
Revenues	535.1	468.4	461.9	1.4	480.6	456.2	5.3	493.8	466.8	5.8
EBITDA	81.5	71.7	69.7	2.9	75.2	65.5	14.9	80.0	71.7	11.6
EBIT	68.9	60.8	59.0	3.1	64.5	54.6	18.2	68.8	60.4	13.9
Net interest expense	(9.5)	(11.5)	(12.2)	(5.8)	(6.7)	(4.9)	38.2	(6.2)	(4.5)	(36.9)
PBT	52.4	49.3	46.8	5.4	57.8	49.7	16.2	62.6	55.9	12.0
Tax Expense	(15.0)	(14.5)	(13.8)	5.1	(17.1)	(14.7)	16.7	(18.6)	(16.5)	(12.5)
Net Profit (normalised)	41.9	34.8	33.0	5.5	40.6	35.0	16.0	44.0	39.4	11.8
Reported NPAT	37.4	34.8	33.0	5.5	40.6	35.0	16.0	44.0	39.4	11.8
EPS (reported)	62.6	59.9	56.0	7.0	66.8	58.3	14.6	72.3	65.6	10.2
DPS	65.0	62.0	56.0	10.7	65.0	52.0	25.0	70.0	59.0	18.6
Net Debt	(86.2)	(90.7)	(104.1)	(12.9)	(81.4)	(87.1)	(6.5)	(79.7)	(81.9)	2.6

Source: UBSe

Valuation & Rating

- While GUD's underlying EBIT result was only 3% ahead of our expectations, we note a marked shift in sentiment about the future following a tough year. Management remain 'relatively optimistic' about FY10 given solid recent trading, cost reductions or management change in problem divisions. Price rises remain 'difficult to push through' but given minimal market share shifts for key consumer brands the price/volume trade-off appears from the outside to be managed well given f/x and hedging uncertainties.

- Oates/Monarch restructure benefits now appear to be fully in reported earnings and we would expect investor/management focus to turn to opportunities through bolt-on M&A. While quality targets are reportedly difficult to find, management are committed to looking for robust branded product businesses. The recent self funding acquisition of a 19.4% stake in Breville acquired in May on a dividend yield of 9% shows a reliable eye for value.

- Our sum of the parts valuation has been updated to roll over to FY10 earnings however we have left our EBIT multiples unchanged, contrasting the steady longer term growth outlook of Auto vs the upside risk in more cyclical housing related divisions such as consumer products. Incorporating a DRP and updating the BRG stake valuation at market, our price target is raised to $7.60, representing 11-12x FY10E EPS, hardly a stretch target given the quality of GUD management and brand recognition. While upside is not dramatic from current levels, accretive bolt on acquisitions will likely be the catalyst and our Buy recommendation remains.

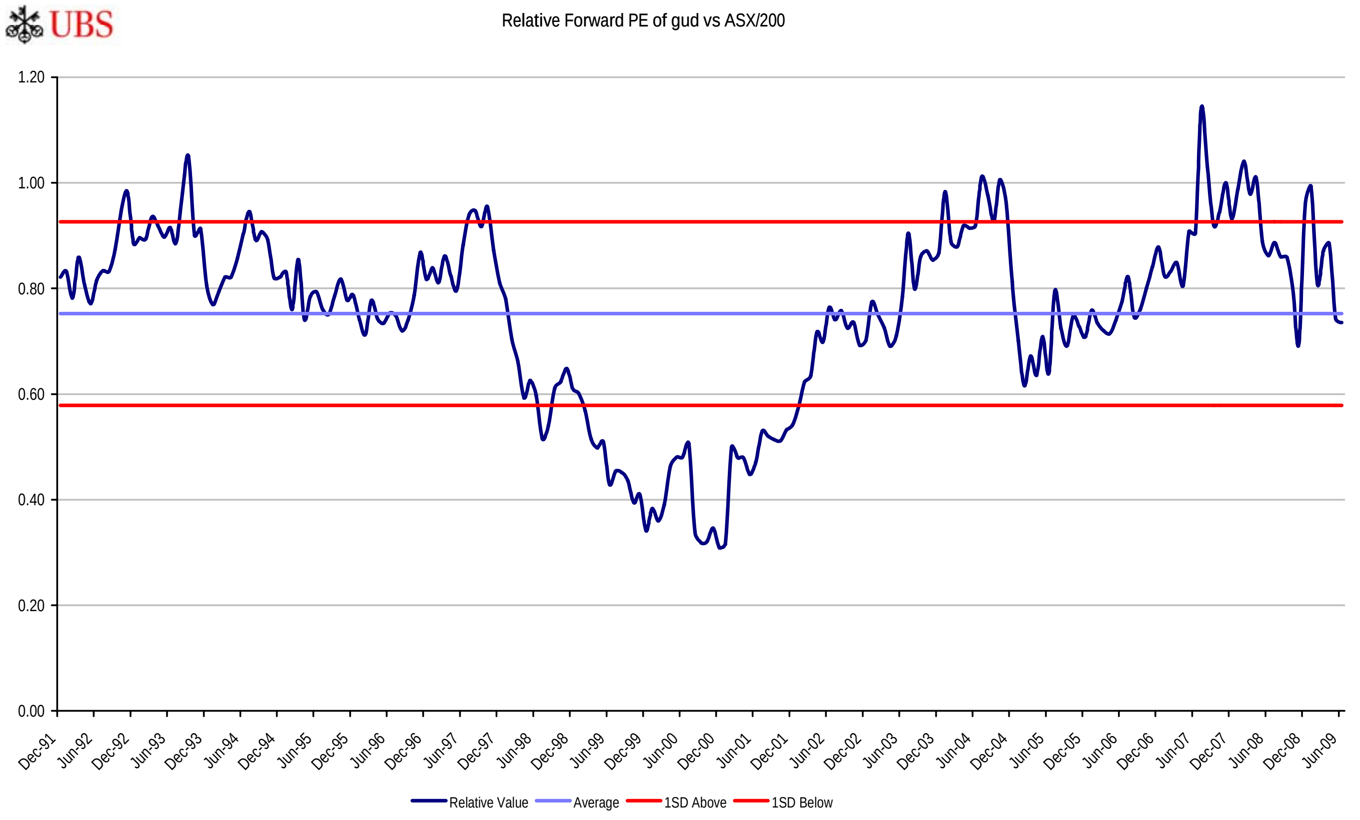
- As a cross check our DCF valuation gives a price target valuation of $8.02 using a WACC of 10.5% (beta 1.3, risk free rate of 6% and 30% long term debt/equity). We use a 2% terminal growth rate.

Table 3: GUD Sum of the parts valuation

	FY10E EBIT $m	EBIT Multiple x	Value ($m)
Consumer Products	30.9	8.5	262.7
Automotive	20.4	7.0	142.5
Water Products	16.5	8.0	131.8
Security Products	1.7	6.5	10.8
BRG stake – at market			23.1
Unallocated	-4.9	5.5	-27.0
Firm Value	64.5	8.4	543.9
Less yr end avg debt			-81.4
Equity value			462.5
Total diluted ord shares (m)			61.0
SOP: Value per Share			7.59

Source: UBSe

Chart 5: GUD 1 yr forward PE relative to ASX/small caps average



Source: UBSe

GUD Holdings (GUD.AX)

MARKET INFORMATION

Rating:	**Buy**
Price (as of 28-Jul-09): (A$)	7.35
Price Target (12 months): (A$)	**7.60**
Shares outstanding: (m)	60.1
Market Capital (A$ m):	441.9
Avg. daily turnover (A$ m):	1.6
Year end:	June
Website:	www.gud.com.au
Major Shareholders:	Perpetual, Invesco

COMPANY DESCRIPTION

GUD Holdings (GUD) 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, Ryco filters, Davey pumps and Oates cleaning accessories. GUD was formed in 1940 and first listed in 1959.

INVESTMENT SUMMARY

(A$ m)	**2009**	**2010E**	**2011E**	**2012E**
Net profit [reported]	34.8	40.6	44.0	45.5
Net profit [adjusted]	34.8	40.6	44.0	45.5
EPS [reported]	0.60	0.67	0.72	0.75
EPS [adjusted, diluted]	**0.60**	**0.67**	**0.72**	**0.75**
EPS Growth (%)	(14.4)	11.6	8.1	3.3
PER [adjusted]* (x)	**10.1**	**11.0**	**10.2**	**9.8**
Dividend	0.62	0.65	0.70	0.72
Payout ratio, [EPS adj.] (%)	*104*	*97*	*97*	*96*
Dividend Yield [Net]* (%)	**10.3**	**8.8**	**9.5**	**9.8**
Shares [period-avg, basic] (m)	58.2	60.1	60.1	60.1
Book value per share	*2.18*	*2.27*	*2.29*	*2.32*
Price to Book (x)*	*2.8*	*3.2*	*3.2*	*3.2*
Equity Free Cash Flow Yield (%)	*11.1*	*9.8*	*10.1*	*10.6*
Franking (%)	100	100	100	100

KEY RATIOS

	2009	**2010E**	**2011E**	**2012E**
Profitability (%)				
Revenue growth	*(12.5)*	*2.6*	*2.8*	*2.5*
EBITDA margin	*15.3*	*15.7*	*16.2*	*16.3*
EBIT margin	*13.0*	*13.4*	*13.9*	*13.9*
Effective tax rate	*29.4*	*29.6*	*29.6*	*29.6*
Return on Inv Cap (post-tax)	*21.5*	*23.1*	*24.7*	*25.5*
Return on Equity	*27.7*	*30.2*	*31.7*	*32.4*
Capital Structure				
Net Debt / EBITDA (x)	*1.2*	*1.2*	*1.0*	*1.0*
Net Debt / Common equity (%)	*69.1*	*58.8*	*57.0*	*54.5*
Net Debt / Core EV (x)*	*0.2*	*0.2*	*0.2*	*0.2*
Capex / Depreciation (x)	*0.6*	*0.6*	*0.6*	*0.6*
EBIT / Net Interest (x)	*5.3*	*9.6*	*11.1*	*11.8*

PROFIT AND LOSS

(A$ m)	**2009**	**2010E**	**2011E**	**2012E**
Revenue	468.4	480.6	493.8	506.3
EBITDA [adjusted]	**71.7**	**75.2**	**80.0**	**82.3**
Depreciation & Amortisation	(10.9)	(10.7)	(11.2)	(11.7)
EBIT [adjusted]	**60.8**	**64.5**	**68.8**	**70.6**
Net interest	(11.5)	(6.7)	(6.2)	(6.0)
Income from associates	0.0	0.0	0.0	0.0
Other non-operating items	0.0	0.0	0.0	0.0
Profit before tax [adj]	**49.3**	**57.8**	**62.6**	**64.6**
Tax on pre-abnormal profit	(14.5)	(17.1)	(18.6)	(19.2)
Minority Interests	0.0	0.0	0.0	0.0
Dividends (preferred)	0.0	0.0	0.0	0.0
Net Profit [adjusted]	**34.8**	**40.6**	**44.0**	**45.5**
Abnormal Gain/(Loss) after Tax	0.0	0.0	0.0	0.0
Net Profit [reported]	**34.8**	**40.6**	**44.0**	**45.5**

PROFIT AND LOSS [HALF YEAR]

(A$ m)	**1H 09**	**2H 09**	**1H 10E**	**2H 10E**
Revenue	237.5	230.9	0.0	480.6
EBITDA [adjusted]	**37.8**	**33.9**	**0.0**	**64.5**
Depreciation & Amortisation	(5.2)	(5.7)	0.0	0.0
EBIT [adjusted]	**32.6**	**28.2**	**0.0**	**64.5**
Net interest	(8.8)	(2.7)	0.0	(6.7)
Income from associates	0.0	0.0	0.0	0.0
Other non-operating items	0.0	0.0	0.0	0.0
Profit before tax [adj]	**23.8**	**25.5**	**0.0**	**57.8**
Tax on pre-abnormal profit	(7.0)	(7.6)	0.0	(17.1)
Minority Interests	0.0	0.0	0.0	0.0
Dividends (preferred)	0.0	0.0	0.0	0.0
Net Profit [adjusted]	**16.9**	**17.9**	**0.0**	**40.6**
Abnormal Gain/(Loss) after Tax	0.0	0.0	0.0	0.0
Net Profit [reported]	**16.9**	**17.9**	**0.0**	**40.6**

BALANCE SHEET

(A$ m)	**2009**	**2010E**	**2011E**	**2012E**
Cash & equivalents	16.2	17.7	17.7	17.7
Accounts receivable	62.3	71.1	73.1	75.0
Inventory	82.7	85.1	87.4	89.6
Fixed assets	19.6	21.6	23.4	24.9
Intangibles	91.6	86.2	80.9	75.5
Investments	24.0	24.0	24.0	24.0
Other assets	7.1	7.1	7.1	7.6
Total Assets	**303.5**	**312.8**	**313.6**	**314.2**
Accounts payable	44.3	49.9	50.9	52.1
Short & long term debt	106.9	99.2	97.5	94.9
Provisions & other	21.1	25.4	25.4	25.9
Preferred securities	0.0	0.0	0.0	0.0
Total liabs & pref shares	**172.3**	**174.4**	**173.8**	**172.9**
Minorities	0.0	0.0	0.0	0.0
Common equity	131.1	138.4	139.8	141.4
Total liabilities & equity	**303.4**	**312.9**	**313.6**	**314.3**
Net cash / (debt)	**(90.7)**	**(81.4)**	**(79.7)**	**(77.1)**

ENTERPRISE VALUE*

(A$ m)	**2009**	**2010E**	**2011E**	**2012E**
Market capital	351.9	441.9	441.9	441.9
Net debt / (cash) [avg]	88.4	88.4	80.6	78.4
Estimated share buy backs	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0
Pension provisions	0.0	0.0	0.0	0.0
Total Enterprise Value	**440.3**	**530.3**	**522.5**	**520.3**
(Non-core assets)	0.0	0.0	(24.0)	(24.0)
Core Enterprise Value	**440.3**	**530.3**	**498.5**	**496.3**
Core EV Ratios				
EV / Sales	*0.9*	*1.1*	*1.0*	*1.0*
EV / EBITDA	*6.1*	*7.0*	*6.2*	*6.0*
EV / EBIT	*7.2*	*8.2*	*7.2*	*7.0*
EV / OpFCF [post-tax]	*6.0*	*7.8*	*7.1*	*6.8*
EV / Invested Capital	*2.2*	*2.7*	*2.5*	*2.5*

DIVISIONAL BREAKDOWN

(A$ m)	**2009**	**2010E**	**2011E**	**2012E**
Total Revenue	**468.4**	**480.6**	**493.8**	**506.3**
Sunbeam Victa	254.9	259.7	267.0	274.5
Ryco Wesfil	78.4	83.1	86.0	87.7
Davey Pumps	123.6	126.7	129.2	131.8
Lock Focus	11.5	11.0	11.6	12.3
EBIT	**60.8**	**64.5**	**68.8**	**70.6**
Sunbeam Victa	29.9	30.9	33.4	34.3
Ryco Wesfil	19.3	20.4	20.6	21.1
Davey Pumps	15.0	16.5	17.8	18.2
Lock Focus	1.3	1.7	1.9	2.0
Adjustment	(4.7)	(4.9)	(4.9)	(4.9)

CASH FLOW

(A$ m)	**2009**	**2010E**	**2011E**	**2012E**
Operating income [EBIT, UBS]	60.8	64.5	68.8	70.6
Depreciation & Amortisation	10.9	10.7	11.2	11.7
Net change in working capital	8.6	(0.6)	(3.3)	(2.8)
Other (operating)	0.0	0.0	0.0	0.0
Pre-tax op cash flow	**80.3**	**74.6**	**76.7**	**79.5**
Interest (paid) / received	(11.6)	(6.7)	(6.2)	(6.0)
Tax paid	(10.8)	(17.1)	(18.6)	(19.2)
Other	0.0	0.0	0.0	0.0
Operating cash flow	**57.9**	**50.8**	**51.9**	**54.3**
Capital expenditure	(6.8)	(6.8)	(6.8)	(6.8)
Free cash flow	**51.1**	**44.0**	**45.2**	**47.5**
Net (acquisitions) / disposals	(23.5)	(7.4)	(7.6)	(7.8)
Dividends paid (Common)	(37.6)	(39.6)	(42.7)	(43.9)
Shares issued/(repurchased)	14.1	6.2	0.0	0.0

*Source: UBS estimates, * Historical valuations are based on an average share price for the period. Current & future valuations are based on a share price of A$7.35 on 28-Jul-2009*

■ GUD Holdings Limited

GUD Holdings (GUD) 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, Ryco filters, Davey pumps and Oates cleaning accessories. GUD was formed in 1940 and first listed in 1959.

■ Statement of Risk

We believe the key risks include a downturn in spending on homewares in Australia, adverse currency movements, and variations in the cost of raw materials.

■ Analyst Certification

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UBS Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage[1]	IB Services[2]
Buy	**Buy**	44%	38%
Neutral	**Hold/Neutral**	39%	36%
Sell	**Sell**	17%	25%
UBS Short-Term Rating	**Rating Category**	**Coverage[3]**	**IB Services[4]**
Buy	**Buy**	less than 1%	33%
Sell	**Sell**	less than 1%	33%

1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 30 June 2009.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	**Definition**
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

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% (a proxy for, and not a forecast of, the equity risk premium).
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.
Short-Term Ratings reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case.

EXCEPTIONS AND SPECIAL CASES

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; Sell: Negative on factors such as structure, management, performance record, discount.
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UBS Securities Australia Ltd: Lachlan Parker.

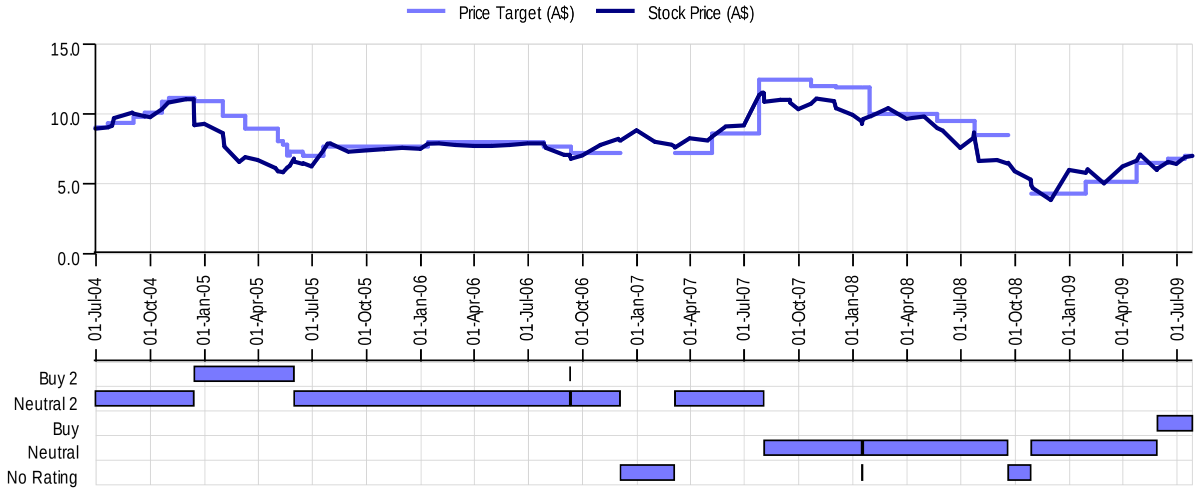
Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
GUD Holdings Limited	GUD.AX	Buy	N/A	A$7.00	27 Jul 2009

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

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 27 Jul 2009

Note: On August 4, 2007 UBS revised its rating system. (See 'UBS Investment Research: Global Equity Rating Definitions' table for details). From September 9, 2006 through August 3, 2007 the UBS ratings and their definitions were: Buy 1 = FSR is > 6% above the MRA, higher degree of predictability; Buy 2 = FSR is > 6% above the MRA, lower degree of predictability; Neutral 1 = FSR is between -6% and 6% of the MRA, higher degree of predictability; Neutral 2 = FSR is between -6% and 6% of the MRA, lower degree of predictability; Reduce 1 = FSR is > 6% below the MRA, higher degree of predictability; Reduce 2 = FSR is > 6% below the MRA, lower degree of predictability. 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. From October 13, 2003 through September 8, 2006 the percentage band criteria used in the rating system was 10%.

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