

**GUD Holdings Limited**

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**GUD HOLDINGS LIMITED ANNOUNCES TAKEOVER OFFER FOR DEXION LIMITED AND
INTENTION TO UNDERTAKE AN INSTITUTIONAL PLACEMENT AND SHARE PURCHASE PLAN**

GUD Holdings Limited ("GUD") announced today that it will proceed with the off-market takeover ("Offer") for all the issued shares in Dexion Limited ("Dexion"). This Offer is being made pursuant to the Takeover Bid Implementation Agreement ("Agreement") with Dexion which was previously executed and announced to the market on 21 May 2010.

Offer summary

- Offer of A\$0.80 cash per Dexion share
- Highly attractive premium of 100% to Dexion's closing share price of A\$0.40 on 20 May 2010¹
- The Dexion directors unanimously recommend the Offer, in the absence of a superior proposal
- Key institutional shareholders intend to accept the Offer for shares representing at least 16.2% of Dexion shares on issue, in the absence of a superior proposal
- The Offer is subject to a 90% minimum acceptance condition and certain other conditions listed in Annexure A to this announcement
- The Offer will be funded via a mix of existing cash reserves and bank facilities, a fully-underwritten A\$40m institutional placement and a non-underwritten share purchase plan for up to A\$15m

¹ The last trading day prior to the announcement that GUD and Dexion had entered into a Takeover Bid Implementation Agreement under which GUD would make the Offer for Dexion



Attractive premium

Under the Offer, GUD is offering Dexion shareholders A\$0.80 cash for every Dexion share, equating to an equity valuation and enterprise valuation (“EV”) for Dexion of A\$84 million and A\$109 million respectively. The Offer implies a substantial premium of:

- 100% to the Dexion closing share price on 20 May 2010¹ of A\$0.40;
- 90% premium to the Dexion one month volume weighted average share price (VWAP) for the period ending on 20 May 2010¹ of A\$0.42;
- 84% premium to the Dexion twelve month VWAP for the period ending on 20 May 2010¹ of A\$0.43; and
- 40% premium to the 52 week high closing share price for the period ending on 20 May 2010¹ of A\$0.57

Benefits for Dexion shareholders

Subject to the conditions of the Offer being satisfied or waived, GUD’s Offer provides compelling benefits for Dexion shareholders, including:

- A very attractive premium to Dexion’s pre-announcement trading price
- The certainty of cash value
- Removing exposure to the risks and uncertainties that can affect the market value of Dexion shares
- No brokerage or stamp duty payable if you accept the Offer

The Dexion directors unanimously recommend the Offer to shareholders and all Dexion directors who own or control Dexion shares have indicated their intention to accept the Offer for the Dexion shares they own or control, in the absence of a superior proposal. Collectively the Dexion directors and their associates own or control 2.6% of the total outstanding shares in Dexion.

Commenting on the Offer, GUD Managing Director Mr. Ian Campbell said, “The rationale for this transaction is extremely compelling and we are genuinely excited about the prospect of taking the combined group to the next level.

“The acquisition will provide a significant growth platform for GUD, adding an international dimension to the company as well as providing access to growth sectors in distribution and third-party logistics. GUD’s managerial skills and financial resources will enable us to take full advantage of the market opportunities available to Dexion.

“For our shareholders, the enlarged GUD will be a more balanced and diversified business, with a strong presence in both commercial and consumer markets. We expect the transaction to be earnings per share accretive in the first full year of ownership (FY12).

“For Dexion shareholders, the Offer represents an excellent price for their shares and provides certainty of value, at a significant premium, today.”



Support of key Dexion shareholders

Aviva Investors Australia Limited has advised GUD that it intends to accept GUD's Offer for all its Dexion shares (representing 8.2% of Dexion shares on issue), in the absence of a superior proposal. Perpetual Limited has advised GUD that it intends to accept GUD's Offer for shares representing at least 8% of Dexion shares on issue, in the absence of a superior proposal.

In aggregate, key institutional shareholders intend to accept for shares representing at least 16.2% of Dexion shares on issue, in the absence of a superior proposal. GUD believes that the support of these institutional shareholders illustrates that the Offer consideration provides Dexion shareholders with an opportunity to receive premium value for their Dexion Shares.

Strategic rationale for a combination of GUD and Dexion

GUD believes there is compelling strategic rationale for a combination of GUD and Dexion, including:

- Providing GUD with attractive, market leading entry points into the high growth sectors of distribution and third-party logistics
- Providing Dexion with the scale, financial resources and access to capital necessary to take full advantage of growth opportunities both domestically and overseas
- Creating opportunity for both businesses to cross-leverage operational best practices given complementary core competencies of brand management, product design and development, product sourcing and supply chain optimisation
- Enhancing GUD's portfolio composition — across product and geographic markets, and end customers

Proposed timetable for Offer

GUD proposes to lodge its Bidder's Statement shortly and anticipates the Offer being open for acceptance early next month. The Offer is expected to close in early August.

Funding of the Offer

GUD has the financial capacity to comfortably fund the Offer using existing cash resources and committed bank facilities. However, in order to maintain GUD's balance sheet strength and retain flexibility to fund future growth, GUD intends to raise up to A\$55 million in equity via:

- a A\$40 million institutional placement ("Placement"), representing approximately 7.5% of GUD's current market capitalisation; and
- a retail share purchase plan ("SPP") for applications up to A\$15,000 per shareholder, capped at a maximum of A\$15 million in aggregate

The Placement has been fully underwritten by J.P. Morgan Australia Limited and Macquarie Capital Advisers Limited at A\$8.30 per share.



The launch of the SPP is expected on 5 July. Shares through the SPP will be offered at the lower of the Placement price of A\$8.30 per share or a 2.5% discount to the volume weighted average price of GUD shares over the five trading days prior to and including the closing date for the SPP. Further details of the SPP will be sent to eligible GUD shareholders by 5 July.

All ordinary shares issued under the Placement and SPP will, at the time of issue, rank equally with GUD's existing ordinary shares and be entitled to any final dividend declared by GUD in relation to FY10. No shareholder approval is required in relation to the Placement.

GUD also announced today its intention to suspend its share buyback program.

GUD has requested a trading halt to be placed on its shares until the Placement has been completed.

In the event the Offer conditions are not met and the acquisition of Dexion does not proceed, the proceeds of the Placement and SPP will be used for general corporate purposes, including organic and inorganic growth initiatives.

Financial impact of Offer

The proposed acquisition of Dexion satisfies GUD's financial investment criteria in its first full year of ownership (FY12):

- Cash Value Added ("CVA") positive
- Earnings per share accretive

Post acquisition, GUD expects to undertake a comprehensive review of the Dexion business and operations, including the evaluation of potential opportunities to expand Dexion's earnings through further investment.

Pro-forma for the acquisition of Dexion and associated equity raisings, GUD will have a strong capital structure, with a pro forma gearing ratio² of approximately 41%.

GUD trading update and reaffirmation of FY10 guidance

In GUD's interim results announcement released to the market on 27 January 2010, GUD provided full year EBIT guidance for FY10 to be within the range of A\$64 million to A\$68 million. GUD reaffirms this guidance and expects to achieve an FY10 EBIT towards the top end of this range.

² Defined as Net Debt / (Net Debt + Book Equity); Based on GUD's balance sheet as at 31 December 2009, adjusted for the acquisition of Dexion for an enterprise value of A\$109 million using existing cash and committed bank lines, proceeds from the Placement and proceeds from the SPP



Further information

J.P. Morgan Australia Limited is acting as financial advisor and Freehills as legal advisor in relation to the Offer. J.P.Morgan Australia Limited and Macquarie Capital Advisers Limited are acting as Joint Underwriters, Lead Managers and Bookrunners on the institutional placement.

More detailed information about the Offer will be contained in the Bidder's Statement. Additional information is also contained in the presentation lodged today with ASX and also found on GUD's website.

About GUD

GUD Holdings Limited is listed on the ASX and has a market capitalisation of approximately A\$530 million.

GUD is an active manager of a number of leading consumer and industrial product businesses in Australia and New Zealand. GUD operates through four discrete business divisions: Consumer Products, Water Products, Automotive Products and Security Products. Through these businesses, GUD is the owner and manager of one of the Asia-Pacific region's premier brand portfolios. Most of these brands are market leaders in their product categories.

GUD's principal skills are in brand management, product design and development, product sourcing and supply chain optimisation.

www.gud.com.au

About Dexion

Dexion manufactures and markets a broad range of storage products. The company's core products include pallet racking, shelving and automated systems used in logistics and warehousing (Industrial Division) and storage and filing solutions including cabinets, shelving and filing systems, lockers and mobile storage used in the commercial office sector (Commercial Division).

It has approximately 750 employees and operations throughout the Asia Pacific region and the Middle East, with manufacturing facilities in Australia, China, Malaysia and New Zealand.

ENDS

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Annexure A: Summary of Offer conditions

(a) Regulatory approvals

Before the end of the period during which the Offer is open ("Offer Period"), all approvals or consents that are required by law, or by any Public Authority (which is defined to cover any governmental, statutory or judicial authority, whether in Australia or elsewhere, including any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and ASX or any other stock exchange), as are necessary to permit:

- (1) the Offers to be lawfully made to and accepted by Dexion shareholders; and
- (2) the transactions contemplated by GUD's takeover bid to be completed,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

(b) No regulatory action

Before the end of the Offer Period:

- (1) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;
- (2) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (3) no application is made to any Public Authority (other than by GUD or any associate of GUD),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offers and the completion of any transaction contemplated by the Takeover Bid or which requires the divestiture by GUD of any Dexion shares or any material assets of Dexion or any subsidiary of Dexion post completion.

(c) Minimum acceptance

At the end of the Offer Period, GUD has a relevant interest in at least 90% of the Dexion shares then on issue.

(d) No material adverse change

No material adverse change occurs, is discovered, announced or disclosed, or otherwise becomes known to GUD (whether or not becoming public).

For this purpose, material adverse change is defined as:

- an event, change, condition, matter or thing occurs;
- information is disclosed or announced by Dexion or any of its subsidiaries concerning any event, change, condition, matter or thing; or
- information concerning any event, change, condition, matter or thing becomes known to GUD (whether or not becoming public),



which will have, could reasonably be expected to have, or which evidences that there has been a material adverse effect on the business, assets, liabilities, financial position and performance, material contracts (taken as a whole), profitability or prospects of Dexion or any of its material subsidiaries since 31 December 2009.

(e) No persons entitled to exercise or exercising rights under certain agreements or instruments

Dexion states in its target's statement in response to the Offer or in an announcement to ASX before the date of its target's statement, expressed to be made with the approval of the directors of Dexion, that, to the best of its knowledge and belief after due enquiry, none of Dexion or any of its subsidiaries is party to, bound by or subject to material a contract under which any other party to such contract could:

- (1) terminate;
- (2) vary, amend or modify; or
- (3) exercise any right,

as a result of:

- (4) GUD making the Offer;
- (5) GUD acquiring Dexion shares under the Offer; or
- (6) GUD obtaining a relevant interest in 50% or more of Dexion shares then on issue,

and the statement is not materially varied, revoked or qualified before the end of the Offer Period. If there is any such contract, details of it must be specified in the target's statement.

(f) Acquisitions, disposals and joint ventures

Neither Dexion nor any of its subsidiaries, acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any corporate transaction (including establishment of a partnership or joint venture), which would or would be likely to involve a material change in:

- (1) the manner in which Dexion conducts its business;
- (2) the nature (including balance sheet classification), extent or value of the assets of Dexion; or
- (3) the nature (including balance sheet classification), extent or value of the liabilities of Dexion,

including, without limitation, any transaction which would or (subject to one or more conditions) may involve Dexion or any subsidiary of Dexion disposing, or agreeing to dispose of, one or more companies, businesses or assets (or any interest therein) for an amount in aggregate greater than A\$500,000.

(g) No litigation on foot or pending

No litigation against Dexion which may reasonably result in either a judgement of A\$500,000 or more or material damage to the market reputation of Dexion is commenced, is threatened to be commenced, is announced, or is made known to GUD (whether or not becoming public) or Dexion, other than that which is in the public domain as at the date of this announcement ("Announcement Date").



(h) Index out

Before the end of the Offer Period, the S&P ASX 200 Index does not close below 4097 (representing the level which is 10% below the index level at close of trade on 18 June 2010, being the last trading day prior to the Announcement Date) on any three consecutive trading days.

(i) No prescribed occurrences

Before the date 3 business days after the end of the Offer Period, none of the following prescribed occurrences happen:

- (1) Dexion converting all or any of its shares into a larger or smaller number of shares under Section 254H of the Corporations Act;
- (2) Dexion or a subsidiary of Dexion resolving to reduce its share capital in any way;
- (3) Dexion or a subsidiary of Dexion entering into a buyback agreement or resolving to approve the terms of a buyback agreement under Section 257C(1) or 257D(1) of the Corporations Act;
- (4) Dexion or a subsidiary of Dexion making an issue of shares (other than shares issued as a result of the exercise of options or performance rights) or granting an option over such shares or agreeing to make such an issue or grant such an option;
- (5) Dexion or a subsidiary of Dexion issuing, or agreeing to issue, convertible notes;
- (6) Dexion or a subsidiary of Dexion disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (7) Dexion or a subsidiary of Dexion charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (8) Dexion or a subsidiary of Dexion resolving that it be wound up;
- (9) the appointment of a liquidator or provisional liquidator of Dexion or of a subsidiary of Dexion;
- (10) the making of an order by a court for the winding up of Dexion or of a subsidiary of Dexion;
- (11) an administrator of Dexion or of a subsidiary of Dexion being appointed under Section 436A, 436B or 436C of the Corporations Act;
- (12) Dexion or a subsidiary of Dexion executing a deed of company arrangement; or
- (13) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Dexion or of a subsidiary of Dexion.

(j) No distributions

Dexion does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

(k) No break fees



Dexion does not agree (whether conditionally or unconditionally) to make any payment by way of break fee, inducement fee, cost reimbursement or otherwise, to any person other than GUD, or forgo any amount to which it would otherwise be entitled, in connection with a proposal by that person for:

- (1) a takeover bid for, or scheme of arrangement proposed by, Dexion under the Corporations Act;
- (2) the acquisition by that person or an associate of substantially all the assets and operations of Dexion; or
- (3) any transaction having a similar economic effect.