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26th July 2010

GUD Holdings Limited results for year ended 30 June 2010

Net Profit After Tax up 33% to record \$46.4 million.

GUD Holdings Limited today announced a 33% increase in reported NPAT to a record \$46.4 million for the year ending 30th June 2010.

Underlying NPAT increased 24% to \$46.4 million after allowing for significant items in the prior corresponding period. This strong result is attributed to a combination of margin expansion, continued tight cost control, a reduction in interest costs and modest sales growth.

Revenue increased 2% to \$476.6 million from \$468.3 million in the prior year.

EBIT increased 18% over the prior year to \$71.6 million, with improvement coming from all business segments, with the standout being a 31% increase in the Davey Water Products business. The EBIT to sales margin at group level improved to 15% from 13% in the prior year.

Operating cash flow was a record \$78.2 million, an improvement of 35% on FY09's level.

The strong cash flow coupled with an institutional equity raising contributed to an historical low level of net debt at year end of \$16.3 million. Interest cover (EBIT/net interest) improved to 11.2 times in the current year from 7.9 times previously.

Earnings per share was a record 76.5 cents, up from 60 cents previously. A final dividend of 34 cents resulting in a total annual dividend of 62 cents fully franked has been announced, representing a payout ratio of 81%.

"The strong profit result and pleasing cash flow generation reflect the full year impact of the initiatives taken at the outset of the global financial crisis to underpin margins. A stronger Australian dollar coupled with these initiatives, which included selective price increases, improved purchasing terms and tight working capital controls, held through the FY10 year," Managing Director, Ian Campbell said.

"Sales growth occurred across most businesses, despite patchy trading conditions in the second half as consumer confidence in Australia weakened. In the Consumer Products business sales declined marginally due to a combination of withdrawal from a number of underperforming personal care categories in small appliances and lower sales of seasonal products due to mild conditions at the start of winter in both Australia and New Zealand," he said.

"The record low level of net debt positions the GUD group for future growth. On completion of the Dexion acquisition, GUD remains well placed to pursue both organic growth and other complementary acquisitions, should opportunities be identified," Mr Campbell said.

Segment Summary - for the year to 30 June

| \$ million | Revenue | | | EBIT | | |
|---------------|--------------|--------------|-----------|-------------|-------------|------------|
| | FY09 | FY10 | % Change | FY09 | FY10 | % Change |
| Consumer | 254.9 | 249.7 | -2% | 29.9 | 33.9 | 13% |
| Water | 123.6 | 131.0 | 6% | 15.0 | 19.6 | 31% |
| Automotive | 78.4 | 81.6 | 4% | 19.3 | 21.6 | 12% |
| Security | 11.5 | 12.3 | 8% | 1.3 | 1.7 | 36% |
| Unallocated | | 1.9 | | (4.7) | (5.3) | 11% |
| TOTALS | 468.3 | 476.6 | 2% | 60.8 | 71.6 | 18% |

Note: Minor differences are due to rounding.

Consumer Products EBIT up 13% to \$33.9 million

The Sunbeam brand's continued market leadership position, in conjunction with its sponsorship of the highly successful MasterChef® television phenomenon, is driving sales growth in core kitchen categories. The brand's standing with consumers, along with improved ranging at key retailers, is contributing to market share growth in New Zealand.

The withdrawal from a number of personal care categories constrained revenue but contributed to the improvement in margins.

The Oates cleaning products business delivered a strong result from a combination of selective pricing strategies, better retail ranging and new product introductions.

In June 2010 Oates completed the acquisition of a cleaning chemicals business that will be integrated into Oates in the first half of FY11. This business provides opportunities for sales and profit growth in FY11 and beyond.

Water Products EBIT up 31% to \$19.6 million

The Davey Water Products business enjoyed sales growth across its major markets. Growth in the Australian market continues to be generated from relatively new market segments such as water conservation and treatment, although demand remains soft in the pool and spa market segments.

Internationally strong growth has come from swimming pool products, reflecting the benefits of the Monarch Pool Systems acquisition completed in 2006.

The Davey business in New Zealand is experiencing renewed growth momentum following recent distribution gains and an increase in activity in municipal and industrial projects.

Automotive Products EBIT up 12% to \$21.6 million

Continued strong sales growth in the Wesfil business underpinned the Automotive result in FY10.

Both Ryco and Wesfil contributed to the growth in EBIT over the year. The integration of Goss into Ryco and the impact of the stronger dollar were factors in the EBIT improvement.

Security Products EBIT up 36% to \$1.7 million

The Security Product business benefited from a rebound in sales to customers in the building and leisure segments, following the market de-stocking that occurred in the prior year.

The improvement in EBIT was driven by sales growth and margin expansion generated by management initiatives to improve customer service levels and reduce product costs.

Update on the Dexion bid

As at the close of business on 23rd July 2010 GUD held a relevant interest in Dexion of 41.3%. The offer has been extended until 13th August 2010.

Outlook

“Moderate levels of sales growth in FY11 are anticipated across all our businesses, despite continuing patchy trading conditions in major markets. The strength of GUD’s brand portfolio should continue to support sales growth in the face of competitive conditions,” Mr Campbell said.

“Profit margins in our existing businesses are expected to be maintained, given our focus on tight cost controls, active supplier management and our secured foreign exchange position for FY11.”

“However, we remain concerned about cost pressures from offshore suppliers, following recent increases in material and labour costs. To counter this we continue to actively pursue lower cost alternative sources across our broad product ranges.”

“We are looking forward to completing the Dexion acquisition and integrating this business into GUD. We are excited about capitalising on the further growth opportunities that Dexion provides which complement the solid growth outlook for the existing businesses,’ Mr Campbell said.

For further information:

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