

GUD Holdings Limited

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12 October 2021

Manager, Company Announcements ASX Limited Level 4 20 Bridge Street SYDNEY NSW 2000

Dear Sir

Citi Australia & New Zealand Investment Conference Presentation 13 October 2021

Attached is a copy of a presentation to be given by Graeme Whickman, Managing Director and CEO, GUD Holdings Limited at the Citi Group Conference in Sydney tomorrow.

Approved for release by the Company Secretary.

Yours faithfully

Malcolm G Tyler Company Secretary

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Overview FY21 result



FY21 Financial Overview

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\$M	FY21	FY20	% Change
Revenue	557.0	438.0	27.2%
Organic Revenue	504.4	438.0	15.2%
EBIT	97.4	74.3	31.1%
NPAT	61.0	43.7	39.6%
Underlying EBITDA ¹	119.4	95.7	24.8%
Underlying EBIT ¹	101.2	80.7	25.4%
Underlying Organic EBIT	94.5	80.7	17.1%
Underlying Organic EBIT margin	18.7%	18.4%	
Underlying NPAT ¹	64.0	48.2	32.7%
Cash Conversion (%) ²	86.5	97.8	
EPS (Basic)	67.0	50.4	33.0%
DPS (Final)	32.0	12.0	166.7%
DPS (Full year)	57.0	37.0	54.1%

Result slightly above guidance with both Automotive and Water performing as expected

- Net revenue up 27.2% to \$557m driven predominantly by Automotive revenue growth (+34.1%) which was underpinned by strong organic growth (+18.2%) combined with acquisitions
- Water delivered revenue growth of 5.8% despite a very challenging operating environment
- Underlying EBIT up 25.4% reflected a mix of headwinds and tailwinds with impacts from operational challenges peaking in H2. Acquisitions contributed \$6.7m
- · Cash conversion was slightly ahead of target despite the investment in inventory to support the strong demand environment
- Final dividend of 32 cents per share, up 2 cents on FY19 (i.e. pre COVID-19 levels) and represents a full year payout of 84% of underlying NPAT

FY21 Automotive

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Record revenue and EBIT performance

- Organic revenue growth of 18.2% overwhelmingly driven by strong growth in volumes
- Reseller restocking largely played out by early August 2020 with demand continuing to be robust throughout the balance of the year
- Underlying EBIT margin reflects the dilutive impact of newly acquired businesses
- Higher logistics and freight costs were not fully recovered in FY21 price rises

Operating fitness focused on supply chain management and stock levels

- Supplier management performance reflects investment in relationships
- Unparalleled demand for sea freight driving capacity, reliability and cost pressures and leading to deliberate strategy to carry higher inventory balances

Further margin management going forward to address higher freight/logistics costs, supplier price rises and domestic cost inflation

FY22 price rises announced and those implemented are holding.
 Potential need to revisit prices in H2 FY22 given current FX and other cost pressures

\$M	FY21	FY20	% Change
Organia Revenue ¹	200.0	220.7	40.00/
Organic Revenue ¹	390.9	330.7	18.2%
Acquisitions	52.6		
Automotive Revenue	443.5	330.7	34.1%
Government Subsidies	2.8	2.7	
Underlying EBITDA ¹	115.1	91.0	26.5%
Depreciation & Amortisation	(13.2)	(10.0)	31.8%
Underlying EBIT ¹	101.9	81.0	25.8%
Underlying EBIT Margin	23.0%	24.5%	
Acquisitions	(6.7)	-	
Underlying Organic EBIT ¹	95.2	81.0	17.6%
Underlying Organic EBIT Margin	24.4%	24.5%	

- 1. 'Underlying' excludes non-operating items
- 2. 'Organic' excludes \$52.6m in revenue and \$6.7m of EBIT from acquisitions





Growth in revenues despite continued weakness in export markets

- Demand for the traditional Davey products in Australia and NZ remains solid
- European pool season had a slow start with demand then rebounding at a time when product availability was constrained (due to lockdowns and subsequent backlogs)
- Export demand to traditionally strong Pacific and Indian Ocean export
 markets significantly impacted by collapse in tourism. Demand from South
 East Asia and the Middle East also remains subdued
- Modular Water Treatment contracts continue to be deferred

Significant manufacturing challenges and associated costs continue to weigh on margins

- Idling of production lines during the COVID-19 lock down impacted overhead recovery, constrained sales and created significant order backlogs
- Operating costs were further increased by COVID manufacturing compliance, running double or treble shifts, paying elevated sea freight rates and utilising air freight to meet order backlogs and seasonal export sales
- Incurring higher costs was part of a deliberate strategy to maximise productivity in a constrained environment and also ensure long term access to the important EU export market
- Strategy remains focused on maintaining market share and customer relationships

Valentina Tripp, the former CEO of Murray River Organics, appointed to the role of CEO of Water in Q4 FY21

\$M	FY21	FY20	% Change
Revenue	113.5	107.3	5.8%
Government Subsidies	-	0.3	
Underlying EBITDA ¹	9.0	13.0	(30.5%)
Depreciation & Amortisation	(4.3)	(4.3)	
Underlying EBIT ¹	4.8	8.7	(45.4%)
Underlying EBIT Margin	4.2%	8.1%	

^{1. &#}x27;Underlying' excludes non-operating items





Trading Update Q1 FY22



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FY22 Trading - Q1 Update

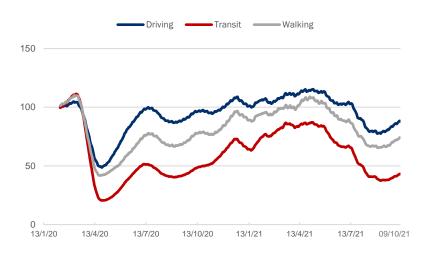
Demand has remained resilient despite widespread and protracted lockdowns

- Covid-19 lockdowns in Q1 have seen localised/regionalised, rather than universal, impacts. Easing of movement restrictions is beginning to be reflected in mobility trends
- Existing Automotive businesses achieved modest organic revenue growth in Q1 despite cycling a strong Q1 FY20
- Acquisitions performing in line with expectations noting ongoing capacity constraints
- Davey revenue up strongly on pcp and new CEO's action plan is well advanced
- Export demand strong across Davey, DBA and ACS

Q1 performance reflects planned price rises, FX and cost management

- Freight and supplier costs broadly consistent with internal forecasts
- Group revenue and EBIT tracking in line with management expectations with margins (including Automotive organic margins) trending better in Q1 vs H2 FY21

Mobility Trends in Australia*



^{*} Change in routing requests since 13/1/20 (30-day moving average)

FY22 Outlook

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Actions underway to address inflationary pressures and margins

- Smaller Automotive businesses have implemented first round price rises in Q2. No further price rises are expected in FY22 given robust increases achieved
- Second round price increases planned for larger Automotive businesses to address H2 FY21 headwinds - FX, freight, imported and domestic cost inflation. Price rises are well advanced for O3 FY22 effectivity
- Davey reviewing selective second round price increases

End-user demand expected to improve with easing of mobility restrictions

- Reseller demand could see volatility in Q2 as some lockdowns and movement restrictions continue; however
- The Group is positioning for increased end-user demand as lockdown restrictions ease across the country and mobility snaps back
 - Strong inventory position
 - Actions in place to mitigate supply chain challenges (production lead times, shipping management)
- New vehicle monthly sales may remain volatile in FY22 due to supply issues
- Supportive Covid tailwinds remain for the automotive aftermarket higher domestic tourism, used car velocity and average fleet age

Potential COVID-19 Effects

Tailwind

Headwind

Key market drivers	Potential Effect
Lower GDP	(
Government stimulus	①
Lower vehicle miles travelled	(
Lower public transport use	\bigcirc
Higher domestic tourism	\bigcirc
Rise in used car sales	①
Increase in average parc age	①
More repair, less replacement	①
Rise in DIY activities	(
Cost inflation	(
Supply chain disruption	(
Export market volatility	(

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Financial data

All dollar values are in Australian dollars (\$) unless stated otherwise.

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