



GUD Holdings Limited

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25 November 2021

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

Dear Sir

Wilsons Rapid Insights Conference Presentation - 25 November 2021

Attached is a copy of a presentation to be given by Graeme Whickman, Managing Director and CEO and Martin Fraser, Chief Financial Officer of GUD Holdings Limited at the Wilsons Rapid Insights Conference to be held today.

Approved for release by the Company Secretary.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Malcolm G Tyler', with a long horizontal flourish extending to the right.

Malcolm G Tyler
Company Secretary

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Enc



GUD Holdings Limited

Wilsons Rapid Insights Conference

Graeme Whickman, CEO & MD
Martin Fraser, CFO

25 November 2021



VISION X ACQUISITION



GUD Holdings Limited



Vision X (VX) Acquisition – Executive Summary

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GUD has entered into an agreement to acquire Vision X Group, a global niche lighting business

Vision X Overview

- Established in 1997, Vision X's specialist lighting products have built customer loyalty and brand equity by consistently performing in harsh environments and producing leading light output
- Strong brands supported by over 1,200 products and 500 trademarks, design and utility patents
- Established product development and manufacturing facilities based in Korea and China
- Marketing, sales, product development, warehouse, and limited manufacturing facilities based in the USA
- Distribution extends to all continents with an emphasis on products used in Industrial, Commercial, and Off-road vehicle applications to both original equipment and after-market customers
- Vision X leadership team will remain in place and be part of the BWI Group, led by George Davies (BWI CEO)

Financial Overview

- Upfront payment of US\$52.8 million⁽¹⁾, subject to customary cash and working capital adjustments, representing circa 6x FY20 EBITA (pre synergies)
- With this upfront payment, and subsequent earn out payments up to a maximum of US\$18.6m based on achievement of EBITA milestones⁽²⁾, the total potential consideration is US\$71.4 million
- Vision X delivered US\$8.8m in EBITA in CY20 and is expected to deliver double-digit EBITA growth in CY21
- Vision X's EBITA margins are broadly in line with the average of GUD's legacy automotive businesses
- GUD expects the acquisition to be high single digit pro forma FY22F EPSA accretive⁽³⁾
- Funded from debt drawn from the company's existing lenders (predominantly US and Korean) and a 1-year promissory note⁽⁴⁾
- Solid balance sheet metrics with FY21 pro forma leverage of 1.7x⁽⁵⁾

(1) Completion payment is subject to customary cash and working capital adjustments and an earn-out mechanism outlined in note (2).

(2) An earnout mechanism will be in place for 3 years (ending November 2024) whereby an additional US\$8.8 million to US\$18.6 million could be paid to the vendors based on achievement of a three-year compound annual growth rate in underlying EBITA of between 0 and 25%

(3) As if the Vision X business had been acquired on 1 July 2021 and excludes the amortisation of identifiable intangibles recognised as a result of the acquisition

(4) Circa \$37.8 million in debt from existing lenders (predominantly in the USA and Korea), with the balance funded by way of a 1-year promissory note

(5) Leverage is proforma FY21 net debt / proforma EBITDA. Proforma EBITDA = FY21 GUD underlying EBITDA + CY20 VX EBITDA.

Vision X (VX) Acquisition – Executive Summary

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Strategic Rationale

1 Aligned with longer term aspirations for the Lighting category

- Vision X is an important pillar in one of GUD's longer term portfolio aspirations to establish a global niche leadership position in automotive lighting

2 Diversification – Product, customer and geography

- Portfolio of powertrain-agnostic and EV-ready products reduces GUD's reliance on internal combustion engine (ICE) revenue
- Geographic diversification by establishing a beachhead in the USA and a distribution foothold in Europe; the two largest lighting markets globally
- Top 18 customers represents circa 80% of revenue and 80% of VX customers are new to BWI/GUD
- Revenue is diversified across the Americas 53%; Australia 25%; Europe and Central Asia 21%; Africa and Middle East 1%
- Over 1,200 products in Automotive, Off Road, Mining, Maritime, Fire, Motorcycle, Structural, Machine Vision and various other growing segments

3 Addition of offshore lighting manufacturing capability

- Korean and Chinese facilities bring state of the art equipment and product development capabilities with minimal short-term capex requirements
- Manufacturing capabilities adds diversity and supplier surety and complements existing supply partners
- Provides support for BWI's geographic expansion

4 Compelling financial impact with potential longer term synergies

- Attractive valuation and accretion metrics
- Provides a platform to sell BWI products to VX's customer base in the US and Europe
- Potential to expand VX's Australian revenue by leveraging BWI's marketing and distribution capabilities
- Opportunity to utilise VX's manufacturing to produce BWI lighting products with potential to improve margins over time



Company Overview

LIGHTING EVOLVED



Vision X Lighting

Introduction

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- **History**

Established in 1997, Vision X's specialist lighting products have built customer loyalty and brand equity by consistently performing in harsh environments and producing leading light output. Vision X Lighting is located near Seattle, WA, USA; Seoul, South Korea; and, Shanghai, China.

- **Organisation**

The engineering, product development, and marketing are conducted from the Vision X USA office, while Vision X Asia is home to the manufacturing, testing, and inventory logistics departments of Vision X Global Lighting. Today, Vision X Lighting has strong partnerships spanning across the globe where they continue to develop the most advanced lighting products in the world.

- **Market diversity**

Over 1,200 products in Automotive, Offroad, Mining, Maritime, Fire, Motorcycle, Structural, Machine Vision and various other growing segments. Serving key customers in the Americas 53%; Australia 25%; Europe and Central Asia 21%; Africa and Middle East 1%

- **People**

Total: 140 employees | USA: office 14, operations 8 | Korea: office 30, operations 77 | China: total 11

- **Engineered solutions**

In addition to product development, in-house engineering allows customers to view performance of the Vision X products in real time with full 3D analysis using IES file (laboratory accurate readings). Vision X lights are placed on a customer's product in 3D for customers to review light level readings and performance in a virtual space. These market leading solutions allow for first fit superiority and repeatable results among fleets contributing to safer and more productive work environments.

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Vision X has operations in USA, South Korea, China

Geographic footprint

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Vision X USA

- Corporate office
- Warehouse
- Product development
- Design and Engineering
- Marketing
- Worldwide sales



Vision X ASIA (South Korea)

- Manufacturing
- Testing
- Inventory logistics
- 62 person assembly line
- Global ship point



Vision X GLOBAL (Shanghai)

- Manufacturing
- Testing
- Inventory logistics
- 11 person assembly line
- Global ship point
- Sourcing materials

1200

Over 1,200 products

500

Issued patents worldwide

120

Days from concept to production

127

Operating in 127 countries

LIGHTING EVOLVED



Strong product range and development across segments

Product

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Over 1,200 products across segments

- Automotive: vehicle lighting for on and offroad applications, including jeeps, trucks and motorcycles
- Fire and Emergency: LED scene lighting and brow lighting for fire and emergency vehicles
- Mining: LED lighting for mining equipment and vehicles in surface and underground work environments
- Commercial: LED lighting solutions for commercial indoor and outdoor applications
- Marine: LED lighting for commercial vessels, recreational boards, and seaports

Design and Development capability

- In-house engineering
- In-house prototyping
- In-house testing

Patents / Design registrations / Intellectual Property

- 500+ trademark, design and utility patents
- LED Light Bar — Xmitter
- Extruded Work Lamp – Pitmaster
- Work Light Suspension – Hammerhead



Engineered solutions for specialised verticals

Product

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Specific product catalogues

- Industrial applications
- Vehicle applications



Tailored fit out guides and product solutions

- Over 100 applications
- Application fit outs



Vision X products are designed for diverse segments and channels

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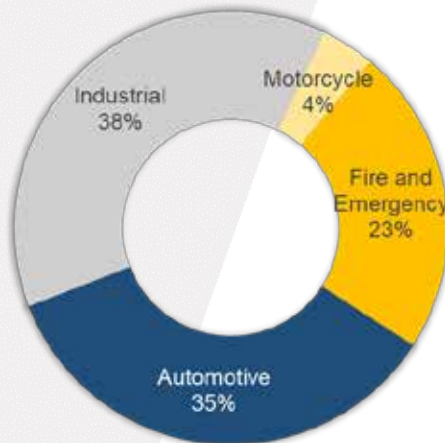
Well diversified revenue by segment and region

Market diversity

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Revenue by Segment

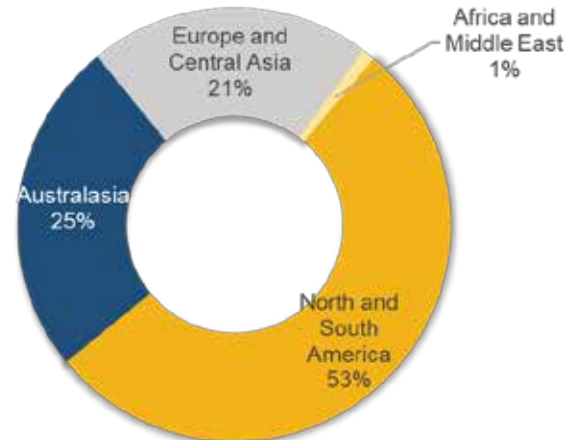
(TTM to 31 May 2021)



Automotive includes Offroad and Commercial
Industrial includes Mining and Structural

Revenue by Region

(TTM 31 May 2021)



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State of the art equipment and capabilities

Manufacturing

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Vision X USA

Equipment

- Haas VF-3 SS CNC milling machine
- Supermax manual mill
- Klutch mini milling machine
- Baileigh press brake
- Baileigh plasma table
- Jet band saw
- Atlas Copco compressor
- Vacuum packaging machine
- Lutxbot 3D printer
- 20 production cells

Future investment required

- Press brake tooling (~US\$ 4k)

Capabilities

- Small production manufacturing (5,000 pieces annually)
- Full product development
- Prototyping
- Kitting, packaging
- Product assembly
- Soldering

Vision X Korea/China

Equipment

- 2 SMT (surface mount technology) lines
 - Screen printer: 2 systems
 - SPI (solder printer inspection): 2 systems
 - Yamaha & Techwin chip mounter: 4 systems
 - Reflow: 2 systems
 - AOI (automated optical inspection): 2 systems
- Ulethan potting machine: 2 systems
- Laser marking machine: 2 systems
- Ultrasonic stacking machine: 2 systems
- Epoxy sealing machine: 2 systems
- Reliability test chamber (high temp, humidity, thermal shock, UV, IP69K)
- Gonio-photometer (A-type)
- EMI (electromagnetic interference) tester

Future investment required

- Plasma treatment machine (~US\$ 200k)
- High temp and humidity chamber (~US\$ 20k)

Capabilities

- 2.5 million / month manufacturing capacity (SMT, kitting, assembly, packaging)
- Full product development

Vision X has delivered strong growth year on year

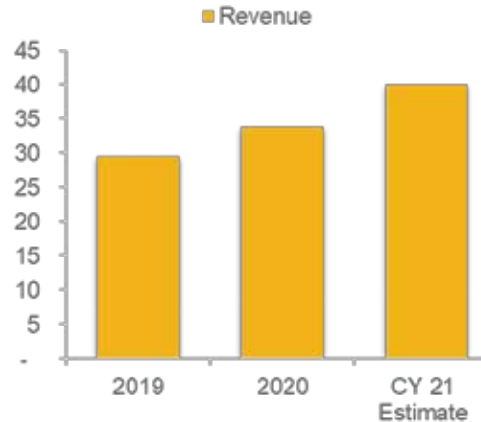
Company growth

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Strong growth

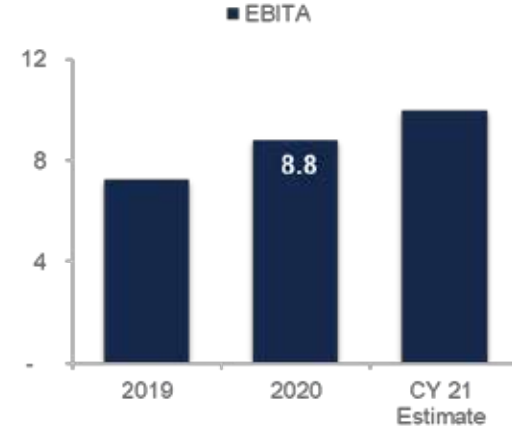
- Positive sales and profit trajectory
- EBITA margins similar to GUD legacy automotive business units
- Vision X expected to achieve double digit EBITA growth in CY21

Revenue Growth



End market sales in US\$ million

EBITA Growth



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Compelling synergy and future growth opportunities

Synergies

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BWI / Vision X synergy opportunities

- **Grow Vision X in Australia** – introduce non-exclusive Vision X rebranded products to BWI's partners
- **Grow BWI in USA, Europe** – grow offshore revenue by selling select BWI products to Vision X customers and distributors
- **Improve margins** – use Vision X's Korean and Chinese manufacturing base to source BWI lighting products and improve margins
- **Expand operational fitness** – use GUD's current improvement tools (PCM EBIT by product and customer analysis, innovation process, high-performance culture) to boost performance in Vision X
- **Boost marketing** – use BWI's merchandising platforms to streamline, supplement and create new product ranges



LIGHTING EVOLVED



Compelling synergy and future growth opportunities

Future growth

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New US industry opportunities for Vision X

- **Machine Vision Lighting** – Camera integrated lighting used for quality control and material flow using AI software for documentation and operator alerts
- **Structural Lighting** – Harsh environment facility lighting where standard lighting lacks durability for long term operation, efficiency and employee safety
- **Maritime Lighting** – Commercial maritime lighting for ship and shore facilities.
- **Commercial Lighting** – Lighting focused on commercial markets targeted at equipment fleets
- **Overland** – Outdoor living and adventure lighting targeting at enhancing the overall experience for consumers entering unknown landscapes
- **Construction** – Infrastructure equipment specific lighting designed to reduce additional lighting needed to safely light construction projects on the mobile equipment rather than fixed plants
- **Agriculture** – Implement specific lighting allowing for 24 hour harvesting and quality control
- **Ambulance** – First responder lighting making scenes safer and operators more effective



LIGHTING EVOLVED





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Trading Update Q1 FY22



FY22 Trading – Q1 Update

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Demand has remained resilient despite widespread and protracted lockdowns

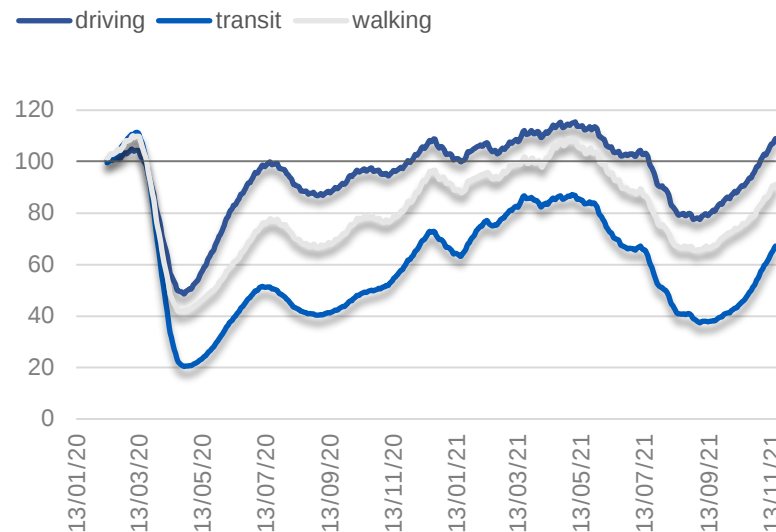
- Covid-19 lockdowns in Q1 were localised/regionalised, rather than universal, impacts. Easing of movement restrictions continues to be reflected in mobility trends positively
- Existing GUD Automotive businesses achieved modest organic revenue growth in Q1 despite cycling a strong Q1 FY20
- Acquisitions 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 reflected 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 to 16 Nov 2021¹

30-day moving average, baselined (100) to 13/01/21



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 will be implemented beginning Q3
- 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)
- 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	↑
Lower vehicle miles travelled	↓
Lower public transport use	↑
Higher domestic tourism	↑
Rise in used car sales	↑
Increase in average parc age	↑
More repair, less replacement	↑
Rise in DIY activities	↑
Cost inflation	↓
Supply chain disruption	↓
Export market volatility	↓

FY22 Outlook (cont.)

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At the Company's AGM on 29 October 2021, we provided a further update.

Unprecedented level of effort to manage the supply chain and logistics

- Level of inventory on ground and in transit will likely be higher than usual at certain points in the year to ensure we do not miss any sales, particularly as lockdowns ease
- This may impact short term cash conversion

Complex and dynamic operating environment underpinned by fundamental industry resilience

- Absent of any further significant mobility restrictions or unforeseen economic circumstances, Our earnings view of FY22 year at present assumptions, sees a range of \$112 to \$116 million Underlying EBITA
- This is before consideration of the incremental contribution of acquiring the Vision X business



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Appendix

FY21 Result

FY21 Financial Overview

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\$M	FY21	FY20	% Change
Revenue	557.0	438.0	27.2%
<i>Organic Revenue</i>	<i>504.4</i>	<i>438.0</i>	<i>15.2%</i>
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%
<i>Underlying Organic EBIT</i>	<i>94.5</i>	<i>80.7</i>	<i>17.1%</i>
<i>Underlying Organic EBIT margin</i>	<i>18.7%</i>	<i>18.4%</i>	
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

1. 'Underlying' excludes non-operating items of \$3.9m in FY21 and \$6.5m in FY20. 2. Cash conversion equals operating cash flow divided by Underlying EBITDA

Disclaimer

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Important notices

This Presentation has been prepared by GUD Holdings Limited (ABN 99 004 400 891) ("GUD" or "Company").

Summary information

This Presentation contains summary information about GUD and its activities current as at 16 November 2021. The information in the Presentation is of a general nature and does not purport to be complete or comprise all information which a shareholder or potential investor may require in order to determine whether to deal in GUD shares. It should be read in conjunction with GUD's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

Not financial product advice

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Financial data

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

Past performance

Past performance information, including past share price performance, given in this Presentation is given for illustrative purposes only and should not be relied upon as an indication of future performance.

Future performance

This presentation contains certain "forward-looking statements" including statements regarding our intent, belief or current expectations with respect to the Company's business and operations, market conditions, results of operations and financial condition, and risk management practices. The words "likely", "expect", "aim", "should", "could", "may", "anticipate", "predict", "believe", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This Presentation contains such statements that are subject to risk factors associated with an investment in GUD. GUD believes that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially.