



30 November 2021

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**GUD HOLDINGS (“GUD” OR THE “GROUP”) ENTERS INTO AN AGREEMENT TO ACQUIRE
AUTOPACIFIC GROUP (“APG”) AND ANNOUNCES \$405 MILLION EQUITY RAISING**

- GUD has entered into a share purchase agreement to acquire APG (“**Acquisition**”) for total consideration of approximately \$744.6 million from funds managed or advised by Pacific Equity Partners (“**PEP**”) and its other shareholders (which are associated with APG’s management) (together, the “**Vendors**”)
- APG is an industry leading designer, manufacturer and distributor of high-quality, engineered and functional automotive and lifestyle accessories and is highly complementary to GUD’s G4CVA platform
- APG is forecast to achieve \$80 million to \$84 million of EBITA in CY22F¹, which will represent GUD’s first full year of ownership of APG
- Potential to deliver net synergies of c. \$7 million p.a. (full run-rate expected to be achieved over the next three years)²
- The Acquisition values APG at approximately 9.1x EV / CY22F EBITA^{1,3}, pre synergies and 8.4x, post synergies^{1,3,4}
- The Acquisition is expected to deliver low double digit EPSA^{3,5} accretion in pro forma CY22F (pre synergies)⁶ and mid teens EPSA⁵ accretion pro forma for full run-rate of anticipated synergies^{4,6}
- GUD is funding the Acquisition through a fully underwritten \$405 million equity raising, \$282 million of acquisition debt and the issue of \$75 million of new GUD shares to the Vendors as scrip consideration^{7,8,9}
- Pro forma for the Acquisition and the Equity Raising, the Vendors (primarily PEP) will own 4.6% of GUD shares. The Vendors’ GUD shares will be subject to voluntary escrow until 5 trading days post-GUD’s FY22F results
- GUD anticipates pro forma estimated 31 December 2021 net debt / EBITDA¹ of 2.5x and expects net debt / EBITDA¹ <2.0x by 31 December 2022¹⁰

¹ On a pre-AASB 16 Leases basis.

² Excludes one-off implementation costs.

³ Based on \$82 million of CY22F EBITA for APG, being the mid-point of the range of \$80 million to \$84 million EBITA expected to be generated by APG in that period.

⁴ Based on full run-rate of anticipated synergies of \$7m p.a., excluding any one-off implementation costs.

⁵ On a pre-AASB 16 basis, before amortisation of identifiable intangibles recognised as a result of the Acquisition.

⁶ On a post bonus adjustment basis. Bonus adjustment refers to the adjustment factor to take into account the bonus element of the Entitlement Offer consistent with AASB 133. The bonus element is calculated to reflect discount to theoretical ex-rights price (“TERP”) (excluding Placement) and is based on GUD’s last traded price as at Monday, 29 November 2021 of \$12.03 per share and TERP of \$11.66 per share.

⁷ The number of GUD shares issued in respect of the scrip component of the consideration will be calculated based on the TERP of GUD shares as at Monday, 29 November 2021 (\$11.56 per share).

⁸ TERP includes shares issued under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer. TERP is a theoretical calculation only and the actual price at which GUD shares trade immediately following the ex-date for the Entitlement Offer may be different from TERP.

⁹ The Vendors’ GUD shares will be subject to voluntary escrow until 5 trading days post-GUD’s FY22F results.

¹⁰ Expected 31 December 2022 net debt / EBITDA assuming no further acquisitions.

GUD is pleased to announce that it has entered into an agreement to acquire APG, for total consideration of approximately \$744.6 million, subject to customary purchase price adjustments

GUD's acquisition of APG will see the Group make a meaningful step towards its vision of becoming an integrated leader in 4WD Accessories and Trailing in Australia and New Zealand (ANZ) with future export potential. The transaction is expected to complete in January 2022 and is subject to limited conditions.

APG will make a positive contribution to the Group's earnings and the Acquisition is expected to be low double digit pro forma CY22F EPSA^{3,5} accretive on a pre synergies basis⁶.

Commenting on the Acquisition, Mr Graeme Whickman, GUD Managing Director and Chief Executive Officer, said "4WD accessories and trailing is a cornerstone of GUD's automotive vision. This acquisition represents the culmination of management and the Board's work in creating GUD's Portfolio Vision.

We are excited by the opportunity for GUD to expand its existing 4WD and Commercial Vehicle businesses with complementary products, customers, and capabilities. APG is an industry leading designer, manufacturer and distributor of high-quality, engineered and functional automotive and lifestyle accessories that are suitable for all combustion and electric vehicle applications".

APG is a clear leader in 4WD Accessories and Trailing in ANZ

GUD believes that the Acquisition is highly attractive and a great strategic fit for the Group for the following reasons:

- **Undisputed market leader in towing with strong brands and market positions** across a diverse range of trailing, cargo and functional accessories that are 100% non-internal combustion engine (ICE)
- **Large and growing addressable market** (largely Pick-Ups and Sports Utility Vehicles) supported by positive structural tailwinds
- **"Blue Chip" customer base with diverse and 'sticky' relationships** – APG's top five customers have an average tenure of 21 years¹¹
- **"Best-in-class" R&D** with a demonstrated track record of innovation and category penetration
- **Large scale, well invested manufacturing and distribution capabilities** across ANZ and Thailand
- **Strong financial performance and future growth potential** driven by increasing market share, new product development and category expansion underpinned by solid market growth
- **Strong, proven and longstanding management team** that has scaled organically and integrated value accretive acquisitions

Jason Kiesecker, Chief Executive Officer of APG, commented that "APG represents a portfolio of market leading brands and has longstanding customer relationships across diverse channels. With innovation at the heart of what we do, we see GUD as a natural fit for APG and we look forward to leveraging the synergistic opportunities that joining with GUD presents."

¹¹ Revenue weighted average tenure.

GUD Chairman, Graeme Billings, commented that “the combination of GUD’s existing businesses and APG, firmly establishes GUD as a leader in 4WD Accessories and Trailing in Australia and New Zealand. We see ourselves as the natural owner of the APG business and welcome Jason Kieseker and his team to GUD”.

GUD trading update

In late-October, GUD noted at its 2021 AGM for first quarter (Q1) trading update (3 months to September 2021):

- Demand was resilient throughout the first quarter of FY22 despite widespread and protracted lockdowns
- COVID-19 lockdowns in Q1 were localised/regionalised, rather than universal, impacts. Easing of movement restrictions continue to be positively reflected in trends
- Existing Automotive businesses achieved modest organic revenue growth in Q1 despite cycling a strong Q1 FY21
- Acquisitions are performing in line with expectations
- Davey revenue up strongly on pcp
- Export demand is strong across Davey, DBA and ACS
- Freight and supplier costs are broadly consistent with internal forecasts
- Group revenue and EBIT is tracking in line with management expectations with margins (including Automotive organic margins) trending better in Q1 FY22 vs H2 FY21

For October:

- GUD Group revenue during the month of October continued the positive Q1 trend
- FY22 YTD (to October 31) organic Automotive revenue and organic EBIT (ex JobKeeper) up modestly after cycling a strong prior corresponding period
- Organic EBIT margins (ex JobKeeper) have continued to trend higher versus H2 FY21
- Inventory levels remain elevated to support growth and respond to elongated supply chains

GUD reiterates previously provided FY22F guidance and remains confident to deliver underlying EBITA within the range of \$112 million – \$116 million, excluding any contribution from Vision X and APG. GUD notes that FY22F H2 EBITA is expected to be slightly higher than H1 EBITA.

Additionally, Vision X is performing in line with expectations and is expected to achieve double digit EBITA growth in CY21F.

Acquisition funding

The Acquisition and transaction costs will be funded by a combination of:

- a fully underwritten \$405 million equity raising by way of an institutional placement and a pro-rata accelerated non-renounceable entitlement offer (“**Equity Raising**”) launched today
- \$282 million of acquisition debt, equating to an estimated 31 December 2021 net debt / EBITDA¹ 2.5x (i.e. after the impact of the Acquisition and associated Equity Raising)
- \$75m of new GUD shares issued to the Vendors as scrip consideration⁷

Following the Acquisition and Equity Raising, the Vendors (primarily PEP) will own approximately 6 million GUD shares, representing 4.6% of GUD shares in total. Vendors’ shares will be subject to voluntary escrow until 5 trading days post GUD’s FY22 result.

GUD expects net debt / EBITDA¹ of <2.0x by 31 December 2022¹⁰ (medium term target net debt / EBITDA¹ of c. 1.6x – 1.9x).

Details of the Equity Raising

The Equity Raising consists of:

- a fully underwritten institutional placement to new and existing institutional shareholders to raise approximately \$120 million ("**Placement**"); and
- a fully underwritten 1-for-3.46 pro-rata accelerated non-renounceable entitlement offer to raise approximately \$285 million ("**Entitlement Offer**").

Approximately 39 million new fully paid ordinary shares in GUD ("**New Shares**") will be issued under the Equity Raising (equivalent to 41% of existing GUD shares on issue) (in addition to approximately 6 million New Shares issued to the Vendors as scrip consideration under the Acquisition).

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 New Share for every 3.46 existing GUD shares ("**Entitlement**") held as at 7.00pm (Melbourne time) on Thursday, 2 December 2021.

All New Shares under the Equity Raising will be issued at A\$10.40 per New Share ("**Offer Price**") representing:

- 10.0% discount to TERP⁸
- 13.5% discount to last close of A\$12.03 as at Monday, 29 November 2021

Each New Share issued under the Equity Raising will rank equally with existing shares on issue.

Placement

Approximately 11 million New Shares are expected to be issued to certain new and existing institutional investors under the Placement at the Offer Price. The Placement will be conducted concurrently with the Institutional Entitlement Offer (as described below). New Shares issued under the Placement do not have rights to participate in the Entitlement Offer.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the institutional component of the Entitlement Offer ("**Institutional Entitlement Offer**"). The Institutional Entitlement Offer will open today, Tuesday, 30 November 2021.

Under the Institutional Entitlement Offer, eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to certain new and existing institutional investors concurrently with the Institutional Entitlement Offer.

Retail Entitlement Offer

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the retail component of the Entitlement Offer ("**Retail Entitlement Offer**"). The Retail Entitlement Offer will open on Monday, 6 December 2021 and close at 5.00 pm (Melbourne time) on Wednesday, 15 December 2021.

Eligible retail shareholders with a registered address in Australia or New Zealand as at 7.00 PM (Melbourne time) on Thursday, 2 December 2021 ("**Eligible Retail Shareholders**") will be entitled to participate in the Retail Entitlement Offer on the terms and subject to conditions set out in the retail offer booklet ("**Retail Offer Booklet**"). The Retail Offer Booklet and accompanying personalised entitlement and acceptance form are expected to be made available on Monday, 6 December 2021.

The Entitlement Offer is non-renounceable and Entitlements will not be tradeable on the ASX or be otherwise transferable. Shareholders who do not take up their full Entitlement will not receive any payment or value in respect of Entitlements they do not take up and their percentage equity interest in GUD will be diluted.

Eligible Retail Shareholders who take up their full Entitlement will be offered the opportunity to apply for additional New Shares (up to 15% of their Entitlement) ("**Top-Up Facility**"). Eligible Retail Shareholders are not assured of being allocated any New Shares in excess of their Entitlement under the Top-Up Facility and will be allocated in accordance with the allocation policy outlined in the Retail Offer Booklet. GUD retains absolute discretion regarding allocations under the Top-Up Facility.

Additional details

Further details of the Acquisition, Entitlement Offer and Placement are set out in the Investor Presentation released to the ASX today. The presentation contains important information that shareholders and investors should consider, including information about risks factors and the foreign selling restrictions with respect to the Equity Raising.

Key dates

Event	Date
Trading halt and announcement of Acquisition and Equity Raising, Placement and Institutional Entitlement Offer opens	30 November 2021
Placement and Institutional Entitlement Offer closes	1 December 2021
Announcement of results of Placement and Institutional Entitlement Offer	1 December 2021
Trading halt lifted – shares recommence trading on ASX on an "ex-entitlement" basis	1 December 2021
Entitlement Offer record date (7pm, Melbourne time)	2 December 2021
Retail Entitlement Offer opens and Retail Offer Booklet made available	6 December 2021
Settlement of Placement and Institutional Entitlement Offer	8 December 2021
Allotment and normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	9 December 2021
Retail Entitlement Offer closes	15 December 2021
Settlement of Retail Entitlement Offer	21 December 2021
Allotment of New Shares under the Retail Entitlement Offer	22 December 2021
Normal trading of New Shares issued under the Retail Entitlement Offer	23 December 2021

Event	Date
Despatch of holding statements	24 December 2021

This announcement is approved for release by the Managing Director and Chief Executive Officer, Mr Graeme Whickman.

For inquiries:

Mr Graeme Whickman

Chief Executive Officer and Managing Director

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Important Notices

FORWARD-LOOKING STATEMENTS

This announcement contains certain “forward-looking statements”. The words “expect”, “anticipate”, “estimate”, “intend”, “believe”, “guidance”, “should”, “could”, “may”, “will”, “predict”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance of GUD, APG (including GUD’s FY22 guidance), the outcome of the Acquisition and any expected synergies of the combined businesses following the Acquisition and the outcome of the Equity Raising and the use of proceeds are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of GUD, its directors and management, including any further impacts of COVID-19 on GUD’s continued trading and operations. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of GUD’s business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, none of GUD, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to GUD as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of GUD, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

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