



29 Taras Avenue,
Altona North, Vic 3025
Australia.

PO Box 62
Sunshine, Vic 3020
Australia.

Telephone: +61 3 9243 3311
Facsimile: +61 3 9243 3300
Email: gudhold@gud.com.au
Internet: www.gud.com.au

19 November 2020

**GUD HOLDINGS ("GUD" OR THE "GROUP") ENTERS INTO AN AGREEMENT TO ACQUIRE
AMA GROUP'S AUTOMOTIVE COMPONENTS AND ACCESSORIES DIVISION EXCLUDING
FLUIDDRIVE HOLDINGS ("ACAD") AND ANNOUNCES EQUITY RAISING**

- Agreement to acquire AMA Group's ACAD business excluding FluidDrive Holdings Pty Ltd ("FluidDrive") for an enterprise value of \$70.0 million, subject to customary purchase price adjustments and capex adjustments¹
 - For the avoidance of doubt, in addition to excluding FluidDrive, the businesses which GUD are acquiring do not include other businesses in AMA Group's Automotive Parts & Accessory Solutions ("APAS") division (e.g. ACM Parts)
- ACAD manufactures and distributes a range of automotive products across Australia and New Zealand and is highly complementary to GUD's automotive business
- ACAD forecast to achieve \$83.4m of revenue and \$9.2m of EBITA in FY21F², assuming a continued recovery throughout 2H from COVID-19 interrupted demand
- GUD expects the acquisition to be mid single-digit pro forma FY21F EPSA accretive, pre synergies³
- Fully underwritten institutional placement to raise approximately \$55 million ("Institutional Placement") (at an underwritten floor price of \$10.75 per share, with final issue price determined via a bookbuild)
- Non-underwritten share purchase plan to eligible shareholders seeking to raise approximately \$15 million ("SPP")

GUD today announced that it has entered into an agreement to acquire AMA Group's ACAD business (excluding FluidDrive), for an enterprise value of \$70.0 million, subject to customary purchase price adjustments and capex adjustments¹.

GUD's acquisition of ACAD (excluding FluidDrive) will see East Coast Bullbars, CSM Service Bodies, Automotive Electrical & 4WD Accessories (AE4A), Uneek 4x4 / Barden Fabrications and Fully Equipped become a part of the Group. The transaction is expected to complete on or before 31 December 2020 and is subject to a material adverse change condition, successful completion of the Equity Raising, and New Zealand Overseas Investment Office direction.

The acquisition is in line with GUD's growth strategy, in particular, securing new customers and categories through disciplined acquisitions. After funding costs, the acquired businesses will make a

¹ Potential for acquisition consideration to adjust up or down by \$2.1 million as a result of outperformance / underperformance vs. FY21F revenue.

² Adjusted to reflect full year contribution from Fully Equipped (acquired January 2020). EBITA pro forma adjusted to remove Job Keeper payments (including expected payments) and presented on a pre AASB 16 basis, before amortisation of identifiable intangibles recognised as a result of the acquisition. Refer to slides 14 and 28 of the Investor Presentation lodged on 19 November 2020 for further details on FY21F assumptions and risks relating to "reliance on information provided" and "analysis of acquisition opportunity".

³ As if ACAD had been acquired on 1 July 2020. On a pre AASB 16 basis, before amortisation of identifiable intangibles recognised as a result of the acquisition.

positive contribution to the Group's earnings and the acquisition is expected to be mid single-digit pro forma FY21F EPSA accretive, pre synergies³.

Strategic rationale

The Board of GUD believes that the acquisition is highly attractive for the following reasons:

- **Customer channel and product diversification:** expanded channels including OEMs, fleets, car dealerships and specialist independent 4WD resellers, enhancing customer base diversification and entry into the fast-growing product category of 4WD accessories
- **Exposure to fast growing vehicle segments:** product portfolio indexed to pickup trucks and sport-utility vehicles (SUV) which represent the fastest growing vehicle segments. Range of products applicable to both new and used vehicles and portfolio is well-aligned with the vehicle fleet in Australia
- **Portfolio of market leading brands:** market leading brand portfolio. Many brands are market leaders in their respective categories, established over decades of trading. Each brand has a reputation for innovation, quality and durability
- **Extensive operational footprint across ANZ and addition of manufacturing capabilities:** multiple sites across key population centres in Australia and New Zealand. ACAD's manufacturing capabilities further diversifies GUD's portfolio. Combined footprint provides support for incremental growth
- **Upside potential and attractive financial impact:** attractive financial impact with an implied EV/FY21F EBITA acquisition multiple of 7.6x, pre synergies⁴. Near to medium term opportunities arising from domestic tourism, used car volumes and government stimulus as a result of COVID-19. Initial trading in FY21 has been solid

GUD Holdings Managing Director and Chief Executive Officer, Mr Graeme Whickman, said *"the acquisition of these businesses is highly complementary to GUD's automotive business and provides strategic diversification across products and customer channels, along with increased exposure to fast growing pick-up truck and SUV vehicle segments. We are excited by the opportunity to bring GUD's strong customer focus and sales ethos to what are well managed and established businesses with impressive product development and manufacturing capabilities."*

The Board, Management and wider GUD team very much look forward to welcoming the ACAD team members to the GUD family and we are excited to get to know and support ACAD's customers."

Trading Update

In late-October, GUD noted at its 2020 AGM that Group sales in the first quarter (i.e. 3 months to September) grew approximately 14% over the prior year⁵:

- Automotive sales in the first quarter grew approximately 16% over the prior year
- Davey sales in the first quarter grew approximately 10% over the prior year

Group sales performance during the month of October continued at levels solidly above the prior comparable period. As GUD noted at its 2020 AGM, given the potentially temporary nature of the drivers of growth, and the uncertainty from the economic ramifications of government stimulus efforts, coupled with the uncertain public health situation, year-to-date sales performance cannot be extrapolated over the remainder of the financial year.

While GUD notes the year-to-date sales performance highlights the potential to deliver a solid first half, the uncertainties due to the nature of the COVID-19 situation make it inappropriate to provide half year or full year earnings guidance.

⁴ As if ACAD had been acquired on 1 July 2020. On a pre AASB 16 basis, before amortisation of identifiable intangibles recognised as a result of the acquisition.

⁵ GUD also provided the same first quarter trading update via ASX announcement on 15 October 2020.

GUD continues to consider and explore a range of acquisition opportunities in-line with its previously stated disciplined strategy. Following the acquisition and Equity Raising, GUD's balance sheet is expected to be well-positioned for further logical bolt-on acquisitions.

Details of the Equity Raising

The Equity Raising consists of a fully underwritten Institutional Placement to raise approximately \$55 million and a non-underwritten SPP of up to \$30,000 per eligible shareholder seeking to raise approximately \$15 million⁶.

Institutional Placement

The fully underwritten Institutional Placement will comprise an issue of approximately 5.1 million new fully paid GUD shares ("New Securities"), representing approximately 5.9% of existing shares on issue at the date of this announcement, to certain eligible institutional investors to raise approximately \$55 million at a underwritten floor price of \$10.75 per share, with final price determined via a bookbuild ("Placement Price").

The Institutional Placement price represents a 9.1% discount to the last traded price of GUD shares of \$11.83 on Wednesday, 18 November 2020, being the last trading day prior to release of this announcement on the Australian Securities Exchange ("ASX"), and a 11.2% discount to the 5-day volume weighted average price ("VWAP") of \$12.10 based on the last trading day of Wednesday, 19 November 2020. New Securities will rank equally with existing shares from their date of issue.

It is intended that eligible institutional shareholders who bid for an amount less than or equal to their 'pro rata' share⁷ of New Securities under the Institutional Placement will be allocated their full bid on a best endeavours basis.

The Institutional Placement is fully underwritten by Macquarie Capital (Australia) Limited.

Share Purchase Plan

Following completion of the Institutional Placement, GUD will offer eligible shareholders on GUD's register at 7.00pm (Sydney time), Wednesday, 18 November 2020 with registered addresses in Australia or New Zealand the opportunity to apply for up to A\$30,000 of New Securities under the SPP, free of transaction and brokerage costs.

The SPP will not be underwritten and is seeking to raise approximately A\$15 million. The offer price per New Security under the SPP will be the lower of the Placement Price and a 2.5% discount (rounded to the nearest cent) to the 5-day VWAP of GUD shares up to, and including, the closing date for the SPP.

The SPP offer period will open on Wednesday, 25 November 2020 and close at 5.00pm (Sydney time) on Tuesday, 15 December 2020. New Securities issued under the SPP will rank equally with GUD shares from their date of issue. The terms and conditions of the SPP will be set out in a letter to eligible shareholders and an SPP Offer Booklet, which are expected to be made available to eligible shareholders on Wednesday, 25 November 2020. Participation in the SPP is optional. For further information about the SPP, GUD shareholders may call GUD share registry from 8:30am to 5:30pm (Melbourne time) Monday to Friday on 1300 850 505 (callers within Australia) or +61 3 9415 4000 (callers outside of Australia).

⁶ Full details of the SPP are contained in the SPP offer booklet, which will be sent to eligible shareholders in due course. GUD may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount in its absolute discretion

⁷ For this purpose, an eligible institutional shareholder's 'pro rata' share of New Securities under the Institutional Placement will be estimated by reference to GUD latest available beneficial register which shows a historical holding at 11 November 2020 and which is not necessarily fully up to date, but without undertaking any reconciliation processes. Unlike in a rights issue, this may not truly reflect the participating shareholder's actual pro rata share of the New Securities under the Institutional Placement. Nothing in this release gives a shareholder a right or entitlement to participate in the Institutional Placement and GUD has no obligation to reconcile assumed holdings (e.g. for recent trading or swap positions) when determining a shareholder's 'pro rata' share of New Securities under the Institutional Placement. Institutional investors who do not reside in Australia or other eligible jurisdictions will not be able to participate in the Institutional Placement. GUD and Macquarie disclaim any duty or liability (including for negligence) in respect of the determination of a shareholder's 'pro rata' share of New Securities under the Institutional Placement.

Key dates⁸

Event	Date
Record date for the SPP	7:00pm (Sydney time), Wednesday, 18 November 2020
Trading halt and announcement of Equity Raising	Thursday, 19 November 2020
Placement bookbuild	Thursday, 19 November 2020
Announcement of outcome of Placement	Friday, 20 November 2020
Trading halt lifted – trading resumes on ASX	Friday, 20 November 2020
Settlement of Placement Shares	Tuesday, 24 November 2020
Allotment and normal trading of Placement Shares	Wednesday, 25 November 2020
SPP offer opens and SPP offer booklet dispatched	Wednesday, 25 November 2020
SPP offer closes	Tuesday, 15 December 2020
Announcement of results of SPP	Friday, 18 December 2020
SPP allotment date	Tuesday, 22 December 2020
Normal trading of SPP Shares	Wednesday, 23 December 2020
Despatch of holding statements	Wednesday, 23 December 2020

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
+ 61 3 9243 3375

⁸ Timetable remains subject to change without notice. All times are Sydney time.

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 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. 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.

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This announcement is not financial product advice and has not taken into account your objectives, financial situation or needs. This announcement has been prepared for release in Australia. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any jurisdiction in which such an offer would be illegal. The New Securities have not been, nor will be, registered under the U.S. Securities Act of 1933 (the “Securities Act”) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Securities may not be offered or sold, directly or indirectly, to any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.