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Trading Update

On 28 July 2020, when communicating the FY20 full year results, GUD spoke to the brisk start to the current year's sales with double digit growth in Auto sales compared to the prior comparable period. We were experiencing a recovery of underlying demand and an unwind of reseller destocking which was evident the fourth quarter of FY20. At that time, we expected this demand to moderate as major reseller restocking concluded and pent up end-user demand abated.

Strong sales performance has continued across both Auto and Water divisions and as we wrap up September, GUD has experienced Group sales in the first quarter that have grown approximately 14% over the prior comparable period.

During the first quarter of FY21, our customers have commented that government lockdown restrictions have impacted sales in Victoria and to a lesser extent the Auckland region. Offsetting the Victorian and Auckland situations there has been strong demand in geographies where mobility restrictions have been eased.

Over Q1 our Davey business was required to idle parts of its Victorian-based manufacturing business not regarded as being "essential", largely involving pool products which has come at a cost.

None the less, the businesses have been resilient and have performed ahead of our sales expectations for the first quarter.

Graeme Whickman commented "our employees are focused on our businesses remaining compelling and resilient suppliers to our customers and ensuring GUD remains financially strong and thus well placed to respond to the opportunities such times may trigger – it's clear that the operational costs and importantly incremental employee efforts have been notable, I'd like to go on record and thank them for their contribution through this challenging period".

The Davey business has seen a solid start of 10% revenue growth vs prior year. This has been driven by the Australian business buoyed by favourable agricultural conditions and rural demand which has more than offset lower demand compared to the prior year from the New Zealand business and profoundly slower sales to tourism dependent export markets.

The Automotive business has experienced a strong start to FY21 with first quarter sales up nearly 16% over the prior year for the reasons outlined earlier, although the resurgence has been longer than anticipated.

Given the potentially temporary nature of the drivers of this growth, and the uncertainty from the economic ramifications of government stimulus efforts, coupled with the uncertain public health situation, the first quarter's sales performance cannot be extrapolated over the remainder of the financial year.

While GUD notes the Q1 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.

Approved for release by the Chairman of the Board.

For enquiries:

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