



<b>Company</b>	GUD Holdings
<b>Code</b>	GUD
<b>Meeting</b>	AGM
<b>Date</b>	Thursday, 25 October 2018
<b>Venue</b>	RACV Club, 501 Bourke Street, Melbourne
<b>Monitor</b>	John Whittington assisted by Belinda White and Norm West

<b>Number attendees at meeting</b>	37 shareholders plus 48 guests and staff
<b>Number of holdings represented by ASA</b>	113
<b>Value of proxies</b>	\$7.4m
<b>Number of shares represented by ASA</b>	573,510m (equivalent to 10th largest holder)
<b>Market capitalisation</b>	\$1,106m
<b>Were proxies voted?</b>	Yes, on a poll
<b>Pre AGM Meeting?</b>	Yes, with Chair Mark Smith and Company Secretary Malcolm Tyler

**Consolidation complete, new CEO looking at more medium to long term innovation**

[GUD held a live webcast of its AGM for the first time this year](#). This is a major step forward as it enables GUD shareholders not in Melbourne, or able to attend in person, to see what is happening and how their directors perform.

[The Chair opened the meeting with an upbeat and comprehensive report about the year](#) covering the passing of the previous Chair, the retirement of CEO Jonathan Ling who has been responsible for the refocussing of GUD into the automotive aftermarket, the appointment of the new (ex Ford Australia) CEO Graeme Whickman, safety, long term strategy, risk, and financial performance. Given the new CEO was only a few weeks into the role, the CFO gave a report on the financial and operational performance and the new CEO (a strong presenter) spoke about his initial perceptions and intentions going forward. The new CEO sees a key opportunity in the Right of Repair (ie that any repairer must have access to all maintenance information) and his focus will be lifting the innovation from the short term to medium to longer term. He also believes that GUD's only non-automotive business, Davey (pumps), is in a strong position.

The ASA asked about the impact of more self-driving electric cars and fewer fossil-fuelled vehicles would have on GUD with the response that much of GUD's automotive business, eg lighting, isn't reliant on internal combustion engines (ICE), and that ICEs will be around for quite a long time. We then asked about the high levels of cash, being concerned that it may burn a hole in GUD's pocket but were assured that the company had a very robust pipeline of acquisitions and a rigorous process of evaluation. We also asked if the significant step up in margins (Gross, earnings before interest and tax, and profit) this year was a one-off and got the response that whilst they hoped to continue to increase margins, the step up was a one-off due the changing nature of the business (higher margins in the acquired automotive aftermarket business than in the divested Oates, Dexion, etc businesses).

Other shareholder questions and comments related to risk of changes from bricks and mortar business to online, franking credits, biscuits at the AGM, valuation of inventory (to the auditor), and a compliment on the risk report.

When it came to the election of directors, the ASA expressed concern at lack of diversity at board and senior management levels and about the shareholding of one of the two directors up for election. Both directors spoke well to the re-election and were elected comfortably with over 97% of votes in favour.

When it came to the remuneration report and the approval of long-term incentive (LTI) share rights to the new CEO, the ASA acknowledged the new requirement for positive absolute shareholder return before LTIs are paid as a significant improvement but expressed concern that short-term incentives (STI) are paid only as cash and that LTIs should be at risk for four or five years rather than three. We indicated that report was close to the line but would be supported this year due to the major improvement mentioned above. Both resolutions were strongly supported with voting approximately 96% in favour.