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18 December 2013

Manager, Company Announcements  
ASX Limited  
Level 4, 20 Bridge Street  
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### **GUD Holdings Limited announces Dexion manufacturing reforms**

GUD Holdings Limited today announced plans to relocate the production capacity of its Kings Park (Sydney) Dexion Industrial pallet racking factory to newer and lower cost Dexion factories in Malaysia and China.

The Board has determined this to be necessary in order to improve Dexion's competitiveness in Australia. Dexion will retain sales, design and installation and customer support teams in Australia.

The regrettable but necessary decision to cease manufacturing in Australia will involve a staged closure of the Kings Park factory during 2014 and with it the redundancy of up to 75 positions.

The total costs associated with the project to relocate manufacturing are \$15.9 million. This is comprised of \$3.2 million in write-down of obsolete and surplus plant and equipment, \$4.2 million in new capital expenditure and \$8.5 million in closure costs of the Kings Park factory. The write down of plant and equipment, and the closure costs will be brought to account in the first half results, which are to be announced on 21 January 2014. Capital expenditure will be capitalised as it is incurred.

It is expected that the project will be completed by December 2014 and thereafter Dexion expects to realise an annualised cost reduction of \$6.5 million. Management expects the impact in FY14 to be minimal.

"Relocating this capacity to Dexion factories in Malaysia and China is a fundamental necessity for the business to lower its cost base and improve competitiveness," GUD Holdings Limited Managing Director Jonathan Ling said.

Dexion's Industrial division has been adversely impacted in its traditional Australian and New Zealand markets through intense competition from importers that operate from a lower cost base, a patchy and unreliable non-residential construction sector, and the impact of the strong Australian dollar.

Dexion management has been communicating with employees about the difficult circumstances facing the business for some time and more recently, about the possibility of this decision. Dexion is concerned for the welfare of the manufacturing, administrative and managerial staff directly impacted by this decision. It has re-committed to honouring employees entitlements, and will offer comprehensive counselling and outplacement services.

Dexion remains committed to delivering expertise and value to its customers in Australia whilst providing a platform for profitable growth from cost efficient Asian factories.

Historically, the Company has paid dividends based on underlying EBIT. At this time, the Board sees no reason to deviate substantially from this approach.

#### **For further information:**

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