

GUD Holdings AGM report 2023

ASX code	GUD
Meeting date	Thursday, 26 October 2023
Type of meeting	Hybrid
Monitor	Claudio Esposito
Pre AGM-meeting	Yes, with chair Graeme Billings, Remuneration Director David Robinson and Company Secretary Anne Mustow

Meeting Statistics

Number of holdings represented by ASA	92
Number of shares represented by ASA	540,000
Value of shares represented by ASA	\$5.9m
Total number attending meeting	Approximately 60
Market capitalisation	\$1.55b
ASA open proxies voted	ASA voted in favour of all the resolutions

The GUD annual general meeting was an uneventful 90-minutes at the RACV club. The full board attended in person. Voting this year was via QR code with smart phones and GUD could provide shareholders with an iPad where necessary. Paper ballot cards were still provided in the event the technology failed. The Chairman indicated at the outset that votes received on the remuneration report were sufficiently in favour that resolution 6 (conditional spill resolution) was no longer in play.

The chairman discussed the year (speeches [here](#)) and included matters of sustainability, strategy, and remuneration. He outlined the progress in ethical sourcing and how they are working to reduce their carbon footprint by using more green power within their distribution businesses. He also mentioned an award-winning initiative dealing with plastic waste, by repurposing waste cardboard to replace single use plastic.

GUD made several acquisitions during the year, giving them greater international reach as well as an opportunity to increase sales of new products to their market channels. CEO Graham Whickman said that GUD has divested itself of some minor businesses to become a pure automotive play. They intend to increase their international reach in the USA and Europe and the acquisition of a specialist auto parts businesses in Sweden, for example, provides a stepping stone into these markets. The sale of Davey Pumps and CSM had also allowed GUDs debt to reduce to modest levels. Inventory Management is also at acceptable levels as the formerly bottlenecked supply chain slowly improves. This is a positive because of the continued high demand.

Some of the drivers of GUD's growth come from growing numbers of new and existing cars and the transition to electric vehicles. Whickman stated that their growth is supported by the number of vehicle registrations increase this year of 7%.

We congratulated GUD on their success for the year and asked if they were concerned with the rising Geopolitical tension and if it could impact the business. Mr Whickman responded in reference to the Middle East that they had a supplier in Israel and could continue supply with an alternative supplier if problems persisted due to war. He also added that exchange rates will also affect GUD in times of war. They are also actively reducing the number of Chinese suppliers to reduce concentration risk.

We also asked GUD about their ethical sourcing policy given the high volume of suppliers they had contracted in the financial year. They indicated that this was a monumental undertaking, but that they had resources to enable the evaluation. They talked of requiring a bronze level supply standard, which exceeds the external modern slavery standards.

During question time allocated to director re-election, ASA questioned the issue of director independence, where tenures of 12 years we deem to be the limit of non-independence. Graeme Billings indicated that the board assessed renewal as the need arose and that a decision to retain Mr Robinson (a specialist auto OEM and parts engineer) for another 3-year term was prudent as it would allow some balance given the newness of other directors on the board. We were left with the impression that the next 3-year term would be Mr Robinson's last.

After the meeting we discussed that the board skills matrix with Directors John Pollaers and David Robinson. The matrix needed more granularity in order that shareholders can reasonably assess the qualities of directors up for re-election. They advised that they respected the ASA advice and had in the past heeded many of the proposals we had put to them. Watch this space.

All resolutions passed with over 90% support, including the remuneration report (96% for) which supports the changes made to GUDs remuneration after last year's first strike.

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