



## GUD Holdings AGM report 2022

ASX code	GUD
Meeting date	27 Oct 2022
Type of meeting	Hybrid
Monitor	Claudio Esposito
Pre AGM-meeting	Yes, with chair Graeme Billings, Remuneration Director David Robinson and Company Secretary Malcolm Tyler

### Meeting Statistics

Number of holdings represented by ASA	111
Number of shares represented by ASA	632,000
Value of shares represented by ASA	\$4.9m
Total number attending meeting	Approximately 40 attendees
Market capitalisation	\$1.06b
ASA open proxies voted	on a poll, ASA voted in favour of all the resolutions

The GUD annual general meeting was held over a two-hour period at the RACV club. Full board attended alongside sound engineering crew present at the rear of the room recording the session and directing the chairman. The chairman discussed the year and included discussion on strategy, ESG and remuneration. Of particular interest was the overwhelming dissatisfaction of the remuneration report held by most shareholders. GUD received a 42% vote against.

The company secretary had stated that proxy advisors' ownership matters (OM) had taken issue with GUDs LTI EPS target and that a 4% compounding growth target was not challenging enough for the company. It follows that they also received strong 'no' votes for the approval of the LTI incentive. The information had been passed along to their institutional clients who voted accordingly. According to OM, the market consensus for GUDs EPS growth was around 10%, significantly higher than GUDs 4% minimum.

In addition, it was noted that the STI targets were not stated in the annual report. OM state that shareholders should be able to make an assessment of the degree of difficulty of attaining the STI target. GUD used to report the CVA group outcomes from 2002 right up to 2014. They also stated that the result of the acquisition on the earnings should have impacted the outcomes of the STI vesting. The chairman explained in his address that whilst the board was disappointed, they would address the issue over the coming year and advise shareholders with a response in due course.

We had a couple of questions from attendees. One shareholder had asked about GUDs current debt level to which GUD responded that they were confident they would bring it down given their current cash flow. ASA had asked about Vision X acquisition and its unusually high performance given all the turmoil we've seen. We acknowledged GUDs efforts to sought fair capital raising

efforts through a prorated capital raising plan and added that we would have preferred shareholders had the opportunity to sell their rights to avoid dilution.

We had also discussed if they could provide some feedback on how they derived their EPS target within the LTI incentive to which the chairman had responded by saying that it was a combination of factors including market conditions. We also heard several questions written in via webcast. One shareholder had asked whether the chairman had started preparing for a successor in the near future given that at the end of his term, 14 years would have lapsed. The chairman stated that the company always takes measures to see to it that it had an appropriate successor in place when the time was right.

There were several other questions from the same shareholder, and we would advise shareholders to listen in to GUDs webcast when it gets released on their website.

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