SKELLERUP HOLDINGS LIMITED
L3 205 Great South Road, Auckland 1051
PO Box 74526, Greenlane, Auckland 1546
Telephone +64 9 523 8240
Email ea@skellerupgroup.com

14 February 2019

Record First Half Result for Skellerup

Skellerup announced today a record half year unaudited net profit after tax of $13.4 million for the six months ending 31 December 2018.

Key points for the six months ending 31 December 2018

- Revenue of $120.2 million, up 3% on prior comparative period (pcp)
- Earnings before interest and tax (EBIT) of $19.4 million, up 11% on pcp
  - Industrial Division EBIT of $11.7 million, up 16% on pcp
  - Agri Division EBIT of $9.6 million, up 1% on pcp
  - Corporate Costs of $1.9 million, down 9% on pcp
- Net profit after tax (NPAT) of $13.4 million, up 15% on pcp
- Operating cash flow of $13.0 million, down 12% on pcp
- Interim dividend increased from 4.0cps to 5.5cps
- FY19 NPAT forecast in the range of $29 million to $31 million

Another strong result from the Industrial Division underpinned the record result.

Industrial Division EBIT increased by 16 percent to $11.7 million, continuing the trend of strong growth over the past few years. CEO David Mair said this result reflected the focus on delivering valued solutions for customers in international markets.

“We continue to grow our business with key original equipment manufacturers (OEMs) in international markets. Our capability to respond quickly with prototypes and to deliver high quality products has increased sales particularly into potable water applications. In addition, our customer driven product development has delivered earnings growth from products used in extractive industries and marine leisure applications.”

Mair said operational gains in New Zealand and China delivered an improvement in Agri Division EBIT to $9.6 million.

“We have had a key focus on improving productivity and efficiency in our operations. At a micro level this includes monitoring key statistics in real time that has enabled us to address issues more quickly reducing costly rejects. At a broader level, continually reviewing processes to identify opportunities to eliminate waste and introduce mechanisation has improved the efficiency of our activities. These gains along with increased sales of specialist footwear into international markets have offset the impact of lower international dairy prices.”

Chair Liz Coutts said the Board was pleased to increase the interim dividend from 4.0 to 5.5 cents per share. The interim dividend will be imputed 50%. As a result, shareholders will receive a net increase of at least 18% over the pcp.

"We continue to generate good earnings growth in international markets. This demonstrates the durability of our business strategy in an uncertain international marketplace. We expect full year NPAT in the range of $29 million to $31 million, subject to any unexpected changes in our markets. We remain focused on leveraging and improving our international platform to deliver great solutions for customers and enhanced returns for shareholders."

For further information please contact:

David Mair
Chief Executive Officer
021 708 021

Graham Leaming
Chief Financial Officer
021 271 9206