

19 August 2021

Revenue growth and operating gains drive record Skellerup NPAT

Skellerup today announced record audited net profit after tax of \$40.2 million for the year ended 30 June 2021, a 38% increase over the previous record result.

Highlights for the year ending 30 June 2021

- Strategy and business model continuing to deliver substantial growth in earnings and returns to shareholders.
- Revenue of \$279.5 million, up 11% on prior comparative period (pcp).
- Earnings before interest and tax (EBIT) of \$56.4 million, up 33% on pcp.
 - Industrial Division EBIT of \$32.7 million, up 57% on pcp.
 - Agri Division EBIT of \$30.5 million, up 20% on pcp.
- Net profit after tax (NPAT) of \$40.2 million, up 38% on pcp.
- Operating cash flow of \$58.8 million, up 22% on pcp.
- Net debt of \$8.7 million, down \$19.8 million on pcp.
- Final dividend of 10.5 cps (50% imputed) bringing the total FY21 dividend to 17.0 cps (50% imputed) for the full year, up 31% on pcp.

Skellerup CEO, David Mair said the overall growth in earnings was the outcome of continuing to focus on working closely with key customers to provide engineered products used in a range of critical applications people interface with every day. “Skellerup’s products are critical to the supply of safe potable (drinkable) water; the production of milk and milk products; the performance of appliances in homes and workplaces; health and hygiene in hospitals, shops and homes; the safety and comfort of sporting and leisure equipment; and the integrity of roofing systems on homes and workplaces.”

Mair highlighted that Skellerup was focused on delivering growing and sustainable financial returns. “We invest in our people to develop better and more efficient ways of designing and manufacturing products. We design products and review processes to reduce waste and increase the efficiency of materials and energy used. We are proud to support the communities where we operate. The ongoing Covid-19 pandemic has created significant challenges and changes for our teams around the world. They have embraced these opportunities and delivered improved financial returns, better environmental outcomes including reduced water consumption and packaging waste and more efficient energy usage while keeping our workplaces safe.”

Industrial Division EBIT was \$32.7 million, a record result and up 57% on pcp. Revenue was \$177.3 million up 12% on pcp. Mair said revenue growth was broad based across the Division’s product range and markets.

“During FY21 we achieved growth in our largest US and Australian markets. Our capability to change our product formulations to meet increasingly demanding standards and combine materials to deliver valuable solutions to our key customers has been – and will remain – key to our ongoing growth. Most notably in FY21 roofing and construction products and U-DEK marine foam achieved

significant growth and stronger demand for potable water products was apparent in the second half of the year.”

Agri Division EBIT was \$30.5 million, a record result and up 20% on pcp. Revenue was \$102.2 million up 9% on pcp. Mair said the result again underscored the importance of the essential dairy consumables products that Skellerup design, manufacture and sell globally.

“Skellerup is the second largest manufacturer of food grade dairy rubberware in the world. The US and NZ remain our largest markets, but Europe and Asia were the fastest growing in FY21. We were able to meet the increased demand by improving our business processes and productivity with limited capital investment. FY21 also included a full year contribution from Silclear (acquired in November 2019) compared to the eight-month contribution in the pcp. Footwear sales were also up lead by the Red Band gumboot; the quality and durability of this product is synonymous with NZ farming and sales continue to grow in urban markets.”

Chair Liz Coutts noted that NPAT was a key financial measure, but equally operating cash flow was a critical performance measure to ensure the firm had the capacity to continue to fund growth.

“In FY21, we achieved a record operating cash flow of \$58.8 million – up 22 per cent on the prior record achieved in FY20. This enabled us to fund our capital expenditure requirements, reduce debt and substantially lift our final dividend. We have a robust Balance Sheet with very low debt providing the platform and opportunity for continued investment in growth.”

Coutts advised that the final dividend would increase from 7.5 to 10.5 cents per share (50% imputed as in the pcp) to be paid to shareholders on 15 October 2021 with record date of 01 October 2021. This will bring the total dividend pay-out for the financial year ended 30 June 2021 to 17.0 cents per share up 31% on pcp.

“We are very pleased to reward shareholders in Skellerup. Over the past 10 years the pay-out has almost trebled. This demonstrates Skellerup’s strong cash flow and the Board’s practice of paying out a consistently high proportion of earnings,” Coutts said.

Coutts said the Group has started strongly in FY22 and she looked forward to updating shareholders further at the Annual Meeting on 27 October 2021.

For further information please contact:

David Mair
Chief Executive Officer
021 708 021

Graham Leaming
Chief Financial Officer
021 271 9206