



# FY21 RESULTS

19 AUGUST 2021

# Skellerup Key Points FY21

## Record NPAT of \$40.2 million

- Record result increased by 38% on pcp.
- Committed, talented and focused global team.

## Record Agri Division EBIT of \$30.5 million

- Growth in sales of dairy rubberware to international customers.
- Footwear sales particularly in NZ hardware channel.
- Operational gains at Wigram (and other facilities).

## Record Industrial Division EBIT of \$32.7 million

- Broad-based sales growth including higher margin new products.
- Roofing & construction, potable & waste water and marine particularly strong.
- Operational improvements and tight control of indirect costs.

## Record operating cash flow of \$58.8 million

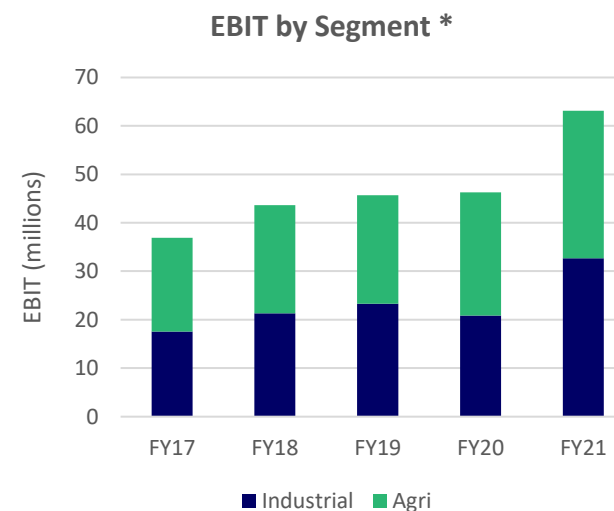
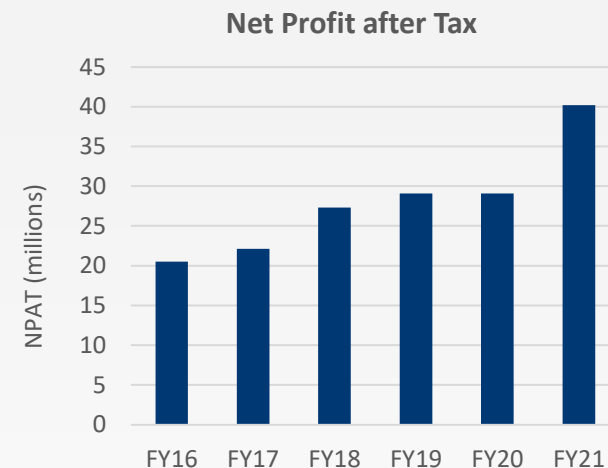
- Up \$10.8 million or 22% on pcp, also a record.
- Strong earnings and solid working capital management translated to strong cash flow.
- Funded capex, higher dividend pay-out and reduction in debt.

## Final dividend pay-out of 10.5 cents per share

- Brings full year pay out to 17.0 cents per share, up 31% on pcp.

## Robust Balance Sheet

- Net debt down to \$8.7 million (3% of total assets).



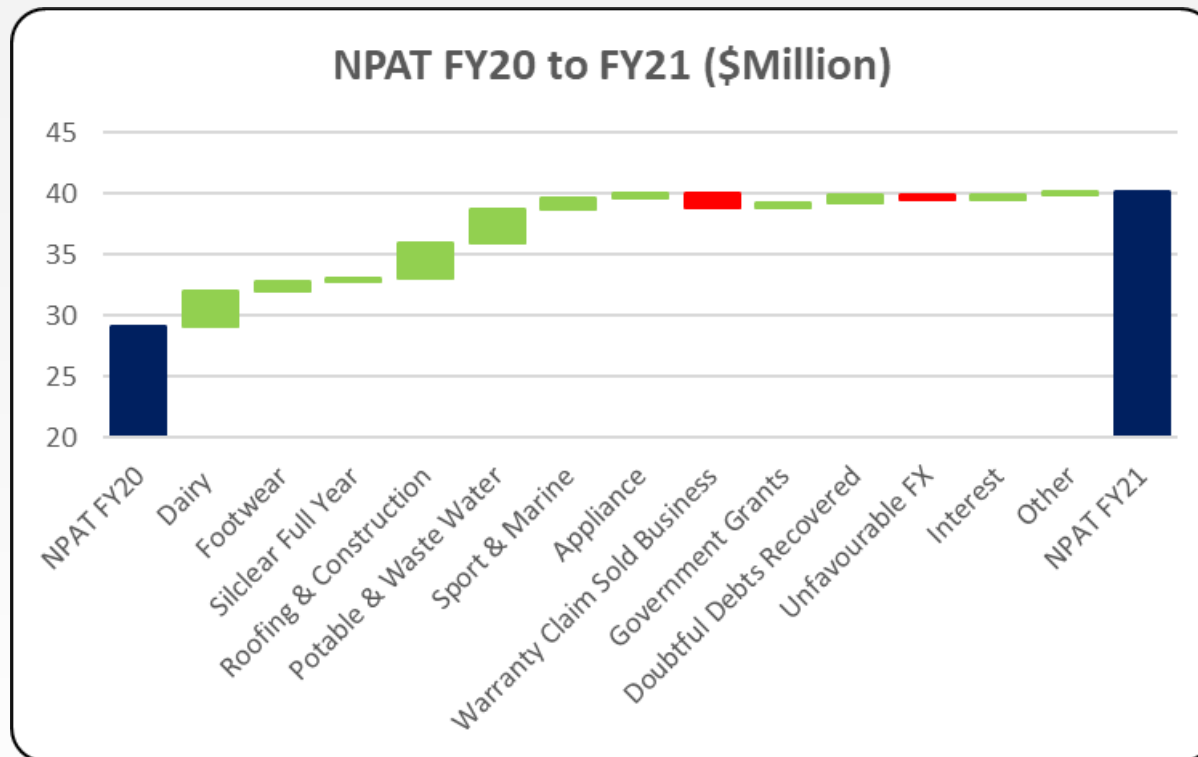
\* Excludes Corporate

# Skellerup Financial Highlights FY21

NZ\$ Million	FY17	FY18	FY19	FY20	FY21
Revenue	210.3	240.4	245.8	251.4	<b>279.5</b>
EBITDA	40.4	47.2	48.9	55.2	<b>68.9</b>
Depreciation & Amortisation	(7.8)	(7.4)	(7.1)	(7.5)	<b>(7.5)</b>
Depreciation (ROU Assets)	-	-	-	(5.2)	<b>(5.0)</b>
EBIT	32.8	39.8	41.8	42.5	<b>56.4</b>
Finance costs (Debt)	(1.4)	(1.9)	(1.8)	(1.7)	<b>(1.2)</b>
Finance costs (Lease Liabilities)	-	-	-	(0.9)	<b>(0.9)</b>
Tax expense	(9.3)	(10.6)	(11.0)	(10.8)	<b>(14.1)</b>
NPAT	22.1	27.3	29.1	29.1	<b>40.2</b>
<i>Earnings cents per share</i>	<i>11.47</i>	<i>14.15</i>	<i>14.96</i>	<i>14.92</i>	<b><i>20.59</i></b>
<i>Dividend cents per share</i>	<i>9.5</i>	<i>11.0</i>	<i>13.0</i>	<i>13.0</i>	<b><i>17.0</i></b>
Operating cash flow	21.2	28.3	28.9	48.0	<b>58.8</b>
Cash net of debt	(35.8)	(30.7)	(36.6)	(28.5)	<b>(8.7)</b>
Capital & intangible expenditure	12.6	5.4	4.6	4.5	<b>7.5</b>
Acquisition & Investment	-	-	7.4	6.2	-

- Revenue up \$28.1 million and 11% on pcp.
- EBIT up \$13.9 million and 33% on pcp.
- NPAT up \$11.1 million and 38% on pcp.
- Dividend of 17.0 cents per share, up 4 cents on pcp.
- Operating cashflow up \$10.8 million and 22% on pcp, funded:
  - Capex (net of disposals) of \$7.1 million.
  - Dividends of \$27.3 million.
  - Lease liability payments of \$4.5 million.
  - Net debt reduction of \$19.8 million.

# Skellerup NPAT FY20 to FY21



## Broad-based earnings growth:

- Dairy growth from increased sales and operational improvements.
- Footwear sales up in the NZ rural and hardware channels.
- Full year earnings contribution from Silclear (acquired November 2019).
- Market share gains from the sale of existing and new products for potable and waste water, roofing and plumbing, sport and leisure, and appliance applications.
- Provision of \$1.5 million for costs of defending claim against business divested in 2008.
- \$1.2 million in COVID-related government assistance in Australia and USA.
- NZD strengthened against all major crosses – hedging programme partly offset this impact.
- Reduction in net debt driving lower interest costs.

# Skellerup FY21 Industrial Division

NZ\$ Million	FY17	FY18	FY19	FY20	FY21
<b>Revenue</b>	131.2	151.5	157.2	157.9	<b>177.4</b>
<b>EBIT</b>	17.1	20.8	22.9	20.9	<b>32.7</b>
<b>EBIT %</b>	13.1	13.7	14.6	13.2	<b>18.4</b>

## Revenue up 12% and EBIT up 57% against pcp

### Potable Water and Waste Water

- Revenue up significantly as infrastructure work delayed by COVID-19 is brought back on stream and gains in market share.

### Growth from high performance foam applications

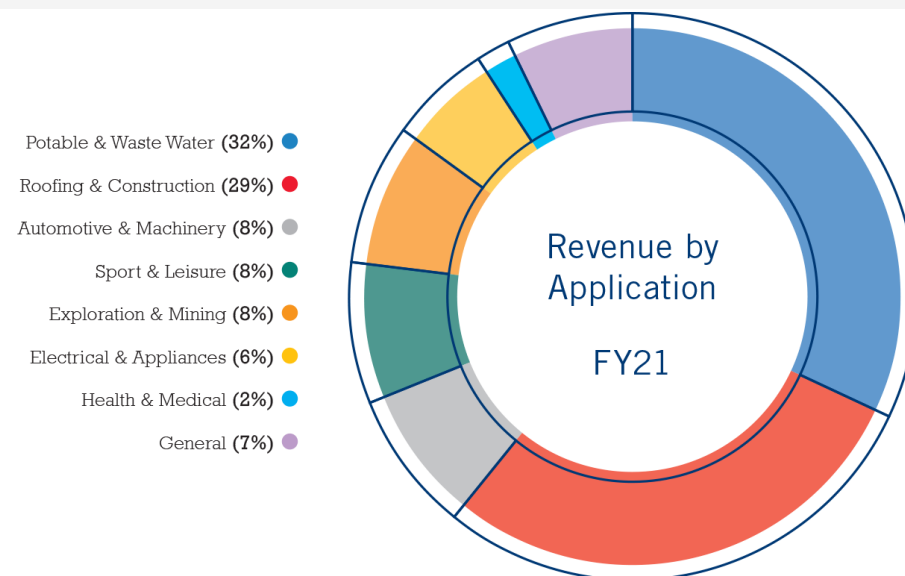
- Ultralon U-Dek sales up significantly in the all markets.

### Growth from DEKS roof and sealing products

- New products and improved execution in Australian market in particular.
- Exit of low margin business in US replaced with growth in more profitable products.

### Vacuum Systems sales and margins up following COVID-impacted FY20

- Continued growth in system sales and winning first fitment with OEMs.
- Oil & Gas market still relatively low.



# Skellerup FY21 Agri Division

NZ\$ Million	FY17	FY18	FY19	FY20	FY21
<b>Revenue</b>	79.2	89.0	88.8	93.6	<b>102.2</b>
<b>EBIT</b>	19.8	22.8	22.8	25.4	<b>30.5</b>
<b>EBIT %</b>	24.9	25.6	25.7	27.1	<b>29.8</b>

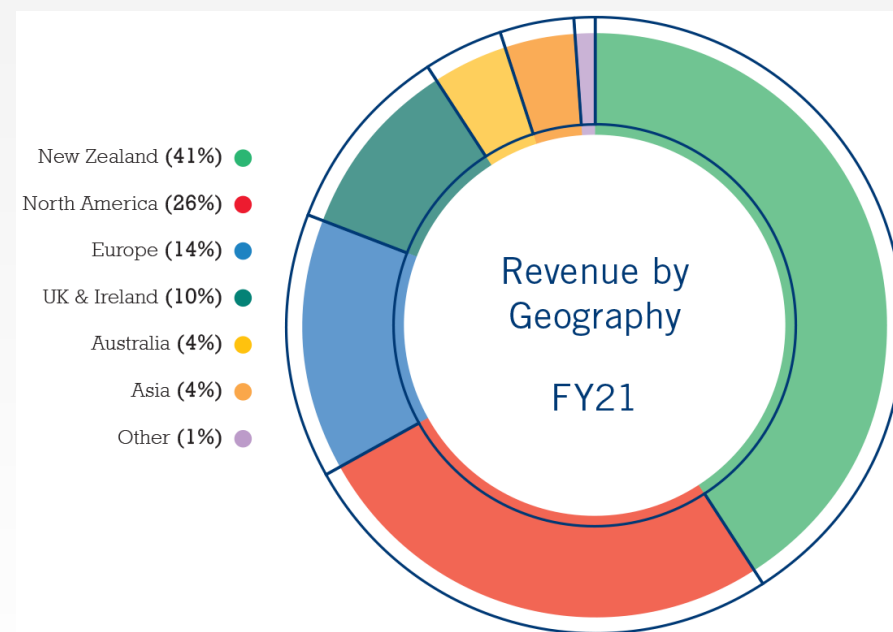
## Revenue up 9% and EBIT up 20% against pcp

### International Dairy sales growth

- Strong growth in Europe and Asia including increased silicone product sales. NZ and Australian markets up. North American market solid.
- Operational process and efficiency gains (business process, operating levels, mechanisation, systems).
- Low capex investments to increase production volumes and reduce lead times implemented and more planned.

### Strong demand drives Footwear sales

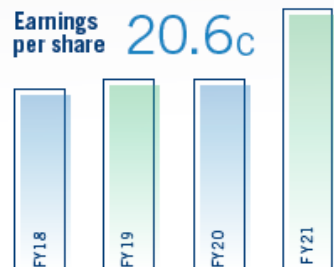
- NZ market growth in both rural and hardware markets. Priority market.
- **Range standardisation and rationalisation resulting in efficiencies.**
- Pink Band promotion in support of NZ Breast Cancer Foundation.



# Global Business, Critical Components

## 01 Proven track record of earnings and cashflow growth

Excellent year-on-year performance with a robust balance sheet, growing cash flow, low debt and a strong dividend yield.



## 02 A track record for rapid R&D

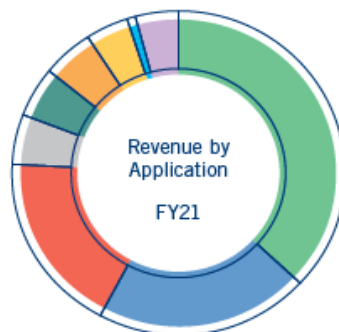
Our team know their markets and are constantly delivering new products and improvements. Our deep customer relationships mean our development investment is based on real customer needs.



## 03 Focus on products in key markets

Our products are essential components in the delivery of food, water, infrastructure and health.

- Agriculture (37%)
- Potable & Waste Water (incl Plumbing) (21%)
- Roofing & Construction (18%)
- Automotive & Machinery (5%)
- Sport & Leisure (5%)
- Exploration & Mining (5%)
- Electrical & Appliances (4%)
- Health & Medical (1%)
- Other (4%)



## 04 Highly experienced technical team

Our team are highly skilled and trained, from our technical salespeople through to our product designers; we understand our customers and markets



## 05 Customer relationships with growth potential

We have strong and deep relationships with our 4,500 customers, particularly OEM customers, where we continue to deliver new products and developments.

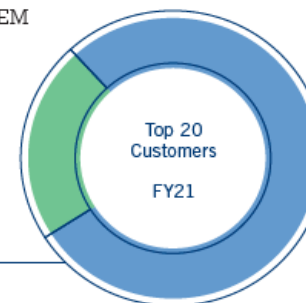
Our top 20 customers shows a balance of strong long-term customers and new business growth.

15

Of our top 20 customers in FY21 were also top 20 customers in FY17.

5

New inclusions to our top 20 customers since FY17.



## 06 Strong relationships across global markets

We are a global business with world-class manufacturing and distribution facilities allowing us to serve customers and markets all around the world.

- New Zealand (22%)
- Australia (18%)
- US (29%)
- Europe (14%)
- UK & Ireland (6%)
- Asia (10%)
- Other (1%)



# People & Environment

## People

↑ 2%  
**813**  
(FY20 798)

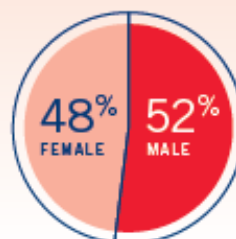
## Total injury rate

↓ 35%  
**0.87**  
(FY20 1.33)

## Education

✓  
Regular  
**cyber-security**  
training for all  
office people

## Demographic (gender)



(FY20 – f:49% m:51%)

## Years' service for staff

Fewer than 2 years	20%
2 - 10 years	42%
10 -20 years	26%
Greater than 20 years	12%



## Driving operational efficiency

### Productivity

#### Wigram

Production volume up **10%**  
On staffing increase of 2%

#### Jiangsu

Footwear volume up **14%**

Vacuum Systems volume up **38%**

No change in staffing

### ERP Upgrades

↑  
**3**  
(FY20 1)

### Waste reductions

✗  
**Elimination**  
of cardboard  
packaging for  
vacuum systems



## Focused on community & environment

### GHG\* emissions

(Tonnes CO<sub>2</sub>-e)  
↑  
**2,339**  
(FY20 2,278)

\*Greenhouse Gas

### GHG emissions / revenue

↓  
**8%**  
CO<sub>2</sub>-e emissions per  
\$1million of revenue

### Water reductions

↓  
**55%**  
At Jiangsu  
facility in China



# What We Do

## Industrial & Retail

- Valves and seals for control systems used in food, liquid, and material processing plants
- Flashings, washers, sealing and insulation products for roofing, solar, plumbing and HVAC applications
- Gaskets, joiners, couplings and seals for potable, waste and stormwater pipes
- Covers and lids for water, fire and electrical services on streets
- Components for mobile equipment
- Components for point-of-sale devices

## Recreation

- Foam used in marine decking
- Foam used in ski and snowboard boot liners
- Foam used in protective equipment for field sports including rugby and hockey
- Foam for buoyancy applications and fender systems
- Gumboot throwing!

## Medical & Health

- Face masks and protective equipment for hospital operating theatres
- Filters and seals used in respiratory devices
- Orthotics and prosthetics
- Hygiene and sanitisation devices
- Hospital equipment and visual management systems

## Residential

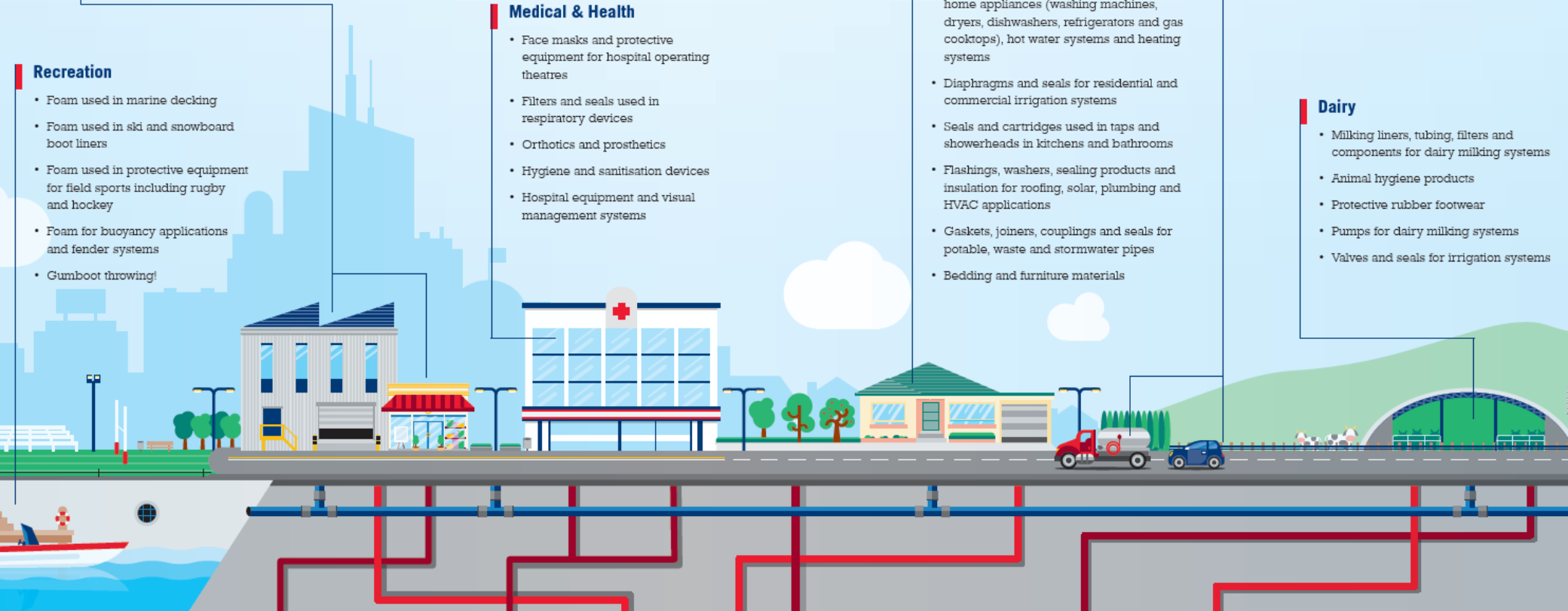
- Seals, diaphragms, and valves used in home appliances (washing machines, dryers, dishwashers, refrigerators and gas cooktops), hot water systems and heating systems
- Diaphragms and seals for residential and commercial irrigation systems
- Seals and cartridges used in taps and showerheads in kitchens and bathrooms
- Flashings, washers, sealing products and insulation for roofing, solar, plumbing and HVAC applications
- Gaskets, joiners, couplings and seals for potable, waste and stormwater pipes
- Bedding and furniture materials

## Transport

- Vacuum systems on trucks for transportation of water and liquid waste
- Seals, injectors and drive shaft couplings for motor vehicles (cars and trucks)
- Seals and gaskets for GPS and payment applications and systems

## Dairy

- Milking liners, tubing, filters and components for dairy milking systems
- Animal hygiene products
- Protective rubber footwear
- Pumps for dairy milking systems
- Valves and seals for irrigation systems



# Skellerup FY21

## Reconciliation of Segment EBIT to Group NPAT

NZ\$ Million	FY17	FY18	FY19	FY20	FY21
Agri EBIT	19.8	22.8	22.8	25.4	<b>30.5</b>
Industrial EBIT	17.1	20.8	22.9	20.9	<b>32.7</b>
Corporate EBIT	(4.1)	(3.9)	(3.9)	(3.8)	<b>(6.8)</b>
EBIT	32.8	39.8	41.8	42.5	<b>56.4</b>
Finance costs	(1.4)	(1.9)	(1.8)	(2.6)	<b>(2.1)</b>
Share of net loss of associate	-	-	-	(0.1)	-
Tax expense	(9.3)	(10.6)	(11.0)	(10.8)	<b>(14.1)</b>
NPAT	22.1	27.3	29.1	29.1	<b>40.2</b>

# Skellerup Disclaimer

This presentation contains not only a review of operations, but also some forward looking statements about Skellerup Holdings Limited and the environment in which the company operates. Because these statements are forward looking, Skellerup Holdings Limited's actual results could differ materially.

Although management and directors may indicate and believe that the assumptions underlying the forward looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward looking statements will be realised.

Please read this presentation in the wider context of material previously published by Skellerup Holdings Limited.