

17 August 2017

Strong second half drives increased profit for Skellerup

Highlights for the year ending 30 June 2017

- NPAT of \$22.1 million up 8% on the prior year.
- Final dividend increased to 6.0 cents per share bringing the total dividend to 9.5 cents per share for the full year.
- Improved earnings from both the Industrial and Agri Divisions.
- New dairy rubberware facility at Christchurch fully operational.

A strong finish to FY17 has lifted net profit to \$22.1 million, up 8% on the previous year.

CEO David Mair said the result reflected strong earnings growth in both Skellerup's Agri and Industrial Divisions.

"Over the past few years, our Industrial Division team have put a lot of work into developing new products that meet clearly defined customer needs, with a particular focus on the potable water market.

"Growing populations, changing weather patterns, ageing infrastructure and increasingly stringent environmental standards are creating further opportunities for us in New Zealand and abroad, and I am confident we have the people and products to profitably capitalise on those opportunities," said Mr Mair.

Mr Mair said while the Industrial Division had increased EBIT by 12% from the previous year, he was confident it was capable of further improvement in FY18.

We have focused on improving our operational performance, and this work is starting to show in our financial results," Mr Mair said.

Mr Mair said results from Skellerup's Agri Division improved in the second half of the year as global commodity prices improved. As a result, EBIT increased by 6% from the previous year.

"Steady improvement in dairy commodity prices over the second half of the past year resulted in farmers spending on deferred maintenance and increasing milk production. This boosted earnings in both New Zealand and in our major overseas markets. Current indications suggest that momentum is set to continue."

Skellerup Chair Liz Coutts said Skellerup had a track record of organic growth based on applying its technical expertise to create solutions for new customers and in new markets.

The Board continues to support this process of continuous improvement, and we also see potential to scale up some of our operations so as to gain the benefit of size in some key markets," said Ms Coutts.

Mrs Coutts confirmed that a final dividend of 6.0 cents per share, fully imputed, would be paid to shareholders on 12 October 2017. This payment would bring the total dividend pay-out for the financial year ended 30 June 2017 to 9.5 cents per share.

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“A 6% increase on last year’s dividend reflects Skellerup’s consistently strong earnings and cash flow, and is in line with the Board’s practice of increasing dividends as profit growth allows,” Mrs Coutts said.

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