



**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](mailto:ea@skellerupgroup.com)

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## **Big lift in Skellerup earnings**

Skellerup announced today a 31% lift in unaudited net profit after tax of \$11.7 million for the six months ending 31 December 2017.

### **Key points for the six months ending 31 December 2017**

- Revenue of \$116.7 million, up 20% on pcp
- Earnings before interest and tax (EBIT) of \$17.5 million, up 32% on pcp
  - Industrial Division EBIT of \$10.0 million, up 40% on pcp
  - Agri Division EBIT of \$9.5 million, up 13% on pcp
  - Corporate Costs of \$2.0 million, down 10% on pcp
- Net profit after tax (NPAT) of \$11.7 million, up 31% on pcp
- Operating cash flow of \$14.8 million, up 52% on pcp
- Interim dividend increased from 3.5cps to 4.0cps
- FY18 NPAT forecast in the range of \$24.5 million to \$26.0 million

A standout performance from Skellerup's Industrial Division has underpinned a strong result for the first half of FY18.

Industrial Division EBIT lifted by 40 percent to \$10.0 million, generating more than half the company's earnings for the period, following a steady improvement in performance over the past few years. CEO David Mair said this result validated the considerable time and resources Skellerup had invested in improving the Industrial Division's performance.

"We have improved our operating platform and deployed the expertise we have in engineered polymer product, compound and tool design into customer focused development. This equips us to capitalise on our best growth opportunities across international markets, particularly in the potable water industry."

Mair said a 13 percent increase in Agri Division EBIT to \$9.5 million was also a solid result.

"Our continued success in developing innovative and high-quality dairy consumables, animal hygiene and specialist footwear delivered the earnings improvement. The crucial role our products play in maintaining milk quality and animal health around the world ensures Skellerup remains the brand of choice."

Chair Liz Coutts said Skellerup had indicated in October 2017 an expected increase in profitability for the current year. Coutts said Skellerup's balance sheet is robust, and operating cash flow strong, up 52% on the pcp to \$14.8 million. She noted the Board was pleased to increase the interim dividend from 3.5 to 4.0 cents per share fully imputed. However, future dividends are likely to carry only

partial imputation (approximately 60%) as the growth in earnings was largely coming from Skellerup's international operations.

"It is extremely encouraging our growth is broad-based and continuing to gather momentum. We expect full year NPAT in the range of \$24.5 million to \$26.0 million, subject to any unexpected changes in our markets. We remain focused on continuing to leverage our international platform to deliver sustainable earnings growth."

*For further information please contact:*

David Mair  
Chief Executive Officer  
021 708 021

Graham Leaming  
Chief Financial Officer  
021 271 9206

*For media queries please contact:*

Geoff Senescall / John Redwood  
Senescall Akers Limited  
021 481 234 / 021 581 234