



SKELLERUP

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

16 August 2018

Strong growth delivers record profit for Skellerup

Highlights for the year ending 30 June 2018

A strong performance across the Group delivered a record result for Skellerup in FY18.

- Revenue of \$240.4 million, up 14% on pcip.
- Record earnings before interest and tax (EBIT) of \$39.8 million, up 21% on pcip.
 - Industrial Division EBIT of \$20.8 million, up 21% on pcip.
 - Agri Division EBIT of \$22.8 million, up 15% on pcip.
 - Corporate Costs of \$3.9 million, down 5% on pcip.
- Record net profit after tax (NPAT) of \$27.3 million, up 23% on pcip.
- Final dividend increased from 6.0 cps to 7.0 cps (55% imputed) bringing the total dividend to 11.0 cps (~70% imputed) for the full year.

Industrial Division EBIT lifted by 21 percent to \$20.8 million, accelerating a trend in earnings growth established over the past 4 years. CEO David Mair said the result was an outcome of focusing activity on the best opportunities and delivering innovative and cost-effective solutions.

“We continue to enhance our operating platform and deploy the expertise we have in engineered polymer product, compound and tool design into customer focused development. We have improved our execution and sped up our development activity enabling strong growth across international markets, particularly in the potable water industry.”

Agri Division EBIT lifted by 15 percent to \$22.8 million, a record result for the Division. Mair said the result was due to growth in international markets and a buoyant NZ market with the improved pay-out rates available to farmers.

“International markets provide the best opportunities for growth and we are very pleased with progress in FY18. Our reputation and ability to consistently develop and deliver innovative and high-quality dairy consumables and animal hygiene products is critical to our success. This year also marks the 60th anniversary of Red Band. Leveraging this long-established technical knowhow, we have continued to develop and grow our footwear range, including our firefighting boots which are not only worn in NZ and Australia but now also by a large proportion of the UK fire brigades.”

Chair Liz Coutts noted that the Board was pleased with the broad-based growth achieved in FY18. She noted supply chain flexibility gives Skellerup confidence they can adapt and mitigate the impacts of more restrictive international trade practices and to continue to grow earnings.

Coutts confirmed that a final dividend of 7.0 cents per share (imputed 55%) would be paid to shareholders on 11 October 2018. This payment will bring the total dividend pay-out for the financial year ended 30 June 2018 to 11.0 cents per share (imputed ~70% overall) a 16% increase in pay-out above the prior year. Allowing for the impact of partial imputation the aggregate payout for the period provides a minimum 7% net increase to shareholders above the prior year. -As noted previously the partial imputation of the final dividend reflects the growth in Skellerup’s earnings largely coming from Skellerup’s international operations.



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“This dividend increase follows a 6% increase in the prior year and reflects Skellerup’s consistently strong earnings and cash flow. These successive increases are in line with the Board’s practice of increasing dividends as profit growth allows,” Mrs Coutts said.

For further information please contact:

David Mair
Chief Executive Officer
021 708 021

Graham Leaming
Chief Financial Officer
021 271 9206