



SKELLERUP HOLDINGS LIMITED

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Lower commodity prices reduce Skellerup FY16 forecast earnings

Continuing lower international milk, oil and gas prices have caused a reduction in forecast earnings for FY16.

David Mair (CEO) noted the lower international milk price was impacting both NZ and international sales. NZ farmers spend on dairy consumables peaks in the May – August period. Mair expects this seasonal peak to be smaller and later than in prior years. The newly deregulated European market is increasing milk production and consequent lower prices are causing a deferral in farm expenditure.

Mair commented that sales of vacuum pump systems in the North American market are below expectations as a result of continuing lower oil and gas prices. This masks a positive underlying trend of new business won with a revamped product range.

With two months left in FY16, Skellerup has reduced guidance and now forecasts net profit after tax of \$20 million to \$21 million.

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