

HY16 Results

18 February 2016

David Mair | CEO & Executive Director

- NPAT of \$9.6 million
 - 1% down on prior corresponding period (pcp).
 - Lower pricing in key commodity markets reduced demand but offset by revenue growth from infrastructure, plumbing and roofing customers.
- Industrial Division EBIT up 11%
 - North American revenue continued to increase from OEM customers for technical products.
 - Australian revenue up due to growth from civil, plumbing and roofing customers.
- Agri Division EBIT down 13%
 - Subdued NZ demand for dairy rubberware and footwear due to international milk price and resultant Fonterra pay-out. However liners and tubing remain an essential consumable.
 - Growth in international sales offset revenue reduction but distance to market means comparatively lower margin.
- Project Viking
 - Construction of new Dairy and Rubberware facility at Wigram on track for completion in May 2016. Transfer of design and manufacturing activities to follow in staged process over ensuing 12 months.
- Net debt of \$17.6 million
 - Viking capital expenditure \$19.1 million in HY16.
- Interim dividend unchanged.
 - 3.5 cents per share fully imputed payable in March 2016.

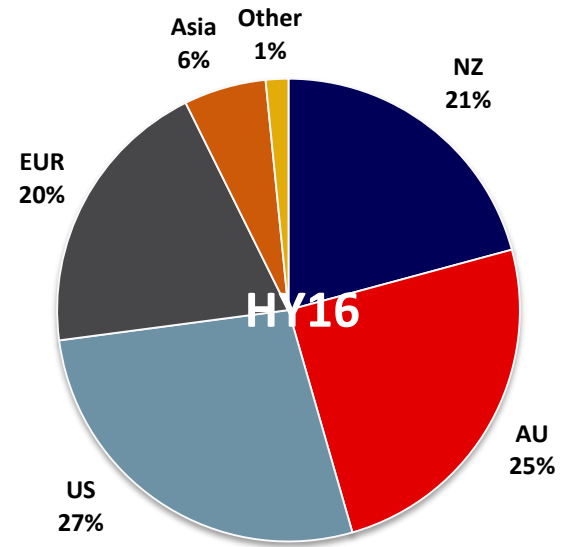
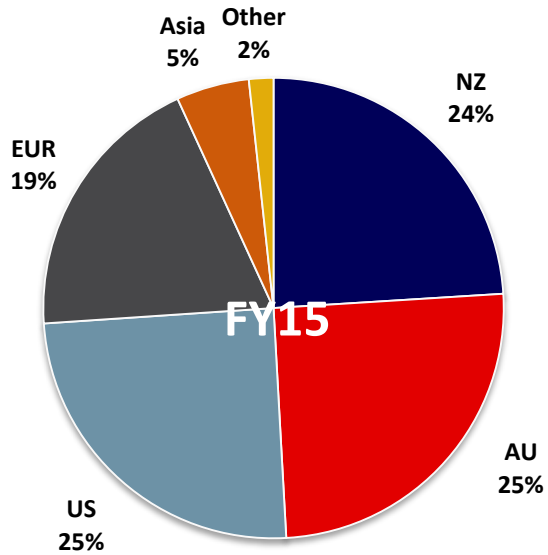
Skellerup Financial Highlights HY16



NZ\$ Million	HY16	HY15	Change
Revenue	107.6	98.7	8.9
EBITDA	17.5	17.6	(0.1)
Depreciation & amortisation	(3.8)	(3.6)	(0.2)
EBIT	13.7	14.0	(0.3)
Interest expense	(0.1)	(0.1)	-
Tax expense	(4.0)	(4.2)	0.2
NPAT	9.6	9.7	(0.1)
<i>Earnings cents per share</i>	5.0	5.0	-
<i>Dividend cents per share</i>	3.5	3.5	-
Operating cash flow	13.7	6.3	7.4
Net Debt	(17.6)	7.8	(25.4)
Capital & intangible expenditure	21.1	6.6	14.5

- Revenue up 9% on pcp and 2% in constant currency terms.
- \$0.5 million of interest expense capitalised as required under IFRS.
- Operating cash improvement – pcp suffered from adverse working capital movements.
- Capex primarily Viking (\$19.1 million)

Skellerup HY16 Revenue by Geographic Market

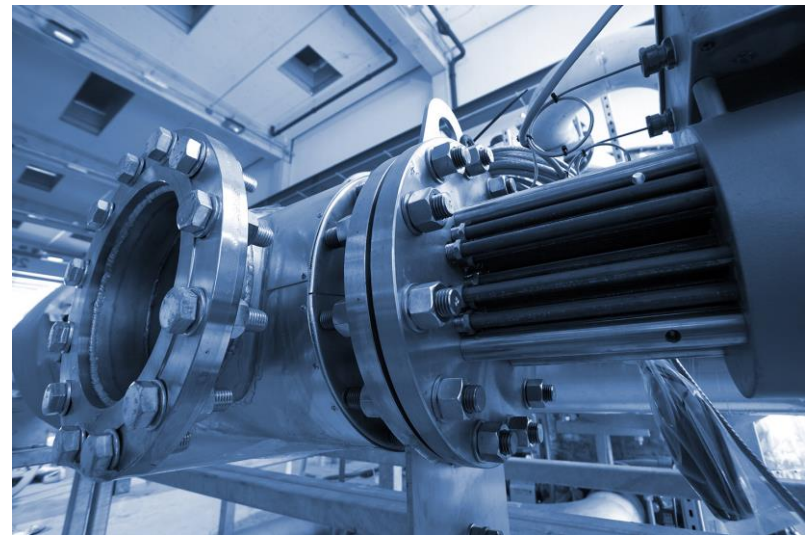


- United States share up
 - Reflecting continued targeting of this market and success with OEM customers.
- Australia share steady
 - Revenue up due to continued growth in sales into civil market.
- New Zealand share down
 - Impact of international milk price leading to lower Dairy pay-out.
- Europe share up
 - Strong sales of dairy liners and tubing.

NZ\$ Million	HY13	HY14	HY15	HY16
Revenue	59.4	59.6	59.7	66.6
EBIT	7.8	9.2	6.8	7.6
EBIT %	<i>13.1</i>	<i>15.4</i>	<i>11.8</i>	11.4

Revenue up 12% and EBIT up 11% on pcp

- Strong growth in US
 - New product developments coming to market
 - Well placed to continue to gain market share
- Australian market solid
 - Further growth from expanded Deks product range
 - Sales into mining sector solid
- Capitalising on technical capability
 - Proven OEM technical capability
 - Adapted products that required better distribution
 - Increased customer focus



NZ\$ Million	HY13	HY14	HY15	HY16
Revenue	35.5	37.6	39.3	41.0
EBIT	8.3	8.9	9.7	8.4
EBIT %	23.4	23.7	24.7	20.4

Revenue up 4% but EBIT down 13% on pcp

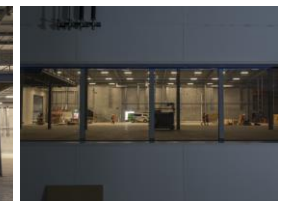
- Revenue down 2% in constant currency terms
- International sales up
 - US and Europe strong in 1H. Caution over 2H with removal of European quotas and low international milk price reducing on farm spend.
- NZ dairy rubberware sales down
 - NZ is dependent on export market and ongoing low international milk price reducing NZ milk production and farmer spend.
- Footwear mixed
 - NZ market slower than expected due to dairy market and dry weather. International market positive due to high value technical products (fire, forestry, di-electric).



Skellerup HY16 Project Viking Update



- New dairy rubberware development and manufacturing facility to replace damaged Woolston facility built over 75 years ago
- 18,900 m² of floor space including warehouse
- Sir Ron Carter overseeing the Project
- Project on track
 - \$40 million investment including fit-out.
 - 9,926 tonnes of in-situ concrete and 3,612 tonnes of pre-cast concrete.
 - Completion scheduled for May 2016.
 - Relocation activities to phased to ensure customers not negatively impacted. Begin March 2016, finish June 2017.



Skellerup HY16 Focus & Progress



Focus	Progress
Themes underlying our Business Strategy	
Growing global demand for protein/safe food	<i>Unchanged, current international supply/demand imbalance impacting on near term demand for Skellerup products.</i>
Growing global demand for clean energy	<i>Unchanged, current oil/gas prices impacting near term demand for Skellerup products, but opportunities growing.</i>
Geographic Market focus	
Continue to focus on the US market for growth	<i>Revenue in total and as a proportion of Skellerup Group continuing to grow.</i>
European, Asian and South American focus for specific product groups	<i>Revenue from Europe growing despite general market. Revenue from Asia up. Revenue from South America reduced due to economic situation in Brazil. Opportunities still in play.</i>
Customer focussed Product Development	
Delivering better value by systematic approach to optimise investment	<i>Standardised product development process; consolidated development activities.</i>
Operational Excellence	
Effective customer interface, planning and operational delivery	<i>Better systems, simplifying processes for staff.</i>
Improving our working capital position	<i>Focus areas identified, improvement expected in 2H16.</i>

Reconciliation of Segment EBIT to Group NPAT

NZ\$ Million	HY16	HY15	Change
Agri EBIT	8.4	9.7	(1.3)
Industrial EBIT	7.6	6.8	0.8
Corporate EBIT	(2.3)	(2.5)	0.2
EBIT	13.7	14.0	(0.3)
Interest expense	(0.1)	(0.1)	-
Tax expense	(4.0)	(4.2)	0.2
NPAT	9.6	9.7	(0.1)

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.

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