



SKELLERUP

Skellerup Holdings Limited

Year ended 30 June 2010

Results briefing



SKELLERUP

Presentation agenda

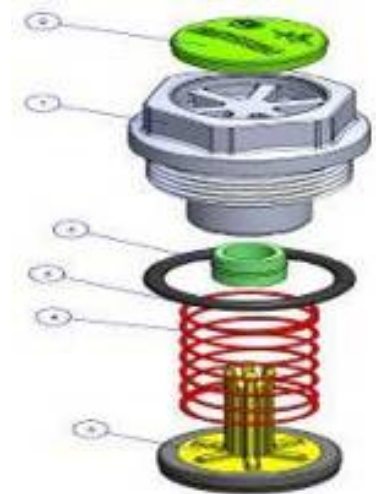
- Corporate overview
- Key results
- 2010 financials
- Divisional highlights
- Outlook for 2010 - 2011
- Q&A

Corporate overview

A faint, circular logo in the background depicts a Viking longship with a dragon-headed prow and a single large sail, sailing on stylized waves.

Skellerup corporate overview

- Global technical polymer products
- Global business – 77% offshore/export
- Product development essential to continued organic growth
- Many highly experienced technical staff
- Low cost strategy – well supported



Performance

- Market capitalisation - \$139.5m (\$75.4m at June 2009)
- Issued shares – 191.1m (134.6m at June 2009)
- Current share price – 73 cents
- Share 52 week trading range – 46 cents to 76 cents
- Shares traded in last 12 months – 32.7 million shares – 17.1% of register (8% at June 2009)
- Net tangible asset backing 28.8 cents per share (14.3 cents at June 2009)
- Earnings per share 6.81 cents (6.74 cents at June 2009)



Key results

Key results

➤ Continuing operations:

- Revenue in line with previous year at \$180.7m
- EBIT up 24.6% from \$20.0m to \$24.9m before abnormals
- NPAT up 48.7% from \$9.7m to \$14.5m before abnormals
- Operating cashflow up 4.4% from \$22.9m to \$23.9m
- Net debt reduced by \$38.1m from \$64.7m to \$26.6m
- Abnormals \$2.5m after tax:
 - FX losses \$1.5m
 - CEO settlement \$0.8m
 - Deferred tax adjustment \$0.2m

Market conditions improving

- Second half trading significantly improved on first half – converse to previous year
- Improved profitability from Industrial Division
- Agri profitability maintained from consumable dairy products
- Recession still impacting, particularly Vacuum Pumps

A faint, circular logo in the background depicts a ship with a single sail on a wavy sea. The ship is positioned in the upper half of the circle, and the water is represented by wavy lines at the bottom. The entire logo is rendered in a light blue color against a dark blue background.

2010 financials

FY2010 financial results

CONTINUING OPERATIONS \$000's	2010	2009	Variance	
			\$	%
Revenue	180,719	180,857	(138)	-
EBITDA	28,596	25,863	2,733	10.6%
Depreciation and amortisation	6,906	6,816	(90)	(1.3%)
EBIT	21,690	19,047	2,643	13.9%
Interest	4,785	5,873	1,088	18.5%
Tax expense	4,947	4,181	(766)	(18.3%)
NPAT	11,958	8,993	2,965	33.0%
Abnormal expenses (after tax)	2,505	735	1,770	-
NPAT - trading	14,463	9,728	4,735	48.7%

Balance sheet as at 30 June 2010

\$000's	2010	2009	Variance
Current assets	68,075	67,303	772
Current liabilities	32,010	31,074	(936)
Working capital	36,065	36,229	(164)
Non current assets/liabilities	91,375	99,945	(8,570)
Net bank borrowings	26,550	64,744	38,194
Total equity	100,890	71,430	29,460

Statement of cash flows as at 30 June 2010

\$000's	2010	2009	Variance
Net trading cash flow	32,444	28,047	4,397
Income tax (paid)/refunded	(3,660)	806	(4,466)
Interest paid	(4,832)	(5,900)	1,068
Net operating cash flow	23,952	22,953	999
Purchase of fixed assets	(4,098)	(6,890)	2,792
Divestments	-	1,432	(1,432)
Net investing cash flow	(4,098)	(5,458)	1,360
Issue of equity shares	20,735	-	20,735
Dividends paid	(2,325)	(9,488)	7,163
Repayment of term debt	(35,637)	(9,749)	(25,888)
Change in cash held	(2,627)	1,742	(4,369)
Net financing cash flow	(19,854)	(17,495)	(2,359)



Well-positioned financially

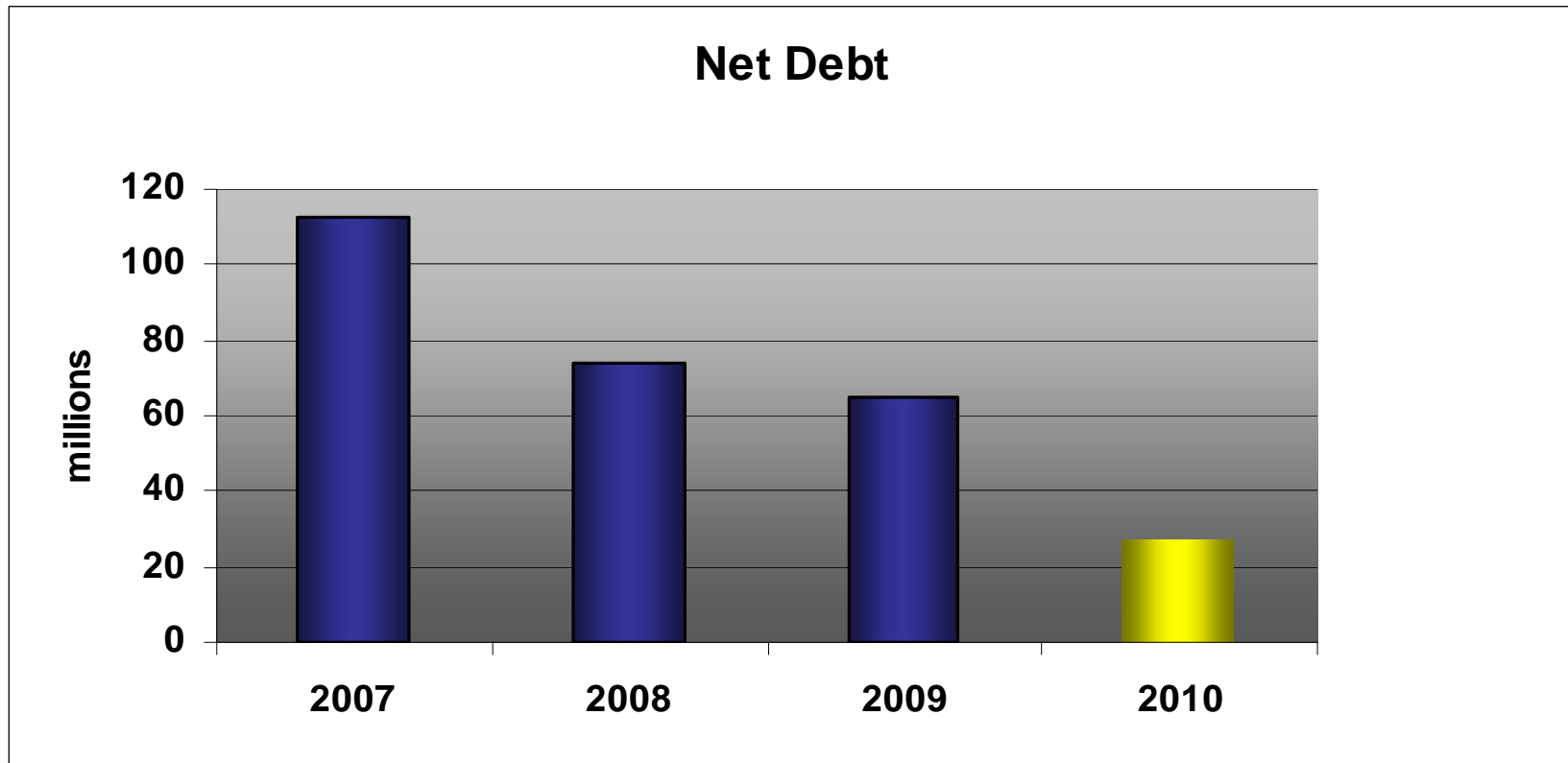
- Strong cash flows
- Substantially reduced net debt down to \$26.6m
- Renewed banking facilities through to September 2012
- Banking covenants comfortably met

Key banking covenants		2010	2009
Net debt to EBITDA	< 3.00 : 1	0.93	2.57
EBITDA to net interest	> 4.00 : 1	6.67	5.18

Strong cash flows

	2010	2009
– Net operational/investing cash flow	\$19.7m	\$17.4m
– 2 for 5 rights issue in October 2009	\$20.7m	
Inwards funds	\$40.4m	\$17.4m
– Funds applied to:		
Dividends	\$2.3m	\$9.5m
Net debt reduction	\$38.1m	\$7.9m
Outward funds	\$40.4m	\$17.4m
– Gearing ratio – net debt / debt plus equity	21%	48%

Debt reduction

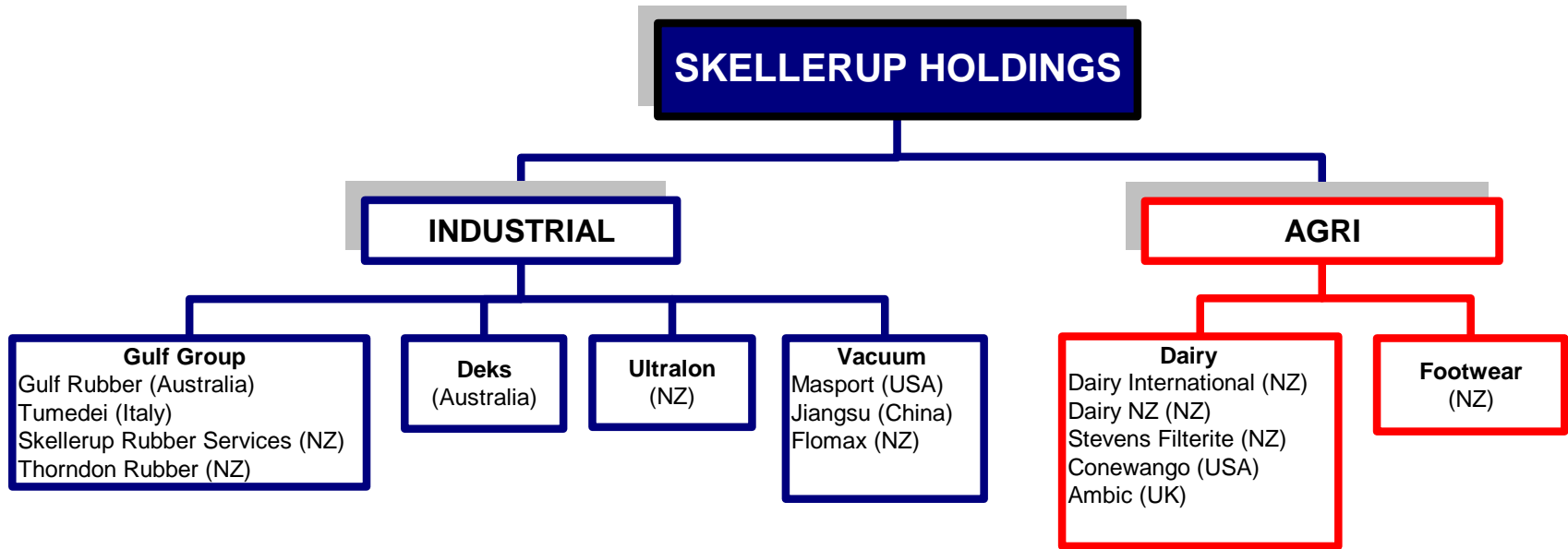


- Net debt reduced \$38.1m to \$26.6m
- \$20.7m from the Rights Issue

Divisional highlights

A faint, circular logo in the background depicts a ship with a large sail and a flag, sailing on stylized waves. The logo is rendered in a light blue color against the dark blue background.

Corporate structure



Divisional trading result

	REVENUE			EBIT		
	2010	2009	Variance	2010	2009	Variance
\$000's						
Agri	64,847	69,853	(5,006)	15,284	15,479	(195)
% of total	35.9%	38.6%		70.5%	81.3%	
Industrial	115,623	110,777	4,846	13,768	6,195	7,573
% of total	64.0%	61.3%		63.5%	32.5%	
Corporate	249	227	22	(4,129)	(2,627)	(1,502)
% of total	0.1%	0.1%		(19.0%)	(13.8%)	
Abnormals	-	-	-	(3,233)	-	(3,233)
% of total	-	-		(14.9%)	-	
TOTAL	180,719	180,857	(138)	21,690	19,047	2,643

Agri division highlights



- Revenue down 7.2% reflecting:
 - Lower trading in capital related products – Vacuum Pumps, Ambic products
 - 2nd half revenue up 9.3% on first half with improved confidence in Agri markets
 - Consumable nature of dairy liner products has kept trading buoyant
- EBIT in line with previous year:
 - Improved margin % - lower overheads



Agri division highlights cont'd

➤ Outlook is positive:

- Volume of dairy liners up on previous year, particularly during last quarter
- Increased opportunities with technical footwear distribution in USA and Europe
- Increasing volumes from existing OEM's
- New markets in China and South America
- Global milk prices lifting off a low base
- Some cautious evidence of capital expenditure returning



Industrial division highlights



- Revenue increased 4.4% on 2009:
 - Second half revenue up 13.0% on first half – up 26% on prior year second half
 - New products having positive impact in Australia and USA; Europe slow but improving
- EBIT contribution up 122.2% to \$13.8m compared to previous year:
 - Second half revenue reflecting influence of successful product development
 - Some replenishment following recessionary low trading levels



Industrial division highlights cont'd

- Outlook is positive:
 - New products showing positive gains
 - Not all markets returned to pre-recessional trading levels
 - Product development teams continue to focus on new opportunities
 - USA and Europe are target markets

Outlook for 2010 - 2011

A faint, circular logo in the background depicts a Viking longship with a dragon-headed prow and a single large sail, sailing on stylized waves.

Dividends

- Final, fully imputed dividend of 2.5 cents per share paid 21 October 2010
- Dividend reinvestment plan operative
- Total dividend 4.5 cents per share
- Dividend policy remains 40% to 60% of NPAT

Operational results platform for growth

- Increasing customer focus
- Improving DIFOT
- Better inventory management
- Tight cost controls
- Organic growth



Outlook for 2010 - 2011

- Cautious optimism – building on gains from 2009 - 2010
- Key assumptions:
 - Dairy commodity prices sustained providing confidence to invest in new farm developments and technology
 - Ability to retain and find new technical people within the Group
 - Key markets, particularly USA and Europe, continue to recover from recessionary trading conditions
 - Polymer sources available without significant price volatility
- **NPAT guidance 2010-2011 \$16m-\$17m**



SKELLERUP

SKELLERUP HOLDINGS LIMITED

Q&A

