



HY23 RESULTS

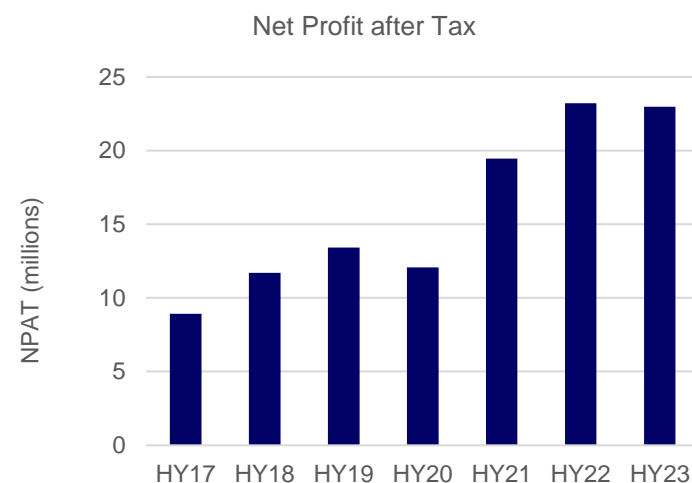
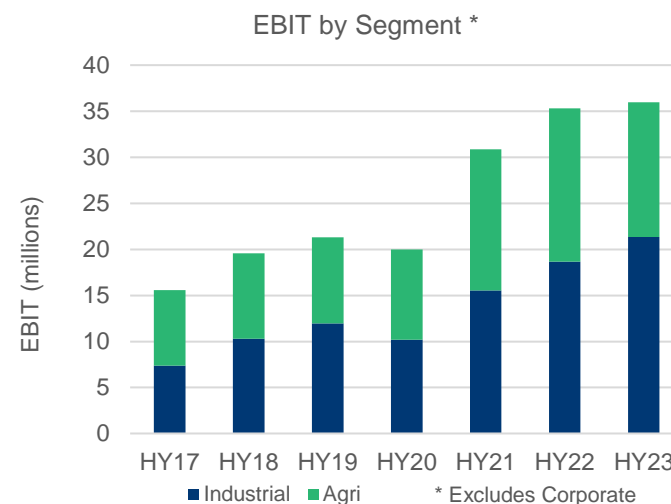
David Mair, Director & CEO
Graham Leaming, CFO

16 FEBRUARY 2023



HY23 Key Points

- Record Group EBIT of \$33.5 million up 3% on pcp.
 - Record Industrial Division EBIT of \$21.4 million, up 14% on pcp.
 - Agri Division EBIT of \$14.6 million, down 12% on pcp.
- NPAT of \$23.0 million
 - Down 1% on record result achieved in pcp.
 - Higher interest and tax costs eroded EBIT growth.
- Operating Cash Flow of \$20.2 million
 - Up \$0.5 million or 3% on pcp.
 - Higher level of inventory due to strategic decisions to mitigate risk and meet expected customer demand.
- Interim Dividend Pay-out of 8.0 cents per share
 - Increase of 0.5 cents per share (7%) on pcp.
- Balance Sheet remains robust
 - Net debt increased to \$39.0 million due to working capital investment (11% of total assets).
- FY23 NPAT Guidance unchanged at \$48 to \$52 million
- Investment in people and technology to sustain growth and enable greater in-market manufacturing capability
- Project (and resource) to model impact on climate change on Skellerup in progress to aid investment decisions and meet reporting requirements



HY23 Financial Highlights



NZ\$ Million	HY17	HY18	HY19	HY20	HY21	HY22	HY23
Revenue	97.3	116.7	120.2	123.0	136.6	150.5	165.5
EBITDA	16.9	21.3	23.0	24.1	33.9	38.9	41.1
Depreciation & Amortisation	3.6	3.8	3.6	3.7	3.8	3.9	4.2
Depreciation (ROU Assets)	-	-	-	2.4	2.6	2.6	3.4
EBIT	13.3	17.5	19.4	18.0	27.6	32.4	33.5
Finance costs (Debt)	0.6	0.9	0.9	0.8	0.7	0.5	1.3
Finance costs (Lease Liabilities)	-	-	-	0.5	0.5	0.4	0.7
Tax expense	3.8	4.9	5.1	4.6	6.9	8.2	8.5
NPAT	8.9	11.7	13.4	12.1	19.5	23.2	23.0
<i>Earnings (cents per share)</i>	<i>4.6</i>	<i>6.1</i>	<i>6.9</i>	<i>6.2</i>	<i>10.0</i>	<i>11.9</i>	<i>11.8</i>
<i>Dividend (cents per share)</i>	<i>3.5</i>	<i>4.0</i>	<i>5.5</i>	<i>5.5</i>	<i>6.5</i>	<i>7.5</i>	<i>8.0</i>
Operating cash flow	9.7	14.8	13.0	24.1	35.1	19.7	20.2
Net debt	35.6	34.8	32.4	34.7	13.0	25.6	39.0
Capital & intangible expenditure	6.9	3.1	1.9	2.6	2.6	3.7	4.3
Acquisition & Investment	-	-	-	5.0	-	10.2	0.9

- Revenue up \$15.0 million and 10% on pcp.
- EBIT up \$1.1 million and 3% on pcp.
- NPAT down \$0.2 million and 1% on pcp.
- Interim dividend of 8.0 cents per share, up 0.5 cents and 7% on pcp.
- Operating cash flow of \$20.2 million up 3% on pcp despite growth in working capital.
- Capex (net of disposals) of \$4.3 million.
- Dividends of \$25.4 million.
- Net debt at \$39.0 million, 11% of total assets.
- Acquired remaining 65% interest in Sim Lim (now wholly owned).

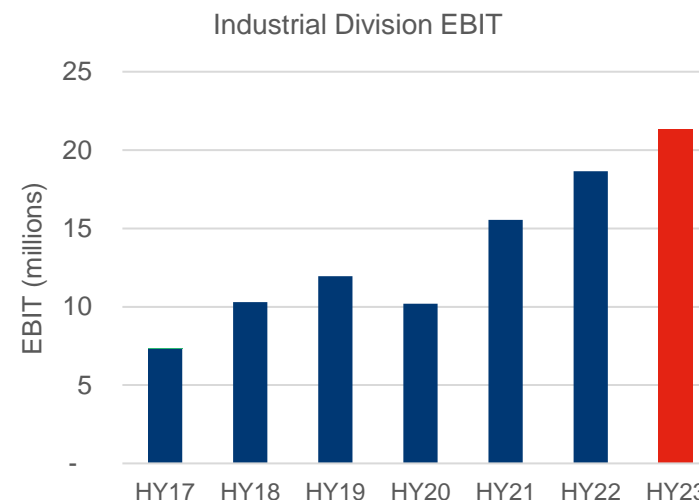
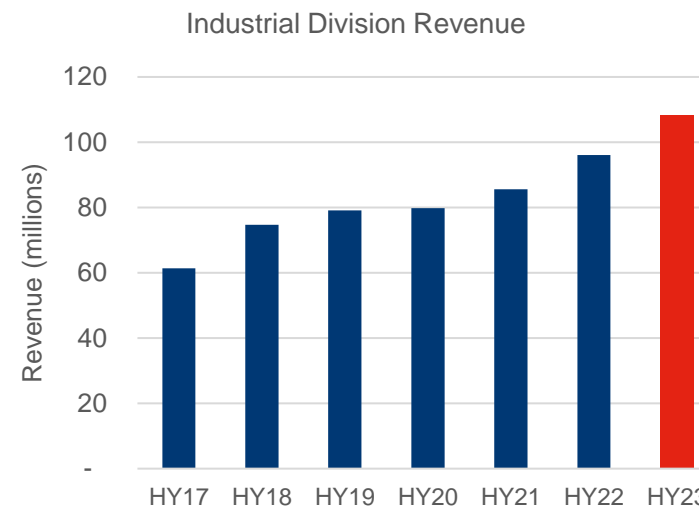
Industrial Division



NZ\$ Million	HY19	HY20	HY21	HY22	HY23
Revenue	79.1	79.8	85.6	96.1	108.4
EBIT	11.9	10.2	15.5	18.7	21.4
EBIT %	15.1	12.8	18.2	19.4	19.7

Revenue up 13% and EBIT up 14% on pcp

- Record first half result
 - HY23 EBIT up 14% on HY22.
 - Raw material and freight costs pressures now abating.
- Growth from high performance foam applications
 - Ultralon U-DEK® sales up significantly in the US, NZ, Australia and Europe.
- Growing vacuum system sales
 - Market share growth in both liquid waste and oil/gas applications.
- Growth from DEKS roofing and sealing products
 - Growth in Europe spurred by increasing adoption of solar into roofing systems.
- Lower NZD boosted translation of overseas earnings
 - Majority of Industrial division earnings derived from international markets.
 - On a constant currency basis revenue was up 6% and EBIT up 8%.
- New facilities in Auckland and Melbourne



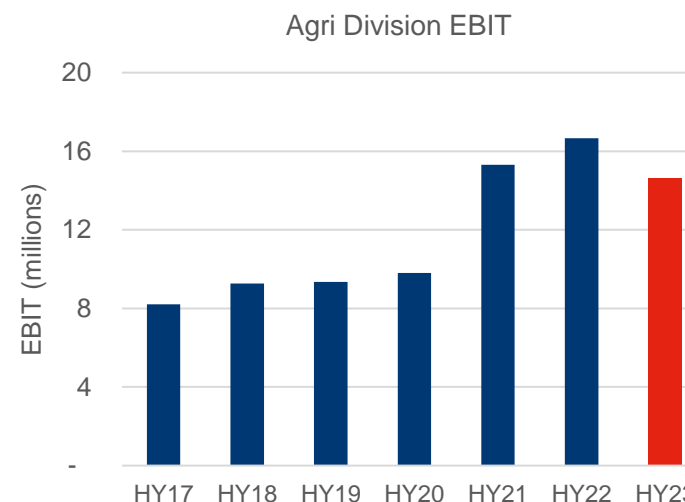
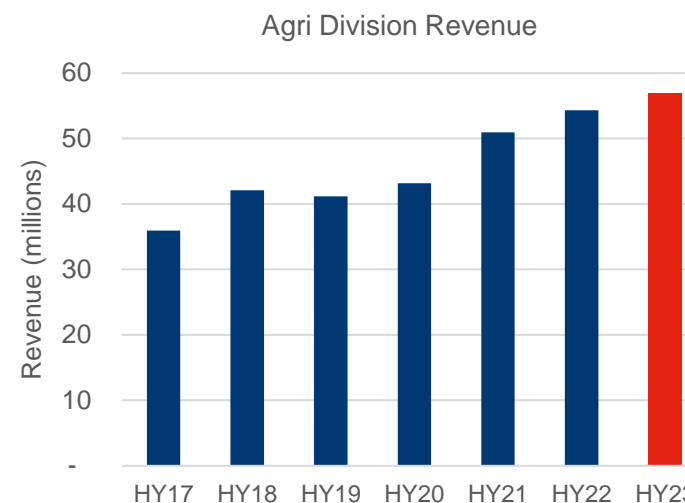
Agri Division



NZ\$ Million	HY19	HY20	HY21	HY22	HY23
Revenue	41.2	43.2	50.9	54.3	56.9
EBIT	9.3	9.8	15.3	16.7	14.6
EBIT %	22.7	22.7	30.1	30.7	25.7

Revenue up 5%, EBIT down 12% on record pcp

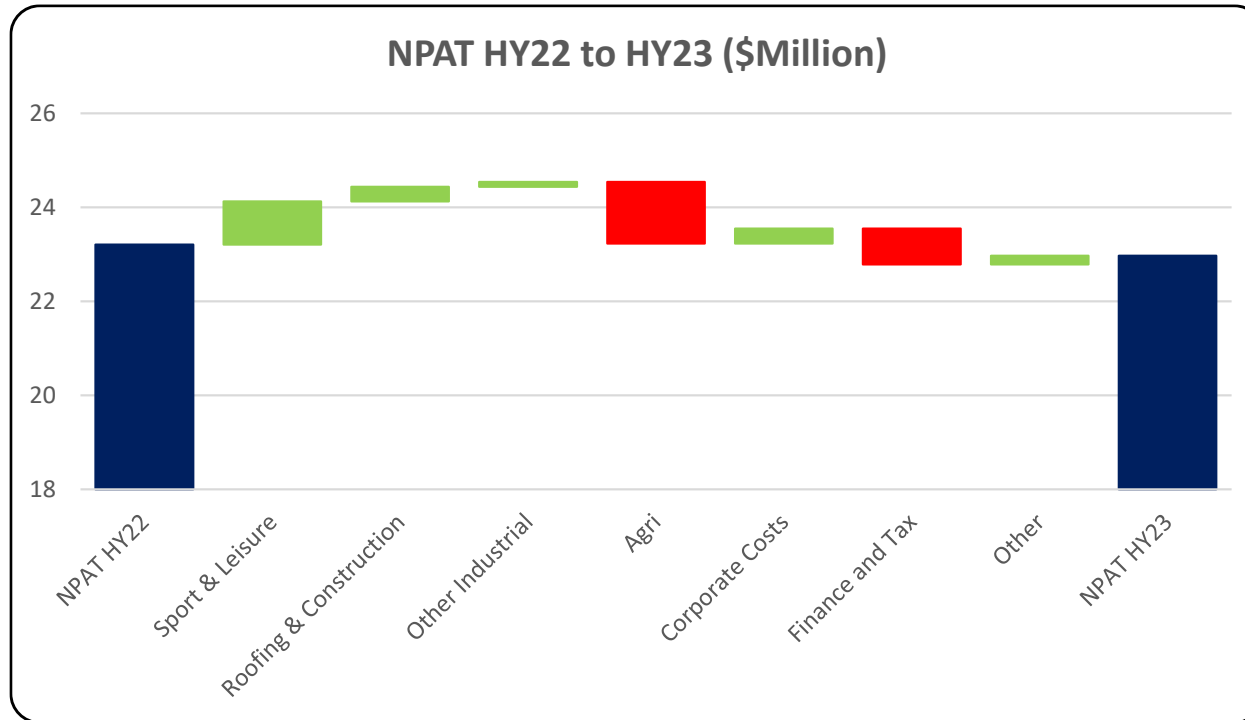
- Dairy rubberware sales down
 - A strong Q4 of FY22 meant a slower start to HY23.
 - Lower production volumes and higher costs impacted margins.
- Footwear sales growth
 - New Zealand and US market sales up on pcp.
- Benefit of lower NZD offset by hedging
 - Foreign currency hedging meant the benefit of the lower NZD spot rate for export sales were not realised.
 - On a constant currency basis revenue was down 1% and EBIT down 14%.



HY23 NPAT Reconciliation



Changes in NPAT HY22 to HY23 (NZ\$ Million)



- Market growth and market share gains in marine foam boosting returns from sport and leisure (global).
- Market share gains from the sale of existing and new products for roofing and construction.
- Lower sales into tapware applications (consumer demand lower) offset by higher sales into waste applications.
- Dairy rubberware sales lower following strong Q4 of FY22. Footwear sales in NZ and US markets remain strong.
- Corporate costs down on pcp.
- Higher debt and rising rates increased interest expense

Growth



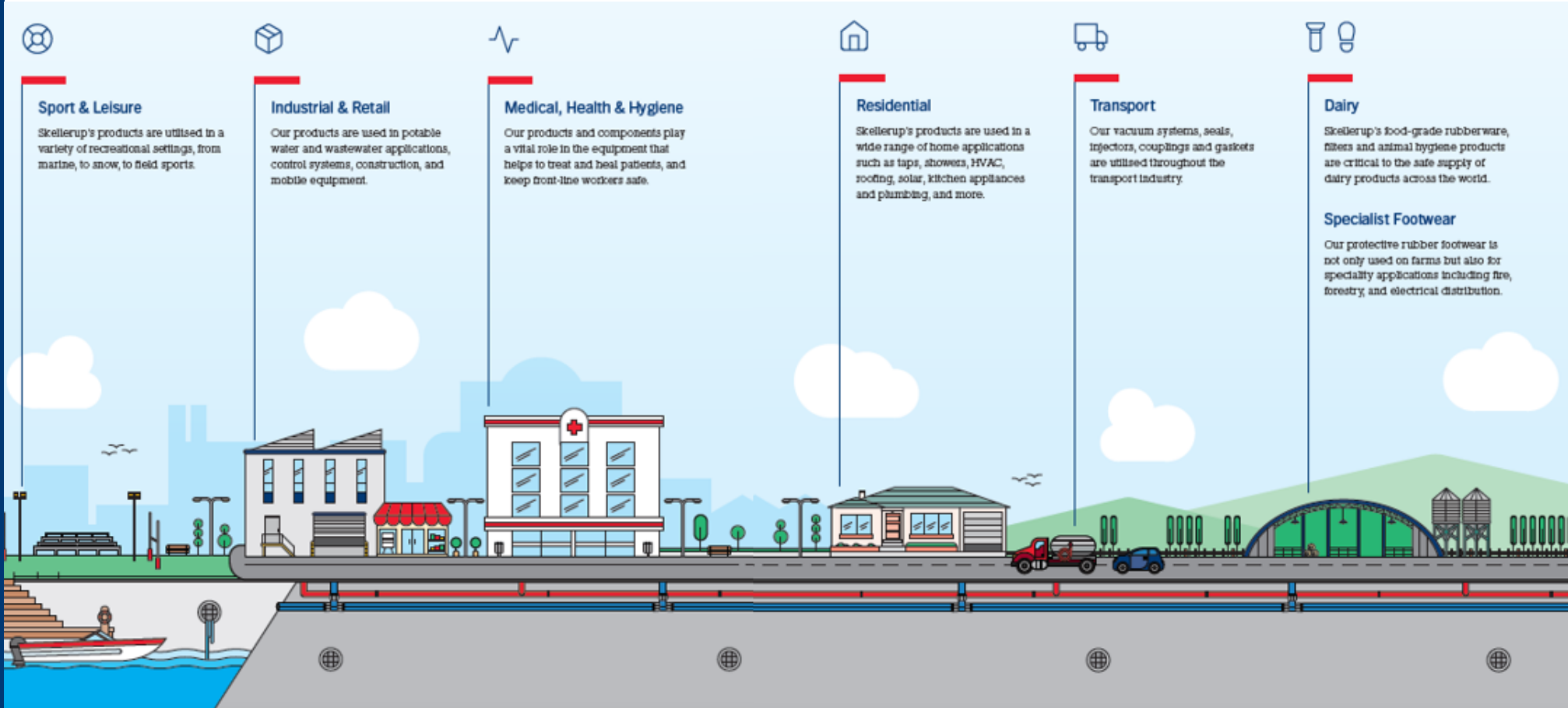
People, Equipment, Technology and Presence

- Investment in people (including new) to strengthen market, product and equipment development
- Equipment, tooling and process development capability
 - New equipment and process standardisation and improvement.
 - Improved productivity, reduced process waste, more efficient energy use.
 - Enable greater in-market presence providing new customer and product opportunities and a pathway to reduced GHG emissions.
- In market manufacturing presence
 - Equipment, tooling and process development capability as above.
 - Sim Lim (Liquid silicone rubber (LSR)) in the USA now wholly owned.
 - Manufacturing partnership in the USA.
- Information systems investment and utilisation
- Climate Change
 - Project to model the impact of climate change (physical and transition risks) on Skellerup in progress.
 - Framework for Board and management to aid investment decisions;
 - Informed establishment of climate related goals.
 - FY23 Annual Report will include update on progress ahead of FY24 mandatory climate-related disclosures.
- Delivering better returns for shareholders and opportunity for our people

What We Do



Skellerup designs and manufactures components and products used in a wide range of everyday applications that often must meet stringent food, drinking water, hygiene and safety standards. Our focus is on delivering innovative new products and improvements, keeping our customers ahead of the curve.



Skellerup Segmental Results



Reconciliation of Segment EBIT to Group NPAT

NZ\$ Million	HY17	HY18	HY19	HY20	HY21	HY22	HY23
Agri EBIT	8.2	9.3	9.3	9.8	15.3	16.7	14.6
Industrial EBIT	7.4	10.3	11.9	10.2	15.5	18.7	21.4
Corporate EBIT	(2.3)	(2.1)	(1.8)	(2.0)	(3.2)	(3.0)	(2.5)
EBIT	13.3	17.5	19.4	18.0	27.6	32.4	33.5
Finance Costs	(0.6)	(0.9)	(0.9)	(1.3)	(1.2)	(0.9)	(2.0)
Share of Net Loss of Associate	-	-	-	-	-	(0.1)	-
Tax Expense	(3.8)	(4.9)	(5.1)	(4.6)	(6.9)	(8.2)	(8.5)
NPAT	8.9	11.7	13.4	12.1	19.5	23.2	23.0

Disclaimer



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.

Please read this presentation in the wider context of material previously published by Skellerup Holdings Limited.