

18 August 2022

Skellerup reports another record result and dividend pay-out

Skellerup today announced record audited net profit after tax of \$47.8 million for the year ended 30 June 2022, a 19% increase over the previous record result.

Highlights for the year ending 30 June 2022

- Strategy continuing to deliver substantial growth in earnings and returns to shareholders.
- Revenue of \$316.8 million, up 13% on prior comparative period (pcp).
- Earnings before interest and tax (EBIT) of \$66.8 million, up 18% on pcp.
 - Industrial Division EBIT of \$39.1 million, up 20% on pcp.
 - Agri Division EBIT of \$33.6 million, up 10% on pcp.
- Net profit after tax (NPAT) of \$47.8 million, up 19% on pcp.
- Operating cash flow of \$43.3 million, down 26% on pcp.
- Net debt of \$25.2 million, an increase of \$16.5 million on pcp.
- Final dividend of 13.0 cps (50% imputed) bringing the total FY22 dividend to 20.5 cps (50% imputed) for the full year, up 21% on pcp.

Skellerup CEO, David Mair repeated his message from the prior year, noting the growth in earnings was the outcome of Skellerup's unwavering focus on working closely with key customers to provide engineered products used in a range of critical applications people interface with every day. "Our products are critical to the supply of safe potable (drinkable) water; the production of milk and milk products; the performance of appliances in homes and workplaces; health and hygiene in hospitals, shops and homes; the safety and comfort of sporting and leisure equipment; and the integrity of roofing systems on homes and workplaces."

Mair highlighted Skellerup's continuing investment in systems and people to deliver sustainable financial returns. "We regard investment in systems, process and people as critical to our future success. Key to this investment is improving our understanding at a very micro level of what makes us successful. This requires not only investing in systems but ensuring we carefully evaluate our performance, injecting new people into our businesses to challenge and improve what we do."

Industrial Division EBIT was \$39.1 million, a record result and up 20% on pcp. Revenue was \$206.4 million up 16% on pcp. Mair said increased sales into potable water, wastewater and high-performance foam were the key drivers of FY22 growth.

"Our Industrial Division generates 85 per cent of its revenue from international markets. We work closely with customers to design and manufacture products that often combine multiple materials such as rubber, plastic and metals to perform in a wide range of critical and high-performance applications. In FY22 we increased sales of gaskets, seals and vacuum systems into potable water and wastewater applications (most notably in the USA) and increased sales of high-performance marine foam products (USA, NZ, Australia and Europe). We also had a ten-month contribution from Talbot Advanced Technologies (acquired on 31 August 2021)."

Agri Division EBIT was \$33.6 million, a record result and up 10% on pcp. Revenue was \$110.6 million up 8% on pcp. Mair said the result continues to underline the importance of the essential dairy consumable products that Skellerup design, manufacture and sell globally.

“Our Agri Division is a world leader in the design and manufacture of essential consumables for the global dairy industry and the design and manufacture of rubber footwear for farming and specialty applications including fire, forestry and electricity. We increased sales of dairy rubberware and footwear in the USA and New Zealand markets. Further productivity gains at our large NZ and China manufacturing facilities helped offset the significant impact of increased raw material prices and freight cost. We have also increased our technical resources and invested in additional capacity to provide the platform for further growth.”

Chair Liz Coutts heralded Skellerup’s excellent financial results and stressed the Group’s robust financial position.

“In FY22, we again achieved a record NPAT. Our strong financial position is a key element to our continued success. Over recent years we have made a number of very complimentary acquisitions. In FY22 we acquired Talbot Advanced Technologies which enhanced our capability and capacity to design and manufacture engineered plastic products. In FY22 we also prudently increased inventory to ensure we could overcome longer shipping timeframes, port congestion and raw material shortages and meet our customers’ requirements. Our financial position provides the Board and management with the opportunity to continue to grow returns for shareholders for which increasing dividends are a tangible measure.”

Coutts advised that the final dividend would increase from 10.5 to 13.0 cents per share (50% imputed as in the pcp) to be paid to shareholders on 14 October 2022 with record date of 30 September 2022. This will bring the total dividend pay-out for the financial year ended 30 June 2022 to 20.5 cents per share, up 21% on pcp.

Skellerup also announced that Liz Coutts would retire as Chair of Skellerup at its Annual Meeting on 26 October 2022 and will be succeeded by John Strowger. Coutts was a foundation director and Chair of the Audit Committee when Skellerup listed (as Skellmax) in 2002 and was elected Chair in January 2017. Strowger was appointed to the Board in 2015.

Coutts reflected on her time with Skellerup, “I have enjoyed my time immensely. We have successfully sharpened our focus on developing and manufacturing critical engineered products that meet demanding requirements and that generate value for customers and shareholders and opportunities for our people. The success of our strategy is evident in the growth in earnings and valuation of Skellerup. Over the past seven years NPAT and dividends paid to shareholders have more than doubled. I am delighted with the position the Group is in. Skellerup has a very strong Board to support John and an excellent team, well lead by David. I look forward to acknowledging our team and shareholders at the Annual Meeting in October.”

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