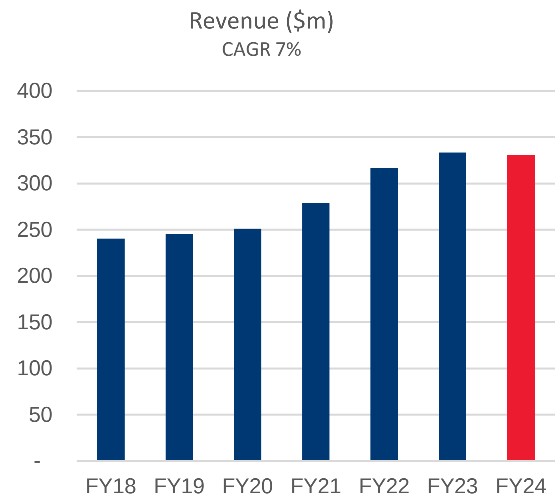
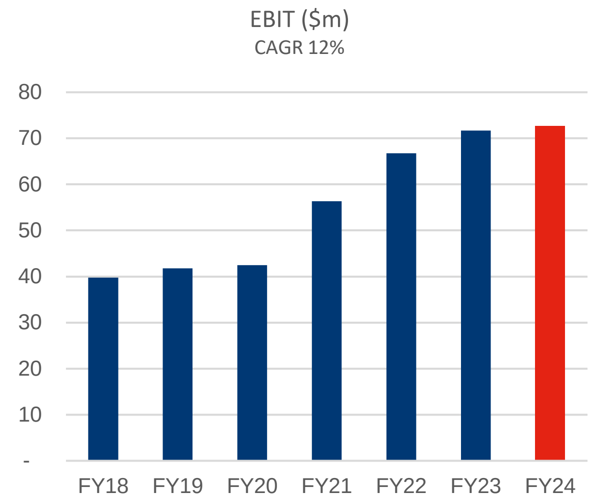
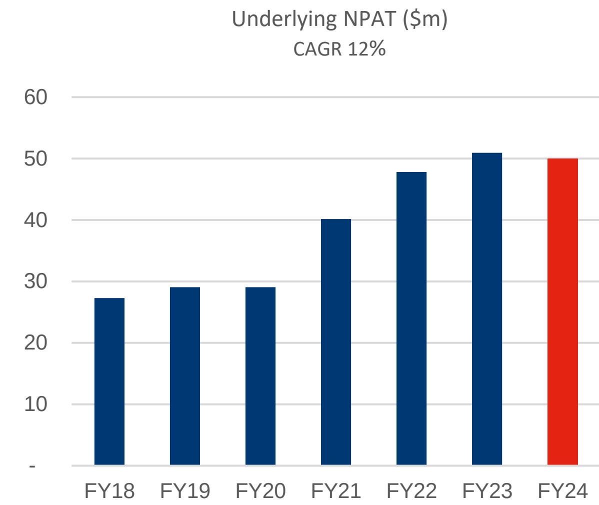
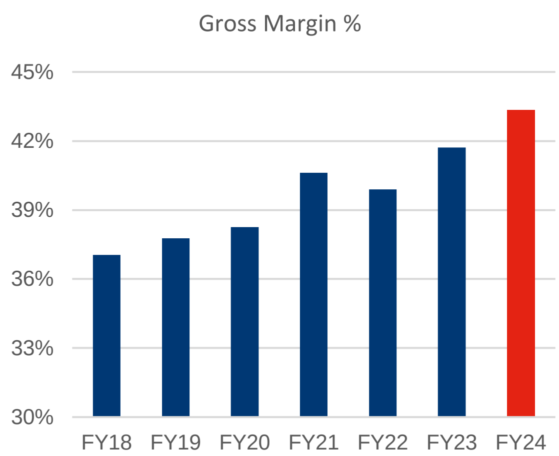

SKELLERUP
Skellerup FY24 Results Presentation
AUGUST 2024

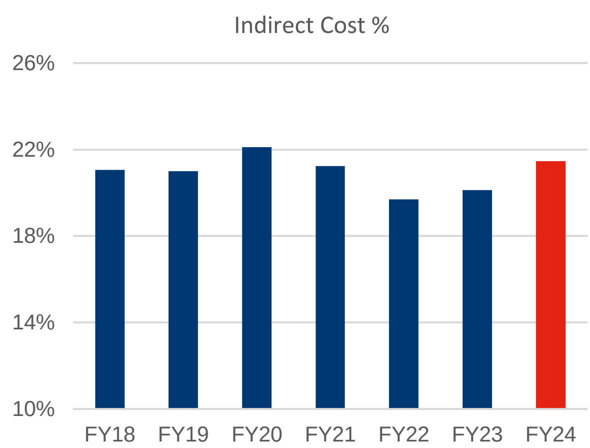
Sustained Growth

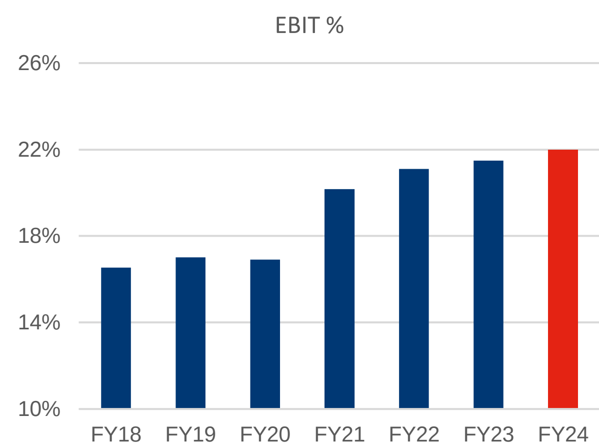












Highlights

SKELLERUP

Record EBIT of $72.7 million

- Up 1% on the prior year in a challenging economic environment. Eighth consecutive record result.
- Revenue growth from the US, Europe (including UK) and Asia.
- Revenue growth from newly launched products into hygiene, potable and wastewater, roofing and construction applications.

Record Operating Cash Flow of $70.8 million

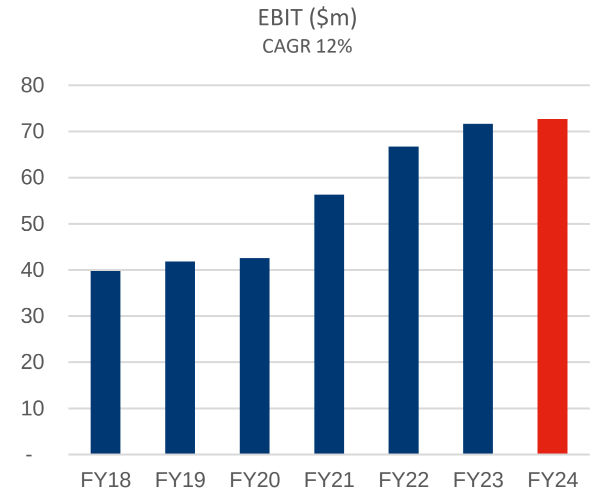
- Up 31% on the prior year from earnings and working capital improvements.
- Funding dividend growth.
- Funding investment in product development, equipment and process enhancements.
- Funding reduction in net debt (down by 43% to $15.4 million).

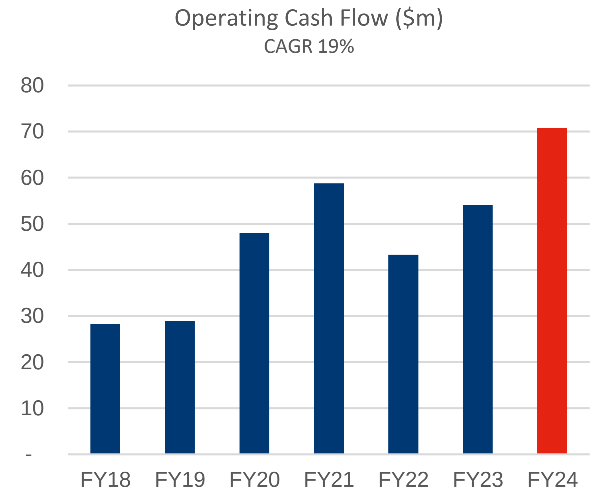
Final Dividend Pay-out of 15.5 cents per share

- Brings full-year pay-out to 24.0 cents per share, up 9% on pcp.

Climate-related disclosures

- Commercial benefits from mapping value chains to identify risks and opportunities.
- Reduced scope 1 and 2 greenhouse gas (GHG) emissions.





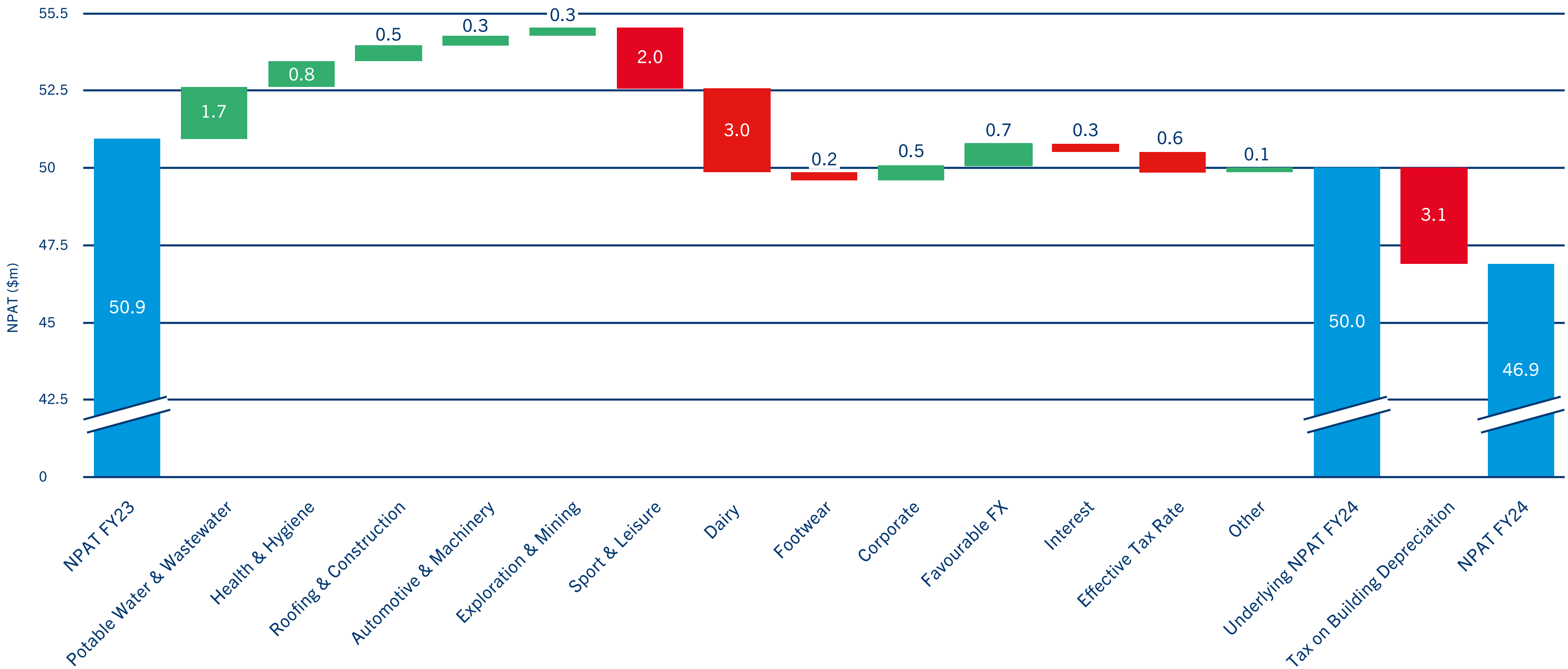
Key Financials

NZ$ Million	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Revenue	240.4	245.8	251.4	279.5	316.8	333.5	**330.6**
EBITDA	47.2	48.9	55.2	68.9	80.6	86.9	**88.5**
Depreciation & Amortisation	(7.4)	(7.1)	(7.5)	(7.5)	(7.9)	(8.5)	**(9.1)**
Depreciation (ROU Assets)	-	-	(5.2)	(5.0)	(5.9)	(6.7)	**(6.7)**
EBIT	39.8	41.8	42.5	56.4	66.8	71.7	**72.7**
Finance costs (Debt)	(1.9)	(1.8)	(1.7)	(1.2)	(1.2)	(3.2)	**(3.5)**
Finance costs (Lease Liabilities)	-	-	(0.9)	(0.9)	(1.0)	(1.4)	**(1.4)**
Tax expense	(10.6)	(10.9)	(10.8)	(14.1)	(16.5)	(16.0)	**(17.7)**
Underlying NPAT	27.3	29.1	29.1	40.2	47.8	50.9	**50.1**
Underlying Earnings (cents per share)	*14.1*	*15.0*	*14.9*	*20.6*	*24.5*	*26.0*	***25.5***
NPAT	27.3	29.1	29.1	40.2	47.8	50.9	**46.9**
Dividend (cents per share)	*11.0*	*13.0*	*13.0*	*17.0*	*20.5*	*22.0*	***24.0***
Operating cash flow	28.3	28.9	48.0	58.8	43.3	54.1	**70.8**
Cash net of debt	(30.7)	(36.6)	(28.5)	(8.7)	(25.2)	(26.8)	**(15.4)**
Capital & intangible expenditure	5.4	4.6	4.5	7.5	10.2	8.2	**9.4**
Acquisition & Investment	-	7.4	6.2	-	10.2	0.9	**-**

- **Revenue down $2.9 million (1%) on pcp.**
- **Record EBIT, up $1.0 million (1%) on pcp.**
  - Broad-based earnings growth across the Industrial Division.
  - Destocking, economic conditions and weather impacted Agri.
- **Underlying NPAT down $0.8 million (2%) as higher interest and tax eroded operating gains.**
- **One-off non-cash tax impact of NZ $3.1 million for the removal of building depreciation.**
- **Operating cash flow a record $70.8 million, up 31% on pcp**.
  - Funded capital expenditure of $9.4 million, dividends of $44.1 million, lease payments of $6.3 million and debt reduction.
- **Net debt at $15.4 million, down 43% on pcp. Represents 5% of total assets.**

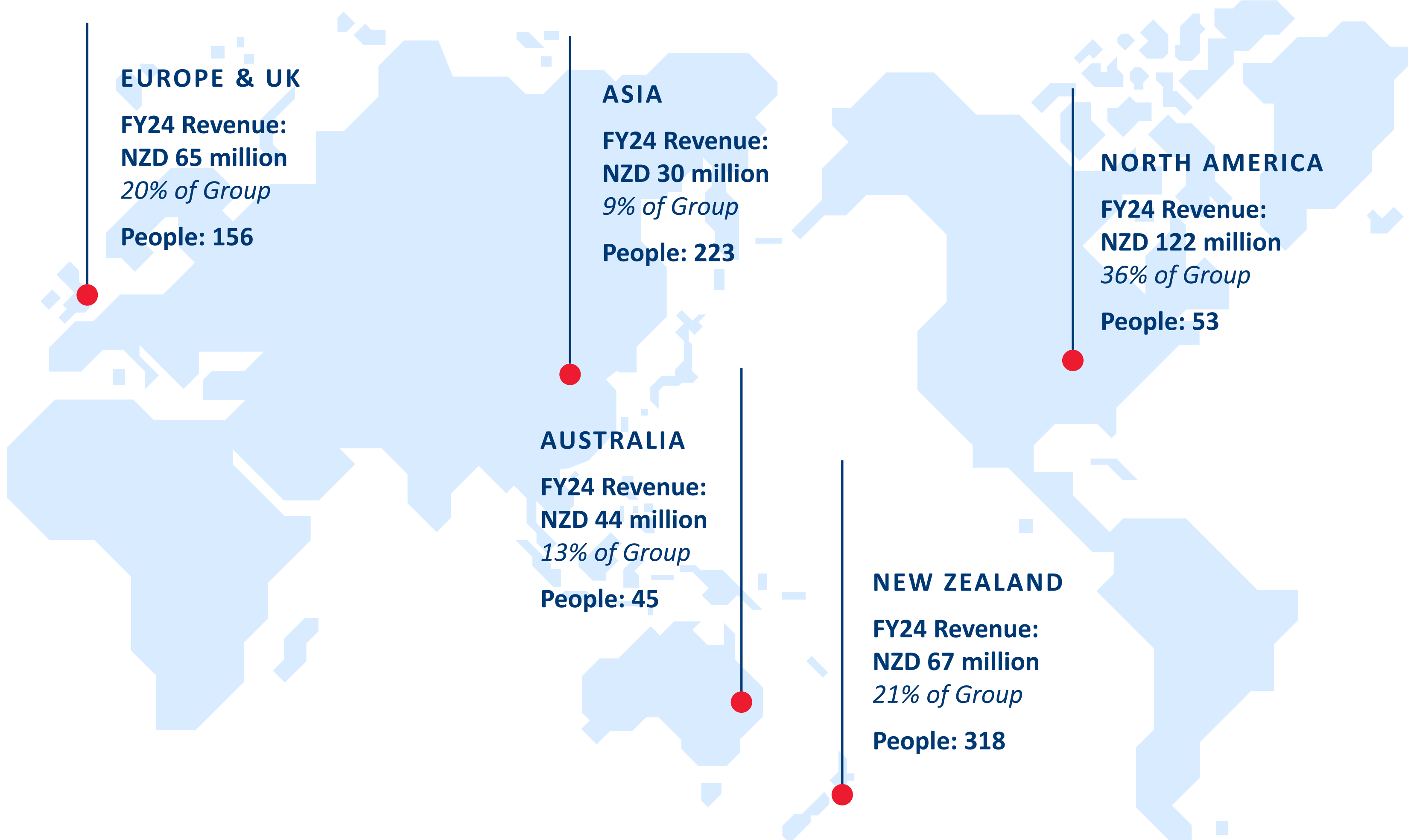
Earnings Bridge

NZD Million



- Market growth and market share gains from selling existing and new products for potable and wastewater, roofing and construction, automotive and machinery. New products launched in the health and hygiene application.
- Customer destocking and a weaker global marine foam market impacted the sport and leisure application. Dairy earnings were affected by first half destocking by global OEM customers and a later start to the NZ domestic dairy maintenance season.
- FY24 NZD/USD slightly weaker than pcp, benefit partially offset by unfavourable revaluation and hedging positions. Higher market interest rates from the second half of the pcp impacted earnings in FY24. Effective tax rate (excl. abnormal tax charge) increased from 24.0% to 26.2% (in-line with historical norms).

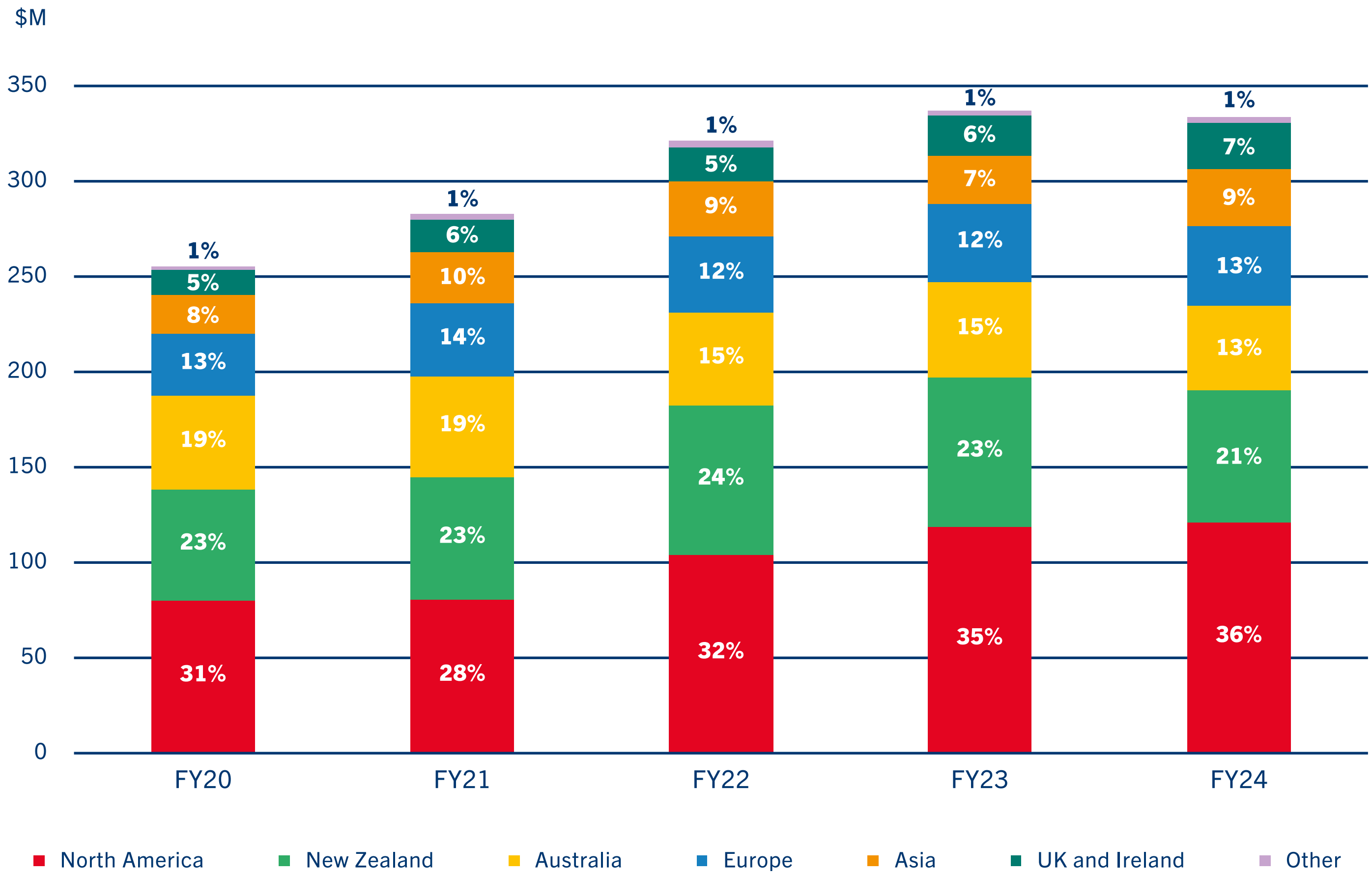
Global Presence



OTHER: FY24 Revenue: NZD 3 million *1% of Group*

Global Revenue by Market

SKELLERUP

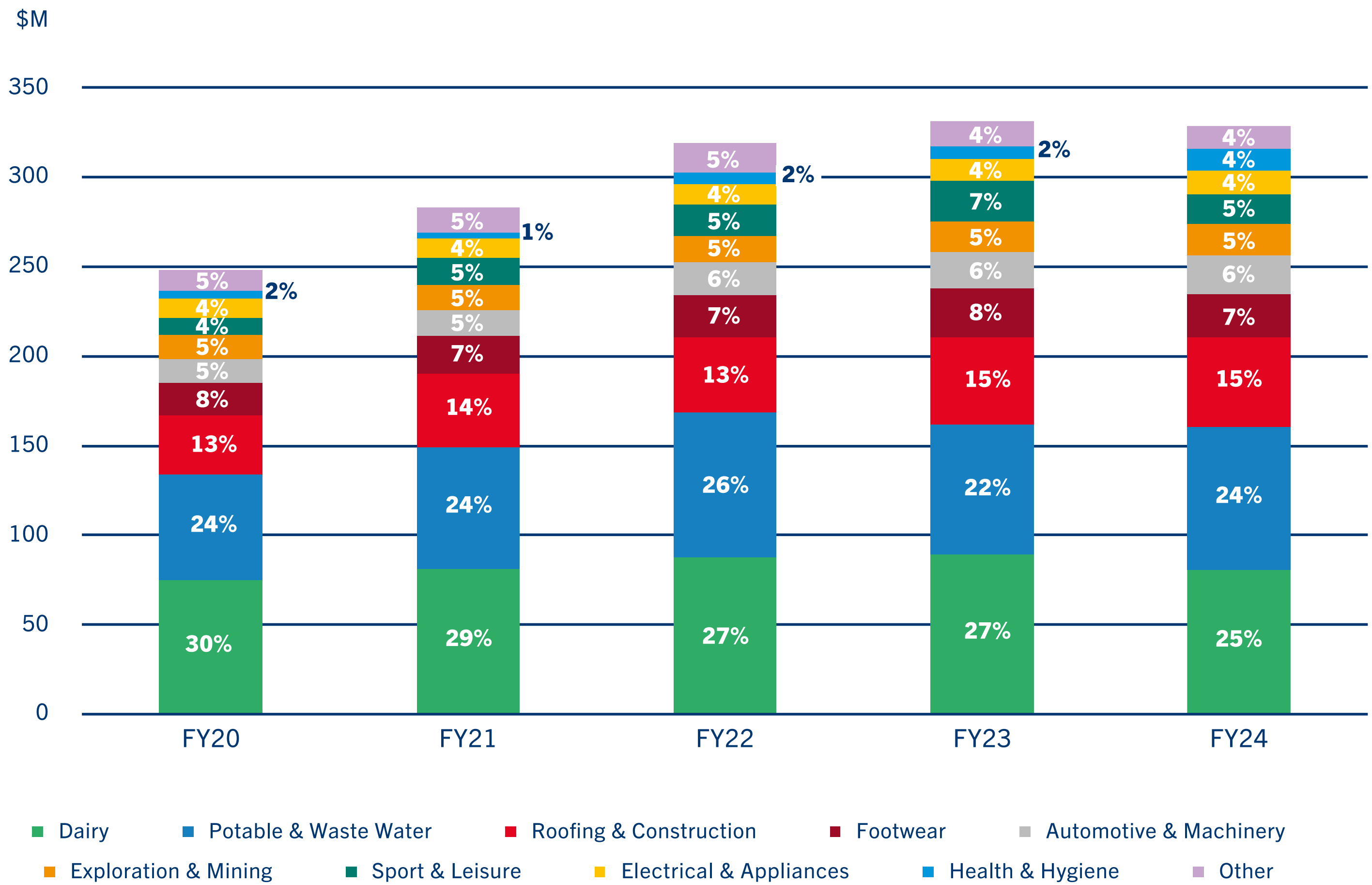


Global business, 79% of FY24 revenue earned from international markets

- North America continues to increase as a proportion of Group revenue. FY24 growth into potable & wastewater, roofing & construction and hygiene applications.
- Europe, UK & Ireland increased in industrial applications, particularly roofing & construction.
- Australasian share reduced in FY24 due to economic impacts on roofing & construction and footwear (weather also impacting).

Global Revenue by Application

SKELLERUP



Products for high performance and high conformance applications

- 50% of Group revenue from products associated with food (milk) and water.
- Revenue into Industrial applications has grown at faster rate than Agri (Dairy & Footwear) over past 5 years.
- Health & Hygiene revenue doubled in FY24.
- Sport & Leisure down in FY24 due to market demand and destocking.

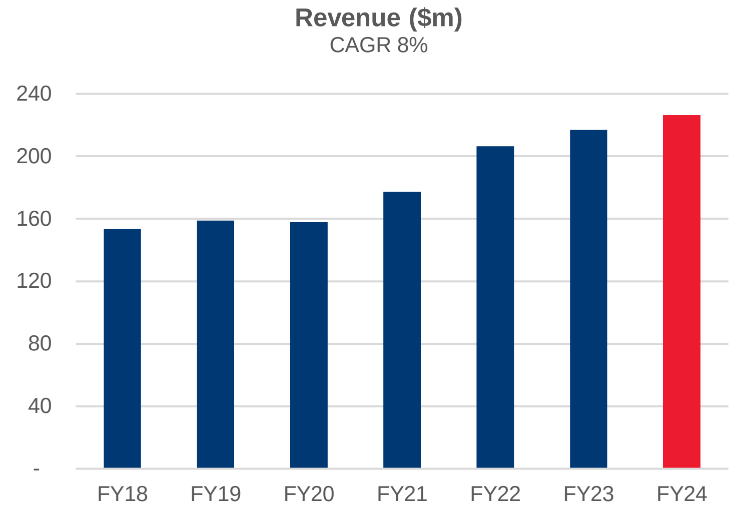
Industrial Division

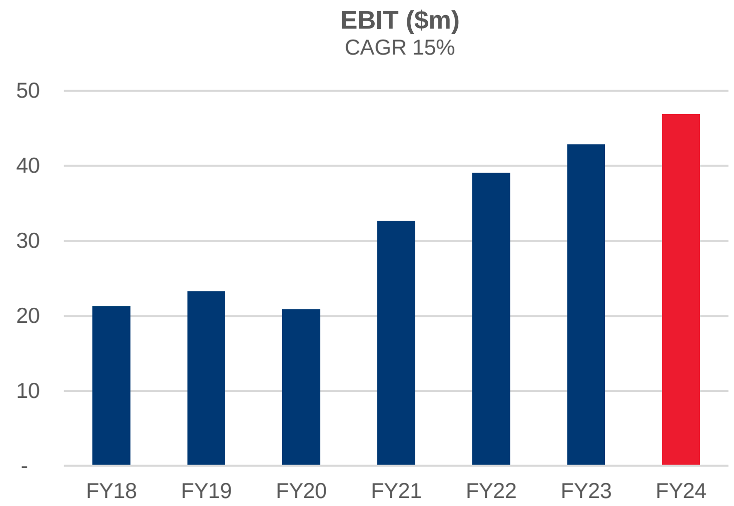
SKELLERUP

NZ$ Million	FY20	FY21	FY22	FY23	FY24
Revenue	157.9	177.4	206.4	216.8	**226.2**
EBIT	20.9	32.7	39.1	42.9	**46.9**
EBIT %	*13.2*	*18.4*	*18.9*	*19.8*	***20.7***

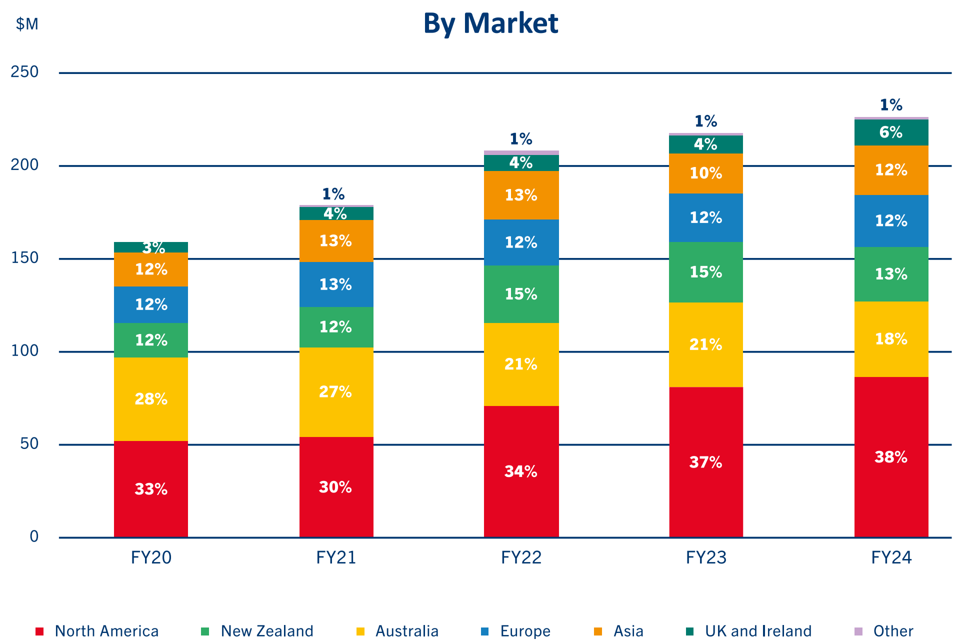
Revenue up 4% and earnings up 9% on pcp

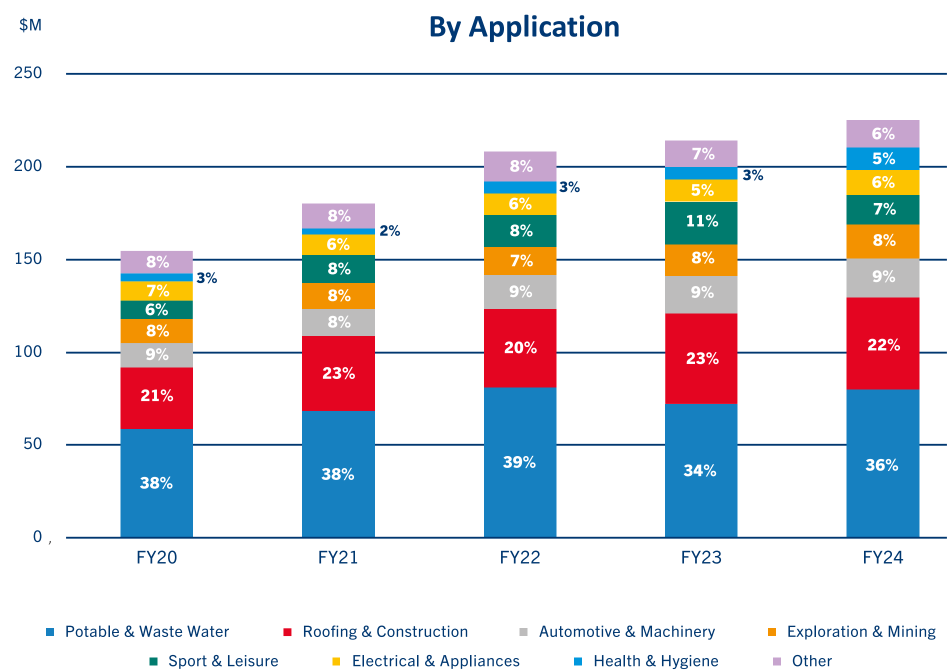
- Fourth consecutive record result
  - EBIT up 124% on FY20
- Potable water and wastewater growth
  - Potable water customer demand returns after destocking in pcp.
  - Increasing sales of vacuum systems used in wastewater applications.
- Health and hygiene growth
  - Ramp up for new products exceeded expectations.
- Roofing and construction growth
  - Strong results in the US and UK (solar) partially offset by market downturn in Australasia.
- High-performance foam down
  - Marine foam impacted by market weakness and destocking (particularly in the USA and Europe).





Industrial Division





Global business, 87% of FY24 revenue earned from international markets

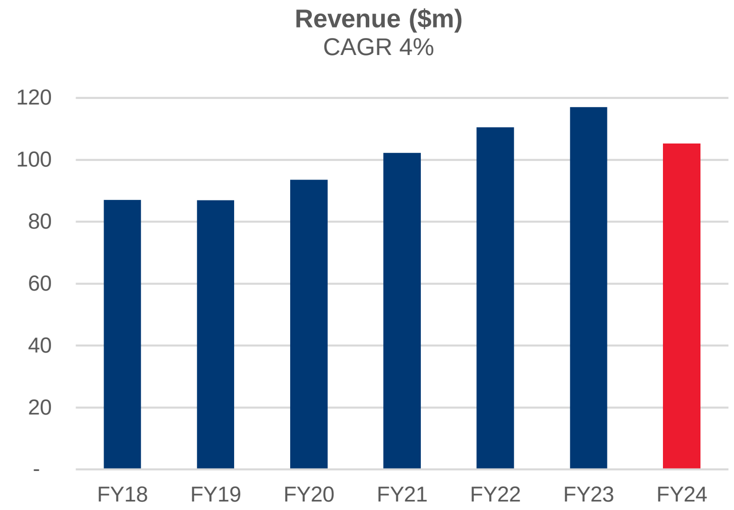
- North America continues to increase as a proportion of Industrial Division revenue. FY24 growth into potable & wastewater, roofing & construction and hygiene applications.
- Europe, UK & Ireland increased in Industrial applications, particularly roofing & construction.
- Asia increased in FY24 due to growth in potable water and electrical & appliances.
- Australasia down in FY24 due to economic impacts on roofing & construction and sport & leisure.

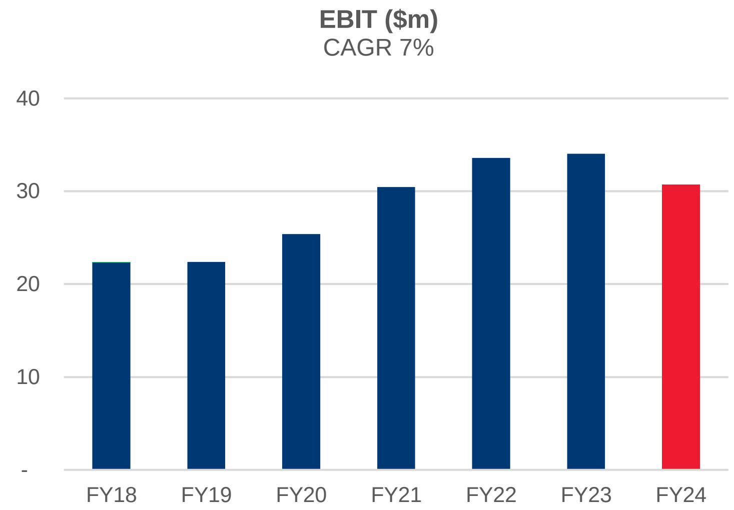
Agri Division

NZ$ Million	FY20	FY21	FY22	FY23	FY24
Revenue	93.6	102.2	110.5	117.0	**105.3**
EBIT	25.4	30.5	33.6	34.0	**30.1**
EBIT %	*27.1*	*29.8*	*30.4*	*29.1*	***29.2***

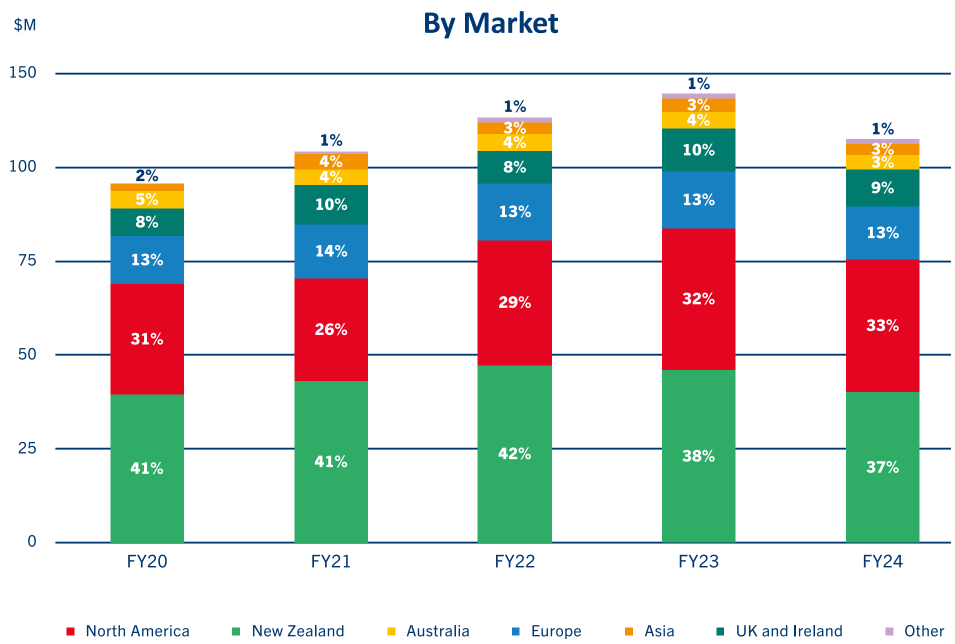
Revenue and earnings down 10% on pcp

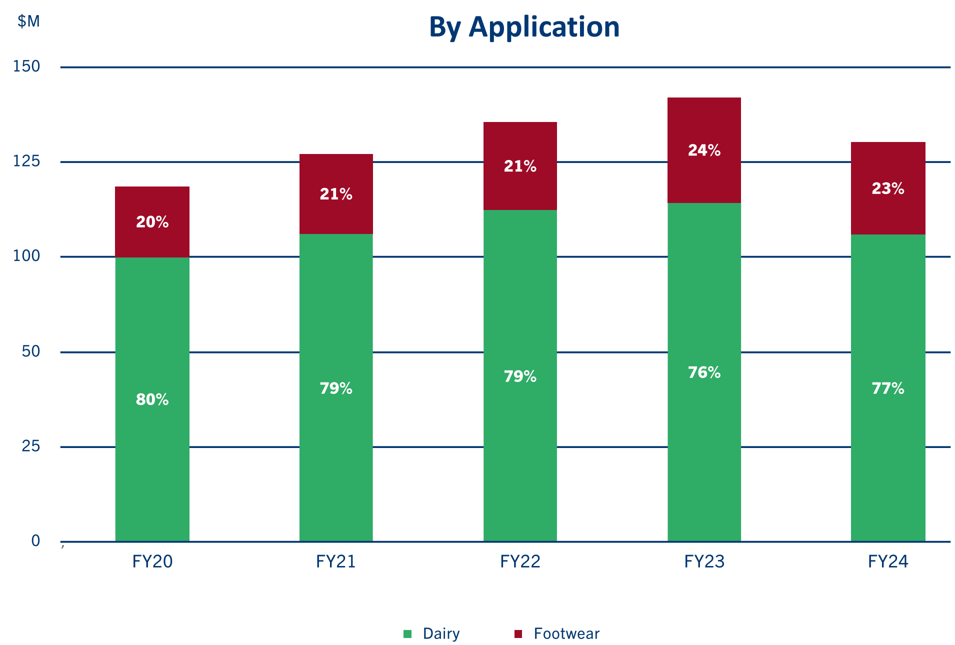
- Second half recovery in revenue and earnings
  - Slightly below expectation due to NZ demand.
  - First half revenue down 15%, earnings down 19% on pcp.
- Dairy
  - Customer destocking and balance sheet management from international customers in the first half of FY24.
  - More normal ordering patterns from international customers in second half of FY24.
  - Later start to NZ maintenance season in Q4 FY24 shifted some sales into FY25.
  - Productivity improvements and reduction in staffing helped offset resultant lower production volumes at key Christchurch facility.
- Footwear:
  - NZ demand below prior year as benign weather and challenging economic conditions impacted.
  - Continued growth in sales of specialty footwear in international markets (primarily USA).





Agri Division





Global business, 63% of FY24 revenue earned from international markets

- **Dairy:** ~70% of revenue earned from international markets. All markets down in FY24 due to first half destocking (Europe and US), later maintenance (NZ) and overall economic environment (all markets)
  - Skellerup products are primarily essential consumable products which significantly negates the impact of economic cycles.
- **Footwear:** > 60% of revenue earned in NZ market. More benign weather and economic conditions impacting on second half of FY24.
  - NZ market growth over five-year period aided by increased presence via Bunnings and more recently Mitre 10.
  - International sales predominantly specialty footwear.

Future Earnings Growth

SKELLERUP

- **Customer-focused development** whilst expanding the scope of our solutions
  - New products launched and soon to be launched.
  - Proven capability to integrate to offer broader solutions alongside improved product life cycle management.
- Progressing our **in-market and near-market presence**
  - Leveraging established presence for distribution and manufacturing.
  - Further standardisation of certain activities to reduce implementation and operational risk.
- Increasing **collaboration across our Group**
  - Elevation of leaders with broader responsibility.
  - Development & technical groups.
  - Common customers.
- Maintaining focus on **operational improvements**
  - More to gain through continuous improvement, capital investment for rapid payback.
- Working closely with **key partners** to capture improvement
  - Using broad skills from across our business for cross functional teams with priority for the biggest opportunities.
- Better use of **digital tools** to identify growth opportunities and improve productivity
  - Upgrade websites and management for lead generation and online business; increased use of EDI (and AI).

ESG

SKELLERUP

Environmental priority on assessing impact of climate change on Skellerup (and disclosure)

- Commercial benefits from mapping value chains to identify risks and opportunities.
- Investment in equipment and process improvements helping to generate further reductions in intensity of scope 1 and 2 greenhouse gas (GHG) emissions.
- Scope 3 GHG emissions calculated and disclosed – a significant undertaking.
- Waste reduction and utilisation initiatives continue including exploratory work on management of end of life for consumable products.

Social

- Health & safety priority and emphasis reducing the incidence of injuries. Increased external, independent assurance including ISO 45001 certification at largest facilities.
- Continuation of part time and hybrid arrangements that work for the Group and its employees, ensuring we retain and attract talent.
- Achieving diversity and inclusion objectives. Pay equity. No reports of discrimination or harassment.
- Supplier Code of Conduct implemented with key suppliers to give greater assurance over supply chain.

Governance

- No change to Board, excellent mix of skills, experience and tenure. David Mair continuing as a non-executive director.
- Supporting promotion and development of leaders and increased development resources.

Segment Earnings

Reconciliation of Segment EBIT to Group NPAT

NZ$ Million	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Industrial EBIT	20.8	22.9	20.9	32.7	39.1	42.9	**46.9**
Agri EBIT	22.8	22.8	25.4	30.5	33.6	34.0	**30.7**
Corporate EBIT	(3.9)	(3.9)	(3.8)	(6.8)	(5.9)	(5.2)	**(4.9)**
EBIT	39.8	41.8	42.5	56.4	66.8	71.7	**72.7**
Finance Costs	(1.9)	(1.8)	(2.6)	(2.1)	(2.2)	(4.6)	**(4.9)**
Share of Net Loss of Associate	-	-	(0.1)	-	(0.3)	(0.1)	**-**
Tax Expense before Abnormal Tax Item	(10.6)	(11.0)	(10.8)	(14.1)	(16.5)	(16.1)	**(17.7)**
NPAT before Abnormal Tax Item	27.3	29.1	29.1	40.2	47.8	50.9	**50.0**
Tax Expense on Building Depreciation	-	-	-	-	-	-	**(3.1)**
NPAT	27.3	29.1	29.1	40.2	47.8	50.9	**46.9**

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.