



Highlights



Strong financial results

Revenue
growth

⬆️ 10%

\$165.5_M

(HY22: \$150.5m)

Earnings
(EBIT)

⬆️ 3%

\$33.5_M

(HY22: \$32.4m)

Earnings
(NPAT)

⬇️ 1%

\$23.0_M

(HY22: \$23.2m)

Operating
cash flow

⬆️ 3%

\$20.2_M

(HY22: \$19.7m)

Dividend per
share growth

⬆️ 7%

8.0_{cps}

(HY22: 7.5 cps)

EPS growth

⬇️ 1%

11.75_{cps}

(HY22: 11.89 cps)



Diverse and experienced team

⬇️ 2%

847 People Worldwide

(HY22: 860)



Delivering for our customers

over **4,400** Customers

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Chair and CEO Review

Skellerup has sustained its strong forward momentum for the first half, generating record unaudited earnings before interest and tax (EBIT) of \$33.5 million, up 3 percent on the previous corresponding period (pcp). For the six months ending 31 December 2022, Skellerup recorded a net profit after tax (NPAT) of \$23 million, down 1 percent on pcp due to higher interest and tax.

Skellerup continues to work closely with customers (predominantly original equipment manufacturers (OEMs)) to design and develop real solutions. Skellerup's essence is combining deep material expertise, strong product and tool capability, and proven manufacturing process knowledge and experience. Being able to deliver essential products that often integrate multiple materials to demanding and ever-changing regulatory standards is Skellerup's competitive advantage.

The team has worked hard to deliver a strong result in tough conditions. The rapid increase in global inflation and general slowdown in demand is a new challenge. Our strategy of working closely with customers, listening carefully to understand their needs, and developing products to meet them, while continually striving to standardise and improve our business processes, remains key to our success.

With travel restrictions largely eased, our people have been able to travel more freely, strengthening their crucial customer and partner relationships, enabling future growth and improvements across our global businesses.

Markets have been mixed, and seasonal demand also impacted the result. In Europe, Skellerup's businesses there have faced significantly increased energy costs and a slump in the purchasing power of the Euro. Yet increased energy costs have also spurred demand for some of our products used in solar applications.

Globally, rising costs and lower levels of construction activity have impacted both directly and indirectly, but the diversity and quality of our businesses and our people has seen growth in demand in other sectors.

\$000 (Unaudited)	Half-year Ended 31 December 2022	Half-year Ended 31 December 2021	Percentage Change
Revenue	165,520	150,470	10%
Earnings before interest and taxation	33,497	32,396	3%
Net profit after taxation	22,973	23,209	(1%)
Earnings per share	11.75	11.89	(1%)
Dividend per share	8.00	7.50	7%
Net debt	(39,002)	(25,592)	(52%)

Industrial Division

Skellerup's Industrial Division achieved a record EBIT of \$21.4 million, up 14 percent on pcp. Revenue growth to \$108.7 million, up 13 percent on pcp, was underpinned by high performance foam products and vacuum systems, the outcome of a multi-year focus to understand customer needs and develop, improve and deliver market-leading products and solutions.

The robust result more than offset anticipated lower demand experienced in some Skellerup markets, with the impact of lower global demand negatively impacting sales of our potable water and flow control products. Sales of discretionary items like tapware and appliances are down, and with supply chain congestion easing customers are also reducing their inventories.

Agri Division

Agri Division's EBIT of \$14.6 million was down 12 percent on pcp. Skellerup is the second largest manufacturer of food-grade dairy rubberware globally, and softer sales were in line with budget expectations following our very strong finish to the end of FY22.

Lower demand impacted production resulting in some erosion of gross profit in the first half of the year. Notwithstanding this flattening, footwear sales into the New Zealand and United States markets remained strong, exceeding both our target and pcp.

Dividend

Strong first half earnings in difficult market conditions allied to confident expectations for our future have enabled the Board to declare an interim dividend of 8.0 cents per share, up 7 percent on pcp. The dividend will be distributed on 16 March 2023 to shareholders on the register at 5.00pm on 03 March 2023.

Outlook

Skellerup remains confident about its position heading into the second half. Our fundamentals for operating a sustainable growth-oriented business – working closely with customers and investing in our people – provide a strong foundation for future growth.

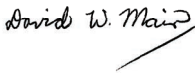
Skellerup's balance sheet remains strong, with operating cash flow generation of \$20.2 million, up 3 percent on pcp for the half year, despite carrying more inventory to mitigate longer lead times and supply chain disruptions. The very low level of debt we prudently carried – before investing in higher working capital over the past 18 months – means net debt remains low at just 19 percent of our net assets.

We continue to expect FY23 NPAT to be in the range of \$48 to \$52 million.

Industrial \$000 (Unaudited)	Half-year Ended 31 December 2022	Half-year Ended 31 December 2021	Percentage Change
Revenue	108,674	96,150	13%
Earnings before interest and taxation	21,357	18,662	14%
Agri \$000 (Unaudited)	Half-year Ended 31 December 2022	Half-year Ended 31 December 2021	Percentage Change
Revenue	56,938	54,327	5%
Earnings before interest and taxation	14,614	16,657	(12%)

The Board is pleased with the contributions of the Skellerup team. During the first half, the strength and resilience of Skellerup's business has again been demonstrated. Despite a global slowdown in demand, and tough market conditions, the skill, drive and commitment of our team to continually improve and develop critical products with our customers has enabled Skellerup to sustain a trend of operating earnings growth.

We remain focused on supporting and developing our people to grow sustainable earnings and shareholder returns.



David Mair
CEO and Director



John Strowger
Chairman



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.



Sport & Leisure

Skellerup's products are utilised in a variety of recreational settings, from marine, to snow, to field sports.



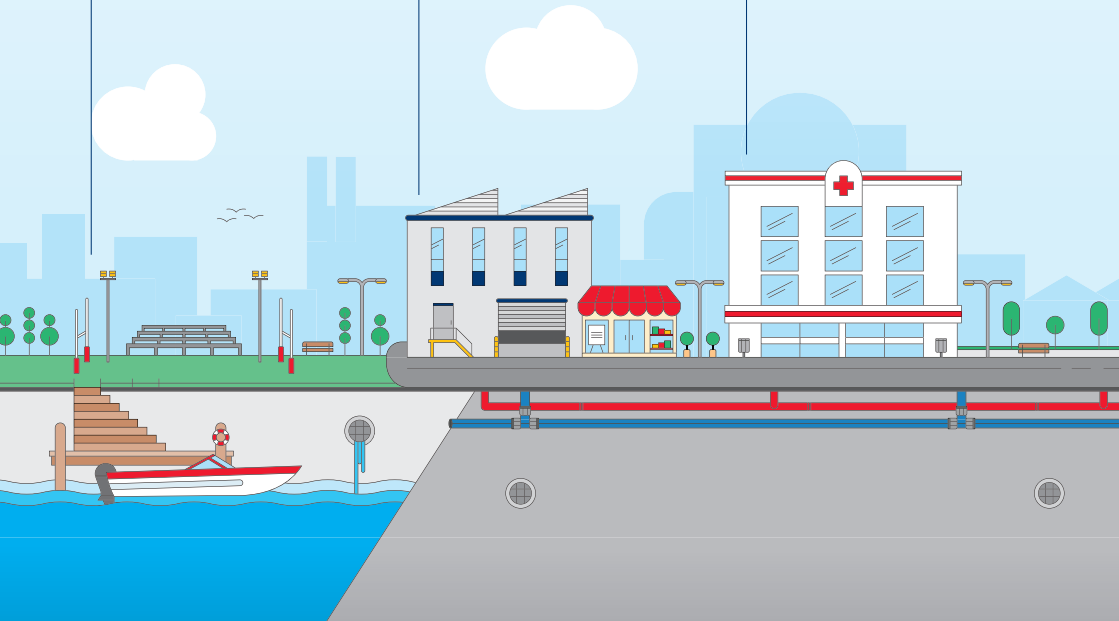
Industrial & Retail

Our products are used in potable water and wastewater applications, control systems, construction, and mobile equipment.



Medical, Health & Hygiene

Our products and components play a vital role in the equipment that helps to treat and heal patients, and keep front-line workers safe.



Our focus is on delivering innovative new products and improvements, keeping our customers ahead of the curve.



Residential

Skellerup's products are used in a wide range of home applications such as taps, showers, HVAC, roofing, solar, kitchen appliances and plumbing, and more.



Transport

Our vacuum systems, seals, injectors, couplings and gaskets are utilised throughout the transport industry.

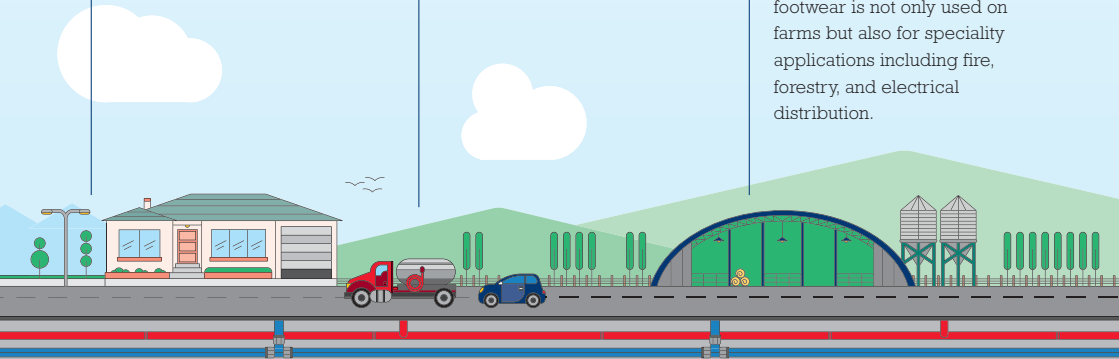


Dairy

Skellerup's food-grade rubberware, filters and animal hygiene products are critical to the safe supply of dairy products across the world.

Specialist Footwear

Our protective rubber footwear is not only used on farms but also for speciality applications including fire, forestry, and electrical distribution.





Consolidated Financial Statements

For the half-year ended 31 December 2022

Income Statement

for the half-year ended 31 December 2022

	Note	Half-year Ended 31 Dec 2022 \$'000 (Unaudited)	Half-year Ended 31 Dec 2021 \$'000 (Unaudited)
Revenue	2	165,520	150,470
Cost of sales		(98,623)	(89,722)
Gross profit		66,897	60,748
Other income/(expenses)		(334)	1,021
Selling, general and administration expenses		(33,066)	(29,373)
Profit for the period before tax, finance costs and share of net profit of associates		33,497	32,396
Finance costs		(1,969)	(913)
Share of net profit of associates accounted for using the equity method		(78)	(98)
Profit for the period before tax		31,450	31,385
Income tax expense		(8,477)	(8,176)
Net after-tax profit for the period, attributable to owners of the Parent		22,973	23,209
Earnings per share			
Basic earnings per share (cents)		11.75	11.89
Diluted earnings per share (cents)		11.71	11.78
Net tangible assets per share (cents)		72.41	68.46

The above Income Statement should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income

for the half-year ended 31 December 2022

	Half-year Ended 31 Dec 2022 \$000	Half-year Ended 31 Dec 2021 \$000
	(Unaudited)	(Unaudited)
Net profit after tax for the period	22,973	23,209
Other comprehensive income		
Will be reclassified subsequently to profit or loss when specific conditions are met		
Net increase/(decrease) in cash flow hedge reserve	3,804	(421)
Income tax related to increase/(decrease) in cash flow hedge reserve	(1,065)	118
Not expected to be reclassified subsequently into profit or loss		
Foreign exchange movements on translation of overseas subsidiaries	(2,665)	367
Income tax related to gains/(losses) on foreign exchange movements of loans with overseas subsidiaries	46	1
Other comprehensive income net of tax	120	65
Total comprehensive income for the period attributable to equity holders of the Parent	23,093	23,274

Statement of Changes in Equity

for the half-year ended 31 December 2022

	Fully Paid Ordinary Shares \$000	Cash Flow Hedge Reserve \$000	Foreign Currency Translation Reserve \$000	Employee Share Plan Reserve \$000	Retained Earnings \$000	Total \$000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance 1 July 2022	72,406	(2,501)	(4,841)	739	145,405	211,208
Profit for the period	-	-	-	-	22,973	22,973
Other comprehensive income	-	2,739	(2,619)	-	-	120
Total comprehensive income for the period	-	2,739	(2,619)	-	22,973	23,093
Share incentive scheme	-	-	-	(602)	813	211
Dividends paid	-	-	-	-	(25,386)	(25,386)
Balance 31 December 2022	72,406	238	(7,460)	137	143,805	209,126
Balance 1 July 2021	72,406	166	(9,461)	296	132,742	196,149
Profit for the period	-	-	-	-	23,209	23,209
Other comprehensive income	-	(303)	368	-	-	65
Total comprehensive income for the period	-	(303)	368	-	23,209	23,274
Share incentive scheme	-	-	-	221	-	221
Dividends paid	-	-	-	-	(20,504)	(20,504)
Balance 31 December 2021	72,406	(137)	(9,093)	517	135,447	199,140

Balance Sheet

as at 31 December 2022

	As at 31 Dec 2022 \$000 (Unaudited)	As at 30 Jun 2022 \$000 (Audited)	As at 31 Dec 2021 \$000 (Unaudited)
Current assets			
Cash and cash equivalents	16,004	14,796	16,408
Trade and other receivables	48,998	63,870	50,767
Inventories	80,422	69,595	60,893
Income tax receivable	206	202	46
Derivative financial assets	578	367	537
Total current assets	146,208	148,830	128,651
Non-current assets			
Property, plant and equipment	90,573	89,757	87,539
Right-of-use assets	32,903	27,966	20,356
Deferred tax assets	3,128	4,021	3,335
Goodwill	62,393	61,453	61,045
Intangible assets	2,938	3,032	2,955
Investment in associate	-	1,513	1,501
Derivative financial assets	1,479	72	61
Total non-current assets	193,414	187,814	176,792
Total assets	339,622	336,644	305,443
Current liabilities			
Trade and other payables	27,809	36,192	28,080
Provisions	5,209	5,949	5,176
Income tax payable	2,348	6,021	4,843
Lease liabilities – short term	6,367	5,482	5,271
Derivative financial liabilities	1,324	2,252	543
Total current liabilities	43,057	55,896	43,913
Non-current liabilities			
Provisions	2,230	2,155	2,373
Interest-bearing loans and borrowings	55,006	40,000	42,000
Deferred tax liabilities	1,665	1,820	1,627
Lease liabilities – long term	28,153	23,708	16,076
Derivative financial liabilities	385	1,857	314
Total non-current liabilities	87,439	69,540	62,390
Total liabilities	130,496	125,436	106,303
Net assets	209,126	211,208	199,140
Equity			
Share capital	72,406	72,406	72,406
Reserves	(7,085)	(6,603)	(8,713)
Retained earnings	143,805	145,405	135,447
Total equity	209,126	211,208	199,140

Cash Flow Statement

for the half-year ended 31 December 2022

	Half-year Ended 31 Dec 2022	Half-year Ended 31 Dec 2021
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Receipts from customers	179,165	152,340
Interest received	14	5
Dividends received	2	2
Payments to suppliers and employees	(144,591)	(124,332)
Income tax paid	(12,433)	(7,430)
Interest and bank fees paid	(1,309)	(503)
Interest on right-of-use asset leases	(660)	(411)
Net cash flows from/(used in) operating activities	20,188	19,671
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	6	268
Payments for property, plant and equipment	(4,075)	(3,386)
Payments for intangible assets	(253)	(328)
Acquisition of a business, net of cash acquired	(862)	(10,216)
Net cash flows from/(used in) investing activities	(5,184)	(13,662)
Cash flows from financing activities		
Proceeds from/(repayments for) loans and advances	15,014	17,601
Repayments of lease liabilities	(2,961)	(2,454)
Dividends paid to equity holders of Parent	(25,386)	(20,504)
Net cash flows from/(used in) financing activities	(13,333)	(5,357)
Net increase/(decrease) in cash and cash equivalents	1,671	652
Cash and cash equivalents at the beginning of the period	14,796	15,673
Effect of exchange rate fluctuations	(463)	83
Cash and cash equivalents at the end of the period	16,004	16,408

Notes to the Financial Statements

as at 31 December 2022

1. Corporate Information

The financial statements of Skellerup Holdings Limited, for the half year ended 31 December 2022, were authorised for issue in accordance with a resolution of the Directors dated 15 February 2023.

Skellerup Holdings Limited ('the Company') is a limited liability company incorporated and domiciled in New Zealand. It is registered under the Companies Act 1993 with its registered office at Level 3, 205 Great South Road, Greenlane, Auckland. The Company is a Reporting Entity in terms of the Financial Markets Conduct Act 2013 and is listed on the New Zealand Exchange (NZX Main Board) with the ticker SKL.

Summary of Significant Accounting Policies

a) Basis of Preparation

This general-purpose condensed financial report for the half year ended 31 December 2022 has been prepared in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

The half year financial report does not include all notes of the type normally included within the annual financial report and, therefore, cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as does the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2022 and considered together with any public announcements made by Skellerup Holdings Limited during the half year ended 31 December 2022 in accordance with the continuous disclosure obligations of the NZX listing rules.

All accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

2. Segment Information

The Group's operating segments are Agri and Industrial; being the divisions reported to the executive management and Board of Directors to assess performance of the Group and allocate resources.

The principal measure of performance for each segment is EBIT (earnings before interest and tax). As a result, finance costs and taxation have not been allocated to each segment.

2. Segment Information (continued)

Agri Segment

The Agri segment manufactures and distributes dairy rubberware, which includes milking liners, tubing, filters and feeding teats, together with other related agricultural products and dairy vacuum pumps to global agricultural markets.

Industrial Segment

The Industrial segment manufactures engineered products across a range of industrial applications including potable and waste water, roofing, plumbing, sport and leisure, electrical, health and hygiene.

Corporate Segment

The Corporate segment is not an operating segment, and includes the Parent Company and other central administration expenses that have not been allocated to the Agri and Industrial segments.

For the half-year ended 31 December 2022	Agri \$000	Industrial \$000	Corporate/ Elimination \$000	Total \$000
Revenue	56,938	108,674	(92)	165,520
Segment EBIT	14,614	21,357	(2,474)	33,497
Profit before tax, finance costs and share of net profit of associates				33,497
Finance costs				(1,969)
Share of net profit of associates				(78)
Profit before tax				31,450
Income tax expense				(8,477)
Net after-tax profit				22,973
Assets and liabilities				
Segment assets	127,066	190,600	21,956	339,622
Segment liabilities	11,752	53,000	65,744	130,496
Net assets	115,314	137,600	(43,788)	209,126
Other segment information				
Capital expenditure	1,396	3,794	-	5,190
Cash flow				
Segment EBIT	14,614	21,357	(2,474)	33,497
Share of net profit of associates	-	(78)	-	(78)
Adjustments for:				
- Depreciation and amortisation	2,108	2,089	30	4,227
- Depreciation right of use assets	484	2,860	34	3,378
- Non-cash items	-	-	606	606
Movement in working capital	(582)	(6,327)	(4,087)	(10,996)
Segment cash flow	16,624	19,901	(5,891)	30,634
Finance and tax cash expense				(13,742)
Movement in finance and tax accrual				3,296
Net cash flow from operating activities				20,188

2. Segment Information (continued)

For the half-year ended 31 December 2021	Agri \$000	Industrial \$000	Corporate/ Elimination \$000	Total \$000
Revenue	54,327	96,150	(7)	150,470
Segment EBIT	16,657	18,662	(2,923)	32,396
Profit before tax, finance costs and share of net profit of associates				32,396
Finance costs				(913)
Share of net profit of associates				(98)
Profit before tax				31,385
Income tax expense				(8,176)
Net after-tax profit				23,209
Assets and liabilities				
Segment assets	125,979	156,898	22,566	305,443
Segment liabilities	12,747	39,127	54,429	106,303
Net assets	113,232	117,771	(31,863)	199,140
Other segment information				
Capital expenditure	1,149	11,727	-	12,876
Cash flow				
Segment EBIT	16,657	18,662	(2,923)	32,396
Share of net profit of associates	-	(98)	-	(98)
Adjustments for:				
- Depreciation and amortisation	2,094	1,816	24	3,934
- Depreciation and right of use assets	388	2,172	34	2,594
- Non-cash items	-	-	(193)	(193)
Movement in working capital	(2,382)	(5,427)	(2,064)	(9,873)
Segment cash flow	16,757	17,125	(5,122)	28,760
Finance and tax cash expense				(7,933)
Movement in finance and tax accrual				(1,156)
Net cash flow from operating activities				19,671

3. Dividends Paid

	Half-year Ended 31 Dec 2022 \$000	Half-year Ended 31 Dec 2021 \$000
Declared and paid during the period		
Final dividend for June 2022 year on ordinary shares of 13.0 cents per share, imputed to 50%, paid on 14 October 2022 (2021: 10.5 cents per share imputed to 50%, paid on 15 October 2021)		
Net dividend paid	25,386	20,504

Subsequent to the six-month period, the Board of Directors resolved to pay an interim dividend of 8.0 cents per share (imputed 50%), on the 196,071,582 ordinary shares on issue for a total amount of \$15,685,727. The dividend will be paid on 16 March 2023 to shareholders on the register at 5.00pm on 03 March 2023. The Dividend Reinvestment Plan will not be operative for this dividend payment.

This compares to the prior-year interim dividend of 7.5 cents per share, totalling \$14,645,729 which was paid on 17 March 2022.

4. Interest-bearing Loans and Borrowings

Bank loans are provided under a \$70 million multi-currency syndicated facility agreement with ANZ Bank New Zealand Limited and Bank of New Zealand which has an expiry date of 31 August 2024.

5. Events after the Balance Sheet date

There have been no subsequent events after 31 December 2022 requiring disclosure.

Corporate Directory

Directors

WJ Strowger, LLB (Hons) Chair

BD Cushing, BCom, ACA

RH Farrant, BCom, PGDipCom, FCA,
CFIoD

AR Isaac, CNZM, BCA, FCA

DW Mair, BE, MBA

PN Shearer, BCom

Officers

DW Mair, BE, MBA

Chief Executive Officer

GR Leaming, BCom, CA

Chief Financial Officer

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New Zealand

Share Registrar

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Managing your shareholding

Online

To change your address, update your payment instructions and to view your investment portfolio including transactions, please visit: www.computershare.co.nz/investorcentre

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Please assist our registrar by quoting your Common Shareholder Number (CSN)



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