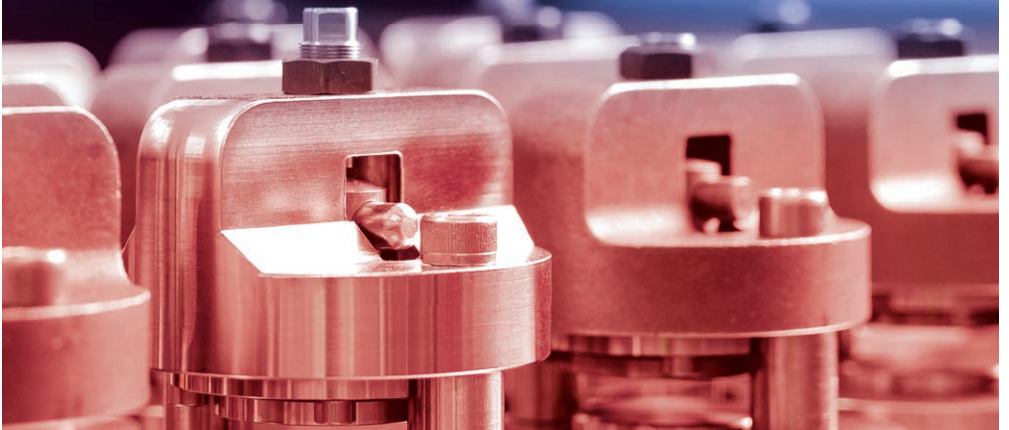


FY 24



Half Year Report



Highlights

Financial strength

Revenue

5%

\$157.7M

(HY23: \$165.5m)

Earnings (EBIT)

6%

\$31.6M

(HY23: \$33.5m)

Earnings (NPAT)

6%

\$21.6M

(HY23: \$23.0m)

Operating cash flow

81%

\$36.5M

(HY23: \$20.2m)

Dividend per share

6%

8.5 cps

(HY23: 8.0 cps)

Earnings per share

6%

11.02 cps

(HY23: 11.75 cps)



Diverse and experienced team



Delivering for our customers

6%

799 People Worldwide

(HY23: 847)

over **4,000** Customers

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Chair and CEO Review

The first half for Skellerup comprised a mixed array of results. A fifth successive record Industrial Division result was more than offset by a lower-than-expected contribution from the Agri Division as international dairy customers significantly reduced inventory levels.

Overall, the six months ended 31 December 2023 produced an unaudited net profit after tax of \$21.6 million, a decrease of 6% on the prior comparative period (pcp).

Despite the contrasting outcomes, the focus for both Divisions is the same. 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.

Our strategy and priority is to work closely with customers, not only to meet their current needs for existing products but also to understand future needs and to ensure our development efforts are customer-led. We also continue to standardise and improve processes – this is not only an activity that happens in our various manufacturing facilities, rather right across our business. Improvement never stops, we have plenty of opportunities to prioritise and invest in to improve our products, service and margins.

\$000 (Unaudited)	Half-year Ended 31 December 2023	Half-year Ended 31 December 2022	Percentage Change
Revenue	157,730	165,520	(5%)
Earnings before interest and taxation	31,640	33,497	(6%)
Net profit after taxation	21,614	22,973	(6%)
Earnings per share (cents)	11.02	11.75	(6%)
Dividend per share (cents)	8.50	8.00	6%
Net debt	(26,381)	(39,002)	32%

Industrial Division

Skellerup's Industrial Division achieved a record EBIT of \$22.9 million, up 7% on pcp. Increased sales into water (potable and waste), hygiene and mining applications were partially offset by lower sales into leisure and roofing applications. Potable and wastewater products for OEM customers is core business for Skellerup, and we continue to look for and win business with existing and new customers. Hygiene and health applications are a target for fast growth. The strong first half growth was underpinned by supporting a major customer's new product launch. Sales for marine foam in international markets were down with customers adjusting inventories reflecting a softer market and our improved lead times. Weaker construction activity in Australia reduced demand for our roofing products, although this was partially offset by growth in North America. Overall Industrial margins were up reflecting a combination of improvements on existing products and higher margin new products.

Agri Division

Skellerup's Agri Division EBIT of \$11.9 million, was down 19% on pcp. Dairy rubberware sales were lower than we anticipated as international customers

reduced purchases to lower their inventory. This destocking activity continued right through our first half as many of these customers have calendar fiscal years. Pleasingly, we have experienced a larger than normal uplift following Christmas, and forward orders continue to be strong. We have continued to improve our processes and invest in new and improved equipment to improve productivity and reduce waste. Because of these improvements, investments and the lower demand, we incurred restructuring costs of NZD 0.6 million in the first half. Footwear sales were solid, despite drier weather in NZ than we experienced in the pcp.

Cash

Over the past 12 months we have gradually reduced inventory that we built to mitigate the raw material shortages and elongated shipping timeframes arising from the Covid-19 pandemic. As a result of this continued focus and good management of receivables we generated an 81 per cent increase in operating cash flow to \$36.5 million (compared to pcp). Consequently, net debt remains low at \$26.4 million well below pcp and slightly below the June 2023 year end position.

Industrial \$000 (Unaudited)	Half-year Ended 31 December 2023	Half-year Ended 31 December 2022	Percentage Change
Revenue	109,615	108,674	1%
Earnings before interest and taxation	22,876	21,357	7%

Agri \$000 (Unaudited)	Half-year Ended 31 December 2023	Half-year Ended 31 December 2022	Percentage Change
Revenue	48,537	56,938	(15%)
Earnings before interest and taxation	11,861	14,614	(19%)

Dividend

Reflecting the strong position of the Group and our expectations for the full year, the Board has declared a 6% increase in the interim dividend to 8.5 cents per share, imputed 50% (the same level as in the pcp). The dividend will be paid on 14 March 2024 to shareholders of record at 5pm on 01 March 2024.

Outlook

As discussed at the Annual Shareholders Meeting in October 2023, Skellerup's recent earnings history has been consistent, incremental, and sustainable rather than flashy growth. Our business remains robust, and we expect some of the first half headwinds of customers reducing inventory used in dairy and leisure applications will abate. The global environment including the impact this is having on ocean transit times continues to make forecasting future results difficult. However, based on our YTD results and our expectations of trading conditions and customer demand for the rest of the year, we expect FY24 NPAT to be similar to the prior year record result. Our strategy of working closely with customers to design and manufacture engineered products that assure performance continues to be our focus to deliver sustainable earnings growth and shareholder returns.

Leadership

After almost 14 years at the helm David Mair will step down as CEO on 31 March 2024. David joined the Skellerup Board in November 2006, was appointed as acting CEO in July 2010 before taking on the role on a permanent basis in July 2011. Over the almost 14-year period he has been in the role, Skellerup's annual earnings have grown by more than 400%, reflecting David's leadership and relentless drive for growth and improvement across the entire business. Customer focussed development, continuous operational improvement and careful allocation of financial and human capital are key elements David has instilled into Skellerup. David will continue as a director and will lead a special project initiative to progress our in-market capabilities.

We are very pleased to have Graham Leaming succeed David as CEO. Graham joined Skellerup as CFO in December 2012, and is a proven performer, leading a broad range of commercial functions delivering great value for Skellerup over the past 11 years. Together David and Graham have been a formidable team. We are very confident that Graham will be a strong and successful leader for Skellerup backed by a strong team with a passion and capability to continue to deliver great products for customers and sustainable earnings growth for shareholders.



David W. Mair

David Mair
CEO and Director



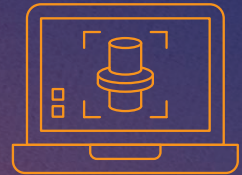
John Strowger

John Strowger
Chairman

Solving problems with customers to keep them ahead of the curve

Skellerup is a global leader in the design, manufacture and distribution of precision-engineered products. Our components and products are used in a wide range of everyday applications that often must meet stringent food, drinking water, hygiene and safety standards across various jurisdictions.

At our heart is a key focus on our customers – working as a part of their development teams to define and solve problems to help stay ahead of their competitors. The value we bring is dependent on our deep material expertise, strong product and tool design capability and proven manufacturing knowledge.



Research & Development

Working to identify issues and opportunities

Developing the prototype

- Understanding our customers' issues, challenges and pain points
- Providing solutions grounded in our extensive engineering, chemistry and manufacturing expertise

- In-depth material science with expertise combining multiple materials, including polymers such as rubber, plastics and foam
- Rapid prototyping to provide proof-of-concept and refinement based on feedback
- Augmenting the product and reducing complexity



Delivering critical components for production:

- Deep understanding of process capability and quality control
- Refining manufacture and assembly processes to allow increased scale at reduced time and costs
- Ensuring speed and accuracy at each stage

Across Multiple Sectors



Industrial & Retail

Our products are used throughout potable water and wastewater applications, flow control systems and construction



Dairy

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



Residential

Our products are critical components within a wide range of home applications such as taps, showers, HVAC, roofing, solar, kitchen appliances, plumbing, and more



Transport

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



Specialist Footwear

Protective rubber footwear used throughout farms and speciality applications, such as fire, forestry and electrical distribution



Medical, Health & Hygiene

Our components play a vital role in equipment used to treat and heal patients, as well as keeping front-line workers safe



Sport & Leisure

Our products are utilised in a variety of recreational settings, including marine, snow and field sports

Consolidated Financial Statements

For the half-year ended 31 December 2023

Income Statement

for the half-year ended 31 December 2023

	Note	Half-year Ended 31 Dec 2023 \$000 (Unaudited)	Half-year Ended 31 Dec 2022 \$000 (Unaudited)
Revenue	2	157,730	165,520
Cost of sales		(90,588)	(98,623)
Gross profit		67,142	66,897
Other income/(expenses)		(135)	(334)
Selling, general and administration expenses		(35,367)	(33,066)
Profit for the period before tax, finance costs and share of net profit of associates		31,640	33,497
Finance costs		(2,411)	(1,969)
Share of net profit of associates accounted for using the equity method		-	(78)
Profit for the period before tax		29,229	31,450
Income tax expense		(7,615)	(8,477)
Net after-tax profit for the period, attributable to owners of the Parent		21,614	22,973
Earnings per share			
Basic earnings per share (cents)		11.02	11.75
Diluted earnings per share (cents)		10.92	11.71
Net tangible assets per share (cents)		76.82	72.41

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

Statement of Comprehensive Income

for the half-year ended 31 December 2023

	Half-year Ended 31 Dec 2023 \$000 (Unaudited)	Half-year Ended 31 Dec 2022 \$000 (Unaudited)
Net profit after tax for the period	21,614	22,973
Other comprehensive income		
Will be reclassified subsequently to profit or loss when specific conditions are met		
Net increase/(decrease) in cash flow hedge reserve	3,232	3,804
Income tax related to increase/(decrease) in cash flow hedge reserve	(905)	(1,065)
Not expected to be reclassified subsequently into profit or loss		
Foreign exchange movements on translation of overseas subsidiaries	(3,454)	(2,665)
Income tax related to gains/(losses) on foreign exchange movements of loans with overseas subsidiaries	13	46
Other comprehensive income net of tax	(1,114)	120
Total comprehensive income for the period attributable to equity holders of the Parent	20,500	23,093

Statement of Changes in Equity

for the half-year ended 31 December 2023

	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 2023	72,406	(827)	(2,779)	549	156,087	225,436
Profit for the period	-	-	-	-	21,614	21,614
Other comprehensive income	-	2,327	(3,441)	-	-	(1,114)
Total comprehensive income for the period	-	2,327	(3,441)	-	21,614	20,500
Share incentive scheme	-	-	-	413	-	413
Dividends paid	-	-	-	-	(27,450)	(27,450)
Balance 31 December 2023	72,406	1,500	(6,220)	962	150,251	218,899
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 Sheet

as at 31 December 2023

	As at 31 Dec 2023 \$000	As at 30 Jun 2023 \$000	As at 31 Dec 2022 \$000
	(Unaudited)	(Audited)	(Unaudited)
Current assets			
Cash and cash equivalents	19,983	17,094	16,004
Trade and other receivables and prepayments	44,650	57,515	48,998
Inventories	72,885	74,886	80,422
Income tax receivable	1,737	805	206
Derivative financial assets	747	109	578
Total current assets	140,002	150,409	146,208
Non-current assets			
Property, plant and equipment	90,313	90,320	90,573
Right-of-use assets	28,949	31,839	32,903
Deferred tax assets	3,581	3,167	3,128
Goodwill	63,041	63,596	62,393
Intangible assets	2,771	2,815	2,938
Derivative financial assets	1,897	831	1,479
Total non-current assets	190,552	192,568	193,414
Total assets	330,554	342,977	339,622
Current liabilities			
Bank overdraft	289	1,624	-
Trade and other payables	22,713	27,082	27,809
Provisions	5,157	5,085	5,209
Income tax payable	803	1,605	2,348
Lease liabilities – short term	6,435	6,118	6,367
Derivative financial liabilities	444	1,858	1,324
Total current liabilities	35,841	43,372	43,057
Non-current liabilities			
Provisions	1,813	1,813	2,230
Interest-bearing loans and borrowings	46,075	42,300	55,006
Deferred tax liabilities	3,307	2,087	1,665
Lease liabilities – long term	24,610	27,594	28,153
Derivative financial liabilities	9	375	385
Total non-current liabilities	75,814	74,169	87,439
Total liabilities	111,655	117,541	130,496
Net assets	218,899	225,436	209,126
Equity			
Share capital	72,406	72,406	72,406
Reserves	(3,758)	(3,057)	(7,085)
Retained earnings	150,251	156,087	143,805
Total equity	218,899	225,436	209,126

Cash Flow Statement

for the half-year ended 31 December 2023

	Half-year Ended 31 Dec 2023	Half-year Ended 31 Dec 2022
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Receipts from customers	168,693	179,165
Interest received	52	14
Dividends received	3	2
Payments to suppliers and employees	(120,490)	(144,591)
Income tax paid	(9,372)	(12,433)
Interest and bank fees paid	(1,671)	(1,309)
Interest on right-of-use asset leases	(740)	(660)
Net cash flows from/(used in) operating activities	36,475	20,188
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	354	6
Payments for property, plant and equipment	(4,871)	(4,075)
Payments for intangible assets	(364)	(253)
Acquisition of a business, net of cash acquired	-	(862)
Net cash flows from/(used in) investing activities	(4,881)	(5,184)
Cash flows from financing activities		
Proceeds from/(repayments for) loans and advances	3,777	15,014
Repayments of lease liabilities	(3,091)	(2,961)
Dividends paid to equity holders of Parent	(27,450)	(25,386)
Net cash flows from/(used in) financing activities	(26,764)	(13,333)
Net increase/(decrease) in cash and cash equivalents	4,830	1,671
Cash and cash equivalents at the beginning of the period	15,470	14,796
Effect of exchange rate fluctuations	(606)	(463)
Cash and cash equivalents at the end of the period	19,694	16,004

Notes to the Financial Statements

as at 31 December 2023

1. Corporate Information

The financial statements of Skellerup Holdings Limited, for the half year ended 31 December 2023, were authorised for issue in accordance with a resolution of the Directors dated 14 February 2024.

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 2023 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 2023 and considered together with any public announcements made by Skellerup Holdings Limited during the half year ended 31 December 2023 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.

Agri Division

The Agri Division 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.

2. Segment Information (continued)

Industrial Division

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

Corporate Division

The Corporate Division 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 Divisions.

For the half-year ended 31 December 2023	Agri \$000	Industrial \$000	Corporate/ Elimination \$000	Total \$000
Revenue	48,537	109,615	(422)	157,730
Segment EBIT	11,861	22,876	(3,097)	31,640
Profit before tax, finance costs and share of net profit of associates				31,640
Finance costs				(2,411)
Share of net profit of associates				-
Profit before tax				29,229
Income tax expense				(7,615)
Net after-tax profit				21,614
Assets and liabilities				
Segment assets	120,509	181,485	28,560	330,554
Segment liabilities	11,438	46,522	53,695	111,655
Net assets	109,071	134,963	(25,135)	218,899
Other segment information				
Additions to fixed assets and intangibles	1,805	3,400	18	5,223
Cash flow				
Segment EBIT	11,861	22,876	(3,097)	31,640
Share of net profit of associates	-	-	-	-
Adjustments for:				
- Depreciation and amortisation	2,032	2,390	27	4,449
- Depreciation right of use assets	461	2,857	37	3,355
- Non-cash items	-	-	393	393
Movement in working capital	5,171	4,195	(2,702)	6,664
Segment cash flow	19,525	32,318	(5,342)	46,501
Finance and tax cash expense				(11,043)
Movement in finance and tax accrual				1,017
Net cash flow from operating activities				36,475

2. Segment Information (continued)

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 and 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

3. Dividends Paid

	Half-year Ended 31 Dec 2023 \$000	Half-year Ended 31 Dec 2022 \$000
Declared and paid during the period		
Final dividend for June 2023 year on ordinary shares of 14.0 cents per share, imputed to 50%, paid on 13 October 2023 (2022: 13.0 cents per share imputed to 50%, paid on 14 October 2022)		
Net dividend paid	27,450	25,386

Subsequent to the six-month period, the Board of Directors resolved to pay an interim dividend of 8.5 cents per share (imputed 50%), on the 196,071,582 ordinary shares on issue for a total amount of \$16,666,084. The dividend will be paid on 14 March 2024 to shareholders on the register at 5.00pm on 01 March 2024. The Dividend Reinvestment Plan will not be operative for this dividend payment.

This compares to the prior-year interim dividend of 8.0 cents per share, totalling \$15,685,727 which was paid on 16 March 2023.

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 2026.

5. Events after the Balance Sheet date

There have been no subsequent events after 31 December 2023 requiring disclosure.

Corporate Directory

Directors

WJ Strowger, LLB (Hons)
BD Cushing, BCom, ACA
RH Farrant, BCom, PGDipCom, FCA, CFloD
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

Registered Office

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Telephone: +64 9 523 8240
Website: www.skellerupholdings.com

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Bankers

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New Zealand
Bank of New Zealand
Level 4
80 Queen Street
Auckland 1010
New Zealand

Auditors

Ernst & Young
2 Takutai Square
Britomart
Auckland 1010
New Zealand

Share Registrar

Computershare Investor
Services Limited
Private Bag 92119
Auckland 1442
New Zealand
159 Hurstmere Road
Takapuna
Auckland 0622
New Zealand

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

General Enquiries

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



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