SKELLERUP

HALF YEAR REPORT FY25

STRONG FINANCIAL RETURNS

Revenue growth
5%
$165.3M
(HY24: $157.7m)

Earnings (EBIT)
11%
$35.0M
(HY24: $31.6m)

Earnings (NPAT)
12%
$24.2M
(HY24: $21.6m)

Operating cash flow
12%
$32.2M
(HY24: $36.5m)

Earnings per share (EPS)
12%
12.33cps
(HY24: 11.02 cps)

Dividend per share
6%
9.0cps
(HY24: 8.5 cps)

DIVERSE & EXPERIENCED TEAM

People Worldwide
3%
778
(HY24: 799)

DELIVERING A DIVERSE PRODUCT RANGE FOR CUSTOMERS

Over
3,900
Customers
(HY24: 4,000)

CONTENTS

Chair and CEO Review	03	Balance Sheet	12
What We Do	06	Cash Flow	13
Income Statement	09	Notes	14
Comprehensive Income	10	Directory	18
Changes in Equity	11		

CHAIR AND CEO REVIEW

Group net profit after tax (NPAT) for the six months ended 31 December 2024 was $24.2 million, a record result and an increase of 12% on the prior corresponding period (pcp).

The improvement over the pcp was largely due to a significant lift in demand for dairy rubberware consumables, which more than offset lower sales in the more discretionary footwear and leisure applications.

During a period where economic conditions have remained challenging, the record NPAT again demonstrates the resilience of our strategy and focus.

We design and manufacture products for use in applications demanding precision, high performance and conformance. We focus on understanding customers' needs and applying deep technical knowledge and expertise to meet them, increasingly integrating discrete parts to simplify their businesses.

$000 (Unaudited)	Half-year Ended 31 December 2024	Half-year Ended 31 December 2023	Percentage Change
Revenue	**165,341**	157,730	5%
Earnings before interest and taxation	**34,983**	31,640	11%
Net profit after taxation	**24,184**	21,614	12%
Earnings per share (cents)	**12.33**	11.02	12%
Dividend per share (cents)	**9.00**	8.50	6%
Net debt	**(20,399)**	(26,381)	23%

Industrial Division

Industrial Division earnings before interest and tax (EBIT) of $22.4 million was down 2% on the pcp. Revenue was up 5% with growth from increased sales into solar roofing applications in Europe and hygiene applications in the US more than offsetting the continued trough in the Australian construction market, timing of sales into the mining sector and lower demand for high-performance marine foam products. Sales into potable and waste-water applications were flat with growth in Australia offset by softer demand in the US. Product mix, higher international freight costs and increased personnel and facility costs to meet future growth opportunities pushed the Industrial Division EBIT slightly below the record result achieved in the pcp.

We continue to have a strong pipeline of growth opportunities with global original equipment manufacturing (OEM) customers. In the first half of FY25 we spent and committed capital to increase technical and manufacturing capability in New Zealand, Europe and the US, launched new products for customers across the globe and upgraded our distribution facility in Chicago. We also agreed terms for a new distribution facility opening during Q3 in the Netherlands.

Agri Division

Agri Division EBIT of $15.5 million was up 31% on the pcp. Revenue was up 4% due to increased sales of dairy rubberware consumables to international customers. This growth was largely anticipated due to the prior period being negatively impacted by customer destocking. The challenging economic environment in New Zealand caused footwear sales to fall below the pcp, partially offsetting the growth of dairy consumables. Investments made in both the prior and the current period to improve productivity enabled the increase in demand for dairy consumables to be met efficiently, generating the significant improvement in the Agri Division EBIT.

In recent years we have invested in deepening our development capability. This is enabling us to innovate and move more quickly with product, process and equipment development and improvement. We have introduced – and continue to work on further developing – milking liners that provide important productivity gains for farmers around the world. Our recently launched Thriver™ calf-feeding teat has been well received in New Zealand and international markets. We see significant growth potential for this range over the next three years.

Industrial $000 (Unaudited)	Half-year Ended 31 December 2024	Half-year Ended 31 December 2023	Percentage Change
Revenue	**115,415**	109,615	5%
Earnings before interest and taxation	**22,354**	22,876	(2%)

Agri $000 (Unaudited)	Half-year Ended 31 December 2024	Half-year Ended 31 December 2023	Percentage Change
Revenue	**50,543**	48,537	4%
Earnings before interest and taxation	**15,517**	11,861	31%

We have also made very good progress on developing our manufacturing platform, enabling flexibility for future deployment in-market to meet growth opportunities.

Cash

Group operating cash flow of $32.2 million was down 12% on the pcp due to a strategic increase in inventory to mitigate the risks of interruption to our supply chain from geopolitical events, uncertainty around port interruptions in the US and to provide more time to respond to possible increases in border tariffs. Despite the impact of these actions, net debt remains very low, at $20.4 million, representing just 6% of our total assets and is 23% below the pcp.

Dividend

Reflecting the record result and our expectations for the full year, the Board declared a 6% increase in the interim dividend to 9.0 cents per share, imputed 50% (the same level as in the pcp). The dividend will be paid on 20 March 2025 to shareholders of record at 5pm on 07 March 2025.

Outlook

Global economic conditions are mixed and geo-political uncertainty continues, making forecasting more difficult than usual. However, our business remains well-placed, with growth from existing and new products expected to more than offset the headwinds that persist in some markets and applications. Based on our year-to-date results and our expectations of trading conditions and customer demand for the remainder of the year, we anticipate FY25 NPAT to be in the range of $52 to $56 million. In the meantime, we continue to add to our pipeline of products to sustain growth in future years, and we remain alert to acquisition opportunities.

Team

We are very grateful to our global team for their ongoing drive to understand, innovate, develop and manufacture excellent products that deliver real value for our customers. We have the expertise and commitment to execute on our plans, underscoring our conviction to deliver ongoing earnings growth for our shareholders.

Graham Leaming
Chief Executive Officer

John Strowger
Chair

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.

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

Skellerup is a diverse business, both in our presence geographically and in the applications in which our products are used.

Specialist Footwear

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

Medical, Health & Hygiene

Our products are key to the operation and performance of medical, health and hygiene applications

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 2024

INCOME STATEMENT

for the half-year ended 31 December 2024

	Note	Half-year Ended 31 Dec 2024 $000 (Unaudited)	Half-year Ended 31 Dec 2023 $000 (Unaudited)
Revenue	2	**165,341**	157,730
Cost of sales		**(93,933)**	(90,588)
Gross profit		**71,408**	67,142
Other income/(expenses)		**566**	(135)
Selling, general and administration expenses		**(36,991)**	(35,367)
Profit for the period before tax and finance costs		**34,983**	31,640
Finance costs		**(1,859)**	(2,411)
Profit for the period before tax		**33,124**	29,229
Income tax expense		**(8,940)**	(7,615)
Net after-tax profit for the period, attributable to owners of the Parent		**24,184**	21,614
Earnings per share			
Basic earnings per share (cents)		**12.33**	11.02
Diluted earnings per share (cents)		**12.30**	10.92
Net tangible assets per share (cents)		**83.96**	76.82

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

STATEMENT OF COMPREHENSIVE INCOME

for the half-year ended 31 December 2024

	Half-year Ended 31 Dec 2024 $000 (Unaudited)	Half-year Ended 31 Dec 2023 $000 (Unaudited)
Net profit after tax for the period	**24,184**	21,614
Other comprehensive income		
Will be reclassified subsequently to profit or loss when specific conditions are met		
Net increase/(decrease) in cash flow hedge reserve	**(4,707)**	3,232
Income tax related to increase/(decrease) in cash flow hedge reserve	**1,318**	(905)
Not expected to be reclassified subsequently into profit or loss		
Foreign exchange movements on translation of overseas subsidiaries	**7,346**	(3,454)
Income tax related to gains/(losses) on foreign exchange movements of loans with overseas subsidiaries	**17**	13
Other comprehensive income net of tax	**3,974**	(1,114)
Total comprehensive income for the period attributable to equity holders of the Parent	**28,158**	20,500

STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2024

	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 2024	72,406	710	(3,098)	611	158,864	229,493
Profit for the period	-	-	-	-	24,184	24,184
Other comprehensive income	-	(3,389)	7,363	-	-	3,974
Total comprehensive income for the period	-	(3,389)	7,363	-	24,184	28,158
Share incentive scheme	-	-	-	(537)	672	135
Dividends paid	-	-	-	-	(30,391)	(30,391)
Balance 31 December 2024	**72,406**	**(2,679)**	**4,265**	**74**	**153,329**	**227,395**
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 SHEET

as at 31 December 2024

	As at 31 Dec 2024 $000 (Unaudited)	As at 30 Jun 2024 $000 (Audited)	As at 31 Dec 2023 $000 (Unaudited)
Current assets			
Cash and cash equivalents	**18,601**	16,629	19,983
Trade and other receivables	**50,520**	58,718	44,650
Inventories	**85,746**	71,563	72,885
Income tax receivable	**417**	218	1,737
Derivative financial assets	**487**	568	747
Total current assets	**155,771**	147,696	140,002
Non-current assets			
Property, plant and equipment	**90,837**	90,068	90,313
Right of use assets	**27,079**	26,810	28,949
Deferred tax asset	**5,114**	3,772	3,581
Goodwill	**64,661**	63,517	63,041
Intangible assets	**2,570**	2,585	2,771
Derivative financial assets	**26**	679	1,897
Total non-current assets	**190,287**	187,431	190,552
Total assets	**346,058**	335,127	330,554
Current liabilities			
Bank overdraft	**-**	-	289
Trade and other payables	**30,490**	27,607	22,713
Provisions	**5,576**	5,480	5,157
Income tax payable	**2,452**	3,918	803
Lease liabilities – short term	**6,712**	6,623	6,435
Derivative financial liabilities	**2,226**	337	444
Total current liabilities	**47,456**	43,965	35,841
Non-current liabilities			
Provisions	**1,521**	1,341	1,813
Interest-bearing loans and borrowings	**39,000**	32,000	46,075
Deferred tax liabilities	**5,792**	5,867	3,307
Lease liabilities – long term	**22,833**	22,426	24,610
Derivative financial liabilities	**2,061**	35	9
Total non-current liabilities	**71,207**	61,669	75,814
Total liabilities	**118,663**	105,634	111,655
Net assets	**227,395**	229,493	218,899
Equity			
Share capital	**72,406**	72,406	72,406
Reserves	**1,660**	(1,777)	(3,758)
Retained earnings	**153,329**	158,864	150,251
Total equity	**227,395**	229,493	218,899

CASH FLOW STATEMENT

for the half-year ended 31 December 2024

	Half-year Ended 31 Dec 2024 (Unaudited)	Half-year Ended 31 Dec 2023 (Unaudited)
Cash flows from operating activities		
Receipts from customers	**176,145**	168,693
Interest received	**53**	52
Dividends received	**2**	3
Payments to suppliers and employees	**(131,281)**	(120,490)
Income tax paid	**(10,819)**	(9,372)
Interest and bank fees paid	**(1,183)**	(1,671)
Interest on right-of-use asset leases	**(676)**	(740)
Net cash flows from/(used in) operating activities	**32,241**	36,475
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	**340**	354
Payments for property, plant and equipment	**(4,354)**	(4,871)
Payments for intangible assets	**(358)**	(364)
Net cash flows from/(used in) investing activities	**(4,372)**	(4,881)
Cash flows from financing activities		
Proceeds from/(repayments for) loans and advances	**7,000**	3,777
Repayments of lease liabilities	**(3,385)**	(3,091)
Dividends paid to equity holders of Parent	**(30,391)**	(27,450)
Net cash flows from/(used in) financing activities	**(26,776)**	(26,764)
Net increase/(decrease) in cash and cash equivalents	**1,093**	4,830
Cash and cash equivalents at the beginning of the period	**16,629**	15,470
Effect of exchange rate fluctuations	**879**	(606)
Cash and cash equivalents at the end of the period	**18,601**	19,694

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2024

1. Corporate Information

The financial statements of Skellerup Holdings Limited, for the half year ended 31 December 2024, were authorised for issue in accordance with a resolution of the Directors dated 12 February 2025.

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 2024 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 2024 and considered together with any public announcements made by Skellerup Holdings Limited during the half year ended 31 December 2024 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 and distributes 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 2024	Agri $000	Industrial $000	Corporate/ Elimination $000	Total $000
Revenue	50,543	115,415	(617)	165,341
Segment EBIT	15,517	22,354	(2,888)	34,983
Profit before tax and finance costs				34,983
Finance costs				(1,859)
Profit before tax				33,124
Income tax expense				(8,940)
Net after-tax profit				24,184
Assets and liabilities				
Segment assets	126,601	193,260	26,197	346,058
Segment liabilities	10,313	52,329	56,021	118,663
Net assets	116,288	140,931	(29,824)	227,395
Other segment information				
Additions to fixed assets and intangibles	2,293	2,367	38	4,698
Cash flow				
Segment EBIT	15,517	22,354	(2,888)	34,983
Adjustments for:				
- Depreciation and amortisation	2,135	2,555	44	4,734
- Depreciation right of use assets	464	3,039	31	3,534
- Non-cash items	-	-	(633)	(633)
Movement in working capital	2,952	(674)	(1,856)	422
Segment cash flow	21,068	27,274	(5,302)	43,040
Finance and tax cash expense				(12,002)
Movement in finance and tax accrual				1,203
Net cash flow from operating activities				32,241

2. Segment Information (continued)

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 and finance costs				31,640
Finance costs				(2,411)
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
Adjustments for:				
- Depreciation and amortisation	2,032	2,390	27	4,449
- Depreciation and 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

3. Dividends Paid

	Half-year Ended 31 Dec 2024 $000	Half-year Ended 31 Dec 2023 $000
Declared and paid during the period		
Final dividend for June 2024 year on ordinary shares of 15.5 cents per share, imputed to 50%, paid on 18 October 2024 (2023: 14.0 cents per share imputed to 50%, paid on 13 October 2023)		
Net dividend paid	**30,391**	27,450

Subsequent to the six-month period, the Board of Directors resolved to pay an interim dividend of 9.0 cents per share (imputed 50%), on the 196,071,582 ordinary shares on issue for a total amount of $17,646,442. The dividend will be paid on 20 March 2025 to shareholders on the register at 5.00pm on 07 March 2025. The Dividend Reinvestment Plan will not be operative for this dividend payment.

This compares to the prior-year interim dividend of 8.5 cents per share, totalling $16,666,084 which was paid on 14 March 2024.

4. Interest-bearing Loans and Borrowings

Bank loans are provided under a $55 million (30 June 2024: $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

Other than the interim dividend declared there have been no subsequent events after 31 December 2024 requiring disclosure.

CORPORATE DIRECTORY

Directors

WJ Strowger, LLB (Hons)

BD Cushing, BCom, ACA

RH Farrant, BCom, PGDipCom, FCA, CFIoD

AR Isaac, CNZM, BCA, FCA, DistFInstD

DW Mair, BE, MBA

PN Shearer, BCom

Officers

GR Leaming, BCom, CA
Chief Executive Officer

TS Runnalls, BCom (Hons), CA
Chief Financial Officer

Registered Office

L3, 205 Great South Road
Greenlane
Auckland 1051
New Zealand

PO Box 74526
Greenlane
Auckland 1546
New Zealand

Email: ea@skellerupgroup.com
Telephone: +64 9 523 8240
Website: www.skellerupholdings.com

Legal Advisors

Chapman Tripp

L34, PwC Tower
15 Customs Street West
Auckland 1010
New Zealand

Bankers

ANZ Bank New Zealand Limited

23-29 Albert Street
Auckland 1010
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

Email: enquiry@computershare.co.nz
Telephone: +64 9 488 8777
Facsimile: +64 9 488 8787

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

SKELLERUP
HOLDINGS LIMITED

L3, 205 Great South Road
Greenlane, Auckland 1051, New Zealand

PO Box 74526, Greenlane
Auckland 1546, New Zealand

E: ea@skellerupgroup.com
T: +64 9 523 8240
W: www.skellerupholdings.com