

FY16 Results

18 August 2016

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Skellerup Key Points FY16



- NPAT relatively steady at \$20.5 million
 - In line with Guidance, down 6% on prior corresponding period (pcp)
 - Industrial Division EBIT up 9% and Agri Division EBIT down 15% on pcp
- Revenue up 4% on pcp to \$211.4 million
 - Sales into international markets now 78% of Group revenue due to growth from Industrial businesses
- Commodity prices headwinds continue
 - International milk price impacting domestic and international sales
 - Oil and gas prices down causing significant downturn in US exploration activity
 - Iron ore prices modest resulting in flat year for Skellerup
- Operating Cash flow strong at \$30.9 million
 - Funding dividend payments of \$17.4 million
 - Contributing significantly to Project Viking expenditure
 - Resultant net debt of \$26.9 million (just 17% of Equity)
- Annual Dividend pay-out unchanged at 9.0 cents per share
- Project Viking
 - Construction of facility complete, final stages of fit out in progress
 - Transfer of operations commenced, distribution centre operative since April 2016, new mixing plant in trial production

Skellerup Financial Highlights FY16



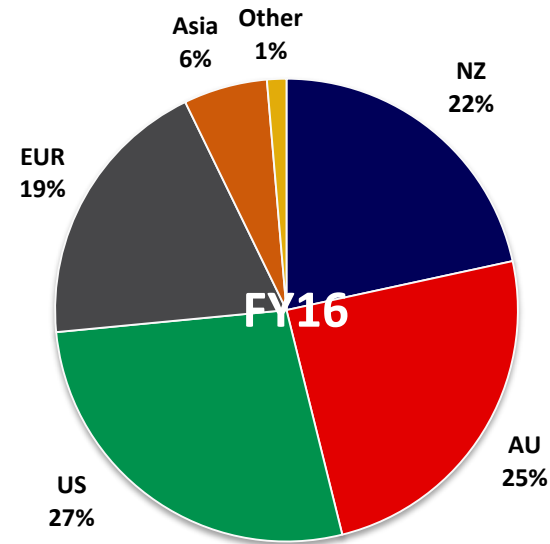
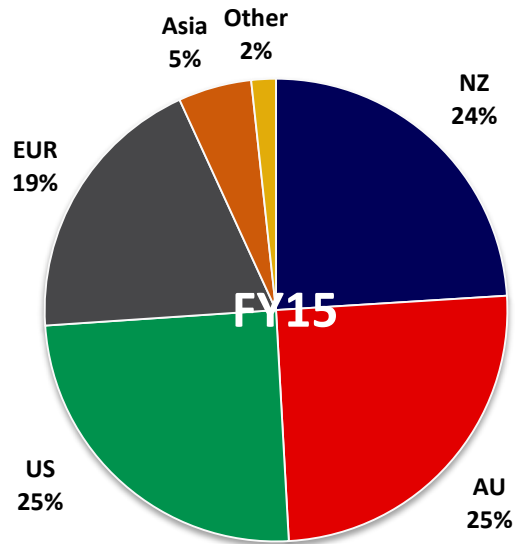
NZ\$ Million	FY16	FY15	FY14
Revenue	211.4	203.0	196.6
EBITDA before Canterbury EQ insurance income	37.0	38.4	37.4
Depreciation & amortisation	(7.5)	(7.3)	(7.5)
EBIT before Canterbury EQ insurance income	29.5	31.1	29.9
Finance costs	(0.4)	(0.2)	(0.7)
Tax expense excluding Canterbury EQ insurance tax	(8.4)	(9.0)	(8.5)
NPAT excluding Canterbury EQ insurance income	20.7	21.9	20.7
Canterbury EQ related net income (costs)	0.2	-	20.4
NPAT	20.5	21.9	41.1
<i>Earnings cents per share (excluding Canterbury EQ)</i>	<i>10.65</i>	<i>11.38</i>	<i>10.76</i>
<i>Dividend cents per share</i>	<i>9.0</i>	<i>9.0</i>	<i>8.5</i>
Operating cash flow (excluding Canterbury EQ)	30.9	17.8	27.3
Cash net of debt	(26.9)	0.8	16.4
Capital & intangible expenditure	38.9	20.4	8.9

- Strong operating cash flow funding
 - dividends; and
 - capex (which will reduce significantly in future years)
- Capital expenditure includes \$34.9 million for Project Viking
- EQ related costs relate to relocation of Distribution Centre to Wigram

Note re FY14

- *EPS including the Canterbury EQ net income was 21.3 cents per share*
- *Operating Cash Flow including Canterbury EQ net proceeds was \$51.0 million*

Skellerup FY16 Revenue by Geographic Market



- United States up 15% on pcp (flat in constant currency terms)
 - Increase in market share in potable water and roofing markets offset by slump in oil and gas market activity
- Australia up 2% on pcp (flat in constant currency terms)
 - Increase in sales into infrastructure markets offset by slowdown in Dairy markets
- New Zealand down 6% on pcp
 - Impact of reduced Dairy pay-out
- Europe up 5% on pcp (down 2% in constant currency terms)
- Asia up 19% on pcp

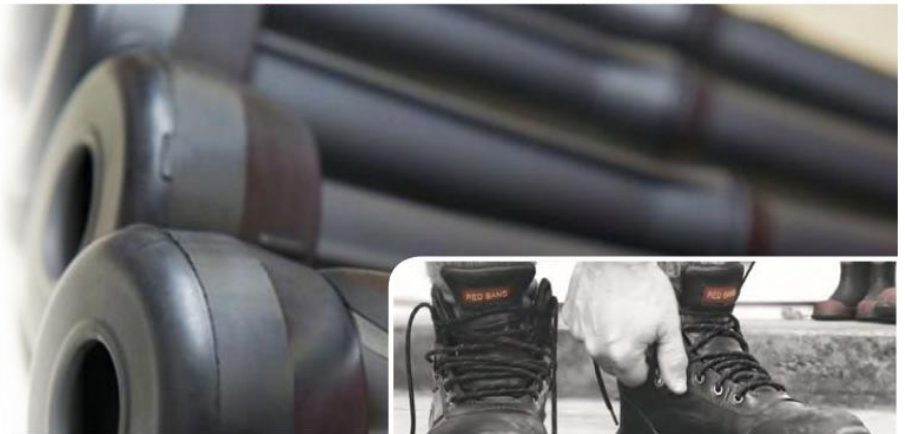
Skellerup FY16 Agri Division



NZ\$ Million	FY13	FY14	FY15	FY16
Revenue	72.4	80.2	80.5	79.6
EBIT	19.8	21.7	22.1	18.8
EBIT %	27.3	27.1	27.4	23.6

Revenue down 1% and EBIT down 15% on pcp

- International dairy price impacting all markets
 - International markets well down in second half – capital expenditure very slow
 - NZ market capital expenditure also down – reduced conversions and shed upgrades
 - NZ market demand for replacement liners still solid but tubing and other products soft
- Footwear sales solid
 - Steady growth for high value technical products in international markets



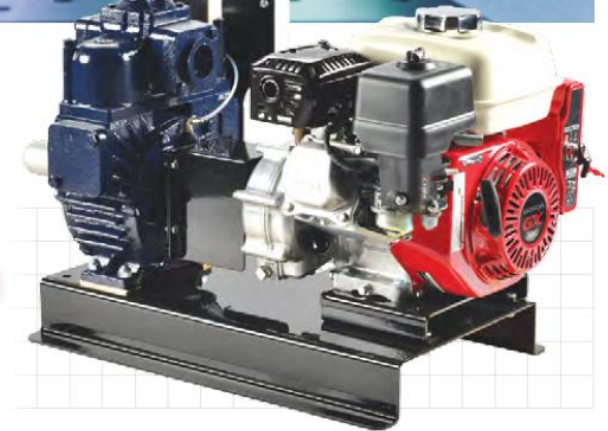
Skellerup FY16 Industrial Division



NZ\$ Million	FY13	FY14	FY15	FY16
Revenue	116.9	116.2	123.0	132.0
EBIT	13.5	13.5	14.0	15.3
EBIT %	11.6	11.6	11.4	11.6

Revenue up 7% and EBIT up 9% on pcp

- US market mixed
 - Continued strong growth in water infrastructure and potable water applications
 - Growth in roofing product sales
 - Significant slowdown for vacuum systems due to slump in oil and gas market exploration activity
- Australian market solid
 - Further growth from expanded Deks product range
- European market growth
 - Automotive couplings
- Asian market growth
 - Deks product range in particular



Skellerup FY16 Project Viking Update



- New 18,900 m2 dairy rubberware development and manufacturing facility to replace damaged Woolston facility built over 77 years ago
- Facility construction complete, final stages of fit out in progress and relocation in progress
- Project costs in line with expectation
 - Higher proportion of cost capitalised as economics has supported “new” rather than relocation of “old” in several instances.
 - Estimated cost to complete fit-out and transfer is \$6.7 million.
- Total Project Expenditure over FY13 through FY16 shown below
 - Includes cost of land, purchase of new primary mixer and cost of new SIMs machines



FY13 to FY16	\$ Million
Land	7.1
Building & Fitout	47.2
New & Upgraded Equipment	9.3
Total Investment	63.6
Insurance Proceeds (FY14)*	-26.3
Net Investment	37.3
Relocation Expenses	0.1

- Themes underlying our business strategy unchanged
 - Global demand for protein/ safe food.
 - Global demand for clean gas as an energy source.
- International markets for revenue growth
 - US now our largest market. We continue to win new business and this will provide revenue growth.
 - Australia is our second largest market. We have a suite of products well suited to the market and will continue to grow.
 - Whilst the overall environment is tough, Europe is a significant market for Skellerup. We are growing in a number of target areas including automotive.
 - Sales into Asia and the Middle East grew in FY16. We will continue to target product areas where we can achieve good margins.
- Revenue growth from product innovation
 - Customer focussed to solve customer problems. As a result our conversion rate is good.
 - Combination of improvement and redevelopment of existing products and new products.
- Operational gains
 - Good progress in FY16
 - More gains to come from improvement in our manufacturing operations and the supply chain.

Reconciliation of Segment EBIT to Group NPAT

NZ\$ Million	FY16	FY15	FY14
Agri EBIT	18.8	22.1	21.7
Industrial EBIT	15.3	14.0	13.5
Corporate EBIT	(4.6)	(5.0)	(5.3)
EBIT before Canterbury EQ income (costs)	29.5	31.1	29.9
Canterbury EQ income (expenditure)	(0.2)	-	19.8
Finance costs	(0.4)	(0.2)	(0.7)
Tax expense	(8.4)	(9.0)	(8.5)
Tax credit re Canterbury EQ	-	-	0.5
NPAT excluding Canterbury EQ	20.7	21.9	20.7
NPAT	20.5	21.9	41.1

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.

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