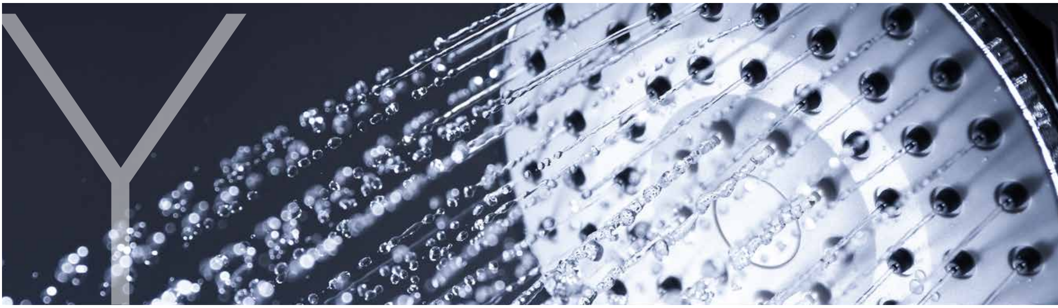
SKELLERUP



HALF YEAR REPORT 2021

Revenue
$136.6m
11%

EBIT
$27.6m
53%

NPAT
$19.5m
61%

Earnings per share
9.98cps
61%

Operating cash flow
$35.1m
33%

Interim Dividend
6.5cps
18%

Contents

Chair and CEO Review

Skellerup again demonstrated we have a robust business that is generating earnings and cash flow growth from delivering critical products to our customers around the world. For the six months ended 31 December 2020, Skellerup recorded a net profit after tax (NPAT) of $19.5 million. This was an outstanding record result and a 61% improvement over pcp.

This result is the outcome of our consistent core strategy across our global business. We design and develop innovative engineered products that deliver real solutions to original equipment manufacturer (OEM) customers. Working closely with customers to clearly understand their requirements and challenges is critical to ensuring we rapidly develop and deliver prototypes and ultimately consistent standards-compliant products.

While our strategy is unchanged, our leaders and teams have been challenged. They have shown great resilience and adaptability to overcome the impacts and constraints of Covid-19 to ensure we meet customer requirements. Despite some project timelines extending because of Covid-19, we have successfully moved into production with new products and customers across the world, contributing to Group revenue growth of 11% to $136.6 million in the first half of the year.

Working capital improvements further boosted the impact of earnings growth to deliver a record operating cash flow of $35.1 million, up 33% on pcp. This surpassed funding required for dividends and capital expenditure, enabling a reduction in net debt to $13.0 million at the end of December 2020.

$000 Unaudited	**Half-year Ended 31 December 2020**	Half-year Ended 31 December 2019	Percentage Change
Revenue	**136,589**	122,976	11%
Earnings before interest and taxation	**27,550**	17,998	53%
Net profit after taxation	**19,459**	12,073	61%
Earnings per share (cents)	**9.98**	6.19	61%
Dividend per share (cents)	**6.50**	5.50	18%
Cash (net debt)	**(12,956)**	(34,655)	-63%

Agri Division

Skellerup's Agri Division achieved a record EBIT of $15.3 million, up 56% on the pcp.

Revenue growth of 18% was the outcome of increased dairy rubberware sales in international markets (particularly in Europe), increased rubber footwear sales in New Zealand and a full six-month contribution from Silclear (this was acquired in November 2019 meaning it contributed for only two months in the pcp).

Operational improvements were also a significant contributor to the record EBIT achieved. We have made further operational gains at our Wigram facility including improvements in cycle times and changes in shift patterns. These have smoothed the peaks and troughs of manufacturing, resulting in reduced costs of production, and improved inventory management.

Our ability to rapidly develop new solutions is a competitive edge. This allied with the essential nature of the food grade dairy rubberware (including silicone), filter and animal hygiene products we produce, mean we continue to play a crucial role in maintaining milk quality and protecting animal health around the world.

Industrial Division

Skellerup's Industrial Division achieved a record EBIT of $15.5 million, up 52% on the pcp.

Revenue grew by 7% due to increases across the Division but most notably from increased sales of potable water, roof flashing, and plumbing products in Australia and U-Dek marine foam decking in the US, Europe, Australia and New Zealand.

Revenue growth was achieved at improved margins reflecting the value of the products delivered. Operational improvements including lower material costs and improved freight arrangements were also key contributors to the earnings growth. Our leaders are successfully moving resources into areas where the largest benefits can be achieved.

Our strategy to design and deliver consistent, high-quality engineered, standards-compliant products for key OEM customers in international markets has and will continue to generate revenue and earnings growth. We have a strong pipeline of new business at various stages of development.

Industrial **$000 Unaudited**	**Half-year Ended** **31 December 2020**	Half-year Ended 31 December 2019	Percentage Change
Revenue	**85,708**	79,812	7%
Earnings before interest and taxation	**15,542**	10,203	52%

Agri **$000 Unaudited**	**Half-year Ended** **31 December 2020**	Half-year Ended 31 December 2019	Percentage Change
Revenue	**50,923**	43,181	18%
Earnings before interest and taxation	**15,311**	9,808	56%

Dividend

Record first half earnings and operating cash flow, plus increased expectations for the full year have enabled the Board to declare an 18% increase in the interim dividend to 6.5 cents per share, imputed 50%. This will be distributed on 18 March 2021 to shareholders on the register at 5:00pm on 5 March 2021.

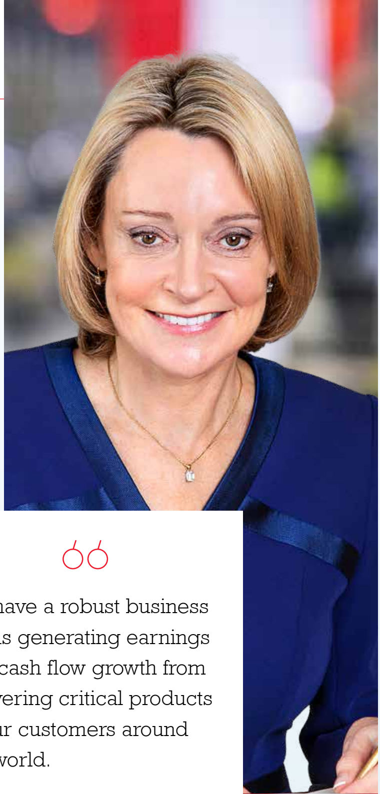
Outlook

We have a robust business that is generating earnings and cash flow growth from delivering critical products to our customers around the world. Customer demand remains strong across our Group. Extended shipping times and increased freight costs due to congestion and availability will have some impact in the near term. We have also seen some increases in raw materials and will be impacted by the recent strengthening of the NZ dollar. However, we have taken early steps to manage these matters and will continue to ensure we are able to meet our customers' needs. We expect FY21 NPAT to be in the range of $33 million to $37 million.

The Board is proud of the contribution from our global team, particularly considering the significant challenges many continue to face across the world. We remain focused on ensuring Skellerup's team remain well supported and will continue to invest in the business to grow sustainable earnings and shareholder returns.

Elizabeth (Liz) Coutts
Chair and Director

David Mair
Chief Executive Officer and Director



"We have a robust business that is generating earnings and cash flow growth from delivering critical products to our customers around the world."

Our Business Strengths

1. We build strong and deep customer relationships

We work closely with customers, particularly with OEMs, to be part of their product innovation teams.

2. We focus on critical components that are an essential part of a more complex system

Our products are usually only a small part of the total solution, but they are critical. OEM customers prefer the trusted Skellerup brand.

3. We apply our intellectual know-how to new applications

Using relevant material expertise and design methodologies, we rapidly innovate, creating prototypes that enable quick customer decision-making while ensuring scalable production.

4. We have a diverse and highly experienced technical team

We are proud to have a diverse, experienced, vibrant and international team delivering product solutions for customers in over 80 countries.

5. We have delivered strong economic performance year on year

We have a strong balance sheet, low debt and a very good dividend yield. We can maintain and grow the business with relatively low levels of capital expenditure.

6. We are utilising our natural resources efficiently and effectively

We are focused on reducing our impact on the environment through optimising our resources and reducing waste.

7. We have world-class manufacturing and distribution

We are renowned for our world-class manufacturing and distribution facilities and partners in New Zealand, Australia, China, Vietnam, UK, Italy and the US.

Our Brands

Industrial Division

Keeping potable water separate from grey water for industrial applications. Leveraging our innovative intellectual property across adjacent sectors.

- SKELLERUP
- GULF engineered rubber and plastics
- SIMLIM engineered silicone solutions
- TUMEDEI rubber engineering
- MASPORT VACUUM PUMP SYSTEMS
- DEKS EASY TO WORK WITH
- Ultralon FOAM GROUP
- NEXUS PERFORMANCE FOAMS
- FLEXIFLO

Agri Division

World-leading essential dairy consumables, safeguarding milk quality, animal health and welfare. Delivering specialist footwear for the farming, fire, forestry and electricity markets.

- SKELLERUP
- VACPLUS
- REFLEX BEST FIT FOR HERD
- Silclear SILICONE SOLUTIONS
- AMBIC leading best practice in livestock health management
- Conewango Serving the Dairyman since 1931
- STEVENS FILTERITE
- RED BAND
- QUATRO

Consolidated Financial Statements

for the half year ended 31 December 2020

Income Statement

for the half-year ended 31 December 2020

	Note	Half-year Ended 31 Dec 2020 $000 (Unaudited)	Half-year Ended 31 Dec 2019 $000 (Unaudited)
Revenue	2	136,589	122,976
Cost of sales		(80,966)	(76,971)
Gross profit		55,623	46,005
Other income/(expenses)		1,054	366
Distribution expenses		(7,738)	(7,147)
Marketing expenses		(8,128)	(10,976)
Administration expenses		(13,261)	(10,250)
Profit for the period before tax, finance costs and share of net profit of associates		27,550	17,998
Finance costs		(1,135)	(1,268)
Share of net profit of associates accounted for using the equity method		(50)	(31)
Profit for the period before tax		26,365	16,699
Income tax expense		(6,906)	(4,626)
Net after-tax profit for the period, attributable to owners of the Parent		19,459	12,073
Earnings per share			
Basic earnings per share (cents)		9.98	6.19
Diluted earnings per share (cents)		9.89	6.14
Net tangible assets per share (cents)		65.85	61.37

Statement of Comprehensive Income

for the half-year ended 31 December 2020

	Half-year Ended 31 Dec 2020 $000 (Unaudited)	Half-year Ended 31 Dec 2019 $000 (Unaudited)
Net profit after tax for the period	**19,459**	12,073
Other comprehensive income		
Will be reclassified subsequently to profit or loss when specific conditions are met		
Net increase/(decrease) in cash flow hedge reserve	**542**	523
Income tax related to increase/(decrease) in cash flow hedge reserve	**(152)**	(152)
Not expected to be reclassified subsequently into profit or loss		
Foreign exchange movements on translation of overseas subsidiaries	**(3,988)**	282
Income tax related to gains/(losses) on foreign exchange movements of loans with overseas subsidiaries	**96**	-
Other comprehensive income net of tax	**(3,502)**	653
Total comprehensive income for the period attributable to equity holders of the Parent	**15,957**	12,726

Statement of Changes in Equity

for the half-year ended 31 December 2020

	Fully Paid Ordinary Shares $000 (Unaudited)	Cash Flow Hedge Reserve $000 (Unaudited)	Foreign Currency Translation Reserve $000 (Unaudited)	Employee Share Plan Reserve $000 (Unaudited)	Retained Earnings $000 (Unaudited)	Total $000 (Unaudited)
Balance 1 July 2020	72,173	176	(7,615)	374	119,455	184,563
Profit for the period	-	-	-	-	19,459	19,459
Other comprehensive income	-	390	(3,892)	-	-	(3,502)
Total comprehensive income for the period	-	390	(3,892)	-	19,459	15,957
Share incentive scheme	233	-	-	(300)	411	344
Dividends paid	-	-	-	-	(14,606)	(14,606)
Balance 31 December 2020	**72,406**	**566**	**(11,507)**	**74**	**124,719**	**186,258**
Balance 1 July 2019	72,173	132	(9,771)	149	115,709	178,392
Profit for the period	-	-	-	-	12,073	12,073
Other comprehensive income	-	371	282	-	-	653
Total comprehensive income for the period	-	371	282	-	12,073	12,726
Share incentive scheme	-	-	-	113		113
Dividends paid	-	-	-	-	(14,607)	(14,607)
Balance 31 December 2019	72,173	503	(9,489)	262	113,175	176,624

Balance Sheet

as at 31 December 2020

	As at 31 Dec 2020 $000 (Unaudited)	As at 30 Jun 2020 $000 (Audited)	As at 31 Dec 2019 $000 (Unaudited)
Current assets			
Cash and cash equivalents	**20,044**	13,617	13,625
Trade and other receivables	**44,427**	46,405	40,215
Inventories	**49,621**	52,098	50,511
Income tax receivable	**203**	74	9
Derivative financial assets	**1,002**	378	698
Total current assets	**115,297**	112,572	105,058
Non-current assets			
Property, plant and equipment	**85,618**	87,846	90,054
Right of use assets	**20,069**	21,811	19,862
Deferred tax asset	**2,863**	3,125	2,643
Goodwill	**54,536**	54,908	54,511
Intangible assets	**1,467**	1,217	1,233
Investment in associate	**1,491**	1,725	1,702
Derivative financial assets	**333**	438	284
Total non-current assets	**166,377**	171,070	170,289
Total assets	**281,674**	283,642	275,347
Current liabilities			
Trade and other payables	**28,792**	24,806	21,246
Provisions	**5,342**	4,811	4,744
Income tax payable	**2,825**	1,119	837
Interest-bearing loans and borrowings	**-**	830	-
Lease liabilities - short term	**4,305**	4,544	2,947
Derivative financial liabilities	**323**	440	132
Total current liabilities	**41,587**	36,550	29,906
Non-current liabilities			
Provisions	**1,898**	1,283	1,381
Interest-bearing loans and borrowings	**33,000**	41,300	48,279
Deferred tax liabilities	**2,128**	2,042	1,978
Lease liabilities - long term	**16,723**	17,772	17,027
Derivative financial liabilities	**80**	132	152
Total non-current liabilities	**53,829**	62,529	68,817
Total liabilities	**95,416**	99,079	98,723
Net assets	**186,258**	184,563	176,624
Equity			
Share capital	72,406	72,173	72,173
Reserves	(10,867)	(7,065)	(8,724)
Retained earnings	124,719	119,455	113,175
Total equity	186,258	184,563	176,624

Cash Flow Statement

for the half-year ended 31 December 2020

	Half-year Ended 31 Dec 2020 $000 (Unaudited)	Half-year Ended 31 Dec 2019 $000 (Unaudited)
Cash flows from operating activities		
Receipts from customers	136,886	134,773
Interest received	30	8
Dividends received	1	2
Payments to suppliers and employees	(95,743)	(102,774)
Income tax paid	(4,939)	(3,170)
Interest and bank fees paid	(661)	(811)
Interest on right-of-use asset leases	(474)	(457)
Net cash flows from/(used in) operating activities	35,100	27,571
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	281	32
Payments for property, plant and equipment	(2,135)	(2,268)
Payments for intangible assets	(414)	(304)
Acquisition of a business, net of cash acquired	-	(6,204)
Net cash flows from/(used in) investing activities	(2,268)	(8,744)
Cash flows from financing activities		
Proceeds from loans and advances	(9,034)	2,064
Proceeds from issue of shares	233	-
Repayments of lease liabilities	(2,197)	(2,278)
Dividends paid to equity holders of Parent	(14,607)	(14,607)
Net cash flows from/(used in) financing activities	(25,605)	(14,821)
Net increase/(decrease) in cash and cash equivalents	7,227	4,006
Cash and cash equivalents at the beginning of the period	13,617	9,639
Effect of exchange rate fluctuations	(800)	(20)
Cash and cash equivalents at the end of the period	20,044	13,625

Notes to the Financial Statements

as at 31 December 2020

1. Corporate Information

The financial statements of Skellerup Holdings Limited, for the half year ended 31 December 2020, were authorised for issue in accordance with a resolution of the Directors dated 17 February 2021.

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 2020 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 2020 and considered together with any public announcements made by Skellerup Holdings Limited during the half year ended 31 December 2020 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, Industrial and Corporate; these are 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 Segment

The Agri segment designs, manufactures and distributes essential dairy consumables, which includes milking liners, tubing, filters and feeding teats. The Division also designs, manufactures and sells rubber footwear for Agri and specialist applications.

Industrial Segment

The Industrial segment designs, manufactures and distributes engineered polymer products for a range of applications including potable and waster water, roofing and construction, automotive, machinery, electrical, appliances, sport and leisure, mining, health and medical.

Corporate Segment

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

2. Segment Information (continued)

For the half-year ended 31 December 2020	Agri $000	Industrial $000	Corporate/ Elimination $000	Total $000
Revenue	50,923	85,708	(42)	136,589
Segment EBIT	15,311	15,542	(3,303)	27,550
Profit before tax, finance costs and share of net profit of associates				27,550
Finance costs				(1,135)
Share of net profit of associates				(50)
Profit before tax				26,365
Income tax expense				(6,906)
Net after-tax profit				19,459
Assets and liabilities				
Segment assets	120,407	132,268	28,999	286,206
Segment liabilities	13,875	38,417	42,124	99,948
Net assets	106,532	93,851	(14,125)	186,258
Other segment information				
Capital expenditure	1,212	1,379	55	2,646
Cash flow				
Segment EBIT	15,311	15,542	(3,303)	27,550
Share of net profit of associates	-	(50)	-	(50)
Adjustments for:				
- Depreciation and amortisation	2,019	1,616	20	3,655
- Depreciation right of use assets	418	2,143	37	2,598
- Non-cash items	-	-	460	460
Movement in working capital	5,148	3,756	23	8,927
Segment cash flow	22,896	23,007	(2,673)	43,140
Finance and tax cash expense				(5,600)
Movement in finance and tax accrual				(2,440)
Net cash flow from operating activities				35,100

2. Segment Information (continued)

For the half-year ended 31 December 2019	Agri $000	Industrial $000	Corporate/ Elimination $000	Total $000
Revenue	43,181	79,812	(88)	122,976
Segment EBIT	9,808	10,203	(2,013)	17,998
Profit before tax and finance costs				17,998
Finance costs				(1,268)
Share of net profit of associates				(31)
Profit before tax				16,699
Income tax expense				(4,626)
Net after-tax profit				12,073
Assets and liabilities				
Segment assets	123,058	132,977	19,312	275,347
Segment liabilities	11,414	34,989	52,320	98,723
Net assets	111,644	97,988	(33,008)	176,624
Other segment information				
Capital expenditure	6,278	1,285	8	7,571
Cash flow				
Segment EBIT	10,092	9,919	(2,013)	17,998
Share of net profit of associates	-	(31)	-	(31)
Adjustments for:				
- Depreciation and amortisation	2,079	1,629	20	3,728
- Depreciation right of use assets	306	2,028	37	2,371
- Non-cash items	-	-	461	461
Movement in working capital	773	6,554	373	7,700
Segment cash flow	13,250	20,099	(1,122)	32,227
Finance and tax cash expense				(3,981)
Movement in finance and tax accrual				(1,913)
Net cash flow from operating activities				26,333

3. Dividends Paid

	Half-year Ended 31 Dec 2020 $000	Half-year Ended 31 Dec 2019 $000
Declared and paid during the period		
Final dividend for June 2020 year on ordinary shares of 7.5 cents per share, imputed to 50%, paid on 16 October 2020		
(2019: 7.5 cents per share imputed to 50%, paid on 17 October 2019)		
Net dividend paid	**14,606**	14,607

Subsequent to the six-month period, the Board of Directors resolved to pay an interim dividend of 6.5 cents per share (imputed 50%), on the 195,276,382 ordinary shares on issue for a total amount of $12,692,965. The dividend will be paid on 18 March 2021 to shareholders on the register at 5.00pm on 5 March 2021. The Dividend Reinvestment Plan will not be operative for this dividend payment.

This compares to the prior-year interim dividend of 5.5 cents per share, totalling $10,711,434 which was paid on 19 March 2020.

4. Interest-bearing Loans and Borrowings

Bank loans are provided under a $70 million multi-currency facility agreement with ANZ Bank New Zealand Limited which has a review date of 31 August 2023.

5. Events after the Balance Sheet Date

There have been no subsequent events after 31 December 2020 requiring disclosure.

Corporate Directory

Directors

EM Coutts, ONZM, BMS, FCA, CFIoD
Chair

BD Cushing, BCom, ACA

AR Isaac, CNZM, BCA, FCA

DW Mair, BE, MBA

PN Shearer, BCom

WJ Strowger, LLB (Hons)

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

Legal Advisors

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Bankers

ANZ Bank New Zealand Limited
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Auditors

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Britomart
Auckland 1010
New Zealand

Share Registrar

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Private Bag 92119
Auckland 1142
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
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Please assist our registrar by quoting your Common Shareholder Number (CSN).

Skellerup Holdings Limited

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