



**SKELLERUP HOLDINGS LIMITED**

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Skellerup Holdings Limited

Annual Shareholders Meeting 27 October 2021

Chair's Address

Good afternoon and welcome to Skellerup's 2021 Annual Meeting, our first virtual one. I would love nothing more than to be celebrating in our traditional way over afternoon tea with a glass of wine another record year, but with things being what they are today's celebration is necessarily more muted.

I am nonetheless confident that when we get together next year we can not only make up for lost time, but we'll also have fresh cause to raise our glasses.

But let's start in the now. We are now more than eighteen months into the global pandemic and are living with the massive disruption it has created, and this has reinforced the value of having a solid foundation, one that has allowed us to adapt to the unique and complex challenges posed by the pandemic.

The FY21 result reveals that the continuing strength of our strategy and business model is our solid foundation. The leadership of our management team and the skill and adaptability of all our people, combined with their unrelenting customer focus, has allowed us to keep growing that foundation.

It is therefore with real pride that Skellerup can report another record year. That record is across the board. Net profit after tax (NPAT) is \$40.2 million, up 38 percent, which beats our recent record results.

As a growth business, achieving a record operating cash flow of \$58.8 million, up 22 per cent from the prior record in FY20, is also a standout measure of performance. This enabled us to fund our capital expenditure requirements, reduce debt – down \$19.8 million to net debt of \$8.7 million – and substantially lift our final dividend.

The final dividend, imputed to 50 percent, increased from 7.5 to 10.5 cents per share and was paid to shareholders on 15 October 2021 with a record date of 01 October 2021. This brought the total dividend pay-out for the financial year ended 30 June 2021 to 17.0 cents per share, up 31 percent on the prior year.

Rewarding shareholders is a vital metric for us and over the past 10 years the pay-out has almost trebled. The Board is delighted with this level of growth, and we are pleased your loyalty to Skellerup has been rewarded so well.

Skellerup is a New Zealand success story and a global company, with businesses in New Zealand, Australia, China, Italy, the United Kingdom, and the United States. Eighty percent of our revenue is derived offshore.

With a strong domestic presence and global reach comes great growth opportunities but also greater complexity.

Our strong balance sheet has allowed Skellerup to take advantage of growth opportunities and in August we acquired Talbot Technologies, a 25-year-old well-established business that designs, develops and manufactures highly engineered plastic products for domestic and international markets.

That acquisition strengthens and broadens Skellerup's capability with the proven expertise of the Talbot team, so adds value to our business.

Our growth business would face complexity under benign conditions, but with the disruptions caused by the global pandemic we and our workforce have faced an enormously trying year.

What last year seemed novel, and therefore tinged with the challenge to overcome as well as a lot of uncertainty, has given way to the sustained grind of the pandemic, both physically and psychologically.

In some countries, the disruption has been extreme, with long and more restrictive working conditions for our people, prolonged periods of working from home, and, more recently, supply chain challenges testing our relationships with customers.

Our workforce has risen to the challenge, and we cannot speak more highly of them. They have shown remarkable adaptability. We have supported their collective effort and responsibility to work safely. They have supported Skellerup by keeping their focus, notwithstanding the disruptive challenge faced, on satisfying customers.

Working closely with key customers is the foundation to Skellerup's success. The adaptability of our people to maintain that focus, be flexible in planning, and be responsive to the changing needs of customers to ensure those needs are met, is a testament to their tenacity and quality.

Our record result this year is the result of their collective effort, and we thank them for it.

Skellerup takes seriously its responsibility to grow our business sustainably. Reducing waste and our environmental impact domestically and overseas forms part of Skellerup's commitment to continuous improvement on sustainability.

And because we view sustainability widely – that is, working closely with customers, developing and investing in our people, and minimising emissions and waste – it is not an either/or proposition for us. Growing a sustainable business is core philosophy at Skellerup.

Our directors have also faced a challenge. I have spoken of the increasing complexity of the business. The Board has a wealth of commercial and governance experience and we have worked hard to ensure thorough oversight, visibility, and provide strong governance to support David and his team.

Despite being unable to travel to our international businesses, we have been active, visiting our domestic sites to observe and understand our operating environments and meet with our people. We have also invited leaders in both our domestic and overseas businesses to join our virtual Board meetings to present and discuss their plans, risks and opportunities with us.

The increasing workload and time commitment of directors, together with need to plan for succession given the substantial institutional and industry knowledge of our long

serving directors, means the Board is considering both the size of the Board and directors skills needed to maintain strong Board oversight and governance into the future.

Skellerup's future is positive. Our strategy and business model were tested by the global pandemic, and they not just survived, they thrived, as our record result shows.

To reinforce our confidence and optimism, I'll make a comment on our current trading performance. We have made a strong start to FY22. We have met continued high customer demand despite the constraints of elongated shipping transit times. We expect our NPAT for the first half of FY22 to be in excess of 10% above the prior comparative period.

In closing, on behalf of the Board I want to emphasise the Board's pleasure at the FY21 result, express our optimism for the future. I would like to thank David and his team for their leadership. And, most of all, I want to thank you, our shareholders, for your encouragement and support.

ENDS