

**SKL FY23 ASM CEO Address**

Thank you, John.

I'd like to begin by introducing several key people in our team.

**Industrial Division**

Guy Meuli – General Manager Vacuum Systems Group, DEKS North America and Europe

Logan Mckenzie – International Market Support, Vacuum Systems Group

Patrick Crotty – General Manager Ultralon Group and Gulf Rubber Australia

Richard Cosmann – Operations Manager, Ultralon

Shaun Spacey – Business Unit Manager, Product Development Centre

Mike Draper – Business Unit Manager, Talbot

Bhargav Dave – Business Unit Manager, Skellerup Rubber Services

**Agri Division**

Dino Kudrass – Head of Product and Process Development

Jane Boyd – Head of Customer Experience and Marketing

**Head Office**

Laura Dixon – Executive Assistant

Tim Runnalls – Group Financial Controller

Ryan Zarei – Business Analyst

**Skellerup Performance**

Skellerup has delivered another record year: the latest in an unbroken chain of excellent performance by our people across all parts of Skellerup's global businesses. Seven years of revenue CAGR 7% and NPAT CAGR 14%. It's not luck! How have we achieved this?

**The Secret Sauce**

Through a clarity of purpose and then execution of our strategy and business plans, we are getting better alignment of our entire workforce to improving processes. Everyone can make a difference. As we focus on improving processes, the outcomes (the numbers) get better. What does that mean? We are confident that despite market setbacks and volatility, we should be able to improve our business profits 5% per year for a sustained period. That provides the platform for organic growth. Some of you will recognize that as a very Japanese approach called Kaizen. I am a big fan.

Then we need a few large initiatives that change the game (and deliver growth above the organic 5% target I have noted).

**Customer Engagement**

The Smile Curve is a useful way of thinking about our customer engagement. The left-hand side of the graph is really about a unique differentiated product strategy; the right-hand side is about a customized service. We want the smile to get bigger (adding more value) by innovating both product and service.

The combination of the two (differentiated product + highly effective service) provides an opportunity to demonstrate our value to the customer and 'lock them in.' We often discuss internally the concept of customer lock in. Of course, what we mean is that a customer 'locks us in.' Every customer wants to feel special. We help our customers to become more competitive by focusing on their unique wants and needs and help them make more money.

Please talk to Guy M, Pat C or Dino about Lock In

### **US Market**

We have signalled clearly that the US market is key with significant opportunities. We believe that greater in-market manufacturing and distribution capability will be necessary to meet ever increasing customer demands.

One way of thinking about that is we should aim to have processes that are globally competitive. That means lowest cost. It is then a question of where to run those processes and the recent trends strongly suggest you do that in market close to your customers.

In order to progress that initiative, one example is we have partnered to make a range of infrastructure pipe rings for our customers McWane and US Pipe in the USA. We have also moved to full ownership of Sim Lim (now part of the Gulf US business) that provides us with tooling and production capability for liquid silicone rubber products. This capability has applications not only with existing customers, but also in many areas of new business (particularly medical components).

We are preparing parts of our business with sales into the US to be ready for in-market manufacture in particular food grade dairy rubberwear. We are doing that by investing in and developing standard equipment and focusing on our approach to tooling in particular.

We also have exciting opportunities with new products and customers including a large customer in the hygiene market who are launching their new dispensing equipment in November 2023.

### **Skellerup**

The last 12 months has seen some significant milestones for Skellerup. In November last year Deks Australia celebrated their 75<sup>th</sup> anniversary with an event in Melbourne. In June this year I had the privilege of attending Skellerup Jiangsu's 20<sup>th</sup> anniversary and just last week Red Band reached 65 years!

Skellerup is an international confederation of businesses run from a small head office (eight people with two working part time). We want the resources to be in the businesses and we hold the leaders accountable to delivering EBIT. The total cost of the head office of NZD 5.6m in FY23 including Directors' fees, salaries and NZX fees, external reporting costs and shareholder communications. A real bargain for shareholders!

I would like to thank the Board for their support. All our directors are shareholder focused, business savvy and have a particular interest in Skellerup. Their relevant skills and experience provide support for Graham and me to make fast decisions where appropriate and provide a sense check to strategic decisions.

And finally, to all shareholders, thank you for your support.