

SKL FY25 ASM CEO Address

Thank you, John.

Introduction

As John noted we are delighted to bring this year's ASM to Christchurch. There may be people in the audience that can recall an ASM being held here in the past, but certainly it is the first time it has been held here in my time with the Group which began in December 2012.

Today I will give you a summary of our business and strategy, recap on FY25 results, discuss the outlook for the current year, and introduce you to some of the people influential in what we have achieved and importantly critical to delivering future growth and success.

Our Business

At last year's ASM I talked a lot about the four key elements of how we do business at Skellerup. I will briefly recap on this as collectively we think doing these things well is critical to our success:

Firstly, we focus on products and applications that demand high performance and/or conformance. To capitalise on the deep technical expertise, we have in our organisation, we seek opportunities to deliver real value such as designing and manufacturing milking systems that improve productivity and improve animal health or integrating multiple materials to reduce discrete parts and complexity for customers in potable water or hygiene applications.

Secondly, our development efforts are customer focused. This may sound glib or simple, but it is the cornerstone of profitable growth. Practically this means when working with original equipment manufacturing (OEM) customers we work rapidly to deliver prototypes to prove the solution works and then get their commitment with a financial contribution to the development cost, and/or an irrevocable commitment for product. The same customer focus principle applies when we manufacture our own branded products for dairy, footwear, roofing and sport and leisure applications. Our product development follows a robust testing of market opportunity and a committed customer for market launch. In short by working hard to understand customer needs we boost our opportunity to create strong value for customers and in turn capture a fair share of that value we create.

The third element is our business model. We are a global business. 80% of our revenue is derived from international markets. We have people and distribution facilities in market in NZ, Australia,

China, Europe, the UK and the USA. This on the ground presence has been and will continue to be critical to growth. Our manufacturing footprint is also global and a mix of our own and contract manufacturing facilities providing us with scale and flexibility. This model, alongside our customer engagement model I discussed earlier means capital investment requirements are not excessive and the product design and tooling intellectual property we create is retained.

Our largest operations are in NZ, China and with a partner in Vietnam. We continue to evaluate options to expand what is currently smaller manufacturing capability in our largest markets including the USA. Our priority has been to develop the necessary internal capability and versatility to deploy in-market manufacturing. This focus has been successful, and we feel prepared. As with everything we do any investment and the timing of will be robustly evaluated and be underpinned by growth in demand.

The fourth element is accountability at business unit level. We organise Skellerup into business units (within two Divisions – Industrial and Agri). These business units generally align with a location and application focus. The leaders of these business units are accountable for growth and performance, and this is matched with authority that enables them to make decisions where customer requirements, supplier choices, resources and people needs are best understood. These business units call on the technical expertise provided by our development centers the largest of which are in Christchurch and Auckland. This structure has been and will continue to be a key plank to deliver growth and enables robust, regular evaluation and prioritizing of strategic initiatives and decisions around larger investments or commitment in equipment and people.

FY25

With that background the measure of success is of course sustained growth in profitability and cash flow.

In FY25 we delivered a record EBIT of \$78.0 million, an increase of 7% over the prior corresponding period (pcp). This was the ninth successive year of EBIT growth. Net profit after tax of \$54.5 million was also a record, up 9% on pcp.

As I noted previously, we segment Skellerup into two divisions – Industrial and Agri.

The Industrial Division recorded its fifth successive record EBIT result of \$48.4 million in FY25, an increase of 3% on the pcp. Sales of engineered polymer products and vacuum systems for potable water, wastewater and industrial control applications were up in the US and Australia. Roofing and construction sales also grew, spurred by the installation of solar systems in the UK, more than offsetting the impact of a soft Australasian construction market. Marine foam (U-DEK™) sales into the US began to strengthen in the second half of the year after a prolonged period of low demand and inventory adjustment by our customers.

The Agri Division bounced back from a softer result in FY24 to a record FY25 EBIT of \$35.3 million, up 15% on the pcp and an increase of 4% on the previous record result (achieved in FY23). Demand for essential consumables for the global dairy industry predominantly manufactured here in Christchurch was consistently strong throughout FY25 and in contrast to FY24 where the first half of the year was impacted by customer destocking. Products for the global dairy industry account for the majority of Agri Division revenue, the balance comes from Footwear including products for farming, urban and specialty safety applications for international and domestic customers.

Of course, earnings are very important, but cash flow remains a critical measure for any business. A former boss of mine once told me cash was more important than your mother. Strong cash flows enable investment in growth and flexibility to manage through disruption. In FY25 operating cash flow was \$66.5 million, a very strong result despite a deliberate increase in inventory to provide some relief against the impact of the imposition of tariffs by the US. Our net debt remains very low, closing FY25 at \$12.4 million, meaning we are able to invest in the future growth of Skellerup and sustain high dividend payouts.

Future

Looking forward, we are investing in developing products, people and manufacturing capability so that we can continue to deliver earnings growth in the future.

Dairy is one of the cornerstones of Skellerup and the demand for protein globally continues to grow. Our focus is to support the long-standing relationships we have, develop innovative products with features that deliver productivity gains for farmers and capture new opportunities in emerging markets. Over the past 18 months we have successfully launched new high-performance milking liners and the first products from our Thriver™ calf feeding range. We have also been investing in modernising our manufacturing capability, which has reduced engineered and production waste, energy consumption, improved productivity and provides a platform for possible future deployment in other markets. Dino Kudrass, Executive General Manager for the Agri Division is going to talk a little more on the growth opportunities for the Agri Division shortly.

Potable and waste water is another cornerstone application for Skellerup. We supply products critical to the security of water infrastructure and performance of tapware across the world. The US is our largest market and in recent years we have achieved good growth in Australia with the supply of check vales for new smart water meter applications and gaskets for the fast-growing polypropylene pipe market. Another recent example is the development of a new gasket for high-pressure water systems in New Zealand. Our proprietary fibre-infused rubber gasket provides water authorities and installers with a high-performance, compliant and easy-to-install solution replacing legacy products prone to leakage.

The common element across our activities at Skellerup is material. Almost 90% of what we sell includes moulded or extruded polymer (be it black rubber, silicone rubber, liquid silicone rubber, engineered plastic or high-performance foam). Our Masport vacuum pump systems are the exception as they are not polymer based. However, the wastewater applications they are used in and the philosophy of integrating elements to provide customers with a more valuable solution most certainly are common to how we do business across the Skellerup Group.

We fund organic growth opportunities and capability investments from the consistently strong operating cash flow I referred to earlier. This cash flow and the very low level of debt we carry offer possibilities for acquisitions as well. We look for businesses that complement our existing capability, expertise, market application and geographic footprint. We also look for businesses that may provide us with an opportunity to accelerate our growth plans in markets where we have a smaller position and consider will expand more rapidly in the future. However, our focus remains tight, and we will not deviate from our guiding parameters and return expectations.

We have conviction in our plan for growth and FY26 has started well. Earlier today we reported FY26 Q1 earnings were up 10% on the same period last year. Demand across the range of applications our products are used in has been reasonably robust, with dairy and infrastructural pipe the most notable contributors to growth. Whilst we are pleased with this start, uncertainty over further changes in costs of access to our largest market in the US remains and the possible impact of such costs on market demand make forecasting future results difficult. Last week's announcements on possible increases in tariffs between the US and China is evidence of this uncertainty. However, based on Q1 earnings, current expectations of customer demand and assuming no significant change in trading conditions, we expect FY26 net profit after tax to be in the range of \$55 to \$60 million.

Our Team

I have discussed our business strategy and structure, recent results, the immediate outlook and the future. Our results and future success very clearly depend on the skill, tenacity and contribution of many people. We have a small but important group here that I will introduce now.

I am excited about the ambition these people share and the capability to initiate and embrace change, to improve and grow our business. Please take the opportunity to chat to these folk if you have not already done so before the meeting.

Close

To close, I express my appreciation to all the Skellerup team, our Board and you, our shareholders.

Our global team of around 800 people brings a diverse, international perspective. The application of their expertise and diligence to the design and manufacture of the many critical products we provide

to our customers is first class and underpins the nine consecutive years of operating earnings growth for you, our shareholders.

Our team are governed, and you the shareholders represented by an excellent Board who bring commercial nous, experience, leadership, energy and robust discussion to every interaction we have. Some of our Board have served Skellerup for terms more than or approaching what some commentators and proxy advisers consider the “optimum maximum”. Their elevation of term ahead of competence and results is very frustrating. The sustained good performance of Skellerup does not happen without a very effective Board and should far outweigh some arbitrary assessment based on the years directors has served. The engagement of our Board is invaluable and always available – it is not limited to scheduled Board Meetings.

So, again, thanks to all in attendance today, both in person and virtual. We are grateful for your interest and investment in Skellerup. We are committed to continuing to apply ourselves to deliver critical products for customers, prolonging the long history of Skellerup and to deliver sustained excellent returns to you.