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Skellerup Holdings Limited
Annual Shareholders Meeting 09 October 2019
Chair's Address

Good afternoon and welcome to Skellerup's Annual Meeting for 2019.

We are pleased to have delivered another record year. Our revenue of \$245.8 million was up 2% on last year which was also a record year. Net profit after tax was \$29.1 million, an increase of \$1.8 million, and 7% ahead of the record profit also achieved in the prior year. The financial results of FY19 reflect the robustness of our business model and continued commitment to stay close to our customers.

The repeated earnings growth of recent years and strong cash flow generation continues to provide us with a strong balance sheet. This enables us to pay good dividends and provides opportunities for further investment to grow the Skellerup business.

Our growth plans include acquisitions. We take a prudent approach and only invest where we are confident the acquisition or investment will deliver profitable growth, broaden and strengthen our technical capability and create additional market opportunities.

Our acquisition of Nexus Foams at the end of April this year is an example. This is a great fit for our business, using soft materials, including foam to design and deliver important components for OEM customers. The acquisition of Nexus expands our reach into healthcare and electronics applications.

Another example is our investment in US based Sim Lim Technic in June 2018. This has provided Skellerup with internal expertise in the design and manufacture of liquid silicone rubber products. This technology augments our established capabilities and enables us to grow with existing and new customers.

Skellerup is a successful New Zealand headquartered business. We are proud of our New Zealand heritage, and that much of our product development and design is still carried out in New Zealand. And, today we are an international business. We serve customers across the globe. More than three quarters of our products are manufactured overseas and over three quarters of our revenue is generated from international markets. We are pleased to be performing well across all key geographies and markets.

In November 2018 the improvement in our performance was recognised when we won the Deloitte Top 200 Award for Most Improved Performance. This award acknowledges our achievements and the delivery of a proven strategy. We were delighted to be recognised by New Zealand business leaders.

Building and maintaining a strong understanding of our businesses and markets across the globe is a priority for management and the Board. Last year, the Board visited our operations in China and this year we visited Vietnam. These are important and valuable trips for the Board, as we have significant and long-standing relationships, and by visiting we not only engage with key partners and our local teams but also gain an insight into the operating environments and growth opportunities available.

A key role of the Board is to provide strategic insight to support management to deliver on its growth plans. This is often summarised as providing oversight, insight and foresight. As a Board, we are conscious of how important it is to have an appropriate range of skills, depth of experience and diversity of thought around the Board table to enhance decision making and shareholder value. Skellerup is fortunate to have a strong and well-balanced Board of Directors. The Board has a mix of skills covering core strategic, financial and governance experience, as well as experience across local and international markets and across manufacturing, supply chain and technology. However, we are looking to add to our Board by appointing a new independent director with operational leadership experience who understands competitive and global markets.

As I said earlier the Board was pleased with Skellerup's FY19 results. As a result, we have again increased the dividend. We will pay a final dividend of 7.5 cents per share on 17 October 2019, bringing the total FY19 dividend to 13.0 cps up 2.0 cps on the prior year.

On behalf of the Board I would like to thank our diverse team of talented people across our Skellerup operations. Their expertise, commitment and hard work have paid off with another strong result for you, our shareholders.

I would also like to thank the Board. They bring a wealth of expertise and experience and their input is much appreciated.

Finally, I would like to thank you, our shareholders for investing in and supporting Skellerup, and attending this afternoon. We are building momentum and we look forward to continuing to generate strong and sustainable returns for shareholders.

I will now hand over to David Mair, our CEO.