Acting Chief Executive's Address

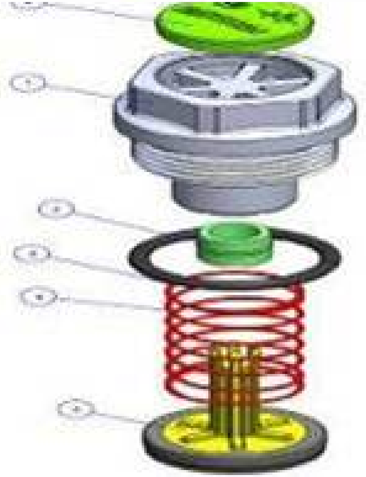
David Mair

Presentation Agenda

- Corporate overview
- 2010 Financials
- Operational highlights
  - Agri Division
  - Industrial Division
- Outlook for 2010-2011
- Q&A

SKELLERUP

Skellerup corporate overview



- Global technical polymer products
- Global business – 77% offshore/export
- Product development essential to continued organic growth
- Many highly experienced technical staff
- Low cost strategy – well supported

Performance (as at 30 June 2010)

- Issued shares – 191.1m (134.6m at June 2009)
- Share price – 73 cents
- Market capitalisation - $139.5m ($75.4m at June 2009)
- Share 52 week trading range – 46 cents to 96 cents
- Shares traded in last 12 months – 32.7 million shares – 17.1% of register (8% at June 2009)
- Net tangible asset backing 28.8 cents per share at June 2010 (14.3 cents at June 2009)
- Earnings per share 6.81 cents at June 2010 (6.74 cents at June 2009)

Performance (as at 26 October 2010)

- Issued shares – 192.8m
- Share price – 96 cents
- Market capitalisation - $185.1m

Key results

- Continuing operations:
  - Revenue in line with previous year at $180.7m
  - EBIT up 24.6% from $20.0m to $24.9m before abnormals
  - NPAT up 48.7% from $9.7m to $14.5m before abnormals
  - Operating cashflow up 4.4% from $22.9m to $23.9m
  - Net debt reduced by $38.1m from $64.7m to $26.6m
  - Abnormals $2.5m after tax:
    - FX loss $1.5m
    - CEO settlement $0.8m
    - Deferred tax adjustment $0.2m

2010 financials

2010 financial results

CONTINUING OPERATIONS $000's	2010	2009	Variance $	 %
Revenue	180,719	180,857	(138)	-
EBITDA	28,596	25,863	2,733	10.6%
Depreciation and amortisation	6,906	6,816	(90)	(1.3%)
EBIT	21,690	19,047	2,643	13.9%
Interest	4,785	5,873	1,088	18.5%
Tax expense	4,947	4,181	(766)	(18.3%)
NPAT	11,958	8,993	2,965	33.0%
Abnormal expenses (after tax)	2,505	735	1,770	-
NPAT - trading	14,463	9,728	4,735	48.7%

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2010 financial highlights

CONTINUING OPERATIONS $000's	2010	Comparison to 2009
Revenue	$180.7m	-
Trading EBITDA	$31.8m	18.6% up
Trading NPAT	$14.5m	48.7% up

Comparison with Equivalent Periods	2009		2010	
	1st Half	2nd Half	1st Half	2nd Half
Revenue	23% up	11% down	13% down	16% up
Trading EBITDA	18% up	42% down	24% down	79% up
Trading NPAT	39% up	48% down	36% down	240% up

Balance sheet as at 30 June 2010

$000's	2010	2009	Variance
Current assets	68,075	67,303	772
Current liabilities	32,010	31,074	(936)
Working capital	36,065	36,229	(164)
Non current assets/liabilities	91,375	99,945	(8,570)
Net bank borrowings	26,550	64,744	38,194
Total equity	100,890	71,430	29,460

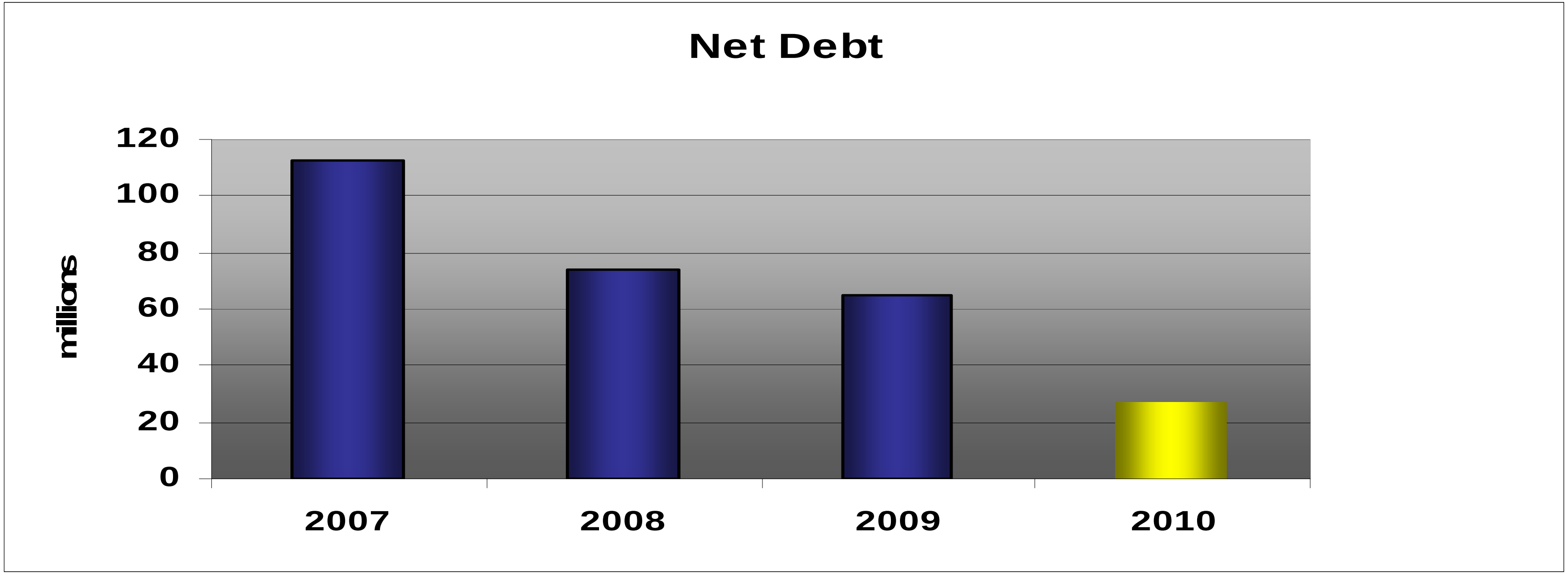
Statement of cash flows as at 30 June 2010

$000's	2010	2009	Variance
Net trading cash flow	32,444	28,047	4,397
Income tax (paid)/refunded	(3,660)	806	(4,466)
Interest paid	(4,832)	(5,900)	1,068
Net operating cash flow	23,952	22,953	999
Purchase of fixed assets	(4,098)	(6,890)	2,792
Divestments	-	1,432	(1,432)
Net investing cash flow	(4,098)	(5,458)	1,360
Issue of equity shares	20,735	-	20,735
Dividends paid	(2,325)	(9,488)	7,163
Repayment of term debt	(35,637)	(9,749)	(25,888)
Change in cash held	(2,627)	1,742	(4,369)
Net financing cash flow	(19,854)	(17,495)	(2,359)

Strong cash flows

	2010	2009
– Net operational/investing cash flow	$19.7m	$17.4m
– 2 for 5 rights issue in October 2009	$20.7m	
Inwards funds	$40.4m	$17.4m
– Funds applied to:		
Dividends	$2.3m	$9.5m
Net debt reduction	$38.1m	$7.9m
Outward funds	$40.4m	$17.4m
– Gearing ratio – net debt / debt plus equity	21%	48%

Debt reduction



- Net debt reduced $38.1m to $26.6m
- $20.7m from the Rights Issue

Well-positioned financially

- Strong cash flows
- Substantially reduced net debt down to $26.6m
- Renewed banking facilities through to September 2012
- Banking covenants comfortably met

Key banking covenants		2010	2009
Net debt to EBITDA	< 3.00 : 1	0.93	2.57
EBITDA to net interest	> 4.00 : 1	6.67	5.18

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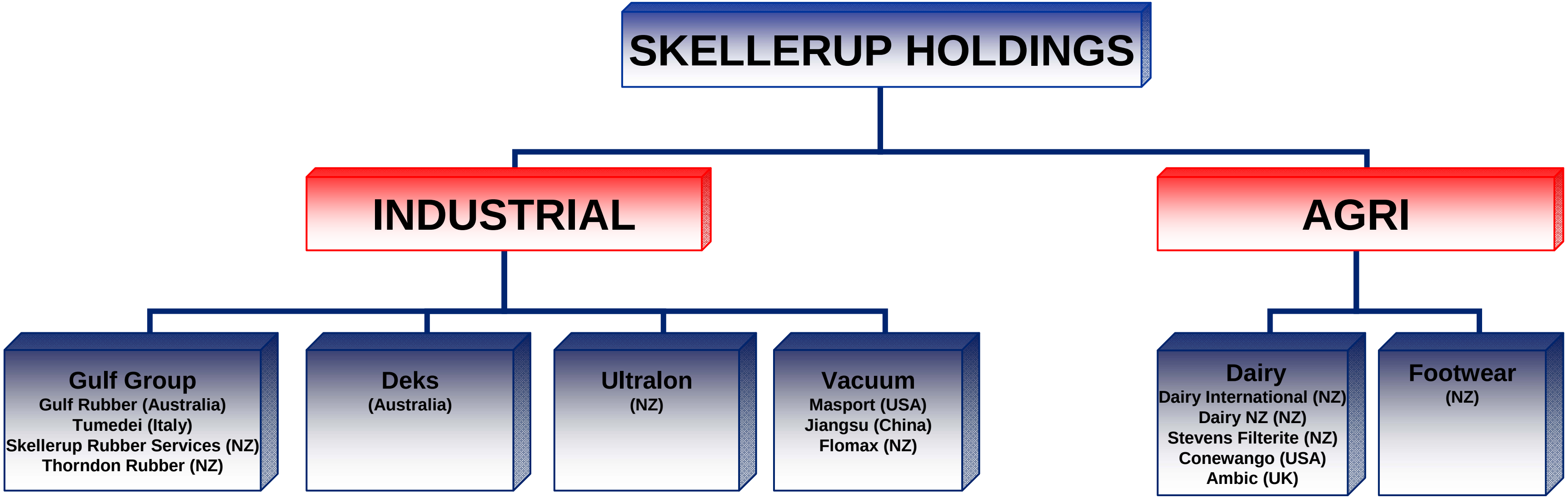
Operational highlights

Corporate structure



Divisional trading result

	REVENUE			EBIT		
$000's	2010	2009	Variance	2010	2009	Variance
Agri	64,847	69,853	(5,006)	15,284	15,479	(195)
% of total	35.9%	38.6%		70.5%	81.3%	
Industrial	115,623	110,777	4,846	13,768	6,195	7,573
% of total	64.0%	61.3%		63.5%	32.5%	
Corporate	249	227	22	(4,129)	(2,627)	(1,502)
% of total	0.1%	0.1%		(19.0%)	(13.8%)	
Abnormals	-	-	-	(3,233)	-	(3,233)
% of total	-	-		(14.9%)	-	
TOTAL	180,719	180,857	(138)	21,690	19,047	2,643

Agri Product Development

- Dairy
  - GEA (USA) – new milking liners
  - Conewango (USA) – new liner products
  - Centrifugal milk pump
  - Silicone liner
  - Conewango range of liners in a European formulation
  - New products at Ambic
  - Own technical/development staff and own factories
- Footwear
  - Quatro insulated gumboot – N.Z., Australia and USA
  - Fireman’s
  - Forestry for European customers
  - Own technical/development staff and own factory

Industrial Product Development

- Vacuum pumps
  - New air-cooled rotary vane pump

- Ultralon
  - Hot/cold process

Industrial

(Scott Thompson)

Industrial (Scott Thompson)

- Gulf Rubber Australia (Sydney)
- Tumedei SpA (Italy)
- Skellerup Rubber Services (Auckland)
- Thorndon Rubber (Wellington)
- Deks Industries (Melbourne)
- Composite Polymer Product Development Centre (Auckland)

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Strategic Direction

- Globally we will supply niche technical polymer products where we have a competitive advantage.
- In the Australasian market we will continue to supply a broad range of technical polymer products.
- Majority of growth to come from USA and Europe.
- We will base ourselves in key markets (Europe and USA) with sales, administration, distribution and product development facilities.
- The majority of finished product will be sourced/produced in South East Asia.

Product Development

- Each company is equipped with its own product development centre to support its local market.
- Each company is also a centre of excellence for specific products sold throughout the Group.
- Centres of excellence support other Group companies in the development of products that they specialise in.
- Group companies which develop a product are also responsible for the implementation of that product into the appropriate manufacturing facility.

Product Development Locations

Company	Centre of excellence
Gulf Rubber Australia	Rubber Coupling, Centring Bush, General Rubber Products
Tumedei	Diaphragms – Gas and Appliance Industry
Deks	Roof Flashings & Roof washers
Auckland Product Development Centre	Composite Polymer Technology

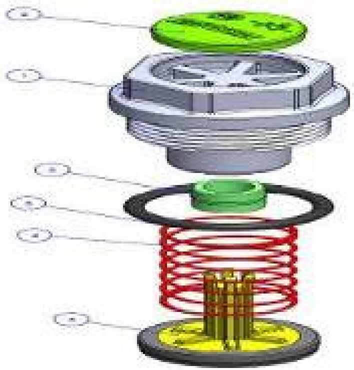
Manufacturing Locations

Company	% of Sales
Thong Nhat (Vietnam) – precision and general polymer products.	40%
Skellerup Manufacturing Facilities (GRA, SRS, Thorndon, Tumedei) – precision and small volume polymer products.	24%
Other Asian Sub-Contract Partners – general rubber products.	36%

Vietnam

Targeted Development

- Highly technical polymer based product or technology
- Global scale
- One or two dominant global suppliers
- OEM customer base
- Good relationship with launch OEM customer
- Competitive advantage
  - Improved product performance
  - Customised solutions to suit individual customer needs
  - Producing at low labour manufacturing site



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Sales Growth

- The majority of Sales Growth since 2009 has come from new product developments.
- Market demand improvements in local currencies have been largely negated by the strengthening of the AUD and NZD.
- 1st Quarter 2011 sales up 20% on same period last year.
- Europe and USA markets still depressed.
- Current overhead structure will support sales growth to 2012.
- Given the new products currently being rolled out to OEM customers and new product developments in process, we are very confident in our sales projections to 2012.

Outlook for 2010 - 2011

Dividends

- Dividend policy remains 40% to 60% of NPAT
- Final, fully imputed dividend of 2.5 cents per share paid 21 October 2010
- Total dividend 4.5 cents per share
- Dividend reinvestment plan operative

Operational results platform for growth

- Increasing customer focus
- Business excellence
- Continuous improvement
- Tight cost controls
- Organic growth

Outlook for 2010 - 2011

- Key assumptions:
  - Dairy commodity prices sustained providing confidence to invest in new farm developments and technology
  - Ability to retain and find new technical people within the Group
  - Key markets, particularly USA and Europe, continue to recover from recessional trading conditions
  - Polymer sources available without significant price volatility

- NPAT guidance 2010-2011 $16m-$17m

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Q&A