

**Minutes of the Annual Meeting of Shareholders of
Skellerup Holdings Limited
held at Eden Park, Reimers Avenue, Auckland
on Wednesday, 26 October 2016, at 14:30.**

Present:	Sir Selwyn Cushing	(SJC)	Chairman
	Elizabeth Coutts	(EMC)	Independent Director
	Ian Parton	(IMP)	Independent Director
	John Strowger	(WJS)	Independent Director
	Alan Isaac	(ARI)	Independent Director
	David Mair	(DWM)	Director & Chief Executive Officer

In Attendance: Graham Leaming (GRL) Chief Financial Officer

Introduction

The Chairman began by welcoming shareholders, noting that the meeting was properly convened, the Notice of Meeting duly given and that a quorum was present and therefore declared the meeting opened.

The Chairman introduced the Directors and CFO to the shareholders providing a brief comment on each of their skills and contribution to Skellerup.

The Chairman explained the voting process for shareholder and/or proxy holders as well as advising that there would be opportunities to address questions to the Directors during the meeting.

The Chairman advised that the Notice of Meeting contained the business to be dealt with during the meeting.

The Chairman called for any apologies. None were noted.

Proxies

The Chairman requested that the CFO inform the Meeting of proxy votes held. GRL advised 407 shareholders holding 62,736,967 (equivalent to 33%) of the shares on issue were represented at the Meeting by valid proxies. GRL further noted that the Board was holding 60,042,800 of these proxy votes and that the number of proxies to be voted in favour and against would be advised before each resolution was put before the meeting.

Minutes of Previous Meeting

The Chairman noted that the minutes of the previous Annual Meeting were confirmed and signed as a true and correct record at the first Board Meeting that followed the Annual Meeting. The Chairman noted that a copy of these minutes was available for inspection by shareholders if required.

Annual Report and Financial Statements

The Chairman advised that Skellerup's Annual Report was available to all shareholders on the Company's website and was circulated by mail to all shareholders on the register at the time of mailing. He stated the Annual Report would be taken as read and that before taking questions on it he would provide an overview of the Company which would be followed by a presentation from David Mair, CEO.

Chairman's Address

The Chairman started by welcoming shareholders attending their first Skellerup ASM, including new director Alan Isaac. SJC noted he considered Alan's leadership skills and commercial nous would be a great asset to Skellerup.

SJC started by stressing the importance Skellerup places on maintaining a strong balance sheet and a consistent dividend policy and stating the Board's confidence in Skellerup's long-term prospects, aided by management's delivery of strong operating cash flow.

SJC highlighted Skellerup's commitment to innovation and growth as demonstrated by the creation of its new dairy rubberware facility at Wigram. He noted the official opening in November would mark a major milestone for Skellerup with the investment made ensuring Skellerup maintains its position as a global leader in the design, development and manufacturing of new materials and new products, for markets around the world quickly and cost-effectively.

SJC further noted the Wigram facility also demonstrated Skellerup's commitment to Canterbury, to New Zealand, and to the dairy industry. He noted that despite milk price volatility he considered the dairy industry would remain a key contributor to the New Zealand economy in the long term and that Skellerup was proud and pleased to play its part by providing the industry with world-leading food-grade rubberware.

SJC acknowledged the services provided to Project Viking by Sir Ron Carter. He highlighted Sir Ron's contribution across the duration of the project noting his knowledge, experience and guidance had ensured the very significant undertaking would be completed on time and within budget. SJC also noted that to date the project had a record of zero harm to the staff and contractors involved, and no negative effect on customer supply and product quality. He hailed this as an outstanding result and a tribute to everybody involved.

SJC then discussed Skellerup's focus on broadening its customer base and appropriately extending its product range. He noted the positive results of that strategy could be seen both in the geographic diversity of revenue sources, and in the improved earnings generated by our Industrial Division, where EBIT was up nine percent in FY16. He further noted that a strong and cost-competitive platform for our Industrial Division had been established and that he expected further gains in the year ahead.

SJC noted the operating environment for the Agri Division was more difficult with soft international prices for dairy commodities and the lower pay-out for New Zealand dairy farmers meaning fewer dairy conversions and shed upgrades, and a subsequent reduction in demand for Skellerup dairy tubing and other products. However notwithstanding this, he noted demand for replacement liners, which play an important part in ensuring farmers meet the highest animal health and milk quality standards, remained steady.

SJC highlighted Skellerup remained in a strong financial position. He stated operating cash flow was up 74 percent to \$30.9 million in FY16 which funded a total dividend pay-out of \$17.4 million and partially funded capital investment of \$40.1 million. Skellerup closed FY16 with net debt of \$26.9 million, which represents just 17 percent of equity. SJC noted the strong position was achieved despite the \$40 million investment (net of insurance proceeds) in the Wigram project over the past four years.

SJC closed by thanking shareholders for their attendance and support during the past year, and then invited the CEO to address shareholders.

CEO's Address

DWM started by reflecting on the resilience of Skellerup's team over the past few years noting in that time, the Christchurch team had faced the after-effects of the Christchurch earthquakes and that globally, Skellerup had seen key customers postpone new investment and reduce maintenance spend in the face of continued low prices across a range of commodities. He noted that as a result, Skellerup had significantly reshaped operations in several key markets which had strengthened the platform and positioned Skellerup to capitalise on the opportunities available.

DWM highlighted Project Viking (the development of the new Wigram facility) as the most obvious and tangible example of this change. DWM noted the development required a significant commitment of resources: not only capital, but also the time, energy and skill of the many Skellerup people involved in the project. He noted in the 2 years since breaking ground the transfer of operations was almost complete with no disruption to customer service or product quality.

DWM also acknowledged the vision of the Board who looked beyond the short term, and to make decisions based on what would provide the greatest long-term benefit, using the example of the early approval to purchase a new rubber mixing system which allowed management to buy the right piece of equipment at a very good price and design the manufacturing layout around it, ensuring optimum efficiency. He noted this efficiency provides a platform for further cost reduction that will, over time, enhance margins and help continue to deliver improved returns to shareholders.

DWM moved to talk about the growth opportunities the Skellerup team were seizing, highlighting first Deks in Australia building on its reputation and its relationships with key distributors to add potable water and wastewater infrastructure supplies to its core portfolio of plumbing and roofing products. He then highlighted the overhaul of the Masport vacuum system range in the US and the success in winning automotive rubber coupling business for the E-Class Mercedes manufactured in the Chinese market, Skellerup's first success in supplying a Tier-1 customer with this product.

DWM noted developing and implementing these growth strategies takes time as a result of working to know customers, to understand their needs, and to prove to them that we can meet those needs better and more efficiently than our competitors along with the necessary processes to demonstrate our products meet regulatory and other standards.

DWM then showed two brief video clips; the first a testimonial showing Gregg Nahrgang from Charlotte Pipe talking positively about their partnership with Gulf US to develop a new Connectite product which is being ranged by Lowes and is projected to be a product of enormous potential for Charlotte Pipe (and Gulf US). The second clip provided a demonstration of the product in partnership with Lowes, a leading nationwide Home Improvement Chain in the US and the 7th largest retailer in the US with turnover in excess of US\$50 billion.

DWM noted the examples he had described showed growth opportunities involving our Industrial Division, and, in particular, our activities in the US and Australia. He noted that for the Agri business the team have worked hard to counter the impact of lower global milk prices. He highlighted the financial results as showing how resilient this business is supported by the long term improving trends of demand for protein and food safety. DWM noted the Agri team continued to use their technical and engineering capabilities to demonstrate value as a genuine supply partner.

DWM then reported that Skellerup expected NPAT in a range of \$20 million to \$22 million for the coming financial year. He highlighted the considerable uncertainty that remains a feature in global markets whilst noting that industries such as clean energy, potable water, and food safety are not trends or fads. He further noted that Skellerup combines traditional manufacturing skills and knowledge with a willingness to innovate, providing considerable potential for growth.

The CEO closed by introducing Skellerup staff in attendance. Cameron Allison – Business Unit Manager Gulf Rubber Australia, Perry Davis – National Manager Footwear and Dairy NZ; Shaun Spacey – Head of Product Development for Gulf Rubber branded products; Kristian Speers – Head of Sales Australia and NZ Deks Group; Deborah Allan – Marketing Executive for the Agri Division and Laura Forsyth – EA for the Skellerup Group. He encouraged shareholders to speak with these people at the product displays at the conclusion of the meeting.

Shareholder Questions

The Chairman then asked for shareholders to raise any questions on the Annual Report or Financial Statements:

A shareholder queried what was driving the growth in Skellerup's revenue. The Chairman invited the CFO to comment. GRL noted that this primarily was coming from new product developments in the Industrial Division.

A shareholder expressed his concern over Skellerup's reliance on Agri and in particular Dairy, based on his observation that with NZ being a small supplier in the global market the business was at risk. The Chairman invited the CFO to comment. GRL noted that approximately 55% of Skellerup's earnings came from the Agri Division in FY16. He further noted that revenues related to the Dairy market were a significant chunk of this and that this comprised sales into both NZ domestic and export markets.

A shareholder offered his appreciation for the decisions taken by the company to invest in the business particularly in the Christchurch region following the devastating earthquakes of 2010 and 2011.

A shareholder queried how Skellerup was performing in the European market. The Chairman invited the CFO to comment. GRL noted that within the Industrial Division, sales growth was achieved in FY16 due to growth in sales of new products and to new customers including automotive couplings. He noted that the current trend within the Agri Division was negative with sales lower due to the low international milk price and consequent reduction in milk production and farmer spend.

A shareholder asked whether the Guidance provided by the Company included or excluded relocation costs associated with Project Viking. The Chairman invited the CFO to comment. GRL noted that due to the fact the Company had elected to replace some items previously planned to be moved with new equipment, that he expected the relocation expenses to be near the \$3.1 million provision held at the end of June 2016, and therefore the impact on FY17 earnings to be minor.

A shareholder asked whether the Company was generating returns from its annual \$40 million expense in research and development activities. The Chairman invited the CEO to comment. DWM noted that the annual spend on product development was ~\$4 million and that this spend was largely on customer-focussed development reducing the risk of not achieving commercial returns from the expense.

Election of Directors

The Chairman moved to the elections of Directors and noted that as he was the first to be considered for re-election that he would hand over to EMC to chair the passage considering his re-election.

EMC noted that in accordance with the NZSX Listing Rules, Sir Selwyn Cushing was retiring by rotation and, being eligible offered himself for re-election. EMC invited SJC to speak in support of his re-election.

SJC spoke of his long tenure with Skellerup which dated back to 1986 and pride he had in his contribution over that time including the recently completed new facility at Wigram. SJC noted he considered his knowledge of Skellerup, skills and experience meant he was well placed to continue making a valuable contribution to the business.

EMC moved that Sir Selwyn Cushing be re-elected as a Director of Skellerup. A shareholder from the floor seconded the motion.

EMC called for any questions. No questions were received from shareholders in respect of the motion. EMC asked for a show of hands which were all in favour of the motion. EMC declared the motion carried.

The Chairman noted that in accordance with the NZSX Listing Rules, David Mair who was reappointed by the Board in August 2016, was retiring and, being eligible offered himself for election. The Chairman invited DWM to speak in support of his election.

DWM introduced himself and spoke of recently passing the 5-year milestone as CEO of Skellerup and how this period had coincided first with the Canterbury earthquakes and then the resultant rebuild that has had such a pronounced effect on Skellerup and its team in Christchurch over recent years. DWM emphasised his experience of OEM product development in particular as a skill he sees as adding value.

The Chairman moved that David Mair be elected as a Director of Skellerup. A shareholder from the floor seconded the motion.

The Chairman called for any questions. No questions were received from shareholders in respect to the motion. The Chairman asked for a show of hands which were all in favour of the motion. The Chairman declared the motion carried.

The Chairman noted that in accordance with the NZSX Listing Rules, Alan Isaac who was appointed by the Board to a casual vacancy in August 2016, was retiring and, being eligible offered himself for election. The Chairman invited ARI to speak in support of his election.

ARI introduced himself and spoke of his lengthy experience with KPMG including a 10-year period as Chairman. He also noted his experience serving other public companies often as Chair or Chair of the Audit & Risk Management Committee along with his involvement with sporting organisations. He expressed his desire to provide Skellerup with the benefits of his leadership experience.

The Chairman moved that Alan Isaac be elected as a Director of Skellerup. A shareholder from the floor seconded the motion.

The Chairman called for any questions. No questions were received from shareholders in respect to the motion. The Chairman asked for a show of hands which were all in favour of the motion. The Chairman declared the motion carried.

Increase in Directors Fees

The Chairman moved to the resolution to increase the pool available for payment of directors' fees. He advised that it was proposed to increase the total pool of directors' fees by \$75,000 from \$475,000 to \$550,000 per annum. He noted the directors' fee pool was last reviewed in 2011. Since this time Skellerup has appointed two additional, independent, non-executive directors to provide an increased breadth of skills to the Company. The Chairman advised that the Board was seeking an increase in the total pool to retain flexibility for any future changes in composition of the Board and any adjustments to individual director remuneration which may be necessary to reflect changes in responsibilities and the market.

The Chairman stated that the Directors recommended that shareholders vote to approve this resolution. However, he noted that directors and their associates would not be exercising their own shareholding votes or discretionary proxy votes on this resolution at the Annual Meeting, and any such votes will be disregarded by the Company.

The CFO advised 36,941,290 directed proxies would be voted in favour of this resolution and 2,261,843 proxies against. He further noted that shareholders (including shares held by the Directors) holding 19,987,025 shares abstained from voting on the resolution. The CFO also noted that 852,642 discretionary proxies granted by shareholders to the Board members would not be exercised.

The Chairman introduced the proposal that the directors' fees be increased from \$475,000 to \$550,000 per annum, being the aggregate amount payable to all directors of the Company for their services as directors of the Company with such sum to be divided amongst the directors as the Board may from time to time determine. A shareholder from the floor seconded the motion.

One question seeking clarification around increases in directors' fees since 2011 was raised. The CFO explained that the pool of fees had not been increased since that time but fees paid to directors had

increased during the 2011 to 2016 period and that this was detailed in the Notice of Meeting sent to all shareholders.

The Chairman called for a show of hands. One shareholder voted against the motion with all other votes in favour. The Chairman declared the motion carried.

Appointment of Auditors

The Chairman advised that Pursuant to Section 200 of the Companies Act 1993, Ernst & Young are automatically reappointed as auditors for the ensuing year.

The Chairman explained that the proposed ordinary resolution is required to authorise the Directors to fix the auditors' remuneration pursuant to section 197(a) of the Companies Act 1993.

The CFO advised 59,724,019 directed and discretionary proxies would be voted in favour of this resolution and 293,830 proxies against. He further noted that shareholders holding 24,951 shares abstained from voting on the resolution. The Chairman moved that the Directors be authorised to fix the remuneration of the auditors for the year ending 30 June 2017. A shareholder from the floor seconded the motion. No questions were received from the shareholders with respect to the motion.

The Chairman called for a show of hands which were all in favour of the motion. The Chairman declared the motion carried.

Adoption of new Constitution

The Chairman asked EMC to provide background on the proposed revocation of the existing Constitution and adoption of a new Constitution for Skellerup Holdings Limited. EMC explained the amendments included changes to:

- (a) reflect the Company's name change to "Skellerup Holdings Limited" in 2006; and
- (b) update the provisions governing meetings of shareholders to bring them into line with the updated provisions of the Act amended in 2012 (which, amongst other things, provide for increased use of audio, audio and visual, or electronic communication methods at meetings); and
- (c) make other minor amendments to bring the constitution into line with the updated provisions of the Act amended in 2012.

EMC noted that if any of the proposed amendments are inconsistent with the Listing Rules, the Listing Rules (as amended by any waiver or ruling granted to the Company) will prevail. EMC further noted the proposed amendments to the Company's constitution do not impose or remove a restriction on the activities of the Company, and accordingly no rights arise under section 110 of the Act.

The CFO advised 59,780,807 directed and discretionary proxies would be voted in favour of this resolution and 46,511 proxies against. He further noted that shareholders holding 215,482 shares abstained from voting on the resolution. EMC moved that effective from the date of this Annual Meeting being 26 October 2016, the existing constitution of the Company be revoked and a new constitution, in the form presented at this 2016 Annual Meeting, be adopted. A shareholder from the floor seconded the motion. No questions were received from the shareholders with respect to the motion.

EMC called for a show of hands which were all in favour of the motion. EMC declared the motion carried.

General Business

The Chairman called for shareholders to raise any other matters.

A shareholder queried the protection Skellerup maintained around its intellectual property and whether patents were held, in particular in relation to the Charlotte Pipe Connectite product shown in the video during the CEO's address. The Chairman invited the CEO to respond. DWM noted that in the example cited Skellerup did not have any registered IP as the product was developed by Charlotte Pipe. As a supplier of the rubber seal, Skellerup retained the know-how and formulation of its product. DWM noted that in many instances Skellerup did not register IP as the value it held was in the know-how and formulations used in the product, but that where appropriate such as recently with a new automotive coupling it did have patent protection in place.

A shareholder queried whether Skellerup engaged in research around new polymers. The Chairman invited the CEO to respond. DWM noted that most of Skellerup's development work was customer focussed as this was what provided the highest probability of best commercial return but noted that Skellerup's team of scientists and engineers did engage in new polymer development and tooling development.

A shareholder asked if the ASM could be held earlier in the day to benefit from lower levels of traffic. The Chairman responded that a change was unlikely as the ASM was preceded by a Board Meeting.

A shareholder asked that the Board and Management pass on his accolades to the staff of Skellerup for the skill and commitment displayed over the recent years to successfully build a new facility and transfer operations in Christchurch.

There being no further questions, the Chairman thanked the shareholders for their attention and declared the meeting closed at 15:50.

Signed as true and correct record



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Chairman