

**Minutes of the Annual Meeting of Shareholders of  
Skellerup Holdings Limited**  
**held at Eden Park, Auckland and online via the Computershare Online Meeting Platform  
on Wednesday, 26 October 2022 at 14:30.**

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<b>Present:</b>	Elizabeth Coutts	(EMC)	Independent Chair
	John Strowger	(WJS)	Independent Director
	Alan Isaac	(ARI)	Independent Director
	David Cushing	(BDC)	Independent Director
	Paul Shearer	(PNS)	Independent Director
	Rachel Farrant	(RHF)	Independent Director
	David Mair	(DWM)	Director & Chief Executive Officer

**In Attendance:** Graham Leaming (GRL) Chief Financial Officer

### **Introduction**

EMC began by welcoming shareholders, noting the Notice of Meeting and 2022 Annual Report had been circulated and made available to all shareholders. EMC noted that a quorum was present and declared the meeting open.

EMC introduced the Directors and CFO to the shareholders and noted the presence of representatives of Ernst & Young (Auditor) and Chapman Tripp (Legal Advisor).

EMC summarised the order of events for the meeting and how shareholders vote on resolutions and for shareholders attending online that they could cast their votes and submit questions over the Computershare Online Meeting Platform at any time. She noted Tim Runnalls, Group Financial Controller would monitor, convey and if appropriate aggregate online questions to her as the Chair of the Meeting.

EMC then declared voting open on all items of business and invited shareholders to submit their votes at any time. She explained she would give warning before she moved to close voting immediately before the conclusion of the meeting.

EMC explained she and DWM would each provide an address to shareholders to be followed by consideration of the resolutions outlined in the Notice of Meeting. She noted these resolutions would be voted on by poll as required by the NZX Listing Rules. She noted she would respond to questions raised following the presentations provided by herself and DWM, and again at the time of each resolution and finally in general business towards the end of the meeting.

### **Chair's Address**

A full copy of the Chair's address is appended to these Minutes. EMC started by noting this Meeting would be her last as Chair of the Company. EMC reflected on the transformation of Skellerup to a global business and the development of the new Agri facility in Chch as highlights during her 20-year term. EMC then highlighted the resilience of Skellerup's strategy and operations during Covid-19 and the 50% growth in revenue and 133% growth in NPAT over the past 7 years. EMC acknowledged the recognition of DWM by Deloitte as the winner of the CEO of the year, and GRL and the Company as finalists, stating this was a reflection on the performance of the entire Skellerup team. EMC then spoke of the 110 year history of Skellerup and the changes overcome during this period and a key current challenge of climate change. She noted a Sustainability Committee had been formed to give

focus to initiatives needed to build on the investments and improvements made by Skellerup over the past 6 years. EMC closed by noting the appointment of RHF to the Board and expressing optimism in Skellerup's future growth prospects and the leadership of John Strowger as the next Chair of the Company.

### **CEO's Address**

A full copy of the CEO's address is appended to these Minutes. DWM started by noting another record financial result had been achieved; the latest in an unbroken chain of performance excellence from the Skellerup team. He reflected on Skellerup's sustained success highlighting the importance of building trust by valuing long-term relationships to develop loyalty. He then spoke of Skellerup's purpose consisting of five long term relationships with customers, suppliers, Skellerup people, shareholders and the communities involving Skellerup people. DWM highlighted the record financial results for FY22 achieved by both the Industrial and Agri Divisions and the key contributors and drivers of these outcomes. DWM commented on the future focus of Skellerup to continually seek process improvements, develop new products and markets and make quality acquisitions. He noted that staying close to customers and providing them with solutions would continue to be the main driver of performance. DWM closed by repeating guidance for FY23 NPAT of \$48 to \$52 million.

EMC called for any questions.

David Leigh, a shareholder, queried what the FY22 NPAT would have been if the NZD exchange rate had stayed as it was at the start of the year; in other words how much of that is the effect of exchange rate movements?

GRL responded that compared to the prior year the exchange rate had very little impact, as the average exchange rate over FY22 was quite similar to FY21.

A shareholder noted he had heard a rumour that Skellerup may be supplying boots for personnel into nuclear energy plants.

DWM responded he did not think Skellerup boots were used in the nuclear industry. He noted Skellerup do make a di-electric boot that protects against electric shock, which is sold predominantly into the US and used in power stations.

Bruce Parks, a shareholder and proxy holder for the NZ Shareholders Association, asked for an update on the Stevens milk filter plant relocation.

DWM responded that the business had been very successfully relocated to Christchurch. He noted that the logistics of getting materials and product in and out of the Port of Wellington had been difficult for some time, which was the prime reason to relocate to Christchurch in close proximity to Skellerup's dairy rubberware facility at Wigram. The proximity of the two sites would deliver distribution, resources (people) and leadership benefits.

Bruce Parks also asked how the energy crisis in Europe was affecting Skellerup costs and scope 1 and 2 carbon emissions.

DWM responded that hedging arrangements for electricity were in place for businesses in the UK. DWM also noted he expected the increased costs would be negatively impacting Skellerup's European based competitors, providing Skellerup with opportunities to win business. With regards to emissions, he noted it was uncertain and expected it would remain that way until the following

winter and for Skellerup the larger consideration was scope 3 emissions associated with shipping which Skellerup would begin to measure and report on in the next year.

A shareholder noted the FY23 NPAT guidance of \$48 to \$52 million and asked how much of it could be attributed to inflation, growth, or currency shifts?

DWM noted that more than two years ago, he sent a note to all leaders warning that we were likely be in an inflationary period and that our costs would go up and they needed to be reviewing pricing. In response a number of Skellerup businesses started to move on pricing ahead of time. DWM commented he considered Skellerup was realising true and fair value for what they provide, and so price increases will impact on this FY and many of those have been agreed. He added that in general Skellerup was managing two important things very well – pricing strategy and collections. He stressed the importance of having customers pay on time and that he thought about this as much as he thinks about price increases and profits.

John Griffin, a shareholder, noted Skellerup was a cash positive company, with a low level of debt and asked what Skellerup's strategy was to defend a takeover.

EMC responded that she had been asked that question over the years and that Skellerup's approach has been consistent to promote the Company, perform well, so that value is recognised and the share price appreciates. She noted a well-valued Company was the best form of defence and good performance would be recognised in the market valuation of the Company.

Justine Baker an online attendee asked if the Board could provide some information around the working conditions in Skellerup factories and workplaces in NZ and overseas.

EMC responded she had personally been to most but not all sites (because of COVID-19). She noted she had been very impressed with the conditions and the way Skellerup people were treated at all sites she had visited including China and Vietnam (which she had visited several times), Italy and the UK. She noted other Board members had also visited many of the sites, and if there were any dissatisfaction they would raise with management. DWM noted further that, in all countries, the Skellerup Group fully complied with local wage requirements. Skellerup did not set its wage structures off minimum wage requirements and sought to pay people well, having them share in the productivity gains they help generate. He also clarified that Skellerup does not own a factory or employ staff in Vietnam but has a long-standing manufacturing partnership with a company that operates in accordance with local law and ILO conventions.

Paul Hawkins, a shareholder, asked why dividends were only 50% imputed.

GRL responded this was an outcome of the fact that half of Skellerup's profits were earned overseas in overseas jurisdictions. Despite the fact 75% of Skellerup's sales were made in international markets, half of the profits were earned in NZ. As Skellerup will continue to grow in international markets it is likely profits generated in international jurisdictions would grow.

No further questions were received.

### **Resolutions**

EMC moved to the resolutions before shareholders. She noted that a number of shareholders had cast postal votes or appointed proxies to cast their votes at the Meeting. EMC noted that the Board held discretionary proxies and that these would be voted in favour of all resolutions.

### **Re-election of Directors**

EMC spoke to the resolution to re-elect DWM as a Director.

EMC noted that in accordance with the NZX Listing Rules and Company Constitution, DWM was retiring and being eligible, offered himself for re-election. She noted the Board recommended DWM as a director of Skellerup and unanimously supported his re-election.

DWM started by noting he thinks like an investor putting a strong focus on the allocation of capital (people and dollars) and investing in strategies, not projects. He highlighted his proven skills to win new OEM business and his commitment to continue to lead Skellerup in this manner and achieving good results for shareholders.

EMC moved that DWM be re-elected as a Director of Skellerup.

EMC called for any questions. No questions were received from shareholders in respect to the motion.

EMC then spoke to the resolution to elect RHF as a Director.

EMC noted that RHF was appointed by the Board on 21 August 2020 and in accordance with NZX Listing Rule 2.7.1 and the Company's Constitution, RHF was retiring and being eligible, offered herself for election. She noted the Board unanimously supported the election of RHF. EMC then invited RHF to speak in support of her election.

RHF noted she was a partner at BDO Wellington whilst also having 12 years governance experience as a director of companies in the infrastructure, property and construction industries and a trans-Tasman presence. RHF expressed she was privileged to be asked to join the Board and was impressed by Skellerup's diversity of business, strength of the Board and Executive Management plus the Balance Sheet strength and financial management of the Company. She noted she was excited for the future and fully understood the duties and responsibilities required to serve shareholders.

EMC moved that RHF be re-elected as a Director of Skellerup.

EMC called for any questions. No questions were received from shareholders in respect to the motion.

### **Appointment of Auditors**

EMC advised that Pursuant to Section 207T of the Companies Act 1993, Ernst & Young were automatically reappointed as auditors for the ensuing year.

EMC explained that the proposed ordinary resolution is required to authorise the Directors to fix the auditors' remuneration for the 2023 financial year.

EMC moved that the Directors be authorised to fix the remuneration of the auditors for the year ending 30 June 2023.

EMC called for any questions. No questions were received from shareholders in respect to the motion.

### **Shareholder Questions and General Business**

The Chair called for shareholders to raise any questions on the Company including questions on financial and operational matters.

David Leigh, a shareholder, noted that both divisions had achieved very impressive growth in revenue, NPAT and EBIT %. He asked if it were possible to continue to keep growing EBIT %. He also asked why the EBIT % for the Agri Division exceeded the Industrial Division and whether the Agri success could be carried over to Industrial.

DWM responded that he considered EBIT % a key business measure and whilst it was not the only measure it was very useful in helping make decisions about allocation of capital (both financial and human resources). He noted the Agri returns were strong reflecting Skellerup's position as the second largest manufacturer in the world of dairy rubberware with a reputation of designing and producing high quality, food grade products, enabling the business to generate strong returns. He noted the Industrial EBIT % had improved significantly over the past 5 years and he expected that improvement would continue with a focus on pricing strategy and improvement, and process improvements including distribution and new business. He also noted he continued to expect to achieve improvements in Agri Division returns.

No further questions were received. EMC then advised she would be closing the voting system in approximately one minute. EMC thanked shareholders for attending the online meeting. EMC then formally closed voting.

DWM then offered a tribute to EMC. DWM noted EMC was a foundation director and Chair of the Audit Committee when the Company IPO'ed as Skellmax in 2002. DWM highlighted the transformation of Skellerup to a global business under EMC's tenure and her leadership and guidance during the development of Skellerup's new facility in Wigram (Project Viking) which was essential for the future of the Agri Division following the Chch earthquakes. DWM emphasised the significant growth in Skellerup's revenue, earnings, dividends and valuation during EMC's service as a Director of Skellerup.

EMC responded noting it had been a pleasure to work with directors, executive and staff of Skellerup and noted the relationship began in 1997 when she joined the predecessor company Viking Pacific prior to the 2002 IPO. She thanked shareholders and noted that they and the Company were in good hands with John Strowger who would become Chair of Skellerup at the conclusion of the Meeting.

There being no further questions, EMC thanked the shareholders for their attendance and declared the meeting closed at 15.40.

Signed as a true and correct record



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Chair