The background of the slide is a photograph of industrial robotic arms in a factory. The robots are white and grey, with various cables and hoses attached. They are positioned in a way that suggests they are working on a production line. The lighting is somewhat dim, with a blueish tint, and the overall scene is industrial and technical.

MHM AUTOMATION

**NZX RETAIL
INVESTOR FORUM**

28 SEPTEMBER 2020



DISCLAIMER

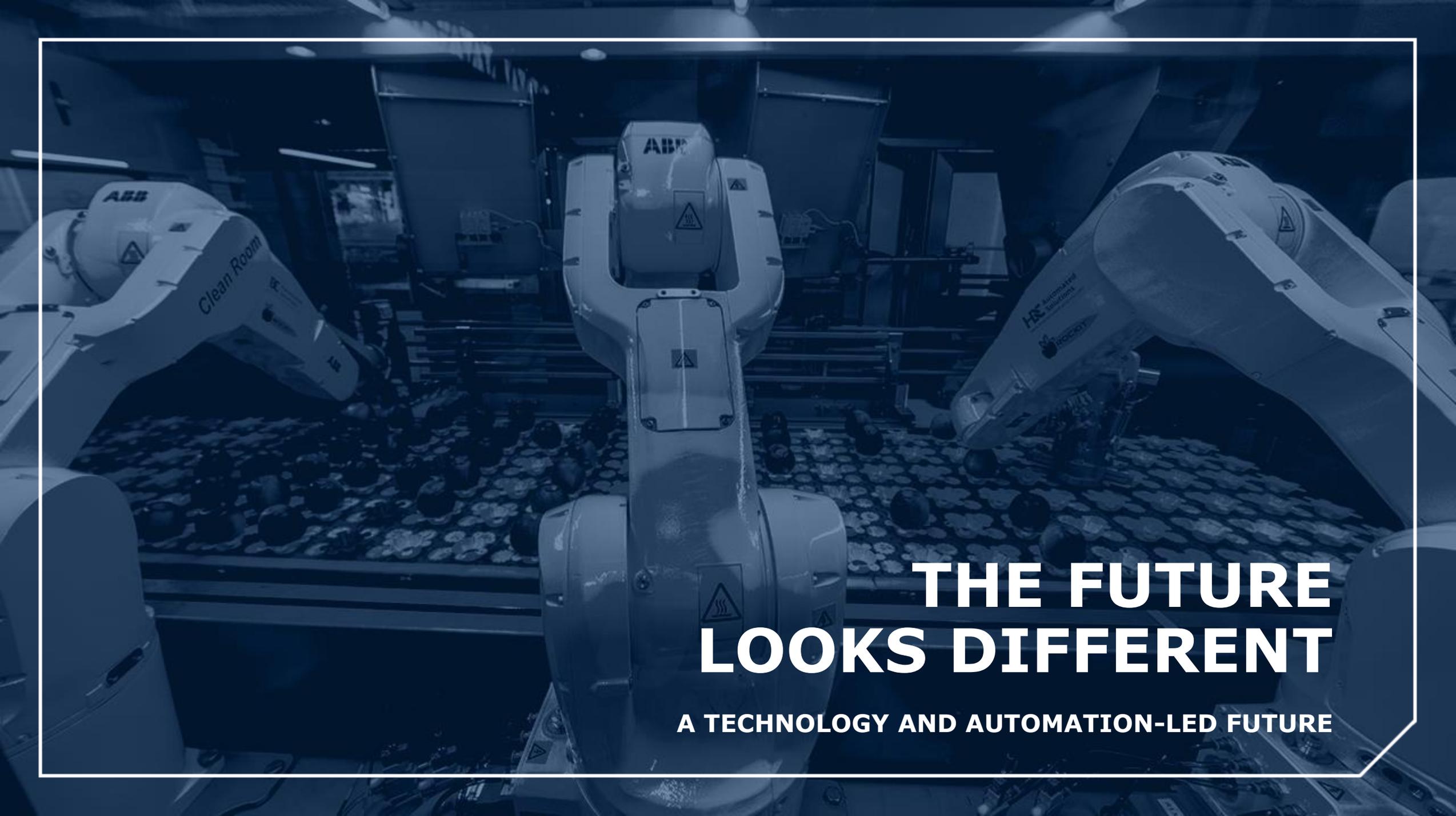
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THE FUTURE LOOKS DIFFERENT

A TECHNOLOGY AND AUTOMATION-LED FUTURE

MHM AUTOMATION

MHM Automation (previously Mercer Group) designs and supplies automated systems and equipment for the global food processing and logistics sectors

Headquartered in Christchurch with additional offices and workshops in Hastings, Auckland, Brisbane and Green Bay, Wisconsin

During the past five years, MHM has transitioned to a technology-led future through divesting non-core businesses, operational changes and acquisitions

Financial year to 30 June 2020 saw revenue increase 35% to \$51.6m and EBITDA increase 199% to \$2.4m

Market statistics

Ticker	MHM
Market cap	\$26m (as at 28 September 2020)

Key Shareholders

Rolleston family	31.9%
Colin Neal	19.8%



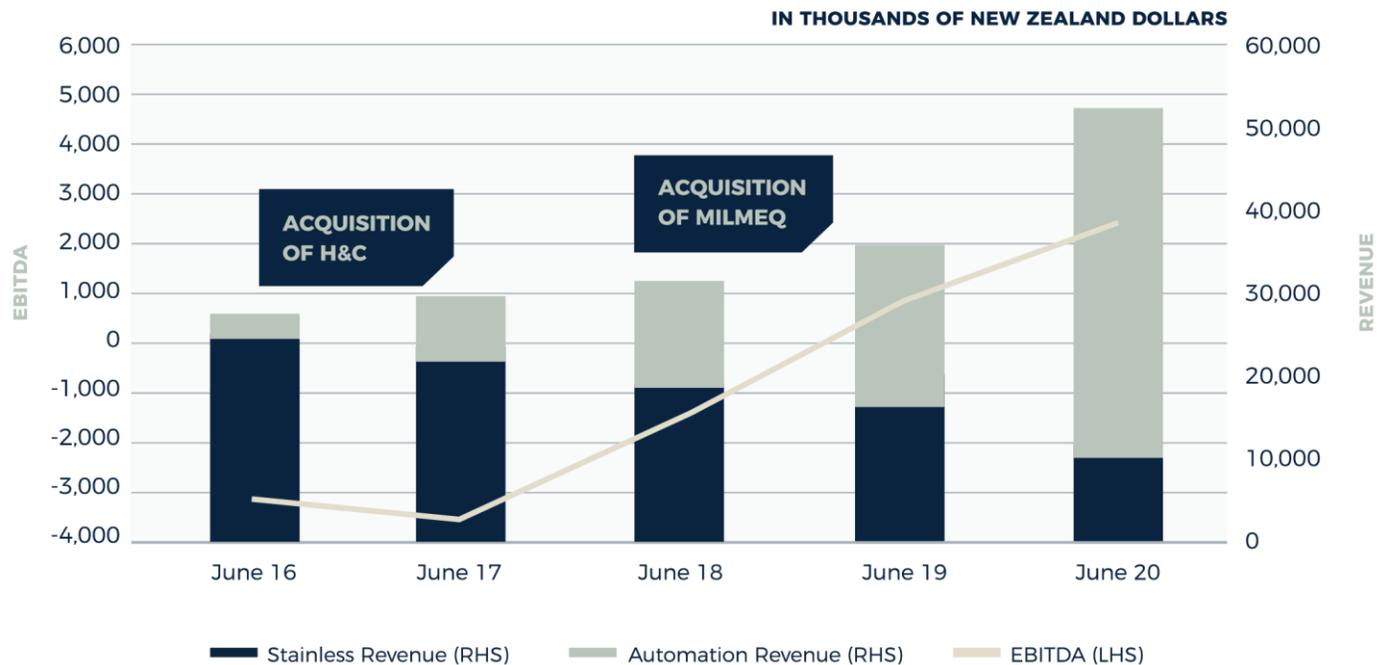
OVERVIEW

Highlights of the financial year to 30 June 2020

- Maintained industry leading health and safety standards
- Financial
 - Increased revenue 35% to \$51.6m
 - Automation 81% of group revenue
 - EBITDA of \$2.4m, a 199% increase on the prior year
 - After tax profit of \$0.9m
 - Own properties in Christchurch and New Plymouth
 - Net debt of \$1.27m (excluding lease liabilities)

OVERVIEW CONT.

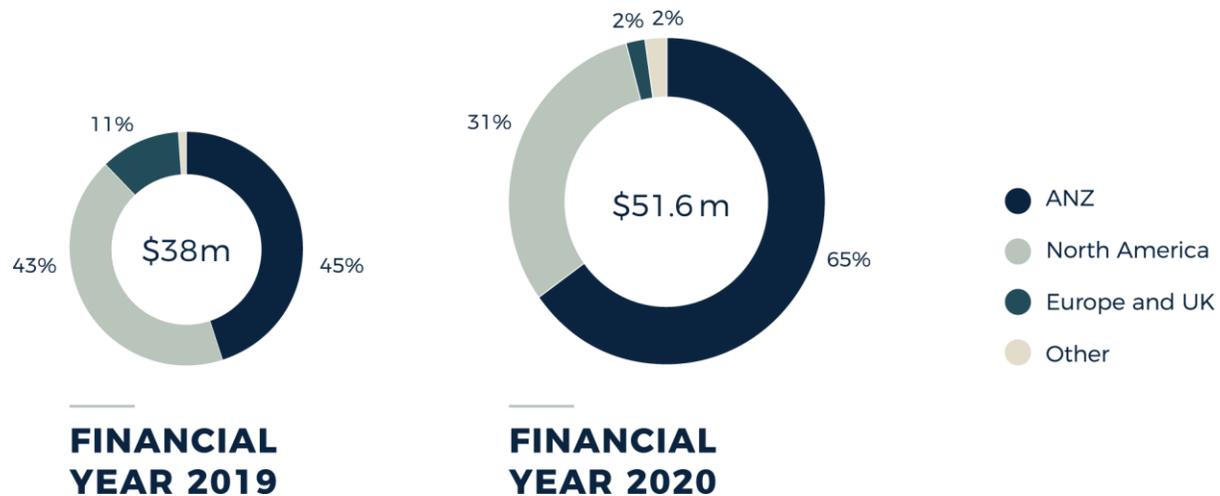
Segment revenue and EBITDA profile



- Key strategic driver of MHM: technology-led, design and supply of automated solutions
- Increasing demand for automation in food processing and packaging driven by:
 - Scarcity of labour and ageing populations in Western economies
 - Increasing cost of labour
 - Health and safety issues
 - Food safety issues (including COVID-19)
 - Food/product quality issues

OVERVIEW CONT.

Contracted sales by region



- Strategic change to a technology-led company focused on automation has been driven by acquisitions of Haden & Custance (H&C Automated Solutions) in 2016 and the chilling and freezing business of Milmeq in 2019
- Automation businesses now generates more than 80% of our revenue
- Automation revenue increased 79% in the last financial year, led by sales into the Australian red meat sector and USA secondary cheese processing sector

STRATEGIC FOCUS

Technology and Automation

Reduce revenue volatility through diversification of the revenue base

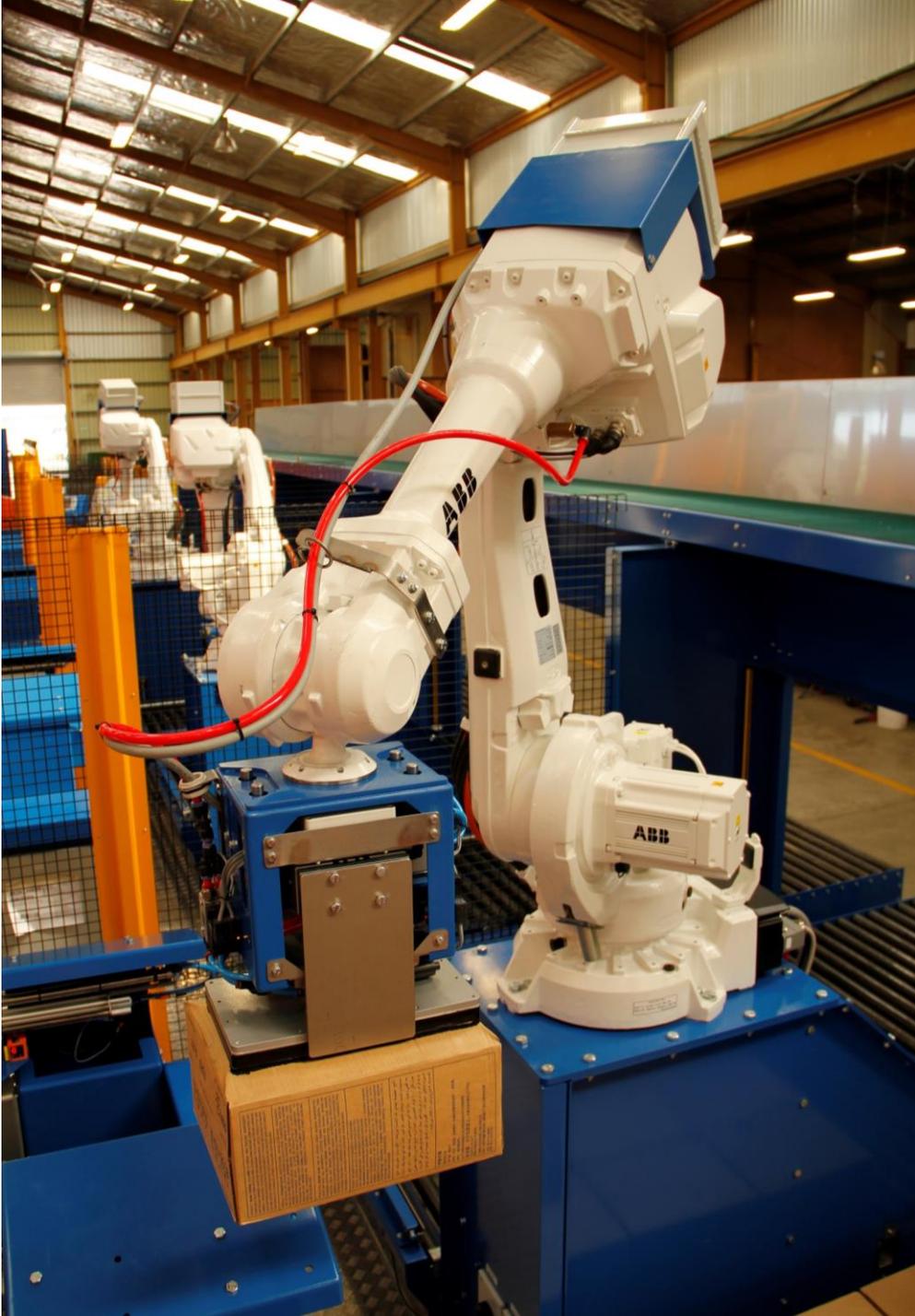
- Products
- Sectors
- Geographies

Consolidate position in core markets

- Cheese converting/ reverse packaging
- Cheese and dairy processing
- Red meat primary processing

Enter new markets where we have a point of difference

- USA red meat primary and secondary meat processing via distributor arrangement with Scan American Corp
- Product development/R&D led; focused on reverse packaging and sterilisation that are top three in their market niche globally
- Bespoke development with customers leveraging core business, e.g. Rockit apple tube filling machines
- Growing repeatable business – service, spare parts

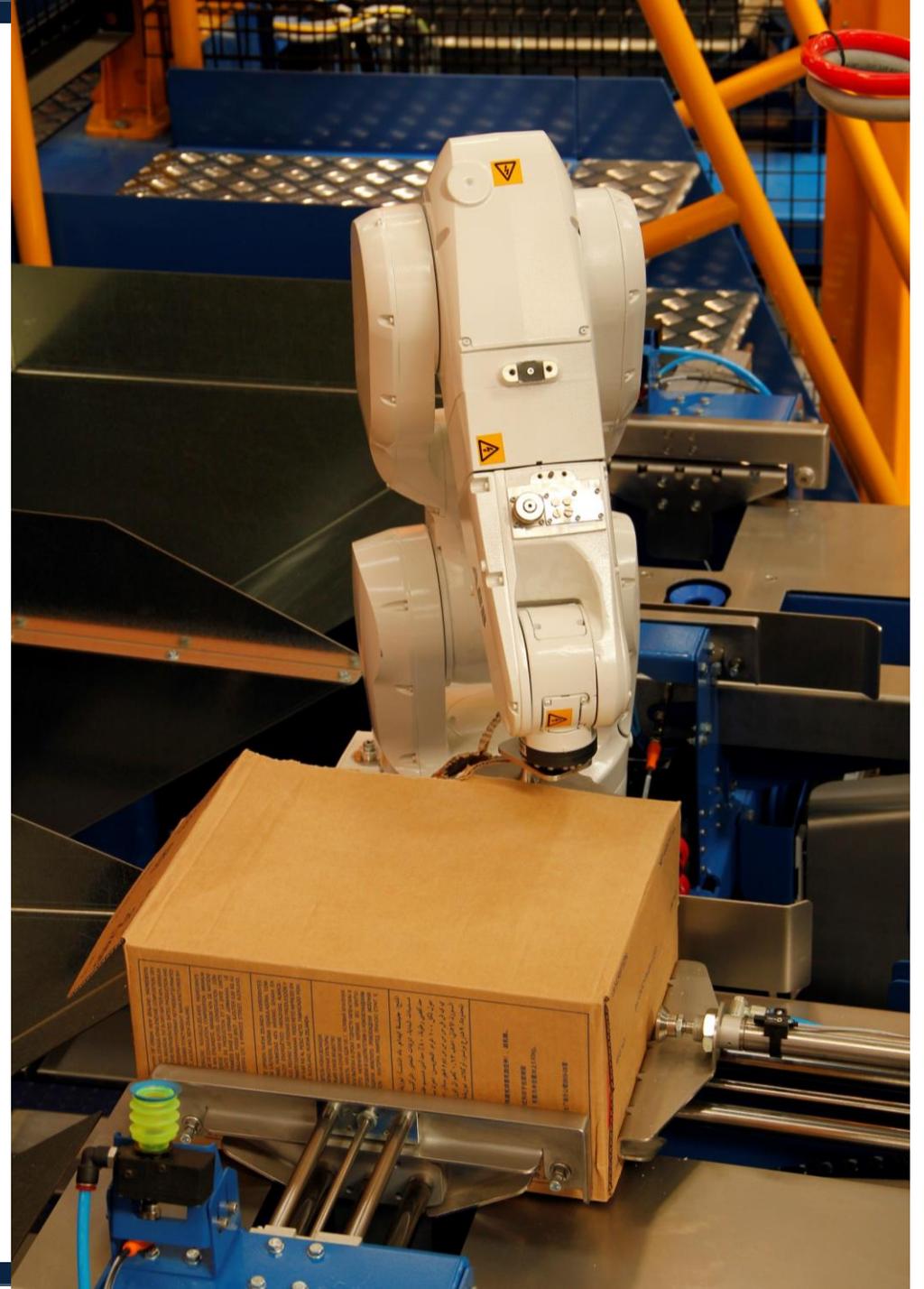


H&C REVERSE PACKAGING

- World leader in reverse packaging
- Demand being driven by increasing secondary processing in the food processing sector and fulfillment business models across several other sectors (logistics)
- Dominant position in the US and Australian secondary cheese processing market with full reverse packaging systems to prepare bulk cheese for processing:
 - De-palletising
 - De-boxing
 - Scanning for defects
 - De-bag
 - Re-palletising or direct to line

H&C REVERSE PACKAGING CONT.

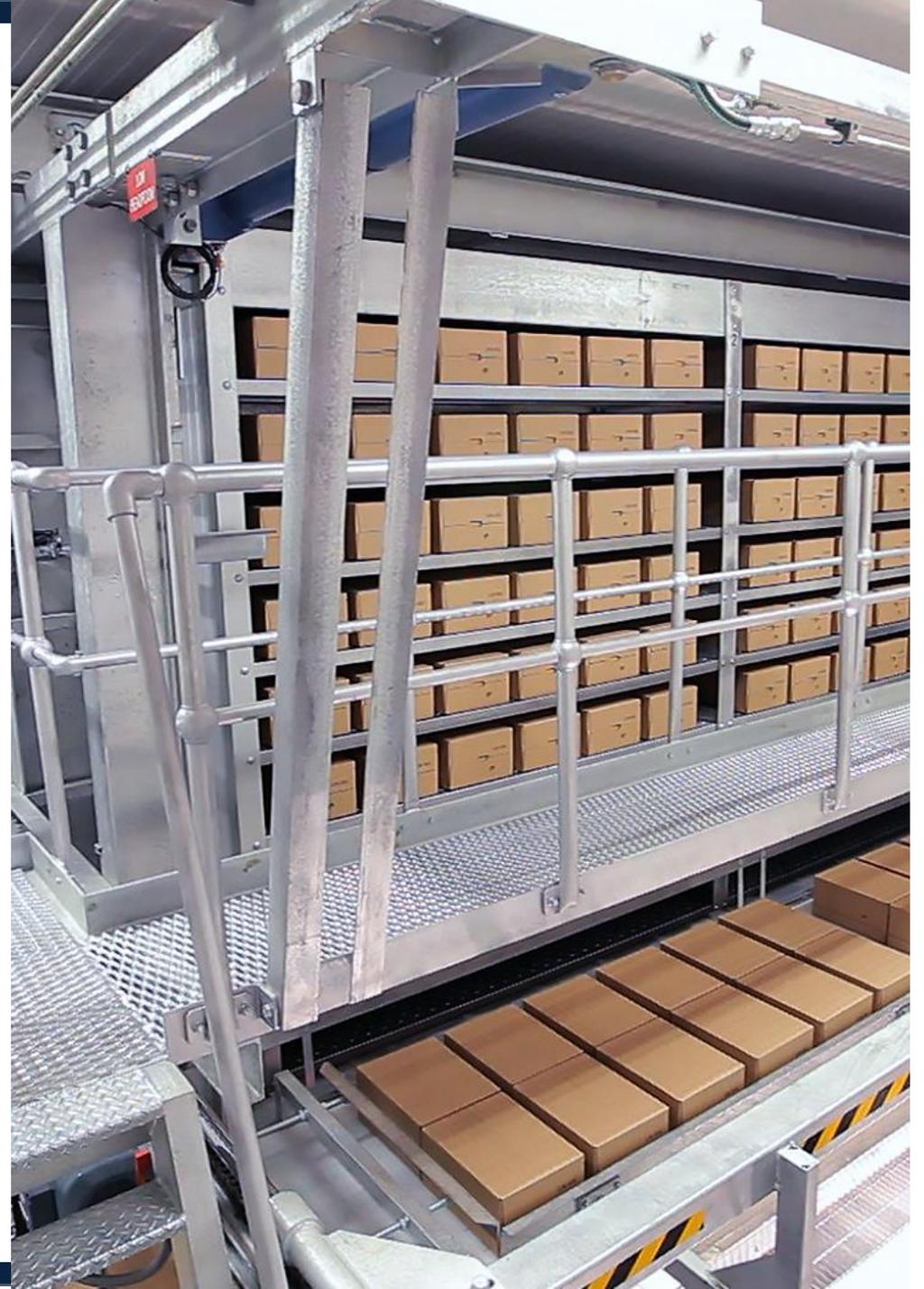
- 28 cheese systems installed across Australia and the USA
- Taking this technology into the red meat sector – first system sold to one of the largest meat processors globally
- Further opportunities identified, and pursuing:
 - Logistics sector
 - Pharmaceutical
 - Pet food

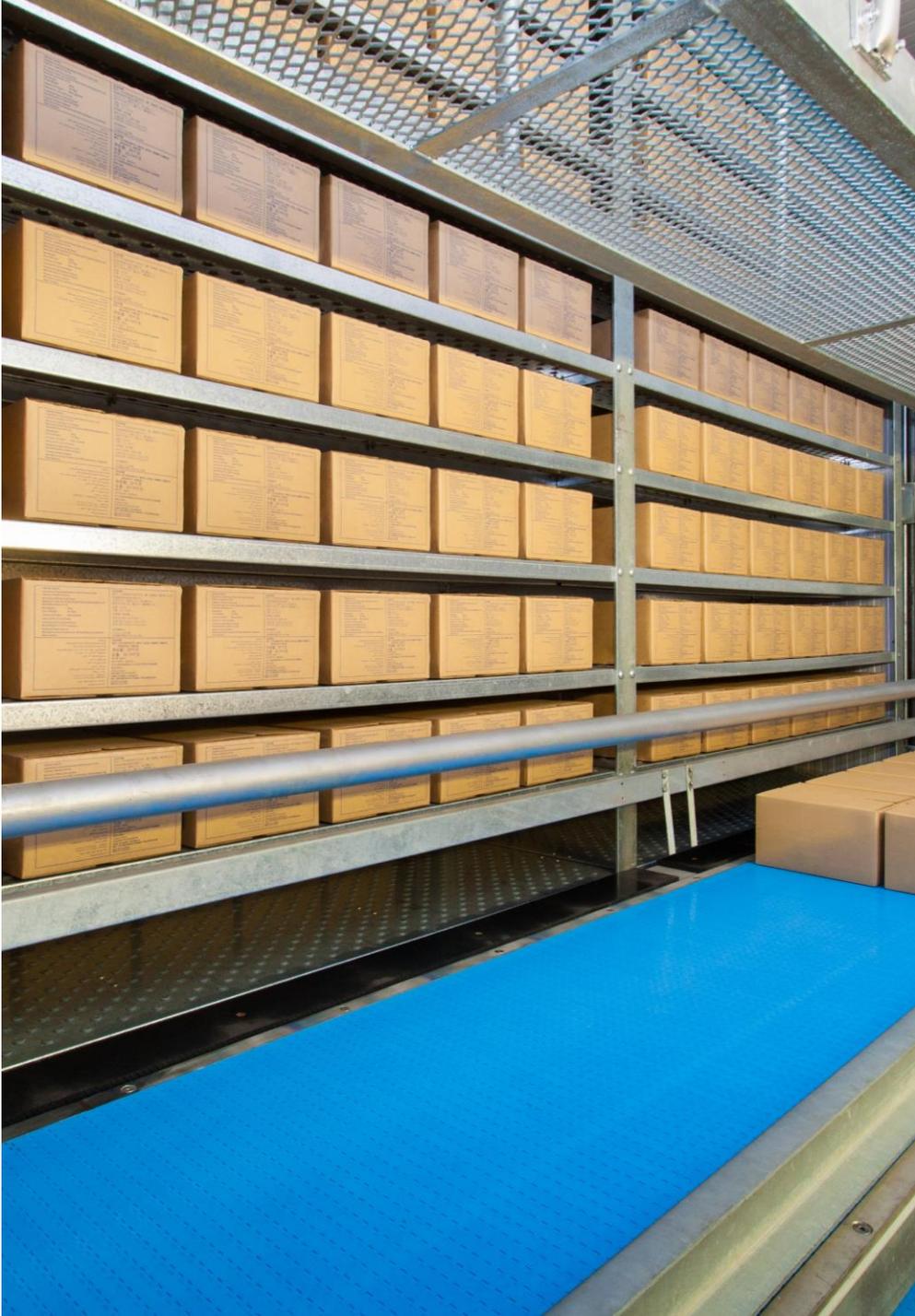


MILMEQ CHILLING AND FREEZING

The Milmeq product range is a world leader in the design and supply of chilling and freezing systems to the dairy and meat industries globally.

- Installed base of more than 250 systems globally
- Leader in plate freezing technology with dominant position in Australian red meat sector
- World leader in cheese cooling tunnels
- In the past 12 months secured seven new SSO plate freezer projects in Australia





MILMEQ CHILLING AND FREEZING CONT.

- Increasing demand for automated chilling and freezing systems being driven by:
 - Export regulations
 - Food safety
 - General automation drivers
- Seeing good enquiry out of New Zealand, Australia, USA and European markets
- Targeting entry to the USA meat market
- Offers significant growth opportunity



STAINLESS SOLUTIONS

- Historical core business of MHM trading as Mercer Stainless
- Designs and supplies large stainless equipment for the dairy, wine and food sectors
- Core business is silos, tank, pressure and HSNO vessels but bespoke fabrication
- Increasing undertaking of in-house manufacture of the chilling and freezing systems
- Recently consolidated fabrication capacity to one site in Christchurch
- Strong market position in top three stainless fabricators in New Zealand



S-CLAVE

- S-Clave is a patented system that sterilises medical equipment in a non-porus container system.
- The benefits for the hospital or medical centre:
 - Fast turnaround – sub 20-minute cycle versus around an hour for existing process
 - Single-use container is non-porus so sterility can be guaranteed
 - Faster cycle time is more energy efficient
 - Container system is better for storage and transport
 - Easier for sterilisation departments to pack and handle

S-CLAVE CONT.

- Atherton, Australia's leading sterilisation company is our commercialisation partner. They have over 50% market share in Australian hospitals
- The steam sterilisation equipment and consumables market is a very large global market of US\$3.9b (source: Sterilisation Equipment Market Report, Global Forecast to 2020)
- We are in final stages of development with testing currently underway in Melbourne. Target to have an S-Clave system in a hospital in the 2021 financial year
- Business model is a consumable model so highly attractive



OUTLOOK

1. Continuation of profitability increase for the 2021 financial year
2. New brand, MHM Automation, launched and operating as “one group”
3. Currently have good workflows across the group – capacity over 55% sold for the current financial year and a strong pipeline
4. Operational focus:

Internal

1. Bedding in processes as one group
2. Execution of existing workflows on time and on budget
3. Margin improvement
4. New ERP

External

5. Conversion of near-term sales pipeline – strong for chilling and freezing systems
6. Support Scan American Corp to drive sales in US red meat market
7. Reverse packaging
8. ASRS systems into red meat and cheese



OUTLOOK

Continued focus on building and diversifying a technology-led business

- Automation a growing mega trend
- We have a portfolio of products and solutions in growth areas – food processing and packaging
 - Reverse packaging
 - Chilling and freezing
 - Other technology development ... S-Clave
- Large installed base
- Great reputation
- Global business
- Always on the hunt for further acquisitions

Mercer 



milmeq

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AUTOMATION

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