

SPECIAL MEETING

21ST APRIL 2023



Voting and asking questions



HELP NUMBER
0800 200 220


Ask a Question

Get a Voting Card

Exit Meeting ➡

Starts Friday at 10:00 AM

**MHM Automation
Limited Special
Meeting**








+

Get a Voting Card



?

Ask a Question

-  Downloads
-  Notice of meeting
 -  Online Virtual Meeting Guide

AGENDA

- Chair's introduction
- Overview of proposed acquisition
- Questions
- Resolutions
- Vote
- Other business

OVERVIEW OF PROPOSED TRANSACTION

- As outlined in the Notice of Meeting, sent to shareholders on 3rd April 2023
- MHM has entered conditional agreement to acquire Wyma Engineering(NZ) Limited.
- Consideration of up to \$60 million:
 - \$28 million cash
 - \$17 million new shares (22,666,667 ordinary shares)
 - \$15 million vendor earnout (over three years, based on performance)
- Funded by way of new debt facilities, to be drawn \$25 million upon settlement
- Settlement Date scheduled for 1st May 2023
- Directors of MHM have recommended the transaction
- Independent Adviser's report (circulated to shareholders with Notice of Meeting) supports the transaction, stating 'in our opinion, after having regard to all relevant factors, the positive aspects of the Barclay Allotment outweigh the negative aspects'

PRO-FORMA REVENUE AND IMPLIED VALUATION

PRO-FORMA COMBINED MHM & WYMA:

- Revenue **\$125m**
- EBITDA **\$15.3m**
- Debt **\$25m**

PRO-FORMA SHARES ON ISSUE: 89M

Debt Facilities:

- Facility Limit \$35m
- Drawdown \$25m
 - Fixed 4yr fully amortising
 - Floating with cash offset

Covenants:

- Interest Cover
- Net Debt / EBITDA

	AUDITED	UNAUDITED	
12 MONTHS TO	MHM 30 June 2022	Wyma 31 March 2022	Proforma
Revenue snapshot (\$ millions)	67.7	57.3	125.0
EBITDA ¹ (\$ millions)	4.8	10.5	15.3
EBITDA percentage of Revenue	7.0%	18.3%	12.2%

¹ EBITDA normalised for share based payments

MULTIPLE ¹	8x	10x	12x	14x
Enterprise Value (m's)	122	152.5	183	213.5
Less Debt (m's)	25	25	25	25
Equity Value (m's)	97	127.5	158	188.5
Shares on Issue (m's)	89	89	89	89
Implied Share Price \$	1.09	1.43	1.77	2.12

¹ Source: Jardens Market Multiples (FY-2) 3-Oct-2022

STRATEGIC FIT WITH MHM

- Increases diversification through exposure to post harvest vegetable and fruit handling markets.
- Increased scale – nearly doubles the size of MHM at the revenue line and more than doubles profitability.
- Wyma has an established footprint in Europe, a market that MHM sees growth in existing business.
- Strong alignment of automation offering and business model.

OPERATIONAL SYNERGIES

- In house manufacturing at new world class facility in Christchurch
- Supply chain and inventory management
- Cost efficiencies through procurement and scale
- Talent and technology transfer across the wider Group

MARKET SYNERGIES:

- General automation cross selling to Wyma customers
- Service and spares cross selling of capabilities

Wyma fully aligns with the acquisition strategy: Haden & Custance (H&C) in 2016, Milmeq in 2019 and SCE in 2021.

STRATEGIC FIT BUSINESS VALUE DRIVERS

➤ High calibre management team and workforce

➤ Access to lower cost manufacturing

➤ Robust systems and internal processes

➤ Enabler to scale and increase visibility in Europe

➤ Further diversification

➤ Complimentary expertise in controls and IoT4

➤ Aligned company cultures

➤ Increased capability for customer services

➤ EPS accretive

➤ Increases exposure to automation mega trend



**World leading
designer and
manufacturer of
post-harvest
vegetable and fruit
handling equipment.**

COMPANY SNAPSHOT



FOUNDED
1962

170+
EMPLOYEES

50+
COUNTRIES

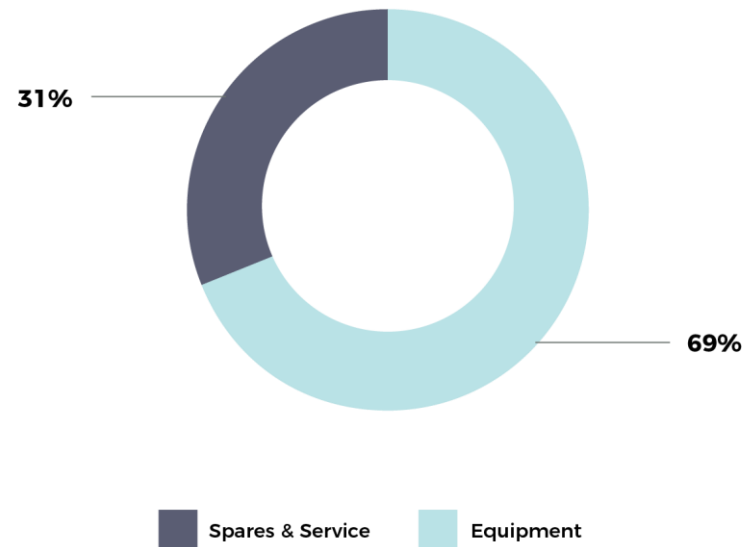
\$57m
REVENUE

15%+
EBITDA

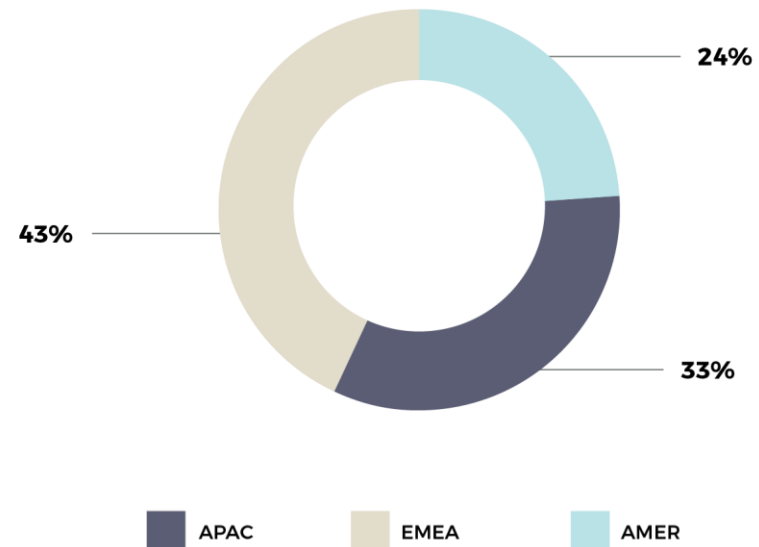
- Wyma is one of the world's leading manufacturers of post harvest vegetable and fruit handling equipment.
- Headquartered in Christchurch, NZ.
- Moved into a purpose built world class facility in March 2023 (leased)
- Sales and service offices in UK and Australia
- Manufacturing, sales and service facility in Czech Republic.
- Operate through agencies in other countries.

COMPANY SNAPSHOT

Revenue by segment 2022

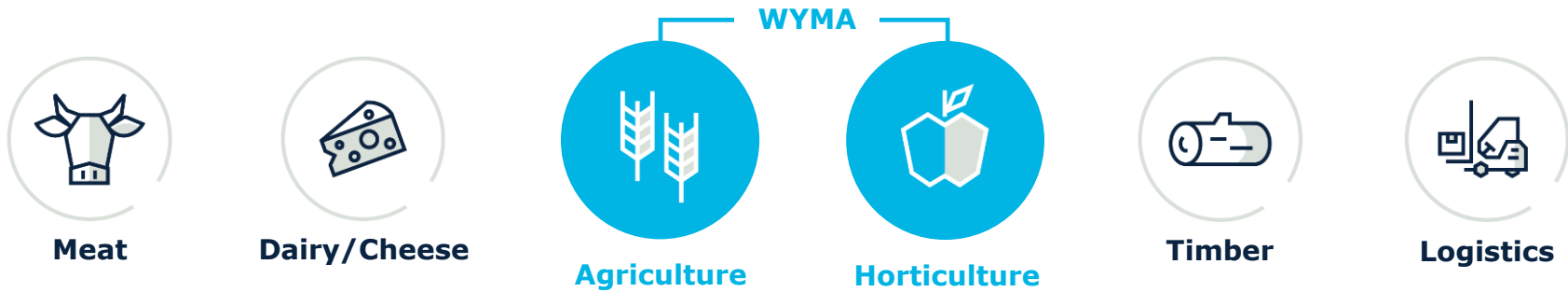


Revenue by Region



SECTORS AND PRODUCTS

CORE MARKET SECTORS INCLUDING WYMA:



KEY PRODUCT CATEGORIES INCLUDING WYMA:



VEGETABLE PROCESSING MARKET

Fruit and vegetable processing equipment market, segments:

- Pre-processing
- Peeling/inspection/slicing
- Washing & dewatering
- Fillers
- Seasoning system
- Packaging & handling + others

Related:

- Chilling & freezing
- Storage
- ASRS

The after-harvest market is segmented into six major categories. Wyma sell equipment and integrated solutions to all these utilising key partners.

The market is competitive and requires ongoing investment in R&D. Wyma have proven solutions that are world leading in their segments.

MHM has directly relevant solutions and expertise in the packaging and handling segment and we see this as complimentary to Wyma, which enhances sustainability for both businesses.

Key: ● MHM ● wyma

VEGETABLE AND VEG PROCESSING MARKET MACRO METRICS

The global population is projected to reach 9.7 billion by 2050

(Source: UN)

Demand for food is only increasing.

THE GLOBAL VEGETABLE MARKET

Revenue in this segment amounts to US \$0.91 trillion in 2022. The market is expected to grow annually by 4.97% (CAGR 2022-2027) (Source: Statista)

THE FRUIT & VEGETABLE PROCESSING MARKET

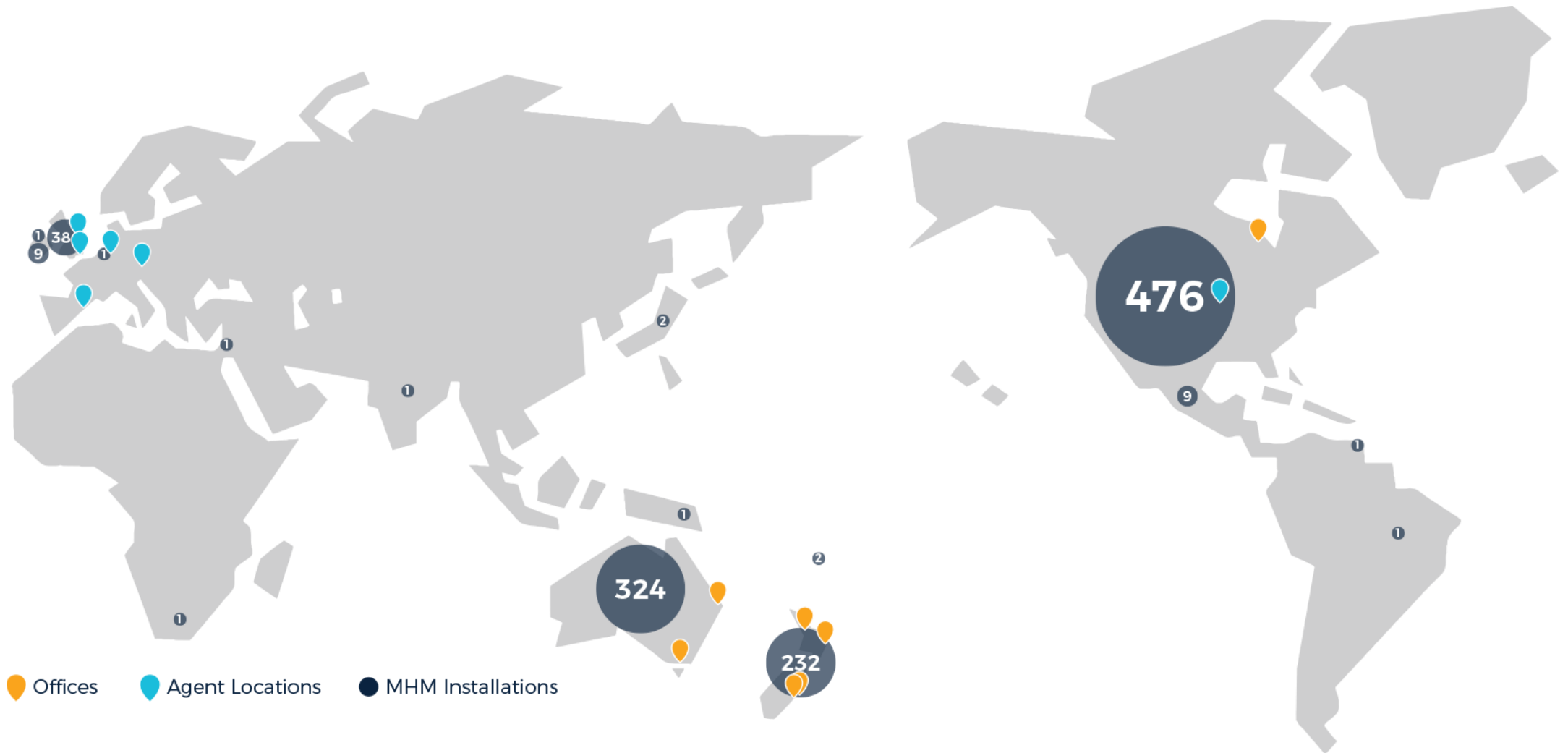
The fruit and vegetable processing market is estimated at USD \$8.7 billion in 2022 and is projected to reach a value of nearly USD \$11.8 billion by 2027, growing at a CAGR of 6.4% from 2022. (Source: Research & Markets)

KEY GROWTH DRIVERS INCLUDE

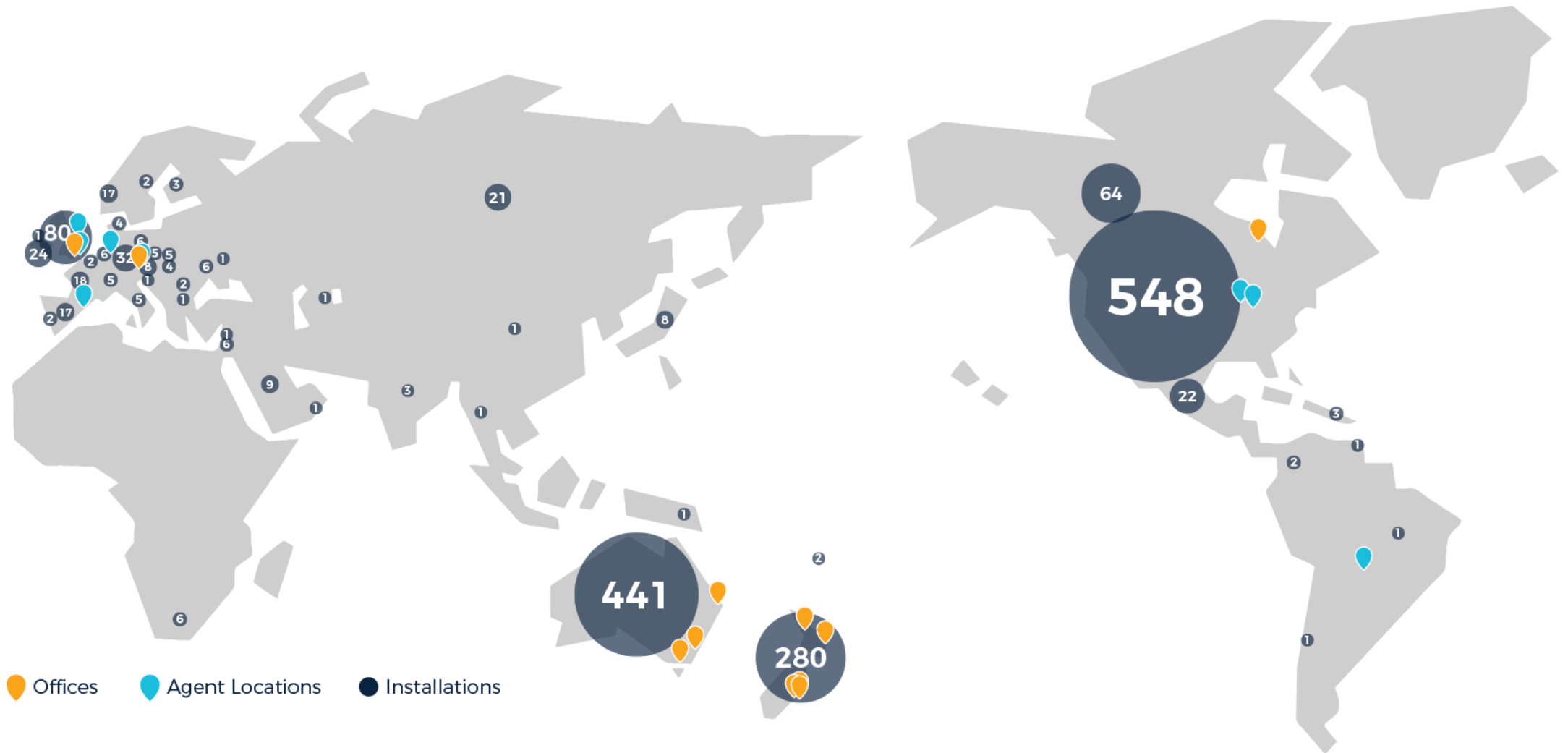
- Increase in the need for convenience food.
- Growth in per-capita income has resulted in greater demand for ready-to-eat and on-the-go food items.
- This, in turn, has led to an increase in demand for processed products.

The outlook for the growth of the fruit and vegetable processing market is expected to remain positive due to the high growth in the industry and increased consumer demand.

WHERE MHM WORKS



COMBINED FOOTPRINT



QUESTIONS

RESOLUTIONS

➤ Special Resolution (Resolution 1)

- *Resolution to be passed by at least 75% of the votes of shareholders entitled to vote and voting on the Resolution:*

Subject to the approval of Resolution 2, that the Company acquire 100% of the shares in Wyma Engineering (NZ) Limited (the Wyma Shares) from Jajar Investments Limited (JIL) and Jason Gerrie, for a total purchase price of \$60,000,000 (subject to any adjustments) pursuant to a conditional Agreement for Sale and Purchase dated 30 March 2023, including entry into new bank facilities with a total credit limit of \$47.840m (of which \$25m will be drawn to fund the purchase of the Wyma Shares) as a major transaction under section 129 of the Companies Act and Rule 5.1.1 of the NZX Listing Rules.

➤ Ordinary Resolution (Resolution 2)

- *Resolution to be passed by a simple majority of the votes of shareholders entitled to vote and voting on the Resolution:*

Pursuant to Rule 7(d) of the Code and Rule 4.1.1 of the NZX Limited Main Board Listing Rules (Listing Rules) and subject to the approval of Resolution 1, to authorise and approve the issue by the Company of 22,666,667 ordinary shares in the Company at \$0.75 per share to Jajar Investments Limited and/or Andrew Barclay, and Jason Gerrie, being part consideration for the purchase of the Wyma Shares.

- Entry into the Wyma Transactions is contingent on each Resolution 1 and Resolution 2 being passed

OTHER BUSINESS



MHMAUTOMATION.COM