



## **Mercer Group Limited**

**NZX Release**

**12 October 2019**

**Mercer Group Limited ('MGL') announces today the final purchase price for the acquisition of the Chilling and Freezing business of Milmeq ('Milmeq').**

As previously noted, the acquisition of Milmeq was structured as a sale and purchase of business and related assets, including a \$1m interest free working capital facility. The final purchase price was to be determined by way of earn out in the period from settlement (28 February 2019) to 31 December 2019.

MGL has agreed the following regarding the earn out:

1. MGL will repay the \$1m working capital facility on 31 January 2020.
2. Entities associated with the previous owners of Milmeq (Amalgamated Dairies Limited, 'ADL') will provide security supporting a A\$3.5m bank bond through to 31 October 2020 as support for a significant contract for the design and delivery of plate freezers to a leading Australian red meat supplier.
3. Asset Management Limited, a related party of MGL controlled by Humphry Rolleston, is indemnifying ADL in respect of any liability ADL may incur, as a result of ADL's support of the bank bond. MGL will pay a fee to Asset Management Limited for the provision of this indemnity.
4. The final purchase price for Milmeq will be \$50k.

Since the acquisition was announced in December last year, Milmeq has secured over \$30m of orders, which will be delivered over the next 12-month period. This is significantly ahead of forecast.

By way of update of the other businesses in the group, H&C Automated Solutions continues its positive trajectory and has strong workloads through to the end of the financial year. Mercer Stainless has had a strong start to the financial year, but the outlook for the remainder of the year to 30 June 2020 is weaker due to a softer dairy investment climate.

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