



## **Mercer Group Limited**

**NZX Release**

**24 March 2020**

### **Mercer Group Limited ('MGL') update re Covid-19**

MGL is continuing to monitor the potential impacts of Covid-19 on the business.

We have returned all employees to their home bases, apart from a small number who are continuing to work on sites in Australia.

Across our businesses we provide critical parts and service to primary industries and food processing businesses that are deemed to be essential services. We will therefore be maintaining a level of operation at our plants during the period of Alert Level 4 to ensure we can support those business operations. We do, however, expect that production will be reduced during this period. Our office based staff are working from home where possible. We will also be applying for the wage subsidy under the scheme announced by the Government.

We have a number of projects underway in New Zealand, Australia, USA and Ireland. While some of these projects are continuing where we have outsourced manufacturing and local install teams, some will now be delayed due to our inability to manufacture, our team's inability to travel and some localised site restrictions. While we have not seen upcoming projects cancelled, we have experienced some delays in expected orders. Given the large majority of our customers are essential service providers we expect these delays to be short term, and as stated above, we will be continuing some level of operation given we form part of the supply chain for these essential services.

When we released our interim results, we said that we were confident that we would retain the momentum we had with increased EBITDA and Net Profit. This is now uncertain given the impacts of Covid-19 on our ability to manufacture and deliver our systems.

We remain confident regarding the medium term outlook for our business. We design and supply automated solutions and essential infrastructure to food and related businesses globally and we believe that demand for these systems will continue once the domestic and global economy returns to some normality.

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