

NZX Release

14 December 2020

MHM Automation update

Acquisition of Southern Cross Engineering

MHM Automation (MHM) is pleased to announce the acquisition of the Southern Cross Engineering (SCE) business.

SCE is a Christchurch based diversified engineering firm, established in 1954. It designs, manufactures and distributes a range of high quality equipment into the meat, dairy, timber and infrastructure sectors.

For MHM, this acquisition provides further diversification and scale. The focus will be on the IP driven products and turn-key solutions that SCE designs and delivers, including:

1. Grain stackers that are recognised as industry leading in Australia;
2. Pressure vessels and related boiler solutions;
3. Key agencies for the timber industry;
4. Specialised solutions for Antarctica; and
5. An established service and spare parts business

MHM is not acquiring the Rocktec business from SCE, or its Australian based service business. MHM will be offering employment to around 20 SCE staff, being a mix of design, engineering, controls, electrical and workshop based staff.

The acquisition is conditional, with the conditions expected to be satisfied on or before 18th December. If confirmed, the acquisition is due to settle on 11th January 2021. The purchase price will be calculated through an earn out over the next two years.

MHM remains committed to growing scale and diversification of its revenue streams. Our manufacturing footprint in NZ has long been reliant on the dairy sector which has reduced capital investment significantly in recent years, impacting our stainless business. Our stated strategy remains to grow the technology and automation end of our business. The acquisition of SCE provides scale and diversification for our Christchurch manufacturing base, cross selling opportunities in new primary and infrastructure sectors, as well as the opportunity to further grow and develop the IP in SCE that has been built since 1954.

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