



Acquisition of Alvey Group

21 February, 2018

Transaction summary

Revenue to March 2017:	€33.6m (NZ\$56.5m)
Multiple:	Approx. 4.5x historic March 2017 EBITDA
Location:	Headquartered in Belgium along with operations in France, Czech Republic and the UK
Staff:	250
Expected acquisition date:	4 April 2018 Payment from cash reserves

NZ dollar figures based on a EURNZD rate of 1.6805

Company overview

Offering: Automated and robotic systems for handling the internal logistics of secondary packaging (trays, carton boxes, crates) and pallets.

- ▲ Palletisers and depalletisers
- ▲ Pallet conveyors
- ▲ Case conveyors
- ▲ Order preparation systems
- ▲ Stacker cranes
- ▲ In-house software to run and manage automation processes (Maestro+ and EvoLink)

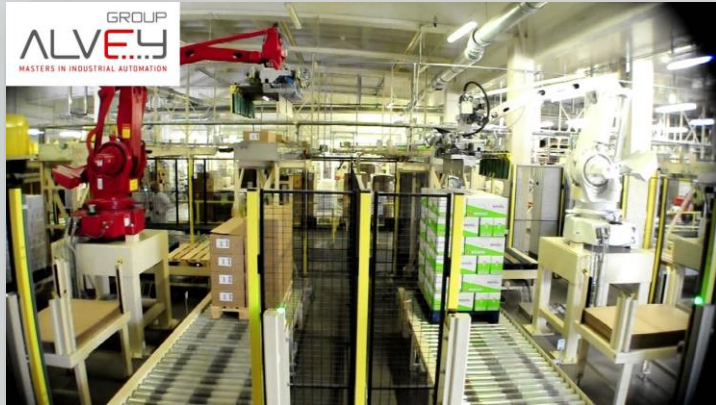
Fully integrated: Design, build, assembly, supporting software and subsequent service contracts

Customer base: Predominately from the manufacturing and distribution sectors (with an emphasis on food) across Western and Eastern Europe (including Russia)



[Alvey Group company profile video](#)

Company overview



Company overview – Locations

Belgium

93 staff

Location: Deerlijk – 60km west of Brussels

50 year history

Corporate head office

Two-thirds of engineering staff

Hosts the majority of project management staff

Some modest production

Czech Republic

132 staff

Location: Podivin – near Czech/Austrian border; 90km north of Vienna

20 year history

Principal production and assembly site

Sites also at two other locations for metal works and software engineering

France

25 staff

Location: Two sites – one in Ploemeur (North West) and one in Marseille (South East)

50 year history

Sales and service

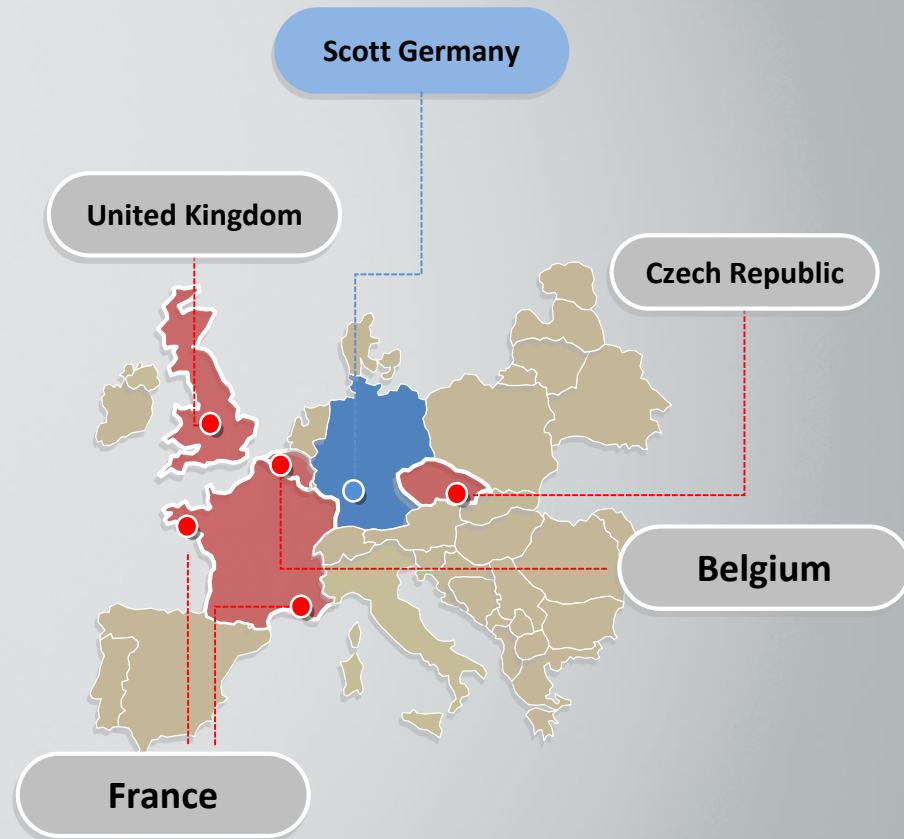
UK

1 staff

Location: Birmingham

Company incorporated in 2015

Sales and service



Company overview – March 2017 revenue snapshot

Revenue to March 2017:

€33.6m (NZ\$56.5m)

Equivalent to approx. 42% of Scott's FY17 revenue

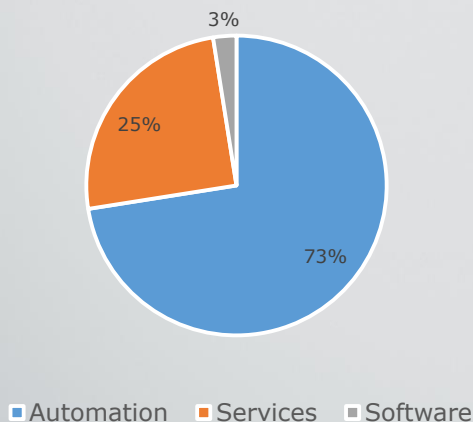
5 year CAGR of 14% pa

Composition:

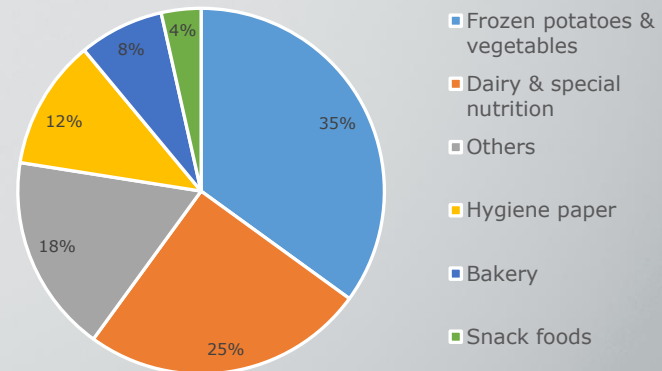
73% from projects (design through to build and integration) and 25% from service work such as maintenance contracts, 24/7 hotlines, spares, modifications & upgrades

Approx. 70% of revenue in past 3 years from food industry participants

Revenue by activity in FY17



Revenue by end customer – prior 3 years



Company overview - People

A very high calibre Senior Executive



Maarten van Leeuwen

Group Managing Director

15 years with Alvey

Led a management buyout in 2011 which positioned Alvey for the shape it takes today



Frederic Hermier

Group Sales Director

11 years with Alvey

Also involved with the 2011 management buyout



Olivier Claerbout

Group Engineering Director

1 year with Alvey (but 3 years as ISO and VCA advisor)



Aaron Vanwalleghem

Group Operations Director

15 years with Alvey

Senior executive snapshot

- Average tenure of 10 years
- Average age of 41
- Majority are fluent in speaking and writing English (English is the official language of the company)
- All senior executives will remain post transaction

Strategic rationale

Build an end-to-end automation offering

- Fills a gap in our offering
 - Complementary
 - One-stop-shop

Add to our overall automation capabilities

[Automation = hardware + software + electrical + analytics + integration]

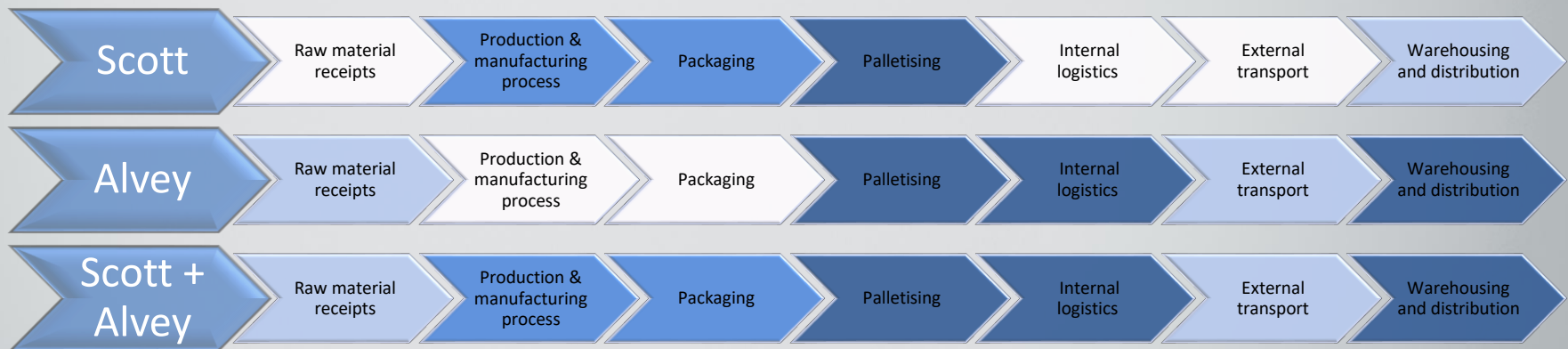
Accelerate market access

Get skills and/or technology faster than developing in-house

- Technology transfer across the wider Group

Strategic rationale

Building an end-to-end automation offering for the overall production process from raw material receipt to final distribution.



Key: Level of expertise



Strategic rationale – Business appeal

High calibre
management team
and workforce

Robust systems
and internal
processes

Low cost
manufacturing

European
scale/visibility

Meaningful entry
into backend
logistics

Direct application
to JBS
opportunities

Existing expertise
in chilled/frozen
factory
environments

Greatly add to our
software
capabilities

EPS accretive

Like minded
company culture

Strategic rational – Synergy opportunities

Take Alvey into new markets via our Scott channels

- Geographies – Germany, USA, Australia, New Zealand and China
- Key customers – JBS
- Applications – meat processing

Utilise key aspect of Alvey across Scott globally

- Service business model
- Software engineering expertise
- Maestro+ and EvoLink

Utilise Alvey's low cost production in Czech Republic for the wider Group

Support entry of key Scott technology into Europe

- Meat processing into Europe
- Bladestop into Europe

Cost reductions from greater purchasing power

Support Alvey to move into related technologies and new customers groups

Stronger balance sheet to support Alvey with bigger projects

Proforma revenue snapshot



NZ dollar figures based on a EURNZD rate of 1.6805

Q) What impact will this have on STG and the operation in Europe?

Alvey will provide Scott with increased critical mass. We will look to combine resources to best effect. This will include co-ordinating sales teams.

Q) Why acquire another company in Europe?

We have been looking globally for businesses that have good products and strong management. Alvey fits this category and are in a markets Scott is already active in.

Q) Will this change or influence the type of work each region/ division is currently involved with?

Not directly but there will be a drive to expand the activities of Scott into Alvey markets and to make Alvey products available into Scott markets

Q) Where will Alvey sit in the Scott organisational structure?

Alvey management become part of the Scott Europe management team and will come under the Regional Director for Europe.

Q) Which existing sector that we sell into is targeted with this acquisition?

Industrial Automation – which can cut across our other target market sectors

Q) Will we be selling Alvey product in NZ/Aus/USA etc and if so how will we do this?

Yes – this is part of our strategic direction. Initially we will look to offer Alvey products under the “SCOTT” brand to our existing customers in NZ/AUS/USA

Q) Will Alvey be a base from which to sell the whole Scott product offering in their region?

We will be offering Scott products and systems into the wider Europe market through Alvey distribution channels – particularly – Belgium, France, and Czech Republic