

3 November 2023

## **MHM Automation enters into scheme implementation agreement**

MHM Automation Limited (NZX: MHM) (**MHM**) is pleased to announce it has entered into a Scheme Implementation Agreement (SIA) with United States-based Bettcher Industries, Inc. (**Bettcher**). Under the terms of the SIA, Bettcher will acquire all of the shares of MHM for NZ\$1.70 per share in cash by way of a scheme of arrangement (**Scheme**).

### **Highlights**

- Under the Scheme, MHM shareholders will receive a cash price of NZ\$1.70 per share.
- The transaction price represents:
  - A premium of 86.8% to MHM's closing price on 2 November 2023
  - A premium of 84.2% to MHM's 's 1-month volume weighted average price (VWAP) to 2 November 2023
  - A premium of 85.7% to MHM's 6-month VWAP to 2 November 2023
  - A premium of 92.1% to MHM's 12-month VWAP to 2 November 2023
- The Non-Conflicted Directors<sup>1</sup> unanimously recommend that shareholders vote in favour of the Scheme, subject to the Scheme price being within or above the Independent Adviser's valuation range for MHM shares and in the absence of a Superior Proposal as defined in the SIA. Subject to the same qualifications, the Non-Conflicted Directors undertake to vote, or procure the voting of, the MHM shares that they hold or control in favour of the Scheme.
- The Scheme is subject to MHM shareholder and Court approval, OIO approval and other customary conditions as detailed in the Scheme Implementation Agreement.
- Bettcher will enter into voting agreements with interests associated with each of Richard Rookes, Ian McGregor, Andrew Barclay and Humphry Rolleston, who together hold approximately 47.6% of MHM's shares. Under the terms of each voting agreement, the relevant shareholders agree to vote all shares held by them in favour of the Scheme.
- MHM shareholder approval will be sought at a special meeting of shareholders expected to be held in Q1 2024. MHM shareholders do not need to take any action at the current time.

### **Background**

In September 2023, MHM received a confidential, non-binding and conditional letter of intention from Bettcher for the potential acquisition of all of the shares in MHM.

The letter of intention followed an approach by Bettcher indicating potential interest in MHM. Following this initial approach, and in accordance with the Board's protocol for takeover offers and

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<sup>1</sup> As at the date of this announcement, the Non-Conflicted Directors are each of the "independent directors" (as defined in the NZX Listing Rules) as advised by the Company to NZX, being Trevor Burt and Paul Smart.

schemes of arrangement, MHM established a sub-committee of independent directors (**Committee**), consisting of Trevor Burt and Paul Smart.

The Committee's assessment of the letter of intention was that it would be in the best interests of MHM and its shareholders to grant Bettcher a period of exclusivity to allow it to complete confirmatory due diligence, further develop its proposal and to enable the parties to negotiate transaction documentation.

### **Commentary**

"The Committee is pleased to have the opportunity to achieve this outcome to deliver substantial value to our shareholders. At MHM, we have been committed to executing a growth strategy that leverages our innovative technologies on a global scale and with Bettcher we have found an aligned partner to deliver this. The Committee believes this opportunity with Bettcher is both strategically aligned for the company and provides great opportunities for our employees," said Trevor Burt, MHM Chair.

"We have been driving a strategy at MHM to diversify the products we design and sell, the sectors we operate in and the geographies we serve. These ambitions are aligned with Bettcher's strategy and we see opportunities to work together to further build on the platform we have, offering our customers world leading solutions. Bettcher is a leader in the food processing technology sector with global networks and we are confident that they will continue to focus on ensuring MHM's growth and development at the forefront of food processing technologies," said Richard Rookes, CEO of MHM.

"We see MHM as one of the most innovative companies in the global food processing and automation sector. We believe that the two companies' operations are highly complementary, and together, the combined business will be even better positioned for profitable growth. As we continue to expand and diversify our food processing platform through M&A, we plan to build off the new sector and geography exposures that MHM provides," said Massimo Bizzi, CEO of Bettcher. "New Zealand stands at the forefront of food technology and we look forward to supporting MHM's continued growth from its Christchurch base."

### **Details of the Scheme**

The Scheme is subject to MHM shareholder approval, New Zealand High Court approvals, New Zealand Overseas Investment Office consent and other customary conditions.

Under the SIA, MHM is bound by customary exclusivity provisions, including "no shop, no talk and no due diligence" restrictions, as well as matching rights and a break fee. These restrictions are subject to exclusions which permit the MHM Board to engage on a competing proposal which is a superior proposal and where their fiduciary obligations require them to do so, subject to notifications being made to Bettcher and providing Bettcher with an opportunity to match any such proposal.

The full Scheme Implementation Agreement accompanies this announcement.

### **Indicative timetable and next steps**

MHM has, with the approval of the Takeovers Panel, appointed Simmons Corporate Finance Limited to prepare an Independent Adviser's Report to assist shareholders to assess the merits of the Scheme.

A Scheme Booklet, containing information relating to the Scheme, the Independent Adviser's Report, the reasons for the Non-Conflicted Directors' unanimous recommendation and meeting information, is currently expected to be sent to MHM shareholders in December 2023.

MHM shareholders will have the opportunity to vote on the Scheme at a meeting in Q1 2024. If all conditions are satisfied, the Scheme is expected to be implemented in the first quarter of 2024.

MHM is being advised by Buddle Findlay. MHM will continue to keep the market informed in relation to the Scheme in line with its continuous disclosure obligations.

For further information in relation to this announcement please contact:

Trevor Burt, Chair

MHM Automation

+64 027 502 0050

### **About the Acquirer**

Bettcher is a leading developer and manufacturer of innovative equipment in the food processing industry. Bettcher is comprised of several leading brands in the protein processing space that include Bettcher, Frontmatec, Cantrell-Gainco, Greenline and others. Bettcher's automation solutions enable its customers to maximize yield, improve efficiencies and enhance worker safety.