

14:45 Guests Arrive & Afternoon Tea

15:00 AGM Commences

Chairman's Review

CEO's Report

Resolutions

- Auditor's Remuneration
- Re-election of Mr Rolleston
- Re-election of Mr Smart

Mercer



Mercer Group Limited

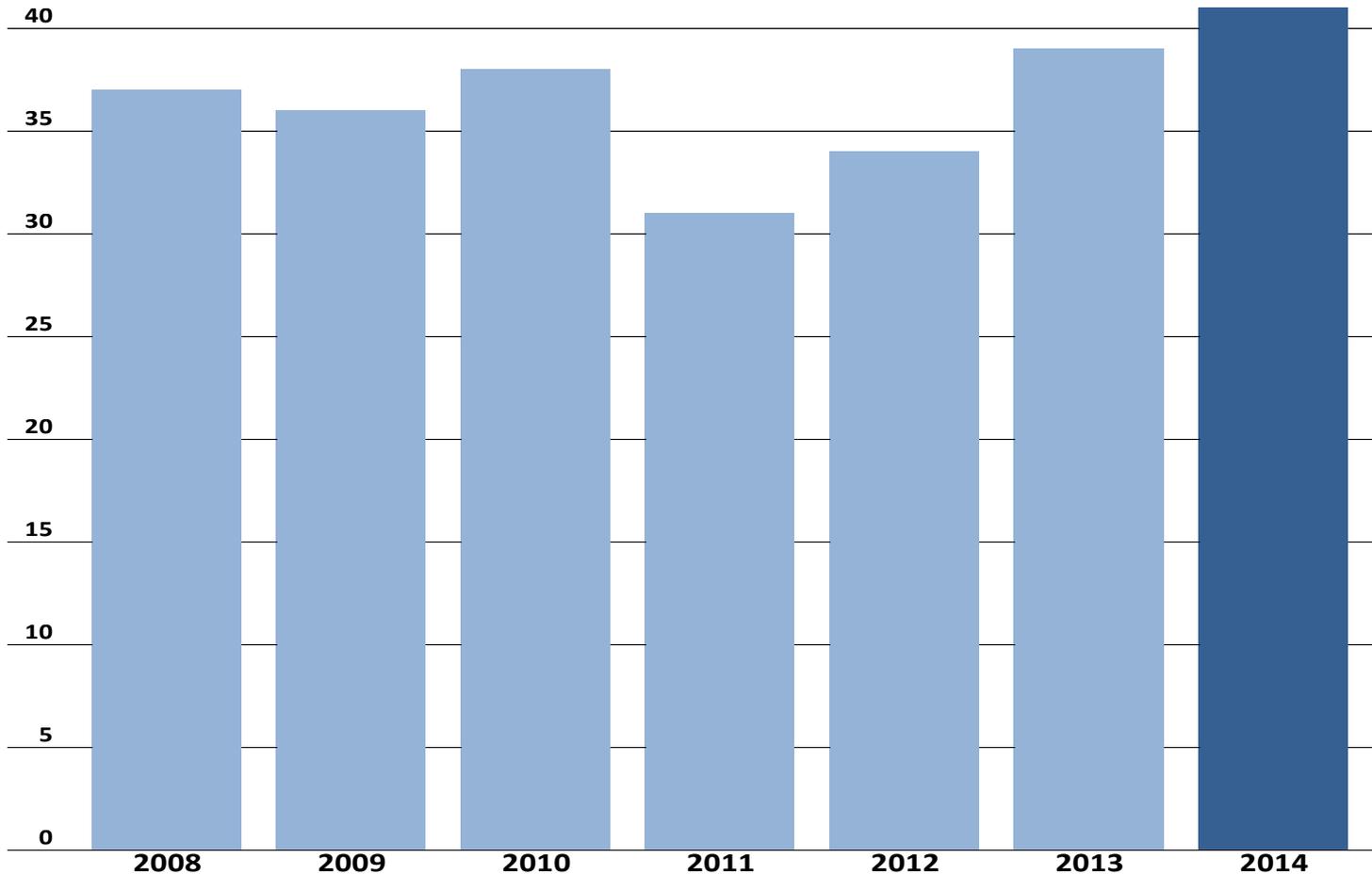
Annual General Meeting – CEO's Presentation

December 2014

2014 Performance



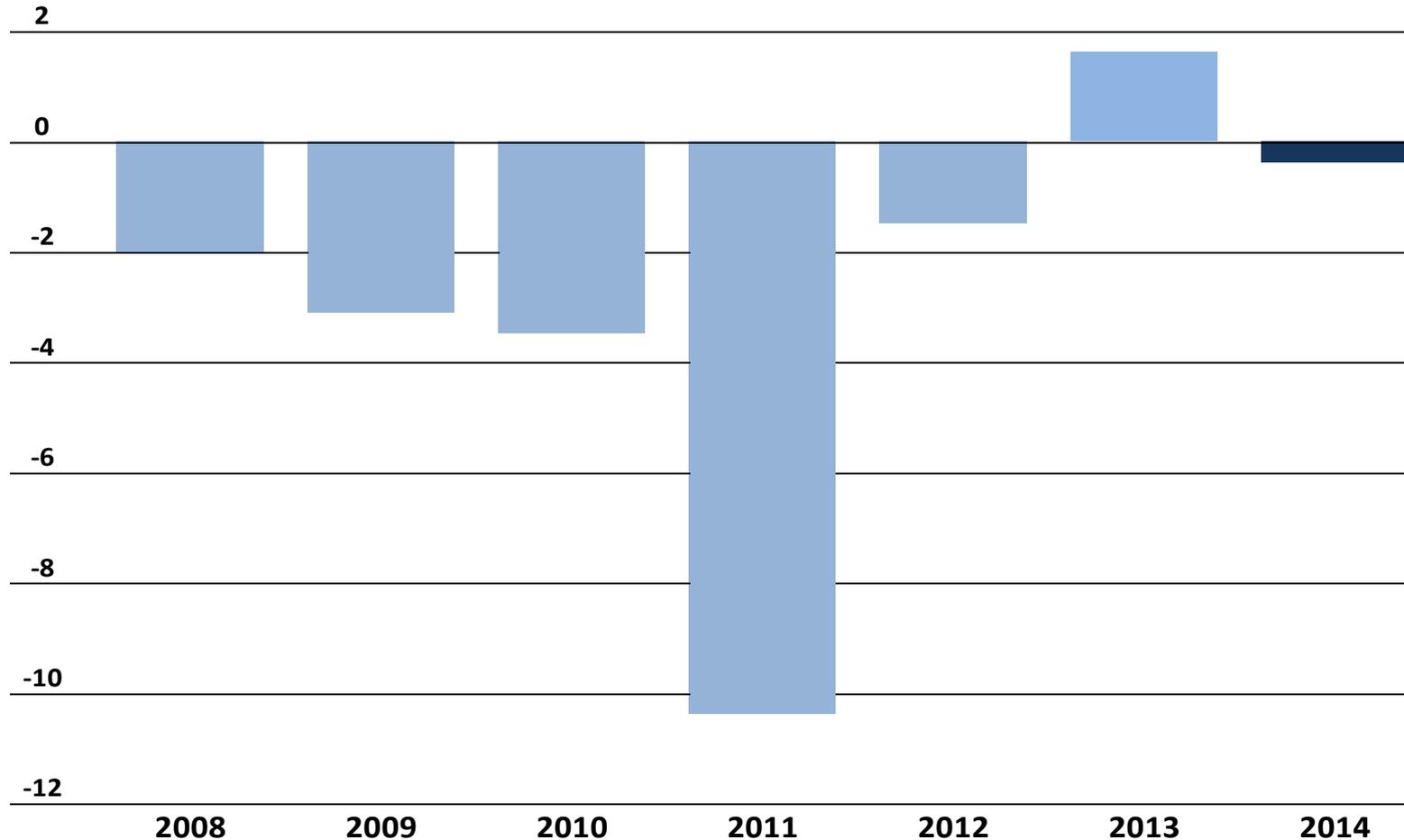
Mercer Group Revenue Performance (\$m)



2014 Performance



Mercer Group Surplus (Deficit) Before Taxation (\$m)



2014 Performance versus Prior years



| \$m | 2014 | 2013 | 2012 |
|---------------------|------|------|------|
| Total Income | 40.8 | 38.8 | 33.3 |
| Expenses | | | |
| Cost of Goods | 18.6 | 17.7 | 17.0 |
| Salaries and Wages | 14.1 | 12.1 | 10.4 |
| Rent and Leases | 1.3 | 1.4 | 1.2 |
| Other Expenses | 5.9 | 5.0 | 4.6 |
| EBITDA | 1.0 | 2.5 | 0.1 |

During 2014 Mercer invested in new staff and associated costs that impacted earnings in the short term

However, we believe this will provide value in the future

2014 Review of Objectives



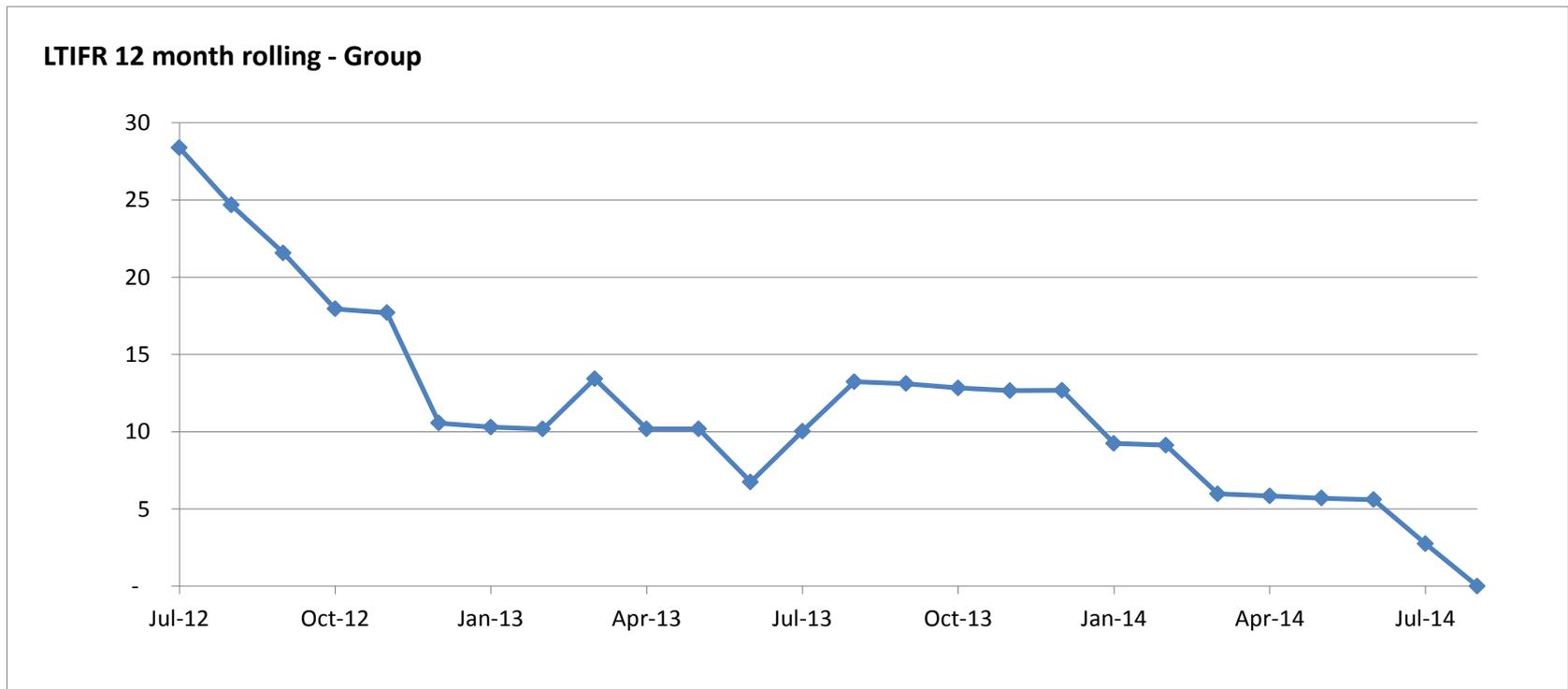
| 2014 Objectives | | 2014 Outcomes |
|--|--|---|
| Increase profitability over the prior year | X | EBITDA of \$1m was achieved, which is well down on the \$2.5 million from the previous year. This is due to increased staff and other costs taken on in advance of revenue growth |
| Meet banking covenants |  | Achieved |
| LTIFR* tracking below 10 for 2014 |  | Achieved LTIFR of six for the year |
| Secure funding for the next stage of S-Clave development |  | Mercer has been allocated \$1 million of grant funding from Callaghan Institute and has decided to invest the balance itself from increased BNZ debt facility and equity |
| \$3m of headroom in banking facility by Year-end |  | Achieved |

*LTIFR is number of Lost Time Injuries per million man hours worked

Our Safety Record is Improving



LTIFR 12 Month Rolling - Group



Mercer core = New Zealand expertise and best practice

Stainless Steel
Fabrication

Food Processing
Equipment

Sinkware

Medical
Sterilisation

Research and
Development

Finance



From this core expertise, Mercer generates World leading products and solutions to sell globally
Vision: to provide innovative and high quality Stainless, Interior and Medical solutions to the world

TITAN
by Mercer

BETAVAC
by Mercer

PV VALVE
by Mercer

SINKWARE
by Mercer

S CLAVE
by Mercer

Developing solutions for international markets



Australia

Canada

USA

Europe

Asia

Stainless Division

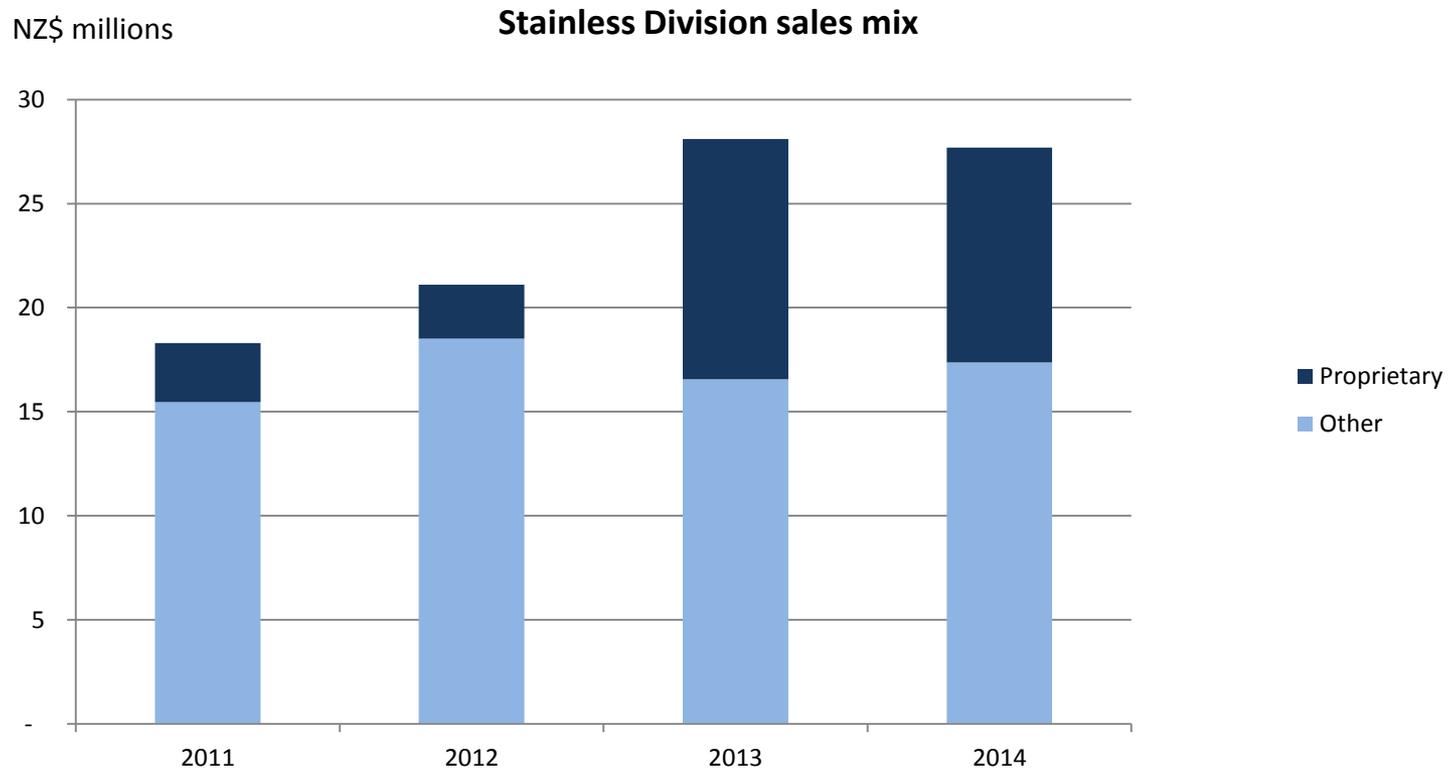
- Revenue was level with prior year, but earnings dropped nearly \$2m due to increased costs taken in advance of Titan growth and losses in Australia
- Both NZ workshops were relatively full during the year, but we did have too many gaps between some jobs. We have improved our forward planning approach as a result
- Have secured good base workloads in FY15 including Fonterra Pahiatua dairy expansion, Synlait dryer project, Westland Milk Products upgrade, Open Country upgrade and Fonterra Litchfield Dairy project
- Our Aico machinery sales have been strong and forward projections look good, albeit it is feast or famine which makes it difficult to plan
- Our Beta range of cheese equipment is growing nicely as we put more effort into North America. As this grows, it will help to smooth Aico workloads in New Plymouth



Stainless Division (continued)



- As we discussed last year, we are aiming to grow the percentage of work we do that is Mercer IP owned versus 3rd party fabrication



Titan – Part of Stainless Division



- Titan continues to be a key part of our future growth. Really pleased with the overall progress we are making with Titan
- Recently appointed Nu-Meats as our North American distributor and they have bought a demo slicer. Critical to doing business in USA is a partner who offers after-sales support and parts
- Recently appointed EDT as primary European distributor who have also bought a demo machine, to be delivered in January 2015
- Key focus is on selling 12 x 500 slicers in FY15
- Looking to appoint a General Manager to add stronger management to this business
- NZTE very supportive and helping to grow Titan

Titan Slicer



- Residential consents continue to rise, c.23,000 June 2014 versus c.18,000 last year. Particular strength in Auckland and Christchurch
- Sales of our new tight radius Sinkware continue to rise and manufacturing performance is improving
- New Filipino staff recruited which has allowed us to press greater volume and get prepared for future growth
- Our Australian business is being run out of New Zealand with an owners rep situated in Australia. Our two distributors are more settled and we expect to see growth in coming years
- With the plant capacity now increased we are looking at export opportunities and hope to have some new customers secured in 2015

New tight radius pressed sink



Medical Division



- The business provides leading technical sterilisation services to hospitals in New Zealand
- MMM our key Principal, recently named Mercer as their distributor of the year after successfully introducing MMM into the New Zealand market
- After the small acquisition of Med-Chem, we have added two further sales reps in New Zealand and are now offering a broader range of products that we believe will add profit over time
- We are reviewing options for expansion into Australia



- Mercer Technologies is set up as a division to focus on converting R & D projects into revenue opportunities. We have put renewed energy into the Technologies Division, and we have earned support from the Callaghan Institute

Key Projects Underway

| Project | Status |
|--|---|
| S-Clave | Six months into a two year project to move into commercialisation |
| Cartonless Cheese | Some eight years ago Mercer successfully sold a system in Australia. Have good interest from UK and USA for such a system, so we are investing resources to develop further. A typical system will sell for \$2-3m and has strong margins |
| Benchtop Autoclave (Ultraclave) | Completed. First ten commercial units being built and sold through Mercer Medical |
| Leak Detector (BetaTest) | Completed and units sold in Stainless Division |
| Milk / Juice Concentrator | Review of Australian market underway, decided it is easier than the New Zealand market |

- Mercer owns international patents for S-Clave and last year we licensed this intellectual property (IP) to a large United States Corporation for North America. They are continuing to develop the technology for their market
- In the meantime Mercer has secured \$1m of Callaghan Institute funding which we are using jointly with our own funds to try and move to commercialisation of S-Clave over the next 2 years. Staff have been recruited and progress is good so far
- Mercer recently lodged another patent application to expand the IP to include a container not just a bag
- Mercer also recently lodged a patent for a Biohazard Neutralising Bag. The concept is to help with the containment of contagious diseases. It works by using a large non-porous S-Clave bag to insert the medical equipment, linens, sharps and used healthcare products, neutralise and contain, making them safe for transport and then disposal. A proof of concept system is currently being built

Current Priorities



- Hiring a General Manager for **Titan Slicer** and increasing our sales presence in North America in particular
- Continued investment in people and process to drive **operating performance** improvements across all divisions. Changing culture to one of meeting targets
- Development of **S-Clave** into a revenue generator
- Increasing the range of equipment and markets for **Mercer owned IP** including; Beta equipment, Cartonless Cheese System and PV Valve
- Further improvements to sinkware plant and **export sales** driven off our new tight radius sinkware range

Objective

Revenue growth of at least 10% over the year ended 30 June 2014

Increased profitability (EBITDA) over the prior year

LTIFR below ten for 2015

\$3m of headroom in banking facility by year end

Sale of at least twelve Titan 500 slicers in the year ending 30 June 2015

Mercer



Mercer Group Limited

Annual General Meeting

December 2014