

Meateor Joint Venture



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Scales today has entered into a 50/50 petfood joint venture with Alliance

- Meateor's New Zealand petfood business and operations are being sold to a JV that will be run jointly between Scales and Alliance (a leading farmer co-operative)
- Meateor is a processor and marketer of high-quality ingredients to global petfood customers and Alliance is a supplier of raw materials to this sector
- This transaction provides a number of benefits to the New Zealand petfood industry:
 - An avenue for the industry to improve scale and participate in associated efficiencies
 - Improved relationships with customers. The joint venture expects to engage with customers on long-term programmes – committing volumes beyond the current season and driving product innovation
 - Added value. The joint venture expects to consider opportunities for added value growth in petfood (including petfoods that are more nutritious and functional), positioning New Zealand as the premier supplier of petfood proteins. The joint venture can leverage the combined resources of its partners to evaluate, test, and progress growth opportunities
 - Extended customer and supplier networks

Meateor Joint Venture (continued)

Key metrics

- The implied valuation for Meateor’s New Zealand business is \$30m
- Scales retains the sole ownership of its trade in Australian petfood. An overview of Scales’ interest across the Meateor Group, including ownership proportion, is shown in the graphic below
- Settlement is scheduled for March 2019
- Scales is committed to providing updated guidance for 2019, following the outcome of the OIO process for Polarcold, including the updated Balance Sheet effect and debt position post all of the announced transactions

