

## **SCE and WES Merger – (Draft) news release**

**13 February 2007**

### **Engineering merger creates timber industry export platform**

Two long-established engineering companies today announced a merger, creating the largest timber industry supplier in Australasia and positioning the merged company to take advantage of expanding export opportunities, said its chairman.

Christchurch-based Southern Cross Engineering Ltd (SCE) is to merge with Auckland's Wilson Engineering Systems Ltd (WES), becoming the largest provider of engineering services to the Trans-Tasman timber industry.

With SCE and WES having operations in Queensland and Melbourne respectively, the merged company is ideally placed to service the whole regional market and to launch more vigorously into South East Asia and South America, said SCE chairman Doug Marsh.

“Between the two companies we have experience delivering large scale engineering projects for customers throughout Australasia and into the Pacific Rim. In tandem we will create a platform from which to service these markets more vigorously, both within the timber sector and beyond.

“Australia's timber processing industry in particular holds tremendous opportunities for the merged company, having gone from a net importer to a net exporter of soft wood in recent times. SCE and WES are ideally placed to provide the engineering solutions associated with expansion of this magnitude. Both also have a track record with clients around and throughout the Pacific, which this merger will enable us to build upon,” he said.

According to Doug Marsh, SCE and WES have a combined total of 70 years in the industry, and have enjoyed what he describes as a healthy but respectful business rivalry.

“Although both operate in provision of systems for the timber processing sector, the two companies are largely complementary.

“This merger is the culmination of three years of strategic development at SCE, which has ranged from major redevelopment of the company's Christchurch premises, including an expansion of the workshop, new offices and increased investment in capital plant, to securing a number of large overseas contracts, including work in Brisbane and Brazil and pursuing strong prospects in Laos and Papua New Guinea.

“For the Canterbury economy, this merger will mean additional local purchases and additional jobs. We expect 20 per cent growth in staff numbers to meet the projected workload that will result from the two companies merging.

“From this point on we will be able to offer our customers a more complete overall package. The strengths the two companies bring to the merger will enable a comprehensive approach that will provide added value to customers,” he said.

Doug Marsh said the merged company aims to achieve annual turnover of \$40 million, projecting that over 50 per cent of this will be via exports.

Founder and principal of WES Alex Wilson will remain in the company as the general manager of WES for Auckland and Melbourne.

Approximately 45 present and former staff of the company hold shares in the privately owned SCE.

**Further information**

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