



Studwelders

# CFDL Acquisition

October 2016

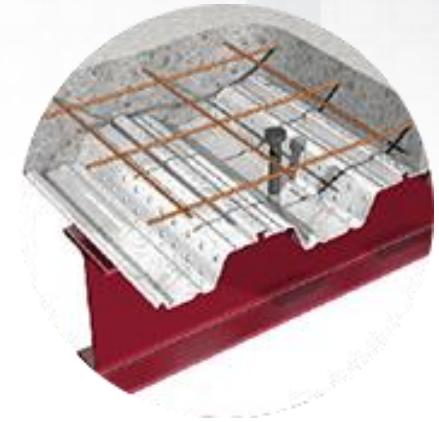


# Composite Floor Decks Ltd (CFDL)

## An Introduction

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- Began in 2004 by UK Studwelders – pre-eminent installer of steel floor decking systems in the UK
  - 2 locations:-
    - Head office in Auckland adjoining S&T Stainless site
    - Christchurch
  - Employs approximately 50 staff
  - Market leader in NZ of installer of floor decking systems
  - Highly regarded technical expertise in installation capabilities and on-site project management
  - Sole distributor of S&T Comflor® product in NZ
  - Excellent Health & Safety practices
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# CFDL – What they do

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steel&tube

# CFDL – Strengths

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- Strong relationships with all significant construction companies
- Well established and loyal staff
- Technical expertise is unsurpassed in NZ
- Significant on-site management expertise
- Highly dependant on construction sector – growth expected
- Excellent relationships with specifier community
- Well established supply channels

  
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# CFDL – Strength to S&T

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- Strengthens our Comflor supply chain
- Extends and complements S&T existing expertise in engineering design of floor deck systems
- Removes reliance on outsourced installer and distributor of Comflor product
- Poised to take advantage of construction growth, particularly in Auckland
- Strengthens S&T relationships within construction supply chain
- One company opportunities with complementary products

  
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# CFDL – Financials, Asset Acquisition

	F15/16 Actual (March)	F16/17 Forecast
Revenue	\$18.0m	\$22.5m
EBITDA	4.3m	5.5m
Depreciation	0.2m	0.3m

		Comments
Initial Acquisition price	\$13.25m	Paid in cash from existing facilities
Earn-out potential	\$3.0m	Financial milestones through to September 2018, to be paid in cash
Tangible Assets	\$2.7m	\$1.9m working capital and \$800k PPE
Intangible assets	\$13.55m	Goodwill & value of contracts acquired

# CFDL – Accounting Considerations

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- IFRS requires the allocation of the purchase price to:-
  1. The value of customer contracts acquired
  2. Customer relationships acquired, and finally to
  3. Goodwill
- Detailed valuations for these items are yet to be finalised and will be completed by year end
- Significant value of contracts acquired, which will result in a significant allocation to customer contracts and relationships, potentially as high as \$8m
- This value is amortised over the life of the acquired contracts – likely to be approximately 2 years
- This will have significant impact on reported NPAT earnings for S&T CFDL for the for the next 2 years, but obviously EBITDA will be unaffected

# Questions?

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For further details or information, please contact Tanya Katterns on 04 5705048 or email her on [tanya.katterns@steelandtube.co.nz](mailto:tanya.katterns@steelandtube.co.nz)

  
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