

14 May 2014

Listed Company Relations  
New Zealand Exchange Limited  
PO Box 2959  
Wellington

Dear Sir/Madam

## **ACQUISITION OF ROBOTWORX**

The Board of Directors of Scott Technology Limited (“Scott”) is pleased to announce that the Company has today settled on an agreement to acquire RobotWorx, an industrial robot integrator based in North America in Marion, Ohio.

The acquisition is for an initial consideration of US\$5.4 million, funded by a combination of bank debt (US\$4.5 million) and 646,301 shares in Scott (US\$0.9 million) issued to the vendor. An additional 1,648,068 shares in Scott (representing further consideration US\$2.3 million) will be issued to be held under an escrow arrangement and to vest with the vendor over a period of three years if specified earnings targets are achieved. The shares have been issued at NZ\$1.6157 per share, the volume weighted average price for the 5 days prior to settlement. The transaction will be earnings positive for the Scott Group, while the earnout arrangement will provide a strong incentive for the vendor and RobotWorx’ management to continue to grow the business.

The acquisition of RobotWorx will provide Scott with a strong strategic base to grow its market share in the Americas. North America has traditionally been Scott’s biggest market, representing 37% of Scott’s 2013 group sales, mainly to the appliance, mining and superconductor industries. Last year Scott opened a sales office in Chile which focuses on the mining industry in North and South America. Further opportunities for growth exist in these industries through greater in-market presence, as well as the introduction of Scott’s world-leading meat processing, milking and superconductor solutions to the North American market. Robotics is a key enabler in providing automated solutions to all of the industries and markets that Scott serves.

## **ROBOTWORX**

RobotWorx is an exciting acquisition for Scott, with great strategic potential for both companies. RobotWorx is one of the most well-known industrial robot integrators in North America, with an internet presence that dominates its competitors worldwide. Their internet presence is driven by an extensive portfolio of URL’s including [www.robots.com](http://www.robots.com). RobotWorx has the capability of integrating multiple manufacturers’ robots, such as FANUC, Motoman, Kuka and ABB, and has implemented thousands of successful robotic installations for applications ranging from welding to palletizing.

RobotWorx has been in business for over 21 years and is unique and differentiates itself from all other integrators and from their competitors in their industry. While most robot integrators in North America focus on the automotive industry, RobotWorx is more diverse. Currently many enquiries are received from businesses looking to install robotic solutions which RobotWorx is unable to supply because it is beyond their current level of expertise. These enquiries provide opportunities to grow the business by applying the vast skill, expertise and experience gained by Scott in providing its innovative solutions to the appliance, mining and meat processing industries. RobotWorx also receives over 270,000 foreign visits annually to their main website that they have not catered to in the past. These foregone opportunities show great potential to be converted into engineered solutions with the additional skills contributed by Scott.

By applying the RobotWorx digital marketing strategy to the Scott business model, Scott will also have the ability to dominate the internet in areas of Scott expertise, significantly raising its profile in both its key North American market and beyond.

The robot industry is expected to grow substantially, due to its promising output of high quality products at a lower price. With the ability to offer robotic automation for a wide variety of industries RobotWorx, together with Scott, have significant ability to tap into this profitable growing market.

RobotWorx' CEO and owner, Keith Wanner, will be working closely with Scott to ensure a smooth transition, while the staff at RobotWorx are looking forward to working with the Scott team and to the opportunities that lie ahead. The combination of two different, but very complementary, markets is expected to grow both the Scott and RobotWorx businesses.

The Scott Board is excited about the opportunities that the acquisition of RobotWorx will provide to the Scott Group and will continue to look for further opportunities to enhance shareholder value.

Yours faithfully



S J McLauchlan  
Chairman



C C Hopkins  
Chief Executive

Media photos are available by contacting Mary Aberhart at (03) 478 8434 or [m.aberhart@scott.co.nz](mailto:m.aberhart@scott.co.nz).