

5 May 2016

Listed Company Relations  
New Zealand Exchange Limited  
PO Box 2959  
Wellington

Dear Sir/Madam

### **BUSINESS ACQUISITION - SOMAKO**

Further to our announcement on 23 March 2016, the Board of Directors of Scott Technology Ltd ("Scott") is pleased to announce that the Company has completed negotiations and has entered into an agreement to purchase certain business assets of Somako Hirsh + Attig GmbH ("Somako").

Somako was placed into Insolvency in late 2015 with Scott negotiating with the Insolvency Administrator since that time.

The agreement is for Scott's fully owned subsidiary, Scott Technology GmbH, to acquire selected business assets, consisting of plant and machinery, stock and work in progress, along with all the intellectual property which includes the designs and drawings for past, current and future projects. We are negotiating a lease that enables Scott to operate from the existing premises in Kurnbach, Germany. Scott Technology GmbH commenced trading in April 2016.

A new Scott management team has been installed and to date 36 past employees have been engaged by Scott and we expect to increase the number of people over time. Project work has been secured in addition to the ongoing service and spare parts business and we are confident of having a productive first year of operation.

The company has strong engineering and technical skills and its capability is very similar to Scott. Although the company has been in direct competition with Scott on some instances in the past, there are customers and offerings that are new to Scott.

Our European customer base is starting to grow, but further growth is inhibited without a local presence. A strong engineering and technology business in this region will assist our planned strategic expansion through a stronger presence in our key international markets. Scott will be able to expand the business to deliver and support Scott's engineered solutions into the European market.

The total consideration, including the necessary investment in working capital, is expected to be less than €1million. We expect annual revenues for Scott Technology GmbH to be approximately €8 million and we have already secured several contracts for automated systems that provide confidence we can achieve our business objectives for Europe.

Yours faithfully



**Stuart McLauchlan**  
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**About Scott**

*At Scott we automate the future. The production line machinery we design and build deliver productivity gains and exceptional reliability to many of the world's leading manufacturers. We also go a step beyond engineering production solutions to actually revolutionising entire industries – using robotics to automate manual processes and create genuine competitive advantage.*

*For over 100 years Scott has looked to tomorrow and rapidly responded to shifting needs. Today, we have production bases in the United States, China, Australia and New Zealand, customers in 88 countries, and a real commitment to developing new technology and bringing it to market. Across everything we do you will discover true quality, advanced engineering and a renowned design aesthetic.*

*Scott. Quality that lasts. Quality that inspires.*