Scott Technology Limited
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13 October 2016

Listed Company Relations
New Zealand Exchange Limited
PO Box 2959
Wellington

Dear Sir/Madam

RE: SCOTT TECHNOLOGY LIMITED 2016 FULL YEAR ANNOUNCEMENT

Highlights

	2016		2015
Revenue	\$112.0m	+55%	\$72.3m
Net surplus before tax	\$ 11.0m	+36%	\$ 8.1m
Cash flow from operating activities	\$ 16.1m		\$ 10.0m
Net cash / (overdraft)	\$ 34.2m		\$ 1.3m
Shareholder equity	\$ 94.6m		\$50.6m
Final dividend - fully imputed	5.5 cps		5.5 cps
Full year dividend	9.5 cps		8.0 cps

- Substantial growth in revenues across a range of sectors and geographies.
- Substantial growth in Australasian Manufacturing output.
- Increased sales to the Appliance, Meat Processing, Mining and Superconducting sectors.
- Strong operational cashflows and capital raising lifted cash holdings to over \$34m
- Final dividend 5.5 cents per share; increasing the total dividend to 9.5 cents per share

The Directors of Scott Technology Limited are pleased to report a record result for the year ended 31 August 2016, achieving a surplus before tax of \$11.0m, an increase of 36% on the prior year surplus before tax of \$8.1m. Total revenues for the year were \$112.0m, up \$39.7m on the \$72.3m revenues achieved in the prior year.

The company significantly increased output from its manufacturing bases in Australia and New Zealand. This was required to meet the demand from customers, from a range of industries including the meat processing and mining sector, who were seeking advanced automation technology. The year's result includes a full 12 months contribution from our expanded Australian operations and four months of trading from Scott Germany following the acquisition of the business assets from Somako Hirsh & Attig GmbH.

Revenues from our target industries increased significantly with the largest increases coming from the meat processing sector, up 256% and from the appliance sector up 48%.

Scott's balance sheet was greatly strengthened as a result of the capital raising by way of a scheme of arrangement which completed in April 2016. This process saw JBS Australia Pty Ltd take a 50.1% stake, some existing shareholders selling down and many shareholders taking up entitlements under the associated rights issue. At balance date the company had $34 million of cash in the bank with no debt and total shareholders' funds of $94.6 million compared to $50.6 million in 2015.

The Board is very pleased to welcome JBS as a major shareholder and also as a key customer for the company's technologies into the future.

During the year Scott again expanded operations as a result of acquisitions as well as strong organic growth. The company continues to benefit from the global rise in interest in automation and robotics driven by the need to reduce costs, improve quality and improve productivity in a world where obtaining suitable workers is becoming increasingly difficult even in countries such as China and Brazil. The future for the company's automation and mobile robotics capability combined with our vision and sensing technologies is increasingly in demand.

Scott is implementing its strategy to deliver ongoing growth. In addition to acquisitions, the strategy is set to deliver strong organic growth underpinned by a commitment to research and development designed to bring new products to existing markets and to develop new technologies for new applications. The current year's growth has been assisted by commercial uptake of the company's own developed technologies.

In the 2016 year, the company continued its commitment to, and investment in, research and development. Where possible, the company seeks assistance from customers, industry bodies and the Governments of Australia and New Zealand in support of our R&D activities. This expenditure supports not only development of new technology, but also research into new markets. As noted above, we are starting to see early signs of commercialisation success with greater uptake of our developed technologies.

Scott's investment into people and skills is important for the future. The vast majority of Scott people are highly skilled with world class technical capability. High retention rates are achieved by providing interesting, challenging and diverse work along with opportunities to move between geographies.

Dividend

The Directors have declared a final dividend of 5.5 cents per share for the year ended 31 August 2016, payable on 29 November 2016 on the increased shares on issue.

When added to the interim dividend of 4.0 cents per share paid in April 2016, the total dividend for the year is 9.5 cents per share. This increased dividend reflects the Directors' confidence in the future performance of the company. The final dividend will be fully imputed.

In late 2015 the Directors decided to suspend the Dividend Reinvestment Plan due to the impending scheme of arrangement and the resultant rights issue and share placement. With a legislative requirement to rewrite and reissue the plan the Directors have decided that with substantial cash holdings, the Dividend Reinvestment Plan will not be reinstated until further notice and the company will reissue the required documentation at such time as the Plan is reinitiated.

Outlook

With strong forward work and a good level of enquiry across all sectors, the Directors are confident that the business is well positioned to take advantage of the increasing demand for our skills, our technology and our equipment. The Directors expect the commercialisation of the company's technologies to continue and underpin organic growth. Acquisitions to further drive strategic growth are being evaluated but will only be undertaken were there are strong value propositions for all stakeholders. The manufacturing environment in global economies is facing change but it is change that brings demand for Scott's unique skills and technologies.

The Directors look forward to the future and what it holds for Scott.

Yours faithfully

Stuart J McLauchlan
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