

21 February 2018

Listed Company Relations
New Zealand Exchange Limited
PO Box 2959
Wellington

Dear Sir/Madam

ACQUISITION OF ALVEY GROUP

We are pleased to announce today that the Board has approved in principle the purchase of the business assets and intellectual property of Alvey Group, Headquartered in Belgium with operations in France, Czech Republic and the UK.

Specialists in palletising, conveying and warehouse automation, Alvey is closely aligned to SCOTT, with products and markets that are complementary to SCOTT. This is a key development that adds to our overall automation capabilities, while helping fulfil our strategic expansion goal and accelerating our access to international markets.

With a history that spans over 50 years, Alvey brings with it a high caliber workforce and expertise that will greatly add to our product range and software capabilities, while allowing Scott access to skills and technology faster than could be developed in-house.

Due diligence has been completed with the next step being finalisation of the sale and purchase agreement and a target acquisition date of 4 April 2018. The transaction has a value of €12.1 million, subject to final adjustments, and is expected to have a positive impact on earnings from completion.

The purchase will be funded by cash reserves (SCOTT's August 2017 cash balance was NZ\$26.7m).

About Alvey

Alvey is an exciting acquisition for SCOTT with great potential for both companies. Strategically this will allow SCOTT to build an end-to-end automation offering for the production process from raw materials receipt through to warehousing and final distribution.

Alvey Group specialises in tailor-made industrial automation projects. Alvey systems help increase efficiency in plants, where the handling of secondary packaging, semi-finished or finished products is involved.

Alvey has a wide portfolio of industrial services and systems including conventional and robotic palletisers, depalletisers, pallet conveyors, case conveyors, order preparation systems, stacker cranes and other material handling equipment, complemented by its warehouse management software package, Maestro+.

The business is currently owned by its managing director, Maarten Van Leeuwen, and other senior executives, who will remain with the company and help drive its future growth alongside SCOTT.

Alvey reported revenue of €33.6m for its most recent financial year ending March 2017. Revenue has grown at a compound annual growth rate of 14% over the past five years. The purchase price represents a multiple of 4.5x earnings before interest, tax, depreciation and amortisation for its most recent financial year ending March 2017.

The Scott Board is excited about the opportunities that the acquisition of Alvey will provide to the Scott Group.

Yours faithfully

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Chief Executive
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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 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, Germany, China, Australia and New Zealand, customers in over 80 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.

Learn more about SCOTT and ALVEY at www.scottautomation.com and www.alvey.eu