Scott Technology Limited
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8 October 2015

Listed Company Relations
New Zealand Exchange Limited
PO Box 2959
Wellington

Dear Sir/Madam

RE: SCOTT TECHNOLOGY LIMITED 2015 FULL YEAR ANNOUNCEMENT

Highlights

	2015		2014
Revenue	$72.3m	+20%	$60.3m
Net surplus before tax	$ 8.1m	+91%	$ 4.2m
Cash flow from operating activities	$10.0m		$ 0.1m
Net cash / (overdraft)	$ 1.3m		($4.9m)
Shareholder equity	$50.6m		$47.2m
Final dividend - fully imputed	5.5 cps		5.5 cps

- Strong second half result, boosted by trading from recent acquisitions.
- Substantial growth in Mining, Meat and Industrial Automation & Robotics sectors.
- International interest in meat processing technology resulting in offer from JBS Australia for 50.1% of Scott.
- Final dividend 5.5 cents per share; total dividend for the year 8 cents per share.

The Directors of Scott Technology Limited are pleased to advise that for the year ended 31 August 2015 the company achieved a surplus before tax of $8.1m, an increase of 91% on the prior year surplus before tax of $4.2m. This was achieved on revenues of $72.3m, up $12.0m on the $60.3m revenues achieved in the prior year.

The company recorded a strong result in the second half of the year which included trading results boosted by a more favourable exchange rate in our key export markets and one-off transactions, including a $0.8m gain on sale of our Auckland property which housed the Rocklabs manufacturing facility. The year's result includes a full 12 months contribution from RobotWorx, our North American business, and seven months of trading from our expanded Australian operations following the acquisition of Machinery Automation and Robotics in January 2015.

In our target industry segments the Mining sectors and Meat sector showed good increases of 19% and 36% respectively and our Industrial Automation and Robotics business recorded substantial growth as a result of the recent acquisitions noted above. Appliances continued to be below our historical average and well below our historical high achieved in 2014.

Scott maintains a strong balance sheet with total shareholders equity of $50.6m, an increase of $3.4m during the course of the year. Term debt was increased to complete the acquisition of Machinery Automation and Robotics in Australia in early 2015. Term debt peaked at $20.9m but reduced to $17.4m as at 31 August 2015 as a result of strong cash inflows.

During the year Scott expanded operations through its acquisitions and benefited from the increase in global interest in automation and robotics. Many of our customers, like many countries, are looking to reduce costs and improve productivity in an uncertain world. Scott’s automation and robotics capability combines with vision and sensing technologies which, along with advanced robotics and mobility, is increasingly in demand.

The company has developed, and is implementing, a strategy to deliver on our growth ambitions. Scott continues to invest heavily in research and development to bring new products to existing markets and to develop new technologies for new applications. The uptake of our technologies is steadily increasing with the benefit of this commercialisation appearing in the later part of this financial year and will continue into 2016.

Across the Group we estimate our total gross expenditure on research and development to be in excess of $5.0m. Where possible, the company continues to seek 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 and new technologies. As noted above, we are starting to see early signs of commercialisation success with greater uptake of our developed technologies.

A recent reorganisation of the company’s business activities toward a focus on our three key geographic regions strengthens our presence in each of our key markets and ensures we remain focused on our customers and our future. This reorganisation is reflected in our reported manufacturing segments of Australasia, Americas and Asia.

Capital Raising

In December 2014 the Directors indicated that a capital raising would be looked at in early 2015. As part of the capital raising process Scott reached out to affiliated trade businesses that had interest that aligned with Scott, seeking a cornerstone shareholder to underpin a prospective rights issue. As a result of those discussions the company received an offer from JBS Australia Pty Ltd (“JBS”) for a majority stake in Scott. In return, JBS offered capital and the opportunity for scale to the business. JBS proposed a scheme of arrangement which best suited the requirements of both the company and JBS. As at today the documentation for shareholders is being finalised and is expected to be released to the market and sent to shareholders once the regulatory approvals have been obtained. It is anticipated that this will be within the next two weeks.

Dividend

The Directors have declared a final dividend of 5.5 cents per share for the year ended 31 August 2015, payable on 24 November 2015. When added to the interim dividend of 2.5 cents per share paid in May 2015, the total dividend for the year is 8.0 cents per share, which is the same as in 2014. The final dividend will be fully imputed. Due to the impending vote on the proposed scheme of arrangement and the resultant rights issue and share placement, the Directors have decided to suspend the Dividend Reinvestment Plan for this dividend payment.

Outlook

With a recent increase in activity across all sectors, and underpinned by a growing forward order position, 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 manufacturing environment in global economies is facing change but it is change that brings demand for our skills and technologies and provides great opportunity to Scott. The company's strategy is achievable and is well placed to deliver the future returns demanded by our stakeholders.

Yours faithfully

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