Scott Technology Limited
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12 October 2017

Listed Company Relations
New Zealand Exchange Limited
PO Box 2959
Wellington

Dear Sir/Madam

**RE: SCOTT TECHNOLOGY LIMITED 2017 FULL YEAR ANNOUNCEMENT**

**Highlights**

| | **2017** | | **2016** |
|---|---|---|---|
| Revenue | $132.6m | +18% | $112.0m |
| Net surplus before tax | $14.9m | +35% | $11.0m |
| Cash flow from operating activities | $13.4m | | $16.1m |
| Net cash / (overdraft) | $26.7m | | $34.2m |
| Shareholder equity | $97.2m | | $94.6m |
| Final dividend - fully imputed | 6.0 cps | | 5.5 cps |
| Full year dividend | 10.0 cps | | 9.5 cps |

- Substantial growth in revenues across a range of sectors and geographies.
- Stable margins while constraining operating expenses to expand net results.
- Substantial growth in Australasian Manufacturing output.
- Strong operational cashflows.
- Final dividend 6.0 cents per share; increasing the total dividend at 10.0 cents per share

The Directors of Scott Technology Limited are pleased to report another strong result for the year ended 31 August 2017, achieving a surplus before tax of $14.9m, an increase of 35% on the prior year surplus before tax of $11.0m. Total revenues for the year were $132.6m, up $20.6m, or 18%, on the $112.0m revenues achieved in the prior year.

This year included a full 12 months activity from our German facility. Sales of Bladestop technology provided an additional boost during the year, as did an increased demand for general industrial automation solutions.

At balance date the company had $26.7m of cash in the bank, with no debt and total shareholders' funds of $97.2m, compared to $94.6m in 2016. During the year cash was used to settle the purchase of the Bladestop technology which has performed well for the company over the last 18 months - initially under licence, but now under full ownership. Strong operating cash flows are sufficient to meet our operating requirements and dividend payments. We continue to seek a suitable acquisition that adds to our technology portfolio or geographic reach.

In all our key markets there is strong interest in automation and robotics. Our customers are looking for ways to increase productivity, improve quality or reduce costs. In many markets there is a shortage of suitable workers and introducing automation and robotics is high on the agenda for most of our customers, although many are struggling with how and when to implement. The key challenge for Scott is to help guide our customers through the growing number of technologies and options now available. The company continues to build on our vision and sensing technology capability and we see this as a key platform from which we can deliver smart automation and mobile robotics.

The company's commitment to research and development remains strong with a focus on extending our capability and range of technologies, in addition to developing new applications. With support and assistance from customers, industry bodies and the Governments of Australia and New Zealand, we have established ourselves as a leader in this field.

To support our ongoing growth, we are in the process of expanding our current facilities in various locations.

The labour market is rapidly changing and recruiting good staff is an ongoing challenge. However, with good growth prospects, interesting and challenging work, and a focus on training and development, Scott is moving toward its goal of becoming an employer of choice.

To complement organic growth, the company is seeking suitable acquisitions. A small team has been assessing a range of opportunities but we will only progress where strategic alignment is strong and the technology adds to Scott's current capability.

**Dividend**

The Directors have declared a final dividend of 6.0 cents per share for the year ended 31 August 2017, payable on 28 November 2017.

When added to the interim dividend of 4.0 cents per share paid in April 2017, the total dividend for the year is 10.0 cents per share. This dividend amount reflects the Directors' confidence in the future performance of the company. The final dividend will be fully imputed.

The Directors intend to reinstate the Dividend Reinvestment Plan and allow shareholders to make election notices for this dividend. 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. The Dividend Reinvestment Plan has been amended to reflect the implementation of the Financial Markets Conduct Act 2013 and has been submitted to the NZX for approval. The amended Dividend Reinvestment Plan, including participation election notices, will be distributed to shareholders with the Annual Report in early November.

**Outlook**

With forward project work of approximately 10 months and a substantial pipeline of interesting sales prospects, the Directors believe the company is well positioned for further growth. The forward workload and sales prospects are spread across our full range of activities and have good geographic spread. The diversification strategy which is well advanced, not only reduces the risk associated with an industry downturn, but also drives organic growth.

Yours faithfully

**Stuart J McLauchlan**
Chairman
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**Chris C Hopkins**
Managing Director
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