

24 April 2019

Listed Company Relations
New Zealand Exchange Limited
PO Box 2959
Wellington

Dear Sir/Madam

BUSINESS ACQUISITION – NORMACLASS

The Board of Scott Technology Ltd (SCOTT) is pleased to announce the company has reached agreement in principle to purchase 100% of the shares in Normaclass, a French based technology provider specialising in automated beef grading using machine vision.

Normaclass is the leading provider of this grading technique to meat processors in both France and Uruguay. The system uses digital cameras to collect data and measurements of each carcass which is then analysed by software in real-time to determine a carcass classification. This classification, in conjunction with carcass weight and market prices, determines the carcass price paid to the farmer.

Normaclass has long standing and extensive relationships throughout the large French and Uruguayan red meat industries (France is the largest red meat producer in Europe). These relationships will offer SCOTT exciting opportunities to showcase our wider meat automation technology, our bandsaw safety technology (Bladestop) and backend logistics within these markets.

In particular, we look forward to working collaboratively with the current majority owner of Normaclass, Interbev (the Interprofessional Association for Livestock and Meat) on ways our technology can help the French red meat industry.

In broader terms, SCOTT has a goal to build out our suite of image/vision related technologies and applications for our meat industry customers (DEXA, x-ray, hyperspectral and methods for contamination detection). Normaclass will greatly add to this effort, both with an established product in market, along with helping to advance our wider R&D investigations into these areas.

SCOTT also expects demand for objective machine grading methods to continue to increase in coming years around the globe, particularly export-focused countries who want product quality support for their meat in the global market place.

Normaclass will also provide SCOTT with a complementary technology to DEXA for those customers who simply want an objective carcass grading tool.

Normaclass has a well-established track record of profitability which is expected to continue as its French customers upgrade to the newest version of the system and equipment. While earnings are modest in the context of the Group, the transaction is expected to be immediately earnings accretive.

Settlement is expected during May 2019 and the market will be further updated once this has been concluded.

Yours faithfully

A handwritten signature in blue ink, appearing to read "S J McLauchlan".

S J McLauchlan
Chairman
Ph: +64 27 433 5481

A handwritten signature in blue ink, appearing to read "C C Hopkins".

C C Hopkins
Chief Executive
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About Normaclass

Normaclass was founded in 1989. In 2001, Interbev became the majority shareholder of Normaclass in order to support the development of an efficient automated grading system for the French industry.

The system uses digital cameras to collect data on each carcass while in motion on the production line. This data is analysed in real time to provide a carcass classification that meets regulatory standards.

Normaclass is the leading provider in the French meat industry with over 50 installations (approx. 75% market share) and is nearing completion on the roll out of 29 systems across Uruguay in partnership with the industry governing body, INAC (Instituto Nacional de Carnes).

Normaclass currently has three staff. Manufacturing requirements and the current installation work in Uruguay is outsourced to third parties.

About Interbev

Interbev is a non-profit inter-branch organization for the livestock and meat sector in France. Interbev comprises thirteen national organizations representing the different stakeholders in the livestock and meat sector (producers, traders, slaughterers, wholesalers, processors and distributors).

INAC has a similar purpose to Interbev within Uruguay.

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, Europe, 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.