Scott Technology Limited
630 Kaikorai Valley Road
Private Bag 1960
Dunedin 9054
New Zealand
+64 3 478 8110
www.scottautomation.com

4 June 2019

Listed Company Relations
New Zealand Exchange Limited
PO Box 2959
Wellington

Dear Sir/Madam

COMPLETION OF BUSINESS ACQUISITION – NORMACLASS

The Board of Scott Technology Ltd (SCOTT) is pleased to announce the agreement to purchase 100% of the shares in Normaclass, which was advised to the New Zealand Stock Exchange on 24 April 2019, was settled and concluded on 31 May 2019 (French time).

An initial amount of €1.1m was paid on settlement date while an earn-out is payable at the conclusion of the installation exercise in Uruguay (expected later in calendar year 2019).

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 recurring earnings are modest in the context of the Group (approx. 1-2% of Group earnings; excluding super-normal profits associated with the Uruguayan installation exercise in 2019), the transaction is expected to be immediately earnings accretive.

Strategically, 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 previous majority owner of Normaclass, Interbev (the Interprofessional Association for Livestock and Meat) and the red meat industry body in Uruguay (Instituto Nacional de Carnes) on ways our technology can more generally help their stakeholders and partners.

Yours faithfully

S J McLauchlan
Chairman
Ph: +64 27 433 5481

C C Hopkins
Chief Executive
Ph: +64 21 815 975

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.

Normaclass is a French based technology provider specialising in automated beef grading using machine vision. 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 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.