

5 December 2019

## **SCALES CORPORATION DECLARES INTERIM DIVIDEND AND REAFFIRMS 2019 GUIDANCE**

The directors of Scales Corporation Limited (NZX:SCL) have declared a fully imputed interim cash dividend for the 2019 financial year of 9.5 cents per share, to be paid on 17 January 2020. The directors reiterate their commitment to paying an annual cash dividend level of no less than 19 cents per share whilst the company holds Net Cash.

Directors have also reaffirmed guidance for the twelve months to 31 December 2019 of an Underlying Net Profit of between \$32.0 million and \$37.0 million based on current forecasts.

This past year has further reinforced our current strategy and, in particular, the replanting plan for the Horticulture Division. During the 2019 winter the company has redeveloped 44 hectares into premium apple varieties, with a further 32 hectares scheduled for the winter of 2020.

Managing Director Andy Borland says “For the 2019 season all premium apple varieties to Asia and Near Markets have experienced record sales results, while our traditional varieties had mixed results, particularly late season sales to Europe and the UK. Although the near-term forecasts for fruit volumes remain flat, the Group expects significant returns from the replanting program from the 2022 year, in line with our earlier announcements.

As always, we are grateful to the tireless efforts of the entire Scales team”.

Looking ahead to the 2020 financial year, directors have provided full year guidance of Underlying Net Profit of between \$30m and \$36m.

In providing Guidance for 2020, directors note:

- As previously advised, the Horticulture division’s forecast apple volumes will be impacted by the ongoing redevelopment work undertaken on Mr Apple’s orchards;
- A material increase in capital expenditure within the Horticultural division to address increasing domestic costs, including labour;

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- The guidance range implies an Underlying EBITDA range of between \$49m and \$55m, which is unchanged from 2019;
- Interest income has reduced due to lower rates and the past interest benefit from the sale of the Storage business;
- A further update will be provided as part of the 2019 year end announcement scheduled for February 2020.

### ***About Scales Corporation***

Scales Corporation is a diversified agribusiness group. It comprises three operating divisions: Horticulture, Food Ingredients and Logistics. The company's diverse spread of activities gives Scales broad exposure to New Zealand's agribusiness sector. Scales Corporation was founded in 1897 as a shipping business by George Herbert Scales. Today it has operations across New Zealand, Australia and the United States. Find out more at [www.scalescorporation.co.nz](http://www.scalescorporation.co.nz).

### ***Contact***

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