

Media Release

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STRONG FIRST HALF RESULTS WHILST DELIVERING ON REFRESHED STRATEGY

Scales Corporation Limited (NZX:SCL) today reported its results for the six months ended 30 June 2018 (1H18). Net profit after tax for the Group was \$34.8 million, an increase of 22 per cent on the previous half year, ended 30 June 2017 (1H17) (restated). Profit for the period from Continuing Operations was \$29.3 million compared to \$24.4 million 1H17 (restated), an increase of 20 per cent.

Key highlights include:

- Positive first half trading across the Group. In particular:
 - A nine per cent increase in total own grown export volumes at Mr Apple.
 - Improved utilisation and volumes within Storage & Logistics.
 - An increase in volumes sold within Food Ingredients.
- The sale and settlement of the Liqueo business in August 2018.
- The conditional sale of Polarcold in June 2018.

EBITDA¹ for the Group for the six month period was \$57.1 million, with EBITDA for Continuing Operations of \$46.7 million and \$10.4m for Discontinued Operations (Polarcold and Liqueo).

Managing Director Andy Borland commented “Our results reflect strong performances across all divisions and is a testament to the hard work of every member of the Scales team. In the Horticulture division, Mr Apple capitalised on a return to expected growing conditions, after the challenging season in 2017, to deliver another record crop and export volume. It also continued to benefit from ongoing investment in the Middle East and China markets and strong demand from Europe, delivering an overall increase in apple prices. We have anticipated some softening of demand for the conclusion of the season.”

“The Storage & Logistics division delivered a satisfying result with increased volumes and improved utilisation building on prior year operations. The sale of Polarcold, effective 1 June 2018, is only subject to Overseas Investment Office (OIO) approval and we announced the sale of Liqueo earlier in August. We expect full year trading for Scales Logistics to be in line with budget.”

¹ Earnings Before Interest, Tax, Depreciation and Amortisation

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“There was a significant increase in sales volumes at Meateor Foods in our Food Ingredients division, due to favourable market conditions. However, we expect volumes to be lower in the second half of the year.”

Tim Goodacre, Chairman of Scales Corporation noted “We are pleased to reaffirm our previously announced EBITDA guidance of between \$58 million and \$65 million on a like-for-like basis (Continuing and Discontinued Operations) and we expect to be at the top end of that range.”

Scales dividend policy is for interim and final dividends to be split approximately evenly and paid in January and July. Directors will consider payment of an interim dividend later in the calendar year.

About Scales Corporation

Scales Corporation is a diversified agribusiness portfolio. It comprises three operating divisions: Horticulture, Storage & Logistics and Food Ingredients. 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 employs more than 700 permanent staff New Zealand wide. Find out more at www.scalescorporation.co.nz.

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