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## **SCALES CORPORATION SELLS LIQUEO FOR \$20 MILLION**

Diversified agribusiness Scales Corporation Limited (NZX:SCL) today announced an agreement to sell its bulk liquid storage business, Liqueo Bulk Storage Limited (Liqueo). The sale, for consideration of \$20 million, is to a company related to the SBT Group, a Taranaki based Group with interests in rendering and animal by-products.

Managing Director Andy Borland says “we are proud to have built a well-regarded bulk liquid storage business. Liqueo has operations in the Hawke’s Bay and Timaru, where it principally stores tallow, a by-product from animal processing. In recent years, Liqueo has enjoyed strong growth with a new long-term edible oil storage contract in Timaru. Whilst Liqueo has grown well in recent periods, the operation remains sub-scale in the context of the Scales Group, especially following the sale of Polarcold. The sale to the SBT Group enables Liqueo to participate in a vertically integrated animal by-products operation.” Liqueo reported a normalised EBITDA of \$1.5m in 2017.

Glenn Smith, Managing Director of SBT Group says “through its attention to customer-service, commitment to employees, and high operating standards, Liqueo is well positioned in the market. We welcome the Liqueo team to the SBT Group and are excited to support the growth ambitions of the business and its customers.”

Tim Goodacre, Chairman of Scales Corporation said “the sale of Liqueo represents the final phase in our current portfolio rebalancing of businesses considered to be less aligned with our refreshed strategy.

“Our refreshed strategy is about adopting a greater focus on pure agri-businesses that play well to our strengths. We have identified our strengths as (1) operating fully-vertically integrated agriculture businesses, (2) participating in businesses with an export focus, and (3) adding value through connections to the China market.

“In addition to being less aligned with our core strengths, the returns (measured as return on capital employed) from our Storage activities (coldstorage: Polarcold and bulk liquid storage: Liqueo) are also lower relative to our other business divisions and broader opportunities available to the group.

### **Scales Corporation Limited**

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“At this stage there is no intention to return capital to shareholders. Rather, the proceeds are intended to be used to pursue other attractive opportunities in agribusiness, both currently and in the future.” Mr Goodacre said.

Scales was advised by Maher & Associates (lead sale advisor) and Anthony Harper (legal). SBT Group was advised by PJA Legal (legal) and Staples Rodway (financial).

### **Contact**

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### **About Scales Corporation**

Scales Corporation is a diversified agribusiness group. It currently 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](http://www.scalescorporation.co.nz).