

9 December 2020

SCALES CORPORATION DECLARES INTERIM DIVIDEND AND REAFFIRMS 2020 GUIDANCE

The directors of Scales Corporation Limited (NZX:SCL) have declared a fully imputed interim cash dividend for the 2020 financial year of 9.5 cents per share, to be paid on 15 January 2021. 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, although at a level no greater than actual Net Profit for each year.

Directors have also reaffirmed Guidance for the twelve months to 31 December 2020 at the lower end of the previously announced Underlying Net Profit range, of \$30.0 million to \$36.0 million, although it should be noted that the earnings mix for the Group, by division, will differ from previous years.

Managing Director Andy Borland says “The 2020 year has been a challenging one across the Group. Consequently, it is very pleasing to be able to be continuing to forecast a solid financial result. Scales has benefitted this year from our diversified nature, and from the leadership and hard work of every team member.”

“Whilst 2020 has seen considerable disruption, not only have all businesses operated successfully, we have continued with growth initiatives. At Mr Apple, a further 36 hectares have been redeveloped into premium apple varieties, and the new coolstore adjacent to the Whakatu packhouse will be operational for the 2021 season. In the US, Shelby has seen the commissioning of a new processing plant to support on-going demand from pet food brands. Other investment opportunities, both within our existing businesses and externally, continue to be sought.

Looking ahead to the 2021 financial year, directors have provided full year Guidance of Underlying Net Profit at a Group level of between \$30.0 million and \$36.0 million, which is unchanged from 2020 initial Guidance.

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In providing Guidance for 2021, directors note:

- The Group has assumed the current initiatives to source seasonal labour will be sufficient to meet the Group's requirements;
- Increased operating costs associated with the industry undertakings to boost access for New Zealand workers, supplemented by RSE availability;
- Although there remains an elevated level of in-market uncertainty, business units are now forecasting results consistent with the 2020 year, supplemented by improved apple market returns in Asia and Near Markets;
- The Group is expecting materially lower levels of expansion capital expenditure for the 2021 year;
- The Guidance range implies an Underlying EBITDA range of between \$49.0 million and \$55.0 million, also unchanged from 2020 initial Guidance;
- Guidance is prior to adjustments for Non-controlling Interests;
- A further update will be provided as part of the 2020 year-end announcement, scheduled for February 2021.

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.

Contact

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