



# FY22 RESULTS

INVESTOR PRESENTATION  
SCOTT TECHNOLOGY LIMITED

18 October 2022



<b>FY22 performance</b> <i>Strong performance across the business at revenue, margin and EBITDA</i>	<b>3-6</b>
<b>Scott 2025 Strategy update</b> <i>Progression of strategy with core sectors providing growth across sales and services</i>	<b>7-12</b>
<b>Core sector performance &amp; outlook</b> <i>Understanding the 'core' and how our business is positioning for sustainable growth</i>	<b>13-17</b>
<b>Sustainability, people &amp; planet</b> <i>People updates with focus on ESG projects commenced in FY22</i>	<b>18-24</b>
<b>Key points summary</b>	<b>25</b>

## PRESENTED BY



**John Kippenberger**  
*Chief Executive Officer*



**Cameron Mathewson**  
*Chief Financial Officer*



**Casey Jenkins**  
*Director of Marketing & People*

*“With its laser focus on core sectors, product sales growth, increasing its services business, Scott is proud to have delivered a successful FY22 and is well placed to continue this progress into FY23”*

**John Kippenberger**



# FY22 PERFORMANCE



# FY22 performance snapshot



## REVENUE



FY21 \$206M +8% ▲  
FY20 \$175M +27% ▲

## CORE MARGIN %



FY21 30% ▼  
FY20 26% ▲

## GROUP MARGIN %



FY21 24% ▬  
FY20 8% ▲

## EBITDA



FY21 \$21M +14% ▲  
FY20 (\$11M) +314% ▲

## FORWARD WORK\*



FY21 \$119M +44% ▲  
FY20 \$102M +76% ▲

## SERVICES



FY21 \$9M +115% ▲  
FY20 \$5M +305% ▲

## DIVIDENDS PER SHARE (Cents)

FY22 8.0 | FY21 6.0 | FY20 nil

## EARNINGS PER SHARE (Cents)

FY22 15.9 | FY21 10.8 | FY20 (22.2)

- Forward Work represents contracted activity. It is not an indicator of revenue over a set period of time
- Information is Continuing Operations (excludes the divestment of the non core Robotworx business)

# FY22 results summary



	Results Snapshot (NZ\$m)		
	FY22	FY21	FY20
Revenue	221.8	206.0	174.6
EBITDA	23.9	21.0	(11.2)
Non-trading adjustments	-	-	11.9*
Normalised EBITDA	23.9	21.0	0.2
Net Profit After Tax (NPAT)**	12.7	8.4	(17.0)
Net Cash / (Debt)	(8.0)	1.3	(3.4)
Net Cash / (Overdraft)	3.9	12.2	7.7
Bank Loans	(12.0)	(10.9)	(11.2)
Operating Cash Flow	6.3	13.4	19.6

\* FY20 Non trading adjustments related to restructuring and impairments

\*\* FY22 reported NPAT is \$0.1m as it captures \$12.6m of non-cash write offs from the discontinued Robotworx operation

# Operating environment

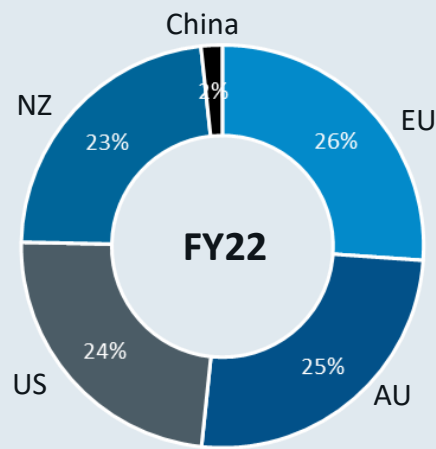
Global labour shortage fuels demand for Scott products & service



As **global demand for automation** continues to grow strongly, the key priority is to remain focused and committed to our core areas of proven expertise, avoiding unknown areas of risk

This is the central underlying theme of Engineering Scott to 2025

Group revenue by end user geography



**Continued large contract wins**, substantial order from Silver Fern Farms demonstrating long-standing relationships with industry leaders and a large foundation project with JBS Canada to build 100,000 carton fully automated warehouse.

**BladeStop and Lamb Primal Systems** showing continued strong growth and strong margin performance.

**Our European business** worked at the epicenter of the global supply chain crisis and within close proximity to the war in the Ukraine. These pressures have driven strong cost increases and led to delays on projects as customers are delayed from completing construction projects to house large Scott equipment.

**Despite this, highest levels on record for forward order book at \$190m** for Scott material handling equipment. Anticipated strong inflows as large food companies recover from reduced labour supply and shortened customer lead times.



# SCOTT 2025 STRATEGY UPDATE



# 2025 Strategy





# Continued leadership across core sectors



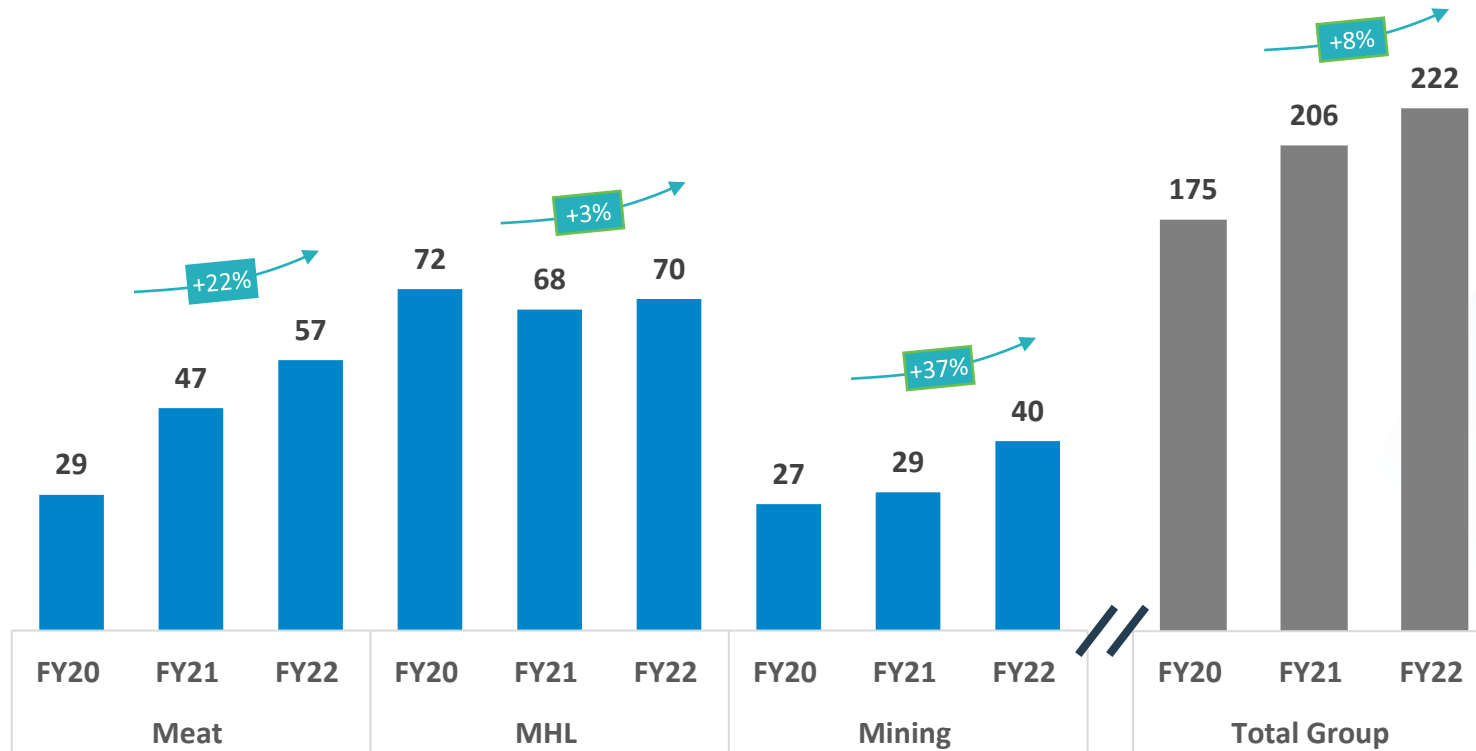
	MEAT	MHL	MINING	REST OF BUSINESS
FY22 revenue contribution %	26%	32%	18%	25%
FY22 revenue growth %	22%	3%	37%	(12%)
FY22 margin %	32%	20%	40%	10%
<b>SALES</b>	<ul style="list-style-type: none"> <li>BLADESTOP</li> <li>Poultry Trusser</li> <li>Shoulder Puller</li> <li>X-Ray Primal</li> <li>Cutting/Boning Systems</li> </ul>	<ul style="list-style-type: none"> <li>Palletising Solutions</li> <li>Conveyors</li> <li>TRANSBOTICS</li> <li>Warehouse Systems (WES/WMS &amp; AGVs)</li> </ul>	<ul style="list-style-type: none"> <li>ROCKLABS</li> <li>Sample Prep Equipment</li> <li>Modular Sample Preparation Systems</li> </ul>	<ul style="list-style-type: none"> <li>Appliance Line Automation</li> <li>Robotic Industrial Automation</li> <li>Other Mining Systems</li> </ul>
<b>SERVICE</b>	<ul style="list-style-type: none"> <li>Preventative Maintenance</li> <li>Servicing, Remote Diagnostics &amp; Spare Parts</li> <li>Upgrades</li> </ul>			<ul style="list-style-type: none"> <li>Upgrades</li> </ul>

# Core sectors delivering strong top line growth

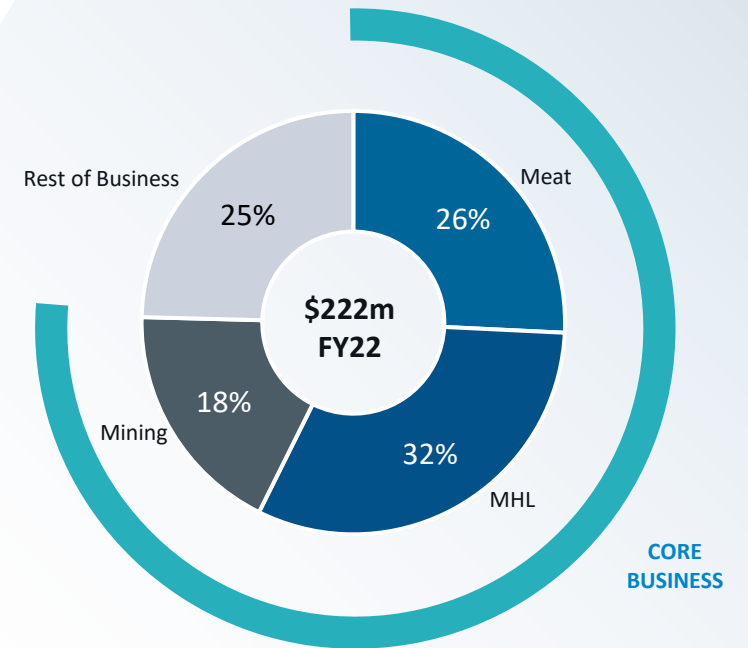


Core sectors generated \$167m of revenue in FY22

NZ\$m



Core Scott sectors contributed 75% of total FY22 revenue



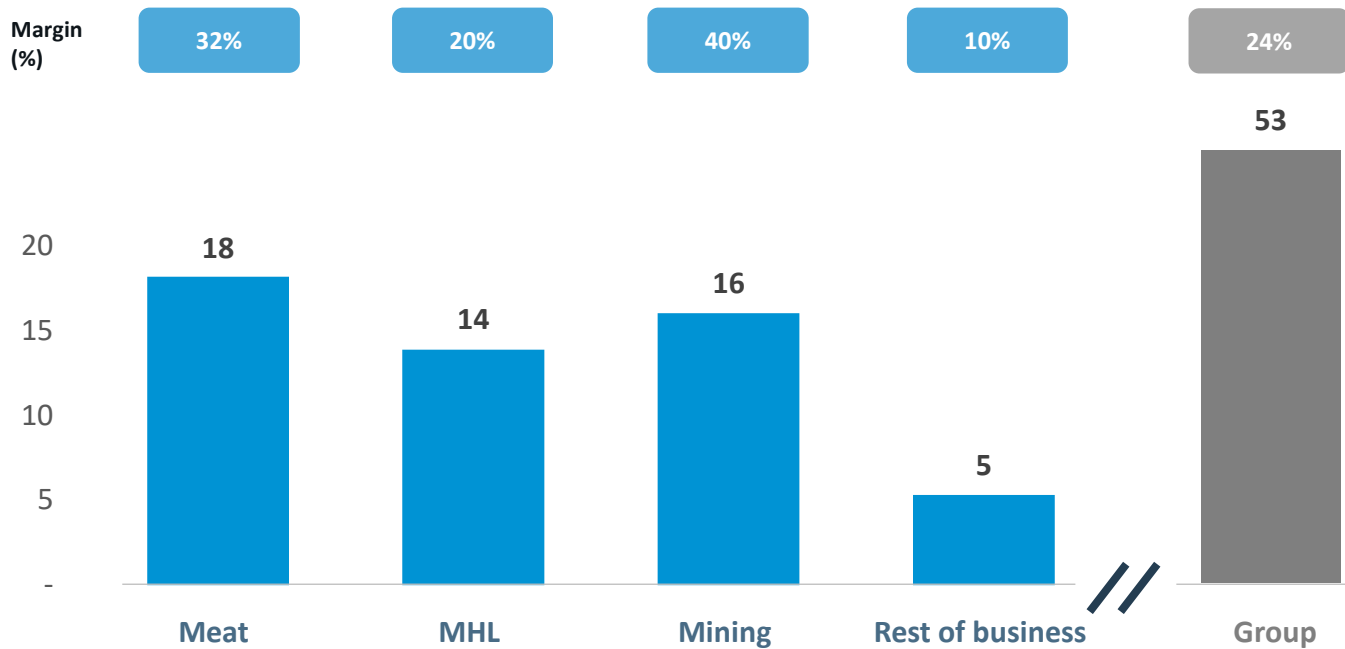
# Margin strengthened by core sectors



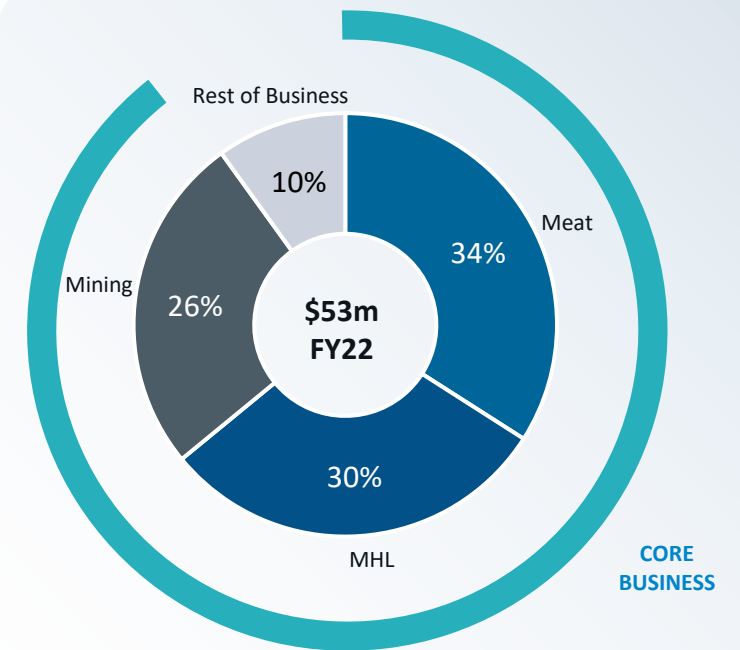
Core sectors generated \$48m of margin in FY22

NZ\$m

Margin (%)



Core Scott sectors contributed 90% of total FY22 margin



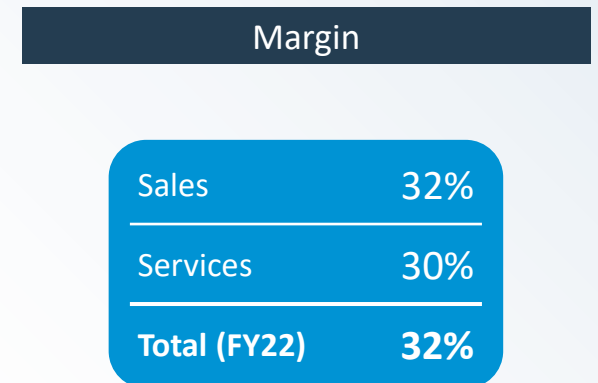
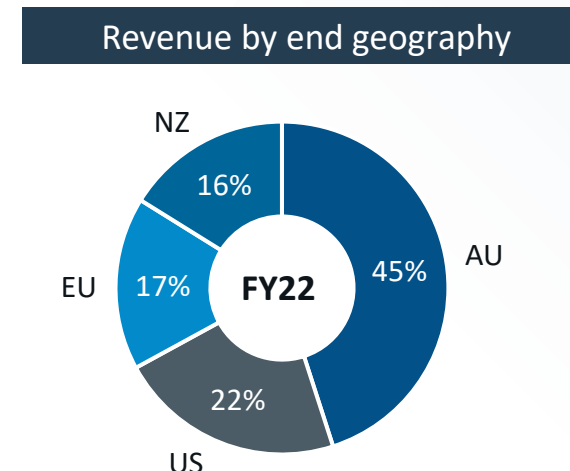
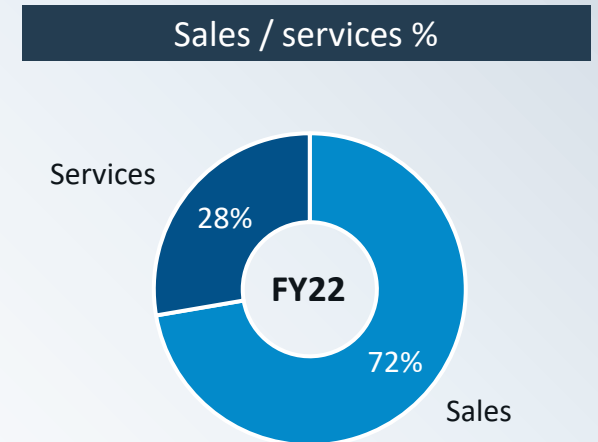
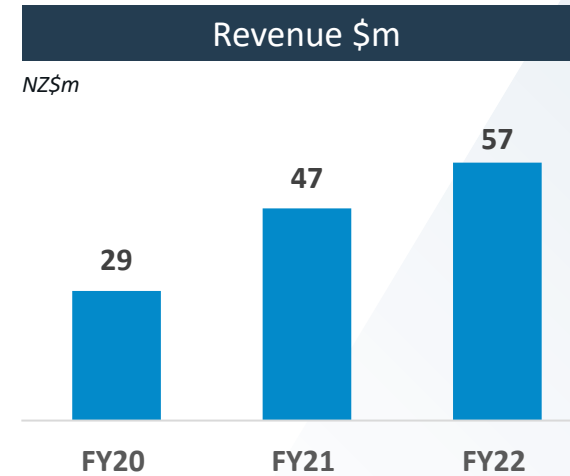


# CORE SECTOR PERFORMANCE & OUTLOOK



## MEAT IS SCOTT'S FASTEST GROWING SECTOR

- Labour and skills shortages, coupled with rising health and safety awareness continues to generate demand for Scott meat solutions
- 99% growth over the last two years (22% in FY22), led by ongoing demand for lamb primal systems and BladeStop safety bandsaw sales
  - Delivered 18 lamb primal systems to blue chip clients such as Thomas Foods and Alliance Group
  - 20% growth in BladeStop bandsaws, with over 1,500 installed bases
  - Launch of proprietary poultry trussing systems in U.S. is receiving substantial customer enquiries
- Strong margins of 32% in FY22, driven by high proportion of services revenue
- Established foothold in domestic meat processing solutions, with 61% of revenue originating from ANZ
- Progressing toward goal of developing a truly global Meat portfolio, with strong growth in Europe during FY22 and strong focus on expanding North American market presence



# Scaling through productisation



A key focus of the Scott 2025 strategy

- Repeatable
- Large addressable market
- Proven technology
- Strong brand presence
- High margin
- Strong recurring service revenue



## BLADESTOP SAFETY BANDSAW



World's fastest  
stopping time

Investment  
**\$70K**  
NZD per unit  
excluding options



BladeStop  
US marketshare  
**9%**

Over  
**1,500**  
installs across  
**30**  
countries



Configurable for  
both protein  
and non-protein  
applications

US Opportunity  
**1,146**  
units for beef, pork  
and case ready



## AUTOMATED POULTRY TRUSSER

Configurable in  
**24**  
birds per minute  
(bpm) units



Fully trussed bird  
in 2.5 seconds

Opportunity  
**150**  
units for  
US market

Investment  
**\$1.7M**  
NZD per unit  
(24 bpm)  
installed

US makes up  
**50%**  
of the global  
market of  
trussed birds



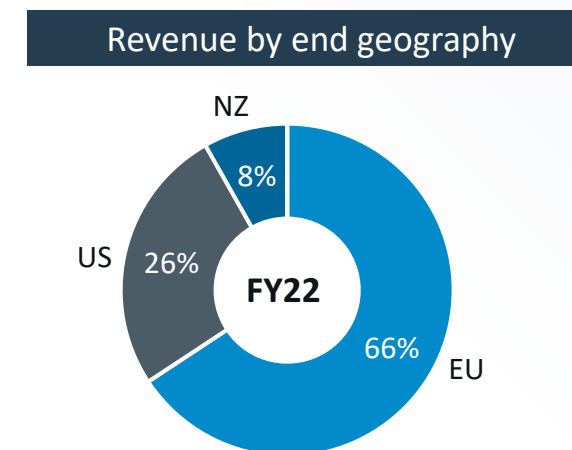
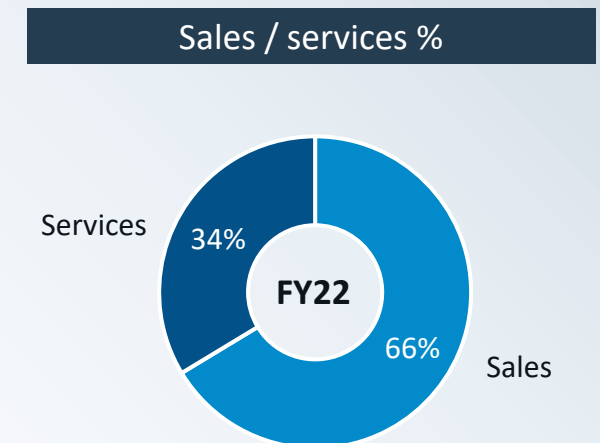
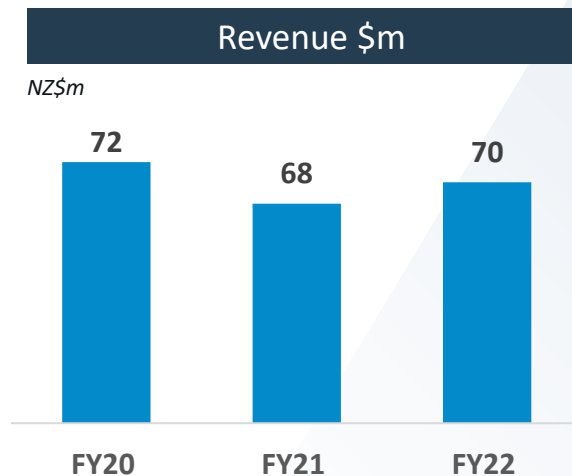
**900M**  
chickens trussed  
annually in the US

# Materials Handling & Logistics



## STRONG FORWARD ORDER BOOK IN MHL

- Materials Handling and Logistics (MHL) has been growing strongly in Europe and with the recent leadership amalgamation of Europe and the USA established solutions have started to flow into the US
- The recently announced a \$36.5 USD automated warehouse solution for JBS Canada, on the back of a similar solution for Alliance in New Zealand, is an example of the opportunity that exists and expansion that is underway in our MHL business
- After a weaker FY21, revenue up 3% in FY22, driven by a more positive business environment and strong customer outcomes in Europe
- Covid and supply chain pressures across Europe, as well as our proximity to the war in Ukraine impacted margins (20% in FY22), which we expect to normalise over the medium term

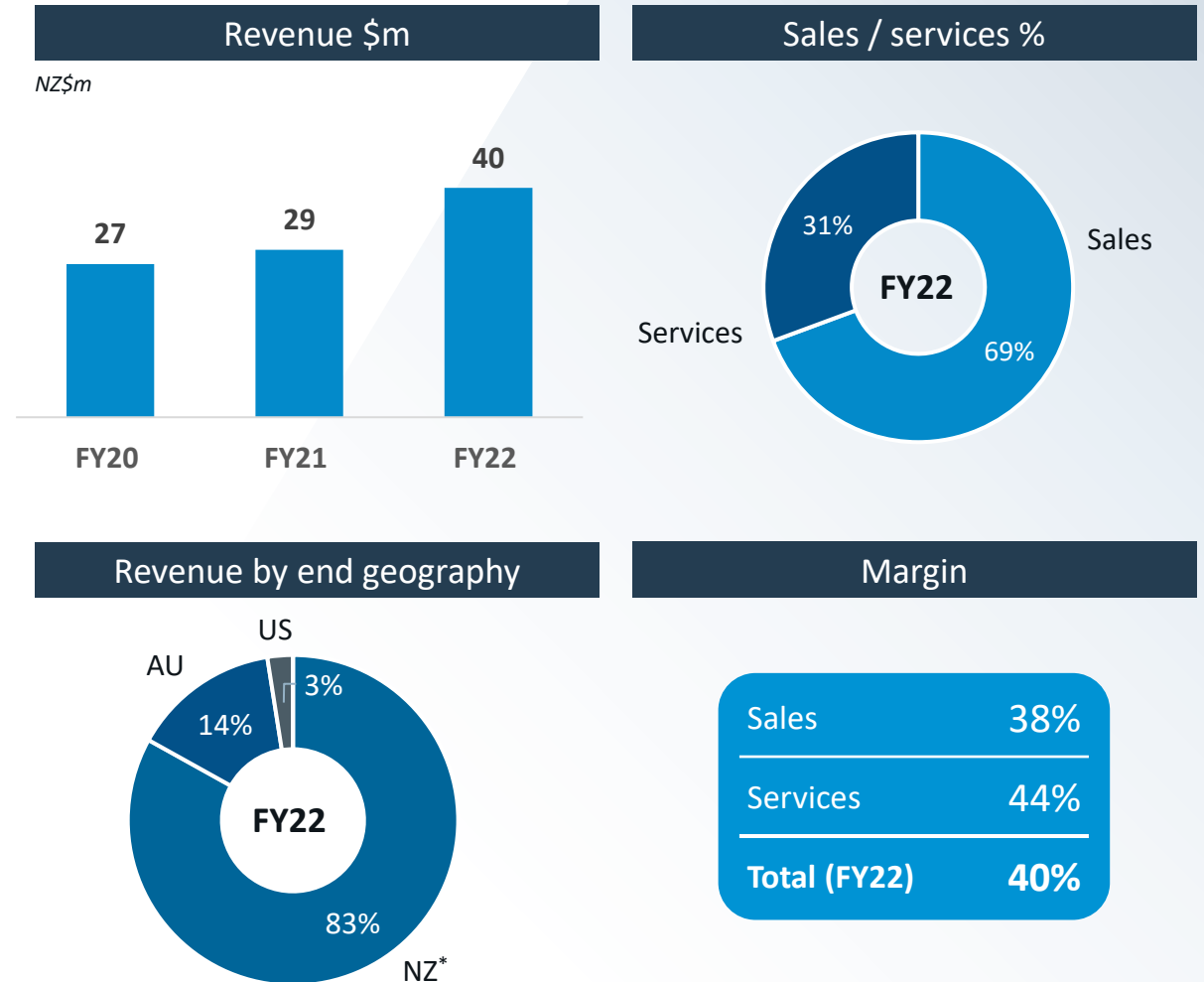


Margin

Sales	11%
Services	38%
<b>Total (FY22)</b>	<b>20%</b>

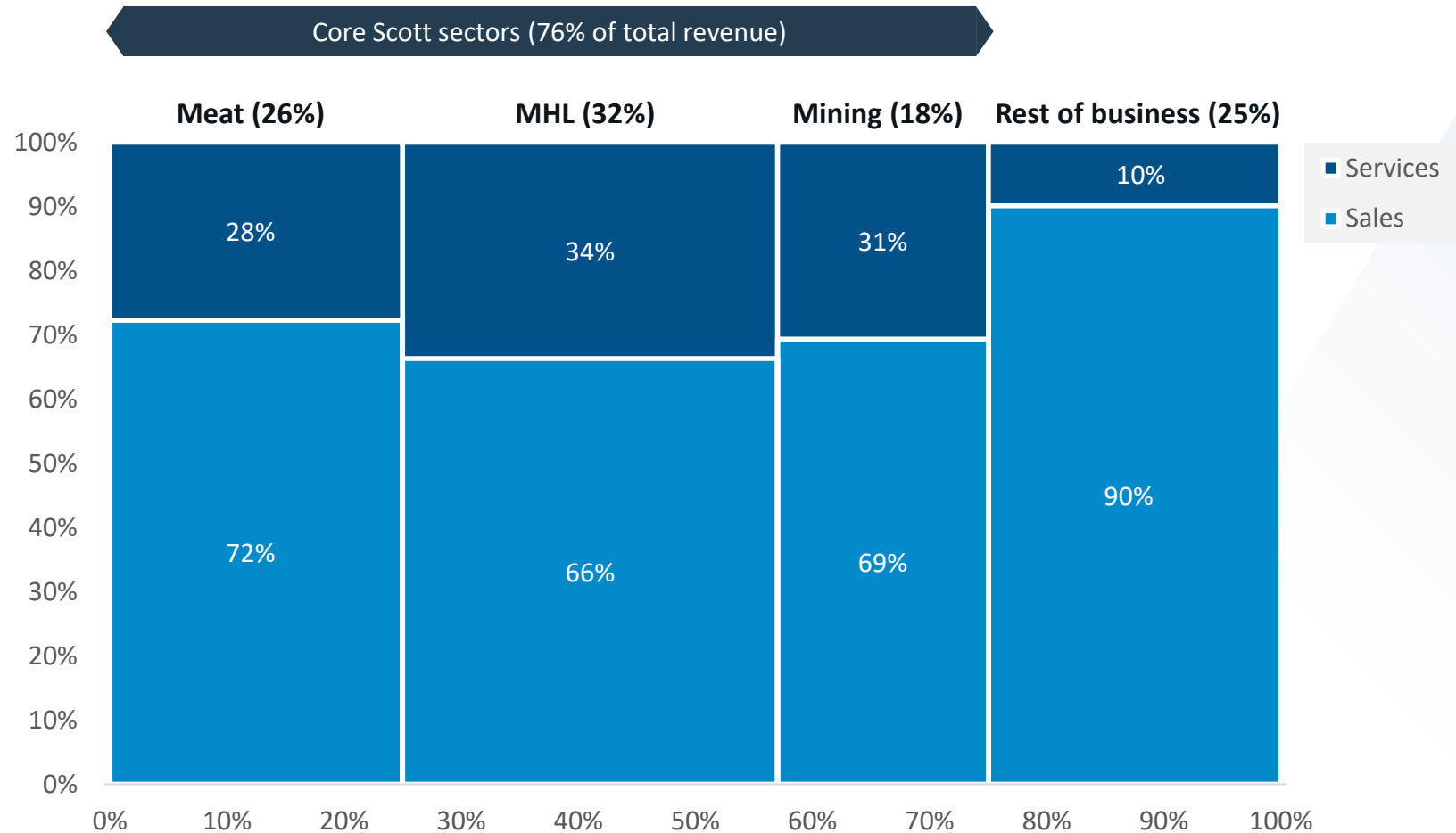
## MINING IS SCOTT'S HIGHEST MARGIN SECTOR

- Strong global demand outlook for old and new minerals from mining manufacturers and distributors
- 50% growth over two years (37% in FY22) driven by substantial sales and services footprint, global distributor network
- Strong margin profile (40% in FY22) underpinned by growing proportion of repeatable Rocklabs products
- 83% of the Mining sales base is from New Zealand, which reflects domestic manufacturing that is sold globally through an extensive dealer network – the majority of Rocklabs machines are eventually sold into the Americas
- 14% of Mining sales originate from Australia, which reflects product and consumables manufactured in NZ and sold directly into the Australian mining industry
- Continual shift toward 'modular' Rocklabs solutions for mining customers





# Core sectors have 3x more recurring services revenue



- Core sector sales deliver a margin of 25% whereas services revenues carry a margin of 37%
- Our 3 core sectors had substantial recurring Service revenue of \$52m in FY22, driven largely from existing customers and extending customer footprint
- Service revenues grew by +20% in FY22 among organisations across all geographies by utilising Scott's experienced service leaders
- Over half of Scott's services revenues come from the recurring supply of consumables to an existing installed base valued in excess of \$500m



# SUSTAINABILITY PEOPLE & PLANET



# For people, place and purpose

## Leading a sustainable future



### PLACE

**Aaron Vanwalleghem**  
Regional Director Scott Europe



### PURPOSE

**Cameron Mathewson**  
Chief Financial Officer



### PEOPLE

**Casey Jenkins**  
Director of Marketing and People

### Strategic Goals and Objectives

1

#### Sustainable procurement

Demonstrate leadership in sustainable procurement practices.

Standardise our process for evaluating new and existing suppliers' ESG compliance.

2

#### Environmental management

We will measure, report and reduce our greenhouse gas (CHG) emissions.

We will reduce the waste we create and divert waste from landfill.

We will select renewable energy and invest in energy efficient processes across our business.

3

#### Customer satisfaction

We will achieve leading customer satisfaction scores.

We will support our customers to enable them to achieve their sustainability goals.

4

#### Financial performance

We will deliver long-term profitable growth for our employees, shareholders and customers.

5

#### Employee retention

We will develop the careers of our team with education and training programmes.

6

#### Global recruitment

Build high-performing teams that align with our One Team culture.

7

#### Employee safety and wellbeing

We will provide a workplace that safeguards the health and wellbeing of our people.

8

#### Diversity and inclusion

We are committed to diversity and a culture of inclusion in our workplace and will ensure equitable opportunities for employees.

#### SDGS Alignment



# Safety & Wellbeing



FY21

0

4

1

21

44

486

143

Fatality

LTI

MTI

First Aid Injuries

EP&D / Near Miss

Hazards Reported

Management Conversations

FY22

0

9

5

30

56

872

233

## HIGH PERFORMANCE SAFETY CULTURE

- Be Safe, Be well, Be Scott launched
- LTI severity rate decreased 60%
- BeScott safety software launched
- Global safety and wellbeing induction standardised
- Global roll out of SafeMate award programme
- Develop Scott safety & wellbeing leadership Framework
- Management safety interaction framework implemented
- Safety & wellbeing leadership capability training
- Stop for Safety event

Forward indicators of hazard reporting and management conversations underpin a maturing safety culture.





## OUR PROMISE



At Scott, people are at the core of our business.  
**We are committed to creating a culture where safety and wellbeing is paramount in everything we do.**  
We encourage a positive work environment that is free from harm, where our people thrive, feel cared for, and look after each other.



# ESG programmes commenced in FY22

Leading a sustainable future



## People

- Introduced a formal quarterly performance and wellbeing check-ins against training and development goals
- Develop and implement onboarding and induction program
- Onboarding survey of all employees that were onboarded in the last 12 months
- BeScott Safety software launched
- Launch of global safety & wellbeing induction standardised process
- Develop Scott Safety & Wellbeing Leadership Framework
- Management Safety Interaction Framework implemented
- Rollout a recruitment marketing campaign that focuses on Scott as world leading employment brand
- Safety and Wellbeing Leadership capability training
- Gender diversity project



## Purpose

- Create effective process and framework for measuring customer satisfaction and engagement
- Customer satisfaction surveys to be launched in next month



## Place

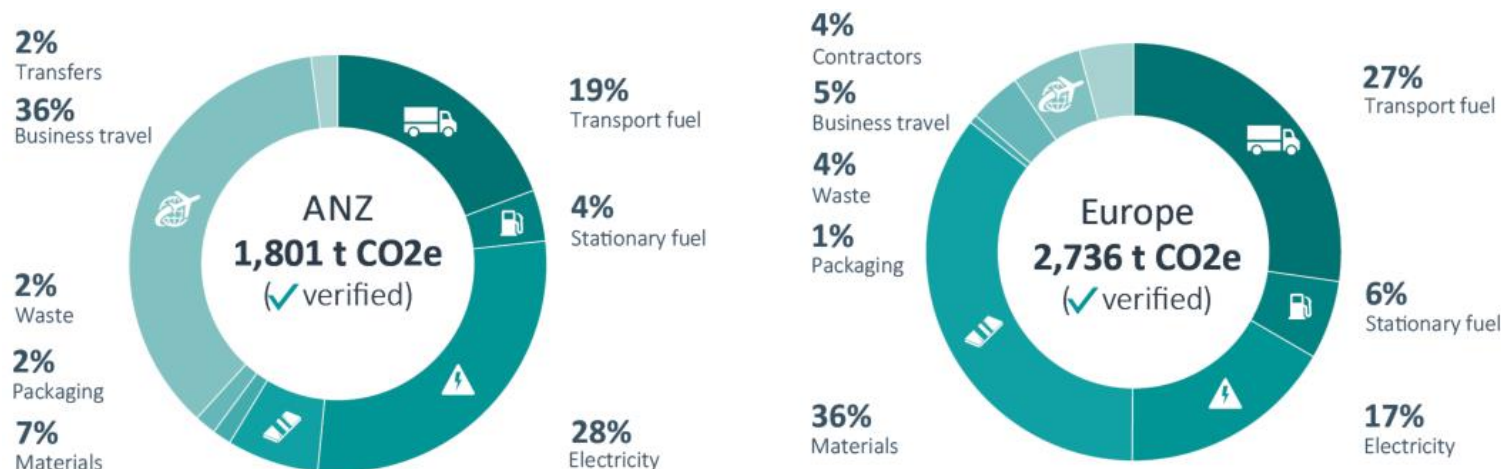
- Audit top 20 ANZ suppliers for compliance with supplier code of conduct NZ complete. AU completed this week.
- Scott's global GHG emissions calculated for EN/ANZ- EU data verified July, NZ data verification pending.
- Develop carbon management plan

## HOW WE ARE GOING

- Workshops and education across the business
- Selected Europe and ANZ as focus regions to start:
  - Combined makes up over 70% of our revenue
  - Europe already slightly ahead of the game,
  - NZ and AU easy to manage
- Created project teams. EU: Aaron Florin, NZ: Hayden Briscoe, AU: Samir Raj
- 2019 set as our base year, as it was our most recent 'typical' year
- Calculators built
- Audit partners selected for each region
- **We are pleased to update that our carbon footprint is now verified in Europe and ANZ.**

## NEXT STEPS

- Carbon budgeting
- Agree the carbon reduction target
- Prepare and provide calculator for the next reporting period
- Confirm, implement and document the reduction strategy
- Share your sustainability story with stakeholders
- Annual Report
- Website
- Prepare for NZX mandatory reporting



# Gender diversity at Scott



## WHY?

Scott acknowledges the role diversity and inclusion can play in the success of our business, but current data shows that we are falling short of expectations.

Gender diversity is of particular concern, with only 16% of staff across the entire global Scott workforce being female.

Gender diversity is not simply a case of ticking a box, it is fundamental to the sustainability of Scott in the long term. A 2019 study by McKinsey & Company found that the most diverse companies are now more than ever likely to outperform less diverse peers in profitability.

Diversity also leads to business success because diverse minds create diverse solutions. Diverse teams are drastically more likely to innovate and anticipate shifts in consumer behaviour such as demands and consumption.

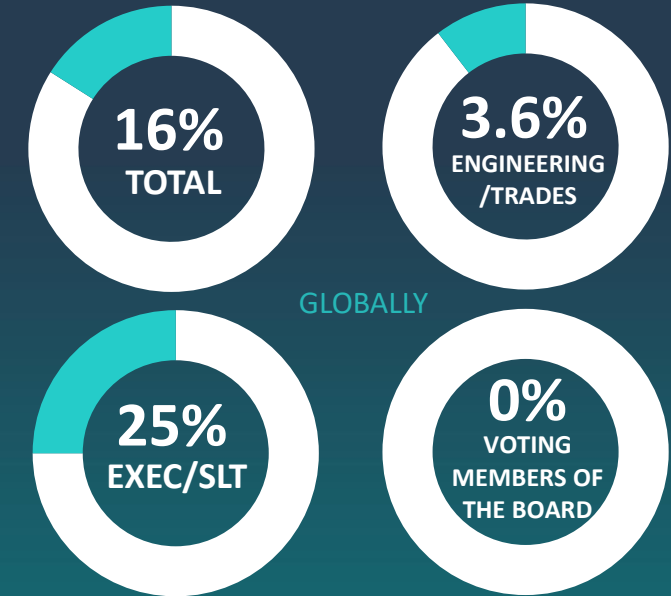
## INDUSTRY STATISTICS

- 14% of engineers are women
- 20% of engineering graduates are female
- Female make up 30% of the manufacturing Industry
- 12% of trade roles are held by woman with only 2% of electrical apprentices are female

## WHERE ARE WE TODAY?

In NZ over the last 12 months females make up

- 0.6% of engineering applicants
- 0.0% of trades applicants
- 0.0% of graduate roles
- 0.0% of apprentices
- 3.8% of all new hires



Across the regions females make up:

	NZ	AU	CN	US	BE	CZ	FR	DE/UK	Total
Total Female %	8%	15%	38%	20%	15%	27%	12%	0%	16%
Females in Engineering & Trades %	1%	6%	12%	4%	0%	6%	25%	N/A	3%





# KEY POINTS SUMMARY

# Key Points Summary



Scott 2025 Strategy is targeting the core growth and margin opportunities

**1**

All three of Scott's core sectors are experiencing ongoing demand for automation to help drive efficiency, safety, and to overcome the global labour shortages

**2**

Core growth 31% over the last two years, benefitting from large install bases, a high proportion of repeatable product sales and high margin recurring services revenue

Core is now 75% of revenue and 90% of margin

**3**

Sales and services revenues on proven and repeatable products are delivering a margin of 29%

**4**

Track record managing costs efficiently and taking revenue growth to the bottom line, with EBITDA growth of +14% in FY22

**5**

Strong forward order book of \$190m, 47% up on FY21

**6**

Positive early momentum on ESG strategy & culture



THANK YOU  
Q&A

