



H1 F22
HALF YEAR RESULTS
INVESTOR PRESENTATION

7 April 2022



CONTENTS

H1 F22 Operating Environment 3

External Challenges 4

Key Financials 5-11

- H1 F22 Performance Snapshot
- H1 F22 Results Summary
- Revenue by Operating Region
- Forward Work Trend

Industry Outlook Financials 12-17

Scott 2025 Strategy Update 18-20

Our People & Planet 21-25

- ESG & Leading a Sustainable Future
- Driving a High-Performance Safety & Wellbeing Culture

H2 F22 Outlook 26

PRESENTED BY



John Kippenberger
Chief Executive Officer



Cameron Mathewson
Chief Financial Officer

H1 F22 OPERATING ENVIRONMENT



- The **capability of the business continues to grow** as the *Scott 2025* strategy moves through its second year.
- Targeted **sales prospecting has generated significant high-quality Systems contracts** across Meat, Materials Handling and Appliances.
- **Investment in the high margin Product and Service businesses** has generated results which have underpinned the strong first half performance of Scott.
- **Service revenues across most key markets grew due to strategic investment in people capability and deeper parts inventories.** The Service team has also executed several enterprise level agreements with a number of key customers.
- **Investment in Sales and Marketing** capability in key markets and are beginning to see customer prospects build as we have emerged from the pandemic.
- **Employee Safety and Wellbeing continues to mature**, with the launch this year of the 'Be Safe – Be Well – Be Scott' program. This continues to be supported by a focus on the lead Safety indicators of Management Conversations and reported Near-misses and Hazards.

EXTERNAL CHALLENGES



| VACCINATION RATES | Fully Vaccinated |
|-------------------|------------------|
| Czech Republic | 64% |
| Belgium | 95% |
| Germany | 75% |
| France | 78% |
| America | 36% |
| China | 94% |
| New Zealand | 92% |
| Australia | 87% |

COVID-19 IMPACT

- Implemented effective safety measures alongside strong vaccination rates across Scott sites.
- We are continuing to see a return to more normal conditions as the peak of the most recent wave passes in most parts of the world.

SUPPLY CHAIN CHALLENGES

- Delays in customer infrastructure projects are affecting some of our projects and commissioning timelines.
- With ongoing disruption for global supply chains our teams are working closely with major suppliers to secure long term component supply.
- We remain focused on managing inflationary pressures through price recovery in order to protect and expand margins.

GLOBAL GEOPOLITICAL PRESSURES

- Russia's attack on the Ukraine has resulted in the suspension of our supply of mining products to Russia from Rocklabs. While the Russian business has seen recent growth, the global order book remains very strong.
- Exploring options for two system projects destined for Russia to be redeployed to other EU sites of these global food multinationals.
- Service team travel close to the Ukrainian border being closely monitored.



KEY FINANCIALS



H1 F22 PERFORMANCE SNAPSHOT

REVENUE



▲ +13% | H1 F21 \$104.5M
▲ +20% | H1 F20 \$99.0M

MARGIN PERCENTAGE



▼ -1 pcps | H1 F21 23%
▲ +4 pcps | H1 F20 18%

EBITDA



▲ +9% | H1 F21 \$11.2M
▲ +200% | H1 F20 (\$12.2M)

REVENUE MIX

SYSTEMS PRODUCTS SERVICE
50/26/24

STRATEGY 40/30/30

FORWARD WORK*



H1 F21 ▲ +6% | \$94M ▲ +29% | \$17M ▲ +150% | \$4M

DIVIDENDS PER SHARE (Cents)

H1 F22 4.0 | H1 F21 2.0

EARNINGS PER SHARE (Cents)

H1 F22 6.0 | H1 F21 6.1

** Forward Work represents contracted activity. It is not an indicator of revenue over a set period of time*

H1 F22 PERFORMANCE SNAPSHOT



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

HEALTH & SAFETY

H1 21

H1 22

0

Fatality

0

0

LTI

6

0

MTI

5

12

First Aid Injuries

11

27

EP&D / Near Miss

22

334

Hazards Reported

197

66

Management Conversations

129

H1 F22 RESULTS SUMMARY TABLE

| | Results Snapshot \$M | | |
|-------------------------|----------------------|--------------------|--------|
| | H1 F22 | H1 F21 | H1 F20 |
| Revenue | 118.4 | 104.5 | 99.0 |
| EBITDA | 12.2 | 11.2 | (12.2) |
| Non-trading adjustments | (0.4) ¹ | (1.4) ¹ | 11.8 |
| Normalised EBITDA | 11.8 | 9.8 | (0.4) |
| Net Profit After Tax | 4.7 | 4.7 | (13.7) |
| Net Debt | (12.9) ² | (2.9) | (20.2) |
| Operating Cash Flow | (8.8) | 5.3 | 0.9 |

1: Non trading adjustments related to receipt of the wage subsidy

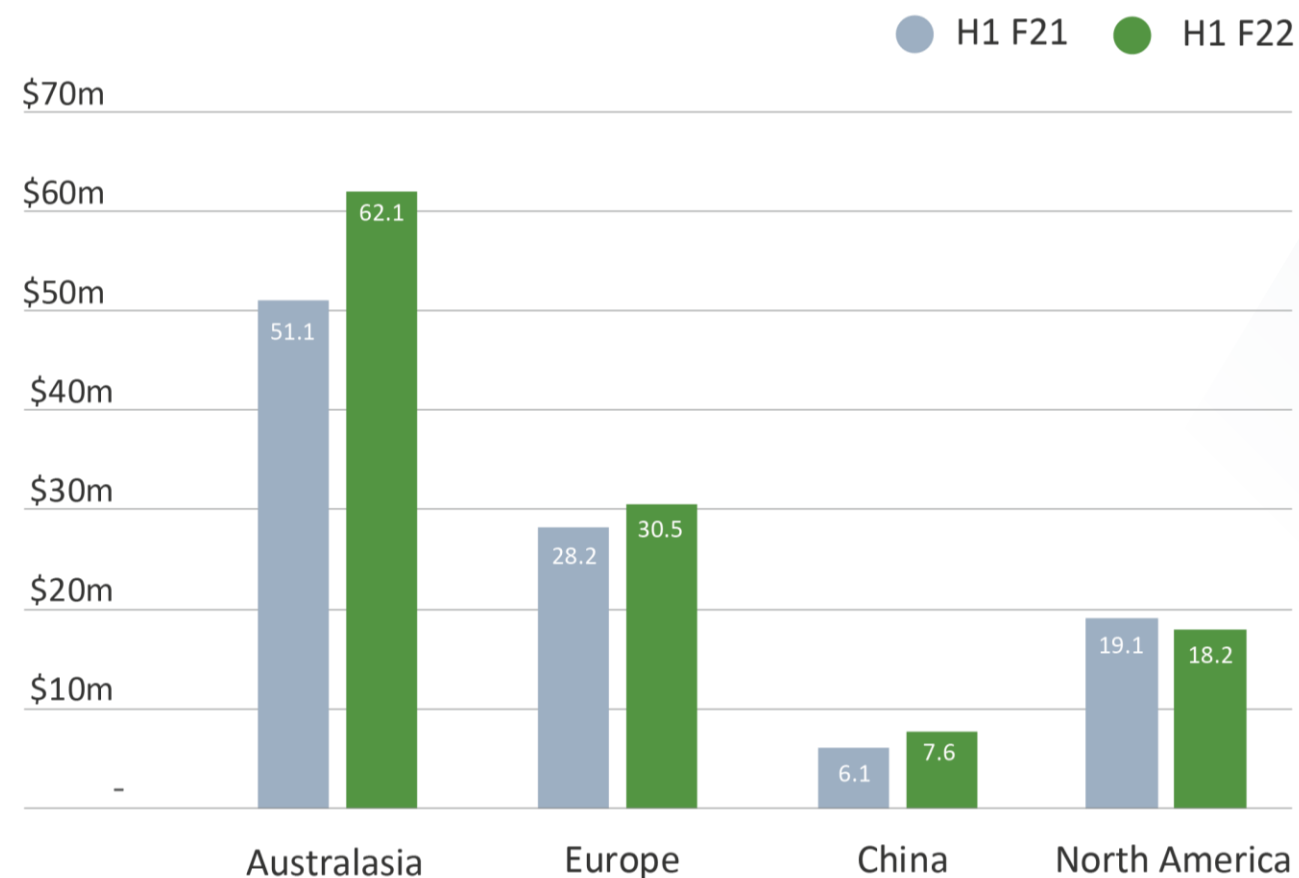
2: Net Debt grew due with more inventory needed to enable growth and secure scarce componentry for our Rocklabs and Bladestop businesses

H1 F22 RESULTS SUMMARY

- **H1 F22 revenue of \$118.4m was 13% higher** than the prior comparative period (pcp) as Scott's strategy of more revenue from proven systems, product and service delivers another period of growth.
- **EBITDA of \$12.2m** grew again, to exceed the prior half year by 9% and when normalised to remove the impact of Wage Subsidies received growth was 19%.
- The **higher revenue converted to a Margin percentage only slightly down on prior half year at 22%**, despite significant inflationary pressure on labour and materials due to COVID-19 and the effects of the Global Supply Chain crisis.
- The higher revenue also allowed better leverage of Overheads, even despite the targeted investment in sales and marketing capability, which meant overheads as a percentage of revenue fell by 7%.
- **Net profit after tax (NPAT) was \$4.7m for the six months**, in line with prior comparative period as a result of the mix of regional profits being in geographies with higher rates of income tax.
- **Operating Cash Flow was \$(8.8)m and Net Debt increased by \$10.0m to \$12.9m.** The primary cause was an increase in inventory of \$9.7m, due to Revenue growth and greater stock holdings to avoid stoppages in the production and parts sales of key growth businesses such as Rocklabs and BladeStop.
- In recognition of the progress made by the Company, the **Directors are pleased to declare an interim (unimputed) dividend of 4.0 cents per share**, payable on 11 May 2022. The Dividend Reinvestment Plan will apply.

REVENUE BY OPERATING REGION

OPERATING REVENUE \$M

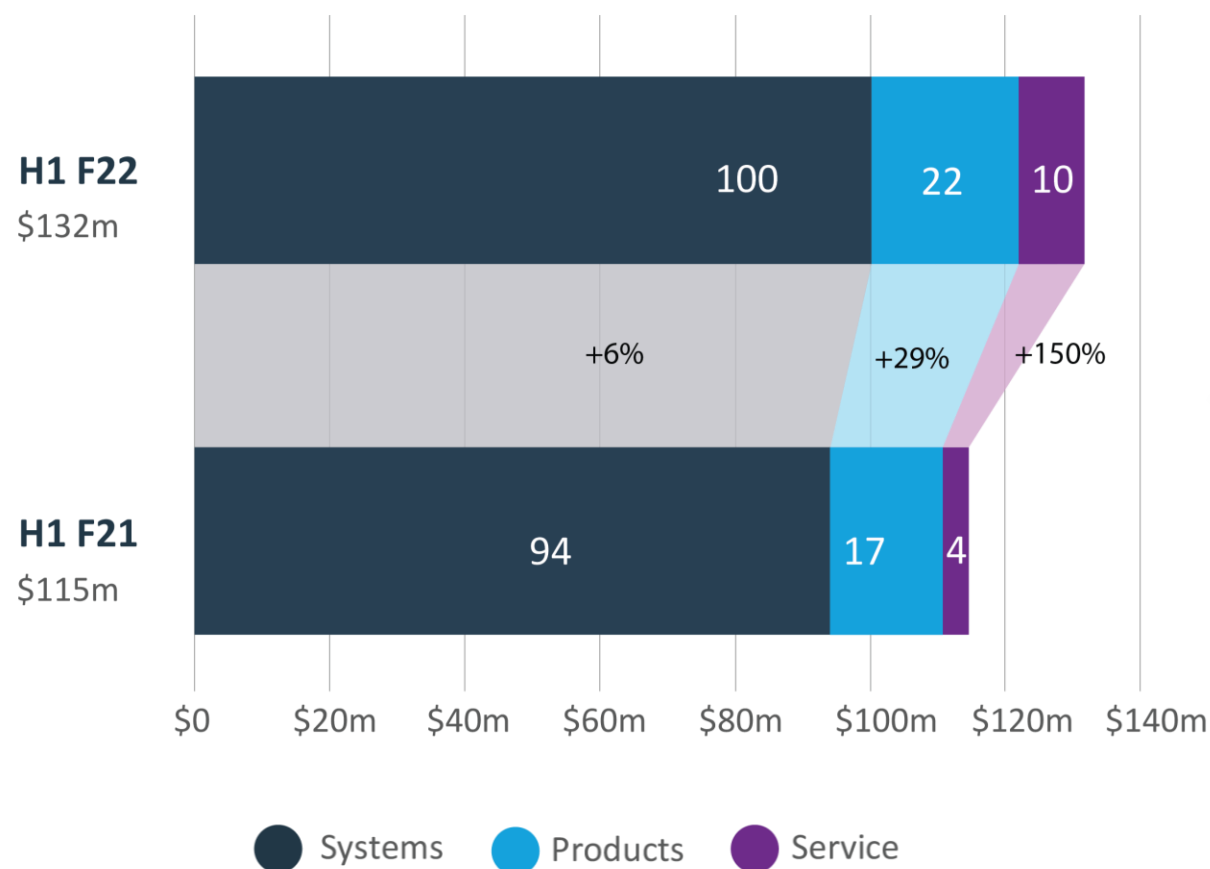


STRONG GROWTH IN OUR CORE MARKETS DESPITE EXTERNAL CHALLENGES

- **Australasia** continues to see demand signals for our meat business – products and systems – mining products business and appliance lines continue to remain positive.
- **Europe** is seeing a resurgence of appetite for its core business of Materials Handling solutions as companies across Europe shake free from COVID-19 restrictions.
- **China** have delivered the significant backlog of existing domestic appliance lines.
- **North America** remains a core market and we will continue to invest in capability and capacity in order to grow in a market we believe has significant opportunity.

FORWARD WORK TREND

FORWARD WORK \$M



GROWTH OF 15% OF THE TOTAL SCOTT ORDER BOOK

- Forward work programs in **Europe, USA, China and Australasia remained elevated as new system design and build contracts have been awarded** at a steady and deliberate rate in the first half of the year.
- Products have grown as a result of the continued strength of Rocklabs along with recovery of the Robotworx business in the US. Global demand for BladeStop has again lifted, particularly as awareness grows across Europe.
- Service forward work continues to grow in line with our Scott 2025 Strategy as is evidenced by the team securing several Enterprise level SLAs with key customers.
- Additionally, service, parts and products operate at stronger gross margins than system projects, which supports our 2025 strategy of driving mix change.

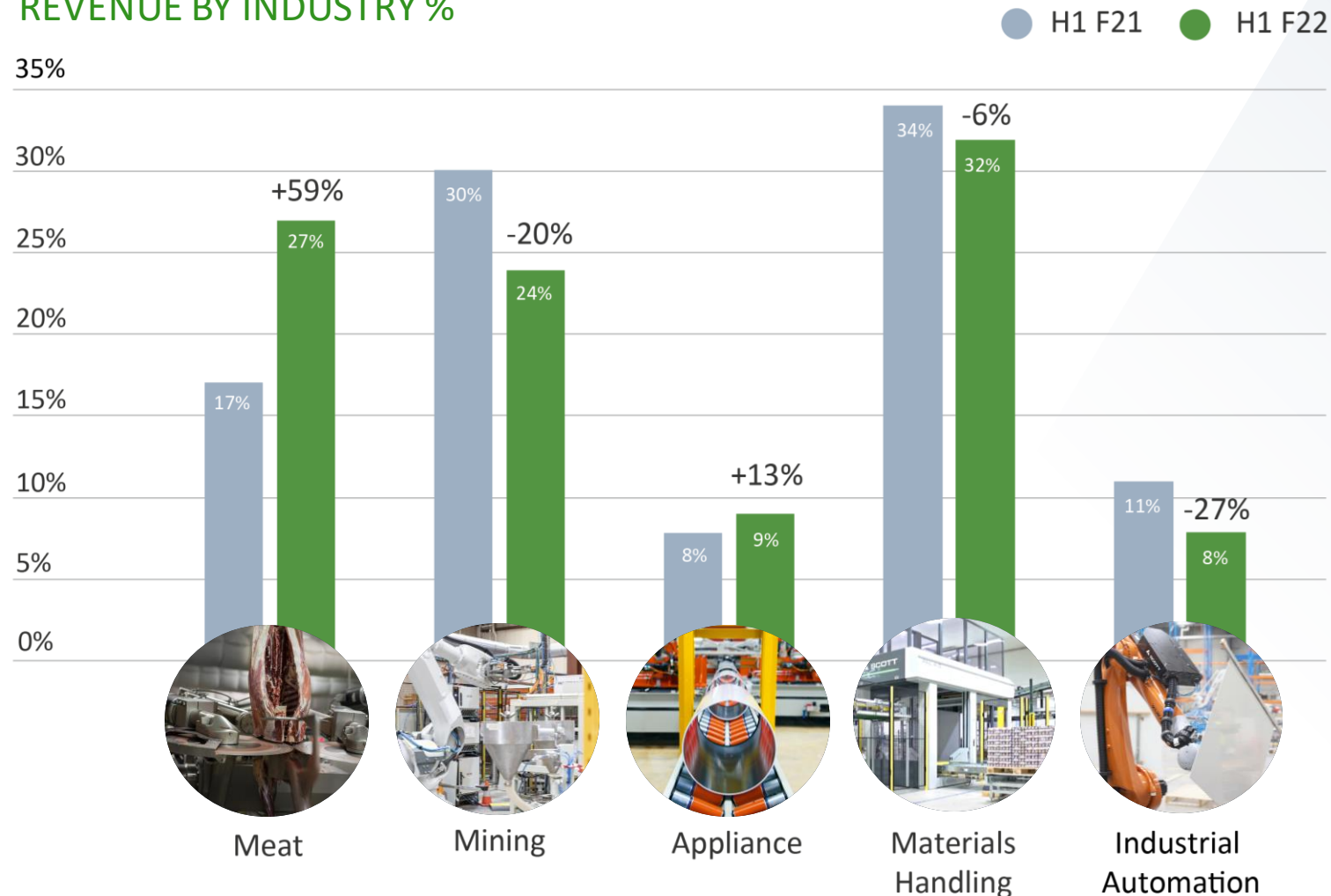


INDUSTRY OUTLOOK



REVENUE BY INDUSTRY

REVENUE BY INDUSTRY %



- Our focus is unchanged as we look to meet customer demand in our proven areas of expertise in systems technology, products and service.
- With each of the regions emerging from the differing degrees of constraint caused by COVID-19, it is the strength of the Group as a whole that has delivered this strong result.

INDUSTRY OUTLOOK



MEAT

- As mentioned previously, Scott is experiencing strong, ongoing demand for systems, products and service in the meat sector off the back of high meat prices and lack of skilled labour availability.
- Our primary focus remains with selling lamb systems within the ANZ region, as well as Poultry Trussing systems in the US. Demand is strong for BladeStop globally, slaughter equipment, standalone cutting equipment and carcass grading systems.
- Scott is leveraging experience and key customer partnerships to expand our systems offerings into beef. We anticipate this will provide the next step change in growth for our meat business.
- Positive progress and results from the US-installed poultry trussing project. This being the beachhead for product sales of this system into the large north American poultry market.

INDUSTRY OUTLOOK



MINING

- Continuation of strong global precious metal prices and improved business confidence is underpinning ongoing investment in mining capacity globally (West Australia, Europe, North America and West Africa). We see this activity flowing through to our equipment, spare parts and service business and expect this will continue to support ongoing demand.
- Our mining laboratory design and build business will advance our reputation and strengths around the 'semi-automated' end of the standalone-product-to-fully-automated continuum.
- Macro factors such as zero emissions, zero entry and zero harm coupled with the industry's growing willingness to adopt new analysis, automation, and electrification technologies are driving change. This provides Scott with product development opportunities to expand our contribution and footprint within the industry.
- New experienced executive leadership of Scott Mining now in place.

INDUSTRY OUTLOOK



APPLIANCE

- As global consumer demand for whiteware returns to normal levels our approach is focusing on providing quality design options towards the premium-end of the market, while driving for competitive pricing without exposing Scott to unacceptable risk.
- Our newly relocated China business will capture both local opportunities and support Global manufacturing from our competitive design and build platform in Qingdao, China.

INDUSTRY OUTLOOK



MATERIALS HANDLING & LOGISTICS

- New and repeat customer opportunities for global brands such as McCains, Pfizer, Danone, Sealed Air and Bridgestone continue to emerge for this key sector of Scott.
- At the same time, we are making positive inroads into our Scott 2025 strategy of taking this technology out of Europe and into North America and Australasia.
- The Alliance NZ contract is the first example of this, while focus is growing on identifying and securing a large installation on this technology in the US together with our joint venture partner Savoye.



SCOTT 2025 STRATEGY UPDATE



SCOTT 2025 STRATEGY UPDATE



AUTHENTIC CUSTOMER PARTNERSHIPS

Secured significant repeat business across all sectors.



**\$118.4m revenue
in H1 F21.**

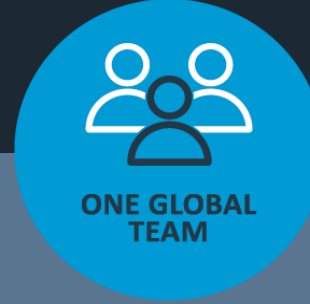


LEADING-EDGE TECHNOLOGY

Growth in our Service category across the Group, which includes several multi-year enterprise agreements.

Further growth across our Rocklabs sample preparation and BladeStop product businesses.

The first installation of an automated Poultry trussing system.



ONE GLOBAL TEAM

Launch of 'Be Safe, Be Well, Be Scott' Safety & Wellbeing Program and expectations.

Continued focus on employee retention and development



OPERATIONAL EXCELLENCE

Maintained margins despite significant global supply chain pressures.

**Gross group margin
of 22% for H1F22.**









ROBUST GLOBAL PLATFORMS

All open executive positions now filled with experienced leaders.

Pipeline of forward work remains strong.

**Forward work
of \$132m.**

SCOTT 2025 GROWTH STRATEGY

| | MEAT | MINING | APPLIANCE | MATERIALS HANDLING |
|----------|--|---|---|---|
| SYSTEMS |  <p>X-Ray Primal + Cutting/Boning Systems Lamb, Pork & Beef</p> |  <p>Sample Preparation Systems</p> |  <p>Appliance Automation Cooking, Refrigeration, Water heating & Laundry</p> |  <p>Warehouse Automation Materials, Handling & Logistics, WES/WMS & AGVs</p> |
| PRODUCTS | <p> BLADESTOP</p> <p>Poultry Trusser</p> <p>Shoulder Puller</p> | <p> ROCKLABS</p> <p>Sample Prep Equipment</p> <p>Reference Materials</p> <p>Automated refuelling</p> | | <p>Palletising Solutions</p> <p>Conveyors</p> <p>Robotic Solutions</p> <p>TRANSBOTICS</p> |
| SERVICE | <p>Preventative Maintenance</p> <p>Servicing, Remote Diagnostics & Spare Parts</p> <p>Training & Support</p> <p>Upgrades</p> | | | |
| | | | Upgrades | |



OUR PEOPLE & PLANET



ESG & LEADING A SUSTAINABLE FUTURE



- **People is about building an engaged, diverse, and talented workforce.** It focuses on retention and recruitment which is a priority for our people-led business. This is supported by a commitment to maintaining a safe and inclusive working environment for all our people.
- **Purpose refers to the recipients of our solutions and services – Scott’s customers and shareholders.** It covers the importance of building meaningful customer relationships, and highlights Scott’s commitment to growing a profitable business focused on long term growth and positive shareholder return.
- **Place outlines the organisation’s commitment to the environment** and ensures it develops and encourages sustainable business practices.

ESG & LEADING A SUSTAINABLE FUTURE



PEOPLE

- New global **Safety and Wellbeing Vision** and Expectations launched. Revised Safety and Wellbeing induction process and the introduction of a new safety reporting software. **Reported incidents doubled for February during the pilot.**
- **Global Recruitment** - Onboarding process reviewed & refined onboarding packs, 30-60-90-day induction plans and new starter surveys.
- **EVP & Recruitment Branding** development.
- **Employee Engagement** measured through introduction of eNPS.



PURPOSE

- **Sustainable Procurement** - Supplier assessment tool created to ensure we are a partnering with businesses that share our values.
- New **supplier code of conduct** created and rolled out to top 20 ANZ suppliers by end March.
- **Emerging Director** appointed to the Board.



PLACE

- **Environmental Management** - Carbon Emissions and Environmental training sessions have been held in Europe and ANZ to educate the business on why we are committing to do better.
- **Carbon Scoping** exercise & how we can measure our individual carbon impact.
- **Carbon Footprint:** NZ and Europe business to have base line carbon footprint measured by end April.



NEXT STEPS

- Roll out of new **Safety software.**
- Launch of global safety & wellbeing **induction process.**
- **Calculate Scott's global GHG emissions** by June 30, 2022.
- **Audit top 20 ANZ suppliers** for compliance with supplier code of conduct by July 1, 2022.
- Develop Scotts **carbon management** plan.
- Create and execute effective process for measuring customer satisfaction and engagement.

DRIVING A HIGH-PERFORMANCE SAFETY CULTURE



SCOTT SAFETY & WELLBEING VISION

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.



DRIVING A HIGH-PERFORMANCE SAFETY CULTURE



SCOTT SAFETY & WELLBEING EXPECTATIONS

TURN UP IN THE RIGHT STATE OF MIND

Ready, refreshed, focused,
NOT fatigued, distracted or rushed.



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.

**BE SAFE - BE WELL
BE SCOTT**

ALWAYS ISOLATE ENERGIZED EQUIPMENT

Never assume a lockout is in place.



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.

**BE SAFE - BE WELL
BE SCOTT**

BE EQUIPPED

Only use equipment you are trained to use.
Always choose the right equipment for the task.
Wear correct PPE.



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.

**BE SAFE - BE WELL
BE SCOTT**

SPEAK UP

When you or others feel mentally or physically unsafe, have courage to report unsafe conditions or acts.



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.

**BE SAFE - BE WELL
BE SCOTT**

STOP. THINK.

Take the time to plan, understand and communicate the task. Follow safe working practices. STOP WHEN IT IS UNSAFE.



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.

**BE SAFE - BE WELL
BE SCOTT**

WE ARE ONE TEAM

Our safety is a collective responsibility.



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.

**BE SAFE - BE WELL
BE SCOTT**



H2 F22 OUTLOOK



- Traction continuing to build through several parts of the Scott 2025 strategy as evidenced by growth in both top and bottom-line performance.
- Focused marketing, sales and operational execution will continue to drive Scott customer satisfaction, brand growth and margin performance.
- Industry demand fundamentals remain strong, particularly across global meat processing, mining, and material handling & logistics solutions into food manufacturers & e-commerce providers.
- Continued focus on commercializing IP through structured moves towards productization = scale & margin control.
- Commitment and focus on sustained development of the Scott ESG pathway.

THANK YOU

www.scottautomation.com

