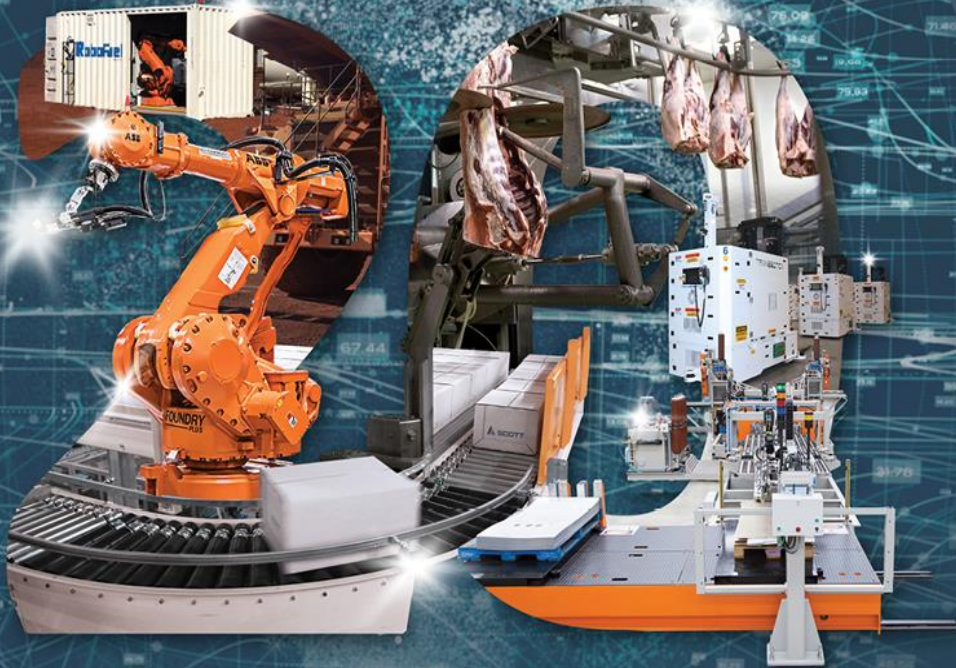




SCOTT TECHNOLOGY LIMITED
ANNUAL MEETING

3 DECEMBER 2020



OUR BOARD



Stuart McLauchlan
Independent Chair



John Kippenberger
Director and CEO



Edison Alvares
Director



Alan Byers
Director

Scott Technology has a strong Board of Directors with diverse and complementary skills and expertise.

During the FY20 year, Andre Nogueira and Chris Hopkins resigned as Directors.

Alan Byers and John Kippenberger were appointed as Directors and are standing for election today.



John Thorman
Independent Director



Derek Charge
Independent Director



Brent Eastwood
Director



John Berry
Alternate Director



CHAIR'S PRESENTATION

Stuart McLauchlan

Independent Chair

BOARD REPORT FOR FY20

- Appointment of John Kippenberger as CEO in November 2019
- Endorsed new 'Scott 2025' strategy presented by management
- Board governance and oversight of the company as the COVID-19 pandemic continues
- Continued focus on Health & Safety
- Restructuring and right sizing of the business completed.
Value continues to be added by acquired businesses
- Financial performance impacted by softening economic conditions in first half exacerbated by COVID-19 in second half of the year. No dividend declared.
- Board changes in line with succession planning.

OUR RESPONSE TO COVID-19

Significant impact on results and performance:

- Health, safety and wellbeing of team members has remained a priority
- Border restrictions means team members are unable to travel, affecting implementation and execution of projects
- Remote working solutions have been put in place but this is not always a suitable solution
- Impact of COVID-19 on customers, including capital expenditure, resulting in deferral or delayed start times for some projects
- Challenges around site access during COVID-19 lockdowns

Response:

- Remote working solutions
- Restructuring and right-sizing of organisation
- Commenced development of in-country 'design, build, service' resources
- Local sub-contracting of resources, as needed
- Strong control over cash flows
- Receipt of \$3.6m in Government wage subsidies
- Access to JBS funding facility
- Increased focus on employee mental health and wellbeing

NEW FIVE-YEAR STRATEGY



OUR MISSION

Delivering smart automation solutions that transform industries and lives.

OUR VISION

To be the first choice for businesses around the world wanting smart automation and robotic solutions which make their businesses safer, more productive and more efficient.

OUR GOALS

- Establish and maintain leadership positions in our areas of expertise
- Deliver positive customer outcomes
- Continue to build on our global brand and reputation for delivering exceptional automation and robotics solutions
- Build a highly focused and efficient global operating platform
- Deliver sustainable and profitable returns and reduce risk

SCOTT OUTLOOK FOR FY21

Confident that actions being taken under new strategy will deliver value to customers, staff and shareholders.

Long term trends remain positive for the automation and robotics industry.

New 5-year strategy is seeing Scott focus on areas of expertise and continued innovation to drive growth and margins while reducing risk.

Continuing uncertainty of COVID-19 environment: continuing restrictions and border closures are likely to impact on the business in FY21.

Recovery and growth in demand: some deferred and delayed projects now coming back online, with demand gaining traction in some regions and sectors.

New organisational footprint and strengthened executive team will stand company in good stead, with a leaner cost base, manufacturing centres of excellence and more appropriate regional network.



CEO'S PRESENTATION

John Kippenberger

Chief Executive Officer

FY20 SNAPSHOT

- **Appointment of new CEO and strengthened executive team**
- **Significant impact from COVID-19** seen from late in the first half and throughout the second half of the financial year.
- **Softening economic conditions** noted in key markets, including the impact of global trade and Brexit, further exacerbated by COVID-19 restrictions across the globe.
- **Launched new strategy** focused on sustainable and profitable returns and reduction in risk
- **Restructuring of cost base completed** including the relocation of manufacturing from Germany, consolidation of sites in New Zealand and commenced sale process for non-core HTS-110 business in New Zealand.
- **Increased focus** on working capital discipline, cost management and more rigorous project risk assessment.
- **Value continues to be added by acquired businesses**, particularly Transbotics and BladeStop
- **Demand for high quality robotics and automation continues**, albeit with some disruptions from COVID-19.
- Strong demand for products such as Rocklabs standard equipment and BladeStop

RESTRUCTURING PROGRAMME

**Goal to right size the business and workforce for the new strategy and operating environment.
Business now has a strong regional footprint for the future.**

Established Centres of Excellence where each plant has a specific focus on a product or industry sector.

Streamlined regionally focused business platform with four regions - Australasia (New Zealand & Australia), Europe, Americas and China.

Reduced global headcount by approx. 20%

147 full time equivalent employees. Increased use of alternative human resource models moving forward, eg. utilising contractors

Network changes include:

- Relocation of manufacturing from Germany, with production moved to other plants
- Consolidated sites in New Zealand from 7 to 5
- Sales process underway for HTS-110 in New Zealand

FY20 RESULTS SUMMARY TABLE

\$M	FY20	FY19
Revenue	186.1	225.1
EBITDA	(11.6)	20.0
Non-trading adjustments ¹	15.3	-
Underlying EBITDA ²	3.7	20.0
NPAT/NLAT	(17.5)	8.6
Net Cash / (Overdraft)	7.7	(4.7)
Operating Cashflow	19.6	0.7

FY20 results reflect:

- impact of COVID-19
- launch of new strategy
- close out of several challenging legacy projects
- restructuring and write down of non-core assets as a result of the new strategy.
- Strong operating cashflow and positive net cash position at year end

No final dividend has been declared.

1. FY20 includes non-trading adjustments of \$15.3m. Refer to slide 9 for further details.
2. Underlying EBITDA excludes non-trading adjustments.

ENGINEERING SCOTT TO HIGH PERFORMANCE

2020 - 2025



AUTHENTIC CUSTOMER PARTNERSHIPS

2020 - 2025

Build authentic customer partnerships which yield repeat business and growth opportunities.

- **Focus on delivering excellence to customers in our targeted sectors:**
Mining, Meat, Appliances, Material Handling & Logistics, Industrial Automation
- **Multiple installations and repeat opportunities** with large global companies
eg Bosch, Electrolux, JBS, Rio Tinto
- **Strong customer relationships** with streamlined points of interaction and regional support & execution.
- **Leverage the Scott brand and reputation** for best-in-class design, delivery and service.



NZ LAMB OPPORTUNITIES



Lamb boning room installations

- Market size: approx. 19 m lambs processed per year
- Scott machinery currently process 6.7 m lambs per year with an industry benefit approx \$31 m per annum



Alliance Dannevirke
Alliance Smithfield
Alliance Pukeuri
Alliance Lorneville



Silver Fern Farms Takapau
Silver Fern Farms Finegand



ANZCO Foods Rangitikei



Progressive Meats

Processing Facilities

- With 1 or more Scott systems
- Without Scott system

- Market opportunity remains approx. 12 m lambs per year

LEADING EDGE TECHNOLOGY

2020 - 2025

Leverage Scott's leading technology platforms and offerings.

Pivot the Project/Product/Service mix from 60/20/20 to 40/30/30 to drive growth and margins, while reducing risk. This new mix is providing greater margin stability and cash flow generation which helps balance our high margin project and service sales.

- **Project:** Bespoke customer solutions focused on areas of expertise to reduce risk, improve customer delivery and generate higher margins.
- **Products:** Repeat, profitable sales of developed and proven technology, products and systems which are core to the Scott Group and offer strong margins.
- **Service:** Structured long-term support and servicing of products and technologies, driving safety, performance and efficiency at customer sites.
- *R&D activities* focused on targeted, strategic and commercial innovation opportunities.



ROCKLABS PRODUCTS



Rocklabs - Standard Products

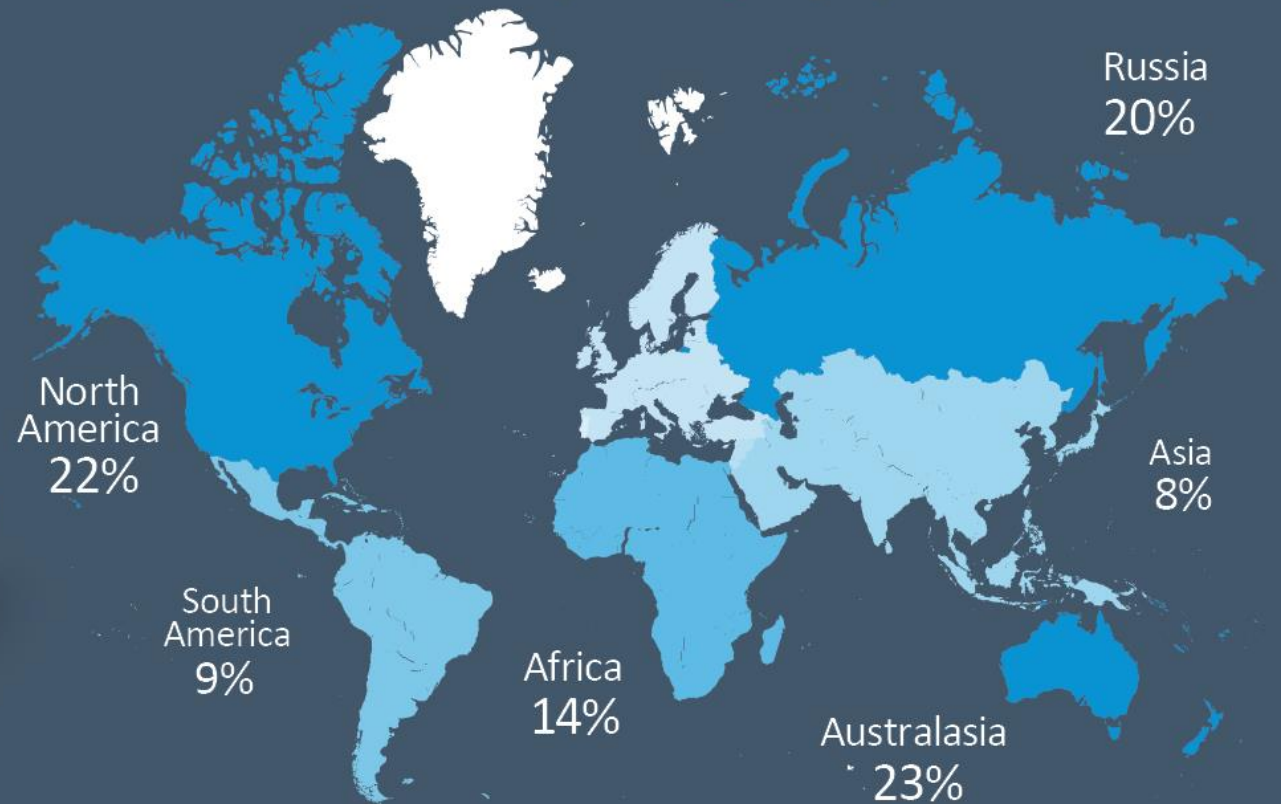
- Sector has been driven by record global precious metal prices
- The last 6 months has seen positive growth in order numbers, translating to good sales figures for Q4 of FY2020
- Equipment sales for Q1 FY2021, a 43.7% increase from Q1 FY2020 and 13.6% increase from Q1 FY2019



ROCKLABS PRODUCTS



Rocklabs - Sales by Geography



ONE GLOBAL TEAM

2020 - 2025

Create an effective global Scott 'identity' and culture, with a focus on delivering excellence and positive customer outcomes.

- **Enable end-to-end team ownership and accountability** for customer outcomes and shareholder returns.
- **Provide effective regional leadership** and execution with support from the New Zealand Head Office.
- **Continue to drive a Group-wide safety culture;** in our factories, during installations and whilst travelling. Increased focus on hazard reporting is driving improvements and a positive change in H&S culture throughout the business.
- **Invest in talent development, engagement and retention.**
- **Align remuneration and incentive structures** to drive a high-performance culture.

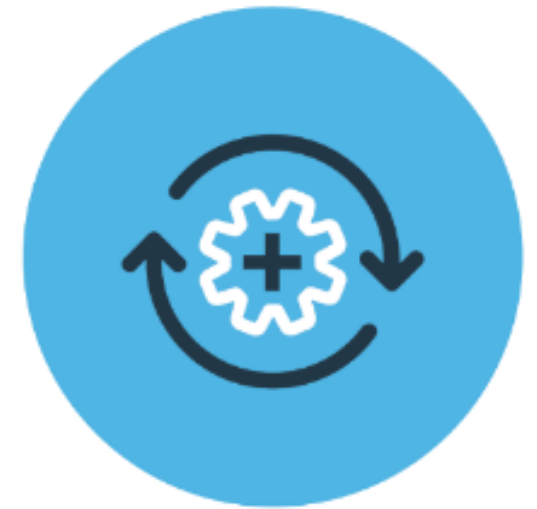


OPERATIONAL EXCELLENCE

2020 - 2025

Robust systems, controls and processes to ensure delivery of projects on spec, on time and on budget

- Identify, evaluate and price development risk upfront and build effective risk-sharing models with global customers. Introduction of risk management processes (pre bid)
- Excel in project management disciplines, design and engineering controls. Introduction of industry best practice Earn Value Management (EVM) as our preferred project management methodology for complex projects.
- Implement strong financial management systems Group-wide.



ROBUST GLOBAL PLATFORM

2020 - 2025

Build an operations infrastructure matched to our growth curve.

- **Agile and efficient fixed-vs-variable labour cost structure.** Increased partnerships with contractors has seen us deliver projects remotely that due to travel restrictions wouldn't have been possible.
- **Streamlined regionally focused business platform with four regions**
Australasia (New Zealand & Australia), Europe, North America and China.
- **Centres of excellence** where each plant will have a specific focus on a product or industry sector
 - DUNEDIN: Meat processing
 - CHRISTCHURCH/CHINA: Appliances
 - AUCKLAND – Mining Standard Equipment AUSTRALIA – Mining Systems
 - EUROPE: Materials Handling & Logistics
 - USA – Industrial Automation & Materials Handling & Logistics (AGV focus)



OPPORTUNITIES AND OUTLOOK

OUR BUSINESS

EUROPE

Manufacturing:

BladeStop, Alvey, Materials Handling & Logistics

Key Sales Sectors:

BladeStop, Appliances, Materials Handling & Logistics

- Sales and Office Facilities
- Manufacturing Facilities



CHINA

Manufacturing:

Appliances

Key Sales Sectors:

Appliances



AUSTRALASIA

Manufacturing:

BladeStop, Meat, Mining, Rocklabs, Appliances & Industrial Automation

Key Sales Sectors:

Meat, Mining, Rocklabs, Industrial Automation & BladeStop



AMERICAS

Manufacturing:

Transbotics & Robotworx

Key Sales Sectors:

Meat, Appliances, Industrial Automation, Materials Handling & Logistics

REGIONAL FOCUS

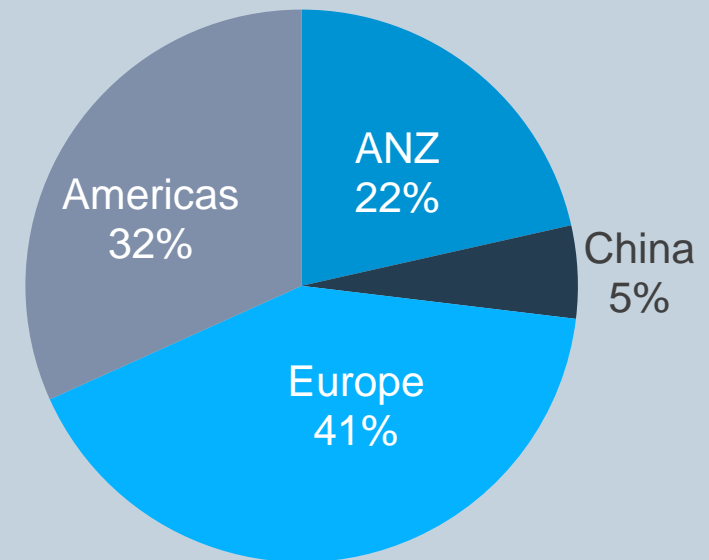
EUROPE:

- Most impacted by COVID as well as Brexit.
- Future pipeline continues to build with a number of deferred and new projects expected to come on stream in FY21.
- Potential to grow sales of BladeStop as well as Materials Handling systems.

USA:

- Primarily Industrial Automation sector.
- Deferred projects now coming back on stream.
- Growth of demand for BladeStop expected to continue, new opportunities being progressed in the Meat sector particularly pork and poultry, and in Materials Handling.

By Region
Percentage of FY20 Sales Revenue



REGIONAL FOCUS

ANZ:

- Primarily Meat and Mining customers.
- Government stimulus in Australia expected to benefit Scott.
- Growth potential lies in providing more of our product/systems range to existing customers and building on customer partnerships for new projects.

CHINA:

- More recent part of the business, primarily Appliances, with good opportunities.
- Increasing demand for automation being driven by Government promotion, increasing labour cost, and the impact of COVID-19 on manufacturing sites, with more businesses looking to invest in equipment.
- A key focus for the year ahead is on delivery and costs to ensure a competitive regional service offer.

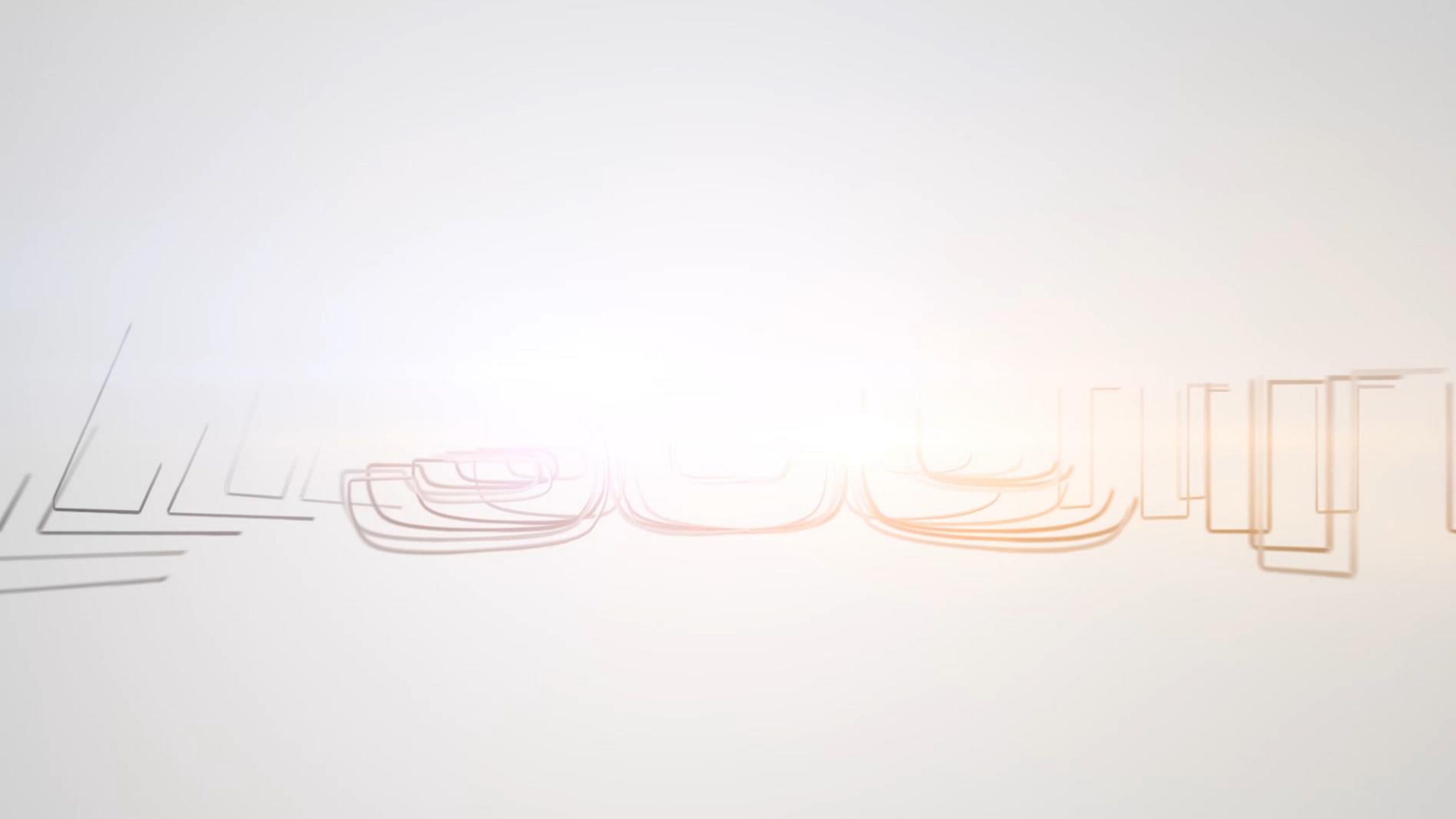


REVIEW OF PROJECTS

BOSCH – WASHER CABINET ASSEMBLY LINE

- Successful build and installation of washer cabinet assembly line for Bosch
- This project was the 5th variant of an existing system designed in Christchurch and built in Scott China facility in Qingdao.
- A fully automatic assembly with a 20s cycle time. Brackets are loaded automatically by a robot, guided by a vision system.
- Intelligent security system consistent with CE
- Quiet with 75dBa noise.
- Affected by COVID-19 however both project teams discussed the problem points and through excellent communication the project was completed on safely and on time.





ALLIANCE – X-RAY LAMB BONING SYSTEM

- Awarded multi million dollar contract for Alliance's Lorneville plant
- New Zealand's most advanced lamb processing system
- The system utilises advanced x-ray and vision technology to deliver a high accuracy of cutting, while also bringing significant developments in health and safety
- Supports Scott's 2025 strategy to build authentic customer relationships and focus on our core areas of expertise to deliver strong outcomes for our customers



RIO TINTO – KOODAIDERI

- Awarded multi million dollar contract for Tinto to design and build an automated mine site laboratory for the Koodaideri Iron Ore project
- Once completed and in production in 2021, the Koodaideri laboratory will be the safest, most productive, highest quality iron ore facility in the world.
- The contract award highlights Scott's evolution in the mining sector from a world leading supplier of sample preparation equipment, to a complete end-to-end automation and analysis solution provider
- Supports strategic objective of strengthening customer relationships which deliver repeat growth opportunities
- From the successful start of this project, we secured Robe Valley project





THANK YOU

RESOLUTIONS

RESOLUTIONS

Resolution 1: Re-Election of Director – Stuart McLauchlan

That Stuart McLauchlan, who retires as a Director and, being eligible, offers himself for re-election by shareholders, be re-elected as a Director.

Resolution 2: Election of Director – John Kippenberger

That John Kippenberger, who was appointed as a Director by the Board during the year, be elected as a Director of the Company.

Resolution 3: Election of Director – Alan Byers

That Alan Byers, who was appointed as a Director by the Board during the year, be elected as a Director of the Company.

Resolution 4: Auditor

To record the reappointment of Deloitte as auditor of the Company and to authorise the Directors to fix the auditor's remuneration.

OTHER BUSINESS CLOSE OF THE MEETING

Results of the voting will be released to the NZX

Presentation and speeches available online at www.scottautomation.com

NON-GAAP FINANCIAL INFORMATION

Non-GAAP financial information:

Scott has used several non-GAAP measures when discussing financial performance. These include EBITDA and Underlying EBITDA. Management believes that these measures provide useful information on the underlying performance of Scott's business. They may be used internally to evaluate performance, analyse trends and allocate resources. Non-GAAP financial measures should not be viewed in isolation nor considered as a substitute for measures reported in accordance with NZ IFRS.

	Note	2019 \$'000s	2020 \$'000s
Reported EBITDA		20,010	(11,646)
Impairment of assets ¹	B8	-	(7,600)
Restructuring costs ¹	E2	-	(4,257)
Project impairments ²		-	(6,295)
Wage subsidies ²		-	2,777
Total adjustments		-	(15,375)
Underlying EBITDA		20,010	3,729

¹ Refer to note A3 for split by segment

² All adjustments are within the Australasian segment

NON-GAAP FINANCIAL INFORMATION

Non-trading Adjustments:

Impairments (Australasia)

- \$(0.2)m relating to non-core LED business which has ceased trading
- \$(0.4)m - cessation of a research collaboration project
- \$(3.4)m - cessation of dairy technology development project
- \$(3.6)m – impairment of other development assets

Restructure Provision

- \$(4.3)m restructuring provision for the closure of facilities in Dunedin (DC Ross) and Germany.

Revenue

- \$(6.2)m project impairments
- \$2.8m wage subsidy

GLOSSARY OF TERMS

EBITDA

Earnings/ Loss before the deduction of interest, tax, depreciation and amortisation.

FY20 EBITDA was impacted by a number of non-trading adjustments totaling \$(15.3) million, details of which are included in Scott's Financial Statements.

Underlying EBITDA

This is EBITDA excluding non-trading adjustments.

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