

RESULTS FOR THE YEAR ENDED 31 AUGUST 2020



30 OCTOBER 2020

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.

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

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

ENGINEERING SCOTT TO HIGH PERFORMANCE 2020 - 2025

FOUNDATIONS FOR
PROFITABLE GROWTH



See appendix slides for more detail on individual Foundations

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 headcount by approx. 20% - 147 full time equivalent employees. Increased use of alternative human resource models moving forward.
- 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 small non-core business 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

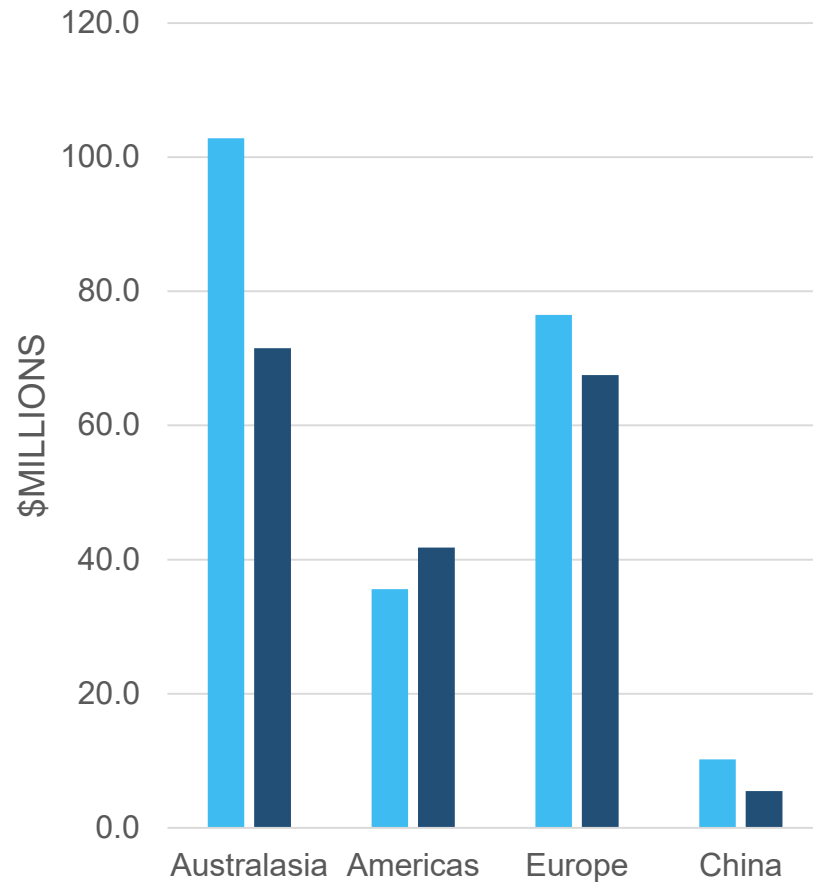
FY20 results reflect:

- 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.

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.

REVENUE BY OPERATING REGION



- Revenue down 17% due to existing economic trends, significant impact of COVID-19, and complexity of projects.
- Positive growth in USA in 1H20 with strong performance from BladeStop and Transbotics.
- China impacted by COVID-19 shutdown during January and February but one of the first regions to recover.
- Reduced Australasia revenue mainly in New Zealand, from lower sales in Meat and Appliances sectors.
- Europe was the most affected region, with challenges of COVID-19 exacerbated by Brexit issues.

EBITDA

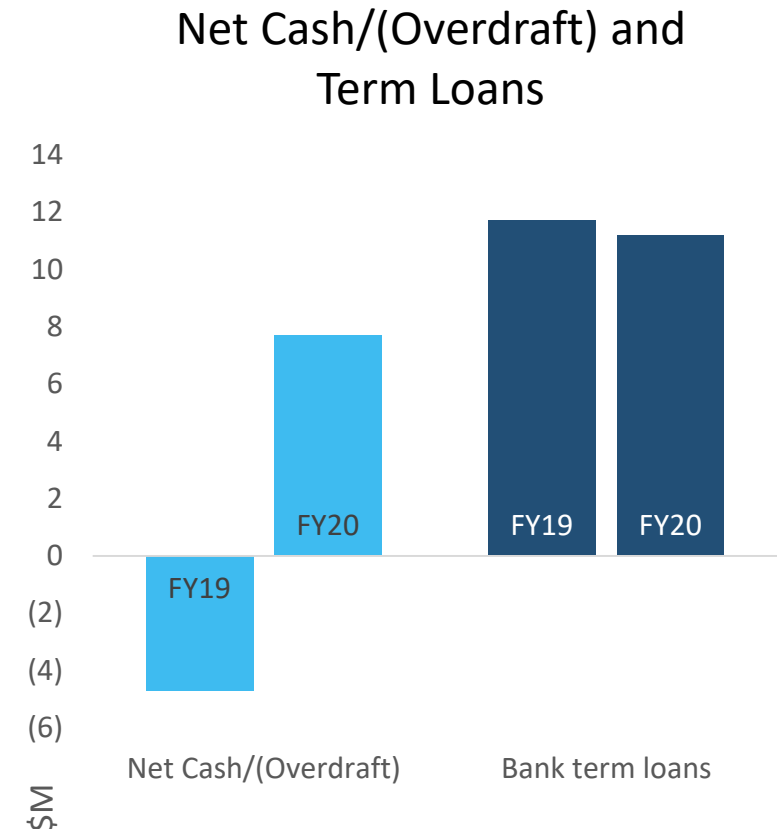
- **EBITDA \$(11.6)m, Underlying EBITDA \$3.7m**
- **EBITDA** impacted by reduced revenue, lower volumes leading to lower overhead recoveries, margin pressure and forex impact
- **Non-trading adjustments** reflect new strategy, restructuring and challenging Australasian projects.
- **Close-out of challenging Australasian projects:** Have been moved to either acceptable outcomes for both Scott and the customer, or to an exit. Mandatory pre-bid review has been introduced on all large project bids to appropriate price risk.

Non-trading adjustments of (15.3)m comprise:

- \$7.6m impairment of Australasian assets due to the new strategic direction
- \$4.3m restructuring provision
- \$6.2m revenue impairment on challenging legacy Australasian projects
- \$2.8m wage subsidies included in FY20

STRONG OPERATING CASHFLOW & NET CASH POSITION

- Net operating cashflow of \$19.6m, up by \$18.9m from \$0.7m in prior year.
- FY20 cashflow is now more representative of underlying business.
- Focus on working capital disciplines has resulted in strong improvements despite COVID-19 environment
 - Trade debtors reduced by 40% to \$23.4m
 - Trade creditors reduced by 23% to \$24.0m
- Bank term loans of approx. \$11m.
- Positive cash position of \$7.7m as at 31 August 2020.



SECTOR AND REGIONAL REVIEW

OUR BUSINESS

EUROPE

Manufacturing:

BladeStop, Alvey, Materials Handling & Logistics

Key Sales Sectors:

BladeStop, Appliances, Materials Handling & Logistics

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:

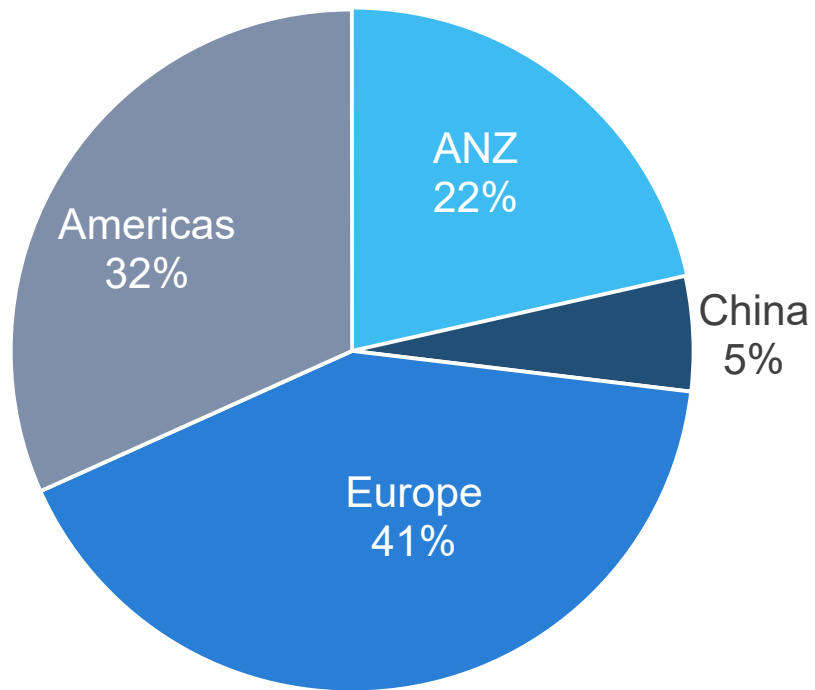
Meat, Appliances, Industrial Automation, Materials Handling & Logistics

● Sales and Office Facilities

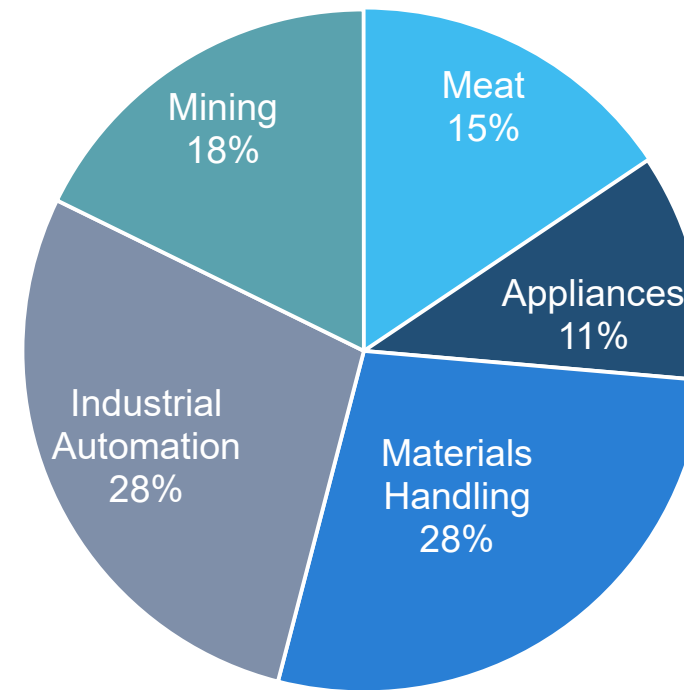
● Manufacturing Facilities

REVENUE MIX

By Region
Percentage of FY20 Sales Revenue



By Industry Segment
Percentage of FY20 Sales Revenue



MINING

- Primarily in Australia.
- Strong performance in FY20 with significant inroads made into the automated laboratory and sampling space.
- High precious metal and gold prices driving customers' investment in new and increased capacity.
- Strong interest for automating laboratory solutions for a number of new mines in both Australia and North America, as well as upgrades on existing sites.
- Long-term customer partnerships including Rio Tinto, MinAnalytical and Fortescue Metals Group.
- Centre of Excellence: Rocklabs mining products: New Zealand.



MEAT

- Primarily Australia/New Zealand and growing opportunity in the USA.
- Demand for BladeStop band-saw machines continues, together with demand for service.
- Relatively quiet year for large primal cutting automation.
- Number of new opportunities now being progressed, including with pork and poultry sectors in the USA; and lamb deboning and materials handling in ANZ.
- Labour shortages and COVID-19 risks continue to drive demand for automation solutions.
- Centre of Excellence for Meat Processing systems in both Australia and New Zealand.



APPLIANCES

- Increase in global consumer demand for white goods has seen growing level of interest from large appliance customers.
- These world renowned brands, including GE, Haier, Subzero, Electrolux and Bosch, are looking for a mix of upgrades to existing production lines along with new line builds to increase capacity in the United States and China in particular.
- Centre of Excellence for Appliances in New Zealand and China, with team then travelling to install, commission and service systems. Significant impact of COVID-19 on ability to deliver on projects in FY20.



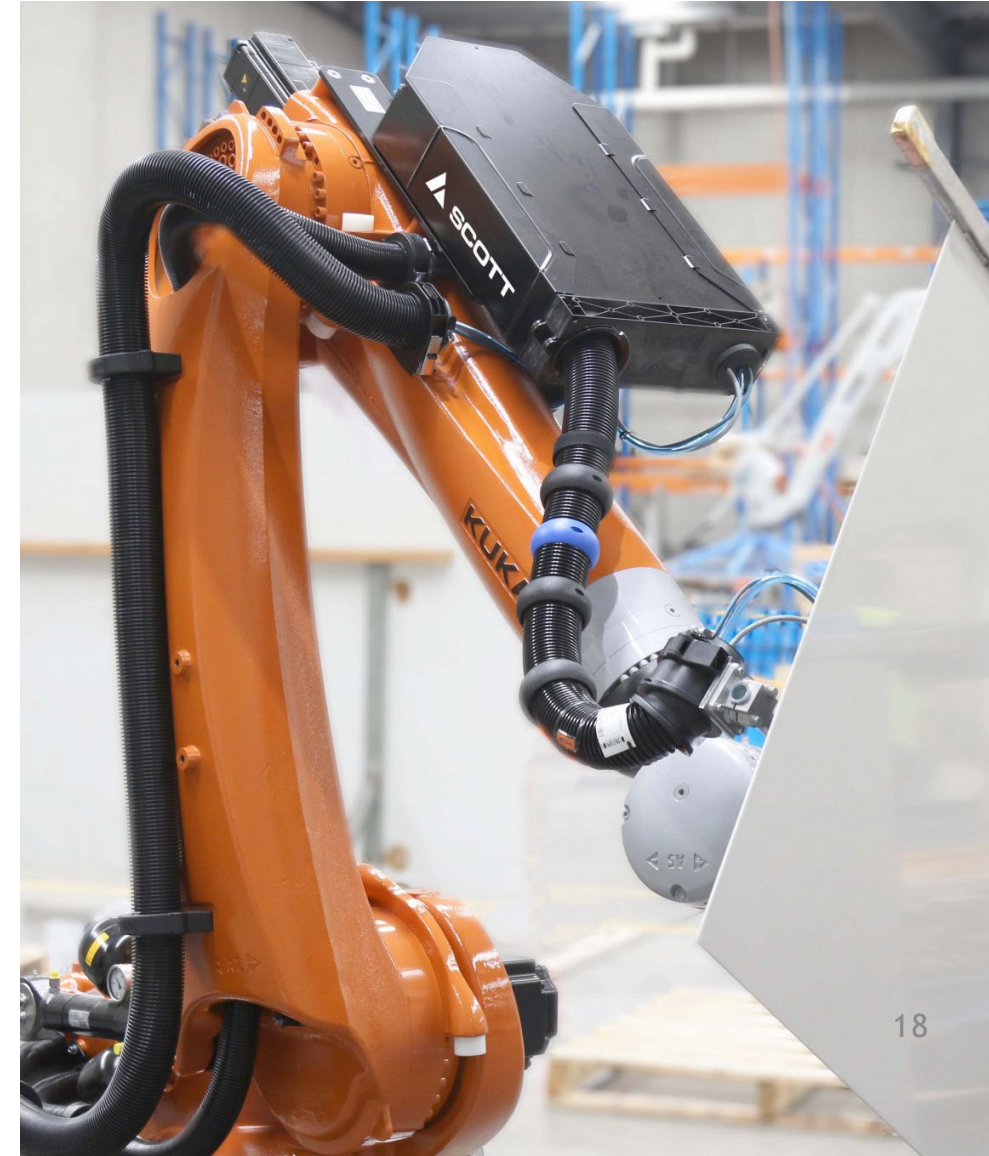
MATERIALS HANDLING & LOGISTICS

- Mainly focused on European market which has been impacted by COVID-19 and Brexit.
- Focus on rebuilding European market as well as taking proven technology into ANZ and North America.
- Early stage opportunities in both ANZ and USA which will provide successful testimony sites to expand our market reach.
- Expect that more companies will invest in their homeland and will automate factories to reduce dependence on production lines manned by people. Scott's global reach ensures we are well placed to serve these customers, as and when needed.
- Centre of Excellence in Europe: Alvey material handling & logistics brand.



INDUSTRIAL AUTOMATION

- Centre of Excellence: Transbotics – autonomous guided vehicles (AGVs) in USA; Robotworx in USA.
- Ongoing demand from US companies looking for specialised large weight-carrying autonomous guided vehicles.
- In Australia and New Zealand, there are a number of ongoing projects in the area of robotics and automation.
- Projects deferred or delayed by COVID-19 are now being progressed or are completed.
- Working with a range of customers from defence contractors to food, beverage and warehousing providers.



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.
- **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.
- **CHINA:** More recent part of the business, primarily Appliances, with good opportunities. Increasing demand for automation is 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.

RECENT AND CURRENT PROJECTS



RioTinto

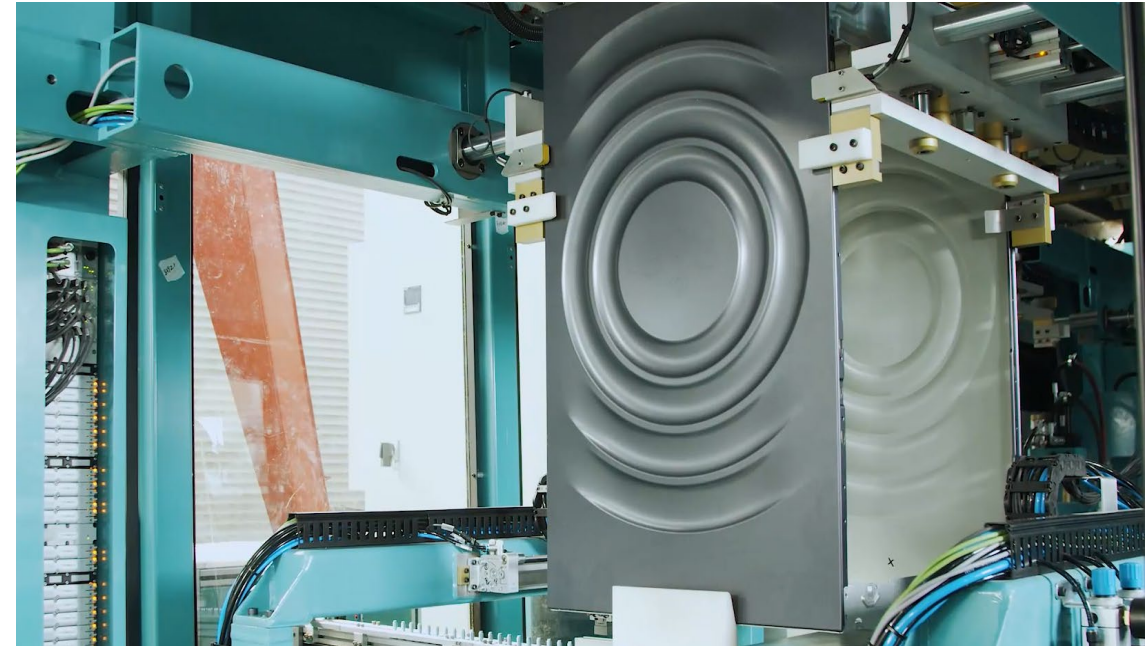


ALLIANCE
FARMERS' PRODUCE




Pilgrim's
 **SCOTT**

RECENT AND CURRENT PROJECTS



BOSCH



SCOTT OUTLOOK FOR FY21

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



THANK YOU

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.

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.

AUTHENTIC CUSTOMER PARTNERSHIPS

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.
- 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.



LEADING EDGE TECHNOLOGY

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.
 - *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.



ONE GLOBAL TEAM

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

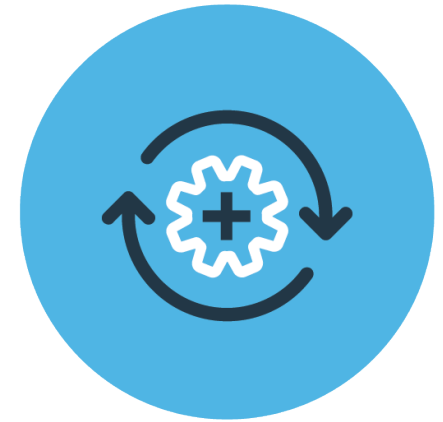
- Enable end-to-end team ownership and accountability for customer outcomes and shareholder returns.
- Provide effective regional leadership and execution with support from the New Zealand Head Office.
- Continue to drive a Group-wide safety culture; in our factories, during installations and whilst travelling.
- Invest in talent development, engagement and retention.
- Align remuneration and incentive structures to drive a high-performance culture.



OPERATIONAL EXCELLENCE

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.
- Excel in project management disciplines, design and engineering controls.
- Implement strong financial management systems Group-wide.



ROBUST GLOBAL PLATFORM

Build an operations infrastructure matched to our growth curve.

- Agile and efficient fixed-vs-variable labour cost structure.
- 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.



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