



Company Update

Chris Hopkins, CEO
April 2018

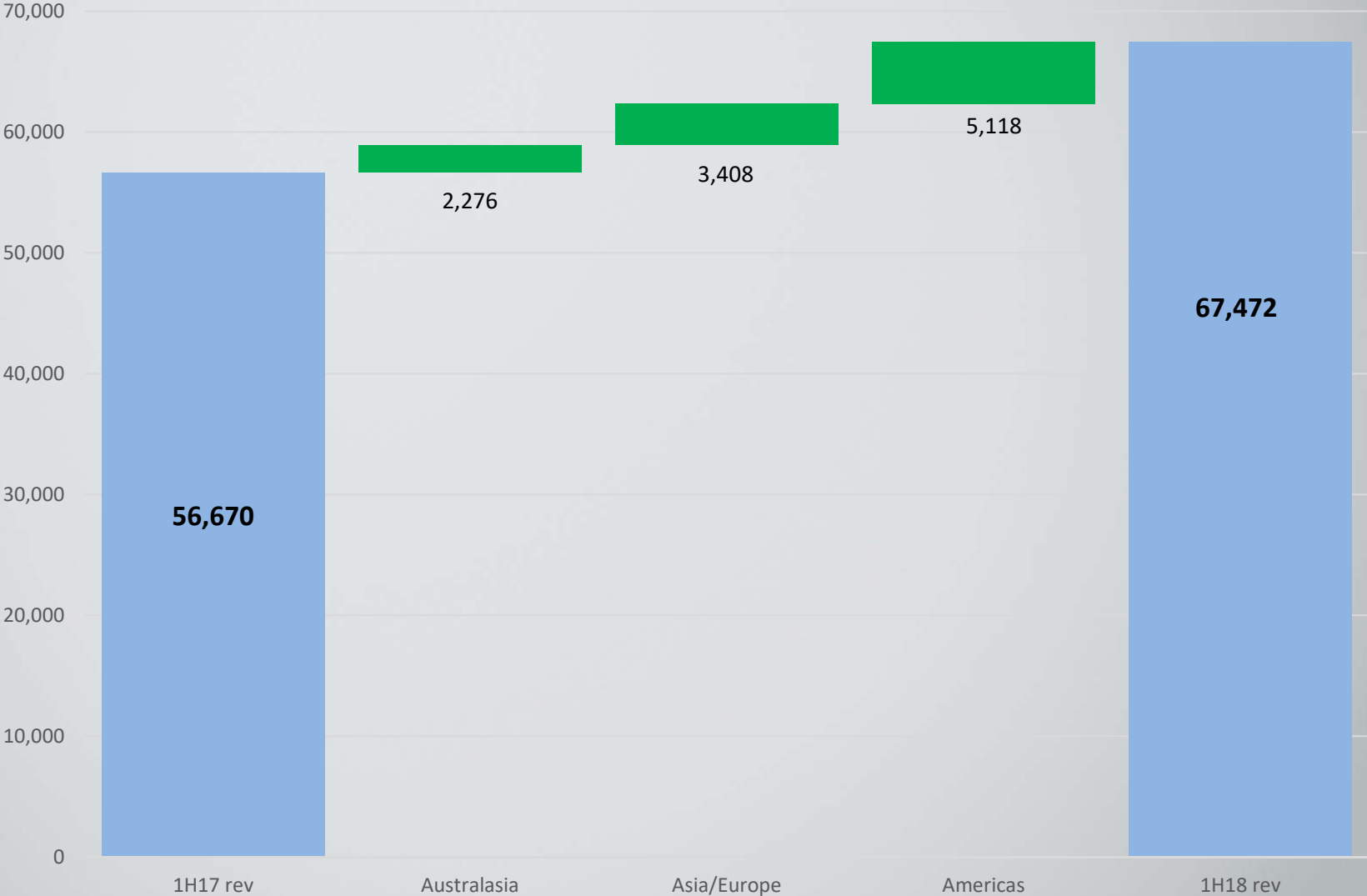
Performance highlights for the six months to 28 February 2018

- ▲ Recorded income of \$67.5m – **up 19%** on 2017
- ▲ Delivered Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$6.4m – **up 25%** on 2017
- ▲ Net Profit Before Tax of \$4.8m – **up 13%** on 2017 (affected by a higher amortisation charge relating to the Bladestop acquisition and lower interest income)
- ▲ Operating cash outflow of \$2.6m (vs inflow of \$10.2m in 2016) reflects upfront working capital requirements related to the forward order book
- ▲ Cash of \$21.7m (with no debt)
- ▲ Interim dividend unchanged at 4.0c in preparation for the Alvey settlement (dividend reinvestment plan available for shareholders)

Result summary

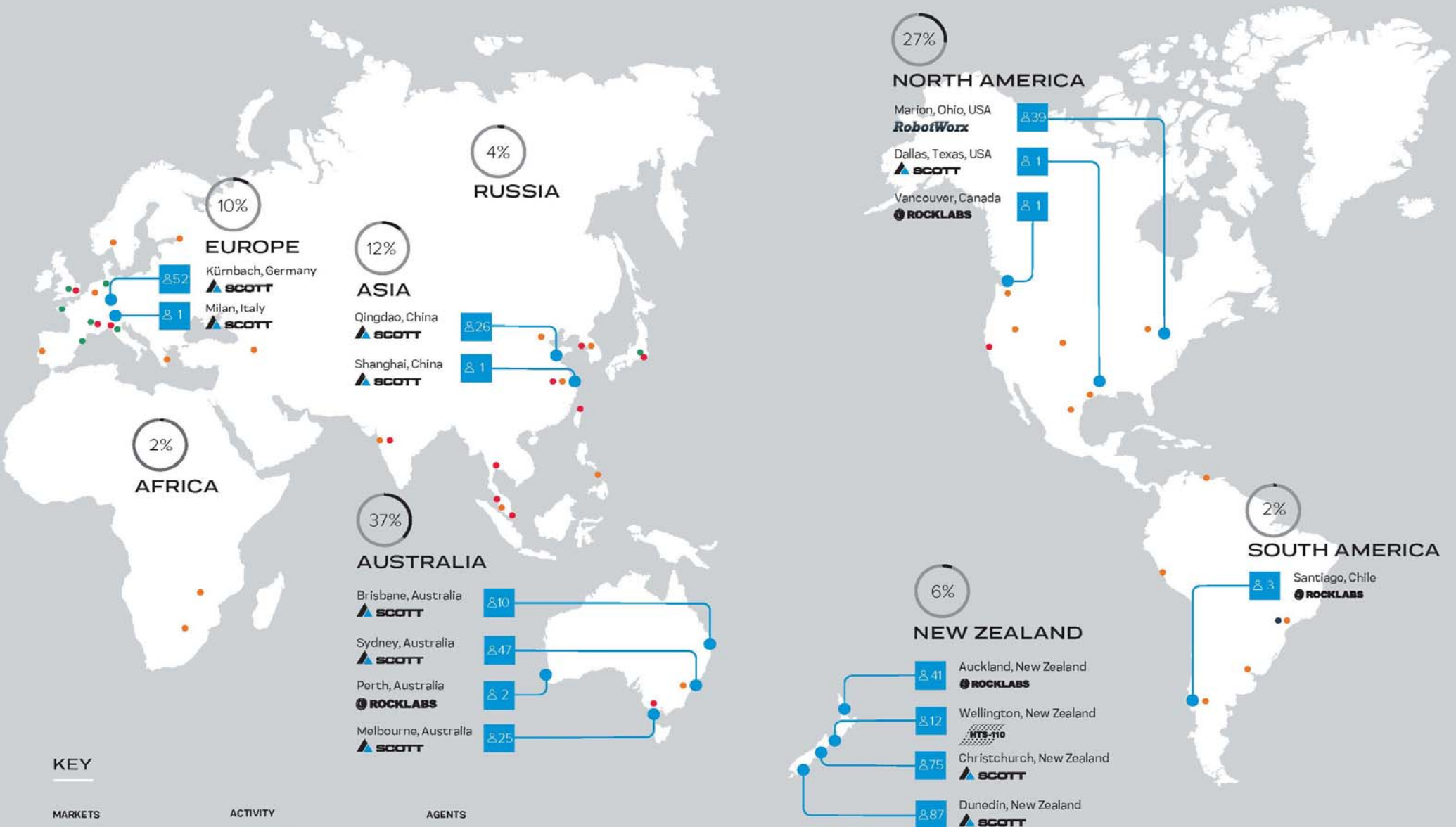
	<u>1H16</u>	<u>1H17</u>	<u>1H18</u>	Change
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	
Australasia	33,533	45,091	47,367	+5%
Americias	8,184	6,263	11,381	+82%
Asia/Europe	<u>1,099</u>	<u>5,316</u>	<u>8,724</u>	+64%
Sales	42,816	56,670	67,472	+19%
EBITDA	4,023	5,103	6,390	+25%
margin	9.4%	9.0%	9.5%	
Depreciation & amortisation	848	1,205	1,772	+47%
EBIT	3,175	3,898	4,618	+18%
margin	7.4%	6.9%	6.8%	
Net interest	-418	313	142	-55%
Net Profit Before Tax	2,757	4,211	4,760	+13%
Tax	<u>809</u>	<u>1,324</u>	<u>1,605</u>	+21%
Net Profit After Tax	1,948	2,887	3,155	+9%
Cash (Debt)	-9,366	32,810	21,682	-34%
Trade debtors	11,879	13,540	20,053	+48%
Inventory	13,110	10,660	19,214	+80%
Trade creditors	<u>9,383</u>	<u>9,406</u>	<u>8,680</u>	-8%
Working capital	15,606	14,794	30,587	+107%

Revenue bridge 1H17 to 1H18 (\$000's)



NPBT bridge 1H17 to 1H18 (\$000's)





KEY

MARKETS



ACTIVITY

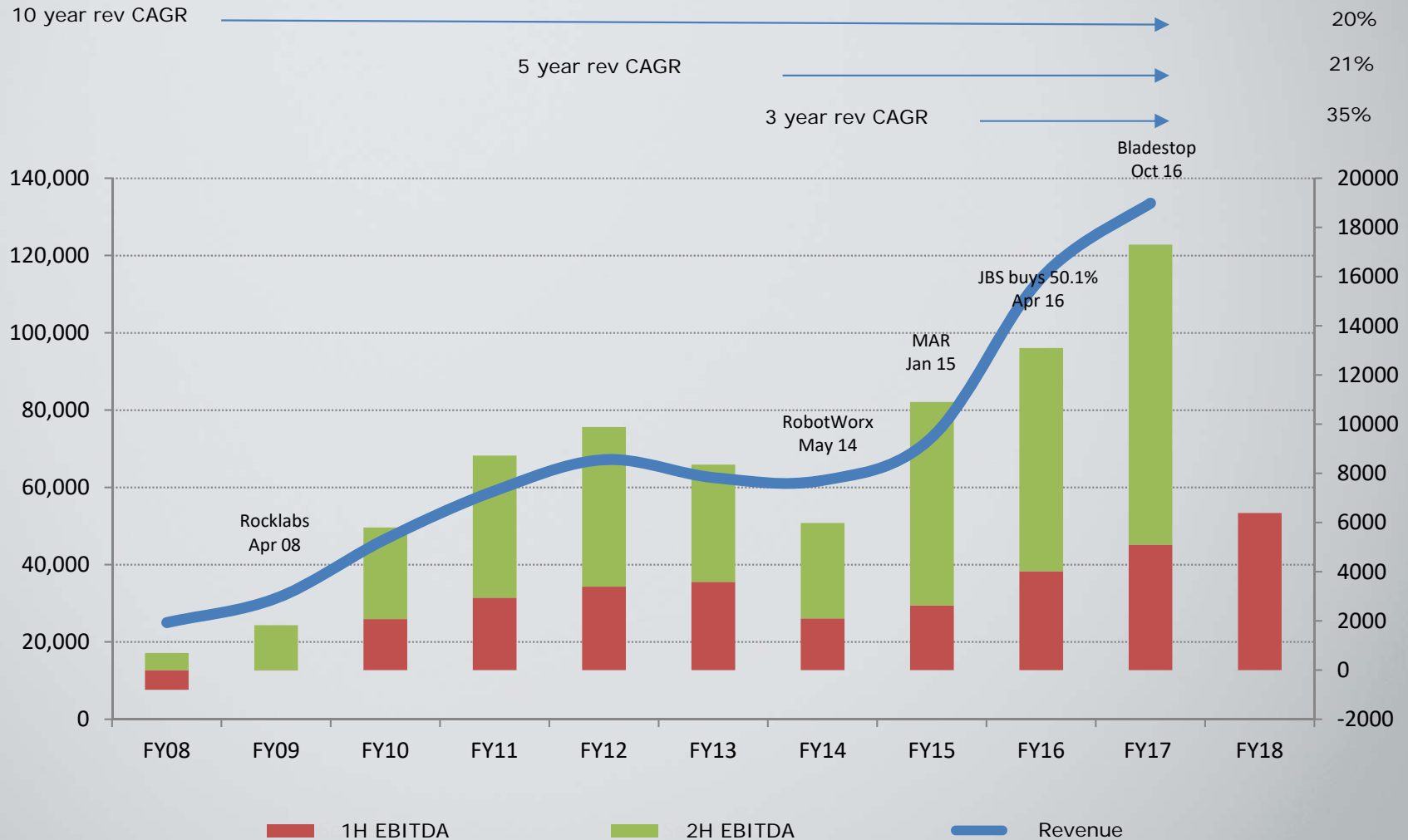


AGENTS

- SCOTT
- HTS-110
- ROCKLABS
- BLADESTOP

Ten year revenue growth profile

First half 2018 growth rates are consistent with long run trends



Ten year divisional revenue breakdown

April 2016
JBS acquires 50.1% at \$1.39 per share

Aug balance date	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	2016	<u>2017</u>	Accum growth
	<u>\$m</u>	<u>\$m</u>	<u>\$m</u>	<u>\$m</u>	<u>\$m</u>	<u>\$m</u>	<u>\$m</u>	<u>\$m</u>	\$m	<u>\$m</u>	<u>\$m</u>
Meat processing		5	5	6	6	8	8	11	39	40	40
Industrial		2	1	3	8	7	9	31	31	40	40
Mining	9	12	19	28	34	29	14	17	22	26	17
Appliances	16	12	22	16	16	17	29	14	20	26	10
Other				6	3	3	1	1	2	1	1
Total	25	31	47	59	67	63	62	73	114	134	108

Sales to JBS

0.3 3.2

Acquisitions	Rocklabs Apr-08	RobotWorx May-14	MAR Jan-15	Bladestop Oct-16

Revenue CAGR	<u>1 year</u>	<u>3 year</u>	<u>5 year</u>	<u>Max.</u>
Meat processing	2%	90%	50%	30%
Industrial	32%	14%	55%	43%
Mining	18%	25%	-2%	12%
Appliances	30%	39%	12%	6%
TOTAL	17%	35%	21%	20%

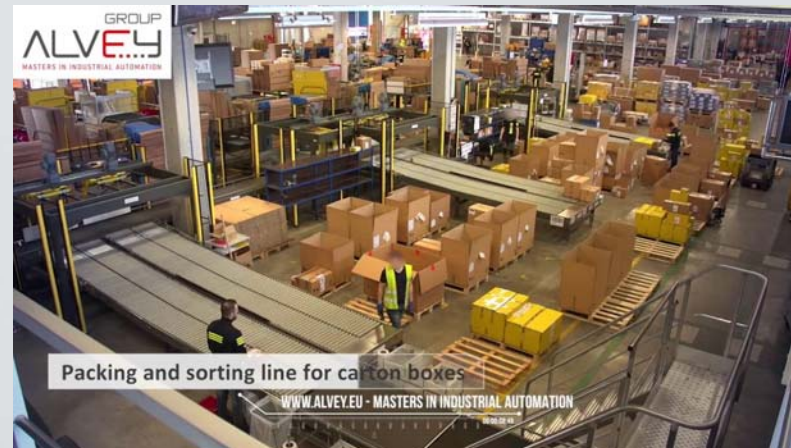
key drivers in the short to medium term – market opportunities for :

- **Alvey Europe**

- **Strategic rational**

- **Builds an end-to-end automation offering**
- **Accelerate market access**
- **Technology transfer (Service business model; software engineering expertise; Maestro+)**
- **Synergies**
 - Take Alvey products and technology into new markets via Scott channels (by geography [eg Germany, USA], key customers [eg JBS], applications [meat processing])
 - Utilise low cost production in Czech Republic
 - Support Scott's entry into Europe (meat processing; Bladestop)

Alvey Europe



Key Product Drivers / Market Opportunities

key product drivers in the short to medium term – market opportunities for :

- Alvey Europe
- **Bladestop**
 - Expanding product range
 - In-house development of Scott 600 saw near completion
 - Scott 400 development to follow
 - European saw



key product drivers in the short to medium term – market opportunities for :

- Alvey Europe
- Bladestop
- **Increasing adoption of meat automation technology:**
 - Lamb in Australasia
 - Started with Beef in Australia
 - Substantial development work in Pork and Poultry in USA and Europe (Through the P&L)

key product drivers in the short to medium term – market opportunities for :

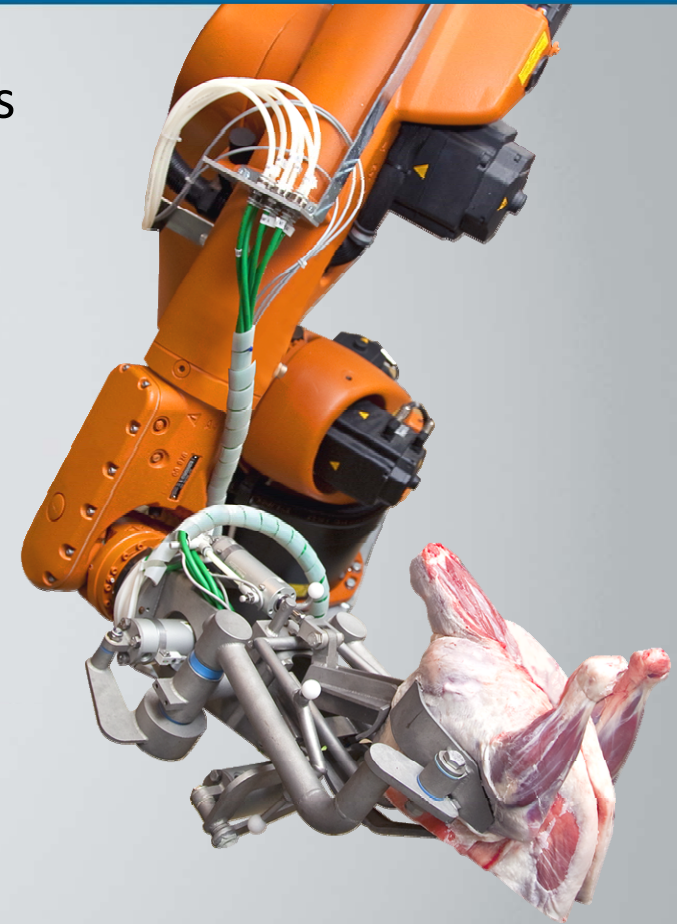
- Alvey Europe
- Bladestop
- Increasing adoption of meat automation technology:
- **DEXA – Australia developments and wider interest**

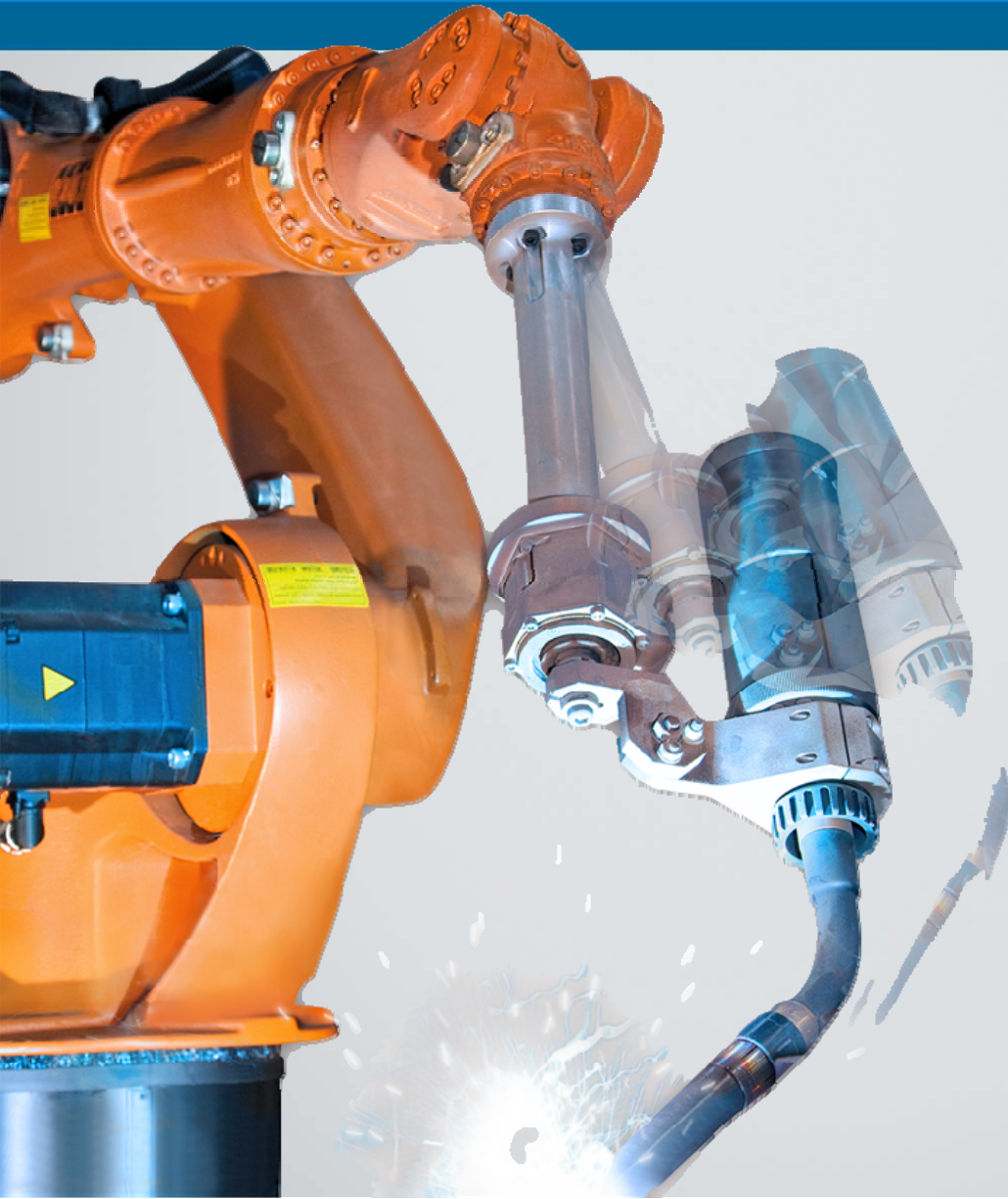
key product drivers in the short to medium term – market opportunities for :

- Alvey Europe
- Bladestop
- Increasing adoption of meat automation technology:
- DEXA – Australia developments and wider interest
- **Mining technology developments**
 - **Growing interest in lab automation**
 - **Robofuel**
 - **Robotic idler change**

Outlook

- ▲ Forward project work – remains approx. 10 months
- ▲ Significant project work underway
 - Pork in the USA
 - Red meat (beef) development work
 - Mining in Norway, Chile and Mexico
 - Appliance systems for USA and China
- ▲ Alvey
- ▲ Increasing sales to JBS (\$3.2m in FY17)
- ▲ Strong balance sheet to leverage off
 - Organic Growth
 - Expand and improve on current activities
 - Ongoing Investment in R&D:
 - » Maintenance - to maintain competitive edge
 - » Development - to create new opportunities
 - Acquisitions
 - Complementary to existing business (Geography/technology/skills/markets)





Thank you

[Scott capability showcase video](#)



Appendix 1

Alvey Group

Transaction summary

Revenue to March 2017:	€33.6m (NZ\$56.5m)
Multiple:	Approx. 4.5x historic March 2017 EBITDA
Location:	Headquartered in Belgium along with operations in France, Czech Republic and the UK
Staff:	250
Expected acquisition date:	April 2018 Payment from cash reserves

NZ dollar figures based on a EURNZD rate of 1.6805

Company overview

Offering: Automated and robotic systems for handling the internal logistics of secondary packaging (trays, carton boxes, crates) and pallets.

- ▲ Palletisers and depalletisers
- ▲ Pallet conveyors
- ▲ Case conveyors
- ▲ Order preparation systems
- ▲ Stacker cranes
- ▲ In-house software to run and manage automation processes (Maestro+ and EvoLink)

Fully integrated: Design, build, assembly, supporting software and subsequent service contracts

Customer base: Predominately from the manufacturing and distribution sectors (with an emphasis on food) across Western and Eastern Europe (including Russia)



[Alvey Group company profile video](#)

Company overview – Locations

Belgium

93 staff

Location: Deerlijk – 60km west of Brussels

50 year history

Corporate head office

Two-thirds of engineering staff

Hosts the majority of project management staff

Some modest production

Czech Republic

132 staff

Location: Podivin – near Czech/Austrian border; 90km north of Vienna

20 year history

Principal production and assembly site

Sites also at two other locations for metal works and software engineering

France

25 staff

Location: Two sites – one in Ploemeur (North West) and one in Marseille (South East)

50 year history

Sales and service

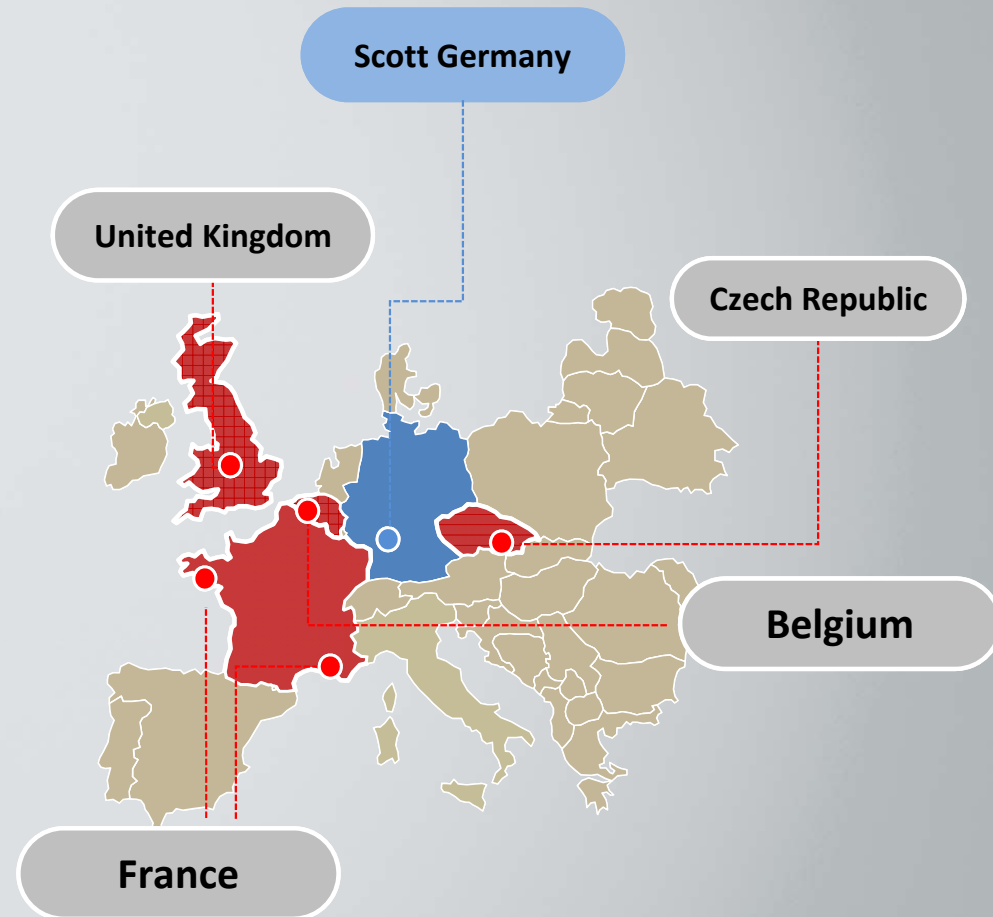
UK

1 staff

Location: Birmingham

Company incorporated in 2015

Sales and service



Company overview – March 2017 revenue snapshot

Revenue to March 2017:

€33.6m (NZ\$56.5m)

Equivalent to approx. 42% of Scott's FY17 revenue

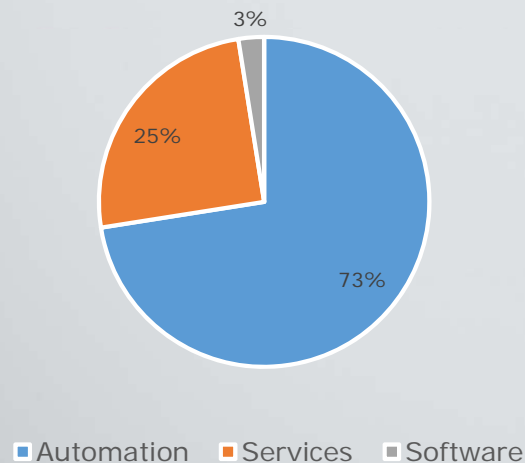
5 year CAGR of 14% pa

Composition:

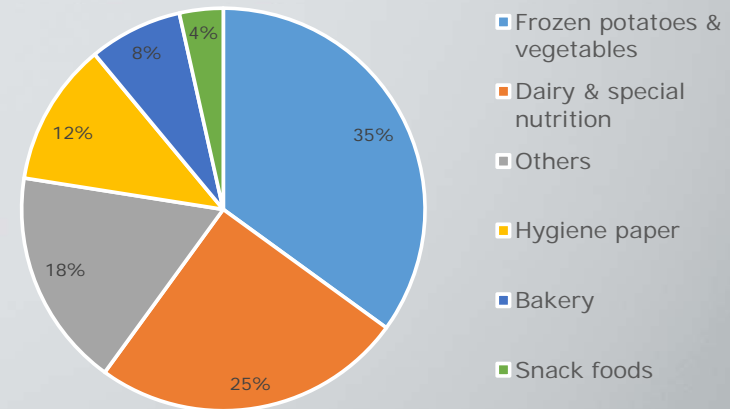
73% from projects (design through to build and integration) and 25% from service work such as maintenance contracts, 24/7 hotlines, spares, modifications & upgrades

Approx. 70% of revenue in past 3 years from food industry participants

Revenue by activity in FY17



Revenue by end customer – prior 3 years



Company overview - People

A very high calibre Senior Executive



Maarten van Leeuwen

Group Managing Director

15 years with Alvey

Led a management buyout in 2011 which positioned Alvey for the shape it takes today



Frederic Hermier

Group Sales Director

11 years with Alvey

Also involved with the 2011 management buyout



Olivier Claerbout

Group Engineering Director

1 year with Alvey (but 3 years as ISO and VCA advisor)



Aaron Vanwalleghem

Group Operations Director

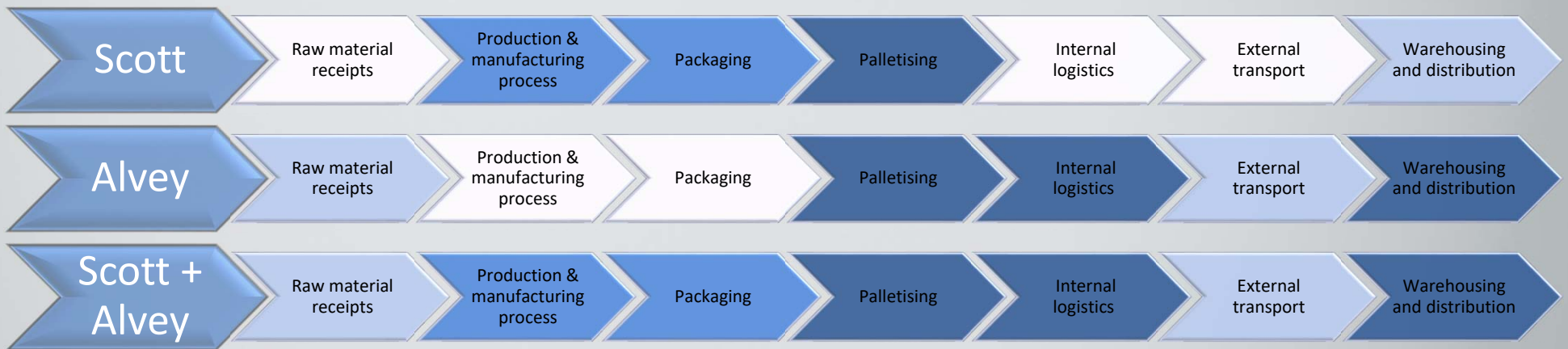
15 years with Alvey

Senior executive snapshot

- Average tenure of 10 years
- Average age of 41
- Majority are fluent in speaking and writing English (English is the official language of the company)
- All senior executives will remain post transaction

Strategic rationale

Building an end-to-end automation offering for the overall production process from raw material receipt to final distribution.



Key: Level of expertise



Strategic rationale – Business appeal

High calibre
management team
and workforce

Robust systems
and internal
processes

Low cost
manufacturing

European
scale/visibility

Meaningful entry
into backend
logistics

Direct application
to JBS
opportunities

Existing expertise
in chilled/frozen
factory
environments

Greatly add to our
software
capabilities

EPS accretive

Like minded
company culture

Strategic rational – Synergy opportunities

Take Alvey into new markets via our Scott channels

- Geographies – Germany, USA, Australia, New Zealand and China
- Key customers – JBS
- Applications – meat processing

Utilise key aspect of Alvey across Scott globally

- Service business model
- Software engineering expertise
- Maestro+ and EvoLink

Utilise Alvey's low cost production in Czech Republic for the wider Group

Support entry of key Scott technology into Europe

- Meat processing into Europe
- Bladestop into Europe

Cost reductions from greater purchasing power

Support Alvey to move into related technologies and new customers groups

Stronger balance sheet to support Alvey with bigger projects