



Investor Presentation

Forsyth Barr

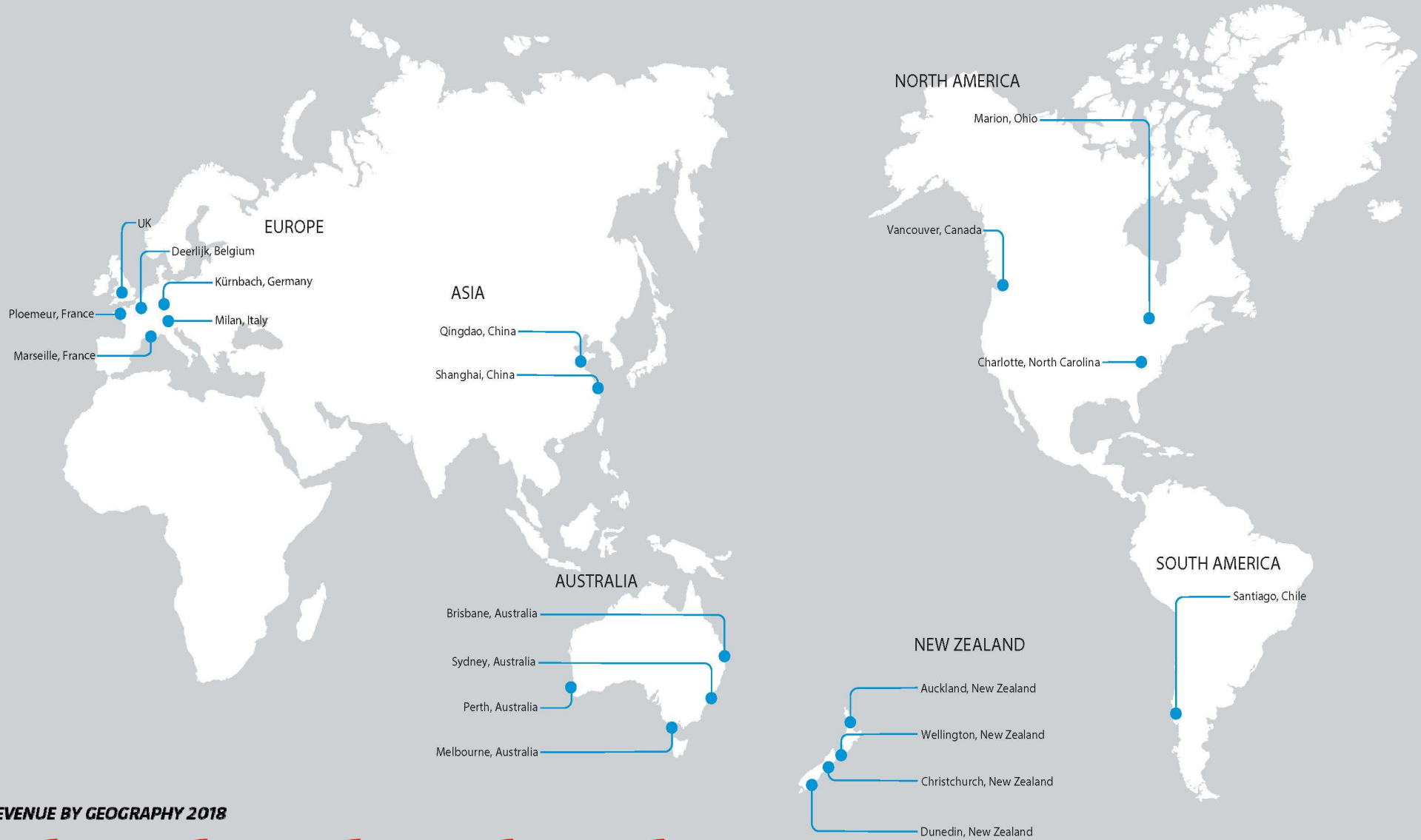
Emerging Companies

Conference

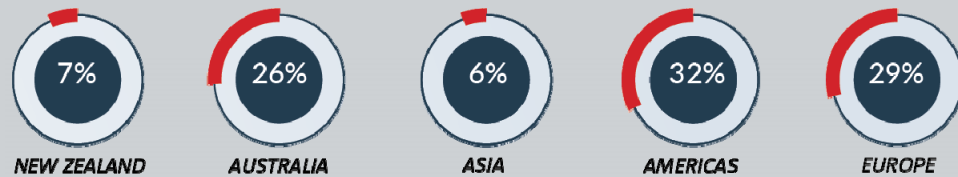
Chris Hopkins, CEO
March 2019

[Scott capability showcase video](#)

SCOTT GROUP GLOBAL PRESENCE



REVENUE BY GEOGRAPHY 2018

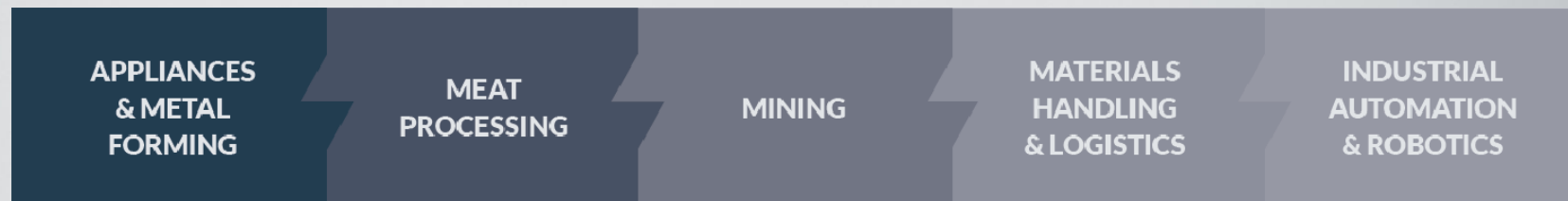


¹ Geography defined by the location of the customer

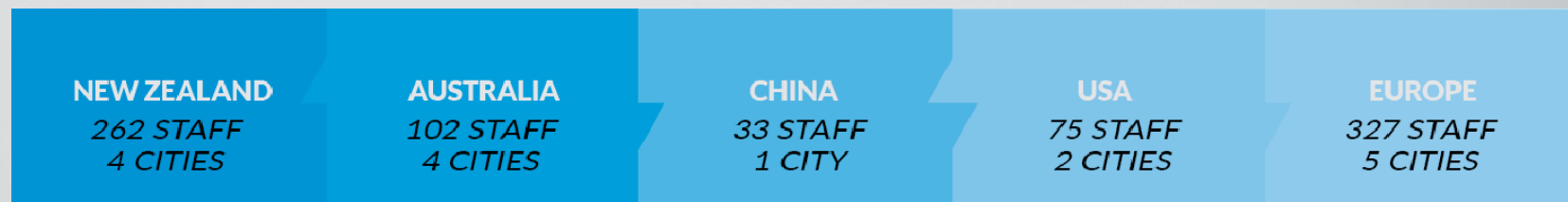
Acquisition Outcomes

One team that delivers seamless service to our customers in each of our target markets, at the same time providing local manufacturing, installation, service and support on the ground in each of our target geographies.

Our acquisition strategy over the last 10 years has provided us with customer and industry diversification:



and critical mass in key markets:



More importantly, our acquisition strategy has now given us the ability to offer complete end to end automation solutions to our customers across all industries:



Performance highlights for the 12 months to 31 August 2018

- ▲ Now truly a global business with our European business now larger than our Australasian business and revenue from NZ customers representing 6.5% of total FY18 revenue
- ▲ The result included an approx. 5 month contribution from Alvey and an approx. 3 month contribution from Transbotics.
- ▲ Recorded income of \$181.8m – **up 37%** on 2018.
 - 14% achieved by businesses we started the year with; 23% from acquisitions.
- ▲ Delivered Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA**) of \$19.8m¹ – **up 21%** on 2017.
- ▲ Net Profit Before Tax (**NPBT**) of \$15.0m¹ – **up 11%** on 2017 (affected by a higher amortisation charge relating to the Bladestop acquisition and lower interest income).
- ▲ Operating cash inflow of \$0.6m affected by upfront working capital requirements related to the forward order book (working capital² up from \$21.6m to \$32.6m).
- ▲ Net debt of \$5.1m (comprising cash of \$12.5m and debt of \$7.4m).
- ▲ Final dividend unchanged at 6.0c, taking total dividends for the year to 10.0c – unchanged vs 2017 (dividend reinvestment plan available for shareholders).

¹ Excludes one-off acquisition costs of \$0.5m in FY18 and fair value gains of \$0.9m in 2017

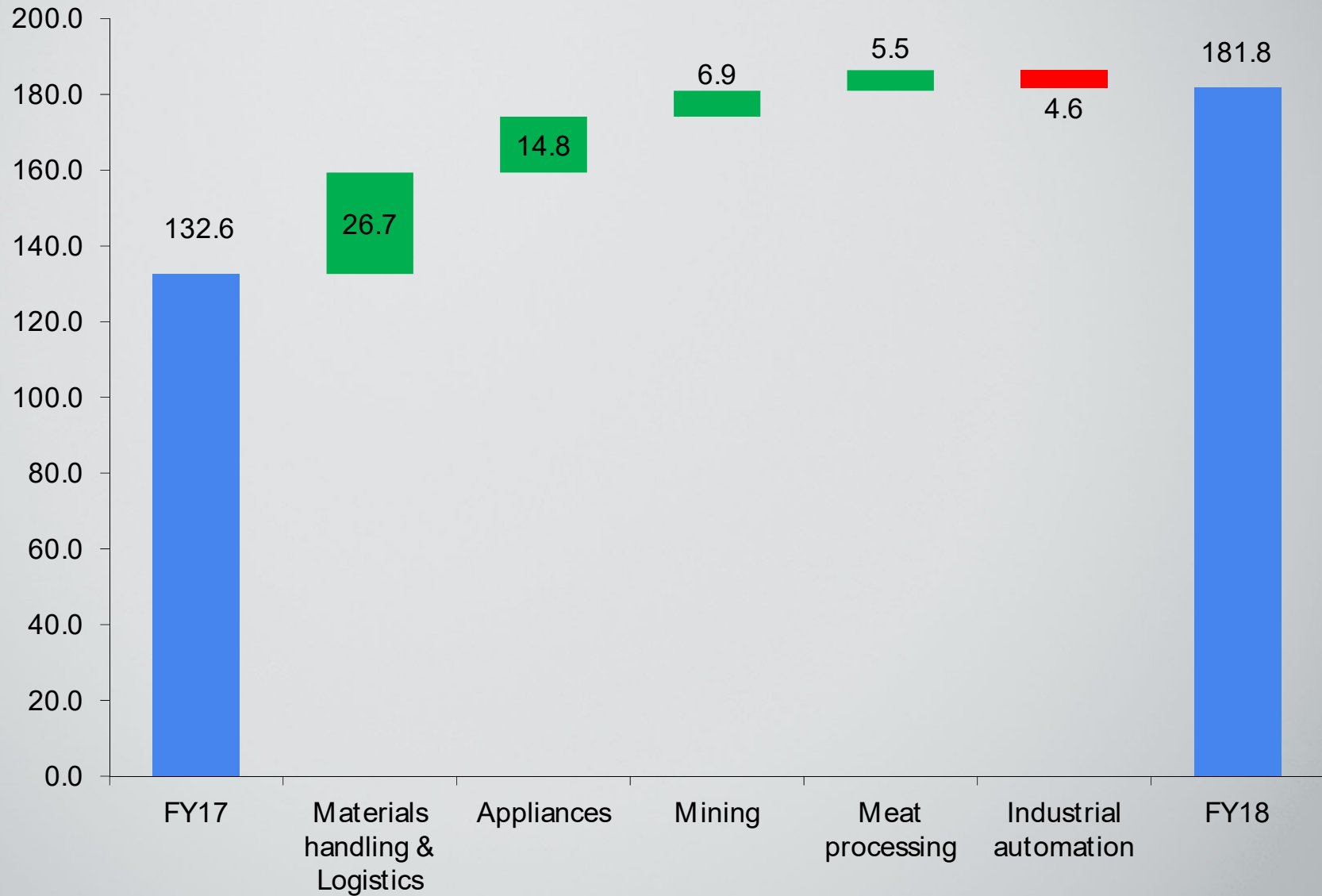
² Defined as Trade Rec (FY18: \$37.1m vs FY17: \$17.8m) + Inventory (\$22.8m vs \$16.3m) + WIP (\$3.1m vs \$4.1m) less Trade Payable (\$30.3m vs \$16.6m)

Result Summary

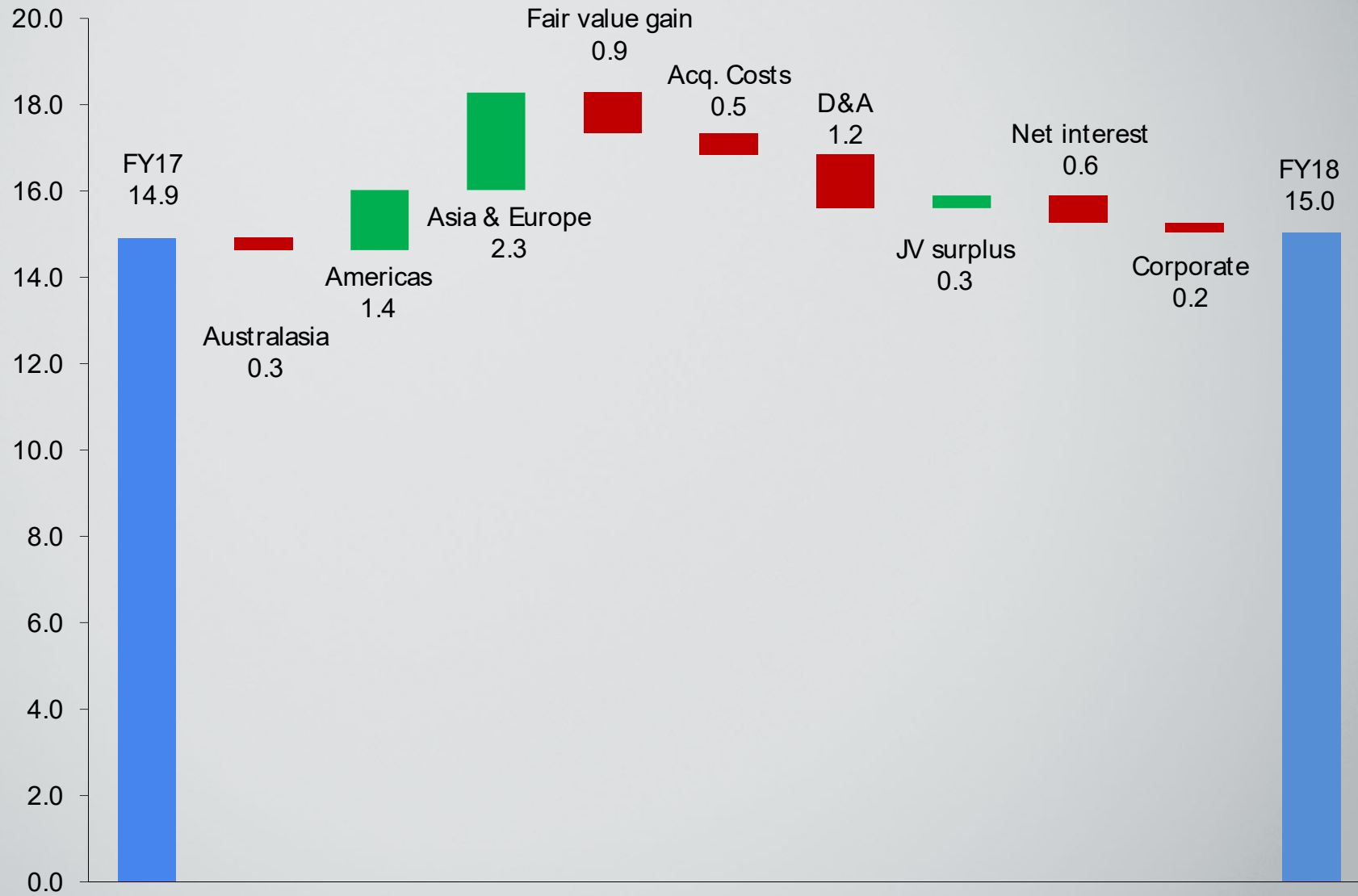
	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY17 vs FY16</u>	<u>FY18 vs FY17</u>	
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>			
NZ & Australia	56,381	57,899	59,345	3%	2%	Transbotics contributed revenue of \$4.0m (therefore underlying of \$47.5m (+33%))
North America & Mexico	31,979	35,614	51,450	11%	44%	
Europe	5,540	12,634	46,370	128%	267%	
Asia	9,155	15,987	10,609	75%	-34%	Alvey contributed revenue of \$26.7m (therefore underlying of \$19.7m (+56%))
ROW	8,989	10,497	14,005	17%	33%	
Total Revenue	112,044	132,631	181,779	18%	37%	
EBITDA	13,759	16,367	19,801	19%	21%	Alvey and Transbotics contributed EBITDA of \$1.7m ¹ (therefore underlying of \$18.1m, +11%) ¹ Alvey \$0.9m, Transbotics \$0.8m
Margin	12.3%	12.3%	10.9%			
D&A	1,744	2,987	4,225	71%	41%	
EBIT	12,015	13,380	15,576	11%	16%	Affected by a margin contribution of 3.5% from Alvey (largely due to the timing of settlement relative to the European summer); Transbotics margin was 20%
Margin	10.7%	10.1%	8.6%			
Net interest	-386	597	-34			
Net Profit Before Tax	11,629	13,977	15,542	20%	11%	Cash cost of acquisitions during FY18: Alvey: \$14.5m Transbotics: \$3.4m
Tax	-2,831	-4,648	-4,274			
Abnormal items	-664	936	-496			
Net Profit After Tax	8,134	10,265	10,772	26%	5%	
Net Cash	34,244	26,670	5,064			
Working capital	19,814	21,623	32,644			

¹ Geography defined by the location of the customer

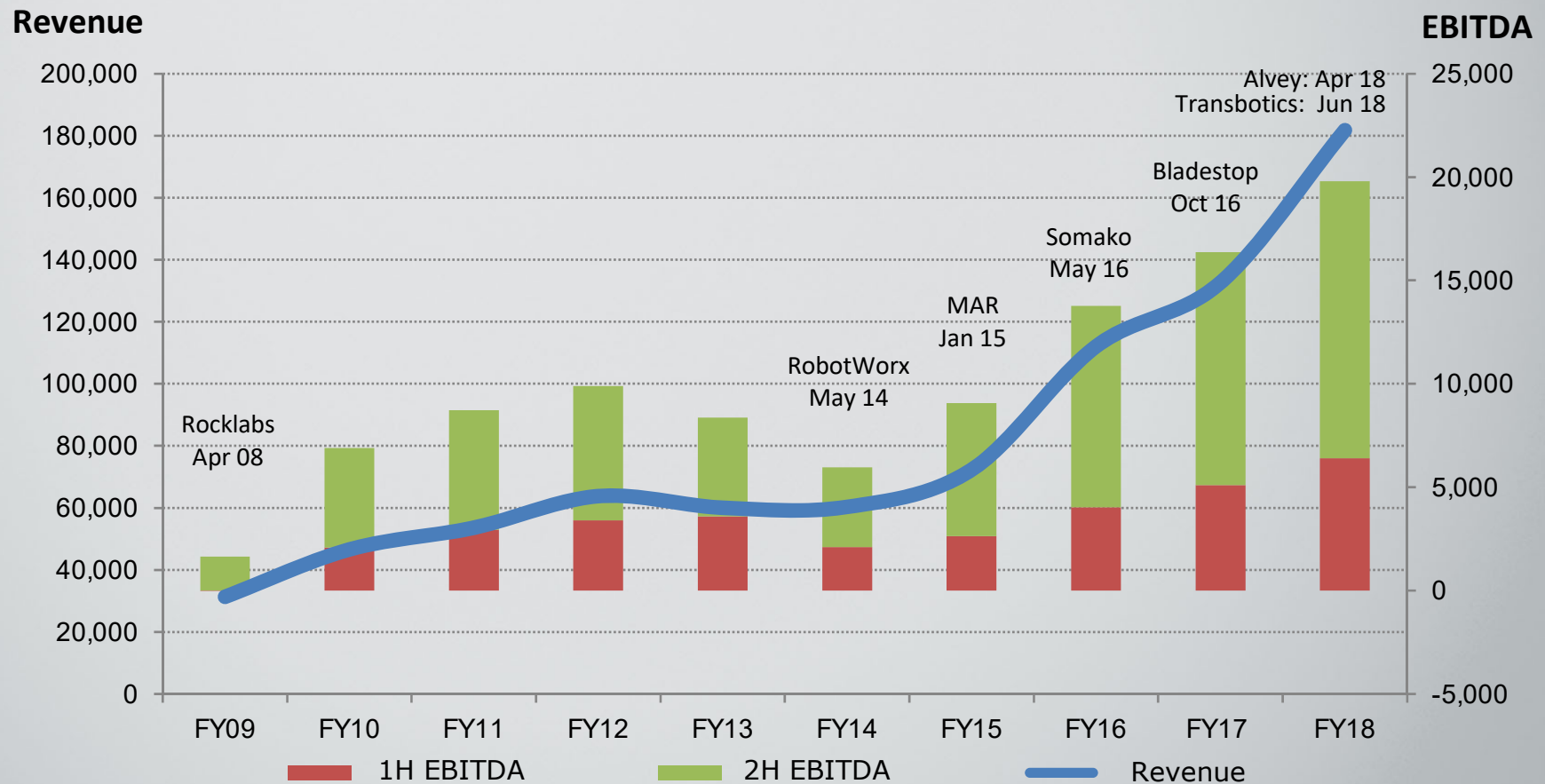
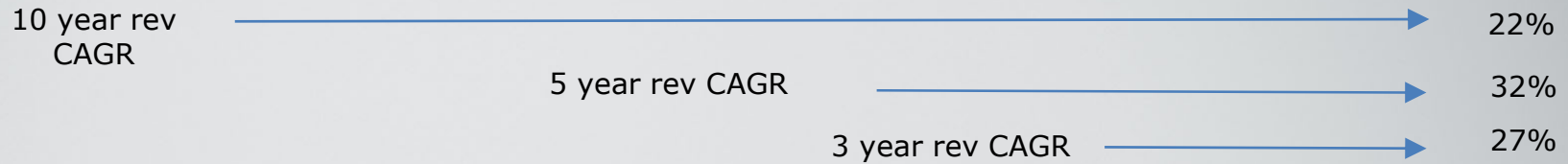
Revenue bridge FY17 to FY18 by industry (\$m)



NPBT bridge FY17 to FY18 (\$m)



Ten year revenue growth profile



Ten year divisional revenue breakdown

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

Aug balance date	<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>	<u>2018</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	45
Industrial	2	1	3	8	7	9	31	31	40	36
Mining	12	19	28	34	29	14	17	22	26	33
Appliances	12	22	16	16	17	29	14	20	26	41
Materials handling										27
Total	31	47	54	64	60	60	72	112	133	182

Sales to JBS

0.3 3.2 5.6

Acquisitions	<i>Rocklabs Apr-08</i>	<i>Robot Worx May-14</i>	<i>MAR Jan-15</i>	<i>Somako May-16</i>	<i>Bladestop Oct-16</i>	<i>Alvey Apr-18 Transbotics Jun-18</i>
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<u>Revenue CAGR</u>	<u>1 year</u>	<u>3 year</u>	<u>5 year</u>	<u>10 year</u>
Meat processing	14%	8%	54%	32%
Industrial	-11%	8%	41%	32%
Mining	26%	22%	23%	12%
Appliances	56%	43%	9%	15%
TOTAL	37%	27%	32%	22%

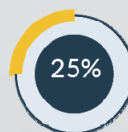
REVENUE BY INDUSTRY 2018



MINING



MATERIALS
HANDLING &
LOGISTICS



MEAT
PROCESING



APPLIANCES



INDUSTRIAL
AUTOMATION

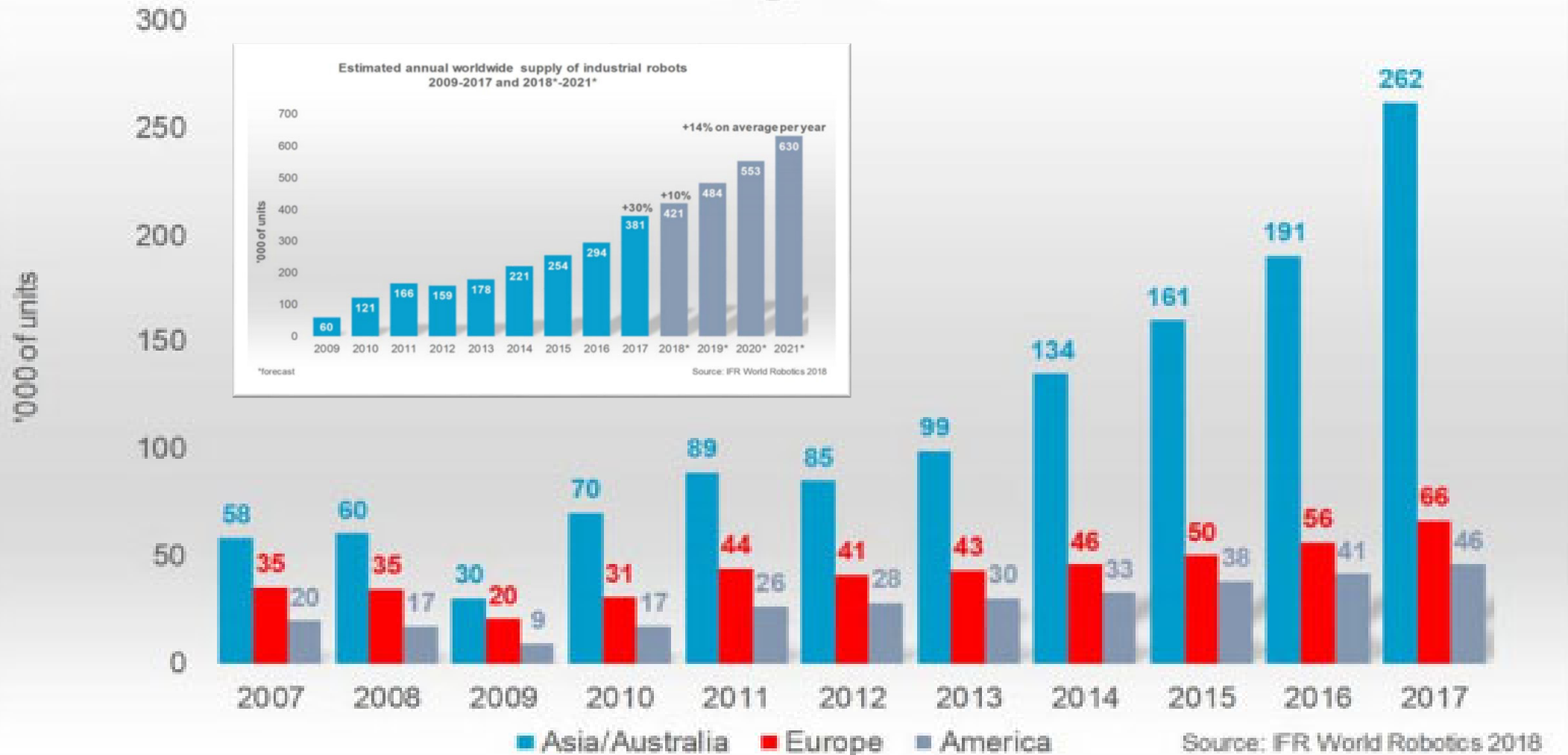
Key Product Drivers / Market Opportunities

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

- **Industrial automation demand continues to intensify**
 - **Shortage of labour, declining unemployment rates, aging population**
 - Manufacturing work forces are struggling to keep up with consumption growth
 - Job preferences of millennials
 - High staff turnover becoming the norm (labour turnover rates in the meat processing industry have increased from 1.0%-1.5% per week to 2.0-2.5% per week; This turnover can represent up to 4% of total processing costs);
 - **Productivity and Profitability**
 - **Yield and Quality**
 - **Health & Safety**

Global demand for industrial robots

Estimated worldwide annual shipments of industrial robots by regions



- **Industrial robot demand...**

- Demand for industrial robots from 2012-2017 increased by a CAGR of 19% pa (*“The number of robot installations had never increased so strongly before”*).
- 73% of global robot sales occur in five countries (China, Japan, the Republic of Korea, the United States and Germany).
- Asia is still the world's largest market (262,000 units; 69%¹ of global demand; underpinned by China and Japan; consistently shows the strongest growth (2012-2017 CAGR of 25%)).
- Europe is the second largest market (66,000 units; 17%¹ of global demand; underpinned by Germany, Italy and France; demand increased by 18% in 2017 (a new peak, for the fifth year in a row) with a 2012-2017 CAGR of 10% pa).
- Americas (USA, Mexico and Canada). Approx. 46,000 units in 2017, up 12% compared with 2016 (a new peak for the sixth year in a row).
- In terms of dollar sales, the estimate for 2017 is US\$16bn (up 21%). This figure generally doesn't include the cost of software, peripherals and systems engineering. Including these costs, the estimated figure is approx. 3x higher at US\$48bn.

¹ Global unit sales in 2017 were 381,000

Source: International Federation of Robotics: Executive Summary World Robotics 2018 Industrial Robots

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

- Automation demand continues to intensify
- **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 [e.g. Germany, USA], key customers [e.g. JBS], applications [meat processing])
 - Utilise low cost production in Czech Republic
 - Support Scott's entry into Europe (meat processing; Bladestop)

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

- Automation demand continues to intensify
- Alvey Europe
- **Bladestop**
 - Generating approx. the same revenue today as Scott's entire revenue in 2008;
 - Expanding product range
 - In-house development of Scott 600 saw – now completed
 - Scott 400 development commenced
 - European saw in progress



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

- Automation demand continues to intensify
- Alvey Europe
- Bladestop
- **Increasing adoption of meat automation tech:**
 - Lamb in Australasia
 - Started Beef development 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 :

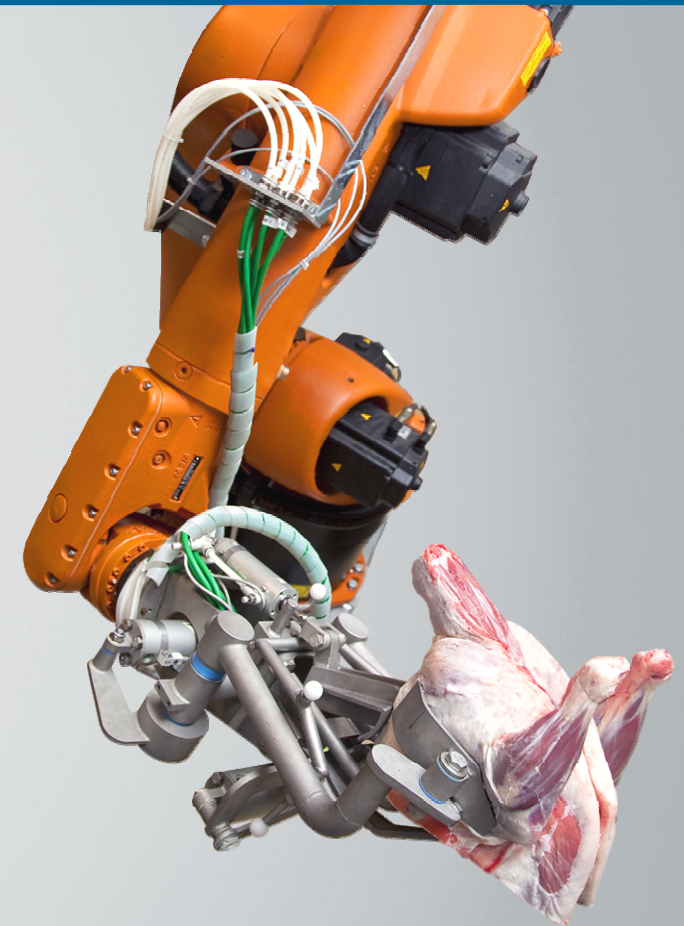
- Automation demand continues to intensify
- Alvey Europe
- Bladestop
- Increasing adoption of meat automation technology
- **DEXA – Australia developments and wider interest**

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

- Automation demand continues to intensify
- 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

- ▲ Continuing the growth path set over the past two years;
- ▲ Forward project work remains at very good levels;
- ▲ Expanding our after sales service, spare parts and maintenance offering;
- ▲ Progressively commercialising our Research & Development WORK (Gross FY18 investment of \$11m – 6% of revenue);
- ▲ Significant project work underway:
 - Meat Processing – one in pork, two in beef and two in poultry;
 - Mining in Norway, Chile and Mexico;
 - Appliance systems for USA and China.
- ▲ Full 12 months of activity from Alvey and Transbotics (vs 5 months and 3 months respectively)
- ▲ Focus now is on integration, operational excellence and delivery;





Thank you



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:	Approx. 250

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

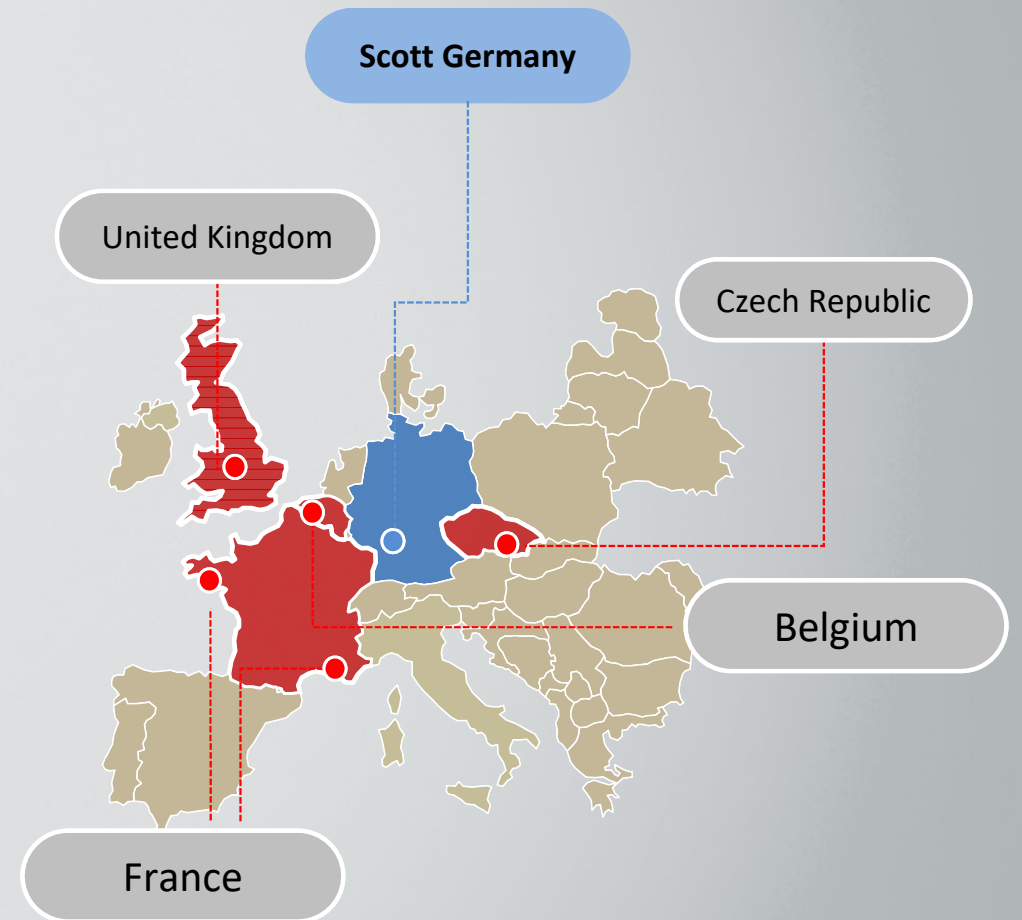
UK

2 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

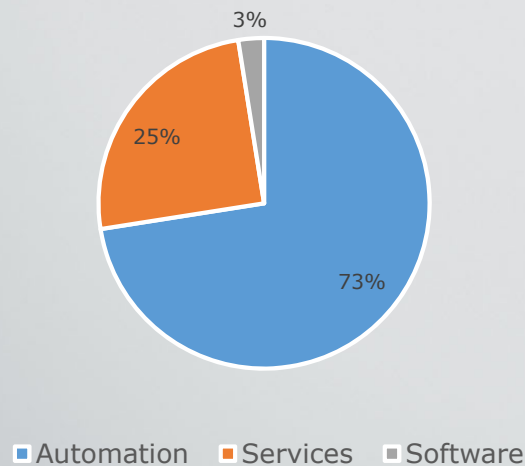
5 year CAGR of 14% pa

Composition:

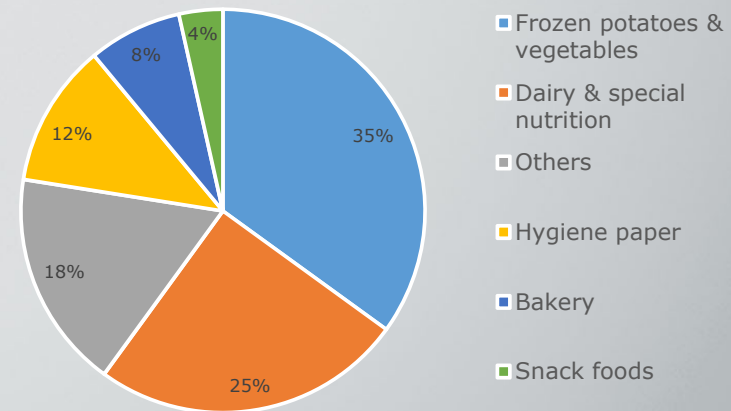
73% from projects (design through to build and integration) and 25% from service work such as maintenance contracts, 24/7 hotlines, spares, modifications & upgrades

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 – 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 Rationale – 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

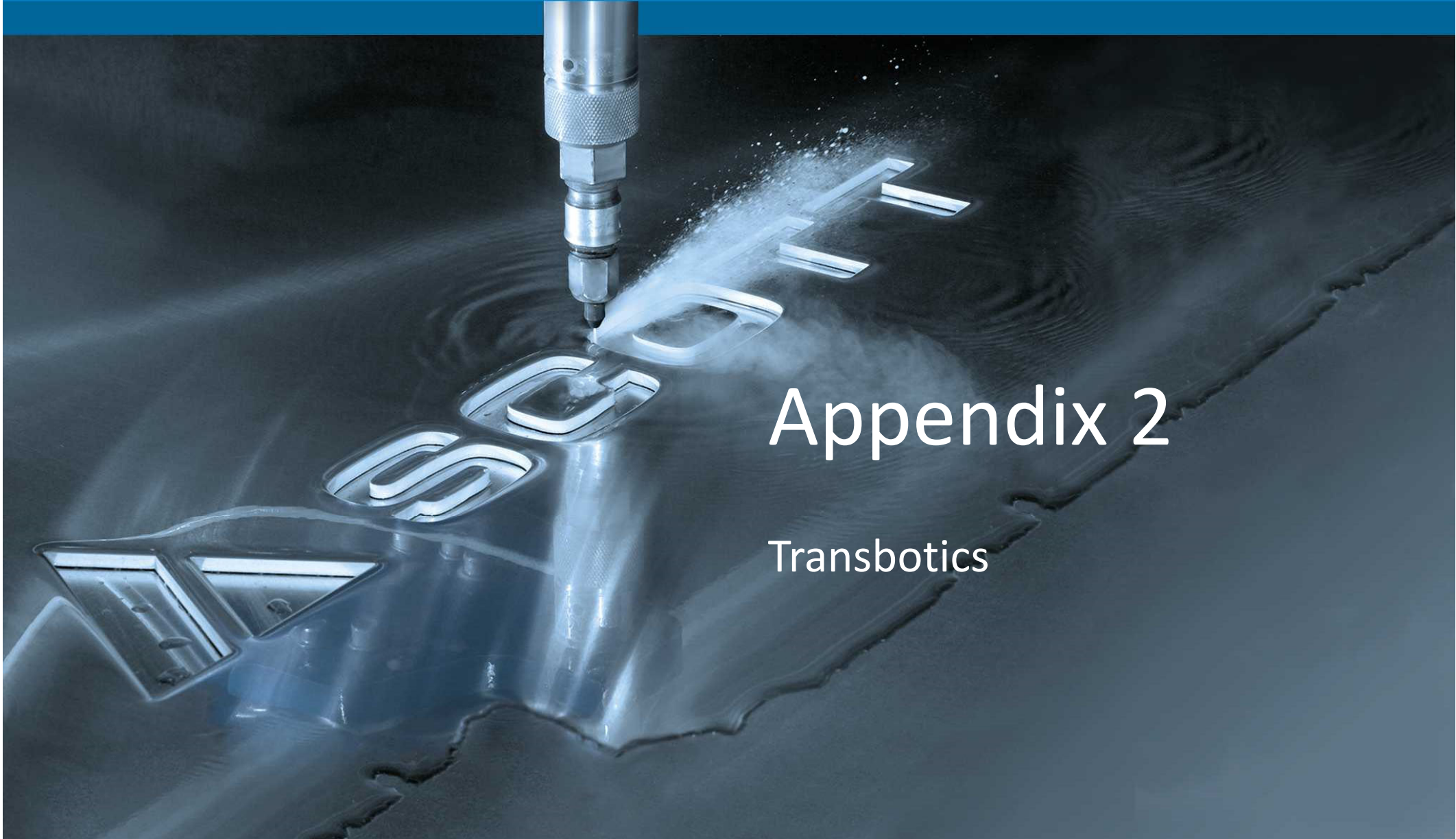
Support entry of key Scott technology into Europe

- 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



Appendix 2

Transbotics

Company Overview

Transbotics is one of approx. 10 key players in the US Automatic Guided Vehicle (AGV) market. Their designs can handle a very wide range of lift requirements – from light load to heavy lift, fork-style, tugger/tow, unit load/conveyor, heavy load, assembly line and engineered-to-order (custom) vehicle types

- Location:** Single corporate head office and manufacturing facility in Charlotte, North Carolina (USA)
- Staff:** Approx. 30
- History:** Founded in 1982 as the North American affiliate of Kollmorgen (previously NDC)
- Revenue:** Historical revenue has ranged from US\$4.5m to US\$11.0m over the past five years
- Applications:** Assembly line, custom, delivery of supply's, finished product, pallet handling, raw material handling, roll & coil handling, WIP movement
- Industries:** Aerospace, automotive, food/beverage, manufacturing, print/paper, pharma/chemicals, plastics/PET, primary metals, tire & rubber



Strategic Fit

Back End Automation (i.e. packaging, internal logistics and distribution) targeted as a logical extension to Scott's offering.

>> **End-to-end offering** for the overall production process from raw material receipt to final distribution – i.e. automation systems to package, store, palletise and load trucks and containers.

>> **Alvey was the first step toward this goal.** An AGV business was also needed to sit across these back end logistic activities.

>> The **software** to seamlessly and effectively run this AGV hardware and to integrate the AGVs within a wider factory/warehousing setting is also critical.

While Transbotics has deep knowledge and involvement with the software to run the AGV hardware, through the acquisition we expect Alvey will be able to greatly strengthen its capability to integrate the AGVs into a warehouse management system

Strategic Rationale – Business Appeal

AGVs becoming increasingly integral to our product offering

End-to-end service offering

Additional scale and visibility for our US operations

Cross selling opportunities

Beachhead for Alvey into North America

In house supply

Collaboration in terms of software