



Scott Presents

With Moelis November 2019

Scott Technology / Snapshot

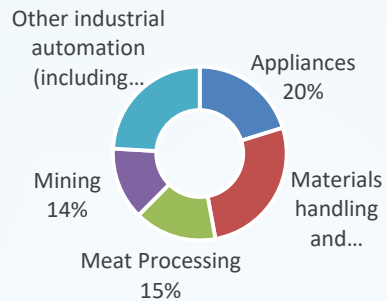
Overview

- Specialist provider of “end-to-end” automation and robotics solutions
- Headquartered in Dunedin, New Zealand
- Global presence – 12 Countries , 20+ locations, ~800 employees
- Customers in over 80 countries
- Strong organic growth, supplemented by acquisitions

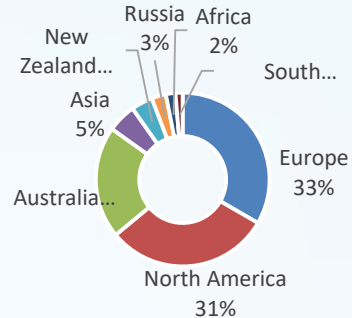


Revenue mix (FY2019)

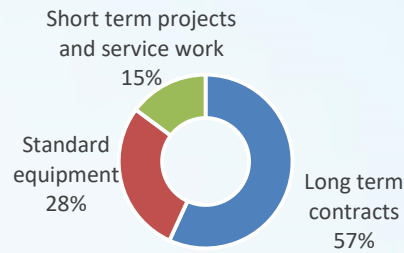
Revenue by industry



Revenue by Geography



Revenue by contract type



Key financials (NZ\$m)

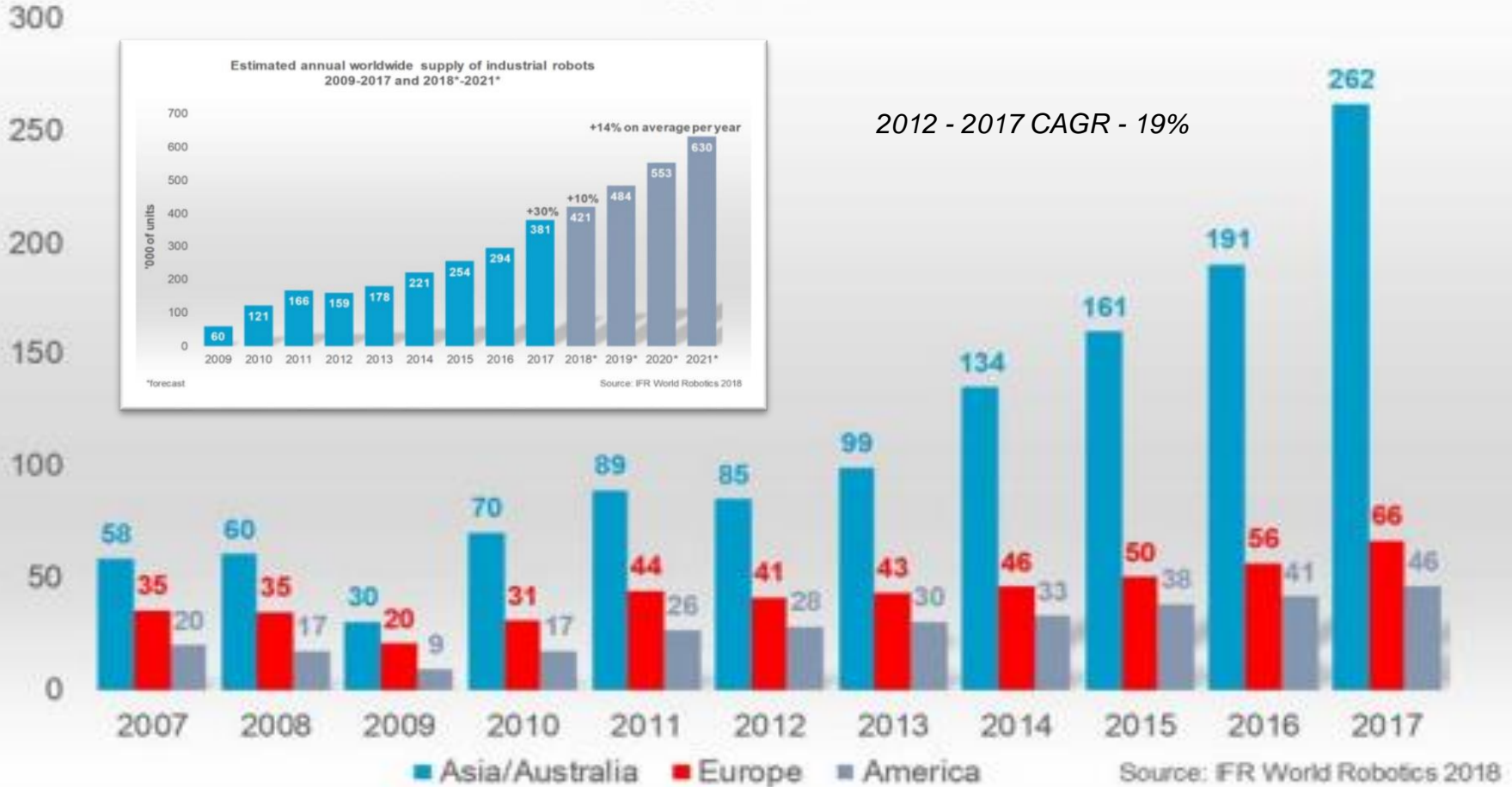
FY19 revenue	\$225m
FY19 revenue growth	24%
5-year revenue CAGR	33%
10-year revenue CAGR	19%
Sales to JBS	\$6m
FY19 EBITDA	\$20m
FY19 R&D expense	\$14m

Market statistics

Ticker	SCT.NZ
Market Cap (11 Nov 2019)	NZ\$193m
Substantial shareholders	
JBS Australia	51%
Oakwood Securities	7%

Global demand for industrial robots

Estimated worldwide annual shipments of industrial robots by regions



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**

Our Industry Overview

Materials handling & logistics



- ▲ Turnkey: Design – Manufacture – Service
- ▲ Palletisers and depalletisers, conveyors, stacker cranes, order preparation systems
- ▲ In-house software
- ▲ AGV Specialist



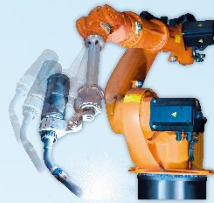
Appliances Metal Forming



- ▲ Turnkey: Design – Manufacture – Service
- ▲ Customers globally
- ▲ Manufacturing facilities in Europe, China, Australia and NZ



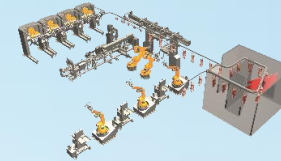
Industrial Automation & Robotics



- ▲ Smart automation solutions by vision and sensing
- ▲ Customised systems for almost any application
- ▲ Mobile robotics
- ▲ Refurbishing and spare parts



Meat Processing



- ▲ Advanced carcass measurement
- ▲ Process optimisation
- ▲ Yield improvements
- ▲ Proven quality and safety improvements



Mining Automation



- ▲ Automation technology for sample preparation and field automation
- ▲ A new standard in safety and yield
- ▲ Automation delivering success



Research & Development

Our commitment to developing and bringing new technology to market is real.

We invest a significant portion of our revenue into searching for better ways of doing things

- R&D expenditure of between 5% and 10% of total revenues
 - \$14m spend in FY19 (6% of revenue)
- Sizeable IP Portfolio with a range of Trademarks and approx. 50 inventions with 200 patents covering almost 30 countries
- Demand pull, quick outcomes and collaborative approach
- A diverse range of areas including:
 - AGV's
 - Robotics generally including collaborative and mobile robotics
 - Digital image analysis
 - Advanced vision and sensing technologies
 - Software for end to end solutions



Revenue Growth Profile

10 year rev CAGR

19%

5 year rev CAGR

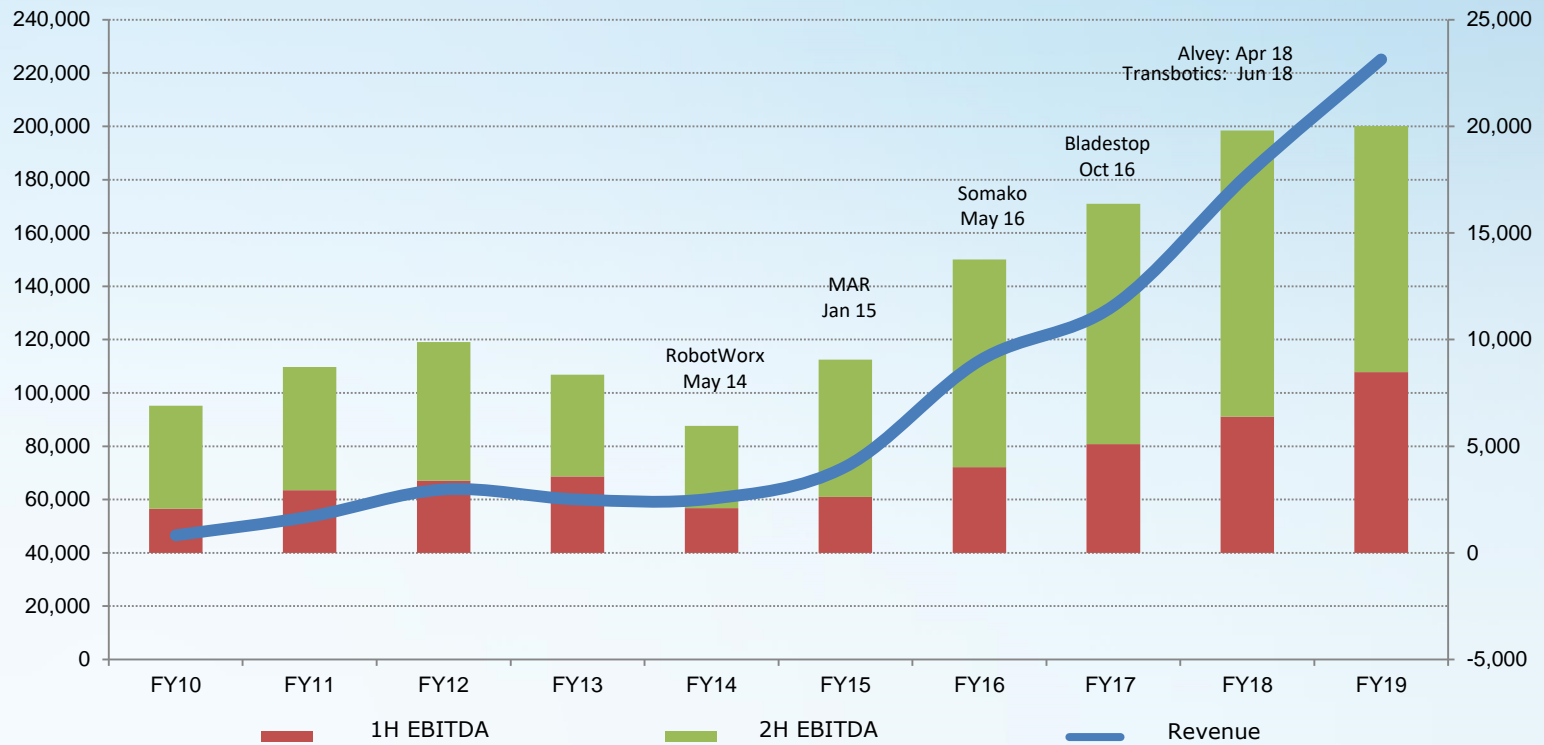
33%

3 year rev CAGR

30%

Revenue

EBITDA



OUR GLOBAL PRESENCE

EUROPE

UK
Deerlijk, Belgium
Kürnberg, Germany
Czech Republic
Ploemeur, France
Marseille, France

ASIA

Qingdao, China
Shanghai, China

AUSTRALIA

Brisbane, Australia
Sydney, Australia
Perth, Australia
Melbourne, Australia

NORTH AMERICA

Marion, Ohio
Vancouver, Canada
Charlotte, North Carolina

SOUTH AMERICA

Santiago, Chile

NEW ZEALAND

Auckland, New Zealand
Wellington, New Zealand
Christchurch, New Zealand
Dunedin, New Zealand

Sector Revenue Breakdown

Sector Revenue

Aug balance date	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Accum growth \$m
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
Meat processing	5	6	6	8	8	11	39	40	45	35	30
Industrial	1	3	8	7	9	31	31	40	36	54	53
Mining	19	28	34	29	14	17	22	26	33	30	11
Appliances	22	16	16	17	29	14	20	26	41	45	24
Materials handling									27	61	61
Total	47	54	64	60	60	72	112	133	182	225	179

April 2016

JBS acquires 50.1% at \$1.39 per share

Sales to JBS 0.3 3.2 5.6 6.2

Acquisitions

RobotWorx May-14
MAR Jan-15
Somako May-16
Bladestop Oct-16
Alvey Apr-18

Rocklabs

Transbotics

1 April 2008

Jun-18

Revenue CAGR	1 year	3 year	5 year	10 year
Meat processing	-23%	-7%	33%	27%
Industrial	52%	16%	15%	27%
Mining	-9%	7%	16%	5%
Appliances	11%	31%	35%	9%
TOTAL	24%	30%	33%	19%

Strategy - to build a global company that has a sufficient presence, scale and technology to produce profitable growth.

- *Core technologies have largely been developed*
- *Focus for 2020:*
 - *Repeat, profitable, sales of developed and proven technology*
 - *Taking Pork, Poultry and Beef developments to market*
 - *Growing service and maintenance revenues*
 - *Reviewing all areas of operations to improve bottom line*

Opportunities for Meat Processing Sector

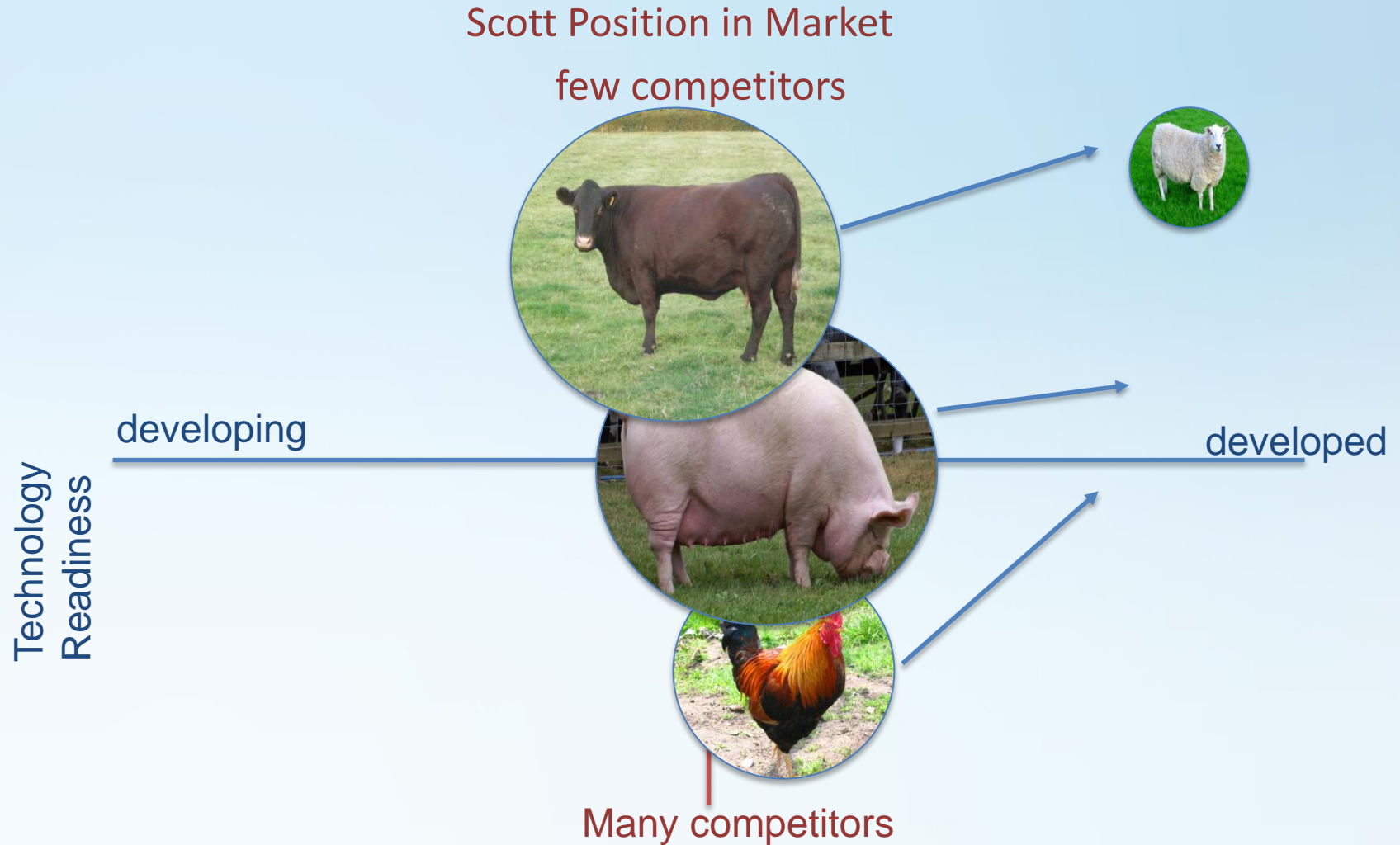
Lamb – Proven with small addressable market

Beef – development underway will be prototypes over next few years. Market size large (10x Lamb)

Pork – started with Primal cutting based on lamb Xray – primal knowhow. First system in 2020. Addressable market \$200 – \$500 million (hundreds of multi million dollar systems).

Poultry – proof of concept delivered with first commercial system build underway. Addressable market \$20m+ over next three years with other similar systems to follow.

Scott systems for meat processors



Robo Prep (robotic sample preparation systems for Laboratories) – System technology (Hardware and Software) now proven with multiple installs planned for 2020. Addressable market \$20m - \$50m per annum.

Automated Fire Assay – first commercial system delivered to Gold miner in Mexico.

Robotic Refuel – Leading miners trialed and first commercial order taken in 2019. Addressable market \$50 – \$100 million.

Opportunities for Other Sectors

Automated Guided Vehicles (“AGVs”) – Growing footprint for specialised vehicle technology. (Hardware and Software) well established with repeat bluechip customers. Demand for AGV’s growing at rapid rate particularly for Scott in North America. Target growth 30% plus.

Appliances and metal forming – subdued growth expected. Focus on repeat customers where we offer unique solutions.

Materials Handling – Europe subdued but expected cross selling opportunities into North America to lead to further growth.

To deliver on Scott's Strategy, the focus will be on:

- Consolidation and further integration of recent acquisitions into Scott – rollout of best practice systems and processes.
 - Cross Selling Opportunities
- Service and Spare Parts
- Research & Development – sharper focus
 - Meat processing developments continuing
 - Bladestop – new and expanded product range rollout
 - Mining technology developments
- Digital solutions (industry 4.0 and machine learning/AI) well established within Scott and complements Hardware

Bladestop Bandsaws

Expanded Bladestop product range:

- Development of Scott 600 saw completed
- CE certification and specification sorted
- European saw now shipping
- Opportunities beyond “protein”



Outlook

- ▲ Forward project work –approx. 7 months
- ▲ Significant project work underway
- ▲ Service activity expanding
- ▲ Growth will be :
 - ▲ Organic from existing technologies
 - ▲ Bottom line focused

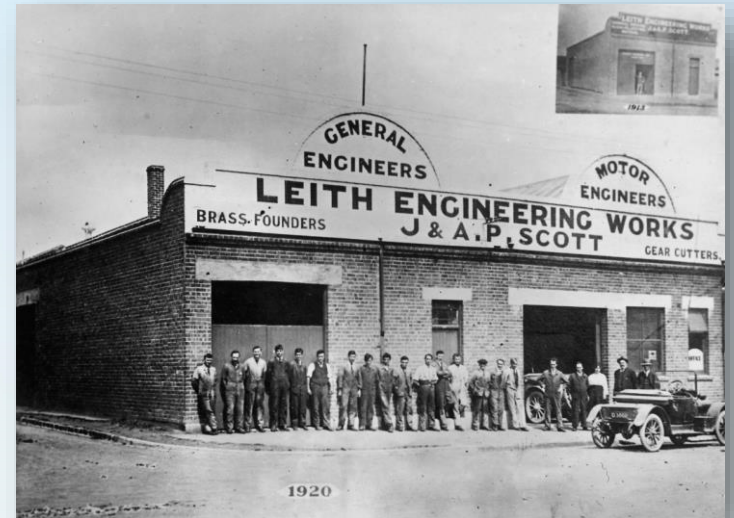




Appendix

Company Overview

- Established in Dunedin, New Zealand in 1913 and was listed on the New Zealand Stock Exchange in 1997. Scott was solely focused on the appliance industry at that stage, primarily to North America.
- We started diversifying in 2001 both geographically (entering the Asian and European markets for appliance manufacturing systems) and into other niche market areas.
- During the global financial crisis of 2009, we invested heavily in R&D across all areas of the business. We are now realising the benefit of this investment.
- Scott is 51% owned by JBS from Brazil – the second largest food company in the world.
- Over 750 skilled professional staff, providing engineering design, build, project management and administration services.
- Manufacturing facilities and extensive resources based in New Zealand, Australia, USA, Europe and China.
- Customers in over 80 countries.



[Scott capability showcase video](#)

Company Overview

Scott has diversified and grown its business by way of acquisitions

- **Rocklabs** – Manufacturer of mechanised and automated sample preparation equipment for the mining industry.
- **RobotWorx** – Based in the USA, specialising in the trade and integration of new and used robots, parts and robotic systems.
- **Machinery Automation and Robotics** – Machinery Automation and Robotics, Based in Australia, with complementary products in the mining, meat processing & robotics industries.
- In 2016 we acquired a German business that operates in the Appliance manufacturing industry sector, providing a stronger presence to deliver and grow Scott's European customer base.
- **BladeStop** – In late 2016 we purchased BladeStop which provides bandsaw safety technology in the meat processing industry and sits alongside Scott's expanding suite of meat processing applications.
- **Alvey** – In 2018 completed the acquisition of Alvey Group, adding over 250 staff, and several locations in Europe and significantly bolstering our suite of materials handling systems.
- **Transbotics** – Following the purchase of Alvey, we also acquired Transbotics, a U.S. based AGV manufacturer, completing our goal to offer end to end automation solutions.

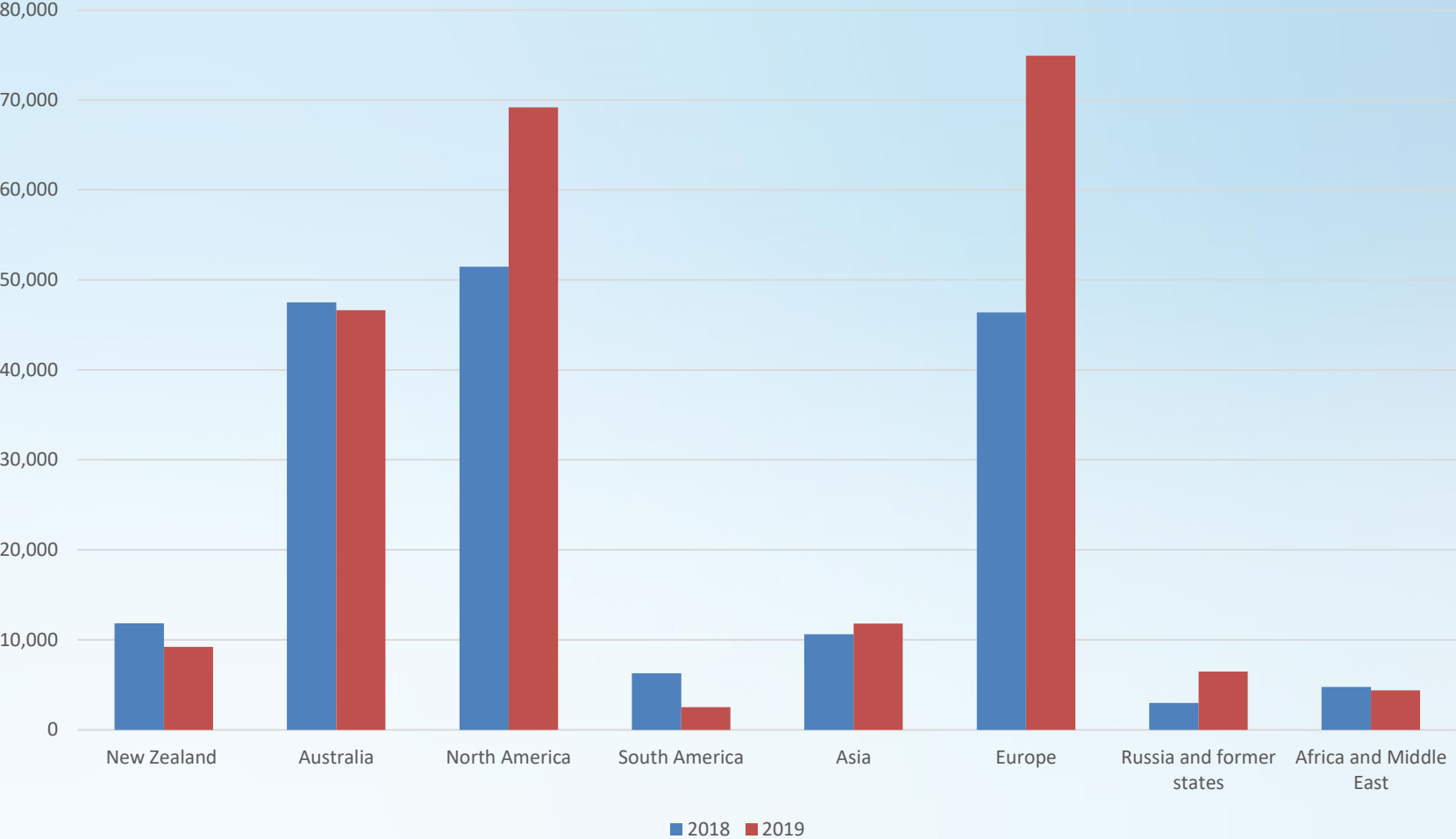
Revenue Analysis

Revenue matrix for 2019 Financial Year

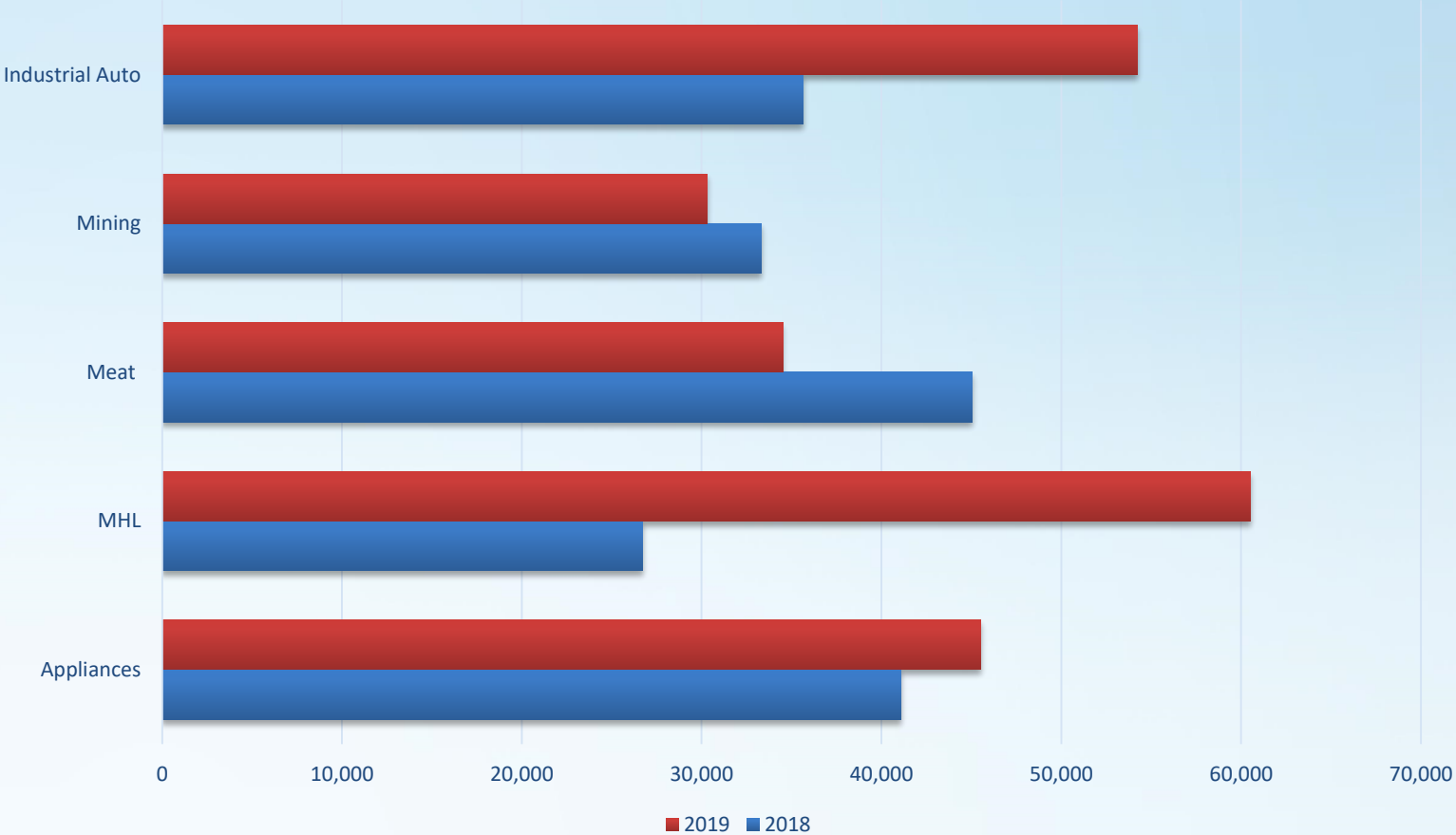
By Industry and location of Customer

	Geographical location of the customer								Total
	New Zealand	Australia	North America	South America	Asia	Europe	Russia	Africa	
Appliances		1	24		10	9	1		45
Materials handling						61			61
Meat processing	5	15	10			5			35
Mining		10	6	3	2		5	4	30
Industrial automation	4	21	29						54
Total	9	47	69	3	12	75	6	4	225

Revenue by Customer Geography (\$000's)



Revenue by Industry Sector (\$000's)



Segment Results

	Revenue			Surplus after Tax		
	<u>2018</u>	<u>2019</u>	<u>change</u>	<u>2018</u>	<u>2019</u>	<u>change</u>
Australasia	100,492	102,760	2,268	11,899	9,218	(2,681)
Americas	29,141	35,630	6,489	2,490	4,091	1,601
Asia & Europe	52,146	86,703	34,557	441	1,703	1,262
	<u>181,779</u>	<u>225,093</u>	<u>43,314</u>	<u>14,830</u>	<u>15,012</u>	<u>182</u>
			Unallocated	<u>(4,058)</u>	<u>(6,408)</u>	
				<u>10,772</u>	<u>8,604</u>	

Materials Handling & Logistics

Overview

Palletising & depalletising systems

- Multi-line
- Single-line
- Conventional palletisers
- Robots
- Conveyors

Warehouse & distribution systems

- Conveyors
- Storage
- Order picking
- Sorting
- Truck loading
- AGVs

Tailor made handling systems

- Special on demand machines and systems

After sales services

- Preventive inspections
- Emergency interventions
- Spare parts
- Staff training

Industrial software Maestro+

Materials Handling & Logistics



Automatic Storage



Warehousing and distribution | Conveying



Palletising Systems



Plasterboard Handling & AGV Systems

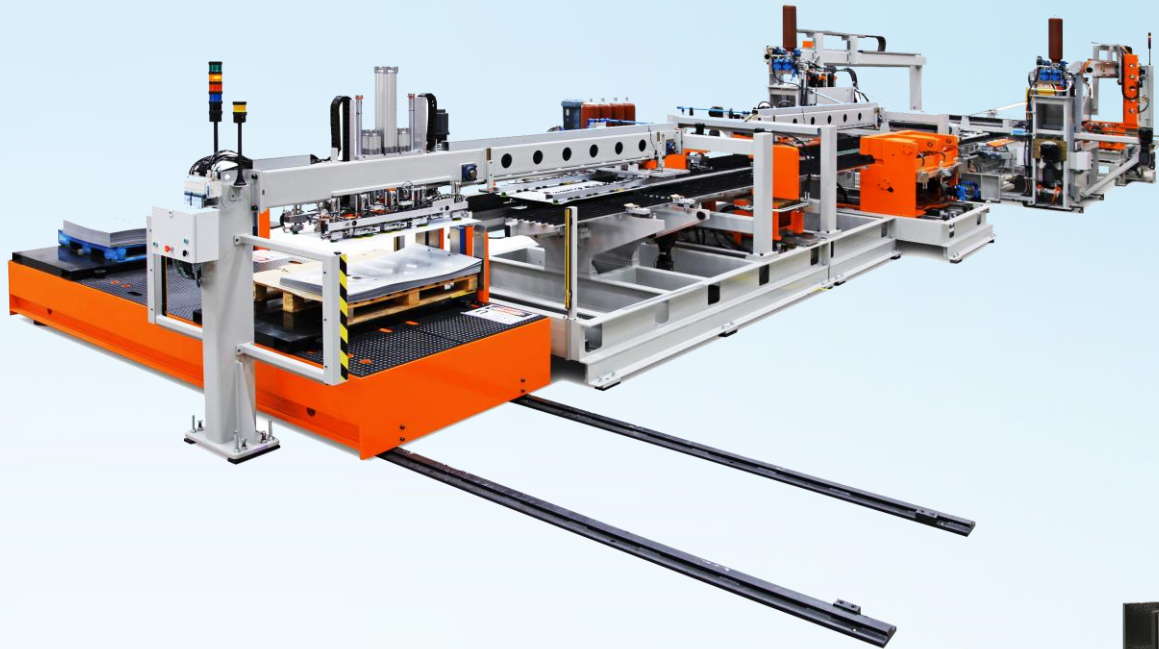
Appliances (Metal Forming)

Overview

- Scott designs and builds turnkey solutions for a number of the world's leading appliance manufacturers – We make the production systems that our customers use to make appliances in their factories.
- World leader in this field since 1980's and a preferred supplier to most of the major global appliance companies.
- One of the first Western companies to enter this field in China and well established as a premium brand with Chinese appliance companies.
- 5 – 10 systems are produced per year and delivered as complete solutions all around the world.
- Other industry sectors include Electrical cabinets, truck body panels and scaffolding.
- Project values up to \$20 million.



Appliances (Metal Forming)

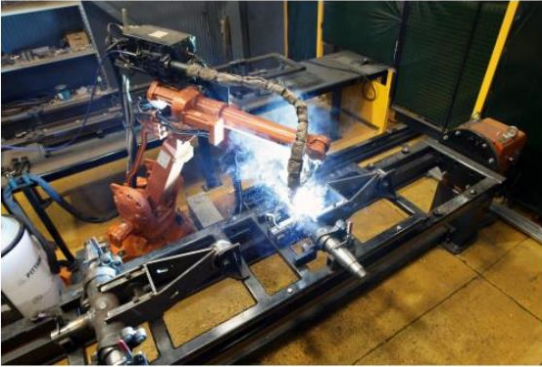


- High volume manufacturing.
- Designed to customer requirements.
- Modular construction.

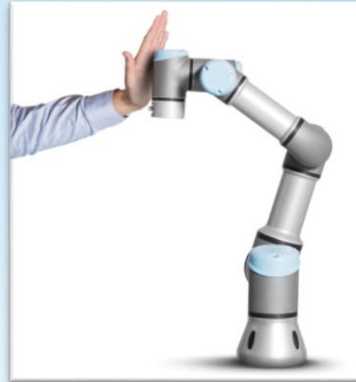
Video: [Hot Water Cylinder Line](#) Video: [Refrigerator Door Line](#)

Industrial Automation & Robotics

Overview



Robotic welding and metal fabrication



Collaborative robots



Parts handling



Robotic milling and machining



Used and reconditioned robots



Wheel change automation

Video: [Robotic Welding](#)

Video: [Collaborative Robots](#)

Industrial Automation & Robotics

Stand-alone Robots, Repairs and Refurbishment

RobotWorx, originally based solely in the U.S. have begun expanding our offering and now operate in Canada, Mexico and Australia.

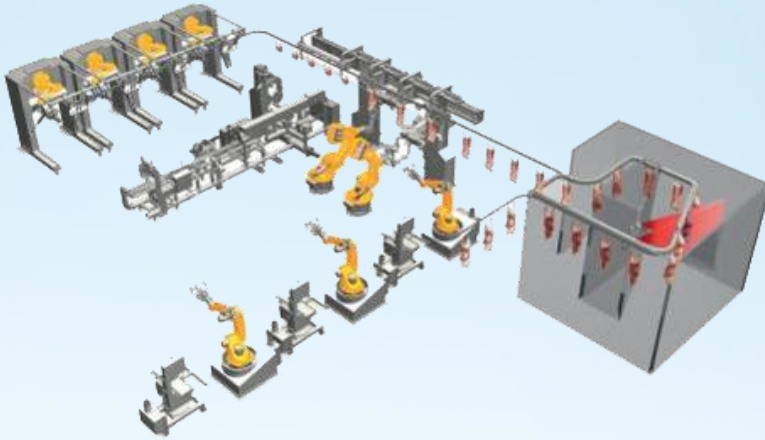
- **New Robots** – We hold a large inventory of high end new robots including FANUC, Yaskawa Motoman, ABB and KUKA.
- **Second Hand Robots / Parts** – Included in our large stock of robots are second hand robots, that are professionally reconditioned as well as 100s of thousands of new and reconditioned robot parts.
- **Robot reconditioning** – Suitable second hand robots are professionally inspected, cleaned and repaired, restoring them to like-new condition and prolonging use. We offer three levels of reconditioning based on the customers requirements.
- **Robot Purchasing** – We purchase used, high quality robots from reputable brands, either to harvest for parts, or to recondition for second hand robot sales and implementations.
- **Robot Training & Repairs** – We offer some robot training for free with each robot purchased, but can offer additional training and on-site repairs as needed.

Meat Processing

Overview

Scott meat processing has set the global benchmark for automation technology in the red meat industry.

- Automated Boning Room Systems use 'intelligent management' in the form of X-Ray grading before robotic sensing and cutting, to optimise cut selection for each carcass.
- Outcomes: Optimise yield, minimise waste, increase food safety and reduce operational costs.
- Sales over the past two years have amounted to £30m and are growing strongly.
- R&D underway, early extension into pork and poultry.
- BladeStop™ for bandsaw safety: Reduce risks of serious injury by stopping the blade within 0.009 seconds upon sensing contact.



Video: [Lamb Boning Room](#)

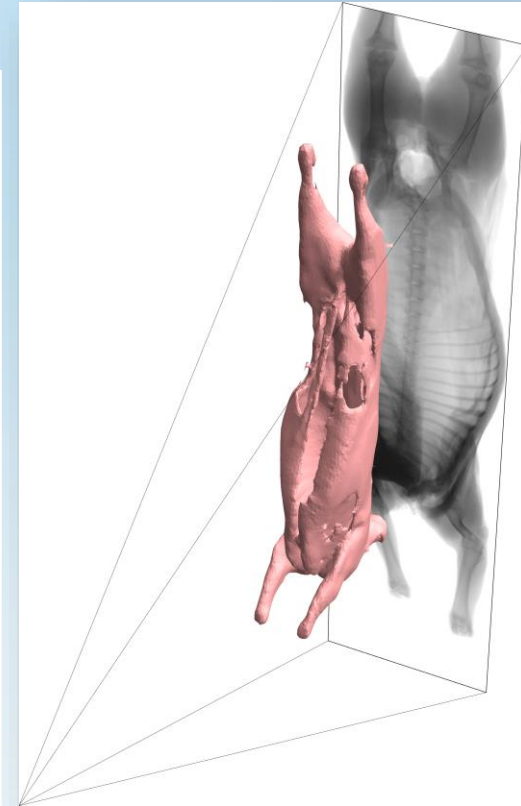
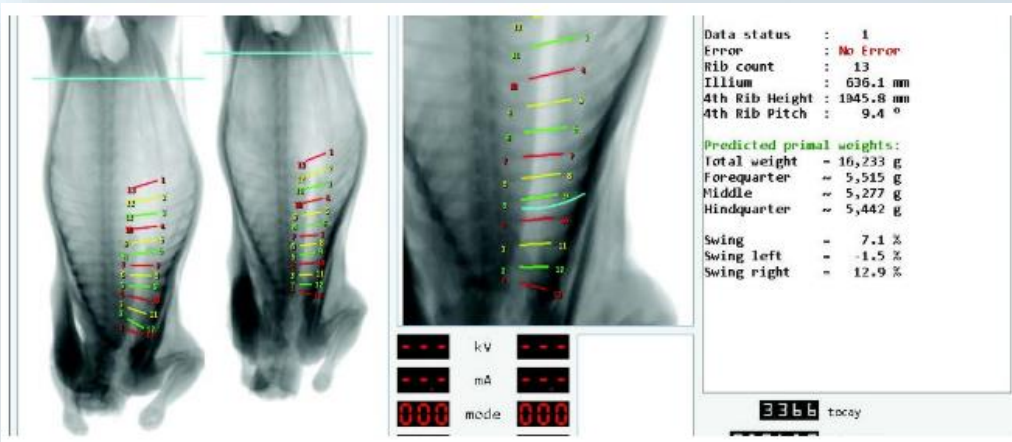
Video: [BladeStop](#)



SCOTT: X-Ray/DEXA – Lamb and Beef carcass analysis

SCOTT was first in the world to apply x-ray and DEXA (Dual Energy X-Ray Absorptiometry) imaging to meat processing

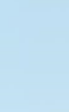
- Using vision and image analysis to drive smarter automation
- Use data from the system for accurate cutting and yield optimisation
- Automation benefits (geometry measurements drive automated de-boning)
- Improved genetics with data linked to animal identification and tracking systems.



Mining Industry – Sample Preparation



- SCOTT, through its Rocklabs brand, supplies a range of solutions to operators in the mining industry in approximately 80 countries worldwide
- Products are used in preparing mine and exploration samples (core drill or blast hole) for analysis and include a range of standard products through to fully automated solutions
 - also supply spare parts
- Invested heavily in developing a new enhanced range of products over the past three years
 - expertise in automation leveraged to develop large scale automated systems
- Certified reference materials are used worldwide for quality assurance and benchmarking
 - Manufactured in house and each batch certified via Laboratory Proficiency tests carried out in a round robin with 54 laboratories from 19 countries.
- SCOTT works closely with customers and users to provide products and solutions that are being driven by the world's desire for quality assurance and increased productivity



Mining Overview



Robotic Idler Changer (RIC)



Automated re-fueling



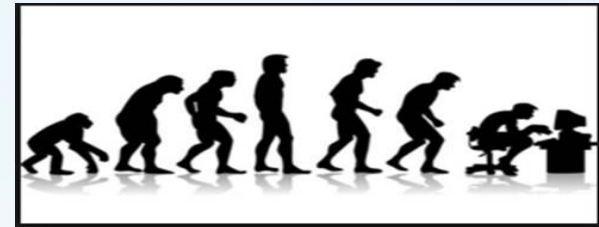
Sample Preparation & Analysis

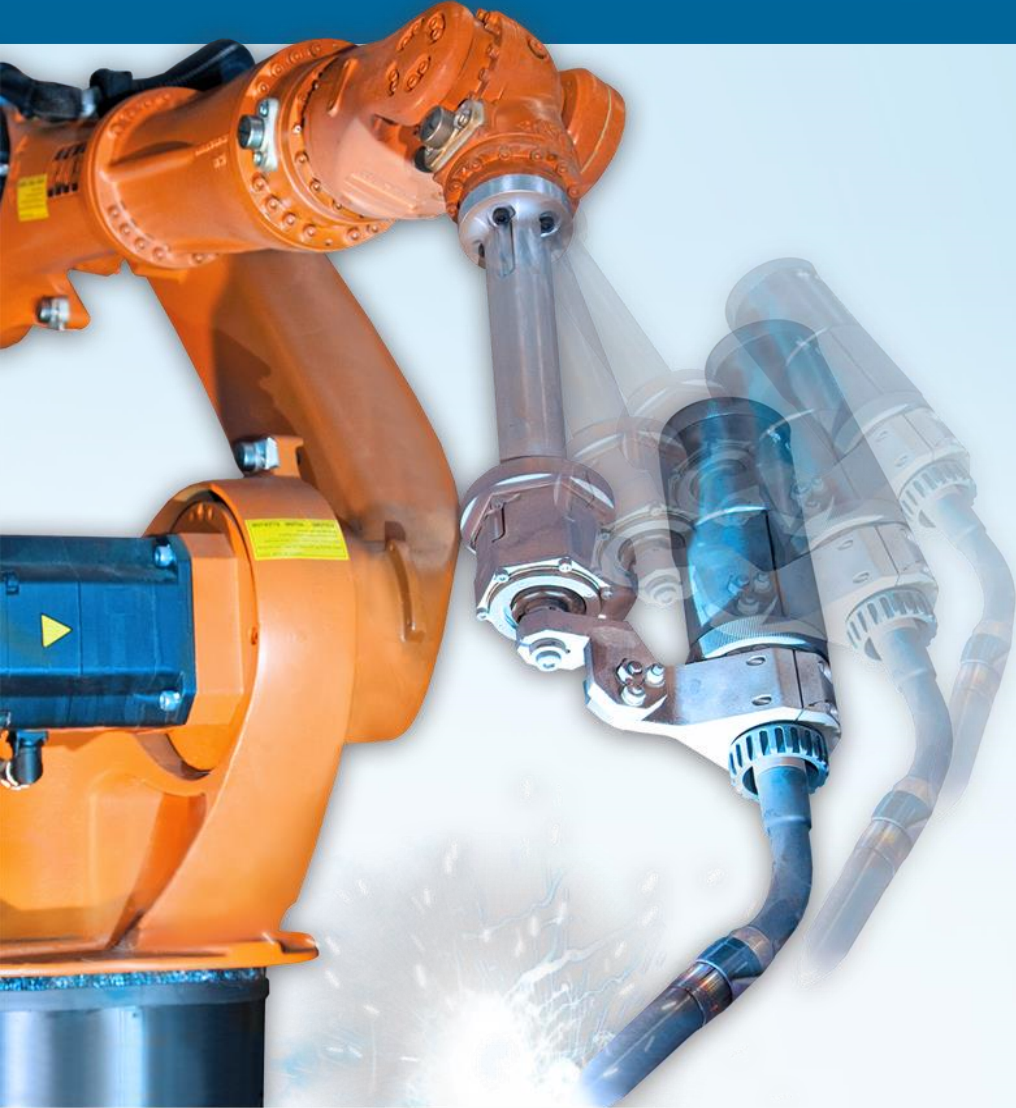


Reference Materials

Scott – Digital Direction

1. Vision and image analysis
2. Package Software
 - Maestro (ex Alvey)
 - TMO (ex Transbotics)
3. IIOT and connectivity
 - Equipment reporting
 - Diagnostics
 - Maintenance
 - OEE
4. Machine Learning
 - AI / convolutional neural networks
5. Augmented Reality
6. Virtual Reality – for Marketing and Training





Thank you

[Scott capability showcase video](#)