

# Scott Technology

## Stacking up the Contract Wins in FY25 Update

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Scott Technology's (SCT) FY25 trading update was broadly in line with our expectations. Revenue is tracking -7% behind FY24 through 3Q25 (versus FB estimate of down -5% for FY25), with reported EBITDA now ahead of the prior period (FB estimate for up +12% in FY25). As expected, sales momentum has improved from 1H25 (when revenue was down -14%), while EBITDA margins have expanded as SCT has executed cost-management initiatives and shifted towards higher-margin product solutions. SCT also announced NZ\$27m of contract wins across the food and beverage sectors, including a first chicken-trussing line delivery into the Canadian market and a materials-handling project for Coca-Cola in Belgium. SCT trades at a material discount to automation peers despite significant growth potential in the large North American and European markets from cross-selling into its expanding blue-chip customer base. Our earnings estimates and spot valuation are unchanged.

NZX code	SCT	Financials: Aug/	24A	25E	26E	27E	Valuation (x)	24A	25E	26E	27E
Share price	NZ\$1.91	Rev (NZ\$m)	278.7	265.8	286.0	301.4	PE	19.7	13.4	11.5	9.8
Spot Valuation	NZ\$3.11	NPAT* (NZ\$m)	7.7	11.8	14.3	17.4	EV/EBIT	15.6	10.4	8.3	7.2
Risk rating	Medium	EPS* (NZc)	9.7	14.2	16.6	19.5	EV/EBITDA	6.9	6.6	5.8	5.1
Issued shares	82.2m	DPS (NZc)	8.0	6.0	8.0	10.0	Price / NTA	1.4	1.4	1.3	1.3
Market cap	NZ\$157m	Imputation (%)	0	0	100	100	Cash div yld (%)	4.2	3.1	4.2	5.2
Avg daily turnover	21.2k (NZ\$44k)	*Based on normalised profits					Gross div yld (%)	4.2	3.1	5.8	7.3

### Trading update broadly in line with expectations

After a challenging 1H25 period, performance improved for SCT in 3Q25 as anticipated. Revenue has recovered to be -7% behind the prior corresponding period (from -14% at the 1H25 result), and reported EBITDA is now tracking ahead of FY24 (versus -14% at 1H25). While reported EBITDA in FY24 included NZ\$3.8m of non-recurring costs, we expect SCT to deliver underlying EBITDA margin expansion in FY25—a solid result in the context of a likely revenue decline and a substantial fixed-cost base. SCT noted disciplined cost management and successful execution of its shift towards higher-margin solutions as key drivers of the margin uplift. We see some upside potential to our forecast FY25 EBITDA of NZ\$29.6m given contract win momentum, noting uncertainty around the timing of revenue recognition for major contracts remains.

### NZ\$27m of new contract announcements in Materials Handling and Protein

SCT announced a suite of contract wins across Europe and North America, totalling NZ\$27m in value. This compares with the NZ\$165m in SCT's forward order book at its 1H25 result. New wins are predominantly materials-handling deals with major food and beverage producers in the European region, including Coca-Cola, DMK Deutsches Milchkontor (Germany's largest dairy co-operative), and Sorbury (a leading pasta manufacturer). SCT has also secured a first order from Canada for its Automated Poultry Trusser solution. It will supply two of its trussing lines to Maple Lodge Farms—one of Canada's largest independently owned poultry processors.

### Quality customer set provides cross-selling opportunities

SCT continues to build out its blue-chip customer base in North America and Europe. These large, multi-national customers often have multiple sites in different geographies, providing compelling opportunities for SCT to increase its market penetration by cross-selling its solutions into additional sites with the same customer. SCT has a long runway of growth to target in these markets, given the significant addressable market for materials-handling solutions in particular.

## Scott Technology (SCT)

### Market Data (NZ\$)

Priced as at 18 Jun 2025	1.91
52 week high / low	2.55 / 1.67
Market capitalisation (NZ\$m)	157.0

### Key WACC assumptions

Risk free rate	5.00%
Equity beta	1.30
WACC	10.0%
Terminal growth	2.0%

### Spot valuation (NZ\$)

Peers comparable	3.00
DCF	3.21

### DCF valuation summary (NZ\$m)

Total firm value	440
(Net debt)/cash	(13)
Less: Capitalised operating leases	(61)
Value of equity	366

Profit and Loss Account (NZ\$m)	2023A	2024A	2025E	2026E	2027E
Revenue	268.9	278.7	265.8	286.0	301.4
Normalised EBITDA	29.7	26.4	29.6	33.6	38.1
Depreciation and amortisation	(8.5)	(10.9)	(10.7)	(10.1)	(10.9)
Normalised EBIT	20.6	11.7	18.9	23.5	27.2
Net interest	(1.7)	(4.2)	(3.7)	(3.7)	(3.1)
Associate income	-	-	-	-	-
Tax	(3.8)	(3.2)	(3.3)	(5.5)	(6.7)
Minority interests	-	-	-	-	-
Normalised NPAT	15.4	7.7	11.8	14.3	17.4
Abnormals/other	-	-	-	-	-
Reported NPAT	15.4	7.7	11.8	14.3	17.4
Normalised EPS (cps)	19.3	9.7	14.2	16.6	19.5
DPS (cps)	8.0	8.0	6.0	8.0	10.0

Growth Rates	2023A	2024A	2025E	2026E	2027E
Revenue (%)	20.2	3.6	-4.6	7.6	5.4
EBITDA (%)	24.1	-11.0	12.2	13.3	13.4
EBIT (%)	29.5	-43.1	61.7	24.1	15.8
Normalised NPAT (%)	22.0	-50.0	53.5	20.4	21.7
Normalised EPS (%)	21.4	-49.7	46.8	16.7	17.4
Ordinary DPS (%)	0.0	0.0	-25.0	33.3	25.0

Cash Flow (NZ\$m)	2023A	2024A	2025E	2026E	2027E
EBITDA	29.7	26.4	29.6	33.6	38.1
Working capital change	(6.4)	(4.8)	(0.4)	1.1	(3.5)
Interest & tax paid	(0.0)	(3.1)	(3.0)	(5.3)	(6.5)
Other	(3.1)	(12.6)	1.2	1.2	-
Operating cash flow	20.2	6.0	27.5	30.5	28.1
Capital expenditure	(2.0)	(9.0)	(2.6)	(2.9)	(3.0)
(Acquisitions)/divestments	(2.5)	(1.9)	-	-	-
Other	(6.3)	(9.2)	(8.8)	(8.8)	(8.3)
Funding available/(required)	9.5	(14.1)	16.0	18.9	16.7
Dividends paid	(2.6)	(7.1)	(4.9)	(5.9)	(7.9)
Equity raised/(returned)	-	-	-	-	-
(Increase)/decrease in net debt	6.9	(21.2)	11.1	13.0	8.8

Balance Sheet (NZ\$m)	2023A	2024A	2025E	2026E	2027E
Working capital	42.6	47.4	47.8	46.7	50.2
Fixed assets	18.4	23.6	26.7	29.9	33.0
Intangibles	5.6	3.4	1.4	0.8	0.2
Right of use asset	12.5	24.9	27.4	29.5	31.2
Other assets	113.3	103.4	101.7	99.9	99.4
Total funds employed	192.3	202.6	205.0	207.0	214.1
Net debt/(cash)	0.1	20.1	13.0	6.0	(2.8)
Lease liability	9.6	22.0	25.6	29.2	32.8
Other liabilities	69.9	50.0	51.5	53.0	54.6
Shareholder's funds	113.1	111.0	115.7	119.9	131.2
Minority interests	(0.4)	(0.5)	(0.8)	(1.2)	(1.7)
Total funding sources	192.3	202.6	205.0	207.0	214.1

\* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend

Valuation Ratios	2023A	2024A	2025E	2026E	2027E
EV/Sales (x)	0.6	0.7	0.7	0.7	0.6
EV/EBITDA (x)	5.7	6.9	6.6	5.8	5.1
EV/EBIT (x)	8.2	15.6	10.4	8.3	7.2
PE (x)	9.9	19.7	13.4	11.5	9.8
Price/NTA (x)	1.5	1.4	1.4	1.3	1.3
Free cash flow yield (%)	9.1	-4.8	12.8	14.5	12.8
Adj. free cash flow yield (%)	9.1	-4.8	12.8	14.5	12.8
Net dividend yield (%)	4.2	4.2	3.1	4.2	5.2
Gross dividend yield (%)	4.2	4.2	3.1	5.8	7.3

Capital Structure	2023A	2024A	2025E	2026E	2027E
Interest cover EBIT (x)	12.2	2.8	5.1	6.4	8.8
Interest cover EBITDA (x)	17.6	6.3	7.9	9.2	12.3
Net debt/ND+E (%)	0.1	15.2	10.0	4.8	-2.1
Net debt/EBITDA (x)	0.0	0.8	0.4	0.2	n/a

Key Ratios	2023A	2024A	2025E	2026E	2027E
Return on assets (%)	8.1	4.8	7.7	9.4	10.4
Return on equity (%)	13.9	6.9	10.1	11.8	13.1
Return on funds employed (%)	9.5	4.1	6.1	7.2	8.3
EBITDA margin (%)	11.0	9.5	11.2	11.7	12.6
EBIT margin (%)	7.6	4.2	7.1	8.2	9.0
Capex to sales (%)	0.7	3.2	1.0	1.0	1.0
Capex to depreciation (%)	31	103	30	30	29
Imputation (%)	0	0	0	100	100
Pay-out ratio (%)	41	82	42	48	51

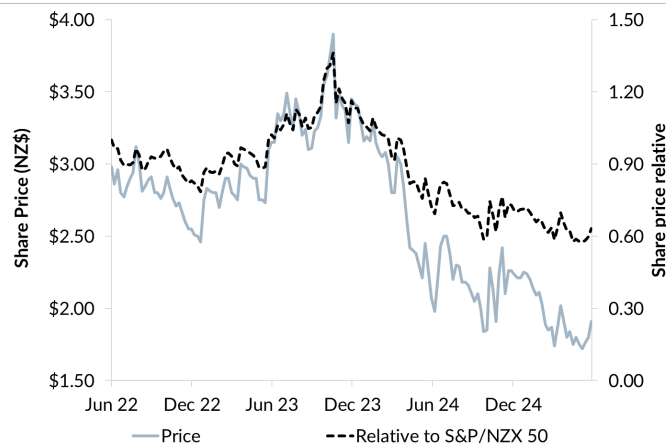
Operating Performance	2023A	2024A	2025E	2026E	2027E
<b>Protein (Meat)</b>					
Revenue (NZ\$m)	76.0	59.9	62.9	69.2	72.6
Revenue growth (%)	33%	-21%	5%	10%	5%
Gross margin (%)	33%	28%	34%	34%	34%
Gross profit (NZ\$m)	25.4	16.8	21.1	23.2	24.3
<b>Minerals (Mining)</b>					
Revenue (NZ\$m)	41.2	48.8	49.8	57.2	65.8
Revenue growth (%)	4%	18%	2%	15%	15%
Gross margin (%)	40%	36%	36%	38%	40%
Gross profit (NZ\$m)	16.6	17.4	17.7	21.8	26.3
<b>Materials Handling and Logistics</b>					
Revenue (NZ\$m)	94.4	127.3	120.9	133.0	139.7
Revenue growth (%)	35%	35%	-5%	10%	5%
Gross margin (%)	23%	22%	23%	23%	23%
Gross profit (NZ\$m)	21.6	28.3	27.2	30.1	31.8
<b>Other</b>					
Revenue (NZ\$m)	56.0	40.1	30.1	26.3	23.0
Revenue growth (%)	1%	-28%	-25%	-13%	-13%
Gross margin (%)	14%	26%	25%	24%	24%
Gross profit (NZ\$m)	7.8	10.6	7.4	6.4	5.5

## JBS lists on the NYSE

SCT's largest shareholder, JBS, completed its dual listing on 17 June 2025, debuting on the NYSE under the ticker 'JBS' with a market capitalisation of ~US\$15.5b. Management positioned the move as unlocking shareholder value and strengthening access to global capital markets, aligning with JBS's multinational footprint across 17 countries and over 250 production facilities.

## Additional data

Figure 1. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 2. Substantial shareholders

Shareholder	Latest Holding
JBS Australia	53.4%
Oakwood	6.7%

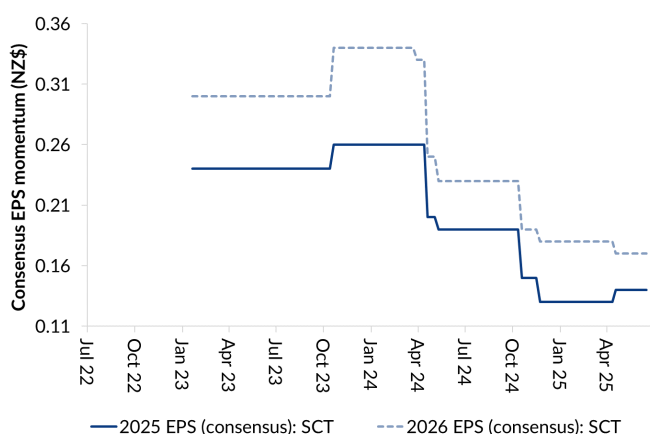
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 3. International valuation comparisons using consensus data (one and two year forward)

Company	Code	Price	Mkt Cap (m)	PE		EV/EBITDA		EV/EBIT		Cash Yld
				1yr	2yr	1yr	2yr	1yr	2yr	
Scott Technology	SCT NZ	NZ\$1.91	NZ\$159	11.6x	9.8x	6.9x	6.1x	10.1x	8.6x	4.0%
Flsmidth & Co A/S	FLS DC	kr390.80	kr22,530	13.8x	12.4x	8.4x	7.6x	10.3x	9.1x	2.8%
Xrf Scientific	XRF AT	A\$1.61	A\$226	19.6x	17.5x	12.0x	10.7x	13.1x	11.7x	3.0%
Abb-Reg	ABBN SW	US\$47.69	US\$88,733	18.4x	17.1x	12.9x	12.0x	14.6x	13.6x	2.2%
Emerson Electric	EMR US	US\$127.37	US\$71,646	20.3x	18.8x	15.5x	14.5x	18.8x	17.9x	1.7%
Honeywell International	HON US	US\$221.79	US\$142,541	20.5x	18.8x	15.4x	14.5x	17.1x	16.0x	2.1%
John Bean Technologies	JBT US	US\$119.14	US\$6,192	20.3x	14.8x	10.3x	8.8x	12.7x	10.7x	0.3%
Omron	6645 JP	¥3843.00	¥792,599	17.0x	12.6x	9.7x	8.4x	14.8x	11.7x	2.7%
Rockwell Automation	ROK US	US\$320.41	US\$36,115	29.4x	25.7x	21.6x	19.4x	24.1x	21.6x	1.6%
Schneider Electric	SU FP	€221.90	€127,733	23.2x	20.7x	14.6x	13.3x	17.3x	15.7x	2.0%

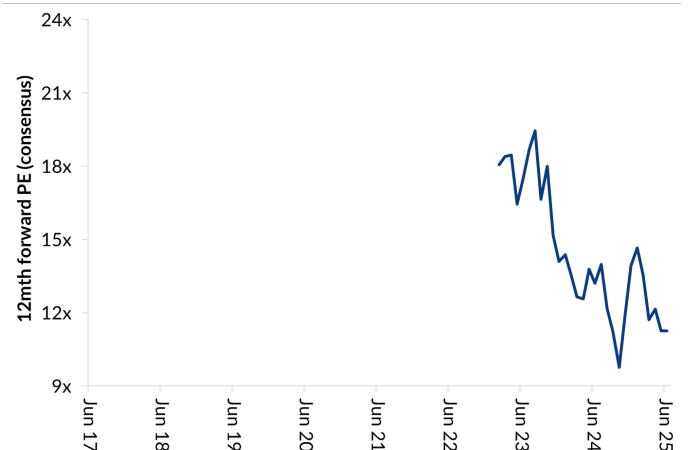
Source: Forsyth Barr analysis, Bloomberg, NOTE: all multiples based on Bloomberg consensus estimates, EV = market cap+net debt+lease liabilities+min interests-investments

Figure 4. Consensus EPS momentum (NZ\$)



Source: Bloomberg, Forsyth Barr analysis

Figure 5. Consensus one year forward PE (x)



Source: LSEG, Forsyth Barr analysis, NOTE: Data excluded when PE<0x or >75x

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