NEW ZEALAND EQUITY RESEARCH | INDUSTRIALS | INDUSTRIAL MACHINERY & AUTOMATION
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Scott Technology
FY26 Stacking up Nicely

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Scott Technology (SCT) released a solid FY26 update, providing first-time FY26 revenue guidance in line with our forecast and EBITDA guidance ahead. The update confirms a stronger second-half performance following a softer-than-expected 1H26, consistent with management's expectations around the timing of projects and contract wins. Operating leverage over the second half was better than anticipated. Management also reiterated its aspirational NZ$530m FY30 revenue target. While the FY26 update supports confidence in near-term execution, continued contract wins, forward work growth, and further evidence of recurring revenue growth remain key proof points for building further confidence in these medium-term targets. With margins tracking ahead of our prior estimates, we lift our FY26 EBITDA estimate by +8% and our target price by +5% to NZ$3.70, partly reflecting higher peer multiples and model roll-forward.

NZX code	SCT
Share price	NZ$2.71
Spot Valuation	NZ$3.70 (from 3.54)
Risk rating	Medium
Issued shares	95.6m
Market cap	NZ$259m
Avg daily turnover	12.0k (NZ$31k)

Financials: Aug/	25A	26E	27E	28E
Rev (NZ$m)	277.0	294.5	344.1	390.3
NPAT* (NZ$m)	14.2	16.0	21.6	27.3
EPS* (NZc)	17.4	18.8	24.6	29.8
DPS (NZc)	8.0	8.0	10.0	12.0
Imputation (%)	0	0	50	75

*Based on normalised profits

Valuation (x)	25A	26E	27E	28E
PE	15.6	14.4	11.0	9.1
EV/EBIT	14.4	12.4	9.4	7.7
EV/EBITDA	9.5	8.3	6.7	5.6
Price / NTA	1.8	1.9	1.9	1.9
Cash div yld (%)	3.0	3.0	3.7	4.4
Gross div yld (%)	3.0	3.0	4.4	5.7

What's changed?

- **Earnings:** Our operating EBITDA forecasts lift +8%/+2%/+1% across FY26/FY27/FY28 respectively.
- **Target price:** Lifts +5% to NZ$3.70, reflecting higher FY26 earnings, higher peer multiples, margin lifts, and model roll-forward.

FY26 underpinned by a solid second-half performance

SCT's FY26 guidance confirms a stronger second half following a softer-than-expected performance in 1H26. At the midpoint, management's NZ$34m–NZ$36m FY26 EBITDA guidance implies *c.*NZ$22m of 2H26 EBITDA at a *c.*13.3% EBITDA margin, ahead of our 12.0% forecast and the 11.4% reported in FY25. Operating revenue guidance of NZ$290m–NZ$296m is in line with our unchanged NZ$293m expectations and was largely anticipated given project and contract timing flagged at 1H26. We see a level of conservatism in SCT's FY30 14% margin target (FBe: 15.0%).

Further contract progress towards 'Destination 2030' required to meet management aspirations

Management reiterated its 'Destination 2030' target for NZ$530m of revenue by FY30, requiring a *c.*+16% FY26–FY30 revenue CAGR from the midpoint of FY26 guidance, versus *c.*+6% growth in FY26. We forecast FY30 revenue of *c.*NZ$496m, below management's aspiration. Recent contract wins and the NZ$177m forward work pipeline reported at 1H26 support the near-term outlook, while SCT appears to be making progress on key strategic initiatives. However, we require further evidence of sustained contract wins and forward work growth to build confidence in management's targets.

Key points heading into the FY26 result

With FY26 revenue and EBITDA now well guided, attention at SCT's FY26 results announcement on 22 October 2026 will shift to the outlook for FY27 and beyond. Contract wins, growth in forward work, and progress on recurring service revenue will be key points of interest. We forecast NPAT of NZ$16.0m for FY26, up from NZ$14.2m in FY25.

Scott Technology (SCT)

Market Data (NZ$)	
Priced as at 12 Aug 2026	**2.71**
52 week high / low	3.20 / 1.95
Market capitalisation (NZ$m)	259.1

Key WACC assumptions	
Risk free rate	5.00%
Equity beta	1.30
WACC	12.0%
Terminal growth	1.5%

Profit and Loss Account (NZ$m)	2024A	2025A	2026E	2027E	2028E
Revenue	278.7	277.0	294.5	344.1	390.3
Normalised EBITDA	**30.2**	**31.5**	**35.5**	**43.9**	**52.8**
Depreciation and amortisation	(11.3)	(10.7)	(11.6)	(12.5)	(14.4)
Normalised EBIT	**15.2**	**20.8**	**23.9**	**31.4**	**38.4**
Net interest	(4.2)	(3.4)	(2.6)	(2.6)	(2.0)
Associate income	-	-	-	-	-
Tax	(3.2)	(3.2)	(5.3)	(7.2)	(9.1)
Minority interests	-	-	-	-	-
Normalised NPAT	**7.7**	**14.2**	**16.0**	**21.6**	**27.3**
Abnormals/other	-	-	-	-	-
Reported NPAT	**7.7**	**14.2**	**16.0**	**21.6**	**27.3**
Normalised EPS (cps)	9.7	17.4	18.8	24.6	29.8
DPS (cps)	8.0	8.0	8.0	10.0	12.0

Growth Rates	2024A	2025A	2026E	2027E	2028E
Revenue (%)	3.6	-0.6	6.3	16.8	13.4
EBITDA (%)	-0.6	4.3	12.7	23.7	20.3
EBIT (%)	-27.5	37.3	14.9	31.4	22.3
Normalised NPAT (%)	-50.1	84.2	12.3	35.5	26.4
Normalised EPS (%)	-49.7	79.4	8.0	30.7	21.5
Ordinary DPS (%)	0.0	0.0	0.0	25.0	20.0

Cash Flow (NZ$m)	2024A	2025A	2026E	2027E	2028E
EBITDA	**26.4**	**31.5**	**35.5**	**43.9**	**52.8**
Working capital change	(10.4)	(12.8)	(0.5)	(6.3)	(12.6)
Interest & tax paid	(3.1)	(2.5)	(5.1)	(7.2)	(9.2)
Other	(6.9)	6.1	1.2	-	-
Operating cash flow	**6.0**	**22.3**	**31.0**	**30.4**	**31.1**
Capital expenditure	(9.0)	2.6	(3.1)	(4.0)	(4.5)
(Acquisitions)/divestments	(0.9)	-	-	-	-
Other	(9.2)	(8.7)	(8.0)	(7.9)	(7.3)
Funding available/(required)	**(13.1)**	**16.2**	**19.9**	**18.6**	**19.3**
Dividends paid	(7.1)	(1.6)	(7.6)	(7.5)	(10.0)
Equity raised/(returned)	-	-	-	-	-
(Increase)/decrease in net debt	**(20.2)**	**14.6**	**12.3**	**11.1**	**9.3**

Balance Sheet (NZ$m)	2024A	2025A	2026E	2027E	2028E
Working capital	53.0	65.8	66.4	72.7	85.3
Fixed assets	23.6	21.1	20.1	19.5	19.1
Intangibles	3.4	2.6	2.4	2.4	1.4
Right of use asset	24.9	30.3	28.0	25.2	21.9
Other assets	97.8	99.0	97.3	96.7	96.1
Total funds employed	**202.6**	**218.9**	**214.2**	**216.5**	**223.8**
Net debt/(cash)	20.1	12.3	10.0	8.9	8.7
Lease liability	22.0	27.2	26.8	26.5	26.2
Other liabilities	69.0	50.2	52.3	53.3	54.4
Shareholder's funds	92.0	129.9	125.9	128.7	135.7
Minority interests	(0.5)	(0.7)	(0.8)	(1.0)	(1.2)
Total funding sources	**202.6**	**218.9**	**214.2**	**216.5**	**223.8**

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

Spot valuation (NZ$)	**3.70**
Peer comparable	3.32
DCF	4.04

DCF valuation summary (NZ$m)	
Total firm value	474
(Net debt)/cash	(12)
Less: Capitalised operating leases	(67)
Value of equity	395

Valuation Ratios	2024A	2025A	2026E	2027E	2028E
EV/Sales (x)	1.0	1.1	1.0	0.9	0.8
EV/EBITDA (x)	10.8	9.5	8.3	6.7	5.5
EV/EBIT (x)	25.1	14.4	12.4	9.4	7.6
PE (x)	27.9	15.6	14.4	11.0	9.1
Price/NTA (x)	2.5	1.8	1.9	1.9	1.9
Free cash flow yield (%)	-2.9	7.7	8.8	8.2	8.2
Adj. free cash flow yield (%)	-2.9	7.7	8.8	8.2	8.2
Net dividend yield (%)	3.0	3.0	3.0	3.7	4.4
Gross dividend yield (%)	3.0	3.0	3.0	4.4	5.7

Capital Structure	2024A	2025A	2026E	2027E	2028E
Interest cover EBIT (x)	n/a	n/a	n/a	n/a	n/a
Interest cover EBITDA (x)	n/a	n/a	n/a	n/a	n/a
Net debt/ND+E (%)	17.7	8.9	7.6	6.7	6.2
Net debt/EBITDA (x)	0.8	0.4	0.3	0.2	0.2

Key Ratios	2024A	2025A	2026E	2027E	2028E
Return on assets (%)	4.7	7.7	9.3	12.2	14.7
Return on equity (%)	8.3	11.3	13.1	17.3	20.7
Return on funds employed (%)	4.6	7.0	8.7	12.3	15.8
EBITDA margin (%)	9.5	11.4	12.1	12.8	13.5
EBIT margin (%)	4.1	7.5	8.1	9.1	9.8
Capex to sales (%)	3.2	-0.9	1.0	1.1	1.1
Capex to depreciation (%)	103	-29	28	33	35
Imputation (%)	0	0	0	50	75
Pay-out ratio (%)	82	46	43	41	40

Operating Performance	2024A	2025A	2026E	2027E	2028E
Protein (Meat)					
Revenue (NZ$m)	59.9	69.4	67.0	83.7	102.2
Revenue growth (%)	-21%	16%	-4%	25%	22%
Gross margin (%)	28%	29%	31%	33%	33%
Gross profit (NZ$m)	16.8	20.4	20.8	27.6	33.7
Mining (Minerals)					
Revenue (NZ$m)	48.8	50.9	55.0	60.0	65.4
Revenue growth (%)	18%	4%	8%	9%	9%
Gross margin (%)	36%	37%	38%	36%	36%
Gross profit (NZ$m)	17.4	18.8	20.9	21.6	23.5
Materials Handling and Logistics					
Revenue (NZ$m)	127.3	123.1	144.1	165.7	183.9
Revenue growth (%)	35%	-3%	17%	15%	11%
Gross margin (%)	22%	26%	26%	26%	25%
Gross profit (NZ$m)	28.3	32.0	37.5	42.2	46.0
Appliances and Other					
Revenue (NZ$m)	40.1	31.8	27.3	34.4	38.6
Revenue growth (%)	-28%	-21%	-14%	26%	12%
Gross margin (%)	26%	25%	29%	25%	25%
Gross profit (NZ$m)	10.6	7.9	7.8	8.6	9.5

Earnings revisions

We make minor earnings revisions following SCT's FY26 update. Our FY26 operating revenue forecast remains broadly unchanged at NZ$293.4m, near the midpoint of management's NZ$290m–NZ$296m guidance range, while we lift FY26 EBITDA +8% to NZ$35.5m, in line with guidance for NZ$34m–NZ$36m. Additionally, we update our interest rate curve assumptions to reflect current market rates.

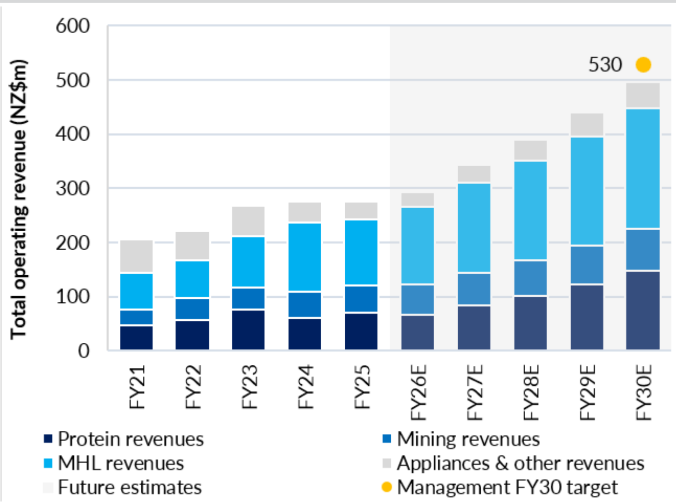
If SCT achieves its FY30 revenue ambitions, we estimate that its medium-term 'Destination 2030' FY30 14% EBITDA margin target should be conservative given: (1) 2H26 operating EBITDA margin lifted to *c.*13.3%; and (2) recurring service revenue continues to lift as a percentage of total sales (~29% in FY25) and operates at healthy margins. Our forecasts see SCT meeting management's FY30 EBITDA targets on our higher margin assumptions, despite our FY30 revenue forecast being NZ$496m (versus SCT's NZ$530m target).

Figure 1. Earnings revisions (NZ$m)

	FY25A		FY26E			FY27E			FY28E	
	Actual	Old	New	Change	Old	New	Change	Old	New	Change
Operating revenue	**275.3**	**293.0**	**293.4**	**+0%**	**343.3**	**343.8**	**+0%**	**389.4**	**390.0**	**+0%**
Other operating income	1.7	1.1	1.1	+0%	0.3	0.3	+0%	0.3	0.3	+0%
Share of joint ventures' net surplus	0.2	0.3	0.3	n/a	0.3	0.3	n/a	0.3	0.3	n/a
Raw materials, consumables used & operating expenses	(222.5)	(236.9)	(235.1)	-1%	(275.5)	(275.8)	+0%	(312.2)	(312.6)	+0%
Employee benefits expense	(23.2)	(24.7)	(24.2)	-2%	(25.2)	(24.7)	-2%	(25.7)	(25.2)	-2%
Operating EBITDA	**31.5**	**32.8**	**35.5**	**+8%**	**43.2**	**43.9**	**+2%**	**52.1**	**52.8**	**+1%**
Operating EBITDA margin (%)	11.5%	11.2%	12.1%	+92bp	12.6%	12.8%	+19bp	13.4%	13.5%	+18bp
Other Adjustments	-	-	-		-	-		-	-	
Interest revenue	0.4	0.2	0.2	n/a	0.3	0.0	n/a	0.1	(0.1)	n/a
Depreciation & amortisation	(10.7)	(11.0)	(11.6)	+6%	(11.7)	(12.5)	+7%	(13.5)	(14.4)	+7%
Finance costs	(3.8)	(3.3)	(2.8)	-14%	(3.7)	(2.6)	-29%	(3.1)	(1.9)	-38%
Net Profit Before Tax	17.4	18.7	21.3	+14%	28.0	28.8	+3%	35.6	36.4	+2%
Taxation (expense)	(3.2)	(4.7)	(5.3)	+14%	(7.0)	(7.2)	+3%	(8.9)	(9.1)	+2%
Net Profit / (Loss) after Tax (from continuing ops)	**14.2**	**14.0**	**16.0**	**+14%**	**21.0**	**21.6**	**+3%**	**26.7**	**27.3**	**+2%**
Diluted EPS	17.4	16.7	18.8	+13%	24.1	24.6	+2%	29.4	29.8	+1%

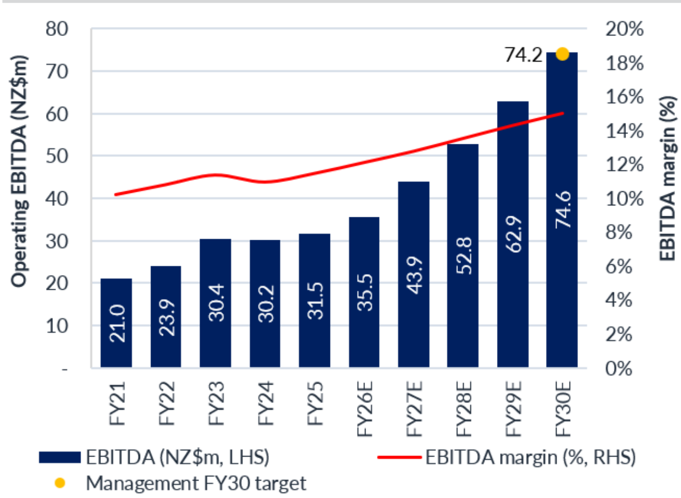
Source: Company, Forsyth Barr analysis

Figure 2. Our FY26 revenue remains broadly unchanged at NZ$293.4m, but we remain below SCT's FY30 objectives ...



Source: Company, Forsyth Barr analysis

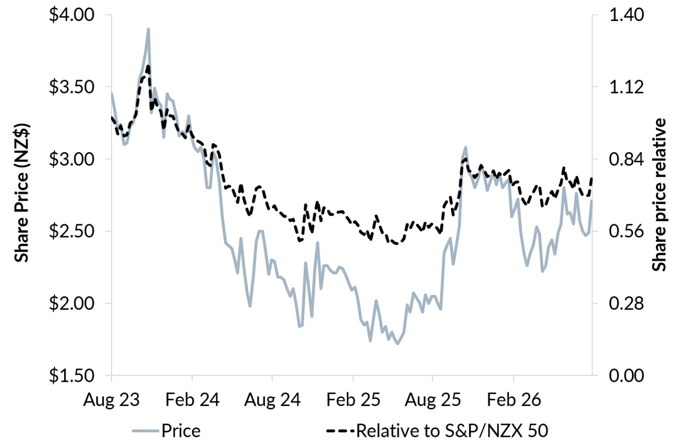
Figure 3. ... while our FY26 EBITDA forecast lifts +8% to NZ$35.5m, and our FY30 forecast matches SCT's targets



Source: Company, Forsyth Barr analysis

Additional data

Figure 4. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 5. Substantial shareholders

Shareholder	Latest Holding
JBS Australia	54.1%
Oakwood Securities	6.5%

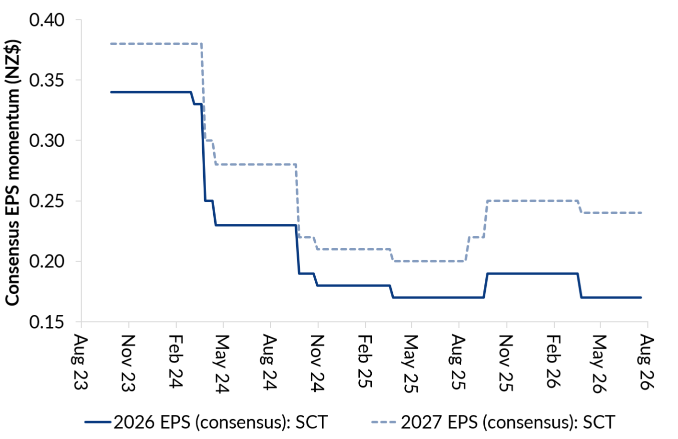
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 6. International valuation comparisons using consensus data (one and two year forward)

Company	Code	Price	Mkt Cap	PE		EV/EBITDA		EV/EBIT		Cash Yld
			(m)	1yr	2yr	1yr	2yr	1yr	2yr	1yr
Scott Technology Ltd	**SCT NZ**	**NZD2.71**	**NZD230.1**	**11.2x**	**9.2x**	**6.8x**	**5.6x**	**9.5x**	**7.8x**	**3.7%**
Flsmidth & Co A/S	FLS DC	DKK508.50	DKK29,315.0	15.4x	14.6x	10.4x	9.7x	12.3x	11.5x	2.2%
Xrf Scientific	XRF AT	AUD1.82	AUD261.0	22.5x	20x	14.3x	13.3x	15.6x	13.9x	2.7%
Abb-Reg	ABBN SW	CHF82.64	CHF150,665.4	28.9x	26.1x	20.9x	18.4x	23.1x	20.1x	1.2%
Emerson Electric	EMR US	USD164.38	USD91,690.8	23x	21x	17.9x	16.6x	21.9x	20.1x	1.4%
Honeywell International	HON US	USD230.12	USD72,934.2	24.8x	19.6x	19.9x	17.9x	22.7x	18x	1.8%
John Bean Technologies	JBT US	USD121.81	USD6,319.1	13.9x	13.2x	11.1x	11.3x	14.8x	12.8x	0.3%
Omron	6645 JP	JPY6734.00	JPY1,388,853.2	25.5x	20.8x	13.4x	12.1x	19.7x	17.6x	1.7%
Rockwell Automation	ROK US	USD447.00	USD49,638.8	30.7x	27.4x	22.4x	20.5x	24x	22.2x	1.3%
Schneider Electric	SU FP	EUR305.75	EUR176,908.6	27x	23.1x	17.9x	15.8x	21.3x	18.5x	1.6%

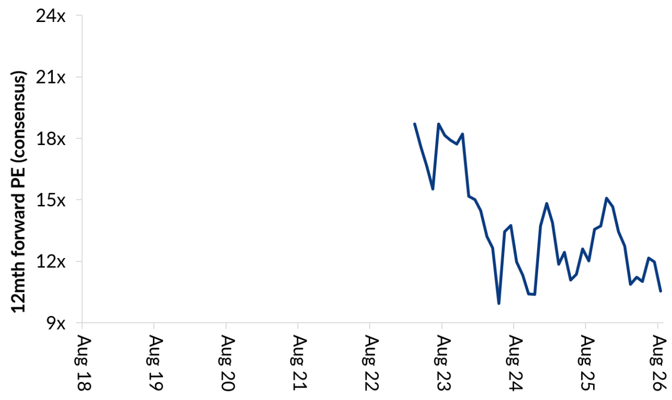
Source: Forsyth Barr analysis, Bloomberg. NOTE: all multiples based on Bloomberg consensus estimates. EV = market cap + net debt + lease liabilities + min interests - investments

Figure 7. Consensus EPS momentum (NZ$)



Source: Bloomber, Forsyth Barr analysis

Figure 8. Consensus one year forward PE (x)



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

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