

# Scott Technology

## 1H26 Some Assembly Required

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Scott Technology (SCT) reported a softer-than-expected 1H26 result, with group revenue up +5% to NZ\$128.2m and EBITDA up +7% to NZ\$13.0m, as strength in Materials Handling and Mining only partly offset timing-related weakness in Protein and Appliances. Group net margin held at 29%, broadly in line with expectations and reflecting continued cost discipline and better mix. The earnings miss looks timing-driven rather than structural—not unusual for a project-based business with lumpy contract phasing. Management expects FY26 to be second-half weighted, supported by recent wins across Materials Handling, Protein and Appliances and forward work of NZ\$177m, up +8% on 1H25. The building blocks are there, but it does put more weight on 2H26 execution. Geopolitical uncertainty remains the key external risk to contract timing through 2H26. We make minor amendments to estimates and trim our blended spot valuation by -4% to NZ\$3.54, with softer near-term earnings partly offset by valuation roll-forward.

NZX code	SCT	Financials: Aug/	25A	26E	27E	28E	Valuation (x)	25A	26E	27E	28E
Share price	NZ\$2.50	Rev (NZ\$m)	277.0	294.1	343.6	389.7	PE	14.4	14.5	10.3	8.6
Spot Valuation	NZ\$3.54 (from 3.70)	NPAT* (NZ\$m)	14.2	14.5	21.1	26.4	EV/EBIT	11.6	11.0	7.8	6.5
Risk rating	Medium	EPS* (NZc)	17.4	17.3	24.2	29.1	EV/EBITDA	7.9	7.4	5.7	4.8
Issued shares	84.1m	DPS (NZc)	8.0	8.0	10.0	12.0	Price / NTA	2.2	2.4	2.4	2.3
Market cap	NZ\$210m	Imputation (%)	0	0	50	75	Cash div yld (%)	3.2	3.2	4.0	4.8
Avg daily turnover	12.8k (NZ\$31k)	*Based on normalised profits					Gross div yld (%)	3.2	3.2	4.8	6.2

### What's changed?

- **Earnings:** NPAT estimates fall -8%/-3%/0% across FY26/FY27/FY28, respectively, primarily reflecting Protein/Appliances timing.
- **Spot valuation:** Blended spot valuation falls -4% to NZ\$3.54, with softer near-term earnings partly offset by valuation roll-forward.

### Revenue growth mixed on segment timing

First-half revenue growth was mixed, with Materials Handling revenue up +21% to NZ\$64.5m and Mining revenue up +9% to NZ\$25.5m, offsetting softer Protein revenue, down -8% to NZ\$28.0m, and Appliances revenue, down -28% to NZ\$10.2m. Delayed customer capital investment decisions in Protein and project timing in Appliances were the main sources of softness, but recent contract wins suggest solid momentum into 2H26.

### Margins supported by mix and cost discipline

Service revenue rose +14% to NZ\$42.6m and reached 33% of group revenue, up from 31% in 1H25, helping hold group net margin at 29%. Materials Handling margin improved to 26% from 22% and Mining margin to 37% from 35%, partly offsetting Protein margin contraction to 30% from 35% and Appliances margin easing to 28% from 32% as prior-period one-offs unwound. Operating cash flow fell to NZ\$6.1m from NZ\$14.5m in 1H25, reflecting project timing and working capital requirements as projects ramp up.

### FY26 now hinges on 2H26 execution

Forward work increased +8% to NZ\$177m over the year, supported by recent wins across Materials Handling, Protein and Appliances, including around NZ\$40m of new Materials Handling work in the EU, North America and Australia. That gives management a reasonable basis for a stronger 2H26, though geopolitical uncertainty remains a risk to customer contract signing. The year is set up to be second-half weighted, as FY25 was, but after a softer-than-expected first half the onus is now on contract conversion and management delivery in 2H26.

**Scott Technology (SCT)**
**Market Data (NZ\$)**

Priced as at 15 Apr 2026	2.50
52 week high / low	3.20 / 1.72
Market capitalisation (NZ\$m)	210.2

**Key WACC assumptions**

Risk free rate	5.00%
Equity beta	1.11
WACC	10.7%
Terminal growth	2.0%

**Profit and Loss Account (NZ\$m)**

	2024A	2025A	2026E	2027E	2028E
Revenue	278.7	277.0	294.1	343.6	389.7
<b>Normalised EBITDA</b>	<b>26.4</b>	<b>31.5</b>	<b>33.5</b>	<b>43.3</b>	<b>51.6</b>
Depreciation and amortisation	(10.9)	(10.0)	(11.0)	(11.7)	(13.5)
<b>Normalised EBIT</b>	<b>11.7</b>	<b>21.5</b>	<b>22.5</b>	<b>31.6</b>	<b>38.1</b>
Net interest	(4.2)	(3.4)	(3.1)	(3.5)	(3.0)
Associate income	-	-	-	-	-
Tax	(3.2)	(3.2)	(4.8)	(7.0)	(8.8)
Minority interests	-	-	-	-	-
<b>Normalised NPAT</b>	<b>7.7</b>	<b>14.2</b>	<b>14.5</b>	<b>21.1</b>	<b>26.4</b>
Abnormals/other	-	-	-	-	-
<b>Reported NPAT</b>	<b>7.7</b>	<b>14.2</b>	<b>14.5</b>	<b>21.1</b>	<b>26.4</b>
Normalised EPS (cps)	9.7	17.4	17.3	24.2	29.1
DPS (cps)	8.0	8.0	8.0	10.0	12.0

**Growth Rates**

	2024A	2025A	2026E	2027E	2028E
Revenue (%)	3.6	-0.6	6.2	16.8	13.4
EBITDA (%)	-11.1	19.3	6.1	29.6	19.1
EBIT (%)	-43.1	83.7	4.7	40.7	20.6
Normalised NPAT (%)	-50.1	84.2	2.2	45.4	24.9
Normalised EPS (%)	-49.7	79.4	-0.7	40.2	19.9
Ordinary DPS (%)	0.0	0.0	0.0	25.0	20.0

**Cash Flow (NZ\$m)**

	2024A	2025A	2026E	2027E	2028E
<b>EBITDA</b>	<b>26.4</b>	<b>31.5</b>	<b>33.5</b>	<b>43.3</b>	<b>51.6</b>
Working capital change	(10.4)	(12.8)	(0.5)	(6.5)	(12.3)
Interest & tax paid	(3.1)	(2.5)	(4.7)	(6.8)	(8.7)
Other	(6.9)	6.1	1.2	-	-
<b>Operating cash flow</b>	<b>6.0</b>	<b>22.3</b>	<b>29.5</b>	<b>30.0</b>	<b>30.7</b>
Capital expenditure	(9.0)	2.6	(2.5)	(2.9)	(3.3)
(Acquisitions)/divestments	(1.9)	-	-	-	-
Other	(9.2)	(8.7)	(8.4)	(9.0)	(8.5)
<b>Funding available/(required)</b>	<b>(14.1)</b>	<b>16.2</b>	<b>18.6</b>	<b>18.1</b>	<b>18.8</b>
Dividends paid	(7.1)	(1.6)	(7.6)	(7.4)	(9.9)
Equity raised/(returned)	-	-	-	-	-
<b>(Increase)/decrease in net debt</b>	<b>(21.2)</b>	<b>14.6</b>	<b>11.0</b>	<b>10.7</b>	<b>8.9</b>

**Balance Sheet (NZ\$m)**

	2024A	2025A	2026E	2027E	2028E
Working capital	53.0	65.8	66.3	72.8	85.1
Fixed assets	23.6	21.1	19.5	18.1	16.8
Intangibles	3.4	2.6	2.4	2.4	1.4
Right of use asset	24.9	30.3	28.6	26.5	24.0
Other assets	97.8	90.7	89.0	88.4	87.8
<b>Total funds employed</b>	<b>202.6</b>	<b>210.5</b>	<b>205.8</b>	<b>208.2</b>	<b>215.0</b>
Net debt/(cash)	20.1	12.3	11.2	10.6	10.7
Lease liability	22.0	27.2	26.9	26.7	26.3
Other liabilities	69.0	71.9	74.0	76.2	78.5
Shareholder's funds	92.0	99.9	94.7	96.4	101.8
Minority interests	(0.5)	(0.7)	(1.1)	(1.7)	(2.4)
<b>Total funding sources</b>	<b>202.6</b>	<b>210.5</b>	<b>205.8</b>	<b>208.2</b>	<b>215.0</b>

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

**Spot valuation (NZ\$)**

Peer comparable	3.59
DCF	3.49

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

Total firm value	540
(Net debt)/cash	(12)
Less: Capitalised operating leases	(71)
Value of equity	457

**Valuation Ratios**

	2024A	2025A	2026E	2027E	2028E
EV/Sales (x)	0.9	0.9	0.8	0.7	0.6
EV/EBITDA (x)	8.9	7.9	7.4	5.7	4.8
EV/EBIT (x)	20.1	11.6	11.0	7.8	6.5
PE (x)	25.8	14.4	14.5	10.3	8.6
Price/NTA (x)	2.3	2.2	2.4	2.4	2.3
Free cash flow yield (%)	-3.6	9.5	10.4	10.4	10.4
Adj. free cash flow yield (%)	-3.6	9.5	10.4	10.4	10.4
Net dividend yield (%)	3.2	3.2	3.2	4.0	4.8
Gross dividend yield (%)	3.2	3.2	3.2	4.8	6.2

**Capital Structure**

	2024A	2025A	2026E	2027E	2028E
Interest cover EBIT (x)	2.8	6.3	7.2	9.1	12.8
Interest cover EBITDA (x)	6.3	9.3	10.7	12.5	17.3
Net debt/ND+E (%)	17.7	11.3	11.0	10.2	9.9
Net debt/EBITDA (x)	0.8	0.4	0.3	0.2	0.2

**Key Ratios**

	2024A	2025A	2026E	2027E	2028E
Return on assets (%)	4.8	8.2	8.4	11.9	14.1
Return on equity (%)	8.3	14.8	16.0	22.8	26.9
Return on funds employed (%)	4.6	8.3	8.5	13.1	17.0
EBITDA margin (%)	9.5	11.4	11.4	12.6	13.2
EBIT margin (%)	4.2	7.8	7.6	9.2	9.8
Capex to sales (%)	3.2	-0.9	0.8	0.8	0.8
Capex to depreciation (%)	103	-29	24	26	28
Imputation (%)	0	0	0	50	75
Pay-out ratio (%)	82	46	46	41	41

**Operating Performance**

	2024A	2025A	2026E	2027E	2028E
<b>Protein (Meat)</b>					
Revenue (NZ\$m)	59.9	69.4	67.0	83.7	102.1
Revenue growth (%)	-21%	16%	-4%	25%	22%
Gross margin (%)	28%	29%	30%	33%	33%
Gross profit (NZ\$m)	16.8	20.4	20.1	27.6	33.7
<b>Mining (Minerals)</b>					
Revenue (NZ\$m)	48.8	50.9	55.0	59.9	65.3
Revenue growth (%)	18%	4%	8%	9%	9%
Gross margin (%)	36%	37%	37%	36%	36%
Gross profit (NZ\$m)	17.4	18.8	20.3	21.6	23.5

**Materials Handling and Logistics**

	2024A	2025A	2026E	2027E	2028E
Revenue (NZ\$m)	127.3	123.1	144.0	165.6	183.9
Revenue growth (%)	35%	-3%	17%	15%	11%
Gross margin (%)	22%	26%	26%	26%	25%
Gross profit (NZ\$m)	28.3	32.0	37.4	42.2	46.0

**Appliances and Other**

	2024A	2025A	2026E	2027E	2028E
Revenue (NZ\$m)	40.1	31.4	27.0	34.0	38.1
Revenue growth (%)	-28%	-22%	-14%	26%	12%
Gross margin (%)	26%	25%	25%	25%	24%
Gross profit (NZ\$m)	10.6	7.9	6.8	8.4	9.3

# 1H26 result summary and earnings revisions

## Result review

Total revenue for 1H26 was NZ\$128.2m, up +5% on 1H25, driven by Materials Handling and Mining, partly offset by softer Protein and Appliances revenue. EBITDA rose +7% to NZ\$13.0m, below expectations on softer revenue growth, although group net margin held at 29% and service revenue increased +14% to NZ\$42.6m, reaching 33% of group revenue. NPAT lifted +4% to NZ\$4.5m, with lower finance costs partly offset by higher depreciation and a normalised tax rate. An interim dividend of NZ4.0cps was declared (unimputed; 1H25: NZ3.0cps), below our NZ5.0cps forecast, with the DRP continuing. The 1H26 dividend represented 77% of EPS. Operating cash flow remained positive at NZ\$6.1m (1H25: NZ\$14.5m), reflecting working capital absorption as projects ramped up. Net debt lifted modestly versus FY25 to NZ\$13.1m (FY25: NZ\$12.3m). Forward work rose +8% to NZ\$177.0m, supporting 2H26 expectations, although conversion remains the key watchpoint.

By segment:

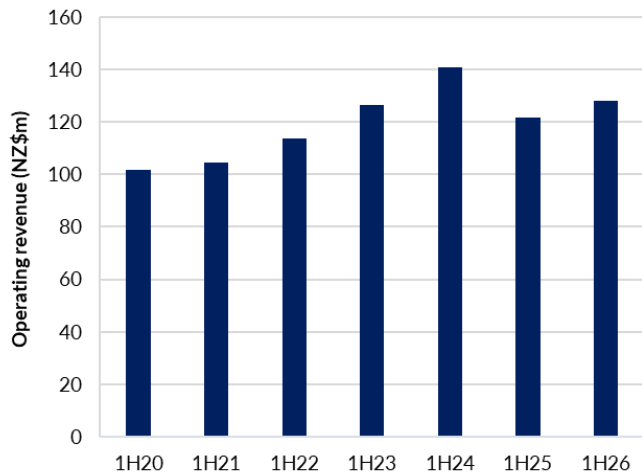
- **Materials Handling:** revenue rose +21% on 1H25 to NZ\$64.5m, driven by execution on the opening forward order book, growth in EU palletisation and service revenues lifting +19%. Margin dollars increased +39% to NZ\$16.5m, with margin expanding +4ppt to 26%, supported by operational efficiencies and an expanding installed base. The ~US\$35m JBS Brooks project in Canada is entering its final stages. Recent AGV wins with a US aerospace manufacturer and a global wine/spirits company move into the build phase in 2H26.
- **Protein:** revenue fell -8% to NZ\$28.0m, reflecting delayed capital decisions and lower BladeStop volumes. Margin dollars fell -22% to NZ\$8.3m, with margin contracting -5ppt to 30%, on lower utilisation and less favourable mix. Service provided a partial offset, rising to 55% of segment revenue (1H25: 50%). A recent Australian lamb primal win supports 2H26.
- **Mining:** revenue rose +9% to NZ\$25.5m, supported by record Rocklabs standard product sales, favourable gold prices and a stronger direct sales mix, albeit partly offset by the cycling of a large prior-period project and timing of new modular orders that are now expected in 2H26. North American expansion also contributed. Margin dollars increased +16% to NZ\$9.4m, with margin expanding +2ppt to 37%. Management targets a return to ~40% gross margins over time.
- **Appliances:** revenue fell -28% to NZ\$10.2m, cycling prior-period projects, with a current project in the design phase ahead of 2H26 commissioning. Margin dollars fell -38% to NZ\$2.8m and margin eased -4ppt to 28%, reflecting a normalisation from elevated prior period margins. A recent US whiteware order supports 2H26.

Figure 1. 1H26 result summary

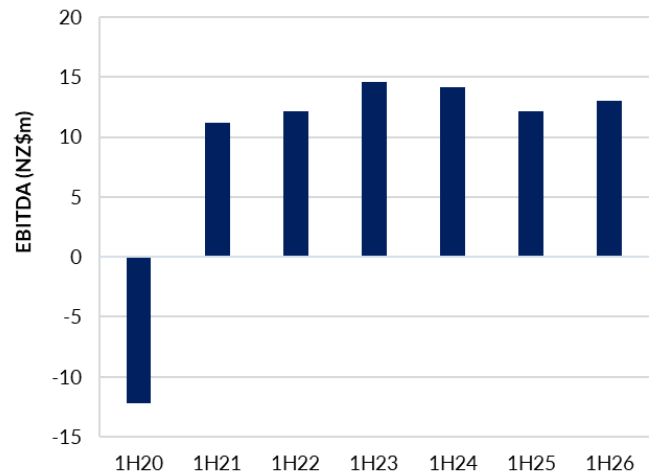
	1H25 Actual	1H26 Actual	Change
Operating revenue	121.7	128.2	+5%
Other operating income	0.7	0.9	+33%
Share of joint ventures' net surplus	(0.1)	0.0	n/a
Total operating expenses	(110.1)	(116.0)	+5%
<b>Operating EBITDA</b>	<b>12.2</b>	<b>13.0</b>	<b>+7%</b>
Interest revenue	0.2	0.1	-62%
Depreciation & amortisation	(5.3)	(5.5)	+5%
Finance costs	(2.2)	(1.7)	-22%
<b>Net Profit Before Tax</b>	<b>5.0</b>	<b>5.9</b>	<b>+19%</b>
Taxation (expense)	(0.6)	(1.4)	+116%
<b>Net Profit / (Loss) after Tax (from continuing ops)</b>	<b>4.3</b>	<b>4.5</b>	<b>+4%</b>
Diluted EPS (cps)	5.4	5.2	-4%

Source: Company, Forsyth Barr analysis

SCT's 53.7% major shareholder, JBS S.A. (NYSE: JBS), has been an ardent supporter of the company, with related party sales to JBS companies nearly doubling to NZ\$20.6m in 1H26 (1H25: NZ\$11.6m), representing ~16% of group revenue, up from ~10% in 1H25. The increase reflects progress on the JBS Brooks automated warehousing project in Canada, SCT's largest contract to date, alongside ongoing BladeStop and lamb systems purchases.

**Figure 2. SCT—Half year revenue (NZ\$m)**


Source: Company, Forsyth Barr analysis

**Figure 3. SCT—Half year EBITDA (NZ\$m)**


Source: Company, Forsyth Barr analysis

## Earnings revisions

We revise forecasts following SCT's 1H26 result. We see the downgrade as primarily one of timing rather than structure. We cut FY26 Protein and Appliances revenue after a softer-than-expected first half, while still forecasting stronger second-half delivery in both segments, supported by project timing and recent wins. This is partly offset by stronger near-term Materials Handling and Mining. Overall, FY26 revenue falls -4% to NZ\$293.0m, while FY27/FY28 move -2%/flat. EBITDA falls -5% in FY26, still implying 2H26 EBITDA of NZ\$20.5m. We continue to assume cost discipline and gross margin resilience limit the earnings impact through FY27/FY28. On balance, NPAT changes -8%/-3%/0% across FY26/FY27/FY28.

We cut our 2H26 dividend forecast to NZ4.0cps from NZ5.0cps, leaving FY26 DPS flat at NZ8.0cps, and in line with FY22–FY25. We also remove the assumption of partial imputation on the final dividend. This reflects our view that SCT will prioritise R&D investment and balance-sheet discipline over dividend growth. From FY27, however, we still expect DPS growth off the NZ8.0cps base, with 50% imputation attached.

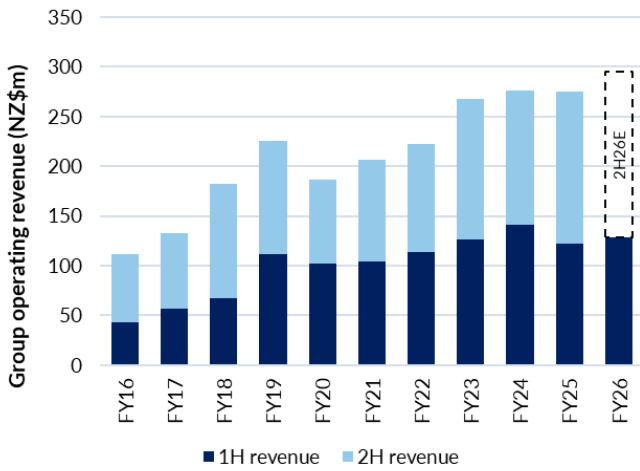
Longer term, our FY30 revenue forecast falls modestly to NZ\$495m, from NZ\$499m, around -7% below management's NZ\$530m aspiration.

**Figure 4. Earnings revisions**

	FY26E			FY27E			FY28E		
	Old	New	Change	Old	New	Change	Old	New	Change
Operating revenue	306.6	293.0	-4%	351.9	343.3	-2%	390.3	389.4	-0%
Other operating income	0.3	1.1	n/a	0.3	0.3	+0%	0.3	0.3	+0%
Share of joint ventures' net surplus	0.3	0.3	n/a	0.3	0.3	n/a	0.3	0.3	n/a
Raw materials, consumables used & operating expenses	(247.6)	(236.5)	-4%	(283.1)	(275.4)	-3%	(313.5)	(312.5)	-0%
Employee benefits expense	(24.4)	(24.4)	+0%	(25.1)	(25.1)	+0%	(25.8)	(25.8)	+0%
<b>Operating EBITDA</b>	<b>35.1</b>	<b>33.5</b>	<b>-5%</b>	<b>44.2</b>	<b>43.3</b>	<b>-2%</b>	<b>51.5</b>	<b>51.6</b>	<b>+0%</b>
Interest revenue	0.2	0.2	n/a	0.3	0.3	n/a	0.1	0.1	n/a
Depreciation & amortisation	(11.0)	(11.0)	-0%	(11.7)	(11.7)	-0%	(13.5)	(13.5)	-0%
Finance costs	(3.3)	(3.3)	+0%	(3.8)	(3.8)	+0%	(3.1)	(3.1)	+0%
<b>Net Profit Before Tax</b>	<b>21.0</b>	<b>19.4</b>	<b>-8%</b>	<b>29.0</b>	<b>28.2</b>	<b>-3%</b>	<b>35.0</b>	<b>35.1</b>	<b>+0%</b>
Taxation (expense)	(5.3)	(4.8)	-8%	(7.3)	(7.0)	-3%	(8.8)	(8.8)	+0%
<b>Net Profit / (Loss) after Tax (from continuing ops)</b>	<b>15.8</b>	<b>14.5</b>	<b>-8%</b>	<b>21.8</b>	<b>21.1</b>	<b>-3%</b>	<b>26.3</b>	<b>26.4</b>	<b>+0%</b>
Diluted EPS	18.9	17.3	-9%	25.2	24.2	-4%	29.2	29.0	-1%

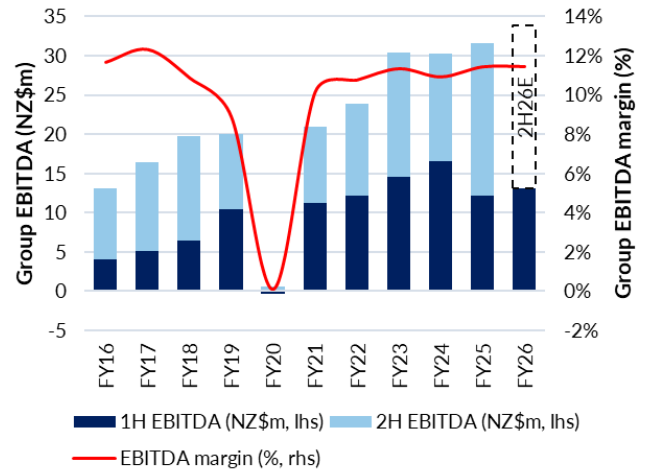
Source: Forsyth Barr analysis

Figure 5. FY26E remains second-half weighted...



Source: Company, Forsyth Barr analysis

Figure 6. ... with improved operating leverage, similar to 2H25



Source: Company, Forsyth Barr analysis

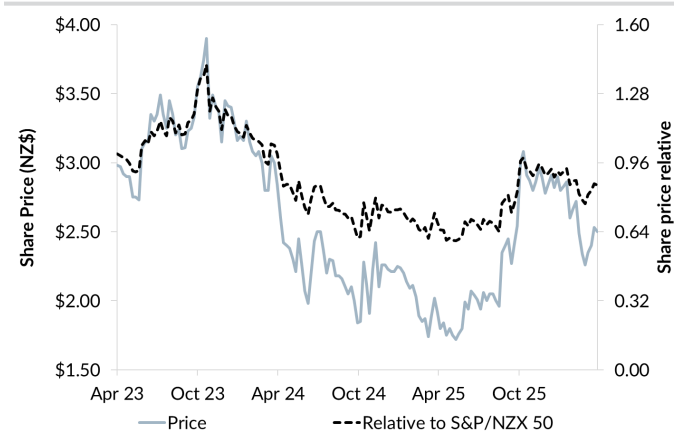
### Brooks nears the real test

In SCT's 1H26 release, the company said its ~US\$35m automated warehousing and palletisation project at JBS's Brooks beef plant in Alberta, Canada, is now nearing commissioning. This matters less for 2H26 than for what it could unlock. Brooks is a large North American beef site, and the published system specifications point to a meaningful downstream warehousing and palletisation installation. If SCT can commission and ramp the project cleanly, it will have a genuine North American reference site for large-scale warehousing and palletisation automation. That matters given JBS's scale, its ongoing North American beef-site investment, and SCT's ambition to win larger warehousing, palletisation and downstream materials handling work.

The point is less about any specific next contract than the credibility a clean ramp-up would give SCT. A clean Brooks ramp-up should improve SCT's chances not only within JBS's North American network, but across the wider North American market, where plant scale and logistics complexity are greater again. That matters because JBS separately flagged a US\$200m beef investment programme across Greeley (Colorado) and Cactus (Texas) in February 2025, including a new distribution-centre investment in Greeley. We are not assuming any specific site follows Brooks. More importantly, Brooks could become SCT's first meaningful North American reference site for large-scale warehousing, palletisation and downstream materials handling automation, improving SCT's positioning for further large-scale wins across both JBS and other major customers in the region.

## Additional data

Figure 7. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 8. Substantial shareholders

Shareholder	Latest Holding
JBS Australia	53.7%
Oakwood Securities	6.6%

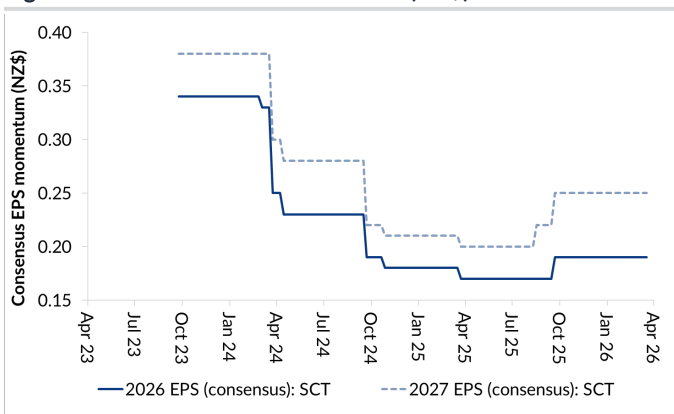
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 9. 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
				1yr	2yr	1yr	2yr	1yr	2yr	
Scott Technology	SCT NZ	NZ\$2.50	NZ\$210	11x	9.1x	6.6x	5.5x	9.2x	7.5x	4.5%
Flsmidth & Co A/S	FLS DC	kr527.00	kr30,382	16.3x	16.5x	10.6x	10.3x	12x	12.3x	2.1%
Xrf Scientific	XRF AT	A\$1.82	A\$260	20.9x	18.5x	13.4x	12x	14.6x	12.9x	2.9%
Abb-Reg	ABBN SW	CHF71.58	CHF131,986	29.3x	27.4x	20.6x	19.3x	22.6x	21.3x	1.3%
Emerson Electric	EMR US	US\$144.46	US\$81,187	21.1x	19.1x	16.8x	15.5x	20.5x	18.8x	1.6%
Honeywell International	HON US	US\$233.64	US\$148,047	21.7x	19.8x	16.9x	15.7x	18.4x	16.9x	2.1%
John Bean Technologies	JBT US	US\$130.72	US\$6,804	15.4x	13.3x	12.2x	11.3x	16.7x	14.7x	0.3%
Omron	6645 JP	¥4774.00	¥984,613	19.9x	17.2x	9.6x	8.7x	14.3x	12.5x	2.3%
Rockwell Automation	ROK US	US\$407.78	US\$45,817	31.5x	28x	23.2x	21.2x	24.9x	22.7x	1.4%
Schneider Electric	SU FP	€260.30	€150,225	25.6x	22x	16.1x	14.4x	19.4x	17x	1.8%

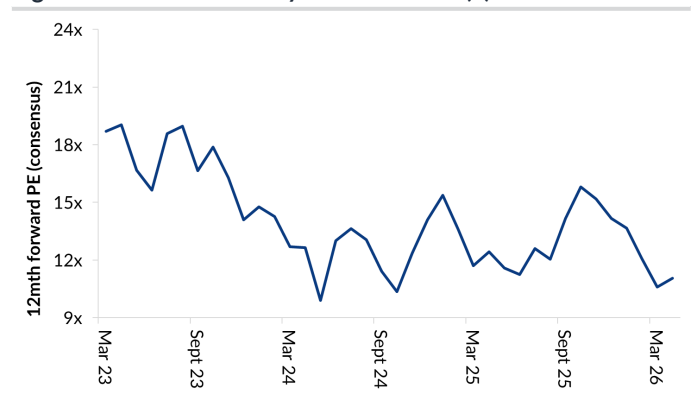
Source: Forsyth Barr analysis, Bloomberg. NOTE: all multiples based on Bloomberg consensus estimates. EV = market cap + net debt + lease liabilities + min interests - investments

Figure 10. Consensus EPS momentum (NZ\$)



Source: Bloomberg, Forsyth Barr analysis

Figure 11. Consensus one year forward PE (x)



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

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