

Scott Technology

Modest Impacts From Liberation Day Tariffs

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Donald Trump has announced his *Liberation Day* tariffs on all goods imported into the US. We view the implications for Scott Technology (SCT) as relatively minor and understand that the direct cost of tariffs (for the majority of existing projects) will flow onto its customers. The downside may also be partially offset by pressure on competitors such as SCT's European and Asian-based competitors, who may face higher tariffs. We estimate only 6-8% of SCT's total sales will have some tariff attached to it, assisted by a high percentage of in-country service (~28% of total sales) and the Materials Handling segment being insulated from tariffs due to its predominantly US manufacturing base. In the long term, SCT's diversified production base and niche strengths—along with potential US manufacturing shifts—may mitigate the already limited direct tariff exposure. Although weaker global demand, as a potential second-order impact of tariffs, presents a broader headwind. We retain our estimates, along with our NZ\$3.21 blended spot valuation.

NZX code	SCT	Financials: Aug/	24A	25E	26E	27E	Valuation (x)	24A	25E	26E	27E
Share price	NZ\$1.75	Rev (NZ\$m)	278.7	278.6	297.0	315.1	PE	18.0	13.3	9.5	8.2
Spot Valuation	NZ\$3.21	NPAT* (NZ\$m)	7.7	10.8	15.7	18.8	EV/EBIT	14.3	9.8	7.3	6.4
Risk rating	Medium	EPS* (NZc)	9.7	13.1	18.5	21.3	EV/EBITDA	6.3	6.0	5.3	4.7
Issued shares	81.2m	DPS (NZc)	8.0	8.0	10.0	12.0	Price / NTA	1.3	1.3	1.2	1.1
Market cap	NZ\$142m	Imputation (%)	0	100	100	100	Cash div yld (%)	4.6	4.6	5.7	6.9
Avg daily turnover	17.9k (NZ\$43k)	*Based on normalised profits					Gross div yld (%)	4.6	6.3	7.9	9.5

Divisional implications:

- Protein:** An estimated 15% to 20% of segment revenue comes from the US, with ~35% of this service, driven almost entirely by BladeStop units and parts, whilst all service is undertaken locally. BladeStop, manufactured primarily in Australia, could face the projected 10% US tariff. Given BladeStop's strong position as a market-leading safety bandsaw for meat processing, we expect a relatively mild sales impact. SCT's primary competitors for BladeStop are MADO (based in Germany) and Guardian (Australasia). Other meat processing competitors—including Bizerba and Treif (Germany) and Foodmate (Netherlands)—may face a higher tariff (20%) than SCT. In contrast, Foodmate, Jarvis (US) and Marel, with US manufacturing, often alongside European sites, could avoid tariffs, potentially posing some price competition, although these are not direct competitors on most of SCT's key product lines.
- Material Handling (MHL):** An estimated 10%-15% of SCT's MHL sales come from the US with ~34% of this service. However, a significant portion of these revenues are driven by Transbotics autonomous guided vehicles (AGVs), which are manufactured in the US (primarily in North Carolina). We estimate only 1%-2% of total MHL sales (imported equipment from NZ or other non-US facilities, such as Australia), will face the 10% tariff. While US-based players like Dematic might benefit, other global firms like KION Group (Germany) and Daifuku (Japan) potentially face higher tariffs (e.g. 20% from Europe or higher from Asia). As such, SCT's local production via Transbotics may benefit. Looking ahead, as SCT pursues further US expansion of MHL, it may use US facilities. More imminently, the US MHL business may be impacted by potential retaliatory tariffs such as from the Canadian government.
- Mining:** Most of SCT's North American mining revenue flows from Canada, and as such, we estimate that less than 10% of SCT's Mining division sales are to the US market with an estimated ~29% of this service. Currently, all mining equipment exported to the US—such as automated sampling and rock-crushing systems—is manufactured in New Zealand and faces the projected 10% tariff. New product revenue, particularly from innovations like the Rocklab's Automated Modular Solutions (AMS) for mining sample preparation systems, is a growth driver in this segment, though US penetration remains limited. Competitors such as FLSmidth (Denmark) and Metso Outotec (Finland) may face higher tariffs (e.g. 20% from Europe) into the US, while Thermo Fisher Scientific, manufacturing in the US, likely avoids import costs. Given the modest US presence, tariff impacts for Mining should be minimal.

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

Priced as at 03 Apr 2025	1.75
52 week high / low	3.53 / 1.80
Market capitalisation (NZ\$m)	142.1

Key WACC assumptions

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

Profit and Loss Account (NZ\$m)

	2023A	2024A	2025E	2026E	2027E
Revenue	268.9	278.7	278.6	297.0	315.1
Normalised EBITDA	29.7	26.4	30.8	34.8	39.2
Depreciation and amortisation	(8.5)	(10.9)	(12.1)	(9.6)	(10.3)
Normalised EBIT	20.6	11.7	18.7	25.2	28.9
Net interest	(1.7)	(4.2)	(3.6)	(3.4)	(2.8)
Associate income	0	0	0	0	0
Tax	(3.8)	(3.2)	(4.2)	(6.1)	(7.3)
Minority interests	0	0	0	0	0
Normalised NPAT	15.4	7.7	10.8	15.7	18.8
Abnormals/other	0	0	0	0	0
Reported NPAT	15.4	7.7	10.8	15.7	18.8
Normalised EPS (cps)	19.3	9.7	13.1	18.5	21.3
DPS (cps)	8.0	8.0	8.0	10.0	12.0

Growth Rates

	2023A	2024A	2025E	2026E	2027E
Revenue (%)	20.2	3.6	0.0	6.6	6.1
EBITDA (%)	24.1	-11.0	16.4	13.1	12.7
EBIT (%)	29.5	-43.1	59.5	35.1	14.6
Normalised NPAT (%)	22.0	-50.0	40.1	45.1	19.7
Normalised EPS (%)	21.4	-49.7	35.3	40.7	15.5
Ordinary DPS (%)	0.0	0.0	0.0	25.0	20.0

Cash Flow (NZ\$m)

	2023A	2024A	2025E	2026E	2027E
EBITDA	29.7	26.4	30.8	34.8	39.2
Working capital change	(6.4)	(4.8)	(1.0)	(0.8)	(3.4)
Interest & tax paid	(0.0)	(3.1)	(3.9)	(5.9)	(7.0)
Other	(3.1)	(12.6)	1.2	1.2	0
Operating cash flow	20.2	6.0	27.0	29.3	28.9
Capital expenditure	(2.0)	(9.0)	(2.8)	(3.0)	(3.1)
(Acquisitions)/divestments	(2.5)	(1.9)	0	0	0
Other	(6.3)	(9.2)	(8.6)	(8.5)	(8.1)
Funding available/(required)	9.5	(14.1)	15.6	17.8	17.6
Dividends paid	(2.6)	(7.1)	(6.5)	(7.8)	(9.8)
Equity raised/(returned)	0	0	0	0	0
(Increase)/decrease in net debt	6.9	(21.2)	9.1	10.1	7.8

Balance Sheet (NZ\$m)

	2023A	2024A	2025E	2026E	2027E
Working capital	42.6	47.4	48.3	49.1	52.5
Fixed assets	18.4	23.6	26.9	30.1	33.4
Intangibles	5.6	3.4	0.0	0	0
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	204.3	208.8	216.4
Net debt/(cash)	0.1	20.1	16.9	6.9	(1.0)
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	111.1	120.9	131.8
Minority interests	(0.4)	(0.5)	(0.8)	(1.2)	(1.8)
Total funding sources	192.3	202.6	204.3	208.8	216.4

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

Spot valuation (NZ\$)

Peers comparable	3.21
DCF	3.19

DCF valuation summary (NZ\$m)

Total firm value	446
(Net debt)/cash	(20)
Less: Capitalised operating leases	(61)
Value of equity	365

Valuation Ratios

	2023A	2024A	2025E	2026E	2027E
EV/Sales (x)	0.6	0.6	0.7	0.6	0.6
EV/EBITDA (x)	5.2	6.3	6.0	5.3	4.7
EV/EBIT (x)	7.5	14.3	9.8	7.3	6.4
PE (x)	9.1	18.0	13.3	9.5	8.2
Price/NTA (x)	1.3	1.3	1.3	1.2	1.1
Free cash flow yield (%)	10.0	-5.3	13.8	15.1	14.6
Adj. free cash flow yield (%)	10.0	-5.3	13.8	15.1	14.6
Net dividend yield (%)	4.6	4.6	4.6	5.7	6.9
Gross dividend yield (%)	4.6	4.6	6.3	7.9	9.5

Capital Structure

	2023A	2024A	2025E	2026E	2027E
Interest cover EBIT (x)	12.2	2.8	5.1	7.4	10.3
Interest cover EBITDA (x)	17.6	6.3	8.4	10.2	13.9
Net debt/ND+E (%)	0.1	15.2	13.1	5.3	-0.7
Net debt/EBITDA (x)	0.0	0.8	0.6	0.2	n/a

Key Ratios

	2023A	2024A	2025E	2026E	2027E
Return on assets (%)	8.1	4.8	7.7	10.1	11.0
Return on equity (%)	13.9	6.9	9.6	12.9	14.1
Return on funds employed (%)	9.5	4.1	5.7	7.9	9.0
EBITDA margin (%)	11.0	9.5	11.0	11.7	12.5
EBIT margin (%)	7.6	4.2	6.7	8.5	9.2
Capex to sales (%)	0.7	3.2	1.0	1.0	1.0
Capex to depreciation (%)	31	103	32	31	30
Imputation (%)	0	0	100	100	100
Pay-out ratio (%)	41	82	61	54	56

Operating Performance

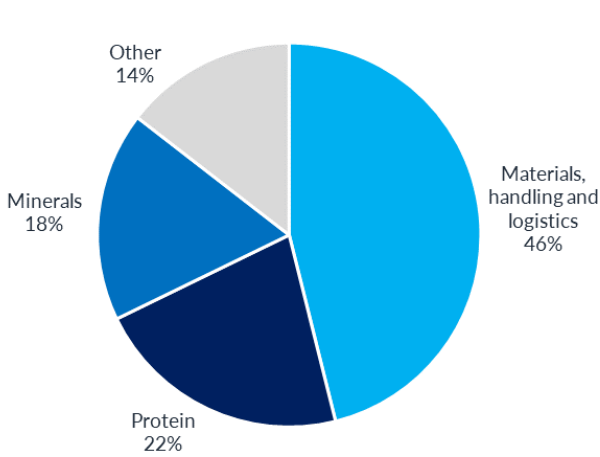
	2023A	2024A	2025E	2026E	2027E
Protein (Meat)					
Revenue (NZ\$m)	76.0	59.9	52.1	63.6	66.8
Revenue growth (%)	33%	-21%	-13%	22%	5%
Gross margin (%)	33%	28%	29%	29%	29%
Gross profit (NZ\$m)	25.4	16.8	14.9	18.4	19.4
Minerals (Mining)					
Revenue (NZ\$m)	41.2	48.8	52.7	65.9	77.4
Revenue growth (%)	4%	18%	8%	25%	18%
Gross margin (%)	40%	36%	40%	40%	40%
Gross profit (NZ\$m)	16.6	17.4	21.1	26.4	31.0

Materials Handling and Logistics

	2023A	2024A	2025E	2026E	2027E
Revenue (NZ\$m)	94.4	127.3	142.6	142.6	149.7
Revenue growth (%)	35%	35%	12%	0	5%
Gross margin (%)	23%	22%	23%	23%	23%
Gross profit (NZ\$m)	21.6	28.3	32.8	33.0	34.9
Other					
Revenue (NZ\$m)	56.0	40.1	29.1	24.7	21.0
Revenue growth (%)	1%	-28%	-28%	-15%	-15%
Gross margin (%)	14%	26%	22%	22%	22%
Gross profit (NZ\$m)	7.8	10.6	6.4	5.4	4.6

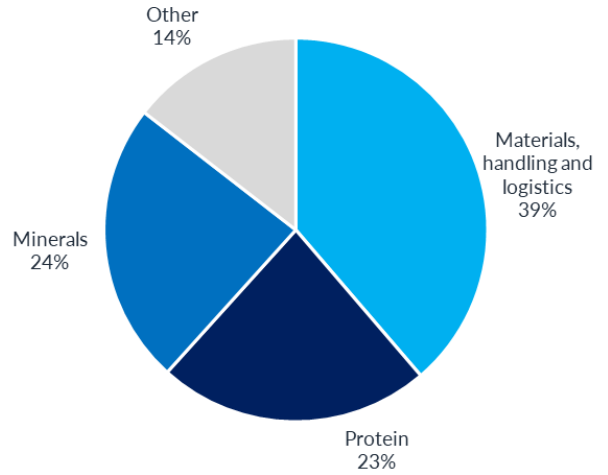
Key charts

Figure 1. SCT—Revenue by segment (NZ\$m) FY24



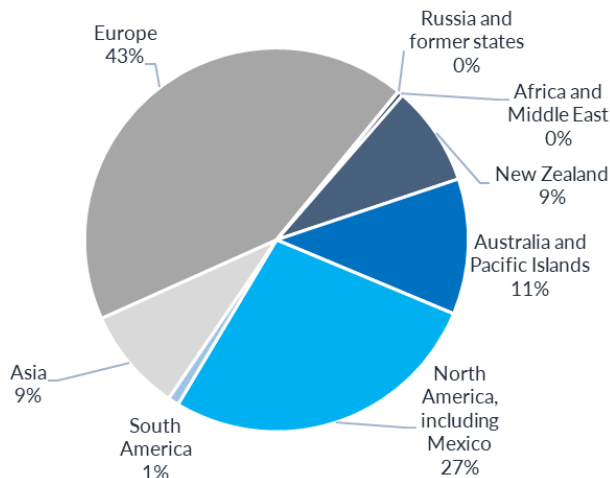
Source: Company, Forsyth Barr analysis

Figure 2. SCT—Gross margin by segment (NZ\$m) FY24



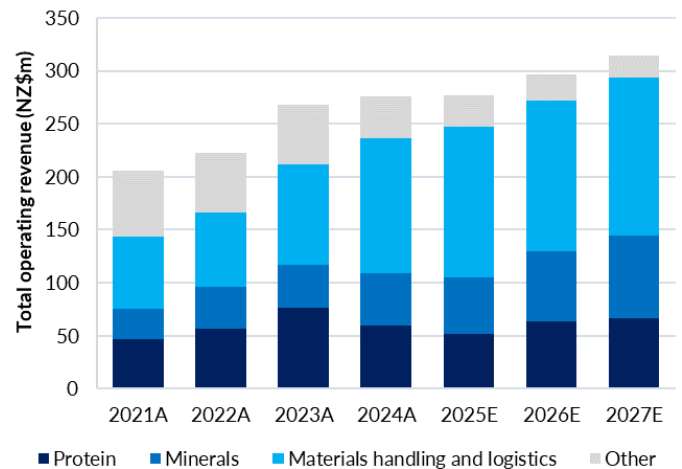
Source: Company, Forsyth Barr analysis

Figure 3. SCT—Revenue by geography (NZ\$m)



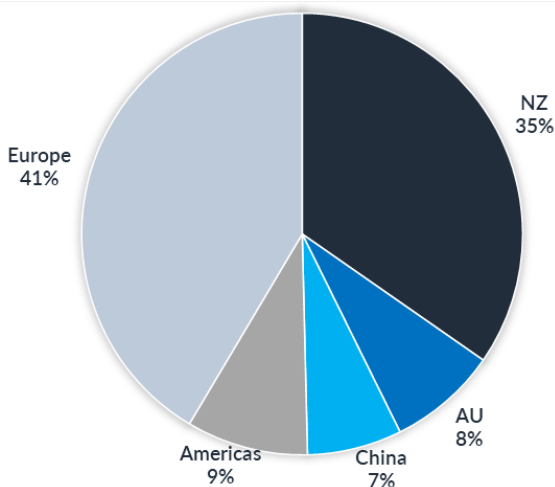
Source: Company, Forsyth Barr analysis

Figure 4. SCT – Revenue stack by segment (NZ\$m)



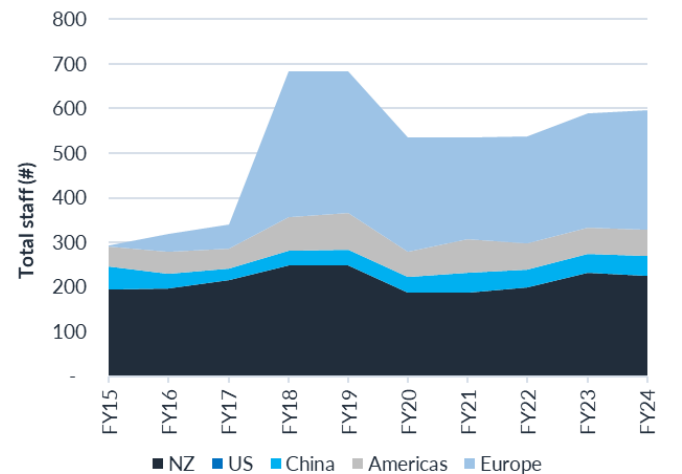
Source: Company, Forsyth Barr analysis

Figure 5. SCT—Staff by geographic location (August 2024)



Source: Company, Forsyth Barr analysis

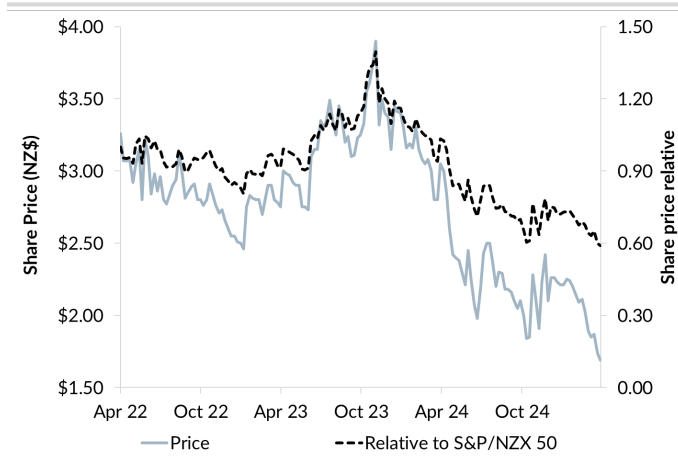
Figure 6. SCT—Staff by geographic location over time



Source: Company, Forsyth Barr analysis

Additional data

Figure 7. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 8. Substantial shareholders

Shareholder	Latest Holding
JBS Australia	52.4%
Oakwood	6.8%

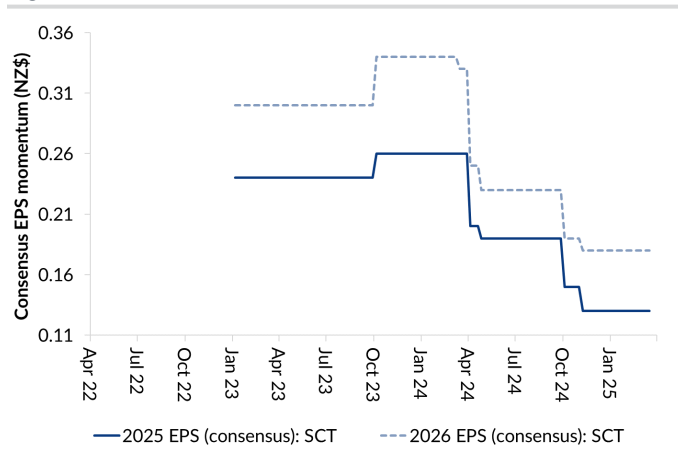
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

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\$1.75	NZ\$144	10.9x	8.8x	6.4x	5.7x	9.4x	7.7x	5.3%
Flsmidth & Co A/S	FLS DC	kr328.80	kr18,955	12.5x	10.9x	7.4x	6.6x	9.3x	8.0x	3.2%
Xrf Scientific	XRF AT	A\$1.78	A\$251	22.3x	19.8x	13.6x	12.2x	14.9x	13.3x	2.7%
Abb-Reg	ABBN SW	US\$45.73	US\$85,086	18.1x	16.5x	12.6x	11.6x	14.3x	13.1x	2.2%
Emerson Electric	EMR US	US\$111.54	US\$62,897	17.9x	16.4x	14.3x	13.4x	17.5x	16.3x	1.9%
Honeywell International	HON US	US\$215.99	US\$140,127	20.2x	18.4x	15.2x	14.3x	16.8x	15.6x	2.2%
John Bean Technologies	JBT US	US\$125.32	US\$6,512	21.8x	16.8x	11.0x	9.5x	14.1x	11.7x	0.3%
Omron	6645 JP	¥4061.00	¥837,560	15.6x	12.2x	9.7x	8.1x	14.5x	11.4x	2.8%
Rockwell Automation	ROK US	US\$260.86	US\$29,496	25.6x	22.0x	19.1x	17.1x	21.4x	18.8x	2.0%
Schneider Electric	SU FP	€215.00	€123,761	21.7x	19.3x	13.9x	12.5x	16.0x	14.4x	2.1%

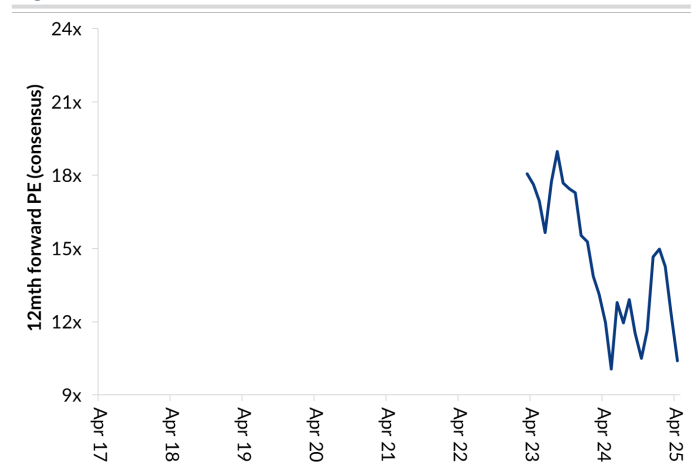
Source: Forsyth Barr analysis, Bloomberg, NOTE: all multiples based on Bloomberg consensus estimates, EV = market cap+net debt+lease liabilities+min interests-investments

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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