





**STEEL & TUBE**  
**HOLDINGS LIMITED**

## **Presentation to Analysts**

**By**

**Nick Calavrias – Chief Executive Officer**

**Tony Candy – Chief Financial Officer**

**16 August 2005**

# Company Objective



## VISION

To be a well respected distributor of steel and allied products delivering superior returns to our shareholders

## OPERATING STYLE

To provide on a consistent basis first class service that meets or exceeds the needs of our customers safely

## GEOGRAPHIC FOOTPRINT

New Zealand, Australia & Pacific Islands

## Key Measures of Success

Total shareholder return which is in the upper quartile of NZ listed companies

Zero Lost Time Injuries

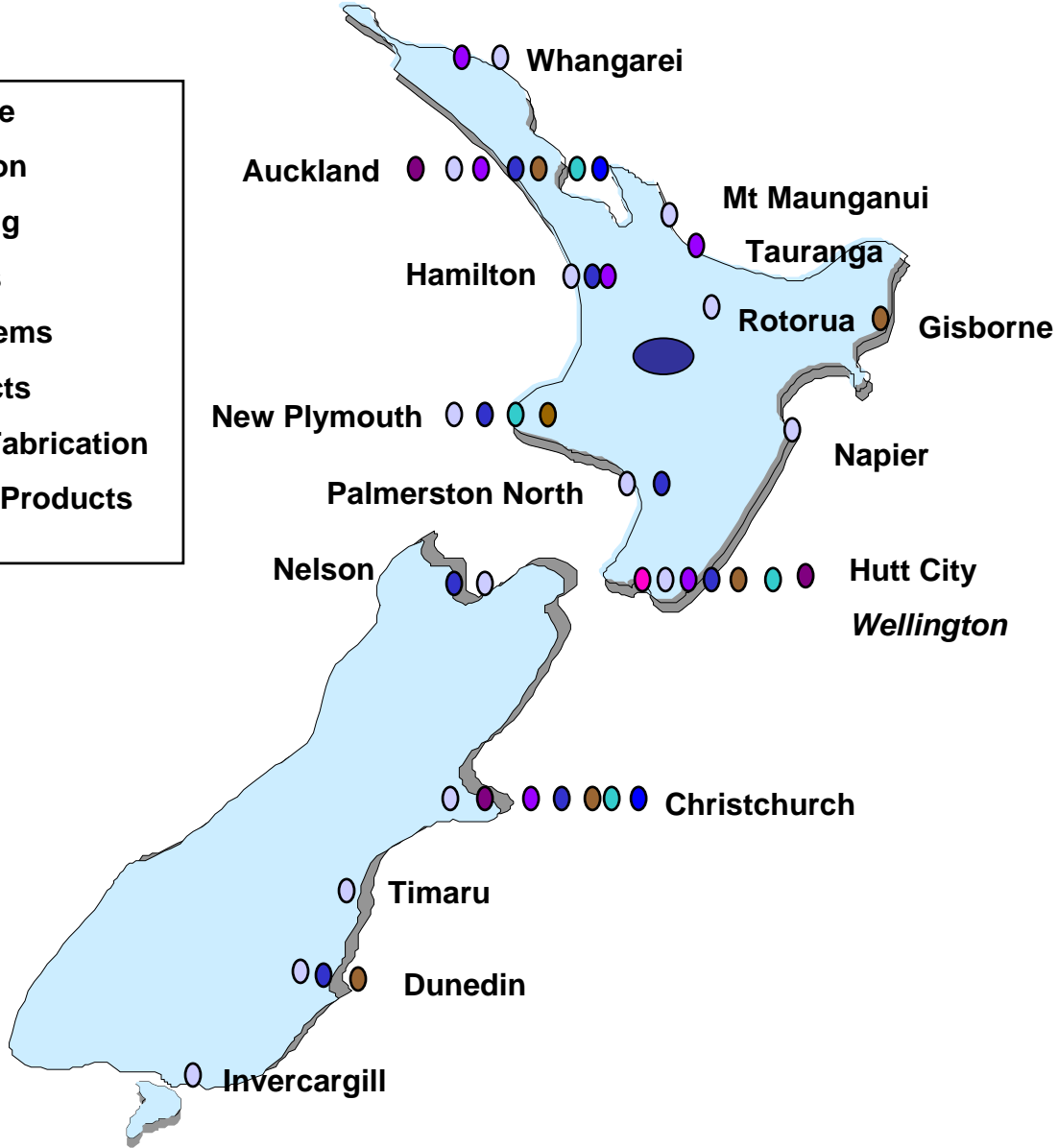


# OPERATIONS

# Steel & Tube Divisional Locations



- Corporate Office
- Steel Distribution
- Steel Processing
- Piping Systems
- Fastening Systems
- Roofing Products
- Reinforcing & Fabrication
- Hurricane Wire Products



# Company Overview



Established in 1953, Steel & Tube Holdings Limited listed on the New Zealand Stock Exchange in 1967 and is ranked number 19 by market capitalisation. OneSteel Limited (Australia) currently owns 50.3% of the issued capital.

Steel & Tube Holdings Limited is New Zealand's largest distributor of steel, wire and allied products with a total of 43 distribution and service centres servicing the construction, rural and manufacturing sectors. It has 800 employees and annual sales in the vicinity of NZ\$400 million offering the following goods and services.

**Steel & Tube Distribution** – Is the largest distributor of steel and allied products with 16 service centres nationwide. It also has coil processing facilities in Auckland and Christchurch and plate processing equipment in Auckland, Wellington and Christchurch.

**Steel & Tube Piping Systems** – Is a specialist supplier of pipe, valves and fittings to the petrochemical, energy, mining and construction industries. It has 3 locations in the North Island and 1 in the South Island.

**Steel & Tube Fastening Systems** – Provides a large range of specialist metal fasteners to industry, with 5 locations nationwide.

**Steel & Tube Roofing Products** - Is one of the largest manufacturers of steel roofing, cladding and rainwater accessories with 7 manufacturing sites throughout the country.

**Steel & Tube Reinforcing** – Has 8 operations nationwide and provides fabricated reinforcing steel to the construction industry.

**Hurricane Wire Products** – Is the largest domestic manufacturer of wire products with manufacturing operations in Auckland and Christchurch, and has 165 employees. Range of Products include farm fences, farm gates, nails and staples, and reinforcing mesh.

More detail is available by visiting [www.steelandtube.co.nz](http://www.steelandtube.co.nz)





























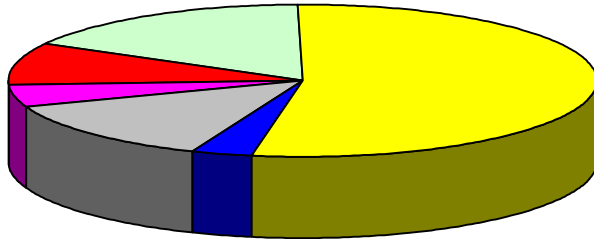






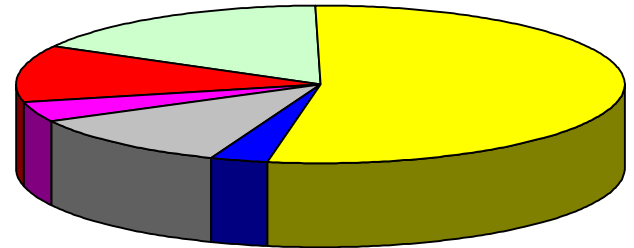


**Steel and Tube NZ Operations  
YE June 2004 Sales**



Fasteners  
Hurricane  
Piping Systems  
Reinforcing  
Roofing  
Steel Distribution

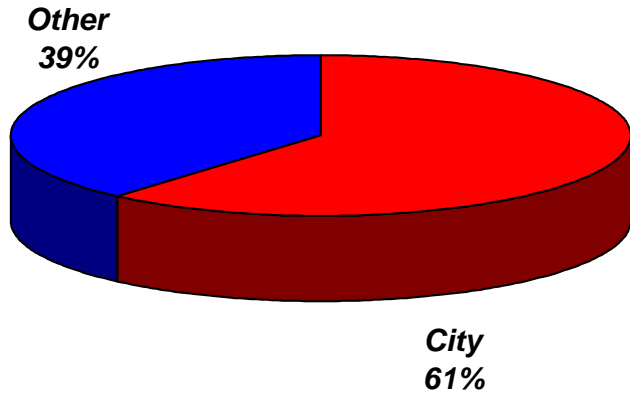
**Steel and Tube NZ Operations  
YE June 2005 Sales**



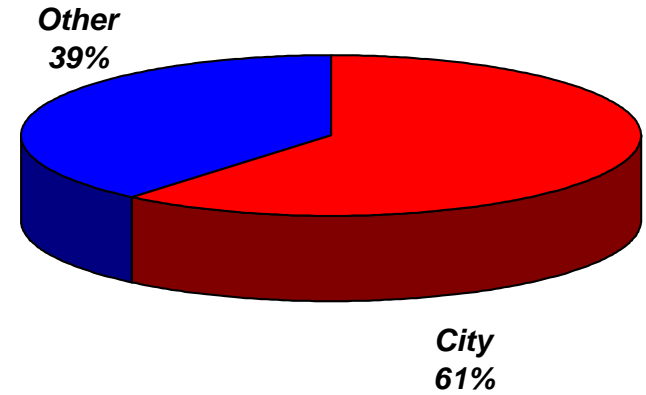
Fasteners  
Hurricane  
Piping Systems  
Reinforcing  
Roofing  
Steel Distribution



**Steel and Tube Holdings Group  
YE June 2004 Sales**



**Steel and Tube Holdings Group  
YE June 2005 Sales**

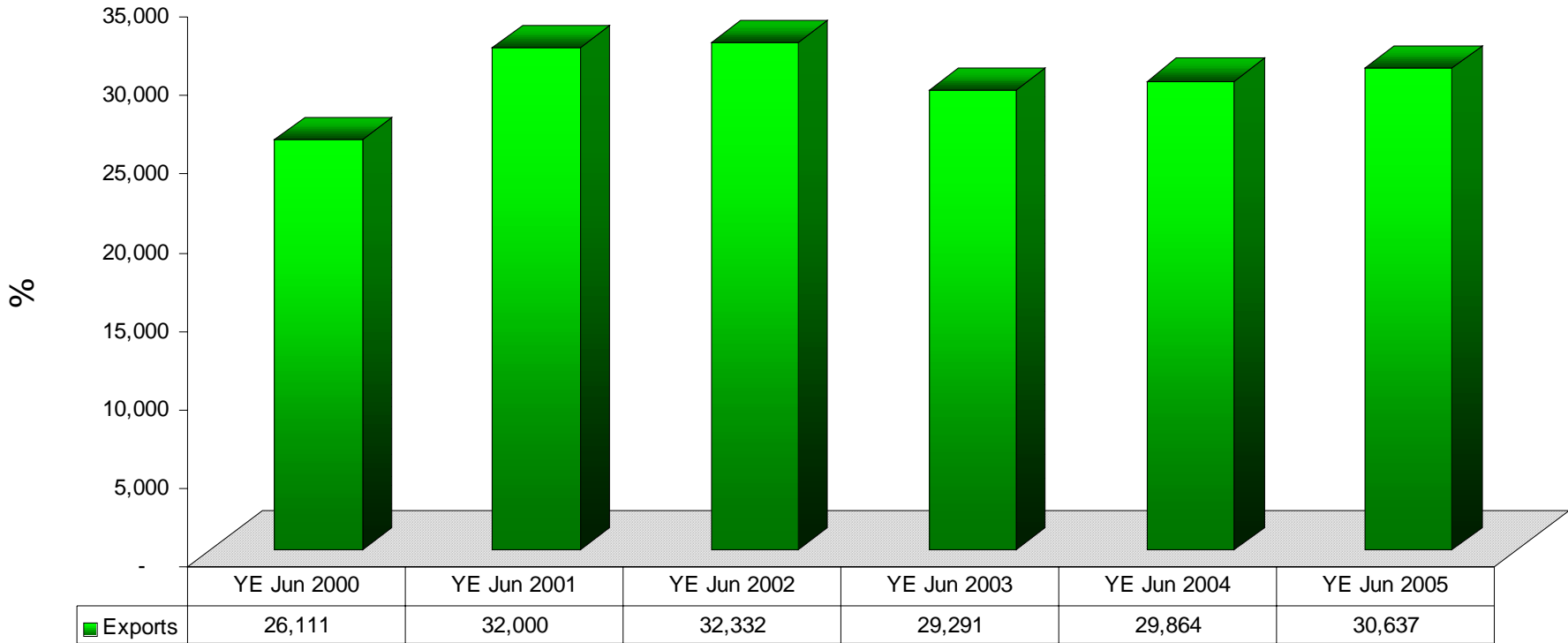




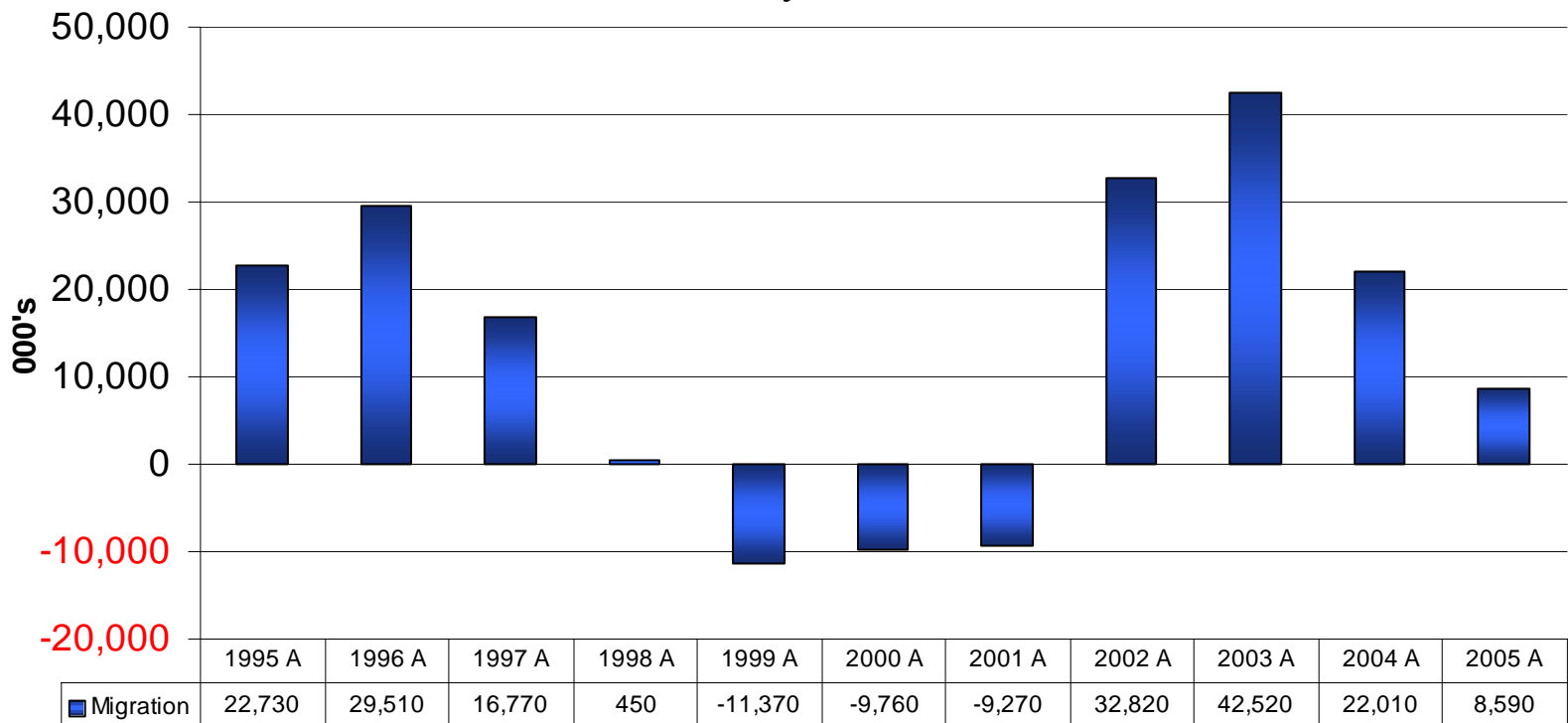


# TRADING ENVIRONMENT

## Annual Exports *(June Year Ends)*

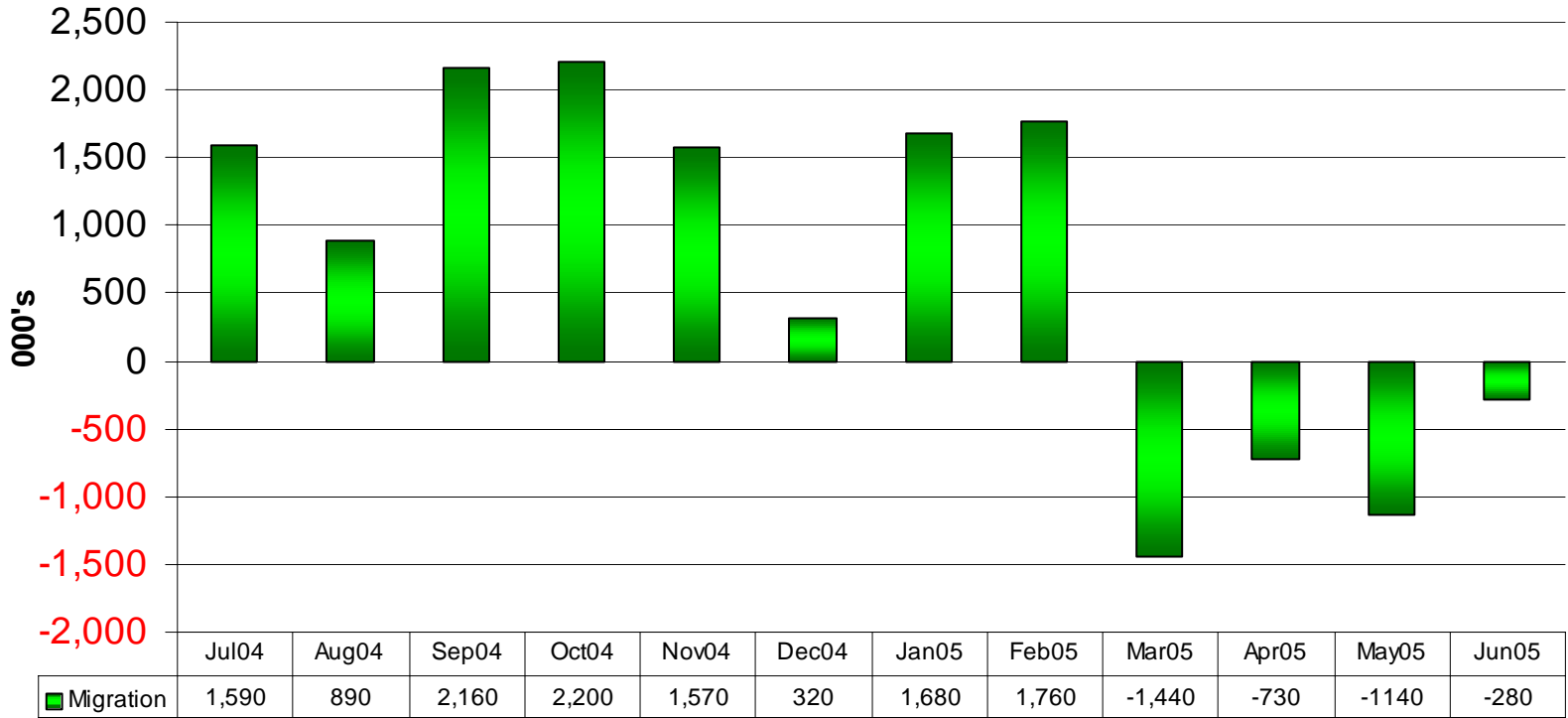


### Net Migration Permanent & Long-Term *June year Ends*



Source:- Stats NZ

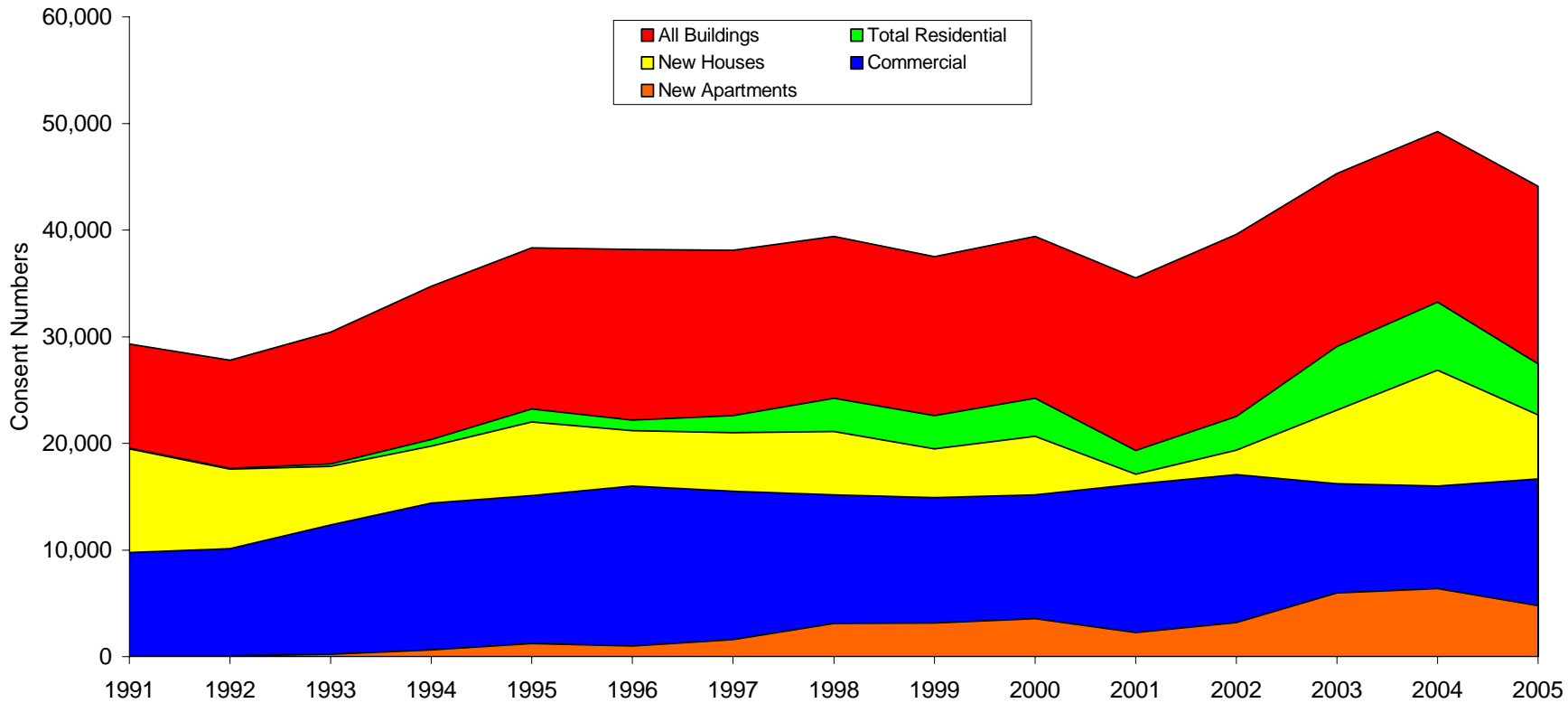
## Net Migration Permanent & Long-Term



Source:- Stats NZ

## Number of building Consents 1991 -2005

*(June year ends)*



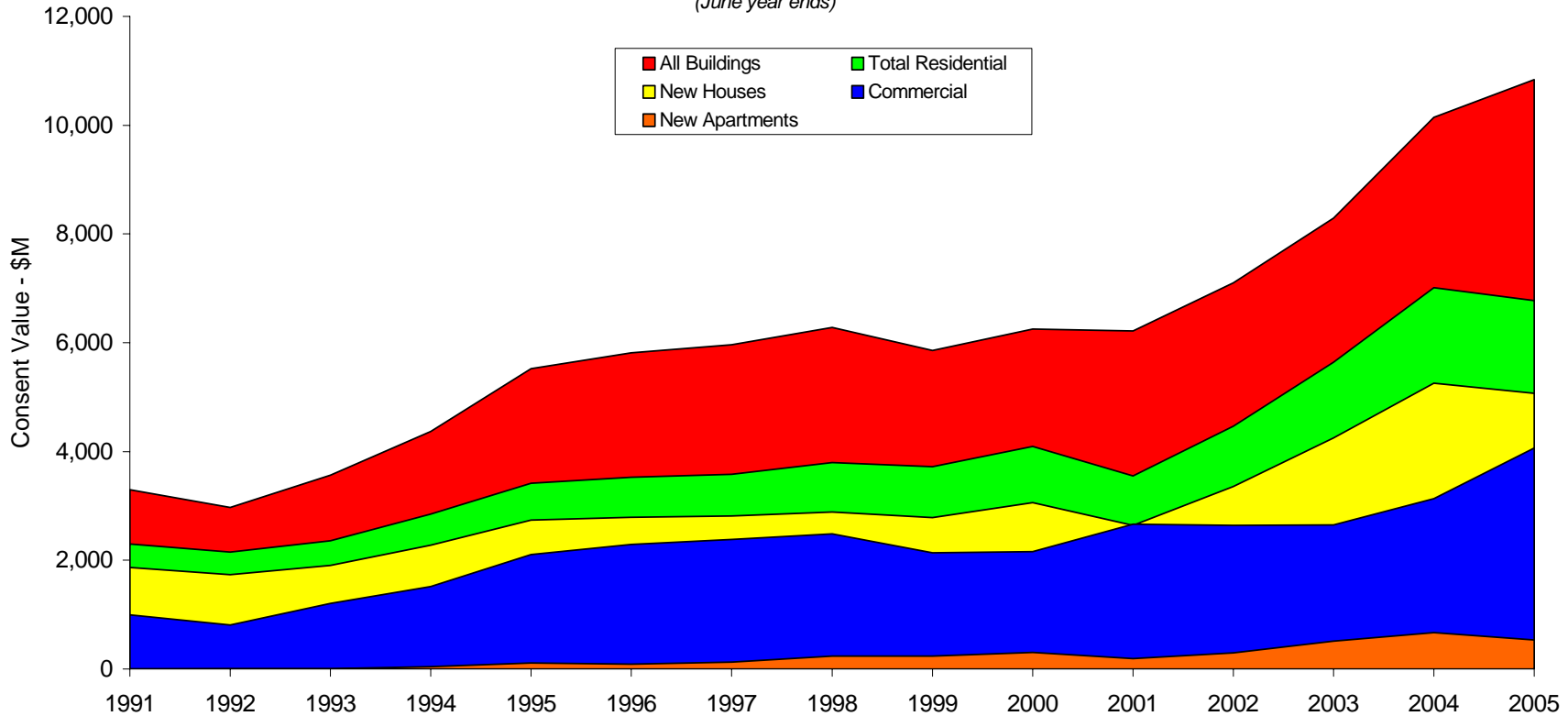
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
New Houses	19,499	17,570	17,857	19,741	22,002	21,181	20,995	21,118	19,470	20,678	17,097	19,360	23,105	26,877	22,667
New Apartments	58	88	217	622	1,233	1,011	1,603	3,120	3,138	3,566	2,248	3,173	5,969	6,374	4,777
Total Residential	19,557	17,658	18,074	20,363	23,235	22,192	22,598	24,238	22,608	24,244	19,345	22,533	29,074	33,251	27,444
Commercial	9,751	10,132	12,339	14,382	15,091	15,984	15,502	15,164	14,912	15,176	16,169	17,064	16,222	15,983	16,671
All Buildings	29,308	27,790	30,413	34,745	38,326	38,176	38,100	39,402	37,520	39,420	35,514	39,597	45,296	49,234	44,115



## Building Consents 1991 -2005

**\$M Amount**

*(June year ends)*

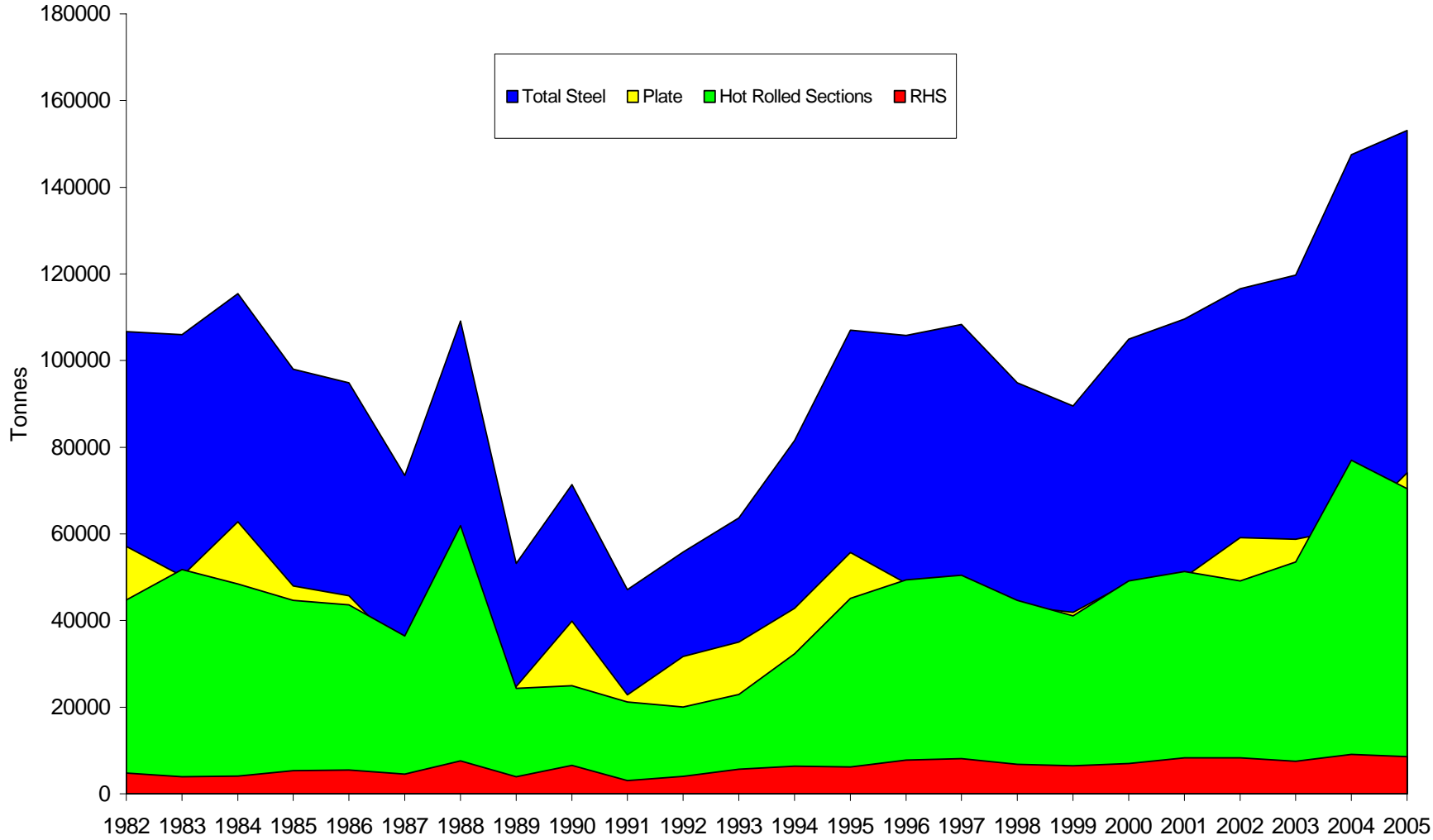


	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
New Houses	1,872	1,732	1,904	2,276	2,737	2,789	2,811	2,888	2,782	3,062	2,645	3,361	4,250	5,252	5,067
New Apartments	3	5	10	48	110	93	126	236	238	306	195	295	510	670	536
Other Residential	424	418	449	528	570	644	646	673	702	730	709	808	883	1,091	1,173
Total Residential	2,299	2,154	2,363	2,852	3,417	3,526	3,583	3,797	3,722	4,098	3,549	4,464	5,643	7,013	6,776
Commercial	1,000	814	1,206	1,518	2,105	2,291	2,380	2,485	2,140	2,156	2,666	2,641	2,649	3,133	4,062
All Buildings	3,299	2,968	3,569	4,370	5,522	5,817	5,963	6,282	5,862	6,254	6,215	7,105	8,292	10,146	10,838

# Hera Steel Volumes 1982-2005

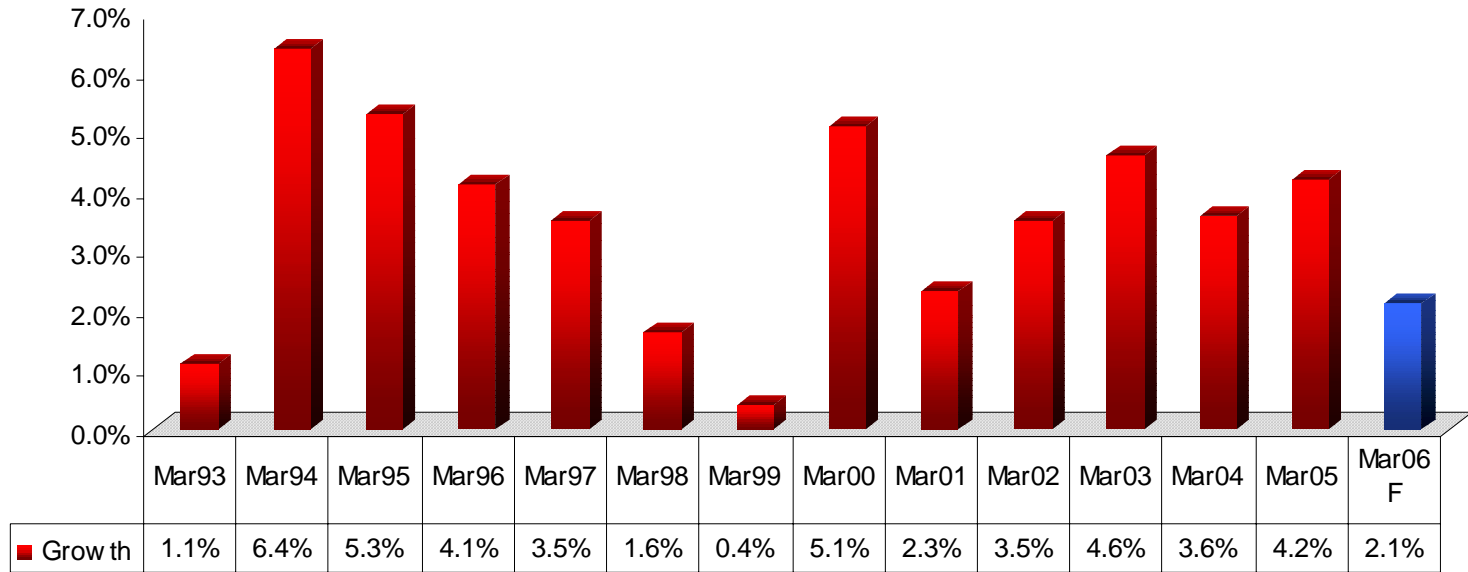
## Imports & Local Production Combined

*(June year ends)*



	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
RHS	4830	3912	4128	5306	5494	4571	7629	3952	6604	3079	4041	5711	6437	6217	7821	8181	6803	6497	7021	8322	8342	7495	9149	8582
Hot Rolled Sections	44787	51734	48474	44707	43651	36416	61940	24378	24958	21169	20045	22912	32297	45151	49398	50491	44643	41084	49141	51306	49113	53497	77036	70454
Plate	57103	50299	62833	48021	45722	32460	39611	24824	39852	22868	31738	35043	42821	55698	48605	49662	43455	41896	48791	49980	59137	58778	61299	74104
Total Steel	106720	105945	115435	98034	94867	73447	109180	53154	71414	47116	55824	63666	81555	107066	105824	108334	94901	89477	104953	109608	116592	119770	147484	153140

## Annual GDP *Averaged*





# KEY BUSINESS ISSUES

# Key Business Issues



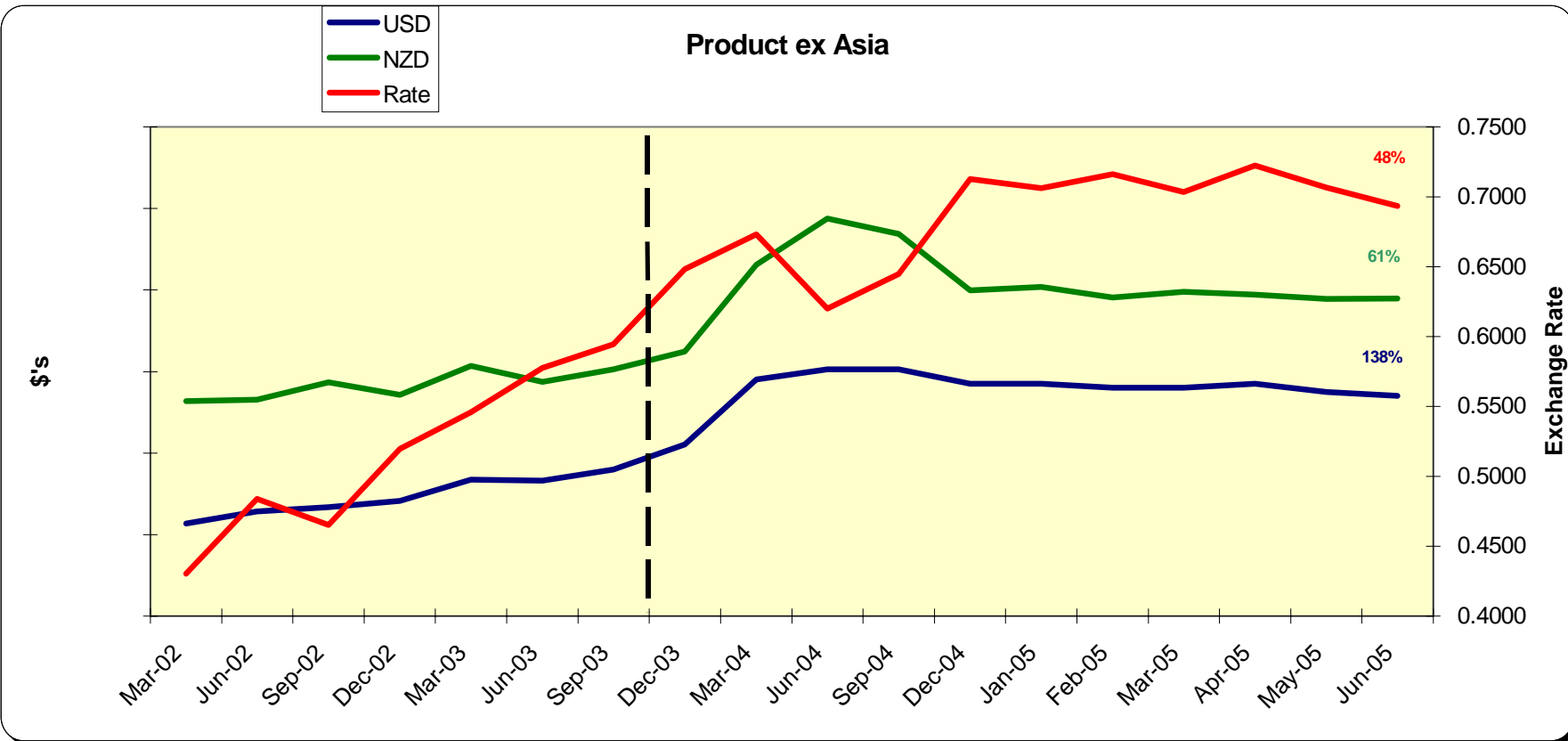
- General costs to run the business increase by about 2% year on year
- Wages increase by about \$2.4 million year on year
- Combined, our operational expenses increase by approximately 5% p.a.

# Key Business Issues



- Competitors attempting to take market share away from us
- Margins are under pressure from both customers and competitors
- Steel price and supply volatility *(refer graphs)*

	Mar-02	Jun-02	Sep-02	Dec-02	Mar-03	Jun-03	Sep-03	Dec-03	Mar-04	Jun-04	Sep-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
USD	0	16%	20%	27%	51%	50%	62%	85%	156%	167%	167%	151%	151%	147%	147%	151%	142%	138%
NZD	-	-2%	6%	0%	14%	6%	12%	23%	63%	85%	78%	52%	53%	48%	51%	50%	48%	48%
Rate	0.4303	0.4837	0.4652	0.5197	0.5458	0.5775	0.5944	0.6482	0.6730	0.6200	0.6450	0.7128	0.7062	0.7162	0.7035	0.7223	0.7066	0.6935
	0	18%	13%	26%	33%	41%	45%	51%	56%	44%	50%	66%	64%	66%	63%	68%	64%	61%

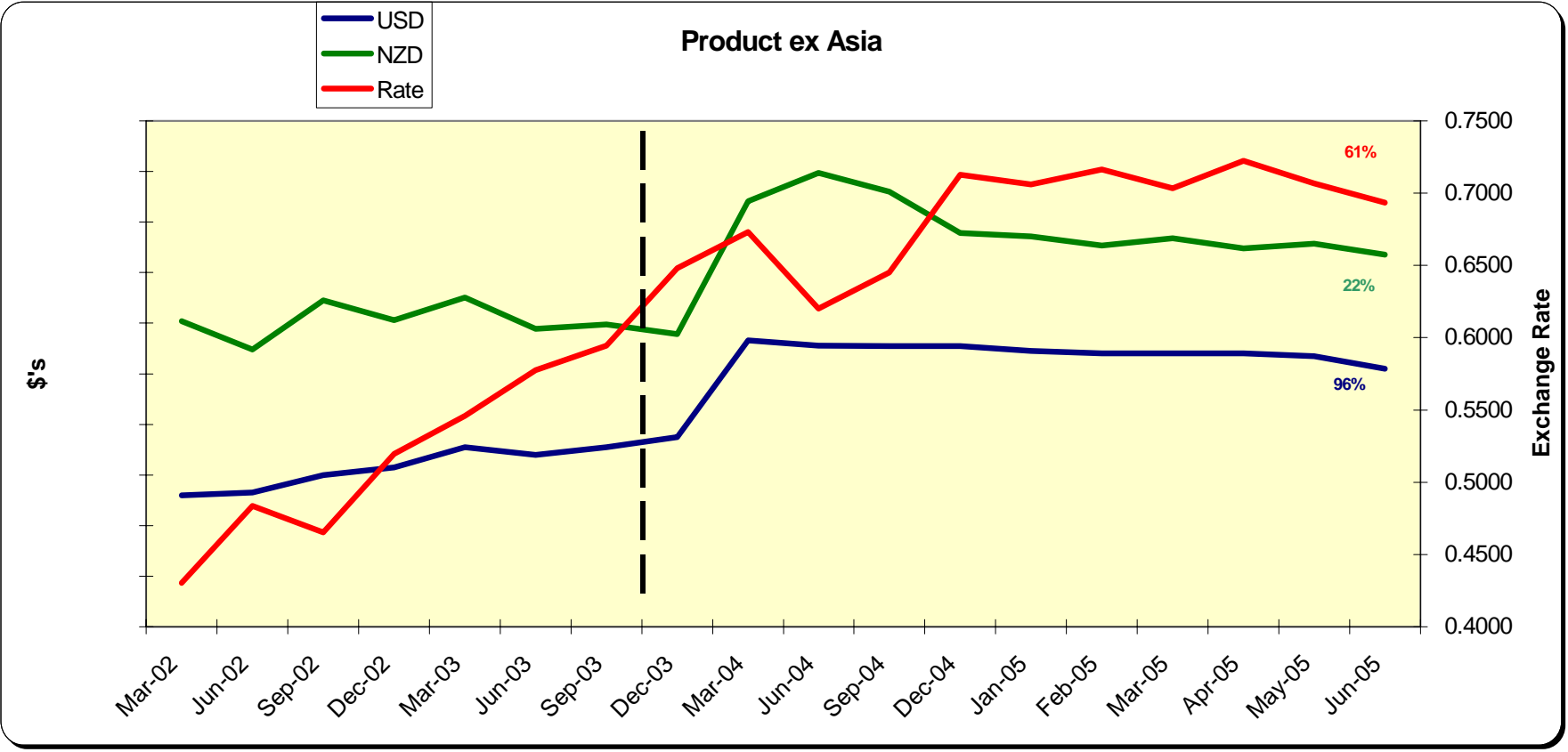


**Movement since December 2003**

FOB US \$	+28%
FOB NZ \$	+20%
Rate	+7%



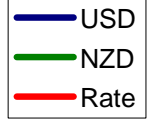
	Mar-02	Jun-02	Sep-02	Dec-02	Mar-03	Jun-03	Sep-03	Dec-03	Mar-04	Jun-04	Sep-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	
USD																			
	0	6%	20%	26%	42%	36%	42%	44%	118%	114%	113%	113%	110%	108%	108%	108%	106%	96%	
NZD																			
	0	-10%	6%	0%	7%	-3%	-2%	-4%	39%	48%	42%	29%	28%	25%	27%	24%	25%	22%	
Rate	0.4303	0.4837	0.4652	0.5197	0.5458	0.5775	0.5944	0.6482	0.6730	0.6200	0.6450	0.7128	0.7062	0.7162	0.7035	0.7223	0.7066	0.6935	
	0	18%	13%	26%	33%	41%	45%	51%	56%	44%	50%	66%	64%	66%	63%	68%	64%	61%	



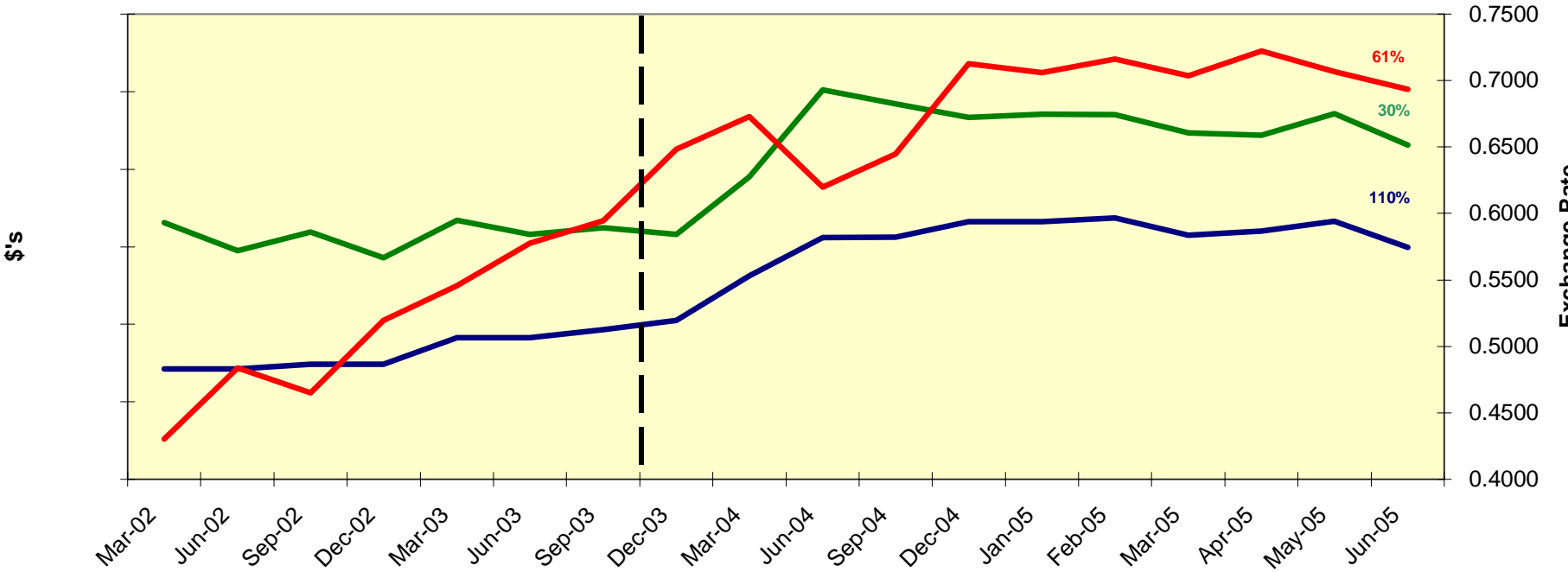
**Movement since December 2003**

FOB US \$	+36%
FOB NZ \$	+27%
Rate	+7%

	Mar-02	Jun-02	Sep-02	Dec-02	Mar-03	Jun-03	Sep-03	Dec-03	Mar-04	Jun-04	Sep-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
-	-	0%	4%	4%	28%	28%	35%	44%	84%	119%	119%	133%	133%	136%	121%	125%	134%	110%
0	0	-15%	-8%	-18%	-4%	-9%	-6%	-5%	18%	52%	46%	41%	42%	42%	35%	34%	42%	30%
0.4303	0.4837	0.4652	0.5197	0.5458	0.5775	0.5944	0.6482	0.6730	0.6200	0.6450	0.7128	0.7062	0.7162	0.7035	0.7223	0.7066	0.6935	0.6935
0	18%	13%	26%	33%	41%	45%	51%	56%	44%	50%	66%	64%	66%	63%	68%	64%	61%	61%



### Product ex Asia



#### Movement since December 2003

FOB US \$	+46%
FOB NZ \$	+36%
Rate	+7%



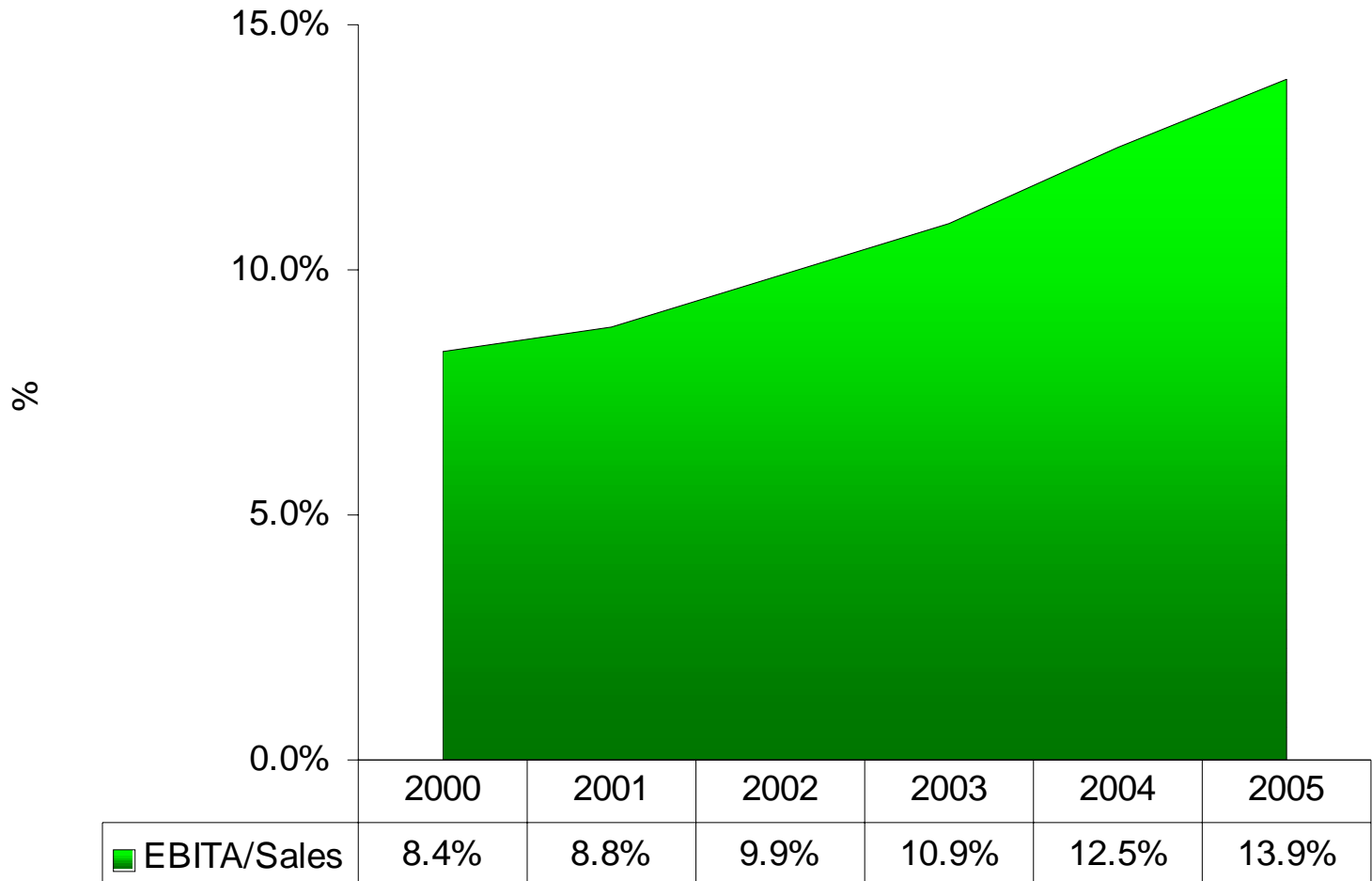
# FINANCIALS

# For the 5 years ending June 2005

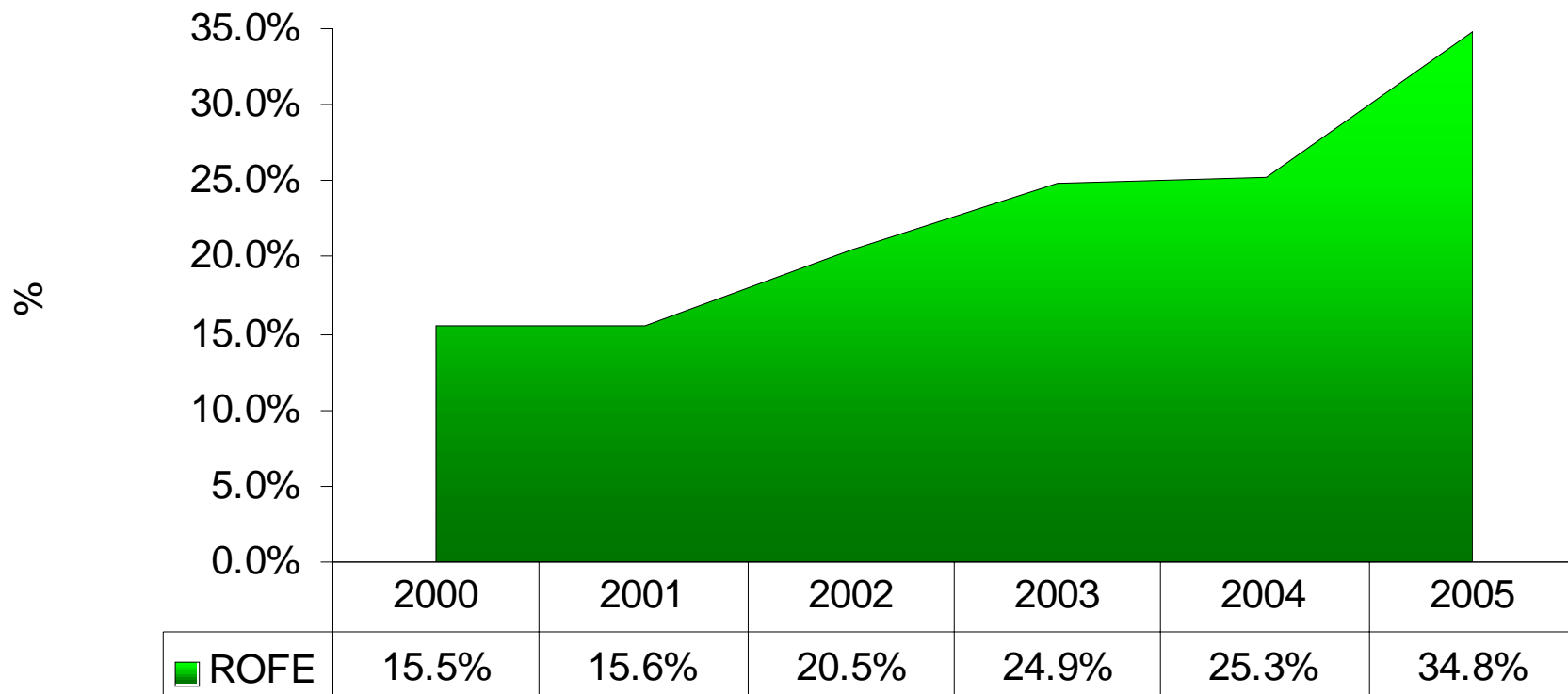


- EBIT / Sales margins increased 74.0% to 13.3%
- ROFE increased 125.0% to 34.8%
- Return on SHF increased 144.0% to 26.8%
- Earnings per share increased 206.0% to 41 cents
- NPAT increased by 170.0% to \$36.06m

**NZ Operations**  
**EBITA/Sales %**  
*(June year ends)*

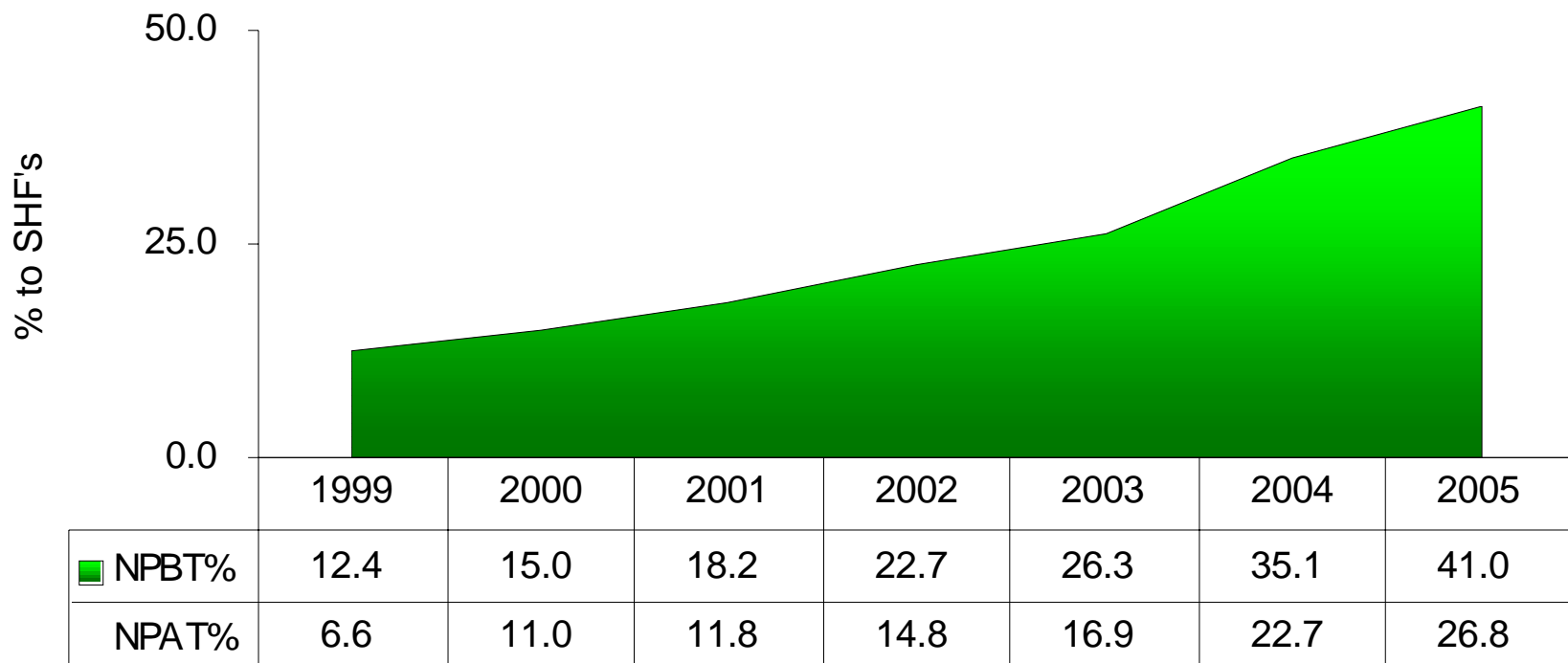


**Average ROFE**  
**NZ Operations**  
*(June year ends)*



## New Zealand Operations Return on SHF's

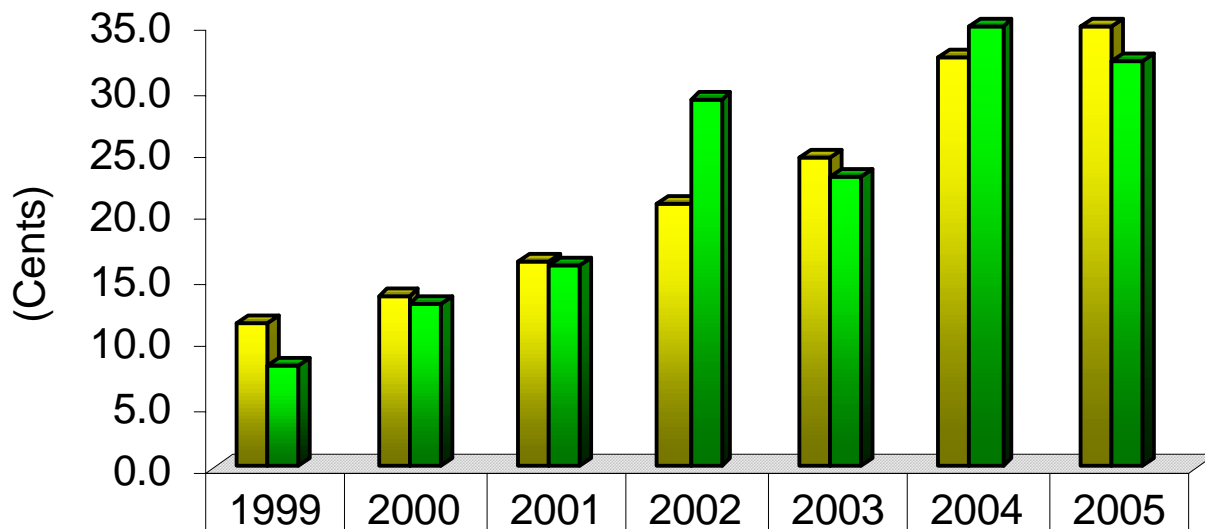
*(June year ends)*





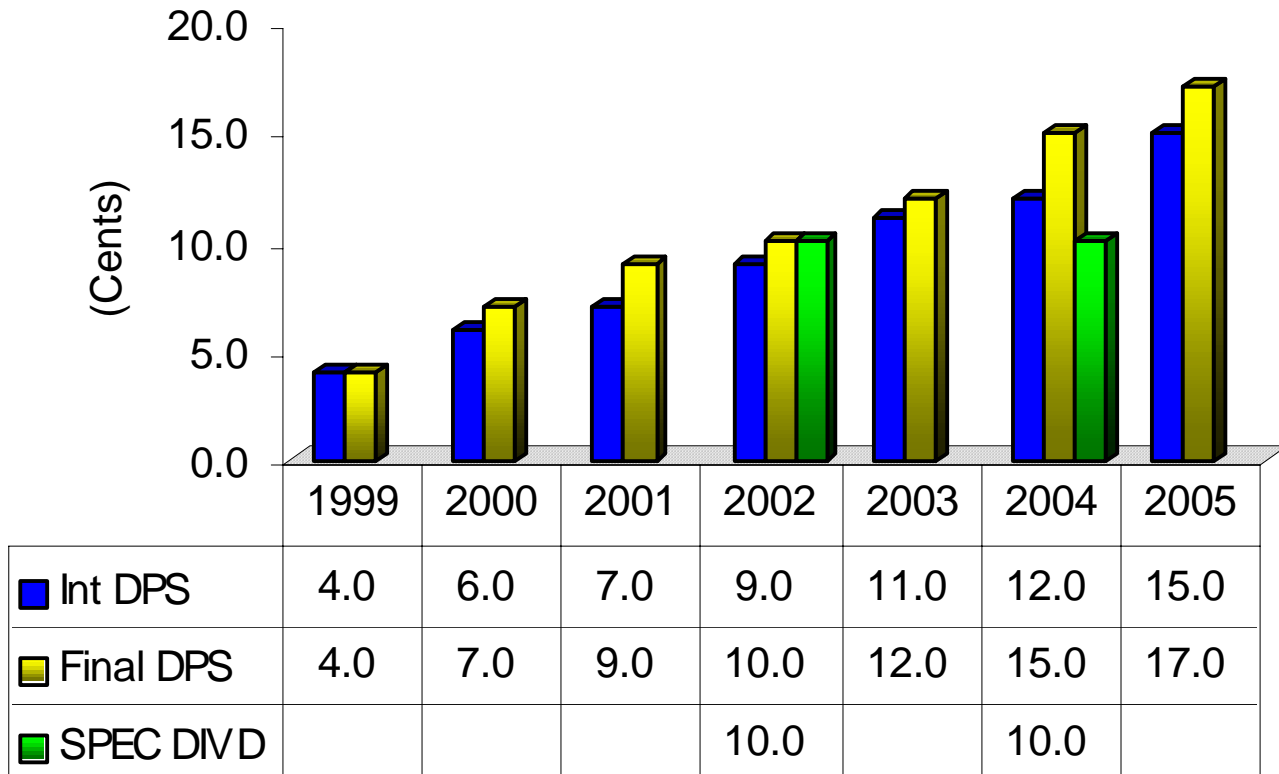
## Total Dividend and Earnings Per Share

*(June year ends)*



■ NZ EPS	11.4	13.4	16.3	20.9	24.5	32.4	41.0
■ TOTAL DIVD	8.0	13.0	16.0	29.0	23.0	37.0	32.0
DPS % of EPS	70%	97%	98%	139%	94%	114%	78%

## Interim, Special & Final Dividend Paid per share (June year ends)



# Shareholder Value



	12 mths to June 2002	12 mths to June 2003	12 mths to Jun 2004	12 mths to June 2005	Var June 2005 to June 2004
<b>Tax Paid Profit:</b>	<b>\$18.28m</b>	<b>\$21.52m</b>	<b>\$28.46m</b>	<b>\$36.06m</b>	<b>27.0%</b>
<b>ROFE:</b>	<b>20.5%</b>	<b>24.9%</b>	<b>25.3%</b>	<b>34.8%</b>	<b>38.0%</b>
<b>ROSHF:</b>	<b>14.8%</b>	<b>16.9%</b>	<b>22.7%</b>	<b>26.8%</b>	<b>18.0%</b>
<b>EPS</b>	<b>20.8 cents</b>	<b>24.5 cents</b>	<b>32.4 cents</b>	<b>41.0 cents</b>	<b>27.0%</b>
<b>DPS</b>	<b>19.0 cents</b>	<b>23.0 cents</b>	<b>27.0 cents</b>	<b>32.0 cents</b>	<b>19.0%</b>
<b>Special Dividend</b>	<b>10.0 cents</b>	<b>0</b>	<b>10.0 cents</b>	<b>0</b>	
<b>Share Price</b>	<b>\$2.95</b>	<b>\$3.60</b>	<b>\$4.16</b>	<b>\$4.80</b>	<b>15.0%</b>

# Score Card



So,

How did we do against our objectives of:

- Zero LTI's
- TSR in upper quartile of New Zealand listed companies



- Zero lost time injuries for the 12 months ended 30 June 2005

# Shareholder Value



Total shareholder value increased by

\$85 million

for the year ended June 2005 and \$427 million

for the last five years

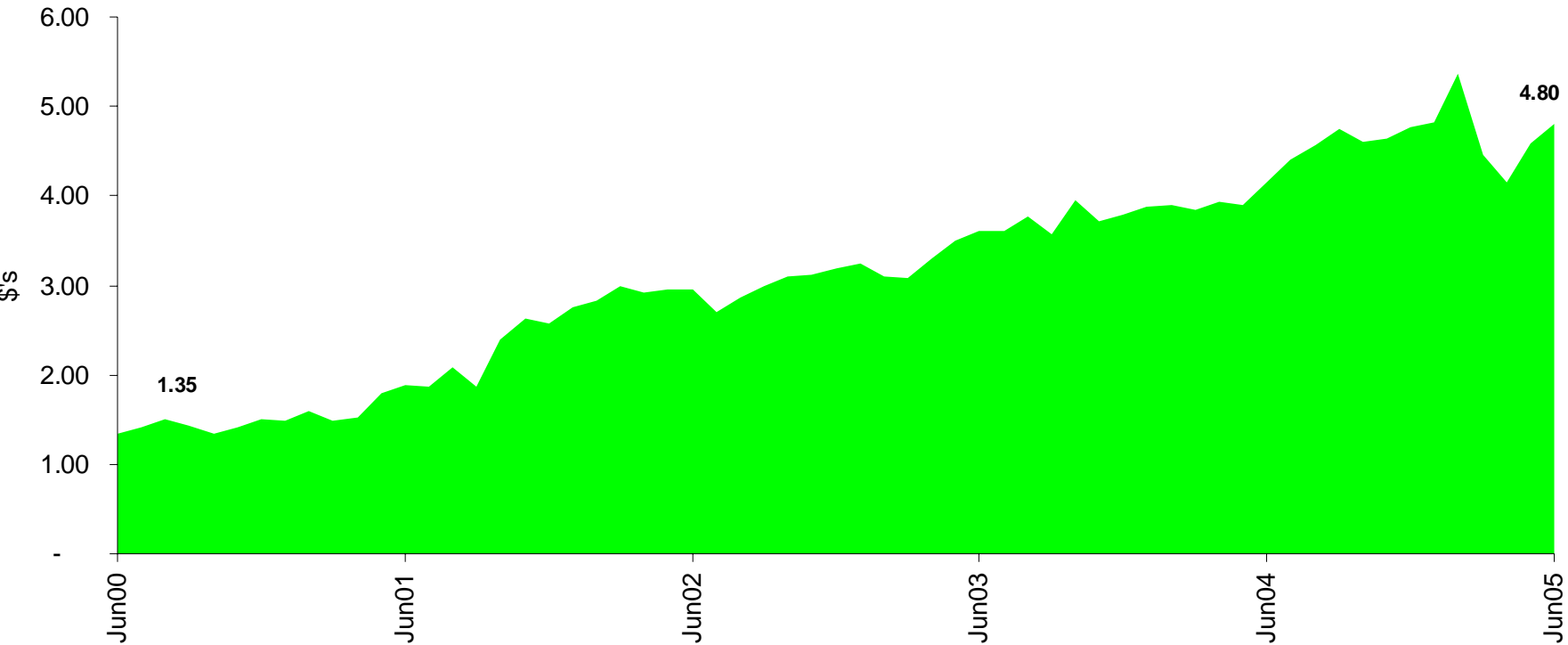


# Total Shareholder Return

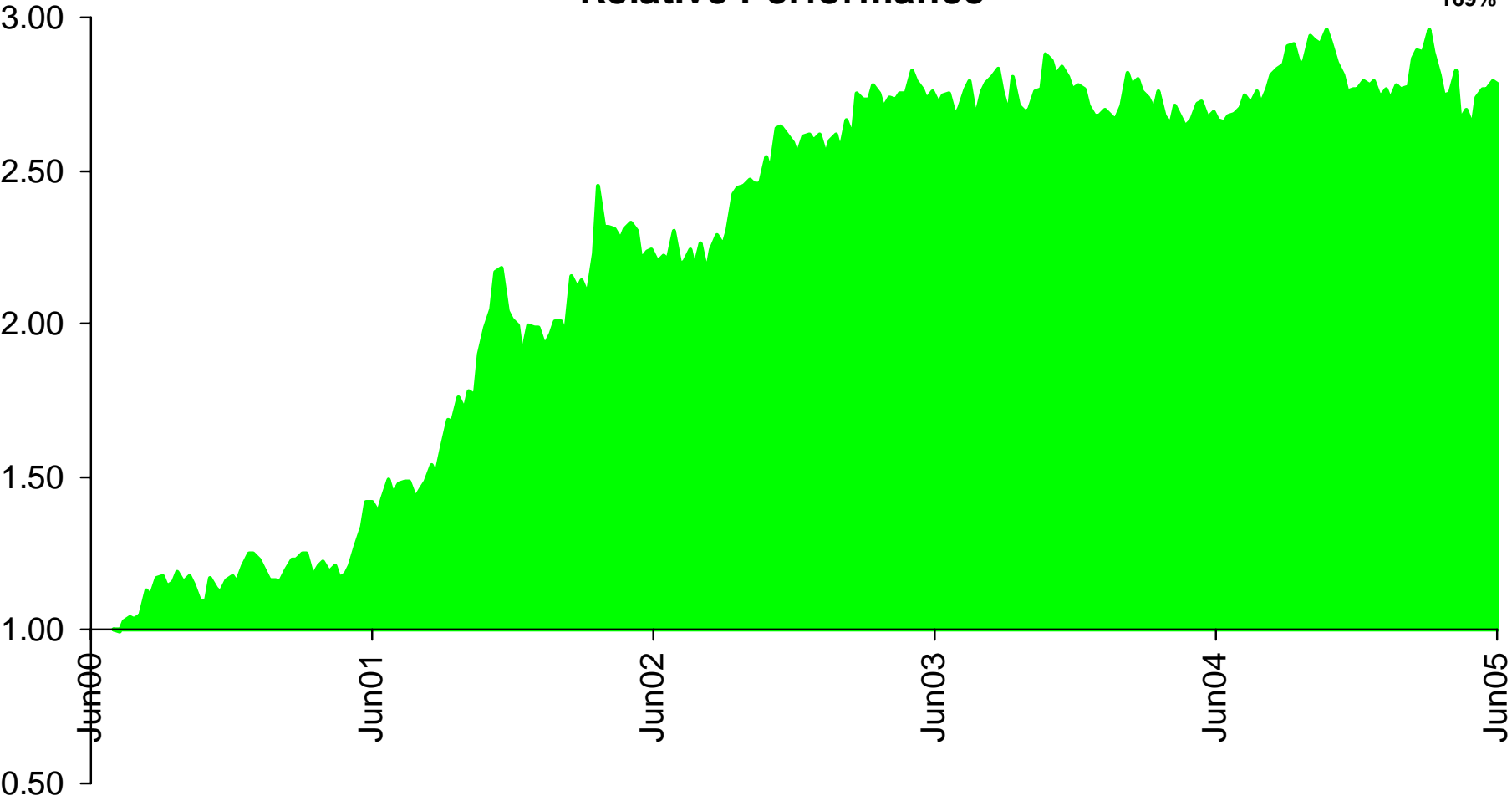


- Steel & Tube recognised as the third best performing share price in % terms when measured against total shareholder returns;
  - Year on year, for the four years ending June 2005  
(319% increase)

# Steel & Tube Share Price

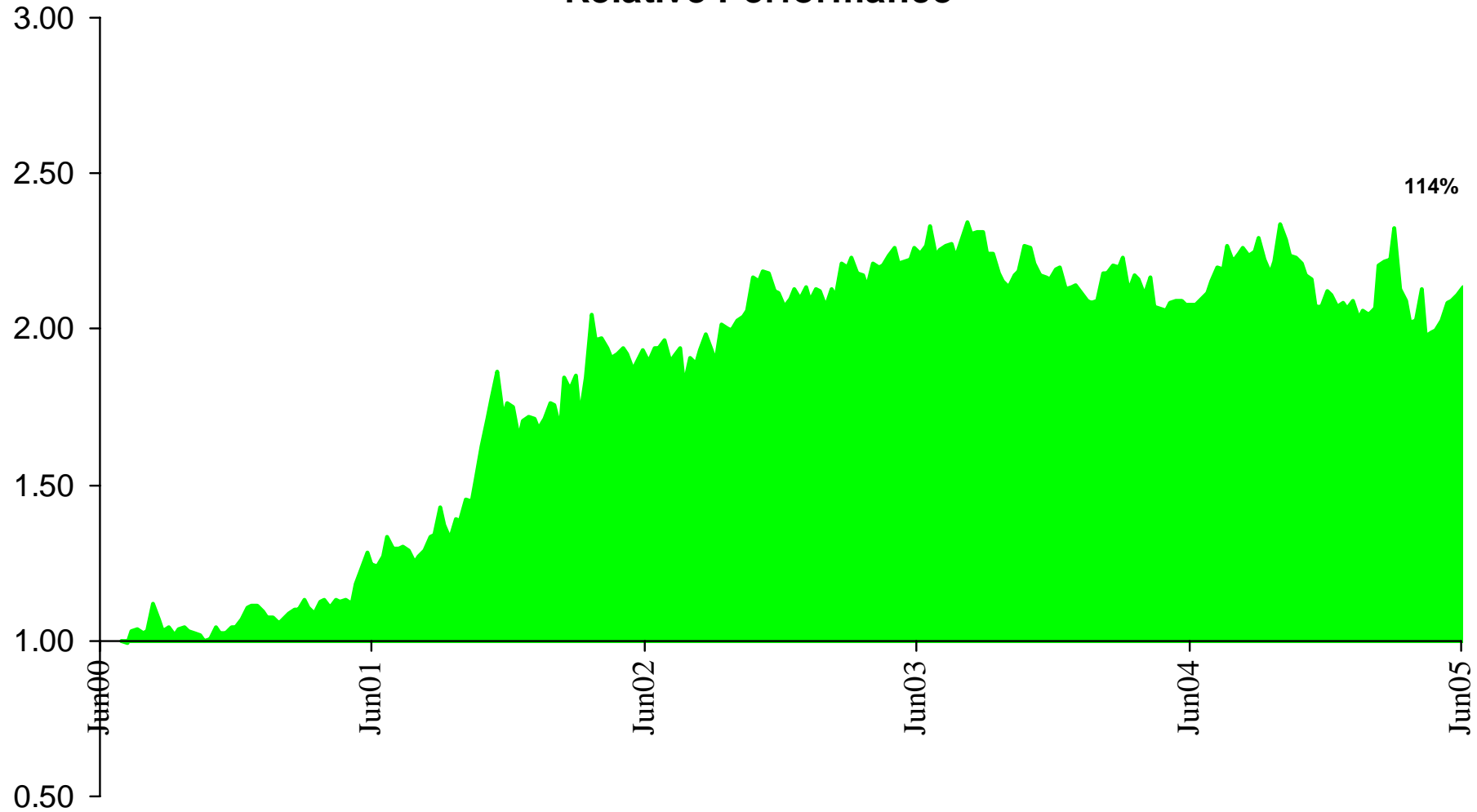


# Steel & Tube (Gross) vs NZSX 50 Index - Relative Performance



Note: NZSX 40 Gross Index prior to 1 January 2001

# Steel & Tube vs NZSE Small Cap Index - Relative Performance





# MARKET OUTLOOK



- GDP growth expected to reduce from 4.2% to 2.1% for the year ending March 2006
- Net migration growth has reduced considerably
- Strength in consumer spending still strong





- Average prices for steel has softened in US\$ terms
- Construction of new dwellings still historically strong



- Commercial construction and infrastructure spending at record levels
- Rural New Zealand and the manufacturing sector to remain steady with some upside if the NZ\$ weakens

# Corporate Activity / Strategic Direction



- Core business definition
  - The distribution and steel and allied products
  - Base metal manufacturing

# Corporate Activity / Strategic Direction



- Seeking more growth opportunities through 'bolt-on' type acquisitions in the short term



Thank you  
for your interest in  
Steel & Tube