

Steel & Tube 1H24 Interim Results

Solid result in a more challenging trading environment

Steel & Tube Holdings Limited (NZX: STU) has reported its unaudited results for the six months to 31 December 2023, with Normalised EBIT of \$11.3m, above the top end of guidance, a further reduction in inventory and a positive cash position with no bank debt.

\$m	1H24	2H23	1H23
Revenue	261.8	273.8	315.3
EBITDA	21.2	21.4	30.5
Normalised EBITDA ¹	21.9	21.3	31.6
EBIT	10.2	10.7	20.3
Normalised EBIT ¹	11.3	10.6	21.5
NPAT	5.3	5.2	11.8
Net Operating Cashflow	38.7	57.1	41.1
Dividends (cents per share)	4.0	4.0	4.0

Chief Executive, Mark Malpass, said the result demonstrates Steel & Tube's resilience and agility through the economic cycle.

"We have continued our focus on 'controlling the controllables' while providing high levels of customer service. The \$5m cost out programme is progressing well and offsetting inflationary pressures with costs below prior year. Pleasingly, we have seen market share growth in key categories, and we continue to generate strong margins with gross margin \$/tonne increasing above prior year. Strategic investments into high value products and services and acquisitions continue to perform strongly.

"With a strong balance sheet and proven dual pathway strategy, Steel & Tube is well positioned to take advantage of increasing activity and demand when the economy recovers. Steel & Tube has significant experience and expertise in many areas identified as priorities by the new Government including transport infrastructure, renewable energy, water and climate resilience. We will continue to focus on both organic and acquisition growth with multiple opportunities currently being assessed."

1H24 Financial Performance

Subdued volumes were seen across all sectors with economic headwinds continuing the trends seen in 2H23. Volumes were down 5.1% on 2H23, with revenue down a corresponding 4.4% to \$261.8m. Gross margin \$/tonne continued to improve as a result of pricing disciplines and cost control, increasing to \$926 per tonne compared to \$850/tonne in the pcp.

Normalised EBIT of \$11.3m was an improvement on 2H23 and at the top end of guidance.

¹ Normalised EBITDA and Normalised EBIT have been adjusted to exclude non-trading adjustments. Further details included in appendix to the Results Presentation.

The company also achieved a further reduction in inventory down to \$128.6m, from \$139.2m at 30 June 2023. Steel & Tube ended the half year with no bank debt and a positive cash balance of \$26.3m, representing a ~\$20m improvement on 30 June 2023. In addition, the company has an undrawn \$100m bank facility in place to support growth.

The Board is pleased to declare a 1H24 fully imputed dividend of 4 cents per share. This has been maintained at the 1H23 level, reflecting the Board's confidence in the company's performance and outlook.

Outlook

Economic conditions are expected to remain challenging in the short term with some easing of macro trends supporting increased activity from Q4 FY24. Steel & Tube is well positioned to leverage the increase in demand from both the private and public sectors. Growth remains a key focus, both through organic expansion and acquisition.

Chair of Steel & Tube, Susan Paterson, commented: "Steel is an essential construction material and, in many cases, the only viable solution. There has been underinvestment in New Zealand's infrastructure for many years and we look forward to the new coalition Government confirming its long term investment plan. We have significant experience and expertise in areas of climate resilience, seismic strengthening, rebuild activity and essential water services, and look forward to contributing to New Zealand's future."

ENDS

For media or investor enquiries, please contact: Jackie Ellis Tel: +64 27 246 2505 or email: jackie@ellisandco.co.nz

For further information please contact:

Mark Malpass
Steel & Tube CEO
Tel: +64 27 777 0327

Email: mark.malpass@steelandtube.co.nz

Richard Smyth
Steel & Tube CFO
Tel: +64 21 646 822

Email: richard.smyth@steelandtube.co.nz