



NZX Retail Series

6 September 2022

Agenda

About Steel & Tube

Mark Malpass

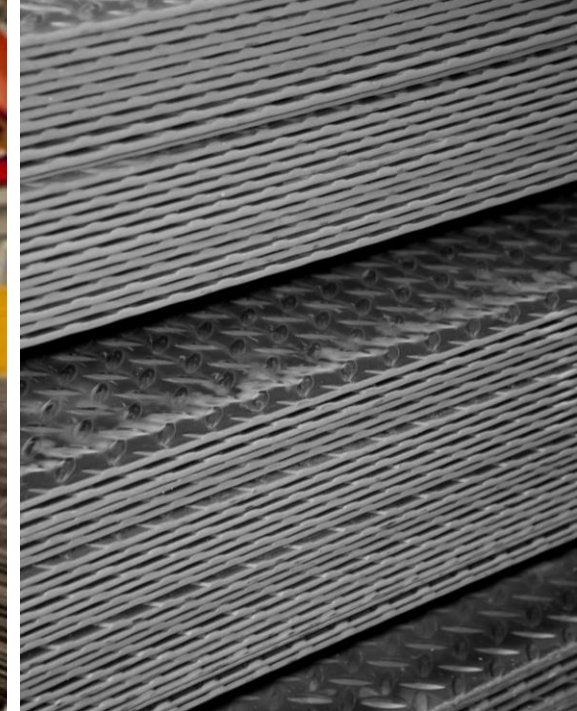
Performance & Sustainability

Richard Smyth

Growth Strategy

Mark Malpass

Q&A



Steel & Tube

- One of New Zealand's leading providers of steel solutions
- A proud New Zealand company, with over 69 years of trading history
- We offer New Zealand's most comprehensive range of steel products, services and solutions
- Our stable of best-in-class businesses are some of this country's leading steel suppliers



**27 Sites
Nationwide**

Our business divisions

Distribution

Products sourced from preferred steel mills and distributed through our national network



Steel

Piping Systems

Chain & Rigging



Fastenings

Rural Products

Stainless Steel

Infrastructure

Products processed before sale, typically on a contract or project basis, including onsite installation services



Roofing

Coil Processing

Reinforcing



Purlins

ComFlor/CFDL

Mesh

Primary product and service offering by participants

	Steel distribution	Plate processing	Coil processing	Stainless steel	Engineering steel	Reinforcing steel	Wire	Roofing	Fasteners
Steel & Tube	✓	✓	✓	✓	✓	✓	✓	✓	✓
Fletcher Steel	✓	✓	✓	—	✓	✓	✓	✓	—
Vulcan	✓	✓	✓	✓	✓	—	—	—	—
United Industries	✓	—	—	—	—	✓	✓	✓	—
Asmuss	✓	—	—	—	—	—	✓	—	✓
Summit Steel & Wire	—	—	—	—	—	✓	✓	—	✓
Wakefield Metals	—	—	—	✓	✓	—	—	—	—

Our journey

Late-2017 embarked on an extensive company-wide reset to drive sustainable earnings improvement and rebuild shareholder value. Foundation now built and moving forward.



FY22 demonstrated Steel & Tube's value

- **Record financial performance**
- **Robust operating model that will deliver through the economic cycle**
- **Clear focus on continuing to strengthen the core and investing in high value products, services and sectors**
- **Goal to deliver sustainable double-digit ROFE**

Performance & Sustainability

Record results with improvement in all key metrics

Results driven by strong sector demand, trading disciplines, customer service, operational performance and supply chain management

Revenue

\$599.1m

+24.6%

Volume

167,209t

+5.7%

EBITDA

\$66.6m

+72.5%

EBIT

\$47.6m

+130.0%

NPAT

\$30.2m

+96.4%

Dividend

FY22: 13.0 cps

FY21: 4.5 cps

ROFE

14.6%

FY21: 6.6%

Customer NPS

40

FY21: 34

eTRIFR

1.13

FY21: 1.86

Employee NPS

35

FY21: 19

Net Promoter Score (NPS): Measure of customer/employee satisfaction. Customer NPS industry average is 32 and Employee NPS industry average is 18

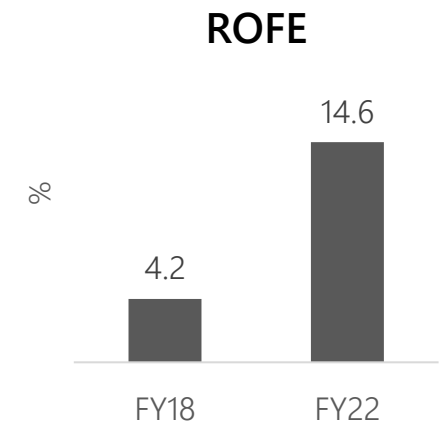
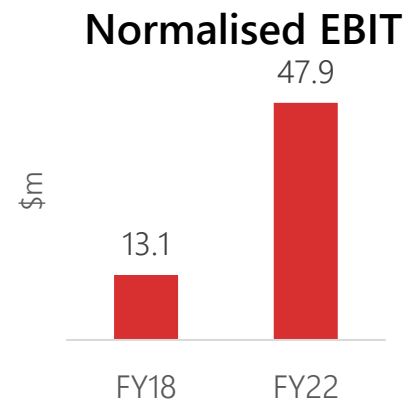
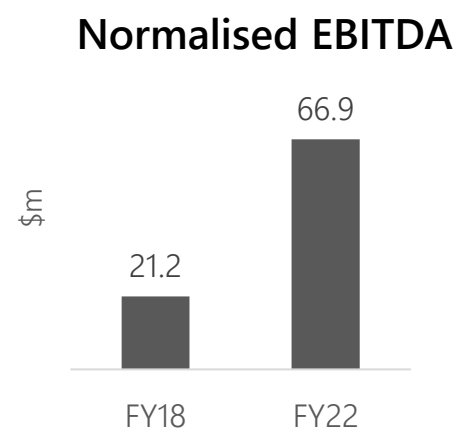
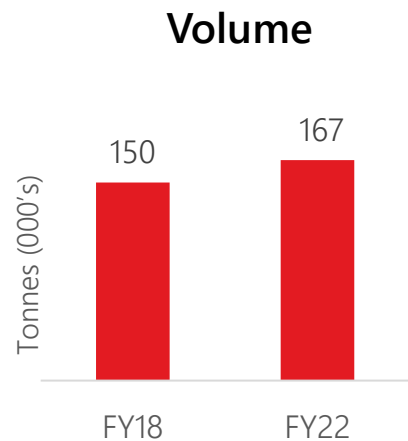
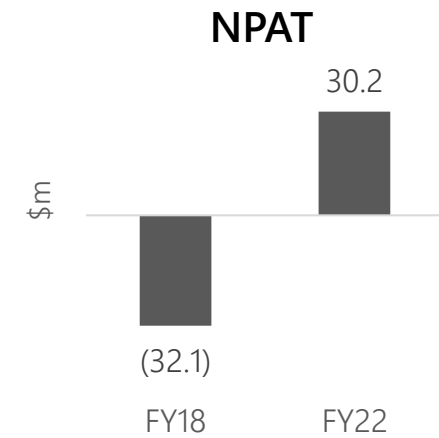
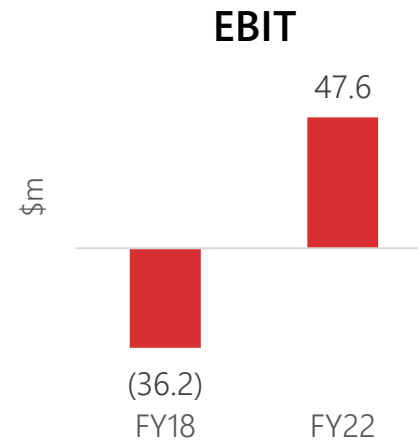
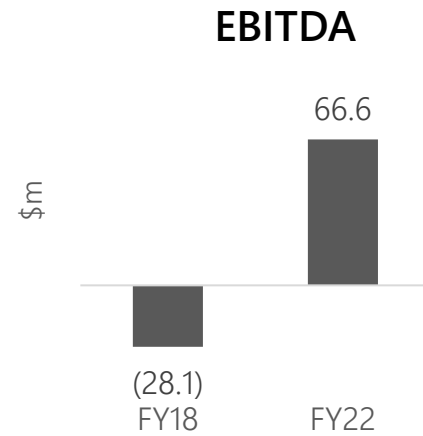
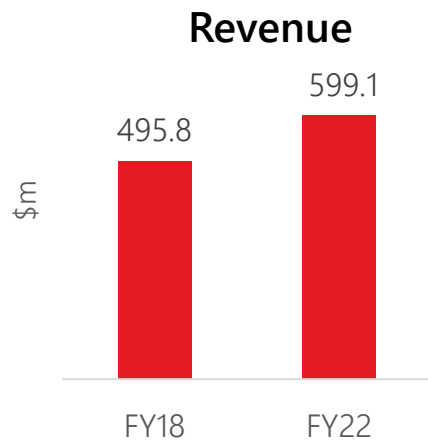
Employee Total Recordable Injury Frequency Rate (eTRIFR): Employee safety measure

Earnings Before Interest and Tax (EBIT), Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), Net Profit After Tax (NPAT)

ROFE: Return on Funds Employed, calculated as Normalised EBIT over Average Funds Employed (Debt (including Lease Liability) + Equity)

Five year transformation

Embedded value from turnaround programme; growth strategy now underway



Shareholder Returns

Steel & Tube delivers a high dividend yield

FY22 Dividend: 13.0 cps

Represents a dividend yield of 11.4%*

Payment of 71% in line with Steel & Tube's dividend policy of 60% - 80% of Adjusted NPAT

Earnings per share (cps): 18.3

Net Tangible Assets per share: \$1.22

Price earnings ratio: 6.9

Total Shareholder Return: 19.1%

* Based on share price of \$1.27 as at 30/06/2022

TSR: Total Shareholder Return. This is calculated using (Closing share price – opening share price + dividends)/opening share price

5 year transition complete, now focused on growth and continuing to generate sustainable double-digit ROFE:

- Quality business with strong foundations embedded
- Leading supplier in a market with strong demand – well positioned to succeed through the economic cycle
- Delivered on turnaround strategy
- Attractive shareholder returns and value
- Clear forward strategy and growth opportunities
- Digital investment making a positive impact

Building a sustainable business

Our long term aim is to operate our business in a way that is financially rewarding for our shareholders and positive for our people, our customers and our planet.

Steel is one of the world's most essential and sustainable building products – permanent, forever reusable and the most recycled substance on the planet. On a cradle to cradle basis, steel's environmental performance compares favourably to other materials such as concrete and timber.

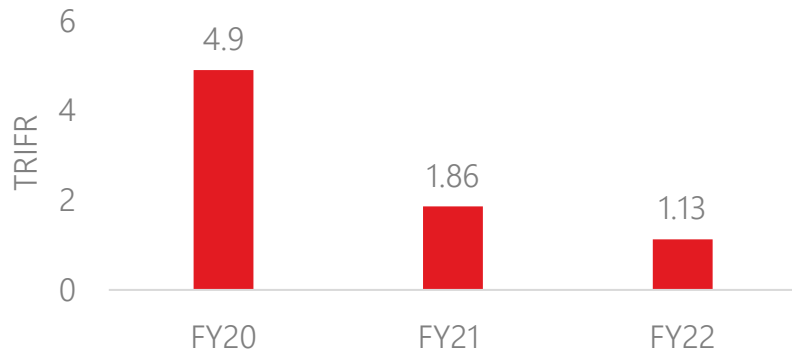


ESG Scorecard

Positive progress being made on all key metrics

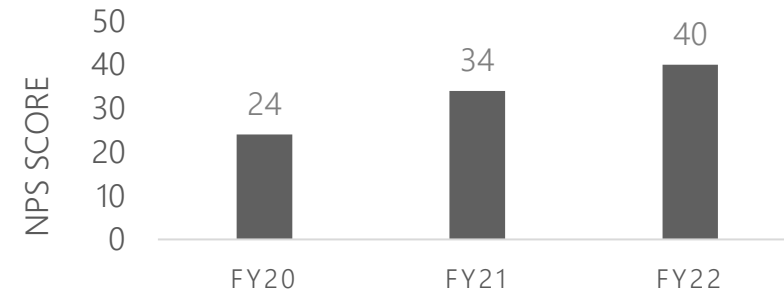
Employee Safety Measure

TRIFR 1.13 – substantially than industry standards*



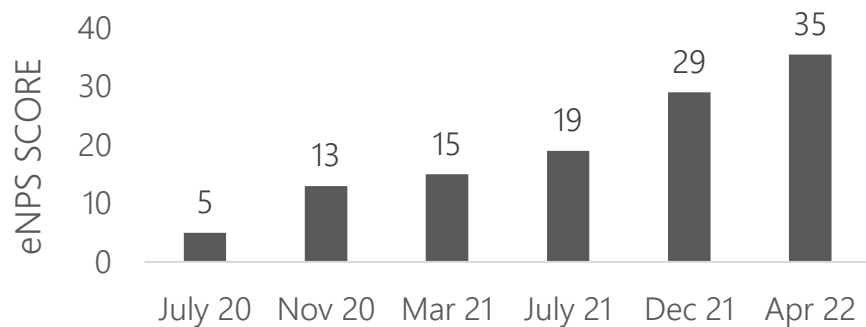
Customer satisfaction

NPS of 40 for FY22



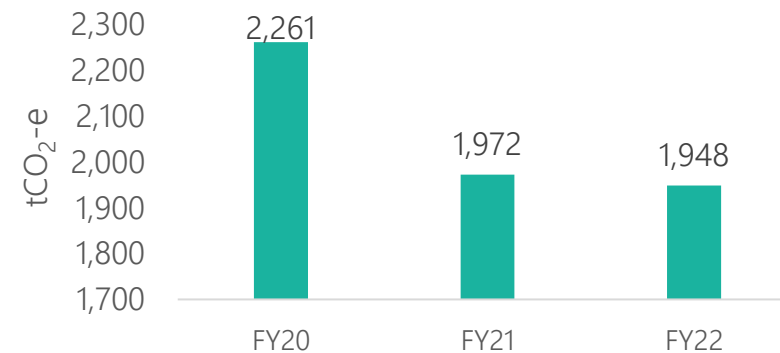
Employee Engagement

Employee Satisfaction Score 7.8/10



Carbon Reduction**

21% reduction of carbon emissions per \$1m revenue



*TRIFR: Employee Total Recordable Injury Frequency Rate

**Reporting in accordance with Greenhouse Gas Protocols and includes all material emissions under Scope 1 and 2, with Scope 3 limited to business travel.

Moving Forward

Our purpose

To make life easier for our customers needing steel solutions

- Providing a one-stop-shop for the most essential steel products – from foundation to roof and everywhere in between
- Doing everything we can to make it easy for our customers to do business with us
- Always looking for ways to work smarter
- Using technology and great thinking to pull it all together and enable a better business
- Building one great team right across the Steel & Tube business



Strategic focus

Growth focused on strengthening the core and building higher value products, services and sectors to drive gross margin improvement – benefits expected from FY24 onwards

Continue to Strengthen the Core

- Continue to build best-in-class customer experience
- Leverage opportunities to cross sell a wide range of products and services
- Drive gross margin \$/tonne through dynamic pricing and product procurement
- Ongoing focus on operating model – warehouse operations, digitising supply chains and customer facing channels

Grow High Value Products, Services and Sectors

- Improving resilience of earnings through economic cycles
- Growth is targeted towards high value products, diversified materials and value-added services
- Continue to diversify customer segments and build scale and footprint in these areas
- Accelerate shift to digital sales
- Primary focus is organic investment, continue to review direct adjacent sectors

Expanded plate processing capability and offer

- Attractive value-added products
- Growing market sector
- Replacement of obsolete equipment with large, high capacity machinery
- Market leading – digitally enabled, automated cutting, optimises remnants
- Operational from June 2022, solid forward workload already in place
- Existing footprint has significant opportunity to expand



Kiwi Pipe and Fittings

- Symbolic of strategy to selectively invest in high value products and segments
- Niche strength – fire and water reticulation products
- Builds on Steel & Tube's existing offer
- Provides scale, market share growth and immediately earnings accretive



FY23 Outlook

Robust operating model, well positioned to deliver through the economic cycle

Trading conditions:

- Continuing volatility in global and local economies expected
- Steel pricing expected to remain elevated
- Shorter term strong demand likely to continue across most sectors
- Longer term, steel demand in some sectors may moderate

Business Outlook:

- Clear focus on strengthening the core and investing in high value products, services and segments
- Business growth through organic expansion and programmatic smaller M&A
- Further strategic initiatives expected to be reflected in results from FY24 onwards
- Goal to continue to deliver sustainable double-digit ROFE



Discussion

Non-GAAP Financial

Period ended 30 June \$000s	EBITDA		EBIT	
	FY22	Restated FY21	FY22	Restated FY21
Reported	66,598	38,614	47,636	20,707
Holiday Pay provision release	(854)	-	(854)	-
NZ IFRS 16 reversal of impairment	(527)	(1,546)	(527)	(1,546)
Gain on sale of properties		(1,215)		(1,215)
Software as a Service (SaaS) expenditure	1,645	1,760	1,645	1,760
Normalised	66,862	37,613	47,900	19,706

Non-GAAP financial information: Steel & Tube uses several non-GAAP measures when discussing financial performance. These include Normalised EBIT and Working Capital. Management believes that these measures provide useful information on the underlying performance of Steel & Tube's business. They may be used internally to evaluate performance, analyse trends and allocate resources. Non-GAAP financial measures should not be viewed in isolation nor considered as a substitute for measures reported in accordance with NZ IFRS.

Non-trading adjustments/Unusual transactions: The financial results for FY22 (12 months) include transactions considered to be non-trading in either their nature or size. Unusual transactions can be as a result of specific events or circumstances or major acquisitions, disposals or divestments that are not expected to occur frequently. Excluding these transactions from normalised earnings can assist users in forming a view of the underlying performance of the Group. The above reconciliation is intended to assist readers to understand how the earnings reported in the periods ended 30 June 2021 (12 months) and 30 June 2022 (12 months) reconcile to normalised earnings. Non-trading adjustments of \$(0.3) million are included in the FY22 (12 months) results.

Glossary of Terms

EBIT: Earnings / (Loss) before the deduction of interest and tax. This is calculated as profit for the year before net interest costs and tax

EBITDA: Earnings / (Loss) before the deduction of interest, tax, depreciation and amortisation. This is calculated as profit for the year before net interest costs, tax, depreciation and amortisation

ROFE: Return on Funds Employed. This is calculated as Normalised EBIT over Average Funds Employed (Debt (including Lease Liability) + Equity)

eNPS: Employee Net Promoter Score – assists in measuring employee satisfaction and loyalty within the organisation

NPS: Net Promoter Score – assists in measuring customer satisfaction and loyalty

Normalised EBIT/EBITDA: This means EBIT and EBITDA excluding non-trading adjustments and unusual transactions

eTRIFR: Employee Total Recordable Injury Frequency Rate – an important metric to assess safety performance

LTIFR: Lost Time Injury Frequency Rates - an important metric to assess safety performance

Working Capital: This means the net position after Current Liabilities are deducted from Current Assets. The major individual components of Working Capital for the Group are Inventories, Trade and other receivables and Trade and other payables. How the Group manages these has an impact on operating cash flow and borrowings

TSR: Total Shareholder Return. This is calculated using $(\text{Closing share price} - \text{Opening share price} + \text{Dividends}) / \text{Opening share price}$

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