



# Investor Presentation

16 May 2022

# Welcome

**Susan Paterson**

Chair

# Agenda

## Strategy and Finance

- Company Overview
- Financial Update
- Discussion

## Business Update

- Distribution
- Rollforming
- Reinforcing
- Discussion
- Site Visits

## Functions

- Customer Value Proposition
- Supply Chain
- People & Culture
- Discussion

## Sustainability

- Our approach
- Dr Troy Coyle, HERA
- Discussion

# Company Update

**Mark Malpass**  
Chief Executive Officer

# Steel & Tube

- One of New Zealand's leading providers of steel solutions
- A proud New Zealand company, with over 68 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



**26 Sites  
Nationwide**

# 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



# 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
<b>Steel &amp; Tube</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓
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.



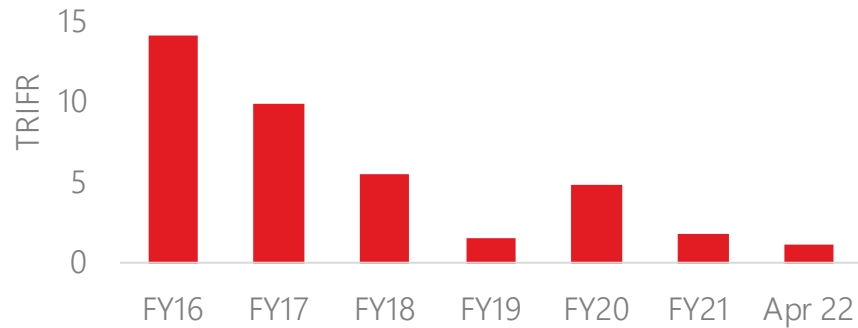
# Structural changes delivering value (1H18-1H22)

<b>Optimised national network with regional strength</b>	<ul style="list-style-type: none"><li>• Sites reduced from 50 to 26</li><li>• \$2.5m reduction in annual lease costs</li></ul>
<b>Enhanced customer value proposition</b>	<ul style="list-style-type: none"><li>• Group-wide Customer Excellence Centre established, e-commerce, omnichannel platform, CRM and customer segmentation, digital strategy</li></ul>
<b>Significant cost reductions and efficiencies locked in</b>	<ul style="list-style-type: none"><li>• Opex reduced by 17.0%</li><li>• Opex vs sales reduced from 19.3% to 15.3%</li><li>• FTEs down 18.2% (1,100 to 900 including vacancies)</li></ul>
<b>Robust balance sheet</b>	<ul style="list-style-type: none"><li>• Net debt reduced from \$126.9m (June 2017) to \$43.5m (April 2022)</li></ul>
<b>Operational excellence</b>	<ul style="list-style-type: none"><li>• Distribution Centre Lean systems and focus on DIFOTIS</li><li>• Bar code scanning and traceability</li></ul>
<b>Supply chain disciplines</b>	<ul style="list-style-type: none"><li>• S&amp;OP forecasting systems, product traceability, digital tools</li></ul>

# Focusing on continual improvement

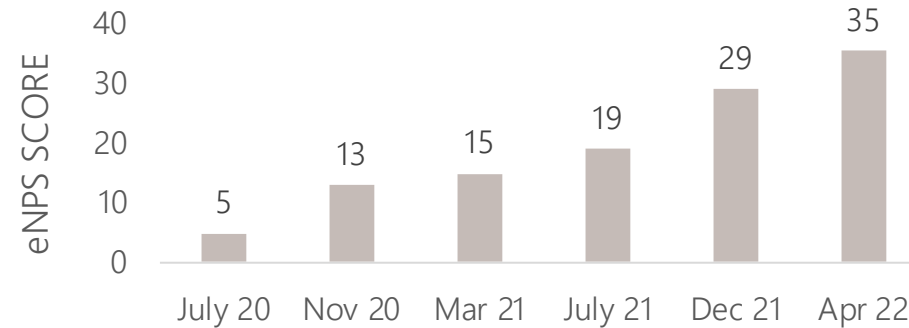
## Employee Safety Measure

TRIFR 1.13 Well below industry standards



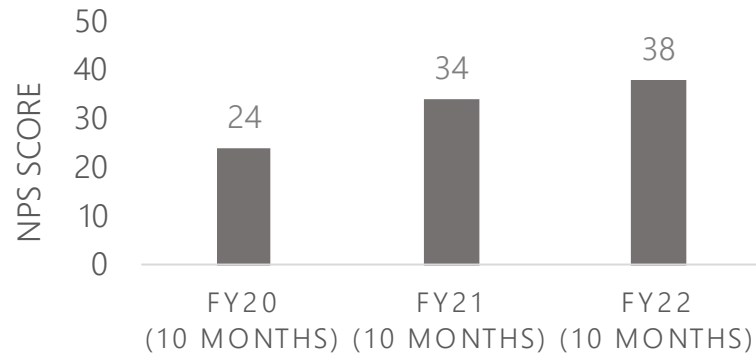
## Employee Engagement

Satisfaction Score 7.8/10



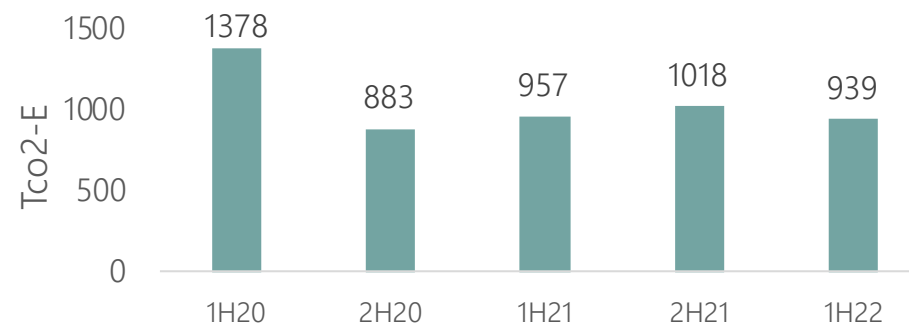
## Customer satisfaction

NPS of 38 for FY22 (10 months)



## Carbon Reduction\*

Greenhouse gas emissions 939 tCO2-e

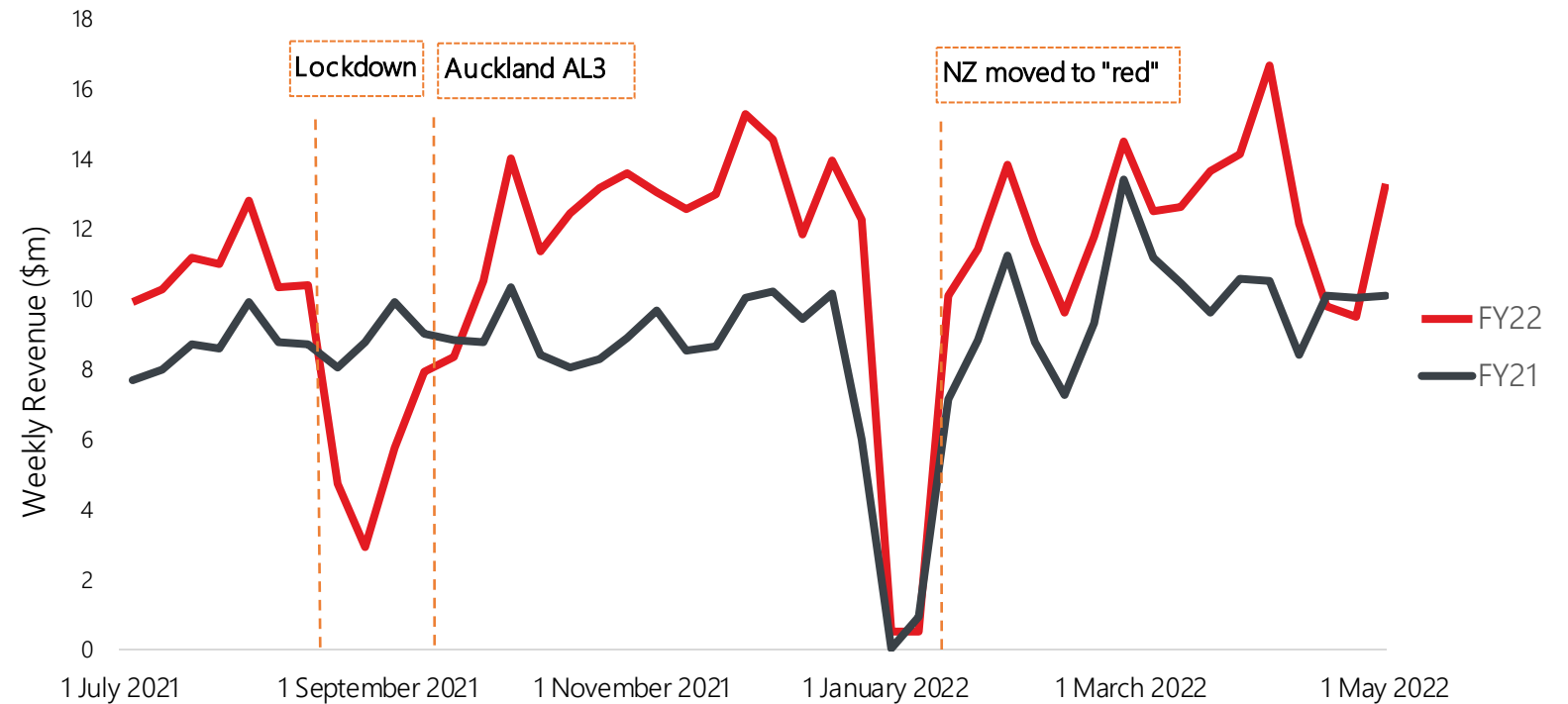


# COVID-19 management

## Agile management through COVID-19 focussed on people supporting customers

- Leadership position on vaccine incentives for staff
- Vaccine protocols for customers and suppliers visiting sites
- Exclusion zones deployed at all sites
- RAT supply investment
- Approved Close Contact Exemption Scheme Critical Services Register

Weekly Revenue - FY22 Vs FY21



# Strongly positioned to benefit from market conditions

## Steel & Tube Value

- Positive economic activity driving increased demand for steel across a range of sectors
- High levels of customer service and operational performance
- Disciplined supply chain management led to improved availability of high demand products
- Use of data analytics to support pricing decisions

## Headwinds

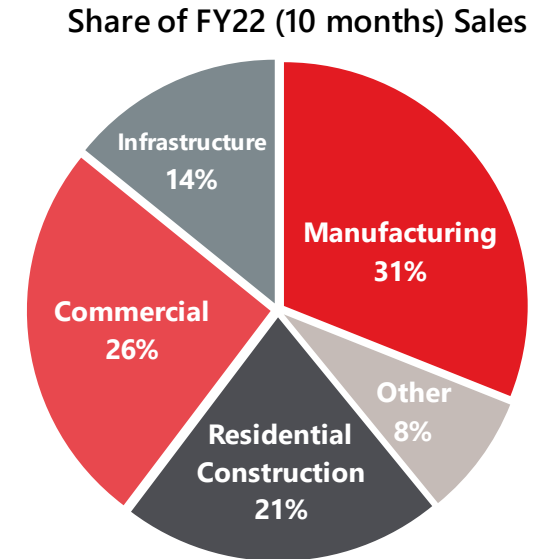
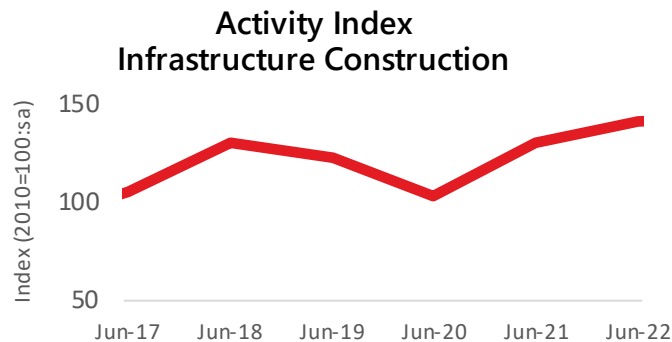
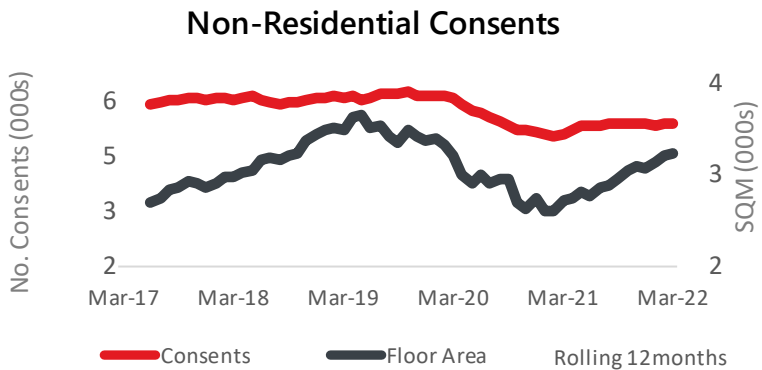
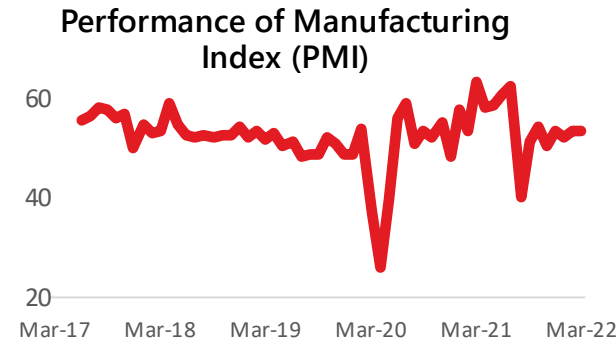
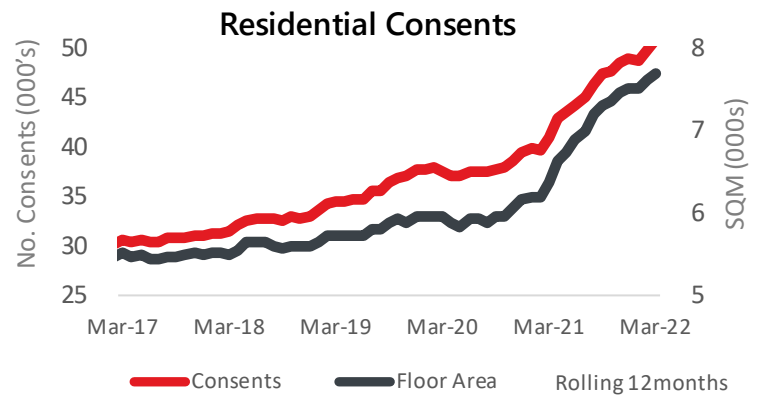
- Global COVID-19 environment
- Congested Global supply chains
- Increasing steel pricing and cost pressures
- Competition for talent - labour constraints, particularly construction
- Potential cooling effect of rising interest rates

## Tailwinds

- Significant rebuilding of investment in infrastructure
- Exposures across climate change, three waters, and circular economy
- Manufacturing (food & non-food) expanding
- Commercial construction activity building
- Residential pipeline expected to moderate

# Positive economic activity driving demand for steel

Increased demand across a range of sectors; most trends expected to continue medium term



Steel & Tube is a diversified business with limited exposure to any one sector

# Results April YTD - 10 months financial performance

Record revenue and earnings driven by strong sector demand, customer service, operational performance and disciplined supply chain management

Revenue <b>\$479.3m</b> +24.6%	Volume <b>136,831t</b> +7.8%	EBITDA <b>\$53.6m</b> +81.6%	EBIT <b>\$37.9m</b> +156.7%	NPAT <b>\$24.1m</b> +226.7%
Dividend <b>1H22: 5.5cps</b> 1H21: 1.21 cps	DIFOT <b>98%</b> FY21: 98%	Customer NPS <b>38</b> FY21: 34	TRIFR <b>1.13</b> FY21: 4.04	Employee NPS <b>35</b> FY21: 13

Net Promoter Score (NPS): Measure of customer/employee satisfaction  
Employee Total Recordable Injury Frequency Rate (TRIFR): Employee safety measure  
Earnings Before Interest and Tax (EBIT), Earnings Before Interest Tax Depreciation and Amortisation (EBITDA), Net Profit After Tax (NPAT)

DIFOT: based on deliveries from Distribution Centres  
Percent comparatives are to FY21 (10 months)

# Strong results driven by delivery on strategic initiatives

## Benefits of strategic initiatives becoming clear

- Volumes and revenues – rebuilt post COVID-19 and targeted growth product categories
- Margin improvements – driven by product margins and labour / freight efficiencies
- Improved customer service and delivery – key driver of performance
- Significant structural cost reductions – established a resilient underlying business platform
- Optimised working capital and invested in inventory to support customer growth
- Digital initiatives have been embedded - now taking hold
- Growth focused on strengthening the core and building on high value segments

## Positive market backdrop

- Positive economic activity driving increased demand for steel across a range of sectors



# Strategic focus

Growth focused on strengthening the core and building on higher value segments

## Build on Foundation "Strengthen the Core"

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

## Product & Service Growth "Diversify Locally"

- 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

# Product development and innovation

## Identified growth opportunities in high value sectors

### Expand plate processing capability and offer

- Attractive value-added products
- Growing market sector
- Existing footprint with significant opportunity to expand
- Replacement of obsolete equipment with large, high capacity machinery - commissioning 4Q22

### Build share of the steel framed housing market

- Currently major supplier of coil to residential and commercial manufacturing customers for external and internal steel framing
- Expand to supporting housing developers with fabricated frames and trusses
- Steel framing is infinitely recyclable
- New machinery supported by high specification software - commissioning 4Q22

### Other new product growth well advanced



# FY22 Guidance

**Expect FY22 Normalised EBIT no less than \$45m and Normalised EBITDA of no less than \$64m**

## Market conditions expected to remain positive

- Commercial consents building and increased tender activity
- Infrastructure/Government spending continuing to build due to significant prior underinvestment
- Expanding manufacturing sector
- Residential activity expected to moderate
- Headwinds remain – congested supply chains, rising steel prices, labour and cost and interest rate pressures

## Significant turnaround complete, benefits locked in, focus strengthening and growth

- Capturing operational leverage, margin disciplines and digital platform taking hold
- Strong market conditions, secured pipeline of contract work, and invested in inventory to support customers
- Growth targeted at high value products and value-added services
- Expect continued earnings momentum and dividends, subject to any new COVID-19 variant

# Our Strengths

- Strong governance and sustainability focus
- Established leadership positions in multiple categories of the steel market
- Diversity across multiple sectors in the steel market, reducing exposure to any one sector and providing ability to cross-sell to customers
- Turnaround has built a customer centric culture, resilient underlying cost structure, streamlined and efficient footprint and strong balance sheet with capacity to invest
- Building resilience of earnings through growth in high value product ranges and value-added services
- Leading the way in the sector with digital platforms providing efficient access for customers
- Trusted customer partner – reliability, methodologies, technical advisory and safety & quality
- Investment in product quality systems including Lloyds Register domestic and offshore steel mill attestation and test certificate verifications
- People, communities, environment, health, safety and wellbeing are at our core

# Group Financial Update

**Richard Smyth**

Chief Financial Officer

# Group Financial Summary (10 months)

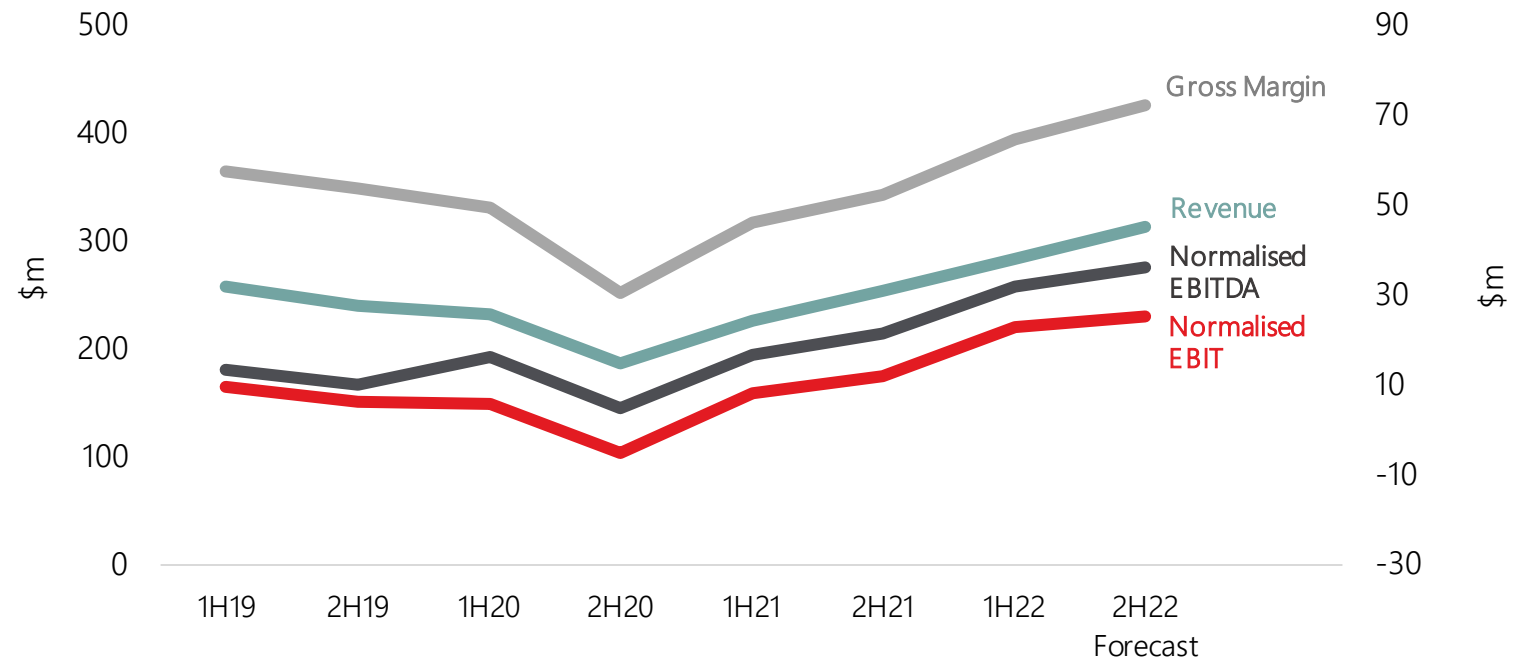
- Strong volume and revenue uplift
  - Revenue up 24.6%
  - Volumes up 7.8%
- Gross Margin continues to improve
- Structural reduction in operating expenses locked in
- Significant increase in earnings

\$m	FY22 (10 months Actuals)	FY21 (10 months Actuals)	Var%	
Revenue	479.3	384.6	24.6%	↑
EBITDA	53.6	29.5	81.6%	↑
Normalised EBITDA*	54.0	28.6	89.2%	↑
EBIT	37.9	14.8	156.7%	↑
Normalised EBIT*	38.3	13.8	177.9%	↑

\* FY21 results have been restated for the impact of a change in accounting policy in regards to the accounting for Software as a Service arrangements ("SaaS"). FY22 and FY21 Normalised EBITDA and Normalised EBIT have been adjusted to exclude non-trading adjustments. Further details included in appendix to this presentation.

# Group Financial Performance

- 2H20 was significantly impacted by COVID-19
- Four consecutive half year periods of strong growth
- Earnings momentum supported by business improvements and solid activity



*FY2021 (1H21 & 2H21) has been restated for SaaS impact*

# Revenue (10 months)

## Strong trading momentum

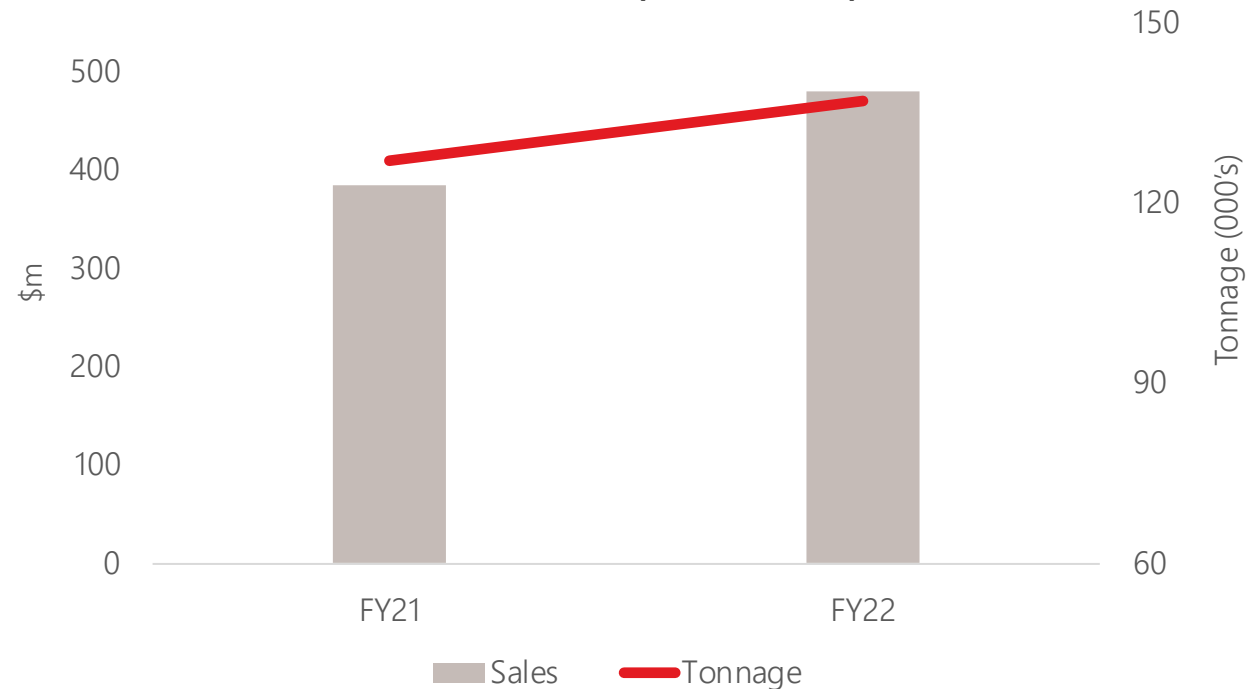
**Volume 136.8Ktonnes, up 10Kt or 7.8% on pcp**

Increasing customer demand for comprehensive range of products

**Revenue \$479.3m, up \$94.7m or 24.6% on pcp**

Continuing sales momentum, despite COVID-19 impact

Sales & Volume (10 months)



pcp = prior comparative period

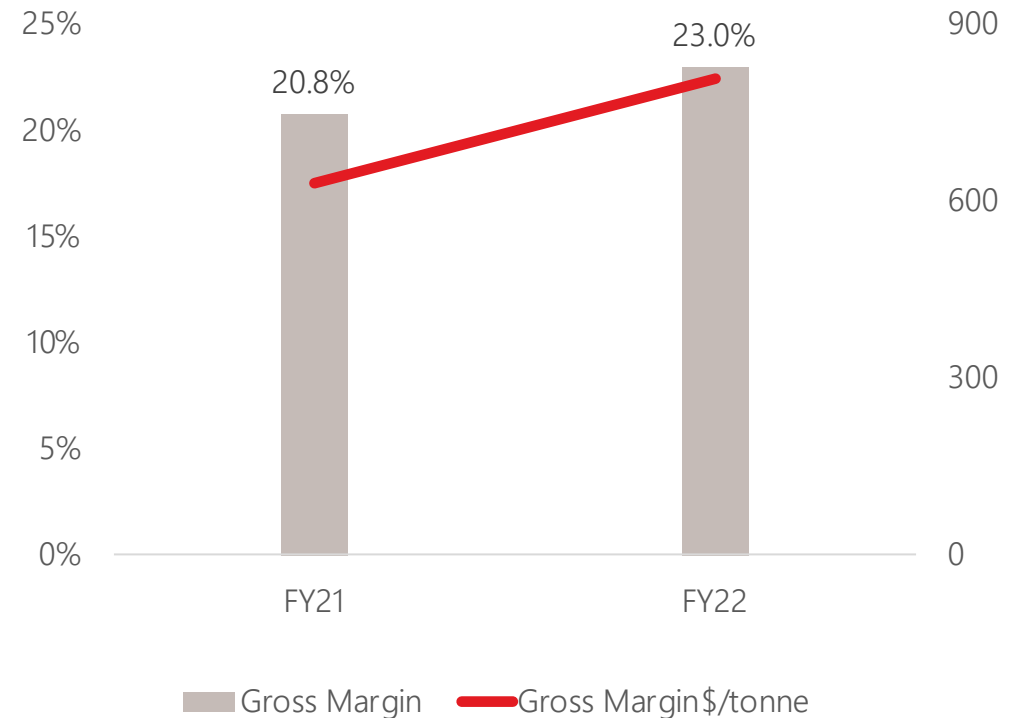


# Margin (10 months)

## Focus on gross margin \$/tonne improvement

- Data driven pricing decisions resulting in effective price management in a dynamic environment
- Product mix focused on growing market share in attractive sectors which offer higher margins
- Lower variable costs as a percentage of sales reflecting efficiency improvements
- Relentless focus on cost management

## Year on Year (10 months) Margin Improvement



*Gross margin includes freight, direct and sub-contract labour*

# Nomalised operating expenses (10 months)

## Ongoing relentless focus on operating expenditure

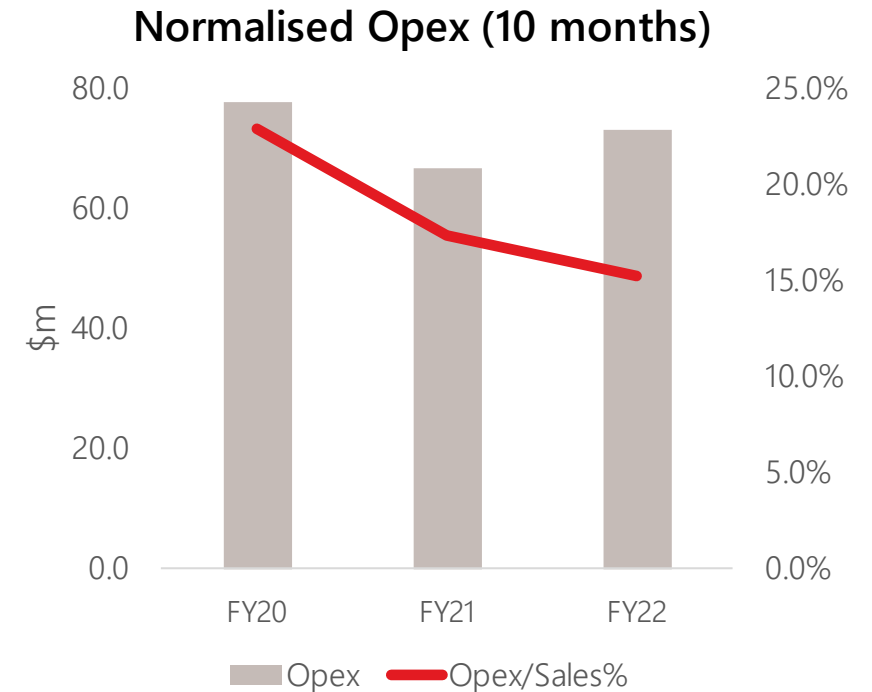
Significant structural changes delivering long term benefit completed

- Low fixed cost base has been maintained
- Operational costs as a percentage of sales continues to decline
- Continued focus on implementing efficiencies and controlling costs

Increase in FY22 normalised operating expenses of \$6.4m

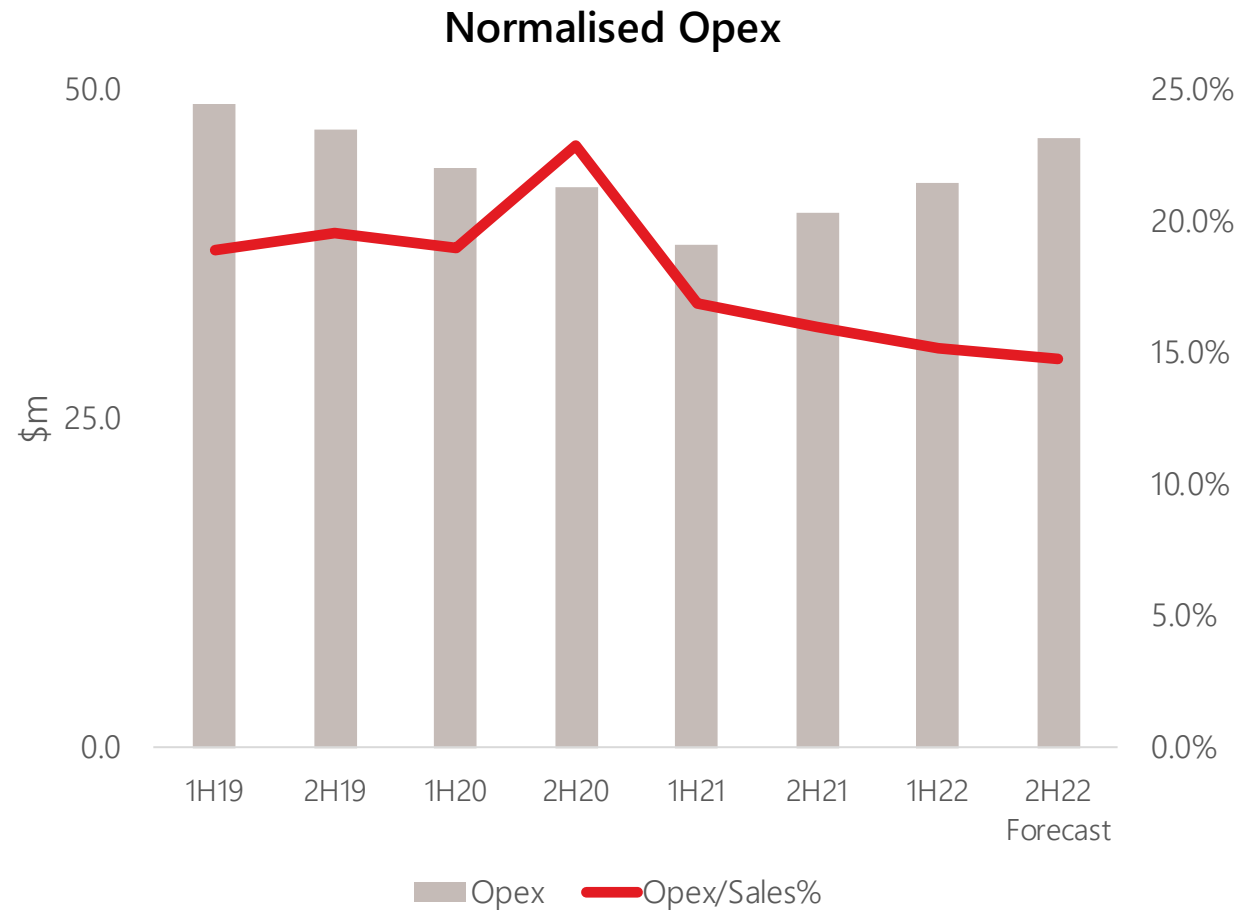
- Inflationary pressure - mostly wage and salary inflation
- Incentive accruals provisioning
- Increase depreciation

*Normalised Opex excludes Holiday Pay provisions/reversal, as well as non-trading adjustments previously reported*



# Normalised operating expenses summary

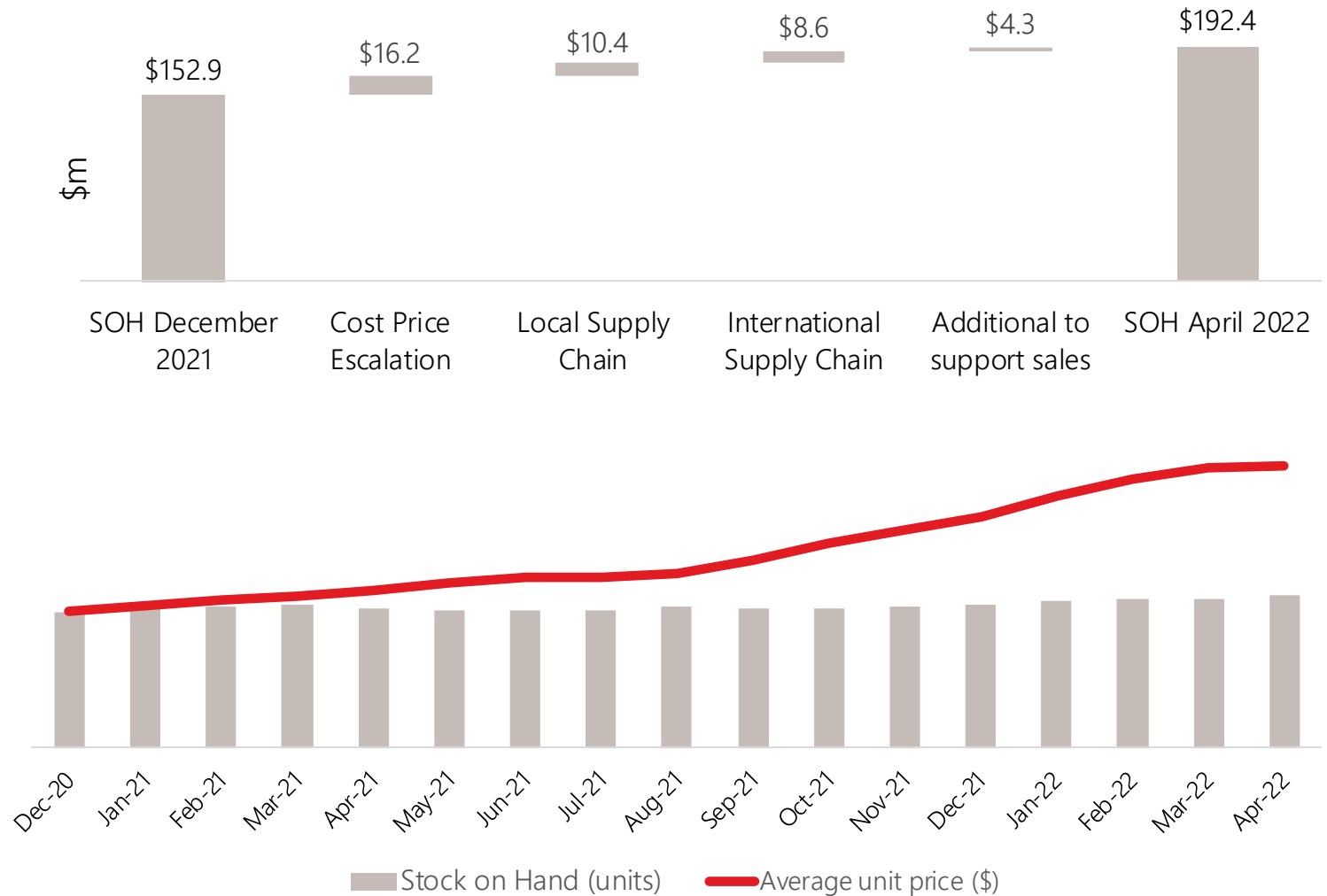
- Normalised Opex has continued to decline as a percentage of sales (2H20 blip due to COVID-19 lockdown sales impact)
- Dollar increases have been limited to inflation, depreciation and a small number of additional IT staff



*Opex figures have been normalised in the current period to exclude Holiday Pay provision reversal, as well as non-trading adjustments reported in prior years*

# Inventory

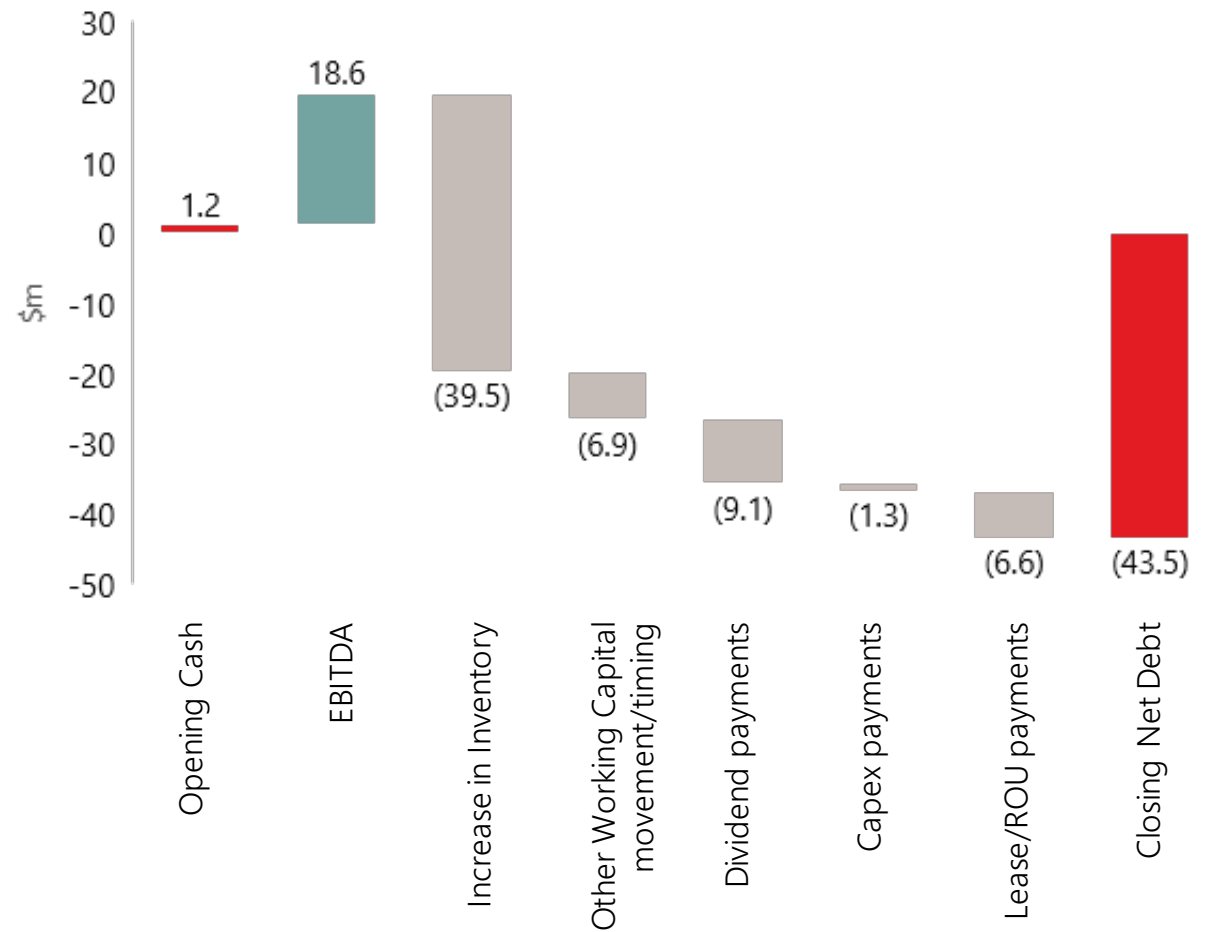
- Investment into high demand, high margin SKUs
- Increase in Inventory a result of:
  - Higher prices
  - Slightly longer supply chain resulting in an increase in Goods in Transit
  - Increased sales/customer demand
- Inventory turns (unit and tonnes) have remained consistent with prior periods



# Cashflow

- Strong cash inflows reflecting the increased revenues
- Significant investment in inventory which has increased \$40m in the last four months
- Dividends paid during FY22
- Expect to start paying Company Income Tax from FY23
- Extension of existing revolving cash advance facility from \$50m to \$80m, and additional \$20m trade loan

Cash Flow Bridge 1H22 to April 2022 (4 months)



# Governance

- Fully established Board and Sub-Committee Structure:
  - Audit and Risk Committee
  - Governance and Remuneration Committee
  - Quality, Health, Safety and Environment Committee
- Director Skills Matrix
- Code of Ethical Behaviour
- Board and Team Diversity
- Change in External Auditors

# Panel discussion

# Distribution

**Marc Hainen**

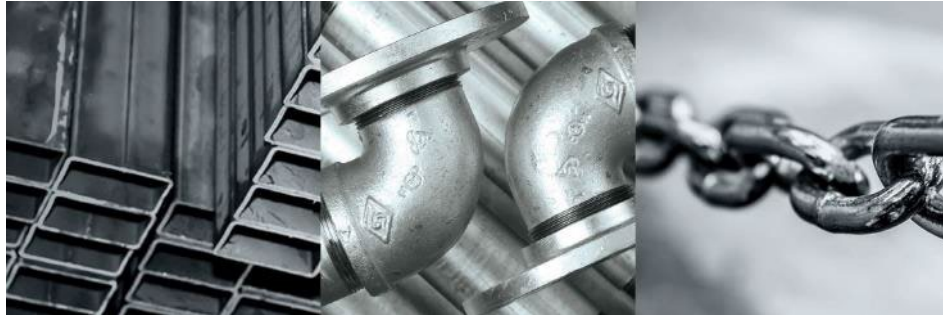
General Manager Distribution



# 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



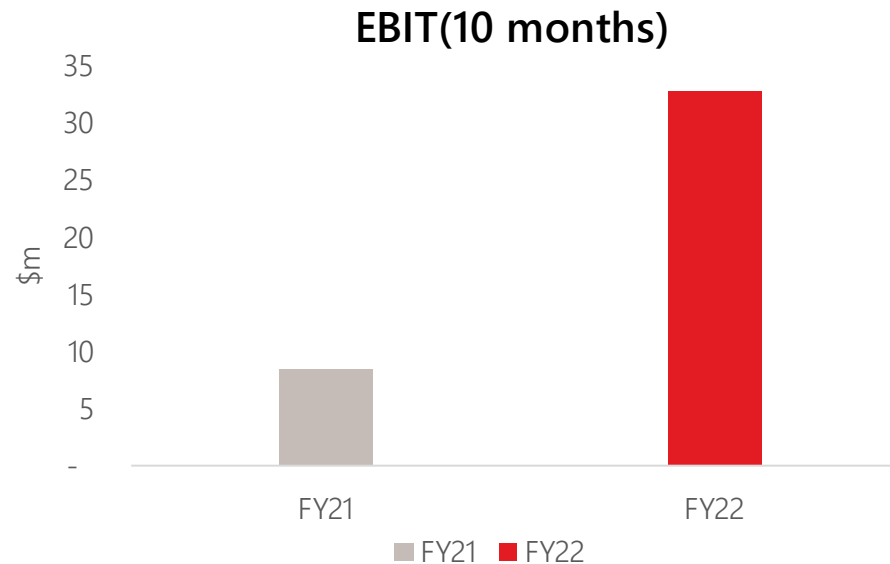
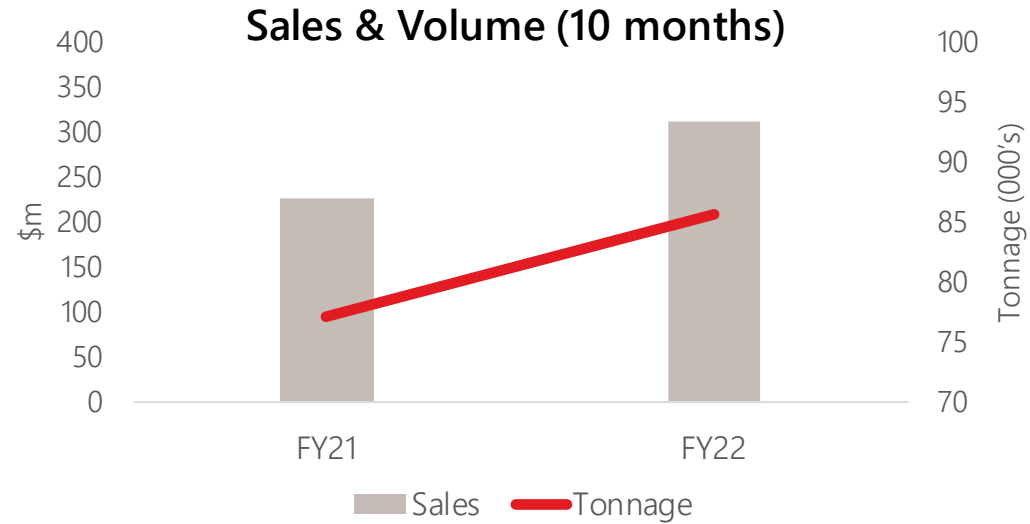
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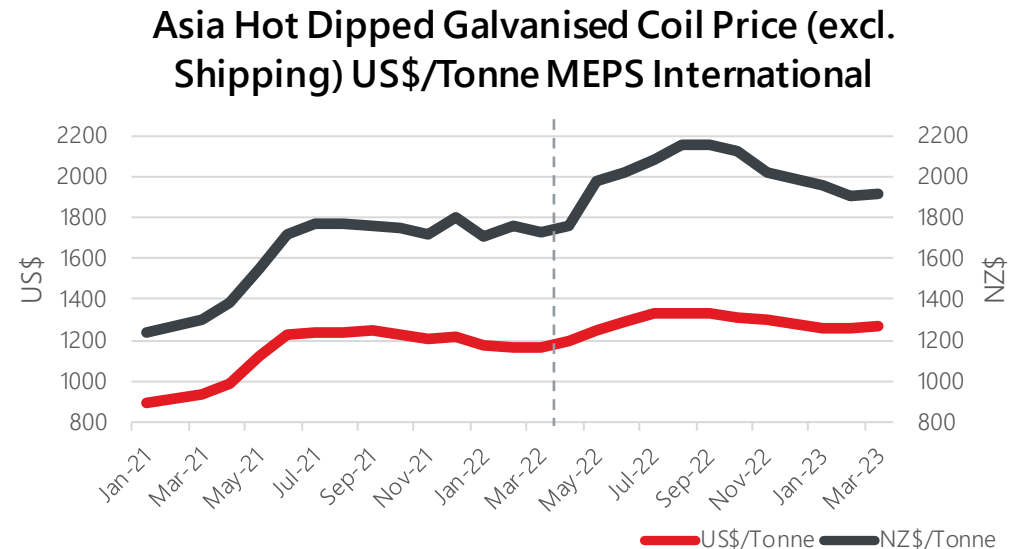
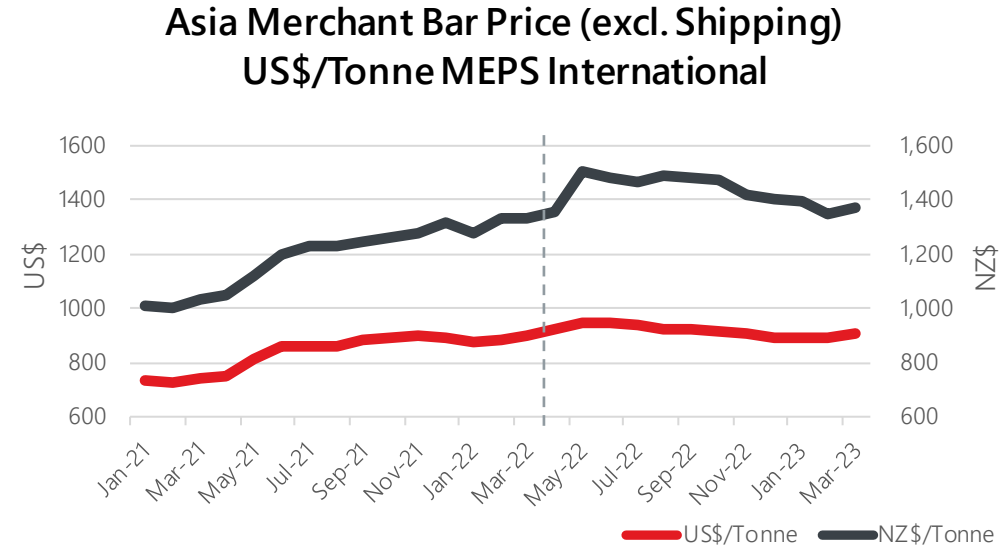
# Distribution Performance

- Revenue +37.3%
- GM \$ - pricing & improved product mix + 63.3%
- Tonnes growth – little COVID-19 effect + 11.2%
- Benefits on prior cost rationalisation
- Earnings growth 3.9x



# Procurement and Shipping

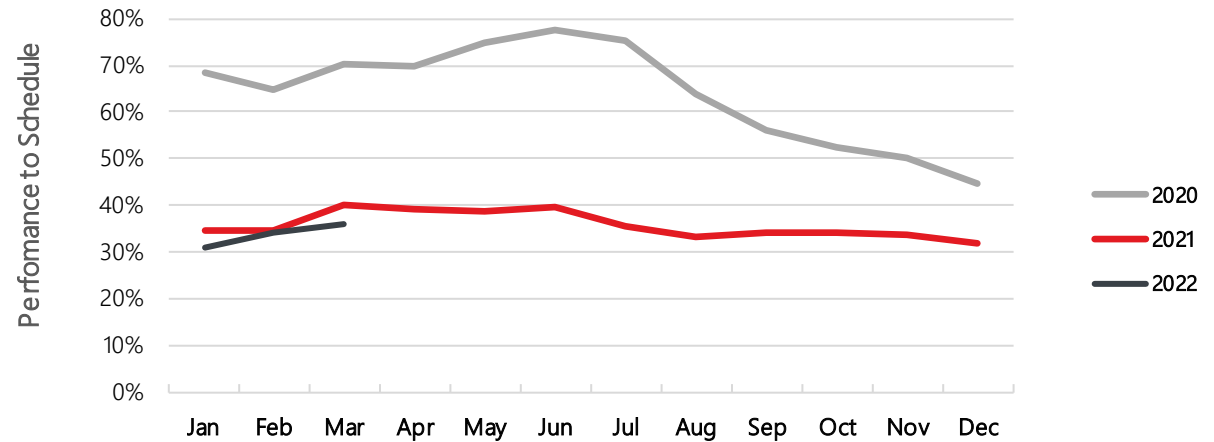
- Mill capacity constraints and allocations
- Steady rise in steel costs (USD)
- Recent weakening in NZ USD cross rate
- Recent price announcements from key suppliers including NZ Steel
- Strong and supportive supplier relationships across ANZ and Asia



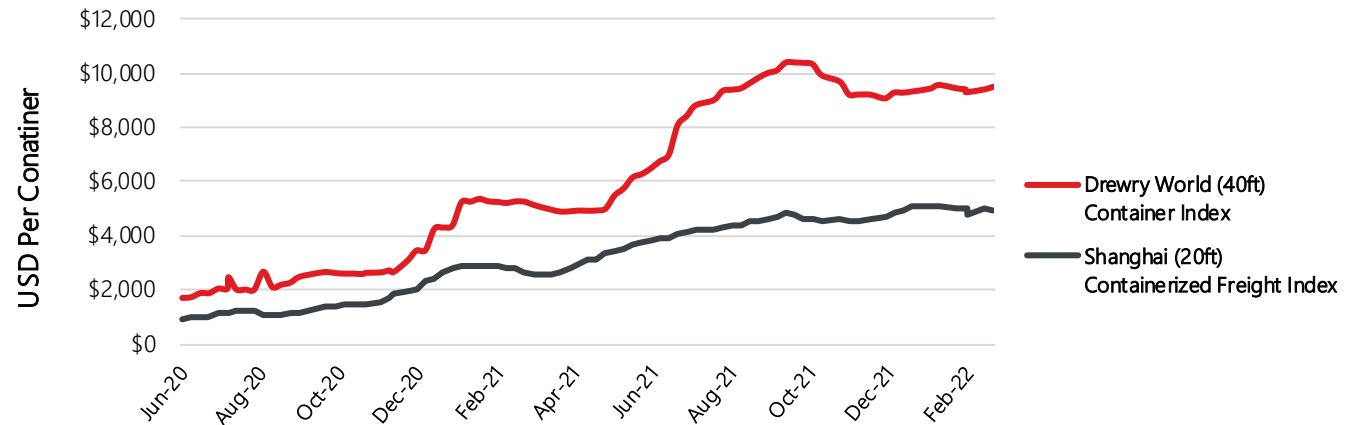
# Procurement and Shipping

- Shipping reliability worsens and days delayed increased
- Container capacity constraints
- Shipping cost increases (USD) + fuel surcharge increases
- Secured full container allocations + cost security

**Vessel Global Schedule Reliability**  
Sea-Intelligence, GLP Report



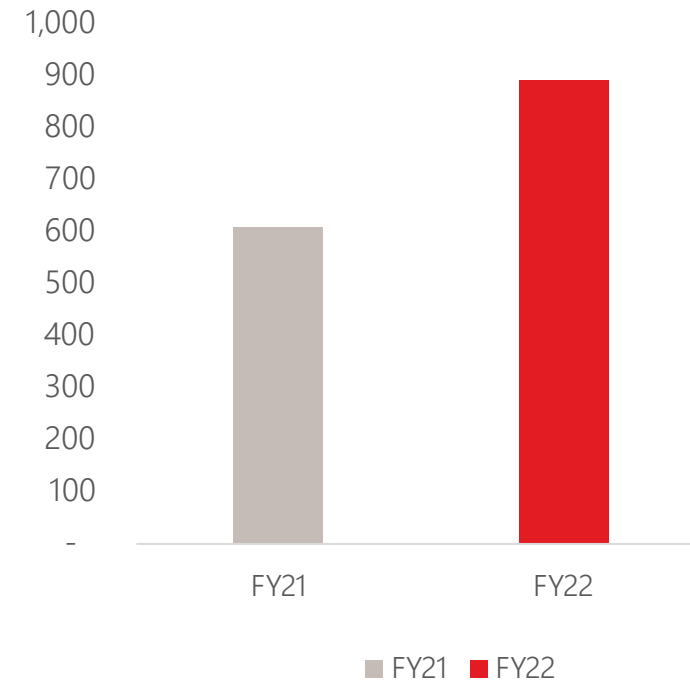
**World (40ft) & Shanghai Containerized (20ft) Freight**  
Dewy & Macromicro



# Margin Management




- Disciplined pricing systems, digital analytics and reporting - optimising margin \$ achievement
- Active price management in a dynamic environment
  - Margin \$ per tonne +46.8%
- Shift in focus to high value customers/market segments
- Return on inventory focus
- Experienced team – through the cycle
- Forward sell price commitments and mill “back to backs”
  - Mitigates risk for major customers and Steel & Tube

Gross Margin \$ per Tonne (10 months)



# Customer Service Performance

- Improving DIFOT 98.2%
- Customer Excellence centre performance - strong regional alignment
- Increased sales & service focus on high value customer segments
- Webshop growth - 24 hours access, lower cost to serve
- Electronic Data Interchange (EDI) integration with larger customers
- Improved product availability

Abandon Rate	
Target	
Average Wait Time	
Target	
Quote Follow-up	
Target	

# Growth Trajectory

- Investment in high value, high returning segments
- New plate processing equipment currently commissioning
- Organic growth in seismic systems (Zipclip) and roofing screws (Rooffast) launched, acquired Fasteners NZ
- Share of wallet focus on high value customer segment supported by common ERP and ability to cross range sell
- Major customers report solid forward workloads - strong infrastructure and steady manufacturing. Residential expected to moderate



# Rollforming

**Mohammed Afroz**

General Manager Rollforming



# Our business divisions

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



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Piping Systems

Chain & Rigging



Fastenings

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## Infrastructure

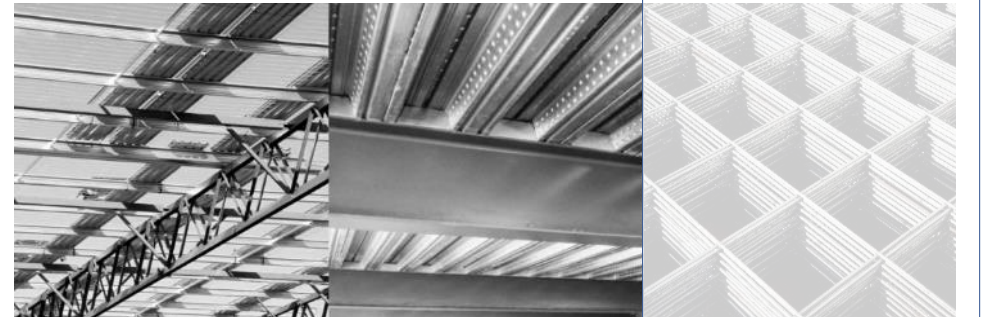
Products processed before sale, typically on a contract or project basis, including onsite installation services



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# Roofing

## Business Context

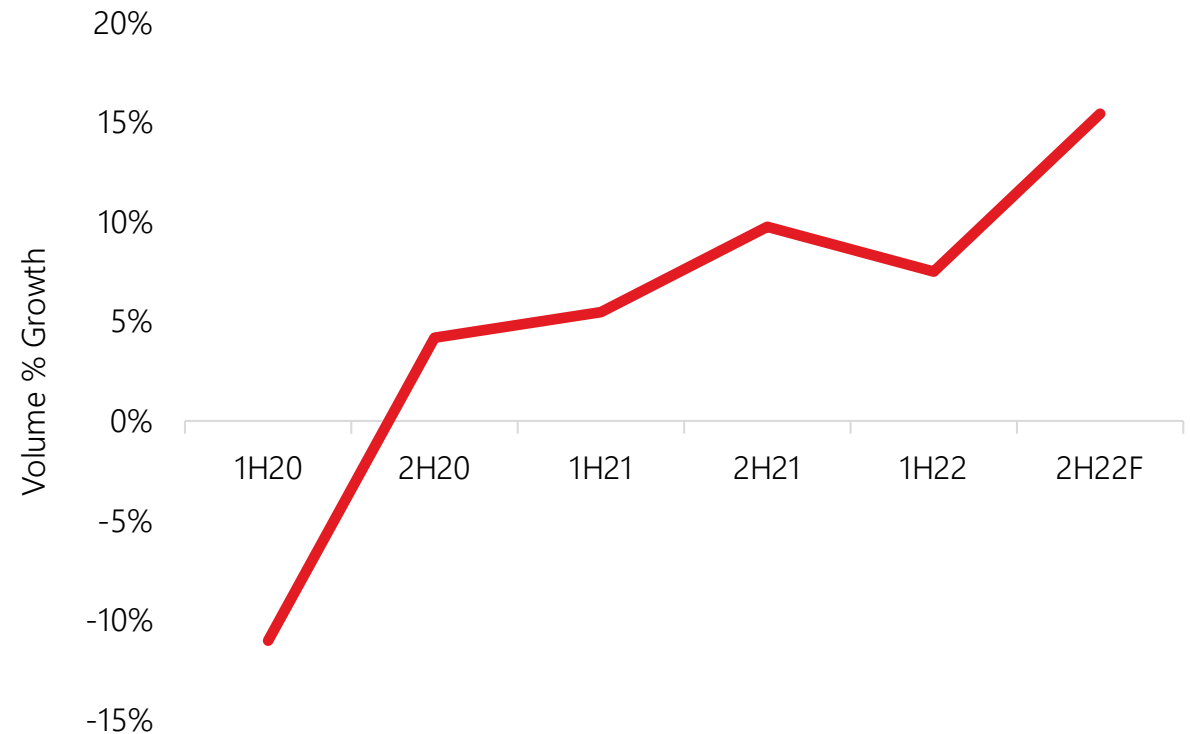
- Largest revenue contributor for Rollforming at 60%
- Six branches offering 15 profiles covering residential and commercial sectors
- Complete roofing and cladding solutions provider, packaged with accessories and fasteners, one stop shop
- Specialist curving and custom rainwater service

## Business Performance

- 6% Revenue growth in roofing with a buoyant Residential sector
- Four year supply agreement with Kāinga Ora supplying 1,600 roofs annually, Kāinga Ora volumes expected to double in FY23
- Investment in new Rollforming equipment for South Island
- Strong customer focus in a challenging environment
- Customer Excellence Centre and Web Shop improvements consistent with the Distribution Business
- Exploring opportunities to fill two network gaps in Roofing

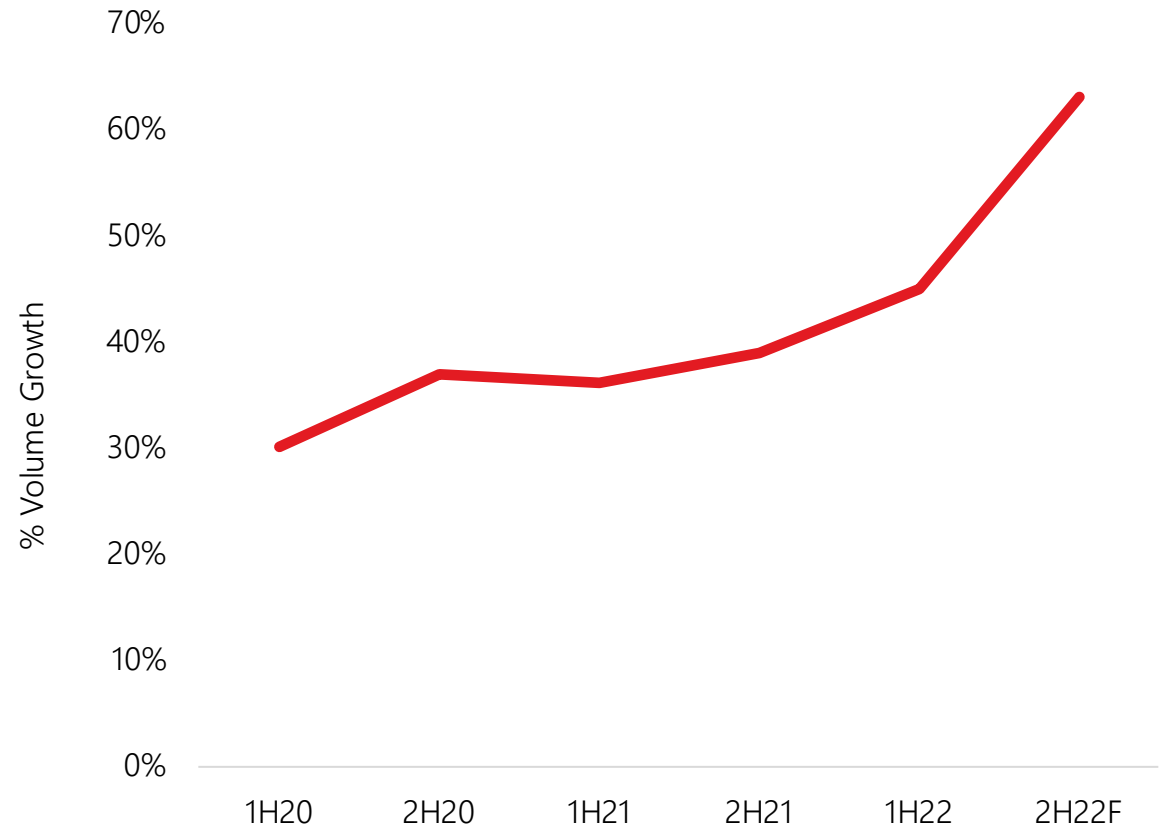
# Sheeting and Coil Processing

- Servicing manufacturers and sheet metal fabricators
- Same day or 24hr delivery service for standard and cut to length sheets
- Increased volume in coil processing in both residential and commercial sectors
- Currently supplying significant volumes for light steel framing
- Smart throughput reporting software being implemented for capacity gains due to increased demands



# Purlins

- Significant growth in the last 10 months
- Volume up by 62% with Revenue uplift of 80%
- Smart procurement planning for stock availability
- Cross group customer focus is increasing share of wallet
- Strong secured works pipeline
- Recently implemented investment in new semi-automatic purlins machine and stacker, to further grow market share



# ComFlor/CFDL

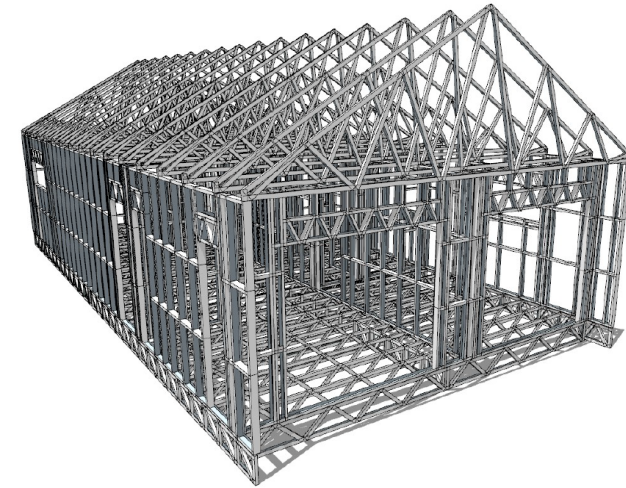
- Exclusive licence to ComFlor range of products
- Most specified metal decking system
- Sustainable solution using less concrete per square meter, meeting fire and acoustic standards
- End to end service - technical support to installation
- Projects installed by CFDL, market leaders in the installation space supplying and installing just over 250,000m<sup>2</sup> annually
- Unique installation methodology, digital 3D modelling and collaboration with main contractors = time and cost savings for customers



CFDL – Composite Floor Decking Limited

# Steel Framing

- Opportunity identified through mass timber shortage mainly in the residential sector
- Steel & Tube supplies slit coil for steel framed houses to Group Home Builders and other fabricators
- As Rollforming specialist there are synergies to service the residential sector with fabricated steel frames
- Leverage current strong roofing relationships to build volume
- Incremental sales through Roofing, Reinforcing, Distribution and fastening
- Two machines and increased volumes may warrant further units – opportunity to scale through existing network



Cover	ECO Smart Small 3 Bedroom	Rev	Date	Amended
<b>st steel&amp;tube</b> STRONGER IN EVERYWAY	****NOT A CONTRACT**** CHECK ALL DIMENSIONS & LEVELS TO ARCHITECTURAL DRAWINGS BEFORE CUT CUT OR ORDER CUTTERS. THIS LAYOUT IS TO BE USED IN CONJUNCTION WITH THE SCOTTSDALE CONSTRUCTION SYSTEMS MANUAL AND ANY OTHER CONSTRUCTOR DETAILS PROVIDED.	1		
		2		
		3		
		4		
		Date	Drawn	WPC/SAT/201
		12/07/21	Lavinia Garry	



# Reinforcing & Wire

**Peter Ensor**

General Manager Reinforcing

# Our business divisions

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



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Chain & Rigging



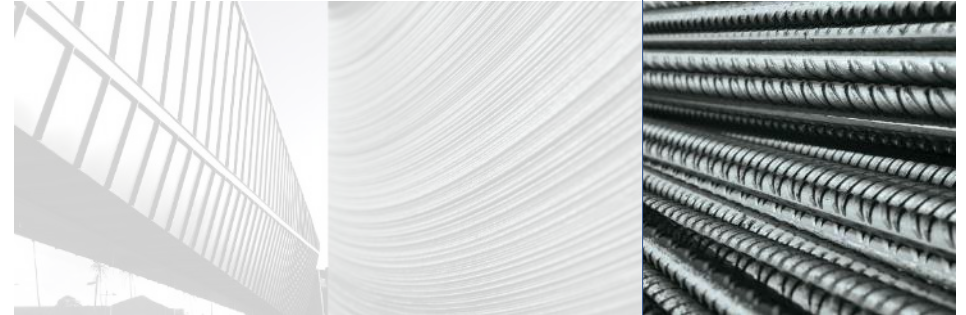
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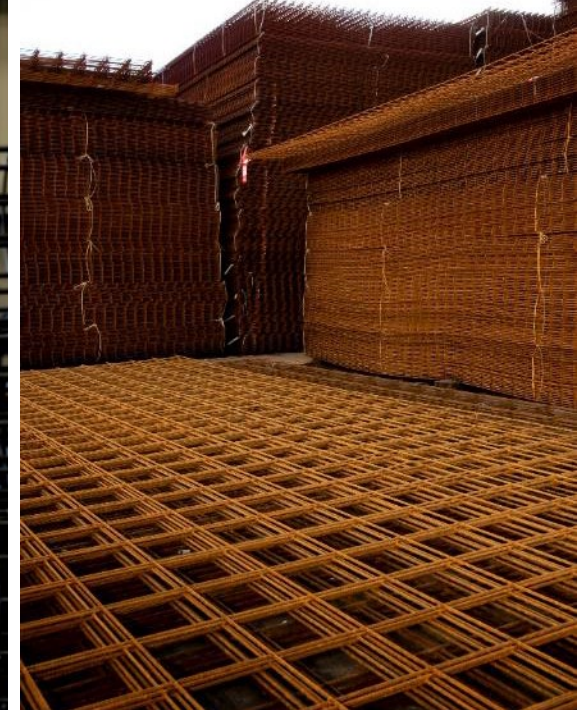
ComFlor/CFDL

Mesh



# Introduction

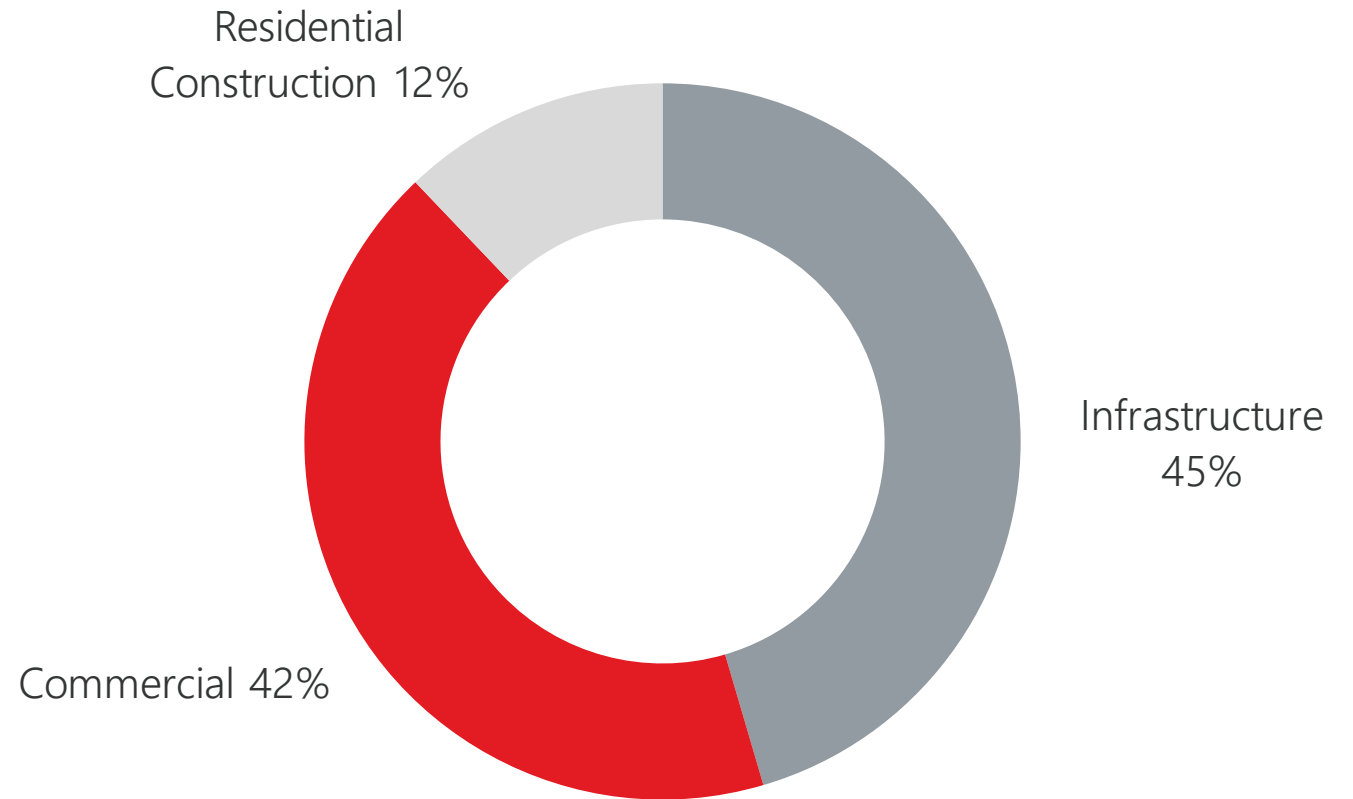
- Product quality and traceability
- Strong focus on safety through manufacturing and construction
- Customer synergies across the group



# Performance

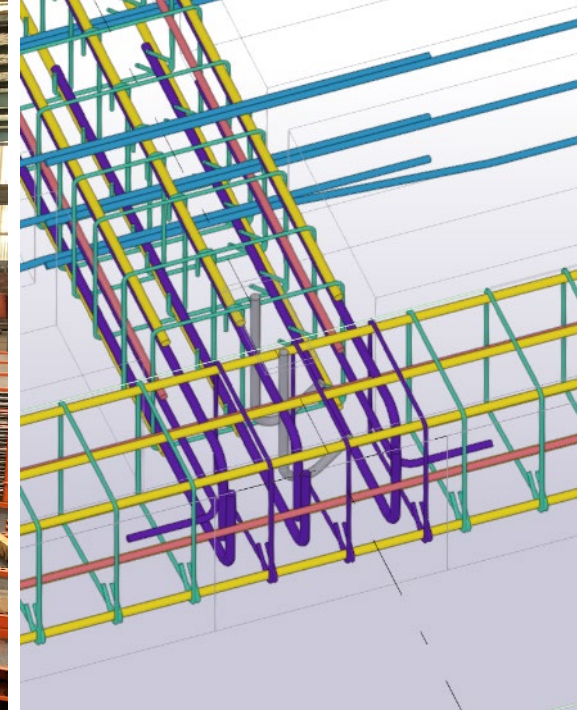
- Mitigating and recovering from the impacts of COVID-19
- Managing rapidly escalating pricing in a contracting environment
- Sector growth outlook strong and solid order book
- Carefully managing contracting risk, engaging where risk/reward balanced

Sales by Sector FY21-22



# Strengths

- Leveraging methodology and manufacturing capability
- Customer early engagement a differentiator
- Digital solutions are now changing the game
- Continued investments in manufacturing plant
- Highly engaged and experienced workforce
- Local and Central Government customers' client



# Panel discussion

# Customer Value Proposition

**Mike Hendry**

Chief Digital Officer

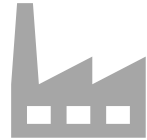
# Customer Value Proposition

- Provide the broadest range of steel solutions in the NZ market
- Have knowledgeable and skilled people to help you with your steel needs
- Be easy to do business with
- Deliver value
- Highly customer focused
- Innovative
- Lead the industry in safety and quality
- Strong “Kiwi” identity

# Our client base is highly diverse with a broad set of requirements we address via careful customer targeting



Construction



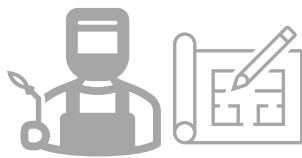
Manufacturing



Rural



Trades



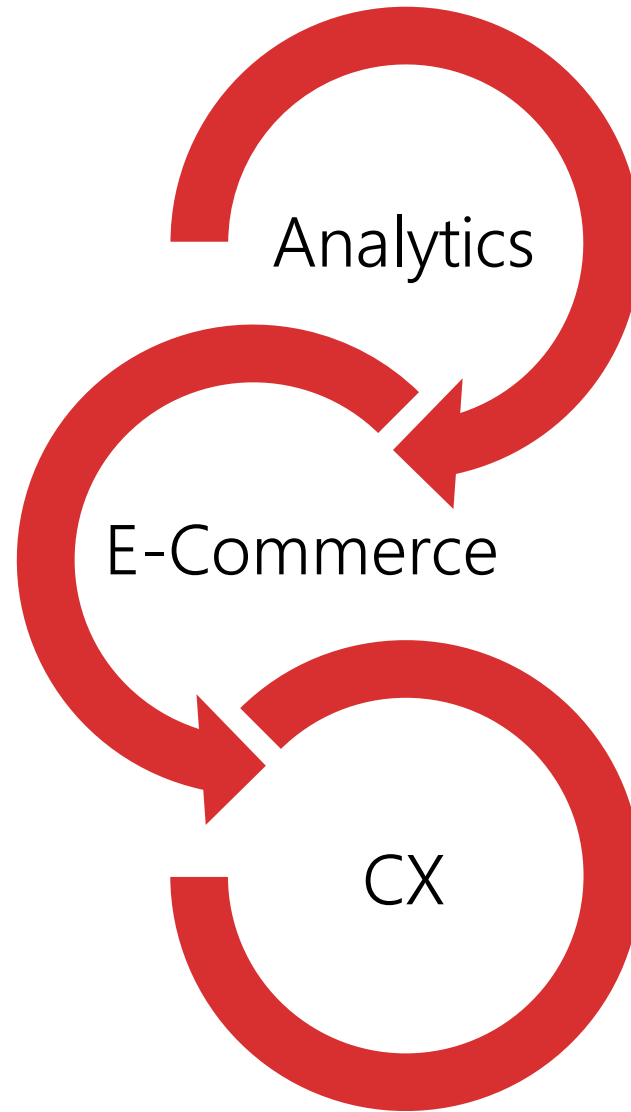
Engineering



Merchants  
& Resellers



# New Digital and Sales and Service Capability



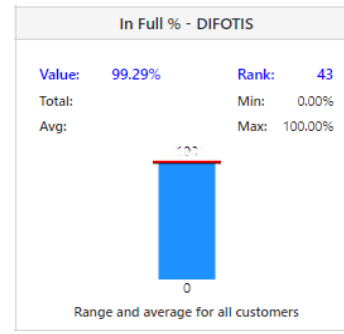
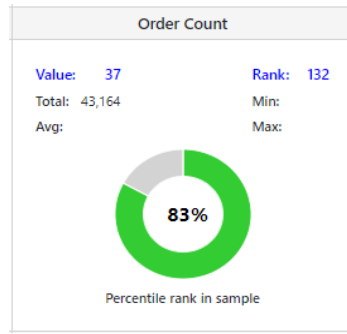
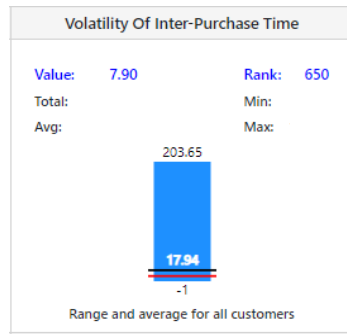
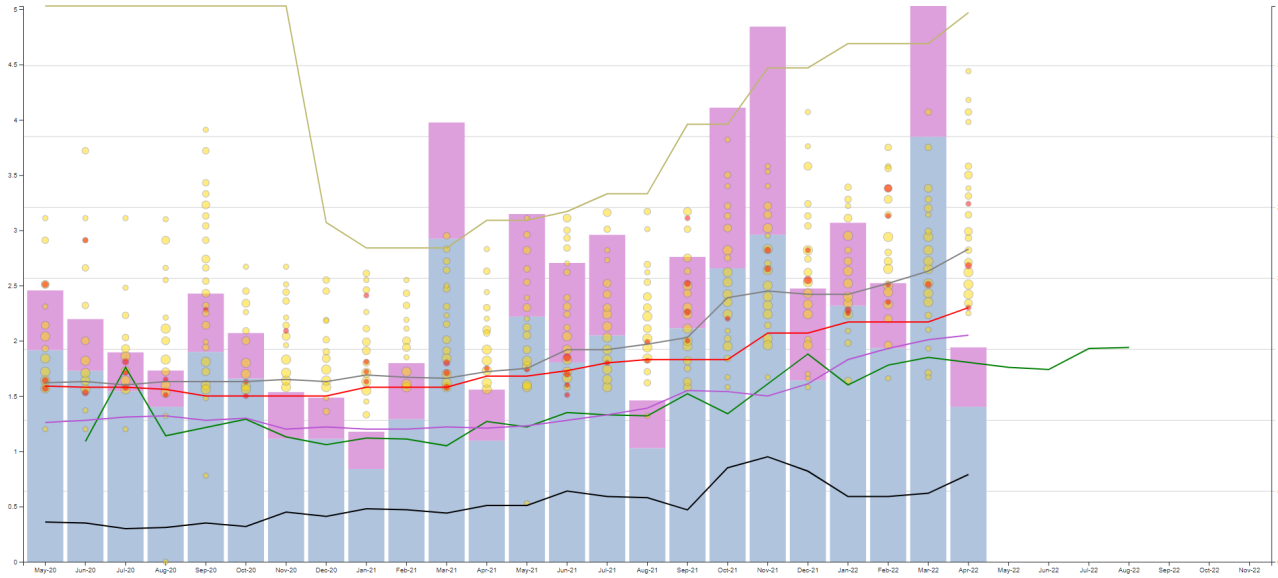
- Segmentation
- Pricing
- S&OP

- Webshop
- EDI

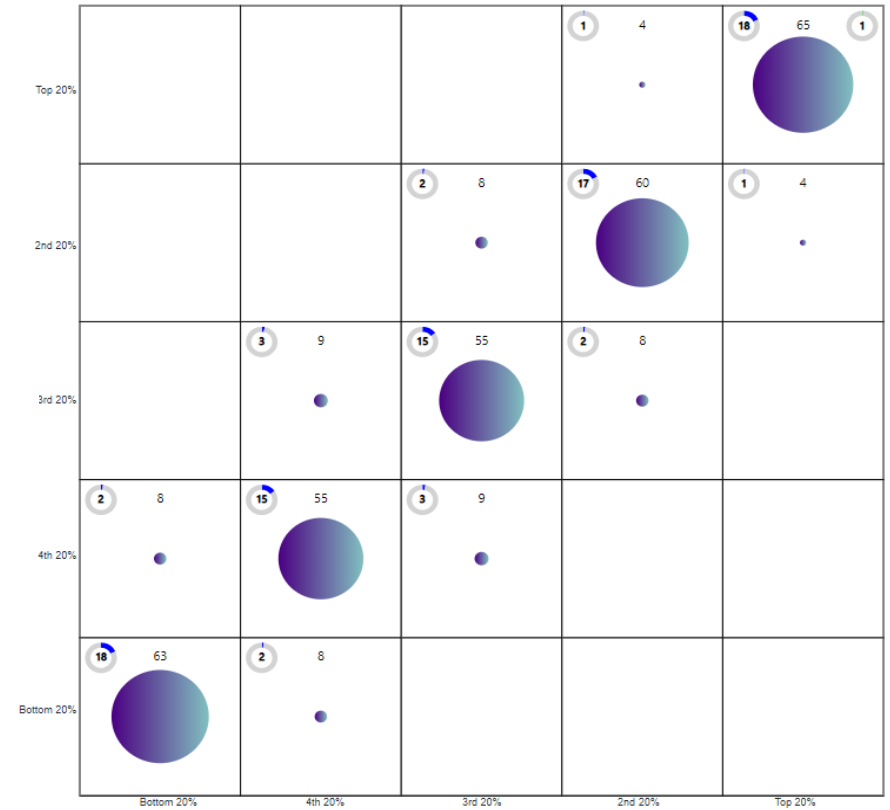
- CRM



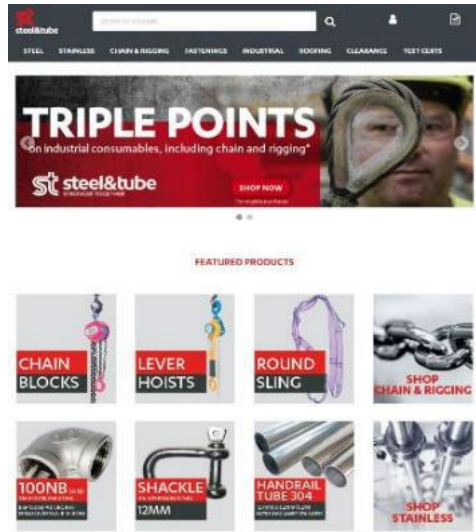
# Analytics



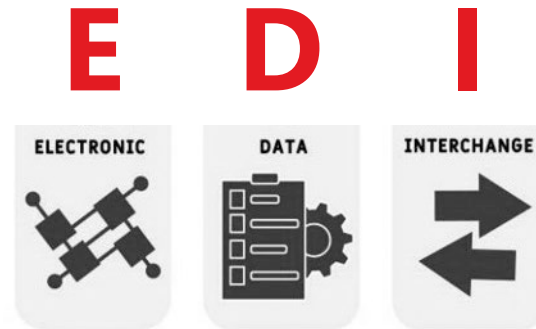
Retail Trade



# E-Commerce

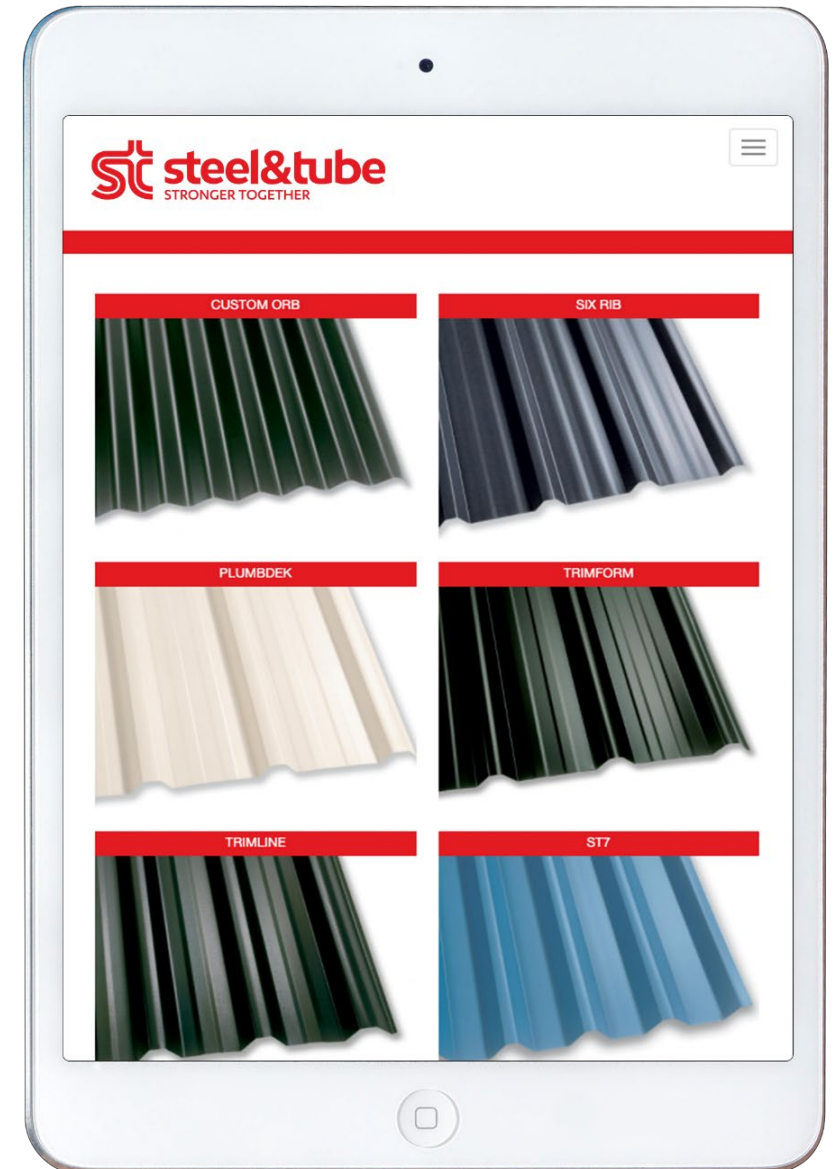


- High Growth “Sticky” 7x24 channel
- Proven convenience generates excellent NPS
- Exclusive or “Mix and Match” Customer Use



Direct customer integration for our largest customers

- Catalogues
- Pricing
- Orders and Invoices
- Test Certificates



# Customer Based Performance Measurement

**Key Outcomes**

**Revenue, Margin and Average Share**

The measure of how we are performing in the market



**NPS** The measure as to how well our customer feels we are performing. Would they recommend us.

**How are we performing for the customer**

**Customer Score**

How our performance for this customer ranks across all the dimensions of the Primary Metrics compared to every other customer. It is a performance index.

**Know Me**      **Be Responsive to Me**      **Get Me Stuff I Need**

**Key S&T drivers for customers performance**

**Primary Metrics**

Important performance statistics used to create the Customer Score and aggregated to create Secondary Metrics



**Segment Performance**

**Secondary Metrics**

Aggregate performance metrics across customers, segments, channels, products and locations over time



**Role and Functional KPI's/SLA's**

**Operational and Role KPI's**

Functional, BU and Role Based KPI's/OKR's and SLA's. These are the levers which drive Primary Metric Performance. Measured continuously.



# Supply Chain

**Mark Baker**

General Manager Group Supply Chain  
& Distribution Centres

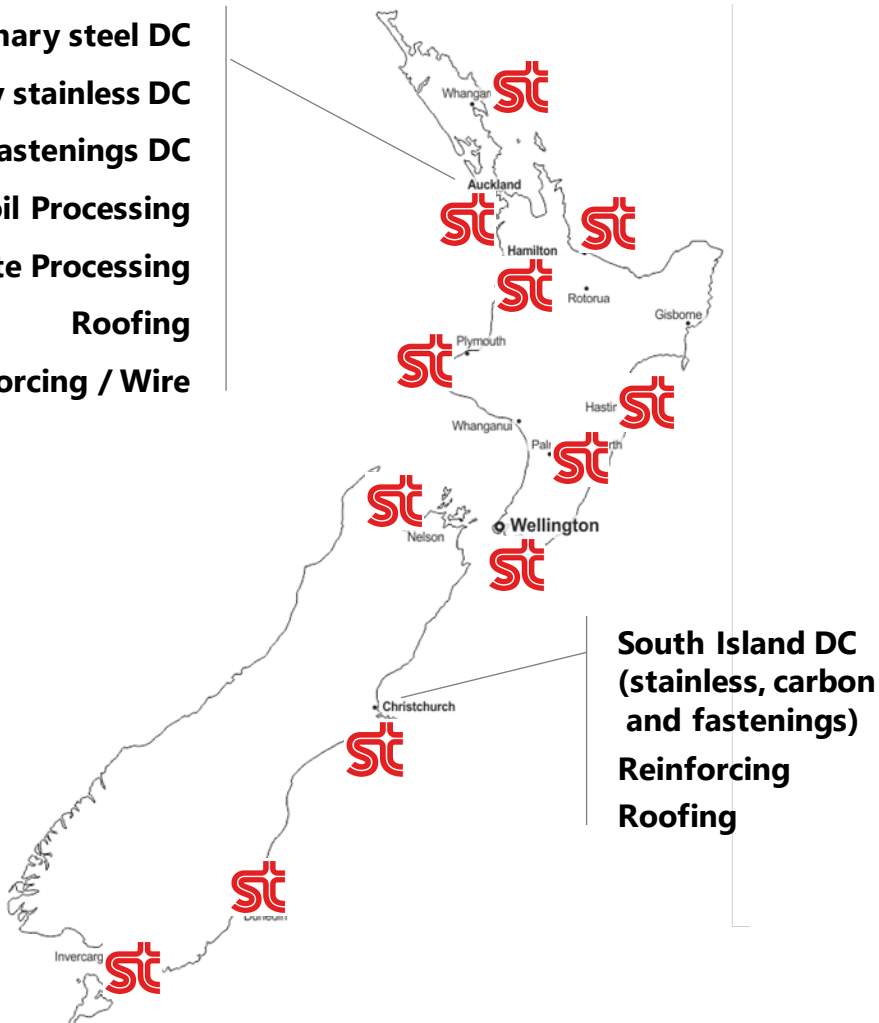
# Group Supply Chain and Distribution Centres

- Network Backbone and Distribution Centres
- Sales and Operations Planning / Integrated Business Planning
- Availability and DIFOT
- Inventory profile and performance



# Network Backbone and Distribution Centres

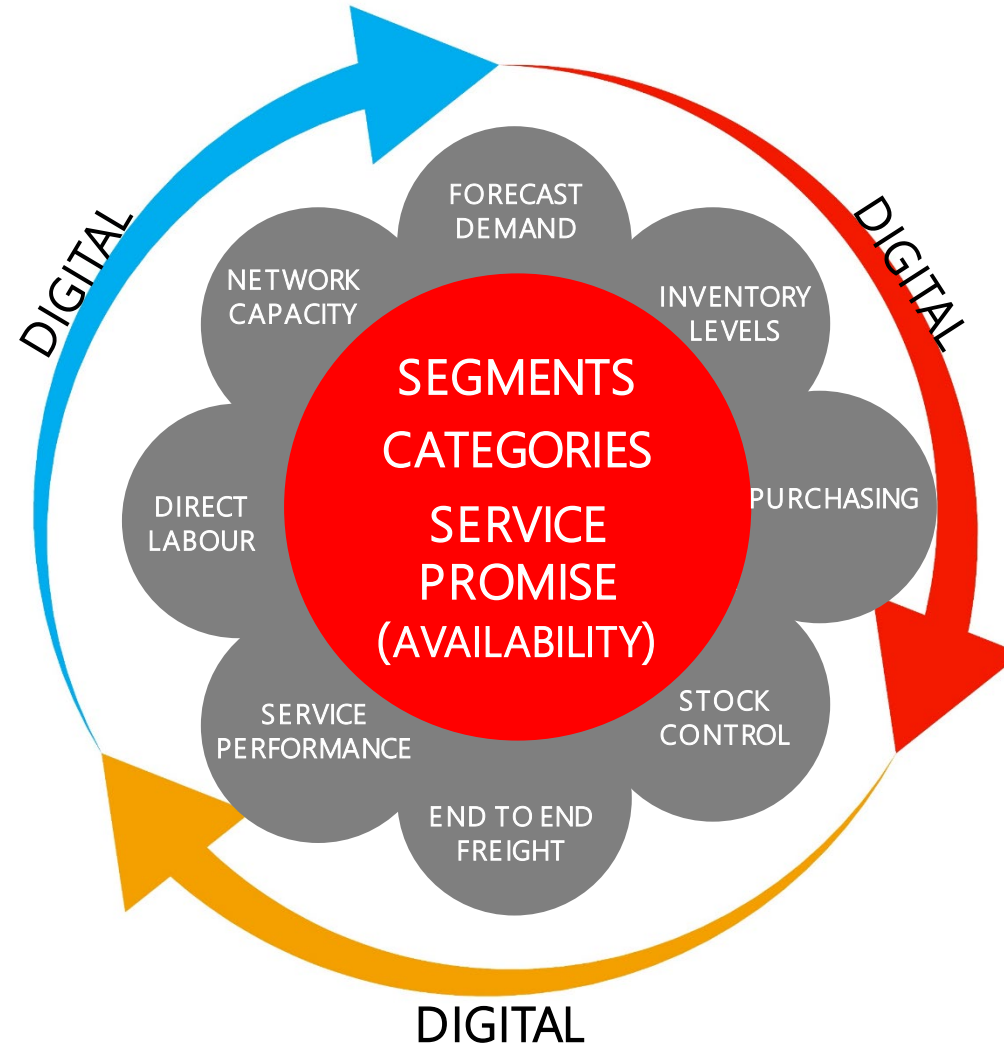
**Primary steel DC**  
**Primary stainless DC**  
**Primary fastenings DC**  
**Coil Processing**  
**Plate Processing**  
**Roofing**  
**Reinforcing / Wire**



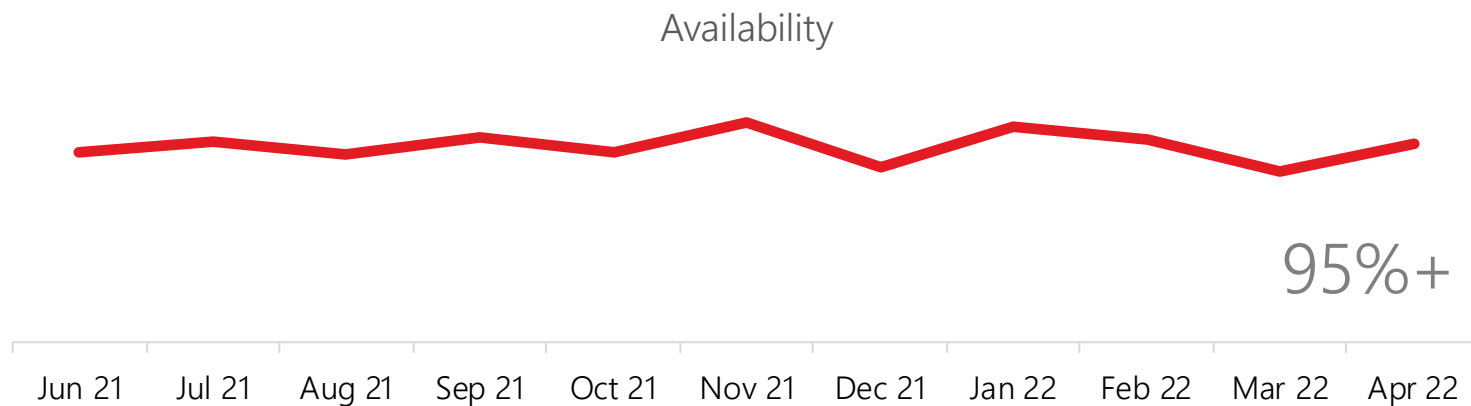
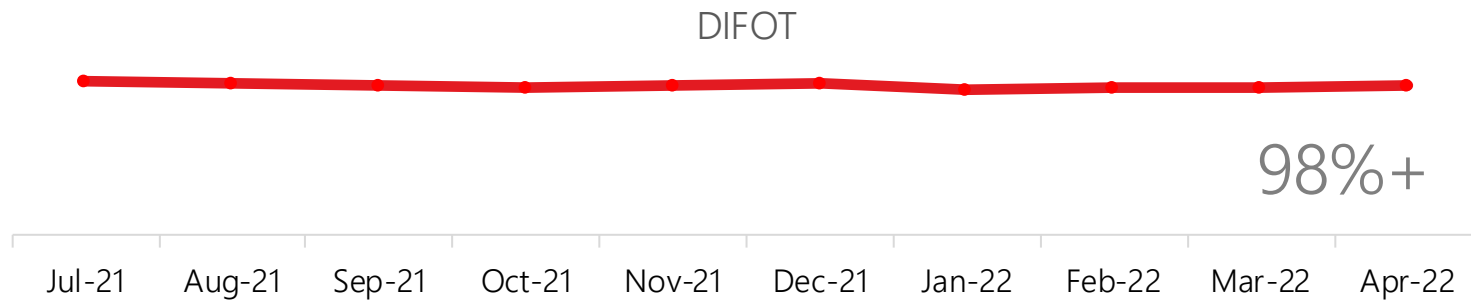
- Backbone network across the Group – centred strongly in Auckland / Golden Triangle
- Distribution Centre / child branch model optimises inventory, service and Group freight
- Demonstrated resilience during COVID-19
- Primary initiatives focus on process standardisation, automation/analytics and productivity
- Network intensification – optimise today and create flexibility for future

# Sales and Operations Planning

- Integrated at a Group level
- Anchored to our value proposition and service promise
- Balances inventory investment with earnings
- Key focus area for capability development and digitisation



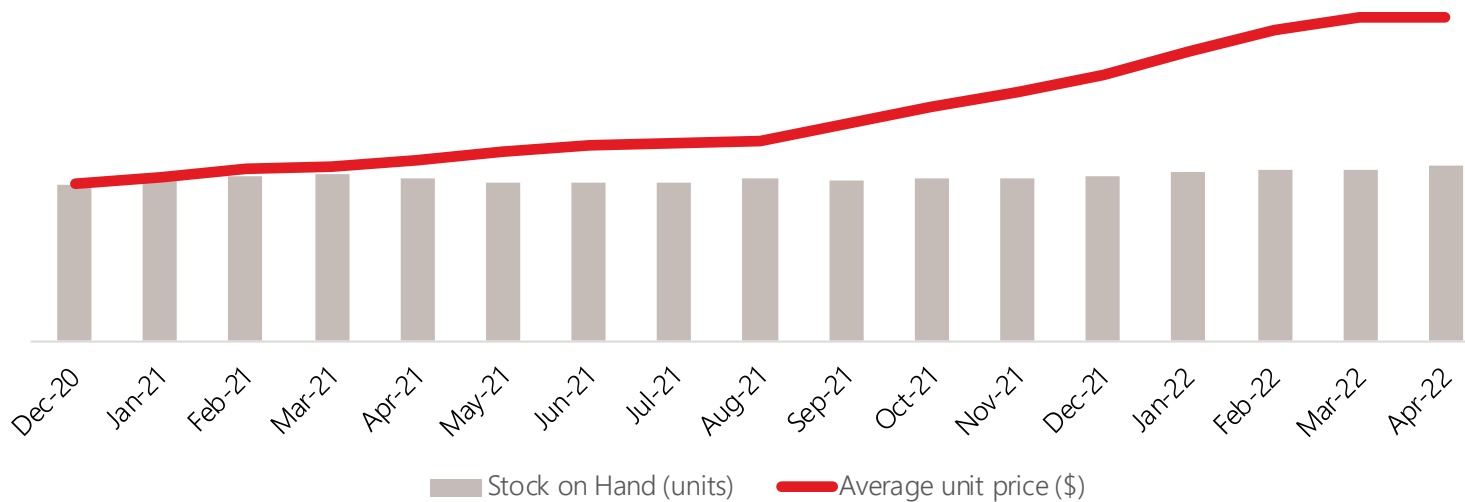
# Availability and DIFOT



- Maintaining high availability on key / critical lines to target segments is core to our proposition
- Consistency of performance is critical – some out of stocks inevitable
- Availability impact for hollows following NZ Steel exit mitigated and stable, but longer supply line



# Inventory Profile and Performance



- Cost price inflation and supply chain disruption drives inventory value
- Cover at unit and tonnes level has remained relatively flat despite supply chain disruptions
- Period of high unit cost price inflation evident

# People & Culture

**Anna Morris**

General Manager People & Culture

## Our People

Main cities through to  
small regions

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**500** Operational  
Team Members

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**32** Ethnicities

**840** FTEs excluding vacancies

---

Average **6.4** years service

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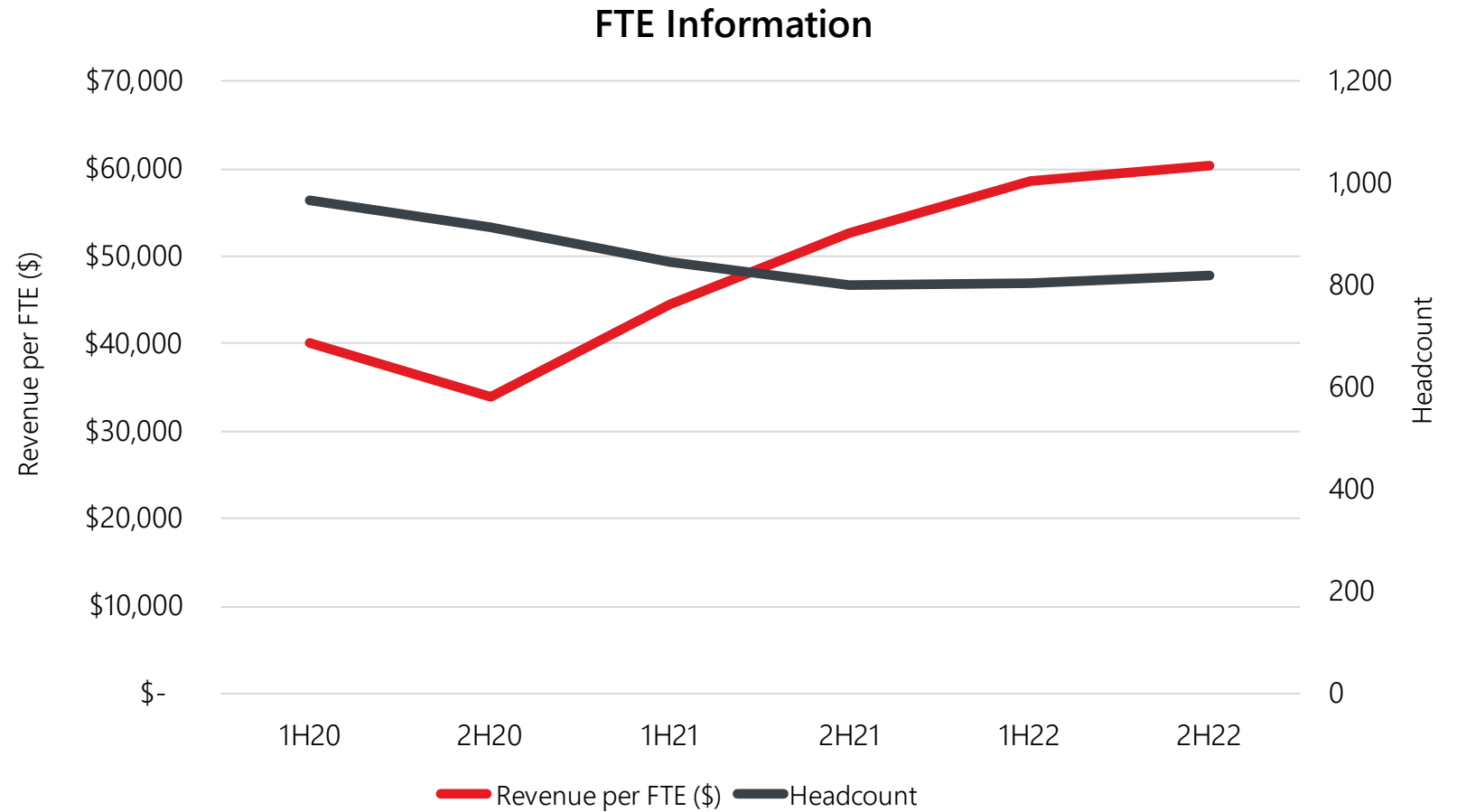
Average age **42**

---

**27%** females

# Labour Model Efficiency

- Changed Labour model
- Significant FTE reduction
- Capacity for higher outputs



# COVID-19 Response

## Committed to our People

- Frequent Communication
- Vaccines Incentives
- Company-wide consultation on approach to vaccinations
- Mandatory Vaccinations
- Care Packages
- Frontline Recognition Payments
- Paid Isolation leave
- Hardship support
- Booster Programme
- Supply of RATs to families



**A SAFE  
PLACE FOR  
OUR TEAM  
TO BE**

# Employee Engagement

- 35 ENPS
- Committed to continuous improvement



# Competing for Talent

## Retention is Key

- Record levels of internal movements
- Employee Engagement actions
- Reward for Performance programmes

## Recruitment for growth

- Relationships with alternative sourcing providers
- Internal referrals



# Focus Areas

## Gearing Team around Customer Experience

- Career path
- Sales and Customer Service competency
- Expansion of productivity based incentives





# Sustainability

- Work experience/MBIE partnership programmes
- English and numeric literacy
- Back to school funds
- Budgeting and financial wellbeing programmes
- Mates in Construction partnership

A stack of old, worn film reels is shown in a dark, monochromatic style. The reels are arranged in a way that creates a sense of depth and texture. The text "Panel discussion" is overlaid in a bold, white, sans-serif font, centered horizontally and vertically across the middle of the image. The background is a dark, muted blue-grey color, which makes the white text stand out prominently.

# Panel discussion

# Sustainability

**Trent Brash**

Group Sustainability Manager

# Sustainable Steel

## Steel facilitates the circular economy:

- Infinitely recyclable
- Reduced construction waste
- Durable
- Thermal capabilities
- Non-toxic and inert



# ESG Strategy

**Steel & Tube are developing its ESG strategy:**

- MBIE feedback
- XRB consultations
- Preparation for NZ CS 1:  
*Climate-related Disclosures*
- Sustainability systems
- Materiality assessment



# Sustainability at Steel & Tube

## Carbon abatement opportunities

- Reduction in energy use
- LED lighting
- Waste reduction
- Freight efficiency
- Solar



# Sustainability

**Dr Troy Coyle**

Chief Executive Officer, HERA

# Non-GAAP Financial

RECONCILIATION OF REPORTED NORMALISED EBIT Period ended 30 April \$000s	EBITDA (10 Months)		EBIT (10 months)	
		Restated		Restated
	FY22	FY21	FY22	FY21
<b>Reported</b>	<b>53,595</b>	<b>29,521</b>	<b>37,875</b>	<b>14,752</b>
Holiday Pay provision release	(854)	-	(854)	-
IFRS16 Impairment Reversal	(374)	(777)	(374)	(777)
Gain on sale of Properties	-	(1,215)	-	(1,215)
Saas expenses	1,683	1,032	1,683	1,032
<b>Normalised</b>	<b>54,050</b>	<b>28,561</b>	<b>38,330</b>	<b>13,792</b>

**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 (10 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 April 2021 (10 months) and 30 April 2022 (10 months) reconcile to normalised earnings. Non-trading adjustments of \$(0.4) million are included in the FY22 (10 months) results.



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