

STU Trading Update and FY23 Earnings Guidance

Steel & Tube Holdings Limited (NZX: STU) has today provided earnings guidance for the financial year ending 30 June 2023 (FY23).

The company continues to perform well against a backdrop of tightening economic conditions and weather events over the past 10 months. Revenues have continued to grow driven by elevated international pricing. Higher input prices and cost pressures have impacted margins. Steel & Tube has built a resilient platform exhibited by significant reductions in debt and inventory positions, and solid underlying cash generation. The company has a strong balance sheet and substantial bank facilities in place to fund growth and to take advantage of opportunities.

Given the recessionary operating environment, 2H23 volumes are expected to be 10% to 15% less than 1H23. As such, Steel & Tube is forecasting FY23 normalised EBIT of between \$28m and \$32m and normalised EBITDA of between \$48m and \$52m¹.

Steel & Tube has a track record of effectively navigating changes through economic cycles and is undertaking a comprehensive cost out programme focusing on \$5m of operating costs in FY24. As a result of these initiatives, the company is expecting that FY24 operating costs will be flat to FY23.

Steel & Tube's unaudited 10-month performance to end-April is summarised below:

\$millions	FY23 10 months	FY22 10 months	FY21 10 months
Revenue	489.0	479.3	384.6
EBITDA	40.8	53.6	29.5
Normalised EBITDA	41.7	54.0	28.6
EBIT	23.6	37.9	14.8
Normalised EBIT	24.5	38.3	13.8
NPAT	12.4	24.1	7.4
Operating Cash flow	77.9	(38.1)	20.5
Dividends paid	19.1	14.6	2.0
Inventory	152.2	200.9	108.3
Net (Debt)/Cash	(9.2)	(43.5)	19.7

CEO of Steel & Tube, Mark Malpass, said: "We have focussed on strengthening the core business platform and new strategic initiatives now account for 7.5% of Distribution earnings as we focus on growth of

¹ Normalised EBITDA and Normalised EBIT have been adjusted to exclude non-trading adjustments of approx. \$0.9m primarily relating to Software as a Service costs.

higher value products and services. The recent expansion of Steel & Tube's aluminium offer is proving popular.

"The company has a healthy pipeline of work in place across a diverse range of industries. The Government has estimated the cyclone and flooding rebuild costs at between \$9 billion and \$14.5 billion, with half of that related to public infrastructure. Steel is an essential construction material, as demonstrated in the Canterbury rebuild, and Steel & Tube has the capability and capacity, as well as the expertise to deliver innovative solutions to assist with rebuilding vital assets."

ENDS

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