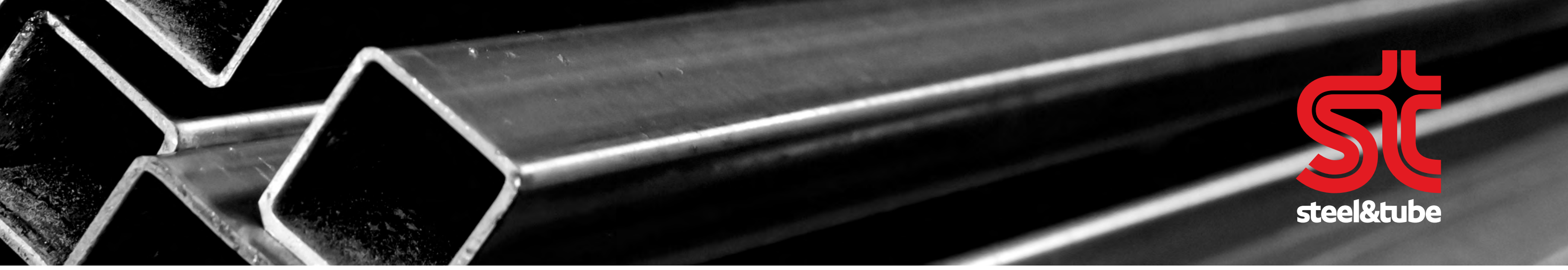

Dear Shareholder

We are pleased to advise that the Steel & Tube Holdings Limited Annual Report for the year ended 30 June 2020 is now available to view on our website https://steelandtube.co.nz/investor/reports.

The FY20 year presented significant challenges and demonstrated the resilience of our people and company in the face of both market adversity and the COVID-19 pandemic. While a slowdown was being seen in some sectors prior to the level 4 lockdown, this was accelerated further in the second half of the financial year as the pandemic took hold, and we rapidly moved to adapt our organisation for a new environment.

This was reflected in our results, with reduced sales revenues and earnings, restructuring costs and an increase in doubtful debt provisioning as well as non-cash impairments and write-downs impacting on our bottom line. Pleasingly however, our operating cashflows and balance sheet remain strong, with borrowings reduced.

Importantly, the work we have done over the past two years as part of our Strive programme is now demonstrating its value. We have a stronger financial platform, a more efficient and leaner business and are leading the steel industry in digitisation and technology.

While economic forecasts for the various sectors are mixed, all indicators currently suggest there will be a decline in economic activity overall. We are continuing to adapt our business to ensure we are best positioned to not only survive but to strengthen our competitive position over this time. Our strong balance sheet will stand us in good stead during this period and our strategy sets out a pathway that builds on our competitive advantage.

Customers will continue to need a trusted supplier and partner to deliver steel solutions which meet their needs. Our geographic sales strength, improved customer service functions, accelerated investment in digital capabilities and ecommerce options for customers are a key source of competitive advantage for our company. In addition, the Government is investing in infrastructure and we have the expertise and the proven experience to deliver steel solutions on these large scale projects.

We are positioning our company to be customer focused and sales led, with a lot of our recent efforts focused around marketing, establishing a centralised customer excellence centre, sales training and utilising technology to make it easier for our customers to do business with us.

With the start of the FY21 financial year, we have put in place a clear strategy to guide our actions. Our vision is a successful company delivering an acceptable return to its shareholders, seen as the leader in the sector, the preferred choice for steel products and solutions and a trusted partner for our customers. We aspire to sector leading employee engagement and to offer a rewarding place to work. Innovation and digitisation are key enablers to help us achieve our goals.

Of disappointment to both the Board and shareholders, is Steel & Tube's share price. We recognise we need to deliver improved financial performance and we are committed to doing so.

We are conscious that, like most other businesses in this post-COVID environment, there will still be challenges on the road ahead. However, we believe Steel & Tube is well positioned to weather a range of forecast economic scenarios and, importantly, to take advantage of the opportunities ahead of us.

Thank you for your continued support.

Susan Paterson
Chair

Mark Malpass
Chief Executive Officer

FY20 AT A GLANCE

TRADING ENVIRONMENT
Softening vertical construction sector and stainless sector activity, further impacted by COVID-19.

COVID-19
Impact of COVID-19 in the second half of FY20, with sales down approximately 50% in March and April 2020 compared to prior comparative period (pcp). Post-lockdown, trading was better than initially anticipated, albeit with a greater mix of lower margin product, but was not enough to offset the impact.

ONGOING INVESTMENT INTO DIGITAL TECHNOLOGIES
Development of a range of customer engagement technologies including chatbot, webshop and ecommerce platform; and investment into digitisation of workflow processes.

REALIGNED ORGANISATION AROUND THE CUSTOMER
New segmentation tools including account management structure and a centralised customer experience centre. Delivered an improving customer satisfaction score.

ORGANISATION OPTIMISATION
Reduced network to 28 locations, with headcount reduction of 150 to 200 people to be completed in 1H21.

INCREASED COST EFFICIENCIES
Improved freight, procurement and direct labour efficiencies resulting in lower costs to serve customers.

BENEFITS FROM DISCIPLINED INVENTORY MANAGEMENT
Increasing levels of core stock availability and reduction in the number of inventory items, with inventory down to $101m as at year-end and product SKUs reduced by one-third.

PRUDENT CAPITAL MANAGEMENT
Strong operating cashflows of $39.6m (pre-NZ IFRS16 $26.6m) with net cash at year-end of $7.4m. Agreed covenant waivers and revised covenants for FY21, which the company expects to comfortably meet.

SECURED SIGNIFICANT AMOUNT OF NEW WORK
Major projects and longer term contracts from new and existing customers.

CONTINUED FOCUS ON QUALITY, HEALTH & SAFETY
Ongoing audit, testing and certification programme implemented.

OUTLOOK
Cautious outlook with future economic environment remaining uncertain and customer activity expected to be constrained in a number of sectors, leading to reduced revenues in FY21. In line with policy no final dividend has been declared for FY20. Steel & Tube is well positioned to benefit from Government investment in infrastructure and any market uplift.

FY20 SNAPSHOT
Normalised measures exclude non-trading adjustments [1]

Revenue	$417.9M
Earnings Before Interest And Tax (EBIT)	$(57.7)m
Normalised EBIT Excluding Non-Trading Adjustments[1]	$0.4M | $(5.2)M pre-NZ IFRS16
Net Loss After Tax	$(60.0)M
Operating Cash Flow	$39.6M | $26.6M pre-NZ IFRS16
Borrowings	$10.0M
Cash On Hand	$17.4M

[1] Normalised EBIT excludes non-trading adjustments of $58.1M, which includes non-cash goodwill impairment and other write-downs due to acceleration of branch network changes, business restructuring and digitisation and the impact of COVID-19.

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