

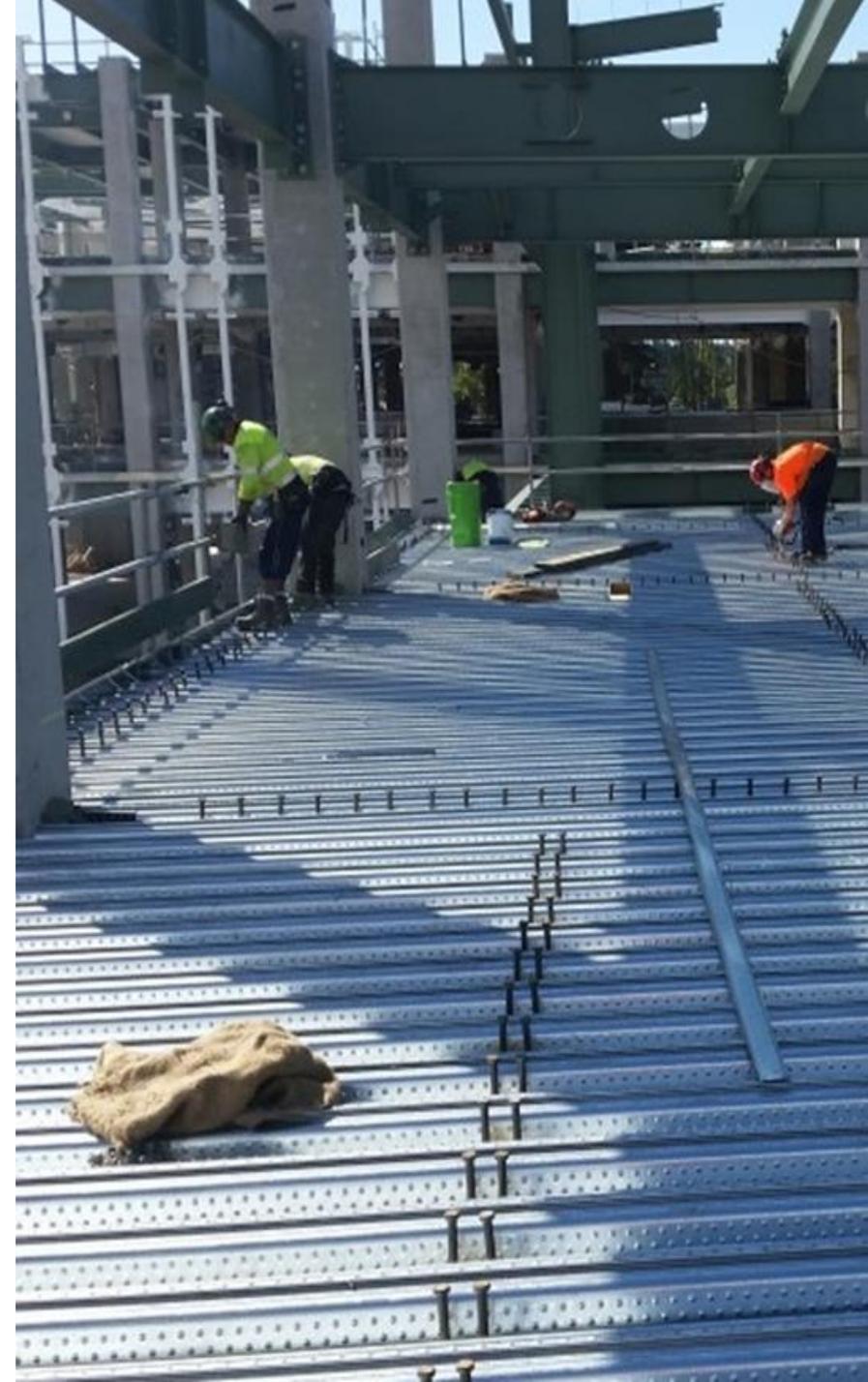


# Annual Shareholder Meeting

16 November 2017

# Meeting Agenda

- › Chair's Welcome and Overview
- › Management Presentation
- › Shareholder Discussion
- › Resolutions
- › Other Business
- › Close of Meeting





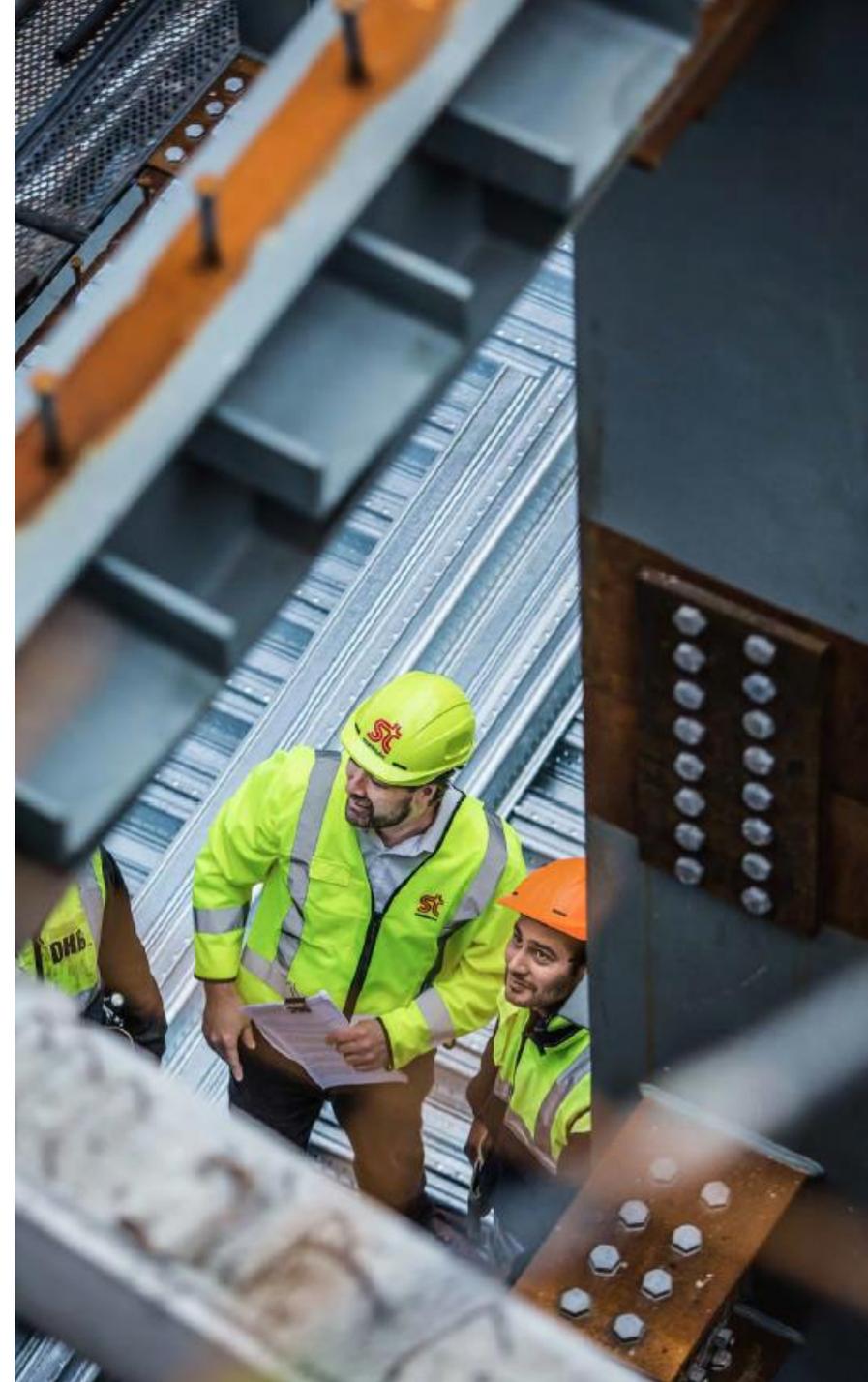
# Chair's Presentation Susan Paterson

A Modern and Innovative Company

## Providing Strength to New Zealand

Steel & Tube is New Zealand's leading steel solutions provider, helping customers build what the country needs.

Our aspiration is to be a supply chain participant of scale, delivering superior value to our customers.



# Delivering for New Zealanders

## Supporting critical infrastructure and construction projects:

- › Supplied over 7Km of stainless steel pipework for Mangere wastewater treatment plant upgrade
- › Supplied 1500 tonnes of reinforcing for the new Kapiti Expressway

## Supporting NZ's young talent:

- › The **First Foundation** helping teenagers progress to the workforce



# Strategy Refresh

Build on One Company ethos, focus on adding further customer value and delivering profitable growth

## Growth

- › Leverage size, geographical presence and comprehensive product offering

## Customer Focus

- › Build on 'One Company' ethos and deliver solutions that meet customer needs

## Optimal Operations

- › Deliver products cost effectively and efficiently

## Technology

- › More agile, responsive and connected

## H&S, Quality

- › Continue to improve quality systems and focus on health and safety



# Refreshed Board



**Susan Paterson**  
Independent Chair  
Appointed Jan 2017



**Christopher Ellis**  
Independent Director,  
Appointed Oct 2017



**Steve Reindler**  
Independent Director  
Appointed Oct 2017



**Rosemary Warnock**  
Independent Director,  
Appointed Sept 2010

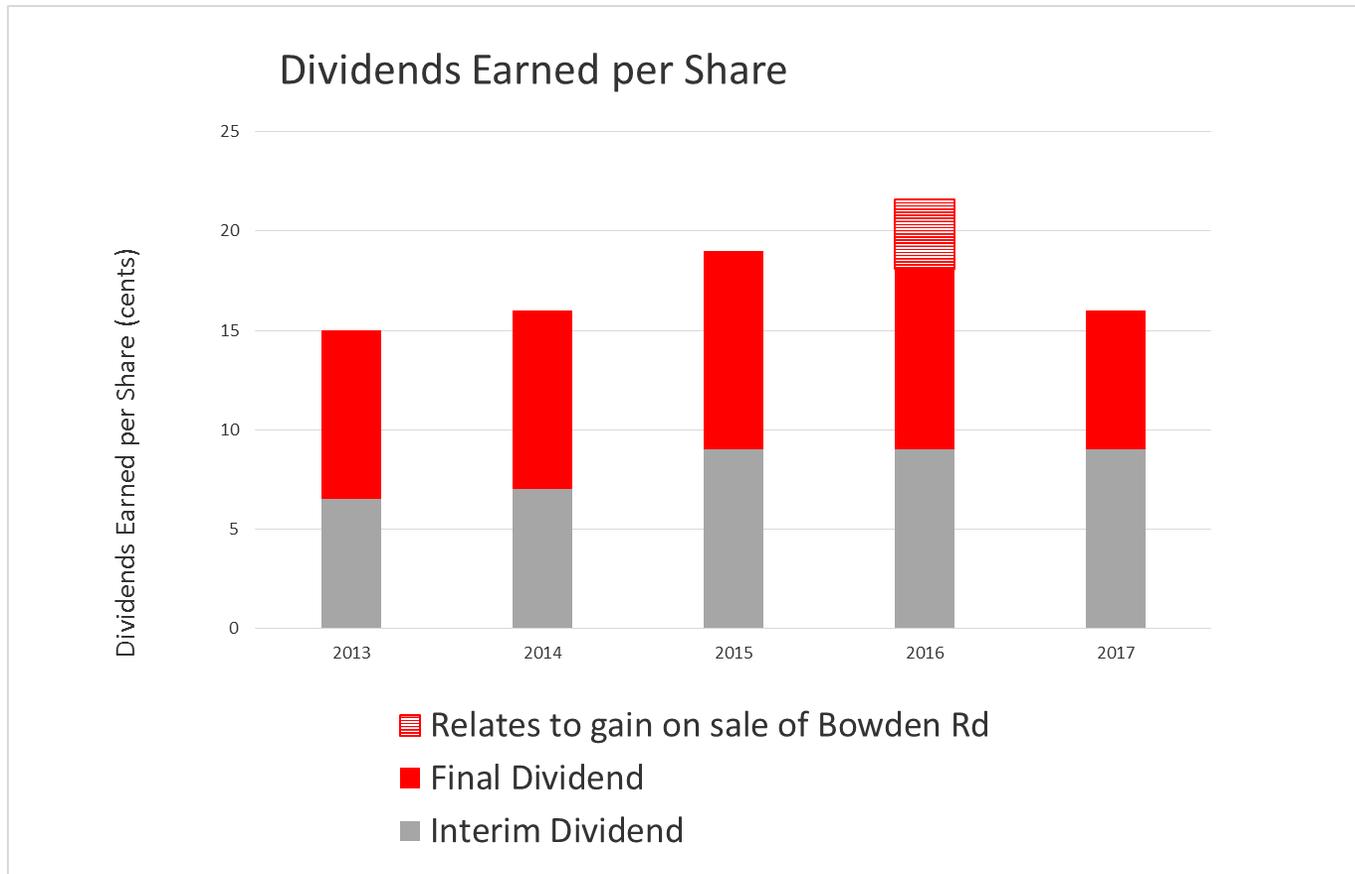


**Anne Urlwin**  
Independent Director  
Appointed June 2013



**Dean Pritchard**  
Independent Director  
Appointed May 2005  
(retiring Nov 2017)

# Delivering Shareholder Value



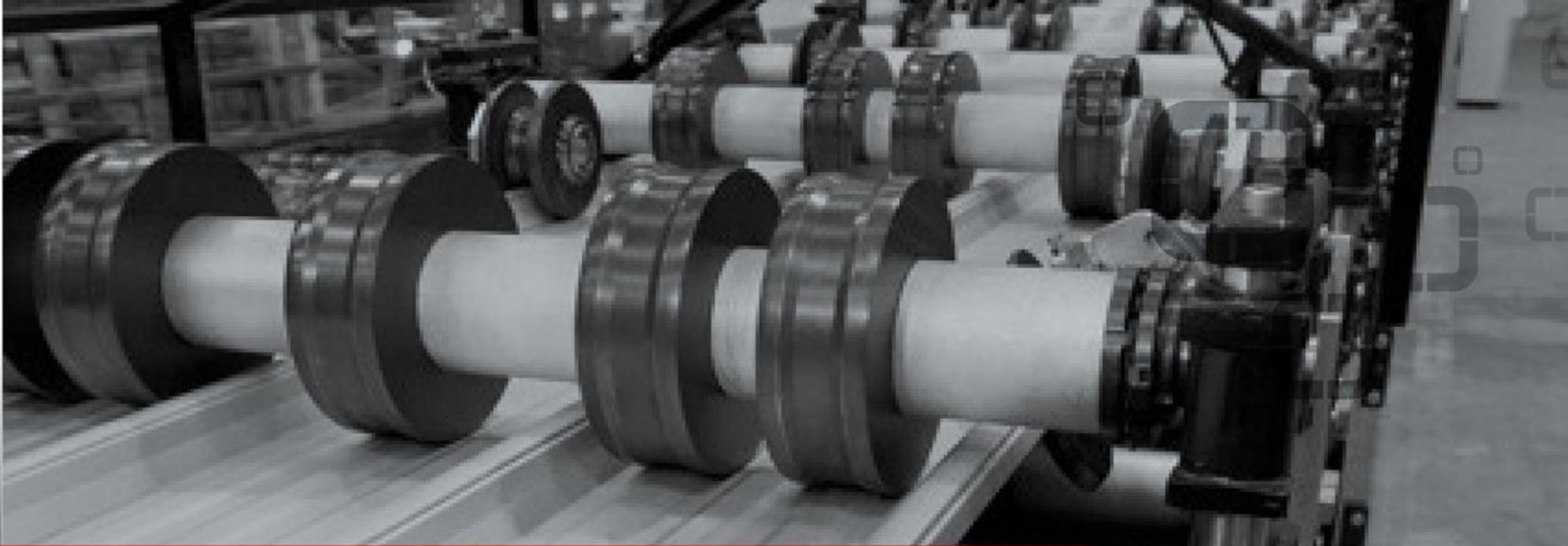
## Three Year Targets:

- Net debt to net debt + equity within target range of 30% - 35%
- Net debt to EBITDA < 2.75xs
- A dividend payout ratio target of between 60% and 80% of net earnings adjusted for any material non-ordinary items and subject to relevant factors at the time

➤ FY17 Total Dividend 16.0 cps



# Fit for the Future



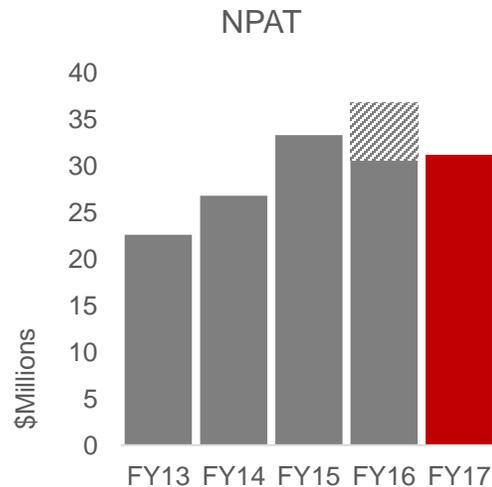
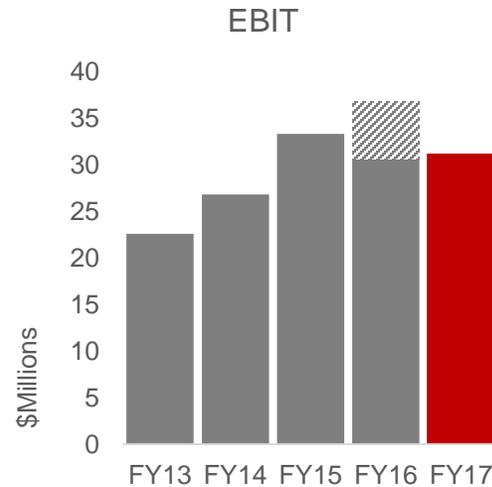
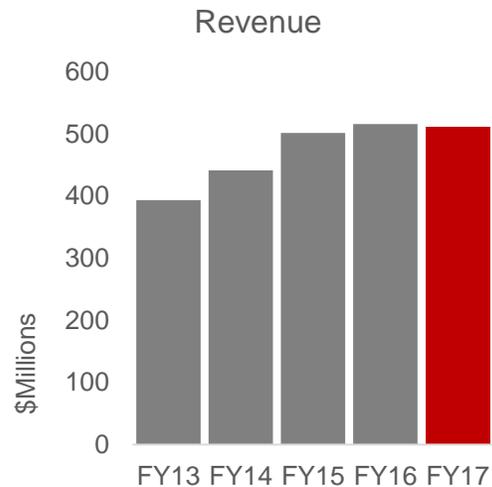
# Management Presentation Interim CEO, Mark Malpass

# Management Presentation

- › FY17 Financial Summary
- › Market Positions and Sector Exposure
- › Resetting the Business
- › Our Licence to Operate



# FY17 Financial Summary



- Revenue down 0.9%
- EBIT\* up 2%
- NPAT\* up 3.1%

\*Excluding FY16 gain on sale

■ FY16    ▨ FY16 Gain    ■ FY17

FY16 EBIT and NPAT includes \$6.3m gain on property sale

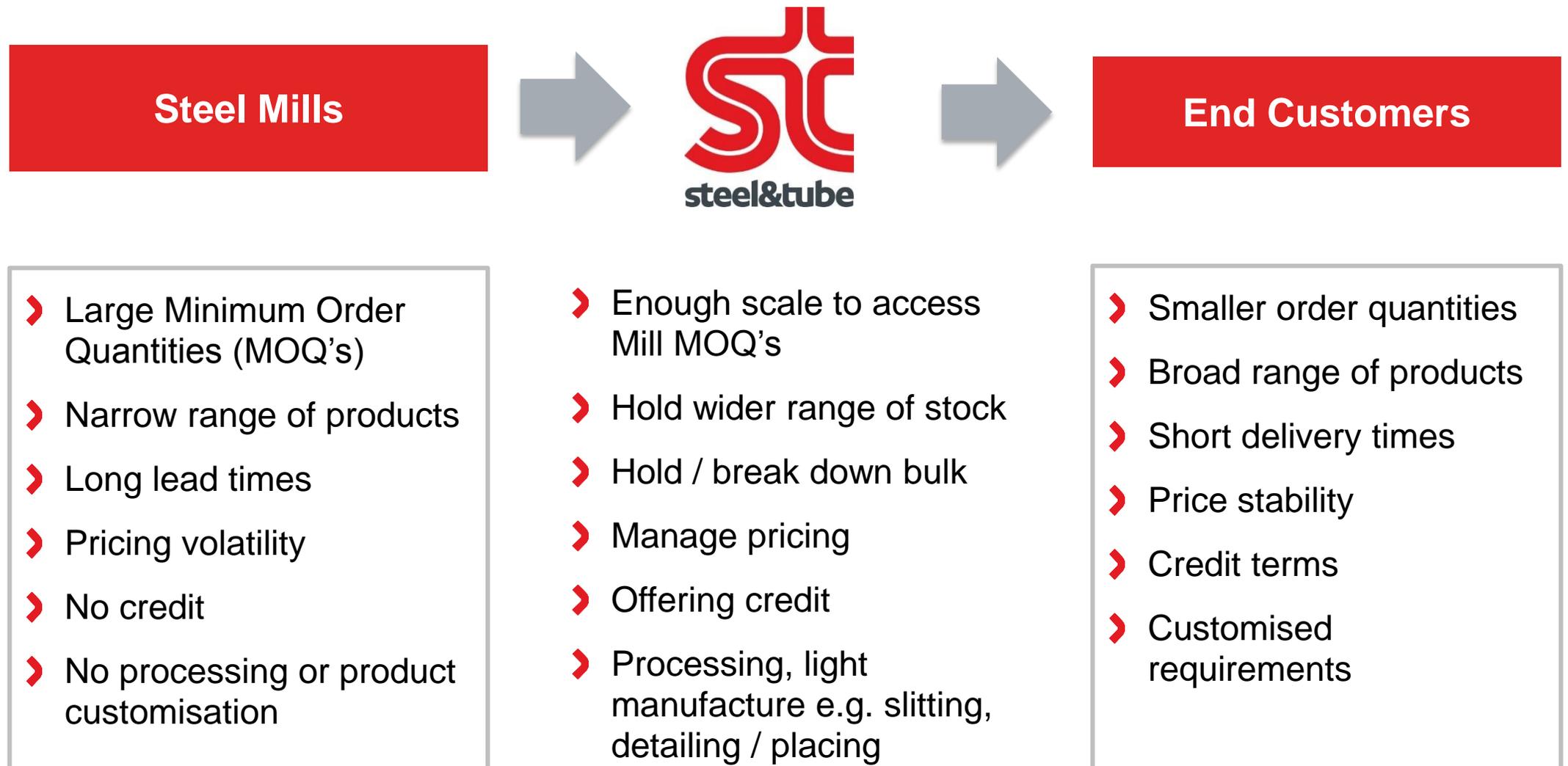
## Overview:

- Positive result although below company's expectations
- Benefitted from acquisitions and continuing focus on margin management and cost efficiencies
- Well positioned to build on operational cashflow and quickly optimise balance sheet

# Market Positions and Sector Exposure



# Our Role in the Supply Chain



# Sourcing Steel



# Steel Market Landscape

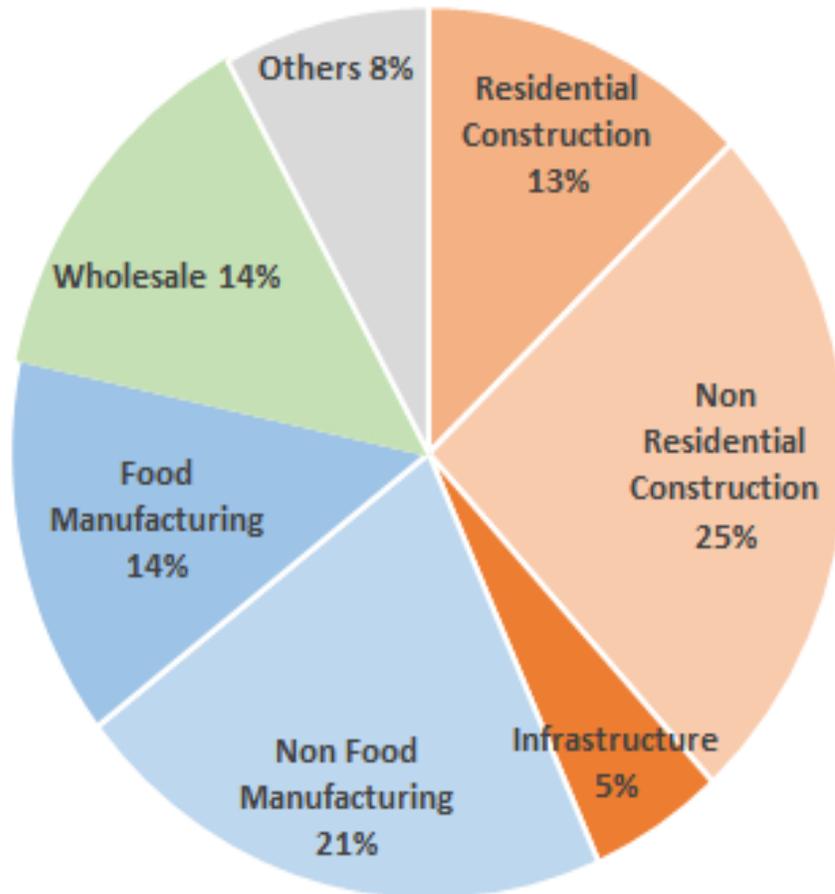


Market share based on S&T estimates and assumptions



# Sector Exposure

S&T Group sector exposure FY 16- 17



Most sectors show promise of growth, in particular:

- › **Construction** growth is expected to drive demand for reinforcing, piping and structural steel
- › **Equipment and machinery manufacturing** growth expected to drive demand for plates, coils, sections and fasteners
- › **The dairy sector** is expected to perform well, which will drive demand for stainless steels

# Resetting the Business



# Resetting the Business

## Refreshed Board

- › Refreshed board of directors delivering fresh thinking, industry knowledge and business expertise

## Refreshed Leadership

- › Stronger leadership team and organisational structure

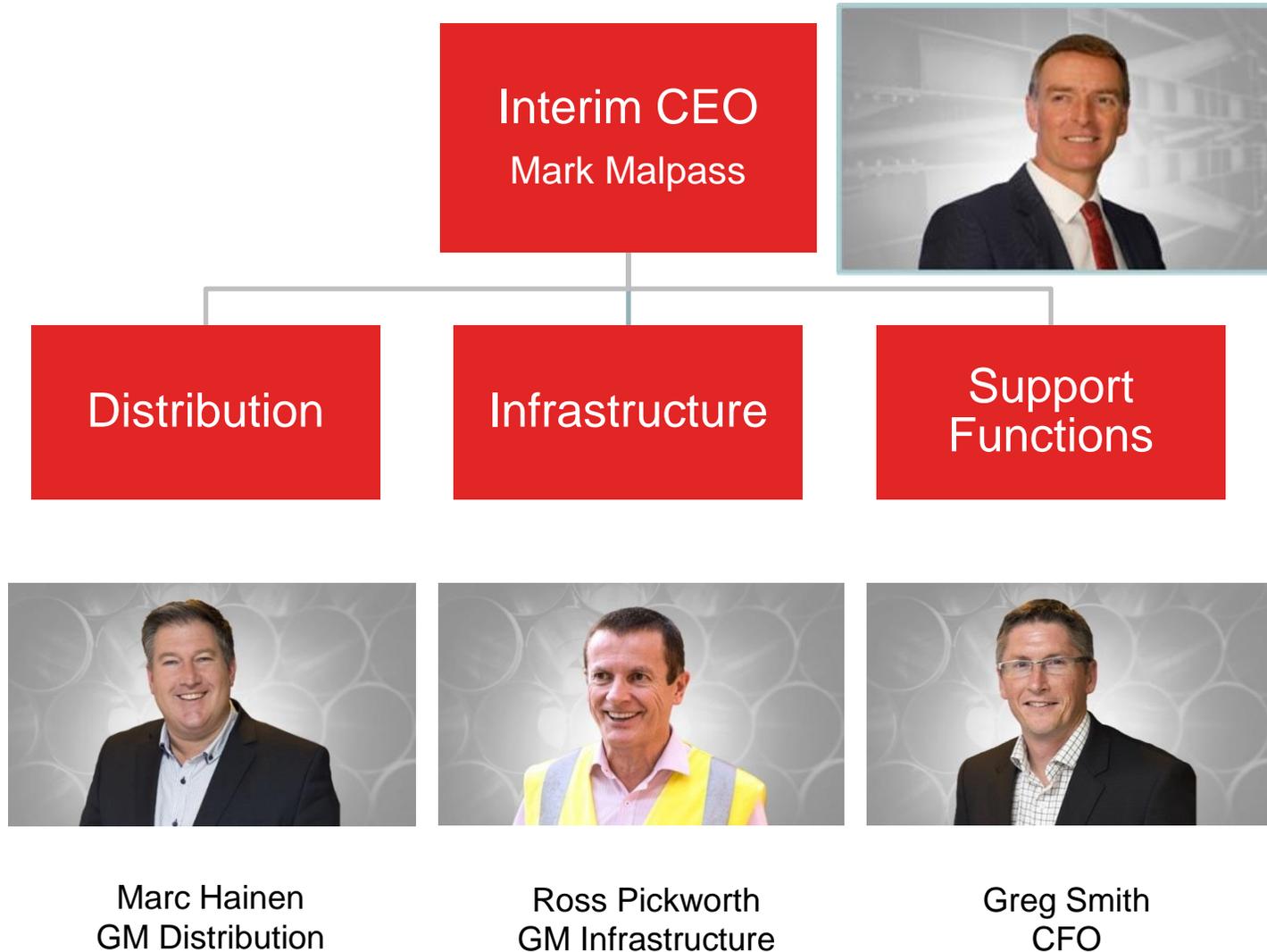
## Platform For Change

- › Deep customer relationships
- › Group procurement opportunities
- › Business simplification

## Key goals:

1. Provide superior value to our customers
2. Simplify the business

# Aligning People, Structure and Strategy



## Objectives:

1. Organise the business around our customers
2. Clear line of sight for improved accountability
3. Unlock integration benefits from acquired businesses

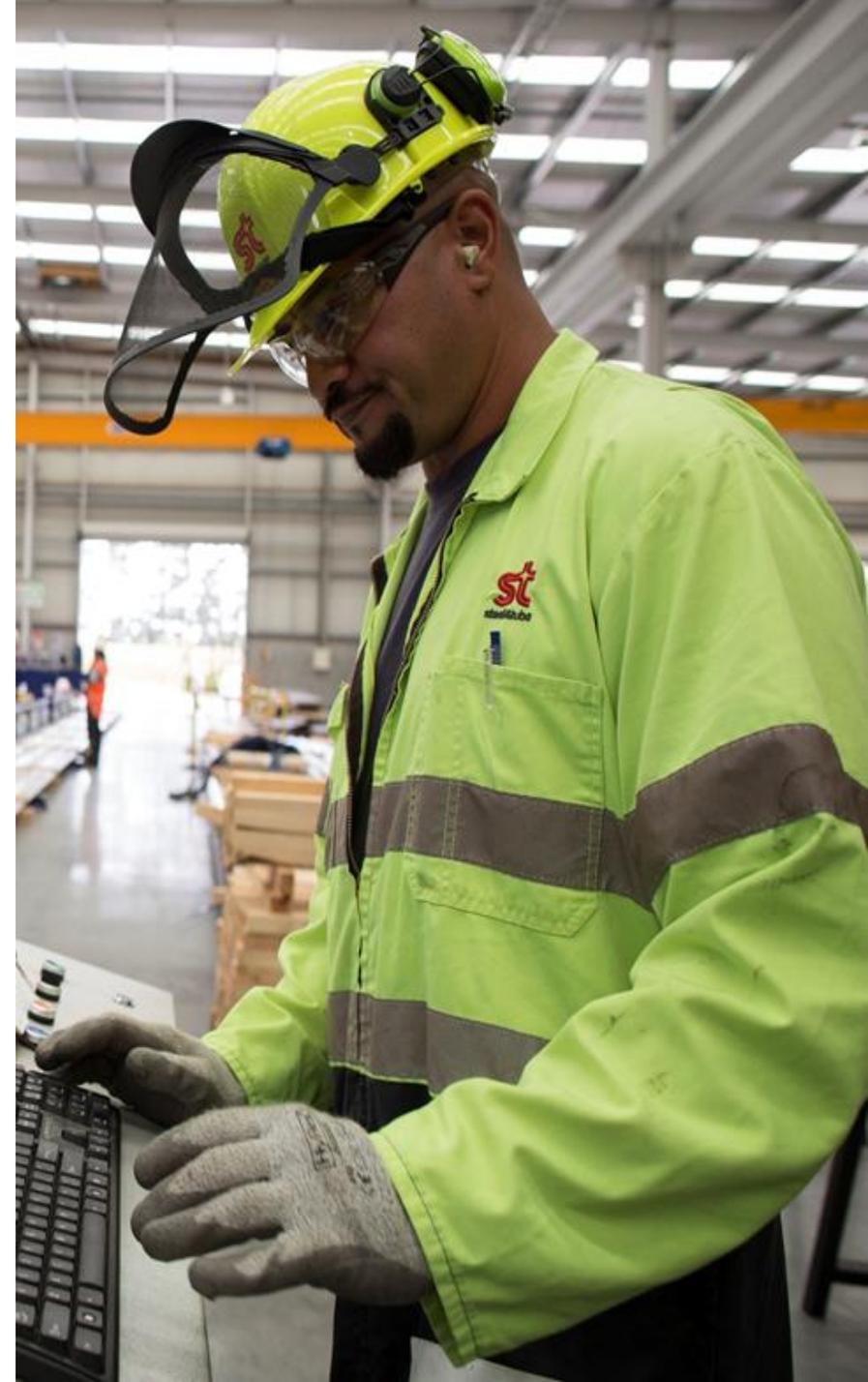
# Our Licence to Operate

Health,  
Safety and  
Environment

- › Continue building capacity and engagement within our workforce and create a healthy, safe, fair and just culture

Quality  
Management

- › Implement a 'world-class' Quality Management System (QMS) that will set the industry standard and provide customers with certainty of a world-class compliance system



# Strengthening the Capital Structure

\$M	FY16	FY17
Inventory	129.4	143.1
Debtors	89.8	93.5
Trade and other Creditors	(45.1)	(54.4)
<b>Working Capital</b>	<b>174.1</b>	<b>182.2</b>
Cash and Cash Equivalents	2.3	6.5
Property, Plant, Equipment	61.6	102.6
Intangibles	47.3	66.8
<b>Total Assets</b>	<b>285.3</b>	<b>358.1</b>
<b>Borrowings</b>	97.9	133.4
Other	7.2	12.6
<b>Total Liabilities</b>	<b>105.1</b>	<b>146.00</b>
<b>Shareholders Equity</b>	<b>180.2</b>	<b>212.1</b>
Gearing (Debt: Debt+ Equity)	35%	38.6%

## FY18 focus on:

- Capturing working capital benefits from scale and technology investments
- Better inventory management ~\$14m reduction since FY17 year end
- Divestment of property – funds to be used to reduce debt and reinvest into growth
- Steady state capex likely to be \$5-10m range

# Operating Environment Outlook



# Outlook and Guidance

## Trading Environment:

- › Demand for steel continues to grow in line with global growth forecasts
- › Steel prices on a rising trend

## 2017/18 Earnings Outlook:

- › Short term downside before improvement
- › HY18 EBIT \$9 - 10 million lower than HY17 due to a review of inventory holdings (approx. 50% of earnings reduction), reorganisation and restructuring and margin pressures
- › H2 18 expected improvement with actions being taken and FY 18 EBIT expected to be materially the same as FY 17, excluding inventory write-down
- › Benefit of improvement actions expected to flow through subsequent years

# In Summary: Board's Focus



# Board Priorities

## CEO Appointment

- Talented CEO who can lead the change needed and realise the potential of the company

## Risk Management

- Focus on health & safety, quality and clear understanding and oversight of risks relevant to the business

## Financial and Operational Oversight

- Fully engaged to support the management team in delivering to the expectations of both the Board and our shareholders

## Engagement

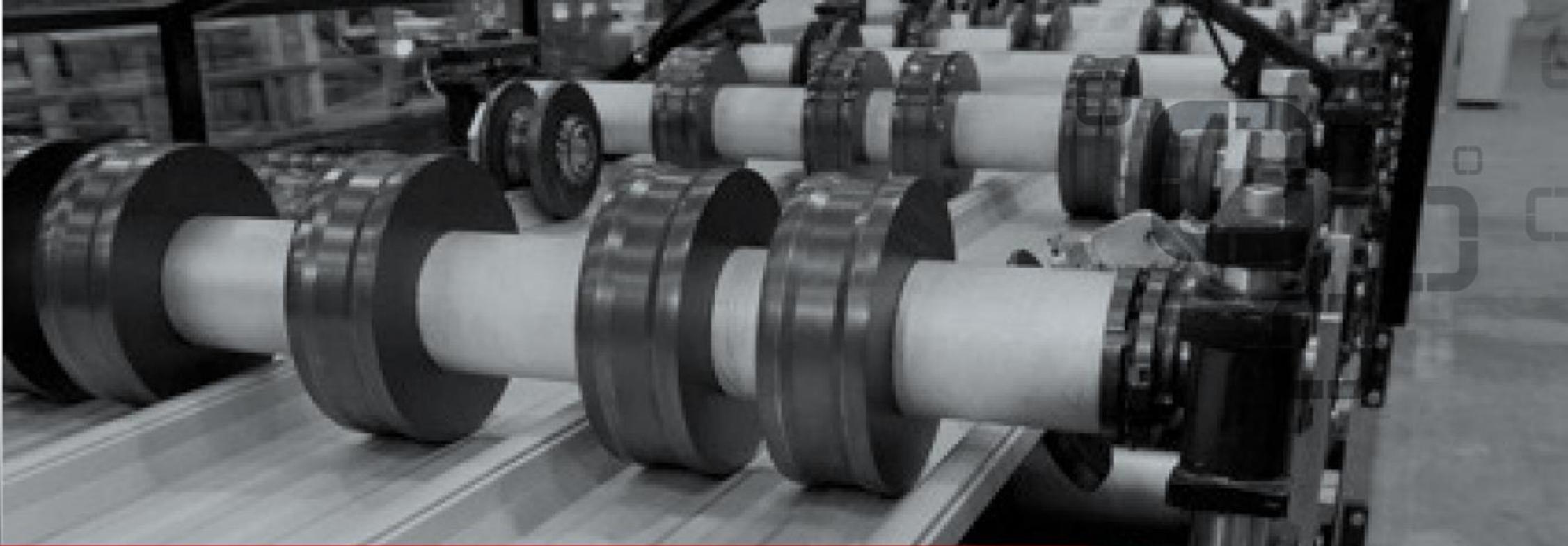
- Better and more transparent communication and engagement





# Shareholder Discussion





# Resolutions



# Resolutions: Election of Directors

- 1 That Susan Paterson, having been appointed as a Director of the Company by the Board on 16 January 2017, and being eligible and having offered herself for election, be elected as a Director of the Company.
- 2 That Steve Reindler, having been appointed as a Director of the Company by the Board on 1 October 2017, and being eligible and having offered himself for election, be elected as a Director of the Company.
- 3 That Chris Ellis, having been appointed as a Director of the Company by the Board on 1 October 2017, and being eligible and having offered himself for election, be elected as a Director of the Company.



# Resolutions: Re-election of Directors

- 4 That Rosemary Warnock, who retires by rotation at the annual meeting and is eligible for re-election, be re-elected as a Director of the Company.



# Resolutions

## 5 Auditor fees and expenses

That the Directors be authorised to fix the auditors' remuneration for the ensuing financial year.

## 6 Directors' remuneration

That the pool available for payment of Director fees be increased by \$155,000 from \$420,000 to \$575,000 with such amount to be divided amongst the Directors in such proportion and such manner as the Directors determine from time to time following external independent benchmarking.

# Proxies

RESOLUTION	FOR	AGAINST	PROXY DISCRETION
Election of Susan Paterson	11,300,410 67.10%	86,925 0.52%	5,453,115 32.38%
Election of Steve Reindler	11,266,360 66.92%	42,467 0.25%	5,527,123 32.83%
Election of Chris Ellis	11,225,222 66.77%	62,747 0.37%	5,523,181 32.85%
Re-election of Rosemary Warnock	11,050,475 65.73%	221,038 1.31%	5,539,837 32.95%
Auditor fees and expenses	11,270,195 67.07%	90,790 0.54%	5,441,983 32.39%
Directors Remuneration	9,384,235 56.70%	1,886,360 11.40%	5,278,651 31.90%

Total proxies received in respect of 16.8 million shares representing 18.6% of total shares on issue



# Other Business Close of Meeting

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