

NO SUPPORT FOR NON-BINDING INDICATIVE OFFER TO ACQUIRE STU

Steel & Tube's Board advises no support for non-binding indicative offer from Fletcher Building to acquire Steel & Tube

On 10 September 2018, Steel & Tube Holdings Limited (NZX: STU) received a non-binding, indicative and confidential offer (NBIO) from Fletcher Building Limited to acquire the company.

Steel & Tube's Board has carefully considered the NBIO and sought expert legal and commercial advice. The Board does not support the indicative offer, for a number of reasons including:

- The NBIO of \$1.70 per share significantly undervalues Steel & Tube's Board's view of the company's value.
- The proposed acquisition would need clearance under the Commerce Act, which would take some time to work through due to Fletcher's vertical presence and significant size in several steel product markets.

Chair of Steel & Tube, Susan Paterson, said: "The fact that Fletchers has made this indicative offer speaks to our reputation and the strength of our business. Obviously Fletchers sees a lot of value in our business and its future potential as the benefits of our turn-around strategy start to become clear... as do we."

Steel & Tube recently reaffirmed its FY19 guidance of earnings before interest and tax of \$25 million on the back of the continuing positive progress being made under the company's 'Striving for Excellence' strategy. The company has a clear focus on growth and improving financial performance as it positions itself as New Zealand's leading supplier of steel products. While the market remains highly competitive, Steel & Tube continues to win new customers, sign large contracts, increase efficiencies and reduce costs.

Steel & Tube's solid foundation has recently been strengthened with a successful capital raising. The Board and Management are confident in the improving performance of the company, and remain focused on providing high quality steel solutions and products and delivering value for employees, customers and shareholders.

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