

Steel & Tube Update Letter to Shareholders

Steel & Tube Holdings Limited (NZX: STU) is sending a letter to its shareholders following the decision of Fletcher Building to withdraw its offer to acquire Steel & Tube on 15 October 2018.

Following receipt of the revised NBIO from Fletcher Building on the evening of Friday 12 October 2018, Steel & Tube's Board met over the weekend to consider. Given the new NBIO was at a price closer to (but still below) our financial adviser's view of Steel & Tube's intrinsic value, excluding the company's share of any synergies, the Board resolved to take the additional step of commissioning an independent expert valuation. In particular, the Board wanted to ensure the revised offer price from Fletcher Building was appropriately assessed against an independent expert's view of the value of the Company's shares. The outcome of this would have been a key factor in the Board determining whether to proceed further with the revised offer from Fletchers, and such a report would have needed to be done before the deal was presented to Shareholders to vote on. The Board had informally advised Fletcher Building of this at 5pm on Sunday and followed up with a letter, at 8am on Monday 15 October 2018. Surprisingly, later that morning Fletcher Building announced it was withdrawing its offer to acquire the company.

Steel & Tube's Board took all appropriate steps in a timely manner to respond to Fletcher Building, engaging advisers to act on Steel & Tube's behalf for both valuation and the challenging issues for clearance under the Commerce Act (the outcome of which in the view of the Board was difficult to assess and problematic).

Our key focus remains on executing our business turn-around strategy and delivering results, that will gain market confidence and be reflected in our share-price. However, we will continue to evaluate strategies and opportunities that deliver the best value to shareholders.

Steel & Tube's Board look forward to welcoming Shareholders to the annual shareholders meeting in Auckland on Thursday 25 October. You can also view the meeting online. Steel & Tube Chair, Susan Paterson advises Shareholders that "if you cannot make the meeting, I would strongly encourage you to appoint a proxy, such as myself as chair, to record your support for the company."

A copy of the Letter and for Shareholder convenience the Proxy form for the ASM is attached and can also be viewed on Steel & Tube's website at www.steelandtube.co.nz/investor-update.

ENDS

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