



steel&tube

Shareholder
Review 2015



Our Board



Rosemary Warnock
Independent Director

Dave Taylor
Chief Executive Officer
and Non-independent
Director

Sir John Anderson
Chairman and
Independent Director

Anne Urlwin
Independent Director

Dean Pritchard
Independent Director

Janine Smith
Independent Director



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Strength through stability

Steel & Tube has continued its steady upward trajectory, reporting a 20% improvement in Group net profit to \$21.4 million.

The results are particularly pleasing when viewed against the economic challenges of the latter half of 2015 which saw a slowdown in overall growth, ongoing volatility in the global steel environment and a softening of raw material and finished steel prices.

However, notwithstanding those issues, construction has continued to perform strongly and those products aligned to this sector saw solid growth.

The results provide tangible evidence of the Company's ongoing reinvestment strategy, strengthening its core business and delivering on its promise of operational and processing excellence.

The Board remains committed to providing shareholders a consistent dividend stream and, accordingly, has declared a final dividend of 10 cents per share, bringing the total dividends for the year to \$9.05 million.

The Company has had a busy and eventful year. It began with the opening of a new purpose-built complex at Palmerston North which sees its processing, distribution and stainless operations come together under one roof.

And it ended with the completion of its Savill Drive and Highbrook sites in Auckland.

Together they enhance the Company's distribution and processing capabilities, putting its operations at the forefront of New Zealand's steel industry.

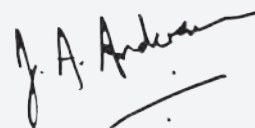
S&T remains focused every day on developing opportunities through its One Company operating philosophy and does so with great care in relation to resource allocation.

It continues to make advances in its communications infrastructure aimed at improving the customer experience. A new enterprise resources planning (ERP) system is in development and includes fixed and mobile technology.

The year has seen S&T press ahead with a strategy of consolidating its position in existing markets and growth through acquisitions. To this end, the company now trading since April 2014 as S&T Stainless continues to perform and achieve in line with expectations. We are pleased to welcome the leading fastenings business MSL into the S&T portfolio.

The Board is keen to recognise the efforts of CEO Dave Taylor and the Lead Team in evolving the strategy and change initiatives while continuing to provide oversight of the business and customer requirements.

Equally, the Board extends its sincere thanks to the S&T staff. Their diligence, focus and support of change and business transformation has greatly contributed to the Company's ongoing success.



Sir John Anderson Chairman



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Creating a stronger New Zealand

At Steel & Tube we derive satisfaction from helping our customers unleash their potential in ways that contribute to New Zealand's growth.

As the country's leading supplier of steel products and services with facilities across New Zealand we are able to provide complete steel solutions to customers, backed by technical expertise, when and where it's needed.

This Annual Report, now also available online as a digital version, provides tangible evidence of the success of our long-term strategy to enhance efficiency and be at the leading edge of our industry.

In these pages, and in the video clips that are available online, you will see the many ways we are growing and positioning S&T as a viable, sustainable business for the future.

The three new purpose-built facilities, two in Auckland and one in Palmerston North, are a key milestone in our \$30-million reinvigoration programme to strengthen our core business.

State-of-the-art equipment and enhanced processing, manufacturing and supply chain capabilities put us at the forefront of the New Zealand steel distribution and processing sector, able to realise a range of operational efficiencies that benefit our customers and shareholders now and into the future.

Delivering results

S&T enjoyed strong growth across most sectors in the first half of the year. However, that growth moderated during the second half and, coupled with the headwinds of a volatile global steel sector, trading was challenging.

Despite this, S&T's full year results to June 2015 see the Company's financial performance reaching new heights since the global financial crisis.

Our revenue increased by 14% on last year to end at \$502 million, compared with \$441 million in 2014.

Our after-tax profit increased by 20% to \$21.4 million, compared with \$17.9 million for the previous year.

Pleasingly, cash flow almost doubled to \$23.9m reflecting the benefits of multiple supply chain initiatives from earlier periods.

Trading environment

The first half saw good growth across most sectors as the New Zealand economy saw strong construction activity, including infrastructure projects, robust manufacturing and ongoing investment into many parts of the rural and food processing sectors.

The second half, however, saw a noticeable change with an easing in manufacturing and rural activity as dairy investments in particular were deferred. Construction, while continuing to be strong for those products aligned to this sector, also saw some lumpiness as projects finished before new ones were ready to commence.

With the demand for steel remaining subdued globally, and particularly within China, raw material prices hit multi-year lows. These factors have led to significant Chinese exports impacting global finished-steel prices which are also at multi-year lows. Domestically the price impact was substantially offset by the New Zealand Dollar depreciation. However, pricing remains a challenge.

Our Lead Team



BACK:

Brett Douglas
General Manager
Marketing

Dave Clegg
General Manager
Human Resources

CENTRE:

Janie Elrick
Chief Financial Officer
and Company Secretary

Phil Abraham
General Manager
Distribution

Roger O'Neill
General Manager
Processing

FRONT:

Dennis Boyle
General Manager
Supply Chain

Dave Taylor
Chief Executive Officer
and Non-independent
Director

Steve Kubala
General Manager
Stainless



Our people

As a major New Zealand employer S&T operates at the forefront of a rapidly changing and dynamic industry. Our recent acquisitions reflect the ways we are growing and evolving. For our people, these bring opportunities to learn, grow and build their career with us.

Developing future leaders is a priority and this year we have continued with our Lead2Succeed programme, designed to equip our managers with the skills necessary to create our business leaders of tomorrow.

The course underpins a high-performing culture within S&T, characterised by team work, collaboration and change agility.

Training and development of all staff continues to build momentum and S&T provides tailored training and developmental opportunities across a multitude of areas.

In 2014 we introduced a Diversity Policy. Our focus in this area will continue to evolve as we create a working environment that reflects the characteristics of the communities in which we operate and where our people feel respected and valued.

Our working environment is also growing and changing, as new and smart technology creates an innovative and productive environment.

This year we have continued with the planning and design of a new enterprise resources planning system

(ERP) that will bring our people and customers closer together.

New digital hardware and software across all our sites has further strengthened our communications capabilities, providing faster, easier interaction with customers.

As always, workplace health and safety remains key to all our operations. It is embedded in our culture and has been a fundamental consideration in the design and planning of all the new facilities showcased in this report. Such a focused, comprehensive and pragmatic approach has seen improvements in nearly all of the lead indicators which are a measure of the inputs into health and safety. Particularly pleasing is the significant increase in near-miss reporting.

One Company

The One Company philosophy continues to underpin the many change initiatives that are collectively helping to reposition S&T as a forward looking and sustainable business.

It is pleasing to see the number of projects and customers recognising the benefits that S&T is able to offer in total steel solutions and specialist support to meet their steel requirements.

The S&T Stainless business continues to perform in line with expectations and we remain pleased with the integration and the benefits this is yielding. And while we intend to keep it as a stand-alone business, providing dedicated and specialist expertise to customers, the One Company philosophy has quickly been embraced and is now an operating ethos across the business.

Similarly the same approach will be adopted with the recent acquisition of MSL, which will remain as a stand-alone business whilst adopting the One Company philosophy.

Outlook

While the New Zealand economy will continue to experience modest growth, led by construction, particularly in Auckland, and key infrastructure projects, other sectors important to S&T are expected to be more restrained.

Deferred dairy investment will impact several parts of the business, not least Stainless which has seen solid growth in the past few years ahead of carbon steel.

The global steel volatility and soft raw material and finished-steel prices are likely to continue, increasing the competitive nature of the industry.

That said we remain very pleased with the two acquisitions that help position S&T as leaders in several

product categories. Both are solid-performing businesses and will help boost S&T to new levels in 2016 while helping to offset potential downturns in other product categories.

As a company we remain in very good shape and are focused on delivering the many change initiatives that are helping us to provide improved solutions and better service to our customers, while at the same time offering greater opportunities for staff.

Looking ahead, S&T will continue to leverage our investments and explore additional products and services that we can introduce to the benefit of our shareholders, our customers and our people.



One Company in action

S&T's Palmerston North-based purpose-built warehouse and office facilities took just seven months to complete.



Sited just north-east of the city centre at the junction of Francis Way and Armstrong Street and within easy distance of key arterial routes, the site is in the heart of the industrial area, enjoying easy traffic flow. It means our customers can more easily access our capabilities while taking advantage of local and specialised knowledge.

It is surrounded by a further 4,500 square metres of extensive sealed yards, carparks and driveways creating expansive access and exit points for inward and outward goods.

The building was the first in S&T's \$30-million reinvigoration programme and has been operational since November 2014 enabling S&T's reinforcing, distribution and stainless operations to offer their extensive range of products and services under one roof.

Its energy efficient and safety-conscious layout set the benchmark in terms of design, construction and layout, delivering an improved and more effective customer service.

With a warehouse housing six 8-tonne gantry cranes, trucks can be loaded and offloaded to a more definitive timeframe, helping to create a more customer-focused delivery schedule.

Area Manager Jim Hughes, pictured, says the attention to detail across all aspects of the build has created significant benefits for the onsite team and their customers, and features several labour saving, energy efficient and health and safety initiatives:

- To reduce energy consumption the building has been fitted with a daylight harvest system, which dims or switches on electric lighting in response to the changing amount of natural light available
- In the warehouse, the height of the building creates more efficient stacking and handling capabilities
- Chain and rigging operations feature a mobile loading and off-loading wire rope unit that provides a faster, less labour intensive service that's safer to operate

Says Jim: "The team here is multi-skilled in most aspects of our business so can provide back-up support to other areas whenever needed.

"The open-plan design of the administrative offices situated adjacent to customer touch-points, like the Trade Shop, supports this work ethic and promotes quick and easy interaction among staff and customers."

"Our team enjoys the look and feel of the new building: the layout is easy, convenient and expedient, and takes our operations and service to a new level"

- The 6,200 square-metre building is a testament to the depth of S&T's portfolio and an excellent example of the ways in which our One Company product offering capability can be deployed
- S&T product has been used throughout, from the floor reinforcing to the structural steel and purlins, the high-strength ST963 metal roofing and cladding profile and our range of cable tray fasteners and fittings

Health and safety in action

- Ergonomic principals have been applied to storage areas with elevated storage racks making lifting and transporting stock easier and safer
- Pallet racking shelving systems allow easy access for forklifts. It means flat product can be stored and moved simply and quickly without the need for manual intervention
- Designated walkways provide permanent and safe access through exclusion zones
- Safety barrier arms reinforce exclusion zones around loading/unloading bays and create high-visibility pedestrian walkways in high-risk areas
- Open-plan layout on the warehouse floor and windows between interconnecting areas ensure loading and unloading operations remain visible at all times
- CCTV throughout the site





A best-in-class experience

The Palmerston North site houses one of S&T's latest purpose-built Trade Shops which sets the scene for future models in terms of design, layout, shelving, signage and product range.

The shop makes efficient use of space so our customers can browse the selection and locate purchases quickly and easily.

Spacious parking facilities run adjacent to the shop which is open Monday to Friday. Says Jim Hughes: "We wanted the shop to be an integral part of the services we offer here. So it made sense to site it alongside our administrative offices. With large interconnecting windows between the two areas, our office staff can see immediately if help is needed on the shop floor, and our product managers can provide advice when it's needed, so there's no waiting."

"It means our whole team get to know our customers – and vice-versa – so we can deliver a seamless service. It's one company in action."

Making it easy to do business with us

Enhancing the S&T Trade Shops is a long-term project and another element of our facility improvement plans.

These purpose-built environments provide our customers with a consistent experience, making it easier for them to do business with us.

By using the latest industry research we've improved store layout, introduced consistent signage and branding to provide access to a range of products and services.

Each Trade Shop has its own team of trained customer service staff to provide technical or logistical help, and offers its own mix of trade show and retail-based design. Physical displays provide hands-on ability to experience our products.

Our aim is to upgrade our Trade Shops and to continue enhancing and fine tuning the customer experience as more of our smaller, regional S&T sites undergo upgrades and refits.

S&T currently offers Trade Shop facilities at its main centres in Auckland, Christchurch and Wellington with others in Nelson, Dunedin, Napier, Hamilton, Gisborne, New Plymouth and Tauranga.



A driving force

Our 2014 year finished on some very successful highs, and the completion of our new purpose-built processing facility at Otahuhu is one of the jewels in our crown.

The official opening, by the Rt Hon John Key on August 13 2015 marks a key milestone in our property strategy aimed at strengthening our core business through operational excellence.

Consolidating our Auckland processing operations has seen our reinforcing and wire facilities come together under one roof at Savill Drive. (To see how we've done this with coil processing and purlins see pages 8-9.)

The 10,000 square-metre building – roughly the size of two rugby fields – has been designed to ensure maximum use of floor space. Plant and storage areas have been sited with careful consideration for the safety and logistics of the manufacturing process.

The effort required to bring these new ways of working to fruition at Savill Drive has been significant. Planning and preparation began almost three years ago and the resulting site is tangible evidence of our aims to realise a range of operational efficiencies that benefit our customers and our shareholders.

Processing features include the latest model EVG mesh welder, imported from Austria. Roger O'Neill, S&T's GM of Processing, takes up the story: "The GE12 is particularly well-suited to our New Zealand market. It produces bespoke designer and standard reinforcing mesh from cut and straightened rod, and enables quick changeover for relatively small production runs.

"It is an exciting addition to our North Island operations, allowing us to expand our present mesh range to customers by including the seismic and specialist construction meshes that could previously only be produced at our Christchurch facility."

Other benefits include:

- Our ability to explore a heavier range of seismic meshes specifically sought after by precast and civil construction customers in the more industrialised Auckland area
- The ability to offer significantly more efficient and higher quality product in panel blanks for our burgeoning motorway fence and security fence customers
- Future-proofing our capacity to service the requirements of the expanding North Island building and construction requirements

In addition, the site also houses:

- A new shearline system with advanced rebar shearing capability provides a faster cutting process while generating less scrap. The shearline underpins our capacity for expected growth volumes in the residential, civil and commercial infrastructure sectors over the next five years
- AWM purpose-built fusion welding machine, used to manufacture 120,000 straight and radial reinforcing cages for the 24,000 concrete tunnel segments used in Auckland's revolutionary Waterview Connection project
- An automatic double-ended hands-free bending line and a new off-coil bending machine. Both have bar coding capability, reducing processing and handling time and making operations safer and more streamlined

All of these machines run on smart technology that allows daily production requirements to be pre-programmed, enhancing our ability to meet a greater range of delivery commitments.

Peter Anderson, Manager Auckland Reinforcing and Northern Wire Processing, says layout of the site provides his team with substantially enhanced processing capacity. "We have the ability to do so much more for our customers. It's one of the most up-to-date plants in the country.





Keeping staff and customers safe

S&T architects and designers worked with our health and safety team to accommodate innovative and improved safety practices for customers and staff at Savill Drive that support every step of the manufacturing process, from the time raw product is delivered till it leaves the building. These include:

- Raw product being delivered to one end of the building and moving systematically through the manufacturing process. This creates a workflow conducive to minimum handling times and optimum H&S practices
- Twin-hoist overhead cranes ensure product can be transported securely and safely through processing areas with minimum manual intervention
- Mesh-covered pedestrian walkways create 360-degree protection in high-risk areas
- Separate access and walkway areas run the length of the building, separating foot traffic and heavy machinery operations, making movement around the building safer for our staff and customers



Centre of excellence

To the south east of Auckland’s bustling CBD lies the Highbrook industrial estate and the hub of S&T’s roofing operations.

Our second Auckland-based purpose-built site at Highbrook brings our purlins and coil processing facilities under one roof and is further evidence of our wider \$30-million reinvigoration programme to strengthen our core business and deliver operational excellence. (To see how we’ve achieved this with reo and wire see pages 6-7.)

The location was chosen for its proximity to key transport routes and other S&T operations that enable us to optimise our warehousing and supply-chain logistics, and ensure easy access for our customers.

Streamlining our footprint in this way means we can concentrate on the key things we know our customers want – quality, service and great value. Our new Highbrook site, set to be fully operational in the second half of 2015, provides all of these in the form of custom-built facilities adjacent to our existing roofing operations on Business Parade North.

We redesigned the processing facility from the ground up and continued our policy of using all our own steel product.

The layout was driven by Roger O’Neill, S&T’s GM of Processing. Machinery has been strategically located to achieve optimum production capability. New automated production and handling systems, along with investment in higher performance equipment, places our manufacturing capability at the forefront of New Zealand’s steel industry.

Coil processing is a key requirement in the manufacture of purlins and our new Red Bud high-speed slitting line sets a new standard for performance and productivity.

Equivalent in footprint to two averaged-sized three-bedroom houses the 43-metre-long Red Bud slitter operates at twice the speed of older machines and produces a higher-quality finished product.

Says Roger: “Our customers are constantly looking for improved product quality, and advanced quality assurance systems with reduced lead times.

“We anticipate a steady increase in customer demand for coil slitting over the next five to ten years. The Red Bud allows S&T to meet that demand, respond to shorter lead times and expand our product range and quality.”

Ben Knight, S&T’s Northern Manager Coil & Purlins says: “Delivering a project of this scale requires foresight, courage and persistence from people right across S&T.

“It’s about committing to bold outcomes and then delivering on those commitments to the benefit of our operations and our customers.

“Our new Highbrook site reflects our aim of creating a successful business backed by efficient, safe operations that deliver whole-of-project solutions to our customers, guaranteeing our ability to continue as New Zealand’s leading steel supplier.”





Health and safety in action

Health and safety underpins everything we do at S&T and has been a key consideration in the layout at Highbrook. Some of the safety features at the site include:

- Storage areas adjacent to production lines lessen handling time and ensure physical contact with product is minimised
- Hands-free threading on the Red Bud splitter means our operators can automatically feed the steel coil into the machine without coming into physical contact with the material
- Five overhead cranes, each capable of lifting 10 tonnes and fitted with single and twin-hook capability. The twin hooks help mitigate the possibility of mid-air swing so the product remains stable while being transported around the plant, creating safe and efficient carriage for our staff and customers



Innovative solutions

As work continues on Project Waka, the redevelopment and refurbishment of Whakatane Hospital, S&T is playing a key role in supporting the delivery of New Zealand's regional health services.



Whakatane Hospital services an area of 7,561 sq kms with a population of 50,000 in the Eastern Bay of Plenty.

While the campus has seen ongoing enhancements over the years some of the buildings have needed significant overhaul to meet current New Zealand building standards, including seismic requirements: paramount in today's environment.

The redevelopment includes the refurbishment of some existing structures, and the construction of a new hospital building at the Whakatane campus.

As exclusive New Zealand agents for Sikla, S&T has delivered an extensive pipe support solution for the project's building service contractors, ESP Technologies and Fletcher Construction.

The work presented a particular challenge because of the need to retro-fit the support system into the hospital's main pump room, the supply hub of its gas, water and electrical services.

Sikla UK's engineering team were able to utilise their design software to engineer a bespoke framing system that met a diverse range of load-bearing and seismic specifications. This enabled S&T specialists to deliver a streamlined solution to ESP that met the pump room's modified environment.

For the duration of the project S&T supplied a comprehensive package covering all of Sikla's systems, fastenings and a broader range of steel-related products

S&T Product manager Jared Cottle, pictured, says: "Our customers love the adaptability of Sikla's Framo 80 modular support system. Its bolted assembly eliminates the requirement to fabricate supports, significantly reducing on site assembly time. It allows for easy on site adjustment, removing any requirement for off-site fabrication... it's a very versatile solution.

"The ability to provide a value-add to our customers, in this case by leveraging Sikla's engineering know-how to meet their specific requirements, is very satisfying," says Jared. "It's about working with customers, understanding their needs and helping them achieve."





Building a work of art

A multi-million dollar art gallery dedicated to one of New Zealand's most influential modern artists provides tangible evidence of the ways in which S&T products are consistently sought after by customers of landmark building projects.

New Plymouth's Len Lye centre, which opened in July 2015, is one among a number of key projects S&T is proud to have been a part of.

Another prime example of our One Company philosophy in action, S&T products were used throughout the build, from the foundations, floor slabs and structural walls, to the building's most visible and visual masterpiece – its stunning 14-metre high mirrored stainless steel façade.

In contrast to many of the metal-clad buildings around the world that are strongly panellised, this project aimed for a more seamless and sophisticated appearance.

Our locally based New Plymouth team identified and sourced the product for main contractors Cleland Construction and fabricators and local installers Meco Engineers and Rivet.

S&T supplied 540 sheets of mirrored stainless steel which sit over concrete panels erected to a z-shaped design.

"In the early days of the project we worked closely with Rivet on much of the technical components of the design, researching and identifying alternative grades and finishes," says S&T's Stainless Product Manager, David van Beusekom, pictured.

"It soon became evident that supply and delivery of the product to meet tight deadlines would be crucial to ensuring success."

One of the most challenging aspects was sourcing the oversized sheet. The requirements called for sheet sizes wider than most manufacturers around the world could produce. S&T teams worked with suppliers in the UK, Japan and Taiwan to secure a guaranteed supply of stainless in the sizes required.

From separate shipments the product was consolidated by our Auckland team and transported to New Plymouth as one load to minimise handling.

Each panel was manufactured with a convex curve to help dissipate the sun's rays, creating a seamless façade which acts as a horizontal periscope.

The result is a sophisticated and striking building that mirrors Len Lye's spirit of light, movement and technology.

Govett Brewster Art Gallery Director Simon Rees hailed the building as "A story about experimental design in engineering".

S&T complete project supply

- Around 200 tonnes of S&T reinforcing bar, mesh and structural steel were used in the construction of the Len Lye centre's foundations and internal skeleton.
- S&T also supplied 560 square metres of its composite flooring system, ComFlor, which is typically utilised in commercial high-rise developments though equally at home in residential and domestic applications.

Financial summary



Summary Statement of Profit or Loss and Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$000	2014 \$000
Total revenue	502,422	442,325
Expenditure		
Cost of sales	(388,602)	(347,651)
Selling expenses	(36,027)	(30,854)
Administration expenses	(21,592)	(17,294)
Other operating expenses	(22,807)	(19,705)
Interest expense	(3,568)	(1,944)
Total expenditure	(472,596)	(417,448)
Profit before tax	29,826	24,877
Tax expense	(8,379)	(6,973)
Profit for the year attributable to owners of the parent	21,447	17,904
Other comprehensive income - hedging reserve	1,230	(703)
Total comprehensive income	22,677	17,201

Summary Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$000	2014 \$000
Opening balance	160,381	157,187
Profit after tax	21,447	17,904
Other comprehensive income - hedging reserve	1,230	(703)
Total comprehensive income	22,677	17,201
Transactions with owners		
Dividends paid	(15,756)	(13,596)
Other	(293)	(411)
Closing balance	167,009	160,381
Total equity comprises of:		
Share capital	71,717	71,656
Retained earnings	96,858	91,167
Other equity reserves	(1,566)	(2,442)
Total equity	167,009	160,381

Summary Statement Of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$000	2014 \$000
Net cash inflow from operating activities	23,900	12,301
Net cash outflow from investing activities	(16,722)	(33,515)
Net cash inflow/(outflow) from financing activities	29,617	(7,900)
Net decrease in cash and cash equivalents	36,795	(29,114)
Cash and cash equivalents at the beginning of the year	(32,705)	(3,591)
Cash and cash equivalents at the end of the year	4,090	(32,705)
Represented by:		
Cash and cash equivalents	4,090	5,795
Borrowings - on call	-	(38,500)
	4,090	(32,705)

The summary financial statements have been derived from the full financial statements.

Summary Balance Sheet

AS AT 30 JUNE 2015

	2015 \$000	2014 \$000
Current assets		
Cash and cash equivalents	4,090	5,795
Trade and other receivables	86,747	88,298
Inventories	112,601	113,002
Other current assets	1,457	5
	204,895	207,100
Non-current assets		
Property, plant and equipment	56,702	48,117
Intangibles	26,204	23,522
	82,906	71,639
Total assets	287,801	278,739
Current liabilities		
Trade and other payables	42,329	48,274
Borrowings	-	64,500
Other current liabilities	3,456	3,239
	45,785	116,013
Non-current liabilities		
Trade and other payables	341	795
Borrowings	71,740	-
Deferred tax	798	603
Other non-current liabilities	2,128	947
	75,007	2,345
Equity	167,009	160,381
Total equity and liabilities	287,801	278,739

The summary financial statements have been derived from the full financial statements.

Summary notes to the Financial Statements

1. Steel & Tube Holdings Limited is registered under the Companies Act 1993 and is a FMC Reporting Entity under the Financial Markets Conduct Act 2013. The Company is a limited liability company incorporated and domiciled in New Zealand, and the Group comprises Steel & Tube Holdings Limited and its subsidiaries. The Group's principal activities relate to the distribution, processing and fabrication of steel and allied products.
2. The Group is a profit-oriented entity and its consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). The financial statements comply with International Financial Reporting Standards (IFRS). The Group reports under Tier 1 for-profit accounting standards. The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.
3. The summary financial statements have been extracted from the full financial statements. The summary financial statements cannot provide a full understanding due to their summary nature. A full understanding can be obtained only by reference to the annual report and the full financial statements. The reporting currency is NZ dollars rounded to the nearest thousand (\$000).
4. A copy of the annual report and full financial statements may be obtained on request from the registered office of the Company or the company's website www.steelandtube.co.nz
5. On 13 August 2015 the Board declared a fully imputed dividend of 10.0 cents per share (\$9.05 million) and a supplementary dividend to non-resident shareholders of 1.76 cents per share. The dividends will be paid to shareholders on 30 September 2015.

On 17 July 2015 S&T signed an unconditional contract for the acquisition of all of the assets and business undertakings of Manufacturing Supplies Ltd (MSL). This transaction was completed on 3 August 2015. The consideration paid was \$32 million, \$26m in cash and \$6m in equity and remains subject to any adjustment under the sale and purchase agreement. The initial accounting for the business combination is incomplete at the time the financial statements have been signed as the fair value of the assets and liabilities acquired has not been finalised and is subject to any adjustments under the sale and purchase agreement. On 7 July 2015 S&T Number 1 Limited was incorporated and changed its name to S&T Fasteners Limited on 16 July 2015.

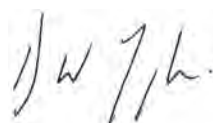
On 31 July 2015 S&T signed a variation to the bank borrowing facilities which has increased committed bank borrowing facilities to \$153 million. \$78.5 million has an expiry date of June 2018, and \$74.5 million has an expiry date of August 2017.

6. The full annual financial statements of the Group have been audited by PricewaterhouseCoopers who have issued an unmodified audit opinion in respect to the financial statements on 13 August 2015. PricewaterhouseCoopers has audited these summary financial statements and have found them to be consistent with the full annual financial statements.
7. The Board has reviewed the estimated useful life for key items of plant and machinery. Plant and machinery will be depreciated over a period between 3 and 20 years (formerly 3 and 10 years). The impact of this change has reduced the depreciation charge for the year by \$1.5 million.
8. The Directors have authorised the full Financial Statements on 13 August 2015.
9. These Summary Financial Statements are in compliance with FRS-43: Summary Financial Statements.

Approved on behalf of the Board:



Sir John Anderson Chairman



Dave Taylor Chief Executive Officer

Independent auditors' report on Summary Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015



TO THE SHAREHOLDERS OF STEEL & TUBE HOLDINGS LIMITED

The accompanying summary financial statements, on pages 13-15 which comprise the summary balance sheet as at 30 June 2015, the summary statement of profit or loss and other comprehensive income, the summary statement of changes in equity and the summary cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of the Group for the year ended 30 June 2015. The Group comprises Steel & Tube Holdings Limited and the entities it controlled at 30 June 2015 or from time to time during the financial year

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Group.

Our audit of the financial statements for the year ended 30 June 2015 was completed on 13 August 2015 and our unmodified opinion was issued on that date. We have not undertaken any additional audit procedures in relation to those financial statements from the date of the completion of our audit and those financial statements and the summary financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

This report is made solely to the Company's shareholders, as a body. Our work has been undertaken so that we might state those matters we are required to state to them in a report from the auditor and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders, as a body, for this report, or for the opinions we have formed. In addition, we take no responsibility for, nor do we report on, any part of the annual report not specifically mentioned in our report.

Directors' Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of the summary financial statements in accordance with FRS-43: Summary Financial Statements (FRS 43).

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

We are independent of the Group. Our firm carries out other services for the Group in the areas of tax compliance and tax due diligence services. The provision of these other services has not impaired our independence.

Opinion

In our opinion, the summary financial statements on pages 13-14 derived from the audited financial statements of the Group for the year ended 30 June 2015 are consistent, in all material respects, with those audited financial statements, in accordance with FRS-43.

Restriction on Use of our Report

This report has been prepared for inclusion in the annual report. We disclaim any responsibility for reliance on this report or the amounts included in the summary financial statements, for any purpose other than that for which they were prepared.

Chartered Accountants

13 August 2015
Wellington

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**This document, in conjunction with
the Steel & Tube Financial Report 2015,
constitutes the 2015 Annual Report
to shareholders of Steel & Tube
Holdings Limited.**



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