

## *Dear valued customer of Steel & Tube*

It has now been six months since Steel & Tube launched its 'Striving for Excellence' strategy, which puts the customer at the heart of all we do.

The strength of our business and our future potential is becoming clear and we're not the only ones to notice. The Board of Steel & Tube recently turned down a non-binding, indicative offer from a competitor, Fletcher Building Limited, to acquire the company.

We are making good progress and wanted to share with you some initiatives we have underway to support our customers.

- Our people are at the forefront of our business. We have provided comprehensive sales training programmes across the group and hopefully you are seeing improvements in our service and responsiveness to your needs.
- We have been increasing the availability of key lines of products and have established a more effective freight and supply chain. We're now able to ensure we have the right inventory in the right place to meet our customers' needs, keep up with increasing sales and meet our delivery promise to you.
- Steel & Tube has invested heavily in Quality systems over the last 12 months and our independent testing and certification means you can have confidence in our products. We recently attained ISO 9001:2015 certification and have taken a further step by partnering with Lloyd's Register to complete annual independent audits across our steel supply mills.
- Our expanded offering into areas such as fasteners, stainless and engineering steels, has broadened our offer and enhanced our technical competencies and expertise, adding value for our customers.
- We know that innovation is key to success and the recent launch of BIM-Spec, a one-stop portal to make it easier for construction and design professionals to connect with Steel & Tube's products, is a good example of this.
- We have reviewed our product ranges with the customer in mind and introduced new, desirable products, such as the new SR flooring platform from Comflor which is already very popular. Strong growth has also been seen in emerging products such as chain & rigging and building services.
- Our new ERP information technology system is now performing well and providing us with a platform to deliver better customer service and solutions. Electronic Data Interchange (EDI), which simplifies ordering, invoicing and reconciliation for customers, is just one example.
- Pricing is front of mind for many of our customers and while we can't control global steel prices, we are working hard to reduce costs in our business which we can then pass through.

We have a strong foundation, a clear pathway ahead and we remain focused on providing you with access to high quality steel solutions and products.

We look forward to delivering value to you and are determined to be your leading provider of steel products and solutions in New Zealand. Thank you for your continued support.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mark Malpass'.

Mark Malpass, Chief Executive Officer, Steel & Tube  
3 October 2018