

## Vulcan Steel Limited (Vulcan)

ASX/NZX/Media Release

17 July 2023

### Trading and earnings guidance update

Vulcan (ASX: VSL, NZX: VSL), an Australasia-wide industrial product distributor and value-added processor today announced an update for its financial year ended 30 June 2023 (**FY23**).

With the fourth quarter of FY23 completed, Vulcan is updating its earnings expectations for FY23 to the ranges outlined below.

For 12 months to 30 June 2023	EBITDA <sup>1,3</sup>		NPAT <sup>2,3</sup>	
	Revised <sup>4</sup>	Previous <sup>5</sup>	Revised <sup>4</sup>	Previous <sup>5</sup>
Including integration costs	205-209	215-230	86-89	95-109
Excluding integration costs	215-219	220-235	93-96	98-112

*1 Earnings Before Interest, Tax, Depreciation and Amortisation*

*2 Net Profit After Tax*

*3 Based on International Financial Reporting Standards 16*

*4 Based on management estimates and subject to audit finalisation*

*5 Based on guidance issued at FY23 half year results*

Vulcan now expects its Ullrich Aluminium business integration costs to be NZ\$10 million for FY23, compared with the NZ\$5 million previously expected, due to additional cost factors (including stamp duty payable). Excluding these integration costs, Vulcan expects FY23 EBITDA and NPAT to be in the range of NZ\$215 – \$219 million and NZ\$93 – NZ\$96 million, respectively.

Vulcan’s Managing Director and Chief Executive Officer, Rhys Jones, said:

*“As signalled at the full year FY22 results in August last year and the FY23 half year results in February this year, we expected the 2023 financial year to be more challenging. Vulcan’s FY23 underlying earnings excluding integration costs have been broadly in line, albeit near the low end, of our expectations. The company’s overall margins have been tracking to our expectations, with volume excluding aluminium down 13% in FY23 compared with FY22. Our customer engagement remains encouraging. Excluding our acquired aluminium business, we achieved the highest ever monthly active trading accounts<sup>1</sup> in May 2023 for New Zealand and also the highest number of monthly active trading accounts in May 2023 for the Vulcan Group since November 2021, in a challenging environment.*

*“Market conditions remain uncertain in the near term, with potential for further weakness, especially in New Zealand ahead of the upcoming general election.*

*“Having completed the systems migration for our aluminium business for New Zealand in December 2022 and for Australia in May 2023, we are now focussed on bedding down the processes and operations for our new aluminium unit. We expect the integration benefits to become more evident in our financial performance in the second half of FY24.*

*“We have also made good progress in managing our working capital. In the six months to June 2023, which included a NZ\$32 million interim dividend payment and the \$20m deferred settlement for our Ullrich Aluminium acquisition, Vulcan’s group net debt declined by NZ\$50 million, from NZ\$390 million at the end of the first half of FY23 to NZ\$340 million at the end of FY23.”*

<sup>1</sup> The number of Vulcan customers that have traded with the company at least once during the month.



Vulcan expects to release its full year FY23 results on Tuesday, 29 August 2023. In light of uncertain trading conditions, the company will not be providing earnings guidance for FY24. It is intended the company will provide a trading update at its annual meeting of shareholders in November 2023.

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This announcement was authorised by Vulcan's Board of Directors.

### **About Vulcan**

Founded in 1995, Vulcan is an Australasian-wide industrial product distributor and value-added processor with 72 logistics and processing facilities employing approximately 1,350 staff across the company's Steel and Metals divisions.