

## STEEL & TUBE REAFFIRMS FY19 GUIDANCE ON BACK OF POSITIVE PROGRESS

Steel & Tube Holdings Limited (NZX: STU) has reaffirmed its FY19 guidance of \$25 million in earnings before interest and tax (EBIT), 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.

The Board is pleased with progress being made to improve performance, which includes:

- Improved service levels and delivery performance across the business, with sales remaining on a positive trajectory.
- Underway with a significant contract to supply steel to the Westfield Newmarket project, which is the largest commercial construction project in Australasia. Supply to the Puhoi to Warkworth project has commenced along with another significant lower North Island infrastructure project.
- Establishment of a more efficient and cost-effective freight and supply chain including integration and consolidation of existing facilities, exiting third party warehousing arrangements and rationalising and retendering freight runs.
- The manufacturing excellence programme is delivering increasing machine efficiency and reduced overtime in many locations.
- Renewed commitment to the customer with comprehensive sales training programmes across the group, the launch of a refreshed website and the launch of BIM-Spec, an innovation to make it easier for construction and design professionals to connect with Steel & Tube's products.
- Product ranges have been reviewed with the customer in mind and new, desirable products have been added, such as the new SR flooring platform for Comflor which is already proving very popular.
- The significant investment in the new ERP IT system is delivering benefits and has set the platform for further customer focussed solutions.
- Quality systems have been further enhanced including recent ISO 9001:2015 certification. Additionally, the company has partnered with Lloyd's Register to complete annual independent audits across its international steel supply mills.

Chair of Steel & Tube, Susan Paterson, commented: "The company now has a solid foundation from which to build Steel & Tube and the financial flexibility to implement our business transformation initiatives, achieve longer term strategic objectives and create long term value for shareholders. The Board remains confident in the improving performance of the company under its significantly advanced turn-around strategy."

Steel & Tube is one of the largest suppliers of steel products and offers New Zealand's most comprehensive range of steel products, services and solutions.

An update on progress and the company's performance will be provided at the Annual Meeting on 25 October 2018.

ENDS

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