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STU / NZX ANNOUNCEMENT

STEEL & TUBE UPDATES EARNINGS GUIDANCE FOR FY21 RESULTS

Steel & Tube Holdings Limited (Steel & Tube) advises due to strong performance it is now updating earnings guidance for the financial year ending 30 June 2021 (FY21).

Subject to completion of year end procedures and external audit, Steel & Tube expects FY21 reported Earnings Before Interest and Taxation (EBIT) of between $20-$22 million, this includes non-trading benefits of $2.8 million due to property related gains which will be normalised[1]. Steel & Tube is also reviewing any impact of the recent International Financial Reporting Standards (IFRS) Interpretations Committee agenda decision on Software as a Service (SaaS)[2].

Chief Executive Officer of Steel & Tube, Mark Malpass, said: "We are seeing the benefits of our strategic initiatives including improved customer service and delivery, investment in digital and a significant reduction in the company's underlying cost structure."

Steel & Tube's cash position remains strong, despite significant investment in inventory to support growth, and net cash was approximately $25 million at the end of June 2021 (up from $24 million cash at 31 December 2020).

The Steel & Tube Board expects to pay a final dividend during September 2021, consistent with its dividend policy.

Steel & Tube will release its FY21 result on 24 August 2021.

ENDS

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[1] Normalised EBIT excludes non trading adjustments and unusual transactions including gain/losses on property, impairments and restructuring costs. Steel & Tube believes that excluding these transactions from normalised earnings can assist users in forming a view of the underlying performance of the Group. FY21 normalisation adjustments for property consist of $1.2 million gain on property disposals and $1.6 million reversal of FY20 IFRS 16 impairments.

[2] In April 2021, the International Accounting Standards Board's IFRS Interpretation Committee issued an agenda decision clarifying how arrangements in respect of SaaS should be accounted for. As a result of this decision, it is likely that costs previously capitalised will be expensed. As this is a change in accounting policy, these adjustments will be made retrospectively. Steel & Tube is currently assessing the impact of this change, any impact will be a non-cash, accounting change.