

STEEL & TUBE FY22 GUIDANCE

Steel & Tube Holdings Limited (NZX: STU) has provided earnings guidance for the financial year ending 30 June 2022 (FY22). The company has continued the strong performance seen in the first half of the year and is expecting FY22 normalised EBIT of not less than \$45m and normalised EBITDA of not less than \$64m¹.

The announcement coincides with Steel & Tube's Investor Day for investors and analysts being held today. Management presentations are available to view on the NZX and the company website and include additional information on Steel & Tube's business and operations, with further financial commentary in the CFO Update.

For the 10 months to end-April 2022, Steel & Tube's revenue was up 25% on the prior comparative period (pcp) to \$479.3m and volumes increased by 8%.

Gross margin continues to improve, driving a significant increase in earnings. EBITDA was up 81.6% on pcp to \$53.6m, and EBIT increased to \$37.9m, up 157% on pcp.

Normalised EBITDA was up 89% on pcp to \$54.0m, while normalised EBIT was up 178% on pcp to \$38.3m.

\$millions	FY22 10 months	FY21 10 months	% change
Revenue	479.3	384.6	24.6%
EBITDA	53.6	29.5	81.6%
Normalised EBITDA	54.0	28.6	89.2%
EBIT	37.9	14.8	156.7%
Normalised EBIT	38.3	13.8	177.9%
NPAT	24.1	7.4	226.7%
FY22 Guidance			
Normalised EBIT	Not less than \$45m	\$19.0m	> 137%
Normalised EBITDA	Not less than \$64m	\$37.9m	>69%

CEO of Steel & Tube, Mark Malpass, said: "Revenues have been robust across the business and we have also benefited from diligent price and margin management, structural cost savings and supply chain capability. Sales to customers have been strong, with activity continuing to build in the infrastructure, manufacturing and commercial sectors in particular.

"Steel & Tube is a trusted supplier with a focus on maintaining availability of critical products and high levels of service while navigating tight supply dynamics - steel mill customers continue to be on allocations, lead times have increased both locally and offshore and there have been significant cost price escalations. We have invested significant cash to increase stock levels of high demand items and ensure availability of critical products for our customers. Using data analytics, our experienced team has been able to hold inventory unit and tonnes turns in line with previous periods (excluding goods in transit). Our

¹ Normalised EBITDA and Normalised EBIT have been adjusted to exclude non-trading adjustments. A reconciliation of GAAP to non-GAAP measures is included in the appendix to the Investor Day management slides released today to the NZX.

strong supplier partnerships have put us in good stead during this time and our customer satisfaction rating (Net Promoter Score) continues to rise.

“With structural changes to the business now well embedded and delivering value, we are focused on growth and building a more diversified, resilient business. We remain disciplined in our focus on customers and product mix, targeting products and segments that have allowed us to improve our overall margins.”

Chair Susan Paterson acknowledged the leadership and support the management team has provided over the COVID-19 period. “Steel & Tube’s dedicated front-line team have gone above and beyond to deliver for our customers. The restructuring and investment we have undertaken, positioned us well from a people and technology perspective to meet the challenges of the past two years.”

The company expects its strong business performance to be sustained as it continues to strengthen its core business and builds on higher value segments.

ENDS

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