



2022 Annual Shareholders' Meeting

30 September 2022

**Making life
easier for
customers
needing steel
solutions**

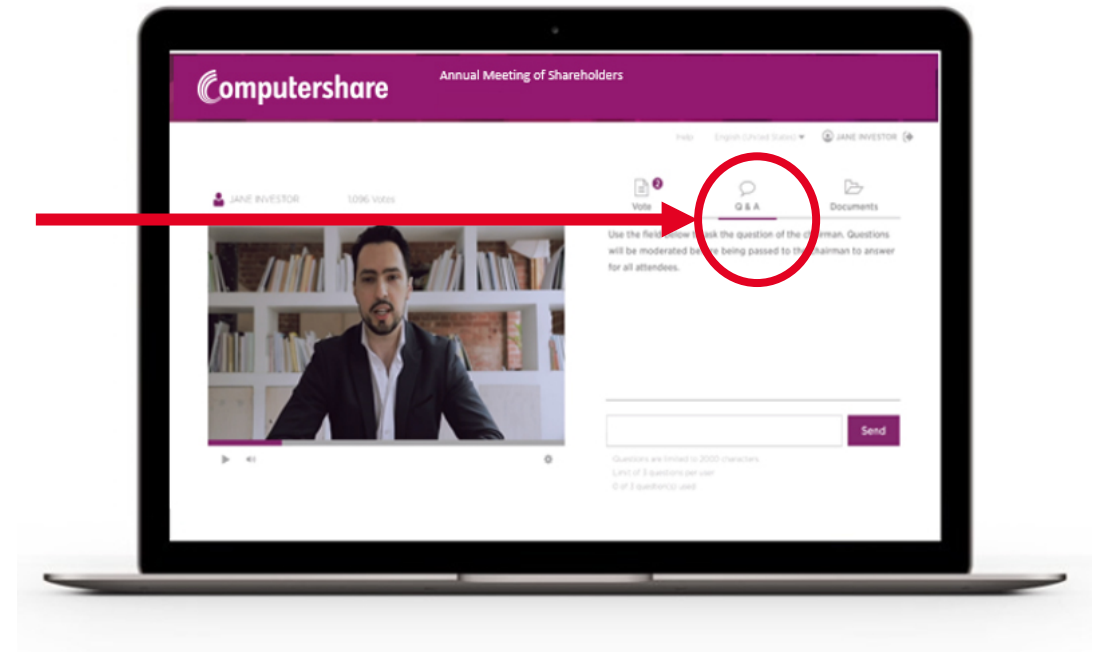


How to ask questions

Shareholder & Proxyholder Q&A Participation

Written Questions: Questions may be submitted ahead of the meeting. If you have a question to submit during the live meeting, please select the Q&A tab on the right half of your screen at anytime. Type your question into the field and press submit. Your question will be immediately submitted.

Help: The Q&A tab can also be used for immediate help. If you need assistance, please submit your query in the same manner as typing a question and a Computershare representative will respond to you directly.



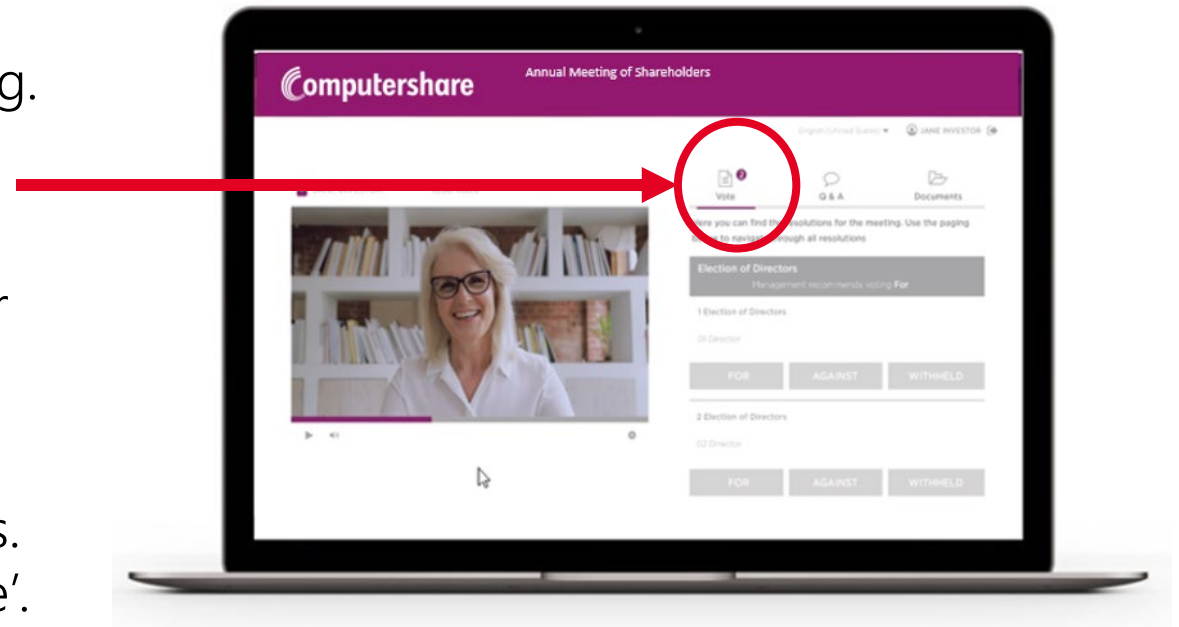
How to vote

Shareholder & Proxyholder Voting

Once the voting has been opened, the resolutions and voting options will allow voting.

To vote, simply click on the Vote tab, and select your voting direction from the options shown on the screen. You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the tick appears. To change your vote, select 'Change Your Vote'.



Our Board



Susan Paterson

Independent Chair
Appointed Jan 2017



Christopher Ellis

Independent Director
Appointed Oct 2017



Steve Reindler

Independent Director
Appointed Oct 2017



John Beveridge

Independent Director
Appointed August 2019
(Standing for re-election)



Karen Jordan

Independent Director
Appointed Dec 2020



Andrew Flavell

Independent Director
Appointed Oct 2021
(Standing for election)

- # **Agenda**
- **Chair's Presentation**
 - **CEO's Presentation**
 - **Discussion**
 - **Resolutions**
 - **Other Business**
 - **Meeting**
 - **Close/Refreshments**

A professional portrait of Susan Paterson, a woman with short blonde hair, wearing a white blazer over a red top and a pearl necklace. She is smiling and looking towards the camera. The background is a blurred office interior with a window showing a cityscape and a potted plant.

Chair's Address

Susan Paterson

Steel & Tube today

- One of New Zealand's leading providers of steel solutions
- A proud New Zealand company, now in our 70th year of trading
- We offer New Zealand's most comprehensive range of steel products, services and solutions
- Our stable of best-in-class businesses are some of this country's leading steel suppliers



**27 Sites
Nationwide**

Our journey

Our goal is to be the best in the sector, the preferred choice for steel products and solutions and a trusted partner for our customers

FY18 - FY20

Project Strive –
company wide reset
to refocus, reduce
costs and streamline
the business

FY21 – FY22

Embedded value.
Focus moving to
growth. Covid
headwinds

FY23 onwards

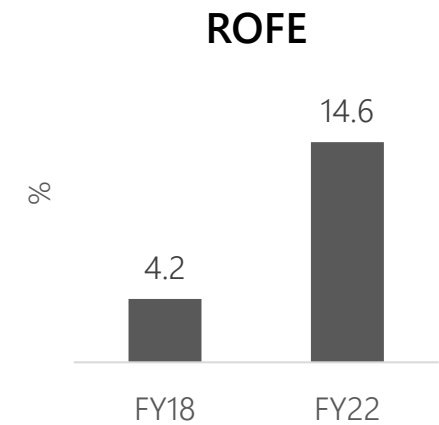
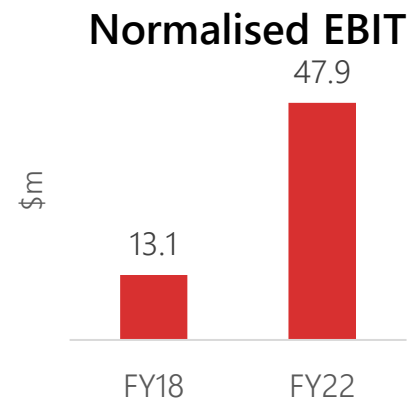
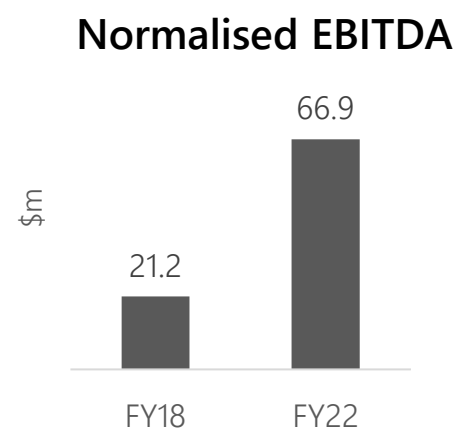
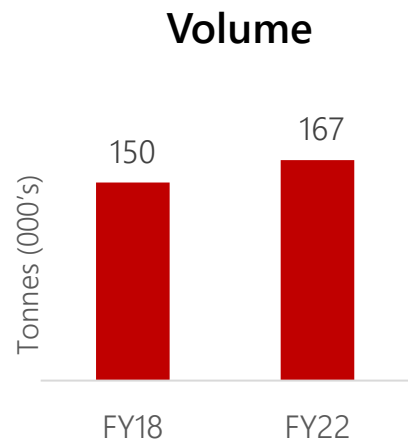
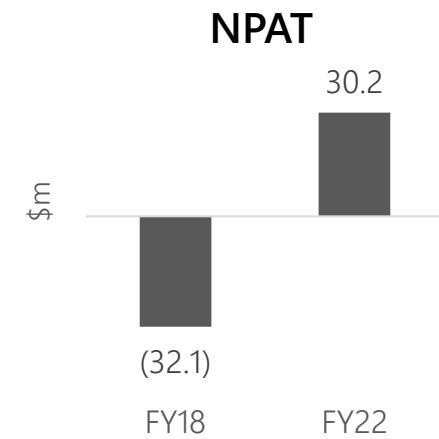
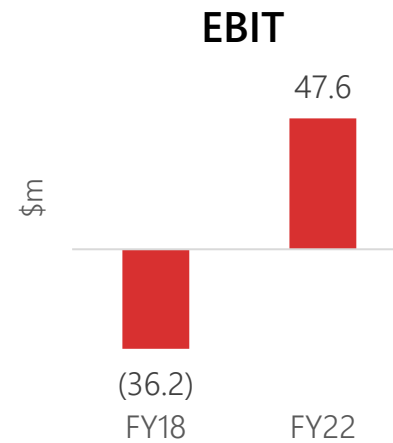
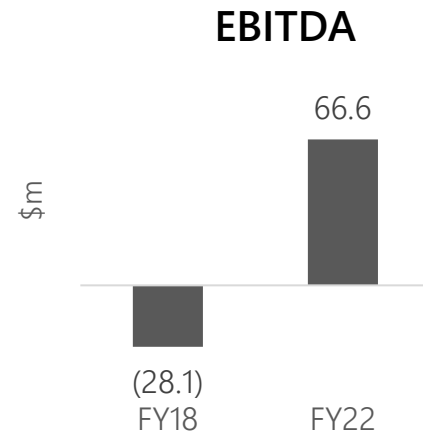
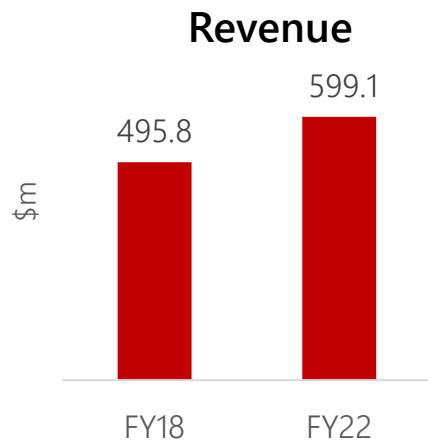
Value of turnaround
now apparent. Strong
focus on growth with
clear strategy in place

The turnaround and commencement of the growth strategy has demonstrated value with this year's record Sales and EBITDA

- **Strong financial performance**
- **Robust operating model that will deliver through the economic cycle**
- **Clear focus on continuing to strengthen the core and investing in high value products, services and sectors**
- **Goal to deliver sustainable double-digit Return on Funds Employed (ROFE)**

Five year transformation

Embedded value from turnaround programme; growth strategy now underway



Building a sustainable business

Long term aim is to operate the business in a way that is financially rewarding for our shareholders and positive for our people, our customers and our planet



Sustainable Steel

Steel facilitates a circular economy

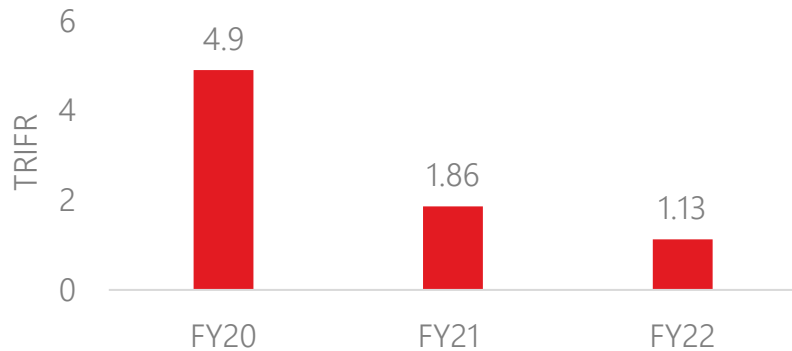
- Infinitely recyclable
- Reduced construction waste
- Durable
- Non-toxic and inert



ESG Scorecard

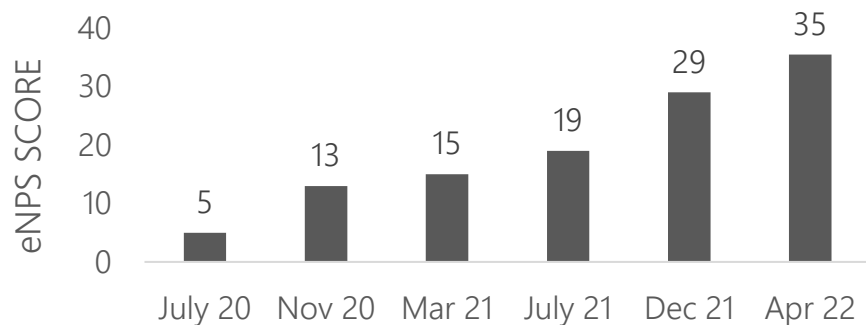
Positive outcomes on safety and employee engagement

Employee Safety Measure



- TRIFR 1.13 – lower than industry standards¹
- Emphasis on critical risks and reduction measures
- Safety conversations program and worker engagement providing valuable insights

Employee Engagement²

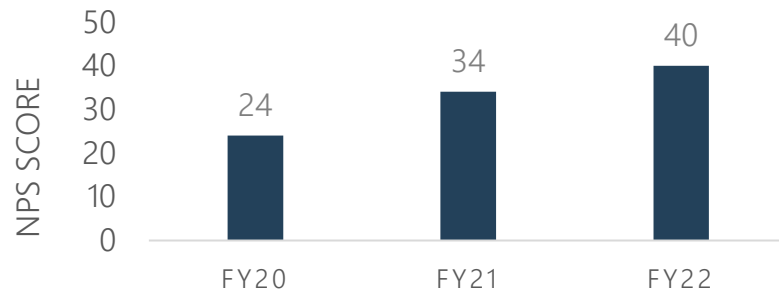


- Employee Satisfaction Score 7.8/10
- April 2022 Employee Engagement score of 35 – close to the top quintile global benchmark
- Living wage as minimum for all employees, as from December 2022
- Focus on Wellbeing, diversity, recruitment, career development and training

ESG Scorecard

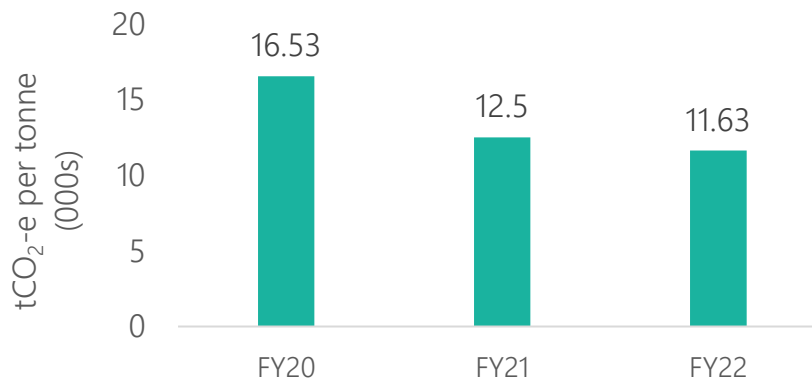
Delivering for customers in challenging period; continued focus on decarbonisation

Customer satisfaction



- NPS of 40 for FY22¹
- Improving result reflects ability to deliver for customers during a challenging period

Carbon Reduction²



- Greenhouse gas emissions 1,948 tCO₂-e – in line with prior year despite increase in activity
- 7% reduction in carbon emissions per tonne sold
- Investment in technology supporting decarbonisation
- Introduction of 'carbon credit' offer for infrastructure clients

FY22 Shareholder Returns

Steel & Tube delivers a high dividend yield

FY22 Dividend: 13.0 cps

Represents a dividend yield of 11.4%
(Based on share price of \$1.27 as at 30/06/2022)

Payment of 71% in line with Steel & Tube's dividend policy of 60% - 80% of Adjusted NPAT

Earnings per share (cps): 18.3

Net Tangible Assets per share: \$1.22

Price earnings ratio: 6.9

Total Shareholder Return*: 19.1%

* TSR: Total Shareholder Return. This is calculated using (Closing share price – opening share price + dividends)/opening share price

5 year transition complete, now focused on growth and continuing to generate sustainable double-digit ROFE:

- Quality business with strong foundations embedded
- Leading supplier in a market with strong demand
- Delivered on turnaround strategy
- Well positioned to deliver through the economic cycle
- Attractive shareholder returns and value
- Clear forward strategy and growth opportunities
- Digital investment making a positive impact

Strategic Goals

Clear growth strategy in place, building on strong foundations to strengthen the core and growth in high value products, services and sectors

Customer

The preferred supplier for steel solutions and products

Growth

Increase valuation through organic growth and programmatic smaller M&A

Shareholder

Deliver increasing value and returns for our shareholders



**CEO
Presentation
Mark Malpass**

Leadership team



Peter Ensor
GM Reinforcing

Damian Miller
*GM Quality, Health,
Safety & Environment*

Richard Smyth
Chief Financial Officer

Mark Baker
*GM Supply Chain &
Distribution Centres*

Marc Hainen
GM Distribution

Mark Malpass
Chief Executive Officer

Mohammed Afroz
GM Rollforming

Mike Hendry
Chief Digital Officer

Anna Morris
GM People & Culture

FY22 business highlights

Strengthen the core

- **Customer:** Priority focus on maintaining availability of critical products and high levels of service for customers resulted in consistent delivery in full on time
- **Operating Platform:** Structurally lower cost base, strong market reputation and ability to source and deliver product
- **Gross Margin:** Improved pricing governance and controls
- **Digital:** Continued investment in digital technologies; customers benefitting from our omni-channel platform

High value growth

- **Acquisition:** Acquired Fasteners NZ
- **New Products:** Launch of new product ranges, including Zipclip and Rooffast
- **Higher Value Sectors:** Investment in new manufacturing equipment to further grow market share in existing sectors
- **Higher Value Products:** Invested in new plate processing equipment – a high margin, high value sector
- **Higher Value Products:** Expanding steel framed housing – widen customer base and investment

Record Sales and EBITDA with improvement in all key metrics

Revenue
\$599.1m
+24.6%

Volume
167,209t
+5.7%

NPAT
\$30.2m
+96.4%

EBITDA
\$66.6m
+72.5%

EBIT
\$47.6m
+130.0%

ROFE
14.6%
FY21: 6.6%

Driven by trading disciplines, customer service, operational performance, supply chain management and strong sector demand

- Volume, revenue and earnings uplift
- Gross margin continues to improve
- Sustained structural reduction in operating expenses
- Utilised strong cash position to invest in critical inventory
- Strong balance sheet with low borrowings
- Double-digit Return on Funds Employed

Earnings Before Interest and Tax (EBIT), Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), Net Profit After Tax (NPAT)
ROFE: Return on Funds Employed, calculated as Normalised EBIT over Average Funds Employed (Debt (including Lease Liability) + Equity)

Business Performance

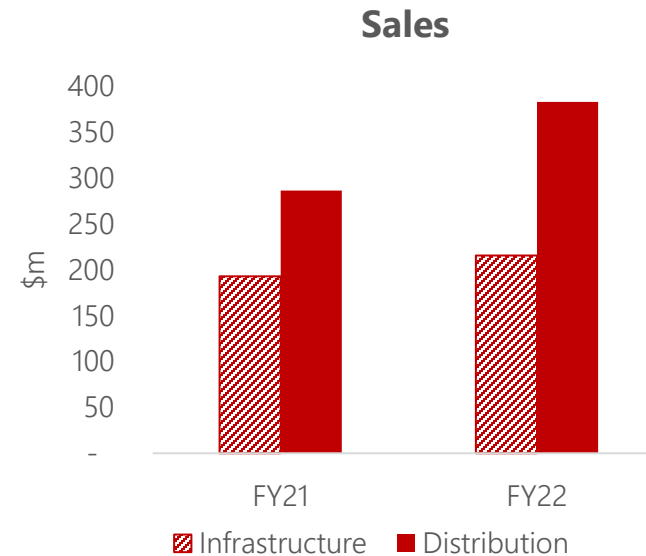
Increases across both divisions; particularly strong performance in Distribution

Distribution – high volume business

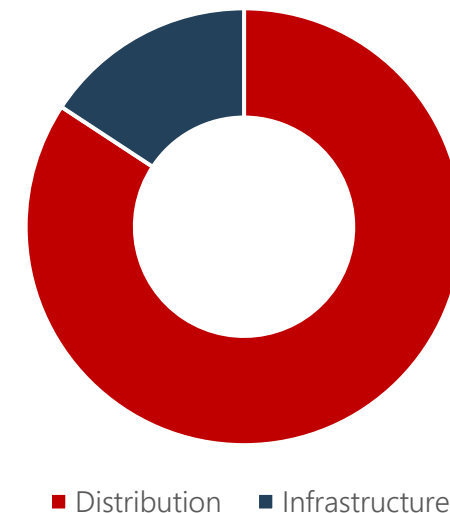
- Strong performance, well positioned to take advantage of market conditions
- Benefiting from customer service, inventory and supply chain management, and trading disciplines
- Current expansion of plate processing and other high value product opportunities

Infrastructure – processing products before sale

- Lift in revenue despite headwinds
- Significant growth in Roofing, Purlins and demand for steel framing



Percentage of FY22 Group EBIT



Moving Forward

Our strategy

Building on momentum to create a market leading business

**Strengthen
the core**

**Grow high
value products,
services and
sectors**

Strategic pathways

Overall goal to deliver gross margin improvement – benefits expected from FY24 onwards

Continue to Strengthen the Core

- Best-in-class customer experience
- Cross sell products and services
- Accelerate shift to digital sales
- Drive gross margin \$/tonne
- Operating efficiency

Grow High Value Products, Services and Sectors

- High value products, diversified materials and value-added services
- Diversify customer segments and build scale
- Primary focus is on organic investment and programmatic smaller M&A in direct adjacent sectors

Strategic pathways: current state

	Strategic Initiative	Early stage	Hitting its stride	Full benefit
Continue to strengthen the core	Continue to build best-in-class customer experience		✓	
	Leverage opportunities to cross sell a wide range of products and services		✓	
	Drive gross margin \$/tonne through dynamic pricing and product procurement		✓	
	Ongoing focus on operating model – warehouse operations, digitising supply chains and customer facing channels		✓	
High value products, services and sectors	Continue to diversify customer segments and build scale in high value sectors	✓		
	Expand plate processing offer and capability, and steel framed housing	✓		
	Build niche market share through Kiwi Pipe & Fittings	✓		
	Build high value product range via acquisition of Fasteners NZ			✓
	Accelerate shift to digital sales		✓	

Digital advantage

Competitive advantage through best in class customer experience

- Use of analytics to better serve different customer segments and types
- Higher levels of automation
- Increase focus on sales technology to enhance sales productivity
- Enhanced pricing governance and controls
- Investment into IT infrastructure providing operating leverage



Ecommerce

- Revenue +140% yoy
- Customer numbers +200% yoy
- 20% of active customers now using webshop



Electronic Data Interchange (EDI)

- Launched EDI – targeting high volume, lower margin customers. Reinforces strategic relationship by reducing cost to purchase and cost to serve



Launched CRM for customer experience team

Pricing and analytics platform



Cybersecurity, investment into resiliency on critical sites

Expanded plate processing capability and offer

- Attractive value-added products
- Growing market sector
- Replacement of obsolete equipment with large, high capacity machinery
- Market leading – digitally enabled, automated cutting, optimises remnants
- Operational from June 2022, solid forward workload already in place
- Existing footprint has significant opportunity to expand



Kiwi Pipe and Fittings

- Symbolic of strategy to selectively invest in high value products and segments
- Niche strength – fire and water reticulation products
- Builds on Steel & Tube's existing offer
- Provides scale, market share growth and immediately earnings accretive



Trading Update: 1Q23 to date

July/August trading

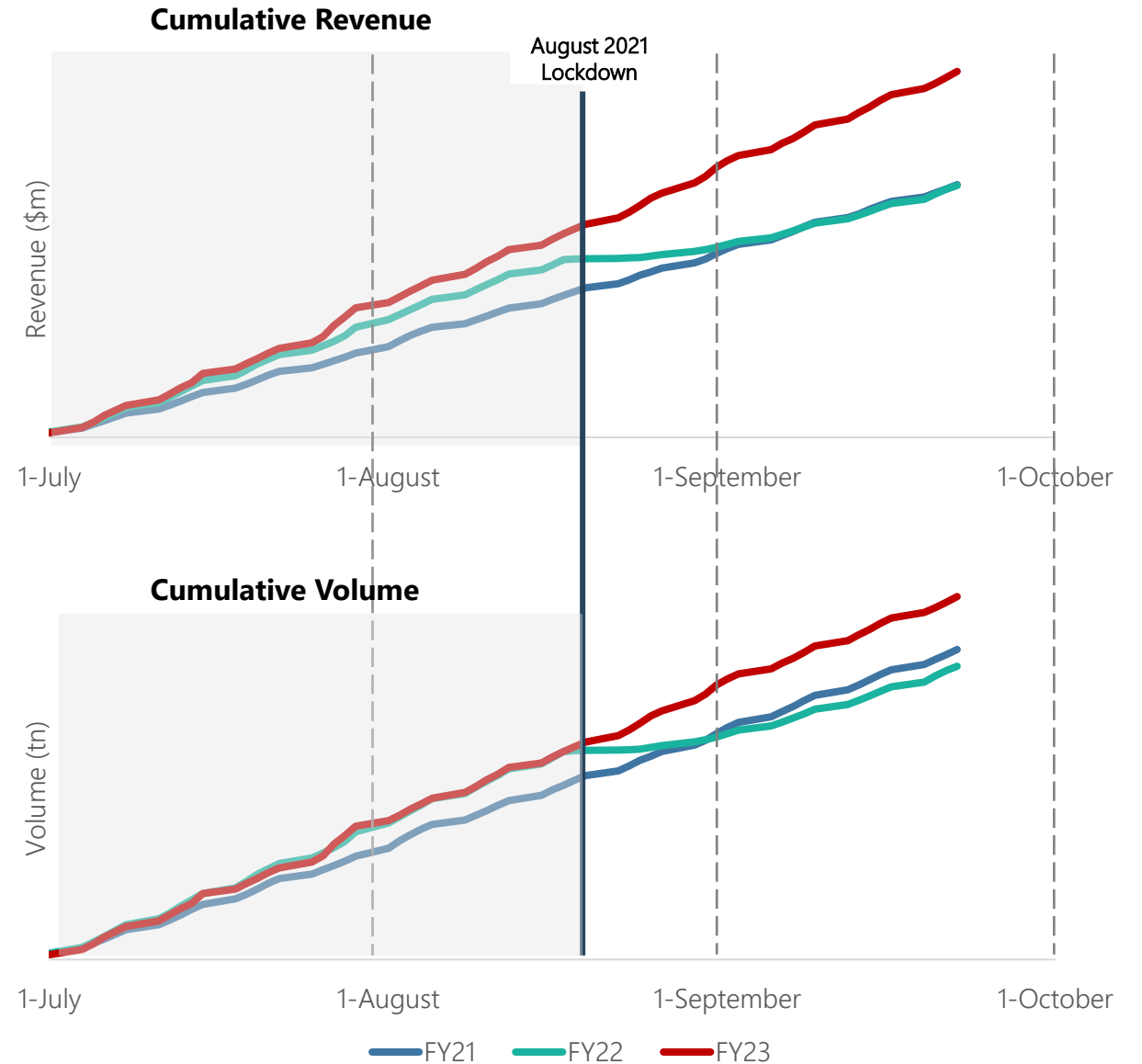
- Steady across most sectors
- Supported by operational and trading disciplines

Year on year comparative trading

For the 34 business days to 17 August 2022 (prior year lockdown commenced 11.59pm 17 August 2021)

- Revenue up 15%
- Volumes flat year on year

Strong pipeline of secured work in place across a range of sectors



FY23 Outlook

Robust operating model, well positioned to deliver through the economic cycle

Market Activity

- Significant rebuilding of Government investment in infrastructure (+56% over the next decade compared to last decade, particularly roading and water)
- Manufacturing (food & non-food) expanding
- Residential building consents have peaked although moderation will be partially offset by ongoing social housing and retirement village investment expected
- Commercial construction activity strengthening

Trading Outlook:

- Continuing volatility in global and local economies expected
- Steel pricing in NZD expected to remain elevated in the near term
- Customer activity expected to be steady, although in some sectors will moderate off the recent extraordinary high demand levels, as is already being seen
- Focus remains on Gross Margin dollar per tonne

Steel & Tube is strongly positioned to deliver through the economic cycle

Business Outlook

- Clear focus on strengthening the core and investing in high value products, services and segments
- Business growth through organic expansion and programmatic smaller M&A
- Further strategic initiatives expected to be reflected in results from FY24 onwards
- Goal to continue to deliver sustainable double-digit ROFE

Key Strengths

- Unmatched breadth of high-quality product and solutions
- National network with regional strength
- Enhanced customer value proposition and high levels of customer service
- Disciplined operational, supply chain and inventory management
- Strong pricing governance and controls and use of data analytics
- Experienced Board and Management team – industry knowledge and enhanced digital capability



Shareholder discussion



Resolutions

Resolutions

Resolution 1: Auditor's Remuneration

That the Directors be authorised to fix the fees and expenses of KPMG as the company's auditor.

Resolution 2: Re-election of John Beveridge

That John Beveridge, who retires by rotation and is eligible for re-election, be re-elected as a Director of the Company.

Resolution 3: Election of Andrew Flavell

That Andrew Flavell, who was appointed as a Director by the Board during the year, be elected as a Director of the Company.

Resolution 4: Directors' Remuneration

To authorise, for the purpose of NZX Main Board Listing Rule 2.11, an increase in the total amount of remuneration payable per annum to non-executive Directors from \$575,000 to \$642,500 an increase of \$67,500 (12% - an average of 2.3% per annum for the past five years), to be paid and allocated to the non-executive Directors as the Board considers appropriate.



Other business

Close of the Meeting



Non-GAAP Financial

Period ended 30 June \$000s	EBITDA		EBIT	
	FY22	Restated FY21	FY22	Restated FY21
Reported	66,598	38,614	47,636	20,707
Holiday Pay provision release	(854)	-	(854)	-
NZ IFRS 16 reversal of impairment	(527)	(1,546)	(527)	(1,546)
Gain on sale of properties		(1,215)		(1,215)
Software as a Service (SaaS) expenditure	1,645	1,760	1,645	1,760
Normalised	66,862	37,613	47,900	19,706

Non-GAAP financial information: Steel & Tube uses several non-GAAP measures when discussing financial performance. These include Normalised EBIT and Working Capital. Management believes that these measures provide useful information on the underlying performance of Steel & Tube's business. They may be used internally to evaluate performance, analyse trends and allocate resources. Non-GAAP financial measures should not be viewed in isolation nor considered as a substitute for measures reported in accordance with NZ IFRS.

Non-trading adjustments/Unusual transactions: The financial results for FY22 (12 months) include transactions considered to be non-trading in either their nature or size. Unusual transactions can be as a result of specific events or circumstances or major acquisitions, disposals or divestments that are not expected to occur frequently. Excluding these transactions from normalised earnings can assist users in forming a view of the underlying performance of the Group. The above reconciliation is intended to assist readers to understand how the earnings reported in the periods ended 30 June 2021 (12 months) and 30 June 2022 (12 months) reconcile to normalised earnings. Non-trading adjustments of \$(0.3) million are included in the FY22 (12 months) results.

Glossary of Terms

EBIT: Earnings / (Loss) before the deduction of interest and tax. This is calculated as profit for the year before net interest costs and tax

EBITDA: Earnings / (Loss) before the deduction of interest, tax, depreciation and amortisation. This is calculated as profit for the year before net interest costs, tax, depreciation and amortisation

ROFE: Return on Funds Employed. This is calculated as Normalised EBIT over Average Funds Employed (Debt (including Lease Liability) + Equity)

eNPS: Employee Net Promoter Score – assists in measuring employee satisfaction and loyalty within the organisation

NPS: Net Promoter Score – assists in measuring customer satisfaction and loyalty

Normalised EBIT/EBITDA: This means EBIT and EBITDA excluding non-trading adjustments and unusual transactions

eTRIFR: Employee Total Recordable Injury Frequency Rate – an important metric to assess safety performance

LTIFR: Lost Time Injury Frequency Rates - an important metric to assess safety performance

Working Capital: This means the net position after Current Liabilities are deducted from Current Assets. The major individual components of Working Capital for the Group are Inventories, Trade and other receivables and Trade and other payables. How the Group manages these has an impact on operating cash flow and borrowings

TSR: Total Shareholder Return. This is calculated using (Closing share price – Opening share price + Dividends)/Opening share price

Disclaimer

- This presentation has been prepared by Steel & Tube Holdings Limited ("STU"). The information in this presentation is of a general nature only. It is not a complete description of STU.
- This presentation is not a recommendation or offer of financial products for subscription, purchase or sale, or an invitation or solicitation for such offers.
- This presentation is not intended as investment, financial or other advice and must not be relied on by any prospective investor. It does not take into account any particular prospective investor's objectives, financial situation, circumstances or needs, and does not purport to contain all the information that a prospective investor may require. Any person who is considering an investment in STU securities should obtain independent professional advice prior to making an investment decision, and should make any investment decision having regard to that person's own objectives, financial situation, circumstances and needs.
- Past performance information contained in this presentation should not be relied upon (and is not) an indication of future performance. This presentation may also contain forward looking statements with respect to the financial condition, results of operations and business, and business strategy of STU. Information about the future, by its nature, involves inherent risks and uncertainties. Accordingly, nothing in this presentation is a promise or representation as to the future or a promise or representation that an transaction or outcome referred to in this presentation will proceed or occur on the basis described in this presentation. Statements or assumptions in this presentation as to future matters may prove to be incorrect.
- A number of financial measures are used in this presentation and should not be considered in isolation from, or as a substitute for, the information provided in STU's financial statements available at www.steelandtube.co.nz.
- STU and its related companies and their respective directors, employees and representatives make no representation or warranty of any nature (including as to accuracy or completeness) in respect of this presentation and will have no liability (including for negligence) for any errors in or omissions from, or for any loss (whether foreseeable or not) arising in connection with the use of or reliance on, information in this presentation.