

STU FY23 Trading and Earnings Update

Steel & Tube Holdings Limited (NZX: STU) has today provided updated earnings guidance for the financial year ending 30 June 2023 (FY23).

The company has continued to perform well in the current tight economic conditions and as a result expects the full year financial results will be at the top end of the guidance previously provided on 10 May 2023.

Steel & Tube's unaudited updated guidance is summarised below:

\$millions	Revised	Previous
Normalised EBITDA ¹	52-53	48-52
Normalised EBIT ¹	31-32	28-32

Steel & Tube has ended the financial year with no bank debt and a positive cash balance of \$6.5m, representing a ~\$50m improvement on FY22 after paying increased dividends and tax. The company has also achieved a significant reduction in its inventory balance.

CEO of Steel & Tube, Mark Malpass, said: "We have focussed on providing high levels of service to our customers while also strengthening the core business and maintaining a disciplined growth focus. Our new strategic initiatives now account for more than 10% of the Distribution Division's EBIT as we grow higher value products and services.

"Gross margin dollars per tonne were slightly ahead of prior year although as previously advised operating conditions were softer which resulted in volumes being ~12% less than FY22. Revenues remained strong due to elevated pricing from steel mills.

Good progress has been made on the comprehensive cost out programme targeting \$5m of operating costs which should offset continued inflation pressure expected over the coming year. Our balance sheet continues to strengthen reflecting our focus on managing shareholder funds."

Steel & Tube expects to release its full year FY23 results on Monday 21 August 2023

¹ Normalised EBITDA and Normalised EBIT have been adjusted to exclude non-trading adjustments of approx. \$1.1m primarily relating to Software as a Service costs. Non-GAAP financial information is explained in previous presentations <https://www.steelandtube.co.nz/investor/presentations>

ENDS

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