



Vulcan Steel Limited (ASX: VSL, NZX: VSL)

ASX and NZX release

14 November 2023

Vulcan to present at the UBS Australasia Conference

Please find attached a copy of Vulcan Steel Limited's (**Vulcan**) presentation for the UBS Australasia Conference on Tuesday, 14 November 2023.

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This announcement was authorised by Vulcan's Board of Directors

About Vulcan

Founded in 1995, Vulcan is an Australasian-wide industrial product distributor and value-added processor with 72 logistics and processing facilities employing approximately 1,325 staff across the company's Steel and Metals divisions.

VULCAN.

UBS AUSTRALASIA CONFERENCE

14 NOVEMBER 2023

Disclaimer

The material contained in this document is a presentation of information about Vulcan Steel Limited's (**Vulcan**) activities current as of 14 November 2023.

It is provided in summary form and does not purport to be complete. It should be read in conjunction with Vulcan's periodic reporting and other announcements lodged with the Australian Securities Exchange (ASX) and New Zealand Stock Exchange (NZX).

This document contains projections and other forward-looking statements, current intention, opinion and predictions regarding Vulcan's present and future operations, possible future events and future financial prospects. These represent Vulcan's assumptions and views, including expectations and projections about Vulcan's business, the industry in which it operates and management's own beliefs and assumptions. While these statements reflect expectations at the date of this document, they are, by their nature, not certain and are susceptible to change. Such matters require subjective judgement and analysis and may be based on assumptions which are incorrect.

They may also be based on factors which are subject to significant uncertainties and contingencies which may be outside the control of Vulcan and are provided only as a general guide or statement and should not be relied upon as an indication or guarantee (expressed or implied) of future performance. Except as required by applicable law or the ASX and NZX Listing Rules, Vulcan disclaims any obligation or undertaking to publicly update such forward-looking statements.

This document is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

Unless otherwise stated, financials (including comparatives) reflect the adoption of IFRS 16 Leases. This document contains non-IFRS financial measures to assist readers of this document to assess the underlying financial performance of Vulcan. The non-IFRS financial measures in this document were not subject to a review or an audit by Deloitte.

Agenda

01 / OVERVIEW

02 / FINANCIALS AND OPERATIONS

03 / OUTLOOK AND GUIDANCE

04 / Q&A

05 / SUPPLEMENTARY INFORMATION

01



Overview

A sound return in FY23

ROCE¹

21%

down 16% from 37% in FY22

REVENUE NZ\$

\$1,245m²

up 28% on \$973m in FY22

ADJUSTED EBITDA³ NZ\$

\$219m

down 10% on \$243m in FY22

ADJUSTED NPAT⁴ NZ\$

\$95m

down 33% from \$142m in FY22

OPERATING CASHFLOW NZ\$

\$145m

up \$133m from \$12m in FY22

CASH CONVERSION⁵

87%

down 8% from 95% in FY22

NET DEBT COVER⁶

1.85x

up from 0.86 in FY22

1. ROCE - Return on Capital Employed. 2. m - millions 3. EBITDA - Earnings before interests, tax, depreciation and amortisation. 4. NPAT - Net profit after tax. 5. Cash Conversion: (EBITDA - lease payments - capital expenditure)/(EBITDA - lease payments)
6. Debt cover: Net debt to pre-IFRS 16 EBITDA. 7. IFRS 16 - International Financial Reporting Standard 16 relates to accounting for operating leases.

Value creation strategy & implementation

- Overriding principle – Provide a service proposition that adds value to customers and that is also accretive to Vulcan shareholder value
- Approach to value capture – Greenfield and brownfield initiatives as well as disciplined acquisitions
- Expansion into Aluminium in FY23 – Has widened Vulcan’s network reach, increased cross-sell opportunities, and added more options for hybrid sites
- Priorities for FY24
 - Continue to embed Vulcan’s business model, service mindset and culture in the company’s aluminium business
 - Execute on hybrid sites rollout
 - Focus on productivity and contain cost growth
 - Explore other platforms and adjacencies to grow shareholder value over time



02

Financials & Operations



Trading in first 4 months of FY24

- Revenue decline of 9% year-on-year (yoy) was driven by lower average selling price and volume compared with previous corresponding period
- The yoy weakness in 4M FY24 EBITDA was due to a combination of lower volume, margin and inflation impact on operating costs
- Sales tonnes per day in 4M FY24 compared with 2H FY23 has been mixed:
 - Australia has remained steady; and
 - New Zealand has weakened further, reflecting market conditions
- Volumes in New Zealand in October were adversely impacted by the general election

NZ\$m	4M FY24 ¹	4M FY23 ³	Change
Revenue ²	400	438	-9%
EBITDA ²	58	82	-29%
Volume (000 tonnes) ²	84	90	-7%

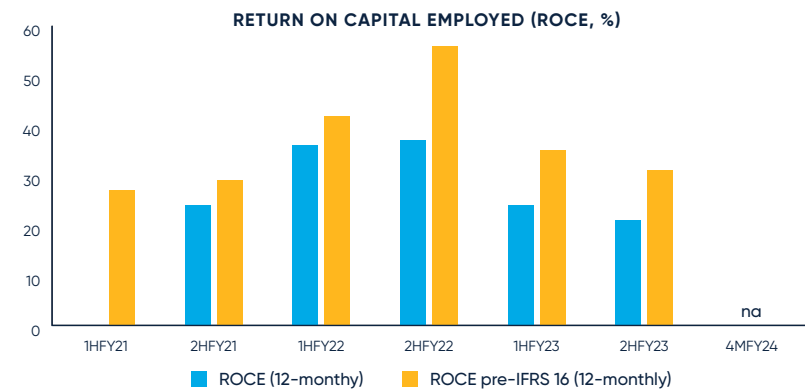
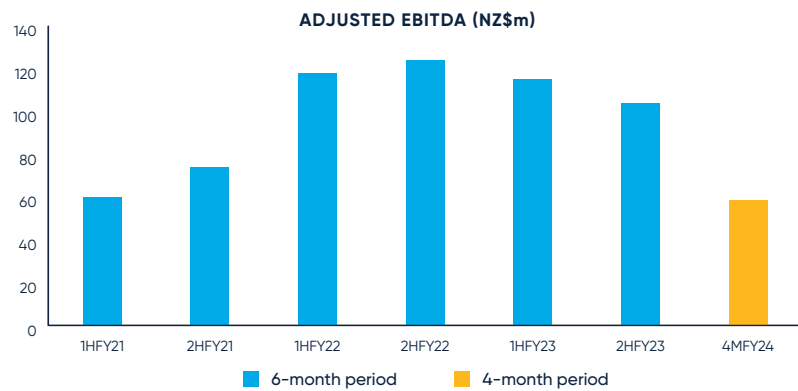
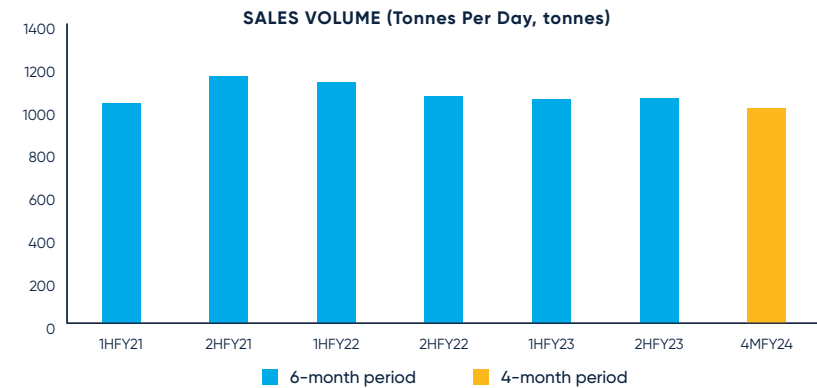
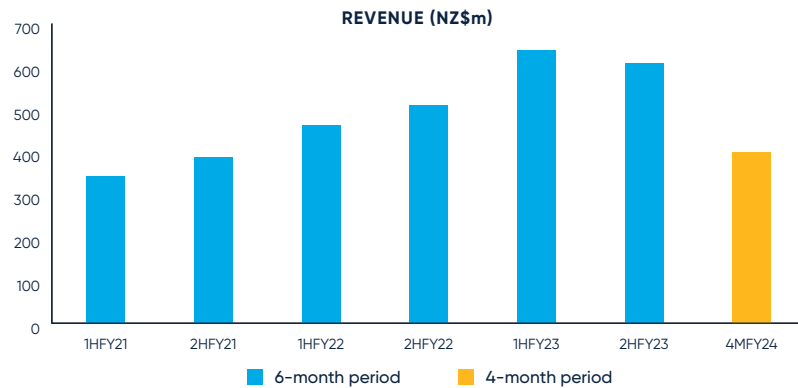
1. 4M FY24: Four months from 1 July to 31 October 2023.

2. Based on unaudited management accounts.

3. The four months from 1 July to 31 October 2022 in the previous corresponding period (4MFY23) included three months of contributions from aluminium following the purchase of Vulcan's aluminium business on 1 August 2022.



Half-yearly volume and financial trends



FY24 Outlook

- Based on the first four months of trading in FY24, sales volumes are showing early signs of stabilising
- High interest rate levels are expected to limit the extent of a recovery
- Trading in New Zealand was variable in the first four months of FY24. The lead activity indicators for New Zealand suggest some recovery in 2H FY24, although this could remain tepid
- In Australia, the outlook for Vulcan's Metals segment remains steady, while the Steel segment will likely continue to be challenging in the near term
- December and January months are seasonally lower sales and volume period due to fewer effective trading days for Vulcan
- Global commodity prices are expected to remain range-bound for a period
- Focusing on productivity to offset the inflation pressure on Vulcan's cost base



04









Q&A

05

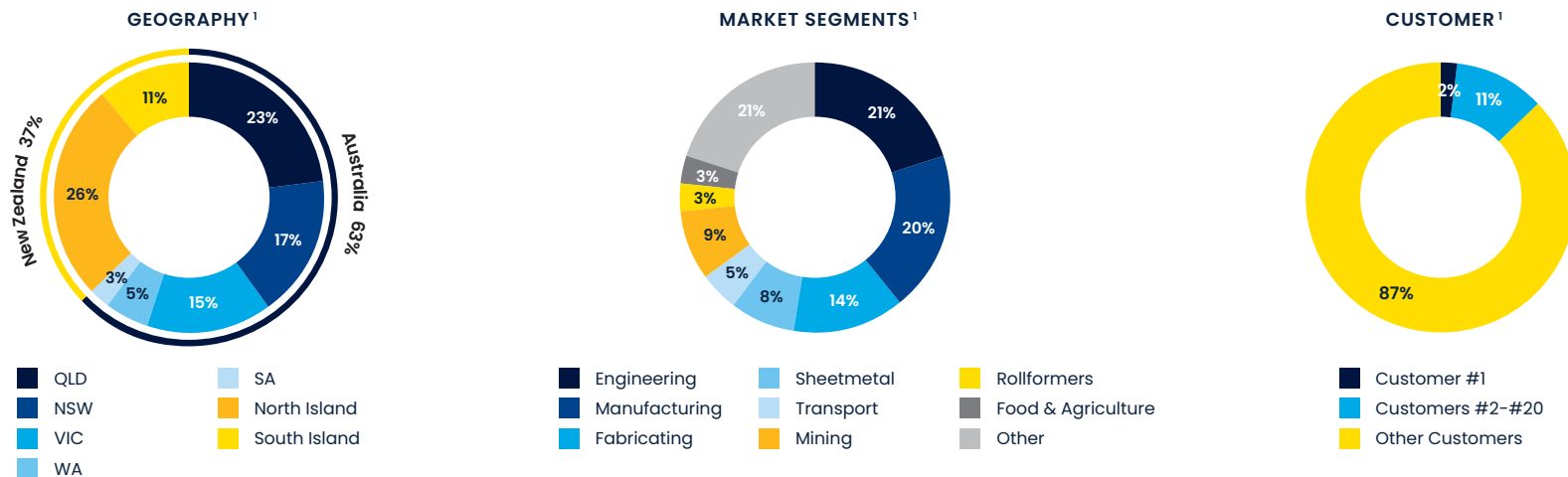
Supplementary Information

Vulcan's business

Vulcan added aluminium to the company's steel & metals distribution and processing services offering in August 2022

STEEL			METALS		
					
Steel Distribution	Plate Processing	Coil Processing	Stainless Steel	Engineering Steels	Aluminium
Distributes steel hollows, merchant products (bars, beams, angles, channels) and unprocessed coil and plate	Processes steel plate to customer specifications (including cutting, drilling, tapping, counter-sinking and folding)	Processes steel coil to customer specifications (including sheeting and slitting)	Distributes stainless steel hollows, bars, fittings and sheets/plate, and processes stainless steel plate	Distributes high performance engineering steel and metal products, and processes engineering steel and metal products	Extrudes and distributes standard and customised products and third party products including sheet, plate and coil products

c. 7,000 monthly active trading accounts (excluding aluminium customers) which operate across a range of end-markets



Vulcan's network

Opportunity to drive more operating leverage from our footprint and scale

70

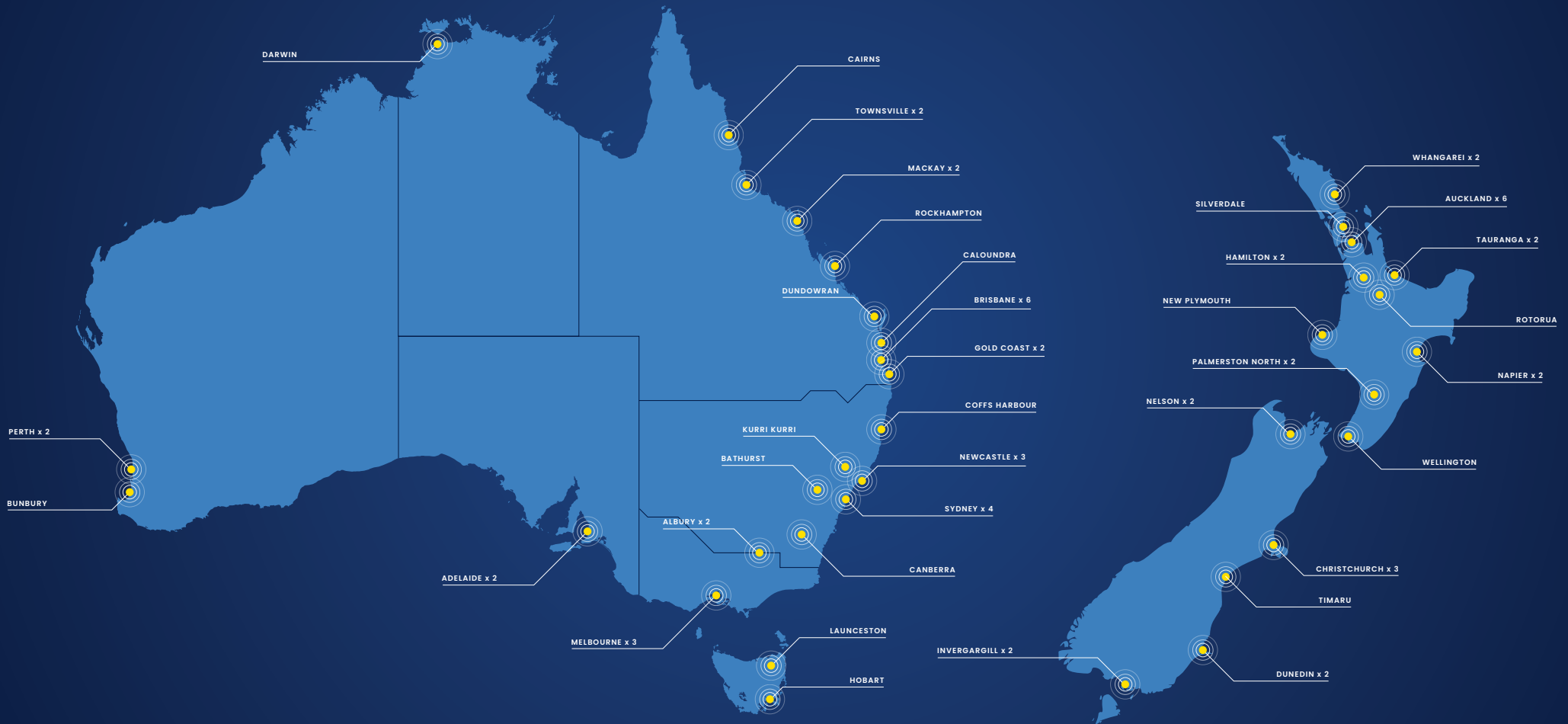
STRATEGICALLY LOCATED SITES¹

1,325

COMPANY EMPLOYEES¹

12k

ACTIVE CUSTOMERS²

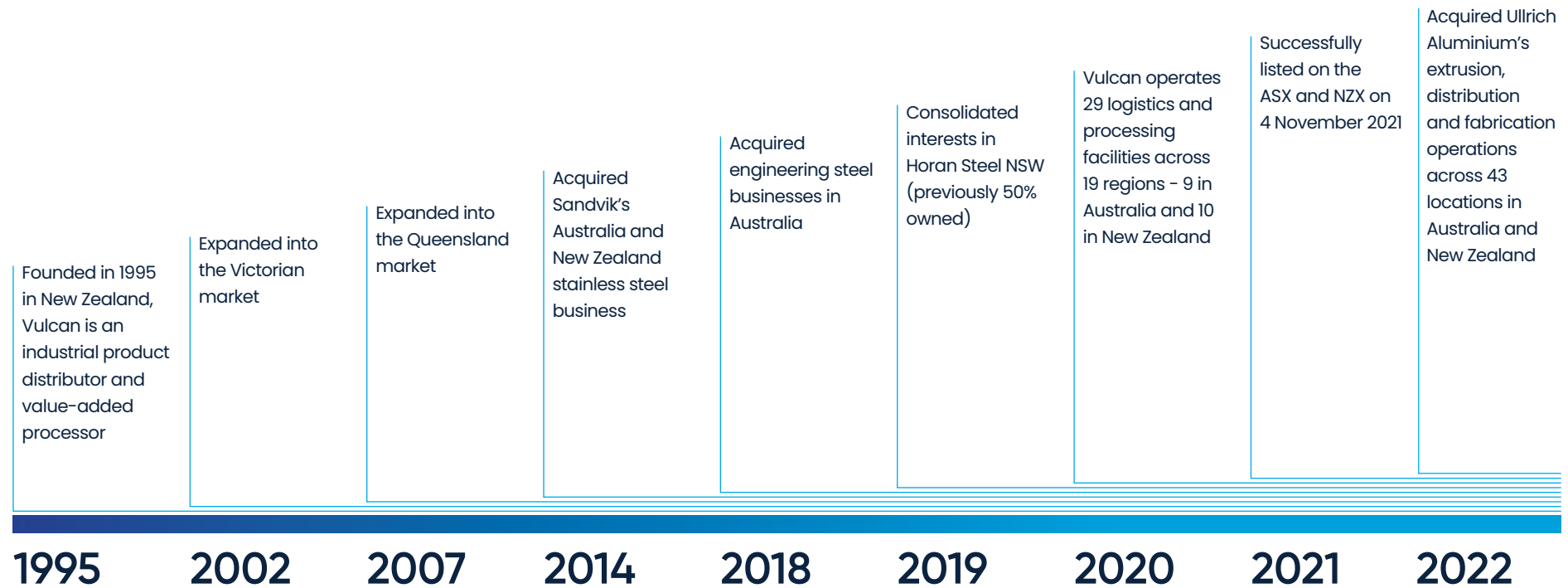


Growth strategy & update

 <h3>Brownfield expansion</h3> <ul style="list-style-type: none"> • Strong track record in brownfield expansions and additional sites identified for future expansion • Focus on new customer wins and increase share of wallet 	 <h3>Entry into new geographies</h3> <ul style="list-style-type: none"> • Expanded into 10 regional markets through greenfield initiatives across Australasia • New opportunities identified to expand footprint within Australasia 	 <h3>Expansion of product and/or service offering</h3> <ul style="list-style-type: none"> • Increasing the breadth and depth of our network offering over time • Successfully introduced and cross-sold two major product categories in the last eight years • Added aluminium products into our offering in FY23 • Considering opportunities in other steel segments 	 <h3>Mergers and Acquisitions</h3> <ul style="list-style-type: none"> • Acquired and successfully integrated 11 businesses since 1995 • Acquired Ullrich Aluminium in August 2022 • Opportunities for further consolidation 	 <h3>Business improvement initiatives</h3> <ul style="list-style-type: none"> • Ongoing focus on productivity gains to offset cost inflation • Further extend hybrid offering to existing and new locations • Ongoing focus on lifting customer engagement and volumes
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Vulcan's history

The journey so far...



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