



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

ASX/NZX/Media Release

13 February 2024

Vulcan Delivers Strong Cashflow in Challenging Conditions, Positioned For Growth

Vulcan Steel Limited (**Vulcan**), an Australasian-wide industrial product distributor and value-added processor has announced its results for the period from 1 July 2023 to 31 December 2023 (**1H FY24**).

- Reported NPAT of NZ\$26m*, down 52% from NZ\$54m in 1H FY23
- Reported EBITDA of NZ\$82m, down 29% from NZ\$115m in 1H FY23
- Adjusted NPAT of NZ\$26m*, down 53% from NZ\$55m in 1H FY23
- Adjusted EBITDA of NZ\$82m, down 30% from NZ\$117m in 1H FY23
- Operating cashflow of NZ\$105m, up NZ\$89m from \$16m in 1H FY23
- 12.0 NZ cents per share interim dividend declared for 1H FY24, to be fully franked and imputed

In million NZ\$ (unless stated)	Post-NZ IFRS 16 ⁴			Pre-NZ IFRS 16 ⁴		
	1H FY24	1H FY23	% Change	1H FY24	1H FY23	% Change
Adjusted EBITDA ^{2,3}	81.8	116.6	-30%	62.0	98.3	-37%
Adjusted NPAT ^{1,3}	26.1	55.4	-53%	28.5	58.2	-51%
Reported EBITDA ²	81.8	115.1	-29%	62.0	96.8	-36%
Reported NPAT ¹	26.1	54.4	-52%	28.5	57.2	-50%
Dividend (NZ cents per share)	12.0	24.5	-51%	12.0	24.5	-51%

1 NPAT - Net Profit After Tax

2 EBITDA - Earnings Before Interest, Tax, Depreciation and Amortisation

3 Adjusted for significant items - 1H FY23: gain on acquisition.

4 NZ IFRS 16 – accounting recognition of right of use assets and corresponding liabilities on leases

Commenting on the results, Vulcan’s Managing Director and CEO, Rhys Jones, said:

“Following a difficult FY23, business conditions remained challenging in 1H FY24, especially in the New Zealand market and the Steel segment in Australia, as previously flagged.

“Higher interest rates continued to impact on business activity and investment appetite. High inflation added to the pressure on business costs.

“Despite these conditions, we delivered a strong operating cashflow performance of NZ\$105m in 1H FY24 by being disciplined on working capital and costs, and with net debt further reduced by \$42m since FY23 to NZ\$298m at the end of December 2023.

“The underlying 4% growth in our customer base in 1H FY24 and progress we have made in our growth programme have been encouraging. We are well-positioned to capitalise on a recovery in the cycle and will continue to invest in the business appropriately for growth.”

*m – million

Outlook

Trading was variable in the first six months of the current financial year, with some weakness observed in the October to December 2023 quarter. However, sales activity is showing early signs of stabilising at current levels. Customer inquiry levels have been increasing in certain segments.

Lead business activity indicators for New Zealand point to an improving outlook for 2024, although the timing and magnitude of a recovery remains uncertain. Our expectation is for New Zealand trading volume to begin to recover from the second or third quarter of the 2024 calendar year.

In Australia, expectations are for Vulcan's Metals segment to remain steady and improve during the 2024 calendar year. Vulcan's Australian Steel segment volume will likely continue to be challenging, especially in Victoria in the near term.

Notwithstanding the economic environment, Vulcan remains focused on growing the company's customer base, maintaining our high service level and improving earnings and returns for shareholders over time.

The company will host a conference call to discuss the 1H FY24 results.

Webcast and conference call details:

Date: Tuesday, 13 February 2024

Start time: 10:45am NZDT, 8:45am AEDT

Webcast: <https://webcast.openbriefing.com/vsl-hyr-2024/>
(listen mode only)

An online archive of the webcast event will be available approximately four hours after the webcast.

Conference call: Conference call participants can register for the call at the link below:

<https://registrations.events/direct/OCP65943>

ENDS

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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 69 logistics and processing facilities employing approximately 1,300 employees across the company's Steel and Metals divisions.

*m – million