

A black and white photograph of a woman wearing a hard hat and a safety vest, smiling. A large black circle with a white play button icon is centered over her face. The background is a blurred industrial setting.

**WE'RE  
TAKING  
CARE OF  
BUSINESS**





# 2021 Annual Shareholders' Meeting

30 September 2021

Steel & Tube was sub-contracted to Eastbridge to supply approximately 4,000 tonne of steel plate and sections used in the construction of the bridges on SH1 between Pūhoi and Warkworth.

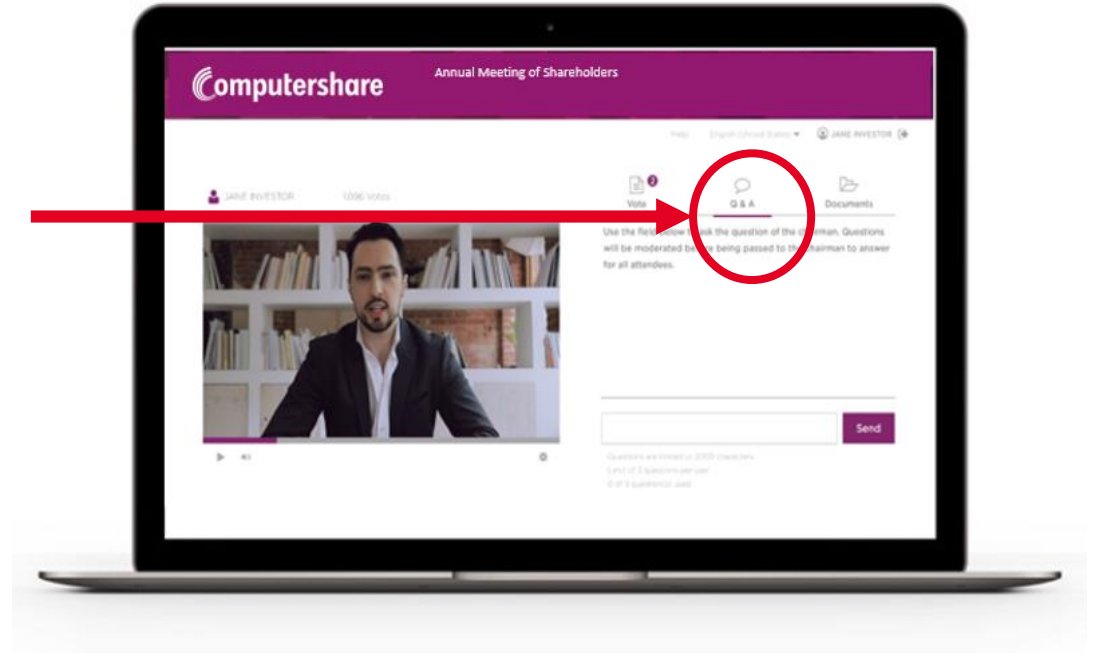


# How to ask questions

## 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.



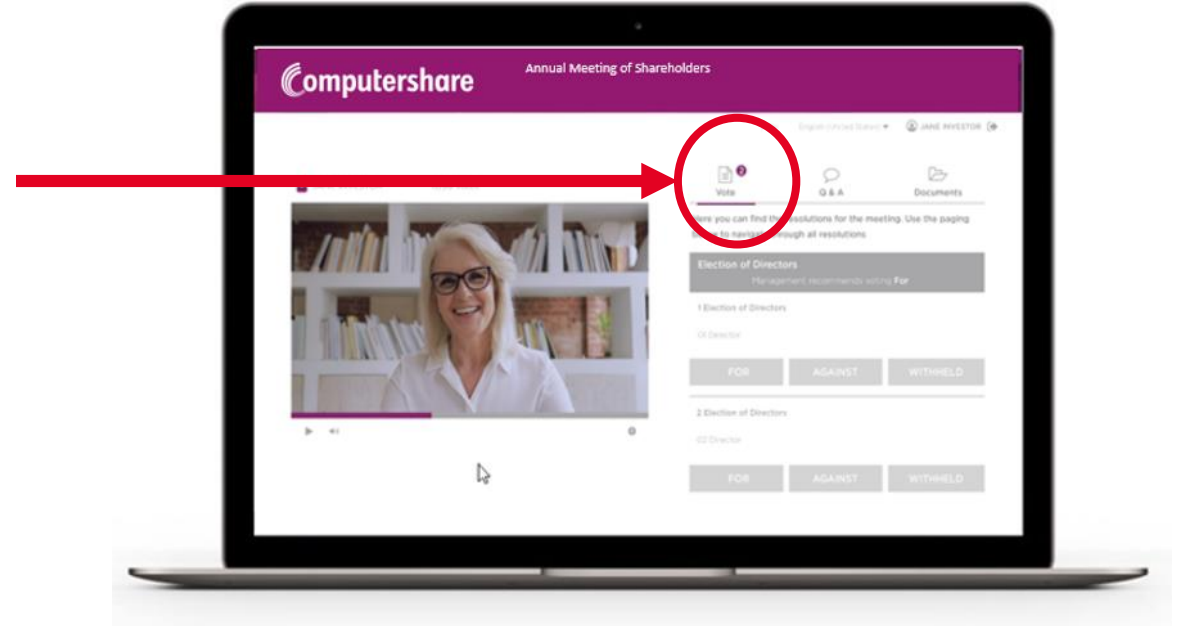
# How to vote

## 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



**Karen Jordan**

Independent Director  
Appointed 10 December 2020



# Agenda

- Chair's Presentation
- CEO's Presentation
- Discussion
- Resolutions
- Other Business



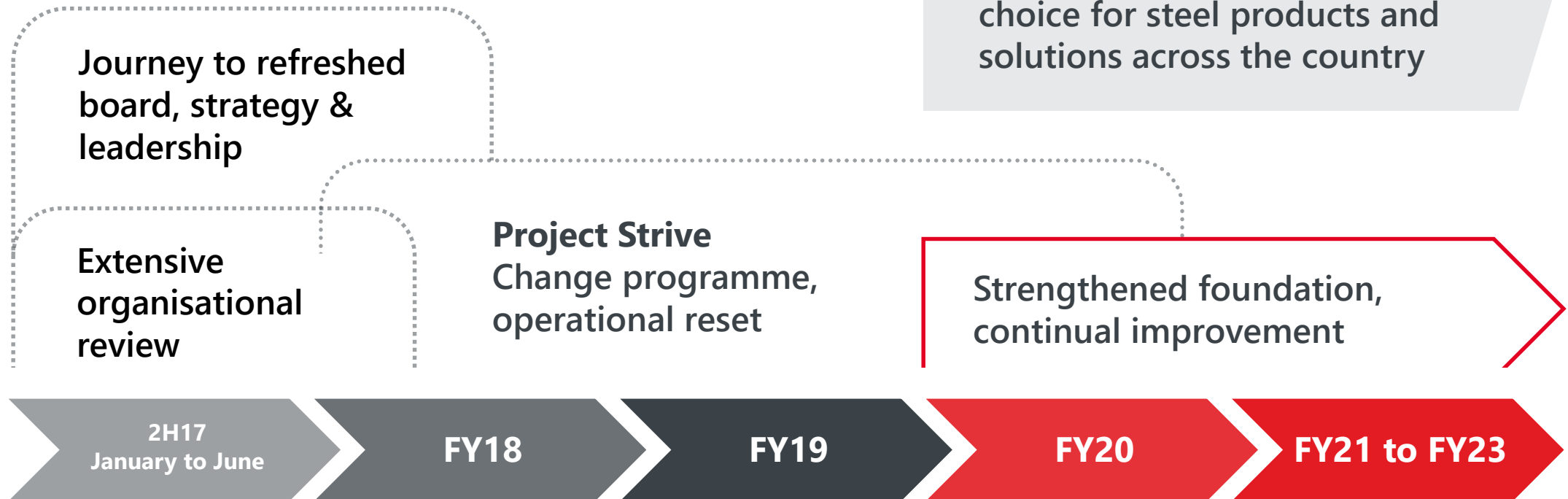


## Steel & Tube is...

- One of New Zealand's leading providers of steel solutions
- A proud New Zealand company, with over 68 years of trading history
- 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

# Our journey

Late-2017: Embarked on an extensive company-wide reset to drive long-term sustainable earnings improvement and rebuild shareholder value. Foundation now laid and moving forward.





# FY21 results at a glance

## Significant and sustainable improvement in results

- Material improvement in earnings
- Increased revenue
- Strong balance sheet with all debt repaid and \$25m net cash
- Resumed dividends

	FY20	FY21	
Revenue	\$417.9m	\$480.0m	↑
EBITDA	\$(37.2)m	\$40.7m	↑
EBIT	\$(57.7)m	\$21.8m	↑
Normalised EBIT	\$0.4m <sup>1</sup>	\$19.0m <sup>1</sup>	↑
NPAT	\$(60.0)m	\$16.1m	↑
Net cash	\$7.4m	\$25.0m	↑
Total dividends	NIL	4.5 CPS	↑

1. FY21 non-trading adjustments of \$(2.8)m includes \$1.6m in IFRS16 lease impairment reversals and \$1.2m gain on sale of properties. Further details included in appendix to this presentation.

# Building a sustainable business



**Customer satisfaction  
score of 34**



**Employee Safety Measure  
TRIFR 1.86**



**Greenhouse Gas  
Emissions Down 9%**



**Digital strategy is intrinsic  
to our business**



**Employee Engagement  
7.4/10**



**Range of quality initiatives  
and certifications**



# Business growth

Growth opportunities are driving gross margin dollar improvement



**Build on  
strong business  
foundation**

**New product  
development  
& innovation**

**Business  
Growth**

# CEO Presentation





# Trading under Covid environment

**Impact of lockdown – substantial drop in revenue while fixed costs remain at same level**

Level  
4

- Distribution business trading limited to essential businesses only
- Infrastructure / manufacturing businesses not able to operate; MBIE exemption for Coloursteel in Auckland from 13 September 2021

Level  
3

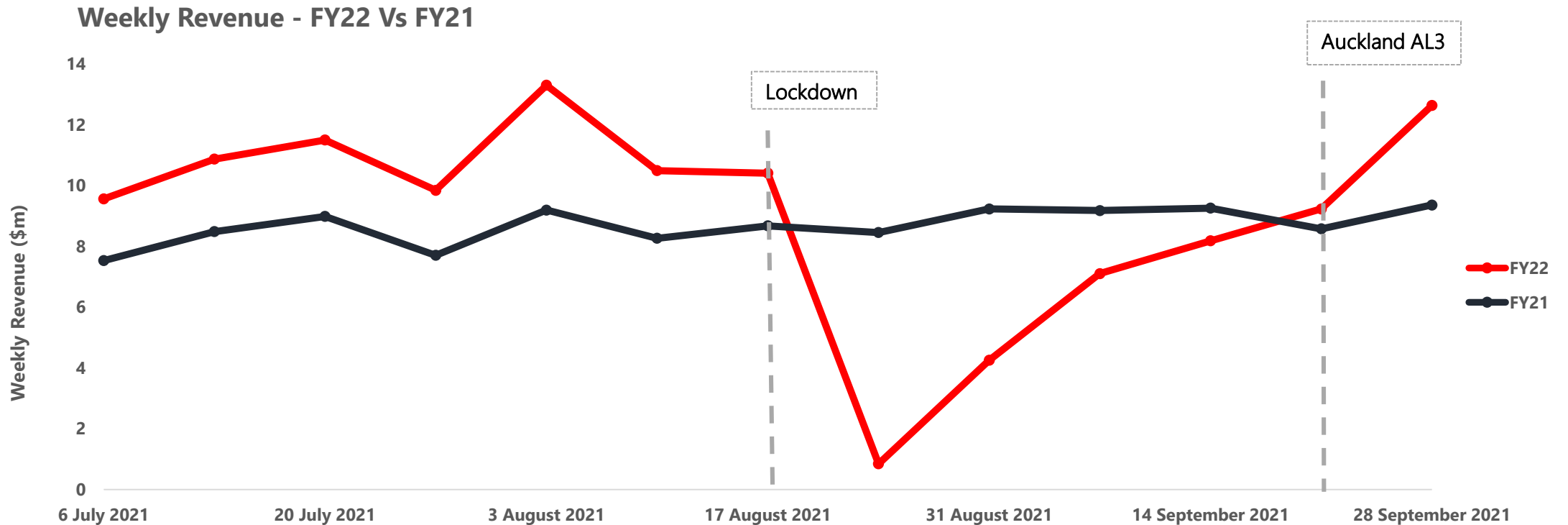
- All facilities open under strict COVID conditions; Work From Home where possible

Level  
2

- All employees allowed back on site, with COVID protocols in place

We are capturing growth post lockdowns and have taken a leadership position on incentivising vaccinations

# Strong trading pre-lockdown; deferred demand will assist recovery



Note weekly sales Wednesday to Tuesday, September not final



# FY21 market conditions

## Headwinds

- Global Covid-19 environment
- Supply chain congestion
- Increasing steel pricing and cost pressures
- Labour constraints, particularly in residential construction
- Manufacturing slower to recover

## Tailwinds

- Boom in residential activity
- Steady increase in infrastructure activity
- Commercial activity picking up
- Manufacturing expanding
- Cost structure and balance sheet reset

## Steel & Tube value

- Distribution footprint and breadth of product
- Infrastructure businesses add point of difference
- Diversification across industry sectors
- Procurement leverage and strong balance sheet
- Cost efficient operations
- Customer focused and sales led with strong digital platform

# **FY21 performance overview**

**Strong result driven  
by delivery on  
strategic initiatives**

## **Benefits of strategic initiatives now becoming clear**

- Volumes and revenues have been rebuilt
- Driving margin improvements
- Improved customer service and delivery
- Significant structural cost reductions – building a resilient underlying business platform
- Optimised working capital and invested in inventory to support customer growth
- Digital initiatives have been embedded and we are now focussed on scaling

## **Positive market backdrop**

- Positive economic activity driving increased demand for steel across a range of sectors

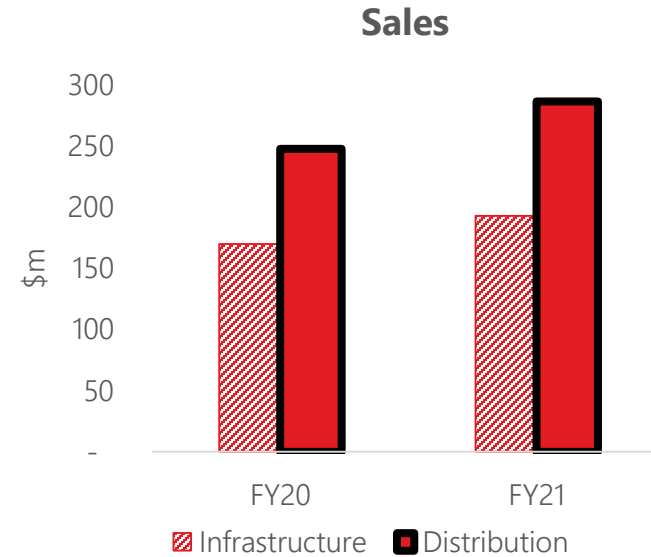
# Division performance

## Distribution

- Strong growth in revenue and earnings
- Gross margin and margin percentage both improved strongly year on year
- Benefits from cost out programme and strategic initiatives

## Infrastructure

- Volumes up versus prior period with gross margin improvements from cost out programme being partially offset with competitive pricing pressure in some areas
- Long pipeline of secured work and increasing volume of tender activity



## Percentage of Group EBIT







# **DISTRIBUTION REPORT**

## **2021 AGM**

# Our digital investment

**Webshop, e-commerce, data analytics, customer management, online training modules, new digital tools to make jobs easier**

- Intrinsic foundation across all areas of the business
- Benefits:
  - Reduction in cost to serve
  - Driving revenue
  - Improving margin
  - Traceability
- Will continue to be an important investment area going forward
- Focus on increased functionality, advanced analytics, automation and integration with our customers



**+628%**

**Online Revenue Growth YoY**



**+5%**

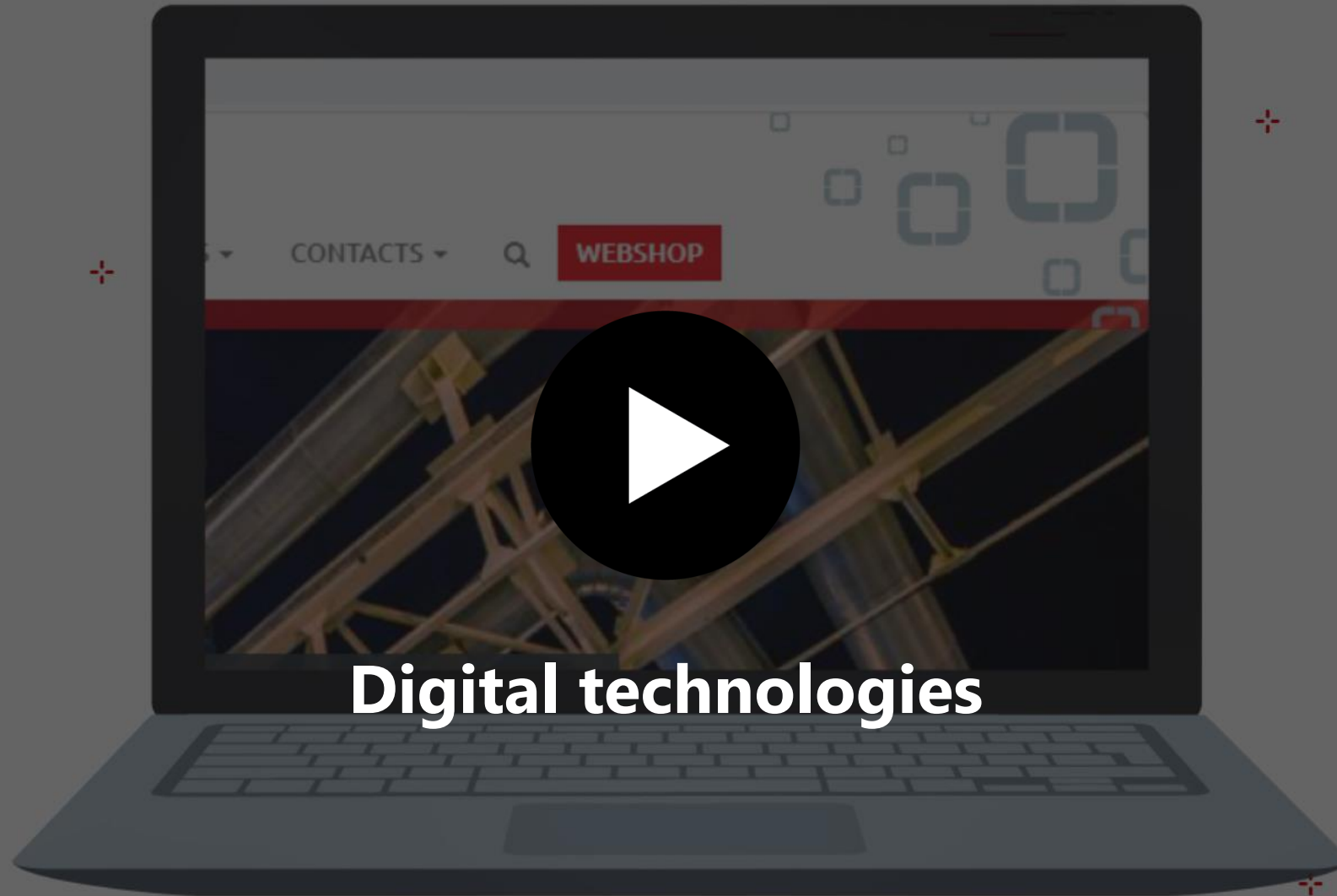
**Average increase in customer revenue as result of online purchasing**



**+505%**

**YoY growth in online customers**









**Moving  
forward**



# Steel & Tube's strengths

- Strong governance and sustainability focus
- Established leadership positions in many categories of the steel market
- Diversity across multiple sectors in the steel market, reducing exposure to any one sector and providing ability to cross-sell to customers
- Streamlined and efficient national network, covering all main regions and towns
- Leading the way in the sector with digital platforms providing efficient access for customers
- Trusted customer partner – reliability, methodology, technical advisory and safety & quality
- Investment in product quality systems including Lloyds Register offshore and domestic steel mill attestation and test certificate verifications
- Strong balance sheet with capacity to invest into organic growth
- People, communities, environment, health, safety and wellbeing are at our core

# Our purpose

**To make life easier for our customers needing steel solutions**

- Providing a one-stop-shop for the most essential steel products – from floor to roof and everywhere in between
- Doing everything we can to make it easy for our customers to do business with us
- Always looking for ways to work smarter
- Using technology and great thinking to pull it all together and enable a better business
- Building one great team right across the Steel & Tube business



# Strategic focus: investment for growth

Growth opportunities driving gross margin dollar improvement

## Build on strong business foundation

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- Continue to build best-in-class customer experience and digital platform
- Drive gross margin dollars
- Continued operational efficiencies
- Investment into IT and enhanced data analytics
- Leverage opportunities to cross sell wide range of products and services

## New product development and innovation

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- Continue to develop differentiated expertise
- Expand the targeted high value product ranges
- Work in partnerships with third parties
- Continue investment in marketing and promotion

## Business growth

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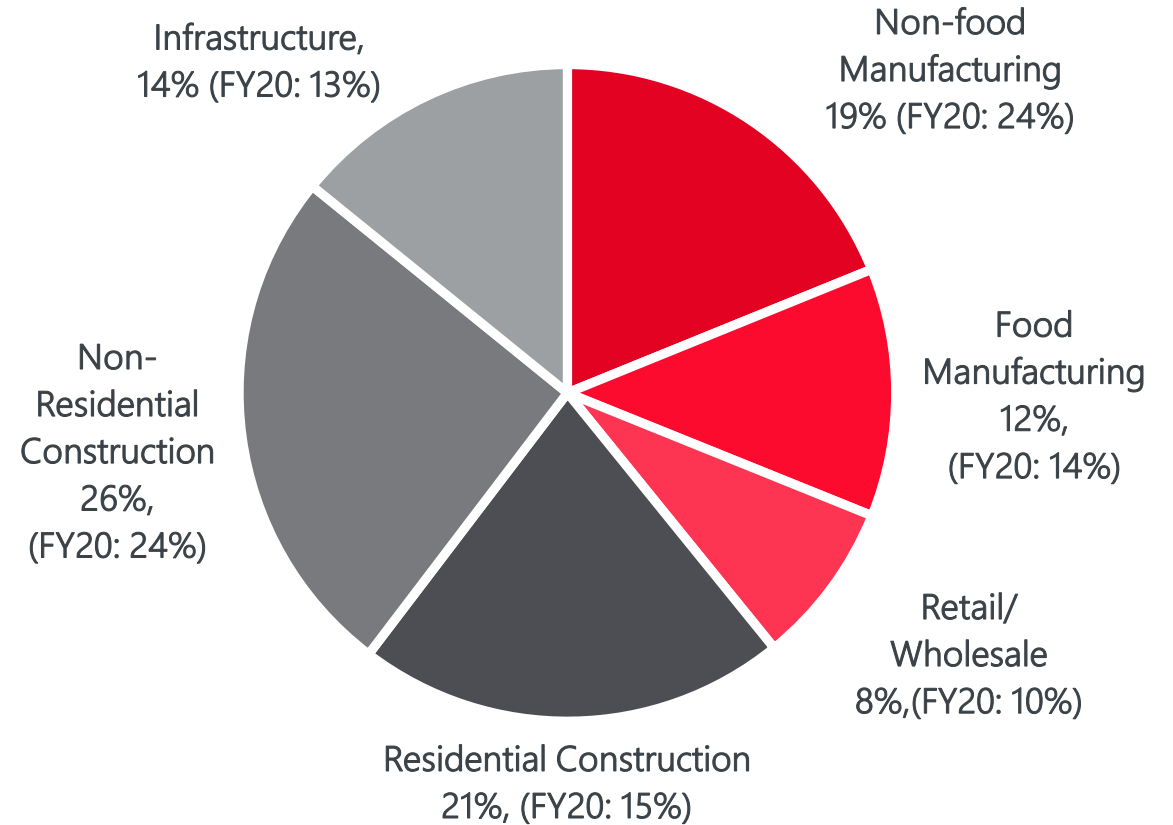
- Primary focus on organic growth
- Continue to consider opportunities in close adjacent sectors

# FY22 market outlook

**Positive market backdrop, cycle expected to be stronger for longer:**

- Residential likely to ease due to expected interest rate rises and supply demand imbalance slowly reducing with borders closed
- Commercial seeing positive uplift in consents and significant increase in tenders coming to the market
- Infrastructure continuing to build due to significant underinvestment
- Expanding manufacturing sector

**Share of FY21 Sales**







**Incentives to get vaccinated**

# FY22 business outlook

## Positive outlook with number of identified opportunities

- Long pipeline of secured contract work in place
- Well positioned to take advantage of identified opportunities in a range of sectors
- Focus remains on continued gross margin dollar improvement, leveraging digital platform, product and sales growth
- Expect continued earnings momentum and dividend flow
- Investigating potential capital management activities





**Working at Steel & Tube**



# Shareholder discussion



# Resolutions

# Resolutions

## **Resolution 1: Auditor's appointment and remuneration**

That KPMG be appointed as auditor of the Company and the Directors be authorised to fix the auditor's remuneration.

## **Resolution 2: Re-election of Susan Paterson**

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

## **Resolution 3: Election of Karen Jordan**

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



# Other business Close of meeting

