



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

ASX and NZX release

8 November 2023

2023 Annual meeting of shareholders – Chair and MD/CEO addresses

Attached are the following documents in connection with Vulcan Steel Limited's (**Vulcan**) 2023 annual meeting of shareholders (**Annual Meeting**) to be held today (Wednesday, 8 November 2023) at 11:00am NZT (9:00am AEDT):

- address from the Chair of the Board of Directors, Russell Chenu;
- address from the Managing Director and Chief Executive Officer, Rhys Jones; and
- presentation.

As previously notified, Vulcan's Annual Meeting is a hybrid meeting, allowing shareholders to attend in person (at Eden Park in Auckland, New Zealand) or virtually via an online portal.

Information about the Annual Meeting is also available at
<https://investors.vulcan.co/investor-centre/?page=annual-meetings-of-shareholders>

ENDS

Kar Yue Yeo

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This announcement was authorised by Vulcan's Chair of the Board.

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.

Address from the Chair of the Board of Directors, Russell Chenu

Ladies and Gentlemen, fellow Shareholders.

FY2023 has been a year of both challenge and opportunity for your company. Opportunity, with the acquisition of Ullrich Aluminium, which we completed in August last year. And challenge, with the softening of demand that we experienced in both Australia and New Zealand during the year. Increasing inflation and higher interest rates adversely impacted business and consumer confidence, especially in New Zealand.

Financial Performance

It is pleasing to report that Vulcan achieved record revenue in FY2023. This included an eleven-month contribution from Ullrich Aluminium. However, earnings were lower in FY2023 than in the prior year.

A highlight of the year was the very strong cash flow performance, with operating cash flow driven by disciplined working capital management. This strong cash flow performance enabled us to reduce net borrowings during the year. Following the purchase of Ullrich, net borrowings peaked at NZ\$435 million during the year. By the end of June this year, we had reduced net debt to NZD340 million, a reduction of NZ\$95 million from the peak.

We continue to maintain a strong financial position with unutilised borrowing facilities of NZ\$100 million available to us at the end of June this year.

Rhys will comment further on FY2023 results in his presentation.

Dividend

We declared dividends of NZD0.55 per share for FY2023. The dividend amounts to NZD72 million, which represents 76% of net profit after tax.

The FY2023 dividend for the year was 76% imputed for New Zealand shareholders and 100% franked for Australian shareholders.

Board

In September we announced the appointment of Nicola Greer as a director of the company. We welcome Nicola to the board and her election is one of the resolutions for this meeting. Nicola's appointment reinstates a majority of independent directors on the board.

I would like to thank all directors for their contribution during the year as we continue our journey of transition from a private to a listed company. Both the Audit and Risk Committee and the People and Remuneration Committee made significant progress on governance during the year, and we are indebted to Carolyn Steele and Bart de Haan respectively, for their chairmanship of those committees.

In September this year, Vulcan was admitted to the ASX300 Index and the NZX MidCap Index. We want to take a moment to acknowledge these milestones today as they are recognition of the collective contribution of our employees to the successes achieved by your company.

Address from the Chair of the Board of Directors, Russell Chenu

Sustainability

We are committed to reducing our environmental footprint over time. As a value-added processor and distributor of metal products, we are pursuing incremental and ongoing improvement to our emissions level. In FY2023, the acquisition of our aluminum business during the year contributed 5,536 tonnes to our overall emissions level. Scope 1 and 2 greenhouse gas emissions for pre-existing businesses was 737 tonnes lower in FY2023 at 8,427 tonnes compared with 9,164 tonnes in FY2022, a reduction of 8%.

Outlook

Vulcan demonstrated considerable resilience in FY2023. Our people continue to execute with their renowned commitment to customer service. Economic corrections often provide quality businesses with a strong balance sheet with opportunities to enhance their business model and improve their relative market position. The Board believes this may be such a time, notwithstanding current headwinds, we believe that in the medium term, our commitment to our business strategies will deliver a stronger, more prosperous company.

On behalf of your Board, I would like to thank all of our employees for their commitment, our customers for their trust in our company, and you our shareholders for your ongoing support.

I will now ask Rhys to make his CEO presentation.

Address from the Managing Director and Chief Executive Officer, Rhys Jones

Thank you, Russell, and welcome everyone to Vulcan Steel's 2023 Annual Shareholder Meeting.

Summary of FY2023 Performance

The past year has been volatile and challenging with global inflation and rapidly rising interest rates impacting all of our key markets. Despite this difficult economic environment Vulcan Steel's financial performance produced a number of highlights in a period in which a major acquisition was completed.

Our business generated \$145m of operating cash flow from an EBITDA of \$219m as supply chains normalised and working capital was reduced. The EBITDA of \$219m on sales revenue of \$1,245 million represented a return on sales of 17.6% while return on capital employed was 21%. Excluding the impact of lease accounting standard or IFRS 16, our return on capital employed was 32% in FY2023. This is a key performance metric and incentive hurdle for the leaders in our business.

A net profit after tax of \$95m was achieved, while the net debt to EBITDA cover was comfortably within target at 1.85x at the end of the financial year after the successful integration of Ullrich Aluminium. We are pleased with the contribution from our aluminium business in the 11 months under Vulcan's ownership in FY2023.

Vulcan Steel's Business

One of the highlights this past year was the NZ\$169 million acquisition of Ullrich Aluminium. This NZ\$300 million trans-Tasman aluminium distributor is a strong fit culturally and strategically with the existing business. The Vulcan value proposition of providing high stock availability and delivery in full on time is a strong cultural fit with aluminium which has ensured the retention of customers during a period of significant change. The aluminium unit has much potential to grow and improve in all aspects of its operational and financial performance.

The addition of aluminium has further diversified Vulcan Steel's customer base and increased the number of monthly active trading customers by 80% excluding accounts that overlap with pre-existing business. The Metals division now includes aluminium, engineering steels and stainless steel. The combined revenue of this division is now similar to the steel division which consists of distribution, coil and plate processing. This deliberate strategy of product, customer and geographic diversification will enhance the reliability of earnings.

Vulcan Steel's Network

The Ullrich acquisition has significantly increased the footprint of Vulcan across Australasia. The number of sites has increased from 29 to 70 in the past year. The aluminium network operates in many regional cities and towns where Vulcan did not previously have a presence.

Address from the Managing Director and Chief Executive Officer, Rhys Jones

The opportunity to cross sell complementary products to aluminium from this expanded network is significant. Sites which sell more than one product type are called hybrid units. For example a unit which sells both aluminium and stainless steel. A number of hybrid sites are being created primarily in the aluminium branch network. This hybrid branch strategy provides greater service and product availability to our customers whilst reducing unit costs. This strategy enables customers of different divisions to buy seamlessly through one point of contact. The Vulcan IT system is a critical plank in enabling the business model to be rolled out rapidly in a newly acquired division.

Growth Strategy

The core principle or criteria behind Vulcan Steel's growth strategy is that it must add value to the customer and Vulcan's shareholders. Careful consideration is also paid to ensuring readily accessible synergies are present.

Brownfield expansions of existing sites or winning new customers or a greater share of an existing customer's spend are a core growth strategy. This is particularly important in a challenging economic environment. Similarly, greenfield entry into new geographies is another low-risk growth strategy particularly when the hybrid strategy described previously is employed. A number of greenfield sites have been identified and sequenced for implementation. The hybrid roll out will progressively gain traction over the coming two years.

The growth strategy of further expanding the product range or service offered has been successful over the past nine years. Metals – aluminium, engineered steels and stainless steel- has grown from nil revenue to over \$600 million per year with approximately 20% EBITDA margin. This strategy involves considering opportunities in other steel and metal market segments in which Vulcan does not presently operate, but are complementary to the existing business divisions.

Mergers or acquisitions of businesses that operate in our existing portfolio which offer consolidation or geographic diversification are also being identified. These opportunities are regularly considered.

FY2024 Priorities

The priorities for the coming year include:

1. ensuring that Vulcan's customer service mindset and culture are embedded in the aluminium business.
2. that the planned hybrid roll out in five locations by June 2024 is implemented to a consistently high standard
3. that the ongoing focus of offsetting inflationary pressures through productivity improvements and cost reduction is effective and complementary to a culture of personal accountability and ownership.
4. explore other complementary product platforms and adjacencies.

Address from the Managing Director and Chief Executive Officer, Rhys Jones

Health and Safety, Employee and Community Initiatives

Health and safety are paramount given our employees are handling heavy metal products daily. We are committed to providing a safe and healthy work environment. We continue to focus on increasing awareness through ongoing risk education and training as well as the use of technology to reduce injury frequency rate over time.

To help our employees achieve their maximum potential, we have established our internal development programme and supplement this with external courses where appropriate. We provide workplace and personal support to our employees and their immediate family in assisting with work and personal challenges.

We believe in giving back to and supporting the communities that support us and our people. Our philosophy around community support is that wherever possible, we are actively involved and ensure that our support goes directly where it is needed – ideally directly to individuals. We are especially proud of how our employees came together to reach out through their personal and work network to victims of New Zealand’s devastating floods in February 2023. We donated a total of \$85,000 directly to individuals in the community to support them and their families in the immediate aftermath of Cyclone Gabrielle.

Trading Update for the first four months of FY2024

The weak international economic environment has resulted in lower metal product prices while domestic demand across Australasia is weaker than the comparable period last year. This has resulted in revenue declining by 9%.

The EBITDA year to date is lower by 29% due to lower volume, reduced revenue per tonne and increased operational costs due to inflation.

The volume in Australia was stable in the first four months of FY2024 compared to the second half year of FY2023 while New Zealand volume was lower for the comparable period.

Volumes in New Zealand in October were adversely impacted by the general election.

Outlook Statement

The volume outlook appears to be stabilising with a potentially gradual improvement in the first half of next calendar year. The ongoing impact of high interest rates are expected to limit the extent of any significant recovery well into next year.

Lead activity indicators for New Zealand are showing some improvement in 2H FY2024. However, the outlook for Australia appears to be weakening.

Address from the Managing Director and Chief Executive Officer, Rhys Jones

Conclusion

The past year has been successful, but the macro-economic outlook appears challenging in the year ahead due to ongoing economic and geopolitical uncertainties as well as inflation pressure on operating costs. Despite the tough environment there are a number of opportunities to position Vulcan to grow strongly now and in future years. Thank you.



VULCAN.

ANNUAL MEETING OF SHAREHOLDERS

8 NOVEMBER 2023

Welcome

As we collaborate with our new colleagues in aluminium, we are forging new pathways for growth. Our principles dedicated to improvement and ambition guide us at every step.

Economic ups and downs will not sway our motivation or determine our direction. We see challenges as opportunities to strengthen our resilience.

Years from now, we at Vulcan aim to reflect on this time, recognising it as another waypoint in our company's journey to create continued value for all stakeholders.

WE INVITE YOU TO JOIN US ON THIS JOURNEY ►

Agenda

01 / SHORT VIDEO

02 / CHAIR ADDRESS

03 / MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER ADDRESS

04 / Q&A

05 / RESOLUTIONS FOR APPROVAL

06 / VOTING

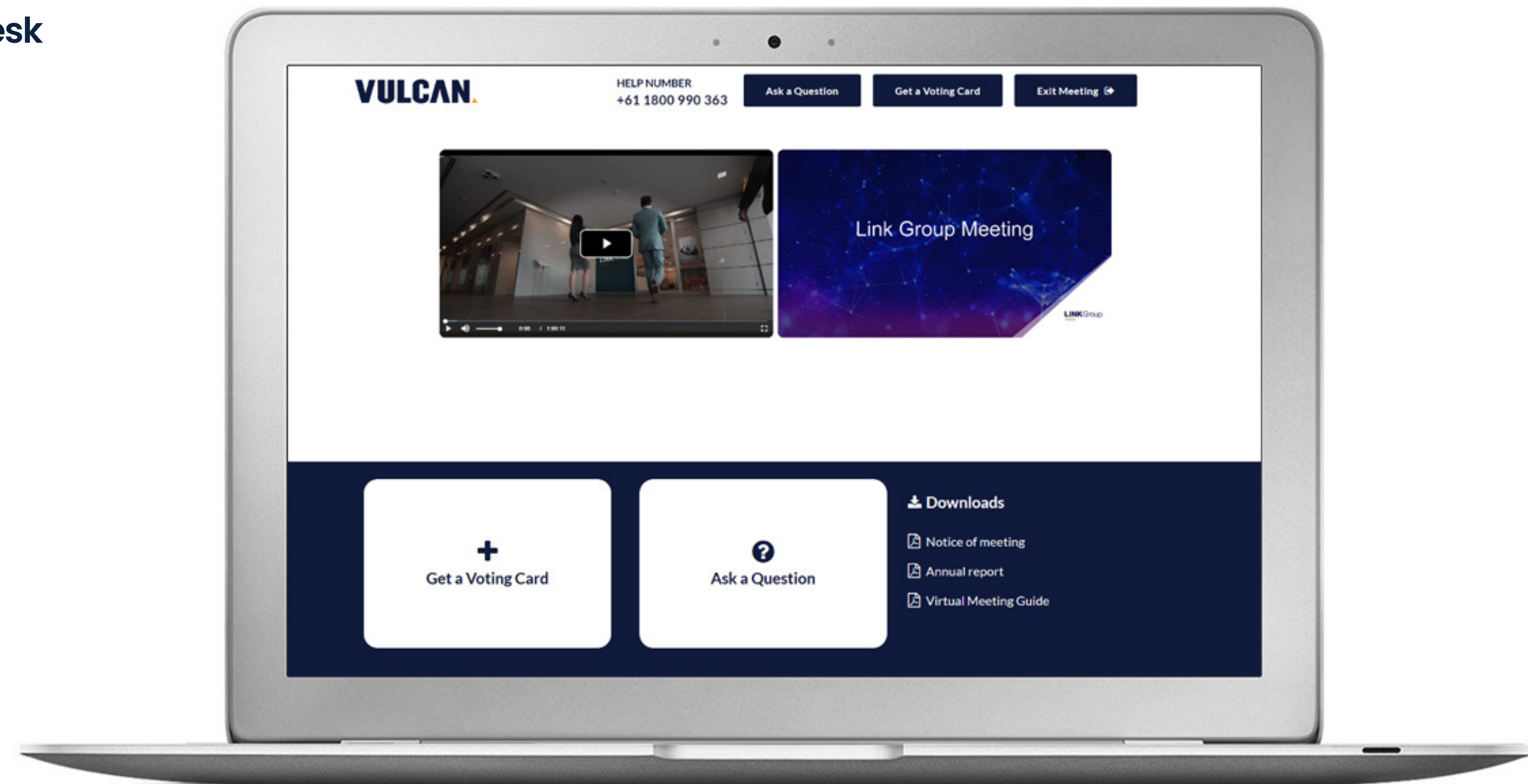
07 / GENERAL BUSINESS

Voting and asking questions

Link Market Services helpdesk

New Zealand – 0800 200 220

Australia – 1800 990 363



Your Board of Directors



Russell Chenu

CHAIR AND INDEPENDENT
NON-EXECUTIVE DIRECTOR



Rhys Jones

MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER



Adrian Casey

EXECUTIVE DIRECTOR AND
CHIEF OPERATING OFFICER



Wayne Boyd

NON-EXECUTIVE DIRECTOR



Carolyn Steele

INDEPENDENT NON-EXECUTIVE DIRECTOR



Bart de Haan

INDEPENDENT NON-EXECUTIVE DIRECTOR



Nicola Greer

INDEPENDENT NON-EXECUTIVE DIRECTOR

Your Leadership Team



Rhys Jones

MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER



Adrian Casey

CHIEF OPERATING OFFICER



Kar Yue Yeo

CHIEF FINANCIAL OFFICER



James Wells

CHIEF INFORMATION OFFICER



Helene Deschamps

LEADERSHIP DEVELOPMENT



Matthew Lee

AUSTRALIAN LEADER



Bradley Childs

AUSTRALIAN LEADER



Ken Collin

AUSTRALIAN LEADER



Richard Love

AUSTRALIAN LEADER



Sarah-Jane Lawson

COMPANY SECRETARY

01

Video

Melbourne Distribution



Agenda

01 / SHORT VIDEO

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04 / Q&A

05 / RESOLUTIONS FOR APPROVAL

06 / VOTING

07 / GENERAL BUSINESS

02

Chair Address

Russell Chenu



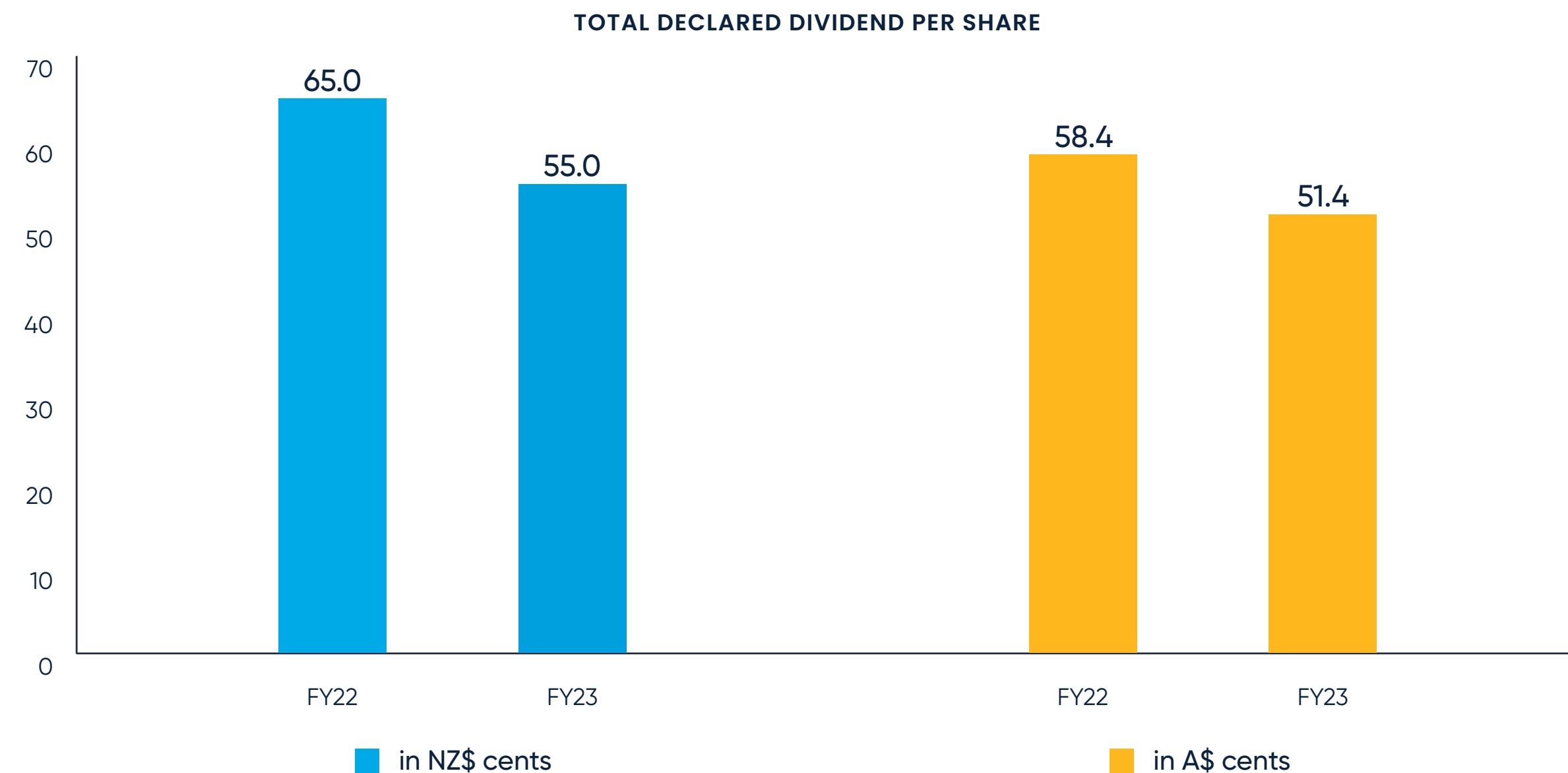
Chair Address

- A good FY23 performance considering operating conditions
- Further executed on our growth strategy with the integration of systems for our aluminium business now completed
- Board update



FY23 Dividend of 55 NZ cents per share

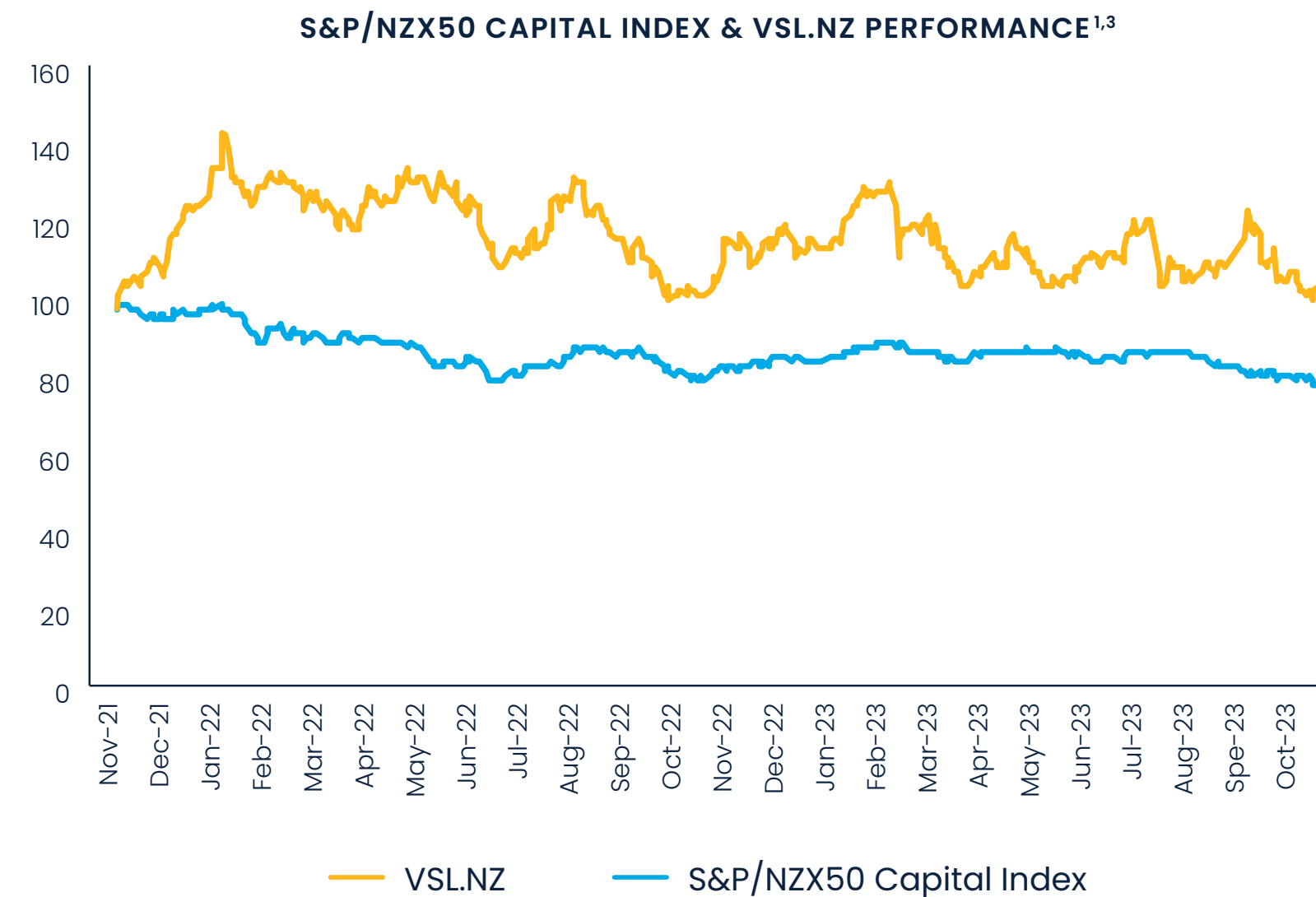
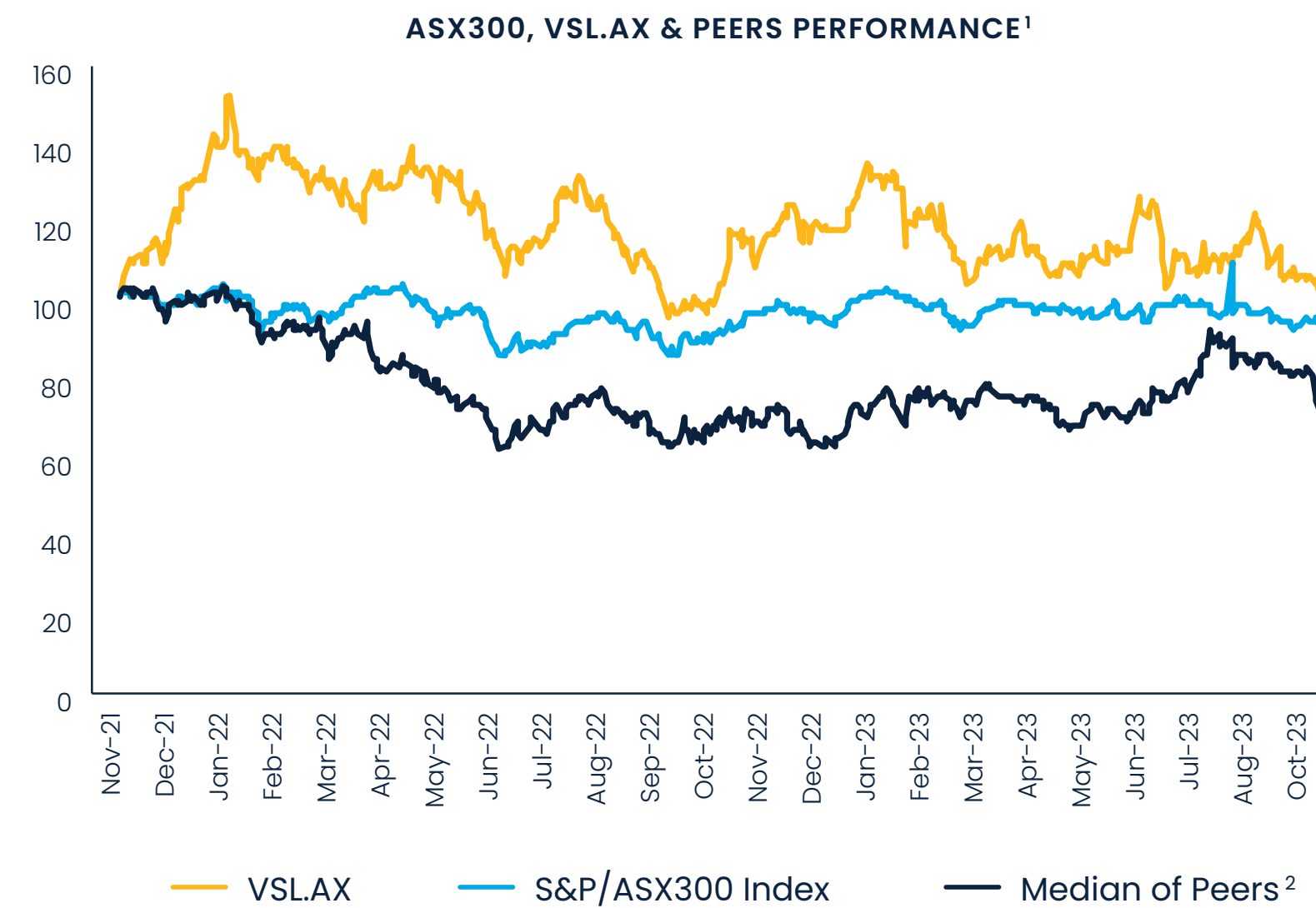
- Vulcan's declared dividend of NZ\$72m for FY23 represented a 76% payout on the company's NZ\$95m net profit after tax (adjusted for significant items)
- The company has a current target payout ratio of 60–80% of NPAT (adjusted for significant items)
- For New Zealand shareholders, the overall imputation was 76% for FY23 dividends compared with 91% in FY22
- For Australian shareholders, the FY23 dividends were fully franked compared with 65% for dividends in FY22



Vulcan's share price performance

VSL relative share price performance

- -2% vs S&P/ASX300 and -2% vs peers in the last twelve months
- +11% vs S&P/ASX300 and +30% vs peers since IPO
- + 5% vs S&P/NZX50 Capital Index in the last twelve months
- +28% vs S&P/NZX50 Capital Index since IPO



1. Data based on closing prices as at 1 November 2023.

2. Company share prices included in Median of Peer performance: AdBri, Bapcor, Bluescope, Boral, CSR, Fletcher Building, GUD, GWA, James Hardie, Reliance Worldwide and Steel & Tube.

3. VSLNZ gross return including dividends was 9% vs S&P NZX50 Gross Index in the last twelve months and +39% vs S&P/NZX50 Gross Index since IPO.

Vulcan's environment and sustainability update

Environment

- Scope 1 and 2 greenhouse gas (GHG) emissions for pre-existing businesses was 737 tonnes lower in FY23 at 8,427 tonnes compared with 9,164 tonnes in FY22
- Total Group Scope 1 and 2 GHG emission was 13,963 tonnes in FY23 including 5,536 tonnes from our aluminium business acquired in August 2022



Monitoring supplier progress in green steel



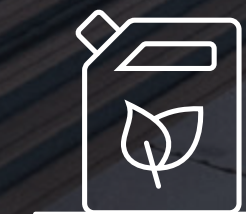
Shifting to hybrid cars



Continued our electric truck trial which we commenced in 2022



Ongoing solar rollout at targeted sites



The introduction of biofuel use, where available, over time

03

MD & CEO Address

Rhys Jones



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

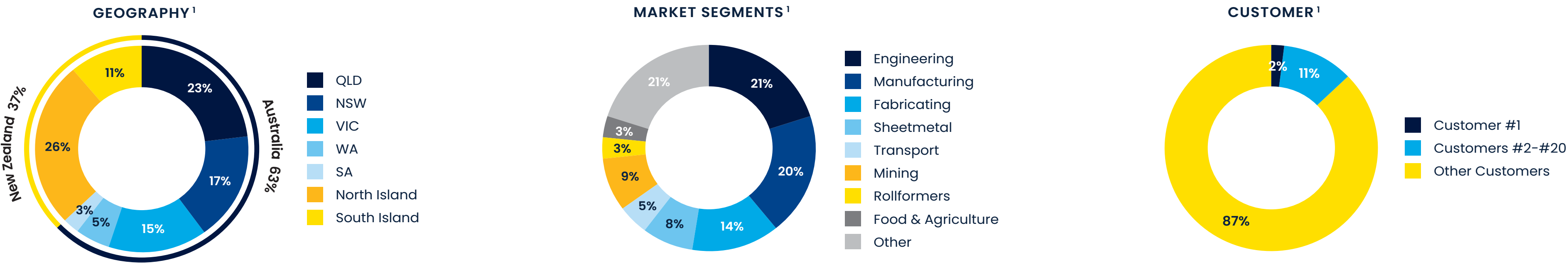
1. ROCE – Return on Capital Employed. 2. m – millions. 3. EBITDA – Earnings before interests, tax, depreciation and amortisation. 4. NPAT – Net profit after tax. 5. Cash Conversion: (EBITDA – lease payments – capital expenditure)/(EBITDA – lease payments)
6. Debt cover: Net debt to pre-IFRS 16 EBITDA.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

Vulcan's business

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



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



1. Based on FY23 data, and excluding aluminium customers.

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 and update



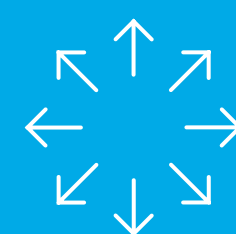
Brownfield expansion

- Strong track record in brownfield expansions and additional sites identified for future expansion
- Focus on new customer wins and increase share of wallet



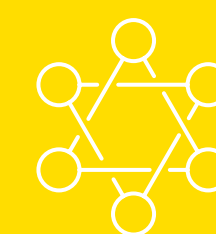
Entry into new geographies

- Expanded into 10 regional markets through greenfield initiatives across Australasia
- New opportunities identified to expand footprint within Australasia



Expansion of product and/or service offering

- 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



Mergers and Acquisitions

- Acquired and successfully integrated 11 businesses since 1995
- Acquired Ullrich Aluminium in August 2022
- Opportunities for further consolidation



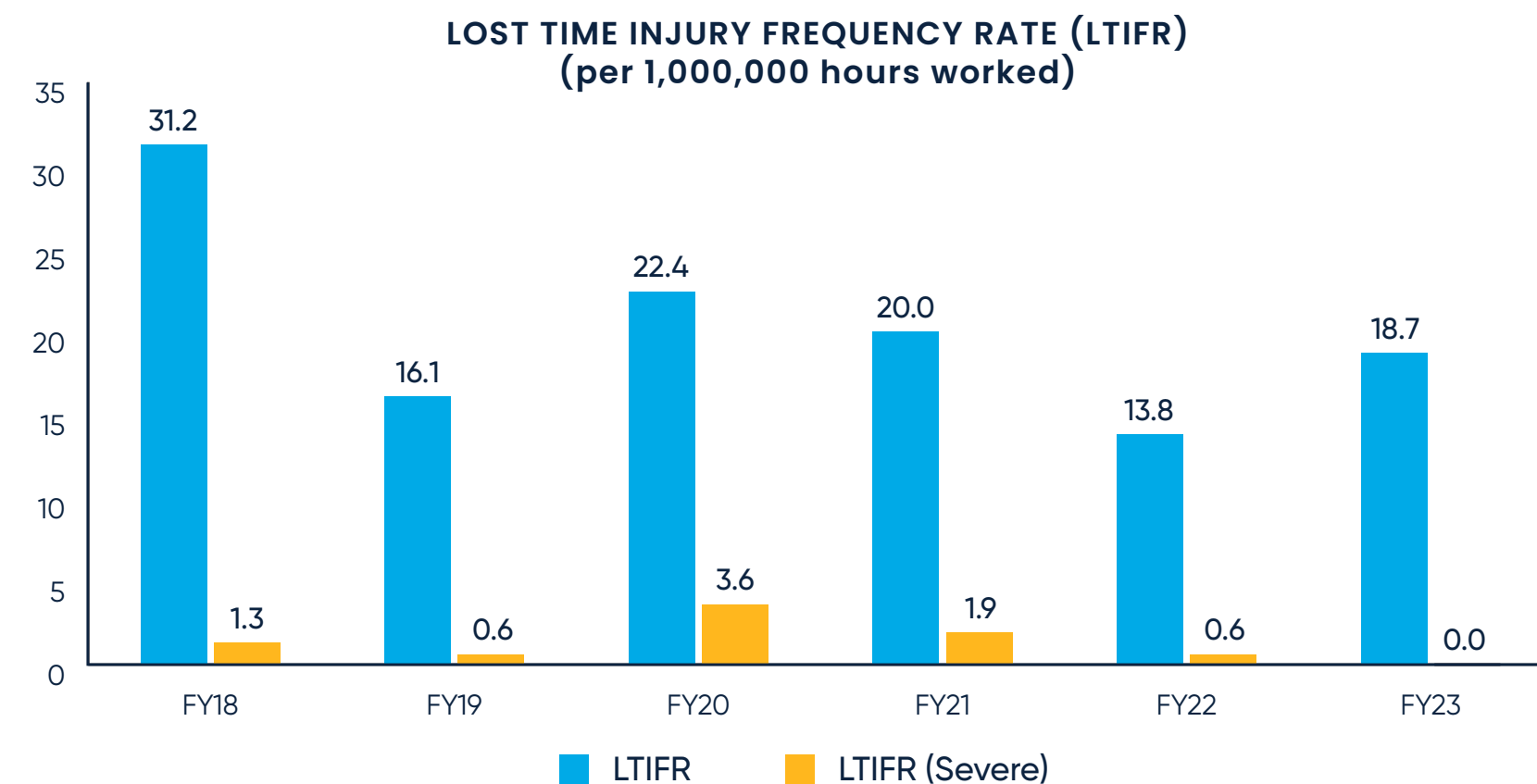
Business improvement initiatives

- 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

Vulcan's health and safety & community update

Health and safety

- Committed to providing a safe and healthy work environment
- Trialling artificial intelligence assisted technology to mitigate high risk events across a range of workspaces



Community and Social

- Support to local community organisations – Halberg Youth Council, New Zealand Dance Company, Auckland Rescue Helicopter Trust, Arts Centre Melbourne
- Direct donations to individuals and their families to support them in the immediate aftermath of Cyclone Gabrielle in New Zealand in February 2023
- Workplace and personal support to all employees and immediate family



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 post International Financial Reporting Standards 16.
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.



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

Resolutions for approval



Resolution 1 – Auditor’s remuneration

- That the Board of Vulcan is authorised to fix the fees and expenses of Deloitte Limited (New Zealand), as Vulcan’s auditor, for the financial year ending 30 June 2024
- Proxies received:

For – 39,984,406 shares (30.4275%)
Open/Undirected – 2,298,912 shares (1.7494%)
Against – 52,920 shares (0.0403%)
Abstain – 4,303 shares (0.0033%)
TOTAL – 42,340,541 shares of 131,408,572 shares (32.2205%)

Deloitte.



Resolution 2 – Election of Nicola Greer

- That Nicola Greer, who was appointed as a director of Vulcan by the Board from 5 September 2023, be elected as a director of Vulcan
- Proxies received:

For	– 40,029,040 shares (30.4615%)
Open/Undirected	– 2,301,490 shares (1.7514%)
Against	– 2,996 shares (0.0023%)
Abstain	– 7,015 shares (0.0053%)
TOTAL	– 42,340,541 shares of 131,408,572 shares (32.2205%)



Resolution 3 – Re-election of Bart de Haan

- That Bart de Haan, who retires as a director of Vulcan by rotation and is eligible for re-election, is re-elected as a director of Vulcan
- Proxies received:

For	– 39,816,516 shares (30.2998%)
Open/Undirected	– 2,299,840 shares (1.7501%)
Against	– 220,930 shares (0.1681%)
Abstain	– 3,255 shares (0.0025%)
TOTAL	– 42,340,541 shares of 131,408,572 shares (32.2205%)



Resolution 4 – Grant of performance share rights to Rhys Jones as MD and CEO

- That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 229,798 performance share rights to Vulcan’s Managing Director and Chief Executive Officer, Rhys Jones, under Vulcan’s FY24 Long-Term Incentive Plan and on the terms and conditions set out in the Explanatory Notes be approved
- Proxies received:

For	– 40,676,630 shares (30.9543%)
Open/Undirected	– 1,133,844 shares (0.8628%)
Against	– 443,543 shares (0.3375%)
Abstain	– 86,524 shares (0.0658%)
TOTAL	– 42,340,541 shares of 131,408,572 shares (32.2205%)



Resolution 5 – Grant of performance share rights to Adrian Casey as COO

- That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 91,217 performance share rights to Vulcan’s Chief Operating Officer, Adrian Casey, under Vulcan’s FY24 Long-Term Incentive Plan and on the terms and conditions set out in the Explanatory Notes be approved
- Proxies received:

For	– 40,678,837 shares (30.9560%)
Open/Undirected	– 1,131,438 shares (0.8610%)
Against	– 443,543 shares (0.3375%)
Abstain	– 86,723 shares (0.0660%)
TOTAL	– 42,340,541 shares of 131,408,572 shares (32.2205%)



06

Voting

07

General Business



Thank-you for joining us.

VULCAN.

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