

## Vulcan Steel Limited (“Vulcan”)

ASX/NZX/Media Release

22 July 2022

### Vulcan to acquire Ullrich Aluminium

Vulcan (ASX: VSL, NZX: VSL) has signed a conditional sale and purchase agreement (“SPA”) with Gilbert Ullrich the founder owner of Ullrich Aluminium Company Limited (“Ullrich”, “the Transaction”) to acquire 100% of the company for approximately NZ\$165m<sup>1</sup> (A\$149m) which represents the projected book value of net assets and net debt as at 31 July 2022 excluding NZ\$79m capitalised lease obligations.

Established 60 years ago, Ullrich is a major integrated distributor of industrial aluminium products in Australasia with a large sales network, together with extrusion facilities and fabrication operations. In the financial years ended 31 March 2021 and 2022, the company recorded NZ\$215m and NZ\$270m in revenue, respectively, and NZ\$32m (NZ\$23m pre-IFRS 16<sup>3</sup>) and NZ\$49m in EBITDA<sup>4</sup> (NZ\$39m pre-IFRS 16), respectively.

Commenting on the Transaction Rhys Jones, CEO and Managing Director, said,

“The acquisition of Ullrich significantly adds to the network reach and scale of Vulcan and supports our growth strategy to be the most customer service focused and efficient steel and metal products distributor and value-added processor in Australasia. The aluminium distribution market is an opportunity which Vulcan has been considering for many years. Ullrich’s platform and network combined with Vulcan offer significant potential synergies.

We are at the formative stage of our integration process and intend to provide more details on earnings and synergies with the release of Vulcan’s FY22 result on 24 August.”

#### **The Transaction**

The NZ\$165m transaction price – the enterprise value – comprises the purchase of the business for projected net tangible assets (NTA) of NZ\$131m and net debt within Ullrich of NZ\$34m (both of which are subject to finalisation of accounts through to 31 July 2022). Based on Ullrich’s March years ended 2021 and 2022 earnings, this represents 7.2x and 4.3x pre-IFRS-16 EBITDA multiple, respectively.

Note the projected \$34m debt includes working capital, to be reduced, which will be funded by deferred settlement of \$20m for the Transaction in 1H 2023. Adjusting for this, the effective adjusted enterprise value would be NZ\$145m (A\$131m). On Ullrich’s March years ended 2021 and 2022 earnings, this represents 6.3x and 3.8x pre-IFRS 16 EBITDA multiple, respectively.

Vulcan expects the Transaction to be NPAT and earnings per share accretive in FY23.

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<sup>1</sup> Includes net debt within Ullrich assumed by Vulcan on completion and subject to finalisation of the accounts for the period 1-April to 31-July 2022

<sup>2</sup> m – “million”

<sup>3</sup> IFRS 16 – International Financial Reporting Standard 16 – Accounting for Leases.

<sup>4</sup> Earnings Before Interest Tax, Depreciation and Amortisation

## Transaction funding

This transaction will be fully debt funded. On completion of the settlement (excluding the NZ\$20m working capital deferred payments in 2023) on 16 September 2022, Vulcan proforma net debt to EBITDA cover based on trailing 12 months earnings to 30 June 2022 is projected to be 1.4x

Completion of the Transaction remains subject to customary adjustments and conditions to be satisfied by 16 September 2022.

Vulcan will host a conference call to discuss the Transaction.

## Webcast and Conference Call Details

Date Friday 22 July 2022

Time 11.30 am NZDT, 9.30am AEDT

Webcast <https://webcast.openbriefing.com/8990/> (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 dial-in details at <https://sl.c-conf.com/diamondpass/10023828-dhcn31.html>

ENDS

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This announcement was authorised by Vulcan Board of Directors

## About Vulcan

Founded in 1995, Vulcan is an Australasian-wide industrial product distributor and value-added processor with 29 logistics and processing facilities employing over 850 staff across the company's Steel and Metals divisions.

## About Ullrich Aluminium

Established 60 years ago, Ullrich is an integrated aluminium distributor with extrusion facilities and fabrication operations. The company employs more than 600 staff and operates in 43 locations across Australia and New Zealand.