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1953 2023 70 YEARS

1H24 Results Presentation

For the 6 months ended
31 December 2023

20 February 2024

Results at a glance

Continued solid performance in a more challenging trading environment

Revenue **$261.8m** -17.0%	Volume **62,569t** -22.2%	Normalised EBITDA **$21.9m** -30.7%	EBITDA **$21.2m** -30.5%	Normalised EBIT **$11.3m** -47.4%
EBIT **$10.2m** -49.8%	NPAT **$5.3m** -55.1%	ROFE **7.6%** 1H23: 13.8%	Cash Balance **$26.3m** FY23: $6.5m	Inventory **$128.6m** FY23: $139.2m

- Solid financial performance, above December 2023 guidance
- Normalised EBIT up on 2H23, despite challenging environment
- 12-month reduction in inventory of $46.4m
- No bank debt and a strong cash balance of $26.3m

Earnings Before Interest and Tax (EBIT), Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), Net Profit After Tax (NPAT) | Non-GAAP earnings reconciliation at the end of the presentation
Percentage variances compared against 1H23 unless otherwise stated
Due to rounding, numbers presented throughout this presentation may not add up precisely to the totals provided

1H24 summary

Staying the course on strategy and focusing on controlling the controllables

- Subdued trading with volumes remaining under pressure from economic headwinds
- Economic recovery taking longer than anticipated; economic outlook for some improvement from Q4 FY24
- Strategic investments into high value products and services and acquisitions continued to perform above expectations
- Investment in new mesh straightening equipment and new purlins machinery with automated stacking system to be commissioned 2Q25
- Investment in new plate processing equipment for Christchurch, to be commissioned in 2H24
- Market share growth in key categories
- Continued to generate strong margins, particularly in our Infrastructure business due to high value solutions and services
- Cost out programme progressing well
- ROBOS loan agreement to secure exclusive AU/NZ road barrier supply, option to convert to equity

Well positioned for economic improvement: Operating leverage and tight cost controls enabling strong earnings growth when volumes return as the economy improves

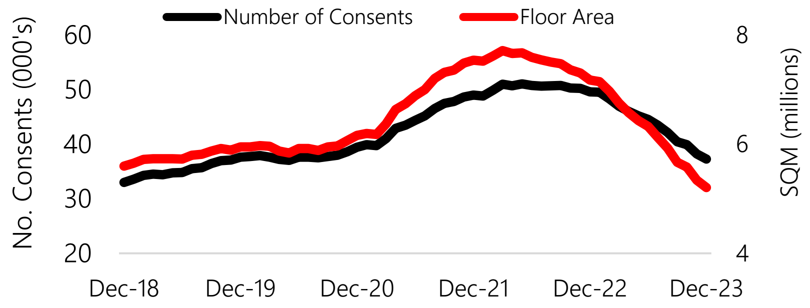
Actively managing market challenges

Market Challenges	Risk Level 2H23	Risk Level 1H24	FY24 response
Slowing economy	High	High	• Customer focused, resilient and sustainable business platform • Growth strategy focused on high value products, services and sectors • Diversified business with limited exposure to any one sector
Commodity price volatility	High	Med	• Steel pricing remains elevated above pre-Covid levels • Continued investment in the right inventory and reduced inventory cover • Focus on dollar margin capture on existing inventory
Inflation	High	Med	• Easing inflationary pressures • Comprehensive $5m cost out programme, focus on opex
Tight labour market	Med	Low	• Continued focus on culture and wellbeing, staff training & development, mentoring and Māori cadetship programmes • Low staff turnover
Cashflow management	Med	Low	• Strong balance sheet and lean cost structure • Tight control and management of debtors - minimal levels of bad debt

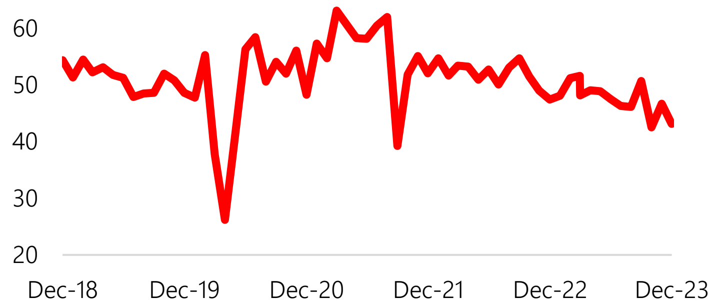
Continued demand for steel despite economic conditions

Dampened domestic demand in 1H24; macro trends supporting positive long term outlook

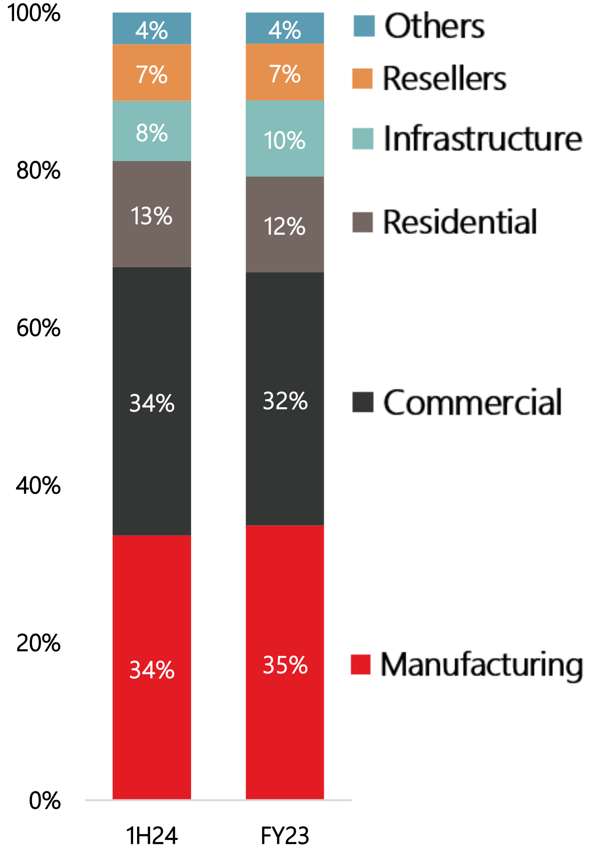
Residential Consents
Long term demand and undersupply



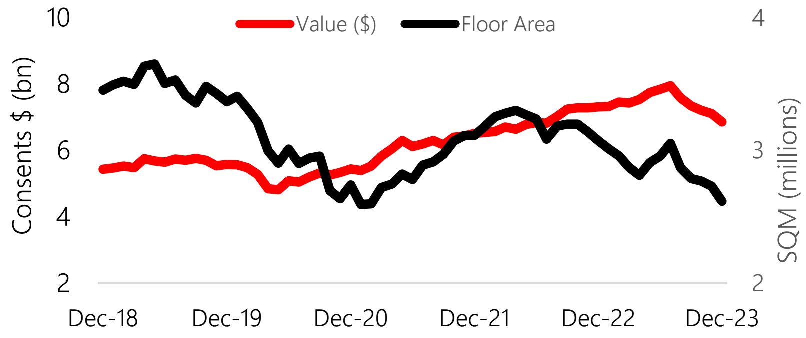
Performance of Manufacturing Index (PMI)
Headwinds affecting activity, long term remains positive



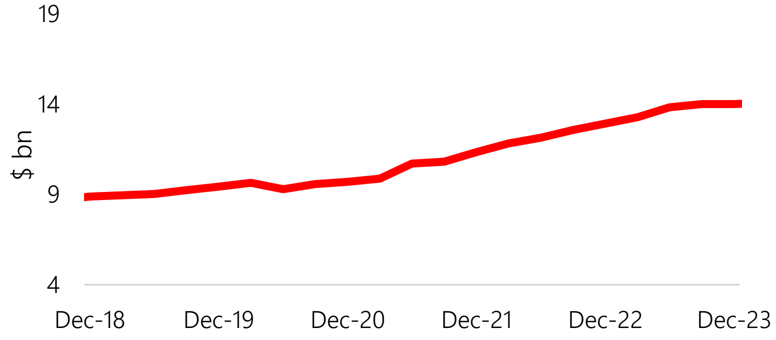
Sector Split



Non-Residential Consents
Positive commercial investment continues



Infrastructure Activity
Robust outlook with large scale projects



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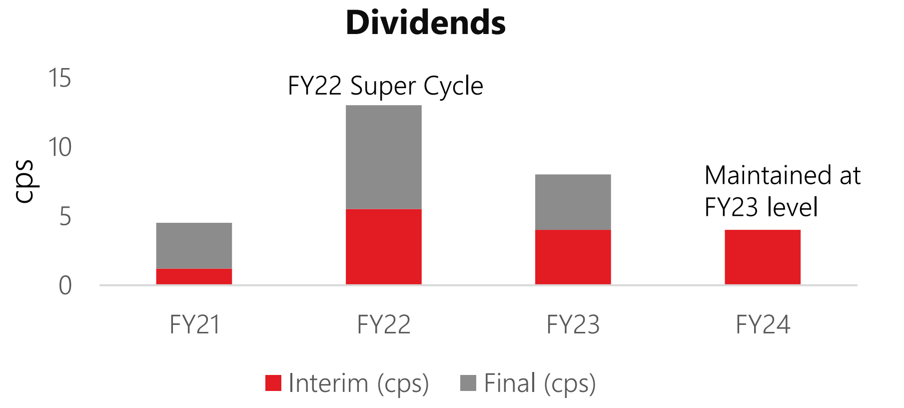
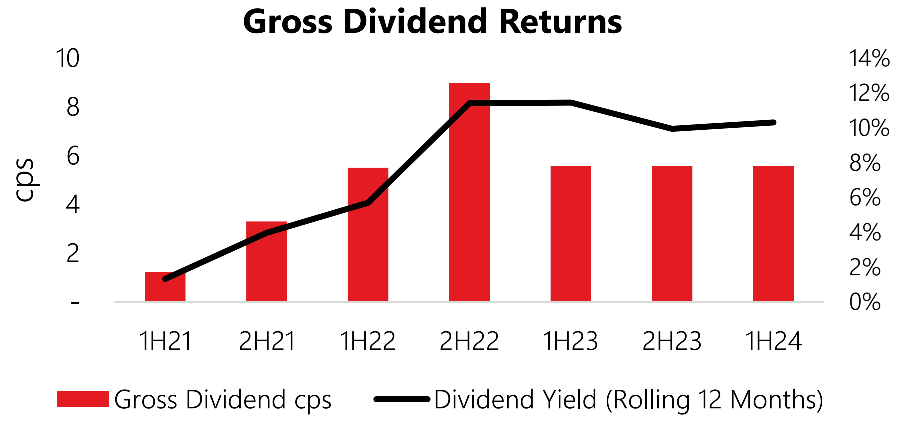
Source: Statistics New Zealand, BNZ – BusinessNZ PMI, Statistics NZ, Infometrics
Share of sales restated following a comprehensive review of all significant customers as part of our segmentation strategy

Investor returns

- Interim dividend of 4.0 cents per share maintained at FY23 level – above 60%-80% target range reflecting confidence in the company's future
- Attractive gross dividend yield of 10.3%
- Earnings per share: 3.2 cents per share
- Net Tangible Assets per share: $1.16
- Price earnings ratio: 17.2[2]

Interim Dividend		
Interim Dividend 1H24	cps (net)	**4.0**
1H24 Dividend Yield (Gross)[1]	%	**10.3%**
Interim Dividend 1H23	cps (net)	**4.0**





1. *Gross dividends include the benefit of imputation credits*
2. *Based on share price at 31 December 2023 $1.08, and rolling 12 months dividends*

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Making life easier for customers needing steel solutions

Clear growth strategy in place, building on strong foundations to strengthen the core and growth in high value products and services

Our Goals	Continue to Strengthen the Core	Grow High Value Products and Services
Customer – preferred supplier for steel solutions and products **Growth –** increase value through organic growth and M&A **Shareholder –** deliver increasing value and returns for our shareholders **Sustainability –** financially rewarding for our shareholders and positive for our people, our customers and our communities	• Best-in-class customer experience • Cross sell products and services • Accelerate shift to digital sales • Drive gross margin $/tonne • Operating efficiency	• High value products, diversified materials and value-added services • Diversify customer segments and build scale • Primary focus is on organic investment and M&A in direct adjacent sectors

Growth investments focused on added value

Recent organic growth initiatives

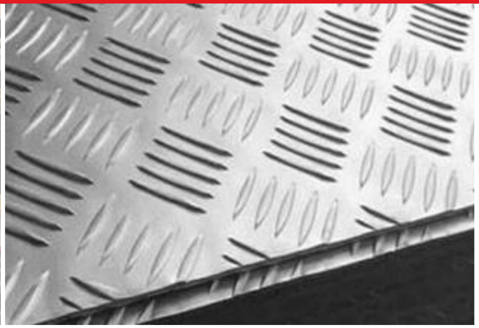


PLATE PROCESSING

- Continuing increases in revenue and Gross Margin $/tonne
- Earnings momentum building
- Further geographic expansion in progress

ALUMINIUM

- Immediately earnings accretive
- Gross Margin $/tonne is inline with expectations
- Now one of our highest margin products

PROJECT STRONG

- Increased warehouse capacity for high value, high demand products
- Enhanced automation and warehouse technologies

Completed M&A

KIWI PIPE AND FITTINGS

- One of the highest ROFE businesses
- Revenue and Gross Margins continue to grow as products are integrated into our national distribution network

ROBOS

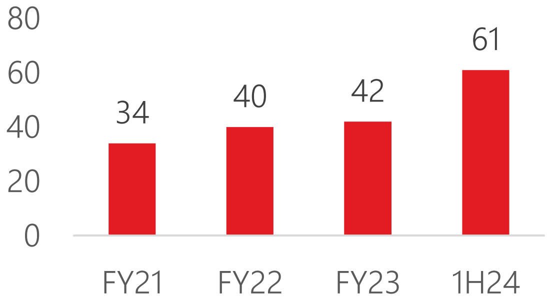
- February 2024
- Australia and New Zealand exclusive supply agreement
- Loan facility provided with option to take equity in the business

Customer, employee and sustainability update

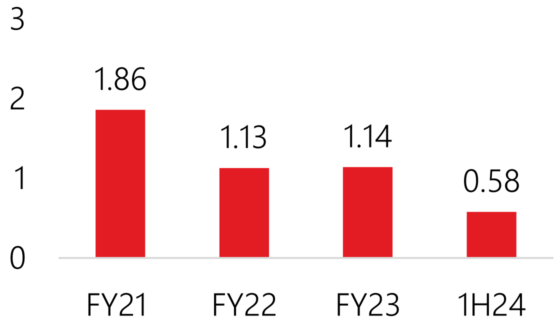
- Customer satisfaction remains at high levels due to focus on best-in-class customer experience and solutions
- Safety outcomes are positive, remain focused on zero injury target
- Employee satisfaction well above industry average - emphasis on safety, wellbeing and culture
- Gifting of shares to team members as part of 70th anniversary celebrations
- 2023 Forsyth Barr Carbon ESG Report - overall CESG ranking of 17 out of 58 companies assessed, in top 10 Social performers

Customer Satisfaction (NPS[2])

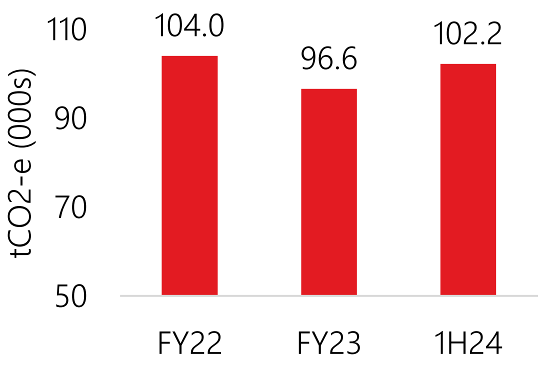
Industry average: 32



Employee Safety Measure (eTRIFR[1])

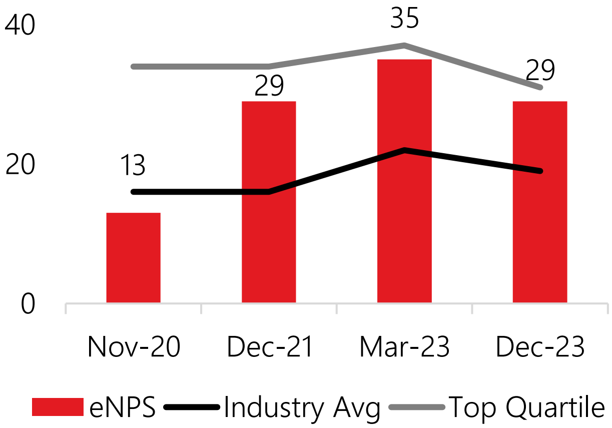


Emissions $kgCO_2e$ per tonne[3]



Employee Satisfaction (eNPS[2])

Industry top quartile: 31



1. *eTRIFR: Employee Total Recordable Injury Frequency Rate*
2. *Net Promoter Score (NPS): Measure of customer/employee satisfaction*
3. *Reporting references the Greenhouse Gas Protocol and includes all material emissions under Scope 1 and 2, with Scope 3, except purchased goods and services*

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Financial Results

Delivered solid 1H24 results

Group financial summary

- Volumes continue to be suppressed in a recessionary environment
- Revenues reflect decreased volumes with some recoveries in average sell price
- Effective product mix and margin management continuing to grow margin $/tonne
- Cost out programme mitigating inflationary pressure
- Strong cashflows supporting zero debt position; with net cash of $26.3m
- Interim dividend maintained at FY23 level reflecting confidence in the company's future

$m	1H24	2H23	1H23
Revenue	261.8	273.8	315.3
Volume (Ktonnes)	62.6	65.9	80.5
GM$/tonne	926	850	850
EBITDA	21.2	21.4	30.5
Normalised EBITDA*	21.9	21.3	31.6
EBIT	10.2	10.7	20.3
Normalised EBIT*	11.3	10.6	21.5
NPAT	5.3	5.2	11.8
EPS ($)	0.03	0.03	0.07
Net operating cash flow	38.7	57.1	41.1
Dividend (cents per share)	4.0	4.0	4.0
Gross Dividend (cents per share)	5.6	5.6	5.6

** 1H23, 2H23 and 1H24 Normalised EBITDA and Normalised EBIT have been adjusted to exclude non-trading adjustments. Further details included in appendix to this presentation.*

Successfully repositioned the business for more challenging economic cycle while investing in growth

Group balance sheet summary

- Continued reduction in inventory
- Disciplined management of working capital
- Strong cashflows supporting strategic initiatives
- No bank debt with $100m facility in place to fund growth

$m	1H24	2H23	1H23
Trade and other receivables	61.3	79.3	78.9
Inventories	128.6	139.2	175.0
Trade and other payables	(61.7)	(69.4)	(62.9)
Working Capital	**128.2**	**149.1**	**191.0**
Total Facility	100.0	100.0	100.0
Borrowings	-	-	(40.0)
Available Facility/Undrawn	**100.0**	**100.0**	**60.0**
Cash and cash equivalents	26.3	6.5	7.5
Borrowings	-	-	(40.0)
Net Cash/(Debt)	**26.3**	**6.5**	**(32.5)**
Net Tangible Assets (NTA)	**194.0**	**194.6**	**196.0**
ROFE (%)	**7.6%**	**9.9%**	**13.8%**

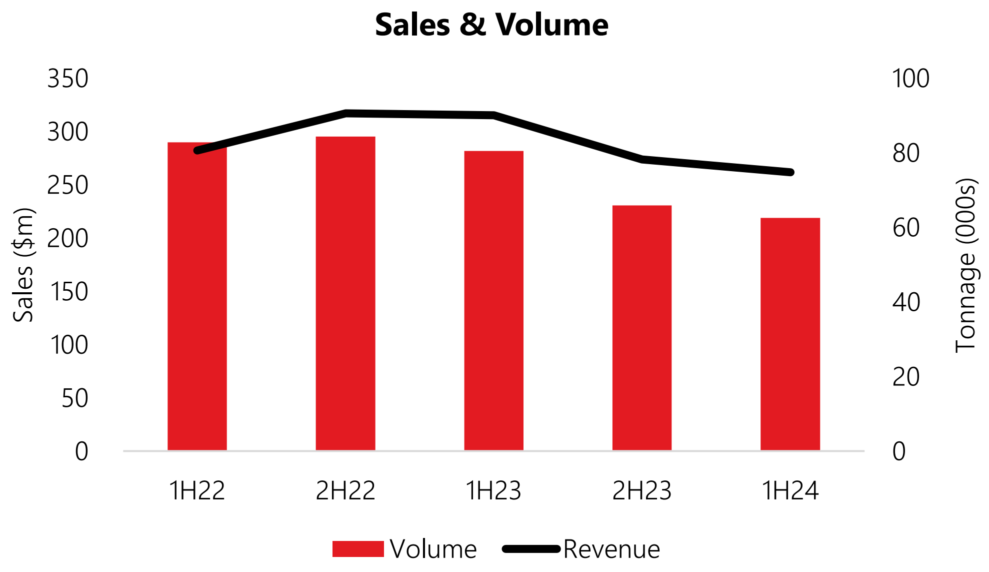
Resilient revenue

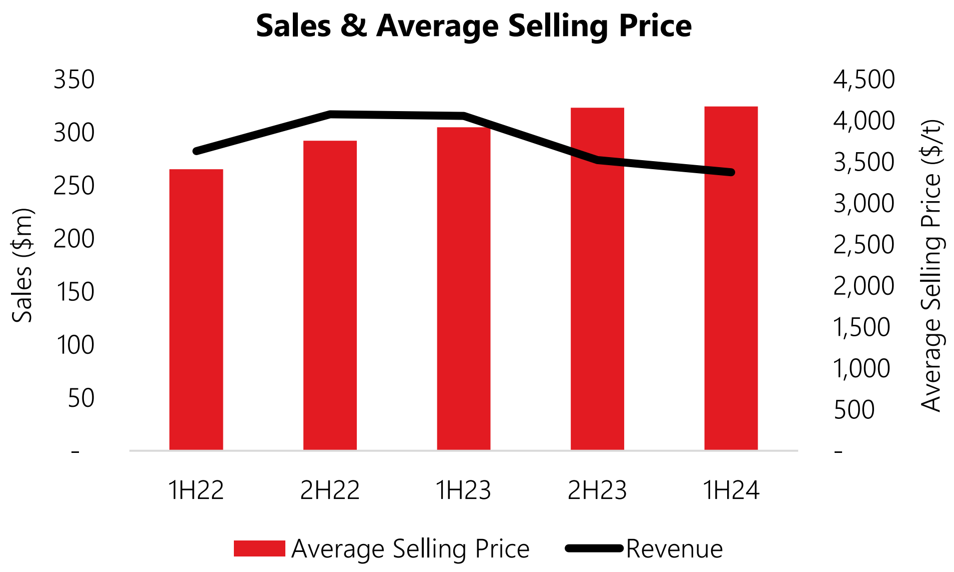
Driven by strong focus on our customers, pricing disciplines and growth of high value products, services and sectors

Limited reduction in volume and revenue compared to 2H23 despite challenging economy. Continued customer demand for a comprehensive range of products.

Results versus 2H23:

- Revenue $261.8m: -4.4%
- Volume 62.6 Ktonnes: -5.1%

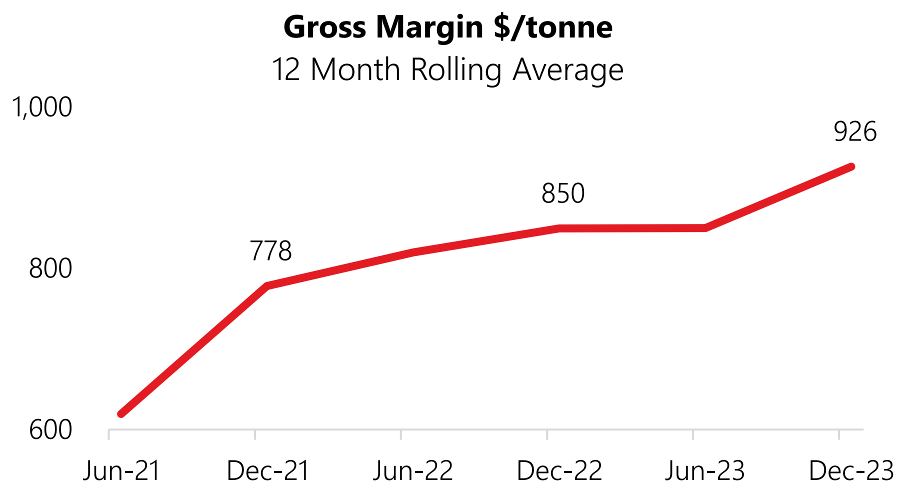


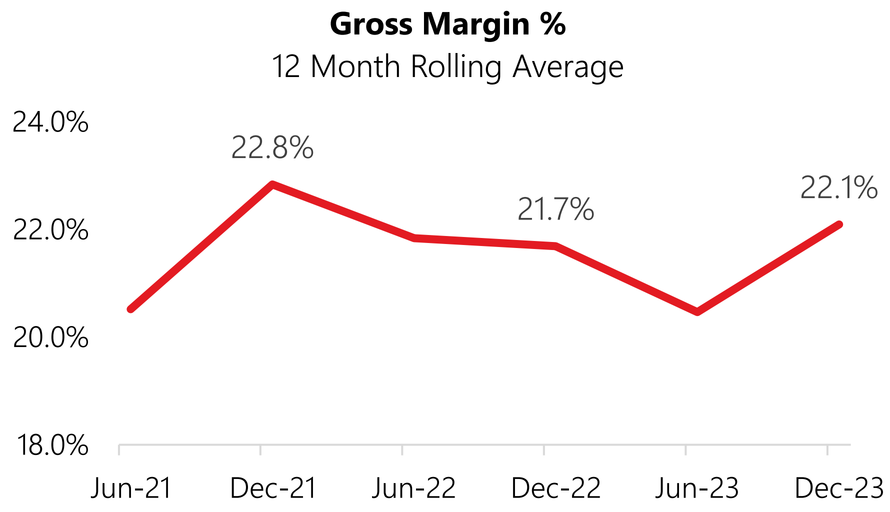


Continued growth in Gross Margin $/tonne

- Continued growth in Gross Margin $/tonne as a result of pricing discipline and cost control
- Improvement in Gross Margin %
- Strategic focus on higher value products and services
- Direct cost inflation partially offset through labour and other cost efficiencies

Gross Margin includes freight, direct and sub-contract labour





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Business performance

Resilient performance in a softer market

Distribution – high volume business

- Solid performance despite market conditions
- Benefiting from inventory management, pricing and supply chain disciplines
- Maintained strong Gross Margin$/tonne

Infrastructure – processing products before sale

- Reinforcing business turn-around driven by margin and cost management
- Risk reduction – focus on supply-only reinforcing projects
- Transitioned to projects where capability can be leveraged; solid pipeline of work from new tenders; some large projects delayed

Distribution	1H24	2H23	1H23
% of Group revenue	58.5%	60.1%	60.8%
Revenue ($m)	153.1	164.6	191.6
Gross Margin*	21.6%	19.1%	22.6%
Gross Margin $/tonne	880	769	873

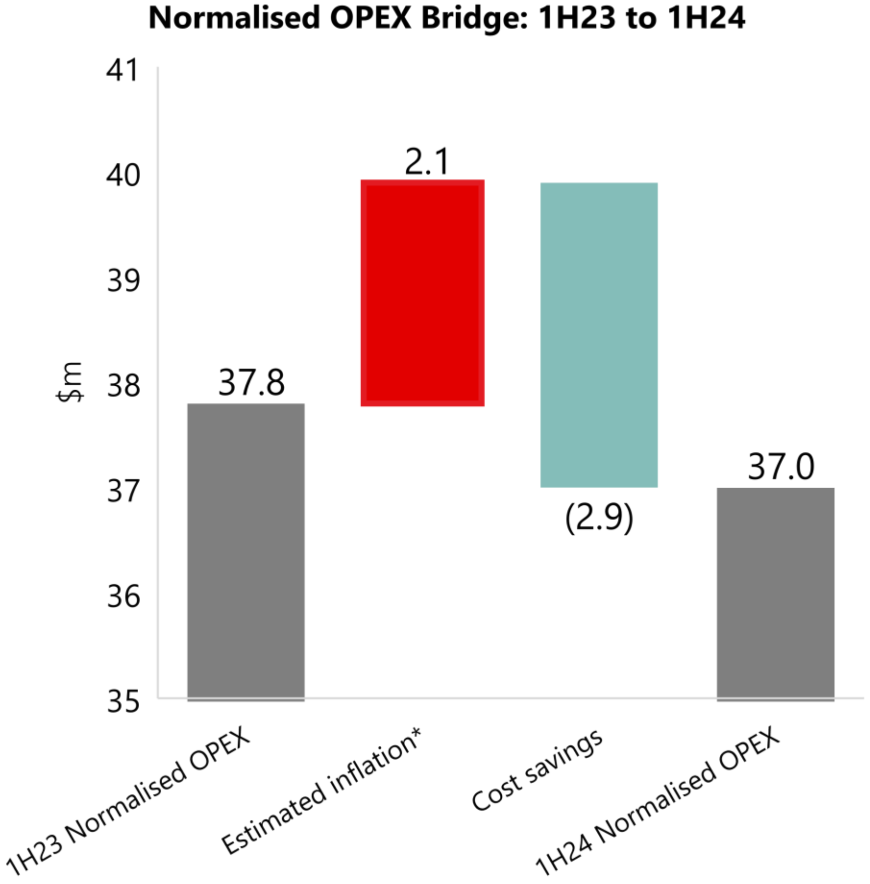
Infrastructure	1H24	2H23	1H23
% of Group revenue	41.5%	39.9%	39.2%
Revenue ($m)	108.6	109.1	123.7
Gross Margin*	23.7%	23.2%	20.9%
Gross Margin $/tonne	1,031	1,009	835

*Gross Margin includes freight, direct and sub-contract labour

Normalised operating expenses

Good progress being made on cost out programme targeting $5m of operating expense savings in FY24 to offset inflationary increases

- Ongoing focus on streamlining operational costs
- 1H24 normalised operating expenses $0.8m down on 1H23:
  - Inflationary pressure – wage/salary, the return to more normalised travel and other costs as we exit the Covid environment and increasing IT costs
- Continued efficiencies have resulted in network leverage and led to a reduction in carbon emissions



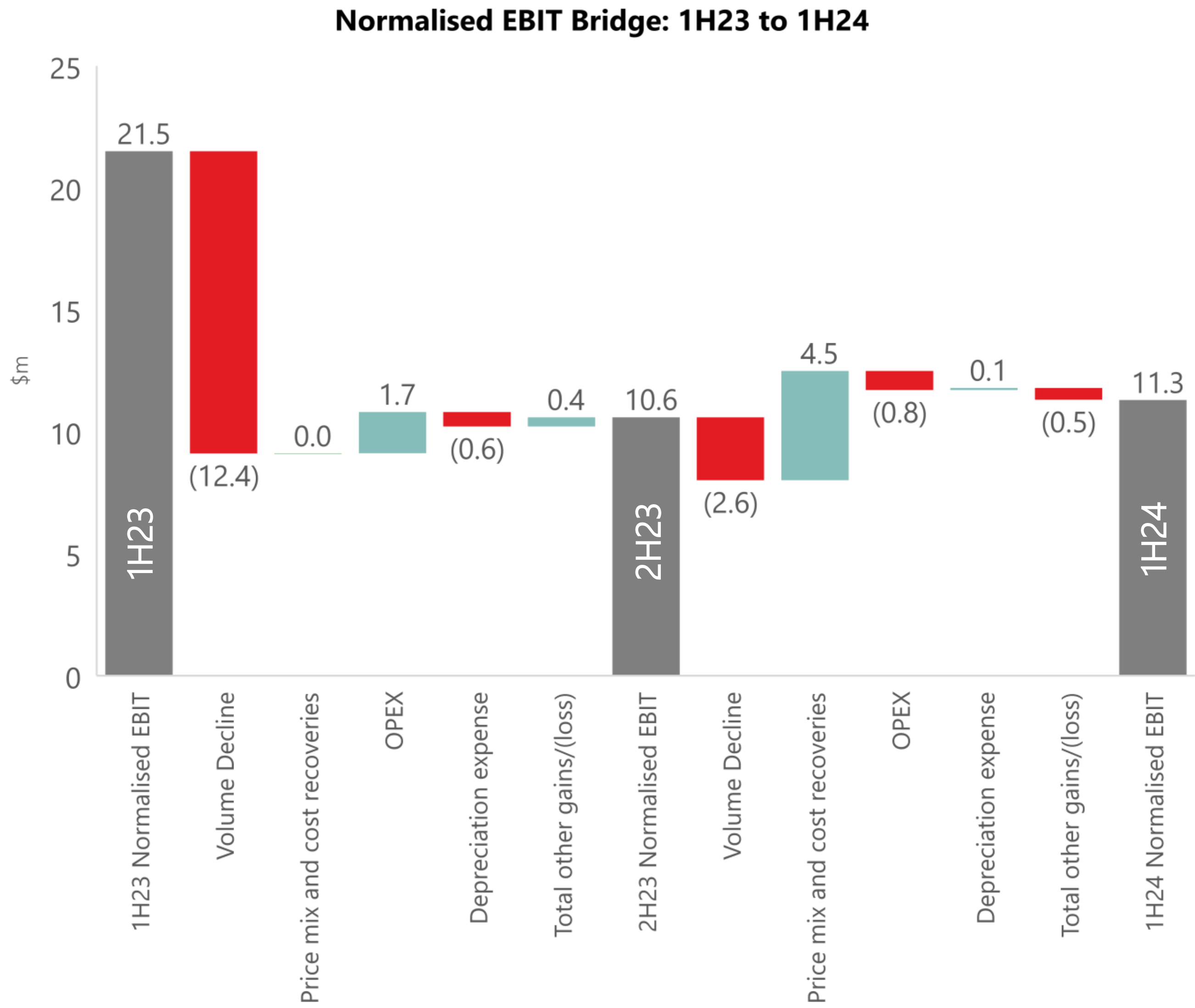
Normalised Opex excludes Project Strong costs of $0.7m and the $0.4m impact of SaaS, as well as non-trading adjustments previously reported, Normalised Opex excludes D&A

**Estimated inflation of 5.4% measured as the average movement in CPI between the periods of 1H23 and 1H24*

Normalised EBIT

Pricing benefits offset by inflationary pressures

- 1H24 Normalised EBIT $11.3m - at top of guidance
- Focus on higher value products, ensuring inventory availability
- Improved pricing disciplines, leveraging analytics and digital capabilities

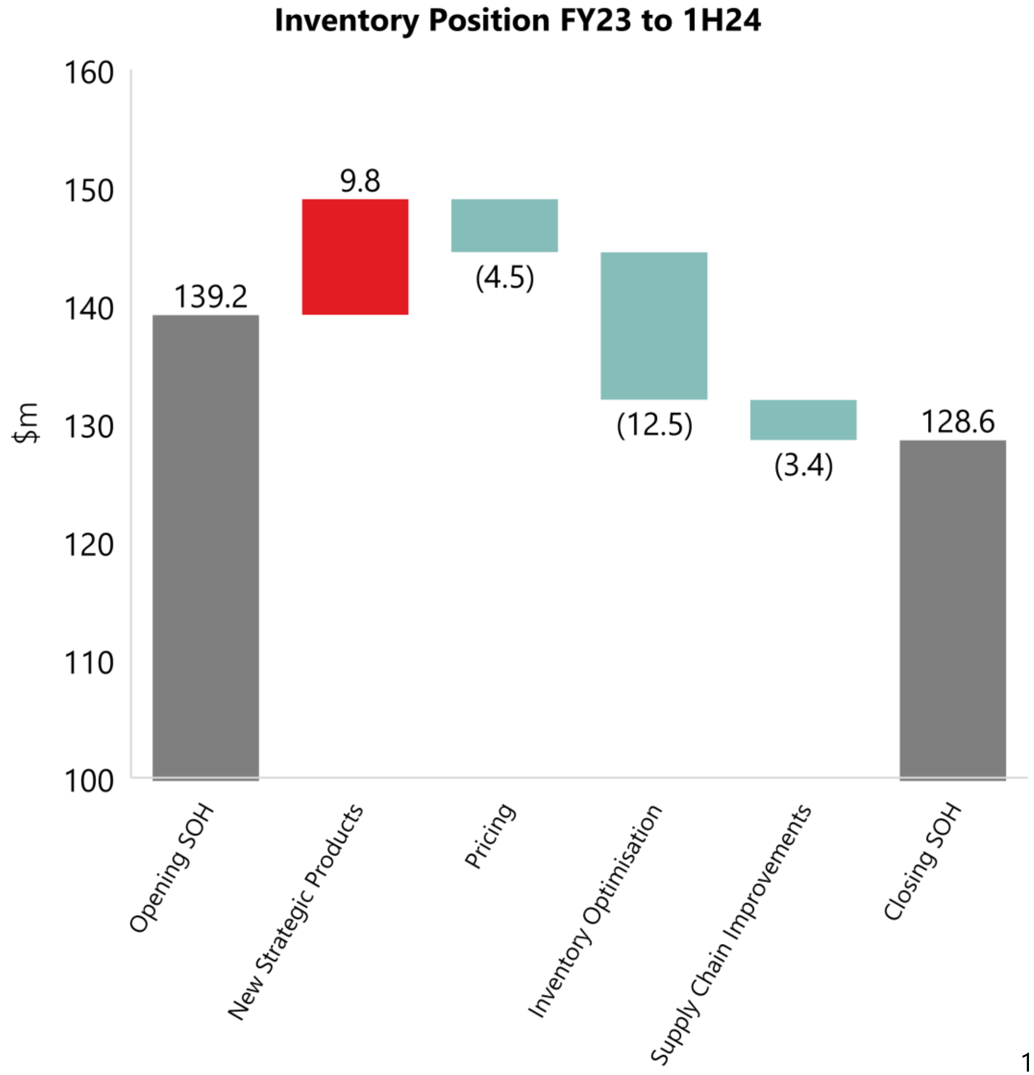


Normalised EBIT has been adjusted to exclude non-trading adjustments. Further details included in appendix to this presentation.

Inventory management

Managing inventory levels carefully to ensure best use of working capital

- Inventory levels normalised at the end of FY23
- 1H24 inventory positions have been reduced in line with activity and further improvements and optimisations
- Unit finished product prices remain at elevated levels
- Active stewardship and use of detailed analytical tools to ensure investments are made in higher margin products; reducing lower margin products



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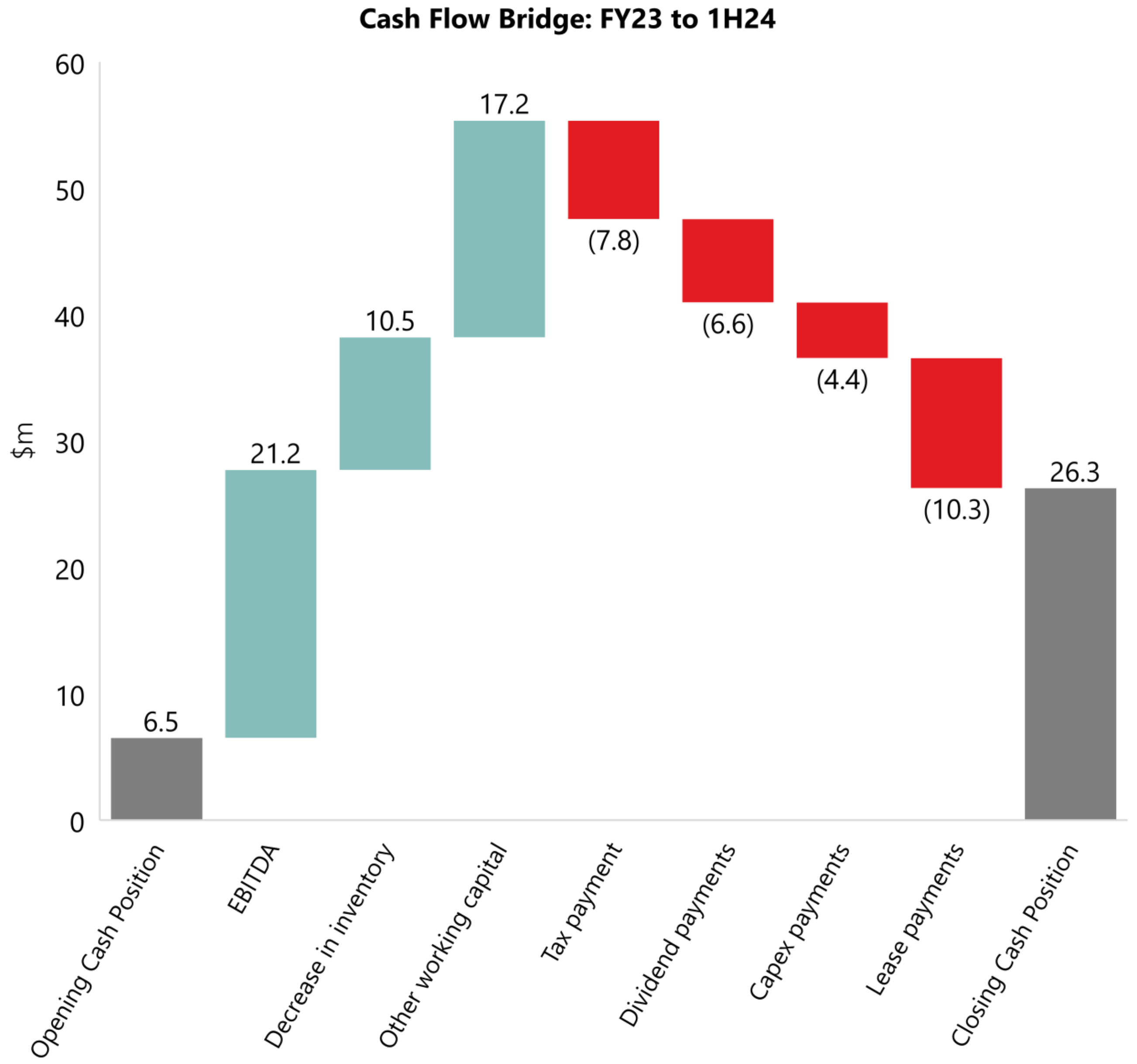
Cashflow

- Cash collections remain high in a softened operating environment
- Decreased inventory on hand as a result of careful inventory management and supply chain normalisation
- Dividends of $6.6m paid during 1H24



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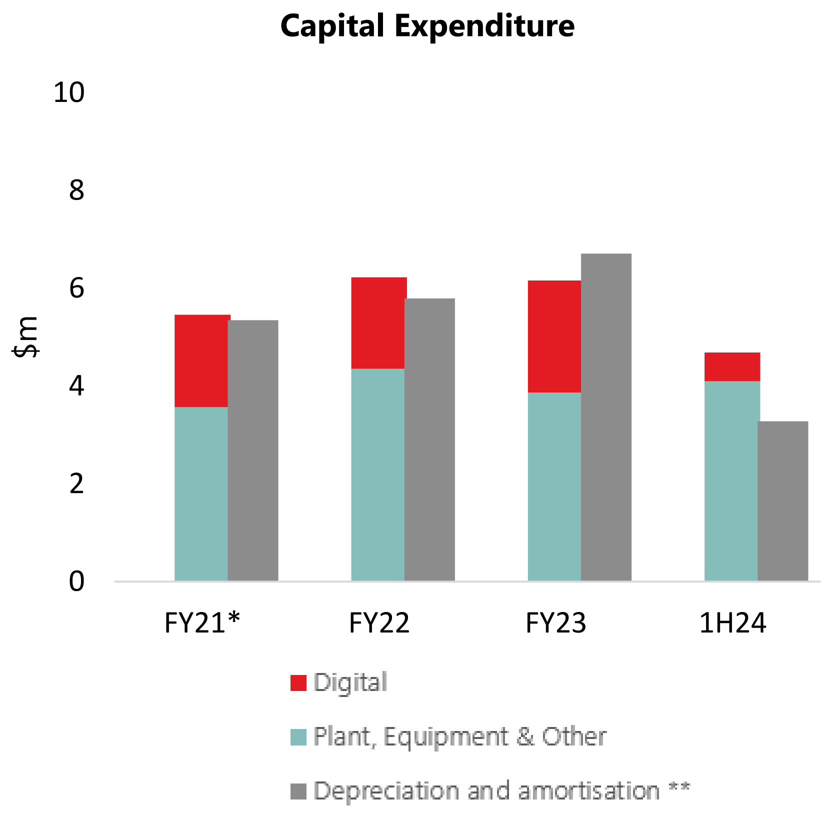
Capital expenditure

Careful management of funds in current environment

- 1H24 capex of $4.4m (1H23: $2.3m, 2H23: $3.9m)
- Priority capital allocation to business improvement / growth projects (87%) and supporting digital (13%)

Planned investment for FY24

- Investment in processing equipment and other growth opportunities
- Continued investment in digital technology
- Strong balance sheet will support capital investment programme



** FY21 capex has been restated for the impact of a change in accounting policy in relation to the accounting for Software as a Service arrangements ("SaaS")*
***Depreciation and amortisation excludes right-of-use asset depreciation*

Moving Forward

Economic drivers

Build share of sales in growth sectors

	FY24 → FY27
Resellers	Demand primarily driven by residential market trends
Infrastructure	Strong long-term pipeline driven by climate investments, rebuild following weather events, and catch up on low investment in prior years
Residential	Economic headwinds impacting growth, expected improvement mid-2024
Commercial	Reduction from peak 2023 levels expected, however strong pipeline
Manufacturing	Expected to remain subdued in the short to medium term

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- Customer First →
- M&A / Growth Activity →
- Focus on Costs →

Steel & Tube

- Leading provider of steel solutions for horizontal construction and infrastructure projects, from windfarms to roads and bridges to ports
- Experienced in:
  - Seismic strengthening, in ports in particular e.g. Napier, Nelson Ports
  - Coastal climate resilience
  - Water – interceptors, sludge/sewerage treatment
  - Windfarm projects
- Preferred partner for a number of New Zealand's essential businesses e.g. Meridian, Kāinga Ora

Infrastructure opportunity

- New Zealand is facing a massive infrastructure shortage, across almost every category – water reforms, healthcare infrastructure, land transport, renewable energy, tourism infrastructure, climate resilience, weather rebuild
- Investment pipeline larger than agencies and the market can deliver; number of large mega projects delayed, cancelled or being reviewed
- New coalition Government is supportive of, and understands need, for investment; National Infrastructure Agency to be formed
- Steel is an essential and sustainable building material – in many cases, steel is the only solution

2H24 outlook

Well positioned to take advantage of increasing activity and demand when the economy recovers

- Healthy pipeline of infrastructure and commercial projects; manufacturing remains subdued
- Strong balance sheet and cashflows to support growth initiatives; focus remains on Gross Margin $/tonne and actively managing costs with $5m cost out programme well underway
- Business growth to continue through organic expansion and M&A

Market outlook

- **Economic cycle likely to remain challenging in near term;** expect some easing of macro trends – interest rates, construction and cost inflation
- **Expected increase in Government investment offset by weaker business and residential investment**
- **Significant medium to long term opportunities;** climate resilience, seismic strengthening, rebuild activity and essential water services
- **Steel pricing volatility has reduced;** stabilised above pre-Covid levels

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Steel & Tube: Delivering strong and sustainable value

- Attractive dividend policy and yield
- Balance sheet strength with headroom for growth investment
- Growth strategy delivering increasing returns
- Leading supplier in the New Zealand market
- Investment in technology and analytics driving operational efficiency, business insights and customer service
- Clear forward strategy with potential for growth and expansion
- Experienced board and leadership team

Discussion

Non-GAAP financial information

Period ended 31 December	EBITDA			EBIT		
$000s	1H24	2H23	1H23	1H24	2H23	1H23
Reported	**21,172**	**21,394**	**30,482**	**10,172**	**10,665**	**20,344**
Project Strong costs	319	-	-	729	-	-
Loss on de-recognition of finance lease receivable	-	(53)	181	-	(53)	181
NZ IFRS 16 reversal of impairment	-	(64)	(113)	-	(64)	(113)
Software as a Service (SaaS) upfront expenditure	381	41	1,068	381	41	1,068
Normalised	**21,872**	**21,318**	**31,618**	**11,282**	**10,589**	**21,480**

Non-GAAP financial information: Steel & Tube uses several non-GAAP measures when discussing financial performance. These include Normalised EBITDA, Normalised EBIT and Working Capital. Management believes that these measures provide useful information on the underlying performance of Steel & Tube's business. They may be used internally to evaluate performance, analyse trends and allocate resources. Non-GAAP financial measures should not be viewed in isolation nor considered as a substitute for measures reported in accordance with NZ IFRS.

Non-trading adjustments/Unusual transactions: The financial results for 1H24 include transactions considered to be non-trading in either their nature or size. Unusual transactions can be as a result of specific events or circumstances or major acquisitions, disposals or divestments that are not expected to occur frequently. Excluding these transactions from normalised earnings can assist users in forming a view of the underlying performance of the group. The above reconciliation is intended to assist readers to understand how the earnings reported in the periods ended 31 December 2023, 30 June 2023 and 31 December 2022 reconcile to normalised earnings. Non-trading adjustments of $(1.1) million are included in the 1H24 EBIT. Non-trading adjustments of $(0.7) million are included in the 1H24 EBITDA.

Glossary of terms

EBIT: Earnings / (Loss) before the deduction of interest and tax. This is calculated as profit for the period before net interest costs and tax

EBITDA: Earnings / (Loss) before the deduction of interest, tax, depreciation and amortisation. This is calculated as profit for the period before net interest costs, tax, depreciation and amortisation

ROFE: Return on Funds Employed. This is calculated as Normalised EBIT over Average Funds Employed (Net Debt (including Lease Liability) + Equity)

eNPS: Employee Net Promoter Score – assists in measuring employee satisfaction and loyalty within the organisation

NPS: Net Promoter Score – assists in measuring customer satisfaction and loyalty

Normalised EBIT/EBITDA: This means EBIT and EBITDA excluding non-trading adjustments and unusual transactions

eTRIFR: Employee Total Recordable Injury Frequency Rate – an important metric to assess safety performance

Working Capital: This means the net position after Current Liabilities are deducted from Current Assets. The major individual components of Working Capital for the group are Inventories, Trade and other receivables and Trade and other payables. How the group manages these has an impact on operating cash flow and borrowings

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