

FY22 REVIEW

STEEL & TUBE HOLDINGS LIMITED

DEAR SHAREHOLDER

On behalf of the Board and Management, we are very pleased to present this year's annual report in what has been an outstanding year for the company despite the ongoing challenges of Covid-19 and increasing economic headwinds.

The Steel & Tube Holdings Limited Annual Report for the year ended 30 June 2022 (FY22) is now available to view on our website <https://steelandtube.co.nz/investor/reports>.

Five years ago, we embarked on a journey to reset our organisation for a stronger future. The results of our endeavours are now evident, with Steel & Tube reporting record financial results for FY22. We would like to thank shareholders for their support on this journey.

We are now well positioned to deliver through the economic cycle. We have a strong business foundation, focussed on our customers, operational excellence and disciplined supply chain management. Our priority is to make it easy for our customers to transact with us and this is driving revenue growth. Technology is a key enabler for our business, providing operational leverage and supporting our customer value proposition. We would like to acknowledge Steel & Tube's people, who provide excellent service, expertise and support for our customers, day in and day out.

The benefits of our turnaround programme are now well embedded in the business, we have a clear strategy for growth and are a leading supplier in a market with strong demand. Steel & Tube has a high gross dividend yield, with the FY22 full year dividend of 13.0 cents per share representing a yield of 11.4%. Earnings per share are 18.3 cents per share (cps), with Net Tangible Assets per share at \$1.22.

We are focused on growth and creating a more diversified, resilient business. In particular, we are concentrating our efforts into two key areas – continuing to strengthen our core foundation and investing in higher value products, services and sectors to drive gross margin improvement.

Steel & Tube is positioned to respond to the changing environment and to take advantage of new market and product opportunities. We have a strong pipeline of secured work in place and expect sustainable double-digit ROFE.

We are excited about the opportunities ahead of us to grow our business and deliver value for our shareholders.



Susan Paterson

Chair



Mark Malpass

Chief Executive Officer

RECORD RESULTS AND PERFORMANCE AS STEEL & TUBE MOVES FOCUS TO GROWTH

CONTINUE TO STRENGTHEN THE CORE

- Record financial performance in FY22, with profit almost double that of the prior year
- Four consecutive half year periods of revenue and earnings growth
- Year on year volume and sales uplift and margin improvements
- Strong performance from the Distribution business, and continued improvement in the Infrastructure business
- Priority focus on maintaining availability of critical products and high levels of service for customers
- Increased investment in high demand, high margin inventory items
- Earnings momentum supported by structurally lower cost base, strong market reputation and ability to source and deliver product
- Continued investment in digital technologies delivering business efficiencies, high standards of customer service and competitive advantage
- Data driven pricing decisions, strong governance and controls providing resilience in a dynamic environment

GROW HIGH VALUE PRODUCTS, SERVICES & SECTORS

- Accelerating shift to digital sales with customers benefitting from our omni-channel platform for customers
- Acquired Fasteners NZ
- Launch of new product ranges, including Zipclip and Rooffast
- Investment in new manufacturing equipment to further grow market share in existing sectors
- Invested in new plate processing equipment – a high margin, high value sector
- Expanding steel framed housing – widen customer base and investment

Revenue

\$599.1m, +24.6%

Volume

167,209 tonnes, +5.7%

EBITDA

\$66.6m, +72.5%

EBIT

\$47.6m, +130.0%

NPAT

\$30.2m, +96.4%

Normalised EBITDA

\$66.9m, +77.9%

Normalised EBIT

\$47.9m, +143.1%

Investment in inventory

\$192.5m, +69.6%

Negotiated two new bank facilities totalling \$50m, in addition to existing \$50m facility.

Final FY22 dividend of 7.5 cents per share (cps), 50% imputed, taking full year dividends to 13.0 cps.

Normalised EBITDA and Normalised EBIT have been adjusted to exclude non-trading adjustments and unusual transactions. See reconciliation and more details on page 36.