FY22 Results Presentation

For the 12 months ended 30 June 2022

FY22 demonstrated Steel & Tube's value

- **Record financial performance**
- **Robust operating model that will deliver through the economic cycle**
- **Clear focus on continuing to strengthen the core and investing in high value products, services and sectors**
- **Goal to deliver sustainable double-digit ROFE**

Record results with improvement in all key metrics

Results driven by strong sector demand, trading disciplines, customer service, operational performance and supply chain management

Revenue	Volume	EBITDA	EBIT	NPAT
$599.1m	**167,209t**	**$66.6m**	**$47.6m**	**$30.2m**
+24.6%	+5.7%	+72.5%	+130.0%	+96.4%

Dividend	ROFE	Customer NPS	eTRIFR	Employee NPS
FY22: 13.0 cps	**14.6%**	**40**	**1.13**	**35**
FY21: 4.5 cps	FY21: 6.6%	FY21: 34	FY21: 1.86	FY21: 19

Net Promoter Score (NPS): Measure of customer/employee satisfaction. Customer NPS industry average is 32 and Employee NPS industry average is 18
Employee Total Recordable Injury Frequency Rate (eTRIFR): Employee safety measure
Earnings Before Interest and Tax (EBIT), Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), Net Profit After Tax (NPAT)
ROFE: Return on Funds Employed, calculated as Normalised EBIT over Average Funds Employed (Debt (including Lease Liability) + Equity)

Building a sustainable business

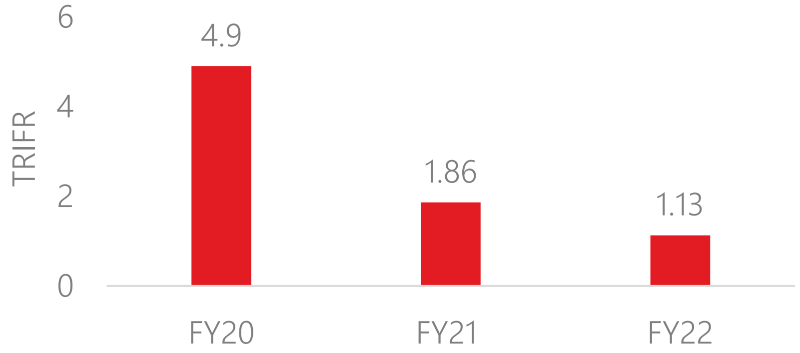
Our long term aim is to operate our business in a way that is financially rewarding for our shareholders and positive for our people, our customers and our planet.

Steel is one of the world's most essential and sustainable building products – permanent, forever reusable and the most recycled substance on the planet. On a cradle to cradle basis, steel's environmental performance compares favourably to other materials such as concrete and timber.

ESG Scorecard

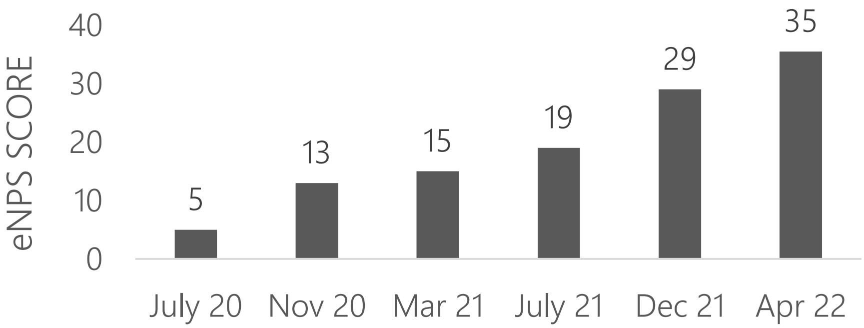
Positive outcomes on safety and employee engagement

Employee Safety Measure



- TRIFR 1.13 – substantially than industry standards
- Emphasis on critical risks and reduction measures
- Safety conversations program and worker engagement providing valuable insights

Employee Engagement



- Employee Satisfaction Score 7.8/10
- Focus on wellbeing, diversity, recruitment, career development and training

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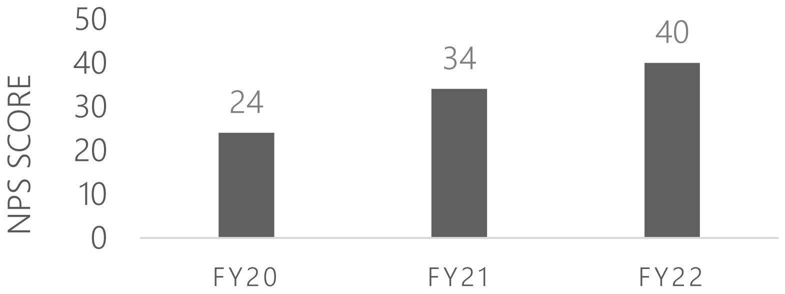
TRIFR: Employee Total Recordable Injury Frequency Rate.

ESG Scorecard

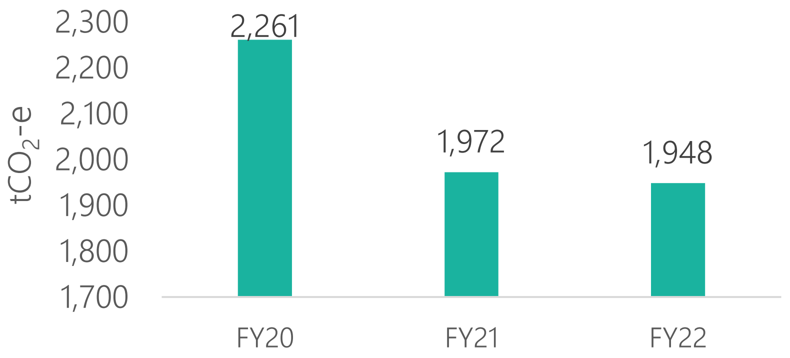
Delivery for customers in challenging period; continued focus on decarbonisation

Customer satisfaction



- NPS of 40 for FY22
- Improving result reflects ability to deliver for customers in challenging period

Carbon Reduction*



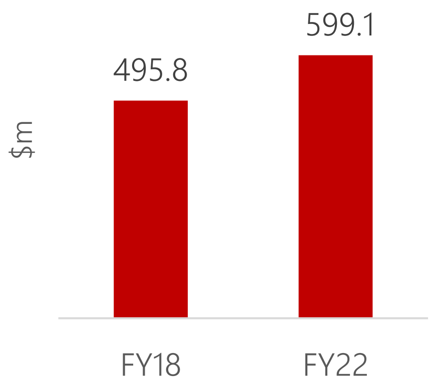
- Greenhouse gas emissions 1,948 tCO_2-e – in line with prior year despite increase in activity
- 21% reduction of carbon emissions per $1m revenue
- Investment in technology supporting decarbonisation
- Introduction of 'carbon credit' offer for infrastructure clients

Reporting in accordance with Greenhouse Gas Protocols and includes all material emissions under Scope 1 and 2, with Scope 3 limited to business travel.

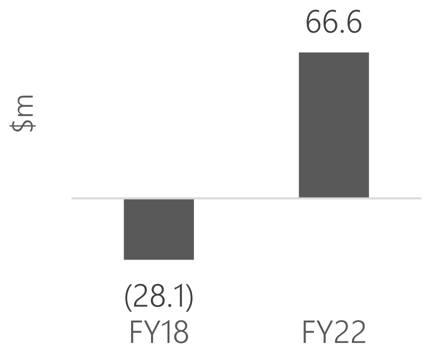
Five year transformation

Embedded value from turnaround programme; growth strategy now underway

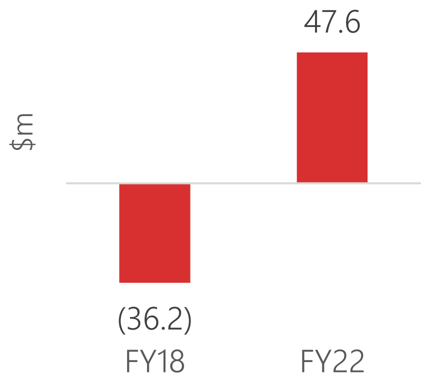
Revenue



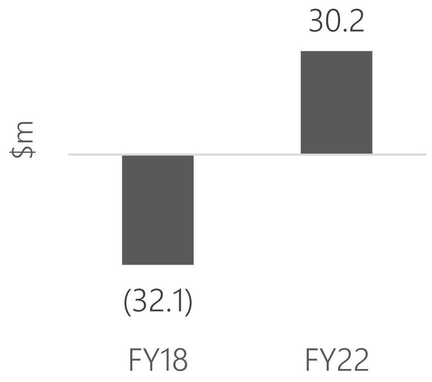
EBITDA



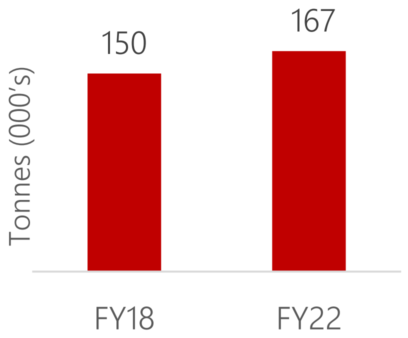
EBIT



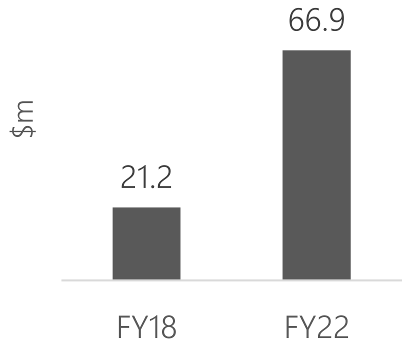
NPAT



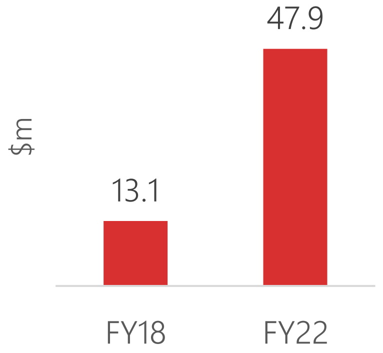
Volume



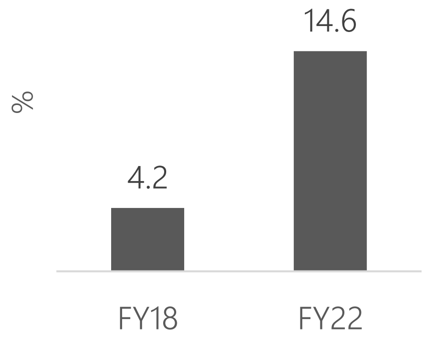
Normalised EBITDA



Normalised EBIT



ROFE



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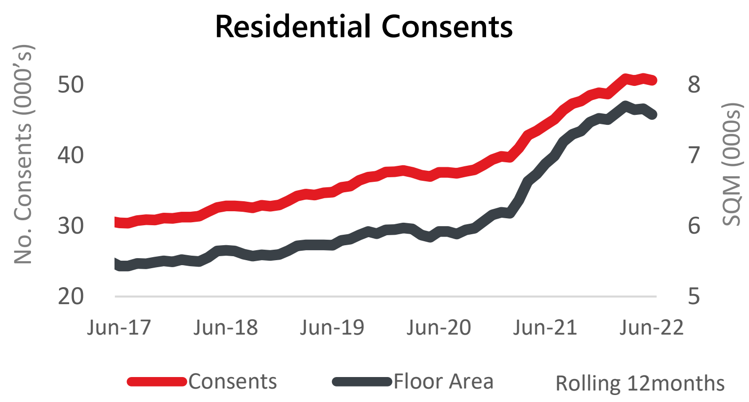
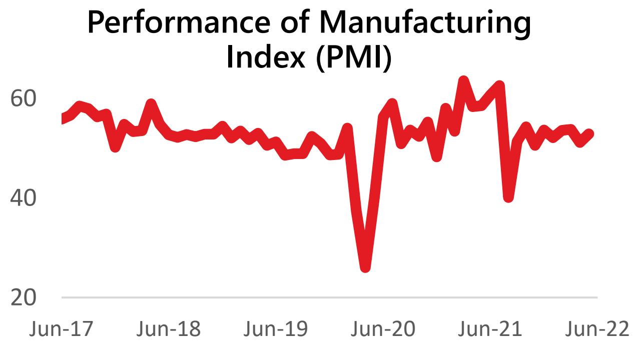
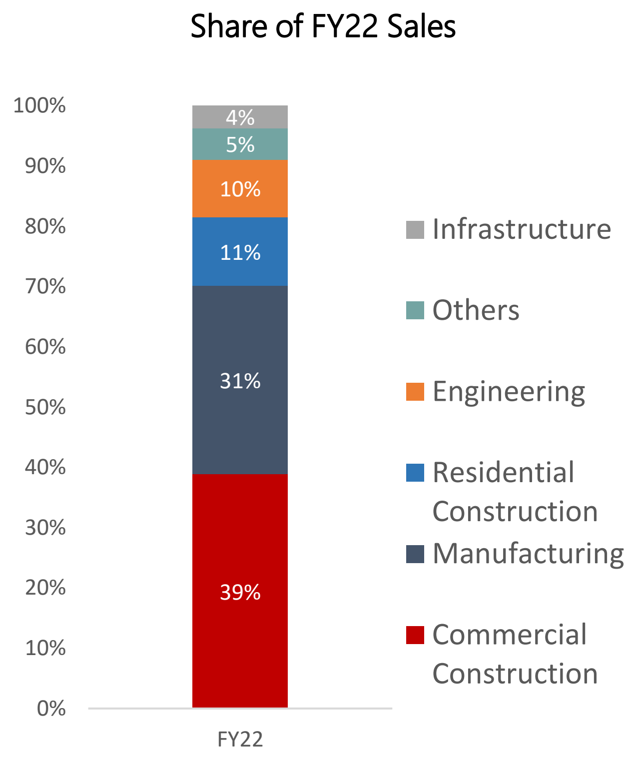
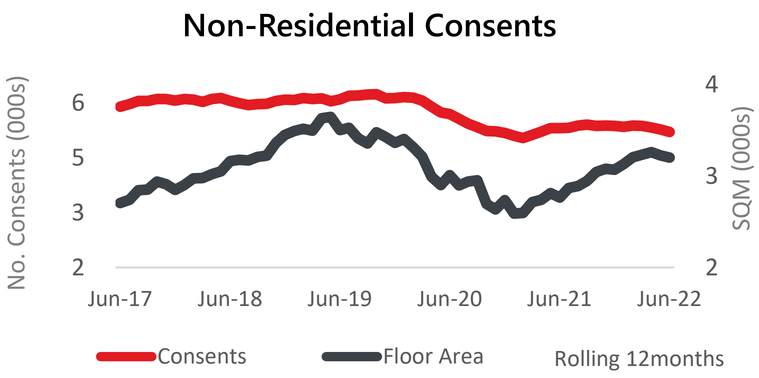
Positive economic activity driving high demand for steel in FY22

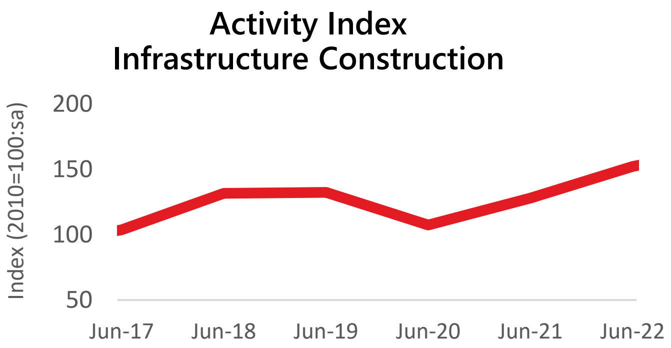
Economic headwinds expected to result in some levelling off in activity in late FY23











Steel & Tube is a diversified business with limited exposure to any one sector

Source: Statistics New Zealand, BNZ – BusinessNZ PMI, Statistic NZ, NZIER

Shareholder Returns

Steel & Tube delivers a high dividend yield

FY22 Dividend: 13.0 cps

Represents a dividend yield of 11.4%*

Payment of 71% in line with Steel & Tube's dividend policy of 60% - 80% of Adjusted NPAT

Earnings per share (cps): 18.3

Net Tangible Assets per share: $1.22

Price earnings ratio: 6.9

Total Shareholder Return: 19.1%

** Based on share price of $1.27 as at 30/06/2022*
TSR: Total Shareholder Return. This is calculated using (Closing share price – opening share price + dividends)/opening share price

5 year transition complete, now focused on growth and continuing to generate sustainable double-digit ROFE:

- Quality business with strong foundations embedded
- Leading supplier in a market with strong demand – well positioned to succeed through the economic cycle
- Delivered on turnaround strategy
- Attractive shareholder returns and value
- Clear forward strategy and growth opportunities
- Digital investment making a positive impact

FY22 Financial Results

Richard Smyth

Chief Financial Officer

Delivered record FY22 results

Group financial summary

- Volume and revenue uplift
- Gross margin continues to improve
- Held onto embedded structural reduction in operating expenses
- Significant increase in earnings

FY22 Dividend: 13.0 cents per share

- Interim dividend: 5.5 cps (unimputed)
- Final dividend: 7.5 cps (partially imputed)

In line with Steel & Tube's dividend policy of 60% - 80% of Adjusted NPAT

$m	FY22	FY21*	Var%	
Revenue	599.1	481.0	24.6%	↑
Volume (Ktonnes)	167	158	5.7%	↑
EBITDA	66.6	38.6	72.5%	↑
Normalised EBITDA**	66.9	37.6	77.9%	↑
EBIT	47.6	20.7	130.0%	↑
Normalised EBIT**	47.9	19.7	143.1%	↑
NPAT	30.2	15.4	96.4%	↑
EPS (cents per share)	18.3	9.3	96.8%	↑
Dividend (cents per share)	13.0	4.5	188.9%	↑

** FY21 results have been restated for the impact of a change in accounting policy in regards to the accounting for Software as a Service arrangements ("SaaS").*
*** FY22 and FY21 Normalised EBITDA and Normalised EBIT have been adjusted to exclude non-trading adjustments. Further details included in appendix to this presentation.*

Well positioned to deliver through the economic cycle while investing in growth

Group Balance Sheet Summary

- Utilised strong cash position to invest in critical inventory, supporting our customers and mitigating supply chain headwinds
- Impact of supply chain congestion on cashflow
- Strong balance sheet with low borrowings
- Substantial bank facility in place
- Double-digit ROFE

$m	FY22	FY21
Trade and other receivables	103.3	84.0
Inventories	192.5	113.5
Trade and other payables	(89.0)	(80.0)
Working Capital	206.8	117.5
Total Facility	100.0	50.0
Borrowings	(51.0)	-
Available Facility / Undrawn	49.0	50.0
Cash and cash equivalents	8.0	25.0
Borrowings	(51.0)	-
Net Cash/Debt	(43.0)	25.0
Net Tangible Assets (NTA)	202.2	184.6
ROFE (%)	14.6%	6.6%

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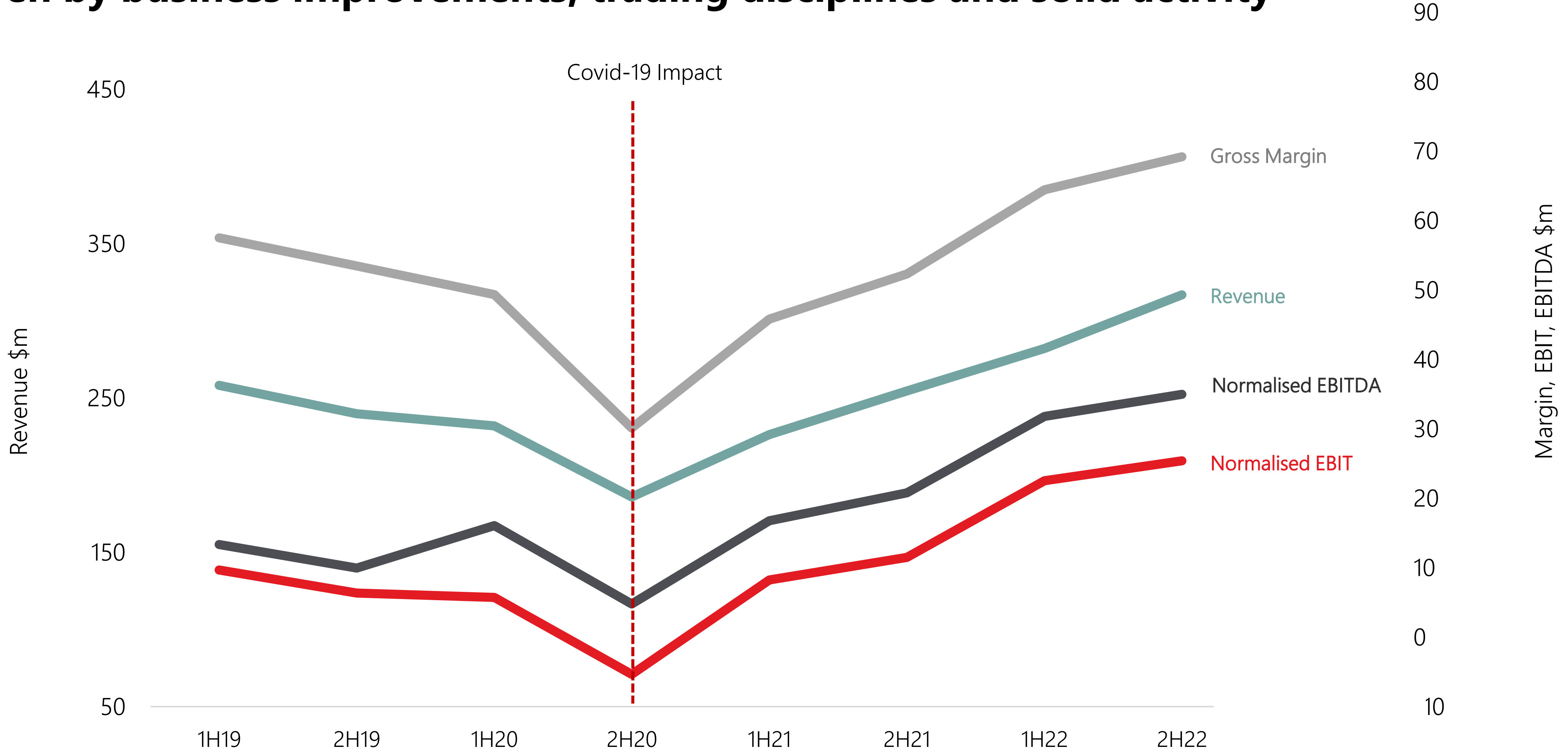
Strong earnings momentum

Driven by business improvements, trading disciplines and solid activity



FY21 (1H21 & 2H21) has been restated for SaaS impact

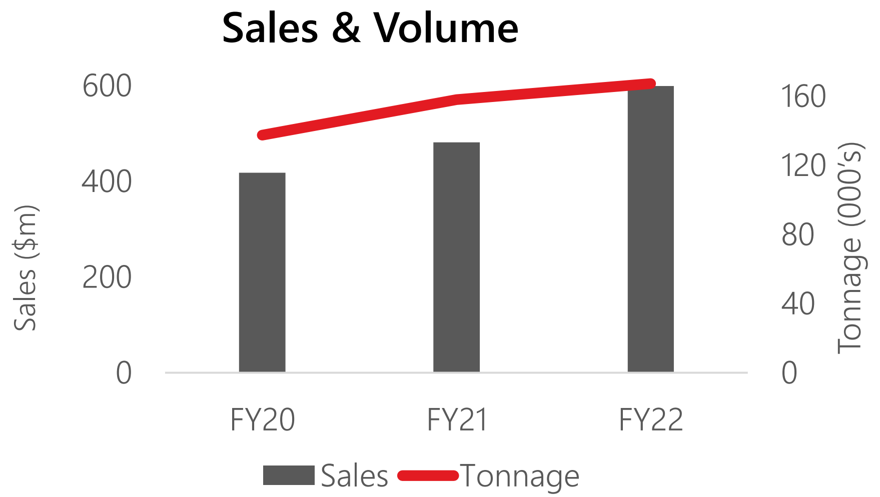
steel&tube STRONGER TOGETHER

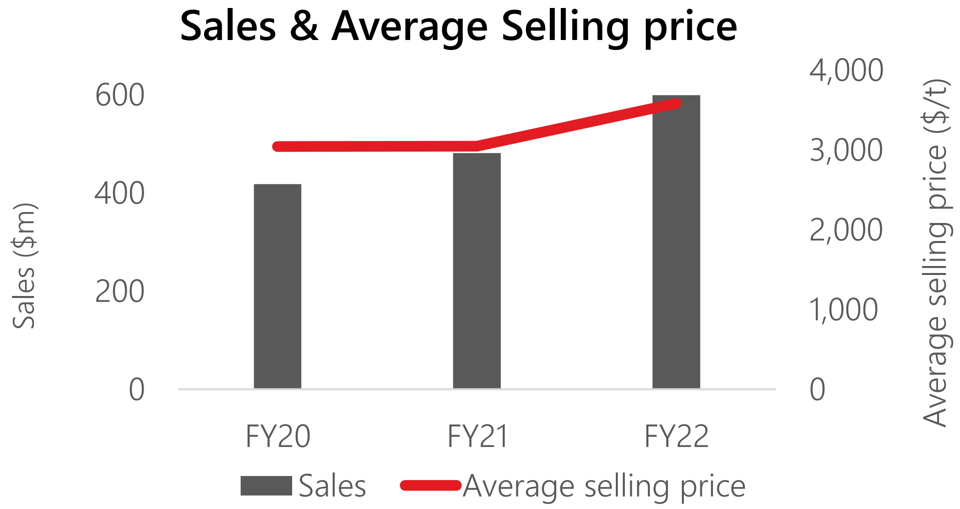
Record revenue

Momentum driven by a strong focus on the customer, trading disciplines and positive market conditions

Revenue $599.1m: Up $118.1m, +24.6%
Continuing sales momentum, despite Covid-19 impact

Volume 167.2Ktonnes: Up 9.3Kt, +5.7%
Increasing customer demand for comprehensive range of products





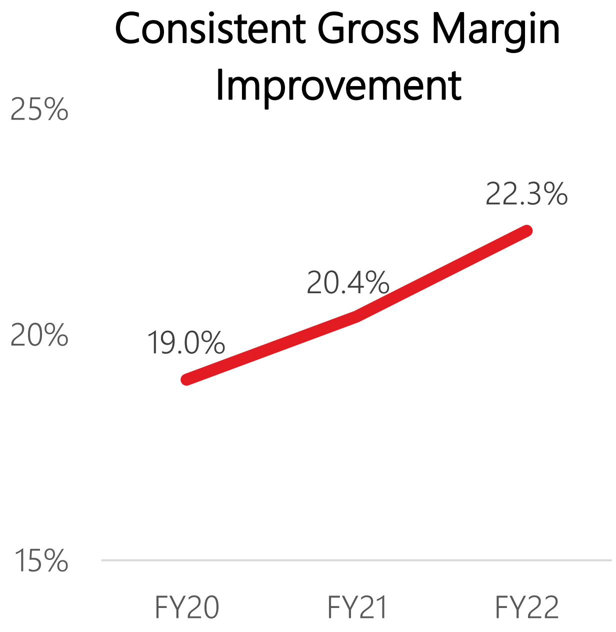
Strong uplift in gross margin

Priority focus on gross margin $/tonne improvement

Growth in Gross Margin to 22.3%

- Disciplined governance and controls, data driven pricing decisions, product mix focused on growing market share in attractive sectors which offer higher margins
- Efficiency improvements, in particular labour and better freight management
- Strategic focus on higher margin products and services

Gross margin includes freight, direct and sub-contract labour



Product Margin: 34.0%

- Strong improvements in Distribution offset by reduction in Infrastructure due to impact of Covid-19
- Non-repeat of Covid-19 lockdowns and improvements in Reinforcing business through 2H22 are driving margin improvement

Business Performance

Increases across both divisions; particularly strong performance in Distribution

Distribution – high volume business

- Excellent performance, well positioned to take advantage of market conditions
- Benefiting from inventory management, pricing and supply chain disciplines
- Expect margins to improve with current expansion of plate processing and other high value product opportunities

Infrastructure – processing products before sale

- Lift in revenue despite challenging market conditions and impact of Covid-19 on large projects
- Non-repeat of Covid-19 and Reinforcing business model 2H22 changes driving higher return and lower risk
- Significant growth in Roofing, Purlins and demand for steel framing

Distribution	FY22	FY21
% of Group revenue	64.0%	59.6%
Revenue	$383.4m	$286.9m
Gross Margin	24.0%	21.1%

Infrastructure	FY22	FY21
% of Group revenue	36.0%	40.4%
Revenue	$215.7m	$194.1m
Gross Margin	18.5%	19.0%

Gross margin includes freight, direct and sub-contract labour

Normalised operating expenses

Ongoing focus on operating expenditure

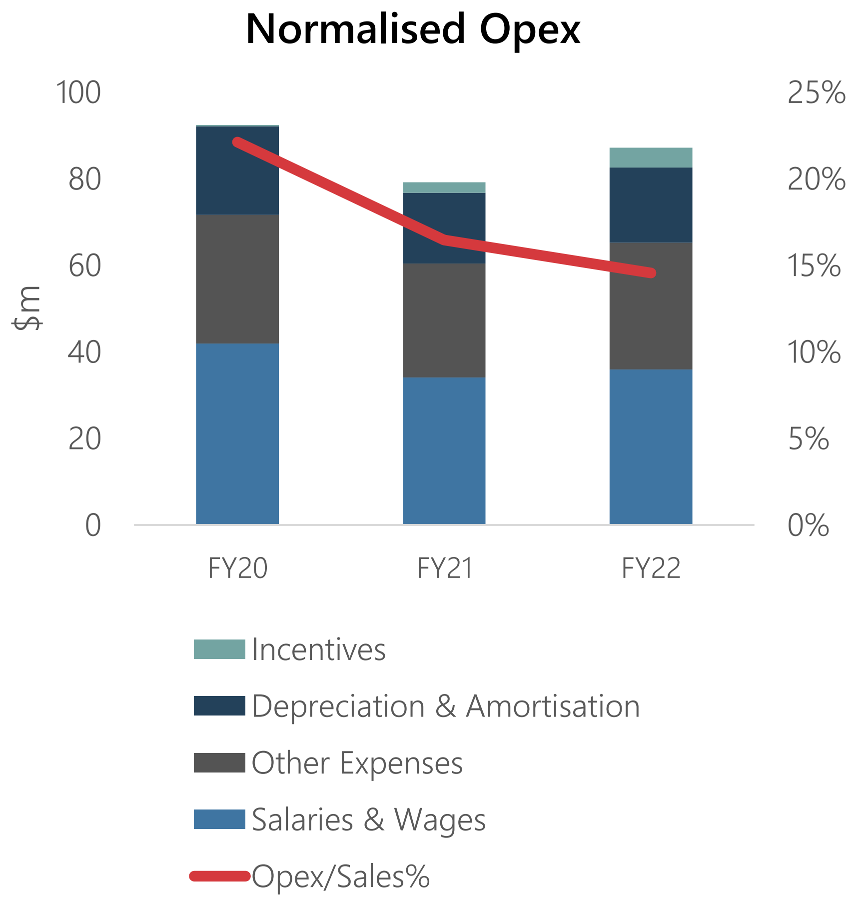
Completion of Project Strive with significant structural changes has delivered long term benefit

- $12.3m reduction in normalised opex since FY18
- Operational costs as a percentage of sales continues to decline
- More efficient network has also led to reduced carbon emissions

Increase in FY22 normalised operating expenses of $7.9m:

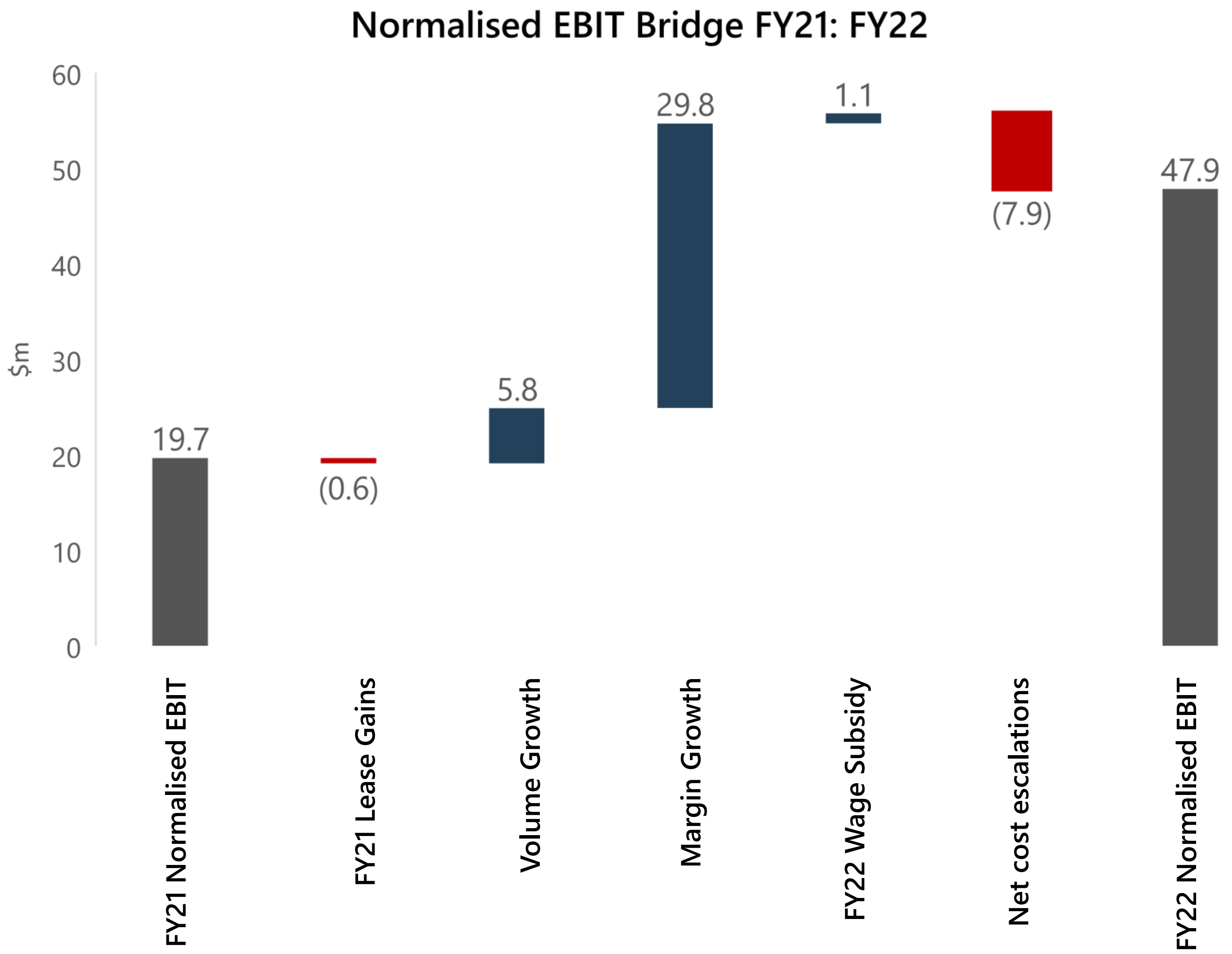
- Inflationary pressure - mostly wage and salary inflation
- Incentive accrual provisioning
- Increased depreciation

Going forward: steady state with expenses expected to increase in line with inflation and expansion of the business



Normalised Opex excludes Holiday Pay provisions/reversal, as well as non-trading adjustments previously reported

EBIT improvement driven by volume and margin growth



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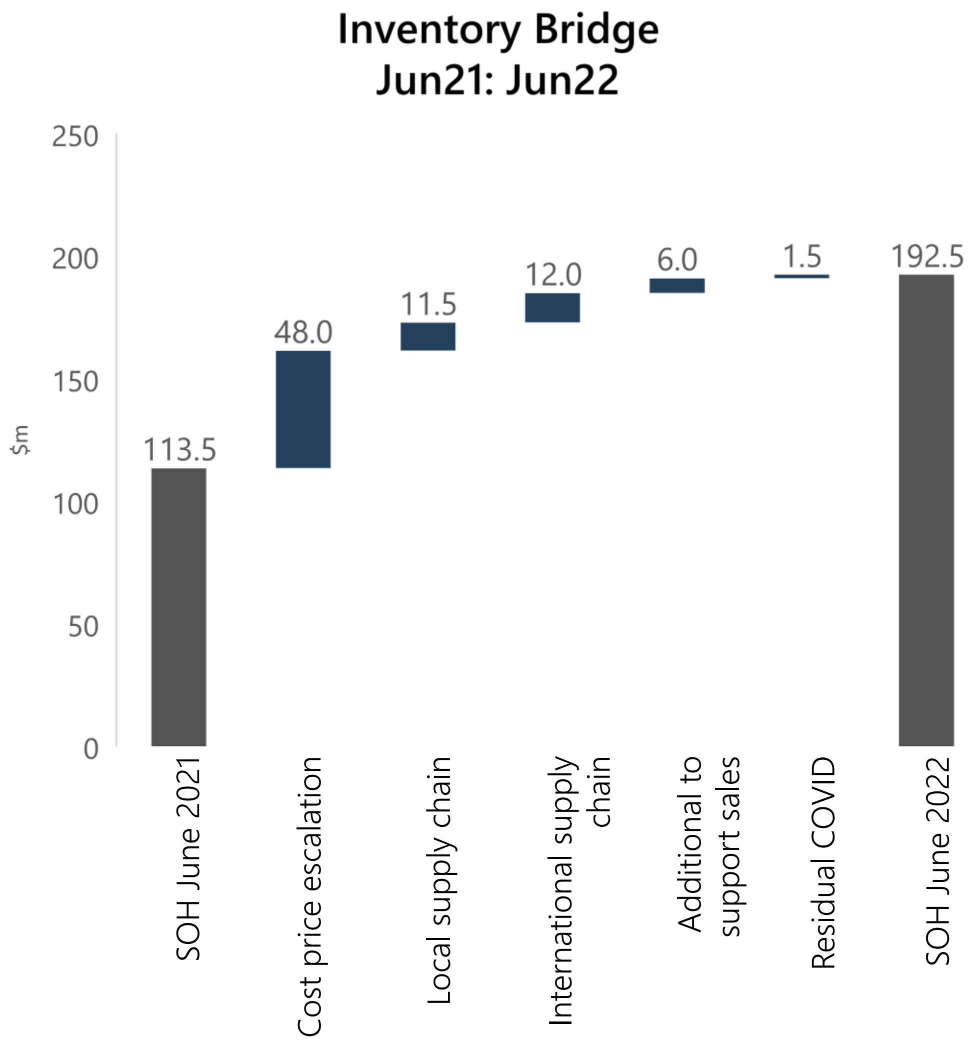
Inventory management

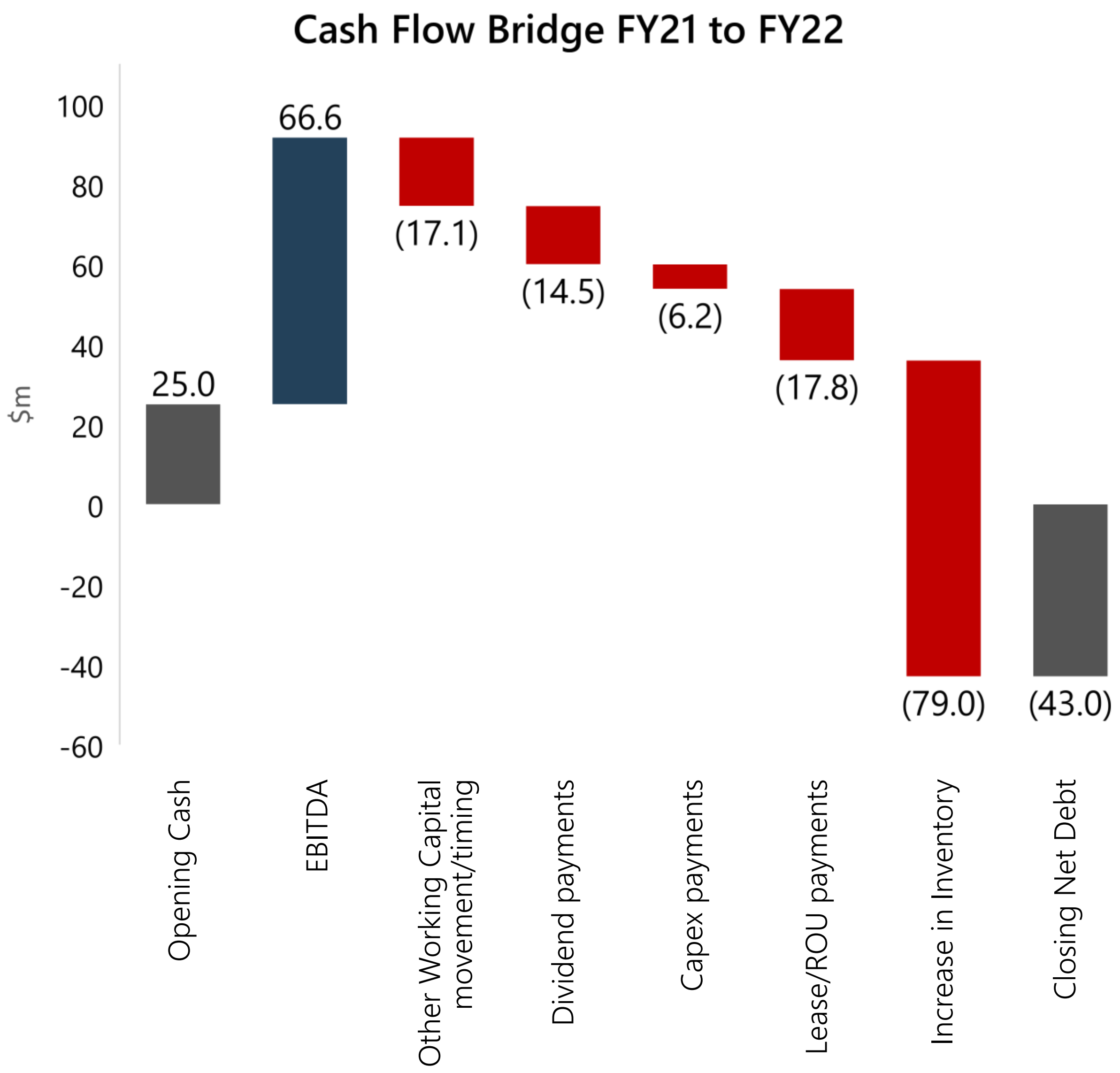
Inventory management system and focus on availability of critical items has resulted in consistent DIFOT for customers

- Utilised strong cash position to invest in critical inventory, supporting our customers and mitigating supply chain headwinds
- Higher inventory value as a result of:
  - Higher prices
  - Longer supply chain resulting in an increase in Goods in Transit
  - Increased sales/customer demand
- Inventory turns (unit and tonnes) have remained consistent with prior periods
- Strong partnerships with shipping and freight forwarding suppliers have helped secure laneways and partially mitigate costs



Cashflow

- Strong cash inflows reflecting increased revenues
- Significant investment in inventory which has increased $79.0m since FY21
- Dividends of $14.5m paid during FY22
- Steel & Tube to start paying Income Tax from FY23
- Extension of existing revolving cash advance facility from $50m to $80m, and additional $20m trade loan



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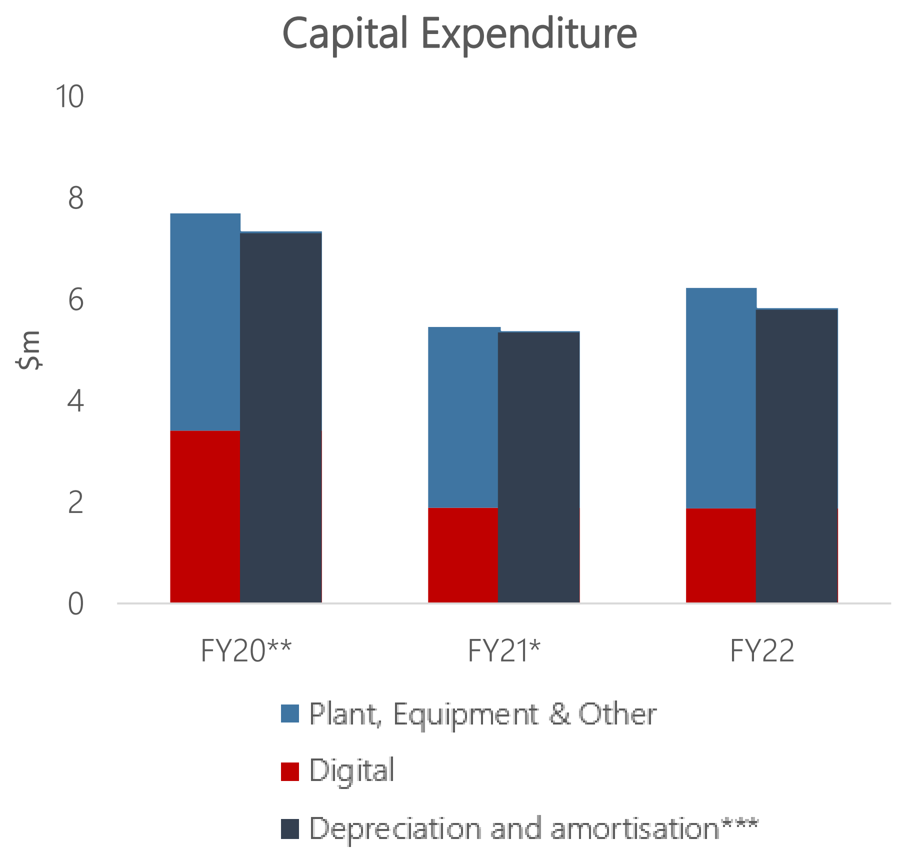
Capital Expenditure

Careful management of funds in current environment

- FY22 capex of $6.2m (FY21: $5.5m)*
- Capital spend approximately equal to D&A
- Priority capital allocation to projects supporting digital (30%) and business improvement/growth (70%)

Planned Investment for FY23

- Investment in processing equipment and other growth opportunities
- Continued investment in digital technology
- Increased cashflow 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")
** FY20 capex has not been restated for the impact of SaaS
***Depreciation and amortisation excludes right-of-use asset depreciation

Moving Forward

Our purpose

To make life easier for our customers needing steel solutions

- Providing a one-stop-shop for the most essential steel products – from foundation 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

Steel procurement and pricing

Elevated pricing although expected to ease in the medium term

- **Russia/Ukraine conflict –** impacted global steel market and future Ukraine rebuild will absorb large quantities of steel
- **China, India and US demand for steel expected to increase –** fiscal stimulus measures and management of domestic supply shortfalls
- **Shipping costs –** starting to ease from historical highs although still a long road back to normal
- **Cost of raw materials** (iron ore, coke, coal) – increasingly turbulent as steel feedstock supply, coupled with variable mill demand, fluctuates in response to uncertain market demand
- **Finished product prices –** remain at historical highs, but become increasingly volatile as mills seek to manage capacity whilst retaining margins
- **Foreign exchange –** weaker New Zealand dollar putting pressure on local steel prices
- **Inflationary pressure –** driving up costs particularly in construction

Steel & Tube is strongly positioned to deliver through the economic cycle

Sector Outlook

- Significant rebuilding of Government investment in infrastructure (+56% over the next decade compared to last decade, particularly roading and water)
- Manufacturing (food & non-food) expanding
- Residential building consents have peaked although ongoing social housing and retirement village investment expected
- Commercial construction activity strengthening

Key Strengths

- Unmatched breadth of high-quality product and solutions
- National network with regional strength
- Enhanced customer value proposition and high levels of customer service
- Operational excellence with significant cost reductions and efficiencies
- Disciplined supply chain and inventory management
- Strong pricing governance and controls and use of data analytics
- Experienced Board and Management team – industry knowledge and enhanced digital capability

Current market challenges and how we respond to them

Market Challenges	Our Responses	
	FY22	FY23
Commodity price volatility	• Careful investment in high demand, high margin inventory items • Keeping ahead of the price curve	• Continued investment in the right inventory • Easing supply chain allowing reduced cover • Focus on margin capture on existing inventory
Supply chain constraints	• Dedicated supply lanes • Leveraging our strong relationships with suppliers to ensure continuity of supply	• Locked in significant increase in dedicated supply laneways, enabling more just-in-time delivery • Face-to-face engagement with overseas suppliers • Further operational optimisation
Staff retention	• Proactive support during Covid-19 • Holistic approach to Wellbeing, education programme and Back to School Support • Special bonuses for frontline staff	• Introduction of Steel & Tube Coaching Programme • Further investment in staff training • All staff at or above the Living Wage from 31 December 2022
Inflation	• Average wage & salary inflation of 4% • Continuous review of all costs to look for efficiencies	• Expecting an average wage and salary increase of 4% • Reviewing opportunities to target inflation
Cashflow management	• Increased bank facilities • Active management of debtor balances • Review of all costs	• Focus on debtor collections • Continuing to review debtor and creditor terms

Strategic focus

Growth focused on strengthening the core and building higher value products, services and sectors to drive gross margin improvement – benefits expected from FY24 onwards

Continue to Strengthen the Core

- Continue to build best-in-class customer experience
- Leverage opportunities to cross sell a wide range of products and services
- Drive gross margin $/tonne through dynamic pricing and product procurement
- Ongoing focus on operating model – warehouse operations, digitising supply chains and customer facing channels

Grow High Value Products, Services and Sectors

- Improving resilience of earnings through economic cycles
- Growth is targeted towards high value products, diversified materials and value-added services
- Continue to diversify customer segments and build scale and footprint in these areas
- Accelerate shift to digital sales
- Primary focus is organic investment, continue to review direct adjacent sectors

Continue to strengthen the core

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Initiatives underway

- Customer value proposition and sales optimisation
- Enhanced use of Data and Analytics
- A continued focus on Pricing and Procurement to ensure all opportunities are maximised
- Operational improvements ensure appropriate cost of support is balanced with customer service mix
- Continuous review of product lines to ensure focus is on highest returning products, optimising our inventory investment
- Targeted capex investment in high demand areas

Digital Advantage

Ecommerce

- Revenue +140% yoy
- Customer numbers +200% yoy
- 20% of active customers now using webshop

Electronic Data Interchange (EDI)

- Launch of EDI – targeted high quantity, lower margin customers. Reinforces strategic relationship by reducing cost to purchase and cost to serve

Launch of CRM for customer experience team

Pricing and analytics platform

Cybersecurity, investment into resiliency on critical sites

FY23 strategic initiatives and focus areas

- Continued focus on customer and customer experience
- Use of analytics to better serve different customer segments and types
- Integration of operational technologies into the digital environment to achieve higher levels of automation
- Increase focus on sales technology to enhance sales productivity, e.g. Infrastructure 3D software integrating with both the client's model and our internal manufacturing systems
- Enhanced pricing governance and controls
- Investment into IT infrastructure providing operating leverage

Competitive advantage through best in class customer experience

Grow High Value Products, Services & Sectors

- Growth is targeted towards high value products, diversified materials and value-added services
- Continue to diversify customer segments and build scale and footprint
- Accelerate shift to digital sales
- Primary focus is organic investment, continue to assess direct adjacent sectors
- Improving resilience of earnings through economic cycles

Initiatives underway:

- Expansion of plate processing capability and offer with investment in market leading machinery
- Increasing share of fasteners market with acquisition of NZ Fasteners
- Building share of niche customer segment – fire and water reticulation products through 1 August 2022 Kiwi Pipe and Fittings acquisition
- Expanding steel framed housing – widen customer base and investment
- Digital tools to make it easier for customers to transact with us
- Other new product growth initiatives well advanced

Expanded plate processing capability and offer

- Attractive value-added products
- Growing market sector
- Replacement of obsolete equipment with large, high capacity machinery
- Market leading – digitally enabled, automated cutting, optimises remnants
- Operational from June 2022, solid forward workload already in place
- Existing footprint has significant opportunity to expand

Kiwi Pipe and Fittings

- Symbolic of strategy to selectively invest in high value products and segments
- Niche strength – fire and water reticulation products
- Builds on Steel & Tube's existing offer
- Provides scale, market share growth and immediately earnings accretive

Strategic pathway: current state

	Strategic Initiative	Early stage	Hitting its stride	Full benefit
Continue to strengthen the core	Continue to build best-in-class customer experience		✓	
	Leverage opportunities to cross sell a wide range of products and services		✓	
	Drive gross margin $/tonne through dynamic pricing and product procurement		✓	
	Ongoing focus on operating model – warehouse operations, digitising supply chains and customer facing channels		✓	
High value products, services and sectors	Continue to diversify customer segments and build scale in high value sectors	✓		
	Expand plate processing offer and capability, and steel framed housing	✓		
	Build niche market share through Kiwi Pipe & Fittings	✓		
	Build high value product range via acquisition of Fasteners NZ			✓
	Accelerate shift to digital sales		✓	

FY23 Outlook

Robust operating model, well positioned to deliver through the economic cycle

Trading conditions:

- Continuing volatility in global and local economies expected
- Steel pricing expected to remain elevated
- Strong demand likely to continue across range of sectors
- Longer term, steel demand in some sectors may moderate

Business Outlook:

- Clear focus on strengthening the core and investing in high value products, services and segments
- Business growth through organic expansion and programmatic smaller M&A
- Further strategic initiatives expected to be reflected in results from FY24 onwards
- Goal to continue to deliver sustainable double-digit ROFE

Discussion

Non-GAAP Financial

Period ended 30 June $000s	EBITDA FY22	Restated FY21	EBIT FY22	Restated FY21
Reported	**66,598**	**38,614**	**47,636**	**20,707**
Holiday Pay provision release	(854)	-	(854)	-
NZ IFRS 16 reversal of impairment	(527)	(1,546)	(527)	(1,546)
Gain on sale of properties		(1,215)		(1,215)
Software as a Service (SaaS) expenditure	1,645	1,760	1,645	1,760
Normalised	**66,862**	**37,613**	**47,900**	**19,706**

Non-GAAP financial information: Steel & Tube uses several non-GAAP measures when discussing financial performance. These include 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 FY22 (12 months) 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 30 June 2021 (12 months) and 30 June 2022 (12 months) reconcile to normalised earnings. Non-trading adjustments of $(0.3) million are included in the FY22 (12 months) results.

Glossary of Terms

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

ROFE: Return on Funds Employed. This is calculated as Normalised EBIT over Average Funds Employed (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

LTIFR: Lost Time Injury Frequency Rates - 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

TSR: Total Shareholder Return. This is calculated using (Closing share price – Opening share price + Dividends)/Opening share price

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