

2024 REVIEW

STEEL & TUBE HOLDINGS LIMITED

Dear Shareholder

On behalf of the board and management, we are very pleased to advise that Steel & Tube Holdings Limited's Annual Report for the year ended 30 June 2024 (FY24) is available to view on our website www.steelandtube.co.nz/investor/reports.

The Year in Review

In what has been a year of significant economic slowdown across New Zealand, Steel & Tube has continued to deliver a solid financial result. Our focus has been on controlling the controllables by strengthening customer relationships, maintaining market share, growing higher value products and services, expanding our cross-sell opportunities and managing costs. These strategies have not only enhanced our customer proposition but also improved our operating leverage, which will drive profitability as the economy recovers.

Continue to Strengthen the Core

- + Solid performance in a recessionary environment delivering resilient operating profit
- + Maintained market share and strengthened customer value add
- + Created significant operating leverage through tight cost control and continued shift towards high value products and services
- + Gross margin dollars/tonne improved due to pricing disciplines and improved product mix
- + Cost inflation offset with \$5m+ cost out programme successfully completed
- + Managed inventory in line with market activity, with a 13% reduction year on year
- + No bank debt and positive cash balance, with net cash of \$8.7m at year end
- + Continued investment in digital technology, equipment and growth opportunities
- + Well positioned to take advantage of increasing activity and demand when the economy recovers

Grow High Value Products and Services

- + Strategic organic investments and acquisitions continue to perform above expectations
- + Continued expansion of aluminium product range, in response to strong demand
- + Investment in new plate processing equipment in Christchurch commissioned in 2H24
- + Acquired 20 owned and leased specialist freight trucks and 8 trailers from Roadex
- + Geographic expansion of Kiwi Pipe & Fittings delivering growth
- + Increased packaged product warehouse capacity and investment in warehouse technologies
- + Investment in new mesh straightening equipment and new purlins machinery with automated stacking system to be commissioned in FY25

FY24 Financial Performance

Revenue

\$479.1m

EBITDA

\$31.4m

FY24 Final Dividend

2.0 cents per share

Fully imputed

Normalised EBITDA¹

\$35.8m

Net Profit After Tax

\$2.6m

In FY24, Steel & Tube delivered a solid financial performance despite the challenging trading conditions. While volumes and revenue were lower as a result of the economic climate, market share was maintained and average selling prices remained elevated.

Pleasingly gross margin dollars per tonne improved as a result of our strategic focus on higher value products and services, pricing disciplines and increasing customer share of wallet. Cost efficiencies have offset inflation and supported resilient operating profits.

With good cash reserves and no borrowings, our strong balance sheet provides resilience in difficult times, the ability to continue to pay dividends to shareholders and the opportunity to grow through organic and M&A investments. Cashflows remained strong and net cash was \$8.7m at year end, with no borrowings.

The board has declared a final dividend of 2.0 cents per share, fully imputed. This takes full year dividends to 6.0 cents per share, representing a gross yield of 9.7%. Steel & Tube has established a Dividend Reinvestment Plan (DRP) which will be active for the FY24 final dividend payment. Information and reinvestment options can be viewed at www.steelandtube.co.nz/investor/dividends.

Looking Ahead

We will continue to build on our strategy in the coming year, strengthening our core and investing in high value products and services. While the timing and pace of an economic recovery remains unclear, our expectation is that conditions should start to improve in the 2025 calendar year. Our market share is strong, we have a loyal customer base and we have quality inventory, meaning we can provide the products and solutions we know our customers will need when their projects start up again.

The long term economic drivers and trends for our business are positive and indicate a strong and long pipeline of demand for steel products and solutions. Steel & Tube has significant operating leverage that will result in profit growth when the economy recovers.

We remain committed to delivering value to our shareholders and confident in the prospects for our company. On behalf of all the team at Steel & Tube, we would like to thank our shareholders for your continued support. We look forward to a strong future together.



Susan Paterson

Chair



Mark Malpass

Chief Executive Officer

¹ Normalised EBITDA has been adjusted to exclude non-trading adjustments relating to Software as a Service costs, Project Strong and restructuring costs. See more details and reconciliation on page 44 of the FY24 Annual Report.