

STEEL & TUBE FY22 RESULTS FOR YEAR ENDED 30 JUNE 2022

RECORD RESULTS AND DOUBLING OF PROFIT FOR STEEL & TUBE

- Record results with revenue of \$599.1m, strong uplift in gross margin and net profit after tax almost doubling to \$30.2m.
- Earnings momentum driven by a focus on customer service, trading disciplines, operational excellence, supply chain management and positive market conditions.
- Final, partially imputed, dividend of 7.5 cents per share (50% imputed), taking total dividends to 13.0 cents per share, equating to a gross yield of 11.4%¹.
- Strategic focus on strengthening the core and growing high value products, services and segments.
- Well positioned to deliver through the economic cycle while continuing to invest in growth and deliver sustainable double-digit ROFE.

\$m	FY22	FY21 ²	Var%	
Revenue	599.1	481.0	24.6%	↑
Volume (Ktonnes)	167	158	5.7%	↑
EBITDA	66.6	38.6	72.5%	↑
Normalised EBITDA ³	66.9	37.6	77.9%	↑
EBIT	47.6	20.7	130.0%	↑
Normalised EBIT ³	47.9	19.7	143.1%	↑
NPAT	30.2	15.4	96.4%	↑
EPS	18.3cps	9.3cps	96.8%	↑
Dividend	13.0cps	4.5cps	188.9%	↑

Steel & Tube Holdings Limited (NZX: STU) has reported record results for the 12 months ended 30 June 2022 (FY22), with profit almost double that of the prior year, as the company moves its focus to growth.

Chief Executive Officer, Mark Malpass, said: “Our priority is to make it easy for our customers to transact with us and I would like to acknowledge our people, who have done an outstanding job of doing just that. Despite the volatile steel pricing environment, rising costs and continuing supply chain disruption, we have been able to source, supply and deliver products to our customers in a timely manner.

“We are seeing the benefits of our focus on operational excellence and supply chain management which has allowed us to control costs and deliver improved performance in a more challenging environment. A continued investment in digital technology is delivering improved customer service and efficiency. We will continue to build on our core strengths and are excited about the growth opportunities we are investing in”.

¹ Based on share price of \$1.27 as at 30 June 2022

² 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”).

³ FY22 and FY21 Normalised EBITDA and Normalised EBIT have been adjusted to exclude non-trading adjustments. Further details included in appendix of our Investor Presentation.

FY22 revenue was \$599.1m, up 24.6% on prior year, with volumes increasing by 5.7% to 167 ktonnes. Earnings increased significantly with EBITDA of \$66.6m, up 72.5% year on year and normalised EBITDA up 77.9% to \$66.9m. EBIT increased by 130.0% year on year to \$47.6m, with normalised EBIT up 143.1% to \$47.9m. Net profit after tax (NPAT) was almost double that of the prior year, up 96.4% to \$30.2m (FY21: \$15.4m).

The Board is pleased to have declared a final dividend of 7.5 cents per share. This takes full year dividends to 13.0 cents per share, representing 71% of Adjusted NPAT and equating to a gross yield of 11.4%. This is in line with Steel & Tube's policy to pay out 60% - 80% of Adjusted NPAT to shareholders.

The company has utilised its strong cash position to invest in critical inventory, providing a key competitive advantage in an environment of supply chain difficulties.

Outlook

While global and local economies traverse an inflationary environment, there will still be strong demand for steel. Pricing is expected to remain at current elevated levels for the balance of the calendar year. As shipping and supply chain congestion eases, inventory cover levels are expected to reduce.

Mark Malpass said: "Steel & Tube's journey has taken us from a relentless focus on cost and operational discipline under Project Strive, to now having the foundation and ability to focus on growth and building a more diversified, resilient business. Our two primary strategic pathways are continuing to strengthen our core and investing in high value products, services and sectors to drive gross margin improvement.

"One such opportunity is in added value plate processing where we have invested into new equipment to expand our plate processing capability and offer. Another example is our Fasteners NZ purchase in July 2021, a niche operator that has performed extremely well in FY22. More recently, on 1 August we acquired Kiwi Pipe and Fittings, in line with our strategy to invest in high value sectors, and which provides us with scale and market share growth in the fire and water reticulation sector. This acquisition was immediately earnings positive and expected to add over 0.5 cents to earnings per share in FY23."

Chair, Susan Paterson, said: "Steel & Tube has been in business for almost seven decades and we have successfully navigated numerous economic cycles. The company is well positioned to respond to the changing environment and to take advantage of new market and product opportunities. Data and technology are truly delivering for our customers. Steel, with its infinite recyclability, is a key enabler of decarbonisation, we are proud to play our part in meeting this challenge for New Zealand. We have a great team of committed employees and a strong pipeline of secured work in place."

The company is hosting an analyst and investor call at NZST 10am today (22 August 2022). Call details can be viewed here <https://www.nzx.com/announcements/395195>.

ENDS

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