



Vulcan Steel Limited (“Vulcan”)

ASX/NZX Release

4 May 2022

Vulcan to present at the Macquarie Australia Conference

Please find attached a copy of Vulcan’s presentation (ASX: VSL, NZX: VSL) for the Macquarie Australia Conference on Wednesday 4 May.

ENDS

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This announcement was authorised by Vulcan Board of Directors

About Vulcan

Founded in 1995, Vulcan is an Australasian-wide industrial product distributor and value-added processor with 29 logistics and processing facilities employing over 850 staff across the company’s Steel and Metals divisions.



VULCAN

MACQUARIE AUSTRALIA
CONFERENCE PRESENTATION

4 May 2022

Disclaimer

The material contained in this document is a presentation of information about Vulcan Steel Limited's ("Vulcan") activities current as of 4 May 2022.

It is provided in summary form and does not purport to be complete. It should be read in conjunction with Vulcan's periodic reporting and other announcements lodged with the Australian Securities Exchange (ASX) and New Zealand Stock Exchange (NZX).

This document contains projections and other forward-looking statements, current intention, opinion and predictions regarding the Company's present and future operations, possible future events and future financial prospects. These represent Vulcan's assumptions and views, including expectations and projections about Vulcan's business, the industry in which it operates and management's own beliefs and assumptions. While these statements reflect expectations at the date of this document, they are, by their nature, not certain and are susceptible to change. Such matters require subjective judgement and analysis and may be based on assumptions which are incorrect.

They may also be based on factors which are subject to significant uncertainties and contingencies which may be outside the control of Vulcan and are provided only as a general guide or statement and should not be relied upon as an indication or guarantee (expressed or implied) of future performance. Except as required by applicable law or the ASX and NZX Listing Rules, Vulcan disclaims any obligation or undertaking to publicly update such forward-looking statements.

This document is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

Unless otherwise stated, financials (including comparatives) reflect the adoption of IFRS 16 Leases. This presentation contains non-IFRS financial measures to assist readers of this document to assess the underlying financial performance of Vulcan. The non-IFRS financial measures in this presentation were not subject to a review or an audit by Deloitte.

Agenda

Introduction

Overview

Trading Update

Guidance & Summary

Q&A

Introduction

Vulcan is an industrial distributor and processor of steel and metal products across Australia and New Zealand



Listed on the ASX and NZX six months ago on 4 November 2021



Vulcan's Total Shareholder Return since listing

On Australian Dollar basis, our market capitalisation has risen by 34% (A\$315m) from A\$933m based on the offer price at listing to A\$1.25 billion¹.

On NZ Dollar basis, our market capitalisation has risen by 39% (NZ\$381m) from NZ\$976m to NZ\$1.36bn¹.

In addition, we delivered A\$34m (NZ\$36m) in interim dividend to shareholders.



We achieved pro-forma NPAT of NZ\$61m in FY21 and NZ\$70m in the first half of 2022 financial year



Overview

A Recap on Vulcan's Business

Vulcan is the only Australasian-wide, pure-play, value added steel distributor and processor.

STEEL

METALS



Steel Distribution

Distributes steel hollows, merchant products (bars, beams, angles, channels) and unprocessed coil and plate.



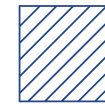
Plate Processing

Processes steel plate to customer specifications (including cutting, drilling, tapping, counter-sinking and folding).



Coil Processing

Processes steel coil to customer specifications (including sheeting and slitting).



Stainless Steel

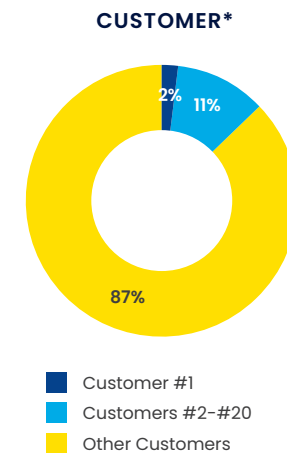
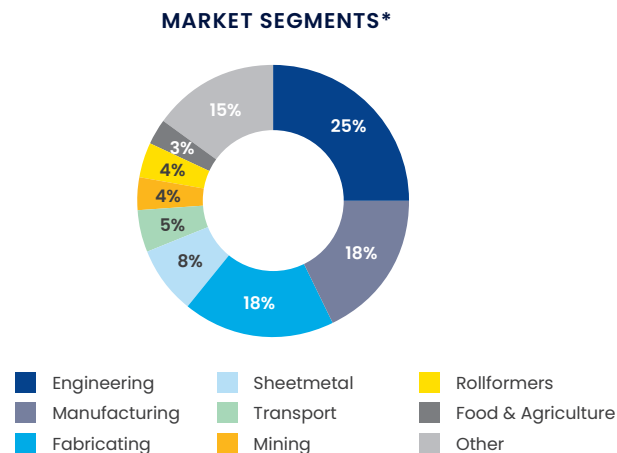
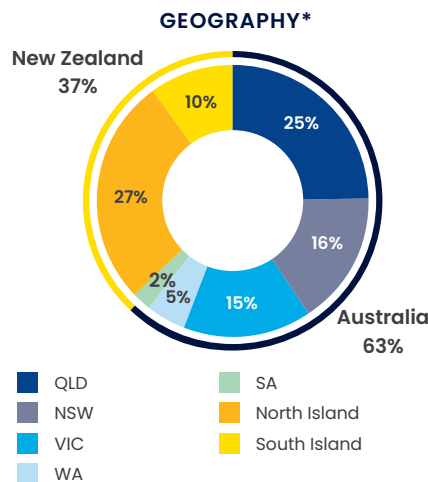
Distributes stainless steel hollows, bars, fittings and sheets/plate, and processes stainless steel plate.



Engineering Steels

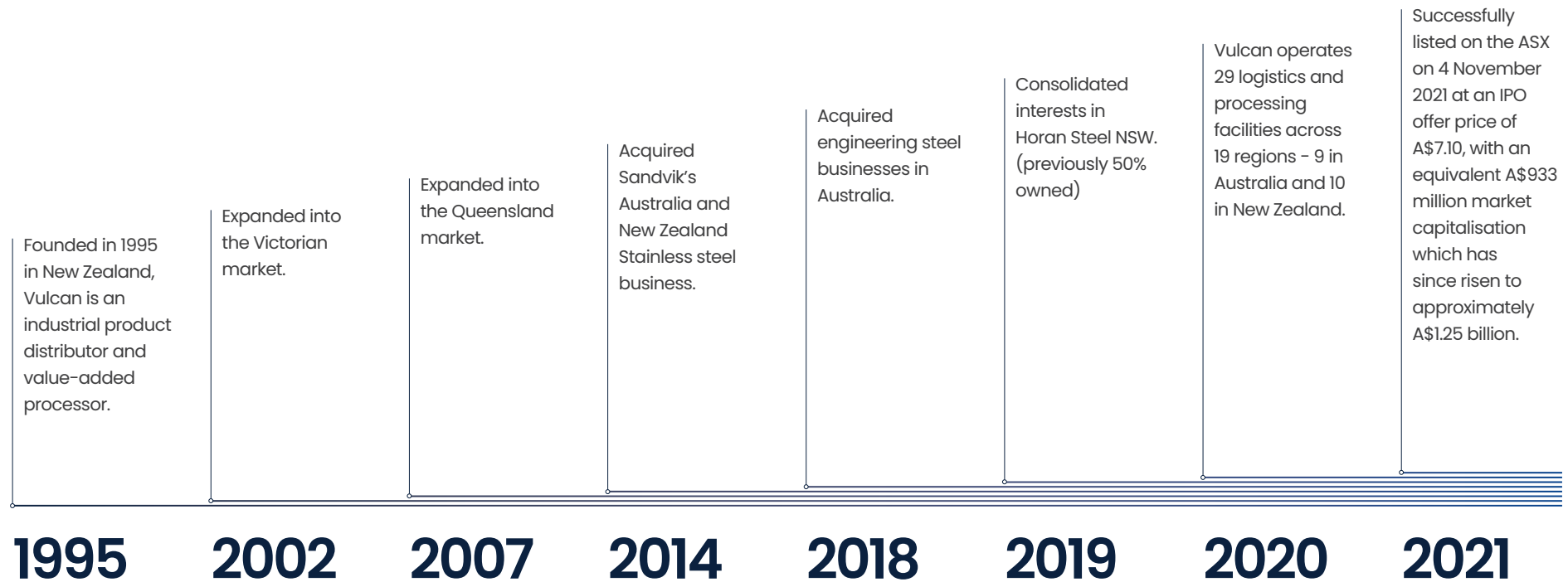
Distributes high performance engineering steel and metal products, and processes engineering steel and metal products.

c. 7,000 monthly active trading accounts who operate across a range of end-markets



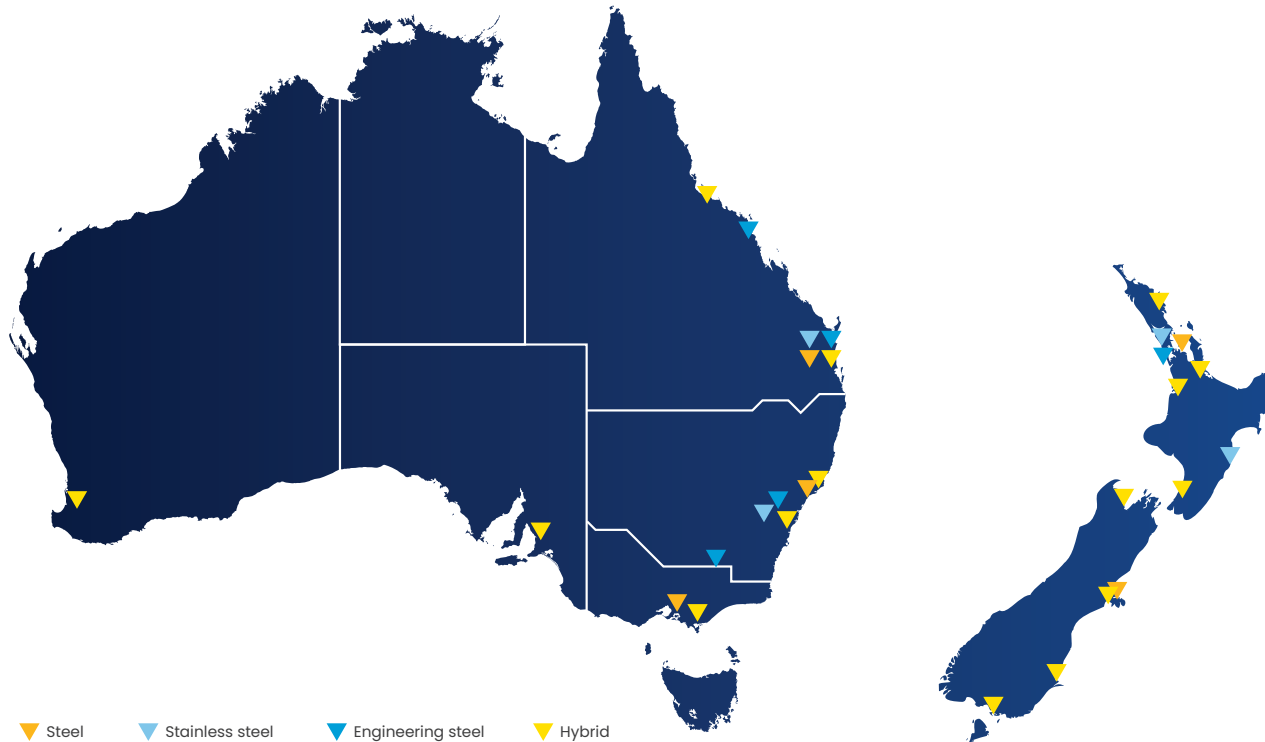
Vulcan's History

The journey so far...



Operational Footprint

Trans-Tasman positions with a national footprint and significant scale drive operating leverage and supply chain capability



29

Sites across Australia and New Zealand, strategically located to serve the local customer base

850+

Company Employees

12k

Active Customers²

	STEEL	PLATE PROCESSING	COIL PROCESSING	STAINLESS STEEL	ENGINEERING STEELS
New Zealand	National footprint	National footprint	National footprint	National footprint	National footprint
Australia	Competes selectively ¹	Competes selectively ¹	Competes selectively ¹	National footprint	National footprint

Our Business Model at a Glance



Growth Strategy



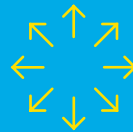
Brownfield expansion

- Strong track record in brownfield expansions – additional sites identified for expansion
- Focus on new customer win and increase share of wallet



Entry into new geographies

- Expanded into 10 regional markets through greenfield initiatives across Australasia
- New opportunities identified to expand footprint within Australasia



Expansion of product and/or service offering

- Successfully introduced and cross sell 2 major product categories in the last 7 years
- Considering opportunities in other 'Steel and Metals' segments



Opportunistic M&A

- Acquired and successfully integrated 10 businesses since 1995
- Opportunities for further consolidation



Business improvement initiatives

- Ongoing focus on productivity gain to offset cost inflation
- Embarked on several initiatives with \$60m of annual run rate revenue over 36 months

Growth Initiatives Update

As outlined in Vulcan's prospectus (15 October 2021), the company commenced the implementation of several business improvement opportunities with potential to increase its annual run-rate revenue by up to NZ\$60m over 36 months based on prevailing market demand, costs, and pricing conditions.

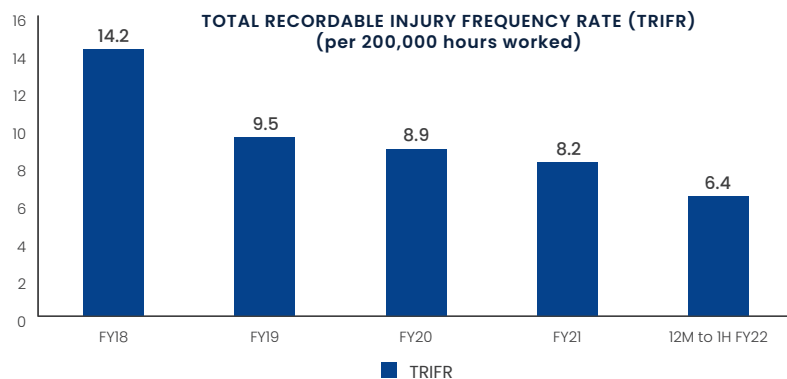
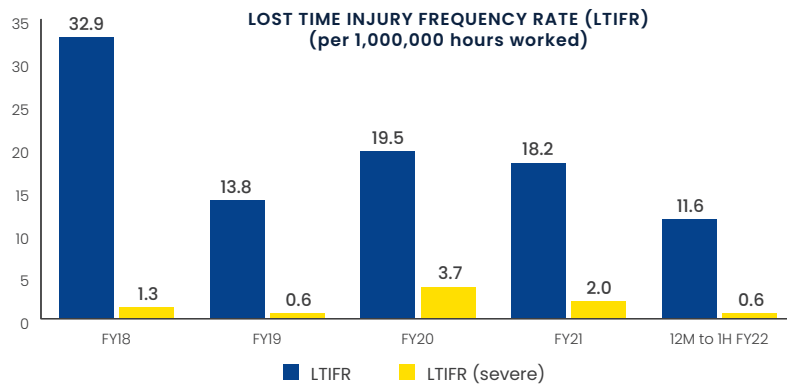
This is up to an annualised 80 tonnes per day of additional sales (approximately 7% higher compared with FY21)

These initiatives are expected to begin delivering revenue in FY23.

Our H&S and ESG Initiatives

Health & Safety

- Committed to providing a safe and healthy work environment
- More than 95% of staff fully-vaccinated
- Vulcan team focused on managing COVID-19 challenges to maintain service level
- Currently trialling a new AI-based on-truck worksafe technology



Environment

- Greenhouse gas CO2 emissions of 9.4k tonnes in 2021
- Vulcan’s current initiatives

- Shifting to hybrid cars**
- Monitoring supplier progress in green steel**
- First electric truck trial planned for 2022**
- Solar rollout at various sites**
- The introduction of biofuel use over time**

Community and Social

- Support to local community organisations - Halberg Youth Council, Arts Centre Melbourne
- Workplace and personal support to all staff and immediate family



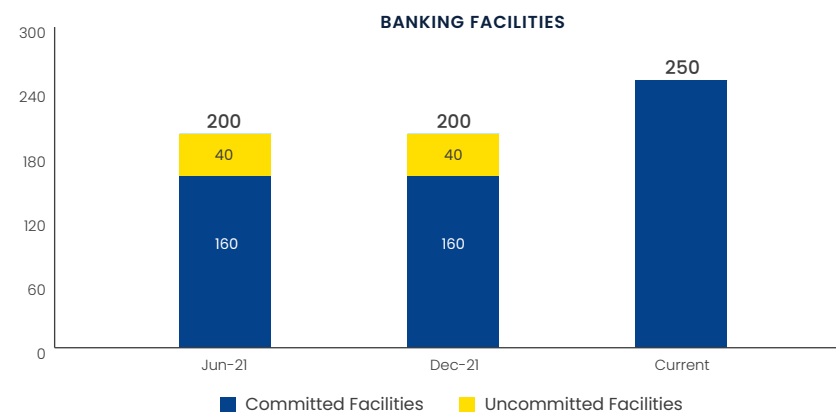
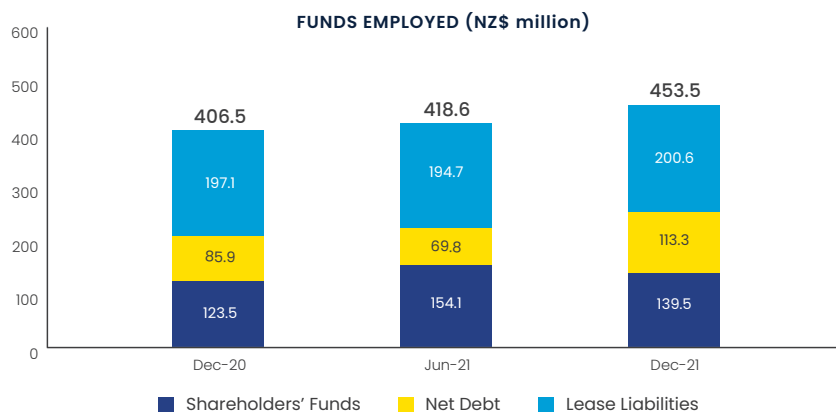
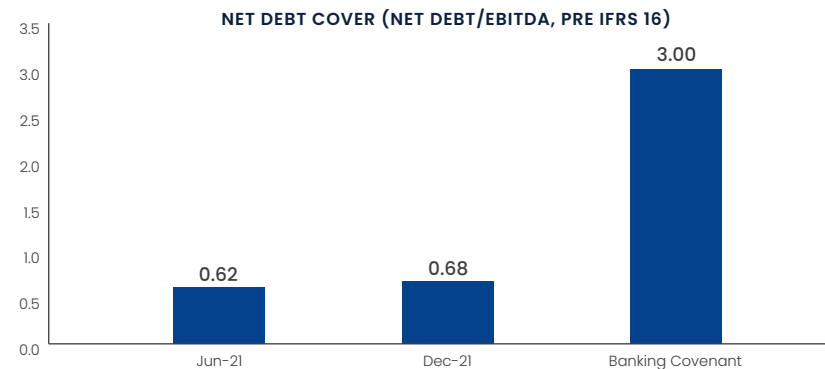
1H FY22 Performance Highlights

<p>REVENUE</p> <p>NZ\$463m¹</p> <p>+35% on NZ\$344m 1H FY21</p>	<p>GROSS MARGIN</p> <p>41.3%</p> <p>+6.1% on 35.2% in 1H FY21</p>	<p>ADJUSTED EBITDA² (EXCLUDING OFFER COSTS)</p> <p>NZ\$118m</p> <p>(NZ\$106m pre-IFRS 16^{3,4} basis)</p> <p>+98% on NZ\$60m in 1H FY21</p>	<p>ADJUSTED NPAT⁵ (EXCLUDING OFFER COSTS)</p> <p>NZ\$70m</p> <p>(NZ\$72m pre-IFRS 16 basis)</p> <p>+139% on NZ\$29m in 1H FY21</p>	<p>ADJUSTED EPS⁶ (EXCLUDING OFFER COSTS)</p> <p>NZ 53.0c</p> <p>(NZ 54.6c pre-IFRS 16 basis)</p> <p>+139% on 22.2 NZ cents in 1H FY21</p>
<p>OPERATING CASH FLOW (INCLUDING OFFER COSTS)</p> <p>NZ\$36m</p> <p>-45% on NZ\$65m in 1H FY21</p>	<p>RETURN ON CAPITAL EMPLOYED⁷</p> <p>35.9%</p> <p>+12.0% on 23.9% in FY21</p>	<p>SALES VOLUME</p> <p>138,265 t</p> <p>+10% on 126,196 tonnes in 1H FY21</p>	<p>SUCCESSFULLY LISTED ON THE ASX & NZX</p> <p>1-in-5</p> <p>of our 842 staff bought shares from the public offer</p>	<p>INTERIM DIVIDEND (TOTTALLING NZ\$36m)</p> <p>NZ 27.5c</p> <p>Record date 11 March 2022 Payable on 8 April 2022</p>

1. m - millions. 2. Earnings before interest, depreciation and amortisation. 3. IFRS 16 - New Zealand accounting recognition of right of use assets and corresponding liabilities on leases adopted in FY20.
4. Pre-IFRS 16 - NZ International Accounting Standard 17 - accounting treatment of leases prior to the introduction of IFRS 16 in FY20. 5. Net profit after tax. 6. Earnings per share. 7. Post IFRS 16 basis.

A Strong Financial Position

- Strong balance sheet position to execute on growth strategy and maintain our 60%-80% annual dividend payout policy
- Banking facilities of NZ\$250m



Trading Update



Trading Conditions since 1H FY22

- Group Revenue
 - Up 34% year-on-year (YOY) in 3Q¹ FY22 – consistent with the 34% YOY growth achieved in 1H² FY22
- Group Margin
 - Gross profit per tonne improved in 3Q¹ FY22 compared with 1H² FY22
- Volume (Tonnes Per Day, TPD)
 - Overall TPD down 5% sequentially in 3Q¹ FY22 compared 1H² FY22
 - Steel segment TPD was down 6% in 3Q¹ FY22 compared with 1H² FY22
 - Metals segment TPD was flat in 3Q¹ FY22 compared with 1H² FY22



Economic Outlook

A region of two halves

- Our business volume is leveraged to primary and industrial activities across manufacturing, building, infrastructure, transport, mining, agriculture and food production
- Overall business confidence
 - **Australia:** The indicators for business confidence & conditions are both positive and have been trending up in the past three months¹
 - **New Zealand:** The indicators for business confidence² have been negative since mid-2021, but own activity outlook² remains positive in the agriculture and manufacturing sector
- Interest rate levels
 - The pace of increase will likely dampen the appetite for new projects
- Inflationary pressure
 - Will likely impact on the economics of new business investments
 - Will continue to impact on Vulcan's own operating cost base



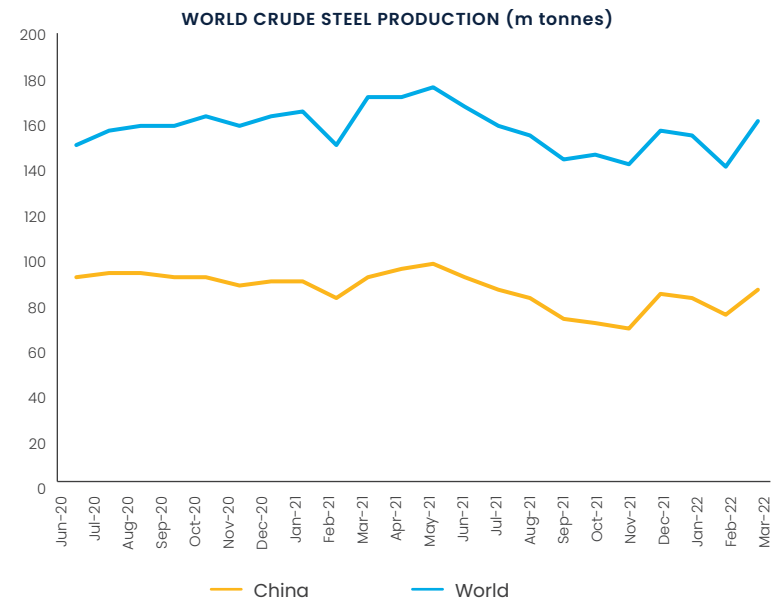
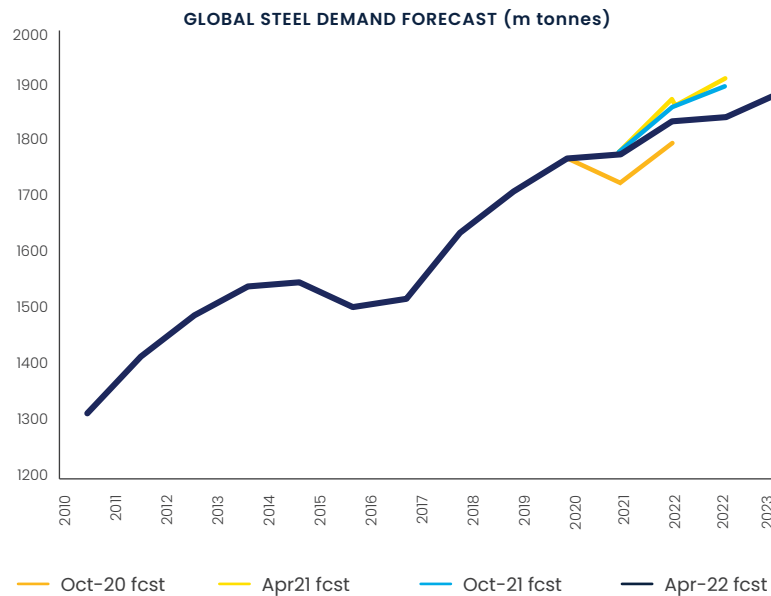
Global Steel Market Dynamics

Geopolitical uncertainty

- War impacting on steel supply from Russia and Ukraine
- Dampening steel demand globally in the short term
- Constraining nickel supply in the short term

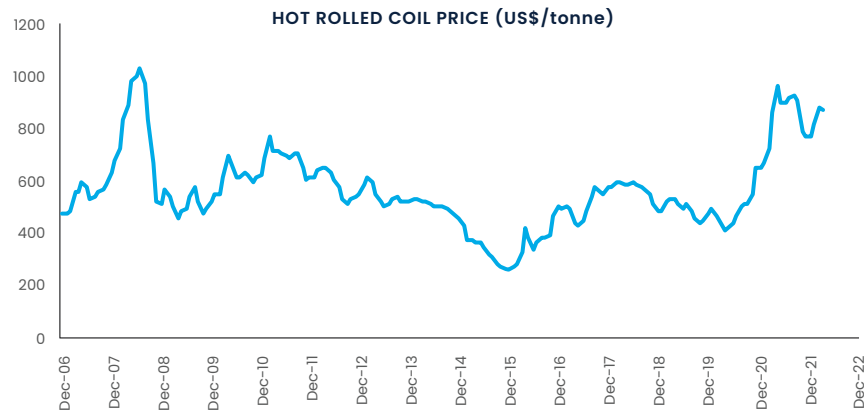
China COVID-19 lockdown restriction

- Constraining domestic steel consumption in the short term
- Expect producers to turn to the export market

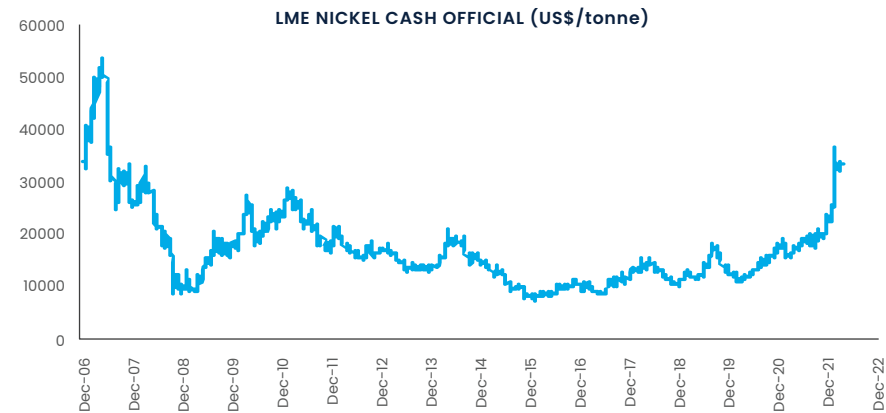
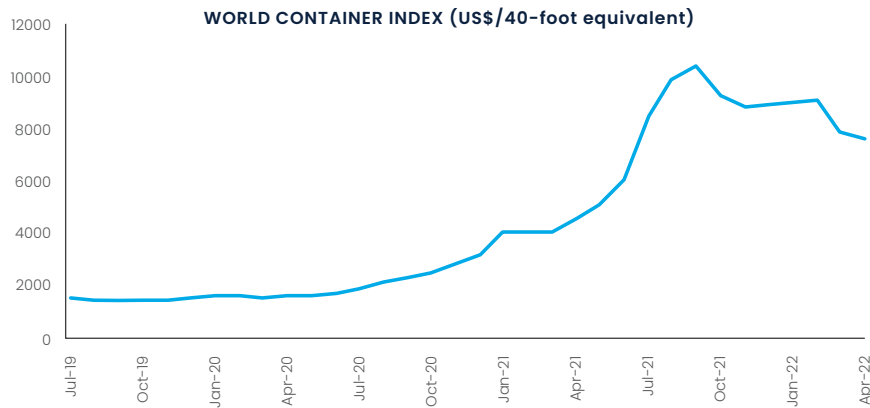
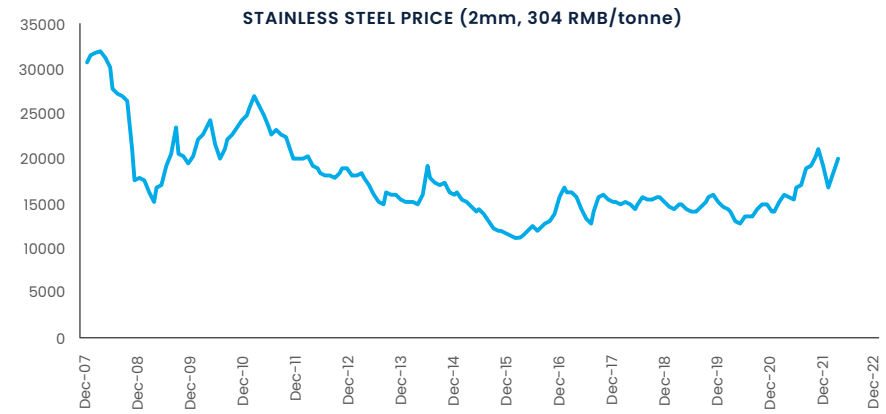


Steel & Freight Price Tracks

HRC & Seaborne Freight Price Track



Stainless & Nickel Price Track



Guidance & Summary



Guidance & Summary

Earnings Guidance

- Upgraded profit guidance on 26 April
 - EBITDA: Pre-IFRS 16 basis: +23%
 - NPAT: Pre-IFRS 16: +24%

MILLION NZ\$ (Before offer costs)	PRO FORMA* EBITDA		PRO FORMA* NPAT	
	Post-IFRS 16	Pre-IFRS 16	Post-IFRS 16	Pre-IFRS 16
New Guidance Range**	236-242	212-218	136-140	140-144
Previous Guidance	194-204	170-180	107-114	111-118
Dollar Change***	40	40	28	28
% Change ***	20%	23%	25%	24%

* Pro forma financial information as described in Vulcan's Prospectus which was included to enable readers to examine what the company considers to be its underlying financial performance of the business presented on a consistent basis.

** Subject to ongoing risks outlined in the Company's Prospectus lodged on 15 Oct 2021.

*** Compared with previous guidance range, at the mid-point.

Summary

- We have an ambitious culture
- Invest for growth for the long term
- The Vulcan team and shareholder interests are aligned
 - Board members, management and employees collectively own 31% interest in the company
 - KMP¹ have opted only for long term incentives
- A strong focus on our customer service
- A disciplined approach to delivering growth through organic initiatives and value-accretive acquisitions, as demonstrated by our track record in earnings growth and return on capital
- A balanced financial management strategy intended to support growth opportunities and a 60-80% dividend payout policy



Q&A

VULCAN.

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