

STEEL & TUBE 2025 ANNUAL SHAREHOLDERS' MEETING

22 October 2025

CHAIR'S ADDRESS

Susan Paterson

Strategic Goals

For the past eight years, our purpose – making life easier for our customers – has been the foundation of our strategy and it continues to guide every decision we make.

Our long-term goals remain clear and unchanged:

- To position Steel & Tube as the preferred supplier for steel solutions and products;
- To increase our company's value through investment in high value products and services;
- To deliver increasing returns and value for our shareholders
- And to create positive outcomes for our business, our people, our communities and our planet.

We are firmly committed to these goals, not just for today, but for the years ahead, as we continue to play our part in transforming and modernising the steel industry for the future.

Strategic Pathways

Our dual pathway strategy underpins our actions – building a diversified and resilient business while capitalising on new avenues of growth.

The strategic decisions we have made over the past few years are positioning our company for success.

This year, not only have we continued to strengthen our core, but we have invested in both organic and acquisitive growth – further expanding our leading range of steel solutions and businesses.

Perry's Acquisition

The acquisition of Perry Metal Protection – a market leader in galvanizing services – was a highlight for the year and reinforces our position as a leader in the sector.

FY25 Key Results

We were disappointed to announce a soft performance for FY25, with the challenging economic headwinds affecting volumes, revenue and margins. We are a pure New Zealand play and as such our performance is heavily linked to the ebbs and flows of the New Zealand economy.

Normalised EBITDA remained positive at the bottom of the cycle, as did operating cashflows.

Capital allocation discipline has been an important focus and meant we could buy quality businesses at bottom of the cycle. As a result, net debt increased to \$36m, which included \$30m for the Perry's acquisition.

In the face of ongoing economic pressure, we had to make difficult choices to ensure the long-term health of the business, including the reduction of roles. These decisions were made with the future in mind, but not without recognising the real impact they have on people today.

The board acknowledges and thanks those team members who have left us, for their dedication and hard work. As governors of the company, we are committed to modelling the values that matter. The board and CEO therefore, took a temporary 20% reduction in fees and salary. The leadership team has also agreed to a temporary pay freeze. If we are asking our people to cut back, it's only right that we do so too.

In the Boardroom

As a board, we had two clear priorities over the last year:

- To navigate Steel & Tube through the current challenging cycle – one of the most difficult we have seen since the pandemic and the early 90s;
- and to prepare the company to capitalise on the economic upswing when it returns.

We remained focused on our strategy - strengthening our core, delivering for customers, organic growth and fast-tracking scale through M&A.

Financial performance, risk and resilience are important topics of discussion, particularly in the current economic climate. Capital management continues to be a key area of focus, allowing for strategic investment while maintaining the flexibility to pursue growth. Our recent investments are delivering value – with positive revenue, margin and earnings growth in the face of a cyclical downturn.

In the past year alone, we have expanded our range of aluminium products in response to customer demand, extended the reach of Kiwi Pipe & Fittings into the South Island and launched QBT540, the first new roofing profile to market in many years.

Our investment into palletised warehousing for our fasteners business has been completed and delivery metrics are now consistently at 99%. We also invested in new rollforming machinery in Auckland and Christchurch and added 13 trucks to our inhouse fleet, providing more control over last mile service, delivery and efficiency.

We are managing our cashflow carefully with good cash collections in a softened operating environment and inventory continues to be managed prudently to ensure best use of working capital.

The absolute priority for your board is to deliver a return to profit.

Across the business community, there is a strong consensus on what is required from government to support sustained economic progress - a long-term vision that provides certainty for infrastructure, energy, housing and transport. We need shovel-ready projects and a credible pipeline that allows businesses to plan, invest and deliver with confidence.

Business also has a role to play. We cannot rely solely on government action. Companies must continue to invest, innovate and drive productivity.

We're committed to building a strong, sustainable future for Steel & Tube. This runs deeper than just business – it's about building something lasting, resilient and sustainable that creates value not just for our shareholders, but for all our stakeholders.

Our people are at the heart of our success – from our exceptional leaders to the wider Steel & Tube team. Every day, they work together to deliver for our customers and our business. On behalf of the board, I want to thank them for their commitment, adaptability and professionalism, in what has been a difficult environment.

CEO'S ADDRESS

Mark Malpass

Steel & Tube

I wanted to start with a quick reminder of the scale and strength of our business.

We are an established business with over 70 years of trading history. Our stable of best-in-class businesses offer the most comprehensive range of steel and metal products, services and solutions in New Zealand. This year, we added market leading galvanizing services to our offer. Our ability to cross-sell our wide range of products across our 13,500 customers offers a significant strategic advantage.

We serve our customers through our nationwide network of 35 sites across the country and our online platform, with support from Account Managers, our Customer Services Centres and our inside sales team. We segment our customers into tiers based on size and value, and we are careful to balance our cost to serve with the customer's potential.

Our competitive advantage is anchored on our ability to leverage our national footprint and our wide product range through cross selling. Our people make this come alive and we invest heavily in their product knowledge to make life easier for our customers.

Underpinned by Strong Fundamentals

Customer satisfaction remains a core measure for us, and despite tougher conditions, our NPS customer satisfaction score has held steady in line with historical averages – the rolling 3-month NPS as at end-September is 50. I visit a selection of different customers weekly, and their insights and feedback help to inform how we operate and deliver value. We also have board events with key customers in various regions a couple of times a year which also helps inform our value proposition. Our strong customer relationships will serve us well as market conditions improve and demand reignites.

Our team remain engaged and committed, with employee satisfaction lifting to 33 as at end September, which is in the industry top quartile. We are conscious of cost of living pressures on our people and have initiatives to provide support including financial planning and budgeting workshops, a Back to School financial assistance programme, and the Healthnow Programme which provides support to meet basic family health costs like doctors, dentists and pharmacy bills.

We also continue to invest in training and development opportunities to support team members to upskill and progress their careers. A particular focus has been on training our Account Managers with product knowledge to enable more cross-selling.

Our community support is anchored around helping young people to realise their potential.

Health and safety are embedded into our culture, and we have a steadfast commitment to ensuring every team member goes home safe, every day. Our people are engaged with our safety programme and are important

contributors to keeping our whole team safe and well. Our FY25 safety metric increased mostly as a result of the Perry's acquisition, however, it's important to note that there were no serious incidents and Perry's has a very robust safety framework in place.

We are supportive of New Zealand's net-zero ambitions by 2050 and are focussed on those things that we can control, from the transport emissions of our fleet to energy use, and the reduction of waste produced during manufacturing in our plants. This is a journey for us and we continually look at how we can improve.

FY25 LOOKBACK

Looking back at the financial year ended 30 June 2025...

Recessionary Conditions

Steel & Tube has broad sector diversity with revenue predominantly generated from the manufacturing, construction and infrastructure sectors.

Manufacturing, accounting for just over one third of our revenues, started to show some positive signs, particularly in the second half of our financial year.

Commercial construction makes up almost one third of our revenues. When you add Residential and Resellers, construction is almost 50% of our revenues. The high interest rate environment, international uncertainty, limited Government infrastructure and social housing spending, increasing housing supply and job losses, affected the construction market and business investment confidence.

Investment into infrastructure projects was limited, with a number of projects paused or delayed.

Conversely, the rural sector, was a standout over the year, supporting the economy by driving rural incomes and job creation and sector-related manufacturing.

Strategic Initiatives

Despite the tough market, we continued to execute on our strategy - strengthening our core, delivering for customers, growing organically and through acquisitions.

Financial Performance

As Susan said, the challenging economic backdrop and its impact on demand for steel, affected volumes, revenue and average selling price in FY25.

Lower demand and volumes increased competition, putting pressure on margins. However, we have strong operating leverage and margins are starting to show signs of improvement as volumes improve and capacity is better utilised.

A focus on costs and efficiency further improved operating leverage, with an additional \$7m in cost taken out of the business in the last year, on top of \$5m in the previous year.

We reported a normalised EBIT loss of \$21.4m while normalised EBITDA was a profit of \$2.1m.

Balance Sheet Summary

We have been disciplined with the use of shareholders' funds, particularly in the current economic cycle.

Inventory has been carefully managed to ensure customer availability while shifting product mix towards higher value products, and operating cashflows remained positive.

However, this environment has also opened up opportunities for us and we have been able to utilise our balance sheet for growth initiatives and M&A, including the acquisition of Perry Metal Group.

Growth Investments Adding Value

Acquisitions enable us to grow into adjacent areas when organic pathways are not as attractive.

We started out with smaller acquisitions - Fasteners NZ in 2021, Kiwi Pipe and Fittings in 2022 and Roadex last year - and proved our ability to acquire businesses and products and integrate them into the group.

In the past year alone, we acquired Perry's, expanded our range of aluminium products in response to customer demand, extended the reach of Kiwi Pipe & Fittings into the South Island and launched QBT540, our first new roofing profile to market in many years.

We also added 13 trucks to our inhouse fleet (now 33 in total), providing more control over last mile service, delivery and efficiency.

Our recent investments are delivering value – with positive revenue, margin and earnings growth in the face of a cyclical downturn.

Perry Metal Protection

The acquisition of Perry Metal Protection is a good demonstration of our strategy in action and was a highlight of the past year. It further expands our offer to our existing and new customers, and we are seeing a range of benefits, from cross-selling to operational synergies.

Integration of Perry's into the group has gone well and is now mostly complete. We have a good cultural and value fit and strong alignment of customer groups.

While it is still early days, the results to date have exceeded our business case expectations, with EBIT for the first 5 months 45% above business case.

The Market Opportunity

The steel and metals sector in New Zealand is busy and fragmented. There is a wide range of potential consolidation opportunities and Steel & Tube is a natural acquirer, well-positioned to integrate and grow.

The Perry's acquisition is the largest we have done to date and demonstrates our capability to identify strategic opportunities, execute complex transactions and realise synergies that strengthen our group's market position.

MOVING FORWARD

Economic Recovery on the Way

Market conditions remain challenging— slower infrastructure growth, high cost of capital and complex regulations have made planning and investment harder than it should be. Many businesses have put projects on hold and stopped spending, and the Government has cancelled or paused many large infrastructure projects. While the Fast Track bill and current growth narrative is a positive step, approvals and funding will take time.

Medium Term Economic Drivers

There are some positive themes that should lead to improved activity over the next 12 to 18 months:

- Manufacturing is poised to grow, supported by recovery of export, rural and construction markets, and domestic demand.

- Further interest rate cuts over the coming year are expected to stimulate the commercial construction sector.
- The residential sector is slowly recovering and lower interest rates and a large portion of fixed mortgages coming up for renewal will drive increasing demand over time. In the short term, elevated supply relative to demand, sluggish wage growth, high unemployment, and affordability constraints continue to dampen demand.
- In terms of infrastructure, there are some shorter-term government-funded projects such as Dunedin Hospital that will be helpful.

The Government has advised that billions of dollars in government-backed construction projects are set to get underway across New Zealand before the end of the year, and we are actively working to secure contracts for this work. However, we are cautious about when we will actually see shovels in the ground and a resulting demand for steel.

We are also well positioned to deliver for climate resilience projects such as port rebuilds, wind and solar energy developments, coastal protection and resilient buildings – areas where we have proven expertise and capability.

We are committed to investing, innovating and executing, but progress will be faster if Government provides a clear, long-term infrastructure pipeline—energy, transport and housing—so businesses can plan, invest, and deliver.

Clear planning, decisive Government actions and business execution working together will unlock growth and opportunity - for our company and for the wider economy.

Operating Leverage

We are well positioned with strong operating leverage. We have streamlined our fixed cost base to make it more efficient and have tight control over variable costs, which will enable substantial profit expansion as volumes return.

This conceptual chart demonstrates the improvements we have made to operating leverage, using FY23 as a mid-cycle proxy.

Looking at the last shaded bar in the graph – if we took our FY23 volumes and modelled our current operating leverage, our earnings – the red dot - would have been significantly higher than they were. This excludes any benefit from the Perry Metal Group acquisition.

This modelling demonstrates that when our volumes increase, as we expect they will do, our strong operating leverage will result in increased margins and profits.

FY26 Trading to Date

While there is some uplift emerging, we expect headwinds to remain until early 2026, at which time, we would hope to see some easing as the benefits of lower interest rates take effect and stimulate confidence, spending and investment.

We have started to see some uplift in customer activity, with more projects moving to the planning stage, an increase in tender requests – and increasing tonnage per tender – and large infrastructure projects are coming online with more definitive timetables around them. As these projects move to execution phase, our revenue and tonnage will start to increase again.

In the short term, while there are signs of improvement, margins remain under pressure as the market competes for lower demand. We are maintaining our balanced approach to jobs, ensuring we are competitive, while retaining appropriate margins.

FY26 Focus and Priorities

Our focus is on maintaining our market position, supporting margins, and continuing our disciplined management of costs, inventory and cash.

Our strong market position, loyal customer relationships, and customer-first mindset across the business will support revenue.

We will continue to tightly manage cash and costs, and support margins through new higher value products and services, and cross sell opportunities.

The current environment offers opportunities to continue to grow organically and through acquisitions and we remain attuned to this.

Our FY26 results will benefit from a full year of Perry's plus group-wide cost out and efficiencies delivered in FY25.

Our strategy is delivering value and growth, and we are continuing to identify and assess growth opportunities at the bottom of the cycle.

Chair's concluding remarks

Well Positioned for Economic Upswing

As Mark has said, we're well positioned for the economic upswing, with product diversity and broad sector exposures that differs from listed peers.

We have a cost efficient and streamlined business, strong operating leverage, broad sector diversity and a solid market position as a trusted supplier with competitive scale and longstanding customer relationships. We are well positioned for the cyclical upswing and to drive margin expansion and profit growth when demand returns.

Market fundamentals remain strong and long term drivers provide a multi-year growth pathway.

Steel is everywhere in our lives – where we play, live, work, in our transportation networks, our buildings and our infrastructure. It's one of the world's most essential and sustainable building products – permanent, forever reusable and the most recycled substance on the planet. There are many projects where steel is the best, and sometimes the only suitable product.

Over the past 70-plus years, we have proven our ability to successfully navigate through down cycles, and we are very confident in Steel & Tube's ability to capitalise on increasing demand as the economy improves.

On behalf of the board, I would like to thank all our shareholders for your continued support.

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