STEEL & TUBE 2026 ASM CHAIR AND CEO SPEECHES

CHAIR'S ADDRESS: SUSAN PATERSON

Our Board

I'd like to introduce your Board and provide an update on the renewal process we've been undertaking.

Good governance means making sure we have the right mix of skills, experience and perspectives around the Board table, particularly as the business navigates a challenging period and makes some important strategic decisions.

In August we commenced a renewal as part of a planned succession process. Over recent months, we've welcomed three new independent directors: Tim Deane, Cassandra Crowley and Murray Gutry.

Together, they bring valuable industry knowledge, commercial experience and fresh perspectives to the Board, and you will have an opportunity to hear from them later in the Meeting.

Steve Reindler stepped down in September, and I would again like to acknowledge his contribution to Steel & Tube over many years.

Chris Ellis has also signalled his intention to step down in 2027 and is standing for re-election today to provide for a period of director transition.

I have also announced that I will be stepping down from as Chair at the end of today's meeting and will leave the board at the end of January 2027 having served three terms of three years each. It has been a privilege to serve as chair during a period of significant change for the company.

While there is still work to do, a lot has been achieved and I'm proud of the resilience and commitment our people have shown throughout. We have now accelerated the strategic reset and I have every confidence in the refreshed board moving forward. Holding over 260,000 shares myself, I will continue to monitor the company's progress as a shareholder.

Cassandra Crowley has been appointed as chair-elect by the board, subject to her election as a director by shareholders today. She is an astute, commercially savvy and experienced director, with strong strategic judgement and a clear understanding of what drives business performance. I am confident she will provide strong leadership as Steel & Tube's new chair.

FY26 lookback

It was only four years ago, at the peak of the cycle, that we were reporting record results.

However, the downturn in New Zealand's construction and infrastructure sectors since then has been deeper and more prolonged than many anticipated.

FY26 was another challenging year for Steel & Tube and our shareholders. While we saw encouraging signs of improving demand through much of the year, that recovery was disrupted by renewed market uncertainty in the final quarter.

Despite these conditions, we made progress. Revenue and volumes increased, margins improved and we saw the benefits of initiatives to reduce costs and improve efficiency.

With a leaner, more efficient business and a greater focus on higher-value products, we are better positioned to translate an increase in sales volumes into stronger earnings, and normalised earnings improved significantly from the previous year's lows.

However, this was not enough to return Steel & Tube to profitability, and we recognise the disappointment this represents for shareholders.

We've remained consistent in our strategic direction, but the prolonged downturn has reinforced the need to accelerate change. The board is clear that we cannot simply rely on market recovery to restore returns. We need to ensure Steel & Tube is structured to perform more effectively across a range of market conditions.

Pathway to restoring shareholder value

Slide 7 sets out the pathway we see to restoring shareholder value.

Our first priority is returning Steel & Tube to positive EBIT and sustainable profitability.

We then need to convert improved earnings into positive free cash flow, giving us the capacity to strengthen the business and improve financial flexibility.

Alongside this, is a focus on reducing net debt and rebuilding balance sheet capacity.

These priorities are closely connected and will be progressed together.

Over time, as profitability and cash generation improve and the balance sheet strengthens, the objective is to restore dividends.

The board will maintain a disciplined approach to capital allocation, balancing the need to strengthen Steel & Tube's financial position, invest in the business and ultimately deliver sustainable shareholder returns.

Priorities for FY27

The board has identified five priorities for FY27.

The first is overseeing the accelerated reset of the business. Our portfolio review identified opportunities to exit underperforming and loss-making operations as well as rationalise our property footprint. Progress is well underway. Mark will provide an update on this shortly.

Second is cash generation. Increasing cash will allow us to reduce debt, strengthen our balance sheet and build the financial flexibility to invest in the business and, ultimately, restore sustainable returns to shareholders.

Third is rebuilding the balance sheet, with close board oversight of debt, cash generation, working capital and capital expenditure. We are pleased to have recently secured the extension of our banking facilities, and appreciate the continued support of our banking partners.

Our fourth priority is strengthening performance oversight and accountability. This means holding management accountable for delivering improved EBIT and positive free cashflow.

Our final priority is board renewal, which I've already discussed. The recent appointments bring additional capability and fresh perspectives to our oversight of the business.

Conclusion

To conclude, we remain confident in Steel & Tube's long-term potential.

We have strong customer relationships, a nationwide network and a broad range of products and services that are important to New Zealand's construction, manufacturing and infrastructure sectors.

Our strategy remains focused on strengthening the core business and growing higher-value products and services. The board believes this remains the right direction, but we need greater focus and discipline in how we execute the strategy, allocate capital and deliver financial returns.

The changes underway are designed to create a simpler, more efficient and financially resilient Steel & Tube, better positioned to benefit from market recovery and deliver sustainable shareholder value. While good progress is being made, there is still considerable work ahead.

I'd like to acknowledge Mark Malpass and the entire Steel & Tube team for their commitment through a difficult period, particularly as we make changes that affect our people and operations.

I'd also like to thank my fellow directors and our shareholders for their continued support.

Our priorities are clear, and the board remains firmly focused on delivering stronger performance and shareholder returns.

Thank you.

CEO'S ADDRESS: MARK MALPASS

Economic cycle

I'd like to start by putting FY26 into context.

Following the disruption of COVID, we saw a sharp increase in demand as economic activity recovered and delayed projects came back online, particularly in construction.

Since then, we've experienced a prolonged downturn across construction and infrastructure, with demand falling further and remaining weaker for longer than expected.

FY26 brought some encouraging signs of recovery before market conditions weakened again towards year-end following the Middle East Conflict.

Throughout this period, we've continued to adapt the business, balancing the need to manage costs and protect our financial position, whilst maintaining the capability to respond as demand recovers.

Importantly, Steel & Tube has a number of strengths that help us compete through challenging conditions and position us to benefit as markets improve.

We have broad exposure across key end markets, a wide range of products and services that creates opportunities to cross-sell, a strong national footprint and a trusted brand.

We continue to focus on delivering value for our customers, while maintaining financial discipline and making careful decisions about where we allocate capital.

FY26 key financials

Looking at our FY26 performance, the financial result was clearly disappointing, despite the meaningful improvement on the prior year.

Revenue increased 13.9% to $438.9 million, while normalised EBITDA improved to $9.9 million, up from $2.1 million in FY25.

Our normalised EBIT loss reduced from $21.3 million to $16.5 million, and we reported a statutory net loss of $61.2 million.

This included a $51.9 million non-cash impairment, reflecting the prolonged downturn the economy has experienced and rightsizing our expectations on future performance. While this does not represent a cash outflow, it is a significant adjustment, and one the board and management takes seriously.

Net debt increased to $48 million, mostly reflecting the acquisition of Perry Metal Protection in 2025. This was a strategic buy at the bottom of the cycle and has proven its value.

Strengthening the balance sheet is a key priority and, as Susan mentioned, we've recently extended our banking arrangements through to 2028, providing greater funding certainty.

While the improvements are encouraging, we're very clear that they're not where we need to be.

However, it does demonstrate that the actions we've taken are making a difference.

We're seeing improved margins, a leaner cost base and greater operating leverage, giving us confidence that we can deliver a stronger financial performance as demand recovers.

Our immediate priority is to build on this progress and return the business to sustainable profitability.

Clear plan to improved performance

We have a clear plan, with initiatives already implemented and further actions underway.

Over the past few years, we've reduced costs, improved our operating processes, strengthened our product and service offering and invested in higher-value activities through organic growth and acquisitions.

We're now starting to see the financial benefits of these changes come through. In FY26, our latest cost reduction programme delivered $3.5 million in savings, with approximately $6 million in annualised benefits expected.

In the near term, we're focused on completing these initiatives, improving operational efficiency and tightly managing costs, inventory and cash.

Over the medium term, our accelerated business reset will simplify our operations, release capital and improve the returns we generate from the assets we retain.

Together, these actions are designed to restore profitability, strengthen the balance sheet and create a more sustainable business.

Importantly, we're focused on what we can control, rather than relying solely on an improvement in market conditions.

Strategic pathways

Our strategy remains consistent, built around two priorities: strengthening our core business and growing higher-value products and services.

These priorities have guided our investment decisions and the changes we've made over recent years.

Strengthening the core means improving how we serve customers, making our operations more efficient and ensuring we're competitive across the markets in which we operate.

At the same time, we're building a greater contribution from products and services that offer stronger margins, more consistent earnings and opportunities for growth.

The strategy remains relevant, but our focus is increasingly on the financial outcomes it delivers. We're taking a more disciplined approach to where we allocate capital, which activities we retain and how we deliver sustainable returns.

Strengthening the core

We've continued to make progress strengthening our core business.

Our focus has been on improving efficiency, managing costs, strengthening our product and service offering, and delivering greater value for customers. The initiatives we've implemented over recent years are delivering benefits, contributing to improved margins and greater operating leverage as volumes recover.

We are also looking ahead at how our business models can further leverage AI and other technology to deliver smarter, more profitable ways of serving our customers while creating lasting value for shareholders.

We acknowledge that debt is higher than desirable at present and rebuilding our balance sheet capacity continues to be a key priority for board and management. –We have a disciplined approach to capital

allocation as demonstrated by the recent portfolio review and decision to exit businesses that do not meet our investment criteria. We have also taken actions to manage intramonth peak debt.

There is still more to do, and we're continuing to look for opportunities to simplify operations, improve productivity and strengthen our competitive position.

Ultimately, our goal is a more efficient, responsive and profitable core business, better positioned to deliver sustainable returns throughout the market cycle.

Growth investment

The recent macro uncertainty highlights the importance of continuing to evolve our business model. We are consciously expanding our sector diversity, growing into areas where we can create a competitive advantage. Galvanizing is a good example of this.

Perry Metal Protection has now been part of the group for just over 18 months and has continued to outperform, with FY26 revenue and earnings trending above business case and prior year, and cross-sell and revenue synergies also above expectations.

Other acquisitions and investments over recent years – such as Kiwi Pipe & Fittings and Roadex, our inhouse fleet and our organic growth into Aluminium - have also delivered and are providing value for our group.

Reshaping our business

In Q4 of FY26, we commenced a comprehensive portfolio review, to ensure capital is directed towards the highest-value opportunities.

As a result and as previously announced, we are exiting both our reinforcing and wire business, and plate processing operations.

Our priority is to maximise value through the sale of assets. In August we said we expected to realise $11m to $12m in asset sales and reduced inventory holdings, excluding costs. The sale process is going well and once completed, we now expect to realise $13m to $15m, excluding redundancy payments of around $2.5m. The board has elected to apply proceeds to debt reduction.

These changes will allow us to focus our resources on the parts of Steel & Tube where we have the strongest competitive position and greatest potential to create value.

We also reviewed our physical footprint, taking into account the business reset, and we will continue site consolidations and exits where they make sense. This lowers operating costs and improves return on capital through more efficient use of assets. We expect this to deliver annualised savings of around $2m and potentially higher.

Importantly, this will not impact our commitment to being a national brand. Our regional hubs are not affected and will continue to provide our customers with a national coverage.

FY27: Market outlook

Turning to the outlook, the New Zealand economy continues to present a mixed picture.

While there have been encouraging signs of improvement in some sectors, the recovery remains uneven, particularly across construction and infrastructure, and demand for steel remains below historical levels.

Manufacturing is showing positive momentum with the sector showing expansion for last 16 months. Commercial and industrial construction is still weak and we have a cautious outlook for this sector.

In residential construction, improving consent activity and financing conditions provide some encouragement, but conversion into building activity remains slow. Renovations are providing some support, however, generally have a low demand for steel.

Infrastructure remains an important longer-term opportunity, although the timing of projects and the flow-through to steel demand remain uncertain.

Against this backdrop, we're taking a measured approach to our outlook.

We remain confident in Steel & Tube's market position and ability to benefit from improving demand, but we're not assuming a rapid or sustained recovery either in market conditions or within our own business.

Our focus is on ensuring the business can perform more effectively regardless of the pace of market improvement.

FY27 Trading YTD

Last week we provided an update on trading in the financial year to date, so the 4 months from July to October.

Market conditions remained challenging over the period, reflecting continued subdued and uneven activity across New Zealand's construction and infrastructure sectors. Residential construction activity has been constrained by weak consumer and developer confidence, while commercial and industrial projects continue to show lower investment and experience project delays, as well as the general business uncertainty the economy demonstrates in a pre-election period.

Against this backdrop, Steel & Tube has reported a year-on-year improvement in revenue and volumes, and a significant improvement in normalised earnings.

Our inventory value has remained stable, as we continue to focus on disciplined inventory and working capital management, while ensuring we have the right products available to meet customer demand as market conditions improve.

Net debt has increased due to creditor payment timing and support for the execution of strategic initiatives.

We remain focused on improving earnings, strengthening cash flow and maintaining disciplined working capital and capital expenditure management. Reducing debt and rebuilding balance sheet resilience remain key priorities for FY27.

While the economic recovery remains fragile, improving business and consumer confidence should support a gradual recovery. However, we recognise that it will take time for improving sentiment to translate into stronger demand.

In the meantime, we remain focused on delivering for our customers, market share growth, continuing tight management of costs and operational efficiency.

CEO Conclusion

To conclude, FY26 was a year of progress, but we are very aware that our financial performance is below where it needs to be.

The market downturn has been longer and more challenging than anticipated, but the actions we've taken are delivering benefits within our business.

We have a clear plan and a strong focus on execution. We know there is more work ahead, and we're committed to delivering measurable progress.

Ultimately, our goal is a more efficient, responsive and profitable core business, better positioned to deliver sustainable returns throughout the market cycle.

I'd like to thank our people across Steel & Tube for their continued hard work and commitment, particularly through a period of significant change.

We're confident in the direction we're taking and remain focused on delivering stronger performance and sustainable value for shareholders.

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