

# SHAREHOLDER NEWSLETTER

December 2022

## DEAR SHAREHOLDER

### KIA ORA, TĒNĀ KOUTOU

2022/23 marks Steel & Tube's 70th year of trading and our 55th year as a listed company. We were delighted to commemorate this milestone recently with the NZX and have plenty more activities planned over the next 12 months as we celebrate our history and the future for our company.

We were honoured to be announced as a finalist in the recent 2022 Deloitte Top 200 Awards for Most Improved Performance. This award recognises a significant improvement in business performance and is credit to the fantastic Steel & Tube team who contribute every day to our aim of making life easier for our customers.

Our goal is to run our business in a way that has a positive impact on our customers, our staff and our communities, as well as building a strong foundation for the future. The results of the work we've been doing to transform Steel & Tube are now clear - from our industry leading digital solutions to the investment we make in our people and the breadth and quality of our steel products and services. We are always looking for ways to improve and be even better.

Steel & Tube's CEO Mark Malpass, Chair Susan Paterson and Director Andrew Flavell, celebrating the company's 55th listing anniversary on the NZX.



# COMPANY UPDATE

## TRADING UPDATE

The strong demand for steel we have seen over the last two years has continued into the first half of our FY23 financial year, despite challenging macro trends, including higher interest rates, increased labour costs and elevated steel pricing.

Infrastructure and commercial construction have long pipelines in place and manufacturing has been steady. We expect to see continued easing in residential construction, which comprises around 11% of our sales revenue. Our diversification across a range of sectors is of value in this environment and mitigates the risks of any one sector. Pleasingly, we have seen supply chains freeing up and international freight costs are starting to reduce. We are managing our inventory levels carefully to ensure the best use of our working capital.

Steel & Tube is well positioned to respond to the changing environment and to take advantage of new market and product opportunities. We have a solid foundation, a clear strategy and are a leading supplier in a market with strong demand.

We remain focused on our growth pathways - continuing to strengthen our core foundation and investing in higher value products, services and sectors to drive gross margin improvement. The investments we made in the past six months in expanded plate processing and the acquisition of Kiwi Pipe and Fittings are delivering value, with robust demand for these new offerings.

## WHAT MATTERS

We are committed to doing the right thing and doing things right. There are several stand out areas that we see as critical for our continued long term success – maximising steel's contribution to a sustainable and low emission society, supporting our people and customers, and delivering value to our shareholders. We believe decarbonisation provides a strong competitive advantage and are actively looking at ways to deliver lower carbon solutions for our customers.

We recently adopted ESG World, an online platform which allows us to provide shareholders and other stakeholders with

ready access to information on Steel & Tube's Environmental, Social and Governance practices. In this newsletter we've provided some quick snapshots of some of the ESG initiatives we have underway in each of our five pathways which are focused on our customers, our people, technology, service and operational efficiency.

As always, we welcome feedback from our shareholders. Thank you for your continued support.

### Find out more:

- **Email:** [sustainability@steelandtube.co.nz](mailto:sustainability@steelandtube.co.nz)



Susan Paterson, Chair



Mark Malpass, Chief Executive Officer

# SUSTAINABILITY ACROSS STEEL & TUBE

## ACROSS THE GROUP, FROM THE GROUND UP

From the ground up, the small things can make a big difference. We're looking at all areas of our business, to see how we can improve. Here's just a few of the things we are doing across our facilities to improve our environmental footprint. These initiatives also help to reduce our operating costs and create a more comfortable workplace for our team:

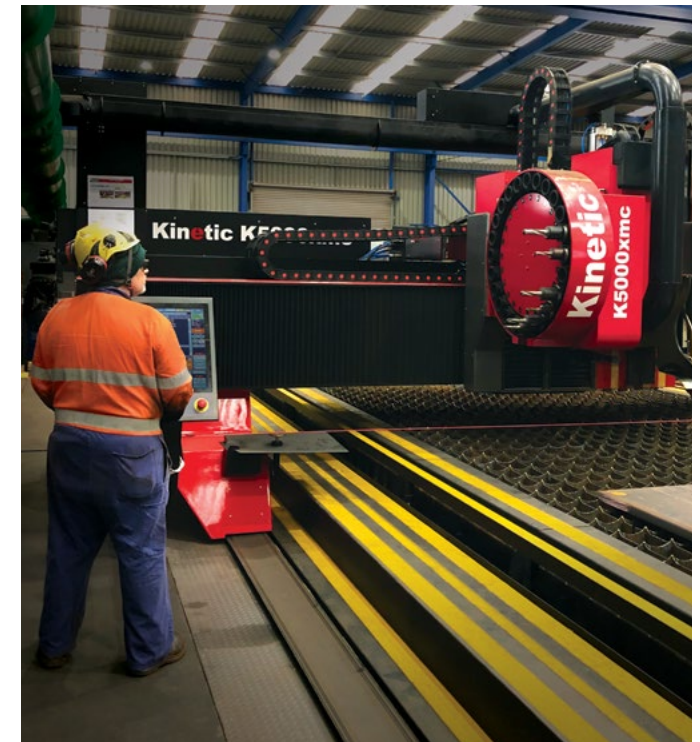
- **Switching to LED lights – which automatically turn off on bright sunny days**
- **Regularly wash our roofs to improve natural light**
- **Investment in improved sweeping equipment to reduce airborne dust**
- **Reuse and recycling of packaging and pallets**
- **Mixed and soft plastics recycling on site**
- **We also recycle batteries, steel scrap and printer cartridges**

## REDUCED WASTE WITH NEW KINETIC MACHINE

Not only does Steel & Tube's new top of the line Kinetic plate processing machine deliver substantial operating and productivity benefits, it also reduces waste, minimises fumes and has a lower energy consumption.

A closed chip extraction system maximises chip collection for recycling, while travelling dross bins collect dross, chips and waste from underneath the machine, leaving no wastage. This waste is collected, processed domestically and shipped internationally to the highest bidder for re-use.

In addition, the Kinetic's high performance downdraft table minimises smoke and fumes, and the low energy rating helps in reducing operating costs.





# SUPPORTING OUR LOCAL COMMUNITIES



The Tamaki Estuary is a large water catchment area in Auckland and is recognised by the Department of Conservation as a regionally important wildlife habitat and an Area of Significant Conservation Value.

Several of Steel & Tube's Auckland facilities are within the catchment area and, as such, we have committed to supporting the Tāmaki Estuary Protection Society (TEPS). The Society works to improve the biodiversity and water quality of the Estuary so it can once more support its bird and aquatic life and grow in its rich biodiversity, for all to value and enjoy.

In addition to donating to the work that TEPS do, we look forward to becoming more involved in future volunteer days. We consider ourselves stewards of the local environment and have stringent onsite compliance. We undertake regular drain management and cleaning at our facilities to protect adjacent environments, such as Tamaki Estuary.


<https://teps.org.nz/>


## STEEL & TUBE ON TRACK TO ACHIEVE ENVIRONMENTAL AND SAFETY & HEALTH STANDARDS

Steel & Tube is ISO 9001 accredited, which is an internationally recognised standard that indicates the organisation has active quality management in place. We are now on track to achieve accreditation for ISO 14001 Environmental and 45001 Occupational Safety & Health standards. Once final audits are completed, Steel & Tube will have full certification of three key standards, providing assurance that quality, environmental, health and safety processes and systems are effective.

In addition, we have recently received accreditation for our Savill Drive testing laboratory under the International Accreditation New Zealand Mechanical Testing Laboratory Accreditation Programme. This is a major achievement for the company and further reinforces Steel & Tube's quality focus.

Every year, Lloyd's Register performs independent third-party supplier mill assessments on behalf of Steel & Tube, across Asia Pacific and Europe, including New Zealand. These audits cover a wide range of topics that Steel & Tube considers important. This includes quality management, factory operations and control, health and safety, sustainability and labour practices such as modern slavery and working conditions.

 *The work of Lloyd's Register has been instrumental in allowing Steel & Tube to continue upholding the standards we require from our suppliers, particularly during a time in which international travel was restricted.*

*Better yet, Lloyd's Register goes beyond quality to include governance and social responsibility aspects to ensure we are only purchasing from heavily vetted suppliers who are upholding their corporate and social responsibilities.* 

Michael Palmer, Steel & Tube National Quality Manager

## MEMBERSHIP OF THE SUSTAINABLE BUSINESS COUNCIL NZ

**The Sustainable Business Council (SBC) mobilises New Zealand's most ambitious businesses to build a thriving and sustainable future through climate action, leadership and a just transition.**

Steel & Tube is pleased to be a member of the Sustainable Business Council, an inspiring group of New Zealand businesses accelerating transformation to a low carbon economy. We believe that businesses can make a difference

– our actions matter. At Steel & Tube, we are on a journey to improve our sustainability performance, taking incremental steps and actions that will be of benefit for our future.



## GROUP SUSTAINABILITY MANAGER BECOMES GREEN STAR PRACTITIONER

Steel & Tube's Group Sustainability Manager, Trent Brash, is now a Green Star Practitioner.

Green Star is a certification for new buildings run by the New Zealand Green Building Council. A rating of up to 6 stars is awarded to buildings based on their environmental credentials and the overall impact of the project's design and construction. Green Star ratings reward commercial projects of all types that promote lower-carbon, healthy, sustainable developments.

Becoming a Green Star Practitioner recognises a commitment to green building practice and knowledge leadership in this area. It also provides a pathway to becoming a Green Star Accredited Professional which allows individuals to act as core members of a Green Star project team and to make high-quality submissions.

Steel & Tube provides materials for a number of Green Star projects each year and our in-house expertise ensures that customers have access to steel-specific guidance when completing their Green Star assessments.



# KEEPING OUR TEAM HEALTHY

HEALTH AND WELLBEING HAS BEEN FRONT OF MIND FOR OUR TEAM AND WE HAVE SUPPORTED MENTAL HEALTH AWARENESS WEEK AS WELL AS MOVEMBER IN RECENT MONTHS. IN ADDITION, OUR POPULAR EDUCATION SESSIONS HAVE BEEN FOCUSED ON HEALTH AND WELLBEING, WITH ALL TEAM MEMBERS, AS WELL AS THEIR FRIENDS AND FAMILY, INVITED TO WELLBEING SESSIONS, HOSTED BY LEADING HEALTH EXPERTS IN NEW ZEALAND.

## GETTING THE FREE JAB!

Like most business, the winter flu season can have an impact on our operations, particularly in smaller regional branches where two or three people on sick leave can have a bigger effect. The value of our centralised customer excellence centre becomes ever more obvious in situations such as this, allowing us to reallocate resources and continue delivering high levels of customer service.

To help keep our team healthy, every year, we offer our employees a free flu jab. This winter, approximately 40% of Steel & Tube's workforce took up the free offer.

## IN PERSON TRAINING SESSIONS BACK AFTER TWO YEARS

**After two years of on-line training only, in person workshop sessions have recommenced with gusto:**

- Face to face sales induction workshops have been launched to support those new to sales roles
- Leadership Contract training workshops have also been conducted for 80 leaders across the organisation. This is a global programme to help leaders better understand the principles of accountable leadership
- Steel & Tube's comprehensive suite of on-line training programmes continue to be used by the team for everything from product specialist knowledge and digital security through to business skills such as project management and excel
- Wellbeing workshops continued as a popular feature through the year, with special emphasis on education in finances, health and mental wellbeing – such as Women and Men's Health, Mental Fitness and Christmas Finances. The workshops are hosted by leading experts in their field and are open to all Steel & Tube employees and their friends and families.



**OUR LONG TERM AIM IS TO OPERATE OUR BUSINESS IN A WAY THAT IS FINANCIALLY REWARDING FOR OUR SHAREHOLDERS & POSITIVE FOR OUR PEOPLE, OUR CUSTOMERS, OUR COMMUNITIES & THE ENVIRONMENT**

## OUR PURPOSE

To make life easier for our customers needing steel solutions

## STRATEGIC GOALS

### CUSTOMER

Preferred supplier for steel solutions and products

### GROWTH

Increase value through organic growth and programmatic smaller M&A

### SHAREHOLDER

Deliver increasing value and returns for our shareholders

## OUR STRATEGY

### BUILDING ON MOMENTUM TO CREATE A MARKET LEADING BUSINESS

Building on strong foundation to strengthen the core

Growth in high value products, services and sectors

## OUR FOCUS AREAS



Providing a one-stop-shop for the most essential steel products – from foundation to roof and everywhere in between

Doing everything we can to make it easy for our customers to do business with us

Using technology and great thinking to pull it all together and enable a better business

Always looking for ways to work smarter

Building one great team right across Steel & Tube





# STRONGER TOGETHER THANK YOU

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[www.steelandtube.co.nz/enews](http://www.steelandtube.co.nz/enews)

