

Dear Shareholder

Steel & Tube is pleased to share with you the highlights from the first six months of our financial year (1 July to 31 December 2021, 1H22).

We invite you to also view the Investor Presentation, Half Year Report and Results Announcement on our website www.steelandtube.co.nz/investor-centre.

Record Revenue and Earnings Performance

Steel & Tube Holdings Limited has reported record half year revenue and earnings and a 253% increase in net profit after tax. This solid result has been driven by strong demand for steel, our focus on customer service, operational performance and disciplined supply chain management.

The priority over the last six months has been on maintaining availability of critical products and high levels of service for customers while navigating global steel mill and supply chain constraints, a higher pricing environment and Covid-19 restrictions.

Business scorecard measures - safety, customer satisfaction, employee engagement and greenhouse gas emissions - continue to show improvement. We would like to acknowledge the efforts of our team who continue to deliver day in and day out for our customers and shareholders during these challenging times.

The Board is pleased to declare an unimputed interim dividend of 5.5 cents per share.

Structural changes now embedded and delivering value

The significant improvements over the last four years have delivered a concentrated focus on our customers, coupled with a structurally lower cost base, improved product mix and margin disciplines.

We have an optimised network with regional strength, an enhanced customer value proposition, have locked in significant cost reductions and efficiencies, and are focused on operational excellence and supply chain disciplines.

Strong market conditions expected to be maintained

Positive economic activity is driving increased demand for steel across a range of sectors, and these trends are expected to continue over the medium term.

The commercial building and manufacturing sectors are both expanding, and infrastructure is benefitting from Government investment and spending, while the current residential activity is expected to be maintained in the short term. No significant change in sector headwinds (supply chain, labour, supplier costs) is anticipated in the next six months.

Omicron is expected to escalate over the next few weeks and cause disruption for a number of months. A vaccination mandate has now been implemented and careful planning has been undertaken to minimise the risks to our people, customers and supply chains. Steel & Tube is also registered as a critical service as part of the close contact exemption scheme.

Outlook

The focus for the second half of the financial year remains on continued gross margin dollar improvement, investing in growth areas and leveraging Steel & Tube's digital platform. The company has a long pipeline of secured contract work and is well positioned to take advantage of identified opportunities in a range of sectors. A sizeable investment has been made in new plate processing equipment to build share in this higher margin sector, along with further investment in steel framed housing processing equipment. We are also pursuing new product growth opportunities.

Steel & Tube has completed a significant turnaround and is focussing on capturing growth opportunities.

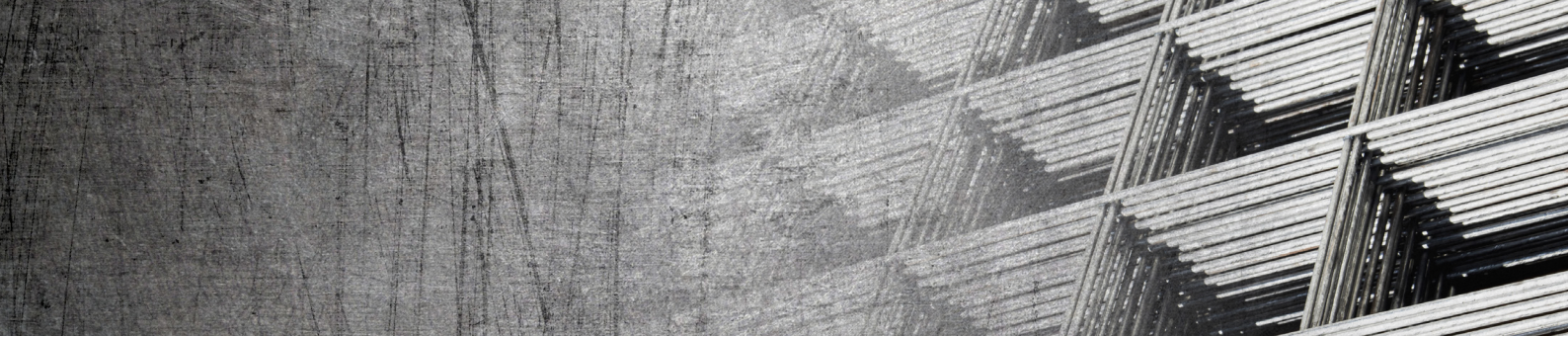
Subject to the impact of Omicron, Steel & Tube anticipates continued earnings momentum and dividends in the second half of the financial year, which has eight less trading days (6%) than the first half.

On behalf of your Board and the management team, thank you for your continued support.

Kind regards



Susan Paterson
Chair, Steel & Tube Holdings Limited



1H22 Performance

Record revenue and earnings driven by strong sector demand, customer service, operational performance and disciplined supply chain management

Revenue \$282.2m +24.7%	Volume 82,802t +12.5%	EBITDA \$31.9m +87.3%	EBIT \$22.6m +165.9%	NPAT \$14.3m +252.7%
Dividend 5.5 cps 1H21: 1.21 cps	DIFOT 98% 1H21: 98%	Customer NPS 41 1H21: 34	TRIFR 1.27 1H21: 3.35	Employee NPS 29 1H21: 13

Net Promoter Score (NPS): Measure of customer/employee satisfaction

Employee Total Recordable Injury Frequency Rate (TRIFR): Employee safety measure

Earnings Before Interest and Tax (EBIT), Earnings Before Interest Tax Depreciation and Amortisation (EBITDA), Net Profit After Tax (NPAT)

DIFOT: based on deliveries from Distribution Centres

Percentage comparatives are to 1H21

Strategic focus: investment for growth

Focus on growth opportunities driving gross margin dollar improvement

