Company Announcement
25 August 2025

Steel & Tube FY25 Results

Disciplined Execution of Strategy in a Challenging Cyclical Market

Steel & Tube Holdings Limited (NZX: STU) has reported its audited results for the 12 months ended 30 June 2025 (FY25).

- Economic headwinds affected volumes, revenue and margins
- Recent growth investments delivering revenue, margin and earnings growth
- Responsiveness to cycle; ~$7m annualised cost out programme and prudent inventory management
- Customer service remains a key strength with c.13,000 active customers
- Some activity lift in 2H25 and expected to improve through FY26, market remains highly competitive
- Significant operating leverage, driven by cost out and addition of higher value products and services

CEO Mark Malpass commented: "In a very challenging bottom of cycle trading environment, we have continued to execute on our strategy – strengthening our core and investing in high value products and services that further expand our leading range of steel solutions and businesses. The acquisition of Perry Metal Protection – a market leader in galvanizing services – was a highlight for the year and is performing ahead of expectations. We have also strengthened our customer value proposition and are increasingly being selected as a preferred supplier, delivering quality and reliability. Our operating leverage has increased as we have focussed on IT/digital systems, costs and efficiency. This will drive margin expansion and profit growth as the economic cycle recovers.

"Steel & Tube has broad sector diversity with revenue predominantly generated from the manufacturing, construction and infrastructure sectors. Economic recovery across these sectors has been tepid due to the high interest rate environment (now easing), international uncertainty, limited Government infrastructure and social housing spending and unemployment. We are starting to see some activity lift with manufacturing improving and positive sentiment as the Government commits to starting $6b of infrastructure projects pre-Christmas 2025. Activity has been stronger outside of Auckland and Wellington driven by strength in the agricultural sector."

$m	FY25	FY24	Var
Revenue	385.4	479.1	(93.7)
Volume (Ktonnes)	101.7	115.5	(13.8)
GM$/tonne	688	901	(213)
EBITDA	(2.5)	31.4	(33.9)
Normalised EBITDA	2.1	35.8	(33.7)
EBIT	(26.0)	9.6	(35.6)
Normalised EBIT	(21.4)	14.5	(35.9)
NPAT	(24.4)	2.6	(27.0)
Net operating cash flow	10.4	42.2	(31.8)

The challenging economy in FY25 impacted demand for steel and affected volumes and average selling price. Sales revenue was down 20% to $385.4m, driven by a 12% drop in volumes as well as product mix and pricing pressure, exacerbated by aggressive pricing from some competitors. An improvement has been seen in 2H25 daily volumes and sales, off a low base.

Volume and pricing impacts flowed through to a decrease in FY25 earnings. Normalised EBITDA remained positive at $2.1m[1], although was lower year on year. Including non-trading adjustments of $(4.6)m[2], EBITDA was $(2.5)m, with EBIT of $(26.0)m. The company reported a net loss after tax of $(24.4)m.

Gross margin remains a priority and the strategic focus on higher value products and services, pricing discipline and cost control will provide upside as activity returns. Product margins were 28.1%[3] (FY24: 29.8%) and gross margins were 18.1% (FY24: 21.7%). Margin recovery is expected as volumes improve and capacity is better utilised.

The ongoing cost out programme delivered approximately $7m in annualised direct and operating expense savings (FY24: ~$5m), more than offsetting inflationary pressure. Inventory continues to be managed prudently, with year-end inventory of $113.6m, including $5.9m related to the new galvanizing business (FY24: $121.3m).

Steel & Tube's long term balance sheet strength has enabled investment in growth initiatives, with bank facilities utilised for M&A. Net debt was $36.3m at 30 June 2025, which included $30m for the Perry's acquisition. In light of the challenging economic environment, the board has made the decision not to declare a dividend.

Outlook

Mark Malpass said: "We are starting to see early signs of recovery, and expect activity to continue to improve through FY26 as the benefits of lower interest rates take effect and stimulate confidence, spending and investment, along with Government-backed construction projects."

Chair of Steel & Tube, Susan Paterson, commented: "Steel & Tube is well positioned to capitalise on a broad cyclical recovery. We have a cost efficient and streamlined business, broad sector diversity, longstanding customer relationships and a high quality team. We have made difficult choices to ensure the long-term health of the business, including the reduction of roles. To set the tone from the top, the board and CEO have taken a temporary 20% reduction in fees and salary, and the leadership team has agreed to a temporary pay freeze."

Investor call and webcast

Steel & Tube will be holding an investor call at 10.00am today (25 August 2025) to discuss the FY25 results, performance and outlook. Details can be found here: https://www.nzx.com/announcements/456290

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[1] Normalised Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) exclude non-trading adjustments of $4.6m.
[2] FY25 non-trading costs relate to restructuring, acquisition and integration costs, software as a service costs and palletised warehouse project.
[3] Gross Margin includes freight, direct and sub-contract labour. Product Margin excludes labour.