



Vulcan Steel Limited (Vulcan)

ASX/NZX/Media Release

20 October 2022

2022 Annual meeting of shareholders – Chair and MD/CEO addresses

Attached are the following documents in connection with Vulcan’s 2022 annual meeting of shareholders (**Annual Meeting**) to be held today (Thursday, 20 October 2022) at 2:00pm NZT (12:00pm AEDT):

- Address from the Chair of the Board of Directors, Russell Chenu;
- Address from the Managing Director and Chief Executive Officer, Rhys Jones; and
- Presentation.

As previously notified, Vulcan’s Annual Meeting is a hybrid meeting, allowing shareholders to attend in person (at Eden Park in Auckland, New Zealand) or virtually via an online portal.

Information about the Annual Meeting is also available at

<https://investors.vulcan.co/investor-centre/?page=annual-meetings-of-shareholders>

ENDS

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This announcement was authorised by Vulcan’s Chair of the Board.

About Vulcan

Founded in 1995, Vulcan is an Australasian-wide industrial product distributor and value-added processor with 72 logistics and processing facilities employing 1,500 staff across the company’s Steel and Metals divisions.

Address from the Chair of the Board of Directors, Russell Chenu

Ladies and Gentlemen, fellow Shareholders.

Welcome to this meeting, Vulcan's first annual shareholder meeting as a listed company, but its 26th since its incorporation in 1995.

The twelve months to June 2022 was a historic year for Vulcan Steel. The Company was floated on the ASX and the NZX in November 2021, as a result of which the number of shareholders increased from approximately 50 to now in excess of 1,300.

Just as significantly, the Company prospered during 2021/22 in a challenging operating environment which included pandemic lockdowns and disrupted supply chains in both New Zealand and Australia. The Company achieved record sales and record earnings in the year ended 30 June 2022. As a result of the efforts of our teams, we materially exceeded our prospectus earnings forecast and we released three earnings upgrades between release of the prospectus in October of last year and the financial year end.

That has enabled your Company to declare dividends of 65 cents per share since the listing in November of last year. This translated to more than 10% gross dividend yield for our NZ and Australian shareholders based on our IPO price.

The graphs on the screen illustrate the absolute and relative total shareholder return achieved since listing. In addition to our dividends to shareholders and, despite a challenging stock market since listing, our share price also delivered strong relative performance and was 31% ahead of our peer companies, 11% ahead of the ASX300 Index, and 22% ahead of NZX50 Gross Index.

In his CEO address, Rhys will elaborate on the detail of the results for the 2021/22 financial year.

Subsequent to the listing, the implementation of Vulcan's growth strategy in metals markets in New Zealand and Australia has continued. We have further pursued organic growth opportunities as well as expanded into aluminium through the acquisition of Ullrich in August. This takes us into a new segment and expands our product offering. Ullrich operates at scale in aluminium distribution in both New Zealand and Australia. Rhys will provide more detail on Ullrich, an acquisition which the Board considers to be an attractive step-out for Vulcan.

I would now like to make a few comments on governance matters. Following their decisions to retire, this is the last meeting that Peter Wells and Pip Greenwood will attend as Directors.

Peter co-founded Vulcan in 1995 with other shareholders. He drove the early success of the business in New Zealand before setting up Vulcan's operations in Australia in 2002. Having served as the Company's executive director for many years, he retired from executive life in 2016, but continued his involvement with Vulcan as Chairman until the middle of last year when I was invited succeed him. Peter has chosen to retire at the end of this meeting and we will miss his contribution enormously. We wish Peter all the best in his retirement and thank him for agreeing to continue to be available to us - an offer he has generously made.

Pip joined the Board of Vulcan in 2019 and, using her considerable expertise and experience, contributed significantly to the preparation and execution of the Company's IPO, as well as

the acquisition of Ullrich. On behalf of the Board and Shareholders, I thank Pip for her service to Vulcan and wish her well in her future endeavours.

As a result of Peter's and Pip's decisions and the appointment of Adrian Casey as a director in September, we are now in a position of having 50% of directors being independent. We have commenced a process of board renewal leading to the recruitment and appointment of an additional independent director in order to restore a majority of independent directors.

Next, I would like to recognise and acknowledge the efforts and contributions that all Vulcan employees have made in the first year of Vulcan as a listed company. It has been a most challenging year and the record financial results achieved attest to the way in which the Company's people have managed through the challenges that we have all experienced. We are most fortunate to have leaders of the calibre of Rhys as CEO, Adrian as COO and Kar Yue as CFO at the helm.

Finally, I would like to thank all shareholders for the support they have shown by investing in the company, whether at the time of the IPO or by subsequently buying in the market. You are assured of our efforts to continue to achieve superior returns by offering exceptional customer service and value.

I will now ask Rhys to present his Managing Director's address.

Thank you.

Address from the Managing Director and Chief Executive Officer, Rhys Jones

Thank you, Russell.

I would like to welcome everyone today either in person or online. My name is Rhys Jones, and I am the Chief Executive of Vulcan Steel.

Overview

This financial year has been both challenging and disruptive with the impact of Covid related lockdowns and restrictions requiring all of our team to respond to these changing circumstances. It is important to acknowledge the outstanding teamwork and positive attitude of all my colleagues in the last year as they maintained a laser focus on supporting our customers and solving problems as they arose due to Covid.

The teamwork became tighter and the customer first culture stronger as each new challenge emerged. A highlight to exemplify this teamwork was the maintenance of our DIFOT performance even when close contact stand down rules suddenly depleted team numbers. Colleagues from other units travelled in to help out while remaining staff worked all weekend to ensure customers were not impacted.

Market

The overall market demand throughout the year was strong but heavily disrupted due to Covid and staff shortages across the supply chain. The stop- start nature of product flow from mills to our end customers meant production planning and scheduling across the entire supply chain was disrupted. This resulted in delays, higher costs and inefficiency. Vulcan proactively increased stock holding to ensure product availability and was therefore able to maintain product availability to our existing and new customers.

At the end of the financial year supply chain challenges were easing while customers were typically making progress in reducing their backlog of work.

The financial performance of the Company is displayed on the slide shown. This record financial performance resulted from selling over 263,000 tonnes to over 12,000 customers. The breadth and depth of our Australasian customer base continued to grow while our stock management capability was beneficial as industry wide supply chain disruptions occurred.

The total revenue for the Company reached a new record of just below one billion dollars. Strong pricing disciplines in both the Steel and Metals divisions resulted in improved margins which combined with effective operational cost control enabled an overall adjusted EBITDA of \$243m to be achieved. This excellent result compares favourably with previous financial year being \$110m higher. The cash conversion improvement of 700 basis points to 85% was another highlight. The overall adjusted net profit after tax increased by \$77m to \$142m.

Another key financial metric Vulcan places great focus on is ROCE or return on capital employed. Despite the increased investment in working capital due to higher inventory levels, as referenced above, and higher product costs the ROCE increased by 13% to 37%.

Address from the Managing Director and Chief Executive Officer, Rhys Jones

This record FY22 earnings result coupled with high cash generation has enabled Vulcan to acquire Ullrich Aluminium on a debt funded basis. As the table shows Vulcan's pro forma net debt to EBITDA cover was approximately 1.4 times as at the 30th of June 2022 inclusive of the acquisition price for Ullrich Aluminium.

Vulcan signed a conditional agreement in July to acquire Ullrich Aluminium which was transacted on the 1st of August. The purchase price was recently finalised at NZ \$149m comprising \$128m of net tangible assets and \$41m of net debt. This excludes NZ \$20m in excess working capital which will be reduced that will be funded by a deferred settlement in 1H calendar 2023.

Ullrich Aluminium includes 41 sales units across Australasia and an extrusion plant in each country. Aluminium and stainless steel have a large number of shared customers which will enable Vulcan over time to increase our customer numbers by leveraging a much larger sales unit network through our well established hybrid unit model. The Metals division will now include aluminium and will have a similar annualised revenue to the Steel division.

Vulcan's 1Q FY 23 earnings performance has been consistent with the company's FY23 guidance range at our FY22 result in August.

Our new Aluminium business made a positive earnings contribution in the first two months following our acquisition on 1 August.

Based on our 1Q trading outcome, we reaffirm our full year EBITDA guidance of NZ\$215m - NZ\$235m. We expect the conditions we experienced in 1Q FY23 to continue due to the impact of rising interest rates on general economic activity following a record FY22. Our team is fully engaged in optimising earnings through volume, margin and cost efficiency management. We remain positive on the opportunities ahead in our aluminium business.