

Vulcan Steel Limited (ASX: VSL, NZX: VSL)

ASX/NZX/Media Release

27 August 2024

Vulcan continues to deliver sound financial returns and strong cashflow in challenging conditions, whilst positioned for growth

Vulcan Steel Limited (**Vulcan**), an Australasian-wide industrial product distributor and value-added processor has announced its results for the financial year ended 30 June 2024 (**FY24**).

- Reported NPAT of NZ\$40m*, down 55% from NZ\$88m in FY23
- Reported EBITDA of NZ\$148m, down 29% from NZ\$208m in FY23
- Adjusted NPAT of NZ\$40m*, down 58% from NZ\$95m in 1H FY23
- Adjusted EBITDA of NZ\$148m, down 33% from NZ\$219m in FY23
- Operating cashflow of NZ\$169m, up 16% from \$145m in FY23
- 12.0 NZ cents per share final dividend declared for FY24

| In million NZ\$ (unless stated) | Post-IFRS 16 ⁴ | | | Pre-IFRS 16 ⁴ | | |
|------------------------------------|---------------------------|-------|----------|--------------------------|-------|----------|
| | FY24 | FY23 | % Change | FY24 | FY23 | % Change |
| Reported EBITDA ² | 147.6 | 208.7 | -29.3% | 106.2 | 171.0 | -37.9% |
| Reported NPAT ¹ | 40.0 | 87.9 | -54.5% | 44.2 | 93.5 | -52.7% |
| Adjusted EBITDA ^{2,3} | 147.6 | 218.9 | -32.6% | 106.2 | 181.1 | -41.4% |
| Adjusted NPAT ^{1,3} | 40.0 | 95.1 | -57.9% | 44.2 | 100.7 | -56.1% |
| Dividend (NZ cents per share) | 24.0 | 55.0 | -56.4% | 24.0 | 55.0 | -56.4% |

¹ NPAT - Net Profit After Tax

² EBITDA - Earnings Before Interest, Tax, Depreciation and Amortisation

³ Adjusted for significant items - FY23: integration costs

⁴ New Zealand IFRS 16 – accounting recognition of right of use assets and corresponding liabilities on leases adopted in FY20

Commenting on the results, Vulcan’s Managing Director and CEO, Rhys Jones, said:

“Business conditions in FY24 remained challenging across most markets, especially in New Zealand, following a difficult FY23.

Higher interest rates continued to impact on activity levels. High inflation added to the pressure on business costs.

Despite these tough conditions, we delivered a 16% increase in operating cashflow rising to NZ\$169m in FY24 by being disciplined on costs and working capital management, which contributed to a \$64m reduction in our net debt since FY23 to NZ\$276m at the end of June 2024.

The underlying 4% year-on-year growth in our active customer accounts in 2HFY24 and the progress we have made in our growth programme position us well for the future.”

*m – million

Outlook

The Australian and New Zealand steel and metal products industry continues to be negatively impacted by higher interest rates which have suppressed investment spending throughout FY24. This has been further adversely impacted by high inflation and substantially higher borrowing costs in both Australia and New Zealand.

The Reserve Bank of New Zealand's recent decision to bring forward the easing of its restrictive interest rate policy stance should hopefully provide relief for the economy. We anticipate an improvement in activity level in 2025.

The presently restrictive monetary policy settings in Australia will continue to constrain economic activity.

In the interim, our trading activity in 1H FY25 in Australia and New Zealand is expected to remain at low levels, similar to 2H FY24. Vulcan intends to provide an update on trading at its annual meeting of shareholders in November 2024.

Vulcan will continue to focus on our sales discipline by maintaining a high service level and strong value proposition for customers, lifting our customer engagement efforts, and carefully managing our cost base. This will continue to build a strong foundation to take us forward into the future when the economy improves.

Vulcan will host a conference call to discuss the FY24 results.

Webcast and conference call details

Date: Tuesday, 27 August 2024

Time: 10:30am NZT, 8:30am AEST

Webcast: <https://webcast.openbriefing.com/vsl-fyr-2024/> (listen mode only)

An online archive of the webcast event will be available approximately four hours after the webcast

Conference Call: Conference call participants can register for dial-in details at <https://sl.c-conf.com/diamondpass/10040729-ou01ar.html>

ENDS

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This announcement was authorised by Vulcan's Board of Directors.

About Vulcan

Founded in 1995, Vulcan is an Australasian-wide industrial product distributor and value-added processor with 66 logistics and processing facilities employing approximately 1,300 employees across the company's Steel and Metals divisions.

*m – million