

Vulcan Steel Limited (“Vulcan”)

Finalist – 2021 Deloitte Top 200 Awards for Best Growth Strategy

ASX/NZX/Media Release

10 February 2022

Vulcan half year result and earnings upgrade

Vulcan (ASX: VSL, NZX: VSL) an Australasian-wide industrial product distributor and value-added processor is pleased to announce a record half-year performance for the six months ended 31 December 2021 (1H FY22), its inaugural result as a publicly listed company since 4 November 2021.

- Reported NPAT of NZ\$54 million (m), up 85% from NZ\$29m in 1H FY21
- Reported EBITDA was NZ\$102m, up 71% from NZ\$60m in 1H FY21
- Adjusted NPAT NZ\$70m, up 139% from NZ\$29m in 1H FY21
- Adjusted EBITDA was NZ\$118m, up 98% from NZ\$60m in 1H FY21
- Revenue of NZ\$463m, up 35% from NZ\$344m in 1H FY21

In million NZ\$ (unless stated)	Post-IFRS 16 ⁴			Pre-IFRS 16 ⁵		
	1H FY22	1H FY21	% Change	1H FY22	1H FY21	% Change
Reported NPAT ¹	53.9	29.1	85%	55.9	31.5	77%
Reported EBITDA ²	102.4	59.7	71%	90.6	48.3	87%
Adjusted NPAT ^{1, 3}	69.7	29.1	139%	71.7	31.5	127%
Adjusted EBITDA ^{2, 3}	118.1	59.7	98%	106.3	48.3	120%
Dividend (NZ cents per share) ⁶	27.5	29.1	-5%	27.5	29.1	-5%

¹NPAT - Net Profit After Tax

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

³Adjusted for significant items - offer costs incurred by Vulcan for the public listing of the company

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

⁵New Zealand International Accounting Standard 17 – accounting treatment of leases prior to the introduction of IFRS 16 in FY20

⁶1H FY21 dividend was made prior to public listing and included NZ19.2cps of special dividend

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

“Notwithstanding COVID-19, our businesses have traded well in the first six months of our 2022 financial year. Our sales volumes in 1H FY22 were up an overall 10%, driven by a 10% rise in our Steel segment and an 8% increase in our Metals segment.

“We remain ambitious and continue to focus on improving our high service level and product availability to meet the needs of our growing and diverse customer base. To this end, Vulcan’s strong 1H FY22 cash generation enables the company to further invest in our staff, working capital and processing capacity for growth, and to preserve financial flexibility for potential acquisitions and distribution of profits to shareholders.

“Accordingly, our Board has declared a fully imputed 27.5 NZ cents per share Interim dividend (unfranked) which reflects Vulcan’s policy range¹ outlined in our prospectus (15 October 2021).”

¹ The company targets a 60%-80% annual distribution on statutory net profit after tax adjusted for significant items approved by the Board and intends to pay between 40%-50% of the expected annual dividend as interim dividend with the balance of 50%-60% to be paid as a final dividend.

Outlook & Earnings Guidance

Activity level and margins in 1H FY22 have been ahead of expectations and broad-based across our sector exposure including manufacturing, mining, agriculture, food processing, transport and construction sector in Australia and New Zealand.

The prospect for steel demand globally remains supportive. However, ongoing COVID-19 impact on the global and Australasian economies and supply chain, as well as expectations of rising interest rates and inflation could lead to variable activity level in 2H FY22 and into FY23. Also, with seasonally fewer trading days in the second half of this financial year compared to the first half and previous corresponding period, Vulcan expects overall 2H FY22 sales volume to be lower than 1H FY22.

In the short term, some normalisation in margins could occur in 2H FY22 and FY23. Our focus remains on driving margin performance over time.

Accordingly, Vulcan is increasing its proforma post-IFRS 16 EBITDA guidance by approximately 11% at the mid-point to NZ\$194m-NZ\$204m from previously \$174m-\$184m, and proforma post IFRS 16 NPAT guidance by approximately 15% at the mid-point to NZ\$107m-NZ\$114m from previously \$93m-\$100m.

In summary, Vulcan is performing well despite a disrupted environment. The company is progressing its strategy for future growth. The Vulcan team, as it has done for many years, remains engaged in delivering growth in shareholder value over time.

Half year results webcast

Vulcan's management will present the company's result for the half year ended 31 December 2021 at 11.00am NZDT (9.00am AEDT) today, Thursday 10 February 2021, via webcast.

The webcast is available from Vulcan's website at www.vulcan.co/investor.

ENDS

Kar Yue Yeo
Investor and media contact
Email: karyue.yeo@vulcan.co
Phone: +64 9 273 7214

This announcement was authorised by Vulcan Board of Directors

About Vulcan

Founded in 1995, Vulcan is an Australasian-wide industrial product distributor and value-added processor with 29 logistics and processing facilities employing over 800 staff across the company's Steel and Metals divisions.