

Vulcan Steel Limited ("Vulcan")

ASX/NZX/Media Release

24 August 2022

Vulcan delivers record result

Vulcan (ASX: VSL, NZX: VSL) an Australasian-wide steel and metal products distributor and value-added processor has announced a record performance for year ended 30 June 2022 (FY22).

- Reported NPAT of NZ\$124 million (m), up 91% from NZ\$65m in FY21
- Reported EBITDA NZ\$224m, up 68% from NZ\$133m in FY21
- Adjusted NPAT NZ\$142m, up 119% from NZ\$65m in FY21
- Adjusted EBITDA NZ\$243m, up 82% from NZ\$133m in FY21
- 37.5 NZ cents per share final dividend¹, bring total dividend declared for the financial year to 65.0 NZ cents per share

In million NZ\$ (unless stated)	Post-IFRS 16 ⁴			Pre-IFRS 16 ⁵		
	FY22	FY21	% Change	FY22	FY21	% Change
Reported NPAT ¹	124.0	64.8	91%	127.7	69.4	84%
Reported EBITDA ²	224.4	133.4	68%	200.0	109.9	82%
Adjusted NPAT ^{1, 3}	142.0	64.8	119%	145.7	69.4	110%
Adjusted EBITDA ^{2, 3}	242.5	133.4	82%	218.1	109.9	98%
Dividend (NZ cents per share) ⁶	65.0	80.8	-20%	65.0	80.8	-20%
	FY22	P'spctus ⁷	% Change	FY22	P'spctus ⁷	% Change
Adjusted EBITDA	242.5	148.7	63%	218.1	124.7	75%
Adjusted NPAT	142.0	75.1	89%	145.7	78.9	85%

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 and share gift

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

⁶Total Interim and Final Dividend declared in respect of financial year, FY21 includes special dividend prior to listing

⁷Based on Initial Public Offering prospectus dated 15 October 2021

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

"Notwithstanding the disruptions caused by COVID-19 and major floods across parts of Queensland and New South Wales during the year, Vulcan's FY22 Adjusted NPAT of approximately NZ\$142m exceeded our prospectus forecast² by 89%.

"Stock management, staff development and service level are our priorities to ensure customers remain well-served. The fact that we have been able to broadly maintain our DIFOT³ at approximately 96% in the most trying of times is a credit to everyone and the outstanding teamwork at Vulcan. The strong FY22 performance has enabled the company to invest in our staff, working capital and processing capacity and support the debt-funding for our acquisition of Ullrich to position the company for long term growth."

¹ The final dividend for FY22 will be fully franked and 80% imputed. The levels of franking and imputation on dividends in future financial years will be subject to the tax credits available for use.

² Initial Public Offering prospectus dated 15 October 2021

³ Customer orders Delivered-In-Full-On-Time

Vulcan Steel Limited

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Outlook & Earnings Guidance

Rising interest rates and ongoing COVID-19 disruptions in some major markets are likely to temper global economic activity and demand for steel and metal products.

In addition, global metal prices and freight rates have declined from their recent peaks and are likely to remain volatile.

For Australia and New Zealand, Vulcan expects a more challenging industry environment in FY23 due to the impact of higher interest rates. New Zealand business confidence remains weak while in Australia economic activity appears more resilient for now. Some normalisation in industry margins will likely occur in FY23.

Vulcan's FY23 EBITDA guidance of NZ\$215m–NZ\$235m (pre-IFRS 16 EBITDA of NZ\$180–NZ\$200m) reflects these business cycles and industry headwinds. The Aluminium business is forecast to contribute pre-synergy EBITDA of NZ\$25m–NZ\$27m (pre-IFRS 16 EBITDA of NZ\$14m–NZ\$16m) to Group EBITDA in FY23 including an assessed NZ\$5m integration costs. The synergy benefits between Vulcan's Aluminium business and other units should become more tangible in 1H FY24.

Combined with higher depreciation and amortisation and funding costs, Vulcan's FY23 NPAT is expected to be in the range of NZ\$93m–NZ\$107m compared with NZ\$142m achieved in FY22 (FY23 pre-IFRS16 NPAT of NZ\$98m–NZ\$113m compared with NZ\$146m in FY22).

Million NZ\$	EBITDA		NPAT	
	Post-IFRS 16	Pre-IFRS 16	Post-IFRS 16	Pre-IFRS 16
Steel, Stainless & Engineering	190-208	166-184	-	-
Aluminium*	25-27	14-16	-	-
FY23 Guidance Range	215-235	180-200	93-107	98-113
FY22 (before significant items)	243	218	142	146

*includes integration costs

The company is progressing its strategy for future growth and remains engaged in delivering growth in shareholder value over time.

The company will host a conference call to discuss the results.

Webcast And Conference Call Details

Date Wednesday 24 August 2022

Time 10.30am NZST, 8.30am AEST

Webcast <https://webcast.openbriefing.com/8937/> (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://s1.c-conf.com/diamondpass/10023513-mr5p07.html>

ENDS



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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 72 logistics and processing facilities employing 1,500 staff across the company's Steel and Metals divisions.