



Steel & Tube Holdings Limited
Offer Document
1 for 1.9 Rights Offer of Ordinary Shares

7 August 2018

THIS IS AN IMPORTANT DOCUMENT | You should read the whole document before deciding what action to take with your Rights. If you have any doubts as to what you should do, please consult your broker, financial, investment or other professional advisor.



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DIRECTORY

DIRECTORS OF STEEL & TUBE HOLDINGS LIMITED

Susan Paterson (Chairperson)
Anne Urlwin
Christopher Ellis
Rosemary Warnock
Stephen Reindler

ISSUER

Steel & Tube Holdings Limited
Level 7, 25 Victoria Street
Petone, Lower Hutt 5012
Phone 0800 478 335
steelandtube.co.nz

LEGAL ADVISORS

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Level 35, ANZ Centre
23-29 Albert Street
Auckland 1010
Phone +64 9 357 9000

ORGANISING PARTICIPANT, LEAD MANAGER & UNDERWRITER

First NZ Capital Securities Limited (as Lead Manager)
First NZ Capital Group Limited (as Underwriter)
Level 39, ANZ Centre
23-29 Albert Street
Auckland 1010
Phone +64 9 302 5500

If you have any queries about the number of Rights shown on the Acceptance Form which accompanies this Offer Document, or how to apply online or complete the Acceptance Form, please contact the Registrar at:

SHARE REGISTRAR

Computershare Investor Services Limited
Private Bag 92119
Victoria Street West
Auckland 1142
Phone +64 9 488 8777

IMPORTANT INFORMATION

GENERAL INFORMATION

The Offer is made under the exclusion in clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013. This document is not a product disclosure statement or prospectus and does not contain all of the information which may be required in order to make an informed investment decision about the Offer or Steel & Tube.

ADDITIONAL INFORMATION AVAILABLE UNDER CONTINUOUS DISCLOSURE OBLIGATIONS

Steel & Tube is subject to continuous disclosure obligations under the Listing Rules. You can find market releases by Steel & Tube at nzx.com under the code STU.

OFFERING RESTRICTIONS

This Offer Document does not constitute an offer, advertisement or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer, advertisement or invitation.

This Offer Document may not be sent or given to any person who is not an Eligible Shareholder or an Institutional Investor in circumstances in which the Offer or distribution of this Offer Document would be unlawful. The distribution of this Offer Document (including an electronic copy) outside New Zealand or Australia may be restricted by law. In particular, this Offer Document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside New Zealand or Australia except to Institutional Investors or as Steel & Tube may otherwise determine in compliance with applicable laws. Further details on the offering restrictions that apply are set out in the section of this Offer Document headed "Details of the Offer".

If you come into possession of this Offer Document, you should observe any such restrictions. Any failure by a person to comply with such restrictions may contravene applicable securities law. Steel & Tube disclaims all liability to such persons.

CHANGES TO THE OFFER

Subject to the Listing Rules, Steel & Tube reserves the right to alter the dates set out in this Offer Document. Steel & Tube reserves the right to withdraw the Offer and the issue of New Shares at any time before the Allotment Date at its absolute discretion.

NO GUARANTEE

No guarantee is provided by any person in relation to the New Shares to be issued under the Offer. Likewise, no warranty is provided with regard to the future performance of Steel & Tube or any return on any investments made pursuant to this Offer Document.

DECISION TO PARTICIPATE IN THE OFFER

The information in this Offer Document does not constitute a recommendation to acquire New Shares nor does it amount to financial product advice. This Offer Document has been prepared without taking into account the particular needs or circumstances of any investor, including their investment objectives, financial and/or tax position.

PRIVACY

Any personal information you provide online or on the Acceptance Form will be held by Steel & Tube and/or the Share Registrar at the addresses set out in the Directory. This information will be used for the purposes of administering your investment in Steel & Tube. This information will only be disclosed to third parties with your consent or if otherwise required by law. Under the Privacy Act 1993, you have the right to access and correct any personal information held about you.

ENQUIRIES

Enquiries about the Offer can be directed to an NZX Primary Market Participant, or your solicitor, accountant or other professional adviser. If you have any questions about the number of New Shares shown on the Acceptance Form that accompanies this Offer Document, or how to apply online or complete the Acceptance Form, please contact the Share Registrar.

DEFINED TERMS

Capitalised terms used in this Offer Document have the specific meaning given to them in the Glossary at the back of this Offer Document.

LETTER FROM THE CHAIR

Dear Shareholder

On behalf of the Board, I am pleased to invite you to participate in an Offer for New Shares in Steel & Tube, to raise approximately NZ\$60.1 million of new equity for the company.

This Offer provides an opportunity for you to increase the number of shares you hold in Steel & Tube and to take advantage of the discount at which New Shares will be issued under the Offer.

THE OFFER PROCEEDS WILL BE USED TO RECAPITALISE STEEL & TUBE'S BALANCE SHEET BY REPAYING BORROWINGS, THEREBY PROVIDING THE FINANCIAL FLEXIBILITY TO EXECUTE OUR STRATEGY.

Steel & Tube is one of New Zealand's largest providers of steel products and solutions, with the most comprehensive range of processed steel in the country. Our two business divisions – Distribution and Infrastructure - operate across the construction, manufacturing and rural sectors.

Our goal is to be the leader in buying, selling, processing and placing steel products in New Zealand. We have identified four strategic drivers as part of our 'Project Strive' business transformation programme, which will help us achieve this goal:

- Commitment to safety and quality
- Putting the customer at the heart of our business
- Operational and supply chain excellence
- Supporting a winning team

In late calendar 2017 and following a refresh of the Board and Management, Steel & Tube embarked on an extensive company-wide programme to drive long-term sustainable earnings improvement. As part of this process, a detailed review was undertaken and a number of legacy issues were discovered, materially impacting Steel & Tube's FY18 expected earnings, as communicated to the market on 23 May 2018.

These legacy issues have been addressed and improvements from actions taken in recent months are now being seen. In particular, the improving

sales trend seen in the last three months of FY18 has continued into the current financial year. We are pleased to have resolved the issues surrounding the implementation of our new ERP system and to have materially strengthened our quality function which is currently progressing ISO 9001:2015 quality certification across the company.

Steel & Tube can confirm, based on unaudited management accounts, that it expects to achieve FY18 results slightly ahead of guidance, with normalised operating earnings (EBIT¹) of \$16.5 million, which excludes \$53.8 million of non-trading costs and impairments and a \$1.1 million benefit from reduced software amortisation costs due to the delay in implementing the new ERP system. Including these items, EBIT is expected to be a loss of approximately \$(36.2) million, a \$1.8 million uplift on the previous guidance.

Given the capital raising, no final dividend will be paid for FY18. However, we expect to resume dividend payments in FY19 consistent with our stated policy of paying 60-80% of normalised NPAT. The company will release its audited FY18 results on 31 August 2018.

We are making significant progress on our Project Strive business transformation initiatives which will have a positive benefit in the current financial year. We are pleased to provide EBIT guidance for FY19 of at least \$25.0 million and expect to achieve normalised EBIT of \$35 million to \$40 million in the next three years.

The Board and Management consider it prudent, at this time, to undertake a capital raising to strengthen the balance sheet by repaying borrowings, and thereby providing Steel & Tube with the financial flexibility to execute its business transformation initiatives and achieve its longer term strategic objectives.

The company's gearing will be significantly reduced and we are resetting the capital structure policy to operate with net debt of less than 2.0x normalised EBITDA. We also expect that the capital raising will strengthen Steel & Tube's share register and help create liquidity which will benefit all shareholders.

¹ Operating earnings is Earnings Before Interest and Tax (EBIT). FY18 normalised operating earnings is EBIT excluding non-trading adjustments of \$53.8m and a \$1.1m benefit from reduced software amortisation costs due to the ERP implementation delay.

Reflecting their commitment to Steel & Tube and confidence in the strategic direction of the company, Directors holding shares and the CEO of Steel & Tube intend to take up their Rights under this Offer.

PARTICIPATING IN THE OFFER

Under the Offer, you have the opportunity to purchase 1 New Share for every 1.9 existing Steel & Tube shares you own at 5.00pm (NZT) 15 August 2018.

The Issue Price of \$1.05 per New Share represents a 28.1% discount to the closing share price on the NZX on 6 August 2018 and a 18.3% discount to the theoretical ex-rights price (TERP)² of \$1.28 per share, post the Placement and the Offer, based on the pre-announcement closing price of \$1.46.

The Offer follows the successful placement of \$20.8 million of New Shares to institutional investors at \$1.15 per share, being a higher price than under this Offer.

The Offer is fully underwritten by First NZ Capital Group Limited.

The Rights will not be tradeable on the NZX Main Board. Instead, any Rights not taken up, or attributable to ineligible shareholders, will be offered to investors through a bookbuild process. In addition to institutional investors, we are pleased to give retail shareholders the opportunity to participate in the bookbuild.

As such if you do nothing with some or all of your Rights, you may still receive value for those Rights, to the extent that the bookbuild price exceeds the Issue Price.

YOU HAVE UNTIL 5.00PM (NZ TIME) ON MONDAY 3 SEPTEMBER 2018 TO SUBSCRIBE FOR NEW SHARES

Applications must be made (together with payment) either via:

- completion of the enclosed Acceptance Form and return to the Registrar; or
- submission of the online application at www.shareoffer.co.nz/steelandtube

Please read this Offer Document carefully before deciding what to do. If you have any questions about how to deal with your rights, you are encouraged to talk to a professional adviser.

We encourage you to read through all of our recent announcements, particularly the Investor Presentation released on 7 August 2018 at NZX.com under the ticker "STU". You can also access information, including the Investor Presentation and announcements regarding the Offer, on our website at www.steelandtube.co.nz/investor/presentations.

We remain deeply committed to rebuilding Steel & Tube as a leading provider of steel products and solutions in New Zealand. Thank you for considering this opportunity and for your continued support.

Yours sincerely



Susan Paterson
Chair

² TERP is the price at which Steel & Tube's shares should theoretically trade at, immediately after the shares become ex-entitlement.

PART 1: OFFER AT A GLANCE

| | |
|---|--|
| Issuer | Steel & Tube Holdings Limited. |
| The Offer | <p>A pro rata rights issue of 1 New Share for every 1.9 Existing Shares held at 5.00pm on the Record Date, followed by a Shortfall Bookbuild. The Offer is underwritten by First NZ Capital Group Limited and the Rights will not be quoted on the NZX Main Board.</p> <p>The amount to be raised under the Offer is up to approximately \$60.1 million.</p> |
| Issue Price | <p>\$1.05 per New Share.</p> <p>Any New Shares issued under the Shortfall Bookbuild will be issued at the Bookbuild Price.</p> |
| Shortfall Bookbuild | Eligible Shareholders who take up their Rights in full have the opportunity to apply for additional New Shares which are attributable to any Rights not taken up. These applications for additional New Shares will go into a bookbuild process which will also involve Institutional Investors. |
| Existing Shares currently on issue | <p>90,633,026 Existing Shares as at 30 June 2018.</p> <p>18,126,605 Shares issued under the recent placement.</p> |
| Maximum number of New Shares being offered | 57,241,911 New Shares. |
| Maximum number of Shares on completion of the Offer | 166,001,542 Shares. |

IMPORTANT DATES

| | |
|---|--------------------------|
| Announcement of the Offer | 7 August 2018 |
| Record Date for determining entitlements to Rights (New Zealand time) | 5.00pm, 15 August 2018 |
| Offer Document, Acceptance Forms sent to Eligible Shareholders | 16 August 2018 |
| Opening date | 17 August 2018 |
| Closing Date (last day for receipt of applications with payment), New Zealand time | 5.00pm, 3 September 2018 |
| Shortfall Bookbuild occurs | 5 September 2018 |
| Allotment of New Shares under the Offer | 7 September 2018 |
| Expected date for quotation of New Shares issued under the Offer | 7 September 2018 |
| Payment of any Premium achieved in the Shortfall Bookbuild to holders of any Rights not exercised | By 11 September 2018 |
| Mailing of holding statements | By 14 September 2018 |

PART 2: ANSWERS TO FREQUENTLY ASKED QUESTIONS

| QUESTION | RESPONSE |
|--|---|
| What is the Offer? | <p>The Rights Offer is a pro rata rights offer of fully paid Shares of 1 New Share for every 1.9 Existing Shares at \$1.05 per New Share. This means that if you are an Eligible Shareholder, you will have the option, but not the obligation, to subscribe for 1 New Share for every 1.9 Existing Shares you hold at 5.00pm on the Record Date (15 August 2018).</p> <p>The Rights Offer will be followed by a Shortfall Bookbuild, which is explained below. The Rights Offer and the Shortfall Bookbuild together make up the "Offer".</p> <p>Steel & Tube is aiming to raise a total of approximately \$60.1 million under the Offer.</p> |
| Why is Steel & Tube making the Offer? | <p>Steel & Tube will use proceeds of the Offer (following payment of Offer costs) to reduce bank debt and strengthen the balance sheet.</p> |
| Is the Offer underwritten? | <p>The Offer is underwritten by First NZ Capital Group Limited.</p> |
| Am I eligible to participate in the Rights Offer? | <p>You will be able to participate in the Rights Offer if you are an Eligible Shareholder.</p> <p>You are an Eligible Shareholder if, as at 5.00pm on the Record Date, you are recorded in Steel & Tube's share register as a Shareholder and:</p> <ul style="list-style-type: none">(a) your address is shown in Steel & Tube's share register as being in New Zealand or Australia; or(b) your address is shown in Steel & Tube's share register as being in Hong Kong or Singapore and you are an Institutional Investor, <p>and you are not in the United States and you are not acting for the account or benefit of a person in the United States.</p> |
| How much will I pay for New Shares under the Rights Offer? | <p>The Issue Price under the Rights Offer is \$1.05 per New Share.</p> |
| How do I take up my Rights? | <p>Applications can be made online at www.shareoffer.co.nz/steelandtube from 17 August 2018 or by completing the Acceptance Form and returning it to the Share Registrar together with payment. Please allow adequate time for mail deliveries. Applications received after 5.00pm (New Zealand time) on the Closing Date may not be accepted.</p> |

| QUESTION | RESPONSE |
|---|---|
| What is the Shortfall Bookbuild? | <p>This is a separate process that takes place after the Rights Offer that deals with any Rights that are not taken up by the Closing Date (including those Rights attributable to Ineligible Shareholders). Any Rights not taken up will be sold under a process conducted by the Lead Manager. The Shortfall Bookbuild is expected to be completed on 5 September 2018.</p> |
| Am I eligible to participate in the Shortfall Bookbuild? | <p>Traditionally only Institutional Investors participate in the Shortfall Bookbuild. However, in addition to Institutional Investors, Steel & Tube is also offering retail investors the opportunity to participate in the Shortfall Bookbuild and apply for additional New Shares over and above their entitlement under the Rights Offer.</p> <p>You may participate in the Shortfall Bookbuild if you are an Eligible Shareholder and you have taken up your Rights in full.</p> |
| How do I participate in the Shortfall Bookbuild? | <p>To participate in the Shortfall Bookbuild you must:</p> <ul style="list-style-type: none">(a) take up your Rights in full (Part A of the Acceptance Form); and(b) apply for New Shares under the Shortfall Bookbuild by specifying the dollar value of New Shares that you wish to apply for (Part B of the Acceptance Form). <p>If you do not take up your Rights in full, then you will not be eligible to participate in the Shortfall Bookbuild and your application for any additional New Shares under the Shortfall Bookbuild will be disregarded.</p> <p>Applications can be made online at www.shareoffer.co.nz/steelandtube from 17 August 2018 or by completing the Acceptance Form and returning it to the Share Registrar together with payment. Payment must be made for both your Rights and the dollar value of New Shares that you are applying for under the Shortfall Bookbuild.</p> <p>The price for New Shares under the Shortfall Bookbuild will be the Bookbuild Price set during the bookbuild.</p> |
| How many New Shares will I receive under the Shortfall Bookbuild? | <p>The number of New Shares you will receive under the Shortfall Bookbuild will depend on the allocation made to you. Allocations and any necessary scaling of applications for New Shares under the Shortfall Bookbuild will be determined by Steel & Tube in its discretion in consultation with the Lead Manager.</p> |

| QUESTION | RESPONSE |
|---|--|
| How will the Bookbuild Price be set? | The Bookbuild Price will be determined by Steel & Tube and the Lead Manager, but will be no less than the Issue Price of \$1.05 per New Share and no greater than the close price prior to the day of the bookbuild. The Bookbuild Price will be influenced by the level of demand for New Shares from Institutional Investors at various prices. |
| How much will I pay for New Shares under the Shortfall Bookbuild? | You will pay the Bookbuild Price for any additional New Shares that you are allocated under the Shortfall Bookbuild. |
| How do I sell my Rights? | <p>Eligible Shareholders may sell some or all of their Rights by completing the relevant section of their Acceptance Form and ensuring the purchaser returns it to the Share Registrar together with payment by the Closing Date. Should the Eligible Shareholder wish to sell their Rights in this manner, the Eligible Shareholder is responsible for identifying a purchaser.</p> <p>However, the Rights will not be quoted on the NZX Main Board and there will be no licensed market on which Shareholders may sell their rights. Accordingly, there may be no market for the Rights and it may be difficult to find a purchaser for any Rights.</p> <p>If you do nothing with some or all of your Rights you may still receive value for those Rights if a Premium is payable under the Shortfall Bookbuild.</p> |
| How do I pay for my New Shares? | <p>You are able to pay for your New Shares by way of cheque or direct credit.</p> <p>If you are applying for additional New Shares in the Shortfall Bookbuild, you will be required to make full payment at the time of application. If any scaling is applied to the application, a refund of any extra application monies will be processed within five business days of the allotment of the New Shares.</p> <p>More detail on payment options are included in the Acceptance Form.</p> |

PART 3: DETAILS OF THE OFFER

THE OFFER

The Offer is an offer of New Shares in Steel & Tube to Eligible Shareholders under a pro rata Rights Offer, followed by a Shortfall Bookbuild. Under the Rights Offer, Eligible Shareholders are entitled to subscribe for 1 New Share for every 1.9 Existing Shares held at 5.00pm on the Record Date. Any fractional Rights will be rounded down to the nearest whole number. The Rights will not be quoted on the NZX Main Board.

If you are an Eligible Shareholder you may take up all or some of your Rights, transfer all or some of your Rights or do nothing with all or some of your Rights. If you are an Eligible Shareholder and you do not take up all of your Rights, or you transfer some or all of your Rights, your current shareholding will be diluted as a result of the issue of New Shares.

If you take up your rights in full, you may also apply for additional New Shares, by specifying a NZ\$ of New Shares for which you wish to apply for in your completed Acceptance Form to exercise your Rights.

The maximum number of New Shares that may be issued under the Offer is 57,241,911.

The Offer is underwritten by First NZ Capital Group Limited.

ISSUE PRICE

The Issue Price is \$1.05 per New Share.

Payment for the New Shares must be paid in full in accordance with the instructions set out in the online application process or on the Acceptance Form.

Steel & Tube may choose to accept late applications, but has no obligation to do so. Steel & Tube may accept or reject any online application or Acceptance Form which it considers is not completed correctly, and may correct any errors or omissions on any online application or Acceptance Form.

As required by the Listing Rules, if Steel & Tube receives, before the Closing Date, a renunciation and an acceptance in respect of the same Right(s), the renunciation shall be given priority to the acceptance.

Application monies received will be held in a trust account with the Share Registrar until the corresponding New Shares are allotted or the application monies are refunded. No interest will be paid on any application monies.

Any refunds of application monies will be made within five business days (as defined in the Listing Rules) of allotment, or any decision not to proceed with the Offer.

ELIGIBILITY

The Offer is only open to Eligible Shareholders, Institutional Investors and persons that Steel & Tube is satisfied can otherwise participate in the Offer in compliance with all applicable laws.

Steel & Tube considers that the legal requirements of jurisdictions other than New Zealand, Australia, Hong Kong or Singapore are such that it would be unduly onerous for Steel & Tube to make the Rights Offer in those jurisdictions. This decision was made having regard to the small number of Shareholders in such overseas jurisdictions and the costs of complying with overseas legal requirements.

This Offer Document is only being sent by Steel & Tube to Eligible Shareholders and Institutional Investors. The distribution of this Offer Document (including an electronic copy) outside New Zealand or Australia may be restricted by law. Any failure by a person to comply with such restrictions may contravene applicable securities law. Steel & Tube disclaims all liability to such persons.

Australia

This document and the offer of New Shares are being made available in Australia in reliance on the Australian Securities and Investments Commission Corporations (Foreign Rights Issues) Instrument 2015/356.

This document is not a prospectus, product disclosure statement or any other formal "disclosure document" for the purposes of the Australian Corporations Act 2001 (Australian Corporations Act) and is not required to, and does not, contain all the information which would be required in a "disclosure document" under the Australian Corporations Act. This document has not been, and will not be, lodged or registered with the Australian Securities and Investments Commission or the Australian Securities Exchange and the issuer is not subject to the continuous disclosure requirements that apply in Australia.

Prospective investors should not construe anything in this document as legal, business or tax advice nor as financial product advice for the purposes of Chapter 7 of the Australian Corporations Act.

Hong Kong

No New Shares have been offered or sold or will be or may be offered or sold in Hong Kong, by means of any document other than (a) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a prospectus as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the New Shares may be issued or in the possession of any person or will be issued or be in the possession of any person in each case for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under the SFO.

Singapore

This Offer Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offer Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Shares may not be circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the

SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any offer is not made to you with a view to the Rights or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Rights or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

OPENING AND CLOSING DATES

The Rights Offer will open for receipt of acceptances from 17 August 2018. The last day for receipt of completed online applications and Acceptance Forms with payment is 5.00pm on 3 September 2018.

SHORTFALL BOOKBUILD

New Shares attributable to Unexercised Rights will be offered to Eligible Shareholders who take up their Rights in full and who apply for additional New Shares, and Institutional Investors, under the Shortfall Bookbuild. If you do not take up all of your Rights under the Rights Offer or are an Ineligible Shareholder, the New Shares attributable to your Unexercised Rights will be offered for sale in the Shortfall Bookbuild.

The Lead Manager will manage the Shortfall Bookbuild on behalf of Steel & Tube. The Shortfall Bookbuild will be completed on 5 September 2018.

SHORTFALL BOOKBUILD PROCESS

Eligible Shareholders who take up their Rights in full can apply for additional New Shares by specifying the dollar value of New Shares for which you wish to apply at the time you complete and return the enclosed Acceptance Form to exercise your Rights. The price at which the New Shares will be issued to Eligible Shareholders is the Bookbuild Price to be set as described below.

All Eligible Shareholders that wish to apply for New Shares as part of the Shortfall Bookbuild must do so in New Zealand dollars.

Institutional Investors participating in the Shortfall Bookbuild will bid for New Shares attributable to Unexercised Rights. The minimum bid that may be submitted for a New Share under the Shortfall Bookbuild is the Issue Price of \$1.05 per New Share and this amount is payable to Steel & Tube.

The Bookbuild Price will be determined by Steel & Tube and the Lead Manager and will be:

- no less than the Issue Price; and
- no more than the closing price on the NZX Main Board for an Existing Share as at the close of trading on the day prior to the Shortfall Bookbuild (unless the closing price is less than the Issue Price, in which case the Bookbuild Price will be equal to the Issue Price).

The proceeds from each New Share issued under the Shortfall Bookbuild (if any) will be paid by the Share Registrar as follows:

- the Issue Price of \$1.05 to Steel & Tube; and
- any Premium achieved to the holders of Unexercised Rights (including Ineligible Shareholders) in proportion to their holdings of Unexercised Rights. Ineligible Shareholders will be deemed to hold the number of Rights they would have received if they were Eligible Shareholders for the purpose of calculating the amount of any Premium payable to them.

Example

This example assumes that there is demand for all of the New Shares available under the Shortfall Bookbuild and that the Bookbuild Price exceeds the Issue Price.

| | |
|--------------------------------|--------|
| Issue Price per New Share: | \$1.05 |
| Bookbuild Price per New Share: | \$1.25 |
| Premium: | \$0.20 |

In this example, a Shareholder who holds 1,000 Existing Shares at 5.00pm on the Record Date who is either an Ineligible Shareholder or is an Eligible Shareholder who chooses not to take up any of his or her Rights will have 526 Unexercised Rights. That Shareholder will receive \$105.20 in aggregate for his or her Unexercised Rights in the Shortfall Bookbuild, being the Premium of \$0.20 multiplied by the number of Unexercised Rights held by him or her.

The above is an example only. **There is no guarantee that the Bookbuild Price will exceed the Issue Price.**

If the Bookbuild Price is equal to the Issue Price, there will be no Premium payable to the holders of Unexercised Rights.

APPLICATION TO PARTICIPATE IN SHORTFALL BOOKBUILD

If you are an Eligible Shareholder and you have taken up all of your Rights, you may participate in the Shortfall Bookbuild by completing Part B of the Acceptance Form and applying for a dollar amount of New Shares at the Bookbuild Price.

If you are an Institutional Investor, you may participate in the Shortfall Bookbuild by contacting the Lead Manager who will provide details as to the process to be undertaken in relation to the Shortfall Bookbuild.

SHORTFALL BOOKBUILD ALLOCATION POLICY

Allocations and any necessary scaling of applications for New Shares under the Shortfall Bookbuild will be determined by Steel & Tube in its discretion in consultation with the Lead Manager.

Once the Bookbuild Price has been determined, the application monies in respect of any applications for New Shares through the Shortfall Bookbuild by Eligible Shareholders will be divided by the Bookbuild Price to calculate the number of New Shares that those Eligible Shareholders have applied for (subject to scaling), rounded down to the nearest whole New Share. Any refunds of application monies due to scaling of applications or applications not being accepted under the Shortfall Bookbuild will be made within five business days (as defined in the Listing Rules) of allotment of the New Shares (without interest). If, solely due to rounding, there is any difference between the dollar amount of New Shares for which you apply through the Shortfall Bookbuild and the value (based on the Bookbuild Price) of the New Shares you receive through the Shortfall Bookbuild, this will be retained by Steel & Tube.

PAYMENT OF PREMIUM

The Premium, if any, will be paid by the Share Registrar in New Zealand dollars in accordance with the direct credit payment instructions provided by the relevant Shareholder to Steel & Tube (if any) or otherwise

by cheque sent by ordinary post to their address as recorded in Steel & Tube's share register. No interest will be paid in respect of any Premium payable. Payment (if any) is expected to be made by 11 September 2018.

UNDERWRITING AGREEMENT

The Underwriter has fully underwritten the Offer. This means that the Underwriter will subscribe at the Issue Price for those New Shares which are not taken up either by Eligible Shareholders or under the Bookbuild in accordance with the terms of the Underwriting Agreement.

The principal terms of the Underwriting Agreement are as follows:

- The Underwriter will be paid an underwriting fee of 1.50% of the underwritten amount.
- The Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of a number of events which are usual for an offer of this nature.
- Steel & Tube has agreed to indemnify the Underwriter in connection with the underwrite against certain losses.
- Steel & Tube is restricted from offering further Shares or securities (subject to usual exclusions) for 6 months after the Allotment Date, or otherwise entering into any agreement whereby any person may be entitled to the allotment and issue of any Shares or other equity securities by Steel & Tube, or making any announcement of an intention to do any of the foregoing, other than pursuant to the Offer.

ALLOTMENT AND ISSUE OF NEW SHARES

New Shares issued pursuant to the exercise of Rights are expected to be allotted and issued on or by 7 September 2018. Holding statements confirming the allotment of your New Shares will be issued and mailed in accordance with the Listing Rules.

TERMS AND RANKING OF NEW SHARES

New Shares will rank equally with, and have the same voting rights, dividend rights and other entitlements as, Existing Shares in Steel & Tube quoted on the NZX Main Board.

DIVIDEND POLICY

Steel & Tube's current dividend policy is for a payout ratio of between 60% and 80% of net earnings adjusted for any material non-ordinary items and subject to relevant factors at the time.

MINIMUM AMOUNT TO BE RAISED

There is no minimum amount that must be raised for the Offer to proceed.

NZX MAIN BOARD QUOTATION

The Rights will not be quoted on the NZX Main Board.

It is a term of the Offer that Steel & Tube will take any necessary steps to ensure that the New Shares are, immediately after the issue, quoted on the NZX Main Board. The New Shares have been accepted for quotation by NZX and will be quoted upon completion of allotment procedures. NZX Main Board is a licensed market operated by NZX, a licensed market operator, regulated under the FMCA.

STAMPING FEE

A broker stamping fee of 0.50% of application monies on New Shares allotted will be paid to NZX Primary Market Participants who submit a valid claim for a broker stamping fee on successful applications, subject to a maximum fee of \$200 per application. The aggregate broker stamping fee payable on all successful applications will be limited to \$50,000. In the event that the total broker stamping fees payable exceed \$50,000, the stamping fee payable per successful application will be scaled back on a pro rata basis.

No brokerage is payable by you for the issue to you of New Shares. The broker stamping fee will be paid by Steel & Tube. Steel & Tube reserves the right to decline payment of broker stamping fees where it considers that holdings have been split or otherwise structured to take advantage of the stamping fee arrangements.

GLOSSARY

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| Acceptance Form | The personalised acceptance form accompanying this Offer Document for Eligible Shareholders. |
| Allotment Date | 7 September 2018. |
| Bookbuild Price | The price per New Share determined by Steel & Tube in consultation with the Lead Manager through the Shortfall Bookbuild process based on the bids received from Institutional Investors. |
| Closing Date | 5.00pm on 3 September 2018. |
| Eligible Shareholder | <p>A person who, at 5.00pm on the Record Date, was recorded in Steel & Tube's share register as being a Shareholder and:</p> <p>(a) whose address is shown in Steel & Tube's share register as being in New Zealand or Australia; or</p> <p>(b) whose address is shown in Steel & Tube's share register as being in Hong Kong or Singapore and who is an Institutional Investor,</p> <p>and who is not in the United States and who is not acting for the account or benefit of a person in the United States.</p> |
| Existing Share | A Share on issue on the Record Date. |
| FMCA | The Financial Markets Conduct Act 2013. |
| Ineligible Shareholder | A Shareholder of Steel & Tube who is not an Eligible Shareholder. |
| Institutional Investor | <p>A person:</p> <ul style="list-style-type: none"> • in New Zealand, who Steel & Tube considers is an institutional, habitual or sophisticated investor or to whom an offer of financial products can be made without disclosure under Part 3 of the FMCA; • in Australia, who Steel & Tube considers is a person to whom an offer of shares for issue may lawfully be made without disclosure under part 6D.2 of the Corporations Act 2001 (Australia) (as modified by any applicable regulatory instrument); • in Hong Kong, who Steel & Tube considers is a professional investor as defined in the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong; or • in Singapore, who Steel & Tube considers is an "institutional investor" or a "relevant person" as defined in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore, <p>and who is not in the United States and who is not acting for the account or benefit of a person in the United States.</p> |
| Issue Price | NZ\$1.05 per New Share. |
| Lead Manager | First NZ Capital Securities Limited. |
| Listing Rules | The listing rules of NZX in relation to the NZX Main Board (or any market in substitution for that market) in force from time to time, read subject to any applicable rulings or waivers. |

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| New Share | A Share in Steel & Tube offered under the Offer of the same class as, and ranking equally in all respects with, Steel & Tube's quoted Existing Shares at the Allotment Date. |
| NZX | NZX Limited. |
| NZX Main Board | The main board equity security market operated by NZX. |
| NZX Primary Market Participant | Any company, firm, organisation, or corporation designated or approved as a primary market participant from time to time by NZX. |
| Offer | The Rights Offer and the Shortfall Bookbuild. |
| Offer Document | This document. |
| Premium | The amount per New Share, if any, by which the Bookbuild Price exceeds the Issue Price. |
| Record Date | 15 August 2018. |
| Right | A renounceable right to subscribe for 1 New Share for every 1.9 Existing Shares held at 5.00pm on the Record Date at the Issue Price, issued pursuant to the Offer. |
| Rights Offer | The pro rata renounceable rights offer of New Shares detailed in this Offer Document. |
| Share | An ordinary share in Steel & Tube. |
| Shareholder | A registered holder of Shares. |
| Share Registrar | Computershare Investor Services Limited. |
| Shortfall Bookbuild | The bookbuild process for New Shares attributable to Unexercised Rights. |
| Steel & Tube | Steel & Tube Holdings Limited. |
| Underwriter | First NZ Capital Group Limited. |
| Underwriting Agreement | The agreement entered into between Steel & Tube and the Underwriter dated 7 August 2018. |
| Unexercised Rights | Those Rights not taken up by the Closing Date, including the Rights attributable to Ineligible Shareholders. |

NOTE:

- All references to time are to New Zealand time unless stated or defined otherwise.
- All references to currency are to New Zealand dollars unless stated or defined otherwise.
- All references to legislation are references to New Zealand legislation unless stated or defined otherwise.


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