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ASX Market Announcements Office
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
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2019 AGM Presentations

In accordance with the ASX Listing Rules and the Corporations Act 2001, attached are the presentations to be given at today's Annual General Meeting of shareholders of Bisalloy Steel Group Limited.

Regards



Luke Beale
Chief Financial Officer & Company Secretary

Chairman's Address

Before moving to the formal business of today's meeting, the Managing Director and I will first provide you with an update on the Group's operational highlights and successes achieved in the past year. These presentations were lodged with the ASX prior to the commencement of this meeting.

Bisalloy Steel Group reported continued growth in FY2019. Our growth initiatives are progressing to plan which has strengthened our Australian business and resulted in volume and profit growth in our international businesses. Throughout FY2019, the business was also able to further develop significant opportunities across each product segment.

With leading positions attained across our focus markets and with a solid order book, Bisalloy is well equipped to maintain this momentum into FY2020.

For Australia, the demand and market were as per our expectations, however margin was impacted by the level of price competition. This was offset by higher than expected international sales, and very strong results from our distribution joint venture in Indonesia and our manufacturing and distribution joint venture in China.

The realisation of a number of key defence projects has opened up opportunities for significant development of Bisalloy Armour products internationally.

With the profitability of the business continuing to grow, we are well equipped to continue to develop the company in line with our strategy and to capitalise on the opportunities for our company where there is strong long-term demand for the increased use of high-strength steels.

The Group has traded well in the first four months of FY2020 and has a healthy order book in place. The Group is forecasting Operating EBITDA for FY2020 to be in the range of \$12.0M to \$13.0M, an increase of 30% to 41% on FY2019.

I would now to invite Greg Albert CEO and MD of Bisalloy Steel Group to provide additional commentary on the Group's outcomes and future opportunities. Thank you.

Managing Director's Address

Thank you Mr Chairman.

Ladies and gentlemen, welcome to Bisalloy's 2019 Annual General Meeting.

Health and Safety was at the front of mind as Bisalloy's operations continued to care for the people who care for our customers. We are pleased to see that our excellent safety record continues while new initiatives and measures were introduced across the Unanderra site to continue to improve the safety culture. The engagement of all our employees in improving safety is one of our core values which has also delivered high productivity, high quality and customer satisfaction improvements throughout the year.

Our operations in Indonesia and Thailand maintain their highly impressive commitment to safety. They have now delivered fourteen years without a lost time injury with the Chinese Joint venture, passing eight years lost time injury-free.

Bisalloy's high-strength steels enable our customers to design products that would not have otherwise been possible and during the year we have worked collaboratively with key strategic customers. We did this in Australia, throughout South Asia and in the growing Chinese domestic market. This is positioning Bisalloy as a premium brand and supplier to key companies and industries.

As the only Australian producer of high strength steels Bisalloy is positioning itself to be the clear home market leader. Demand in Australia was good in all our major segments, including resources, energy, construction, earth moving equipment, heavy transport and defence. The partnership strategy with key companies in these industries, the continual improvement programme to our operations and the investment in our people has positioned us well to better service the Australian market.

As a group, we are all working hard to further develop the business. In Australia, we launched the "BisEnergy" programme that is designed to bring a culture of continuous improvement across all parts of the business. This enables us to present Bisalloy as a high quality company and supplier to our key customers. We have actively been working on expanding into markets that we have traditionally not serviced which opens new opportunities for us. We have heavily invested in the Australian Government's future defence projects and overcame many hurdles and challenges required for Bisalloy to be considered a supplier for these significant projects. This includes the Land 400 vehicles and future submarine programme, where we continue to work towards securing these long-term supply contracts.

As Phil mentioned earlier, the FY2019 margin result in Australia was impacted by a strong level of price competition. On 4th September 2019, the Anti-Dumping Commission published "Final Report No. 506 – Inquiry into the Continuation of Anti-Dumping Measures Applying to Quenched and Tempered Steel Plate Exported to Australia from Finland, Japan and Sweden". The Commissioner concluded that "the expiration of the anti-dumping measures would lead, or would be likely to lead, to a continuation of the dumping of the goods from Japan and Sweden and a recurrence of the dumping of the goods from Finland."

On 4th October 2019, the Minister issued Anti-Dumping Notice No. 2019/113. In this notice, the Minister accepted the recommendations and reasons for recommendations from the Commission and determined that the notice continues in force after 5th November 2019 with the effective rates of duty and duty methods recommended by the Commission to apply after this day.

Most notably, the effective rate of duty on Swedish imports was increased from 9.6% to 58.6%.

I am pleased to advise that effective from 11th November that the Company has implemented a new corporate structure to accelerate the development of its international businesses and to commercialise additional opportunities for the sales of its products while ensuring that its Australian business continues to achieve its growth targets in the Australian domestic market.

In order to strengthen the management of our Australian business, Glenn Cooper has been appointed to the newly created role of Bisalloy Australia CEO reporting into myself as Bisalloy Group CEO. Glenn will focus on Bisalloy's activities in Australia and to lead the continuing growth by developing new industries and major projects that are currently underway in Australia, including Energy, Defence, Construction, Transport and Mining.

In a further change to our structure, Matt Enbom has been promoted to the newly created role of Bisalloy Group COO. His key focus will be on ensuring that the Australian manufacturing operations develops in line with the strategy and to oversee the international operations as they evolve to support our increasing International demand.

I will be responsible for leading the international development as Bisalloy Group CEO and Managing Director. The international team currently consists of the Bisalloy sales & distribution businesses in Indonesia and Thailand and the Co-operative Joint venture with Shandong Steel in the PRC and Bisalloy's international sales network. The Bisalloy joint ventures have recently been strengthened with senior management appointments in each country including new executive appointments in China.

In February 2019, our Chinese co-operative joint venture (CJV) partner, Shandong Steel, began commissioning of its newly completed state of the art steel making plant at Rizhao, Shandong province.

This will enable the CJV to significantly grow in the Chinese domestic market with a full range of high-quality products, with the aim to be the leading premium brand in China, which is in line with our strategic targets. This will also allow the Bisalloy Steel Group to supply to select international markets, in line with our growth strategy.

Our overseas distribution operations in Indonesia and Thailand continued to be profitable with a very strong year in Indonesia, following the strategy of supplying to major manufacturers. Bisalloy is now the leading QT brand in the Indonesian marketplace.

Our Armour business continues to be of significant strategic importance both domestically and internationally. In FY2019 we successfully developed alternate supply of specialised greenfeed from targeted partner mills overseas to allow Bisalloy to grow the volumes of Armour in line with our strategic targets. In FY2019 Bisalloy achieved a major milestone in the Naval Group's future Submarine project by successfully completing the supply for the first trial and first of a series of qualification heats. Bisalloy expects to supply two further qualification heats in the near term.

Bisalloy also successfully passed the German TL standard test for one grade of Armour steel for the Land 400 phase 2 project, with further testing of other grades to be done during FY2020.

I would like to take this opportunity to thank all of the Group's employees for their dedication and participation through this part of the Group's development. I would also like to thank our customers and shareholders for their continued support and trust in the Bisalloy Steel Group. Our dedication, focus, expertise and strong brand position us well for the future as we continue to capitalise on our domestic and international opportunities.