



**Investor Presentation**  
March 2020

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Enabling Innovation with Steel

Everything we do, every day, everywhere is directed at **enabling** people to design, manufacture and deliver **innovations** and products for the future **with steel**, that may not have otherwise been possible.



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# Company Overview

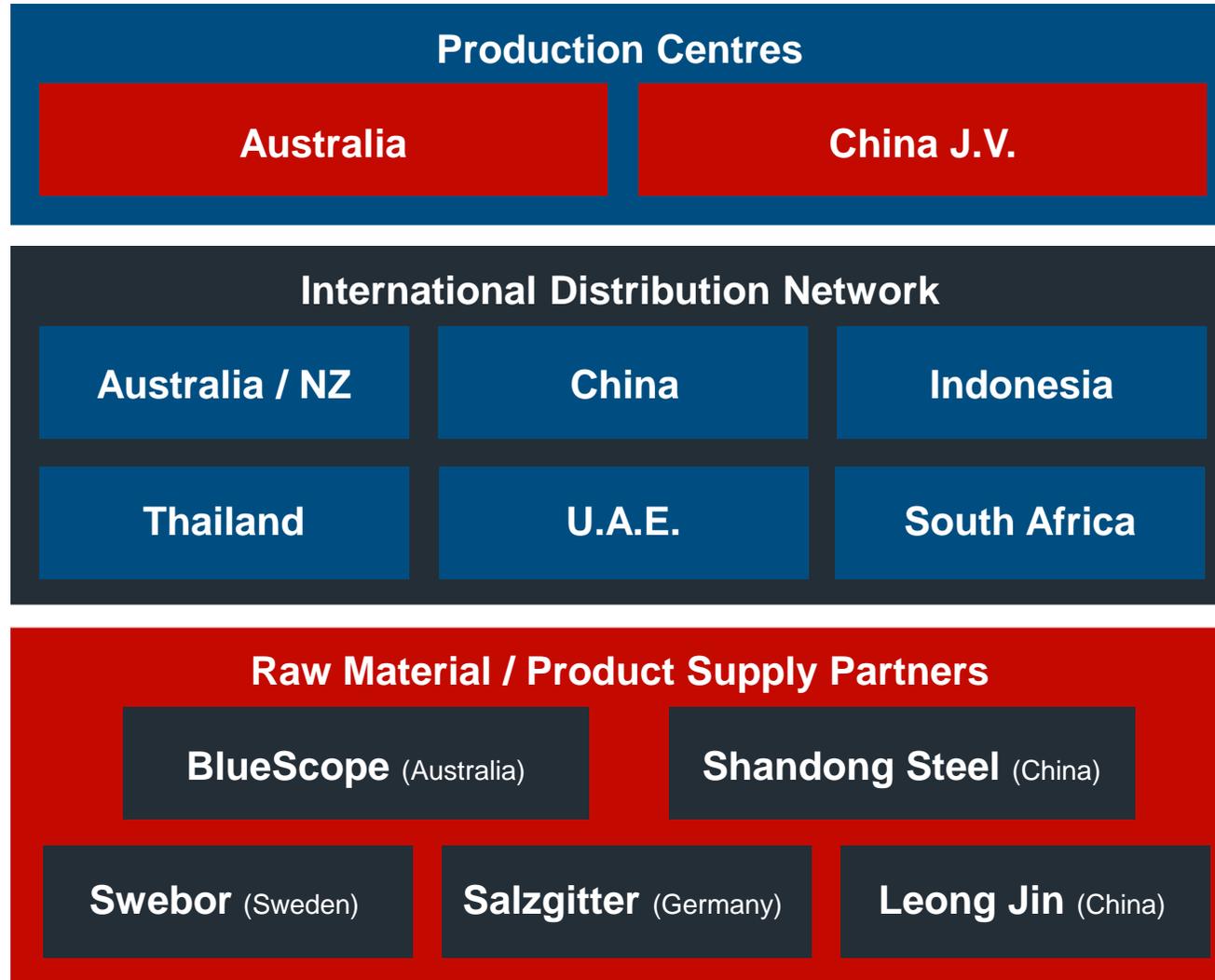
- Australia's only manufacturer of quench and tempered steel plate products since 1980 in Unanderra, Wollongong Australia.
- Market-leading high wear, high strength steel company in Australia.
- Australia's only manufacturer of defence grade armour steels.
- Internationally recognised brand and distribution network.
- Number two premium QT brand in China for wear and structural markets.
- ASX listed company since 2003.
- Employing over 80 people in Australia and 160 people internationally with majority owned distribution businesses in Indonesia and Thailand.
- Co-operative Joint Venture with Shandong Steel in China since 2011 for manufacture and distribution of Bisalloy products.
- Manufacturing a range of products including:

**Wear | Structural | Armour | Protection**



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# Company Overview



# Brand Portfolio

## **BISALLOY® WEAR steel**

Mining, mineral processing, agriculture

## **BISALLOY® STRUCTURAL steel**

Mining, mineral processing, agriculture

## **BISALLOY® ARMOUR steel**

Defence, Naval, Ballistics, Vehicles

## **BISALLOY® PROTECTION steel**

Military, Government and Civilian



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# BISALLOY® WEAR steel

Market leader in Australian Mining, Minerals Processing and Quarrying for high-strength wear plates

Internationally recognised brand in the Resource sector and used by major OEM's



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# BISALLOY® STRUCTURAL steel

Market leader in high-performance structural steel that helps make products stronger, lighter and more sustainable



**Bisalloy**

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# BISALLOY® ARMOUR steel

Internationally recognised and certified by major Defence Departments and used by major international prime contractors for land and sea projects

Bisalloy® Protection steel used for non-defence civilian applications



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# Bisalloy Australia Customers

## Coal Mines



## Iron Ore Mines



## Hard Rock/Quarry



## Underground Mines



## Manufacturers



# Bisalloy Shangang (Shandong) Steel Plate Customers

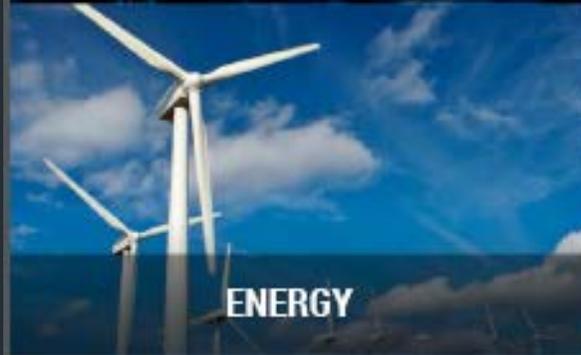
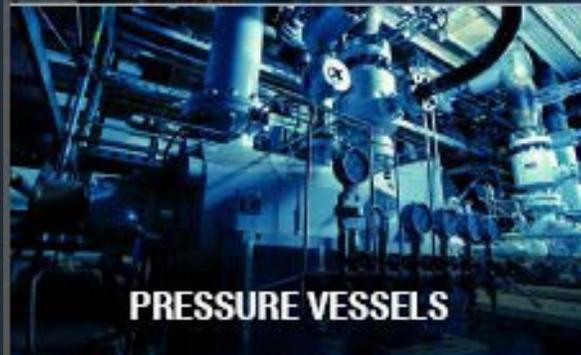
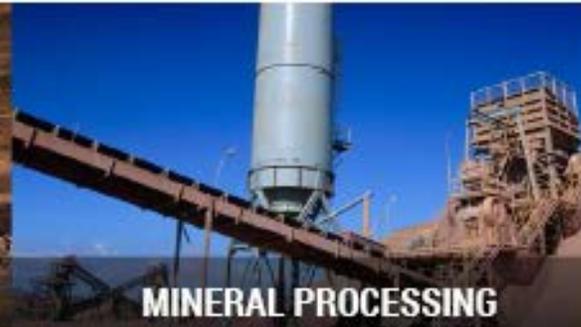
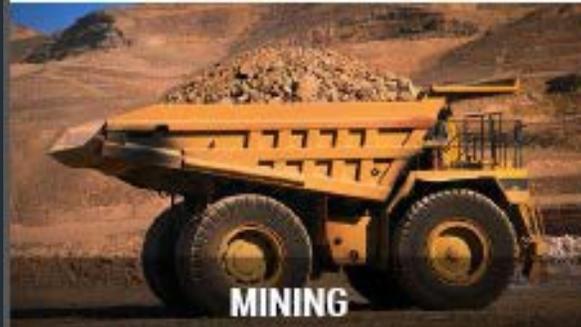


品质改变世界  
三一重工



# Enabling Sustainability

The increasing focus on sustainability generates new types of demands from our customers requesting lighter, stronger and more sustainable steel solutions.



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# Our People & Values



**Bis***energy*  
PERFORMANCE CULTURE





# Safety Matters

## OUR COMMITMENT

- We are committed to the wellbeing of our workers, visitors, and the communities associated with our business.

## OUR SAFETY PRINCIPLES

- All injuries are avoidable
- If you choose to work at Bisalloy, you chose to work safely
- Management is accountable for safety
- Employees must be involved and trained
- All processes can be safeguarded

## OUR GOAL

- We aim for zero harm. No one should be hurt conducting work for or interacting with Bisalloy.



# Bisalloy ASX Overview

## Capital Structure

Share price (BIS.ASX) – 26 February 2020	\$0.96
Shares on issue	45.42m
Securities not quoted	1.82m
Market cap (fully diluted)	\$43.6m
Net Cash (Debt) – 31 December 2019	(\$11.9m)

## Board & Management

Philip Cave	Non-Executive Chairman
Greg Albert	Managing Director
Kym Godson	Non-Executive Director
Richard Grellman	Non-Executive Director
Luke Beale	CFO & Company Secretary

## 24-month Share Price Performance

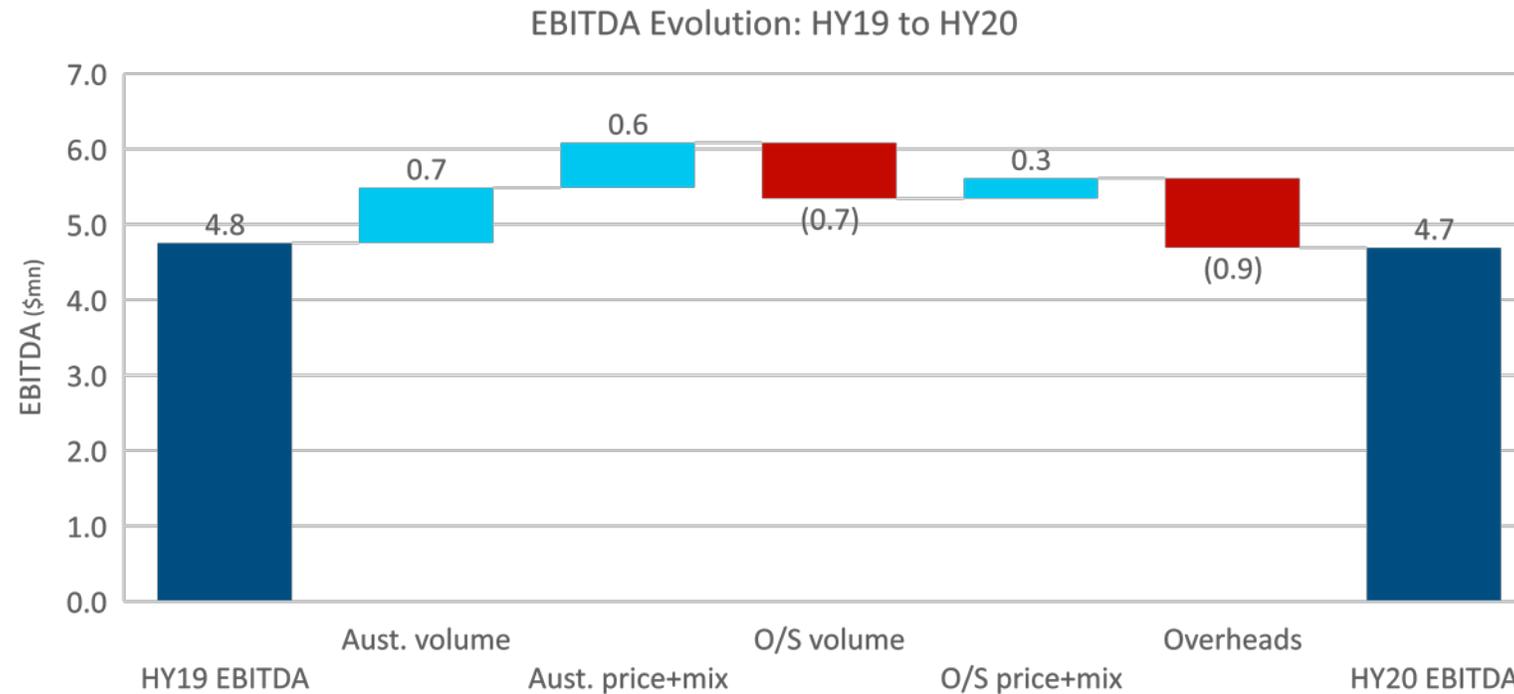


## Shareholders

Anchorage Capital & related parties	20.1%
Balron Nominees & related parties	17.4%
J P Morgan Nominees	12.9%
<b>Top 25</b>	<b>69.7%</b>



# Bisalloy Group Profitability – HY19 to HY20



- Increased market share and revenue per tonne in Australia.
- Second half to be even better as the positive result from the increased anti-dumping measures flow through.
- International trading has been affected by weaker demand in China and Indonesia. Demand in Thailand remains stable.

# Bisalloy Group Profitability – HY19 to HY20

Consolidated statement of profit or loss and other comprehensive income	31 Dec 2019 \$'000	31 Dec 2018 \$'000	Comments
Revenue	56,414	50,075	
Cost of sales	(45,997)	(40,585)	
<b>Gross profit</b>	<b>10,417</b>	<b>9,490</b>	<b>1</b>
Distribution expenses	(1,238)	(1,126)	
Marketing expenses	(1,640)	(1,790)	
Occupancy expenses	(379)	(338)	
<b>Administrative expenses</b>	<b>(4,143)</b>	<b>(3,271)</b>	<b>2</b>
Other (expenses)/income	(28)	66	
<b>Operating profit</b>	<b>2,994</b>	<b>3,139</b>	
<b>Net finance costs</b>	<b>(576)</b>	<b>(502)</b>	<b>3</b>
<b>Share of profit of jointventure</b>	<b>504</b>	<b>642</b>	<b>4</b>
<b>Profit before income tax from continuing operations</b>	<b>2,922</b>	<b>3,279</b>	
Income tax expense	(749)	(790)	
<b>Profit after income tax</b>	<b>2,173</b>	<b>2,489</b>	

1. The Group's margin of 18% is consistent with prior period (19%). The increase in gross profit is attributable to the increased sales growth in the Australian business, which grew by \$8.5m excluding intercompany sales.

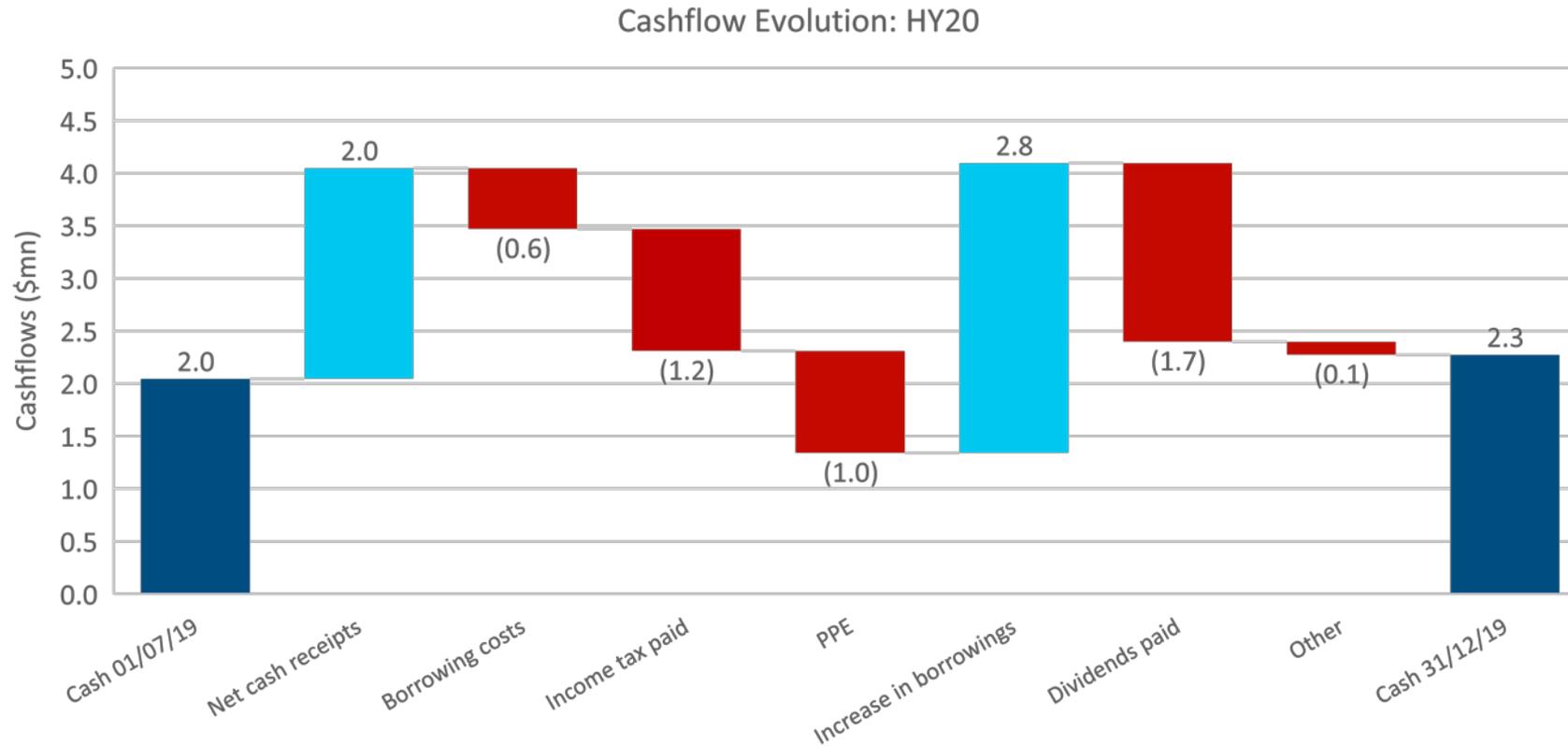
2. The increase in administration expenses is attributable to the Australian business and relates to employee share plan costs expensed during the period (including an uncorrected prior period adjustment of \$215k), increases in bonus incentive accruals and additional consultancy expenditure relating to the anti-dumping law changes and consideration of a new integrated SAP operating system.

3. Net finance costs have increased in line with the increase in average daily facility amounts. The decrease in the average interest rate to 2.2% (2018: 2.4%) is consistent with the RBA interest rate decrease which took place during 2019.

4. Profit from the Co-Operative Joint Venture in China decreased compared to prior period due to a reduction in sales which resulted from increased competition.



# Bisalloy Group Cashflow – HY20

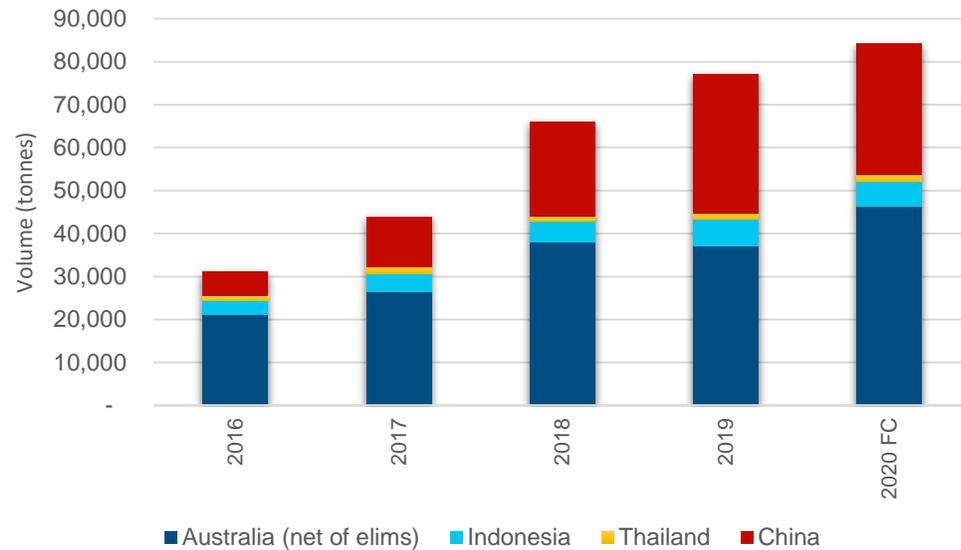


Net cash from operating activities of \$0.3m (HY19: -\$5.5m).

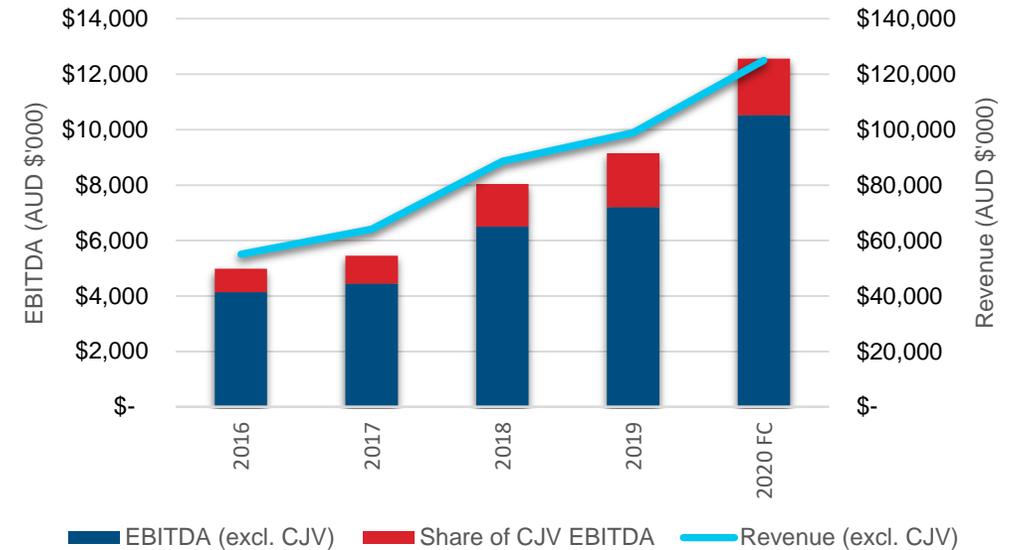


# Bisalloy Group Performance – 5 years

**Bisalloy Group**  
Volume by Region



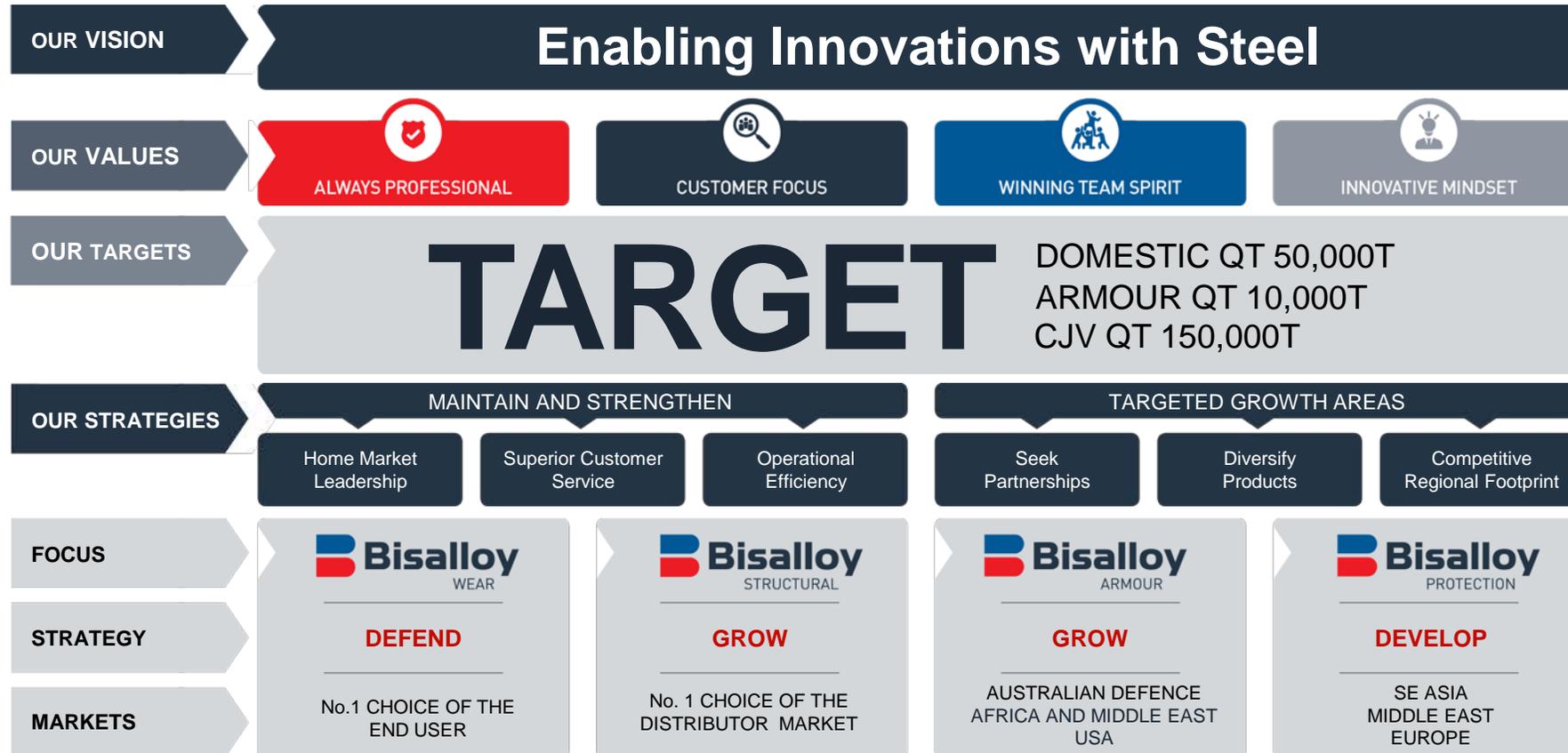
**Bisalloy Group**  
Revenue and EBITDA



- Volume and profit growth in FY19 driven by International market.
- On track to achieve market guidance of \$12.0-13.0m in FY20. Profit growth driven by margin recovery in Australia.



# Bisalloy Steel – 5 Year Strategy



# Roadmap to our 5 Year Targets



2022-23

## STRONG BISALLOY BUSINESS

- Brand recognition & value
  - Aust. & International
- Long Term Supply agreements
  - OEM, Mining, Defence
- Multiple QT Manufacturing sites
- Multiple Green Feed supply
- Strong revenue & EBIT results

2020-21

## TARGETED GROWTH

- Australia Mkt Leadership
- China Premium Mkt Leadership
- Defence projects
- International development
- Thin & Thick plate markets
- OEM – Large key accounts

2019

## CAPITALISE ON OPPORTUNITES

- Execute growth initiatives
- Seek acquisitions, JV's and key partners
- Launch new products
- Core and non core
- Create additional services
- Value-added offerings

2018

## DEVELOP OPPORTUNITIES

- Flexible operations
- Global partners
- Product gaps
- Enhanced customer focus
- Global distribution
- Build the team
- Focus on growth markets
- Diversify markets

2017

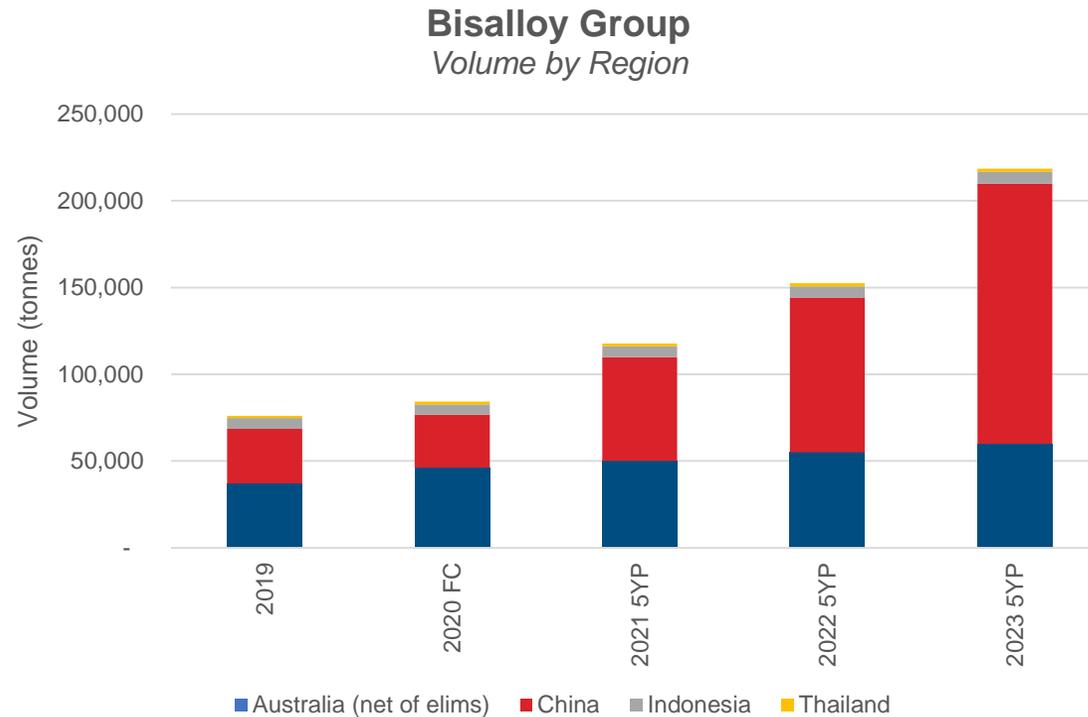
## STRENGTHENING OUR OPERATIONS

- Operational efficiency
- Australian market position
- China JV growth
- Armour markets
- Structural applications
- Identify new partners
- Identify opportunities
- Develop distributors



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# Bisalloy Group Performance – Outlook



Achievement of strategic targets would lead to significant future growth.



# Australian Production Facility

Strategically positioned near our major steel supplier and port facilities

Capacity: 60,000 tonnes per annum



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# Production Process Overview

## Proven Australian Operation

- Exceeding Global International Quality and Testing standards
- Trusted by Global Military brands and Armed Forces
- International certification for Safety and Environmental Management



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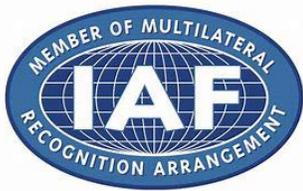
# Technical Accreditation



ACCREDITED FOR  
**TECHNICAL  
COMPETENCE**



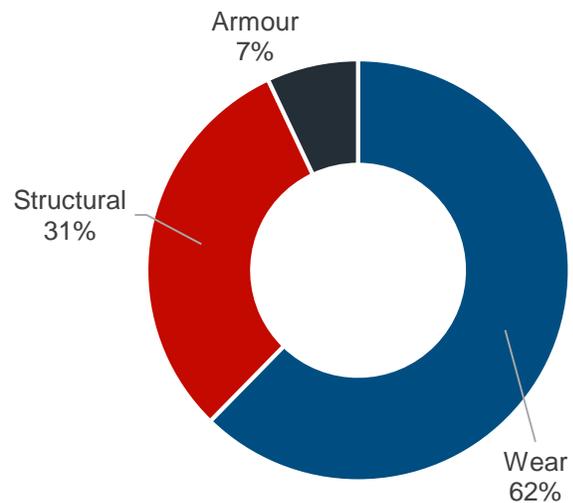
贝斯山钢 (山东) 钢板有限公司  
Bisalloy Shangang (Shandong) Steel Plate Co., Ltd



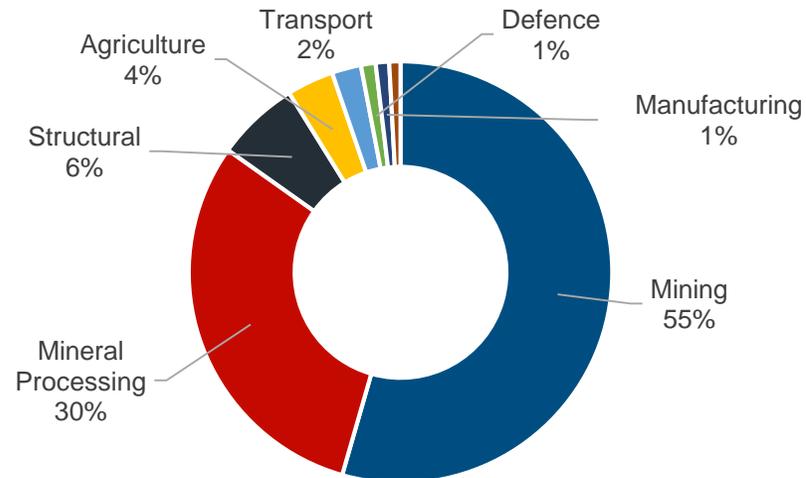
# Production Breakdown – Australian Manufacture

FY19 invoiced volume breakdown by:

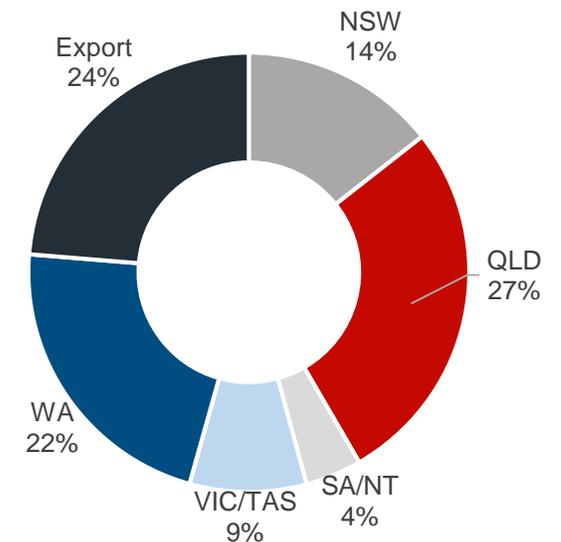
Plate Type  
(Global market)



Industry Application  
(Domestic market)



Sales Region  
(Domestic market)



# Chinese JV Partner Production Facilities

Two quenched and tempered manufacturing plants in Shandong Province, China.

Brand new state of the art plant in Rizhao commissioned in 2019 with it's own port facility.

International certification for Safety and Environmental Management

Capacity: 800,000 tonnes per annum

 **Bisalloy** Enabling Innovation with Steel



# Bisalloy Co-operative Joint Venture

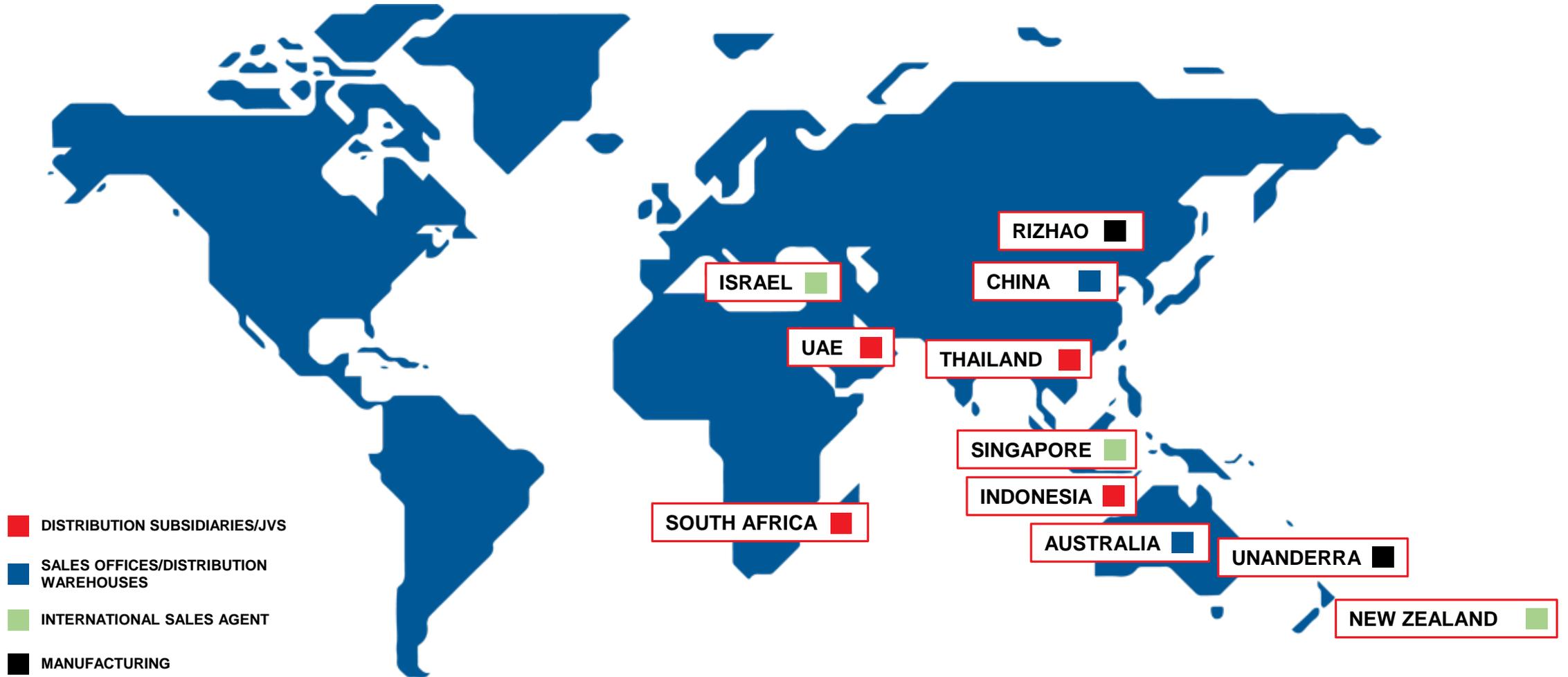
Bisalloy Shangang (Shandong) Steel Plate Co. Ltd is a 50/50 Co-operative Joint Venture (CJV) established in July 2011 with Shandong Iron & Steel Co. Ltd to manufacture and distribute Bisplate wear and high-strength structural plates.

Shandong Iron & Steel Co. Ltd is the 6th biggest steel company in China with annual production volume of 21.7m tonnes (more than 7 times the annual production volume of BlueScope Steel of 3.0m tonnes).

Bisalloy is currently the 2nd largest premium QT brand in China for the wear and structural markets with the aim of becoming the largest premium QT brand in China over the next 3-5 years.



# Expanding Global Market Presence





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