



**Investor Presentation**  
August 2020

# Contents

- Vision
- Safety
- ASX Overview
- FY20 Results
- 5-year Strategy
- Company Overview
- People & Values
- Brand and Product Portfolio
- Customers
- Production Facilities



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.





# Safety Matters

## OUR COMMITMENT

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

## OUR GOAL

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

## FY20 KEY OUTCOME

- Reduction in Lost Time Injury severity YoY
- Our Lost Time Injury Frequency Rate at 7.1 remains below the Ferrous Steel Product manufacturing benchmark of 8.0
- Certification under ISO45001

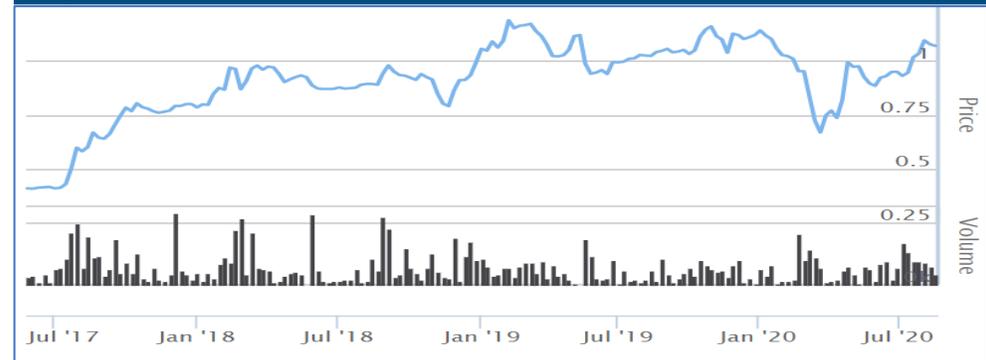


# Bisalloy ASX Overview

## Capital Structure

Share price (BIS.ASX) – 21 August 2020	\$1.035
Shares on issue	45.42m
Securities not quoted	1.73m
Market cap (fully diluted)	\$50.19m
Net Cash (Debt) – 30 June 2020	(\$15.6m)

## 3-year Share Price Performance



## Board & Management

Phillip Cave	Non-Executive Chairman
Glenn Cooper	Managing Director
Kym Godson	Non-Executive Director
Richard Grellman	Non-Executive Director
Luke Beale	CFO & Company Secretary

## Shareholders

Anchorage Capital & related parties	19.9%
Balron Nominees & related parties	17.1%
J P Morgan Nominees	12.4%
<b>Top 25</b>	<b>69.6%</b>



# Bisalloy Group Profit & Loss Statement

Consolidated statement of profit or loss and other comprehensive income	FY20 \$'000	FY19 \$'000	Comments
Revenue	110,719	98,124	
Cost of sales	-87,173	-80,232	
<b>Gross profit</b>	<b>23,546</b>	<b>17,892</b>	<b>1</b>
Distribution expenses	-2,534	-1,865	
Marketing expenses	-3,163	-3,424	
Occupancy expenses	-758	-712	
Administrative expenses	-8,085	-6,749	<b>2</b>
Other income/ (expenses)	-453	97	
<b>Operating profit</b>	<b>8,553</b>	<b>5,245</b>	
Net finance costs	-1,189	-1,175	<b>3</b>
Share of profit of joint venture	1,653	1,607	<b>4</b>
<b>Profit before income tax</b>	<b>9,017</b>	<b>5,677</b>	
Income tax expense	-2,189	-1,246	
<b>Profit after income tax</b>	<b>6,828</b>	<b>4,431</b>	

1. The Group's margin of 21% is higher than the prior period (18%). The increase in gross profit is attributable to the increased sales growth in the Australian business, which grew by \$17.9m 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% (FY19: 2.4%) is consistent with the RBA interest rate movements over the period.

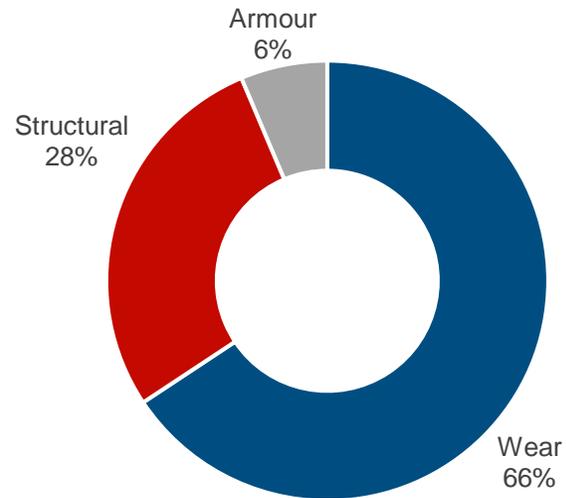
4. Profit from the Co-Operative Joint Venture in China increased compared to prior period due to increased margins which were partially offset by lower sales volumes.



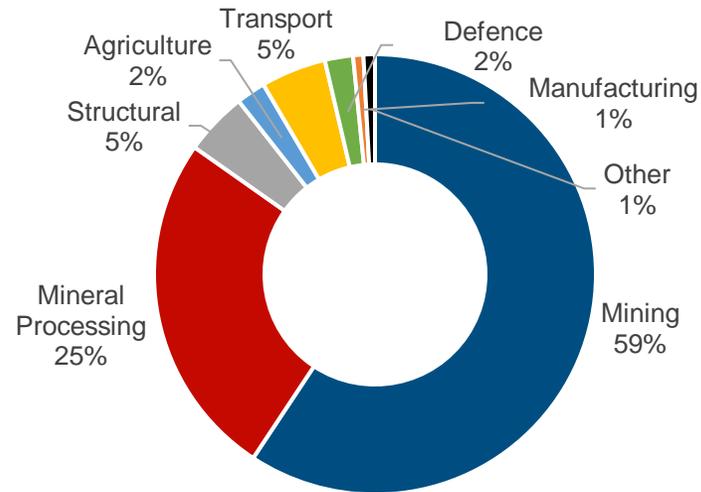
# Bisalloy Australia Sales Breakdown

FY20 invoiced volume breakdown by:

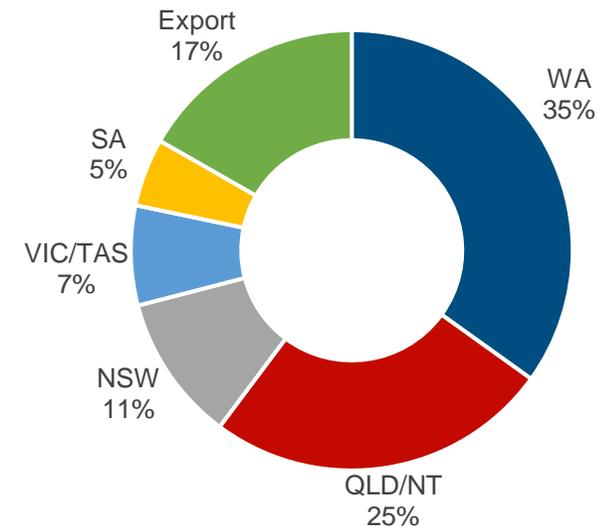
Plate Type



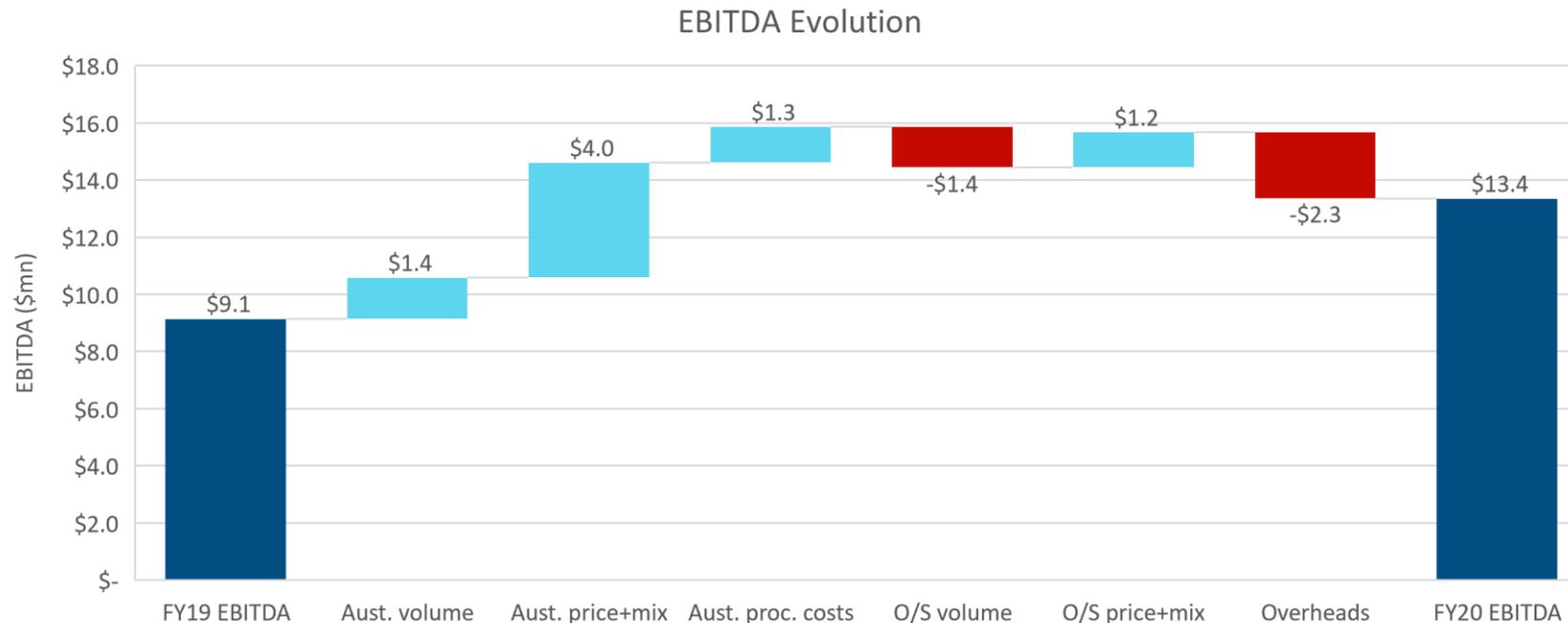
Industry Application (Domestic market)



Sales Region



# Bisalloy Group Profitability – FY19 to FY20



- Increased market share and margin per tonne in Australia. Operational efficiency and processing cost improvements were also achieved.
- International trading has been affected by weaker demand in China and Indonesia. Demand in Thailand remains stable.

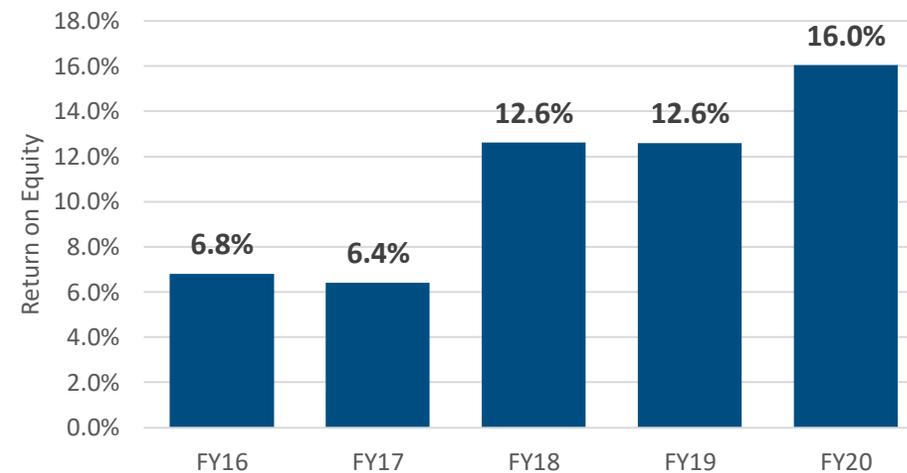
# Bisalloy Group Balance Sheet

Consolidated statement of financial position	30 June 2020 \$'000	30 June 2019 \$'000	Comments
Current assets	57,817	53,769	1
Non-current assets	28,788	23,126	
<b>Total assets</b>	<b>86,605</b>	<b>76,895</b>	
Current liabilities	34,600	39,257	
Non-current liabilities	9,425	2,448	
<b>Total liabilities</b>	<b>44,025</b>	<b>41,705</b>	
Parent interests	38,700	31,041	2
Non-controlling interests	3,880	4,149	
<b>Total equity</b>	<b>42,580</b>	<b>35,190</b>	

1. Inventory build of \$6.2m to support increase in domestic Australian sales.

2. Australian land and buildings were revalued upwards by \$3.0m.

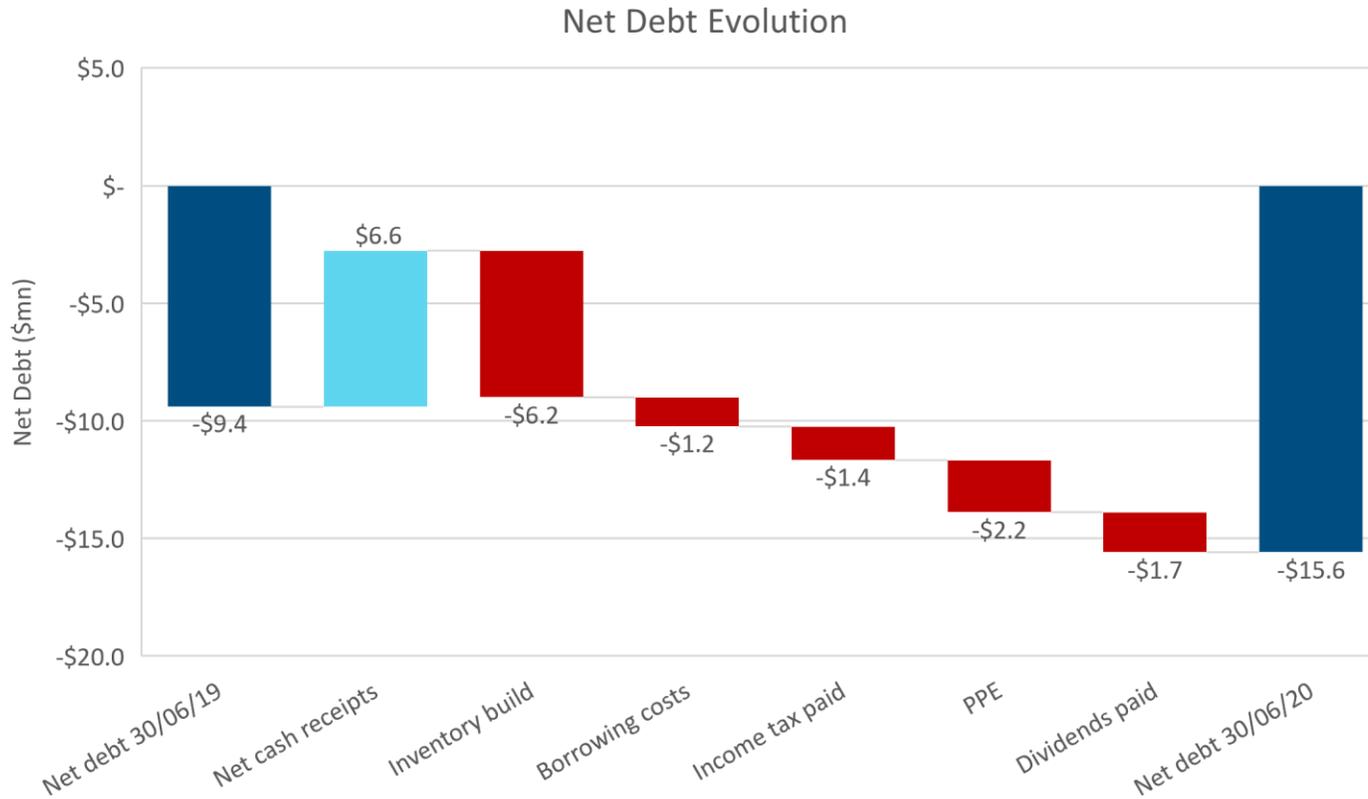
Return on Equity Evolution



Return on equity has increased at a compound annual growth rate of 24% since FY16.

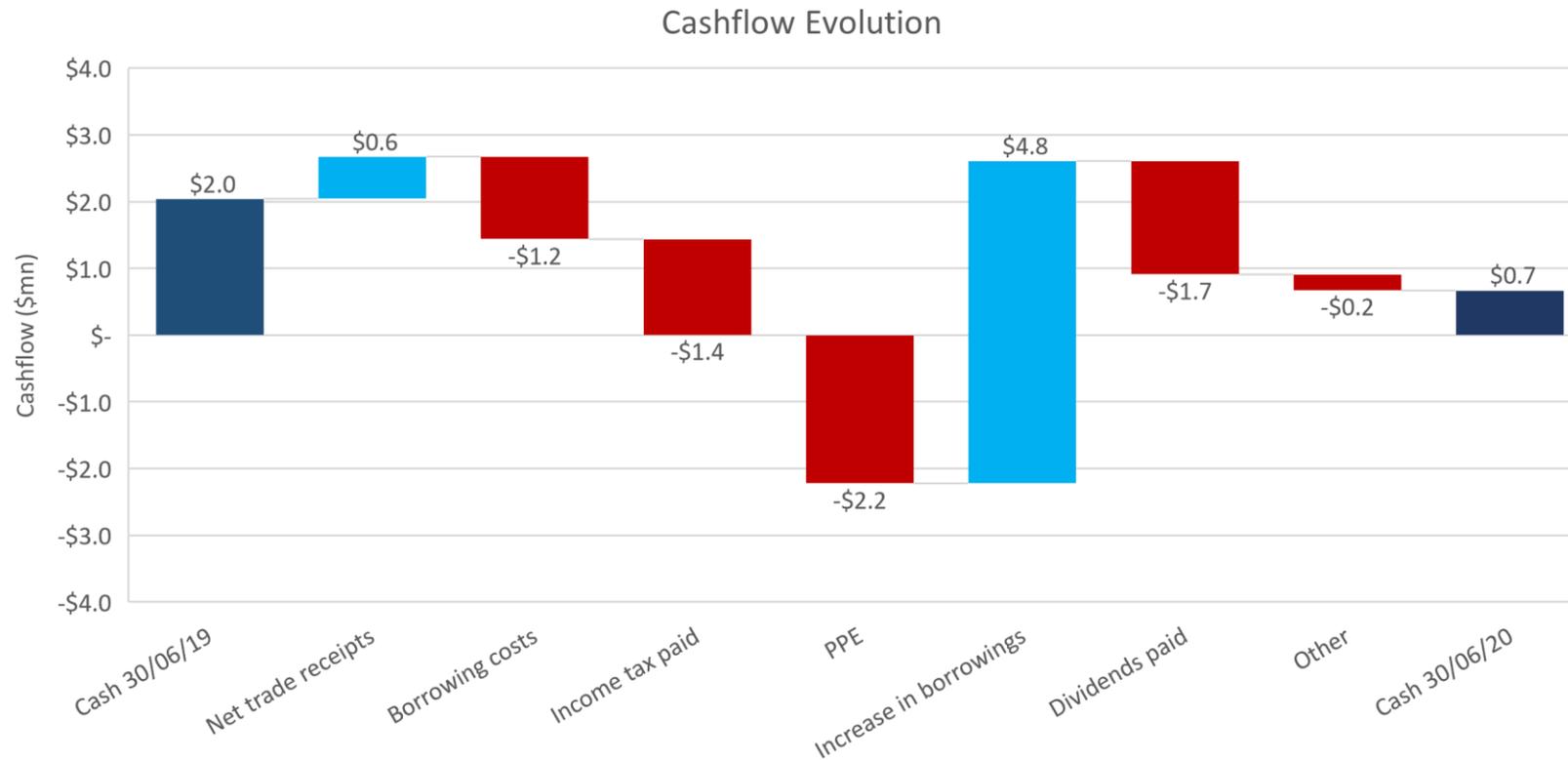


# Bisalloy Group Net Debt – FY19 to FY20



Increase in net debt driven by inventory build to support increase in domestic Australian sales.

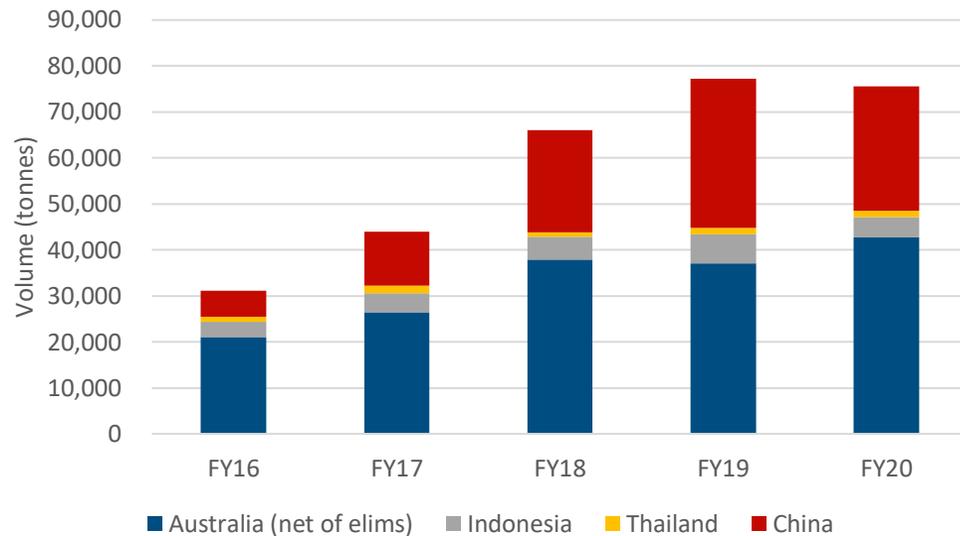
# Bisalloy Group Cashflow – FY19 to FY20



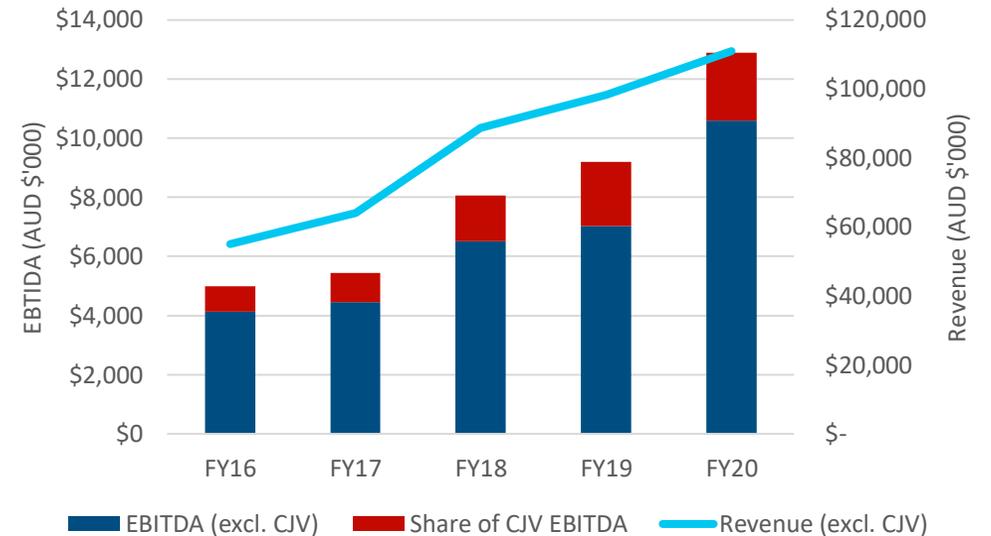
Net cash from operating activities of  $-\$2.0\text{m}$  (FY19:  $-\$1.1\text{m}$ ).

# Bisalloy Group Performance – 5 years

**Bisalloy Group**  
Volume by Region



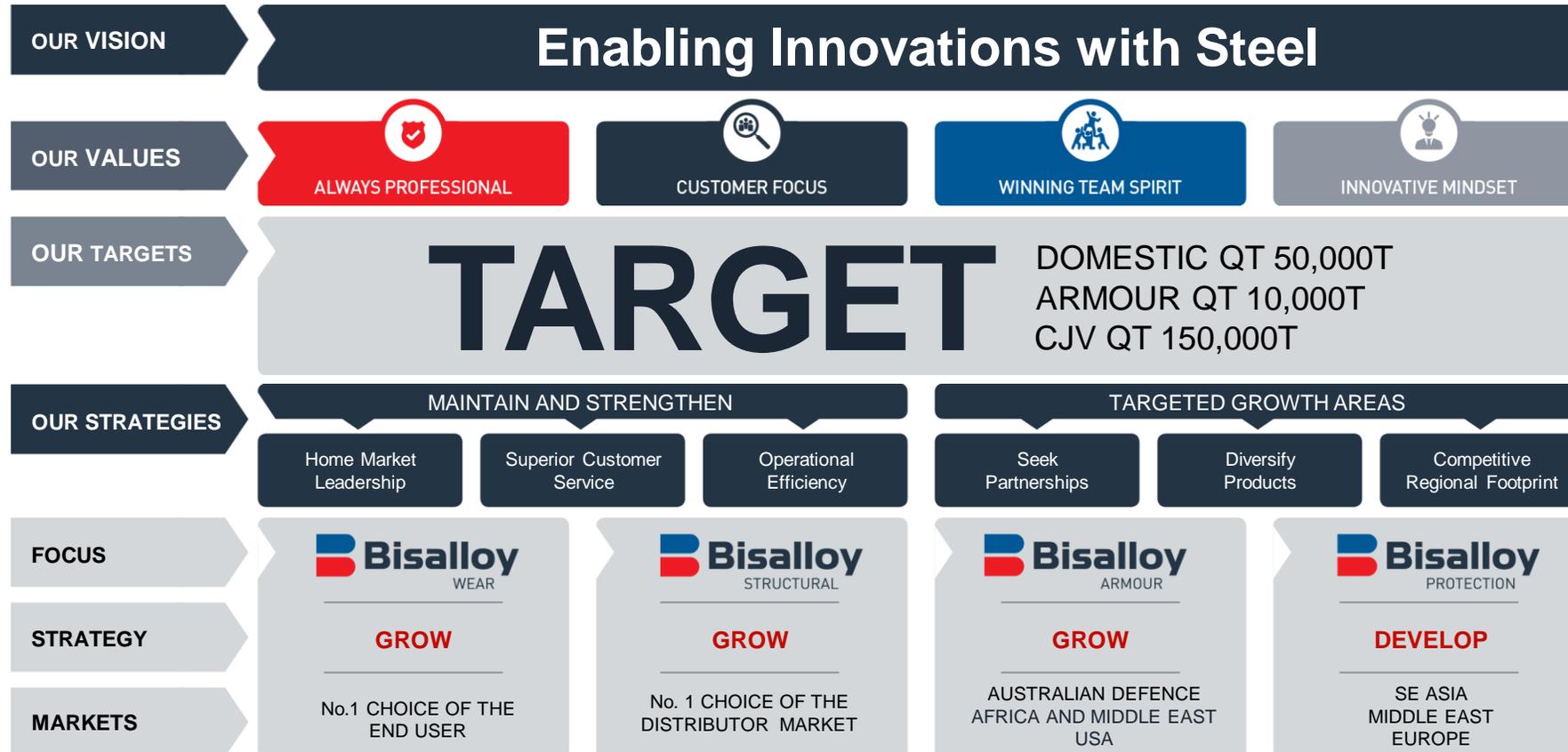
**Bisalloy Group**  
Revenue and EBITDA



Profit growth in FY20 driven by Australian market. This resulted from increased pricing and market share growth.



# 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





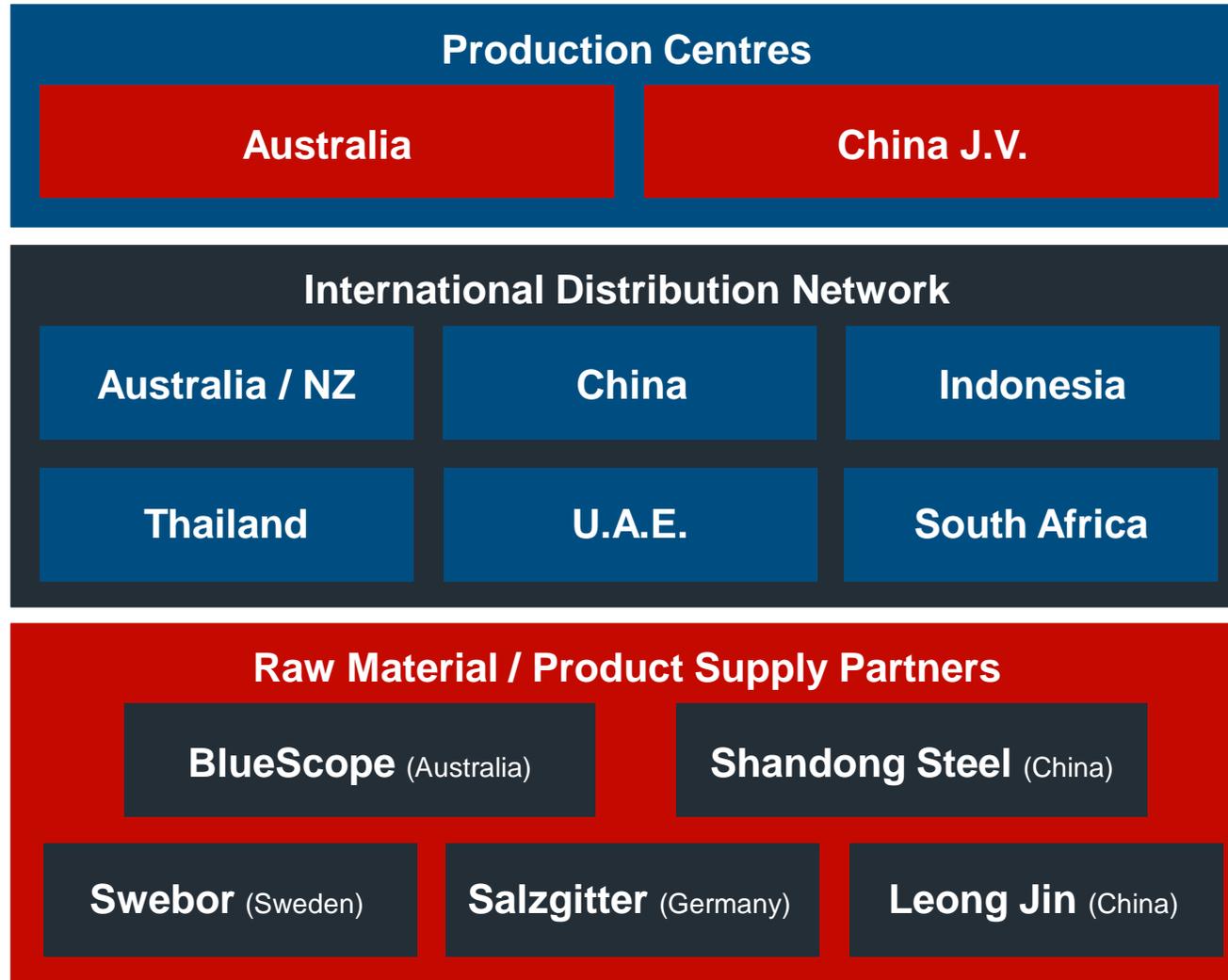
# Company Overview

- 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**



# Company Overview



# Our People & Values



ALWAYS  
PROFESSIONAL



CUSTOMER  
FOCUS



WINNING  
TEAM SPIRIT



INNOVATIVE  
MINDSET

**Bis***energy*  
PERFORMANCE CULTURE



# Brand Portfolio

## **BISALLOY® WEAR steel**

Mining, mineral processing, agriculture

## **BISALLOY® STRUCTURAL steel**

Mining, agriculture, structures / buildings

## **BISALLOY® ARMOUR steel**

Defence, Naval, Ballistics, Vehicles

## **BISALLOY® PROTECTION steel**

Military, Government and Civilian



# 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



# BISALLOY® STRUCTURAL steel

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



# 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



# Bisalloy Australia Customers

## Coal Mines



## Iron Ore Mines



## Hard Rock/Quarry



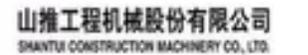
## Underground Mines



## Manufacturers



# Bisalloy Shangang (Shandong) Steel Plate Customers



品质改变世界 三一重工

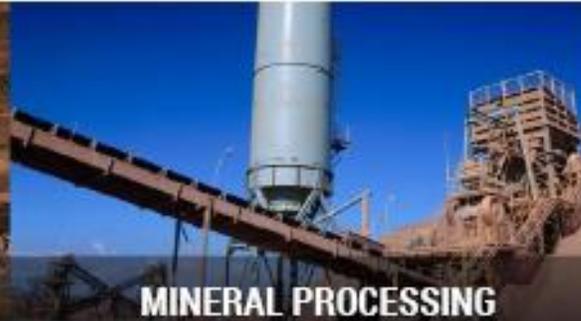


# Enabling Sustainability

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



MINING



MINERAL PROCESSING



TRANSPORT



STRUCTURAL



MANUFACTURING



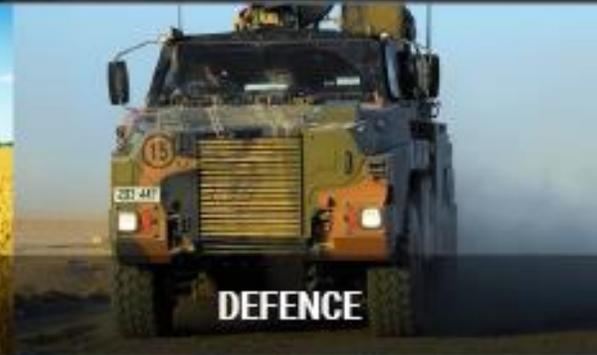
TIMBER, PULP & PAPER



PRESSURE VESSELS



AGRICULTURE



DEFENCE



ENERGY



OIL & GAS



NAVAL



# Australian Production Facility

Strategically positioned near our major steel supplier and port facilities

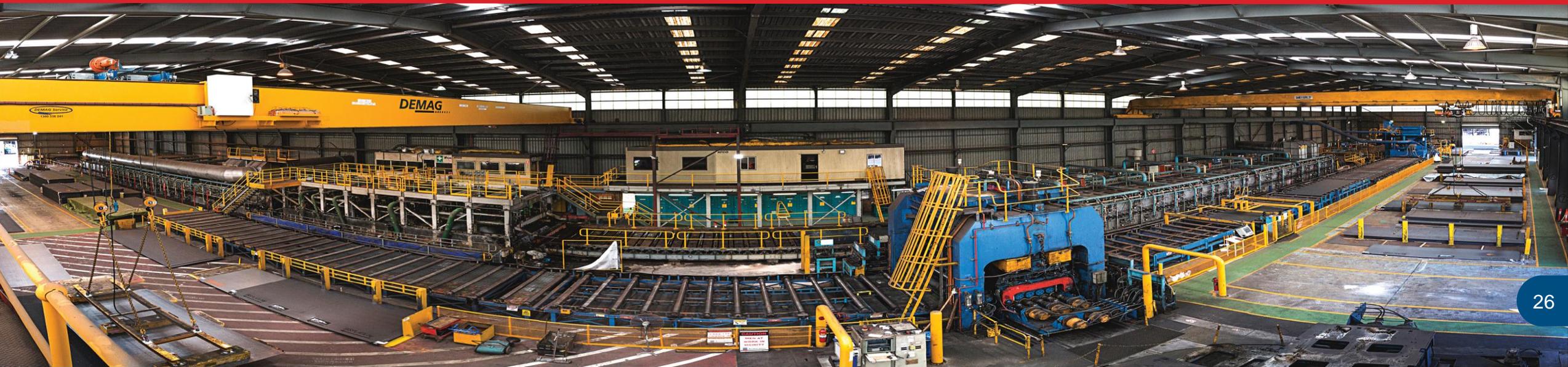
Capacity: 60,000 tonnes per annum



# 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



# Technical Accreditation



# 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 Co-operative Joint Venture

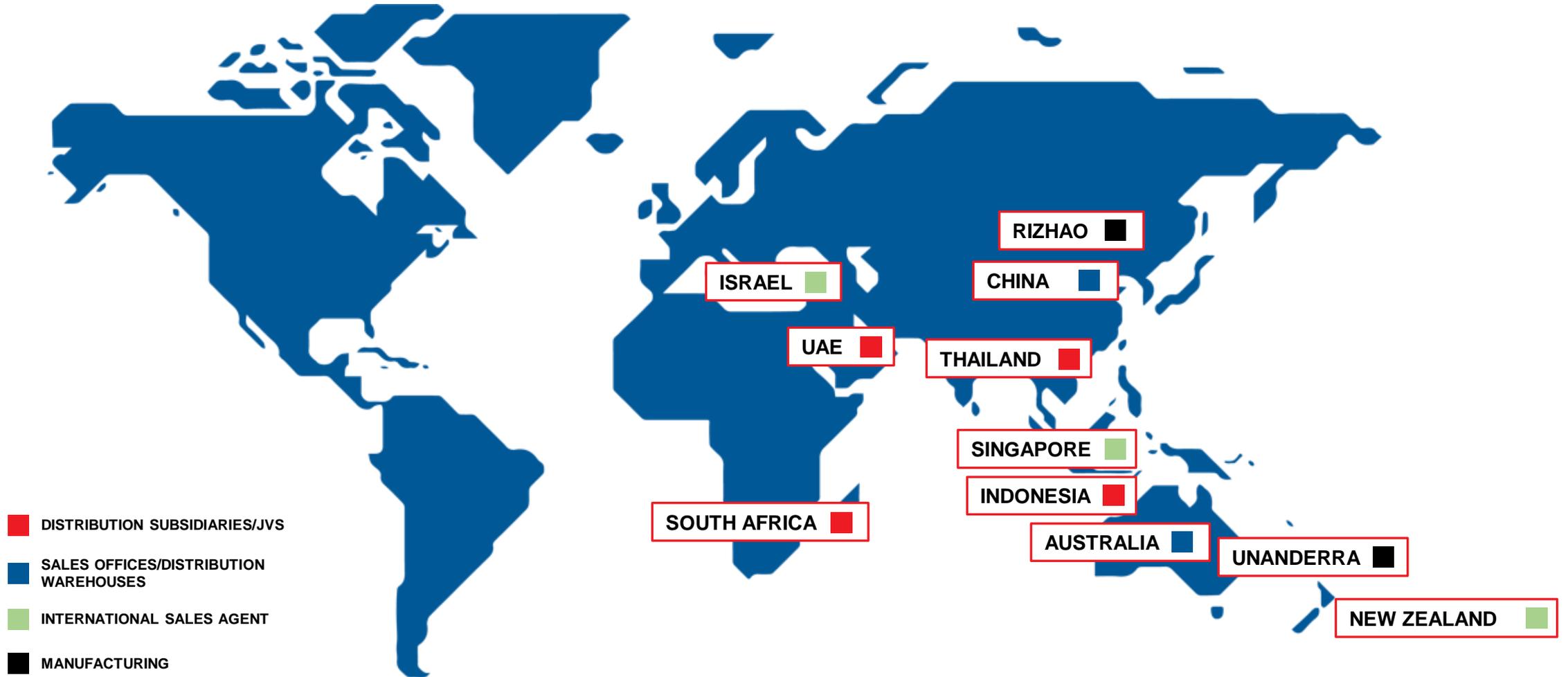
Bisalloy Shangang (Shandong) Steel Plate Co. Ltd is a 50/50 Co-operative Joint Venture (CJV) established in July 2011 with Shandong Iron & Steel Co. Ltd to manufacture and distribute Bisplate wear and high-strength structural plates.

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





**Bisalloy**

