

Two large, rounded rectangular shapes on the left side of the slide. The top one is light blue and the bottom one is light red. Both have rounded right ends.

# Investor Presentation



# COMPANY OVERVIEW

# Company Overview

## Manufacturing since 1980

As Australia's only manufacturer of high-strength, abrasion-resistant, quenched and tempered (Q&T) steel plate, Bisalloy is uniquely positioned to deliver a wide range of benefits to its customers.

Not only do we understand the local conditions and market needs better than anyone else, but we have the resources and expertise readily available on the ground to provide responsive, personal service on an immediate basis.



# Company Overview

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## Internationally recognised brand & distribution network

- ▶ ASX listed since 2003
- ▶ Employing approximately 75 people in Australia and 54 people internationally
- ▶ One of the leading premium Q&T brands in China for wear and structural markets through our Foreign Limited Liability Company (FLLC), jointly held with Shandong Iron and Steel
- ▶ Our FLLC with Shandong Iron and Steel has seen the manufacture and distribution of products in China since 2011
- ▶ Majority owned distribution businesses in Indonesia and Thailand
- ▶ Exporting to countries throughout Asia, the Middle East, Europe & North America



# FY22 Financial Highlights

## ASX overview

5-year Share Price Performance



## Capital Structure

Share price (BIS.ASX) - 31 August 2022	<b>\$1.94</b>
Shares on issue	<b>47.09m</b>
Securities not quoted	<b>453,545</b>
Market Cap (fully diluted)	<b>\$91.35m</b>
Net cash (debt) - 30 June 2022	<b>\$8,624m</b>

## Board & Management

Non-Executive Chairman	<b>David Balkin</b>
Managing Director and Chief Executive Officer	<b>Rowan Melrose</b>
Non-Executive Director	<b>Ian Greenyer</b>
Non-Executive Director	<b>Michael Gundy</b>
Non-Executive Director	<b>Bernard Landy</b>
CFO & Company Secretary	<b>Carl Boulder</b>

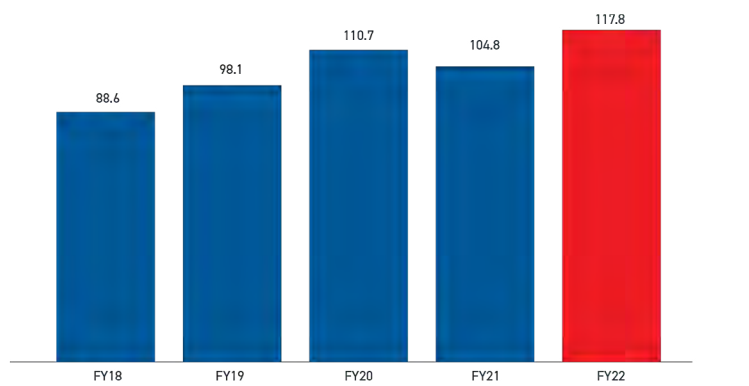
## Substantial Shareholders

SOUTHERN STEEL INVESTMENTS Pty Limited	<b>18.40%</b>
SAMUEL TERRY ASSET MANAGEMENT PTY LTD	<b>12.25%</b>
GREIG & HARRISON PTY LTD	<b>9.07%</b>
TURNBULL & PARTNERS PTY LTD	<b>6.23%</b>

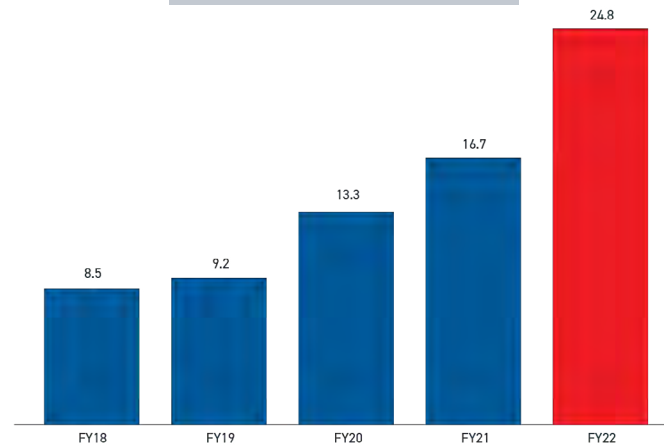
# FY22 Financial Highlights

Creating long term value

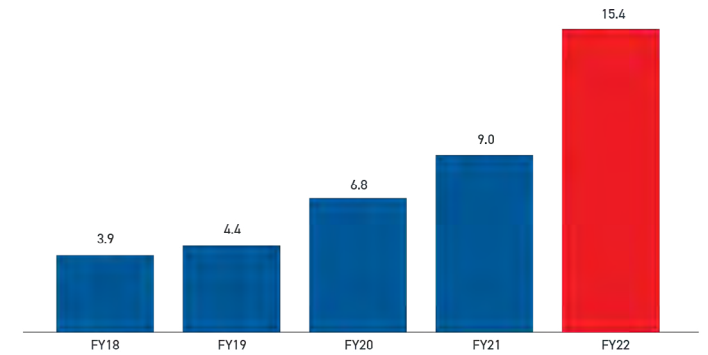
Revenue (AUD\$m)



Operating EBITDA (AUD\$m)



Net Profit After Tax (AUD\$m)



# FY22 Financial Highlights

## Key financials

(AUD \$'100)

### Group Balance Sheet

	FY22	FY21
<sup>1</sup> Current Assets	<b>69,564</b>	55,516
<sup>2</sup> Non-current Assets	<b>37,022</b>	28,789
Total Assets	<b>106,586</b>	84,305
Current Liabilities	<b>33,731</b>	32,138
<sup>3</sup> Non-current Liabilities	<b>8,569</b>	3,753
Total Liabilities	<b>42,300</b>	35,891
Parent Interest	<b>60,364</b>	44,957
Non-controlling Interests	<b>3,922</b>	3,457
Total Equity	<b>64,286</b>	48,414

<sup>1</sup>Inventory build of \$12.2m largely due predominantly to increase in Global steel prices.

<sup>2</sup>Australian land and buildings were revalued upwards by \$6.2m. Share of profit of joint venture of \$2.3m.

<sup>3</sup>\$2.0m increase in deferred tax balances due to revaluation of land and buildings. \$2.9m increase in non-current loan due to timing of loan terms.

(AUD \$'100)

### Group Profit & Loss Statement

	FY22	FY21
Revenue from Contracts with Customers	<b>117,827</b>	104,827
Cost of Sales	<b>-86,754</b>	-81,476
<sup>1</sup> Gross Profit	<b>31,073</b>	23,351
Other (expenses)/Income	<b>127</b>	33
Distribution Expenses	<b>-2,238</b>	-2,323
Marketing Expenses	<b>-2,513</b>	-2,818
Occupancy Expenses	<b>-765</b>	-730
Administrative Expenses	<b>-6,121</b>	-6,215
Gain on Sale of Fixed Assets	<b>1</b>	-
Operating Profit	<b>19,564</b>	11,298
<sup>2</sup> Finance Costs	<b>-693</b>	-1,107
Finance Income	<b>11</b>	6
<sup>3</sup> Share of Profit of Joint Venture	<b>2,300</b>	2,355
Profit before Income Tax from Continuing Operations	<b>21,182</b>	12,552
Income Tax Expense	<b>-5,779</b>	-3,598
Profit after Income Tax	<b>15,403</b>	8,954

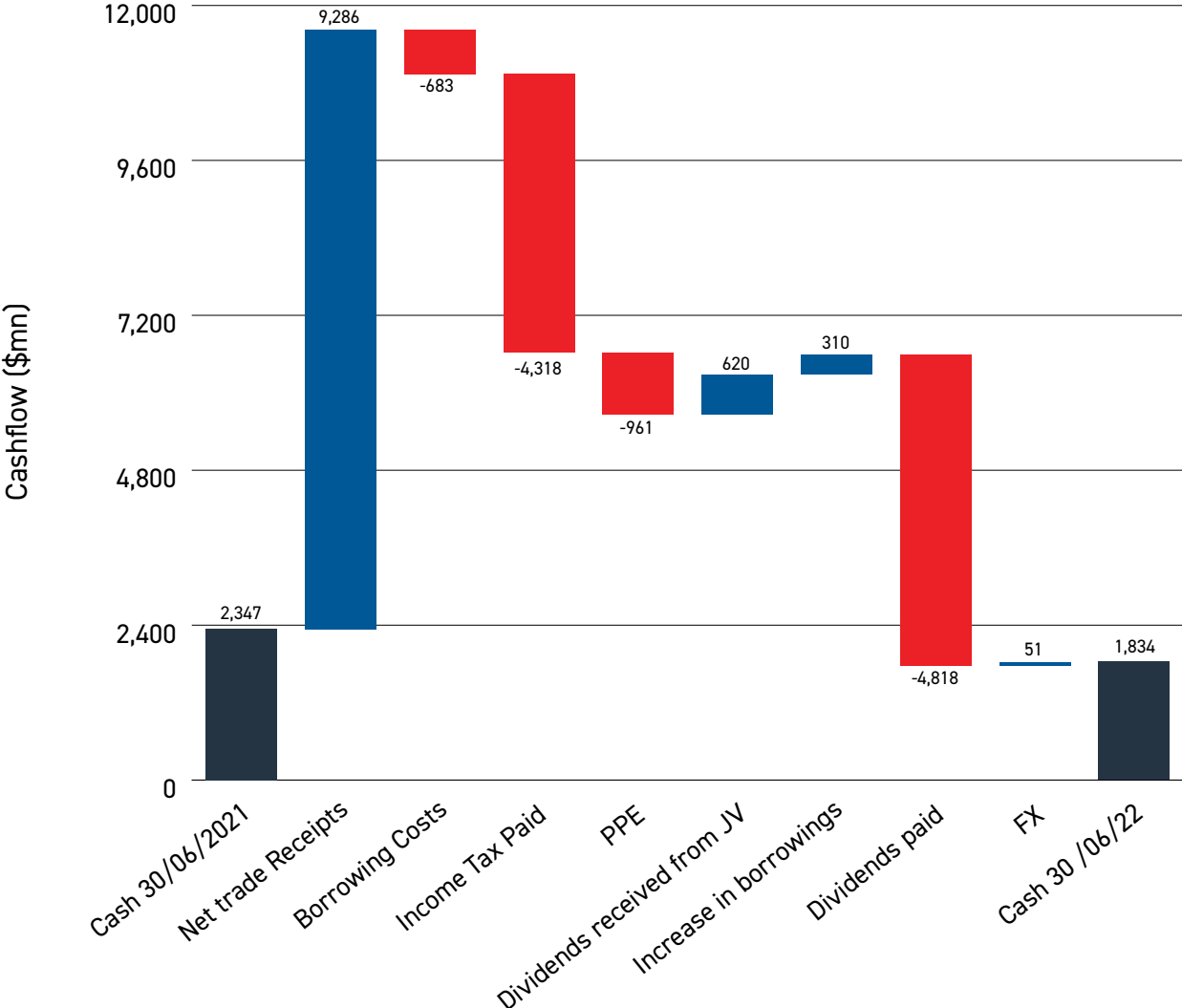
<sup>1</sup>The Group's margin of 26% is higher than the prior period (22%). The increase in gross profit is attributable to the increase in steel prices.

<sup>2</sup>Lower finance costs due to lower average daily facility amounts maintained in FY22 compared to FY21, coupled with lower rates (FY22 2.84%: FY21 3.53%).

<sup>3</sup>We continue to see solid performance from the FLLC. In particular, a 23.1% increase in Bisplate sales tonnes compared to FY2021. Unfortunately, these gains in sales have been offset by higher administration and operating costs along with lower gross margins, resulting in a relatively flat contribution to earnings.

# FY22 Financial Highlights

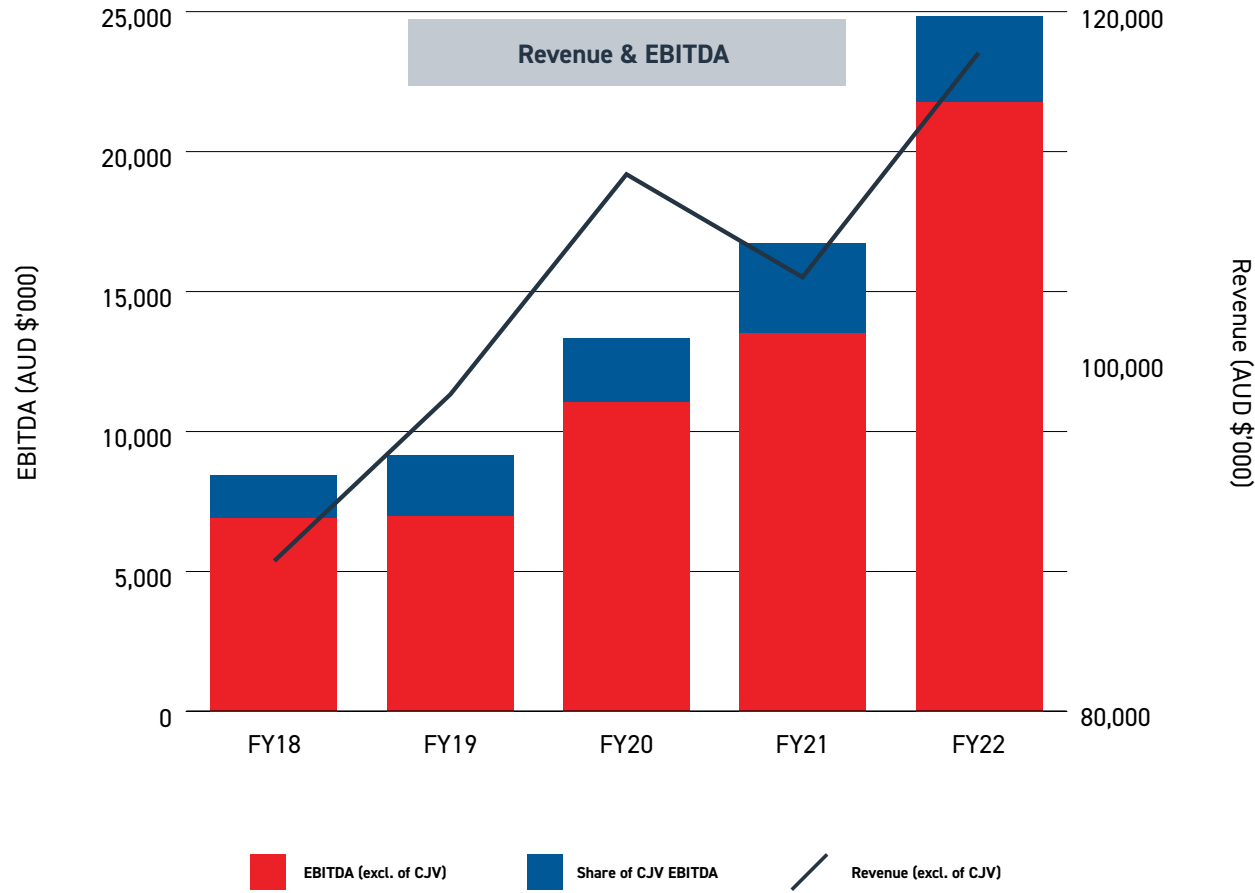
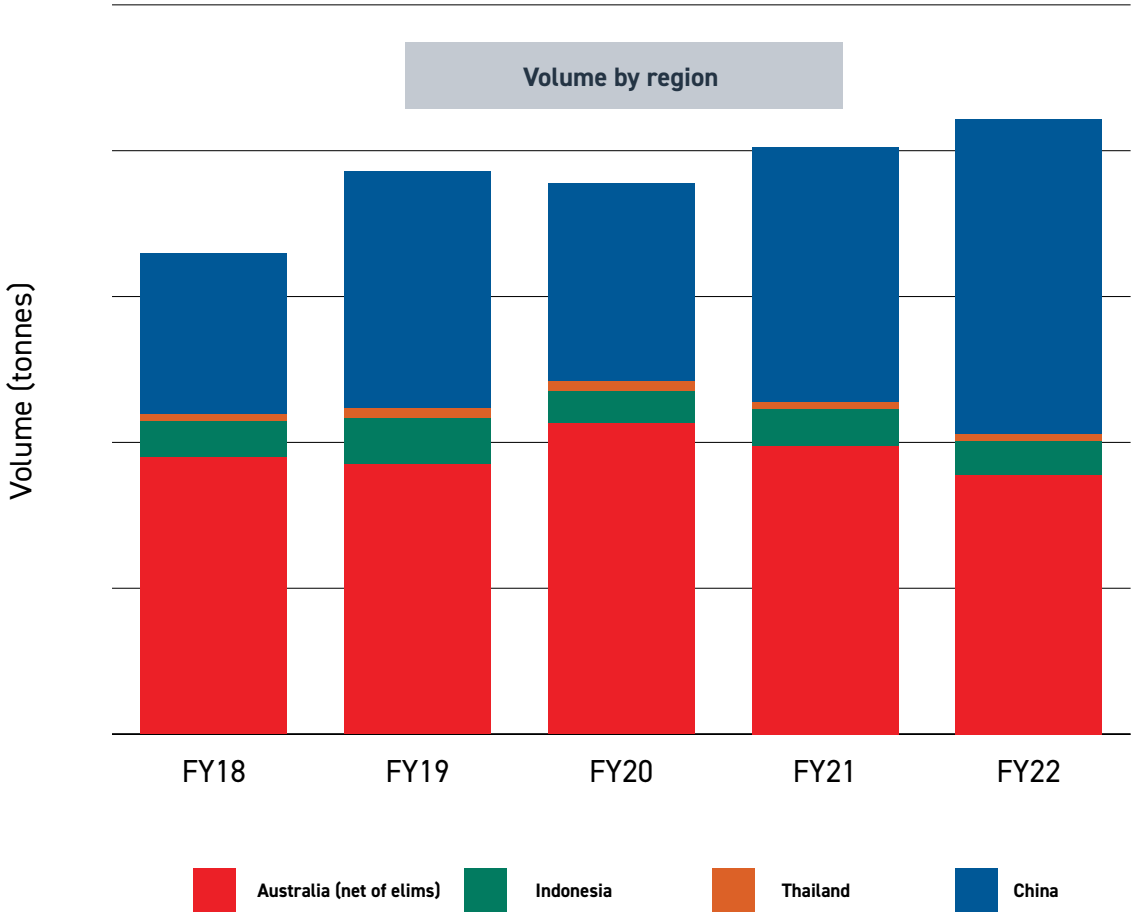
## Group cashflow





# FY22 Financial Highlights

## Group performance - 5 years



# FY22 Sustainability Highlights

## Bisalloy environmental outcomes

At our Q&T manufacturing plant, we are actively taking steps towards ensuring our environmental footprint is responsibly reduced.

**0**

Environmental Incidents Since 2018

**15%**

Net electricity consumption reduction since 2019

**5%**

Net pollution reduced YOY

**30%**

Net pollution reduced since 2018



# Sustainability Highlights

Bisalloy environmental targets - July 2022

Carbon emissions\*

**0.25<sub>T</sub>**  
Target

**0.29<sub>T</sub>**  
Actual

Total energy\*

**2.5<sub>GJ</sub>**  
Target

**3.1<sub>GJ</sub>**  
Actual

Solid waste\*

**0.04<sub>m3</sub>**  
Target

**0.02<sub>m3</sub>**  
Actual

Gas\*

**2.0<sub>GJ</sub>**  
Target

**2.3<sub>GJ</sub>**  
Actual

Electricity\*

**0.65<sub>GJ</sub>**  
Target

**0.72<sub>GJ</sub>**  
Actual

Waste shot\*

**10<sub>kg</sub>**  
Target

**5.5<sub>kg</sub>**  
Actual

\*per tonne of processed steel

# FY22 Safety Highlights

## Targeting zero harm

We are committed to the well-being of our workers, customers and the communities associated with our business. FY23 will see a focus on leading versus lagging indicators.

## Zero harm

for Bisalloy Thailand, PT Bima Bisalloy (Indonesia) & Bisalloy Shangang (Shandong).\*

## Zero

investigations open.\*

1

lost time injury in Australia (Nov 2021)\*.

39.6

all injuries frequency rate.\*





**INDUSTRIES  
WE SERVICE**

# BISALLOY® Wear Steel

Withstands the toughest wear and tear

Market leader in Australian mining, mineral processing and quarrying for high-strength wear plates.

Internationally recognised brand in resource sector and used by major OEM's.

BISALLOY® Wear steel is the number one performance steel choice of countless industries because of its remarkable hardness and ability to withstand the toughest wear and tear and in the most abrasive environments.



# BISALLOY® Armour Steel

Internationally acclaimed for its strength, weldability & toughness

Internationally recognised and certified by major defence departments and used by major international prime contractors for land and sea projects.

Our BISALLOY® Armour steel is specified for use in:

- Armoured Personnel Carriers (APC)
- Light Armoured Vehicles (LAV)
- The Bushmaster Infantry Mobility Vehicles in Australia



# BISALLOY® Protection Steel

Offering tested and certified, lighter weight plate

Suiting a wide range of applications for the protection of life, valuables and property.

We developed BISALLOY® Protection steel plate specifically for shielding applications that do not require full military specification armour grade steel.

Our protection steel range offers superior ballistic steel performance that suits various applications to protect life, valuables and property.





# BISALLOY® Structural Steel

## High-performance structural steel

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

The high-strength properties of BISALLOY® Structural steel enables manufacturers, engineers, industrial designers and architects to deliver size, weight and cost savings while still achieving required levels of strength and performance.





# BISALLOY IN AUSTRALIA

# Bisalloy in Australia

## Australia & New Zealand network

Bisalloy has an extensive network of distributors & processors across Australia, with locations also in New Zealand.

By ensuring we have the facilities, expertise and accessibility to offer a range of products and support services to our customers, we deliver more than steel.

We deliver value through strong partnerships.



# Bisalloy in Australia

## Australian production facility

Strategically positioned near our major steel supplier and port facilities.

Capacity: approx. 60,000-70,000 tonnes per annum

- Exceeding global quality and testing standards
- Trusted by global military brands and armed Forces
- International certification for safety and environmental management



# Bisalloy in Australia

## Technical Accreditation

Bisalloy operates an approved mechanical testing laboratory, registered and monitored by the Australian National Association of Testing Authorities (NATA).

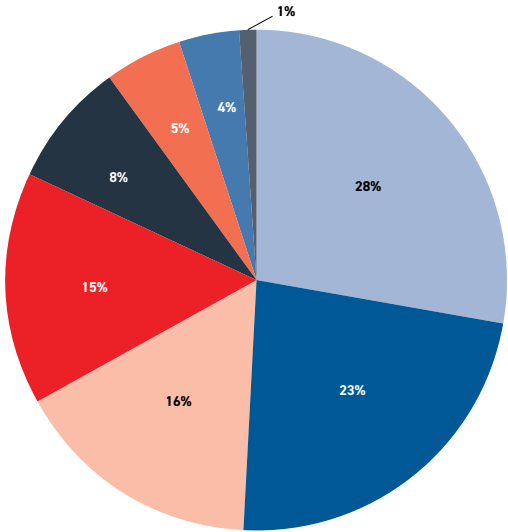
The company's quality control and management system is assessed by Lloyds and accredited to ISO 9001 (quality management), ISO 14001 (environmental management systems) and ISO 45001 (OH&S management systems).



# Bisalloy in Australia

## Australian sales breakdown

Sales region



Industry breakdown

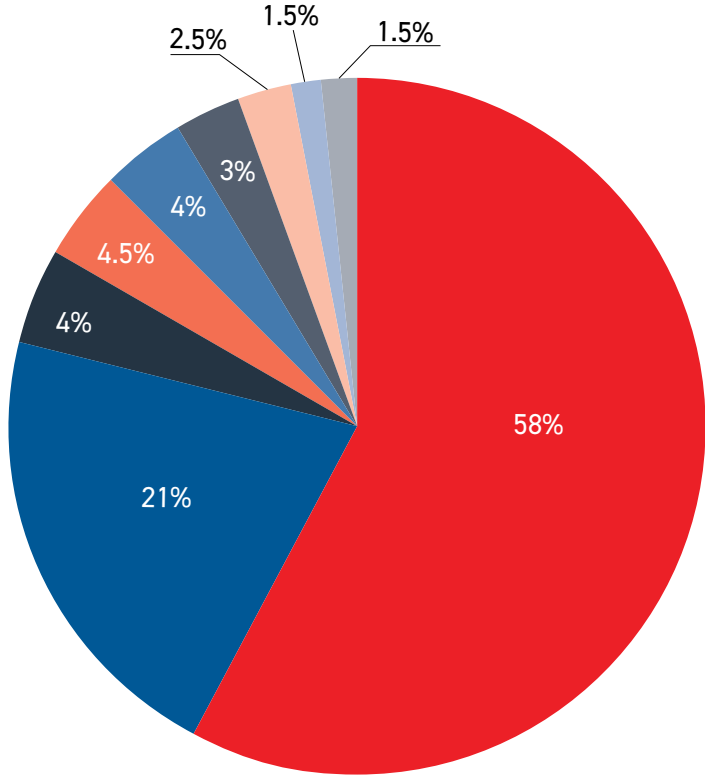
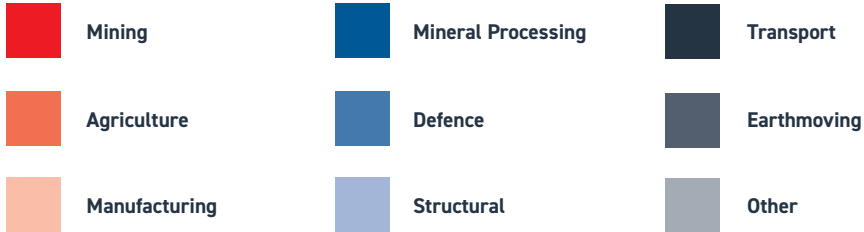
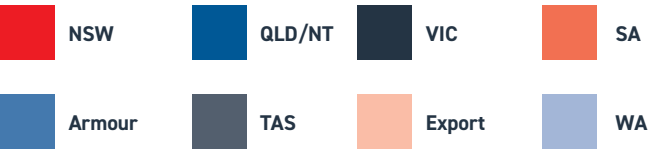
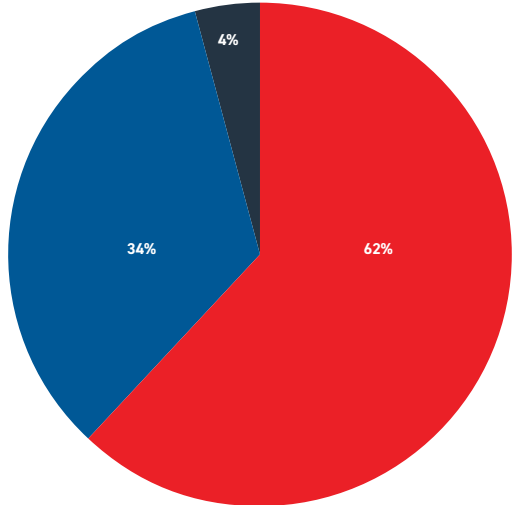


Plate type



# Bisalloy in Australia

Australian end-users: Coal



# Bisalloy in Australia

Australian end-users: Iron ore





# Bisalloy in Australia

Australian end-users: Hard rock



# Bisalloy in Australia

Australian end-users: Quarry



# Bisalloy in Australia

Australian end-users: Manufacturers

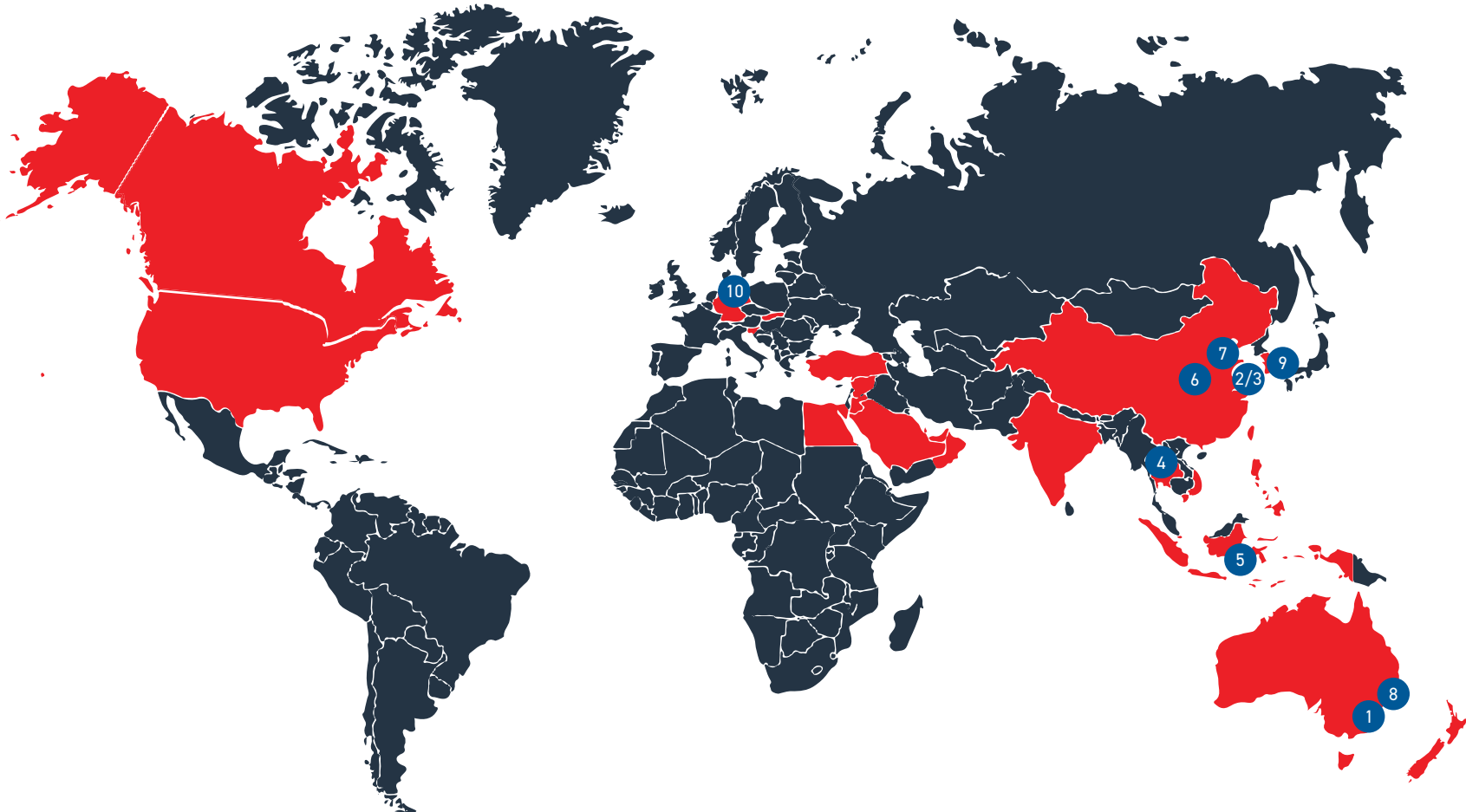




# BISALLOY'S GLOBAL PRESENCE

# Bisalloy's Global Presence

Expanding into new markets



### PRODUCTION CENTRES

- 1. Australia (Unanderra)
- 2/3. China (Laiwu & Rizhao)

### DISTRIBUTION JOINT VENTURES

- 4. Thailand
- 5. Indonesia
- 6. China

### RAW MATERIAL/PRODUCT SUPPLY PARTNERS

- 7. China (Shandong Steel)
- 8. Australia (BlueScope)
- 9. South Korea (Posco)
- 10. Germany (Salzgitter)

### WHERE OUR PRODUCT GOES

- New Zealand
- Fiji
- Singapore
- Phillipines
- Taiwan
- South Korea
- India
- UAE
- China
- Israel
- Turkey
- North America
- Slovenia
- Slovakia
- Vietnam
- Jordan
- Saudi Arabia
- Egypt
- Bahrain
- Qatar
- Oman

# Bisalloy's Global Presence

## Chinese FLLC partner production facilities

Bisplate is one of the largest premium QT brand in China for the wear and structural markets.

China Baowu Steel Group is set to take over Shandong Iron & Steel Group.

Shandong Iron & Steel Group is the tenth biggest steel mill in the world and China's seventh biggest, with a yearly output of approx. 31 million tonnes of crude steel.

- Two quenched and tempered manufacturing plants in Shandong Province, China
- State of the art plant in Rizhao, commissioned in 2019 with its own port facility
- International certification for safety and environmental management





AUSTRALIA'S  
PERFORMANCE STEEL



# OUTLOOK STATEMENTS

# 2022 Outlook

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## Outlook Statements

### Safety

The group has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. This includes such matters as environmental issues and concerns and occupational health and safety.

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### Outlook

Throughout the recent macroeconomic and geopolitical volatility, Bisalloy has continued to demonstrate strength and resilience in its business performance. With this volatility ongoing, we are anticipating normalisation of product margins as a result of expected reductions in international steel prices, along with the impact of higher energy and transportation costs.

### Sustainability

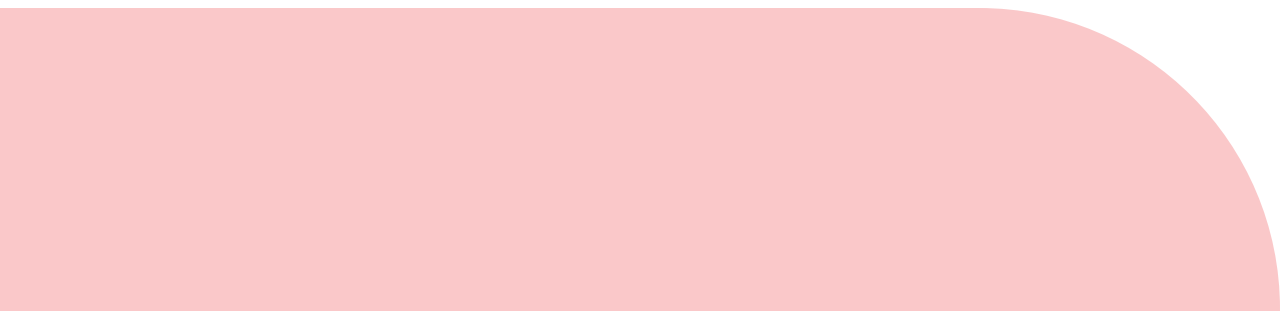
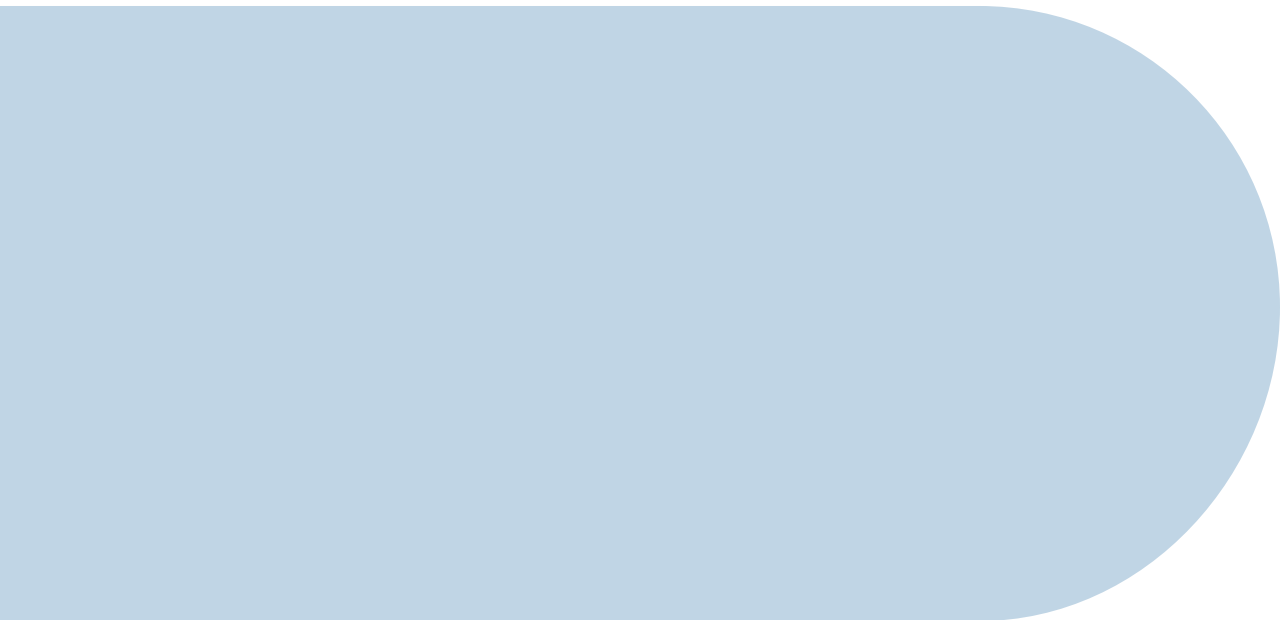
The Group is registered under National Greenhouse and Energy Reporting Act 2007 under which it is required to report energy consumption and greenhouse gas emissions for its Australian facilities. The Group has implemented systems and processes for the collection and calculation of the data to meet its reporting requirements.

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### Anti-dumping outcome

The Anti-Dumping Commission (ADC) has ended its almost two-year enquiry into US produced quenched and tempered plate shipped to Australia. Unfortunately, the ADC concluded that a significant proportion of the steel that originated in the US should be excluded from the investigation because it had been further processed in another country en-route to Australia which changes the steel's country of export.





**THANK YOU**