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2022 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,

Carl Bowdler
Company Secretary
Bisalloy Steel Group Limited

Chairman's Address

This is our first face-to-face AGM in three years, and we are delighted to welcome you all in person to learn more about how the company is being run and is performing.

Twelve months ago, we laid out a blueprint for how your new Board wanted the company to be run. Specifically, a focus on our customers that is built around our local and much shorter supply chain, and the adoption of a more strategic approach to managing our business given that our major competitors are fully integrated multi-national steel producers. In addition, we flagged that there was a major leadership transition underway with the recent appointment of a new CFO and the resignation of our then CEO.

Rowan Melrose has been appointed as CEO and Managing Director and Bernie Landy has been appointed as a non-Executive Director. Their appointments bring a very impressive combination of industrial business leadership, global steel industry experience and reputation and, in particular, deep working knowledge of China's steel industry and business conditions. The Board is delighted about the management transformation that has occurred in the sales and marketing, operations, and financial functions as well as the cultural change that is underway that enables everyone to contribute and speak up.

We would like to thank Michael Gundy, one of our non-Executive Directors, for taking on the interim CEO role, prior to Rowan's appointment. Michael's leadership was critical for ensuring a smooth transition at a sensitive time for the business.

These leadership changes combined with historically high steel prices in line with international trends have delivered a substantial increase in after tax profits. Dividends increased from 9c per share to 13.5c per share.

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 most of this steel was no longer of US origin because it had been further processed in another country en-route to Australia and therefore not part of their investigation. We would like to thank the ADC for its work. We will continue to work with them and Government to understand how further processing worth less than five percent of delivered value and with no change to the workability and technical aspects of the material can enable an exporter to change the country of origin of its steel plate to avoid the anti-dumping net.

Bisalloy was established 43 years ago. It has built an internationally recognised brand based on the superior quality of its quenched and tempered plate. Quenched and tempered plate is of vital strategic importance to Australia in that it is a staple of truck bodies, buckets and mineral processing plant used in the mining industry, as structural steel in construction and infrastructure, and as armour in military vehicles and equipment. Bisalloy is the only Australian producer of quenched and tempered steel plate. The value of a local manufacturer and supplier has been highlighted by currently disrupted global supply chains and the war in Ukraine. Our competitors are international integrated steel makers who already have an established presence in the Australia market. We welcome competition so long as the Australian playing field is level. We rely on the Federal Government to ensure that this occurs. In particular, we expect Government to ensure that our anti-dumping legislation and our future carbon emissions reduction regime enables us to compete fairly and effectively.

Looking ahead the headwinds that we have begun to experience in the second half of FY22 are expected to continue through FY23. Falling international steel plate prices, significantly increased shipping costs, disruptions to international and coastal shipping, and ever-increasing gas and electricity prices are reducing our profit margins and supply chain predictability.

We would like to thank our shareholders for their support. Our policy for non-Executive Directors to own shares in the business is our way of ensuring total alignment between your Board and our shareholders.

Rowan will now talk about our five-pillar approach to building a stronger and more sustainable business that has our customers at the centre and strategic pragmatism as our compass.

Managing Director's Address

Thank you, Mr Chairman,

Ladies and Gentlemen, welcome to Bisalloy's 2022 Annual General Meeting. The 2021 -22 year was a year of ongoing evolution and change.

The last 12 months was characterised by COVID 19 and its associated issues and restrictions, by geopolitical issues and the subsequent increases in energy costs and supply limitations, and by the significant rise in steel prices. There were also internal structural changes in the Bisalloy management team, including a reorganisation in order to utilise our skills to better service and support our market and our customers, and drive ongoing internal improvements. These changes have been the start of developing and fostering more of a performance culture within the business, ensuring engagement at all levels and listening to all ideas for business improvement.

As previously mentioned, there are five areas that we have been focusing our efforts in order to improve the overall business performance.

The health and safety of all our employees, contractors and personnel on site is our number one priority ensuring that we maintain a zero harm operating environment. Our lagging performance indicators have continued to improve, and our leading indicators are also developing in the right direction. Delivering a cultural change with respect to Health, Safety and Environment will deliver long term benefits and performance. We have developed and initiated a suite of environmental measures and targets and through observing and socialising these measures are bringing about positive change. All these new measures are now standard across all of our Joint Ventures.

Our sales teams, under new leadership, are very focused on improving market share, our marketing, and the perception of the Bisalloy brand within our markets. To deliver enhanced customer value, we are focusing our efforts on customer interactions, and ensuring these are aligned with customer-centric internal processes and systems. These efforts have already produced a return, with the sales team generating more leads and sales to several new customers in our core product markets of Wear and Structural steel. Additionally, a dedicated resource for Armour sales has ensured the supply of our products to both tenderers of the Land400 Phase 3 Project (pending Federal approval). Our Armour and Export business efforts have generated much more interest from global defence primes, with several new accounts developed. We still have significant work to do, however, with a new

CRM and the ability to garner greater customer insights, we are confident in embedding BISALLOY® as the brand of choice in our markets.

From an operations perspective we will always drive to improve our effectiveness and efficiency. Again, under new leadership, by implementing “across shift” improvement workshops, we are finding areas that we can continue to optimise. As part of this ongoing optimisation, we announced a voluntary redundancy programme last Thursday, that will reduce our workshop personnel by approximately 20%. This change will deliver ongoing cost savings without reducing our existing productivity. We have identified further areas where production throughput can be significantly improved through minor capital programs, and we are forging ahead in this area in FY23.

In terms of initial strategic thinking, we have engaged a cross section of the ‘global’ workforce to harness ideas for profitable growth. We have utilised the skills and experience of all our employees, our engineers, our sales personnel, and our production and operations personnel. All these personnel have all been involved in workshops to generate ideas that can be filtered into short term and longer-term time frames, but also filtered by different products and services to be considered and evaluated. There have been some very entrepreneurial and encouraging thoughts and ideas generated. Some of these ideas are presently being assessed.

Our final area of focus over the prevailing year has been our Joint Ventures. The restrictions from Covid 19 limited any interaction to virtual meetings, however, over the last few months with borders opening, we have been able to visit both Indonesia and Thailand and to re-engage the relationships with both our internal teams and our global customers. Our two subsidiaries along with our Chinese JV performed well over the last 12 months. Both Thailand and Indonesia improved on a year-on-year basis, and China delivered another year of strong volume growth under difficult economic circumstances.

So, looking ahead for this financial year, we are experiencing some headwinds in terms of reducing steel prices and energy input cost pressure, however, the above actions will certainly help offset some of these issues. We are continuing to develop and build a stronger and more resilient business.

I would like to thank and acknowledge the significant contribution of the board over what has been a difficult 12 months and a period of significant change. I thank them for their counsel and their active engagement. Similarly, I would like to thank and acknowledge all our personnel at all Bisalloy’s facilities including Indonesia, Thailand, Australia and China for their ongoing efforts and contribution in delivering what has been a very solid year for the business and its shareholders.