



BlueScope Annual General Meeting 2022

22 November 2022

Address by John Bevan, Chairman

CHECK AGAINST DELIVERY

Our record-breaking FY2022 results are a testament to the robust corporate strategy we have in place to grow, transform and deliver.

To recap, we recorded underlying EBIT of \$3.8 billion, invested \$1.4 billion in growth and returned \$1 billion to shareholders.

The results reflect many years of work to transform, innovate, and leverage capability across our diverse portfolio of businesses in 17 countries.

Fittingly, this performance was achieved as we recognise BlueScope's 20th anniversary as a listed company. In New Zealand, our Pacific Steel business turned 60, and in Australia our Western Port plant in Victoria and Basic Oxygen Steelmaking plant at Port Kembla both celebrated their 50 year anniversary.

Delivering on our purpose and strategy also means we are delivering strong returns for you, our shareholders. Thank you for investing in us and I'd especially like to thank the outstanding performance of 15,000 BlueScope employees globally.

I'm pleased to report that FY2023 has commenced well for BlueScope, and we are today reconfirming our guidance provided in August of first half underlying earnings before interest and tax of between \$800 million and \$900 million.

Now, to our Company's focus on safe, healthy, and inclusive workplaces.

Safe, healthy, and inclusive workplaces

Our people are our strength, and we are committed to safe and inclusive workplaces, which is one of our five sustainability outcomes.

In FY2022, we saw a stable result in our lag indicators against a challenging operating environment. It was a year with sustained pandemic impacts, a highly competitive labour market, strong product demand, and challenges related to growing our workforce.

Importantly though, over the last year, we've continued to evolve our overall approach and safety culture as we seek to take our performance to the next level. We observed a strong performance on our lead indicators of involvement in team-based risk improvement projects and in our health, safety and environment risk management program.

This program has been in place since 2020 and was awarded the World Steel Association's 2021 Safety and Health Excellence Recognition Award for Leadership and Culture. Well done to the team.

Authorised for release by Penny Grau, Company Secretary

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Mark will provide more detail on health, safety and diversity and inclusion. However, I will add that we have gender balance at Board and ELT in line with our 40:40 Vision, and women make up 24 per cent of our workforce, up two per cent on the previous year.

Now turning to sustainable growth and transformation.

Sustainable growth and transformation

Our goal is to continue to grow our portfolio of sustainable steelmaking businesses and our world leading coating, painting, and steel products businesses.

As I speak from our home base in Australia's Illawarra region, many of you who have visited Port Kembla will appreciate that it is a major manufacturing precinct of strategic importance to the region and Australia's sovereign steelmaking capability.

The Port Kembla Steelworks has been part of this local community's rich history for almost 100 years. And I believe it will be deeply engrained for another 100 years as we invest in modern manufacturing initiatives such as robotics, automation and other digital technologies to deliver the next wave of growth and productivity improvements.

We're continuing to take large strides to reposition Port Kembla for a low carbon world. Achieving net zero carbon steelmaking is an enormous challenge for the steel supply chain given the technical issues involved. Unlike many industrial processes where the end product can be produced using a different fuel or method, carbon is entrenched in primary iron and steelmaking as a crucial chemical reductant. As we stand here today, there is no technically and commercially viable solution to produce virgin iron and steel without carbon in the time frame required.

Excitingly though, BlueScope is actively involved in pursuing solutions by collaborating across the steel value chain to explore low-emissions iron and steelmaking.

Of greatest relevance, right here in the Illawarra, we are advancing our study of a pilot hydrogen-based direct reduced iron melter and a hydrogen electrolyser.

Blast Furnace Reline

In the nearer term, there is a pressing need to ensure BlueScope can produce locally-made steel as our operating blast furnace, No 5, reaches the end of this campaign life around the middle of the decade. To this end, a team of over 100 engineers and specialists are working on the feasibility study for the reline and upgrade of the presently mothballed Blast Furnace No 6.

The reline and upgrade will include a range of improved environmental controls, along with technology options that will enable greenhouse gas reductions over the medium to longer-term. Importantly, the reline provides a bridge to our adoption of breakthrough lower emissions steelmaking, once technically and commercially viable.

The feasibility review is progressing well and we will provide a further update in February next year in conjunction with the release of our results for the first half of FY2023.

Port Kembla masterplan

As we consider the longer-term future of Port Kembla, we are working on a new masterplan for 200 hectares of land which is surplus to our steelmaking needs.

In June we announced the appointment of world-leading architects and urban designers, Bjarke Ingels Group (BIG) to develop the masterplan. Our vision is to explore options to unlock a wide range of exciting new uses – to develop significant long-term economic and social value for the whole of the Illawarra.

Meanwhile, earlier this year we were able to literally 'fly the flag' when Port Kembla Steelworks achieved ResponsibleSteel™ site certification, the first steelmaker in Asia Pacific and the fourth site to be certified globally. ResponsibleSteel™ is the global steel industry's multi-stakeholder sustainability standard and certification program, designed to ensure that customers, stakeholders and consumers can be confident that the steel they use has been sourced and produced responsibly.

We continue to pursue growth and seek better ways to serve our Australian customers through initiatives such as the assessment of an additional metal coating line likely to be located at the Western Sydney Service Centre and a new heavy gauge pipe and tube mill in the Illawarra.

US

Now I'll turn to our largest growth region, the United States, where it has been a year of major achievement and progress for BlueScope.

At **North Star**, our mini mill in Ohio, construction is complete and we are now in the 18 month ramp up phase, with the first coil having been produced in June 2022. This expansion adds 850,000 tonnes of capacity, lifting capacity by 40 per cent.

Last December, we established **BlueScope Recycling and Materials** following the acquisition of the ferrous scrap steel recycling business of MetalX in Waterloo, Indiana and in Delta, Ohio, for approximately US\$220 million. In August, a third scrap processing site was acquired in Mansfield Ohio. BlueScope Recycling gives us a crucial presence and expertise in scrap processing and will enable North Star to improve the quality and economics of scrap consumption. This expansion in recycling scrap steel is one demonstration of our commitment to climate action, which is one of our five sustainability outcomes.

We are very pleased to have established a national US coil painting platform in **BlueScope Coated Products** following the acquisition of Coil Coatings for \$US500 million. This is the second largest coil coating business in the country, with around 900,000 metric tonnes of annual painting capacity. It's an exciting acquisition as the business has a history of robust financial performance, with a sales mix focussed on domestic end-use segments that are attractive to BlueScope.

We see significant potential for BlueScope Coated Products in medium to longer term growth through product development and branded products, consistent with our customer service and value proposition elsewhere in the portfolio.

Altogether, BlueScope's total investment in the United States is now over five billion dollars, with nearly 4,000 employees.

Sustainability

To round out the discussion on the importance of sustainability to BlueScope, in recent years, we have sought to pursue industry leading practices and strategies. Now we are seeing the results of our efforts, and have been recognised by worldsteel, who named BlueScope a **2022 Sustainability Champion**.

We have a pragmatic approach to sustainability informed by key stakeholders and a strong governance structure. We continue to focus on our five sustainability outcomes, including ensuring safe, healthy and inclusive workplaces, responsible products and supply chains, sustainable growth and transformation, and of course, climate action. These outcomes provide a clear direction for investment and deliverables for our customers, people, shareholders and the communities we live in. Mark will talk more about these shortly.

Shareholder returns

Now turning to you, our shareholders. A core part of BlueScope's Financial Framework is balancing the competition between capital for growth initiatives and returns to shareholders.

I'm pleased to advise that the Company returned just under \$1 billion to shareholders in FY2022, another record in BlueScope's 20-year history – this included dividend payments of nearly \$350 million.

In August the Board approved an increase of the share buy-back program to allow up to a further \$500 million to be bought over the next 12 months.

Further, given the consumption of tax losses in the Australian tax group, we expect to be able to announce franked dividends during FY2023, subject to the timing of tax payments and accrual of franking credits.

Governance and Board composition

I'll turn my focus to the Board now. At an event last night, we had the pleasure of meeting and talking to local community members here in Wollongong. Events like this are always great for Board members and the community to share mutual aspirations and challenges in the local community. Thank you to those who came along.

The Board composition, with the addition of Ms K'Lynne Johnson and Mr Peter Alexander based in the United States, Mr ZhiQuiang Zhang based in China, and Ms Jane McAloon based in Australia, reflects the appropriate level of regional and sector Board representation to match the Company's business profile and growth ambitions.

As we welcome new Board members, as I flagged last year, over the next few years several Directors will be retiring and consequently, Board renewal is a key focus. It is our intention that during this transition period, Directors may remain on the Board for approximately ten years. Therefore, the Board has exercised its discretion and requested that Mr Ewen Crouch stand for re-election. Gratefully, Ewen has consented to stand for re-election today.

Summary/close

BlueScope is a very different kind of steel company that is uniquely positioned to grow and deliver across our major regions as we enter the age of steel.

As I close out my address, I'm optimistic about the future. With the dedication of our 15,000 strong BlueScope team, our financial strength, and high-quality asset portfolio, we are well positioned to lay the foundations for future growth and returns for decades to come.

Thank you to our shareholders, customers, suppliers and our global BlueScope team. I'll now hand over to Mark.