

# BlueScope US Site Visit

Day 1  
23 May 2023

# IMPORTANT NOTICE

---

This presentation is not and does not form part of any offer, invitation or recommendation in respect of securities. Any decision to buy or sell BlueScope Steel Limited securities or other products should be made only after seeking appropriate financial advice. Reliance should not be placed on information or opinions contained in this presentation and, subject only to any legal obligation to do so, BlueScope does not accept any obligation to correct or update them. This presentation does not take into consideration the investment objectives, financial situation or particular needs of any particular investor.

This presentation contains certain forward-looking statements, which can be identified by the use of forward-looking terminology such as “may”, “will”, “should”, “expect”, “intend”, “anticipate”, “estimate”, “continue”, “assume” or “forecast” or the negative thereof or comparable terminology. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, performances or achievements, or industry results, expressed or implied by such forward-looking statements.

To the fullest extent permitted by law, BlueScope and its affiliates and their respective officers, directors, employees and agents, accept no responsibility for any information provided in this presentation, including any forward looking information, and disclaim any liability whatsoever (including for negligence) for any loss howsoever arising from any use of this presentation or reliance on anything contained in or omitted from it or otherwise arising in connection with this.

**Authorised for release by Mark Vassella, Managing Director & Chief Executive Officer**

**BlueScope Contact:**

Don Watters, Treasurer & Head of Investor Relations

P +61 3 9666 4206

E [don.watters@bluescope.com](mailto:don.watters@bluescope.com)

# AGENDA

## DAY 1

### Session 1

- BlueScope Overview
- BlueScope North America

### Morning Tea Break and Q&A

### Session 2

- North Star
- BlueScope Recycling and Materials

### Lunch Break and Q&A

### Site Tours

- PPE Fit Out and Safety Briefing
- North Star
- BlueScope Recycling and Materials



# BlueScope Overview

**Mark Vassella** (Managing Director & Chief Executive Officer)



# **BlueScope:** **A Different Kind of Steel Company**

**What makes us different?**

- 1 Purpose-led and sustainability focussed**
- 2 Led by Our Strategy with a high-quality asset portfolio**
- 3 Leading product technologies, branding & channels**
- 4 Financial strength & cost competitiveness**
- 5 Deploying financial strength for long term sustainable growth and returns**

# Our Purpose

We create and inspire smart solutions in steel, to strengthen our communities for the future.

# Our Bond

Our Customers  
are our partners

Our People  
are our strength

Our Shareholders  
are our foundations

Our Local Communities  
are our homes

# GUIDED BY OUR STRATEGY

 **TRANSFORM**

DELIVER A STEP  
CHANGE IN CUSTOMER  
EXPERIENCE AND  
BUSINESS  
PERFORMANCE

 **GROW**

GROW OUR PORTFOLIO OF  
SUSTAINABLE  
STEELMAKING AND WORLD  
LEADING COATING,  
PAINTING AND STEEL  
PRODUCTS BUSINESSES

 **DELIVER**

DELIVER A SAFE  
WORKPLACE, AN  
ADAPTABLE  
ORGANISATION AND  
STRONG RETURNS

# EMBEDDING SUSTAINABILITY IN ALL THAT WE DO

## Five key sustainability outcomes

**01**

**Climate action**

**02**

**Safe, healthy,  
and inclusive  
workplaces**

**03**

**Sustainable  
growth and  
transformation**

**04**

**Responsible  
products &  
supply chains**

**05**

**Strong  
communities**

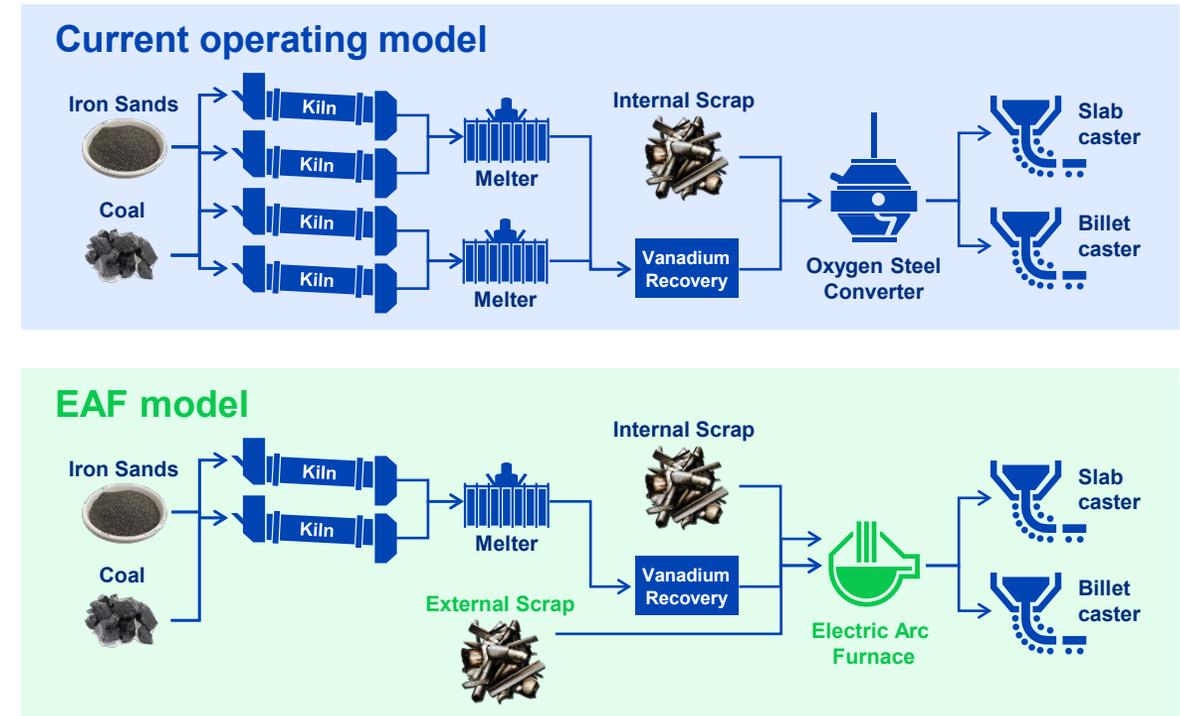
# ACCELERATING DECARBONISATION: NEW ZEALAND STEEL ELECTRIC ARC FURNACE

**BlueScope and NZ Government agree to co-invest NZ\$300M in decarbonisation of NZ Steel**

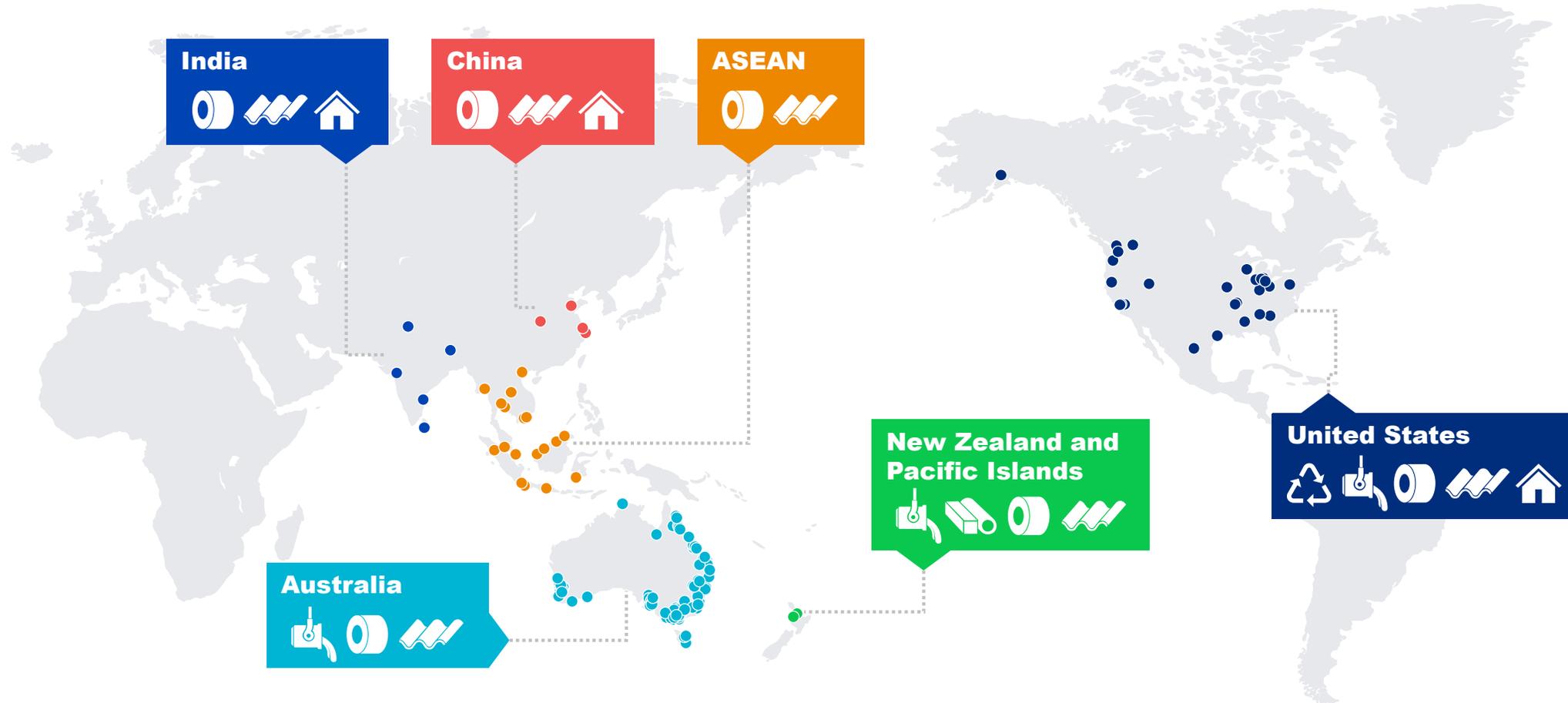
## Accelerated feasibility study into new EAF at Glenbrook

- Expected cost ~NZ\$300 million, of which NZ\$140M co-investment from the New Zealand Government
- Subject to feasibility, expected to be operational by 2026
- Reduce NZ Steel's Scope 1 and 2 greenhouse gas emissions by more than 45%
- Significant step towards BlueScope's 2030 steel decarbonisation target

## NZS's unique kiln and melter operation allow for a smaller modular EAF solution



# A HIGH-QUALITY ASSET PORTFOLIO



## Key

- 

Recycling  
(scrap metal)
- 

Steelmaking  
(flat products)
- 

Metal coating  
and painting
- 

Long products  
(rebar, wire)
- 

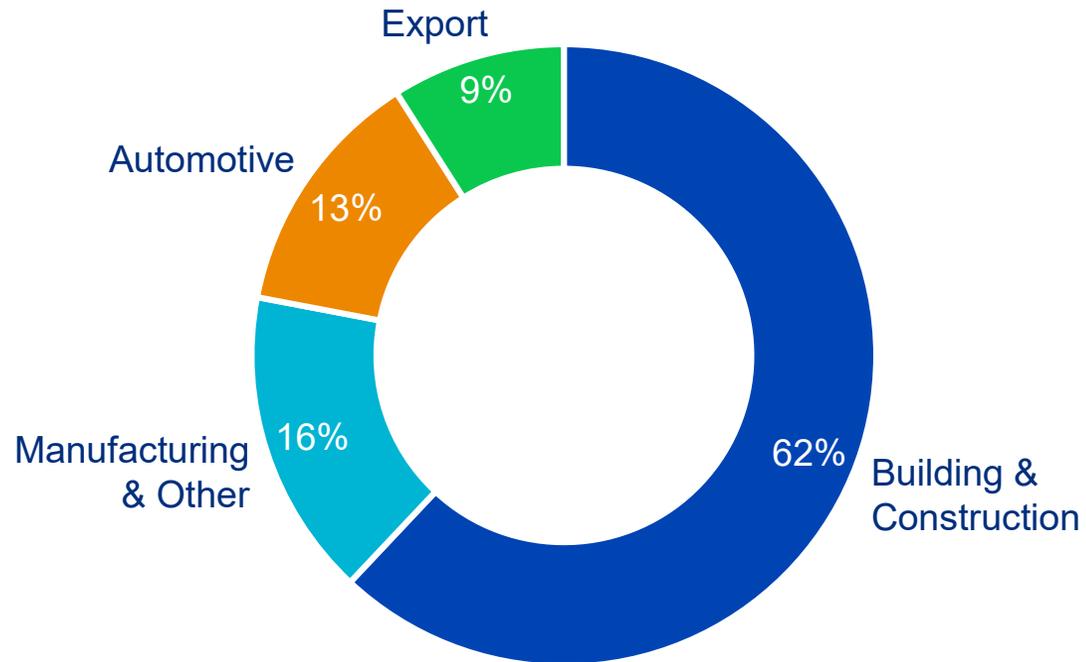
Steel buildings  
and systems
- 

Steel building materials  
and components

# FOCUSSED ON BUILDING AND CONSTRUCTION; GEOGRAPHICALLY DIVERSIFIED

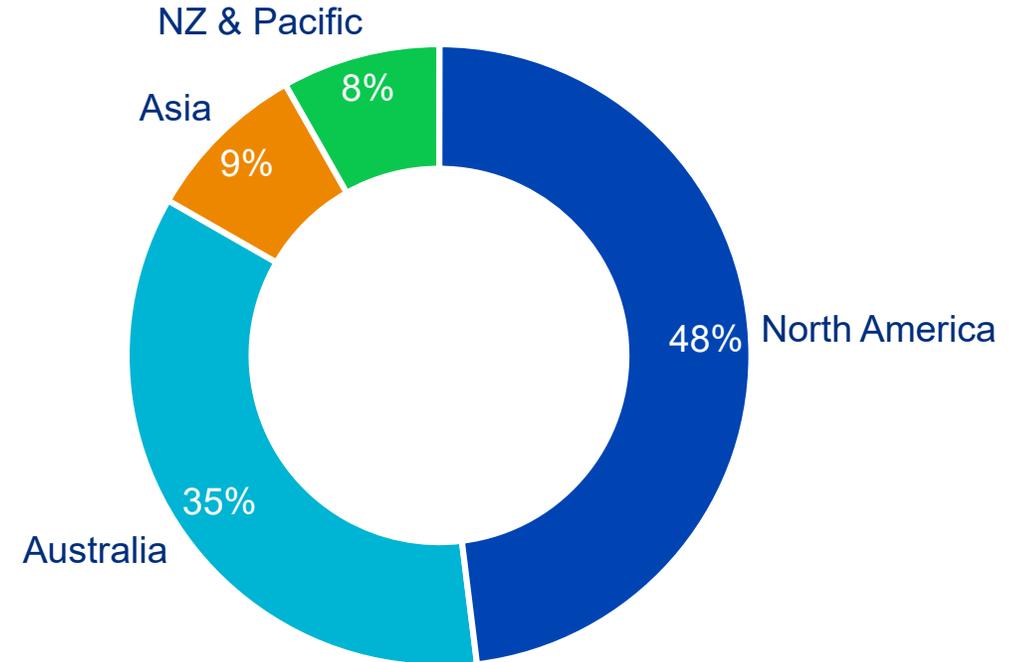
## End-use segment exposure

(share of CY2022 despatch volume)



## Earnings by region

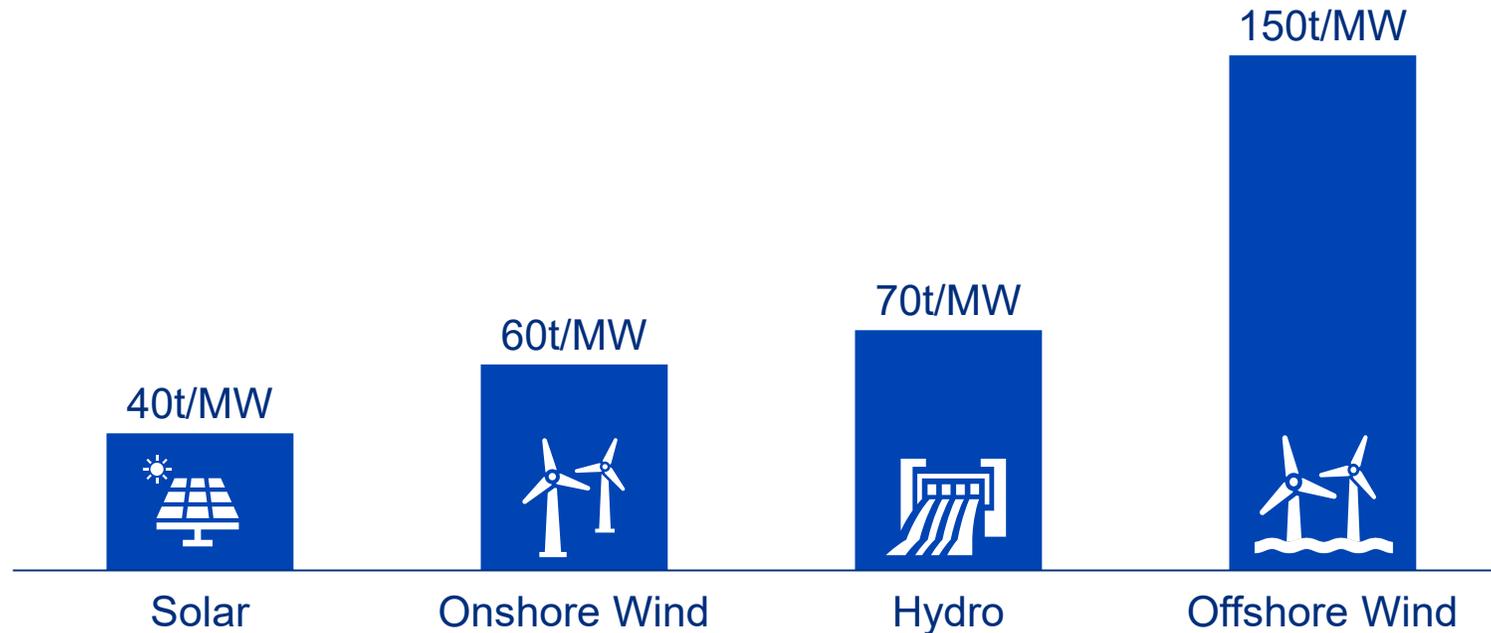
(CY2022 Underlying EBITDA)



# STEEL IS CRITICAL TO THE WORLD'S FUTURE

**A foundation for global decarbonisation; underpins renewable energy transition**

**Estimated steel required for renewable energy infrastructure<sup>1</sup>**  
(tonnes per megawatt of capacity)



1. Source: BlueScope analysis

# WELL POSITIONED FOR THE FAVOURABLE LONG TERM OUTLOOK FOR STEEL

- ✓ **Global green revolution driving demand for steel**
- ✓ **Steel intensive building and construction well supported**
- ✓ **Preference for lower density and regional housing**
- ✓ **Transition to the digital economy driving demand**
- ✓ **Recognition of the importance of domestic supply chains**
- ✓ **Consolidation and rationalisation in the US steel industry**
- ✓ **China's focus on steel overproduction and emissions**



# LEADING PRODUCT TECHNOLOGIES, BRANDS AND CHANNELS

A global leader in metal coating and painting for building and construction applications

Australia	Colorbond® Truecore®	Zincalume® TruSpec®	LYSAGHT® FIELDERS®	Orrcon Steel® BlueScope Distribution
North America	North Star BlueScope reliability of every product	BUTLER® VARCO VPRUDEN	steelscape® ASC BUILDING PRODUCTS	METAL COATERS® METAL PREP®
Asia	clean Colorbond® SACVIET® durashine® TATA BLUESCOPE STEEL	BUTLER® LYSAGHT®	BLUESCOPE Zacs®	TATA SHAKTEE®
New Zealand	COLORSTEEL® GALVSTEEL®	Zincalume® Axxis® STEEL FOR FRAMING	STELTECH® OPTIMISED STEEL - SMART SOLUTIONS PACIFIC STEEL® CERTAIN STRENGTH	



# FINANCIAL STRENGTH GUIDED BY OUR FINANCIAL FRAMEWORK

**Strong returns, a robust balance sheet and a disciplined approach to capital allocation**

## Returns Focus

- Focus on delivering return on invested capital greater than cost of capital through the cycle
- Also focused on maximising free cash generation

## Robust Capital Structure

- Maintaining a strong balance sheet and strong credit metrics
- Retaining capacity in the short to medium term to fund investment for growth and major projects

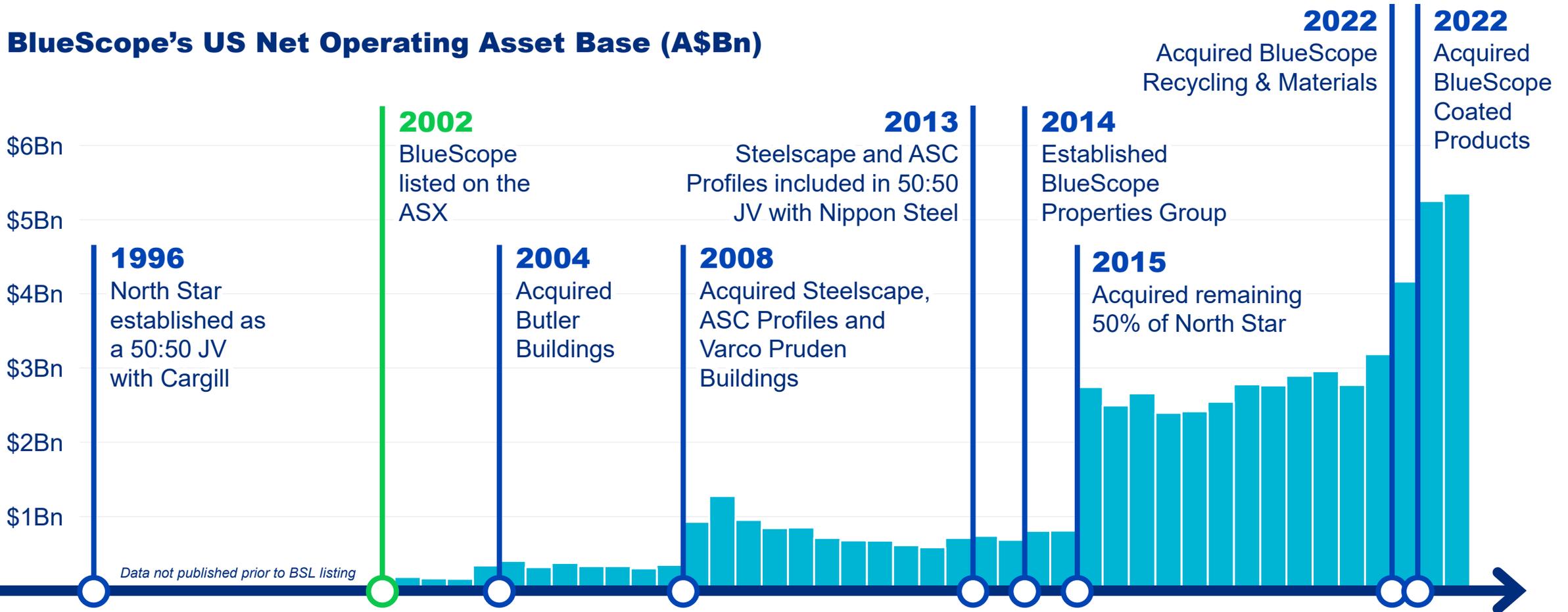
## Disciplined Capital Allocation

- Maintain safe and reliable operations, and support decarbonisation pathways
- Disciplined competition for capital between growth and shareholder returns

# BLUESCOPE IN NORTH AMERICA

A rich history that has established a high-quality asset base

BlueScope's US Net Operating Asset Base (A\$Bn)



# BLUESCOPE IN NORTH AMERICA

## Key figures

**Number of Sites**

**26**

**Employees**

**~4,000**

**Invested Capital**

**A\$5.3Bn**

**Sales Volume**

(CY2022)

**3.3mt**

**Revenue**

(CY2022)

**A\$8.6Bn**

**EBITDA**

(CY2022)

**A\$1.6Bn**

# DIVERSE AND TALENTED TEAM

## Presenting this tour:



**Mark Vassella**  
Chief Executive Officer  
& Managing Director



**Kristie Keast**  
Chief Executive  
North America



**Conrad Winkler**  
President,  
North Star



**Hector Marquez**  
President, BlueScope  
Recycling & Materials



**Sue Stark**  
President, Buildings  
North America



**John Kuzdal**  
President, BlueScope  
Coated Products



**Matt Roth**  
President, BlueScope  
Properties Group

## Also in attendance:

- Mark Scicluna, Acting Chief Financial Officer
- Divya Thidani, Chief Strategy & Transformation Officer
- Sasha Vasilyev, VP Finance, North Star
- Ashley Kotowski, VP Sales, North Star
- Jeff Joldrichson, VP Manufacturing, North Star
- Kristin Malosh, VP HR & HSE, North Star
- Andrea Duckworth, VP Finance, BBNA
- Greg Pasley, VP Brands, BBNA
- Robyn Edmonds, VP Finance, BCP
- Daniel Bridge, Plant Manager, BCP
- Mishca Waliczek, General Counsel, North America

# BlueScope North America

**Kristie Keast** (Chief Executive North America)



# NORTH AMERICA IS AT THE HEART OF BLUESCOPE'S GROWTH STRATEGY

 **TRANSFORM**

DELIVER A STEP  
CHANGE IN CUSTOMER  
EXPERIENCE AND  
BUSINESS  
PERFORMANCE

 **GROW**

GROW OUR PORTFOLIO OF  
SUSTAINABLE  
STEELMAKING AND WORLD  
LEADING COATING,  
PAINTING AND STEEL  
PRODUCTS BUSINESSES

 **DELIVER**

DELIVER A SAFE  
WORKPLACE, AN  
ADAPTABLE  
ORGANISATION AND  
STRONG RETURNS

# THE US IS A GREAT PLACE TO MAKE AND SELL STEEL PRODUCTS

Driven by a number of trends across supply and demand

**Supply**



Industry Consolidation



Capacity Rationalisation



Shift to EAF Production



Rational Mill Behaviour



Domestic Focus

**Demand**



Inflation Reduction Act



Manufacturing Reshoring



Infrastructure Investment



Energy Transition



E-commerce Demand

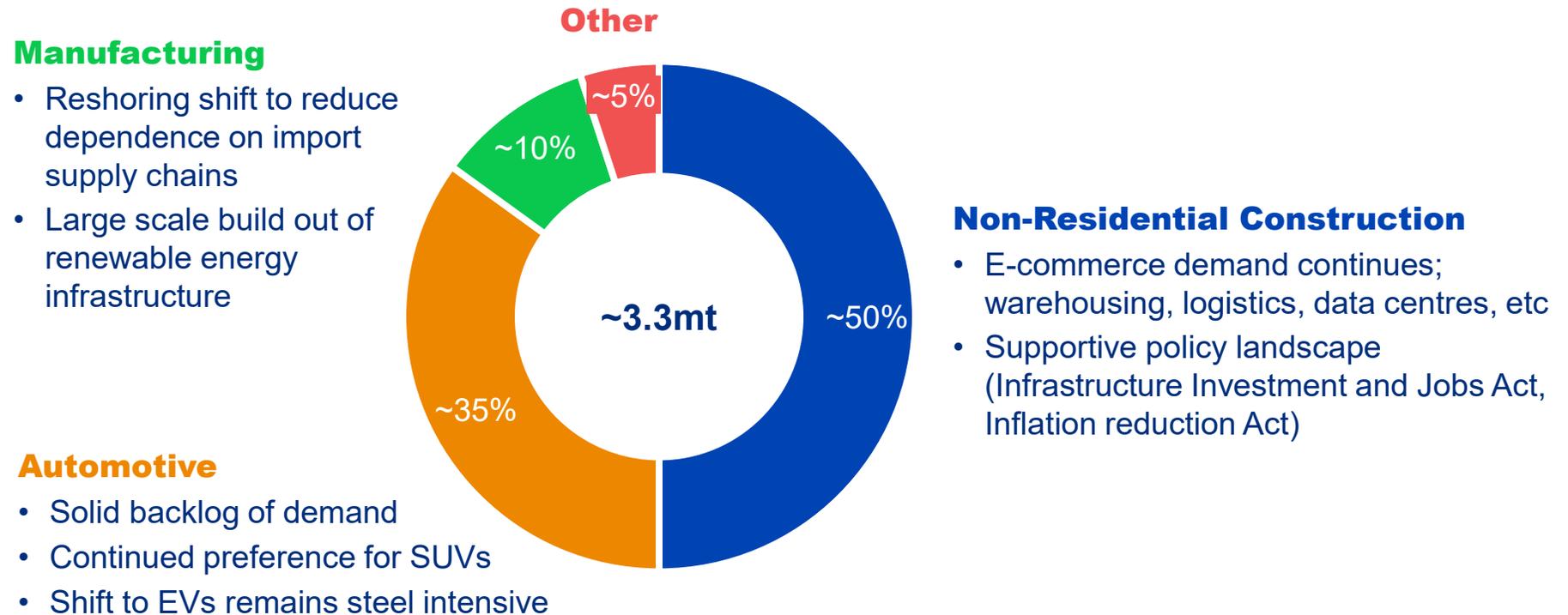
## BlueScope well positioned

- Expanding highest margin mini-mill in the US against a backdrop of a healthy industry structure
- Scrap capability to secure raw material supply and enhance abundant obsolete supply
- Painted capacity to capture significant non-residential opportunity
- Buildings & BPG provide key manufacturing and e-commerce infrastructure

# BLUESCOPE BENEFITING FROM END USE SEGMENT EXPOSURE

## Supportive trends underpinning robust demand environment

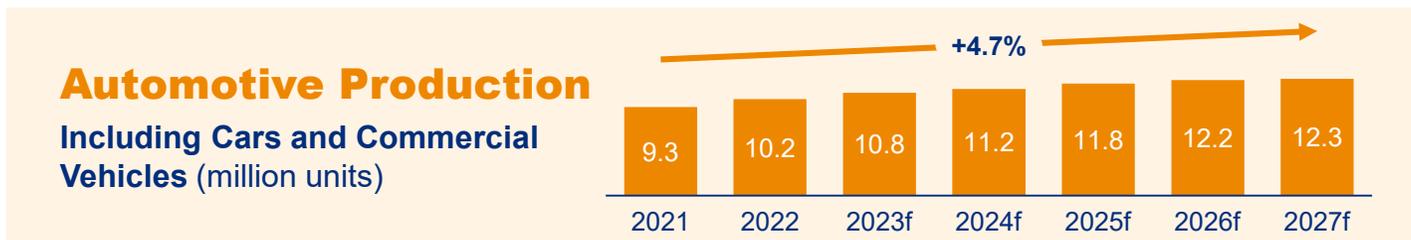
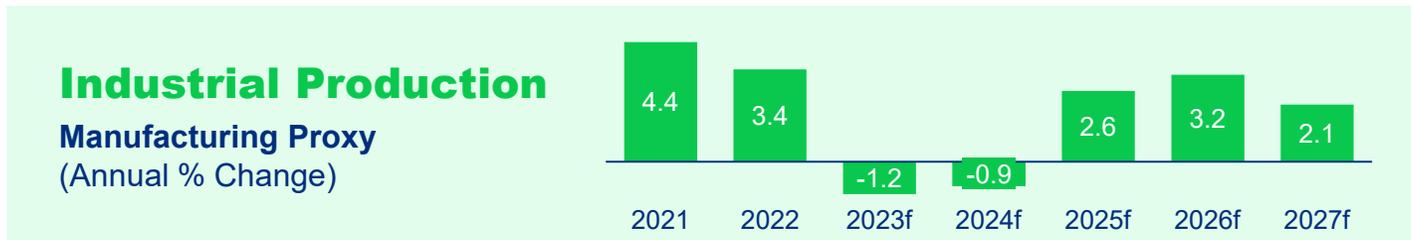
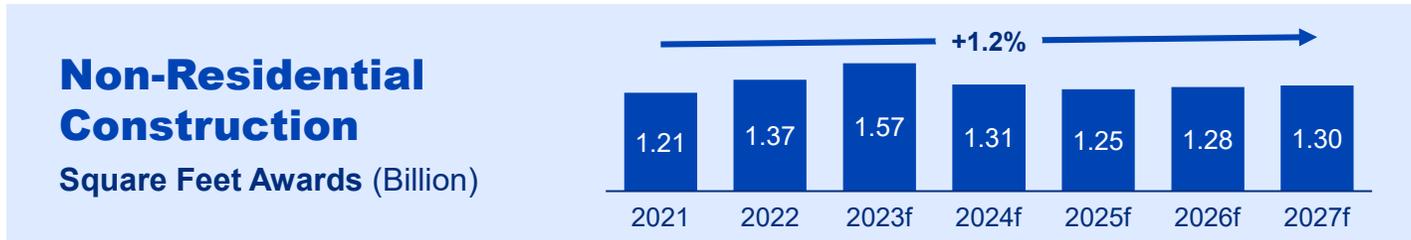
### BlueScope US indicative despatch volume by end-use segment<sup>1</sup>



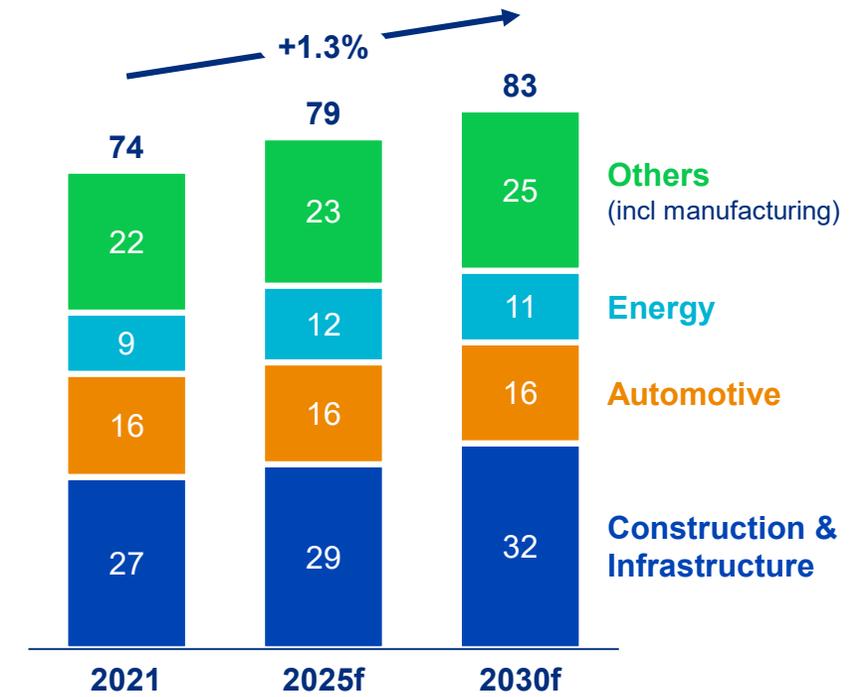
1. CY2022 data, excludes intercompany eliminations

# ROBUST OUTLOOK FOR STEEL PRODUCTS AND SOLUTIONS

Highlighted by activity forecasts across key end-use segments

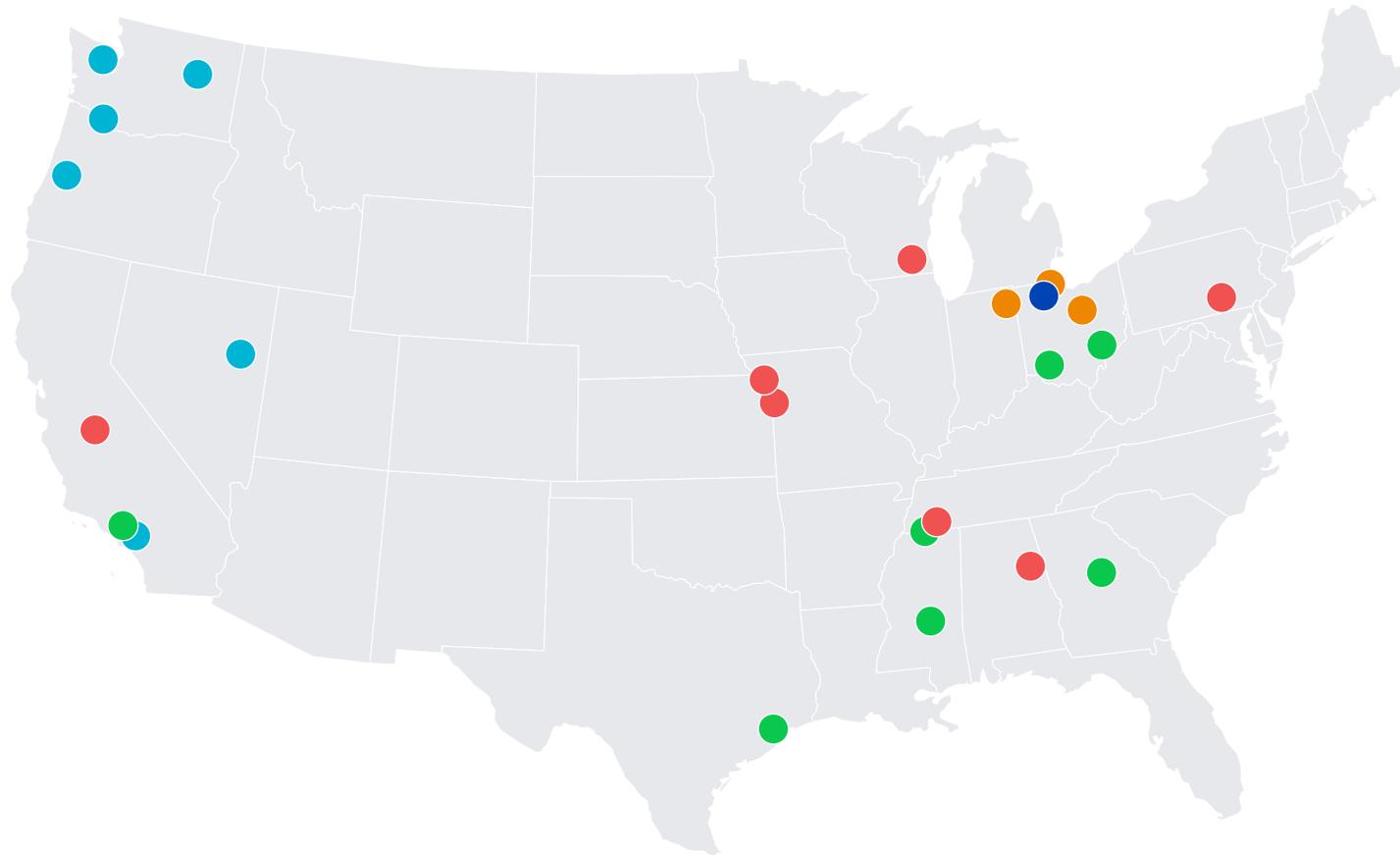


## US flat steel demand outlook (2021-2030, Mt)



# BLUESCOPE IN NORTH AMERICA

## BlueScope's US footprint



● BlueScope Recycling

● North Star

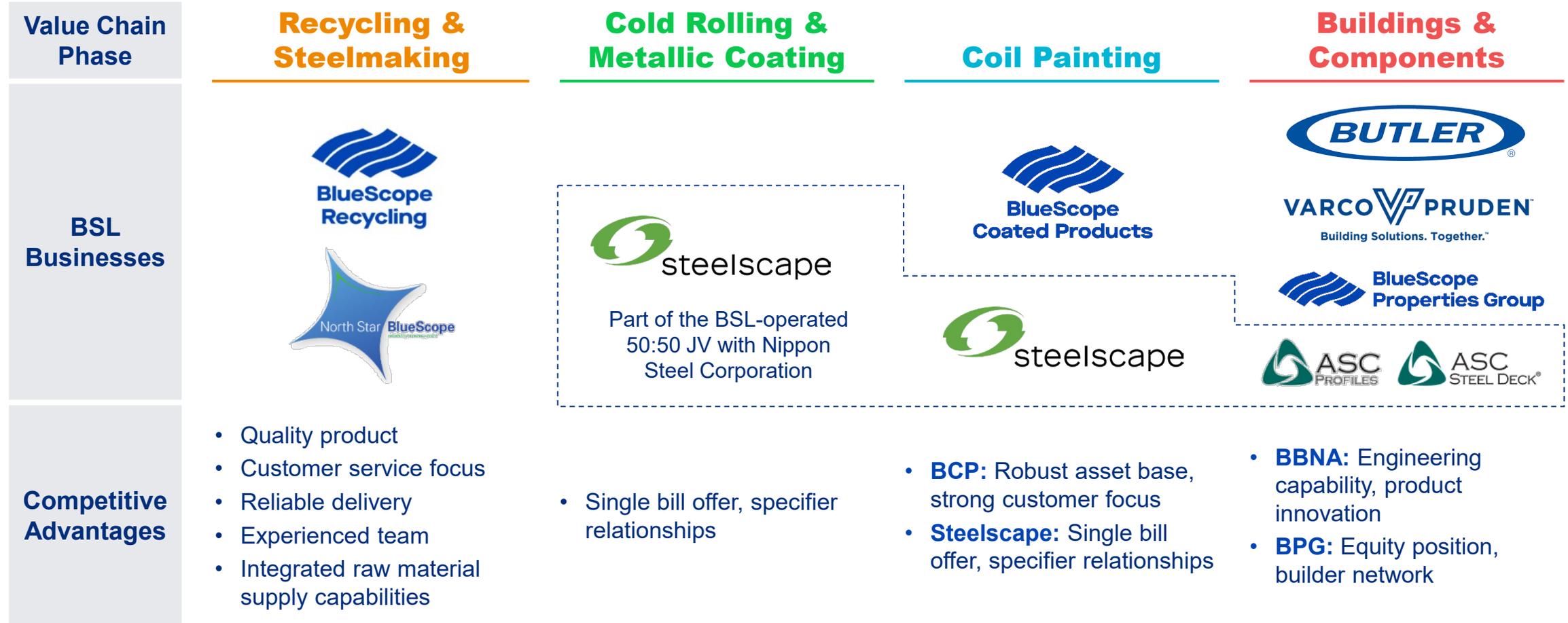
● Steelscape / ASC Profiles

● BlueScope Coated Products

● Buildings North America

# BLUESCOPE IN NORTH AMERICA

## Presence across the value chain



# BLUESCOPE NORTH AMERICA STRATEGY

**Our Vision for North America:** We are a growth-oriented, integrated steel solutions provider differentiated by our strengths in customer focus, premium branded products, safety and sustainability

Raw Materials	Steelmaking / Hot Rolled Coil	Cold Rolling & Metal Coating	Coil Painting	Building Products	Pre-engineered Buildings
<p><b>Secure North Star as leading, low cost, sustainable steel producer</b></p> <ul style="list-style-type: none"> <li>Maximise capacity and capitalise on competitive advantages</li> <li>Enhance value-in-use capability to optimise raw materials</li> <li>Secure low cost, sustainable raw materials (scrap, pig iron / HBI)</li> <li>Preserve strong performance-oriented culture</li> </ul>	<p><b>Build national, premium branded coated &amp; painted product offering</b></p> <ul style="list-style-type: none"> <li>Grow BCP by:               <ul style="list-style-type: none"> <li>Developing a ‘single-bill’ customer offer, and</li> <li>Introducing COLORBOND® steel product branding</li> </ul> </li> <li>Consider opportunities to integrate value chain between North Star and BCP</li> </ul>	<p><b>Be a leading downstream player and explore growth options</b></p> <ul style="list-style-type: none"> <li>Target key segments to grow share and deliver end-use insights and trends</li> <li>Expand product offering to increase customer base</li> <li>Consider opportunities that promote demand for BCP’s branded, painted steel products</li> </ul>			
<p><b>Drive transformation and capture synergies across the portfolio</b></p>					

Enabled by building shared capability, digitalisation, customer and brand experience across North America

# BLUESCOPE NORTH AMERICA GROWTH ROADMAP

		2021	2022	2023 → 2027
Secure North Star as leading, low cost, sustainable steel producer	Raw Materials	External Supply of Scrap, Pig Iron & HBI	BRM (Delta & Waterloo) BRM (Mansfield)	40% self-sufficiency (incl 3rd party processing)
	EAF Steelmaking	North Star (capacity constrained at 2.1mt)	Ramp up commenced (expect ~2.3mt)	Expansion: ~3mtpa (early CY24) Debottleneck: up to ~3.5mt
Build national, premium branded coated & painted product offering	Cold Rolling	Steelscape (West Coast) (450ktpa capacity)		Consider value chain integration opportunities (potential cold rolling / metal coating line)
	Metal Coating	Steelscape (West Coast) (420ktpa capacity)		
	Coil Painting	Steelscape (West Coast) (225ktpa capacity)	BCP (National) (900ktpa capacity)	Single Bill offer and COLORBOND® branding
Be a leading downstream player and explore growth options	Building Products	ASC Profiles (West Coast)		Monitoring for opportunities
	Pre-engineered Buildings	Buildings North America (Butler® & Varco Pruden™)		Enhance earnings quality (segmentation, product offer)
	Properties	BlueScope Properties Group	Expanding BPG (increased funding to US\$300M)	Targeting consistent earnings

# DELIVERING ON THE BLUESCOPE NORTH AMERICA STRATEGY

- ✓ **Building on our strategic intent:**
  - Delivering North Star expansion and de-bottlenecking
  - Securing BRM's low-cost supply into North Star
  - Integrating BCP; executing single-bill, branded opportunity
  - Reviewing further value-chain integration opportunities
- ✓ **Serving our customers with agility and focus**
- ✓ **Delivering safe and reliable operations, leveraging our people as our strength**
- ✓ **Strengthening our communities; committing to diversity, equity and inclusion**



# North Star

Conrad Winkler (President North Star)



# NORTH STAR OVERVIEW

**Industry leading hot rolled coil producer; competitive advantage in safety, quality, service and delivery**

## Facility overview

- Industry leading hot rolled coil producer, established in 1996 in Delta, producing around 2mtpa of hot rolled coil
- Ramping up recent 850ktpa expansion, following the addition of an EAF, caster and shuttle furnace



## North Star's competitive advantage

### Quality

- Slab thickness allows for superior quality characteristics
- Consistent gauge, shape control, and surface quality

### Service

- One location, operating with empowered employees
- Consistently ranked #1 in overall customer satisfaction<sup>1</sup>

### Delivery

- Industry leading performance with >95% on-time delivery
- Unique supply chain meets ever-changing customer needs

### Safety

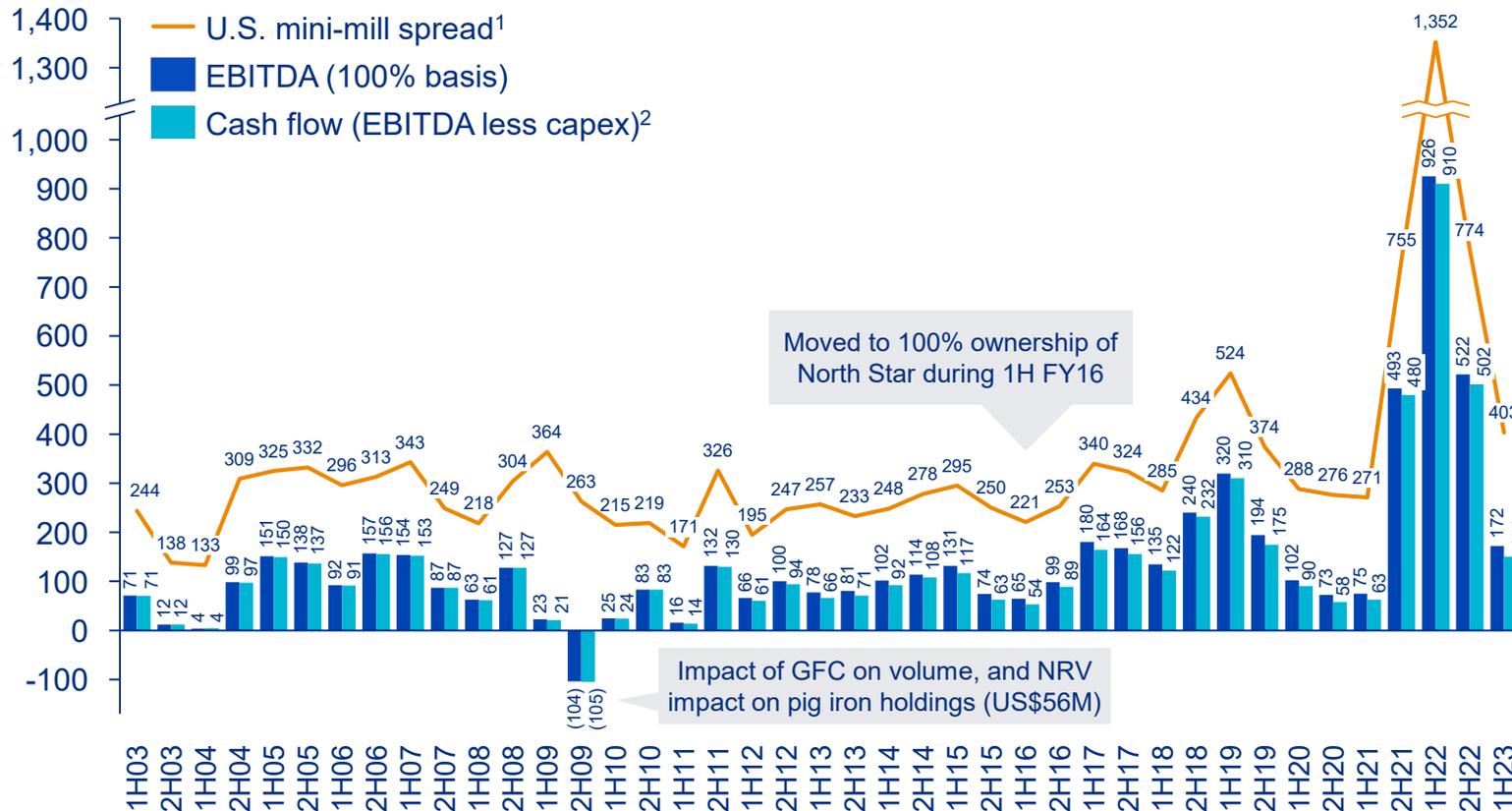
- Safety culture based on employee engagement
- Industry leader, with focus on constant improvement

1. Jacobson steel industry survey

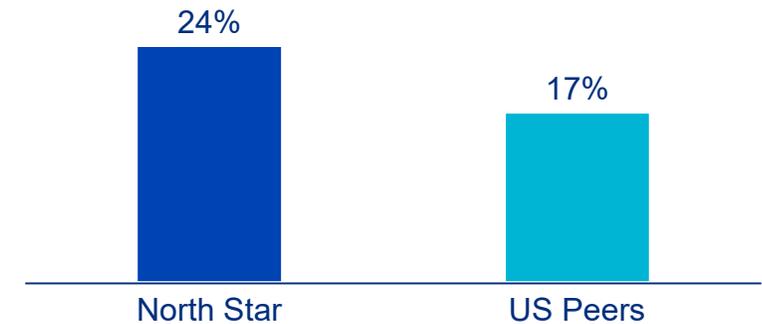
# FINANCIAL AND OPERATING PERFORMANCE

**Strong EBITDA and cash generation through the cycle; industry leading margins; consistently full utilisation**

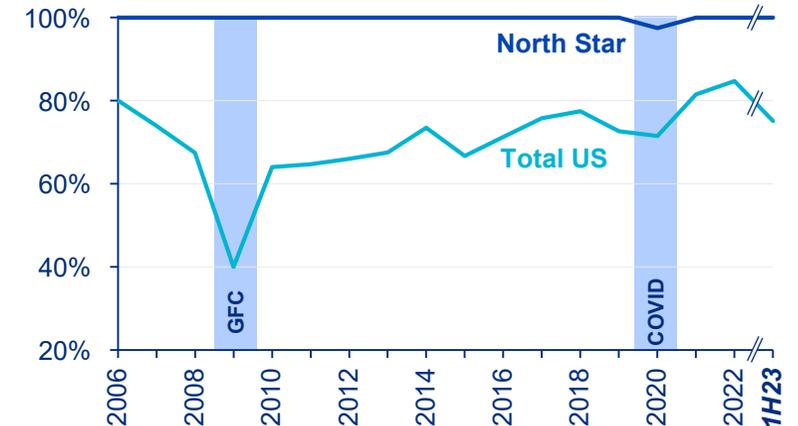
## US\$M EBITDA and spread (100% basis)



## EBIT margins<sup>3</sup> (%)



## US steel mill capacity utilisation<sup>4</sup>



1. US Midwest mini-mill HRC spread (metric) – based on CRU Midwest HRC price (assuming illustrative one month lag), SBB #1 busheling scrap price (assuming one month lag) and CRU NOLA pig iron price (assuming two month lag); assumes raw material indicative usage of 1.1t per output tonne. Note, North Star sales mix has longer lags.  
 2. Capex is presented on an accrual basis, and as such excludes movements in capital creditors. Excludes North Star expansion CAPEX.  
 3. Reflects CY2022 North Star underlying EBIT margin. Peer margin data sourced from publicly available company information, simple average of North American peers using relevant segment information.  
 4. Source: CRU, AISI, company data

# BLUESCOPE NORTH AMERICA STRATEGY

**Our Vision for North America:** We are a growth-oriented, integrated steel solutions provider differentiated by our strengths in customer focus, premium branded products, safety and sustainability

Raw Materials	Steelmaking / Hot Rolled Coil	Cold Rolling & Metal Coating	Coil Painting	Building Products	Pre-engineered Buildings
<p><b>Secure North Star as leading, low cost, sustainable steel producer</b></p> <ul style="list-style-type: none"> <li>• Maximise capacity and capitalise on competitive advantages</li> <li>• Enhance value-in-use capability to optimise raw materials</li> <li>• Secure low cost, sustainable raw materials (scrap, pig iron / HBI)</li> <li>• Preserve strong performance-oriented culture</li> </ul>		<p>Build national, premium branded coated &amp; painted product offering</p> <ul style="list-style-type: none"> <li>• Grow BCP by:               <ul style="list-style-type: none"> <li>– Developing a ‘single-bill’ customer offer, and</li> <li>– Introducing COLORBOND® steel product branding</li> </ul> </li> <li>• Consider opportunities to integrate value chain between North Star and BCP</li> </ul>		<p>Be a leading downstream player and explore growth options</p> <ul style="list-style-type: none"> <li>• Target key segments to grow share and deliver end-use insights and trends</li> <li>• Expand product offering to increase customer base</li> <li>• Consider opportunities that promote demand for BCP’s branded, painted steel products</li> </ul>	
<p>Drive transformation and capture synergies across the portfolio</p>					

Enabled by building shared capability, digitalisation, customer and brand experience across North America

# NORTH STAR STRATEGY

 **TRANSFORM**

Transform the business for its post-expansion, modern manufacturing future, through:

- Deploying manufacturing and customer-focussed digital programs and initiatives
- Revised raw material strategy, utilising BRM capabilities

 **GROW**

Continue along the existing strong growth trajectory, through:

- Successfully delivering the ramp-up of the 850kt expansion; explore further debottlenecking
- Optimising sales strategy, including product segmentation, costing and pricing strategies

 **DELIVER**

Continue to deliver a safe and resilient business with strong returns, through:

- The preservation of successful culture of agency and ownership
- Integrating learning teams into already well-developed health, safety and environment program

# PRODUCTS AND CUSTOMERS

**Serving a diversified range of end-use segments and products, predominantly through service centre channels**

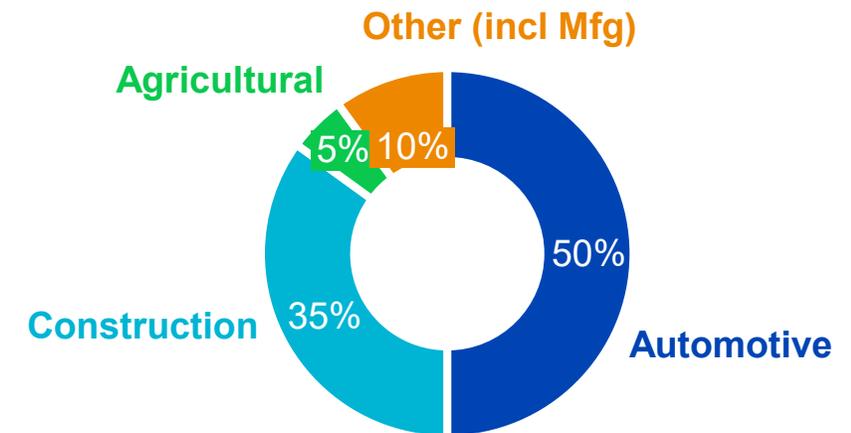
## Product range

- **25-30 grades of HRC**, produced at a consistently high quality
- Strong focus on light gauge high strength low alloy grades
- Higher quality (flatter profile coil shape) provides more yield per coil

## Local customer base

- Product sold to over 100 customers, typically within a 300 mile radius
- **Sell ~80% of volumes to service centres** who value mill service levels
- Modest share of customer wallet – ability to supply customers traditionally limited by capacity

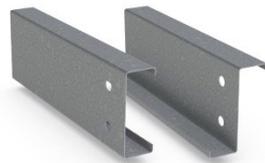
## End-use segment exposure



## Examples of end-use products:



**Automotive:**  
frame and chassis



**Construction:**  
purlins



**Construction:**  
guard rails



**Agriculture:**  
machinery



**Manufacturing:**  
gas tanks

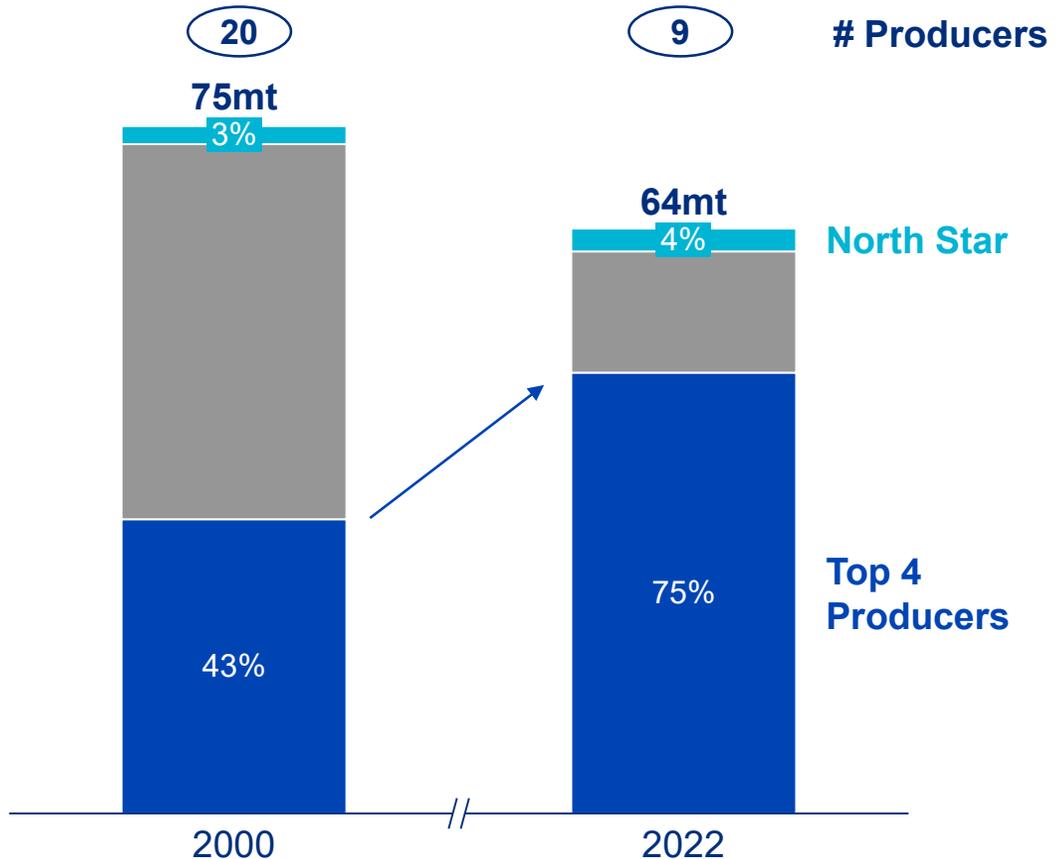
Other end-use products include:

- Racking
- Transmission parts
- Seating

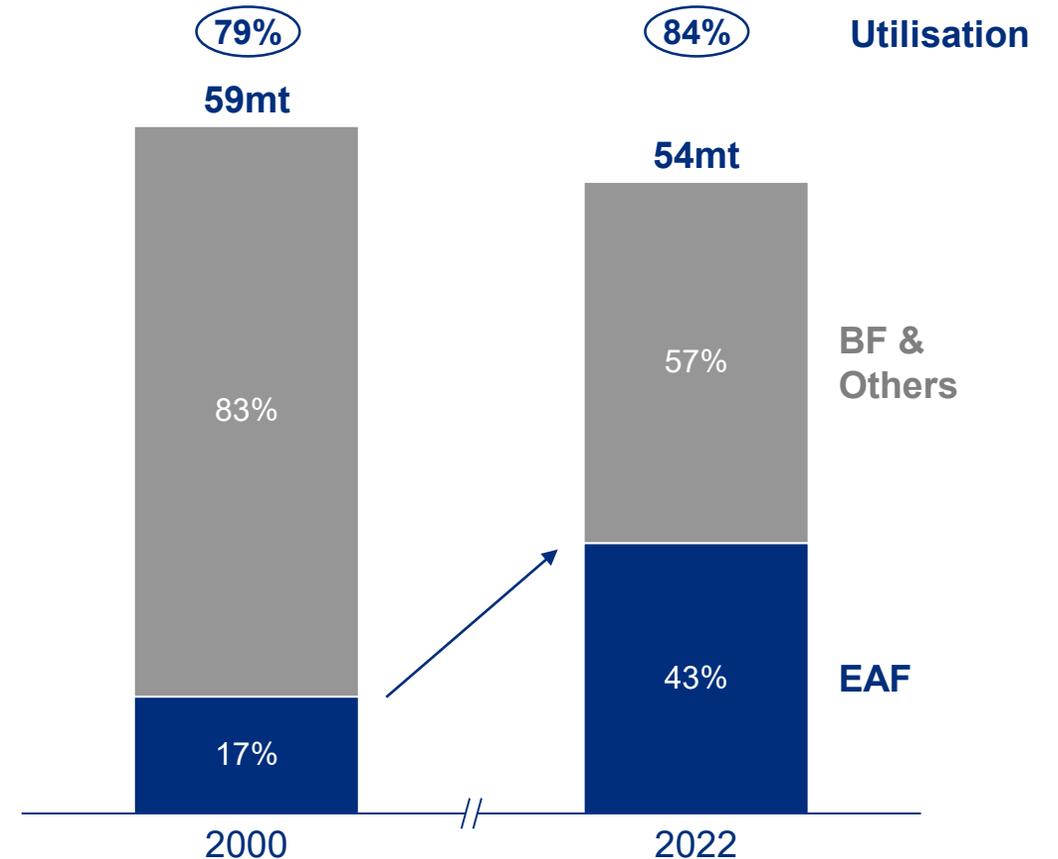
# US STEEL INDUSTRY STRUCTURAL SHIFTS

**US steel industry consolidation and rationalisation has supported an improved industry structure; proliferation of EAF production has increased supply flexibility**

**US hot strip mill capacity consolidation (% , mt)**



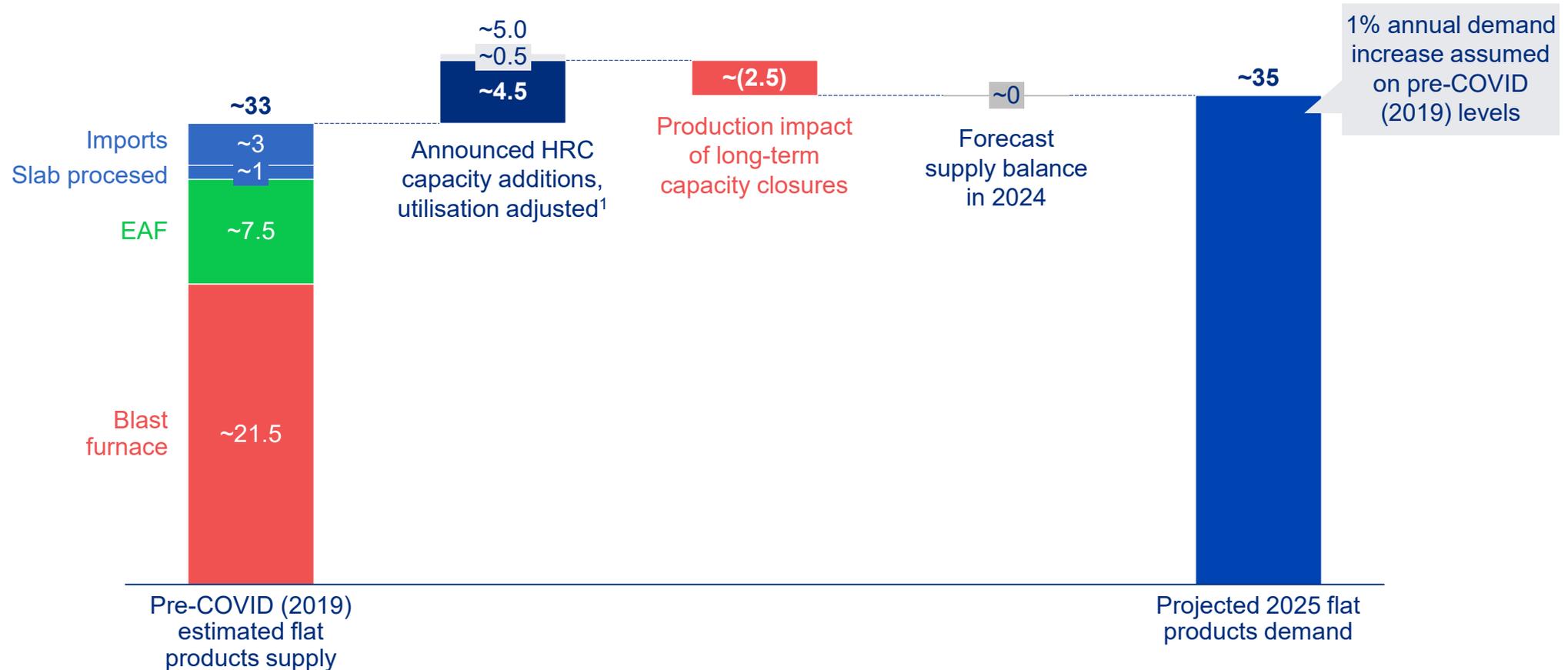
**US flat steel production mix (%)**



# REGIONAL SUPPLY / DEMAND OUTLOOK

Supply and demand in the region in which North Star operates is expected to be in balance in 2025

## Regional flat rolled supply and demand balance (million metric tonnes)



Source: SRA, BSL analysis.

1. Capacity utilisation adjustment recognises that capacity additions are unlikely to operate at nameplate capacity; conservatively assumed that new capacity could operate at a practical utilisation of ~85%, North Star remains at 100%

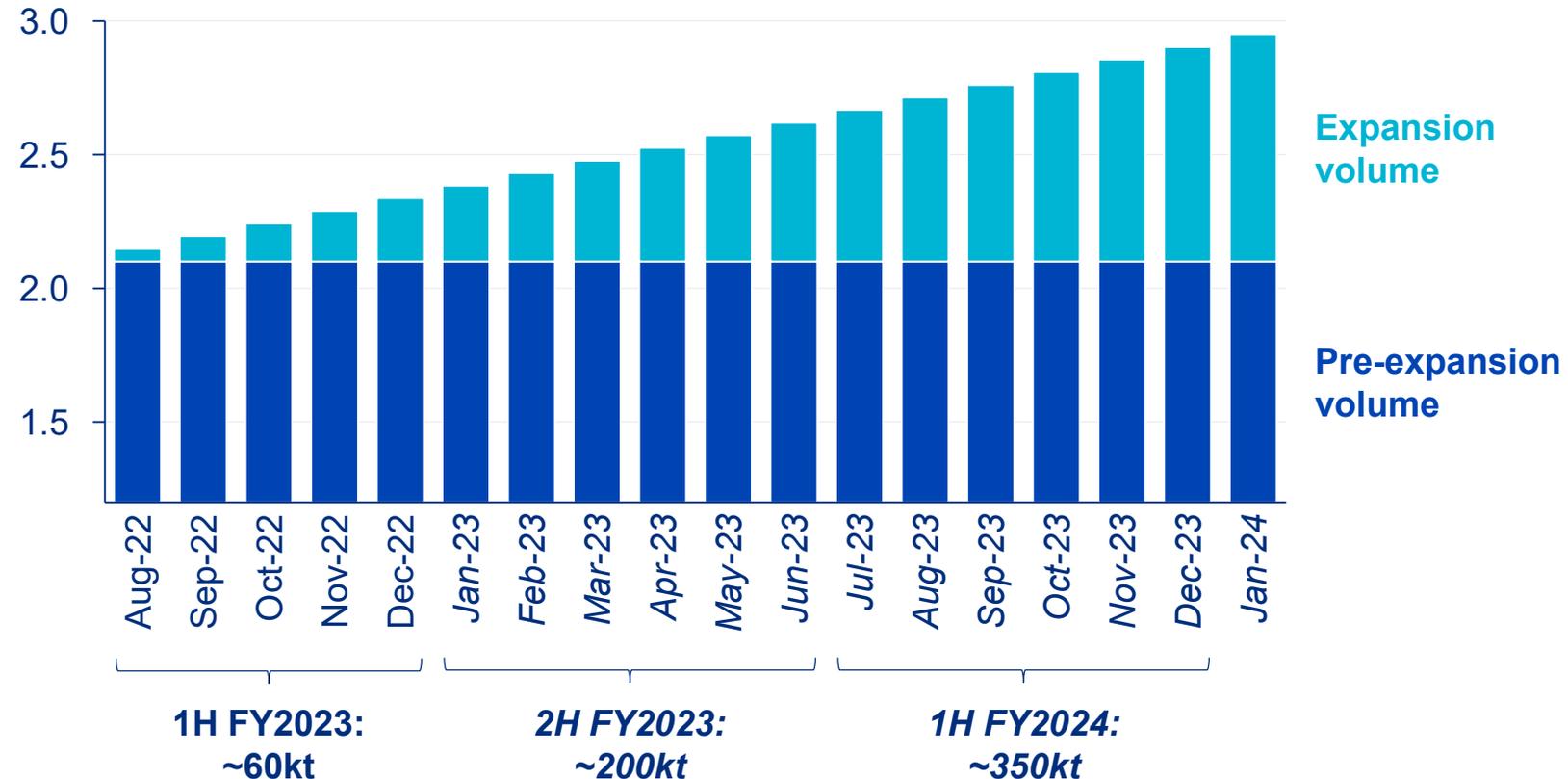
# EXPANSION PROGRESS

Ramp up progressing well, expecting to reach full run-rate in early 2024

## Project progress

- ~US\$735M project to increase capacity by 850kt (metric)
- Added a third EAF, second caster and shuttle furnace
- Commenced ramp up in August 2022
  - Expect 18-month ramp up to full run rate
- ~60kt produced from expansion in Dec-22 half, expect ~200kt in 2H FY2023
- Incremental volumes largely placed with existing customers

## 18-month indicative ramp up profile (mt, annualised)

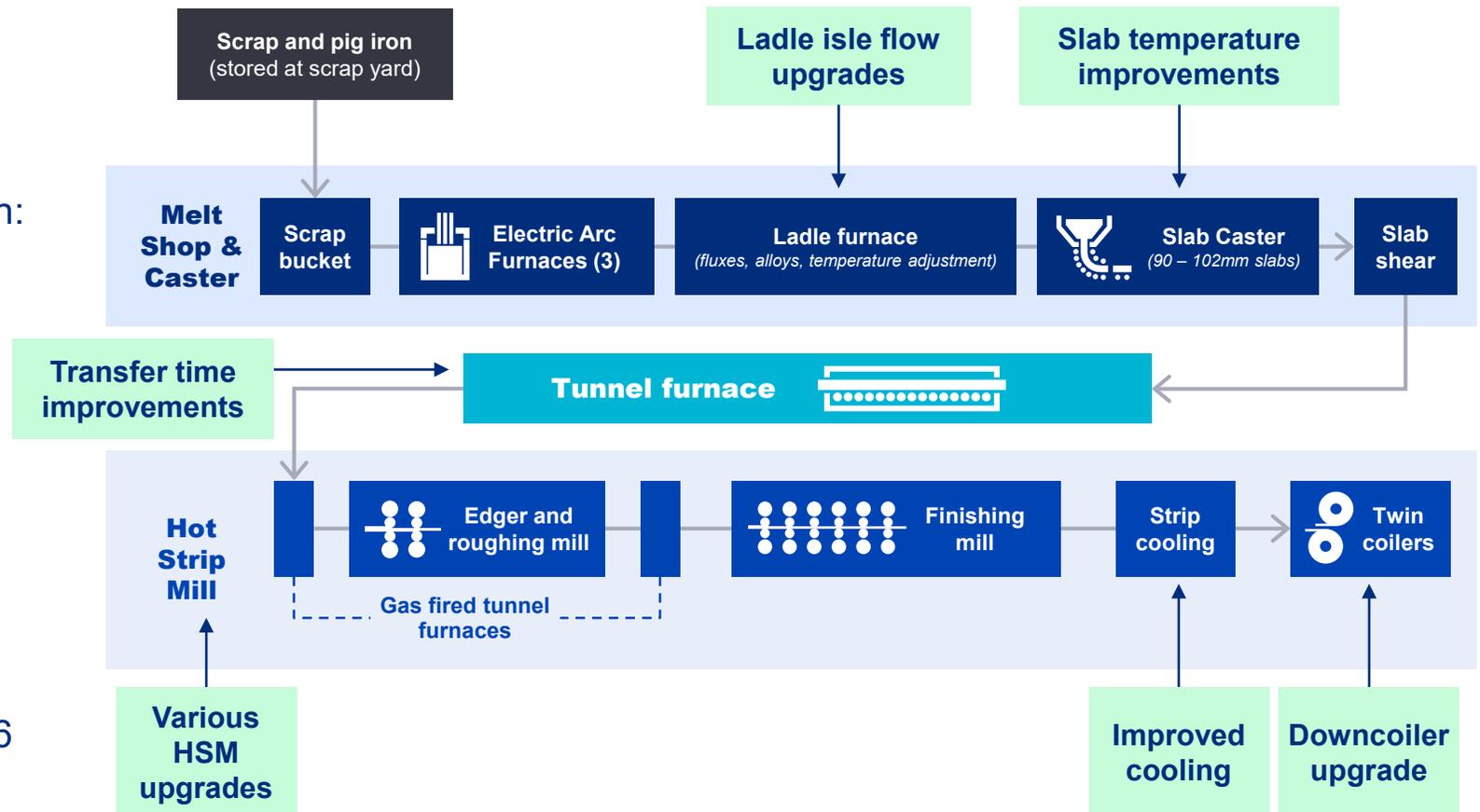


# NORTH STAR DEBOTTLENECKING PROJECT

## Assessment of the 500ktpa incremental debottlenecking opportunity to begin as we progress through the ramp up period of the expansion project

- New furnace and slab caster provides slabmaking capacity of ~3.5Mtpa
- Hot strip mill (HSM) has current practical capacity of ~3.0Mtpa
- Debottlenecking project will target increased throughput of 500ktpa, with:
  - Cooling and downcoiler upgrades
  - Slab temperature upgrades
  - Ladle isle flow upgrades
- Very high-level pre-concept cost estimate of \$100M
- Assessment underway during ramp-up period of current expansion
- Indicatively, implementation is expected during FY2024 and FY2026

### North Star mill schematic showing possible debottlenecking tasks



# RAW MATERIALS STRATEGY

Diversifying metallics supply to provide flexibility and security for ongoing growth

## North Star Metallics Strategy

### Scrap

- BlueScope Recycling ramping up supply volumes
- Enhanced beneficiation of obsolete to offset prime requirements
- New furnace allows use of some scrap sizes that were previously not suitable
- Increasing capabilities to assess quality of obsolete scrap

### Pig Iron

- Revised metallics mix to reduce total pig iron requirement
- Diversified supply base following disruptions due to Ukraine conflict
- Exploring opportunities for substitutes to enable greater security of supply
- Exploring low greenhouse gas options for pig iron supply

### DRI / HBI

- Multi-year agreement with Cliffs for supply of HBI from Toledo facility
  - Used as a scrap alternative in the mix, priced accordingly
- Considering other options for HBI / DRI usage

# CASE STUDY

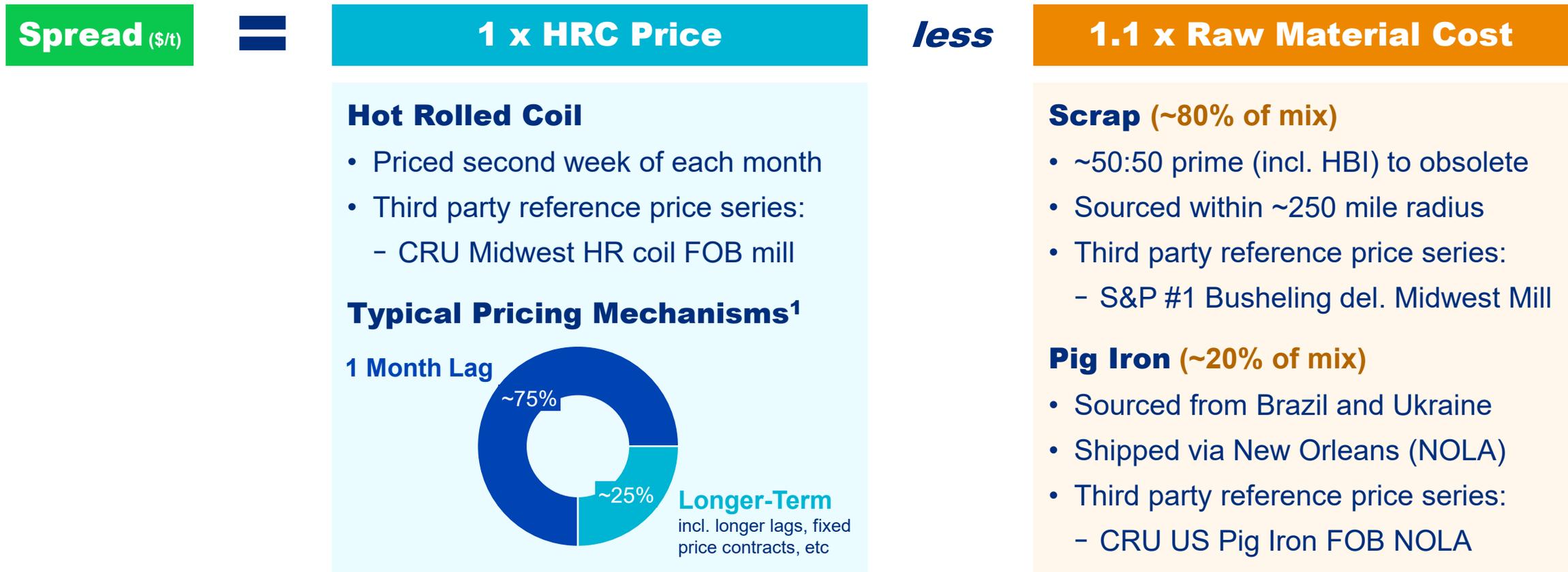
## Utilising technology to optimise raw material sourcing and usage mix

- North Star currently operates “Value in Use” models to analyse the best mix of raw materials based on cost and metallurgy
- Currently bringing together a number of digital technologies, North Star built a single Value in Use model, which involves:
  - Centralising all data, so that different users (scrap buyers, operations, quality) of the model will be able to draw on the same information
  - Simplifying and speeding up processing time, to allow real-time decisions to be made for each heat
  - Adding governance and reporting features to understand performance going forwards
- New design will provide profile-based views for users, focussed on the information for their decision making
  - e.g. will provide operations team specific raw material mix guide based on grade, or provide scrap buyer maximum suggested price for pig iron based on alternatives



# RELATIONSHIPS TO BENCHMARK

Updated to reflect contemporary operating parameters



1. Benchmark prices may not be representative of realised mill prices due to a range of factors. Movements in prices across the majority of sales correlate with Midwest regional benchmark pricing, on a short lag; a minority of sales are priced on a longer term basis. Accordingly the degree of correlation between realised and benchmark prices can vary in a given half but is more fully reflected over the medium term.

# HEALTH, SAFETY AND ENVIRONMENT

## Finding opportunities to learn, reduce risk, and enhance our Health, Safety and Environment performance

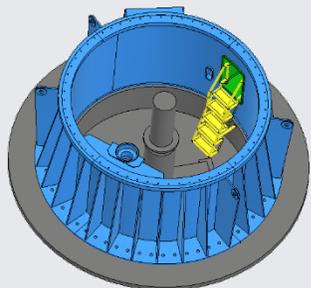
### Approach to Health and Safety

- Continuous communication and feedback with daily incident reporting (including preventative suggestions)
- Over 50% of employees active in on-site fitness centre
- Quarterly safety improvement projects engage team to identify and implement improvements
- Team focused critical risk projects execute engineered solutions to enable safe operations even when procedures fail or people make mistakes

### Sustainability focus

- Key focus on water, waste and greenhouse gas intensity
- Use of ultrafiltration–reverse osmosis treatment has reduced raw water consumption by ~55kL/month
- Carbon neutral product offering planned later in calendar year 2023

### Critical Risk Project Examples



#### Caster turret

- Engineered a new access door, to reduce confined space risk

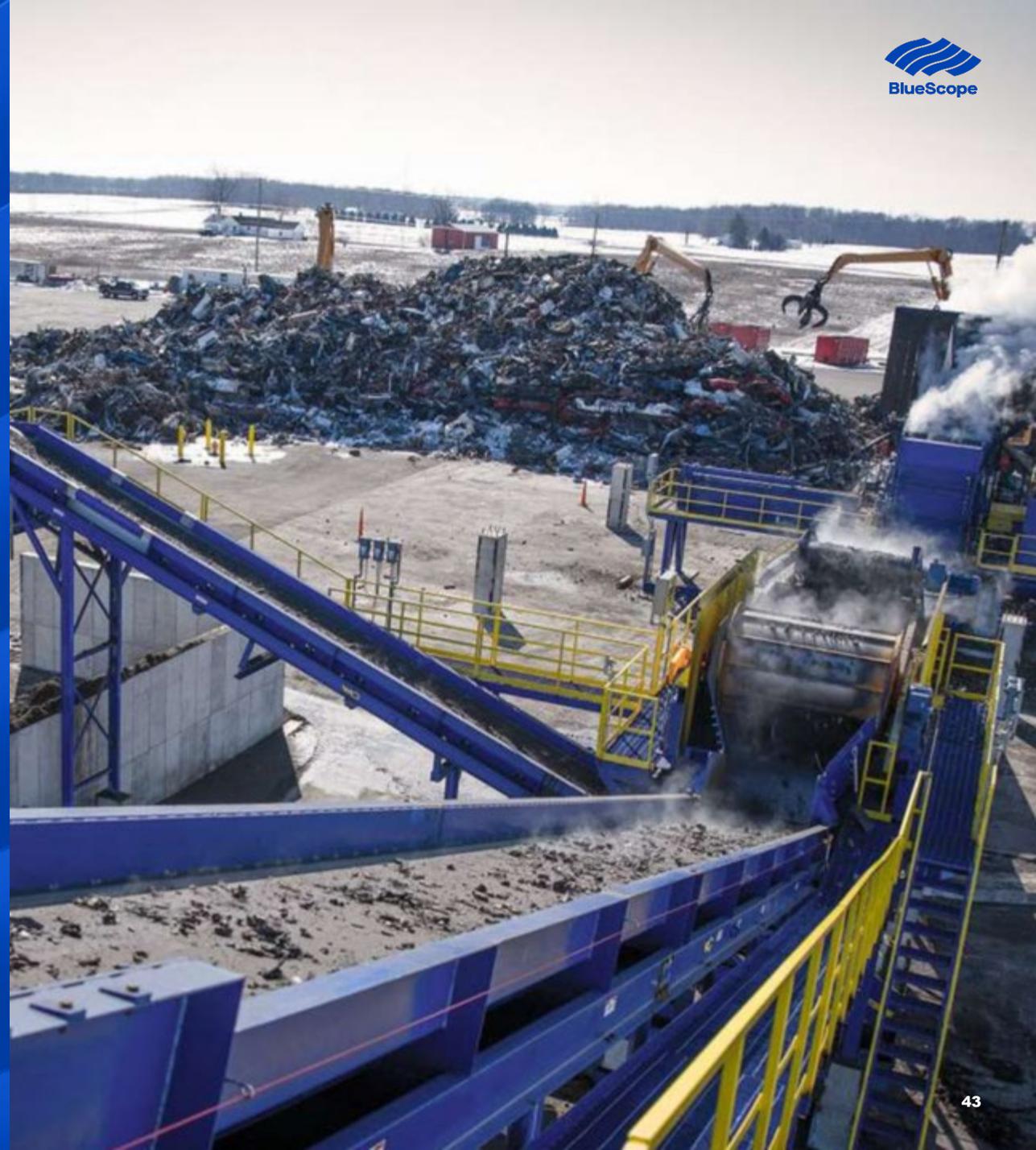


#### Heated transfer table

- Installed handrail system, eliminating fall risk

# BlueScope Recycling and Materials

Hector Marquez (President BlueScope Recycling and Materials)



# BUSINESS OVERVIEW

**A full-service, ferrous and non-ferrous scrap metal recycler, primarily focussed on supplying North Star's scrap requirements**

## Business Overview

- Operates ~600kt of annual shredding capacity across three sites:
  - Delta, Ohio (~250ktpa ferrous capacity)
  - Waterloo, Indiana (~100ktpa ferrous capacity)
  - Mansfield, Ohio (~250ktpa ferrous and nonferrous capacity)
- All locations capable of producing low copper shredded scrap

## Competitive Strengths

- Key enabler of raw materials mix improvements at North Star
- Leading copper analysis technology
- Advanced non-ferrous recovery technology (at Mansfield)
- Highly knowledgeable and experienced team

## Footprint



# BLUESCOPE NORTH AMERICA STRATEGY

**Our Vision for North America:** We are a growth-oriented, integrated steel solutions provider differentiated by our strengths in customer focus, premium branded products, safety and sustainability

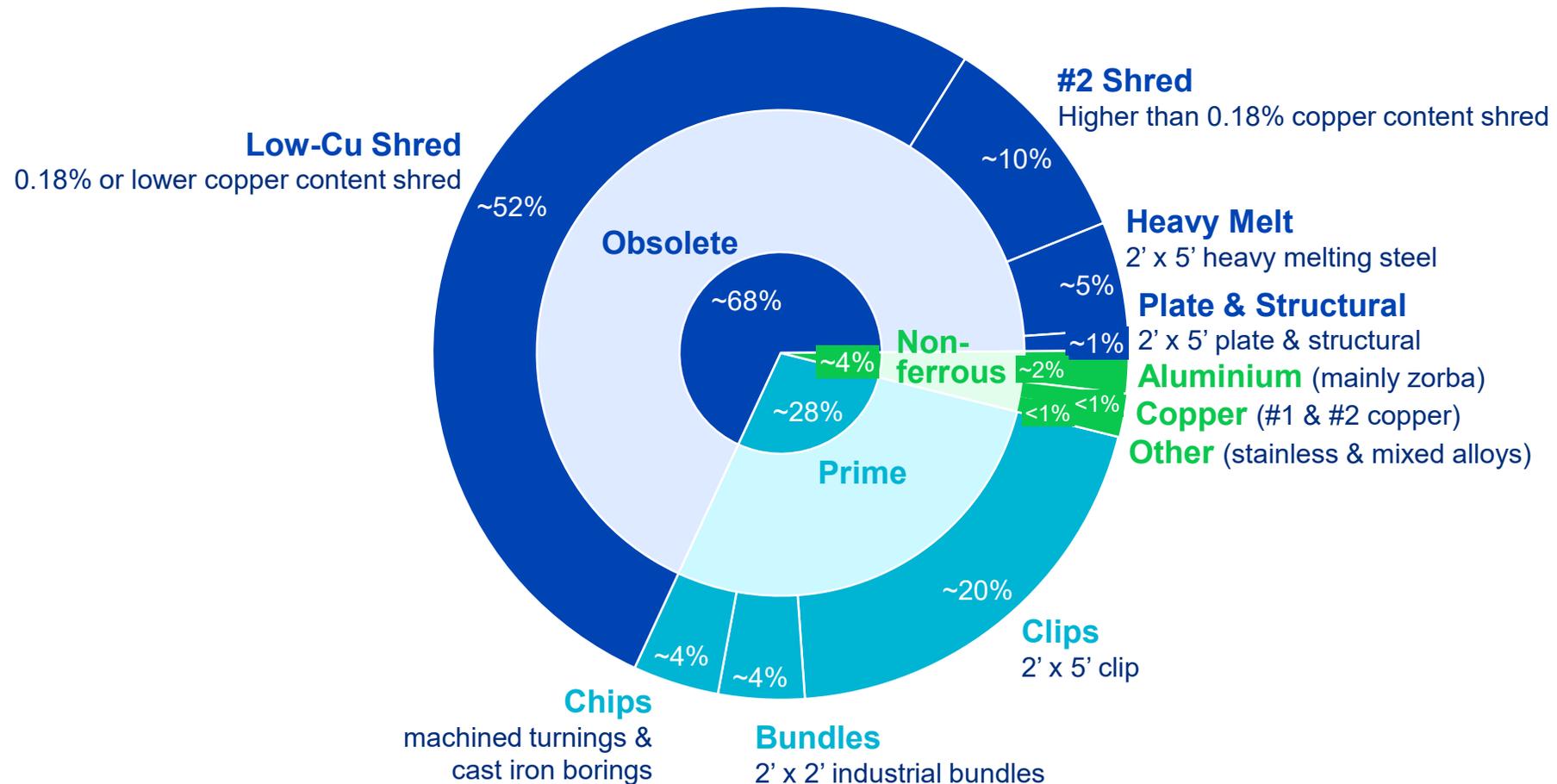
Raw Materials	Steelmaking / Hot Rolled Coil	Cold Rolling & Metal Coating	Coil Painting	Building Products	Pre-engineered Buildings
<p><b>Secure North Star as leading, low cost, sustainable steel producer</b></p> <ul style="list-style-type: none"> <li>Maximise capacity and capitalise on competitive advantages</li> <li>Enhance value-in-use capability to optimise raw materials</li> <li>Secure low cost, sustainable raw materials (scrap, pig iron / HBI)</li> <li>Preserve strong performance-oriented culture</li> </ul>	<p>Build national, premium branded coated &amp; painted product offering</p> <ul style="list-style-type: none"> <li>Grow BCP by:               <ul style="list-style-type: none"> <li>Developing a 'single-bill' customer offer, and</li> <li>Introducing COLORBOND® steel product branding</li> </ul> </li> <li>Consider opportunities to integrate value chain between North Star and BCP</li> </ul>		<p>Be a leading downstream player and explore growth options</p> <ul style="list-style-type: none"> <li>Target key segments to grow share and deliver end-use insights and trends</li> <li>Expand product offering to increase customer base</li> <li>Consider opportunities that promote demand for BCP's branded, painted steel products</li> </ul>		
<p>Drive transformation and capture synergies across the portfolio</p>					

Enabled by building shared capability, digitalisation, customer and brand experience across North America

# SCRAP CATEGORIES AND GRADES

**BRM predominantly sources obsolete scrap; strong focus on beneficiating obsolete grades to reduce copper content and monetising co-products in the metals recycling process**

**BRM indicative processing volume by category and grade**



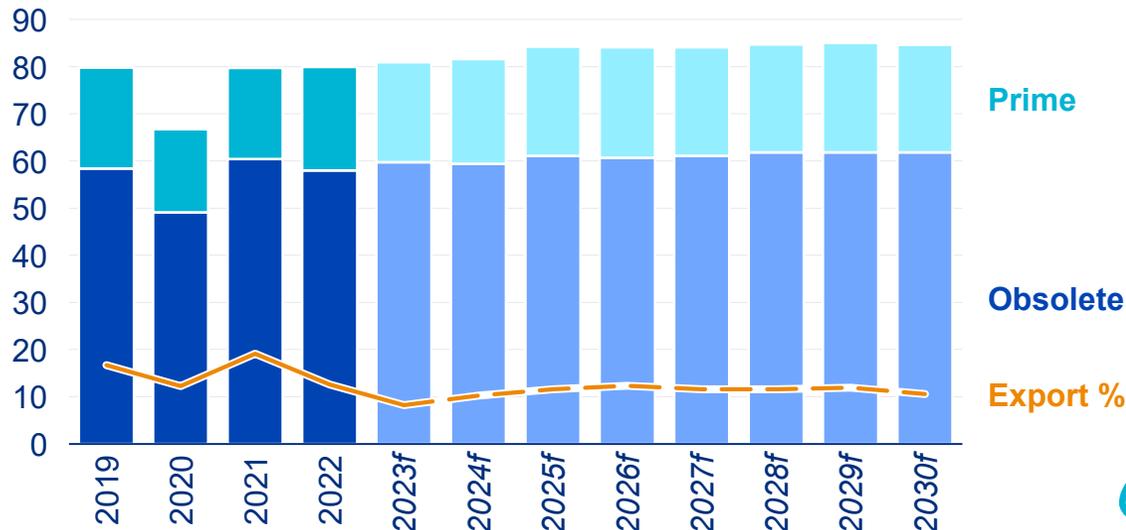
# US SCRAP INDUSTRY OVERVIEW

The US generates ~80mt of predominantly obsolete scrap per annum, ~15% of which is exported; highly fragmented industry, with a number of parties in the value chain

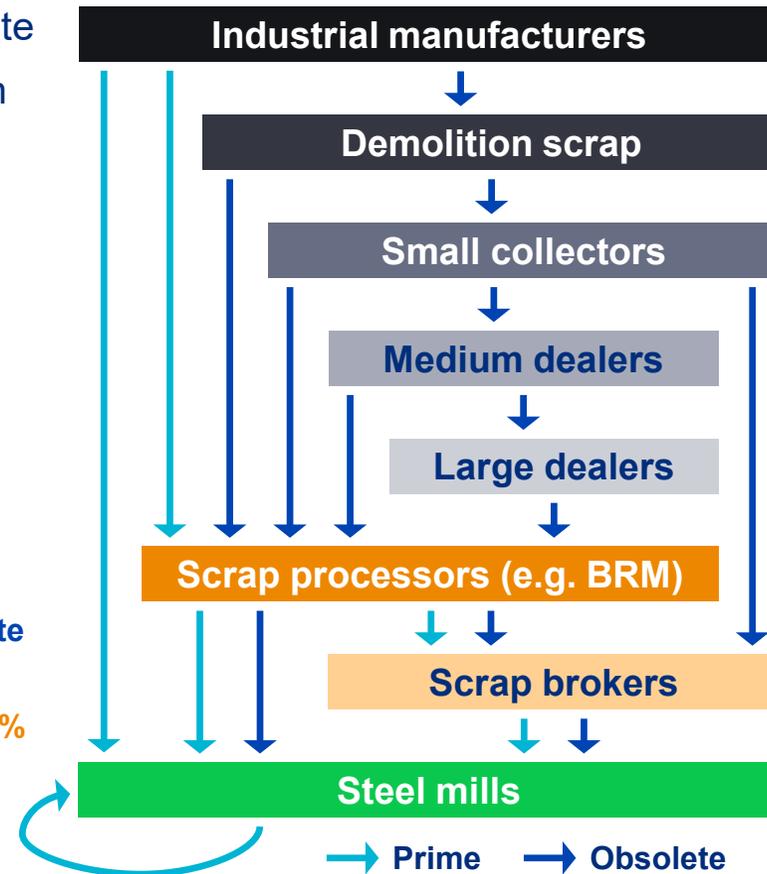
## US scrap generation and export outlook

- The US generates ~80mtpa of scrap; ~75% of this is obsolete
- US exports are relatively stable at ~15% of scrap production
  - Majority of exported scrap is obsolete product
- Relatively stable outlook; increased domestic consumption

## US Scrap Generation<sup>1</sup> (mt)



## US scrap industry value chain



- Prime predominantly sourced from manufacturers directly or scrap processors
  - Also from mills own yield losses
- Obsolete scrap sourced from a range of collectors, who often move product through the channel
  - Mills mainly source from processors and brokers

1. Source: Mitsui & Co., Ltd. Copyright; all rights reserved

# BRM'S GROWTH OPPORTUNITY

**BRM has a range of growth and productivity opportunities underway, seeking to grow both the quantity and quality of scrap feed to North Star**

## The Opportunity

- The greatest opportunity for BRM and North Star is the beneficiation of obsolete scrap
- This is done by removing non-ferrous impurities from obsolete scrap (e.g. copper, aluminium, etc)
- Lower impurity obsolete, combined with greater processing capacity will provide significant value to BRM and North Star

## BRM Growth Initiatives

### Processing Capacity

- Installing pre-shredders, which:
  - increase shredder output
  - reduce shredder wear and maintenance, and
  - enable cars to be shredded on site, saving freight
- Reviewing opportunities for further processing capacity growth across the business

### Advanced Processing

- Advanced nonferrous recovery using AI and robotics
  - Will increase recoveries by ~4% and reduce costs
- Advanced separation using oversized electromagnets
  - Efficiently separating ferrous shredded from automobile shredder residue

# BRM'S ROLE SUPPLYING NORTH STAR

Self-managed scrap generation, processing and delivery provides significant value to North Star

## Value of integrated supply chain



### Efficiency of knowing the mix

- Composition of each parcel is known, allowing for efficient calculation of metallurgy of the melt



### Greater surety of scrap supply

- Allowing for a base level of supply as demand for prime scrap tightens



### Forward looking scrap need visibility

- Provides ability to plan for specific scrap requirements based on North Star's order book

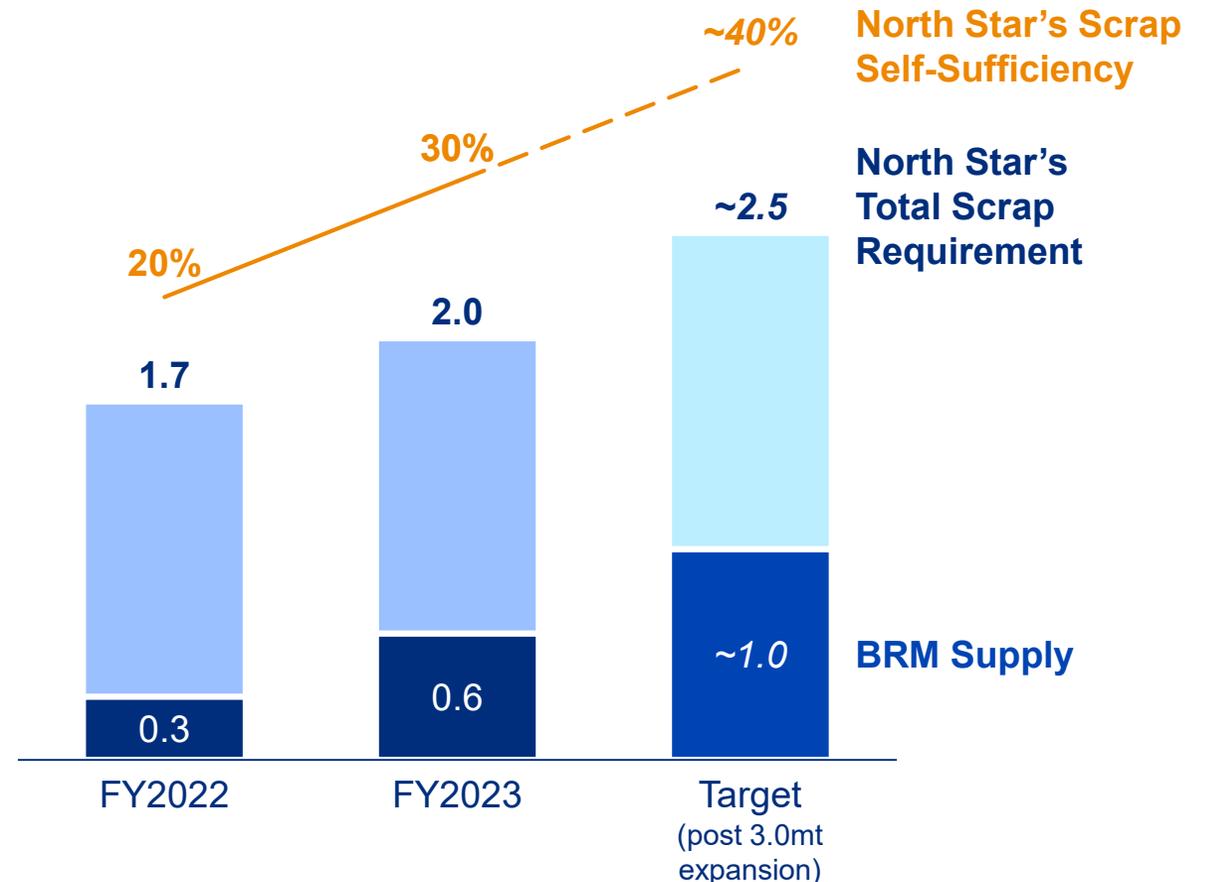


### Ability to hold inventories when appropriate

- Ensuring adequate supply is on hand, especially through winter when scrap generation slows

## BRM Supply to North Star

(indicative, mt)



# BRM MANSFIELD OUR NEWEST SITE



# PROGRESS ON ACQUISITION BUSINESS CASE

**Most significant challenges have been the scrap industry downcycle and IT transition**

---

## Successes

- Talent / people capability
  - Strong operations and commercial team enabling our growth strategy
- Feed into North Star
  - Improved raw materials logistics and quality of scrap supplied to North Star
- Knowledge of the scrap industry
  - Increased visibility across the scrap supply chain
  - Shared intel across BRM and North Star has improved sourcing of raw materials and improved steelmaking costs

## Challenges

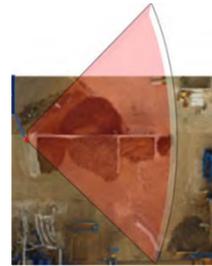
- Legacy IT systems
  - Systems have capability limitations not conducive for growth plans; replacement planned for FY2024
- Downward scrap price cycle
  - Extended downward cycle post-acquisition, included five months where prime was priced lower than obsolete
- Shredder drive motor reliability
  - Shredder motors configuration reliability lower than expected at Delta; new motor configuration planned for Dec-23

# HEALTH, SAFETY AND ENVIRONMENT

## Rolling out BlueScope's health and safety approach across all sites

### Initial safety focus areas

- **Key process safety risks**
  - Key risk area for recycling is scrap pile fires
  - Developed deep understanding of causes and preventative measures
  - Installed thermal cameras for monitoring and early detection
- **Live and mobile equipment**
  - Processes rely on mobile equipment; investigating detection solutions
  - Live equipment did not have adequate guarding; since installed
- **Safeguarding from falls**
  - Areas with higher fall risks did not have adequate guarding / handrails
  - Installed rails, guarding and anchor points throughout the sites



### CASE STUDY

#### Profitably reducing landfill

- Automotive shredder residue (ASR), is inevitable waste after end-of-life vehicles are shredded
- Generated at all 3 BRM locations; generally disposed of in landfills
- Now utilising Mansfield's non-ferrous recovery processes to extract residual / remaining metals from Waterloo's and Delta's ASR
- Initial trial avoided ~100t of landfill and generated EBIT of ~US\$130



# Q&A

**Mark Vassella** (Managing Director and Chief Executive Officer)

**Mark Scicluna** (Chief Financial Officer)

**Kristie Keast** (Chief Executive North America)

**Conrad Winkler** (President North Star)

**Hector Marquez** (President BlueScope Recycling and Materials)

# BlueScope US Site Visit

Day 1  
23 May 2023