

BlueScope US Site Visit

Day 2
24 May 2023

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

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AGENDA

DAY 2

Session 1

- Buildings North America
- BlueScope Properties Group

Break and Q&A

Session 2

- BlueScope Coated Products

Lunch Break and Q&A

Site Tour

- BlueScope Coated Products
(*Middletown Site*)



Buildings North America

Susan Stark (President, BlueScope Buildings North America)



BUSINESS OVERVIEW

Buildings North America designs and supplies engineered building solutions into the large and stable low-rise non-residential US construction segment, under leading brands Butler® and Varco Pruden™

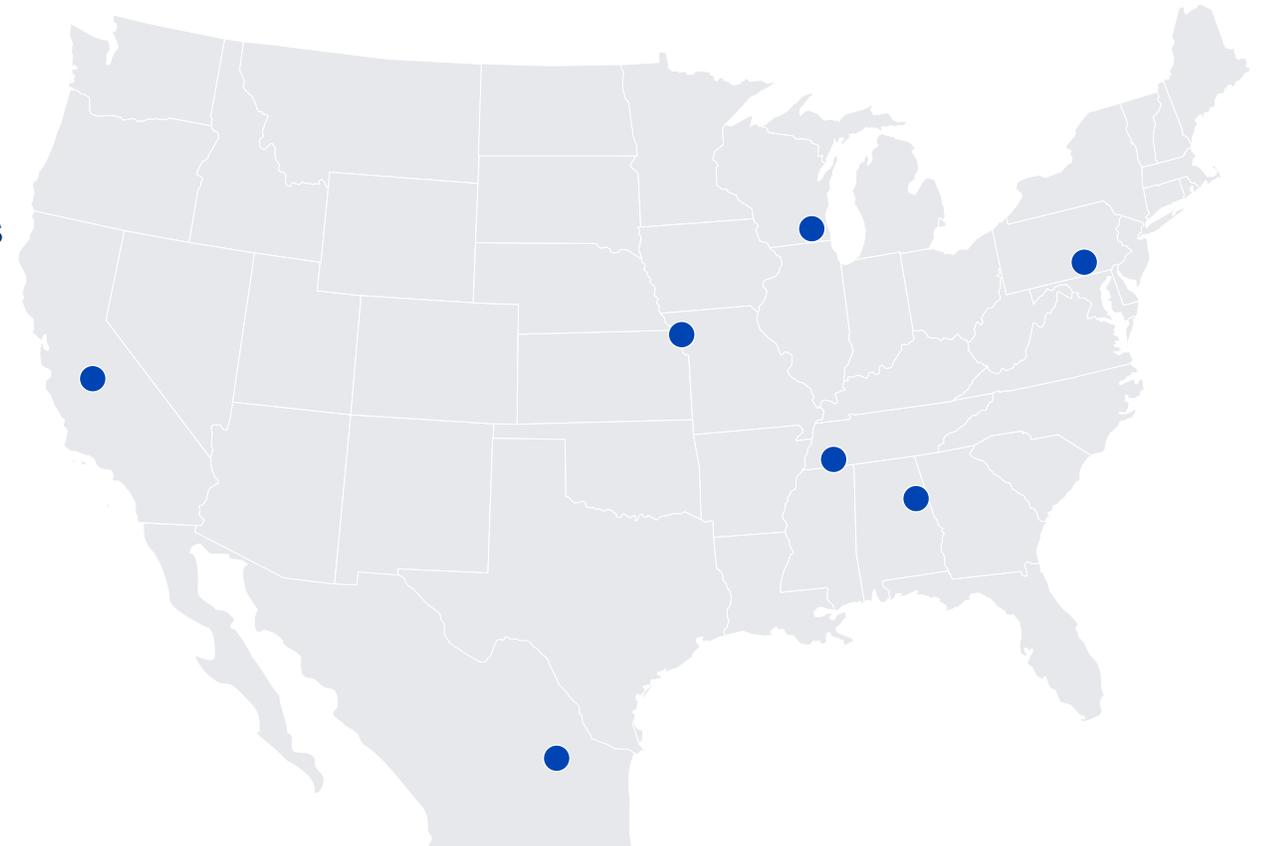
Business overview

- Designs, engineers and manufactures engineered building solutions for large US low rise non-residential applications (e.g. warehouses, data centres, etc)
- Operates seven manufacturing plants across North America to serve a national footprint of affiliated builders
- Provides project management support through the construction phase

Competitive advantages

- Ability to service a full range of project complexities
- Sophisticated proprietary technologies
- Strong, in-house engineering capabilities
- Deep customer insights via vast internal project history and enhanced data

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

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

BUILDINGS NORTH AMERICA STRATEGY

 **TRANSFORM**

Transform our offering to our customers by focusing on their needs, centering around:

- Customer experience
- Service offer innovation
- Detailed segmentation approach

 **GROW**

Maximise our growth potential through our dual brands, strong builder networks and smart deployment of capital, focusing on:

- Capacity alignment
- Profitable growth
- Our People

 **DELIVER**

Deliver excellence and value to our customers, shareholders and employees, through

- Differentiating solutions
- Premium customer service
- Safety, wellbeing and belonging

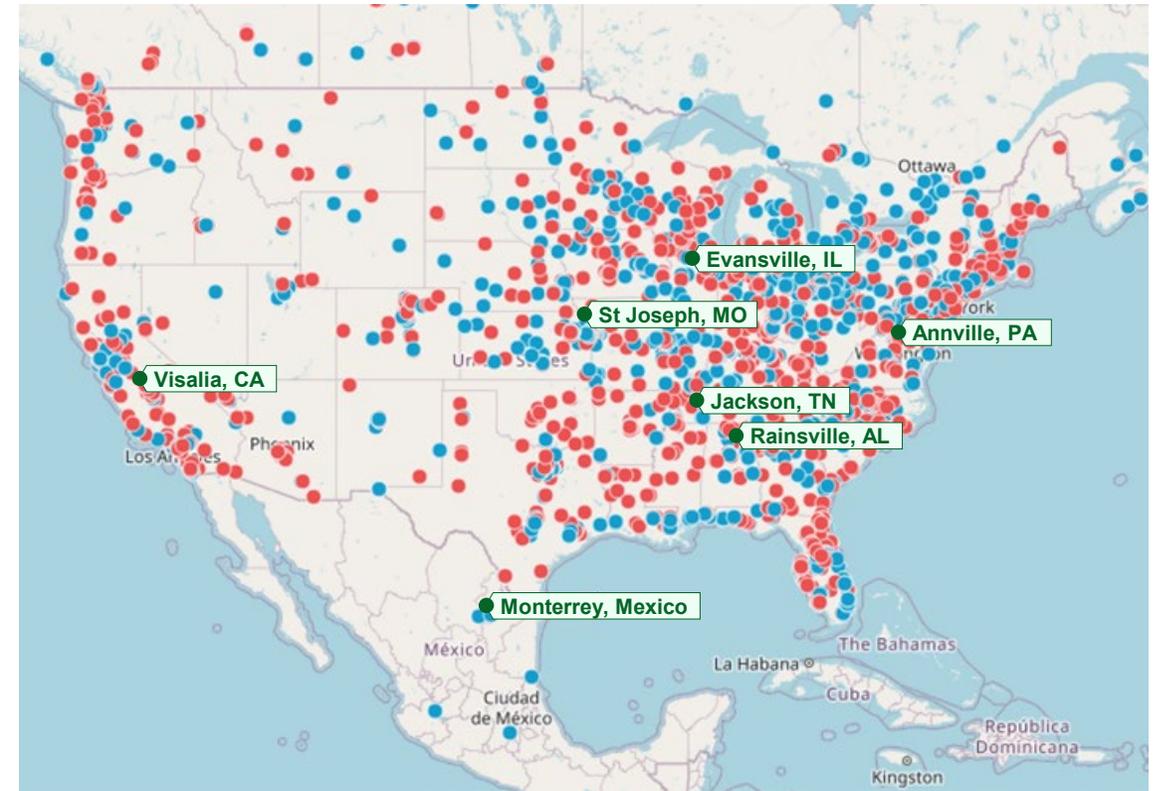
BUILDER NETWORK

Our 2,000+ strong network of builders use our premium brands and proprietary design software in the construction segment to win work and add value in the construction process

Strength of builder network built on differentiation

- National network of long-standing builders who go to segment through our premium brands, Butler® and Varco Pruden™
- Proprietary engineering software addresses complex structural design to meet customer needs and integrates with downstream detailing and manufacturing software
- Proprietary software is deployed to builder network as a differentiating pricing tool
- Differentiated products provide large, open spaces that maximize flexibility for the building owner
- Butler® MR-24® Roof System is the gold standard in the industry as most reliable and highest quality

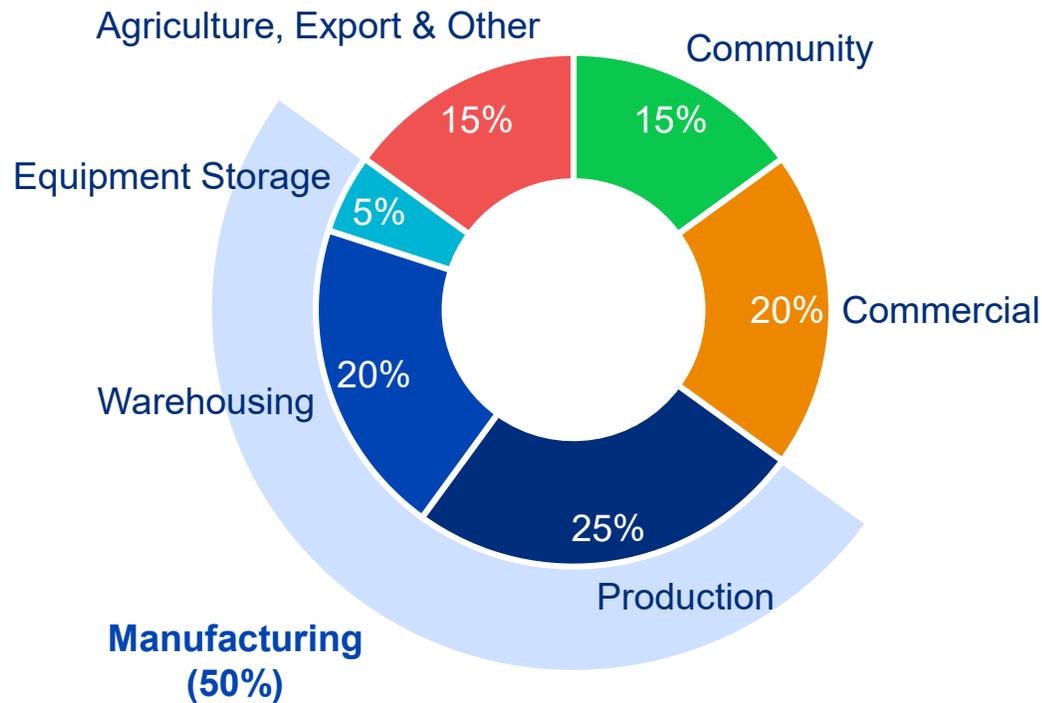
Builder network



END-USE SEGMENTS

BlueScope Buildings North America is exposed to end-use segments that are well positioned to benefit from key trends

End-use segment exposure



Well positioned to benefit from key trends



Strength in e-commerce:

- Driving demand for data centres, warehousing and distribution centres and last mile logistics



Onshoring of manufacturing:

- Driving demand for production facilities, related warehousing, and equipment storage
- Federal programs such as the CHIPS Act and the Inflation Reduction Act (IRA) also supporting demand



Community recreation and travel

- Driving demand for recreation centres, sporting venues, stadiums and other travel related infrastructure

NEW PRODUCT DEVELOPMENT

Increasing focus on key end-use segments to grow in the industrial and commercial segments while expanding beyond traditional pre-engineered buildings to unlock further growth opportunities

Product Development Process Enhancements

Customer Insights

- Focus on segmentation:
 - Better understanding of customer and end-use segment needs to revise and tailor sector specific offerings
- Data / buildings insights:
 - Integrated data platform to analyse sales and industry data to highlight trends

Innovation

- ScopeX Accelerator program working to identify start-ups with ground-breaking technology in the buildings space
- Focusing on:
 - Advanced robotics
 - Customer experience
 - Sustainable, smart, or integrated building solutions

Collaboration & Investment

- Developed partnership with the American Institute of Architects to further promote BBNA
- Investing in BBNA's hybrid solutions that combine proprietary pre-engineered systems with traditional conventional framing to better serve the warehouse segment

CASE STUDY

Success of Hybrid Conventional Solution for Commercial Warehousing

- Progressing a large-scale project encompassing two sites, being:
 - A four-building complex, totalling ~28,000m² and
 - A single building of ~140,000m²
- Project features Butler®'s new LogistX™ product, a hybrid offering for the hardwall warehousing segment
 - Combines the efficiencies of built-up steel members normally found in pre-engineered building framing with BBNA's proprietary Truss Purlin XT™
 - Provides a cost-effective alternative to conventional steel buildings
- New LogistX™ product enables Butler® to expand its customer base
 - Utilises Butler®'s competitive advantages in advanced design and engineering to drive demand



DRIVING EFFICIENCY AND GROWTH

Utilising technology to enhance productivity; focusing on stability and growth in earnings

Investing in modernisation and automation

- Focusing capital investment on manufacturing automation
 - Automating trim production to reduce labour reliance
 - Modernising automated welding machines to improve production efficiency
- Enhancing industry-leading modelling and detailing software
 - Improves builders' competitive position
 - Provides capability for further automation and robotics in manufacturing

Volume and margin initiatives

- Further penetration into conventional building applications
- Renewing segmentation strategy
- Optimising order intake to maximise margins
- Margin management programs, incl. pricing and contract revisions



**Automated
Trim Cell**



**Automated
Welder**

SUSTAINABILITY

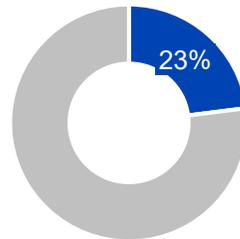
Fostering safe and inclusive workplaces; collaborating to improve emissions performance

Health and safety

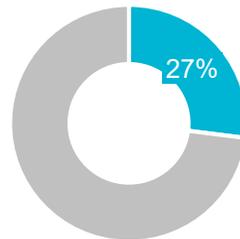
- Focusing on engineered safety controls that are usable at the employee level
- Rolling out BlueScope’s broader HSE evolution program and concepts (e.g. the 4D’s)
- Expanding and aligning employee HSE training across the total BBNA footprint
- Targeting compliance requirements and partnering with regulators
- 100% of critical risk safety projects completed for current fiscal year

Inclusion and diversity

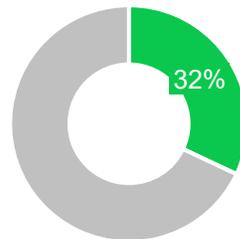
BBNA workforce participation:



Female



Female Executives



Ethnically Diverse

Climate action

- Designing products that reduce building operations emissions, including:
 - Improved insulation solutions
 - Rooftop solar integration
 - ‘Buildings of the Future’ accelerator program
 - Exploring new products/solutions to improve building sustainability
- Reducing direct emissions through:
 - Use of rooftop solar
 - Improving paint processes
 - Increased shipping efficiency

BlueScope Properties Group

Matthew Roth (President BlueScope Properties Group)



BLUESCOPE PROPERTIES GROUP

BPG utilises BBNA's capabilities and strong builder network relationships to develop Class-A industrial properties

What we do

- BPG develops, leases and sells Class A industrial warehouse and distribution centres throughout the US
- Process involves acquiring land, obtaining site use approval, site preparation and project managing the construction
- Mix of Build to Suit (pre-leased) and Build to Demand projects
- Creates value for the builder network by providing access to projects
- Indicatively targeting projects in the range of US\$10-30M, to at least meet or exceed BlueScope hurdle rates
- ~US\$170M capital currently committed (of the US\$300M cap)

Competitive Advantages

- Equity position
- Builder network
- Commercial due diligence
- Risk management
- Project flexibility
- Broker relationships



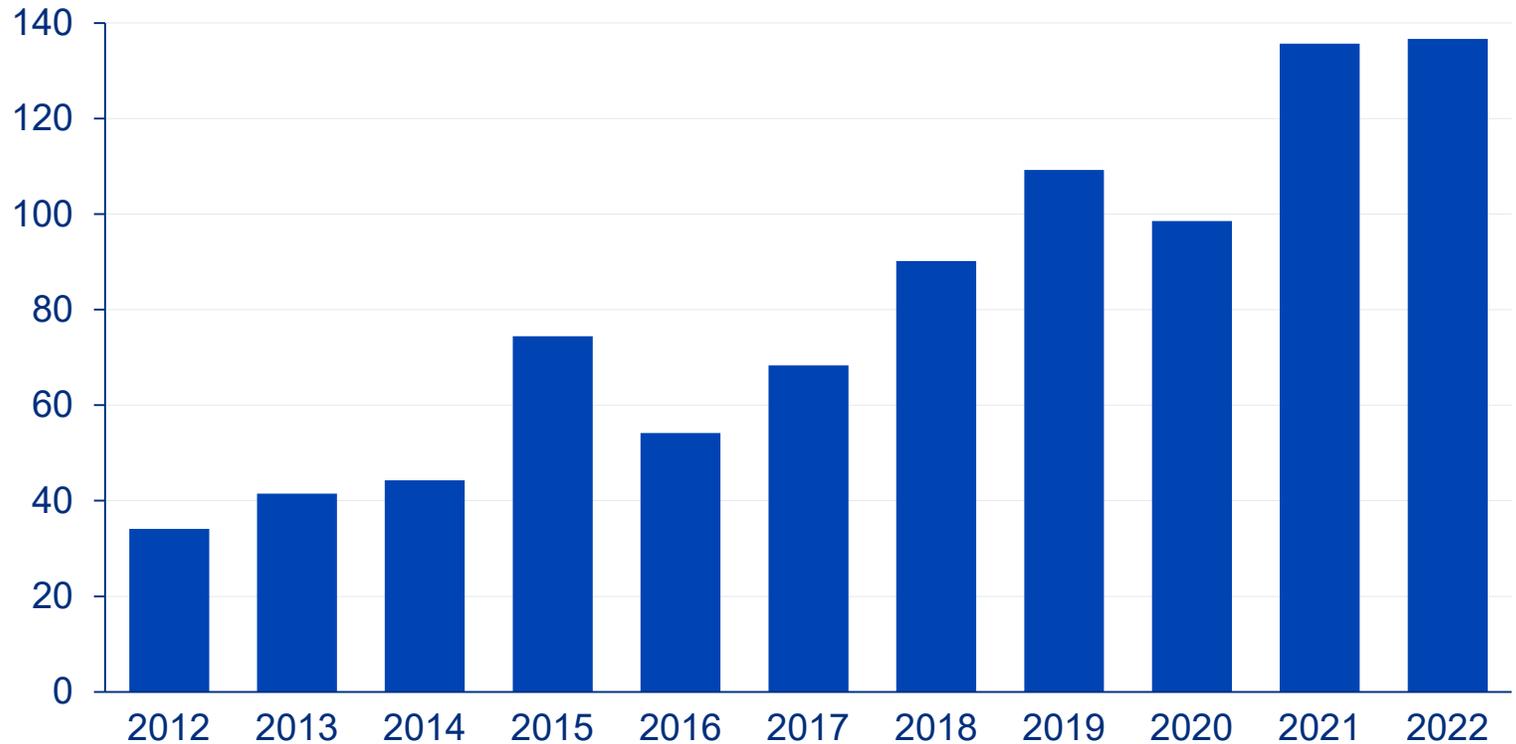
BPG'S TARGET CUSTOMERS

Serving the large and growing industrial warehousing and distribution segment

The segment we serve

- The industrial asset class is a large, attractive and growing segment of the commercial property development industry
 - High demand and limited supply have led to low vacancy rates
 - Strong end-use demand fundamentals, driven by sustained growth in e-commerce and focus on shoring up supply chains
 - Short development cycles (18-24 months) and lack of complexity in building structure

US industrial transactions volume¹ (US\$Bn)



1. Source: Real Capital Analytics (transactions \$5M and above)

COMPREHENSIVE RISK MANAGEMENT

BPG tracks key measures to assess portfolio health and has options to respond to changing conditions

Indicators monitored

- Industrial warehouse segment:
 - Nationally: vacancy, absorption, rent growth, macroeconomic factors
 - Target segment: vacancy; absorption, rental rates; total projects under construction; land prices; leasing requirements
- Capital markets: market liquidity and exit caps
- BPG portfolio test: tracks risk of possible decline in property values

Options to address market shifts

- Defer projects and selectively proceed with the best projects in the best locations
- Adjust the portfolio mix towards build to suit (i.e. reduce lease up risk)
- Stabilise and hold developments (generating rental income) until there is a more favorable capital market environment
- Use equity position to take advantage of opportunities in core segments

Comprehensive risk management

Risk	Managed by:
Macro risks e.g. demand, interest rate, geographic concentration	<ul style="list-style-type: none"> • Ensuring geographic diversification • Ensuring mix of Build to Suit and Build to Demand projects • Focus on short holding periods
Project risks e.g. construction costs, localised supply / demand imbalance	<ul style="list-style-type: none"> • Focus on industrial segment (with low execution risks) • Use of established builder network • Thorough diligence process • Minimum leasing and hurdle rate requirements

Update on Current Project

- As noted in guidance, BlueScope expected a BPG property sale late in 2H FY2023
- Given current macro-economic environment, BPG has decided to defer the sale until conditions improve. The asset is fully leased and will generate revenue from Sep-23

BPG CASE STUDY

Sanford logistics center – a 12,000m² Distribution Facility in Sanford, FL

Project timeline

- **Jan-19:** Due diligence and entitlement work
- **Apr-19:** Signed lease agreement
- **Jul-19:** Acquired land
- **Aug-19:** Commenced construction

- **May-20:** Completed development and commenced lease
- **Aug-20:** Commenced sale process
- **Dec-20:** Building sold



Q&A

Mark Vassella (Managing Director and Chief Executive Officer)

Kristie Keast (Chief Executive North America)

Mark Scicluna (Acting Chief Financial Officer)

Susan Stark (President, BlueScope Buildings North America)

Matthew Roth (President, BlueScope Properties Group)

BlueScope Coated Products

John Kuzdal (President BlueScope Coated Products)



BUSINESS OVERVIEW

BlueScope Coated Products (BCP) is the second largest metal coil painter in the US, with seven strategically located sites

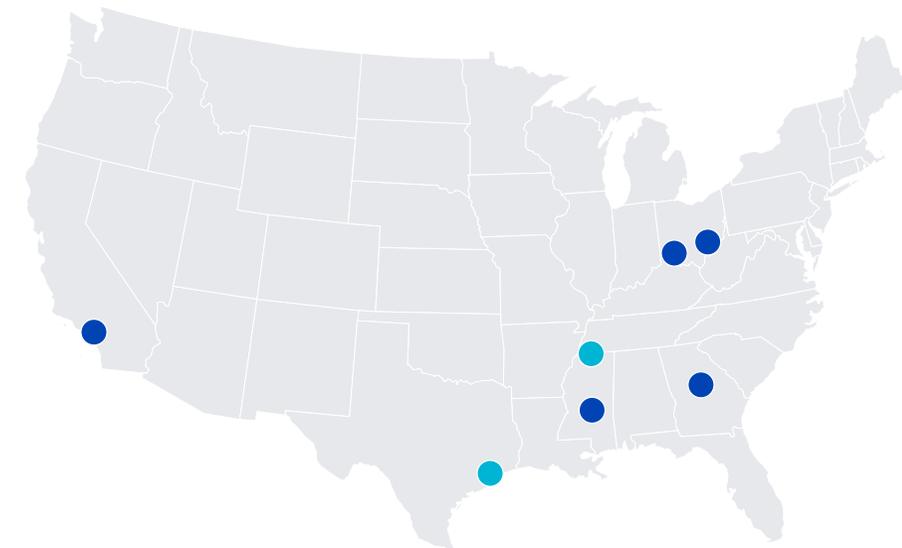
Business overview

- Manufacturing capabilities include a broad range of painting finishes for steel and aluminium substrates
- Paint finishes are designed for a wide range of applications, including building products and manufactured goods
- Also offers a range of value-added services such as slitting, embossing, levelling and cut-to-length

Competitive advantages

- Robust assortment of operating assets
- Strong customer service acumen
- ISO 9000/14000 certified operating systems
- Attractive geographic footprint
 - Plant operations in three time zones (*access to key consumption regions*)
 - Good fit with other BlueScope assets for future possible integration

Footprint



● Light Gauge Paint Line

● Hot Rolled Paint Line

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<p>Drive transformation and capture synergies across the portfolio</p>					

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BLUESCOPE COATED PRODUCTS STRATEGY

TRANSFORM

- Introduce single-bill to transform the business model as demand for the offer grows
- Introduce branded products for differentiation
- Transform the customer experience to fulfill an existing gap and delight customers

GROW

- Grow hot rolled painted coil business by developing customer relationships and diversifying our customer mix
- Grow light gauge boutique toll processing business by providing tools for customers to manage inventory and paint requirements

DELIVER

- Deliver safety improvements and continue to drive the BlueScope safety culture
- Invest to deliver operational reliability, product quality and environmental sustainability
- Develop strong returns through strategic initiatives and working capital improvements

PRODUCTS AND END-USE SEGMENTS

Strong financial performance with sales mix focused on building and construction end-use segments

Products

Light Gauge Painted Coil

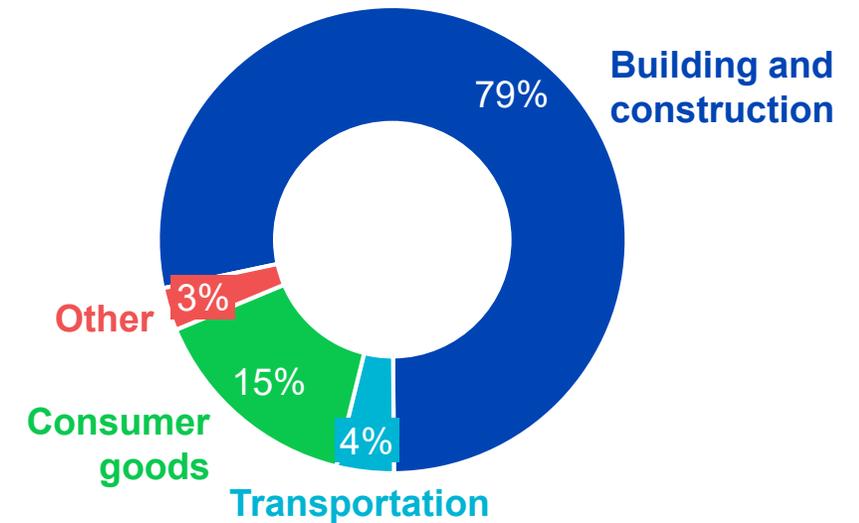
- Produced through the toll painting on customers steel and aluminium coils
- Combination of 'high throughput' and 'boutique' paint line assets with broad capabilities
- Capacity of 650ktpa

Hot Rolled Painted Coil

- Produces and sells painted coils exclusively to metal building and building component customers
- Toll processing performed for limited number of customers
- Capacity of 300ktpa



End-use segments



Metal type



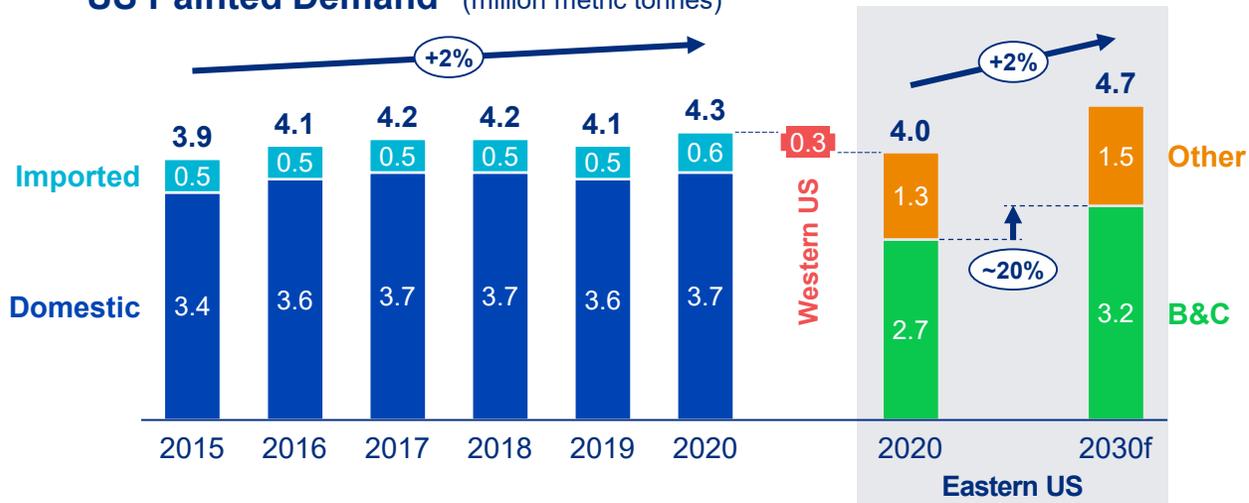
THE US PAINTED COIL INDUSTRY

Significant opportunity exists in the U.S. painted industry for BlueScope, with locations in key regions where demand exists for painted metal coils

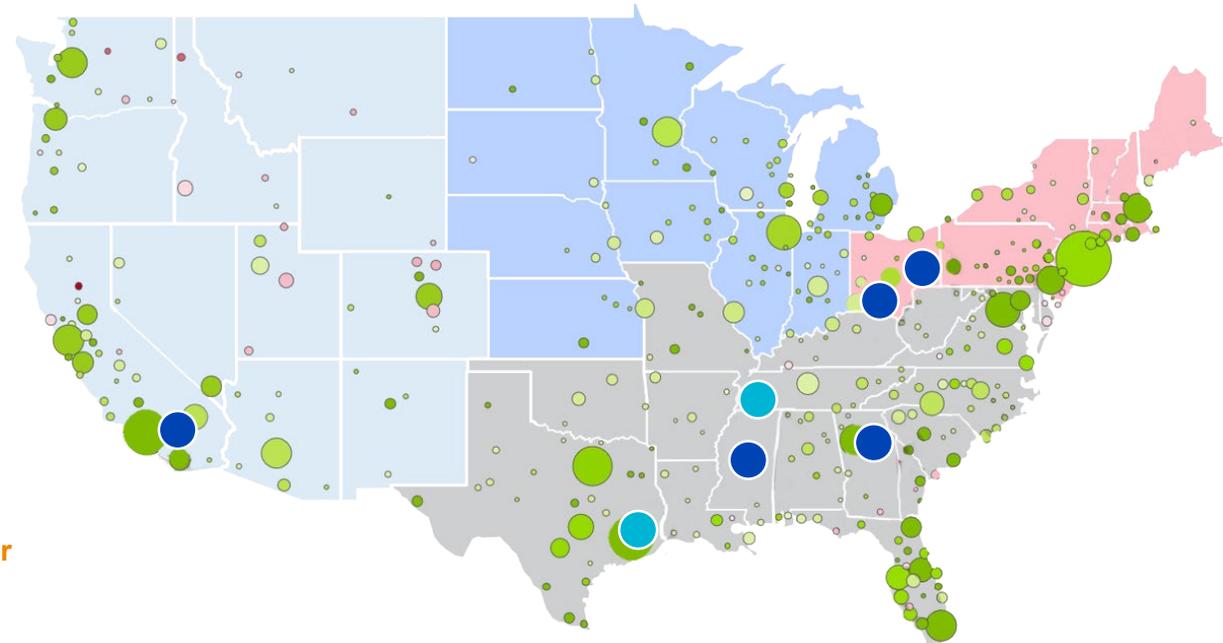
Segment size

- Total demand is ~4.5mt with 2% CAGR since 2015; expected to continue growing at this rate to 2030
- Predominantly supplied from domestic producers; over 90% of demand in the Eastern U.S. region
- Over 70% current Eastern US demand from building and construction; expected to grow by ~20% to 2030

US Painted Demand¹ (million metric tonnes)



Located in key end-use demand regions



Source: BlueScope team analysis

US PAINTED COIL INDUSTRY DYNAMICS

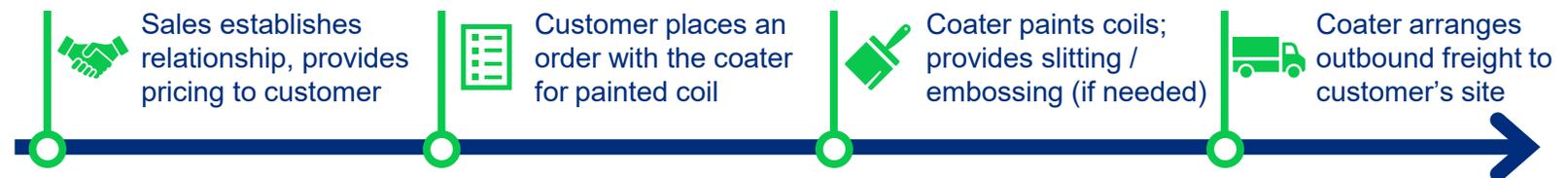
Light gauge painted coil segment in Eastern U.S. is evolving from a pure 'toll' model to add 'single-bill' offerings; branded products a longer-term opportunity

- Eastern U.S. primarily supplied by independent toll coaters (painters)
 - Typically provide unique painting options and production flexibility
 - Operate with low working capital as substrate is customer-owned
- 'Single-bill' evolution driven by working capital and admin cost savings
 - Customers looking for a single-bill supply option with the service offer of a toll coater
- Further, developing a tiered branded product offer provides customers more flexibility in specification

Toll Painting Customer Journey

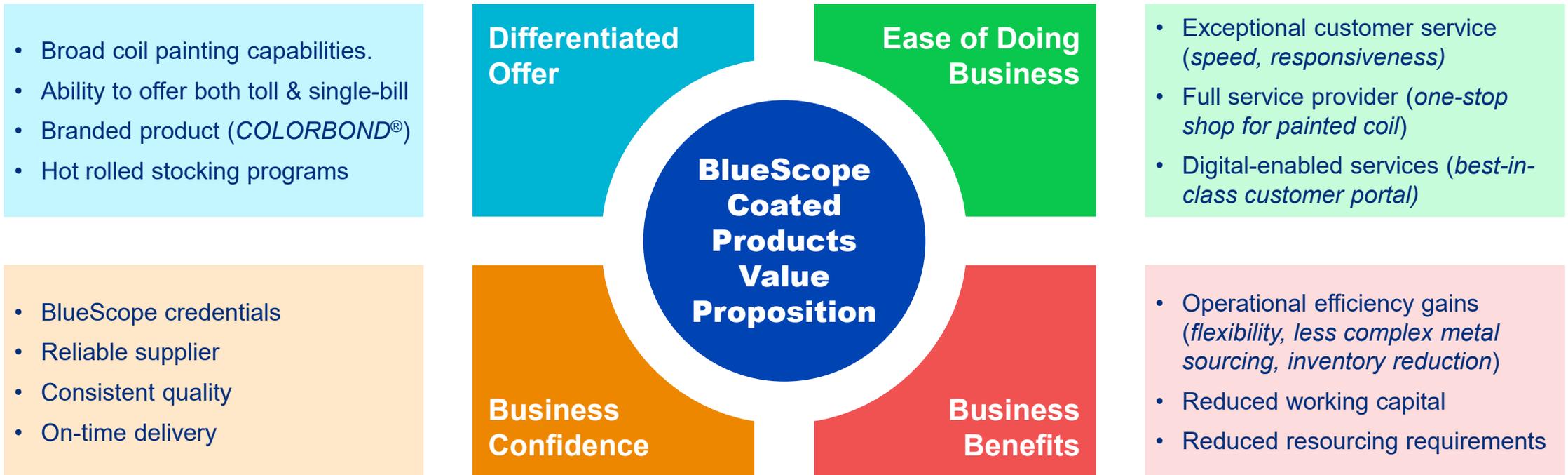


Single Bill Customer Journey



THE BLUESCOPE COATED PRODUCTS VALUE PROPOSITION

Customer value categories and elements



NEAR TERM INITIATIVES

Targeting ~US\$12M of operational and supply chain synergies by year three

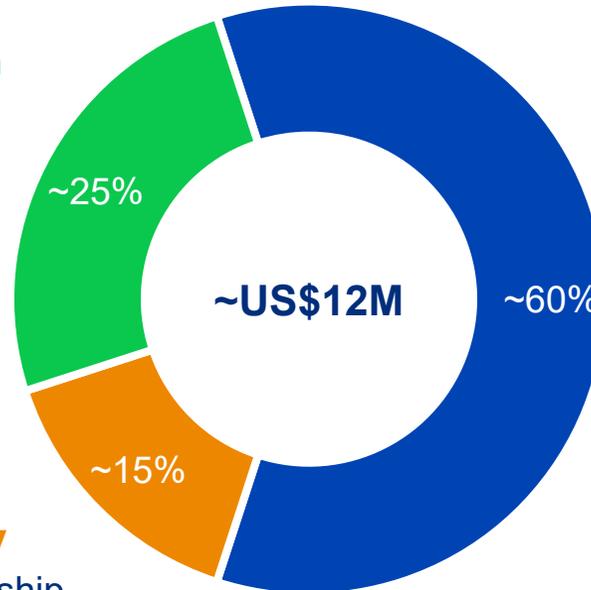
Near term synergies (US\$M, year three)

Supply chain optimisation

- Link in with North Star as a supplier to hot rolled lines
- Like order consolidation
- Consolidation of purchasing
- Inventory optimisation

Streamlined paint supply

- Extend BlueScope relationship with paint suppliers
- Utilise BlueScope practices to improve painting processes



Increased utilisation

- Customer volume growth
- Maximise run efficiency
- Utilise BlueScope practices to improve operational performance and equipment reliability

PROGRESS ON ACQUISITION BUSINESS CASE

Most significant challenges have been in the areas of Supply Chain and IT Transition

Successes

- Employee conveyance was successful; employees excited to join BlueScope
- Customers sentiment toward BlueScope acquisition was very positive
 - BlueScope reputation leading to business development opportunities
- Successfully launched longer-term growth initiatives
 - Supply Chain established to support Single-Bill coil sales
 - Qualification trials completed to support COLORBOND® sales

Challenges

- Hot rolled business supply chain
 - Inherited high-priced, sub-optimal inventory; processes required re-work and optimisation
- Equipment and plant reliability – catch-up maintenance required
 - IT and facility infrastructure failures resulting in lost operating days
 - Equipment failures due to maintenance practices and availability of spares
- Significant storm damage at the Rancho Cucamonga site

SAFETY AND SUSTAINABILITY

BlueScope resources are being utilised to execute on key safety and sustainability opportunities

Safety – Key Areas Addressed



- Mobile equipment
 - Designated forklift zones, added virtual walkways for pedestrians
- Fall protection
 - Railing added to truck loading areas



- Product storage
 - Added slit coil racking, engineered chock systems
- Product transport / load restraint
 - New processes/ procedures implemented to protect against coils shifting during transit



- Live equipment
 - Guarding, light screens and other systems to prevent contact with moving machinery and product

Sustainability Initiatives

- Thermal oxidizer (Middletown, OH)
 - Expected GHG reduction of ~6,500 tCO₂-e per annum
 - ~US\$850k annual savings



- Oven burner and flow improvements
- On-site recycling of solvents
- Water treatment recycling & automation

Summary

Mark Vassella (Managing Director and Chief Executive Officer)



IN SUMMARY

BlueScope is well placed to deliver strong returns and growth in the US

- 1** The US is a great place to make and sell steel products with positive supply and demand trends
- 2** BlueScope is well positioned to take advantage of these trends given end-market exposures
- 3** Outstanding asset portfolio with a range of competitive advantages
- 4** Multiple waves of growth / expansion potential across the US value chain
- 5** A capable and enthusiastic team is in place and ready to deliver on this opportunity



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