



BlueScope Annual General Meeting 2023

21 November 2023

Address by John Bevan, Chair & Jane McAloon, Chair-elect

CHECK AGAINST DELIVERY

Chair address

Following our record-breaking FY2022 results, the FY23 year was another strong financial year, in fact, BlueScope's third highest in its history.

To summarise, we recorded an underlying EBIT of \$1.61 billion, finished the financial year with \$703 million net cash and returned \$518 million to shareholders.

Well done to the 16,500 people at BlueScope in sixteen countries for these outstanding results and thank you for delivering consistently strong returns for our shareholders over the years.

As always, we start with our commitment to safe, healthy and inclusive workplaces.

Your Company's health and safety strategy is evolving. BlueScope has embraced a people-centred approach with an embedded culture of learning from our people. This approach places the people doing the hard technical and operational work at the forefront – allowing them to identify and implement solutions to make their workplace safer.

We use a balance of leading and lagging indicators that align with our strategic direction and industry standards to give us greater insight into our HSE practices and performance.

I'm pleased to report that global steel industry peak body, worldsteel, has twice recognised our Health and Safety programs for safety culture and leadership. Well done to everyone involved.

Separately, we have continued to progress our 40:40:20 Vision – that is, to secure 40 per cent participation by women on the Company's Executive Leadership Team and at Board level. Mark will talk in more detail about health, safety and environment and progress against our inclusion and diversity strategy.

Now, turning to the crucial subject of sustainable growth in a low carbon future.

Our ongoing strength in performance underpins our ability to:

1. invest for a low carbon future;
2. to grow sustainably; and
3. to continue to deliver solid returns.

Achieving this trifecta is a win-win for BlueScope, our people, our communities, our customers and you, our shareholders.

We are here in the Illawarra, at the birthplace of BlueScope's steelmaking – founded almost a century ago, so it's appropriate to speak to our progress to position Port Kembla Steelworks for a low carbon world future. As I stated at last year's AGM, there is currently no technically and commercially viable alternative to the blast furnace technology to produce primary iron and steel at Port Kembla.

But we continue to expand our involvement in projects and joint ventures to explore decarbonisation technologies and opportunities.

We have completed a concept study with Rio Tinto exploring Direct Reduced Iron and its application to Australia's Pilbara ores using melter technology. We are progressing a broader options study for large-scale decarbonisation of ironmaking in Australia and we are collaborating with leading global steelmakers such as POSCO, Tata Steel Europe and thyssenkrupp.

To secure our long-term low carbon future, there must be an interim step to transition from Port Kembla's aging No. 5 blast furnace to future low emissions steelmaking technologies, once they are developed and scaled – noting that this may still be one decade or more away.

As previously announced, we have committed to a reline of the currently mothballed No. 6 blast furnace. This is our bridge to the future.

I'm pleased to say the Board recently approved the \$1.15 billion reline and upgrade project, which will allow us the necessary time to develop, test and pilot alternative viable lower emissions ironmaking pathways. It is estimated to be operational in mid-to late-2026.

Across the global portfolio – we are focused on climate action as one of our five sustainability outcomes and as a core element of our Corporate Strategy to transform, grow, and deliver.

We remain committed to investing in greenhouse gas emissions reduction. Our 2030 greenhouse gas targets - to reduce steelmaking emissions by 12 per cent based on 2018 levels and to reduce non-steelmaking emissions by 30 per cent - are on track, with strong performance in reducing emissions this financial year.

In a ground-breaking deal with the New Zealand Government we have agreed to a co-investment to build a new \$300m electric arc furnace at New Zealand Steel's Glenbrook plant. With a target of being operational as soon as 2026, this new plant will reduce New Zealand Steel's scope one and scope two greenhouse gas emissions by at least 45 per cent.

And in a further endorsement of our sustainability journey, at our Western Port plant in Victoria, we gained ResponsibleSteel™ site certification. The second of BlueScope's sites behind Port Kembla to receive such certification. I want to extend my congratulations to the Western Port team that dedicated upwards of 12 months to make sure the site passed the rigorous certification standards.

In other recent highlights we have commenced construction on a new \$415 million metal coating line in Western Sydney to service growing demand for products such as our iconic COLORBOND® steel range, which experienced record sales volumes in FY2023.

And last night at BlueScope's annual Board Community Event, we revealed our highly exciting masterplan to commence development of 200 hectares of Port Kembla Steelworks land that is surplus to our steelmaking needs. CEO, Mark Vassella will speak to this more fully – but I'm pleased to say this will be one of the most significant developments in New South Wales – encompassing major new developments focused on education and training, modern manufacturing, clean energy, defence, and community – and all building upon the great industrial foundations, history and capabilities of the Illawarra region.

Looking further afield to North America, we have invested \$2.5 billion since 2019. We have a clear aim to grow future earnings there, through two strategic acquisitions and the expansion at North Star.

The ramp up of the North Star expansion is advancing well, and the team is also considering future operational debottlenecking options which could see production capacity expand, further consolidating BlueScope's position in the US steel market.

Upstream during FY2023, BlueScope Recycling and Materials acquired a third site. The total investment in the scrap and recycling segment since 2020 has been \$430 million.

And as the second largest metal coil painter in the US, BlueScope Coated Products provides a great opportunity for BlueScope to take our world class coating and painting capabilities further into the large US market.

Let me speak now about your Board renewal strategy.

With more than half our revenues and earnings now coming from outside Australia, it is important our Board reflects all the regions we operate in, and where we will continue to invest and grow.

Last financial year, we welcomed Peter Alexander, based in the US, to the Board, and in January 2024, leading industry executive, Alistair Field, based in Australia, will be joining BlueScope as non-executive director.

Board renewal is a very good thing. It is critical that the Board retains the diversity and breadth of skills and experience necessary as a large-scale manufacturer of steel products and solutions. I believe the Board composition meets that demand.

And I particularly want to congratulate Jane McAloon, who joined the Board over a year ago, and welcome her as your incoming Chair. Jane will be an excellent Chair and brings a wealth of experience as a non-executive director and Chair across the natural resources, energy, infrastructure, and utilities industries. We will hear from Jane in a moment.

As previously announced, this is my last address to you as Chair. I want to thank you, our shareholders for your support over the last decade.

In a cyclical industry, during my term on the Board we have experienced historical highs and some lows over the years. But over the last four years for example, BlueScope has demonstrated the great financial strength of its portfolio and business model - with an average underlying EBIT of \$1.9 billion, an average return on invested capital of 22 per cent, and an aggregate \$1.8 billion returned to shareholders.

With strong cash flow and a robust balance sheet, BlueScope is very well positioned to continue to grow and deliver value for you.

Having resumed Australian tax payments and recommenced franking of the interim dividend in FY2023, the final dividend was also fully franked. Additionally, the Board approved an increase in the scale and tenor of the share buy-back program to allow up to \$400 million to be bought over the next twelve months.

As my last address as BlueScope's Chair draws to a close, I reflect on the last ten – occasionally tumultuous years, as your Chair. And it's not the financial results that I reflect on.

Instead, I'm reminded that doing business is hard and it's difficult to be successful.

In the steel industry in particular, you need to be constantly anticipating the future. There are always lots of issues, challenges, decisions to consider – decisions that can set up the fortunes of the company, not just for now, but for many years ahead.

The fun part of all this is seeing close-up the fantastic employees who operate your Company. Working on the Board, we directors get to see them strive, achieve and mature into the leaders of your company.

We get to see them develop into the next generation leaders who will build BlueScope for the next phase. One obvious example of growth and development is in how we address climate change – which is a major challenge for this industry.

But on this subject, and on many others, I have great confidence that your company is in really good hands.

I am confident about BlueScope's future in a cyclical industry.

With the strength of our international business portfolio and dedication of our new Chair, the Board, our Executive Leadership Team and 16,500 BlueScope people across sixteen countries, we are well positioned for sustainable future growth.

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

Chair elect speech

Thank you, John. It's my pleasure to be here today and a privilege to be selected by the Board to be your next Chair.

I joined the BlueScope Board, together with Peter Alexander, just over 12 months ago. Since then, much of the Board's time has been spent with management in the business across Australia, US and New Zealand.

Under John's leadership the Board has always prioritised spending time in the business, learning and understanding the challenges and opportunities.

And importantly - meeting the people who deliver smart steel solutions every day - from iron making, through the value chain, to creating building components and designing and erecting steel buildings.

It's inspiring to see their professionalism.

We transform, grow and deliver – that's our strategy.

What we do is not easy – it requires excellence in manufacturing, innovation and capital project implementation – it requires customer centricity informing what we do every day and how we deliver – it requires application of financial discipline enabling us to create value through economic cycles – and it requires decarbonising iron and steel making as and when technology is available. No mean feat!

In all of this, one thing stands out – and if you know anyone from BlueScope – you know what I mean when I say that our people are stewards of our business.

They care about what they do, how they do it and working as a team to deliver day in and day out. In businesses with an international footprint, that matters, it makes the difference. That's what they call culture. Of course it starts at the top – and both John on behalf of the Board, and Mark, on behalf of management – are exceptional leaders.

As only the second Chair of BlueScope's 21 years of public listing, John leaves large shoes to fill! John has been an outstanding Chair over the last eight years – guiding the Company, with the Board, CEO and senior management, through some very difficult challenges. Always there - supporting, challenging and encouraging – working for shareholders and the company.

John, I speak on behalf of the Board and management, when I say you have been a wonderful and generous colleague and friend.

John, you leave BlueScope with the greatest of respect and gratitude from the Board, management and many investors who have specifically thanked you for your leadership and contribution. So, on behalf of the Board, management and BlueScope - John - thank you. We all wish you only the very best for the future.

Ladies and Gentlemen, please show your appreciation with a round of applause. Thank you.

Let me conclude by saying your Board understands the strength behind your Company's almost 100-year-old pedigree.

We are optimistic with realistic expectations and believe the future is bright.

As shareholders you can be confident of the full focus of Board and Management in driving our sustainable growth and creating value for you.

Thank you and I hope to see you, our valued shareholders again, at our AGM next year.

Authorised for release by: Penny Grau, Company Secretary

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