Today BlueScope is a very resilient, global company. We benefit from having a strong balance sheet and high quality assets which provide the capacity to withstand and potentially take advantage of tough cyclical conditions.

The 2019 financial year was our third year in a row of underlying Earnings Before Interest & Tax above $1.1 billion – a result achieved despite some softening in commodity steel spreads and volumes in the second half and, of course, rising uncertainty in global markets.

**Strategy**

These results are driven by Our Bond, our Strategy, our Financial Framework and our approach to Sustainability, all of which continue to guide the Company.

As we announced in August, after careful due diligence your Board approved a US$700 million expansion of the North Star BlueScope Steel facility in Delta, Ohio. The expansion will add around 850,000 metric tonnes per annum of steelmaking capacity, taking annual output to three million tonnes. Furthermore, the project unlocks options for further incremental expansion in the future.

The United States is an attractive market for BlueScope, and the North Star facility is recognised as best-in-class.

This expansion project is a perfect fit with our strategy, offering long term sustainable earnings growth from a high-quality asset. It is a significant tribute to our employees who continue to make it a strong performing business.

This is just one of many projects the company is delivering on.

**Financial Framework**

Our financial framework is focused on delivering returns to shareholders, disciplined capital allocation and an optimal capital structure. It guides how we measure and reward financial performance. Underlying EBIT and Return on Invested Capital across all business units underpin our delivery of top quartile shareholder returns.

We are focused on generating returns above our cost of capital so we create value for you, our shareholders. Your Company has delivered $1.33 billion in buy-backs and dividends from FY2017 to October this year.
In view of the successful transformation of the business in recent years, our strong earnings and cash flows and our prudent balance sheet management, we are now targeting a capital structure of around zero net debt for the consolidated Company.

We continually watch for appropriate growth opportunities that fit our strategy. Our capital expenditure focus is to maintain safe and reliable operations; invest in foundation and new technologies; invest to maximise value from ‘best in class’ assets; and invest for growth in premium branded products.

Now let’s talk about sustainability.

I encourage you to read our FY2019 Sustainability Report which highlights our progress on the five key material sustainability topics.

- **Our first priority is safety, health & wellness.** The health, safety and wellbeing of our people, our partners, our communities and environment is central to BlueScope.

  Your Directors and I continue to drive safety in the business, looking at better managing risk and ensuring the care of our people. We are reviewing our traditional approach and response to workplace injuries, with a greater focus on the severity of injuries and the time and care given to injured employees to pave their return to meaningful work.

- **Our next focus area is climate change and energy.** BlueScope’s climate change strategy acknowledges that, although steel is fundamental to a sustainable future, our industry and sector must anticipate and respond to climate change risks and opportunities to ensure we are able to support and take advantage of society’s transition to a lower carbon world.

  To this end, climate risk scenarios and a shadow carbon pricing approach now form part of the Company’s Capital Investment Framework.

  The continued hard work of BlueScope people in identifying and implementing emissions and energy reduction projects is impressive. This year we met our greenhouse gas emissions intensity reduction target, with a one per cent reduction of CO\(_2\) emissions per tonne of steel produced. This is equivalent to taking 30,000 cars off the road.

- **The sustainability of our supply chain** is our next focus area. We have seen major progress in the launch of our supply chain sustainability program, with a new Supplier Code of Conduct, improved sourcing standards and due diligence capabilities. A supplier assessment framework has been implemented in all business units, and we are well advanced in preparing for reporting obligations under Australia’s new Modern Slavery Act.

  In addition, you may be aware that BlueScope is a founding member of ResponsibleSteel, a global multi-stakeholder standard and certification initiative. This standard covers 12 broad sustainability topics and includes a strong focus on water stewardship and climate change.

- **We have also maintained our focus on diversity and inclusion.** We continue to make progress in ensuring that our workplaces reflect the communities where we operate. Women now comprise 21 per cent of our workforce, up from 19 per cent; 40 per cent of all
new recruits to operator roles; 38 per cent of the Board of Directors; and 40 per cent of the Executive Leadership Team. Across the Company, we are working to ensure that our workplace offers an inclusive environment to all employees.

- Lastly, I would like to talk of governance and business conduct. We promote a culture of integrity and high standards across our global operations. A new ‘Speak Up’ policy offers whistleblower protection to all employees, the ethics and compliance function has been strengthened, and extensive business conduct training has been conducted throughout the Company.

As previously disclosed, at the end of August, the ACCC commenced civil proceedings against the Company and a former employee alleging contraventions of the Australian competition law cartel provisions.

The proceedings are at a very preliminary stage. While we have not seen all of the evidence that has been relied on by the ACCC, based on what we know today, we do not believe that BlueScope, or any current or former employees, have engaged in cartel conduct.

Board governance is an important subject in Australia.

Understandably, the expectations of our shareholders and other external stakeholders continue to rise. Keeping true to Our Bond, the Board initiated a comprehensive review of the recommendations and guidance in the APRA report into the Commonwealth Bank of Australia.

This review confirmed that, though a very different organisation to those regulated by APRA, BlueScope’s governance and risk practices were generally robust. Nonetheless, the review identified areas for improvement, and a program of work to address these areas is underway.

In terms of public policy, BlueScope has continued to promote policies that help keep manufacturing competitive.

In Australia, we have urged state and federal governments of all parties to implement policies that reduce energy costs, increase energy reliability and meet Australia’s Paris Agreement targets. That includes arguing for measures to increase the supply of natural gas, which is both an important fuel for BlueScope’s manufacturing processes, and for electricity generation.

The Company also supports policies that boost the reliability of electricity supply, such as the Retailer Reliability Obligation. A new demand response rule being developed by regulators will allow major electricity users like BlueScope to benefit financially by cutting electricity demand at peak times. We also support building new, lower-emissions generation capacity that reduces electricity prices, and we are technology agnostic in this.

In New Zealand, BlueScope has supported that country’s efforts to reduce its greenhouse gas emissions, while seeking to ensure public policy does not impair the competitiveness of domestic manufacturers.

On the trade front, we have sought policies that reduce barriers to trade and encourage all countries to abide by international trade rules. This has included supporting the Indonesia – Australia
Comprehensive Economic Partnership Agreement, which will cut tariffs on steel trade between the two countries, and opposing the imposition of steel tariffs by the US Administration. We have also sought to ensure the countries in which we manufacture have fair and effective anti-dumping policies that discourage the predatory dumping of steel which undermines the viability of those domestic markets, costs jobs and discourages further investment.

So in conclusion, let me summarise BlueScope’s investment proposition.

BlueScope has a global portfolio of outstanding businesses. It includes:

- a resilient Australian business integrated through the value chain, delivering returns through the cycle, and an iconic brand position with COLORBOND® steel;
- a global leader in coating and painting for building and construction markets;
- profitable operations in the world’s two largest construction markets, China and the US, and high growth markets in ASEAN and India; and
- a unique low cost expansion opportunity at North Star, one of the most profitable mini mills in the US.

This is a compelling proposition, and it is backed by capital discipline combining; a strong balance sheet with a target of around zero net debt, a returns focus, and disciplined competition for capital between investments for long term growth and returns to shareholders.

CEO Mark Vassella will give an update on the outlook for the second half of the 2020 financial year.

As we reflect on this, the third year of strong financial and operational performance, I thank you, our shareholders, for your continued support of our Company.

I thank management and employees for their commitment, which has put BlueScope in the strong and very resilient position it enjoys today.

I also thank my fellow Directors, and join with you and all shareholders in looking forward to another successful year in FY2020.

I would also like to thank Lloyd Jones who is retiring from the Board at the end of this meeting. Lloyd has been a great contributor to your company over the last seven years, and in particular his insights on world-class manufacturing have made your company a better place. Thank you Lloyd.

Thank you