

BlueScope Annual General Meeting 2020
19 November 2020
Address by John Bevan, Chairman

CHECK AGAINST DELIVERY

It goes without saying that COVID-19 has presented massive challenges for our business, not to mention its effect on the global economy and our very way of life.

On behalf of BlueScope's Board of Directors, I convey our hope that you have been able to keep safe and well during this extraordinary time.

Throughout the pandemic BlueScope has proven the resilience in its earnings, the quality of its cash flow and the strength of the balance sheet.

This was reinforced when earlier today we released an update to the market advising that we now expect underlying earnings before interest and tax of around \$475 million for 1H FY2021, an increase of around 80 per cent over 2H FY2020. With demand strength, particularly in the Australian market, continuing to outpace our expectations, this is a further improvement over the update we gave to the market on 23 October.

In addition, our major investment project at North Star BlueScope Steel is on track. As a result, our group cash flow remains robust and the balance sheet continues to be in excellent condition.

The Directors and I commend all 14,000 BlueScope people for the way they have adapted to this year's disruption, while safely maintaining operations and keeping supply chains open, to ensure deliveries to our customers.

As the pandemic hit, your Company acted promptly and decisively. In April we had rescheduled the North Star expansion to minimise cash spend; reduced all non-essential capital expenditure; ceased non-essential operational spend; and cancelled the on-market share buy-back program.

We also took steps to reinforce our strong liquidity position, working with our syndicated banking group to improve core funding lines and put in place a strong liquidity buffer to withstand a range of economic and market scenarios.

These were prudent measures, and they were the right thing to do at that time. They have helped BlueScope maintain its strong financial position today, despite the challenges posed by the pandemic.

MD&CEO Mark Vassella will give an update of business performance in his address to you. But the Company has responded well, and the Board is pleased with how we are prepared to face 2021.

Turning to capital management.

In FY2020 BlueScope paid 71 million dollars in dividends, and bought back 229 million dollars of shares on-market.

A key element of our strategy is to maintain strong financial capacity to weather industry and economic cycles and deliver on value creating investment opportunities. To this end, our priority is the North Star BlueScope Steel expansion where we expect to spend in the range of US\$375 million to US\$450 million during FY2021. Given this large capital expenditure program and the uncertain market conditions, the buy-back program is not active.

Safety is core to everyone's role at BlueScope and goes to how we live Our Bond. Leading safety culture, developing and understanding safety systems, and adhering to safety requirements is a non-negotiable requirement for all BlueScope leaders.

Tragically, on 6 May 2020, a 60-year-old employee of Southern Commercial Divers was fatally injured while loading a truck at Port Kembla Steelworks Berth 111. Southern Commercial Divers, a long-term contract partner, was engaged to conduct pylon repairs and maintenance on the berth. We have given continued support to Southern Commercial Divers and our employees throughout this time via our Employee Assistance Provider.

It was six years ago, just after I joined the Board, that we saw the last fatality at a BlueScope site. The tragic incident of May this year reinforces our imperative in maintaining safety across our operations. It is a consistent and constant focus. We have completed a review of risk control measures relevant to this incident, and distributed regulatory advice for vehicle mounted cranes across our global footprint.

SafeWork NSW continues to investigate the incident and will provide a report to the coroner once its investigation is complete.

Being resilient and building a sustainable future is central to our evolved corporate strategy which aims to transform and grow BlueScope, while continuing to deliver on core expectations for stakeholders.

BlueScope's FY2020 Sustainability Report was released in September this year, highlighting the Company's progress towards the five outcomes that reflect the sustainability challenges and opportunities of most importance to our stakeholders and to BlueScope's longer-term success:

- Strong and sustainable business
- Safe and inclusive workplaces
- Responsible products and supply chains
- Climate change action
- Strong communities

We continue to make progress on building diversity in the workplace, and seek to build our diversity pipeline through targeted initiatives, and the promotion of careers in science, technology, engineering and mathematics. Women now comprise 21 per cent of BlueScope's total workforce, 37 per cent of new recruits, and more than 40 per cent of our Executive Leadership Team and Board.

Across BlueScope significant work is underway to review the Company's supply chain sustainability, including a focus on identifying and addressing modern slavery risks which may cause or contribute to labour or other forms of exploitation.

We continue to lead ResponsibleSteel™, the steel industry's first global multi-stakeholder standard and certification program focused on the responsible sourcing and production of steel. The Company has committed our largest global manufacturing site, the Port Kembla Steelworks, to the ResponsibleSteel™ Standard and Certification scheme by the end of 2021.

At BlueScope, we see a strong future for steel, and in turn, a strong future for our Company.

Steel's strength, durability, adaptability and recyclability make it a material of choice for buildings, infrastructure, light weight transport applications, and clean energy infrastructure. This was best illustrated last week when the NSW government announced plans to develop renewable energy zones and to use local manufactured materials like steel, cement and aluminium to expand the state's renewable energy grid.

Taking action on climate change is a key pillar of our corporate strategy, and the focus of BlueScope's new Climate Change Council established during the year.

BlueScope supports the Paris Agreement on climate change, recognising that the global economy must transition to net zero by the middle of this century to limit global increases in temperature to well below 2 degrees. For the steel sector to contribute, we recognise that the future of iron and steelmaking will need to be centred around breakthrough technology.

BlueScope is exploring technologies to understand the scale of emissions reduction they might deliver, potential costs and timeframes, and the barriers and enablers to implementation. This is a journey, and we will continue to update shareholders as we go.

We will next update shareholders on our progress in the FY2021 Sustainability Report.

To conclude, I thank you, our shareholders, who have continued to support the Company in a year when we have really seen BlueScope demonstrate its resilience in face of unprecedented challenges.

I would also like to thank all 14,000 employees and 5000 contractors who have worked tirelessly in these unusual times.

Nonetheless, in 2021 there remains uncertainty given the risks of the evolving economic and social impact of COVID-19, and potential broader macroeconomic weakness dampening demand.

I thank my fellow Directors for their continued support, and join with all shareholders in looking forward to BlueScope continuing to create strength in FY2021 and beyond.

Thank you