



BlueScope Annual General Meeting 2021
18 November 2021
Address by John Bevan, Chairman

CHECK AGAINST DELIVERY

Fellow shareholders, the Directors and I hope that you continue to keep safe and well despite the disruptions to our normal way of life during the pandemic.

Despite the massive disruption, FY2021 was an exceptional year for BlueScope. With strong cash flow and a robust balance sheet your Company has thrived and is very well positioned to continue to grow and deliver value.

This strong performance has continued into the current financial year, as shown by our market update on 21 October and confirmed this morning, that 1H FY2022 underlying earnings before interest and tax (EBIT) are expected to be in the range of \$2.1 billion to \$2.3 billion, subject to spread, FX and market conditions.

BlueScope's financial strength allows the Company to invest to grow our steel businesses, position the business for a low carbon future, and deliver long term sustainable earnings, and shareholder returns.

Turning now to **safety**.

During the pandemic, while many BlueScope people have been working from home, thousands more have remained at our operating sites and implemented new ways of working to meet the appropriate COVID-safe guidelines and keep producing our products during a time of unprecedented customer demand. It is not surprising that this combination of factors in the workplace has presented many challenges for our people, and unfortunately, has contributed to a deterioration in injury rates.

Recognising that we need to do more to improve, we have continued to evolve our overall approach to managing safety, and to strengthen HSE controls. This focusses on learning from the vast knowledge and experience of our people, and giving them a greater opportunity to help solve problems in their workplace, to find safer ways to work.

All members of our Board and senior management teams have participated in workshops to engage in this innovative approach to workplace safety.

Climate

Taking action on climate change is critical to our success, and a core element of our strategy. We see a strong long-term future for steel in a decarbonising world – not only in the day-to-day applications that we're so familiar with, but in the arena of renewable energy infrastructure and sustainable transport technology. Your Board is very focussed on positioning BlueScope to meet this long-term demand in a low carbon world.

Building on the work we began some years ago, and demonstrating our intent to meet Paris Agreement goals, I'm pleased to report that BlueScope has made significant progress over the last 12 months. We have established a specialist climate change team led by Chief Executive Climate Change Gretta Stephens; which augments the climate and energy capability already in our businesses. We released our first Climate Action Report in September; a very comprehensive document that sets out our targets, goals and plans, and I commend it for your reading.

We set a target in 2018 to reduce the Scope 1 and 2 emissions intensity of our global steelmaking operations by 12 per cent by 2030. In meeting this target, BlueScope's Australian business will achieve a Paris Agreement aligned 48 per cent reduction in greenhouse gas emissions against 2005.

We recently established our goal of net zero greenhouse gas emissions by 2050, covering operational scope 1 and 2 GHG emissions across our global operations. We recognise achieving this goal is highly dependent on several enablers, including the commerciality of emerging and breakthrough technologies, the availability of affordable and reliable renewable energy and hydrogen, quality raw materials and appropriate public policy settings.

We see a possible pathway for future low emissions steelmaking in hydrogen-based direct reduction of iron, which would then be melted in a renewable energy powered furnace and fed into the steelmaking process. To progress investigation of this, in the last month we announced a very exciting collaboration with Rio Tinto – wherein a joint team of specialists will work together to research and design low-emissions initiatives for the steel value chain across iron ore processing, iron and steelmaking and related technologies.

Practically, these breakthrough technologies may not be ready at technical and commercial scale for some time. Which is why, given the need for a continued reliable source of ironmaking beyond 2026, we are progressing the assessment of the reline of the currently mothballed No. 6 Blast Furnace at Port Kembla including technologies that support GHG emissions intensity reductions and other environmental measures.

Investing for future sustainable earnings growth

The reline and upgrade program for the blast furnace is just part of a broader focus on using our financial strength to invest for sustainable earnings growth. In fact, we have a program of up to \$1.7Bn of investments planned over the next five years – leveraging trends such as growing preference for detached residential construction, e-commerce fulfillment and logistics, and national infrastructure programs

The US is a key focus for this growth strategy. At our North Star mini-mill in Delta, Ohio, the 850,000 tonnes per annum expansion project is progressing very well. We saw the first heat of steel from the new Electric Arc Furnace in August. New equipment is being installed, and the team expects the first coil to be produced in the second half of this financial year, with commissioning to full capacity over the following 18 months.

The success of this project has led us to now assess the feasibility of a further debottlenecking project with the potential to lift hot strip mill capacity by another 500,000 tonnes per annum.

Recently, Mark Vassella was able to visit the United States and see progress on this exciting project first-hand. He will give you a more detailed update on it and our business activities there. He will also speak about our recent move to strengthen North Star's scrap supply arrangements by agreeing to acquire the ferrous scrap steel recycling business of MetalX LLC.

Also in the US, up to US\$200M in additional capital is being allocated to BlueScope Properties Group to build the business and deliver more regular earnings from an expanded pipeline of projects. With a successful track record this business has leveraged key trends in US industrial properties, in particular the growth in warehousing and logistics and is closely aligned to the BlueScope Buildings North America business.

We are also looking closely at establishing a paint line in the Eastern US, building on our know-how in this field.

Meanwhile in Australia, the residential construction market continues to grow, with increased demand for our branded products such as TRUECORE® and COLORBOND® steel. We are now evaluating investment in further coating capacity to support this demand.

Shareholder returns

Turning to shareholder returns. Following review, the Board now intends to target annual ordinary dividends of 50 cents per share per annum, subject to prevailing conditions, including financial performance and working capital requirements, and the Board's determination at the time. In FY2021, shareholders received a final ordinary dividend of 25 cents per share plus a 19 cents per share special dividend, which complemented the six cents per share interim ordinary dividend paid in March.

In addition, in August the Board approved a share buy-back of up to \$500M to be conducted over the next twelve months, dependent on factors such as the prevailing market conditions and share price. We have made a good start in executing the buy-back, having purchased \$165M of stock to date.

Board

Looking now at our Board, I am delighted that Ms K'Lynne Johnson and Mr Zhi-Qiang Zhang will join the Board from 1 January. As more than half our revenues and earnings now come from our international portfolio beyond our traditional markets of Australia and New Zealand, it is important that our Board reflect all the regions in which we operate, and in which we will continue to invest and grow.

K'Lynne, based in the US, brings to the Board relevant experience in the areas of technological lead transformation, sustainability, renewables, human resources, customers and innovation. She also brings experience and insights into traditional high capital-intensive sectors.

Zhi-Qiang Zhang has a background in blue-chip manufacturing and product development, including industrial digitisation and robotics, and brings to the Board a deep understanding of the China market and insight into areas of impact and growth.

I would like to specially acknowledge the contribution that Penny Bingham-Hall has made. Penny retired from the Board on 31 October, having served as Director since

2011 – through some of the Company's most challenging days after the global financial crisis, and into more successful times in the last five years. The Directors and I thank Penny for her invaluable service to BlueScope for nearly 11 years. She has been an outstanding Board member and Chair of the Remuneration & Organisation Committee. We wish Penny well in her future endeavours and I personally thank her for her support and friendship.

Conclusion

These are clearly exciting times for us as shareholders of BlueScope.

We have a high quality asset portfolio, and there is a favourable long-term outlook for steel, especially given the critical role it will play in the transition to a clean energy future.

We are seeing a range of opportunities for growth and success, particularly to take advantage of industry consolidation and rationalisation in the US,

I thank my fellow Directors and senior management for their continued support during the last financial year.

Above all, I would like to recognise the resilience of all BlueScope people. Across our footprint they have continued to live Our Purpose every day - maintaining a COVID-safe workplace to meet customer demands, and supporting those in need in communities particularly affected by the pandemic.

Thank you