



**CCC**  
**November 2020**



# IMPORTANT NOTICE

THIS PRESENTATION IS NOT AND DOES NOT FORM PART OF ANY OFFER, INVITATION OR RECOMMENDATION IN RESPECT OF SECURITIES. ANY DECISION TO BUY OR SELL BLUESCOPE STEEL LIMITED SECURITIES OR OTHER PRODUCTS SHOULD BE MADE ONLY AFTER SEEKING APPROPRIATE FINANCIAL ADVICE. RELIANCE SHOULD NOT BE PLACED ON INFORMATION OR OPINIONS CONTAINED IN THIS PRESENTATION AND, SUBJECT ONLY TO ANY LEGAL OBLIGATION TO DO SO, BLUESCOPE STEEL DOES NOT ACCEPT ANY OBLIGATION TO CORRECT OR UPDATE THEM. THIS PRESENTATION DOES NOT TAKE INTO CONSIDERATION THE INVESTMENT OBJECTIVES, FINANCIAL SITUATION OR PARTICULAR NEEDS OF ANY PARTICULAR INVESTOR.

THIS PRESENTATION CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS, WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY", "WILL", "SHOULD", "EXPECT", "INTEND", "ANTICIPATE", "ESTIMATE", "CONTINUE", "ASSUME" OR "FORECAST" OR THE NEGATIVE THEREOF OR COMPARABLE TERMINOLOGY. THESE FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS, OR INDUSTRY RESULTS, TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCES OR ACHIEVEMENTS, OR INDUSTRY RESULTS, EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.

TO THE FULLEST EXTENT PERMITTED BY LAW, BLUESCOPE STEEL AND ITS AFFILIATES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, ACCEPT NO RESPONSIBILITY FOR ANY INFORMATION PROVIDED IN THIS PRESENTATION, INCLUDING ANY FORWARD LOOKING INFORMATION, AND DISCLAIM ANY LIABILITY WHATSOEVER (INCLUDING FOR NEGLIGENCE) FOR ANY LOSS HOWSOEVER ARISING FROM ANY USE OF THIS PRESENTATION OR RELIANCE ON ANYTHING CONTAINED IN OR OMITTED FROM IT OR OTHERWISE ARISING IN CONNECTION WITH THIS.



# Thank you

---

“Thank you for your consistent support of BlueScope. We appreciate the local assistance during this COVID crisis.

Your continued support ensures that we are able to keep our steelworks and the local community COVID safe”

---

**Strong  
communities**



## Australia

- Resilient domestic demand
- Broad recognition of importance of building and construction value chain; maintained high activity levels with no operational closures nor Job Keeper support



- ✓ Moved rapidly to protect the health of our people and communities
  - Implemented comprehensive hygiene and distancing measures at all sites
  - Where possible, employees working from home
- ✓ Prudent intervention to protect the business and balance sheet
  - Paused discretionary operating and capital spend
  - Minimised near-term North Star expansion spend
  - Cancelled on-market buy-back
  - Enhanced liquidity position
  - Generally no pay increases for ELT and executives for FY2021

# BLUESCOPE EXPECTS 30% LIFT IN 1H FY2021 UNDERLYING EBIT TO AROUND \$340M

ASX release 23 October 2020

BlueScope today advised that it expects underlying earnings before interest and tax (EBIT) of around \$340 million for 1H FY2021 – an increase of around 30 per cent over 2H FY2020.

Managing Director and CEO Mark Vassella said, “Despite the global disruption caused by COVID-19, we’ve had a solid performance from all of our operating segments for the three months to 30 September. This is a clear demonstration of the effectiveness of BlueScope’s strategy and the resilience of our asset portfolio.

“Benchmark steel spreads have improved and demand in most of our markets is robust. This has been supported by current strength in alterations and additions activity, demand for detached housing, rapid growth in e-commerce and logistics, and the recovery of the US automotive industry, which is a key end-market for North Star.

“Our major investment project at North Star is on track, Group cash flow remains robust and the balance sheet is in excellent condition.

“Nonetheless, there remains uncertainty in the current environment given the risks of:

- the evolving impact of COVID-19, and the potential for second and third waves, which could disrupt demand, supply chains and operations; and
- broader macroeconomic weakness dampening demand.

“Importantly, our team continues to respond well to the impact of the pandemic, maintaining their personal health, safety and wellbeing – and that of the business, our customers and our communities,” Mr Vassella said

## ASX RELEASE



Date: 19 November 2020

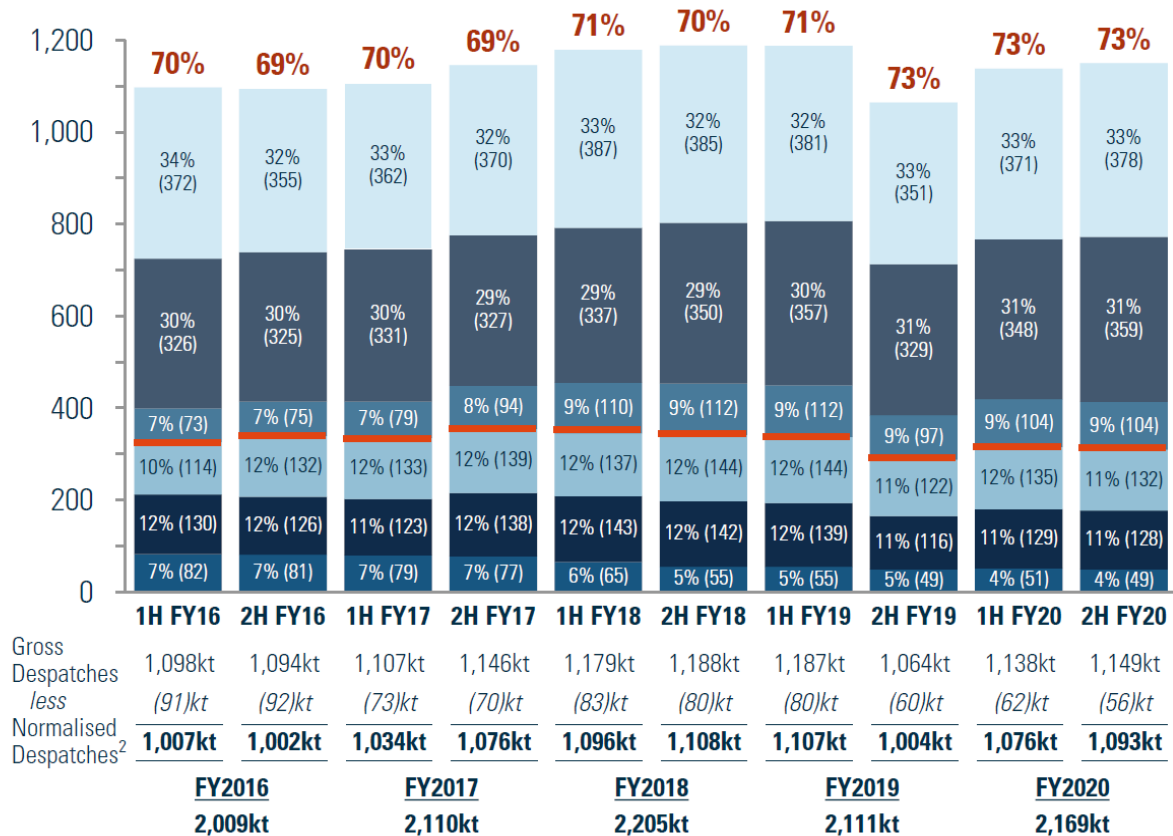
**BlueScope updates 1H FY2021 guidance –  
now expecting underlying EBIT of around \$475M**

Australian Steel Products is expected to deliver a substantially better result than 2H FY2020. Domestic construction and distribution segment demand is strong, particularly for coated and painted products. The contribution from export coke remains elevated and is expected to be greater than 2H FY2020.

Domestic volumes robust, supported by strong construction end market demand for BlueScope's products

## Total Australian external domestic despatch volumes (kt)

Total construction % shown in red



(1) Engineering includes infrastructure such as roads, power, rail, water, pipes and some mining-linked use  
 (2) Normalised despatches exclude third party sourced products, in particular, long product

### DWELLING

- A significant proportion of product goes to alterations and additions. Sub-segment performed well, supported by high house prices and homebound consumers undertaking renovations
- Balance mainly driven by detached residential commencements; approvals remain well within supportive historical range; approvals pipeline provided a base for detached demand

### NON-DWELLING

- Consumes a third of our COLORBOND® steel
- Both Commercial and Industrial, and Social and Institutional sub-sectors were supported by record low funding costs. Investment was predominantly seen in office building and education, along with major prison and defence projects

### ENGINEERING

- Strong public infrastructure and utilities investment; robust activity in renewables, bridges and road infrastructure

### MANUFACTURING

- Generally stable, with strength seen across hot water systems, strapping, tanks and warehouse racking. Cost challenges somewhat alleviated by lower A\$

### AGRI & MINING

- Stable on resilient mining consumables demand. Marginal increase to farm storage and harvesting equipment on easing drought conditions

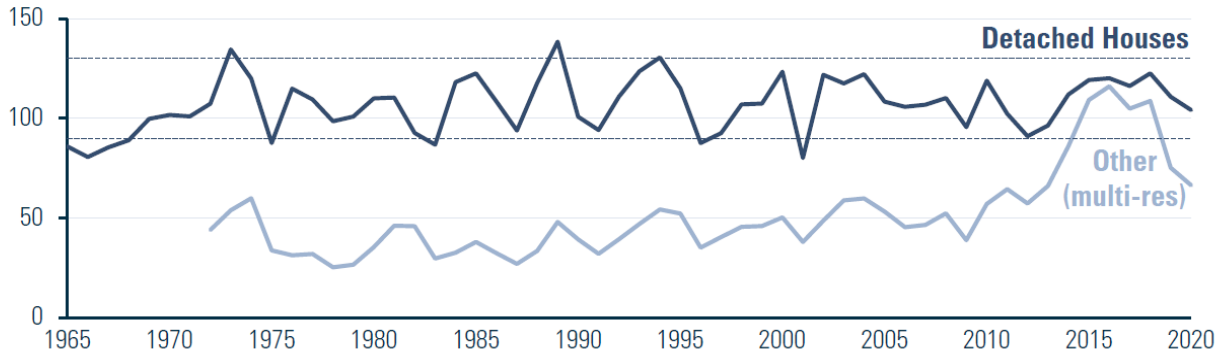
### TRANSPORT

- Truck bodies, trains, ships, trailers etc – supported by increasing logistics and supply chain impacts of rise in e-commerce

Current activity levels remain resilient across the building and construction markets to which BlueScope is exposed

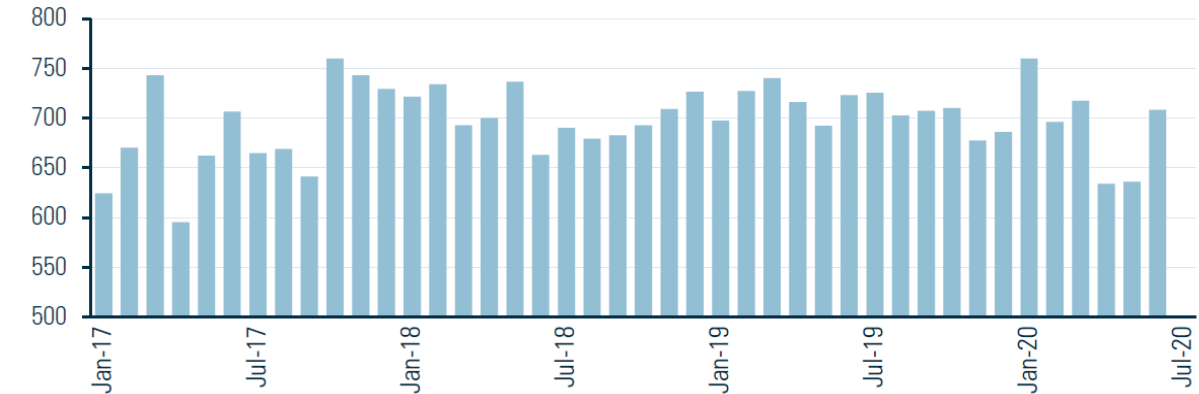
## Long-term dwelling approvals: rolling 12 months<sup>1</sup> ('000 units)

Despite pullback, detached house approvals holding in stable historic range



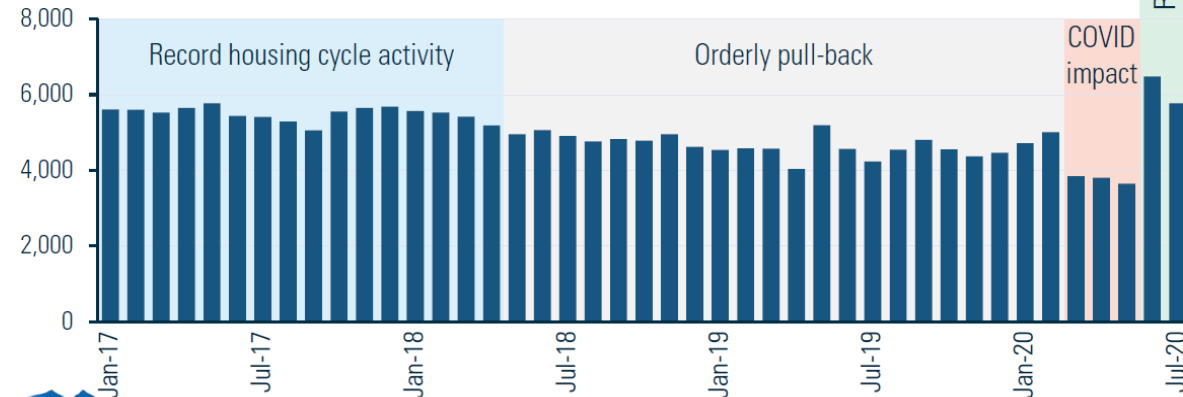
## Alterations and additions approvals<sup>2</sup> (A\$M)

Homebound consumers redirecting discretionary funds towards renovations



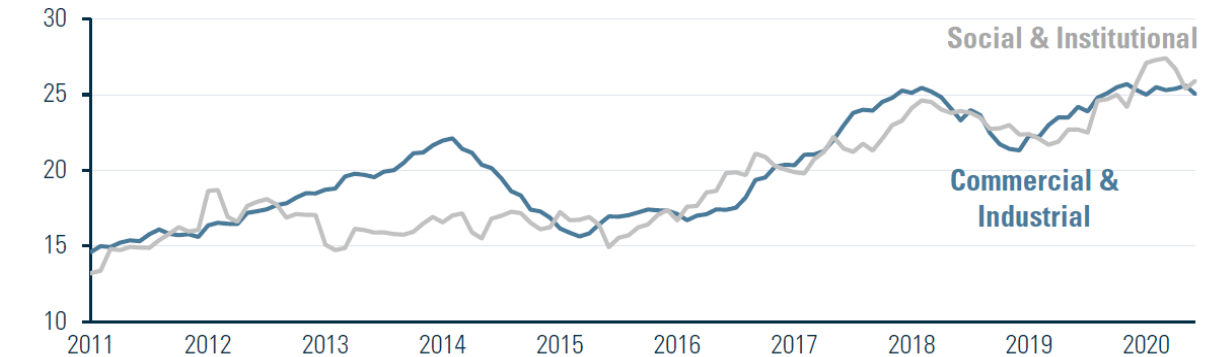
## Private new home sales<sup>3</sup> (units, seasonally adjusted)

Rebounding new home sales in June and July



## Non-residential building approvals: rolling 12 months<sup>4</sup> (A\$bn)

Approvals at most robust levels for many years



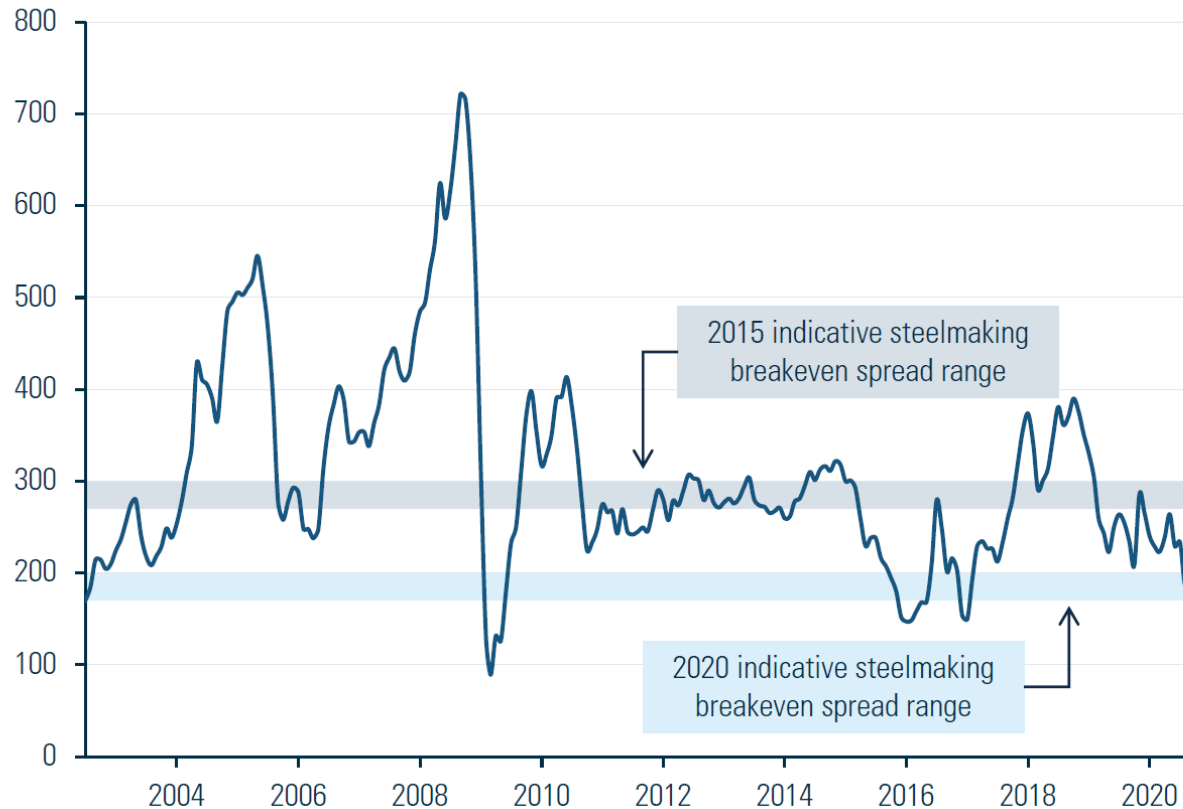
Sources: (1) ABS series 8731, table 11; original data; data to Jun 20 Qtr (2) ABS series 8731, table 38; seasonally adjusted; current \$; data to Jun 20 (3) HIA monthly data, seasonally adjusted. Covers largest 100 home builders on their sales (contract to build) volume for the previous month – accounts for approx. 25-30% of new detached market (4) ABS series 8731, table 51; original data; current \$; total sectors; data to Jun 20





## Australian steelmaking breakeven at minimum recent spreads; benefits from vertical integration

### Asian steel spread<sup>1</sup> & estimated steelmaking cash breakeven<sup>2</sup> (US\$/t)



### The value of vertical integration

#### SYNERGIES BETWEEN STEELMAKING AND COATED

- Clear objective of optimising profitability across the entirety of Port Kembla operations
- Units fully integrated across the value chain to drive productivity and optimise product flows in response to market needs
- Working capital, supply chain and freight all optimised
- Focussed customer service – single point of contact
- Shared overhead costs

#### MODERATION OF EARNINGS VOLATILITY

- Earnings volatility moderated by ability to capture margin in:
  - steelmaking, at times of high HRC prices, or
  - coating and painting, at times of low HRC prices, given the more stable nature of COLORBOND® earnings

#### VALUE OF CHANNEL PARTICIPATION

- Delivering pull-through demand for both steelmaking and coating and painting
- Customer intimacy facilitates knowledge of regional and local requirements and ability to respond



(1) 'Indicative steelmaker HRC spread' representation based on simple input blend of 1.5t iron ore fines and 0.71t hard coking coal per output tonne of steel. Chart is not a specific representation of BSL realised HRC spread (eg does not account for iron ore blends, realised steel prices etc), but rather is shown to primarily demonstrate movements from period to period. SBB East Asia HRC price lagged by three months up to Dec 2017, four months thereafter –broad indicator for Australian domestic lag, but can vary. Indicative iron ore pricing: 62% Fe iron ore fines price assumed. Industry annual benchmark prices up to March 2010. Quarterly index average prices lagged by one quarter from April 2010 to March 2011; 50/50 monthly/quarterly index average from April 2011 to December 2012. Monthly thereafter. FOB Port Hedland estimate deducts Baltic cape index freight cost from CFR China price. Lagged by three months. Indicative hard coking coal pricing: low-vol, FOB Australia. Industry annual benchmark prices up to March 2010; quarterly prices from April 2010 to March 2011; 50/50 monthly/quarterly pricing from April 2011 to Dec 2017; monthly thereafter. Lagged by two months up to Dec 2017; three months thereafter.

(2) EBITDA less stay-in-business capital expenditure

OUR PURPOSE

**We create and inspire smart solutions in steel, to strengthen our communities for the future.**

OUR STRATEGY

## TRANSFORM

DELIVER A STEP CHANGE IN CUSTOMER EXPERIENCE AND BUSINESS PERFORMANCE

Drive deeper market understanding to better meet customer expectations.

Deliver the next wave of customer and productivity improvements through digital technologies.

Transform our approach to product and service innovation.

Actively lowering emissions intensity and producing highly recyclable products.

## GROW

GROW OUR PORTFOLIO OF SUSTAINABLE STEELMAKING AND WORLD LEADING COATING, PAINTING AND STEEL PRODUCTS BUSINESSES

Grow our US businesses including North Star expansion.

Drive growth in the fast growing Asian region, from an outstanding suite of assets.

Build on our successful China business.

Pursue incremental opportunities in ANZ.

Take better advantage of our global scale.

## DELIVER

DELIVER A SAFE WORKPLACE, AN ADAPTABLE ORGANISATION AND STRONG RETURNS

Deliver a safe, inclusive and diverse workplace.

Maintain an integrated and resilient Australian business.

Secure the future of steelmaking in NZ.

Maintain a strong balance sheet.



OUR ENABLERS

Future of leadership

Strategic marketing

Product & service innovation

Digital transformation

Manufacturing excellence



OUR OBJECTIVES

Be the preferred supplier to our customers

Deliver safe & sustainable operations

Deliver our carbon intensity reduction plan

Deliver returns above cost of capital through cycle

Deliver strong returns to shareholders



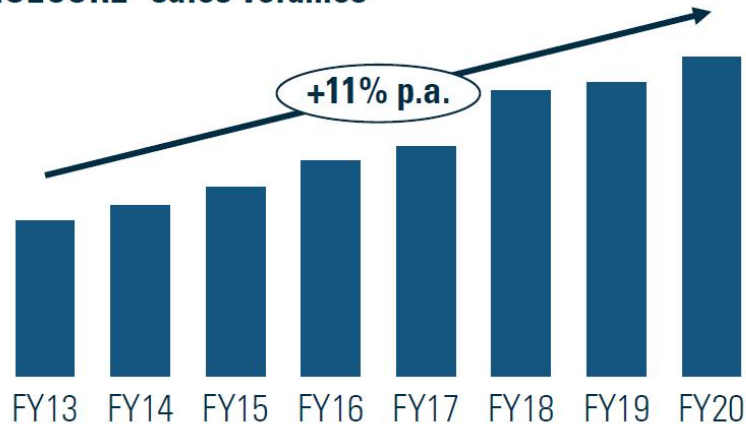


## A wide range of low capital growth opportunities in intermaterial applications

### TRUECORE® steel

- Sales of TRUECORE® steel continues to increase on the back of robust demand and intermaterial growth
- Continuing investment in consumer branding and promotion, across media and in major programs
- Partnering with builders to promote the benefits through the channel, including co-branding and collateral support

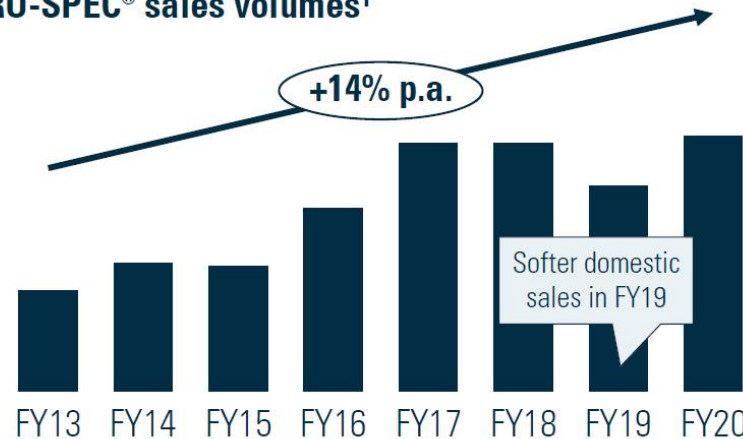
### TRUECORE® sales volumes<sup>1</sup>



### TRU-SPEC® coil plate

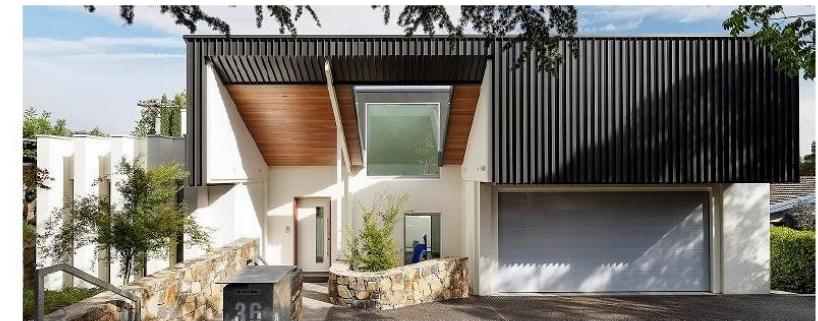
- Investing in a new 160kt stretch levelling coil plate line at Port Kembla, in addition to the 113kt line installed in 2014, in order to meet the increased demand levels
- Increased capacity provides the opportunity to further grow TRU-SPEC® steel sales, as well as reducing complexity and cost in the supply chain, improve the service offer and strengthen our delivery performance

### TRU-SPEC® sales volumes<sup>1</sup>



### Cladding and façade applications

- New AZURE® range of façade products provide a new alternative to commercial and multi-residential cladding options
- The aesthetic and durable properties of COLORBOND® steel, along with low combustibility make this an attractive alternative
- Increased use in residential cladding, on the back of the new COLORBOND® Matt steel colours and a range of new profile options from the rollforming channel, including the new LYSAGHT® ZENITH® range of profiles



# DISCIPLINED CAPITAL ALLOCATION – DIGITALLY TRANSFORMING OUR BUSINESS



Delivering the next wave of customer, growth and productivity improvements through technology

## A clear framework for digital transformation

Provide  
**leadership**  
and **strategy**



- Providing the overall strategy and direction for digital for BlueScope
- Roll-out and engage organisation

**Deliver and**  
**support** lighthouse  
use cases



- Delivering productivity and quality improvements through new technologies
- Demonstrating value and scalability across the business

Strengthen  
**foundations**



- Supporting the business to embed and scale digital solutions
- Investing in new digital capabilities

## A range of technology solutions available to deliver value



### Data analytics

Machine learning  
Simulation



### Automation

Autonomous robotics  
Robotic process automation



### Software solutions

Virtual and augmented reality  
Building information modelling



### Data and platforms

Sensors and IOT  
Connectivity and mobile



# DIGITISING ASP MANUFACTURING

Strategy & Road Map Update

DIGITAL  
TRANSFORMATION

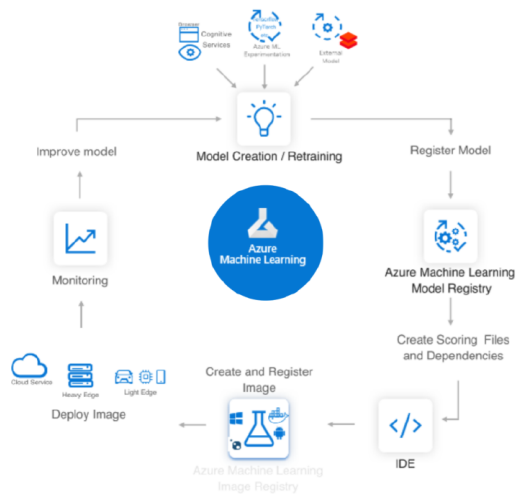
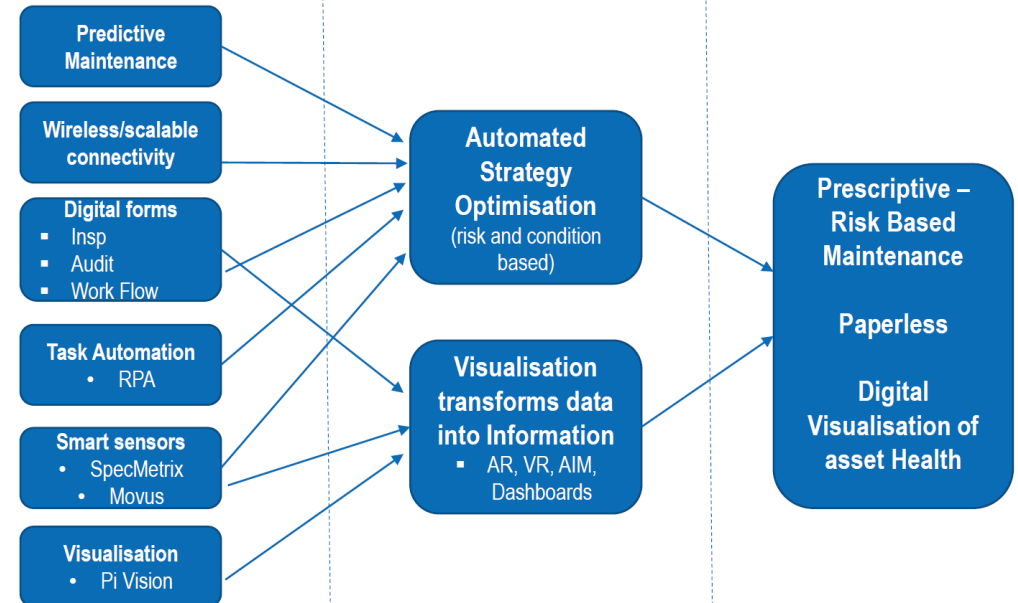


## Digital Road Map for Asset Management

*Phase 1 – Pilot, validate, define business case*

*Phase 2 – consolidate, embed, automate*

*Phase 3 – Refine*





Informed by previous climate scenario analysis, BlueScope's climate strategy has been elevated within corporate strategy

## OUR STRATEGY



### TRANSFORM

DELIVER A STEP CHANGE IN CUSTOMER EXPERIENCE AND BUSINESS PERFORMANCE

**Digital technology:** Deliver the next wave of customer and productivity improvements through digital technologies

**Climate Change and Sustainability:** Actively lowering emissions intensity and producing highly recyclable products

## FY2020 Progress

- Established Climate Change Council to support the execution of the climate strategy
- Progressed the development of our Scope 3 emissions inventory
- Continued pursuit of emission reduction projects in line with our 2030 climate change target
  - FY2020 performance impacted by Government mandated shutdowns, leading to production disruptions and outages
- Contributed to key industry papers and reviewed expert submissions including the International Energy Agency Steel Roadmap (due September 2020)

## FY2021 Focus Areas

- Contributing to key industry research papers and expert submissions
- Refreshing our climate scenario analysis to support the development of our long-term carbon reduction aspiration
- Continuing our \$1Bn investment in the expansion of low emission steelmaking at North Star
- Continuing to progress our disclosures in line with TCFD requirements and SASB standards, including reporting on Scope 3 emissions
- Keeping abreast of developments of low and zero emissions steelmaking technology



## Actively developing BlueScope's specific long-term decarbonisation pathway

The external landscape is evolving rapidly; BlueScope is playing a leading role in key global and regional initiatives which seek to understand the opportunities, barriers and enablers of a net zero economy on our sector



**ResponsibleSteel:** Founding member of the first global multi-stakeholder standard and certification programme for steel



**Net Zero Pathway Methodology Project:** Founding member of a global initiative to establish a recognised methodology on the net zero transition pathway for the steel sector



**Industry Emissions Transition Initiative (ETI)<sup>1</sup>:** Industry-led initiative to develop pathways to net zero emission supply chains across critical sectors of the Australian economy



**Worldsteel Step-up programme:** Benchmarking initiative for steel sites to identify opportunities for improvement in resource efficiency, energy intensity, process yield and reliability



**IEA Steel Roadmap:** Participated in the review of the steel sector roadmap, anticipated to be released in September 2020

In FY2021, we will release the outcomes of our climate scenario analysis, along with our long term carbon reduction aspiration, informed by these initiatives

## Outcome

---

We actively seek to partner with suppliers who share the core values expressed in Our Bond and take a similar approach to looking after their employees' health, safety and mental and financial wellbeing.

Responsible products and supply chains is one of five sustainability outcomes that matter most to our stakeholders and drive our success.

---

# Responsible products and supply chains

## The future of steel

---

At BlueScope, we see a strong future for steel. It is a critical enabler of the achievement of the UN Sustainable Development Goals and, supported by continued demand, presents a strong opportunity to transition to a low-carbon, circular economy.





"That steel should be made locally, those jobs should be done locally."

We will invest \$20M in a new BlueScope Renewable Manufacturing Zone (BRMZ) at Port Kembla, which will be the foundation of a new sustainable manufacturing base for NSW.

Half of our \$20M incentive program will be on offer to companies who want to build manufacturing capability in NSW, especially in the fast-growing renewable energy sector. We will invest the other half directly at the Steelworks, to tool up our facilities in preparation for this exciting growth opportunity.

We will invest directly in our own plant, but also partner with innovators and entrepreneurs to develop new technology solutions in key industries like renewables, infrastructure, defence, manufacturing and sustainable buildings.

We are proud of steel's role as an enabler to sustainable development and the transition to a clean energy future.

This initiative is a great example of Our Purpose in action – to create and inspire smart solutions in steel, to strengthen communities for the future.

# QUESTIONS

STEELWORKS IN PARADISE

