

BlueScope 2024 Annual General Meeting



Date: 19 November 2024

Address by Jane McAloon, Chair

CHECK AGAINST DELIVERY

I would like to start with safety. BlueScope has a strong foundation in managing safety well and it is a fundamental tenet of how we do business.

Disappointingly, this year BlueScope's lag indicator – Total Recordable Injury Frequency Rate or TRIFR – again increased. Some of our colleagues also sustained very serious life changing injuries. This is of significant concern to both the Board and Management and in July Mark and his team launched a global "Refocus on Safety" program. This is intended to ensure ongoing emphasis on BlueScope's foundational safety practices right across the Company.

We are encouraged by the leadership that Mark and his team have shown in developing and rolling this program out. He will provide more detail on this shortly. From the perspective of the Board and the Health and Safety Board Committee we are focused on providing the appropriate support and challenge to Management to drive the required improvement in performance.

It is the highest priority for the Board and Management.

Let me turn to the FY24 highlights. BlueScope delivered a resilient financial result, in a challenging global macroeconomic environment and steel industry volatility. BlueScope continued its track record of shareholder returns, a strong balance sheet and ongoing investment in sustainable earnings and growth.

BlueScope also made strong progress under our "Transform, Grow, Deliver" strategy. This is very important, and Mark will cover these shortly. Our growth focus is both on continuing the shift towards our higher-margin premium and branded products, such as COLORBOND® and TRUECORE® steel – including through the new Western Sydney metal coating line, and on growing our US businesses.

We have been making steel in the US since 1997 and today we operate in 16 states across the country. Our US business is core to BlueScope's growth, and we are excited by the value creation opportunities that BlueScope has in this large and attractive market.

At the same time, we're working hard to unlock a low-carbon future for our operations, particularly in our iron and steelmaking process. This is easy to say, but difficult to deliver, particularly when technology is at its very early stages. We have a long way to go, but we are energised by the challenge. I will say more about decarbonisation shortly, but the Board is encouraged by the great progress being made, such as the installation of an electric arc furnace at the Glenbrook site in New Zealand.

And lastly, we're working to unlock value from BlueScope's 1,200 hectare portfolio of land – this is a multi-decade value creating opportunity.

Let me say a little about BlueScope's Financial Framework. It is fundamental to the sustainability of the Company. Established in 2017, it provides essential guardrails for financial management built on the lessons from BlueScope's first 15 years as a listed company. It underpins all decisions supporting our 'Transform, Grow, Deliver' strategy.

Over the last 12 months, as your Chair, I have reflected on the fundamental importance of this framework. Steel is a cyclical and volatile industry and pricing is largely determined by international demand and supply. In this context, our financial framework is essential for BlueScope's long-term financial and operating strength, and balances the competition for capital between shareholder returns and capital investments.

This discipline is crucial in enabling the confident operation and investment in our long-life, capital-intensive business through macroeconomic cycles. The Board firmly believes that the Framework should provide shareholders confidence in BlueScope's ability to weather industry and macroeconomic cycles and to drive long-term, quality earnings and growth. This is evident in the resilience of BlueScope's performance this year.

The Board also continues to work hard to provide oversight of the Company's approach to driving key sustainability outcomes. Today we are just up the road from our steelmaking home, the Port Kembla Steelworks which - in less than four years - will have been continuously operating for 100 years. It is Australia's largest manufacturing site.

Port Kembla steel making is steeped in history as the backbone of the local community. But more than that – Port Kembla has been the backbone of a modern and industrialised Australia. You see our products everywhere – on bridges, houses, buildings, and as part of Australia's renewable energy transition – to name just a few. And into the future, with the Blast Furnace 6 reline project, Port Kembla will be our bridge to low emissions steelmaking. It is on track to be operational in 2026.

We are progressing our decarbonisation ambitions through partnerships and technology collaborations across the broader iron and steel value chain. In Australia, the team is continuing to identify the most appropriate direct reduced iron or DRI options possible, potential ironmaking locations, technology options and the enablers for each of those options.

We are also progressing pre-feasibility work with Rio Tinto and BHP on a pilot electric smelting furnace, which we believe has the potential to unlock the continued use of Pilbara ores in the lower-emissions DRI process. This could be a game changer not only for BlueScope, Rio Tinto and BHP, but for Australia more broadly.

Let me turn to the outlook for BlueScope. Mark will provide a summary of the current operating conditions across the business, as covered in the updated earnings guidance we provided in late October and reaffirmed today.

We note the outcome of the recent US election and the optimism that markets have shown for its potential impact on the US steel industry. We are monitoring developments to understand what this may mean for BlueScope, to ensure we are well-positioned to capture any opportunities that arise.

We are confident in our balance sheet and operating resilience, and our culture and experience in rising to address near-term economic challenges. To that end, we are bolstering performance through a significant Group-wide cost and productivity program, as well as working hard on the turnaround of our US BlueScope Coated Products business.

We are continuing to position ourselves to capitalise when the economic cycle turns. The Board and Management remains focused on ensuring our near-term performance is balanced with investment in longer-term sustainable growth and returns to deliver the future of BlueScope.

Now turning to Board Composition and Renewal. At the end of last year's AGM, I had the privilege of succeeding John Bevan as Chair of the Board. BlueScope has a collectively skilled and experienced Board.

At the start of this year, Alistair Field joined the Board bringing more than 25 years' experience in the mining, metals and manufacturing sectors in North America, the Middle East and the United Kingdom. He offers himself for election and is unanimously supported by the Board. You will hear from Alistair during the item relating to his election.

Long-life, capital-intensive businesses operating through time in a volatile and cyclical industry require seamless and planned Board succession. BlueScope has the culture and experience of what to do at the bottom of the cycle. That corporate experience and memory is as essential at the Board as it is at Management.

Seamless and planned succession at the Board ensures those lessons remain understood and effectively pass through Director tenure. In practice this means our approach is to ensure incoming Directors serve on the Board for a period with longer serving members before they retire.

With five Directors appointed in the last 3 years and plans underway for ongoing succession, the Board asked senior Directors Ewen Crouch and Rebecca Dee-Bradbury to complete their fourth term as Directors. It is in this context of managed succession, we seek your approval to increase the maximum number of Directors to twelve, which will enable this overlap of service to continue.

We believe this approach is in the best interests of the Company as we facilitate the transfer of corporate knowledge and experience to underpin Board effectiveness through cycles. The resolution to increase the fee pool for Directors facilitates this process.

I would like to conclude with five reasons why it's only going to get better for BlueScope:

1. Our commitment to safety and sustainability continues to be at the centre of what we do at BlueScope, and we remain steadfast in our work to secure a sustainable future for our business and the communities in which we operate
2. We have a highly resilient business, driven by our quality margin-enhancing premium branded portfolio. This is led by our COLORBOND® steel product portfolio, which is a clear industry leader in Australia and has great potential to capture share in the North American market.

3. We have a strong balance sheet, and will remain disciplined in our allocation and management of capital
4. We are progressing well on a number of turnaround initiatives, including the Group-wide cost out program and the turnaround of the BlueScope Coated Products business, and we continue to progress unlocking value in our extensive property portfolio
5. We have an exciting pipeline of growth opportunities, including the assessment of how we can further integrate our US value chain in a capital efficient manner, and ongoing initiatives to expand our earnings contribution from value-added products. Our North Star debottlenecking, the new metal coating line in Australia and Port Kembla plate mill projects will deliver growth, and our 6BF reline and New Zealand EAF projects lay the foundation to deliver another generation of sustainable steelmaking in Australia and New Zealand.

Before I hand over to Mark, the Board would like to acknowledge his leadership of BlueScope through a few cycles now. Our Purpose and our Bond underpin everything at BlueScope. Mark and his team, as well as the broader BlueScope, live both of those in practice. They know how to pull together to manage challenging times – and they know how to simultaneously invest through the cycle for future value. Thank you to Mark, his leadership team and the 16,500 strong team across 15 countries for this year's results.

Finally, thank you to you, our shareholders, for investing in and supporting BlueScope. It is the greatest privilege to serve you as Chair.

Authorised for release by: the Board of BlueScope Steel Limited

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