BlueScope

BlueScope Investor Day

Day 2
21 September 2021

Pictured:
New lodges built along the Three Capes Track in Tasmania featuring COLORBOND® steel
Photo: Brett Boardman

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AGENDA

DAY 2

Session 1

- BlueScope Strategy Update
- Digital Technology
- North Star
- Q&A

Break

Session 2

- Australian Steel Products
- Buildings North America
- Q&A

Break

Session 3

- Building Products Asia and North America
- New Zealand and Pacific Islands
- Financial Framework
- Q&A

OUR PURPOSE AND STRATEGY

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

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

GROW

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

Grow our US business including expansion of North Star, the US's leading mini mill

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

Pursue incremental opportunities in Australia

DELIVER

DELIVER A SAFE WORKPLACE, AN ADAPTABLE ORGANISATION AND STRONG RETURNS

Deliver safe and sustainable operations and an inclusive and diverse workplace

Maintain an integrated and resilient Australian business

Secure the future of steelmaking in NZ

Deliver returns greater than the cost of capital through the cycle

Maintain a strong and robust balance sheet

Deliver strong returns to shareholders

Digital Technology

Andrew Garey (Chief Strategy and Transformation Officer)

Pictured:
Woodcroft Neighbourhood Centre in NSW by Carter Williamson Architects featuring COLORBOND® steel

OUR VISION

Deliver the next wave of customer, growth and productivity improvements through the adoption of digital technologies

OUR APPROACH

- **Targeted use cases in strategic priority areas**
- **Strengthen foundations – people and technology capabilities**
- **Transfer solutions and learnings to accelerate value**

HOW WE DELIVER OUR DIGITAL AMBITIONS

Systematic focus on delivering value through use cases, strengthening foundations and transferring learnings across the business

Use cases delivering value in strategic focus areas

Manufacturing Excellence

Connected Supply Chain

Sales and Marketing

Support Functions

Strengthen foundations to accelerate value

Capabilities	Right skills and behaviours
Data and platforms	Investing in enabling platforms
Partnerships	Strong technology and strategic partnerships

Transfer learnings

- Extend proven use cases to other areas
- Transfer knowledge and learnings across the enterprise

USE CASES DELIVERING VALUE

Manufacturing Excellence
Step change in quality, cost and throughput

Connected Supply Chain
Improve service levels and optimise inventory and costs

Sales and Marketing
Drive growth and profitability with the right commercials

Support Functions
Improve employee experiences through efficient and effective processes

Use cases – in progress and planned

Asset intelligence
(predictive maintenance)
Process optimisation
Energy optimisation

Demand planning
Inventory optimisation
Order tracking
Network optimisation

Pricing enablement
Customer platforms
Process automation

Robotic process automation
Data visualisation & performance reporting

Case study
Asset intelligence

Click here to view the video case study

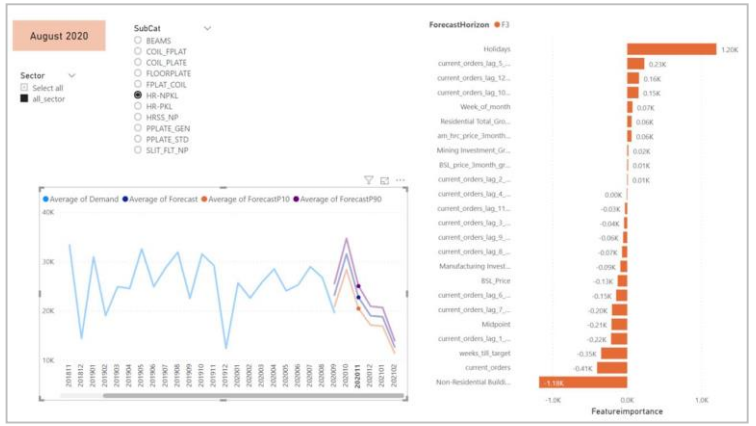
Case study
Paint line scheduling optimisation

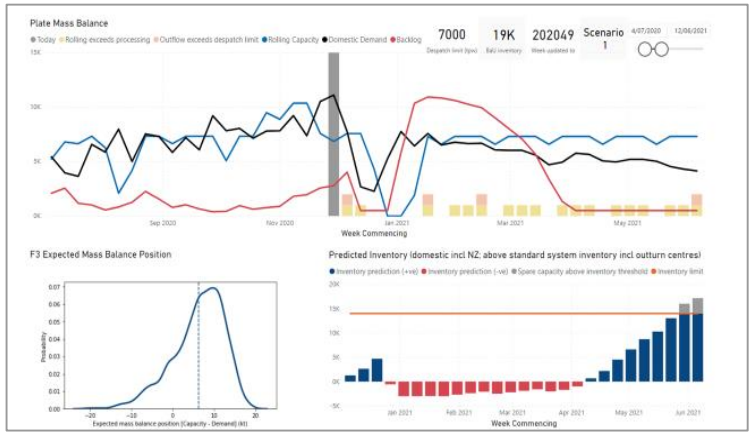
Click here to view the video case study

CASE STUDY
CONNECTED SUPPLY CHAIN

Leveraging advanced analytics to improve demand forecasting and optimise inventory

- A pilot to explore ways to improve supply chain performance in one Australian business – with digital technology
- Introduced advanced analytics techniques to assess data patterns and improve decision making:
  - Machine learning models to improve demand forecasting accuracy
  - Inventory optimisation models
  - Improved visualisation to show historical and future demand, capacity, and inventory levels
- Supporting business processes also aligned with the new tools to ensure a sustainable long-term solution
- The new suite of digital tools is expected to enable improvements to operational performance





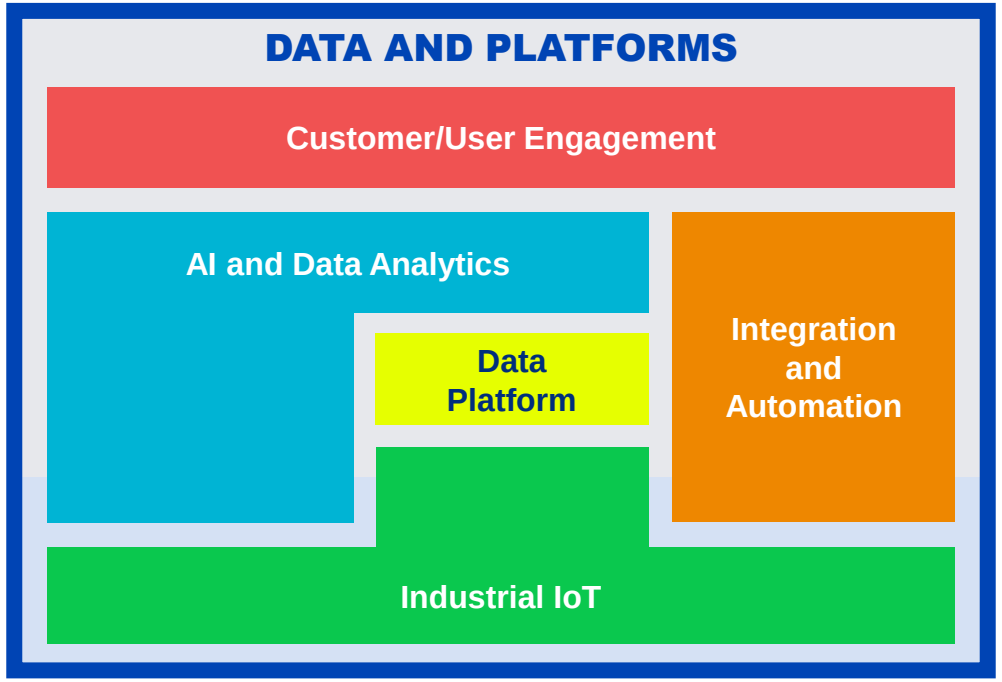
CASE STUDY
SUPPORT FUNCTIONS
Robotic process automation improving employee productivity

- Introduced Robotic Process Automation (RPA) to automate certain finance processes and create greater capacity for finance professionals
- Piloted RPA with balance sheet reconciliations as this was a time consuming process involving many people
- Expanded to more automation initiatives, saving finance professionals over 50 days' worth of repetitive work
- Other benefits include better data accuracy, faster speed and services, and increased cross-functional collaboration
- Also strengthening foundations including upskilling people, and building common methods and platforms
- Currently expanding RPA adoption to other support functions e.g. procurement, reporting, HR

FOUNDATIONS
DATA & PLATFORMS

The set of data and technology standards and services that underpin our digital transformation

- Coordinated strategy and value focused approach across BlueScope linked to strategic priority areas
- Investing in modern cloud first technologies in five core capability areas including
  - data integration
  - automation
  - analytics
  - customer engagement
  - industrial internet of things (IoT) platforms
- Designing common governance and standards to accelerate transfer of knowledge and solutions across the business
- Building new strategic partnerships to accelerate the efforts



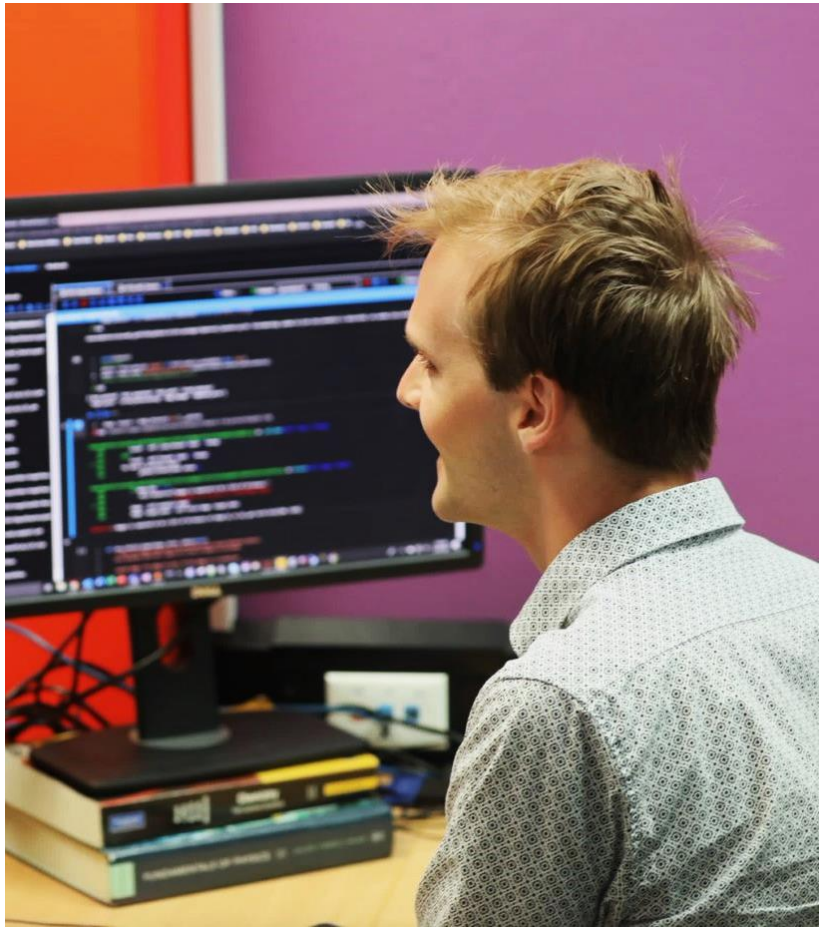
FOUNDATIONS
PEOPLE CAPABILITIES
Strengthening our ability to deliver digital

Investing in new roles and capabilities

- Global roles to identify and scale opportunities across BlueScope
- Regional hubs established in NZ, ASEAN and Australia
- Advanced Analytics Centre of Excellence (9 FTE)
- Strategic partnerships to provide specialised skills and solutions

Upskilling and involving our existing workforce

- Up-skilling employees through learning programs and projects
- Focus on agile and innovation behaviours to deliver value quickly
- Sharing knowledge and learnings with global networks



Pictured: Thomas, a Data Scientist who joined our global centre of excellence via a business secondment

North Star

Pat Finan (Chief Executive Hot Rolled Products North America)

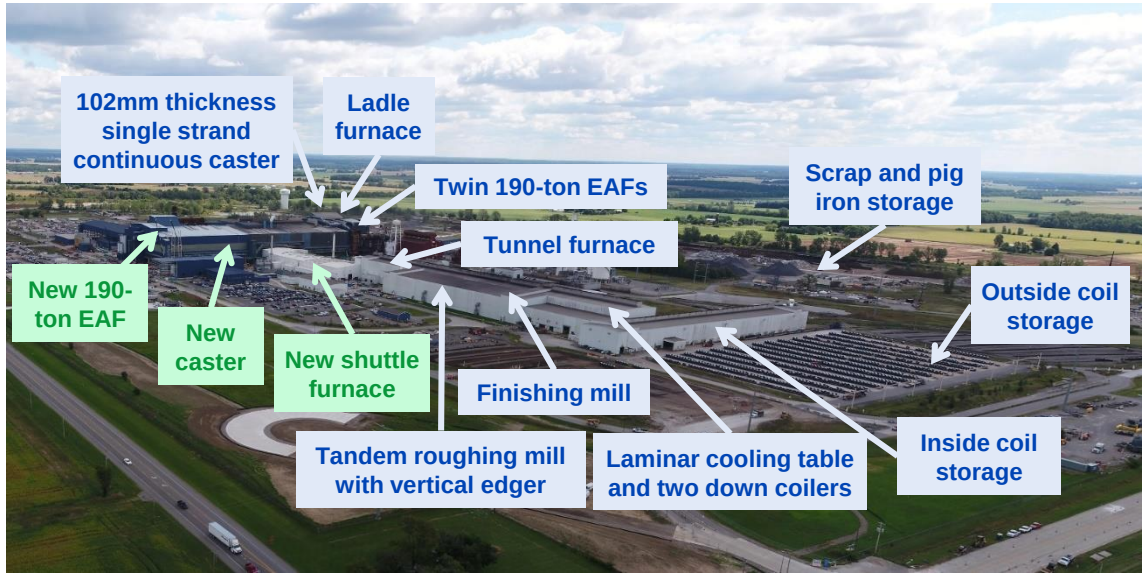
Click here for a video overview of North Star

NORTH STAR OVERVIEW

Industry leading hot rolled coil producer; competitive advantage in safety, quality, service and delivery

Facility overview

- Industry leading hot rolled coil producer, established in 1996 in Delta, OH as a twin EAF, single caster and 3mtpa HSM operation, producing around 2 million tonnes of hot rolled coil per annum
- In August 2019, the BlueScope Board approved an 850ktpa expansion of the mill through the addition of a third EAF, second caster and a shuttle furnace



North Star's competitive advantage

Quality

- Slab thickness allows for superior quality characteristics
- Hot strip mill achieves consistent gauge, shape control, and surface quality

Service

- One location, operating with empowered employees
- Consistently ranked #1 in overall customer satisfaction in the Jacobson steel industry survey

Delivery

- Industry leading delivery performance with >95% on-time delivery
- Unique supply chain allows for rapid response to changes in production schedules to meet ever-changing customer needs

Safety

- Safety culture based on employee engagement, continuous communication, and feedback with regular incident reporting
- Industry leader in safety with a focus on strengthening our critical control effectiveness

PRODUCTS AND CUSTOMERS

Serving a diversified range of end-use segments and products, predominantly through service centre channels

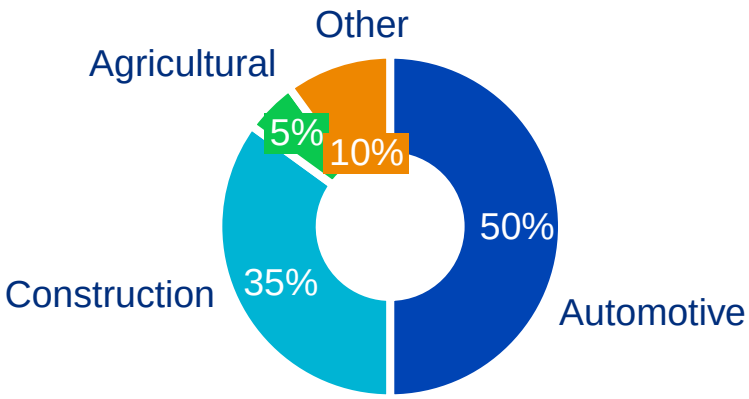
Product range

- 25-30 grades of HRC, produced at a consistently high quality
  - Strong focus on light gauge high strength low alloy grades
  - Single bill solution available (pickled & oiled, galvanized, slit)
- Coil shape provides more yield per coil (flatter profile)

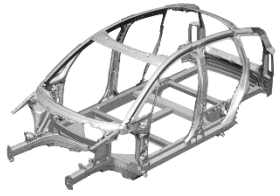
Local customer base

- Product sold to over 100 customers, typically within a 300 mile radius
- Sell ~80% of volumes to service centres who value North Star's service levels, evidenced by metrics such as delivery in full on time and the Jacobson survey
- Generally modest share of customer wallet – with North Star's ability to supply customers traditionally limited by capacity

End-use segment exposure



Examples of end-use products:



Automotive:
frame and chassis

Construction:
purlins

Construction:
guard rails

Manufacturing:
gas tanks

Agriculture:
machinery

Other end-use products include:

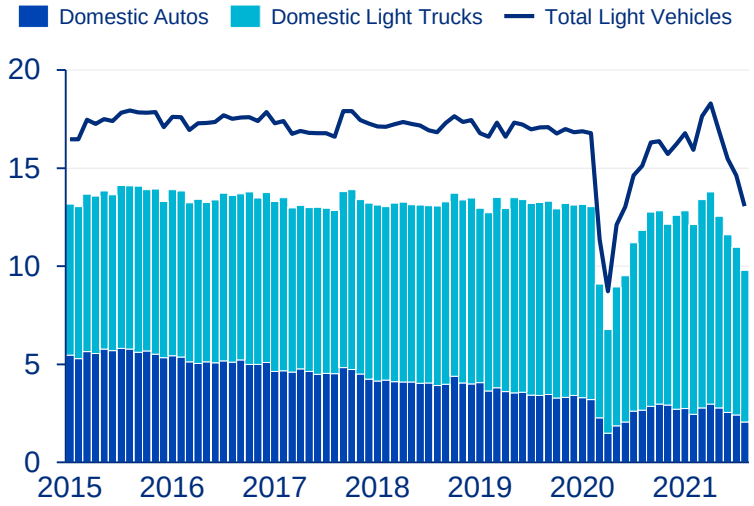
- Racking
- Transmission parts
- Seating

STRONG CONDITIONS ACROSS END-USE SEGMENTS

An improved COVID-19 situation, low interest rates and significant infrastructure program supporting improved optimism and robust economic momentum; manufacturing activity remains elevated

Automotive[1]

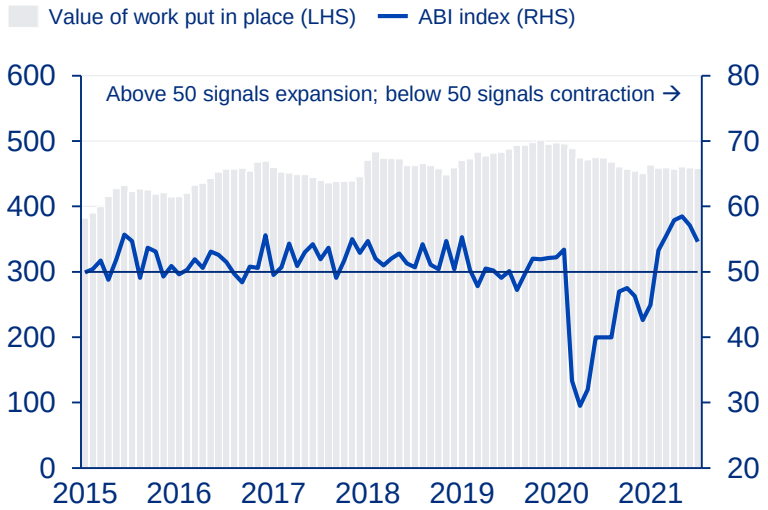
(Light vehicle sales, annualised million units)



- Auto demand remains solid but manufacturer output is temporarily impacted by semiconductor shortage

Non-residential construction[2]

(Value of work put in place, US$Bn; ABI)



- Private non-residential construction spending remains stable
- Public construction spending has continued in its recovery, with planned large fiscal stimulus providing key support

Manufacturing[3]

(ISM purchasing managers' index)

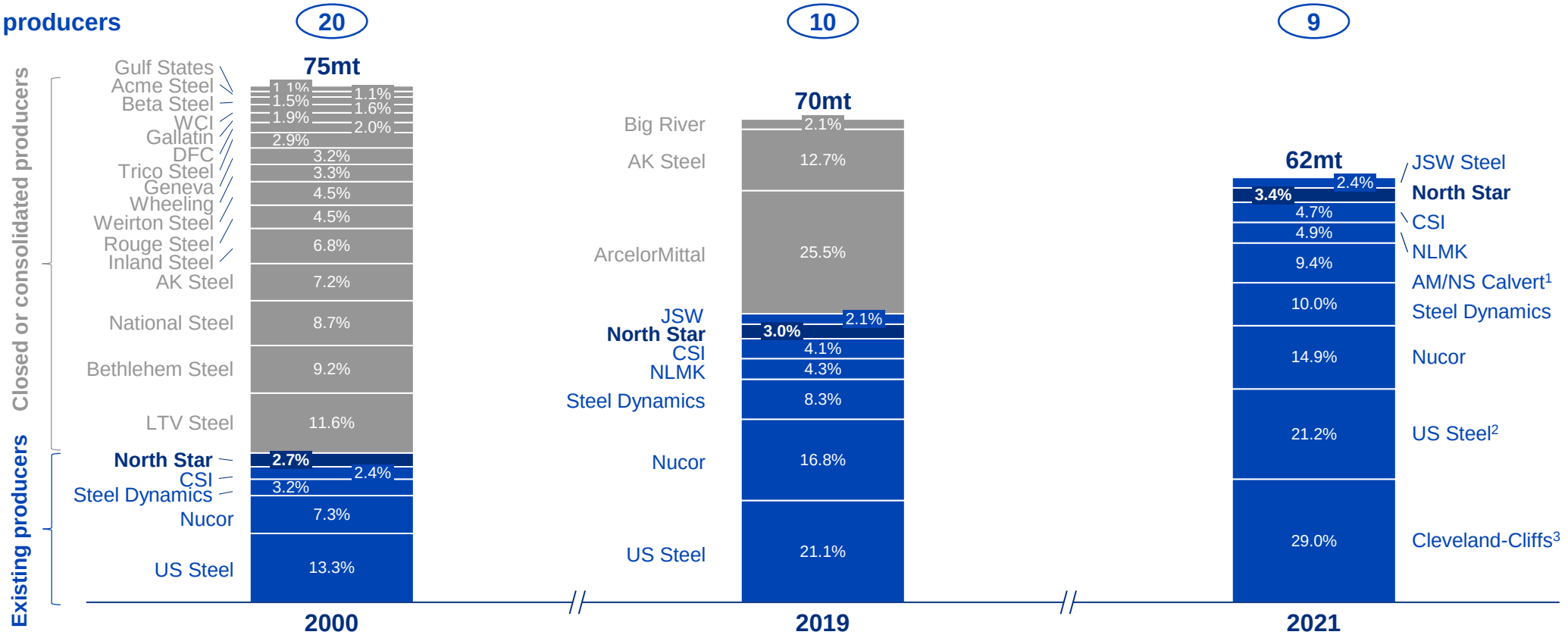
- The PMI index remains firmly in expansion territory, reflecting the strong level of consumer confidence
- Some output constraints due to labour and logistics availability

1. CEIC; seasonally adjusted; data to Aug-21.
2. US Census Bureau, Value of Private Construction Put in Place Survey, data to Jul-21; American Institute of Architects, data to Jul-21.
3. ISM – Institute for Supply Management, Purchasing Managers Index, data to Aug-21

US STEEL INDUSTRY RATIONALISATION

US steel industry consolidation and rationalisation have continued, supporting an improved industry structure

US hot strip mill capacity consolidation (%, mt)

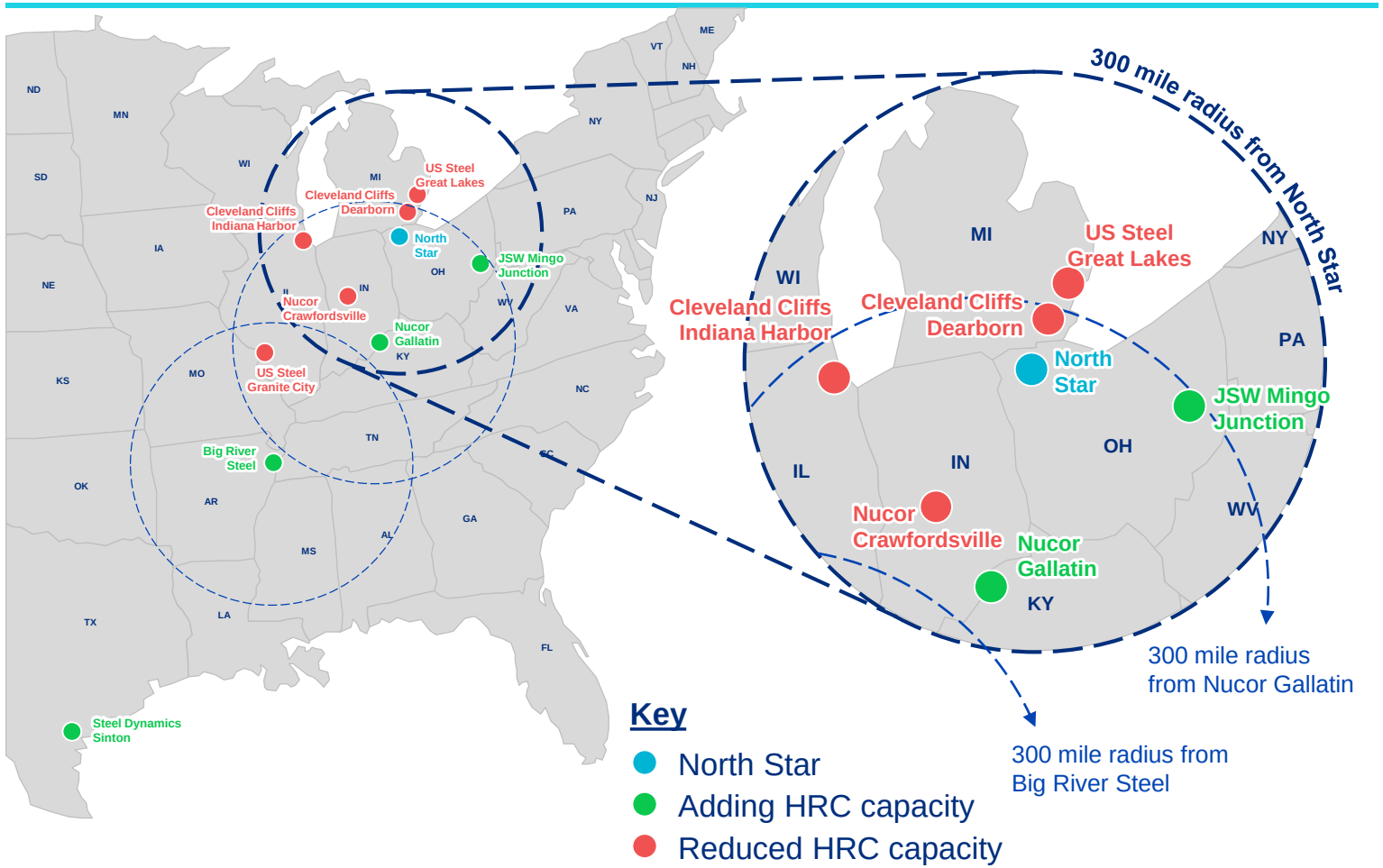


Source: Worldsteel Association, SRA, BSL analysis

1. Represents the joint venture between ArcelorMittal and Nippon Steel Corporation at Calvert, AL
2. Includes Big River Steel, acquired in 2019 and expanded in 2021
3. Includes AK Steel and ArcelorMittal's US blast furnace fed operations, both acquired in 2020

REGIONAL HRC CAPACITY

In the region in which North Star operates, blast furnace closures will more than offset the return of temporarily idled mills and new capacity projects coming online



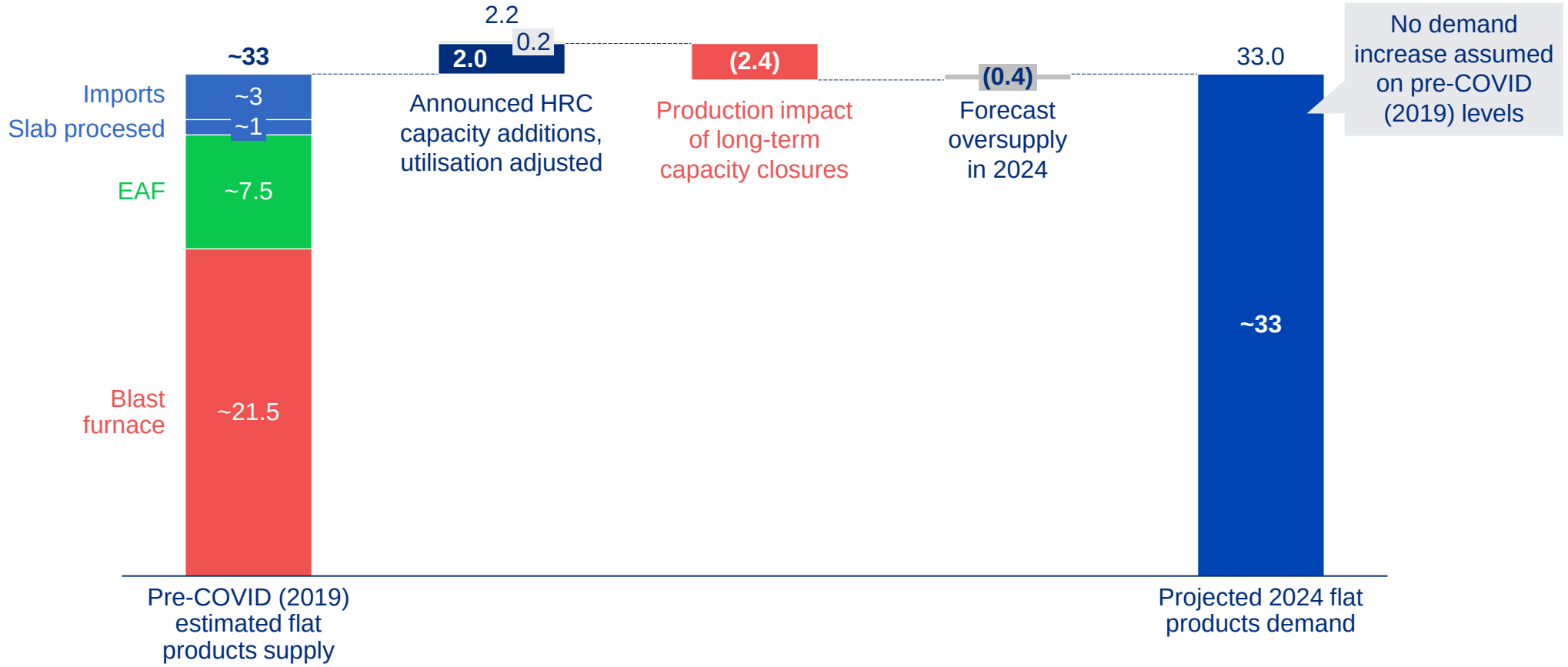
Permanent Closures / Additions	Distance from North Star	HRC Capacity Change (on 2019)
Within 300 miles of North Star		
North Star		
Delta, OH	-	+ 0.85mt
Nucor		
Ghent, KY	200 miles	+ 1.3mt
Crawfordsville, IN[1]	140 miles	– 0.9mt
JSW Steel		
Mingo Junction, OH	195 miles	+ 1.5mt (targeted)
Cleveland Cliffs		
Dearborn, MI[1]	65 miles	– 3.0mt
Indiana Harbor, IN	180 miles	– 0.8mt
US Steel		
Great Lakes, MI	70 miles	– 3.7mt
	Subtotal	**– 4.8mt**
Rest of US		
Big River Steel		
Osceloa, AR	510 miles	+ 1.5mt
Steel Dynamics		
Sinton, TX	1200 miles	+ 2.7mt
US Steel		
Granite City, IL	400 miles	– 1.3mt
	Subtotal	**+ 2.9mt**
	National total	**– 1.9mt**

1. Capacity closure to amalgamate production at other sites, not expected to reduce aggregate company HRC output

REGIONAL SUPPLY / DEMAND OUTLOOK

Supply and demand in the region in which North Star operates is expected to be largely in balance in 2023

Regional flat rolled supply and demand balance (million metric tonnes)

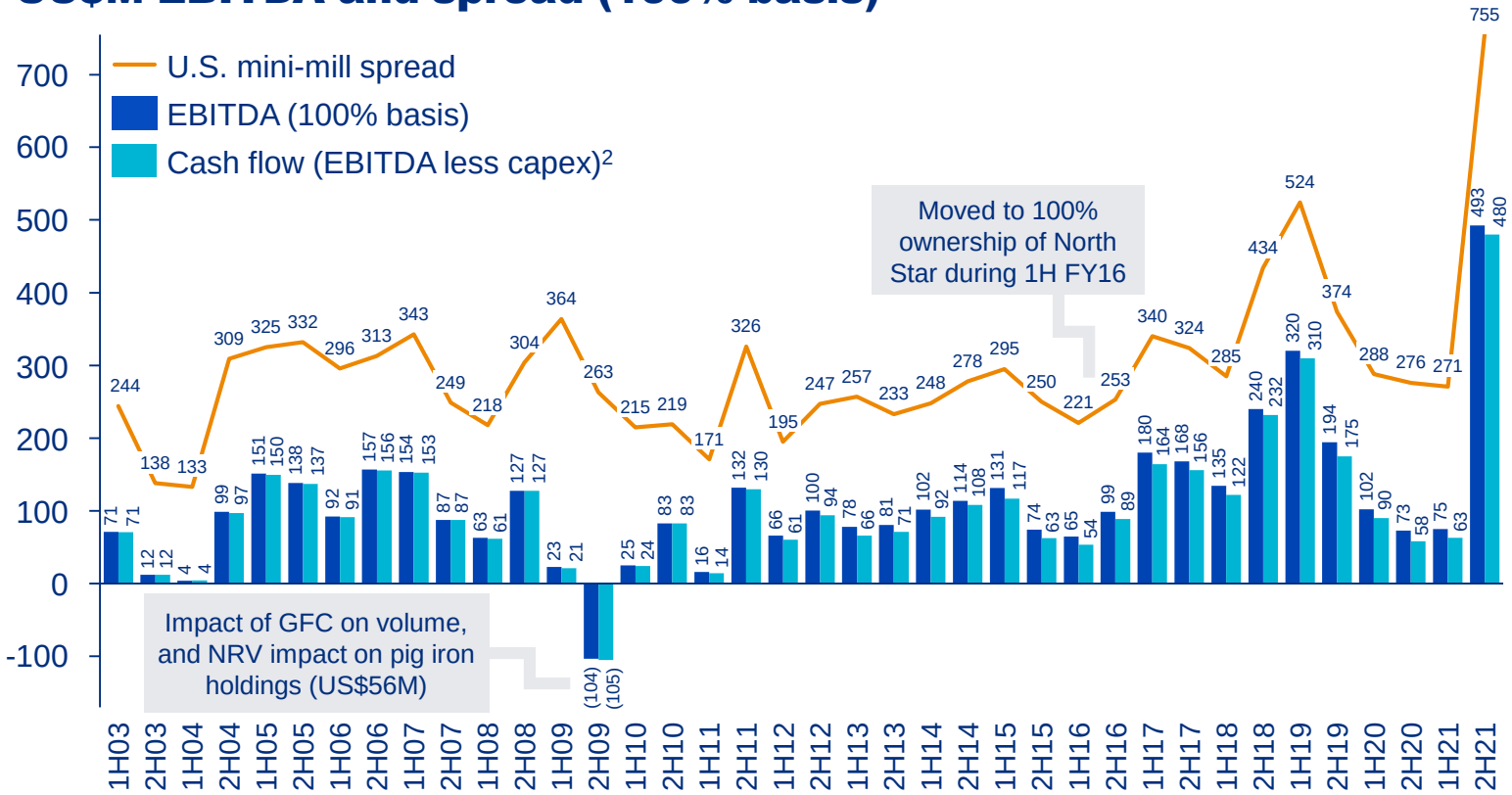


1. Source: SRA, BSL analysis
(1) Capacity utilisation adjustment recognises that capacity additions are unlikely to operate at nameplate capacity; conservatively assumed that new capacity could operate at a practical utilisation of ~85%, North Star remains at 100%

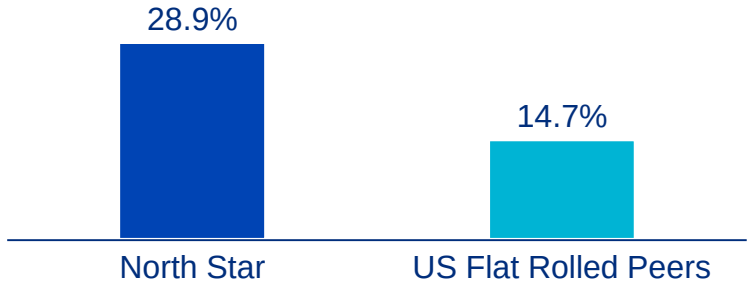
COST COMPETITIVENESS

Strong EBITDA and cash generation through the cycle; industry leading margins and consistently full utilisation

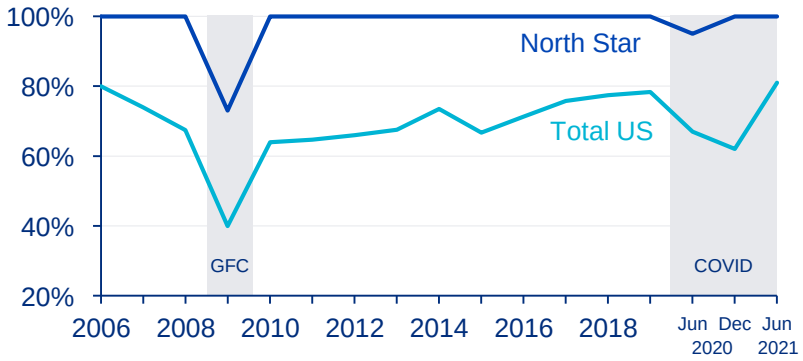
US$M EBITDA and spread (100% basis)[1]



EBIT margins[3] (%)



US steel mill capacity utilisation[4]



1. US Midwest mini-mill HRC spread (metric) – based on CRU Midwest HRC price (assuming illustrative one month lag), SBB #1 busheling scrap price (assuming one month lag) and Fastmarkets NOLA pig iron price (assuming two month lag); assumes raw material indicative usage of 1.1t per output tonne. Note, North Star sales mix has longer lags
2. Capex is presented on an accrual basis, and as such excludes movements in capital creditors. Excludes North Star expansion CAPEX
3. FY2021 data. Reflects North Star underlying EBIT margin. Peer margin data sourced from publicly available company information, simple average of US flat rolled peers using relevant segment information
4. Source: American Iron and Steel Institute. Chart reflects annual average utilisation to 2019, and half year average utilisation for CY2020 and 1H CY2021.

RAW MATERIALS STRATEGY

Diversifying metallics supply to provide flexibility and security for ongoing growth

Scrap – well located for local supply; testing broader supply options for flexibility and growth

- Strong existing supply base in North Star's region – both prime and obsolete scrap
- New furnace allows North Star to expand on its use of scrap that was previously not suitable:
  - different feeding capabilities
  - flexibility around melt speed
- Increase capabilities to assess quality of obsolete scrap
- Optionality of HBI as alternative to prime scrap
- Other strategies for diversification, including from offshore

Pig iron – diversify supply from Brazil, CIS

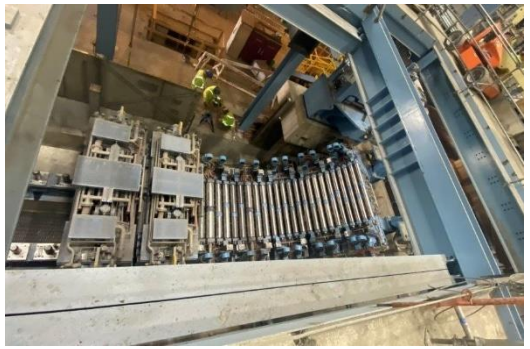
- Reliable existing supply base from Brazil and CIS
- Continue to further diversify Brazilian and CIS supply regions
- Continue to explore further opportunities for substitutes to enable greater security of supply

EXPANSION PROGRESS

Project well-progressed and on track for first coil in 2H FY2022

- Project well progressed[1]
  - Melt Shop commissioning well underway with numerous heats successfully completed
  - Equipment installation substantially complete for the ladle metallurgy furnace; second caster and tunnel furnace are well advanced with equipment set and piping and electrical installation works now commencing
  - First coil expected in early 2H FY2022
  - Expect an 18 month ramp up to full run rate to follow commissioning
- Present expectation is total cost to be 5-10% above the US$700M initial estimate, reflecting inflationary pressure and goal of commencing commissioning as soon as possible
- Approximately 80 new employees have been hired and the North Star team is actively supporting commissioning
- Strong focus on managing COVID-19 risks in project supply chains and onsite works

First heat from the new EAF



Slab Caster

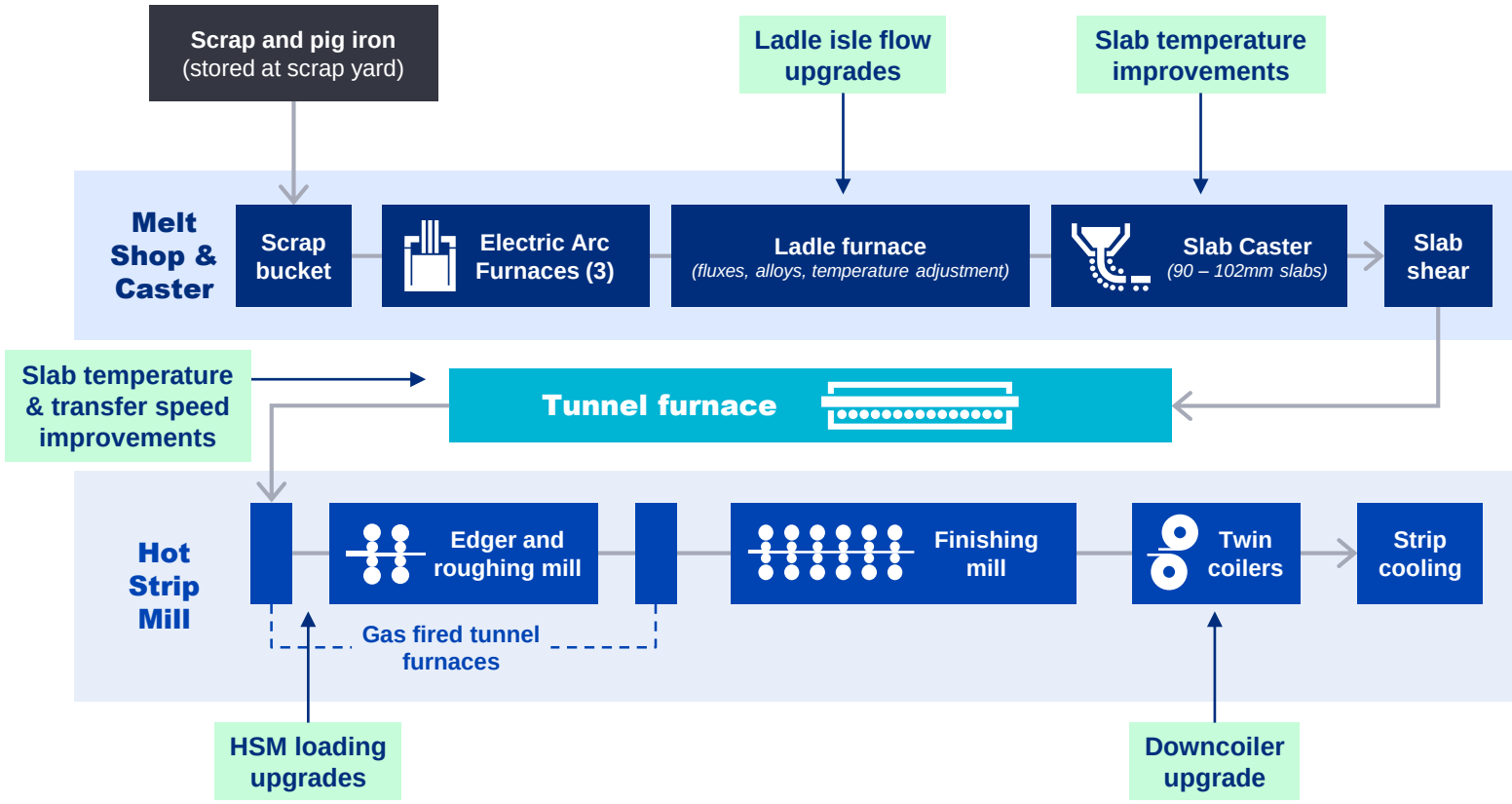
1. Accounting capital spend to 30 June 2021, including capital accruals, of US$517M relative to total project budget of US$700M. Cash spend to 30 June 2021 of US$448M

NORTH STAR DEBOTTLENECKING PROJECT

Assessment of the 500ktpa incremental debottlenecking opportunity to begin as we progress through the ramp up period of the expansion project

- Commissioning of new furnace and slab caster in early 2H FY2022 will provide slabmaking capacity of ~3.5Mtpa
- Mill bottleneck will then be the hot strip mill (HSM) with practical capacity of ~3.0Mtpa
- Debottlenecking project will target increased throughput of 500ktpa, with:
  - HSM loading and downcoiler upgrades
  - Slab handling upgrades
  - Ladle isle flow upgrades
- Very high-level pre-concept cost estimate of $100M
- Assessment to begin as we progress through ramp-up period of current expansion
- Indicatively, implementation is expected during FY2024 and FY2025

North Star mill schematic showing possible debottlenecking tasks



Q&A

Mark Vassella (Managing Director and Chief Executive Officer)
Tania Archibald (Chief Financial Officer)
Andrew Garey (Chief Strategy and Transformation Officer)
Pat Finan (Chief Executive Hot Rolled Products North America)

Australian Steel Products

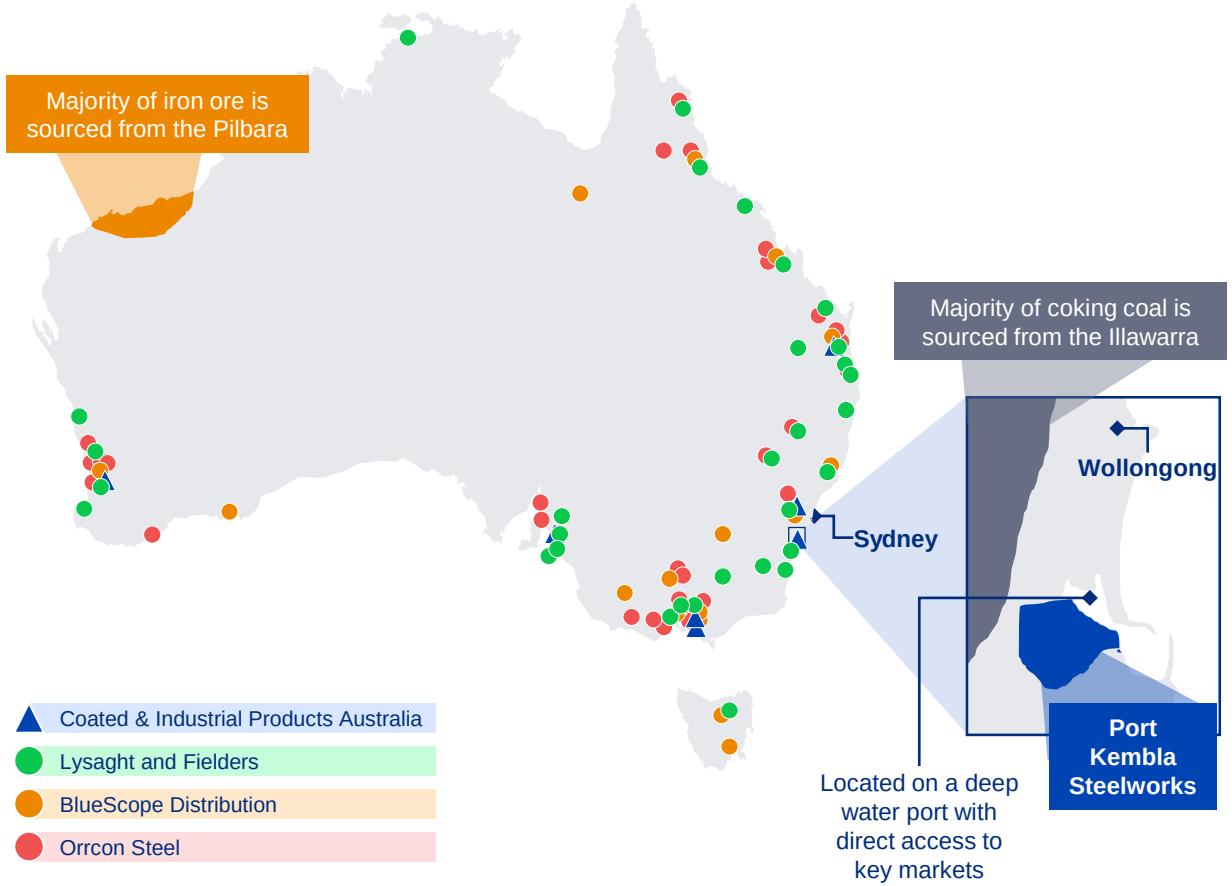
John Nowlan (Chief Executive Australian Steel Products)
Gerald Cornelius (General Manager Australian Steel Markets)
Kylie MacKenzie (Marketing Manager Australian Steel Markets)

SEGMENT OVERVIEW

Integrated producer of premium branded flat steel products for domestic Australian markets

- Produces hot rolled coil and plate through to branded, value-added metallic coated and painted products
- Established steelmaking asset at Port Kembla, with advantageous position close to high quality raw materials and port facilities
- Manufactures over 3mtpa of flat steel products. Of this, 2.5mt sold domestically in FY2021, with balance sold as exports
- A range of iconic brands used across building market segments
- Extensive channels to market, including:
  - Lysaght and Fielders (roll-formed steel building materials)
  - BlueScope Distribution (coil and plate distribution)
  - Orrcon Steel (pipe and tube manufacture and distribution)

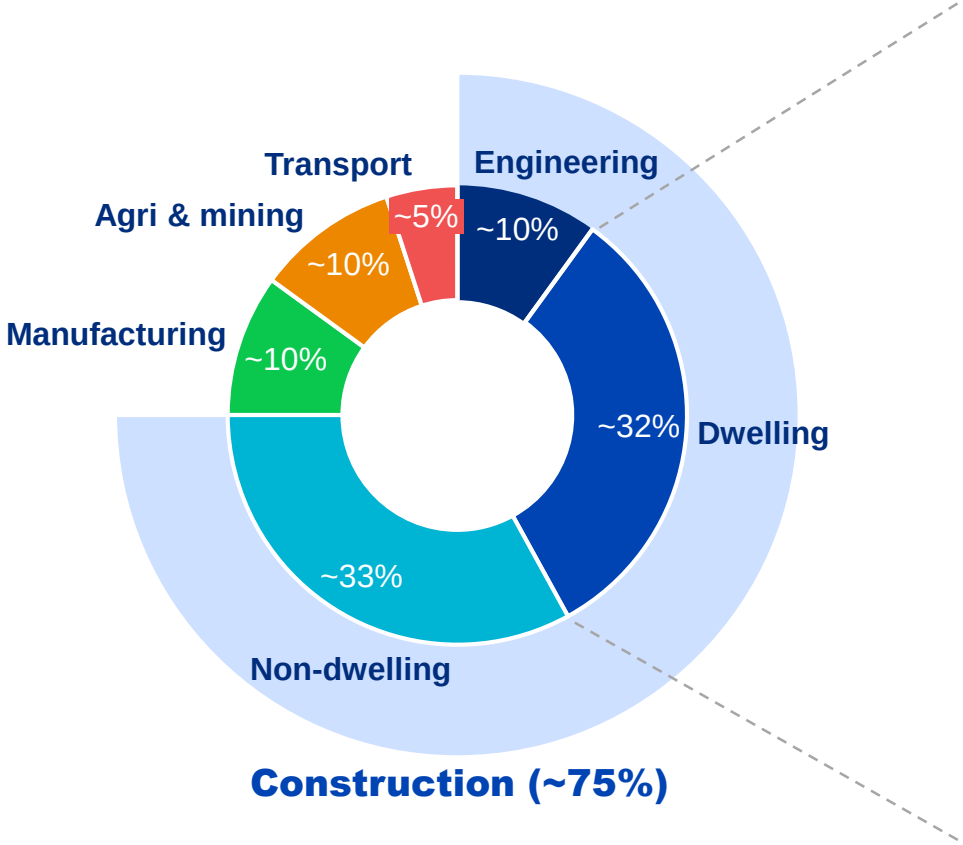
Footprint



KEY END-USE SEGMENTS

Approximately a third of domestic volumes are exposed to high margin and robust outlook A&A and detached residential end-use segments

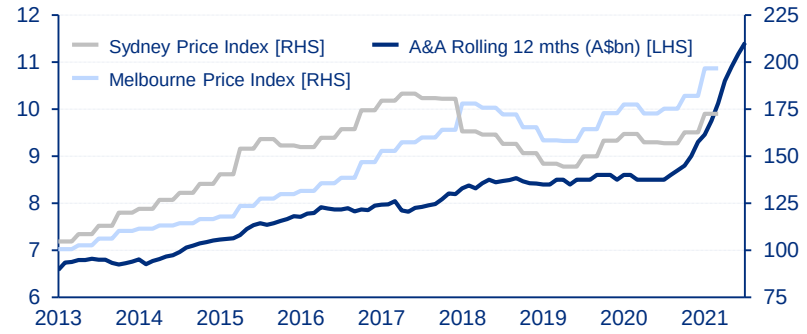
Domestic end-use segment exposure



Alterations & additions (A&A)

- Indicatively consume around half of ASP's dwelling volume
- Strong and lightweight products well suited to this application
- Long term growth supported by structurally higher house prices
- Robust level of activity, also supported by sound labour market

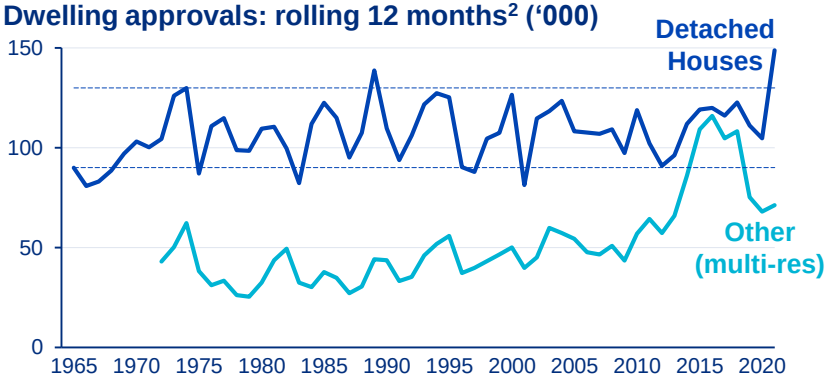
A&A building approvals and house prices[1]



New detached dwellings

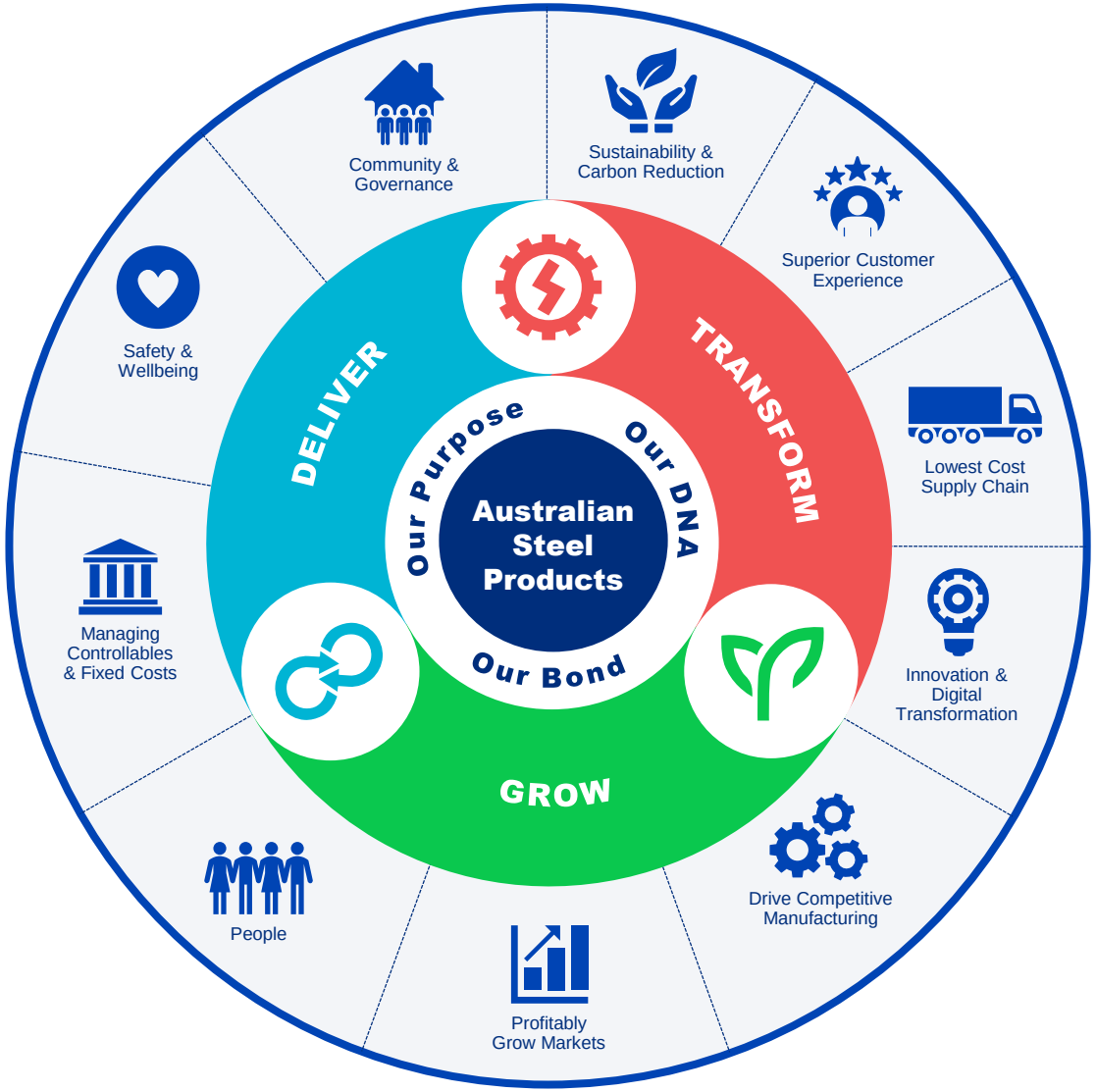
- Non-A&A exposure is mainly to new detached dwellings
- Approvals consistently sit within an annualised range of 90k – 130k
- Recent contraction coming off a high base; predominantly in multi-res
- Orderly pullback from a high base, not a major correction

Dwelling approvals: rolling 12 months[2] ('000)



1. A&A: Alterations & Additions, Source: ABS series 6416, table 2; original data; 2011-12=100; data to Mar-21 Qtr, ABS series 8731, table 38; seasonally adjusted; current $; data to Jul-21
2. Source: ABS series 8731, table 11; original data; data to Jun-21 Qtr

ASP STRATEGY & KPIS



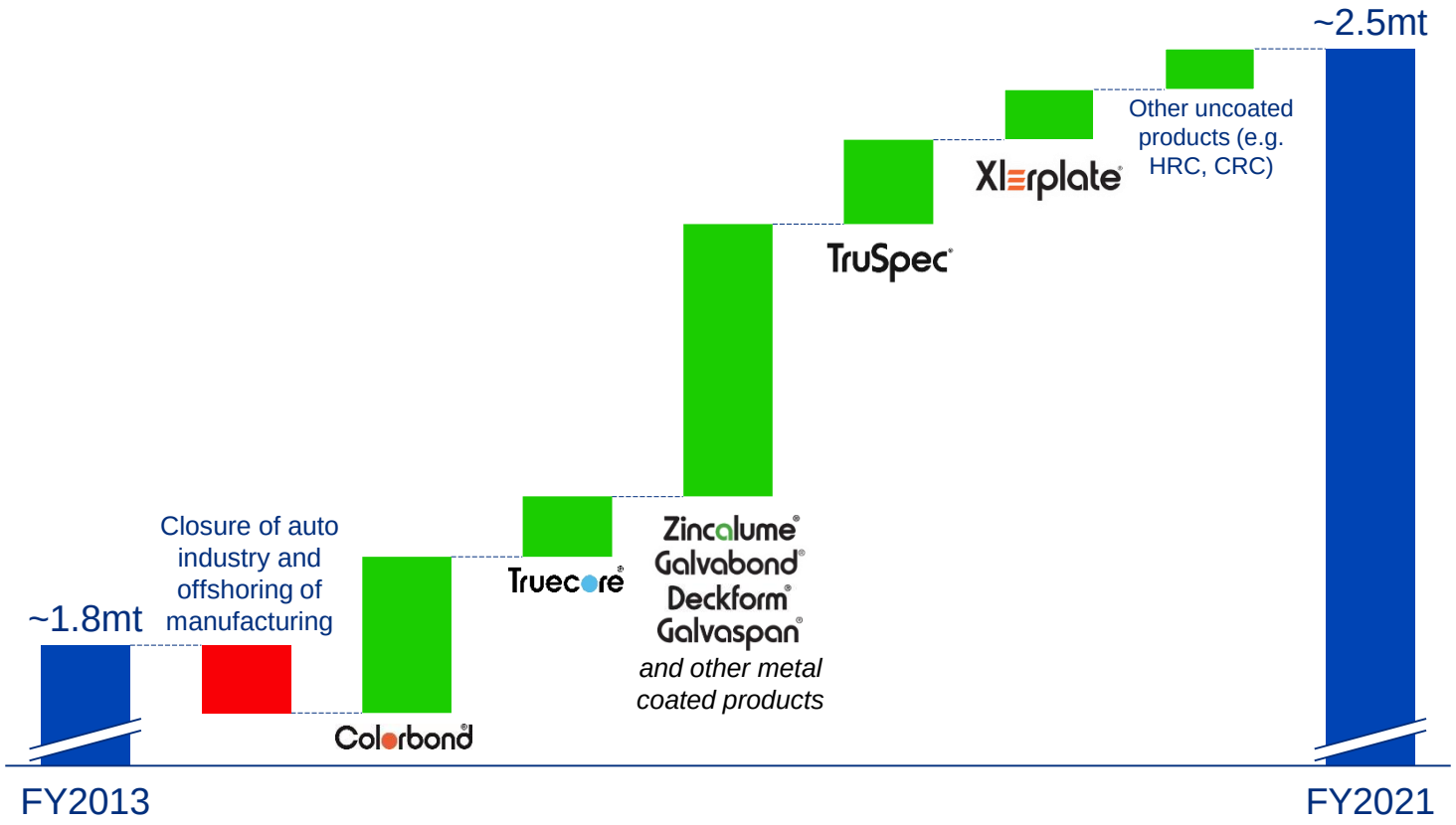
How we measure success

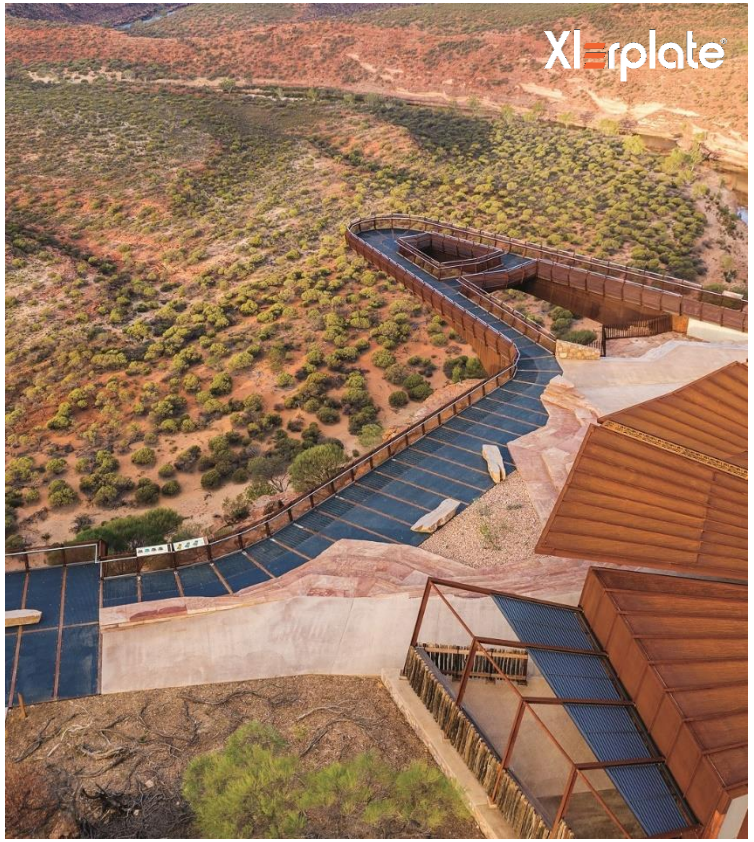
- Constantly improving measures of customer satisfaction
- Maintaining steelmaking at above cash breakeven at bottom of cycle conditions
- Delivering above target ROIC through a three year cycle
- Being an employer of choice
- Delivering on our GHG intensity reduction plan
- Making a positive contribution to our community

GROWTH IN DOMESTIC STEEL VOLUMES

BlueScope's product-specific initiatives and end-use segment demand growth have delivered strong growth in Australian domestic steel product sales

ASP domestic sales – FY2013 to FY2021 (mt)





Source: BlueScope

Colorbond®

COLORBOND® STEEL GROWTH

Planned ongoing investment in our COLORBOND® steel product and brand continues to deliver inter-material growth

COLORBOND® steel in-market activity

- In final year delivering on a five-year growth strategy, already exceeding the business case
- Focused marketing and business development activity has combined to deliver increased awareness, consideration and conversion of COLORBOND® steel in key geographies

COLORBOND® steel brand investment

- Sponsoring The Block 2021 for the fifth consecutive year, to demonstrate the versatility of our products and elevate COLORBOND® steel's leadership role in exterior design trends
- Jan 2021 saw the launch of our new COLORBOND® steel television commercial

COLORBOND® steel in a Matt Finish

- Introduced in 2017 to enhance the colour and design leadership of COLORBOND® steel
- The positioning, as an aspirational finish, has driven growth and further consideration for COLORBOND® steel

COLORBOND® steel Façade and Walling Innovation

- LYSAGHT HORIZON™ utilising leading adhesive technology in the assembly of a twin-skin panel, custom manufactured by "compliant-gluing" formed sheets together
- LYSAGHT CUSTOMFLOW™ makes it possible to achieve a clean, neat, continuous corner solution, providing a premium finishing touch to any corrugated clad structure

Truecore®

Click here to view a video on TRUECORE® steel

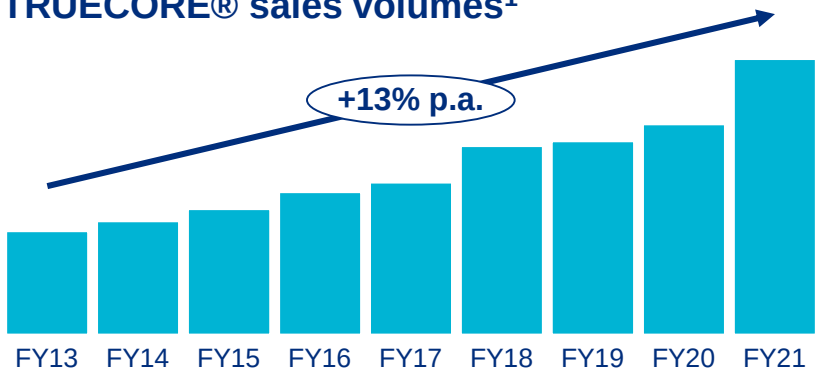
LIGHT-GAUGE STEEL FRAMING GROWTH

TRUECORE® steel demand for light-gauge framing is growing in both residential and commercial applications

Residential steel framing

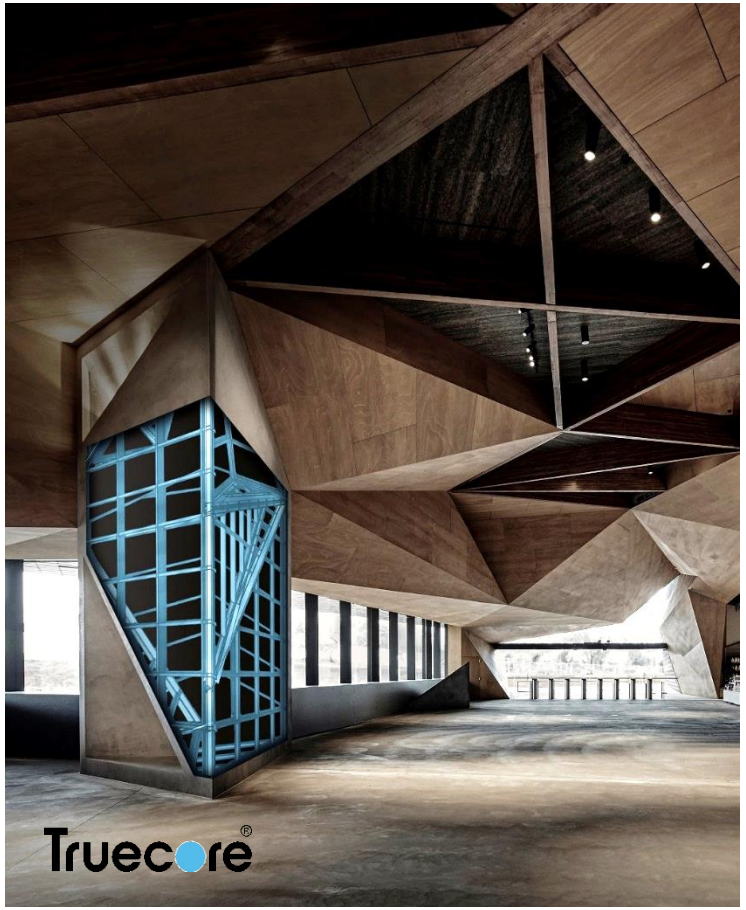
- Sales of TRUECORE® steel for framing continue to increase on the back of robust residential demand and the execution of a solid inter-material growth strategy
- Ongoing investment in consumer branding and promotions have established TRUECORE® steel as a mainstream building material
- Ongoing Industry investment in Installation and Detailing capability and capacity

TRUECORE® sales volumes[1]



Capacity growth initiative

- Previously idled MCL5 in Western Port was re-started in 2017, initially adding ~120kt in metal coating capacity, and increased by another ~120kt in 2021 with a further ramp-up in shift patterns
- To support ongoing demand growth, ASP is considering an additional metal coating line (MCL7)
- An initial study of a ~200ktpa capacity line will be progressed in the near term, with a highly indicative cost of around $250M
- Next steps are to finalise concept study, and progress feasibility work



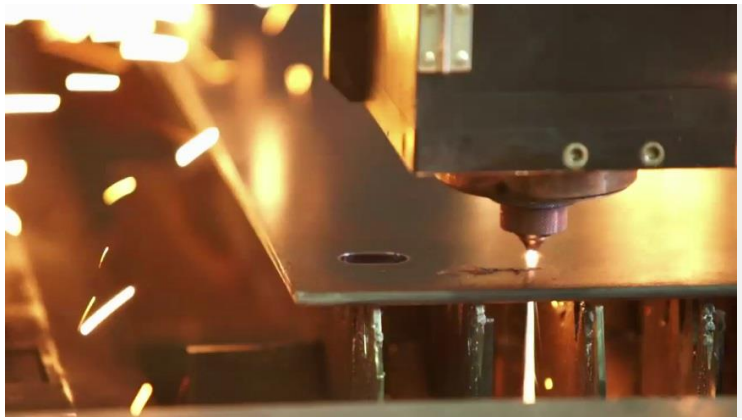
1. Domestic prime sales volume ex-mill

TRU-SPEC® STEEL COIL PLATE

Strong growth in superior coil plate product; commissioned second line to meet continued growth

TRU-SPEC® steel tension-levelled coil plate

- In 2014, BlueScope invested in a 113kt coil plate processing line in Port Kembla to enable production of a coil plate product (branded TRU-SPEC® steel) that provided enhanced end user benefits to the alternative products available
- Increased demand for the new TRU-SPEC® steel product has in recent years exceeded expectations, and BlueScope's capacity to meet this demand



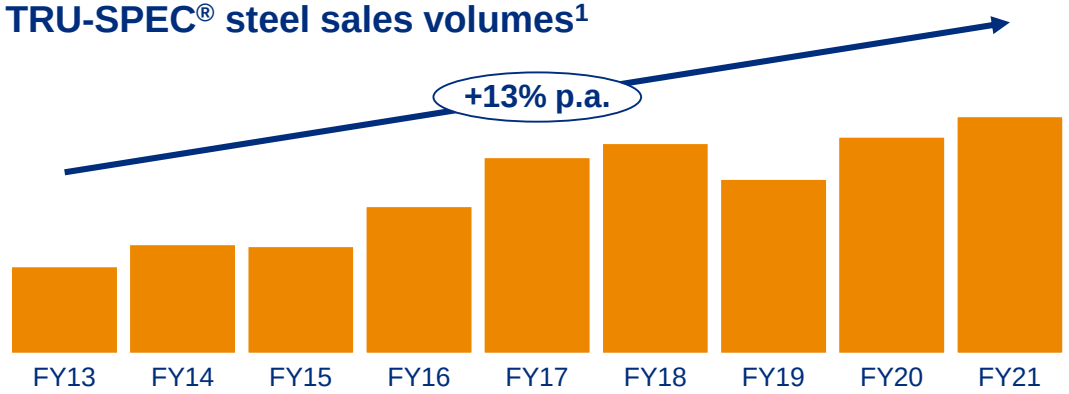
Benefits of selecting TRU-SPEC® steel

- ✓ Consistent high quality
- ✓ Excellent flatness
- ✓ Excellent surface quality
- ✓ Improved cutting and processing efficiency
- ✓ Backed by BlueScope

Second coil plate line to support growth

- A second 160kt TRU-SPEC® steel tension levelled coil plate line was commissioned in Port Kembla in October 2020 in order to meet the increased demand levels. This was successfully commissioned remotely during COVID in line with plan and is already delivering sales in line with the business case
- Increased capacity provides the opportunity to further grow TRU-SPEC® steel sales, as well as reducing complexity and cost in the supply chain, and improving the service offer for customers

TRU-SPEC® steel sales volumes[1]



1. Domestic prime sales volume ex-mill

Innovation Laboratories

Click here to view a video overview of the Innovation labs

AUTOMATION AND ROBOTICS

Robotics and automation opportunities unlocking the next wave of productivity improvements and cost savings

- Cost reductions and productivity improvements increasingly driven through automation and robotics
- Numerous opportunities for robotics given scale and complexity of operations
- Provides the foundation for advanced automation through machine learning and artificial intelligence

Investment in automation at Western Port Service Centre

- Consolidating Victorian coil processing facilities into the Western Port site
- Invested in a new automated slitting line, and a new recoil line
- The new automated slitting line removes manual handling, improving safety and driving productivity

Steelmaking ladle turn over

- Automation is improving the efficiency and reducing risks in changing steel ladle flow control refractories
- Refractory changes are completed using two ABB robots.
- Laser scanning system used to locate components of the ladle

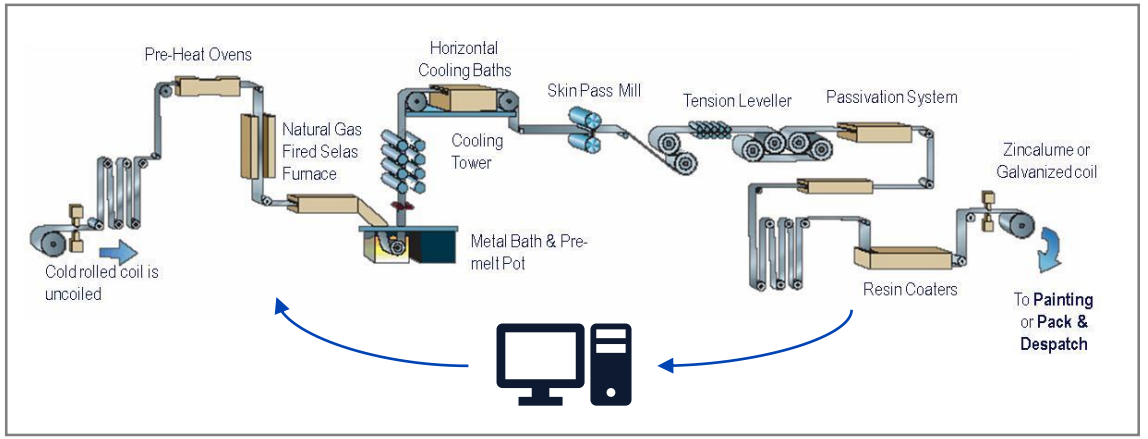
LEVERAGING NEW TECHNOLOGY

Machine learning offers opportunity to further improve already advanced manufacturing processes

Slabmaking temperature model using machine learning

- Piloted a machine learning model to achieve more accurate ladle temperature to steel treatment, minimising large reheats and coolant scrap additions
- More accurate charge calculation, allowing optimal scrap charge without adding costly heat raisers

Metal coating line product flow simulation and machine learning

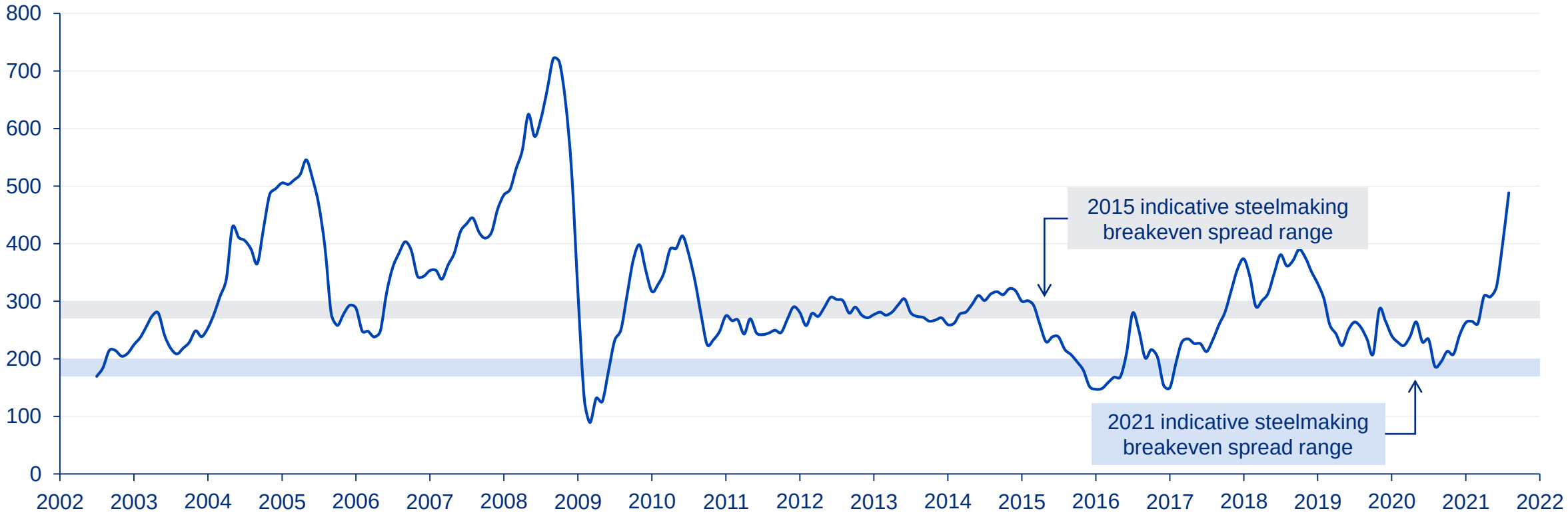


- Developed a simulation model to increase throughput by optimising production flow decisions at the Springhill plant
- Enables the identification of where bottlenecks may emerge and assists in design of optimal, capital-efficient interventions
- Benefits include increased throughput through the plant, and reduced capital costs

COST COMPETITIVENESS

Overarching focus is to retain cost competitiveness – including steelmaking assets' breakeven cost position at the bottom of the cycle

Asian steel spread[1] & estimated steelmaking cash breakeven[2] (US$/t)



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

VALUE OF ASP'S VERTICAL INTEGRATION

Significant value in the integration of steelmaking assets with downstream manufacturing and channels to market

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
- Focused 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® steel 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

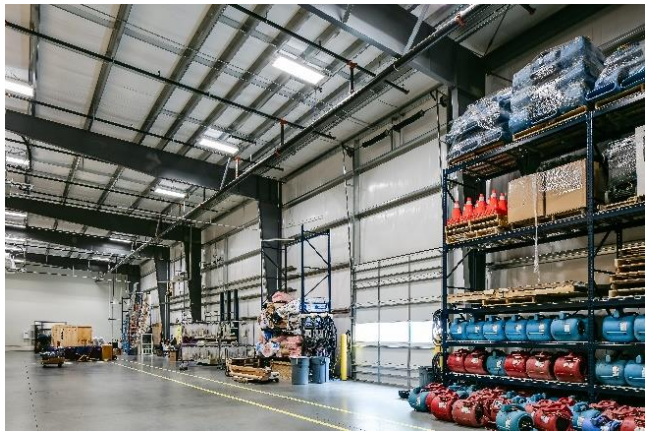
Buildings North America

Susan Stark (President, BlueScope Buildings North America)
Matthew Roth (President BlueScope Properties Group)

SEGMENT OVERVIEW

Buildings North America designs and supplies engineered building solutions into the large and stable low-rise non-residential US construction segment, under leading brands Butler® and Varco Pruden®

- Engineering and technology company with competitive advantages in product innovation, sophisticated proprietary technologies and strong, in-house engineering capabilities
- Leverages these capabilities to design efficient structures
- Operates seven manufacturing plants across the country to serve the national footprint of BNA builders
- Also provides support through project management through construction phase
- Offering supplemented by design and supply of conventional buildings
- Also includes in-house construction capability to capture work that does not fit existing builders' capability



EXAMPLES OF BUTLER & VARCO PRUDEN PROJECTS

MOTOR
HARLEY-DAVIDSON
CYCLES
4870

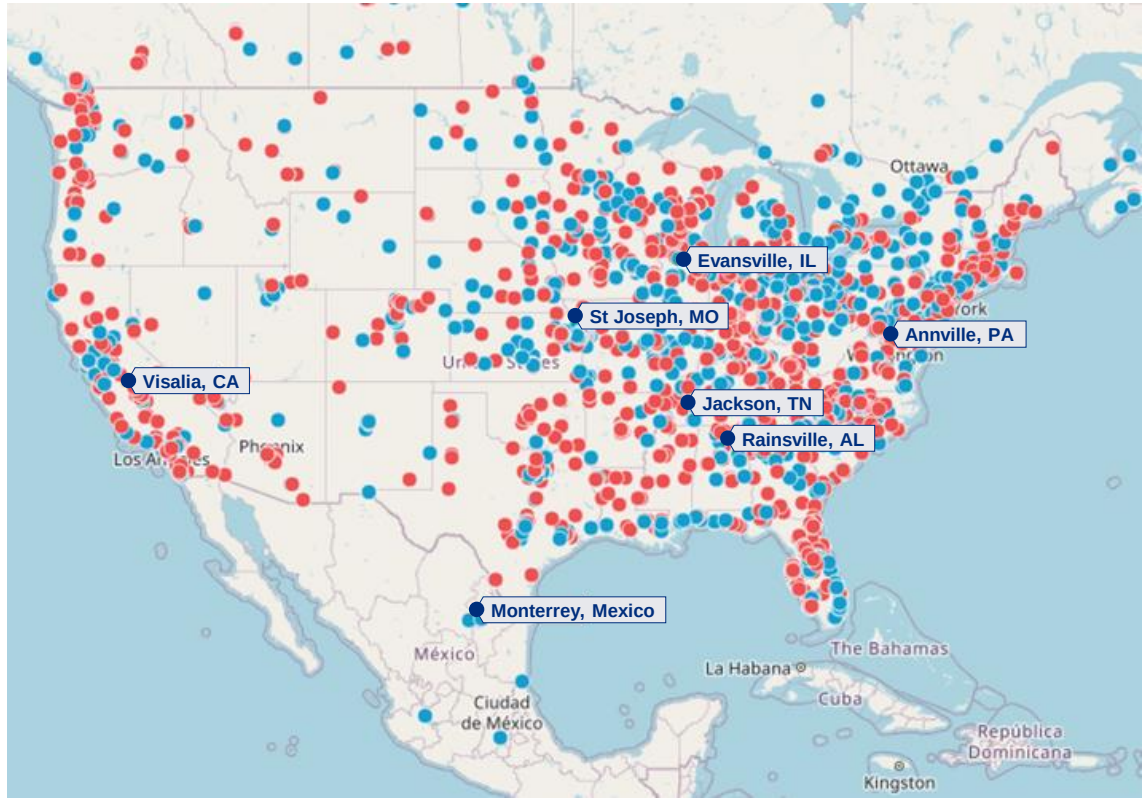
BUILDER NETWORK

Our 2,000+ strong network of builders use our premium brands and proprietary design software in the construction segment to win work and add value in the construction process

Strength of builder network built on differentiation

- National network of long-standing builders who go to segment through our premium brands, Butler® and Varco Pruden™
- Proprietary engineering software handles complex structural design to meet customer needs and requirements that others cannot meet
- Large, open span designs allow square footage to be maximised as well as overhead space flexibility for the building owner
- Butler® MR-24® Roof System is the gold standard in the industry as most reliable and highest quality

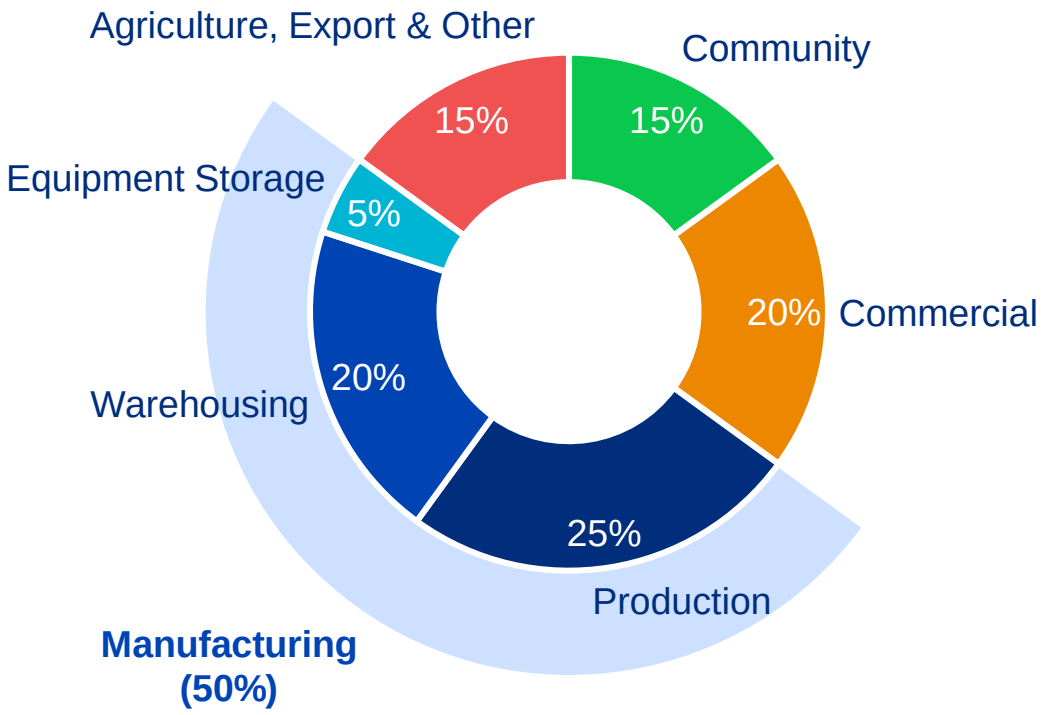
Builder network



END-USE SEGMENTS

BlueScope Buildings North America is exposed to end-use segments that are well positioned to benefit from trends

End-use segment exposure



Well positioned to benefit from trends

- Strength in e-commerce:
  - Focus on data centres, warehousing and distribution centres and last mile logistics
- Onshoring of manufacturing:
  - Demand for production facilities, related warehousing, and equipment storage

DRIVING EFFICIENCY AND GROWTH

Leveraging technologies, including robotics and automation, to enhance manufacturing and engineering productivity; focused organic growth

Modernising and upgrading manufacturing equipment

- Automating welding, adding new paint capabilities and an automated trim cell
- Enhancing our industry-leading modelling and detailing software
  - Improves builders' competitive position
  - Provides capability for further automation and robotics in manufacturing

Trim Cell

Focused organic growth initiatives

- Unique hybrid solution for large warehouse and distribution segment
  - Mixing proprietary EBS components with conventional structural systems
- Adding services for builders to supply adjacent product needs
- Continued focus on delivering core customers high quality structural needs

Auto Welder

BLUESCOPE PROPERTIES GROUP

BPG utilises BBNA's capabilities and strong builder network relationships to develop Class-A industrial properties

What we do

- BPG develops, leases and sells Class A industrial warehouse and distribution centres throughout the US
  - Process involves acquiring land, obtaining site use approval, site preparation and project managing the construction
  - Mix of Build to Suit (pre-leased) and Build to Demand projects
  - Creates value for the BBNA Builder network by providing access to projects

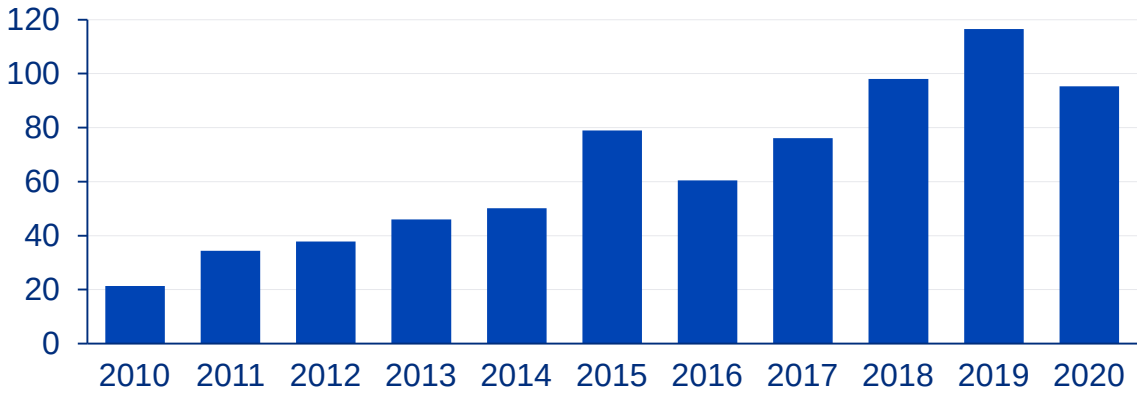
Clearly defined risk appetite and tolerance measures

Risk	Managed by:
Macro risks e.g. demand, interest rate, geographic concentration	• Focus on short holding periods • Ensuring geographic diversification • Ensuring mix of Build to Suit and Build to Demand projects
Project risks e.g. construction costs, localised supply / demand imbalance	• Focus on industrial segment (with low execution risks) • Use of established builder network • Thorough diligence process • Minimum leasing and hurdle rate requirements

The segment we serve

- The industrial asset class is a large, attractive and growing segment of the commercial property development market
  - High demand and limited supply have led to low vacancy rates
  - Strong end-use demand fundamentals, driven by sustained growth in e-commerce and focus on shoring up supply chains
  - Short development cycles (18-24 months) and lack of complexity in building structure

Total US Industrial Property Sales[1] (US$Bn)



1. Source: Real Capital Analytics, CBRE Research

UPSCALING BPG

BPG has a proven and successful track record; upscaling the business, tapping into key trends in US industrial properties such as the growth in warehousing and logistics

Proven and successful track record

Profitably completed 10 projects in last five years

26,900m² Cold Storage Facility

- Lease with The Coca-Cola Company
- Completed July 2020
- Sold November 2020

10,500m² Class A Industrial Building

- Lease with Marine Fasteners for 5,250m²
- Completed May 2020
- Sold December 2020

Upscaling the opportunity

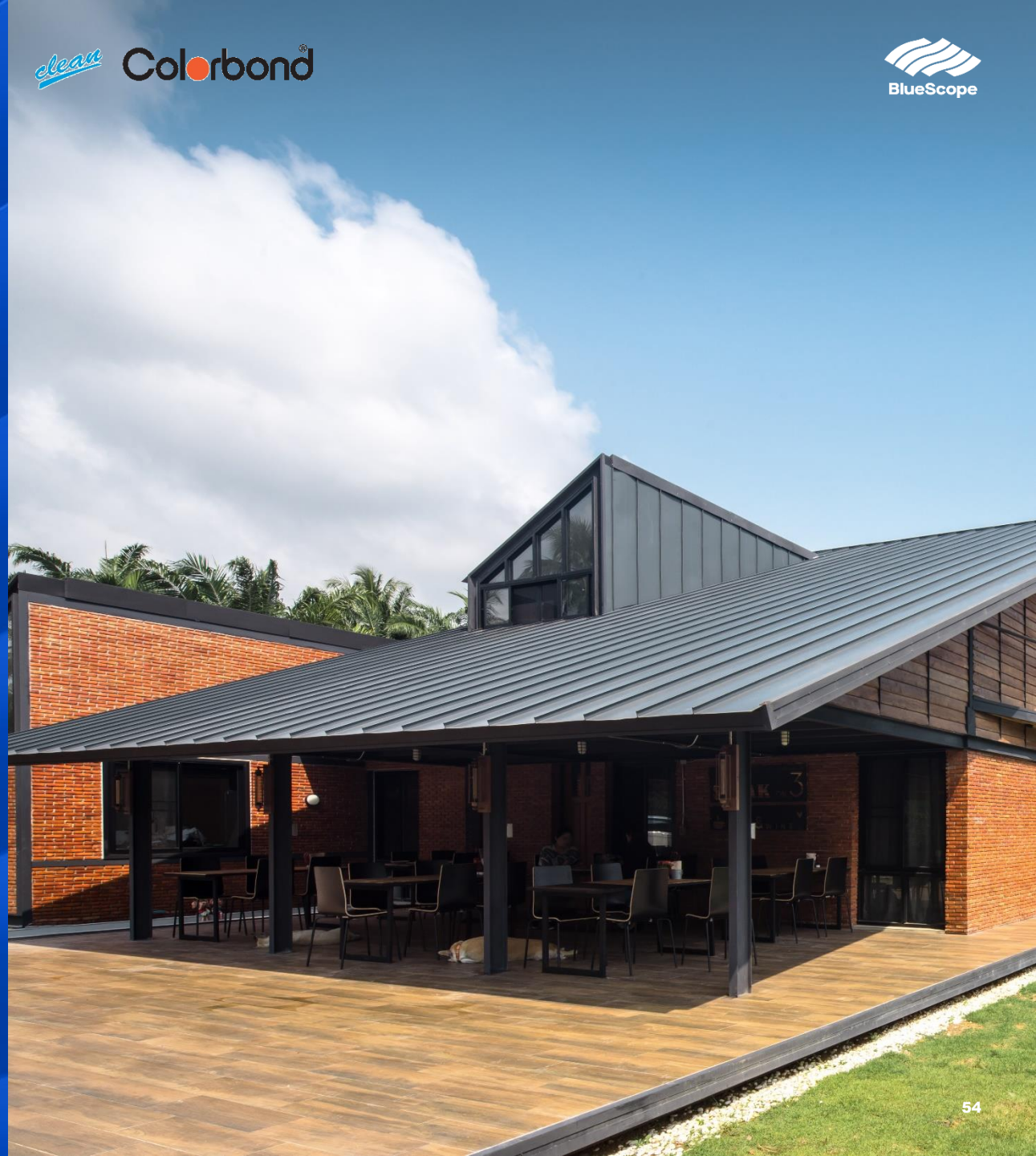
- Given the success of BPG, there will be an increase in the capital allocated to grow the business
  - Continue focusing on the large, fast-growing, and profitable industrial asset class
  - Indicative capital invested being raised by ~US$200M to a maximum of US$300M
  - Indicatively targeting projects in the range of US$10-30M, to at least meet or exceed our hurdle rates
  - Pipeline to be built over coming two to three years
- Targeting a more regular earnings contribution from an expanded pipeline of projects

Q&A

Mark Vassella (Managing Director and Chief Executive Officer)
Tania Archibald (Chief Financial Officer)
John Nowlan (Chief Executive Australian Steel Products)
Susan Stark (President, BlueScope Buildings North America)
Alec Highnam (Chief Executive, BlueScope Buildings)

Building Products Asia and North America

Connell Zhang (Chief Executive NS BlueScope)
Xu Huang (President BlueScope China)



Pictured:
STEAK On.3 Coffee & Wine
in Chum Phon, Thailand
featuring Clean COLORBOND® steel

SEGMENT STRUCTURE

An outstanding suite of assets and strong partnerships in high growth regions: Southeast Asia China, India, US West Coast

BlueScope 50% / **NSC[1]** 50%

NS BlueScope Coated Products (NBCP)

A BlueScope controlled, and therefore consolidated, joint venture

Thailand (80%)[2]

- Metallic coating and painting
- Lysaght
- Ranbuild

Indonesia (100%)

- Metallic coating and painting
- Lysaght
- Ranbuild

Malaysia (100%)[3]

- Metallic coating and painting
- Lysaght
- Ranbuild

Vietnam (100%)

- Metallic coating and painting
- Lysaght
- Ranbuild

Nth America (100%)

- Metallic coating and painting
- ASC Building Products
- AEP Span
- ASC Steel Deck

BlueScope 100%

BlueScope China

China (100%)

- Metallic coating and painting
- Lysaght
- Engineered building solutions (PEBs)

BlueScope 50% / **Tata Steel** 50%

Tata BlueScope Steel (TBSL)

An equity accounted joint venture

India (100%)[4]

- Metallic coating and painting
- Lysaght
- Engineered building solutions (PEBs)

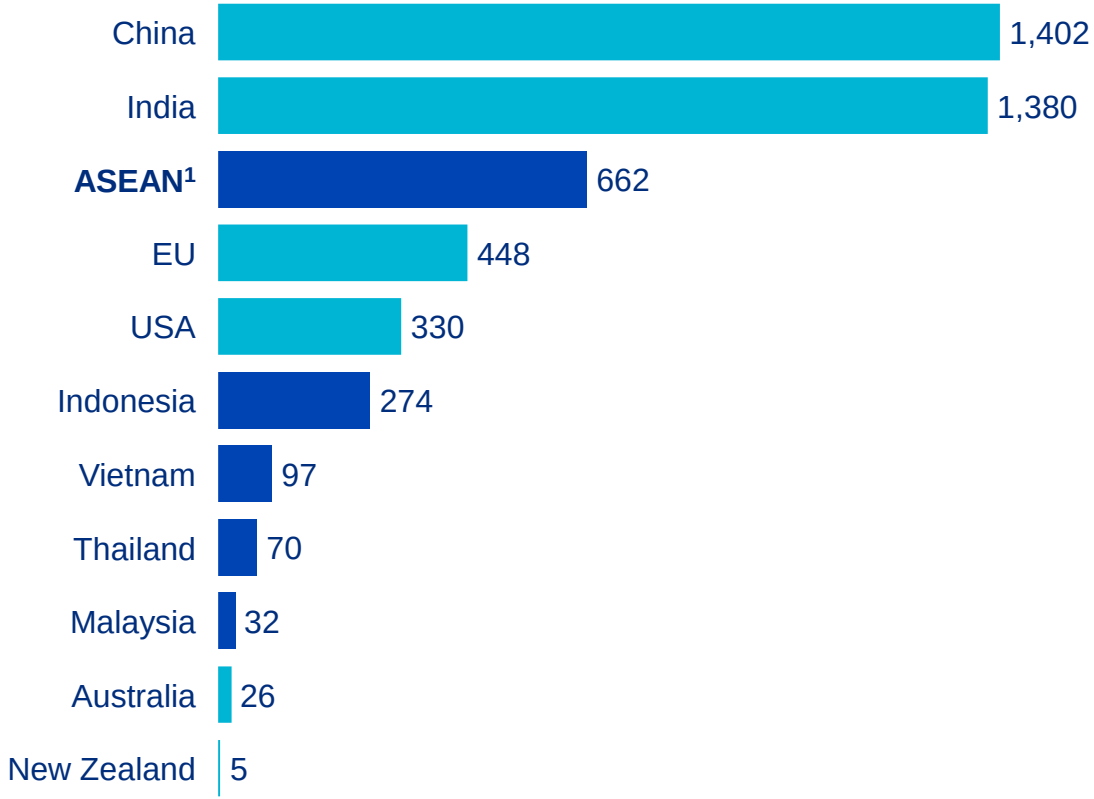
1. Nippon Steel Corporation (NSC)
2. Loxley Public Company Limited is a 20% partner in Thailand
3. Includes Singapore and Brunei. NS BlueScope owns 100% of the steel coating business; Lysaght businesses in Malaysia each have a level of external local ownership
4. TBSL joint venture encompasses SAARC region (India, Sri Lanka, Bangladesh, Pakistan etc.)

POSITIONED WELL IN A HIGH-GROWTH REGION

BlueScope has significant opportunity in large and growing markets across Southeast Asia and India, with large and growing populations and relatively low steel consumption levels

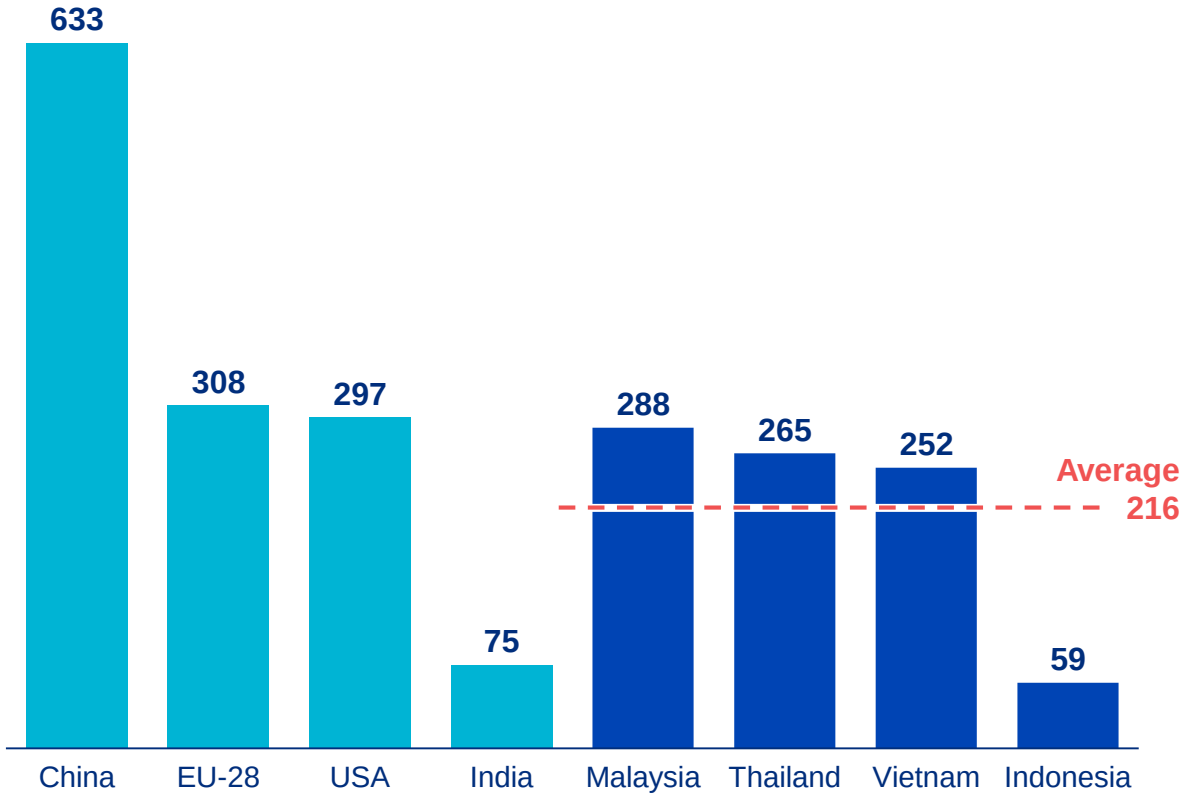
Population size

Million people



Finished Steel Consumption per Capita

2020, kg / person



1. ASEAN (Association of Southeast Asian Nations) member countries are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam
2. Source World Bank, Worldsteel Association

A MULTITUDE OF OPPORTUNITIES IN THE REGIONS IN WHICH WE OPERATE

	Southeast Asia / India	West Coast US	China
Opportunities	• **Rising middle class and rapid urbanisation** driving infrastructure development and construction demand • **Agriculture industry modernisation** driving a rise in organised farming & cold chain storage • **Rise of e-commerce** requiring supporting infrastructure (warehouses, data centres) • **Global trade tensions** redirecting FDI to ASEAN countries	• **Infrastructure program** increasing construction demand and consumer spending • **Fiscal policy support** driving demand for residential construction • **Changing design practices** increasing demand for pre-painted metal roofing products	• **Industry transformation** continues driving growth in advanced industries • **Consumption increases** requiring supporting infrastructure (cold storage, warehousing) • **Urbanisation** driving infrastructure and construction demand • **Dual circulation strategy** placing greater focus on domestic growth with less reliance on exports
Risks	• **COVID-19** creating disruptions to construction activities and impacting project pipeline • **New integrated mills** shifting trade flows to a self-supply structure	• **COVID-19** creating disruptions to construction activities and impacting project pipeline • **Skilled labour shortages** impacting construction output	• **Global trade tensions** may create market uncertainties • **Skilled labour shortage** due to ageing population

NS BLUESCOPE COATED PRODUCTS

Outstanding footprint with potential to accommodate growth across Thailand, Malaysia, Indonesia, Vietnam and the US West Coast

- NS BlueScope Coated Products is a 50:50 joint venture enterprise between BlueScope and Nippon Steel Corporation, operated and consolidated by BlueScope
- Primarily serves the large and growing building and construction segments with innovative, high quality coated and painted steel products and solutions across ASEAN and the US West Coast
- Employs over 2,700 people across 29 plants in Indonesia, Thailand, Malaysia, Vietnam, Singapore, Brunei and the US, including 6 metal coating and painting facilities and 23 rollforming facilities

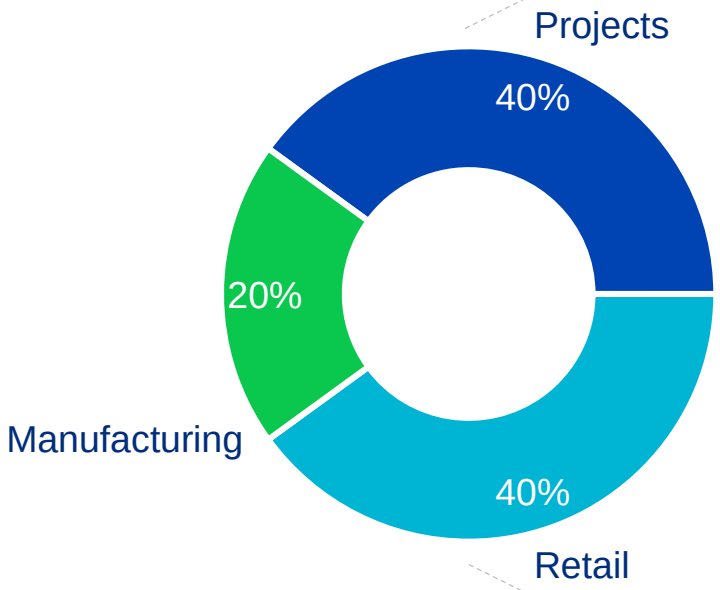
ASEAN region

US West Coast

SUITE OF BRANDS TAILORED TO SERVE DIFFERENT SEGMENTS

NS BlueScope uses a multi-tiered brand strategy, to provide specified-for-purpose products to its key segments

Segment Split



Projects

- Large building projects such as government, FDI, large private domestic investment-related projects
- Examples: factories, warehouses, malls, schools, airports, stadiums, train stations

Brands

Colorbond, PRIMA MAJU, SUMO, Zincalume, Kirana, SuperDyma, Truecore, Prima

Retail

- Households, SMEs, small contractors and installers
- Examples: landed single homes, single-row shophouses, garages, small factories, restaurants/coffee shops

BLUESCOPE Zacs, Perisai, SÁC VIỆT

NS BLUESCOPE STRATEGY

VISION

A premium branded steel building products company delivering innovative & sustainable building solutions, safely and responsibly

OUR STRATEGY

TRANSFORM

Deliver a step change in customer experience and business performance

Sustainability

- Actively lowering emissions intensity and carbon footprint
- Producing highly recyclable products

Digital Technology

- Better decision making through data & analytics
- Improve operations and maintenance through smart manufacturing technologies
- Enhance customer experience

Manufacturing Excellence

- Improving delivery performance, lead times and responsiveness
- Maximising asset utilisation and improving operational flexibility to support value proposition

GROW

Solutions focus to strengthen premium branded coated and painted products

Commercial Excellence

- Better understand what determines value, and create targeted offerings
- Invest with focus on value-add
- Develop solutions tailored to targeted segments

Innovation

- Explore new products, services and applications in key growth sub-segments
- Strengthen value chain participation
- Reinvigorate downstream business

Digital Technology

- Invest in data, technology and systems to deliver superior customer experience
- Build digital capability to support end-end customer journeys

BLUESCOPE CHINA

A premium producer of metal coated and painted steel building products and engineered building solutions

- BlueScope China employs over 1200 people and comprises three business units:
  - Coated China, with capacity to produce up to 250kt of metal coated and 150kt of pre-painted steel per annum
  - the Butler® China pre-engineered buildings business, which operates at three sites across China
  - the Lysaght® China rollforming business, which shares two facilities with the Butler® business
- Selling under the iconic COLORBOND® steel and ZINCALUME® steel brand names, with Coated China supplying distributors, rollformers (including Lysaght® China), contractors, and pre-engineered building manufacturers (including Butler® China)

Footprint

IN CHINA FOR CHINA

BlueScope China has been operating in China for more than 30 years, serving local customers with domestic supply chain

100% domestic China customer base

- **30+** years operation in China with **5000+** customers in Industrial, Commercial, Public Building, Power Plant
- **> 80%** customers are local private companies

GoerTek 歌尔声学 山东潍坊

BYD 比亚迪 西安工厂

JIANGHUAI 安徽江淮汽车

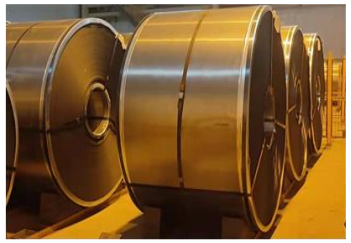
Junlebao Dairy 君乐宝乳业

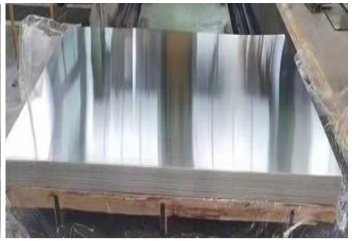
Hebei HengGong Machinery Technology 河北恒工机械

Zoomlion 中联重科

Well-established local supply chain in China

- **100%** domestic coil supply
- > **90%** local purchase of goods and service





BAOSTEEL 本溪钢铁(集团)有限公司 HBIS 河北钢铁集团 MA STEEL LIDAO TISCO

WISKIND 万事达 CBL infastech PMC SHS

BLUESCOPE CHINA SUCCESS

A focus on growth, delivering customer-specific solutions and leveraging innovation has underpinned recent performance

Recent performance underpinned by

Targeted Growth
- Target customer segments that are growing faster than China's GDP
- e.g. Auto & Parts, Machining, Food & Beverage, Logistics, Chemicals

Customer Focus
- Create bespoke customer value propositions focused on addressing segment specific challenges
- e.g. driving design, manufacturing and project management processes to offer a superior experience and fast and precise projects completion

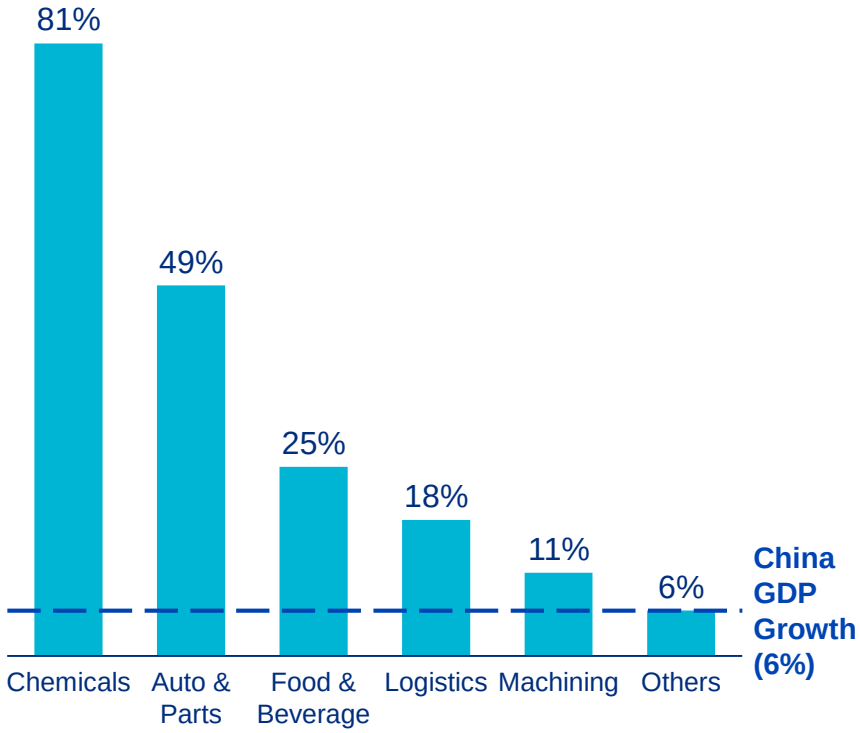
Innovation
- Introduction of new products strengthens our differentiated value offering and leading premium brand position in China
- e.g. Next Generation ZINCALUME® steel

Efficiency
- Drive operational efficiency in manufacturing, supply chain and SG&A

People
- Have the right skills and organisational structure
- Target an incentive scheme to align people on what really matters

Lysaght and Butler China – Order Intake Growth by Segment

CAGR 2018-2021



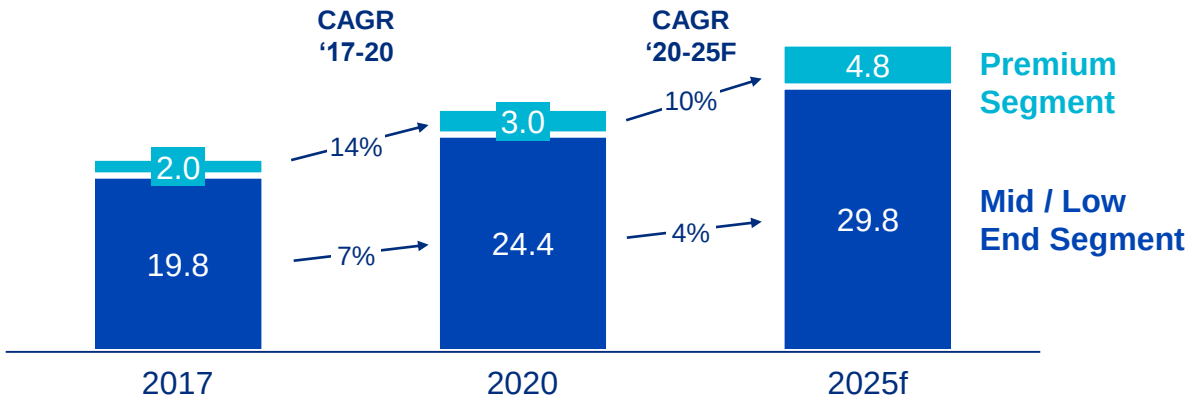
BLUESCOPE CHINA FUTURE GROWTH

BlueScope China is well positioned to capture future growth

Pre-engineered building (PEB) segment outlook

- Demand continues to grow, driven by increasing penetration of steel structure buildings for better environmental performance and faster installation
- Premium segment is gaining share, driven by consolidation and consumption upgrade

China PEB segment (A$Bn)[1]



Future growth strategy

- Build further capability to achieve **sustainable** growth:
  - Invest in **digital technology**, and enhance our capability in engineering, manufacturing, supply chain and project management, to enhance customer experience and create stronger system differentiation
  - Invest in technology to **reduce carbon intensity**
  - Growing **insulated metal panel** offer via strategic partnership to provide energy efficient building solutions
  - Innovative **solar roofing systems** to help customers reduce greenhouse emissions

1. Source: China National Metal Building Association reporting 2021

New Zealand and Pacific Islands

Gretta Stephens (Chief Executive, New Zealand and Pacific Islands)

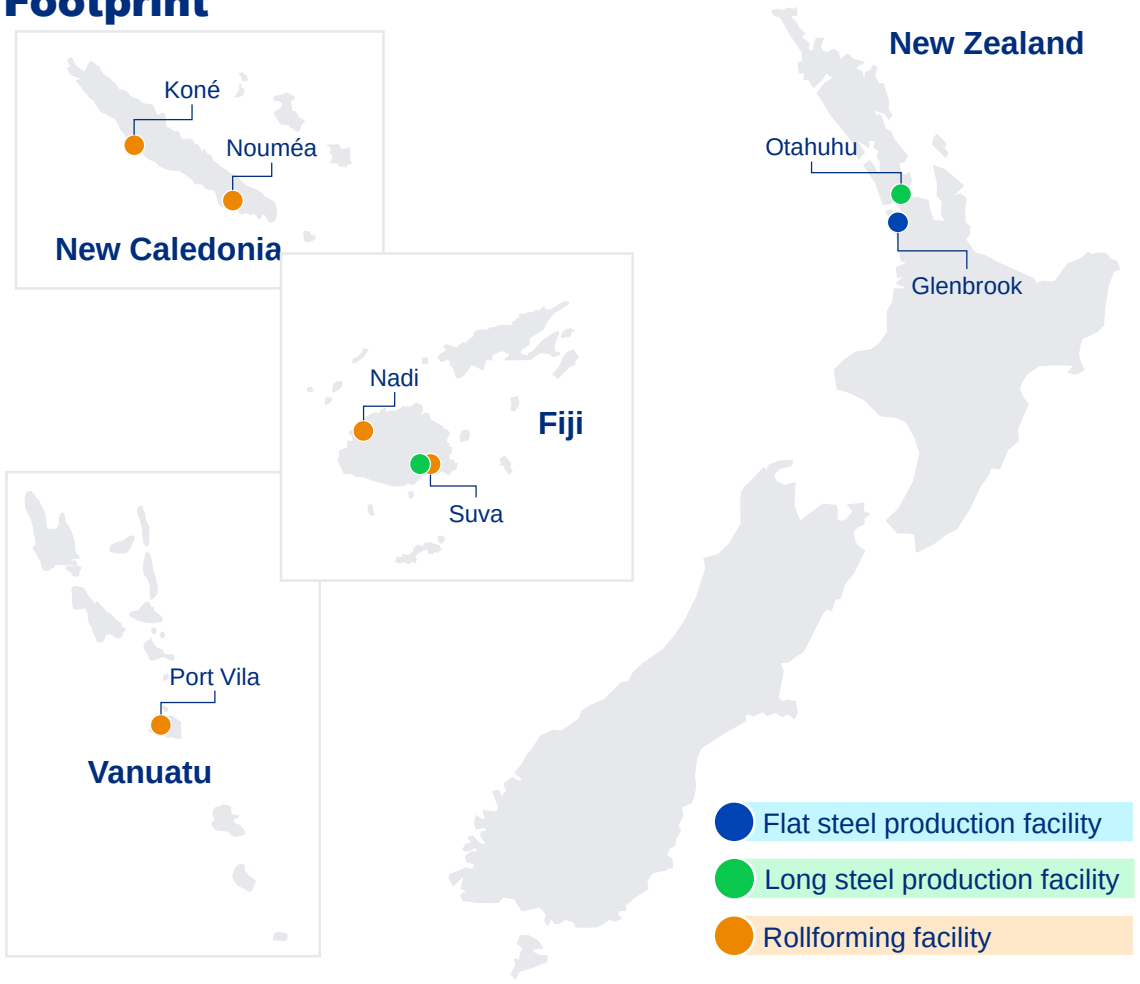
SEGMENT OVERVIEW

Produces flat and long steel in New Zealand, and building components in the Pacific Islands

Description

- Only steel producer in New Zealand
- Produces a range of flat and long steel products for domestic and export use
  - Supplies all major segments including construction, manufacturing, infrastructure, packaging and agriculture
  - Well recognised brands such as COLORSTEEL®, AXXIS® steel (framing) and ZINCALUME® steel
- Uses iron sand from NZ Steel's mining operations at Waikato North Head
- Portfolio includes:
  - Pacific Steel New Zealand, acquired by BlueScope in 2014 as a long product business (rolling mill and wire drawing facilities)
  - The Pacific Islands businesses, with facilities in Fiji, New Caledonia and Vanuatu which manufacture and distribute the LYSAGHT® range of products, and long products in Fiji
- Employs ~ 2,000 people

Footprint



STRATEGIC PRINCIPLES

Our vision is a sustainable steel making future in New Zealand

Our people

- Deliver a safe, engaged and progressive workplace
- Value diversity and foster inclusive, respectful and engaged teams
- Increase avenues for employee collaboration

Product and service offer

- Sustain COLORSTEEL® brand strength
- Improve and maintain stronger service level performance
- Deliver consistent and reliable product quality
- Ensure we're the preferred supplier

Profitable throughout the cycle

- Nil net cost escalation
- Improve upon manufacturing excellence
- Deliver business improvement initiatives

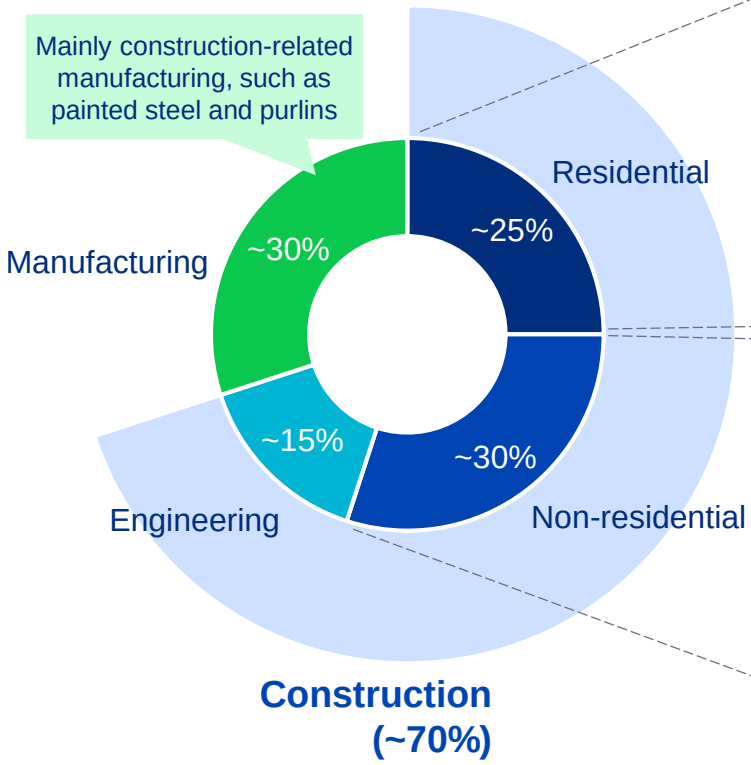
Sustainability

- Collaborate, monitor & act
- Deliver strong sustainability and environmental credentials for our products
- Active risk management & governance
- Be a responsible community employer & partner

END-USE SEGMENTS

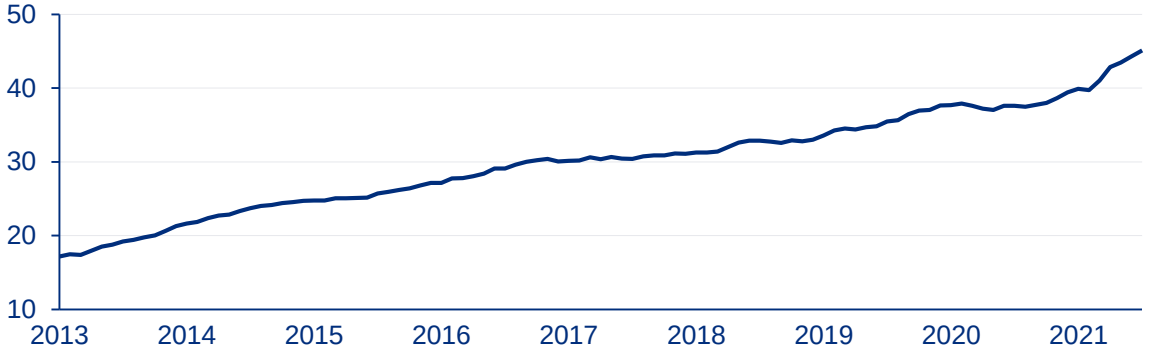
Mainly serving robust construction segments, with manufacturing exposure also linked to construction activity

Domestic end-use segment sales mix



Residential Building Consents

Rolling 12 months[1] ('000)



Non-Res Building Consents

Rolling 12 months[2] (NZ$bn)

1. Statistics NZ; original data; data to Jun-21
2. Statistics NZ; original data; current $; data to Jun-21

STRATEGIC REVIEW

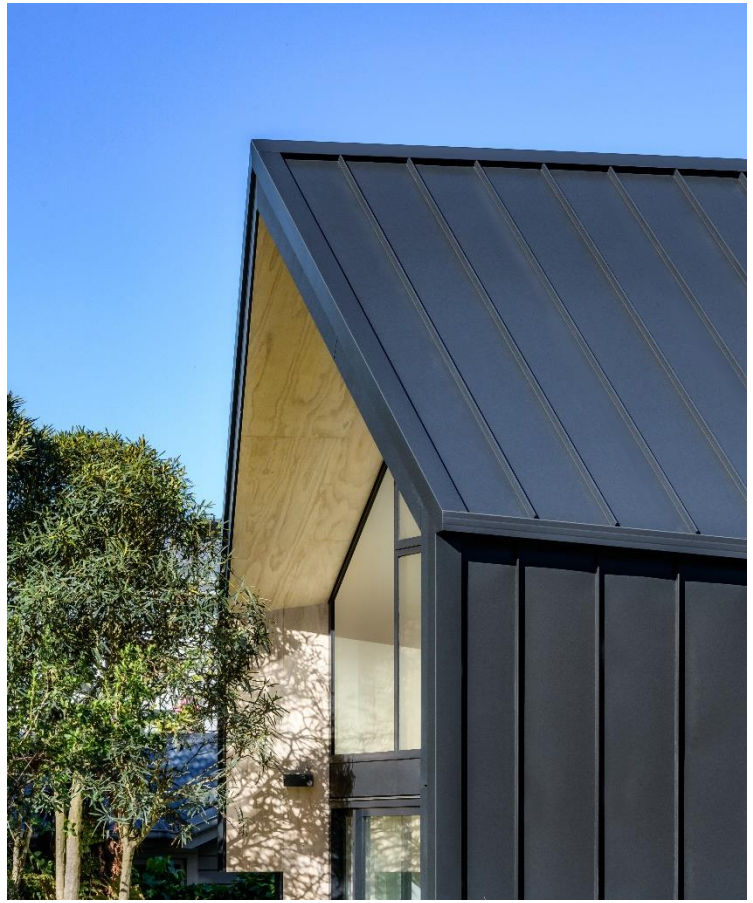
Some initiatives have been paused to take advantage of strong demand underpinned by robust macro environment

Implemented initiatives

- Eliminated a range of loss-making products
  - Including cold rolled annealed, pipe and hollows, and only targeting profitable export sales
- Delivering on initiatives across:
  - Warehousing and logistics
  - Painted capacity enhancements
  - Operational efficiencies and cost reductions
- Conducted a headcount reduction
  - Consultation for all affected roles has been completed
  - Over 100 people have left the business

Paused initiatives

- Approximately 40 production roles set for redundancy. These roles will be maintained if demand continues
  - Affected employees have been informed
- Opportunity to supply plate iron to North Star as a pig iron replacement on hold
  - Two trial shipments of 30kt have been made to North Star
  - Volumes currently diverted to domestic sales
- Production rationalisation also on hold to maximise domestic sales



SUPPORTING PAINTED PRODUCT DEMAND WITH ADDITIONAL CAPACITY

Investing to upgrade the paint line to meet increasing demand

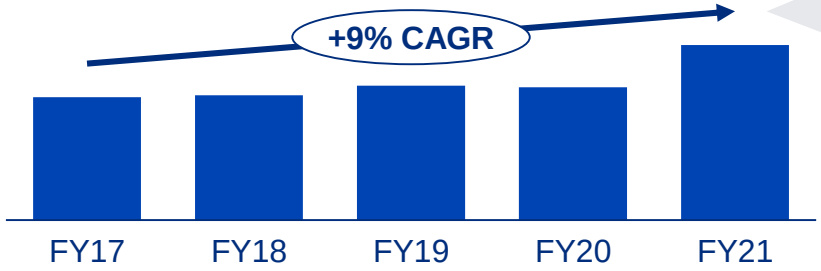
Strong demand for painted products driven by

- Evolved brand visual identity & communication strategy
- Strong and continued brand investment, including new TV & Digital Campaign and product placement in The Block NZ
- Focused business development efforts with Architects and Roofers, including the launch of a COLORSTEEL® Showroom in Auckland
- Continued promotion of new and exclusive product technologies, e.g. COLORSTEEL® MATTE and COLORSTEEL® DRIDEX
- Introduction of the COLORSTEEL® Awards 2021, bringing the industry together to celebrate and reward the exceptional use of the product through the value chain
- Quick in-market technical assistance and solution implementation for rollformers

Investing to unlock capacity

- Capacity is now restricting ability to supply increased demand, despite minor debottlenecking initiatives
- Investing ~$10M to install a Dual Head Coater to increase capacity by ~15% (10kt)
- The increased throughput is a result of reducing the time to change paint colour and roll changes
- Additional supply will support additional sales volumes and improved service offer
- Anticipate commissioning early in 1H FY2023

Painted product sales (kt)



Additional production achieved through operational efficiencies without additional capital

Financial Framework

Tania Archibald (Chief Financial Officer)

FINANCIAL FRAMEWORK
UNDERPINNING RESILIENCE

Strong focus on driving financial performance and disciplined allocation of capital

Returns Focus

- ROIC > WACC on average through the cycle
- ROIC incentives for management and employees
- Maximise free cash flow generation

Robust Capital Structure

- Strong balance sheet, with a target of around $400M net debt
- Retain strong credit metrics
- Intent to have financial capacity through the cycle to make opportunistic investments or to fund reinvestment in or a shutdown of steelmaking if not cash positive
- Leverage for M&A if accompanied by active debt reduction program

In the short to medium term, BlueScope will retain balance sheet capacity to fund investment for growth and major projects

Disciplined Capital Allocation

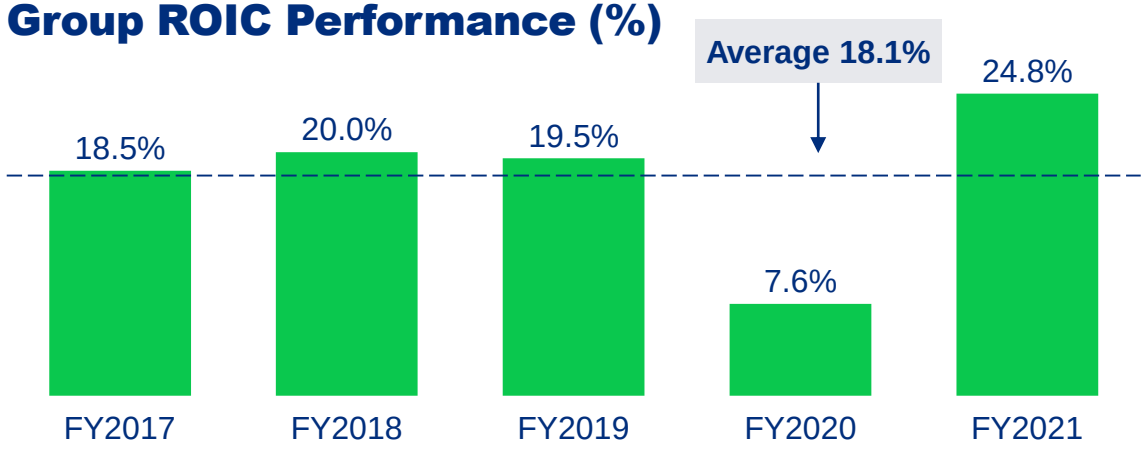
- Invest to maintain safe and reliable operations, to support achievement of decarbonisation pathways, and in foundation and new technologies
- Returns-focused process with disciplined competition for capital between:
  - Growth capital – Investments and M&A (but avoid top of the cycle)
  - Shareholder returns (distribute at least 50% of free cash flow to shareholders in the form of consistent dividends and on-market buy-backs[1])

1. On-market buy-backs are an effective method of returning capital to shareholders after considering various alternatives and given BlueScope's lack of franking capacity.

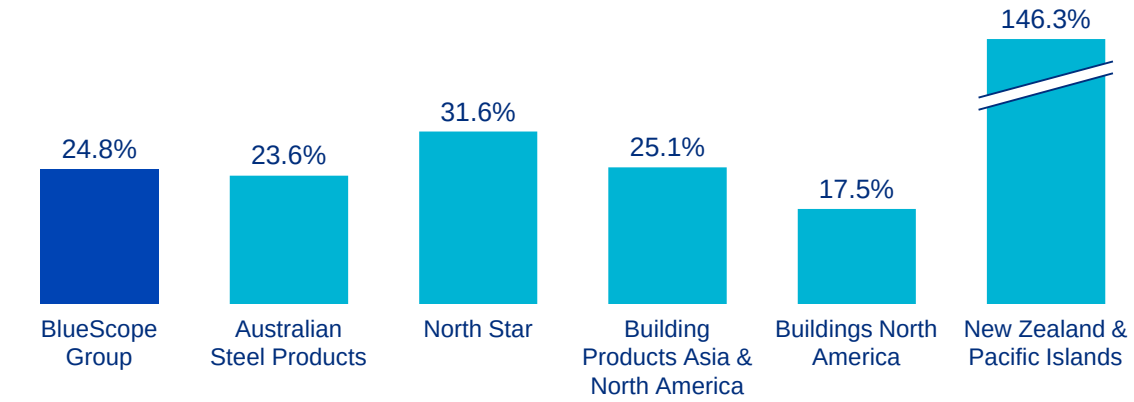
RETURNS FOCUS

Targeting returns above cost of capital through the cycle, which underpins objective of delivering top quartile shareholder returns

Group ROIC Performance (%)

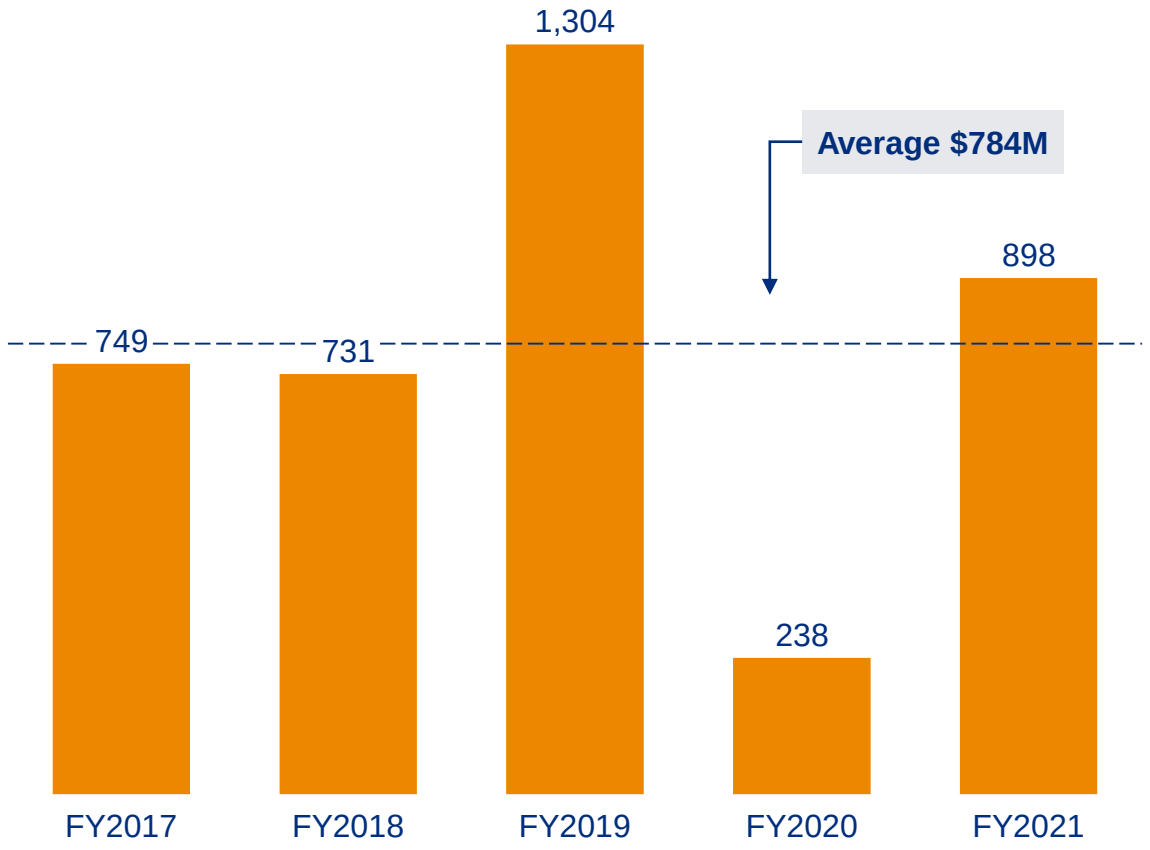


FY2021 ROIC by Segment (%)



Net cash flow ($M)

(before investment exp and financing)

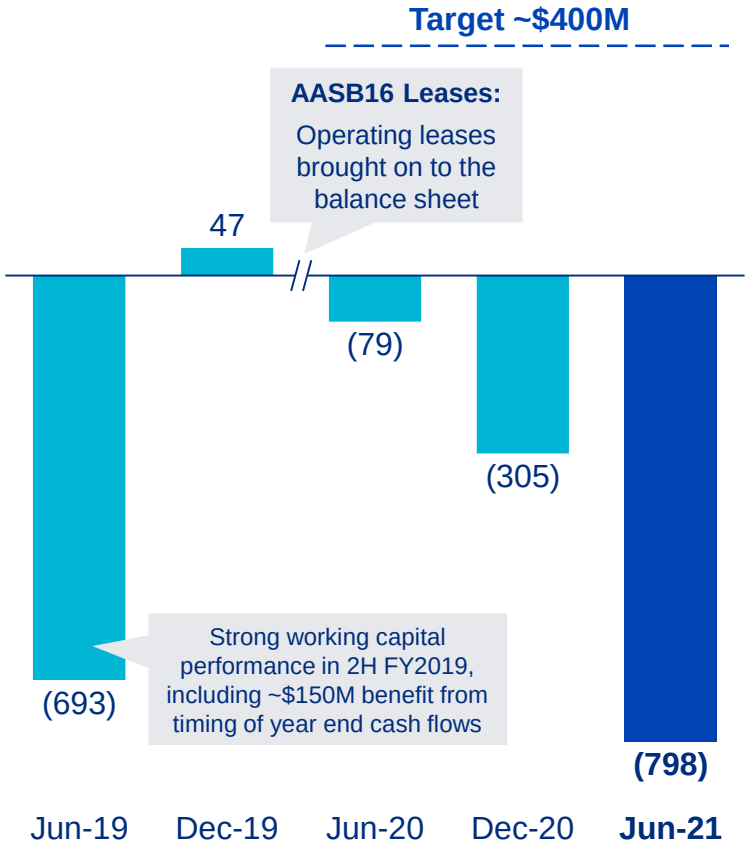


ROBUST CAPITAL STRUCTURE

Strong balance sheet providing foundation for increased returns and capacity for growth

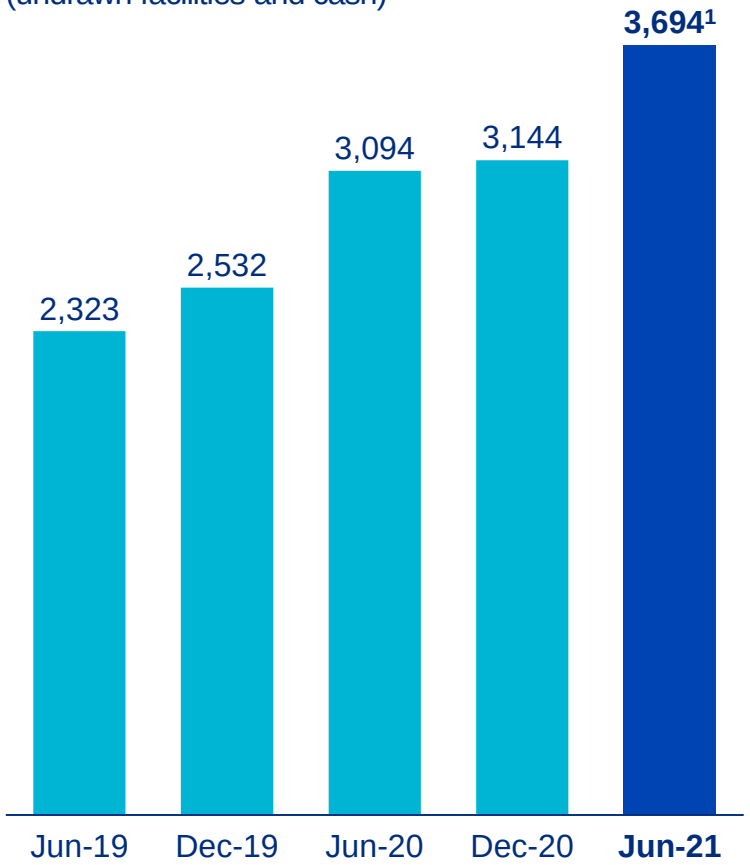
- **Maintained investment grade credit ratings**
- Strong balance sheet and cash flows allow us to simultaneously:
  - Increase shareholder returns
  - Invest for growth
  - Reposition the business for a low carbon future
- In the short to medium term, BlueScope will retain balance sheet capacity to fund investment for growth and major projects
- In the longer term, BlueScope will continue to target around $400M net debt

Net debt / (cash) ($M)



Liquidity ($M)

(undrawn facilities and cash)

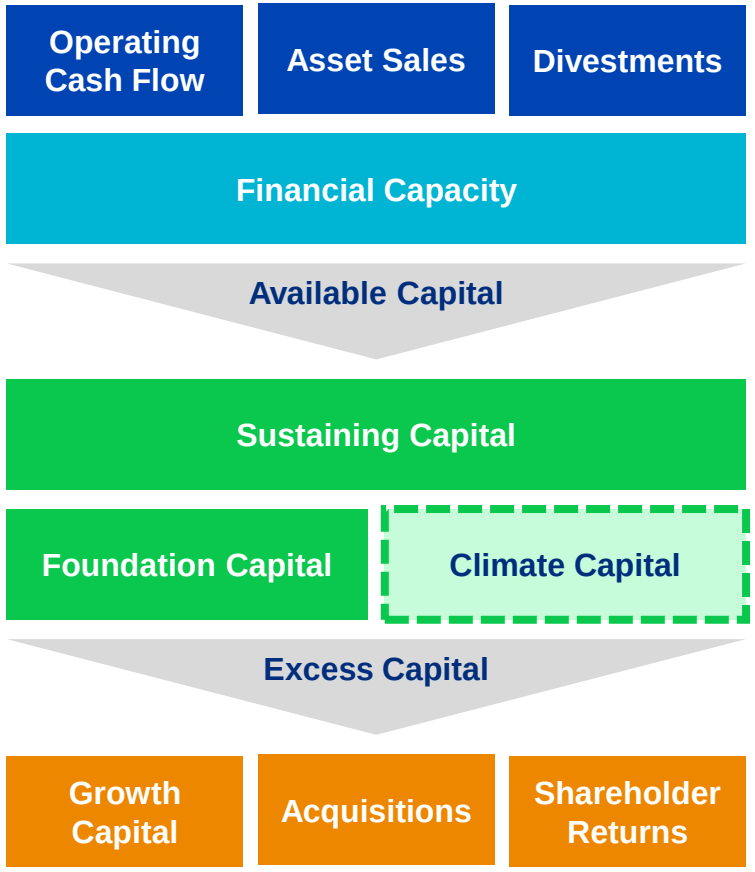


1. Includes $770M liquidity in NS BlueScope Coated Products JV.

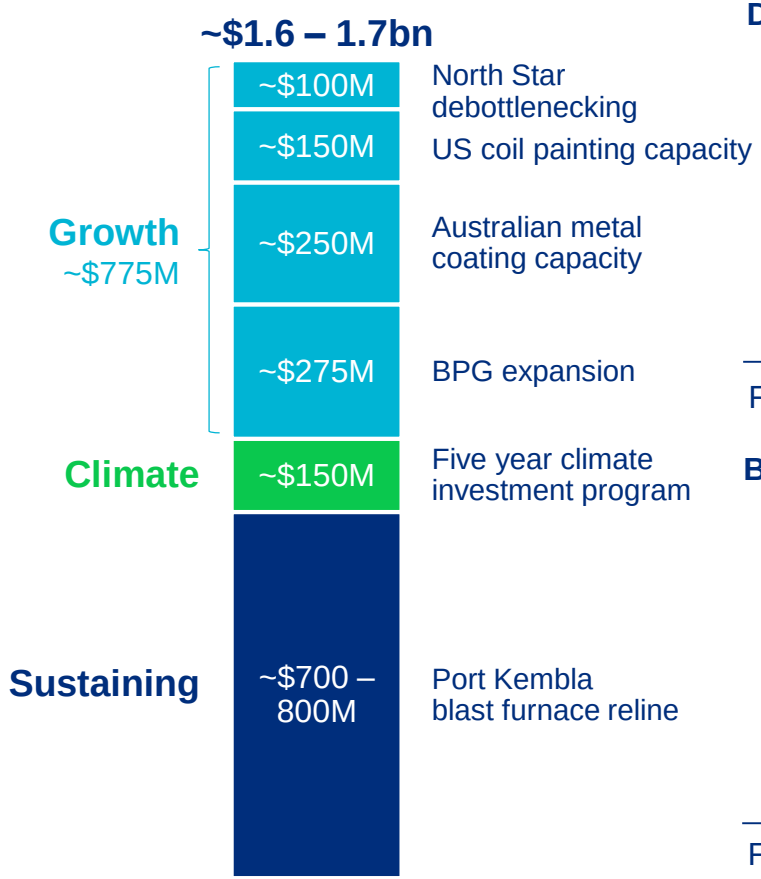
DISCIPLINED CAPITAL ALLOCATION

Framework evolved to better integrate climate-related considerations; investing to sustain and grow the business

Capital allocation framework

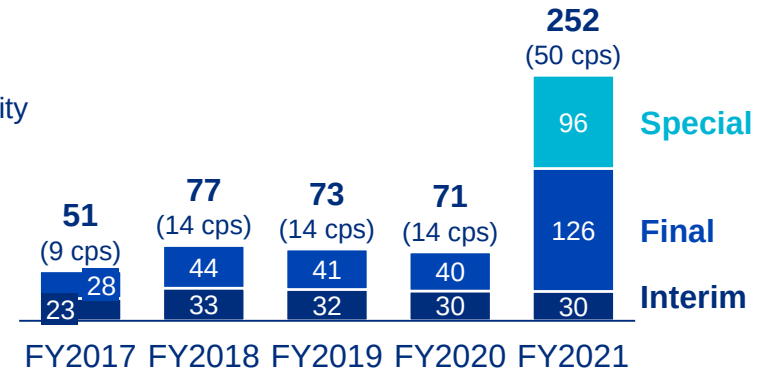


Future investment priorities[1]

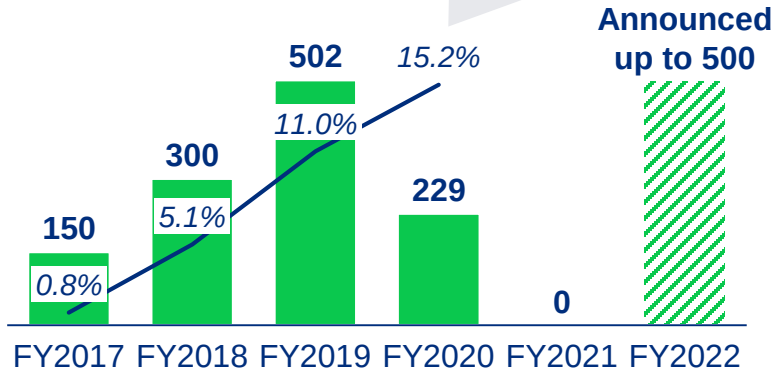


Shareholder returns

Dividends announced[2] ($M)



Buy-backs[3] ($M) | ***EPS improvement (%)***



1. Investment projects identified over the next five years – indicative only, progress subject to BlueScope's rigorous multi-stage capital investment evaluation process
2. Chart shows total value of dividends announced.
3. Chart reflects cash settlements of shares bought back. Average buy-back price across FY2017 to FY2020 (inclusive) of $13.51 per share.

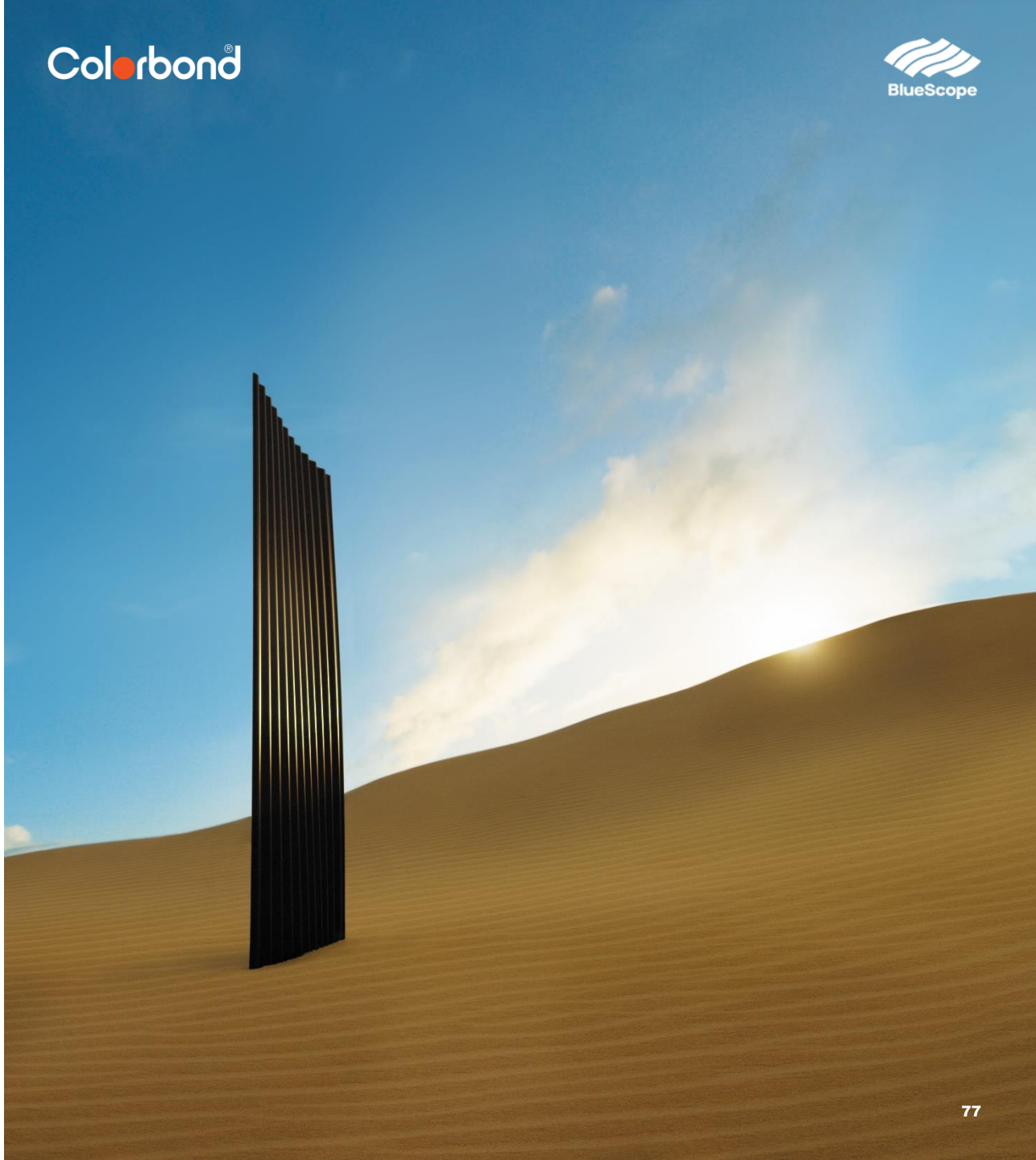
Q&A

Mark Vassella (Managing Director and Chief Executive Officer)
Tania Archibald (Chief Financial Officer)
Connell Zhang (Chief Executive NS BlueScope)
Gretta Stephens (Chief Executive, New Zealand and Pacific Islands)

BLUESCOPE: A DIFFERENT KIND OF STEEL COMPANY

What makes us different?

1. PURPOSE-LED AND SUSTAINABILITY FOCUSSED
2. HIGH-QUALITY ASSET PORTFOLIO
3. LEADING PRODUCT TECHNOLOGIES, BRANDING & CHANNELS
4. FINANCIAL STRENGTH & COST COMPETITIVENESS
5. DEPLOYING FINANCIAL STRENGTH FOR LONG TERM SUSTAINABLE GROWTH AND RETURNS



BlueScope

BlueScope Investor Day

Day 2
21 September 2021

Pictured:
New lodges built along the Three Capes Track in Tasmania featuring COLORBOND® steel
Photo: Brett Boardman

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