



INVESTORS' VISIT TO ASEAN SITES

PACK 2: NS BLUESCOPE THAILAND

Somkiat Pintatham
Country President, NS BlueScope Thailand

December 2018

BlueScope Steel Limited. ASX Code: BSL

ABN: 16 000 011 058

AGENDA

2

- 1 NS BlueScope Thailand Overview
- 2 Macroeconomic, Industry & Construction Overview
- 3 Thailand Coated Steel Market Overview
- 4 Segments, Products, Brands & Channels
- 5 Financial Performance & Strategy
- 6 Sustainability



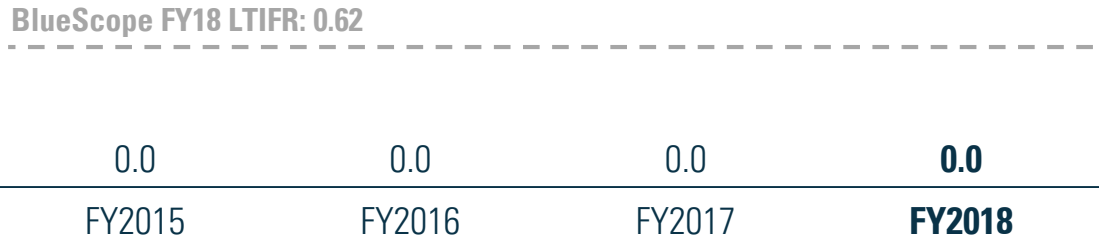


NS BLUESCOPE THAILAND OVERVIEW

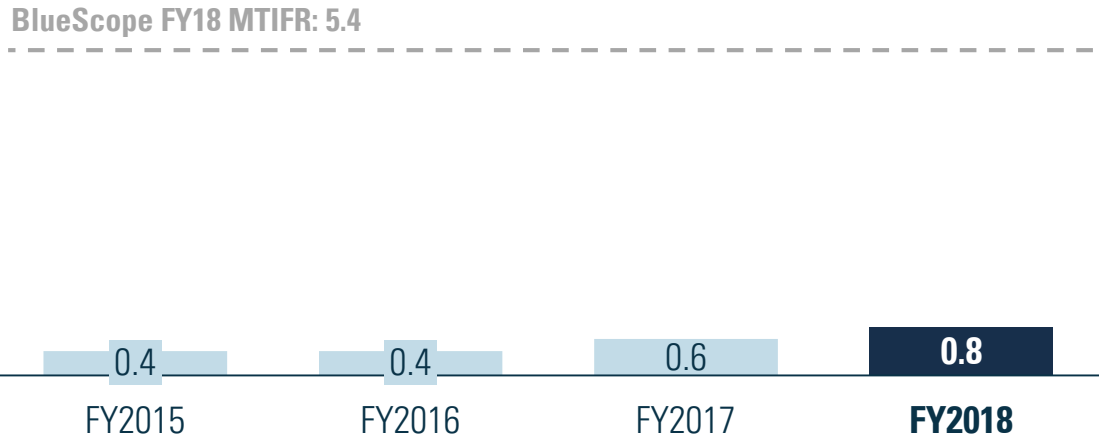


Progress towards our goal of Zero Harm

LTIFR
Lost time injuries per million hours worked



MTIFR
Medically treated injuries per million hours worked



This presentation will focus on the Thailand business within the NS BlueScope JV



MANAGEMENT TEAM

6



Chris McLoughlin
President Lysaght
Thailand



Somkiat Pintatham
Country President
Thailand



Gil Amilbangsa
President Lysaght
Myanmar



**Vorapol
Angsulapivat**
VP Sales



**Charan
Suantai**
VP Manufacturing



**Steven
O' Connor**
VP Commercial



Yosuke Suzuki
VP Home
Appliance



Panu Tatirat
VP Retail



**Paisan
Korsangaluck**
VP Supply Chain



**Maneenuch
Kongarchapatara**
VP Marketing



**Teerapong
Raksasang**
VP HSE



**Chanigarn
Sampattagul**
VP Human Resources



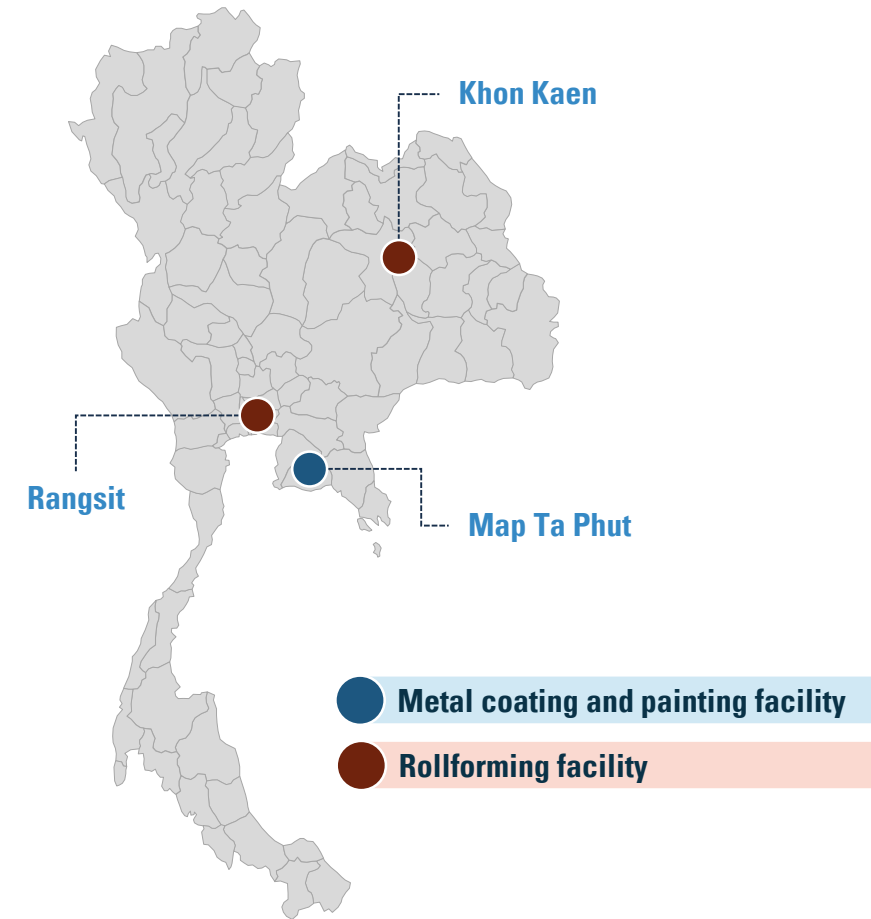
**Korrakod
Padungjit**
VP Corporate Affairs

Key domestic coated producer with strong local brands and standards

- Established in 1988
- Leading position in Project and Retail segments
- Expansion into new Home Appliance segment with SuperDyma®
- Three manufacturing facilities:
 - CRC mill (350ktpa), metallic coating (490ktpa – three lines, one under commencement) with in-line painting capability, and painting (90ktpa) facilities at Map Ta Phut (150km south of Bangkok)
 - Rollforming channels with manufacturing capability in Rangsit (near Bangkok) and Khon Kaen (northeast Thailand)
- 700 dedicated employees, with strong diversity metrics



Metal coating & painting facility, Map Ta Phut



NEW COATING LINE AT MAP TA PHUT

8

New 150kt metal coating line at Thailand's Map Ta Phut facility, the most advanced in BlueScope's footprint

- 150ktpa metal coating line with in-line painting technology
- Designed to focus on production of lighter gauge coated and painted products for the retail market
- Total cost estimated at US\$110M
- Expected to commence operation during 2H FY2019
- Seeding program continuing with supply from ASEAN network to support demand in advance of MCL3
- Ramping up engagement with key retail channel partners to sell the new MCL3 volume in 2H FY2019
- Aligning key brand launches and promotional activities to support sales activities pre and post launch of MCL3

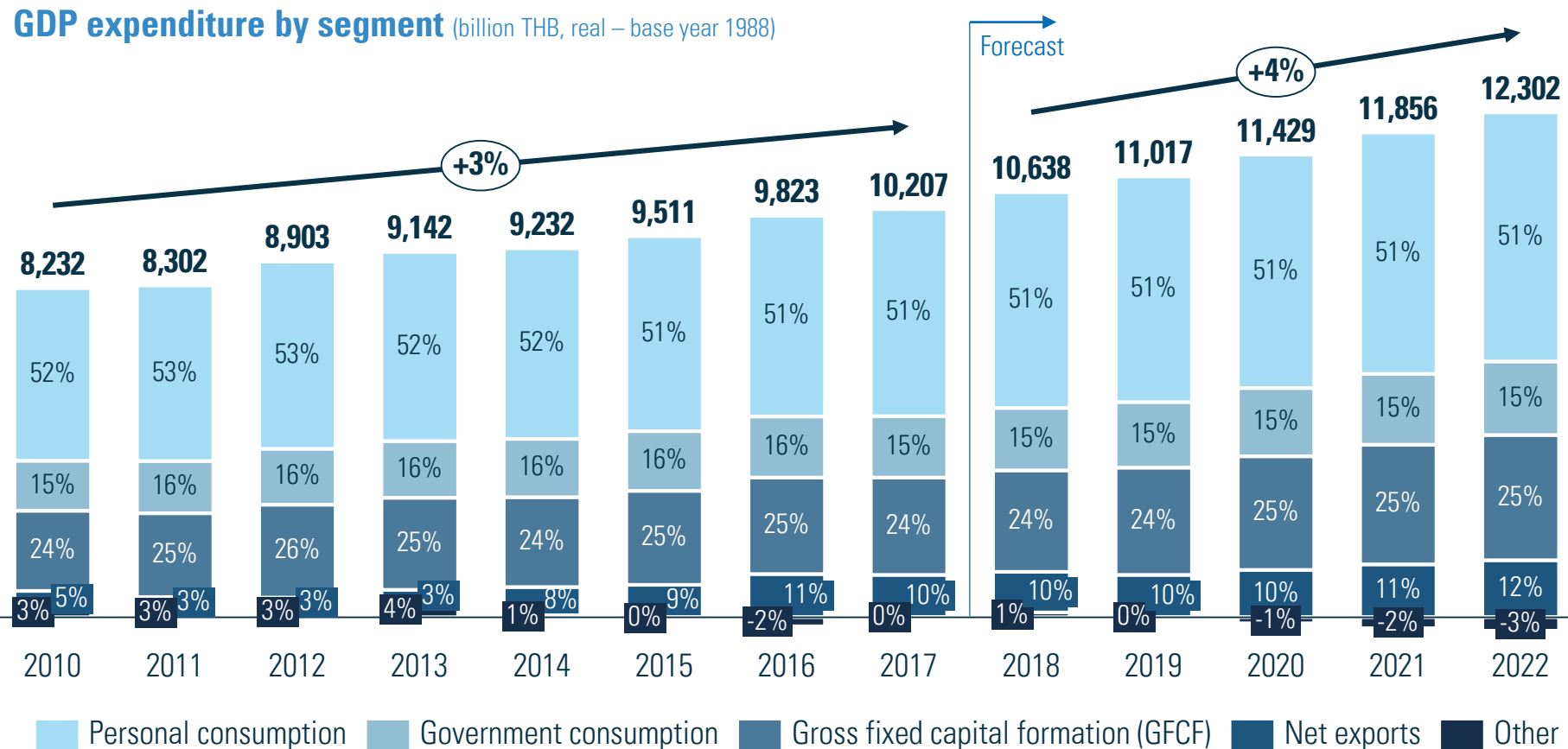




MACROECONOMIC, INDUSTRY & CONSTRUCTION OVERVIEW

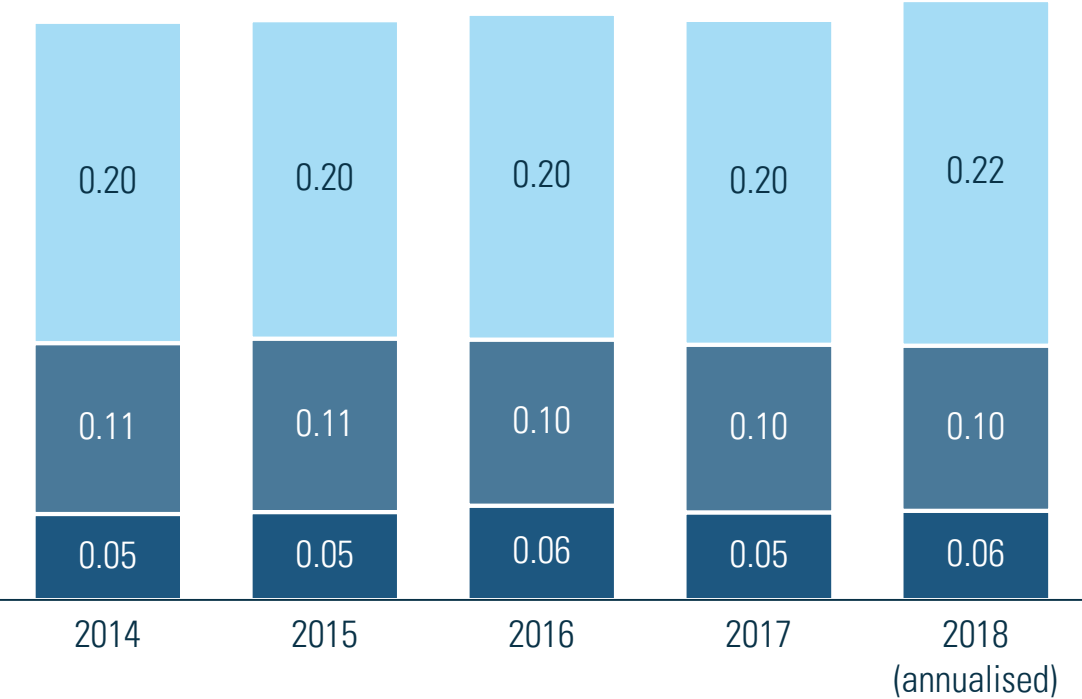


GDP growth forecast to continue due to growing external demand and increased private consumption

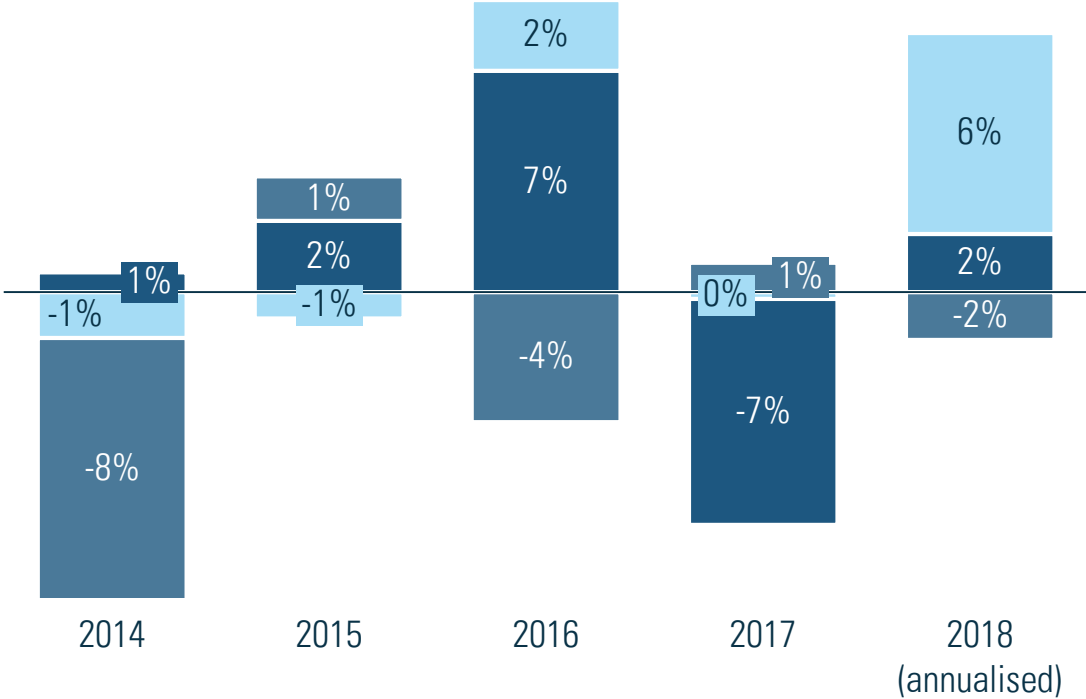


Construction activity recovering, with improving dwelling investment stimulating demand in the retail segment

Private construction investment breakdown (billion THB, current)



Private construction investment breakdown movement (%)

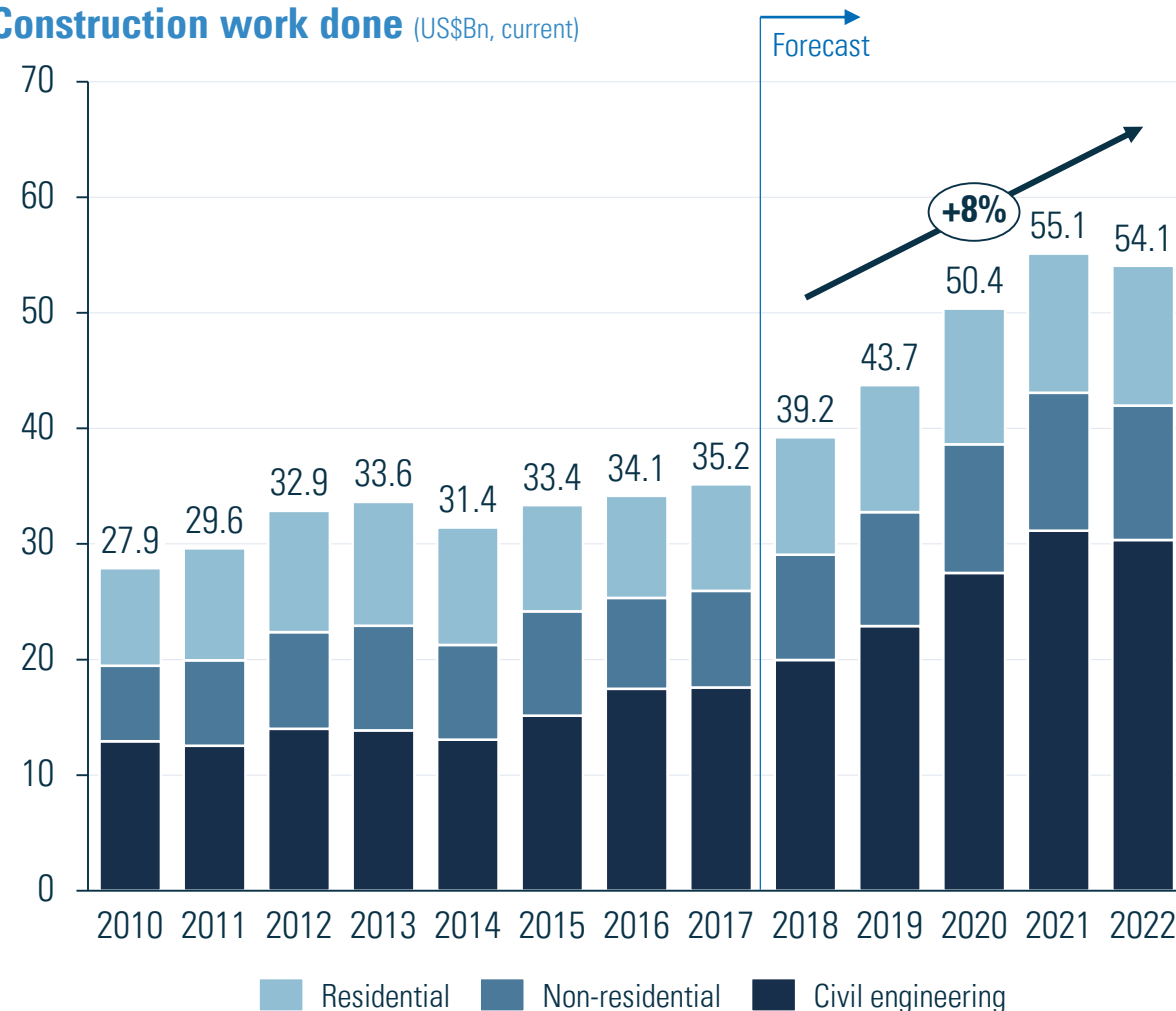


Dwellings Non-Dwellings Others

The outlook for Thailand's construction sector is favourable

- Thailand's construction sector is expected to improve following recent stagnation in 2018, driven largely by the civil sector
- According to BIS Oxford Economics, growth is forecast to pick up to around 8% pa to 2022, with growth accelerating in the near term and softening in 2022 as the large civil investment program moderates
 - Support from government investment is also expected to assist in this growth trajectory
- Over the next five years, the government is looking to invest US\$50 billion through the Eastern Economic Corridor project on:
 - Improving tourism infrastructure
 - Creating new smart cities
 - Facilitating trade links
 - This program has further upside through the potential for it to connect with China's One Belt, One Road initiative

Construction work done (US\$Bn, current)

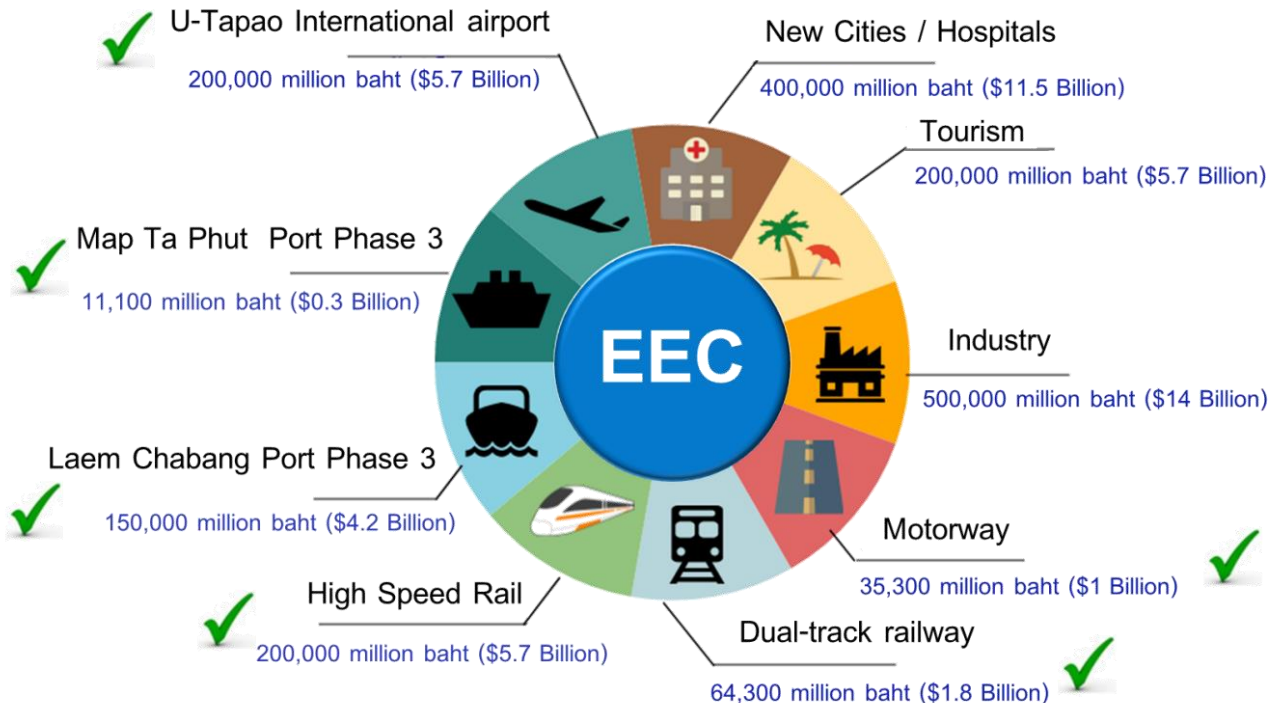


THE EASTERN ECONOMIC CORRIDOR (EEC) PROJECT

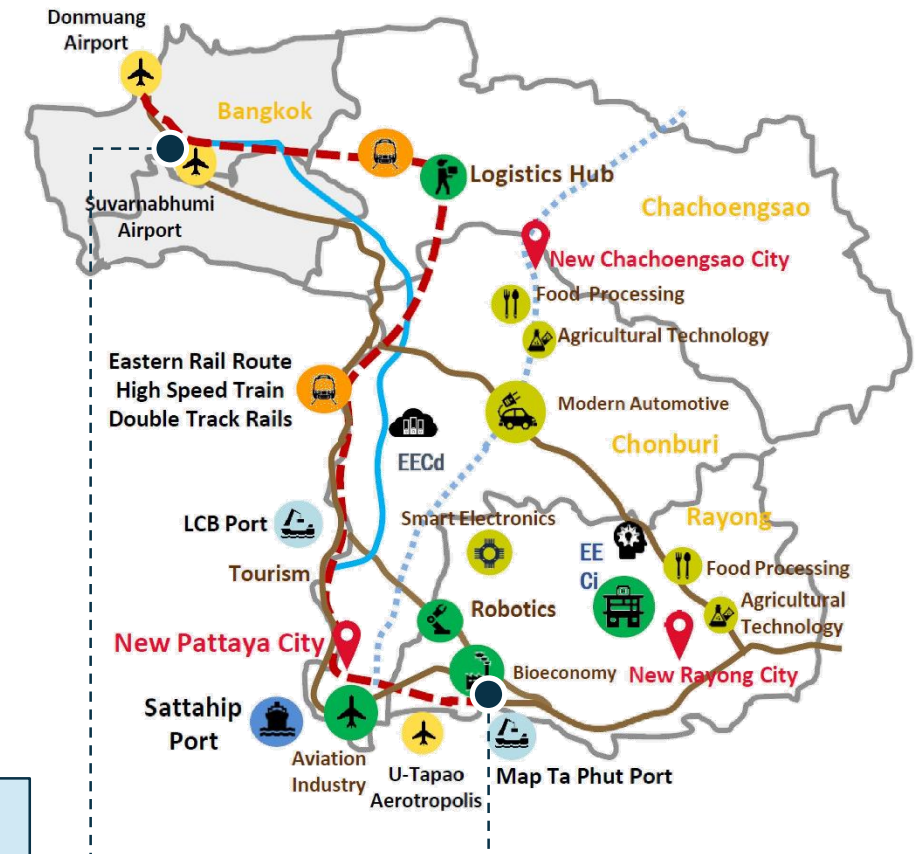
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The EEC is a key project driving growth in Thailand, with investment totalling US\$50Bn in the first five years

EEC Project Investment (US\$Bn)



Investment geography



Investment likely to be triggered following upcoming elections, and is focused in and around NSBST footprint



THAILAND COATED STEEL MARKET OVERVIEW

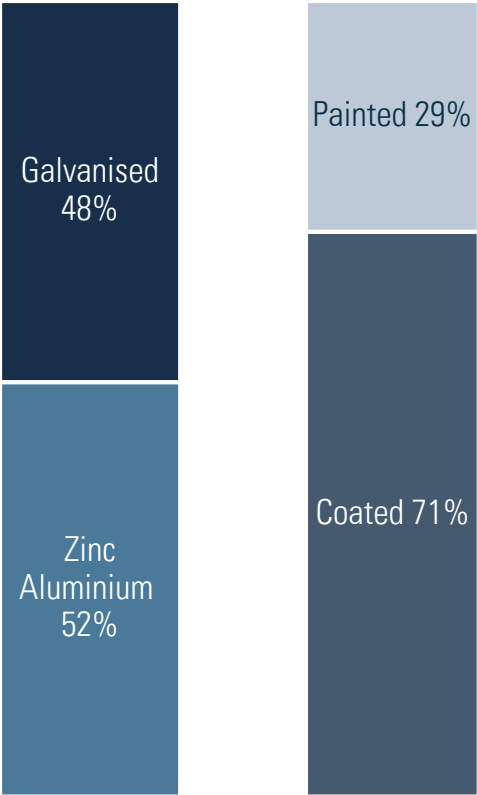
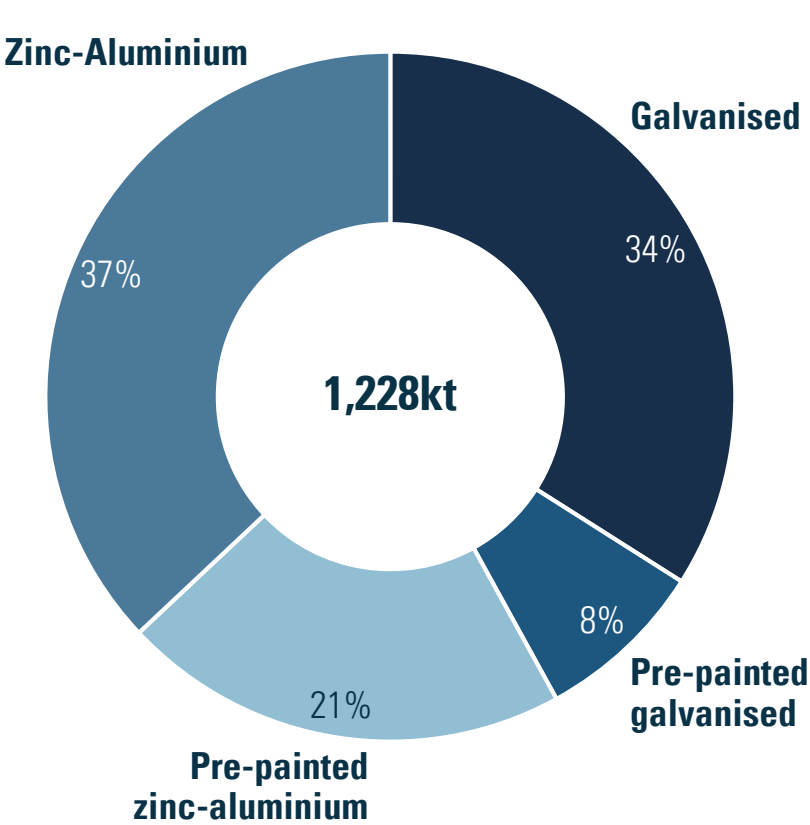


Competition largely from imports, with most domestic competitors producing galvanised products

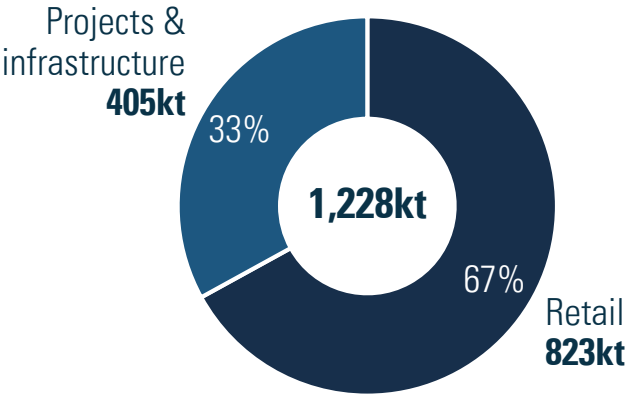
	Painted	Zinc-Aluminium	Galvanised
Domestic Producers (~20%)	Bangkok Steel Yodoko Thai Dongbu	Bangkok Steel	Bangkok Steel POSCO Sangasi Thai Sangasi Fareast
Import ¹ (~80%)	China Korea Taiwan Vietnam	China Korea Taiwan Vietnam	China Korea Taiwan Vietnam

The construction market is weighted towards coated roof and wall products in the retail sub-segment

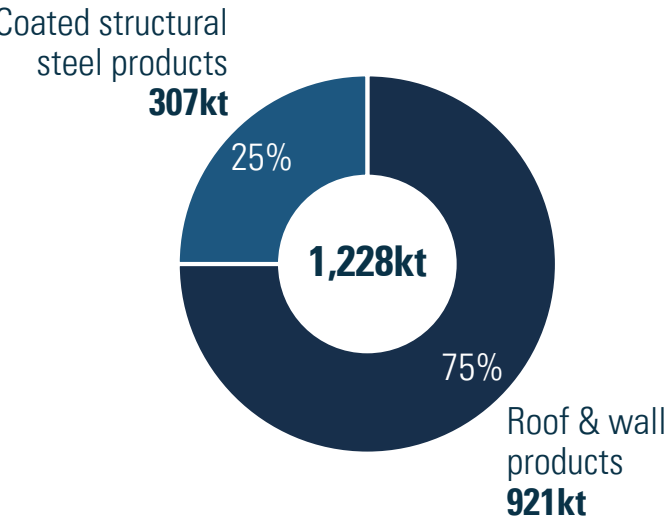
Product split (%)



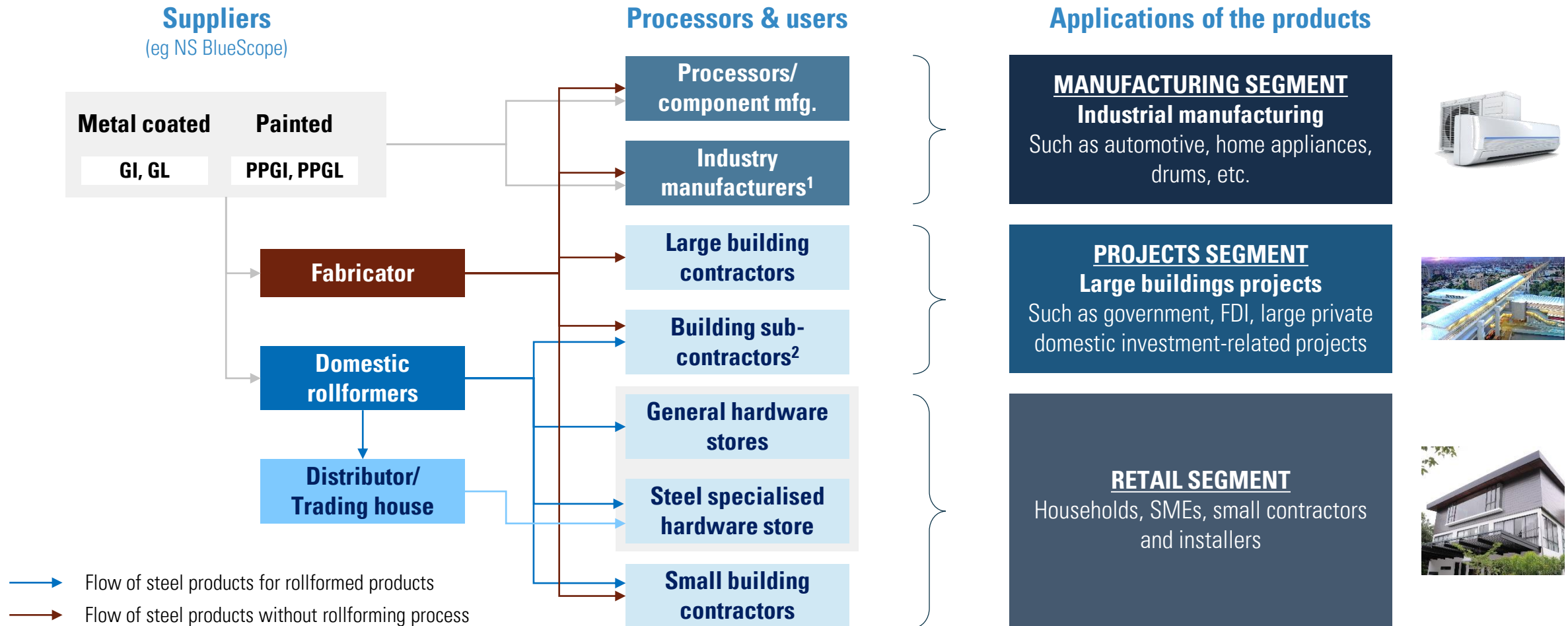
Sub-segment split (%)



End use split (%)



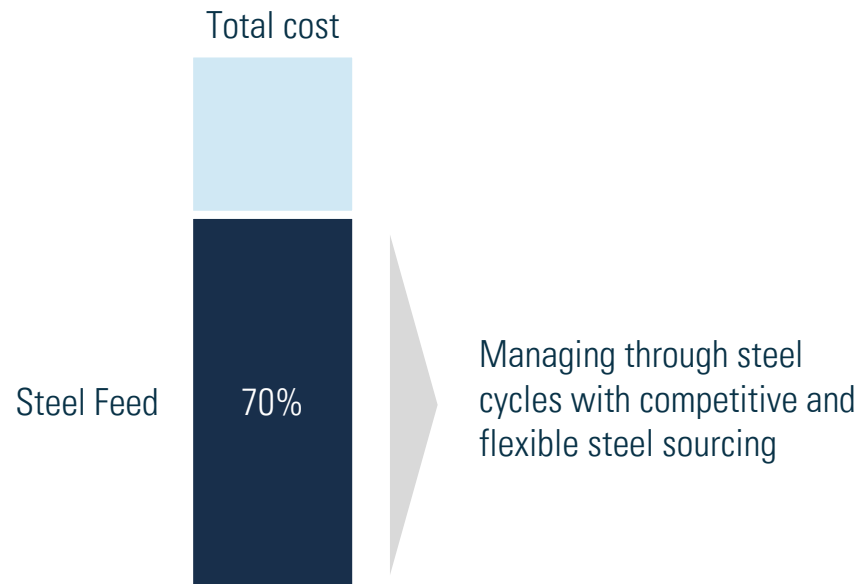
We serve three key segments through multiple channels



Strong focus on ensuring operations are supplied with quality and competitively priced steel feed

- ~360ktpa of hot rolled coil, predominantly supplied by BlueScope from Australia and NSSMC from Japan
- Additional requirements from other local and import suppliers

Steel feed cost in building products





SEGMENTS, PRODUCTS, BRANDS & CHANNELS



Leading domestic value proposition in key segments predicated on innovation, channels, loyalty and brand

Product / Service Innovation	As a market leader, our customers expect us to innovate and develop new products / services	 
Channels	Owning a channel to market is critical in a globally oversupplied market	  
Customer Loyalty	Local service offer (lead time, specification, colour) drives loyalty	 
Local Brands & Standards	Strong localised branding and standards provide differentiation, and generate premiums over IPP	  

NS BlueScope Thailand is focused on three key segments

PROJECTS

Industrial & Commercial / Government



- Products: COLORBOND® & ZINCALUME® steel
- High customer loyalty
- Strong contractor and architect relationships

RETAIL

SME & Residential



- Products: ZACS® & Jing Joe®
- Key distributor relationships
- Authorised Dealer channel expanding
- Trained 2,500 builders

HOME APPLIANCE

Refrigerator & Air Conditioning



- Products: SuperDyma® & ViewKote®
- 2 years seeding the market with ViewKote®
- SuperDyma® production improving
- Customer approval continuing

A portfolio of diverse brands, specifically tailored for each channel

	Painted	Metallic Coated
Projects	 Colorbond® Prima™ 	Zincalume® 
Retail	 BLUESCOPE Zacs® Cool 	 
Home Appliance		
Manufacturing	CRP Antibacterial™ SD ShutterEX®	

A wide range of products and brands to suite end markets across the building and construction sector



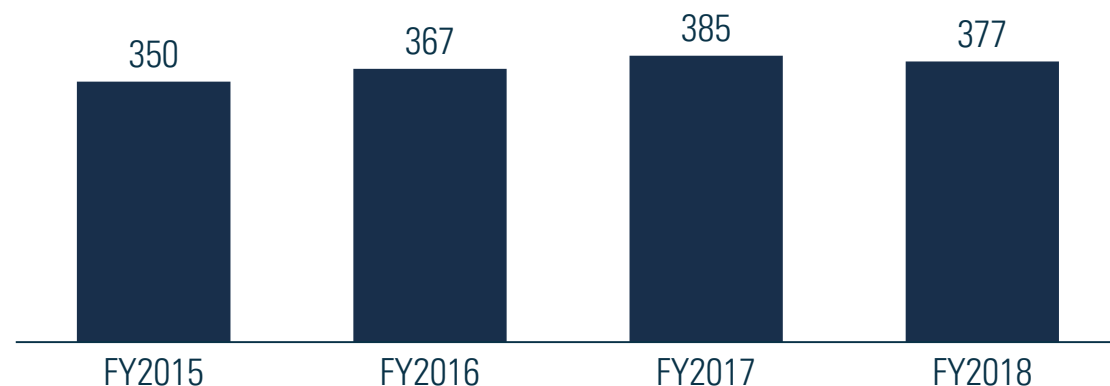


FINANCIAL PERFORMANCE & STRATEGY

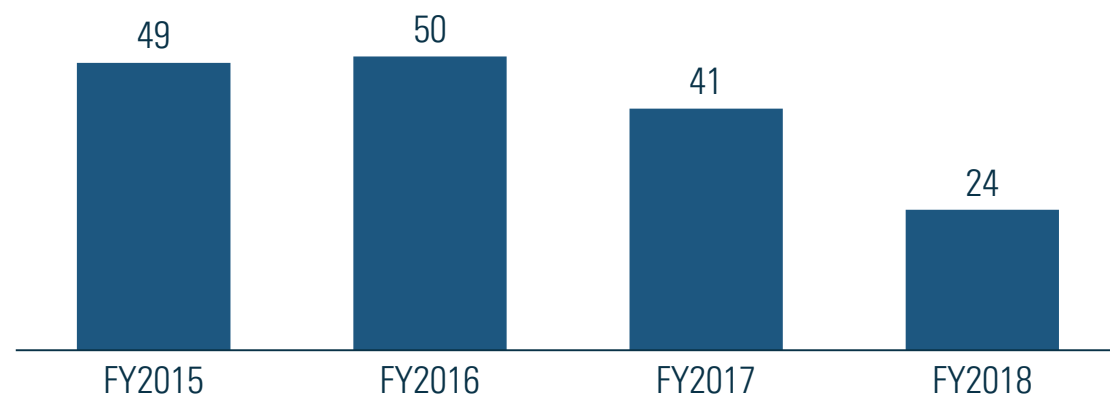


Margin pressure from increased feed costs and higher import levels resulted in a lower EBIT in FY2018

Volume (Kt)



Underlying EBIT (A\$m)



Commentary on FY2018 performance:

- Margins tightened with incomplete pass-through of rapidly rising regional steel prices; this is typically however a matter of timing with realised price moves 'catching up' through the cycle
- Some additional competitive pressure from higher import levels and some local capacity additions observed
- The higher margin project segment performed well, albeit overall demand continued to be softer due to the political climate resulting in lower private and foreign direct investment
- Retail segment impacted by the competitive environment with import volumes expanding placing pressure on margins and the volume/mix trade off. The business continued to roll-out the Authorised Dealer retail channel and invest in consumer brand and connect with local builders
- Home appliance market remains attractive. Customer uptake continues but at a slower rate than expected. Substantial progress in manufacturing quality has been made to increase the rate of customer uptake

Overarching business strategy focussing on three key themes



The graphic for 'Customer & Market Focus' features a blue background with a white hand icon holding a blue starburst shape. The starburst has three human figures inside it, representing a customer or market focus. The text 'Customer & Market Focus' is in white. Below the hand, there is a list of bullet points: 'Market Segmentation & Development', 'Channels', 'Brands', and 'Products'. At the bottom, there is a circular logo with '5G' and 'GROW' and the text 'Get Lean, Get Agile, Get Strong & Grow!'.

NS BLUESCOPE

IGNITE THE FUTURE

Customer & Market Focus

Understand our markets deeply, deliver clear and sustainable value to customers

- Market Segmentation & Development
- Channels
- Brands
- Products

Get Lean, Get Agile, Get Strong & Grow!

5G GROW IGNITE



The graphic for 'Manufacturing & Operational Excellence' features a green background with a white starburst shape in the center, surrounded by three white gear icons. The starburst has three human figures inside it. The text 'Manufacturing & Operational Excellence' is in white. Below the starburst, there is a list of bullet points: 'Productivity', 'Cost of Quality', 'Continuous Improvement', and 'Sourcing & Inventory management'. At the bottom, there is a circular logo with '5G' and 'GROW' and the text 'Get Lean, Get Agile, Get Strong & Grow!'.

NS BLUESCOPE

IGNITE THE FUTURE

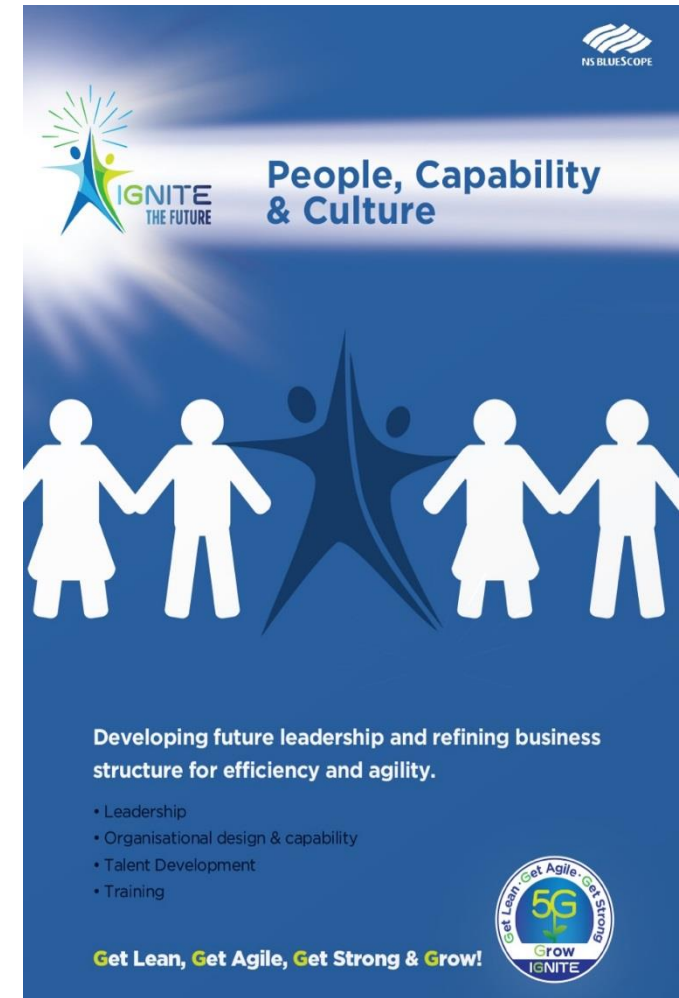
Manufacturing & Operational Excellence

Safe, continuous improvement culture; a competitive producer that delivers on our promise

- Productivity
- Cost of Quality
- Continuous Improvement
- Sourcing & Inventory management

Get Lean, Get Agile, Get Strong & Grow!

5G GROW IGNITE



The graphic for 'People, Capability & Culture' features a blue background with a white starburst shape in the center, surrounded by four white human figures holding hands. The starburst has three human figures inside it. The text 'People, Capability & Culture' is in white. Below the starburst, there is a list of bullet points: 'Leadership', 'Organisational design & capability', 'Talent Development', and 'Training'. At the bottom, there is a circular logo with '5G' and 'GROW' and the text 'Get Lean, Get Agile, Get Strong & Grow!'.

NS BLUESCOPE

IGNITE THE FUTURE

People, Capability & Culture

Developing future leadership and refining business structure for efficiency and agility.

- Leadership
- Organisational design & capability
- Talent Development
- Training

Get Lean, Get Agile, Get Strong & Grow!

5G GROW IGNITE

Focus on engaging through the channel to improve specifier network and further strengthening brands

STRATEGIC FOCUS

Channel

1

Build strong and deep relationships with customers

LYSAGHT



Product & service

2

Develop and enhance clear BlueScope value proposition for customers and partners

Colorbond®

Made only by BlueScope Steel

Zincalume®

Brand

3

Enhance brand premium and leadership, build strong influencer and specifier network



CORE CAPABILITIES

PEOPLE & CULTURE

Specification, design
& engineering

Standards and
Green credentials

Market & product
development

B2B & Salesforce
effectiveness

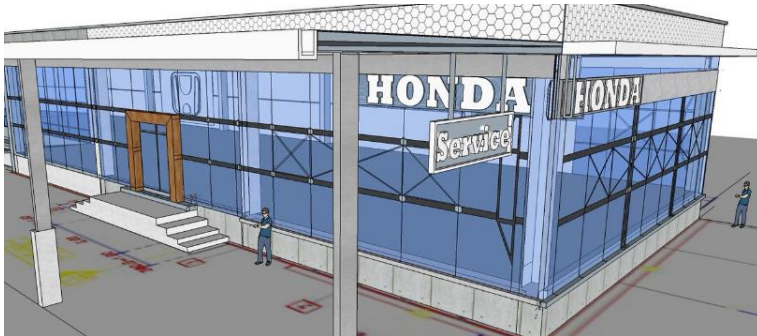
Launch of a new colour palette for COLORBOND® steel to refresh the brand identity



Development of customised small scale pre-engineered buildings and sheds through Ranbuild

- National Dealer network across Thailand
- Professional product consultants with fast design solutions
- Fast construction offer: survey and site preparation within 1.5 months

Example buildings



Focus on developing the channel, deepening customer relationships and enhancing brand position

STRATEGIC FOCUS

Channel

1

Successfully operate a multi-channel retail business



Customer relationship

2

Develop and enhance clear BlueScope value proposition for customers and partners



Brand

3

Enhance brand premium together with innovative products and services



CORE CAPABILITIES

PEOPLE & CULTURE

B2C Retail network development and operations

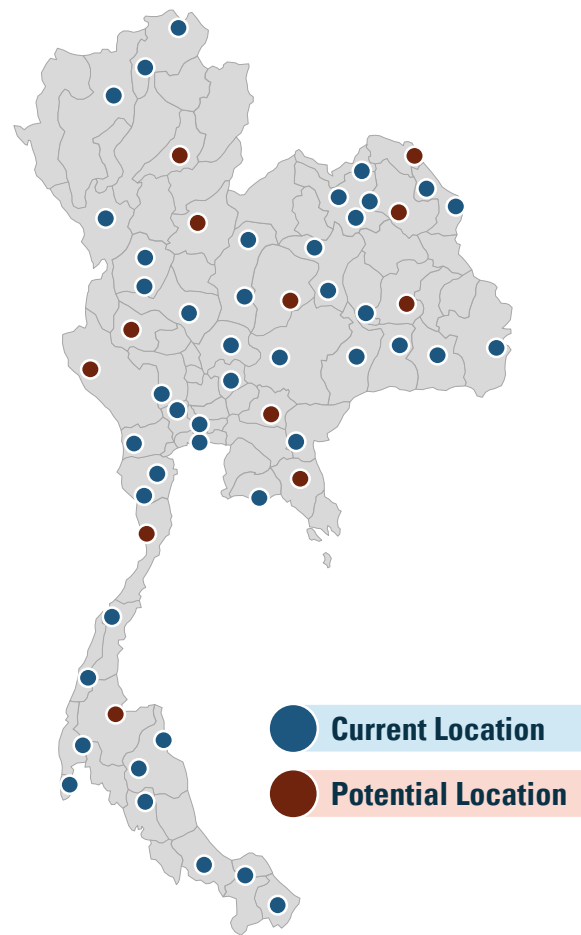
Digital enablement

Supply chain management and fulfilment

Builder engagement & loyalty

STRATEGIC INITIATIVES: RETAIL ROLL OUT

Accelerated roll out of branded network and engagement with channel to grow share, premium and volume



● Current Location
● Potential Location



Data current as at early November 2018

	Description	Partners	
	BlueScope branded point of sale (with rollforming capability), offering full range of BlueScope products	53	
NATIONAL COIL DISTRIBUTORS	Strategic channel partners to support national distribution to rollformers	2-3	
	Regional partners focused on ZACS® small/single coil offer to rural rollformers	11	
	Branded sales presence nationally (within rollformers' shop) to promote product differentiation	Roll out underway	

Focus on achieving quality standards and developing brand value of key products

STRATEGIC FOCUS

Channel

1

Develop deep relationships with key Japanese home appliance manufacturers and service centre partners

Establish clear value proposition and market offer to non-Japanese home appliance manufacturers



Brand

2

Enhance ViewKote® and SuperDyma® brands directly with end manufacturers



Product & service

3

Achieve quality standard of SuperDyma® product comparable to Japan



CORE CAPABILITIES

PEOPLE & CULTURE

Quality Assurance

Local sales and market development

Supply chain sourcing and fulfilment

Manufacturing & technical excellence

Bringing innovation to the high end residential market through new architectural residential solutions

- Leveraging success in other, more mature, markets (including Australia and New Zealand)
- Examples include:
 - 360 Seam profile
 - Solar cell partnership





SUSTAINABILITY





PEOPLE, CAPABILITY & CULTURE

- ✓ SUSTAINABILITY
- ✓ CAPABILITY ORGANISATION
- ✓ EMPLOYEE ENGAGEMENT

Get Lean, Get Agile, Get Strong & Grow!



A key area of focus for NS BlueScope Thailand

Initiatives include

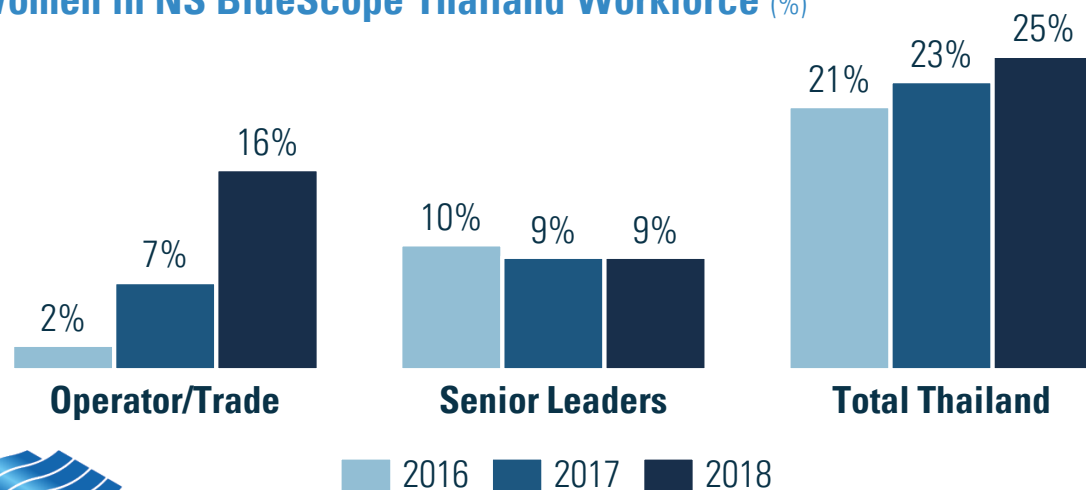
- The NS BlueScope Thailand Diversity Council
- Introduction of diversity scorecards
- Improved female facilities
- New operators gathering sessions
- Unconscious Bias Training rolled out



**DIVERSITY
BLUESCOPE
STEEL**

Our People are Our Strength

Women in NS BlueScope Thailand Workforce (%)



International Womens' Day event, March 2018



Diversity in recruitment, improving gender balance in operations



Many initiatives to reduce energy consumption implemented, improving both emissions and cost performance

Energy reduction activities

2016	2017
Changed light bulbs from Hi-Bay HPS 400W to LED 120 W	Changed light bulbs from Hi-Bay HPS 400W to LED 120 W
Changed motor speed controller at cold rolling mill	Setting Intelligent Flow Control (IFC) system
Reduced steam power at metal coating line	



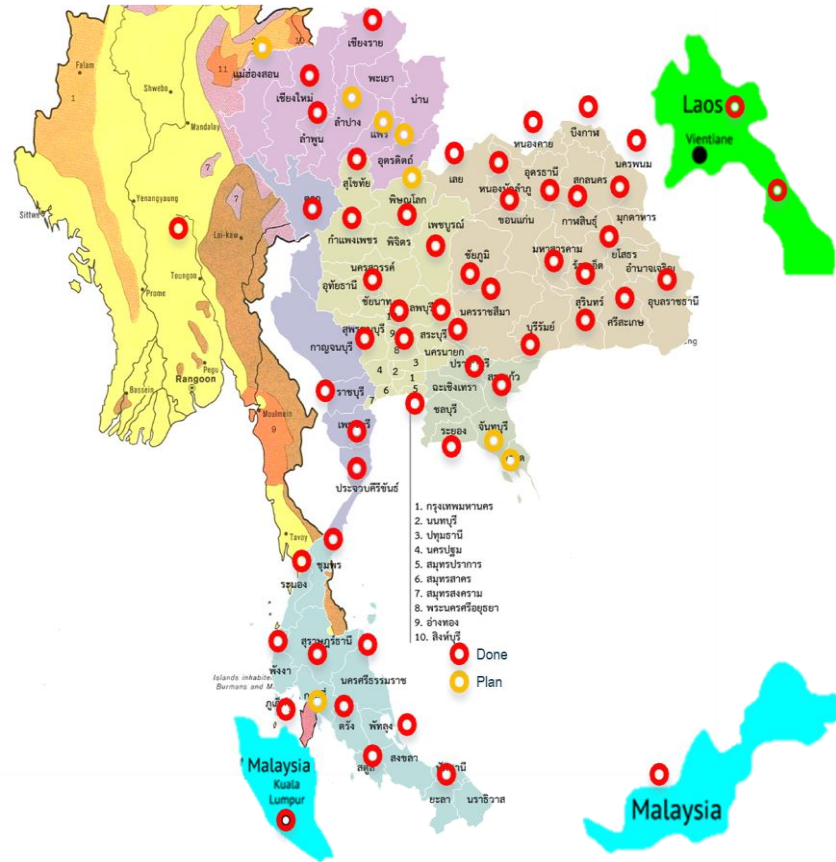
Emissions performance certification



Partnering with peak organisations to improve the quality of building skills in Thailand

More than 7,500 fixers over ASEAN have been educated since FY2014, targeting over 2,300 fixers this year

- NS BlueScope Thailand have signed a MOU with the Department of Skill Development of Thailand and the Thailand Metal Roof Association
- Key objective is to drive 'Thailand National Skill Standard' for roof fixing and lead the ASEAN labour development program, which will assist in:
 - Building a capable and skilled workers for construction businesses
 - Supporting CSR programs for Thailand communities and government authorities
- Workers who complete the training session attain certification from the Department of Skill Development of Thailand
- The course expanded on 'Danger Simulation Training' in 2017



Engaging in a wide range of activities to ensure we remain valued members of our communities

Thai Children's day with Map Ta Phut schools, January 2018



Khao Lam Merit with Map Ta Phut community, February 2018





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