



Bluescope 2021 AGM Report

ASX Code	BSL
Meeting Time/Date	10am, Thursday 18 November 2021
Type of Meeting	Virtual
Monitor	Mike Muntisov
Pre AGM Meeting?	Yes, with Chair John Bevan, Investor Relations Don Watters and Sustainability Manager Tim Rodstedt

Taking advantage of elevated steel prices

What the Company Does

BlueScope is the largest global producer of metal coated and painted steel building products, best known in Australia for its COLORBOND steel. It is Australia's largest steel manufacturer, and New Zealand's only steel manufacturer. Bluescope owns and operates the North Star mill, a low-cost regional supplier of hot rolled coil, based in Ohio, USA. The Group has an extensive footprint of joint venture operations in China, India, Indonesia, Thailand, Vietnam, Malaysia and North America.

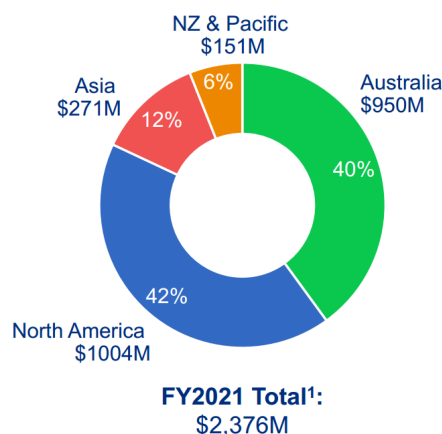
Developments in the Financial Year

The company had a very good year with revenues up by 14% to \$12.9B and underlying Earnings before Interest and Tax (EBIT) up by 206% to a record \$1.7B. This improvement in profitability was mainly attributable to higher domestic and export steel prices.

The Board announced that it would continue to target this year's annual dividend payout of 50cps going forward compared with the 14cps paid in each of the previous three years.

All segments contributed to the profitable result. The significance of the North American business is evident in the graphic of EBIT before Depreciation and Amortisation (EBITDA) below.

Underlying EBITDA by region



Source: Bluescope 2021 results presentation

The two major projects that continued through the year were the expansion of the North Star mill in Ohio, and the Port Kembla blast furnace reline.

The North Star mill expansion will increase its annual production capacity from 2m tonnes to 2.85m tonnes and is due for initial production by the end of FY22. The investment in this project is about \$750M.

The Port Kembla project is required because the current blast furnace (No. 5) will reach the end of its current operating campaign sometime between 2026 and 2030. The plan is to reline mothballed blast furnace No. 6. This is expected to involve a capital expenditure of around \$700M-\$800M between FY23 to FY25. Pre-feasibility work is underway on low emissions and alternative technologies for this project.

The company has a very detailed climate action plan and has set some ambitious targets for carbon emissions. It has allocated \$150M for climate change initiatives over the next five years.

After report date, Bluescope announced a joint venture with Rio Tinto to research and pilot low emissions technologies in the iron ore, iron and steel making processes.

In November 2021, Bluescope announced that it had acquired the scrap metal business MetalX in the USA for US\$240M. MetalX is the largest supplier of scrap steel to BlueScope's North Star mill.

Debate and Voting at the AGM

The virtual AGM involved a group of directors in Sydney, management and other directors in Melbourne, with the remainder connecting remotely.

The company announced that two new overseas-based directors (one in USA and one in Asia) have been appointed to the board starting 1 January 2022. They will be up for election next year.

The chairman's and CEO's speeches were notable for focusing on the future. There was very little review of the company's good financial performance in FY21. Key aspects of their forward looking statements are covered in the next section.

Most of the questions received related to the company's emissions and impact on climate change. The chairman addressed these and referred shareholders to the comprehensive climate change reports on Bluescope's website.

The ASA asked about the company's plan for next year's AGM. The chairman advised that they intend to run a hybrid meeting, and will likely hold the physical component of the 2022 AGM in Port Kembla.

All resolutions put to the meeting passed comfortably.

Outlook Statements from the Company

BlueScope confirmed its previous guidance that the first half FY2022 underlying earnings before interest and tax (EBIT) will be in the range of \$2.1 billion to \$2.3 billion. As noted above, this compares with the record \$1.7B for the whole of FY21. This stunning performance is due to concurrent strength in steel prices, spreads and demand.

Here's what the company said about the first half outlook of its two largest business segments:

The Australian business is expected to deliver a significantly better result than 2H FY2021, with strength in domestic volumes, particularly in higher value products for the building and construction sector, and strong realised steel spreads.

North Star is expected to deliver a significantly stronger result than 2H FY2021 driven by record steel pricing and spreads... More recently, benchmark Midwest hot rolled coil prices have begun to ease back from record levels. The business continues to perform well and has been operating at full capacity as sales volumes to construction, manufacturing and automotive end use applications remain solid.

Both the chair and CEO highlighted the company's growth opportunities. They made it clear that the USA is a key focus of their growth strategy. The recent acquisition of the scrap metal business MetalX has already been mentioned.

They stated that Bluescope has a strong pipeline of organic opportunities including the debottlenecking of North Star once the current expansion project is complete (adding a further 0.5m tonne capacity), the up-scaling of the BlueScope Properties Group (US-based industrial property), evaluating further coating capacity in Australia to support demand particularly from residential construction, and the investigation of painting capacity in the Eastern US.

Meeting Statistics

Number of Holdings Represented by ASA	168 (last year 192)
Number of Shares represented by ASA	236,237
Value of Shares represented by ASA	\$4.8 m
Number Attending Meeting	42 shareholders/proxy holders plus 61 visitors (last year 35/124)
Market capitalisation	\$10B
Were proxies voted?	Yes, on a poll

Monitor Shareholding

The individual (or their associates) involved in the preparation of this voting intention has no shareholding in this company.

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