



Company	BlueScope Steel Ltd
Code	BSL
Meeting	AGM
Date	19 November 2020
Venue	Virtual online - Link
Monitor	Mike Muntisov assisted by John Whittington

Number attendees at meeting	35 shareholders/proxies plus 124 guests (66 and 44 respectively last year)
Number of holdings represented by ASA	192 (vs 226 last year)
Value of proxies	\$6.3m
Number of shares represented by ASA	369,700 (vs 327,840 last year)
Market capitalisation	\$8.5 billion
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chair, Mr John Bevan, Treasurer and Head of Investor Relations, Don Watters and Sustainability Manager, Tim Rodsted

BlueScope recovering quickly from pandemic disruption

The virtual meeting was generally well run. Directors and management were mostly in either of two broadcast venues, one in Sydney where the chair was present and the other in Melbourne where the CEO was located.

The highlight of the Chair and CEO presentations was the guidance update for the 1st half 2021. BlueScope is seeing strong growth in all of its operating segments. They are expecting an underlying EBIT of \$475m for the first half FY21, compared with \$302m in the equivalent FY20 period (source: FY2020 Financial Results presentation).

Among the positive outlook statements were:

- Demand strength, particularly in the Australian market, has outpaced expectations
- BSL's confidence is underpinned by recent positive Federal and State government initiatives including Victoria's recent \$5billion social housing initiative, and NSW's renewable energy zones plan based on locally manufactured product.
- Benchmark steel spreads in East Asia and the Midwest US have improved and are currently above longer-term averages
- New Zealand and Pacific Islands' performance is improving substantially, and

- North Star BlueScope Steel in Ohio, continues to despatch at full capacity

Progress on the cornerstone project to expand North Star is progressing well and remains on budget, with commissioning expected by June 2022.

They talked about their new strategy, centred on their purpose statement: “We create and inspire smart solutions in steel, to strengthen our communities for the future.”

An unusual but welcome addition was a speech by the Chair of the Remuneration Committee, who provided an overview of their remuneration plan and recent changes. The presentation may have been prompted by the vote against the remuneration report by proxy adviser, ISS, who objected to the lack of Short Term Incentive financial target details (which were provided last week), the step-down in FY2020 earnings, and the safety performance. Although ASA voted in favour of the remuneration report, we welcome the additional focus provided by ISS on these issues. There was a 23% vote against the remuneration report, narrowly avoiding a first strike.

All nominating directors, including the Chair, spoke to their re-election, and were optimistic in their outlook for the company. All received comfortable votes in favour. At ASA’s prompting, the Chair advised that the Board is seeking a new USA-based director.

There were several questions regarding climate change and the company’s emissions target. The chair acknowledged that their emissions reduction targets were around efficiency gains and that significant reductions were reliant on breakthroughs in steel-making technology.

In response to an ASA question, the Chair advised that the company’s China operation was a local competitor sourcing local product, so was not at risk to the type of sanctions the Chinese government has levied on some Australian products.