



Whyalla Steelworks Update

Message from GFG Alliance Executive Chairman

September 2024

It's said of small-town Australia often enough to almost be a cliché, but of Whyalla – a town fighting the odds for more than a century – it remains true. It is a town of battlers. The people of Whyalla understand – either personally through their jobs or through friends and family – that steel is not an easy industry.

When we began this journey in 2017, Whyalla was losing a million dollars a day. Through strategic investments, some favourable market conditions, and an enormous effort from an expert team sourced from around the GFG network, three years ago we turned the business from red to black – a truly remarkable achievement of which we are very proud.

Unfortunately, the pendulum has now swung back, and we face a global crisis worse than 2008 and 2015. Steel producers everywhere are facing enormous losses, caused by China dumping ever increasing quantities of steel on the international market. This is driven by China's own demand shrinking due to a sharp decline in population.

In addition to this, complications in our blast furnace recoveries this year have disrupted supply, adding to strains on cashflow in an already softening Australian market. Usually, our business is buoyed by our mining operations, however we are also approaching the end of life of our hematite mines and facing associated challenges.

Our steelworks and mining assets are aged, and a transition to new green steel technologies and magnetite mining is imperative for our long-term survival and prosperity. But this is neither easy nor quick. For green steel to become a commercial reality we need the alignment of many factors – the most important of which is the availability of affordable green hydrogen and natural gas at scale.

In the face of these challenges, we are again calling upon the best expertise in GFG locally and abroad to undertake an even greater task in turning the business back to black. While our mining business suffers because of the sharp drop in prices, this does help steel making costs, which is where the value of our integrated business model works to Whyalla's advantage.

And contrary to widespread speculation, the steelworks, while aged, are of inherently good quality. With the right approach, including pinpoint focus on technical support and key upgrades, while cutting expired areas like the coke ovens and other costs, we will return to profit. I want to assure you that with the right care the steelworks can run safely for years, which will give us ample time to complete our green steel transition.

I also want to underline that as we seek to defend our bottom line, we will never compromise safety. Again, contrary to rumour, we have dramatically improved safety at Whyalla, most recently setting a record for consecutive months without a Lost Time Injury.



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My financial and personal commitment to steel making in Whyalla is indisputable. Whyalla's steelworks has lost AUD 1.312 billion since my acquisition in 2017. Despite this, in the same period we invested AUD 298 million on capital expenditure and upgrades to our steel plant and rolling mill. Over the same period, in addition to all the different taxes, Whyalla has paid AUD 226 million in royalties, including the reintroduction of royalties just last year on the ore used in our loss-making steelworks.

I believe as wholeheartedly in the future of Whyalla as I did when I first walked into the steelworks in 2017. I am a steelmaker, it is my passion, and my outlook has never been short term. Where others see problems, I see the multi-generational opportunities that Whyalla offers for the future of green iron and steel, a mega trend that will boost demand and shape our industry for centuries to come.

None of this should play down our short-term challenges which are tough on everyone, especially our contractors and suppliers, to whom we remain enormously grateful for their patience and support. We have worked together through thick and thin and will continue to do so.

A major positive is our strong working partnership with the Federal and South Australian governments, we are lucky to enjoy their moral support as we work through our current challenges.

Steel, like other commodities, is cyclical – it will rebound. In the meantime, no crisis should be wasted. We will use this difficult time to shape a stronger and more efficient plant that will last for years to come. I commit to overseeing this personally – Whyalla remains my highest priority.

Despite the doubters, I can and will deliver the future that the great town of Whyalla and the great state of South Australia deserves.

Whyalla's future remains bright, built on our steely resolve.

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