

# ASX RELEASE



**Date:** 13 November 2014  
**Release Time:** Immediate

**BlueScope Steel Limited**  
ABN 16 000 011 058  
Level 11, 120 Collins Street  
Melbourne VIC 3000  
AUSTRALIA  
P +61 3 9666 4000  
www.bluescope.com

## BLUESCOPE 2014 AGM UPDATE – OUTLOOK ON TRACK

---

At its Annual General Meeting in Melbourne today BlueScope confirmed its first half guidance, that it expects underlying 1H FY2015 NPAT to be similar to 2H FY2014 subject to spread, FX and market conditions. With a return to a normalised underlying tax rate in 1H FY2015 this translates to underlying EBIT growth over 2H FY2014 approaching 30 per cent.

BlueScope Chairman, Mr Graham Kraehe AO, told shareholders that the Company is encouraged by demand in the Australian new dwelling construction market, U.S. trading conditions and continued strength of trading conditions in South East Asia.

“The Company’s continued turnaround and progress on growth initiatives have laid a solid foundation for a future return to paying dividends,” he said.

Reviewing past financial year performance, Mr Kraehe said “the growth in the Company’s underlying profitability signals that the major turnaround initiatives of recent years are paying off. All six of BlueScope’s operating segments delivered earnings growth over the year, contributing to the 237 per cent increase in group underlying earnings before interest and tax (EBIT) over the previous year.

“Other pleasing developments for the year were the \$246 million lift in operating cash flow and strong balance sheet with 5.5 per cent gearing at 30 June 2014.

“Our strategic focus is on product development and improving our product mix; to be strongly positioned in growing markets; lowering costs and better serving our customers. Good progress is being made on initiatives that support this strategy:

- Launch in Australia of ZINCALUME® steel with patented Activate™ technology, followed by significant updates to our COLORBOND® steel product.
  - The Fielders, Orrcon and Arrium sheet and coil acquisitions in Australia completed in FY2014. Integration of these businesses on track.
  - Integration of the Pacific Steel long products acquisition in New Zealand progressing to plan. Full benefits will be realised when our billet caster is commissioned around this time next year.
  - Delivering new products and reaching new customers through our joint venture with Nippon Steel Sumitomo Metal Corporation in South East Asia and the west coast of North America.
  - Progressing the expansion of our New Zealand iron sands export operations.
  - Restructuring initiatives currently being undertaken in our China Buildings, Indonesia Building Products and Australian businesses are progressing well and will lower our cost of doing business.
-

---

## **TRADING UPDATE**

BlueScope's Managing Director and CEO, Mr Paul O'Malley provided the following update on current half trading conditions.

### **BLUESCOPE AUSTRALIA AND NEW ZEALAND**

#### **Australia**

In 1H FY2015 the Australian businesses are expected to benefit from higher spreads due to lower raw material costs, higher domestic residential building activity and a positive contribution from the integration of the acquisitions. However, a recent fall in globally traded HRC selling prices, concerns about demand in Australian sectors other than building and construction and cost pressures, including from the sinter plant fire, are expected to partially offset this.

#### **New Zealand Steel**

In the current half, strong domestic activity is increasing volumes in the steel business; however this benefit is being offset by weaker regional steel prices. Iron sands revenue will be lower than 2H FY2014 due to the recent fall in global iron ore prices and timing of shipments.

### **BUILDING PRODUCTS**

We expect a stronger performance this half, over the June 2014 half, driven primarily by market improvement and seasonality in the North America building products business.

The project market in Thailand has remained soft following the political unrest but we are now seeing early signs of increased activity. The Vietnam and Malaysia businesses are seeing similar activity levels this half as they did in the June 2014 half. Conditions in our Indonesia business are similar to the June 2014 half, however we are planning for an improvement in the June 2015 half, driven by a stronger focus on sales and efficiency initiatives and market stability post the elections.

### **GLOBAL BUILDING SOLUTIONS**

The North American buildings business is performing strongly in the peak summer building season with a good growth in order books. We expect earnings this half to be materially better than the December 2013 half.

Market conditions for our China custom engineered buildings business remain difficult; however progress is being made on our initiatives to reduce overheads, rationalise the manufacturing footprint and lift profitability. We expect to see financial benefits from this program in 2H FY2015.

Our China coated products business, combining coating, painting and roll forming operations is performing well and in line with our expectations.

### **NORTH STAR BLUESCOPE STEEL**

North Star will make a strong contribution again this half. While spread has softened marginally in the December quarter, our September quarter spread was slightly better than that achieved in the June 2014 half.

---

---

For further information about BlueScope: [www.bluescope.com](http://www.bluescope.com)

**BLUESCOPE CONTACTS:**

**Media**

Michael Reay  
Manager Corporate Affairs  
**P** +61 2 4275 7843  
**M** +61 (0) 437 862 472  
**E** Michael.Reay@bluescope.com

**Investors**

Don Watters  
Vice President Investor Relations  
**P** +61 3 9666 4206  
**M** +61 (0) 409 806 691  
**E** Don.Watters@bluescope.com