



## ASX Release

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### BLUESCOPE STEEL DELIVERS STRONG FIRST HALF RESULTS – TAKING ACTION IN TOUGH TIMES

BlueScope Steel today announced a reported Net Profit After Tax (NPAT) for 1H FY09 of A\$407 million (up from A\$116 million in 1H FY08) and an underlying NPAT of A\$479 million (an increase of 57% on 1H FY08).

#### Strong first half results – driven by record Q1

The result delivers reported Earnings per Share of 52.7 cents per share (up from 15.7 cents per share in the corresponding period last year).

Managing Director and CEO, Mr Paul O'Malley, said: "This excellent first half result was driven predominantly by improved spread and the weaker Australian dollar in the first quarter which delivered an underlying Q1 NPAT of approximately \$430M.

"However, in the second quarter of the reporting period, export sales from Australia were materially curtailed by the economic downturn around the world and the substantially lower demand for steel globally and in Australia. We are also seeing lower international steel prices while still experiencing peak raw material costs."

#### Outlook – challenging market conditions continue driven by global recession

Turning to the current outlook, Mr O'Malley said: "The outlook for the second half of FY09 is now weaker than anticipated. We had factored in lost production due to the scheduled Blast Furnace No 5 reline. However, should lower demand and prices, coupled with high raw material prices, continue we expect to see a negative underlying NPAT contribution for 2H FY2009, the extent of which is dependent upon demand and spread.

"Government stimulus packages may translate into some improvement in economic activity later this calendar year, but it remains to be seen how it will affect steel demand.

"We are focused on four key areas: a robust balance sheet; strong liquidity position; disciplined capital expenditure management and delivering an expected \$150 million savings on existing and new cost management programs.

"BlueScope Steel aims to emerge from the downturn with our position as a low cost, high quality steel manufacturer intact."

#### Interim Dividend

The Board declared an interim dividend of 5 cents per share. The Board's decision to reduce the interim dividend from 22cps (1H FY2008) to 5cps (1H FY2009), reflects the unforeseen changes in demand and price now contributing to an expected downturn in financial performance in the second half, and uncertainty as to the duration of the global economic downturn.

## **Trade Policy**

In commenting on the mounting pressure for trade protection measures in Australia, Mr O'Malley said: "Trade protectionism is counter productive and harmful to exporters like BlueScope Steel. Normally, half our Australian and New Zealand steel production is exported. Access to export markets is important to our business."

## **Federal Government's Carbon Pollution Reduction Scheme (CPRS)**

In commenting on the proposed CPRS, Mr O'Malley said, "BlueScope Steel faces the imposition of higher costs if the CPRS in the White Paper is implemented and this will put steel jobs and investment at risk.

"The proposed CPRS needs an effective transitional plan to minimise the financial impact in the early years and minimise competitive disadvantage to Australian industry until its major global competitors are carbon constrained. We are engaging constructively with the Federal Government with proposals that promote reductions in carbon emissions while protecting this vital manufacturing industry and Australian jobs."

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