

ASX RELEASE



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BLUESCOPE REPORTS \$92M NET PROFIT FOR FIRST HALF

BlueScope today announced a \$92.7 million net profit after tax (NPAT) for 1H FY2015 – an \$89.0M increase from the corresponding period last year.

Underlying NPAT¹ of \$79.6 million was 62 per cent higher than 1H FY2014, and 26 per cent higher than 2H FY2014.

At 31 December 2014 net debt was \$408 million, with gearing at eight per cent, as the Company continues to focus on maintaining a strong balance sheet.

BlueScope Chairman, Graham Kraehe AO, said, "The turnaround is successful. Strategic investments in Australian and international growth markets are already translating into earnings performance. BlueScope is building a globally diversified portfolio of assets that positions the Company for the future.

"We are particularly pleased to see the earnings growth in our Australian business where margins have expanded. The recently acquired businesses are performing as planned and we're benefitting from the best residential construction activity for years.

"The Board has approved payment of a fully franked interim dividend of three cents per share."

BlueScope's Managing Director and CEO, Mr Paul O'Malley said, "The growth in net profit has taken time and a tremendous team effort by employees across our global portfolio. The result of that effort is Group underlying 1H FY2015 EBIT of \$169.7M, up 24 per cent on the same time last year, and up 50 per cent on 2H FY2014.

"Looking across our five reporting segments:

- The Australian Steel Products business delivered underlying EBIT of \$64.7 million, up 365 per cent on 1H FY2014. This performance was driven by lower raw material costs and higher domestic residential building activity. In addition we saw a positive contribution from the integration of the Orrcon, Fielders and OneSteel Sheet & Coil acquisitions.
- New Zealand Steel & Pacific Steel underlying EBIT was \$2.6 million, down 93 per cent on the same time last year due to lower iron sands prices and volumes.

¹ Underlying financial results reflect the Company's assessment of financial performance after excluding the following items (post-tax): 1H FY2015 includes an accounting adjustment realised on the closure of the Australia defined benefit superannuation fund (\$19.0M), utilisation of previously impaired deferred tax assets (\$5.5M) and profit on asset sales (\$3.5M). These were partly offset by business development costs (\$5.5M), impact of the Port Kembla Steelworks sinter plant waste gas cleaning stack fire (\$5.0M) and restructuring costs (\$3.8M). This financial information is provided to assist readers to better understand the financial performance of the underlying operating business. A full reconciliation of underlying adjustments, including 1H FY2014 is available in the 1H FY2015 Earnings Report on BlueScope's web site.

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- In Asia and North America our Building Products business delivered underlying EBIT of \$47.8 million, down six per cent on 1H FY2014. Volume and margin in Thailand were soft in 1H FY2015, following the political unrest. The contribution from Indonesia and India lifted, with a slightly weaker performance in Vietnam, Malaysia and North America.
 - The Global Building Solutions segment underlying EBIT of \$19.3 million is down six per cent on 1H FY2014. The North American buildings business performed strongly in the peak summer building season, with earnings up 42 per cent on 1H FY2014. Market conditions for our China custom engineered buildings business remain difficult and earnings were significantly lower due to a further contraction in volumes and margins. Our China coated products business, combining coating, painting and roll forming operations performed well, with earnings up on the same time last year.
 - In North America, our Hot Rolled Products segment delivered outstanding results with underlying EBIT of \$67.1 million, a 38 per cent lift on 1H FY2014. At North Star BlueScope Steel, despatches continued at 100 per cent of production, spreads remained strong and we enjoyed FX translation benefits with a lower AUD:USD.

BLUESCOPE'S OUTLOOK

"We expect 2H FY2015 underlying EBIT higher than 2H FY2014 by up to 20 per cent. Expectations are subject to spread, FX and market conditions.

"Expectations for the performance of our businesses in 2H FY2015 are as follows:

- Continued positive residential building activity, further contributions from acquisitions and the falling A\$ will benefit our Australian business. However the recent falls in Asian and U.S. spot steel prices will compress margins in the Australian segment and also at North Star, resulting in a weaker 2H FY2015 compared to 1H FY2015 for each.
- New Zealand businesses will benefit from higher steel volumes and foreign exchange movements, however lower HRC and iron ore prices will continue to weigh on the segment's result.
- Building Products businesses in South East Asia and the U.S. will see continued growth but with margin pressure in 2H FY2015 due to falling steel prices.
- U.S. engineered buildings should perform better than the same time last year.
- In China, the Building Products business should continue its good performance, but conditions remain difficult for our custom engineered buildings business where we will continue to pursue performance improvement initiatives.

"In the medium term, BlueScope is very well positioned to capture growth in the markets of each of its five segments," Mr O'Malley said.

For further information about BlueScope: www.bluescope.com

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