

ASX RELEASE



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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 2015 AGM UPDATE

At its Annual General Meeting in Sydney today, BlueScope confirmed its expectation that 1H FY2016 underlying EBIT will be approximately \$50 million higher, or 40 per cent more than 2H FY2015¹.

BlueScope Chairman, Mr Graham Kraehe AO, told shareholders that the Company is making good progress on its restructuring and cost reduction plans.

"Despite the tough global industry conditions, the continued progress has allowed us to pay both an interim and full year final dividend," he said.

Reflecting on performance, Mr Kraehe said it had been "a year of solid progress". Four out of BlueScope's five operating segments recorded better financial performance which resulted in an overall group profit (Net Profit After Tax) of \$136.3 million for FY2015.

"Since then, the Company completed its move to full ownership of the North Star joint venture business in the US by acquiring the remaining 50 per cent from Cargill.

"In addition, this week saw employees at the Port Kembla Steelworks vote in favour of the new Enterprise Agreements which will help deliver more than \$200 million in game-changing cost outs. The Agreements have been approved by the Fair Work Commission.

"Further, good progress towards the \$50 million cost-out target has been made at New Zealand Steel. The Board has decided that steelmaking at Glenbrook should continue.

"For the Australian and New Zealand steelmaking operations to be sustainable, we must remain cost competitive and continue to deliver value through the cycle," Mr Kraehe said.

Mr Kraehe, who formally retired as Chairman at the meeting, said "BlueScope is now back in good shape. I hand over today to a capable Chairman in John Bevan. BlueScope's Board has been renewed, we have a capable CEO, a strong and stable management team and most importantly a clear strategic vision for the future.

"I would like to thank everyone involved in BlueScope over the past 13 years. It has been one of the most turbulent economic periods, but from a personal perspective I am proud that the foundations have been laid for BlueScope's continued growth," Mr Kraehe said.

¹ Before consolidation of North Star BlueScope Steel effective from 31 October 2015

Incoming Chairman, Mr John Bevan said he was excited about the future for BlueScope, and it was a privilege to be part of a Company with a clear future strategy and a strong leadership team.

“With respect to my predecessor, Graham has provided great support and counsel to CEO Paul O’Malley and many others within the business. His legacy will be as one of the true industrial leaders in Australia. He is a passionate and strong leader and we wish him and his family all the best in retirement,” said Mr Bevan.

TRADING UPDATE

BlueScope’s Managing Director and CEO, Mr Paul O’Malley provided the following update on current half (1H FY2016) trading conditions.

Australian Steel Products

“The Australian businesses are benefitting from earlier delivery of cost reductions, growth in domestic demand including from residential construction and the lower A\$:US\$. These benefits are expected to more than offset weaker steel spreads and deliver better underlying earnings for the half.

New Zealand and Pacific Steel

“Similarly in New Zealand, progress made in cost reductions in both our flat product steel business and the iron sands export business is largely offsetting the impact of weaker steel and iron ore prices. We are very pleased with the progress made in commissioning the Glenbrook billet caster. Our Pacific Steel long products mills in Auckland are now being supplied with billet from Glenbrook and the full earnings potential of the Pacific Steel acquisition is expected in 2H FY2016 onwards.

Building Products

“We expect a stronger performance this half, over the June 2015 half, driven primarily by general market growth across the segment, improved margins in the North America building products business, and translation benefits of the lower A\$:US\$.

BlueScope Buildings (formerly Global Building Solutions)

“The North American buildings business is performing strongly in the peak summer building season with growing order books. Our Asian building operations are seeing improved performance following cost reductions and productivity improvements in the China Buildings business. 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. Steel spread has softened since last half. While scrap is down, steel prices are also down, but we are seeing the translation benefit of the lower A\$:US\$.

Group outlook

“As advised in our market update of 26 October, we expect 1H FY2016 underlying EBIT to be approximately 40 per cent higher than 2H FY2015. Looking further forward however, 2H FY2016 will see margin pressure given spot spreads are lower than lagged spreads. Expectations are subject to spreads, FX and market conditions,” Mr O’Malley said.

For further information about BlueScope: 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