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## BlueScope updates 1H FY2021 guidance – now expecting underlying EBIT of around \$475M

BlueScope advises that it now expects underlying earnings before interest and tax (EBIT) of around \$475 million for 1H FY2021, including the additional contribution from the recent property sale by BlueScope Properties Group. This is an increase of around 80 per cent over 2H FY2020 underlying EBIT.

Managing Director and CEO Mark Vassella said, “All operating segments are performing well and momentum has continued to build as we approach the end of 1H FY2021. Residential alterations and additions activity, demand for detached new housing, and growth in demand for e-commerce warehouse and logistics facilities are all robust and US automotive industry demand is recovering strongly.

“Demand strength, particularly in the Australian market, has continued to outpace our expectations. We now expect that Australian construction and manufacturing activity will remain strong, driving elevated domestic steel despatches for the balance of 1H FY2021.

“Benchmark steel spreads in East Asia and the Midwest US are currently above longer-term averages as the beginning of 2H FY2021 approaches. Nonetheless there remains uncertainty around spreads and volumes given the risks of the evolving impact of COVID-19 which could disrupt demand, supply chains and operations, and broader macroeconomic activity,” Mr Vassella said.

### SEGMENT PERFORMANCE

- Australian Steel Products is expected to deliver a substantially better result than 2H FY2020. Domestic construction and distribution segment demand is strong, particularly for coated and painted products. The contribution from export coke remains elevated and is expected to be greater than 2H FY2020.
- In the US, other than for the major scheduled maintenance outage just completed, North Star continues to despatch at full capacity with automotive volumes normalising across the half. Since the end of 2H FY2020, realised steel spreads have bottomed and are improving driven by a significant increase in benchmark Midwest hot rolled coil prices in recent months and more stable raw material costs. Given usual pricing lags in the sales mix, 1H FY2021 underlying EBIT is expected to be lower than 2H FY2020. The North Star expansion project remains on track.
- With generally robust demand across its markets following interruptions last half from COVID-19, the Building Products Asia & North America segment is expected to deliver a considerably better performance than 2H FY2020. The outlook for ASEAN and India has improved significantly; in ASEAN, we now expect 1H FY2021 underlying EBIT to be at least double that of 2H FY2020. The North America business is on track to deliver a performance similar to 2H FY2020 and we expect China to deliver a similar performance to 1H FY2020 on favourable seasonality.
- Buildings North America: The core engineered buildings business is on track to deliver a better result than 2H FY2020. The contribution from BlueScope Properties is expected to be higher than last half including the

approximately \$40 million additional contribution from the recent property sale. This magnitude of contribution is not expected to be repeated in 2H FY2021.

- New Zealand and Pacific Islands' performance is improving substantially on 2H FY2020, primarily due to a return to normal operations post-COVID-19 and very strong domestic demand, particularly for coated and painted products. Steps to implement the business restructuring continue; the loss-making pipe mill has been closed and the exit of the cold rolled annealed business is in progress. From 1H FY2021, depreciation and amortisation will be approximately \$15-20 million lower per half compared to 2H FY2020, following the asset write-down.

Expectations remain subject to macroeconomic, spread, foreign exchange and market conditions – including potential impacts from COVID-19.

**Authorised for release by:** The Board of BlueScope Steel Limited

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