

Date: 29 January 2021

BlueScope announces preliminary unaudited 1H FY2021 underlying EBIT of around \$530M

BlueScope today announced it expects preliminary unaudited underlying earnings before interest and tax (EBIT) for 1H FY2021 to be around \$530 million. This is above prior guidance of approximately \$475 million. The results are subject to finalisation and external audit review.

Managing Director and CEO Mark Vassella said, "All operating segments have performed well across the half. We have seen strong volumes and improving steel spreads in our largest steelmaking business in Australia and the US, along with strong earnings improvements from our other businesses.

"The results are a continued demonstration of BlueScope's operational leverage from our diverse portfolio of businesses and are a tribute to the efforts of our 14,000 people across all 18 countries.

"Importantly, our people continue to respond diligently to the COVID-19 pandemic, maintaining their personal health, safety and wellbeing – and that of the business, our customers and our communities," Mr Vassella said.

1H FY2021 Business Update

Since the Company's AGM update on 19 November 2020, benchmark steel spreads have continued to rise, further enhancing performance during November and December, leading to improved preliminary results from each of Australian Steel Products (ASP), North Star and Building Products Asia & North America.

Looking across the Group's reporting segments during the December 2020 half year:

- ASP delivered a substantially better preliminary result than 2H FY2020. Domestic construction and distribution segment demand has been strong, particularly for coated and painted products – leading to the strongest domestic mill sales volumes in a decade, at ~1,175kt. Steel spreads continued to strengthen towards the conclusion of the half, leading to a better than expected performance, including in preliminary net realisable value adjustments. The contribution from export coke remained elevated and exceeded 2H FY2020.
- At North Star, spreads improved during the half from low levels. There was a significant increase in benchmark Midwest hot rolled coil prices, above raw material price rises, in recent months. Given usual pricing lags in the sales mix and foreign exchange translation, 1H FY2021 preliminary underlying EBIT was marginally lower than 2H FY2020.
- The Building Products Asia & North America segment delivered a preliminary result approximately double that of 2H FY2020, with generally robust demand across its markets following interruptions in 2H FY2020 from COVID-19, favourable seasonality and cyclical margin expansion due to steel feed costs. Margins and despatch volumes benefitted the businesses incrementally since the update provided at the AGM.
- At Buildings North America, consistent with previous comments, the core engineered buildings business delivered a better preliminary result than 2H FY2020. The contribution from BlueScope Properties exceeded last half including the approximately \$40 million additional contribution from the November property sale. This magnitude of contribution is not expected to be repeated in 2H FY2021.

- As foreshadowed, New Zealand and Pacific Islands' performance improved substantially on 2H FY2020, primarily due to a return to normal operations post-COVID-19 government mandated closure during 2H FY2020, very strong domestic demand particularly for coated and painted products and lower depreciation on the write-down impact. The segment has delivered a preliminary result exceeding \$55 million.

Current Trading Conditions

At the beginning of 2H FY2021, order and despatch rates in key markets remain robust. Spot steel spreads in North America and Asia are materially higher than both 1H FY2021 and longer-term averages. It is uncertain whether these conditions will be sustained throughout the half due to volatile macroeconomic and market factors – including potential impacts from COVID-19 which could disrupt demand, supply chains and operations.

BlueScope's financial results for the half year ending 31 December 2020 will be released on 22 February 2021, at which time the Company expects to make further comment on trading conditions.

Authorised for release by: The Board of BlueScope Steel Limited

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