

Date: 19 February 2024

BlueScope delivers 1H FY2024 underlying EBIT of \$718 million

BlueScope today reported 1H FY2024 net profit after tax (NPAT) of \$439 million, a \$29 million increase on 2H FY2023.

Speaking to the result, Managing Director and CEO, Mark Vassella said, "We've seen real volatility across the global economy, particularly prevalent in the steel sector. Despite this, I'm pleased to report BlueScope has again delivered a strong result, with an underlying EBIT of \$718M² for the half year.

"Our outlook for the Company in the second half is for a result slightly below 1H FY2024, in an environment of unprecedented softness in Asian steel spreads. Upon delivery, this will again reinforce the strength of BlueScope's diversified business model, that can deliver at any point in the cycle.

"Operating cash flow for the half year, after capital expenditure, was \$255 million³ - which lead to a \$614 million net cash position at the end of the half. This robust balance sheet underpins our confidence to invest for future earnings and growth across our regions and throughout the steel industry cycles."

"The first half saw real progress on a range of key projects. In the US, the ongoing ramp-up of North Star is nearing full run-rate, and the recycling business is performing well. In Australia we have commenced the No.6 Blast Furnace reline, building our bridge to a low carbon future, and construction for the new metal coating line (MCL7) in Western Sydney is on track. And at Glenbrook, south of Auckland, we've begun works to install the \$300M Electric Arc Furnace (EAF), securing a bright future for steelmaking at New Zealand Steel.

"I'm pleased with the progress of all these key projects. They have been made possible by the strength of the balance sheet, the continued quality financial performance of our businesses and the dedication of our 16,500-strong team – who I thank for their ongoing dedication, support and efforts." Mr Vassella said.

In 1H FY2024, \$306 million was returned to shareholders as part of BlueScope's ongoing objective to distribute at least 50 per cent of free cash flow in the form of consistent dividends and on-market buy-backs. The Board has today approved a fully franked interim dividend of 25.0 cents per share and an increase to the share buy-back program, to allow up to \$400 million to be bought over the next 12 months⁴. The full year dividend level will be assessed in light of the growth and resilience of BlueScope's business portfolio, the reduced share count⁵, and the medium-term macroeconomic and industry outlook.

1H FY2024 Headlines

Reported NPAT:	\$439M
Underlying NPAT:	\$474M
Underlying EBIT:	\$718M
Underlying pre-tax ROIC:	13.4%

Capital Management

Interim dividend (fully franked):	25 cps
On market buy-back:	Up to \$400M ¹

¹ The Board has today approved an increase to the buy-back program, to allow up to \$400 million to be bought over the next 12 months. The timing and value of shares purchased will be dependent on the prevailing market conditions, share price and other factors.

² Underlying financial results for 1H FY2024 reflect the Company's assessment of financial performance after excluding (pre-tax): legal provisions (\$22.5 million), business development costs (\$15.6 million) and a gain on discontinued operations (\$1.5 million). A full reconciliation of underlying adjustments, including for 1H FY2023, is available in the 1H FY2024 Half Year Report on BlueScope's website.

³ Cash flow before investment expenditure and financing.

⁴ The timing and value of shares purchased will be dependent on the prevailing market conditions, share price and other factors.

⁵ 145.2 million shares bought back and cancelled since FY2017, delivering a 31% improvement in earnings per share (EPS)

Project and Strategy Update

The US remains an exciting growth region for BlueScope, where we see strong demand for steel particularly for large scale infrastructure investments, steel-intensive renewable energy systems and the build-out of e-commerce buildings over the coming decade.

BlueScope continues to invest in the expansion and debottlenecking of North Star, building self-sufficiency in scrap through BlueScope Recycling, and in painted products through BlueScope Coated Products. The Company is advancing feasibility work into expanding and integrating its US value chain through the potential addition of 550ktpa of cold rolling and metal coating capacity into our operations.

In Australia, focus has continued on shifting increasing proportions of our steel production into premium branded products and value-adding solutions. This through-cycle growth opportunity will continue to drive growth in products like COLORBOND® steel and TRUECORE® steel for years to come, given our continued innovation and investment in this space.

Following the completion of the master planning process for land adjacent to the Port Kembla Steelworks (PKSW), we are now reviewing opportunities to position our broader portfolio of land of ~1,200-hectares for strategic value. This land portfolio includes land adjacent to BlueScope sites in New South Wales, Victoria and New Zealand. Initial focus is on considering the interaction of these sites with our operations, and potential uses for the land (including zoning considerations), with an execution model under development.

Sustainability Update

During the half, BlueScope progressed the roll out of its evolved Health, Safety and Environment culture, systems and reporting to recently acquired businesses. Approximately 270 team-based HSE risk control improvement projects have been identified for FY2024, and TRIFR was 7.6 per million hours worked in 1H FY2024, above the top end of the long term historical range of 5-7.

In 1H FY2024, BlueScope continued to make progress on its decarbonisation journey, including the commencement of an agreement with BHP and Rio Tinto to investigate Electric Smelter Furnace (ESF) technology with Pilbara ores. The Company also progressed its Australian Direct Reduced Iron (DRI) Options Study, technology collaborations and a range of projects to optimise existing steelmaking and non-steelmaking assets.

BlueScope's inclusion and diversity program continued throughout the half, including initiatives to grow female representation to better reflect the communities in which it operates. Female representation in our workforce remained stable at 24% in 1H FY2024. On Supply Chain, BlueScope implemented the EcoVadis IQ Plus program during the half, which provides increased visibility of ESG risks across more suppliers. 145 supplier assessments were completed in 1H FY2024, with four supplier audits undertaken on-site.

As previously announced, on 29 August 2023, the Federal Court awarded a penalty against BlueScope, in relation to the civil proceeding brought by the ACCC. This penalty has been paid, and BlueScope has since appealed the findings.

1H FY2024 Results

Australia

- Delivered underlying EBIT of \$258 million, down 2 per cent on 2H FY2023.
- Underlying domestic demand remained solid, however despatches saw some softening in the final months of the half. Strong performance in painted products continued in 1H FY2024, with sales of COLORBOND® steel remaining at historically robust levels.
- Realised spreads were higher than 2H FY2023, on lower raw material costs, combined with ongoing strength in realised prices, however conversion costs increased on 2H FY2023 on timing of spend, particularly maintenance, as well as escalation pressures.

North America

- Delivered underlying EBIT of \$417 million, down 15 per cent on 2H FY2023.
- North Star delivered a softer result in 1H FY2024 compared to 2H FY2023, due to slightly weaker spreads in the half on the back of the United Auto Workers strike.
 - The business operated at full capacity, with higher volume on stable end-use demand and ongoing progress of the expansion ramp up, with full run rate expected in 1H FY2025.
- Buildings and Coated Products North America delivered a slightly softer result than 2H FY2023, with moderation in performance from the engineered buildings and ASC Profiles businesses as margins soften from historically high levels.
 - BlueScope Coated Products saw impacts of production and quality challenges in 1H FY2024 as the integration program continued, which were compounded by lower foundation customer volumes, leading to a softer performance.

Asia

- Delivered underlying EBIT of \$96 million, up 17 per cent on 2H FY2023.
- Southeast Asia delivered a solid result with slightly weaker despatches offset by stronger margins in 1H FY2024 compared to 2H FY2023 on lower raw material costs. Thailand continued its strong performance, in line with the record result achieved in 2H FY2023.
- Performance in China was stronger in 1H FY2024 on typical seasonality and improved margins, despite softer despatch volumes than 2H FY2023.
- India delivered a softer result, as the business continues to integrate coated and painted product sourced under agreement from Tata Steel's plants in Angul and Khopoli.

New Zealand and Pacific Islands

- Delivered underlying EBIT of \$26 million, down 68 per cent on 2H FY2023.
- Conversion costs were elevated in 1H FY2024, driven by higher planned and unplanned maintenance shuts, which was further compounded by an unusually weak vanadium contribution.
- Marginally weaker benchmark and realised spreads in 1H FY2024, and slightly softer domestic despatches, particularly across the final months of the half.

Corporate and Eliminations

- Corporate costs and eliminations of \$77 million, 43 per cent favourable to 2H FY2023.
- Costs improved on profit in stock benefit.

Outlook for 2H FY2024

Underlying EBIT in 2H FY2024 is expected to be in the range of \$620 million to \$690 million. Expectations are subject to spread, foreign exchange and market conditions¹.

¹ Refer to BlueScope's 1H FY2024 Investor Presentation for 2H FY2024 outlook assumptions and sensitivities.

Authorised for release by the Board of BlueScope Steel Limited

**For further information
about BlueScope
www.bluescope.com**

BlueScope Contacts

Media
Michael Reay
Head of Corporate Affairs
T +61 2 4240 1100
M +61 (0) 437 862 472
E Michael.Reay@bluescope.com

Investor
Chris Gibbs
Head of Investor Relations
T +61 3 9666 4039
E Chris.Gibbs@bluescope.com