

Date: 27 April 2021

BlueScope increases earnings guidance to \$1.0Bn to \$1.08Bn for 2H FY2021

BlueScope now expects underlying earnings before interest and tax (EBIT) for 2H FY2021 to be in the range of \$1.0 billion to \$1.08 billion. This is above the prior guidance range of \$750 million to \$830 million, and is subject to spread, FX and market conditions.

Managing Director and CEO Mark Vassella said, "The business has gone from strength to strength, benefitting from strong spreads, prices and demand. All of the BlueScope team are doing an outstanding job in working to meet exceptional customer demand."

"The performance continues to demonstrate the unique strength and value of our business model. BlueScope is a very different type of steel company and is in a compelling position to take advantage of emerging trends, such as demand for lower density and regional housing and for e-commerce and logistics infrastructure," Mr Vassella said.

Key drivers in improved outlook

The largest change to the expected result is from North Star in the US. Midwest benchmark HRC steel prices have risen strongly since the outlook was provided in February – up by around US\$250 per metric tonne, resulting in stronger than expected spreads, noting North Star's specific sales mix relative to benchmark¹. Importantly, the expansion project remains on track, with the new plant to be commissioned during 2H FY2022.

Australian Steel Products is also benefitting from improved realised domestic and export steel spreads. In addition, domestic despatch volumes are currently tracking ahead of our expectations – particularly for higher value products in the building and construction sector.

Finally, the Building Products segment is now expected to deliver an improved result over 1H FY2021 earnings, mainly due to expanding margins in the North America coated business driven by rapidly increasing steel prices. ASEAN earnings are also anticipated to be better than prior expectations due to higher than expected steel prices favourably impacting realised margins.

¹ Benchmark prices may not be representative of realised mill prices due to a range of factors. Movements in prices across the majority of sales correlate with Midwest regional benchmark pricing, on a short lag; a minority of sales are priced on a longer-term basis. Accordingly, the degree of correlation between realised and benchmark prices can vary in a given half but is more fully reflected over the medium term

Authorised for release by: The Board of BlueScope Steel Limited

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