

Date: 27 July 2021

BlueScope announces record second half result – and preliminary unaudited FY2021 underlying EBIT of approximately \$1.72Bn

BlueScope today announced it expects preliminary unaudited underlying earnings before interest and tax (EBIT) for FY2021 to be approximately \$1.72 billion. The record second half contribution is expected to be approximately \$1.19 billion, compared to prior guidance of \$1.0 billion to \$1.08 billion. The results are subject to finalisation, net realisable value inventory provisioning, and external audit.

Managing Director and CEO Mark Vassella said, “This is an outstanding result – our best underlying EBIT performance since demerger in 2002. The business has gone from strength to strength in the second half of FY2021 and all operating segments have delivered significantly better results than FY2020.

“The results reflect the positive macroeconomic environment with strong demand for our products, and the quality of our diverse portfolio.

“While the COVID challenge remains, our performance is a great tribute to the professionalism and dedication of the entire BlueScope team who have operated with great resilience through the pandemic,” Mr Vassella said.

2H FY2021 Business Update

Since the 27 April market update, the two most significant contributors to Group performance have been:

- US Midwest benchmark HRC steel prices continued to increase, surpassing prior expectations and favourably impacted realised spreads at North Star and the North America coated business; and
- stronger demand and realised spreads in Australia and New Zealand.

Looking across the Group’s reporting segments during the June 2021 half year:

- ASP delivered a substantially better preliminary result – up by around 60 per cent on 1H FY2021. The domestic construction, distribution and manufacturing segments’ demand continued to strengthen, particularly for coated and painted products – leading to domestic mill sales volumes of over 1.3 million tonnes, the highest since 2008. Further, realised steel spreads were considerably stronger than 1H FY2021. The contribution from export coke continued strongly, exceeding 1H FY2021.
- At North Star, realised spreads were significantly stronger, leading to a record preliminary 2H FY2021 underlying EBIT of around \$600 million. Mill operation remained at 100 per cent of available capacity.
- The Building Products Asia & North America segment delivered a preliminary result that was around 20 per cent higher than 1H FY2021, mainly due to expanding margins in the North America coated business driven by rapidly increasing steel prices. ASEAN performance was similar to 1H FY2021. China’s performance was weaker on typical seasonality.

- The Buildings North America segment delivered a lower result in 2H FY2021 – as foreshadowed because of no contribution in the half from the BlueScope Properties Group. Demand conditions in the engineered building solutions business remained robust, however margins remained under pressure due to rapidly escalating steel input costs.
- New Zealand and Pacific Islands' performance was around 25 per cent higher than 1H FY2021 with strong domestic demand and higher realised steel pricing more than offsetting higher energy costs.
- Intercompany profit in stock elimination was approximately \$30 million higher due to higher margins and volumes, largely relating to intercompany sales to the North America coated business.

BlueScope's financial results for the full year ending 30 June 2021 will be released on 16 August 2021.

Authorised for release by: The Board of BlueScope Steel Limited

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