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BlueScope increases 1H FY2022 earnings guidance to \$2.1Bn to \$2.3Bn

BlueScope now expects underlying earnings before interest and tax (EBIT) for 1H FY2022 to be in the range of \$2.1 billion to \$2.3 billion. This is above the prior guidance range of \$1.8 billion to \$2.0 billion, and is subject to spread, FX and market conditions.

Managing Director and CEO Mark Vassella said, "The business continues to benefit from strong spreads, prices and demand. Amidst the ongoing challenges of the COVID-19 pandemic, the BlueScope team continue to do an outstanding job."

"The performance continues to demonstrate the value of our business model, and further underpins our capacity to invest for long-term sustainable earnings and growth, to position the business for a low carbon future and to deliver solid returns to shareholders," Mr Vassella said.

Key drivers of improved outlook

The main contributors to the improved outlook for 1H FY2022 underlying EBIT are:

- North Star, our US mini-mill, driven by stronger than expected hot rolled coil prices and spreads¹, partly moderated by higher alloy and conversion costs, including labour;
- Australian Steel Products, with further increased domestic volumes, particularly in higher value products for the building and construction sector. Margins in our downstream businesses are also benefitting from the robust demand environment. Export coke contribution has also outpaced expectations with margins remaining robust; and
- the North America coated products business, with ongoing strong steel prices and continued strong demand.

With volumes and prices continuing to outperform expectations, BlueScope is seeing a further increase in net working capital employed in the business during the current half.

BlueScope will provide more detail on trading conditions at its 2021 Annual General Meeting which will be held on 18 November.

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

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

BlueScope Contacts

Media

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

Investor

Don Watters
Treasurer & Head of
Investor Relations
T +61 3 9666 4206
E Don.Watters@bluescope.com