BlueScope Steel Limited
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ASX Code: BSL

22 August 2016

The Manager – Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

Earnings Report for the twelve months ended 30 June 2016

In addition to the contemporaneously lodged Appendix 4E, Directors' Report and Financial Report for the twelve months ended 30 June 2016, I attach the Company's FY2016 Earnings Report.

Yours faithfully

Michael Barron
Company Secretary
BlueScope Steel Limited

RESULTS SUMMARY

Key Financial Measures – Twelve months ended 30 June 2016 and 30 June 2015 [1]

$M unless marked	FY2016	FY2015	Variance %
Total revenue [2]	9,202.7	8,571.7	7%
EBITDA – underlying [3]	955.4	644.8	48%
EBIT – reported [3]	621.6	296.6	110%
EBIT – underlying [3]	570.5	301.8	89%
NPAT attributable to BSL holders - reported - underlying	 353.8 293.1	 136.3 134.1	 160% 119%
Reported earnings per share (cents)	62.1 cps	24.3 cps	156%
Underlying earnings per share (cents)	51.4 cps	23.9 cps	115%
Interim dividend (cents)	3.0 cps	3.0 cps	-
Final dividend (cents)	3.0 cps	3.0 cps	-
Return (underlying EBIT) on invested capital (%)	9.3%	5.9%	-
Net debt	778.0	275.2	183%
Gearing (%)	13.5%	5.5%	-
Net tangible assets per share ($)	$4.71	$6.35	(26%)

1) Underlying results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. Tables 2A and 2B explain why management has disclosed underlying results and reconcile underlying earnings to reported earnings.

2)	Excludes the Company's 50% share of NSBSL revenue of:	235.0 (4 months)	762.6
	Includes revenue other than sales revenue of:	20.1	19.4
3)	Includes 50% share of net profit from NSBSL of:	28.7 (4 months)	112.5

KEY POINTS

- Sales revenue of $9,182.7M was higher than FY2015 due to 100% ownership of North Star from the end of October 2015, favourable translation impacts of a weaker AUD exchange rate and stronger domestic demand within ASP. These were partly offset by lower domestic and export prices, due to lower global steel prices, lower export volumes at ASP and lower despatch volumes from Engineered Buildings North America and Australian Distribution.
- Reported NPAT of $353.8M was $217.5M up on FY2015 primarily due to the requirement to revalue the Company's existing interest in North Star when 100% ownership was acquired at the end of October 2015, sale of McDonald's Lime and improved underlying NPAT, partly offset by Australia and New Zealand non-current asset carrying value impairment charges at 31 December 2015 and New Zealand (Taharoa) impairment charges at 30 June 2016.
- Underlying NPAT of $293.1M was $159.0M higher due to lower costs, 100% ownership of North Star from the end of October 2015 and favourable impacts of a weaker AUD:USD, partly offset by lower spreads.
- Underlying EBIT of $570.5M was $268.7M higher than FY2015 – an 89% increase driven by company initiatives, despite the weakest macro conditions since 2002. Compound underlying EBIT growth over the last three years of over 90 per cent per annum.
- Delivery on strategic priorities:
  - Coated & Painted: 31% per annum compound annual growth in ASEAN, North America & India underlying EBIT over last four years; home appliance steels (SuperDyma®) in production in Thailand; growth in Australian domestic coated product sales. The BlueScope Board has given in-principle approval, subject to finalisation of contracts and NS BlueScope joint venture board approval, for a third metal coating line with in-line painting in Thailand; the new line will deliver added capacity to meet demand in the growing Retail/SME construction market.
  - BlueScope Buildings: continued growth in North America earnings; total China earnings turning the corner, with reduced losses at China Buildings.
  - North Star BlueScope Steel: acquired Cargill's 50% share on 30 October 2015 to move to full ownership; steel spreads strengthened considerably going into FY2017.
  - Australia & New Zealand Steelmaking: delivered $235M cost savings in Australia under Plan A: saving 4,500 jobs, avoiding estimated $750M mothballing/closure costs and preserving benefit of exposure to higher steel prices. Good progress on NZ cost savings; there is still further work to be done to determine whether the Glenbrook operations can be internationally competitive and profitable.

  - Balance sheet: net debt at 30 June 2016 of $778.0M, being higher than 30 June 2015 due to North Star 50% acquisition, but lower than 31 December 2015 by $595.4M through strong operating cash flow. Leverage (net debt to proforma underlying EBITDA) at 30 June 2016 of 0.8x, being below our goal of 1.0x within 12-18 months after North Star acquisition.
- Segments' performance:
  - Australian Steel Products underlying EBIT of $361.4M, a $211.1M increase on FY2015 driven by lower costs and better domestic volumes/mix, partly offset by weaker spread.
  - New Zealand and Pacific Steel underlying EBIT loss of $53.5M, a decline of $20.3M due to lower realised iron sands and steel pricing reflecting lower global prices partly offset by favourable impacts from a weaker NZD:USD. Taharoa export iron sands operations sale process remains underway.
  - Building Products segment underlying EBIT of $149.3M, an increase of $51.0M. Higher margins across most businesses with lower raw material purchase prices more than offsetting lower selling prices. Favourable translation of earnings from a weaker AUD:USD.
  - BlueScope Buildings underlying EBIT of $49.2M. An increase of $5.5M, or $16.5M excluding the $11.0M initiative to de-risk pension fund obligations in FY2015. Strong Buildings North America performance on stronger margins. Buildings Asia turnaround is progressing, with reduced losses in FY2016. Improved earnings from China with solid performance at coating and painting, and reduced losses in Engineered Buildings.
  - Hot Rolled Products North America EBIT of $146.5M, up $39.2M due to 100% consolidation of North Star from November 2015 and favourable translation impacts from a weaker AUD:USD exchange rate, partially offset by weaker steel spreads.
- Expectations for the performance of our businesses in 1H FY2017 are as follows:
  - ASP: expect higher steel pricing with the impact of lagged regional steel pricing from 4Q FY2016; expect typical seasonality in volumes, noting a strong 2H FY2016. Maintaining the strong cost performance delivered in 2H FY2016.
  - NZPac: expect slight improvement over 2H FY2016: (i) benefit of full Pacific Steel / billet caster economics; (ii) higher steel pricing with impact of lagged regional steel pricing from 4Q FY2016; (iii) one-off benefits of provision adjustments in 2H FY2016 not repeated.
  - BP: expect continued growth driven by volume and mix, noting 2H FY2016 delivered particularly strong margins (especially in North America due to spread expansion in supply chain). Continued investment in brand, channel and product development.
  - BB: in North America, expect seasonally stronger volumes combined with benefits from improvement programs; at Asia Buildings, expect benefit of improvement program combined with seasonally higher volumes, but competitive pressure on margins; continued strong performance expected at China Coated.
  - HRP North America: expect continued full despatch rate; strong spreads to continue in 1Q; expecting softening spreads in 2Q.
- Group outlook:
  - We expect 1H FY2017 underlying EBIT to be around 50% higher than 2H FY2016 which was $340.4M. This is based on assumption of average[1]:
    - East Asian HRC price of ~US$350/t
    - 62% Fe iron ore price of ~US$50/t CFR China
    - Hard coking coal price of ~US$100/t FOB Australia
    - U.S. mini-mill spreads in 2Q reducing by 10-20% from current spot (US$360-380/t)
    - AUD:USD at US$0.75
  - Expect 1H FY2017 underlying net finance costs to be lower than 2H FY2016 due to lower average borrowings; expect slightly higher underlying tax rate and similar profit attributable to non-controlling interests to 2H FY2016.
  - Expectations are subject to spread, FX and market conditions.

[1] All prices quoted on a metric tonne basis

FINANCIAL RESULTS

The BlueScope Steel Group comprises five reportable operating segments: Australian Steel Products (ASP); New Zealand & Pacific Steel (NZPac); BlueScope Buildings (BB); Building Products ASEAN, North America and India (BP); and Hot Rolled Products North America (HRPNA).

Table 1: Results Summary

	Revenue		Reported Result [1]		Underlying Result [2]	
$M	FY2016	FY2015[3]	FY2016	FY2015	FY2016	FY2015
Sales revenue/EBIT[3]						
Australian Steel Products	4,437.4	4,792.1	77.7	128.4	361.4	150.3
New Zealand & Pacific Steel	887.3	972.1	(397.3)	(30.3)	(53.5)	(33.2)
Building Products ASEAN, Nth Am & India	1,766.8	1,790.8	149.3	97.1	149.3	98.3
BlueScope Buildings	1,705.9	1,538.1	39.0	56.0	49.2	43.7
Hot Rolled Products North America	847.3	-	847.3	107.3	146.5	107.3
Discontinued operations	-	31.6	(0.7)	1.8	-	-
Segment revenue/EBIT	9,644.7	9,124.7	715.3	360.3	652.9	366.4
Inter-segment eliminations	(462.0)	(572.4)	(1.4)	0.1	(1.4)	0.1
Segment external revenue/EBIT	9,182.7	8,552.3	713.9	360.4	651.5	366.5
Other revenue/(net unallocated expenses)	20.0	19.4	(92.3)	(63.8)	(81.0)	(64.7)
Total revenue/EBIT	9,202.7	8,571.7	621.6	296.6	570.5	301.8
Finance costs			(109.1)	(77.0)	(95.1)	(71.2)
Interest revenue			5.2	4.3	5.2	4.3
Profit/(loss) from ordinary activities before income tax			517.7	223.9	480.6	234.9
Income tax (expense)/benefit			(101.4)	(46.8)	(124.9)	(59.5)
Profit/(loss) from ordinary activities after income tax expense			416.3	177.1	355.7	175.4
Net (profit)/loss attributable to outside equity interest			(62.5)	(40.8)	(62.6)	(41.2)
Net profit/(loss) attributable to equity holders of BlueScope Steel			353.8	136.3	293.1	134.1
Basic earnings per share (cents)			62.1	24.3	51.4	23.9

1) The financial report has been prepared in accordance with the Australian Accounting Standards issued by the Australian Accounting Standards Board, which are compliant with International Financial Reporting Standards (IFRS). References to 'reported' financial information throughout this report are consistent with IFRS financial information disclosed in the financial report.
2) References to 'underlying' information are to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information, while not subject to audit or review, has been extracted from the financial report, which has been audited by our external auditors.
3) Performance of operating segments is based on EBIT which excludes the effects of interest and tax. The Company considers this a useful and appropriate segment performance measure because Group financing (including interest expense and interest income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Table 2A: Reconciliation of Underlying Earnings to Reported Earnings

Management has provided an analysis of unusual items included in the reported IFRS financial information. These items have been considered in relation to their size and nature, and have been adjusted from the reported information to assist readers to better understand the financial performance of the underlying operating business. Throughout this report management has used the term 'reported' to reference IFRS financial information and 'underlying' to reference non-IFRS financial information. These adjustments are assessed on a consistent basis from period to period and include both favourable and unfavourable items. Non-IFRS financial information while not subject to audit or review has been extracted from the financial report which has been audited by our external auditors. An explanation of each adjustment and reconciliation to the reported IFRS financial information is provided in the table below.

	EBITDA $M		EBIT $M		NPAT $M		EPS $ [11]	
	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015
Reported earnings	1,009.8	639.6	621.6	296.6	353.8	136.3	0.62	0.24
Underlying adjustments:								
Net (gains)/losses from businesses discontinued [1]	0.7	(1.8)	0.7	(1.8)	0.6	(1.1)	0.00	(0.00)
Impact of acquiring a controlling interest in North Star [2]	(704.0)	-	(700.8)	-	(702.9)	-	(1.23)	-
Asset impairments [3]	553.6	-	553.6	-	553.6	-	0.97	-
Business development, transaction and pre-operating costs [4]	18.2	10.6	18.2	10.6	12.8	7.4	0.02	0.01
Accounting adjustment on closure of Australian defined benefit super fund [5]	-	(27.2)	-	(27.2)	-	(19.0)	-	(0.03)
Production disruptions [6]	1.6	6.6	1.6	6.6	1.2	4.7	0.00	0.01
Restructure and redundancy costs [7]	109.8	28.3	109.8	28.3	76.8	19.2	0.13	0.03
Asset sales [8]	(34.3)	(11.3)	(34.3)	(11.3)	(33.9)	(7.3)	(0.06)	(0.01)
Debt restructuring costs [9]	-	-	-	-	6.2	2.8	0.01	0.00
Tax asset impairment / (write-back) [10]	-	-	-	-	24.9	(8.9)	0.04	(0.02)
Underlying earnings	955.4	644.8	570.5	301.8	293.1	134.1	0.51	0.24

1) FY2016 reflects foreign exchange translation losses within the closed Lysaght Taiwan business ($0.7M pre-tax). FY2015 reflects gains relating to the discontinued Building Solutions Australia businesses ($2.3M pre-tax) and foreign exchange translation losses within the closed Lysaght Taiwan business ($0.5M pre-tax).
2) FY2016 reflects the de-recognition and fair value gain on BSL's existing 50% equity investment in North Star ($706.6M pre-tax) partly offset by other one-off acquisition accounting impacts ($5.8M pre-tax) following the acquisition of the remaining 50% on 30 October 2015.
3) FY2016 includes the following asset impairments:
   - ASP: fixed assets and intangibles write off ($189.0M pre-tax) recognised in December 2015.
   - NZPac:
     - New Zealand Steel and Pacific Steel – fixed assets write off ($182.2M pre-tax) recognised in December 2015.
     - Taharoa iron sands operations – fixed assets write off ($182.4M pre-tax), of which $162.7M was recognised in December 2015 and the remainder in June 2016.
4) FY2016 reflects Corporate transaction costs associated with the acquisition of the remaining 50% share in North Star ($9.4M pre-tax), Corporate business development costs ($1.9M pre-tax), integration costs associated with the Australian businesses acquired during 2H FY2014 ($2.4M pre-tax) and production losses incurred through commissioning the billet caster in New Zealand ($4.5 pre-tax). FY2015 reflects transaction and integration costs associated with the Australian businesses acquired during 2H FY2014 ($6.4M pre-tax) and Corporate business development costs ($2.5M pre-tax) and business development costs in New Zealand ($1.7M pre-tax).
5) FY2015 reflects an accounting adjustment realised on the closure of the Australia defined benefit (DB) superannuation fund which impacted Australian Steel Products ($23.8M pre-tax) and Corporate ($3.4M pre-tax). Upon closure of the fund the difference between the accounting obligation and members' actual benefits were required to be credited to P&L under Australian Accounting Standards.
6) FY2016 reflects the impact of the Tianjin port explosion on the Engineered Buildings China site (net of insurance recoveries). FY2015 reflects the impact of the Port Kembla Steelworks sinter plant waste gas cleaning stack fire which occurred in October 2014.
7) FY2016 reflects staff redundancy and restructuring costs at ASP ($93.7M pre-tax) primarily relating to the cost reduction program in Australian steelmaking and restructure of Australian Distribution and staff redundancy and restructuring costs in New Zealand ($7.5M pre-tax) and BlueScope Buildings ($8.6M pre-tax). FY2015 reflects staff redundancy and restructuring costs at ASP ($30.0M pre-tax) and Indonesia ($1.2M pre-tax) partly offset by the write-back of restructuring provisions raised in FY2014 relating to restructuring initiatives within the China business ($2.9M pre-tax).
8) FY2016 reflects the profit on sale of McDonald's Lime in New Zealand ($32.9M pre-tax) and property, plant and equipment in ASP ($1.4M pre-tax). FY2015 reflects the profit on sale of land and buildings at the North American Buildings business ($9.4M pre-tax) and at the New Zealand business ($4.6M pre-tax) and a loss on sale in ASP ($2.7M pre-tax).
9) FY2016 reflects the premium on early redemption of the US$190M senior unsecured notes due in May 2018 and the write-off of unamortised borrowing costs associated with the senior unsecured notes and North Star acquisition bridge facilities which were refinanced within the period. FY2015 reflects the write-off of unamortised borrowing costs associated with the previous $675M Syndicated Bank Facility which was restructured and refinanced early.
10) FY2016 reflects impairment of deferred tax assets in New Zealand ($64.7M) inclusive of a $33.6M impairment of carried forward tax losses. These were partly offset by utilisation of previously impaired deferred tax assets in Australia arising from the favourable movement in timing differences exceeding tax losses generated during the period ($39.8M). FY2015 reflects utilisation of previously impaired deferred tax assets in Australia arising from the favourable movement in timing differences exceeding tax losses generated during the period.
11) Earnings per share are based on the average number of shares on issue during the respective reporting periods, (570.1M in FY2016 vs. 561.3M in FY2015).

Table 2B: Underlying EBIT Adjustments to FY2016 Reported Segment Results

FY2016 underlying EBIT adjustments $M	ASP	NZPac	BB	BP	HRPNA	Corp	Discon Ops	Elims	Total
Net (gains)/losses from businesses discontinued	-	-	-	-	-	-	0.7	-	0.7
Impact of acquiring a controlling interest in North Star	-	-	-	-	(700.8)	-	-	-	(700.8)
Asset impairment	189.0	364.6	-	-	-	-	-	-	553.6
Business development, transaction and pre-operating costs	2.4	4.5	-	-	-	11.3	-	-	18.2
Production disruptions	-	-	1.6	-	-	-	-	-	1.6
Restructure and redundancy costs	93.7	7.5	8.6	-	-	-	-	-	109.8
Asset sales	(1.4)	(32.9)	-	-	-	-	-	-	(34.3)
Underlying adjustments	283.7	343.7	10.2	-	(700.8)	11.3	0.7	-	(51.2)

Table 3: Consolidated Cash Flow

$M	FY2016	FY2015	Variance %
Reported EBITDA	1,009.8	639.6	58%
Add cash/(deduct non-cash) items			
- Share of profits from associates and joint venture partnership not received as dividends	(12.4)	16.2	n/m
- Impaired assets	554.8	2.7	n/m
- Net (gain) loss on acquisitions and sale of assets	(734.3)	(16.8)	n/m
- Expensing of share-based employee benefits	23.2	12.7	83%
Cash EBITDA	841.1	654.4	29%
Changes in working capital	265.6	0.6	n/m
Gross operating cash flow	1,106.7	655.0	69%
Finance costs	(111.2)	(69.6)	(60%)
Interest received	6.5	3.0	117%
Tax received/(paid) [1]	(50.0)	(49.7)	(1%)
Net cash from operating activities	952.0	538.7	77%
Capex: payments for P, P & E and intangibles	(313.9)	(384.9)	18%
Other investing cash flows	(975.6)	(25.9)	n/m
Net cash flow before financing	(337.5)	127.9	n/m
Equity issues	-	(0.6)	-
Dividends to non-controlling interests [2]	(38.8)	(46.2)	16%
Dividends to BlueScope Steel Limited shareholders	(34.2)	(17.0)	100%
Transactions with non-controlling interests	-	(0.5)	-
Net drawing/(repayment) of borrowings	440.9	(51.1)	n/m
Net increase/(decrease) in cash held	30.4	12.5	143%

1) The BlueScope Steel Australian tax consolidated group is estimated to have carry forward tax losses, as at 30 June 2016, of approximately $2.75Bn. There will be no Australian income tax payments until these are recovered.
2) These dividend payments primarily relate to dividend payments to Nippon Steel & Sumitomo Metal Corporation (NSSMC) in respect of NS BlueScope Coated Products joint venture.

GROUP-LEVEL MANAGEMENT DISCUSSION & ANALYSIS FOR FY2016 VS FY2015

BLUESCOPE'S OPERATIONS AND SIGNIFICANT CHANGES

BlueScope is a technology leader in metal coated and painted steel building products, principally focused on the Asia-Pacific region, with a wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of building products.

The Company has an extensive footprint of metallic coating, painting and steel building product operations in China, India, Indonesia, Thailand, Vietnam, Malaysia and North America, primarily servicing the residential and non-residential building and construction industries across Asia, and the non-residential construction industry in North America. BlueScope operates across ASEAN and in North America in partnership with Nippon Steel & Sumitomo Metal Corporation (NSSMC) and in India with Tata Steel. Both are 50/50 joint ventures with BlueScope controlling and therefore consolidating the joint venture with NSSMC, and jointly controlling and therefore equity accounting the joint venture with Tata Steel.

BlueScope is Australia's largest steel manufacturer, and New Zealand's only steel manufacturer. BlueScope's vertically integrated operations for flat steel products in Australia and New Zealand produce value-added metallic coated and painted products, together with hot rolled coil, cold rolled coil, steel plate and pipe and tube. BlueScope manufactures and sells steel long products in New Zealand through its Pacific Steel business. In Australia and New Zealand, BlueScope serves customers in the building and construction, manufacturing, automotive and transport, agricultural and mining industries. In Australia, BlueScope's steel products are sold directly to customers from our steel mills and through a national network of service centres and steel distribution sites.

BlueScope operates two iron sand mines in New Zealand. Waikato North Head primarily supplies iron sands for our New Zealand steel making operations and Taharoa supplies iron sands for export.

BlueScope is a leading supplier of engineered building solutions (EBS) to industrial and commercial markets. Its EBS value proposition is based on speed of construction, low total cost of ownership and global delivery capability. Leading brands, including BUTLER®, VARCO PRUDEN® and PROBUILD®, are supplied from BlueScope's global supply chain and major manufacturing and engineering centres in Asia and North America.

On 30 October 2015 BlueScope acquired full ownership of North Star BlueScope Steel (NSBSL), previously 50% owned. The Ohio, U.S. mill is a low cost regional supplier of hot rolled coil. NSBSL is highly efficient, operates at industry leading utilisation rates and is strategically located near its customers and in one of the largest scrap markets of North America.

FINANCIAL PERFORMANCE

Total revenue

The $631.0M (7%) increase in total revenue principally reflects:

- 100% consolidation of North Star sales revenues from November 2015.
- Favourable translation impacts from a weaker AUD exchange rate (FY2015 US$0.837; FY2016 US$0.728).
- Higher domestic volumes mainly in hot rolled coil, COLORBOND® steel, ZINCALUME® steel and plate sales in ASP.

These were partly offset by:

- Lower export prices driven by lower global steel prices partly offset by the weaker AUD:USD exchange rate.
- Lower domestic prices due to the influence of lower global steel prices partly offset by the impact of a weaker AUD:USD.
- Lower export volumes due to increased domestic demand at ASP.
- Lower despatch volumes at Buildings North America.
- Lower Australian Distribution volumes due to the restructure and resulting closure of unprofitable sites.

EBIT performance

A $268.7M higher underlying EBIT reflects:

- Costs: $335.7M favourable movement, driven by:
  - $307.7M benefit from cost improvement initiatives mainly in ASP, NZPac and Engineered Buildings China
  - $78.02M net reduction in one-off and other costs
    - lower per unit costs at ASP and iron sands due to increased volumes.
    - lower freight costs at ASP and NZPac in line with softness in global freight markets
  - $58.2M impact of cost escalation from utilities, employment, consumables, freight and other costs.
- Foreign exchange translation: $18.6M favourable impact of translating earnings to AUD.
- Volume and mix: $20.7M increase, comprising:
  - higher domestic volumes at ASP mainly in hot rolled coil, COLORBOND® steel and ZINCALUME® steel and plate
  - higher despatch volumes in Engineered Buildings Asia
  - lower despatch volumes in Buildings North America.
- North Star and Tata BlueScope Steel performance: $47.7M increase at North Star due to the favourable impact of 100% consolidation of North Star from 30 October 2015 and stronger performance at the Tata BlueScope Steel joint venture.
- Other items: $1.0M favourable movement.

Partly offset by $146.9M spread decrease, primarily comprised of:

- $567.7M unfavourable movement in domestic and export prices due to lower global steel and iron prices, partly offset by the favourable influence of a weaker AUD:USD
- $420.8M benefit from lower raw material costs, due to:
  - lower USD denominated coal and iron ore purchase prices at ASP
  - lower steel feed costs at BP and BB
  - unfavourable foreign exchange impact on USD denominated raw material purchases.

The $324.9M increase in reported EBIT reflects the movement in underlying EBIT discussed above and $51.2M favourable movement in underlying adjustments explained in Tables 2A and 2B.

Finance costs

The $32.1M increase in finance costs compared to FY2015 was largely due to higher average borrowings primarily due to the acquisition of the remaining 50% of North Star BlueScope Steel (FY2016 $1,462.3M, FY2015 $926.3M), costs associated with the redemption of US$190M senior unsecured notes due in May 2018 and establishment costs for the two US$300M bridge facilities. Partially offset by a lower average cost of debt (FY2016 5.0%, FY2015 5.9%).

Tax

Net tax expense of $101.4M (FY2015 $46.8M) primarily relates to income generated in businesses outside of Australia and New Zealand. FY2016 includes non-taxable gains of $739.5M arising from the de-recognition and fair value gain on the existing 50% equity investment in North Star following the acquisition of the remaining 50% on 30 October 2015 and the sale of New Zealand Steel's 28% equity investment in McDonald's Lime. FY2016 also includes $553.6M of non-tax effected asset impairments in Australia and New Zealand.

FY2016 includes a $64.7M impairment of New Zealand deferred tax assets, inclusive of a $33.6M write-off of previously carried forward tax losses. These were partially offset by a $42.2M (FY2015 $24.8M) utilisation of previously impaired deferred tax assets in Australia. The Company has deferred the recognition of any further Australian and New Zealand tax credits until a sustainable return to taxable profits has been demonstrated. Australian and New Zealand tax losses are able to be carried forward indefinitely.

Dividend

In February 2016 the Board of Directors approved payment of a fully franked interim dividend of three cents per share.

The Board of Directors has approved payment of a final dividend of 3.0 cents per share. The final dividend will have attached 100% franking credits and imputation credits for Australian and New Zealand tax purposes respectively. BlueScope's dividend reinvestment plan will not be active for the final dividend.

Relevant dates for the final dividend are as follows:

- Ex-dividend share trading commences: 9 September 2016.
- Record date for dividend: 12 September 2016.
- Payment of dividend: 10 October 2016.

BlueScope's goal is to continue to reduce leverage and target net debt sustainably lower than 1.0 times underlying EBITDA. The Company may temporarily increase leverage for value adding opportunities, subject to seeing a clear pathway to reduce debt.

FINANCIAL POSITION

Net assets

Net assets increased $246.2M to $4,985.3M at 30 June 2016 from $4,739.1M at 30 June 2015.

Increases in net assets were:

- $1,255.3M increase in intangible assets, primarily as a result of the North Star acquisition ($1,313M) partly offset by impairment of goodwill ($39M) and other items ($19M)
- $101.5M increase in property, plant and equipment driven by the North Star acquisition ($620M), capital expenditure ($351M) and the weaker AUD:USD ($9M), partly offset by non-current asset impairment charges ($515M), depreciation ($343M) and other movements ($21M)
- $70.6M increase in receivables
- $39.0M decrease in provisions
- $12.1M increase in net derivative asset
- $16.7M increase in other assets.

Decreases in net assets were:

- $502.9M increase in net debt. This increase was primarily due to the acquisition of the remaining 50% of North Star
- $196.0M increase in payables
- $172.9M increase in retirement benefit liabilities due to lower discount rates
- $140.5M decrease in net tax asset
- $105.3M decrease in equity accounted investments mainly due to the de-recognition of the 50% share in North Star that BlueScope already owned
- $98.1M decrease in inventory, primarily due to a net volume decrease ($114M), decrease in unit cost ($103M) and a reallocation of NZ carbon permits ($19M) partially offset by increases in North Star acquisition ($110M), weaker AUD:USD exchange rate ($14M) and NRV adjustments ($14M)
- $28.3M increase in deferred income
- $5.3M reduction in assets held for sale with the sale of the equity investment in McDonald's Lime in New Zealand.

Funding

Financial liquidity was $1,813.1M (excludes $52M undrawn capacity of the off-balance sheet receivables securitisation) at 30 June 2016 ($1,276.3M at 31 December 2015 and $1,591.0M at 30 June 2015), comprised of committed available undrawn capacity under bank debt facilities of $1,263.3M, plus cash $549.8M. Liquidity in the NS BlueScope Coated Products JV of $487.8M is included in the group liquidity measure.

During FY2016 two US$300M bridge facilities (one secured, one unsecured) were established with a one year maturity to assist in funding the acquisition of Cargill's 50% interest in North Star BlueScope Steel. The bridge facilities were fully repaid during the year through a combination of:

- an increase to BlueScope's Syndicated Bank Facility by $350M
- an off balance sheet trade receivables securitisation program established in December 2015 with a limit of $250M
- issuance of US$500M of senior unsecured notes to qualified institutional buyers in the United States. The notes mature in May 2021 and have a coupon of 6.50% per annum. Proceeds of the offering were also used to partly redeem existing senior unsecured notes due in May 2018 which had a coupon of 7.125%.

Following the North Star acquisition in October 2015, the Company indicated its intention to reduce leverage to less than 1.0 times net debt to EBITDA within 12 to 18 months. This goal was achieved by 30 June 2016, at which point the leverage multiple was 0.8 (net debt to pro-forma EBITDA).

MATTERS SUBSEQUENT TO THE YEAR ENDED 30 JUNE 2016

On 8 July 2016 BlueScope sold its 47.5% interest in Castrip LLC (a thin strip casting technology joint venture with Nucor and IHI Ltd) to Nucor for US$20.0M.

1H FY2017 OUTLOOK

Expectations for the performance of our businesses in 1H FY2017 are as follows:

- ASP: expect higher steel pricing with the impact of lagged regional steel pricing from 4Q FY2016; expect typical seasonality in volumes, noting a strong 2H FY2016. Maintaining the strong cost performance delivered in 2H FY2016.
- NZPac: expect slight improvement over 2H FY2016: (i) benefit of full Pacific Steel / billet caster economics; (ii) higher steel pricing with impact of lagged regional steel pricing from 4Q FY2016; (iii) one-off benefits of provision adjustments in 2H FY2016 not repeated.
- BP: expect continued growth driven by volume and mix, noting 2H FY2016 delivered particularly strong margins (especially in North America due to spread expansion in supply chain). Continued investment in brand, channel and product development.
- BB: in North America, expect seasonally stronger volumes combined with benefits from improvement programs; at Asia Buildings, expect benefit of improvement program combined with seasonally higher volumes, but competitive pressure on margins; continued strong performance expected at China Coated.
- HRP North America: expect continued full despatch rate; strong spreads to continue in 1Q; expecting softening spreads in 2Q.

Group outlook:

- We expect 1H FY2017 underlying EBIT to be around 50% higher than 2H FY2016 which was $340.4M. This is based on assumption of average (all prices on a metric tonne basis):
  - East Asian HRC price of ~US$350/t
  - 62% Fe iron ore price of ~US$50/t CFR China
  - Hard coking coal price of ~US$100/t FOB Australia
  - U.S. mini-mill spreads in 2Q reducing by 10-20% from current spot (US$360-380/t)
  - AUD:USD at US$0.75
- Expect 1H FY2017 underlying net finance costs to be lower than 2H FY2016 due to lower average borrowings; expect slightly higher underlying tax rate and similar profit attributable to non-controlling interests to 2H FY2016.
- Expectations are subject to spread, FX and market conditions.

BUSINESS STRATEGIES AND PROSPECTS

The Company's target is to deliver top quartile shareholder returns with safe operations.

BlueScope's strategy focuses on the following areas:

- *Growing premium branded steel businesses with strong channels to market. In particular:*
  - Drive growth in premium branded coated and painted steel markets in Asia-Pacific.
  - For our engineered buildings segment, drive growth in North America and turn around China.
- *Delivering competitive commodity steel supply in our local markets. Current priorities under this banner are:*
  - Maximise value of North Star.
  - Deliver value from Australian and New Zealand steelmaking and iron sands through game-changing cost reductions, or pursue alternative models.
- *Ensuring ongoing financial strength by maintaining a strong balance sheet.*

FUTURE PROSPECTS AND RISKS

BlueScope's financial performance since the global financial crisis in FY2009 has been impacted by slower demand for its products in Australia and North America, lower global commodity steel prices relative to raw material costs, and until late calendar year 2014, a stronger Australian dollar relative to the U.S. dollar. These are the external macroeconomic factors to which BlueScope is exposed. While there has been some improvement in external macroeconomic factors, there continues to be significant short-term fluctuation.

The Company has undertaken significant restructuring and other initiatives in recent years across all its operating segments to offset these macroeconomic factors. This has resulted in BlueScope returning an underlying profit in FY2013, which has continued to improve through to FY2016.

BlueScope has regard to a number of recognised external forecasters when assessing possible future operating and market conditions. These forecasters expect a general slow-down in steel demand impacting our Australian business over the next few years, an improvement in global commodity steel prices relative to iron ore and coking coal raw material costs, and a relatively stable Australian dollar. In addition, recognised external forecasters expect a continued improvement in non-residential building and construction activity in North America but not at the pace experienced in recent years.

BlueScope is also exposed to a range of market, operational, financial, compliance, conduct and external risks common to a multinational company. The Company has risk management and internal control systems to identify material business risks and where possible take mitigating actions.

The nature and potential impact of risks changes over time. There are various risks that could impact the achievement of BlueScope's strategies and financial prospects. These include, but are not limited to:

(a) *Continuing weak economic conditions or another economic downturn.*
The global financial crisis in FY2009 caused a reduction in worldwide demand for steel, and the subsequent recovery has been slow and uncertain. Although the global economy has improved to some extent since FY2009, there is no assurance that this trend will continue. Another economic downturn in developed economies or significantly slower growth in emerging economies, particularly China, could have a material adverse effect on the global steel industry which may affect demand for the Company's products and financial prospects.

(b) *A significant cyclical or permanent downturn in the industries in which the Company operates.*
The Company's financial prospects are sensitive to the level of activity in a number of industries, but principally the building, construction and manufacturing industries. These industries are cyclical in nature, with the timing, extent and duration of these economic cycles unpredictable. Because many of the Company's costs are fixed, it may not readily be able to reduce its costs in proportion to an economic downturn and therefore any significant, extended or permanent downturn could negatively affect the Company's financial prospects, as would the permanent closure of significant manufacturing operations in response to a sustained weak economic outlook or loss of key customer relationships.

(c) Declines in the price of steel, or any significant and sustained increase in the price of raw materials in the absence of corresponding steel price increases.

The Company's financial prospects are sensitive to the long-term price trajectory of international steel products and key raw material prices. A significant and sustained increase in the price of raw materials, in particular iron ore and coking coal, with no corresponding increase in steel prices, would have an adverse impact on the Company's financial prospects. A decline in the price of steel with no corresponding decrease in the price of raw materials would have the same effect.

In addition to these long-term trends, the price of raw materials and steel products can fluctuate significantly in a reasonably short period of time affecting the Company's short-term financial performance. In particular this relates to commodity products such as slab, plate, hot rolled coil, cold rolled coil, and some metallic coated steel products.

The Company is monitoring the general trend of lower steel prices since the GFC coinciding with a slowing in Chinese domestic steel demand growth, increased steel exports from China and broader over-capacity in steelmaking globally. These trends, if sustained, could impact the long term competitiveness of supply of steel from its Australian and New Zealand steelmaking businesses and impact ongoing reinvestment.

(d) The Company is exposed to the effects of exchange rate fluctuations.

The Company's financial prospects are sensitive to foreign exchange rate movements, in particular the Australian dollar relative to the U.S. dollar. A strengthening of the Australian dollar relative to the U.S. dollar could have an adverse effect on the Company. This is because:

- export sales are typically denominated in U.S. dollars
- a strong Australian dollar makes imported steel products less expensive to Australian customers, potentially resulting in more imports of steel products into Australia
- a strong Australian dollar affects the pricing of steel products in some Australian market segments where pricing is linked to international steel prices
- earnings from its international businesses must be translated into Australian dollars for financial reporting purposes
- these are offset in part by a significant amount of raw material purchases being denominated in U.S. dollars.

(e) Competition from other materials and from other steel producers could significantly reduce market prices and demand for the Company's products.

In many applications, steel competes with other materials such as aluminium, concrete, composites, plastic and wood. Improvements in the technology, production, pricing or acceptance of these competitive materials relative to steel could result in a loss of market share or margins.

In addition, the global steel industry is currently characterised by significant excess capacity and the Company faces competition from imports into most of the countries in which it operates. Increases in steel imports could negatively impact demand for or pricing of the Company's products. If the Company is unable to maintain its current market position or to develop new channels to market for its existing product range, its financial prospects could be adversely impacted.

Other risks that could affect BlueScope include:

- not being able to realise or sustain expected benefits of internal restructuring, project developments, joint ventures or future acquisitions
- significant asset impairment, particularly if weak market conditions prevail
- an inability to maintain a competitive cost base, particularly at Port Kembla and Glenbrook, including maintaining, extending or renewing key raw materials, operational supplies, services and funding on acceptable terms
- a major operational failure or disruption to our manufacturing facilities or supply chain
- the conduct of our employees or disruptive behaviours by external parties impacting our business or supply chain
- the Company is subject to extensive government laws and regulation, including environmental, greenhouse gas emissions, tax, occupational health and safety, competition law and trade restrictions in each of the countries in which it operates. The Company is also subject to the risk of regulatory investigations into compliance with these laws and regulations which could be lengthy and costly
- political, social and economic policies and uncertainties in the countries in which we operate
- potential product warranty and legal claims
- loss of key Board, management or operational personnel
- substantial Company contributions to its employees' defined benefit funds, which are currently underfunded
- the impact on reported earnings and financial position of the Company from changes to accounting standards
- industrial disputes with unions that disrupt operations
- failure to maintain occupational health and safety systems and practices.

This document sets out information on the business strategies and prospects for future financial years, and refers to likely developments in BlueScope's operations and the expected results of those operations in future financial years. This information is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of BlueScope. Detail that could give rise to likely material detriment to BlueScope, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage has not been included. Other than the information set out in this document, information about other likely developments in BlueScope's operations in future financial years has not been included.

BUSINESS UNIT REVIEWS

AUSTRALIAN STEEL PRODUCTS (ASP)

ASP produces and markets a range of high value coated and painted flat steel products for Australian building and construction customers, together with providing a broader offering of commodity flat steel products. Products are sold mainly to the Australian domestic markets, with some volume exported. Key brands include zinc/aluminium alloy-coated ZINCALUME® steel and galvanised and zinc/aluminium alloy-coated pre-painted COLORBOND® steel. The segment's main manufacturing facilities are at Port Kembla (NSW) and Western Port (Victoria).

ASP also operates pipe and tube manufacturing, and a network of rollforming and distribution sites throughout Australia, acting as a major steel product supplier to the building and construction, manufacturing, automotive and transport, agriculture and mining industries.

KEY FINANCIAL & OPERATIONAL MEASURES

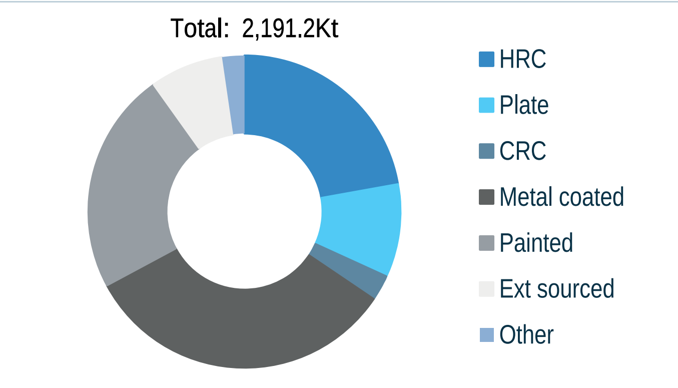
Table 4: Segment financial performance

$M	FY2016	FY2015	Var %	2H FY2016
Sales revenue	4,437.4	4,792.1	(7%)	2,135.3
Reported EBIT	77.7	128.4	(39%)	173.6
Underlying EBIT	361.4	150.3	140%	187.8
NOA (pre-tax)	2,088.7	2,432.8	(14%)	2,088.7

Table 5: Steel sales volume

000 tonnes	FY2016	FY2015	Var %	2H FY2016
Domestic				
- ex-mill	2,008.5	1,833.3	10%	1,001.7
- ext sourced	182.7	258.8	(29%)	91.8
Export	695.5	801.6	(13%)	409.3
Total	2,886.7	2,893.8	-	1,502.8

Chart 1: ASP domestic steel sales volume mix FY2016



FINANCIAL PERFORMANCE – FY2016 VS. FY2015

Sales revenue

The $354.7M decrease in sales revenue is primarily due to:

- lower domestic and export prices driven by lower global steel prices partly offset by the weaker AUD:USD exchange rate
- lower Australian Distribution volumes due to the restructure and resulting closure of unprofitable sites
- lower export volumes due to increased domestic demand

These were partly offset by:

- higher domestic volumes across most categories, in particular hot rolled coil, metal coated steels (ZINCALUME® steel and galvanised) and COLORBOND® steel, driven by residential construction (new-start and alterations and additions) and distributor demand.

EBIT performance

The $211.1M increase in underlying EBIT was largely due to:

- lower costs driven by:
  - cost reductions realised through delivery on the cost-out program
  - lower unit costs with higher production volumes
- favourable volume/mix from higher domestic volumes across most categories, in particular hot rolled coil, metal coated steels (ZINCALUME® steel and galvanised) and COLORBOND® steel.

These were partly offset by:

- lower spread from:
  - lower domestic and export prices driven by lower global steel prices partly offset by the weaker AUD:USD exchange rate
  - partly offset by lower USD denominated iron ore and coal purchase prices partly offset by unfavourable foreign exchange impact.

Underlying adjustments in reported EBIT are set out in Tables 2A and 2B.

FINANCIAL POSITION

Net operating assets were $344.1M lower than at 30 June 2015 primarily due to:

- lower fixed assets, mainly due to an impairment charge of $189.0M taken at 31 December 2015 following the review of steel and iron ore price forecasts and discount rates in light of macroeconomic and global steel market changes
- lower receivables and inventories.

These were partly offset by lower provisions.

MARKETS AND OPERATIONS

Sales direct to Australian building sector

- Domestic building sector direct sales volumes strengthened in FY2016 compared to FY2015.
- The residential construction market continues to be a major driver of growth for the Australian economy.
  - Strong investor demand, historically low interest rates and robust population growth has resulted in growth in new residential development.
  - Sales of COLORBOND® steel continue to strengthen supported by the detached dwelling market, which has grown above the long term mean.
  - New South Wales, Victoria and Queensland continue to deliver strong sales growth. Conditions in South Australia have stabilised, whilst other states remain relatively subdued.
  - Alterations and additions activity recovered strongly in FY2016 supported by robust house price growth and record low interest rates.

- Non-residential construction activity has been relatively flat in FY2016.
  - Activity within commercial and industrial construction applications such as accommodation has increased through volume growth initiatives. Offset by a reduction in offices and transport as projects reach completion.
  - Social and institutional building weakened with a decline in education and health construction, however strengthening aged care and entertainment construction partly offset the fall.

Sales direct to domestic non-building sector customers

- Sales volumes to distributors and non-building sector customers were strong in FY2016 compared to FY2015.
- All of our domestic non-building sectors (excluding Manufacturing) have either increased their domestic sales or remained stable.
  - The decline in the Australian dollar has improved market confidence as well as increasing domestic pricing competitiveness against imported steel products.
  - Sales to Distribution customers have grown through focusing on increasing flexibility in our service offerings and encouraging pull through demand from end market customers. Distribution customers have also increased inventory levels with pricing conditions becoming more favourable.
  - Pipe and Tube sales grew through initiatives to improve share competing against imported finished goods. Sales volumes further benefitted by customer re-stocking activity in 4Q FY2016.
  - Despite the decline in automotive manufacturer activity in recent years, ASP's sales to the automotive industry grew slightly in FY2016 through enhancements to its product offering, with the launch of a new product called V-Coat for use by Toyota.
  - Manufacturing volumes declined due to some customer closure and offshoring of production during FY2016. There are however positive signs of improving sentiment emerging with the AiGroup Performance of Manufacturing Index finishing FY2016 in net expansionary territory.

Mill sales to export markets

- Despatches to export market customers in FY2016 were 695.5kt, 13% lower than FY2015 due to increased demand in the domestic market.
- Prices in export markets were significantly weaker in FY2016 compared with FY2015 with lower global steel prices driven by the continued oversupply of steel in global markets.

Restructuring update

- Australian steelmaking strategic review:
  - To address continued steel spread weakness arising from excess regional steel supply and the scale of Chinese steel export volumes, ASP was set the challenge of delivering a game-changing approach to deliver significantly reduced costs to be cost competitive relative to international competitors.
  - In October 2015, with confidence that cost-out commitments would deliver more than $200M in operational savings in Australia by FY2017, the BlueScope Board made the decision to pursue Plan A, being to continue steelmaking at Port Kembla subject to formal ratification of the new enterprise agreements, which was achieved in November 2015.
  - Cost savings of $95M were delivered in 1H FY2016 and $140M in 2H FY2016, for a total of $235M in FY2016.
  - We are now targeting cost savings of $280M in FY2017 over the FY2015 cost base, or an incremental $45M over the FY2016 cost base.
- Australian Distribution restructure:
  - Progress is being made on the rationalisation of Distribution operations into two streamlined businesses, with 18 sites out of a targeted 20 now exited.
  - The business is also exiting product lines that are unprofitable.
  - The restructure program remains on track to deliver a net ongoing EBIT improvement of $20M per annum from FY2017 – this number is part of the cost saving target mentioned above.

NEW ZEALAND AND PACIFIC STEEL

New Zealand and Pacific Steel consists of four primary business areas; New Zealand Steel; Pacific Steel; New Zealand Minerals; and BlueScope Pacific Islands.

New Zealand Steel is the only steel producer in New Zealand, producing slab, billet, hot rolled coil and value-added coated and painted products for both domestic and export markets across the Pacific Region. Operations include the manufacture and distribution of the LYSAGHT® range of products in Fiji, New Caledonia and Vanuatu.

Supplied with billet from New Zealand Steel, Pacific Steel is the sole producer of long steel products such as rod, bar, reinforcing coil and wire in New Zealand.

This segment includes the Waikato North Head iron sands mine which supplies iron sands to the Glenbrook Steelworks and for export, and the Taharoa iron sands mine which supplies iron sands for export.

KEY FINANCIAL & OPERATIONAL MEASURES

Table 6: Segment financial performance

$M	FY2016	FY2015	Var %	2H FY2016
Sales revenue	887.3	972.1	(9%)	435.8
Reported EBIT	(397.3)	(30.3)	n/m	(31.6)
Underlying EBIT	(53.5)	(33.2)	(61%)	(6.4)
NOA (pre-tax)	186.6	634.8	(71%)	186.6

Table 7: Sales volume

000 tonnes	FY2016	FY2015	Var %	2H FY2016
Domestic flats	258.0	260.6	(1%)	125.4
Domestic longs	169.2	173.0	(2%)	90.2
Domestic (steel)	427.2	433.6	(1%)	215.6
Export flat	205.6	259.7	(21%)	93.4
Export longs	64.3	89.3	(28%)	22.3
Export (steel)	269.9	349.0	(23%)	115.7
Iron sands	3,201.1	1,629.7	96%	1,806.5

FINANCIAL PERFORMANCE – FY2016 VS. FY2015

Sales revenue

The $84.8M decrease in sales revenue was primarily due to lower steel and iron sands prices reducing in line with global price falls and lower despatches of flat and long steel products. (Lower total despatches were in part due Pacific Steel's move late in the FY2016 year to billet sourced from New Zealand Steel with the commissioning of the billet caster). This was partly offset by the impact of a weaker NZD:USD and higher iron sands despatch volumes.

EBIT performance

The $20.3M decrease in underlying EBIT was largely due to lower realised iron sands and steel pricing reflecting lower global prices partly offset by lower costs and favourable impacts from a weaker NZD:USD.

These were partly offset by lower costs due to cost reduction initiatives.

Underlying adjustments in reported EBIT are set out in Tables 2A and 2B.

FINANCIAL POSITION

Net operating assets were $448.2M lower than at 30 June 2015 primarily due to:

- lower fixed assets mainly due to an impairment charge of $364.6M, of which $182.4M relates to the full write-down of Taharoa export iron sands non-current assets, following the review of steel and iron ore price forecasts and discount rates in light of macroeconomic and global steel market changes
- an increase in provisions
- a reduction in inventory.

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MARKETS & OPERATIONS

Steel products (flat and long)

- Domestic market
  - Flat product sales volume was in line with FY2015, with higher building volumes and flat manufacturing offset by weaker agriculture.
  - Domestic long product steel sales were lower than FY2015, coming off peak demand in that prior period.
  - Domestic residential building activity continues to grow. For the 12 months ended June 2016, new building consents are up 16% on the same period in 2015.
  - Domestic non-residential building is showing signs of recovery with the value up 14% in the 12 months to June 2016 compared to the previous 12 month period.
  - In Canterbury, non-residential construction continues to grow with the total value of all new non-residential consents up 12.8% in FY2016. Residential consents are slowing, down 7.1% for the 12 months.
  - Our Pacific Steel long products mills in Auckland are now being supplied with billet from Glenbrook and the full earnings run-rate potential of the Pacific Steel acquisition has been visible from 4Q FY2016. This results in a better overall domestic/export sales mix on lower overall volumes.
- Export market
  - Despite global price increases across the last half, overall export markets continue to be under significant pricing pressure due to weaker regional steel prices and excess supply.

Iron sands

- FY2016 exports:
  - Iron sands exports from Taharoa and Waikato North Head in FY2016 were 3.2mt up 1.6mt on FY2015. Taharoa exports were up 1.8mt with the entry of additional ships in operation whilst Waikato North Head exports were down 262kt.
  - Iron sands prices were down consistent with the decrease in global iron ore pricing.
- Taharoa update:
  - Second ship commenced operating in August 2015 and the third ship commenced operations in December 2015.

- – Underlying EBIT loss of $14.2M in 1H FY2016, and EBIT profit of $0.9M in 2H FY2016 for full year FY2016 underlying EBIT loss of $13.3m.
  - – Achieved 2H FY2016 EBIT break-even at an average index iron ore price of US$47.5/t[2]
  - – Expected 1H FY2017 export volume of 1.7Mt.
  - – Taharoa export iron sands operations sale process remains underway.
  - – Growth capital expenditure remains under review.
- Waikato North Head update:
  - – Minimal exports due to low prices.

Restructurings

- Update on New Zealand steelmaking strategic review:
  - – As with the Australian steelmaking operation, the New Zealand steelmaking operations were set the challenge of delivering a game-changing approach that will significantly reduce costs to ensure they are internationally competitive, profitable and support reinvestment.
  - – Cost savings of NZ$13M were delivered in 1H FY2016 and NZ$32M in 2H FY2016.
  - – We are now targeting cost savings of at least NZ$60M in FY2017 over the FY2015 cost base, or at least an incremental NZ$15M over the FY2016 cost base.
  - – There is still further work to be done to determine whether the Glenbrook operations can be internationally competitive and profitable.
- Sale of interest in McDonald's Lime:
  - – In December 2014, New Zealand Steel agreed to sell its non-core 28 per cent shareholding in McDonald's Lime Limited to Graymont Limited.
  - – Upon final completion in October 2015, New Zealand Steel received NZ$41M in cash and recognised a NZ$36M pre-tax profit on sale.

[2] Reference is to 62% Fe CFR China iron ore index price. Break-even analysis excludes hedging adjustments.

BUILDING PRODUCTS ASEAN, NORTH AMERICA & INDIA

BlueScope is a technology leader in metal coated and painted steel building products, principally focused on the Asia-Pacific region, with a wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of building products.

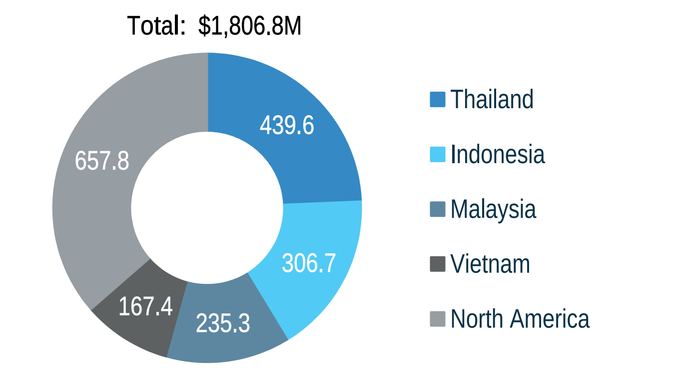
The Company has an extensive footprint of metallic coating, painting and steel building product operations in Thailand, Indonesia, Vietnam, Malaysia, India and North America, primarily servicing the residential and non-residential building and construction industries across Asia, and the non-residential construction industry in North America. BlueScope operates in ASEAN and North America in partnership with Nippon Steel & Sumitomo Metal Corporation (NSSMC) and in India with Tata Steel. Both are 50/50 joint ventures, with BlueScope controlling and therefore consolidating the joint venture with NSSMC, and jointly controlling and therefore equity accounting the joint venture with Tata Steel.

KEY FINANCIAL & OPERATIONAL MEASURES

Table 8: Segment performance

$M unless marked	FY2016	FY2015	Var %	2H FY2016
Sales revenue	1,766.8	1,790.8	(1%)	888.2
Reported EBIT	149.3	97.1	54%	83.9
Underlying EBIT	149.3	98.3	52%	83.9
NOA (pre-tax)	1,009.7	1,006.0	-	1,009.7
Despatches	1,369.5	1,330.2	3%	728.1

Chart 2: Segment geographic sales revenue FY2016, $M [1]



1) Chart does not include $40.0M of eliminations (which balances back to total segment revenue of $1,766.8M). Chart also does not include India, which is equity accounted.

FINANCIAL PERFORMANCE – FY2016 VS. FY2015

Sales revenue

The $24.0M decrease in sales revenue was mainly driven by lower steel prices impacting all regions. These were partly offset by favourable foreign exchange rate impacts (against the AUD) in all regions.

EBIT performance

The $51.0M increase in underlying EBIT was largely due to:

- higher margins across most businesses with lower raw material purchase prices more than offsetting lower selling prices

- favourable movements in BlueScope's share of equity accounted profits from the India joint venture
- favourable translation of earnings from a weaker AUD:USD exchange rate.

These were partly offset by cost escalation.

FINANCIAL POSITION

Net operating assets have increased $3.7M since 30 June 2015 mainly reflecting lower creditors partly offset by lower inventories.

MARKETS AND OPERATIONS

Thailand

- FY2016 despatch volume grew 5% from FY2015. Industrial, commercial and retail demand was soft in 1H FY2016 but recovered strongly in 2H FY2016 driven by positive effect of improved government spending and foreign direct investment.
- The business has successfully entered the Home Appliance market with sales of ViewKote® and SuperDyma® products. Noting production of SuperDyma® commenced in October 2015 and sales continue to grow in line with business case.
- The business continues to expand its retail channel via authorised dealers and distributor loyalty program.
- Third metal coating line at Map Ta Phut, Thailand:
  - Feasibility study completed. BlueScope board has given in-principle approval subject to finalisation of contracts and NS BlueScope joint venture board approval, which is expected in 1Q FY2017.
  - Coating line with in-line painting with output up to 140kt. Investment of US$125M including working capital. Expect commercial production in early FY2019.
  - The line will deliver added capacity to grow presence in the growing Retail/SME construction market.

Indonesia

- FY2016 volume was slightly lower than FY2015 amid overall weak market demand. This was offset through margin expansion delivered by better product mix, enhanced market offerings and lower raw material prices.
- The business continues to focus efforts on growth in strategic market segments and strengthening brand position.

Vietnam

- FY2016 despatch volume grew 1% from FY2015 on the back of higher domestic premium dispatches. Margins improved due to reduced raw material costs and better product mix.
- The domestic market continues to benefit from growing foreign direct investment and improved consumer confidence.
- The business continues to target growth through expanding retail channel footprint, building brand value and new product development.

Malaysia

- FY2016 despatch volume was marginally lower than FY2015 with the backdrop of political uncertainty and weaker oil prices slowing growth in demand. Margins grew by early price leadership and increased premiums, enhanced by flat cost base and lower raw material costs.
- The business continues to target margin expansion in the project market and increased utilisation of its in-line painting capability to drive painted volumes in the retail segment.

North America (Steelscape & ASC Profiles)

- FY2016 despatch volume was higher than FY2015 driven by stronger domestic market demand and an increase in pre-painted market share. Margins improved due to strong pricing, lower raw material cost, and tight cost control.
- U.S. anti-dumping duties have been imposed on the business's imported hot rolled coil feed. A sourcing strategy has been developed to reduce the impact on the business.
- The business continues to target product innovation and continuous cost improvement to further improve its financial performance.

India (in joint venture with Tata Steel (50/50) for all operations)

- The joint venture recorded 6% revenue growth in FY2016 with a positive and growing EBIT.
- Domestic prime coated steel sales volume grew by 13% compared to FY2015 with 9% growth in painted products and 27% growth in bare products. During the period, project market sales grew by 12% and retail sales grew at by approximately 10%.

BLUESCOPE BUILDINGS

BlueScope Buildings is a leader in engineered building solutions (EBS), servicing the low-rise non-residential construction needs of customers from engineering and manufacturing bases in Asia and North America. EBS plants are located in China, Thailand, Vietnam, North America, Saudi Arabia and India. As part of the integrated value chain feeding the EBS operations, this segment includes BlueScope's metal coating, painting and Lysaght operations in China (Building Products China).

BlueScope Buildings is expanding its engineering capabilities through the roll-out of a common engineering software system across BlueScope's Buildings businesses. This system is in place in North America and is currently being installed across businesses in Asia.

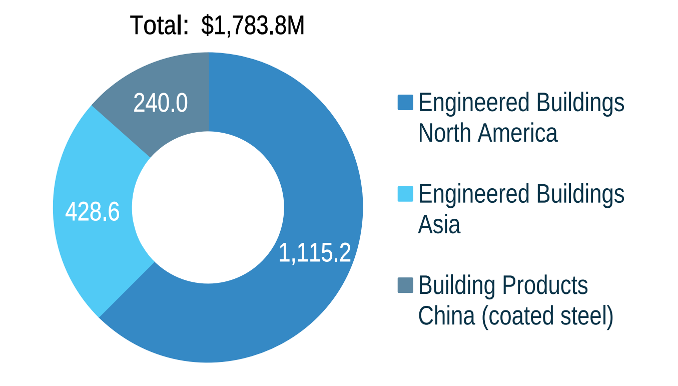
This segment was formerly known as Global Building Solutions.

KEY FINANCIAL & OPERATIONAL MEASURES

Table 9: Segment performance

$M unless marked	FY2016	FY2015	Var %	2H FY2016
Sales revenue	1,705.9	1,538.1	11%	816.1
Reported EBIT	39.0	56.0	(30%)	12.6
Underlying EBIT	49.2	43.7	13%	15.0
NOA (pre-tax)	603.3	727.1	(17%)	603.3
Despatches	601.9	529.6	14%	306.9

Chart 3: Segment geographic sales revenue FY2016, $M [1]



1) Chart does not include $77.9M of eliminations (which balances back to total segment revenue of $1,705.9M).

FINANCIAL PERFORMANCE – FY2016 VS. FY2015

Sales revenue

The $167.8M increase in sales revenue was mainly due to favourable foreign exchange rate impacts (against the AUD) in all regions and higher despatch volumes in Engineered Buildings Asia and Building Products China. This was partly offset by lower steel prices across all regions and lower despatch volumes in North America.

EBIT performance

The $5.5M increase in underlying EBIT was largely due to:

- higher net margins in North America and Asia
- favourable translation of earnings from a weaker AUD:USD exchange rate
- lower costs in Engineered Buildings Asia delivered through restructuring initiatives combined with higher despatch volumes.

This was partly offset by:

- lower despatch volumes in North America
- the benefit in FY2015 of an initiative to de-risk pension fund obligations by $11.0M.

Underlying adjustments in reported EBIT are set out in Tables 2A and 2B.

FINANCIAL POSITION

Net operating assets have decreased $123.7M since 30 June 2015 mainly reflecting higher creditors, provisions and lower net fixed assets. This was partly offset by higher receivables.

MARKETS AND OPERATIONS

Engineered Buildings North America

- Despatch volumes were down 5% in FY2016 relative to FY2015 driven by a slowing in U.S. non-residential construction market activity, particularly in the manufacturing end-use segment, and a focus on improving margins. Better margin performance was also achieved through a continued focus on product innovation as well as manufacturing efficiencies.
- General indicators of activity, such as Dodge Data & Analytics, FMI and the Architectural Billings Index, point to continued, albeit moderating, growth in the U.S. non-residential construction market.

Engineered Buildings Asia (China & ASEAN)

- Restructuring initiatives in the China business are delivering improved results. Despite weak building and construction activity in the premium market across private and government participants, despatch volumes increased by 46% relative to FY2015.

Building Products China (coating, painting and rollforming)

- Volumes increased 17% relative to FY2015, driven by an increase in internal demand from the Engineered Buildings China business and external pre-engineering customers. This was partly offset by a decline in rollformer demand.
- Sales and marketing initiatives continue to increase external sales of higher value-added product.

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HOT ROLLED PRODUCTS NORTH AMERICA

During FY2016 this segment comprised North Star BlueScope Steel and BlueScope's 47.5% interest in Castrip LLC (a thin strip casting technology joint venture with Nucor and IHI Ltd).

North Star is a single site electric arc furnace producer of hot rolled coil in Ohio, in the U.S. On 30 October 2015, BlueScope acquired the 50% of North Star that was previously owned by Cargill. BlueScope's 50% interest in North Star was equity accounted up to 30 October 2015 and has been consolidated in BlueScope's accounts thereafter.

Castrip LLC is a thin strip casting technology business. BlueScope sold its interest in Castrip to Nucor on 8 July 2016 for US$20.0M.

This segment will be known as North Star BlueScope Steel from FY2017 onwards.

KEY FINANCIAL & OPERATIONAL MEASURES

Table 10: Segment performance

$M unless marked	FY2016	FY2015	Var %	2H FY2016
Sales revenue [1]	847.3	-	-	660.2
Reported EBIT [2]	847.3	107.3	n/m	104.2
Underlying EBIT [2]	146.5	107.3	37%	104.1
NOA (pre-tax)	1,862.3	112.8	n/m	1,862.3

1) Excludes the Company's 50% share of NSBSL's sales revenue prior to 30 October 2015.
2) Includes 50% share of net profit before tax from NSBSL of A$28.7M in the four months ending 30 Oct 2015 and A$112.5M in FY2015.

FINANCIAL PERFORMANCE – FY2016 VS. FY2015

Sales revenue

Until November 2015 the segment was comprised of two equity accounted investments and as such had no sales revenue recorded in the Group accounts. Segment revenue reflects consolidation of North Star from November 2015.

Earnings performance

The $39.2M increase in underlying EBIT was largely due to the favourable impact of 100% consolidation from November 2015 and favourable translation impacts from a weaker AUD exchange rate. These were partly offset by weaker USD realised steel spreads with Midwest hot rolled coil prices falling more that raw material costs.

Underlying adjustments in reported EBIT are set out in Tables 2A and 2B.

Table 11: North Star BlueScope Steel – pro-forma performance (100% basis)

US$M unless marked	FY2016	FY2015	Var %	2H FY2016
Sales revenue	959.6	1,280.4	(25%)	(1,280.4)
Underlying EBITDA	163.4	205.5	(20%)	98.6
Production (kt)	2,075.8	2,061.2	1%	1,039.1
Despatches (kt)	2,021.6	2,018.0	-	1,022.6

FINANCIAL POSITION

Segment net operating assets increased from $112.8M at 30 June 2015 to $1,862.3M at 30 June 2016 mainly due to the consolidation of North Star effective 30 October 2015. At 30 June 2016, segment net operating assets comprised mainly: $1,248.4M intangible assets, $595.6M fixed assets, $109.8M inventories, $119.7M receivables, $204.5M creditors and $7.7M provisions.

MARKETS AND OPERATIONS

North Star BlueScope Steel

- North Star sells approximately 80% of its production in the Midwest U.S., with its end customer segment mix being broadly 45% automotive, 25% construction, 10% agricultural and 20% manufacturing/industrial applications.
- North Star continues to benefit from strength in the automotive sector as well as continued recovery in the construction sector.
- High capacity utilisation rates have been maintained by NSBSL through an ability to retain existing customers and win new customers by consistent high performance in on-time delivery, service and quality.
- On 7 May 2016 a refractory failure allowed a wash-out of molten steel from North Star's south EAF shell, resulting in an explosion and fire. The south EAF was repaired and fully operational by 16 May 2016. The total cost, including the value of lost production and capital repairs, was approximately US$5.0M.
- Despatches for FY2016 of 2,021.6kt were 0.2% higher than FY2015.
- Work continues on incremental expansion projects to increase hot strip mill and caster capacity.

OTHER INFORMATION

SAFETY

SAFETY MANAGEMENT

- The Company remains committed to its goal of Zero Harm.
- Our safety beliefs form the basis for achieving this goal:
  - Working safely is a condition of employment.
  - Employee involvement is essential.
  - Management is accountable for safety performance.
  - All injuries can be prevented.
  - Training employees to work safely is essential.
  - All operating exposures can be safeguarded.
- BlueScope's comprehensive Occupational Health and Safety Management System is mandatory in all operations under our control. The system focuses on three basic areas:
  - Safe and healthy people.
  - Safe systems.
  - Safe and tidy plant.
- Safety Management Standards have been established under this Management System, to which each business is required to demonstrate compliance.
- Also essential to our safety performance is the continuing development of our leaders, implementation of risk management practices, behavioural safety audits, reporting of incidents and near misses, and identifying and preventing 'at risk' behaviour and conditions.

FY2016 SAFETY PERFORMANCE

- The Lost Time Injury Frequency Rate was stable at 0.6 in FY2016 compared to 0.6 in FY2015. An LTIFR performance of below 1.0 has been maintained for more than ten years
- The Medical Treated Injury Frequency Rate was 5.1 in FY2016 compared to 4.6 in FY2015; it has been below 7.0 for more than ten years.
- Pacific Steel, Fielders and Orrcon acquisitions were included in BlueScope statistics from July 2015.
- During FY2016, businesses have been concentrating on improving employee engagement, felt leadership and hand safety. The construction businesses have also been focusing on implementation and auditing of the BlueScope Construction Global Requirements, a set of consistent standards across all businesses.
- External recognition in FY2016 to date includes:
  - Steelscape Kalama (NS BlueScope North America) was awarded "Best Safety Practices" by the National Coil Coaters Association).
  - Michael Farrelly (BANZ Manufacturing Senior HSE Professional) received the Individual Practitioner Award at the annual Australian Steel Institute Health & Safety Excellence Awards.
  - Richard Beker (BANZ Manufacturing Victoria Processing Leader) received a special commendation for "Individual Safety Leader" at the 2015 Steel Transport Safety Awards.
  - Chennai (Tata BlueScope Building Products) received a "Best Safety Practice Award" from SAFE Association.
  - Jamshedpur (Tata BlueScope Building Products) received the Confederation of Indian Industry Eastern Region SHE Award (large scale manufacturing category).
- Safety achievements in FY2016 include:
  - BlueScope China: Suzhou – 10 years LTI free.
  - NS BlueScope Lysaght Vietnam – 20 years LTI free.
  - Buildings North America: Visalia – 9 years LTI free.
  - NS BlueScope North America: Kalama – 11 years LTI free.
  - BANZ Distribution: Ballarat – 17 years LTI free.
  - BANZ Manufacturing: Western Port Paint Lines – 7 years LTI free.

ENVIRONMENT

ENVIRONMENTAL MANAGEMENT

- The BlueScope Environment Management System comprises the following major elements:
  - Our Bond
  - Health, Safety, Environment and Community Policy
  - Environment Principles
  - Health, Safety and Environment Standards
  - BlueScope procedures and guidelines
  - Operational procedures.
- BlueScope continues to manage its environmental performance through the implementation of its business planning process, compliance systems, risk management practices, governance programs and management review.

AUSTRALIAN CLIMATE CHANGE POLICY

- During FY2015 the Australian Federal Government introduced its Direct Action policy, which includes the Emissions Reduction Fund (ERF), allowing companies to bid for funding for emissions reduction projects through a reverse auction process, and a Safeguard (baseline and compliance) Mechanism to limit emissions growth.
- The Safeguard Mechanism came into effect in July 2016.
- Reported emissions baseline determinations for the Port Kembla Steel Works and Western Port Works are currently being finalised by the Clean Energy Regulator.
- The Emissions Reduction Fund and Safeguard Mechanism are to be reviewed in 2017, in line with Australia meeting its post 2020 targets. BlueScope will continue to work with the Government on the future development of these policy instruments.
- The Company remains focused on improving the energy and carbon efficiency of all its operations.

NEW ZEALAND EMISSIONS TRADING SCHEME

- The Company is a liable entity under New Zealand's ETS.
- The activity of iron and steel manufacturing from iron sands as undertaken by New Zealand Steel has been assessed to be highly emissions-intensive and trade-exposed, and New Zealand Steel therefore qualifies for the allocation of Emission Units at the maximum rate (currently 90%).
- The ETS is a domestic-only scheme from June 2015, but the initial scheme transition measures currently remain in place. During this period participants must surrender one emission unit for two tonnes of carbon dioxide equivalent emissions. Correspondingly the allocation of units to energy-intensive and trade-exposed activities is halved, but remains at the 90% allocation rate. It is possible to buy units at market price or at a fixed price of NZ$25 per tonne from the government.
- The Government's 2015/16 review of the NZ ETS to assess its operation and effectiveness to 2020 and beyond continues, but the Government has announced it is phasing out the one-for-two transitional measure from 1 January 2017. The current 50% surrender obligation will increase to 67% from 1 January 2017, 83% from 1 January 2018, and a full surrender obligation from 1 January 2019 for all sectors in the NZ ETS. New Zealand Steel allocations will increase proportionally with the removal of one-for-two. The Company will continue to engage with the Government, seeking acceptable financial outcomes from the ETS until the rest of the global steel industry faces the same responsibilities for emissions.

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ABBREVIATIONS

1H	Six months ended 31 December in the relevant financial year
1H FY2016	Six months ended 31 December 2015
1H FY2017	Six months ended 31 December 2016
2H FY2015	Six months ended 30 June 2015
2H FY2016	Six months ending 30 June 2016
ADC	Anti-Dumping Commission
ASEAN	Association of South East Asian Nations
ASP	Australian Steel Products segment
AUD, A$, $	Australian dollar
BANZ	BlueScope Australia and New Zealand (comprising ASP and NZPac segments)
BB	BlueScope Buildings segment
BCDA	Former Building Components & Distribution Australia segment
BP or Building Products	Building Products, ASEAN, North America and India segment
BSL or BlueScope	BlueScope Steel Limited and its subsidiaries
CIPA	Former Coated & Industrial Products Australia segment
CRC	Cold rolled coil steel
DPS	Dividend per share
EAF	Electric arc furnace
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBS	Engineered building solutions, a key product offering of the BlueScope Buildings segment
EITE	Emissions-intensive, trade-exposed
EPS	Earnings per share
FDI	Foreign direct investment
FY2015	12 months ended 30 June 2015
FY2016	12 months ending 30 June 2016
FY2017	12 months ending 30 June 2017
Gearing ratio	Net debt divided by the sum of net debt and equity
Group, Company	BlueScope Steel Limited and its subsidiaries
HRC	Hot rolled coil steel
HRPNA, HRP North America	Hot Rolled Products North America segment
IFRS	International Financial Reporting Standards
Leverage, or leverage ratio	Net debt over underlying EBITDA
Net debt	Gross debt less cash
n/m	Not meaningful
NOA	Net operating assets pre-tax
NPAT	Net profit after tax
NRV	Net realisable value adjustment
NSBCP	NS BlueScope Coated Products joint venture
NSBSL	North Star BlueScope Steel
NSSMC	Nippon Steel & Sumitomo Metal Corporation
NZD	New Zealand dollar
NZPac	New Zealand & Pacific Steel segment
ROIC	Return on invested capital (or ROIC) – underlying EBIT (annualised in case of half year comparison) over average monthly capital employed
STP	Steel Transformation Plan
TBSL	Tata BlueScope Steel
U.S.	United States of America
USD, US$	United States dollar

ANNEXURE: DETAILED TABLES

A. SEGMENTAL SUMMARY TABLES

Table 12: Segmental sales revenue & reported EBIT

	Sales revenue			Reported EBIT		
$M	FY2016	FY2015	2H FY2016	FY2016	FY2015	2H FY2016
ASP	4,437.4	4,792.1	2,135.3	77.7	128.4	173.6
NZPac	887.3	972.1	435.8	(397.3)	(30.3)	(31.6)
BP	1,766.8	1,790.8	888.2	149.3	97.1	83.9
BB	1,705.9	1,538.1	816.1	39.0	56.0	12.6
HRPNA [2]	847.3	-	660.2	847.3	107.3	104.2
Corporate / group	-	-	-	(92.3)	(63.8)	(44.6)
Inter-segment [1]	(462.0)	(568.7)	(182.9)	(1.4)	0.1	(1.7)
Continuing Businesses	9,182.7	8,524.4	4,752.7	622.3	294.8	296.4
Discontinued Bus.	-	31.6	-	(0.7)	1.8	0.2
Inter-segment [1]	-	(3.8)	-	-	-	-
Total	9,182.7	8,552.2	4,752.7	621.6	296.6	296.6

Table 13: Segmental underlying EBITDA and underlying EBIT
Note: A reconciliation of underlying EBITDA/EBIT to reported EBITDA/EBIT for the Group is provided in Tables 2A and 2B.

	Underlying EBITDA			Underlying EBIT		
$M	FY2016	FY2015	2H FY2016	FY2016	FY2015	2H FY2016
ASP	548.7	339.4	281.6	361.4	150.3	187.8
NZPac	0.0	26.8	15.5	(53.5)	(33.2)	(6.4)
BP	210.9	153.3	115.1	149.3	98.3	83.9
BB	93.6	82.3	36.9	49.2	43.7	15.0
HRPNA	184.1	107.3	132.5	146.5	107.3	104.1
Corporate / group	(80.6)	(64.4)	(42.2)	(81.0)	(64.7)	(42.4)
Inter-segment [1]	(1.3)	0.1	(1.8)	(1.4)	0.1	(1.6)
Continuing Businesses	955.4	644.8	537.6	570.5	301.8	340.4

Notes to Tables 12 & 13:
1) Inter-segment revenue reflects the elimination of internal sales between reporting segments. Inter-segment EBIT reflects an entry to eliminate profit-in-stock associated with inter-segment sales.
2) Excludes the Company's 50% share of NSBSL's sales revenue of A$235.0M (4 months) in 1H FY2016 (A$762.6M in FY2015).

Table 14: Segment summary steel despatch volume

000 tonnes	FY2016	FY2015	Variance %	2H FY2016
Australian Steel Products	2,886.7	2,893.7	-	1,502.8
New Zealand & Pacific Steel	697.1	782.6	(11%)	331.3
Building Products ASEAN, Nth Am & India	1,369.5	1,330.2	3%	306.9
BlueScope Buildings	601.9	529.6	14%	728.1
Hot Rolled Products North America [1]	1,678.1	1,009.0	66%	1,022.6
Discontinued Businesses	-	-	-	-
Less sales between BlueScope segments	(270.0)	(313.8)	(14%)	(150.0)
Total Group External Steel Despatches	6,963.3	6,231.3	12%	3,741.7

1) Volumes are consistent with BlueScope's ownership of North Star. FY2016 includes four months at 50% of North Star volume and eight months at 100% of North Star volume; FY2015 shows 50% of North Star volume.

B. AUSTRALIAN STEEL PRODUCTS VOLUME DETAIL

Table 15: Detailed production & despatch report

000 tonnes	FY2016	FY2015	Variance %	2H FY2016
Raw steel production	2,799.5	2,573.3	9%	1,366.3
Domestic steel despatches				
- HRC	486.3	433.6	12%	249.8
- Plate	210.9	198.5	6%	104.7
- CRC, metal coated, painted & other [1]	1,311.3	1,201.2	9%	647.2
- Sub-total – domestic sales of BSL steel	2,008.5	1,833.3	10%	1,001.7
- Channel despatches of externally sourced product [2]	182.7	258.8	(29%)	91.8
Total domestic steel despatches	2,191.2	2,092.1	5%	1,093.5
Export steel despatches				
- HRC	415.0	588.8	(30%)	253.3
- Plate	25.2	24.1	5%	13.5
- CRC, metal coated, painted & other	252.9	185.4	36%	141.1
- Sub-total – export sales of BSL steel	693.1	798.3	(13%)	407.9
- Channel despatches of externally sourced product	2.4	3.3	(27%)	1.4
Total export steel despatches	695.5	801.6	(13%)	409.3
Total steel despatches (external & intersegment) [3]	2,866.7	2,893.8	-	1,502.8
External coke despatches	588.1	701.1	(16%)	356.2

	FY2016	FY2015	2H FY2016
1) The product volumes are ex-mills (formerly CIPA). Other includes the following inventory movements in downstream channels:	28.1	21.5	2.3
2) Primarily long-products sold through Distribution business			
3) Includes the following sales through downstream channels (formerly Building Components and Distribution Australia segment):	936.1	968.7	450.0

C. NEW ZEALAND AND PACIFIC STEEL VOLUME DETAIL

Table 16: steel production & despatch report

000 tonnes	FY2016	FY2015	Variance %	2H FY2016
Raw steel production at Glenbrook	554.2	610.6	(9%)	273.3
Domestic despatches (external & intersegment)				
- NZ Steel flat products	258.0	260.6	(1%)	125.4
- Pacific Steel long products	169.2	173.0	(2%)	90.2
Sub-total domestic	427.2	433.6	(1%)	215.6
Export despatches (external & intersegment)				
- NZ Steel flat products	205.6	259.7	(21%)	93.4
- Pacific Steel long products	64.3	89.3	(28%)	22.3
Sub-total export	269.9	349.0	(23%)	115.7
Total steel despatches	697.1	782.6	(11%)	331.3

Table 17: Iron sands despatch report

000 tonnes (external)	FY2016	FY2015	Variance %	2H FY2016
From Waikato North Head mine	262.5	524.6	(49%)	109.6
From Taharoa mine	2,938.6	1,105.1	166%	1,696.9
Total external iron sands despatches	3,201.1	1,629.7	96%	1,806.5

D. BUILDING PRODUCTS SEGMENT DETAIL

Table 18: Despatch & financial details

	FY2016	FY2015	2H FY2016
Total despatches (000 tonnes)			
Thailand	367.4	350.3	216.3
Indonesia	235.9	241.3	117.6
Malaysia	165.7	167.0	82.1
Vietnam	128.8	125.6	67.1
North America	387.3	373.2	188.5
India	118.9	102.9	64.9
Other / Eliminations	(34.5)	(30.1)	(8.5)
Total	1,369.5	1,330.2	728.0
Sales revenue ($M)			
Thailand	439.6	455.0	240.7
Indonesia	306.7	319.9	146.6
Malaysia	235.3	253.3	114.5
Vietnam	167.4	165.3	84.5
North America	657.8	631.0	310.6
India	-	-	-
Other / Eliminations	(40.0)	(33.7)	(8.7)
Total	1,766.8	1,790.8	888.2
Reported EBIT ($M)			
Thailand	49.6	48.5	29.4
Indonesia	17.5	9.8	8.4
Malaysia	30.7	27.3	15.8
Vietnam	18.6	14.2	8.7
North America	29.8	4.7	18.6
India [1]	7.4	(2.2)	6.3
Other / Eliminations	(4.3)	(5.2)	(3.3)
Total	149.3	97.1	83.9
Underlying EBIT ($M)			
Thailand	49.6	48.5	29.4
Indonesia	17.5	11.0	8.4
Malaysia	30.7	27.3	15.8
Vietnam	18.6	14.2	8.7
North America	29.8	4.7	18.6
India [1]	7.4	(2.2)	6.3
Other / Eliminations	(4.3)	(5.2)	(3.3)
Total	149.3	98.3	83.9
Net operating assets pre-tax ($M)			
Thailand	241.6	234.9	241.6
Indonesia	242.0	249.8	242.0
Malaysia	137.7	140.8	137.7
Vietnam	60.0	75.8	60.0
North America	302.6	288.2	302.6
India	30.7	24.5	30.7
Other / Eliminations	(4.9)	(8.0)	(4.9)
Total	1,009.7	1,006.0	1,009.7

1) Reflects BlueScope's 50% share of equity accounted profits from the Tata BlueScope Steel joint venture.

E. BLUESCOPE BUILDINGS SEGMENT DETAIL

Table 19: Despatch & financial details

	FY2016	FY2015	2H FY2016
Total despatches (000 tonnes)			
Engineered Buildings North America	238.9	250.9	116.1
Engineered Buildings Asia[1]	239.1	163.5	122.3
Building Products China (coating, painting & rollforming) [2]	170.9	146.2	89.5
Other / Eliminations	(47.0)	(31.0)	(21.1)
Total	601.9	529.6	306.9
Sales revenue ($M)			
Engineered Buildings North America	1,115.2	1,049.3	527.3
Engineered Buildings Asia[1]	428.6	319.7	206.9
Building Products China (coating, painting & rollforming) [2]	240.0	220.7	117.6
Other / Eliminations	(77.9)	(51.6)	(35.7)
Total	1,705.9	1,538.1	816.1
Reported EBIT ($M)			
Engineered Buildings North America	36.1	52.0	9.4
Engineered Buildings Asia[1]	(11.7)	(14.5)	(3.0)
Building Products China (coating, painting & rollforming) [2]	23.2	25.7	10.5
Other / Eliminations	(8.6)	(7.2)	(4.3)
Total	39.0	56.0	12.6
Underlying EBIT ($M)			
Engineered Buildings North America	40.2	42.6	13.5
Engineered Buildings Asia[1]	(7.7)	(14.5)	(6.9)
Building Products China (coating, painting & rollforming) [2]	23.3	25.7	10.6
Other / Eliminations	(6.6)	(10.1)	(2.2)
Total	49.2	43.7	15.0
Net operating assets pre-tax ($M)			
Engineered Buildings North America	321.1	405.5	321.1
Engineered Buildings Asia[1]	73.4	78.3	73.4
Building Products China (coating, painting & rollforming) [2]	186.0	233.9	186.0
Other / Eliminations	22.8	9.4	22.8
Total	603.3	727.1	603.3

1) Includes Buildings China and Buildings ASEAN operations
2) Includes Coated Products China and Lysaght China