

ASX RELEASE



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BLUESCOPE EXPECTS HALF YEAR UNDERLYING EBIT LIFT TO \$600M (PRELIMINARY UNAUDITED RESULTS)

BlueScope announced today that its preliminary unaudited underlying earnings before interest and tax (EBIT) for the six months ended 31 December 2016 is expected to be around \$600 million¹, compared with prior guidance of at least \$510 million. This represents growth of approximately 160 per cent on 1H FY2016.

The improved performance since the Company's last update at the Annual General Meeting on 10 November 2016 is mainly due to:

- stronger steel prices and spreads across our businesses but particularly benefitting our Australian Steel Products and New Zealand and Pacific Steel operations;
- the impact of stronger than expected iron ore prices on export iron sands profitability; and
- productivity improvements, including further cost reductions, in the Australian Steel Products, North Star BlueScope Steel and New Zealand and Pacific Steel segments.

In addition, compared to our outlook expectations for 1H FY2017 communicated in August 2016, our Building Products segment has had a strong half particularly in the North American business which benefitted from higher steel prices and margins. The India business also saw positive earnings growth with higher margins and volumes.

Preliminary unaudited net debt at 31 December 2016 is expected to be around \$530 million, or a multiple of 0.4 times expected underlying EBITDA² in the 12 months ended 31 December 2016.

In finalising its accounts for the half year, the Company is reviewing the carrying value of its assets and anticipates it will recognise an impairment charge of approximately \$65 million in respect of:

- its China Buildings business where manufacturing sites are being reconfigured or closed to further lower the cost base, whilst continuing to meet market demand;
- capital expenditure during the period at its Taharoa export iron sands business; and
- restructuring of the India engineered buildings business.

BlueScope's financial results for the six months year ending 31 December 2016 will be released on 20 February 2017, at which time the Company will provide earnings guidance for 2H FY2017.

¹ Comprises preliminary unaudited segment results expected to be around: Australian Steel Products, \$240 million; North Star BlueScope Steel, \$210 million; Building Products ASEAN, North America and India, \$110 million; BlueScope Buildings, \$50 million; New Zealand and Pacific Steel, \$40 million and, corporate and eliminations, \$50 million loss. Finalisation of net realisable value adjustments based on steel and commodity prices immediately prior to our scheduled release of 1H FY2017 financial results on 20 February 2017 and finalisation of the accounts could give rise to changes to these estimates.

² Earnings before interest, tax, depreciation and amortisation.

For further information about BlueScope: www.bluescope.com

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