



1H FY2019 FINANCIAL RESULTS PRESENTATION

Mark Vassella

Managing Director and Chief Executive Officer

Tania Archibald

Chief Financial Officer

25 February 2019

BlueScope Steel Limited. ASX Code: BSL

ABN: 16 000 011 058

Falcon Beach House in Falcon, WA, featuring COLORBOND® Ultra steel in Surfmist®

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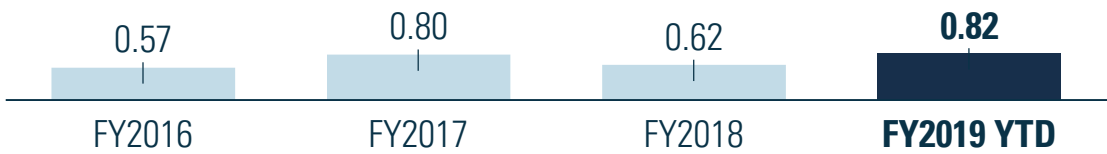


1H FY2019 HIGHLIGHTS

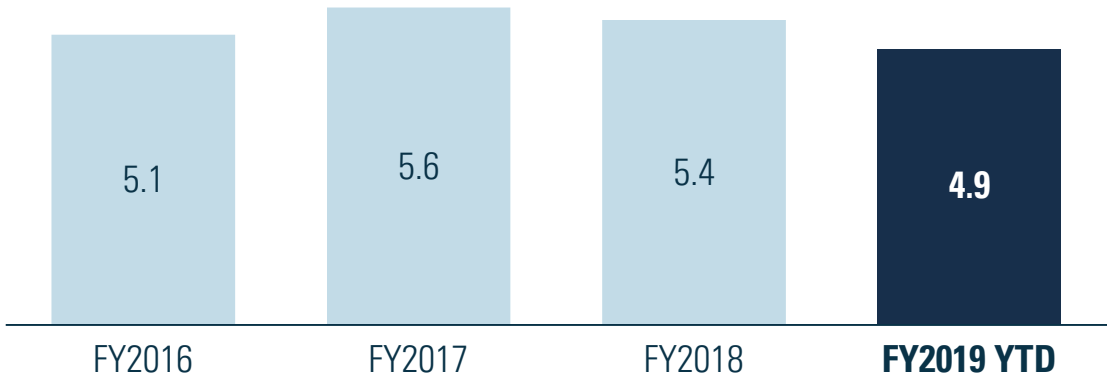
Calder Woodburn Rest Area in Shepparton, VIC, featuring COLORBOND® steel in Night Sky® and Surfmist®

Continuing our journey towards Zero Harm

LTIFR
Lost time injuries per million man-hours worked



MTIFR
Medically treated injuries per million man-hours worked



\$624M reported NPAT and a record half year underlying EBIT of \$850M

UNDERLYING EBIT¹

\$850M

↑ Up \$326M on 1H FY2018

UNDERLYING EBIT RETURN ON
INVESTED CAPITAL

24.9%

↑ Up from 17.1% in 1H FY2018

REPORTED NPAT

\$624M

↑ Up \$183M on 1H FY2018

FREE CASH FLOW
(Operating cash flow less capex)

\$493M

↑ Up \$347M on 1H FY2018

CAPITAL MANAGEMENT

**Interim dividend
of 6.0 cps, and
continuation of buy-
back of up to \$250M²**

NET CASH

\$128M

↑ Up from \$64M at 30 June 2018

UNDERLYING EBIT BY SEGMENT

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Strong results with a stand out performance from North Star

NORTH STAR

\$411.6M



Up 183% on 1H FY2018

AUSTRALIAN STEEL PRODUCTS

\$319.0M



Up 22% on 1H FY2018

BUILDING PRODUCTS
ASIA & NORTH AMERICA

\$78.8M



Down 27% on 1H FY2018

NEW ZEALAND & PACIFIC STEEL

\$71.9M



Up 75% on 1H FY2018

BUILDINGS NORTH AMERICA

\$22.1M



Down 16% on 1H FY2018

CORPORATE & ELIMINATIONS

\$(53.8)M



Down 1% on 1H FY2018



OUR BOND

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We and our customers proudly bring inspiration, strength and colour to communities with BlueScope Steel

OUR CUSTOMERS ARE OUR PARTNERS

OUR PEOPLE ARE OUR STRENGTH

OUR SHAREHOLDERS ARE OUR FOUNDATIONS

OUR COMMUNITIES ARE OUR HOMES



OUR STRATEGY – A DISCIPLINED APPROACH TO GROWTH AND SHAREHOLDER RETURNS FROM A POSITION OF STRENGTH

9

We are

A steel building products company

Our Target

Top quartile shareholder returns and safe operations

Our Strategic Focus areas

Grow **premium branded steel businesses** with strong channels to market

Maximise value from **"Best in Class"** assets

Deliver **competitive commodity steel supply** in our local markets

Ensure ongoing **financial strength**

Coated & Painted Products

BlueScope Buildings

North Star BlueScope

Australia & NZ Steelmaking

Balance Sheet

Colorbond®

BLUESCOPE
Zacs®

durashine®
TATA BLUESCOPE STEEL

Truecore®

COLORSTEEL®
NEW ZEALAND'S FAVOURITE ROOF

LYSAGHT®

BUTLER®



Clearly stated financial principles to guide our decision making

RETURN HURDLES

- Every business to deliver ROIC > WACC
- ROIC incentives for management and employees
- Disciplined capital allocation

INVESTMENT TIMING

- Intent to have financial capacity through the cycle to make opportunistic investments
- Will avoid M&A at the top of the cycle

BALANCE SHEET CAPACITY

- Target positive cash of ~\$200M to \$400M
- Retain strong credit metrics
- Leverage for M&A but only if accompanied by active debt reduction program
- Reward shareholders from free cash flow as an active strategy

STEELMAKING

- Commodity steelmaking in Australia & NZ is a valuable option provided it can deliver target returns and is cash flow breakeven¹ at bottom of the cycle
- Intent to maintain capacity to fund a shutdown of steelmaking if not cash positive

Our commitment to action

WE SUPPORT THE PARIS AGREEMENT AND THE COMMITMENTS OF THE COUNTRIES IN WHICH WE OPERATE

WE ACKNOWLEDGE STEELMAKING PRODUCES EMISSIONS AND ARE WORKING TO REDUCE THE IMPACT

OUR GOVERNANCE STRUCTURES SEEK TO ENSURE UNDERSTANDING AND MANAGEMENT OF CLIMATE RISK

STEEL PLAYS A KEY ROLE IN SUSTAINABLE DEVELOPMENT, GIVEN ITS LONGEVITY AND ENDLESS RECYCLABILITY



Detailed information regarding BlueScope's four pillars of commitment to action is set out on slide 50



Updating our supply chain standards; risk prioritised approach to assessing and engaging suppliers

Supply Chain Sustainability project continues, with focus on:

- 1** Rollout of Supplier Code of Conduct
- 2** Training on improved processes
- 3** Engagement with suppliers
- 4** Assessment of suppliers
- 5** Review against reporting requirements



A core responsibility for Board and Management

BlueScope seeks to live the values in its Bond by promoting a culture of integrity and highest possible standards across our global operations

In 1H FY2019, we have:

- Enhanced our ethics and compliance function
- Continued our focus on delivering business conduct training across the organisation

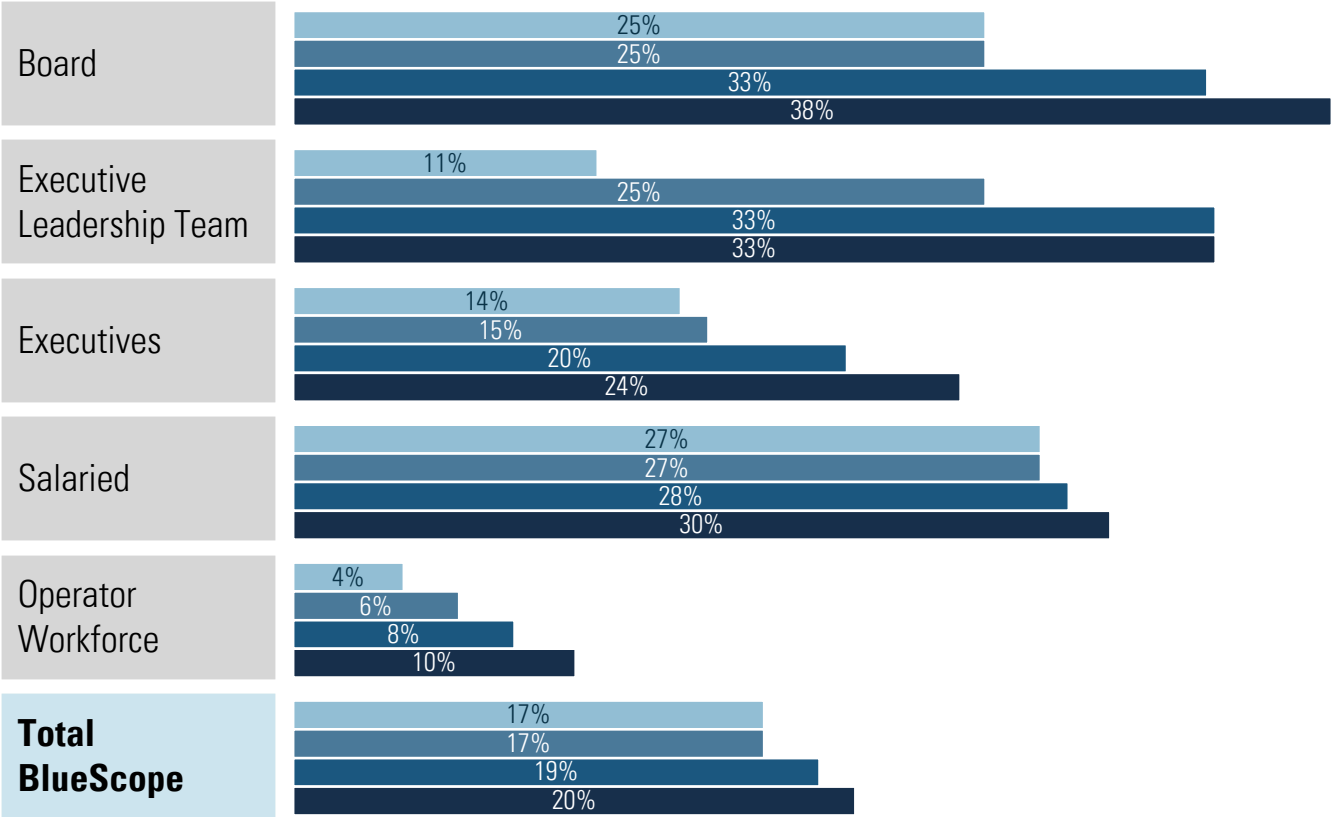
BlueScope has an externally managed business conduct hotline for anonymous reporting of suspected misconduct

As previously disclosed, the ACCC investigation into alleged cartel conduct in the Australian business is ongoing

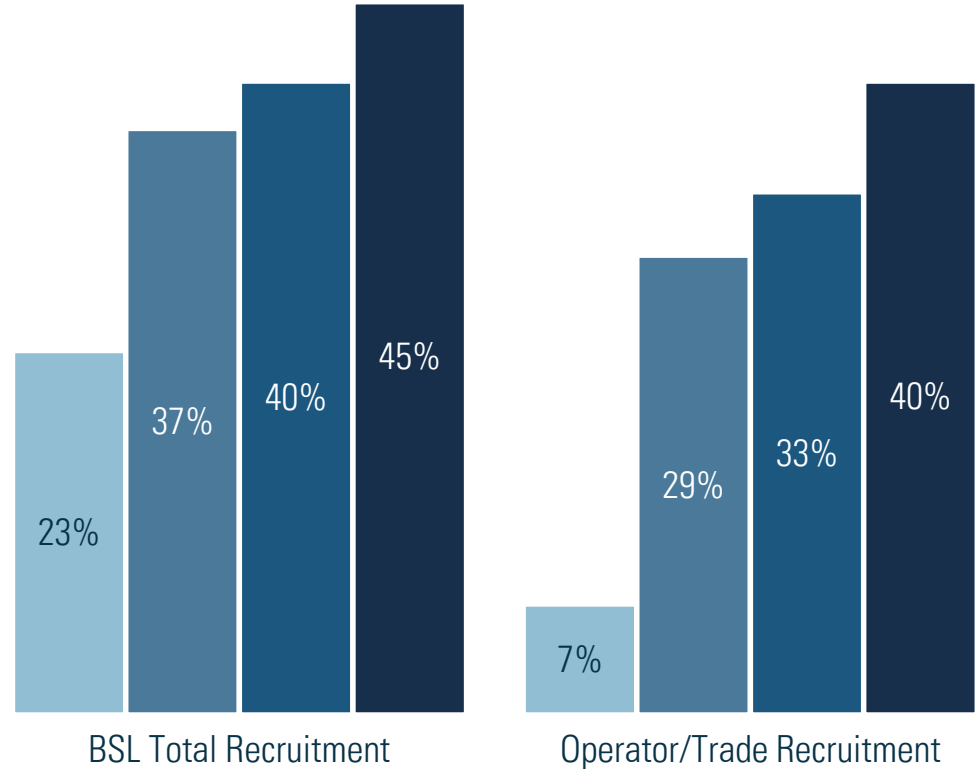


Strong focus and effective strategies creating demonstrable improvement in workforce diversity

Female % of workforce



Female % of recruitment



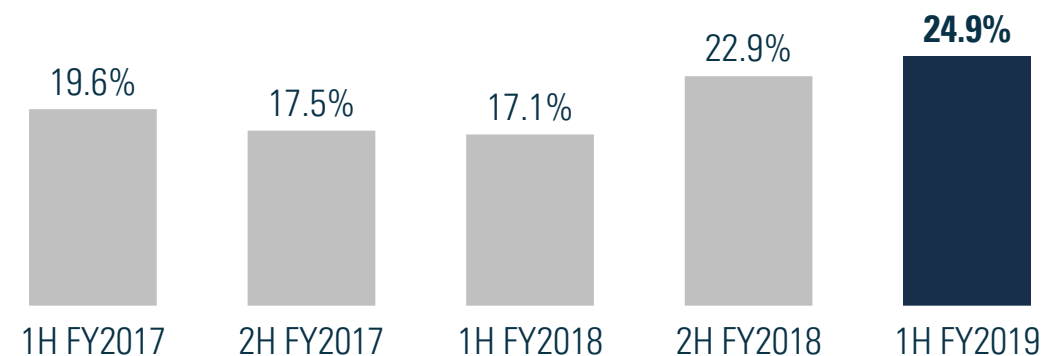
FY2016 FY2017 FY2018 1H FY2019



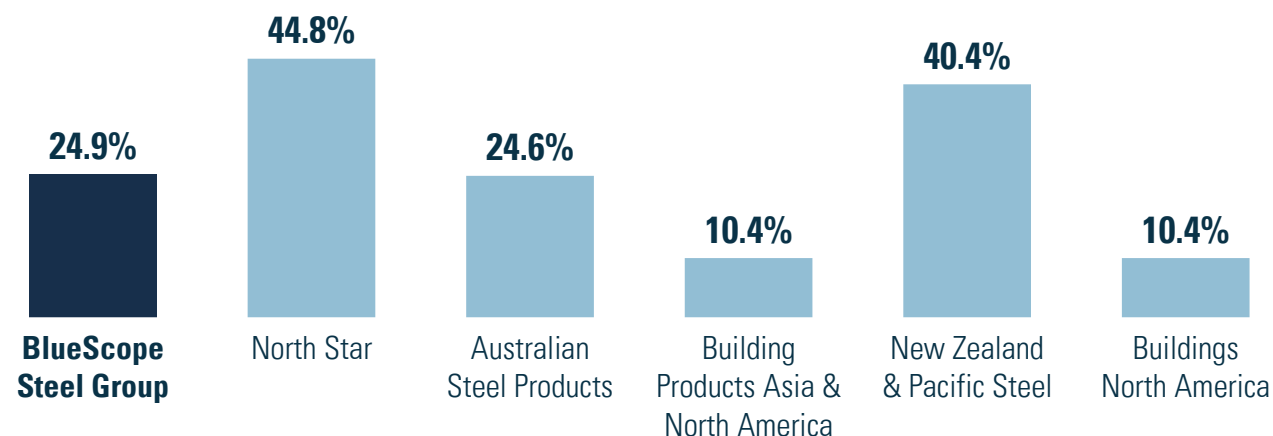
Targeting returns above cost of capital to ultimately drive shareholder returns

- Underlying EBIT ROIC is the primary measure of performance across all business units and the group. ROIC is a key discipline for:
 - performance management,
 - project assessment, and
 - executive incentives
- Underpins objective of delivering top quartile shareholder returns
- Focus on turnaround in ASEAN and further improvement in Buildings North America

Group Underlying ROIC¹ Performance (%)



1H FY2019 Underlying ROIC¹ by Segment (%)



Focus on ROIC and EPS growth to ultimately drive shareholder returns

Foundation

Maintain safe and reliable operations, and operate within Financial Principles, including meeting net cash targets and retaining strong credit metrics

Growth

Drive competition for capital with disciplined, returns focused process:

- Investments in the business
- M&A
- Returns to shareholders

Shareholder Returns

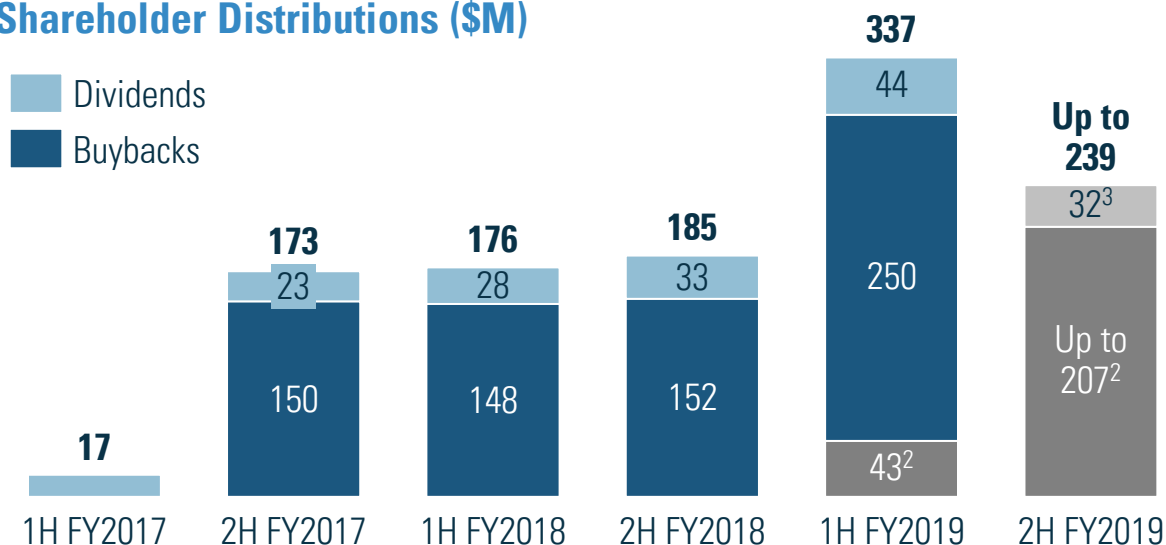
Distribute at least 50% of free cash flow to shareholders in the form of consistent dividends and on-market buy-backs¹

The Company will continue to review its capital management approach having regard to its balance sheet, credit metrics and investment priorities

On market **buy-back of up to \$250M** (announced in December 2018) will continue; **interim dividend of 6.0 cps**, in line with last year

Shareholder Distributions (\$M)

Dividends
Buybacks



Investing for the future across our portfolio through a returns focussed process driving competition for capital

Capital expenditure principles

**INVEST TO MAXIMISE
VALUE FROM “BEST IN
CLASS” ASSETS**

**INVEST FOR GROWTH IN
PREMIUM BRANDED
PRODUCTS**

**INVEST IN CUSTOMER,
TECHNOLOGY AND
INNOVATION**

Examples of growth opportunities

M

Building Products Asia
Roll out of Next Generation
ZINCALUME® coating technology



Building Products Asia
Continued roll out of ZACS®
Authorised Dealer retail network



North Star
Capacity expansion study



Building Products Asia
Acquisition of YKGI Holdings' cold
rolling mill in Malaysia



Buildings North America
Robotic welder trials for frame
fabrication



**Building Products
North America**
Crane automation at Steelscape



Australian Steel Products
Automation initiatives across key
manufacturing sites

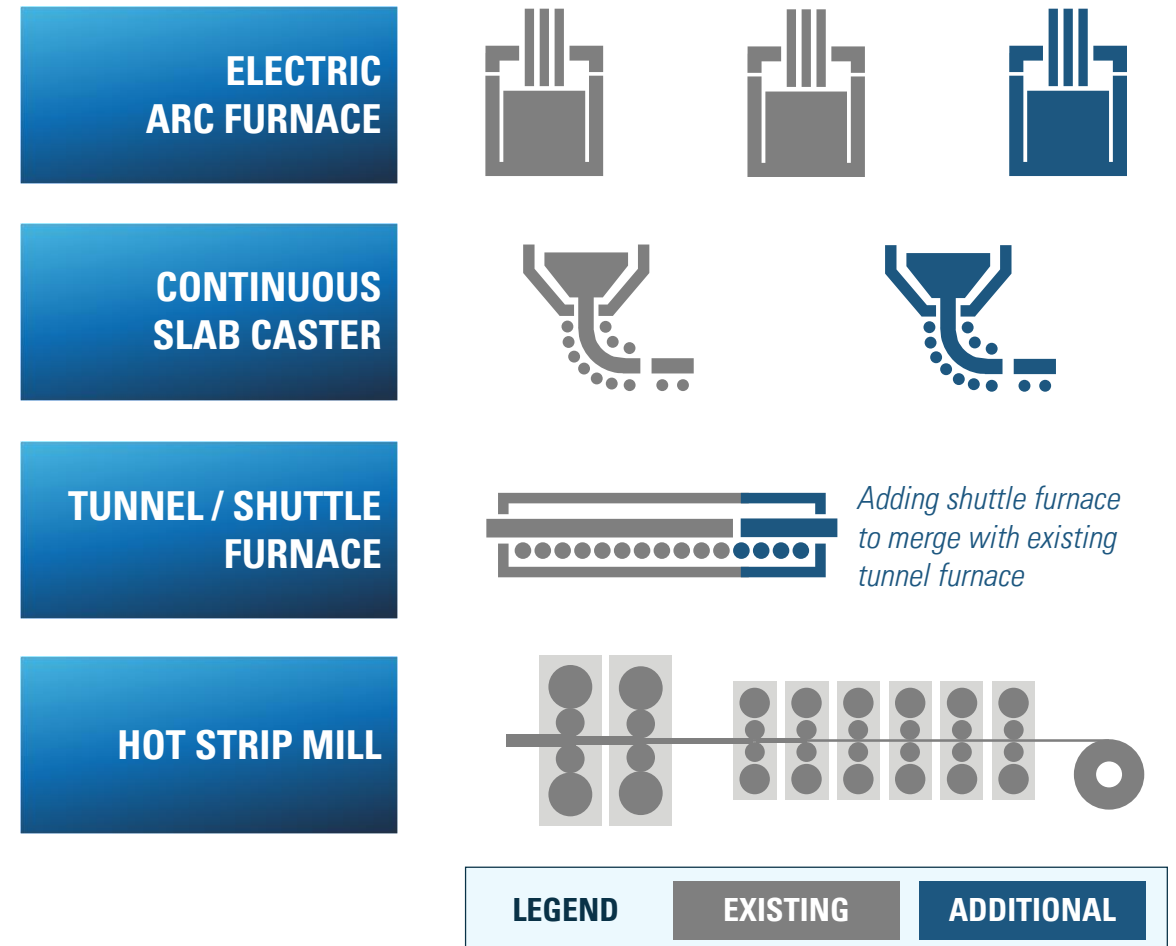


Australian Steel Products
New TRU-SPEC® line at Port
Kembla Steelworks

Commencing detailed design and engineering and critical path items. Targeting final decision during 1H FY2020

- Expansion option through possible third electric arc furnace and second caster
- Investment case volume range refined to 800 to 900ktpa (metric)
- The incremental installed melt capacity of 1.4 million equivalent metric coiled tonnes allows for further potential upside, subject to further plant debottlenecking
- Estimated investment cost refined to US\$600M to US\$700M
- Targeting a minimum 15% IRR and run-rate ROIC at year three of operations based on long-term historical spreads
- Commencing detailed design and engineering and critical path items of ~US\$50M
- Commencing final feasibility phase based on rigorous capital stage gate process with final decision expected during 1H FY2020
- Two to three year construction period with two year ramp-up thereafter

Indicative overview of existing and additional equipment



Strong strategic rationale in alignment with BlueScope's established capital expenditure principles

INCREMENTAL EXPANSION INVESTMENT IN A HIGH PERFORMING ASSET

- Low cost; well configured asset; maintaining variable cost base
- Strategically located close to customers and raw material supply
- Motivated, high calibre workforce
- Consistently ranked as the supplier of choice

COMPELLING RETURNS ON HISTORICAL SPREADS

- Targeting a minimum 15% IRR and run-rate ROIC in year three of operations based on long-term historical spreads
- The tax benefits are attractive, both a lower corporate tax rate and accelerated depreciation

SERVING A LARGE AND GROWING MARKET

- Key end use segments remain positive
- North Star is a niche producer and holds a moderate share of existing customers' business

OPENS UP FURTHER CAPACITY EXPANSION OPPORTUNITIES

- Design and technology being chosen to specifically accommodate further incremental growth
- History of incremental expansion, leading to current production of 2.1mtpa (metric) – 40% greater than original capacity

A STRONG CASH FLOW ASSET THROUGH THE CYCLE

- North Star has consistently generated strong EBITDA and cash across a wide range of spread scenarios
- Investment case is based on historical long term spreads through the cycle

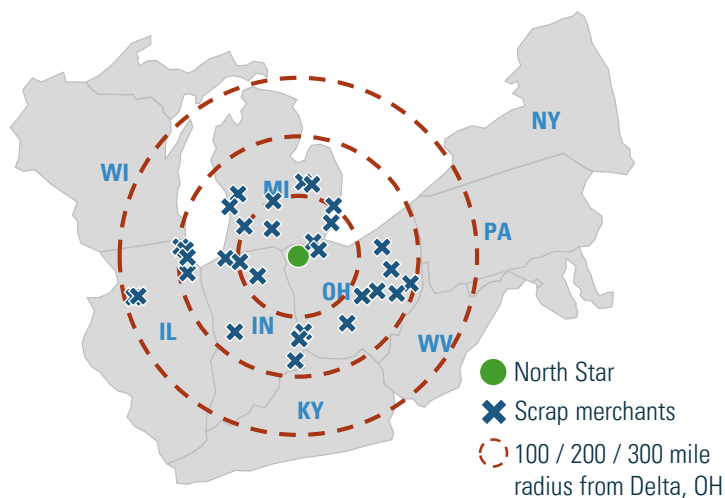
NORTH STAR EXPANSION OPPORTUNITY – UPDATE

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Best in class asset located close to customers and raw materials, with consistently full asset utilisation

A geographically advantaged asset

- Facility strategically located within one of the largest scrap steel surplus regions in the US
- ~90% of customers are within a ~250 mile radius, with short lead times and supplier responsiveness highly valued by customers



North Star's competitive position

EBIT margin²

29.8%



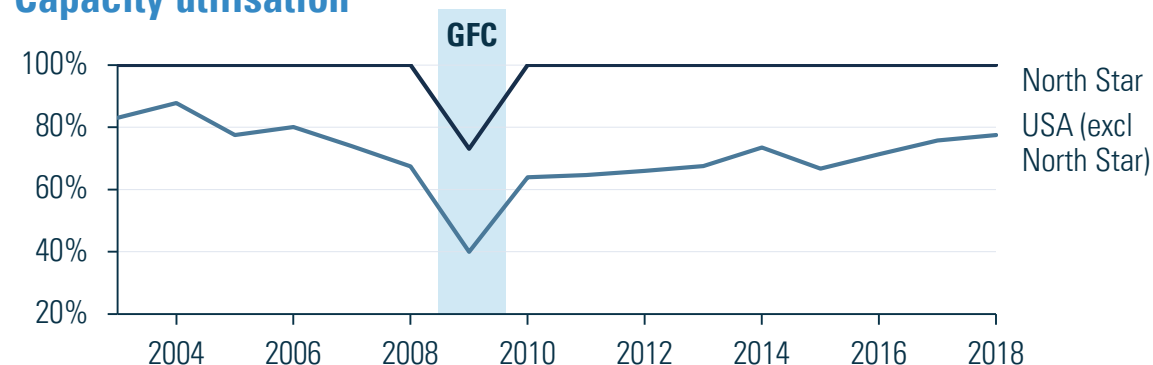
North Star

13.3%

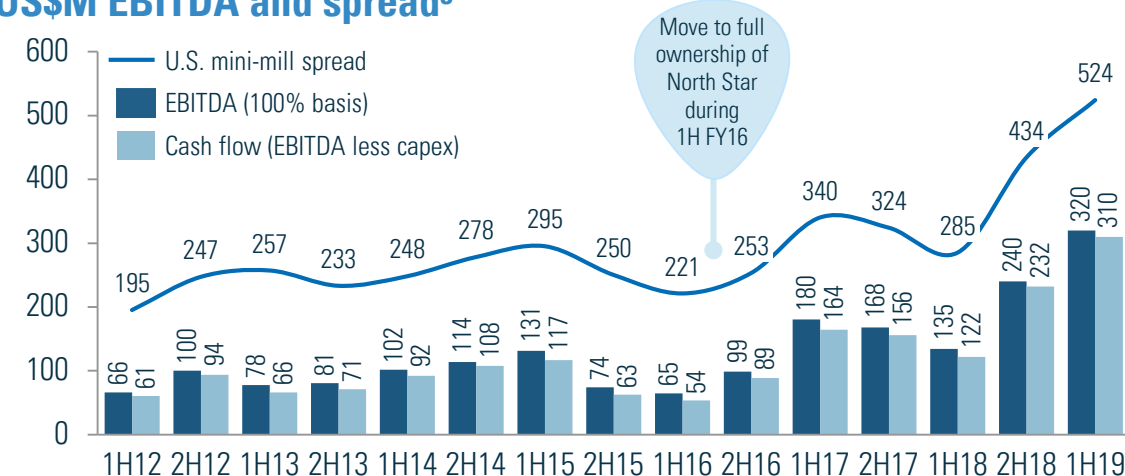


North American Steel Peers²

Capacity utilisation¹



US\$M EBITDA and spread³



(1) Hot Rolled Coil utilisation. Source: CRU, company data

(2) Reflects CY2018 North Star underlying EBIT margin. Peer margin data sourced from company information, simple average of six North American peers using relevant segment information

(3) US Midwest mini-mill HRC spread (metric) – based on CRU Midwest HRC price (assuming illustrative one month lag), SBB #1 busheling scrap price (assuming one month lag) and Metal Bulletin NOLA pig iron price (assuming two month lag); assumes raw material indicative usage of 1.1t per output tonne. Note, North Star sales mix has longer lags

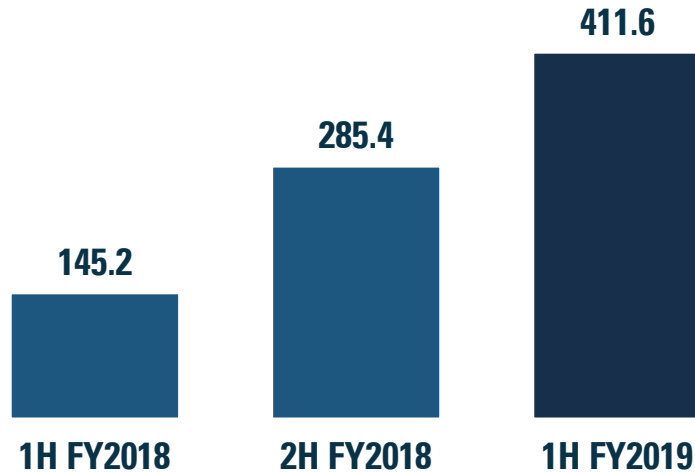


GROUP AND SEGMENT FINANCIALS

Robertson House on the Fleurieu Peninsula, SA, featuring COLORBOND® steel in Windspray®

Record underlying EBIT of \$412M on stronger spreads

Underlying EBIT (\$M)



Total despatches (kt)

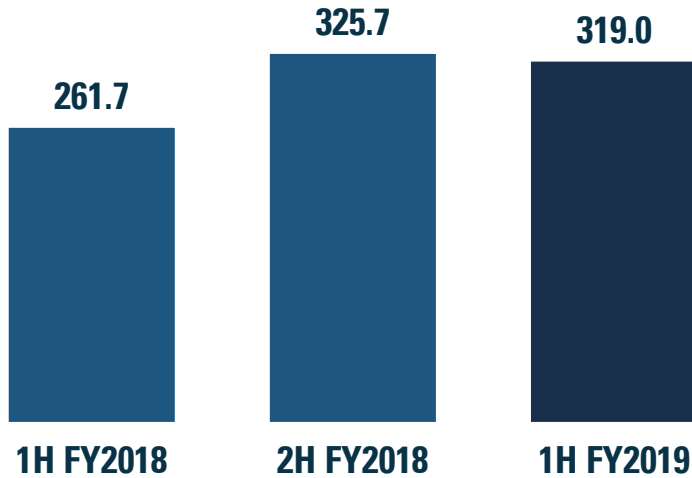


- **44.8% Underlying ROIC**
- Continued strength in Midwest benchmark steel prices during 1H FY2019, supported by robust demand and favourable trade environment
- Continued to operate at 100% capacity utilisation
- Demand strong across key end-use segments
- Sales volume lower than 2H FY2018 on seasonality
- Upward pressure on electrode, refractory and alloy costs of ~US\$10M
- Pursuing further incremental capacity growth; and reviewing expansion opportunity



Stronger spreads and domestic demand led to \$319M underlying EBIT

Underlying EBIT (\$M)



Domestic despatches ex-mill (kt)



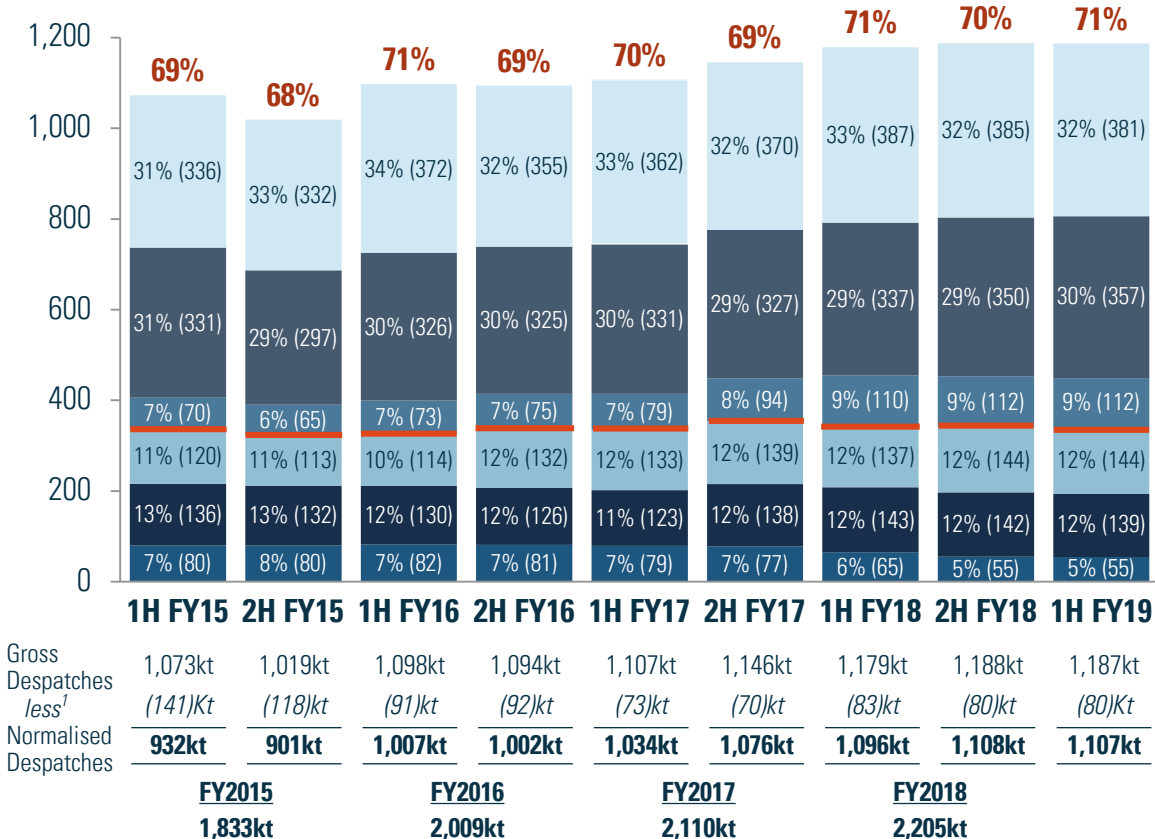
- **24.6% Underlying ROIC**
- Stronger benchmark spreads
 - Domestic and export steel price rises following lift in lagged global steel prices
- Realised spreads moderated due to specific raw material mix and inventory effects as foreshadowed
- Higher contribution from export coke sales, an improvement of \$31M on 2H FY2018
- Domestic volumes have remained robust
- Lower export volumes and higher costs due to short term operational instability
- Higher depreciation costs following the asset write-up



Continued focus on customer engagement is underpinning Australian volumes

Total Australian external domestic despatch volumes (kt)

Total construction % shown in red



DWELLING

- A significant proportion of product goes to alterations and additions
- Balance mainly driven by detached residential commencements; limited exposure to multi-residential
- Detached market more stable than multi-residential

NON-DWELLING

- Consumes a third of our COLORBOND® steel
- Robust activity in larger east-coast states seeing investment in offices, factories and warehouses, hotels, and hospital upgrades; contributions coming from both public and private sectors

ENGINEERING²

- Strong public infrastructure program ramping up, driven by a robust pipeline of transport projects (road & rail) on east coast and utilities, however the rise being offset from LNG pullback

MANUFACTURING

- Stable and aided by lower A\$; strong global economy and improving momentum in domestic non-mining business investment providing key support

AGRI & MINING

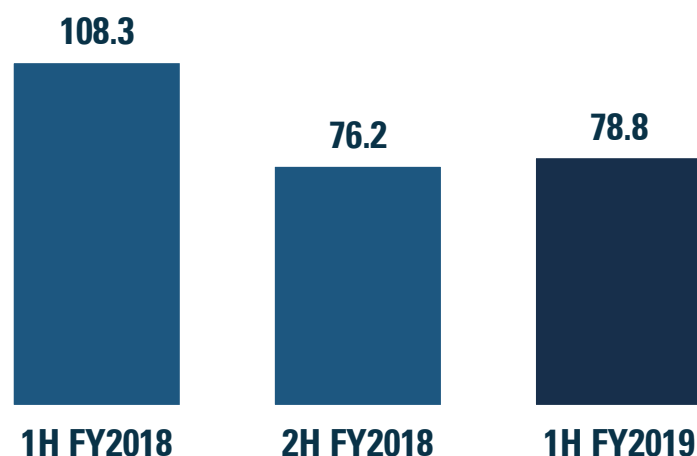
- Growth momentum in agri on Asian demand and weaker A\$ currency being offset by challenging drought conditions; new mining spend and refreshed maintenance programs

TRANSPORT

- Truck bodies, trains, ships, trailers etc

Strong performances from North America, India and China – intervention underway in ASEAN

Underlying EBIT (\$M)



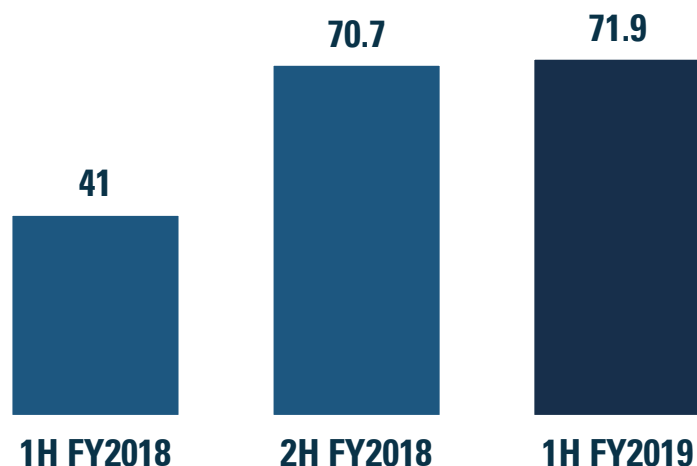
Total despatches (kt)



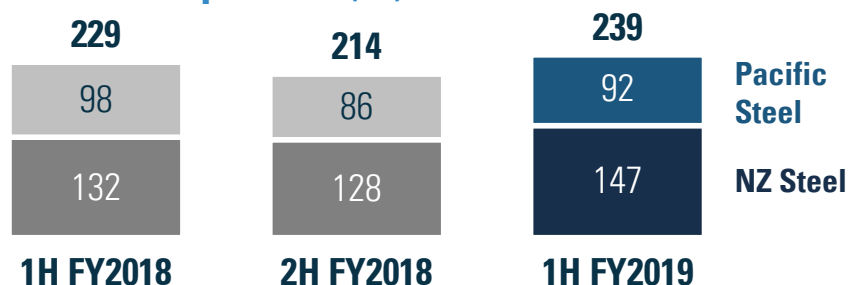
- **10.4% Underlying ROIC**
- North America:
 - Slightly lower result on weaker prices and volume, however overall market conditions remain positive
- China:
 - Strong result on higher volumes and margins driven by benefits of restructuring program
 - Favourable impact from a one-off adjustment of \$5.8M relating to an improvement in revenue recognition methods
- India:
 - Business conditions remain positive; operating at full capacity
 - Our joint venture partner in India, Tata Steel, has acquired Bhushan Steel, which includes coating and painting assets. BlueScope is considering the implications of this acquisition in relation to our TBSL joint venture
- South East Asia:
 - Margins across all the countries continue to be tight with intense competition
 - Softness in the higher margin project segment, including impact of political uncertainty in some nations
 - Intervention underway – program targeting a \$20M cost reduction and manufacturing improvement in FY2019 and full year run rate of \$40M by FY2020
 - Retail demand continued to grow, with retail store network rollout continuing
 - Introduction of Next Generation metal coating technology in progress

Strong performance higher steel prices and net vanadium contribution

Underlying EBIT (\$M)



Domestic despatches (kt)

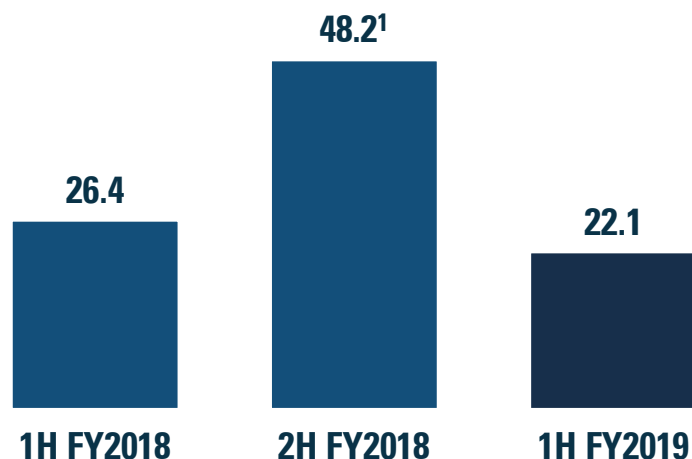


- **40.4% ROIC**
- Higher selling prices on the back of stronger global steel prices
- Domestic demand continues to be strong
 - Continued strong building activity
 - Robust infrastructure demand, especially in roads
- Raw material costs rose on higher coal and coating metals prices
- Higher power prices more than offset by net contribution from vanadium slag by-product sales¹ (up \$23M on 2H FY2018)



End market demand remains strong; despatch volumes marginally lower

Underlying EBIT (\$M)



Total despatches (kt)



- **10.4% ROIC**
- Sales of buildings for end-use applications in the industrial, manufacturing, healthcare, warehousing, aviation and energy sectors remain strong
- Order intake and backlog remain strong, however despatch volumes and margins lower during the half due to longer customer lead times
- As foreshadowed, negligible contribution from BlueScope Properties Group (\$18.3M contribution in 2H FY2018)

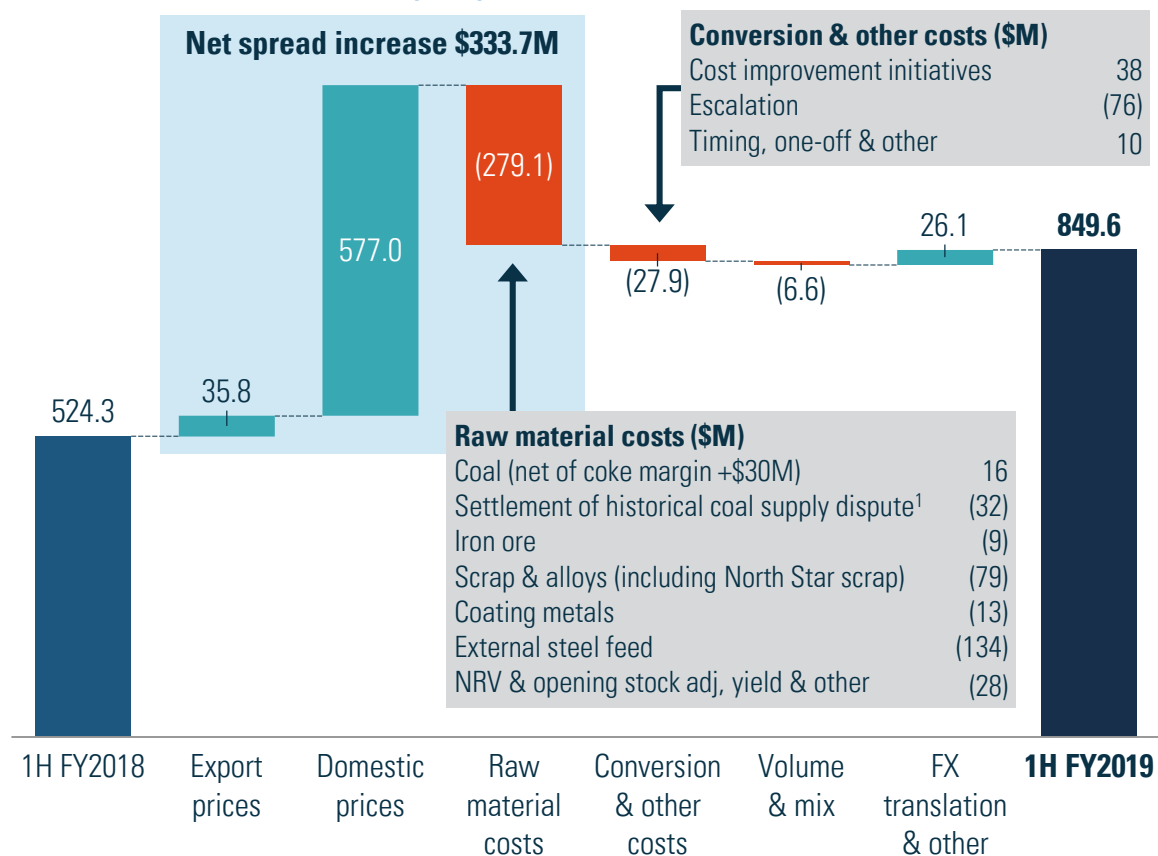


UNDERLYING GROUP EBIT VARIANCE

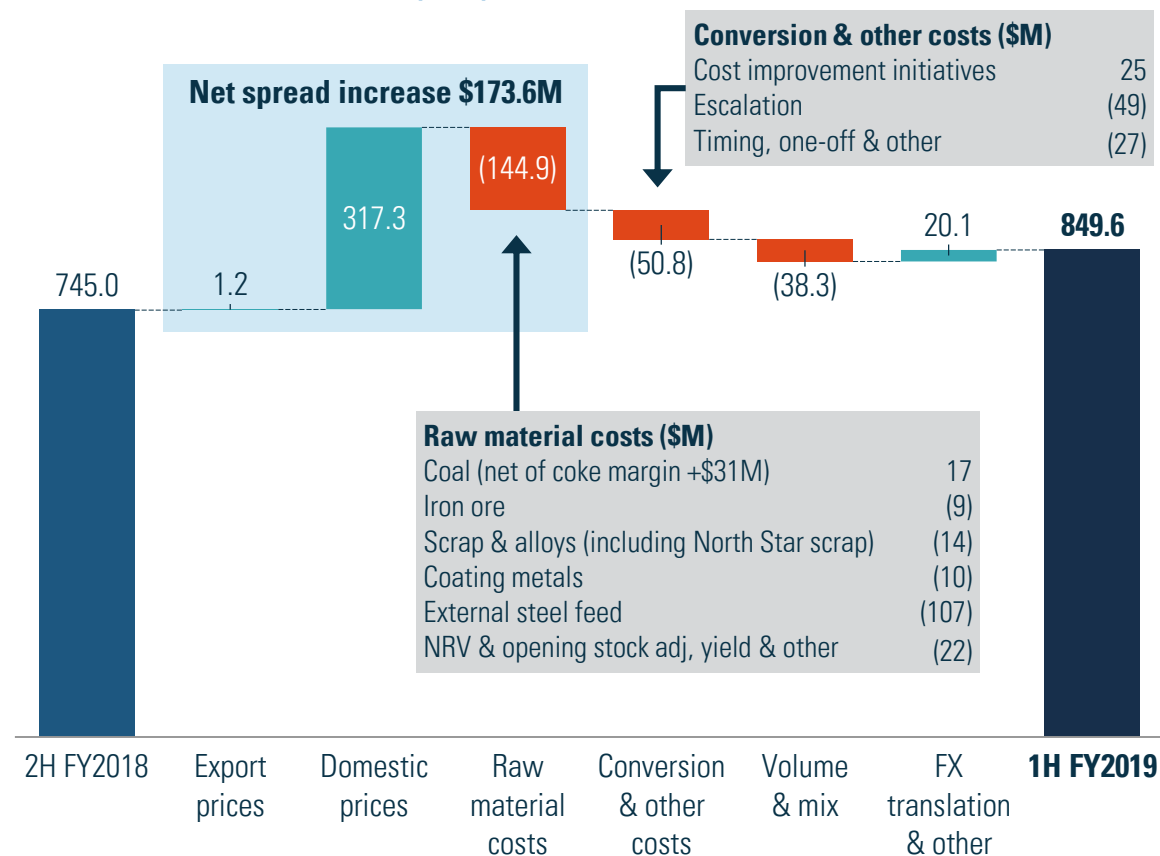
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14% improvement in underlying EBIT over 2H FY2018 largely due to spread

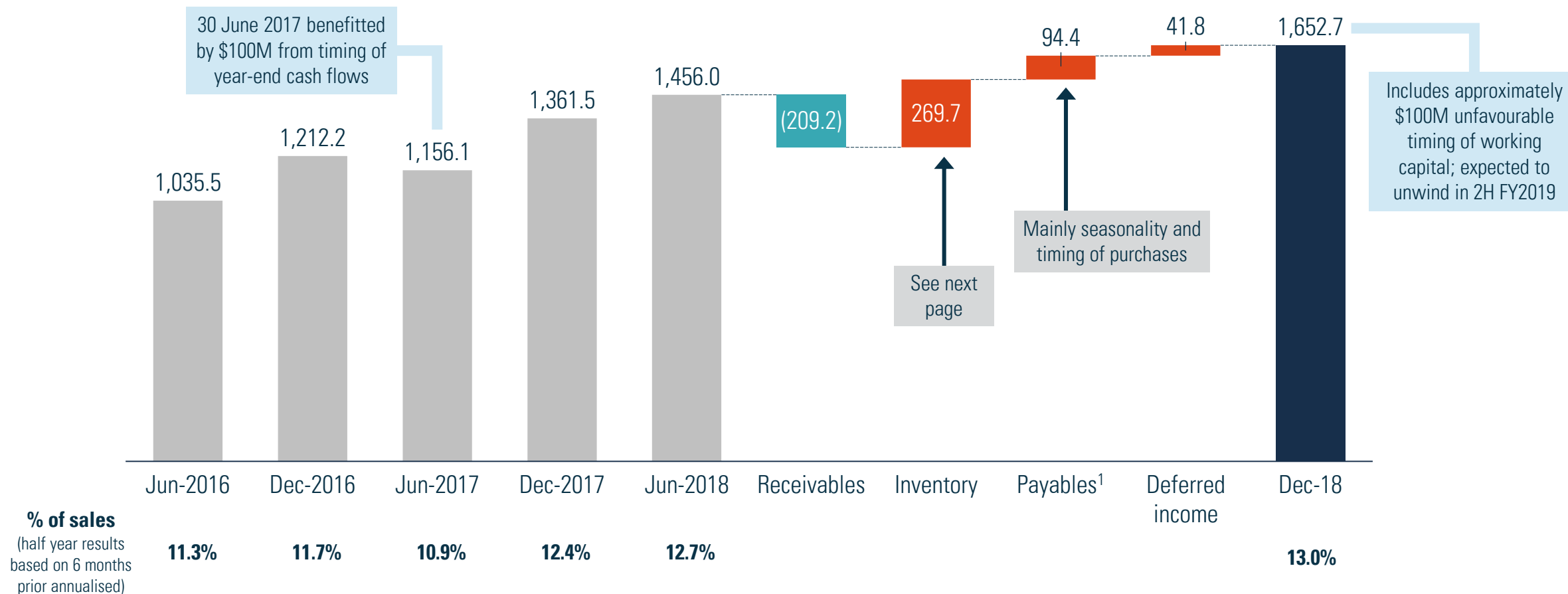
1H FY2019 vs 1H FY2018 (\$M)



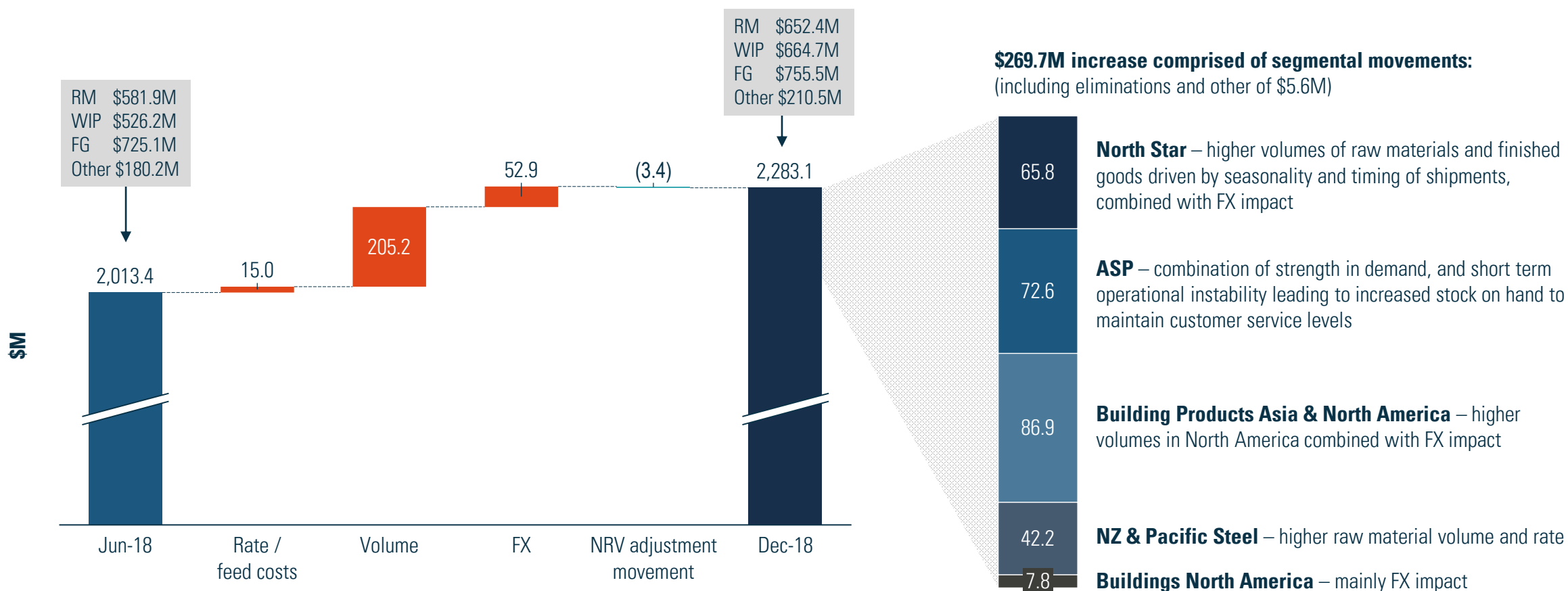
1H FY2019 vs 2H FY2018 (\$M)



Increased inventory due to strong demand and FX the main driver of higher than normal working capital

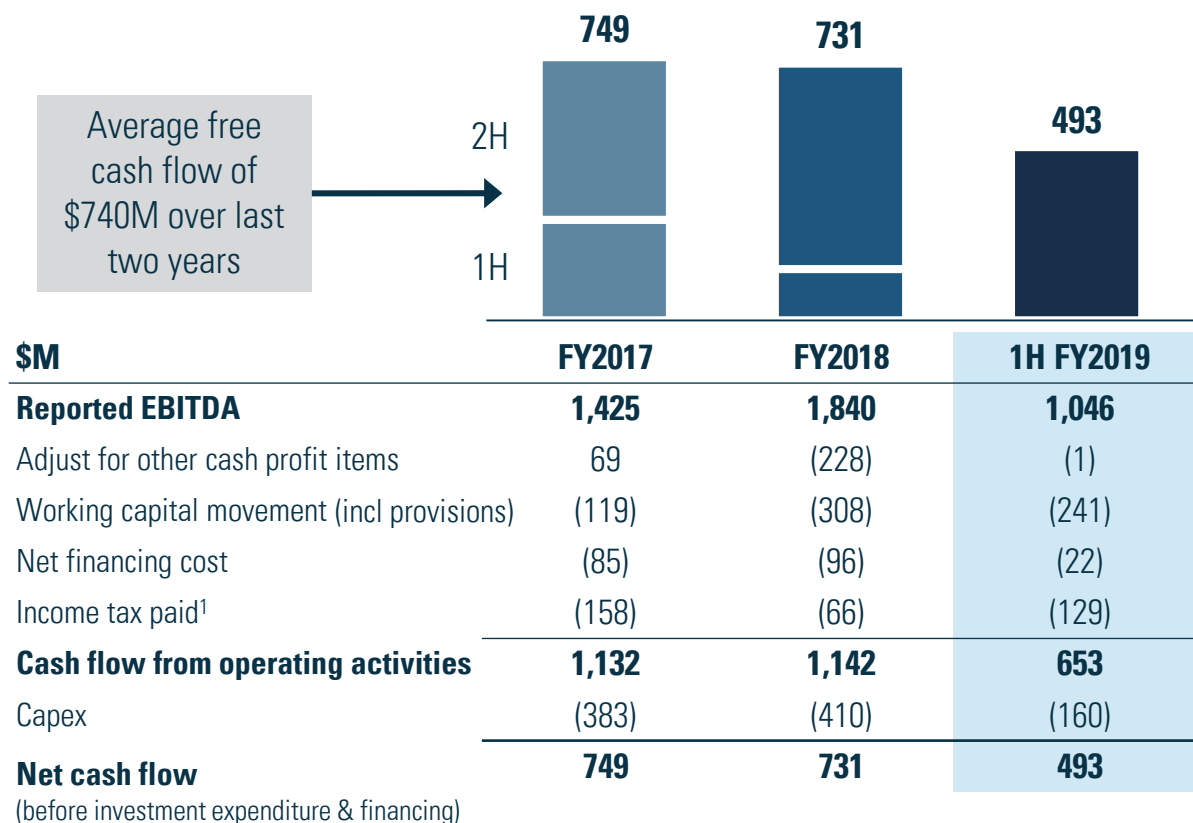


Increase in inventory driven by volume and FX, on the back of high activity levels and a softening A\$

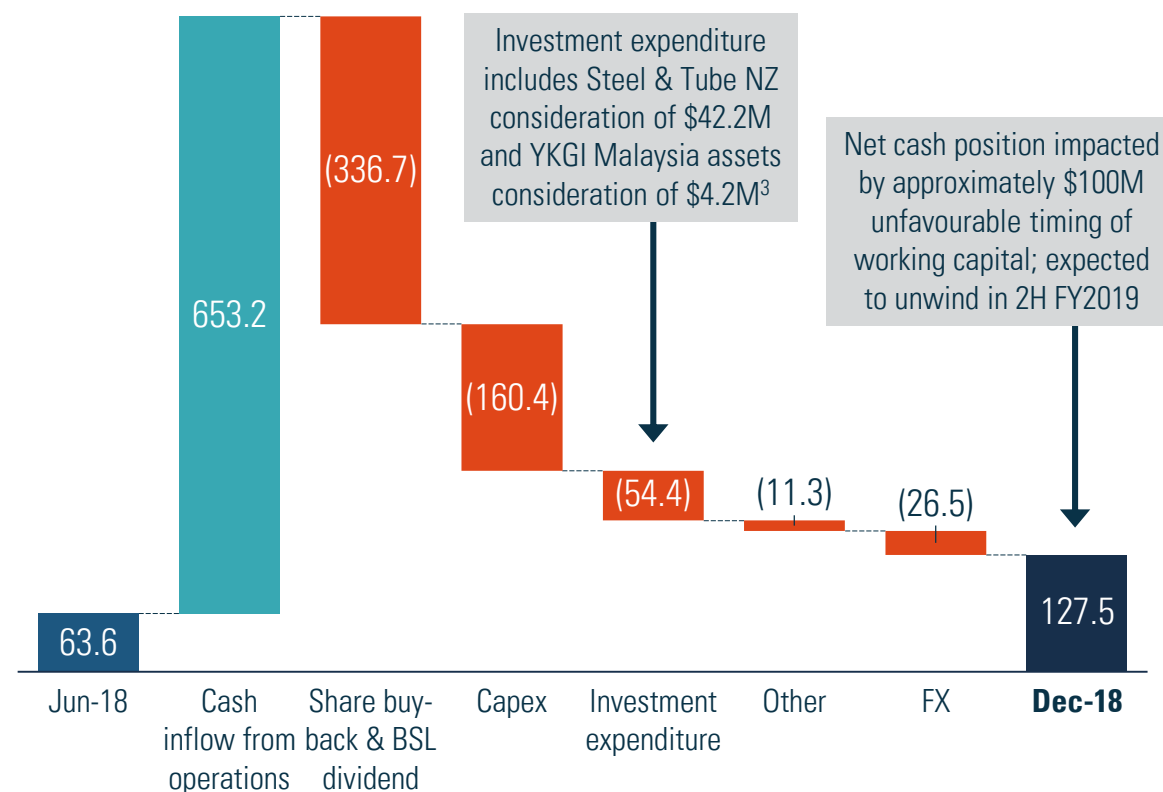


Average free cash flow of ~\$740M over last two years; \$127.5M net cash at 31 December 2018

Net cash flow (before investment exp and financing) (\$M)

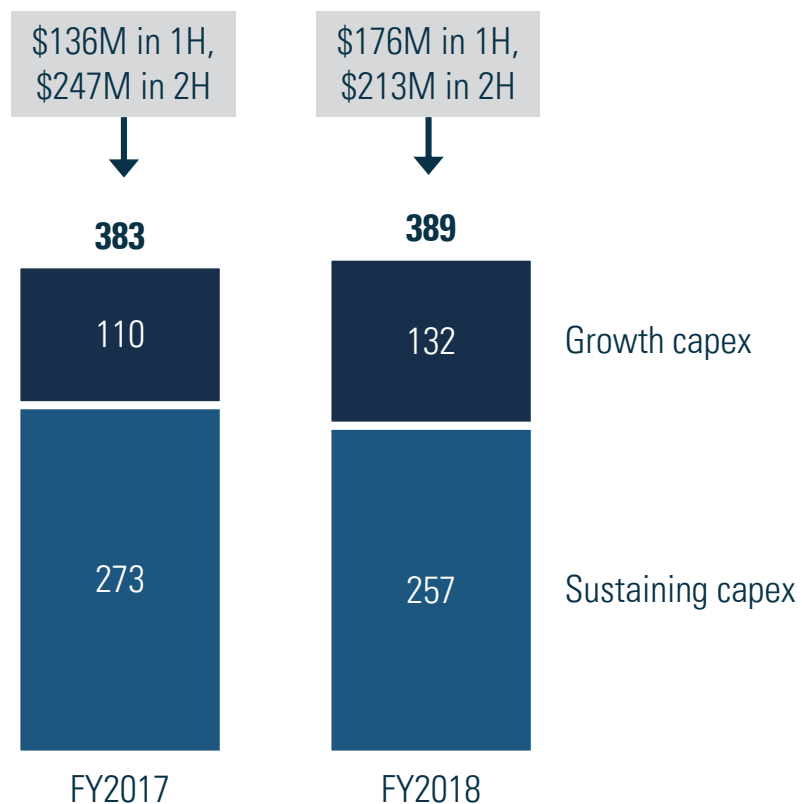


Net cash (\$M)²

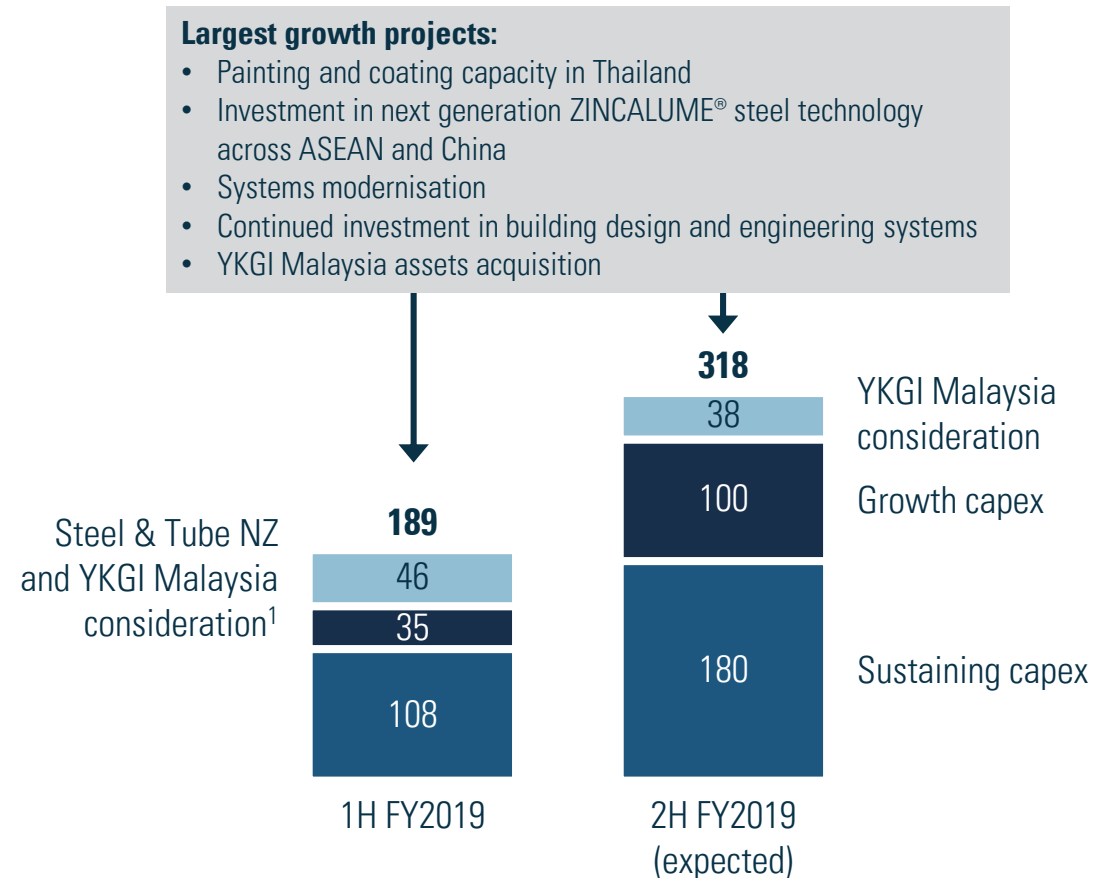


Maintaining safe and reliable operations and a disciplined approach to growth

FY2018 and FY2017 (\$M)



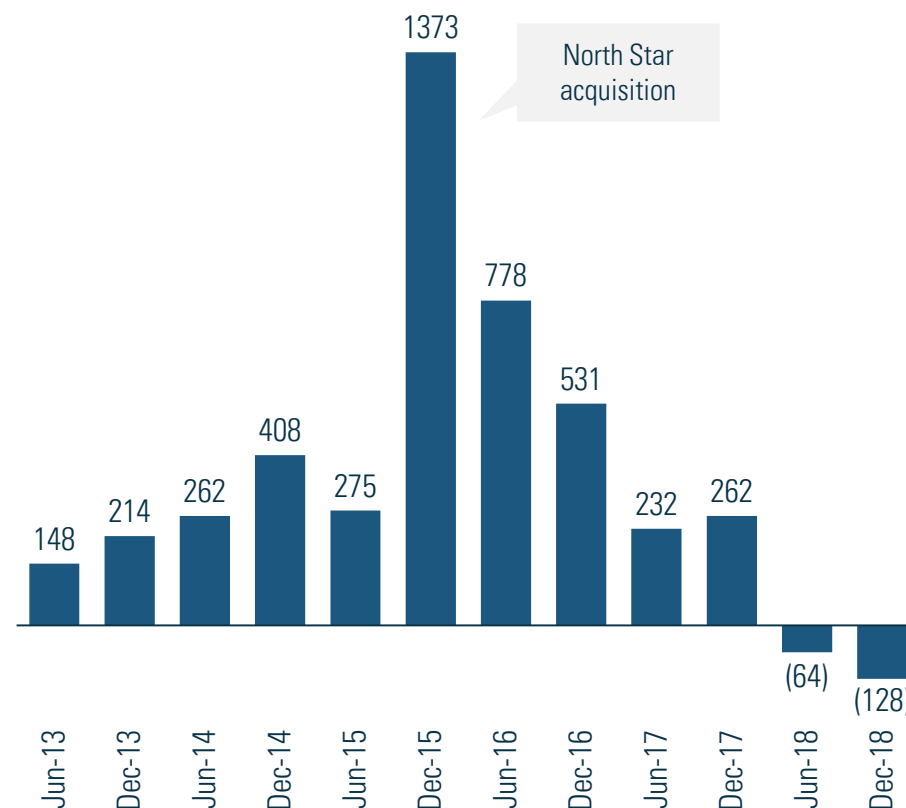
1H FY2019 and 2H FY2019 (\$M)



Investment grade credit ratings; strong credit metrics

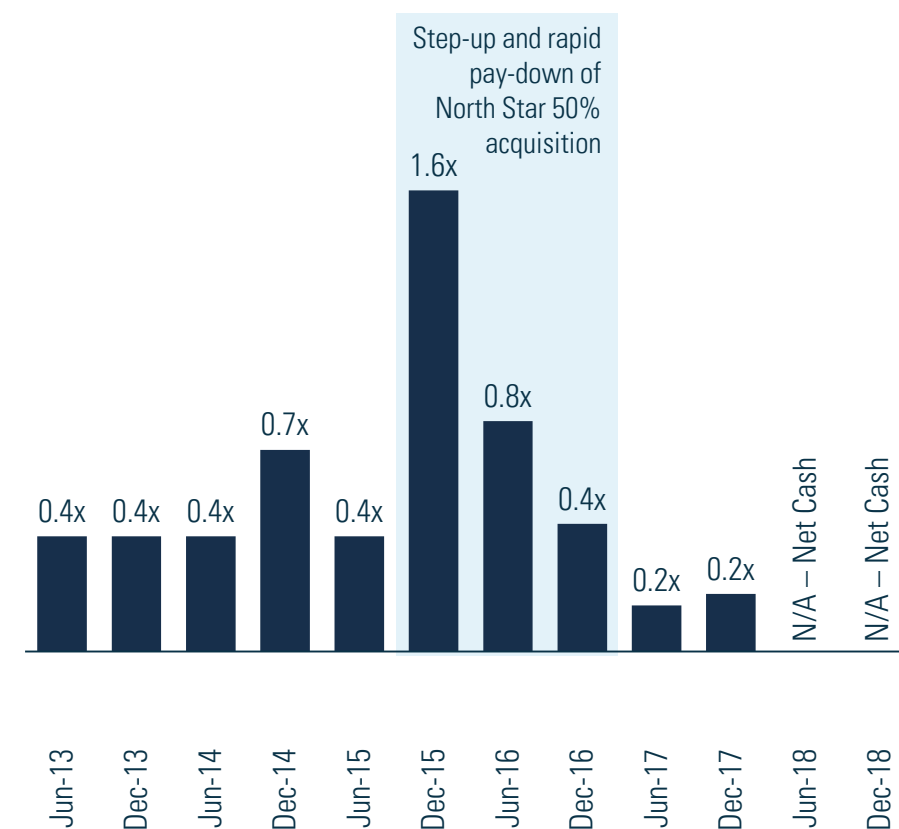
- ✓ Maintained investment grade credit rating
- ✓ Refinanced syndicated bank facilities in August 2018
- ✓ US\$500M 144a Notes replaced with US\$300M Reg-S 5 year notes in May 2018

Net debt / (cash) (\$M)



Leverage

(Net debt to LTM underlying EBITDA¹)





OUTLOOK & SUMMARY



North Star

- Expect a softer result on average benchmark spread² through 2H FY2019, approximately US\$130/t lower than 1H FY2019, noting specific sales mix to benchmark³
- Volume higher on seasonality

Australian Steel Products

- Expect a softer result, driven by:
 - Lower spreads
 - Moderate softening in domestic volume
 - Reduced coke margins and coke volume
- Expected to be offset in part by:
 - Favourable impact of pricing lags
 - Higher export volumes and benefit from actual costs of raw materials in inventory

Building Products Asia & North America

- Overall, expect a similar result
- ASEAN – targeting \$20M benefit from cost reduction and manufacturing improvement program; expect some improvement in volume and margins
- China – considerably softer result due to seasonality, noting favourable impact of revenue recognition change in 1H FY2019
- North America – continued positive market conditions, offset by margin compression from unfavourable inventory cost effect

New Zealand & Pacific Steel

- Expect a lower result mainly driven by lower benchmark selling prices
- Lower net contribution from vanadium slag by-product sales (down \$15M)
- No material relief expected from elevated electricity costs
- Unfavourable impact from timing of scheduled maintenance shuts

Buildings North America

- Expect a stronger result on higher volumes and margins
- Continued strength in order intake across end use segments

- The Company currently expects FY2019 underlying EBIT to be around 10% higher than FY2018 (which was \$1,269M). The second half is expected to be softer than the first half of FY2019.
- Based on 2H FY2019 average assumptions¹:
 - East Asian HRC price of ~US\$510/t
 - 62% Fe iron ore price of ~US\$80/t CFR China
 - Index hard coking coal price of ~US\$195/t FOB Australia
 - US mini-mill benchmark spreads to be US\$130/t lower than 1H FY2019
 - A\$:US\$ at US\$0.72
- Expect 2H FY2019 underlying net finance costs and underlying tax rate to be similar to 1H FY2019; and higher profit attributable to non-controlling interests to 1H FY2019
- Expectations are subject to spread, FX and market conditions



QUESTIONS?





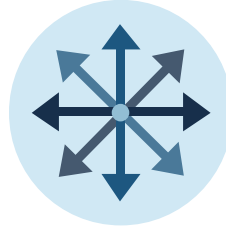
BLUESCOPE: A DIFFERENT KIND OF STEEL BUILDING PRODUCTS COMPANY

House in the Central Coast Hinterland, NSW, featuring COLORBOND® steel in Ironstone®

What makes us different?



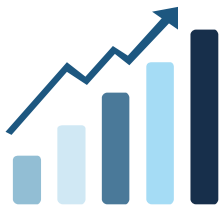
**TECHNOLOGY,
BRANDING & CHANNELS**



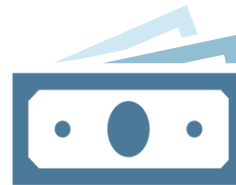
**BUSINESS
DIVERSIFICATION**



**COST
COMPETITIVENESS**



**DISCIPLINED
GROWTH**



**CASH GENERATION &
CAPITAL MANAGEMENT**



**APPROACH TO
SUSTAINABILITY**



Continued investment in research & development to maintain leadership in steel coating and painting technologies

Product Technology and Development Leadership

Advanced pre-painted and metallic coating development for building, construction and home appliance markets

- Development of the innovative COLORBOND® Matt paint finishes
- Roll out of leading proprietary AM¹ metal coating technology across the globe

Technical product assessment methods providing deep understanding of product performance in both accelerated and real outdoor exposure conditions

- In-house NATA certified product testing capability – building codes, standards, corrosion, durability

Process Innovation and Advanced Testing

Continued focus on developing and improving production and design processes

- Continuous coil painting process technology (e.g. high speed, inline MCL painting)
- Collaborative innovation capabilities (including working with academia and third parties to innovate)
- Comprehensive development and management of intellectual property and know-how
- Product design and innovation processes – including Design Thinking and Stage Gate processes





Brands – a portfolio of many well-known and respected names to support our premium branded positions

Australia

Colorbond®
Truecore®
Zincalume®
TruSpec®



New Zealand

COLORSTEEL®
NEW ZEALAND'S FAVOURITE ROOF
GALVSTEEL®
Axxis®
STEEL FOR FRAMING
Zincalume®



Asia



North America





Channels – clear focus on knowing our end customers and maintaining strong channels to market

Australia

LYSAGHT

FIELDERS

Orrcon Steel



New Zealand

PACIFIC STEEL
CERTAIN STRENGTH



Asia

LYSAGHT

TATA SHAKTEE

BLUESCOPE
Zacs



North America

BUTLER

VP BUILDINGS
VARCO PRUDEN

AEP SPAN

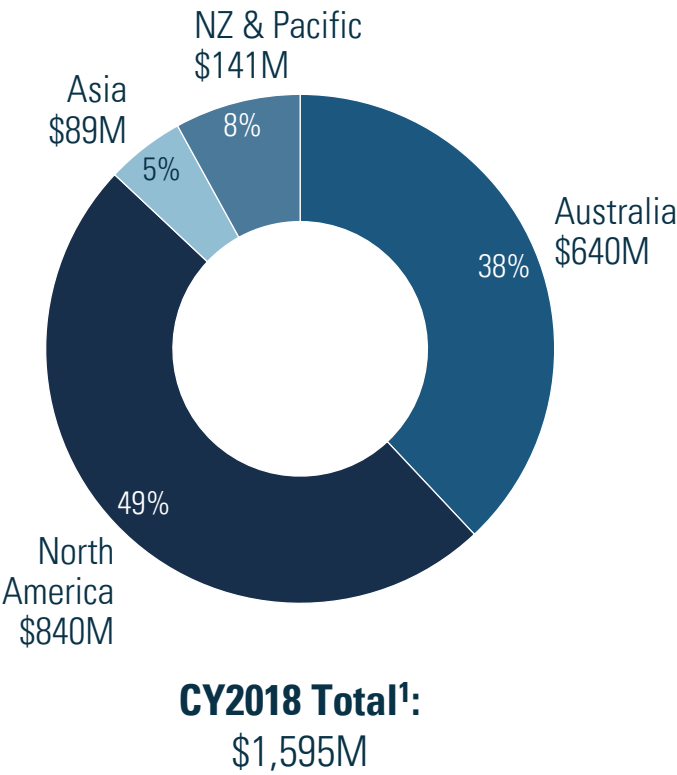
ASC
BUILDING PRODUCTS



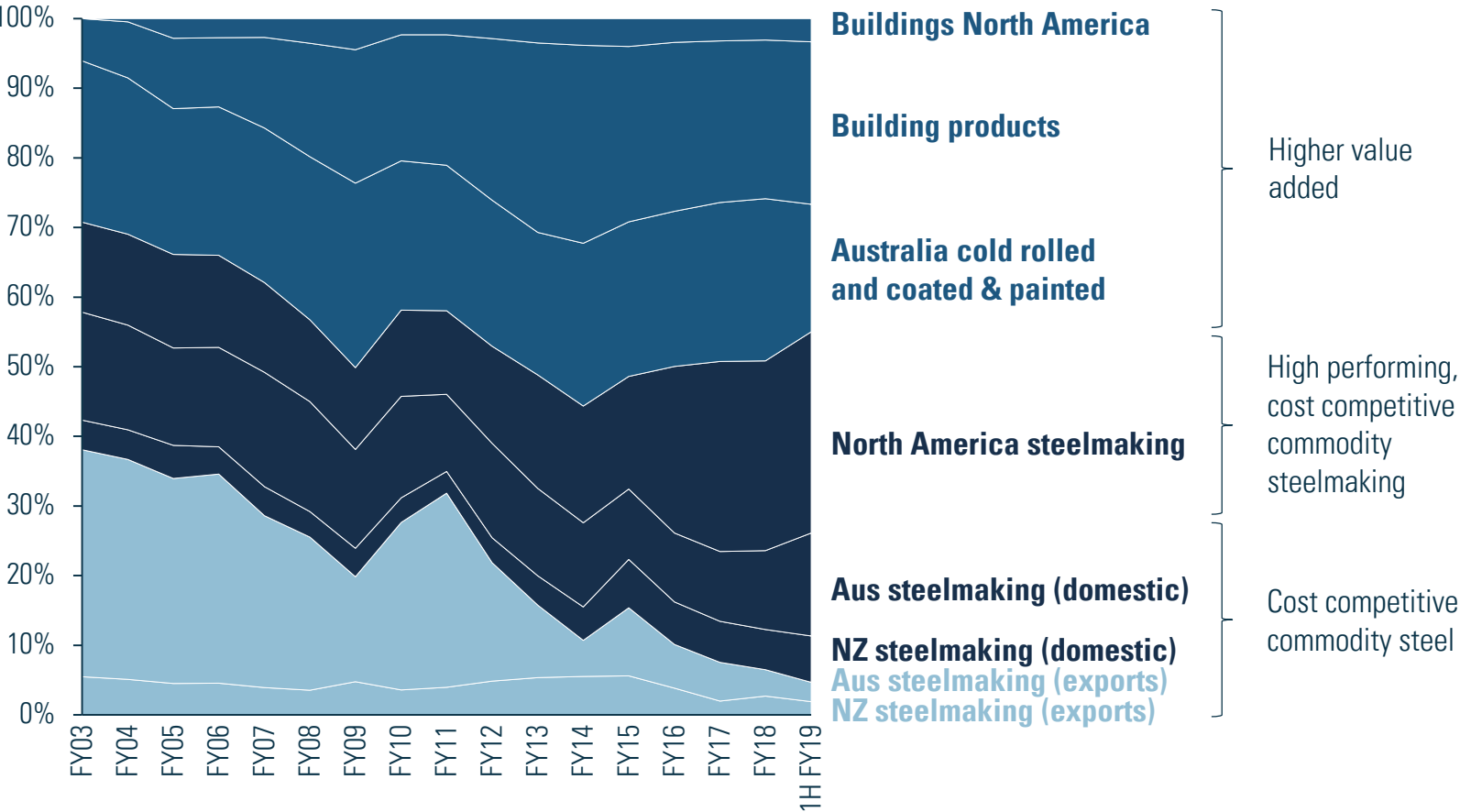


Geographic diversity and increasing contribution from value-added products

Underlying EBITDA by region (\$M)



BlueScope despatch volume mix

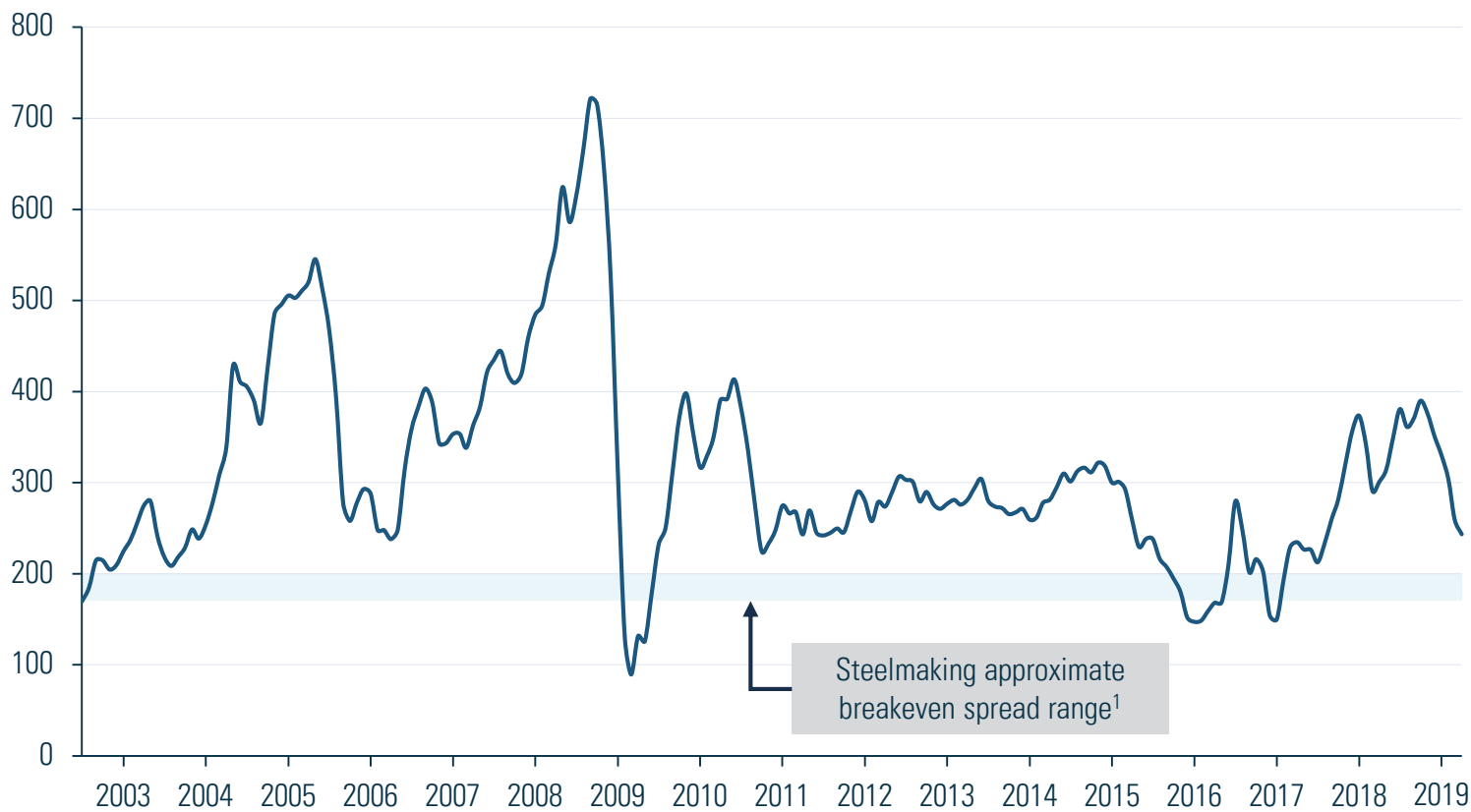


(1) Total includes corporate costs & eliminations of \$115M, excluded from pie chart

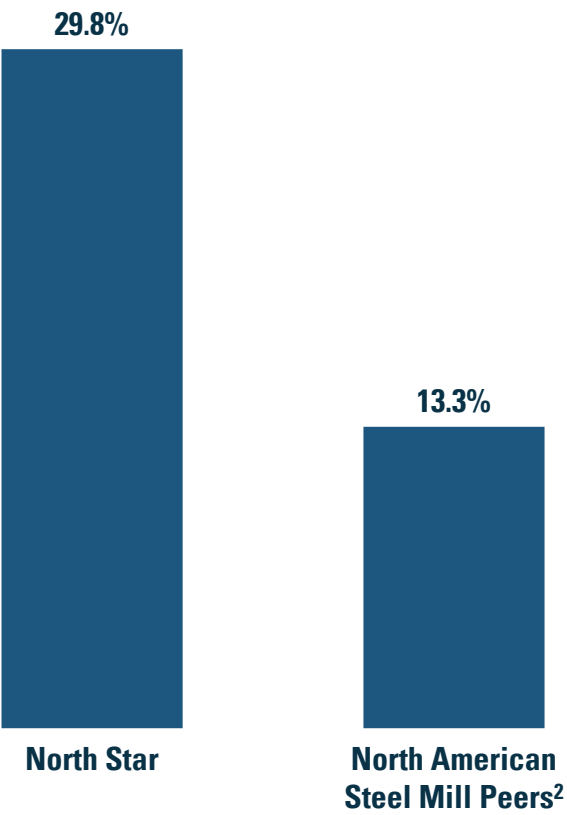


Australian steelmaking breakeven at minimum recent spreads; North Star leading margin in US steelmakers

East Asian steel spread & estimated ASP steelmaking cash breakeven (US\$/t)



North Star’s and North American peers’ EBIT margin



(1) Approximate breakeven calculation based on recent business performance; may not be a reliable guide for the future
(2) Reflects CY2018 North Star underlying EBIT margin. Peer margin data sourced from company information, simple average of six North American peers using relevant segment information

¹Indicative steelmaker HRC spread¹ representation based on simple input blend of 1.5t iron ore fines and 0.71t hard coking coal per output tonne of steel. Chart is not a specific representation of BSL realised HRC spread (eg does not account for iron ore blends, realised steel prices etc), but rather is shown to primarily demonstrate movements from period to period. SBB East Asia HRC price lagged by three months up to Dec 2017, four months thereafter –broad indicator for Australian domestic lag, but can vary. Indicative iron ore pricing: 62% Fe iron ore fines price assumed. Industry annual benchmark prices up to March 2010. Quarterly index average prices lagged by one quarter from April 2010 to March 2011; 50/50 monthly/quarterly index average from April 2011 to December 2012. Monthly thereafter. FOB Port Hedland estimate deducts Baltic cape index freight cost from CFR China price. Lagged by three months. Indicative hard coking coal pricing: low-vol, FOB Australia. Industry annual benchmark prices up to March 2010; quarterly prices from April 2010 to March 2011; 50/50 monthly/quarterly pricing from April 2011 to Dec 2017; monthly thereafter. Lagged by two months up to Dec 2017; three months thereafter.

Investing for the future across our portfolio through a returns focussed process driving competition for capital

Capital expenditure principles

**INVEST TO MAXIMISE
VALUE FROM “BEST IN
CLASS” ASSETS**

**INVEST FOR GROWTH IN
PREMIUM BRANDED
PRODUCTS**

**INVEST IN CUSTOMER,
TECHNOLOGY AND
INNOVATION**

Examples of growth opportunities

M

Building Products Asia
Roll out of Next Generation
ZINCALUME™ coating technology



Building Products Asia
Continued roll out of ZACS®
Authorised Dealer retail network



North Star
Capacity expansion study



Building Products Asia
Acquisition of YKGI Holdings' cold
rolling mill in Malaysia



Buildings North America
Robotic welder trials for frame
fabrication



**Building Products
North America**
Crane automation at Steelscape



Australian Steel Products
Automation initiatives across key
manufacturing sites



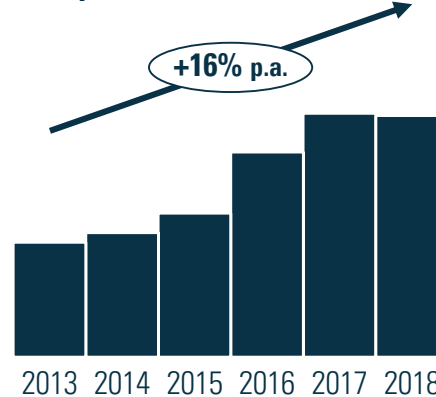
Australian Steel Products
New TRU-SPEC™ line at Port
Kembla Steelworks

New coil plate capacity provides a strong foundation for growth; light gauge steel framing growth continues

New TRU-SPEC® coil plate line

- Investing in a new 160kt stretch levelling coil plate line at Port Kembla, in addition to the 113kt line installed in 2014
- Opportunity to further grow TRU-SPEC™ steel sales, reduce complexity and cost in the supply chain, improve the service offer and strengthen our delivery performance

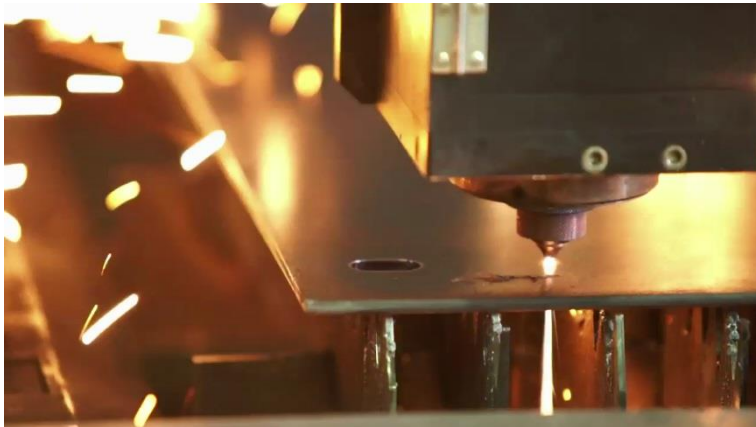
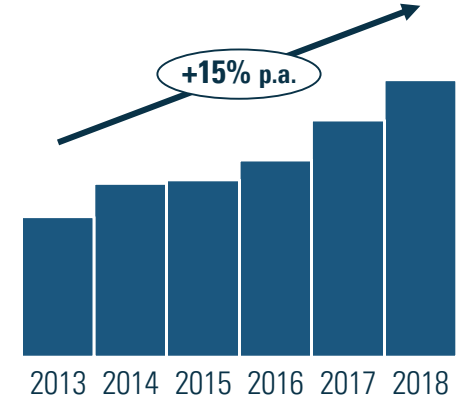
Coil plate sales volumes¹



Light gauge steel framing growth

- Continues to be an exciting growth opportunity
- Sales of TRUECORE® steel continued to increase on the back of robust demand and intermaterial growth
- Distributor and fabricator numbers are growing, with end-user and trade acceptance continuing

TRUECORE® sales volumes¹



Benefits of selecting TRU-SPEC®

- ✓ Consistent high quality
- ✓ Excellent flatness
- ✓ Excellent surface quality
- ✓ Improved cutting and processing efficiency
- ✓ Backed by BlueScope



Benefits of building with TRUECORE®

- ✓ Straight and true
- ✓ 100% termite proof
- ✓ Won't catch fire
- ✓ Efficient and fast to install
- ✓ Greater design versatility
- ✓ Backed by BlueScope

Robotics and automation opportunities unlocking the next wave of productivity improvements and cost savings

Coil marking robot, North Star

- A new robotic arm that replaced a basic marking tool which marks each coil with its identification number as the coils come off the hot strip mill.
- Provides improved legibility, speed and optionality with markings, whilst reducing safety risks



Coil core robot, Vietnam

- The robot autonomously inserts cardboard or steel sleeves into the centre of metal coated or painted coils
- This capability was not present prior to installing the robot, which addressed a market need, reducing complaints and claims without manual handling risks



Automated cranes, ASP

- Retrofitting existing slab handling cranes with automation hardware and software at Port Kembla
- This upgrade will drive important productivity and cost efficiency gains, through reduced downtime and increased operational accuracy



Auto welder, Buildings North America

- Upgrading antiquated auto-welders with latest automation technology
- Provides capacity improvements for the following production processes, and reduced downtime and consumables from manual welding intervention, whilst also reducing exposure safety risk



CASH GENERATION & CAPITAL MANAGEMENT

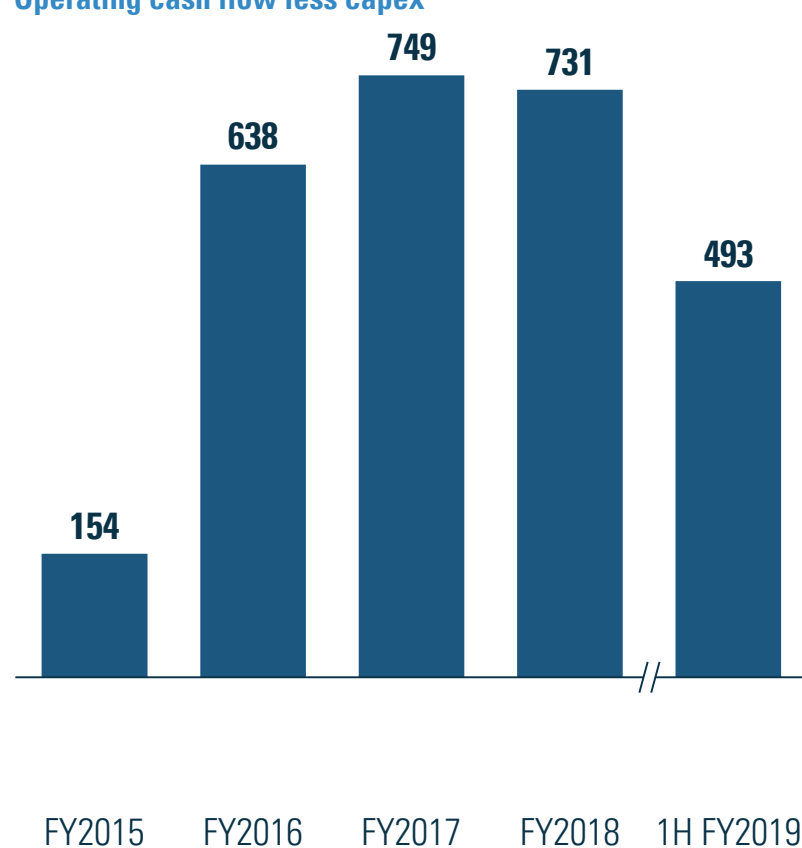


48

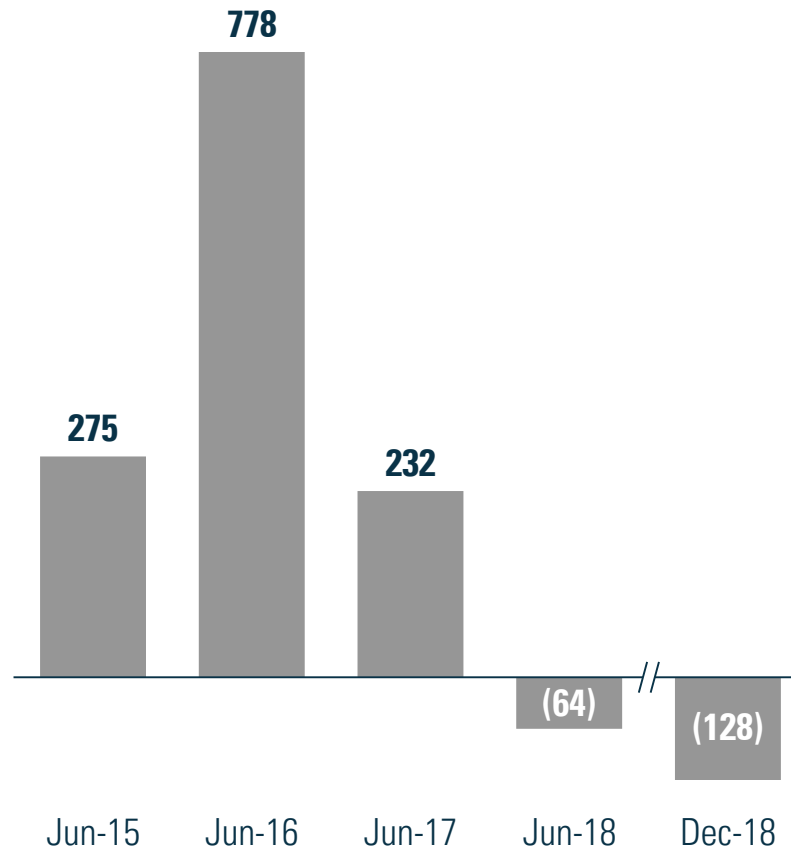
Robust cash generation to support growth and shareholder returns

Free cash flow (\$M)

Operating cash flow less capex

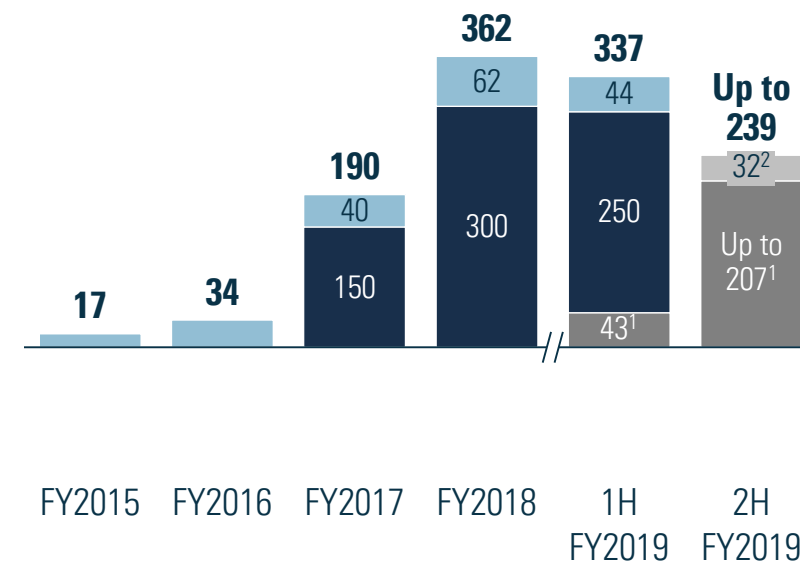


Net debt / (cash) (\$M)



Shareholder returns (\$M)¹

Dividend
Buy-back



(1) Buy-back program of up to \$250M announced on 3 December 2018, with \$43M purchased in 1H FY2019 and up to \$207M remaining in 2H FY2019.

(2) 1H FY2019 interim dividend of 6.0 cps announced 25 Feb 2019, with payment date of 2 Apr 2019



Continued focus on our key materiality topics driving improvements in performance and disclosure

SAFETY, HEALTH AND WELLNESS

- LTIFR (lost time injuries) and MTIFR (medically treated injuries) of 0.82 and 4.9 per million man-hours worked respectively in 1H FY2019
- Focus in 2H 2019 is on how we can deliver a future step change in our safety performance by further transitioning from a culture of compliance to one of individual engagement and accountability

SUPPLY CHAIN SUSTAINABILITY

- Project continues, with focus in 2H FY2019 on:
 - Internal training and rollout of improved processes
 - Rollout of BlueScope Supplier Code of Conduct
 - Engagement with high priority suppliers and assessment against the Supplier Code of Conduct
 - Reviewing the program rollout and schedule against Modern Slavery Act

CLIMATE CHANGE

- Achieved an additional 1.2% reduction in GHG emission intensity from 2017
- Developed our shadow carbon pricing approach, climate risk scenarios and GHG emissions intensity reduction targets
- Focus in 2H FY2019 is on working through our three year climate plans

DIVERSITY AND INCLUSION

- Female participation in the total BlueScope workforce has increased to 20 per cent in 1H FY2019, with 40 per cent of new recruits to operating roles being women. The rate of women hired to all roles across the Group has doubled since FY2016.
- Continuing our focus in 2H FY2019 on gender diversity, inclusion and equity, along with development and training in these areas.

GOVERNANCE AND BUSINESS CONDUCT

- In Our Bond, we recognise that our strength is in choosing to do what is right.
- In 1H FY2019, the BlueScope ethics and compliance function was enhanced to further ensure our business operates to the standard guided by Our Bond, along with the extensive laws and regulations that govern our businesses.



More information on BlueScope's sustainability approach and performance can be found in the FY2018 Sustainability Report, at www.bluescope.com/sustainability



Our four pillars of commitment to action

Support the Paris agreement and the commitments of the countries in which we operate

- **Reduced GHG emissions intensity**
 - Average aggregated GHG emissions intensity of three steelmaking facilities reduced by 1.2% in FY2018 from FY2017
- **As at FY2018, ASP has achieved over 40% cut in Australian GHG emissions from 2011 to 2018**
 - By reducing excess export capacity in response to global steel overcapacity
 - Significant contribution to Australia's commitment under Paris Agreement
- **Position on energy policy**
 - Supporters of energy policy that addresses the trilemma (affordability, reliability and emissions)

Acknowledge steelmaking produces emissions; working to reduce the impact

- **Developed emissions intensity reduction targets in reference to detailed sector scenarios from the IEA 2° scenario model**
 - 33% reduction to 2030 compared to 2005 (equivalent to an additional 1% reduction year on year, from 2018)
- **Signed renewable energy agreement equivalent to 20% of our Australian electricity consumption**
 - BSL off-take of 66% of 133MW AC generated
 - Project will support decarbonisation of electricity grid by 300,000t CO₂-e p.a.
- **Implementing energy efficiency and emissions reduction projects**
 - Focusing on working through our three year climate plans in 2H FY2019

Governance structures seek to ensure understanding and management of climate risk

- **Climate addressed from Board down**
 - Risk and Sustainability Committee
 - Sustainability Council (with exec. lead team representation)
 - VP Sustainability and Sustainability Manager
- **Aligning climate change reporting with Task Force on Climate-related Financial Disclosure (TCFD), including outcomes of scenario analysis**
 - Global cooperation
 - Patchy progress
 - Runaway climate change
- **Shadow carbon pricing**
 - Evolved our capital investment framework to better align with our climate risk scenarios

Steel plays a key role in sustainable development, given its longevity and endless recyclability

- **Recycled steel as manufacturing feed**
 - ~20% recycled pre and post consumer scrap content in Aust. and NZ steel production
 - ~75% at North Star
- **Driving certification**
 - Founding member of ResponsibleSteel, and its industry supply chain certification scheme, currently under development
- **Building a culture of sustainability**
 - Extensive reuse and recycling of by-products (over 97% material efficiency)
 - Contributing to circular economy, with significant lifecycle energy and GHG benefits





Enhancing our sustainability reporting

FY2016 Report

Initial step towards sustainability reporting, combining content of BlueScope's annual Community Safety and Environment Report, our People Report, and the Annual Report



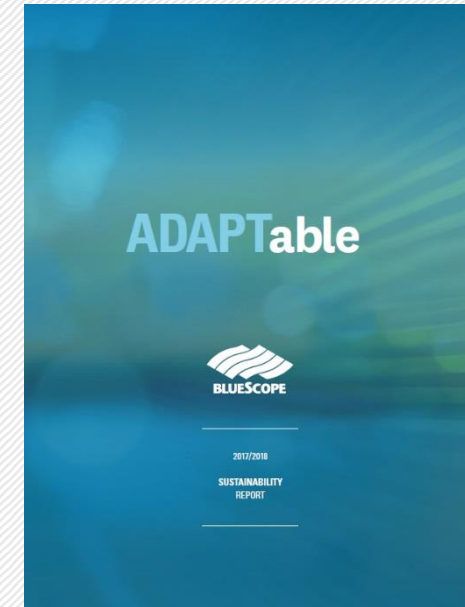
FY2017 Report

Substantive update using stakeholder consultation and GRI framework. Initial TCFD disclosure



FY2018 Report

Enhanced disclosure on material topics, further alignment to TCFD recommendations, including climate-related scenario analysis, and an expanded review of supply chain sustainability





ADDITIONAL INFORMATION – GROUP-LEVEL MATERIAL

\$M (unless marked)	SIX MONTHS ENDED			1H FY19 vs 1H FY18
	31 DEC 2017	31 DEC 2018		
Total revenue	5,490.5	6,422.9		↑
External despatches of steel products (kt)	3,715.0	3,654.4		↓
EBITDA – Underlying ¹	710.2	1,055.7		↑
EBIT – Reported	510.5	840.0		↑
– Underlying ¹	524.2	849.6		↑
NPAT – Reported	441.2	624.3		↑
– Underlying ¹	327.0	613.5		↑
EPS – Reported	78.6 cps	115.3 cps		↑
– Underlying ¹	58.3 cps	113.3 cps		↑
Underlying EBIT Return on Invested Capital	17.1%	24.9%		↑
Net Cashflow From Operating Activities	357.9	653.2		↑
– After capex	156.2	492.8		↑
Interim dividend	6.0 cps	6.0 cps		—
Net cash / (debt)	(262.1)	127.5		↑

RECONCILIATION BETWEEN REPORTED AND UNDERLYING EBIT AND NPAT¹

	1H FY2018		1H FY2019	
	EBIT \$M	NPAT \$M	EBIT \$M	NPAT \$M
Reported results	510.5	441.2	840.0	624.3
<i>Underlying adjustments</i>				
Discontinued business (gains) / losses	14.3	14.3	4.9	5.3
Tax asset impairment / (write-back)	-	(75.5)	-	(17.8)
Restructuring & redundancy costs	3.9	1.8	4.7	1.7
Asset sales	(4.5)	(2.7)	-	-
US tax reform	-	(52.1)	-	-
Underlying results	524.2	327.0	849.6	613.5

UNDERLYING EARNINGS, NET FINANCE AND TAX COST

55

\$M	1H FY2018	2H FY2018	1H FY2019	
Underlying EBIT	524.2	745.0	849.6	
Underlying finance costs	(40.6)	(40.0)	(27.2)	
Interest revenue	3.8	4.9	7.3	
Profit from ordinary activities before tax	487.4	709.9	829.7	
Underlying income tax (expense)/benefit	(127.0)	(182.0)	(200.8)	
Underlying NPAT from ordinary activities	360.4	527.9	628.9	
Net (profit)/loss attributable to non-controlling interests	(33.4)	(28.9)	(15.4)	
Underlying NPAT attributable to equity holders of BSL	327.0	499.0	613.5	

Breakdown of net finance costs

Reg-S Bonds	9.6
Syndicated bank facility charges	3.9
Finance leases	6.1
Amortisation of borrowing costs and present value charges (non-cash)	1.7
Other finance costs (incl NS BlueScope interest costs)	5.9
Less, interest income	(7.3)
Total net interest	19.9

24.2% effective underlying tax rate

SUMMARY OF FINANCIAL ITEMS BY SEGMENT

56

Sales revenue

\$M	1H FY2018	2H FY2018	FY2018	1H FY2019
North Star BlueScope Steel	860.6	1,063.3	1,923.9	1,265.0
Australian Steel Products	2,565.7	2,857.4	5,423.2	2,869.9
Building Products Asia & North America	1,309.2	1,384.6	2,693.8	1,481.2
New Zealand and Pacific Steel	386.8	446.8	833.6	463.5
Buildings North America	523.3	583.1	1,106.4	587.4
Intersegment, Corporate & Discontinued	(169.2)	(261.9)	(431.2)	(259.7)
Total	5,476.4	6,073.3	11,549.7	6,407.3

Underlying EBITDA

\$M	1H FY2018	2H FY2018	FY2018	1H FY2019
North Star BlueScope Steel	172.5	313.1	485.6	441.4
Australian Steel Products	350.6	418.8	769.4	424.1
Building Products Asia & North America	146.0	112.6	258.6	115.2
New Zealand and Pacific Steel	63.2	92.9	156.1	96.6
Buildings North America	36.1	58.0	94.1	32.0
Intersegment, Corporate & Discontinued	(58.2)	(61.0)	(119.2)	(53.6)
Total	710.2	934.4	1,644.6	1,055.7

Total steel despatches

'000 tonnes	1H FY2018	2H FY2018	FY2018	1H FY2019
North Star BlueScope Steel	1,037.5	1,067.2	2,104.7	1,036.4
Australian Steel Products	1,515.3	1,601.2	3,116.6	1,466.9
Building Products Asia & North America	880.2	877.9	1,758.1	848.2
New Zealand and Pacific Steel	307.5	342.7	650.1	307.5
Buildings North America	116.1	121.5	237.7	119.2
Intersegment, Corporate & Discontinued	(141.6)	(134.5)	(276.1)	(123.8)
Total	3,715.0	3,876.0	7,591.1	3,654.4

Underlying EBIT

\$M	1H FY2018	2H FY2018	FY2018	1H FY2019
North Star BlueScope Steel	145.2	285.4	430.6	411.6
Australian Steel Products	261.7	325.7	587.4	319.0
Building Products Asia & North America	108.3	76.2	184.5	78.8
New Zealand and Pacific Steel	41.0	70.7	111.7	71.9
Buildings North America	26.4	48.2	74.6	22.1
Intersegment, Corporate & Discontinued	(58.4)	(61.2)	(119.5)	(53.8)
Total	524.2	745.0	1,269.3	849.6

CASH FLOW STATEMENT

57

\$M	1H FY2018	2H FY2018	1H FY2019
Reported EBITDA	697.2	1,142.3	1,046.1
Adjust for other cash profit items	(8.4)	(219.7)	(0.7)
Cash from operations	688.8	922.6	1,045.4
Working capital movement (inc provisions)	(262.0)	(46.2)	(241.4)
Gross operating cash flow	426.7	876.4	804.0
Financing costs	(38.4)	(66.3)	(28.8)
Interest received	3.8	4.9	6.8
Income tax paid ¹	(34.1)	(32.3)	(128.8)
Net operating cash flow	357.9	782.8	653.2
Capex: payments for P, P & E and intangibles ²	(211.7)	(198.2)	(160.4)
Other investing cash flow	10.3	19.2	(54.4)
Net cash flow before financing	156.5	603.8	438.4
Buy-backs of equity	(142.9)	(157.4)	(292.9)
Dividends to BSL shareholders	(28.3)	(33.4)	(43.8)
Dividends to non-controlling interests	(22.7)	(42.2)	(12.1)
Net drawing / (repayment) of borrowings	101.7	(256.3)	12.7
Net increase/(decrease) in cash held	64.3	114.5	102.3

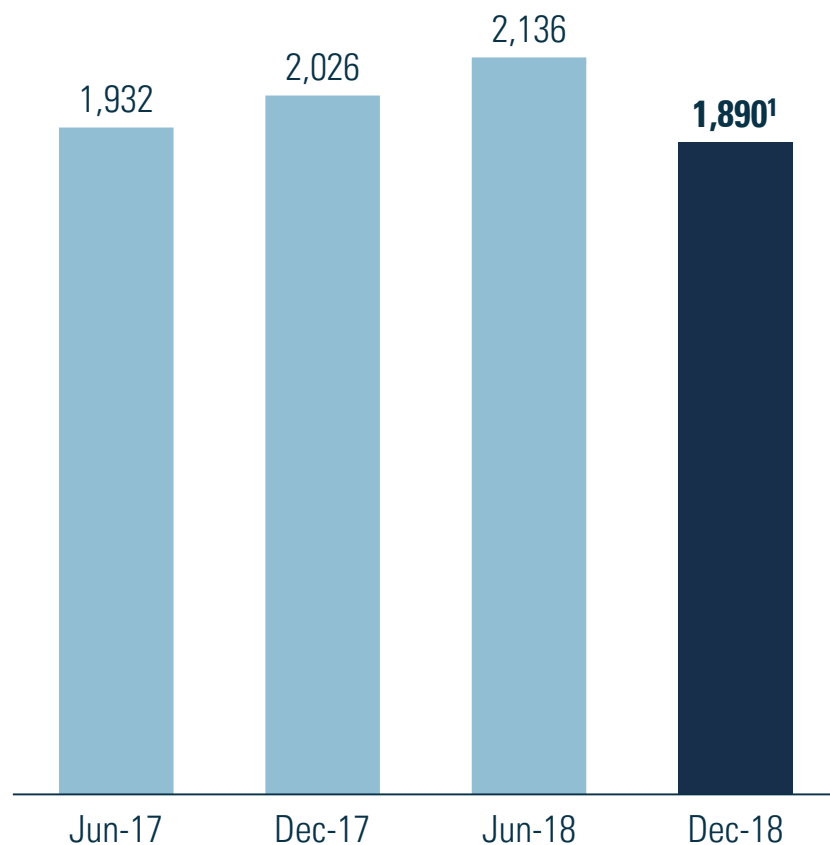
Largely due to higher market prices and volumes held. Includes approximately \$100M unfavourable timing of working capital; expected to unwind in 2H FY2019

Reflects increased earnings

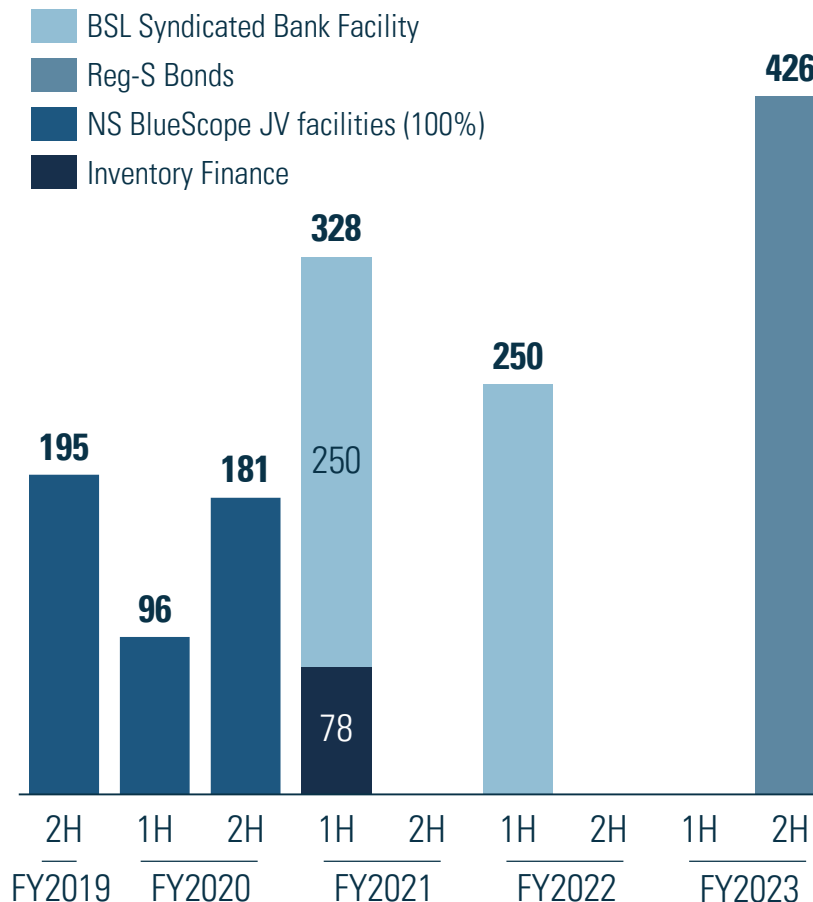
Largely investment in Steel & Tube Holdings

\$M	31 Dec 2017	30 Jun 2018	31 Dec 2018
Assets			
Cash	815.9	944.4	1,057.0
Receivables *	1,214.0	1,485.6	1,276.4
Inventory *	1,860.7	2,013.4	2,283.1
Property, Plant & Equipment	3,706.7	4,049.3	4,085.5
Intangible Assets	1,646.2	1,718.9	1,800.5
Other Assets	345.3	719.5	694.0
Total Assets	9,588.8	10,931.0	11,196.5
Liabilities			
Trade & Sundry Creditors *	1,543.0	1,812.2	1,717.8
Capital & Investing Creditors	41.5	53.0	36.0
Borrowings	1,078.0	880.8	929.5
Deferred Income *	170.2	230.8	189.0
Retirement Benefit Obligations	265.7	280.9	363.5
Provisions & Other Liabilities	673.1	785.7	716.3
Total Liabilities	3,771.5	4,043.4	3,952.1
Net Assets	5,817.3	6,887.6	7,244.4
Note *: Items included in net working capital	1,361.5	1,456.0	1,652.7

Liquidity (undrawn facilities and cash, \$M)



Maturity profile² (\$M)



Receivables securitisation program:

- In addition to debt facilities, BSL has \$493M of off-balance sheet securitisation programs, of which \$486M was drawn at 31 December 2018

Current estimated cost of facilities:

- Approximately 5% interest cost on gross drawn debt (which was ~\$930M at 31 December 2018); plus
- commitment fee on undrawn part of ~\$571M of domestic facilities of 0.5%; plus
- amortisation of facility establishment fees, discount cost of long-term provisions and other of ~\$5M pa;
- /less: interest on cash (at approx. 1.5-2.0% pa)

COMMITTED DEBT FACILITIES AS AT 31 DECEMBER 2018

60

	Maturity	Committed		Drawn
		Local currency	A\$M	A\$M
Syndicated Bank Facility				
- Tranche 1	Aug 2020	A\$250M	A\$250M	A\$0M
- Tranche 2	Aug 2021	A\$250M	A\$250M	A\$0M
Reg-S Bonds	May 2023	US\$300M	A\$426M	A\$426M
Inventory Finance	Aug 2020	US\$55M	A\$78M	A\$0M
NS BlueScope JV facilities (100%)				
- Corporate facilities	Mar 2019 – Mar 2021	US\$279M	A\$396M	A\$187M
- Thailand facilities	Mar 2019 – Dec 2025	THB 4,300M	A\$188M	A\$144M
- Malaysian facilities	Jul 2019	MYR 30M	A\$10M	A\$8M
Finance leases	Various	A\$126M	A\$126M	A\$126M
Total			A\$1,724M	A\$891M

- In addition to debt facilities, BSL has:
 - \$493M of off-balance sheet securitisation programs of which \$486M was drawn at 31 December 2018, and
 - other items in total debt of \$39M

INDICATIVE HALF YEAR EBIT SENSITIVITIES¹

61

Sensitivities may vary subject to volatility in prices, currencies and market dynamics – refer to page 68

Australian Steel Products segment		New Zealand Steel & Pacific Steel segment		North Star segment	
+/- US\$10/t move in average benchmark hot rolled coil price		+/- US\$10/t move in benchmark steel prices (HRC and rebar)		+/- US\$10/t move in realised HRC spread	+/- \$14-15M
- direct sensitivity ²	+/- \$8-9M	- direct sensitivity ⁹	+/- \$1M	(HRC price less cost of scrap and pig iron)	
- indirect sensitivity ³	+/- \$8-10M	- indirect sensitivity ¹⁰	+/- \$3M		
+/- US\$10/t move in iron ore costs	-/+ \$30-31M	+/- US\$10/t move in market-priced coal costs ¹¹	-/+ \$2-3M		
+/- US\$10/t move in coal costs ⁴	-/+ \$13-14M	+/- 1¢ move in AUD:USD exchange rate			
+/- 1¢ move in AUD:USD exchange rate		- direct sensitivity ⁵	-/+ \$1M ⁸		
- direct sensitivity ⁵	+/- \$1-2M ⁷	- indirect sensitivity ¹²	-/+ \$2-3M ⁸		
- indirect sensitivity ⁶	-/+ \$8-11M ⁸				
				Group	
				+/- 1¢ move in AUD:USD exchange rate (direct) ¹³	-/+ \$3-4M ⁸

(1) Page shows full sensitivities to movement in key external factors, as if that movement had applied for the complete six months. Analysis assumes 2H FY2019 base exchange rate of US\$0.72. There are other factors that impact the Company's financial performance which are not shown. The sensitivities provided are general indications only and actual outcomes can vary due to a range of factors such as volumes, mix, margins, pricing lags, hedging, one-off costs etc.

(2) Includes US\$ priced export products and domestic hot rolled coil sold into the pipe & tube market.

(3) Sensitivity shows the potential impact on Australian domestic product prices (A\$ priced) other than painted steels and hot rolled coil sold into the pipe & tube market. Sensitivity is subject to lags and market factors, and is less certain particularly in the short term.

(4) Coal cost sensitivity does not include coal purchases for export coke sales.

(5) Includes the impact on US dollar denominated export prices and costs and restatement of US dollar denominated receivables and payables.

(6) Also includes potential impact on Australian domestic product prices (A\$ priced) other than painted steels and hot rolled coil sold into the pipe & tube market. Sensitivity is subject to lags and market factors, and is less certain particularly in the short term.

(7) A decrease in the A\$:US\$ suggests an unfavourable impact on earnings.

(8) A decrease in the A\$:US\$ suggests a favourable impact on earnings.

(9) Includes US\$ priced export flat and long steel products (includes Pacific Steel products)

(10) Sensitivity shows the potential impact on NZ domestic flat and long steel product prices (A\$ priced) other than painted steels (includes Pacific Steel products). Sensitivity is subject to lags and market factors, and is less certain particularly in the short term.

(11) Sensitivity encompasses the component of New Zealand Steel's annual thermal coal requirement which is imported and priced at prevailing market prices. Excludes the component coal supply which is domestically sourced on long term contract price.

(12) Also includes potential impact on NZ domestic flat and long steel product prices (A\$ priced) other than painted steels (includes Pacific Steel products). Sensitivity is subject to lags and market factors, and is less certain particularly in the short term.

(13) Includes direct sensitivities for ASP and New Zealand & Pacific Steel segments, together with impact of translating earnings of US\$ linked offshore operations to A\$.



ADDITIONAL INFORMATION – SEGMENT MATERIAL

Berman House in Kangaroo Valley, NSW, featuring COLORBOND® steel in Surfmist®

Financial and despatch summaries

Key segment financial items (A\$M)

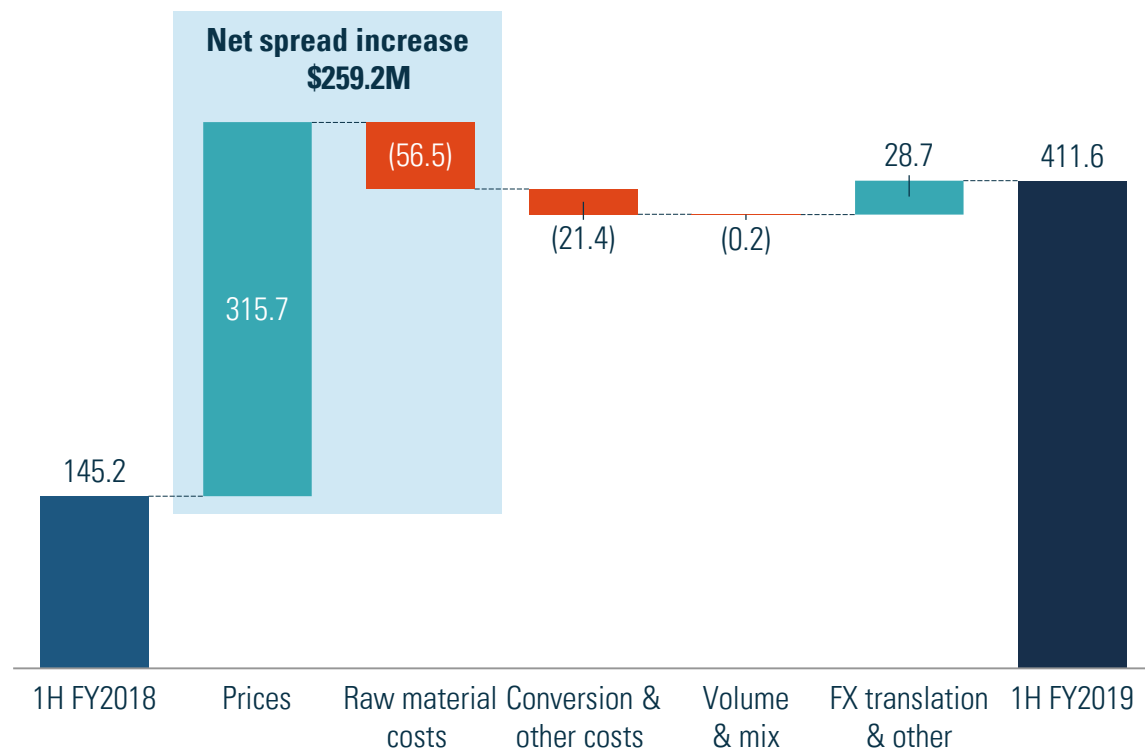
\$M unless marked	1H FY2018	2H FY2018	FY2018	1H FY2019
Revenue	860.6	1,063.3	1,923.9	1,265.0
Underlying EBITDA	172.5	313.1	485.6	441.4
Underlying EBIT	145.2	285.4	430.6	411.6
Reported EBIT	145.2	285.4	430.6	411.6
Capital & investment expenditure	16.4	10.2	26.6	13.8
Net operating assets (pre tax)	1,749.9	1,820.8	1,820.8	1,930.9
Total steel despatches (kt)	1,037.5	1,067.2	2,104.7	1,036.4

Key segment financial items (US\$M)

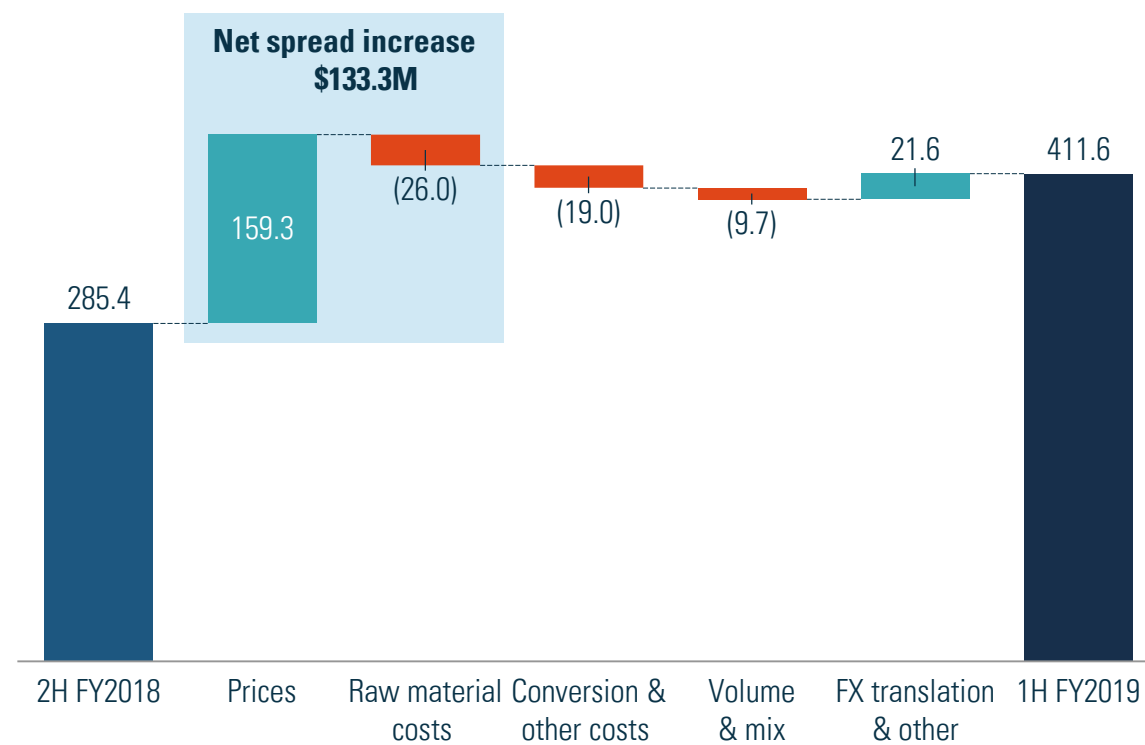
US\$M	1H FY2018	2H FY2018	FY2018	1H FY2019
Revenue	670.5	817.9	1,488.4	916.3
Underlying EBITDA	134.5	239.8	374.3	320.0
Underlying EBIT	113.3	218.5	331.7	298.4
Reported EBIT	113.3	218.5	331.7	298.4
Capital & investment expenditure	12.7	7.8	20.5	10.0
Net operating assets (pre tax)	1,364.2	1,337.7	1,337.7	1399.8

Underlying EBIT variance

1H FY2019 vs 1H FY2018 (\$M)



1H FY2019 vs 2H FY2018 (\$M)



Financial and despatch summaries

Key segment financial items

\$M unless marked	1H FY2018	2H FY2018	FY2018	1H FY2019
Revenue	2,565.7	2,857.4	5,423.2	2,869.9
Underlying EBITDA	350.6	418.8	769.4	424.1
Underlying EBIT	261.7	325.7	587.4	319.0
Reported EBIT	261.7	541.7	803.4	319.0
Capital & investment expenditure	65.2	105.2	170.4	76.5
Net operating assets (pre tax)	2,237.7	2,478.5	2,478.5	2,488.4
Total steel despatches (kt)	1,515.3	1,601.2	3,116.6	1,467.0

Despatches breakdown

'000 Tonnes	1H FY2018	2H FY2018	FY2018	1H FY2019
Hot rolled coil	281.6	299.3	580.9	301.9
Plate	146.0	150.4	296.3	145.3
CRC, metal coated, painted & other ¹	668.7	658.6	1,327.5	659.9
Domestic despatches of BSL steel	1,096.3	1,108.3	2,204.7	1,107.1
Channel despatches of ext sourced steel ²	83.1	79.6	162.6	79.8
Domestic despatches total	1,179.4	1,187.9	2,367.3	1,186.9
Hot rolled coil	79.0	185.0	264.0	81.1
Plate	18.6	12.4	31.0	17.3
CRC, metal coated, painted & other ¹	237.3	214.5	451.9	180.5
Export despatches of BSL steel	335.0	411.9	746.9	278.9
Channel despatches of ext sourced steel	0.9	1.4	2.4	1.2
Export despatches total	335.9	413.3	749.3	280.1
Total steel despatches³	1,515.3	1,601.2	3,116.6	1,467.0
Export coke despatches	250.9	317.2	568.1	407.4

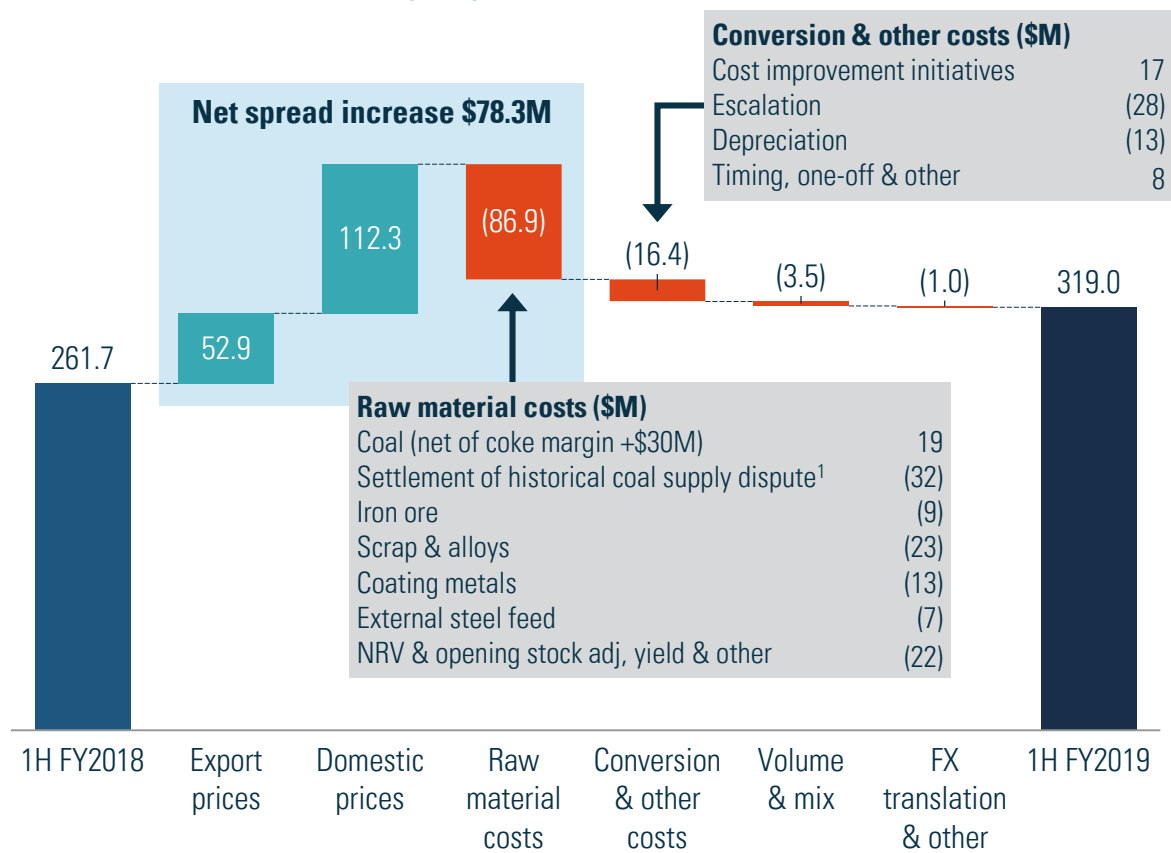
1) Product volumes are ex-mills (formerly CIPA). Other includes inventory movements in downstream channels

2) Primarily long products sold through downstream business

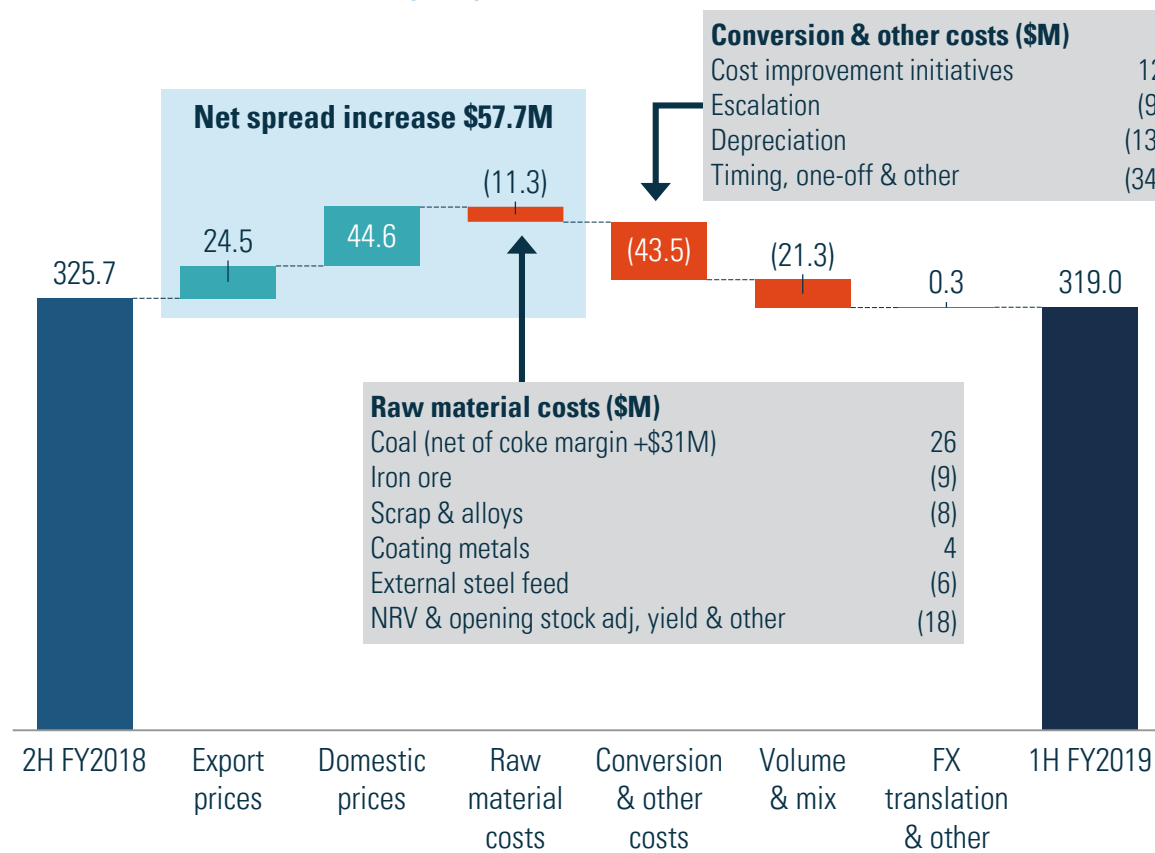
3) Includes the following sales through downstream channels (formerly BCDA segments)

Underlying EBIT variance

1H FY2019 vs 1H FY2018 (\$M)

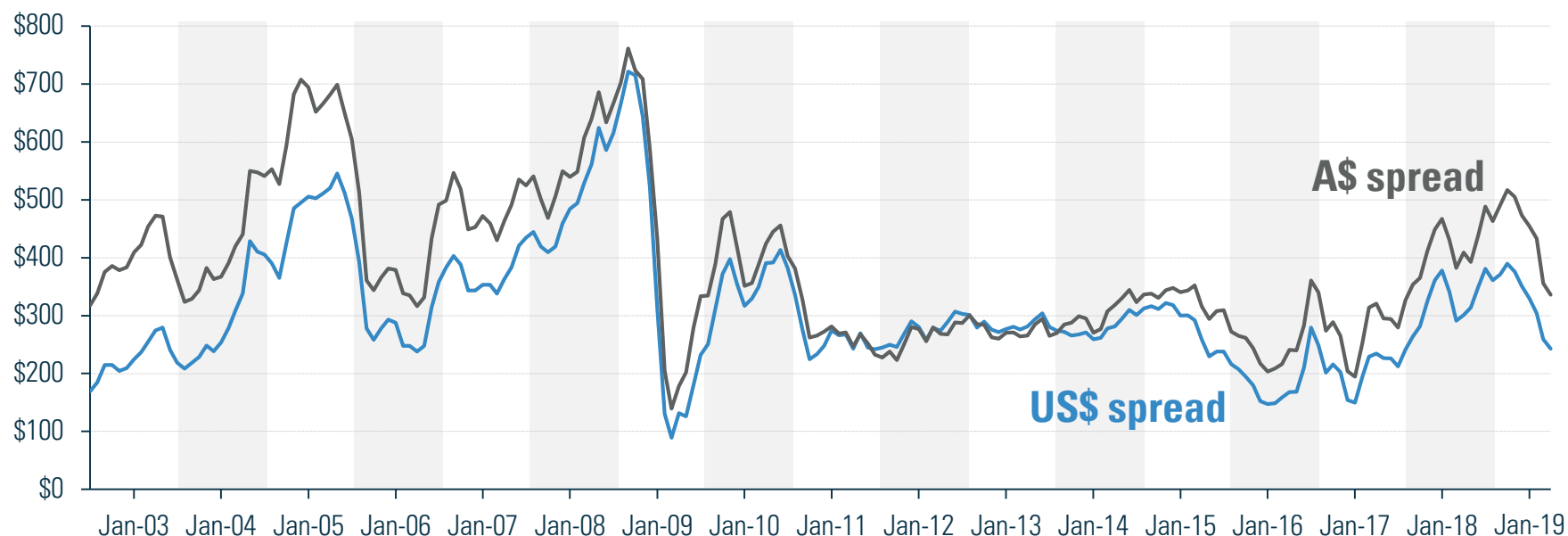


1H FY2019 vs 2H FY2018 (\$M)



Spot spreads have contracted due to softening HRC prices and increasing raw material rates

Indicative steelmaker HRC lagged spread



Notes on calculation:

- 'Indicative steelmaker HRC spread' representation based on simple input blend of 1.5t iron ore fines and 0.71t hard coking coal per output tonne of steel. Chart is not a specific representation of BSL realised HRC spread (eg does not account for iron ore blends, realised steel prices etc), but rather is shown to primarily demonstrate movements from period to period.
- SBB East Asia HRC price lagged by three months up to Dec 2017, four months thereafter – broad indicator for Australian domestic lag, but can vary.
- Indicative iron ore pricing: 62% Fe iron ore fines price assumed. Industry annual benchmark prices up to March 2010. Quarterly index average prices lagged by one quarter from April 2010 to March 2011; 50/50 monthly/quarterly index average from April 2011 to December 2012. Monthly thereafter. FOB Port Hedland estimate deducts Baltic cape index freight cost from CFR China price. Lagged by three months.
- Indicative hard coking coal pricing: low-vol, FOB Australia. Industry annual benchmark prices up to March 2010; quarterly prices from April 2010 to March 2011; 50/50 monthly/quarterly pricing from April 2011 to Dec 2017; monthly thereafter. Lagged by two months up to Dec 2017; three months thereafter.

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	1H FY2019	Spot ¹
East Asian HRC price, lagged (US\$/t)	603	560	497	317	419	535	592	528
Indicative spread with pricing lags (US\$/t)	286	276	292	182	214	303	372	255
Indicative spread with pricing lags (A\$/t)	278	295	331	247	284	390	490	360
A\$:US\$ (3 month lag)	1.03	0.93	0.87	0.74	0.75	0.77	0.74	0.71

Relationships with benchmark pricing

Steel prices

- Selling prices across majority of domestic product correlated with SBB East Asia HRC price; lagged generally three to five months; degree of correlation between realised and benchmark prices can vary within a given half year but is more fully reflected over the medium term
- Export sales generally moving on a two month lag to a mix of SBB East Asia HRC (majority of the influence) and also US HRC pricing

Coal prices

- Hard coking coal: pricing and sourcing remains somewhat fluid. General guide at present is majority monthly pricing with reference to the FOB Australia premium low volatility metallurgical coal price, on a three month lag
- PCI: on a three month lag to low volatility PCI FOB Australia index

Iron ore prices

- Three month lag to index pricing (Platts IODEX 62% Fe CFR China)
- Lump premium based on spot iron ore lump premium 62.5% Fe CFR China
- Pellet premium based on spot blast furnace iron ore pellet premium 65% CFR China

Coating metals and scrap

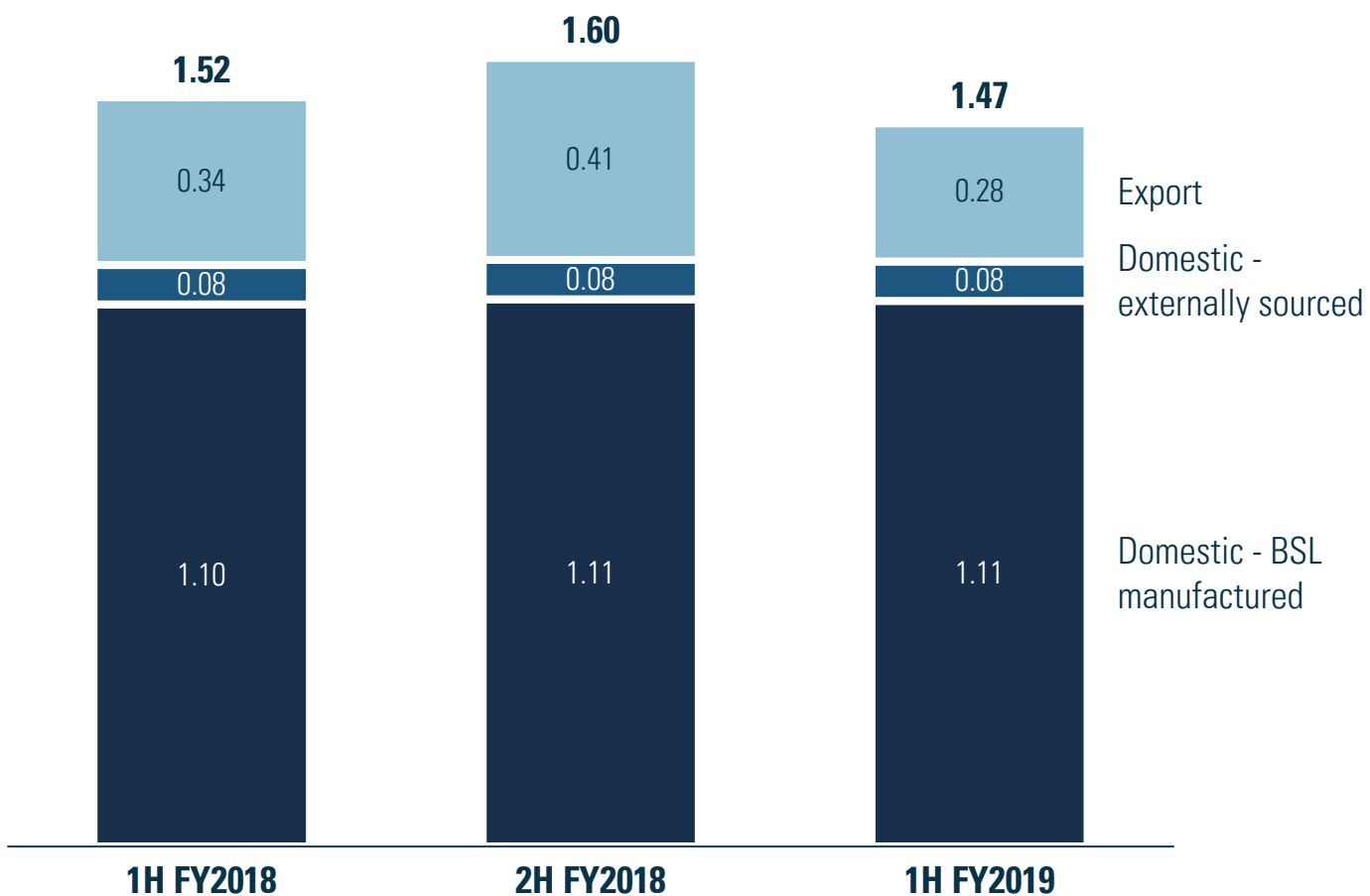
- Zinc & aluminium: ASP currently uses around 40kt and 14kt of zinc and aluminium respectively, now that MCL5 is fully operational. Prior to MCL5 becoming operational, this was around 37ktpa and 13ktpa respectively. Recommend one month lag to LME contract prices
- Scrap: generally moving on three month lag with reference to Platts HMS 1/2 80:20 CFR East Asia (Dangjin)

Export metallurgical coke

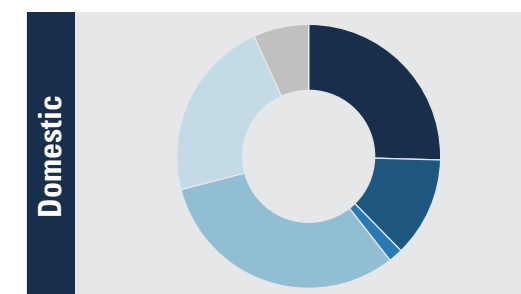
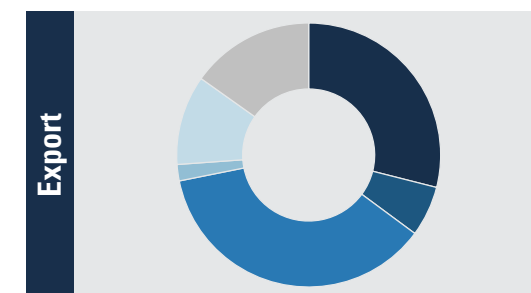
- Export coke sales approx. ~650,000 dry metric tonne p.a., sold direct to end users (steelmakers) or via trading partners into regions such as India, Europe and South America. Hard coking coal (Premium low vol HCC FOB Aus) is key input, with approx. ~75% yield factor from HCC to met coke.
- Seaborne price for met coke is largely related to movements in Chinese Coke price, which will provide a general sense of movement in earnings contribution period to period. Suggested index to monitor is the Platts Met Coke 65/66% FOB North China

The raw materials 'recipe' to produce a tonne of hot rolled coil at Port Kembla is shown on page 70.
Note that degree of correlation between realised and benchmark prices can vary within a given half year but is more fully reflected over the medium term.

Despatch mix (Mt)



1H FY2019 Product Mix

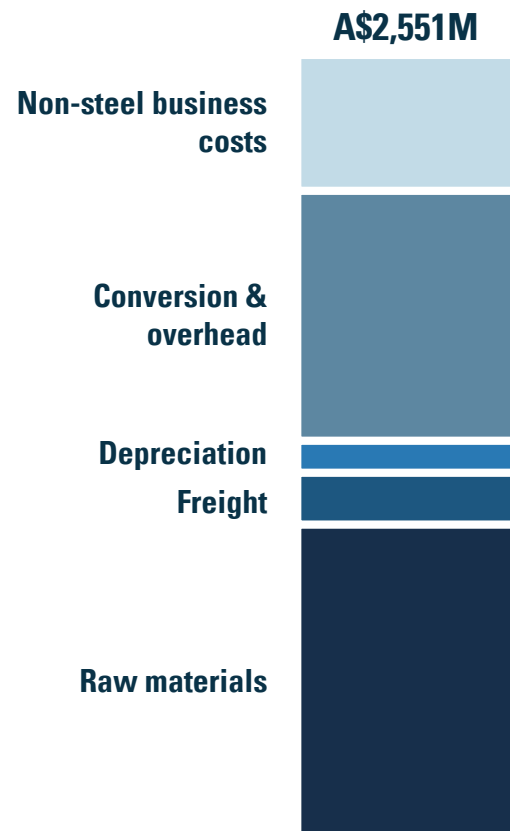


Revenue and underlying costs 1H FY2019

Revenue



Underlying costs (to EBIT line)



Non-steel business costs relate to:

- Export coke sales
- Cold ferrous feed to Liberty OneSteel (scrap pool)
- Externally sourced steel
- By-products (eg. tar, BTX, sulphate)

Freight (in order of value):

- Domestic despatches
- Export despatches
- Internal (eg. Springhill & Western Port to Service Centres)

Raw materials (in order of value):

- Coal
- External steel feed
- Iron ore
- Scrap
- Zinc
- Paint
- Fluxes and alloys
- Aluminium

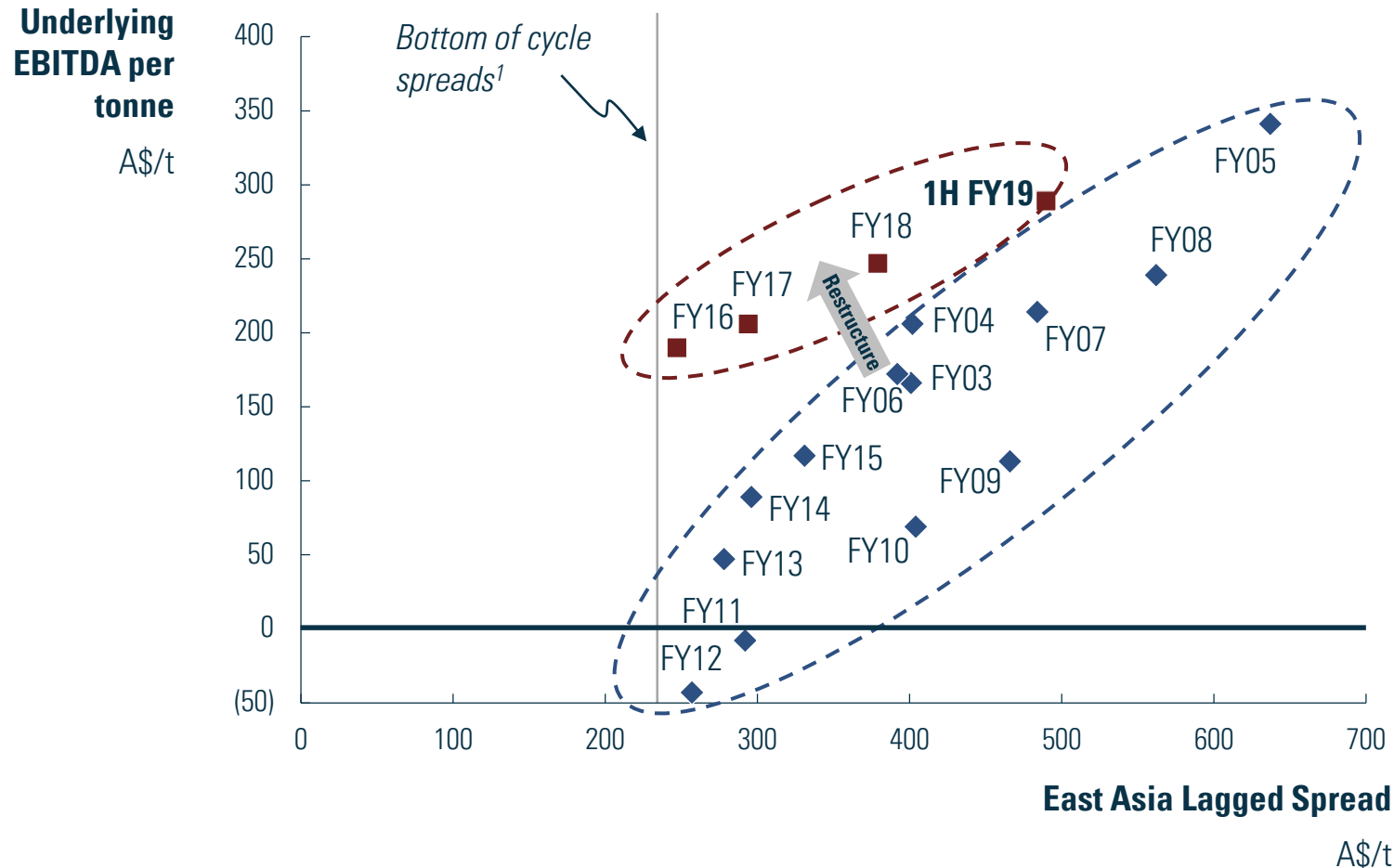
Conversion & overhead components (in order of value):

- Direct labour
- Repairs & maintenance
- Utilities
- Services & contractors
- Consumables
- Sales & administration
- Other

Indicative 'recipe' of raw materials per output tonne of HRC:

- 1.13t iron ore fines (sintering)
- 0.23t lump ore (into BF)
- 0.06t pellets (into BF)
- 0.50t hard coking coal (into BF)
- 0.13t PCI (into BF)
- 0.24t scrap (into BOS), of which 45% sourced internally

ASP's profitability improved considerably through productivity initiatives, even at bottom of the cycle spreads

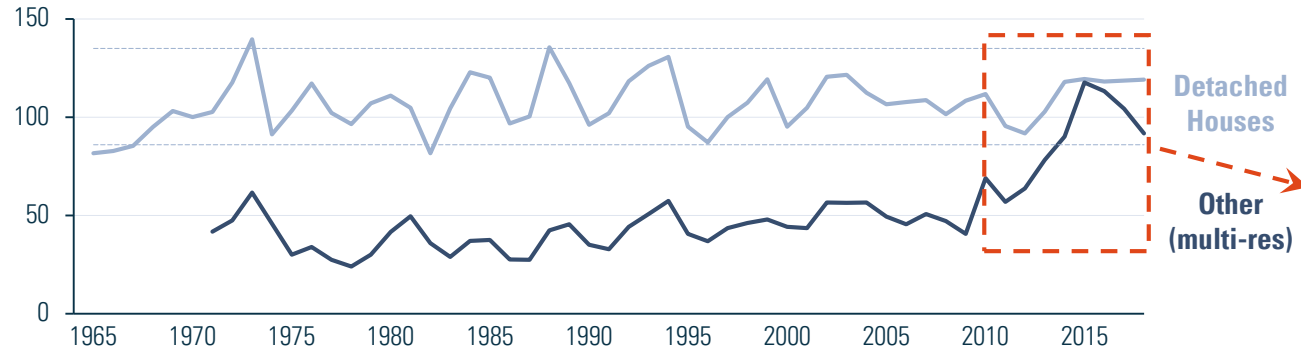


- ASP remains positioned with considerable leverage to spread improvements with steelmaking cash positive at ~ "bottom of the cycle" spreads.
- Moving forward, we must not be complacent in our pursuit of continued productivity improvements.
- We need to deliver returns necessary to support a decision in 10 to 15 years to reline the blast furnace at Port Kembla

Australian residential market cycle turning down, with detached segment demonstrating greater stability

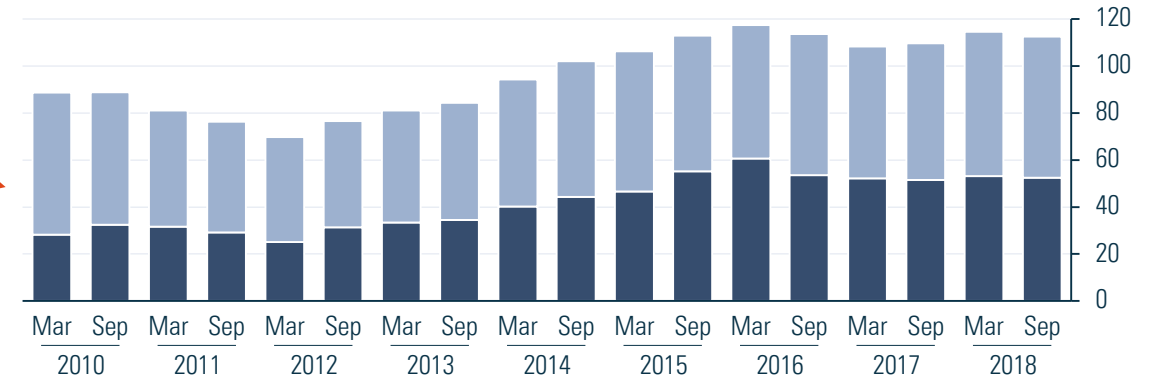
Long-Term Dwelling Approvals: rolling 12 months¹ ('000)

Contraction in approvals coming off a high base; more evident in multi-res



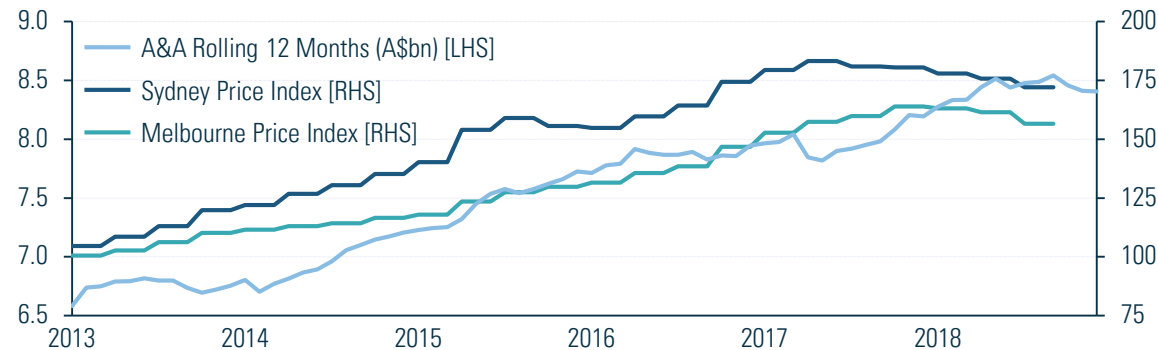
Dwelling Commencements: by halves² ('000)

Commencements have peaked in this cycle



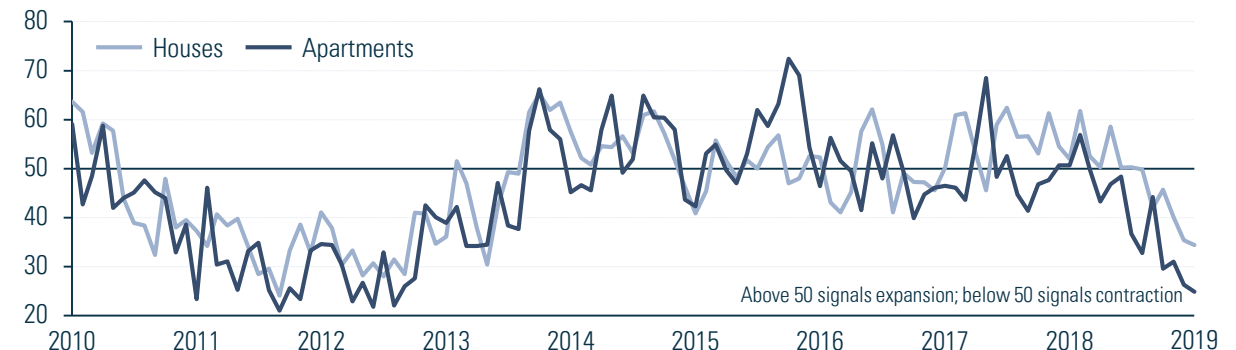
A&A Building Approvals and Established House Prices³

Good level of activity despite pullback in house prices



Performance of Construction Index⁴

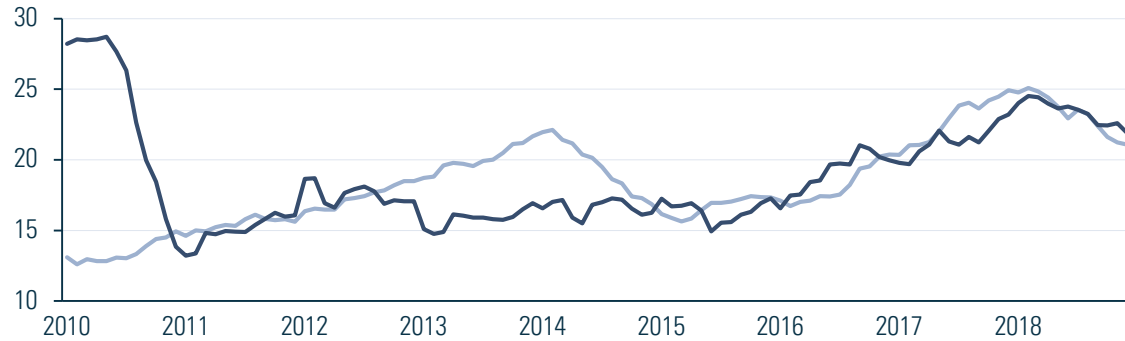
Forward indicators confirm residential pullback underway



Non-residential construction market demonstrating sound activity post record high residential cycle

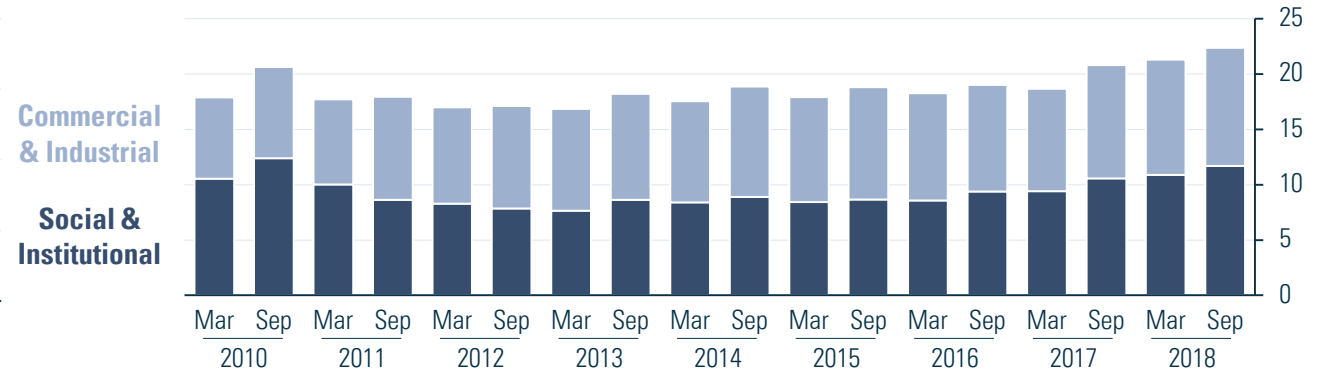
Non-Residential Building Approvals: rolling 12 months¹ (A\$billion)

Softening from recent peak, however remain at historically elevated levels



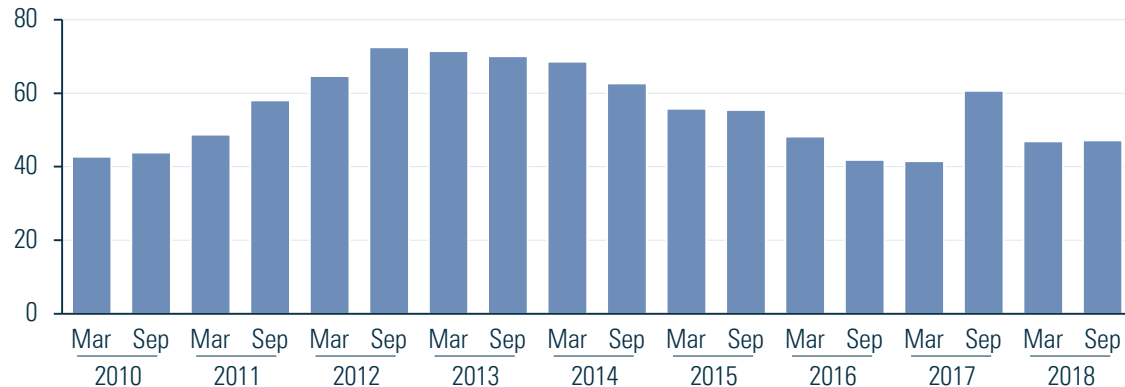
Non-Residential Work Done: by halves² (A\$billion)

Higher approval levels now reflected in growth in activity



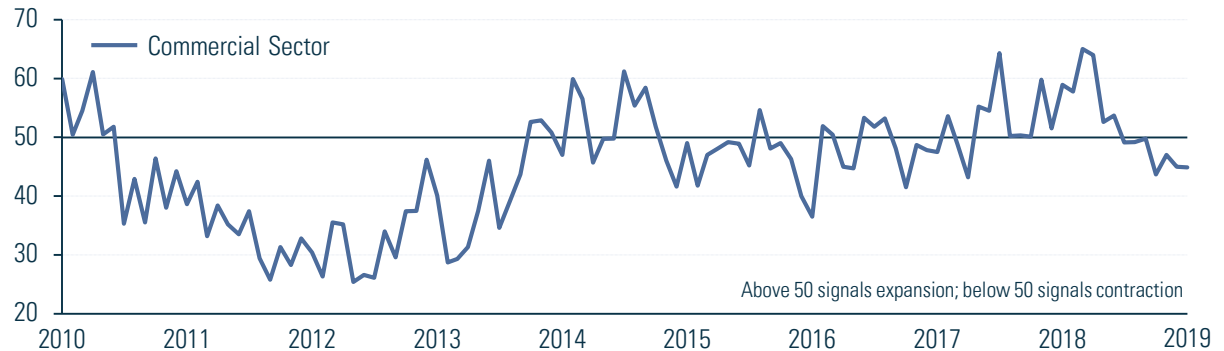
Engineering Construction Work Done: by halves³ (A\$billion)

Ramp up of national public infrastructure program evident



Performance of Construction Index⁴

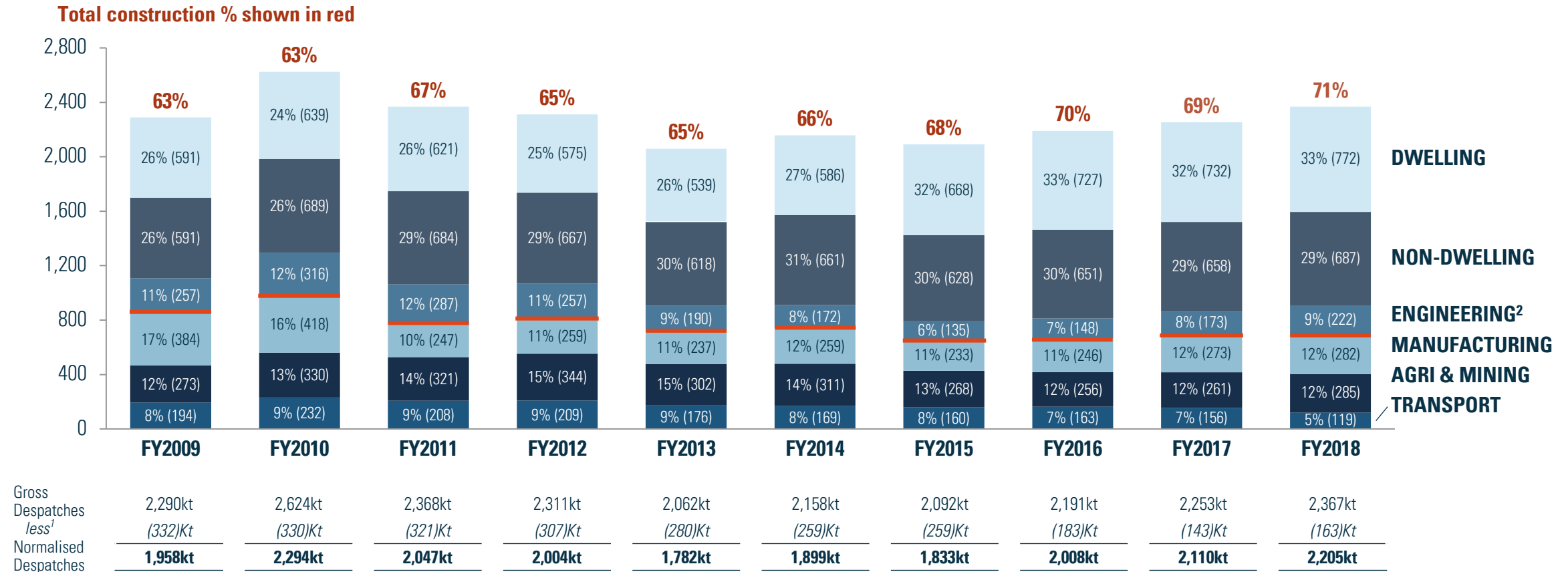
Energy costs and resource shortages impacting sentiment in commercial sector



Continued focus on customer engagement is underpinning Australian demand

Total Australian external domestic despatch volumes (Kt)

See page 24 for 1H FY2019 data



Financial and despatch summaries

Key segment financial items

\$M unless marked	1H FY2018	2H FY2018	FY2018	1H FY2019
Revenue	1,309.20	1,384.6	2,693.8	1,481.2
Underlying EBITDA	146.0	112.6	258.6	115.2
Underlying EBIT	108.3	76.2	184.5	78.8
Reported EBIT	109.7	78.6	188.3	74.0
Capital & investment expenditure	76.9	55.2	132.0	30.6
Net operating assets (pre tax)	1,386.2	1,445.8	1,445.8	1,605.3
Total steel despatches (kt)	880.2	877.9	1,758.1	848.2

Revenue by business

\$M	1H FY2018	2H FY2018	FY2018	1H FY2019
Thailand	245.7	287.2	532.9	249.4
Indonesia	172.3	158.0	330.4	147.9
Malaysia	121.8	144.4	266.3	143.2
Vietnam	102.9	101.3	204.2	114.0
North America	396.6	428.6	825.2	462.4
India ¹	0.0	0.0	0.0	0.0
China	280.7	279.7	560.5	379.0
Other / Eliminations	(10.8)	(14.6)	(25.7)	(14.7)
Total	1,309.2	1,384.6	2,693.8	1,481.2

Despatches by business

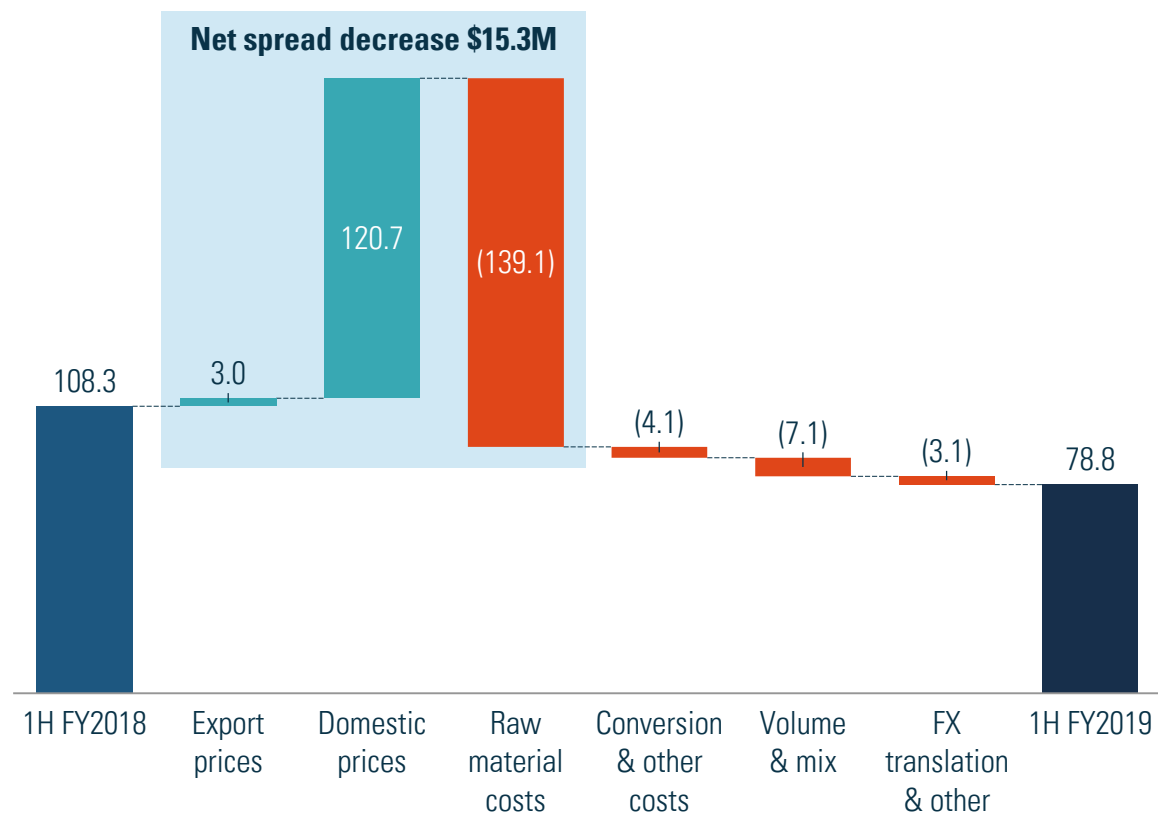
'000 Tonnes	1H FY2018	2H FY2018	FY2018	1H FY2019
Thailand	180.8	196.2	377.0	158.5
Indonesia	123.3	108.6	231.9	95.3
Malaysia	78.3	90.3	168.5	90.1
Vietnam	70.5	61.1	131.6	67.6
North America	199.9	199.7	399.5	178.4
India	60.4	66.9	127.3	58.4
China	179.3	165.6	344.9	210.2
Other / Eliminations	(12.3)	(10.5)	(22.6)	-10.3
Total	880.2	877.9	1,758.1	848.2

Underlying EBIT by business

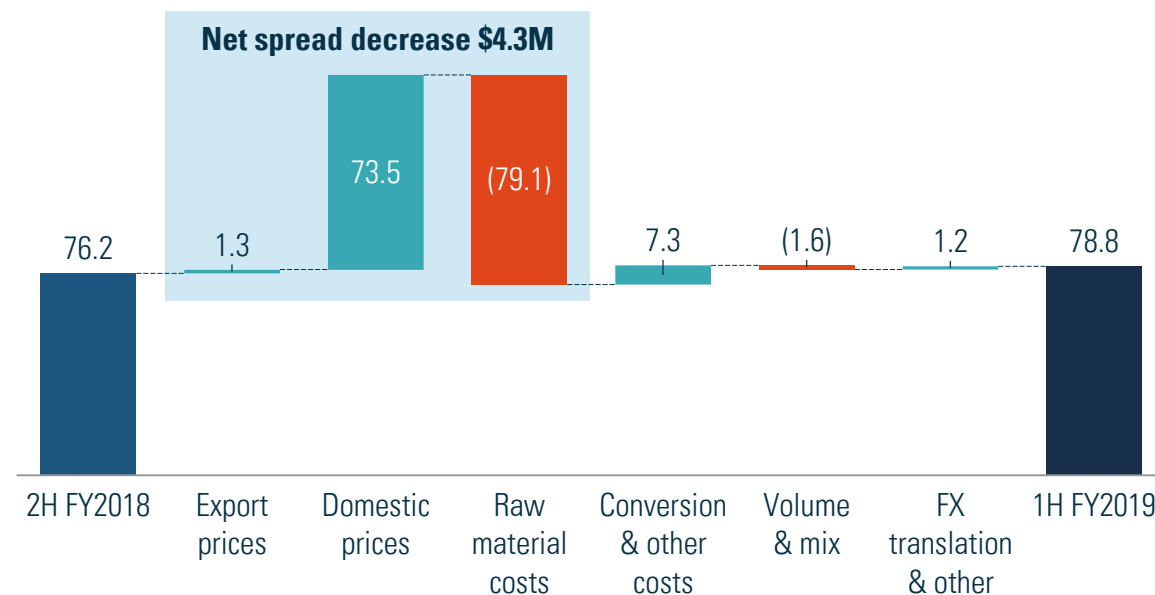
\$M	1H FY2018	2H FY2018	FY2018	1H FY2019
Thailand	15.0	8.7	23.7	(3.2)
Indonesia	10.1	7.0	17.1	(0.9)
Malaysia	7.8	9.3	17.2	5.2
Vietnam	9.6	9.8	19.4	8.1
North America	32.2	37.1	69.3	29.9
India	21.2	8.5	29.7	6.9
China	15.0	1.8	16.8	34.1
Other / Eliminations	(2.6)	(6.0)	(8.7)	(1.3)
Total	108.3	76.2	184.5	78.8

Underlying EBIT variance

1H FY2019 vs 1H FY2018 (\$M)



1H FY2019 vs 2H FY2018 (\$M)



Financial and despatch summaries

Key segment financial items

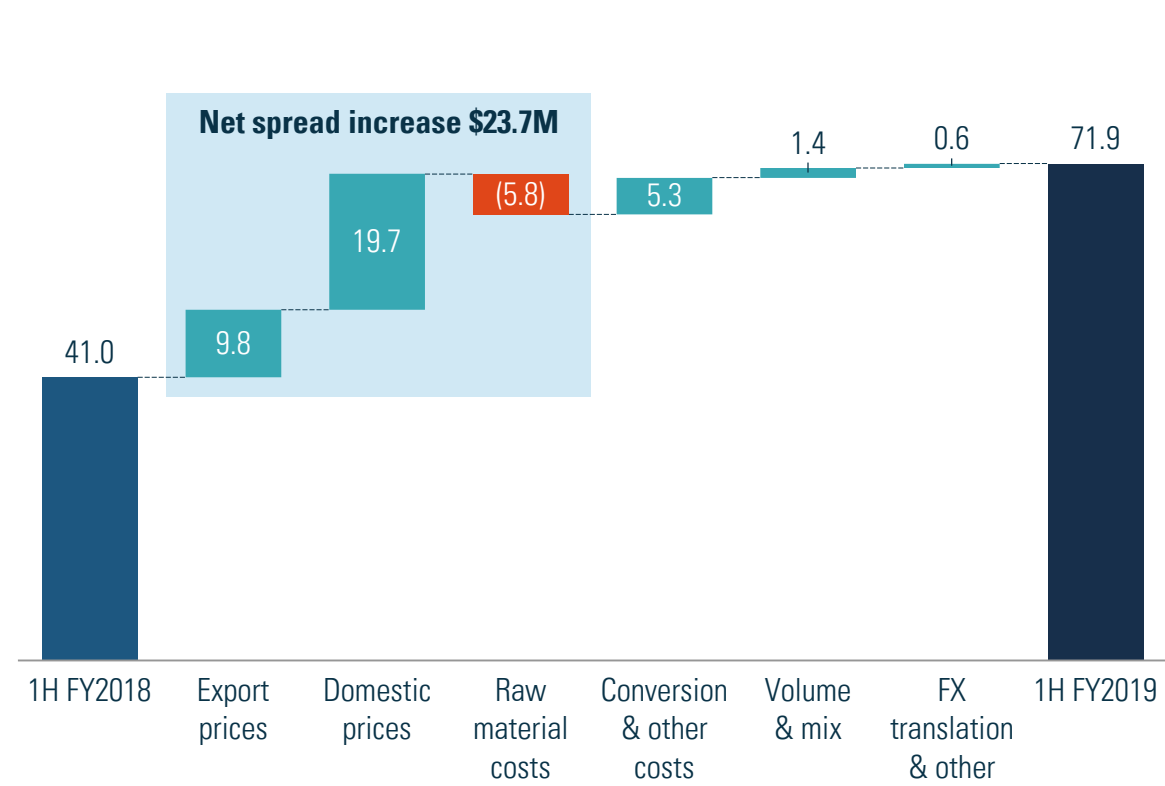
\$M unless marked	1H FY2018	2H FY2018	FY2018	1H FY2019
Revenue	386.8	446.8	833.6	463.5
Underlying EBITDA	63.2	92.9	156.1	96.6
Underlying EBIT	41.0	70.7	111.7	71.9
Reported EBIT	41.0	70.7	111.7	71.9
Capital & investment expenditure	15.6	21.2	36.9	56.4
Net operating assets (pre tax)	335.0	346.4	346.4	294.4
Total steel despatches – flat & long (kt)	307.5	342.7	650.1	307.5

Steel despatches

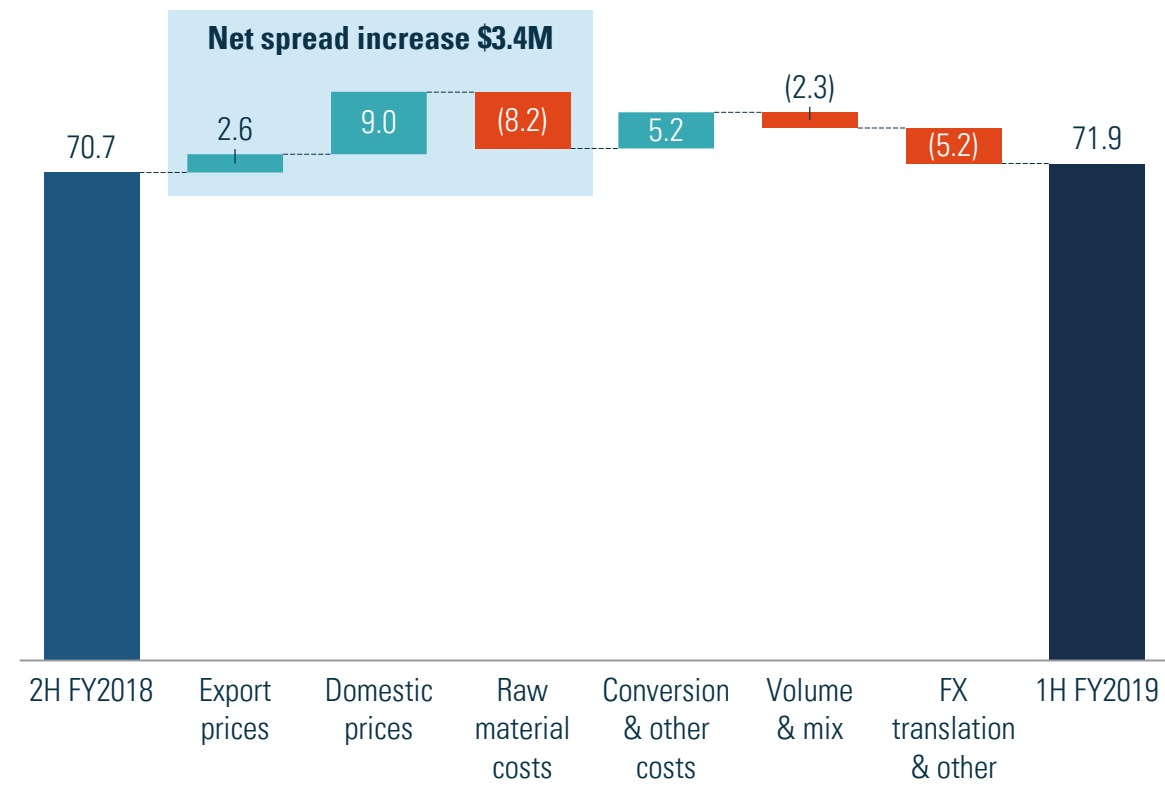
'000 Tonnes	1H FY2018	2H FY2018	FY2018	1H FY2019
Domestic despatches				
- NZ Steel flat products	131.6	128.0	259.6	146.5
- Pacific Steel long products	97.5	85.9	183.4	92.3
Sub-total domestic	229.1	213.9	443.0	238.8
Export despatches				
- NZ Steel flat products	55.9	116.6	172.4	67.9
- Pacific Steel long products	22.5	12.2	34.7	0.8
Sub-total export	78.4	128.8	207.1	68.7
Total steel despatches	307.5	342.7	650.1	307.5

Underlying EBIT variance

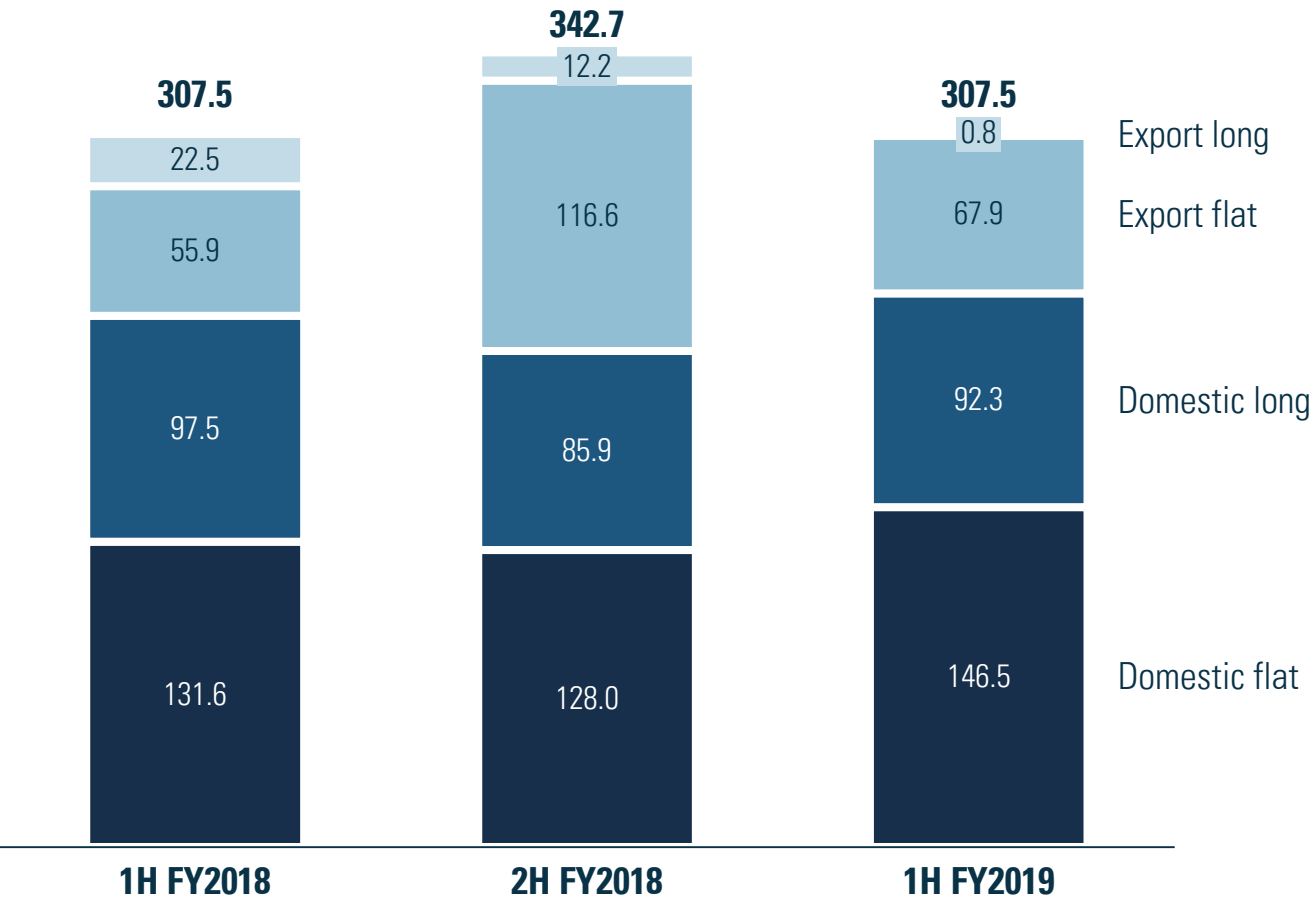
1H FY2019 vs 1H FY2018 (\$M)



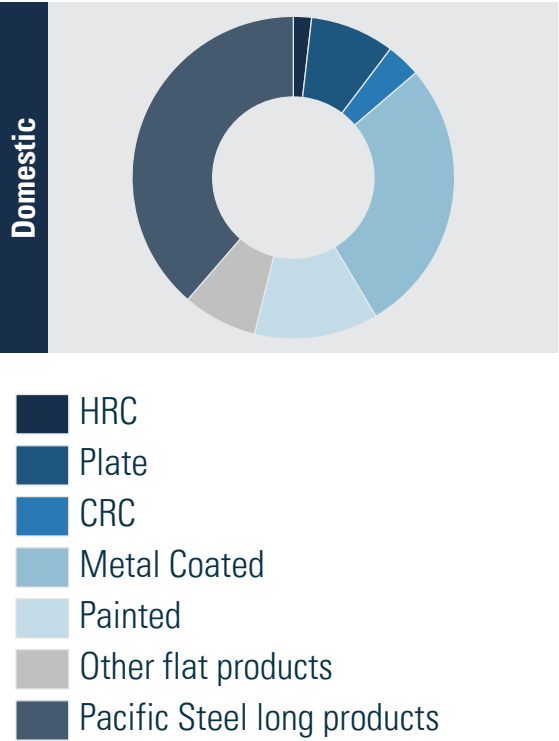
1H FY2019 vs 2H FY2018 (\$M)



Despatch mix (kt)

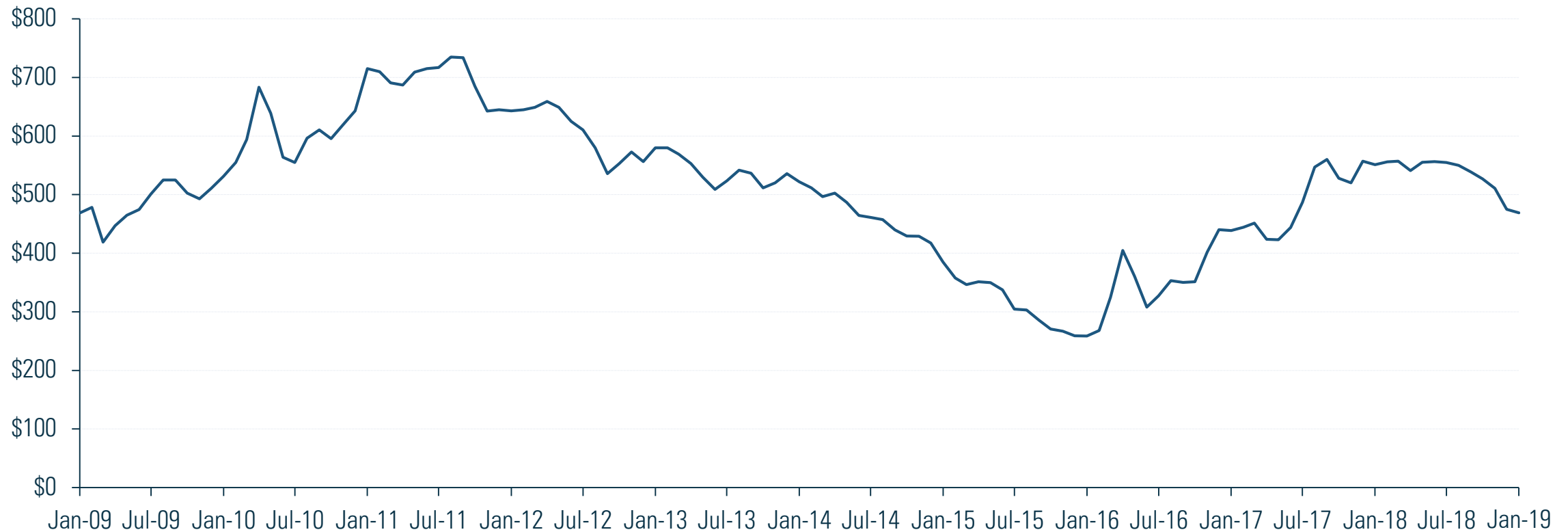


1H FY2019 Product Mix



The East Asian rebar price influences domestic and export long product pricing

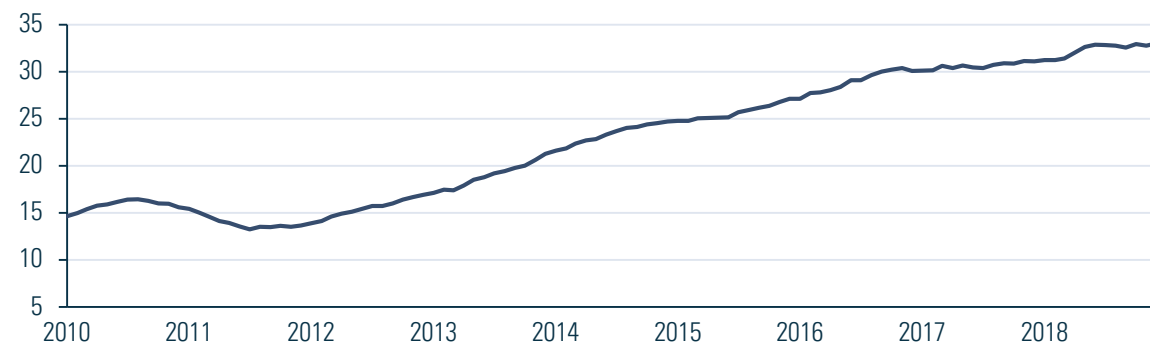
SBB East Asian rebar price, unlagged (US\$/t)



Economy very stable driven by solid levels of construction activity

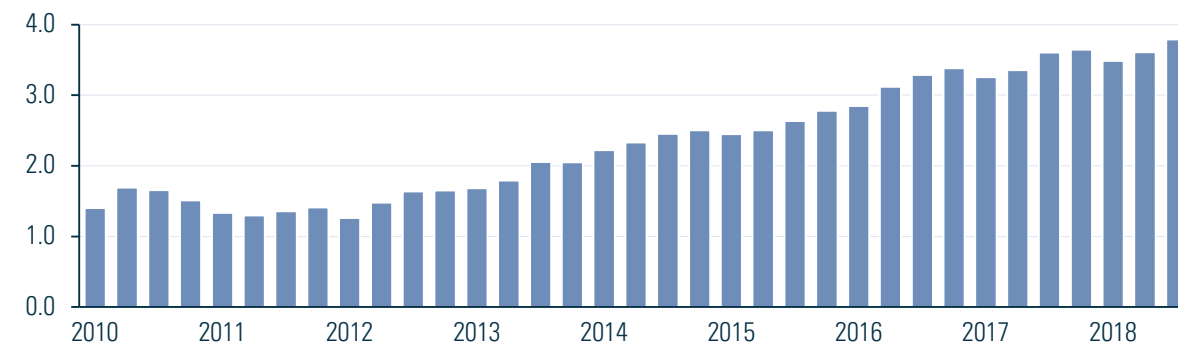
Residential Building Consents: rolling 12 months¹ ('000)

Remain high and resilient



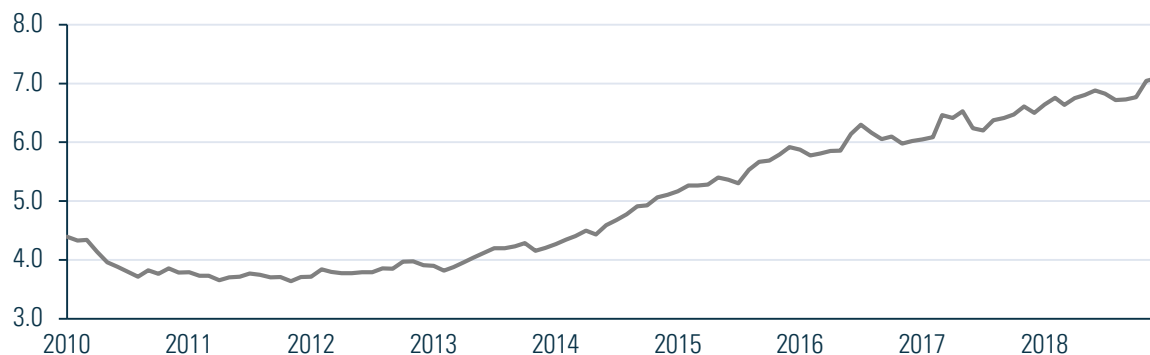
Residential Work Put in Place: by quarters² (NZ\$b)

Extended period of robust consents translating into solid activity



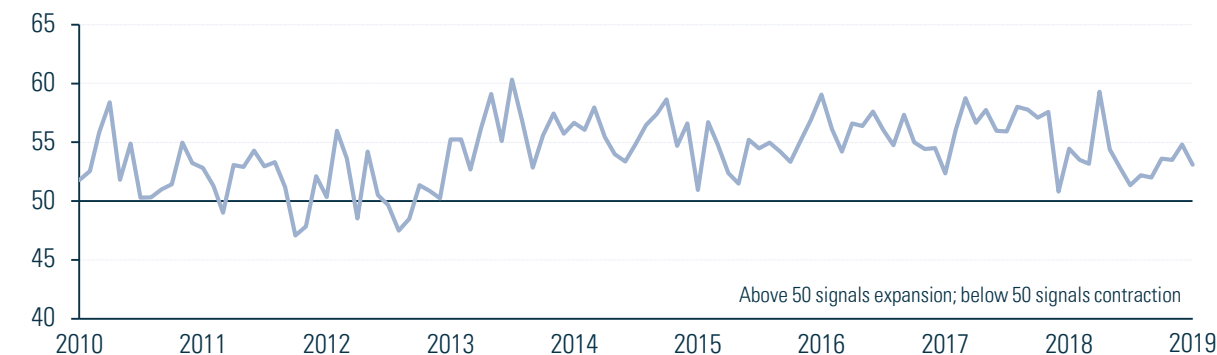
Non-Residential Building Consents: rolling 12 months³ (NZ\$b)

Robust growth following strong residential activity levels



Performance of Manufacturing Index⁴

Sentiment has stabilised, remaining positive on the back of a robust economy



Financial and despatch summaries

Key segment financial items (A\$M)

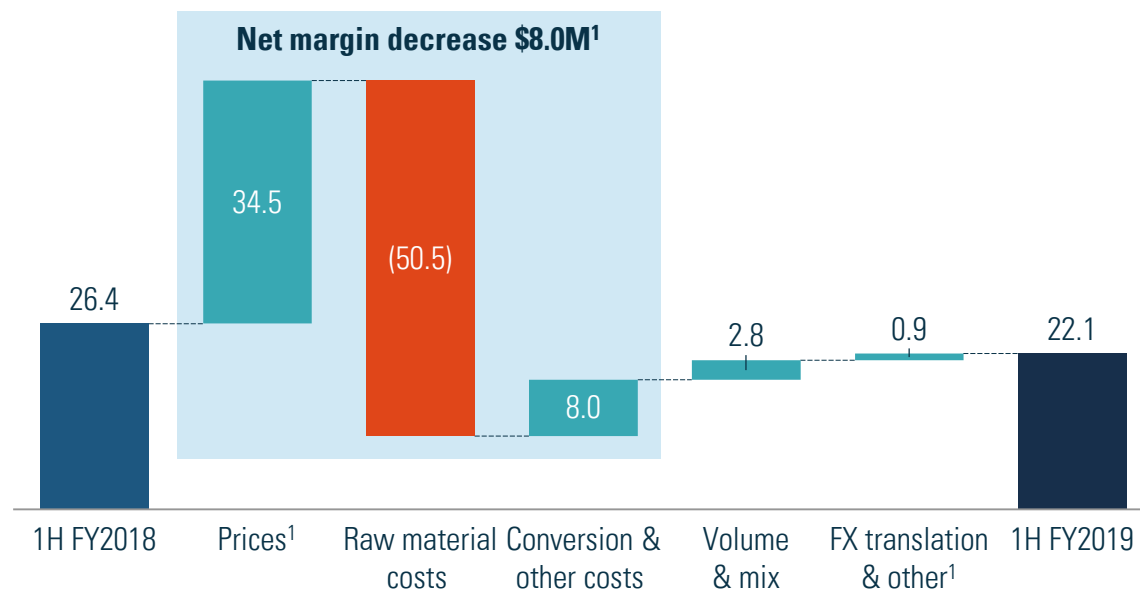
\$M unless marked	1H FY2018	2H FY2018	FY2018	1H FY2019
Revenue	523.3	583.1	1,106.4	587.4
Underlying EBITDA	36.1	58.0	94.1	32.0
Underlying EBIT ¹	26.4	48.2	74.6	22.1
Reported EBIT	25.5	48.2	73.7	22.1
Capital & investment expenditure	6.2	16.6	22.8	6.5
Net operating assets (pre tax)	345.5	369.6	369.6	437.7
Total steel despatches (kt)	116.2	121.5	237.7	119.2

Key segment financial items (US\$M)

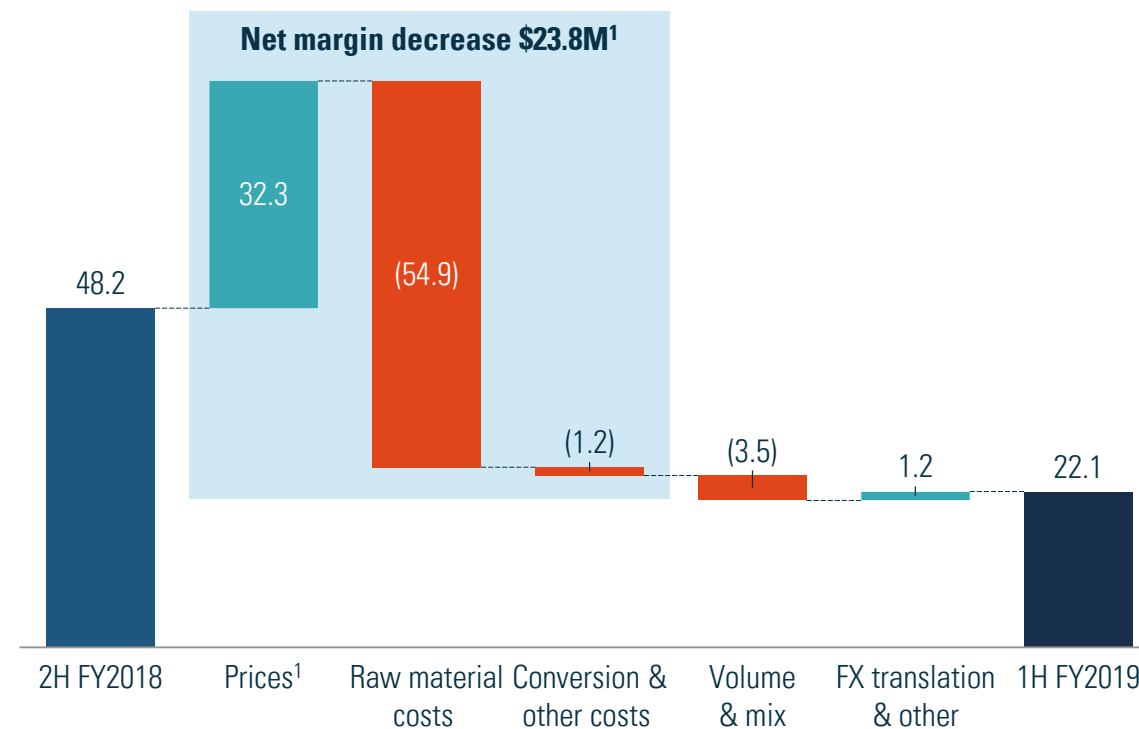
US\$M	1H FY2018	2H FY2018	FY2018	1H FY2019
Revenue	407.6	446.8	854.4	425.6
Underlying EBITDA	28.1	43.9	72.0	23.2
Underlying EBIT	20.6	36.3	56.9	16.1
Reported EBIT	19.8	36.3	56.2	16.1
Capital & investment expenditure	4.8	12.7	17.5	4.7
Net operating assets (pre tax)	269.3	271.6	271.6	308.4

Underlying EBIT variance

1H FY2019 vs 1H FY2018 (\$M)



1H FY2019 vs 2H FY2018 (\$M)





1H FY2019 FINANCIAL RESULTS PRESENTATION

Mark Vassella

Managing Director and Chief Executive Officer

Tania Archibald

Chief Financial Officer

25 February 2019

BlueScope Steel Limited. ASX Code: BSL

ABN: 16 000 011 058

Falcon Beach House in Falcon, WA, featuring COLORBOND® Ultra steel in Surfmist®