

# 1H FY2025 Financial Results Presentation

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**Pictured:**  
BBW House in Geelong, VIC,  
featuring roofing and cladding in  
COLORBOND® steel in Surfmist®



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**Authorised for release by the Board of BlueScope Steel Limited**

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# ACKNOWLEDGEMENT OF COUNTRY

**BlueScope acknowledges the Traditional Custodians of the land on which we work, live and operate.**

We recognise our First Nations Peoples who have inhabited Australia for millennia, their enduring connection to Country, sky, and waterways and their rich and vital cultures.

We acknowledge the many different Nations across this ancient continent; from rural and remote communities, to our cities and suburban streets.

We honour and pay respect to Ancestors, Elders, and their descendants as the Custodians of this Country. It is through the Ancestral knowledge and stories of local Peoples that we can more fully know and understand Country and the unique ways in which Country connects us all.



# 1H FY2025 HIGHLIGHTS

## **Profitability despite depressed spreads highlights the need for business model resilience**

### **Underlying EBIT of \$309M and ROIC of 8.1% despite depressed spreads**

- Delivered \$162M in shareholder returns; \$88M net cash balance sheet
- 30 cps interim dividend and extension of current buy-back

### **Focus on near-term earnings improvement and longer-term growth**

- Commenced \$200M cost and productivity initiatives; reviewing further opportunities
- Targeting \$500M incremental EBIT by 2030 through initiatives such as:
  - North Star debottlenecking
  - Australian value-added product growth on favourable trends and product advantages
  - Painted product ramp-up in North America
- Also pursuing upside to this growth from our 1,200ha portfolio of strategic land
  - Targeting near-term value realisation from the surplus West Dapto land asset
  - Positioning adjacent sites for strategic value realisation noting compelling infrastructure

# HEALTH, SAFETY & ENVIRONMENT STARTS WITH ALL OF US

- Our commitment to our culture of learning and people-centred approach to health and safety is unwavering, enabled by a focus on engaging our people in designing solutions to deliver effective controls
- The health, safety and wellbeing of our people remains our key focus
  - We are committed to ongoing improvement in how incidents and injuries are managed to prevent re-occurrence
  - We strengthen our controls and gain insight through our continued risk control improvement program and learning teams
- Global “Refocus on Safety” program seeing encouraging signs of employee engagement and buy-in. Program includes:
  - Rigorous adherence to foundational safety practices
  - Ensuring every employee (especially new recruits) understand and commit to safety basics
  - Making sure front-line leaders have the resources and time to support their teams in the refocus
  - Continuing risk control projects and learning teams

## Lead Indicators

**1,896** Leaders involved in our industry expert-led HSE training since 2020 (incl Board & ELT)

**plus 1,201** People involved in business-led HSE learning workshops in 1H FY2025

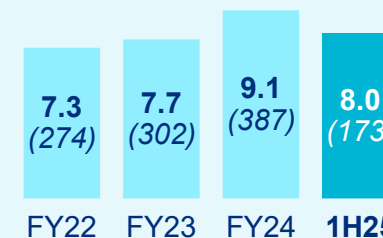
**192** Team-based HSE risk control improvement projects identified for completion in FY2025

**9** Additional projects submitted as entries in the BlueScope Environmental Awards in 1H FY25

## Lag Indicators

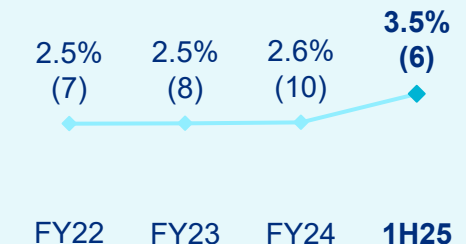
### TRIFR<sup>1</sup>

Softened on FY2024, however remains above long-term range of 5-7



### Potential severity<sup>2</sup>

Increased slightly in 1H FY2025, however remains at relatively low levels



1. Total recordable injury frequency rate per million hours (number of injuries).  
2. Percentage (number) of total recordable injuries with potential to be a fatal incident.

# 1H FY2025 FINANCIAL HEADLINES

BlueScope's profitability despite depressed spreads highlights the need for business model resilience

## Underlying EBIT<sup>1</sup>

**\$309M**

↓ Down \$409M on 1H FY2024

## Underlying EBIT Return On Invested Capital<sup>2</sup>

**8.1%**

↓ Down from 13.4% for 1H FY2024

## Reported NPAT

**\$179M**

↓ Down \$260M on 1H FY2024

## Net Cash Flow

(Operating cash flow less capex)

**\$(21)M**

↓ Down \$276M on 1H FY2024

## Net Cash

**\$88M**

↓ Down from \$364M at 30 June 2024

## Capital Management

**30 cps**

Fully franked interim dividend

**Current buy-back program extended<sup>3</sup>**

1. Underlying financial results for 1H FY2025 reflect the Company's assessment of financial performance after excluding (pre-tax): restructure and redundancy costs (\$1.0M) and a gain on discontinued operations (\$4.4M). Refer to page 5 of the 1H FY2025 Analyst Support Materials pack (available at [bluescope.com/investors](https://bluescope.com/investors) and on the ASX platform) for a full reconciliation of these underlying adjustments.

2. Return on Invested Capital – calculated as last 12 months' underlying EBIT over trailing 13-month average capital employed.

3. Extension of the share buy-back program to allow the remaining amount of up to \$240M to be bought over the next 12 months. The timing and value of stock purchased will be dependent on the prevailing market conditions, share price and other factors.

# 1H FY2025 SUSTAINABILITY UPDATE

## Embedding sustainability in all that we do

### Climate Change

- Released second Climate Action Report in Sep-24
- Kwinana, WA selected as location for ESF pilot plant project with Rio Tinto and BHP
  - Also announced Woodside joining ESF consortium
- Making progress on installation of NZ EAF, Australian DRI Options study and other abatement projects

### Sustainable Supply Chain

- Efforts continued in strengthening supply chain oversight
- 1H FY2025 focussed on expanding the use of EcoVadis systems

**591**

Suppliers engaged and assessed since late FY2019

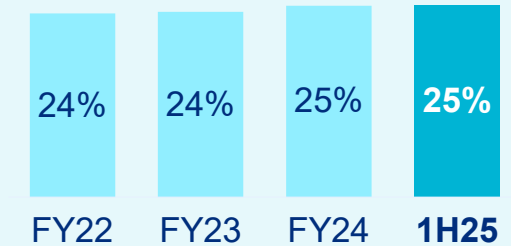
**167**

Assessments completed in 1H FY2025

### Inclusion & Diversity

- Continuing our work to reflect the communities in which we operate
- Focussed on ensuring a strong and diverse leadership pipeline

% of females in BSL workforce



### Regulatory Proceedings

- On 29 August 2023, the Federal Court awarded a penalty against BlueScope, in relation to the civil proceeding brought by the ACCC
- This penalty has been paid, and BlueScope has since appealed the findings

# 2H FY2025 GROUP OUTLOOK<sup>1</sup>

- Underlying EBIT in 2H FY2025 is expected to be in the range of \$360M to \$430M, an improvement on 1H FY2025 driven by an improved spread outlook in the US, stronger domestic volumes in Australia and benefits from the Group-wide cost and productivity program.
- For the purposes of the outlook, the Company has made the following 2H FY2025 average assumptions:
  - Lagged spreads:
    - US mini-mill benchmark spreads of ~US\$340/t, up ~US\$25/t on 1H FY2025
    - Asian benchmark spreads of ~US\$195/t, down ~US\$20/t on 1H FY2025<sup>2</sup>
  - Unlagged prices:
    - East Asian HRC price of ~US\$485/t
    - 62% Fe iron ore price of ~US\$100/t CFR China
    - Index hard coking coal price of ~US\$205/t FOB Australia
    - A\$:US\$ at US\$0.63
- Relative to 1H FY2025, expect similar underlying net finance costs, a lower underlying tax rate and higher profit attributable to non-controlling interests
- These expectations are subject to spread, foreign exchange, market conditions

1. Sensitivities can be found on page 18 of the FY2024 Analyst Support Materials pack (available at [bluescope.com/investors](https://bluescope.com/investors) and on the ASX platform). All volumes quoted in metric tonnes.

2. Spread calculation infers an FOB iron ore estimate by deducting the Baltic cape index freight cost from CFR China iron ore price.

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# Strategy and growth to 2030



# OUR PURPOSE AND STRATEGY

In place since late 2019, Our Strategy sets out how we will deliver on Our Purpose and drive transformation and growth, while continuing to deliver on core expectations for our stakeholders

## Our Purpose:

**We create and inspire smart solutions in steel, to strengthen our communities for the future**

## Our Strategy



### TRANSFORM

DELIVER A STEP CHANGE IN CUSTOMER EXPERIENCE AND BUSINESS PERFORMANCE



### GROW

GROW OUR PORTFOLIO OF SUSTAINABLE STEELMAKING AND WORLD LEADING COATING, PAINTING AND STEEL PRODUCTS BUSINESSES



### DELIVER

DELIVER A SAFE WORKPLACE, AN ADAPTABLE ORGANISATION AND STRONG RETURNS

# SIGNIFICANT EARNINGS GROWTH OPPORTUNITY

## Target annual EBIT improvement

**Cost and productivity initiatives**

**\$200M+**

- Initial target \$200M of initiatives commenced for delivery in FY2026
- Program to deliver further improvements

**Growth**

**~\$500M**

- Targeted annual earnings contribution from growth initiatives and investments by 2030; range of projects well underway

**Property portfolio upside**

- Positioning 1,200ha portfolio for strategic value realisation, including near-term opportunity at West Dapto

**Spread and FX**

**~\$500M to ~\$1Bn**

- An improvement in spread levels would offer meaningful upside, even allowing for unfavourable FX<sup>1</sup>

<sup>1</sup>. EBIT impact of difference between 10 and 5-year average spread and FX relative to FY2025 forecast average using sensitivity factors as set out on slide 19

# DRIVING COST AND PRODUCTIVITY IMPROVEMENT

**Initiatives identified and commenced to deliver target \$200M net annual earnings improvement in FY2026; now reviewing further improvement opportunities**

## Cost and productivity initiatives

Growth

Spread & FX

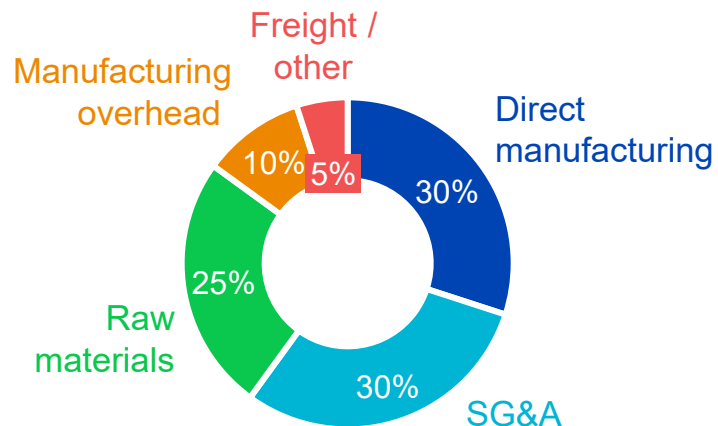
### Initial \$200M cost and productivity program

- Target initiatives identified and commenced
- Split broadly evenly between Australia, North America, and Asia / NZ
- Expected to be delivered for FY2026<sup>1</sup>

### Ongoing program underway

- Program to identify and deliver further earnings improvements
- Also targeting \$200-300M working capital release over next 18 months

### Cost element breakdown<sup>1</sup>



### Examples of initiatives

- Operational and SG&A productivity focus
- Overall Equipment Effectiveness (OEE)<sup>2</sup>, cost of product loss and other manufacturing efficiency initiatives in Australia and Asia
- Raw material mix optimisation at North Star
- Structural initiatives in New Zealand, in part enabled by shift to EAF model

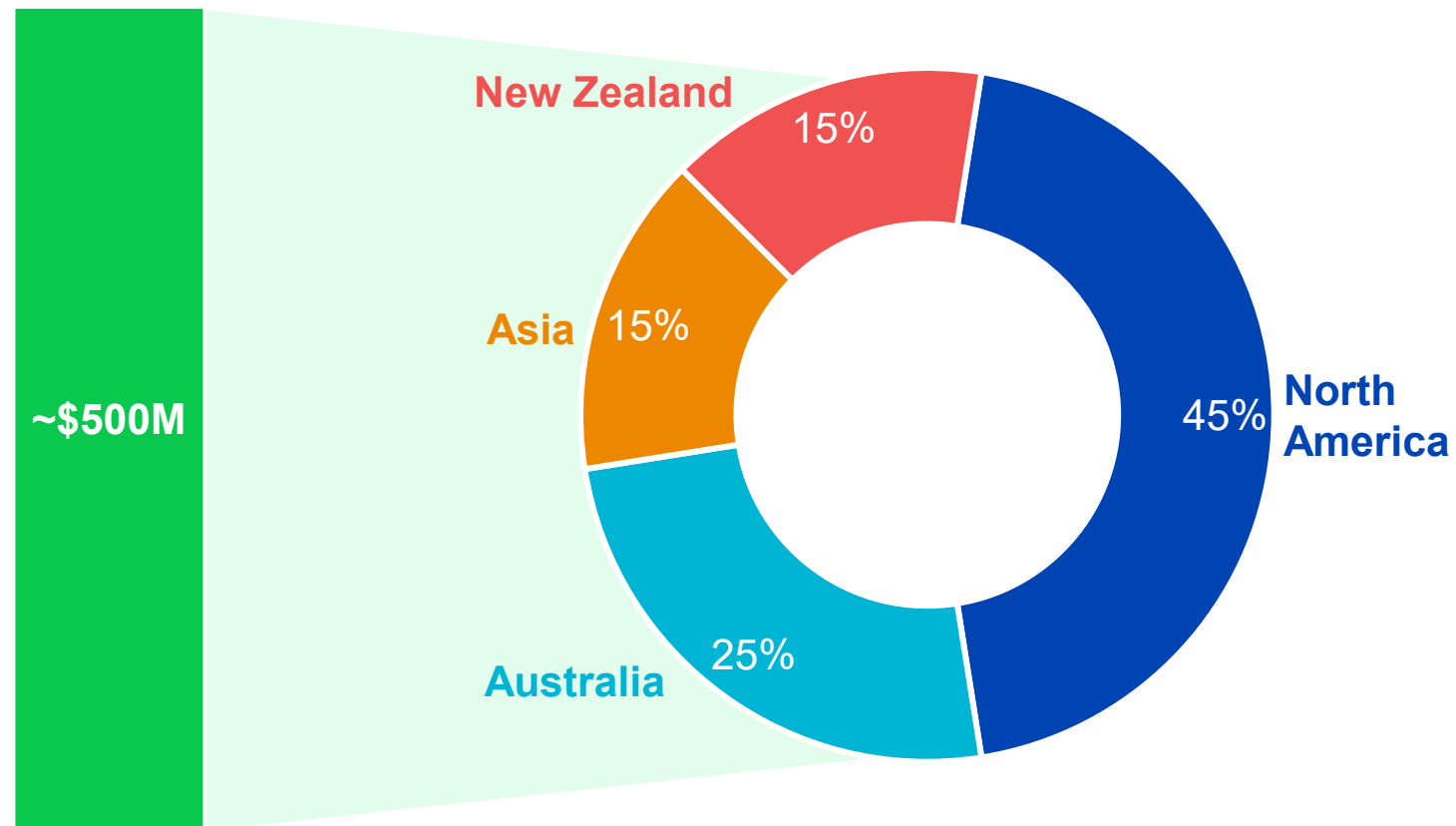
1. On FY2024 cost base

2. OEE is a measure of how well a manufacturing operation is utilised compared to its full potential, during the periods when it is scheduled to run, incorporating measures of availability, performance and quality.

# BLUESCOPE'S TARGET GROWTH TO 2030

Growth investments and initiatives to drive EBIT uplift, supported by macro normalisation

Target annual underlying EBIT contribution from growth investments by 2030



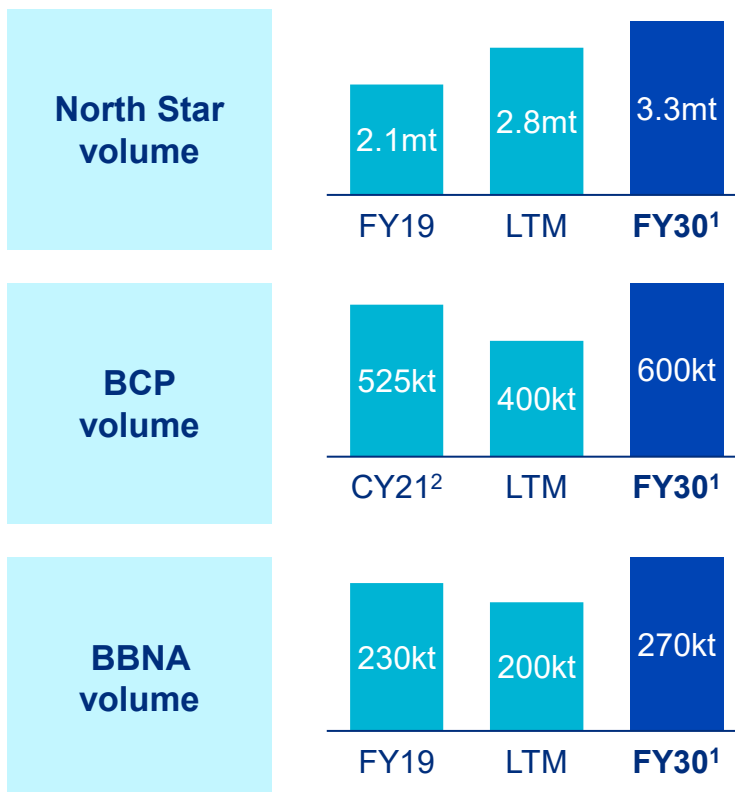
# GROWTH TO 2030: NORTH AMERICA

Targeting annual EBIT uplift of over \$200 million<sup>1</sup>

## Initiatives

- North Star targeting 3.3Mtpa
  - \$200M investment in debottlenecking program through to FY2027
- BCP improvement and ramp-up, incl. focus on branded and single-bill offering
- Moved to 51% ownership of Steelscape / ASC Profiles in Jan-25<sup>3</sup>
  - Better supports coordinated national approach to coated and painted
  - Provides support to branded and single-bill offering
- Deferred midstream investment
- BBNA growth in targeted segments and new products

## Measures of success



1. 2030 target performance.  
 2. CY2021 represents the 12-month period prior to BlueScope's acquisition of the business.  
 3. No changes to the governance (or decision-making rule) of the NS BlueScope JV.



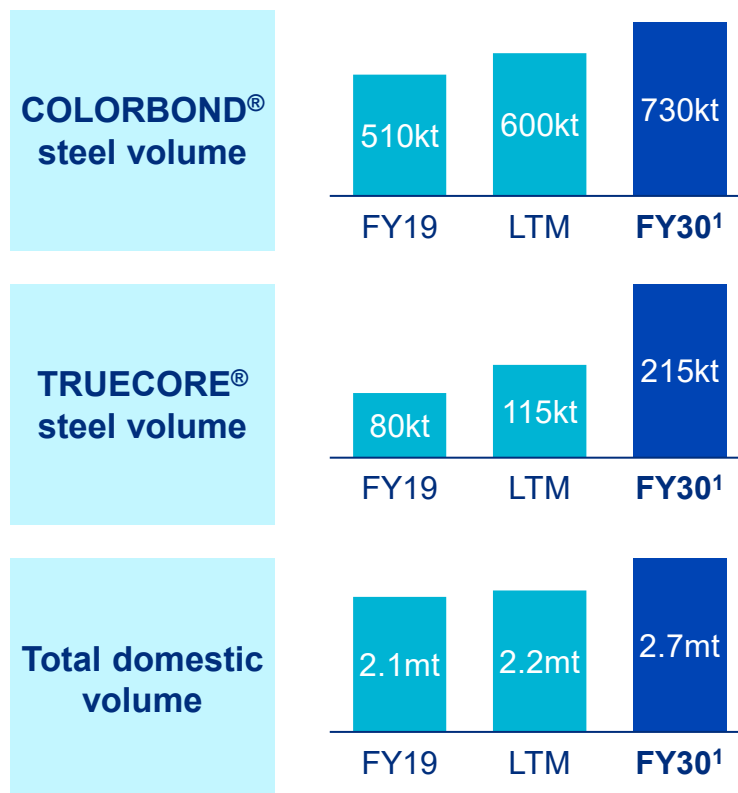
# GROWTH TO 2030: AUSTRALIA

Targeting annual EBIT uplift of \$125 million<sup>1</sup>

## Initiatives

- Continued shift towards branded and value-added products
  - COLORBOND® and TRUECORE® steel sales growth on favourable demand trends and customer-focussed initiatives
  - Supported by \$415M MCL7 investment, online in FY2026
- Grow overall domestic volumes, with a focus on construction, defence, infrastructure and renewable energy segments
  - Supported by recently completed \$70M pipe and tube mill and \$300M plate mill modernisation to be commissioned in FY2027

## Measures of success



<sup>1</sup>. 2030 target performance.

# GROWTH TO 2030: ASIA & NEW ZEALAND

Targeting collective annual EBIT uplift of ~\$150 million<sup>1</sup>

## Asia Initiatives

- ASEAN volume growth:
  - Focus on Malaysia, Indonesia and Vietnam
  - Benefit from solution-based downstream initiatives
- China earnings recovery:
  - Buildings focus on targeted high growth end-use segments
- Capturing volume growth in the rapidly expanding India market:
  - Added capacity from Tata Steel supply agreement

## New Zealand Initiatives

- Continued growth in demand for COLORSTEEL® products:
  - Supported by continued capital efficient paint line capacity upgrades
- Growing domestic volumes:
  - Recovery from current soft macroeconomic conditions
  - Targeted growth across product ranges
- Leveraging new NZ\$300M EAF operating model

<sup>1</sup>. 2030 target performance.



# GROWTH TO 2030: PROPERTY REALISATION

Reviewing near-term opportunities to realise value from the surplus West Dapto land asset

## Near-term West Dapto opportunity

- 33-ha of zoned residential land
  - Potential for 350-400 lots in attractive West Dapto Urban land release area<sup>1</sup>
  - Targeted for value realisation in FY2026
- Further ~80-ha zoned industrial land with access to utilities and logistics infrastructure
  - High demand for zoned, development ready industrial sites for logistics and data centre developments
  - Targeting value realisation over the next five years

West Dapto Landholding (200-ha)



■ Residential 
 ■ General Industrial 
 ■ Heavy Industrial 
 ■ Other

1. Wollongong Council housing target of 9,200 homes by 2029. "One of the state's fastest growing residential areas outside Sydney" – NSW Minister for Planning, Dec-24 ([link](#)).

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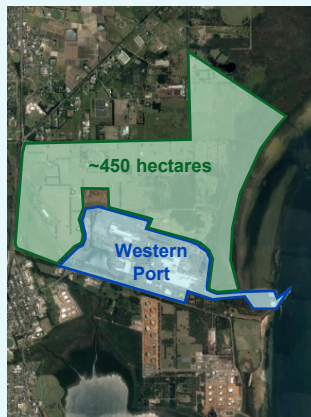
# GROWTH UPSIDE: SUBSTANTIAL VALUE IN ADJACENT LAND PORTFOLIO

Three adjacent sites with compelling infrastructure access; positioned for strategic value realisation

- Sites located with compelling port, rail and electricity interconnector access
- As part of planning process, considering options for data centres, energy storage and automated logistics
- Appointed new Head of Property Development to accelerate options

## Western Port, VIC

- ~450ha, 60km from Melbourne, on a deep-water port
- Master Planning process to be commenced; wide spectrum of potential uses to be considered



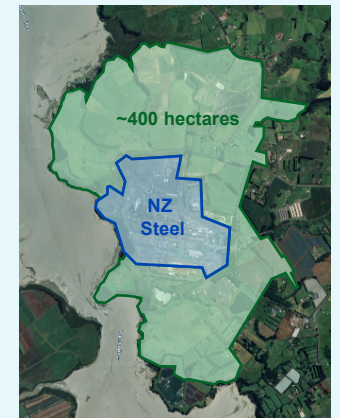
## Port Kembla, NSW

- ~200ha, 80km from Sydney on a deep-water port
- Reviewing opportunities for commercial and industrial use based on completed Master Plan



## Glenbrook, NZ

- ~400ha, 40km from Auckland
- Master Planning process underway
- Determining potential industrial uses that complement operations



# MATERIAL UPSIDE FROM MACRO IMPROVEMENT

An improvement in spread levels would offer meaningful upside, even allowing for unfavourable FX

Personal use only

Cost and productivity initiatives

Growth initiatives

Spread & FX

	History	FY2025 average <sup>1</sup>	Historical average <sup>2</sup>		Annual EBIT impact <sup>3</sup>	
			10-year average	5-year average	10-year average	5-year average
<b>US Spread</b>		<b>US\$330/t</b>	<b>US\$440/t</b>	<b>US\$550/t</b>	<b>+A\$500M</b>	<b>+A\$1Bn</b>
<b>Asia Spread</b>		<b>US\$205/t</b>	<b>US\$260/t</b>	<b>US\$265/t</b>	<b>+A\$225M</b>	<b>+A\$250M</b>
<b>A\$:US\$</b>		<b>0.65</b>	<b>0.72</b>	<b>0.69</b>	<b>-A\$300M</b>	<b>-A\$200M</b>
					<b>~A\$500M to ~A\$1Bn</b>	

1. Includes actual 1H FY2025 spread and forecast 2H FY2025 spread as set out on slide 8.  
 2. Average month East Asia HRC spread, US Midwest HRC spread and A\$:US\$ FX rate over the 5- and 10-year period to December 2024.  
 3. EBIT impact relative to FY2025 forecast average using the following sensitivity factors: +A\$45M EBIT per +US\$10/t of US spread, +A\$43M EBIT per +US\$10/t of Asia spread and +A\$31M EBIT per +1c of A\$:US\$ FX rate. Note the FX sensitivity is applied to both FY2025 base EBIT and spread sensitivity EBIT impacts.

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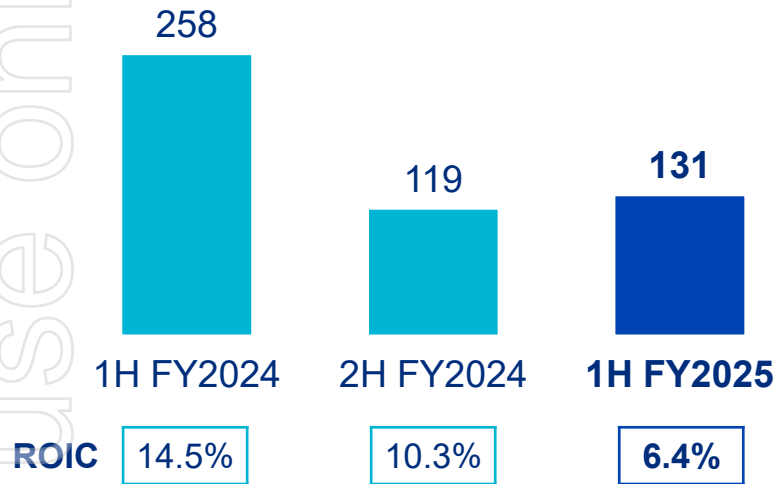
# Business performance



# AUSTRALIA

**Slightly improved performance on stronger spreads and improved domestic despatches, offset by higher costs**

## Underlying EBIT (\$M)



## Domestic despatches ex-mill (kt)



- Stronger realised spread performance as lower coal and iron ore costs more than offset softer pricing
  - Benchmark spreads remained at depressed levels through the period
- Domestic despatches increased during the half on improving activity, predominantly in residential construction segments
  - COLORBOND® steel sales increased 9% compared to 2H FY2024
- Higher costs on escalation pressures, pressures, in particular energy
- Lower contribution from export coke sales, down \$9M on 2H FY2024
- No.6 Blast Furnace reline and upgrade project on track

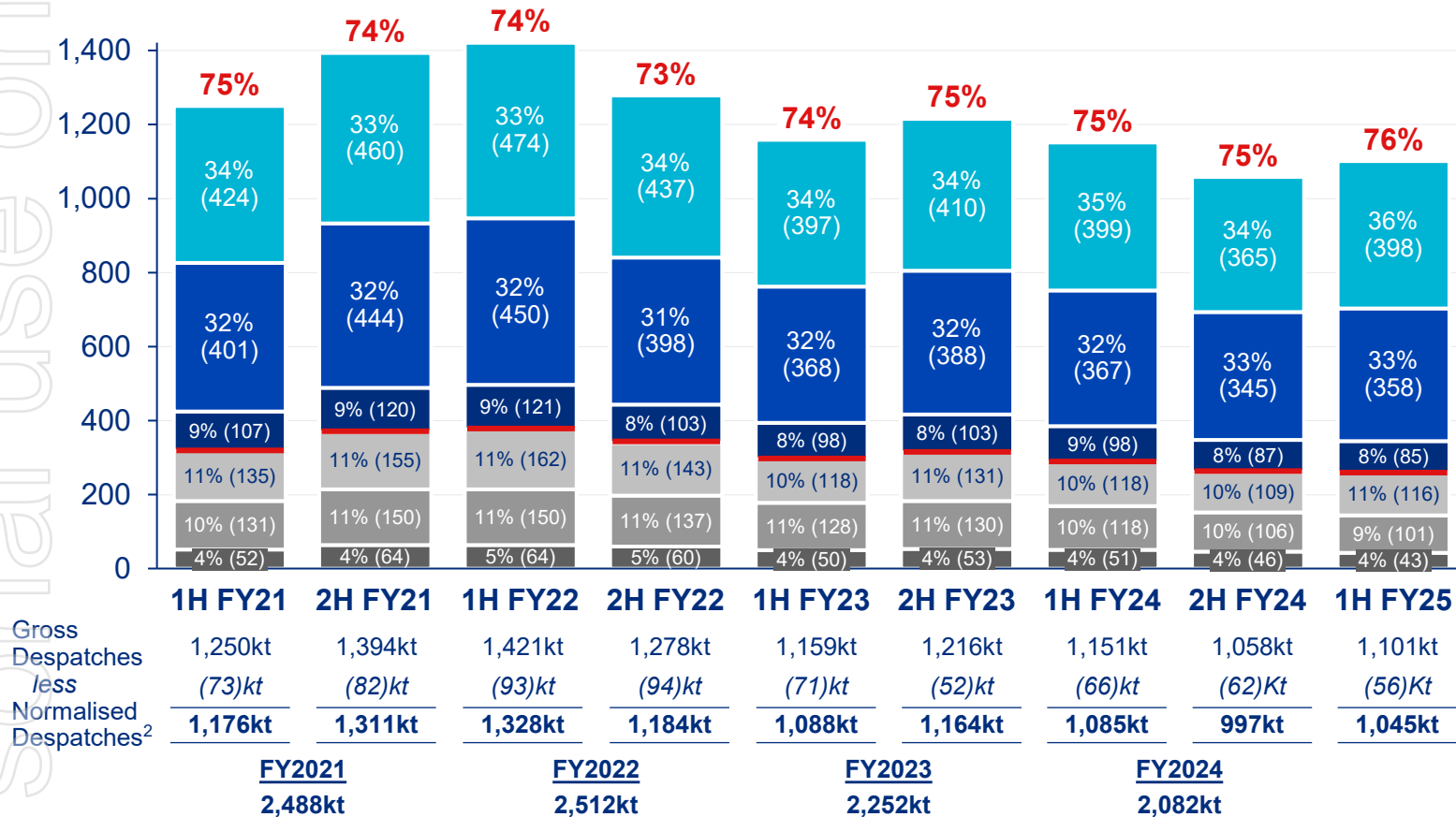


# AUSTRALIA

## Increased despatches in 1H FY2025, driven largely by residential construction demand

### Total Australian domestic despatch volumes (kt)

Total construction % shown in dark red



#### Dwelling

- Approximately half of product goes to Alterations & Additions (A&A) sub-segment
- Stronger demand in detached resi segment on increased commencements and stable approvals and new home sales
- Increase largely seen in the robust A&A subsegment, continuing to be supported by high house prices

#### Non-dwelling

- Consumes around a third of our COLORBOND® steel
- Segment supported by large pipeline of projects from prior periods and a slight increase in new approvals.
- Social & Institutional activity continued to be supported by ongoing government investment in health, education and defence projects

#### Engineering<sup>1</sup>

- National infrastructure investment in road and rail projects continued to support demand

#### Manufacturing

- Increased during the half, supported by stronger residential construction demand

#### Agriculture & Mining

- Agricultural demand remains at normalised levels
- Mining activity broadly stable on strong commodity cycle

#### Transport

- Truck bodies, trains, ships, trailers etc
- Demand again contracted on reduced requirement for new equipment following period of strong demand

1. Engineering includes infrastructure such as roads, power, rail, water, pipes and some mining-linked use.

2. Normalised despatches exclude third party sourced products, in particular, long products.

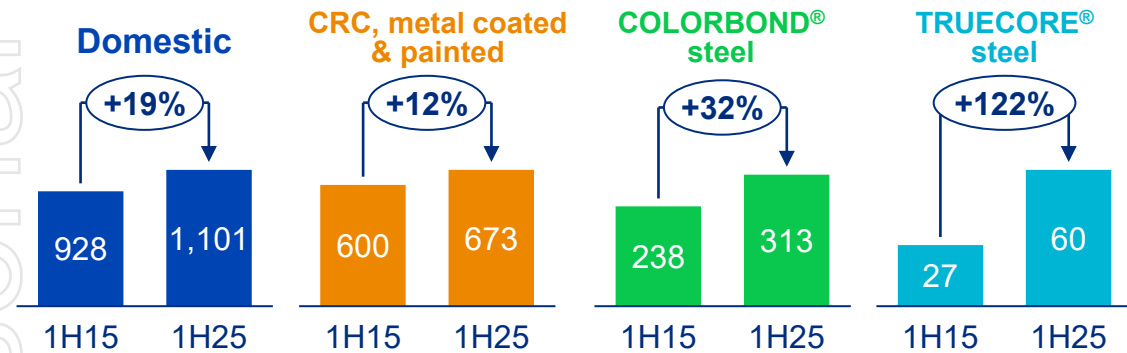
# AUSTRALIA

Ongoing focus on shifting mix towards premium branded products combined with a focus on cost in steelmaking

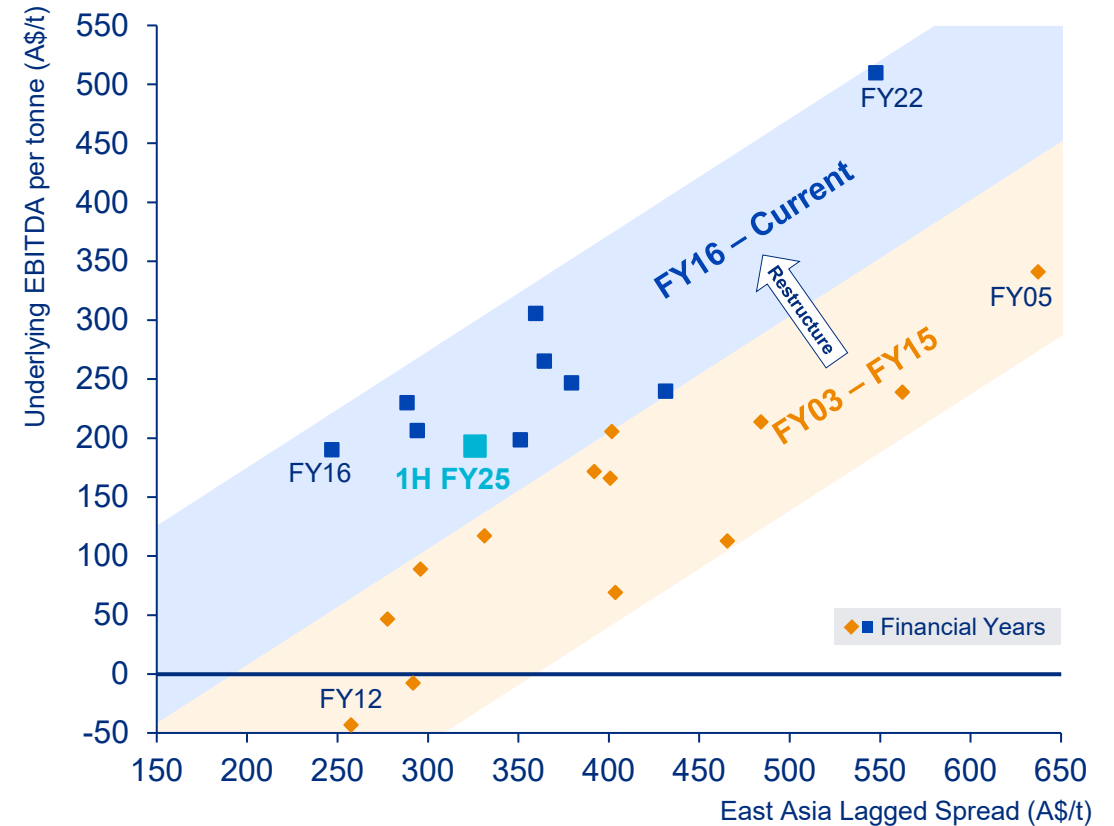
## Asian steel spread<sup>1</sup> & indicative steelmaking cash breakeven<sup>2</sup> (US\$/t)



## Despatch volumes by category / product (kt)



## Asian steel spread<sup>1</sup> & ASP EBITDA per tonne (\$A/t)



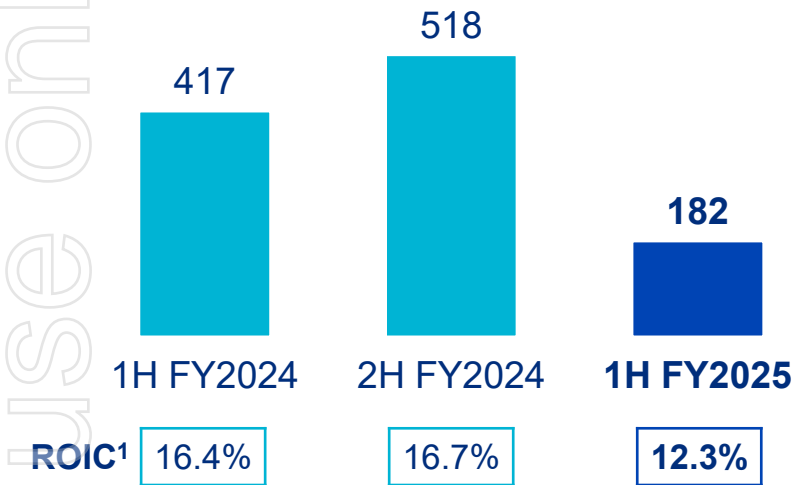
1. 'Indicative steelmaker HRC spread' representation based on simple input blend of 1.5t iron ore fines and 0.71t hard coking coal per output tonne of steel. Chart is not a specific representation of BSL realised HRC spread (eg does not account for iron ore blends, realised steel prices etc), but rather 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.

2. EBITDA less stay-in-business capital expenditure

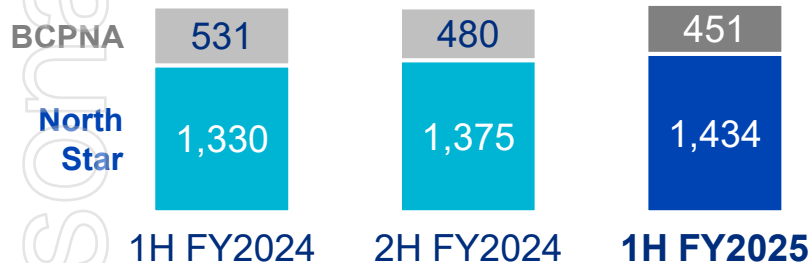
# NORTH AMERICA

## Significantly softer result in 1H FY2025 on materially weaker benchmark spreads at North Star and further moderation of performance at Buildings & Coated Products

### Underlying EBIT<sup>1</sup> (\$M)



### Total despatches<sup>2</sup> (kt)



### North Star

EBIT \$66M in 1H FY2025; \$293M in 2H FY2024

- Materially weaker benchmark spreads in 1H FY2025, with realised spreads supported by longer lag pricing component of sales mix<sup>3</sup>
- Improved cost performance and higher volumes further supported the result

### Buildings & Coated Products North America (BCPNA)

EBIT \$119M in 1H FY2025; \$221M in 2H FY2024

- Continued margin normalisation at BlueScope Buildings, part offset by lower costs
  - BlueScope Properties Group delivered a softer contribution than 2H FY2024, with the completion of two projects
- Steelscape performance impacted by margin compression and lower volumes
- BlueScope Coated Products performance deteriorated, delivering a loss in 1H FY2025 on lower volumes due to an increase in imports and weak foundational customer demand
  - Costs were impacted by low asset utilisation, given weaker sales volumes
  - Turnaround program refocussed on immediate improvement

1. Includes intersegment eliminations (\$5M in 1H FY2024, \$5M in 2H FY2024 and \$2M in 1H FY2025).

2. Excludes intercompany eliminations (37kt in 1H FY2024, 14.3kt in 2H FY2024 and 9kt in 1H FY2025).

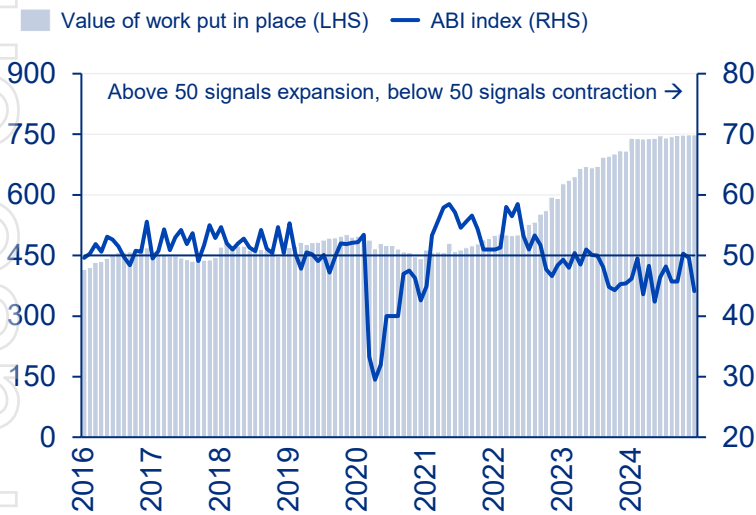
3. Benchmark prices are illustrative only, and may not be representative of realised mill prices due to a range of factors. Movements in prices across the majority of sales correlate with Midwest regional benchmark pricing, on a short lag; a minority of sales are priced on a longer term basis. Accordingly the degree of correlation between realised and benchmark prices can vary in a given half but is more fully reflected over the medium term.

# NORTH AMERICA

**The economy has remained resilient supported by consumer spending and low unemployment. Auto demand in particular remains solid, while non-residential strength reflects public investment plans**

## Non-residential construction<sup>1</sup>

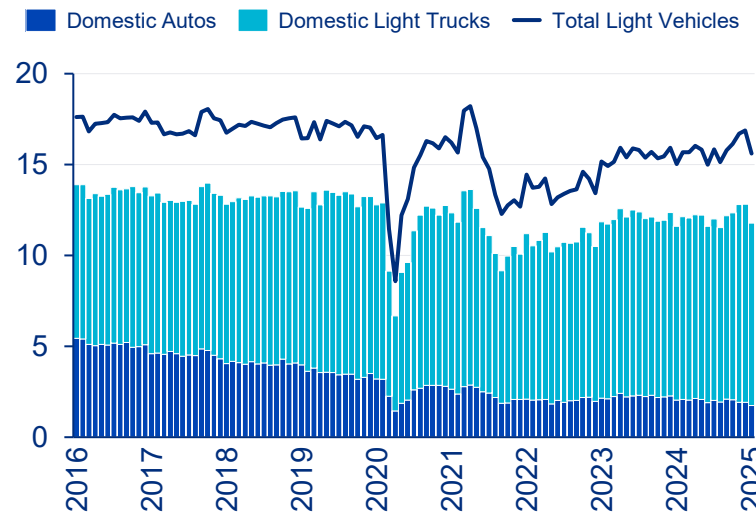
(Value of work put in place, US\$Bn; ABI)



- Non-residential sector leveraging from the Investment and Jobs Act
- ABI leading indicators remain volatile, remaining within contraction territory
- Medium term demand to be supported by gov't stimulus, reshoring, e-commerce, etc

## Automotive<sup>2</sup>

(Light vehicle sales, annualised million units)



- Lower interest rates are supporting demand
- Hurricane replacement demand and loosening loan conditions also playing a role
- Tariffs and the potential removal of electric vehicle tax credits remain uncertainties

## Manufacturing<sup>3</sup>

(ISM purchasing managers' index)



- Manufacturing sector gaining momentum supported by reshoring
- Fiscal support remains in place, and rate cuts have provided support
- However, a stronger US dollar is a headwind

Sources: 1. US Census Bureau, Value of Construction Put in Place Survey; current \$; data to Dec-24; ABI - Architectural Billings Index, American Institute of Architects, data to Dec-24. 2. CEIC, seasonally adjusted, data to Jan-25. 3. ISM – Institute for Supply Management, Purchasing Managers Index, data to Jan-25.

# NORTH STAR

**Remains a leading margin producer in the US; rebased benchmark spreads have offset higher industry costs (largely non-benchmark raw materials)**

## Macro factors have driven up industry production costs

Primarily non-benchmark raw materials including alloys, additives and fluxes, obsolete scrap and freight on raw materials

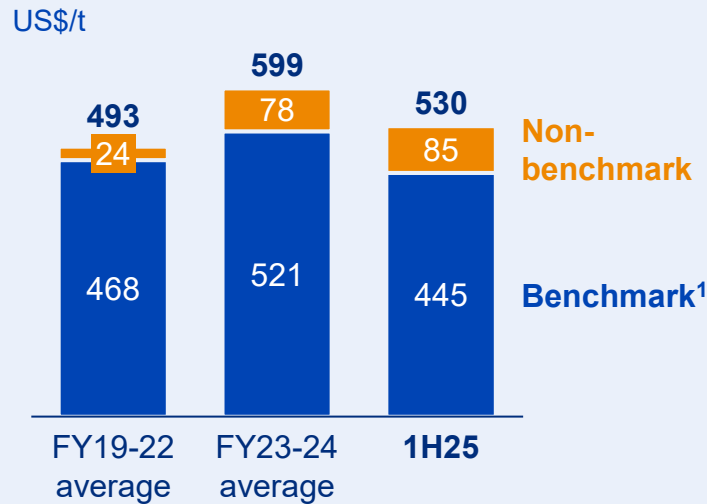
## Spreads have structurally increased to compensate

Benchmark spreads averaging ~US\$95/t higher than pre-COVID levels, as mills recoup higher costs in price

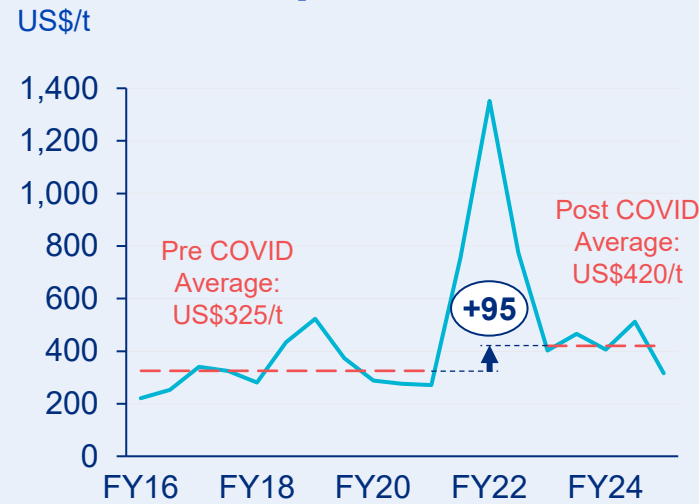
## North Star remains a leading margin producer

Margin performance supported by location near customers and scrap pools, and consistently full utilisation

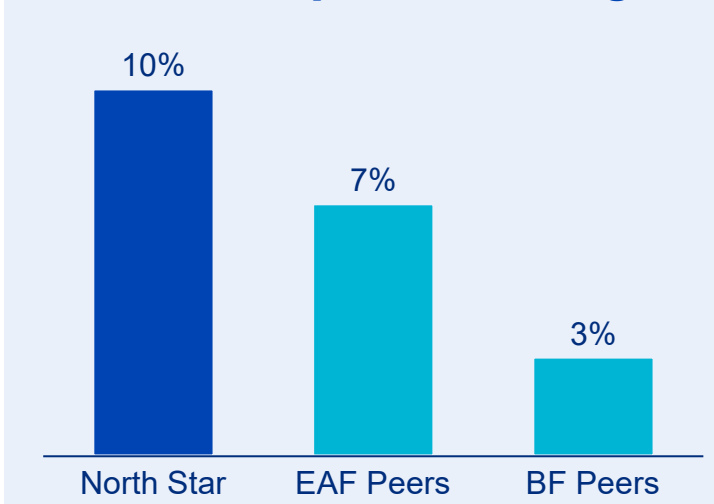
### North Star raw material costs



### US mini-mill spread<sup>1</sup>



### North Star vs peer EBIT margin<sup>2</sup>

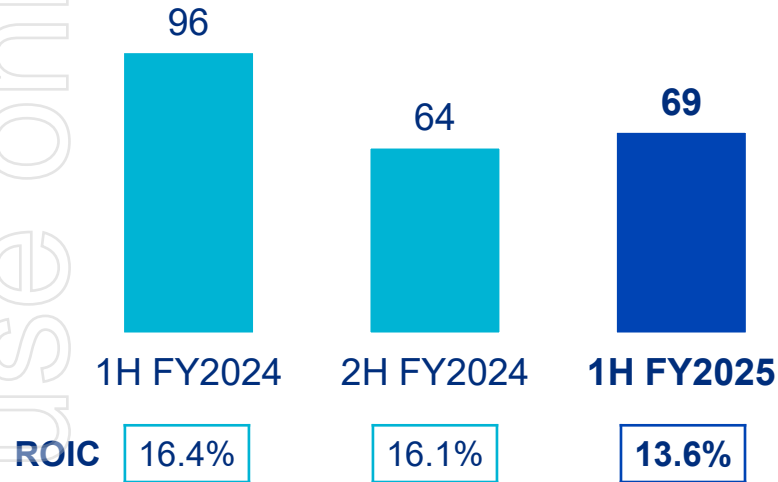


1. US Midwest mini-mill benchmark HRC costs and spread (metric) – based on CRU Midwest HRC price (assuming illustrative one month lag), SBB #1 busheling scrap price (assuming one month lag) and CRU NOLA pig iron price (assuming two month lag); assumes raw material indicative usage of 1.1t per output tonne.  
2. Reflects CY2024 EBIT margin data. Peer margin data sourced from publicly available company information, simple average of North American peers using relevant segment information.

# ASIA

**Stronger performance on typical seasonality in China; similar results in India and Southeast Asia, with ongoing strength in Thailand**

## Underlying EBIT (\$M)



## Total despatches (kt)



## Southeast Asia<sup>1</sup>

**EBIT \$52M in 1H FY2025; \$54M in 2H FY2024**

- Similar result to 2H FY2024 on broadly unchanged volumes across the region
- Regional performance continues to be led by strong performance in Thailand, though earnings improved in Vietnam and Indonesia

## China

**EBIT \$18M in 1H FY2025; \$8M in 2H FY2024**

- Stronger 1H FY2025 than 2H FY2024 result on seasonality, though softer than 1H FY2024 on persistent weakness in the broader Chinese economy

## India

**EBIT (50% basis) \$0M in 1H FY2025; \$3M in 2H FY2024**

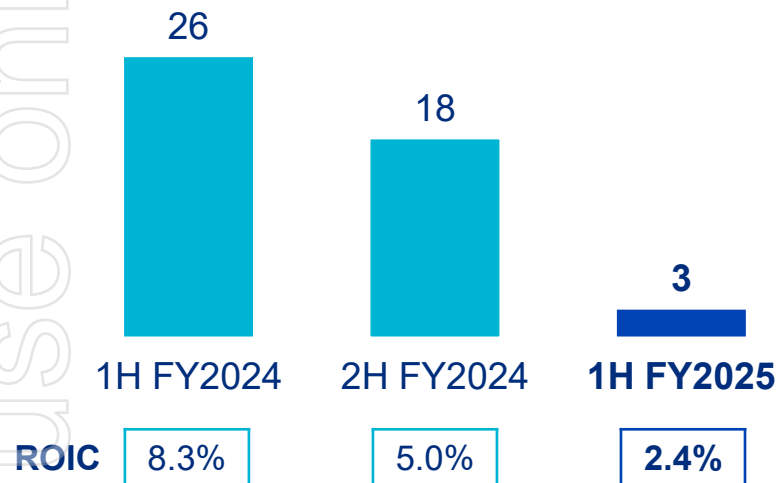
- Breakeven performance as the business continues to integrate growing volumes of coated and painted product sourced under a supply agreement with Tata

1. Regional earnings breakdown excludes intra-segment eliminations and head office costs (\$1M in 2H FY2024 and \$(1)M in 1H FY2025).

# NEW ZEALAND AND PACIFIC ISLANDS

Significantly lower result on continued impacts from soft macroeconomic conditions

## Underlying EBIT (\$M)



## Domestic despatches (kt)



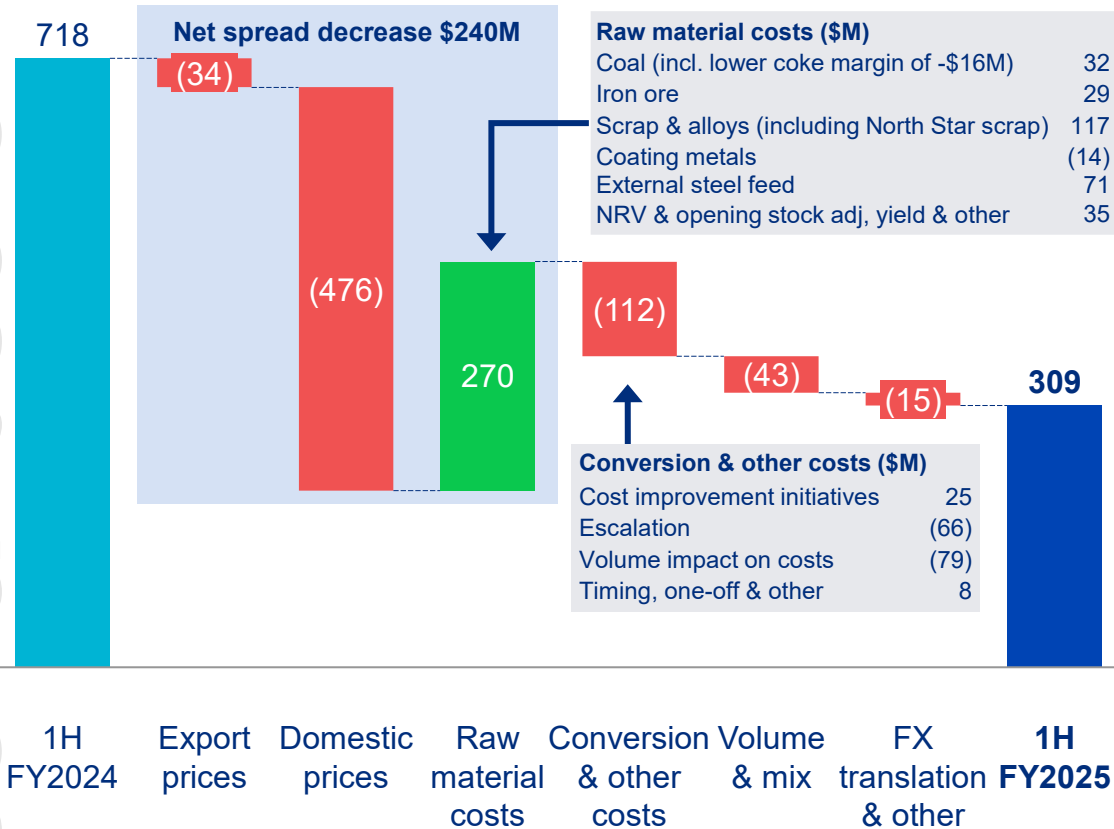
- Similar domestic despatches in 1H FY2025 as soft macroeconomic conditions and low levels of construction activity continued from the prior half
- Realised spread impacted by weaker pricing and higher raw material costs
- Lower conversion costs on improved operational performance; net vanadium contribution remained soft
- Electric Arc Furnace project progressing well



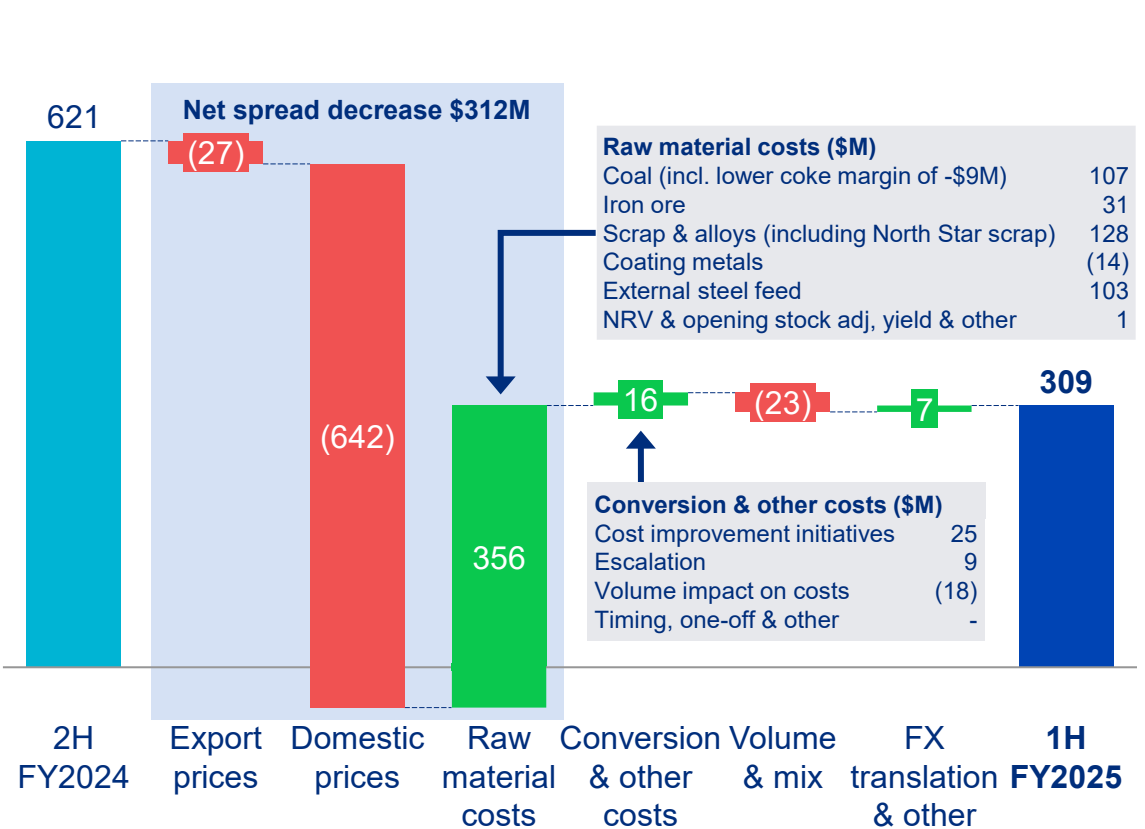
# UNDERLYING GROUP EBIT VARIANCE

Softer result in 1H FY2025, predominantly due to softer spreads

## 1H FY2025 vs 1H FY2024 (\$M)



## 1H FY2025 vs 2H FY2024 (\$M)



Note: FX translation relates to translation of foreign currency earnings to A\$ and foreign exchange translation impacts on intercompany loans recognised in the income statement; transactional foreign exchange impacts are reflected in the individual categories.

# 2H FY2025 REGIONAL GUIDANCE

## Outlook subject to assumptions and qualifiers referenced on page 8

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### North America

- Expect a result approximately one-third higher than 1H FY2025
- North Star – expect a result more than double that of 1H FY2025
  - Improved benchmark spread, partially offset by realised pricing<sup>1</sup>
  - Performance also supported by lower conversion costs and slightly higher volumes
- Buildings & Coated Products – expect a result slightly lower than 1H FY2025
  - Continued margin normalisation at BlueScope Buildings
  - Slightly improved performance at BCP on continued turnaround efforts
  - Stronger performance at Steelscape on margin improvement

### Australia

- Expect a result moderately stronger than 1H FY2025
- Higher domestic volumes
- Benefits from cost and productivity program
- Part offset by slightly softer benchmark spreads

### Asia

- Expect a result slightly lower than 1H FY2025
- Southeast Asia and India – expect a similar result
- China – expect a softer result on typical seasonality

### New Zealand & Pacific Islands

- Expect a result reflecting a modest improvement on 1H FY2025
- Performance benefitting from delivery of initiatives under the cost and productivity program

### Corporate & Group

- Expect a similar performance

<sup>1</sup> Benchmark prices may not be representative of realised mill prices due to a range of factors. Movements in prices across the majority of sales correlate with Midwest regional benchmark pricing, on a short lag; a minority of sales are priced on a longer-term basis. Accordingly, the degree of correlation between realised and benchmark prices can vary in a given half but is more fully reflected over the medium term.

# Financial framework

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# FINANCIAL FRAMEWORK UNDERPINNING RESILIENCE

Our principles that drive financial performance and disciplined allocation of capital

## Returns Focus

- ROIC > WACC on average through the cycle
- ROIC incentives for management and employees
- Maximise free cash flow generation

## Robust Capital Structure

- Strong balance sheet, with a target of around \$400-800M net debt
- Retain strong credit metrics
- Intent to have financial capacity through the cycle to make opportunistic investments or to fund reinvestment in or a shutdown of steelmaking if not cash positive
- Leverage for M&A if accompanied by active debt reduction program

## Disciplined Capital Allocation

- Invest to maintain safe and reliable operations, to support achievement of decarbonisation pathways, and in foundation and new technologies
- Returns-focussed process with disciplined competition for capital between:
  - Growth capital – Investments and M&A (but avoid top of the cycle)
  - Shareholder returns (distribute at least 50% of free cash flow to shareholders in the form of consistent dividends and on-market share buy-backs<sup>1</sup>)

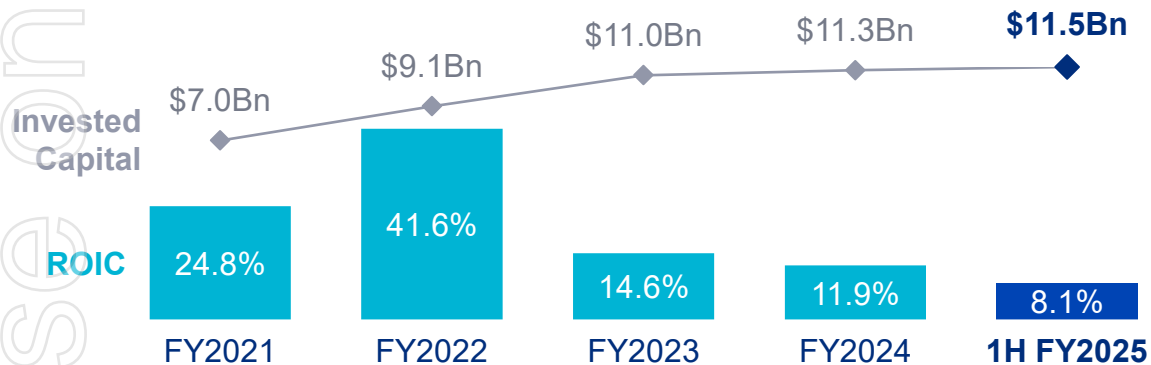
1. On-market share buy-backs are an effective method of returning capital to shareholders given the flexibility they provide in managing BlueScope's capital and for the EPS enhancement they can deliver.

# RETURNS FOCUS

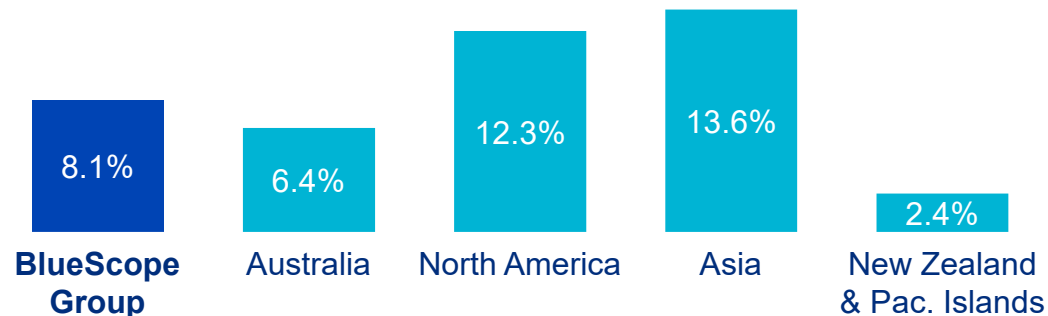
## STRONG FOCUS ON ROIC; MAXIMISING CASH

Targeting returns above cost of capital through the cycle; maximising cash flows to support investment pipeline

### Group ROIC<sup>1</sup> (%) and invested capital<sup>2</sup> (\$Bn)



### 1H FY2025 ROIC<sup>1</sup> by Region (%)



### Net cash flow (\$M)

(before investment exp and financing)

\$M	FY2023	FY2024	2H24	1H25
Reported EBITDA	2,146	1,969	948	662
Adjust for other cash profit items	81	43	25	22
Working capital movement <i>(incl provisions)</i>	394	(245)	(176)	(24)
Net financing cost <sup>3</sup>	(38)	(5)	(6)	(13)
Income tax paid	(431)	(351)	(102)	(84)
<b>Cash flow from operating activities</b>	<b>2,151</b>	<b>1,410</b>	<b>689</b>	<b>563</b>
Capex	(809)	(976)	(510)	(584)
<b>Free cash flow</b> <i>(before investment expenditure &amp; financing)</i>	<b>1,342</b>	<b>434</b>	<b>179</b>	<b>(21)</b>

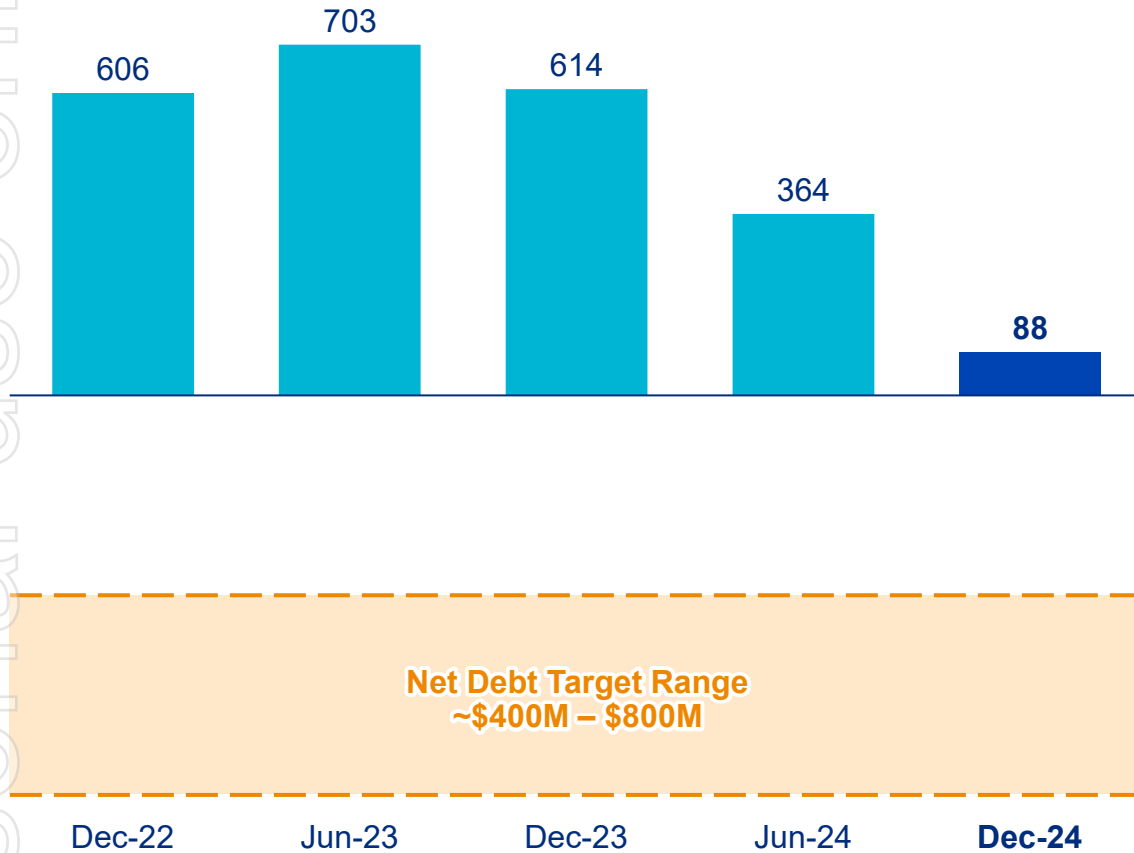
1. Return on Invested Capital – calculated as last 12 months' underlying EBIT over trailing 13 month average capital employed.  
 2. Net operating assets.  
 3. Includes the impact of lease liabilities under AASB16.

# ROBUST BALANCE SHEET

## NET CASH POSITION; AMPLE LIQUIDITY

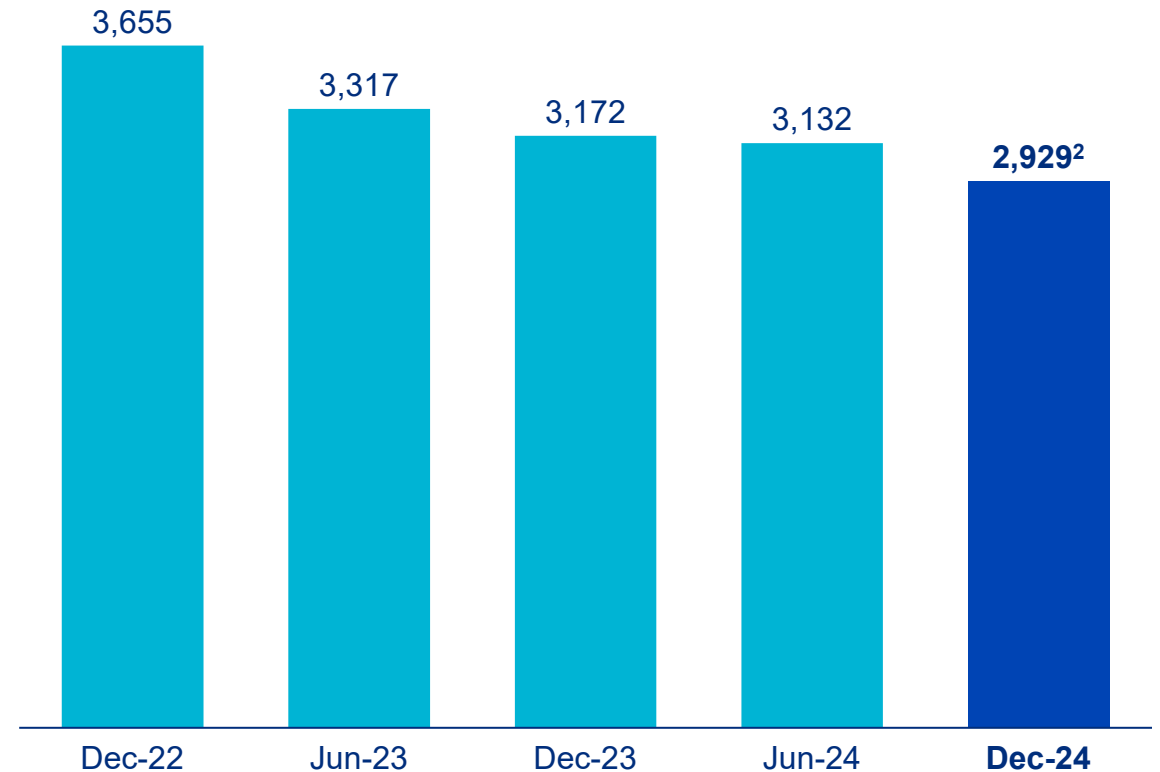
Strong balance sheet providing the foundation to deliver long term sustainable earnings and growth

**Net cash / (debt)<sup>1</sup> (\$M)**



**Liquidity (\$M)**

(undrawn facilities and cash)



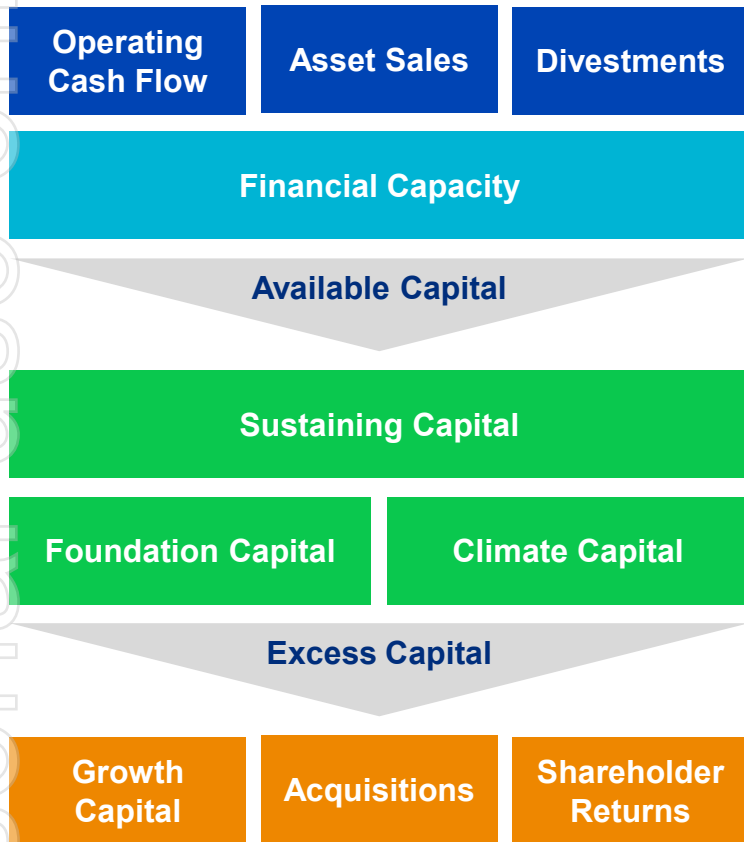
1. Includes the impact of lease liabilities under AASB16.  
2. Includes \$819M liquidity in NS BlueScope Coated Products JV

# DISCIPLINED CAPITAL ALLOCATION

## CAPITAL EXPENDITURE

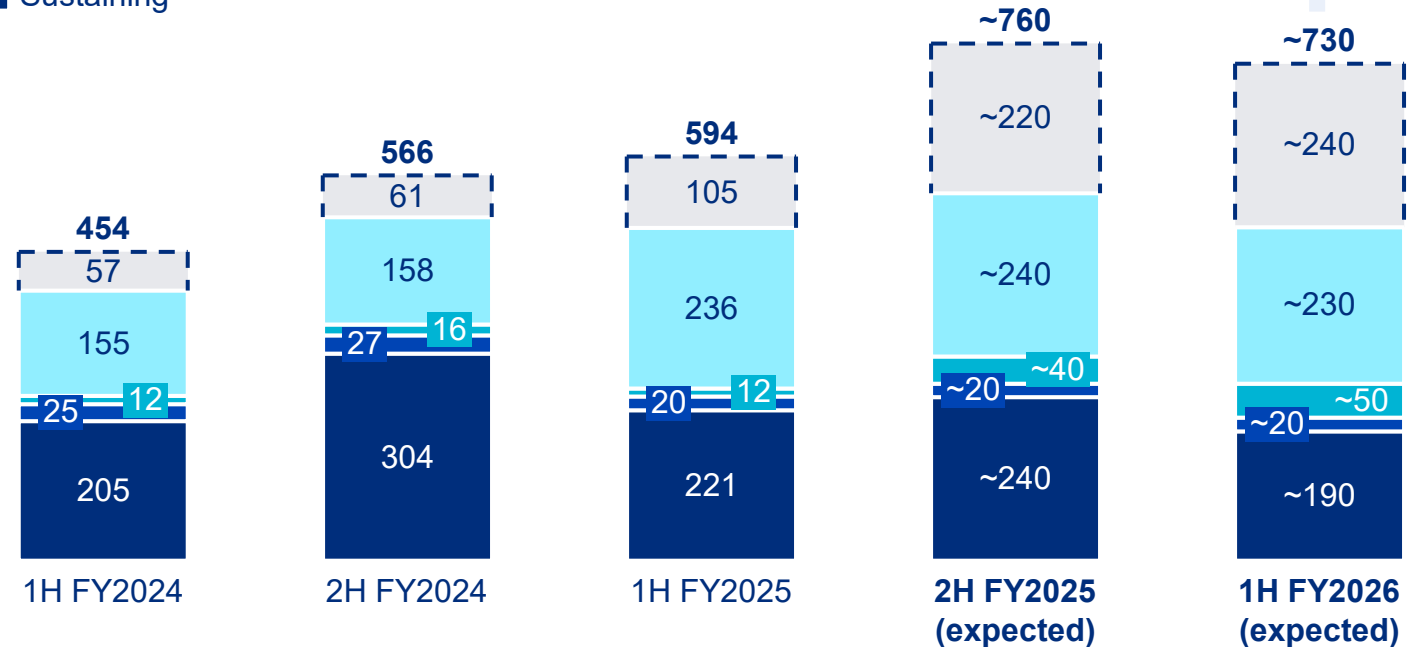
Investing for sustainable earnings and growth

### Capital allocation framework



### CAPEX spending and forecast<sup>1</sup> (\$M)

- 6BF reline & upgrade<sup>2</sup>
- Growth
- Climate<sup>3</sup>
- Foundation
- Sustaining



- Major projects in forecast include:
- MCL7 in Western Sydney (growth)
  - North Star debottlenecking (growth)
  - EAF at NZ Steel (climate)
  - PKSW plate mill upgrades (growth)

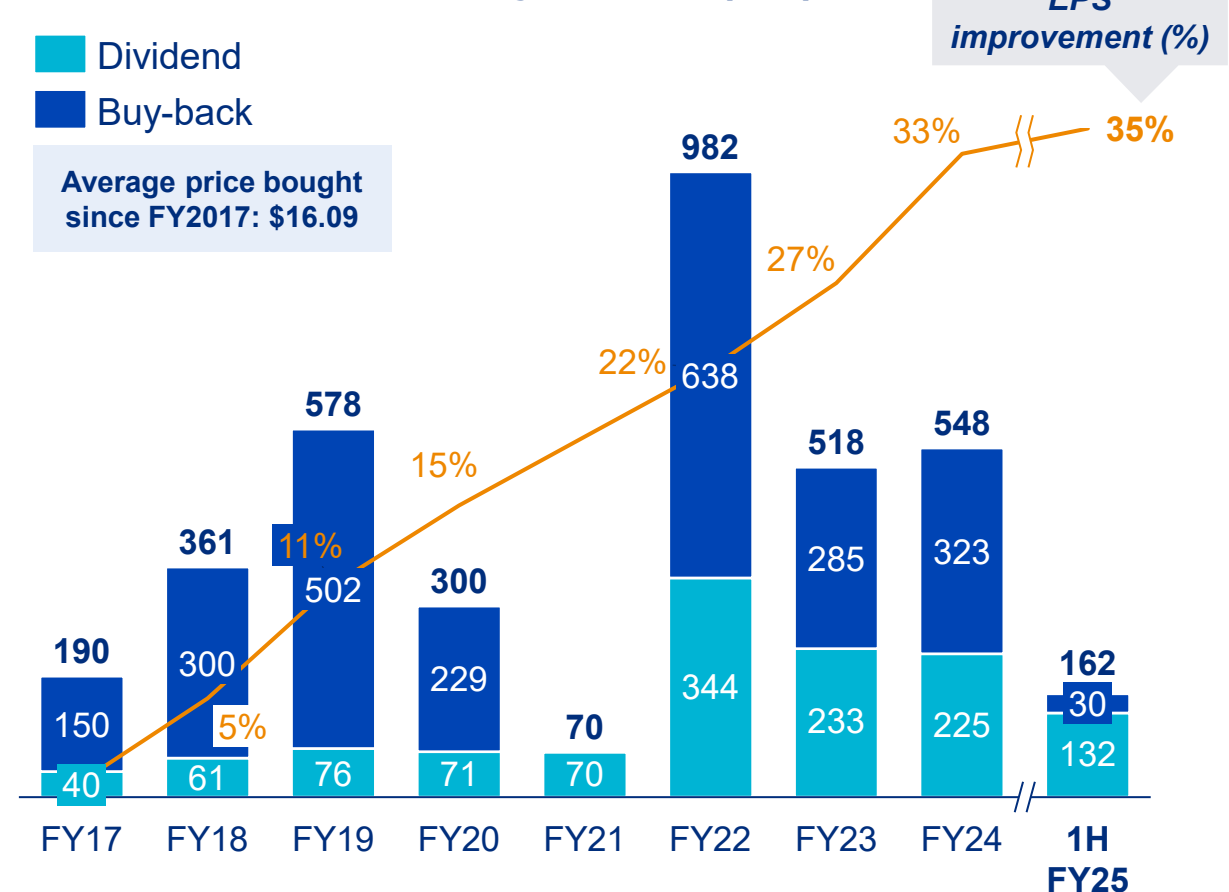
1. Reflects accounting capital spend including capital accruals; 1H FY2025 differs from cash capital expenditure through a \$9M increase in capital creditors and other movements.  
 2. Net of \$136.8M grant from the Australian Government's Powering the Regions Fund. Pre-tax amount to be deducted from capital spend across FY2024-FY2026.  
 3. Net of ~NZ\$140M funding from the NZ Government, to be paid across FY2024-FY2025.

# DISCIPLINED CAPITAL ALLOCATION SHAREHOLDER RETURNS

Over \$3.5Bn returned since FY2017; 30 cps fully franked interim dividend and extension of the on market buy-back program

- BlueScope’s capital management policy is to distribute at least 50% of free cash flow to shareholders
- Following a review in August 2024, BlueScope has targeted an annual ordinary dividend of 60 cps per annum<sup>2</sup>
  - Aligned to this target, the Board has approved a fully franked interim ordinary dividend of 30 cps
- BlueScope will continue to use on-market share buy-backs to supplement the payment of consistent dividends
  - The Board has approved an extension of the buy-back program to allow it to be used over the next 12 months<sup>3</sup>
  - Execution will consider capital expenditure priorities and prevailing macroeconomic conditions and other factors

## Dividends paid and buy-backs<sup>4</sup> (\$M)



1. 152.5 million shares bought back and cancelled since FY2017, delivering a 35% improvement in earnings per share (EPS)

2. Announcements of future dividends and franking are subject to the Company's financial performance, business conditions, growth opportunities, capex and working capital requirements, amount and timing of tax payments and the Board's determination at the relevant time.

3. Extension will allow the balance of the buy-back program of up to \$240M to be bought over the next 12 months.

4. Chart reflects half year cash settlements of shares bought back and dividends paid.

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# Summary and Q&A



# BLUESCOPE: A LEADING PREMIUM STEEL PRODUCER WITH PROVEN RETURNS AND STRONG GROWTH TRAJECTORY

## Strategic Asset Base

- Advantaged platform in US, including best-in-class EAF facility
- Extensive Australasian manufacturing network and integrated value chains

## Premium Brand Portfolio

- A global leader in metal coating and painting for building and construction
- Portfolio of iconic brands and margin enhancing value-added products

## Resilient Business Model

- Multi-domestic strategy focused on serving customers from in-country assets
- Robust balance sheet and disciplined financial framework

## Compelling Growth Pipeline

- Initiatives and investments focused on strengthening and growing our core
- Targeting annual EBIT uplift of ~\$500 million by 2030

## Proven Value Creation

- Track record of returns; >\$3.5Bn in dividends and buy-backs since FY2017
- History of growth through investment, with ~\$3Bn invested since FY2017



# Questions

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# 1H FY2025 Financial Results Presentation

**Mark Vassella**

Managing Director and Chief Executive Officer

**David Fallu**

Chief Financial Officer

17 February 2025

BlueScope Steel Limited. ASX Code: BSL  
ABN: 16 000 011 058  
Level 24, 181 William Street, Melbourne, VIC, 3000

**Pictured:**  
BBW House in Geelong, VIC,  
featuring roofing and cladding in  
COLORBOND® steel in Surfmist®

