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ASX/MEDIA RELEASE

Financial Results Half Year ended 31 December 2018 (“FY19”)

- Revenue of \$50.1m, up 25.4% on same period last year
- Profit After Tax of \$2.5m, up 70.2% on same period last year
- Increased sales of higher-margin armour grade steels, up 102.9% on same period last year
- Operating EBITDA of \$4.8m, up 17.7% on same period last year
- Increased Chinese domestic market sales, up 45.6% on same period last year
- Remain on track to meet FY19 Operating EBITDA guidance of \$9.5-\$10.5m

| Results Summary | FY2019 H1 \$m | FY2018 H1 \$m | Change % |
|----------------------------|------------------|------------------|-------------|
| Revenue | 50.1 | 39.9 | +25.4% |
| Operating EBITDA | 4.8 | 4.1 | +17.7% |
| Profit after tax | 2.5 | 1.5 | +70.2% |
| Earnings per share (cents) | 4.7 | 3.0 | +56.7% |

FY19 First Half Highlights

Bisalloy Steel Group Limited (ASX:BIS) (**Bisalloy** or the **Group**) today reported Operating EBITDA of \$4.8m for six months to 31 December 2018.

Commenting on the result Bisalloy Managing Director, Greg Albert said “The first half of the 2019 fiscal year has seen a continuation in sales growth from Bisalloy’s traditional customers and an increase in demand for its BISALLOY® Armour steel grades from defence sector customers. This growth is in line with forecasts.

The Group’s overseas distribution operations in Indonesia and Thailand continue to be profitable with Indonesia having high sales in the first half and continues to be the market leader. The Group’s Cooperative Joint Venture (CJV) for the production and sale of quench and tempered (QT) steel plate into China and select international markets continues to operate profitably, with sales exceeding budget targets.”

Priorities for remainder of FY19

Bisalloy is continuing with its growth strategy in a shift towards focusing on the premium grades of QT steels from its Unanderra plant, including armour grade steels, while developing the volume growth of other products sourced from Bisalloy's CJV operation.

This strategy and focus has resulted in high volumes in the first half of FY19 with good momentum going into the second half.

Due to the substantial growth of the CJV, both parties in the joint venture agreed in Q4 FY18 to increase their registered capital of the CJV, with Bisalloy's contribution to increase from US\$1.0m to US\$2.5m over 2018 and 2019. This increase is to be funded from the undistributed profits from the 2017 and 2018 calendar years, which would otherwise have been fully paid to Bisalloy in November 2018 and November 2019.

BISALLOY® Wear steel grades are primarily sold in the traditional resources segment, with a focus on repair and maintenance work in the mining section. This segment stabilised in FY18 with Bisalloy increasing its market share within this segment. Bisalloy has maintained this improved position in the first half of FY19. Further, Bisalloy is participating in the design phase of the Snowy Hydro 2.0 project.

Sales of BISALLOY® Structural steel grades continue to be strong within further growth targeted within the transport industry.

Growth of BISALLOY® Armour steel grades is a major focus area for Bisalloy in FY19. Final testing of armour steel to Rheinmetall Germany for the LAND400 Phase 2 program will be completed in Q3 FY19 with acceptance expected in H2 FY19. Further, Bisalloy is supporting a number of bidders as part of their LAND400 Phase 3 bids.

In FY18 Bisalloy completed the audit process for potential supplier selection to Naval Group as part of the Commonwealth of Australia's SEA1000 Future Submarine Program. Testing of the first trial material was completed in Q1 FY19 with results meeting all targeted specifications. In Q3 FY19 Bisalloy received an initial order for 250 tonnes of its specialised high performance steel plate from Naval Group Australia for the first of a potential three qualification heats which form part of the trial to prove if Australian industry is able to manufacture the grade of steel required for this program.

In FY18 Bisalloy were qualified to participate in the Global Access Program of BAE Systems Plc, a British multinational defence, security and aerospace company, and we continue to work with BAE Systems Plc.

Bisalloy continues to support key Australian defence projects including the Thales Hawkei vehicle and ongoing support of the Bushmaster vehicle.

Since the launch of BISALLOY® Protection steel grades to the civilian defence industries, there has been steady growth in South-East Asia, United Arab Emirates and South Africa.

-ENDS-

Bisalloy is Australia's only manufacturer of high-strength structural, wear-resistant and armour steel plates using quenched and tempered steel. Bisplate is used in the mining, construction, general fabrication and defence sectors. Bisalloy has an extensive distribution network across Australasia, Indonesia, Thailand, the People's Republic of China, Dubai and South Africa. See our website at www.bisalloy.com.au.

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