ASX RELEASE

BLUESCOPE

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BLUESCOPE INCREASES EARNINGS GUIDANCE FOR HALF YEAR ENDING 31 DECEMBER 2017 – UPDATE ON U.S. TAX REFORM

BlueScope today announced that it expects underlying earnings before interest and tax (EBIT) for the six months ended 31 December 2017 to be around $460 million compared with prior guidance provided in August of $420 million.

Incoming Managing Director & CEO Mark Vassella said "Following a strong November performance, the increase is mainly due to

- Australian Steel Products: higher steel prices and domestic volumes, higher contribution from export coke of approximately $20 million and improved productivity;
- TBSL, our Indian JV: recognition of previously impaired tax assets of $12 million;
- Partly offset by lower contributions from Coated & Building Products ASEAN and ASEAN Buildings due to volume, mix and lower margins."

"Across the rest of the portfolio, North Star BlueScope, New Zealand and Pacific Steel, and North America Buildings are expected to deliver performances generally in-line with prior guidance."

"Current steel market macro conditions are positive, however we are seeing rising raw material costs and continued competition from imports. It is too early to provide an assessment for 2H FY2018 and we will update the market when we release our 1H FY2018 results on 26 February 2018," he said.

U.S. TAX REFORM

BlueScope notes that the U.S. Congress has voted to approve the tax reform package and it is anticipated that the U.S. President will sign it into law. BlueScope has extensive operations in the US, in North Star BlueScope, BlueScope Buildings North America and Steelscape.

BlueScope expect its U.S. earnings will benefit through a lower federal tax rate, with an anticipated 7 per cent decrease[1] in FY2018 and 11 per cent decrease[2] thereafter. The benefit will be partly offset by a toll charge on foreign earnings which is not expected to be material.

[1] 7 per cent difference in FY2018 based on the difference between the 25 per cent blended rate (after 3 per cent manufacturing allowance tax concession) and our current 32 per cent rate which is the 35 per cent federal rate net of a 3 per cent manufacturing allowance (repealed from FY2019)

[2] 11 per cent decrease based on 21 per cent revised rate, down from 32 per cent

For further information about BlueScope: www.bluescope.com

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