



FY2018 FINANCIAL RESULTS PRESENTATION

Mark Vassella

Managing Director and Chief Executive Officer

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Chief Financial Officer

13 August 2018

BlueScope Steel Limited. ASX Code: BSL

ABN: 16 000 011 058

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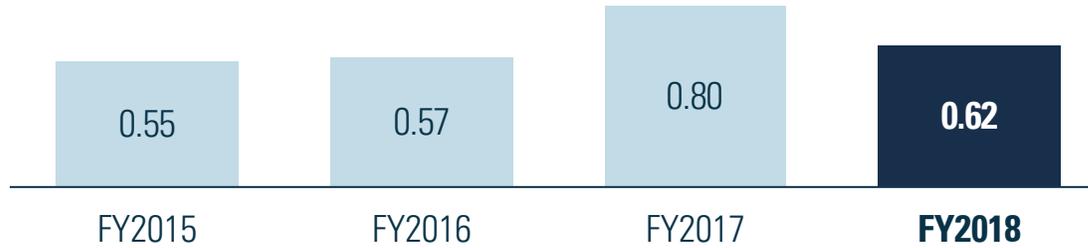
FY2018 HIGHLIGHTS

The Tate Home in Waiheke, NZ. Designed by Chris Tate and installed by Clive Matthews. Features Colorsteel® Endura® in Ebony

Continuing our journey towards Zero Harm

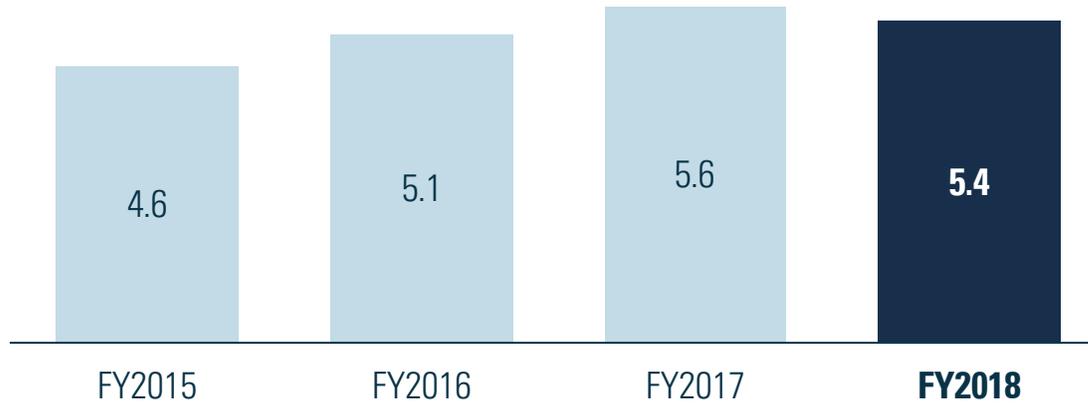
LTIFR

Lost time injuries per million man-hours worked



MTIFR

Medically treated injuries per million man-hours worked



Strong finish to the year with 2H underlying EBIT of \$745M

UNDERLYING EBIT

\$1,269M¹



Up \$164M on FY2017
2H underlying EBIT \$745M²

UNDERLYING EBIT RETURN ON
INVESTED CAPITAL

20.0%



Up from 18.5% in FY2017

REPORTED NPAT

\$1,569M³



Up 119% on FY2017

FREE CASH FLOW
(Operating cash flow less capex)

\$731M



Down from \$749M on FY2017

CAPITAL MANAGEMENT

**Larger buy-back of
\$250M and 8.0 cps
final dividend**



Dividends:
6.0 cps interim, **8.0 cps final**

NET CASH

\$64M



Up from (\$262.1)M net debt at
31 December 2017



- (1) Includes \$32.1M one-off benefit from settlement of historical coal dispute (cash settlement and reversal of prior year provisions) and unusually high \$16.4M contribution from BlueScope Properties Group
- (2) Includes unusually high \$18.3M contribution from BlueScope Properties Group
- (3) Includes unusual and one-off benefits of \$743.1M. See page 51 for detail

UNDERLYING EBIT BY SEGMENT

Strong group performance driven by a robust and diversified portfolio

AUSTRALIAN STEEL PRODUCTS

\$587M¹



Up 28% on FY2017
2H underlying EBIT \$326M

NORTH STAR

\$431M



Up 6% on FY2017
2H underlying EBIT \$285M

BUILDING PRODUCTS
ASIA & NORTH AMERICA

\$185M



Down 12% on FY2017
2H underlying EBIT \$76M

BUILDINGS NORTH AMERICA

\$75M²



Up 30% on FY2017
2H underlying EBIT \$48M

NEW ZEALAND & PACIFIC STEEL

\$112M



Up 83% on FY2017
2H underlying EBIT \$71M

CORPORATE & ELIMINATIONS

\$(120)M



Up 36% on FY2017



(1) Includes \$32.1M one-off benefit from settlement of historical coal dispute (cash settlement and reversal of prior year provisions)
(2) Includes unusually high \$16.4M contribution from BlueScope Properties Group



Our Bond guides our decision making in choosing to do what is right

OUR CUSTOMERS ARE OUR PARTNERS

Our success depends on our customers and suppliers choosing us. Our strength lies in working closely with them to create value and trust, superior products, service and ideas.

OUR PEOPLE ARE OUR STRENGTH

Our success comes from our people. We work in a safe and satisfying environment. We choose to treat each other with trust and respect and maintain a healthy balance between work and life.

OUR SHAREHOLDERS ARE OUR FOUNDATIONS

Our success is made possible by the shareholders and lenders who choose to invest in us. In return we commit to continuing profitability and growth in value, which together makes us stronger.

OUR COMMUNITIES ARE OUR HOMES

Our success relies on communities supporting our business and products. In turn we care for the environment, create wealth, respect local values and encourage involvement. Our strength is in choosing to do what is right.

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

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

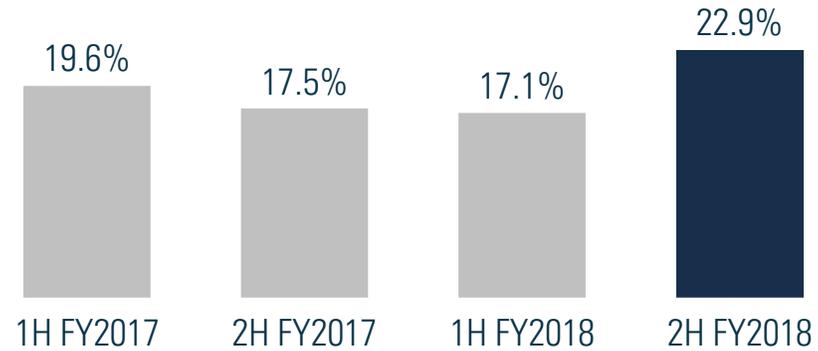
- Commodity steelmaking in Australia & NZ is a valuable option provided it can deliver target returns and is cash flow breakeven¹ at bottom of the cycle
- Intent to maintain capacity to fund a shutdown of steelmaking if not cash positive

Targeting returns above cost of capital to ultimately drive shareholder returns

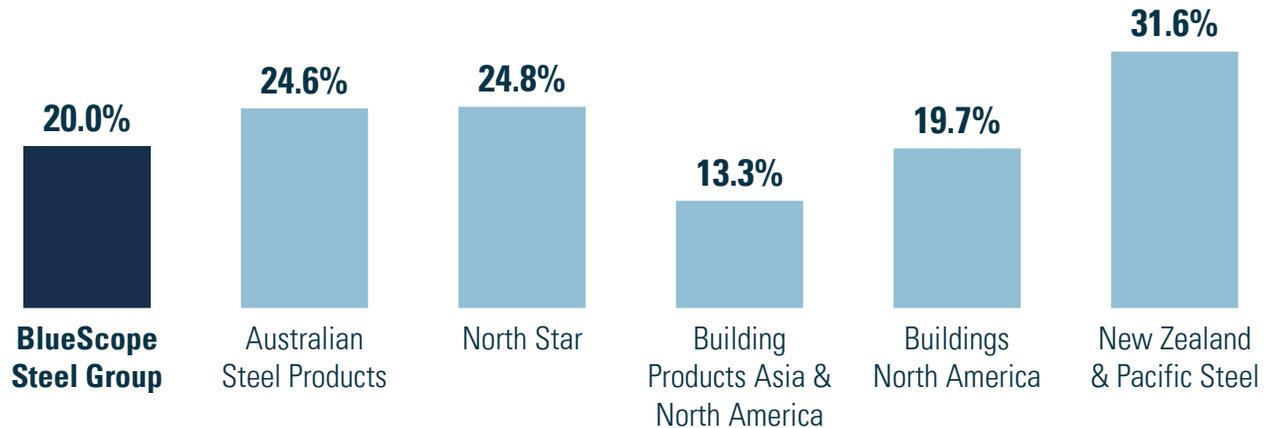
- Underlying EBIT ROIC is the primary measure of performance across all business units and the group. ROIC is a key discipline for:
 - performance management,
 - project assessment, and
 - executive incentives

- Underpins objective of delivering top quartile shareholder returns

Group Underlying ROIC Performance (%)



FY2018 Underlying ROIC 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

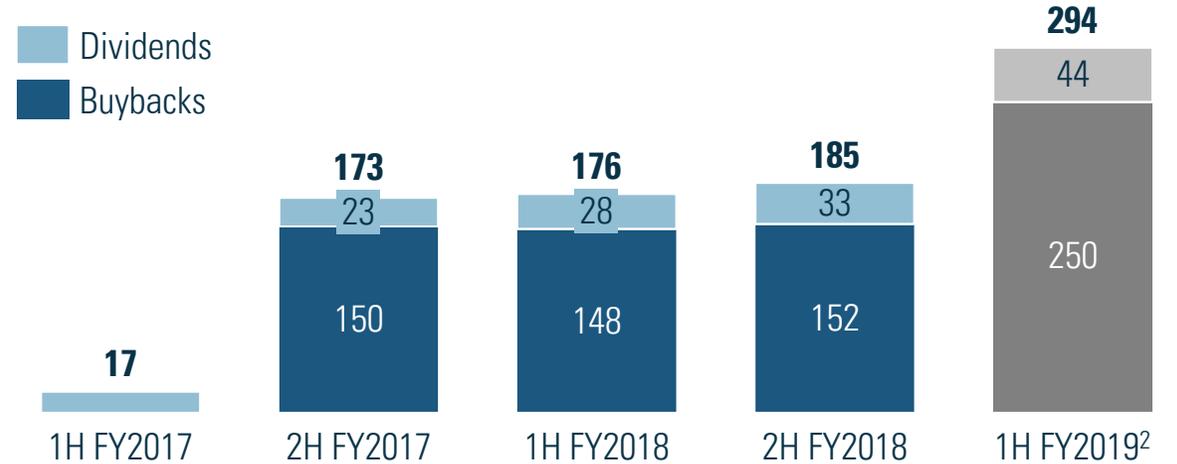
Growth
 Drive competition for capital with disciplined, returns focused process:

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

Shareholder Returns
 Distribute 30% to 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

The larger **buy-back of \$250M** and increased **8.0 cps final dividend** reflects current operating commitments, balance sheet strength and capital requirements

Shareholder Distributions (\$M)



(1) On-market buy-backs are seen as the most effective method of returning capital to shareholders after considering various alternatives and given BlueScope's lack of franking capacity after payment of the 2018 interim dividend. The Board reserves the right to suspend or terminate the buy-back at any time.
 (2) Indication of announced 8.0 cps final dividend and \$250M buy-back program on 13 August 2018

Returns focussed process driving competition for capital

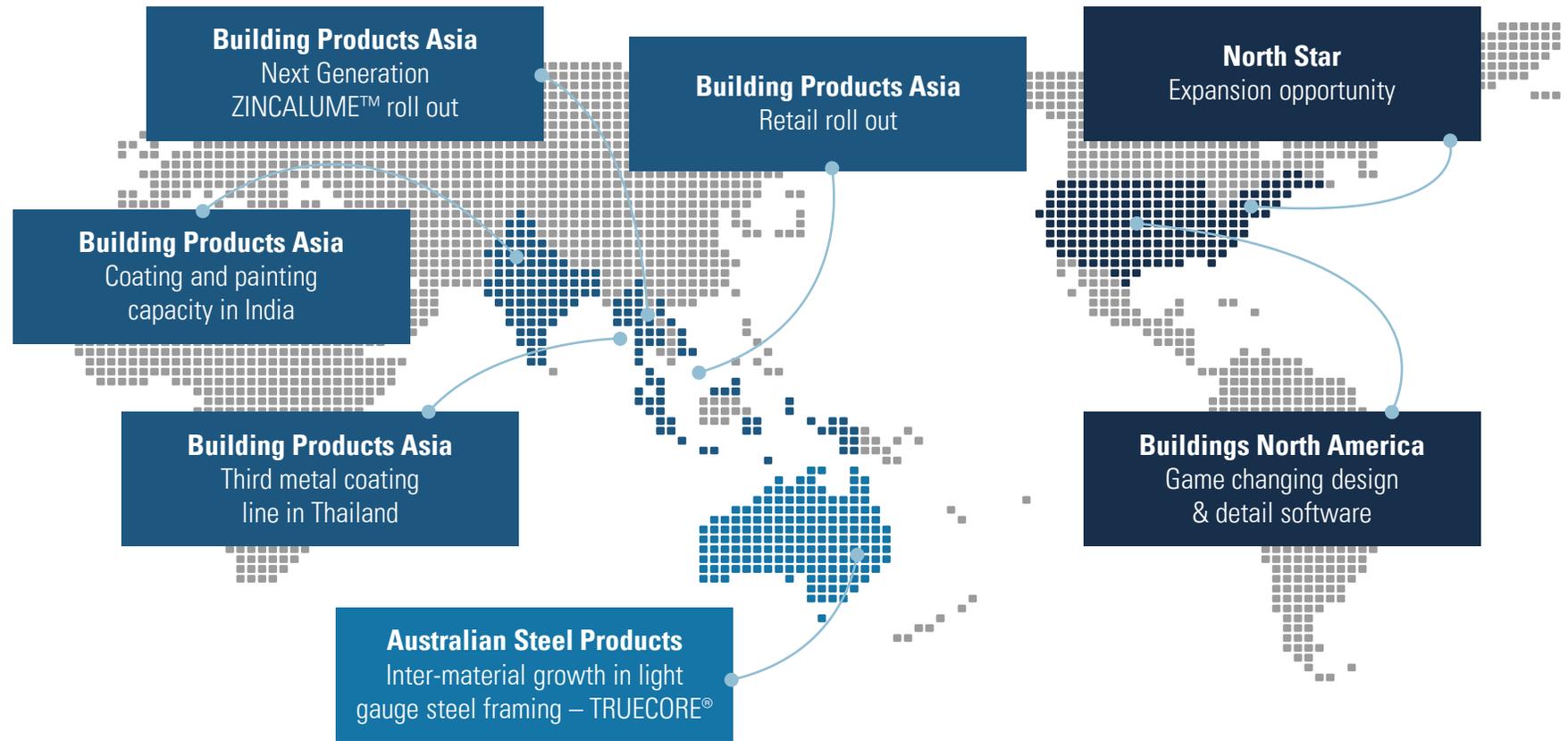
Capital expenditure principles

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

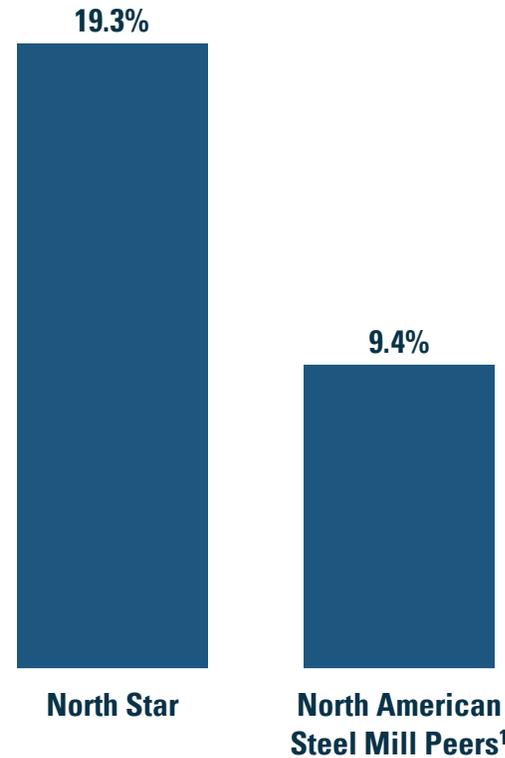


Comprehensive study initiated to examine expansion opportunity of 600 to 900 thousand metric tonnes per annum

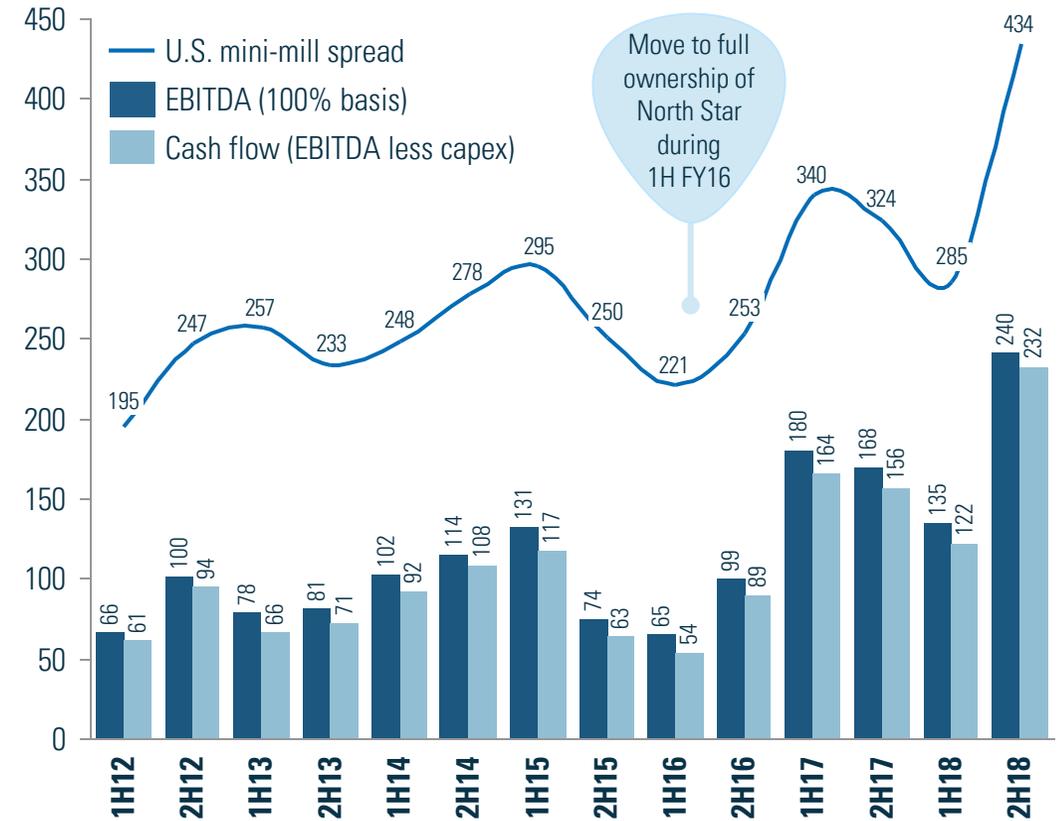
- Option to expand existing production flows through possible third electric arc furnace and second caster
- Targeting capacity addition of 600,000 to 900,000 metric tonnes; project may open up further debottlenecking options
- Preliminary capital estimate of US\$500M to US\$700M
- Assessment will need to confirm compelling through-cycle economics
- Expected to take two to three years to develop if we proceed
- Update to be provided in 2H FY2019

North Star's competitive position

EBIT margin¹



US\$M EBITDA and spread²



(1) Reflects CY2017 North Star underlying EBIT margin. Peer margin data sourced from CY2017 company information, simple average of 6 North American peers using relevant segment information
 (2) U.S. 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

Our four pillars of commitment to action

Support Australia's 2030 emissions target, in line with the Paris commitment

- **As at FY2017, ASP has achieved a 43% cut in Australian greenhouse gas (GHG) emissions from 2011 to 2017**
 - By reducing excess global steel capacity
 - Significant contribution to Australia's commitment under Paris Agreement
- **Reduced emissions intensity**
 - Average GHG intensity of three steelmaking facilities fell by 8% in FY2017
- **Implementing energy efficiency and emissions reduction projects**
 - E.g. self-generation upgrade at PKSW in 2017 reduced electricity grid demand by 7%, equivalent to 46,000t CO₂-e p.a.



Equal to taking approximately 15,000 cars off the road or powering 10,000 homes



Acknowledge steelmaking produces emissions; working to reduce the impact

- **Support National Energy Guarantee (NEG)**
 - To address 'trilemma' of emissions reduction, affordability and reliability
- **Signed renewable energy agreement equivalent to 20% of our Australian electricity consumption**
 - 500,000 solar panel farm at Finley, NSW, going online mid 2019
 - BSL off taking 66% of 133MW AC generated
 - Project will support decarbonisation of electricity grid by 300,000t CO₂-e p.a.



Equal to taking approximately 90,000 cars off the road or powering 60,000 homes

- **Developing emissions intensity reduction targets in line with detailed sector scenarios from the IEA 2° scenario model; expect to communicate this in FY2018 Sustainability Report**

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)**
 - Further alignment in 2018 Sustainability Report (to be released October 2018), including outcomes of scenario analysis

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 U.S. mini-mill (North Star)
- **Driving certification**
 - Founding member of ResponsibleSteel, and its industry supply chain certification scheme, currently under development



- **Building a culture of sustainability**
 - Extensive recycling of by-products (over 96% material efficiency)
 - Contributing to circular economy, with significant national energy and GHG benefits

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

- Committed to respecting human rights
- Published Statement on Human Rights and Responsible Sourcing Standard earlier this year
- Completed ESG risk assessment and analysis of Supply Chain management processes
- Designed a risk-prioritised approach to engaging suppliers regarding our standards and expectations, and undertaking verification exercises

BLUESCOPE'S STATEMENT ON HUMAN RIGHTS

BlueScope is committed to respecting human rights in all of the countries where we operate. We believe that all people should be treated with dignity and respect, and we are working to ensure our business activities and practices are aligned with the UN guiding principles on business and human rights.



A core responsibility for Board and Management

In Our Bond, we recognise that our success depends on our customers and suppliers, our people and our communities, and that our strength is choosing to do what is right. We promote a culture among our employees where these responsibilities are taken seriously. This requires constant attention as our operations are governed by extensive laws and regulations.

All employees have access to an externally managed business conduct hotline for anonymous reporting of issues. In FY2018:

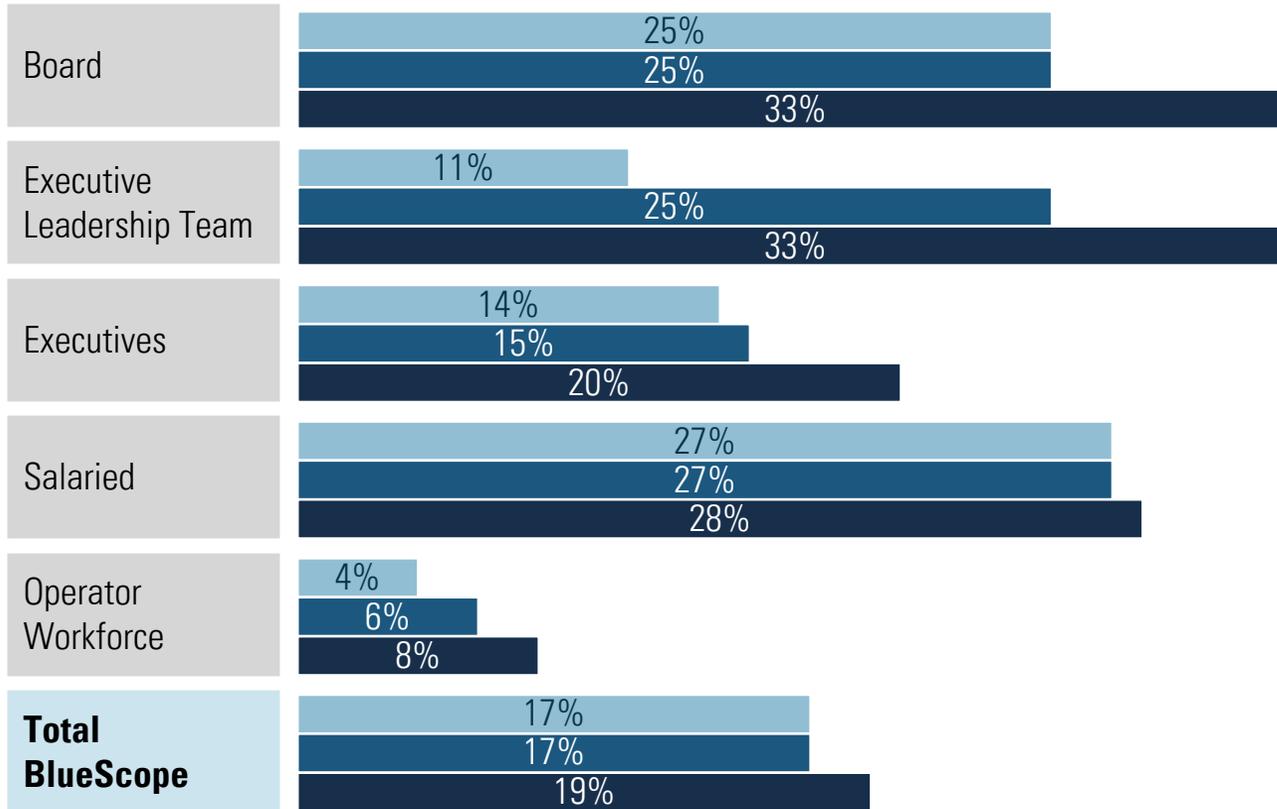
- 12 reports of alleged misconduct were reported to the hotline
- All allegations were taken seriously and investigated by an independent panel
- Disciplinary actions were taken against two employees

As disclosed last year, the Australian Competition and Consumer Commission (ACCC) is investigating potential cartel conduct by BlueScope relating to the supply of steel products in Australia, that allegedly involved a small number of BlueScope employees in the period from late 2013 to mid-2014. It is not known when the ACCC's investigation will be completed, or what the outcome might be. Possible outcomes include the commencement of either civil or criminal proceedings or no action being taken. BlueScope has co-operated and continues to co-operate with the ACCC's investigation.

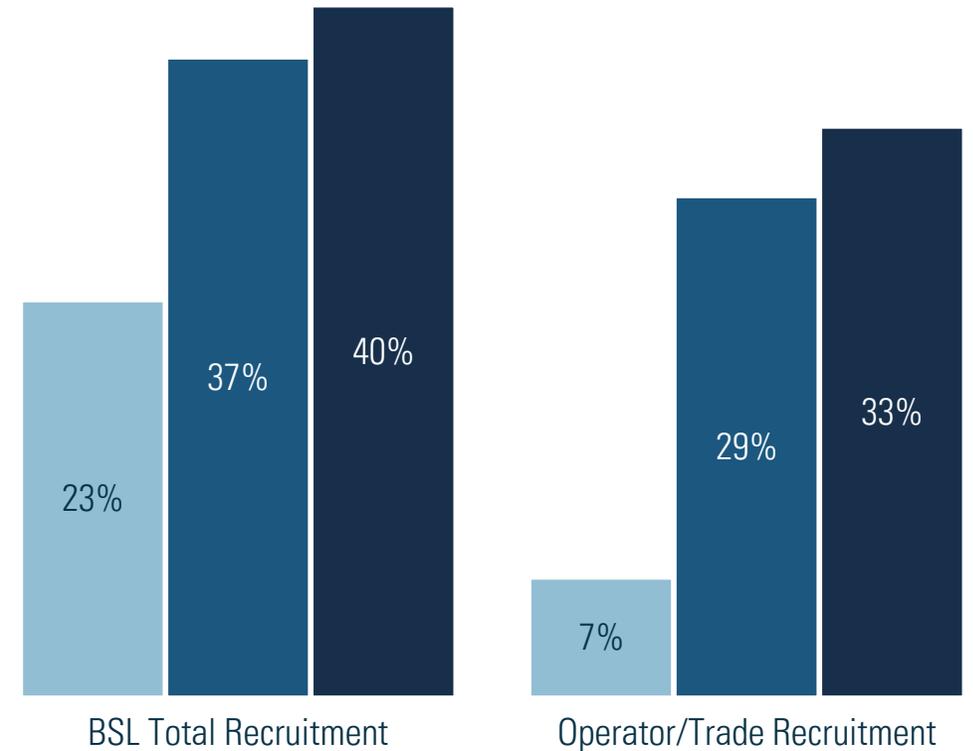


Strong focus and effective strategies creating demonstrable improvement in workforce diversity

Female % of workforce¹



Female % of recruitment



FY2016 FY2017 FY2018



(1) As at 1 August 2018



GROUP AND SEGMENT FINANCIALS



Hau Nui House in Wellington, NZ. Designed by Hugh Tennant and installed by Metalcraft. Features Colorsteel® in Ironsand

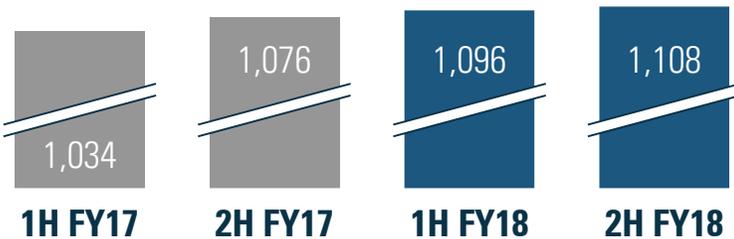
Stronger spreads and domestic demand led to \$587.4M underlying EBIT – up \$128.0M on last year

Underlying EBIT (\$M)



- **24.6% Underlying ROIC**
- Stronger realised spread
 - Domestic and export steel price rises following lift in global steel prices
- Domestic volumes increased
 - Higher domestic HRC and plate sales
 - Making progress on light gauge steel framing
- Record iron-make from single BF operations
- Strong contribution from export coke sales, an improvement of \$41M on FY2017
- Energy cost increases and one-off provision adjustments exceeded cost improvement initiatives in the period
- Coal dispute settlement of \$32M¹

Domestic despatches ex-mill (kt)

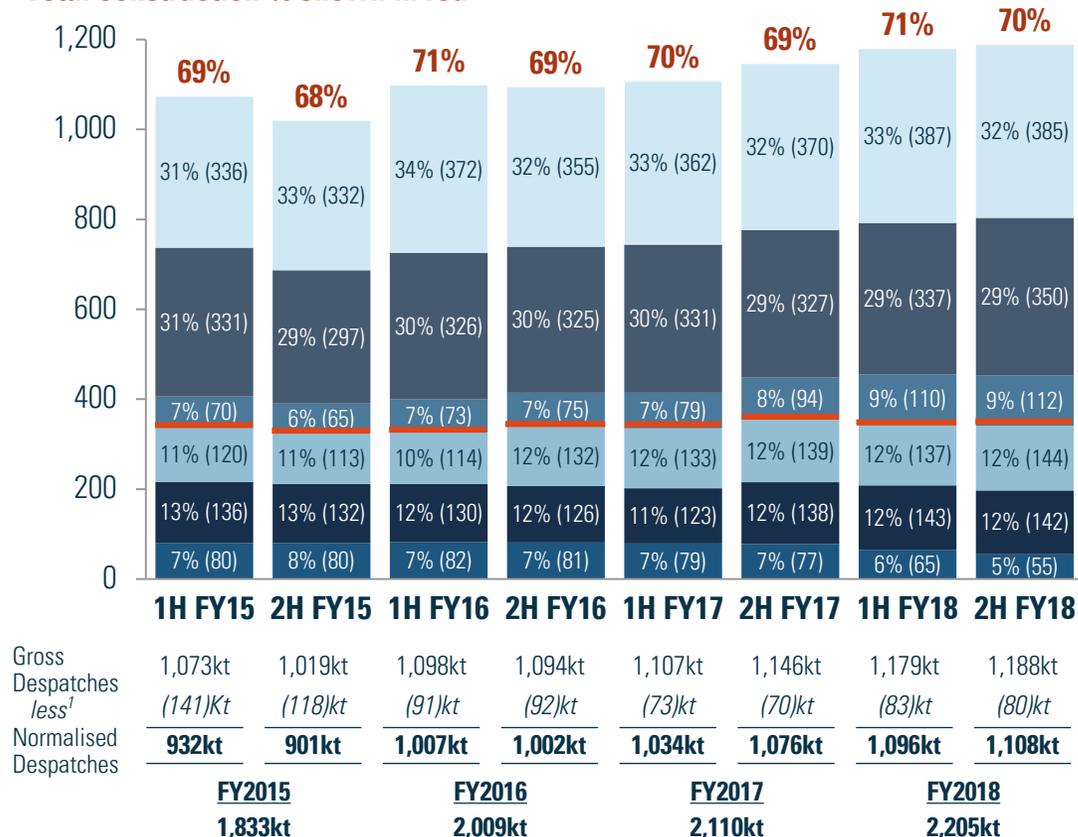


(1) \$32.1M one-off benefit from settlement of historical coal dispute (cash settlement and reversal of prior year provisions), recognised in 1H FY2018 results

Continued focus on customer engagement is underpinning Australian demand – despatches up 4.5%

Total Australian external domestic despatch volumes (Kt)

Total construction % shown in red



DWELLING

- A significant proportion of product goes to alterations and additions. Sub-segment performing well
- Balance mainly driven by detached residential commencements; limited exposure to multi-residential
- Detached approvals remain positive with flow-on activity effect and some constraints on trade availability extending the pipeline of workflow

NON-DWELLING

- Consumes a third of our COLORBOND® steel
- Robust east coast economy and strong services sector driving positive investment in new office, retail, hotels and warehouses

ENGINEERING

- Strong public infrastructure and utilities investment to offset LNG pullback. Focus of public investment in NSW and Vic; in roads, rail and telecoms

MANUFACTURING

- Stabilised and improved marginally since A\$ fall from parity; strong dwelling market providing key support

AGRI & MINING

- Growth momentum in agri on Asian demand and weaker AUD currency; mining spend visible in pockets

TRANSPORT

- Truck bodies, trains, ships, trailers etc – this area is growing
- Automotive volumes in decline following closure of car manufacturing in 1H FY2018



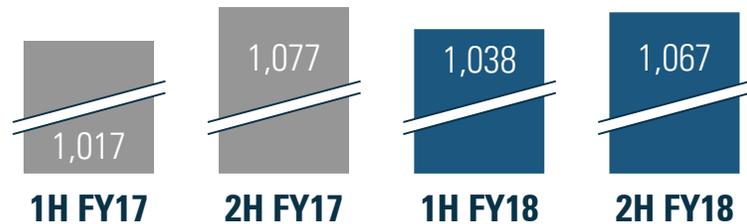
(1) Normalised despatches exclude third party sourced products, in particular, long products
 (2) Engineering includes infrastructure such as roads, power, rail, water, pipes, communications and some mining-linked use

Underlying EBIT up 6% with stronger spreads and incremental capacity

Underlying EBIT (\$M)



Total despatches (kt)



- **24.8% Underlying ROIC**
- Rally in Midwest benchmark steel prices during 2H FY2018 supported by strength in demand and favourable trade environment
 - Realised prices also moved up strongly, noting specific sales mix relative to benchmark¹
- Continued to operate at 100% capacity utilisation
- Demand strong across key end-use segments. Sales volume increased over 1H FY2018 through incremental capacity expansion initiatives
- Pursuing further incremental capacity growth; and reviewing debottlenecking opportunity
- Upward pressure on electrode, refractory and alloy costs in 2H FY2018 of ~US\$5M and further US\$10M expected in 1H FY2019
- FX translation unfavourable with stronger AUD:USD



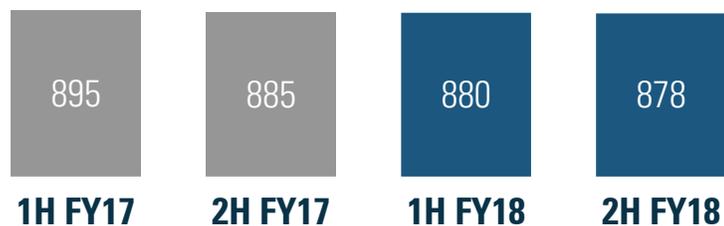
(1) Benchmark prices may not be representative of realised mill prices due to a range of factors. Movements in prices across the majority of sales correlate with Midwest regional benchmark pricing, on a short lag; a minority of sales are priced on a longer term basis. Accordingly the degree of correlation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

Benefit of diversified geographical exposure – North America, India and Indonesia stronger; other businesses softer

Underlying EBIT (\$M)



Total despatches (kt)

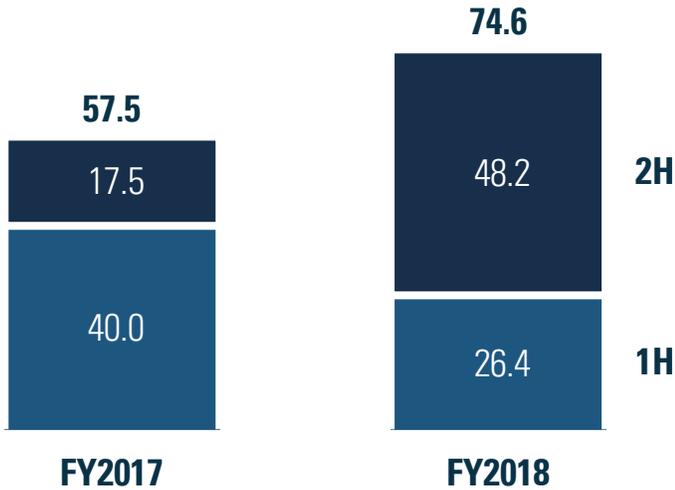


- **13.3% Underlying ROIC**

- North America: strong volume and margin performance in improving demand and price environment
- South East Asia:
 - Margins across all the countries continue to be tight. Lag in pass-through of rapid increase in regional steel prices
 - Retail demand growth and store network rollout continues
 - Softness in the higher margin project segment, including impact of political uncertainty in some nations
 - Home appliance steels: customer uptake continuing but at a slower rate than expected. Substantial progress in manufacturing quality
- China:
 - Buildings business maintained positive performance; \$4.8M profit, improvement of \$22.1M on FY2017
 - Solid operational performance in Coated business offset by a significant bad debt
- India:
 - Business conditions remain positive; operating at full capacity; 1H FY2018 benefitted from one-off tax asset recognition
 - 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

Underlying EBIT up 30%; improved margins and strengthening demand

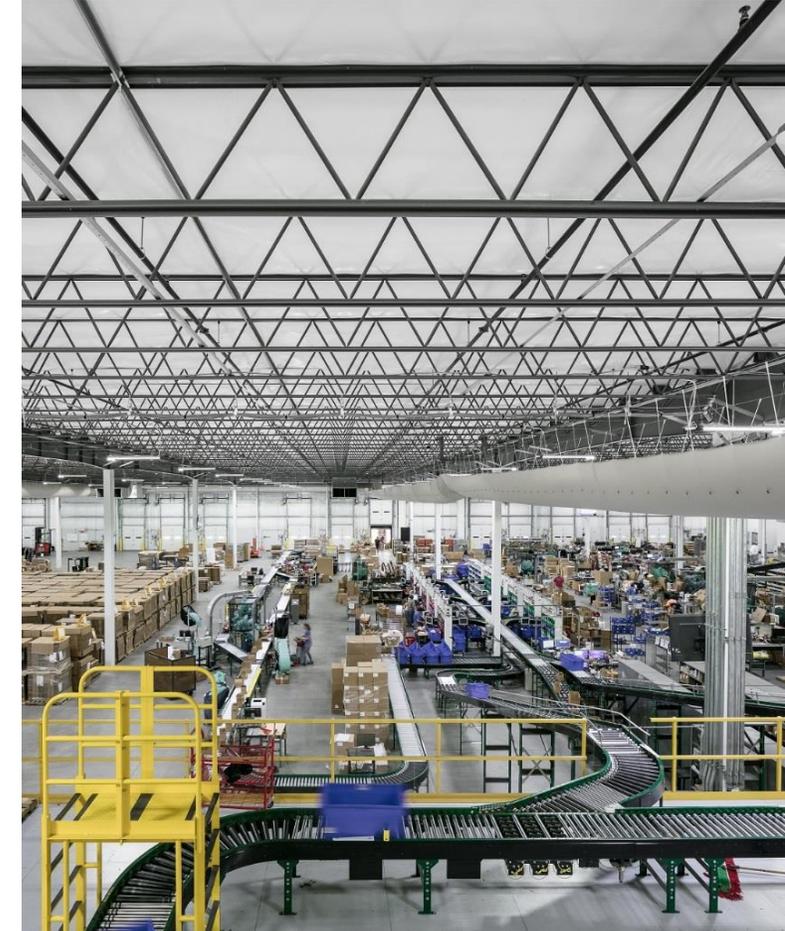
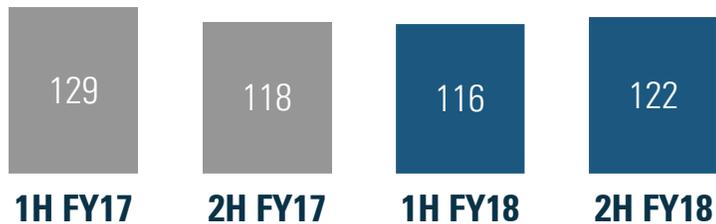
Underlying EBIT (\$M)



- **19.7% ROIC**

- Softness early in the year in premium manufacturing and industrial segments impacted volumes/margins
- Order intake recovered strongly from Q2 FY2018 leading to robust volumes and margins during 2H FY2018
- Sales into end-use applications such as logistics and warehousing, and data centres particularly strong
- Includes unusually high \$16.4M contribution from BlueScope Properties Group¹

Total despatches (kt)



(1) BlueScope Properties Group 2H FY2018 contribution to Buildings North America underlying EBIT was an unusually high \$18.3M

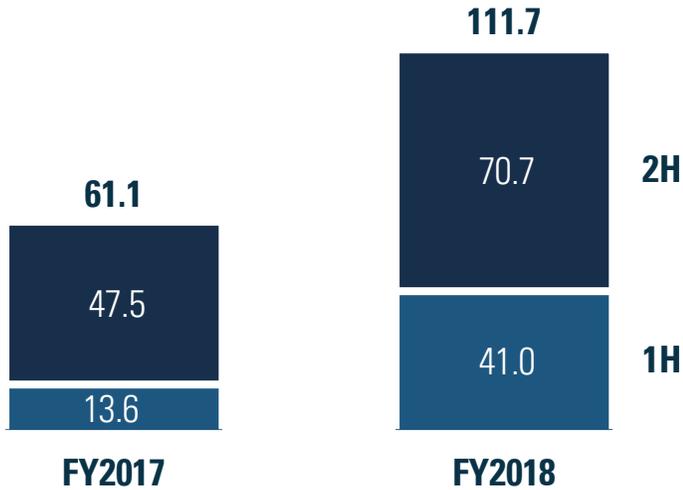
BPG creates downstream demand for the builder network and delivers returns in its own right

- FY2018 EBIT contribution of \$16.4M to Buildings North America¹
- BPG develops industrial properties (warehouses and distribution centres)
- Provides direct access to the growing warehouse and distribution centre market, driven by strength in eCommerce, consumer goods etc
- Creates value for the BBNA Builder network by providing access to projects
- Earnings are expected to be modest relative to the total BBNA segment, but can be lumpy due to the project nature of activities
- Risks are managed
 - BPG completes extensive due diligence prior to committing to any development
 - The BBNA Builder network constructs the projects
 - All projects must satisfy leasing and hurdle rate requirements prior to commencement
- BPG recently completed projects include the Park 429 project in Orlando, Florida



Strong performance on productivity improvements and selling prices

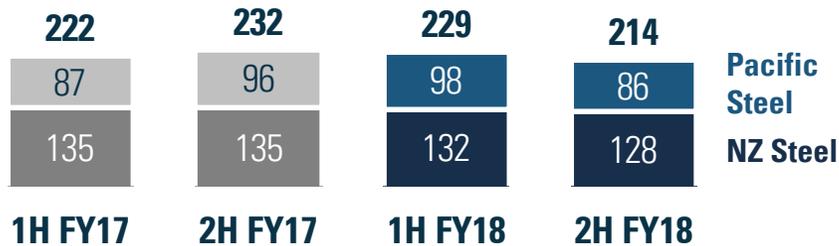
Underlying EBIT (\$M)



• 31.6% ROIC

- Further productivity improvements and cost savings, mainly volume benefit from plant throughput improvements
- Increased steel selling prices on higher regional steel prices, and vanadium prices
- Domestic demand continues to be strong
 - Continued strong building activity
 - Robust infrastructure demand – especially in roads
- Higher export volumes – up 37%
- Raw material costs rose on higher coal and coating metals prices

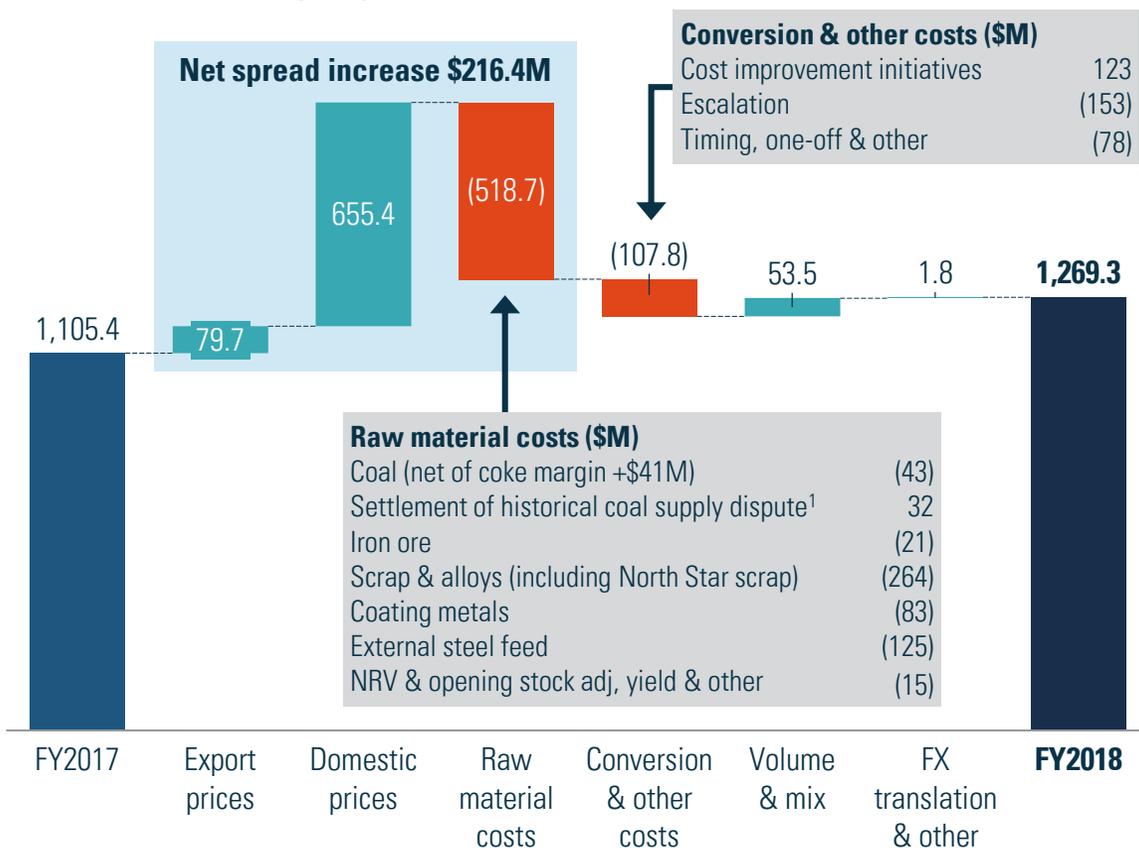
Domestic despatches (kt)



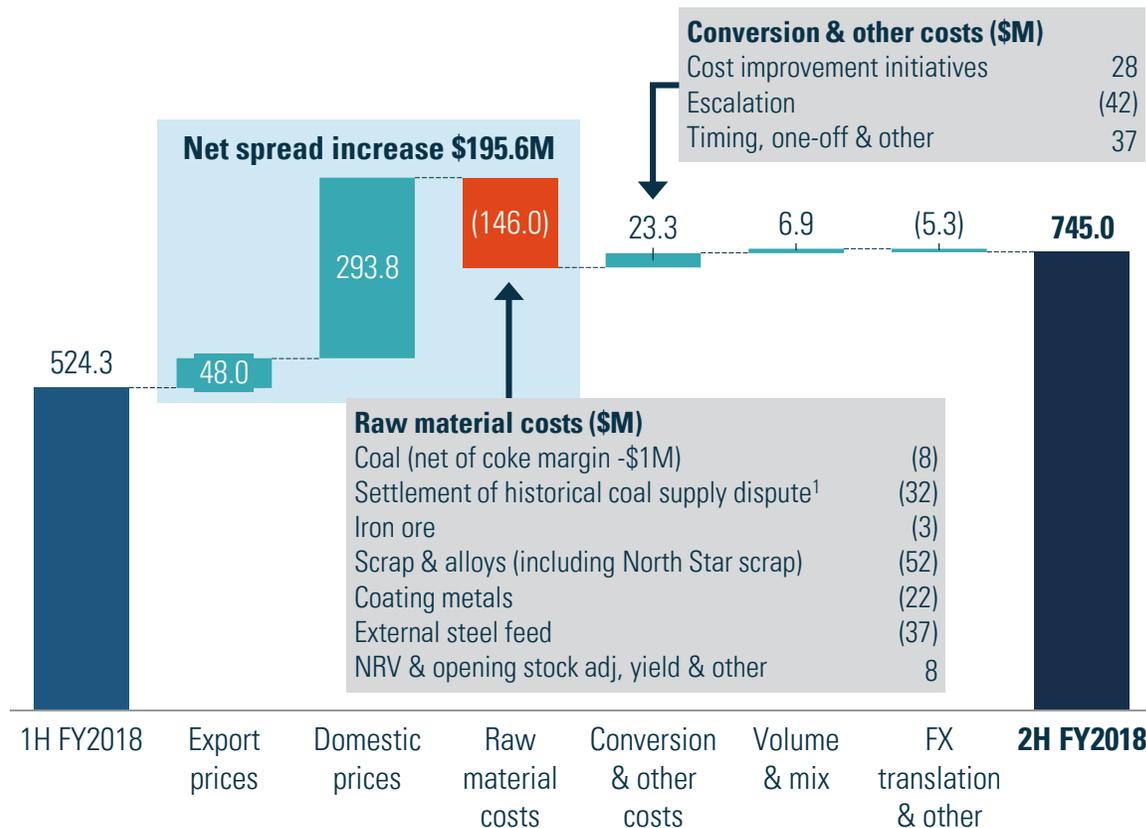
UNDERLYING GROUP EBIT VARIANCE

15% improvement in underlying EBIT over FY2017 largely due to volume, spread and margin

FY2018 vs FY2017 (\$M)



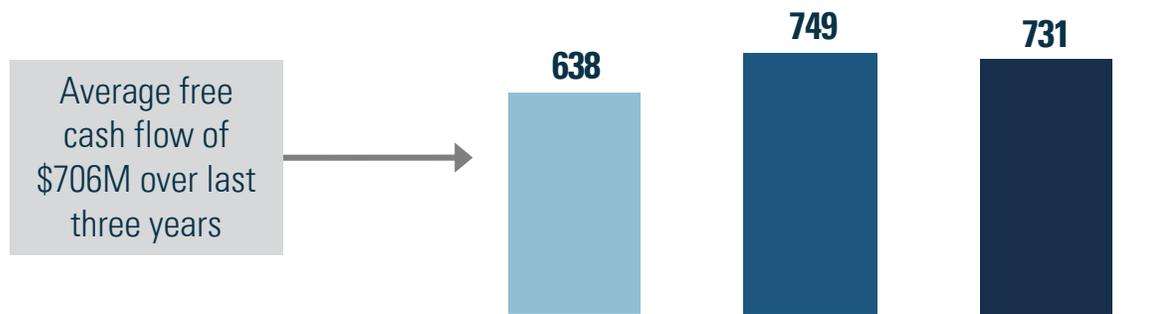
2H FY2018 vs 1H FY2018 (\$M)



(1) \$32.1M one-off benefit from settlement of historical coal dispute (cash settlement and reversal of prior year provisions), recognised in 1H FY2018 results
 Note: FX translation relates to translation of foreign currency earnings to AUD, transactional foreign exchange impacts are reflected in the individual categories

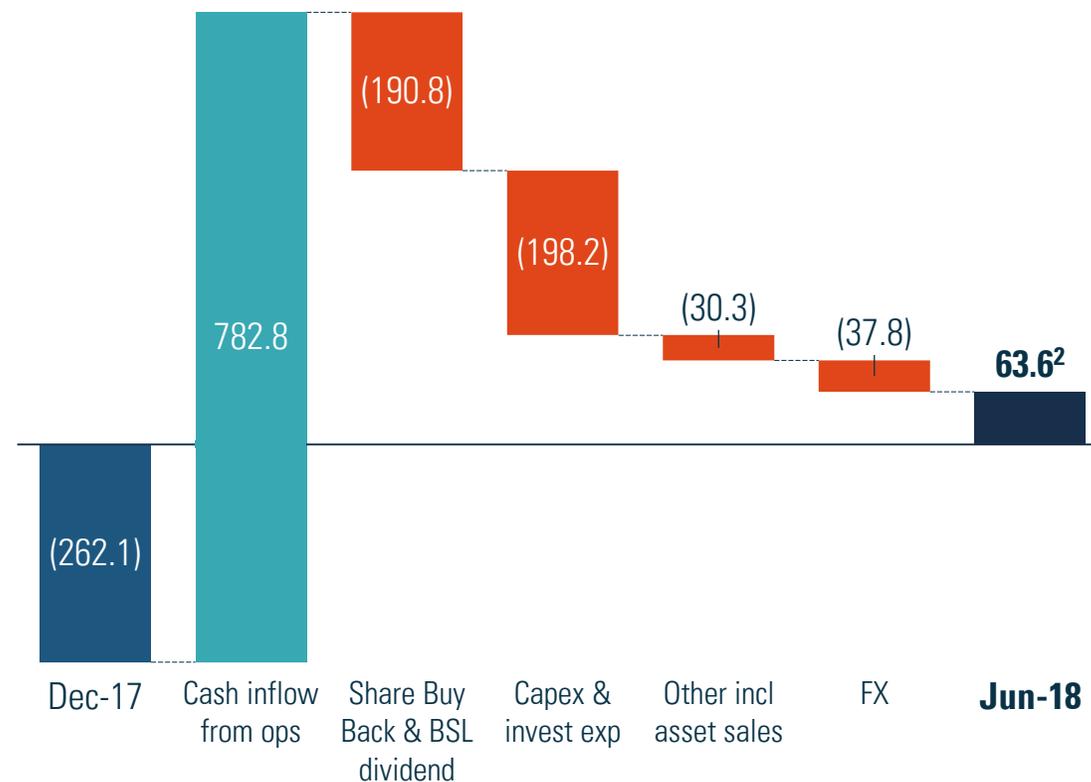
Average free cash flow of ~\$700M over last three years; \$64M net cash at 30 June 2018

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



\$M	FY2016	FY2017	FY2018
Reported EBITDA	1,010	1,425	1,840
Adjust for other cash profit items	(169)	69	(228)
Working capital movement	266	(119)	(308)
Net financing cost	(105)	(85)	(96)
(Payment) / refund of income tax ¹	(50)	(158)	(66)
Capex	(314)	(383)	(410)
Net cash flow (before investment expenditure & financing)	638	749	731

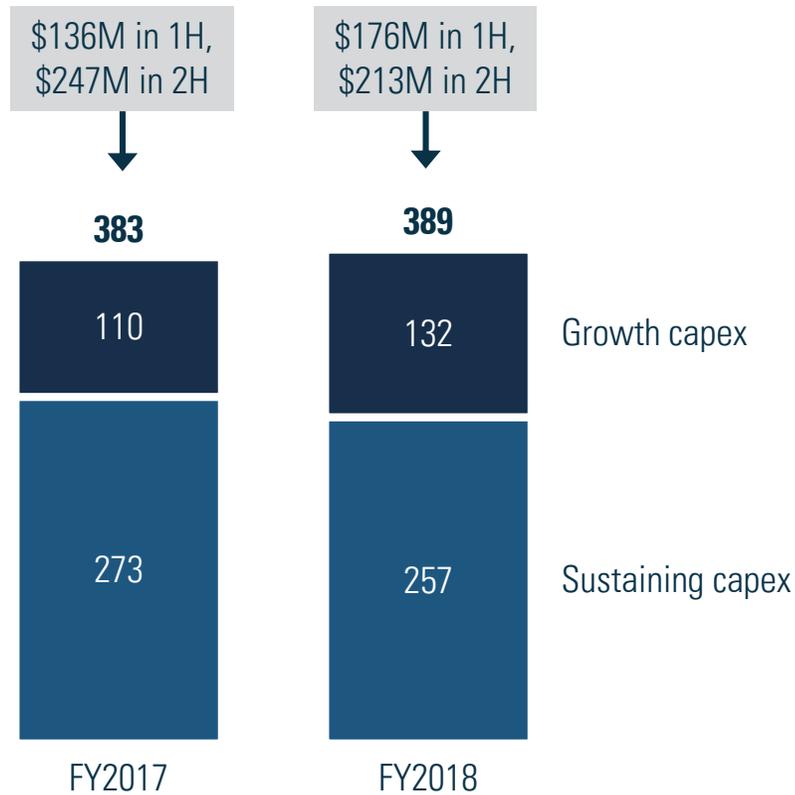
Net cash / (debt) (\$M)



(1) As at 30 June 2018 the BlueScope Steel Australian tax consolidated group is estimated to have carried forward tax losses of approximately \$1.84Bn. There will be no Australian income tax payments until these losses are recovered
 (2) \$63.6M net cash comprised of \$879.4M gross debt less \$943.0M cash

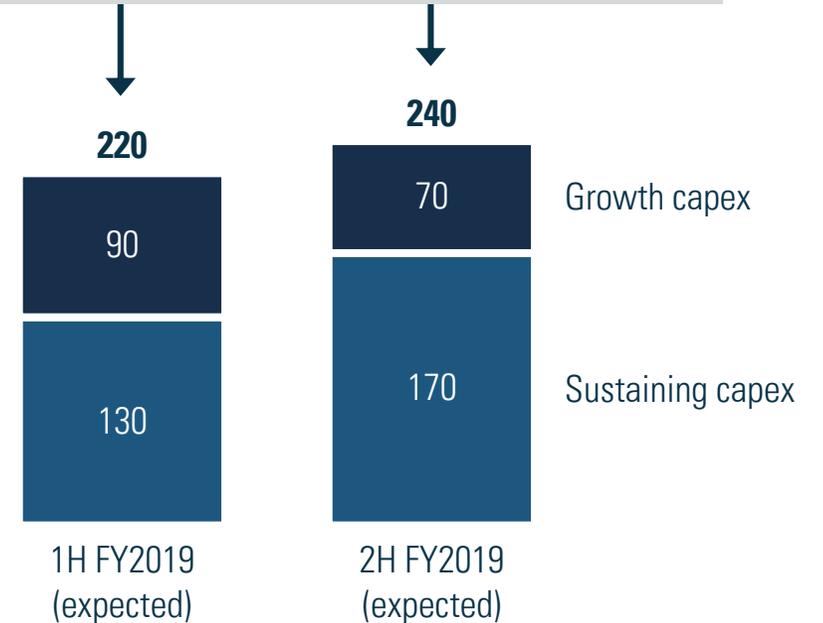
Maintaining safe and reliable operations and a disciplined approach to growth

FY2018 and FY2017 (\$M)



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

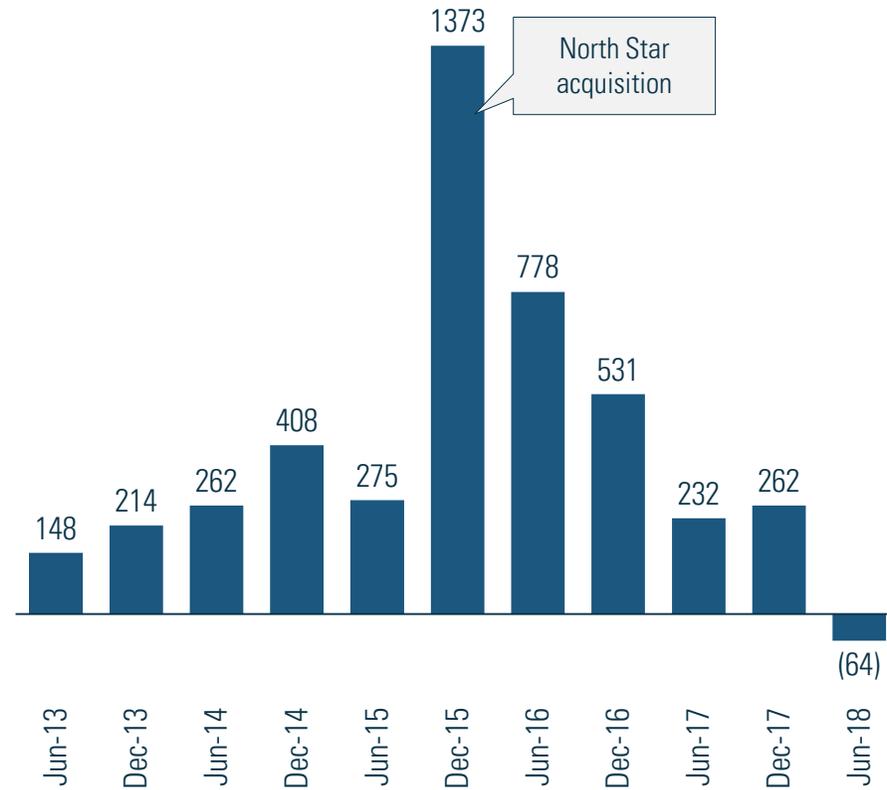
- Largest growth projects:**
- Painting and coating capacity in Thailand
 - Investment in next generation ZINCALUME® steel technology across ASEAN and China
 - Systems modernisation
 - Continued investment in building design and engineering systems



Investment grade credit ratings; strong credit metrics

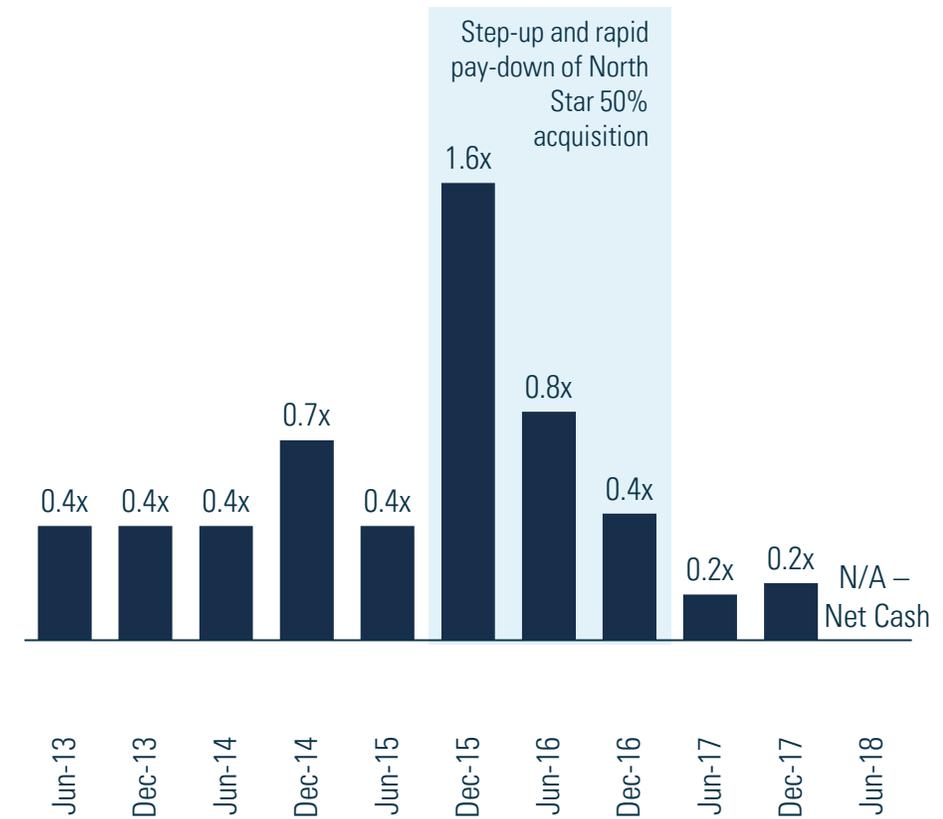
- ✓ Investment grade achieved April 2018
- ✓ US\$500M 144a Notes replaced with US\$300M Reg-S 5 year notes
- ✓ Refinanced syndicated bank facilities

Net debt / (cash) (\$M)



Leverage

(Net debt to LTM underlying EBITDA¹)



(1) Dec-15 and Jun-16 includes North Star proforma for previous 12 months

Non current asset carrying values

Australian Steel Products

- Full reversal of previously impaired plant and equipment (\$216.0M). Will result in ~\$25M increase in annual depreciation charge going forward
- Recognition of deferred tax asset of \$327.5M, fully recognising previously unbooked Australian tax losses

Impacts of accounting standards changes¹

AASB 9 Financial Instruments (applies from 1 July 2018)

- No material impact on financial statements

AASB 15 Revenue from Contracts with Customers (applies from 1 July 2018)

- No material impact on financial statements

AASB 16 Leases (applies from 1 July 2019)

- Brings most operating lease commitments onto balance sheet as an asset and a form of debt, and splits income statement charges between D&A and interest expense
- Undiscounted value of operating lease commitments at 30 June 2018 was ~\$500M – a broad estimate of the asset and liability value which will be discounted and recognised on the balance sheet
- Expect no impact in our bank debt facilities and Reg S notes





OUTLOOK & SUMMARY



Australian Steel Products

- Benchmark spreads improving with stronger regional HRC prices and improvement in raw material prices, particularly coal
- Range of offsetting factors:
 - Increased depreciation charge following asset write-up
 - Assumed lower coke margins
 - Impact of specific raw materials mix relative to benchmark

North Star

- Average benchmark spread² through 1H FY2019 expected to be ~US\$90/t higher, noting specific sales mix relative to benchmark
- Expect lower despatch volumes on seasonality
- Expect ~US\$10M of incremental consumables cost – electrodes, refractories and alloys

Building Products Asia & North America

- Continuing strong performance across North America, China and India
- Soft demand in projects segment in South East Asia combined with selling prices lagging feed cost rises
- Continued roll-out of retail networks and home appliance steel uptake

Buildings North America

- Continuation of strong building demand
- Negligible contribution from BlueScope Properties Group

New Zealand & Pacific Steel

- Expect prices and domestic demand similar
- Modest increase in raw material cost

- The Company currently expects 1H FY2019 underlying EBIT to be around 10% higher than 2H FY2018 (which was \$745.0M)
- Based on assumptions of average¹:
 - East Asian HRC price of ~US\$575/t
 - 62% Fe iron ore price of ~US\$65/t CFR China
 - Index hard coking coal price of ~US\$180/t FOB Australia
 - U.S. mini-mill benchmark spreads to be US\$90/t higher than 2H FY2018
 - AUD:USD at US\$0.76
- Expect 1H FY2019 underlying net finance costs to be lower than 2H FY2018; expect slightly lower underlying tax rate and similar profit attributable to non-controlling interests to 2H FY2018
- Expectations are subject to spread, FX and market conditions



QUESTIONS?





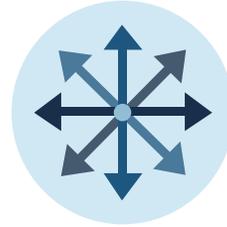
BLUESCOPE: A DIFFERENT KIND OF STEEL BUILDING PRODUCTS COMPANY

Ivanhoe Grammar School in VIC, Australia. Designed by McBride Charles Ryan and built by Building Engineering.
Features Colorbond® Steel in Monument® in Lysaght® Longline 305® and Spandek® and Zinalume® Steel in Lysaght® Klip-Lok700 High Strength®

What makes us different?



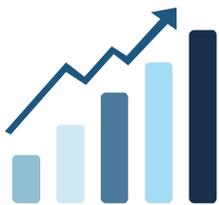
**TECHNOLOGY,
BRANDING & CHANNELS**



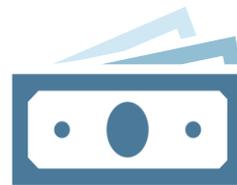
**BUSINESS
DIVERSIFICATION**



**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 AM 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

clean Colorbond
BLUESCOPE
Zacs
SẮC VIỆT
durashine®
TATA BLUESCOPE STEEL



North America

BUTLER®
VP BUILDINGS
VARCO PRUDEN
ASC BUILDING PRODUCTS
steelscape





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

Australia



New Zealand



Asia



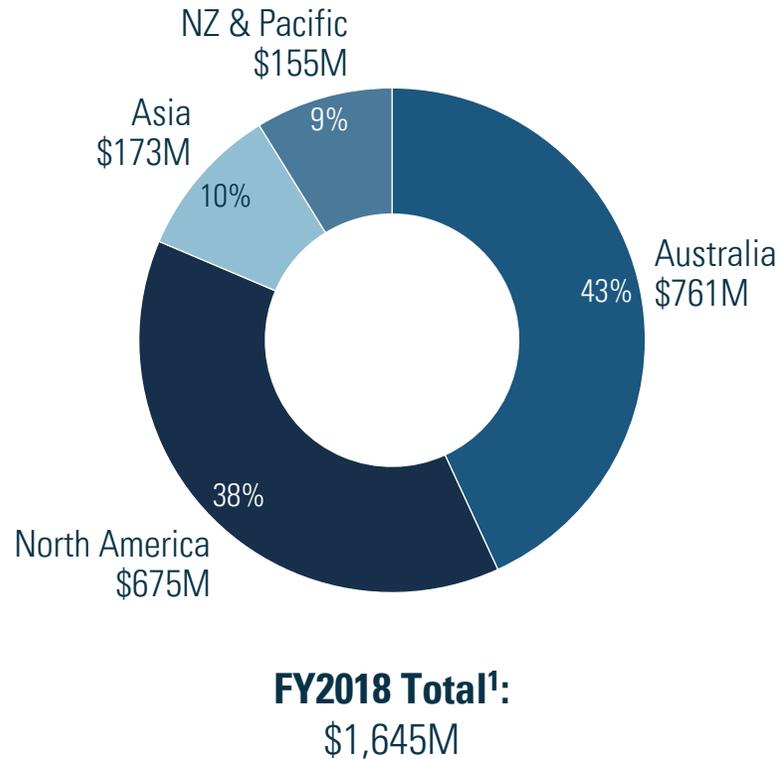
North America



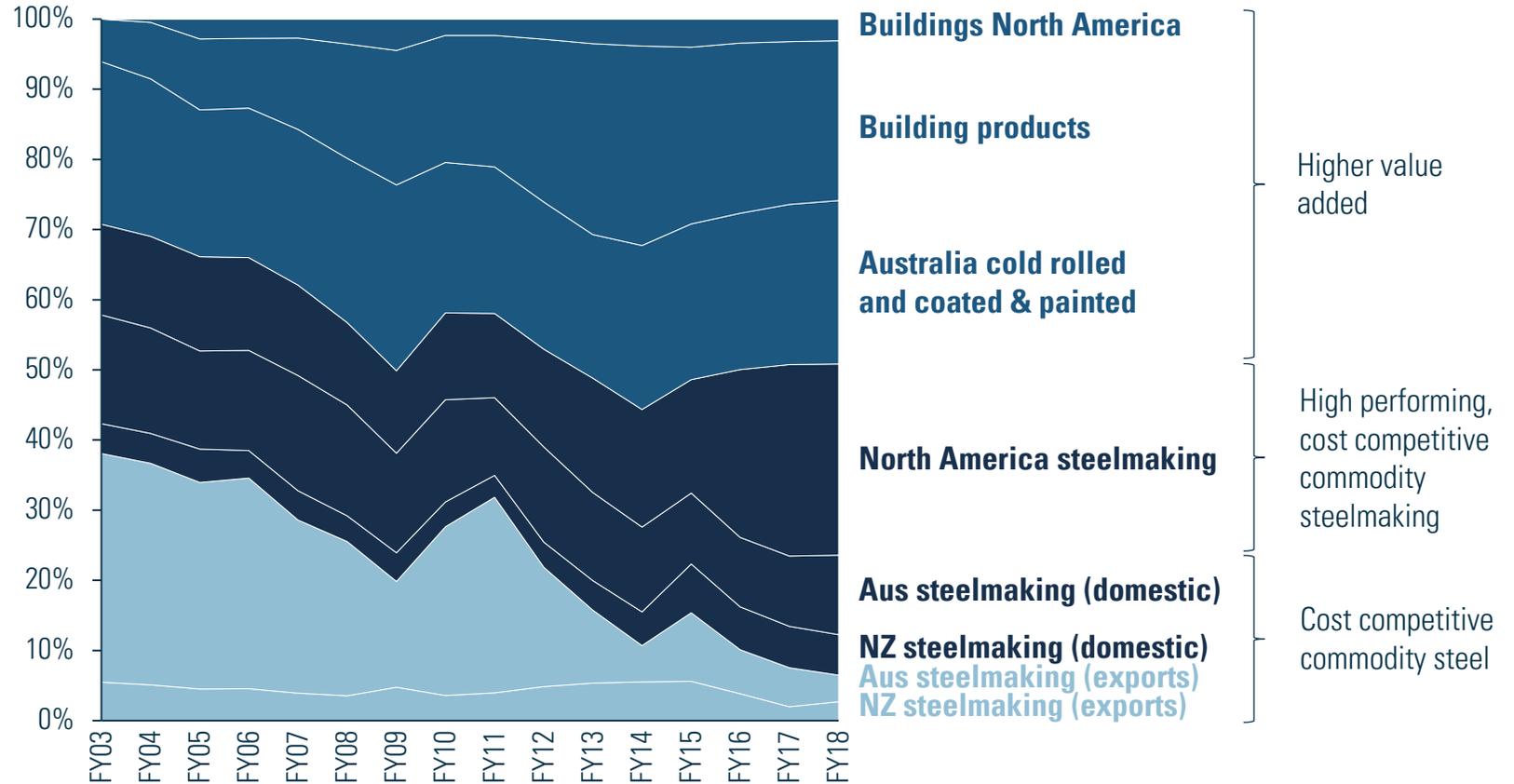


Geographic diversity and increasing contribution from value-added products

Underlying EBITDA by region (\$M)



BlueScope despatch volume mix

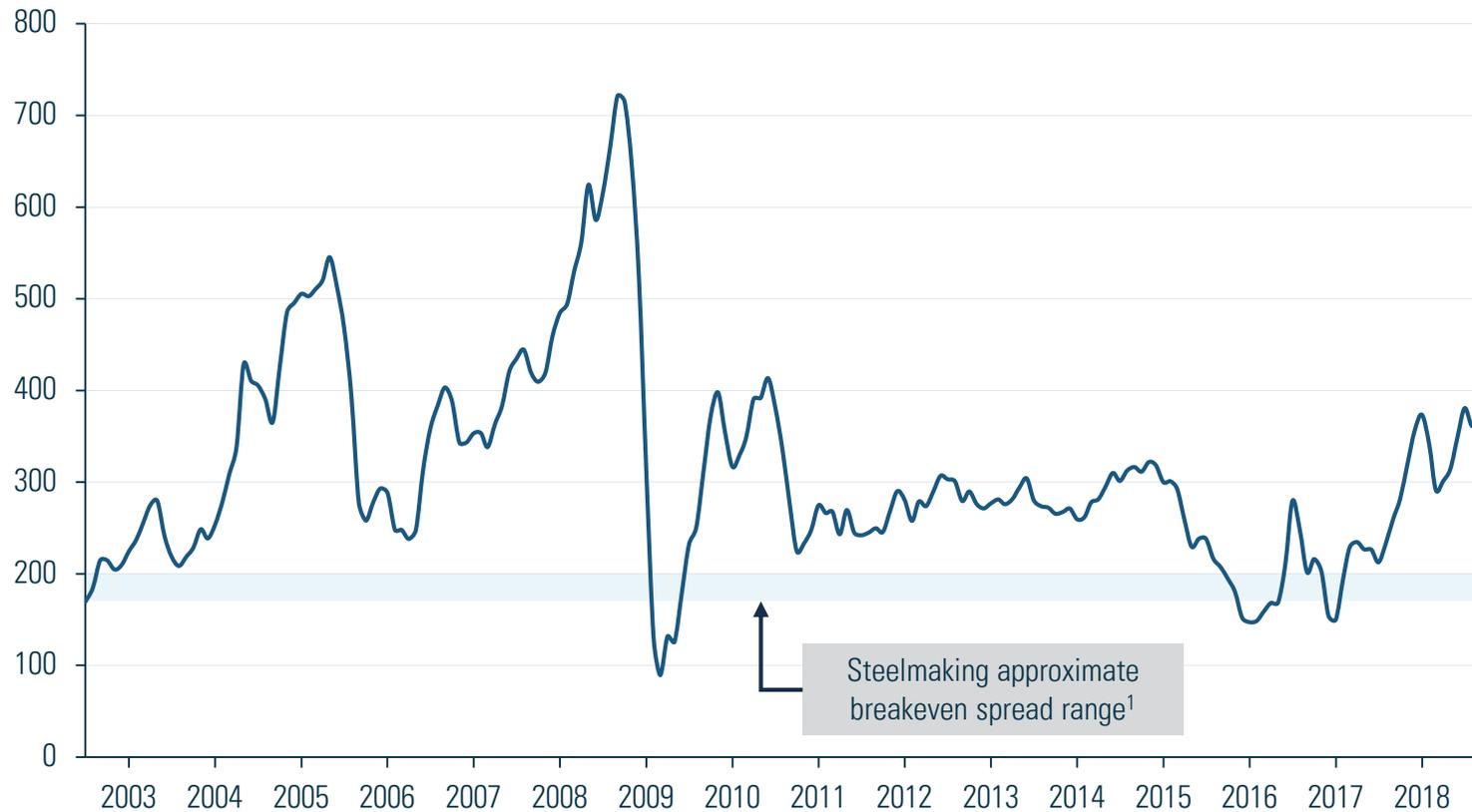


(1) Total includes corporate costs & eliminations of \$119.2M, excluded from pie chart

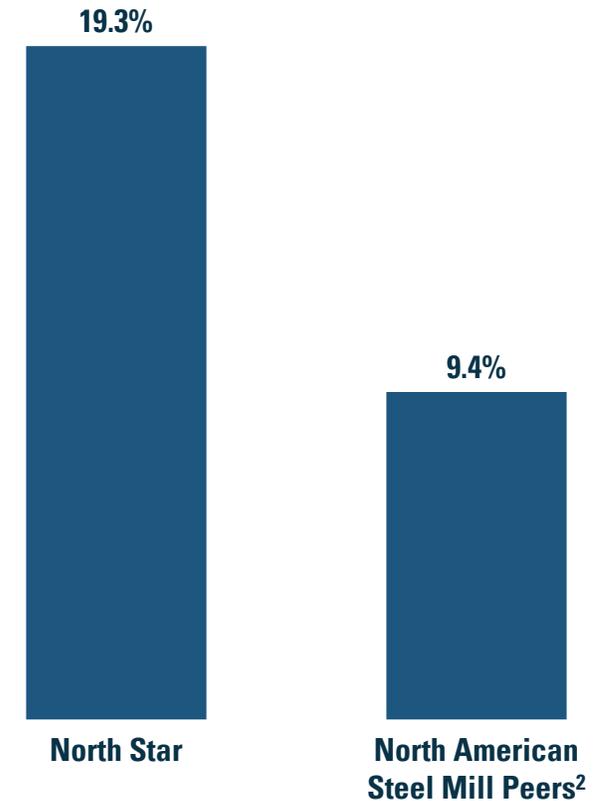


Australian steelmaking breakeven at minimum recent spreads; North Star leading margin in U.S. steelmakers

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 CY2017 North Star underlying EBIT margin. Peer margin data sourced from CY2017 company information, simple average of 6 North American peers using relevant segment information

*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.



Returns focussed process driving competition for capital

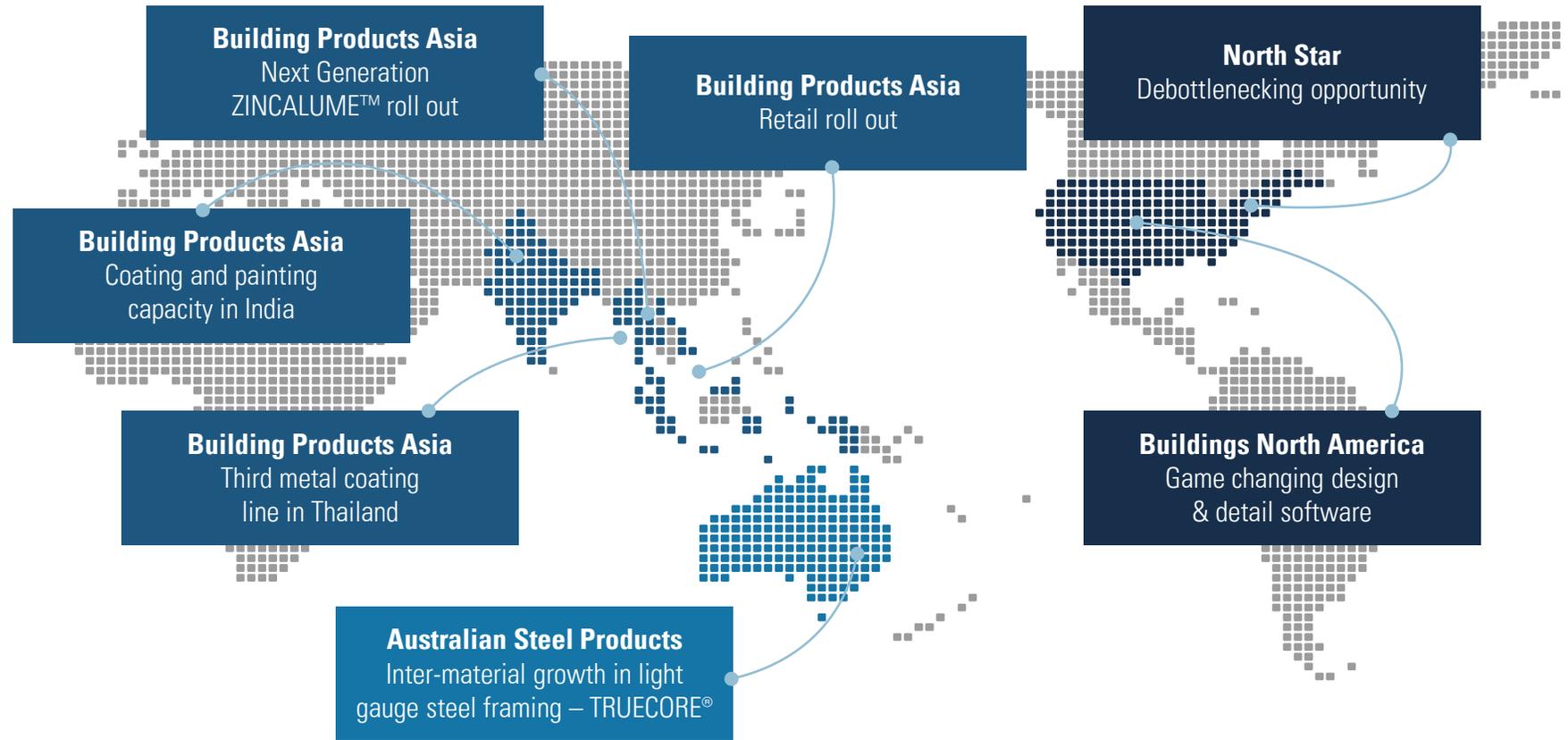
Capital expenditure principles

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



Australian Steel Products case study: light gauge steel framing growth

The opportunity for growth

Current low share in detached residential framing and commercial building segment

Superior attributes – fire resistant, termite proof, straight and true, design versatility

Trade shortages and higher wages driving builders to look at more efficient building practices

Commercial building practices trending towards **offsite and prefabricated construction methods**

How we are capturing the opportunity

'The Inner Strength' a recent major marketing re-launch targeting homeowners, builders and fabricators

Partnering with builders in every state to ensure supply of steel framing is ahead of demand

Increasing steel frame installation capacity and capability through vocational training and professional development

Achieving specification for structural and prefabricated framing within the commercial building segment



Benefits of building with TRUECORE®

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

Building Products case study: roll out of retail strategy

GROWING THE RETAIL DEALER NETWORK



- Retail stores across ASEAN where the retail market can access BlueScope quality metal roofing and construction materials
- Over 170 branded stores across ASEAN, and growing rapidly

CREATING A PREMIUM RETAIL EXPERIENCE



- Creating dealerships that provide a premium customer experience for retail and trade customers alike
- Supporting the physical dealerships with the development of an online accessible retail presence

INVESTING IN EDUCATING THE CHANNEL & USERS



- Continued investment in educating and training trade customers on how to install quality roof products, safely
- Assists in growing trade demand directly, along with retail end user demand as trades are key influencers in purchase decisions

CONDUCTING NATIONAL MARKETING CAMPAIGNS



- Supporting growing dealer network and trade customer base with national marketing campaigns tailored for each country
- Specifically targeted at brand recognition and awareness in the end user retail segment

ONGOING TRAINING FOR DEALER NETWORK

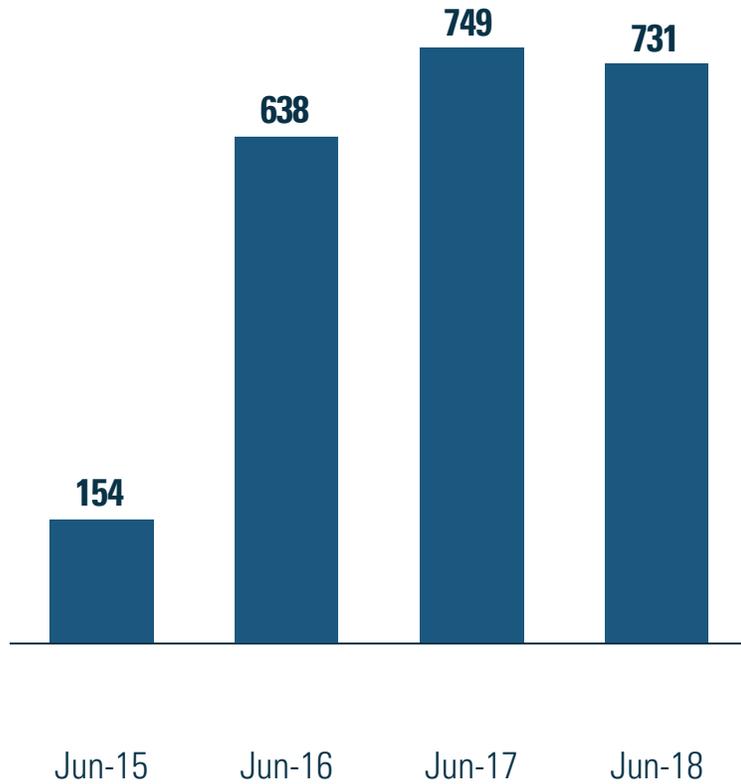


- Providing the dealer network the tools and skills to position BlueScope's products to end consumers
- A mix of in store and field based training to develop knowledgeable sales consultants

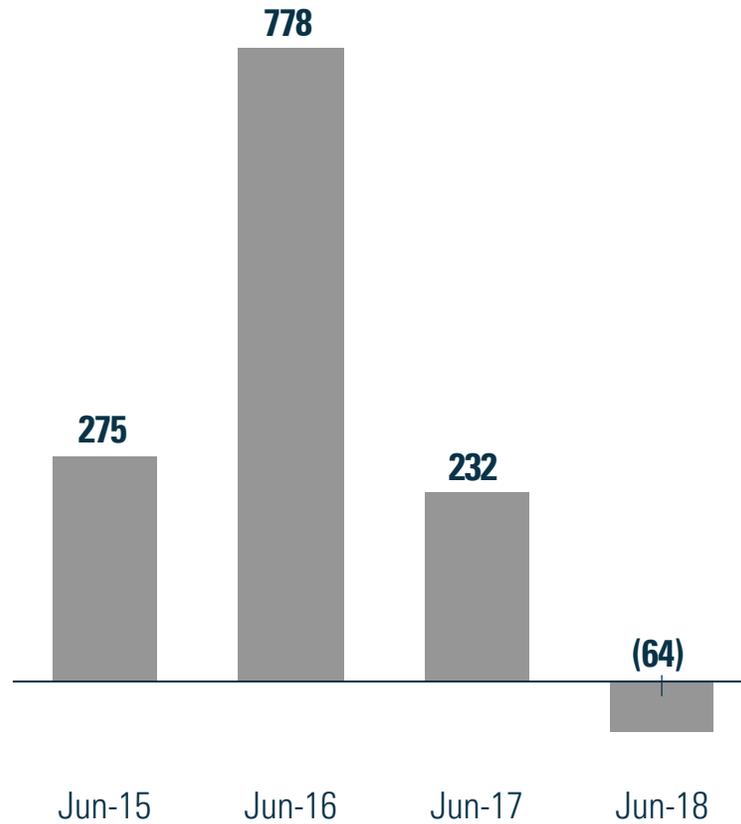


Robust cash generation to support growth and shareholder returns

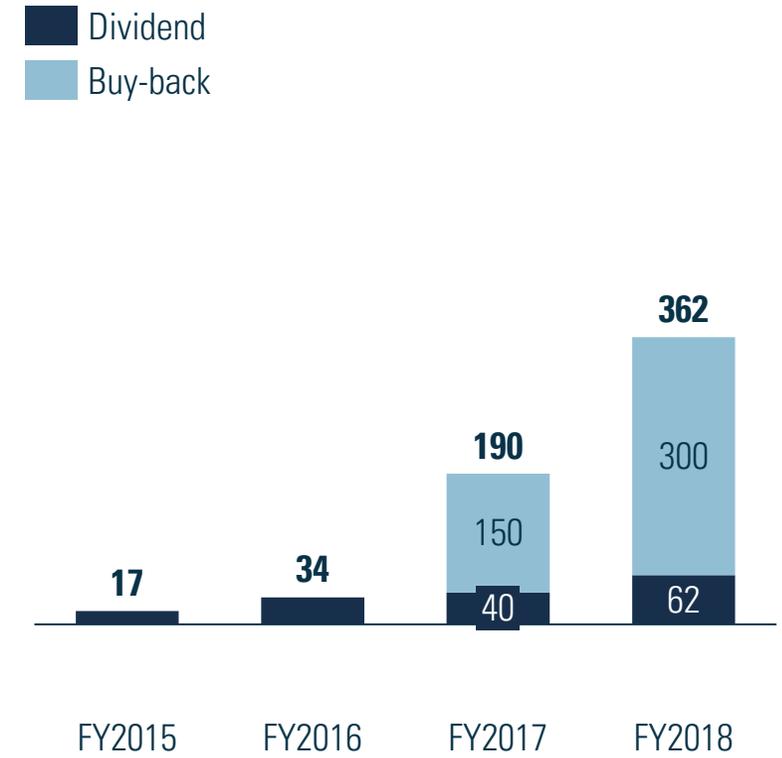
Free cash flow (\$M)
Operating cash flow less capex



Net debt / (cash) (\$M)



Shareholder returns (\$M)





Strong performance and continued focus on sustainability

SAFETY, HEALTH & WELLNESS

Continuing our journey towards Zero Harm. In FY2018:

- LTIFR (lost time injuries per million man-hours worked) of 0.62, remained at low levels
- MTIFR (medically treated injuries per million man-hours worked) of 5.4, also remained at low levels

CLIMATE CHANGE AND ENERGY

BlueScope supports Australia's 2030 emissions target, in line with the Paris commitment

- 43% cut in Australian CO₂ emissions from 2011 to 2017
- Steelmaking emissions intensity down 8% in FY2017
- Signed solar energy PPA; project to support decarbonisation of Aust. grid by 300,000t CO₂-e per annum
- Developing emissions reduction targets
- Boosted climate change governance
- Aligning reporting to TCFD

SUPPLY CHAIN SUSTAINABILITY

Committed to respecting human rights

Published Statement on Human Rights and Responsible Sourcing Standard earlier this year

Completed ESG risk assessment and analysis of Supply Chain management processes

Designed a risk-prioritised approach to engaging suppliers regarding our standards and expectations, and undertaking verification exercises

GOVERNANCE AND BUSINESS CONDUCT

All employees have access to an externally managed business conduct hotline for anonymous reporting of issues. In FY2018:

- 12 reports of alleged misconduct were reported to the hotline
- All allegations were taken seriously and investigated by an independent panel
- Disciplinary actions were taken against two employees

DIVERSITY AND INCLUSION

Strong focus and effective strategies creating demonstrable improvement in workforce diversity

Female participation in the total BSL workforce has increased to 19% in FY2018 from 17% in FY2016

Women made up 40% of total new recruitment in FY2018, nearly double that of FY2016 at 23%

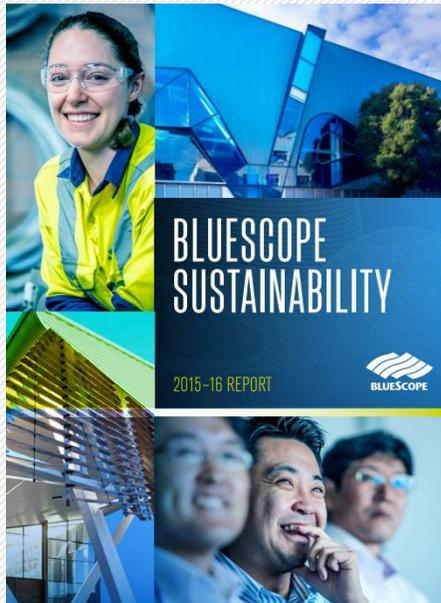
- Of this new recruitment, women made up one third of new recruits into operations and trade based roles, nearly five times the levels of FY2016



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

Further update using GRI framework
Targeting release in October 2018

FY2018 BLUESCOPE SUSTAINABILITY REPORT

Intend to further enhance disclosure on material sustainability topics

Intend to provide further TCFD-based disclosure, especially on the organisation's resilience under different climate-related scenarios, and an expanded review of supply chain sustainability



Also intending to shortly release information on public policy positions and involvement with domestic industry associations re climate change and energy



ADDITIONAL INFORMATION – GROUP-LEVEL MATERIAL

Investigator College Senior School in SA, Australia. Designed by Flightpath Architects and built by Partek Construction + Interiors.
Features Colorbond® steel Matt in Monument® in Revolution Roofing® Maxline

\$M (unless marked)	FINANCIAL YEAR ENDED		
	30 JUN 2017	30 JUN 2018	FY2018 vs FY2017
Total revenue	10,757.7	11,578.2	✓
External despatches of steel products (kt)	7,615.2	7,591.1	↓
EBITDA – Underlying ¹	1,484.4	1,644.6	✓
EBIT – Reported	1,044.5	1,462.9	✓
– Underlying ¹	1,105.4	1,269.3	✓
NPAT – Reported	715.9	1,569.1	✓
– Underlying ¹	652.4	826.0	✓
EPS – Reported	125.3 cps	281.8 cps	✓
– Underlying ¹	114.2 cps	148.3 cps	✓
Underlying EBIT Return on Invested Capital	18.5%	20.0%	✓
Net Cashflow From Operating Activities	1,132.4	1,140.7	✓
– After capex / investments	724.2	760.3	✓
Final ordinary dividend	5.0 cps	8.0 cps	✓
Net debt / (cash)	232.2	(63.6)	✓

	FY2018 NPAT \$M
Reported net profit after tax	1,569.1
<i>Underlying adjustments</i>	
Asset impairment write back	(216.0)
Restructuring & redundancy costs	1.8
Asset sales	(3.6)
Borrowing amendment fees	30.9
Tax asset impairment / (write-back)	(503.2)
U.S. tax reform – one-off impact	(76.3)
Discontinued business (gains) / losses	23.3
Underlying net profit after tax	826.0

UNDERLYING EARNINGS, NET FINANCE AND TAX COST

\$M	1H FY2018	2H FY2018	FY2018	
Underlying EBIT	524.3	745.0	1,269.3	
Underlying finance costs	(40.6)	(40.0)	(80.7)	
Interest revenue	3.8	4.9	8.7	
Profit from ordinary activities before tax	487.5	709.9	1,197.3	
Underlying income tax (expense)/benefit	(127.0)	(182.0)	(308.9)	
Underlying NPAT from ordinary activities	360.4	527.9	888.4	
Net (profit)/loss attributable to non-controlling interests	(33.5)	(28.9)	(62.4)	
Underlying NPAT attributable to equity holders of BSL	327.0	499.0	826.0	

Breakdown of net finance costs	
144a U.S. unsecured notes	39.3
Syndicated bank facility charges	7.7
Finance leases	12.9
Amortisation of borrowing costs and present value charges (non-cash)	7.7
Other finance costs (incl NS BlueScope interest costs)	13.1
Less, interest income	(8.7)
Total	72.0

**25.8%
effective
underlying
tax rate**

SUMMARY OF FINANCIAL ITEMS BY SEGMENT

Sales revenue

\$M	FY2017	1H FY2018	2H FY2018	FY2018
Australian Steel Products	4,918.7	2,565.7	2,857.4	5,423.2
North Star BlueScope Steel	1,700.9	860.6	1,063.3	1,923.9
Building Products Asia & North America	2,459.9	1,309.2	1,384.6	2,693.8
Buildings North America	1,173.9	523.3	583.1	1,106.4
New Zealand and Pacific Steel	747.5	386.8	446.8	833.6
Intersegment, Corporate & Discontinued	(265.6)	(169.2)	(261.9)	(431.2)
Total	10,735.3	5,476.4	6,073.3	11,549.7

Total steel despatches

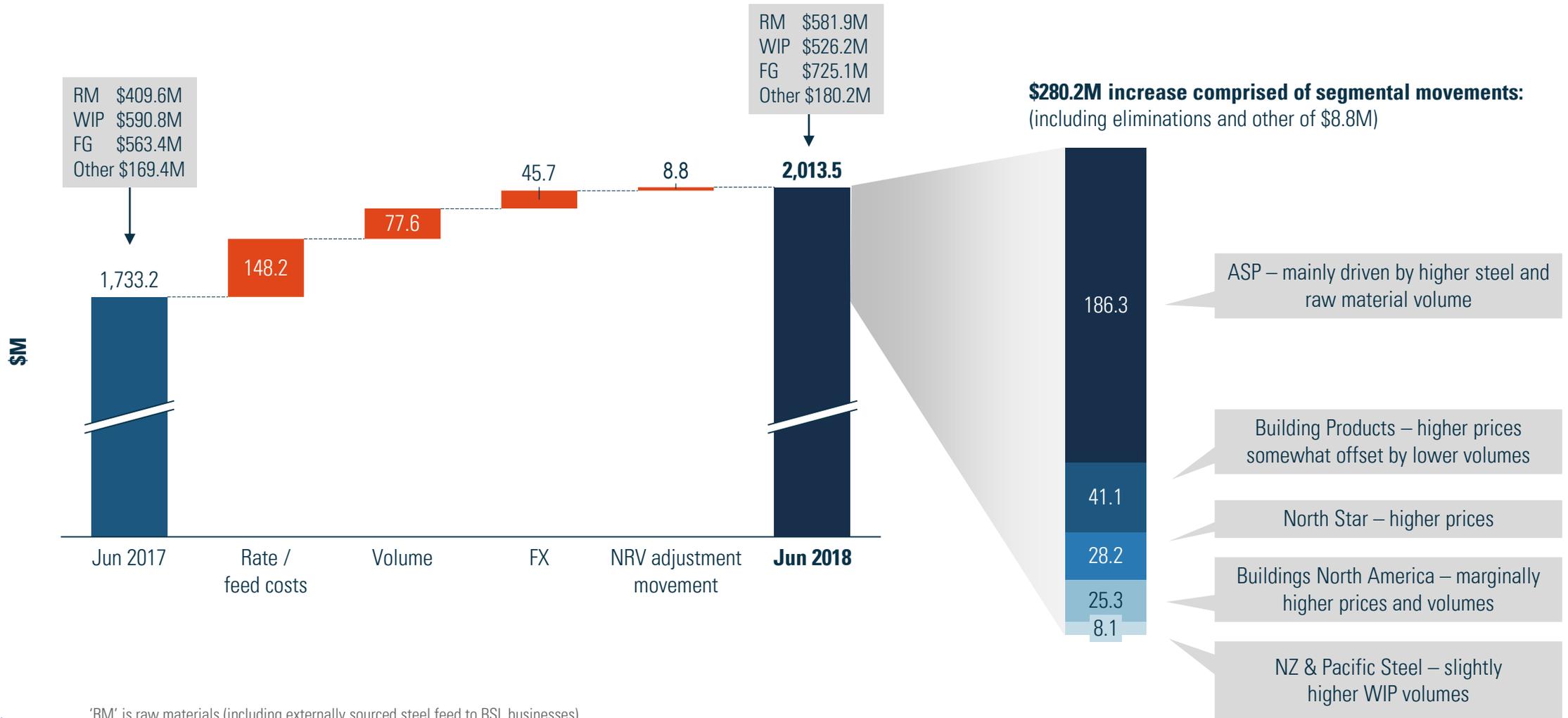
'000 tonnes	FY2017	1H FY2018	2H FY2018	FY2018
Australian Steel Products	3,090.7	1,515.3	1,601.2	3,116.6
North Star BlueScope Steel	2,093.0	1,037.5	1,067.2	2,104.7
Building Products Asia & North America	1,780.0	880.2	877.9	1,758.1
Buildings North America	246.9	116.1	121.5	237.7
New Zealand and Pacific Steel	604.9	307.5	342.7	650.1
Intersegment, Corporate & Discontinued	(200.3)	(141.6)	(134.5)	(276.1)
Total	7,615.2	3,715.0	3,876.0	7,591.1

Underlying EBITDA

\$M	FY2017	1H FY2018	2H FY2018	FY2018
Australian Steel Products	637.6	350.6	418.8	769.4
North Star BlueScope Steel	461.7	172.5	313.1	485.6
Building Products Asia & North America	291.4	146.0	112.6	258.6
Buildings North America	77.8	36.1	58.0	94.1
New Zealand and Pacific Steel	103.2	63.2	92.9	156.1
Intersegment, Corporate & Discontinued	(87.3)	(58.2)	(61.0)	(119.2)
Total	1,484.4	710.2	934.4	1,644.6

Underlying EBIT

\$M	FY2017	1H FY2018	2H FY2018	FY2018
Australian Steel Products	459.4	261.7	325.7	587.4
North Star BlueScope Steel	406.6	145.2	285.4	430.6
Building Products Asia & North America	208.7	108.3	76.2	184.5
Buildings North America	57.5	26.4	48.2	74.6
New Zealand and Pacific Steel ¹	61.1	41.0	70.7	111.7
Intersegment, Corporate & Discontinued	(87.9)	(58.3)	(61.2)	(119.5)
Total	1,105.4	524.3	745.0	1,269.3



RM \$409.6M
WIP \$590.8M
FG \$563.4M
Other \$169.4M

RM \$581.9M
WIP \$526.2M
FG \$725.1M
Other \$180.2M

'RM' is raw materials (including externally sourced steel feed to BSL businesses)
'WIP' is work in progress
'FG' is finished goods
'Other' is primarily operational spare parts



CASH FLOW STATEMENT

\$M	FY2017	FY2018	1H FY2018	2H FY2018
Reported EBITDA	1,425.0	1,839.5	697.2	1,142.3
Adjust for other cash profit items	69.4	(228.3)	(8.6)	(219.7)
Cash from operations	1,494.4	1,611.2	688.6	922.6
Working capital movement (inc provisions) ¹	(119.0)	(308.1)	(261.9)	(46.2)
Gross operating cash flow	1,375.3	1,303.1	426.7	876.4
Financing costs	(90.8)	(104.7)	(38.4)	(66.3)
Interest received	6.1	8.7	3.8	4.9
(Payment) / refund of income tax ²	(158.3)	(66.4)	(34.1)	(32.3)
Net operating cash flow	1,132.4	1,140.7	357.9	782.8
Capex: payments for P, P & E and intangibles ³	(383.1)	(409.9)	(211.7)	(198.2)
Other investing cash flow	(25.3)	29.5	10.3	19.2
Net cash flow before financing	724.1	760.3	156.5	603.8
Equity issues / (buy-backs)	(150.4)	(300.3)	(142.9)	(157.4)
Dividends to BSL shareholders	(40.2)	(61.7)	(28.3)	(33.4)
Dividends to non-controlling interests	(63.4)	(64.9)	(22.7)	(42.2)
Net drawing / (repayment) of borrowings	(254.7)	(154.6)	101.7	(256.3)
Net increase/(decrease) in cash held	215.4	178.8	64.3	114.5

Primarily \$216.0M write-back of previously impaired plant & equipment at ASP

Includes make-whole costs of \$22M following refinancing of 144A U.S. unsecured notes

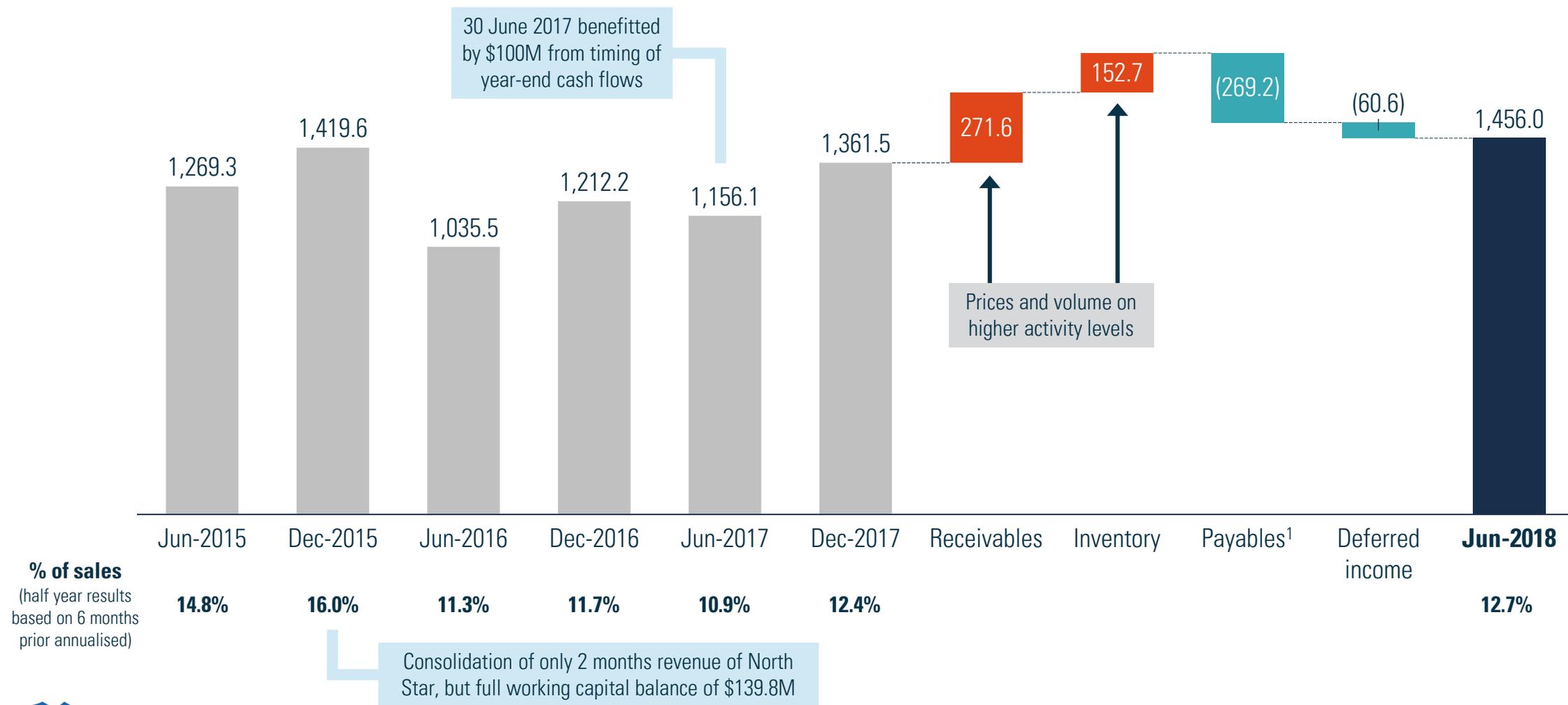


(1) Working capital build, mainly driven by inventory and payables – includes unwind of most of favourable timing of working capital from 30 June 2017 that was noted at 31 December 2017

(2) As at 30 June 2018 the BlueScope Steel Australian tax consolidated group is estimated to have carried forward tax losses of approximately \$1.84Bn. There will be no Australian income tax payments until these losses are recovered

(2) FY2018 Cash capex of \$409.9M in FY2018; new capital commitments of \$389M

\$M	30 Jun 2017	31 Dec 2017	30 Jun 2018
Assets			
Cash	753.0	815.9	944.4
Receivables *	1,363.9	1,214.0	1,485.6
Inventory *	1,733.2	1,860.7	2,013.4
Property, Plant & Equipment	3,721.7	3,706.7	4,049.3
Intangible Assets	1,689.7	1,646.2	1,718.9
Other Assets	313.9	345.3	719.5
Total Assets	9,575.4	9,588.8	10,931.0
Liabilities			
Trade & Sundry Creditors *	1,775.4	1,543.0	1,812.2
Capital & Investing Creditors	72.4	41.5	53.0
Borrowings	985.2	1,078.0	880.8
Deferred Income *	165.6	170.2	230.8
Retirement Benefit Obligations	281.0	265.7	280.9
Provisions & Other Liabilities	757.1	673.1	785.7
Total Liabilities	4,036.7	3,771.5	4,043.4
Net Assets	5,538.7	5,817.3	6,887.6
Note *: Items included in net working capital	1,156.1	1,361.5	1,456.0



% of sales
(half year results based on 6 months prior annualised)

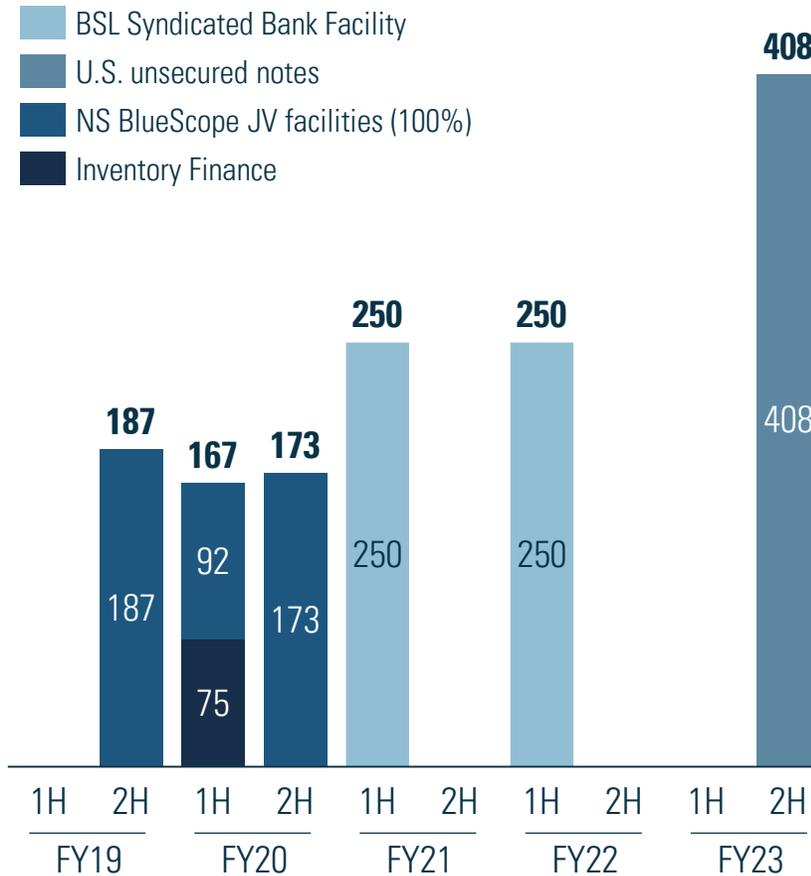


(1) Trade and sundry payables

Liquidity (undrawn facilities and cash, \$M)



Proforma maturity profile^{2,3} (\$M)



Receivables securitisation program:

- In addition to debt facilities, BSL has \$440M of off-balance sheet securitisation programs, of which \$396M was drawn at 30 June 2018

Current estimated cost of facilities:

- Approximately 4.5% interest cost on gross drawn debt (which was ~\$881M at 30 June 2018); *plus*
- commitment fee on undrawn part of ~\$570M of domestic facilities of 0.5%; *plus*
- amortisation of facility establishment fees, discount cost of long-term provisions and other of \$5-10M pa;
- less:* interest on cash (at approx. 1.5-2.0% pa)



(1) Includes \$383M liquidity in NS BlueScope Coated Products JV

(2) Proforma maturity profile as at 30 June 2018, with the Syndicated Bank facility refinanced in August 2018 reducing from \$850M to \$500M, comprising two \$250M tranches with two and three year maturities

(3) Based on AUD/USD at US\$0.7347 at 30 June 2018 and excludes \$118M NS BlueScope JV facilities which progressively amortises.

COMMITTED DEBT FACILITIES AS AT 30 JUNE 2018

Proforma ¹	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\$408M	A\$408M
Inventory Finance	Nov 2019	US\$55M	A\$75M	A\$0M
NS BlueScope JV facilities (100%)				
- Corporate facilities	Mar 2019 – Mar 2021	US\$281M	A\$383M	A\$187M
- Thailand facilities	Mar 2019 – Dec 2025	THB 4,300M	A\$177M	A\$109M
- Malaysian facilities	Jul 2019	MYR 30M	A\$10M	A\$7M
Finance leases	Various	A\$128M	A\$128M	A\$128M
Total			A\$1,681M	A\$839M

- In addition to debt facilities, BSL has:
 - \$440M of off-balance sheet securitisation of which \$396M was drawn at 30 June 2018, and
 - other items in total debt of \$42M.



(1) Pro-forma maturity profile as at 30-Jun-18, with the Syndicated Bank facility refinanced in Aug-18 reducing from \$850M to \$500M, comprising two \$250M tranches with 2 and 3 year maturities
 Note: assumes AUD/USD at US\$0.7347

Sensitivities may vary subject to volatility in prices, currencies and market dynamics – refer to pages 22 and 65

Australian Steel Products segment

+/- US\$10/t move in average benchmark hot rolled coil price	
- direct sensitivity ²	+/- \$7M
- indirect sensitivity ³	+/- \$7-9M
+/- US\$10/t move in iron ore costs	-/+ \$30-31M
+/- US\$10/t move in coal costs ⁴	-/+ \$14-15M
+/- 1¢ move in AUD:USD exchange rate	
- direct sensitivity ⁵	+/- \$2M ⁷
- indirect sensitivity ⁶	-/+ \$8-10M ⁸

New Zealand Steel & Pacific Steel segment

+/- US\$10/t move in benchmark steel prices (HRC and rebar)	
- direct sensitivity ⁸	+/- \$1M
- indirect sensitivity ¹⁰	+/- \$2-3M
+/- US\$10/t move in market-priced coal costs ¹¹	-/+ \$2-3M
+/- 1¢ move in AUD:USD exchange rate	
- direct sensitivity ⁵	-/+ \$1M ⁸
- indirect sensitivity ¹²	-/+ \$2-3M ⁸

Hot Rolled Products North America segment

+/- US\$10/t move in realised HRC spread	+/- \$13-14M
(HRC price less cost of scrap and pig iron)	

Group

+/- 1¢ move in AUD:USD exchange rate (direct) ¹³	-/+ \$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 FY2018 base exchange rate of US\$0.77. 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

Stirling House in SA, Australia. Designed by John Adam Architects and built by Mykra.
Features Colorbond® steel Matt in Monument® in Revolution Roofing® Maxline

Financial and despatch summaries

Key segment financial items

\$M unless marked	FY2017	1H FY2018	2H FY2018	FY2018
Revenue	4,918.7	2,565.7	2,857.4	5,423.2
Underlying EBITDA	637.6	350.6	418.8	769.4
Underlying EBIT	459.4	261.7	325.7	587.4
Reported EBIT	459.5	261.7	541.7	803.4
Capital & investment expenditure	206.1	65.2	105.2	170.4
Net operating assets (pre tax)	2,140.6	2,237.7	2,478.5	2,478.5
Total steel despatches (kt)	3,090.7	1,515.3	1,601.2	3,116.6

Despatches breakdown

'000 Tonnes	FY2017	1H FY2018	2H FY2018	FY2018
Hot rolled coil	506.4	281.6	299.3	580.9
Plate	261.8	146.0	150.4	296.3
CRC, metal coated, painted & other ¹	1,341.4	668.7	658.6	1,327.5
Domestic despatches of BSL steel	2,109.6	1,096.3	1,108.3	2,204.7
Channel despatches of ext sourced steel ²	143.9	83.1	79.6	162.6
Domestic despatches total	2,253.5	1,179.4	1,187.9	2,367.3
Hot rolled coil	402.7	79.0	185.0	264.0
Plate	23.8	18.6	12.4	31.0
CRC, metal coated, painted & other ¹	408.6	237.3	214.5	451.9
Export despatches of BSL steel	835.1	335.0	411.9	746.9
Channel despatches of ext sourced steel	2.1	0.9	1.4	2.4
Export despatches total	837.2	335.9	413.3	749.3
Total steel despatches³	3,090.7	1,515.3	1,601.2	3,116.6
Export coke despatches	579.4	250.9	317.2	568.1

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

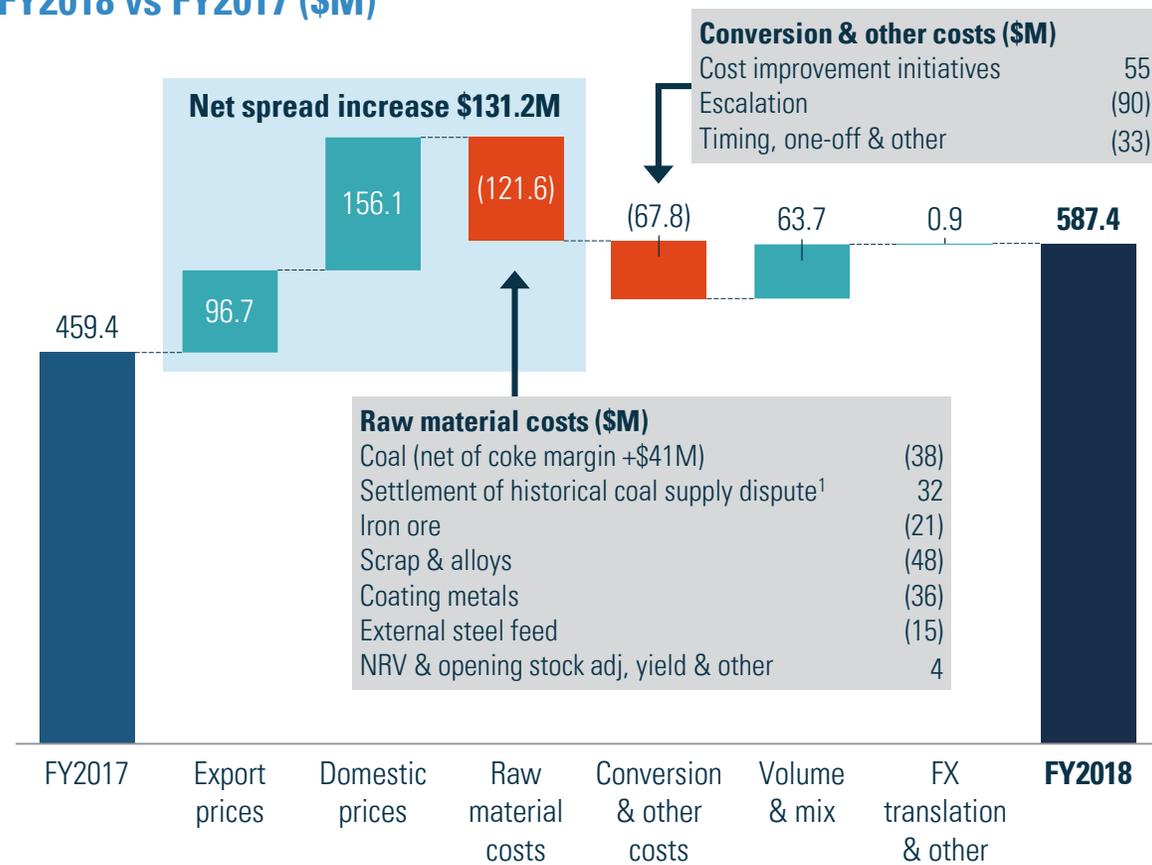
2) Primarily long products sold through Distribution business

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

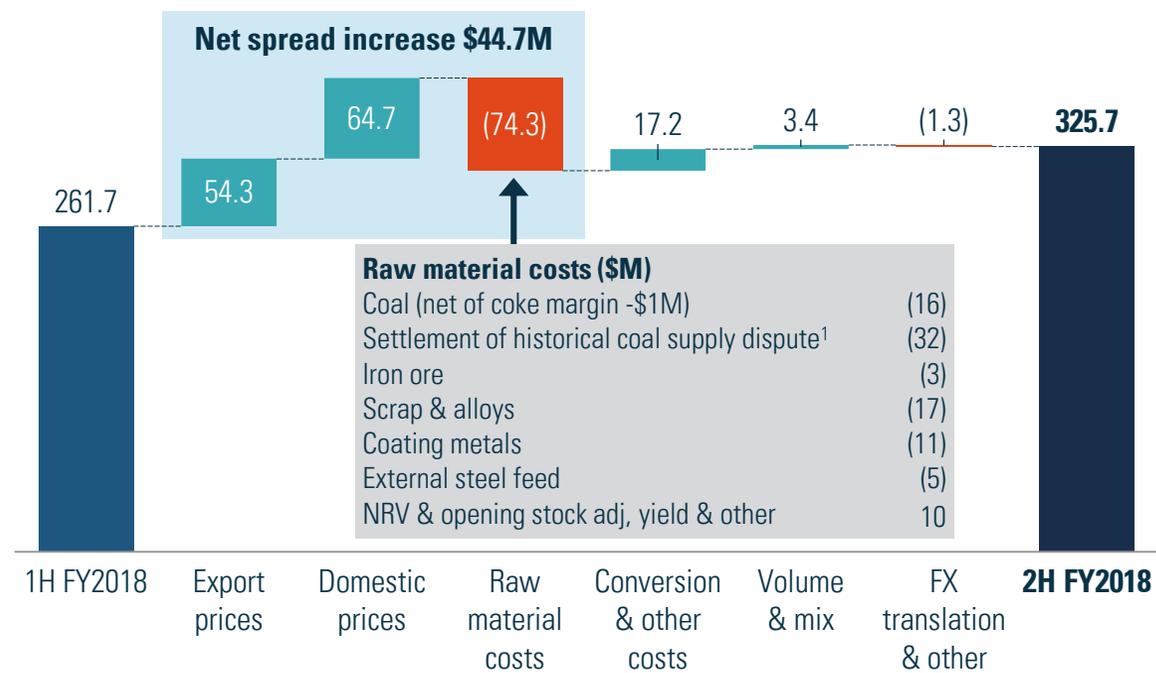
22.8	(6.7)	1.2	(5.5)
878.5	466.2	466.3	932.5

Underlying EBIT variance

FY2018 vs FY2017 (\$M)



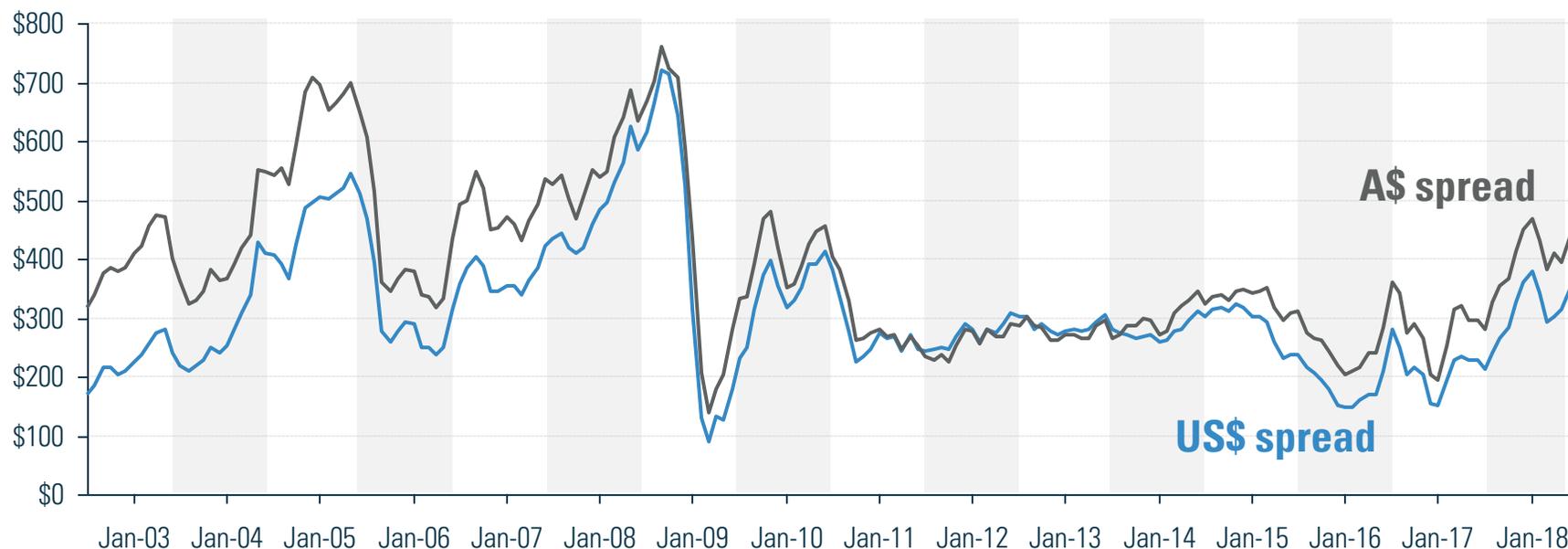
2H FY2018 vs 1H FY2018 (\$M)



(1) \$32.1M one-off benefit from settlement of historical coal dispute (cash settlement and reversal of prior year provisions), recognised in 1H FY2018 results
 Note: FX translation relates to translation of foreign currency earnings to AUD, transactional foreign exchange impacts are reflected in the individual categories

Spot spreads have recovered on stronger steel prices after a dip driven by coal price spike

Indicative steelmaker HRC lagged spread



	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	1H FY2018	2H FY2018	Spot ¹
East Asian HRC price, lagged (US\$/t)	603	560	497	317	419	535	495	575	580
Indicative spread with pricing lags (US\$/t)	286	276	292	182	214	303	277	328	363
Indicative spread with pricing lags (A\$/t)	278	295	331	247	284	390	360	419	489
AUD:USD (3 month lag)	1.03	0.93	0.87	0.74	0.75	0.78	0.77	0.78	0.74

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.



(1) Spot rates as at early August 2018

Spread: SBB East Asia HRC price less cost of 1.5t iron ore fines and 0.71t hard coking coal. Sourced from SBB, CRU, Platts, TSI, Reserve Bank of Australia, BlueScope Steel calculations

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 U.S. 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

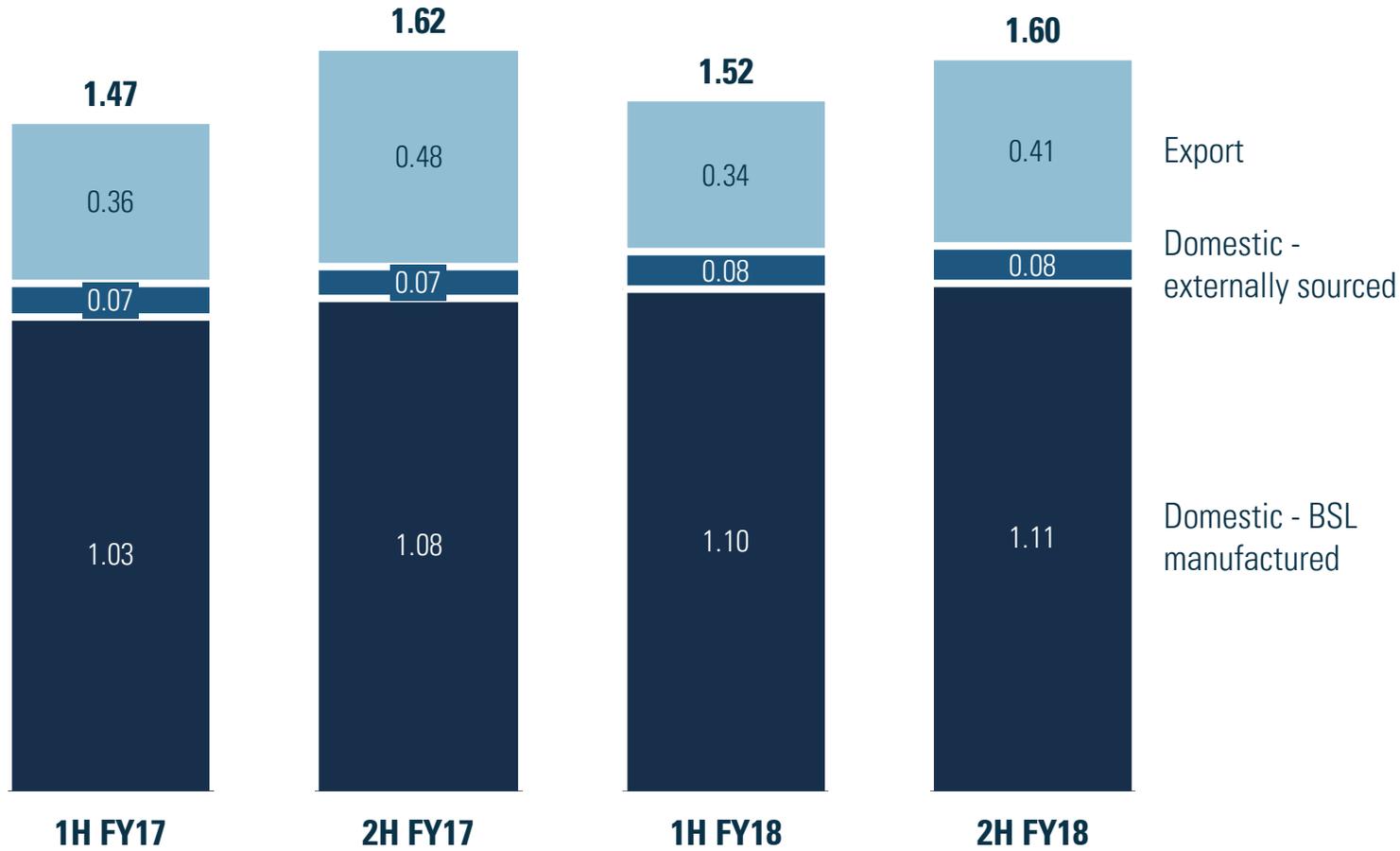
Coating metals and scrap

- 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)

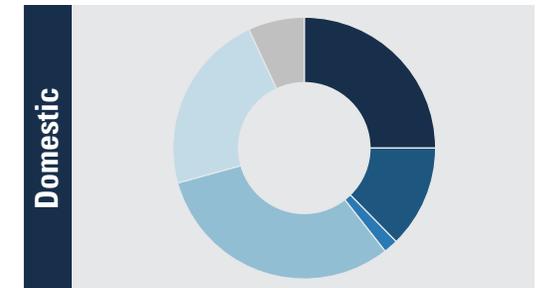
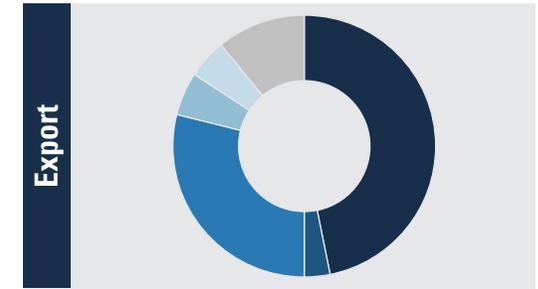
The raw materials 'recipe' to produce a tonne of hot rolled coil at Port Kembla is shown on page 67.

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)

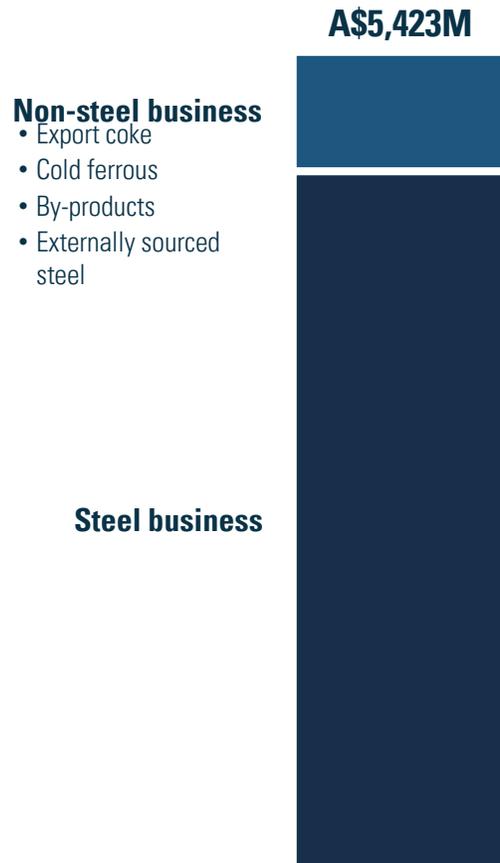


FY2018 Product Mix

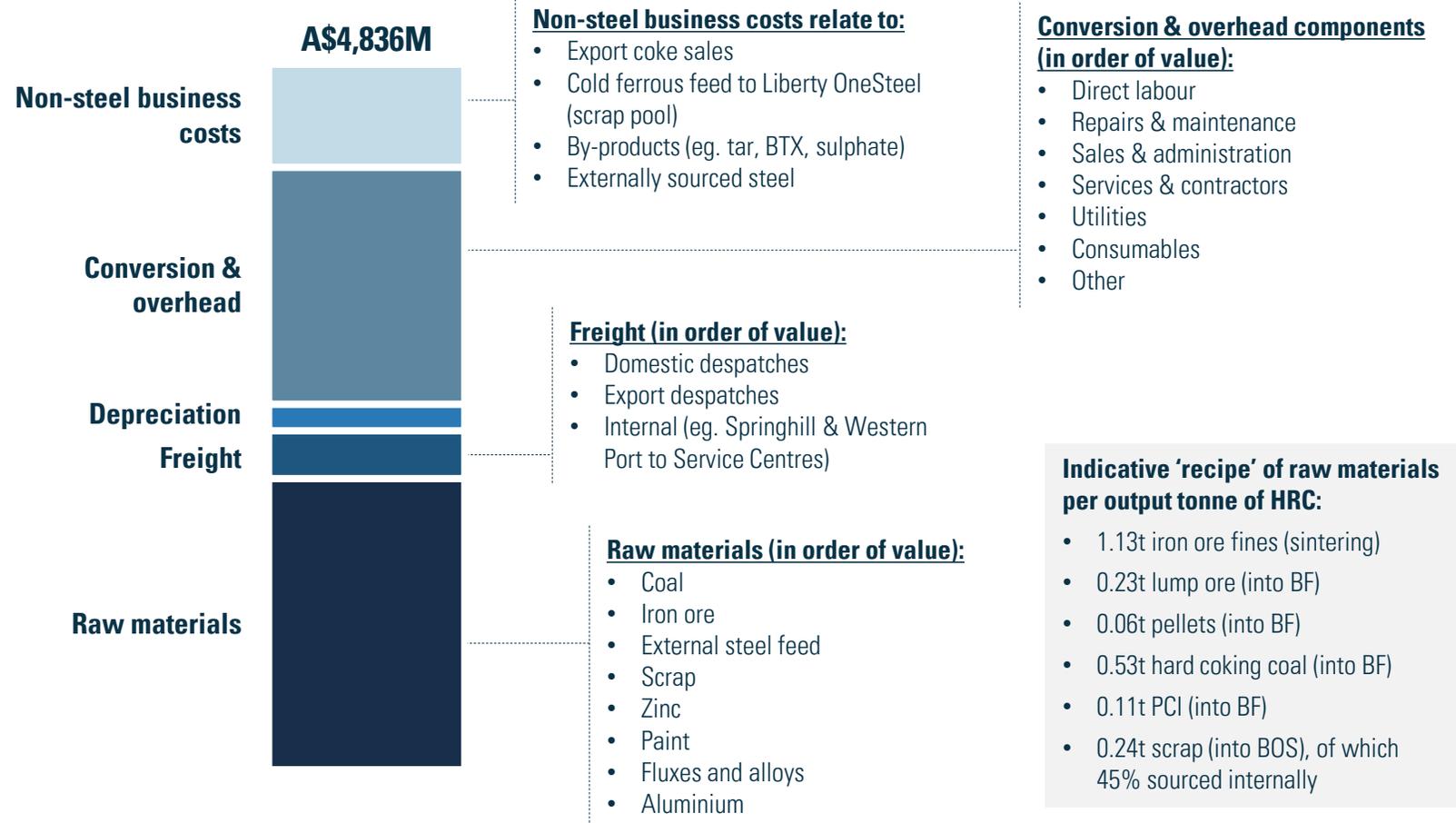


Revenue and underlying costs FY2018

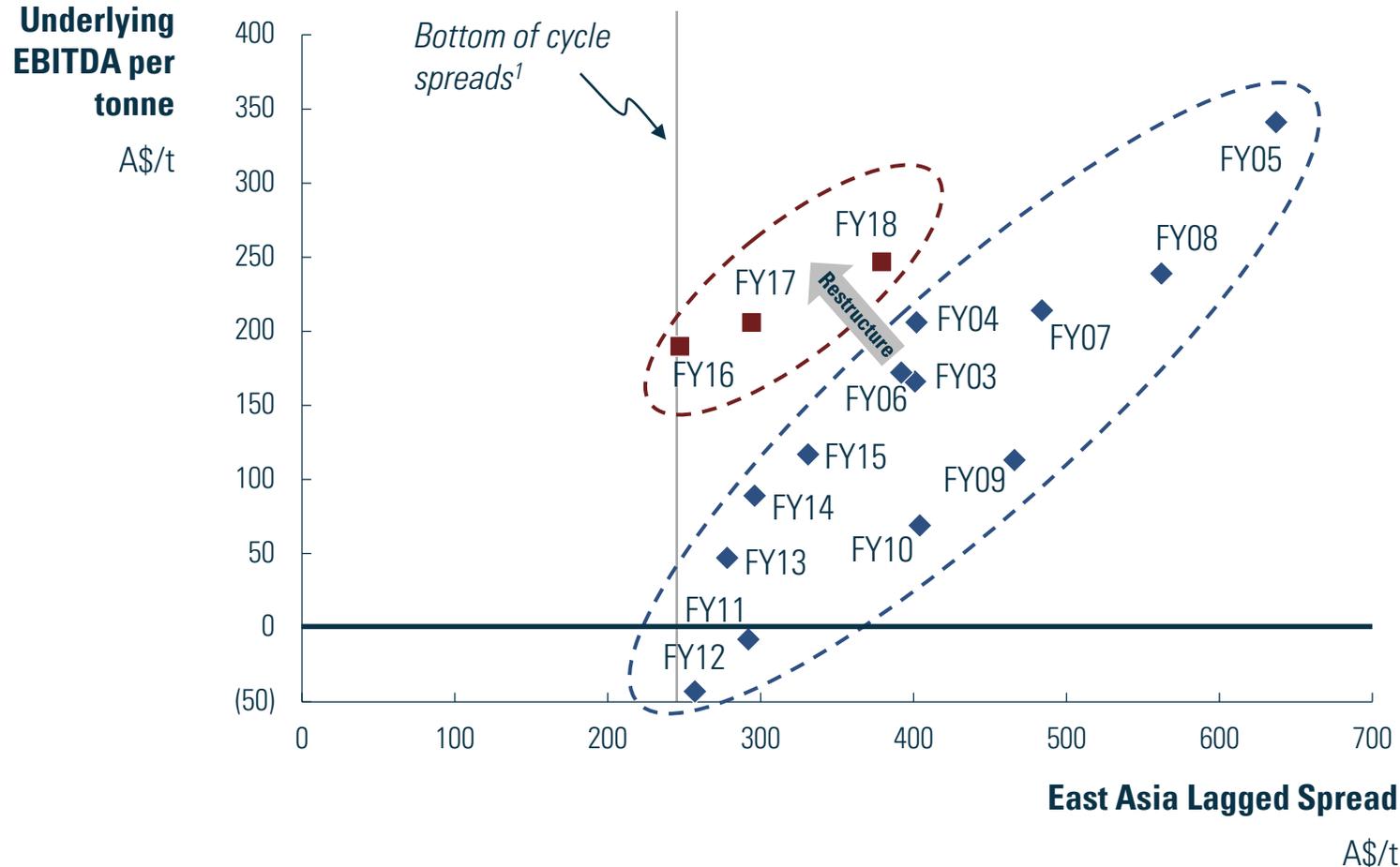
Revenue



Underlying costs (to EBIT line)



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

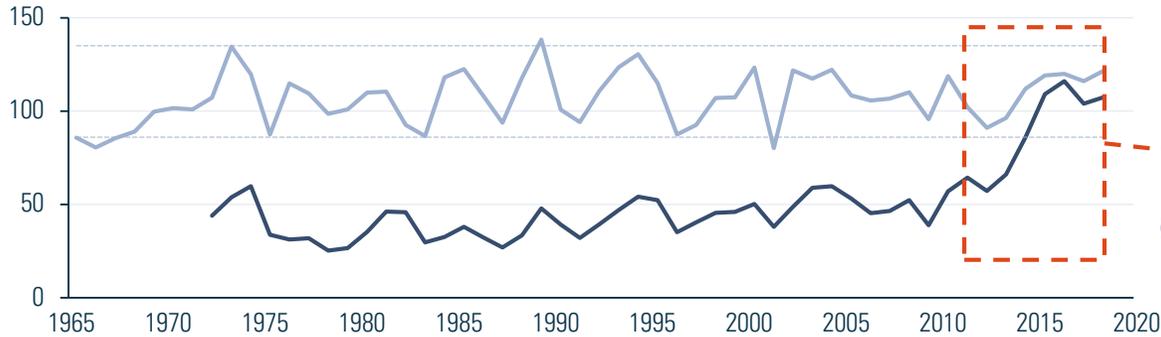


- ASP remains positioned with considerable leverage to spread improvements with steelmaking cash positive at ~ “bottom of the cycle” spreads.
- Moving forward, we must not be complacent in our pursuit of continued productivity improvements.
- We need to deliver returns necessary to support a decision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

Australian residential market easing off cycle highs, but detached momentum holding

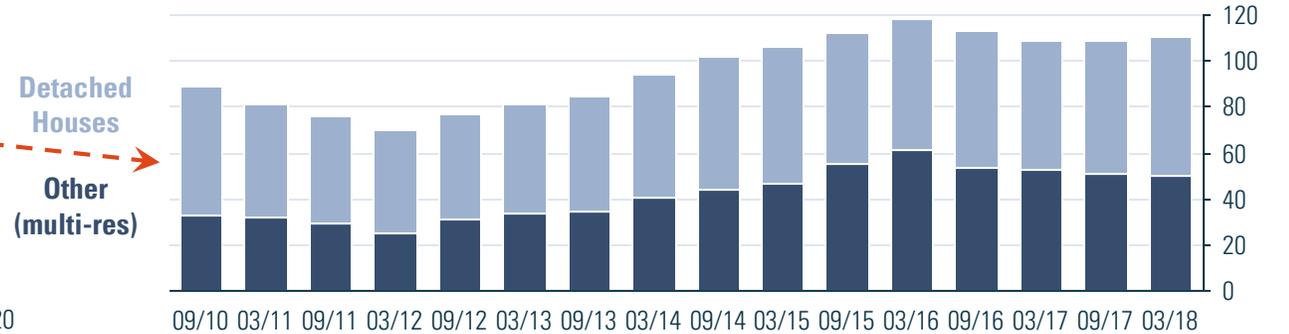
Long-Term Dwelling Approvals: rolling 12 months¹ ('000)

Strong approvals across both private and public sectors



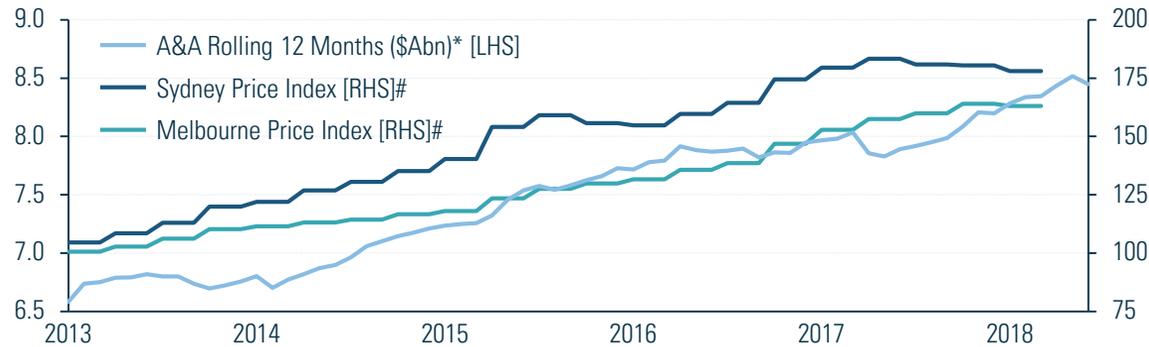
Dwelling Commencements: by halves² ('000)

Growth in approvals translating into actual activity



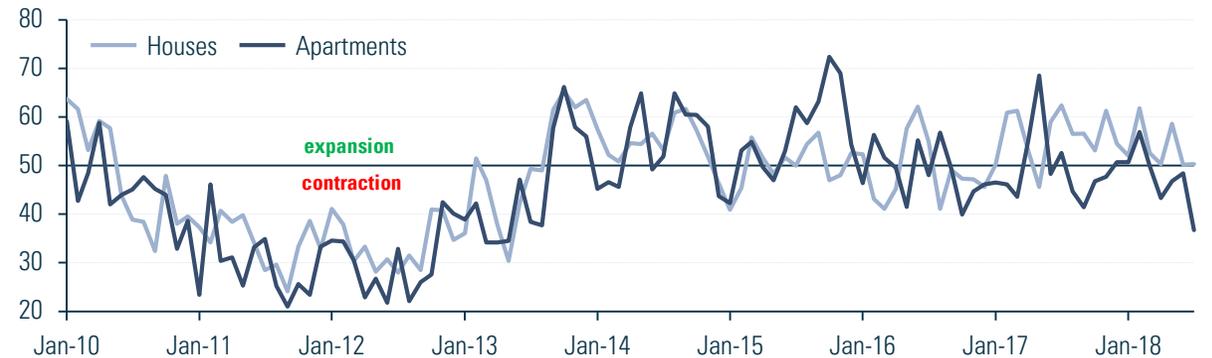
A&A Building Approvals and Established House Prices³

Infrastructure investment activity also driving higher



Performance of Construction Index⁴

Commercial activity on recovery path



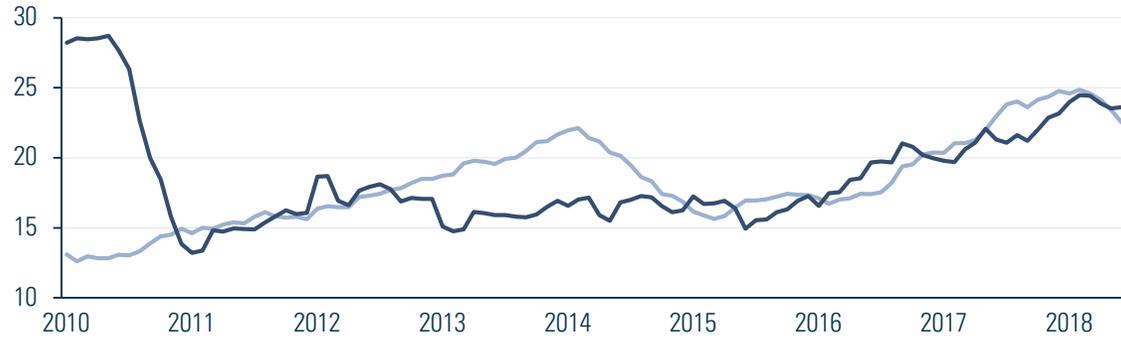
Note: A&A: Alterations & Additions

Sources: (1) ABS series 8731, table 11; original data; data to Dec 17 Qtr, (2) ABS series 8752, table 33; seasonally adjusted data; total sectors, (3) ABS series 6416, table 2; original data; 2011-12=100; data to Sept 17 Qtr, ABS series 8731, table 38; seasonally adjusted; current \$; data to Dec 17, (4) Australian Industry Group; seasonally adjusted data; data to Jan 18

Non-residential construction market demonstrating a solid turnaround

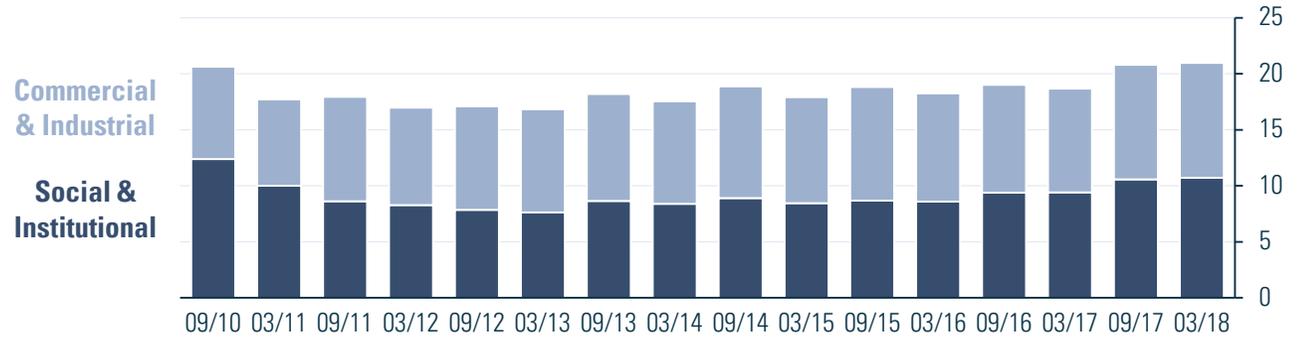
Non-Residential Building Approvals: rolling 12 months¹ (\$Abn)

Strong approvals across both private and public sectors



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

Growth in approvals translating into actual activity



Engineering Construction Work Done: by halves³ (\$Abn)

Infrastructure investment activity also driving higher



Performance of Construction Index⁴

Commercial activity on recovery path



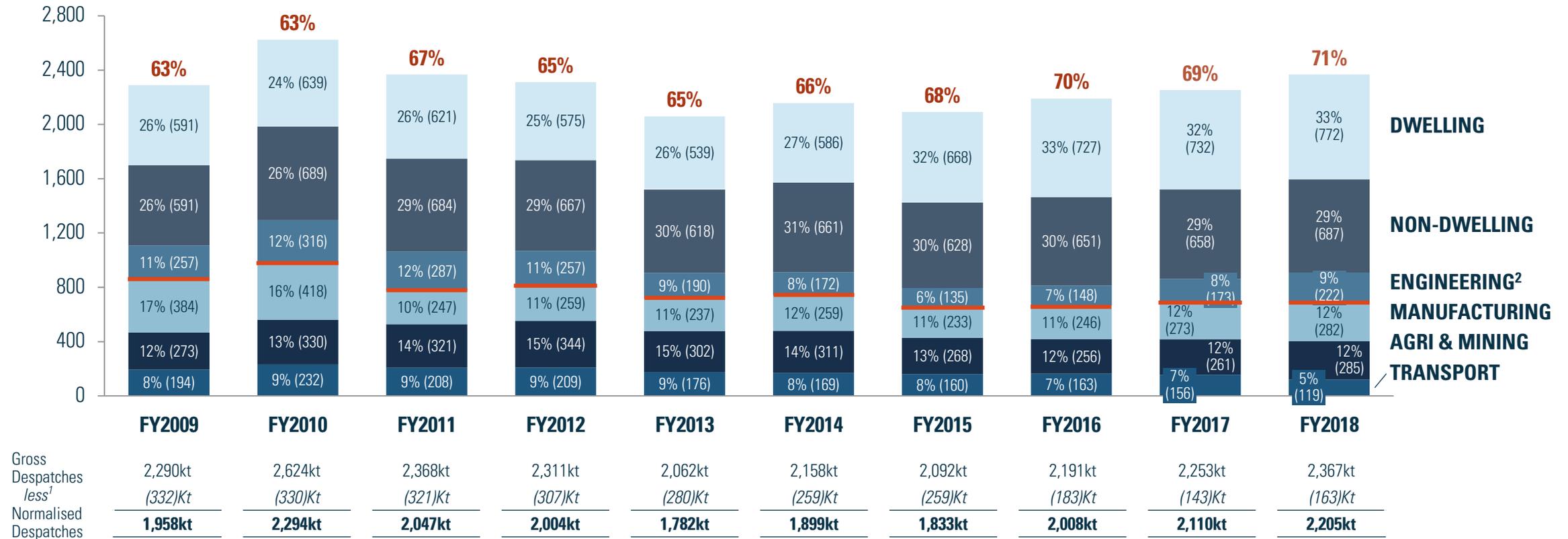
Note: A&A: Alterations & Additions

Sources: (1) ABS series 8731, table 51; original data; current \$; total sectors; data to Dec 17 (2) ABS series 8752, table 51; original data; current \$; total sectors (3) ABS series 8762, table 1; seasonally adjusted data; real \$; total sectors (4) Australian Industry Group; seasonally adjusted data; data to Jan 18

Continued focus on customer engagement is underpinning Australian demand – despatches up 4.5%

Total Australian external domestic despatch volumes (Kt)

Total construction % shown in red



(1) Normalised despatches exclude third party sourced products, in particular, long products
 (2) Engineering includes infrastructure such as roads, power, rail, water, pipes, communications and some mining-linked use

Financial and despatch summaries

Key segment financial items (A\$M)

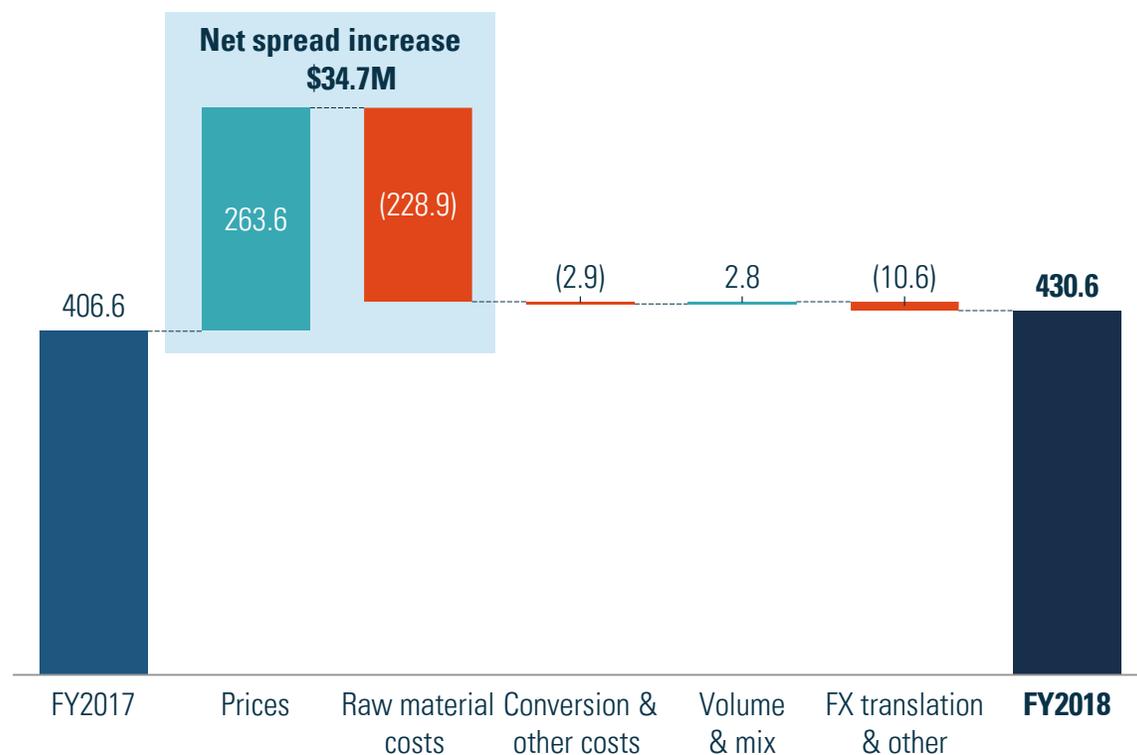
\$M unless marked	FY2017	1H FY2018	2H FY2018	FY2018
Revenue	1,700.9	860.6	1,063.3	1,923.9
Underlying EBITDA	461.7	172.5	313.1	485.6
Underlying EBIT	406.6	145.2	285.4	430.6
Reported EBIT	433.3	145.2	285.4	430.6
Capital & investment expenditure	37.8	16.4	10.2	26.6
Net operating assets (pre tax)	1,735.6	1,749.9	1,820.8	1,820.8
Total steel despatches (kt)	2,093.0	1,037.5	1,067.2	2,104.7

Key segment financial items (US\$M)

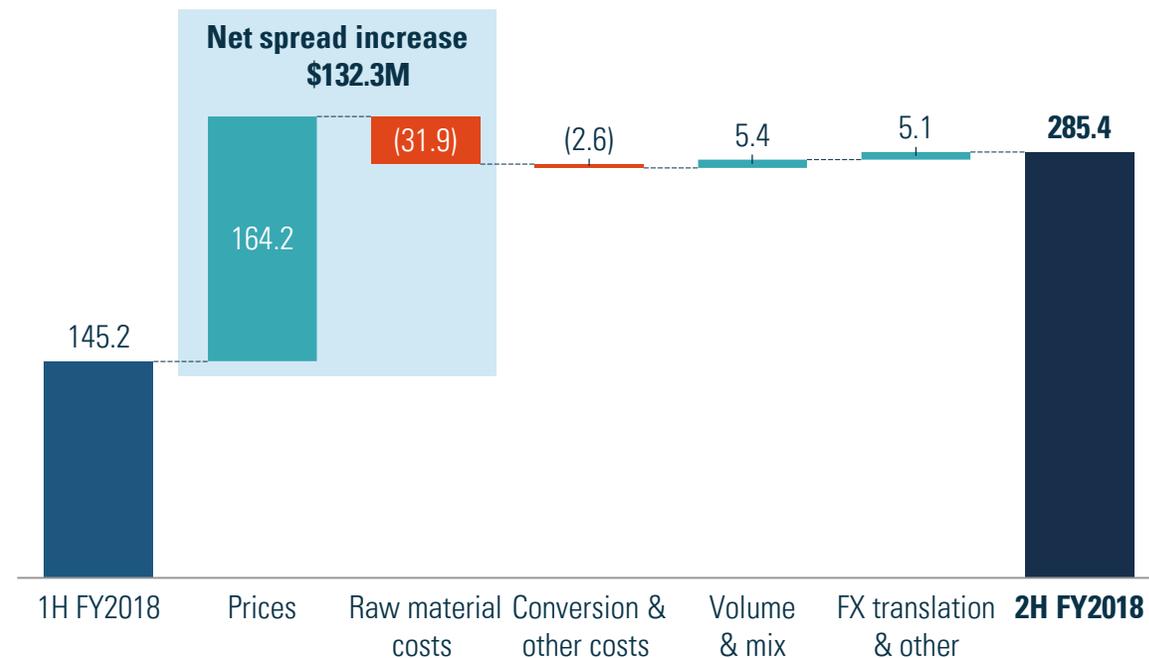
US\$M	FY2017	1H FY2018	2H FY2018	FY2018
Revenue	1,282.5	670.5	817.9	1,488.4
Underlying EBITDA	348.3	134.5	239.8	374.3
Underlying EBIT	306.8	113.3	218.5	331.7
Reported EBIT	333.4	113.3	218.5	331.7
Capital & investment expenditure	28.5	12.7	7.8	20.5
Net operating assets (pre tax)	1,334.5	1,364.2	1,337.7	1,337.7

Underlying EBIT variance

FY2018 vs FY2017 (\$M)



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



Note: FX translation relates to translation of foreign currency earnings to AUD, transactional foreign exchange impacts are reflected in the individual categories

Financial and despatch summaries

Key segment financial items

\$M unless marked	FY2017	1H FY2018	2H FY2018	FY2018
Revenue	2,459.9	1,309.20	1,384.6	2,693.8
Underlying EBITDA	291.4	146.0	112.6	258.6
Underlying EBIT	208.7	108.3	76.2	184.5
Reported EBIT	89.2	109.7	78.6	188.3
Capital & investment expenditure	71.1	76.9	55.2	132.0
Net operating assets (pre tax)	1,205.9	1,386.20	1,445.8	1,445.8
Total steel despatches (kt)	1,780.0	880.2	877.9	1,758.1

Revenue by business

\$M	FY2017	1H FY2018	2H FY2018	FY2018
Thailand	463.4	245.7	287.2	532.9
Indonesia	326.3	172.3	158.0	330.4
Malaysia	252.4	121.8	144.4	266.3
Vietnam	210.0	102.9	101.3	204.2
North America	761.4	396.6	428.6	825.2
India ¹	0.0	0.0	0.0	0.0
China	489.5	280.7	279.7	560.5
Other / Eliminations	(43.1)	(10.8)	(14.6)	(25.7)
Total	2,459.9	1,309.2	1,384.6	2,693.8

Despatches by business

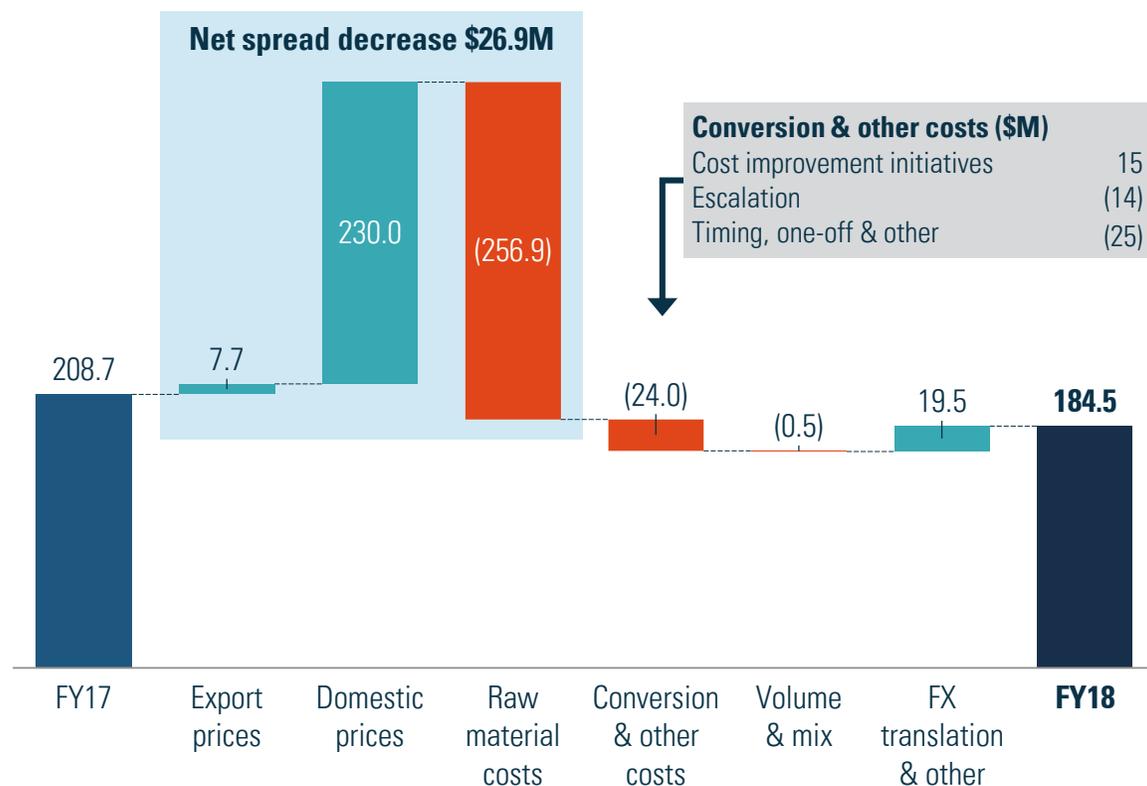
'000 Tonnes	FY2017	1H FY2018	2H FY2018	FY2018
Thailand	384.9	180.8	196.2	377.0
Indonesia	259.4	123.3	108.6	231.9
Malaysia	184.6	78.3	90.3	168.5
Vietnam	147.9	70.5	61.1	131.6
North America	390.0	199.9	199.7	399.5
India	119.6	60.4	66.9	127.3
China	344.3	179.3	165.6	344.9
Other / Eliminations	(50.7)	(12.3)	(10.5)	(22.6)
Total	1,780.0	880.2	877.9	1,758.1

Underlying EBIT by business

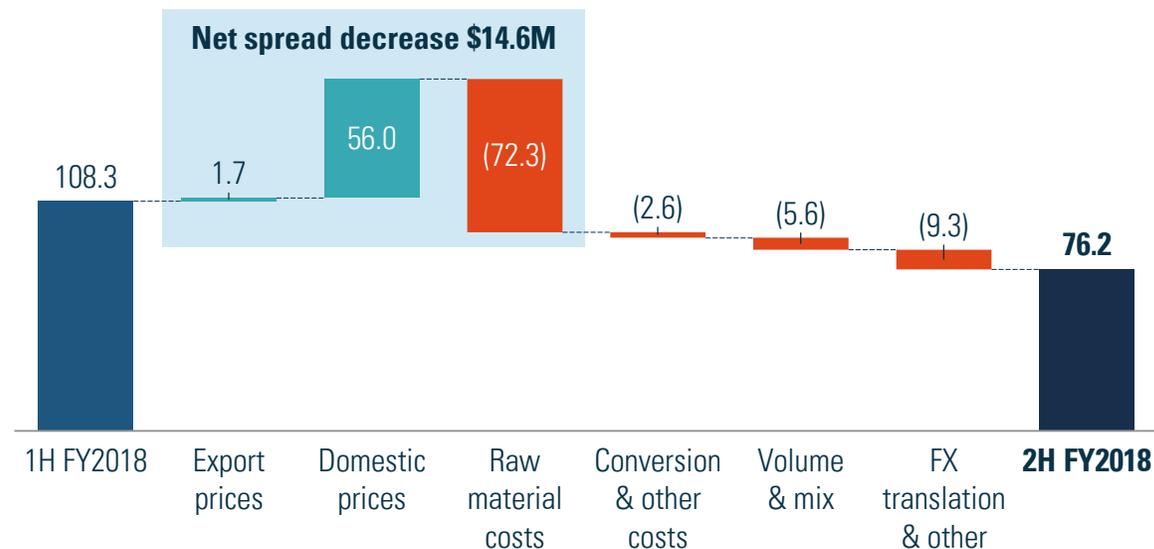
\$M	FY2017	1H FY2018	2H FY2018	FY2018
Thailand	40.8	15.0	8.7	23.7
Indonesia	14.4	10.1	7.0	17.1
Malaysia	27.4	7.8	9.3	17.2
Vietnam	30.9	9.6	9.8	19.4
North America	78.8	32.2	37.1	69.3
India	16.2	21.2	8.5	29.7
China	7.0	15.0	1.8	16.8
Other / Eliminations	(6.8)	(2.6)	(6.0)	(8.7)
Total	208.7	108.3	76.2	184.5

Underlying EBIT variance

FY2018 vs FY2017 (\$M)



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



Note: FX translation relates to translation of foreign currency earnings to AUD, transactional foreign exchange impacts are reflected in the individual categories

Financial and despatch summaries

Key segment financial items (A\$M)

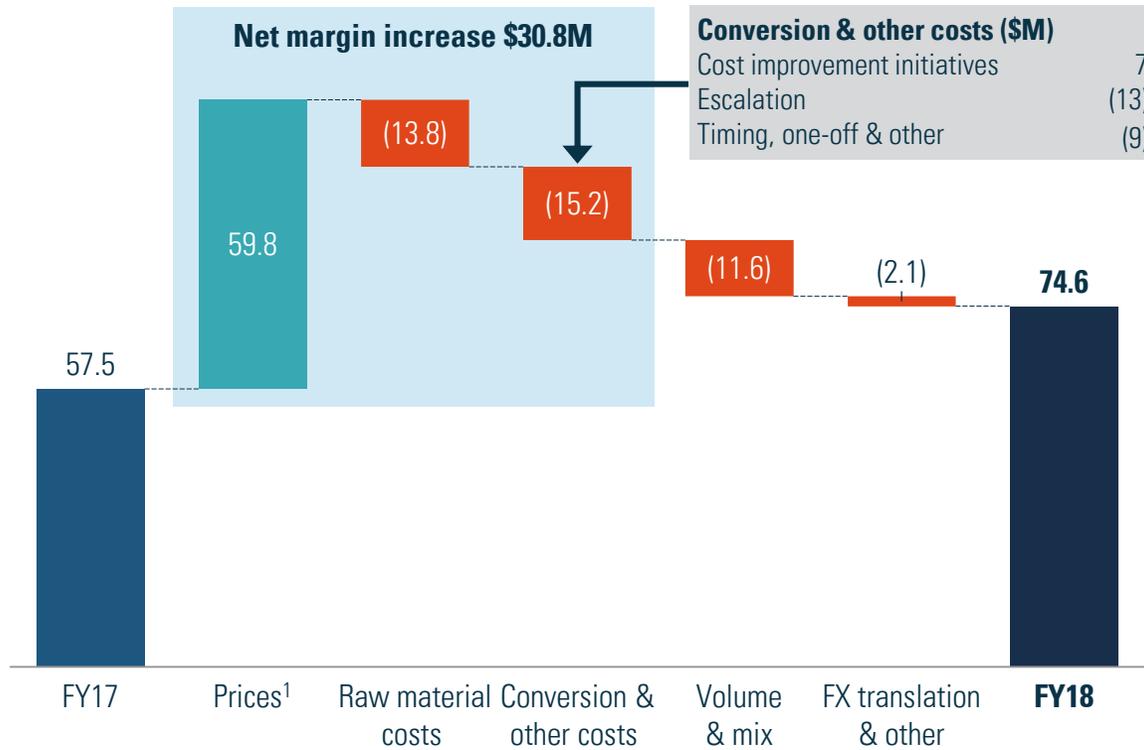
\$M unless marked	FY2017	1H FY2018	2H FY2018	FY2018
Revenue	1,173.9	523.3	583.1	1,106.4
Underlying EBITDA	77.8	36.1	58.0	94.1
Underlying EBIT ¹	57.5	26.4	48.2	74.6
Reported EBIT	49.8	25.5	48.2	73.7
Capital & investment expenditure	17.9	6.2	16.6	22.8
Net operating assets (pre tax)	338.5	345.5	369.6	369.6
Total steel despatches (kt)	246.9	116.2	121.5	237.7

Key segment financial items (US\$M)

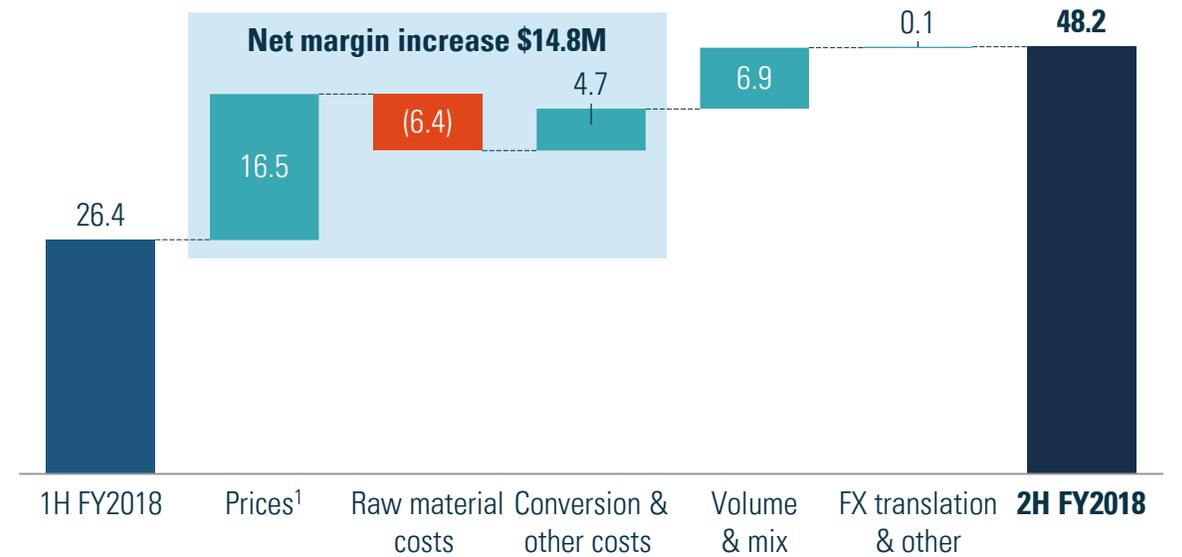
US\$M	FY2017	1H FY2018	2H FY2018	FY2018
Revenue	885.1	407.6	446.8	854.4
Underlying EBITDA	58.7	28.1	43.9	72.0
Underlying EBIT	43.4	20.6	36.3	56.9
Reported EBIT	37.6	19.8	36.3	56.2
Capital & investment expenditure	13.5	4.8	12.7	17.5
Net operating assets (pre tax)	260.3	269.3	271.6	271.6

Underlying EBIT variance

FY2018 vs FY2017 (\$M)



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



(1) Includes underlying EBIT contribution from BlueScope Properties Group of (\$1.6M) in 1H FY2018, \$18.3M in 2H FY2018 totalling \$16.4M for FY2018
 Note: FX translation relates to translation of foreign currency earnings to AUD, transactional foreign exchange impacts are reflected in the individual categories

Financial and despatch summaries

Key segment financial items

\$M unless marked	FY2017	1H FY2018	2H FY2018	FY2018
Revenue	747.5	386.8	446.8	833.6
Underlying EBITDA	103.2	63.2	92.9	156.1
Underlying EBIT	61.1	41.0	70.7	111.7
Reported EBIT	87.2	41.0	70.7	111.7
Capital & investment expenditure	37.9	15.6	21.2	36.9
Net operating assets (pre tax)	336.4	335.0	346.4	346.4
Total steel despatches – flat & long (kt)	604.9	307.5	342.7	650.1

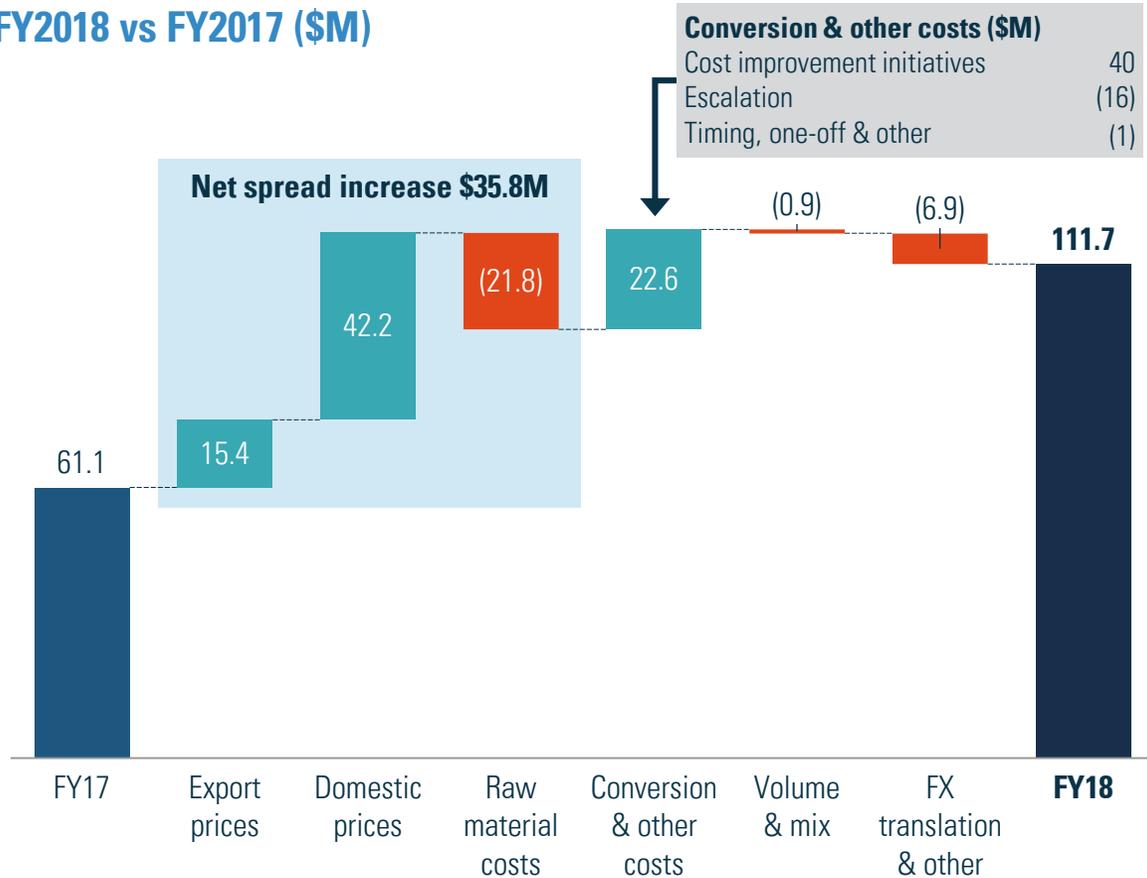
Steel despatches

'000 Tonnes	FY2017	1H FY2018	2H FY2018	FY2018
Domestic despatches				
- NZ Steel flat products	270.7	131.6	128.0	259.6
- Pacific Steel long products	183.1	97.5	85.9	183.4
Sub-total domestic	453.8	229.1	213.9	443.0
Export despatches				
- NZ Steel flat products	129.0	55.9	116.6	172.4
- Pacific Steel long products	22.1	22.5	12.2	34.7
Sub-total export	151.1	78.4	128.8	207.1
Total steel despatches	604.9	307.5	342.7	650.1

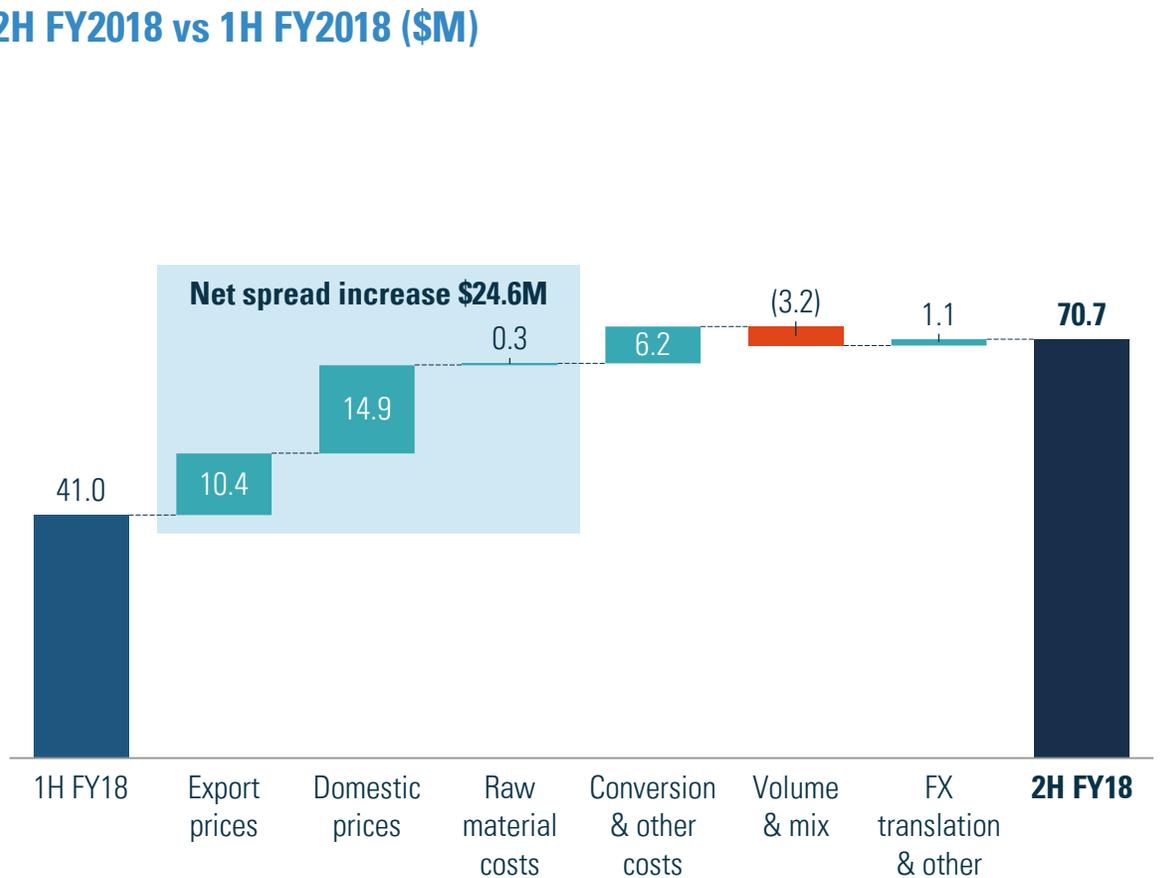
Underlying EBIT variance

FY2018 vs FY2017 (\$M)

Conversion & other costs (\$M)	
Cost improvement initiatives	40
Escalation	(16)
Timing, one-off & other	(1)

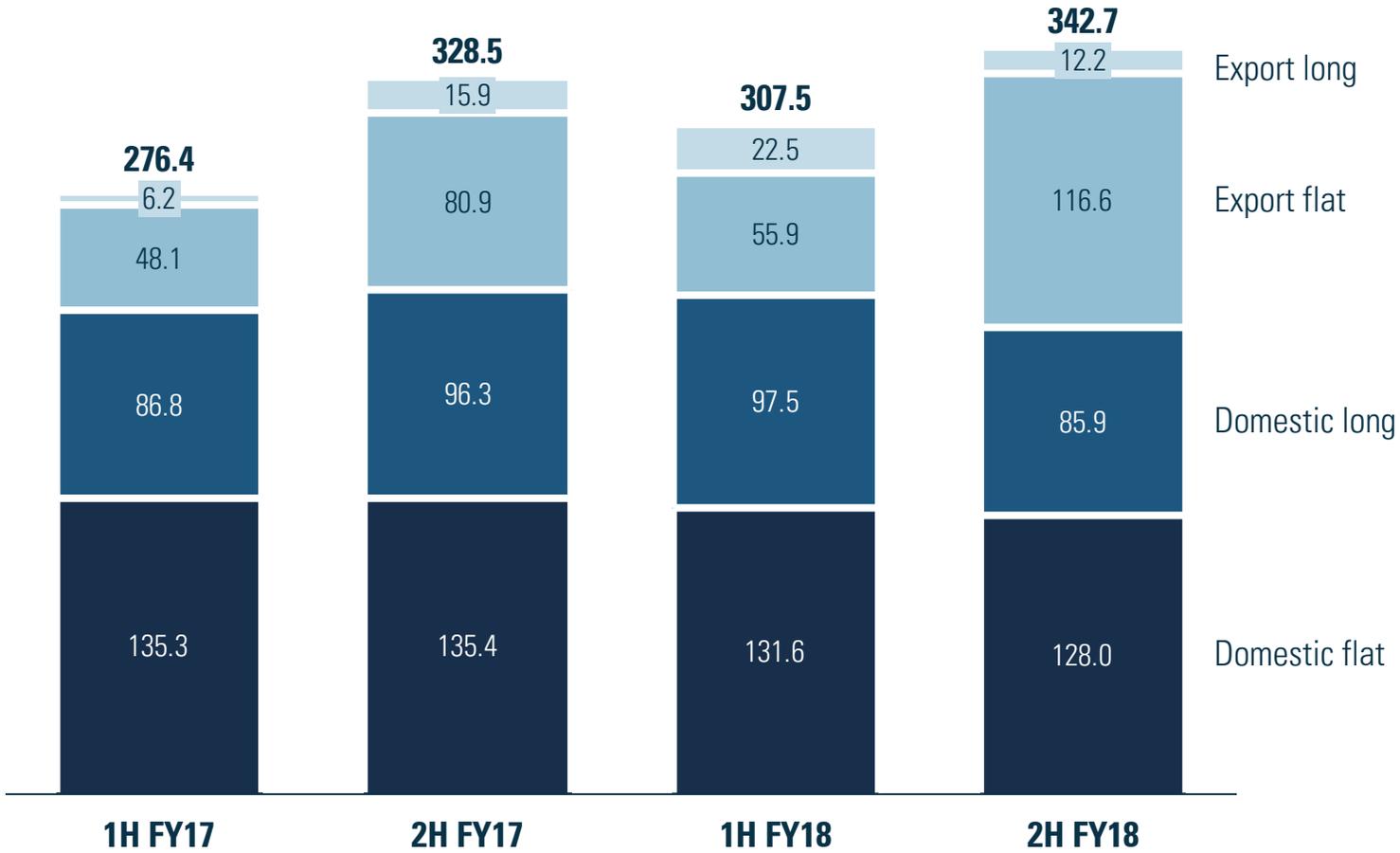


2H FY2018 vs 1H FY2018 (\$M)

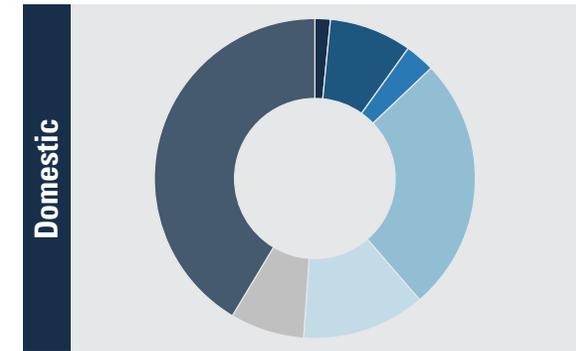


Note: FX translation relates to translation of foreign currency earnings to AUD, transactional foreign exchange impacts are reflected in the individual categories

Despatch mix (kt)



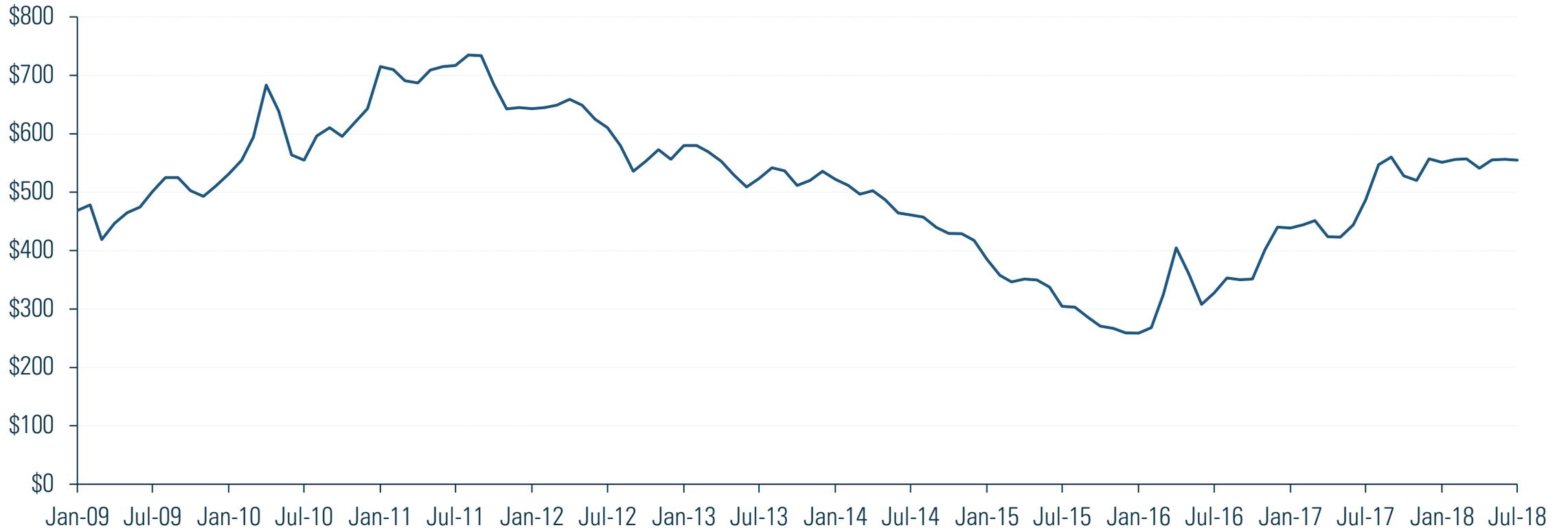
FY2018 Product Mix



- HRC
- Plate
- CRC
- Metal Coated
- Painted
- Other flat products
- Pacific Steel long products

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

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

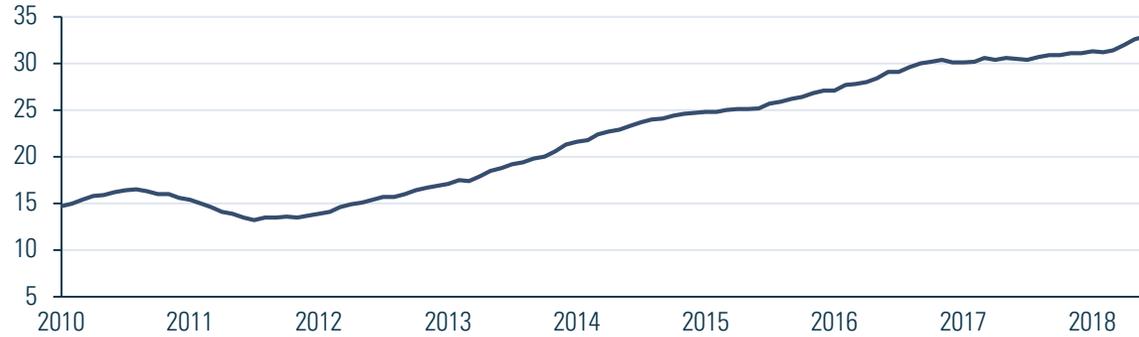


Source: SBB Platts

Construction sector remains healthy and sound

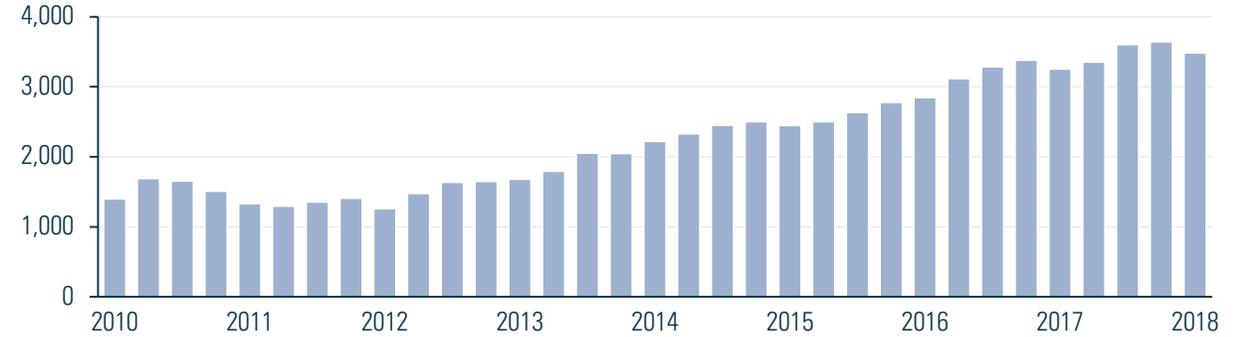
Residential Building Consents: rolling 12 months¹ ('000)

Remain at high levels



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

Strong consents translating into solid levels of activity



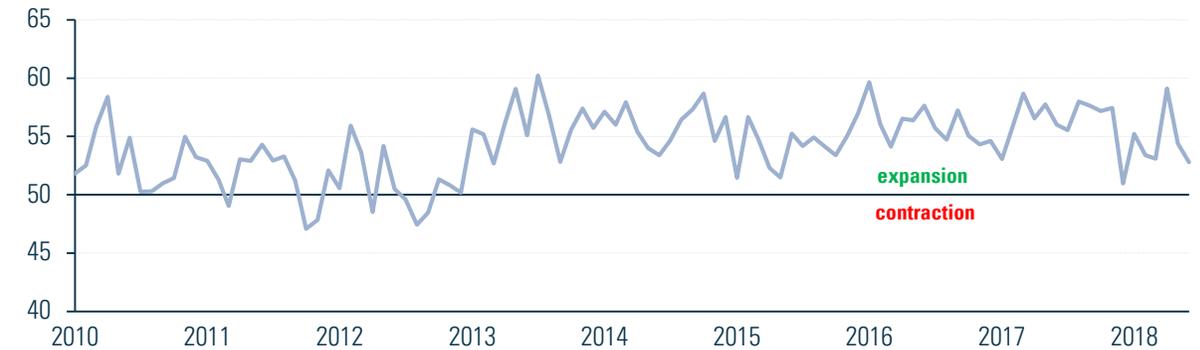
Non-Residential Building Consents: rolling 12 months³ (NZ\$bn)

Continue to point to strong investment ahead



Performance of Manufacturing Index⁴

Manufacturing activity still expanding post political change



Sources: (1) Statistics NZ; original data; data to Dec 17 (2) Statistics NZ; original data; current \$; data to Sept 17 Qtr (3) Statistics NZ; original data; current \$; data to Dec 17 (4) BNZ/BusinessNZ; seasonally adjusted data; data to Jan 18



FY2018 FINANCIAL RESULTS PRESENTATION

Mark Vassella

Managing Director and Chief Executive Officer

Tania Archibald

Chief Financial Officer

13 August 2018

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