

Date: **7 April 2020**

## BLUESCOPE BOLSTERS DEFENCES AGAINST COVID-19 IMPACTS

BlueScope today announced it is taking pre-emptive steps to bolster its financial strength in a period of global economic uncertainty caused by the spread of COVID-19.

BlueScope Managing Director and CEO, Mark Vassella said, "We are drawing on all our resources, experience and expertise to keep our employees, customers and communities safe and to look after their health and wellbeing. We are also taking direct action to maintain the financial strength of our business.

### Operational update

"In most countries in which we operate, to date steelmaking, including its supply chain, has been viewed as an essential service and allowed to continue to operate safely. In line with advice from medical experts, we have implemented comprehensive hygiene measures at all operating sites, removal of all non-essential personnel, strict distancing protocols and regular health checks. BlueScope's sites have low employee density, with a high degree of automation enabling sites to be operated with minimum employees in attendance.

"However, in certain jurisdictions our operations have temporarily closed in line with government decreed shutdowns. Operations in Malaysia and India have temporarily closed. As of Wednesday 25 March, our New Zealand Steel operations shutdown for four weeks, adhering to government orders. Key equipment is being maintained to ensure longevity and safety.

"Elsewhere in Asia, as flagged three weeks ago, our China operations are ramping-up in line with the progressive resumption of business activity across the country.

### Direct action to position BlueScope to navigate COVID-19

"Financially, we remain in a strong position to withstand these uncertain times. At 31 December 2019 net debt was \$47 million, or \$354 million net cash excluding the impact of operating lease capitalisation, and available liquidity was \$2.5 billion.

"Unaudited Group performance in the March quarter was in line with our expectations. However, no one yet knows the depth and duration of the impact of COVID-19, so BlueScope is adopting a prudent approach to the operational and financial settings that we can control," Mr Vassella said.

The Company is driving four direct interventions to bolster its position as the economic effects of the virus are emerging. Effective immediately, BlueScope has:

- Rescheduled the North Star expansion project. Construction and installation programs are being rescheduled for the next six months to minimise cash spend whilst preserving flexibility to resume the full scope of project activities when conditions improve. 2H FY2020 project spend is expected to be approximately US\$90-100 million. For 1H FY2021 spend is anticipated to be approximately US\$180 million which is at the low end of the previously advised annualised range. Conditions will continue to be monitored and the date of expected commissioning will be advised in due course.
- Reduced all non-essential capital expenditure. The Company now expects total capital expenditure of approximately \$200 million during 2H FY2020, reflecting a reduction of \$40 million compared to February 2020 guidance. At this stage, FY2021 capital expenditure is anticipated to be in the range of \$200 million to \$250

million, which contrasts to typical historical spend of approximately \$400 million per annum. These numbers exclude the North Star expansion project as outlined above. Conditions will continue to be monitored and updated capital expenditure guidance will be provided in August 2020. Naturally the Company will maintain safe and reliable operations throughout this period.

- Ceased non-essential operational spend. Many of BlueScope's operations benefit from flexibility to reduce costs in response to lower volumes. Nonetheless, to be prudent, all non-essential operational spend is being paused.
- Cancelled the on-market share buy-back program. BlueScope has bought \$34.4 million of shares since 24 February 2020 as part of the extension to the buy-back of up to \$100 million during 2H FY2020. BlueScope has now cancelled the program and is unlikely to initiate further buy-backs until there is a demonstrable improvement in business conditions across its key markets.

"Our people have a great history and proven capability in managing through challenging conditions and will again through COVID-19. We are actively monitoring developments and will take further action as required to ensure a secure future for all of our stakeholders." Mr Vassella said.

**Authorised for release by:** The Board of BlueScope Steel Limited.

**For further information about BlueScope:** [www.bluescope.com](http://www.bluescope.com)

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