BlueScope Steel Limited
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ASX Code: BSL

25 August 2014

The Manager – Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

FY2014 Earnings Report

In addition to the contemporaneously lodged Appendix 4E, Directors' Report and Financial Report for the year ended 30 June 2014, I attach the Company's FY2014 Earnings Report.

Yours faithfully

Michael Barron
Company Secretary
BlueScope Steel Limited

RESULTS SUMMARY

Key Financial Measures – Twelve months ended 30 June 2014 and 30 June 2013 [1]

$M unless marked	FY2014	FY2013	Variance %
Total revenue [2]	8,006.9	7,290.3	10%
EBITDA – underlying [3]	577.4	389.7	48%
EBIT – reported [3]	102.3	23.1	343%
EBIT – underlying [3]	249.7	74.1	237%
(NLAT)/NPAT attributable to BSL holders			
- reported	(82.4)	(107.1)	23%
- underlying	112.3	6.7	n/a
Earnings per share (cents)	(14.8) cps	(19.1) cps	23%
Interim dividend (cents)	0 cps	0 cps	n/a
Final dividend (cents)	0 cps	0 cps	n/a
Return on invested capital (%)	2.1%	0.5%	-
Net debt	261.6	148.4	76%
Gearing (%)	5.5%	3.2%	-
Net tangible assets per share ($)	$6.17	$6.12	1%

1) Underlying results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. Tables 2A and 2B explain why management has disclosed underlying results and reconcile underlying earnings to reported earnings.

		FY2014	FY2013
2)	Excludes the Company's 50% share of NSBSL revenue of:	743.9	620.7
	Includes revenue other than sales revenue of:	25.8	16.1
3)	Includes 50% share of net profit from NSBSL of:	105.4	69.6

KEY POINTS

- Sales revenue of $7,981.1M was higher than FY2013 mainly due to higher domestic volumes in Australia and higher volumes across other segments, together with higher iron sands prices and favourable foreign exchange translation impacts.
- Reported NLAT of $82.4M improved by $24.7M on FY2013 primarily due to increased spreads and volume, partly offset by higher restructure, redundancy, business development and acquisition costs.
- Underlying NPAT of $112.3M grew by $105.6M on FY2013 primarily due to increased spreads and volume. 2H FY2014 underlying NPAT of $89.6M on a pre NRV basis.
- Underlying EBIT of $249.7M, a $175.6M lift on FY2013.
- Coated & Industrial Products Australia underlying EBIT of $65.4M, a $95.7M increase on FY2013, driven by higher domestic despatch volumes, lower loss-making export despatches and increased AUD spread.
- Building Components & Distribution Australia underlying EBIT loss of $22.8M, a slight improvement on FY2013 through higher despatch volumes driven by acquisitions and slightly stronger market activity.
- NZ Steel & Pacific underlying EBIT of $74.7M, a $40.9M increase on FY2013, driven by better despatch mix, higher export iron sands volumes and increased steel spread.
- Building Products segment underlying EBIT of $88.9M, a $9.3M increase on FY2013 primarily due to better volume/mix.
- Global Building Solutions underlying EBIT of $18.5M, a $0.5M increase on FY2013. Strong Buildings North America performance with higher volumes, despite difficult winter conditions in 2H FY2014. Better volumes and cost control increased earnings at Building Products China. Buildings Asia's underlying EBIT was weaker in FY2014 due to lower margins in our China business.
- Hot Rolled Products North America EBIT of $104.6M, a $37.9M increase on FY2013 primarily due to higher spreads and favourable foreign exchange translation impacts from a weaker AUD versus the USD.
- Net debt at 30 June 2014 was $261.6M (includes $100M benefit from favourable timing of year-end cash flows). Continuing strong liquidity (undrawn debt plus cash) of A$1,471.5M.
- Progress on growth initiatives: (i) the second and third iron sands export ships are on track for commencement during at the end of FY2015 and the middle of FY2016 respectively; (ii) acquired Orrcon and Fielders from Hills Holdings on 28 February 2014; (iii) acquired OneSteel sheet and coil distribution assets on 1 April 2014; and (iv) acquired the downstream long-products rolling and marketing operations of Pacific Steel Group in New Zealand on 3 June 2014, and targeting commission of billet caster during 1H FY2016.

- Full reversal of prior period impairment write-downs in Coated China ($88.1M). There were also write-downs in Distribution Australia ($52.1M), Buildings Australia ($15.6M) and Water Australia ($12.7M) reflecting current and projected market conditions. In addition, at CIPA, we took a fixed asset write-off ($7.2M) relating to a review of the likely recoverable value of a not-in-use asset.
- A provision for restructuring initiatives of $72.6M that will be undertaken mainly in CIPA and China business targeting cost savings across operations and functional support.
- Outlook:
  - We expect first half FY2015 underlying NPAT similar to second half FY2014, subject to spread, FX and market conditions.
  - Conditions in building construction markets of our key global regions are positive. We expect 1H FY2015 will benefit from expanding domestic margins; contributions from recent acquisitions; our restructuring in China; and growth and typical seasonality in North America. Offsetting factors include lower iron ore prices reducing New Zealand iron sands revenue, the unresolved political situation in Thailand and normalisation of the underlying tax rate.

FINANCIAL RESULTS

The BlueScope Steel Group comprises six reportable operating segments: Coated & Industrial Products Australia (CIPA); Building Components & Distribution Australia (BCDA); New Zealand & Pacific Steel Products (NZPac); Global Building Solutions (GBS); Building Products ASEAN, North America and India (BP); and Hot Rolled Products North America (HRPNA).

Table 1: Results Summary

	Revenue		Reported Result [1]		Underlying Result [2]	
$M	FY2014	FY2013	FY2014	FY2013[3]	FY2014	FY2013[3]
Sales revenue/EBIT						
Coated & Industrial Products Australia	3,602.2	3,349.4	(26.2)	(54.9)	65.4	(30.3)
Building Components & Distribution Australia	1,585.6	1,375.6	(88.4)	(31.0)	(22.8)	(25.4)
New Zealand & Pacific Steel Products	870.9	681.0	73.6	33.8	74.7	33.8
Global Building Solutions	1,522.8	1,363.3	51.4	10.0	18.5	18.0
Building Products ASEAN, Nth Am & India	1,742.9	1,635.5	81.4	70.5	88.9	79.6
Hot Rolled Products North America	0.0	0.0	101.6	66.7	104.6	66.7
Discontinued operations	0.0	0.0	(0.3)	(0.4)	0.0	0.0
Segment revenue/EBIT	9,324.4	8,404.8	193.1	94.7	329.3	142.4
Inter-segment eliminations	(1,343.3)	(1,130.6)	(3.7)	(5.8)	0.7	(5.8)
Segment external revenue/EBIT	7,981.1	7,274.2	189.4	88.9	330.0	136.6
Other revenue/(net unallocated expenses)	25.8	16.1	(87.1)	(65.8)	(80.2)	(62.5)
Total revenue/EBIT	8,006.9	7,290.3	102.3	23.1	249.7	74.1
Net borrowing costs			(64.5)	(79.3)	(64.5)	(66.2)
Profit/(loss) from ordinary activities before income tax			37.8	(56.2)	185.2	7.9
Income tax (expense)/benefit			(78.0)	(29.4)	(29.6)	20.3
Profit/(loss) from ordinary activities after income tax expense			(40.2)	(85.6)	155.3	28.2
Net (profit)/loss attributable to outside equity interest			(42.2)	(21.5)	(44.6)	(21.5)
Net profit/(loss) attributable to equity holders of BlueScope Steel			(82.4)	(107.1)	112.3	6.7
Basic earnings per share (cents)			(14.8)	(19.2)	20.1	1.2

1) The financial report has been prepared in accordance with the Australian Accounting Standards issued by the Australian Accounting Standards Board, which are compliant with International Financial Reporting Standards (IFRS). References to 'reported' financial information throughout this report are consistent with IFRS financial information disclosed in the financial report.
2) References to 'underlying' information are to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011 and the principles provided by the Financial Services Institute of Australasia and the Australian Institute of Company Directors. Non-IFRS financial information, while not subject to audit or review, has been extracted from the interim financial report, which has been reviewed by our external auditors.
3) FY2013 has been restated to reflect changes in Australian accounting standard AASB 119 Employee Benefits, which came into effect on 1 July 2013. Refer to Table 2C for an explanation of the changes and reconciliation by reporting segments.

Table 2A: Reconciliation of Underlying Earnings to Reported Earnings

Management has provided an analysis of unusual items included in the reported IFRS financial information. These items have been considered in relation to their size and nature, and have been adjusted from the reported information to assist readers to better understand the financial performance of the underlying operating business. Throughout this report management has used the term 'reported' to reference IFRS financial information and 'underlying' to reference non-IFRS financial information. These adjustments are assessed on a consistent basis from period to period and include both favourable and unfavourable items. Non-IFRS financial information while not subject to audit or review has been extracted from the financial report which has been audited by our external auditors. An explanation of each adjustment and reconciliation to the reported IFRS financial information is provided in the table below.

	EBITDA $M		EBIT $M		NPAT / (NLAT) $M		EPS $ [10]	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
Reported earnings	429.9	338.7	102.3	23.1	(82.4)	(107.1)	(0.15)	(0.19)
Underlying adjustments:								
Net (gains)/losses from businesses discontinued [1]	7.1	8.4	7.1	8.4	5.5	4.2	0.01	0.01
Steel Transformation Plan [2]	45.8	45.8	45.8	45.8	32.1	32.1	0.06	0.06
Business development and acquisition costs [3]	26.6	2.5	23.6	2.5	18.4	1.8	0.03	0.00
Asset impairments [4]	87.6	0.0	87.6	0.0	66.1	0.0	0.12	0.00
Asset impairment write-back [5]	(88.1)	0.0	(88.1)	0.0	(88.1)	0.0	(0.16)	0.00
Restructure and redundancy costs [6]	72.6	31.8	72.6	31.8	55.8	20.3	0.10	0.03
Asset sales [7]	(4.1)	(37.5)	(5.4)	(37.5)	(5.5)	(26.3)	(0.01)	(0.05)
Borrowing amendment fees [8]	0.0	0.0	0.0	0.0	0.0	9.2	0.00	0.02
Tax asset impairment [9]	0.0	0.0	0.0	0.0	110.5	72.5	0.15	0.13
Underlying earnings	577.4	389.7	249.7	74.1	112.3	6.7	0.20	0.01

1) FY2014 reflects costs relating to the divested Metl-Span business and a $6.8M (pre-tax) provision adjustment relating to a business discontinued in GBS (not required to be recorded in the financial statements as a discontinued operation). FY2013 reflects adjustment to the income tax expense in relation to the sale of Metl-Span and an $8.0M (pre-tax) provision adjustment relating to a business discontinued in GBS (not required to be recorded in the financial statements as a discontinued operation).
2) FY2014 and FY2013 reflect the inclusion in underlying earnings of the previously received Australian Government Steel Transformation Plan (STP) advance to align with the carbon costs which are being incurred at CIPA.
3) FY2014 reflects Corporate transaction costs relating to the Orrcon, Fielders, OneSteel Sheet & Coil and Pacific Steel acquisitions and general business development costs ($6.9M pre-tax), integration costs relating to the Australian acquisitions at BCDA ($10.0M pre-tax) and CIPA ($1.2M pre-tax) and the Pacific Steel acquisition at NZPac ($1.1M pre-tax),the one-off impact of recognising post acquisition inter-company profit eliminations in inventory ($4.4M pre-tax) and the write-off of carried forward project costs associated with the decision not to proceed with the DRI development at HRPNA at this time ($3.0M pre-tax). These were partly offset by the discount on acquisition recognised on the Fielders and Orrcon acquisitions (i.e. $8.1M pre-tax higher fair value of acquired assets than the purchase price). FY2013 reflects Corporate business development costs.
4) FY2014 includes the following asset impairments:
   - BCDA – BlueScope Distribution Australia – fixed assets and intangibles write off ($52.1M pre-tax) resulting from lower sales volumes, challenges of a high AUD:USD improving the affordability of imports and strong market competition negatively impacting margins. While financial performance is expected to improve its extent is uncertain.
   - GBS:
     - Buildings Australia – fixed assets and intangibles write off ($15.6M pre-tax) resulting from challenging market conditions.
     - BlueScope Water Australia – fixed assets and intangibles write off ($12.7M pre-tax) resulting from challenging market conditions.
   - CIPA – fixed asset write off ($7.2M) relating to the Western Port Hot Strip Mill as a result of a review of the likely recoverable value of this non-in-use asset.

   Note: these fixed asset impairments have been tax-effected and the tax asset subsequently impaired (refer footnote 9).
5) FY2014 includes the full write-back of previously impaired non-current assets at Building Products China ($88.1M pre-tax) as a result of strong historical and projected financial performance. The reversal has not been tax-effected consistent with the original impairment.
6) FY2014 reflects staff redundancy and restructuring costs at CIPA ($48.4M pre-tax) mainly in relation to manufacturing and support cost saving initiatives, GBS ($20.1M pre-tax) mainly relating to restructuring initiatives within the China business, BCDA ($3.5M pre-tax) and Building Products ($0.6M pre-tax). FY2013 reflects staff redundancies and restructuring costs at CIPA ($16.3M pre-tax) mainly in relation to rationalising production levels at Western Port, BP ($9.1M pre-tax), BCDA ($5.6M pre-tax) and Corporate ($0.9M pre-tax).
7) FY2014 reflects the gain on sale of land and equipment at CIPA ($11.0M pre-tax) part offset by the loss on sale of Steelscape's Fairfield facility ($6.9M pre-tax). FY2013 reflects profit on sale of a previously unrecognised intangible asset at CIPA ($37.5M pre-tax).
8) FY2013 reflects make-whole payment associated with buy-back of remaining U.S. Private Placement Notes.
9) FY2014 and FY2013 reflect impairment of Australian deferred tax assets generated during each respective period.
10) Earnings per share is based on the average number of shares on issue during the respective reporting periods, (558.6M in FY2014 vs. 558.2M in FY2013). In accordance with AASB 133 Earnings per Share, the comparative earnings per share calculations have been restated for the retrospective adjustment made to the comparative reported net loss for the period arising from the adoption of the revised AASB 119 Employee Benefits standard.

Table 2B: Underlying EBIT Adjustments to FY2014 Reported Segment Results

FY2014 underlying EBIT adjustments $M	CIPA	BCDA	NZPac	GBS	BP	HRPNA	Corp	Discon Ops	Elims	Total
Net (gains)/losses from businesses discontinued	0.0	0.0	0.0	6.8	0.0	0.0	0.0	0.3	0.0	7.1
Steel Transformation Plan	45.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	45.8
Business development and acquisition costs	1.2	10.0	1.1	0.0	0.0	3.0	6.9	0.0	4.4	26.6
Asset impairments	7.2	52.1	0.0	28.3	0.0	0.0	0.0	0.0	0.0	87.6
Asset impairment write-backs	0.0	0.0	0.0	(88.1)	0.0	0.0	0.0	0.0	0.0	(88.1)
Restructure and redundancy costs	48.4	3.5	0.0	20.1	0.6	0.0	0.0	0.0	0.0	72.6
Asset sales	(11.0)	0.0	0.0	0.0	6.9	0.0	0.0	0.0	0.0	(4.1)
Underlying adjustments	91.6	65.6	1.1	(32.9)	7.5	3.0	6.9	0.3	4.4	147.5

Table 2C: Restatement of Prior Period Earnings to Reflect Change to AASB 119

Changes to AASB 119 Employee Benefits came into effect for BlueScope on 1 July 2013. The impact of this revised accounting standard is to increase defined benefit plan pension expense. Australian Accounting Standards require that comparative period financial information be adjusted to reflect the revised approach. FY2013 comparative data in this presentation have been adjusted to reflect this and a summary of the adjustments is set out below.

	2H FY2013			FY2013		
$M	Previous	Change	Restated	Previous	Change	Restated
CIPA	(14.7)	(5.0)	(19.7)	(20.3)	(10.0)	(30.3)
BCDA	(18.0)	(0.3)	(18.3)	(24.8)	(0.6)	(25.4)
NZPac	40.5	(4.4)	36.1	42.5	(8.7)	33.8
BP	48.2	0.0	48.2	79.6	0.0	79.6
GBS	9.0	(4.2)	4.8	26.4	(8.4)	18.0
HRPNA	33.7	0.0	33.7	66.7	0.0	66.7
Corporate / eliminations	(34.3)	(0.5)	(34.8)	(67.3)	(1.0)	(68.3)
Underlying EBIT	64.4	(14.4)	50.0	102.8	(28.7)	74.1
Underlying NPAT/(NLAT)	19.8	(11.5)	8.3	29.7	(23.0)	6.7

Table 3: Consolidated Cash Flow

$M	FY2014	FY2013	Variance %
Reported EBITDA	429.9	338.7	27%
Add cash/(deduct non-cash) items			
- Share of profits from associates and joint venture partnership not received as dividends	(3.9)	(0.5)	(680%)
- Impaired assets	2.3	2.6	12%
- Net (gain) loss on acquisitions and sale of assets	(11.6)	(37.3)	69%
- Expensing of share-based employee benefits	14.4	11.5	25%
Cash EBITDA	431.1	315.1	37%
Changes in working capital	68.3	(2.3)	-
Gross operating cash flow	499.4	312.8	60%
Net finance costs paid	(51.9)	(87.4)	41%
Tax received/(paid) [1]	(40.4)	(64.4)	37%
Net cash from operating activities	407.1	161.0	153%
Capex: payments for P, P & E and intangibles	(306.1)	(302.8)	(1%)
Other investing cash flows	(131.8)	(6.7)	(1,867%)
Net cash flow before financing	(30.8)	(148.5)	79%
Equity issues	0.0	(0.0)	-
Dividends [2]	(42.9)	(3.4)	(1,162%)
Transactions with non-controlling interests	1.6	438.9	(100%)
Net drawing/(repayment) of borrowings	26.8	(6.1)	539%
Net increase/(decrease) in cash held	(45.3)	280.9	(116%)

1) The BlueScope Steel Australian tax consolidated group is estimated to have carry forward tax losses, as at 30 June 2014, in excess of $2.9B. There will be no Australian income tax payments until these are recovered.
2) The increase in dividends payments in FY2014 compared to FY2013 primarily relates to dividend payments to Nippon Steel & Sumitomo Metal Corporation (NSSMC) following the creation of the NSSMC joint venture in 2H FY2013.

GROUP-LEVEL MANAGEMENT DISCUSSION & ANALYSIS FOR FY2014 VS FY2013

BLUESCOPE'S OPERATIONS AND SIGNIFICANT CHANGES

BlueScope is a steel producer for the domestic Australian, New Zealand and U.S. markets, and is a leading international supplier of steel products and solutions principally focused on building and construction markets.

BlueScope is Australia's largest steel manufacturer, and New Zealand's sole producer of finished steel products. BlueScope's vertically integrated operations for flat steel products in Australia and New Zealand produce steel slab, hot rolled coil, cold rolled coil, steel plate and value-added metallic coated and painted products. BlueScope manufactures and sells steel long products in New Zealand through its Pacific Steel business. BlueScope enjoys strong market shares in many of the Australian and New Zealand sectors in which it operates, serving customers in the building and construction, manufacturing, automotive and transport, agricultural and mining industries. In Australia, BlueScope's steel products are sold directly to customers from the Coated & Industrial Products Australia (CIPA) segment and by the Building Components & Distribution Australia (BCDA) segment through a national network of service centres and steel distribution sites.

BlueScope operates two iron sand mines in New Zealand. Waikato North Head primarily supplies iron sands for our New Zealand steel making operations and Taharoa supplies iron sands for export.

BlueScope is a technology leader in metal coated and painted steel building products, principally focused on the Asia-Pacific region, with a wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of building products.

The Company has an extensive footprint of metallic coating, painting and steel building product operations in China, India, Indonesia, Thailand, Vietnam, Malaysia and North America, primarily servicing the residential and non-residential building and construction industries across Asia, and the non-residential construction industry in North America. BlueScope operates across ASEAN and in North America in partnership with Nippon Steel & Sumitomo Metal Corporation (NSSMC) and in India with Tata Steel. Both are 50/50 joint ventures with BlueScope controlling and therefore consolidating the joint venture with NSSMC, and jointly controlling and therefore equity accounting the joint venture with Tata Steel.

BlueScope is a leading global supplier of engineered building solutions (EBS) to industrial and commercial markets. Its EBS value proposition is based on speed of construction, low total cost of ownership and global delivery capability. Leading brands, including BUTLER®, VARCO PRUDEN® and PROBUILD®, are supplied from BlueScope's global supply chain and major manufacturing and engineering centres in Asia and North America.

BlueScope is a 50% joint venture partner in the North Star BlueScope Steel (NSBSL) mini-mill located in Delta, Ohio with Cargill Inc. NSBSL is strategically located in one of the largest scrap markets of North America and is a low cost regional supplier of hot rolled coil. The venture is jointly controlled and therefore equity accounted.

The following major changes to BlueScope's operations occurred during the period:

- On 28 February 2014, BlueScope acquired two businesses from Hills Limited: Orrcon, a pipe and tube manufacturer and distributor, and Fielders, a building products business.
- On 1 April 2014, BlueScope acquired the OneSteel sheet and coil processing and distribution businesses in Sydney, Brisbane, Adelaide and Perth, from Arrium Limited.
- On 3 June 2014, BlueScope acquired the downstream long-products rolling mill, wire mill and marketing operations of Fletcher Building's Pacific Steel Group (since renamed to Pacific Steel (PS)). The primary operations are based in Auckland, NZ with a small manufacturing facility in Fiji (completion of the Fiji component of the acquisition was deferred until 1 August 2014).
  - PS is a producer and marketer of long products such as reinforcing steel, rod and wire. In FY2014 PS sold approximately 250kt of product to New Zealand and Fiji domestic and export customers.
  - The agreed acquisition price is NZ$60M plus working capital:
    - Half of the acquisition price was paid on 3 June 2014 and the other half will be paid in the first half of FY2016.
    - The cost of acquiring working capital is being funded through realisation of working capital synergies with no significant timing difference.
  - New Zealand Steel will invest approximately NZ$50 million in the construction of a billet caster and associated plant at the Glenbrook steelworks, and in integration costs. The new caster will supply steel billet as feed to the rolling mills in New Zealand and Fiji.
  - The rationale for the acquisition is:
    - An opportunity to better leverage BlueScope's low cost iron sands and better serve customers with a full range of long products, together with our existing flat products.
    - Enhanced sales mix and lower cost of production, driven by lower cost raw materials.

FINANCIAL PERFORMANCE

Total revenue

The $706.9M (10%) increase in sales revenue from continuing operations principally reflects:

- At CIPA:
  - Higher domestic volumes (predominantly galvanised, painted ZINCALUME® and coil plate driven by an lift in market share and activity levels partially offset by lower hot rolled coil (HRC) sales into the pipe & tube market and lower plate volumes driven mainly by the slowdown in mining investment) and better mix.
  - Higher domestic prices.
- Higher despatch volumes at BCDA mainly driven by the acquired businesses.
- Higher iron sands despatch volumes partly offset by lower prices in line with global iron ore prices at NZPac.
- Higher despatch volumes at GBS.
- Favourable translation impacts from a weaker AUD exchange rate.

These were partly offset by lower domestic steel prices across all segments except CIPA.

EBIT performance

The $175.6M increase in underlying EBIT reflects:

- $113.2M improvement in sales volumes and product mix, comprising of:
  - Higher domestic volumes (predominantly galvanised, painted ZINCALUME® steel and coil plate driven by an lift in market share and activity levels partially offset by lower HRC sales into the pipe & tube market and lower plate volumes driven mainly by the slowdown in mining investment) and lower loss making export tonnes at CIPA.
  - Higher iron sands volumes and better destination and product mix at NZPac.
  - Higher despatch volumes and favourable product mix across all BP regions except North America where volumes were lower due to closure of the Steelscape Fairfield facility.
  - Higher volumes at GBS, particularly in Buildings North America as a result of continued improvement in the U.S. non-residential construction market.

  These were partly offset by an unfavourable export product mix at CIPA.
- $43.4M from an increase in equity accounted profit at NSBSL mainly driven by higher spreads and lower losses at TBSL.
- $34.4M improvement in spread, comprised of:
  - $86.3M benefit from lower raw material costs, due to:
    - Lower coal and iron ore purchase prices at CIPA
    - Lower coal purchase prices and scrap costs at NZPac
    - Lower steel feed costs at BP and GBS
    - Partly offset by unfavourable foreign exchange impact on raw material costs
  - $51.9M unfavourable movement in domestic and international steel prices across most segments partly offset by the benefit of a lower AUD.
- $17.1M unfavourable movement in costs, driven by:
  - $69.5M cost escalation from utilities, employment, consumables, freight and other costs
  - $9.8M net unfavourable one-off and discretionary costs:
    - Unfavourable per unit costs at NZPac due to lower slab and HRC production
    - Favourable one-offs costs booked in FY2013 not repeated in FY2014 at CIPA
    - Favourable timing of maintenance at CIPA
  - $62.2M benefit from cost improvement initiatives from lower labour costs including contractors, repairs and maintenance, operational, overhead and discretionary costs.
- $0.5M unfavourable impact of foreign exchange movements.
- $2.2M favourable movement in other items (mainly depreciation).

The $79.2M increase in reported EBIT reflects the movement in underlying EBIT discussed above and $96.4M unfavourable movement in underlying adjustments explained in Tables 2A and 2B.

Finance costs

The $14.8M decrease in finance costs compared to FY2013 was largely due to $13.1M of one-off costs associated with the buy-back of the remaining U.S. Private Placement Notes in FY2013, lower commitment fees due to a reduction in the Syndicated Facility limit and a $21.1m decrease in average gross borrowings to $791.7M in FY2014. These favourable movements were partly offset by higher average cost of debt (5.6% for FY2014, 5.2% for FY2013).

Tax

Net tax expense of $78.0M (FY2013 $29.4M) primarily relating to taxable income generated in businesses outside of Australia.

The Company has recognised a $103.2M impairment of an Australian deferred tax asset arising from tax losses generated during the period with $110.5M allocated to tax expense and $7.3M allocated to retained earnings (related to defined benefit superannuation fund actuarial adjustments). FY2013 includes a net $55.8M impairment of an Australian deferred tax asset arising from tax losses generated during the period with $76.0M allocated to tax expense and a $20.2M credit allocated to retained earnings.

The Company has deferred the recognition of any further Australian deferred tax asset until a return to taxable profits has been demonstrated. Australian tax losses are able to be carried forward indefinitely.

Dividend

The Directors did not declare a final dividend for FY2014.

The Board is pleased with the Company's continued turnaround and progress on growth initiatives. These actions have laid a solid foundation for a future return to paying dividends.

FINANCIAL POSITION

Net assets

Net assets decreased $3.6M to $4,457.7M at 30 June 2014 from $4,460.3M at 30 June 2013, primarily driven by:

- $136.5M increase in the value of inventory and $110.2M increase in the value of current receivables principally due to acquired businesses
- $95.7M increase in the value of property, plant and equipment mainly comprising $342.7M of capital expenditure, business acquisitions of $27.3M and foreign exchange fluctuation gains of $26.3M partly offset by depreciation of $300.3M
- $220.4M increase in the value of payables mainly driven by the deferred purchase price for Pacific Steel of $81.7M (the majority of which being working capital, which will be funded through realisation of working capital savings), business acquisitions of $64.0M and timing of spend
- $113.2M increase in net debt to $261.6M.

Funding

Committed available undrawn capacity at 30 June 2014 under bank debt facilities $1,004.9M, plus cash $466.6M was $1,471.5M ($1,576.0M at 30 June 2013 and $1,538.8M at 31 December 2013).

MATTERS SUBSEQUENT TO THE YEAR ENDED 30 JUNE 2014

In July 2014 the Australian Federal Government abolished the Carbon Pricing Mechanism (CPM) and Steel Transformation Plan (STP), effective retrospectively from 1 July 2014. The 30 June 2014 financial position reflects this change in legislation.

1H FY2015 OUTLOOK

We expect first half FY2015 underlying NPAT similar to second half FY2014, subject to spread, FX and market conditions.

Conditions in building construction markets of our key global regions are positive. We expect 1H FY2015 will benefit from expanding domestic margins; contributions from recent acquisitions; our restructuring in China; and growth and typical seasonality in North America. Offsetting factors include lower iron ore prices reducing New Zealand iron sands revenue; the unresolved political situation in Thailand and normalisation of the underlying tax rate.

BUSINESS STRATEGIES AND PROSPECTS

BlueScope's overall strategy is to increase its position as a leading international supplier of steel products and solutions principally focused on the global building and construction markets, while generating maximum value from existing steel operations in Australia, New Zealand and North America.

BlueScope has developed a number of specific business strategies as part of its overall strategy. These are:

- *Maintain leading market positions in Australia and New Zealand while improving profitability of its integrated steel operations.* BlueScope's broad objective in both the Australian and New Zealand markets is to improve profitability by maintaining its current market shares and reducing its cost base, while continuing to develop innovative products and services and enhanced customer relationships. The business is continually looking to serve the market more effectively and efficiently, which may include acquisitions.
- *Accelerate growth in engineered building solutions (EBS).* BlueScope seeks to build on its position as a leading global supplier of EBS, with a value proposition that is based on design capability, product innovation, speed of construction, low total cost of ownership and global delivery capability.
- *Grow leading position and enhance profitability in metal coated and painted steel building products.* BlueScope seeks to grow across Asia-Pacific with a portfolio of highly competitive, locally manufactured premium sustainable products.
- *Exploit growth opportunities in the North American hot rolled products business.* BlueScope seeks to maintain profitability with low cost, highly flexible operations and a strong focus on customer relations, and to continue to explore brownfield expansion opportunities to grow earnings.
- *Maintain a strong balance sheet.* BlueScope seeks to manage liquidity through the economic cycle and support profitable growth initiatives.

Future prospects and risks

BlueScope's financial performance since the global financial crisis in FY2009 has been impacted by slower demand for its products in Australia and North America, higher raw material costs without a corresponding increase in global commodity steel prices, and a stronger Australian dollar. These factors are outside BlueScope's control. However, the Company has undertaken significant restructuring and other initiatives in recent years across all its operating segments, which resulted in BlueScope returning an underlying profit in FY2013, and a continued improvement in FY2014.

BlueScope has regard to a number of recognised external forecasters when assessing possible future operating and market conditions. In the short-term these forecasters expect a modest improvement in the key drivers impacting our Australian business, but in the longer term forecast a continued weakening Australian dollar relative to the U.S. dollar and lowering of iron ore raw material costs relative to global commodity steel prices. In addition, recognised external forecasters expect an improvement in non-residential building and construction activity in North America.

The Company's strategies take into account these expected operating and market conditions. However, predicting future operating and market conditions is inherently uncertain. If these estimates are ultimately inaccurate, including as to timing and degree of improvement, BlueScope may not be able to effectively implement its planned strategies and its financial prospects may be adversely impacted.

BlueScope is also exposed to a range of market, operational, financial, cultural and governance risks common to a multinational company. The Company has risk management and internal control systems to identify material business risks and where possible take mitigating actions.

The nature and potential impact of risks changes over time. There are various risks that could impact the achievement of BlueScope's strategies and financial prospects. These include, but are not limited to:

(a) *Continuing weak economic conditions or another economic downturn.*
The global financial crisis in FY2009 caused a reduction in worldwide demand for steel, and the subsequent recovery has been slow and uncertain. Although the global economy has improved to some extent since FY2009, there is no assurance that this trend will continue. Another economic downturn in developed economies or significantly slower growth in emerging economies could have a material adverse effect on the global steel industry which may affect demand for the Company's products and financial prospects.

(b) *A significant cyclical or permanent downturn in the industries in which the Company operates.*
The Company's financial prospects are sensitive to the level of activity in a number of industries, but principally the building, construction and manufacturing industries. These industries are cyclical in nature, with the timing, extent and duration of these economic cycles unpredictable. Because many of the Company's costs are fixed, it may not readily be able to reduce its costs in proportion to an economic downturn and therefore any significant, extended or permanent downturn could negatively affect the Company's financial prospects, as would the permanent closure of significant manufacturing operations in response to a sustained weak economic outlook or loss of key customer relationships.

(c) *Declines in the price of steel, or any significant and sustained increase in the price of raw materials in the absence of corresponding steel price increases.*
The Company's financial prospects are sensitive to the long-term price trajectory of international steel products and key raw material prices. A significant and sustained increase in the price of raw materials, in particular iron ore and coking coal, with no corresponding increase in steel prices, would have an adverse impact on the Company's financial prospects. A decline in the price of steel with no corresponding decrease in the price of raw materials would have the same effect.

In addition to these long-term trends, the price of raw materials and steel products can fluctuate significantly in a reasonably short period of time affecting the Company's short-term financial performance. In particular this relates to commodity products such as slab, plate, hot rolled coil, cold rolled coil, and some metallic coated steel products.

(d)The Company is exposed to the effects of exchange rate fluctuations.

The Company's financial prospects are sensitive to foreign exchange rate movements, in particular the Australian dollar relative to the U.S. dollar. A strengthening of the Australian dollar relative to the U.S. dollar could have an adverse effect on the Company. This is because:

- export sales are typically denominated in U.S. dollars, offset in part by a significant amount of raw material purchases being denominated in U.S. dollars
- a strong Australian dollar makes imported steel products less expensive to Australian customers, potentially resulting in more imports of steel products into Australia
- a strong Australian dollar affects the pricing of steel products in some Australian market segments where pricing is linked to international steel prices
- earnings from its international businesses must be translated into Australian dollars for financial reporting purposes.

(e) Competition from other materials and from other steel producers could significantly reduce market prices and demand for the Company's products.

In many applications, steel competes with other materials such as aluminium, concrete, composites, plastic and wood. Improvements in the technology, production, pricing or acceptance of these competitive materials relative to steel could result in a loss of market share or margins.

In addition, the Company faces competition from imports into most of the countries in which it operates. Increases in steel imports could negatively impact demand for or pricing of the Company's products. If the Company is unable to maintain its current market position or to develop new channels to market for its existing product range, its financial prospects could be adversely impacted.

Other risks that could affect BlueScope include:

- not being able to realise or sustain expected benefits of internal restructuring, project developments, joint ventures or future acquisitions
- significant asset impairment, particularly if weak market conditions persist
- an inability to maintain a cost base relative to our competitors including maintaining, extending or renewing key raw materials, operational supplies, services and funding on acceptable terms
- a major operational failure or disruption
- changing government regulation including environmental, greenhouse gas emissions, tax, occupational health and safety, and trade restrictions in each of the countries in which we operate
- potential product warranty and legal claims, including the existing dispute with the Australian Taxation Office in relation to a sale and leaseback transaction entered into by the Company in 2007
- loss of key Board, management or operational personnel
- substantial Company contributions to its employees' defined benefit funds, which are currently underfunded
- industrial disputes with unions that disrupt operations.

This document sets out information on the business strategies and prospects for future financial years, and refers to likely developments in BlueScope's operations and the expected results of those operations in future financial years. This information is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of BlueScope. Detail that could give rise to likely material detriment to BlueScope, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage has not been included. Other than the information set out in this document, information about other likely developments in BlueScope's operations in future financial years has not been included.

BUSINESS UNIT REVIEWS

BLUESCOPE AUSTRALIA & NEW ZEALAND

COATED & INDUSTRIAL PRODUCTS AUSTRALIA

CIPA is the leading supplier of flat steel products in Australia, offering a wide range of products to Australian and export customers, including hot rolled coil, plate cold rolled coil, zinc/aluminium alloy-coated ZINCALUME® steel and galvanised and pre-painted COLORBOND® steel. The CIPA segment includes manufacturing facilities at Port Kembla (NSW) and Western Port (Victoria).

KEY FINANCIAL & OPERATIONAL MEASURES

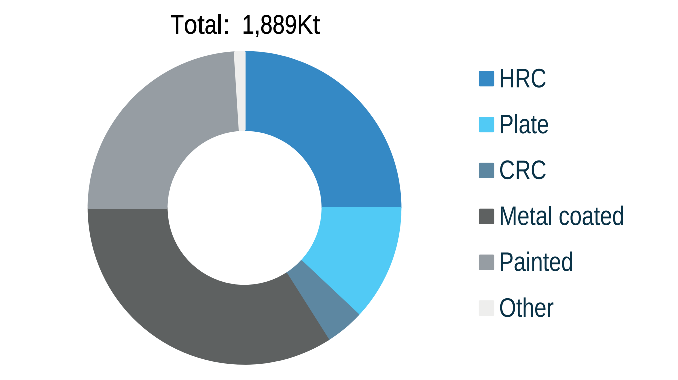
Table 4: Segment financial performance

$M	FY2014	FY2013	Var %	2H FY2014
Sales revenue	3,602.2	3,349.4	8%	1,820.6
Reported EBIT	(26.2)	(54.9)	52%	(25.3)
Underlying EBIT	65.4	(30.3)	316%	38.5
NOA (pre tax)	2,200.6	2,067.5	6%	2,200.6

Table 5: Steel sales volume

000 tonnes	FY2014	FY2013	Var %	2H FY2014
Domestic	1,888.7	1,791.0	5%	928.5
Export	474.3	823.9	(42%)	235.8
Total	2,363.0	2,614.9	(10%)	1,164.3

Chart 1: CIPA domestic steel sales volume mix FY2014



FINANCIAL PERFORMANCE – FY2014 VS. FY2013

Sales revenue

The $252.8M increase in sales revenue is primarily due to:

- Higher domestic volumes (predominantly galvanised, painted ZINCALUME® and coil plate driven by a lift in market share and activity levels partially offset by lower HRC sales into the pipe & tube market and lower plate volumes driven mainly by the slowdown in mining investment).
- Benefit to export revenues from a weaker AUD:USD exchange rate (FY2014 US$0.918; FY2013 US$1.027).
- Stronger domestic pricing driven by the flow-on benefit of a weaker AUD:USD exchange rate partly offset by lower ASEAN HRC prices.
- Favourable domestic and export sales product mix.

These were partly offset by lower export volumes.

EBIT performance

The $95.7M increase in underlying EBIT was largely due to:

- Lower loss making export volumes combined with higher domestic volumes.
- Higher spread driven by:
  - Favourable foreign exchange impact on export revenues from a weaker AUD:USD exchange rate (FY2014 US$0.918; FY2013 US$1.027) combined with the flow-on benefit to domestic prices.
  - Lower coal and iron ore purchase prices.
  - Lower net realisable value provisions for inventory on hand at June 2014 compared to June 2013.

  Partly offset by:
  - Lower average global steel prices.
  - Unfavourable raw material yield due to planned maintenance activities.
- Favourable timing of maintenance activities.
- Delivery of cost improvement initiatives combined with tight control of spend rates offset cost escalation.

These were partly offset by:

- One-off $36.6M favourable adjustment booked to the provision for workers compensation in FY2013 following an agreement with an insurance provider relating to a workers compensation insurance policy.
- An adverse export despatch mix driven by higher non-prime volumes.

Underlying adjustments in reported EBIT are set out in Tables 2A and 2B.

FINANCIAL POSITION

Net operating assets were $133.1M higher than at 30 June 2013 primarily due to higher inventories driven mainly by the business acquisitions, lower provisions (mainly defined benefit super and workers compensation movements) and higher receivables (higher sales revenue).

MARKETS AND OPERATIONS

Direct sales to Australian building sector

- Sales volumes in the domestic building sector improved 41kt or 7% in FY2014.
- BlueScope increased market share for both its non-painted metallic coated and painted products.
- Market conditions within residential and non-residential construction have improved:
  - Residential construction activity has increased in FY2014, supported by low interest rates, higher demand from both investors and private households and an appreciation in property prices. Demand for CIPA's product comes from both the new commencement and alterations and additions end-use markets.
  - Non-residential construction activity increased led by growth in distribution warehouse development (particularly in NSW and Victoria) to meet the growing demand for imported consumer goods. Sales to non-residential building projects in mining areas were weaker.

Sales to distributors and direct non-building sector customers

- Sales volumes to distributors and non-building sector customers increased 53kt (or 5%) in FY2014 on the back of new sales initiatives.
- Overall, BlueScope's market share in non-building products increased.
- Distribution customers have continued to maintain low to moderate inventory levels in FY2014, with distributor confidence remaining comparatively weak due to slowing investment in the mining, engineering construction and automotive industries.
- Despite a modest correction to the AUD exchange rate in FY2014, the AUD still remains at elevated levels relative to Australia's long term average. This in combination with low domestic demand and high production costs has seen Australia's manufacturing and pipe and tube markets remain under pressure from imported finished goods. The Australian Industry Group's Performance of Manufacturing index has however showed some signs of improvement in FY2014 (starting from a low base) averaging 48 points, up four points from FY2013.

Export markets

- Despatches to export market customers in FY2014 of 437.0kt (~60% uncoated flat products / ~40% coated products) were lower than the 682.1kt in FY2013 due to increased Australian domestic sales and lower steel production volume.
- Prices in the U.S. were higher in FY2014 compared with FY2013 due to strong local demand and recent seasonal supply disruptions, whereas Asian market prices were weaker due to continued over-capacity in steel production and declining raw material prices.

Anti-dumping cases

- Since May 2012 BlueScope has filed applications to the Australian Anti-Dumping Commission (or ADC; formerly part of Customs & Border Protection) concerning dumping and countervailing subsidisation of steel imported into Australia. In each case where the ADC has completed its investigations, the ADC investigations have supported BlueScope's claims that dumping and subsidisation of imports has occurred. A summary of each application is as follows:
  - Hot rolled coil (2012): The final determination was released by the Minister on 19 December 2012, confirming dumping margins ranging between 0% and 15% for certain mills exporting to Australia from Japan, Korea, Malaysia and Taiwan. Following a further review, in July 2013 the ADC announced changes to further strengthen an element of duty calculation.
  - Zinc coated and zinc aluminium coated steel (2013): The Attorney General released his final determination on both dumping and countervailing subsidisation in July 2013, confirming duties of between 0% and 70% on certain mills exporting to Australia from Korea, China and Taiwan.
  - Plate (2013): The final determination was released by the Minister in December 2013, with dumping and countervailing duties between 0% and 55% imposed on certain mills exporting to Australia from Korea, China, Indonesia and Japan.
- On 11 July 2014, following an application from BlueScope, the ADC announced it will investigate alleged dumping of galvanised steel to Australia from India and Vietnam. The investigation period is July 2013 to June 2014.

Operations

- An update of COLORBOND® steel was launched in October 2013 featuring an expanded range of contemporary colours and new coating technologies for improved corrosion resistance and paint colour durability. The colour palette for new COLORBOND® steel has undergone its biggest change in more than 20 years, with the addition of six new colours. Underpinning new COLORBOND® steel is BlueScope's new Activate™ technology, which is the result of almost 20 years and $100 million of research and development. The product launch was supported by a new advertising campaign and industry wide launch events across Australia.
- Enterprise bargaining agreements for Port Kembla and Springhill were approved by employees in June 2013 and formally approved by Fair Work Australia in August 2013.

Maintenance of Port Kembla blast furnace

- The program to change out wearing staves on the Port Kembla blast furnace has commenced, and is proceeding well.
- The program is in line with industry best practice, and we are benefitting from technical support provided by Nippon Steel & Sumitomo Metal Corporation.
- In 1H FY2014 planned blast furnace maintenance stoppages of cost equivalent to a single stoppage took place; and in 2H stoppages were held in January and May.
- Approximately four more planned blast furnace maintenance stoppages are expected across FY2015 and 1H FY2016.
- Estimated production and financial impacts in FY2014:
  - Production: 120kt lower production (60% in 2H FY2014) against 2.6Mtpa normalised rate.
  - Earnings: Unfavourable impact due to lower fixed cost recoveries and yields, fully offset by cost savings, lower conversion costs and lower losses due to lower export despatches.
  - Cash impact:
    - Gross capex of $25M, net of $15M.
    - Working capital: one off $35M investment in inventory as at 30 June 2014.
- Estimated production and financial impacts for FY2015:
  - Three stoppages planned; of which two in 1H.
  - Production: ~100kt lower production (80% in 1H) against 2.6Mtpa normalised rate.
  - Earnings and cash impacts expected to be comparable to those of FY2014.

BUILDING COMPONENTS & DISTRIBUTION AUST

The BCDA segment is comprised of a network of over 125 roll-forming and distribution sites throughout Australia, acting as a major steel product supplier to the building and construction, automotive, white goods manufacturing and general manufacturing industries.

In February 2014, BCDA acquired the Fielders roll forming operations and Orrcon pipe and tube manufacturing and steel distribution operations from Hills Limited. In April 2014, BCDA acquired the OneSteel sheet and coil processing and distribution businesses in Sydney, Brisbane, Adelaide and Perth from Arrium Limited.

KEY FINANCIAL & OPERATIONAL MEASURES

Table 6: Segment performance

$M unless marked	FY2014	FY2013	Var %	2H FY2014
Sales revenue	1,585.6	1,375.6	15%	871.3
Reported EBIT	(88.4)	(31.0)	(185%)	(77.5)
Underlying EBIT	(22.8)	(25.4)	10%	(11.9)
NOA (pre-tax)	334.9	322.5	4%	334.9
Despatches	822.9kt	712.9kt	15%	448.4kt

FINANCIAL PERFORMANCE – FY2014 VS. FY2013

Sales revenue

The $210.0M increase in sales revenue was mainly due to higher despatch volumes largely driven by acquired businesses and slightly better market activity, partly offset by lower selling prices driven by the strong AUD:USD exchange rate and import competition.

EBIT performance

The $2.6M improvement in underlying EBIT was largely due to:

- Higher despatch volumes driven by acquired business volumes (approx. 92kt) and slightly better market activity.
- Cost benefits realised from Lysaght restructuring, tight control of discretionary spending and higher production volumes.

Partly offset by:

- Lower selling prices driven by strong AUD:USD exchange rate and import competition.

Underlying adjustments in reported EBIT are set out in Tables 2A and 2B.

FINANCIAL POSITION

Net operating assets increased $12.4M compared to 30 June 2013 primarily due to the acquisitions, and partly offset by impairment of the BlueScope Distribution fixed assets and a reduction in net working capital.

MARKETS AND OPERATIONS

BlueScope Distribution

- Underlying volumes were up 1% on FY2013 in a relatively flat market.
- Integration of the acquired Orrcon and OneSteel Sheet & Coil operations is progressing well.
- Activity in key end-use sectors remains subdued:
  - Full year, residential and non-residential construction customer activity varied by state and construction type but in total was similar to FY2013. Overall, improvements in leading indicators such as housing finance and residential building approvals are yet to translate into robust construction activity.
  - Mining, oil and gas activity has slowed from its peak corresponding with a reduced rate of new infrastructure build towards a cost-minimised maintenance environment.
  - Manufacturing customer activity remained subdued due to a relatively high AUD (in an historical context) and strong import competition (both of steel and prefabricated goods).

Lysaght and Fielders

- Sales volumes in FY2014 were higher than FY2013 by approximately 18% (6% excluding Fielders). Volumes in 2H FY2014 were higher than 1H FY2014 by approximately 18% (4% lower excluding Fielders, largely due to seasonality).
- Modest improvement was evident in business investment and business and consumer confidence levels flowing through to overall building market activity.
- During the year, residential building activity varied by state and dwelling type. New South Wales and south east Queensland saw some improvement with leading indicators such as housing finance and building approvals trending moderately higher.
- Non-residential construction activity increased led by growth in distribution warehouse development (particularly in NSW and Victoria) to meet the growing need for imported consumer goods. Sales to non-residential building projects in mining areas were weaker.

NEW ZEALAND AND PACIFIC STEEL PRODUCTS

New Zealand Steel is the only fully integrated flat steel producer in New Zealand, producing slab, hot rolled coil and value-added coated and painted products for both domestic and export markets across the Pacific Region. Operations include the manufacture and distribution of the LYSAGHT® range of products in Fiji, New Caledonia and Vanuatu.

This segment includes the Waikato North Head iron sands mine which supplies iron sands to the Glenbrook Steelworks and for export, and the Taharoa iron sands mine which supplies iron sands for export.

In June 2014, New Zealand Steel acquired the rolling and marketing operations of Pacific Steel. Pacific Steel is the sole producer of long steel products such as billet, rod, bar, reinforcing coil and wire in New Zealand.

KEY FINANCIAL & OPERATIONAL MEASURES

Table 7: Segment financial performance

$M	FY2014	FY2013	Var %	2H FY2014
Sales revenue	870.9	681.0	28%	451.3
Reported EBIT	73.6	33.8	118%	35.0
Underlying EBIT	74.7	33.8	121%	36.1
NOA (pre-tax)	645.6	466.8	38%	645.6

Table 8: Sales volume

000 tonnes	FY2014	FY2013	Var %	2H FY2014
Domestic steel	282.9	254.9	11%	152.1
Export steel	325.5	323.1	1%	166.0
Total steel	608.5	578.0	5%	318.2
Export iron sand	2,313.2	1,701.4	36%	1,145.9

FINANCIAL PERFORMANCE – FY2014 VS. FY2013

Sales revenue

The $189.9M increase in sales revenue was primarily due to higher iron sands volumes and favourable domestic and export product mix partly offset by lower iron sands and export and domestic steel pricing in line with global iron ore and HRC prices.

EBIT performance

The $40.9M increase in underlying EBIT was largely due to:

- Better despatch mix with a higher proportion of domestic painted, ZINCALUME® and galvanised steel sales and lower export HRC despatches.
- Higher iron sands despatch volumes and lower mining costs.
- Higher steel spread driven by:
  - Lower coal, scrap and coating metal purchase prices

  Partly offset by:
  - Lower average global steel prices
  - Unfavourable foreign exchange impact on export and domestic prices from a stronger NZD:USD exchange rate (FY2014 US$0.831; FY2013 US$0.822)
- Favourable translation of earnings with a weaker NZD (AUD:NZD FY2014 NZ$1.106; FY2013 NZ$1.249).

These were partly offset by:

- Lower iron sands pricing in line with global iron ore prices.
- Unfavourable conversion costs due to lower slab and HRC production volumes.

Underlying adjustments in reported EBIT are set out in Tables 2A and 2B.

FINANCIAL POSITION

Net operating assets were $178.8M higher than at 30 June 2013 primarily due to the acquired Pacific Steel NOA, translation impact of a weaker AUD:NZD exchange rate and capital expenditure.

MARKETS & OPERATIONS

Domestic sales

- Domestic residential building activity continues to grow. For the 12 months ending May 2014, new building consents are up 23% on the same period in 2013.
- Domestic non-residential building is showing signs of recovery with the value up 11% in the 12 months to May compared to the previous 12 month period.
- Canterbury building activity continues to grow; residential consents were up 40% for the 12 months ending May 2014. The total value of all new building consents, including non-residential, rose 40% in the same period.
- The increased approvals rate has started to flow through to steel sales volumes – this is reflected in a 6.7% increase in domestic sales in FY2014.

Export sales

- Despite domestic volumes being up by 16.5kt, export steel volumes for FY2014 were only 7.9kt below FY2013 due to a reduction of the high FY2013 slab inventory.
- Price levels were lower as they continued to decline under pressure from global over capacity and the strengthening of the NZD versus USD foreign exchange.
- Iron sands exports from Taharoa and Waikato North Head were 2,331.0kt, up 629.6kt on FY2013, driven by increased despatches from Taharoa (extra shipment) and Waikato North Head.
- Iron sands prices were down on FY2013 consistent with the decrease in global iron ore pricing.
- Export iron sands expansion for second ship (customer supplied) is on track to commence at the end of FY2015.
- In late December 2013, BlueScope announced plans to introduce a third ship in FY2016. BlueScope will charter a purpose-built 175,000 tonne slurry loading vessel and spend a total of A$50 million spread across FY2016 to FY2018 on mining, processing and ship loading equipment.

BUILDING PRODUCTS ASEAN, NORTH AMERICA & INDIA

BlueScope is a technology leader in metal coated and painted steel building products, principally focused on the Asia-Pacific region, with a wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of building products.

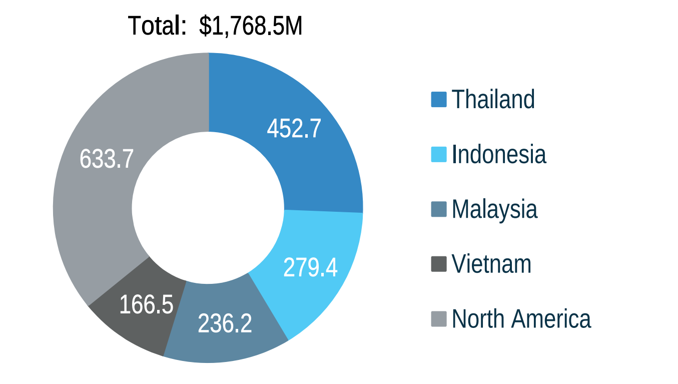
The Company has an extensive footprint of metallic coating, painting and steel building product operations in Thailand, Indonesia, Vietnam, Malaysia, India and North America, primarily servicing the residential and non-residential building and construction industries across Asia, and the non-residential construction industry in North America. BlueScope operates in ASEAN and North America in partnership with Nippon Steel & Sumitomo Metal Corporation (NSSMC) and in India with Tata Steel. Both are 50/50 joint ventures, with BlueScope controlling and therefore consolidating the joint venture with NSSMC, and jointly controlling and therefore equity accounting the joint venture with Tata Steel.

KEY FINANCIAL & OPERATIONAL MEASURES

Table 9: Segment performance

$M unless marked	FY2014	FY2013	Var %	2H FY2014
Sales revenue	1,742.9	1,635.5	7%	827.4
Reported EBIT	81.4	70.5	15%	40.0
Underlying EBIT	88.9	79.6	12%	38.0
NOA (pre-tax)	844.9	936.0	(10%)	844.9
Despatches	1,367.0kt	1,344.0kt	2%	662.2kt

Chart 2: Segment geographic sales revenue FY2014, $M [1]



1) Chart does not include $25.6M of eliminations (which balances back to total segment revenue of $1,742.9M). Chart also does not include India, which is equity accounted.

FINANCIAL PERFORMANCE – FY2014 VS. FY2013

Sales revenue

The $107.4M increase in sales revenue was mainly driven by favourable foreign exchange rate impacts from the weaker AUD in all regions, partly offset by lower domestic selling prices, particularly in Indonesia and Thailand, and lower Steelscape volumes due to closure of the Fairfield facility in December 2013.

EBIT performance

The $9.3M growth in underlying EBIT was largely due to:

- Higher despatch volumes and favourable product mix across all regions except North America, where volumes were lower due to closure of the Steelscape Fairfield facility.
- Favourable translation of earnings from a weaker AUD:USD exchange rate.
- Increased equity accounted benefit from TBSL.

Partly offset by:

- Unfavourable costs in North America (higher freight costs and lower production volumes), Thailand (higher support costs) and Vietnam (higher marketing and support costs and utility rates).
- Lower spreads in Indonesia, Malaysia and Thailand (mainly lower domestic pricing), partly offset by higher spreads at Steelscape.

Underlying adjustments in reported EBIT are set out in Tables 2A and 2B.

FINANCIAL POSITION

Net operating assets decreased $91.1M since 30 June 2013 reflecting reduced inventory holdings and lower fixed assets, principally at Steelscape mainly due to the sale of the Fairfield facility.

MARKETS AND OPERATIONS

Thailand

- For the full year FY2014, despatch volume grew by 4% over FY2013 despite political instability impacting 2H FY2014.
- Operational performance improvement was underpinned by higher premium sales mix of ZINCALUME® and Clean COLORBOND® steels achieved through several successful initiatives in sales, marketing and operations:
  - customer loyalty programs
  - strong focus on specification in industrial and commercial segment (with architects, contractors and designers) to grow premium sales
  - new product distributor programs aimed at combating import competition, particularly in the residential segments and Northern Thailand region
  - launch of new painted products focused on residential segments supported by strong marketing and advertising campaigns to drive brand awareness
  - minimising cost expansion in manufacturing costs, operational cost saving through energy re-use initiatives and sourcing competitively priced raw materials.
- Good progress is being made working with NSSMC to launch new products (eg. VIEWKOTE®) and bring SuperDyma® technology into Thailand for the home appliance market:
  - In 4Q FY2014 the NS BlueScope Coated Products joint venture (NSBCP) sold its first batch of VIEWKOTE® to the home appliance market and will continue to grow these sales in FY2015 prior to launch of SuperDyma® after production begins in 1Q FY2016.
  - In addition, sales to the Japanese building and construction sector have grown significantly in FY14 as a result of the establishment of the NSBCP joint venture.
- Competitive pressure continues to increase as new domestic painted and coated suppliers are aggressively pursuing market share, particularly in the residential segment. Import activity also continues to intensify.

Indonesia

- FY2014 despatch volumes were largely in line with FY2013.
- The business faced its most difficult year since FY2009. Low cost imports and strong domestic competition impacted margins. Additionally:
  - The 1H performance was impacted by rapid depreciation of the Indonesian Rupiah to USD exchange rate movements and anti-dumping duty on cold-rolled coil (CRC).
  - In 2H, volumes slowed on construction activity due to the political election process: parliamentary elections were held in April 2014 and presidential elections were conducted in July 2014.
- Initiatives to improve business performance are being actively pursued:
  - To grow projects and retail channels to expand and establish a loyal and profitable customer base.
  - Pursue a more profitable product mix and generally improve volumes.
  - To reduce overall cost of serving customers.
  - Continue regulatory lobbying on trade competitiveness issues. The recent announcement of safeguard action on bare product from Vietnam, Taiwan and South Korea is a positive development.
  - Strategic CRC sourcing to minimise anti-dumping impact.
  - Hedging program to mitigate exposure to adverse foreign exchange fluctuations.
- Progress is being made on new sales initiatives through working with NSSMC since the formation of the NSBCP joint venture:
  - commencement of coated coils supply to Japanese roll-former
  - exploring with several Japanese steel house manufacturers, downstream cladding, structural and panel components supply for steel house construction in Indonesia.

Vietnam

- Despatch volumes in FY2014 grew 4.6% on FY2013 largely due to better customer diversity and continued efforts to drive business growth.
- Earnings and despatch volumes weakened in 2H FY2014 compared to 1H FY2014 due to increased competitive pressures (both increased domestic production and import activity) in a flat market.
- Chinese imports into Vietnam are expected to slow down going into FY2015 as a result of the introduction of trade measures by the Vietnamese Government.
- The business continues to target growth and increase domestic market share through enhancing retail brand awareness and distribution footprint with ZACS® steel stores (five stores fully operational in FY14, and 15 stores in progress to be rolled out).
- Progress is being made on new sales initiatives through working with NSSMC since the formation of the NSBCP joint venture: the business is selling increased volumes (especially zinc-aluminium coated steel) to Japanese customers for construction projects.

Malaysia

- Volumes grew by 13% and 1% in the steel coating and Lysaght businesses respectively compared with FY2013, driven by growth in the project market and effective sales into retail channels. Closure of low-margin steel recovery activities at the Singapore service centre offset this growth, resulting in total FY2014 volume being marginally higher than FY2013.
- The BlueScope ZACS® steel brand was successfully launched in November 2013 in line with the strategy of creating a premium brand in the retail segment, and was met with encouraging responses from the dealers and roll-formers.
- The coating business continues to focus on growing domestic market share and increasing sales into the residential projects and retail channels. The downstream business aims to consolidate its position as a premium leader in providing solutions to the market that maximise business value chain returns.

North America (Steelscape & ASC Profiles)

- With the sale of Steelscape's Fairfield (Alabama) metal coating and painting facility on 30 December 2013, despatch volumes were lower than FY2013 by 7%, (excluding volumes sold through Fairfield, the business saw 2% underlying volume growth in FY2014).
- Following the successful implementation of various restructuring initiatives, the business is well positioned to leverage the construction growth momentum and combat import competition. The various strategic initiatives of launching new products and finishes to diversify into new markets, growing residential brands and channels, optimising operations and supply chain efficiencies, are progressing well.

India (in joint venture with Tata Steel (50/50) for all operations)

- The joint venture recorded 24% revenue growth and positive EBIT in FY2014.
- Coated steel sales volume grew by 33% compared to FY2013 with 23% growth in painted products and 68% growth in bare products.
- The higher growth in bare products on a relatively smaller base was driven by increased usage in solar and other alternate applications and a moderate growth of 5-6% in the projects market.
- The Building Products business grew by 37% driven primarily by retail sales which grew by 43%. Lysaght sales grew by 14%.
- During the period, an organisational restructure was undertaken, reducing management layers and making the business more customer-centric. The midstream and downstream businesses (except Building Solutions) merged into one Building Products business in order to leverage synergies and improve operational efficiencies.
- The business continues to focus on initiatives to expand the Durashine® retail channel which operates under the Tata Steel Distribution network.
- Performance was impacted by the depreciation of the Indian Rupee and business uncertainty due to the parliament elections which were held in April and May 2014.

GLOBAL BUILDING SOLUTIONS

BlueScope's Global Building Solutions business is a global leader in engineered building solutions (EBS), servicing the low-rise non-residential construction needs of global customers from engineering and manufacturing bases in Asia and North America. EBS plants are located in China, Thailand, Vietnam, North America, Saudi Arabia and India. As part of the integrated value chain feeding the EBS operations, this segment includes BlueScope's steel metal coating, painting and Lysaght operations in China (Building Products China). GBS is expanding its global engineering capabilities through the roll-out of a common engineering software system across BlueScope's Buildings businesses. This system is in place in North America and is currently being installed across businesses in Asia. This segment also includes emerging building solutions businesses in Australia.

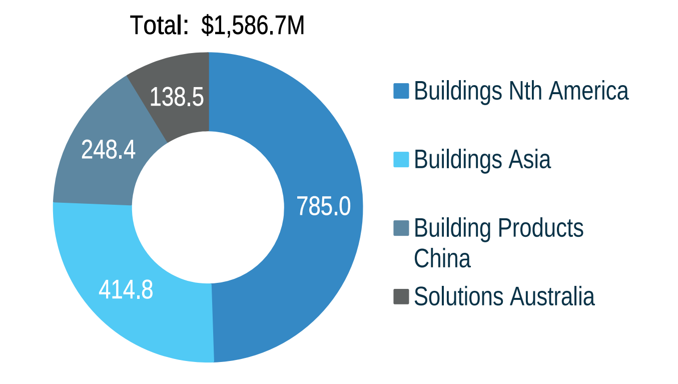
KEY FINANCIAL & OPERATIONAL MEASURES

Table 10: Segment performance

$M unless marked	FY2014	FY2013	Var %	2H FY2014
Sales revenue	1,522.8	1,363.3	12%	715.7
Reported EBIT	51.4	10.0	414%	37.4
Underlying EBIT	18.5	18.0[1]	3%	2.3
NOA (pre-tax)	588.6	596.4	(1%)	588.6
Despatches	582.1kt	552.4kt	5%	272.8kt

1) Includes $7.7M one-off prior period (FY2005-FY2009) provision adjustment in Buildings Asia.

Chart 3: Segment geographic sales revenue FY2014, $M



FINANCIAL PERFORMANCE – FY2014 VS. FY2013

Sales revenue

The $159.5M increase in sales revenue was mainly due to favourable foreign exchange rate impacts from the weaker AUD in all regions together with stronger despatch volumes in North America and China partly offset by lower domestic selling prices across most regions and reduced volumes in Australia.

EBIT performance

The $0.5M increase in underlying EBIT was largely due to:

- Higher volumes, particularly in Buildings North America, as a result of continued growth in the U.S. non-residential construction market and the resulting impact of lower per unit conversion costs.
- Favourable foreign exchange translation impacts from a weaker AUD:USD exchange rate.

Partly offset by:

- Reduced margins across all regions driven by lower domestic prices, partly offset by lower steel feed costs.
- Losses in the Solutions Australia businesses due to challenging market conditions.

Underlying adjustments in reported EBIT are set out in Tables 2A and 2B.

FINANCIAL POSITION

Net operating assets decreased $7.8M compared to 30 June 2013 reflecting higher creditors and impairment of non-current assets in the Australian business, partly offset by a full write-back of prior year impairments of Building Products China fixed assets.

MARKETS AND OPERATIONS

Buildings North America

- Despatch volumes were up 7% in FY2014 relative to FY2013 driven by an increase in the U.S. non-residential construction market activity in all major end-use sectors and despite severe cold weather conditions in North America which slowed business particularly during January to April 2014. This increase was influenced by a continued focus on new product development and product differentiation.
- General indicators of activity, such as F.W. Dodge analysis of non-residential construction and the Architectural Billings Index, point to continued growth in the U.S. non-residential construction market.

Buildings Asia (China & ASEAN)

- The China business contributed approximately 70% of sales revenue in FY2014; the remaining 30% was derived from ASEAN.
- Despatch volumes in the China business grew by 3% relative to FY2013, while overall margin performance deteriorated, influenced by a slowdown in building and construction activity in the premium market as both private and government participants reduce or delay investment.
- ASEAN FY2014 despatch volume grew 3% relative to FY2013, driven by strong industrial market activity, and margins increased on improved project pricing.
- The fourth China buildings plant in Xi'an (western China) was officially opened on 20 October 2013. Development was completed on time and on budget.
- The business has commenced a restructuring initiative targeting cost savings across sales, operations and functional support.

Building Products China

- Despite challenging market conditions leading to flat despatch volume (driven by lower internal demand from the Buildings Asia business), targeted initiatives to increase external sales of higher value-added product are supporting strong overall margin performance.
- In conjunction with Buildings China, the business has commenced a restructuring initiative targeting cost savings across sales, operations and functional support.

Engineered Building Solutions Global Accounts

- The Global Accounts group, formed in FY2013, is primarily focused on management and development of global strategic partnerships with multinational customers (Program Accounts) and expansion into non-traditional global territories.

- Sales generated through these global accounts are reported in the business unit that supplies the solution.
- Recent success with Program Accounts has secured projects in India, Indonesia, Venezuela and the African continent.

Solutions Australia

- The emerging building solutions businesses in Australia experienced challenging market conditions. In light of these market conditions the non-current assets have been fully impaired.
- Effective 1 July 2014 the businesses have been reorganised and will form part of the BCDA reporting segment.

HOT ROLLED PRODUCTS NORTH AMERICA

This segment is comprised primarily of BlueScope's 50% interest in North Star BlueScope Steel, a single site electric arc furnace producer of hot rolled coil in Ohio, in the U.S. The segment also includes BlueScope's 47.5% interest in Castrip LLC, a thin strip casting technology joint venture with Nucor and IHI Ltd.

KEY FINANCIAL & OPERATIONAL MEASURES

Table 11: Segment performance

$M unless marked	FY2014	FY2013	Var %	2H FY2014
Sales revenue [1]	-	-	-	-
Reported EBIT [2]	101.6	66.7	52%	52.9
Underlying EBIT [2]	104.6	66.7	57%	55.9
NOA (pre-tax)	103.3	95.3	8%	103.3
Despatches [3]	987.6kt	983.2kt	0%	497.7kt

1) Excludes the Company's 50% share of NSBSL's sales revenue of A$743.9M in FY2014 and A$620.7M in FY2013.
2) Includes 50% share of net profit before tax from NSBSL of A$105.4M in FY2014 and A$69.6M in FY2013.
3) Reflects BlueScope's 50% share from NSBSL.

FINANCIAL PERFORMANCE – FY2014 VS. FY2013

Sales revenue

The segment is comprised of two equity accounted investments and as such has no sales revenue recorded in the Group accounts.

EBIT performance

The $37.9M growth in underlying EBIT was largely due to higher spreads, driven primarily by higher selling prices partially offset by higher scrap costs, and favourable foreign exchange translation impacts from a weaker AUD:USD exchange rate partly offset by unfavourable conversion costs due to higher power and utility rates.

FINANCIAL POSITION

Net operating assets are largely comprised of BlueScope's equity accounted investment in NSBSL. The $8.0M increase in net operating assets compared to 30 June 2013 primarily reflects earnings of the NSBSL joint venture being higher than the dividends returned to the owners.

MARKETS AND OPERATIONS

North Star BlueScope Steel

- NSBSL sells approximately 80% of its production in the Mid-West U.S., with its end customer segment mix being broadly 45% automotive, 25% construction, 10% agricultural and 20% manufacturing/industrial applications.
- Despatches for FY2014 were up 17.8kt on FY2013, at 992.1kt (BSL share).
- High capacity utilisation rates, relative to the market, have been maintained by NSBSL through an ability to retain existing customers and win new customers by consistent high performance in on-time delivery, service and quality.
- A detailed scoping and development study for a potential direct reduction iron (DRI) plant was concluded in July 2014. The conclusion reached was that the forecast risk adjusted returns are not sufficiently attractive to justify the investment. Accordingly, the shareholders of NSBSL, BlueScope and Cargill, decided not to proceed to the next phase of the project at this time.

OTHER INFORMATION

SAFETY

SAFETY MANAGEMENT

- The Company remains committed to its goal of Zero Harm.
- Our safety beliefs form the basis for achieving this goal:
  - Working safely is a condition of employment.
  - Employee involvement is essential.
  - Management is accountable for safety performance.
  - All injuries can be prevented.
  - Training employees to work safely is essential.
  - All operating exposures can be safeguarded.
- BlueScope's comprehensive Occupational Health and Safety Management System is mandatory in all operations under our control. The system focuses on three basic areas:
  - Safe and healthy people.
  - Safe systems.
  - Safe and tidy plant.
- Safety Management Standards have been established under this Management System, to which each business is required to demonstrate compliance.
- Also essential to our safety performance is the continuing development of our leaders, implementation of risk management practices, behavioural safety audits, reporting of incidents and near misses, and identifying and preventing 'at risk' behaviour and conditions.

FY2014 SAFETY PERFORMANCE

- Regrettably, there was a fatality at our Xi'an, China buildings site on 9 June 2014, with the tragic death of Mr Shen, a contractor.
- In FY2014:
  - the Lost Time Injury Frequency Rate was 0.9, our tenth straight year below 1.0
  - the Medical Treated Injury Frequency Rate of 5.3, our ninth year below 7.0.
- During the year a major new employee engagement program, 'Switch on Safety', was launched across the business to refocus leaders on setting safety expectations and standards and to encourage employees to refocus on safety.
- Noteworthy external recognition in FY2014 includes:
  - New Zealand & Pacific Islands – winner best Health & Safety initiative of the New Zealand Safeguard Workplace Health & Safety Awards 2014 for Contractor Safety.
  - NS BlueScope North America, Steelscape – winner of 2013 "Best Practices in Safety' by the National Coil Coaters Association.
- Other noteworthy safety achievements in FY2014 include:
  - Tata BlueScope Buildings Solutions – off-site construction achieved 3 million hours LTI free.
  - BANZ Distribution, Bunbury, WA – achieved 16 years LTI free.
  - NSBCP Vietnam – achieved 5 million hours and 4 years LTI free.
  - BlueScope Buildings Thailand – achieved 6 months injury free.
  - NSBCP North America, ASC Profiles, Anchorage – achieved 14 years LTI free.
  - BlueScope Building Products China, Lysaght Shanghai – Achieved 14 years LTI free.
  - NSBCP Lysaght Brunei – achieved 20 years LTI free.
  - BANZ Lysaght Dubbo, NSW – achieved 16 years LTI free and 3 years MTI free.

ENVIRONMENT

ENVIRONMENTAL MANAGEMENT

- The BlueScope Steel Environment Management System comprises the following major elements:
  - Our Bond
  - Health, Safety, Environment and Community Policy
  - Environment Principles
  - Health, Safety and Environment Standards
  - BlueScope procedures and guidelines
  - Operational procedures.
- BlueScope continues to manage its environmental performance through the implementation of its business planning process, compliance systems, risk management practices, governance programs and management review.

AUSTRALIAN CARBON PRICING MECHANISM (CPM) AND STEEL TRANSFORMATION PLAN (STP)

- BlueScope was a liable entity under the CPM, which came into operation on 1 July 2012.
- In July 2014 the Federal Government abolished the CPM and STP, effective retrospectively from 1 July 2014.
- BlueScope has reflected the abolition of the CPM and STP in its FY2014 financial statements.
- From FY2015 onwards, BlueScope expects no longer to have exposure to scope 1, 2 and 3 emission costs, to receive allocations of EITE permits, nor to amortise the remaining benefit of the STP payment received in January 2012.
- As a trade exposed industry, BlueScope has not passed through any carbon costs in its flat steel product pricing during the operation of the CPM, and customers will see no change in product pricing as a result.
- In place of the CPM, the government intends to introduce a 'direct action' policy, comprising as its key elements an Emissions Reduction Fund (ERF) and a baseline and compliance mechanism.
- The Company is in ongoing discussions with the government about the design of this policy. A particularly important issue will be the methodology by which the government will set baselines, and ensuring it is sufficiently flexible to accommodate changes in steel production in response to market demand, as well as changes in production inputs and processes.
- The Company remains focused on improving the energy and carbon efficiency of all its operations.

NEW ZEALAND EMISSIONS TRADING SCHEME

- The Company is a liable entity under New Zealand's ETS.
- The activity of iron and steel manufacturing from iron sands as undertaken by New Zealand Steel has been assessed to be highly emissions-intensive and trade-exposed, and New Zealand Steel therefore qualifies for the allocation of Emission Units at the maximum rate (90%).
- The ETS is currently in a 'transition period'. During this period participants must surrender one emission unit for two tonnes of carbon dioxide equivalent emissions. Correspondingly the allocation of units to energy-intensive and trade-exposed activities is halved, but remains at the 90% allocation rate. It is possible to buy units at market price or at a fixed price of NZ$25 per tonne from the government. In July 2012 the New Zealand Government announced that it would effectively retain the current key transitional arrangements until a further review in 2015.
- A general election will be held on 20 September 2014, and the outcome can be expected to influence the 2015 review.

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ABBREVIATIONS

1H	Six months ended 31 December in the relevant financial year
1H FY2014	Six months ended 31 December 2013
1Q FY2016	Three months ended 30 September 2015
2H FY2013	Six months ended 30 June 2013
2H FY2014	Six months ended 30 June 2014
4Q FY2014	Three months ended 30 June 2014
ADC	Anti-Dumping Commission
ASEAN	Association of South East Asian Nations
AUD, A$, $	Australian dollar
BANZ	BlueScope Australia and New Zealand (comprising CIPA, BCDA and NZPac segments)
BCDA	Building Components & Distribution Australia segment
BP or Building Products	Building Products, ASEAN, North America and India segment
BSL or BlueScope	BlueScope Steel Limited and its subsidiaries
CIPA	Coated & Industrial Products Australia segment
CRC	Cold rolled coil steel
DPS	Dividend per share
EAF	Electric arc furnace
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBS	Engineered building solutions, a key product offering of the GBS segment
EITE	Emissions-intensive, trade-exposed
EPS	Earnings per share
FDI	Foreign direct investment
FY2013	12 months ended 30 June 2013
FY2014	12 months ended 30 June 2014
FY2015	12 months ended 30 June 2015
FY2016	12 months ended 30 June 2016
GBS	Global Building Solutions segment
Gearing ratio	Net debt divided by the sum of net debt and equity
Group, Company	BlueScope Steel Limited and its subsidiaries
HRC	Hot rolled coil steel
HRPNA, HRP North America	Hot Rolled Products North America segment
IFRS	International Financial Reporting Standards
Net debt	Gross debt less cash
NOA	Net operating assets pre-tax
NPAT	Net profit after tax
NRV	Net realisable value adjustment
NSBCP	NS BlueScope Coated Products joint venture
NSBSL	North Star BlueScope Steel
NSSMC	Nippon Steel & Sumitomo Metal Corporation
NZD	New Zealand dollar
NZPac or NZ Steel & Pacific	New Zealand & Pacific Steel Products segment
NZS	New Zealand Steel
PS	Pacific Steel
ROIC	Return on invested capital (or ROIC) – underlying EBIT (annualised in case of half year comparison) over average monthly capital employed
STP	Steel Transformation Plan
TBSL	Tata BlueScope Steel
U.S.	United States of America
USD, US$	United States dollar

ANNEXURE: DETAILED TABLES

A. SEGMENTAL FINANCIAL TABLES

Table 12: Segmental sales revenue & reported EBIT

	Sales revenue			Reported EBIT		
$M	FY2014	FY2013	2H FY2014	FY2014	FY2013	2H FY2014
CIPA	3,602.2	3,349.4	1,820.6	(26.2)	(54.9)	(25.3)
BCDA	1,585.6	1,375.6	871.3	(88.4)	(31.0)	(77.5)
NZPac	870.9	681.0	451.3	73.6	33.8	35.0
Inter-segment [1]	(860.5)	(680.1)	(472.5)	(4.6)	(5.2)	(3.5)
Sub-total BANZ	5,198.2	4,725.9	2,670.7	(45.6)	(57.3)	(71.3)
GBS	1,522.8	1,363.3	715.7	51.4	10.0	37.4
BP	1,742.9	1,635.5	827.4	81.4	70.5	40.0
HRPNA [2]	0.0	0.0	0.0	101.6	66.7	52.9
Corporate / Group	0.0	0.0	0.0	(87.1)	(65.8)	(47.5)
Inter-segment [1]	(482.8)	(450.5)	(215.1)	0.9	(0.6)	(0.1)
Continuing Bus.	7,981.1	7,274.2	3,998.7	102.6	23.5	11.4
Discontinued Bus.	0.0	0.0	0.0	(0.3)	(0.4)	0.0
Inter-segment [1]	0.0	0.0	0.0	0.0	0.0	(0.1)
Total	7,981.1	7,274.2	3,998.7	102.3	23.1	11.3

Table 13: Segmental underlying EBITDA and underlying EBIT
Note: A reconciliation of underlying EBITDA/EBIT to reported EBITDA/EBIT for the Group is provided in Tables 2A and 2B.

	Underlying EBITDA			Underlying EBIT		
$M	FY2014	FY2013	2H FY2014	FY2014	FY2013	2H FY2014
CIPA	235.6	140.4	121.7	65.4	(30.3)	38.5
BCDA	(6.9)	(8.1)	(4.2)	(22.8)	(25.4)	(11.9)
NZPac	127.5	80.8	63.8	74.7	33.8	36.1
Inter-segment [1]	(0.2)	(5.2)	0.9	(0.2)	(5.2)	0.9
Sub-total BANZ	356.0	207.9	182.2	117.1	(27.1)	63.6
GBS	55.9	50.8	21.3	18.5	18.0	2.3
BP	139.9	127.4	63.0	88.9	79.6	38.0
HRPNA [2]	104.6	66.7	55.9	104.6	66.7	55.9
Corporate / Group	(80.0)	(62.3)	(46.2)	(80.2)	(62.5)	(46.3)
Inter-segment [1]	1.0	(0.8)	0.1	0.8	(0.6)	(0.2)
Continuing Bus.	577.4	389.7	276.3	249.7	74.1	113.3
Discontinued Bus.	0.0	0.0	0.0	0.0	0.0	0.0
Inter-segment [1]	0.0	0.0	0.0	0.0	0.0	0.0
Total	577.4	389.7	276.3	249.7	74.1	113.3

Notes to Tables 12 & 13:
1) Inter-segment revenue reflects the elimination of internal sales between reporting segments. Inter-segment EBIT reflects an entry to eliminate profit-in-stock associated with inter-segment sales.
2) Excludes the Company's 50% share of NSBSL's sales revenue of A$743.9M in FY2014 (A$620.7M in FY2013 and A$383.8M in 2H FY2014).

Table 14: Reconciliation of underlying EBIT to underlying NPAT

$M	FY2014	FY2013	2H FY2014
Underlying EBIT	**249.7**	**74.1**	**113.3**
Underlying borrowing costs	(68.2)	(69.8)	(38.1)
Interest revenue	3.7	3.6	1.8
Tax on Underlying Earnings	(28.3)	20.3	4.6
Outside equity interest	(44.6)	(21.5)	(18.4)
Underlying NPAT	**112.3**	**6.7**	**63.2**
Add back period-end NRV charge [1]	26.4	29.0	26.4
Underlying NPAT before period-end NRV charge	**138.7**	**35.7**	**89.6**

1) NRV provision taken up at period-end is an expense. It is shown as a positive number here in adding back the charge to reach a pre-NRV charge assessment of NPAT.

B. DESPATCH VOLUME TABLES

Table 15: Segment summary despatch report

000 Tonnes	FY2014	FY2013	Variance %	2H FY2014
Coated & Industrial Products Australia	2,363.0	2,614.9	(10%)	1,164.3
Building Components & Distribution Australia	822.9	712.9	15%	448.4
New Zealand & Pacific Steel Products	608.5	578.0	5%	318.2
Global Building Solutions	582.1	552.4	5%	272.8
Building Products ASEAN, Nth Am & India	1,367.0	1,344.0	2%	662.2
Hot Rolled Products North America	987.6	983.2	0%	497.7
Discontinued Businesses	-	-	-	0
Less sales between BlueScope segments	(1,100.8)	(1,031.1)	7%	(542.6)
Total Group External Steel Despatches	**5,630.3**	**5,754.3**	**(2%)**	**2,821.0**

Table 16: Australian summary despatch report

000 Tonnes	FY2014	FY2013	Variance %	2H FY2014
CIPA Domestic Despatches	1,888.7	1,791.0	5%	928.5
BCDA Domestic Despatches	805.9	696.7	16%	441.7
- *less* intersegment domestic sales & other	(536.3)	(426.0)	26%	(299.9)
Australian Domestic Steel Despatches	**2,158.3**	**2,061.7**	**5%**	**1,070.3**
- *less* despatches of third party product (1)	(254.1)	(280.0)	(9%)	(120.0)
Despatches of BSL Steel in Australia to Domestic Customers	**1,904.2**	**1,781.7**	**7%**	**950.3**
- *plus* export despatches to external customers	324.9	320.9	1%	179.3
- *plus* export despatches to internal customers	166.4	519.2	68%	63.2
- *less* export despatches of third party product (1)	(5.6)	(8.4)	33%	(1.7)
Despatches of BSL Steel from Australia (to domestic & export customers)	**2,389.9**	**2,613.4**	**(9%)**	**1,191.1**

1) Primarily long products sold through Distribution business

Table 17: Detailed production & despatch report

000 Tonnes		FY2014	FY2013	Variance %	2H FY2014
Coated & Industrial Products Australia					
Raw Steel Production		2,481.3	2,629.3	(6%)	1,221.1
Steel Despatches (External & Intersegment)					
- Domestic	- Slab	-	-	-	-
	- HRC	478.6	505.6	(5%)	214.8
	- Plate	234.2	250.3	(6%)	116.6
	- Other (CRC, Metal Coated & Painted)	1,175.9	1,035.1	14%	597.1
	- Total	1,888.7	1,791.0	5%	928.5
- Export	- Slab	-	1.7	(100%)	-
	- HRC [1]	292.0	607.8	(52%)	149.8
	- Plate	12.2	16.8	(27%)	6.0
	- Other (CRC, Metal Coated & Painted)	170.1	197.6	(14%)	80.0
	- Total	474.3	823.9	(42%)	235.8
Total Steel Despatches		2,363.0	2,614.9	(10%)	1,164.3
External Coke Despatches		640.1	711.2	(10%)	393.2
Building Components & Distribution Australia					
Steel Despatches (External & Intersegment) [2]					
- Domestic		805.9	696.7	16%	441.7
- Export		17.0	16.2	5%	6.7
Total Steel Despatches		822.9	712.9	15%	448.4
New Zealand & Pacific Steel Products					
Raw Steel Production		591.4	625.7	(5%)	285.5
Steel Despatches (External & Intersegment)					
- Domestic		282.9	254.9	11%	152.1
- Export		325.5	323.1	1%	166.0
Total Steel Despatches		608.5	578.0	5%	318.2
Iron Sands Despatches		2,313.2	1,701.4	36%	1,145.9
Global Building Solutions					
Total Steel Despatches [2]		582.1	552.4	5%	272.8
Building Products ASEAN, Nth Am & India					
Steel Despatches (External & Intersegment) [2]					
- Domestic		1,308.6	1,268.8	3%	630.7
- Export [3]		58.4	75.2	(22%)	31.5
Total Steel Despatches		1,367.0	1,344.0	2%	662.2
Hot Rolled Products North America					
Raw Steel Production [4]		1,013.0	1,008.7	-	503.1
Total Steel Despatches (all domestic) [4]		987.6	983.2	-	497.7

1) Export HRC despatches comprised of:

	FY2014	FY2013	2H FY2014
- Building Products North America	76.3	297.9	133.6
- Building Products Thailand	45.7	167.4	5.0
- Other	170.0	213.0	278.4

2) The operations of this segment do not produce raw steel; rather, steel is sourced from a range of local suppliers as well as from other BlueScope Steel operating segments.
3) Reflects despatches from the country of production to external customers in other countries within Asia, the Pacific Islands, South Africa and Europe.
4) Reflects BlueScope Steel's 50% share from North Star BlueScope Steel.

C. GLOBAL BUILDING SOLUTIONS SEGMENT DETAIL

Table 18: Despatch & financial details

	FY2014	FY2013	2H FY2014
Total despatches (000 tonnes)			
Buildings North America	224.8	210.8	103.0
Buildings Asia[1]	216.8	211.0	100.7
Building Products China [2]	174.8	164.4	84.6
Solutions Australia[3]	7.6	8.1	3.5
Other / Eliminations	(42.0)	(41.9)	(19.1)
Total	582.1	552.4	272.8
Sales revenue ($M)			
Buildings North America	785.0	677.1	367.8
Buildings Asia[1]	414.8	368.0	198.6
Building Products China [2]	248.4	221.8	115.5
Solutions Australia[3]	138.5	154.8	63.8
Other / Eliminations	(63.9)	(58.4)	(30.0)
Total	1,522.8	1,363.3	715.7
Reported EBIT ($M)			
Buildings North America	18.4	5.4	4.5
Buildings Asia[1]	(1.3)	4.0	(4.2)
Building Products China [2]	113.6	21.9	102.3
Solutions Australia[3]	(45.2)	(6.4)	(39.7)
Other / Eliminations	(34.1)	(14.9)	(25.5)
Total	51.4	10.0	37.4
Underlying EBIT ($M)			
Buildings North America	19.1	5.4	4.5
Buildings Asia[1]	(1.0)	4.0	(4.1)
Building Products China [2]	25.6	21.9	14.3
Solutions Australia[3]	(8.3)	1.6	(4.1)
Other / Eliminations	(16.9)	(14.9)	(8.5)
Total	18.5	18.0	2.3
Net operating assets pre-tax ($M)			
Buildings North America	336.2	332.9	336.2
Buildings Asia[1]	62.9	68.6	62.9
Building Products China [2]	207.6	142.7	207.6
Solutions Australia[3]	(6.3)	43.5	(6.3)
Other / Eliminations	(11.8)	8.7	(11.8)
Total	588.6	596.4	588.6

1) Includes Buildings China and Buildings ASEAN operations
2) Includes Coated Products China and Lysaght China
3) Effective 1 July 2014 Building Solutions Australia will be transferred to the BCDA reporting segment.

D. BUILDING PRODUCTS SEGMENT DETAIL

Table 19: Despatch & financial details

	FY2014	FY2013	2H FY2014
Total despatches (000 tonnes)			
Thailand	367.2	352.7	184.3
Indonesia	221.0	219.0	104.2
Malaysia	156.6	152.2	82.6
Vietnam	129.2	123.5	59.8
North America	408.7	436.3	183.4
India	106.1	90.0	56.0
Other / Eliminations	(21.9)	(29.8)	(8.2)
Total	1,367.0	1,344.0	662.2
Sales revenue ($M)			
Thailand	452.7	416.5	220.4
Indonesia	279.4	277.6	133.2
Malaysia	236.2	216.0	123.3
Vietnam	166.5	148.2	76.3
North America	633.7	607.8	283.6
India	0.0	0.0	0.0
Other / Eliminations	(25.6)	(30.6)	(9.4)
Total	1,742.9	1,635.5	827.4
Reported EBIT ($M)			
Thailand	51.2	48.1	21.8
Indonesia	0.0	9.9	2.5
Malaysia	30.2	26.9	15.7
Vietnam	12.9	11.9	5.2
North America	4.6	(4.7)	2.2
India	(8.2)	(13.8)	(3.0)
Other / Eliminations	(9.3)	(7.8)	(4.4)
Total	81.4	70.5	40.0
Underlying EBIT ($M)			
Thailand	51.2	48.1	21.8
Indonesia	0.0	9.9	2.5
Malaysia	30.2	27.3	15.7
Vietnam	12.9	11.9	5.2
North America	12.1	4.0	0.2
India	(8.2)	(13.8)	(3.0)
Other / Eliminations	(9.3)	(7.8)	(4.4)
Total	88.9	79.6	38.0
Net operating assets pre-tax ($M)			
Thailand	180.4	212.9	180.4
Indonesia	213.1	227.9	213.1
Malaysia	119.7	109.1	119.7
Vietnam	66.7	75.2	66.7
North America	244.6	280.8	244.6
India	23.5	32.0	23.5
Other / Eliminations	(3.1)	(1.9)	(3.1)
Total	844.9	936.0	844.9