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ASX Code: BSL

23 February 2015

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

Dear Sir,

Earnings Report for the six months ended 31 December 2014

In addition to the contemporaneously lodged Appendix 4D, Directors' Report and Financial Report for the half year ended 31 December 2014, I attach the Company's 1H FY2015 Earnings Report.

RESULTS SUMMARY

Key Financial Measures – Six months ended 31 December 2014 and 31 December 2013 [1]

$M unless marked	1H FY2015	1H FY2014	Variance %
Total revenue [2]	4,361.8	3,998.9	9%
EBITDA – underlying [3]	334.0	301.1	11%
EBIT – reported [3]	185.6	91.0	104%
EBIT – underlying [3]	169.7	136.4	24%
NPAT attributable to BSL holders - reported - underlying	 92.7 79.6	 3.7 49.1	 2,405% 62%
Earnings per share (cents)	16.6 cps	0.7 cps	n/a
Interim dividend (cents)	3.0 cps	Nil	n/a
Return (underlying EBIT) on invested capital (%)	6.8%	5.9%	+90bp
Net debt	408.1	213.7	91%
Gearing (%)	8.0%	4.4%	+360bp
Net tangible assets per share ($)	6.43	6.40	-

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.

2) Excludes the Company's 50% share of NSBSL revenue of:	398.0	360.1
Includes revenue other than sales revenue of:	10.2	16.5
3) Includes 50% share of net profit from NSBSL of:	70.1	50.9

KEY POINTS

- Sales revenue of $4,351.6M was higher than 1H FY2014 mainly due to the acquired businesses, favourable impacts from a weaker AUD:USD and higher volumes in North America Buildings. These were partly offset by lower despatch volumes in China.
- Reported NPAT of $92.7M increased by $89.0M on 1H FY2014 primarily due to higher spreads, favourable foreign exchange impacts from a weaker AUD:USD, an accounting adjustment realised on the closure of the Australian defined benefit superannuation fund and asset sales realised in the period and lower restructure and redundancy costs, partly offset by higher costs.
- Underlying NPAT of $79.6M grew by $30.5M on 1H FY2014 primarily due to higher spreads, favourable foreign exchange impacts from a weaker AUD:USD, partly offset by higher costs.
- Underlying EBIT of $169.7M, a $33.3M lift on 1H FY2014.
- Australian Steel Products underlying EBIT of $64.7M, a $50.8M increase on 1H FY2014, driven by increased spread, improved product mix and contribution from acquisitions, partly offset by higher costs.
- New Zealand and Pacific Steel underlying EBIT of $2.6M, a $36.0M decrease on 1H FY2014, driven mainly by weaker iron sands pricing and lower despatches, partly offset by improved steel product mix and contribution from the Pacific Steel acquisition.
- Building Products segment underlying EBIT of $47.8M, a $3.1M decrease on 1H FY2014 primarily due to lower volumes and unfavourable product mix, partly offset by higher spreads. Thailand, Malaysia, Vietnam and North America results were lower, partly offset by improvements in Indonesia, India and central costs.
- Global Building Solutions underlying EBIT of $19.3M, a $1.2M decrease on 1H FY2014. Strong Buildings North America performance with higher volumes and stronger performance from Building Products China (coated steels). Buildings Asia underlying EBIT weaker in 1H FY2015 due to lower volumes and margins partly offset by the benefit of restructuring initiatives.
- Hot Rolled Products North America EBIT of $67.1M, an $18.4M increase on 1H FY2014 primarily due to higher spreads and favourable foreign exchange translation impacts from a weaker AUD versus the USD.
- Net debt at 31 December 2014 was $408.1M. Continuing strong liquidity (undrawn debt plus cash) of A$1,350.3M.
- The Board has approved payment of a fully franked interim dividend of three cents per share. Future dividends will be determined having regard to the Company's performance and its outlook.
- Outlook:
  - We expect 2H FY2015 underlying EBIT higher than 2H FY2014 by up to 20 per cent.
  - We will see ongoing business growth and the benefits of a falling AUD:USD but recent significant falls in global steel prices will compress margins in 2H FY2015 compared to 1H FY2015.
  - Expect 2H FY2015 underlying net finance costs, underlying tax rate and profit attributable to outside equity interest to be similar to 1H FY2015.
  - Expectations are subject to spread, FX and market conditions.

FINANCIAL RESULTS

The BlueScope Steel Group comprises five reportable operating segments: Australian Steel Products (ASP); New Zealand & Pacific Steel (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	1H FY2015	1H FY2014	1H FY2015	1H FY2014	1H FY2015	1H FY2014
Sales revenue/EBIT						
Australian Steel Products	2,478.8	2,246.3	66.4	(15.1)	64.7	13.9
New Zealand & Pacific Steel	489.9	419.6	2.6	38.6	2.6	38.6
Building Products ASEAN, Nth Am & India	898.6	915.5	47.8	41.4	47.8	50.9
Global Building Solutions	785.4	732.5	31.6	19.6	19.3	20.5
Hot Rolled Products North America	0.0	0.0	67.1	48.7	67.1	48.7
Discontinued operations	0.0	0.0	(0.7)	(0.3)	0.0	0.0
Segment revenue/EBIT	4,652.7	4,313.9	214.8	132.9	201.5	172.6
Inter-segment eliminations	(301.1)	(331.5)	0.4	(2.3)	0.4	(2.3)
Segment external revenue/EBIT	4,351.6	3,982.4	215.2	130.6	201.9	170.3
Other revenue/(net unallocated expenses)	10.2	16.5	(29.6)	(39.6)	(32.2)	(33.9)
Total revenue/EBIT	4,361.8	3,998.9	185.6	91.0	169.7	136.4
Borrowing costs			(40.4)	(30.1)	(36.4)	(30.1)
Interest revenue			3.7	1.9	3.7	1.9
Profit/(loss) from ordinary activities before income tax			148.9	62.8	137.0	108.2
Income tax (expense)/benefit			(34.3)	(35.9)	(35.5)	(32.9)
Profit/(loss) from ordinary activities after income tax expense			114.6	26.9	101.5	75.3
Net (profit)/loss attributable to outside equity interest			(21.9)	(23.2)	(21.9)	(26.2)
Net profit/(loss) attributable to equity holders of BlueScope Steel			92.7	3.7	79.6	49.1
Basic earnings per share (cents)			16.6	0.7	14.2	8.8

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. 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.

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 reviewed 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]	
	1H FY15	1H FY14	1H FY15	1H FY14	1H FY15	1H FY14	1H FY15	1H FY14
Reported earnings	349.9	255.7	185.6	91.0	92.7	3.7	0.17	0.01
Underlying adjustments:								
Net (gains)/losses from businesses discontinued [1]	0.7	0.3	0.7	0.3	0.6	0.3	-	0.00
Steel Transformation Plan [2]	-	22.9	-	22.9	-	16.0	-	0.03
Business development and acquisition costs [3]	7.8	6.0	7.8	6.0	5.5	4.2	0.01	0.01
Accounting adjustment on closure of Australian defined benefit super fund [4]	(27.2)	-	(27.2)	-	(19.0)	-	(0.03)	-
PKSW waste gas cleaning plant stack fire[5]	7.1	-	7.1	-	5.0	-	0.01	-
Restructure and redundancy costs [6]	1.7	9.3	1.7	9.3	1.0	5.5	0.00	0.01
Asset sales [7]	(6.0)	6.9	(6.0)	6.9	(3.5)	2.2	(0.01)	0.00
Debt restructuring costs [8]	-	-	-	-	2.8	-	0.01	-
Tax asset impairment / (write-back) [9]	-	-	-	-	(5.5)	17.2	(0.01)	0.03
Underlying earnings	334.0	301.1	169.7	136.4	79.6	49.1	0.14	0.09

1) 1H FY2015 reflects foreign exchange translation losses within the closed Lysaght Taiwan business. 1H FY2014 reflects costs relating to the divested Metl-Span business.
2) 1H FY2014 reflects the inclusion in underlying earnings of the previously received Australian Government Steel Transformation Plan (STP) advance to align with the carbon costs which were being incurred. Recognition of this adjustment was discontinued during 1H FY2015 in line with repeal of the Carbon Tax taking effect from 1 July 2014.
3) 1H FY2015 reflects transaction and integration costs associated with the Australian businesses acquired during 2H FY2014 ($7M pre-tax) and Corporate business development costs ($1M pre-tax). 1H FY2014 reflect Corporate business development costs.
4) 1H FY2015 reflects an accounting adjustment realised on the closure of the Australia defined benefit (DB) superannuation fund which impacted Australian Steel Products ($24M pre-tax) and Corporate ($3M pre-tax). Upon closure of the fund the difference between the accounting obligation and members actual benefits were required to be credited to P&L under Australian Accounting Standards.
5) 1H FY2015 reflects the impact of the Port Kembla Steelworks sinter plant waste gas cleaning stack fire which occurred in October 2014.
6) 1H FY2015 reflects staff redundancy and restructuring costs at ASP ($5M pre-tax) primarily relating to the Building Solutions Australia business partly offset by the write-back of restructuring provisions raised in FY2014 relating to restructuring initiatives within the China business ($3M pre-tax). 1H FY2014 reflects staff redundancies and restructuring costs at ASP ($5M pre-tax), Building Products ($3M pre-tax relating to Steelscape's Fairfield facility) and GBS ($2M pre-tax)
7) 1H FY2015 reflects the profit on sale of land and buildings at the North American Buildings business ($9M pre-tax) and a loss on sale in ASP ($3M pre-tax). 1H FY2014 reflects the loss on sale of Steelscape's Fairfield facility completed in December 2013 ($7M pre-tax).
8) 1H FY2015 reflects the write-off of unamortised borrowing costs associated with the previous $675M Syndicated Bank Facility which was restructured and refinanced early. Further details available in the Funding section.
9) 1H FY2015 reflects utilisation of previously impaired deferred tax assets in Australia arising from the favourable movement in timing differences exceeding tax losses generated during the period. 1H FY2014 reflects impairment of Australian deferred tax assets generated during the period.
10) Earnings per share are based on the average number of shares on issue during the respective reporting periods, (559.1M in 1H FY2015 vs. 558.5M in1H FY2014).

Table 2B: Underlying EBIT Adjustments to 1H FY2015 Reported Segment Results

1H FY2015 underlying EBIT adjustments $M	ASP	NZPac	GBS	BP	HRPNA	Corp	Discon Ops	Elims	Total
Net (gains)/losses from businesses discontinued	-	-	-	-	-	-	0.7	-	0.7
Accounting adjustment on closure of Australian defined benefit super fund	(23.8)	-	-	-	-	(3.4)	-	-	(27.2)
Business development and acquisition costs	7.1	-	-	-	-	0.7	-	-	7.8
PKSW waste gas cleaning plant stack fire	7.1	-	-	-	-	-	-	-	7.1
Restructure and redundancy costs	4.6	-	(2.9)	-	-	-	-	-	1.7
Asset sales	3.4	-	(9.4)	-	-	-	-	-	(6.0)
Underlying adjustments	(1.6)	0.0	(12.3)	0.0	0.0	(2.7)	0.7	0.0	(15.9)

Table 3: Consolidated Cash Flow

$M	1H FY2015	1H FY2014	Variance %
Reported EBITDA	349.9	255.7	37%
Add cash/(deduct non-cash) items			
- Share of profits from associates and joint venture partnership not received as dividends	(10.0)	(9.7)	(3%)
- Impaired assets	1.8	1.0	80%
- Net (gain) loss on acquisitions and sale of assets	(7.5)	6.8	(210%)
- Expensing of share-based employee benefits	6.8	7.5	(9%)
Cash EBITDA	341.0	261.3	31%
Changes in working capital	(121.1)	(88.2)	(37%)
Gross operating cash flow	219.9	173.1	27%
Net finance costs paid	(34.4)	(21.8)	(58%)
Tax received/(paid) [1]	(35.9)	(23.9)	(50%)
Net cash from operating activities	149.6	127.4	17%
Capex: payments for P, P & E and intangibles	(168.0)	(118.0)	(42%)
Other investing cash flows	(40.7)	6.8	(699%)
Net cash flow before financing	(59.1)	16.2	(465%)
Equity buy-back	(0.1)	0.0	n/a
Dividends [2]	(32.7)	(29.9)	(9%)
Transactions with non-controlling interests	0.0	1.6	(100%)
Net drawing/(repayment) of borrowings	(19.3)	34.7	(156%)
Net increase/(decrease) in cash held	(111.2)	22.6	(592%)

1) The BlueScope Steel Australian tax consolidated group is estimated to have carry forward tax losses, as at 31 December 2014, of approximately $2.8Bn. There will be no Australian income tax payments until these are recovered.
2) The dividend payments in FY2015 and FY2014 primarily relate to dividend payments to Nippon Steel & Sumitomo Metal Corporation (NSSMC) in respect of NS BlueScope Coated Products joint venture.

GROUP REVIEW: 1H FY2015 VS 1H FY2014

FINANCIAL PERFORMANCE

Total revenue

The $369.4M (9%) increase in sales revenue from continuing operations principally reflects:

- At ASP:
  - increased despatch volumes driven by higher export volumes and the businesses acquired during 2H FY2014
  - stronger domestic and export pricing driven by a weaker AUD:USD exchange rate (1H FY2014 US$0.922; 1H FY2015 US$0.891) partly offset by lower Asia steel prices
  - favourable sales product mix.
- Higher domestic and export long product sales in New Zealand associated with the Pacific Steel acquisition. This was partly offset by lower iron sands and export steel volumes and pricing.
- Favourable translation impacts from a weaker AUD exchange rate.
- Higher despatches in Buildings North America.

These were partly offset by lower despatches in China, Thailand and Vietnam.

EBIT performance

A $33.3M higher underlying EBIT reflects:

- Spread: $47.3M increase, primarily comprised of:
  - $19.7M benefit from lower raw material costs, due to:
    - Lower USD denominated coal and iron ore purchase prices at ASP
    - lower steel feed costs at BP

    Partly offset by:
    - higher coating metal purchase prices
    - unfavourable foreign exchange impact on USD denominated raw material
  - $29.7M favourable movement in domestic prices mainly in Australia (including the benefit of a weaker AUD:USD exchange rate) and North America.
- Equity accounted profits: $21.1M increase at NSBSL mainly driven by higher spreads and lower losses at TBSL.
- Foreign exchange translation: $4.8M favourable impact of translation of earning to AUD.
- Other items: $0.6M favourable movement (mainly depreciation).

Partly offset by:

- Costs: $39.8M unfavourable movement, driven by:
  - $45.7M cost escalation from utilities, employment, consumables, freight and other costs
  - $35.9M benefit from cost improvement initiatives
  - $30.0M net increase in one-off and other costs:
    - Higher per unit costs in New Zealand iron sands operations due to lower volumes
    - Higher per unit costs in New Zealand steel operations due to the biennial hot strip mill maintenance shut occurring during the period and timing of export shipments
    - Unfavourable employee provision adjustments due to impact of lower government bond rates used to discount long-term provisions
    - Partly offset by favourable timing of maintenance costs at ASP.
- Volume and mix: $0.7M decrease, comprising:
  - lower domestic volumes at ASP mainly in HRC (particularly in the pipe and tube segment) and plate due to softening demand in the project and mining & engineering markets
  - lower despatches in China, Thailand and Vietnam
  - lower iron sands despatches.

  Partly offset by:
  - favourable domestic sales product mix with higher COLORBOND® and COLORSTEEL® sales at ASP and NZPac respectively
  - increased despatch volumes at ASP and NZPac from businesses acquired during 2H FY2014 and higher export volumes
  - higher volumes in Buildings North America as a result of continued growth in the U.S. non-residential construction market.

The $94.6M increase in reported EBIT reflects the movement in underlying EBIT discussed above and $61.3M favourable movement in underlying adjustments explained in Tables 2A and 2B.

Finance costs

The $10.3M increase in finance costs compared to 1H FY2014 was largely due to the write-off of unamortised borrowing costs associated with the previous $675M Syndicated Bank Facility which was restructured and refinanced early, an increase in average gross borrowings (1H FY2015 $865.4M, 1H FY2014 $729.6M) and a higher average cost of debt (1H FY2015 6.1%, 1H FY2014 5.3%) with higher cost USD denominated facilities forming a larger part of the drawn debt mix as the USD appreciated.

Tax

Net tax expense of $34.3M (1H FY2014 $35.9M) primarily relates to taxable income generated in businesses outside of Australia.

1H FY2015 includes a $5.5M utilisation of previously impaired deferred tax assets in Australia arising from the favourable movement in timing differences exceeding tax losses generated during the period. 1H FY2014 includes a net $18.7M impairment of an Australian deferred tax asset arising from tax losses and timing differences generated during the period with $17.2M allocated to tax expense and a $1.5M 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 Board of Directors has approved payment of an interim dividend of three cents per share. The interim dividend will have attached 100% franking credits and imputation credits for Australian and New Zealand tax purposes respectively.

Relevant dates for the interim dividend are as follows:

- Ex-dividend share trading commences: 3 March 2015.
- Record date for dividend: 5 March 2015.
- Payment of interim dividend: 1 April 2015.

BlueScope's dividend reinvestment plan will not be active for the interim dividend.

Future dividends will be determined having regard to the Company's performance and its outlook.

FINANCIAL POSITION

Net assets

Net assets increased $225.6M to $4,682.3M at 31 December 2014 from $4,456.7M at 30 June 2014, primarily driven by the translation impact of the lower AUD.

Major increases in net assets were:

- $115.9M increase in the value of inventory (lower AUD $80.0M).
- $137.5M increase in the value of property, plant and equipment (lower AUD $155.1M, capital expenditure of $138.5M, partly offset by depreciation of $152.7M and disposals of $4.1M).
- $23.3M increase in the value of equity accounted investments
- $54.9M decrease in the value of payables.
- $23.5M decrease in the value of other provisions.

Partly offset by:

- $146.5M increase in net debt to $408.1M. Of this, $46M related to restatement due to the weaker AUD:USD. Also, the June 2014 net debt balance benefited from $103M of favourable timing of year end cash flows.

Funding

Financial liquidity was $1,350.3M at 31 December 2014 ($1,471.5M at 30 June 2014 and $1,538.8M at 31 December 2013), comprised of committed available undrawn capacity under bank debt facilities of $960.0M, plus cash $390.3M. Liquidity in the NS BlueScope Coated Products JV of $354.5M is included in the group liquidity measure.

During the period a new $500M multicurrency Syndicated Bank Facility and an $80M lender approved working capital facility was put in place. These new facilities replace BlueScope's $675M facility of December 2015 maturity. The new Syndicated bank facility is comprised of a $100M one year tranche, a $200M three year tranche and a $200M five year tranche. The working capital facility has a two year tenor. The new facilities deliver both lower cost funding through improved margins, and improved tenor.

In addition, a US$50M inventory finance facility has been lender approved and completed in 2H FY2015.

2H FY2015 OUTLOOK

- We expect 2H FY2015 underlying EBIT higher than 2H FY2014 by up to 20 per cent.
- We will see ongoing business growth and the benefits of a falling AUD:USD but recent significant falls in global steel prices will compress margins in 2H FY2015 compared to 1H FY2015.
- Expect 2H FY2015 underlying net finance costs, underlying tax rate and profit attributable to outside equity interest to be similar to 1H FY2015.
- Expectations are subject to spread, FX and market conditions.

BUSINESS UNIT REVIEWS

AUSTRALIAN STEEL PRODUCTS (ASP)

As announced on 8 December 2014, ASP is the combination of two previously separately reported segments, Coated & Industrial Products Australia (CIPA) and Building Components & Distribution Australia (BCDA), and the Building Solutions Australia business moved across from the Global Building Solutions segment.

ASP 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 segment's main manufacturing facilities are at Port Kembla (NSW) and Western Port (Victoria).

ASP also operates a network of over 100 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.

KEY FINANCIAL & OPERATIONAL MEASURES

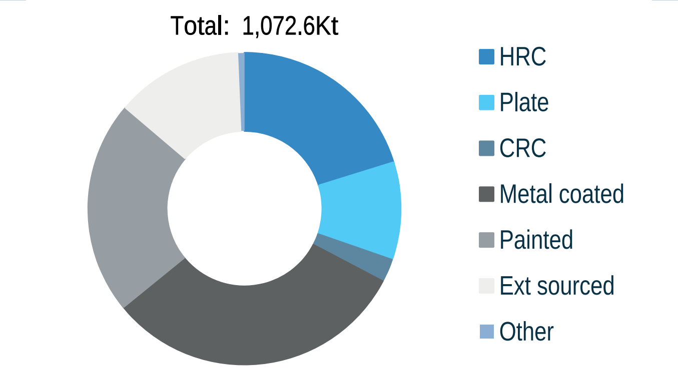
Table 4: Segment financial performance

$M	1H FY2015	1H FY2014	Var %	2H FY2014
Sales revenue	2,478.8	2,246.3	10%	2,351.6
Reported EBIT	66.4	(15.1)	540%	(150.2)
Underlying EBIT	64.7	13.9	365%	19.2
NOA (pre tax)	2,469.6	2,414.2	2%	2,511.6

Table 5: Steel sales volume

000 tonnes	1H FY2015	1H FY2014	Var %	2H FY2014
Domestic				
- ex-mill	931.9	953.9	(2%)	950.3
- ext sourced	140.7	134.1	5%	120.0
Export	342.2	248.8	38%	242.5
Total	1,414.8	1,336.8	6%	1,312.8

Chart 1: ASP domestic steel sales volume mix 1H FY2015



FINANCIAL PERFORMANCE – 1H FY2015 VS. 1H FY2014

Sales revenue

The $232.5M increase in sales revenue is primarily due to:

- increased despatch volumes driven by the businesses acquired during 2H FY2014 and higher export volumes (use of surplus slab held as backup during planned blast furnace maintenance stoppages)
- stronger domestic and export pricing driven by a weaker AUD:USD exchange rate (1H FY2014 US$0.922; 1H FY2015 US$0.891) partly offset by lower Asia steel prices
- favourable domestic sales product mix.

These were partly offset by lower domestic volumes mainly in HRC (particularly in the pipe and tube segment) and plate due to softening demand in the project and mining & engineering markets.

EBIT performance

The $50.8M increase in underlying EBIT was largely due to:

- Higher spread driven by:
  - lower USD denominated coal and iron ore purchase prices partly offset by unfavourable foreign exchange impact
  - higher domestic prices, including the benefit of a weaker AUD:USD exchange rate (1H FY2014 US$0.922; 1H FY2015 US$0.891) combined with the flow-on benefit to domestic prices
  - higher export prices due to a destination mix weighted to North America
  - partly offset by higher coating metal purchase prices
- favourable domestic sales product mix with higher COLORBOND® and lower HRC sales
- increased despatch volumes driven by the businesses acquired during 2H FY2014 and higher export volumes (use of surplus slab held as backup during planned blast furnace maintenance stoppages).

These were partly offset by:

- lower domestic volumes mainly in HRC (particularly in the pipe and tube segment) and plate due to softening demand in the project and mining & engineering markets
- higher costs due to escalation and unfavourable employee provision adjustments (due to impact of lower government bond rates used to discount long-term provisions) partly offset by benefits delivered through cost improvement initiatives.

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

FINANCIAL POSITION

Net operating assets were $42.0M lower than at 30 June 2014 primarily due to lower receivables, lower inventories and intangible assets (relating to repeal of the Carbon Tax) partly offset by lower provisions.

MARKETS AND OPERATIONS

Sales direct to Australian building sector

- Sales volumes in the domestic building sector grew in 1H FY2015 vs. 1H FY2014.
- Market conditions within residential construction have improved across most states supported by low interest rates, higher demand from both investors and owner-occupiers, land releases and an appreciation in property prices.
  - Activity in detached dwelling construction is increasing and this drove a mix enhancement with an increase in COLORBOND® steel sales.
  - Demand from alteration and addition activity began to grow during the half.

- Overall, activity is strong in New South Wales, Western Australia and southern Queensland. Activity in Victoria and South Australia is lifting, while conditions in Tasmania and central and north Queensland remain weak.

- Non-residential construction activity has been relatively flat in 1H FY2015.
  - Demand grew in commercial/industrial construction applications such as new warehouses/factories, retail and accommodation projects.
  - However, this has been offset by reduced government investment in social and institutional construction in areas such as education and healthcare.

Sales direct to domestic non-building sector customers

- Sales volumes to distributors and non-building sector customers decreased in 1H FY2015 vs. 1H FY2014.
- Australia's pipe and tube and manufacturing markets were weaker with high levels of competition from imported finished goods and reducing demand from domestic customers with further decisions to close domestic manufacturing capacity. However if the recent fall in the AUD:USD is sustained, we anticipate a slowing in announcements by customers to close domestic manufacturing.
- Sales to distribution customers were flat on 1H FY2014.

Mill sales to export markets

- Despatches to export market customers in 1H FY2015 increased 93kt or 38% to 342kt compared to 1H FY2014 due primarily to use of surplus slab held as backup during planned blast furnace maintenance stoppages.
- While benchmark prices in export markets were weaker in 1H FY2015 compared with 1H FY2014, ASP achieved better average prices in 1H FY2015 through a more profitable export destination mix.

Acquisitions and business reorganisations

- Integration of the acquired Fielders, Orrcon Steel and OneSteel Sheet & Coil operations is progressing well. All acquisitions are performing in line with or better than business case.
- The Building Solutions Australia business was transferred from the Global Building Solutions segment to ASP effective from 1 July 2014.

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.
- The most recent case concerns alleged dumping of galvanised steel to Australia from India and Vietnam. On 11 July 2014, following an application from BlueScope, the ADC announced it will investigate the alleged dumping. The investigation period is July 2013 to June 2014. The Minister has granted the ADC an extension of 140 days to complete this investigation with the Statement of Essential Facts now due no later than 18 March 2015.

Waste gas cleaning stack fire

- On 13 October 2014 a fire occurred in the waste gas cleaning stack located in the sinter plant at the Port Kembla Steelworks.
- There was a temporary diversion to a surplus stack enabling, after a short delay, sinter production to continue at a level sufficient to support blast furnace operations.
- A new stack was installed to replace the old stack, and commenced operation in early January 2015.
- The financial impact to the Company was $15M, of which approximately half was capitalised and the other half expensed (excluded from underlying earnings). All of the financial impact is reflected in the December 2014 half.

Maintenance of Port Kembla blast furnace

- The program to change out wearing staves on the Port Kembla blast furnace continues to plan.
- In 1H FY2015 two planned maintenance stoppages were held in August and November. One more is planned for the balance of FY2015 (in March) and a further stoppage is planned in 2H FY2016.
- Estimated production and financial impacts in 1H FY2015:
  - Production: 180kt lower production (against 1.3Mt per half-year normalised rate).
  - Earnings: $11.4M unfavourable impact due to lower fixed cost recoveries and yields.
  - Cash impact in 1H FY2015:
    - Gross capex of $14.5M, net increase in capital spend of $6M.
    - Working capital: no change from June 2014
- Estimated production and financial impacts for 2H FY2015:
  - One stoppage planned.
  - Production: ~90kt lower production (against 1.3Mt per half normalised rate).
  - Earnings impact expected to be half that of 1H FY2015 and cash flow impact is an improvement of $30M as we quit the investment in inventory required to support the stave replacement program. This is net of gross $7M capital spend.

NEW ZEALAND AND PACIFIC STEEL

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	1H FY2015	1H FY2014	Var %	2H FY2014
Sales revenue	489.9	419.6	17%	451.3
Reported EBIT	2.6	38.6	(93%)	35.0
Underlying EBIT	2.6	38.6	(93%)	36.1
NOA (pre-tax)	683.5	585.6	17%	645.6

Table 8: Sales volume

000 tonnes	1H FY2015	1H FY2014	Var %	2H FY2014
Domestic flats	131.7	130.8	1%	139.8
Export flats	119.4	159.5	(27%)	155.9
Total flat products steel	251.1	290.3	(15%)	295.7
Domestic longs	86.5	NA	NA	12.4 [1]
Export longs	49.4	NA	NA	10.1 [1]
Total long products steel	135.9	NA	NA	22.5 [1]
Iron sands	961.1	1,167.3	(18%)	1,145.9

1) Reflects one month BlueScope ownership of the long products rolling and marketing operations of Pacific Steel.

FINANCIAL PERFORMANCE – 1H FY2015 VS. 1H FY2014

Sales revenue

The $70.3m increase in sales revenue was primarily due to the domestic and export long product sales associated with the Pacific Steel acquisition. This was partly offset by lower iron sands and export steel volumes and lower iron sands pricing in line with global iron ore prices.

EBIT performance

The $36.0M decrease in underlying EBIT was largely due to:

- lower iron sands pricing in line with global iron ore prices
- unfavourable conversion costs per unit mainly due to lower iron sands volumes and lower steel volumes due to the biennial hot strip mill maintenance shut occurring during the period and timing of export shipments
- higher coating metal purchase prices.

These were partly offset by favourable despatch mix with a higher proportion of domestic COLORSTEEL® despatches and contribution from the Pacific Steel acquisition.

FINANCIAL POSITION

Net operating assets were $37.9M higher than at 30 June 2014 primarily due to higher inventories, higher fixed assets mainly due to the billet caster investment and favourable impact of a weaker AUD:NZD partly offset by higher creditors.

MARKETS & OPERATIONS

Steel products (flat and long)

- Domestic market
  - Domestic residential building activity continues to grow. For the 12 months ending December 2014, new building consents are up 16% on the same period in 2013.
  - Domestic non-residential building is showing signs of recovery with the value up 22% in the 12 months to December compared to the previous 12 month period.
  - Canterbury building activity continues to grow; residential consents were up 27% for the 12 months ending December 2014. The total value of all new non-residential consents rose 48% in the same period.
  - Building and construction activity growth continues to underpin domestic sales.
  - The strength in current building consents is positive for product demand.
- Export market
  - Export steel volumes for 1H FY2015 were 40.1kt below 1H FY2014 due to the biennial Hot Strip Mill shut occurring in August 2014 impacting supply.
  - Price levels were higher as a result of the change in market mix with less volume sold into lower value markets.

Iron sands

- 1H FY2015 exports:
  - Iron sands exports from Taharoa and Waikato North Head were 961.1kt, down 206.2kt on 1H FY2014, driven by two fewer Taharoa transhipments via Port Kembla because of the decline in iron ore price. Iron sands prices were down consistent with the decrease in global iron ore pricing.
- Taharoa – update on expansion and economics:
  - Current EBIT and cash break-even per tonne of mid US$60's 62% Fe iron ore price[1], on recent improvements in oil prices, foreign exchange rates and cost reductions.
  - Second ship starting in late FY2015; shipping capacity 1.3Mtpa.
  - Third ship due to start mid FY2016; capacity also 1.3Mtpa.
  - EBIT and cash break-even price per tonne expected to drop to mid to high US$50's[2] index pricing once third ship operating; likely to continue to ship below this level given

[1] Based on current oil prices and shipment rate with single ship; includes mining, processing, shipping, royalties and overhead (incl depreciation). Approximately half of cost base is NZD based.

[2] Based on current oil prices and shipment rate with single ship; includes mining, processing, royalties and overhead (incl depreciation). Approximately half of cost base is NZD based.

variable cash contribution to cover fixed costs and shipping commitments.

- Waikato North Head – update on economics:
  - Current EBIT break-even per tonne at low to mid US$60's 62% Fe iron ore price[3].
  - Fully variable supply chain costs; can cease operations when price drops below economic breakeven for the whole business.

[3] Based on current oil prices and shipment rate; includes mining, processing, shipping, royalties and overhead (incl depreciation). Approximately two thirds of cost base is NZD based.

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.

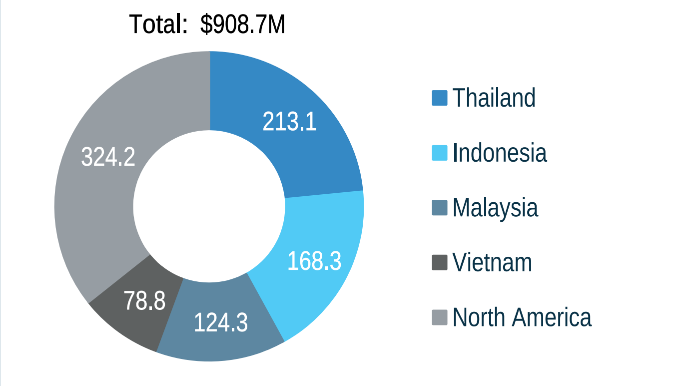
The Company has an extensive footprint of metallic coating, painting and steel building product operations in Thailand, Indonesia, Vietnam, Malaysia, India and North America, primarily servicing the residential and non-residential building and construction industries across Asia, and the non-residential 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	1H FY2015	1H FY2014	Var %	2H FY2014
Sales revenue	898.6	915.5	(2%)	827.4
Reported EBIT	47.8	41.4	15%	40.0
Underlying EBIT	47.8	50.9	(6%)	38.0
NOA (pre-tax)	1,005.5	943.6	7%	844.9
Despatches	683.3kt	704.8kt	(3%)	662.2kt

Chart 2: Segment geographic sales revenue 1H FY2015, $M [1]



1) Chart does not include $10.1M of eliminations (which balances back to total segment revenue of $898.6M). Chart also does not include India, which is equity accounted.

FINANCIAL PERFORMANCE – 1H FY2015 VS. 1H FY2014

Sales revenue

The $16.9M decrease in sales revenue was mainly driven by lower despatch volumes at Steelscape (closure of the Fairfield facility in December 2013), Thailand (lower domestic demand) and Vietnam (lower export demand). This was partly offset by favourable foreign exchange rate impacts from the weaker AUD in all regions and stronger domestic volumes in Indonesia.

EBIT performance

The $3.1M decrease in underlying EBIT was largely due to:

- lower volumes mainly in Thailand and Vietnam

- higher costs in North America (higher freight and SG&A).

Partly offset by:

- higher spreads in Indonesia (mainly favourable foreign exchange impact on revenues and steel feed costs) combined with higher despatch volumes
- higher spread in North America
- lower regional overhead costs mainly due to timing of spend
- favourable movement in BlueScope's share of equity accounted profits from the India joint venture
- favourable translation of earnings from a weaker AUD:USD exchange rate.

FINANCIAL POSITION

Net operating assets increased $160.7M since 30 June 2014 mainly reflecting the translation impacts on NOA resulting from a weaker AUD combined with higher inventories (mainly higher volumes at Thailand ahead of new SuperDyma® production, and North America). These were partly offset by higher creditors.

MARKETS AND OPERATIONS

Thailand

- Despatch volumes were down on 1H FY2014.
- The economy is slowly recovering after the May 2014 military coup driven by short term government stimulus measures and resumed government budget spending. Major government infrastructure projects, in particular the Metropolitan Rapid Transit (MRT) projects, and some Foreign Direct Investment are resuming. However, there remains a time lag between approval and construction commencement of new projects.
- Sales of the recently commercialised ViewKote® product into Home Appliances segment increased in 1H FY2015. The introduction of this product is step one of the value creation initiatives arising from the formation of the joint venture.

Indonesia

- Volumes grew and margins expanded over the same time last year through enhancing our value proposition in the project and retail segments and on improved market confidence following the presidential election.
- Progress is being made on initiatives arising from the formation of the NSBCP joint venture: reaching Japanese customers in the building and construction market, reviewing productivity improvements and exploring key raw material supply options.

Vietnam

- Despatch volume was lower than 1H FY2014 due to increased local and import competition in a flat market.
- Foreign direct investments and credit growth remain slow, and both project and retail demand remain soft.
- The business continues to target growth through enhancing distribution footprint and retail brand awareness with BlueScope ZACS® steel stores.

Malaysia

- Volumes grew over 1H FY2014 with better channel management, product offering and positioning, as well as retail brand expansion.
- New in-line painting expansion on the metal coating line will commence in April 2015, delivering cost efficiency and increased painted production capacity.

North America (Steelscape & ASC Profiles)

- Positive outlook and confidence in the economy have led to improved domestic demand. However steel prices have declined and import activity increased at the end of the half.

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

- The joint venture recorded 12% revenue growth in 1H FY2015 and positive and growing EBIT.
- Domestic prime coated steel sales volume grew by 41% compared to 1H FY2014 with 37% growth in painted products and 57% growth in bare products. Retail sales grew at a stronger rate than the project market.

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.

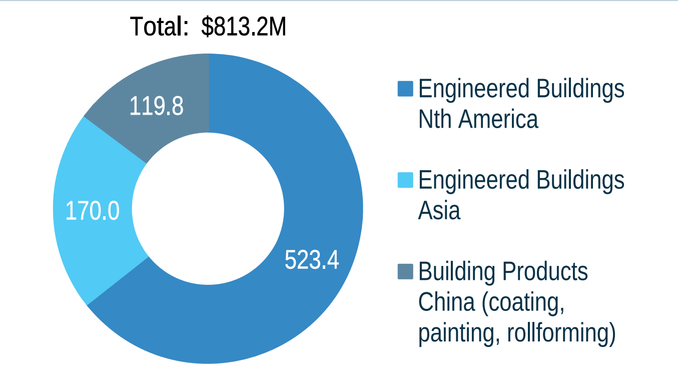
The Building Solutions Australia business was transferred to the ASP segment from GBS effective 1 July 2014.

KEY FINANCIAL & OPERATIONAL MEASURES

Table 10: Segment performance

$M unless marked	1H FY2015	1H FY2015	Var %	2H FY2014
Sales revenue	785.4	732.5	7%	651.8
Reported EBIT	31.6	19.6	61%	77.0
Underlying EBIT	19.3	20.5	(6%)	6.3
NOA (pre-tax)	703.0	639.5	10%	594.9
Despatches	295.7kt	305.2kt	(3%)	269.2kt

Chart 3: Segment geographic sales revenue 1H FY2015, $M [1]



1) Chart does not include $27.8M of eliminations (which balances back to total segment revenue of $785.4M).

FINANCIAL PERFORMANCE – 1H FY2015 VS. 1H FY2014

Sales revenue

The $52.9M increase in sales revenue was mainly due to stronger despatch volumes and higher pricing in North America and the favourable foreign exchange rate impacts from the weaker AUD in all regions. This was partly offset by lower despatch volumes and pricing in China and SE Asia.

EBIT performance

The $1.2m decrease in underlying EBIT was largely due to lower volumes in Engineered Buildings China resulting from the slowdown in non-residential construction activity.

This was partly offset by:

- higher volumes and favourable domestic pricing in Engineered Buildings North America from continued growth in the U.S. non-residential construction market. This was partly offset by higher costs associated with funding the growth in the business
- higher margins at China Building Products
- lower costs as a result of recent restructuring activities
- favourable translation of earnings from a weaker AUD:USD exchange rate.

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

FINANCIAL POSITION

Net operating assets increased $108.0M since 30 June 2014 mainly reflecting translation impacts from a weaker AUD combined with lower provisions as a result of restructure and redundancy payments made in the China business during the period.

MARKETS AND OPERATIONS

Engineered Buildings North America

- Despatch volumes were up 15% in 1H FY2015 relative to 1H FY2014 driven by an increase in the U.S. non-residential construction market activity in all major end-use sectors. This increase was influenced by the business's 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.

Engineered Buildings Asia (China & ASEAN)

- The China business contributed approximately 65% of sales revenue in 1H FY2015; the remaining 35% was derived from ASEAN.
- ASEAN despatch volume grew 2% relative to 1H FY2014, though margins declined on near-term political and economic pressures.
- Despatch volumes in the China business declined by 27% relative to 1H FY2014, and overall margin performance deteriorated influenced by a slowdown in building and construction activity in the premium market across both private and government participants.
- During 1H FY2015, a cost saving program was undertaken, aiming to deliver significant annual savings across sales, operations and functional support. This included a number of site rationalisations – multiple Lysaght rollforming operations have been co-located with the engineered buildings operations. Further initiatives are being pursued in 2H FY2015:
  - further site and product line rationalisation
  - review of sales capability and brand positioning.

Building Products China (coating, painting and rollforming)

- Despite challenging market conditions leading to flat despatch volume (driven by lower internal demand from the Engineered Buildings Asia business), targeted initiatives to increase external sales of higher value-added product continue to support strong overall margin performance.
- In conjunction with Engineered Buildings Asia, the business is undertaking 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.

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	1H FY2015	1H FY2014	Var %	2H FY2014
Sales revenue [1]	-	-	-	-
Reported EBIT [2]	67.1	48.7	38%	52.9
Underlying EBIT [2]	67.1	48.7	38%	55.9
NOA (pre-tax)	131.0	112.5	16%	103.3
Production [3]	520.6kt	509.9kt	2%	503.1kt
Despatches [3]	501.0kt	489.9kt	2%	497.7kt

1) Excludes the Company's 50% share of NSBSL's sales revenue of A$398.0M in 1H2014 and A$360.1M in 1H2014.
2) Includes 50% share of net profit before tax from NSBSL of A$70.1M in 1H2015 and A$50.9M in 1H2014.
3) Reflects BlueScope's 50% share from NSBSL.

FINANCIAL PERFORMANCE – 1H FY2015 VS. 1H FY2014

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 $18.4M increase in underlying EBIT was largely due to higher spreads, driven primarily by higher selling prices and lower scrap costs, higher volumes and favourable foreign exchange translation impacts from a weaker AUD:USD exchange rate. This was partly offset by unfavourable conversion costs due to higher maintenance costs and utility rates.

FINANCIAL POSITION

Net operating assets are largely comprised of BlueScope's equity accounted investment in NSBSL. The $27.7M increase in net operating assets compared to 30 June 2014 primarily reflects the favourable impact of a weaker AUD:USD exchange rate (30 June 2014 closing US$0.941; 31 December 2014 US$0.812) and the 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 1H FY2015 were up 11.1kt on 1H FY2014, at 501.0kt (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.

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.

1H FY2015 SAFETY PERFORMANCE

- In 1H FY2015:
  - the Lost Time Injury Frequency Rate was 0.5 compared to 0.9 in 1H FY2014. An LTIFR performance of below 1.0 has been maintained for longer than ten years
  - the Medical Treated Injury Frequency Rate was 4.6 compared to 5.8 in 1H FY2014. This has been below 7.0 for more than nine years.
- During FY2015, businesses have been implementing the initiatives and improvements identified through a major new employee engagement program, 'Switch on Safety', launched in FY2014. The objectives are to refocus leaders on setting safety expectations and standards and to encourage employees to refocus on safety.
- Noteworthy external recognition in FY2015 to date includes:
  - NSBCP Nth America, Steelscape Kalama, awarded "2014 Best Safety Practices" by National Coil Coaters Association
  - New Zealand & Pacific Islands - "Best Health & Safety Initiative" from the NZ Safeguard Workplace Health & Safety Awards 2014 for "Contractor Safety".
  - BANZ Supply Chain & Processing awarded "2014 Steel Transport Safety Network Safety Improvement Initiative Award" for the "Driver Safe Zone".
  - Tata BlueScope Building Solutions – recognized with Safety Award by TE Connectivity for "Safety Excellence".
- Other noteworthy safety achievements in FY2015 include:
  - NS BlueScope Singapore – 16 years LTI free
  - BlueScope Buildings Vietnam – 5 years LTI free
  - BlueScope Buildings Nth America Construction – 3 years LTI 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.
- 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 have seen 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) including a Safeguard (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.

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ABBREVIATIONS

1H	Six months ended 31 December in the relevant financial year
1H FY2014	Six months ended 31 December 2013
1H FY2015	Six months ended 31 December 2014
2H FY2014	Six months ended 30 June 2014
2H FY2015	Six months ended 30 June 2015
ADC	Anti-Dumping Commission
ASEAN	Association of South East Asian Nations
ASP	Australian Steel Products segment
AUD, A$, $	Australian dollar
BANZ	BlueScope Australia and New Zealand (comprising ASP and NZPac segments)
BCDA	Former 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	Former 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
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 segment
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 SUMMARY TABLES

Table 12: Segmental sales revenue & reported EBIT

	Sales revenue			Reported EBIT		
$M	1H FY2015	1H FY2014	2H FY2014	1H FY2015	1H FY2014	2H FY2014
ASP	2,478.8	2,246.3	2,351.6	66.4	(15.1)	(150.2)
NZPac	489.9	419.6	451.3	2.6	38.6	35.0
BP	898.6	915.5	827.4	47.8	41.4	40.0
GBS	785.4	732.5	651.8	31.6	19.6	77.0
HRPNA [2]	0.0	0.0	0.0	67.1	48.7	52.9
Corporate / group	0.0	0.0	0.0	(29.6)	(39.6)	(47.5)
Inter-segment [1]	(301.1)	(331.5)	(283.4)	0.4	(2.4)	4.2
Continuing Businesses	4,351.6	3,982.4	3,998.7	186.3	91.2	11.4
Discontinued Bus.	0.0	0.0	0.0	(0.7)	(0.3)	0.0
Inter-segment [1]	0.0	0.0	0.0	0.0	0.1	(0.1)
Total	4,351.6	3,982.4	3,998.7	185.6	91.0	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	1H FY2015	1H FY2014	2H FY2014	1H FY2015	1H FY2014	2H FY2014
ASP	156.5	111.1	112.0 [3]	64.7	13.9	19.2 [3]
NZPac	31.4	63.7	63.8	2.6	38.6	36.1
BP	74.0	76.9	63.0	47.8	50.9	38.0
GBS	36.7	36.9	23.4	19.3	20.5	6.3
HRPNA [2]	67.1	48.7	55.9	67.1	48.7	55.9
Corporate / group	(32.1)	(33.8)	(46.2)	(32.2)	(33.9)	(46.3)
Inter-segment [1]	0.4	(2.4)	4.4 [3]	0.4	(2.3)	4.1 [3]
Continuing Businesses	334.0	301.1	276.3	169.7	136.4	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$398.0M in 1H FY2015 (A$360.1M in 1H FY2014 and A$383.8M in 2H FY2014).
3) Reflects reclassification of a $4.4M intersegment consolidation adjustment from BlueScope group level to ASP segment subsequent to the 8 December 2014 release setting out changes to external reporting segments.

Table 14: Segment summary steel despatch volume

000 tonnes	1H FY2015	1H FY2014	Variance %	2H FY2014
Australian Steel Products	1,414.8	1,336.8	6%	1,312.8
New Zealand & Pacific Steel	387.0	290.3	33%	318.2
Building Products ASEAN, Nth Am & India	683.3	704.8	(3%)	662.2
Global Building Solutions	295.7	305.2	(3%)	269.2
Hot Rolled Products North America	501.0	489.9	2%	497.7
Discontinued Businesses	0.0	0.0	-	0
Less sales between BlueScope segments	(290.2)	(317.8)	(9%)	(238.8)
Total Group External Steel Despatches	2,991.6	2,809.2	6%	2,821.3

B. AUSTRALIAN STEEL PRODUCTS VOLUME DETAIL

Table 15: Detailed production & despatch report

000 tonnes	1H FY2015	1H FY2014	Variance %	2H FY2014
Raw steel production	1,261.2	1,260.2	0%	1,221.1
Domestic steel despatches				
- HRC	216.7	263.8	(18%)	214.8
- Plate	108.5	117.6	(8%)	116.6
- CRC, metal coated, painted & other [1]	606.7	572.5	6%	618.9
- Sub-total – domestic sales of BSL steel	931.9	953.9	2%	950.3
- Channel despatches of externally sourced product [2]	140.7	134.1	5%	120.0
Total domestic steel despatches	1,072.6	1,088.0	(1%)	1,070.3
Export steel despatches				
- Slab	-	-	-	-
- HRC [3]	225.5	142.2	59%	149.8
- Plate	14.4	6.2	132%	6.0
- CRC, metal coated, painted & other	100.4	96.5	4%	85.0
- Sub-total – export sales of BSL steel	340.3	244.9	39%	240.8
- Channel despatches of externally sourced product	1.9	3.9	(51%)	1.7
Total export steel despatches	342.2	248.8	38%	242.5
Total steel despatches (external & intersegment) [4]	1,414.8	1,336.8	6%	1,312.8
External coke despatches	354.8	246.9	44%	393.2

	1H FY2015	1H FY2014	2H FY2014
1) The product volumes are ex-mills (formerly CIPA). Other includes the following inventory movements in downstream channels:	3.5	(6.3)	21.8
2) Primarily long-products sold through Distribution business			
3) Export HRC despatches comprised of:			
- Building Products North America	87.1	35.0	41.3
- Building Products Thailand	3.1	40.7	5.0
- Other	136.0	66.5	103.5
4) Includes the following sales through downstream channels (formerly Building Components and Distribution Australia segment):	499.1	374.5	448.4

C. NEW ZEALAND AND PACIFIC STEEL VOLUME DETAIL

Table 16: New Zealand Steel flat steel products production & despatch report

000 tonnes	1H FY2015	1H FY2014	Variance %	2H FY2014
Raw steel production at Glenbrook (flat products)	309.2	305.9	1%	285.5
NZ Steel despatches (external & intersegment)				
- Domestic	131.7	130.8	1%	139.8
- Export	119.4	159.5	(25%)	155.9
Total NZ Steel despatches	251.1	290.3	(14%)	295.7

Table 17: Pacific Steel long steel products production & despatch report

000 tonnes (external & intersegment)	1H FY2015	1H FY2014	Variance %	2H FY2014[1]
- Domestic	86.5	n/a	n/a	12.4
- Export	49.4	n/a	n/a	10.1
Total Pacific Steel despatches	135.9	n/a	n/a	22.5

1) BlueScope acquired Pacific Steel effective 1 June 2014, hence only one month's sales included in FY2014.

Table 18: Iron sands despatch report

000 tonnes (external)	1H FY2015	1H FY2014	Variance %	2H FY2014
From Waikato North Head mine	326.7	285.1	15%	380.4
From Taharoa mine	634.4	882.2	(28%)	765.5
Total external iron sands despatches	961.1	1,167.3	(18%)	1,145.9

D. BUILDING PRODUCTS SEGMENT DETAIL

Table 19: Despatch & financial details

	1H FY2015	1H FY2014	2H FY2014
Total despatches (000 tonnes)			
Thailand	171.6	182.9	184.3
Indonesia	132.5	116.8	104.2
Malaysia	82.2	74.0	82.6
Vietnam	62.2	69.4	59.8
North America	195.4	225.3	183.4
India	49.2	50.1	56.0
Other / Eliminations	(9.8)	(13.7)	(8.2)
Total	683.3	704.8	662.2
Sales revenue ($M)			
Thailand	213.1	232.3	220.4
Indonesia	168.3	146.2	133.2
Malaysia	124.3	112.9	123.3
Vietnam	78.8	90.2	76.3
North America	324.2	350.1	283.6
India	0.0	0.0	0.0
Other / Eliminations	(10.1)	(16.2)	(9.4)
Total	898.6	915.5	827.4
Reported EBIT ($M)			
Thailand	20.5	29.4	21.8
Indonesia	4.0	(2.5)	2.5
Malaysia	13.4	14.5	15.7
Vietnam	5.6	7.7	5.2
North America	8.6	2.4	2.2
India [1]	(3.3)	(5.2)	(3.0)
Other / Eliminations	(1.0)	(4.9)	(4.4)
Total	47.8	41.4	40.0
Underlying EBIT ($M)			
Thailand	20.5	29.4	21.8
Indonesia	4.0	(2.5)	2.5
Malaysia	13.4	14.5	15.7
Vietnam	5.6	7.7	5.2
North America	8.6	11.9	0.2
India [1]	(3.3)	(5.2)	(3.0)
Other / Eliminations	(1.0)	(4.9)	(4.4)
Total	47.8	50.9	38.0
Net operating assets pre-tax ($M)			
Thailand	225.0	239.1	180.4
Indonesia	238.5	235.6	213.1
Malaysia	151.7	121.9	119.7
Vietnam	72.6	73.3	66.7
North America	297.3	248.1	244.6
India	22.4	27.3	23.5
Other / Eliminations	(2.0)	(1.7)	(3.1)
Total	1,005.5	943.6	844.9

1) Reflects BlueScope's 50% share of equity accounted profits from the Tata BlueScope Steel joint venture.

E. GLOBAL BUILDING SOLUTIONS SEGMENT DETAIL

Table 20: Despatch & financial details

	1H FY2015	1H FY2014	2H FY2014
Total despatches (000 tonnes)			
Engineered Buildings North America	140.1	121.7	103.0
Engineered Buildings Asia[1]	86.7	116.1	100.7
Building Products China (coating, painting & rollforming) [2]	85.7	90.2	84.6
Other / Eliminations	(16.9)	(22.9)	(19.1)
Total	295.7	305.2	269.3
Sales revenue ($M)			
Engineered Buildings North America	523.4	417.2	367.8
Engineered Buildings Asia[1]	170.0	216.5	198.6
Building Products China (coating, painting & rollforming) [2]	119.8	132.9	115.5
Other / Eliminations	(27.8)	(34.1)	(30.0)
Total	785.4	732.5	651.8
Reported EBIT ($M)			
Engineered Buildings North America	30.1	13.9	4.5
Engineered Buildings Asia[1]	(8.2)	2.9	(4.2)
Building Products China (coating, painting & rollforming) [2]	14.1	11.7	102.6
Other / Eliminations	(4.4)	(8.9)	(25.9)
Total	31.6	19.6	77.0
Underlying EBIT ($M)			
Engineered Buildings North America	20.7	14.6	4.5
Engineered Buildings Asia[1]	(8.2)	3.1	(4.1)
Building Products China (coating, painting & rollforming) [2]	14.1	11.7	14.5
Other / Eliminations	(7.3)	(8.9)	(8.6)
Total	19.3	20.5	6.3
Net operating assets pre-tax ($M)			
Engineered Buildings North America	377.2	376.0	336.2
Engineered Buildings Asia[1]	93.7	112.8	62.9
Building Products China (coating, painting & rollforming) [2]	234.1	142.4	207.6
Other / Eliminations	(2.0)	8.3	(11.8)
Total	703.0	639.5	594.9

1) Includes Buildings China and Buildings ASEAN operations
2) Includes Coated Products China and Lysaght China