



1H FY2015 Financial Results Presentation

Paul O'Malley, Managing Director and Chief Executive Officer

Charlie Elias, Chief Financial Officer

23 February 2015

BlueScope Steel Limited. ASX Code: BSL

Important Notice

THIS PRESENTATION IS NOT AND DOES NOT FORM PART OF ANY OFFER, INVITATION OR RECOMMENDATION IN RESPECT OF SECURITIES. ANY DECISION TO BUY OR SELL BLUESCOPE STEEL LIMITED SECURITIES OR OTHER PRODUCTS SHOULD BE MADE ONLY AFTER SEEKING APPROPRIATE FINANCIAL ADVICE. RELIANCE SHOULD NOT BE PLACED ON INFORMATION OR OPINIONS CONTAINED IN THIS PRESENTATION AND, SUBJECT ONLY TO ANY LEGAL OBLIGATION TO DO SO, BLUESCOPE STEEL DOES NOT ACCEPT ANY OBLIGATION TO CORRECT OR UPDATE THEM. THIS PRESENTATION DOES NOT TAKE INTO CONSIDERATION THE INVESTMENT OBJECTIVES, FINANCIAL SITUATION OR PARTICULAR NEEDS OF ANY PARTICULAR INVESTOR.

THIS PRESENTATION CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS, WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY", "WILL", "SHOULD", "EXPECT", "INTEND", "ANTICIPATE", "ESTIMATE", "CONTINUE", "ASSUME" OR "FORECAST" OR THE NEGATIVE THEREOF OR COMPARABLE TERMINOLOGY. THESE FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE OUR ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS, OR INDUSTRY RESULTS, TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCES OR ACHIEVEMENTS, OR INDUSTRY RESULTS, EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.

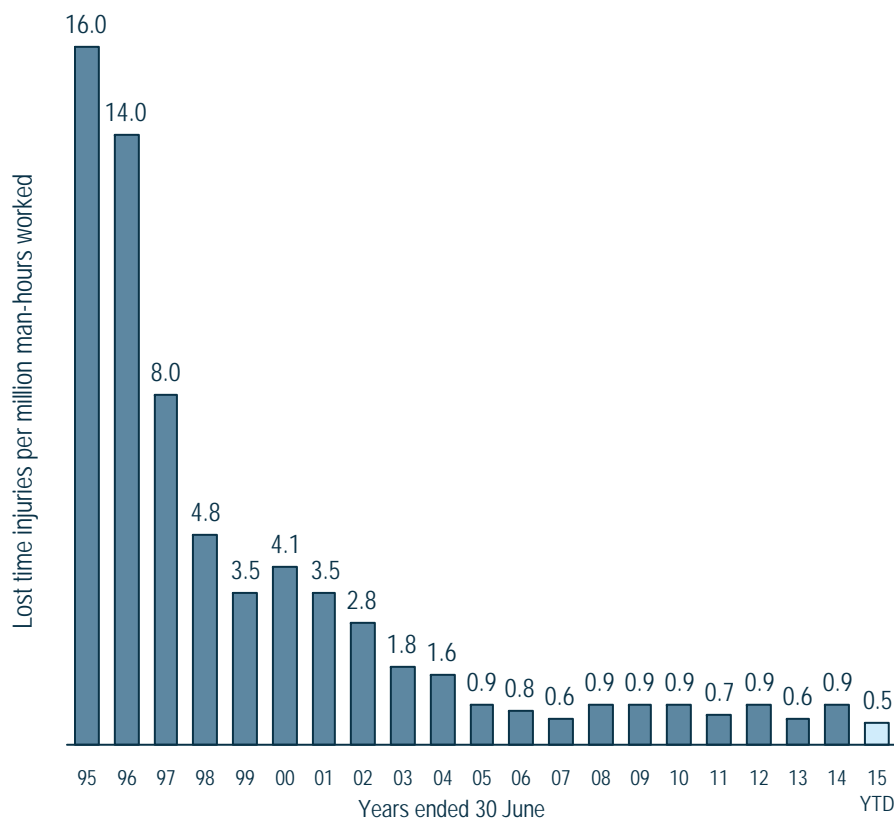
TO THE FULLEST EXTENT PERMITTED BY LAW, BLUESCOPE STEEL AND ITS AFFILIATES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, ACCEPT NO RESPONSIBILITY FOR ANY INFORMATION PROVIDED IN THIS PRESENTATION, INCLUDING ANY FORWARD LOOKING INFORMATION, AND DISCLAIM ANY LIABILITY WHATSOEVER (INCLUDING FOR NEGLIGENCE) FOR ANY LOSS HOWSOEVER ARISING FROM ANY USE OF THIS PRESENTATION OR RELIANCE ON ANYTHING CONTAINED IN OR OMITTED FROM IT OR OTHERWISE ARISING IN CONNECTION WITH THIS.



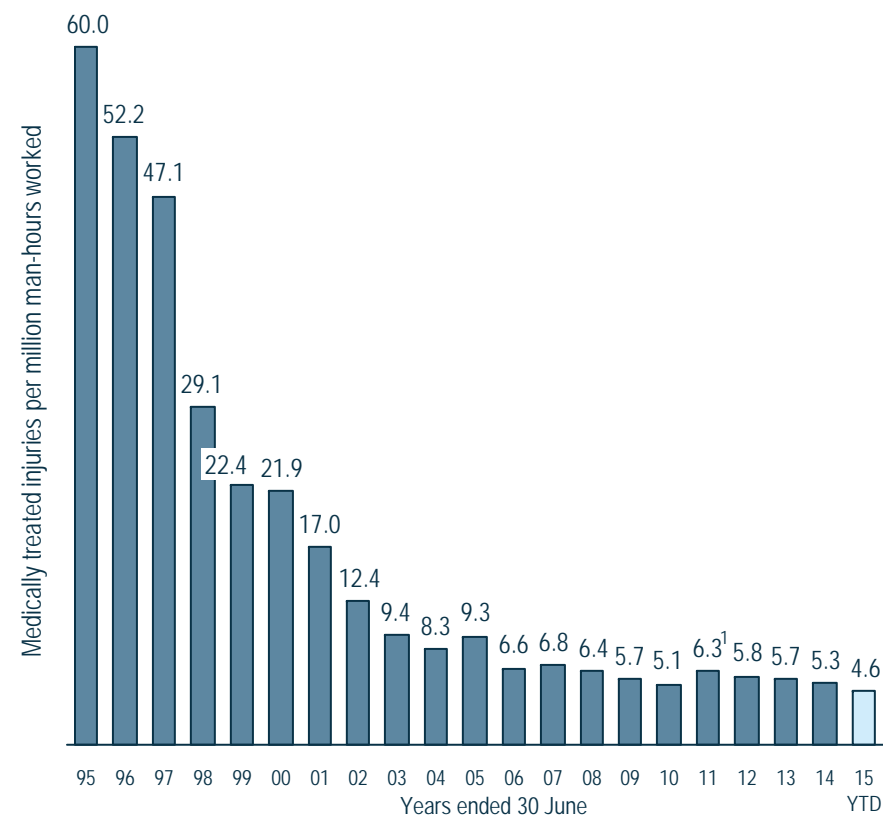
INTRODUCTION

Progress towards our goal of Zero Harm

Lost time injury frequency rate



Medically treated injury frequency rate



Note: 1 – The MTIFR baseline has been reset from 4.4 to 6.3. This change relates to revised principles that raise the bar on BlueScope's MTI definition

Charts include contractors from 1996, Butler from May 2004, 2007/08 acquisitions and Australian operational restructure in 2012

Summary

- 1H FY2015 reported profit after tax (NPAT) \$92.7M, growth of \$89.0M over 1H FY2014
- \$79.6M underlying NPAT, increase of \$30.5M on 1H FY2014
- Net debt of \$408.1M at 31 December 2014 – ratio of 0.6x underlying EBITDA
- Board of Directors has approved payment of a fully franked interim dividend of 3 cents per share. Future dividends will be determined having regard to the Company's performance and its outlook

Note: underlying results are provided to assist readers better understand the underlying financial performance; refer to page 29 for information on the adjustments from reported financial information

Summary

- Australian Steel Products underlying EBIT of \$64.7M, up \$50.8M on 1H FY2014. Lower raw material costs, higher domestic residential building activity and a positive contribution from acquisitions
- NZ Steel & Pacific underlying EBIT of \$2.6M, lower than the \$38.6M achieved in 1H FY2014. Lower iron sands prices and volumes but improved steel product mix
- Building Products ASEAN, North America & India underlying EBIT of \$47.8M, down \$3.1M on 1H FY2014. Improvements in Indonesia and India with softer results in Thailand, Malaysia, Vietnam and North America
- Global Building Solutions underlying EBIT of \$19.3M, down \$1.2M on 1H FY2014. Stronger performance in North America Buildings and Coated China, offset by further weakness in the China engineered buildings business
- Hot Rolled NA underlying EBIT of \$67.1M, a \$18.4M increase on 1H FY2014. Despatches continued at 100 per cent of production, spreads remained strong and we enjoyed FX translation benefits with a lower AUD:USD

Financial headlines 1H FY2015 vs. 1H FY2014

\$M (unless marked)	SIX MONTHS ENDED		1H FY15 vs 1H FY14
	31 DEC 2013	31 DEC 2014	
Total revenue	3,998.9	4,361.8	✓
External despatches of steel products	2,813.1Kt	2,991.6Kt	✓
EBITDA – Underlying ¹	301.1	334.0	✓
EBIT – Reported	91.0	185.6	✓
– Underlying ¹	136.4	169.7	✓
NPAT – Reported	3.7	92.7	✓
– Underlying ¹	49.1	79.6	✓
EPS – Reported	0.7 cps	16.6 cps	✓
– Underlying ¹	8.8 cps	14.2 cps	✓
Underlying EBIT Return on Invested Capital	5.9%	6.8%	✓
Net Cashflow From Operating Activities	127.4	149.6	✓
– After capex / investments	16.2	(59.1)	✗
Dividend	None	3.0 cps	✓
Net debt	213.7	408.1	✓

(1) Please refer to page 29 for a detailed reconciliation of reported to underlying results



SEGMENT DISCUSSION

Australian Steel Products

Underlying EBIT up significantly to \$64.7M on better product mix and spread.
Best half year result for five years

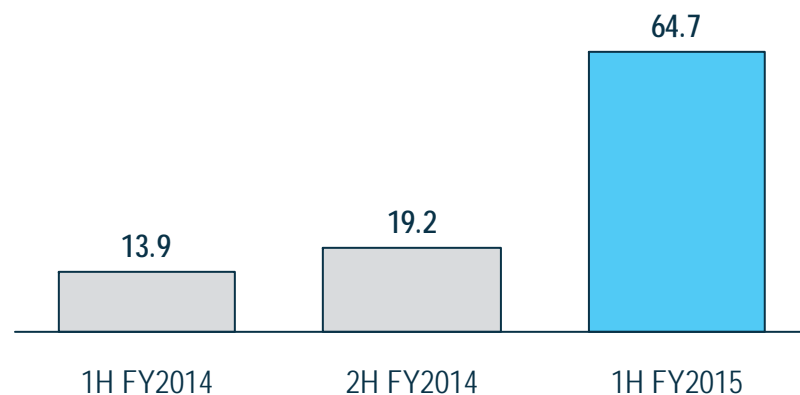
Comments on 1H FY2015

- Stronger spread than 1H FY2014 on lower iron ore and coal costs, and higher realised steel prices (better mix & FX)
- Domestic volume similar to 1H FY2014. Mix enhancement driven by growing residential construction demand
- Domestic engineering and industrial volumes softer
- Higher export volume contributing additional cash margin
- Higher costs due to escalation and one-off costs, partly offset by benefits delivered through cost improvement initiatives
- Channel acquisitions making strong contributions
- Stave exchange program progressing to plan. Two stops in 1H FY2015 with one stoppage planned for each of 2H FY2015 and 2H FY2016. None planned for 1H FY2016

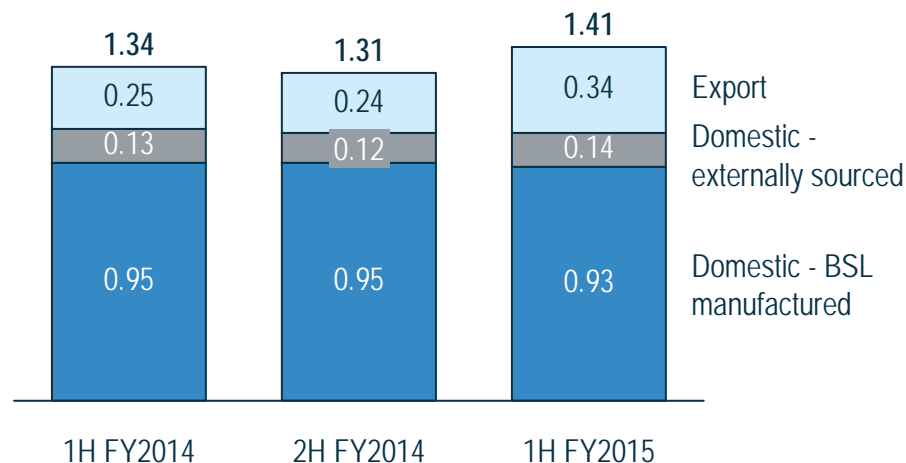
2H FY2015 direction

- Likely softer than 1H with spread reduction (larger reduction in steel prices than benefit from FX and lower raw material prices) exceeding continued enhancement in mix and additional contributions from acquired businesses

Underlying EBIT (\$M)

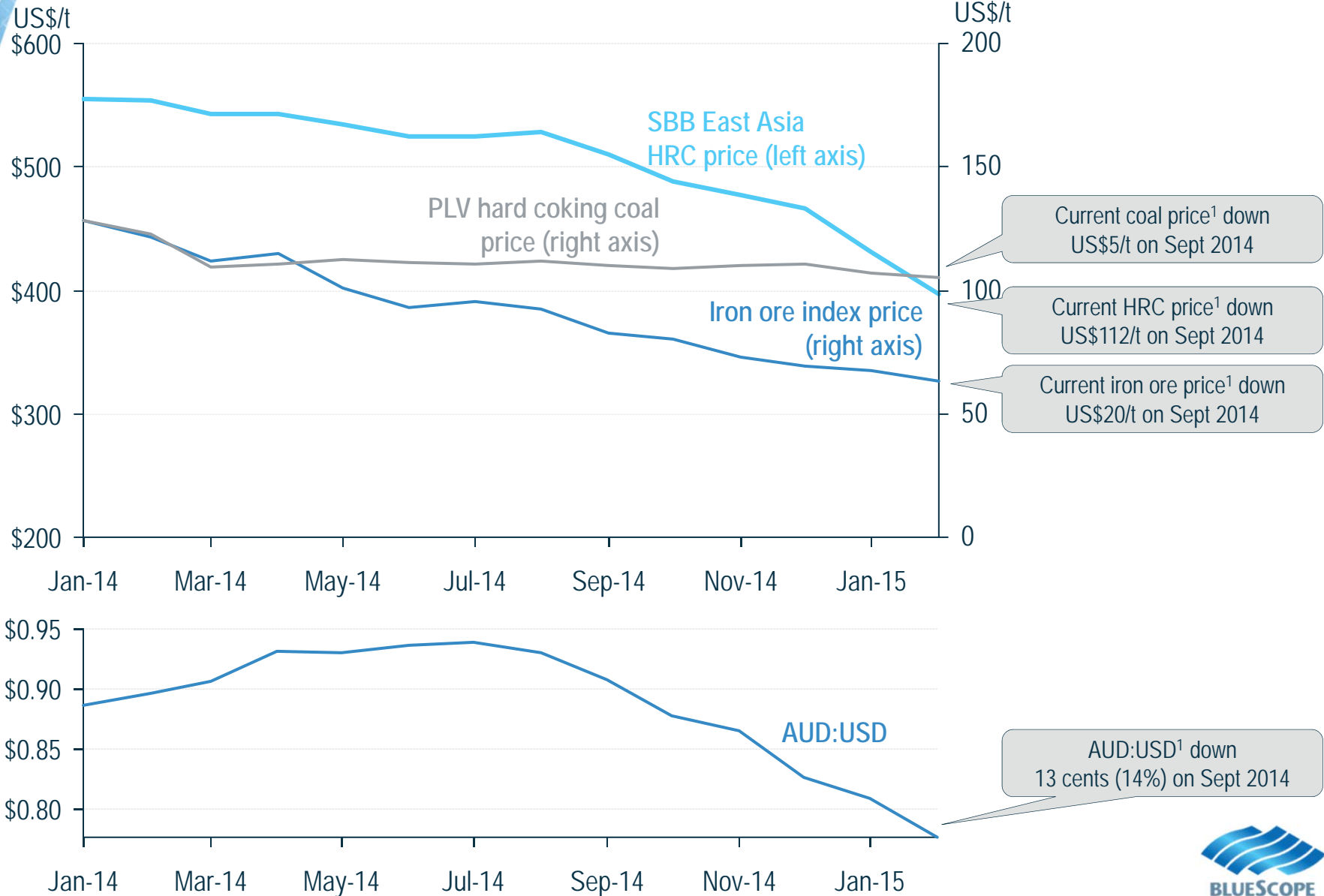


Total despatches (external & to other BSL segments, Mt)



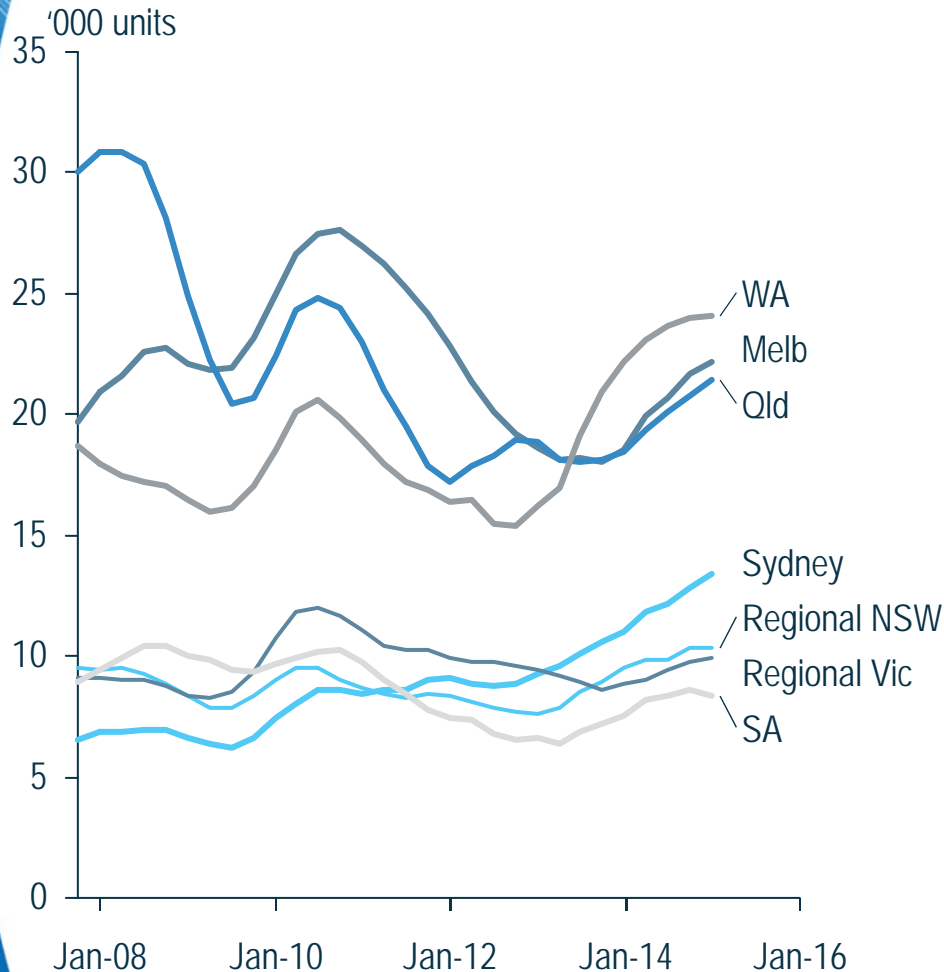
Australian Steel Products

Recent moves in steel price, commodity prices and A\$

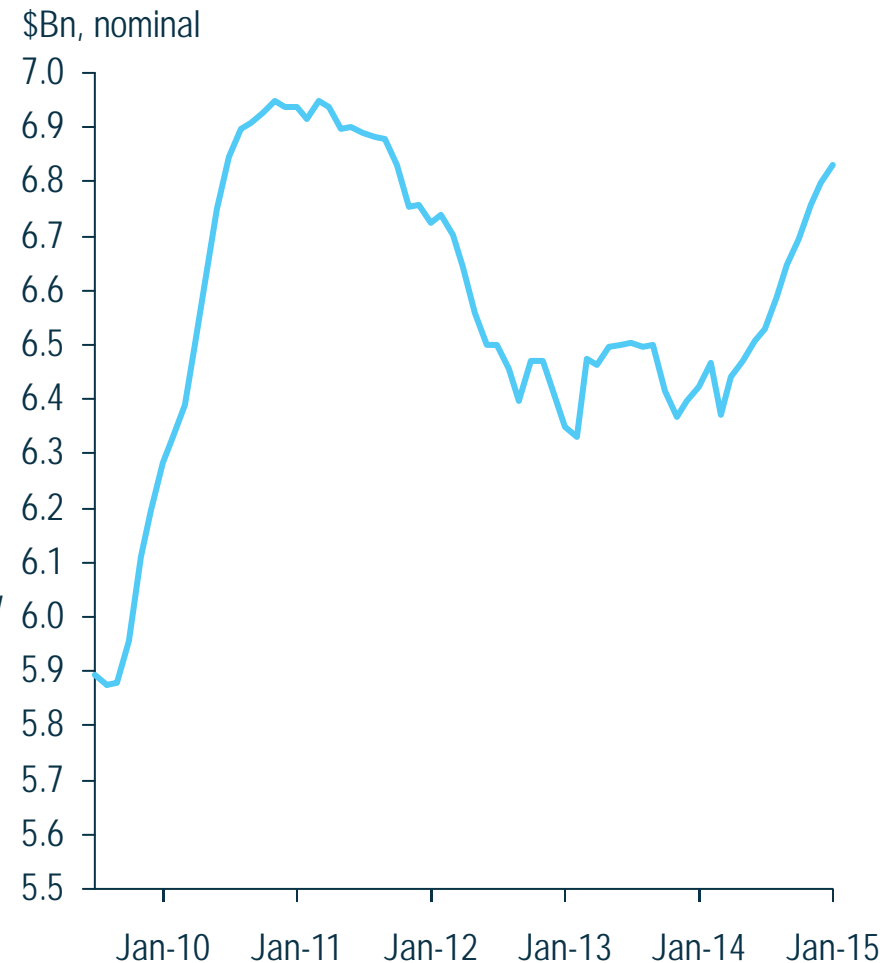


Detached house approvals lifted in all regions of Australia in 2014. A&A approvals increased in 2014

Construction approvals of houses by region – rolling last 12 months



Approvals of alterations & additions (value >\$10k)

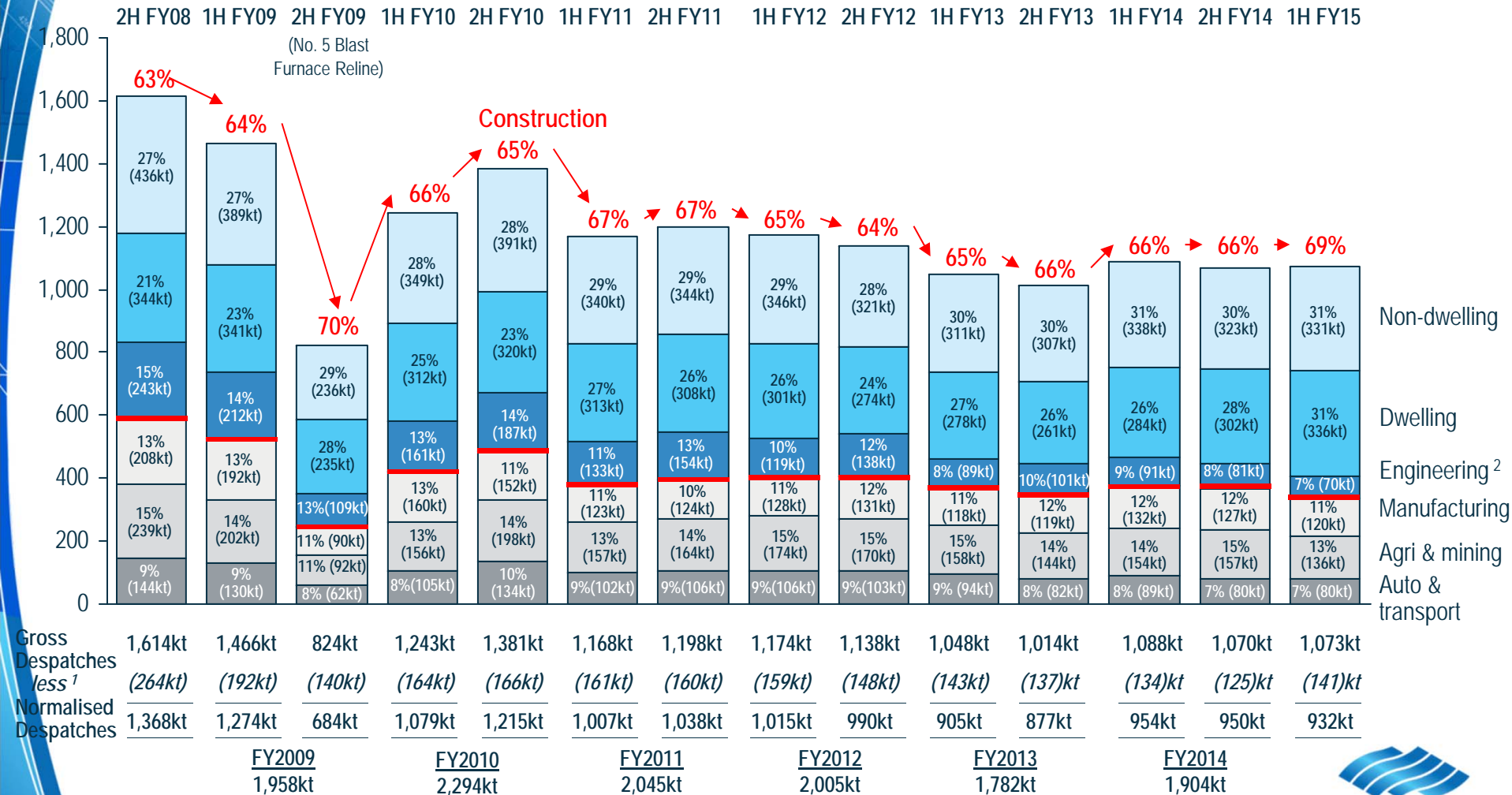


Source: ABS series 8731.0, tables 9 & 10, Original data: table 38.

Australian demand

Better mix but total volume similar to last two halves and better than FY2013.
Dwelling construction best since 2009

Total Australian external despatch volumes (Kt)



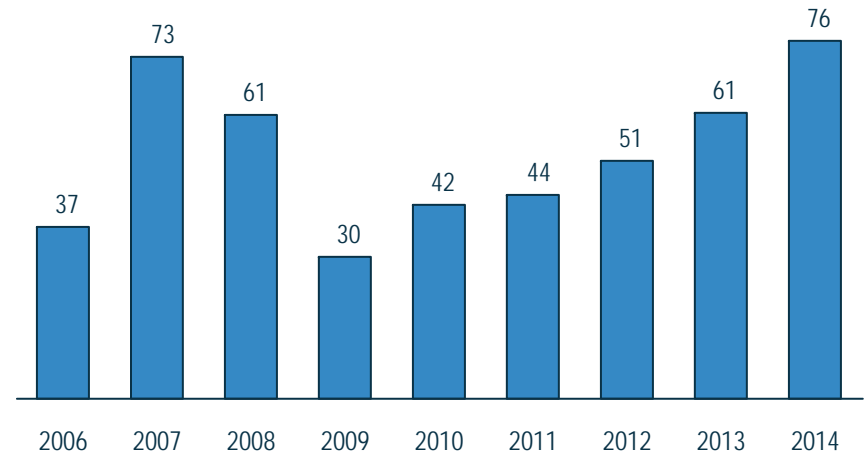
(1) Normalised despatches exclude third party sourced products, in particular, long products

(2) Engineering includes infrastructure such as roads, power, rail, water, pipes, communications and some mining-linked use

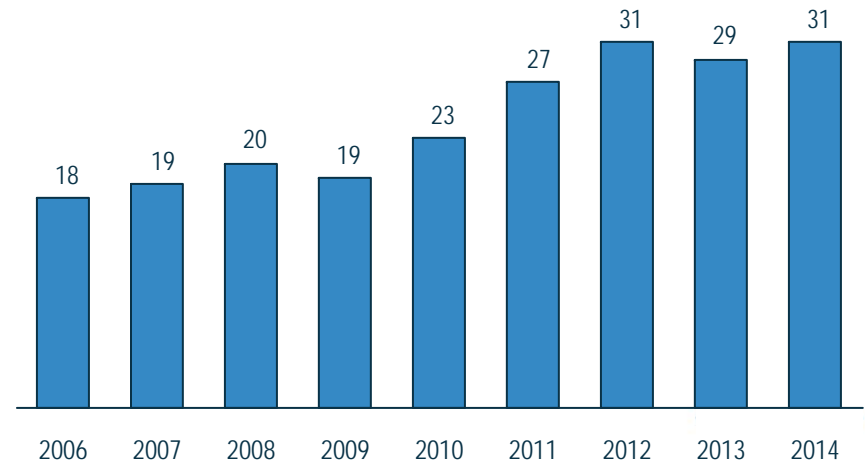
China's exports have increased; robust anti-dumping regimes are essential to curtail unfair trade

- Global steelmaking overcapacity persists, esp in China
- Dumping of steel now widespread – 104 anti-dumping and countervailing cases launched by G20 countries since 2012
- Dumping is predatory pricing. Just as domestic laws exist to combat predatory pricing, it's important that governments maintain effective, WTO-compliant anti-dumping systems
- Aust Govt has maintained industry's WTO rights in recent free trade agreements with South Korea, Japan and China – despite pressure from some trading partners to water down rules
- Essential that anti-dumping rights be fully maintained in potential future FTAs – e.g. Indonesia; India
- Australian Government's reform package announced in Dec 2014, esp measures to crack down on circumvention
- House of Representatives committee currently holding inquiry into circumvention of anti-dumping measures. BlueScope has made written submission

China – net exports of finished steel (Mt); years to August



Korea – net exports of finished steel (Mt); years to August



Australian Steel Products

Our focus is to target winning markets, reduce costs to serve customers and generate free cash flow

Target winning markets

- Launched next-gen ZINCALUME® with Activate® technology, and updated COLORBOND®
- Bringing a more market focussed and commercial approach to innovation and research
- 8 innovative projects in pipeline for launch over next five years: eg integrated solar PV thermal roof solutions, new COLORBOND® steel products

Get lean, fit & hungry

- Marketing and back-office simplification undertaken during 2014; full benefits to flow in 2015
- Ongoing focus on cost reduction
- Reviewing how to maximise use of all our assets to drive better value from fixed costs: eg. toll re-rolling

Lower cost to serve customers

- Recent Fielders, Orrcon and OneSteel sheet & coil acquisitions – close to the core, and reduced cost to serve customers
- Initiatives like new TRU-SPEC™ product (see opposite)

Case study: new TRU-SPEC™ COIL PLATE STEEL

- Invested \$8M in coil-plate line adjacent to hot strip mill at PKSW. Expected pay-back within two years
- Produces new TRU-SPEC™ plate product with superior flatness, 'memory free' properties and improved forming properties
- Technology provides customers with improved cutting and processing efficiencies (lower cost of production), direct to market
- Sold 22kt in four months of operation



New Zealand & Pacific Steel

Softer result mainly due to weaker iron ore prices and volume

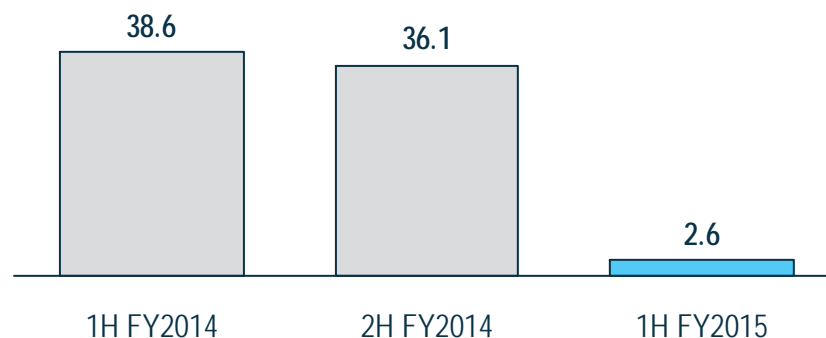
Comments on 1H FY2015

- Lower earnings from iron sands exports due to weaker iron ore prices and volumes
- Favourable steel despatch mix with higher proportion of domestic COLORSTEEL® sales
- Initial benefits of Pacific Steel acquisition

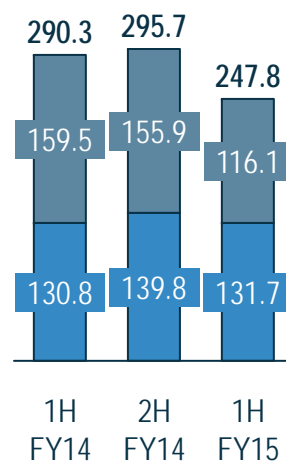
2H FY2015 direction

- Benefits from expected higher steel volume and FX
- Impact from further weakening global iron ore and steel pricing
- On track to capture benefits of Pacific Steel acquisition:
 - Billet commercial operations on track for end of 1H FY2016
 - Infrastructure growth driving strong demand for long products – annualised despatches of 173kt in 1H FY2015 (cf 119kt in FY2014)
- Reducing cost base of Taharoa iron sands operations

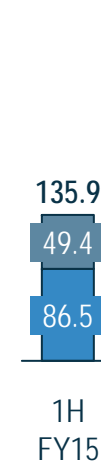
Underlying EBIT (\$M)



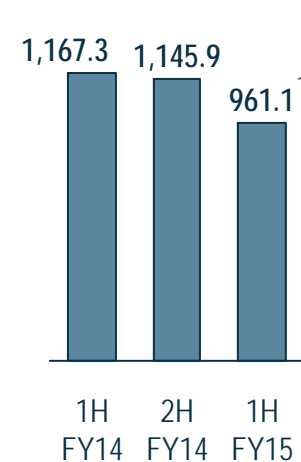
New Zealand Steel despatches (Kt)



Pacific Steel despatches (Kt)



Iron sands despatches (Kt)



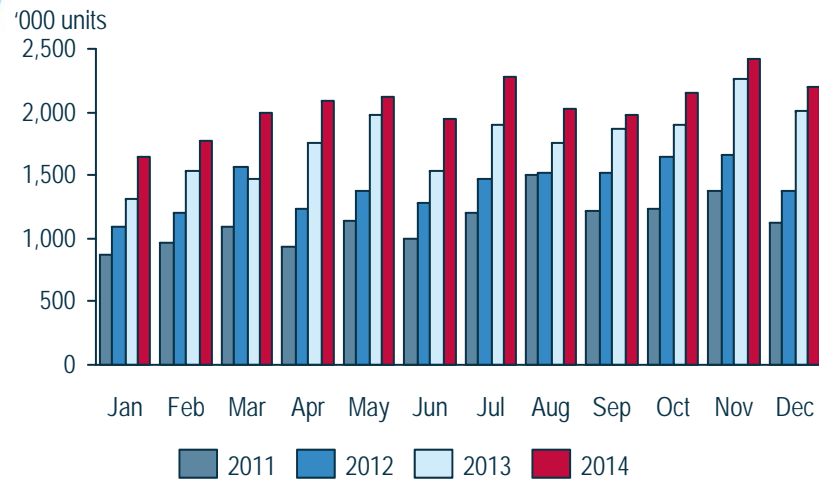
■ Export ■ Domestic

(1) Lower volume in 1H FY15 due to ceasing transshipments via PKSW in lower ore price environment

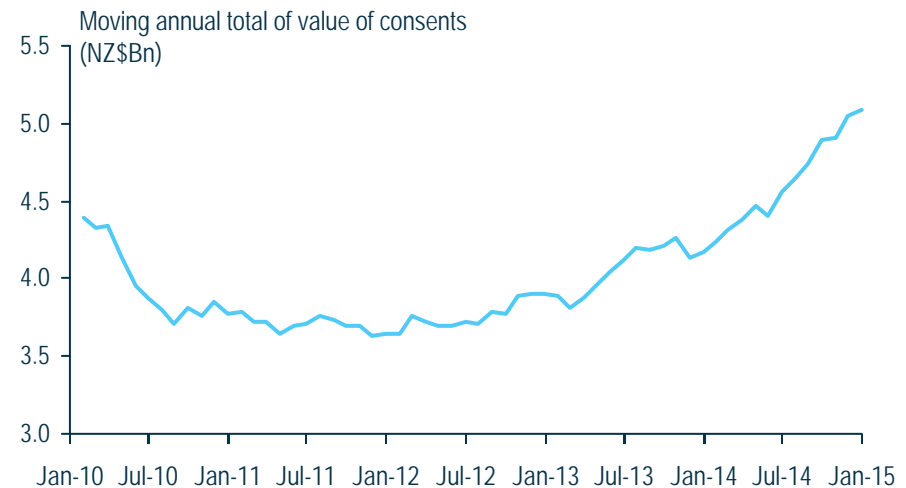
New Zealand & Pacific Steel

NZ construction and manufacturing outlook remains strong

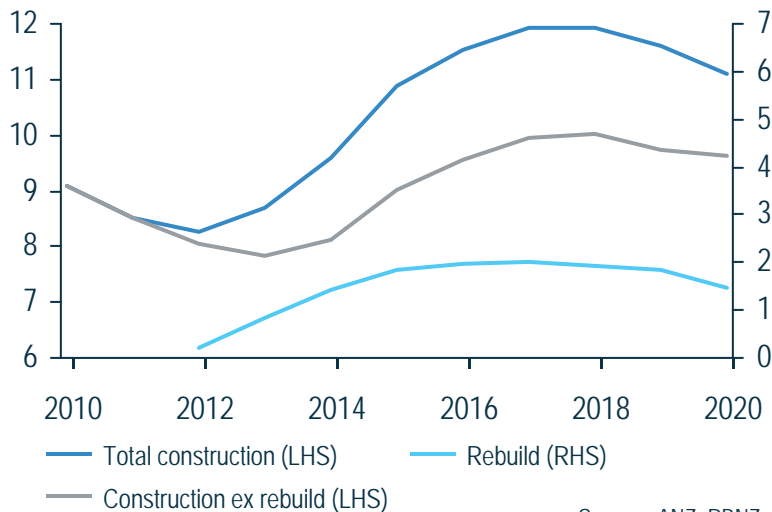
Residential building consents – running strong



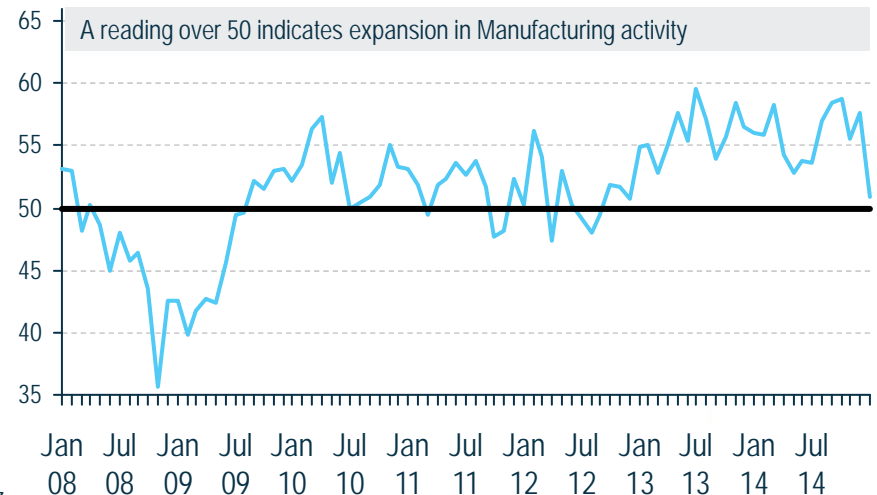
Non-residential construction consents – strong growth



Construction share of GDP – further growth expected



Purchasing Managers' Index (PMI) – 28 months above 50



New Zealand & Pacific Steel

Iron sands exports – our economics

Taharoa

- Current EBIT and cash break-even per tonne of mid US\$60's 62% Fe iron ore price¹ on recent improvement in oil prices, FX 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's² index pricing once third ship operating; also likely to continue to ship below this level given variable cash contribution to cover fixed costs and shipping commitments

Waikato North Head

- Current EBIT break-even per tonne at low to mid US\$60's 62% Fe iron ore price³
- Fully variable supply chain costs; can cease operations when price drops below economic breakeven

(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

(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 and India

Improvement on 2H FY2014; weaker against 1H FY2014 mainly due to slower recovery Thailand

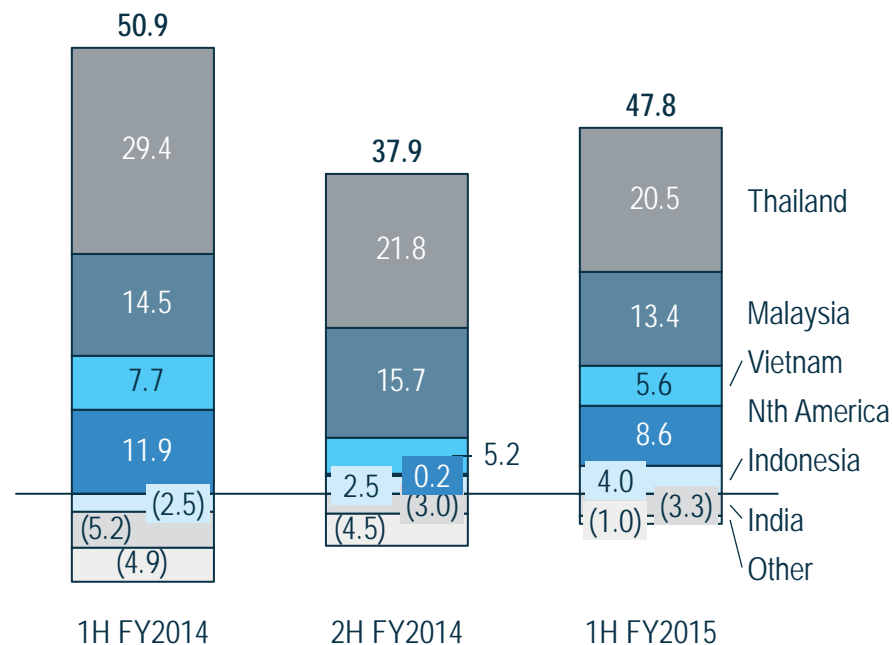
Comments on 1H FY2015

- Overall (vs 1H FY14): improvements in Indonesia and India, partly offset by softer results from Thailand, Vietnam, Malaysia and North America
- Thailand: retail segment strong, but project market weakness continued from 2H FY2014 following the period of political instability. Overall volumes softer
- Indonesia: very competitive market. Focus is on improving channels, pricing and competitiveness
- Malaysia: volumes strong; margins slightly lower
- Vietnam: volumes weaker – FDI and credit growth remain slow
- North America: seasonally stronger, and better underlying volumes
- India: continuing to improve with higher volumes

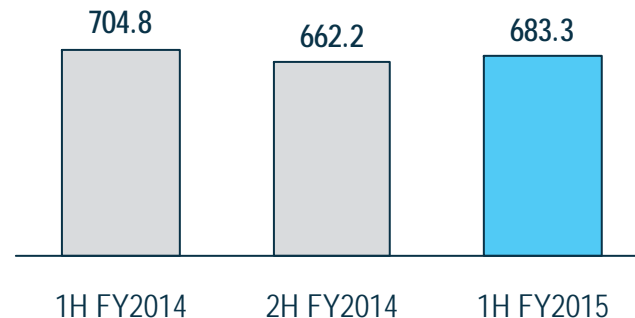
2H FY2015 direction

- Continued growth expected but with margin pressure in 2H FY2015 due to falling steel prices
- On track for SuperDyma® commissioning in 1H FY2016, with product sales commencing in 2H FY2016

Underlying EBIT (\$M)



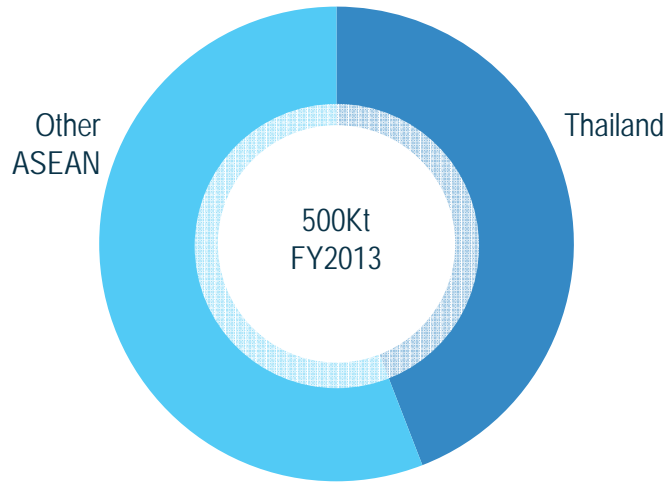
Total despatch volumes (Kt)



Building Products ASEAN, North America and India

ASEAN painted and coated steel growth

500Ktpa opportunity in ASEAN coated home appliance steels

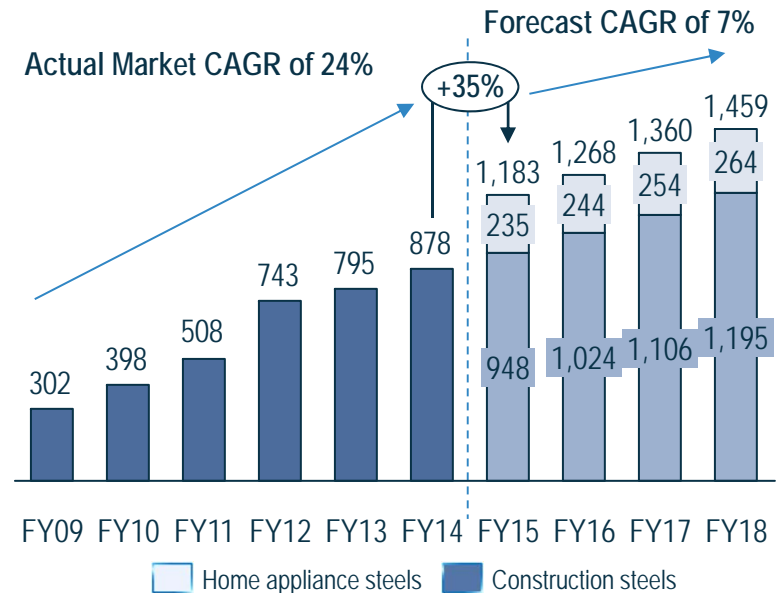


Source: customer surveys

- Commenced sales of VIEWKOTE® – sold 5Kt in 1H FY2015 in what is a 40-55Kt market
- Sales of SuperDyma® to home appliance sector to commence in 2H FY2016

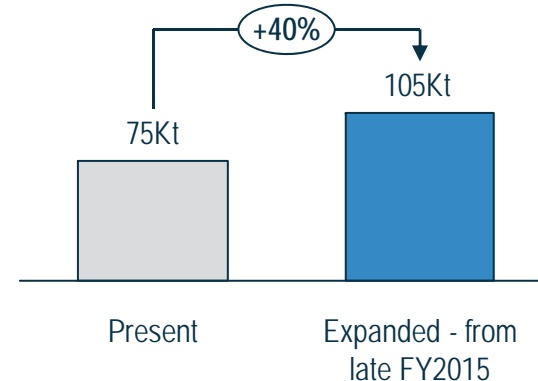


Large and growing addressable market in Thailand



Source: Iron Steel Institute Thailand (ISIT 2013/14), IPSOS Market Study 2013, NSBST Marketing

Boosting Malaysian steel painting capacity



Global Building Solutions

Continuing lift in U.S. performance but softer China building volumes & margins

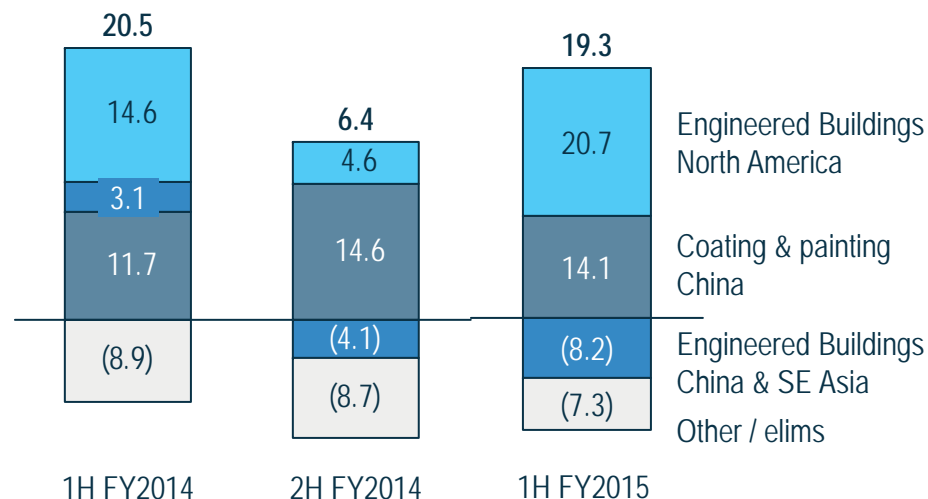
Comments on 1H FY2015

- Overall: North American growth offset by weakness in China engineered buildings
- Engineered Buildings North America: higher volumes – continued growth in non-residential construction. Activity lifted in all major end-use sectors
- Engineered Buildings China & SE Asia: lower volumes and margins from slowing China economy, with weaker liquidity, a reduction in quality building demand from foreign investment and a market shift towards lower quality buildings
 - Extensive restructuring undertaken in 1H FY2015 including sales, operations and support; site rationalisations
 - Further initiatives are being pursued in 2H FY2015
- Coating & Painting China: higher gross margins and lower costs drove higher EBIT (noting lower pull-through volumes from our engineered buildings business)

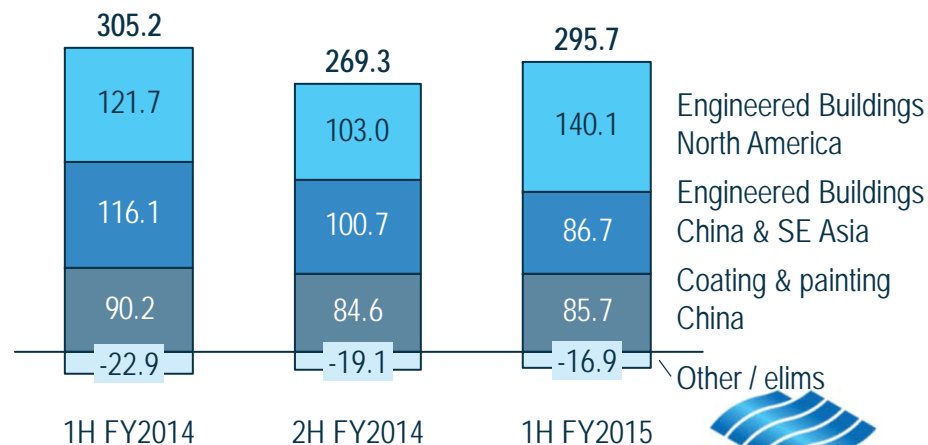
2H FY2015 direction

- 2H is traditionally seasonally weaker for Buildings North America due to weather; however with continued good demand, expect earnings growth over 2H FY2014
- China Building Products business expected to continue its good performance
- China buildings:
 - Market remains challenging
 - Assessing further restructuring and business improvement initiatives

Underlying EBIT (\$M)



Total despatch volumes (Kt)



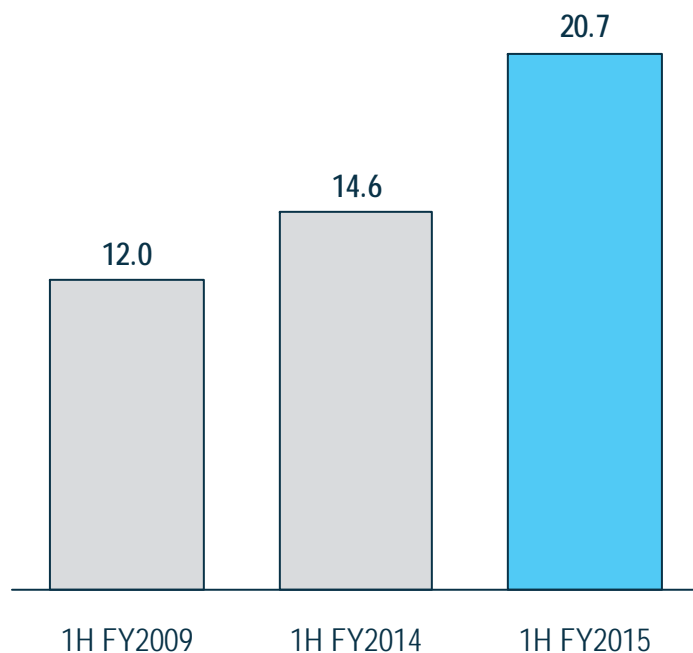
Global Building Solutions

Continued recovery in North American business gives us further earnings leverage to volume recovery

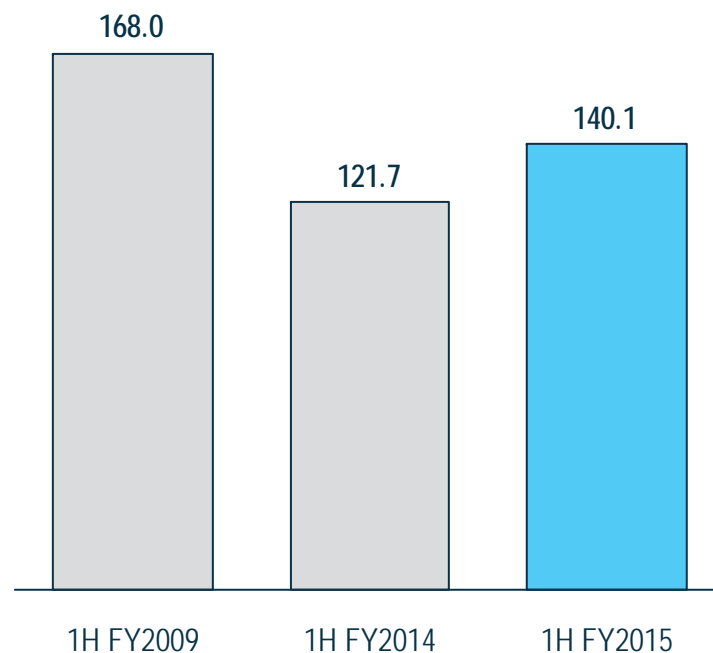
1H FY2015 earnings were 73% stronger than 1H FY2009 ...

... despite volume 17% lower than in that period

Underlying EBIT of Buildings North America (\$M)



Volume of Buildings North America (kt)

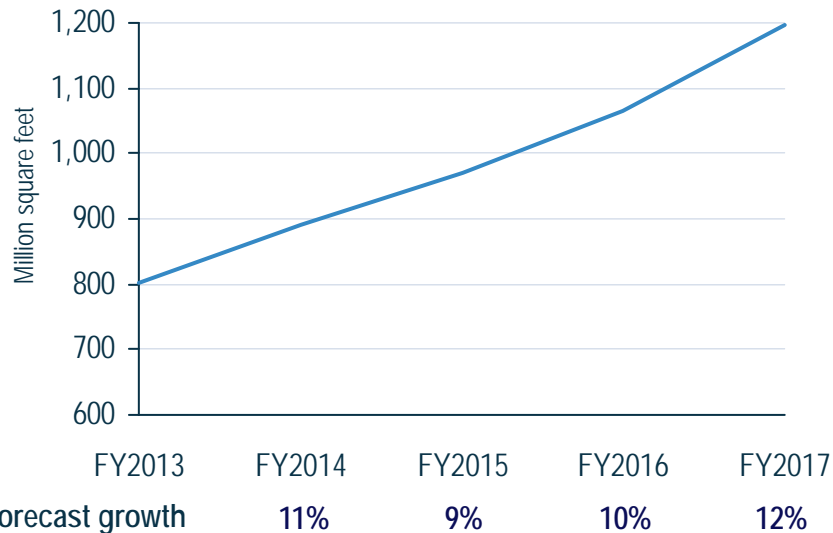


Margin: 1.5% 3.5% 3.9%

Global Building Solutions

Outlook going into CY2015 remains buoyant for North American business

FW Dodge forecast of U.S. non-residential construction



Source: FW Dodge, Q4 CY2014 data release

Architectural Billings Index



Source: The American Institute of Architects



Hot Rolled Products North America

Underlying EBIT grew 38% on 1H FY2014. Continued strong despatches and margin improvement

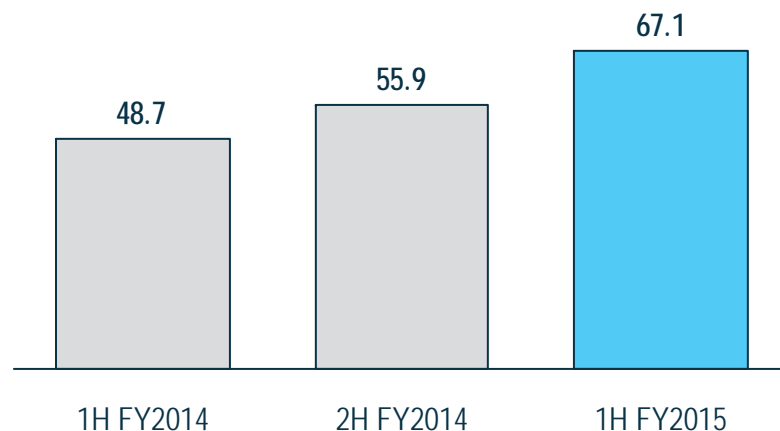
Comments on 1H FY2015

- Higher selling prices and lower feed costs resulting in margin improvement
- Favourable FX translation from weaker AUD:USD
- Higher maintenance costs and utility rates

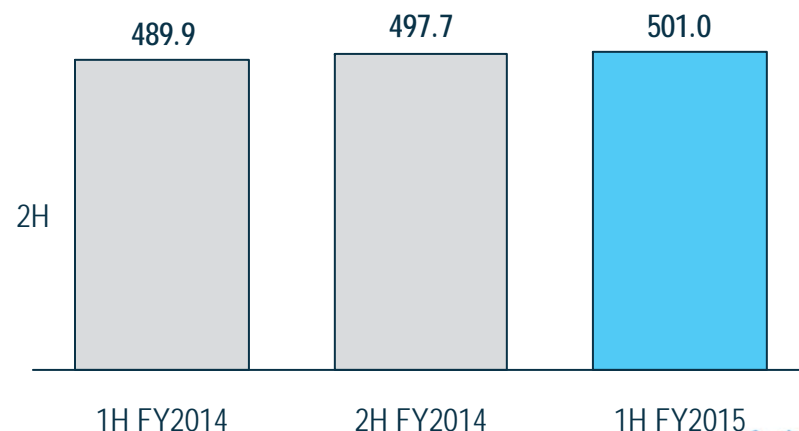
2H FY2015 direction

- Expect slightly weaker result in 2H vs 1H
 - Spreads moderating – steel prices currently falling more than raw material costs
 - FX translation benefit from lower AUD:USD compared to 1H FY2015
- Continue to look at productivity enhancement initiatives

Underlying EBIT¹ (\$M)



Despatch volumes (BSL 50% share, Kt)



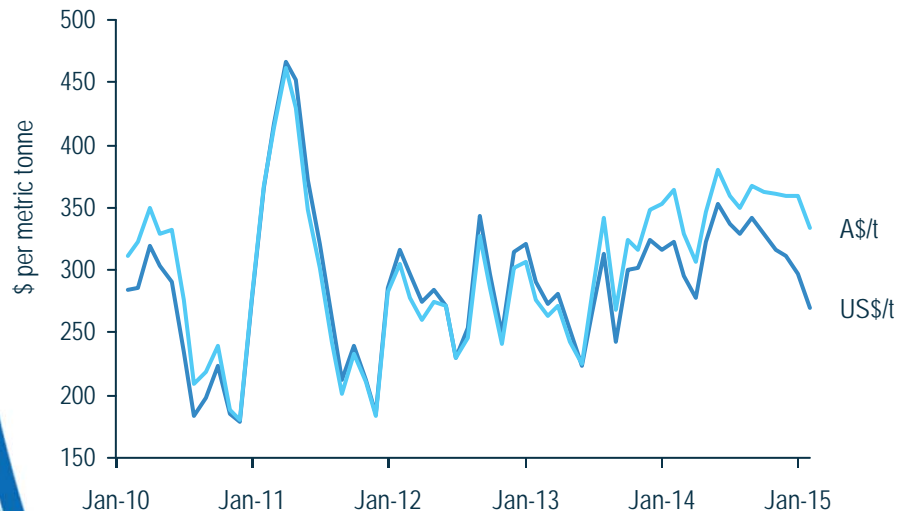
(1) Underlying EBIT recognised for Hot Rolled Products North America is mainly comprised of BlueScope's share of net profit for the North Star BlueScope Steel JV

Hot Rolled Products North America

US steel industry: sector consolidating and most end markets strong

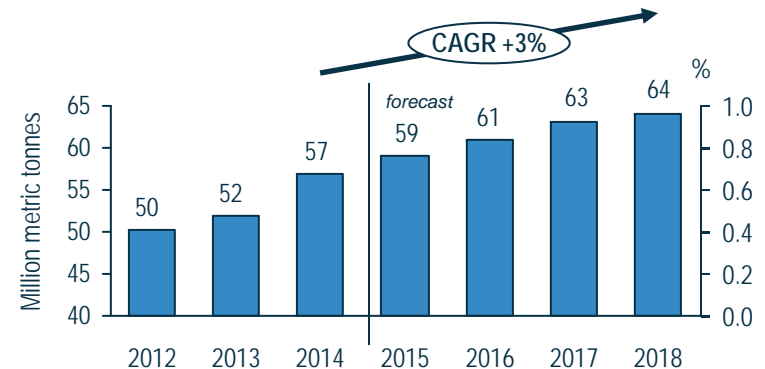
- Positive growth forecast in North Star's key end markets – automotive (~45% revenue) and construction (~25% revenue)
 - Not heavily impacted by weaker demand of OCTG goods, other than macro effect on HRC prices
- Recent M&A activity in US steel industry has increased domestic industry consolidation
 - Enables rapid supply response to changes in market demand
- Spreads strengthened in 1H; steel price falling at start of 2H but raw material prices also falling rapidly; A\$ translation supportive

Midwest HRC spread

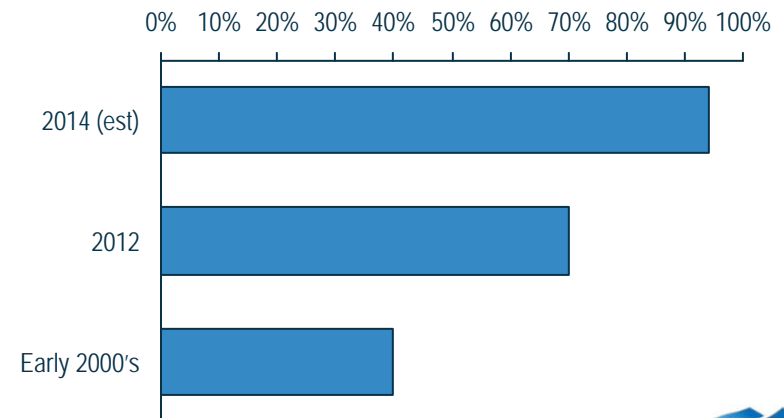


Source: CRU, North Star, BlueScope

US flat steel demand



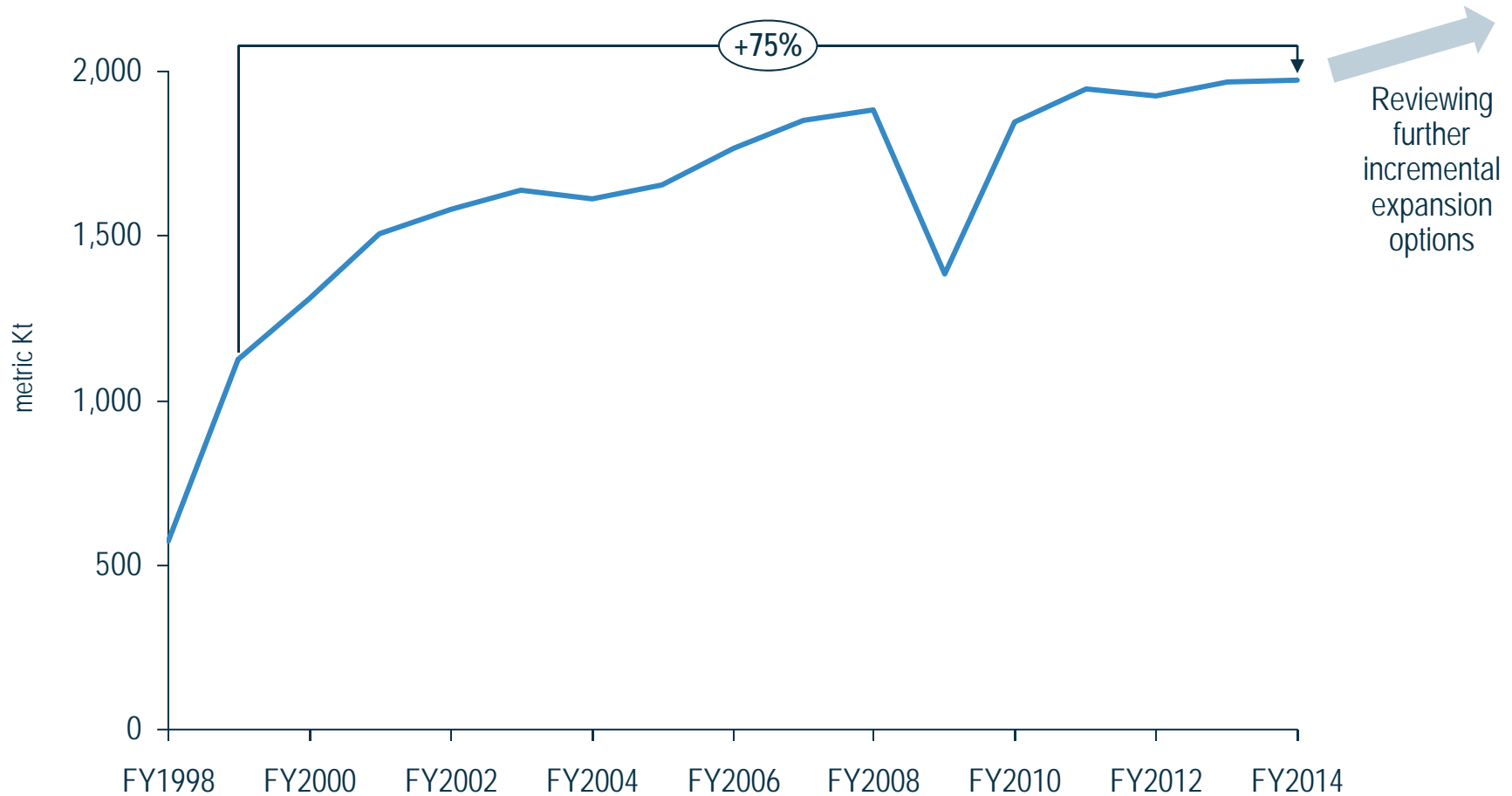
Share of current US top six producers of HRC over time



Hot Rolled Products North America

North Star: track record of growing production and despatches

North Star despatches since commencement (100% basis)





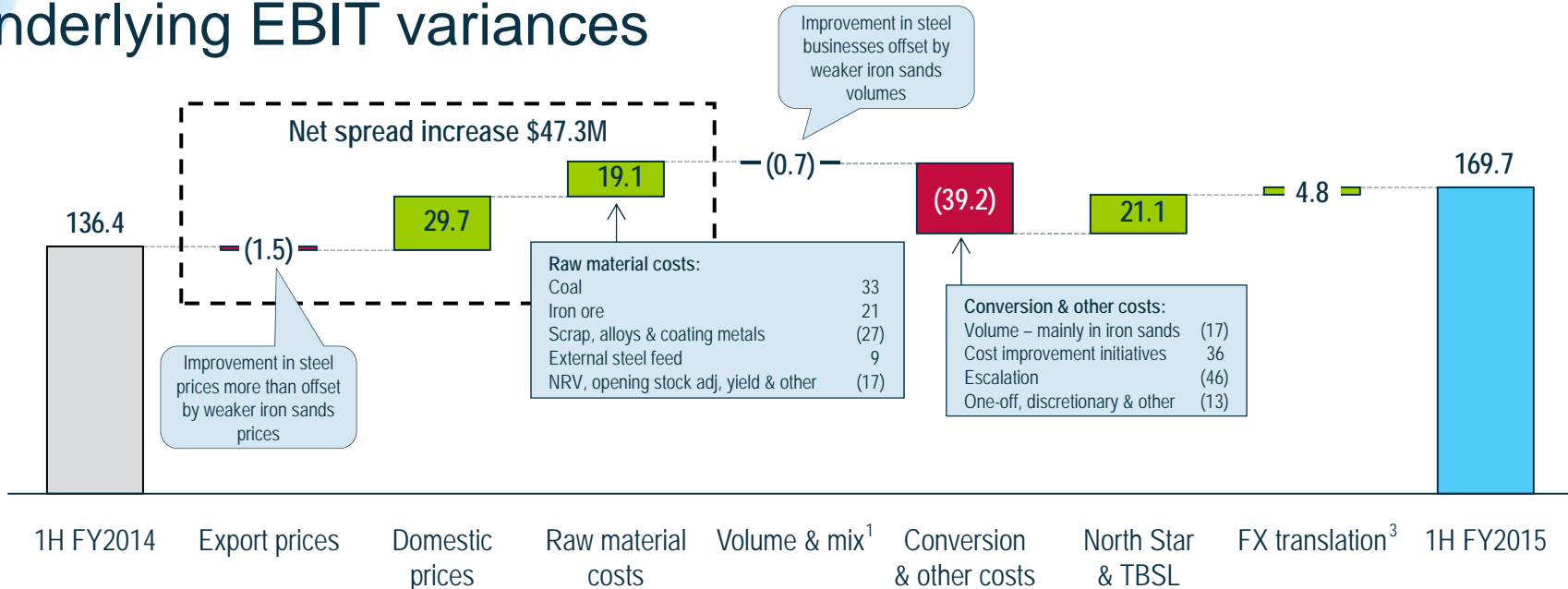
FINANCIALS

Underlying earnings

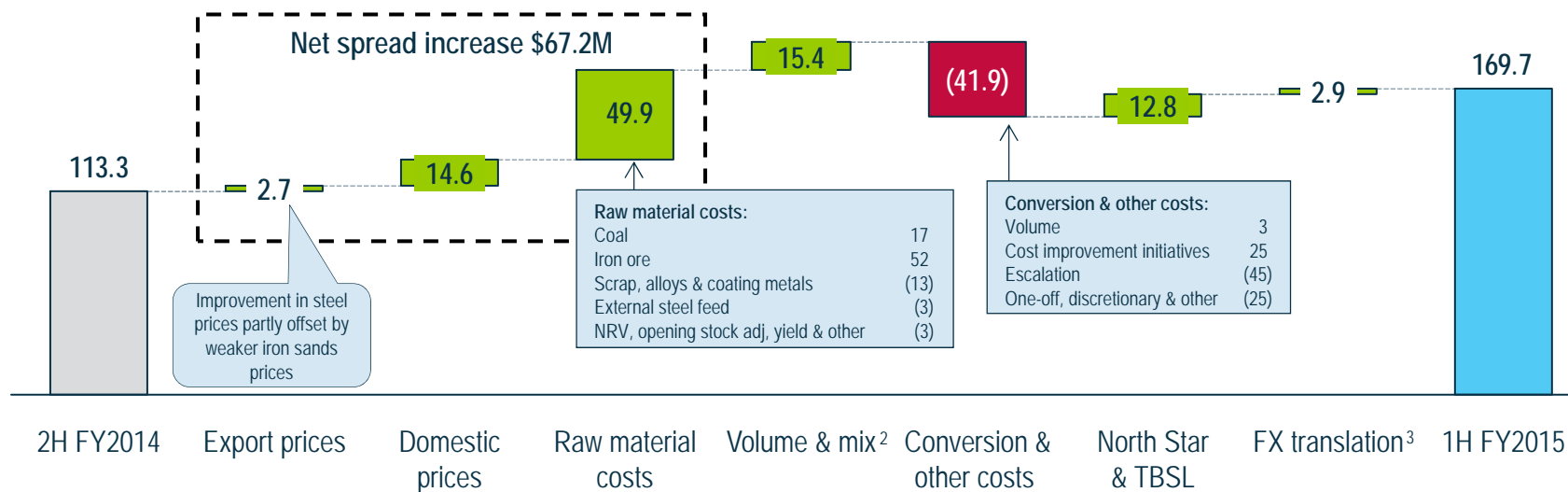
\$M	1H FY2014	2H FY14	1H FY15	
Underlying EBIT	136.4	113.3	169.7	Significant EBIT growth
Underlying borrowing costs	(30.1)	(38.1)	(36.4)	Slightly higher than 2H FY2014 due to higher average debt balance
Interest revenue	1.9	1.8	3.7	
Profit from ordinary activities before tax	108.2	77.0	137.0	
Underlying income tax (expense)/benefit	(32.9)	4.6	(35.5)	25.9% effective underlying tax rate
Underlying NPAT from ordinary activities	75.3	81.6	101.5	
Net (profit)/loss attributable to outside equity interest	(26.2)	(18.4)	(21.9)	
Underlying NPAT attributable to equity holders of BSL	49.1	63.2	79.6	

Underlying EBIT variances

1H FY2015 vs 1H FY2014 \$M



1H FY2015 vs 2H FY2014 \$M



Notes: 1) Volume / mix based on 1H FY2014 margins

2) Volume / mix based on 2H FY2014 margins

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

Reconciliation between reported NPAT and underlying NPAT¹

	1H FY2015 NPAT \$M
Reported net profit after tax	92.7
<i>Underlying adjustments</i>	
Accounting adjustment on closure of defined benefit superannuation	(19.0)
Tax asset write-back	(5.5)
Asset sales	(3.5)
Business development and acquisition costs	5.5
PKSW sinter plant waste gas cleaning stack fire	5.0
Debt restructuring costs (write-off of unamortised borrowing costs)	2.8
Restructuring & redundancy costs	1.0
Discontinued Business (gains) / losses	0.6
Underlying net profit after tax	79.6

Note: 1 – Underlying NPAT is provided to assist readers to better understand the underlying consolidated financial performance. Underlying information, whilst not subject to audit or review, has been extracted from the full year financial report which has been audited. Detail can be found in Table 2A of the ASX Earnings Report for the six months ended 31 December 2014 (document under Listing Rule 4.2a)

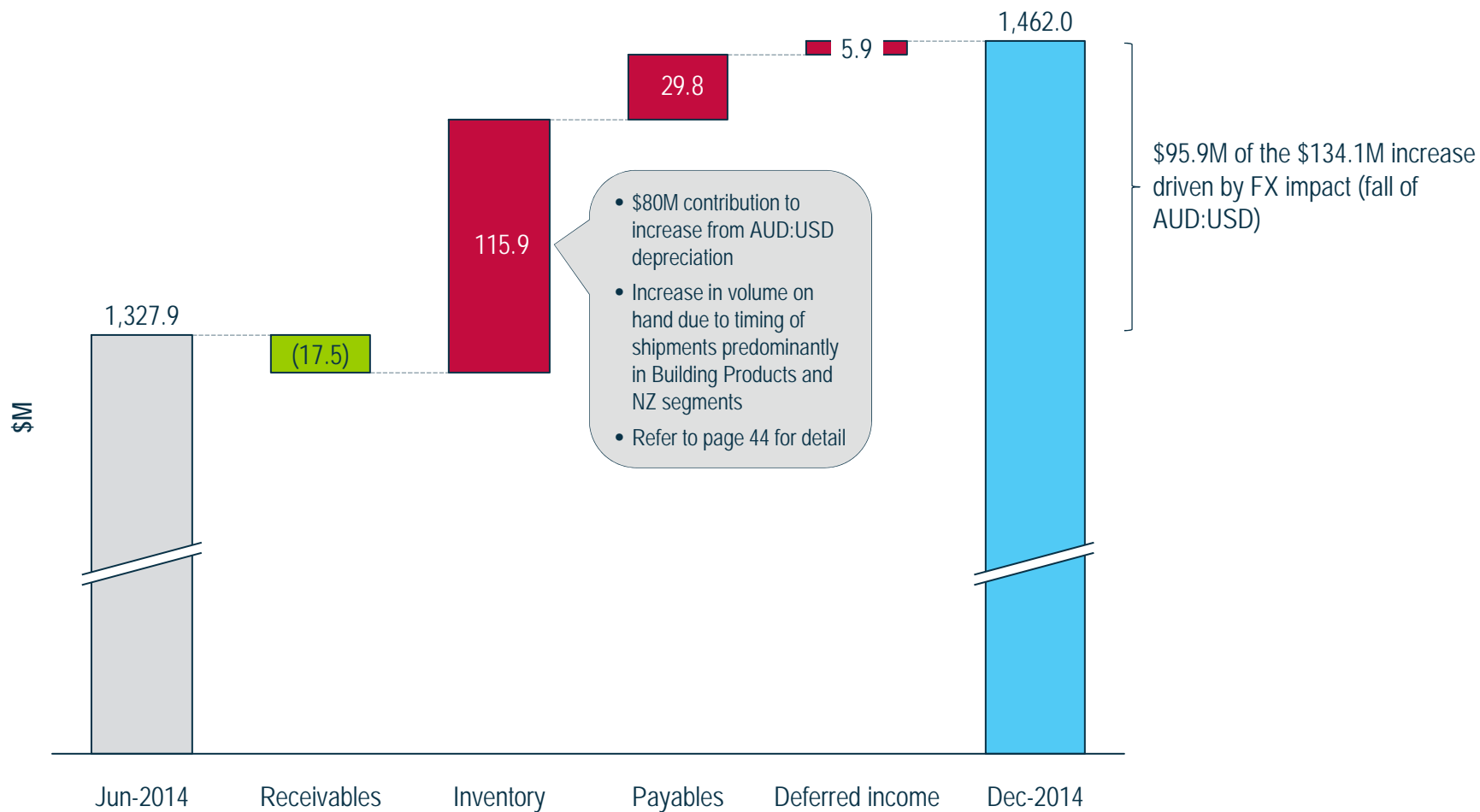
Cash flow

\$M	1H FY14	2H FY14	1H FY15	
Reported EBITDA	255.7	174.2	349.9	
Adjust for other cash profit items	5.6	(4.4)	(8.9)	Strong operating cash performance – up 30% on 1H FY2014
Cash from operations	261.3	169.8	341.0	
Working capital movement (inc provisions)	(88.2)	156.5	(121.1)	Working capital outflow; noting June 2014 benefited from timing of working capital by \$103M
Gross operating cash flow	173.1	326.3	219.9	
Financing costs	(23.7)	(31.9)	(36.1)	Increase on 2H FY2014 due to higher average drawn debt, higher average cost of debt (A\$ depreciation) and establishment fees on new bank facility
Interest received	1.9	1.8	1.7	
(Payment) / refund of income tax ¹	(23.9)	(16.5)	(35.9)	
Net operating cash flow	127.4	279.7	149.6	
Capex: payments for P, P & E and intangibles	(118.0)	(188.1)	(168.0) ²	
Other investing cash flow	6.8	(138.6)	(40.7)	Payment for Pacific Steel Group working capital (as previously foreshadowed) partly offset by proceeds from asset sales
Net cash flow before financing	16.2	(47.0)	(59.1)	
Equity issues	-	-	(0.1)	
Dividends	(29.9)	(13.0)	(32.7)	Predominantly dividends paid to holders of outside equity interests on BlueScope controlled entities, eg NSSMC
Transactions with non-controlling interests	1.6	-	-	
Net drawing / (repayment) of borrowings	34.7	(7.9)	(19.3)	
Net increase/(decrease) in cash held	22.6	(67.9)	(111.2)	

(1) As at 31 Dec 2014 the BlueScope Steel Australian tax consolidated group is estimated to have carried forward tax losses of approximately \$2.8Bn. There will be no Australian income tax payments until these losses are recovered

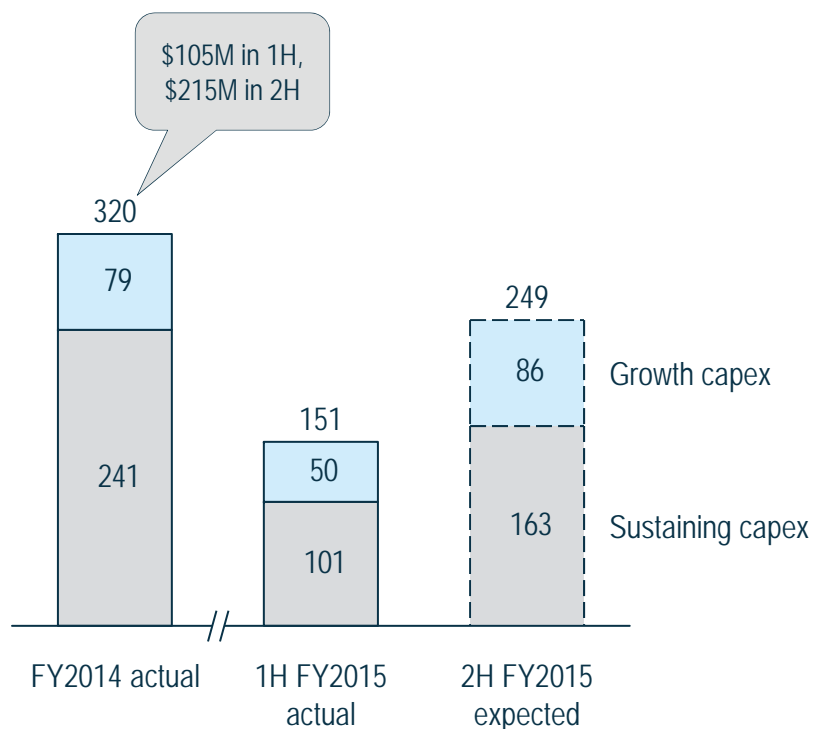
(2) Cash capex of \$168M in 1H FY2015; new capital commitments of \$151M

Net working capital

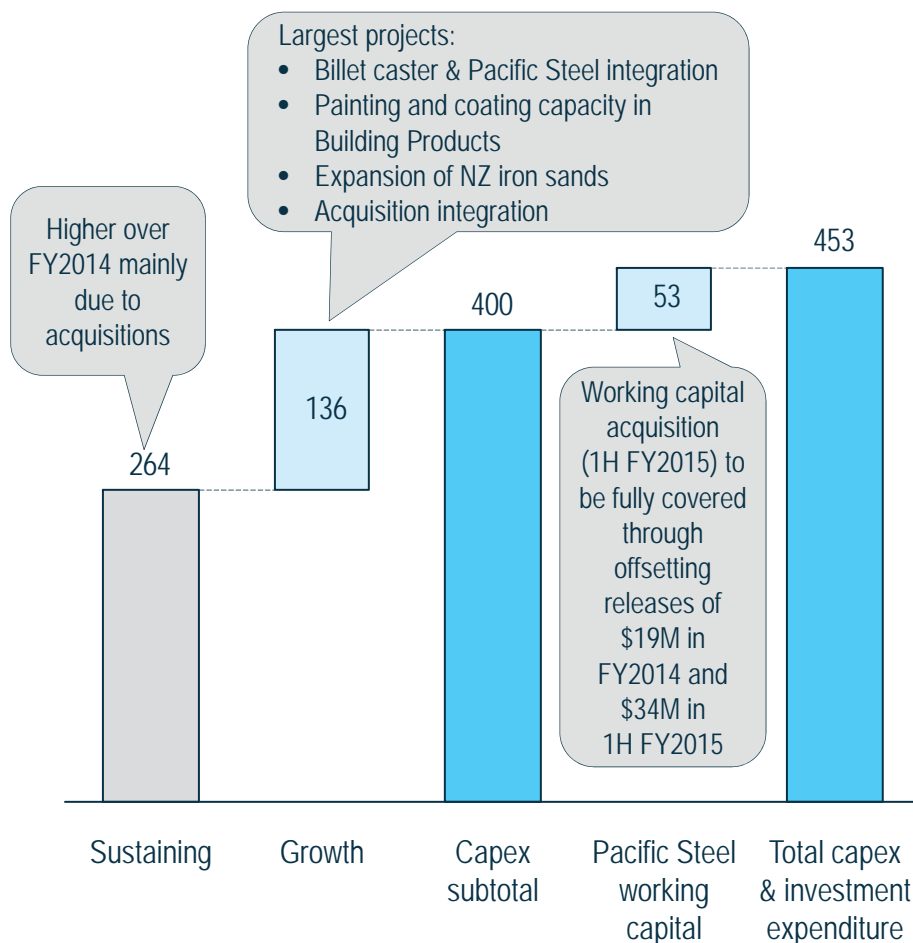


Capital and investment expenditure

FY2014 and FY2015 capex commitments (\$M)



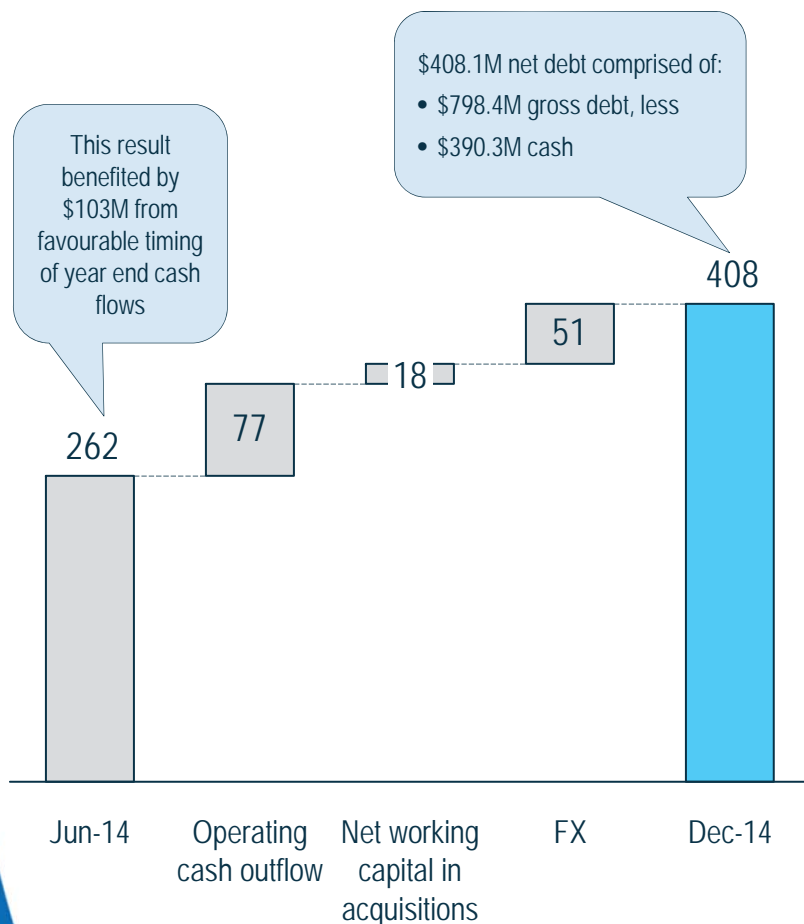
Expected FY2015 capital and investment expenditure (\$M)



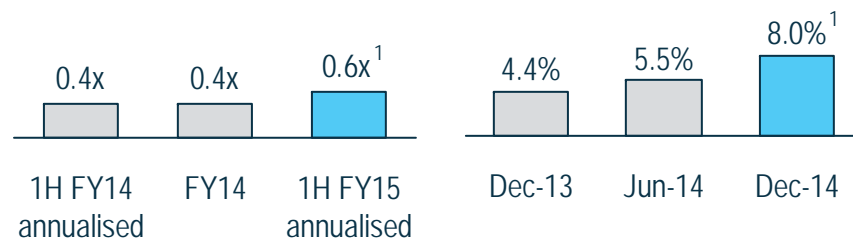
Note: sustaining capex in FY2014 and FY2015 includes \$25m relating to the planned blast furnace maintenance stoppages

Balance sheet – low gearing maintained

Net debt (\$M)

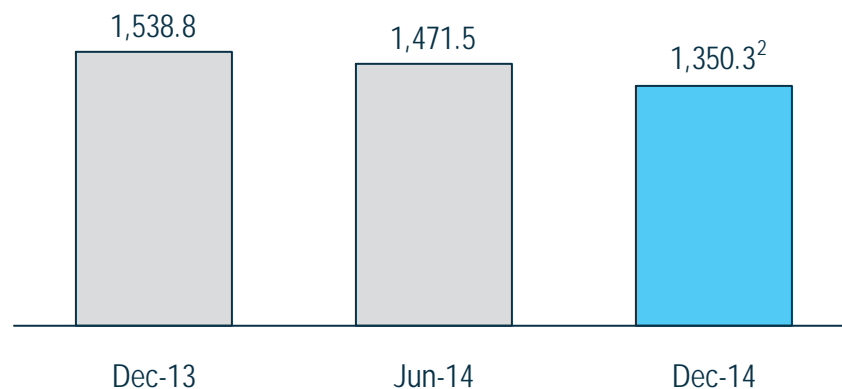


Net debt / EBITDA



(1) Fall in the AUD:USD contributed 0.07x to rise in net debt / EBITDA and 0.8% to rise in gearing

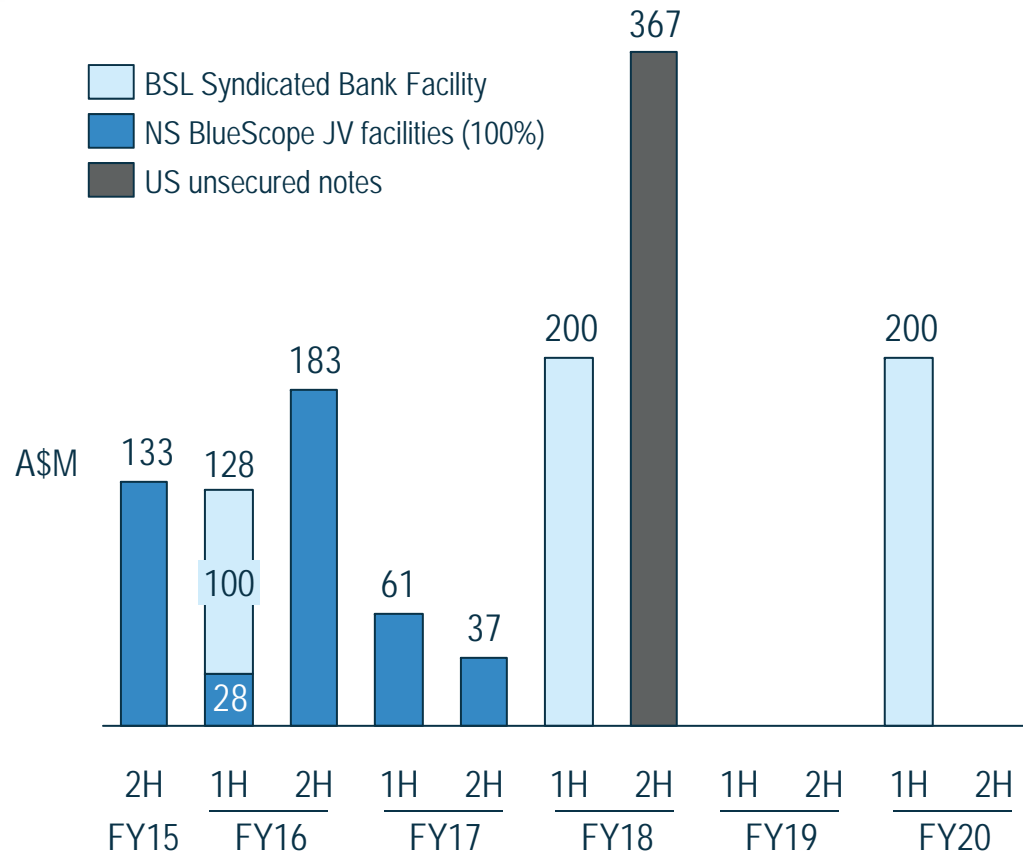
Liquidity (undrawn facilities and cash, \$M)



(2) Includes \$354.5M liquidity in NS BlueScope Coated Products JV

Debt facilities maturity profile at 31 December 2014

BSL bank facility termed out with lower cost



Notes:

- based on AUD/USD at US\$0.8181 at 31 December 2014
- Syndicated Bank Facility was undrawn at 31 December 2014 – refer to page 42

Receivables securitisation program:

- In addition to debt facilities, BSL has two undrawn receivables securitisation programs totalling \$230M

Current estimated cost of facilities:

- Approximately 5-6% interest cost on gross drawn debt; *plus*
- commitment fee on undrawn part of \$730M of domestic facilities of 0.80%; *plus*
- amortisation of facility establishment fees and the discount cost of long-term provisions of \$8M pa (approx 50/50 mix; non-cash);
- *less*: interest on cash.

Indicative EBIT sensitivities for 2H FY2015

	Estimated impact on half year EBIT A\$M ¹
+/- US\$10 / tonne movement in BlueScope's average realised export HRC price ²	+/- 14
+/- US\$10 / tonne movement in coal costs at Australian Steel Products	-/+ 11
+/- US\$10 / tonne movement in iron ore costs at Australian Steel Products	-/+ 25
+/- US\$10 / tonne movement in 62% Fe Index price on NZ iron sands	+/- 7
+/- 1¢ movement in Australian dollar / US dollar exchange rate ³	-/+ 3

(1) Assumed 2H FY2015 base exchange rate is US\$0.80

(2) The change in export HRC price assumes proportional effect on Australian and New Zealand Steel flat steel export products and flow on to Australian domestic pipe and tube market; includes impact on BSL's share of North Star revenue. Sensitivity does not include the potential impact on Australasian domestic coated product prices, as the flow on effect in the short term is less certain

(3) The movement in the Australian dollar/US dollar exchange rate includes the impact on US dollar denominated export prices and costs, restatement of US dollar denominated receivables and payables and the impact of translating the earnings of offshore operations to A\$. Does not reflect impact on Australasian domestic pricing



OUTLOOK & SUMMARY

Key growth drivers FY2016 onwards

Australia	<ul style="list-style-type: none">• Build on market leading positions in Australian flat steel products to grow domestic volumes<ul style="list-style-type: none">– Capture higher residential construction volumes driven by increased construction activity. BIS Shrapnel and HIA forecasting 7.3% and 5.9% growth in residential construction in FY2015, respectively¹• Minimise impact of cost inflation / pursue cost reductions• Full run-rate benefits of acquisitions
New Zealand & Pacific Steel	<ul style="list-style-type: none">• Full benefits of Pacific Steel acquisition once billet caster starts in late CY2015• Targeting lower iron sands cost base
Building Products ASEAN, North America & India	<ul style="list-style-type: none">• Capture benefit from non-residential construction markets which are growing 6-9% pa²• Deliver benefits of new products and new customers through NSSMC relationship. Commencement of SuperDyma® product. Expanded painting capacity in Malaysia
Global Building Solutions	<ul style="list-style-type: none">• Capture benefits of ongoing US non-residential construction growth• Improve China Buildings earnings• Continue to expand global accounts business
Hot Rolled Products North America	<ul style="list-style-type: none">• Continue to look at productivity enhancement initiatives

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



QUESTIONS & ANSWERS



ADDITIONAL INFORMATION

Summary of financial items by segment

Sales revenue

\$M	1H14	2H14	FY14	1H15
Australian Steel Products	2,246.3	2,351.6	4,597.9	2,478.8
New Zealand and Pacific Steel	419.6	451.3	870.9	489.9
Building Products ASEAN, NA & India	915.5	827.5	1,742.9	898.6
Global Building Solutions	732.5	651.9	1,384.3	785.4
Hot Rolled Products North America	0.0	0.0	0.0	0.0
Intersegment, Corporate & Discontinued	(331.5)	(283.6)	(614.9)	(301.1)
Total	3,982.4	3,998.7	7,981.1	4,351.6

Total steel despatches

'000 tonnes	1H14	2H14	FY14	1H15
Australian Steel Products	1,336.8	1,312.9	2,649.6	1,414.8
New Zealand and Pacific Steel	290.3	318.2	608.5	387.0
Building Products ASEAN, NA & India	704.8	662.2	1,367.0	683.3
Global Building Solutions	305.2	269.3	574.4	295.7
Hot Rolled Products North America	489.9	497.7	987.6	501.0
Intersegment, Corporate & Discontinued	(317.8)	(238.7)	(556.6)	(290.2)
Total	2,809.2	2,821.3	5,630.5	2,991.6

Underlying EBITDA

\$M	1H14	2H14	FY14	1H15
Australian Steel Products	111.1	107.6	218.8	156.5
New Zealand and Pacific Steel	63.7	63.8	127.5	31.4
Building Products ASEAN, NA & India	76.9	63.0	139.9	74.0
Global Building Solutions	36.9	23.4	60.3	36.7
Hot Rolled Products North America	48.7	55.9	104.6	67.1
Intersegment, Corporate & Discontinued	(36.2)	(37.5)	(73.7)	(31.7)
Total	301.1	276.2	577.4	334.0

Underlying EBIT

\$M	1H14	2H14	FY14	1H15
Australian Steel Products	13.9	14.8	28.8	64.7
New Zealand and Pacific Steel	38.6	36.1	74.7	2.6
Building Products ASEAN, NA & India	50.9	37.9	88.9	47.8
Global Building Solutions	20.5	6.3	26.8	19.3
Hot Rolled Products North America	48.7	55.9	104.6	67.1
Intersegment, Corporate & Discontinued	(36.2)	(37.7)	(74.1)	(31.8)
Total	136.4	113.3	249.7	169.7

Committed debt facilities as at 31 December 2014

	Maturity	Committed		Drawn
		Local currency	A\$M	A\$M
Syndicated Bank Facility				
- One year tranche	Nov 2015	A\$100M	\$100M	-
- Three year tranche	Nov 2017	A\$200M	\$200M	-
- Five year tranche	Nov 2019	A\$200M	\$200M	-
US unsecured notes	May 2018	US\$300M	\$367M	\$367M
NS BlueScope JV facilities (100%)				
- Corporate facilities	Mar 2015	US\$100M	\$122M	\$31M
- Corporate facilities	Mar – Jul 2016	US\$200M	\$244M	\$180M
- Thailand facilities	Aug 2015 – Jan 2017	THB 1,750M	\$65M	-
- Malaysian facilities	Apr 2015	MYR 30M	\$11M	\$1M
Finance leases	Various	Various	\$198M	\$198M
Total			\$1,507M	\$777M

Note: assumes AUD/USD at US\$0.8181

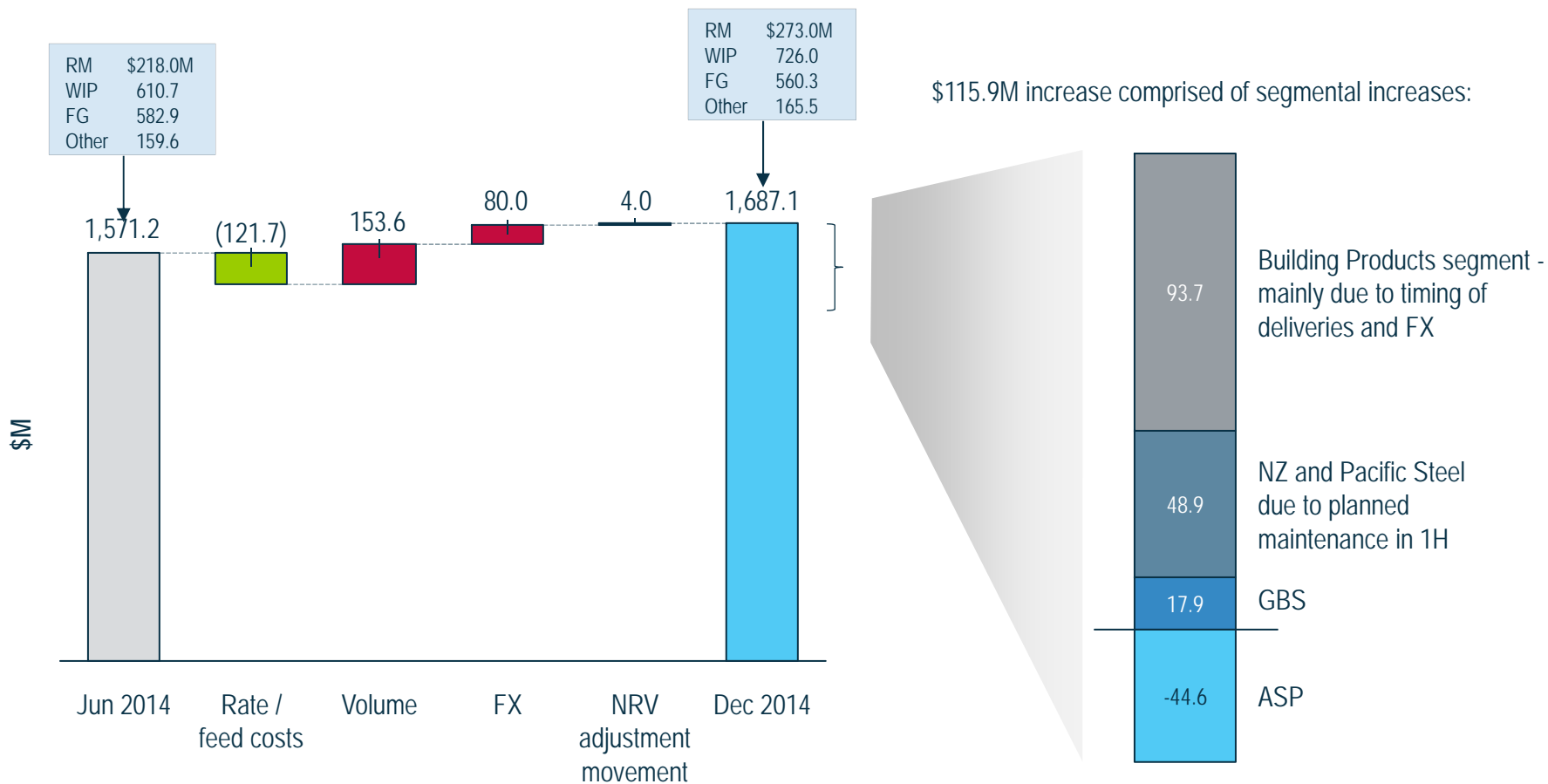
- In addition to debt facilities, BSL has a receivables securitisation programs of \$230M maturing between September and December 2016 (undrawn at 31 December 2014) and other items in total debt of (\$21M)



Balance sheet

\$M	31 Dec 2013	30 Jun 2014	31 Dec 2014
Assets			
Cash	544.7	466.6	390.3
Receivables *	1,057.3	1,108.6	1,091.1
Inventory *	1,542.4	1,571.2	1,687.1
Property, Plant & Equipment	3,446.2	3,515.3	3,652.8
Intangible Assets	495.4	484.6	493.7
Other Assets	390.3	372.6	416.2
Total Assets	7,476.3	7,518.9	7,731.2
Liabilities			
Trade & Sundry Creditors *	950.2	1,198.5	1,168.7
Capital & Investing Creditors	29.4	61.9	36.8
Borrowings	758.4	728.2	798.4
Deferred Income *	291.6	153.4	147.5
Retirement Benefit Obligations	145.7	162.6	193.7
Provisions & Other Liabilities	698.8	757.6	703.8
Total Liabilities	2,874.1	3,062.2	3,048.9
Net Assets	4,602.2	4,456.7	4,682.3
Note *: Items included in net working capital	1,357.9	1,327.9	1,462.0

Inventory movement



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

Australian Steel Products

Financial and despatch summaries

Key segment financial items

\$M unless marked	1H14	2H14	FY14	1H15
Revenue	2,246.3	2,351.6	4,597.9	2,478.8
Underlying EBITDA	111.1	112.0	223.2	156.5
Underlying EBIT	13.9	19.2	33.2	64.7
Reported EBIT	(15.1)	(150.2)	(165.3)	66.4
Capital & investment expenditure	54.6	126.1	180.6	76.4
Net operating assets (pre-tax)	2,414.2	2,511.6	2,511.6	2,469.6
Total steel despatches (kt)	1,336.8	1,312.9	2,649.6	1,414.8

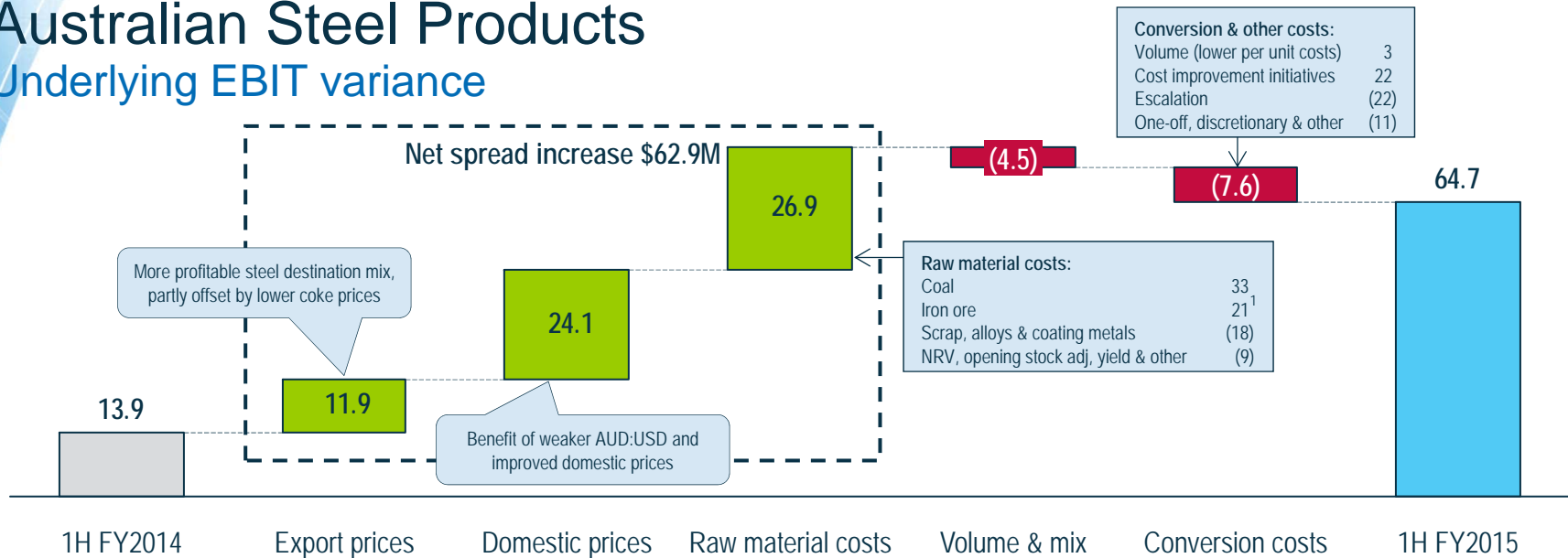
Despatches breakdown

'000 tonnes	1H14	2H14	FY14	1H15
Hot rolled coil	263.8	214.9	478.6	216.7
Plate	117.6	116.6	234.2	108.5
CRC, metal coated, painted	572.5	618.8	1,191.4	606.7
Domestic despatches of BSL steel	953.9	950.3	1,904.2	931.9
Channel despatches of ext sourced steel	134.1	120.0	254.1	140.7
Domestic despatches total	1,088.0	1,070.3	2,158.3	1,072.6
Hot rolled coil	142.2	149.8	292.0	225.5
Plate	6.2	6.0	12.2	14.4
CRC, metal coated, painted	96.5	85.1	181.5	100.3
Export despatches of BSL steel	244.9	240.9	485.7	340.3
Channel despatches of ext sourced steel	3.9	1.7	5.6	1.9
Export despatches total	248.8	242.6	491.3	342.2
Total steel despatches	1,336.8	1,312.9	2,649.6	1,414.8
Export coke despatches	246.9	393.2	640.1	354.8

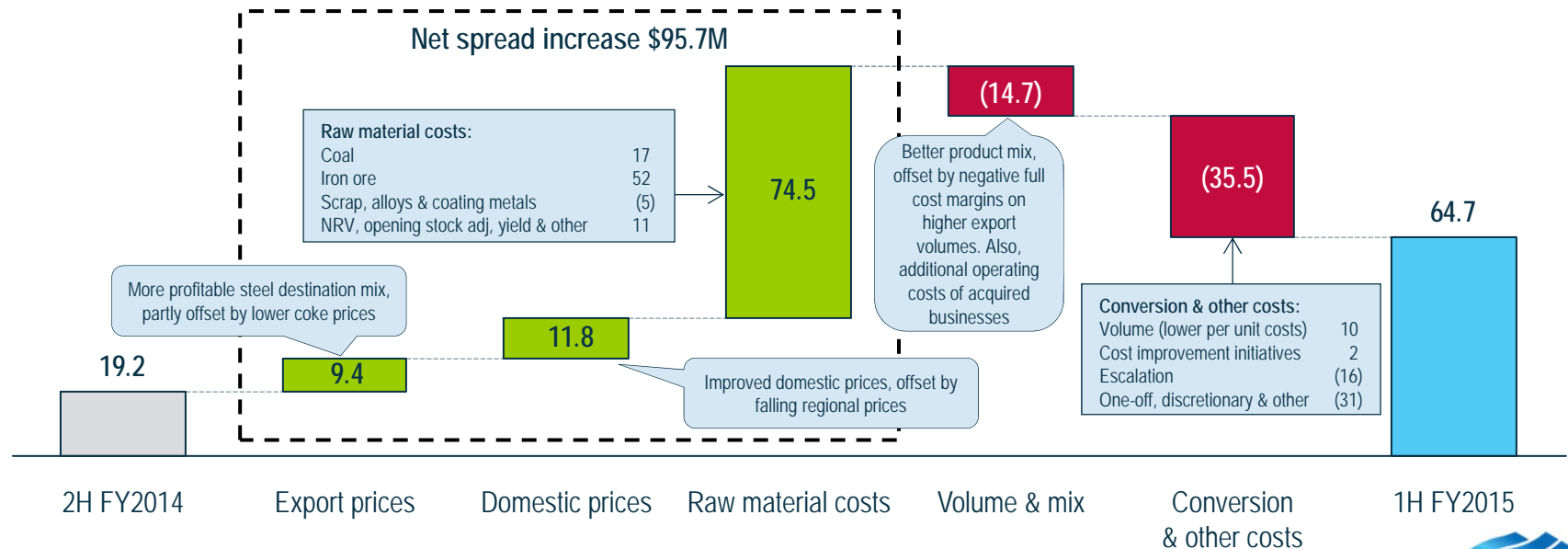
Australian Steel Products

Underlying EBIT variance

1H FY2015 vs 1H FY2014 \$M



1H FY2015 vs 2H FY2014 \$M

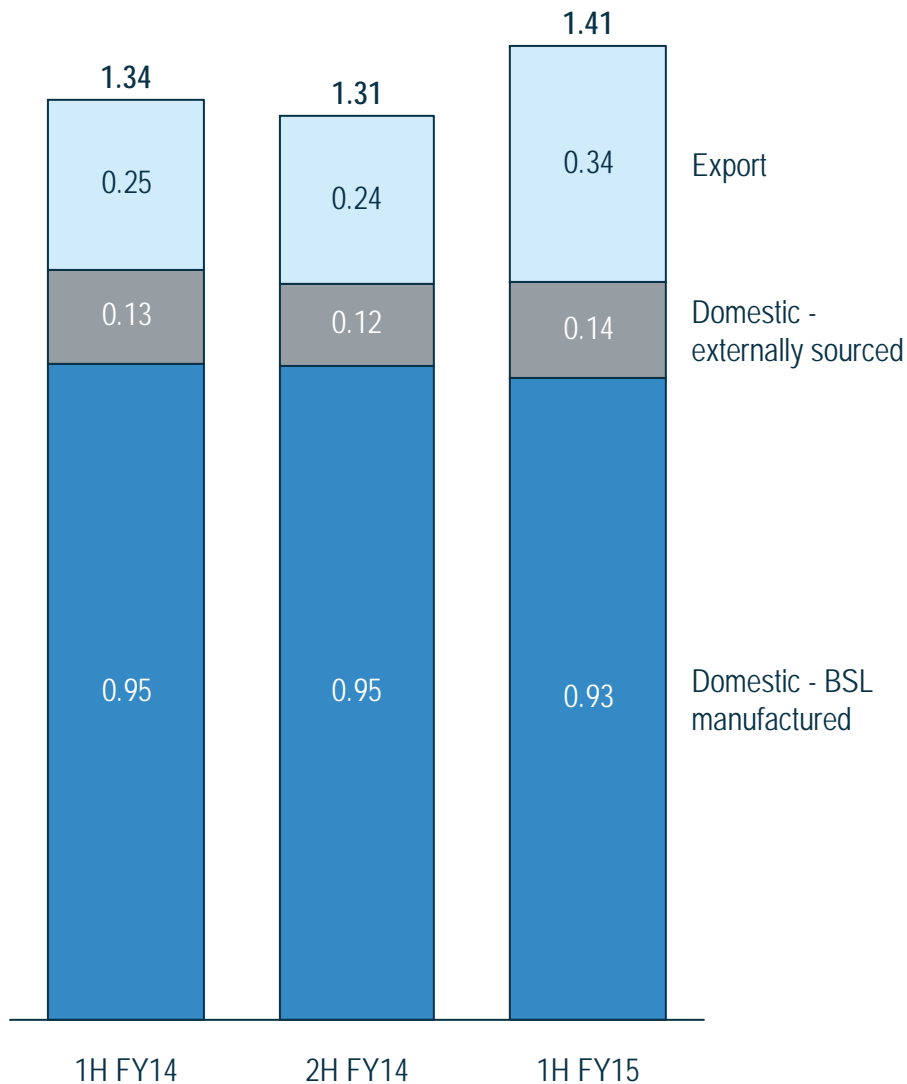


Notes:

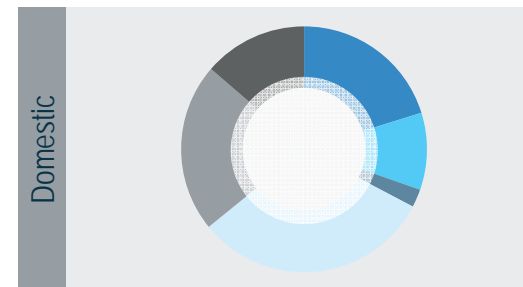
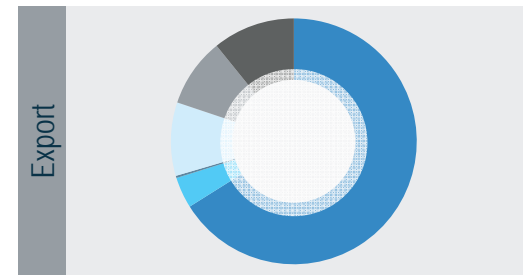
- (1) Favourable iron ore variance is not as large as theoretical expectation (ie. 3 month lagged, FX adjusted movement in index prices) primarily due to: (i) higher scrap charge but lower consumption of iron ore in production mix; (ii) higher value ores used during planned blast furnace maintenance program; and (iii) shipping costs in index price falling more than BSL's shipping cost to PKSW

Australian Steel Products

Despatch mix (Mt)



1H FY2015 Product Mix



Australian Steel Products

Revenue and underlying costs 1H FY2015

Revenue

A\$2,479m

Non-steel business

- Export coke
- Cold ferrous
- By-products
- Externally sourced steel

Steel business

Underlying costs (to EBIT line)

A\$2,414m

Non-steel business costs

Conversion & overhead

Depreciation

Freight

Raw materials

Non-steel business costs relate to:

- Export coke sales
- Cold ferrous feed to Arrium (scrap pool)
- By-products (eg. tar, BTX, sulphate)
- Externally sourced steel

Freight (in order of value):

- Domestic despatches
- Export despatches
- Internal (eg. Springhill & Western Port to Service Centres)

Raw materials (in order of value):

- Iron ore
- External steel feed
- Coal
- Scrap
- Fluxes and alloys
- Paint
- Zinc
- Aluminium

Conversion & Overhead Components (in order of value):

- Direct labour
- Repairs & maintenance
- Sales & administration
- Services & contractors
- Utilities
- Consumables
- Other

Indicative 'recipe' of raw materials per output steel tonne:

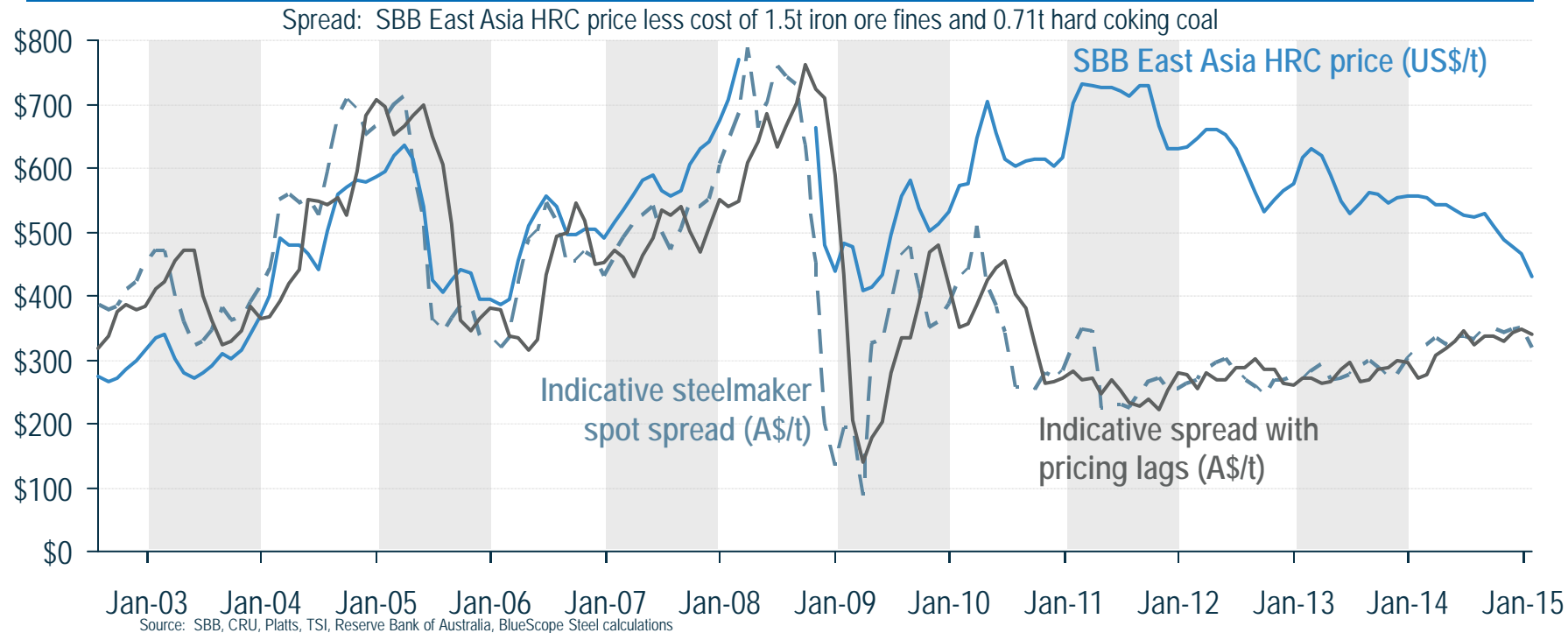
- 1.24t iron ore fines (sintering)
- 0.27t lump ore (into BF)
- 0.57t hard coking coal (into BF)
- 0.15t PCI (into BF)
- 0.18t scrap (into BOS), of which 45% sourced internally



Australian Steel Products

Spread continues to be a major determinant of segment profitability

East Asia HRC price (US\$/t) and indicative steelmaker HRC spread (A\$/t)



	FY2010	FY2011	FY2012	FY2013	FY2014	1H FY14	2H FY14	1H FY15
Indicative steelmaker HRC spread (US\$/t)	365	271	276	277	283	265	300	307
Indicative steelmaker HRC spread (A\$/t)	414	275	267	270	308	288	328	344
Indicative spread with pricing lags (A\$/t)	403	292	257	278	295	282	308	336
AUD:USD	0.88	0.99	1.03	1.03	0.92	0.92	0.91	0.89

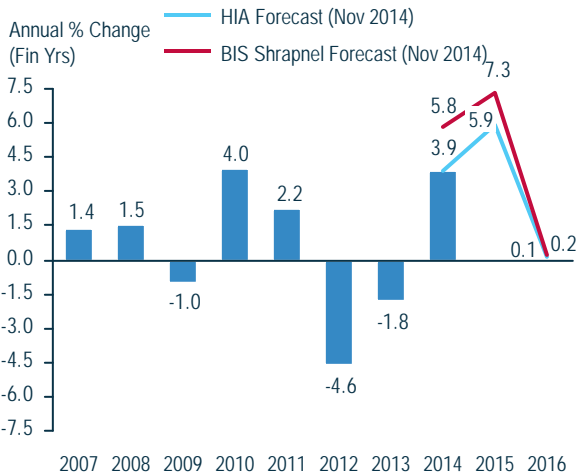
Notes on calculation:

- 'Indicative steelmaker HRC spread' representation based on simple input blend of 1.5t iron ore fines and 0.71t hard coking coal per output tonne of steel. Chart is not a specific representation of BSL realised export HRC spread (eg does not account for iron ore blends, realised steel prices etc), but rather is shown primarily to demonstrate movements from period to period arising from the prices / currency involved. 'Indicative spread with pricing lags' includes three month HRC price lag, three month lag on iron ore price and two month lag on coal price
- Indicative iron ore pricing: 62% Fe iron ore fines price assumed. Industry annual benchmark prices up to March 2010. Quarterly index average prices lagged by one quarter from April 2010 to March 2011; 50/50 monthly/quarterly index average from April 2011 to December 2012. Monthly thereafter. FOB estimate deducts Baltic cape index freight cost from CFR China price
- Indicative hard coking coal pricing: low-vol, FOB. Industry annual benchmark prices up to March 2010; quarterly prices from April 2010 to March 2011; 50/50 monthly/quarterly pricing thereafter

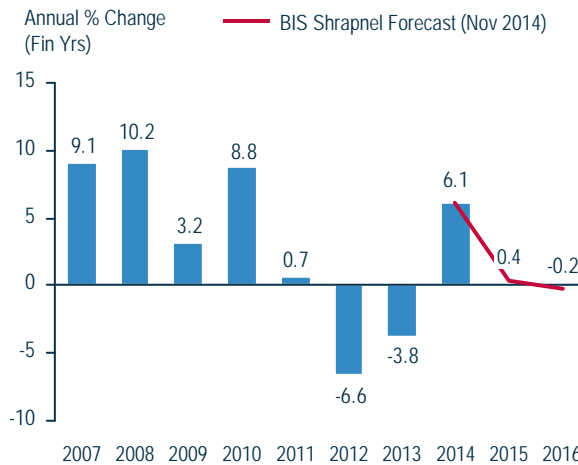
Australian Steel Products

External forecasters' outlook for our key end-use segment exposures

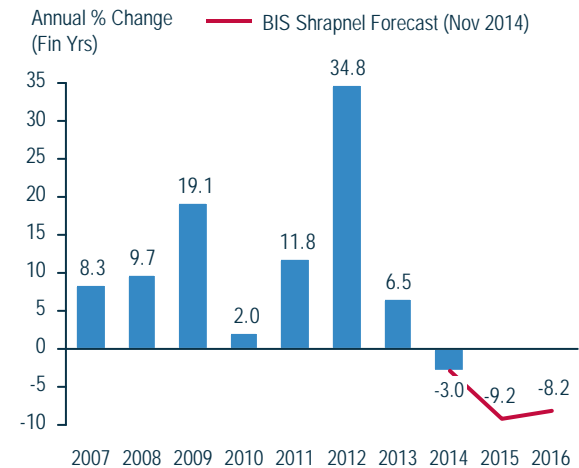
Residential construction



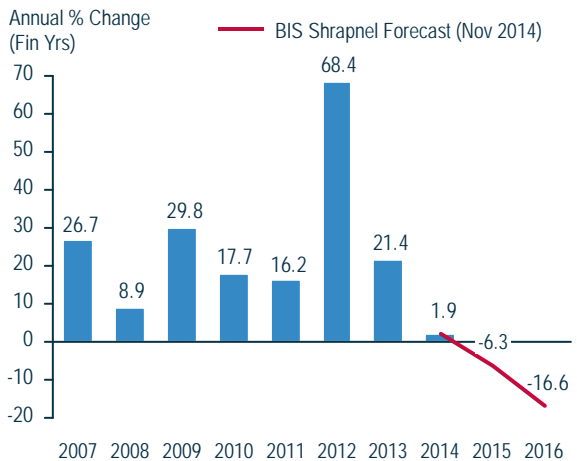
Non-residential construction



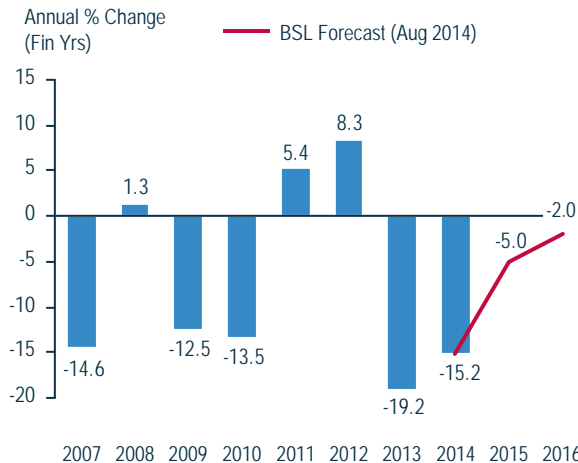
Engineering construction



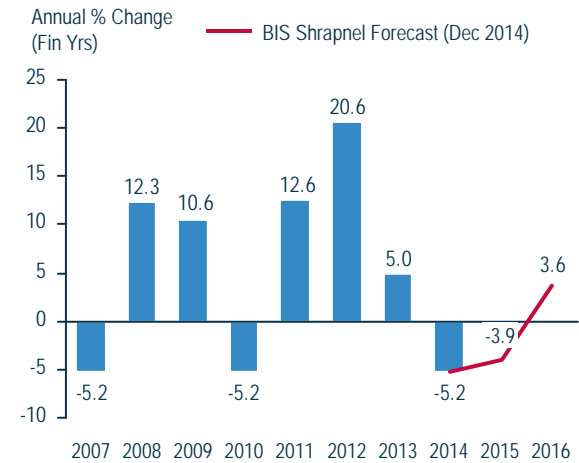
Mining



Manufacturing



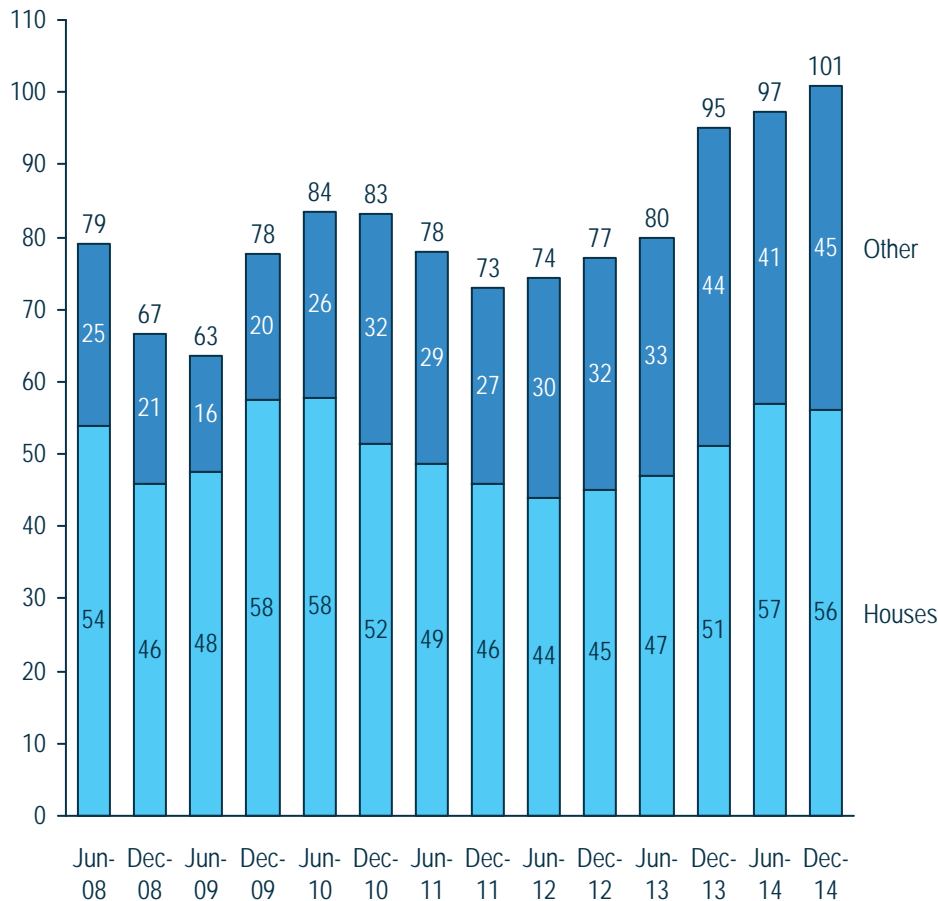
Agriculture



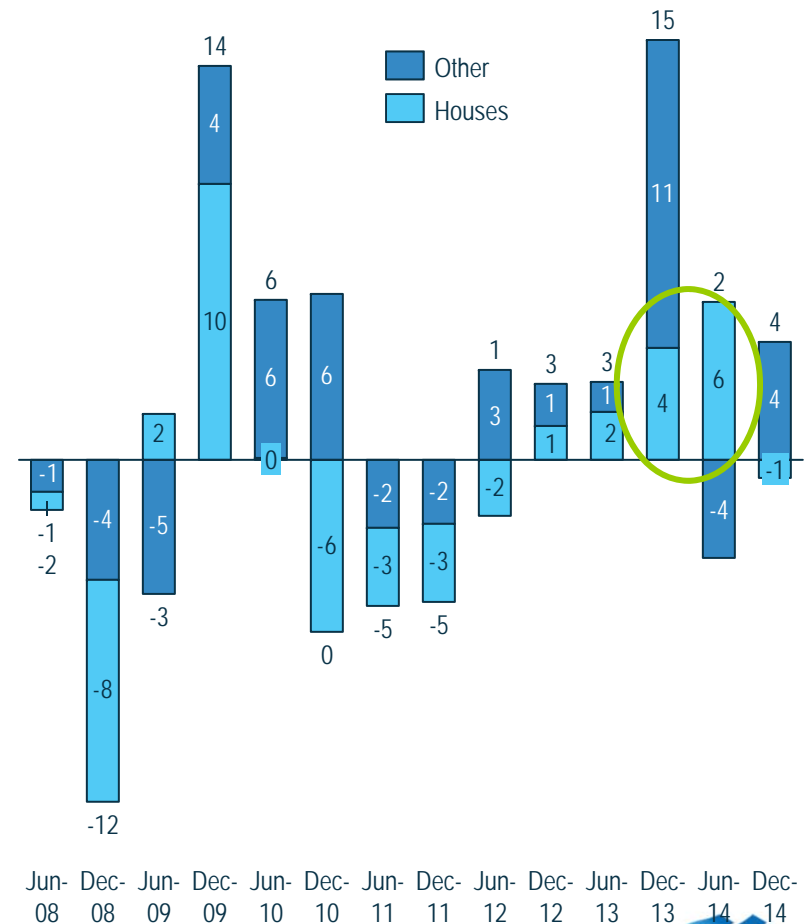
Australian Steel Products

Approvals of new detached houses have lifted strongly in the last 18 months

Australian residential construction approvals
(private sector) – '000 units



Change in Australian residential construction approvals
(private sector) – '000 units

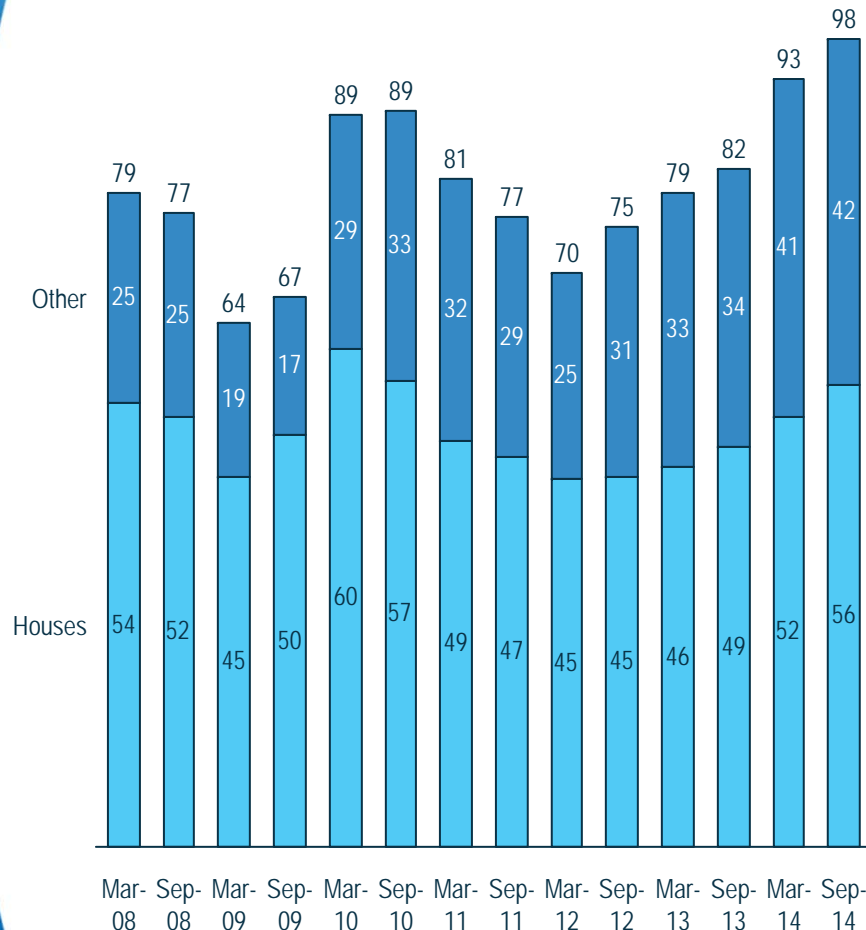


Source: ABS series 8731.0, table 6. Private sector. Seasonally adjusted

Australian Steel Products

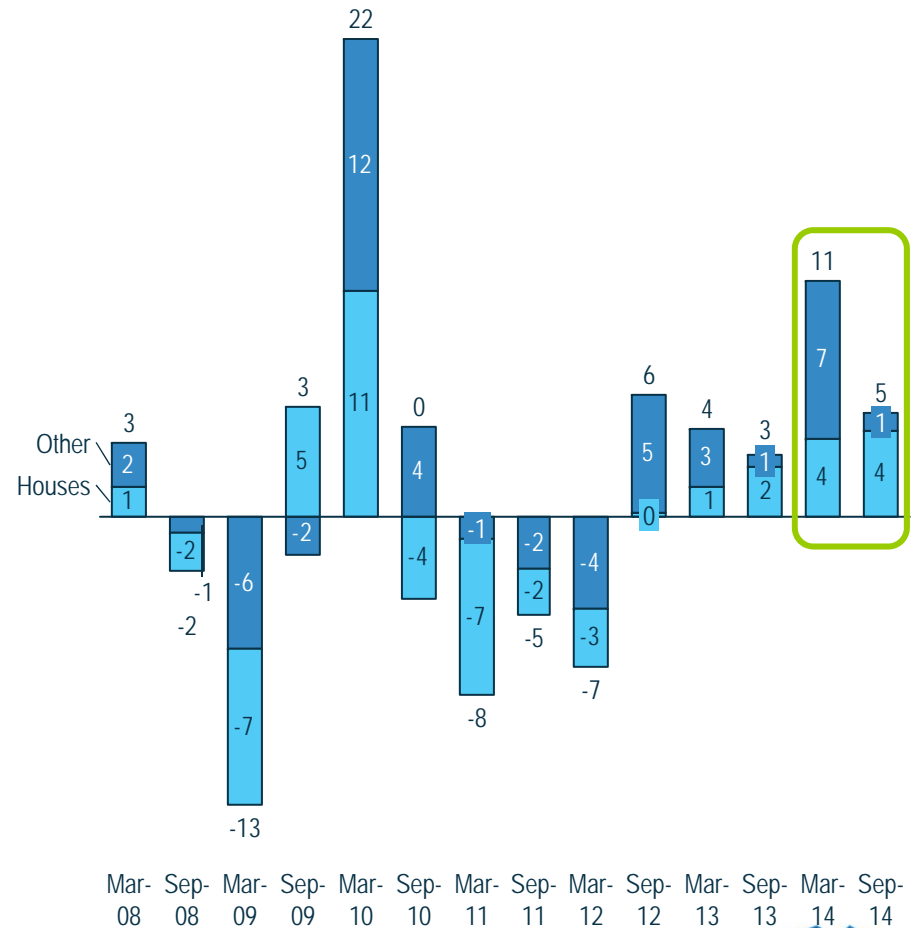
Commencements lag approvals, and have only achieved full momentum in the last 12 months. Further, BSL despatches lag commencements (eg roof, gutter and fence installation)

Australian residential construction commencements (private & public sector) – '000 units



Source: ABS series 8752, table 33. Total sectors (public & private).

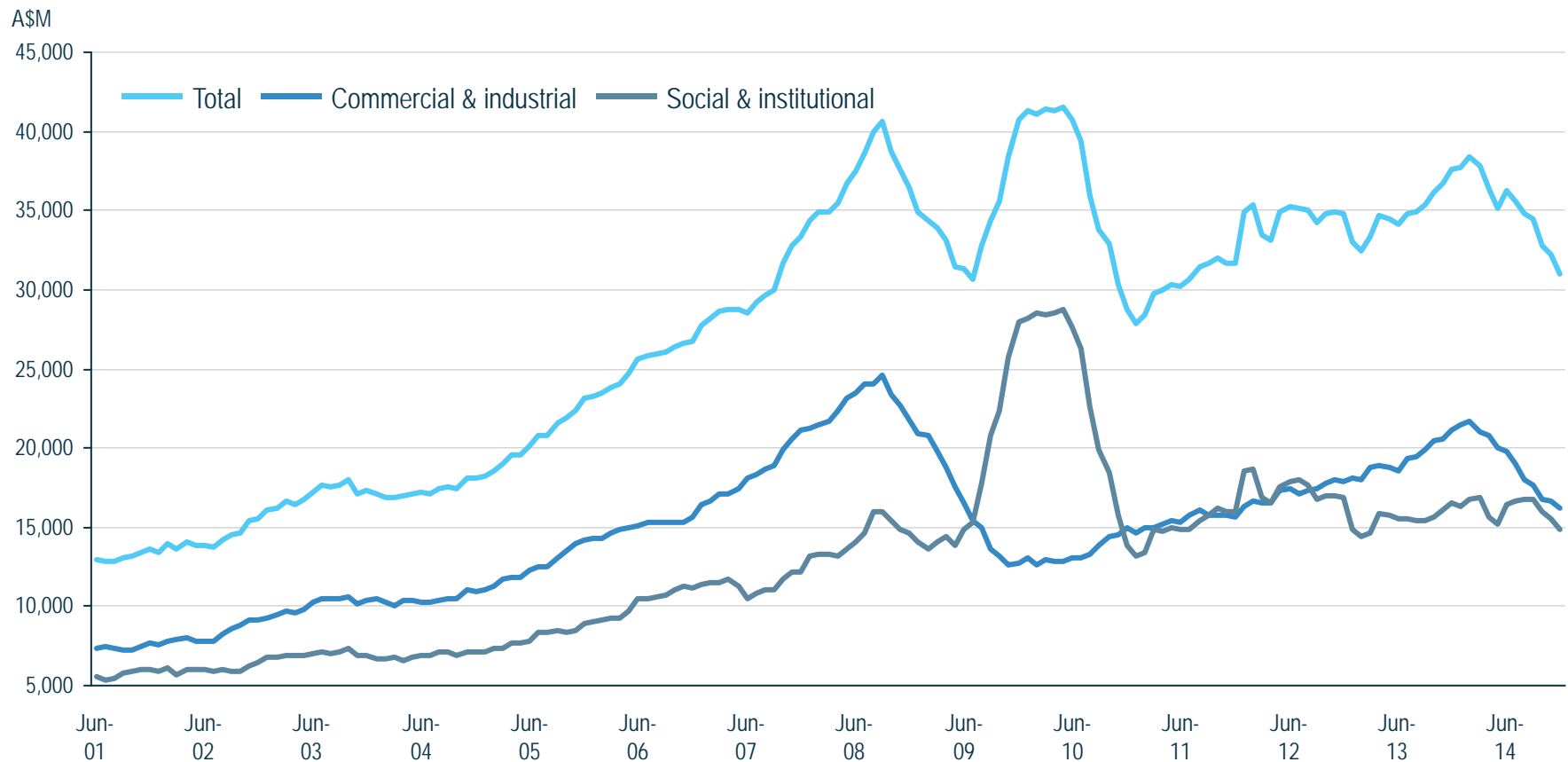
Change in Australian residential construction commencements (private & public sector) – '000 units



Australian Steel Products

Australian non-residential construction approvals

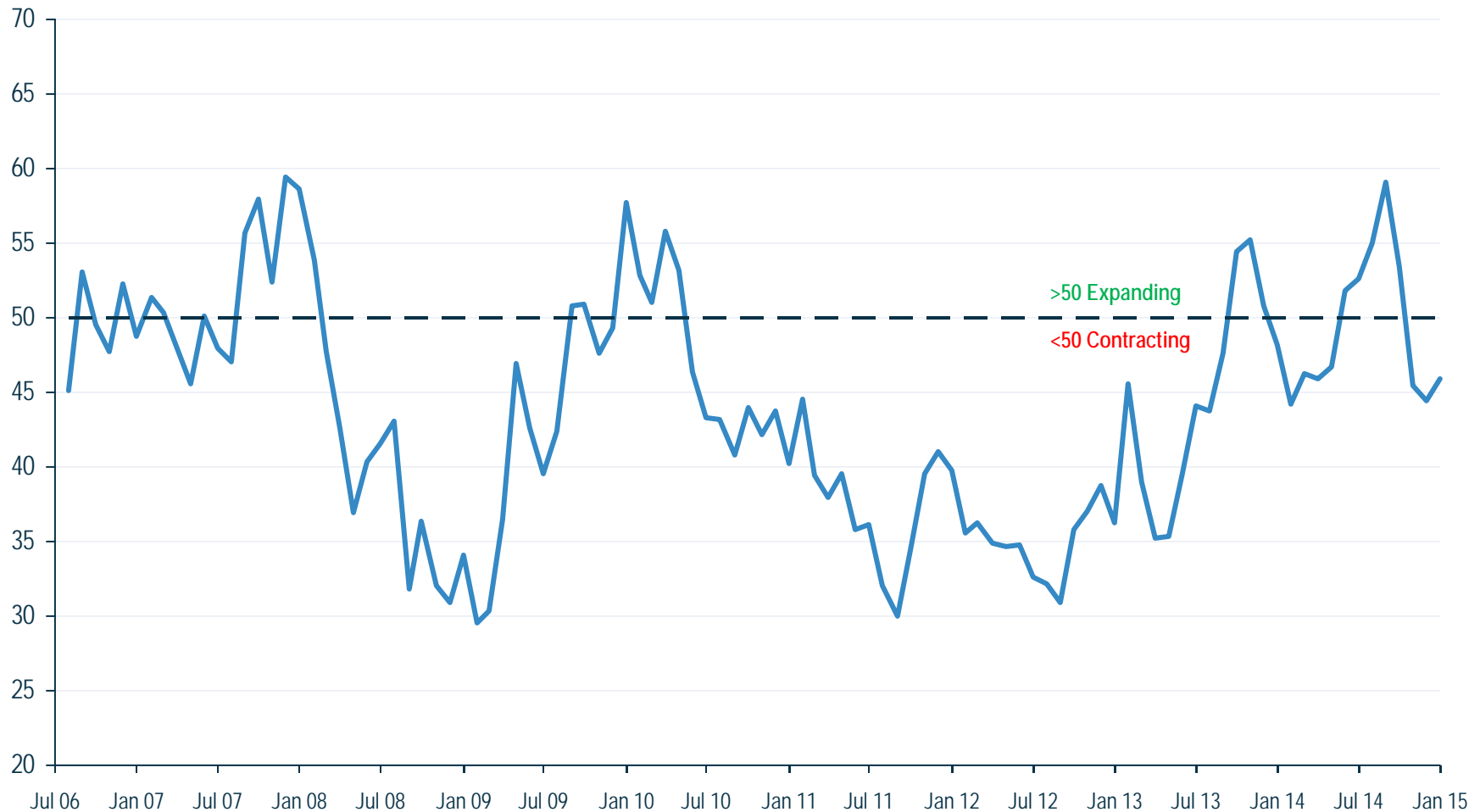
Rolling 12 month value of work approved (public & private) – nominal



Source: ABS series 8731, table 51. Total sectors (public and private).

Australian Steel Products

Australian Performance of Construction (PCI®) index



Note: The Australian Industry Group's Performance of Construction Index (Australian PMI®, PCI®) is a composite index based on the indexes for production, new orders, deliveries, inventories and employment, with varying weights. A reading above 50 points indicates that manufacturing is generally expanding; below 50, that it is declining. The distance from 50 is indicative of the strength of the expansion or decline.

Source: AIG

Australian Steel Products

Supply and pricing of iron ore and met coal to Steelworks

Iron ore	Supplier	Term	Approximate Volume (p/a)	Pricing Basis
	BHP Billiton	10 years from 1 July 2009	Up to 4.18Mt lump & fines	Linked to average monthly index in the month of shipment
	Others	Short term contracts	Iron ore as required	Agreed short term pricing

Metallurgical coal	Supplier	Term	Product / Approximate Volume (p/a)	Pricing Basis
	BHP Billiton (Illawarra Coal)	30 years from 1 July 2002	Hard coking coal; minimum volume linked to blast furnace requirements	Market based pricing linked to BHP Billiton sales to contract customers
	Peabody Energy	Until October 2015	PCI & Coking Coal; 850kt	Agreed short term pricing
	Others	Short term contracts	Coking coal as required	Agreed short term pricing

Australian Steel Products

Progress on challenging unfair trade and dumping

	Process	Current Duties ¹
Hot rolled coil (Anti-dumping)	<ul style="list-style-type: none"> • Preliminary Affirmative Determination (PAD) issued Oct 2012; Minister sign off Dec 2012 • Following a further review, in July 2013 the Anti-Dumping Commission (ADC) announced changes to further the strengthen an element of duty calculation 	<ul style="list-style-type: none"> • Interim Dumping Duties (IDD) rates: <ul style="list-style-type: none"> – Japan 0-7.5% – Korea 2.6-11.8% – Malaysia 15.4% – Taiwan 2.6-8.2%
Galvanised steel (Anti-dumping & China countervailing)	<ul style="list-style-type: none"> • PAD issued Feb 2013 (anti-dumping) & May 2013 (countervailing) • Attorney General sign-off released 5 Aug 2013 • On 11 July 2014 the ADC announced it will investigate alleged dumping of galvanised steel to Australia from India and Vietnam. The Minister has granted the ADC an extension of 140 days to complete this investigation with the SEF now due no later than 18 March 2015 	<ul style="list-style-type: none"> • IDD rates: <ul style="list-style-type: none"> – China 6.8-69.9% – Korea 0-28.5% – Taiwan 0-8.6%
Aluminium / zinc coated steel (Anti-dumping & China countervailing)	<ul style="list-style-type: none"> • PAD issued Feb 2013 (anti-dumping) & May 2013 (countervailing) • Attorney General sign-off released 5 Aug 2013 	<ul style="list-style-type: none"> • IDD rates: <ul style="list-style-type: none"> – China 5.5-29.5% – Korea 0-7.7%
Plate (Anti-dumping & China countervailing)	<ul style="list-style-type: none"> • PAD issued Jul 2013 • Final determination released by Minister on 19 December 2013 	<ul style="list-style-type: none"> • IDD rates: <ul style="list-style-type: none"> – Japan 14.3% – Korea 0-20.6% – Indonesia 8.6-19.0% – China 0-54.9%

Australian Steel Products

Blast furnace maintenance program

- 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.
- Financial impacts:

	1H FY2015	2H FY2015
Blast furnace maintenance stoppages	<ul style="list-style-type: none"> • In 1H FY2015 stoppages were held in August and November 	<ul style="list-style-type: none"> • One expected: in March
Production	<ul style="list-style-type: none"> • ~180kt lower production against 1.3Mtpa normalised rate 	<ul style="list-style-type: none"> • ~90kt lower production against 1.3Mtpa normalised rate
Earnings	<ul style="list-style-type: none"> • \$11M unfavourable impact due to lower fixed cost recoveries and yields 	<ul style="list-style-type: none"> • Expect to be half that of 1H FY2015 given one less stoppage
Cash: capex	<ul style="list-style-type: none"> • Gross capex of \$15M, net of \$6M 	<ul style="list-style-type: none"> • Expect net capex of \$7M
Cash: working capital	<ul style="list-style-type: none"> • No material change since June 2014 	<ul style="list-style-type: none"> • Expected benefit from release of working capital of approx \$30M

New Zealand & Pacific Steel

Financial summary

Key segment financial items

\$M	1H14	2H14	FY14	1H15
Revenue	419.6	451.3	870.9	489.9
Underlying EBITDA	63.7	63.8	127.5	31.4
Underlying EBIT	38.6	36.1	74.7	2.6
Reported EBIT	38.6	35.0	73.6	2.6
Capital & investment expenditure	19.2	46.8	66.1	40.9
Net operating assets (pre-tax)	585.5	645.7	645.7	683.6
Total steel despatches - flat & long (kt)	290.3	318.2	608.5	387.0

New Zealand Steel despatches (flat products)

'000 tonnes	1H14	2H14	FY14	1H15
Domestic despatches	130.8	139.7	270.6	131.7
Export despatches	159.5	156.0	315.4	119.4
Total NZ Steel despatches	290.3	295.7	586.0	251.1
Export iron sands despatches	1,167.3	1,145.9	2,313.2	961.1

Pacific Steel despatches (long products)

'000 tonnes	1H14	2H14	FY14	1H15
Domestic despatches	n/a	12.4	12.4	86.5
Export despatches	n/a	10.1	10.1	49.4
Total Pacific Steel despatches	n/a	22.5	22.5	135.9

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

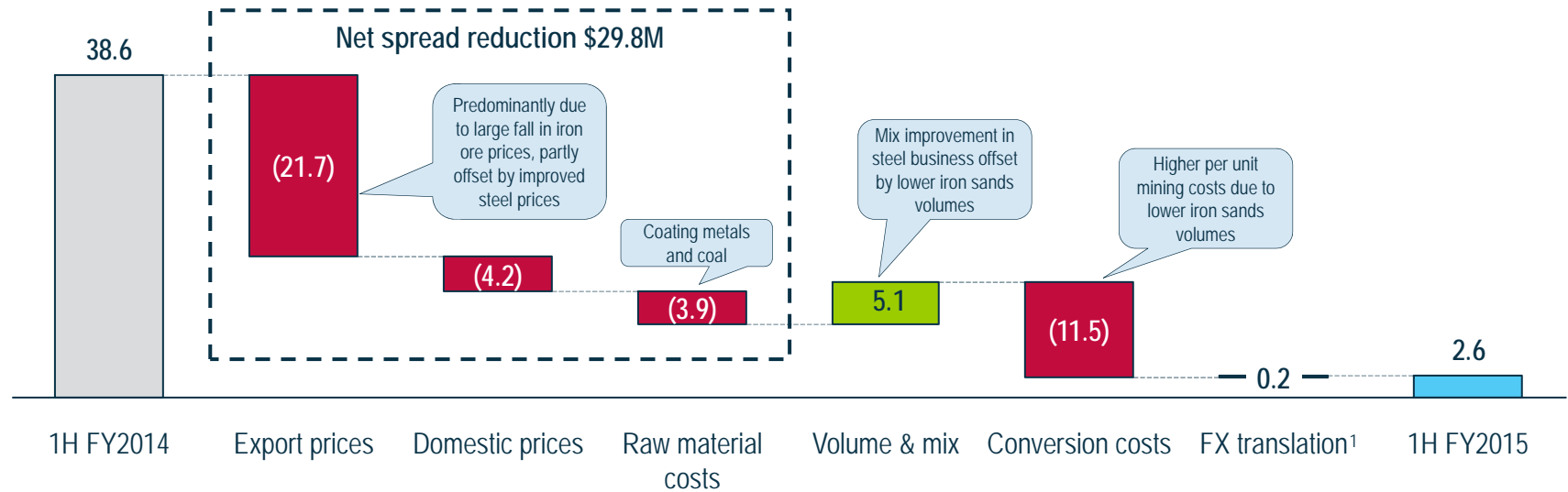
Vanadium Slag

- 1H FY2015 sales contained V₂O₅ of 2.1M lbs vs 1H FY2014 1.9M lbs
- Gross revenue of about US\$3.5M

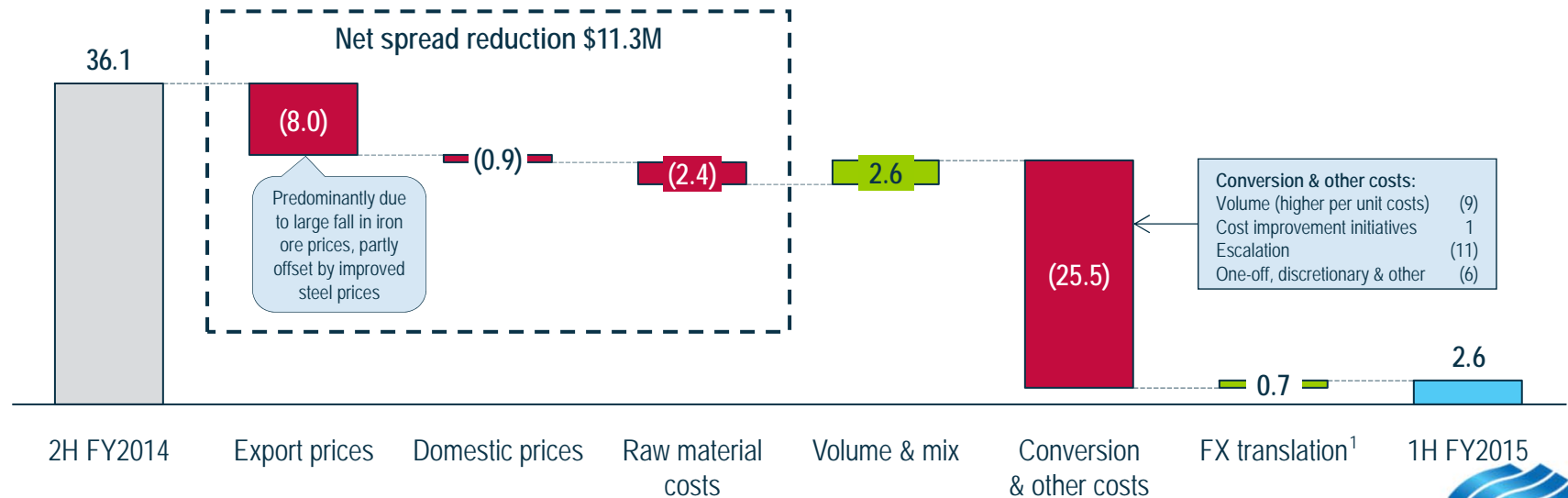
New Zealand & Pacific Steel

Underlying EBIT variance

1H FY2015 vs 1H FY2014 \$M



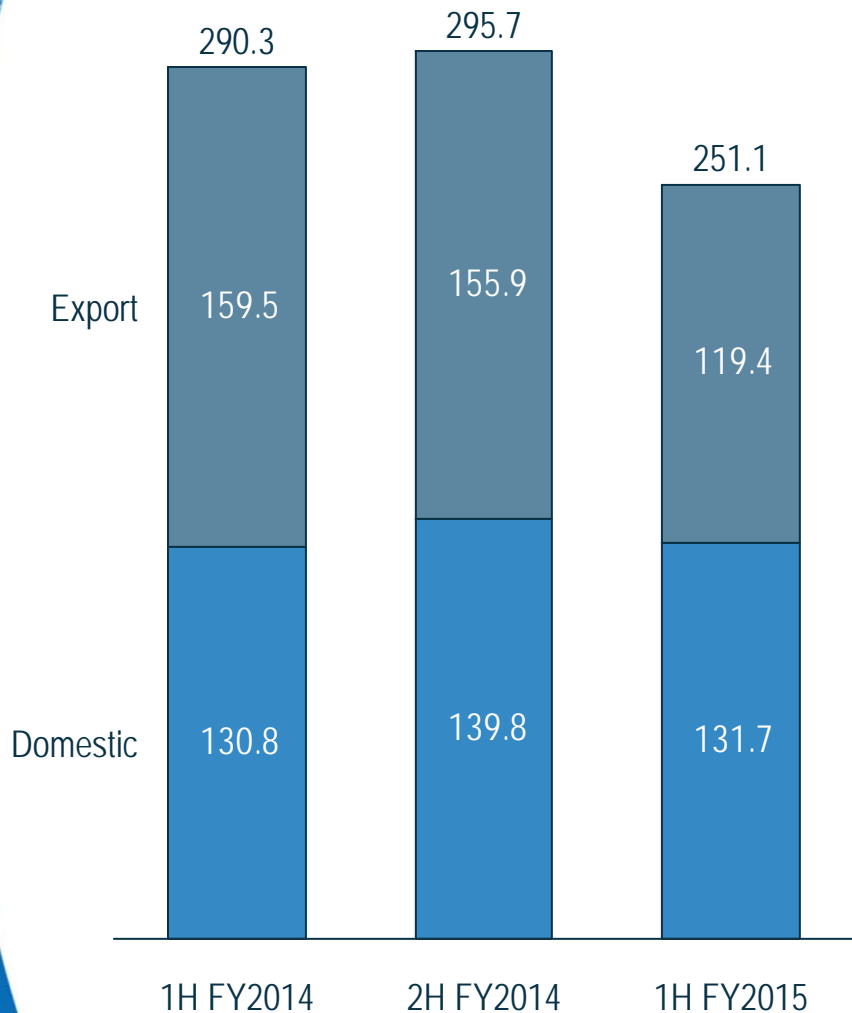
1H FY2015 vs 2H FY2014 \$M



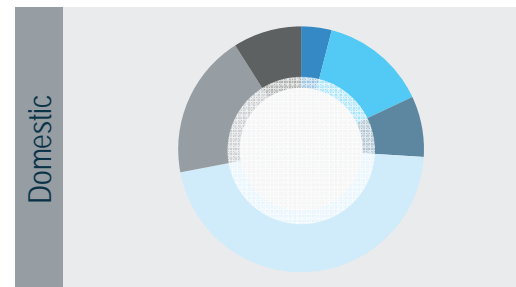
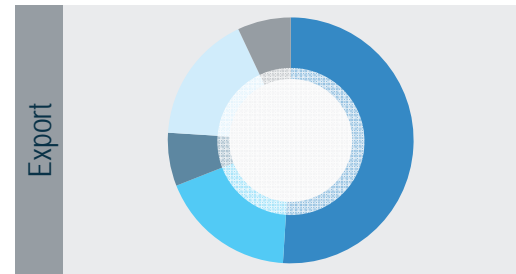
Note: 1) FX translation relates to translation of foreign currency earnings to AUD, transactional foreign exchange impacts are reflected in the individual categories

New Zealand & Pacific Steel

New Zealand Steel (flat products) despatch mix (kt) – excludes Pacific Steel

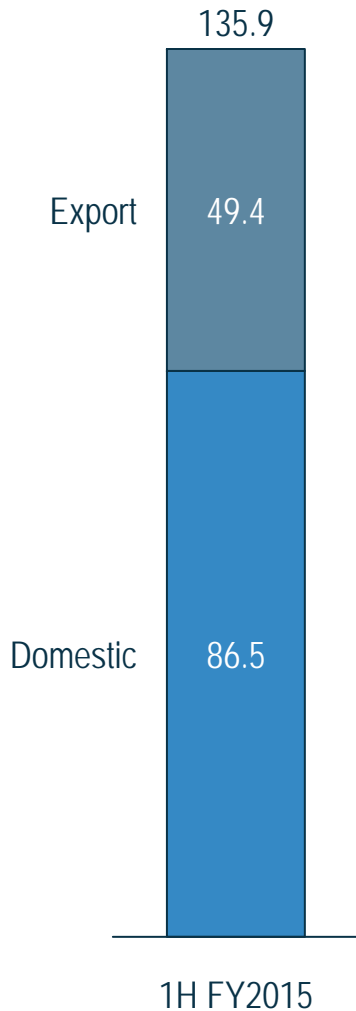


1H FY2015 Product Mix

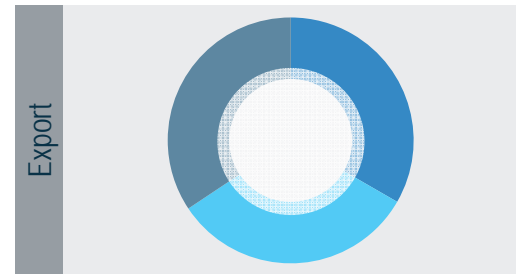


New Zealand & Pacific Steel

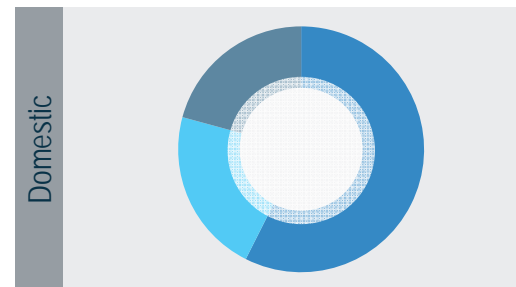
Pacific Steel (long products) despatch mix (kt)



1H FY2015 Product Mix



■ Rod ■ Coil wire ■ Coil reinforcing



Building Products ASEAN, North America & India

Financial summary

Key segment financial items

\$M unless marked	1H14	2H14	FY14	1H15
Revenue	915.5	827.5	1,742.9	898.6
Underlying EBITDA	76.9	63.0	139.9	74.0
Underlying EBIT	50.9	37.9	88.9	47.8
Reported EBIT	41.4	39.9	81.4	47.8
Capital & investment expenditure	13.3	34.8	48.1	17.4
Net operating assets (pre-tax)	943.7	844.9	844.9	1,005.7
Total despatches (kt)	704.8	662.2	1,367.0	683.3

Revenue by business

\$M	1H14	2H14	FY14	1H15
Thailand	232.3	220.5	452.7	213.1
Indonesia	146.2	133.2	279.4	168.3
Malaysia	112.9	123.2	236.2	124.3
Vietnam	90.2	76.3	166.5	78.8
North America	350.1	283.6	633.7	324.2
India	0.0	0.0	0.0	0.0
Other / eliminations	(16.2)	(9.3)	(25.6)	(10.1)
Total	915.5	827.4	1,742.9	898.6

Despatches by business

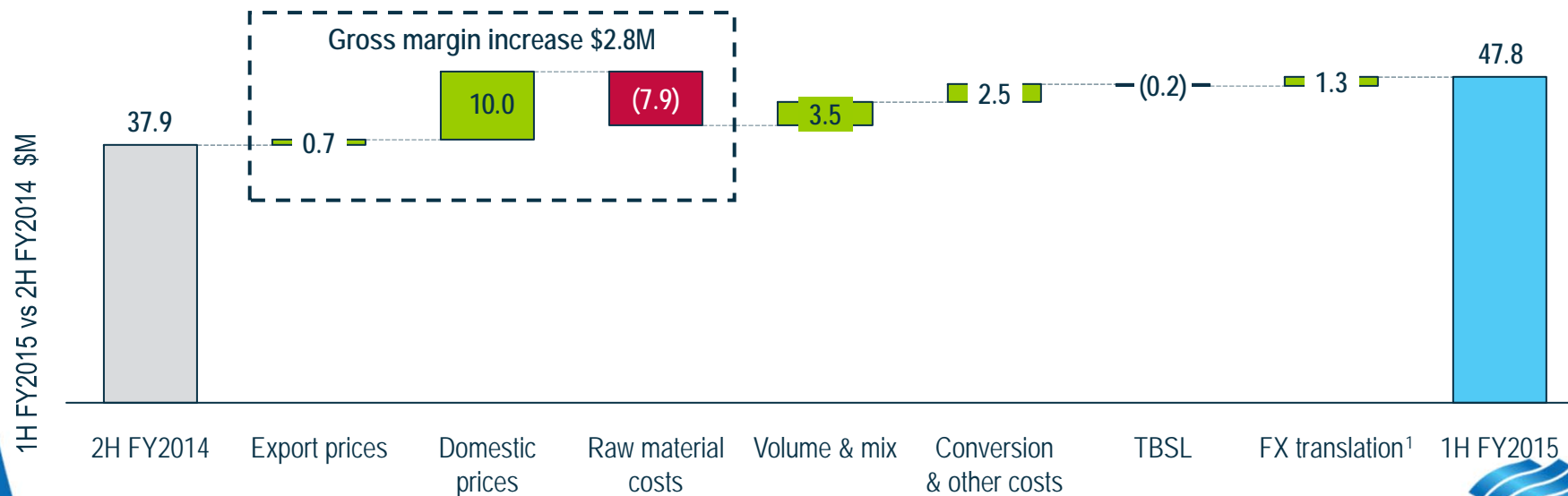
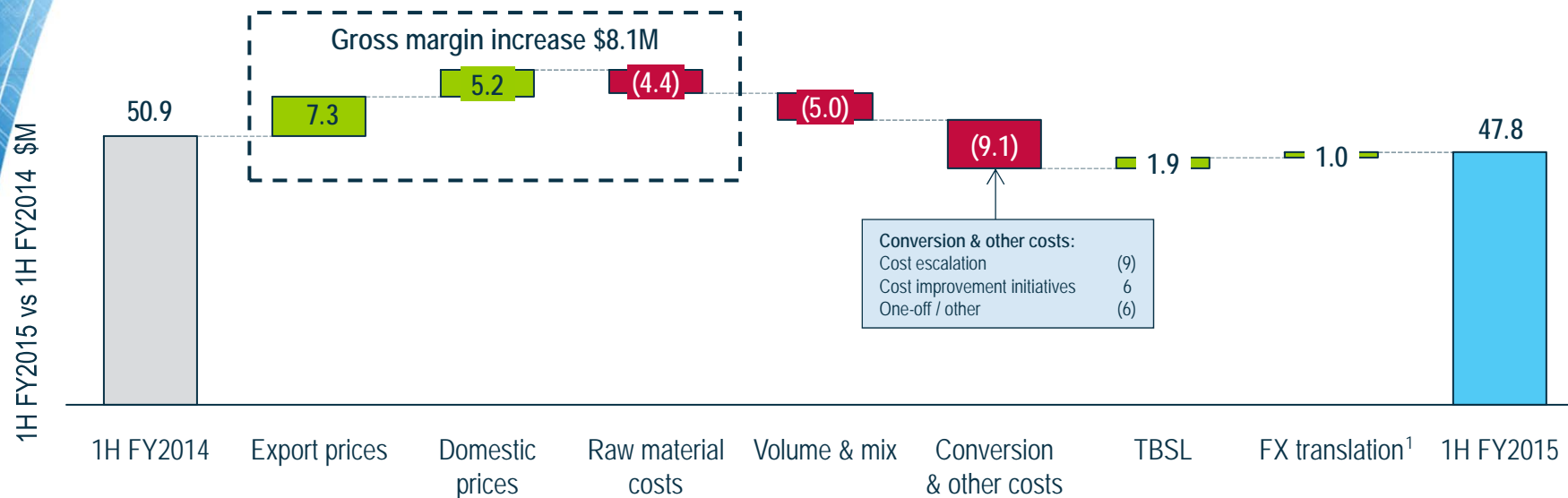
'000 tonnes	1H14	2H14	FY14	1H15
Thailand	182.9	184.3	367.2	171.6
Indonesia	116.8	104.2	221.0	132.5
Malaysia	74.0	82.6	156.6	82.2
Vietnam	69.4	59.8	129.2	62.2
North America	225.3	183.4	408.7	195.4
India	50.1	56.0	106.1	49.2
Other / eliminations	(13.7)	(8.1)	(21.8)	(9.8)
Total	704.8	662.2	1,367.0	683.3

Underlying EBIT by business

\$M	1H14	2H14	FY14	1H15
Thailand	29.4	21.8	51.2	20.5
Indonesia	(2.5)	2.5	0.0	4.0
Malaysia	14.5	15.7	30.2	13.4
Vietnam	7.7	5.2	12.9	5.6
North America	11.9	0.2	12.1	8.6
India	(5.2)	(3.0)	(8.2)	(3.3)
Other / eliminations	(4.9)	(4.4)	(9.3)	(1.0)
Total	50.9	38.0	88.9	47.8

Building Products ASEAN, North America & India

Underlying EBIT variance



Note: 1) FX translation relates to translation of foreign currency earnings to AUD, transactional foreign exchange impacts are reflected in the individual categories

Global Building Solutions

Financial and despatches summary

Key segment financial items

\$M unless marked	1H14	2H14	FY14	1H15
Revenue	732.5	651.9	1,384.3	785.4
Underlying EBITDA	36.9	23.4	60.3	36.7
Underlying EBIT	20.5	6.3	26.8	19.3
Reported EBIT	19.6	77.0	96.6	31.6
Capital & investment expenditure	10.3	13.2	23.5	6.1
Net operating assets (pre-tax)	639.5	594.8	594.8	703.0
Total despatches (kt)	305.2	269.3	574.4	295.7

Revenue by business

\$M	1H14	2H14	FY14	1H15
Engineered Buildings North America	417.2	367.8	785.0	523.4
Engineered Buildings Asia	216.5	198.6	415.0	170.0
Building Products China (coated steel)	132.9	115.5	248.4	119.8
Other / eliminations	(34.1)	(30.0)	(64.1)	(27.8)
Total	732.5	651.8	1,384.3	785.4

Despatches by business

'000 tonnes	1H14	2H14	FY14	1H15
Engineered Buildings North America	121.7	103.0	224.8	140.1
Engineered Buildings Asia	116.1	100.7	216.8	86.7
Building Products China (coated steel)	90.2	84.6	174.8	85.7
Other / eliminations	(22.8)	(19.0)	(42.0)	(16.8)
Total	305.2	269.3	574.4	295.7

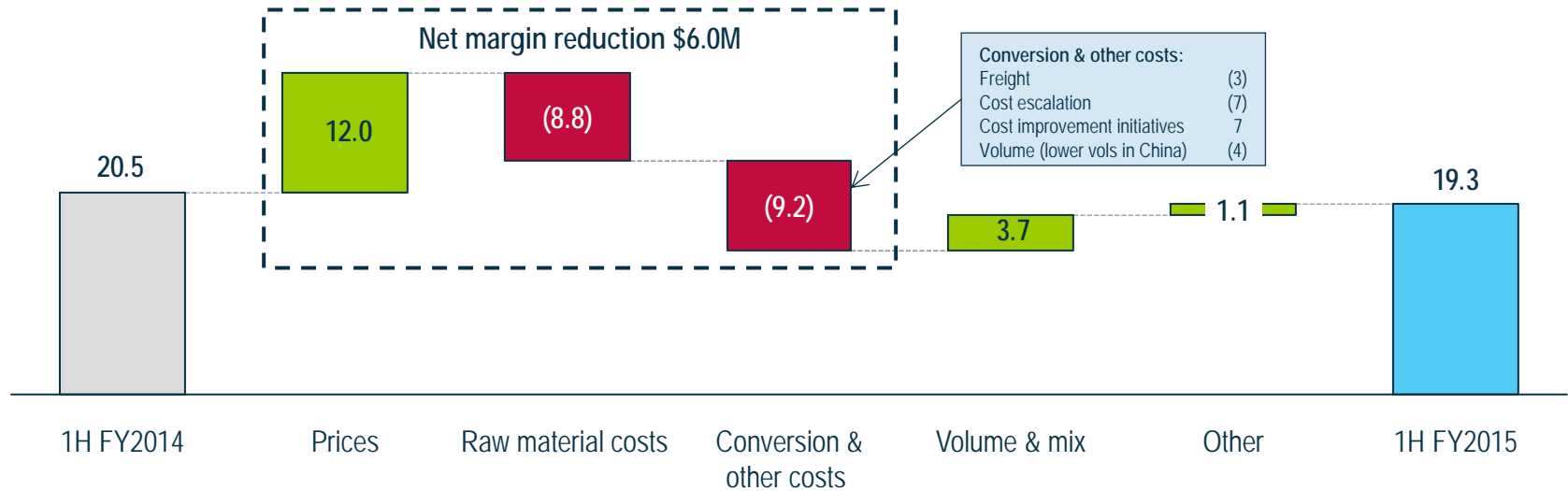
Underlying EBIT by business

\$M	1H14	2H14	FY14	1H15
Engineered Buildings North America	14.6	4.5	19.1	20.7
Engineered Buildings Asia	3.1	(4.1)	(1.0)	(8.2)
Building Products China (coated steel)	11.7	14.5	26.2	14.1
Other / eliminations	(8.9)	(8.6)	(17.5)	(7.3)
Total	20.5	6.3	26.8	19.3

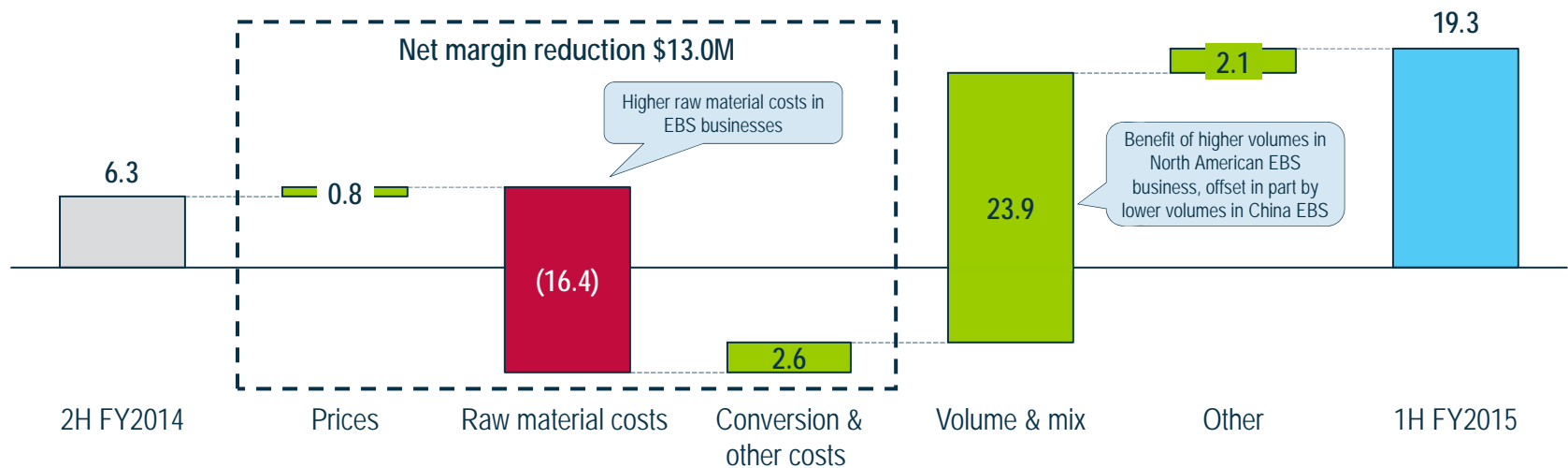
Global Building Solutions

Underlying EBIT variance

1H FY2015 vs 1H FY2014 \$M



1H FY2015 vs 2H FY2014 \$M





1H FY2015 Financial Results Presentation

Paul O'Malley, Managing Director and Chief Executive Officer

Charlie Elias, Chief Financial Officer

23 February 2015

BlueScope Steel Limited. ASX Code: BSL