

Date: 19 August 2024

BlueScope delivers FY2024 underlying EBIT of \$1.34 billion

BlueScope today reported FY2024 net profit after tax (NPAT) of \$805.7 million, a \$203.5 million decrease on FY2023.

Speaking to the result, Managing Director and CEO, Mark Vassella said, "Underlying EBIT for the year was \$1.34 billion¹, representing a solid performance in the context of macroeconomic and industry volatility. Whilst this reflects a lower result than FY2023, it again demonstrates BlueScope's resilience, as strength in the US steelmaking and global downstream operations offset the impacts of bottom-of-cycle Asian steel spreads on our Australian and New Zealand steelmaking businesses.

"Operating cash flow for the year, after capital expenditure, was \$434 million². This was lower than FY2023 due to slightly lower earnings, higher working capital, and higher capital expenditure, as we invest to secure long-term sustainable earnings and growth. Despite the lower operating cash flow, BlueScope again finished the year with a robust balance sheet, with \$364 million net cash.

"This performance, of course, would not have been possible without the ongoing support of our customers, and the efforts and dedication of the entire BlueScope team, whom I thank for the important roles they play in BlueScope's ongoing success." Mr Vassella said.

During the year, BlueScope continued to execute on its 'Transform, Grow, Deliver' strategy. Key highlights include:

- in the US, the ramp-up of the North Star expansion and Board approval of additional debottlenecking, along with the evaluation of further value chain integration with a potential cold rolling and metal coating facility;
- in Australia, the progression of a new metal coating line in Western Sydney, and the blast furnace reline and upgrade at Port Kembla;
- in New Zealand, the commencement of the project to install an electric arc furnace at the Glenbrook site;
- positioning the 1,200ha of land across Australia and New Zealand for strategic value, including the near-term focus on residential land supply at West Dapto and a SuperTAFE at Port Kembla; and
- the significant body of work across the business to unlock a low-carbon future for BlueScope's operations, and the broader iron and steelmaking industry.

FY2024 Headlines

Reported NPAT:	\$806M
Underlying NPAT:	\$861M
Underlying EBIT:	\$1.34Bn
Underlying EBIT ROIC:	11.9%

Capital Management

Final dividend (fully franked):	30.0 cps
On market buy-back:	Up to \$270M ³

1. Underlying financial results for FY2024 reflect the Company's assessment of financial performance after excluding (pre-tax): legal provisions (\$22.5 million), business development costs (\$17.1 million), entity liquidation (\$11.8 million), restructure and redundancy costs (\$6.6 million), land asset accounting re-classification (\$6.3 million), and a gain on discontinued operations (\$1.2 million). A full reconciliation of underlying adjustments is available in BlueScope's FY2024 Annual Report.

2. Cash flow before investment expenditure and financing.

3. The Board has approved an extension of the share buy-back program to allow the remaining amount of up to \$270 million to be bought over the next 12 months.

Shareholder Returns

During FY2024, \$548 million was returned to shareholders as part of BlueScope's ongoing objective to distribute at least 50 per cent of free cash flow in the form of consistent dividends and on-market buy-backs. In light of the growth and resilience of BlueScope's business portfolio and the reduced share count following the successful buy-back program¹, following review, the Board's intention is to increase the annual ordinary dividend level to target 60 cents per share per annum².

Accordingly, for 2H FY2024, the Board has approved the payment of a fully franked final dividend of 30.0 cents per share. In addition, the Board has approved an extension of the share buy-back program to allow the remaining amount of up to \$270M to be bought over the next 12 months³.

Sustainability Update

BlueScope's commitment to its culture of learning and people-centred approach to health and safety is unwavering, enabled by its deep focus on engaging its people in designing solutions to deliver effective controls. In July 2024, the Company initiated a global 'Refocus on Safety' program, intended to ensure ongoing emphasis on its foundational safety practices.

The Refocus comes as during FY2024, four employees sustained serious injuries resulting in permanent incapacity (related to live equipment) and the lag indicator of TRIFR increased to 8.8, above the long-term range of 5-7. Tragically, in March 2024, a customer's contractor truck driver was fatally injured in an interaction with another customer's contracted vehicle at one of BlueScope Coated Products' sites in North America⁴.

BlueScope continued to make progress on its key sustainability outcomes during the year, most notably achieving a 12.2 per cent reduction in aggregated steelmaking emissions intensity against its FY2018 baseline, in line with its 2030 target level⁵. This was primarily driven by the ramp-up of the North Star expansion, along with operating and process efficiencies at Glenbrook and Port Kembla Steelworks. A range of projects continue to be progressed to unlock a low-carbon future for BlueScope, including the collaboration with Rio Tinto and BHP, as well as the Australian Direct Reduced Iron options study (Project IronFlame).

The Company also continued to strengthen its approach to growing diversity in its workplaces in the areas of gender equality, beyond gender and inclusive capability. In FY2024, BlueScope increased its overall percentage of women in the workforce to 25 per cent and maintained the gender balance for Board and ELT, in line with its 40:40:20 target. BlueScope also continued its important work in securing its sustainable supply chain, conducting 269 supplier assessments in FY2024 and completing a responsible sourcing governance review to ensure that it remains well positioned to meet evolving responsible sourcing risks and requirements.

1. 151.1 million shares bought back and cancelled since FY2017, delivering a 33 per cent improvement in earnings per share (EPS)

2. Announcements of future dividends and franking are subject to the Company's financial performance, business conditions, growth opportunities, capex and working capital requirements, amount and timing of tax payments and the Board's determination at the relevant time.

3. The timing and value of stock purchased will be dependent on the prevailing market conditions, share price and other factors.

4. As this incident involved BlueScope's customers' contractors, it is not classified under a BlueScope controlled safety management system.

5. Preliminary data. Final emissions intensity figures will be published in BlueScope's FY2024 Sustainability Reporting Suite, to be released in September 2024.

FY2024 Results

Australia

- Delivered underlying EBIT of \$376.9 million, 30 per cent lower than FY2023.
- Domestic despatches were softer in the year, predominantly driven by softer building and construction activity, as housing approvals contracted and the backlog from prior period was worked through. Despite this softness, underlying demand for housing remains robust in the medium-term.
 - Whilst they softened in the second half of the year to 288kt, sales of COLORBOND® steel achieved a historically robust performance of 603kt in FY2024.
- Softer spread performance in FY2024, as benchmark spreads averaged bottom of cycle levels on softer regional pricing. Realised pricing softened in the second half, as lower global freight rates resulted in lower landed domestic prices relative to benchmark.
- Performance was also impacted by higher costs, largely due to inflationary pressures and the impact of lower volumes, along with a weaker contribution from export coke sales.

North America

- Delivered underlying EBIT of \$935.1 million, 3 per cent lower than FY2023.
- North Star delivered a stronger result in FY2024 compared to the prior year, predominantly on higher volumes due to the expansion ramp-up, which produced 660kt in the year.
 - End-use demand remained solid during the year, as the business again operated at full capacity and stronger spreads also contributed to an improved result.
- Buildings and Coated Products North America delivered a softer result than FY2023, mainly due to margin normalisation in the engineered buildings and West Coast businesses.
 - The segment also benefited from an improved contribution from BlueScope Properties Group which completed two of the previously flagged project sales in 2H FY2024. An additional project sale that was expected to complete in 2H FY2024 was delayed, however, this has since completed, and will contribute to 1H FY2025 earnings.
 - BlueScope Coated Products underperformed on continued production and quality challenges, compounded by lower demand from its foundation customer; continuing work to bring the business back into line with the acquisition business case.

Asia

- Delivered underlying EBIT of \$159.6 million, 13 per cent higher than FY2023.
- Southeast Asia delivered a significantly stronger result in FY2024 on higher margins across the region. The business benefited from a strong performance in Thailand, which delivered a record full year result in FY2024, and an improved performance in Malaysia.
- Performance in China was softer in FY2024 than the prior year on lower despatch volumes, particularly from weak demand in the electric vehicle manufacturing segment, which were partially offset by higher margins.
- India delivered a softer result in FY2024 compared to FY2023, as the business continues to integrate coated and painted product sourced under agreement from Tata Steel's plants in Angul and Khopoli.

New Zealand and Pacific Islands

- Delivered underlying EBIT of \$43.7 million, 66 per cent lower than FY2023.
- Softer domestic despatches across FY2024 on softer macroeconomic conditions and subsequent impacts on construction activity.
- Margins were impacted by lower selling prices, along with higher conversion costs, driven by higher energy costs, lower production volumes and both planned and unplanned maintenance shuts.

Corporate and Eliminations

- Corporate costs and eliminations of \$(176) million, 7 per cent unfavourable on FY2023.

1H FY2025 Outlook

At the start of 1H FY2025, BlueScope is seeing a convergence of macroeconomic challenges across BlueScope's largest regions. In Australia, performance is impacted by low Asian steel spreads, driven by high regional steel production and exports, which affect both steel prices and raw material costs. Inflationary pressures, including higher electricity costs, add to the challenges. In the US, while demand in steel-consuming sectors is stable, channel purchasing behaviour has seen the hot rolled coil spread fall to post-pandemic bottom-of-cycle levels.

These challenges reinforce the importance of maintaining a globally competitive cost base whilst pursuing growth in domestic, value-add products. BlueScope seeks to balance near-term performance with investment in longer-term growth, the approach to which is guided by its Financial Framework.

To ensure this balance is maintained, and that the business remains fit for these trading conditions, BlueScope is increasing its usual focus on managing cost and revenue performance, and on the timing of capital expenditure. This is particularly relevant for the Australian business to ensure ongoing resilience in an environment of sustained low spreads and cost escalation.

In this context, the Company expects underlying EBIT in 1H FY2025 to be in the range of \$350 million to \$420 million. Expectations are subject to spread, foreign exchange and market conditions¹.

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1. Refer to BlueScope's FY2024 Investor Presentation and Analyst Support Materials (available at bluescope.com/investors and on the ASX platform) for 1H FY2025 outlook assumptions and sensitivities.

Authorised for release by: the Board of BlueScope Steel Limited

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