

Date: 29 October 2024

Update on 1H FY2025 earnings guidance

BlueScope today announced that it now expects underlying earnings before interest and tax (EBIT) for 1H FY2025 to be in the range of \$270 million to \$310 million. This is below the prior guidance range of \$350 million to \$420 million, due to a range of factors across BlueScope's regions, as described further below.

Speaking to the revised guidance, BlueScope's Managing Director and Chief Executive Officer, Mark Vassella said, "The revised outlook highlights the challenging operating conditions not only facing BlueScope, but the broader global steel industry. These challenges include the continued softness in East Asian spreads off the back of record levels of Chinese steel exports, ongoing cost inflation and a period of pause and uncertainty in the US pending the outcome of the elections and timing of further rate cuts.

"Whilst these pressures are impacting performance in the near-term, we are confident in BlueScope's resilience, underpinned by a robust balance sheet, diversified business model and strong operating disciplines. BlueScope has a culture of rising to these challenges, and we will continue our work in balancing near-term performance with longer-term sustainable growth and returns," Mr Vassella said.

North America

The North America region is now expected to deliver a result slightly below half that of 2H FY2024, noting:

- At North Star, the business has seen a recent moderation in forecast realised spreads relative to prior expectations¹, which have not been offset by expected run-rate volume improvements. As such, the business is now expected to deliver a result slightly below one third of that in 2H FY2024.
- Across the Buildings and Coated Products North America segment, customers have been observed deferring orders until the operating environment gains some certainty on election outcomes and timing of future rate cuts.
- Whilst an improvement in performance was expected in the half, the BlueScope Coated Products business has suffered a deterioration in its performance, particularly in its Heavy Gauge business. In response, BlueScope has supplemented management by appointing Chief Technical and Development Officer, John Nowlan, to lead the business' turnaround, with a focus on operational excellence.

Australia

Whilst expectations for stable domestic demand compared to 2H FY2024 remain unchanged, performance at Australian Steel Products (ASP) has been impacted by:

- Softer export coke contribution, which is now expected to be \$10 million lower, as global coke prices softened on increased supply.
- The unfavourable impact of the sustained softness in East Asian steel pricing on estimated period-end inventory net realisable value provisions, and intercompany profit in stock eliminations.

ASP now expects to deliver a 1H FY2025 EBIT around two thirds of that in 2H FY2024.

New Zealand

Continued softness in New Zealand's domestic economy (which has not materially recovered from recessionary conditions) has resulted in a soft demand and pricing environment. The New Zealand and Pacific Islands (NZPI) segment is now expected to deliver a result in line with 2H FY2024.

1. Benchmark prices may not be representative of realised mill prices due to a range of factors. Movements in prices across the majority of sales correlate with Midwest regional benchmark pricing, on a short lag; a minority of sales are priced on a longer-term basis. Accordingly, the degree of correlation between realised and benchmark prices can vary in a given half but is more fully reflected over the medium term.

Asia

Performance in the China business has been impacted by the softening domestic Chinese economy, and the South East Asian business has been affected by short-term operational challenges in Thailand, which have since been resolved. The Coated Products Asia (CPA) segment is now expected to deliver a result similar to 2H FY2024.

The revised guidance is subject to spread, foreign exchange and market conditions.

BlueScope's cost and productivity initiatives

At the FY2024 results, BlueScope noted that it was driving productivity and performance across its portfolio, given the environment of sustained low spreads and cost escalation.

Good progress has been made on productivity improvements and cost savings in 1H FY2025, however to ensure the ongoing resilience of the business, BlueScope is targeting a further improvement in annualised earnings through the identification and delivery of approximately \$200 million of cost and productivity initiatives across the Group.

BlueScope will provide updates on progress against this targeted improvement in performance in its regular disclosures to the market.

BlueScope's 2024 Annual General Meeting (AGM)

BlueScope will host its 2024 AGM on 19 November at 10.00am in Wollongong and online, more details can be found on BlueScope's [website](#). Further detail on operating conditions will be provided at the AGM.

For personal use only

Authorised for release by: the Board of BlueScope Steel Limited

For further information
about BlueScope:

www.bluescope.com

BlueScope Contacts Investors

Chris Gibbs
Head of Investor Relations
T +61 3 9666 4039
E Chris.Gibbs@bluescope.com

Media

Michael Reay
Head of Corporate Affairs
T +61 2 4240 1100
E Michael.Reay@bluescope.com