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BlueScope delivers 1H FY2025 underlying EBIT of \$309 million

BlueScope today reported 1H FY2025 net profit after tax (NPAT) of \$179.1 million, a \$260.2 million decrease on 1H FY2024.

Speaking to the result, Managing Director and CEO, Mark Vassella said, "Underlying EBIT for the half was \$308.8 million¹, a profitable result despite the depressed spread environment in which it was delivered, which highlights the need for business model resilience.

"While an 8.1% return on invested capital² is not at the level we would like to see, it is a solid result in this climate of soft steel spreads in Asia and the US and soft demand conditions for our operations outside the US. Importantly, this shows the business is

in a much stronger place than a decade ago, and with the actions being taken to bolster near-term performance, the Company is well positioned to benefit from a recovery in these key external earnings drivers.

"BlueScope continues to progress a range of initiatives and investments to both secure and grow its sustainable earnings. This includes the investments made to secure steelmaking in Australia and New Zealand through the No.6 Blast Furnace Reline & Upgrade and electric arc furnace (EAF) projects, and to grow our best-in-class steelmaking in the US. Importantly, it also includes the ongoing focus to shift towards our higher margin value added products, such as COLORBOND® steel, which saw volume increase to historically high levels in 1H FY2025 in Australia. Additionally, these iconic brands underpin our extensive operating footprint in Asia, and provide an exciting growth opportunity in the US. It is thanks to these initiatives, and others, that we can deliver a profitable result today and growth for tomorrow.

"Operating cash flow for the half was a \$21 million outflow³, lower than 1H FY2024 due to softer earnings 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 \$88 million net cash.

In 1H FY2025, \$162 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. For 1H FY2025, the Board has approved the payment of a fully franked interim dividend of 30.0 cents per share. In addition, the Board has approved an extension of the buy-back program to allow it to be used over the next 12 months⁴.

"The resilience of BlueScope's business today exists because of the tough decisions and hard work that the entire 16,500+ strong BlueScope team have contributed to, not only in the last half, but over the last decade. I thank them for their tireless efforts in serving our customers, driving our success, and most importantly, keeping themselves and their colleagues safe," Mr Vassella said.

1. Underlying financial results for 1H FY2025 reflect the Company's assessment of financial performance after excluding (pre-tax): restructure and redundancy costs (\$1.0 million) and a gain on discontinued operations (\$4.4 million). A full reconciliation of underlying adjustments is available in BlueScope's 1H FY2025 Half Year Report.

2. ROIC – calculated as last 12 months' underlying EBIT over trailing 13 month average capital employed.

3. Cash flow after capital expenditure, before investment expenditure and financing.

4. Extension will allow the balance of the buy-back program of up to \$240M to be bought over the next 12 months. Execution will consider capital expenditure priorities, prevailing macroeconomic conditions and other factors.

1H FY2025 Headlines

Reported NPAT:	\$179M
Underlying NPAT:	\$176M
Underlying EBIT:	\$309M
Underlying EBIT ROIC:	8.1%

Capital Management

Interim dividend (fully franked):	30.0 cps
On market buy-back:	Up to \$240M ⁴

Strategy and Growth to 2030

Since its development in 2019, our ‘Transform, Grow, Deliver’ strategy, supported by our disciplined Financial Framework, has guided how we work to create value for shareholders and all stakeholders.

Over the next five years, this work is expected to achieve significant earnings growth.

With expected delivery in FY2026, we’ve commenced \$200 million of targeted cost and productivity initiatives, and are continuing to review opportunities to extend this. Value is being unlocked through operational and overhead efficiencies, manufacturing productivity and through better use of raw materials.

In the medium term, we are working to realise \$500 million of targeted annual incremental earnings from growth initiatives such as the North Star debottlenecking, the ramp-up of our Coated Products business in the US and value-added products sales growth in Australia.

Furthermore, an improvement to spread levels from their current cyclical lows would offer meaningful upside, even allowing for any potential unfavourable foreign exchange rate impacts.

With a strong balance sheet, we also have a clear focus on cash. The planned US cold rolling and metal coating investment is being deferred with near-term priority being directed to the acceleration of our branded product offer using external metal coated steel supply. Working capital is being optimised with an expected \$200-300 million benefit in the next 18 months.

We are also expediting the value realisation of our 1,200ha portfolio of strategic land – our attention is on near-term value realisation from a piece of our West Dapto, NSW, land and on assessing increased value alternatives for the broader portfolio having regard to each sites’ outstanding access to port, rail and electricity interconnector infrastructure.

Sustainability Update

BlueScope continued to make progress against its key sustainability outcomes in 1H FY2025. The launch of the global Refocus on Safety program has seen encouraging employee engagement in its first months, the importance of which is highlighted by the 1H FY2025 lagging metric of total recordable injury frequency rate remaining above the long term average of 5-7 at 8.0.

The Company also continues to advance its climate strategy, exemplified by progress on the collaboration with Rio Tinto and BHP on Australia’s first ironmaking electric smelting furnace pilot plant and the implementation of emission-reducing technologies across its facilities, such as the Electric Arc Furnace project in Glenbrook, New Zealand.

Representation of women at BlueScope held stable at 25% during the half, and the Company continued its efforts in strengthening its supply chain oversight, having assessed 167 suppliers in 1H FY2025 through its responsible sourcing program.

1H FY2025 Results

Australia

- Delivered underlying EBIT of \$131.2 million, 10 per cent higher than 2H FY2024.
- Stronger realised spread performance as lower coal and iron ore costs more than offset softer pricing. Benchmark spreads remained at depressed levels through the period.
- Domestic despatches increased during the half on improving activity, predominantly in residential construction segments.
 - Sales of COLORBOND® steel increased 9 per cent in the half to 313kt.
- Performance in 1H FY2025 was also impacted by higher costs, largely due to inflationary pressures (particularly energy), along with a weaker contribution from export coke sales (down \$9 million on 2H FY2024).

North America

- Delivered underlying EBIT of \$182.3 million, 65 per cent lower than 2H FY2024.
- North Star delivered a significantly softer result in 1H FY2025 compared to the prior half, predominantly on materially weaker benchmark spreads.
 - Realised spreads were supported by the longer lag pricing component of the sales mix¹, and improved conversion cost performance and higher volumes further supported the result.
- Buildings and Coated Products North America also delivered a significantly softer result than 2H FY2024, mainly due to continued margin normalisation in the engineered buildings and West Coast businesses.
 - The segment was also impacted by a softer contribution from BlueScope Properties Group which completed two smaller projects in the half.
 - BlueScope Coated Products performance deteriorated, delivering a loss in 1H FY2025 driven by lower asset utilisation on softer volumes. The turnaround program has been refocussed on immediate improvement.

Asia

- Delivered underlying EBIT of \$69.1 million, 8 per cent higher than 2H FY2024.
- Southeast Asia delivered a similar result to 2H FY2024 on broadly unchanged volumes across the region.
 - Performance continues to be led by Thailand, though earnings improved in Vietnam and Indonesia.
- Performance in China was stronger in 1H FY2025 than the prior half on typical seasonality, though softer than 1H FY2024 on persistent weakness in the broader Chinese economy.
- India delivered a breakeven performance in the half, as the business continues to integrate growing volumes of coated and painted product sourced under a supply agreement with Tata.

New Zealand and Pacific Islands

- Delivered underlying EBIT of \$3.1 million, 83 per cent lower than 2H FY2024.
- Similar domestic despatches in 1H FY2025 as soft macroeconomic conditions and low levels of construction activity continued from the prior half.
- Realised spread was impacted by weaker export pricing and higher raw material costs, however was partly offset by lower conversion costs on delivery of initiatives under the cost and productivity program.

Corporate and Eliminations

- Corporate costs and eliminations of \$76.9 million, 22 per cent lower than 2H FY2024.

2H FY2025 Outlook

The Company expects underlying EBIT in 2H FY2025 to be in the range of \$360 million to \$430 million, reflecting an improvement on 1H FY2025 driven by an improved spread outlook in the US, stronger domestic volumes in Australia and benefits from the Group-wide cost and productivity program.

Expectations are subject to spread, foreign exchange and market conditions².

1. Benchmark prices are illustrative only, and 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.

2. Refer to BlueScope's 1H FY2025 Investor Presentation and Analyst Support Materials (available at bluescope.com/investors and on the ASX platform) for 2H FY2025 outlook assumptions and sensitivities.

Authorised for release by: the Board of BlueScope Steel Limited

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