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## ASX Media Release

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### **BLUESCOPE AGM 2012 UPDATE Guidance Confirmed, JV with Nippon Steel on track**

At its Annual General Meeting in Melbourne today BlueScope confirmed first half guidance for FY2013. It expects an underlying net loss after tax (NLAT) approaching breakeven - before period-end net realisable value adjustments and subject to spread, FX and market conditions.

The Company also advised shareholders the establishment of the joint venture with Nippon Steel Sumitomo Metals Corporation is progressing well with the proceeds expected to be received in the March quarter 2013 and operations to commence thereafter.

BlueScope Chairman, Mr Graham Kraehe AO, told shareholders that the last 18 months had been a time of transformation for BlueScope. "FY2012 has been another demanding year with a number of major initiatives which have laid the foundations for a return to profitability and growth.

"The investment by Nippon Steel, the world's second largest steel company, in our building products business in Asia and North America recognises an enterprise valuation of US\$1.36 billion and demonstrates the value they see in our global brands and networks. It's also an endorsement of the past 50 years we have spent establishing our businesses throughout Asia.

"We are now seeing the rewards of that investment foresight as our Asian businesses continue to perform well and we see further growth opportunities in our markets in the region.

"There was no final ordinary dividend for FY2012. Our priority is to recommence paying dividends to shareholders when our business has returned to profitability," said Mr Kraehe.

#### **TRADING UPDATE**

BlueScope's Managing Director and CEO, Mr Paul O'Malley said, despite continued challenging trading conditions, the group performance in FY2013 to date is in line with expectations.

"The new BlueScope is structured into four distinct market-focused businesses: BlueScope Australia and New Zealand; BlueScope Building Products (our JV with Nippon Steel and our JV with Tata in India); BlueScope Global Building Solutions (our world leading custom-engineered buildings business); and North Star BlueScope Steel (our highly regarded steel mini-mill JV with Cargill in the US).

#### **1. BLUESCOPE AUSTRALIA AND NEW ZEALAND**

##### **Coated & Industrial Products Australia (CIPA)**

"Pleasingly, as we indicated at full year results in August, despite a deterioration in product and destination mix, and soft macro and regional steel market conditions, we still expect the CIPA business to deliver positive underlying EBITDA in FY2013, with a positive contribution in 2H FY2013, and a neutral to negative contribution in 1H FY2013 (subject to domestic demand and margins, steel spreads and the level of the Australian dollar through the balance of the financial year).

##### **BlueScope Components and Distribution Australia (BCDA)**

"The Australian Distribution business continues to experience lower domestic volumes and evidence of 'dumped' imports. The major business improvement program is now well progressed and the benefits of the restructure are being realised.

### **New Zealand Steel**

"In NZ weaker iron ore prices have reduced profits in our iron sands export business. But this has been partly offset by stronger volumes.

"In steel, there continues to be market price weakness and with a substantially higher New Zealand dollar the business will not be as profitable as previous years. We are optimistic about domestic activity improvement driven by the rebuilding efforts in the Canterbury region.

### **2. BLUESCOPE BUILDING PRODUCTS**

"The Building Products ASEAN, North America and India segment is performing more strongly than the same period last year. This is particularly driven by an improvement in our Thailand operations, but partly offset by increased import pressure in Indonesia.

"BlueScope is in the process of completing the acquisition of minority holdings in several ASEAN businesses for approximately \$70 million.

### **3. BLUESCOPE GLOBAL BUILDING SOLUTIONS**

"We are encouraged by improving performance in the North American buildings business, from both volume improvements and cost reductions. We are seeing a lift in non-residential construction activity that is sufficient to return this business to profitability.

"The slow-down in growth in China has impacted volumes, but overall we expect similar segment performance this half as compared to the December 2011 half. We are confident that the Chinese buildings business will benefit from a rebound in demand in the balance of the financial year, making a solid contribution to our target of doubling current GBS revenue to around \$3 billion within three years.

### **4. NORTH STAR BLUESCOPE STEEL**

"The Hot Rolled Products North America segment, comprising our 50 per cent interest in North Star BlueScope Steel was strongly profitable in FY2012 and had an improved 2H over 1H FY2012, due to better spreads between steel selling prices and input scrap and iron unit costs. Spreads so far this year have been similar to the corresponding period in 1H FY2012," said Mr O'Malley.

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**For further information about BlueScope: [www.bluescopesteel.com](http://www.bluescopesteel.com)**

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