The Manager – Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

20 February 2023

Re: Compliance with Listing Rule 4.2A for the six months ended 31 December 2022

Dear Sir,

In accordance with Listing Rule 4.2A, BlueScope Steel Limited (ASX Code: BSL) provides its financial report for the six months ended 31 December 2022. This half-year financial report should be read in conjunction with the most recent annual financial report.

Attached are the Results for Announcement to the Market and 1H FY2023 Half-Year Report, which includes the Half-Year Earnings Report, Half-Year Directors' Report and Half-Year Financial Report.

Yours sincerely,

Penny Grau

Penny Grau
Company Secretary
BlueScope Steel Limited

Authorised for release by: the Board of BlueScope Steel Limited

For further information about BlueScope: www.bluescope.com

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Results for Announcement to the Market

20 February 2023: The Company today reported its financial results for the six months ended 31 December 2022.

$M unless marked	1H FY2023	1H FY2022	Variance %
Sales revenue from continuing operations	**9,323.8**	9,418.7	(1%)
Reported NPAT / (NLAT)	**598.9**	1,643.5	(64%)
Underlying NPAT / (NLAT)[1]	**614.4**	1,573.4	(61%)
Interim ordinary dividend (cents)[2]	**25.0**	25.0	-
Reported earnings per share (cps)	**128.2**	329.1	(61%)
Underlying earnings per share (cps)	**131.5**	315.1	(58%)
Net tangible assets per share ($)[3]	**17.09**	14.71	16%

1. Underlying results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. Underlying adjustments include discontinued operations, acquisitions and disposals of businesses, asset impairments/write-backs, restructuring costs and other unusual transactions. Tables 11, 12 and 13 provide reconciliations of underlying earnings to reported earnings.
2. The 1H FY2023 interim dividend is fully franked, with a record date of 27 February 2023.
3. Net tangible assets include all right of use leased assets.

1H FY2023 Financial Detail

$M unless marked	1H FY2023	1H FY2022	Variance %
EBITDA – underlying	**1,172.2**	2,461.0	(52%)
EBIT – reported	**834.4**	2,257.4	(63%)
EBIT – underlying	**851.1**	2,204.1	(61%)
Return (LTM Underlying EBIT) on invested capital (%)	**23.4%**	43.7%	-20.3%
Net Debt / (Cash)	**(606.1)**	(695.9)	13%
Gearing (%)	**N/A - net cash**	N/A - net cash	-
Leverage (net debt / LTM underlying EBITDA)	**N/A - net cash**	N/A - net cash	-

1H FY2023 Highlights

Positioning for long term sustainable growth and returns

- Delivered robust financial performance with ROIC of 23.4%.
- Return to franking with fully franked interim dividend.
- Delivering our US growth strategy:
  - Ramp up of the North Star expansion progressing well.
  - Progressing business plans for our two most recent acquisitions.
- Announced refocused executive lead team to drive the Company's next phase of growth.
- Progressing feasibility study into No.6 Blast Furnace reline and upgrade at Port Kembla Steelworks.
- Driving growth and transformation, including continued rollout of digital program and progression of key projects.

Financial Commentary

- **Sales revenue of $9,323.8M was 1% lower than 1H FY2022**, on lower global steel prices.
- **Underlying EBIT of $851.1M was 61% lower than 1H FY2022**, due to softer steel spreads and lower volumes (particularly at ASP and NZPI), combined with higher costs.
- **Underlying NPAT decreased 61% to $614.4M**, mainly due to lower underlying EBIT.
- **Reported NPAT decreased 64% to $598.9M**, mainly due to lower underlying EBIT.
- **Funding and shareholder returns:**
  - Retained investment grade credit ratings from S&P Global Ratings and Moody's.
  - $606.1M net cash position at 31 December 2022.
  - Financial liquidity of $3,655M at 31 December 2022, including $628M in NS BlueScope Coated Products joint venture and US$300M senior unsecured Reg-S notes which have since been repaid (on 25 January 2023).
  - $237M returned to shareholders during 1H FY2023, through dividends and buy-backs.
  - 25.0 cents per share interim fully franked dividend announced for 1H FY2023.

- $120M of stock was bought through the buy-back during 1H FY2023. The Board has approved an extension of the buy-back program tenor, to allow the remaining capacity of up to $380M to be bought over the next 12 months. The timing and value of stock purchased will be dependent on the prevailing market conditions, share price and other factors.

- **Group outlook**:
  - Underlying EBIT in 2H FY2023 is expected to be in the range of $480M to $550M. This is lower than 1H FY2023 mainly due to softer Asian and Midwest steel spreads. Expectations are subject to spread, foreign exchange and market conditions.

Half-Year Report
1H FY2023

BlueScope

Our Purpose

We create and inspire smart solutions in steel, to strengthen our communities for the future.

Our Bond

Our Customers are our partners

Our success depends on our customers and suppliers choosing us. Our strength lies in working closely with them to create value and trust, together with superior products, service and ideas.

Our Shareholders are our foundations

Our success is made possible by the shareholders and lenders who choose to invest in us. In return, we commit to continuing profitability and growth in value, which together make us all stronger.

Our People are our strength

Our success comes from our people. We work in a safe and satisfying environment. We choose to treat each other with trust and respect and maintain a healthy balance between work and family life. Our experience, teamwork and ability to deliver steel inspired solutions are our most valued and rewarded strengths.

Our Local Communities are our homes

Our success relies on communities supporting our business and products. In turn, we care for the environment, create wealth, respect local values, and encourage involvement. Our strength is in choosing to do what is right.

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Section 01

Earnings Report

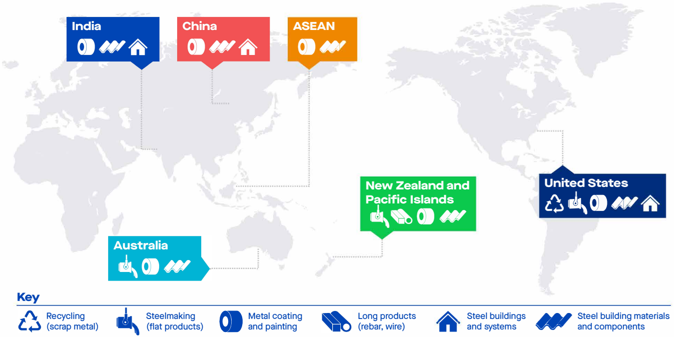
Operations and Strategy

Description of Operations

BlueScope is a global leader in metal coating and painting for building and construction. Principally focused on the Asia-Pacific region, the Group manufactures and markets a wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of building products.

BlueScope is Australia's largest steel manufacturer, and New Zealand's only steel manufacturer. BlueScope's vertically integrated operations for flat steel products in Australia and New Zealand produce value-added metallic coated and painted products, together with hot rolled coil, cold rolled coil, steel plate and pipe and tube.

BlueScope manufactures and sells long steel products in New Zealand through its Pacific Steel business. In Australia and New Zealand, BlueScope serves customers in the building and construction, manufacturing, transport, agricultural and mining industries. In Australia, BlueScope's steel products are sold directly to customers from BlueScope's steel mills and through a national network of service centres and steel distribution businesses.



The Group has an extensive footprint of metallic coating, painting and steel building product operations across ASEAN, China, India and North America, primarily servicing the construction sector. BlueScope operates in partnership with Nippon Steel Corporation (NSC) across ASEAN and the west coast of North America and with Tata Steel in India. Both are 50/50 joint ventures with BlueScope controlling and therefore consolidating the joint venture with NSC, and jointly controlling and therefore equity accounting the joint venture with Tata Steel.

Our coil painting operations extend nationally across the US through BlueScope Coated Products (BCP). Established via acquisition in June 2022, BCP is the second largest metal painter in the US, with seven facilities predominantly serving the construction industry.

North Star is a low-cost regional supplier of hot rolled coil, based in Ohio (US), serving automotive, construction and manufacturing end-use industries. North Star is highly efficient, operates at industry leading utilisation rates and is strategically located near its customers and in one of the largest scrap regions of North America. BlueScope also operates BlueScope Recycling and Materials (BRM), a full-service, ferrous scrap metal recycler with three processing facilities within North Star's region.

BlueScope is a leading supplier of engineered building solutions (EBS) to industrial and commercial segments. The EBS value proposition is based on speed of construction, low total cost of ownership and global delivery capability. Leading brands, including BUTLER® and VARCO PRUDEN®, are supplied from BlueScope's manufacturing and engineering centres in North America and China. This expertise is extended with the BlueScope Properties Group, which develops Class A industrial properties in the US; predominantly warehouses and distribution centres.

In summary, BlueScope has outstanding assets and capability

- Strong operating leverage from a diverse business portfolio.
- A global leader in metal coating and painting for building and construction.
- Iconic industrial brand position of COLORBOND® steel.
- Integrated and resilient Australian business delivering returns across the cycle.
- Expanded footprint across the US flat steel value chain, providing an exciting platform for growth.
- One of the most productive and profitable mini-mills in the US in North Star.
- Expansive footprint across high growth Asian markets.

A Resilient Business Delivering Returns Through the Cycle

A different kind of steel company being purpose-led, sustainability focussed and differentiated by strong brands

Well positioned with a high-quality asset portfolio to take advantage of favourable industry and end use trends

Disciplined approach to deliver returns through the cycle, a strong balance sheet and effective capital allocation

Demonstrated strong returns on invested capital, cash generation and shareholder returns; deploying financial strength to secure sustainable growth and shareholder returns

Transforming our business in the 'age of steel' – producing an essential and inherently circular material, critical to the transition to a low carbon world

Well Positioned for the Favourable Long-Term Outlook for Steel

The global green revolution driving demand for steel as a critical input for a clean energy future (incl. wind, solar and transmission infrastructure)

Steel intensive building and construction supported by a robust pipeline of public infrastructure and non-residential investment

Preference for lower density and regional housing maintained by consumers post-pandemic

Transition to the digital economy driving demand for steel intensive e-commerce infrastructure including warehouses, distribution centres and data centres

Recognition of the importance of domestic supply chains and sovereign manufacturing capability, given macroeconomic volatility

Consolidation and rationalisation in the US steel industry supporting enhanced supply-side discipline

Focus on overproduction and emissions reduction in China's steel industry improving regional industry conditions

Our Strategy and Financial Framework

Our Strategy

Our Strategy sets out how we will deliver on Our Purpose and deliver strong returns and sustainable outcomes over the next five years and beyond. Our Strategy drives transformation and growth, while continuing to deliver on core expectations for our stakeholders. Core elements of Our Strategy include investment in carbon reduction technologies, product and service innovation, and delivering a safe, inclusive and diverse workplace.

Transform

Deliver a step change in customer experience and business performance

Digital technology
Deliver the next wave of customer and productivity improvements through digital technologies

Climate Change and Sustainability
Actively lowering emissions intensity and producing highly recyclable products

Grow

Grow our portfolio of sustainable steelmaking and world leading coating, painting and steel products businesses

Grow our US business including expansion of North Star, one of the US's leading mini mills

Drive growth in the fast growing Asian region, from an outstanding suite of assets

Pursue incremental opportunities in Australia

Deliver

Deliver a safe workplace, an adaptable organisation and strong returns

Deliver safe and sustainable operations and an inclusive and diverse workplace

Maintain an integrated and resilient Australian business

Secure the future of steelmaking in NZ

Deliver returns greater than the cost of capital through the cycle

Maintain a strong and robust balance sheet

Deliver strong returns to shareholders

More information on BlueScope's strategy can be found at https://www.bluescope.com/about-us/our-strategy/

Our Financial Framework

Our Financial Framework guides its measurement of performance and capital allocation.

		1H FY2023 Highlights
Returns Focus	• ROIC > WACC on average through the cycle • ROIC incentives for management and employees • Maximise free cash flow generation	23.4% ROIC (LTM)
Robust Capital Structure	• Strong balance sheet, with a target of around $400M net debt[1] • Retain strong credit metrics • Intent to have financial capacity through the cycle to make opportunistic investments or to fund reinvestment in or a shutdown of steelmaking if not cash positive • Leverage for M&A if accompanied by active debt reduction program	$606M Net Cash $3,655M Liquidity Investment Grade Credit Ratings
Disciplined Capital Allocation	• Invest to maintain safe and reliable operations, to support achievement of decarbonisation pathways, and in foundation and new technologies • Returns-focused process with disciplined competition for capital between: – Growth capital – Investments and M&A (but avoid top of the cycle) – Shareholder returns (distribute at least 50% of free cash flow to shareholders in the form of consistent dividends and on-market buybacks[2])	~$200M Invested for Growth ~$240M Returned to Shareholders

1. In the short to medium term, BlueScope will retain balance sheet capacity to fund investment for growth and major projects.
2. On-market buy-backs are an effective method of returning capital to shareholders given the flexibility they provide in managing BlueScope's capital and for the EPS enhancement they can deliver.

Update on US Growth Strategy

BlueScope continues to see the US as a great place to make and sell flat steel products, and at full capacity, North Star will represent approximately 5% of total annual US flat steelmaking production. The confidence in this view is supported both by the recent consolidation amongst industry participants and by ongoing growth in demand for steel in this large market – particularly with the need for large scale infrastructure investment, development of steel intensive renewable energy systems and the build out of e-commerce infrastructure over the coming decade.

The ramp up of the expansion at North Star is advancing well, as the team continue to have increasing success in sequencing the steel flows from the equipment into the existing operations. Expectations continue to be that the full ramp up will progress over an 18-month period from August 2022. BlueScope Recycling has continued to gather momentum, through a number of low capital capacity projects and the acquisition of the Mansfield, Ohio site in August 2022.

1H FY2023 marked the first six months of BlueScope ownership of the Coil Coatings business, now known as BlueScope Coated Products. This business will provide BlueScope with a range of near-term synergies and medium to longer-term growth potential through process and technology upgrades, product development and the introduction of branded and packaged products. The integration and execution of the business case is underway, with preliminary progress encouraging.

Changes to Executive Leadership Team

In December 2022, BlueScope announced changes to its Executive Leadership Team, which were effective as of 1 February 2023.

Tania Archibald has been appointed Chief Executive Australian Steel Products, stepping into the role from her previous position as Chief Financial Officer, which she held since 2018. John Nowlan has taken on an advisory ELT role, providing the advice and leadership necessary to ensure the capital development pipeline is set up for success.

In the US, where the Company is pursuing significant growth, Kristie Keast has been appointed Chief Executive North America, as Pat Finan retires from the position and takes on an Executive Advisor role. Kristie previously held the role of Chief Executive People and North American Development, where she has built a solid understanding of our US business in addition to her extensive experience across Australia / New Zealand and in Corporate roles.

Replacing Kristie as Chief People Officer is Peta Renkin who steps up from her role as General Manager Building Components in Australian Steel Products, and Mark Scicluna takes on the acting CFO role whilst an external recruitment search is underway.

Sustainability Update

Safety

1,405

Leaders involved in our global HSE risk management program since 2020 (including Board & ELT)

Health, Safety and Environment (HSE)

BlueScope's integrated HSE strategy has embraced a people-centred approach and embedded a culture of learning from our people. Across its business, BlueScope is implementing innovative and practical risk control improvements to enhance resilience, whilst empowering all people who make and handle our products to identify opportunities and be part of the solution.

In 1H FY2023, BlueScope employees identified 250 team-based HSE risk control improvement projects, which seek to build capacity in how we manage material risks, to reduce the likelihood of life-changing and significant events. 14 environmental improvement projects were completed during the half, which resulted in a reduction of approximately 7,500 megawatt hours in electricity consumption, a saving of around 85,000 kilolitres of freshwater and approximately $2.6M in annualised savings.

As at 31 December 2022, 1,405 of BlueScope's leaders had participated in the global HSE risk management program since 2020, with a number of BlueScope's supply chain and industry partners also participating through the half. In addition, over 800 employees were involved in business-led HSE learning programs in 1H FY2023, as the lead metric shifts from leaders to incorporate broader workforce participation and learning.

The lagging injury metric TRIFR was 6.7 per million hours worked in 1H FY2023, within the long-term historical range of 5-7. The injury profile during the half continues to be lower severity injuries (e.g. sprains, lacerations), with two of the injuries resulting in a permanent incapacity, and another having had the potential to be a fatal incident. These figures represent an improvement on previous period's lag indicators, from which the Company derives meaningful insights.

Climate Change

In 1H FY2023, BlueScope continued to progress a range of initiatives, projects and collaborations to both optimise existing assets as well as investigate and prepare for emerging and breakthrough technology.

During the half, the Future Technology team continued to monitor the development of breakthrough steelmaking technologies through plant visits, conferences and direct discussions with equipment manufacturers, suppliers and steelmakers.

In Australia, work continues on a number of initiatives, including the progression of the concept study for a pilot hydrogen DRI melter plant, in collaboration with Rio Tinto. In New Zealand, the NZPI team is considering installation of a scrap melting or electric arc furnace process to supplement or replace the existing steelmaking process at the Glenbrook plant.

A number of projects across BlueScope's non-steelmaking sites are delivering emissions intensity reductions through energy efficiency improvements, including multiple solar projects and projects to re-use waste heat and gases in coating and painting lines.

Proposed Changes to Australian Safeguard Mechanism

The Australian Federal Government released a position paper on proposed Safeguard Mechanism reforms in January 2023. The proposed reforms, if enacted in their current form, may have a material impact on businesses with large industrial facilities, including the ASP business.

BlueScope is engaging with, and will shortly make a submission to, the Australian Government on the proposed settings. The final Safeguard reforms are expected to be announced during 2H FY2023; until that time it is too early to state with any certainty the potential implications of such reforms on ASP and the feasibility study of the No.6 Blast Furnace reline and upgrade.

Sustainable Supply Chain

103

Supplier assessments completed in 1H FY2023

Inclusion and Diversity

24%

Female participation in the BlueScope workforce

Sustainable Supply Chain

BlueScope seeks to foster responsible business practices and uphold human rights through engagement, risk assessment and improvement activities, and endeavours to partner with suppliers who share our core values.

BlueScope has completed the Engage and Assess process with 342 suppliers since the start of its responsible sourcing program in late FY2019. Around 60% of all assessments having been through the EcoVadis process, and 60% of these have been through 'sharing' (where a supplier already has an active scorecard in the EcoVadis system and shares this with BlueScope).

103 assessments were completed during 1H FY2023, which included a mix of new supplier assessments, re-assessments and shared assessments. Following recent pandemic-related interruptions, significant focus has been on conducting supplier on-site audits for key suppliers identified as being high risk. Of the five on-site audits undertaken during the half, one was assessed as being low risk, one as medium risk and three as high risk. The local procurement teams are working with suppliers on improvement opportunities identified through the audits.

The broader team continued to focus on increasing responsible sourcing knowledge both internally and externally. In December, key internal and external stakeholders participated in BlueScope's aforementioned "Conversation on Human Rights", where a number of internal communications were shared and learning sessions organised. The team also hosted a webinar for our Australian and New Zealand trader / agent suppliers to increase their understanding of our responsible sourcing program and the commitments we expect of them.

During the half, BlueScope's new Responsible Sourcing Policy was developed, approved, and published. The policy aligns with the ResponsibleSteel™ requirement for steel manufacturers to have a documented responsible sourcing commitment.

Social Impact, Inclusion and Diversity

BlueScope continues to build an inclusive workforce which reflects the diversity of the communities in which it operates and is working to drive positive social impact.

Female representation continues to grow in pursuit of the Company's 40:40:20 target, with the total percentage of women in the BlueScope workforce at 24% in 1H FY2023. Recruitment and retention continue to be a challenge, due to low unemployment and high job vacancies – particularly in the US. *Beyond gender* strategies are continuing to emerge across the business units, designed to suit local community needs – such as a focus on ethnicity in the US.

During the half, a due diligence process was established by the Social Impact Steering Committee, with the aim of identifying potential or actual risk, tracking of remedy and business unit actions, and driving a continuous improvement mindset in the context of human rights.

Increasing awareness of human rights issues is one way BlueScope can deliver positive social impact. In December 2022, the Company launched the inaugural "Be part of the conversation" program, highlighting three important days in the United Nations calendar – International Day for Persons with a Disability, Human Rights Day and International Day for the Abolition of Slavery. Forums were hosted for employees and suppliers to discuss and understand how these topics impact our work.

Regulatory Proceedings

On 9 December 2022, in a proceeding initiated by the ACCC alleging contraventions of the Australian competition law cartel provisions, Justice O'Bryan of the Federal Court found against BlueScope and a former employee. A remedies hearing is scheduled for 12 and 13 April 2023 and in due course BlueScope will have the opportunity to determine whether there are grounds to appeal.

Group Financial Review

1H FY2023 Highlights

Sales from continuing operations

$9,323.8M

↓ 1% on 1H FY2022

Reported NPAT

$598.9M

↓ 64% on 1H FY2022

Underlying EBIT

$851.1M

↓ 61% on 1H FY2022

Underlying ROIC[1]

23.4%

↓ from 43.7% in 1H FY2022

Capital Management

Fully franked interim dividend of 25 cps

Extension of buy-back tenor to allow remaining capacity of up to $380M to be bought over next 12 months

Net Cash

$606.1M

↓ from $695.9M at 31 Dec 21

1. Return on Invested Capital – calculated as last 12 months' underlying EBIT over trailing 13 month average capital employed.

Financial Summary

Table 1: Financial summary

$M unless marked	1H FY2023	1H FY2022	Variance %
Sales revenue from continuing operations	**9,323.8**	9,418.7	(1%)
EBITDA – underlying[1]	**1,172.2**	2,461.0	(52%)
EBIT – reported	**834.4**	2,257.4	(63%)
EBIT – underlying[1]	**851.1**	2,204.1	(61%)
Return (LTM Underlying EBIT) on invested capital (%)	**23.4%**	43.7%	-20.3%
NPAT – reported	**598.9**	1,643.5	(64%)
NPAT – underlying[1]	**614.4**	1,573.4	(61%)
Interim dividend	**25.0**	25.0	-
Reported earnings per share	**128.2**	329.1	(61%)
Underlying earnings per share	**131.5**	315.1	(58%)
Net Debt / (Cash)	**(606.1)**	(695.9)	13%
Gearing (%)	**N/A - net cash**	N/A - net cash	-
Leverage (net debt / LTM underlying EBITDA)	**N/A - net cash**	N/A - net cash	-

1. Underlying results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. Underlying adjustments included discontinued operations, acquisitions and disposals of businesses, asset impairments/write-backs and restructuring costs. Tables 11, 12 and 13 explain why the Company has disclosed underlying results and provide reconciliations of underlying earnings to reported earnings.

Revenue

The 1% decrease in sales revenue from continuing operations was primarily due to lower selling prices driven by lower global steel prices, offset by stronger despatch volumes, the inclusion of BlueScope Coated Products and favourable impacts from a weaker Australian dollar exchange rate (A$:US$).

Earnings Before Interest & Tax

The 61% decrease in underlying EBIT reflects:

- $1,101.7M spread decrease, primarily due to:
  - lower domestic and export prices due to lower global steel prices ($695.4M)
  - higher raw material costs, primarily due to higher coal and coating metals costs at ASP and NZPI, partially offset by lower iron ore costs at ASP ($406.2M)
- $89.1M unfavourable impact of volume/mix
- $183.9M unfavourable movement in costs, comprised of:
  - $31.9M cost improvement initiatives, primarily at ASP, North Star and BP
  - $62.3M unfavourable volume impact on costs
  - $120.3M unfavourable impact of general cost escalation including higher freight costs, partly offset by lower remuneration expense linked to financial performance of the Group
  - $33.2M unfavourable movement in other costs
- $33.8M favourable translation impact from a weaker A$:US$ exchange rate
- $12.1M unfavourable movement in other items.

The $1,423.0M (63%) decrease in reported EBIT reflects the movement in underlying EBIT discussed above and $70.1M favourable net underlying adjustments as outlined in Tables 12 and 13.

Finance Costs and Funding

Net finance costs decreased by $10.9M largely due to higher interest income on cash and investments due to rising interest rates.

In November 2022, BlueScope extended and increased its core bilateral loan facilities to $1,310M, from $1,005M, with the support of its group of 10 key banks. Subsequent to the balance date, in January, a wholly owned subsidiary of BlueScope repaid from cash its US$300M senior unsecured Reg-S notes ahead of their May 2023 maturity. These transactions bring BlueScope the benefit of increased funding tenor and decreased finance costs, whilst maintaining robust financial liquidity.

Financial liquidity was $3,655.1M at 31 December 2022 ($3,116.6M at 30 June 2022), comprised of $1,735.5M committed undrawn bank debt capacity and $1,919.6M cash. Liquidity in the NS BlueScope Coated Products JV was $717.9M, which is included in the Group liquidity measure.

Tax

1H FY2023 tax expense of $175.2M (1H FY2022 $479.2M), equivalent to an effective tax rate of 21.6% (1H FY2022 21.5%), was impacted by lower profits, lower tax rates in North America and Asia and the partial recognition of previously unrecognised timing differences in New Zealand.

Following the consumption of all the previously carried forward tax losses as at 30 June 2022, the BlueScope Australian consolidated tax group made $139.8M in tax payments in 1H FY2023, generating franking credits to be attached to the 1H FY2023 dividend.

Dividend and Capital Management

BlueScope's capital management policy:

- The Group pursues a returns-focussed process with disciplined competition for capital that balances annual shareholder returns and long-term profitable growth.
- Having regard to the above, the current policy is to distribute at least 50% of free cash flow to shareholders in the form of consistent dividends and buy-backs.
- In the short to medium term, BlueScope will retain balance sheet capacity to fund investment for growth and major projects.
- In the longer term, BlueScope will continue to target around $400M net debt.

During 1H FY2023, BlueScope paid an unfranked final ordinary dividend of 25.0 cents per share.

The Board of Directors has approved the payment of an interim ordinary dividend of 25.0 cents per share, which will be fully franked for Australian tax purposes. As the dividend is fully franked, there is no requirement for it to be declared to be conduit foreign income, and there are no New Zealand imputation credits attached to the interim dividend. BlueScope's dividend reinvestment plan will not be active for the interim dividend.

Relevant dates for the interim dividend are as follows:

- Ex-dividend share trading commences: 24 February 2023.
- Record date for dividend: 27 February 2023.
- Payment of dividend: 28 March 2023.

Buy-back:

- BlueScope will continue to use on-market share buy-backs to supplement the payment of consistent dividends. Buy-backs are attractive given the flexibility they provide in managing BlueScope's capital and for the EPS enhancement they can deliver.
- In August 2022, the Board approved an increase in the scale of the buy-back program to allow up to a further $500M to be spent over the following 12 months; $120M of stock was bought through the buy-back during 1H FY2023.
- The Board has today approved an extension of the buy-back program tenor, to allow the remaining capacity of up to $380M to be bought over the next 12 months. The timing and value of stock purchased will be dependent on the prevailing market conditions, share price and other factors.

Financial Position

Net assets increased $478.8M to $10,926.9M at 31 December 2022 from $10,448.1M at 30 June 2022. Net assets were higher as a result of a result of foreign exchange translation (approximately $120M) primarily as a result of a weaker A$:US$. This was complemented by an increase in net assets in their functional currency. Significant movements in underlying currency were:

- $670M decrease in payables mainly due to lower prices for raw materials and other purchases
- $250M decrease in provisions, largely due to decreased employee bonus provisions
- $234M increase in cash due to net cash flow during the period
- $110M decrease in the provision for income tax due to tax payments exceeding tax expense this half-year
- $105M increase in property, plant and equipment, including assets associated with the acquisition of the additional ferrous scrap processing business in Mansfield, Ohio and the North Star expansion project
- Partially offset by a $645M decrease in receivables due to lower selling prices and volumes and a $510M decrease in inventories due to lower volumes and rates

2H FY2023 Outlook

Group outlook:

- Underlying EBIT in 2H FY2023 is expected to be in the range of $480M to $550M. This is lower than 1H FY2023 mainly due to softer Asian and Midwest steel spreads.
- For the purposes of the outlook, the Company has made the following 2H FY2023 average assumptions:
  - US mini-mill benchmark spreads to be ~US$50/t lower than 1H FY2023[1].
  - East Asian HRC price of ~US$625/t[2].
  - 62% Fe iron ore price of ~US$115/t CFR China[2].
  - Index hard coking coal price of ~US$300/t FOB Australia[2].
  - A$:US$ at US$0.70[2].
- Relative to 1H FY2023, expect lower underlying net finance costs, similar underlying tax rate and lower profit attributable to non-controlling interests.

Expectations for the performance of our businesses in 2H FY2023 relative to 1H FY2023 are as follows:

- Australian Steel Products:
  - Expect a result around a third lower than 1H FY2023.
  - Lower benchmark spreads combined with weaker realised prices.
  - Similar domestic volumes and lower costs.
  - Lower contribution from downstream businesses.
  - Currently expect non-repeat of the $30M 1H FY2023 non-cash charge from the revaluation of the Finley Solar Farm PPA derivative, however remains subject to electricity price outlook.
- North Star:
  - Expect a result of around a half of 1H FY2023 due to lower benchmark Midwest HRC steel spreads and unfavourable realised pricing[3].
  - Increasing contribution from expansion volumes as ramp up continues.
  - Modest improvement in conversion costs – energy, services, labour and consumables.
- Buildings and Coated Products North America:
  - Expect a result similar to 1H FY2023.
  - Modestly lower result from EBS business as margins ease.
  - Moderate contribution from BlueScope Properties Group from expected project realisation late in the half.
  - Modest contribution from BlueScope Coated Products as we integrate the business.
- Building Products Asia & North America:
  - Expect a result significantly lower than 1H FY2023.
  - North America – result below half that 1H FY2023; returning to historical levels after period of strong margins.
  - ASEAN – returning to modest profitability.
  - India – similar result to 1H FY2023.
  - China – expect a more typical June half contribution on unfavourable seasonality.
- New Zealand and Pacific Islands:
  - Expect a result slightly lower than 1H FY2023.
  - Softer realised spreads, largely offset by improved volumes.
- Intersegment, Corporate & Group:
  - Expect intersegment eliminations and corporate / group costs over double that of 1H FY2023.
  - Non-repeat of $34M favourable profit in stock elimination and non-repeat of FX gains realised in 1H FY2023.
  - Higher corporate / group costs.

1. US mini-mill benchmark spreads quoted on a lagged basis in metric tonnes. Expected 2H FY2023 US mini-mill benchmark spread of ~US$350/t, compared to US$400/t in 1H FY2023.
2. Quoted on an unlagged basis for the six-month period; volumes quoted in metric tonnes.
3. 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.

Business Unit Reviews

Australian Steel Products (ASP)

ASP employs around 6,800 employees at approximately 100 sites, being a mix of large manufacturing plants, rollforming facilities and distribution centres across Australia.

The segment specialises in flat steel products, including hot rolled coil, cold rolled coil, plate and value-added metallic coated and painted steel solutions. Its key focus is on higher value, branded products for the building and construction industry.

The Port Kembla Steelworks – in New South Wales' Illawarra region – is the largest steel production facility in Australia, with an annual crude steel production capacity of over three million tonnes.

BlueScope's branded products are market leaders in Australia, and include COLORBOND® steel, TRUECORE® steel, ZINCALUME® metallic coated steel, TRU-SPEC® steel.

The ASP segment includes LYSAGHT® and FIELDERS® building products, Orrcon Steel® pipe and tube operations and steel distribution sites, and BlueScope Distribution across Australia.

Financial Performance – 1H FY2023 vs. 1H FY2022

Sales revenue

The $126.7M increase in sales revenue was primarily due to higher realised domestic selling prices. This impact was partially offset by lower export selling prices, which declined in line with benchmarks, and a weaker sales volume/mix.

EBIT performance

The $414.0M decrease in underlying EBIT was largely due to:

- lower realised spreads due to significantly higher raw material costs, primarily metallurgical coal, which more than offset stronger realised prices
- weaker sales volume/mix due to lower domestic despatches and increased exports
- weaker contribution from export coke sales on lower volumes and margins
- unusually higher non-cash cost of $30M from the revaluation of the Finley Solar Farm Power Purchase Agreement (PPA) derivative which reflects a decrease in forecast spot electricity prices[1]
- higher costs mainly driven by lower volumes and increased freight, consumables, repairs and maintenance costs and overhead costs, partly offset by lower remuneration expense linked to financial performance.

Key Financial and Operational Measures

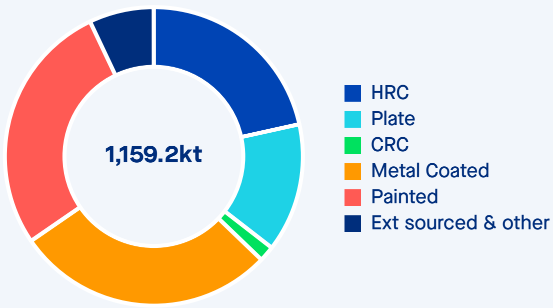
Table 2: Segment financial performance

$M	1H FY2023	1H FY2022	Var %	2H FY2022
Sales Revenue	**4,089.7**	3,963.0	3%	4,265.7
Reported EBIT	**273.8**	687.8	(60%)	610.2
Underlying EBIT	**273.8**	687.8	(60%)	610.2
NOA (pre tax)	**3,495.0**	3,408.6	3%	3,694.7
Underlying EBIT ROIC (LTM Basis)	**23.7%**	35.3%	-11.6%	37.1%

Table 3: Steel sales volume

'000 tonnes	1H FY2023	1H FY2022	Var %	2H FY2022
Domestic				
- ex mill	**1,088.1**	1,327.7	(18%)	1,184.0
- ext sourced	**71.1**	93.3	(24%)	94.4
Export	**519.2**	161.6	221%	295.3
Total	**1,678.4**	**1,582.6**	**6%**	**1,573.7**

Chart 1: 1H FY2023 ASP domestic sales volume mix



Return on invested capital

ROIC decreased to 23.7% driven by lower EBIT and higher net operating assets. Net operating assets at 31 December 2022 were $86.4M higher than at 31 December 2021, primarily due to higher fixed assets and lower provisions, partially offset by lower inventory.

1. The derivative, being the difference between projected future electricity spot market prices and the strike price set under the PPA for projected future solar farm electricity output, is required to be fair valued in accordance with AASB 9 – Financial Instruments

Sales and operations

Domestic mill sales

1H FY2023 domestic sales volumes ex-mill decreased 18% on 1H FY2022 to 1,088kt.

Whilst activity levels remained strong, despatch volumes were lower as distribution customers reduced inventories in a falling price environment and following the arrival of delayed imports.

Sales into the residential construction segment declined in 1H FY2023 compared to 1H FY2022, as activity in the segment was impacted by unfavourable weather and labour constraints.

- Despite these impacts, builders continued to work through the extended pipeline from the Australian Government's 'HomeBuilder' stimulus program.
- Strength in the alterations and additions segment continued, supported by the ongoing trend towards regional living and working and redirected discretionary spend.
- Sales of COLORBOND® steel remained steady on 1H FY2022, supported by ongoing sales and marketing initiatives, which continued to focus on the Sydney and Melbourne metropolitan areas.

Sales into non-residential construction declined in 1H FY2023 compared to 1H FY2022, with this segment also impacted by unfavourable weather and labour constraints. Nonetheless, a strong approvals pipeline has supported underlying demand in this segment.

- The Social and Institutional sub-segment continues to be supported by government investment in health, education and defence projects, particularly for steel intensive products.
- Demand in the Commercial and Industrial sub-segment was particularly supported by continued investment in e-commerce infrastructure, such as warehouses.

Sales into the engineering sector also reduced in 1H FY2023 compared to 1H FY2022, with activity impacted by labour shortages and impacts from of unfavourable weather events across the broader construction industry. Underlying demand remains robust, supported by the national infrastructure plan, particularly in roads and rail.

Demand in the agriculture segment was impacted by unfavourable weather in 1H FY2023, which slowed activity levels across the half, whilst underlying demand in the mining subsegment remained solid, particularly in mining consumables. Demand in the manufacturing sector also declined, largely driven by lower construction activity during the period.

Export sales

Despatches to export customers in 1H FY2023 (519kt) were significantly higher than 1H FY2022 (162kt), driven by a reduction in domestic sales. Export margins were lower in 1H FY2023 than the prior corresponding period due to lower global steel prices.

Export coke sales

In 1H FY2023, despatch volumes were 270kt, down 14% on 1H FY2022 due to timing of shipments. Margins were lower in 1H FY2023 on weaker global demand, resulting in lower coke prices relative to coal costs.

Blast furnace reline and upgrade project

Progress is continuing on the feasibility study into the comprehensive reline and upgrade of No.6 Blast Furnace at Port Kembla Steelworks.

North Star

Established in 1996 in Delta, Ohio, North Star is one of the most efficient steel mills in North America. Presently, around two million tonnes of hot rolled coil are produced annually from North Star's electric arc furnaces, using scrap metal, pig iron and alloys. In June 2022, the first coil was produced from the US$770M expansion project, which added 850,000 tonnes of capacity per annum. The 18-month ramp up to full run rate is well underway.

North Star is consistently rated as one of the top producers of flat rolled steel in North America in the annual Jacobson Survey of steel customers measuring customer satisfaction. North Star sells approximately 90% of its production in the Midwest US, with its end customer segment mix being broadly 50% automotive, 35% construction, 10% manufacturing/industrial and 5% agricultural.

This segment also includes BlueScope Recycling and Materials (BRM), a full-service, ferrous scrap metal recycler with three processing facilities located in close proximity to North Star.

Financial Performance – 1H FY2023 vs. 1H FY2022

Sales revenue

The $802.9M decrease in sales revenue was primarily due to significantly lower realised selling prices, which declined in line with Midwest benchmark hot rolled coil prices. This impact was partially offset by a stronger despatch volume and the favourable translation impact of a weaker A$:US$.

EBIT performance

The $1,027.0M decrease in underlying EBIT was due to significantly weaker realised spreads resulting from a significant decrease in the Midwest benchmark. This unfavourable impact was partially offset by a stronger despatch volume, with ~60kt produced from expansion during ongoing ramp up.

Underlying adjustments in reported EBIT are set out in tables 12 and 13.

Return on invested capital

ROIC decreased to 26.6% driven by lower EBIT and higher net operating assets. Net operating assets at 31 December 2022 were $409.5M higher than at 31 December 2021, largely due to the translation impact of a weaker A$:US$, higher net assets from the acquisition of the additional ferrous scrap processing business in Mansfield, Ohio, as well as the expansion project, and lower payables. These impacts were partially offset by lower receivables.

Key Financial and Operational Measures

Table 4: Segment performance

$M	1H FY2023	1H FY2022	Var %	2H FY2022
Sales Revenue	**1,633.6**	2,436.5	(33%)	2,058.0
Reported EBIT	**194.6**	1,221.6	(84%)	665.9
Underlying EBIT	**201.5**	1,228.5	(84%)	671.6
NOA (pre tax)	**3,487.0**	3,077.5	13%	3,319.5
Underlying EBIT ROIC (LTM Basis)	**26.6%**	76.1%	-49.5%	66.7%
Despatches	**1,089.4**	1,016.0	7%	1,027.0

Table 5: Segment performance in US$M

US$M	1H FY2023	1H FY2022	Var %	2H FY2022
Sales Revenue	**1,096.0**	1,782.4	(39%)	1,477.2
Underlying EBITDA	**173.4**	925.3	(81%)	521.6

Sales and operations

Benchmark Midwest steel prices and spreads continued to fall during 1H FY2023, following significant declines in 2H FY2022.

Demand for North Star's product remained good throughout 1H FY2023 – with North Star dispatching at full capacity through the year, other than during the scheduled maintenance outage in November 2022. Approximately 60kt was produced from the expansion project during its ongoing ramp up, which is progressing well. Activity levels in the automotive segment remained stable however US automotive industry sales remain at subdued levels due to ongoing supply chain impacts.

In December 2021, BlueScope Recycling was established through the acquisition of the ferrous scrap steel recycling business of MetalX. During 1H FY2023, further progress was made on integrating the assets into the business, whilst supplying 30 per cent of North Star's scrap requirements in the half. In August 2022, BlueScope acquired an additional ferrous scrap processing business in Mansfield, Ohio for approximately US$80M.

During the half, supply of hot briquetted iron continued under the multi-year contract with Cleveland-Cliffs from their Toledo HBI plant, as part of North Star's diversified metallics supply arrangements.


BlueScope

Buildings and Coated Products North America (BCPNA)

Buildings and Coated Products North America (BCPNA) combines the Buildings North America (BNA), BlueScope Properties Group (BPG) and BlueScope Coated Products (BCP) businesses.

Servicing the low-rise non-residential construction market, BNA is a leader in engineered building solutions (EBS), pre-fabricating the likes of distribution centres, factories and stores. BNA provides an integrated offering of building products and services through its portfolio of brands, including the highly recognised BUTLER® and VARCO PRUDEN® engineered building brands. These businesses partner with their builder customers to provide a complete custom steel building solution that includes design, detailing, drawings and manufacturing.

BPG develops industrial real estate, consisting predominantly of warehouses and distribution centres. These developments are a mixture of 'Build to Suit' (pre-leased) and 'Build to Demand' projects. BPG leverages the BNA Builder network to construct its developments and identify local opportunities while creating value for the BNA Builder network by providing access to projects the Builders may not otherwise have an opportunity to build.

BCP was established via acquisition in June 2022. BCP is the second largest metal painter in the US, with a total capacity of around 900,000 tonnes per annum across seven facilities; five light gauge and two heavy gauge coil painting facilities. The business predominantly serves commercial and industrial construction applications, and is known for its customer service levels, particularly related to flexibility of paint systems on both steel and aluminium substrates.

Financial Performance – 1H FY2023 vs. 1H FY2022

Sales revenue

The $524.8M increase in sales revenue was due to the inclusion of BlueScope Coated Products, in combination with higher sellling prices at BNA and the favourable translation impact of a weaker A$:US$. As expected, the result was partially offset by an unfavourable impact from the timing of BPG project sales.

EBIT performance

The $154.8M increase in underlying EBIT was mainly due to margin expansion in the EBS business, which saw both higher selling prices and lower steel feed costs. This favourable variance was partially offset by an unfavourable impact from BPG project sales timing.

Underlying adjustments in reported EBIT are set out in tables 12 and 13.

Return on invested capital

ROIC increased to 23.4% driven by higher EBIT, partly offset by higher net operating assets. Net operating assets at 31 December 2022 were $844.9M higher than at 31 December 2021, primarily due to the inclusion of BlueScope Coated Products. Net operating assets were also higher due to the translation impact of a weaker A$:US$ and higher inventory associated with investment at BPG.

Key Financial and Operational Measures

Table 6: Segment performance

$M	1H FY2023	1H FY2022	Var %	2H FY2022
Sales Revenue	**1,269.3**	744.5	70%	841.8
Reported EBIT	**160.6**	26.9	497%	67.5
Underlying EBIT	**172.8**	18.0	860%	79.3
NOA (pre tax)	**1,440.8**	595.9	142%	1,418.6
Underlying EBIT ROIC (LTM Basis)	**23.4%**	6.8%	16.6%	15.1%
Despatches	**333.3**	112.8	195%	115.0

Sales and operations

Buildings North America

Earnings improved significantly compared to 1H FY2022; margins expanded driven by orders that were priced in a higher steel price environment but were subsequently produced and shipped following the significant softening of steel costs in 1H FY2023. 1H FY2023 despatches were 9% lower than prior corresponding period due to timing of shipments.

Key initiatives being progressed to drive improved performance and support future growth potential include:

- a focus on segmentation to better understand, identify, prioritise and organise around the greatest opportunities for growth
- the design and development of a data platform, to generate efficient, accurate and reliable business intelligence and customer insights
- foundational technology investment to modernise and provide a holistic digital engineering and customer experience
- continued investment in engineering and manufacturing capacity to enable business expansion.

BlueScope Properties Group

As expected, no projects were delivered during 1H FY2023. However, during the half, BPG continued to expand its development pipeline for realisation in future periods.

BlueScope Coated Products

BlueScope's acquisition of the Coil Coatings business from Cornerstone Building Brands was completed on 28 June 2022. Integration of the business commenced during 1H FY2023, with a focus on executing the business case - including ensuring operational reliability, throughput, quality and safety.

Building Products Asia and North America (BP)

BlueScope is a technology leader in metal coated and painted steel building products, principally focused on the Asia-Pacific region, with a wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of building products.

The business has an extensive footprint of metallic coating, painting and steel building product operations in Thailand, Indonesia, Vietnam, Malaysia and North America, primarily servicing the residential and non-residential building and construction industries across Asia, and the non-residential construction industry in North America.

BlueScope operates in ASEAN and North America in partnership with Nippon Steel Corporation (NSC) and in India with Tata Steel. Both are 50/50 joint ventures, with BlueScope controlling and therefore consolidating the joint venture with NSC, and jointly controlling and therefore equity accounting the joint venture with Tata Steel.

The BlueScope China business is wholly owned by BlueScope and are comprised of metal coating, painting and Lysaght operations, and Engineered Buildings Solutions (EBS).

Financial Performance – 1H FY2023 vs. 1H FY2022

Sales revenue

The $40.7M decrease in sales revenue was primarily due to lower desptach volumes in North America and ASEAN, partially offset by higher despatch volumes in China.

EBIT performance

The $100.2M decrease in underlying EBIT was due to:

- **North America:** Delivered an underlying EBIT of $103.4M in 1H FY2023, compared to $163.2M in 1H FY2022. The decrease was driven by lower despatch volumes and lower margins.
- **ASEAN:** Delivered an underlying EBIT loss of $(19.2)M in 1H FY2023, compared to $49.4M in 1H FY2022. This was primarily driven by higher raw material costs, which significantly reduced margins, and lower despatch volumes.
- **China:** Delievered an underlying EBIT of $73.5M in 1H FY2023, compared to $43.1M in 1H FY2022. This is a record half-year result, driven by stronger despatch volumes in the EBS business and higher margins in the Coated business.
- **India:** The TBSL joint venture delivered an underlying EBIT of $11.4M (50% basis) in 1H FY2023, compared to $13.7M in 1H FY2022, mainly due to weaker margins.

Return on invested capital

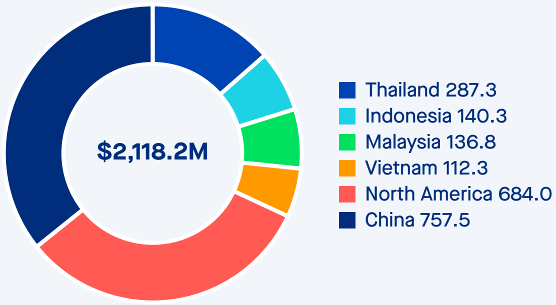
ROIC decreased to 19.1% driven by lower EBIT, partly offset by lower net operating assets. Net operating assets at 31 December 2022 were $80.1M lower than at 31 December 2021, largely due to lower inventory and receivables, partially offset by lower payables.

Key Financial and Operational Measures

Table 7: Segment financial performance

$M	1H FY2023	1H FY2022	Var %	2H FY2022
Sales Revenue	**2,117.7**	2,158.4	(2%)	2,132.5
Reported EBIT	**165.4**	265.6	(38%)	190.7
Underlying EBIT	**165.4**	265.6	(38%)	153.3
NOA (pre tax)	**1,583.7**	1,663.8	(5%)	1,681.3
Underlying EBIT ROIC (LTM Basis)	**19.1%**	32.2%	-13.1%	26.2%
Despatches	**927.7**	922.8	1%	914.0

Chart 2: 1H FY2022 Segment geographic sales revenue, $M[1]



1. Chart does not include India, which is equity accounted, or $0.5M of eliminations (which balances back to total segment revenue of $2,117.7M).

Sales and operations

North America (Steelscape & ASC Profiles)

SteelScape (coating and painting) sales volume decreased by 22% in 1H FY2023 compared to 1H FY2022. Whilst underlying demand remains stable, customers lowered their inventory holdings on declining steel prices and project delays due to labour shortages and weather conditions. Various customer-centric strategic initiatives are ongoing, with a focus on the growth of the design solution product and service offering.

ASC Profiles (building components) continued to maintain strong margins in its key end use segments, primarily in the decking segment despite softer volumes which were also impacted by customers reducing inventory.

ASEAN

1H FY2023 sales volumes across the ASEAN business decreased by 17% on 1H FY2022 levels, driven by lower market demand as customers sought to reduce inventory holdings on declining steel prices.

Despite recovering construction activities, demand in the project segment was weak as some projects were delayed due to labour shortages, particularly in Malaysia. Retail segment demand slowed on declining steel prices. The business continues to focus on the Authorised Dealer network, with a growing focus on alternative distribution channels in some segments.

Cost and productivity improvement programs continue to deliver incremental benefits, and the business is now balancing robust cost discipline to address thehigh inflationary environment and investment in future growth.

China

The Chinese economy rebounded slightly in early 1H FY2023, mainly driven by strong momentum in the infrastructure and automotive sectors. However pandemic-related restrictions impacted the attempts to stimulate the property market and household spending.

BlueScope China delivered record half-year underlying EBIT in 1H FY2023, mainly driven by a 36% increase in despatch volumes over 1H FY2022. Notwithstanding broader pandemic impacts to the economy, BlueScope China sales were supported by the continuation of business strategy targeting premium high-growth segments including automotive, advanced manufacturing, chemicals and electronics. Pre-engineered buildings demand was particularly strong in the growing electric vehicle manufacturing segment.

Sales volumes of coated products increased marginally in 1H FY2023 on the prior corresponding period, supported by robust demand both from external customers and the Buildings and Components businesses. The ongoing successful promotion of Next Generation ZINCALUME® steel continues to position the business as a premium supplier of coated steel.

India (in joint venture with Tata Steel (50/50) for all operations)

Despatch volumes in the Tata BlueScope Steel business increased by 11% in 1H FY2023 as compared to 1H FY2022, though average selling prices were softer. The 15% export duty established by the Government in May 2022 was withdrawn in November 2022, which is likely to have a positive impact on performance.

BlueScope has reached in principle agreement with Tata Steel for the supply of coated and painted product from Tata Steel to TBSL. The product will be supplied from Tata Steel's plants located at Angul and Khopoli which were formerly part of the Bhushan Steel group. Supply of seeding units started in May 2022, with 15kt of product supplied under the agreement in 1H FY2023.

Table 8: India performance

$M	1H FY2023	1H FY2022	Var %	2H FY2022
Tata BlueScope Steel (100% basis)				
Sales Revenue	**266.8**	250.7	6%	297.1
Underlying EBIT	**27.3**	34.6	(21%)	38.2
Underlying NPAT	**22.5**	27.0	(17%)	30.9
Despatches	**132.1**	119.1	11%	136.4
BlueScope share (50% basis)				
Underlying equity accounted profit	**11.4**	13.7	(17%)	15.6

New Zealand & Pacific Islands (NZPI)

The New Zealand & Pacific Islands (NZPI) business comprises the Waikato North Head mine, New Zealand Steel, Pacific Steel and the Pacific Islands businesses.

New Zealand Steel, the only fully integrated steel producer in New Zealand, uses locally sourced iron sand to manufacture about 670,000 tonnes of steel slab and billet a year at the Glenbrook Steelworks, south of Auckland.

NZPI produces a range of flat and long steel products for domestic and export use, and supplies all major industries including construction, manufacturing, infrastructure, packaging and agriculture.

NZPI employs around 2,000 people and includes Pacific Steel New Zealand (rolling mill and wire drawing facilities), and the Pacific Islands business, with facilities in Fiji, New Caledonia and Vanuatu which manufacture and distribute the LYSAGHT® range of products and long steel products through Pacific Steel Fiji.

Financial Performance – 1H FY2023 vs. 1H FY2022

Sales revenue

The $56.3M decrease in sales revenue was primarily due to lower despatch volumes and the unfavourable translation impact of a weaker New Zealand dollar (A$:NZ$), partially offset by higher realised selling prices.

EBIT performance

The $0.5M decrease in underlying EBIT reflects lower despatch volumes offset by higher realised spreads and an unfavourable translation impact from a weaker New Zealand dollar (A$:NZ$). Higher spreads resulted from higher realised selling prices, which more than offset higher thermal coal costs.

Return on invested capital

ROIC decreased to 40.7% driven by lower EBIT and higher net operating assets. Net operating assets at 31 December 2022 were $344.1M higher than at 31 December 2021, driven by higher operating intangibles, higher inventory, higher fixed assets and lower provisions.

Key Financial and Operational Measures

Table 9: Segment financial performance

$M	1H FY2023	1H FY2022	Var %	2H FY2022
Sales Revenue	**461.7**	518.0	(11%)	607.2
Reported EBIT	**85.7**	137.3	(38%)	128.1
Underlying EBIT	**85.7**	86.2	(1%)	142.4
NOA (pre tax)	**763.9**	419.8	82%	530.9
Underlying EBIT ROIC (LTM Basis)	**40.7%**	61.7%	-21.0%	54.7%

Table 10: Steel sales volume

'000 tonnes	1H FY2023	1H FY2022	Var %	2H FY2022
Domestic flats	**108.0**	133.2	(19%)	141.8
Domestic longs	**77.3**	109.1	(29%)	111.6
Domestic	**185.3**	**242.3**	**(24%)**	**253.4**
Export flats	**26.1**	40.3	(35%)	49.4
Export longs	**5.2**	1.2	333%	0.1
Export	**31.3**	**41.5**	**(25%)**	**49.5**

Sales and operations

Domestic sales

Whilst activity levels remained strong, despatch volumes were lower as distribution customers reduced inventories in a falling price environment, and following the arrival of delayed imports in late 2H FY2022. Poor weather early in the half-year also impacted despatches.

The number of new residential dwelling consents remained on trend at high levels during the period, following a sustained period of demand.

- Demand for metal coated and COLORSTEEL® products softened during the half as customer inventory levels rebalanced, however 1H FY2023 construction levels were consistent with 1H FY2022.
- Demand for AXXIS® steel for light gauge residential steel framing into new builds remained robust.
- Demand for heavy plate products remained strong.

The dual head coater upgrade on the Glenbrook paint line is on track to be commissioned during 2H FY2023, which will increase paint line capacity and flexibility to meet strong domestic demand for premium painted products.

Sales of domestic long products in 1H FY2023 decreased 29% on 1H FY2022 levels largely on the back of the weather-related impacts to construction activity early in the half, combined with project price escalation pressure more broadly delaying a range of projects. Demand continues to be predominantly driven by the infrastructure sector, underpinned by a mix of 'shovel-ready' projects and the NZ Upgrade Programme driven by the New Zealand Government.

Export sales

Export volumes in 1H FY2023 were 10kt lower than in 1H FY2022, due to a reduction in the export commodity product sales during the half.

Vanadium

Sales of Vanadium slag by-products have been an ongoing cost-offset for the New Zealand operation for a number of years. The business also buys in both ferro and nitrided vanadium as inputs into the steelmaking process, mainly for rebar strengthening purposes, which has the effect of dampening any price related increase in the vanadium slag contribution. The 1H FY2023 net vanadium contribution was approximately $1.9M lower than 1H FY2022 primarily due to softer global index pricing.

Detailed Explanatory Tables

A Detailed Income Statement

The Group comprises five reportable operating segments: Australian Steel Products; North Star BlueScope Steel; Buildings and Coated Products North America; Building Products Asia & North America and New Zealand & Pacific Islands.

Table 11: Detailed income Statement

$M	Revenue 1H FY2023	Revenue 1H FY2022	Reported Result[1] 1H FY2023	Reported Result[1] 1H FY2022	Underlying Result[2] 1H FY2023	Underlying Result[2] 1H FY2022
Sales revenue/EBIT[3]						
Australian Steel Products	**4,089.7**	3,963.0	**273.8**	687.8	**273.8**	687.8
North Star BlueScope Steel	**1,633.6**	2,436.5	**194.6**	1,221.6	**201.5**	1,228.5
Building Products ASEAN, NA & India	**2,117.7**	2,158.4	**165.4**	265.6	**165.4**	265.6
Buildings & Coated Products North America	**1,269.3**	744.5	**160.6**	26.9	**172.8**	18.0
New Zealand & Pacific Steel Products	**461.7**	518.0	**85.7**	137.3	**85.7**	86.2
Discontinued operations	**0.0**	0.0	**2.3**	1.6	**0.0**	0.0
Segment revenue/EBIT[3]	**9,572.0**	**9,820.4**	**882.4**	**2,340.8**	**899.2**	**2,286.1**
Inter-segment eliminations	**(248.2)**	(401.7)	**34.8**	(2.0)	**34.7**	(2.0)
Segment external revenue/EBIT	**9,323.8**	**9,418.7**	**917.2**	**2,338.8**	**933.9**	**2,284.1**
Other revenue/(net unallocated expenses)	**33.8**	17.5	**(82.8)**	(81.4)	**(82.8)**	(80.0)
Total revenue/EBIT[3]	**9,357.6**	**9,436.2**	**834.4**	**2,257.4**	**851.1**	**2,204.1**
Borrowing costs			**(38.7)**	(37.7)	**(37.9)**	(37.1)
Interest Revenue			**18.4**	6.5	**18.4**	6.5
Profit/(loss) from ordinary activities before income tax			**814.1**	**2,226.2**	**831.6**	**2,173.5**
Income tax (expense)/benefit			**(175.2)**	(479.2)	**(177.2)**	(496.6)
Profit/(loss) from ordinary activities after income tax expense			**638.8**	**1,747.1**	**654.4**	**1,676.9**
Net (profit)/loss attributable to outside equity interest			**(40.0)**	(103.6)	**(40.0)**	(103.6)
Net profit/(loss) attributable to equity holders of BlueScope Steel			**598.9**	**1,643.5**	**614.4**	**1,573.4**
Basic Earnings per share (cents)			**128.2**	329.1	**131.5**	315.1

1. The financial report has been prepared in accordance with the Australian Accounting Standards issued by the Australian Accounting Standards Board, which are compliant with International Financial Reporting Standards (IFRS). References to 'reported' financial information throughout this report are consistent with IFRS financial information disclosed in the financial report.
2. References to 'underlying' information are to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information, while not subject to audit or review, has been extracted from the financial report, which has been reviewed by our external auditors.
3. Performance of operating segments is based on EBIT which excludes the effects of interest and tax. The Company considers this a useful and appropriate segment performance measure because Group financing (including interest expense and interest income) and income taxes are managed on a Group basis and are not allocated to operating segments.

B Reconciliation of Underlying Earnings to Reported Earnings

The Company has provided an analysis of unusual items included in the reported IFRS financial information. These items have been considered in relation to their size and nature, and have been adjusted from the reported information to assist readers to better understand the financial performance of the underlying operating business. Throughout this report the Group has used the term 'reported' to reference IFRS financial information and 'underlying' to reference non-IFRS financial information. These adjustments are assessed on a consistent basis from period to period and include both favourable and unfavourable items. Non-IFRS financial information while not subject to audit or review has been extracted from the financial report which has been reviewed by BlueScope's external auditors. An explanation of each adjustment and reconciliation to the reported IFRS financial information is provided in the table below.

Table 12: Reconciliation of Underlying Earnings to Reported Earnings

	EBITDA $M		EBIT $M		NPAT $M		EPS $[1]	
	1H FY2023	1H FY2022	1H FY2023	1H FY2022	1H FY2023	1H FY2022	1H FY2023	1H FY2022
Reported Earnings	**1,155.5**	**2,514.3**	**834.4**	**2,257.4**	**598.9**	**1,643.5**	**1.28**	**3.29**
Underlying adjustments:								
Net (gains) / losses from businesses discontinued[2]	**(2.3)**	(1.6)	**(2.3)**	(1.6)	**(1.1)**	(1.1)	**(0.00)**	(0.00)
Business development and acquisition costs[3]	**15.9**	8.2	**15.9**	8.2	**12.6**	6.4	**0.03**	0.01
Operating Disruptions[4]	**3.2**	-	**3.2**	-	**2.5**	-	**0.01**	-
Pension Fund Adjustment[5]	**-**	(54.8)	**-**	(54.8)	**-**	(39.1)	**-**	(0.08)
Gain on Lease Termination[6]	**-**	(5.1)	**-**	(5.1)	**-**	(3.2)	**-**	(0.01)
Tax asset impairment[7]	**-**	-	**-**	-	**1.6**	(33.2)	**0.01**	(0.07)
Underlying Operational Earnings	**1,172.2**	**2,461.0**	**851.1**	**2,204.1**	**614.4**	**1,573.4**	**1.32**	**3.15**

1. EPS is based on the average number of shares on issue during the respective reporting periods of 467.1M in 1H FY2023 and 499.4M in 1H FY2022.
2. 1H FY2023 reflects royalty revaluation gain ($2.3M pre-tax) relating to the previously sold Taharoa iron sands operations, foreign exchange translation gains within the closed Lysaght Taiwan business ($0.3M pre-tax), and losses from the discontinued Engineered Buildings ASEAN business ($0.3M pre-tax). 1H FY2022 reflects royalty revaluation gain ($1.6M pre-tax) relating to the previously sold Taharoa iron sands operations.
3. 1H FY2023 reflects costs associated with the acquisition of the US coil coatings business ($9.0M pre-tax) and the US ferrous scrap steel recycling businesses ($5.2M pre-tax), and pre-commissioning costs associated with the expansion project at North Star ($1.7M pre-tax). 1H FY2022 reflects pre-commissioning costs associated with the expansion project at North Star ($6.9M pre-tax) and costs associated with the acquisition of the ferrous scrap steel recycling business of MetalX LLC ($1.3M pre-tax).
4. 1H FY2023 reflects costs relating to storm damage at US coil coatings business Rancho Cucamonga site ($3.2M pre-tax).
5. 1H FY2022 reflects a settlement gain recognised relating to the defined benefit pension fund in New Zealand ($51.0M pre-tax) following the acceptance of a lump sum payment by some pensioner members and a true-up adjustment received relating to the wind up of the defined benefit pension fund in North America ($3.8M pre-tax).
6. 1H FY2022 reflects a gain received on termination of a building lease at Buildings North America ($5.1M pre-tax).
7. 1H FY2023 reflects write back of previously impaired deferred tax assets in New Zealand ($1.6M). 1H FY2022 reflects the utilisation of previously unbooked deferred tax assets in New Zealand ($33.2M).

Table 13: Segmental underlying EBIT adjustments

1H FY2023 EBIT Underlying Adjustments $M	ASP	North Star	BPANA	BCPNA	NZPac	Corp	Discon Ops	PISE	Total
Net (gains) / losses from businesses discontinued							(2.3)		**(2.3)**
Business development and acquisition costs	-	6.9	-	9.0	-	-			**15.9**
Operating Disruptions	-	-	-	3.2	-	-			**3.2**
Underlying Adjustments	**-**	**6.9**	**-**	**12.2**	**-**	**-**	**(2.3)**	**-**	**16.8**

C Cash Flow Statement

Table 14: Consolidated cash flow statement

$M	1H FY2023	1H FY2022	Variance %
Reported EBITDA	**1,155.5**	**2,514.3**	**(54%)**
Add cash / (deduct non-cash) items			
- Share of profits from associates and joint venture partnership not received as dividends	**7.0**	(13.6)	152%
- Expensing of share-based employee benefits	**11.7**	10.3	14%
- Impaired assets	**(0.6)**	0.0	(100%)
- Net (gain) loss on sale of assets	**(0.4)**	(5.9)	94%
Cash EBITDA	**1,173.2**	**2,505.1**	**(53%)**
Changes in working capital	**210.1**	(1,141.0)	118%
Gross operating cash flow	**1,383.3**	**1,364.1**	**1%**
Finance costs	**(39.9)**	(37.0)	(8%)
Interest received	**18.2**	6.4	184%
Income tax paid	**(256.1)**	(260.8)	2%
Net cash from operating activities	**1,105.4**	**1,072.7**	**3%**
Capex: payments for P, P & E and intangibles	**(353.8)**	(385.1)	8%
Other investing cash flows	**(165.7)**	(285.0)	42%
Cash from operating and investing (post-tax)	**586.0**	**402.6**	**46%**
Share buybacks	**(119.9)**	(284.9)	58%
Dividends to BlueScope Steel Limited shareholders	**(117.2)**	(221.6)	47%
Dividends to non-controlling interests[1]	**(39.8)**	0.0	(100%)
Net drawing / (repayment) of borrowings	**(13.3)**	61.0	(122%)
Net drawing / (repayment) of leases	**(55.3)**	(51.7)	(7%)
Other	**0.0**	1.6	(100%)
Net Increase / (decrease) in cash held	**240.5**	**(93.0)**	**359%**

1. These dividend payments primarily relate to dividend payments to Nippon Steel Corporation (NSC) in respect of the NS BlueScope Coated Products joint venture.

Glossary

1H	Six months ended 31 December in the relevant financial year
1H FY2022	Six months ended 31 December 2021
1H FY2023	Six months ended 31 December 2022
2H	Six months ended 30 June in the relevant financial year
2H FY2021	Six months ending 30 June 2021
2H FY2022	Six months ending 30 June 2022
ASEAN	Association of South East Asian Nations
ASP	Australian Steel Products segment
A$, $	Australian dollar
BCPNA	Buildings and Coated Products North America segment
BF	Blast Furnace
BNA	Buildings North America
BP or Building Products	Building Products Asia & North America segment
BPG	BlueScope Properties Group
BlueScope or the Group	BlueScope Steel Limited and its subsidiaries (i.e. the consolidated group)
the Company	BlueScope Steel Limited (i.e. the parent entity)
CY2021	Calendar year ended 31 December 2021
CY2022	Calendar year ended 31 December 2022
DPS	Dividend per share
DRI	Direct Reduced Iron
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBS	Engineered building solutions, a key product offering of BNA and Building Products
EPS	Earnings per share
FY2022	12 months ending 30 June 2022
FY2023	12 months ending 30 June 2023
HRC	Hot rolled coil steel
HSE	Health, safety and environment
IFRS	International Financial Reporting Standards
IRR	Internal rate of return
Leverage, or leverage ratio	Net debt over LTM underlying EBITDA
LTM	Last twelve months
mt	Million metric tonnes
Net debt, or ND	Gross debt less cash
NOA	Net operating assets pre-tax
North Star	North Star BlueScope Steel
NPAT	Net profit after tax
NSC	Nippon Steel Corporation
NZ$	New Zealand dollar
NZPI	New Zealand & Pacific Islands segment
PKSW	Port Kembla Steelworks
PPA	Power purchase agreement
ROIC	Return on invested capital (or ROIC), last 12 months' underlying EBIT over trailing 13-month average capital employed
ROU	Right of use
TBSL	Tata BlueScope Steel
TRIFR	Total recordable injury frequency rate (recordable injuries per million hours worked)
US	United States of America
US$	United States dollar

Section **02**

Directors' Report

1H FY2023 Directors' Report

The Directors of BlueScope Steel Limited ('the Company') present their report on the consolidated entity ('BlueScope' or 'the Group') consisting of BlueScope Steel Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were Directors of the Company during the interim financial period and up to the date of this Directors' report, except as otherwise stated:

- John Andrew Bevan (Chairman)
- Mark Royce Vassella (Managing Director and Chief Executive Officer)
- Ewen Graham Wolseley Crouch AM
- Rebecca Patricia Dee-Bradbury
- Jennifer Margaret Lambert
- Kathleen Marie Conlon
- K'Lynne Johnson
- ZhiQiang Zhang
- Peter Christian Alexander (appointed 30 September 2022)
- Jane Frances McAloon (appointed 30 September 2022)

Review of Operations

A review of the Group's operations during the half-year and the results of those operations is set out in the accompanying 1H FY2023 Earnings Report contained on pages 3 to 29. The 1H FY2023 earnings report is incorporated by reference into, and forms part of, this Directors' report.

Matters subsequent to the half-year ended 31 December 2022

Repayment of US$300M senior unsecured Reg-S notes

On 25 January 2023, BlueScope Finance (Americas) LLC, a wholly owned subsidiary of BlueScope, repaid from cash its US$300M senior unsecured Reg-S notes (Notes) ahead of their May 2023 maturity.

In advance of repaying the Notes, in November 2022, BlueScope extended and increased its core bilateral loan facilities to $1,310M, from $1,005M, with the support of its group of 10 key banks.

These transactions bring BlueScope the benefit of increased funding tenor and decreased finance costs, whilst maintaining robust financial liquidity.

Other than matters outlined elsewhere in the half-year financial report, no other matters or circumstances have arisen since 31 December 2022 that have significantly affected, or may significantly affect, the operations, the results of those operations or the state of affairs of the Group in subsequent financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 32 of the Directors' Report for the half-year ended 31 December 2022.

Rounding of amounts

BlueScope is a company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.

This report has been made in accordance with a resolution of directors.

John Bevan
Chairman

Mark Vassella
Managing Director and Chief Executive Officer

Melbourne
20 February 2023

Building a better
working world

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Auditor's independence declaration to the directors of BlueScope Steel Limited

As lead auditor for the review of the half-year financial report of BlueScope Steel Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of BlueScope Steel Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Matthew Honey
Partner
20 February 2023

Section

03

Financial Report

BlueScope Steel Limited ABN 16 000 011 058

Half-year financial report

for the half-year ended 31 December 2022

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Consolidated statement of comprehensive income

BLUESCOPE STEEL LIMITED
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Notes	Consolidated half-year 2022 $M	2021 $M
Revenue from continuing operations	4	**9,357.6**	9,436.2
Other income	5	**75.2**	52.2
Changes in inventories of finished goods and work in progress		**(194.5)**	477.4
Raw materials and consumables used		**(5,825.6)**	(5,512.0)
Employee benefits expense		**(1,151.2)**	(1,056.0)
Depreciation and amortisation expense		**(321.1)**	(256.9)
Impairment write-back of non-current assets	5	**0.6**	-
Freight on external despatches		**(409.3)**	(329.6)
External services		**(474.9)**	(420.2)
Finance costs	5	**(38.7)**	(37.7)
Other expenses		**(218.1)**	(142.5)
Share of net profits of associates and joint venture partnerships accounted for using the equity method		**11.8**	13.8
Profit before income tax		**811.8**	2,224.7
Income tax expense	6	**(174.9)**	(479.2)
Profit from continuing operations		**636.9**	1,745.5
Profit from discontinued operations after income tax		**2.0**	1.6
Profit for the half-year		**638.9**	1,747.1
Items that may be reclassified subsequently to profit or loss			
Net gain / (loss) on cash flow hedges		**(16.8)**	6.8
- Income tax (expense) / benefit		**5.1**	(2.0)
Net gain / (loss) on net investments in foreign subsidiaries		**4.0**	7.4
- Income tax (expense) / benefit		**(1.2)**	(2.2)
Exchange fluctuations on translation of foreign operations attributable to BlueScope Steel Limited		**105.3**	136.1
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain on defined benefit superannuation plans		**10.4**	11.0
- Income tax (expense) / benefit		**(2.9)**	(3.1)
Investment revaluation		**0.2**	10.2
Exchange fluctuations on translation of foreign operations attributable to non-controlling interests		**10.2**	12.3
Other comprehensive income for the half-year		**114.3**	176.5
Total comprehensive income for the half-year		**753.2**	1,923.6
Profit for the half-year is attributable to:			
Owners of BlueScope Steel Limited		**598.9**	1,643.5
Non-controlling interests		**40.0**	103.6
		638.9	1,747.1
Total comprehensive income for the half-year is attributable to:			
Owners of BlueScope Steel Limited		**703.0**	1,807.7
Non-controlling interests		**50.2**	115.9
		753.2	1,923.6

Earnings per share for profit attributable to ordinary equity holders of the Company from:	Notes	**2022 Cents**	2021 Cents
Continuing operations:			
Basic earnings per share	13	**128.0**	328.9
Diluted earnings per share	13	**127.2**	326.3
Total operations:			
Basic earnings per share	13	**128.2**	329.1
Diluted earnings per share	13	**127.5**	326.5

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated statement of financial position

BLUESCOPE STEEL LIMITED
AS AT 31 DECEMBER 2022

	Notes	Consolidated 31 December 2022 $M	30 June * 2022 $M
ASSETS			
Current assets			
Cash and cash equivalents		**1,919.6**	1,682.7
Trade and other receivables		**1,510.8**	2,134.4
Contract assets		**51.4**	42.2
Inventories		**3,198.5**	3,679.4
Operating intangible assets		**70.3**	82.7
Derivative financial instruments		**20.8**	51.2
Deferred charges and prepayments		**164.3**	191.6
Total current assets		**6,935.7**	7,864.2
Non-current assets			
Trade and other receivables		**38.9**	38.7
Inventories		**72.0**	68.7
Operating intangible assets		**196.2**	172.9
Derivative financial instruments		**20.7**	40.4
Investments accounted for using the equity method		**129.0**	140.2
Other investments - fair value through other comprehensive income		**31.5**	30.2
Property, plant and equipment		**5,470.5**	5,310.3
Right-of-use assets		**387.6**	374.4
Intangible assets		**2,504.5**	2,429.6
Deferred tax assets		**120.7**	122.7
Deferred charges and prepayments		**9.0**	11.5
Retirement benefit assets		**1.8**	6.7
Total non-current assets		**8,982.4**	8,746.3
Total assets		**15,918.1**	16,610.5
LIABILITIES			
Current liabilities			
Trade and other payables		**1,925.1**	2,677.5
Borrowings		**570.3**	610.6
Lease liabilities		**106.4**	102.5
Current tax liabilities		**41.7**	152.8
Provisions		**532.2**	787.7
Contract liabilities		**306.0**	333.1
Deferred income		**16.1**	77.5
Derivative financial instruments		**5.0**	1.4
Total current liabilities		**3,502.8**	4,743.1
Non-current liabilities			
Trade and other payables		**33.9**	37.0
Borrowings		**196.6**	166.6
Lease liabilities		**440.2**	435.9
Deferred tax liabilities		**568.6**	533.9
Provisions		**199.2**	186.1
Contract liabilities		**8.1**	8.3
Retirement benefit obligations	8	**39.3**	48.5
Deferred income		**2.5**	3.0
Total non-current liabilities		**1,488.4**	1,419.3
Total liabilities		**4,991.2**	6,162.4
Net assets		**10,926.9**	10,448.1
EQUITY			
Contributed equity	7	**2,849.4**	2,958.0
Reserves		**604.7**	516.9
Retained profits		**6,796.8**	6,307.6
Parent entity interest		**10,250.9**	9,782.5
Non-controlling interests		**676.0**	665.6
Total equity		**10,926.9**	10,448.1

* Comparative amounts have been restated to reflect adjustments to the Coil Coatings acquisition accounting. Refer to Note 11b.

The consolidated statement of financial position should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated statement of changes in equity

BLUESCOPE STEEL LIMITED
AS AT 31 DECEMBER 2022

Consolidated - 31 December 2022	Notes	Contributed equity $M	Reserves $M	Retained profits $M	Non-controlling interests $M	Total $M
Balance at 1 July 2022		**2,958.0**	**516.9**	**6,307.6**	**665.6**	**10,448.1**
Profit for the half-year		-	-	598.9	40.0	638.9
Other comprehensive income		-	96.6	7.5	10.2	114.3
Total comprehensive income for the half-year		**-**	**96.6**	**606.4**	**50.2**	**753.2**
Transactions with owners in their capacity as owners:						
Share-based payment expense		-	11.7	-	-	11.7
Share rights settled	7(ii)	(6.7)	(20.5)	-	-	(27.2)
Treasury shares	7(iii)	3.8	-	-	-	3.8
Share buybacks	7(i)	(107.3)	-	-	-	(107.3)
Dividends paid		-	-	(117.2)	(39.8)	(157.0)
Tax credit recognised directly in equity	7(ii)	1.6	-	-	-	1.6
		(108.6)	(8.8)	(117.2)	(39.8)	(274.4)
Balance at 31 December 2022		**2,849.4**	**604.7**	**6,796.8**	**676.0**	**10,926.9**

Consolidated - 31 December 2021	Notes	Contributed equity $M	Reserves $M	Retained profits $M	Non-controlling interests $M	Total $M
Balance at 1 July 2021		**3,649.9**	**156.9**	**3,822.8**	**530.8**	**8,160.4**
Profit for the half-year		-	-	1,643.5	103.6	1,747.1
Other comprehensive income		-	156.3	7.9	12.3	176.5
Total comprehensive income for the half-year		**-**	**156.3**	**1,651.4**	**115.9**	**1,923.6**
Transactions with owners in their capacity as owners:						
Share-based payment expense		-	10.3	-	-	10.3
Share rights settled	7(ii)	(15.6)	(13.2)	-	-	(28.8)
Treasury shares	7(iii)	(1.7)	-	-	-	(1.7)
Share buybacks	7(i)	(284.9)	-	-	-	(284.9)
Dividends paid		-	-	(221.6)	-	(221.6)
Tax credit recognised directly in equity	7(ii)	4.5	-	-	-	4.5
Other		-	-	0.1	-	0.1
		(297.7)	(2.9)	(221.5)	-	(522.1)
Balance at 31 December 2021		**3,352.2**	**310.3**	**5,252.7**	**646.7**	**9,561.9**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated statement of cash flows

BLUESCOPE STEEL LIMITED
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Consolidated half-year 2022 $M	2021 $M
Cash flows from operating activities			
Receipts from customers		**10,507.8**	9,628.0
Payments to suppliers and employees		**(9,162.9)**	(8,277.8)
		1,344.9	1,350.2
Dividends received - Associate		**18.8**	0.2
Dividends received - Other		**1.4**	0.5
Interest received		**18.2**	6.4
Other revenue		**18.2**	13.2
Finance costs paid		**(39.9)**	(37.0)
Income taxes paid		**(256.1)**	(260.8)
Net cash inflow from operating activities		**1,105.5**	1,072.7
Cash flows from investing activities			
Payments for purchase of business, net of cash acquired		**(160.3)**	(287.0)
Payments for other investments		**(7.0)**	-
Payments for property, plant and equipment		**(350.1)**	(382.7)
Payments for intangibles		**(3.7)**	(2.4)
Proceeds from sale of property, plant and equipment		**1.6**	2.0
Net cash (outflow) from investing activities		**(519.5)**	(670.1)
Cash flows from financing activities			
Proceeds from borrowings		**246.5**	168.6
Repayment of borrowings		**(259.8)**	(107.6)
Repayment of lease liabilities		**(55.3)**	(51.7)
Dividends paid to Company's shareholders		**(117.2)**	(221.6)
Dividends paid to non-controlling interests in subsidiaries		**(39.8)**	-
Share buybacks	7(i)	**(119.9)**	(284.9)
Other		**-**	1.6
Net cash (outflow) from financing activities		**(345.5)**	(495.6)
Net increase / (decrease) in cash and cash equivalents		**240.5**	(93.0)
Cash and cash equivalents at the beginning of the financial year		**1,675.1**	1,961.1
Effects of exchange rate changes on cash and cash equivalents		**2.8**	34.8
Cash and cash equivalents at end of period [(1)]		**1,918.4**	1,902.9

[(1)] Includes cash and cash equivalents and bank overdraft (in borrowings) as reported in the consolidated statement of financial position.

The consolidated statement of cash flows should be read in conjunction with the accompanying notes to the consolidated financial statements.

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1 General information

(a) Basis of preparation

The half-year financial report is a general purpose condensed financial report which:

- Has been prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting.* Compliance with AASB 134 ensures compliance with IFRS Accounting Standard IAS 34 *Interim Financial Reporting.*
- Does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by BlueScope Steel Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.
- Has been prepared on the basis of historical cost, except for derivative financial instruments and certain other financial assets and liabilities which have been measured at fair value;
- Is presented in Australian dollars, unless otherwise stated;
- Has values rounded to the nearest hundred thousand dollars, unless otherwise stated, in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.
- Has adopted the accounting policies and methods of computation consistent with those adopted and disclosed in the Group's consolidated financial statements for the year ended 30 June 2022.

(b) New accounting standards and interpretations

The Group has adopted all of the new and amended accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2022, including:

- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*

None of these amendments materially affect any of the disclosures or the amounts recognised in Group's financial statements for the current period or any prior period.

Issued but not yet effective:
Certain new and amended accounting standards and interpretations, that are relevant to the Group have been published that are not mandatory for the annual reporting period beginning 1 July 2022, including:

- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective 1 July 2023)
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective 1 July 2023)
- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* (effective 1 July 2024)

The Group does not expect these standards or interpretations to have any material impact on the Group's financial statements and has not elected to early adopt any accounting standards or interpretations during the period.

2 Critical accounting estimates and judgements

In preparing the financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The areas of the financial statements involving significant judgements in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those that applied to the financial statements for the year ended 30 June 2022. These estimates and judgements are reviewed on an ongoing basis.

2 Critical accounting estimates and judgements (continued)

(a) Impairment testing of the carrying value of assets, including goodwill

The Group tests property, plant and equipment, right of use assets and intangible assets with definite useful lives when there is an indicator of impairment. Goodwill and other intangible assets with indefinite useful lives are tested at least annually for any impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets, other than goodwill, that have previously suffered impairment are reviewed for possible reversal of the impairment at each period date.

All cash generating units (CGUs) were tested for impairment at the reporting date with the exception of the Coil Coatings North America CGU which was formed following its acquisition on 28 June 2022. The acquisition accounting of Coil Coatings is provisionally recorded at 31 December 2022, as disclosed in Note 11b, and there were no indicators of impairment.

The recoverable amounts of CGUs have been determined on a consistent basis to 30 June 2022. The basis of determining the key assumptions are listed below.

Key assumptions	Basis of estimation
Future cash flows	• Value-in-use (VIU) calculations use pre-tax cash flows, inclusive of working capital movements which are based on financial projections approved by the Group covering a two and half year period, being the basis of the Group's forecasting and planning processes, or up to four and half years where circumstances pertaining to a specific CGU support a longer period. • Cash flows beyond the projection period are extrapolated to a maximum of 30 years with adjustments where necessary to reflect changes in long-term operating conditions. No terminal value is calculated.
Growth rate	• The growth rate used to extrapolate the cash flows for each CGU beyond the forecast period does not exceed 2.5% (June 2022: 2.5%). • The growth rate represents a steady indexation rate which does not exceed the Group's expectations of the long-term average growth rate for the business in which each CGU operates.
Discount rate	• The discount rate applied to the cash flow projections has been assessed to reflect the time value of money and the perceived risk profile of the industry in which each CGU operates. • The base post-tax discount rates range from 8.0% to 9.5% (June 2022: 8.0% to 9.5%). • Given the differing characteristics, currencies and geographical locations of the Group's CGUs, where appropriate the base discount rate is adjusted by a country risk premium (CRP) to reflect country specific risks. Such adjustments do not reflect risks for which cash flow forecasts have already been adjusted. The CRP is derived from externally sourced foreign country risk ratings. • All foreign currency cash flows are discounted using a discount rate appropriate for that currency.
Raw material costs	• Based on commodity price forecasts derived from a range of external commodity forecasters.
Selling prices	• Based on management forecasts, taking into account commodity steel price forecasts derived from a range of external commodity forecasters.
Sales volume	• Based on management forecasts, taking into account external forecasts of underlying economic activity for the market sectors and geographies in which each CGU operates.
FX rates	• AUD:USD and NZD:USD are based on forecasts derived from a range of external banks.
Climate related risks	• BlueScope considers climate change and sustainability risks when determining the carrying value of each CGU. • The Group has climate change action plans, greenhouse gas emission reduction targets for its steelmaking sites, environmental management, water stewardship and other sustainability initiatives. The Company reports these in its annual Sustainability Report, together with a Climate Action Report issued September 2022 (available on the Company's web site). Operating and capital expenditure associated with these initiatives are, to the extent necessary, taken into account when determining the recoverable amount of each CGU. • Specifically regarding climate change and greenhouse gas emission reductions, the cashflows: - include estimates of operating and capital expenditure required to achieve the Group's 2030 GHG emissions intensity reduction targets and address the probable physical impact of climate change on its operations. - do not include the operating and capital expenditure that may be required to achieve the Group's 2050 net zero emissions goals as this is uncertain, as it requires emerging and breakthrough technology to be viable at commercial scale, access appropriate raw materials and affordable renewable energy sources, and public policy that supports decarbonisation. - do not include any impact from proposed changes to the Safeguard Mechanism announced by the Federal Government in January 2023. Given the changes are going through a consultation process and there is significant uncertainty in potential future outcomes, no clear view can be formed on the potential implications to the Australian Steel Products (ASP) CGU of the proposed changes. • Where applicable a cost of carbon, net of assistance, in jurisdictions where legislation has been enacted (in particular in New Zealand) is taken into account based on a continuation of legislation as it is currently enacted and external forecasts.

2 Critical accounting estimates and judgements (continued)

(i) Cash generating units with significant goodwill

Buildings North America
Buildings North America is tested for impairment on a value-in-use (VIU) basis using two and half year cash flow projections, followed by a long-term growth rate of 2.5% for a further 27.5 years. Post-tax VIU cash flows are discounted utilising a pre-tax discount rate of 12.1% (June 2022: 11.8%).

As at 31 December 2022 the recoverable amount of this CGU is 1.4 times (June 2022: 1.3 times) the carrying amount of $572.9M (June 2022: $601.1M), including non-current assets and net working capital. This CGU is most sensitive to assumptions in relation to North American non-residential building and construction activity. Taking into account external forecasts, the Group expects non-residential building and construction activity to decline over the next two years.

However, the timing and extent of the downturn and recovery is uncertain. To illustrate the sensitivity of these assumptions, if they were to differ such that the expected cash flow forecasts for Buildings North America were to decrease by approximately 27% (June 2022: 23%) across the forecast period, without implementation of mitigation plans, the recoverable amount would equal the carrying amount.

North Star BlueScope Steel
North Star BlueScope Steel is tested for impairment on a VIU basis using four and half year cash flow projections, followed by a long-term growth rate of 2.5% for a further 25.5 years. Pre-tax VIU cash flows are discounted utilising a pre-tax discount rate of 11.9% (June 2022: 12.1%).

At 31 December 2022 the recoverable amount of the CGU is 2.2 times (June 2022: 2.3 times) the carrying amount of $3486.1M (June 2022: $3319.5M), including non-current assets and net working capital. This CGU is most sensitive to assumptions in relation to the spread between North American hot rolled coil and purchased scrap prices. Taking into account external forecasts, the Group expects the spread to progressively return to being broadly in line with historical long-term average levels by FY2026 following the peak in FY2022. To illustrate the sensitivity of these assumptions, if they were to differ, such that the expected cash flow forecasts for North Star BlueScope Steel were to decrease by approximately 50% (June 2022: 56%) across the forecast period, without implementation of mitigation plans, the recoverable amount would be equal to the carrying amount.

(ii) Sensitivity of carrying amounts

The carrying value of property, plant and equipment of the Group is most sensitive to cash forecasts for the Group's largest CGU, Australian Steel Products (ASP) and New Zealand & Pacific Islands (NZPI), as they are exposed to global steel macroeconomic factors. The carrying amount of these CGUs are determined by taking into account the key assumptions set out above.

For ASP, recognised external forecasters estimate the Australian dollar relative to the US dollar to strengthen in the long term relative to the half-year ended 31 December 2022 level and estimate Asian commodity steel prices to be similar with a decrease in iron ore and coking coal average costs relative to the half-year ended 31 December 2022. The Group believes that the long-term assumptions adopted are appropriate.

ASP is exposed to variable macroeconomic factors and domestic demand, and to illustrate the sensitivity of these assumptions, if they were to differ such that the expected cash flow forecasts were to decrease by approximately 20% (June 2022: 34%) across the forecast period, without implementation of mitigation plans, the recoverable amount would be equal to the carrying amount.

For NZPI, recognised external forecasters estimate the New Zealand dollar relative to the US dollar to strengthen in the long term relative to the half-year ended 31 December 2022 level and estimate global commodity steel prices to be similar relative to half-year ended 31 December 2022 in the longer term. The Group believes that the long term assumptions adopted are appropriate.

NZPI recognised partial impairment of its non-financial assets in FY2016 and FY2020 and as at 30 June 2022 has approximately $187M available to be reversed. NZPI is exposed to variable global macroeconomic factors such as commodity steel prices and exchange rates, together with regional New Zealand factors such as domestic demand and energy costs, which impact its cash flows. While the CGU has delivered cash flows over the last two years which, if such cash flows were to continue, could support some level of reversal, after taking into account the variable historical earnings performance of the CGU through the economic cycle and the range of possible long-term forecast scenarios, the Company has determined that the recoverable value is consistent with the current carrying value.

3 Segment information

(a) Description of segments

The Group's operating segments are reported in a manner which is materially consistent with the internal reporting provided to the chief operating decision maker. The Managing Director and Chief Executive Officer is responsible for allocating resources and assessing performance of the operating segments.

Segment	Description
Australian Steel Products	• ASP produces and markets a range of high value coated and painted flat steel products for Australian building and construction customers as well as providing a broader offering of commodity flat steel products. • Products are primarily sold to the Australian domestic market, with some volume exported. • Key brands include zinc/aluminium alloy coated - ZINCALUME® steel and galvanised and zinc/aluminium alloy-coated pre-painted COLORBOND® steel. • Main manufacturing facilities are at Port Kembla (NSW) and Western Port (Victoria). • This segment also operates pipe and tube manufacturing, and a network of roll-forming and distribution sites throughout Australia, acting as a major steel product supplier to the building and construction, manufacturing, transport, agriculture and mining industries.
North Star BlueScope Steel	• North Star BlueScope Steel is a single site electric arc furnace producer of hot rolled coil in Ohio US, serving automotive, construction and manufacturing end-use industries. It is strategically located near its customers and in one of the largest scrap regions in North America. • On 17 December 2021, the Group acquired the US ferrous scrap steel recycling business of Metal X LLC. It has processing facilities in Waterloo, Indiana and in Delta, Ohio, adjacent to the North Star facility. • On 8 August 2022, the Group acquired the assets of a US ferrous scrap steel processing business in Ohio US (refer to Note 11a).
Building Products Asia and North America	• Technology leader in metal coated and painted steel building products, principally focused on the Asia-Pacific region, with a wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of products. • This segment has an extensive footprint of metallic coating, painting and steel building product operations in Thailand, Indonesia, Vietnam, Malaysia, India and North America, primarily servicing the residential and non-residential building and construction industries across Asia, and the non-residential building and construction industry in North America. • This segment also includes Building Products China, comprising metal coating, painting, Lysaght operations and Engineered Building Solutions. • BlueScope operates in ASEAN and the west coast of North America in partnership with Nippon Steel Corporation (NSC) and in India with Tata Steel. Both are 50/50 joint ventures, with BlueScope controlling and therefore consolidating the joint venture with NSC, and jointly controlling and therefore equity accounting the joint venture with Tata Steel.
Buildings and Coated Products North America	• Leader in Engineered Building Solutions (EBS), servicing the low-rise non-residential construction needs of customers from an engineering and manufacturing base in North America. • This segment also includes the BlueScope Properties Group which develops industrial properties, predominantly warehouses and distribution centres. • On 28 June 2022, the Group acquired Coil Coatings business from Cornerstone Buildings Brands, Inc. (refer to Note 11b). The coil painting operations extend across the Eastern US region and is the second largest metal painter in the US, with seven facilities predominantly serving the construction industry.
New Zealand & Pacific Islands	• Consists of three primary business areas: New Zealand Steel, Pacific Steel and BlueScope Pacific Islands. • New Zealand Steel is the only steel producer in New Zealand, producing slab, billet, hot rolled coil and value added coated and painted products for both domestic and export markets across the Pacific Region. Operations include the manufacture and distribution of the LYSAGHT® range of products in Fiji, New Caledonia and Vanuatu and rod and bar in Fiji. • Pacific Steel is the sole producer of long steel products such as rod, bar, reinforcing coil and wire in New Zealand. • Segment also includes the Waikato North Head iron sands mine which supplies iron sands to the Glenbrook Steelworks.

3 Segment information (continued)

(b) Reportable segments

The segment information provided to the Managing Director and Chief Executive Officer for the operating segments for the half-year ended 31 December 2022 is as follows:

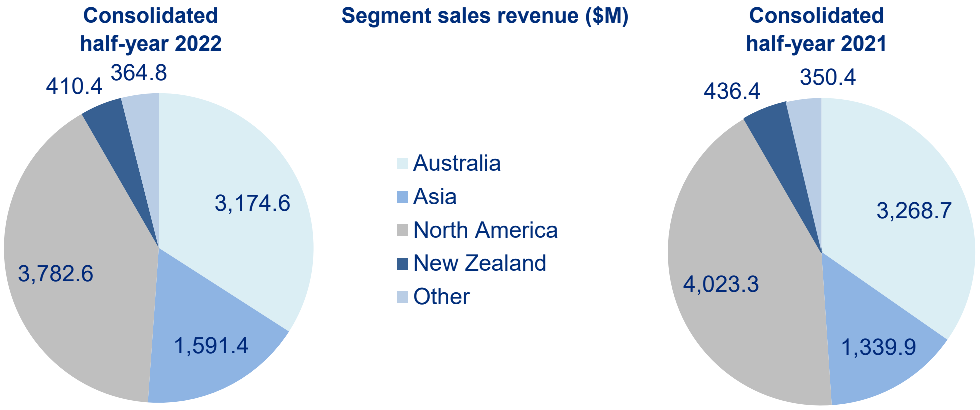
31 December 2022	Australian Steel Products $M	North Star BlueScope Steel $M	Building Products Asia & North America $M	Buildings & Coated Products North America $M	New Zealand & Pacific Islands $M	Discontinued Operations $M	Total $M
Total segment sales revenue	4,089.7	1,633.6	2,117.7	1,269.3	461.7	-	9,572.0
Intersegment revenue	(122.8)	(26.4)	(65.8)	(0.4)	(32.8)	-	(248.2)
Revenue from external customers	**3,966.9**	**1,607.2**	**2,051.9**	**1,268.9**	**428.9**	**-**	**9,323.8**
Segment EBIT	**273.8**	**194.6**	**165.4**	**160.6**	**85.7**	**2.3**	**882.4**
Depreciation and amortisation	171.9	55.8	48.8	29.0	14.9	-	320.4
Impairment (w rite-back) of non-current assets	-	-	(0.6)	-	-	-	(0.6)
Share of profit (loss) from associates and joint venture partnerships	-	0.4	11.4	-	-	-	11.8
Total segment assets	**4,811.6**	**3,941.1**	**2,262.4**	**1,835.8**	**1,035.2**	**16.5**	**13,902.6**
Total assets includes:							
Investments in associates and joint venture partnerships	-	0.7	128.3	-	-	-	129.0
Additions to non-current assets (other than financial assets and deferred tax)	225.8	162.4	27.7	43.1	33.8	-	492.8
Total segment liabilities	**1,316.5**	**454.1**	**678.7**	**395.0**	**271.2**	**3.2**	**3,118.7**

31 December 2021	Australian Steel Products $M	North Star BlueScope Steel $M	Building Products Asia & North America $M	Buildings & Coated Products North America $M	New Zealand & Pacific Islands $M	Discontinued Operations $M	Total $M
Total segment sales revenue	3,963.0	2,436.5	2,158.4	744.5	518.0	-	9,820.4
Intersegment revenue	(199.9)	(43.9)	(111.3)	(0.4)	(46.2)	-	(401.7)
Revenue from external customers	**3,763.1**	**2,392.6**	**2,047.1**	**744.1**	**471.8**	**-**	**9,418.7**
Segment EBIT	**687.8**	**1,221.6**	**265.6**	**26.9**	**137.3**	**1.6**	**2,340.8**
Depreciation and amortisation	148.6	36.4	45.0	12.8	13.4	-	256.2
Share of profit from associates and joint venture partnerships	-	-	13.8	-	-	-	13.8
Total segment assets	**4,786.9**	**3,736.2**	**2,566.0**	**922.5**	**803.1**	**16.6**	**12,831.3**
Total assets includes:							
Investments in associates and joint venture partnerships	-	0.6	126.8	-	-	-	127.4
Additions to non-current assets (other than financial assets and deferred tax)	115.7	496.2	20.8	37.1	25.2	-	695.0
Total segment liabilities	**1,378.3**	**658.7**	**902.2**	**326.6**	**383.3**	**3.2**	**3,652.3**

3 Segment information (continued)

(c) Geographical information

The Group's geographical regions are based on the location of markets and customers.



(d) Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in a manner consistent with that in the consolidated statement of comprehensive income.

	Consolidated half-year 2022 $M	2021 $M
Total segment revenue	**9,572.0**	9,820.4
Intersegment eliminations	**(248.2)**	(401.7)
Other revenue	**33.8**	17.5
Total revenue from continuing operations	**9,357.6**	9,436.2

(ii) Segment EBIT

Performance of the operating segments is based on EBIT which excludes the effects of Group financing (including interest expense and interest income) and income taxes as these items are managed on a Group basis.

	Consolidated half-year 2022 $M	2021 $M
Total segment EBIT	**882.4**	2,340.8
Intersegment eliminations	**34.7**	(2.0)
Interest income	**18.4**	6.5
Finance costs	**(38.7)**	(37.7)
Discontinued operations	**(2.3)**	(1.6)
Corporate operations	**(82.7)**	(81.3)
Profit before income tax from continuing operations	**811.8**	2,224.7

(iii) Segment assets and liabilities

Segment assets and liabilities are measured in a manner consistent with the consolidated financial statements and are allocated based on the operations.

Cash and liabilities arising from borrowings and leases are not considered to be segment assets and liabilities respectively due to these being managed by the Group's centralised treasury function.

3 Segment information (continued)

	Consolidated December 2022 $M	June 2022 $M
Segment assets	**13,902.6**	14,905.1
Intersegment eliminations	**(197.7)**	(312.3)
Unallocated:		
Deferred tax assets	**120.7**	122.7
Cash	**1,919.6**	1,682.7
Accrued interest receivable	**0.7**	0.5
Corporate operations	**172.2**	211.8
Total assets as per the consolidated statement of financial position	**15,918.1**	16,610.5

	Note	Consolidated December 2022 $M	June 2022 $M
Segment liabilities		**3,118.7**	4,246.5
Intersegment eliminations		**(191.8)**	(271.8)
Unallocated:			
Borrowings		**766.9**	777.2
Lease liabilities		**546.6**	538.4
Current tax liabilities		**41.7**	152.8
Deferred tax liabilities		**568.6**	533.9
Accrued borrowing costs payable		**4.4**	4.0
Deferred purchase price	11(b)	**5.5**	29.1
Corporate operations		**130.6**	152.3
Total liabilities as per the consolidated statement of financial position		**4,991.2**	6,162.4

4 Revenue

	Consolidated half-year 2022 $M	2021 $M
Sales revenue from contracts with customers	**9,323.8**	9,418.7
Other revenue		
Interest	**18.4**	6.5
Other	**15.4**	11.0
	33.8	17.5
Total revenue from continuing operations	**9,357.6**	9,436.2

4 Revenue (continued)

(a) Disaggregation of sales revenue from contracts with customers

31 December 2022	Australian Steel Products $M	North Star BlueScope Steel $M	Building Products Asia & North America $M	Buildings & Coated Products North America $M	New Zealand & Pacific Islands $M	Discontinued Operations $M	Total $M
External sales revenue recognition							
Point in time	3,966.9	1,607.2	1,474.1	284.3	428.9	-	7,761.4
Over time	-	-	577.8	984.6	-	-	1,562.4
	3,966.9	**1,607.2**	**2,051.9**	**1,268.9**	**428.9**	**-**	**9,323.8**
External sales revenue by destination							
Australia	3,153.6	-	21.0	-	-	-	3,174.6
Asia	226.0	-	1,365.5	-	-	-	1,591.5
North America	272.2	1,607.2	634.2	1,268.9	-	-	3,782.5
New Zealand	17.6	-	0.8	-	392.0	-	410.4
Other	297.5	-	30.4	-	36.9	-	364.8
	3,966.9	**1,607.2**	**2,051.9**	**1,268.9**	**428.9**	**-**	**9,323.8**
External sales revenue by category							
Steelmaking Products	1,171.1	1,500.5	-	-	65.3	-	2,736.9
Building Products	2,574.3	-	1,474.1	284.3	363.6	-	4,696.3
Engineered Building Solutions	-	-	577.8	984.6	-	-	1,562.4
Properties	-	-	-	-	-	-	-
Other	221.5	106.7	-	-	-	-	328.2
	3,966.9	**1,607.2**	**2,051.9**	**1,268.9**	**428.9**	**-**	**9,323.8**

31 December 2021	Australian Steel Products $M	North Star BlueScope Steel $M	Building Products Asia & North America $M	Buildings & Coated Products North America $M	New Zealand & Pacific Islands $M	Discontinued Operations $M	Total $M
External sales revenue recognition							
Point in time	3,763.1	2,392.6	1,633.4	67.6	471.8	-	8,328.5
Over time	-	-	413.7	676.5	-	-	1,090.2
	3,763.1	**2,392.6**	**2,047.1**	**744.1**	**471.8**	**-**	**9,418.7**
External sales revenue by destination							
Australia	3,238.4	-	16.2	-	14.1	-	3,268.7
Asia	78.0	-	1,254.5	-	7.4	-	1,339.9
North America	162.5	2,392.6	724.1	744.1	-	-	4,023.3
New Zealand	19.7	-	1.8	-	414.8	-	436.3
Other	264.5	-	50.5	-	35.5	-	350.5
	3,763.1	**2,392.6**	**2,047.1**	**744.1**	**471.8**	**-**	**9,418.7**
External sales revenue by category							
Steelmaking Products	952.9	2392.6	-	-	76.1	-	3,421.6
Building Products	2,568.0	-	1,633.4	-	395.7	-	4,597.1
Engineered Building Solutions	-	-	413.7	676.5	-	-	1,090.2
Properties	-	-	-	67.6	-	-	67.6
Other	242.2	-	-	-	-	-	242.2
	3,763.1	**2,392.6**	**2,047.1**	**744.1**	**471.8**	**-**	**9,418.7**

BLUESCOPE STEEL LIMITED
Notes to the consolidated financial statements
31 December 2022
(continued)

5 Other income and expenses

	Notes	Consolidated half-year 2022 $M	2021 $M
Profit before income tax includes the following specific income and expenses from continuing operations:			
Other income			
Carbon permit - Government Grant		**62.0**	37.7
Government Grant - other		**1.1**	0.8
Net foreign exchange gains		**11.6**	7.8
Net gain on lease termination (i)		**-**	5.1
Net gain on sale of PP&E		**0.4**	0.8
Insurance proceeds		**0.1**	-
Total other income		**75.2**	52.2
Impairment write-back of non current-assets			
Lysaght Myanmar PP&E (ii)		**0.6**	-
Total impairment write-back of non-current assets		**0.6**	-
Finance costs			
Interest on lease liabilities		**(14.2)**	(13.8)
Interest and finance charges on other liabilities		**(16.8)**	(12.8)
Ancillary finance charges		**(7.1)**	(10.7)
Provisions: unwinding of discount		**(0.6)**	(0.4)
		(38.7)	(37.7)
New Zealand Defined Benefit Fund settlement gain	8(a)	**-**	51.0
Restructuring expense (iii)		**-**	-
Employee redundancy provision expense		**(0.2)**	(0.1)
Inventory net realisable value write-back (expense)		**4.6**	(1.1)
From discontinued operations:			
Other income			
Royalty revaluation (iii)		**2.3**	1.6
Net FX gains		**0.2**	0.4
Total other income from discontinued operations		**2.5**	2.0

(i) Prior period gain on lease termination relates to a property lease in Buildings North America upon exercising a right of first offer to purchase the property.

(ii) Lysaght Myanmar recognised a $0.6M impairment write-back following the sale of fixed assets that had previously been impaired.

(iii) Within discontinued operations, current and prior period include the royalty revaluation gain relating to the previously sold Taharoa iron sands business. It represents the estimated fair value of potential future royalties payable under the sale agreement. Royalties received during the half-year were NZ$3.3M.

6 Income tax expense

	Consolidated half-year 2022 $M	2021 $M
Profit from continuing operations before tax	**811.8**	2,224.7
Profit from discontinuing operations before tax	**2.2**	1.6
Less: Share of net profits of associates and joint venture partnerships accounted for using the equity method	**(11.8)**	(13.8)
Adjusted total profit before tax	**802.2**	2,212.5
Income tax expense - continuing operations	**(174.9)**	(479.2)
Income tax expense - discontinuing operations	**(0.2)**	-
Total income tax expense	**(175.1)**	(479.2)
Effective tax rate	**21.8%**	21.7%

The Group's effective tax rate is lower than the Australian 30% statutory tax rate primarily due to lower tax rates in North America and Asia.

7 Equity securities issued

	Six-months to 31 Dec 2022 Shares	Six-months to 31 Dec 2021 Shares	Six-months to 31 Dec 2022 $M	Six-months to 31 Dec 2021 $M
Issue of ordinary shares during the half-year				
Opening balance	**470,602,388**	503,806,240	**2,987.7**	3,650.8
Share rights issued	**-**	-	**-**	-
Share buybacks (i)	**(6,611,534)**	(13,594,756)	**(107.3)**	(284.9)
Share rights settled (ii)	**-**	-	**(6.7)**	(15.6)
Share rights - Tax deduction (ii)	**-**	-	**1.6**	4.5
Ordinary share capital	**463,990,854**	490,211,484	**2,875.3**	3,354.8
Movement in Treasury shares				
Opening balance	**(1,517,531)**	(50,154)	**(29.7)**	(0.9)
Shares purchased on market (iii)	**(1,450,000)**	(1,600,000)	**(23.6)**	(39.4)
Share rights settled (iii)	**1,402,914**	1,529,346	**27.4**	37.7
Treasury shares	**(1,564,617)**	(120,808)	**(25.9)**	(2.6)
Total Contributed equity	**462,426,237**	490,090,676	**2,849.4**	3,352.2

(i) Share buybacks
As at 31 December 2022, a total of 6,611,534 shares had been bought back at an average cost of $16.23 (including $0.1M brokerage costs) as part of the FY23 share buy-back program.

(ii) Share rights - settled and tax deduction
Current period includes $5.1M net of tax for shares acquired on-market in excess of the accounting expense of the settled equity schemes. Prior period tax deduction recorded in share capital represents the estimated tax deduction in excess of accounting expense recognised for share right awards issued to employees.

(iii) Treasury shares
Treasury shares are shares purchased in BlueScope Steel Limited that are held by the BlueScope Employee Share Trust for the purpose of issuing shares under employee share right awards. In September 2022, 1,450,000 shares were purchased on market at an average cost of $16.29. In addition 114,617 shares remain unutilised from the March 2022 purchase on market at an average cost of $19.63. In total there are 1,564,617 shares available to be utilised for future settlement of equity share award schemes.

8 Retirement benefit obligations

(a) Consolidated statement of financial position amounts

	Consolidated December 2022 $M	June 2022 $M
Present value of defined benefit obligations	**(276.0)**	**(283.1)**
Fair value of defined benefit plan assets	**236.7**	**234.6**
Defined benefit obligations - net liability	**(39.3)**	(48.5)

(b) Defined benefit fund to which BlueScope Steel employees belong

New Zealand Pension Fund	**December 2022 $M**	June 2022 $M
Present value of the defined benefit obligation	**(276.0)**	(283.1)
Fair value of defined benefit plan assets	**236.7**	234.6
Net liability in the consolidated statement of financial position	**(39.3)**	(48.5)
Defined benefit expense	**2.6**	10.0
Net settlement gain [1]	**-**	36.8
Employer contribution	**3.2**	88.3
Average duration of defined benefit plan obligation (years)	**12.0**	12.5
Significant actuarial assumptions	**%**	**%**
Discount rate (gross of tax)	**4.6**	4.1
Future salary increases	**2.0**	2.0

The net liability is not immediately payable. Any plan surplus will be realised through reduced future Group contributions.

[1] In the prior period, the New Zealand Steel Pension Fund offered a lump-sum payment to the fund pensioner members with a separate lump-sum offer made to current employees of the fund. The settlements resulted in a net NZ$38.0M gain (NZ$53.8M gain on the pensioner settlement and a NZ$15.8M loss on the employee settlement) inclusive of 33% fund contributions tax.

Other pension funds

As part of the Coil Coatings business acquisition on 28 June 2022 (refer to Note 11b), the Group acquired a new North American pension plan. The plan is closed to new participants. The plan is in a net asset position of $1.8M at 31 December 2022 as reported in retirement benefit assets in the consolidated statement of financial position.

9 Fair value of financial instruments

The carrying amounts, and estimated fair values, of the Group's financial instruments recognised in the consolidated financial statements are materially the same, with the exception of the following in the comparative period:

	At 31 December 2022		At 30 June 2022	
	Carrying amount $M	**Fair value $M**	Carrying amount $M	Fair value $M
Non-traded Financial liabilities				
Other loans	**443.1**	**443.1**	436.2	444.2
Net liabilities	**(443.1)**	**(443.1)**	(436.2)	(444.2)

The fair value of interest bearing financial liabilities where no market exists (level 3 fair value measurement) is based upon discounting the expected future cash flows by the current market interest rates on liabilities with similar risk profiles that are available to the Group.

10 Dividends

(a) Ordinary shares

	Parent entity half-year 2022 $M	2021 $M
Final unfranked dividend for 30 June 2022 of 25 cents per fully paid ordinary share paid on 12 October 2022 (2021: 44 cents unfranked, including a 19 cents per share special dividend)	**117.2**	221.6

(b) Dividends not recognised at the end of the reporting period

For the half-year ended 31 December 2022, the Directors have approved the payment of an interim fully franked dividend of 25 cents per fully paid ordinary share. Proposed dividend expected to be paid out but not recognised as a liability at period end, is $116M.

11 Business combinations

(a) Ohio scrap business acquisition

On 8 August 2022, the Group acquired a ferrous scrap steel processing business in Ohio (USA) for US$84.9M. This acquisition complements the December 2021 purchase of the US ferrous scrap steel recycling business of Metal X LLC.

Purchase consideration - cash outflow

Outflow of cash to acquire business, net of cash acquired	$M USD	$M AUD
Purchase consideration	84.9	122.6
Add: Acquisition expenses	1.1	1.6
Outflow of cash	**86.0**	**124.2**

Provisional assets acquired and liabilities assumed

The identifiable net assets recognised on acquisition as set out below are based on provisional assessment of their fair value as the measurement period covers up to 12 months from acquisition date.

	$M USD	$M AUD
Assets		
Inventories	11.2	16.1
Property, plant and equipment	30.9	45.3
Intangible assets [(1)]	23.1	34.2
Total assets	**65.2**	**95.6**
Total identifiable net assets at fair value	65.2	95.6
Goodwill recognised on acquisition [(2)]	19.7	26.4
Purchase consideration transferred	**84.9**	**122.0**

[(1)] The US$23.1M intangibles represent external customer relationships (US$10.5M) to be amortised over 10 years and supplier relationships (US$12.6M) to be amortised over 3 years.

[(2)] Goodwill recognised on acquisition represents the premium paid above the fair value of identifiable net assets acquired. The balance relates to intangible assets acquired as part of the acquisition, which are not separately identifiable. Management has identified the goodwill on the basis of the acquisition providing the Company an important presence and expertise in scrap processing further supporting the supply of scrap to the North Star business. The goodwill is deductible for tax purposes over 15 years at 23%.

11 Business combinations (continued)

(b) Coil Coatings acquisition

On 28 June 2022, the Group acquired Coil Coatings business from Cornerstone Buildings Brands, Inc for US$500M. Coil Coatings is the second largest metal painter in the US, with a total capacity of around 900,000 tonnes per annum across seven facilities, predominantly serving commercial and industrial construction applications.

Provisional fair value of identifiable assets and liabilities acquired

Given the proximity of the acquisition to the year end 30 June 2022, the identifiable net assets recognised on acquisition were reported on a provisional basis at that time. Since the year end, the provisional amounts have been adjusted based on new information obtained, including external valuations on identifiable intangible assets and property, plant and equipment.

Details of the purchase consideration, and updated provisional fair values of the net assets acquired and goodwill at the date of acquisition were as follows:

	$M USD	$M AUD
Assets		
Cash	0.8	1.1
Trade and other receivables	26.9	38.2
Inventories	33.7	47.9
Property, plant and equipment	113.0	160.6
Right-of-use assets	1.9	2.7
Intangible assets	130.5	185.5
Retirement benefit asset	1.2	1.7
Other assets	0.2	0.3
Total assets	**308.3**	**438.1**
Liabilities		
Trade and other payables	28.4	40.4
Borrowings	4.5	6.3
Other provisions	16.5	23.5
Lease liabilities	1.9	2.7
Total liabilities	**51.3**	**72.8**
Total identifiable net assets at fair value	257.0	365.3
Goodwill recognised on acquisition	243.0	345.4
Purchase consideration transferred	**500.0**	**710.7**

Based on external valuations and further assessment of working capital and provisions, based on facts in existence at date of acquisition, this had the impact of recognising a US$130.5M asset for external customer relationships (to be amortised over 15 years), a US$29.9M increase to property and equipment, a US$13.5M decrease to inventory and a decrease to net assets by US$6.2M for other adjustments. These adjustments have decreased the value of goodwill by US$140.7M to US$243.0M from the provisionally accounted position at 30 June 2022.

The comparative balances for intangible assets (non-current), property, plant and equipment (non-current) and inventories (current) have been restated to reflect the adjustments made within the measurement period for the acquisition of Coil Coatings.

Goodwill recognised on acquisition represents the premium paid above the fair value of identifiable net assets acquired. The balance relates to intangible assets acquired as part of the acquisition, which are not separately identifiable. Management has identified the goodwill on the basis of the acquisition providing immediate access to the large and growing Eastern US region in addition to near-term synergies and potential for medium to longer-term growth through facility upgrades, product development, and branded products. The goodwill is deductible for tax purposes over 15 years at 23%.

In the half-year financial period, additional acquisition expenses totalling US$8.6M ($12.5M) have been paid.

12 Contingencies

Outstanding legal matters

As announced to the market in August and October 2019, the Australian Competition and Consumer Commission (ACCC) commenced civil proceedings against BlueScope and one of its former employees in the Federal Court of Australia alleging contraventions of the Australian competition law cartel provisions.

On 9 December 2022, Justice O'Bryan of the Federal Court found against BlueScope and its former employee on nine allegations of its former employee attempting to induce certain suppliers of flat steel products in Australia to reach an understanding on pricing. The Court has scheduled a remedies hearing on 12 to 13 April 2023.

BlueScope is reviewing the reasons for his Honour's decision and is yet to make a decision on whether to appeal the Court's findings. His Honour has not made orders giving effect to his judgment, and so BlueScope is not yet in a position to consider whether to appeal the Court's findings on liability.

As the matter is still ongoing, and given the broad range of potential outcomes, it is not possible to reliably estimate the potential financial impact to the Group and, as such, no provision has been recognised in respect of this matter.

The ACCC has not indicated what quantum of penalties it will be pursuing.

In accordance with the Competition and Consumer Act 2010, the maximum penalty for each attempt to induce a cartel contravention is the greater of the following:

• $10 million,

• three times the total value of the 'reasonably attributable' benefits obtained from the conduct, if the Court can determine this; or

• if the Court cannot determine the total value of those benefits, 10 per cent of BlueScope Steel Limited's annual turnover connected to Australia during the 12 month period ending at the end of the month in which the conduct occurred.

13 Earnings per share

(a) Earnings per share

	Consolidated half-year 2022 Cents	2021 Cents
Continuing operations	**128.0**	328.9
Discontinued operations	**0.2**	0.2
Total basic earnings per share attributable to the ordinary equity holders of the Company	**128.2**	329.1

(b) Diluted earnings per share

	Consolidated half-year 2022 Cents	2021 Cents
Continuing operations attributable to the ordinary equity holders of the Company	**127.2**	326.3
Discontinued operations	**0.3**	0.2
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**127.5**	326.5

(c) Reconciliation of earnings used in calculating earnings per share

	Consolidated half-year 2022 $M	2021 $M
Basic and diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
Continuing operations	**597.8**	1,642.4
Discontinued operations	**1.1**	1.1
	598.9	1,643.5

13 Earnings per share (continued)

(d) Weighted average number of shares used as denominator

	Consolidated half-year 2022 Number	2021 Number
Weighted average number of ordinary shares (Basic)	**467,126,000**	499,384,977
Adjustments for calculation of diluted earnings per share:		
Weighted average number of share rights	**3,007,823**	3,930,370
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**470,133,823**	503,315,347

(e) Calculation of earnings per share

(i) Basic earnings per share
Calculated as net profit (loss) attributable to the ordinary equity holders of the Company divided by the weighted average number of ordinary shares outstanding during the period.

(ii) Diluted earnings per share
Calculated by dividing the net profit (loss) attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued upon the conversion of all dilutive potential ordinary shares into ordinary shares.

14 Events occurring after the reporting period

Repayment of US$300M senior unsecured Reg-S notes

On 25 January 2023, BlueScope Finance (Americas) LLC, a wholly owned subsidiary of BlueScope, repaid from cash its US$300 million senior unsecured Reg-S notes (Notes) ahead of their May 2023 maturity.

In advance of repaying the Notes, in November 2022, BlueScope extended and increased its core bilateral loan facilities to $1,310 million, from $1,005 million, with the support of its group of 10 banks.

These transactions bring BlueScope the benefit of increased funding tenor and decreased finance costs, whilst maintaining robust financial liquidity.

Other than matters outlined elsewhere in the half-year financial report, no other matters or circumstances have arisen since 31 December 2022 that have significantly affected, or may significantly affect the operations, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Director's Declaration

In the opinion of the Directors:

a. The consolidated financial statements and notes set out on pages 35 to 54 are in accordance with the *Corporations Act 2001*, including:

   i. Complying with AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 200*1 and other mandatory professional reporting requirements; and

   ii. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

John Bevan
Chairman

Mark Vassella
Managing Director and Chief
Executive Officer

Melbourne
20 February 2023

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Independent auditor's review report to the members of BlueScope Steel Limited

Conclusion

We have reviewed the accompanying half-year financial report of BlueScope Steel Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Matthew Honey
Partner
Melbourne
20 February 2023

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