



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth

Snapshot

BlueScope Steel

Business Description

BlueScope Steel Limited (BSL) is a major steel company in Australia and New Zealand, supplying flat steel products to the building, construction, manufacturing, automotive and packaging industries. BSL operates in Australia, New Zealand, Asia, the Pacific and owns 50% of North Star BlueScope Steel, a joint venture in the US. Brands include Lysaght, Colorbond, Galvabond, Galvaspan and Zinalume.

Strategy Analysis

BSL has 70-80% market share in flat steel products in Australia and New Zealand. BSL's main flat product production facility is the low cost Port Kembla steelworks which has annual production capacity of over 5Mt. Strategy is to grow shareholder value by reinvigorating the Australian and New Zealand domestic businesses, improving the Asian and North American businesses and leveraging the company's pre-engineered building capabilities, in particular in Asia. BlueScope Steel reported NPAT of \$407m for the half-year ended 31 December 2008. Revenue from ordinary activities were \$6.16bn, up 30% from the same period last year. Diluted EPS was 52.6 cents compared to 15.6 cents last year. The net operating cash outflow was \$251.8m compared to an inflow of \$394.6m in the pcp. The interim dividend declared was 5 cents fully franked compared with 22 cents last year.

28 July 2010

Recommendation

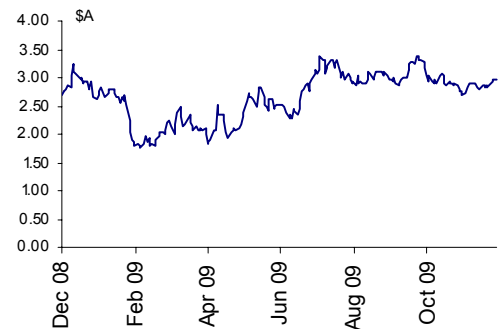
Recommendation: Outperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: BSL
Stock price: \$2.40
Market cap: \$4,376m

Y/E	30/06/2010	2010e	2011e	2012e	2013e
Reported e	\$m	93.6	354.9	443.9	518.8
Adjusted e	\$m	87.1	354.9	443.9	518.8
EPS adjusted	¢	4.8	19.5	24.3	28.5
EPS growth	%	104.4	307.5	25.1	16.9
PE	x	50.2	12.3	9.9	8.4
PE relative	x	3.5	1.1	1.0	0.9
DPS	¢	3.0	9.0	12.0	14.0
Yield	%	1.3	3.8	5.0	5.8
Franking	%	100.0	100.0	100.0	100.0

Share Price



Source: ASX and Company accounts

Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	3 year
Coated & Industrial Products	38.0	4.9	5.3	-28.0%	-32.0%
Coated & Building Products	35.7	-8.0	-5.1	-16.0%	0.0%
Distribution & Solutions	20.5	-1.9	-1.1		
Steel Products	5.8	12.2	10.9		
Hot Rolled Products	0.0	-31.8	0.0		
Total	100.0	-24.6	10.0		
				Dividend Reinvestment Plan	Yes
				Shareholder Discounts	No
Results by Geography					
Australia	49.8	0.0	0.0		
North America	23.1	0.0	0.0		
Asia	18.2	0.0	0.0		
Other	5.1	0.0	0.0		
New Zealand	3.8	0.0	0.0		
Total	100.0				

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If you have any queries regarding this Research information or with any aspect of your legal super account please call legal super on 1800 060 312 (freecall) or email mail@legalsuper.com.au

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