Bisalloy Steel Group Limited

25 August 2015

ASX/MEDIA RELEASE

Bisalloy's Earnings in Line with Guidance

- **Normalised EBITDA of $6.8m - in line with guidance**
- **Net debt of $3.6m (FY2014 - $10.1m)**
- **Final dividend for the FY2015 year of 4.0cps, fully franked**
- **Revenue increased by 10.6%**
- **Restructuring undertaken in FY2014 delivered significant costs savings**
- **Recovery in the Australian domestic market share due to successful Anti-Dumping case**
- **Chinese Joint Venture delivering steady profit growth**

Bisalloy Steel Group Limited (ASX:BIS) (**Bisalloy** or the **Group)** today reported Normalised EBITDA (including a contribution from the Chinese Joint Venture before local taxes and finance charges), of $6.8m (FY2014 $2.5m - normalised), in line with guidance. The growth in earnings is in line with Bisalloy's guidance to the market and was underpinned by the restructuring undertaken in FY2014 providing a lower cost base for the Australian business, combined with a recovery in the Australian domestic market share due to the successful Anti-Dumping case pursued by the Group.

Results Summary	FY2015 $m	FY2014 $m	Change %
Revenue	60.98	55.15	10.6%
Normalised EBITDA[(1)]	6.8	2.5	172%
Profit /(Loss) after tax	2.8	(1.4)	302%
Profit /(Loss) attributable to members	2.5	(1.7)	251%
Earnings per share – diluted (cents)	5.7	(3.8)	250%

(1) Normalised EBITDA includes gross contribution from the CJV before local taxes and finance charges and is before restructure costs of $1.2m in FY14.

Trading Overview

While the challenges confronting businesses providing services and materials to the resources sector are well documented, Bisalloy's objective for FY2015 was to recover domestic market share that had been lost to overseas steel producers targeting the Australian Q&T market with their surplus production at dumped prices. This objective was partially achieved through the impact of the determination of the Australian Anti-Dumping Commission's investigation into imports of Q&T plate from Sweden, Finland and Japan. The Commission found significant dumping margins in the Australian Q&T plate market and imposed anti-dumping duties on Q&T plate exported to Australia from the nominated countries. While these duties were between 9.6% and 26.1%, the true dumping margins verified by the Anti-Dumping Commission were between 21.7% and 34.0%.

This result saw imports from all the nominated countries adapt to the new trading environment. Japanese imports reduced significantly and one of the major importers of Japanese Q&T plate ceased trading in November 2014. Imports from Sweden, while reduced in volume, were partially replaced by that manufacturer's production facilities in the USA. In response to continuing imports from Sweden at what still appears to be dumped prices, the Group has sought and been granted an inquiry by the Australian Anti-Dumping Commission into anti-circumvention practices which aim to avoid the intended effect of the dumping duty already imposed on imports from Sweden. A positive outcome of this inquiry is highly likely to further strengthen the Group's Australian domestic market share.

The resulting increase in Bisalloy's domestic sales tonnes flowed through to higher production levels which provided manufacturing efficiencies that are possible due to the Group's highly automated and efficient processing capabilities at Unanderra. The lower cost base established for the Australian business, improved manufacturing efficiencies and competitively priced steel plate inputs to the production process allowed consolidation of margins that had been eroded in the prior year.

Despite a reduction in capital investment by the major Australian miners, signs of increased repairs and maintenance spending due to high production outputs have been seen in some sectors.

The Group's distribution subsidiaries in Indonesia and Thailand continued to operate profitably over FY2015 despite difficult business conditions in both markets. Improvement plans implemented in FY2015 aim to deliver increased profits from these businesses in FY2016.

Chinese Joint Venture (CJV)

The Group's Cooperative Joint Venture (CJV) for the production and sale of quench & tempered steel into China and other North Asian markets continues its steady sales and profit growth in a highly competitive market with sales revenue increasing by 119% to $12.3m in FY15. The CJV generated a total operating profit before tax of $1.6m, which after local taxes resulted in a 50% contribution to the Group of $0.5m for FY2015. Dividends received from the CJV during the year amounted to $0.3m. The Group's original US$1.0m investment in the CJV has now been fully recouped.

While Chinese equipment manufacturing is suffering from soft global demand, the CJV's sales tonnes continue to improve quarter on quarter. Additional sales resources are being added in line with the CJV's strategic growth plan and an expansion of the product portfolio will also benefit sales in the year ahead. This growth opportunity remains attractive as it is low risk with scope for significant upside.

Funding

The Group's net debt decreased to $3.6m at 30 June 2015, down from $10.1m at 30 June 2014, supported by free cash flow and tight control over working capital. The Group's finance facility was renewed on 30 June 2015 and is in place through to 30 June 2018. Inventory levels increased by $0.6m or 4.1% to $16.6m at 30 June 2015 to support increasing sales volumes.

Dividends

The Directors have proposed a re-introduction of dividends with a final dividend for the FY2015 year of 4.0 cps, fully franked. The Dividend Reinvestment Plan will apply to the final dividend with a discount of 5% to the weighted average market price of shares in the Company traded on the Australian Stock Exchange Ltd on the record date and the nine business days immediately after that date. If not already registered, the last date for receipt of an election notice for participation in the dividend reinvestment plan is 5:00 pm on 6 November 2015.

Outlook

Bisalloy Steels Australia has performed strongly in its domestic market and while the Australian domestic Q&T market has seen a reduction of circa 20% over the past twelve months, Bisalloy Steels Australia's market share is being restored to levels achieved prior to the dumping experienced in late 2013 and 2014. Further market share gains are being targeted in FY2016. In addition to this domestic market share improvement, export and armour plate sales should further improve assisted by the continuing fall in the A$.

Bisalloy's Co-operative Joint Venture in the People's Republic of China is forecasting steadily increasing financial contributions to Group results though FY2016.

The Managing Director, Mr Robert Terpening commented: "The FY2015 year was a year of consolidation requiring actions to position the business to maximise returns from the prevailing market conditions while ensuring a platform for growth as market conditions improve over time.

The significant reduction in Group net debt achieved in FY2015 is pleasing to report to Shareholders as this, in combination with earnings growth, provided the Board a positive environment in which to consider the reintroduction of dividends.

The Board believe that Bisalloy has the products, strategies and management team to take advantage of the eventual market recovery."

-ENDS-

Bisalloy is Australia's only manufacturer of high-strength structural, wear-resistant and armour steel plates using quenched and tempered steel. Bisplate is used in the mining, construction, general fabrication and defence sectors. Bisalloy has an extensive distribution network across Australasia Indonesia, Thailand and the People's Republic of China. See our website at www.bisalloy.com.au.

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