BHPSTEEL

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FOR IMMEDIATE RELEASE TO THE MARKET

Please find to follow details of BHP Steel's revised outlook.

Yours faithfully,

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News Release

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BHP STEEL UPGRADES PROFIT OUTLOOK BY OVER 50%

BHP Steel Limited today announced that it expects its net profit after tax for 2002/03 to be in the order of A$400 million, assuming continuation of current operational performance and no major economic downturn.

Chairman Graham Kraehe said: "The revised outlook represents a significant increase from the 2002/03 NPAT forecast of A$254 million included in the demerger Scheme Document released in May 2002 ahead of the Company's July public listing. BHP Steel has had a great start as an independent public company.

"We are also pleased to announce that BHP Steel now expects to be in a position to increase the level of franking of the final dividend due for payment in October 2003. The Board anticipates that the final dividend of 11 cents per share will be franked to a level at or near 100%, compared to the franking level of approximately 40% expected at the time the Scheme Document was issued.

"The strength of BHP Steel's balance sheet gives us the flexibility to pursue growth strategies, further pay down debt and evaluate alternative capital management strategies. The Board has endorsed a series of initiatives which will increase Australian metallic coating capacity by 150,000 tonnes, increase the capacity of Australian paint lines by 115,000 tonnes and expand activities in China, and is also considering other Asian opportunities," Mr. Kraehe said.

Managing Director and CEO Kirby Adams said: "This early review of our outlook is driven by an excellent start to the year, principally due to higher hot rolled coil prices and very strong demand for our products across most of our businesses and markets.

"Demand for our high quality branded products both within our domestic markets and from exports is expected to remain strong into the second half.

"While global prices for hot rolled coil and other steel products have been higher than expected so far this year, the pricing outlook for the second half of the year is dependent on continued global steel industry production restraint and the pace of economic recovery in the larger steel-consuming countries," Mr. Adams said.

The revised outlook takes account of a change in BHP Steel's average exchange rate assumption for 2002/03, from A$1/US$0.52 to A$1/US$0.55.

BHP Steel is Australasia's largest producer of raw and semi-finished flat steel products and a leader in coated and painted steel products. The Company's main customers are in the building and construction, packaging, automotive, manufacturing and resources industries. Its premium brands are market leaders in Australia and New Zealand and have a strong presence in Asia.

The Company operates steelworks in Australia and New Zealand, and has a 50 per cent interest in the North Star BHP Steel joint venture in Ohio, USA. BHP Steel has a network of steel rolling, coating and painting manufacturing plants, and in-market processing and building products centres throughout Australia, New Zealand and Asia.

For further information about BHP Steel Limited: www.bhpsteel.com

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