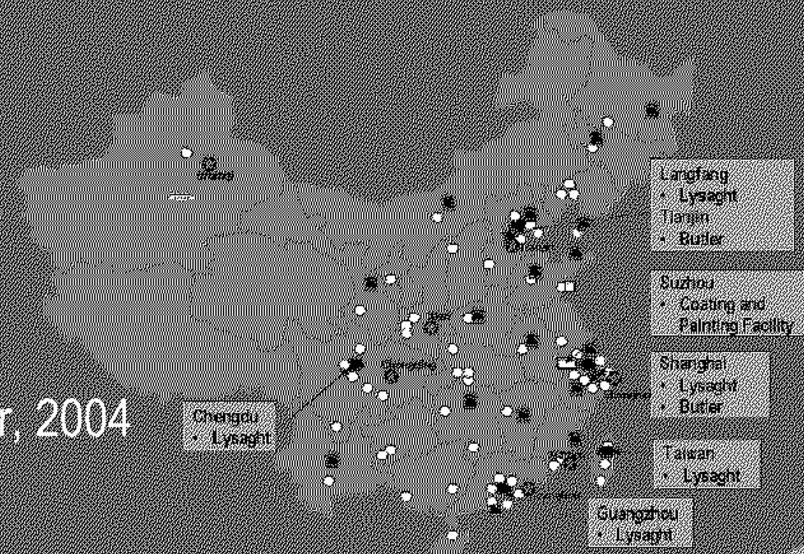
BlueScope Steel China

Australia's Largest Investor in China

Analyst Briefing - Shanghai – 10th November, 2004



Presented by:
Chris Fogarty President BlueScope Steel China

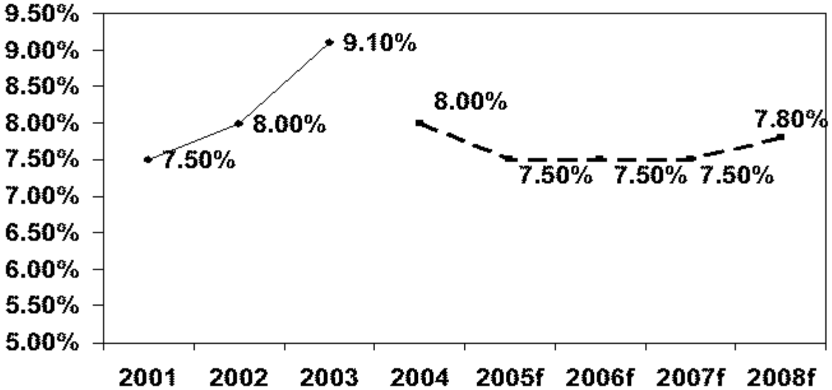
Presentation Outline

1. Business Environment
2. Overview & Strategy
3. Businesses
   - Building Solutions
   - Coating & Painting
4. Geographic Coverage
5. Summary

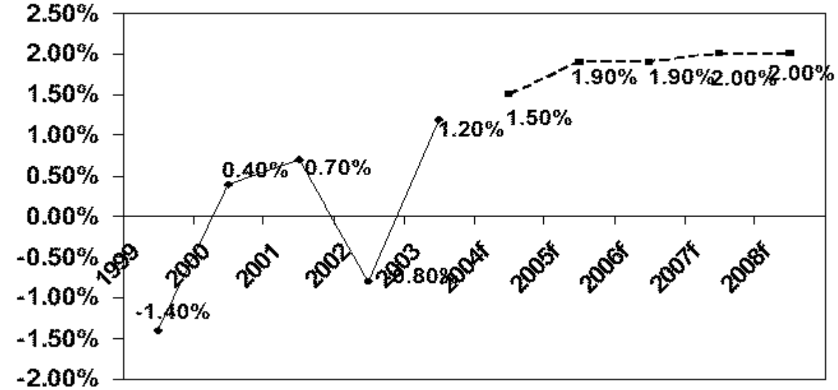
Business Environment

General Economic Trends

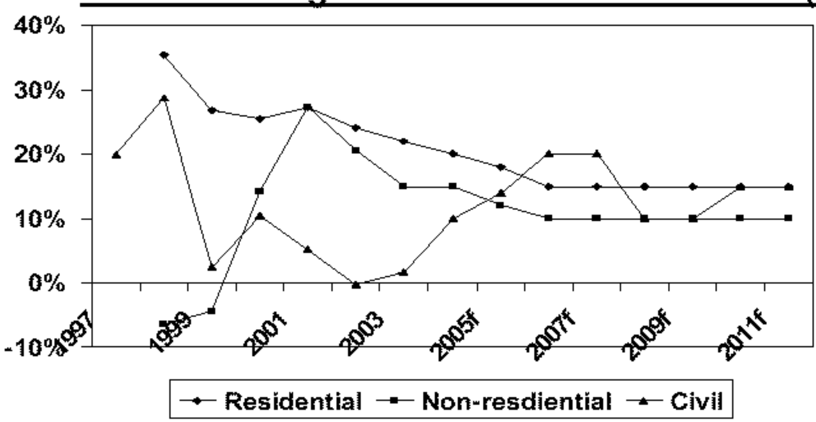
GDP – Actual and Forecast (%)



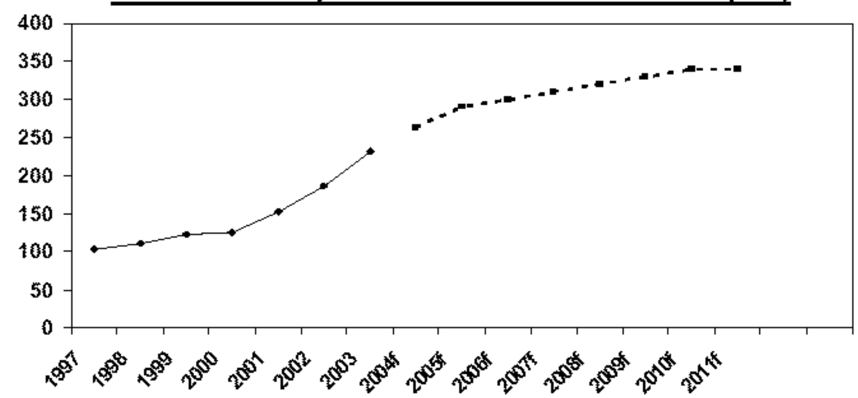
Inflation – Actual and Forecast (CPI, %)



Construction growth – Actual and Forecast (%)



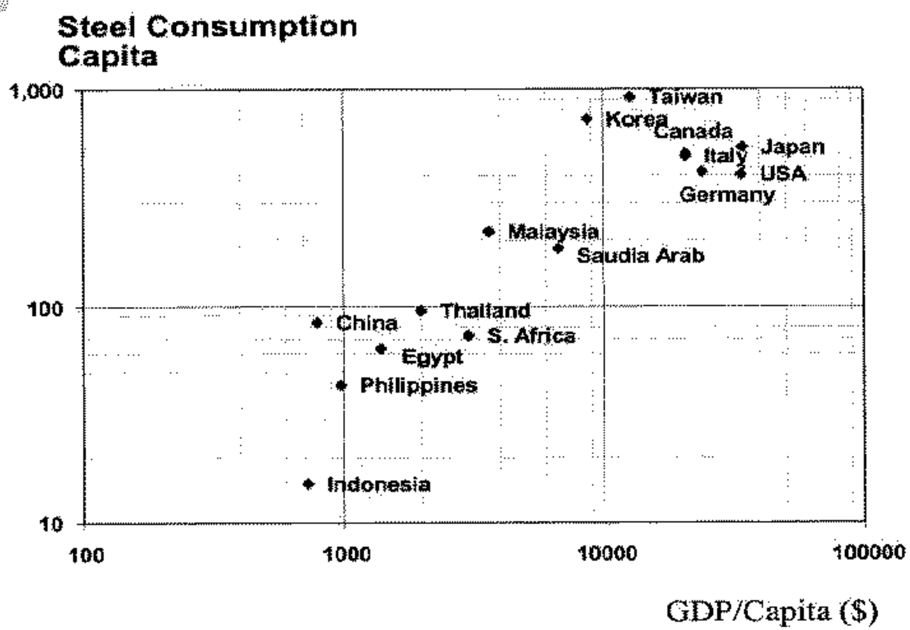
Steel Consumption – Actual and Forecast (MT)

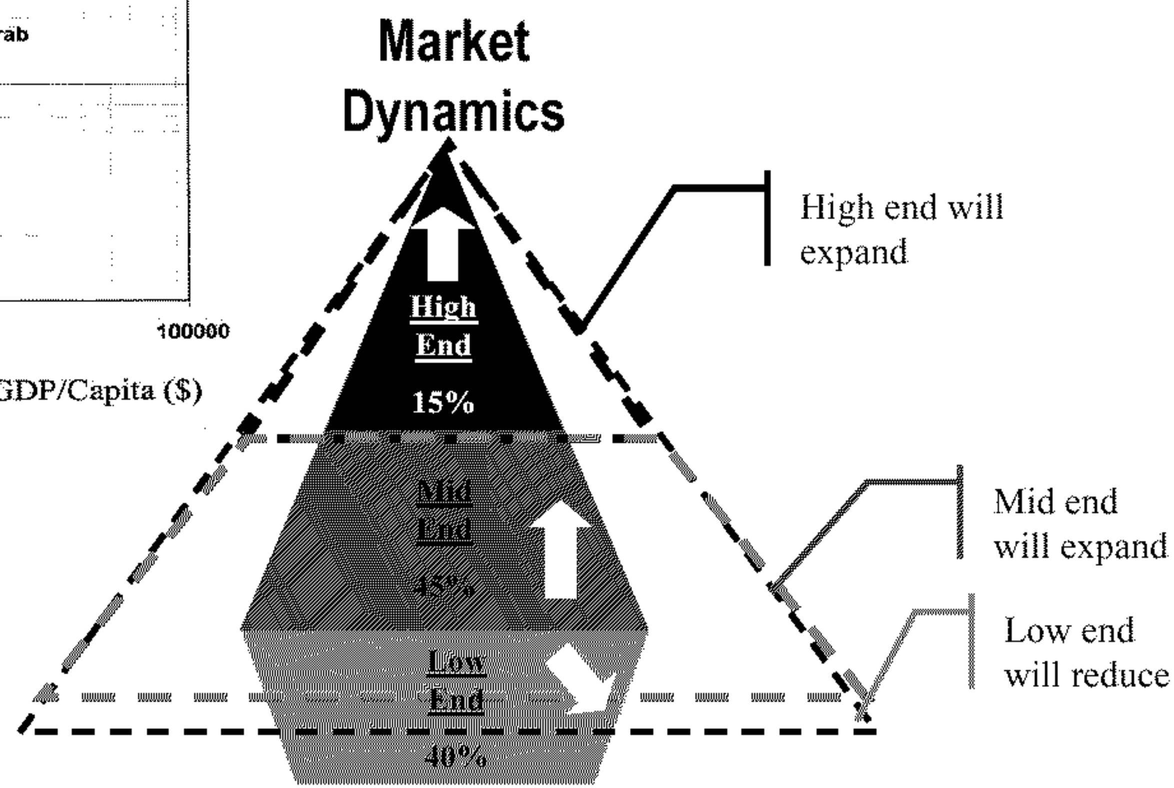


- Central government likely to secure "soft landing". However, foreign investors remain bullish on China's long term prospects
- GDP growth likely to ease to 7-8% p.a. but still approximately twice Australia's current GDP
- Residential and civil construction is likely to continue to grow strongly (>10% p.a.) with non-residential around 10% p.a.

Data Source: BlueScope Steel Planning Assumptions

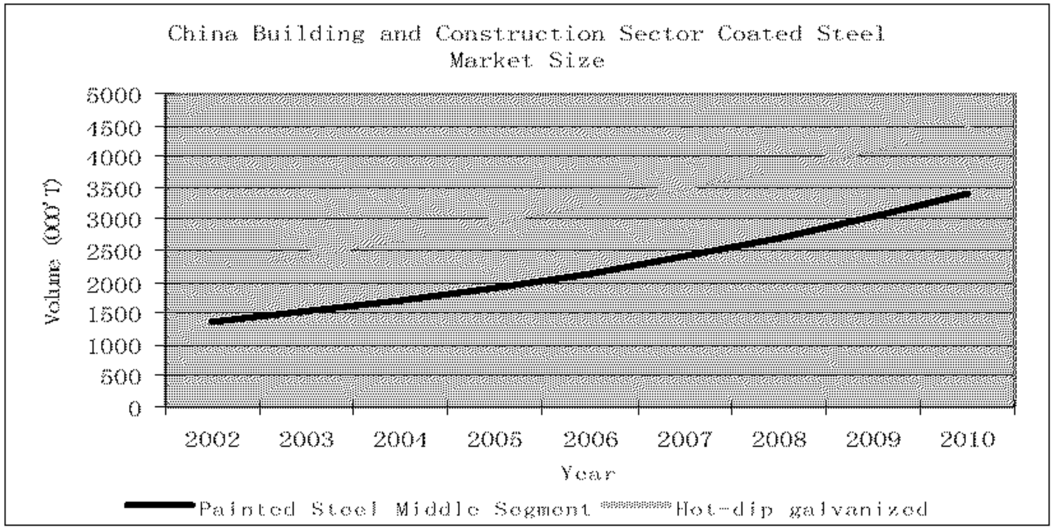
Industry Analysis

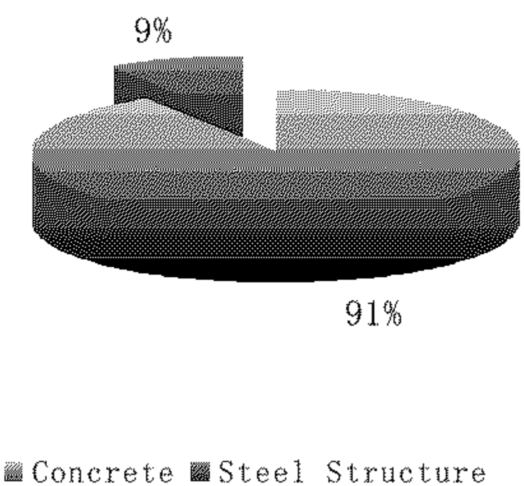


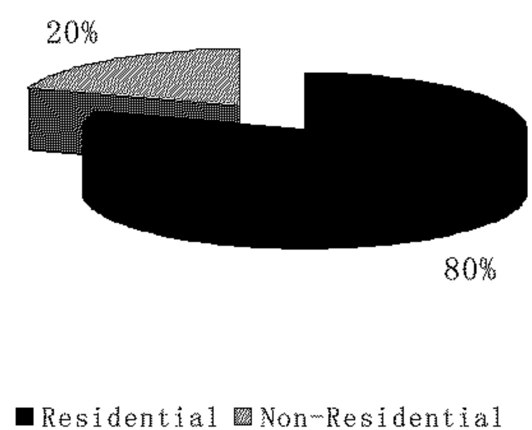


Data Source: Marketing Research and Estimation

Industry Analysis







Data Source: The Boston Consulting Group Report, 2003

Government Policies Impacting BlueScope Steel

Government Policies	**BlueScope Steel Strategies**
Meet WTO obligations	Position for gradual improvements in regulatory environment while optimising existing activities
Support high quality, high technology investments in China	New facilities target galvanized replacement & introduce technically superior Zincalume technology Maintain strong relationships with Chinese Ministry of Commerce and Industry Standards departments Ongoing and strengthening brand focus to promote our quality solutions and capability
Rationalising local steel manufactures - resistance from local producers supplying local markets Significant reductions achieved but becoming difficult due to steel shortages	Promote differentiation of our capabilities
Credit squeeze on new investments. Not delaying international or government projects but is impacting small local investors	No direct impact on us or other internationally funded businesses Small impact on customers – working with banking partners to facilitate funding alternatives
Discouraging investment in the Steel, Cement and Aluminium industries, as there is a net capacity surplus in both sectors – low end focus	Differentiation Steel's surplus capacity is in the low & medium sectors, not in our target high/premium quality sector
Recent 27 bp interest rate increase to further slow growth	Too early to call – more about sentiment

Overview & Strategy

Our Bond

We and our customers proudly bring inspiration, strength and colour to communities with BlueScope Steel.

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 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 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 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.

*"我们与我们的客户共同努力通过我们的产品将我们对成功的努力、激情以及我们的实力展现给世人，同时也使**BlueScope Steel**深入人心"*

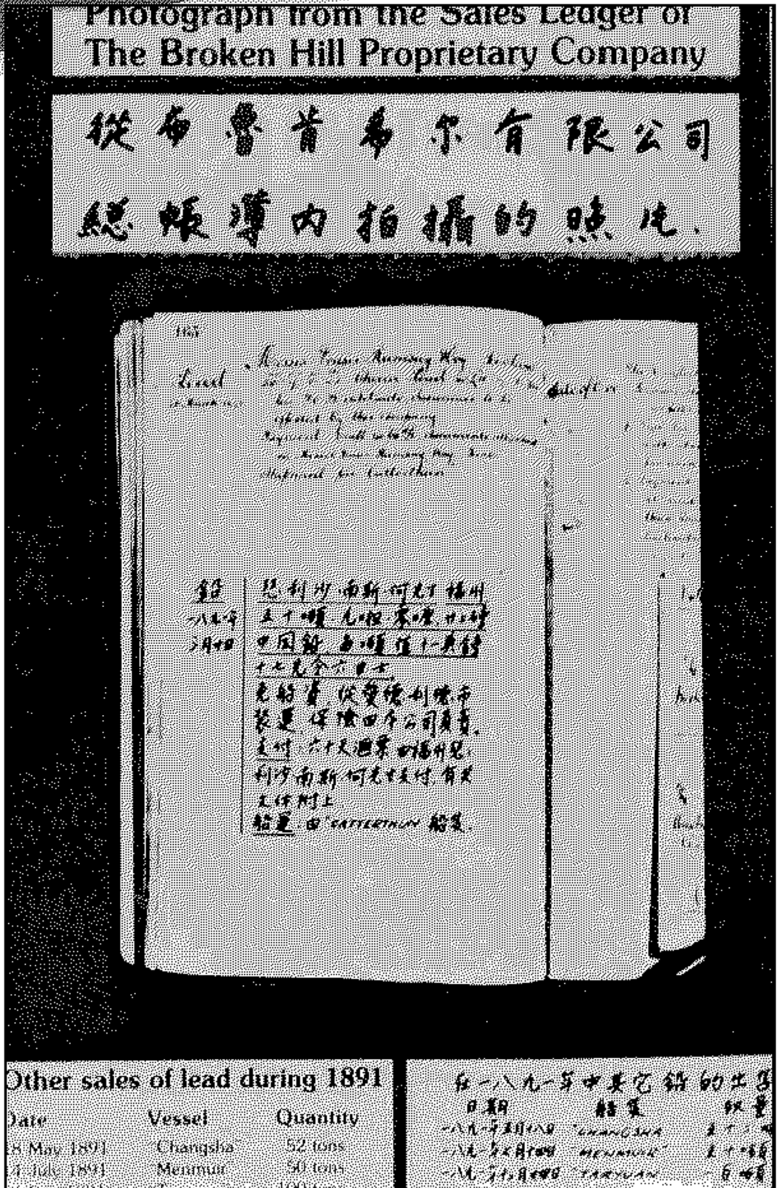
客户一我们的合作伙伴
我们的成功归功于客户与供应商对我们的选择，通过与他们的紧密合作，以及我们卓越的产品、服务和理念，我们的实力才得以创造出最高的价值与信任。

人才一我们的力量源泉
我们的成功归因于我们的人才队伍。在安全及令人满意的工作环境下，我们的员工互信互重，工作与家庭生活都健康有序。我们丰富的经验、高度的合作精神、以及所提出的出色的钢铁解决方案是我们最宝贵、最有价值的财富。

股东一我们的基石
我们的成功有赖于股东及贷款者给予我们的投资支持，作为回报我们将致力于保持盈利与增值，使我们大家都更具实力。

社会一我们的家园
我们的成功依赖于社会对我们业务和产品的支持，我们注重环境保护、创造财富、尊重当地的价值观、并鼓励积极参与。我们的优势在于我们正确的选择

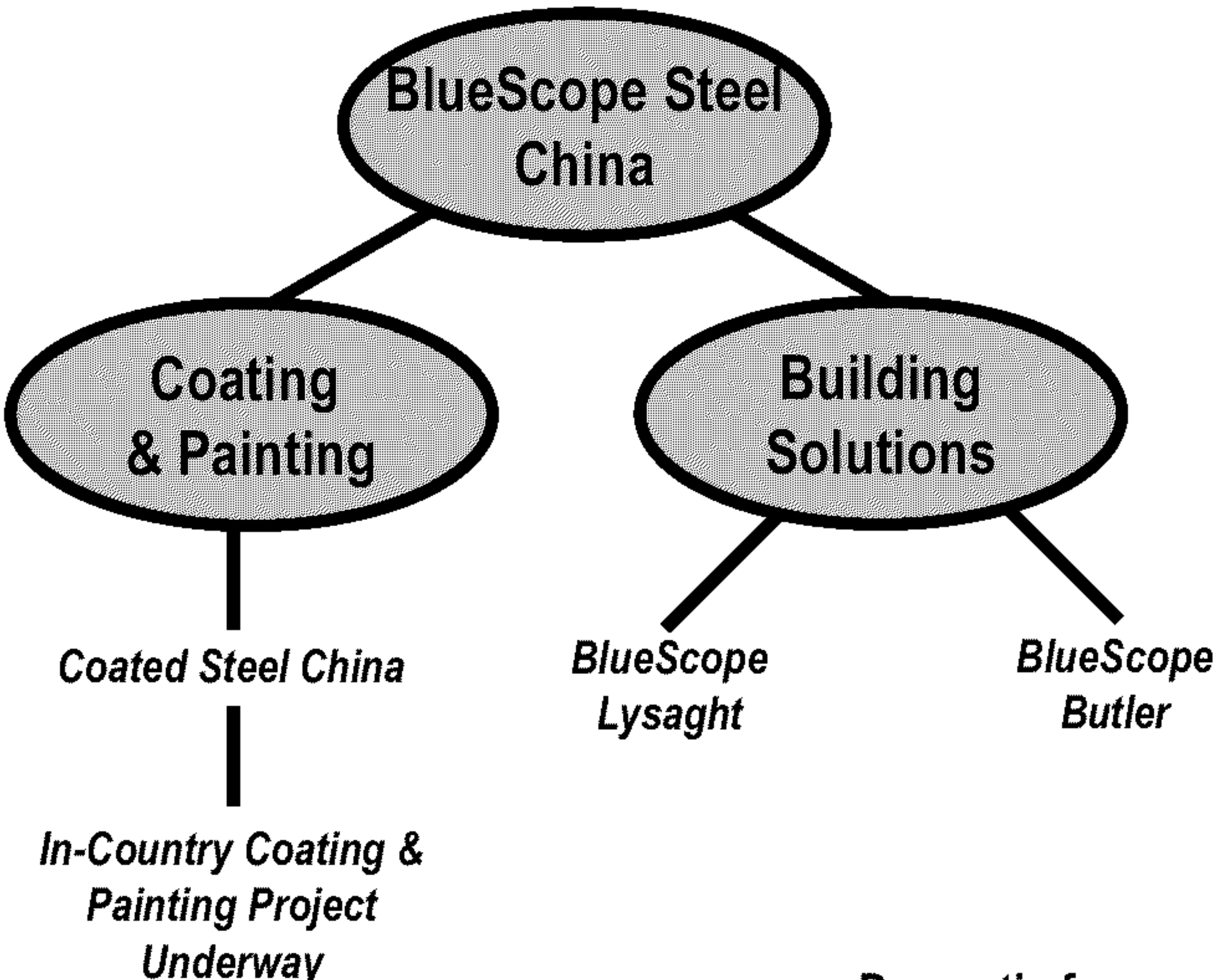
BlueScope Steel Experience in China



We have a proud history of successfully doing business in China:

- **1891** 1st BHP sale to China
- **1915** 1st BHP Steel sale to China
- **1979** Lysaght roofing imports
- **1990** Lysaght manufacturing in Hong Kong
- **1991** Guangzhou Lysaght Sales Office
- **1992** Shanghai Lysaght Sales Office
- **1994** Lysaght Shanghai & Guangzhou factories & Butler Shanghai factory
- **1999** Coated Steel China established
- **2002** Butler Tianjin & Vistawall Shanghai
- **2003** Lysaght Langfang & Chengdu factories and sales office expansions
- **2004** Commenced Suzhou Project, Butler acq'n & new Lysaght solutions

BlueScope Steel China - *Scope of Businesses*



Domestic focus

Strong Brands

BLUESCOPE STEEL

LYSAGHT

BUTLER®

VISTAWALL ARCHITECTURAL PRODUCTS

恒丽板 彩色镀铝锌钢板

Colorbond®

Zincalume®

捷彩™ OPAL

Customers & Competitors

	Customers	Competitors
Coated Steel :	• Rollformers (70%) • Distributors (25%) • Manufacturers (5%)	• Imports from Korea & Taiwan • Korean & Taiwanese new facilities in China • Developing local capability
Building Solutions :		
LYSAGHT	• Contractors • Project Owners • Government	• International solutions providers • Local rollformers (est >50,000 rollformers in China - <100 quality producers)
BLUESCOPE BUTLER	• Project Owners • Government	• Local PEB producers (some with international affiliations) • Importers • Contractors / rollformers

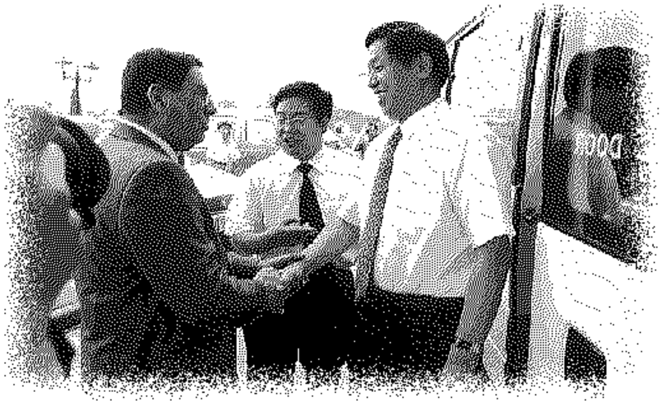
Market Drivers

- **Economic Growth**
  - **Wealth creation – growing consumer spending**
  - **Infrastructure – Beijing Olympics, Asian Games 2005, Expo 2010, Urbanisation**
  - **Global demand – Foreign Direct Investment and local investment**
  - **Global competitiveness**
- **Government Policy**
  - **Promoting growth outside Eastern seaboard (eg xi bu kai fa)**
  - **Environmental policies**
  - **State Owned Enterprises – Significant influence on major steel industry players**
  - **Tariffs – Relatively open (World Trade Organisation commitments)**
- **Design Institutes – drive industry trends (standards, material choice)**

Brochures & Advertising

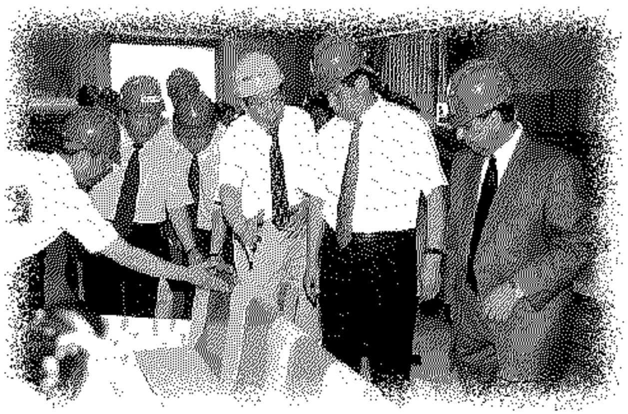
Exhibitions & Seminars

Facilities - *Show Case Our Capabilities to Customers*

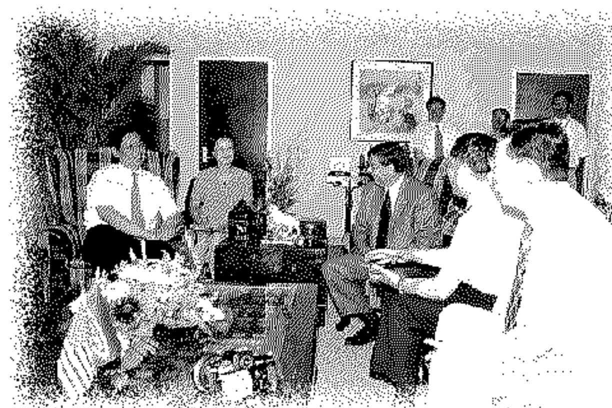


Warmly Greeting Customers

Displaying Capabilities



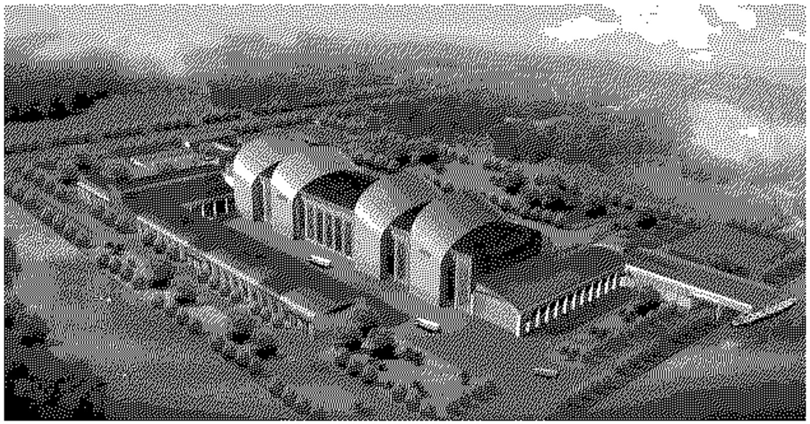
Explaining Product Differences

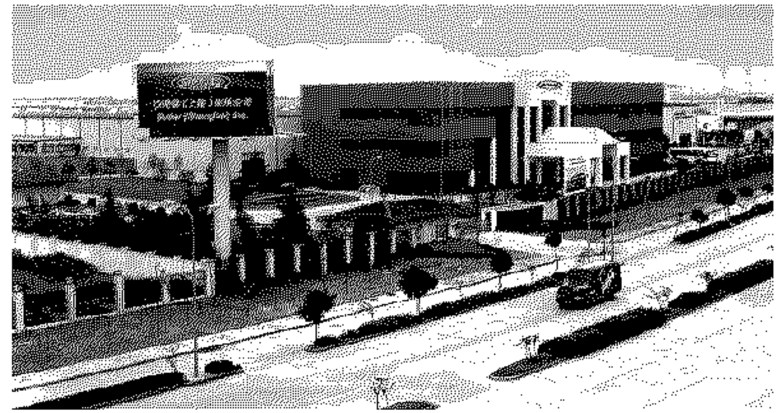


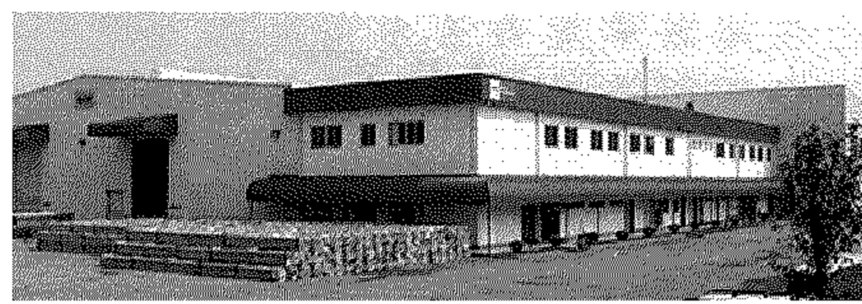
Project Focus Discussion

Show & Tell – *Team Selling*

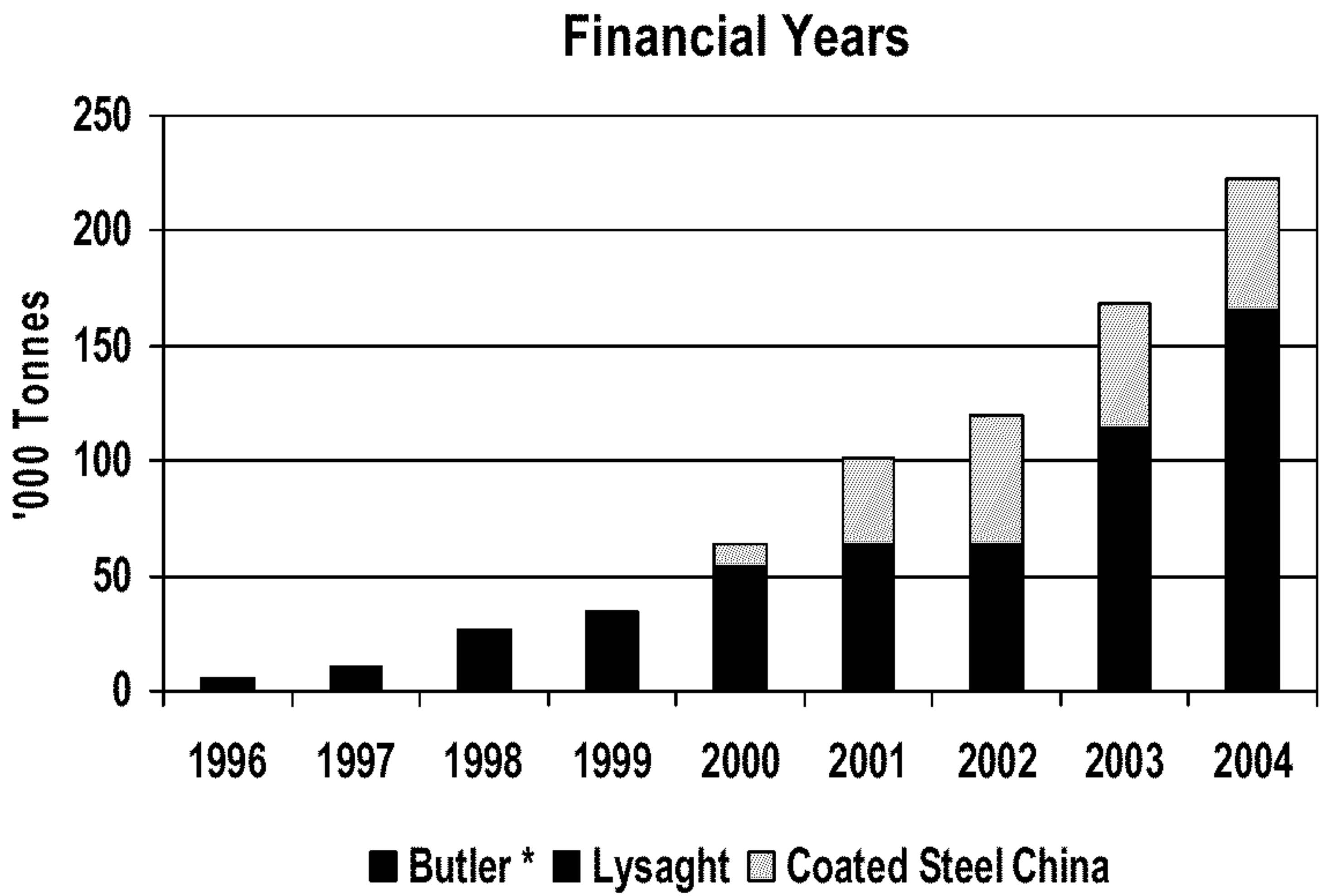
Top Class Facilities







Sales Volumes – *Strong Growth Across All Businesses*

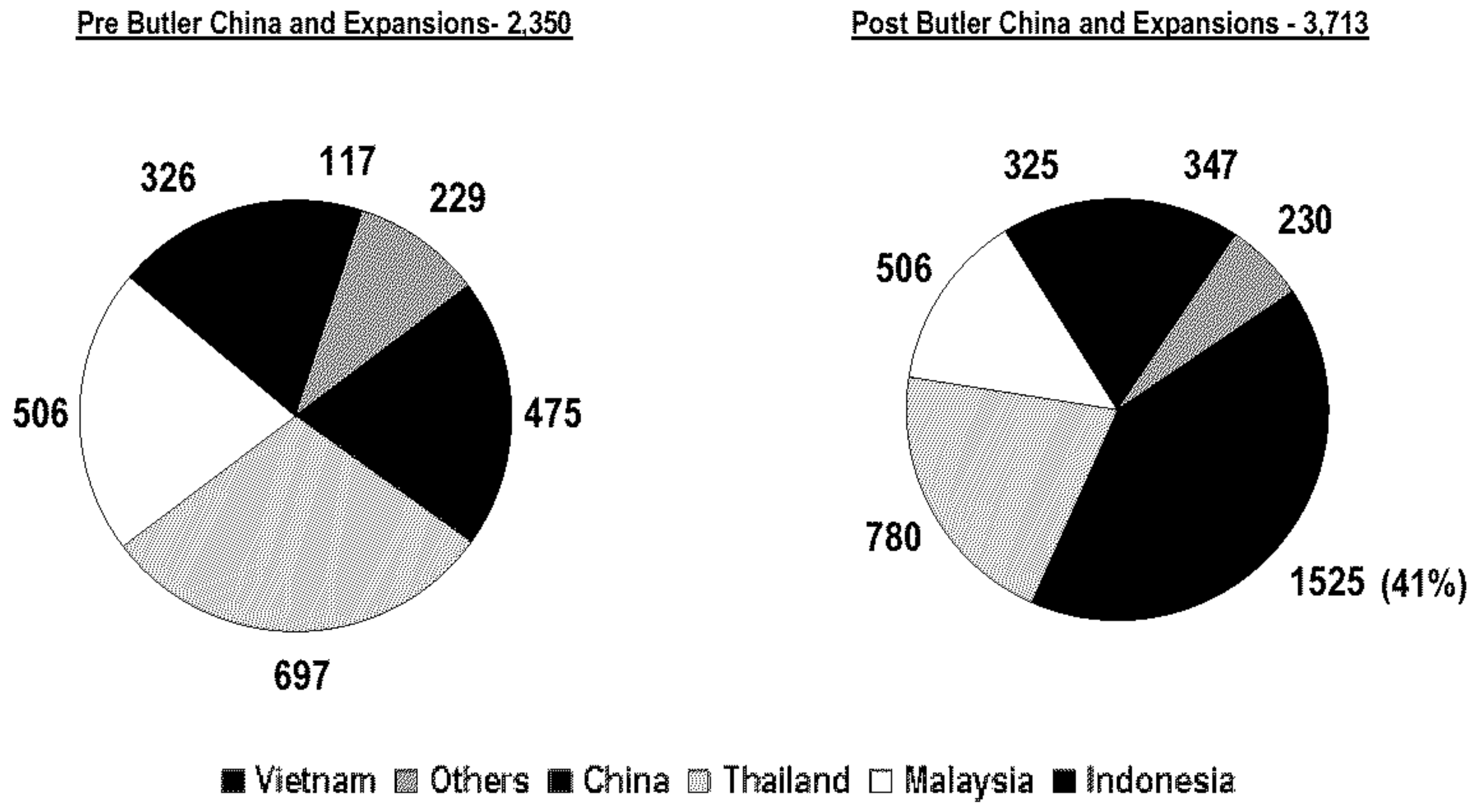


** Butler = calendar years with 1 year lag*

MOVEX Business System – *Enabling Our Future*

- *A New Business System (not just an ERP system)*
- *Key Benefits :*
  - *Standardisation of business practices based on best practice*
  - *Full value chain management coating line through to solutions businesses (reduced inventory, transaction automation, etc)*
  - *Consistent approach to SEA (standardised process, reduced maintenance & support, transparency across spares and inventory etc)*
- *Significant investment (approx A$10 million) for all existing and approved new businesses*
- *On schedule for a phased roll-out from end 2005 (in-preparation for commissioning the Coating Line) followed by solutions businesses through 2006*
- Resources - *Top people into the project team*
  - *Appointed ex-business president as Project Leader*
  - *Project commenced September - team now assembled*
  - *Coordinated with Vietnam & Indonesia projects*

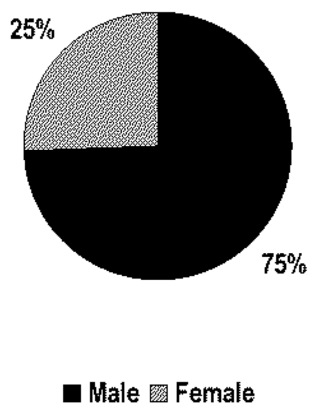
Profile of BlueScope Steel Asia Employees by Country



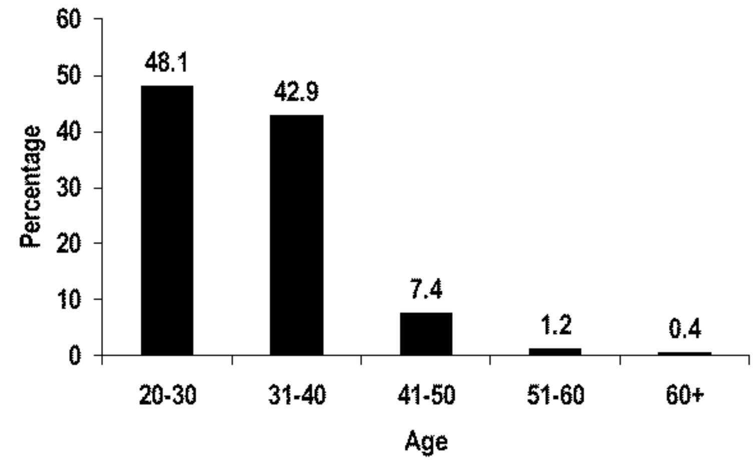
a) China includes Taiwan (69)
b) Malaysia includes Brunei (16), Singapore (63), Sabah (62) & Sarawak (48)
c) Others includes Sri Lanka (44), Fiji (48), New Caledonia & Vanuatu (56), other export sales offices (31), international secondees (50)
d) Butler China employees at 30 September 2003 (750)

People Make the Difference – *Highly skilled & dynamic workforce*

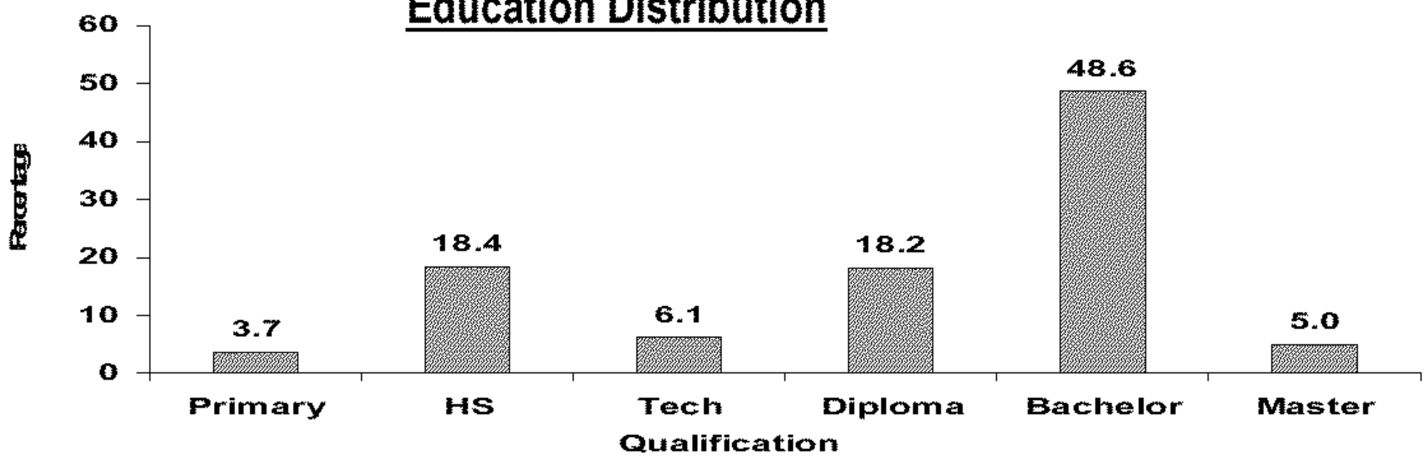
Gender Distribution



Age Distribution



Education Distribution



10 expatriate employees from Australia, NZ and USA – up from 4 two years ago (incl Butler) - Increase funding growth

People Make the Difference – *Highly skilled & dynamic workforce*

Training & Development :

Extensive internal training:

- ***Technical skills, Cross business, Business acumen***

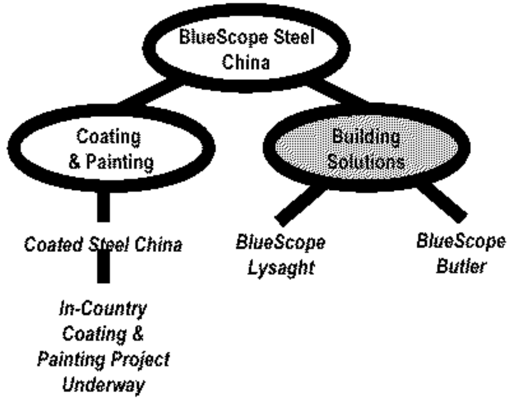
External training:

- ***Graduate & technical, Managerial development, Language***

Strong Pay for Performance Culture :

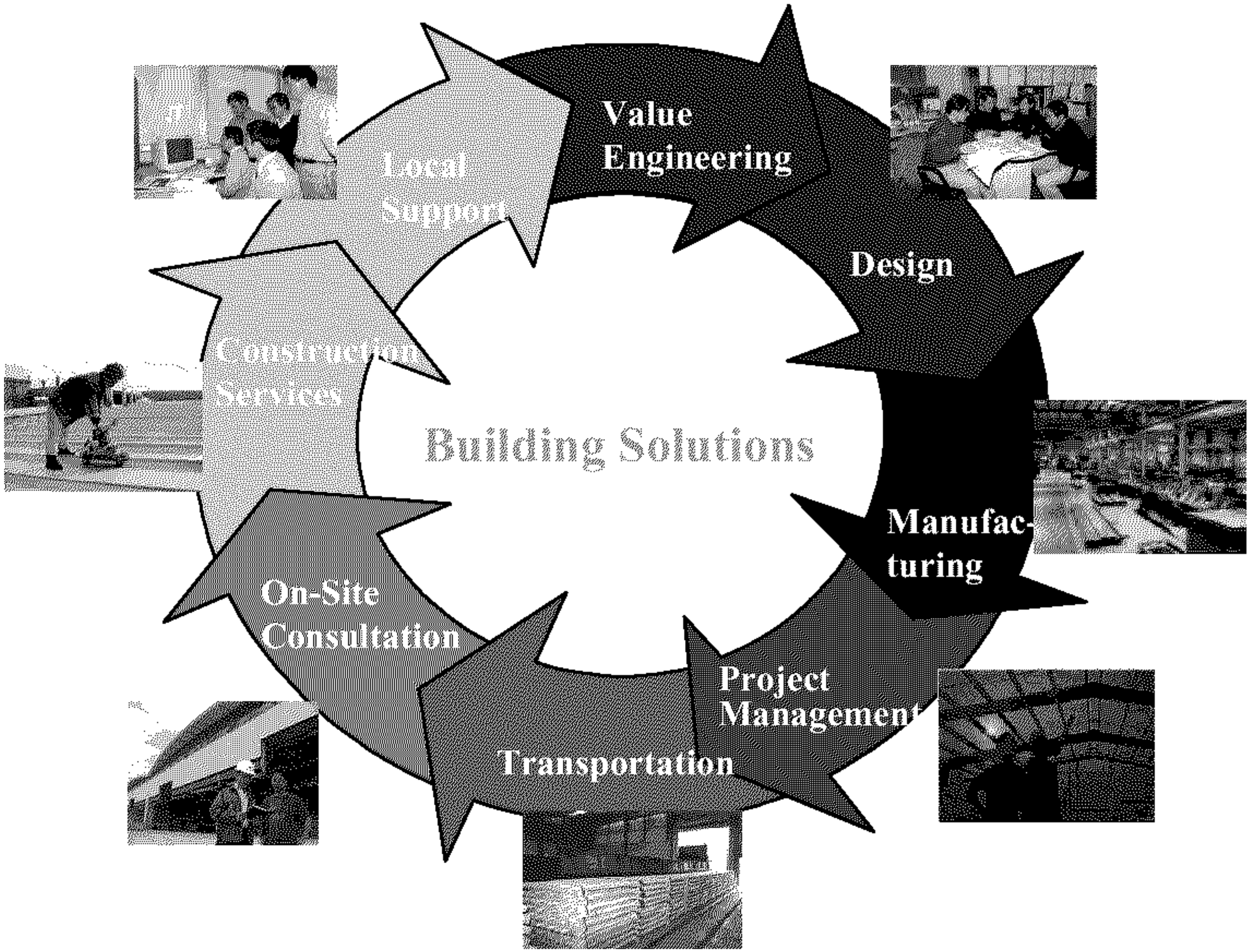
- ***Market competitive – Wholly Owned Foreign Entity premium approx 10%***
- ***Tailored benefits – recruitment & retention***
- ***Consistent bonus scheme across all businesses & tied to performance – individual business & BlueScope Steel China***

Employees share in our company's success
e.g. recent share award to employees



Building Solutions

Delivering a Complete Building Solution



High value branded steel solutions for the building and construction industry

PEB – Butler

Industrial

Power Stations

Public Buildings

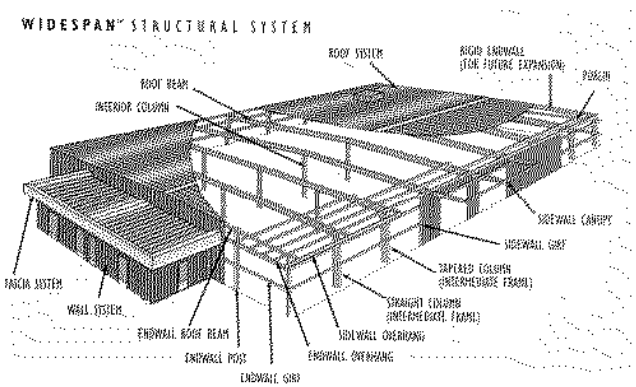
High Rise

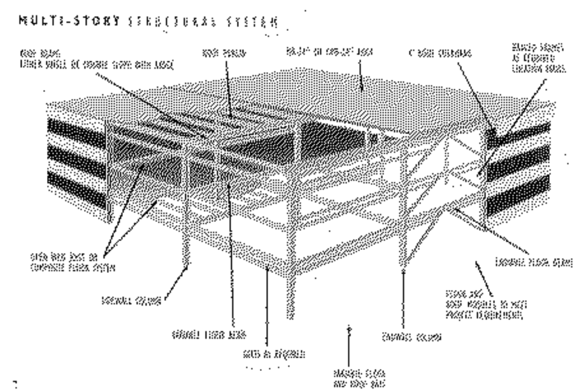
Residential

Widespan™ System

A packaged building solution which includes:

- Design and Drawings,
- A frame made from either back-to-back sections manufactured from Zinc Hi-Ten® Cee sections, or welded hot rolled plate
- Galvanised Zinc Hi-Ten® Cee & Zed purlins
- Premium quality cladding solutions including Clean Colorbond®





Multi-Story System

Pre-Engineered Buildings - *BlueScope Butler China*

Customer base includes
- Major Multinationals
- Leading Chinese firms

High quality PEBs
- Also incorporating Vistawall systems

Other China customers:
- 3M
- Energizer
- Motorola
- Nike
- Orient Home
- Carrefour

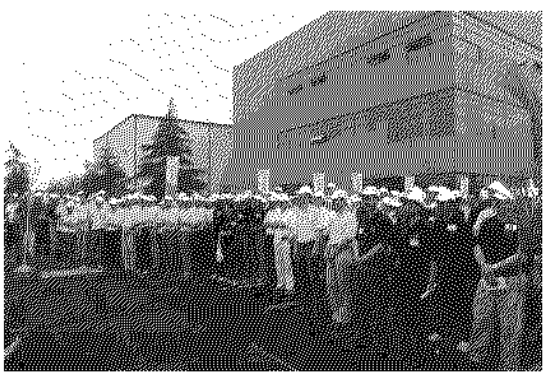
Butler Acquisition – *A Natural Fit*

BLUESCOPE BUTLER

- BlueScope Butler is the world's market leading designer and supplier of pre-engineered buildings with leading positions in North American and China

- Butler brought :
  - *Complimentary strong brand;*
  - *Excellent suite of products & solutions;*
  - *Well developed engineering design capability;*
  - *Technical sales capability;*
  - *Distribution strength;*
  - *800 great people; and*
  - *Capability to dramatically accelerate exiting strategies*

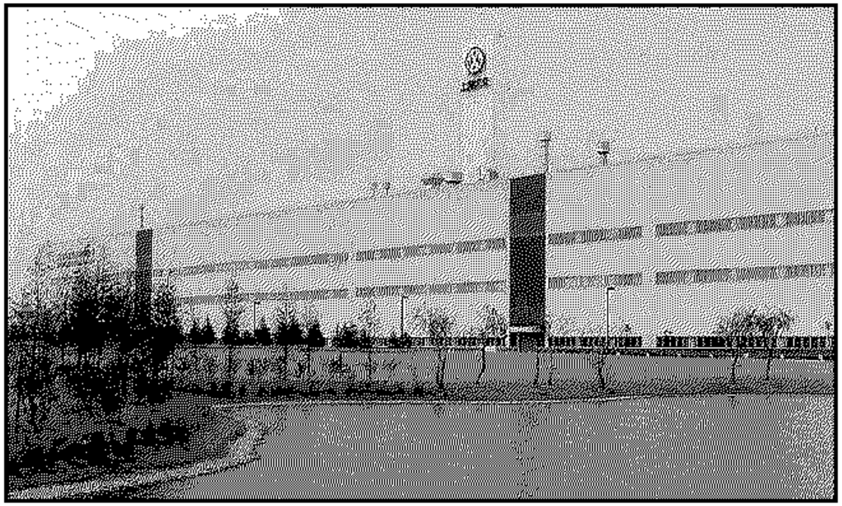
Butler Integration

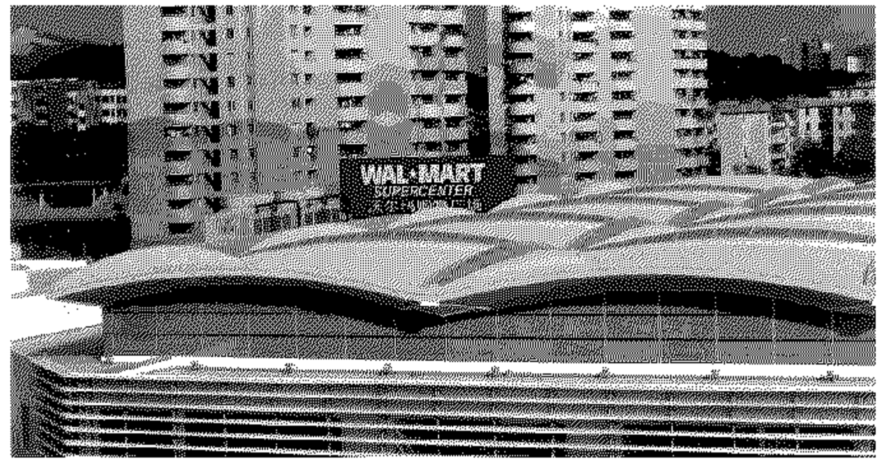


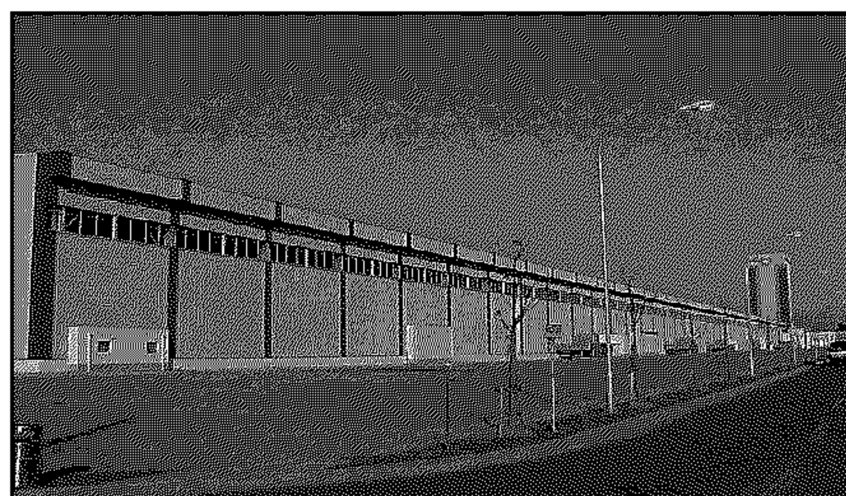
"One face to the market offering a wider range of solutions to meet customer needs"

- Milestones achieved :
  - *Merger celebration day early May*
  - *Successfully transferred key staff*
  - *Integration of sales offices in progress*
  - *Cross business sales & product training completed for all sales staff in greater China*
  - *Successes now being achieved in joint sales efforts, i.e. selling combined Lysaght/Butler solutions*
  - *Established linkages with USA and Australia*
- Formal integration activities to be complete end CY'04

Industrial – *Constructing for Tomorrow's Industry, Today*



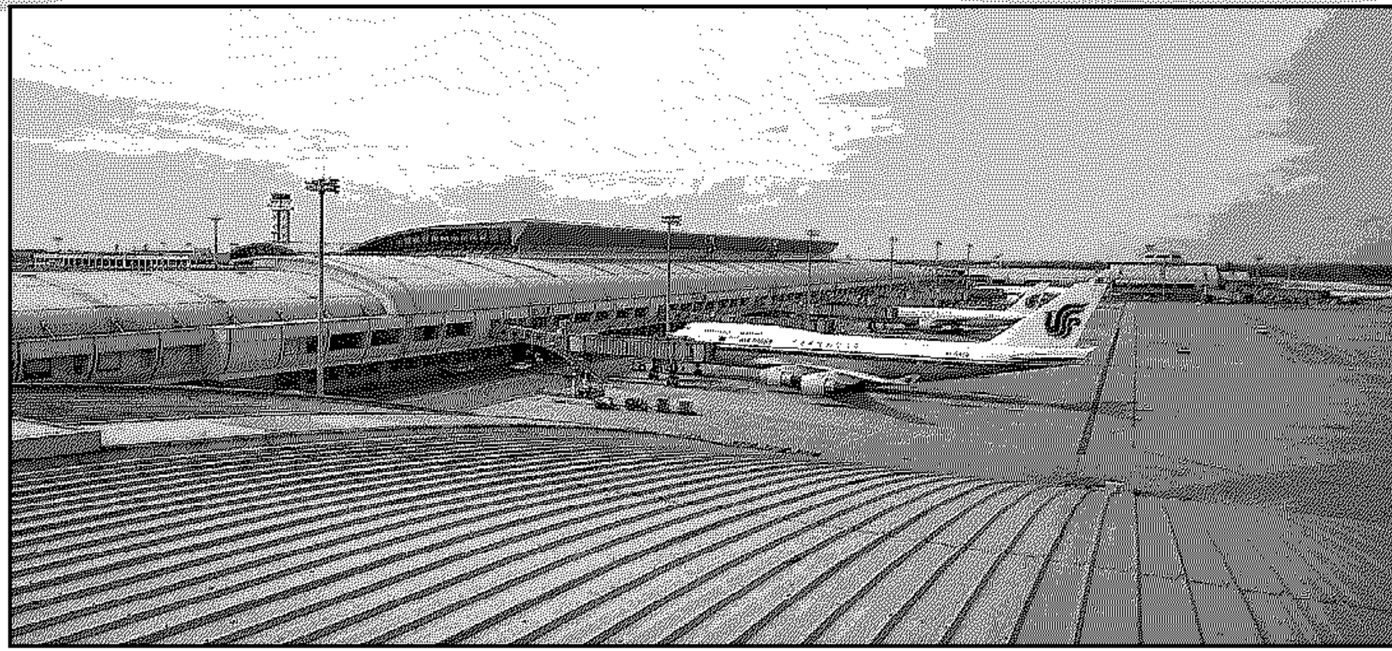


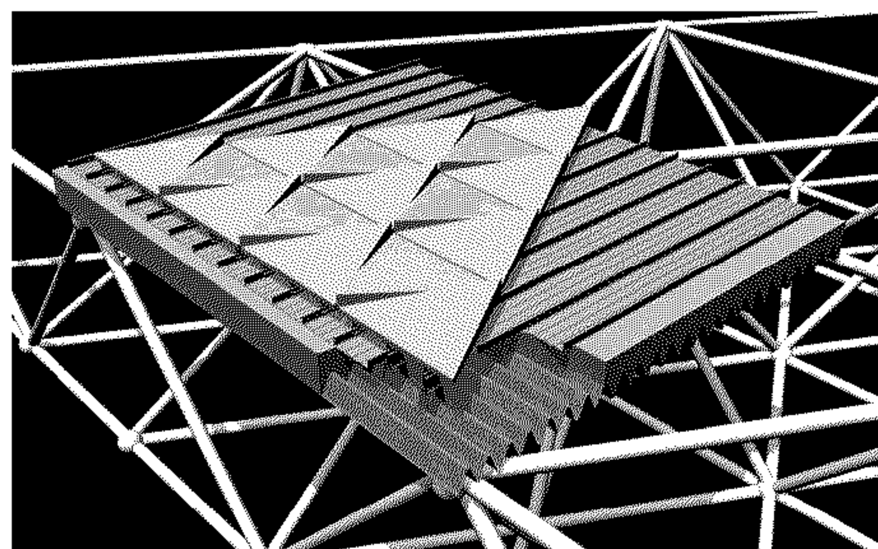


Power Stations – *Generating Solutions for China*

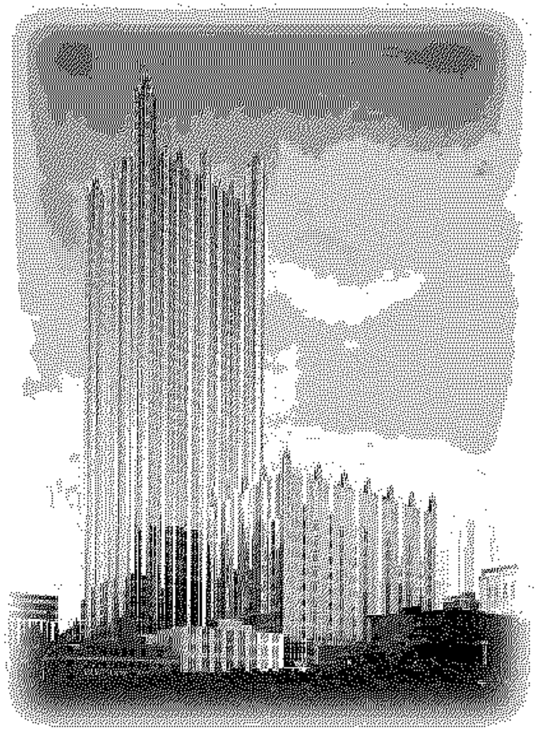
Public Buildings - *Inspired Solutions for a Developing Community*

Public Buildings – *Inspired Solutions for a Developing Community*

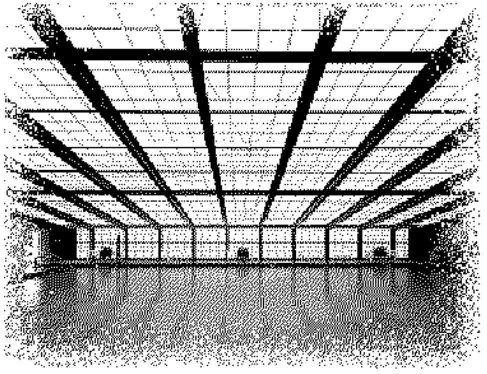




Curtainwall

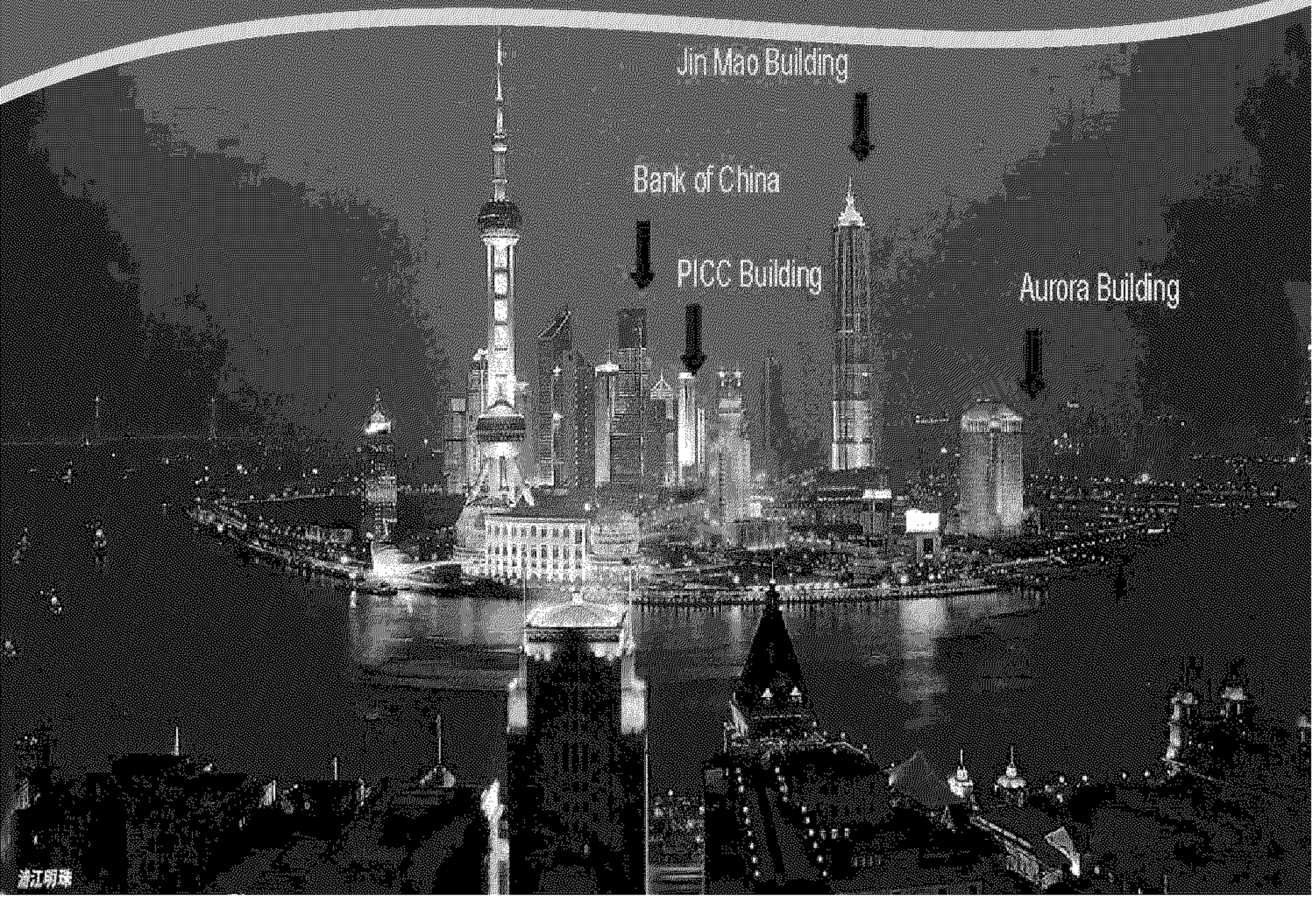


Skywall

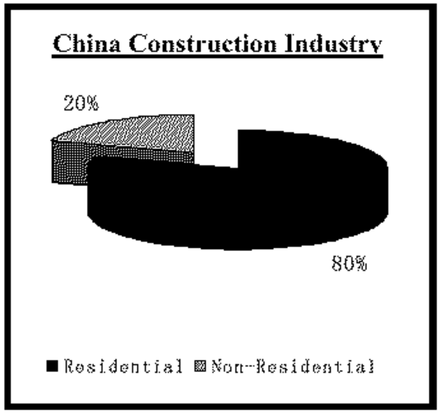


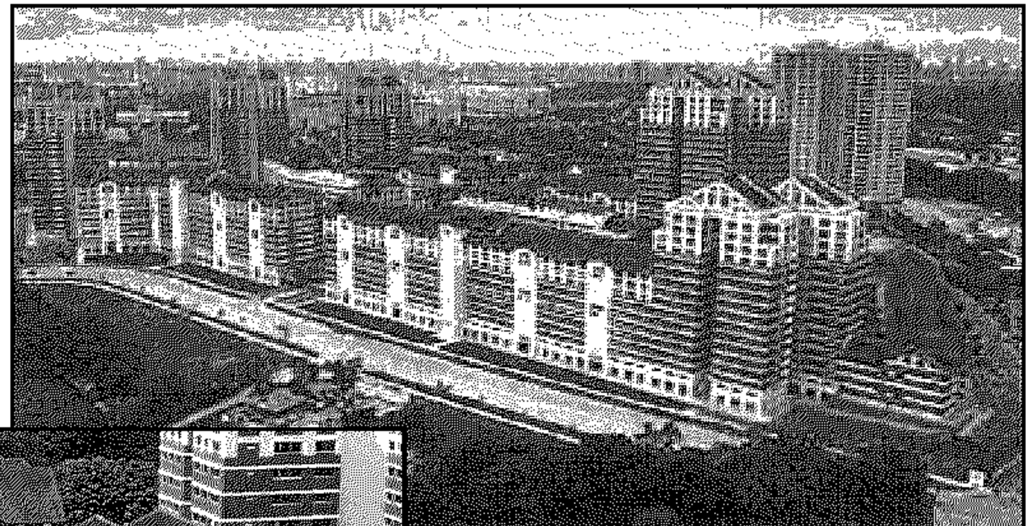
Skylight

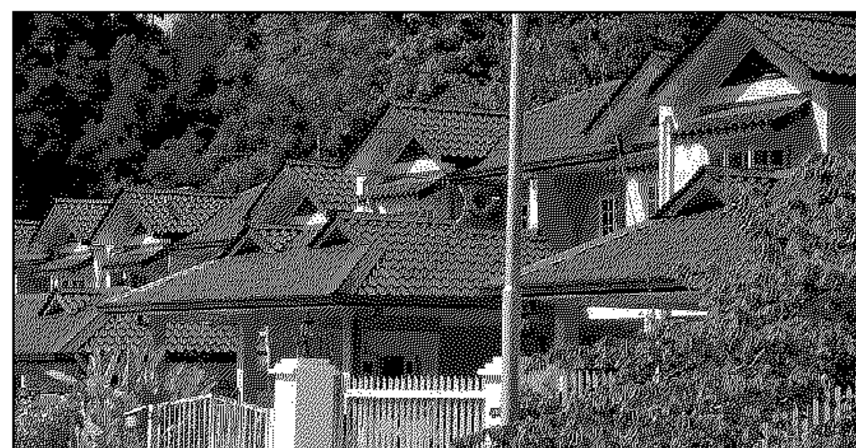
High Rise - *Structural Decking*



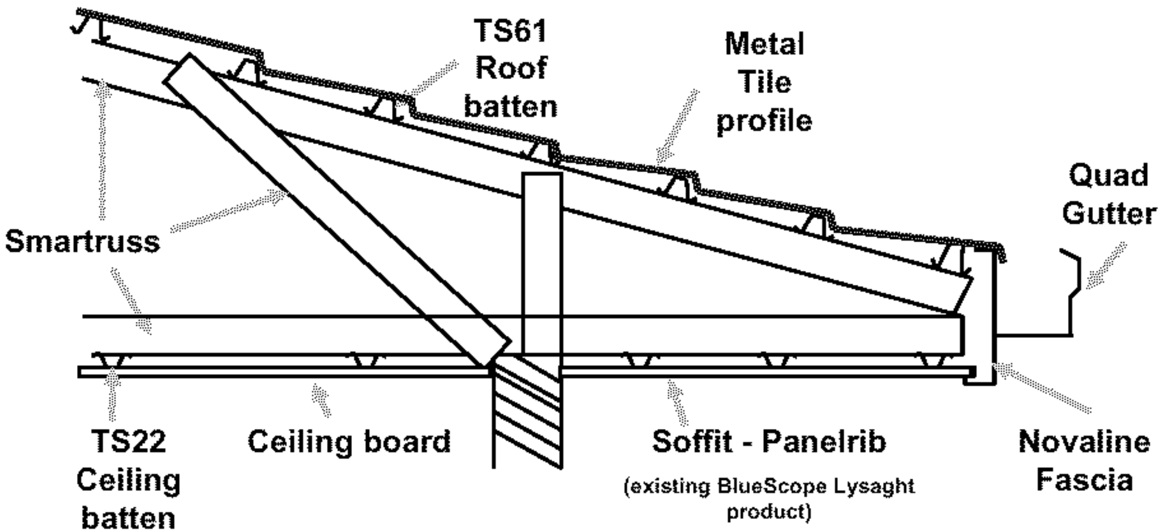
Residential – *Building Capability*







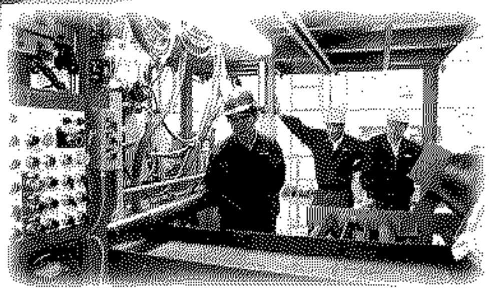
Residential – *Building Capability*



Utilising existing Songjiang facility

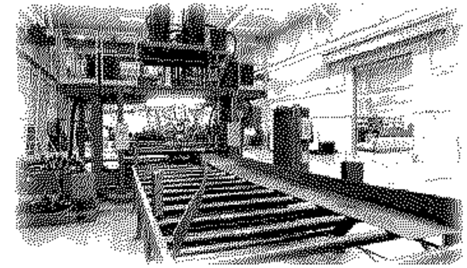
- **Leveraging** :
  - *Expertise from Australia and SEA*
  - *Strong Suite of BlueScope Steel brands in China*
  - *Existing Facilities*
- ***Bundled, Engineered Solution***

Expansions and New Solutions Roll-Out – *Continuing to Grow*

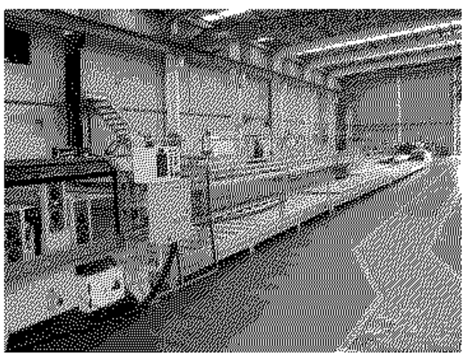


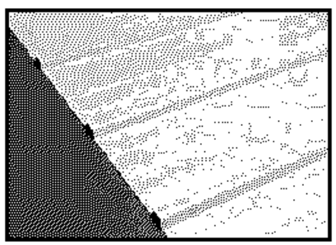
Tianjin & Langfang Expansions

Rounding out capability

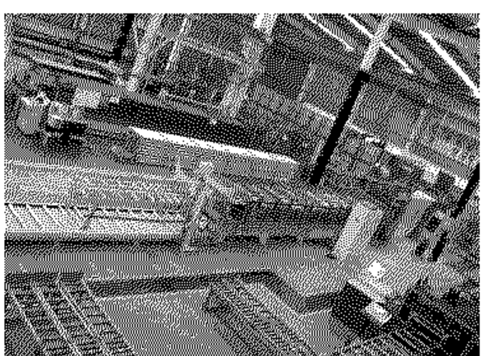


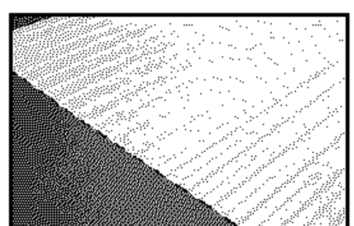
New Products & Systems - *Existing, Proven Solutions*





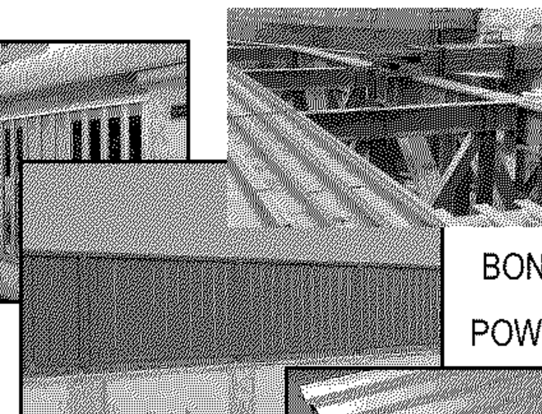
MultiClad®





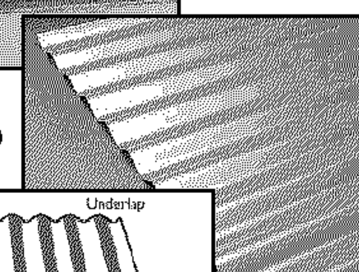
PanelRib®

Fencing Solutions

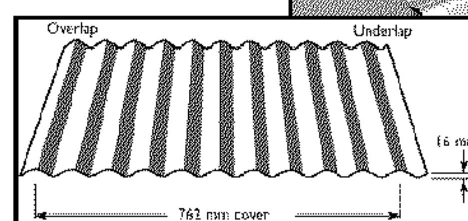


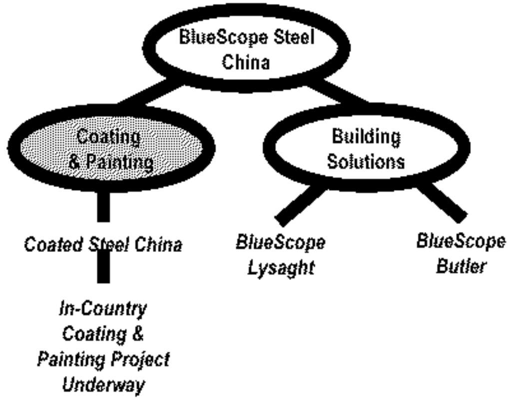
BONDEK II®

POWERDEK®



Custom Orb®





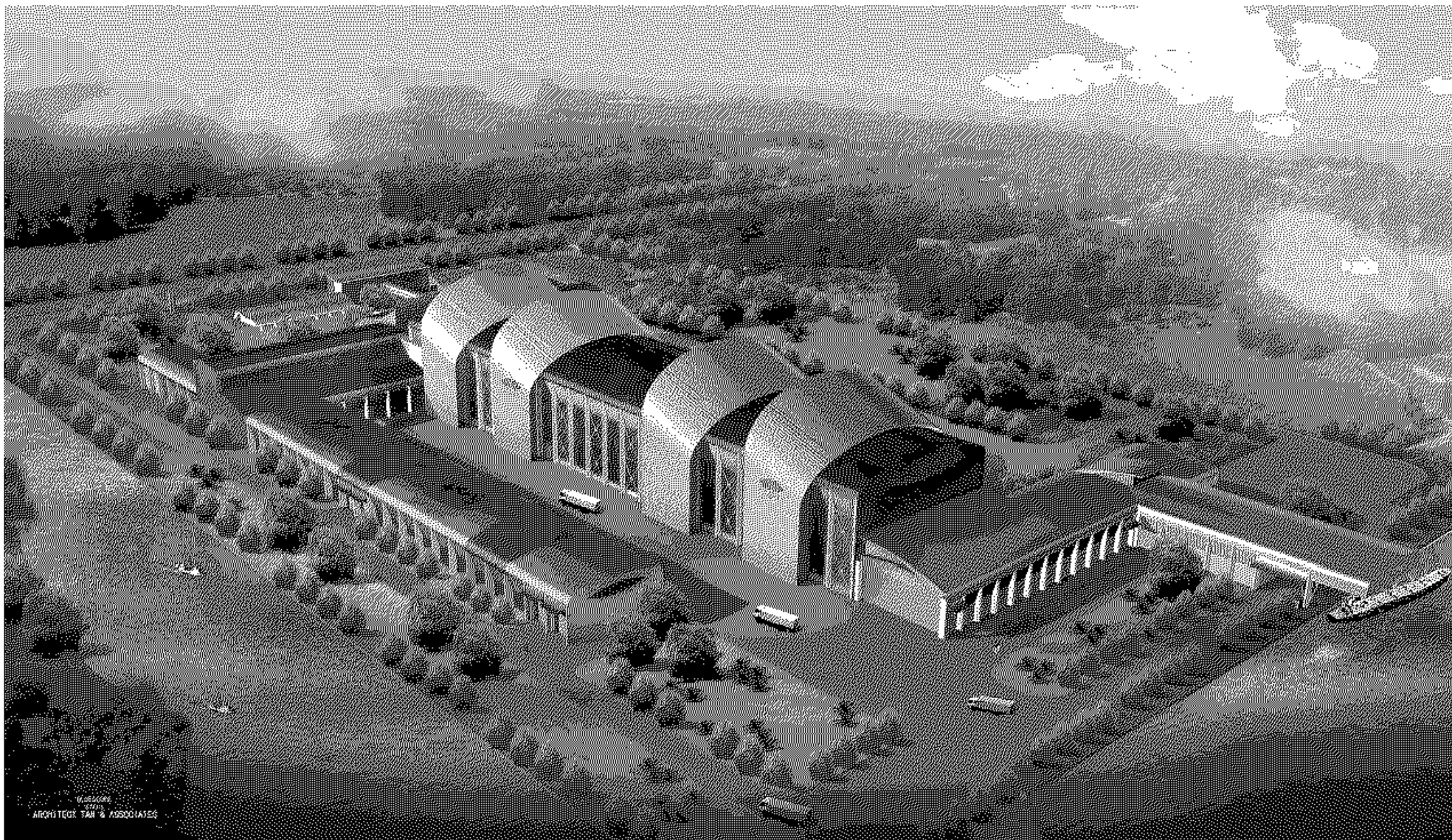
Metallic Coating & Painting

State of the art A$280m facility

250ktpa Coating line, 150ktpa Paint line

100% owned by BlueScope Steel

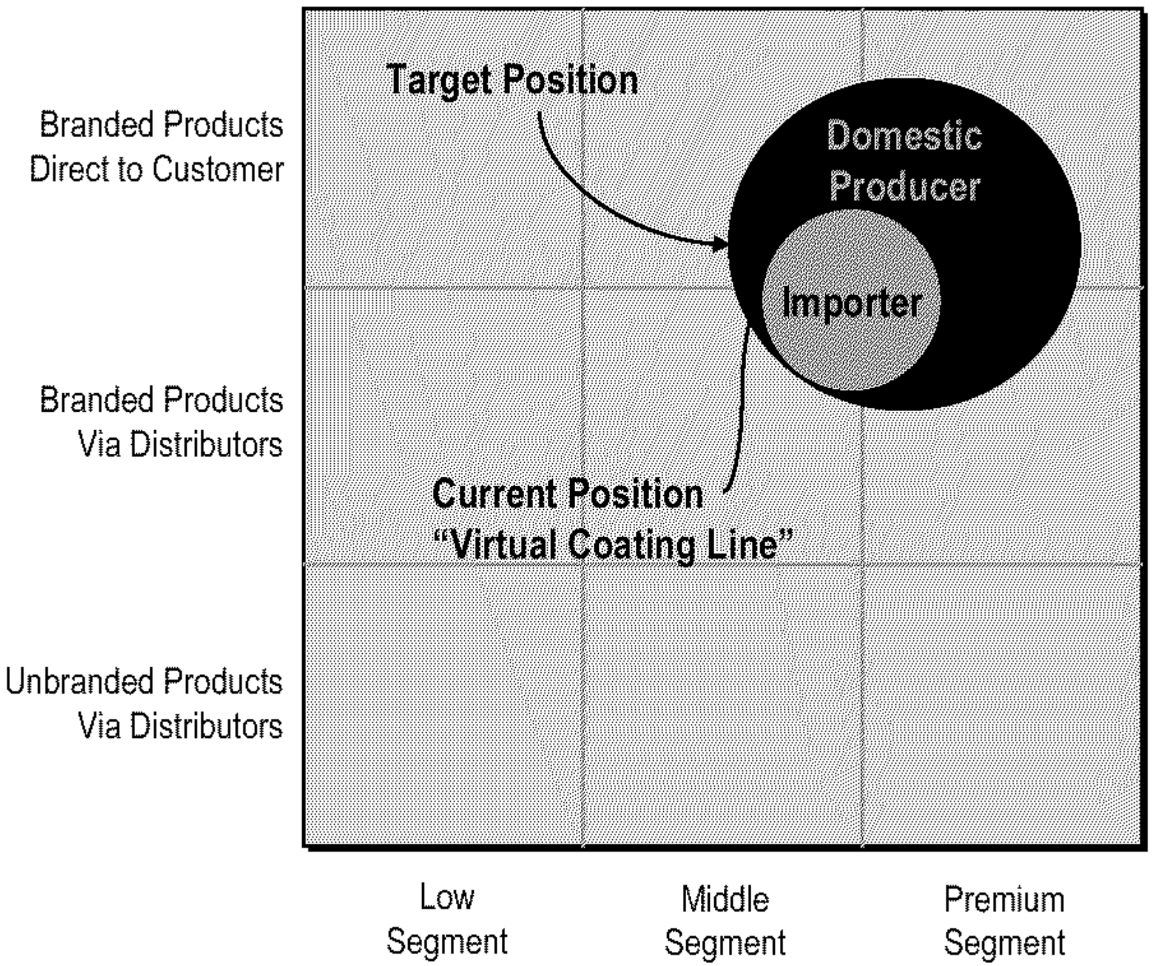
BlueScope Steel's largest single investment in Asia and Australia's largest investment in China



China Coating Development Compared with SEA Developments

Same
Business development by seeding and backward integration
Building and construction core target market
Local feed sources
Different
Niche position in premium segment
Selected customer base
ZINCALUME® steel and TRUZINC® steel
"Show Case" facilities
100% BSL-owned

The Strategy: Produce in China and "do more of the same"

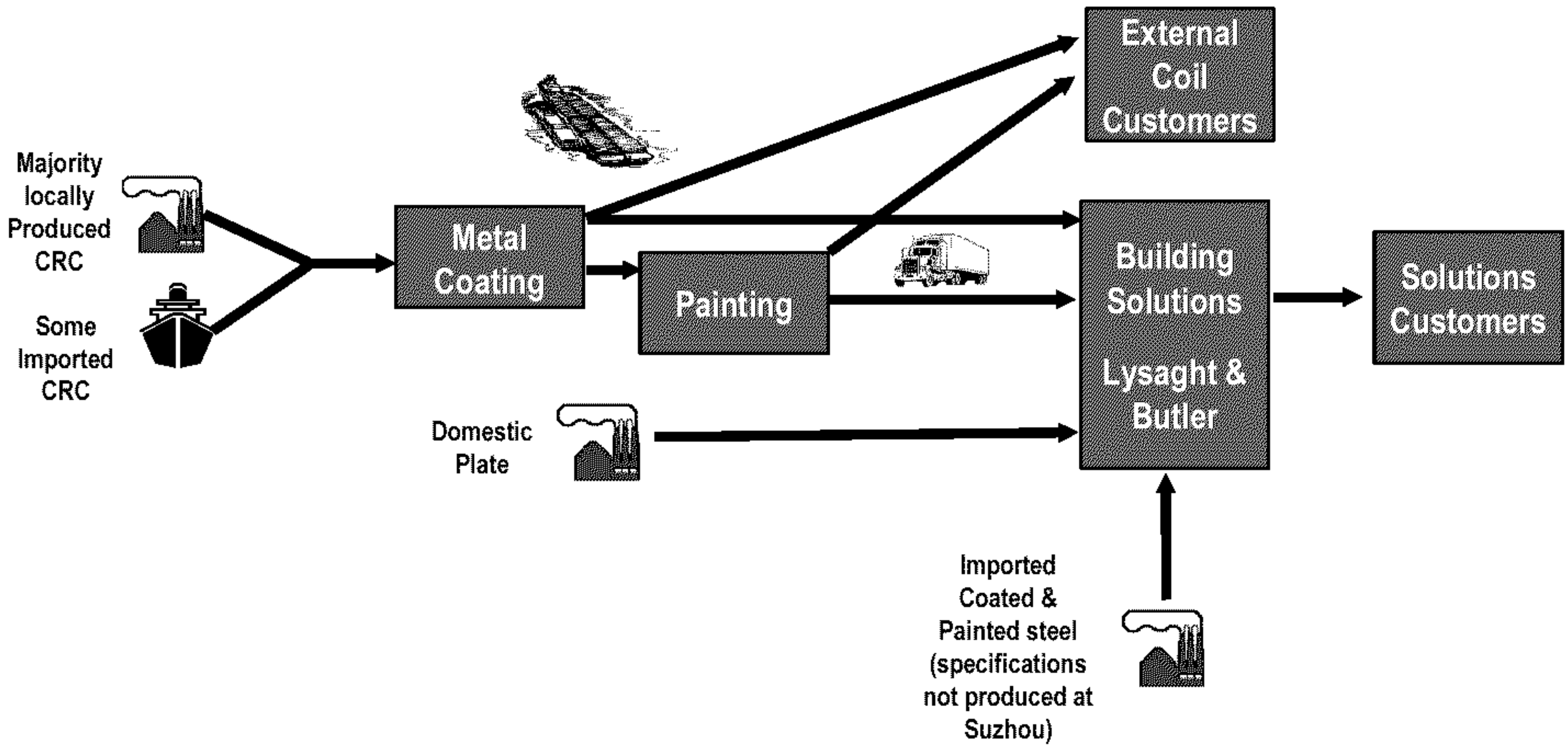


The Strategy builds on a well established and successful market position

Producing in China provides enhanced growth opportunities (improves service offer) and eliminates risks around long term imports not being sustainable):

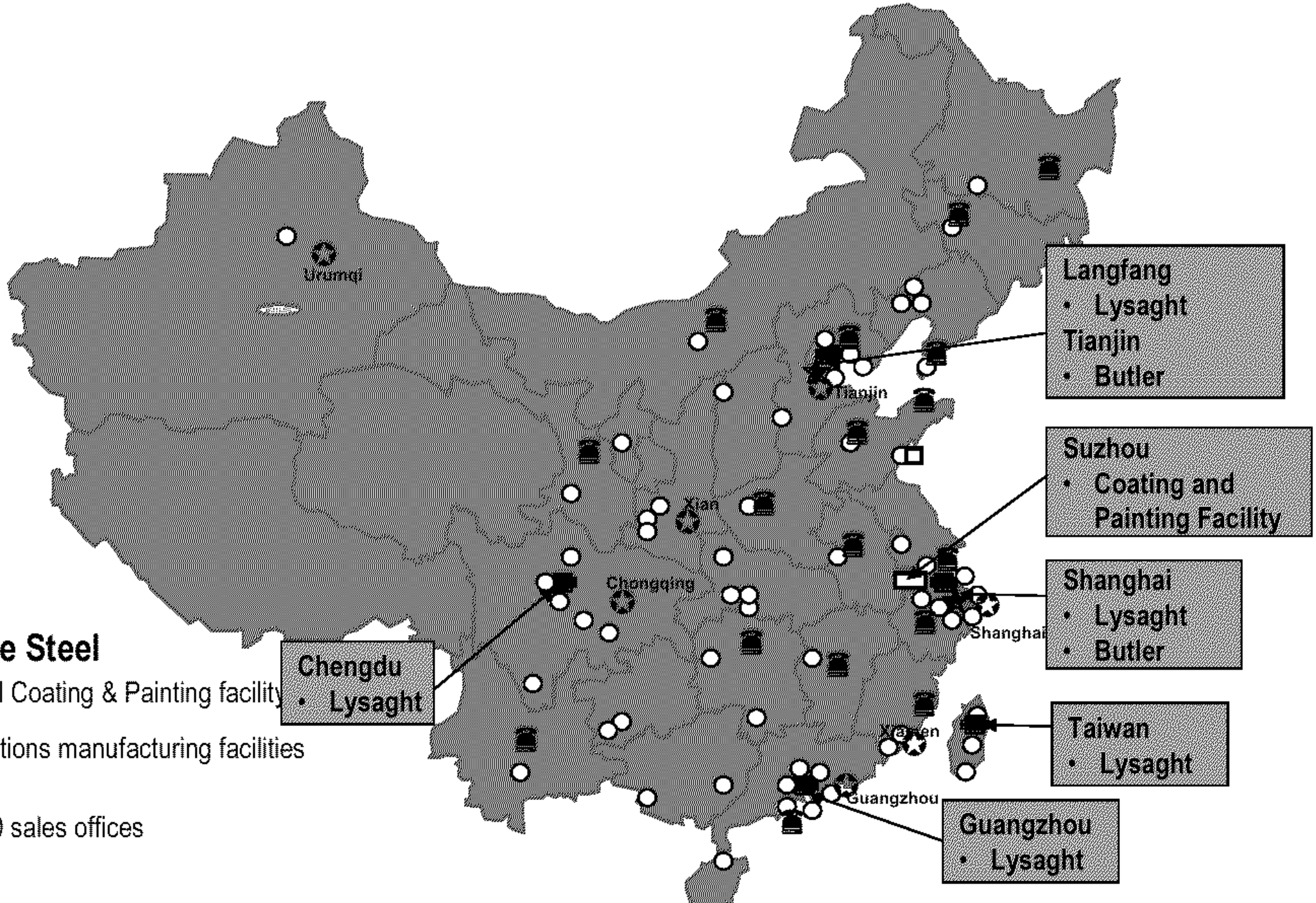
- Retain current business
- Basis for growth
- Security for solutions businesses

Supply Sources



Geographic Coverage

Strong Existing Production and Sales Network



BlueScope Steel

1 Metal Coating & Painting facility

7 Solutions manufacturing facilities

Over 70 sales offices

Doing Business in China

- **Positives :**
  - ***World's strongest growth market***
  - ***Appetite for leading edge, high quality technology & products***
  - ***Good foreign companies are well regarded***
  - ***Supportive investment conditions - incentives, support, speed***
  - ***Huge, highly skilled labour pool***
  - ***Many world class development zones***
  - ***Access to key decision makers***

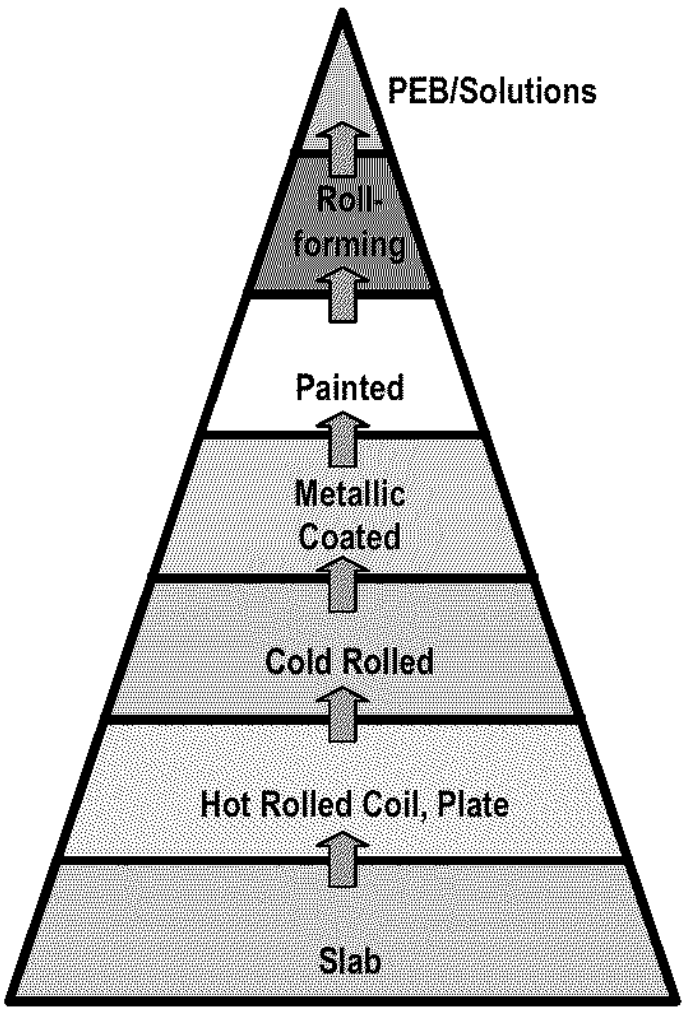
Doing Business in China

- **Issues :**
  - ***Strong, growing and developing competition***
  - ***Competition for skilled labour – employment, retention, cost***
  - ***Some infrastructure issues – eg power***
  - ***Dealing with monopoly suppliers***
  - ***Variable quality of service providers – pre-qualify & define needs***
  - ***Bureaucracy***
  - ***Compliance to established or own standards***
  - ***Developing legal system – IP, debt recovery etc***

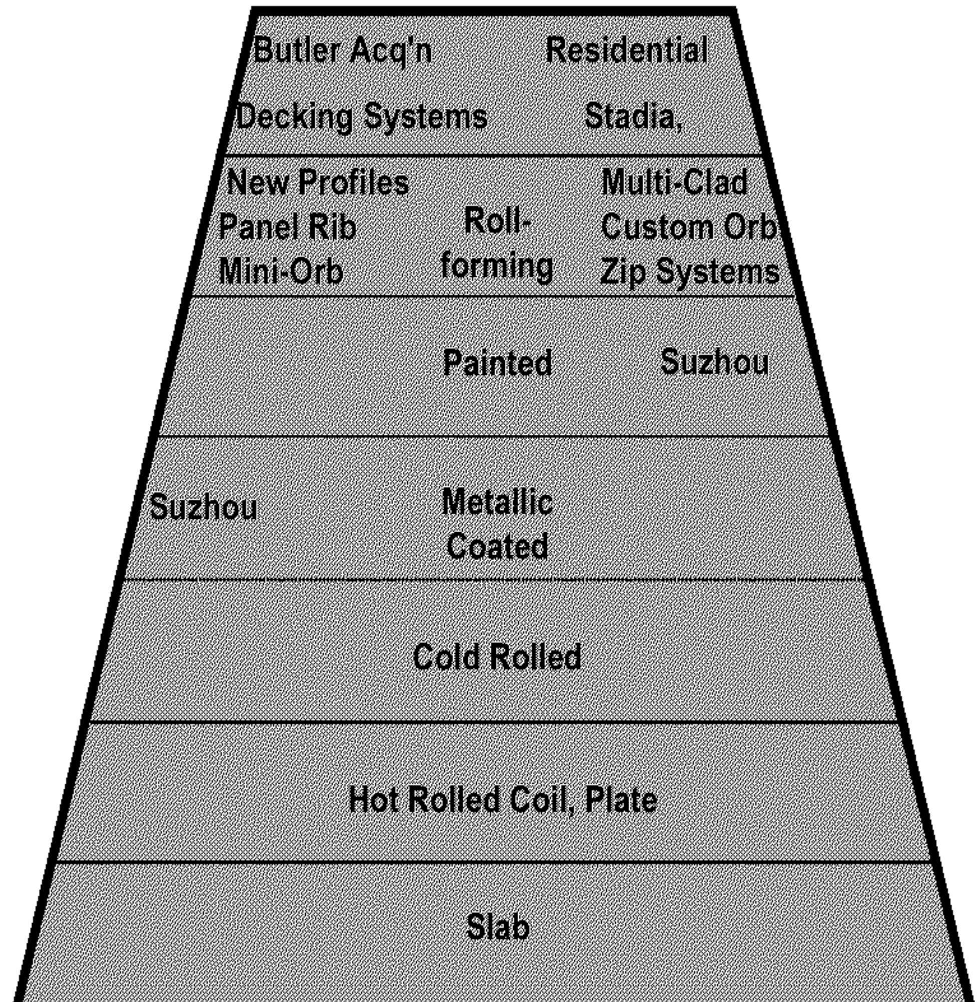
BSL Strategy – *Downstream, Value Added, Branded Products*

"Delivering High Value Steel Inspired Solutions and Creating Shareholder Value"

<u>Past</u>



<u>Present & Future</u>



Summary

- ***We have established a strong base for future growth***
- ***In doing so we are helping to further develop the use of steel in China and are bringing opportunities to employees, communities and the Chinese steel industry***
- ***Leveraging our broad international capabilities while proudly emphasising our Australian heritage***
- ***Extensive formal and informal networks and alliances***
- ***Looking forward to further growth and development in China***

BlueScope Steel China

Australia's Largest Investor in China

Analyst Briefing - Shanghai – 10th November, 2004

Presented by:
Chris Fogarty President BlueScope Steel China