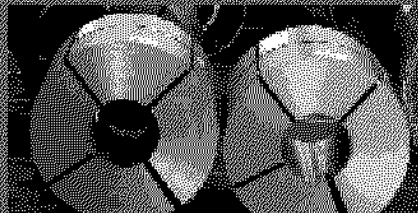


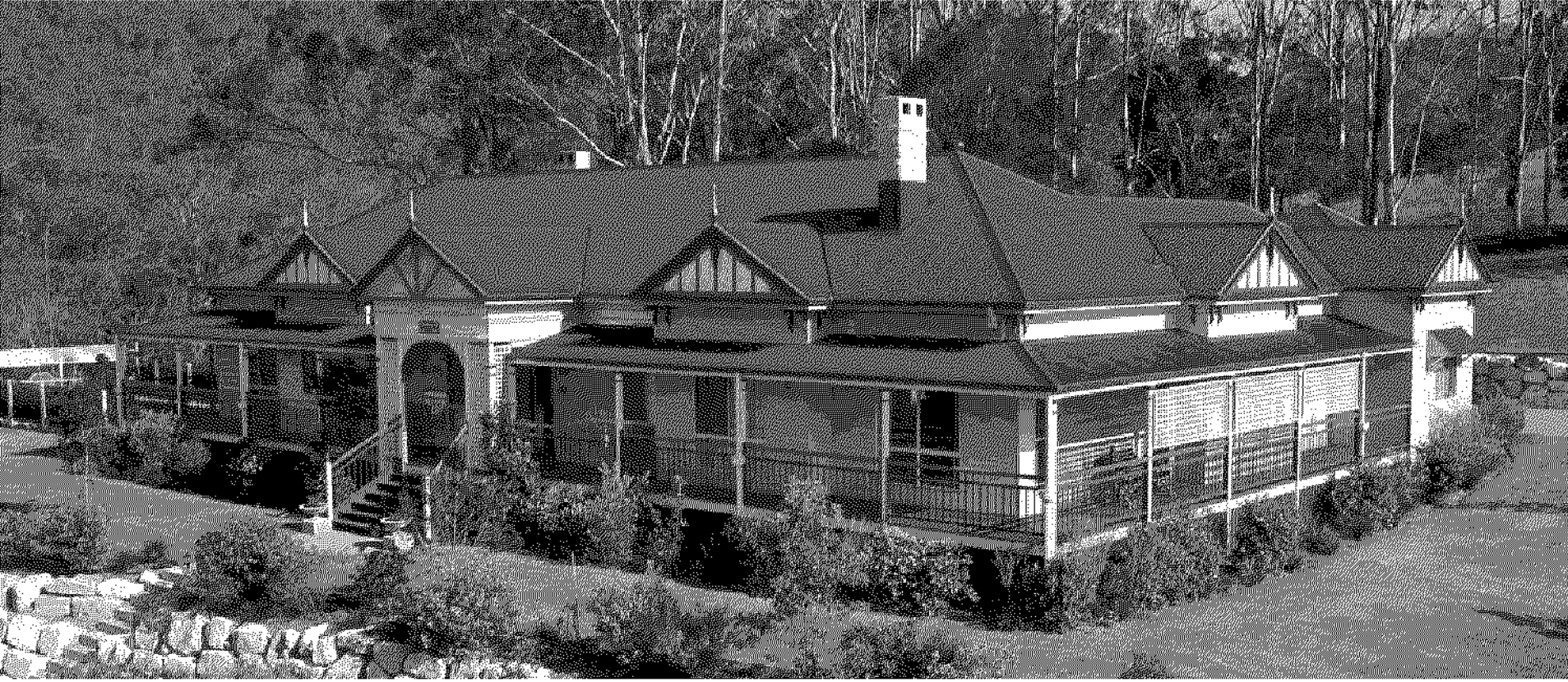
**BLUESCOPE
STEEL**

Coated & Building Products Australia Analyst Site Visit - Western Port Plant, Hastings

23 June, 2005



Coated & Building Products Australia - Business Segment



Western Port, Hastings
Springhill, Port Kembla
Packaging Products, Port Kembla

Lysaght Australia
Service Centres

Western Port History

Why Western Port?

- Deep water port
- Energy from Bass Strait and Latrobe Valley
- Key southern states customers in the automotive, white goods, drum manufacturing and building industries



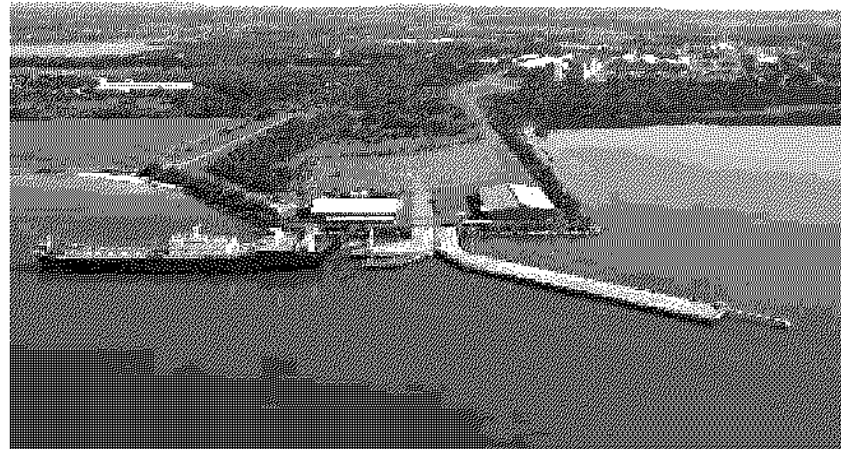
Western Port 1973

Milestones

- 1970: Victorian Government approval for a steel plant on 700 Hectare site at Hastings
- 1972: First production units commissioned - John Lysaght (Australia) Limited
- 1978: Hot Strip Mill commissioned
- 1979: Remaining 50% of John Lysaght (Australia) Limited acquired by BHP
- 1980: Around 1800 employees
- 1993: MCL6 added to produce specialty automotive steels
- 2003: Became BlueScope Steel Limited
- 2005: Approximately 1100 employees

Western Port Today

- Experienced workforce with strong depth of process knowledge
- Majority of auto products now metal coated (MCL6)
- One of Victoria's safest and environmentally sustainable manufacturing sites
- Major employer on the Mornington Peninsula
- New production records through the Metal Coating and Paint Lines
- Key strategic alliances underway with Silcar, Toll, Roll Shop Technologies (RST), Cleanaway and Swire
- Supported by experienced suppliers and service sector
- Unique production footprint within BlueScope Steel



Western Port 2004

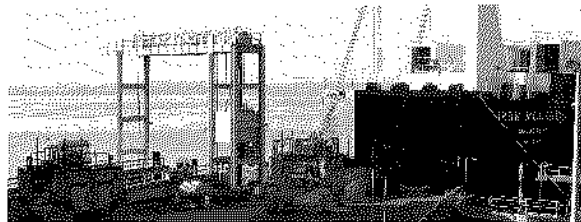
Western Port Plant Material Flow



Iron Monarch

Slab

Hot Strip Mill
1.43 Mt/a



Pickle Line
1.15 Mt/a

Cold Mill
1.0 Mt/a

Metal Coating Lines
830 kt/a

Paint Lines
330 kt/a

Hot Rolled Strip

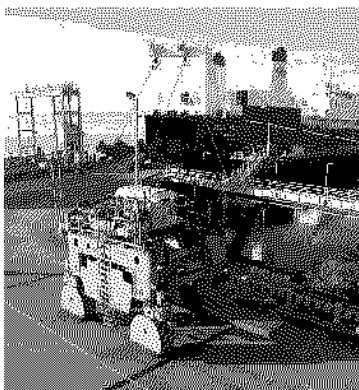
Hot Rolled Pickled Strip

Uncoated Strip

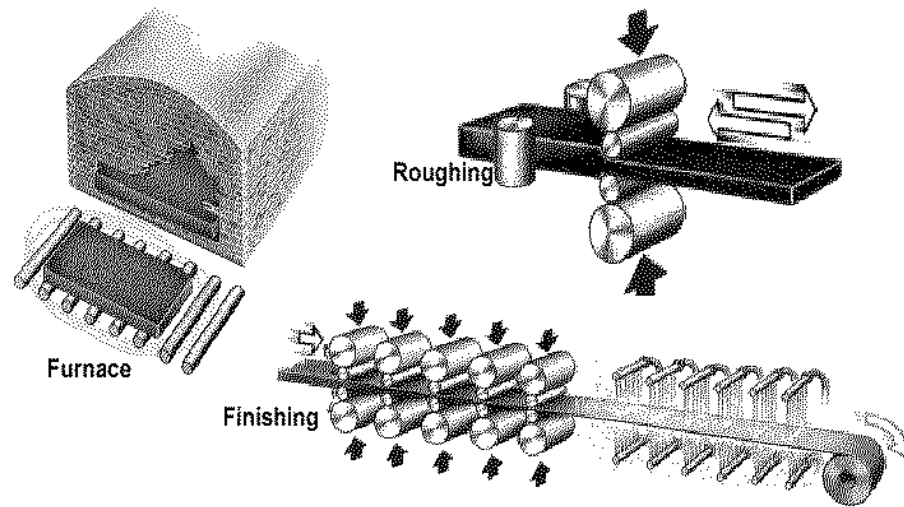
Metal Coated Strip

Painted Strip

Capacities represent current maximums



Hot Strip Mill

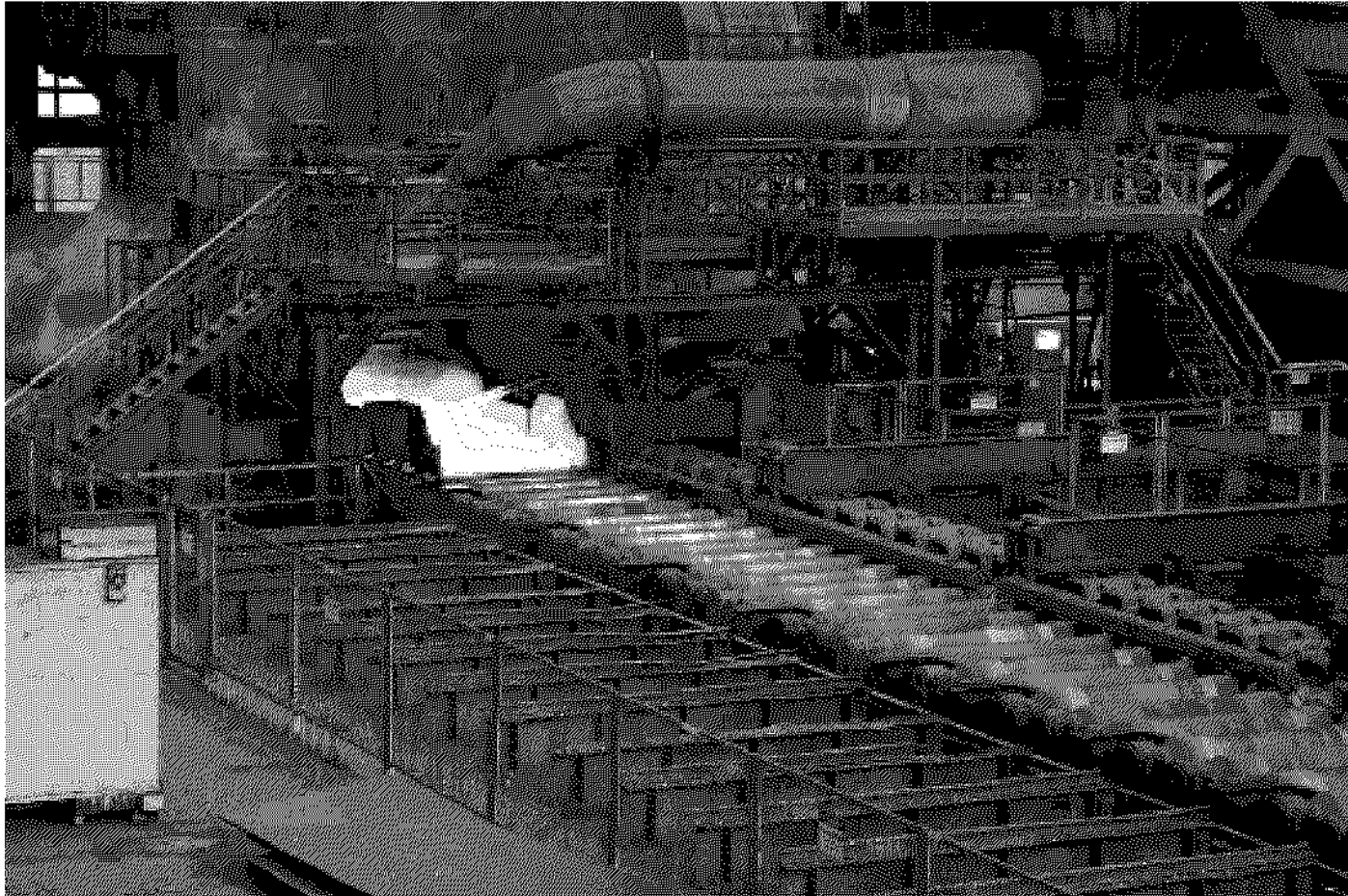


Process: Slab from Port Kembla is reheated to 1250°C, then descaled, rough rolled to 25mm thick, coiled at the coilbox to retain heat, finish rolled to customer order thickness, then cooled for metallurgical properties and coiled

Output: Hot Rolled coils to export and domestic markets
Hot Rolled coils to the Pickle Line for further processing

Capacity: 1.43 Mt/a

Hot Strip Mill



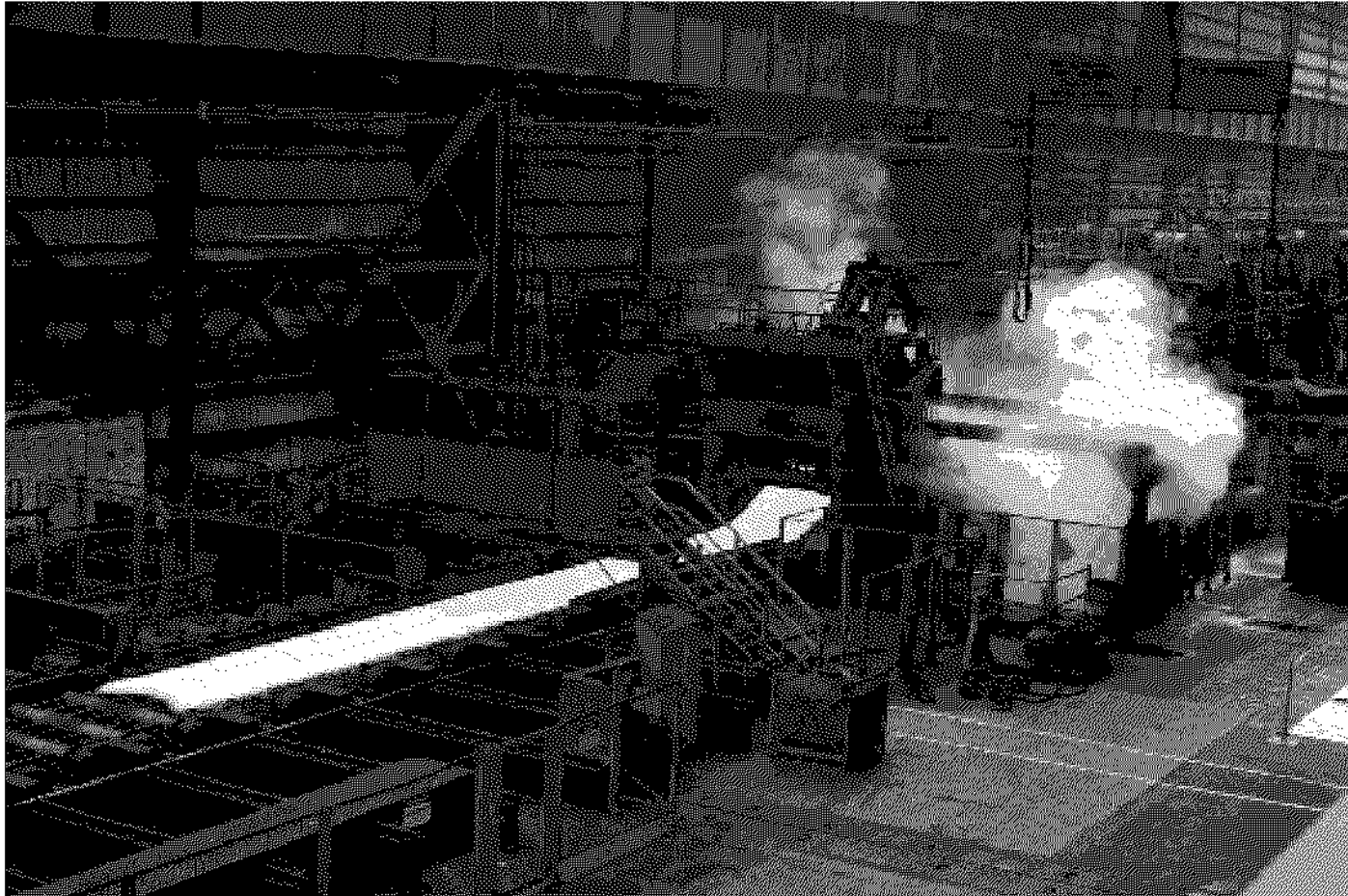
Roughing Mill

Hot Strip Mill



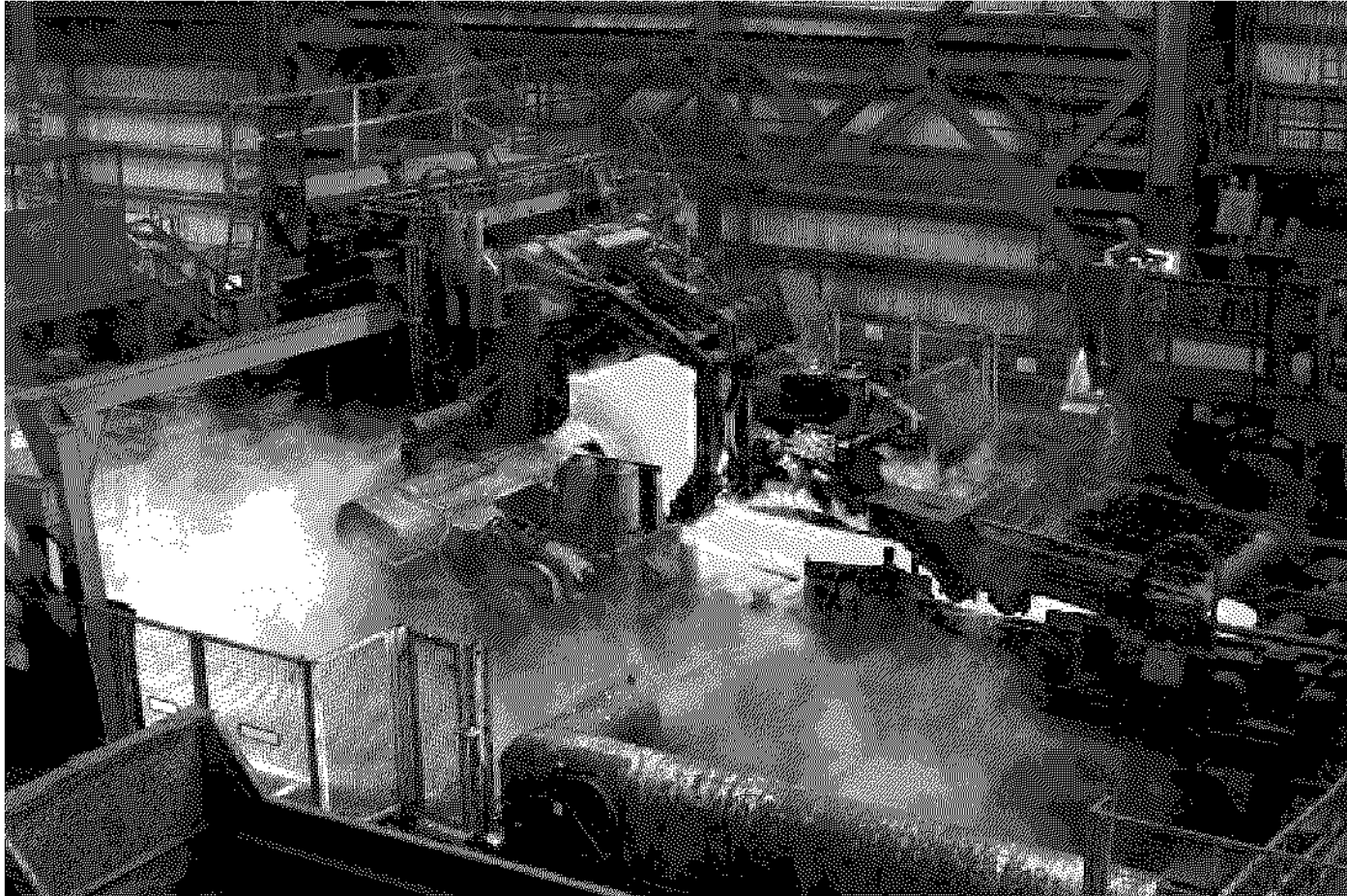
Roughing Mill

Hot Strip Mill



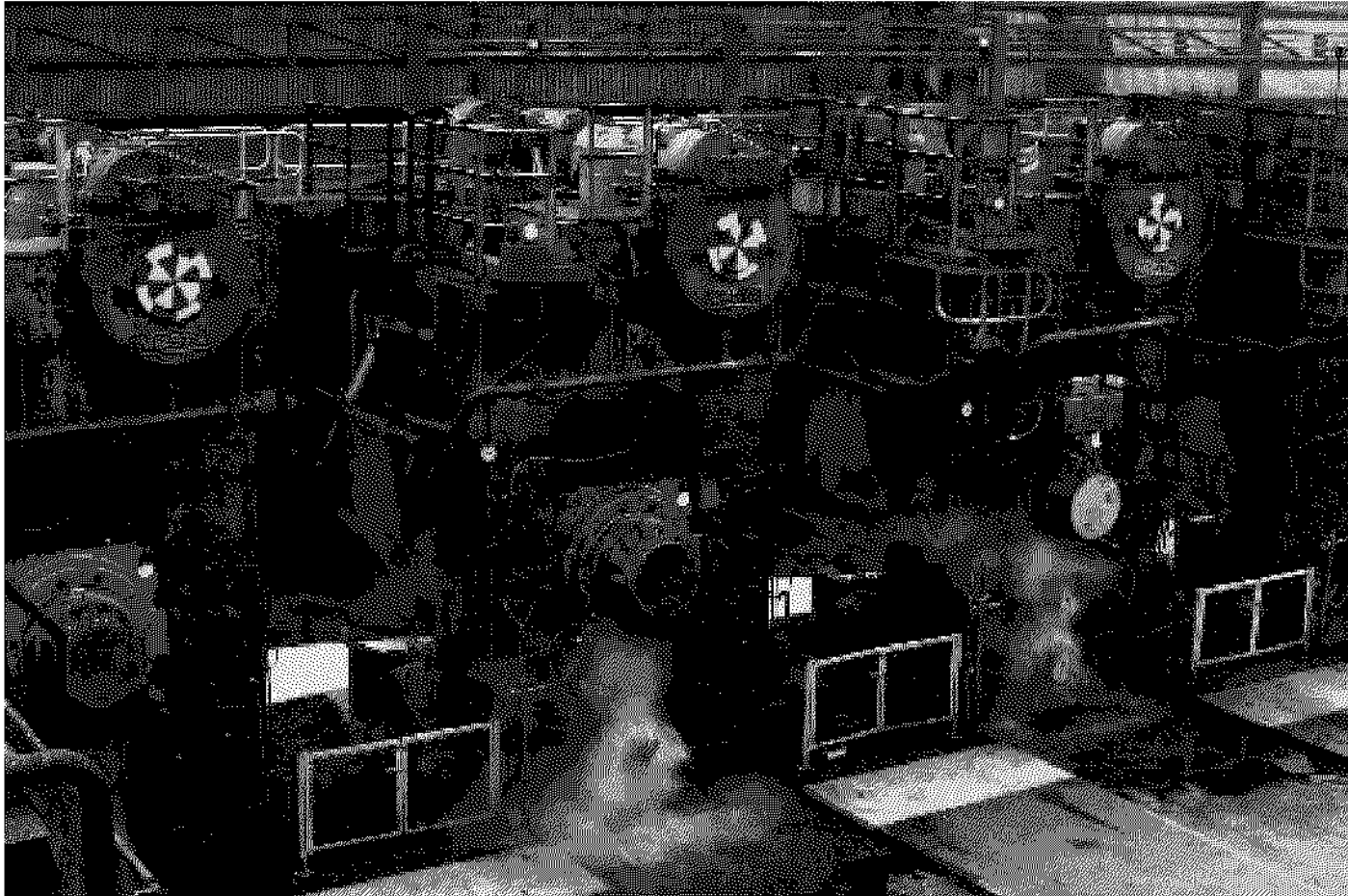
Entering Coil Box

Hot Strip Mill



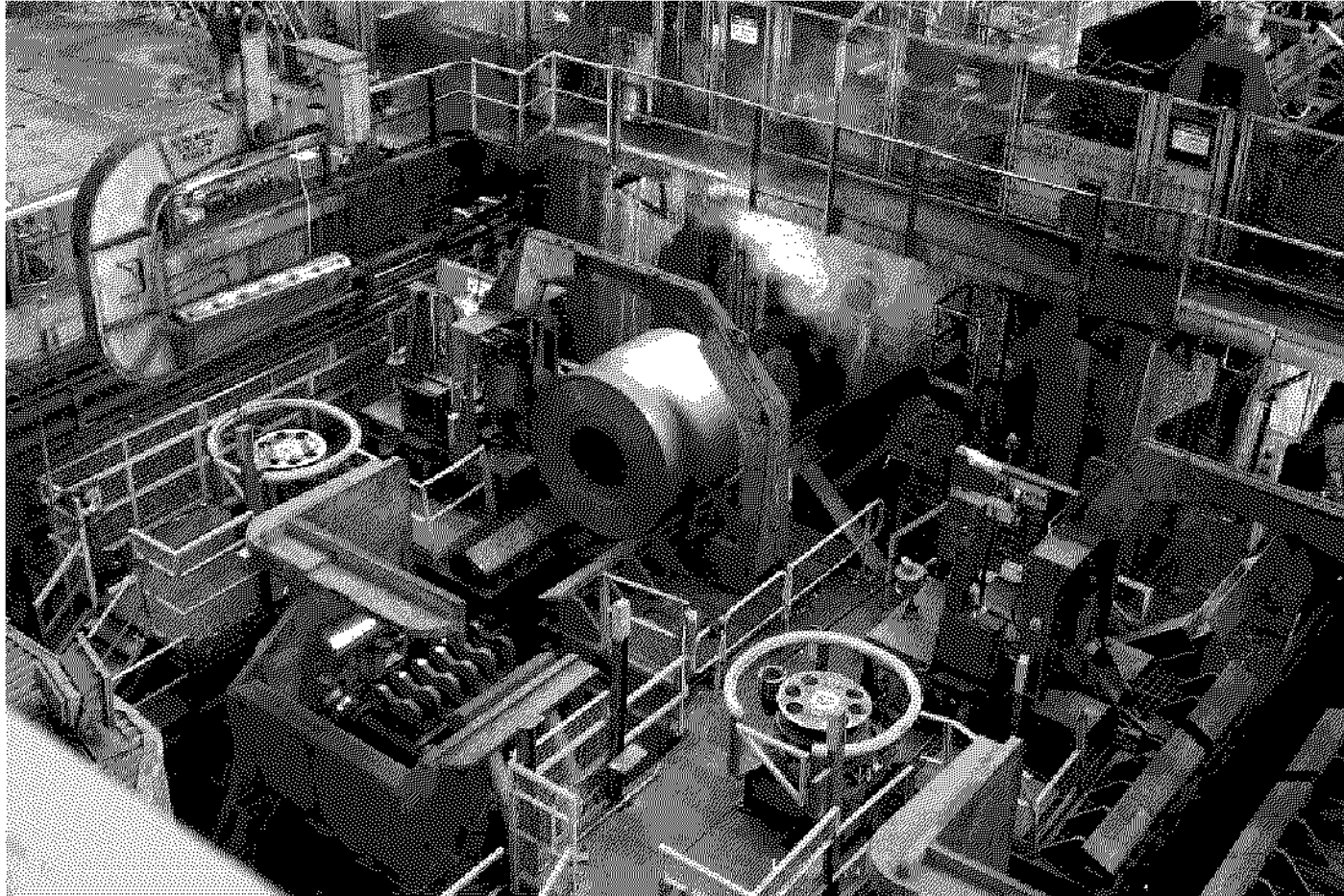
Exiting Coil Box

Hot Strip Mill



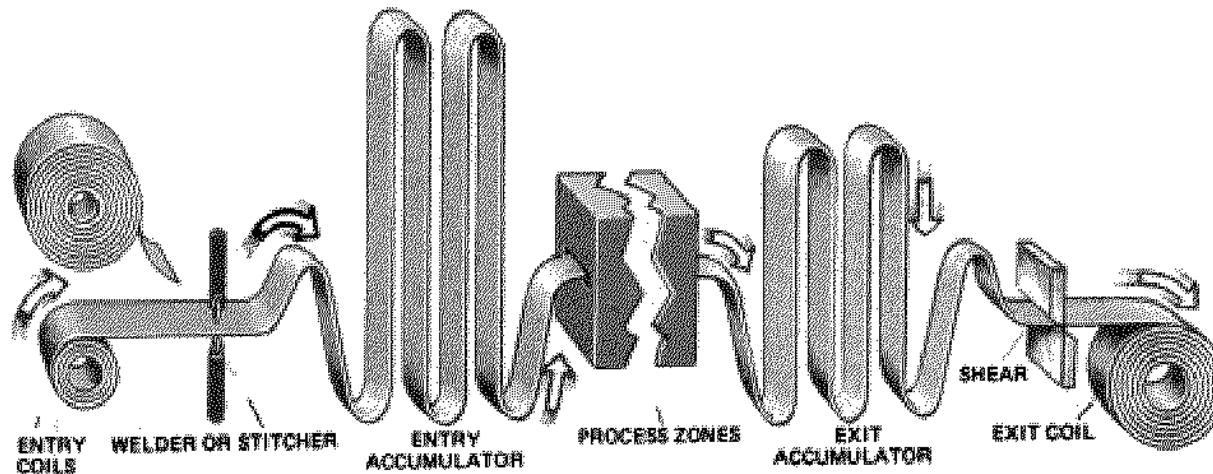
Finishing Mill

Hot Strip Mill



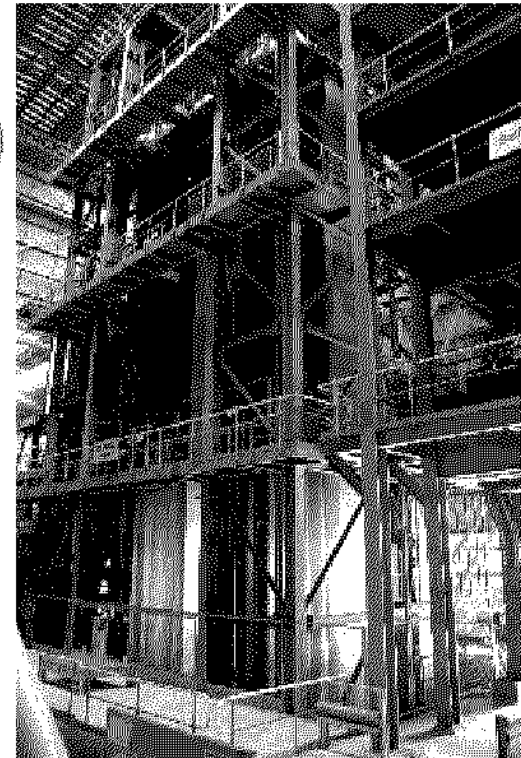
Recoilers

Continuous Line Concept

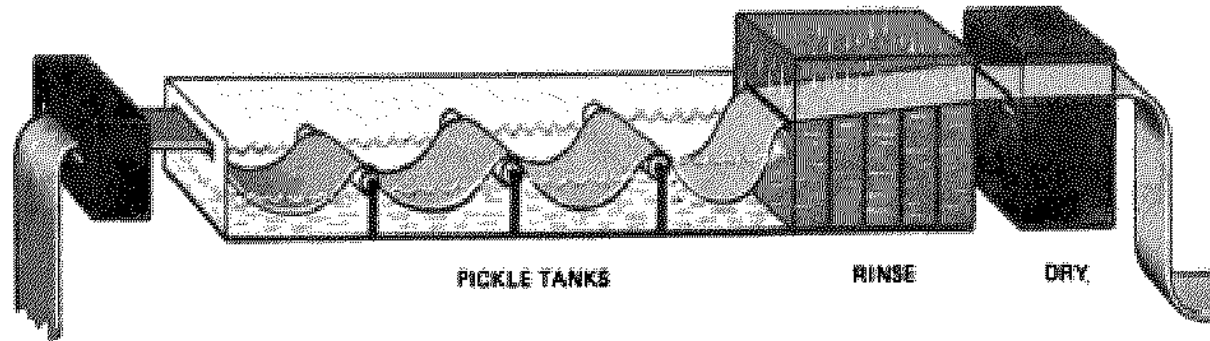


There are a number of continuous lines at Western Port:

- Pickle Line
- 3 Metal Coating Lines
- 2 Paint Lines



Pickle Line



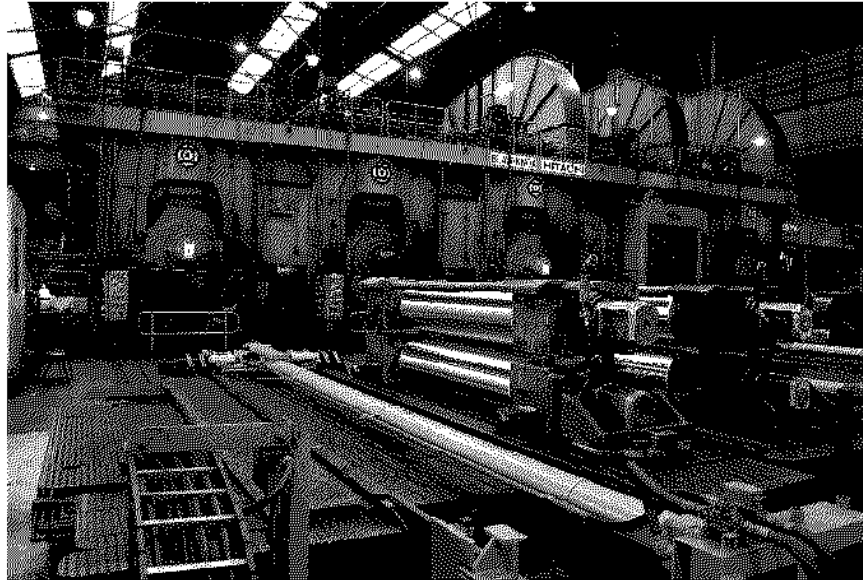
Process: Hot rolled coil is processed through hydrochloric acid tanks to clean scale from the strip and is then side trimmed to the required width

Output: Sold as hot rolled pickled coil, or further processed at the Cold Rolling Mill

Capacity: 1.15 Mt/a

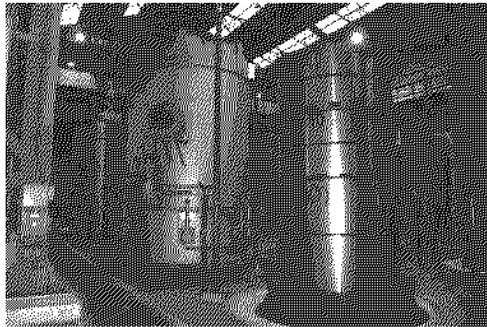


Cold Rolling Mill



- Process:** Hot rolled pickled coil is fed into the Cold Rolling Mill (five stands) that applies roll force (2500t) and tension to the strip reducing the thickness of the strip by up to 80%
- Output:** Sold as cold reduced uncoated steel, or further processed at the Metal Coating Lines or Uncoated circuit
- Capacity:** 1.0 Mt/a

Uncoated Circuit

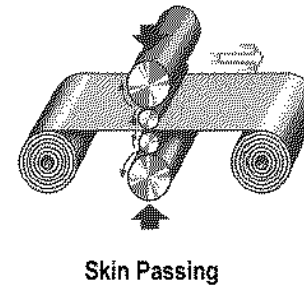
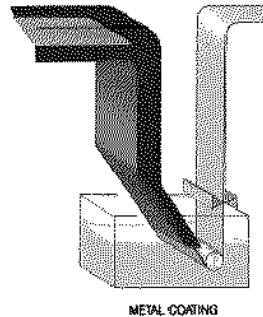
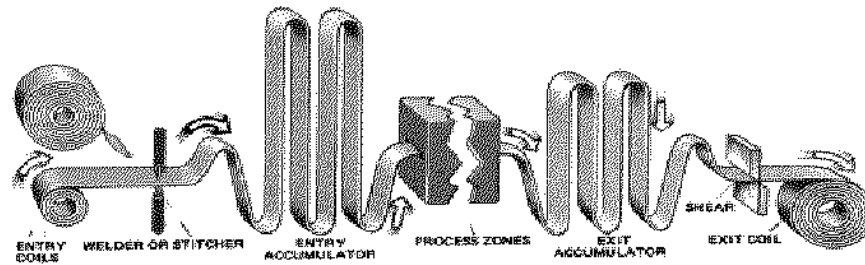


Process: Cold reduced coils are Batch Annealed, Temper rolled (Coil Temper Mill CTM) and Tension Levelled (Tension Leveller Recoil Line TLRL) to impart the desired mechanical properties, shape and surface finish

Output: Sold as uncoated steel products for the automotive and manufacturing industries, or further processed at the Paint Lines

Capacity: 420 kt/a

Metal Coating Lines (No. 4, No. 5 and No. 6)



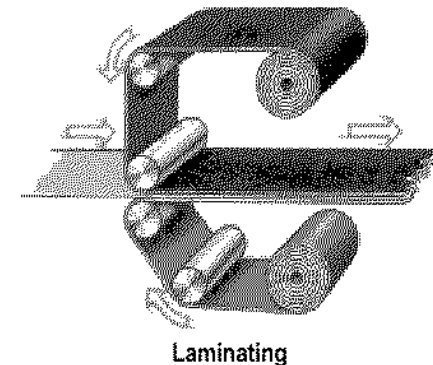
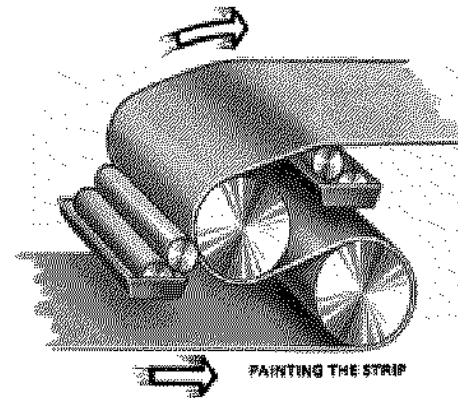
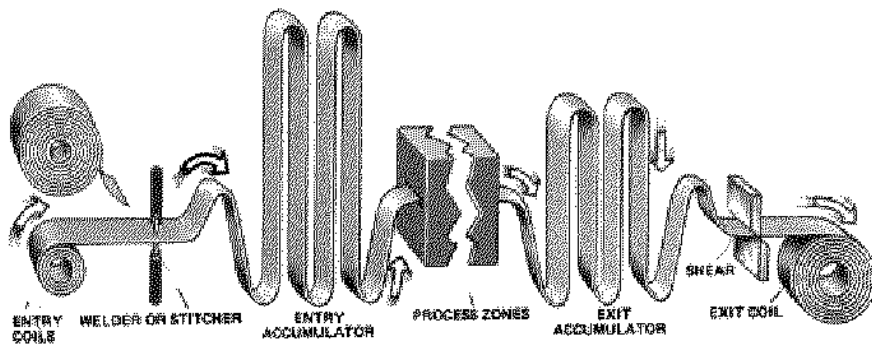
Process: Cold reduced coils are hot dipped coated with ZINCALUME® coating (Nos 4 & 5 Lines) or galvanised (zinc) coating (No 6 Line) to provide corrosion protection

Output: Sold as ZINCALUME® coil or galvanised coil to building, manufacturing and automotive industry and feed for our Paint Lines.

ZINCALUME®, ZINCSEAL®, ZINCANNEAL®, GALVASPAN®

Capacity: 830 kt/a

Coil Paint Lines (No. 2 and No. 4)



Process: Uncoated or metal coated strip is thoroughly cleaned and chemically treated to provide best surface to apply a primer coat followed by a finish coat of paint, via roller application, which is then oven cured

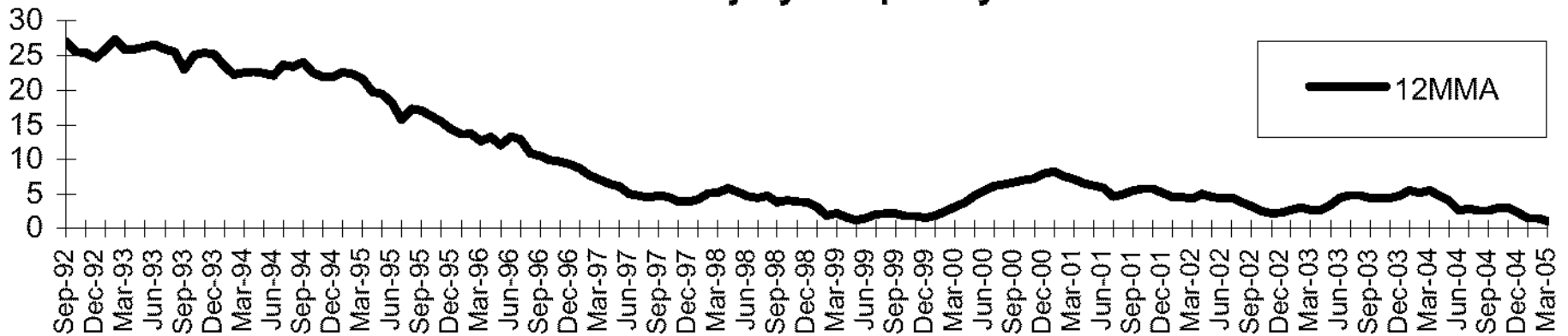
Output: Building, packaging and manufacturing markets
COLORBOND®, AQUAPLATE®
Typically 2–5 tonne coils

Capacity: 330 kt/a

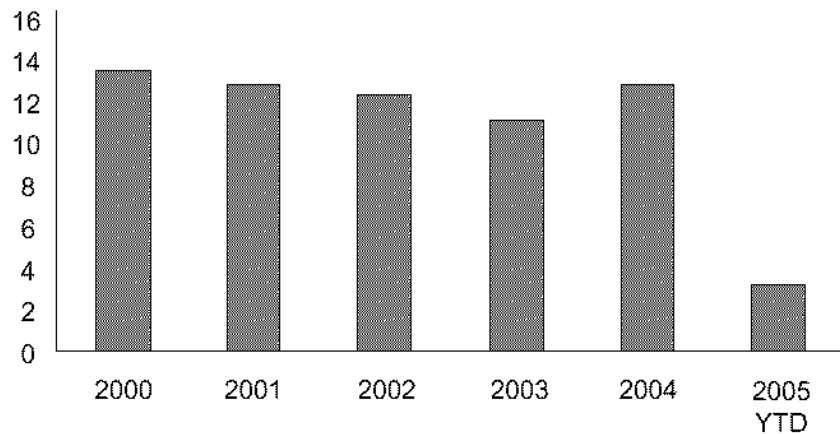


Safety

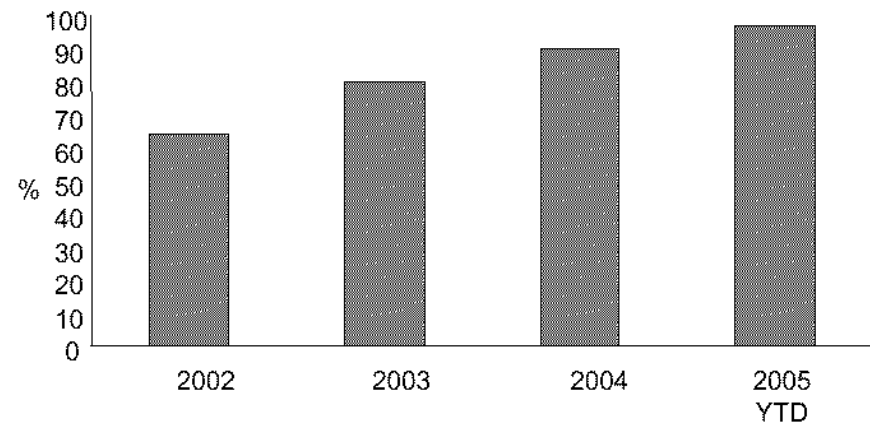
Lost Time Injury Frequency Rate



MTI Frequency Rate



Audit Participation



Environment and Community

Environment

- Excellent environmental performance
- EPA Accredited Licence since June 1996
- Certified to ISO14001
- Environmental Improvement Plan in partnership with the EPA
- Tidy Town Award (second year)
- Achieved stretch targets for energy intensity reduction and water discharge
- Extensive recycling program including 99% of water, 100% of by-product steel, 95% of oxide and 100% of scale, along with rags, gloves and oil

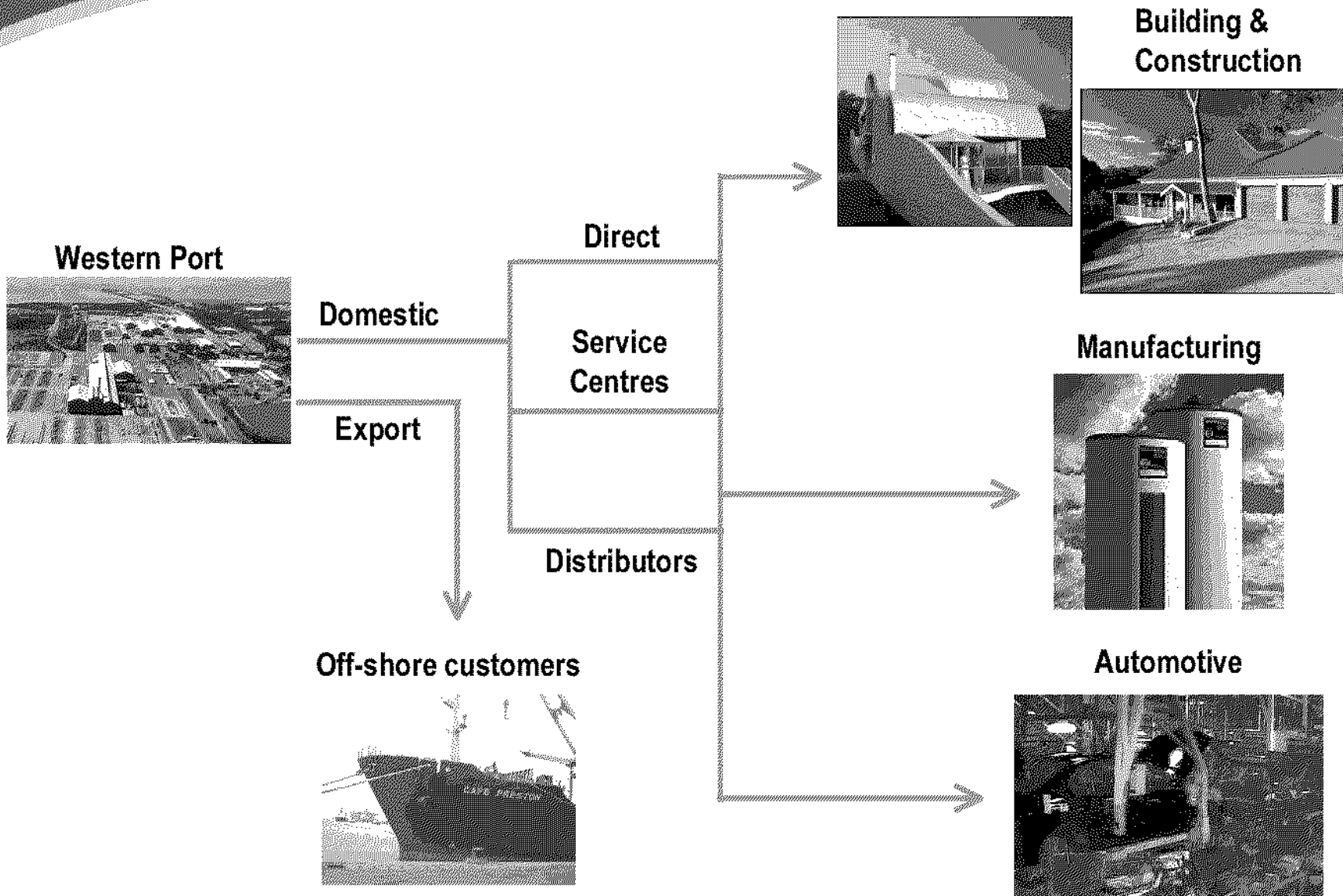


Community

- Active Community Liaison Committee
- Sponsor many community activities such as Fit to Drive, Schools Environment Week, Pelican Park Aquatic Centre
- Strong relationship with local campus of Monash University



Our Markets and Supply Chain



Our Markets

Domestic Steel Market

- Strong 2 years
- Some softening in the residential market however increases in:
 - Alterations
 - Non-residential development in infrastructure and warehouses
- Stable automotive market supported by increased exports

Export Steel Market

- Export adjusted to mirror domestic cycle and meet BlueScope Steel requirements

Competitors

- Cement and terracotta tiles (roofing)
- Tilt-up concrete (buildings)
- Plastic (rainwater tanks, drums etc.)
- Steel importers

Our Product Range

Across BlueScope Steel

COLORBOND®

ZINCALUME®

GALVASPAN®

Unique to Western Port

ZINCANNEAL®

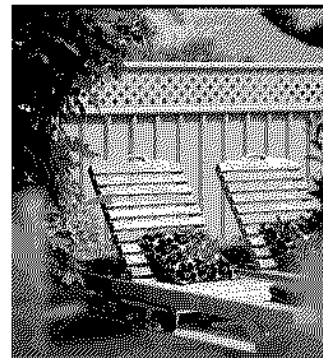
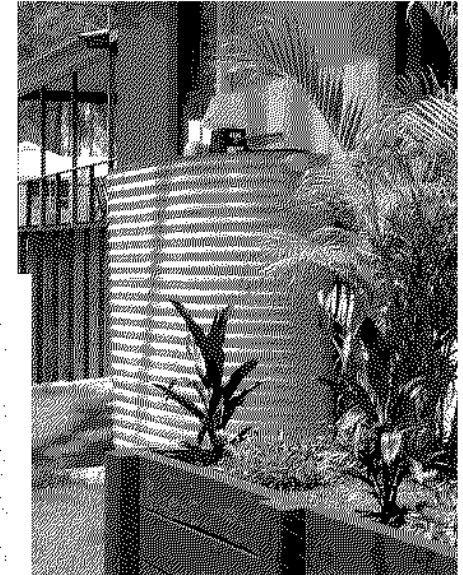
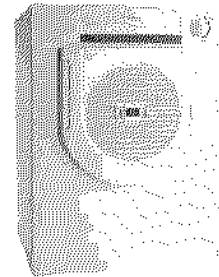
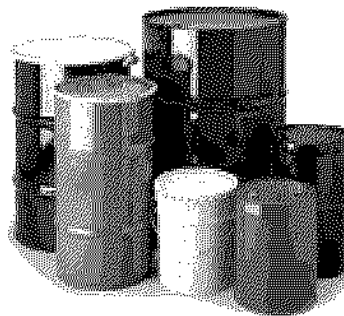
ZINCSEAL®

AQUAPLATE®

UNCOATED

HOT ROLLED > 1500 mm wide

Width of Lines HSM, MCL6, CPL2



Our Solutions

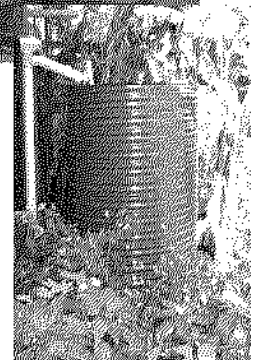
Product innovation

- New house-framing product to be launched later this year
- New HYDRORIB® steel for water management
- Anti-graffiti fencing solution under development



Supply Chain solutions

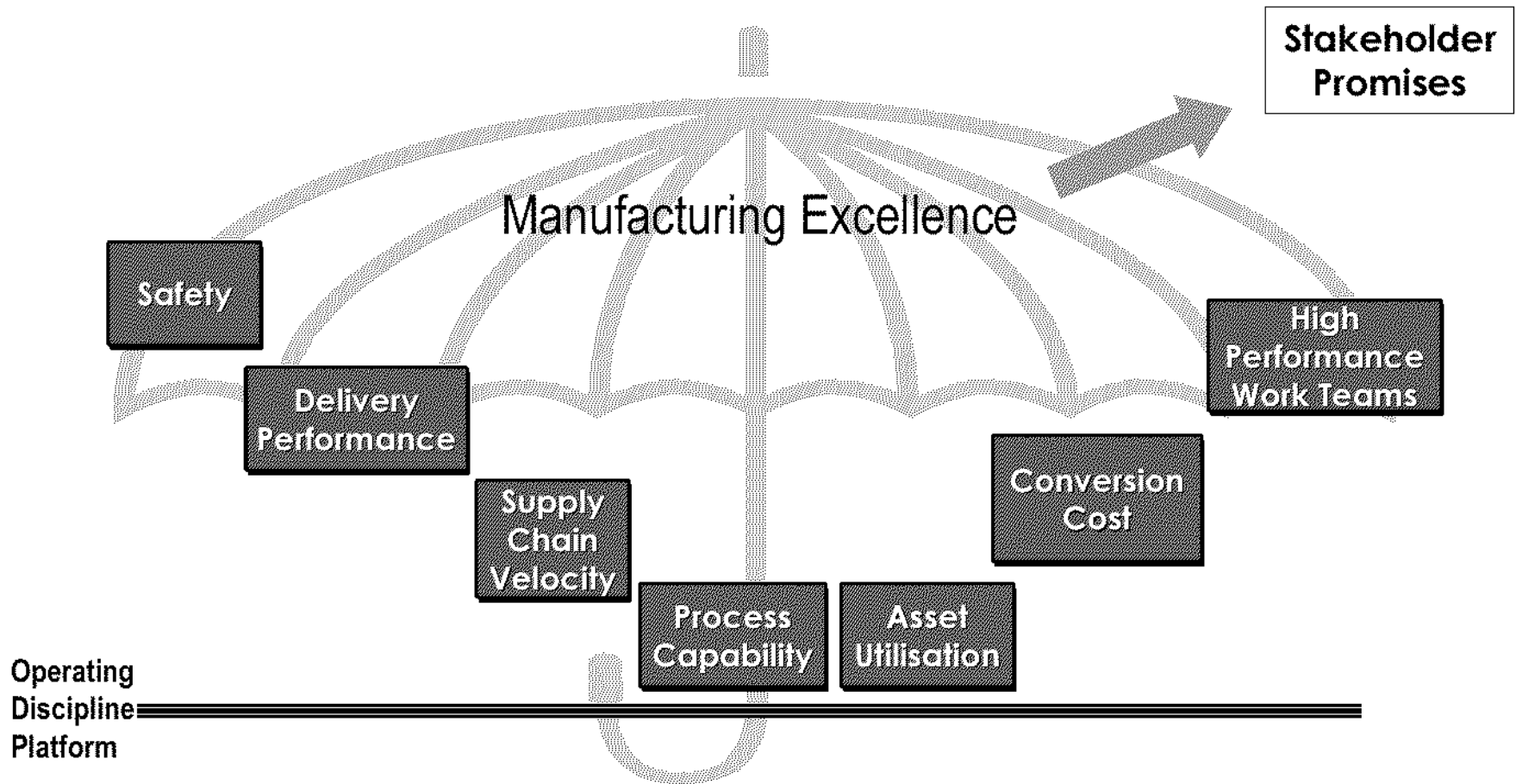
- Supplying all domestic automotive customers advanced delivery offers on specialist grade products in 16-48 hours
- Improved lead times (and inventory) for key customers



Customer and market solutions

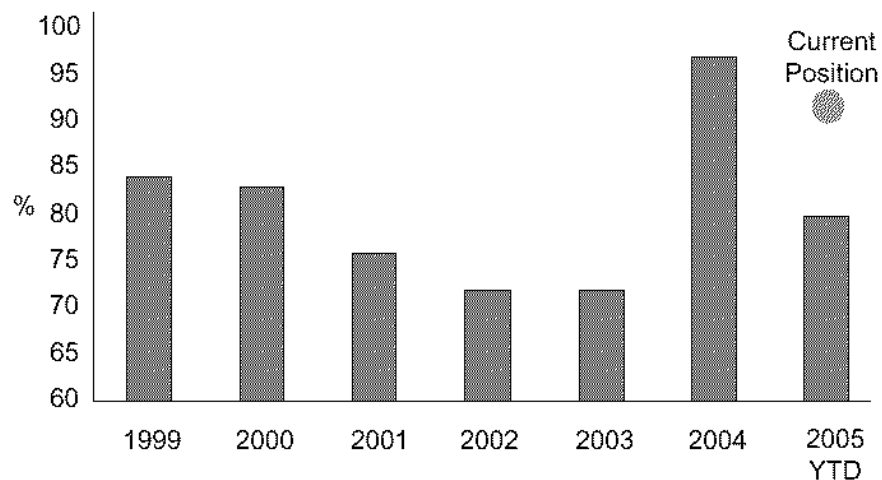
- Water management solutions for new housing estates
- Working with customers in new product development – for example, new design of insulated panel
- Innovative relationships with RAIA and architects

Manufacturing Excellence

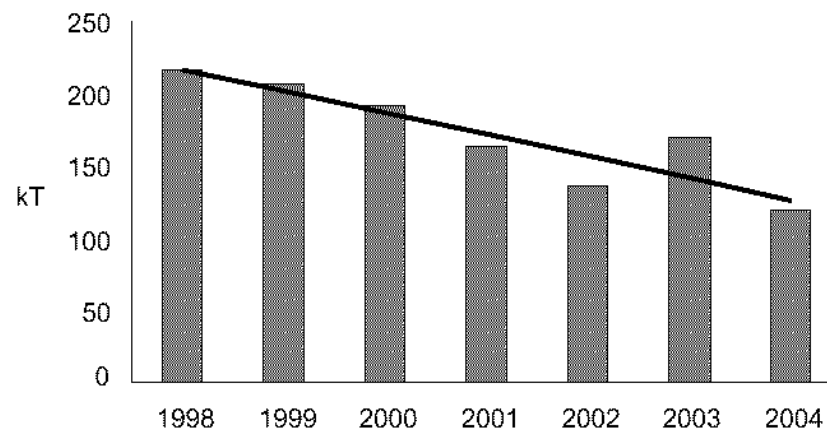


Manufacturing Excellence

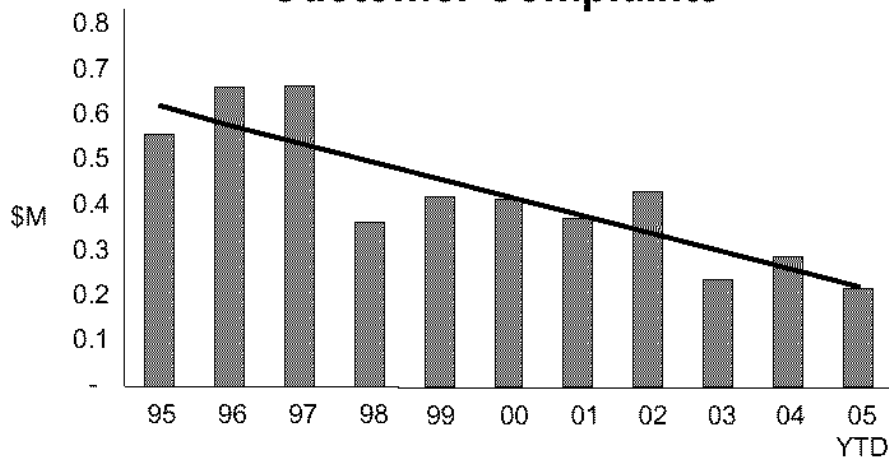
Delivery Performance



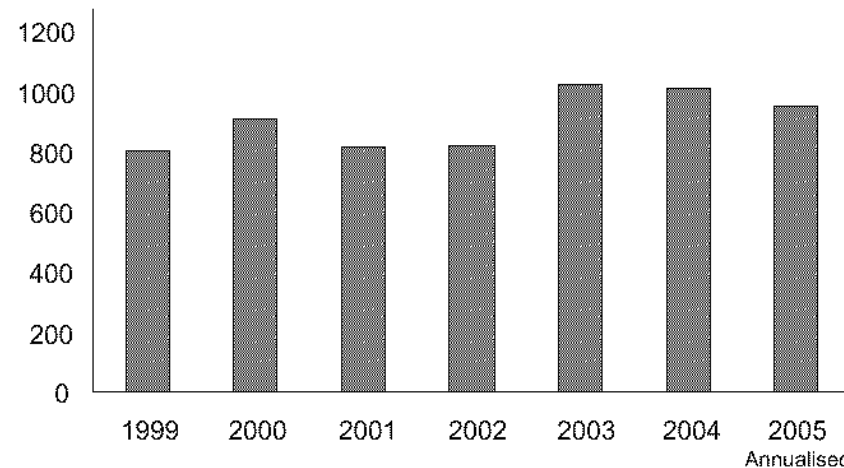
Inventory



Customer Complaints

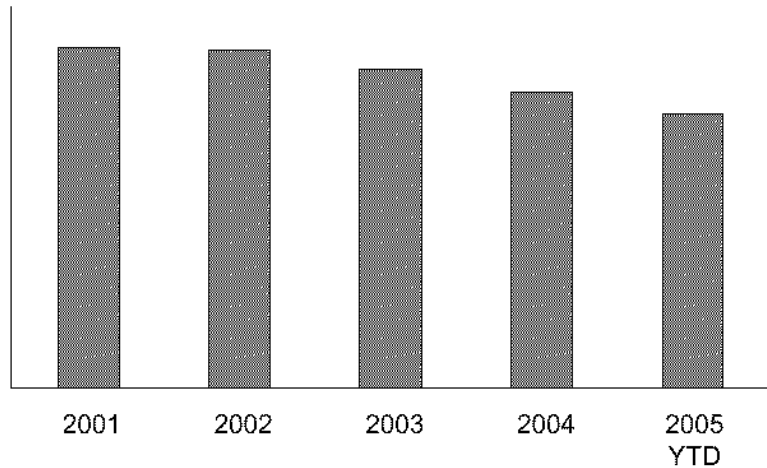


Hot Strip Tonnes per Employee



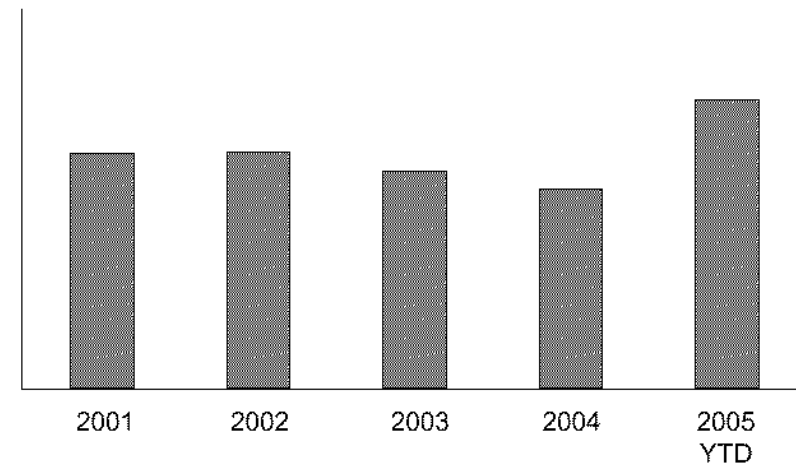
Workforce Reform

Employee Numbers



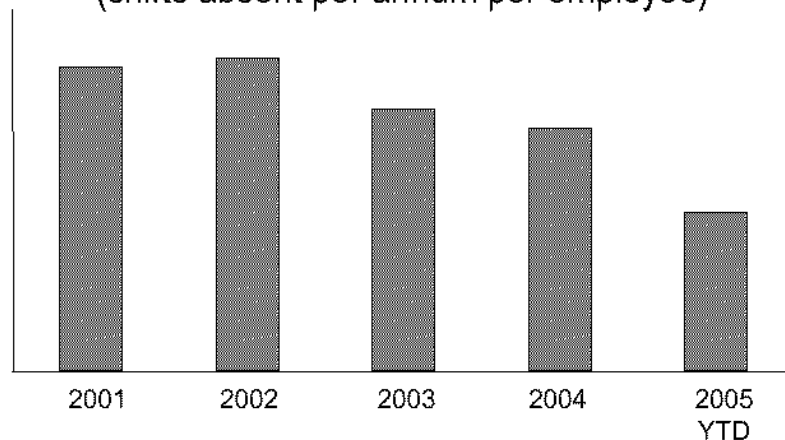
Overtime

(hours per employee per week)



Absenteeism

(shifts absent per annum per employee)



- Labour efficiencies a key reform program
- Reduction in base numbers assists long-term competitiveness
- Overtime – spike due to order surge pre-Christmas and post-industrial recovery

Investing for the Future

Enterprise Bargaining Agreement (EBA)

- Objectives: Longer term agreement, Affordable and Competitive, Site based
- Main offer made August 2004
- Union tactics to stall
- Employees accepted in November
- EBA certified March 2005
- Outcome: 3 + 1 years, Site based and Competitive

Contractor Dispute

- Union led (ETU) - Alleged safety issues and support for BlueScope Steel electricians
 - Strong message to business and governments
- Substantial customer and supplier support
- Successful outcome through the AIRC

Going forward

Core Strategies

Market Growth and BlueScope Steel Support

Actions:

- Support Coated Products Australia growth in Australia
- Value added new products and solutions
- New building innovations
- Marketing excellence
- Export - support other BSL requirements

Manufacturing Excellence

Actions:

- Safety
- Delivery performance
- Supply Chain Velocity
- Process capability
- Asset utilisation
- Conversion costs
- High performance work teams

People

Actions:

- Continued workforce engagement
- High performing and flexible workforce
- Bench strength
- Networks across BlueScope Steel

Asset Management

Actions:

- Alliances
- Right infrastructure to support Marketing strategies [Market Offer]

Enabling Strategies

Zero harm

Continued employee engagement

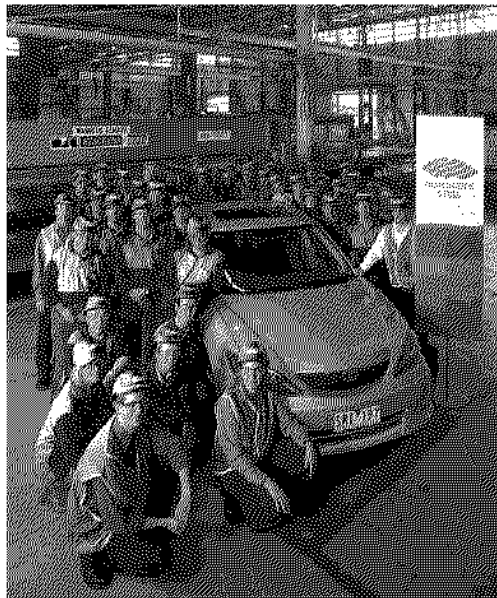
Rigorous capital management

Supply Chain solutions

Enhanced business system capability

Strategic partnerships and alliances

Our Success



Toyota Presidents Award

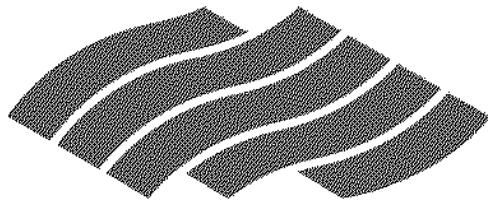


Development of a New 'In House' Roughing Mill Gauge on the HSM

Cost Saving and Productivity Improvement Solutions



Roll Cooling System at the HSM Finishing Mill



**BLUESCOPE
STEEL**

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