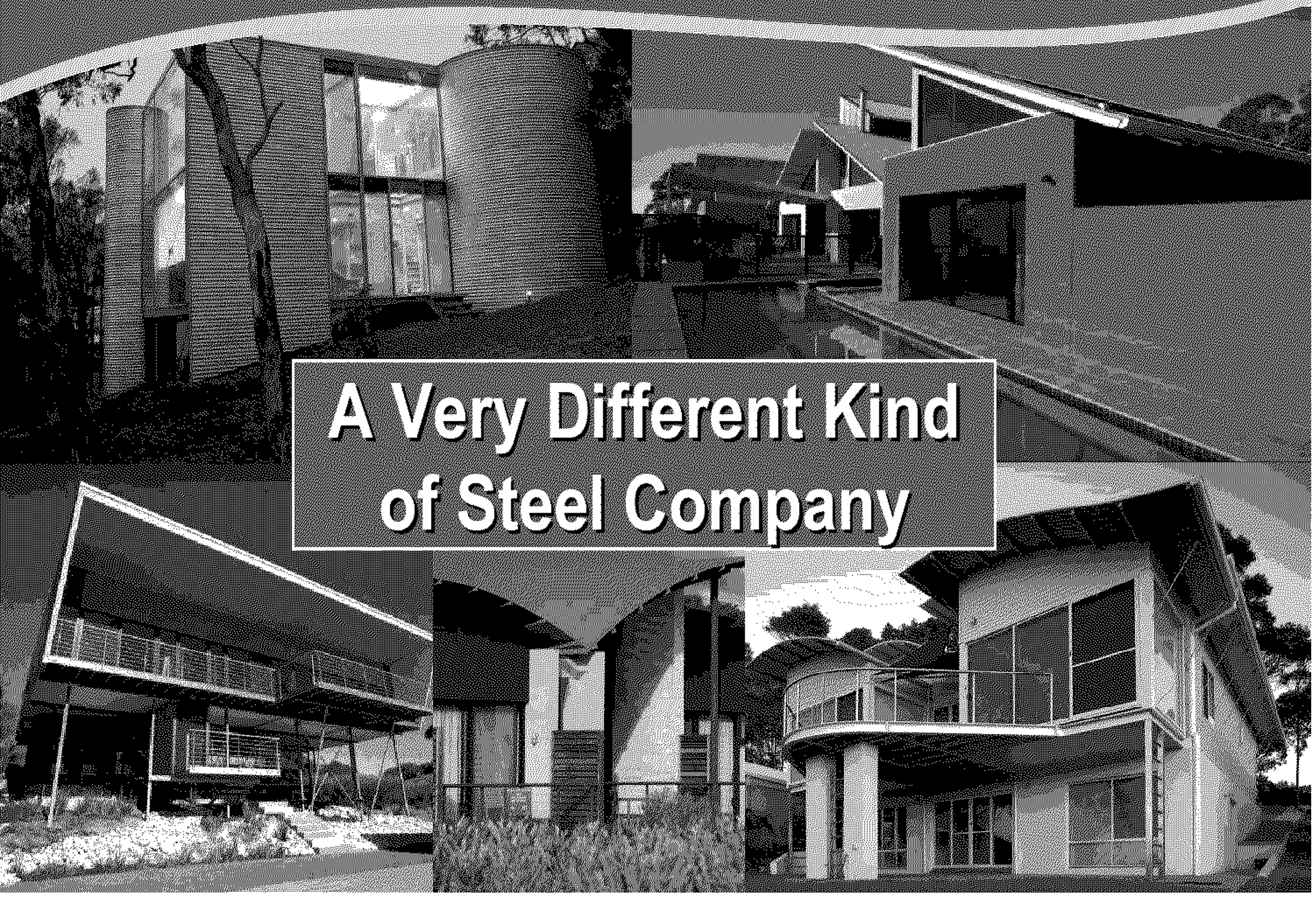
BLUESCOPE STEEL

# "Continuing to Reward Shareholders and Deliver on our Strategy"

Kirby Adams, Managing Director and Chief Executive Officer

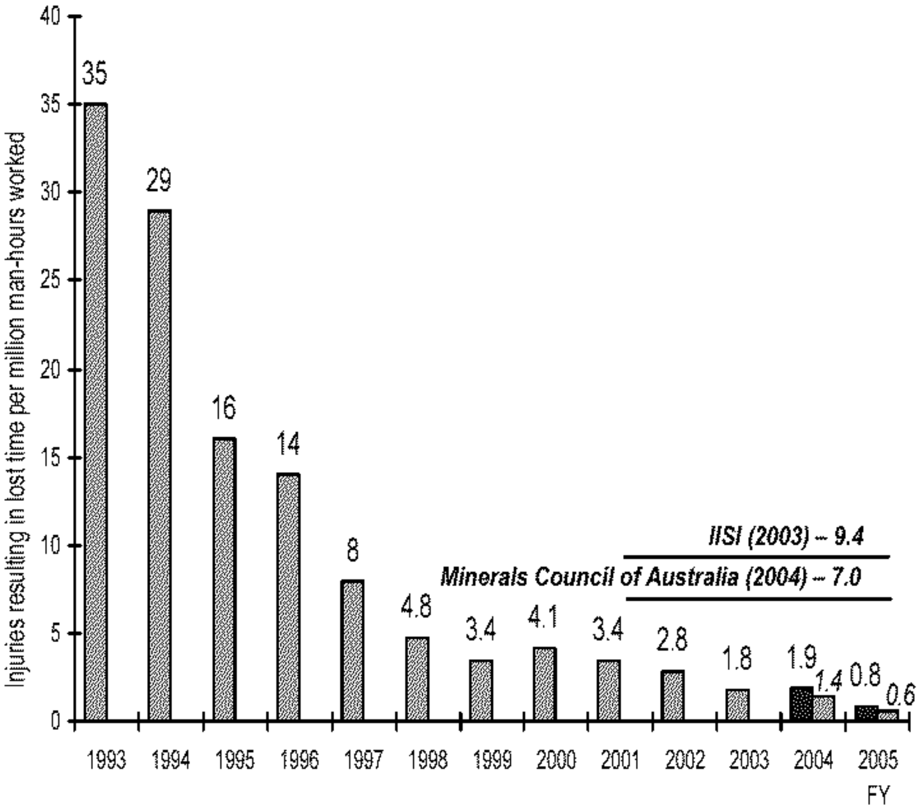
27 September, 2005

ASX Code: BSL


A Very Different Kind
of Steel Company

# Safety –"Taking Care" as we grow - Our goal remains Zero Harm

## Lost Time Injury Frequency Rate

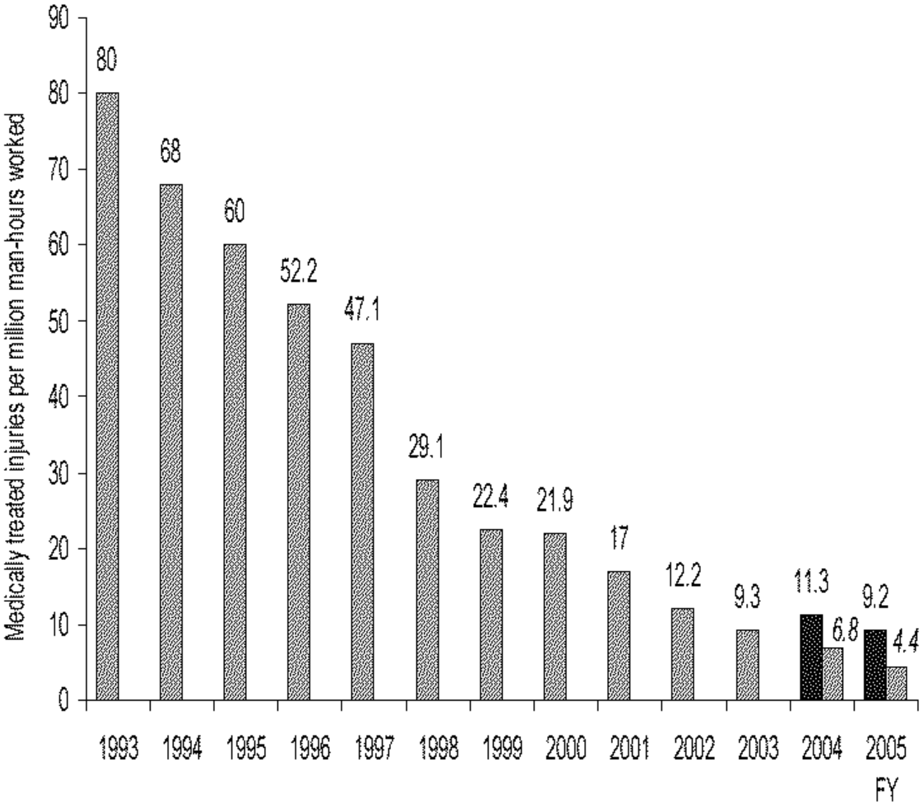



* *Includes contractors from 1996*

*Includes Butler performance from July 2003*

*Excludes Butler performance*

## Medically Treated Injury Frequency Rate

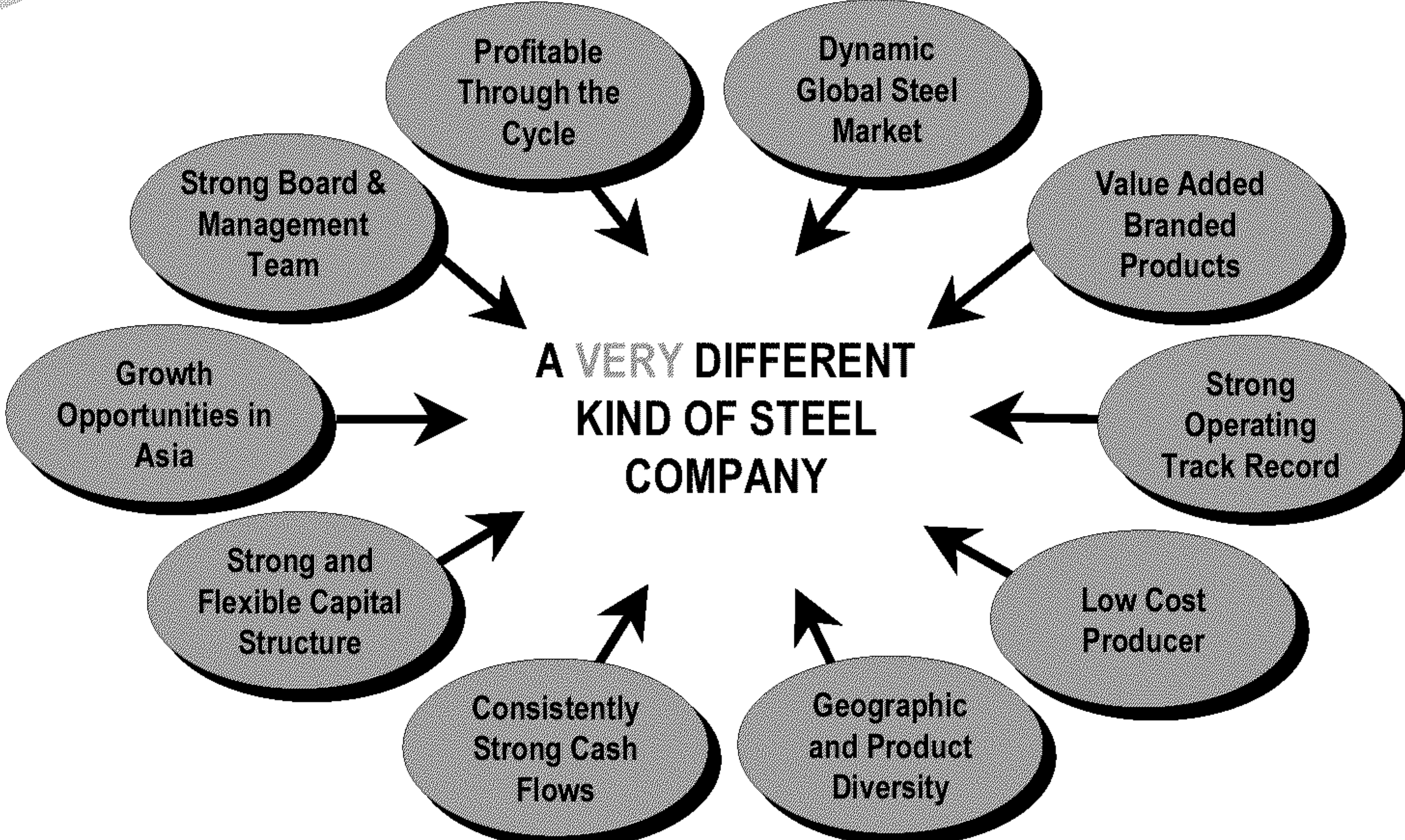



* *Includes contractors from 2004*

*Includes Butler performance from July 2003*

*Excludes Butler performance*

***17,500 Employees, 84 manufacturing sites, 17 countries***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Dynamic Global Steel Market
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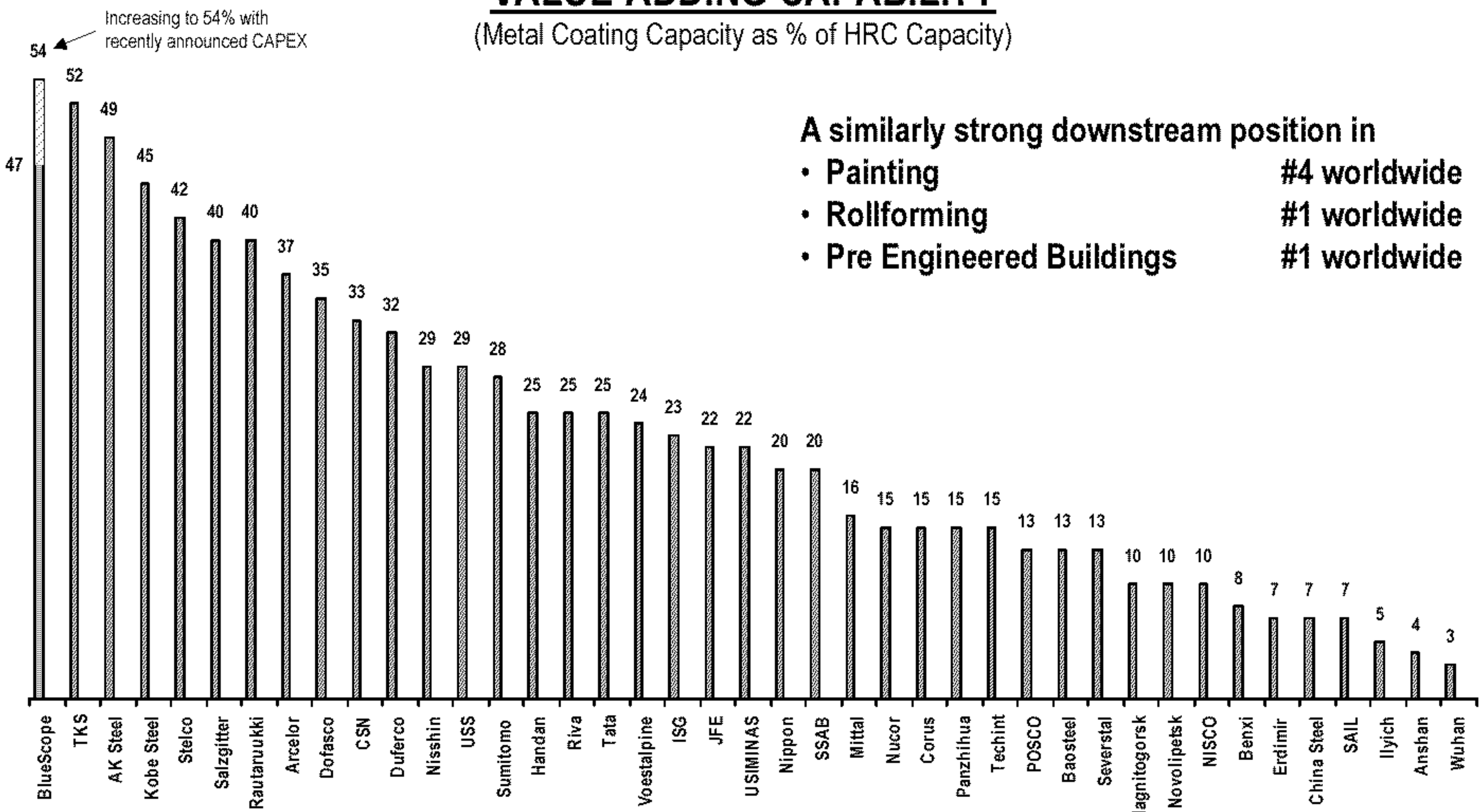
Geographic and Product Diversity

# BlueScope Steel – A global leader in adding value to hot rolled coil

## VALUE-ADDING CAPABILITY

(Metal Coating Capacity as % of HRC Capacity)




**A similarly strong downstream position in**

- **Painting** — **#4 worldwide**
- **Rollforming** — **#1 worldwide**
- **Pre Engineered Buildings** — **#1 worldwide**

NOTE: Compiled from the largest 60 steelmakers (excluding those who do not have flat steel metal coating capacity)

Source: IISI 'World Steel in Figures 2005', CRU 'Steel Sheet Quarterly April 2005'

# Value-added branded products

Colorbond®

BUTLER®

A BlueScope Steel Company

LYSAGHT

Zincalume®

THE VISTAWALL GROUP

A BlueScope Steel Company

HydroRib

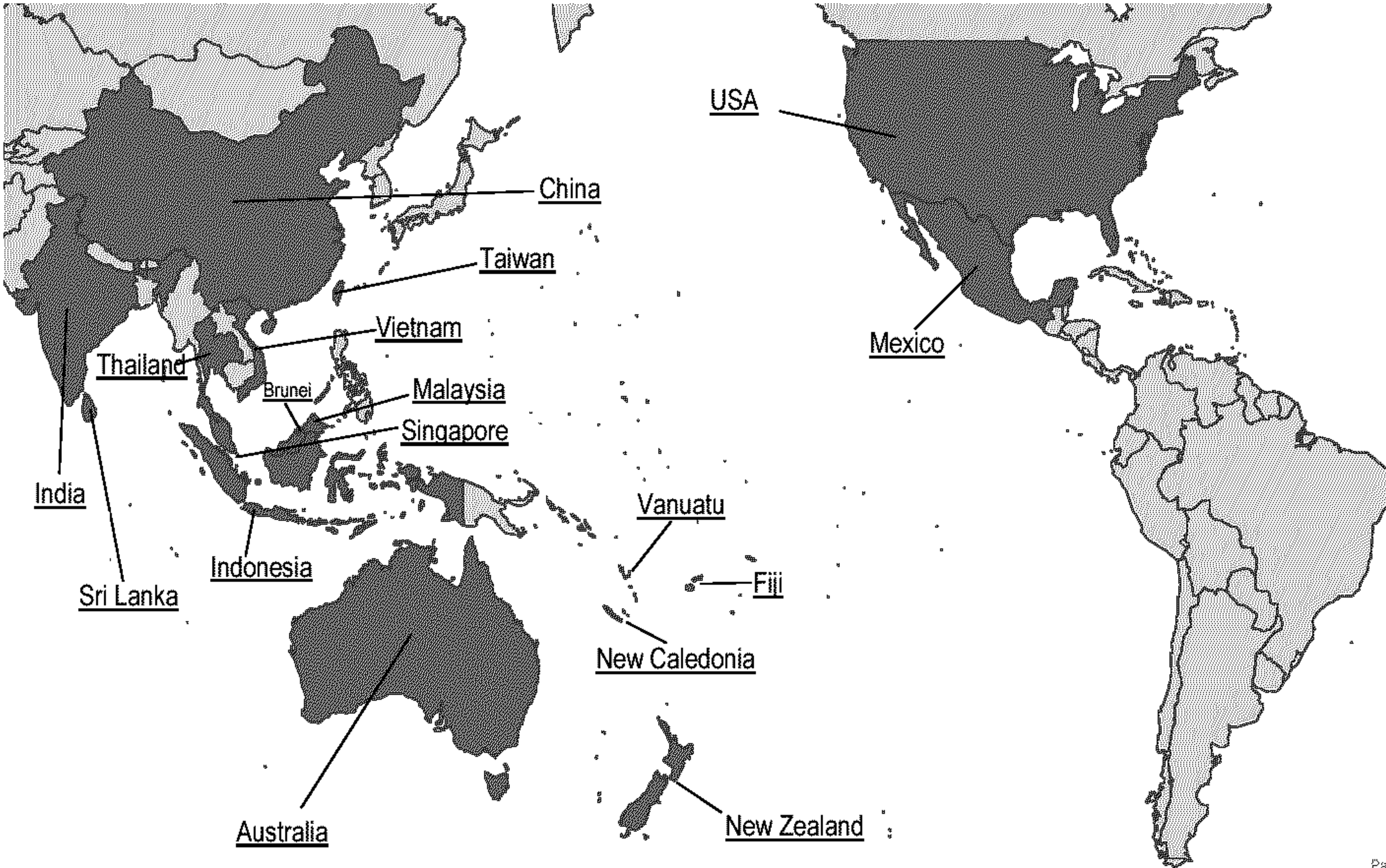
waterforsure

waterpoint

waterpoint

waterpoint

# BlueScope Steel's unique global footprint

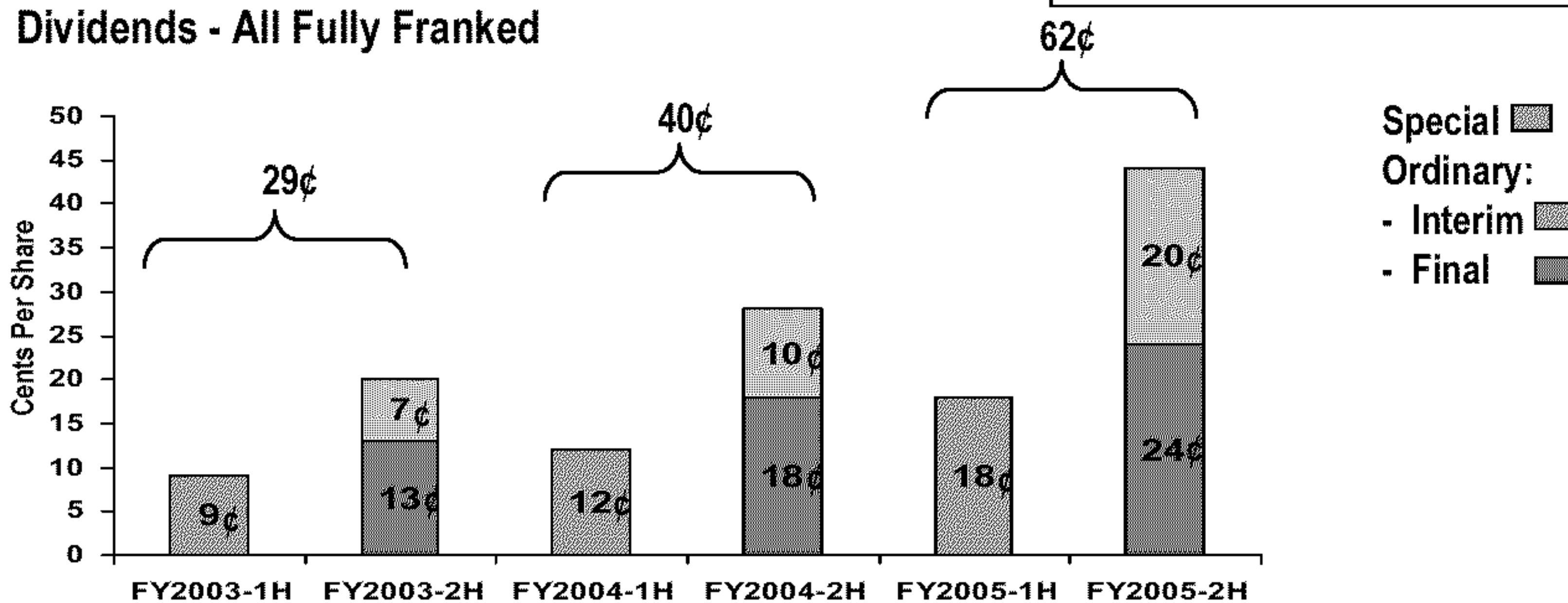


# Capital management – Rewarding shareholders as we grow

- **Share Buybacks – Public Listing to 30 June 2005**
  - Purchased and cancelled 102m shares
    - * on market – 76m shares
    - * off market – 26m shares

| Total return to shareholders since BSL's public listing (July 2002): | |
|---|---|
| • Share buybacks | $ 612m |
| • Dividends paid | $ 656m |
| • Final & special dividend (to be paid Oct 05) | $ 312m |
| | $1,580m |
| $2.09 share or 77% payout ratio | |

- **Dividends - All Fully Franked**

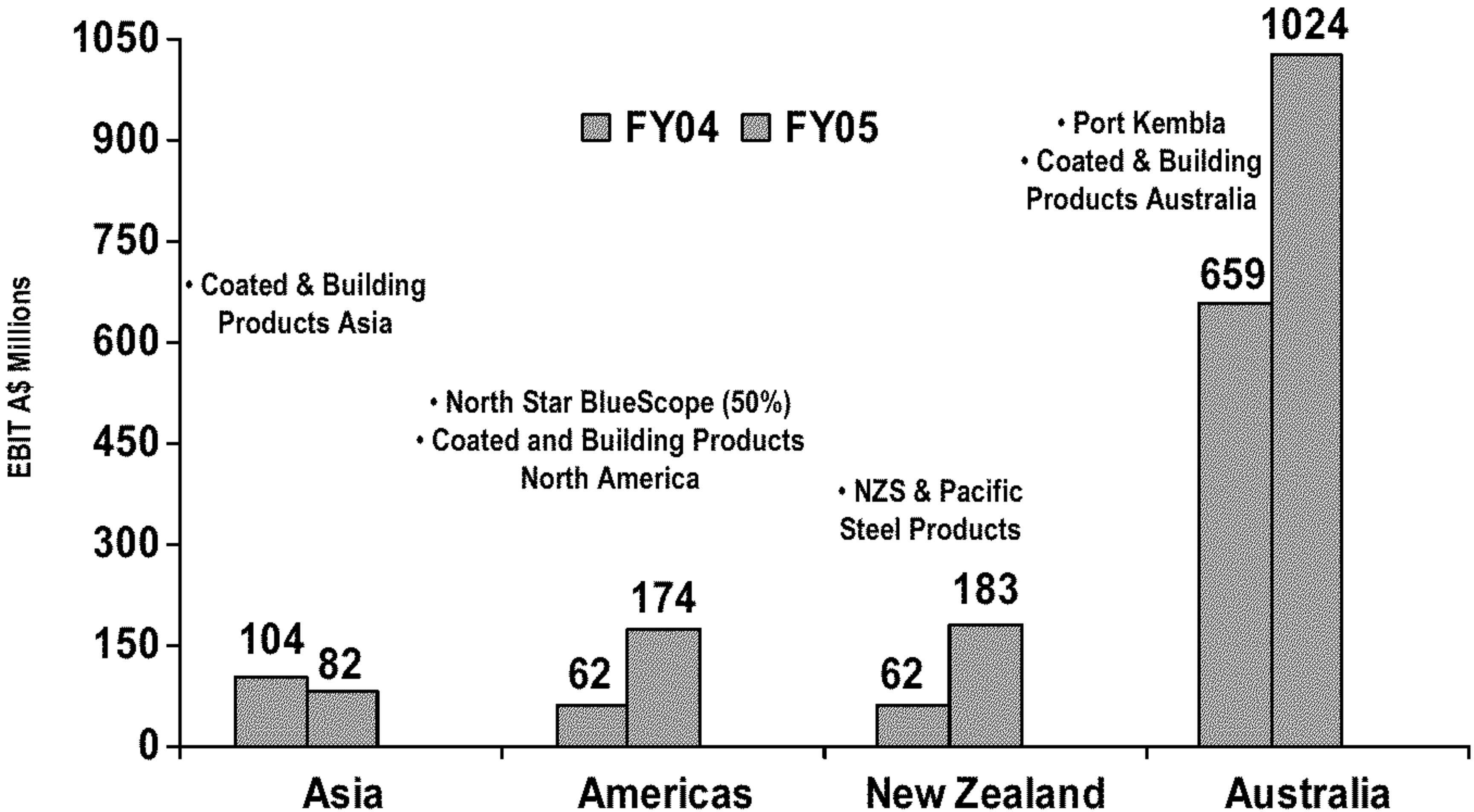


# Group headlines FY2005 – diversified portfolio delivers another outstanding result

| | | |
|---|---|---|
| • **Revenue** | **A$7,982 million** | ***Up 38% to record*** |
| • **External despatches** | **7.2 million metric tonnes** | ***Up 4% to record*** |
| • **EBITDA** | **A$1,694 million** | ***Up 53% to record*** |
| • **EBIT** | **A$1,388 million** | ***Up 70% to record*** |
| • **NPAT** | **A$1,007 million** | ***Up 72% to record*** |
| • **EPS** | **137.4¢** | ***Up 77% to record*** |
| • **After tax Return on Invested Capital** | **25.4%** | ***Up 37% to record*** |
| • **Return on Equity** | **30.0%** | ***Up 53% to record*** |
| • **Net operating Cashflow** | **A$1,225 million** | ***50/50 to shareholders / CAPEX*** |
| • **Final Ordinary Dividend (fully franked)** | **24¢ per share** | ***Up 33%*** |
| • **Special dividend (fully franked)** | **20¢ per share** | ***Doubled*** |
| • **Gearing (net debt)** | **18.4%** | - ***vs. 12.9% (30 June 2004)***<br>- ***net debt up A$318 million since June 04*** |

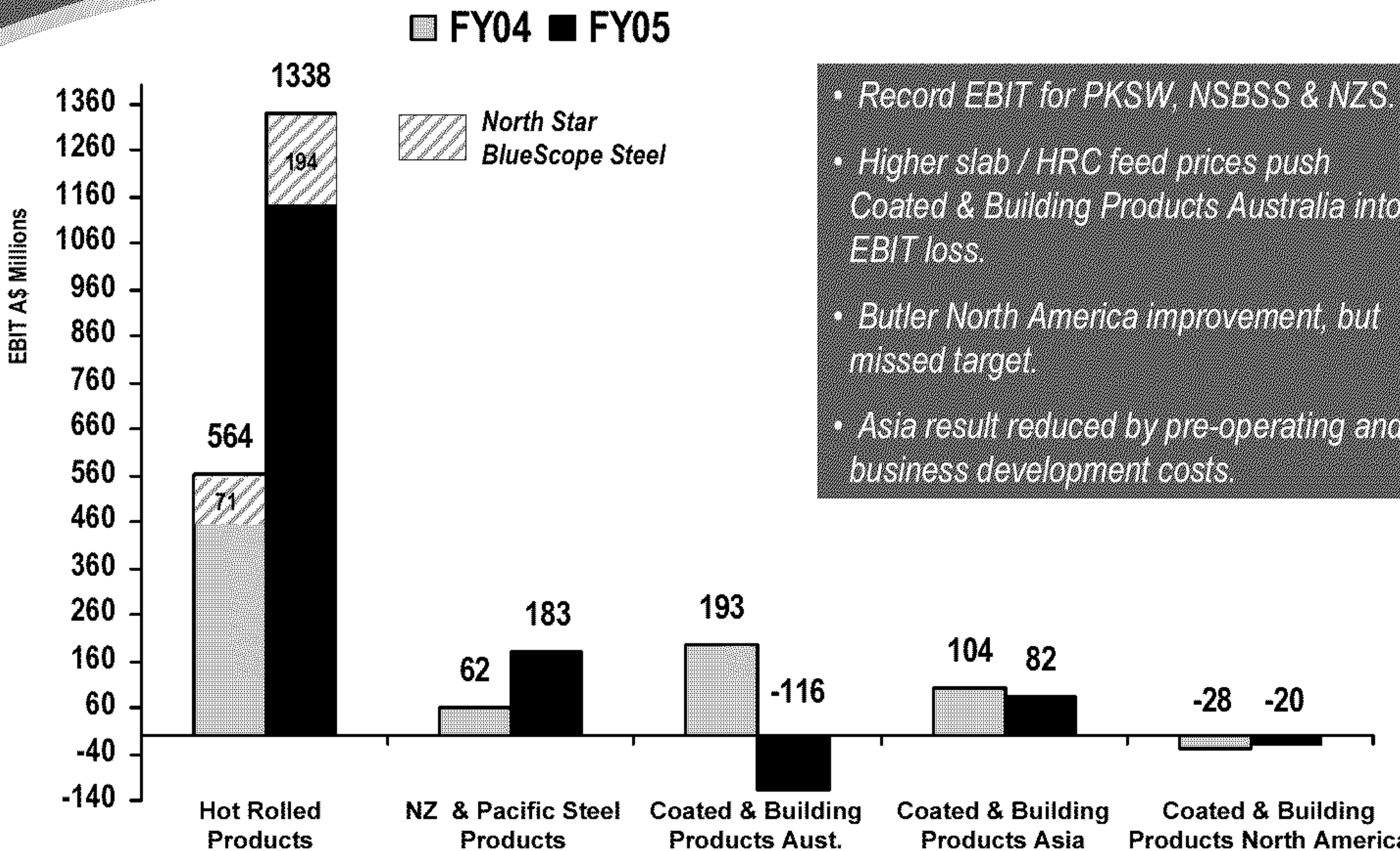
# Steelmaking drives strong regional performance in FY2005

***Based on source of production***




| | | | | |
|---|---|---|---|---|
| *Sales Revenue* | *+50%* | *+180%* | *+28%* | *+18%* |
| *($m):* | *699 / 1,051* | *678 / 1,897* | *590 / 756* | *4,328 / 5,126* |

# FY2005 EBIT strongest in upstream segments




- *Record EBIT for PKSW, NSBSS & NZS.*
- *Higher slab / HRC feed prices push Coated & Building Products Australia into EBIT loss.*
- *Butler North America improvement, but missed target.*
- *Asia result reduced by pre-operating and business development costs.*

**FY2005**

| | Hot Rolled Products | NZ & Pacific Steel Products | Coated & Building Products Aust. | Coated & Building Products Asia | Coated & Building Products North America |
|---|---|---|---|---|---|
| • Return on Net Assets (pre-tax) | 66% | 39% | (9%) | 11% | (8%) |

# Consistently strong cashflow underpins growth, dividends and value

| A$ millions | 2002[1] | 2003 | 2004 | 2005-1H | 2005-2H | FY2005 |
|---|---|---|---|---|---|---|
| Net operating cashflow before borrowing costs and income tax | 381 | 763 | 893 | 578 | 647 | 1,225 |
| Net investing cashflows | | | | | | |
| - Capital expenditure & Investments | (162) | (209) | (585) | (303) | (360) | (663) |
| - Other | 8 | 44 | 7 | 35 | 6 | 41 |
| Net cashflow before financing & tax | 227 | 598 | 315 | 310 | 293 | 603 |
| Net financing cashflow | | (467) | 334 | 161 | 201 | 362 |
| Payment of income tax | | (29) | (119) | (185) | (127) | (312) |
| Share buy-back | | (26) | (259) | (75) | (252) | (327) |
| Dividends | | (75) | (244) | (212) | (136) | (348) |
| Net increase in cash held | | 1 | 27 | (1) | (21) | (22) |

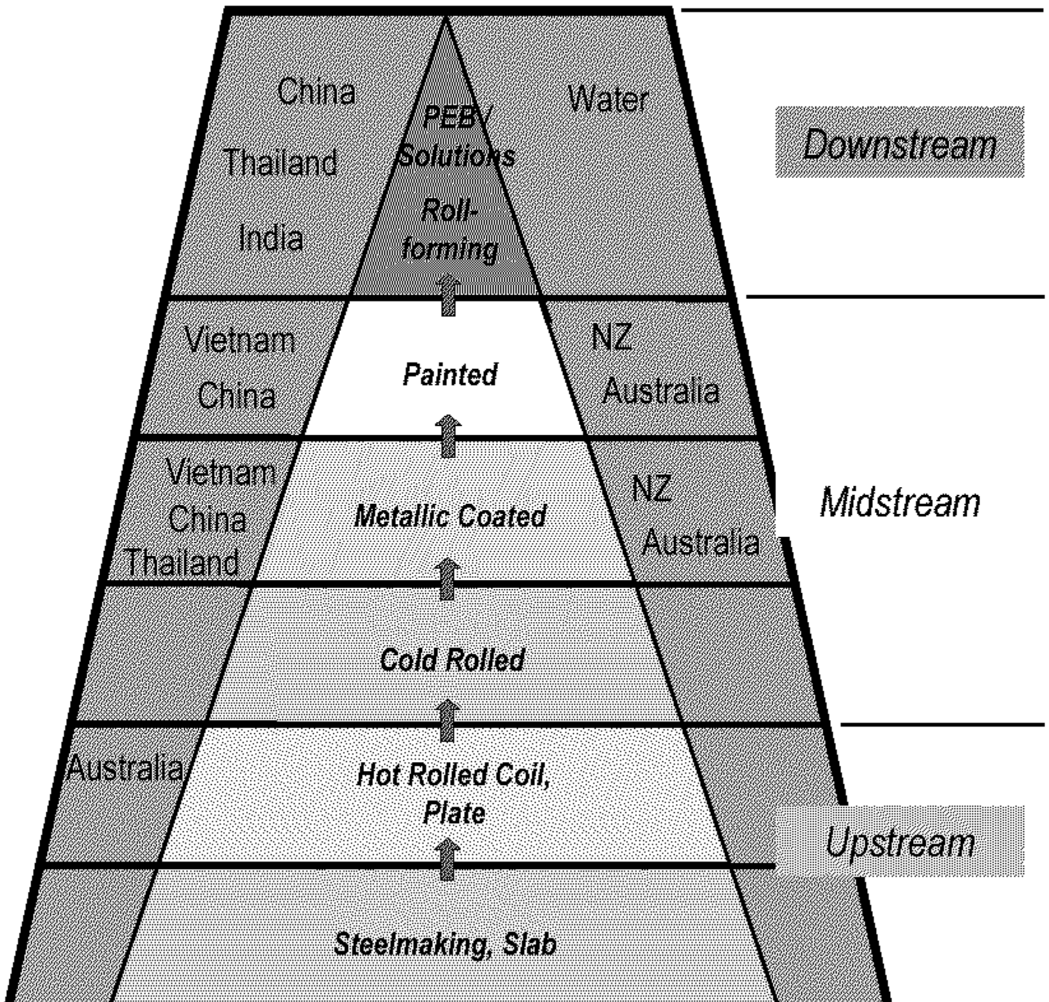
***(1) 2002 normalised.***

# Balance Sheet – growing and maintaining flexibility

| | As At | |
|---|---|---|
| *A$ Millions* | 30 June 2004 | 30 June 2005 |
| Assets | | |
| Cash | 119 | 85 |
| Receivables | 996 | 1,060 |
| Inventory | 963 | 1,211 |
| Other Assets | 415 | 479 |
| Net Fixed Assets | 3,289 | 3,629 |
| Total Assets | 5,782 | 6,464 |
| Liabilities | | |
| Creditors | 728 | 824 |
| Interest Bearing Liabilities | 593 | 876 |
| Provisions | 1,267 | 1,263 |
| Total Liabilities | 2,588 | 2,963 |
| Net Assets | 3,194 | 3,501 |

- **Net Debt / (Net Debt + Equity) (excluding off balance sheet items)** — **12.9%** (30 June 2004), **18.4%** (30 June 2005)

# Our strategy – unchanged and continuing to deliver



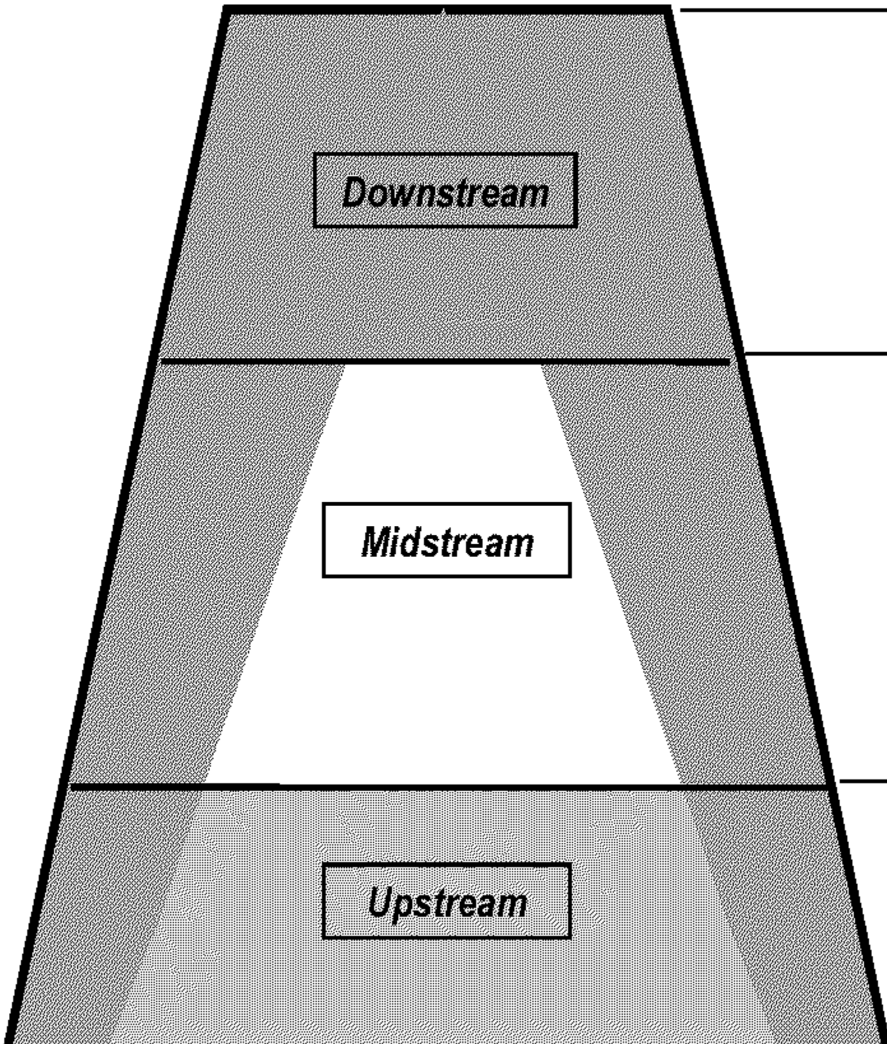

- Strengthening the world's largest construction steel roll former, eg. India, China, USA.
- Growing the world's largest PEB manufacturer, eg. Thailand, India, China.
- Water – solutions for a global issue.

- Grow metal coated and painted capabilities, principally in the world's growth corridor – Asia and Far East.
- Maintain focus on branded products and new product / market offers.
- Research and Development focus to meet future customer needs.

- Cost competitive steelmaker – PKSW, NZ Steel and North Star BlueScope.
- Maximise asset life at optimum capacity.
- Strategic conversion alliances in Asia and USA.
- Reassess raw materials appoach.

# Implementing our strategy – more than 20 major projects in 8 countries

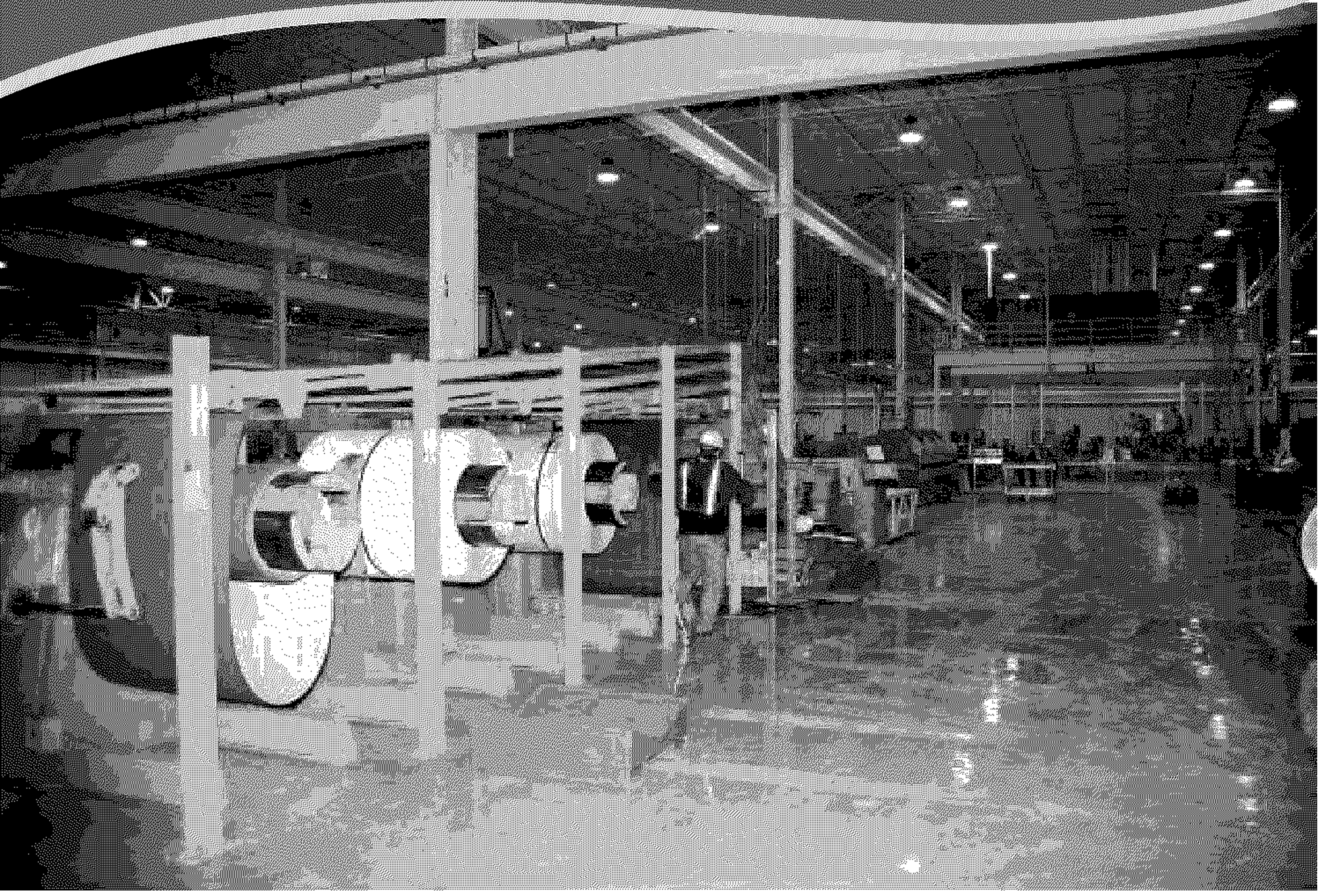
- **Bringing balance to our product portfolio**




| | FY2006 | FY2007 |
|---|---|---|
| Downstream | *USA*<br>- New Vistawall extrusion plant<br>- New Buildings speciality plant<br>*Australia*<br>- Water, Lysaght, WA Service Centre<br>*Thailand*<br>- First Pre-Engineered Building (PEB)<br>*China*<br>- New Panels, residential plants, new beam facility | *India*<br>- New PEB and Lysaght plants<br>*China*<br>- New PEB and Lysaght plants open |
| Midstream | *New Zealand*<br>- Brownfields (increased metal coating & paint capacities)<br>*Australia*<br>- Brownfields (increased metal coating and paint capacities)<br>*Vietnam*<br>- New 125kt Metal Coating Line and 50kt Paint Line<br>*Thailand*<br>- 200kt Metal Coating expansion<br>*India*<br>- Potential JV in Coating / Painting | *Australia*<br>- Colorbond® plant opens<br>*China*<br>- 250kt Metal Coating Line and 150kt Paint Line commissions |
| Upstream | *New Zealand Steel*<br>- Front end study<br>*USA*<br>- North Star BlueScope Steel – new bag house<br>- Castrip<br>*Information Systems*<br>- SAP | *Australia*<br>- 400kt HSM Expansion<br>- BF No. 5 Reline |

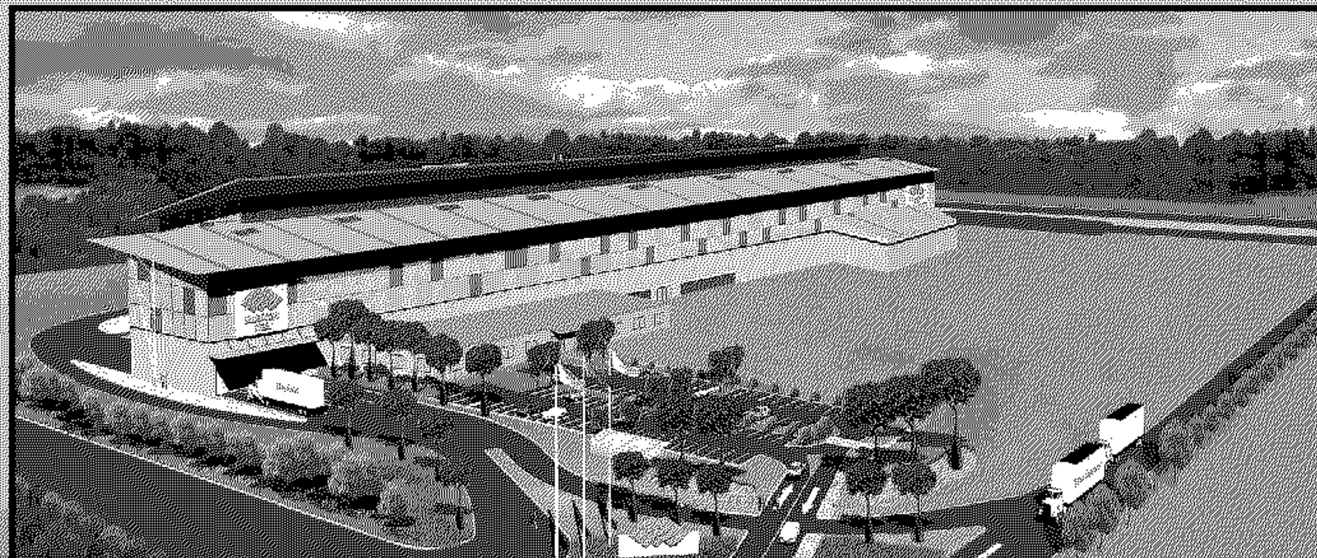
***"Brownfields" – ongoing work to generate small capacity increases at all existing operations at minimal / no capital cost***

# Tennessee Butler Speciality Plant, USA – July 2005



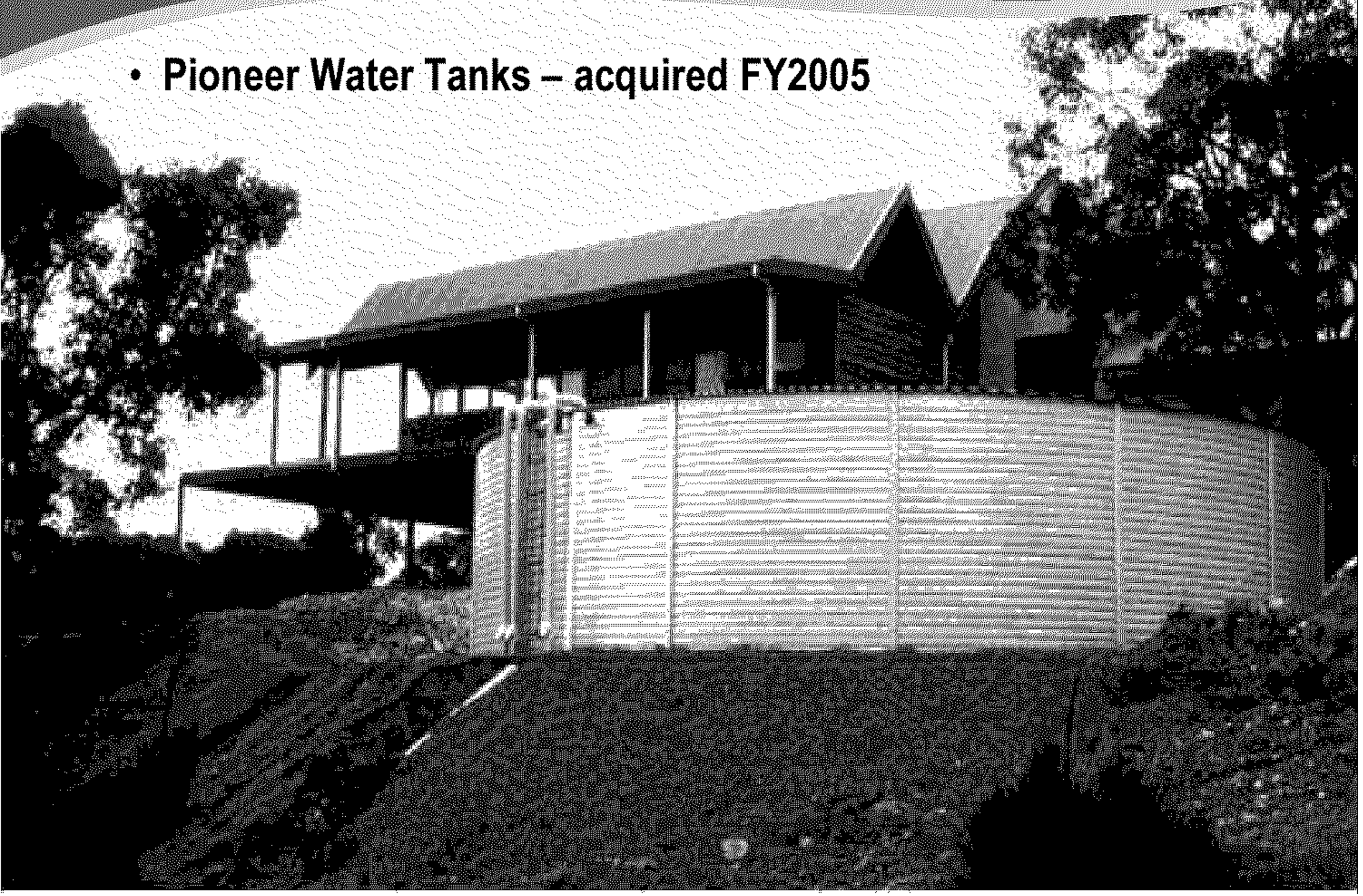
# Vistawall Extrusion Plant, USA – November 2005

# West Sydney Colorbond® plant site, Australia – H1 CY2007

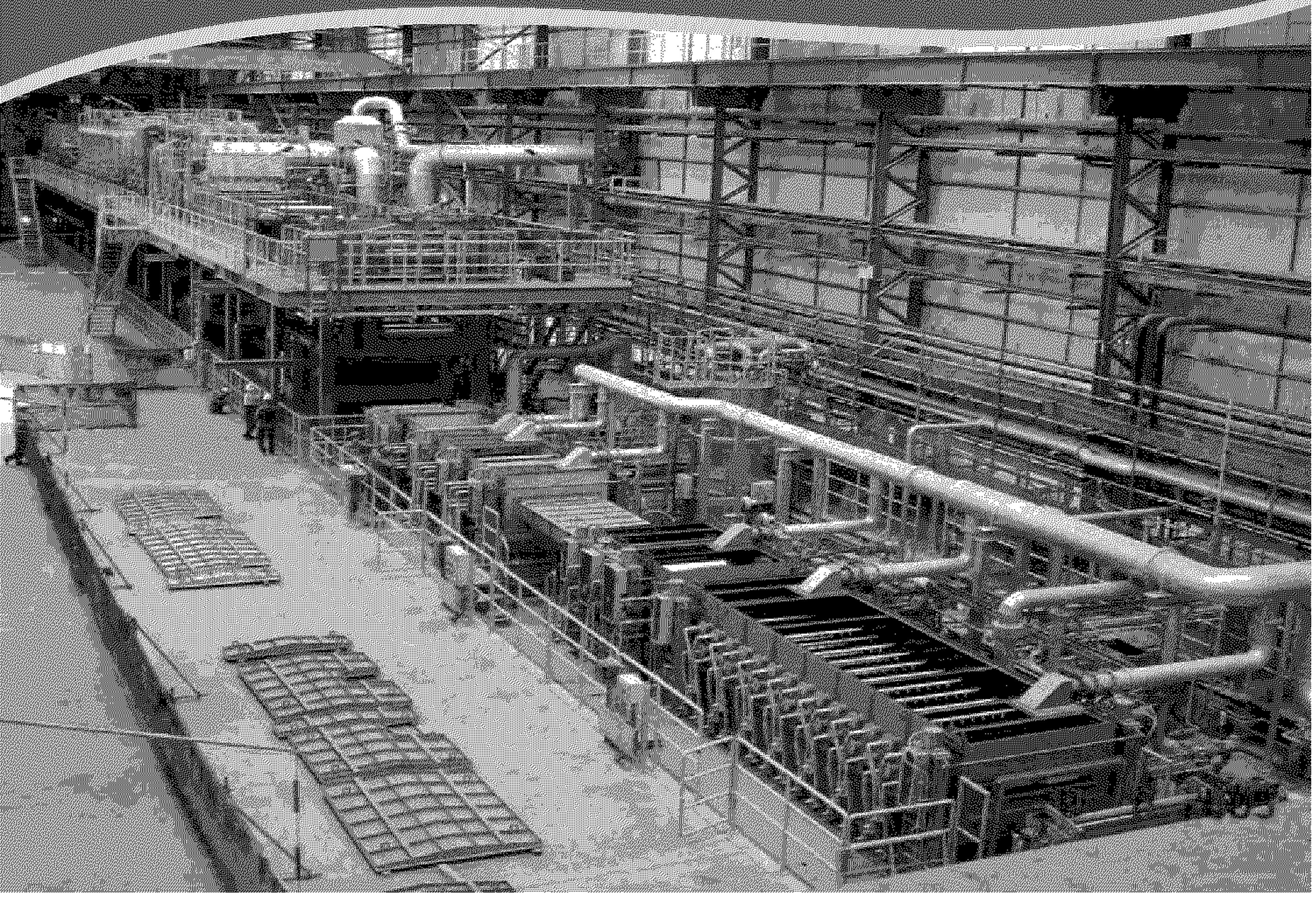


# BlueScope Water developing capabilities – Australia and export

- **Pioneer Water Tanks – acquired FY2005**



# New 125,000t Metallic Coating & Painting, Vietnam – early CY2006



# Additional 200,000t Metallic Coating Capacity, Thailand – August 2005

# BlueScope Buildings PEB for Lysaght at Cibitung, Indonesia - FY2005

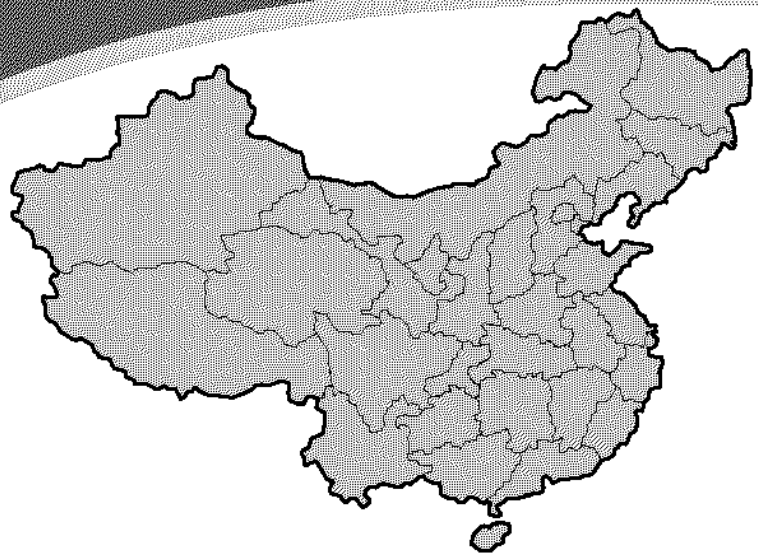
# New 250,000t Metallic Coating & Painting complex at Suzhou, China – mid CY2006

# Butler PEB and Design Centre at Pune, India – 2H CY2006

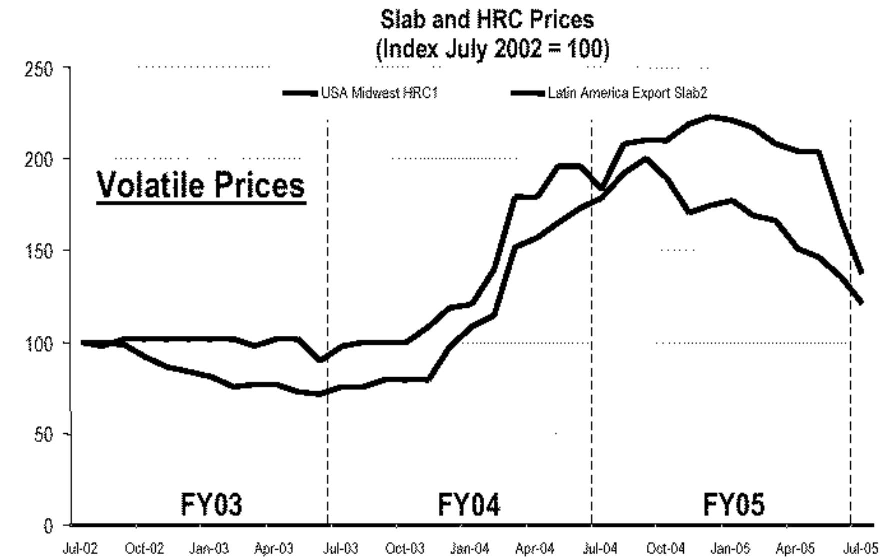

• **SITE**

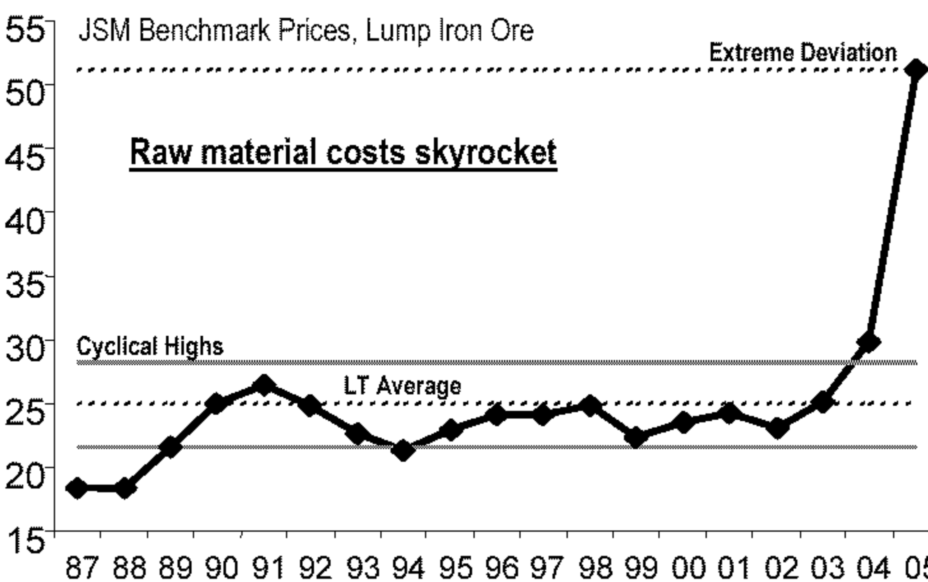
# Global steel industry – dynamic and different

# Extraordinary period in the global steel industry



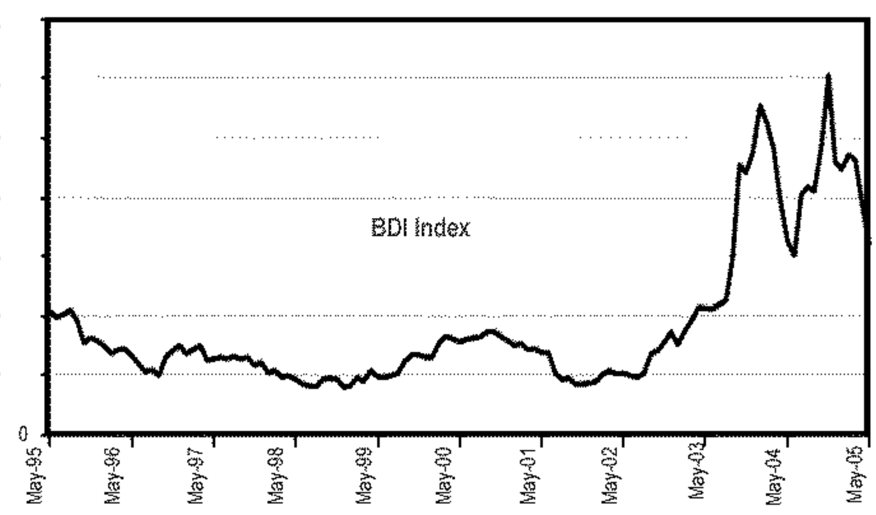
China growth continues



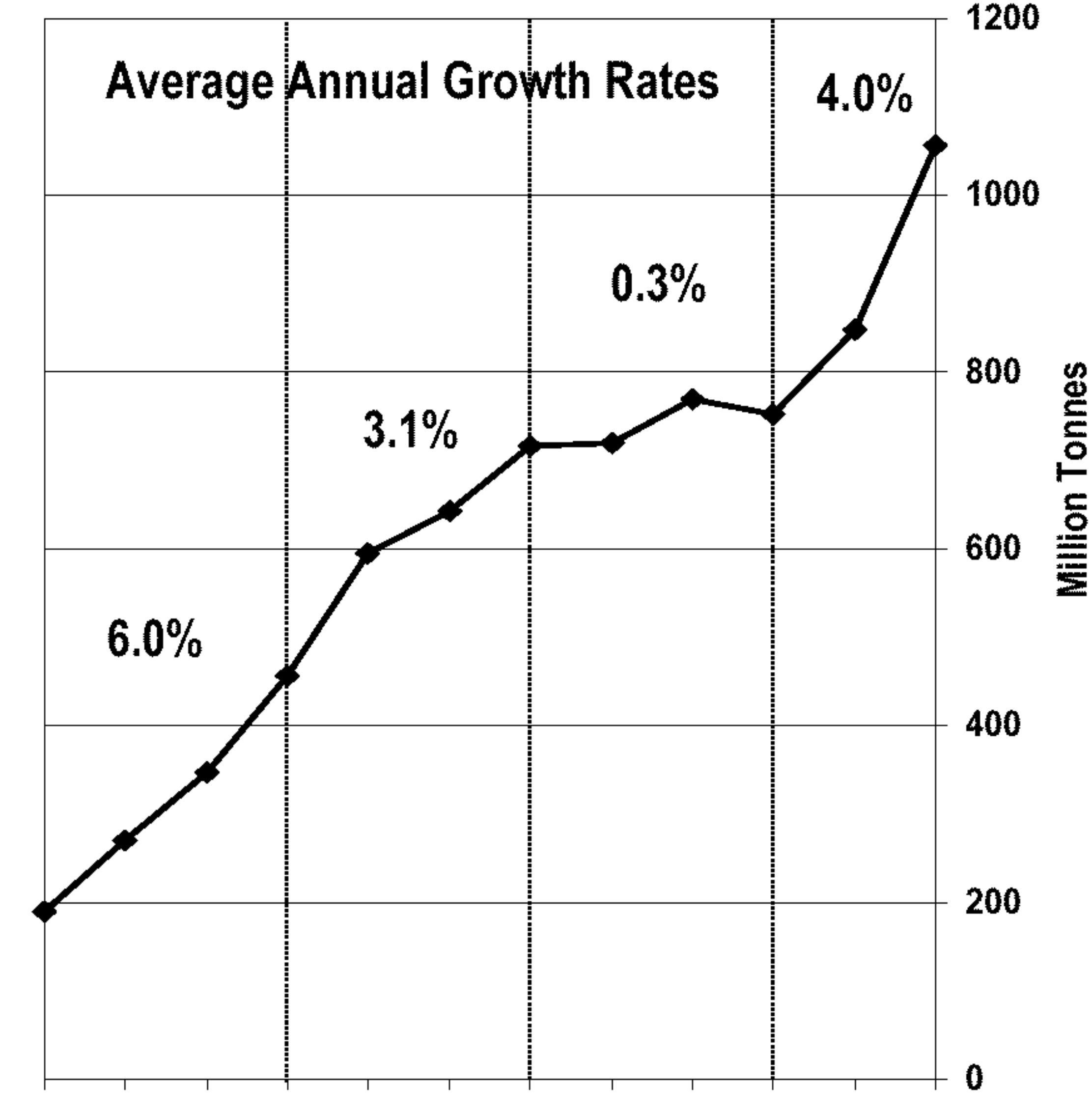




US$ / DMT Lump trend indicative of all iron ore types

Unprecedented shipping costs



# World crude steel production - 1950 to 2004




*Source: IISI*

# Global steel industry - dynamic and different

**Six Pillars of a stronger steel industry**

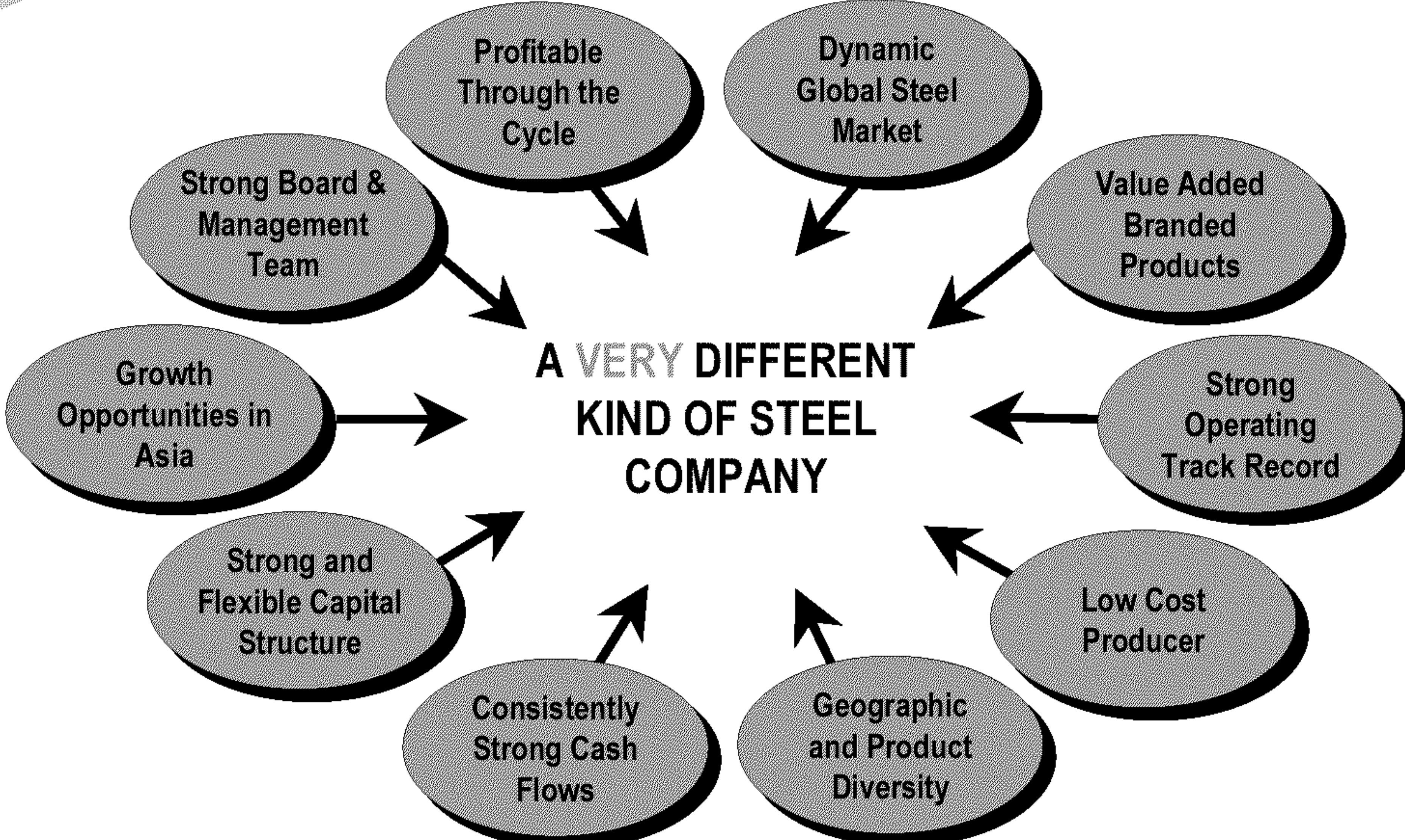
1. Restructure / consolidate
2. Reduce price volatility
3. Address raw materials situation
4. Stand against steel subsidies
5. Spend on innovation and reward our investors
6. Become safer and reaffirm our licence to operate

**Current industry issues:**

- Excess inventory
- China's capacity growth
- Soaring raw materials costs
- Buyer uncertainty
- Energy costs

**Likely industry outcomes:**

- Inventory drawn down
- Industry matching production with demand
- China introducing structural reform
- Further raw material investment
- More stable pricing environment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