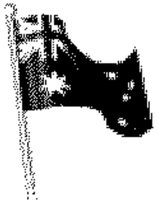
BLUESCOPE STEEL

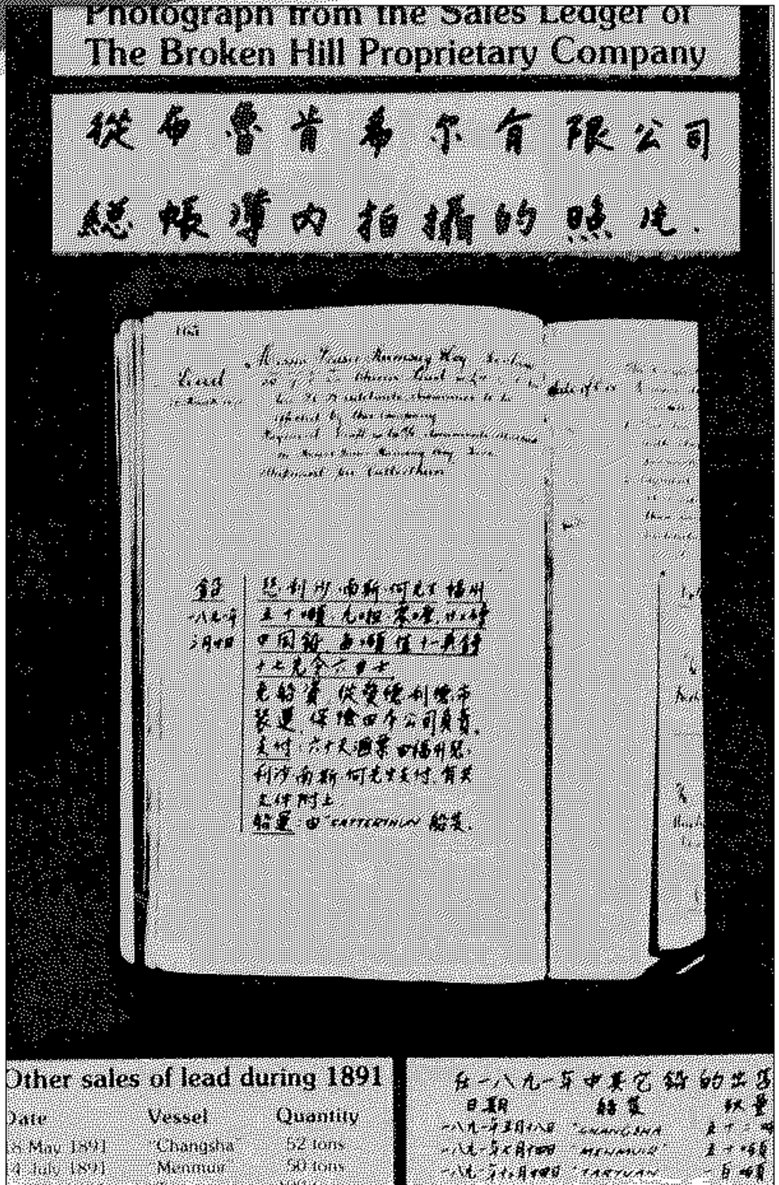


Investor Presentation
BlueScope Steel China Business

Paul Zuckerman
November 22, 2006

Welcome to BlueScope Steel China

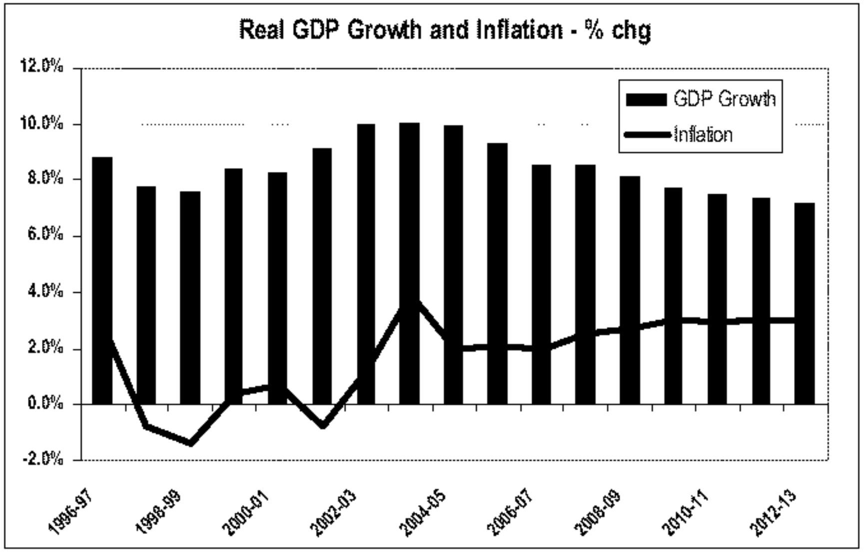
BlueScope Steel has over 100 years experience in China

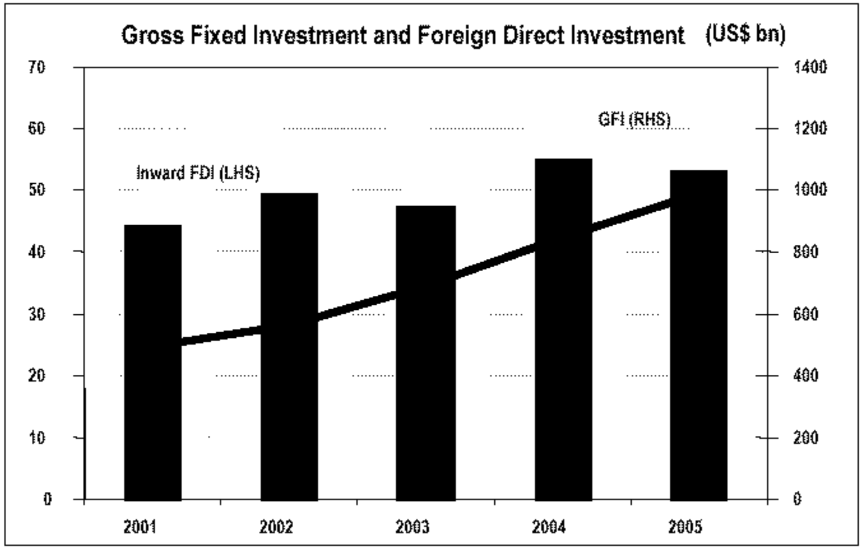


We have a proud history of successfully doing business in China:

- **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**
- **2006 Suzhou Coating Facility, Buildings Guangzhou and Beijing Insulated Panel Line**

China's strong economy has been well documented



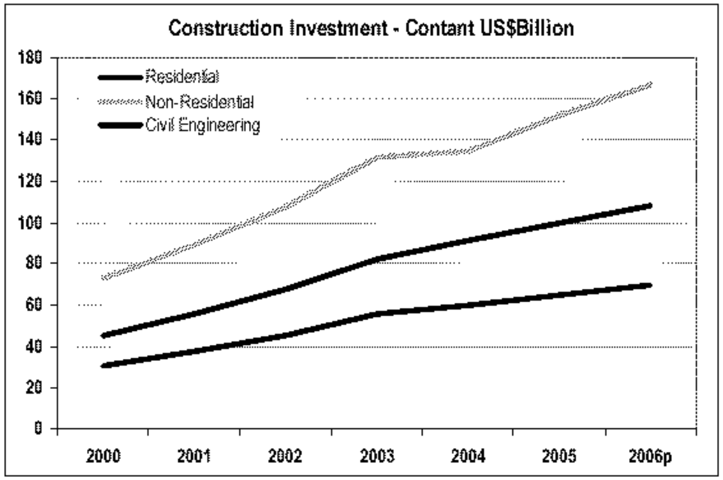


Source: Global Insight, EIU

- **Economy**
  - Real GDP growth is forecast to slow gradually, but will remain strong
  - FDI exceeds US$50 billion per annum
  - Tariff regime
    - 5% on cold roll steel imports
    - 8% on metallic coated steel imports
    - 4% on painted steel imports
  - Currently negotiating an FTA with Australia
- **Population**
  - 1.5% per annum growth rate
  - Urbanization continuing at a rate of 17 million people per annum
- **Political**
  - Government policy will reduce investment in overheated sectors and stimulate domestic consumption levels
  - Potential environmental issues and economic impact from increasing pollution levels
  - Anticipate continued upward pressure on value of RMB

Population, Income and Urbanisation growth will drive construction

CONSTRUCTION INVESTMENT

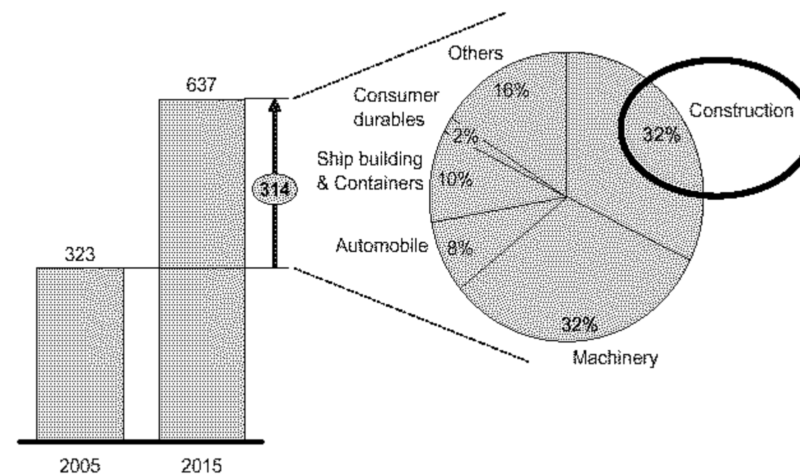


Source: Global Insight

Construction has been growing strongly as the demand for new housing and basic infrastructure soars.

CONSTRUCTION AND MACHINERY ACCOUNT FOR 2/3 OF DEMAND GROWTH BY 2015

Finished steel demand, million tons



* Excludes ship building and container

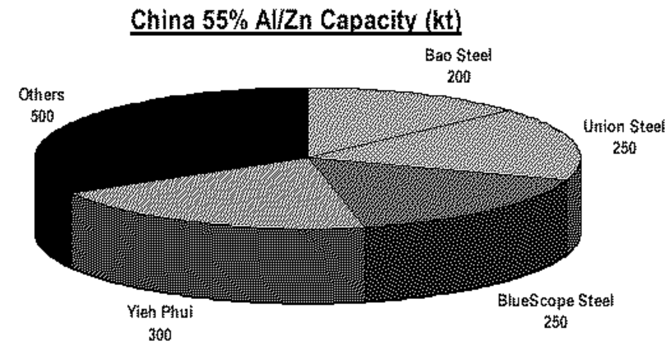
Source: McKinsey China steel demand model

URBANISATION

Predominately coastal at present → **But will rapidly expand to China's centre**

A large coated market that is moving into high quality products

- China metallic coated capacity estimated at 20 million tpy
- China 55% Al/Zn coated capacity about 1.5 million tpy (dual pot)
- Imports of 55% Al/Zn have dropped to almost zero.



Zincalume®

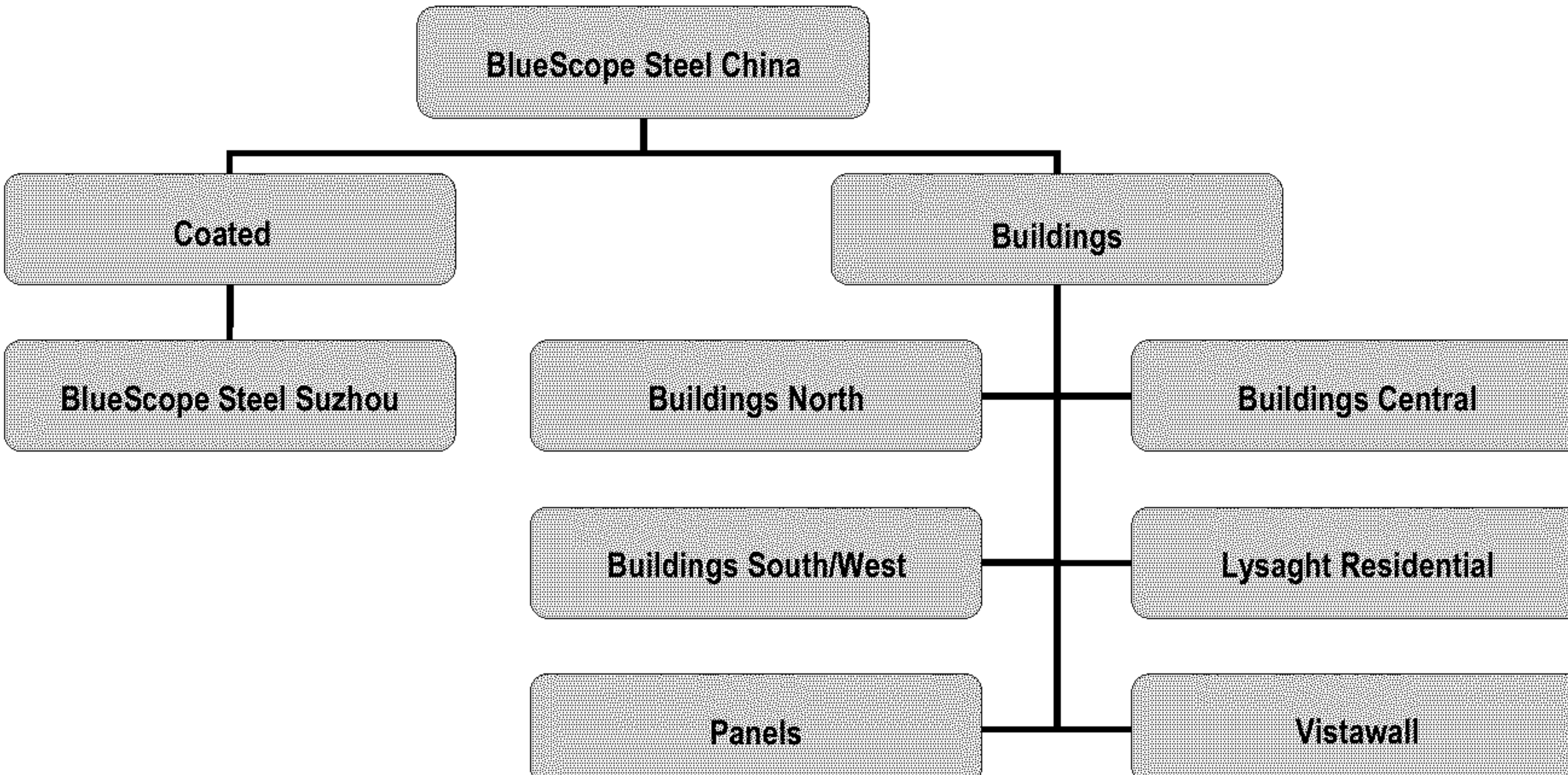
恒丽板

Colorbond®

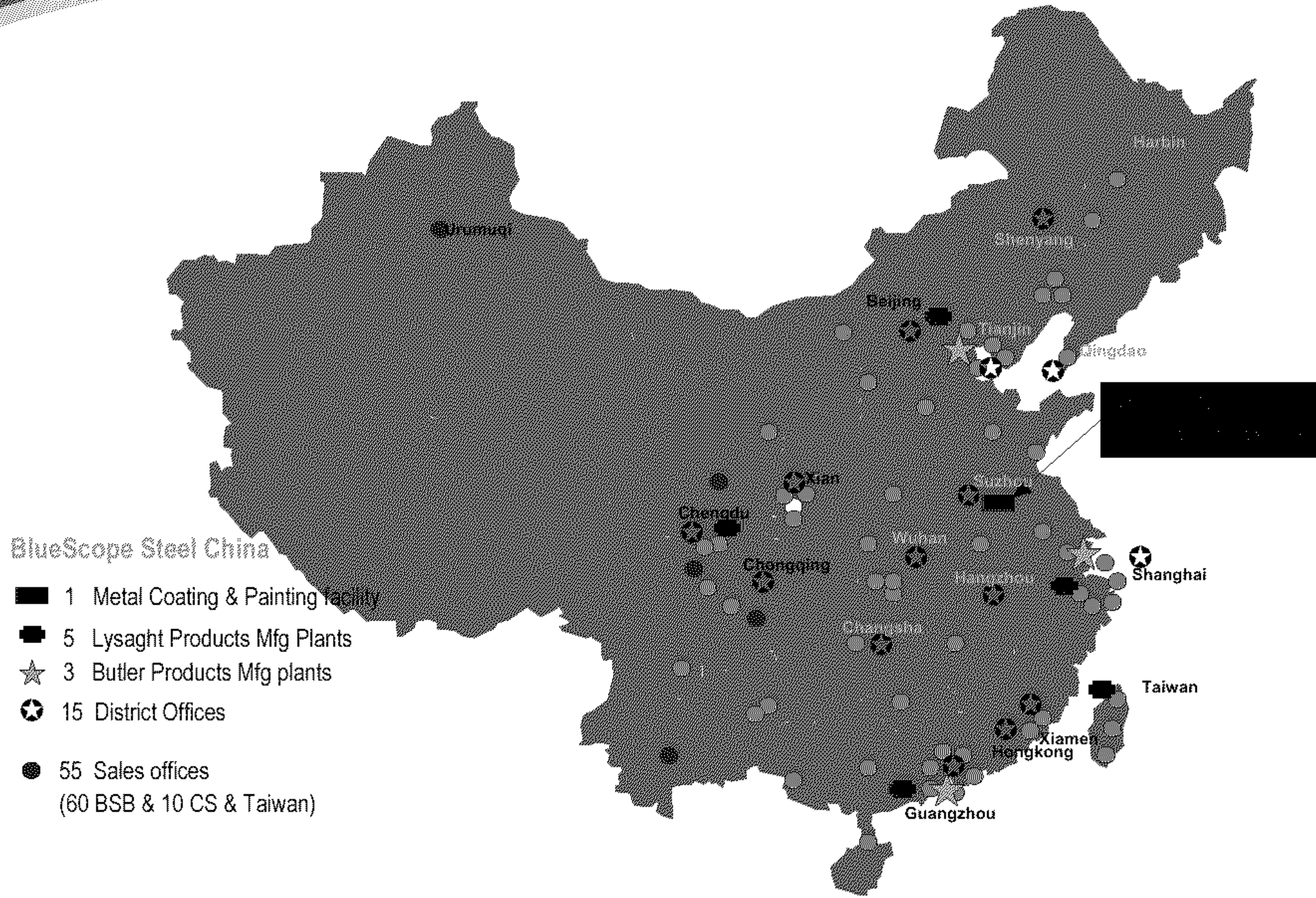
- China painted coil market capacity estimated at 12 million tpy
- Premium building & construction painted capacity about 600k tpy
- BlueScope Steel has strong premium brands in a commodity market

BlueScope Steel China – an integrated group of focused businesses

<u>Our Focus:</u> **derive maximum value from the growing China steel construction industry. The market will see *improved building quality, thermal efficiency and steel consumption* over the next 20 years.**

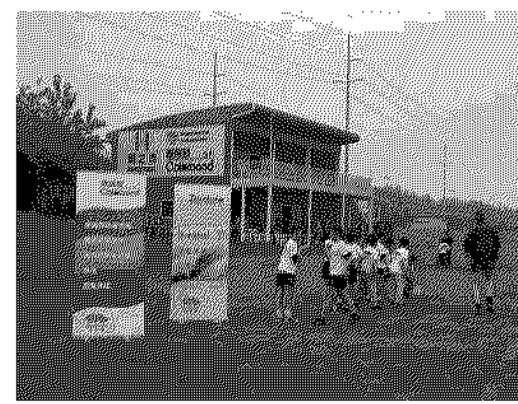


Excellent coverage across China to service local markets

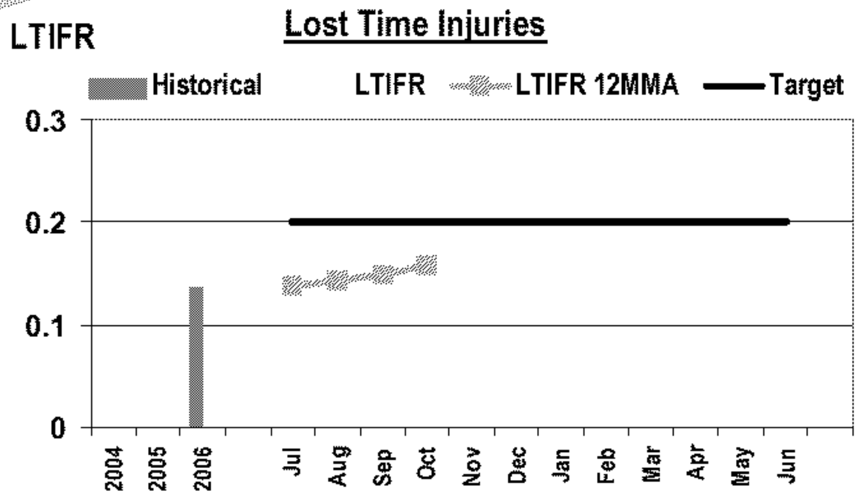


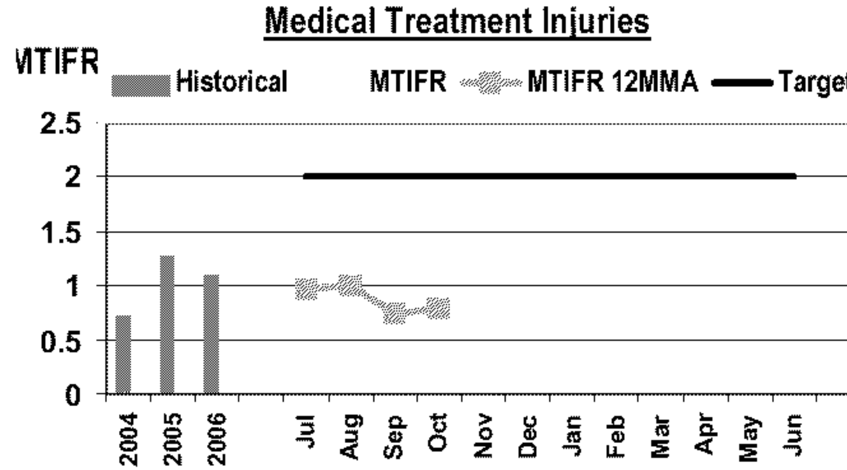
Local leaders driving the business and working safely

- China safety performance is amongst BlueScope Steel's best.
- Over 1800 employees, 25% female and over 80% with post secondary education (50+% with Bachelor degree).
- Actively participate in local educational, charity and sports function.



Our safety program is important for our people and our customers





BlueScope China Site	Achievement
Suzhou	3 Million Hours LTI Free
Songjiang	2 Years LTI Free
Kangqiao	5 Years LTI Free
Chengdu	1 Year MTI and LTI Free
Guangzhou	3 Years MTI and LTI Free
Tianjin	1 Year MTI and LTI Free
Langfang	1 Year MTI and LTI Free

Local building practices are not always up to our standard

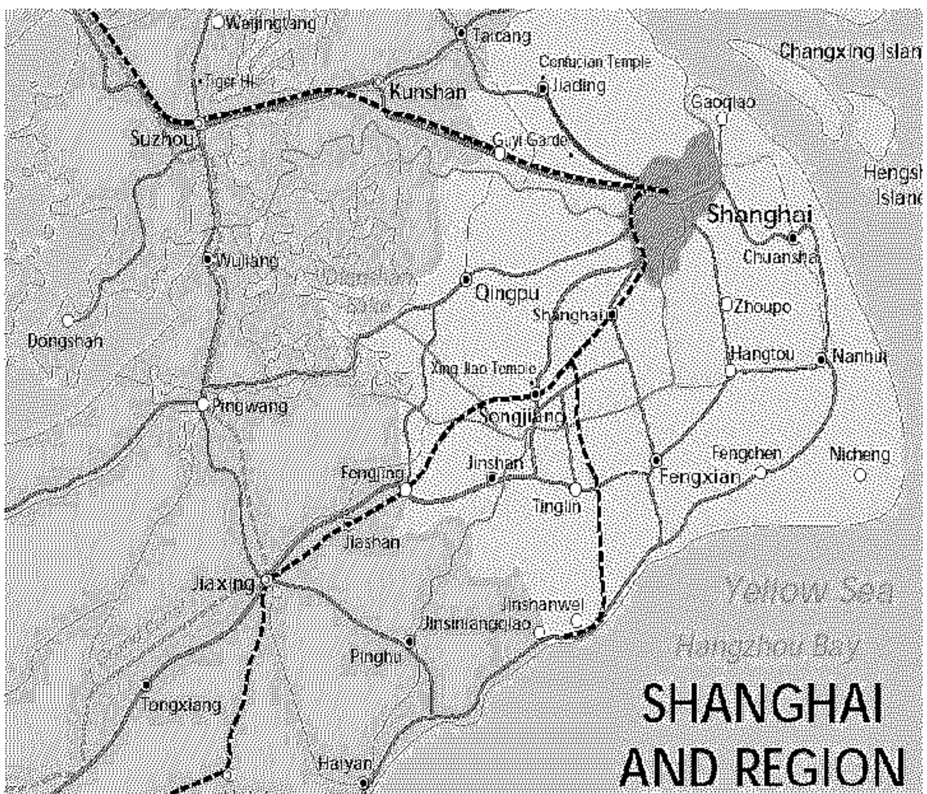
We are a "local" supplier of high quality coated steel coil

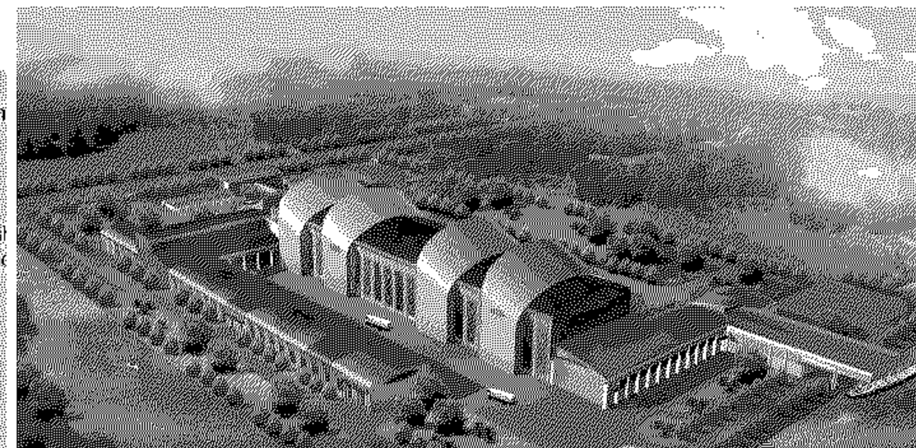
250ktpa Coating line, 150ktpa Paint line

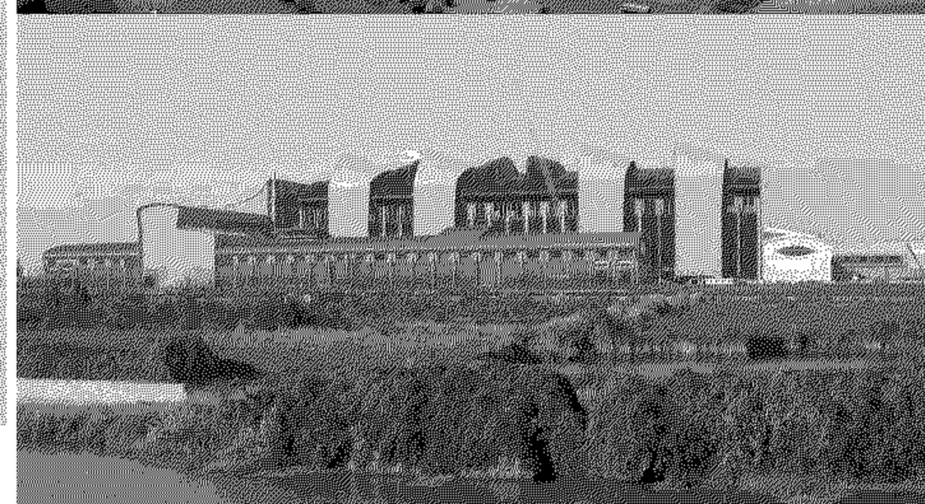
100% owned by BlueScope Steel

BlueScope Steel's largest single investment in Asia, A$280m

Australia's largest investment in China

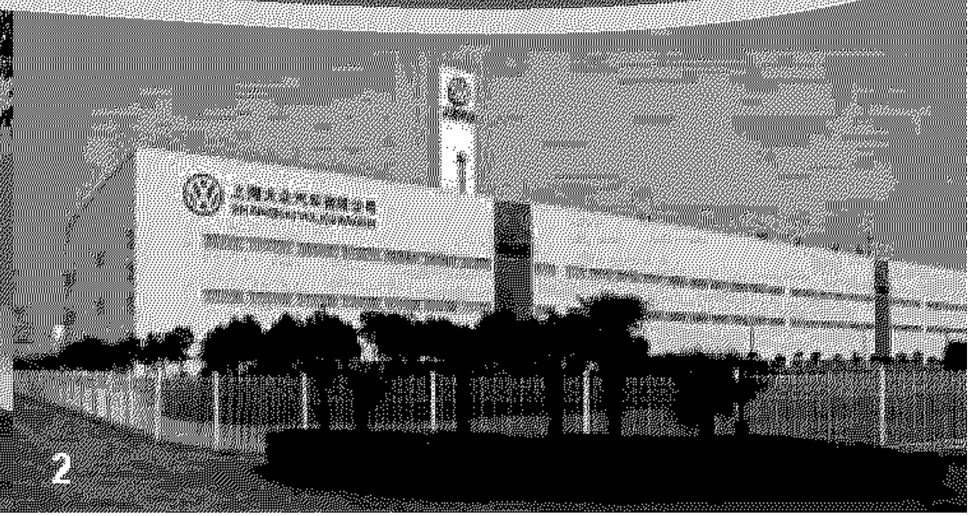






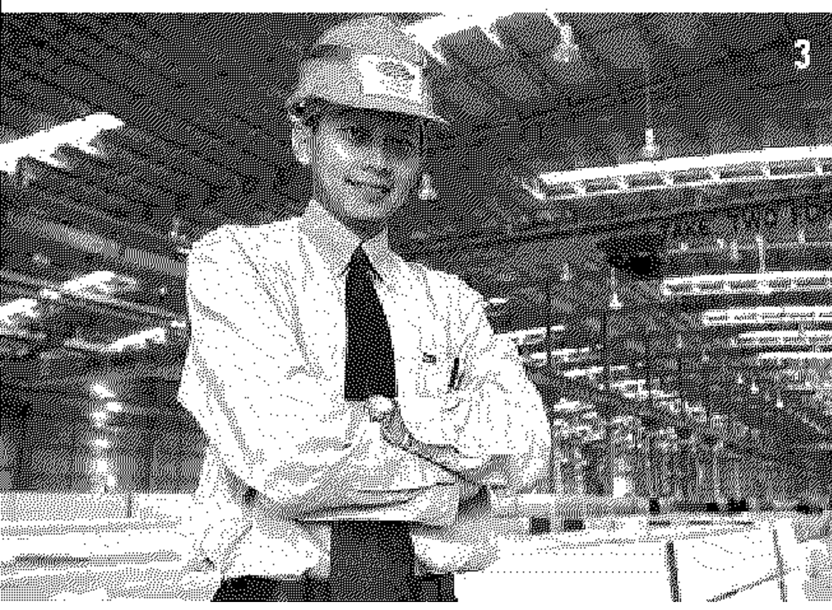
Our coil products deliver value into a wide range of premium quality building solutions.

1



2

OUR VALUE CHAIN



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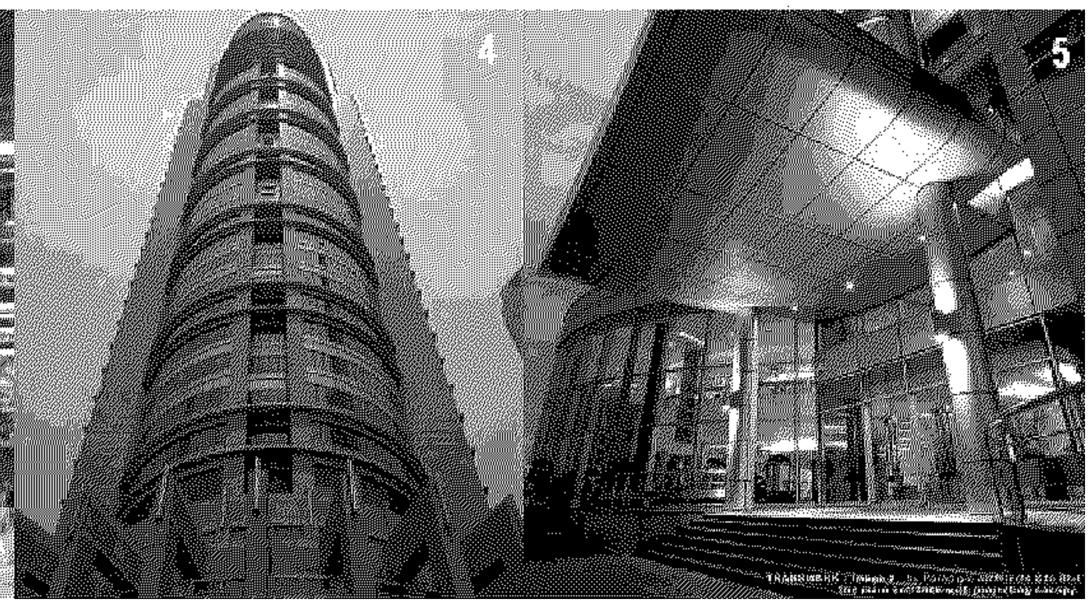

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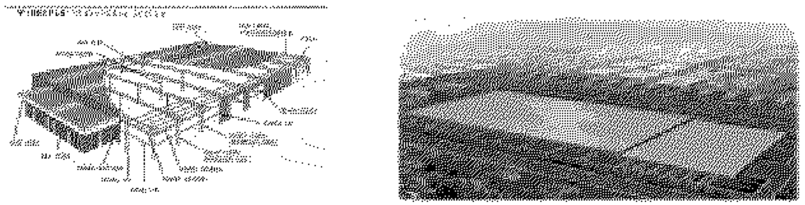
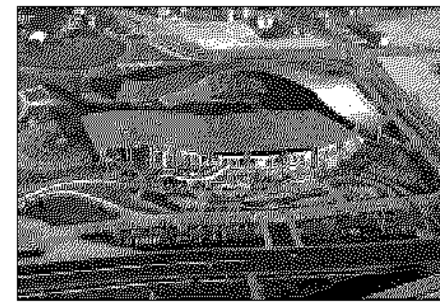
We offer tailored solutions using a targeted approach to the market

"High value branded steel solutions for the building and construction industry"

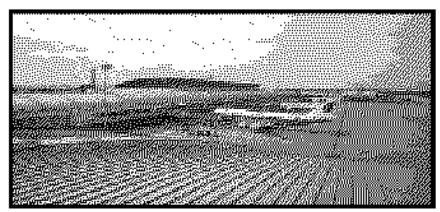


Butler – Pre Engineered Metal Buildings

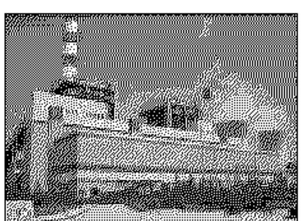


Public Buildings

Industrial



Transportation



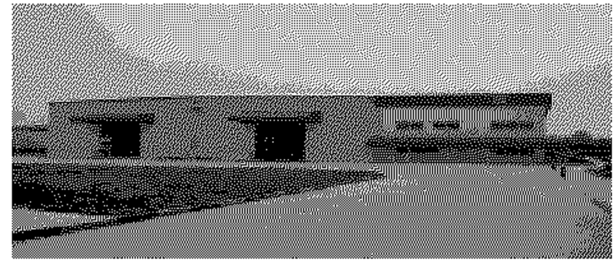
Power Stations

Residential

High Rise

Our regional approach will provide future growth

BUTLER TIANJIN – est. 2002



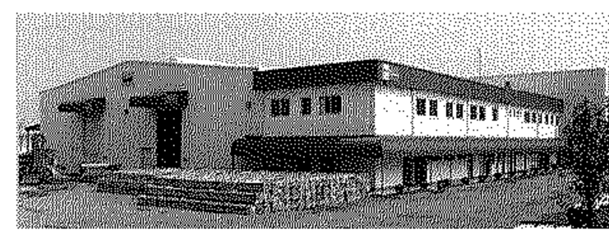
LYSAGHT LANGFANG – est. 2003

Indicative revenue by geography

	FY04	FY06	Future
North	25%	35%	35%
Central	65%	50%	40%
South/West	10%	15%	25%

FY04 includes full year Butler results

BUTLER SHANGHAI – est. 1995

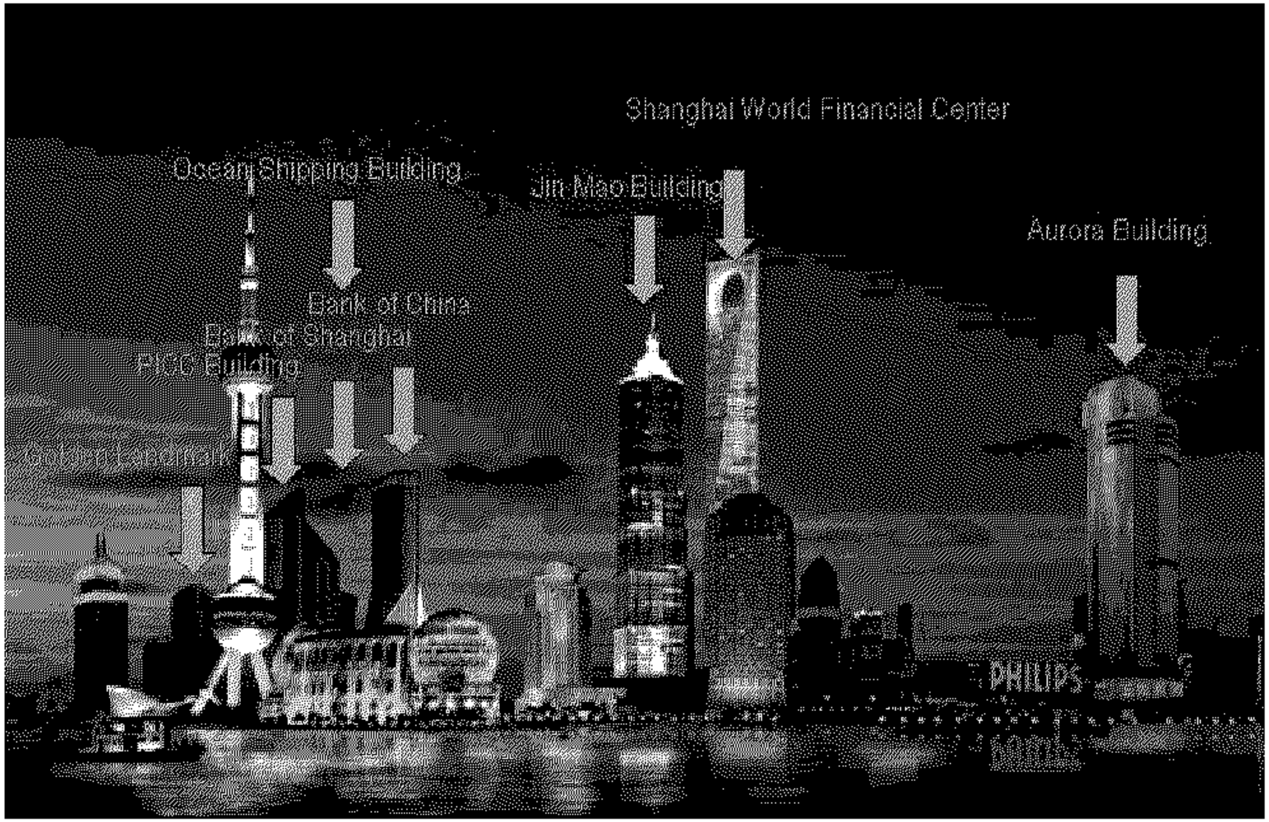


LYSAGHT SHANGHAI – est. 1995

LYSAGHT CHENGDU – est. 2003

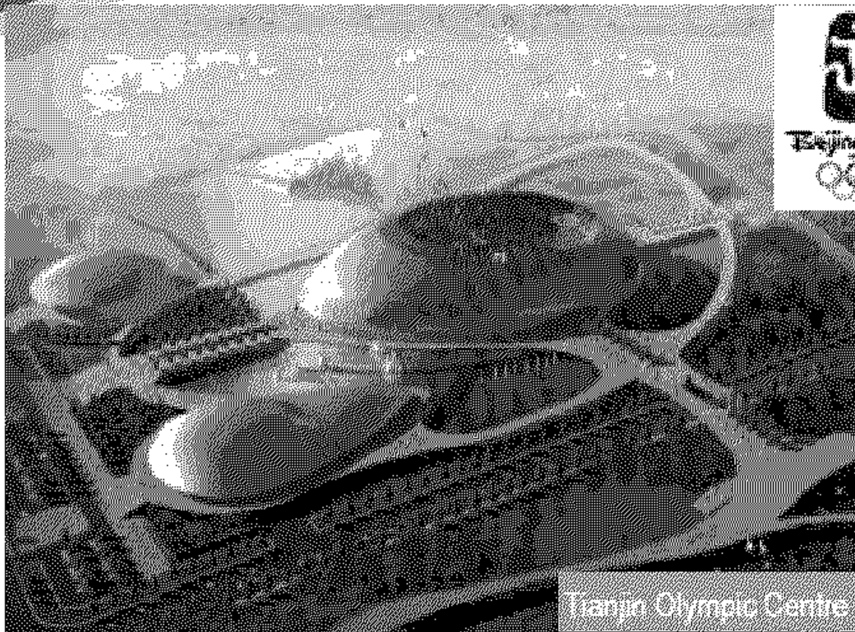
BUILDINGS GUANGZHOU – est. 2006

High Rise Decking Projects – Building Shanghai's Skyline



We provide engineered structural flooring solutions to Asia's landmark high rise buildings

The 2008 Olympics will be a Building Showcase



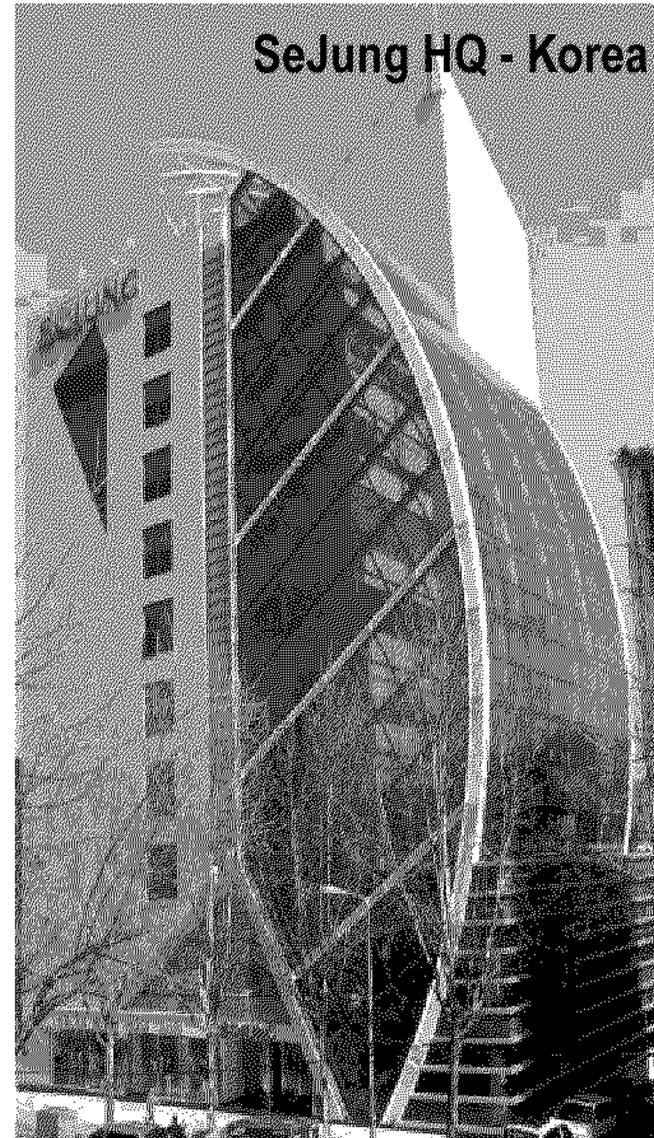
Tianjin Olympic Centre

Swimming Centre

Fencing Training Centre

National Indoor Stadium

VISTAWALL (glass curtain wall) Projects – modern design and function

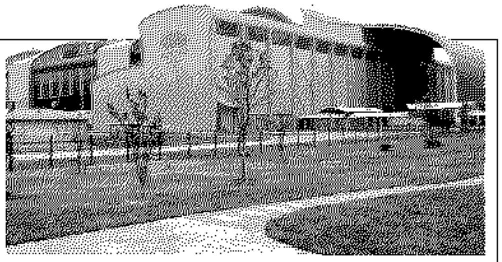


In the PEB segment, more local customers are buying style & quality

	Multinational	Strategic	Local
2002	80%	10%	10%
2006	35%	30%	35%

China – Key influences for a "start up" business

Key factors influencing ongoing profitability



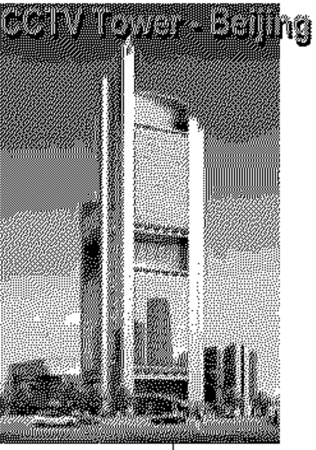
<u>Coated</u>

Input Side

- CRC sourcing, pricing
- Ramp-up of coating line
- Cost of coating metals

Sales Side

- Domestic pricing
- Commercial ramp-up



<u>Buildings</u>

Input Side

- Steel price volatility
- Guangzhou buildings start-up
- Integrated ERP system

Sales Side

- Domestic pricing
- Customer project delays
- Filling increased capacity

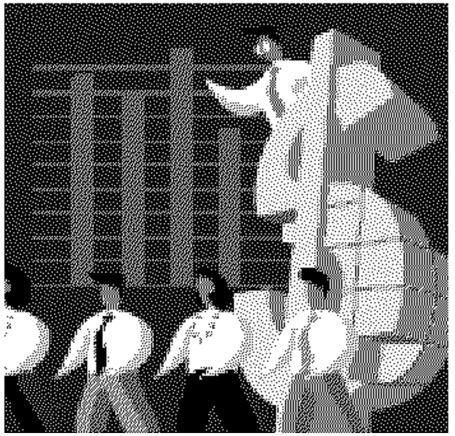
FY07 Major Business Initiatives

BlueScope Coated Steel China

- ✶ Increase steel penetration in construction – IISI, China Steel Structure Association
- ✶ Coated Market Study – geographic and end user demand profile
- ✶ Facility ramp up – capability increase, cost decrease, unique capability
- ✶ Build the Brand – use market technical seminars to expand use of Clean Colorbond® and Zincalume® Steels

BlueScope Buildings

- ✶ Expand product offer with new Insulated Panel offer and Residential profiles
- ✶ Further align sales focus to market end user segments – increase market share
- ✶ Continue to grow sales by region (far North & South)
- ✶ Export sales to be 15% of revenue



Summary – BlueScope Steel China

- China's economy will continue to support construction growth and our recent investments will position us to grow.
- Massive urbanisation, population and income growth will underpin steel demand for the next 20 years.
- The business has come off FY2005 highs due to market conditions, "one offs" and large investment for the future <u>but</u> started FY2007 in good order
- The Suzhou plant began full scale operations in October 2006.
- BlueScope Buildings serves a wide range of building segments and is the market leader in modern/complex design and engineering, building quality, project management and thermal efficiency. This is the future of construction in China.
- BlueScope Buildings has a market leading position although we recognise that keen competition is just behind us. We continue to innovate.
- Once our projects are ramped up, the Building and Coating businesses will be well placed to grow profitably.

BLUESCOPE STEEL

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Paul Zuckerman & George Glover
November 2006