

**BLUESCOPE
STEEL**

Analyst Site Visit
BlueScope Steel Suzhou
Gabe Meena

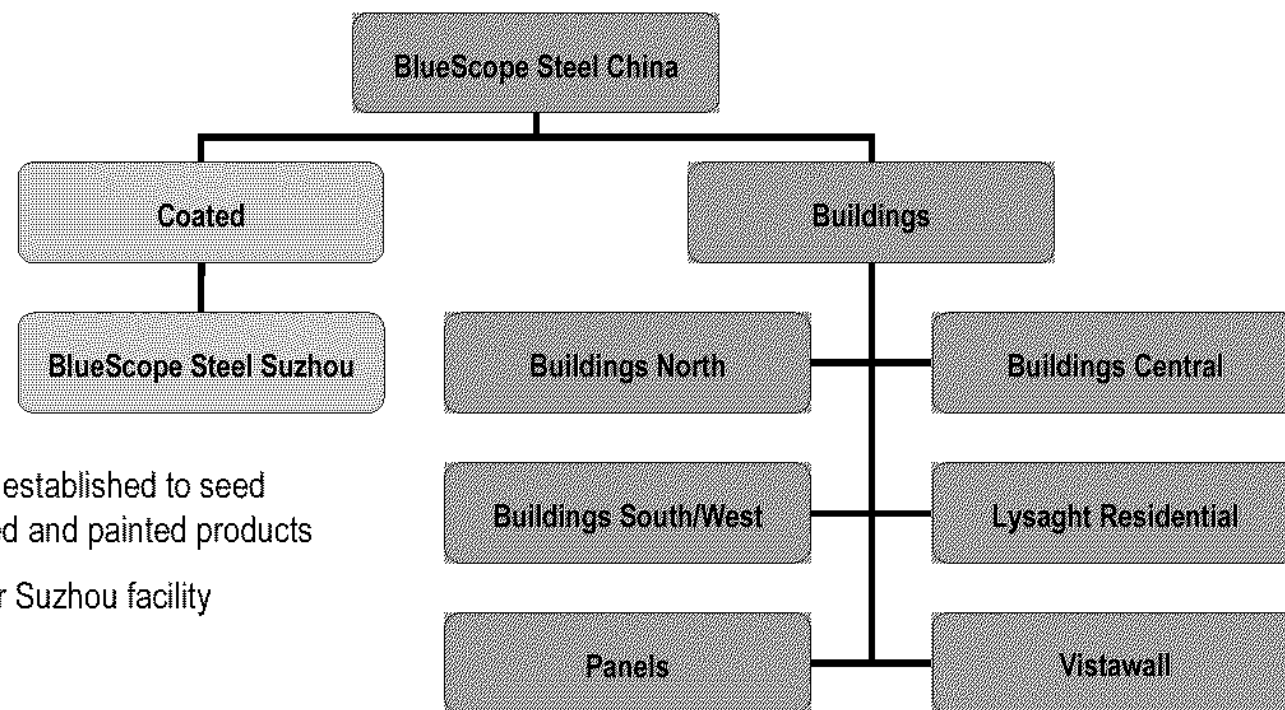
November 23, 2006

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Coated Steel China – a new business is starting up



1999 – Sales & marketing office established to seed China market with metallic coated and painted products

April 2004 – Groundbreaking for Suzhou facility

January 2006 – Paint on strip

March 2006 – First despatch of painted coil from Suzhou

Sept 2006-Metal on strip

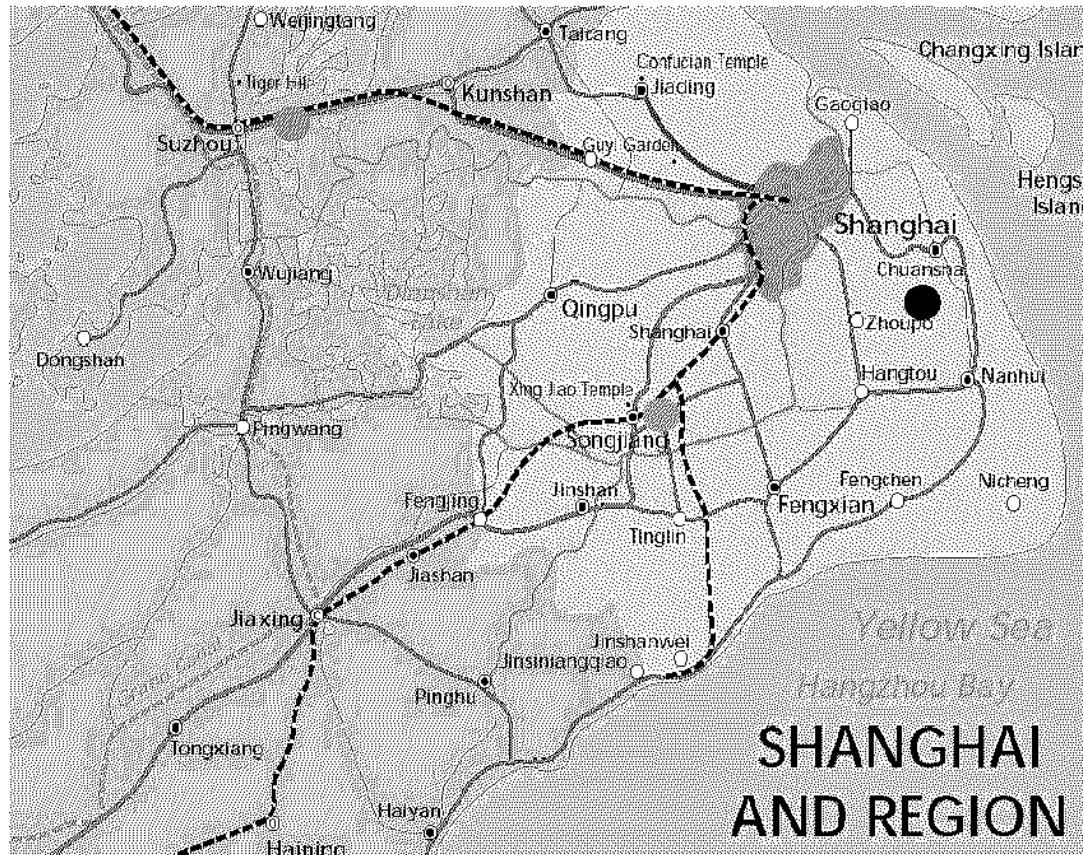
Zincalume® 优耐

恒丽板
彩色镀铝锌钢板
Colorbond®

绚彩
Aurora

捷彩
OPAL™

China Coating Project Location-80 km west of Shanghai

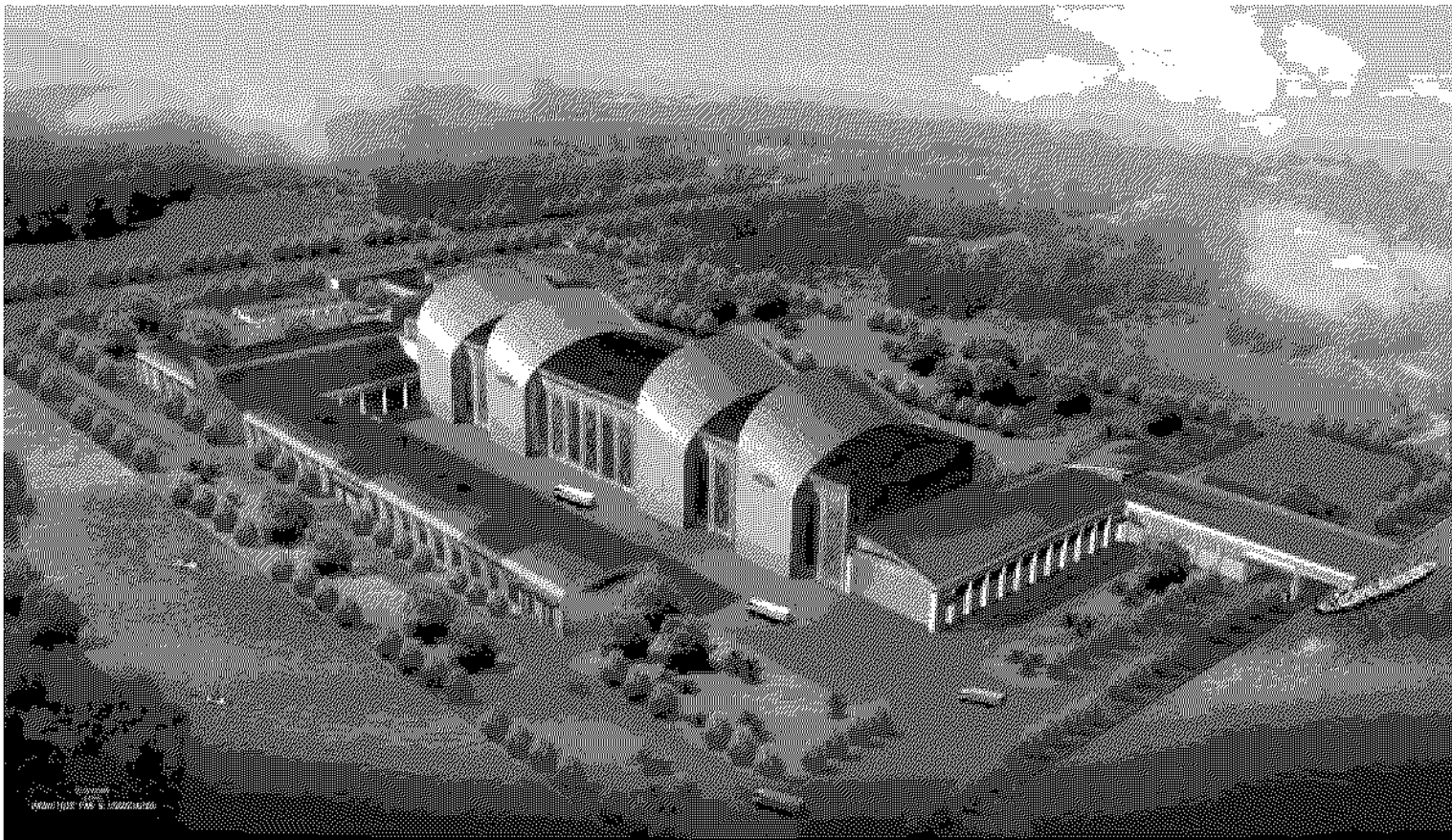


- Lysaght Shanghai
- BlueScope Steel Suzhou
- Butler Shanghai

250ktpa Coating line, 150ktpa Paint line; 100% owned by BlueScope Steel

BlueScope Steel Suzhou - Vision

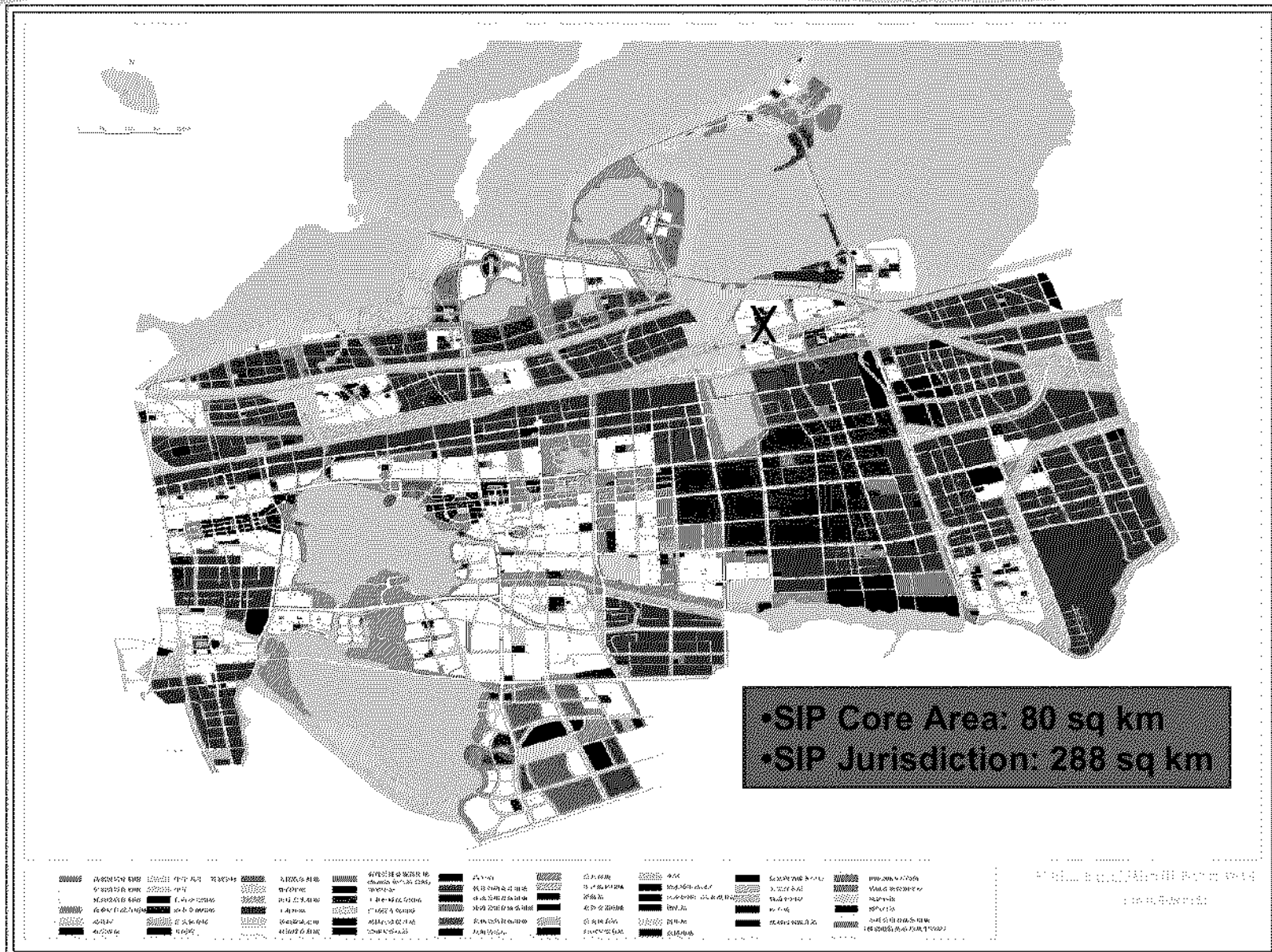
To grow and to be recognized as the best provider of quality products, service and innovation in the coated steel market in China



Suzhou Industrial Park - Overview

- **SIP – core area is 80 sq km**
- **SIP – population 300,000**
- **China has 107 industrial parks – 53 high-tech & 54 economic zones**
- **SIP is the only industrial park with high tech and economic zone**
- **Suzhou city – population 7 million**

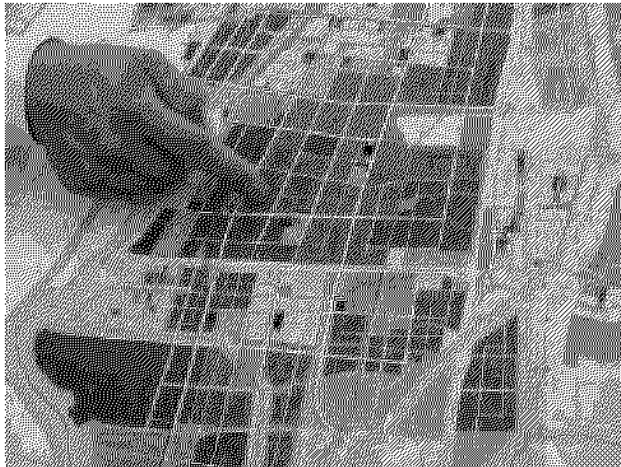
Suzhou Industrial Park - Overview



Amazing changes of SLP in 12 years



April 2004 – Villages still on BlueScope Steel's site



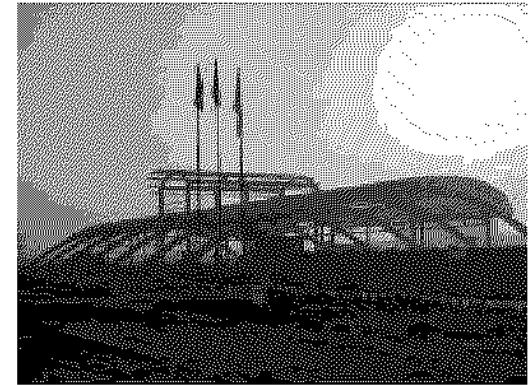
Our 2 year Journey



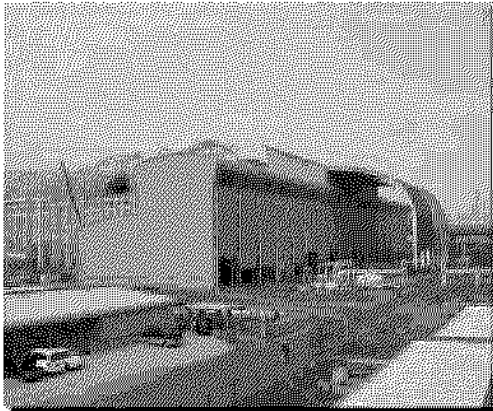
22 April 2004
Grounding Ceremony



January 2005
Main Steel Structure set up



March 2005
Building Structure set up



August 2005
Steel Profile installation



September 2005
Equipment installation



March 2006
Overview of Suzhou facility

BlueScope Steel Suzhou Facility Overview

▪ Project Scope:	Metallic Coating Line (MCL)	250,000 T/A
	Coil Paint Line (CPL)	150,000 T/A
	Slitting/Recoil Line (SRL)	20,000 T/A
	Packing Line (PACK)	20 coils per hour

Plant to have a high level of Automation

Objective to showcase BlueScope Steel products

“Buildings architecturally designed to fit the emerging trends for prestige facilities in China and to depict BlueScope Steel’s position as a high end manufacturer of superior Coated Steel Products “

*BlueScope Buildings won the Jin Gang prize for the building,
awarded by Shanghai Steel Structure Association*

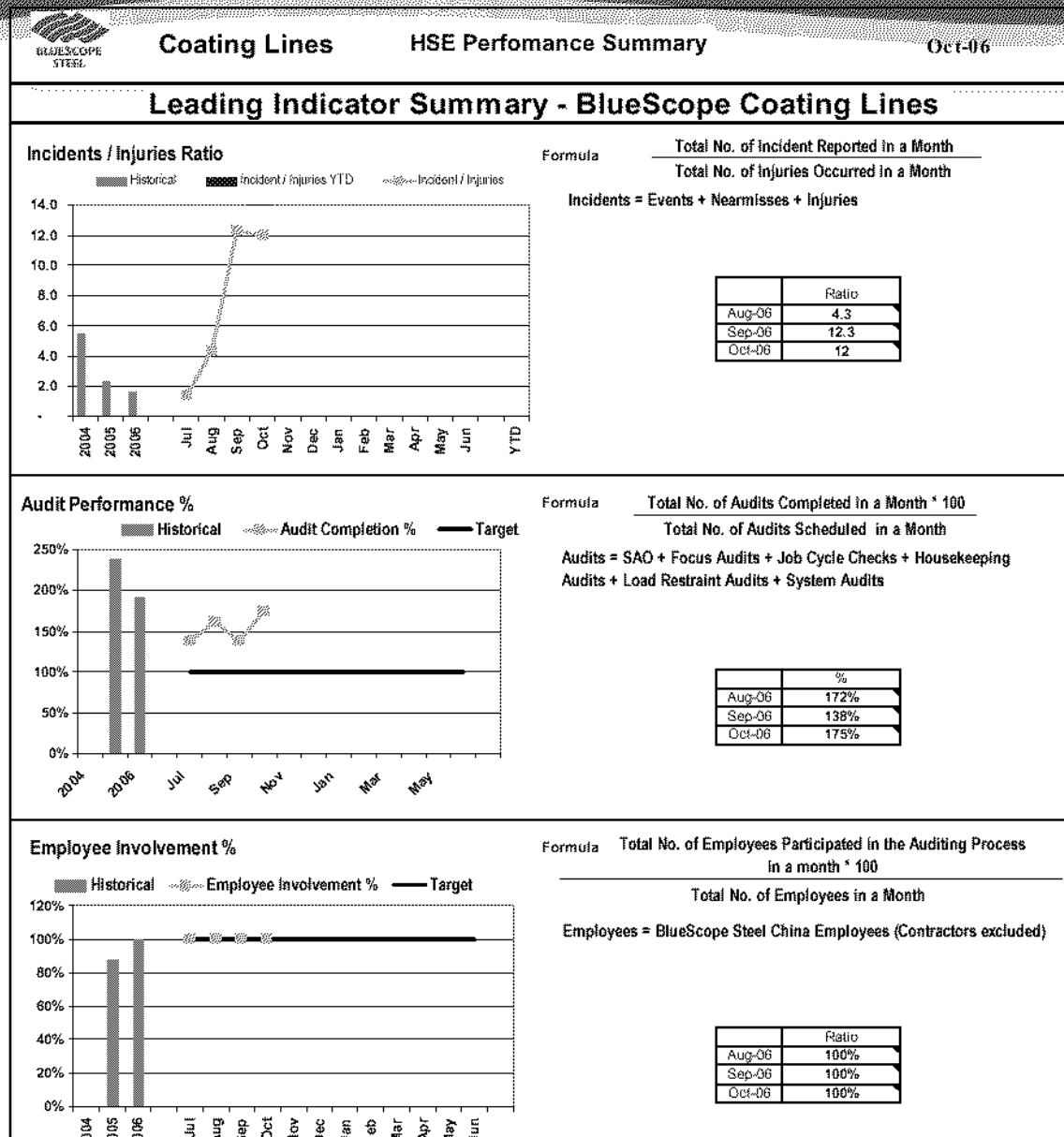
BlueScope Steel Suzhou Facility – Construction overview

- **Site:** 25 Hectares
- **Buildings:** 57,000 Sq.metres under roof
9,700 Tonnes of structural steel
5,500 Piles
33,000 Cubic metres of concrete
MCL Building can accommodate a 2nd MCL
Highest point 54 metres
- **Cable:** 400,000 metres
- **Piping:** 30,000 metres
- **Storage Capacity:** 48,000 tonnes
Both truck and barge loading and unloading capability

BlueScope Steel Suzhou Facility Overview

- **Project Management:** Integrated team of BSS and Hatch
- **Equipment:**
 - Process Lines (MCL,CPL,SRL) ----- KHI & Subcontractors
 - Packing Line ----- Pesmel
 - Electrical ----- Siemens China
 - Cranes ----- Kone
 - Utilities ----- Various Suppliers
- **Bld & Infrastructure Design:** Shanghai Institute of Mech & Elec Engineers (SIMEE)
- **Installation:** MCC20, MCC5, Yang Zi Jiang, Lysaght, PRT, Suzhou mechanical, Hauling, Datong, Chu's Fire
- **Wharf:** Designed for 500 tonne barges
- **Construction workforce:** 1200 at the peak period

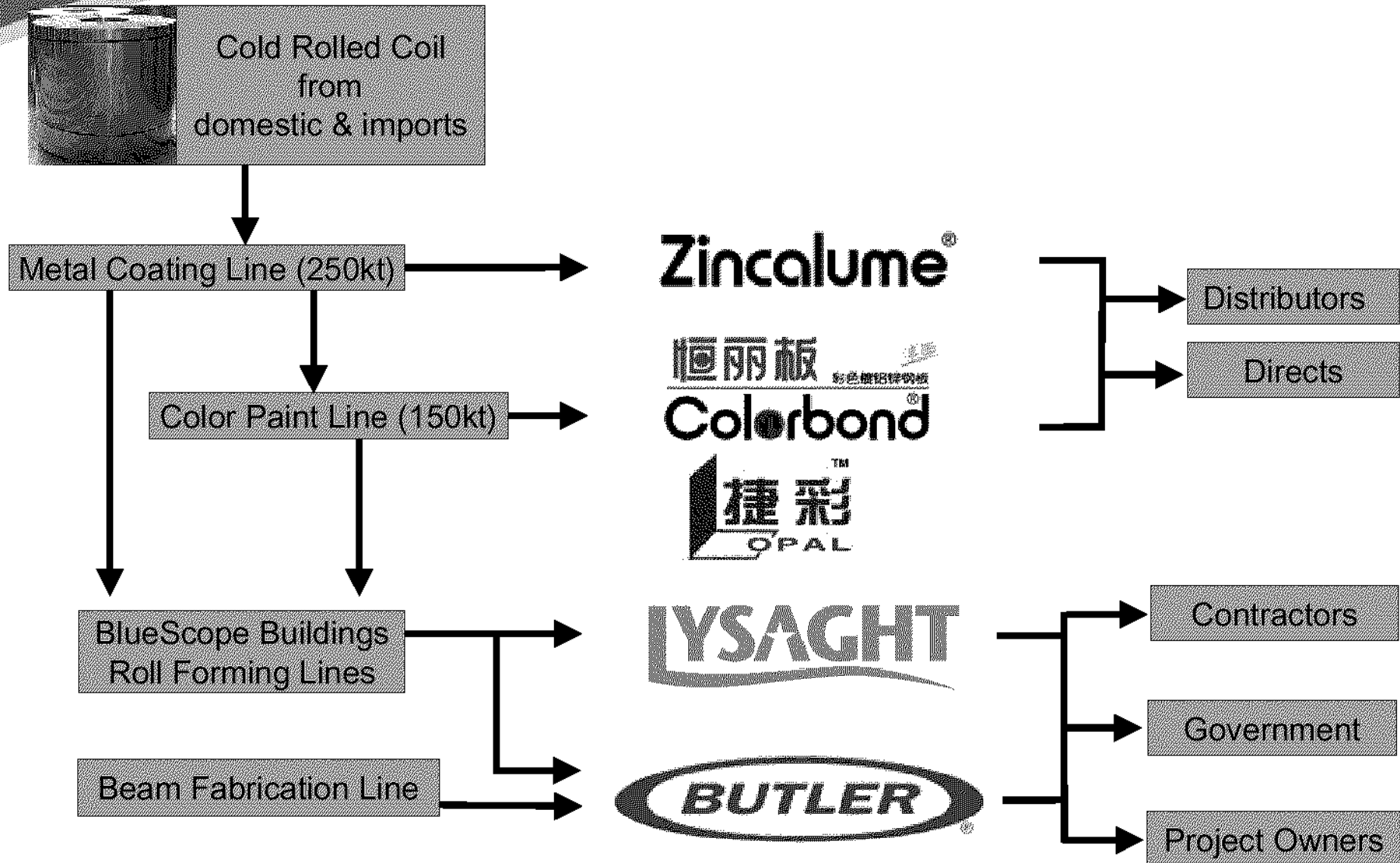
Safety - Constant Focus



Operations overview

- Workforce
 - Currently 265
 - Build up to 300 at full capacity
 - Live in Suzhou city
- Logistics
 - Use waterways and road transport to move product in and out of the plant
- Manufacturing excellence – increased focus as we ramp-up the facility
- Flexibility to increase metal coating capacity at a later stage. Space allocated as part of the original design

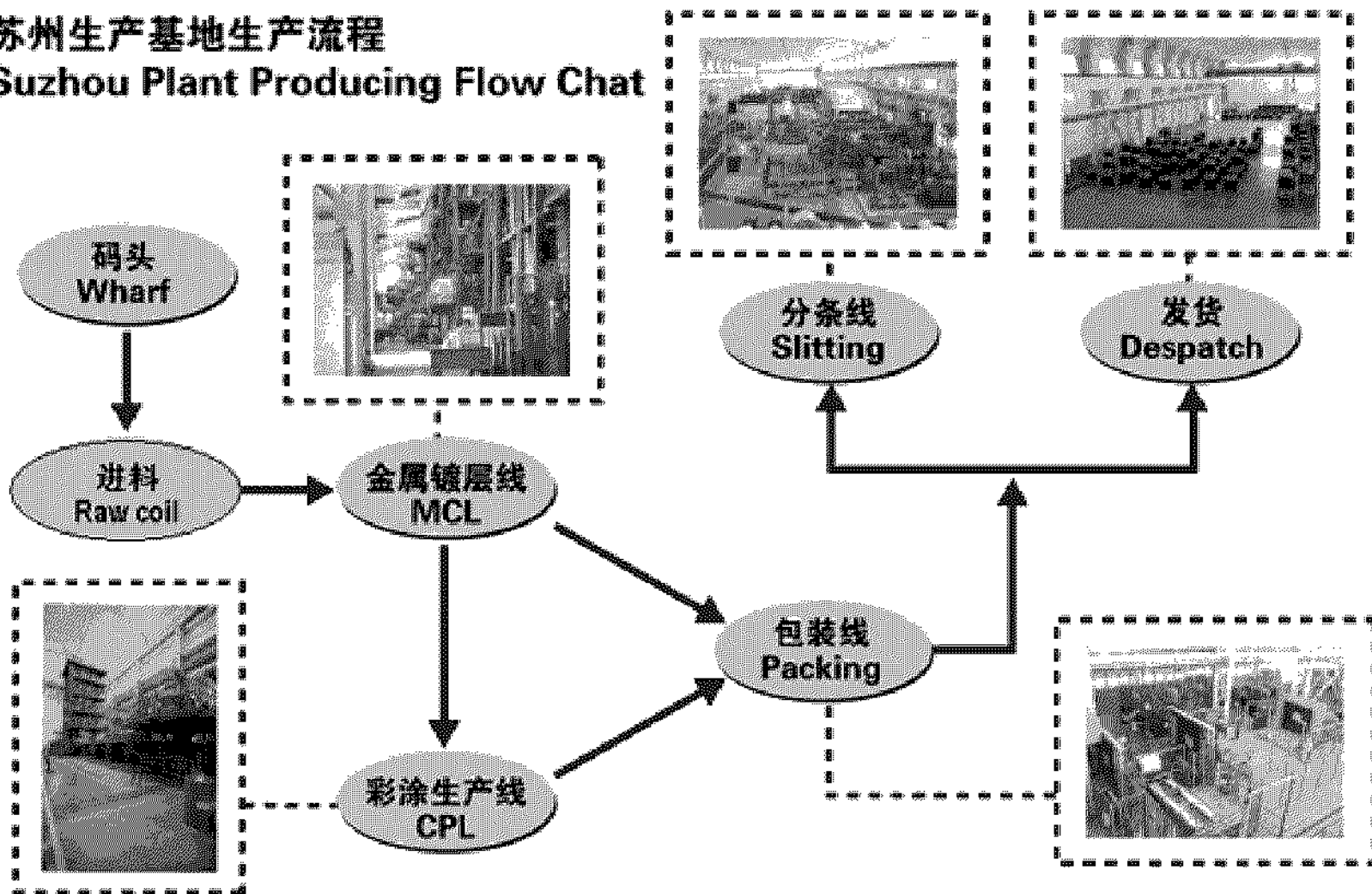
Product flow through Coated Steel China



Suzhou Plant Production Flow Chart

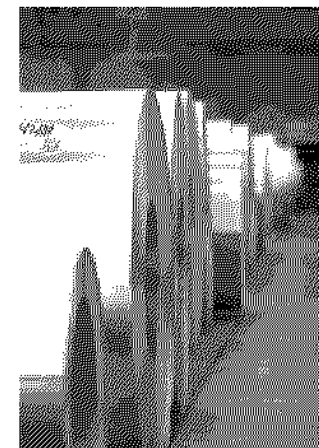
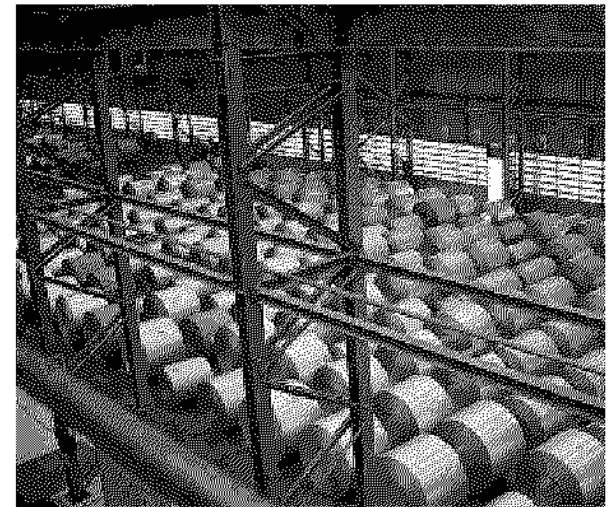
● 苏州生产基地生产流程

Suzhou Plant Producing Flow Chat



MCL & CPL Specification

Metal Coating Line	
Products	ZINCALUME® steel & TIGERCO® steel
Grade	Commercial Grade G300, G345 & High Strength G300 & G345
Thickness Range (mm)	0.3-1.2 for ZINCALUME® steel & 0.3-1.6 for TIGERCO® steel
Width Range (mm)	600-1200
Coil ID (mm)	500
Coil Size (mm)	Min: 3 & Max: 25
Coating Mass	A250-A260 for ZINCALUME® steel & 1100-1150 for TIGERCO® steel
Packing Mode	Horizontal, Vertical
Capacity (MT/year)	150,000
Cold Point Line	
Products	Clean COILCOATED® steel, ALCOA® steel and CPAL® steel
Thickness Range (mm)	0.30-0.8
Width Range (mm)	600-1200
Coil ID (mm)	500
Coil Size (mm)	Min: 3 & Max: 25
Packing Mode	Horizontal, Vertical
Capacity (MT/year)	150,000



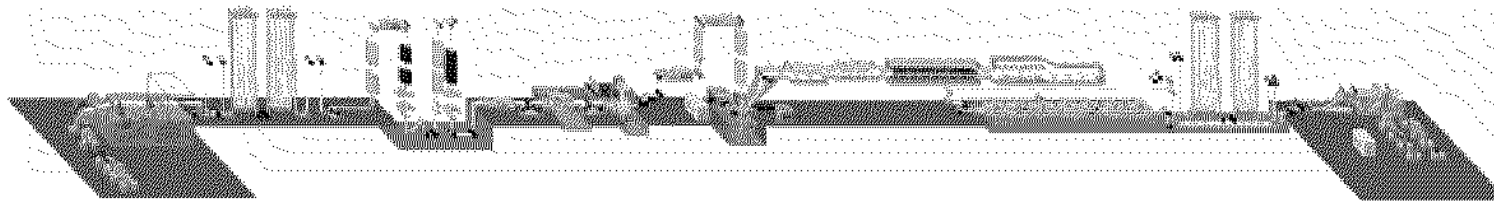
Fully Automated – Metal Coating Line



金属镀层生产线/Metallic Coating Line

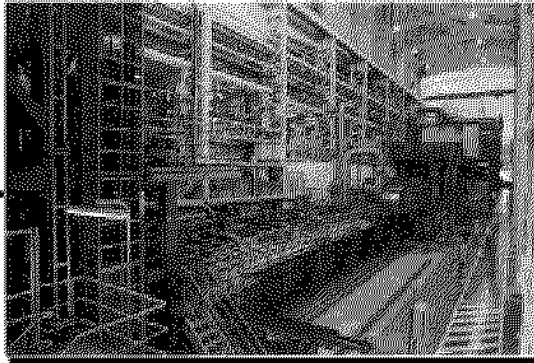


金属镀层生产线/Metallic Coating Line



生产流程图/ Producing Mapping

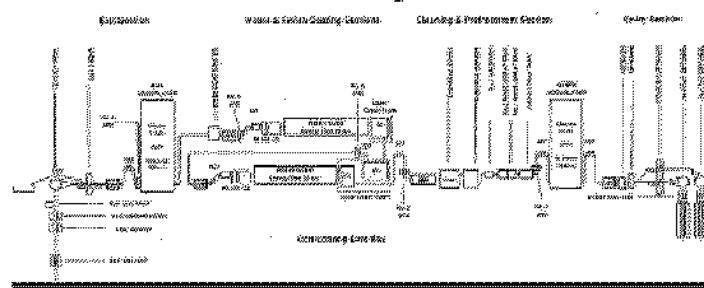
Fully Automated – Paint Line



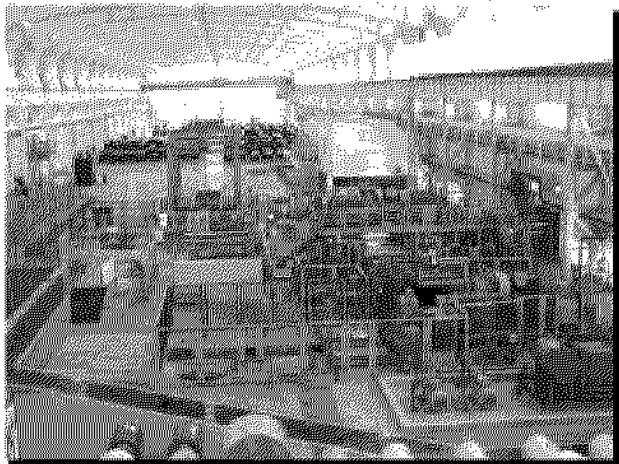
彩涂生产线/Painting Line



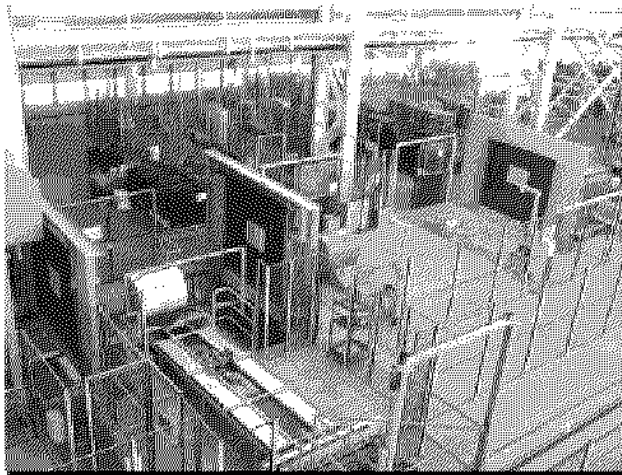
彩涂生产线
Painting Line



Slitting line & automatic packing line



分条线
Slitting Line

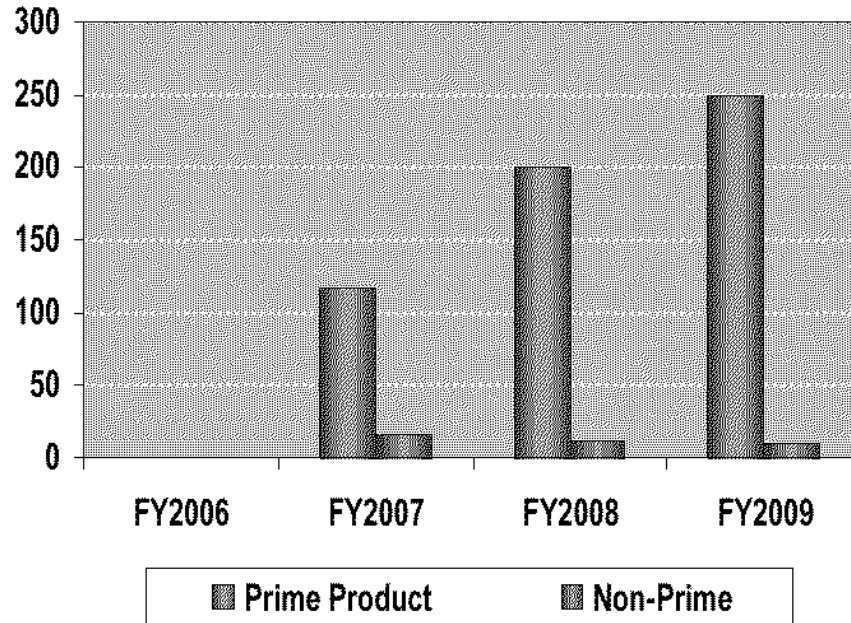


包装线
Packing Line

China – expected production line ramp up profiles

000's
Tonnes

Metal Coated



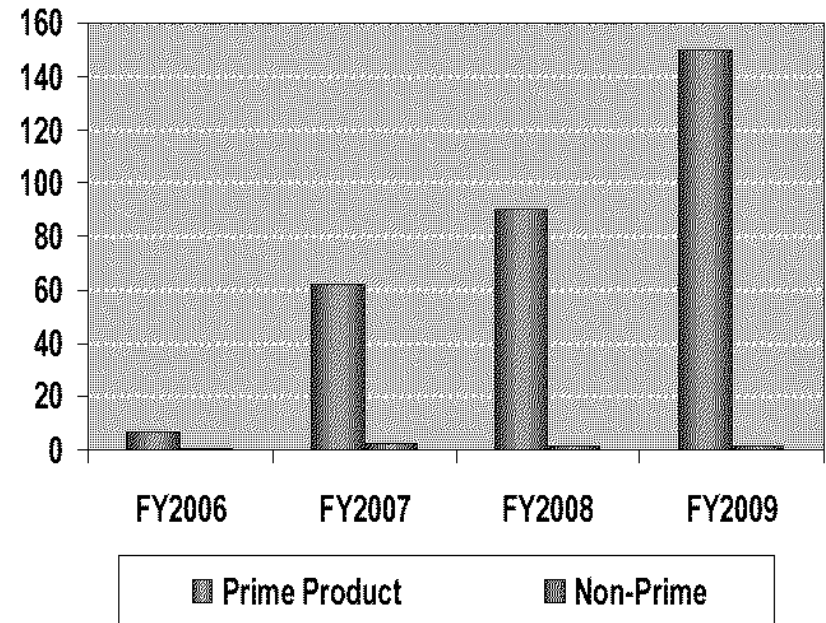
NAMEPLATE CAPACITY 250,000tpa

Anticipated	FY07	FY08	FY09
Yields	88%	95%	96%

* OPAL volume is included as paint products, but is produced from the metal coated line

000's
Tonnes

Painted



NAMEPLATE CAPACITY 150,000tpa

Anticipated	FY06	FY07	FY08	FY09
Yields	90%	96.7%	98.5%	98.5%

Building our brands since 1990

恒丽板
Colorbond®

- pioneering nano-technology
- unique dirt resistance
- long lasting beauty



- Cost effective pre-painted steel for roofing and walling
- Good color retention



- Economical pre-painted steel for roofing and walling

Zincalume® 优耐

- superior corrosion resistance
- excellent mechanical properties
- Reliability & Support

TruZinc® 固新

Good product for accessories

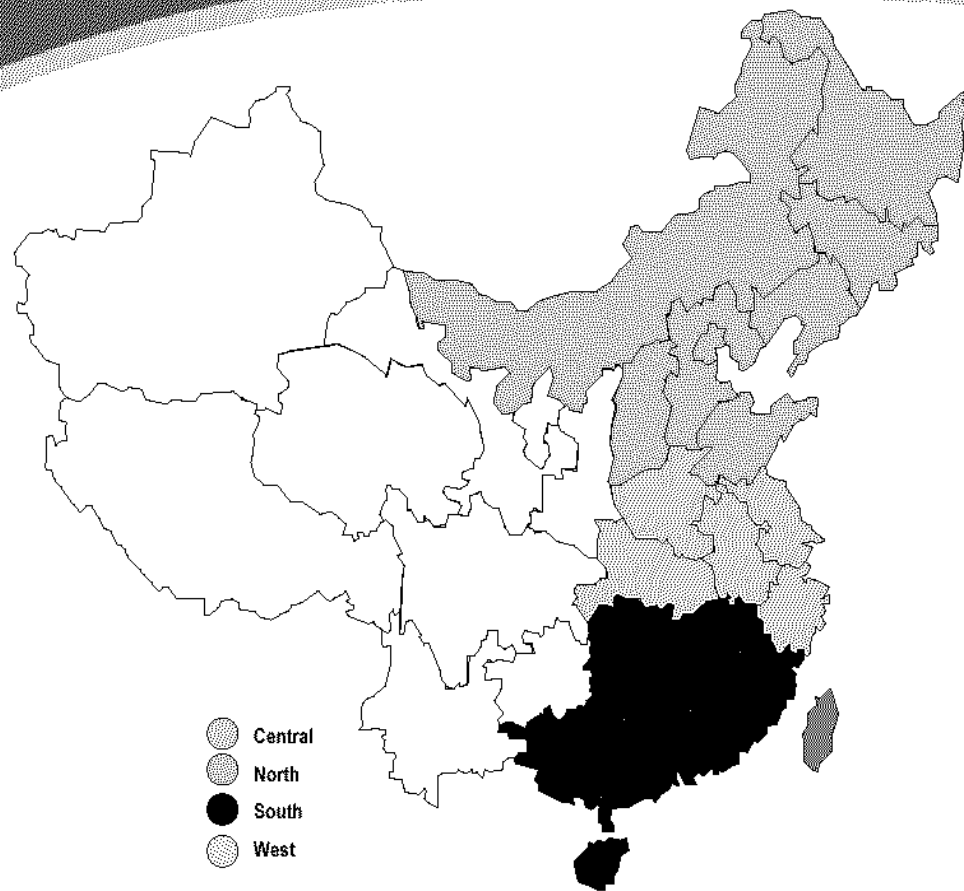
Clean COLORBOND® steel



ZINCALUME® steel



China – New metal coating and paint line facility markets



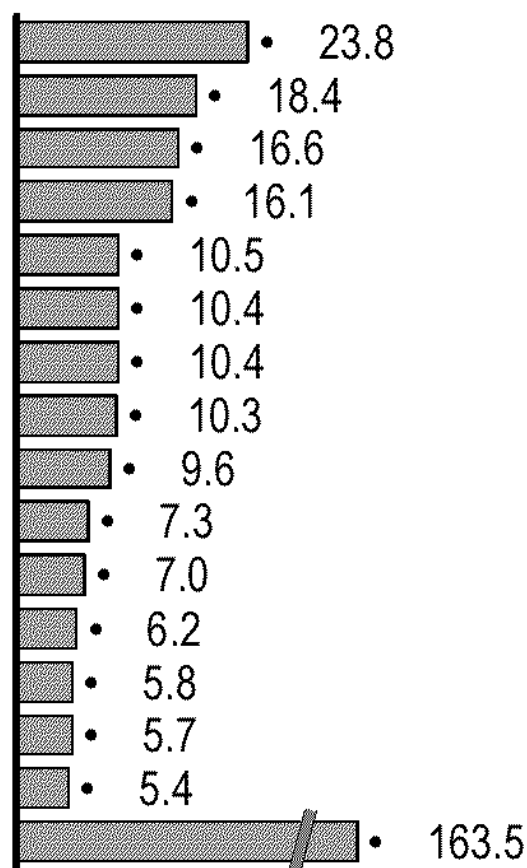
- **Current principal markets are located in:**
 - Central 56 %
 - North 19 %
 - South 15 %
 - West 10 %
- **Brand strength separates the competition**
 - ZINCALUME® steel is the #1 brand in the market.
 - BlueScope Steel has the most widely recognised painted brands
 - Excellent local network with specifiers
- **Securing the channels to market**
 - Direct to external customers
 - via Strategic Distributors
 - Internally through BlueScope Buildings

The industry is large, fragmented and volume focused

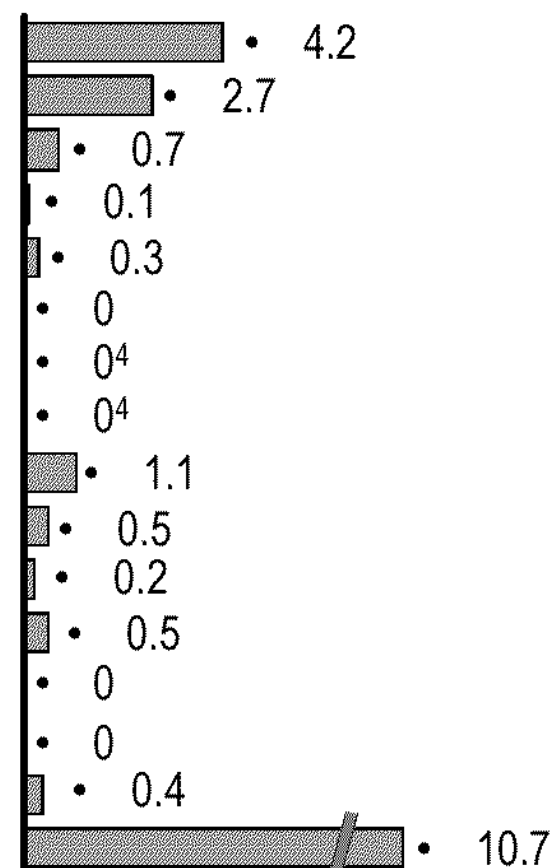
• Top 15 steel mills by crude steel output

• Tier 1	1. Baoshan
	2. Anben ³
	3. Wuhan ²
	4. Tang Shan ¹
	5. Jiangsu Shagang
• Tier 2	6. Capital (Shougang)
	7. Jinan
	8. Laiwu
	9. Ma'anshan
	10. Handan
• Tier 3	11. Baotou
	12. Panzhihua
	13. Anyang
	14. Jiuquan
	15. Taiyuan
	Total Top 15

• Crude Steel production



• CRC production⁵



1 Includes Chengde and Xuanhua Steel

2 Includes Liuzhou Steel

3 Merger of Anshan and Benxi

4 Intention announced for entering CRC production

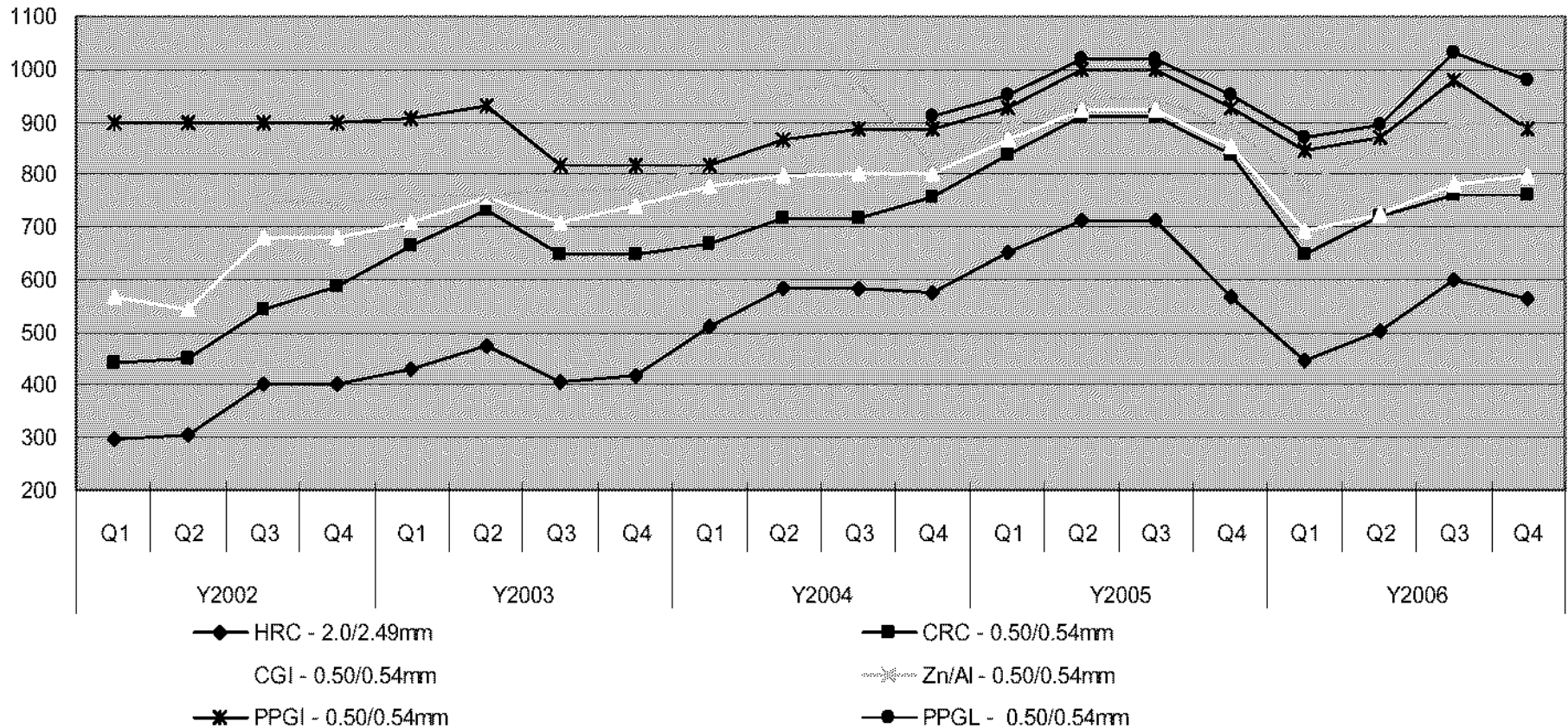
5 CRC sheet and wide strip only, excludes narrow strip

Source: CISA; team analysis

China product domestic pricing has become more volatile

China domestic steel pricing (2002 – 2006)

Price USD/MT Incl. VAT



Note: USD based on quarterly exchange rate

Source: Company compiled from various sources

Going forward

Challenge 1

Equipment Commissioning

Our Focus is

- Ramping up to achieve line speed & yield
- Commissioning of auxiliary equipment & processes
- Up skilling & training our employees

Challenge 2

Sales Volume Ramp Up

Our Focus is

- Supply agreements with key roll formers
- Targeting our product & service offer
- Distribute management

Challenge 3

Smart Raw Material Supply

Our Focus is

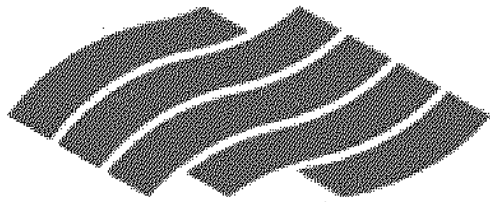
- Developing relationships
- Multiple sourcing of CRFH
- Secure supply agreements
- Coating metals
- Paint
- Utilities
- Transport

Summary – Coated Steel China

- Suzhou plant is fully commissioned and operational
- State of the art equipment & automation giving us a competitive advantage
- Clear sales plan to achieve ramp up targets
- Strong local leadership team developed & in place

Coated Leaders





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