

**BLUESCOPE  
STEEL**

# Goldman Sachs JBWere Australasian Forum 2007 - New York

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Managing Director and Chief Executive Officer

7-9 March 2007

ASX Code: BSL

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# Introduction and Headlines

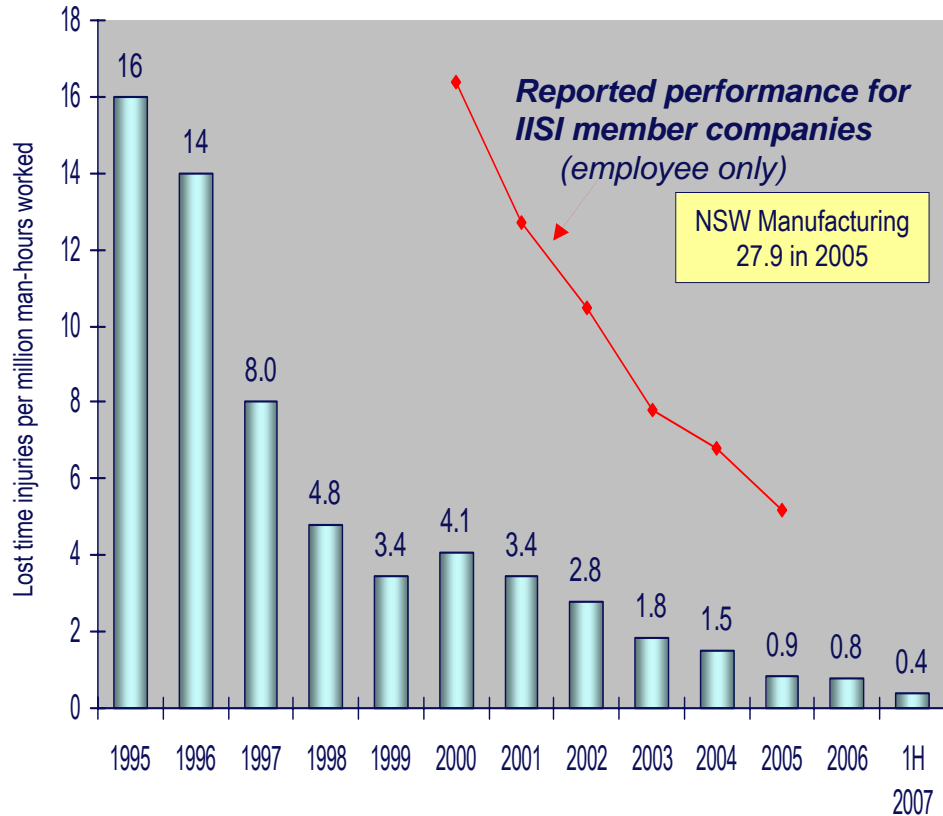


# BlueScope Steel Overview

- Global flat steel product solutions company – spun out of BHP July 2002
- EV at listing approximately A\$3.0B - today A\$9.0B
- Unique production footprint and building products franchise in
  - Australia / New Zealand
  - China, SE Asia and India
  - North America
- Leading regional positions in
  - Metallic coating and painting of steel coil
  - Rollformed steel building products – roofing, walling, purlins and decking
  - Pre-engineered steel buildings
- Financial metrics (1H FY2007)
  - Revenue A\$4.5B (A\$4.9B inclusive of USA JV)
  - EBIT A\$635M
  - ROE 24%
  - Gearing (net debt) 35.6%
- Cash from operations – strong - \$752M in 6 months. EBITDA A\$794M
- Focus on rewarding shareholders as we grow – 78% NPAT over 4.5 years
- Strategy – midstream and downstream growth to create a more diversified and stable revenue / earnings profile
- Core Value is Care – for employees, communities, customers and shareholders

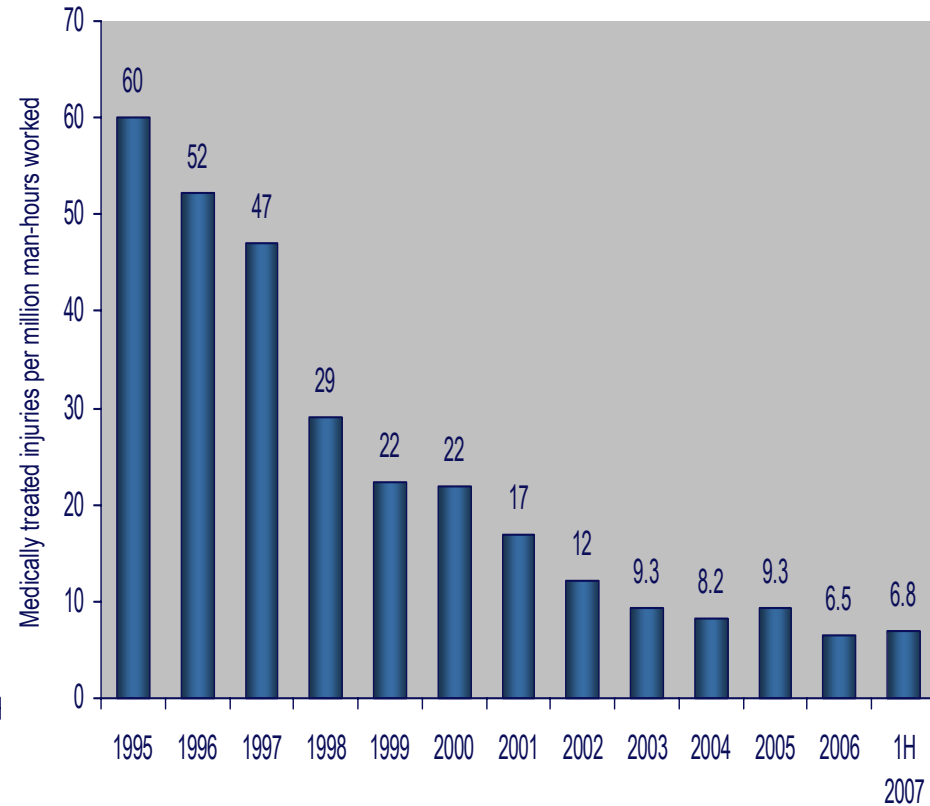
# Zero harm is our goal for our team and communities

## Lost Time Injury Frequency Rate



*Includes Contractor performance from 1996  
 Includes Butler performance from May 2004*

## Medically Treated Injury Frequency Rate



*Includes Contractor performance from 2004  
 Includes Butler performance from May 2004*

**18,269 Employees, 98 manufacturing sites, 17 countries**

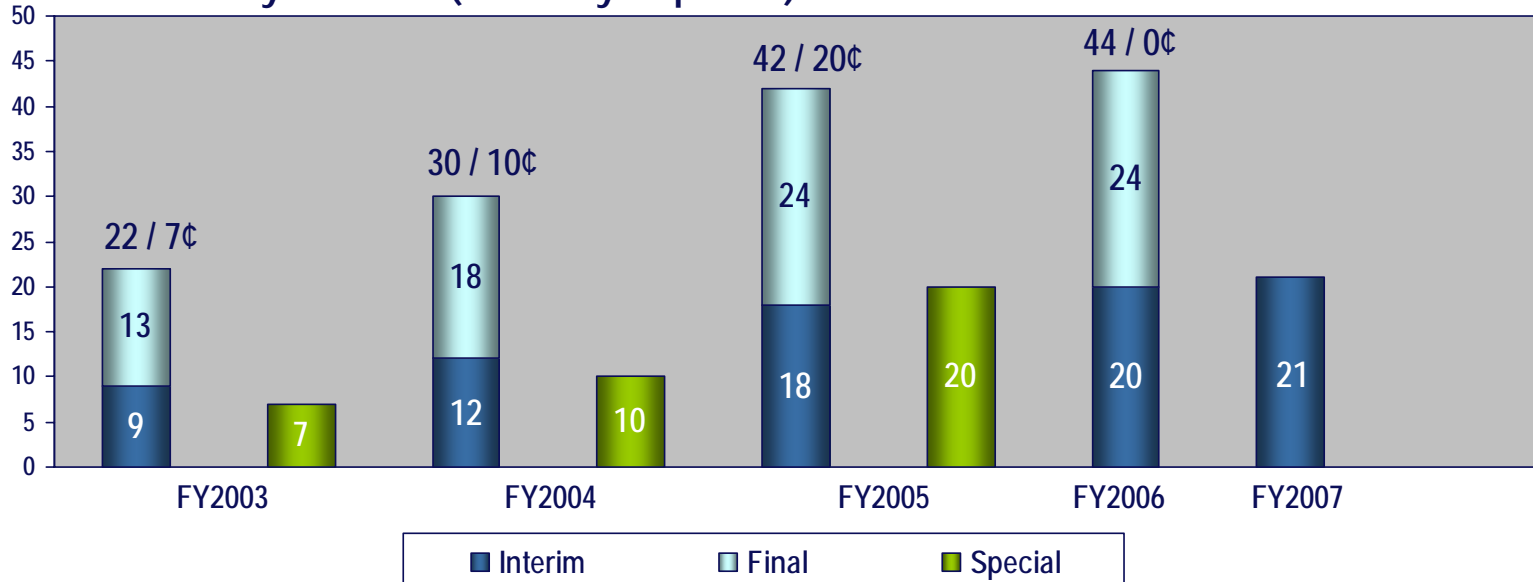
# Continuing to reward our shareholders as we grow

- **Share Buybacks – Public listing to 31 December 2006**
  - Purchased and cancelled 116m shares
    - on market – 90m shares
    - off market – 26m shares
  - Average price paid \$6.10 per share
- **Shares on issue**
  - As at 31 December 2006 726.6 million
- **Dividend reinvestment scheme**
  - Effective from and including final FY2006 ordinary dividend
- **Dividends – All fully franked (ordinary / special)**

Total return to shareholders since BSL's public listing (July 2002):

|  |                  |       |  |
|--|------------------|-------|--|
| ▪ Share buybacks                           | \$ 707m          | 26%   |  |
| ▪ Dividends paid                           | \$ 1,277m        | } 52% |  |
| ▪ Interim dividend<br>(to be paid 02Apr07) | \$ 153m          |       |  |
|  | <u>\$ 2,137m</u> | 78%   |  |

\$2.89 per share or 78% payout ratio (NPAT)



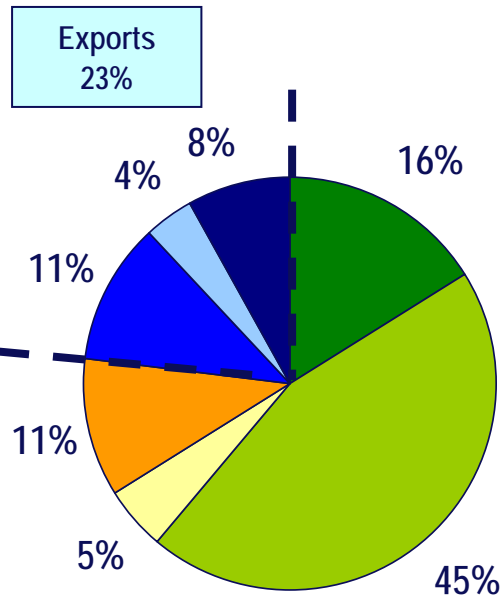
# Group financial headlines 1H FY2007 vs. 1H FY2006

## Across the board improvements

|                                      | Six months ended 31 December |             | Variance                  |
|--------------------------------------|------------------------------|-------------|---------------------------|
|                                      | 2007                         | 2006        | %                         |
| Revenue                              | A\$4,528M                    | A\$3,892M   | Up 16% (record half year) |
| External despatches                  | 3.7M tonnes                  | 3.5M tonnes | Up 6% (record)            |
| EBITDA                               | A\$794M                      | A\$593M     | Up 34%                    |
| EBIT                                 | A\$635M                      | A\$449M     | Up 41%                    |
| NPAT                                 | A\$388M                      | A\$312M     | Up 24%                    |
| EPS                                  |                              |             |                           |
| - Reported                           | 54.7¢                        | 44.0¢       | Up 24%                    |
| After Tax Return on Invested Capital | 17.0%                        | 14.6%       | Up 16%                    |
| Return on Equity                     | 24.0%                        | 18.9%       | Up 27%                    |
| Net Operating Cashflow               |                              |             |                           |
| - From operating activities          | A\$697M                      | A\$349M     | Up 100%                   |
| - After capex / investments          | A\$133M                      | A\$(156)M   | Up 185%                   |
| Dividend                             |                              |             |                           |
| - Interim ordinary (fully franked)   | 21 cps                       | 20cps       | Up 5%                     |
| Gearing (net debt)                   | 35.6%                        | 33.2%       | Down from 38% (June 06)   |

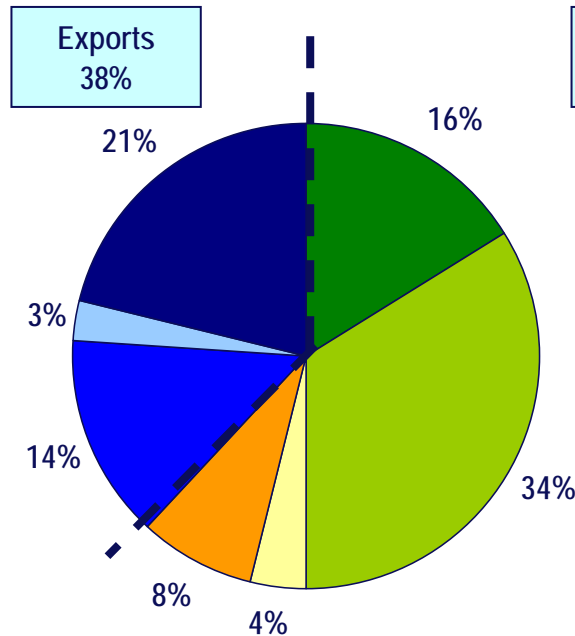
# Record sales volumes, driven by strong demand for BlueScope's products

1H FY2005



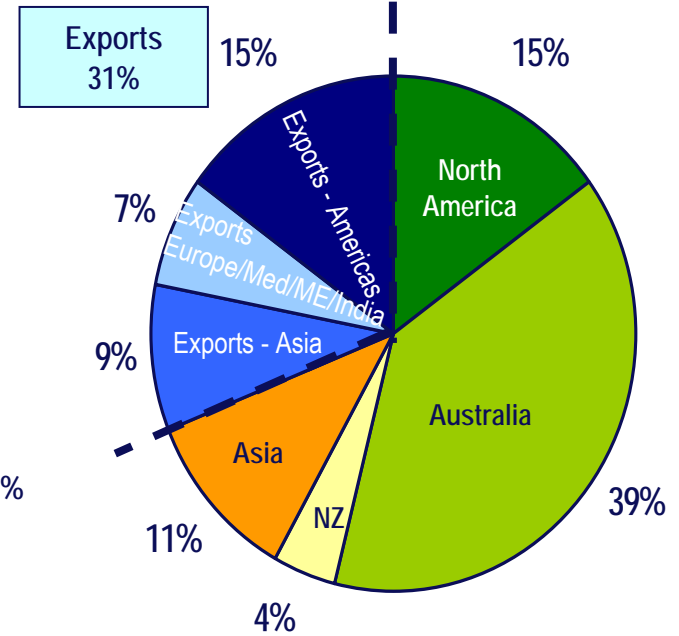
3,457MT

1H FY2006



3,544MT

1H FY2007



3,741MT

External Despatches

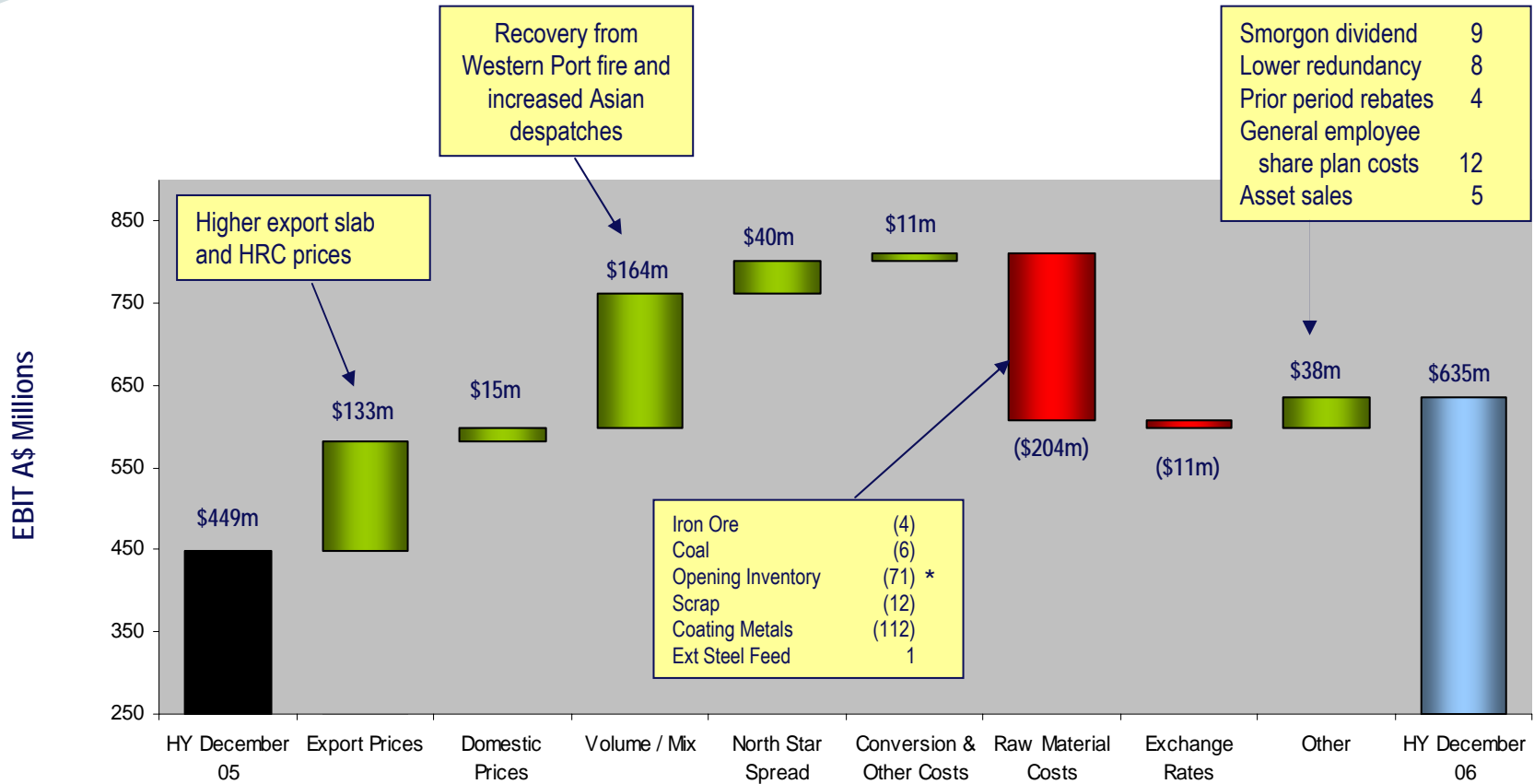
## Key

- Exports - Americas
- Exports - Asia
- Exports - Europe/Med/Middle East/India

## Domestic sales (produced and sold within country)

- NA (NSBSS + C&BPNA)
- Australia
- New Zealand/Pacific
- Asia

# EBIT variance 1H FY2006 to 1H FY2007 by item



## Note:

(\*) In late FY2005, BlueScope purchased 300 – 400kt of lower priced iron ore, noting iron ore fines increased by approximately 71.5% from 1 July 2006. An equivalent arrangement was not available at the end of FY2006.

# Cashflow – a real strength and point of differentiation

| A\$M                               | First Half   |              |              |
|------------------------------------|--------------|--------------|--------------|
|                                    | FY2003       | FY2006       | FY2007       |
| <u>Source</u>                      |              |              |              |
| Cashflow from operations           | 795          | 563          | 752          |
| Working capital movement           | (31)         | (214)        | (55)         |
| Net cash from operations           | <b>764</b>   | <b>349</b>   | <b>697</b>   |
| <u>Application</u>                 |              |              |              |
| Capital Expenditure                | (165)        | (365)        | (245)        |
| Smorgon Steel shareholding (19.9%) | -            | -            | (319)        |
| Statutory (tax)                    | (29)         | (239)        | (126)        |
| Returned to shareholders           | (101)        | (390)        | (169)        |
| Net Funding                        | (468)        | 638          | 147          |
|                                    | <b>(763)</b> | <b>(356)</b> | <b>(712)</b> |
| Closing cash increase / (decrease) | 1            | (7)          | (15)         |

First full year of operations after listing

Strong operations performance

Working capital improvement initiatives pay off

Greenfield capex program slowing

Includes special dividend

\$168M underwritten DRP and debt reduction / other (\$21M)

# Balance sheet – working capital reductions and lower gearing improve financial flexibility

| <i>A\$ Millions</i>              | As at        |                      |
|----------------------------------|--------------|----------------------|
|                                  | 30 June 2006 | 31 December 2006     |
| <b>Assets</b>                    |              |                      |
| Cash                             | 62           | 58                   |
| Receivables                      | 1,344        | 1,181                |
| Inventory                        | 1,329        | 1,410                |
| Other Assets                     | 783          | 1,180 <sup>(1)</sup> |
| Net Fixed Assets                 | 3,743        | 3,736                |
| <b>Total Assets</b>              | <b>7,261</b> | <b>7,565</b>         |
| <b>Liabilities</b>               |              |                      |
| Creditors                        | 959          | 838                  |
| Interest Bearing Liabilities     | 1,952        | 1,983                |
| Provisions & other Liabilities   | 1,265        | 1,253                |
| <b>Total Liabilities</b>         | <b>4,176</b> | <b>4,074</b>         |
| <b>Net Assets</b>                | <b>3,085</b> | <b>3,491</b>         |
| ▪ Net Debt / (Net Debt + Equity) | 38.0%        | 35.6%                |

Total revenue up 9% BUT receivables down 12%

Debt flat even with Smorgon 19.9% (\$319M)

2.4 percentage point improvement in 6 months

(1) Includes BlueScope's 19.9% shareholding in Smorgon Steel



# Reporting Segment Performance

# Reporting business segments

## Corporate / Group

### Australia

### New Zealand

### Asia

### North America

#### Hot Rolled Products Australia

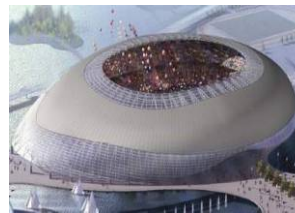
#### Coated & Building Products Australia

#### New Zealand & Pacific Islands Products

#### Coated & Building Products Asia

#### Hot Rolled Products North America

#### Coated & Building Products North America



- Lowest quartile producer
- Leading supplier of flat steel in Australia
- Global scale

- Largest supplier of metallic coated and painted steel in Australia
- Leading market shares in most key products

- Only fully integrated flat steel maker in New Zealand
- Leading domestic market share of flat products

- Pre-eminent seller of branded steel in Asia
- Lower cost “backward integration” growth strategy

- 50:50 joint venture with Cargill Inc.
- Again voted no. 1 flat rolled steel supplier in North America (Jacobson Survey)

- Pre-eminent global designer / supplier Pre-engineered buildings
- No 2 position in North America and no. 1 in China

o Port Kembla Steelworks

- o Western Port
- o Springhill
- o Lysaght Australia
- o Service Centres

- o Pacific Islands
- o Glenbrook, NZ

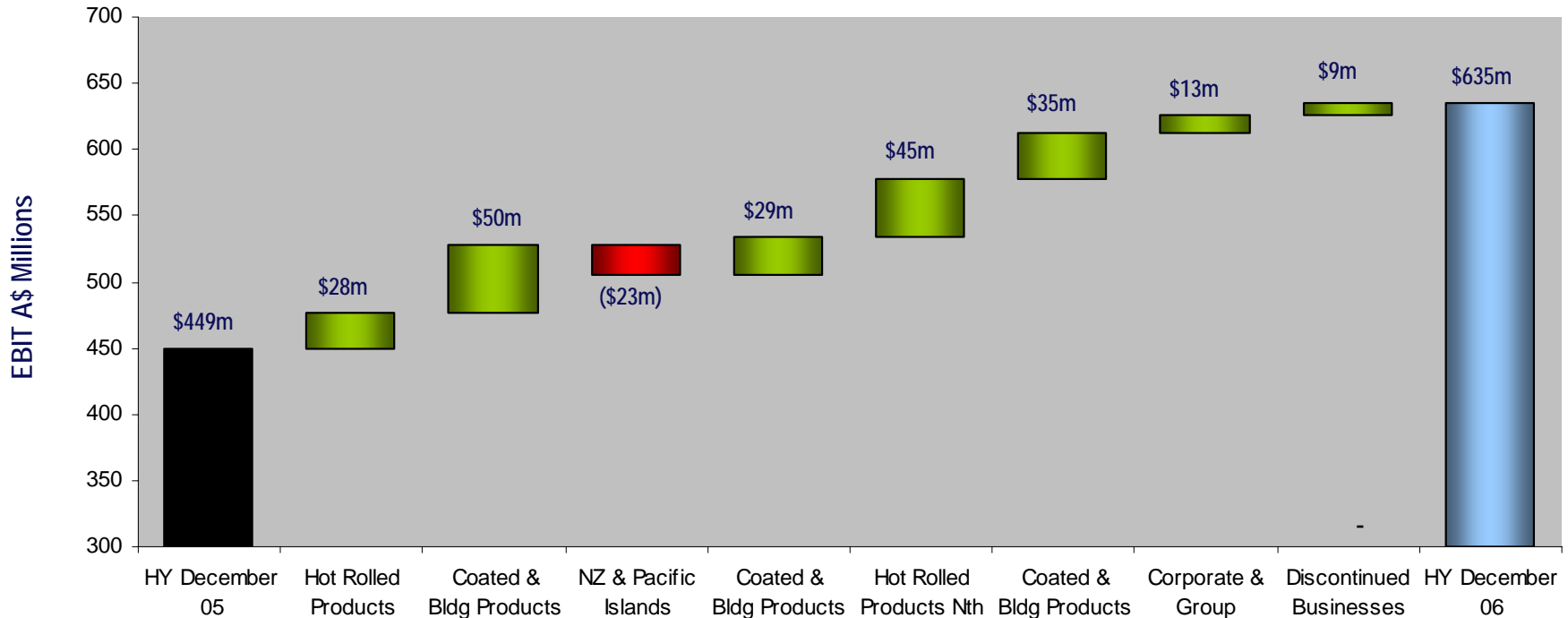
- o Indonesian, Malaysian, Thailand and Vietnamese operations
- o China, including Butler
- o Lysaght Asia
- o India – Tata BlueScope JV

- o Delta, Ohio

- o Butler buildings
- o Vistawall

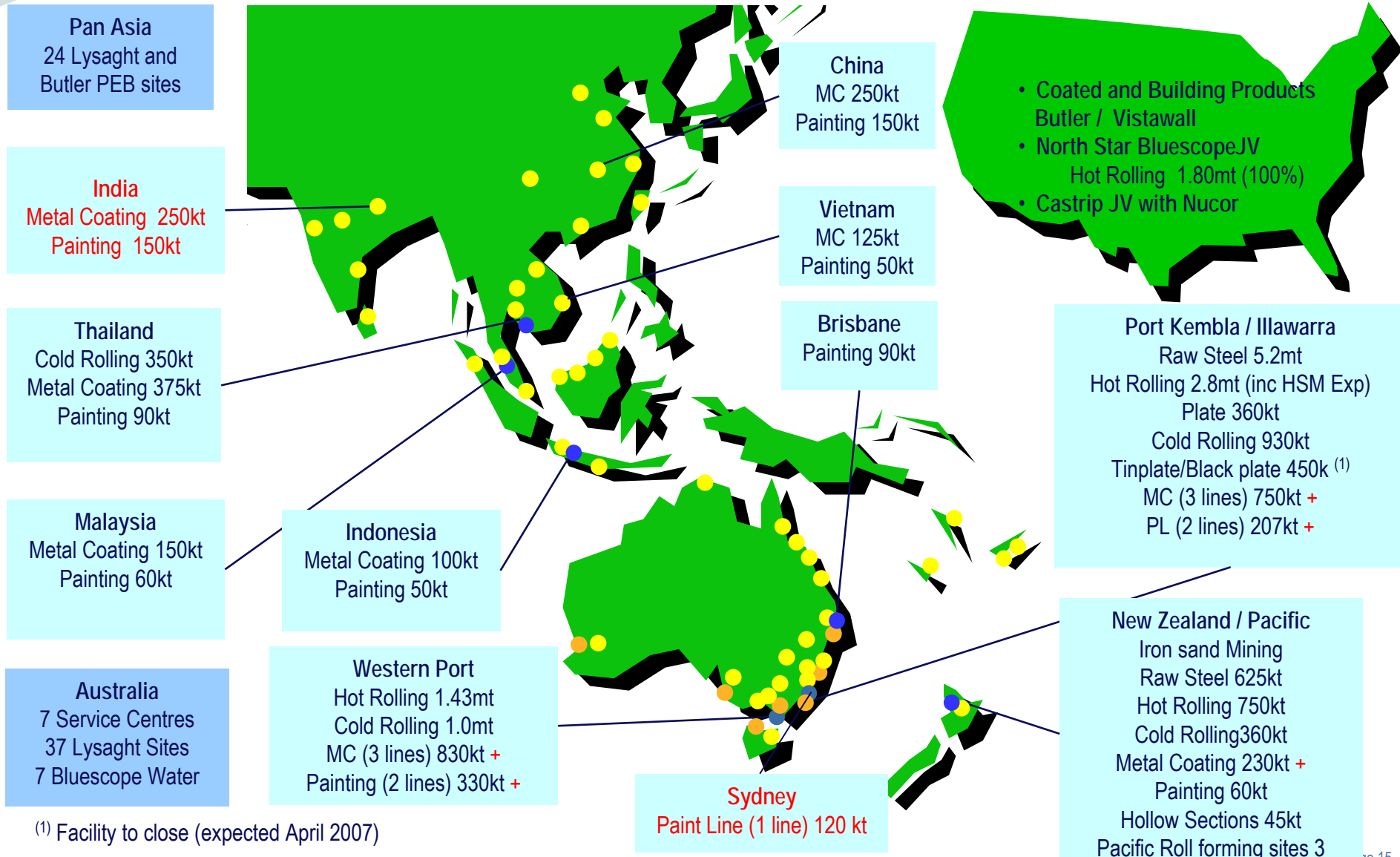
# All BlueScope business segments profitable and all growing revenue

EBIT variance 1H FY2006 to 1H FY2007 by reporting business segment



|                                | HY December 05 | Hot Rolled Products Australia   | Coated & Bldg Products Aust   | NZ & Pacific Islands Products   | Coated & Bldg Products Asia  | Hot Rolled Products Nth America   | Coated & Bldg Products Nth America   | Corporate & Group   | Discontinued Businesses  | HY December 06 |
|--------------------------------|----------------|---|---|---|--|---|--|---|--|----------------|
| <b>EBIT Movements</b>          |                |   |   |   |  |   |  |   |  |                |
| From 1H FY2006                 |                | \$410M  | \$(30)M   | \$66M   | \$2M   | \$67M   | \$2M   | \$(61)M   | \$(6)M   |                |
| To 1H FY2007                   |                | \$438M  | \$20M   | \$43M   | \$31M  | \$112M  | \$37M  | \$(48)M   | \$3M   |                |
| <b>Due to:</b>                 |                | <ul style="list-style-type: none"> <li>Higher export steel prices</li> <li>Higher domestic volumes</li> </ul> | <ul style="list-style-type: none"> <li>Higher sales vols</li> <li>Higher zinc costs</li> <li>Improved operations</li> <li>Packaging loss</li> </ul> | <ul style="list-style-type: none"> <li>Higher zinc costs</li> <li>Higher R&amp;M</li> </ul> | <ul style="list-style-type: none"> <li>Higher sales volumes</li> <li>Higher prices</li> <li>Lower one-off costs</li> </ul> | <ul style="list-style-type: none"> <li>Improved spread (North Star)</li> <li>Higher slab &amp; HRC prices for trading office sales</li> </ul> | <ul style="list-style-type: none"> <li>Higher sales vols</li> <li>Improved productivity</li> <li>Increased market share</li> </ul> | <ul style="list-style-type: none"> <li>SSX dividend</li> <li>Lower employee share plan costs</li> </ul> | <ul style="list-style-type: none"> <li>Taiwan closure</li> </ul> |                |
| <b>1H FY2007 Sales Revenue</b> |                | \$2,000M +10%   | \$1,699M +19%   | \$364M +1%  | \$676M +46%  | \$661M (inc. NSBSS) +29%  | \$656M +8%   | -   | -  |                |

# Unique production footprint in the world's fastest growing regions



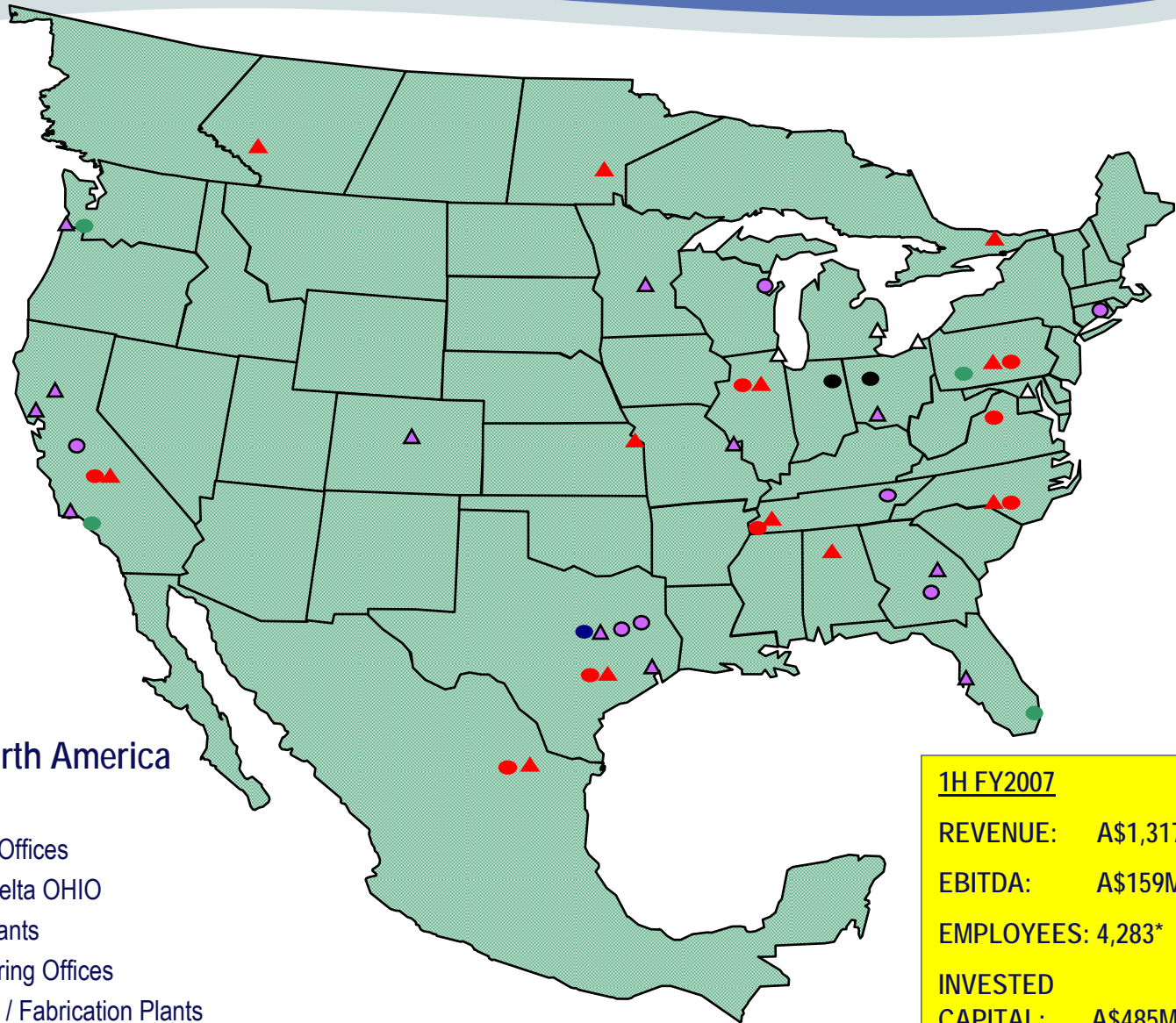
# BlueScope Steel China



## BlueScope Steel in China

- 1 Metal Coating/Paint Line facility
- 4 Lysaght manufacturing facilities
- 2 Butler PEB manufacturing facilities
- ▲ 60 Lysaght / CSC sales offices
- ▲ 24 Butler district offices / sales offices

# BlueScope Steel North America



## BlueScope Steel in North America

- 1 Regional Office
- 4 BlueScope Steel Sales Offices
- North Star Bluescope – Delta OHIO
- 7 Butler Manufacturing Plants
- ▲ 12 Butler Sales / Engineering Offices
- 7 Vistawall Manufacturing / Fabrication Plants
- ▲ 12 Vistawall Sales Offices

### 1H FY2007

REVENUE: A\$1,317M\*

EBITDA: A\$159M\*

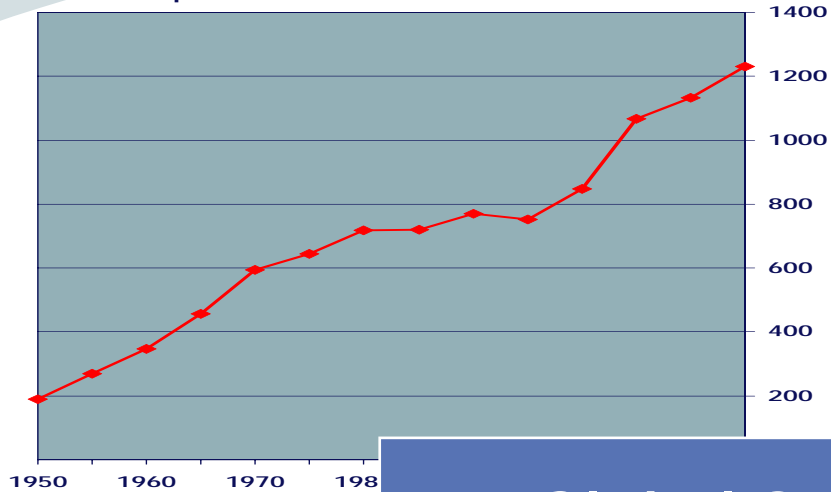
EMPLOYEES: 4,283\*

### INVESTED

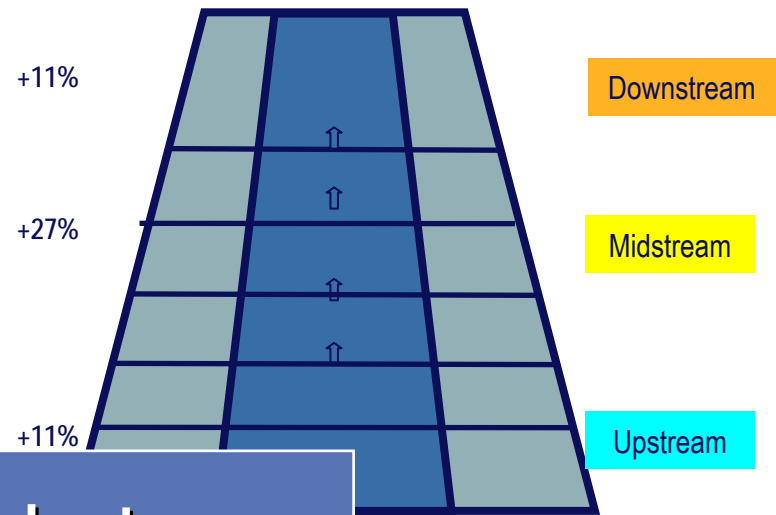
CAPITAL: A\$485M\*

(\*INC NORTH STAR  
BLUESCOPE STEEL 50%)

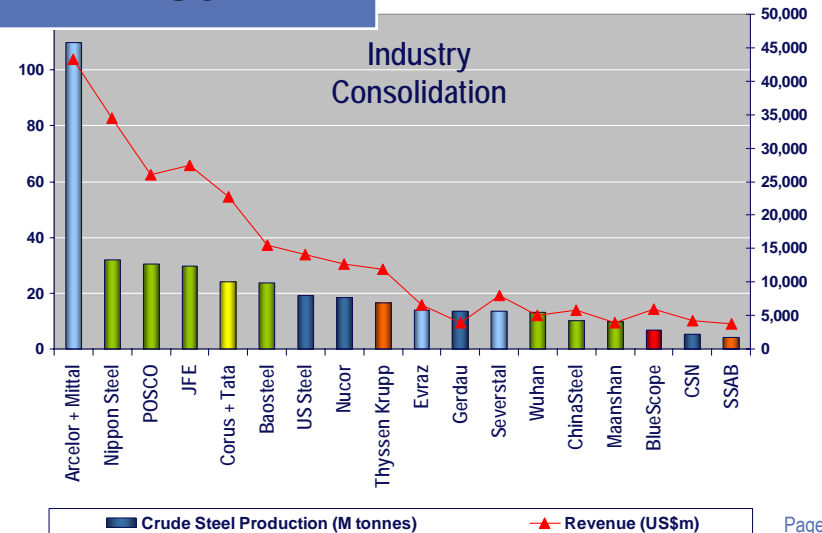
Compound Annual Growth Rates



STRATEGY

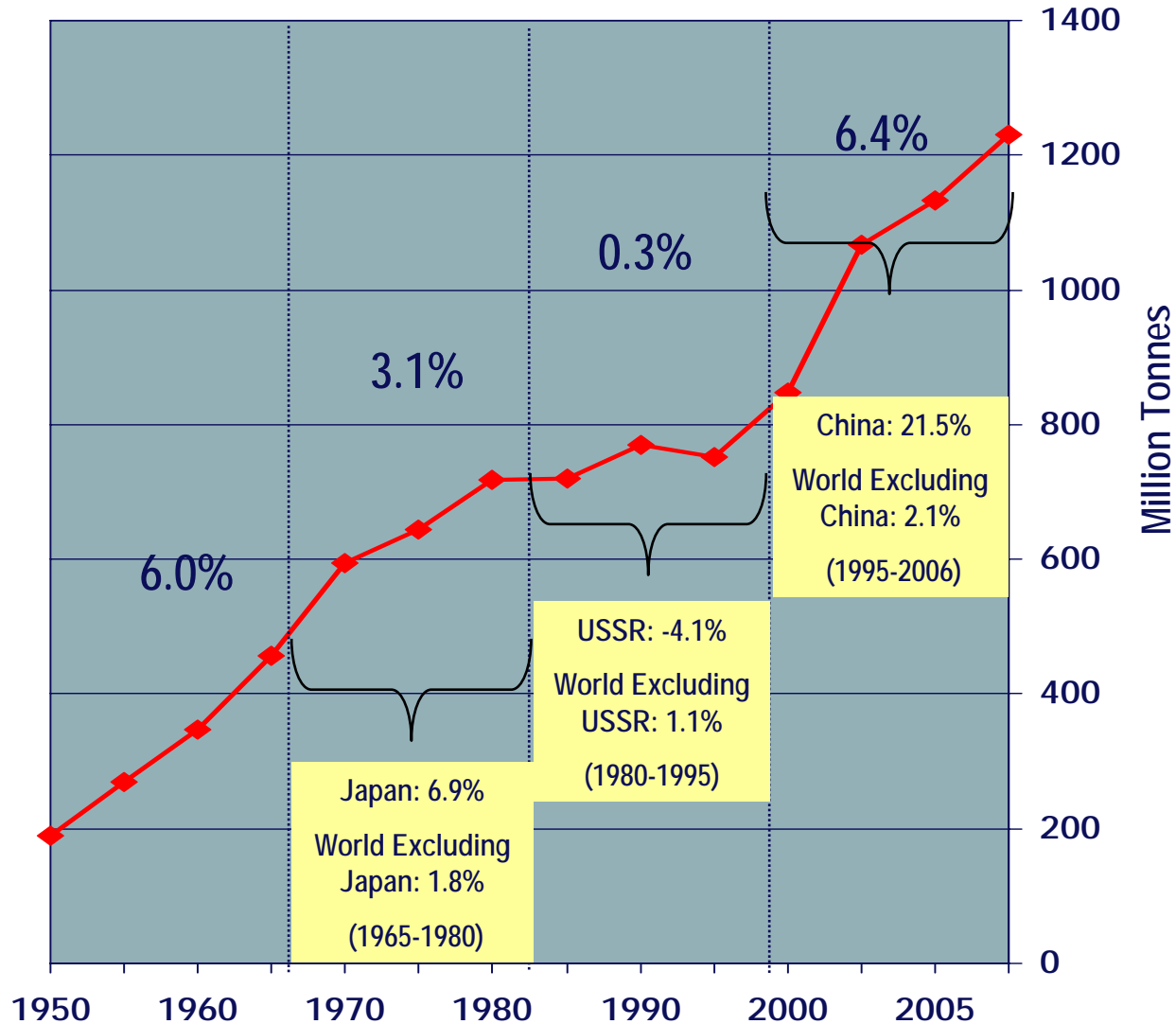


# Global Steel Industry BlueScope's Strategy



# World crude steel production - 1950 to 2006 – China driving growth but slowing

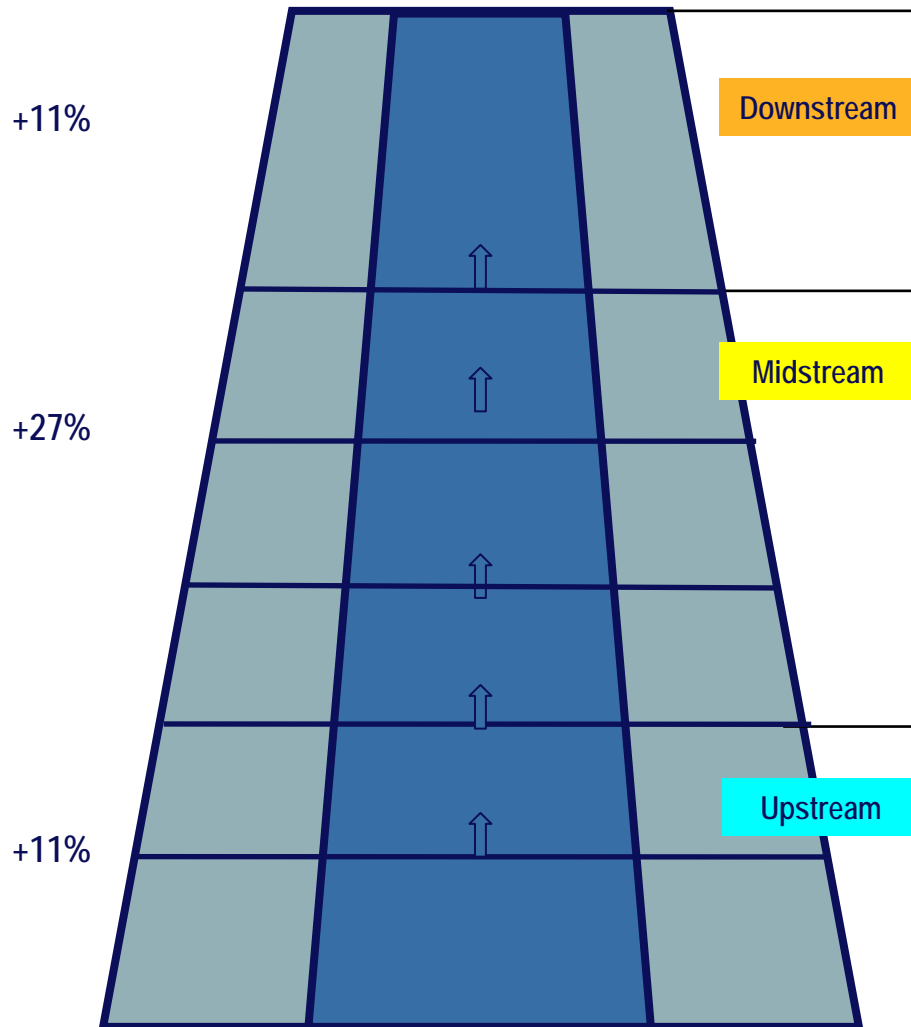
## Compound Annual Growth Rates



Source: IISI, BSL

# Our strategy remains unchanged. Focused on growing more diversified and stable revenue / earnings profile

Revenue increased 1H 2006 vs. 1H 2007



| GROWTH PROJECTS   |  |
|---|--|
| Major projects completed to 31 December 2006  | To be completed 2H FY2007 – FY2009   |
| <b>Asia</b> <ul style="list-style-type: none"> <li>India - PEB and Lysaght facilities at Pune</li> <li>India – Lysaght facility at Chennai &amp; New Delhi</li> </ul> <b>USA</b> <ul style="list-style-type: none"> <li>Successful turnaround of Tennessee facility.</li> </ul>                   | <ul style="list-style-type: none"> <li>Thailand – PEB facility</li> <li>China – Guangzhou (PEB and Lysaght) – Lang Fang (Panels)</li> </ul> <b>Australia</b> <ul style="list-style-type: none"> <li>A\$320M Smorgon Steel shareholding (19.9%)</li> </ul>                                  |
| <b>Asia</b> <ul style="list-style-type: none"> <li>Thailand – second metal coating line (MCL2) and ramp up in progress – ramp up CRC</li> <li>Vietnam – metal coating (MCL) and paint line (PL) and ramp up in progress</li> <li>China – MCL and PL and ramp up in progress</li> </ul>            | <b>Asia</b> <ul style="list-style-type: none"> <li>India – new MCL &amp; PL construction (CY2009)</li> <li>Indonesia – MCL2 &amp; PL2 (project deferred)</li> </ul> <b>Australia</b> <ul style="list-style-type: none"> <li>Sydney Colorbond® plant start-up (around June 2007)</li> </ul> |
| <b>Australia</b> <ul style="list-style-type: none"> <li>400kt HSM expansion at PKSW</li> </ul> <b>[New Zealand</b> <ul style="list-style-type: none"> <li>Front end study]</li> </ul> <b>USA</b> <ul style="list-style-type: none"> <li>North Star BlueScope – new bag house installed</li> </ul> | <b>Australia</b> <ul style="list-style-type: none"> <li>BF No 5 reline (expected March 2009)</li> </ul>  |

# Major project capital and investment spending profile

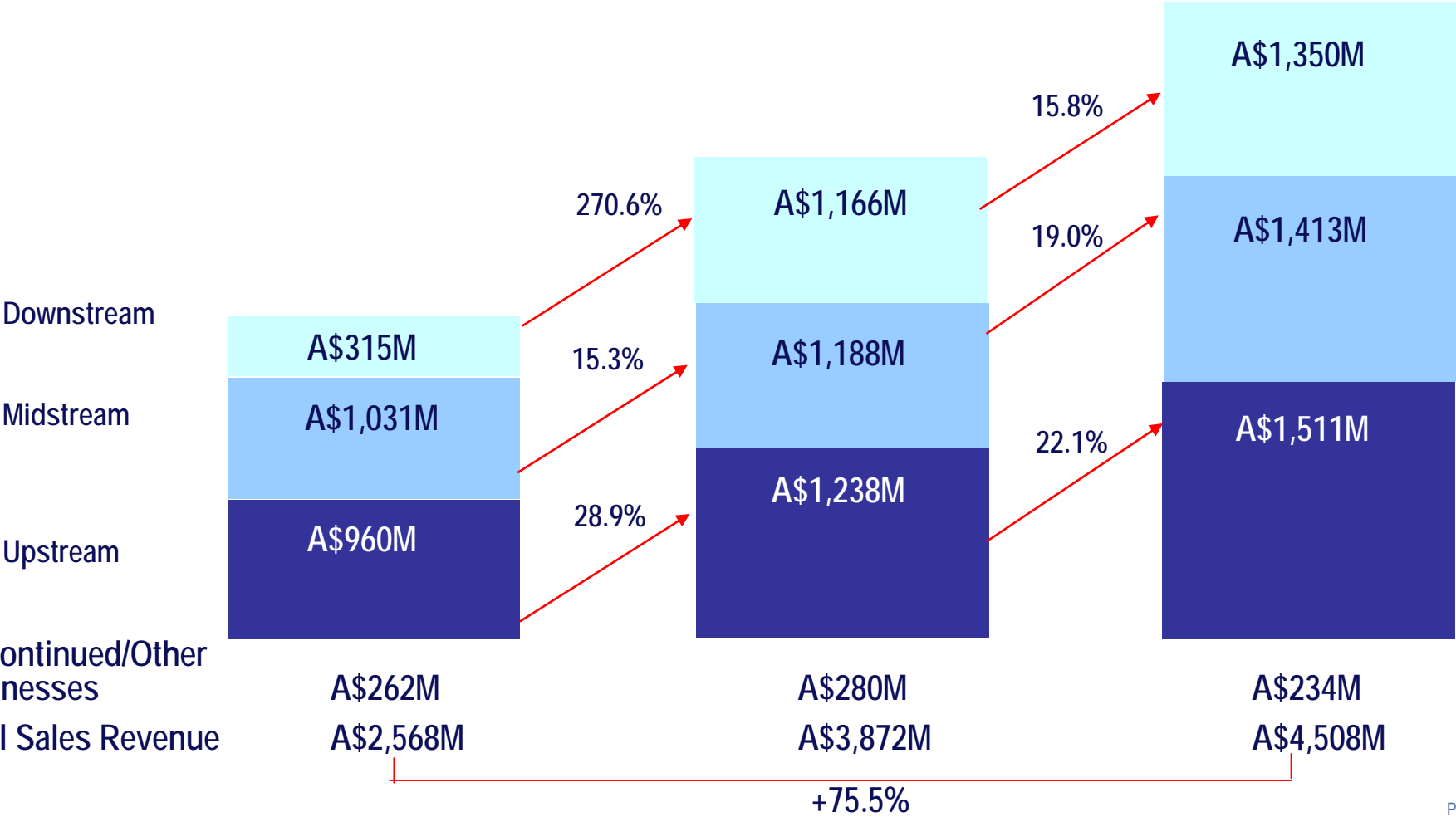
| All in A\$million  | Total Est.<br>Capex / Cost | Actual to<br>30/6/06 | 1H FY2007   | 2H<br>FY2007 | FY2008      | FY2009      |
|--|----------------------------|----------------------|-------------|--------------|-------------|-------------|
| <b>PROJECTS</b>  |                            |                      |             |              |             |             |
| <b>Projects completed</b>  |                            |                      |             |              |             |             |
| Thailand – Coating expansion   | 80                         | 80                   | -           | -            | -           | -           |
| Vietnam – Coating / Painting   | 136                        | 136                  | -           | -            | -           | -           |
| China<br>- Coating and Painting Facility<br>- Guangzhou Butler / Lysaght                         | 274<br>33                  | 256<br>31            | 13<br>2     | 5<br>-       | -<br>-      | -<br>-      |
| India - Butler / Lysaght facilities  | 44                         | 32                   | 12          | -            | -           | -           |
| Australia<br>Port Kembla (PKSW) - HSM expansion<br>- Sinter Plant Emissions<br>WA Service Centre | 100<br>100<br>21           | 98<br>100<br>21      | 2<br>-<br>- | -<br>-<br>-  | -<br>-<br>- | -<br>-<br>- |
| <b>Projects to be completed / deferred</b>   |                            |                      |             |              |             |             |
| India - Coating / Painting (50% interest)  | 133                        | -                    | 5           | 20           | 62          | 46          |
| Indonesia – Coating / Painting (deferred)  | 145                        | 10                   | -           | -            | -           | -           |
| PKSW Blast Furnace No. 5 Reline  | 330                        | 56                   | 27          | 33           | 70          | 144         |
| Western Sydney Colorbond®  | 150                        | 95                   | 29          | 24           | 2           | -           |
| <b>INVESTMENTS</b>   |                            |                      |             |              |             |             |
| Butler Manufacturing   | 277                        | 277                  | -           | -            | -           | -           |
| Lysaght and water acquisitions   | 110                        | 110                  | -           | -            | -           | -           |
| <b>Total capital spending</b>  | <b>1,933</b>               | <b>1,302</b>         | <b>90</b>   | <b>82</b>    | <b>134</b>  | <b>190</b>  |

# Global group sales revenue mix – mid and downstream sales revenue growth powering ahead

1H  
FY2003

1H  
FY2005

1H  
FY2007



# Butler Buildings North America – Number 2 in PEBs

## Manufacturing



## Warehouse



## Retail



## Recreation



## Showroom



## Community



# Global steel industry – our long term view has not changed



- China's steel capacity growth rate slowing
- Raw material, energy and internal transport costs reducing relative competitiveness
- Steel reform initiatives evident with more promised
- Underlying demand in China is strong
- Longer term - steel to progressively displace other building materials
- Steel export growth occurring

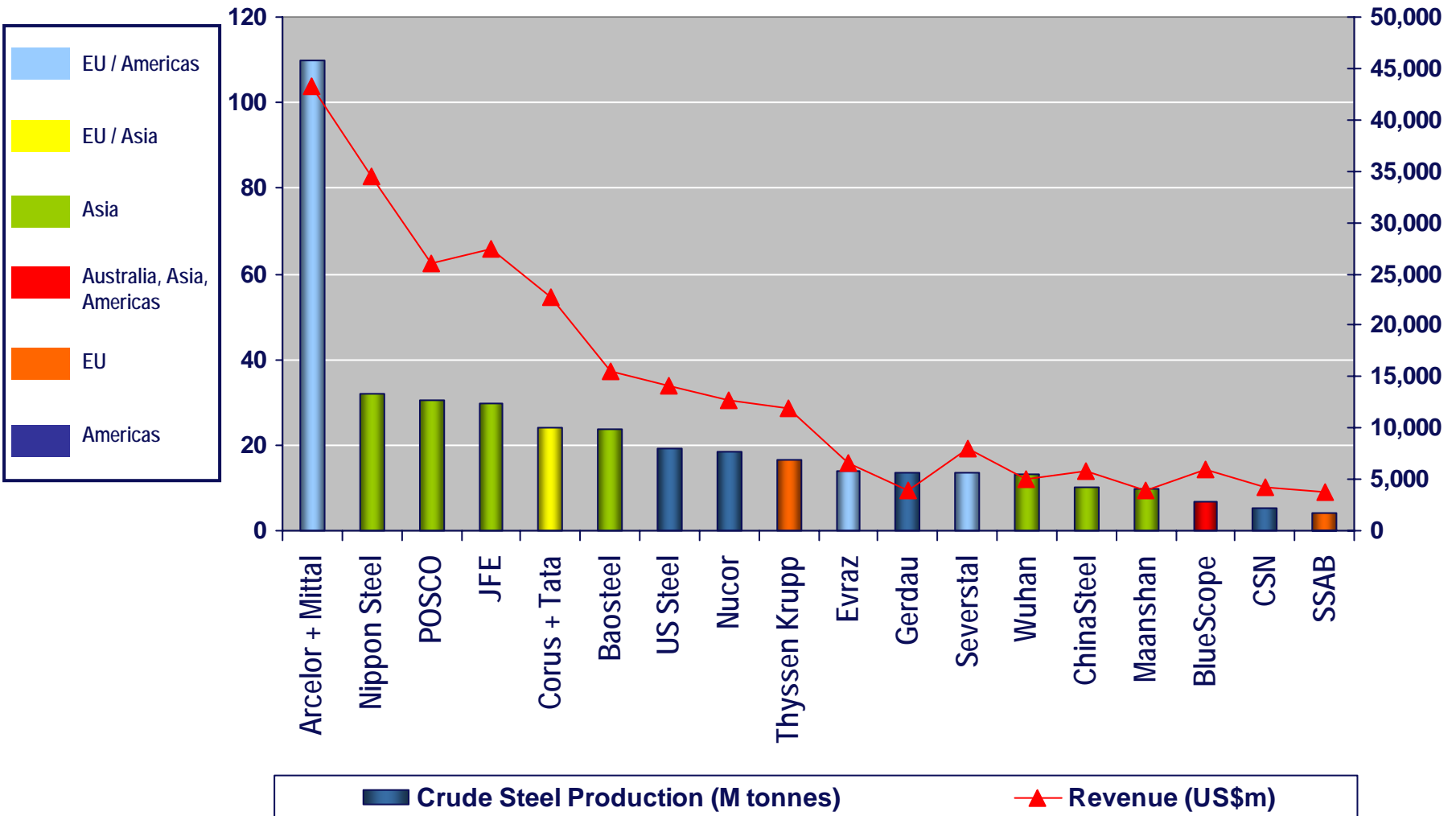


- Economic growth remains strong
  - Japan – record steel production likely in 2007 stoked by domestic demand
  - Russia – strong economy limits exports
  - USA – strong North American economy
    - World Trade case against China
  - Middle East and Europe – strong demand
- Continued production discipline
- India – growing steel requirements
- Increased alliance activity
- Increase in steel industry mining activity

Global steel industry consolidation accelerating

# Global steel industry consolidation increases pace

Most companies shown announced intention to acquire or formed alliances  
 What will happen in Asia and when?

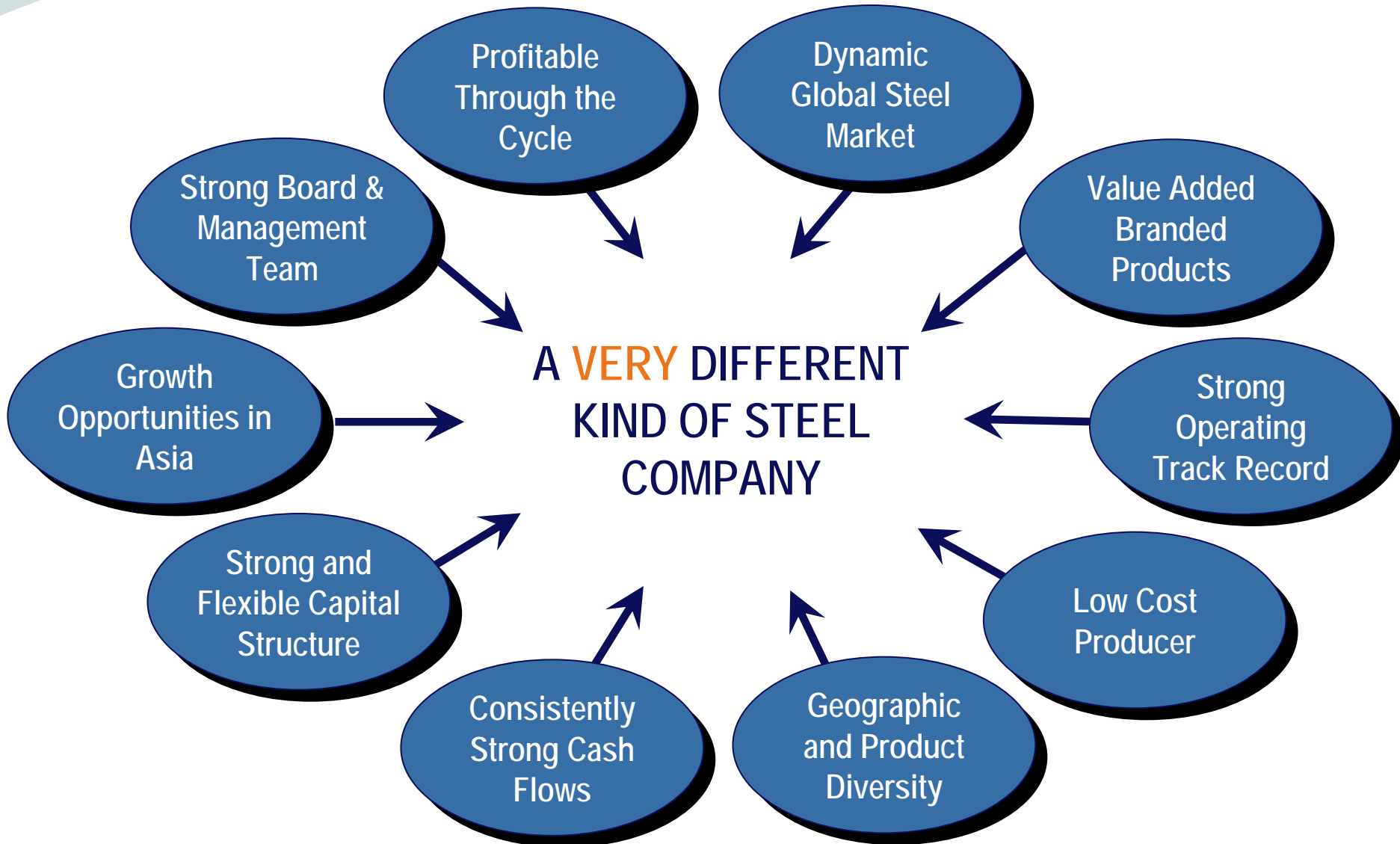


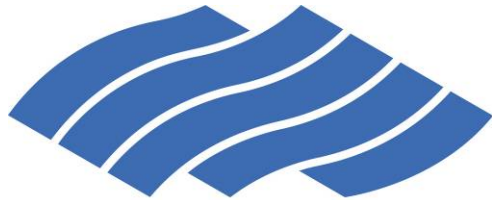


In summary -  
a very good 6 months



# Questions and Answers





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STEEL**

# Goldman Sachs JBWere Australasian Forum 2007 - New York

Kirby Adams  
Managing Director and Chief Executive Officer

7-9 March 2007

ASX Code: BSL