

BLUESCOPE STEEL LIMITED
ANNUAL GENERAL MEETING

11 NOVEMBER 2005
GRAND HYATT HOTEL, MELBOURNE

ADDRESS

CHAIRMAN – GRAHAM KRAEHE

LADIES AND GENTLEMEN,

LET ME FIRST COMMENT ON THE MARKET UPDATE ON OUR PROFIT OUTLOOK, WHICH WE RELEASED LAST WEEK.

SOME OF YOU HAVE BEEN CONCERNED BY THE MARKET REACTION TO THIS ANNOUNCEMENT AND HAVE ASKED WHY WE ISSUED THE UPDATE LAST WEEK RATHER THAN TODAY AT OUR ANNUAL GENERAL MEETING.

THE REASON WE ISSUED THIS UPDATE IS SIMPLE; WE HAVE CONTINUOUS DISCLOSURE OBLIGATIONS UNDER THE CORPORATIONS ACT AND ASX LISTING RULES. WE TAKE THESE SERIOUSLY. WE ARE COMMITTED TO THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE.

AS INFORMATION BECOMES AVAILABLE TO YOUR COMPANY, WE ALERT THE MARKET TO MATERIAL ISSUES THAT WILL IMPACT OUR PROFIT PERFORMANCE.

IN AUGUST WE REPORTED THAT PRICES FOR COMMODITY STEEL PRODUCTS HAD DROPPED, WHILE RAW MATERIAL INPUT COSTS HAD RISEN CONSIDERABLY - HAVING BEEN FIXED FOR THE NEXT 12 MONTHS.

AS A RESULT OF THESE FACTORS WE SAID THAT UPSTREAM MARGINS AT THE PORT KEMBLA STEELWORKS WOULD BE UNDER PRESSURE FOR 2006 RELATIVE TO 2005.

IN SEPTEMBER, WE TOLD THE MARKET THAT THE COST TO OUR BOTTOM LINE OF THE HOT STRIP MILL FIRE AT WESTERN PORT WOULD BE APPROXIMATELY \$50 MILLION OF WHICH APPROXIMATELY \$15 MILLION WOULD BE THE CAPITAL COST.

PRIOR TO ISSUING LAST WEEK'S UPDATE, MANAGEMENT HAD CONDUCTED A REGULAR REVIEW OF BUSINESS PERFORMANCE. THE OUTCOME OF SUCH REVIEWS ARE DISCUSSED WITH THE BOARD AND, AT THIS TIME OF YEAR, WOULD NORMALLY BE REFLECTED IN

THE OUTLOOK COMMENTS AT TODAY'S MEETING.

ISSUES THAT EMERGED FROM THIS REVIEW WERE ONGOING PRESSURE ON COMMODITY STEEL PRODUCT PRICES, AND THAT MARGINS WERE BEING SQUEEZED AT OUR ASIAN STEEL BUSINESSES, LARGELY BECAUSE THEY WERE STILL USING AS FEEDSTOCK INVENTORY ACQUIRED WHEN PRICES WERE HIGHER. WE EXPECT THE HIGHER COST INVENTORY TO BE UTILIZED BY THE END OF THIS CALENDAR YEAR.

AS A RESULT OF THESE FACTORS, THE PROFIT OUTLOOK AVAILABLE TO THE COMPANY WAS AT THE LOWER END OF THE GUIDANCE RANGE PREVIOUSLY PROVIDED TO THE MARKET, AND BELOW MOST ANALYSTS' PUBLISHED EXPECTATIONS. THIS GAP CREATED AN OBLIGATION TO UPDATE THE MARKET AS SOON AS POSSIBLE. A SPECIAL BOARD MEETING WAS CONVENED, AN ANNOUNCEMENT MADE AND POSTED ON OUR WEB SITE.

IT IS IMPORTANT TO NOTE HOWEVER, THAT DIRECTORS STILL EXPECT 2006 TO BE A VERY GOOD YEAR FOR BLUESCOPE STEEL AND BOTH I AND KIRBY ADAMS WILL HAVE MORE TO SAY ABOUT THAT A LITTLE LATER.

AND SPEAKING OF GOOD YEARS, I AM VERY PLEASED TO REPORT TO YOU TODAY ON 2005, AN OUTSTANDING YEAR OF PERFORMANCE BY BLUESCOPE STEEL.

OVERALL PERFORMANCE

INDEED, OUR FINANCIAL RESULTS FOR 2003, 2004 AND 2005 HAVE BEEN EXCELLENT.

THEY REPRESENT THREE CONSECUTIVE YEARS OF RECORD ANNUAL PROFIT – A GREAT EFFORT FOR A COMPANY THAT IS ONLY THREE YEARS OLD.

IN FACT, OUR TEAM'S PERFORMANCE IN THE FIRST THREE YEARS OF PUBLIC LISTING WAS AMONG THE BEST IN THE ASX 100.

AND NOW, BLUESCOPE STEEL IS ONE OF A SELECT GROUP OF ASX-LISTED COMPANIES TO HAVE ACHIEVED AN ANNUAL PROFIT OF MORE THAN \$1 BILLION.

DURING THE PAST YEAR, REVENUE GREW BY 38 % TO A RECORD - JUST ON \$8 BILLION.

THIS REFLECTS:

- RECORD PRODUCTION LEVELS IN MANY OF OUR OPERATIONS
- INCREASED MARKET PENETRATION FOR OUR PRODUCTS
- THE INTRODUCTION OF SOME EXCITING NEW PRODUCTS,
- ALL SUPPORTED BY A POSITIVE GLOBAL PRICING ENVIRONMENT FOR STEEL.

DESPATCHES WERE UP 5 % ON THE PREVIOUS YEAR.

EARNINGS BEFORE INTEREST AND TAX (EBIT) WAS UP BY \$570 MILLION TO A RECORD \$1.4 BILLION.

NET PROFIT AFTER TAX WAS UP 72% TO JUST OVER \$1 BILLION.

EARNINGS PER SHARE INCREASED 77% TO \$1.37, AN INCREASE OF 59-CENTS PER SHARE.

THE 2005 RESULT REFLECTED BOTH THE STRENGTH OF GLOBAL STEEL MARKETS AND THE PERFORMANCE OF OUR PEOPLE.

BUSINESS PERFORMANCE

AS MANY OF YOU KNOW, THE STEEL PRODUCTS WE PRODUCE TAKE MANY FORMS.

OUR UPSTREAM STEELMAKING BUSINESSES LIKE PORT KEMBLA, PRODUCE STEEL SLABS, HOT-ROLLED-COIL AND STEEL PLATE.

OUR DOWNSTREAM BUSINESSES TURN SLAB, COIL AND PLATE INTO AN EXTENSIVE RANGE OF FINISHED STEEL PRODUCTS AND SOLUTIONS.

LET'S LOOK BRIEFLY AT THE INDIVIDUAL BUSINESS PERFORMANCES.

OUR UPSTREAM BUSINESSES - PORT KEMBLA STEELWORKS, NORTH-STAR-BLUESCOPE-STEEL AND NEW ZEALAND STEEL - HAD AN OUTSTANDING YEAR.

THERE WAS UNPRECEDENTED GLOBAL DEMAND FOR SLAB, COIL AND PLATE.

EARNINGS-BEFORE-INTEREST-AND-TAX (EBIT) WAS UP

- 132% AT PORT KEMBLA;
- 173% AT NORTH-STAR AND;
- 195% AT NEW ZEALAND STEEL.

AS WELL AS EXTRAORDINARY GLOBAL STEEL PRICES, THESE RESULTS REFLECT THE IMPACT OF BUSINESS IMPROVEMENT AND COST REDUCTION MEASURES DELIVERED BY OUR EMPLOYEES.

ON THE OTHER HAND, OUR COATED AND BUILDING PRODUCTS BUSINESSES IN ASIA, NORTH AMERICA AND AUSTRALIA DID NOT FARE SO WELL:

- IN ASIA, EBIT WAS DOWN 21% ON LAST YEAR
- EBIT FOR OUR COATED AND BUILDING PRODUCTS BUSINESS IN NORTH AMERICA, ALTHOUGH UP 29% ON THE PRIOR YEAR, WAS STILL BELOW BREAK EVEN
- AND OUR AUSTRALIAN COATED AND BUILDING PRODUCTS BUSINESS ALSO OPERATED AT A LOSS WITH EBIT DOWN 160% ON THE PREVIOUS YEAR.

THESE COATED, PAINTED, PACKAGING, BUILDING AND STEEL SOLUTIONS BUSINESSES WERE SQUEEZED BETWEEN HIGH SLAB AND HOT ROLLED COIL PRICES – THE INPUTS FOR THESE BUSINESSES – AND LOW FINISHED PRODUCT PRICE AGREEMENTS THAT WE HONOURED WITH OUR CUSTOMERS, ESPECIALLY OUR AUSTRALIAN PACKAGING PRODUCTS CUSTOMERS.

EACH OF THESE BUSINESSES ALSO HAD LOCAL COST ISSUES TO OVERCOME.

FOR INSTANCE, AUSTRALIA WAS AFFECTED BY RESTRUCTURING COSTS ASSOCIATED WITH OUR DECISION TO EXIT THE EXPORT PACKAGING PRODUCTS BUSINESS, AS WELL AS BY STRIKE ACTIONS - MOST NOTABLY AT WESTERN PORT.

NEVERTHELESS, THESE BUSINESSES CONTINUE TO OFFER STRONG GROWTH POTENTIAL.

COATED AND BUILDING PRODUCTS ASIA IS ESTABLISHING AN OUTSTANDING FOOTPRINT IN THE FASTEST GROWING STEEL MARKET IN THE WORLD.

AND COATED BUILDING PRODUCTS AUSTRALIA WAS MAKING A STRONG RECOVERY UNTIL THE WESTERN PORT PLANT SUFFERED A MAJOR FIRE IN LATE AUGUST, WHICH CLOSED THE HOT STRIP MILL.

REWARDS FOR SHAREHOLDERS

REWARDING OUR SHAREHOLDERS IS A KEY COMMITMENT IN BLUESCOPE STEEL'S GUIDING PRINCIPLES ... WHAT WE CALL 'OUR BOND'.

WE DECLARED A FINAL DIVIDEND OF 24 CENTS PER SHARE AND A SPECIAL DIVIDEND OF 20 CENTS PER SHARE – BOTH FULLY FRANKED.

FOR THE YEAR, ORDINARY AND SPECIAL DIVIDENDS TOTALLED 62 CENTS PER SHARE COMPARED WITH 40 CENTS LAST YEAR. AN INCREASE OF 55-PERCENT. ALL FULLY FRANKED.

RETURN ON INVESTED CAPITAL INCREASED TO JUST OVER 25%, UP FROM LAST YEAR'S STRONG RESULT OF 18.5%. AND TOTAL SHAREHOLDER RETURN FOR THE YEAR WAS - 30%.

CARE FOR OUR EMPLOYEES

17 500 PEOPLE – OUR EMPLOYEES – HAVE CONTRIBUTED TO THE OUTSTANDING RESULTS YOUR COMPANY HAS ACHIEVED.

THEIR WELL-BEING IS IMPORTANT TO US AND WE ARE COMMITTED TO PROVIDING A SAFE PLACE FOR THEM TO WORK.

LAST YEAR, 78% OF OUR GLOBAL WORKFORCE TOOK PART IN SAFETY AUDITS OF OUR WORKSITES.

THANKS TO THE COMMITMENT OF OUR EMPLOYEES, BLUESCOPE STEEL ACHIEVED A RECORD LOW LOST-TIME-INJURY-FREQUENCY-RATE OF 0.8 INJURIES PER MILLION HOURS WORKED.

TO GIVE YOU SOME PERSPECTIVE, THE AVERAGE INJURY RATE FOR MEMBERS OF THE INTERNATIONAL IRON AND STEEL INSTITUTE IS 9.4.

OUR INJURY RATE IS LESS THAN 10% OF OUR GLOBAL PEERS. BLUESCOPE STEEL IS BECOMING RECOGNISED AS A LEADER IN INDUSTRIAL SAFETY.

SAFETY IS GOOD BUSINESS. FOR INVESTORS, THIS METRIC SPEAKS STRONGLY ABOUT OUR CULTURE, OUR HOUSEKEEPING, OUR CORE PROCESS CONTROL AND THE CARE OUR PEOPLE SHOW FOR EACH OTHER.

REGRETTABLY, WE EXPERIENCED A FATALITY EARLY IN THIS CURRENT FINANCIAL YEAR IN OUR NEW ZEALAND BUSINESS - A VERY SAD OCCASION FOR ALL CONCERNED. WE WILL TOUCH ON THIS AGAIN LATER IN THE MEETING.

INVOLVEMENT IN OUR COMMUNITIES

I MENTIONED BLUESCOPE STEEL'S GUIDING PRINCIPLES - 'OUR BOND' - A MOMENT AGO. THESE PRINCIPLES EMPHASISE COMMUNITY RESPECT AND INVOLVEMENT – BEING A GOOD CORPORATE CITIZEN.

IN 2005, BLUESCOPE STEEL UNDERTOOK MANY COMMUNITY PROJECTS ACROSS ASIA, NEW ZEALAND, THE UNITED STATES AND AUSTRALIA, PARTICULARLY IN THE ILLAWARRA AND MORNINGTON PENINSULA COMMUNITIES.

FOR EXAMPLE, WE HAVE DONATED DOLLARS AND PRODUCT TO THE NEW PELICAN PARK AQUATIC CENTRE IN HASTINGS AND SUPPORT THE BLUESCOPE STEEL YOUTH ORCHESTRA IN WOLLONGONG - AMONG MANY INITIATIVES.

ALTOGETHER, WE CONTRIBUTED \$2.2 MILLION TO COMMUNITY PROGRAMS.

LAST YEAR, OF THE \$8 BILLION WE GENERATED IN REVENUE:

- 1.3 BILLION WAS PAID IN WAGES AND SALARIES
- 340 MILLION WAS PAID TO SHAREHOLDERS AS DIVIDENDS
- 330 MILLION WAS USED FOR SHARE BUY-BACKS
- 2.1 BILLION WAS SPENT WITH SUPPLIERS, WITH SERVICE AND UTILITY PROVIDERS, AND WITH THE COMMUNITY THROUGH DONATIONS AND SPONSORSHIPS AS I JUST MENTIONED
- 310 MILLION WAS PAID IN INCOME TAX, AND
- 660 MILLION WAS RE-INVESTED IN GROWTH PROJECTS.

CAPITAL MANAGEMENT

BLUESCOPE STEEL HAS A STRONG RECORD OF SOUND CAPITAL MANAGEMENT.

SINCE WE LISTED THREE YEARS AGO, NEARLY \$1.6 BILLION OR \$2.09 PER SHARE HAS BEEN RETURNED TO SHAREHOLDERS.

THIS HAS BEEN IN THE FORM OF ORDINARY AND SPECIAL DIVIDENDS AND SHARE BUY-BACKS.

AS A PROPORTION OF THE TOTAL PROFIT WE HAVE GENERATED OVER THE SAME PERIOD, THIS REPRESENTS A 77% RATIO.

OUR STRONG PERFORMANCE AND POSITIVE CASH POSITION HAS ENABLED US TO RE-INVEST CAPITAL IN OUR BUSINESS FOR FUTURE GROWTH, AS WELL AS REWARD OUR SHAREHOLDERS.

ON TOP OF OUR \$660 MILLION CAPITAL INVESTMENT LAST YEAR, WE ANTICIPATE INVESTING ANOTHER \$700 MILLION THIS CURRENT FINANCIAL YEAR.

BY COMPARISON, IN THE FOUR YEARS PRIOR TO BEING LISTED, THE AVERAGE AMOUNT INVESTED AS CAPITAL EACH YEAR WAS \$120 MILLION... MAINLY FOR ESSENTIAL MAINTENANCE.

SO, YOUR DIRECTORS BELIEVE BLUESCOPE STEEL HAS CONTINUED TO MEET THE SHORT AND LONG TERM INTERESTS OF SHAREHOLDERS.

WE HAVE AN APPROPRIATE BALANCE BETWEEN DIVIDENDS, SHARE BUY-BACKS AND LONG-TERM GROWTH INVESTMENTS.

DISTINCTIVE STRATEGY

WE CAN ILLUSTRATE OUR PRODUCT RANGE AS A PYRAMID STARTING WITH BASIC PRODUCTS SUCH AS SLAB AT THE BOTTOM AND MOVING UP TO PRE-ENGINEERED STEEL BUILDINGS AT THE TOP.

THE HIGHER UP THE PYRAMID YOU GO, THE GREATER THE VALUE ADDED AND THE CUMULATIVE MARGIN.

THE BLUESCOPE STEEL STRATEGY IS BASED ON GROWING THE PROPORTION OF EARNINGS GENERATED IN THE MID-LEVEL AND AT THE TOP OF THE PYRAMID.

IN EFFECT, BY GROWING THE PROPORTION OF MORE HIGHLY VALUE-ADDED PRODUCTS, WE ARE RESHAPING THE PYRAMID.

THE NEW SHAPE SHOWS A MUCH BETTER BALANCE BETWEEN UPSTREAM, MID-STREAM AND DOWN-STREAM PRODUCTS. THIS WILL HELP REDUCE EARNINGS VOLATILITY FOR THE LONG TERM.

WE ENJOYED VERY STRONG GROWTH IN PRICES FOR SLAB, HOT ROLLED COIL AND PLATE OVER THE LAST COUPLE OF YEARS.

WE ARE NOW ENTERING A PERIOD WHERE WE WOULD EXPECT TO SEE REWARDS FROM OUR STRATEGY OF BALANCING EARNINGS THROUGH THE VALUE CHAIN.

WE ARE CONFIDENT THIS STRATEGY WILL MAKE BLUESCOPE STEEL A STRONGER, MORE ROBUST COMPANY AS IT HELPS BUFFER US AGAINST STEEL PRICE VOLATILITY.

AS FURTHER EVIDENCE OF OUR CONFIDENCE IN THE STRATEGY, THE BOARD YESTERDAY APPROVED TWO NEW DOWNSTREAM PROJECTS - A JOINT VENTURE WITH TATA STEEL IN INDIA AND A FURTHER CAPACITY EXPANSION PROJECT IN INDONESIA.

THE APPROVAL OF THESE TWO PROJECTS FOLLOWED A SEPTEMBER BOARD VISIT TO VIETNAM, INDIA AND INDONESIA WHERE WE MET WITH BLUESCOPE STEEL MANAGEMENT, EMPLOYEES AND CUSTOMERS.

WE ALSO MET WITH TATA STEEL IN INDIA AND VISITED THEIR WORLD CLASS COLD ROLLED STEEL FACILITY.

WE WERE IMPRESSED BY THE BLUESCOPE STEEL MANAGEMENT CAPABILITY, THE ENTHUSIASM OF OUR STAFF AND THE SUPPORT OF CUSTOMERS. THIS CONFIRMED OUR CONFIDENCE IN THE STRATEGY TO EXPAND OUR OPERATIONS IN THESE REGIONS.

BLUESCOPE STEEL IS A UNIQUE MULTINATIONAL STEEL SOLUTIONS COMPANY. IT EMBODIES EXCELLENCE IN STEELMAKING AND DELIVERS INNOVATIVE, VALUE-ADDED STEEL PRODUCTS AND SOLUTIONS.

STRONG GOVERNANCE

BLUESCOPE STEEL COMPLIES WITH THE ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE AND BEST PRACTICE RECOMMENDATIONS.

THE LEADERSHIP SHOWN BY OUR BOARD OF DIRECTORS, THE VALUES AND STANDARDS THAT HAVE BEEN SET – AS EMBODIED IN ‘OUR BOND’ - AND THE STRATEGIC GUIDANCE THE BOARD HAS PROVIDED ARE OF A HIGH ORDER, AND ARE STRONGLY SUPPORTED BY AN EXCELLENT MANAGEMENT TEAM LED BY CEO, KIRBY ADAMS.

THE BOARD HAS ADOPTED PROCESSES FOR REGULAR REVIEW OF ITS PERFORMANCE AND COMPOSITION:

- THE BOARD FORMALLY REVIEWS THE PERFORMANCE OF EACH DIRECTOR NOMINATING FOR RE-ELECTION. THIS IS A RIGOROUS PROCESS WHICH THIS YEAR SAW MY FELLOW DIRECTORS REVIEW THE PERFORMANCE OF TAN YAM PIN AND MYSELF AND SUPPORT OUR NOMINATION FOR RE-ELECTION TO THE BOARD.
- I WILL OFTEN INVITE A DIRECTOR TO CRITIQUE THE EFFECTIVENESS OF A MEETING.
- THE SECOND EXTERNAL PERFORMANCE REVIEW OF THE BOARD WILL BE CONDUCTED THIS YEAR.

THE BOARD IS WORKING WELL AND THE COMPLEMENTARY SKILLS AND EXPERIENCE OF EXISTING MEMBERS IS ITS KEY STRENGTH. THESE SKILLS ARE DIRECTLY RELEVANT TO THE BUSINESS OF THE COMPANY.

FOLLOWING THE RETIREMENT OF MR JOHN CRABB LAST YEAR, THE BOARD DETERMINED THAT THERE WAS NO IMMEDIATE NEED TO REPLACE HIM. THE SIZE OF THE BOARD WAS REDUCED AT THAT TIME.

THE NOMINATION COMMITTEE ASSESSES BOARD COMPOSITION AND THE RANGE OF SKILLS NEEDED TO MEET THE NEEDS OF BLUESCOPE STEEL. THE COMMITTEE HAS RECENTLY RECOMMENDED THAT WE EXPLORE THE POSSIBILITY OF APPOINTING AN ADDITIONAL NON-EXECUTIVE DIRECTOR - SPECIFICALLY, SOMEONE WITH APPROPRIATE EXPERIENCE IN THE BUILDING AND CONSTRUCTION INDUSTRY, INCLUDING INTERNATIONAL EXPERIENCE.

DURING THE COURSE OF THE 2005 FINANCIAL YEAR, THE COMPANY MADE SUBSTANTIAL PROGRESS ON THE CHALLENGING TASK OF ENSURING READINESS FOR THE ADOPTION OF THE AUSTRALIAN EQUIVALENT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) IN THE 2006 FINANCIAL YEAR.

IN THIS REGARD, WE HAVE TAKEN STEPS TO ENSURE THE MARKET IS WELL INFORMED BY DISCLOSING IN NOTE 2 OF OUR 2005 FINANCIAL STATEMENTS THE ESTIMATED IMPACT ON BOTH OUR PROFIT AND BALANCE SHEET IN 2005, HAD AIFRS APPLIED.

IN SUMMARY, AIFRS HAS SOME BALANCE SHEET IMPACT, BUT IS NOT EXPECTED TO MATERIALLY IMPACT OUR REPORTED PROFIT IN THE 2006 FINANCIAL YEAR.

OUTLOOK

TURNING TO THE OUTLOOK, OUR RECENT MARKET UPDATE MADE IT CLEAR THAT WE ARE EXPERIENCING MORE CHALLENGING TRADING CONDITIONS IN PARTS OF OUR BUSINESS.

A SOFTENING OF WORLD PRICES FOR BASIC PRODUCTS SUCH AS SLAB AND HOT ROLLED COIL, AN INVENTORY OVERHANG IN THE ASIAN BUSINESS AND COSTS INCURRED AS A RESULT OF THE WESTERN PORT FIRE, MEAN 2006 WILL BE MORE DIFFICULT THAN 2005.

THESE CHALLENGES ARE BALANCED BY STRONG PERFORMANCE IN SOME OTHER PARTS OF OUR BUSINESS. WE ARE SEEING CONTINUING GOOD PERFORMANCES AT PORT KEMBLA STEEL WORKS, NEW ZEALAND STEEL AND NORTH STAR, WHILE THE NORTH AMERICAN BUILDING PRODUCTS BUSINESS IS NOW ON TRACK.

OUR CEO WILL ELABORATE SHORTLY.

I WOULD LIKE TO EMPHASISE THAT WE HAVE ANTICIPATED CYCLICAL MOVEMENT IN PRICES FOR BASIC STEEL PRODUCTS.

THAT ANTICIPATION IS AT THE CORE OF OUR STRATEGIC THINKING ABOUT HOW WE ARE POSITIONING YOUR COMPANY.

THE BOARD REMAINS CONFIDENT OF OUR ABILITY TO BE SUCCESSFUL THROUGH THE BUSINESS CYCLE, TO CONTINUE TO INVEST IN THE FUTURE AND OFFER COMPETITIVE RETURNS TO

SHAREHOLDERS.

THIS IS A STRONG COMPANY WITH FIRST CLASS ASSETS, EXCELLENT MANAGEMENT, HIGHLY SKILLED EMPLOYEES AND AN ENVIABLE MARKET POSITION.

I AM PROUD OF BLUESCOPE STEEL'S ACHIEVEMENTS IN ITS THREE YEARS AS A SEPARATE COMPANY AND CONFIDENT THAT WE ARE BUILDING A GREAT AUSTRALIAN COMPANY.

ALTHOUGH THE ENVIRONMENT WILL BE MORE CHALLENGING IN 2006, WE STILL EXPECT ANOTHER VERY STRONG YEAR FOR BLUESCOPE STEEL.

IT WON'T BE THE SAME EXTRAORDINARY LEVELS OF 2005, BUT, OUR CURRENT EXPECTATION OF EARNINGS PER SHARE - BETWEEN 85-CENTS AND ONE DOLLAR - COMPARES WELL TO THE 78-CENTS PER SHARE ACHIEVED IN 2004.

CLEARLY THIS OUTLOOK ENABLES THE BOARD TO MAINTAIN ITS EMPHASIS ON SHAREHOLDER RETURNS AND THE ABILITY TO AT LEAST MAINTAIN THE 42-CENTS PER SHARE, FULLY FRANKED DIVIDEND PAID IN 2005.

THE BOARD'S DECISION, ANNOUNCED THIS MORNING, TO COMMENCE AN ON-MARKET BUYBACK OF UP TO 25 MILLION SHARES, CONTINUES OUR COMMITMENT TO REWARDING SHAREHOLDERS.

CLOSING

IN CLOSING, CAN I THANK OUR 17 500 EMPLOYEES FOR THEIR EFFORTS, KIRBY AND HIS MANAGEMENT TEAM FOR THEIR LEADERSHIP AND MY BOARD COLLEAGUES FOR THEIR CONTRIBUTIONS.

PLEASE WELCOME TO THE LECTERN KIRBY ADAMS, MANAGING DIRECTOR AND CEO, WHO WILL TALK ABOUT HOW WE ARE IMPLEMENTING THE STRATEGY I JUST OUTLINED TO YOU AND WHAT WE CAN EXPECT IN THE FUTURE.

THANK YOU.