



BHP Steel Limited  
ABN 16 000 011 058

## Shareholder Newsletter - April 2003

### Creating Value for Shareholders



**Graham Kraehe**  
Chairman



**Kirby Adams**  
Managing Director & CEO

It is a great pleasure to report to you on BHP Steel's performance in our first six months as a publicly listed company.

Since public listing, your Company's focus has been on creating shareholder value - through continuing profitability and growth in value.

In the six months to December 2002, BHP Steel achieved a net profit after tax of \$242 million. Our strong profit was a result of higher prices, higher sales in both domestic and export markets, and cost savings and productivity improvements across our business.

Stronger than expected first half earnings have allowed us to fully frank the interim dividend of 9 cents per share, which we previously expected would be unfranked.

Our strong earnings have also allowed us to reduce our bank debt by \$379 million. Lower debt, combined with a \$155 million increase in net cash from operating and investing activities over the comparative six month period, provides us with the flexibility to pursue growth opportunities and tax effective returns to shareholders. We have announced an on-market buy back of up to 10 per cent of BHP Steel's ordinary shares, aimed at increasing returns to shareholders.

Enclosed in this mailout are a number of documents to facilitate the administration of your shareholding. Please take time to read, complete and return these documents (where appropriate). If you have any queries in relation to these forms, please contact the Company's share registry (details on the back cover of this newsletter).

Thank you for investing in BHP Steel. Our shareholders are our foundations and we look forward to continuing to meet our commitments to you.

A handwritten signature in black ink, appearing to read "G Kraehe".

**Graham Kraehe**  
Chairman

A handwritten signature in black ink, appearing to read "K Adams".

**Kirby Adams**  
Managing Director & CEO

# Strategy

**Our overriding objective is to create shareholder value by focussing on value-added flat steel products and solutions; being an excellent manufacturer with low costs; and through disciplined capital management.**

- In Australia, New Zealand and the Pacific Islands - vigorously maintaining and growing existing value; maintaining quality, technology and service leadership; pursuing niche growth opportunities;
- In Asia, our core growth region - focusing on downstream products to the building industry; and
- In USA and the rest of the world - by being a valued supplier of slab and hot rolled coil and through technology partnerships such as Castrip.

## Key BHP Steel Operations:

- 1 Thailand**  
Cold Rolling, Metal Coating, Painting
- 2 Malaysia**  
Metal Coating, Painting
- 3 Indonesia**  
Metal Coating, Painting
- 4 Brisbane**  
Painting
- 5 Port Kembla / Springhill**  
Raw Steel, Hot Rolling, Plate, Cold Rolling, Tinplate/Blackplate, Metal Coating, Painting
- 6 Western Port**  
Hot Rolling, Cold Rolling, Metal Coating, Painting
- 7 New Zealand**  
Ironsand Mining, Raw Steel, Hot Rolling, Cold Rolling, Metal Coating, Painting
- 8 North Star BHP Steel JV**  
Hot Rolling
- 9 Castrip JV**

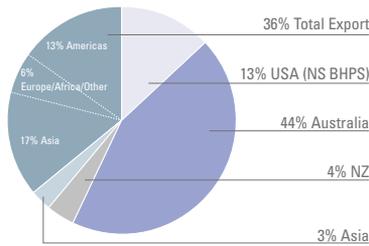
- 3 Indonesia**  
Metal Coating, Painting
- 4 Brisbane**  
Painting
- 5 Port Kembla / Springhill**  
Raw Steel, Hot Rolling, Plate, Cold Rolling, Tinplate/Blackplate, Metal Coating, Painting
- 6 Western Port**  
Hot Rolling, Cold Rolling, Metal Coating, Painting
- 7 New Zealand**  
Ironsand Mining, Raw Steel, Hot Rolling, Cold Rolling, Metal Coating, Painting
- 8 North Star BHP Steel JV**  
Hot Rolling
- 9 Castrip JV**

● BHP Steel Lysaght Operations

<b>Asia / Pacific</b>	<b>Australia</b>
24 Roll Forming Sites	17 Roll Forming Sites

## Geographic and Product Diversity

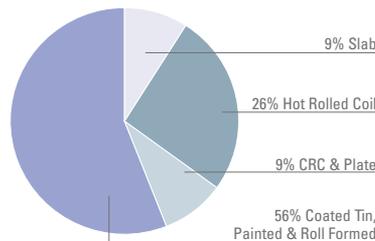
Geographic Breakdown of Domestic/Export Sales (Tonnes)



■ Export Sales

Our strength comes from diversity, with sales across many regions, in both domestic and export markets, to many sectors, and across a full range of flat steel products.

Global Sales by Revenue<sup>(1)</sup>



(1) Includes North Star BHP Steel

## Interim Dividend

BHP Steel's Board has approved a 9 cents per share interim dividend, which is fully franked and payable on 22 April 2003. Your dividend cheque or direct credit advice is enclosed with this newsletter.

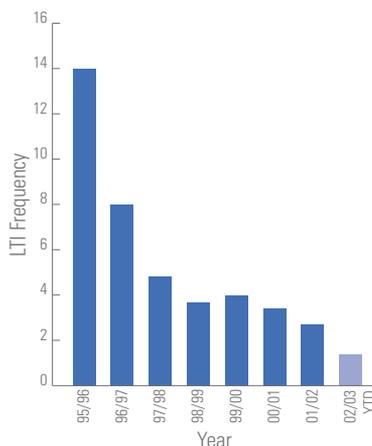
If you have not received your dividend payment by either cheque or direct credit, please contact the Company's share registry (details appear on the back cover of this newsletter).

## Best Ever Safety Performance

In the six months to December 2002, BHP Steel further improved its record low injury performance. During this period, we achieved 50 per cent fewer lost time injuries (LTIs) than for the same period last year, falling to a record low of 1.4 LTIs per million hours worked.

In just over seven years, your Company has achieved a ten-fold improvement in its safety performance (as measured by LTIs).

Lost Time Injuries



## Share Buy Back

The Board has also approved an on-market share buy back of up to 79.3 million (or 10 per cent) of BHP Steel Limited's ordinary shares. The shares will be purchased over the next twelve months subject to market conditions.

The objectives of the share buy back are to:

- Increase earnings per share;
- Increase the return on shareholders' funds; and
- Reduce the Group's weighted average cost of capital.

# Half Year Headlines

YTD 2002

NPAT attributable to BHP Steel shareholders (A\$m)	242
Earnings per share (¢)	30.6
Interim dividend (¢)	9.0
Return on invested capital (annualised)	15.7%
Gearing (net debt / net debt plus equity) (%)	6.5%

## Performance by Segment

### Hot Rolled Products

	YTD 2002	YTD 2001	Increase
Earnings before interest and tax (EBIT) (\$m)	265	61	204 (+334%)

Key customers include the engineering, construction, mining and manufacturing industries, in both domestic and export markets.

#### Comprises:

- Port Kembla Steelworks (NSW, Australia) - integrated steelworks with annual raw steel production capacity of 5 million tonnes. Principal products are slab, hot rolled coil and plate.
- BHP Steel's 50 per cent interest in North Star BHP Steel (Ohio, USA) - mini-mill (electric-arc furnaces) producing hot rolled coil.
- BHP Steel's 47.5 per cent interest in Castrip LLC (Indiana, USA) - joint venture company formed with Nucor Corporation and IHI of Japan to commercialise thin strip casting technology.

#### Highlights:

- Higher Australian domestic and export prices, and higher US domestic prices.
- Increased production and despatches, including slab exports to Korea and USA.
- Improved operating costs - mainly higher throughput and lower employment costs.
- North Star BHP Steel voted No.1 flat rolled steel supplier in North America in prestigious Jacobsen Survey.

### Coated Products Asia

	YTD 2002	YTD 2001	Increase
Earnings before interest and tax (EBIT) (\$m)	47	36	11 (+31%)

Key customers in the Asian building and construction industry, and some sections of manufacturing industry.

#### Comprises:

- Coated Steel Asia - Metallic coating and painting facilities in Indonesia, Malaysia and Thailand. Thailand plant also includes a cold rolling facility.
- BHP Steel Lysaght Asia - steel rollforming operations in 12 countries.

#### Highlights:

- Higher sales volumes, with strong demand in Thailand for roofing and walling, in Malaysia for ZINCALUME® steel trusses and frame products, and in Indonesia for industrial and residential building products.
- Lower unit costs due to higher throughput, improved operating performance and lower coating metal costs.
- Higher sales of new products such as lightweight trusses and pre-engineered buildings.
- Planned upgrade of Thailand paint line to increase capacity to over 50,000 tpa.
- Two new rollforming facilities in China commissioned in March 2003.

### Coated Products Australia

	YTD 2002	YTD 2001	Increase
Earnings before interest and tax (EBIT) (\$m)	64	40	24 (+60%)

Key customers include the Australian building and construction industry, automotive industry, white goods and general manufacturers and the packaging industry.

#### Comprises:

- Metal coating and painting operations at Springhill (adjacent to the Port Kembla Steelworks) and Western Port Works (Victoria, Australia).
- BHP Steel Lysaght Australia - the company's building products business.
- Packaging Products (Port Kembla) - the only producer of tinplate and blackplate in Australia.
- Service Centres - cut and shape steel for a range of manufacturing applications.

#### Highlights:

- Strong domestic demand, led by higher demand for COLORBOND® steel and ZINCALUME® steel.
- Higher prices for domestic and export sales, and lower input costs.
- Production records set at Acacia Ridge Service Centre (Queensland) and Western Port paint lines.
- Projects initiated to expand existing metallic coating production and support new branded products growth strategies.
- New BHP Steel Lysaght rollforming facility opened at Forrestfield, Western Australia (new facility at Lyndhurst near Melbourne opened in March 2003).

### New Zealand Steel

	YTD 2002	YTD 2001	Increase
Earnings before interest and tax (EBIT) (\$m)	21	12	9 (+75%)

Key customers include the building and construction industry, as well as intermediaries such as rollformers and an established merchant network.

New Zealand Steel's operations are focused on an integrated steelworks at Glenbrook, near Auckland, with an annual raw steel production capacity of 600,000 tonnes. It manufactures and markets a full range of flat steel products for both domestic and export markets, including value-added branded products such as ZINCALUME® steel and COLORSTEEL®.

#### Highlights:

- Strong domestic demand, with stronger sales to construction and agriculture sectors.
- Higher export prices, including for hot rolled coil exports to the USA.
- Lower maintenance and utility costs.

## Receive BHP Steel Reports and Announcements by E-mail

If you would like to stay in touch with ASX announcements, important company news and company reports, we have a free service to enable you to receive all this information via email alerts.

Simply visit [www.bhpsteel.com](http://www.bhpsteel.com) and register your details and we will do the rest!



## Contact Details

### Share Registry

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Melbourne VIC 3001

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### Website

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## Investor Calendar

(Note: All dates are indicative and subject to change)

### Full Year Financial Results

28 August 2003

### Payment of Final Dividend

6 October 2003

### Annual General Meeting

12 November 2003