



Annual Results Presentation Period Ended 30 June 2004

Kirby Adams, Managing Director and Chief Executive Officer

Brian Kruger, Chief Financial Officer

19 August, 2004

ASX Code: BSL

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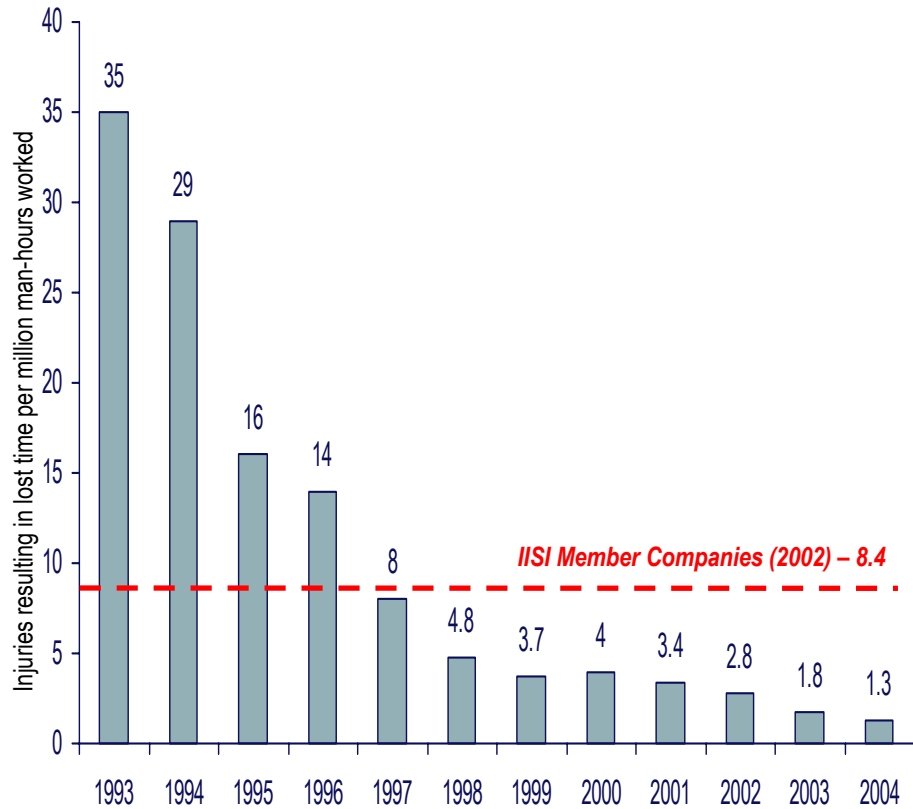


Rewarding Shareholders As We Grow



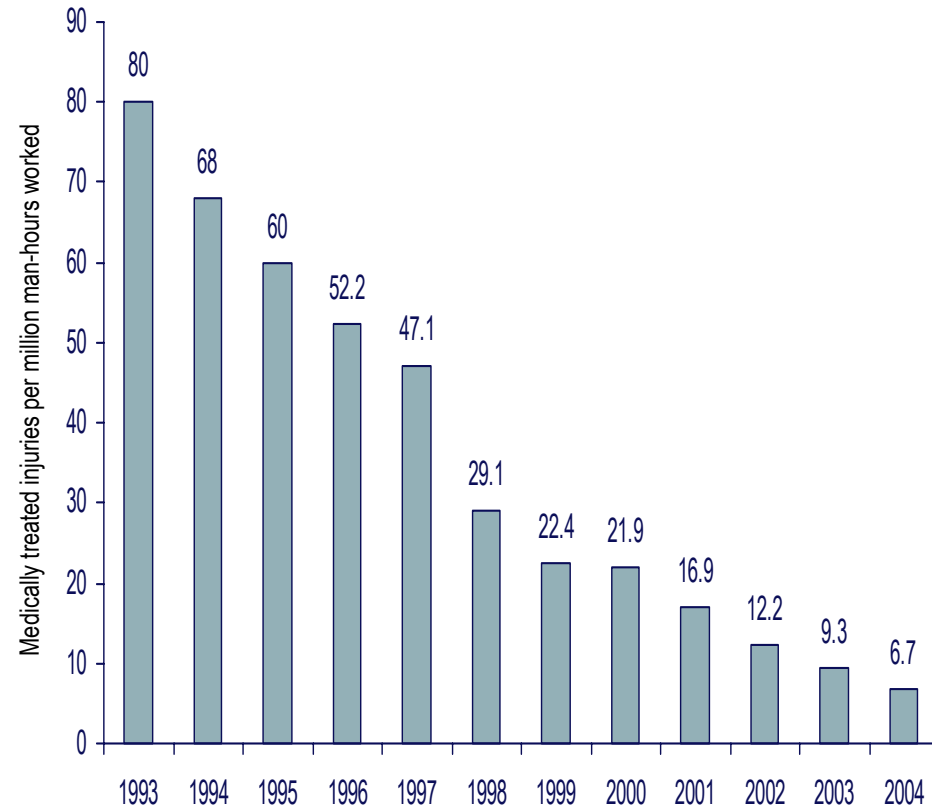
Safety — Our goal remains zero harm

Lost Time Injury Frequency Rate



* Includes contractors from 1996

Medically Treated Injury Frequency Rate



* Includes contractors from 2003

But, we experienced a fatality on 29 June 2004

Group headlines FY2004

Continued to seize market opportunities and drive business improvements

- Revenue \$5.77 billion *Record even with A\$ strength*
- Despatches 6.94 million metric tonnes *Record*
- NPAT \$584 million *Up 29% to record*
- EBITDA \$1,105 million *First time over \$1.0 billion*
- EBIT \$818 million *Up 34%*
- EPS 77.8¢ *Up 36%*
- Return on Invested Capital 18.5% *Improvement continues*
- Net Cash Flow \$315 million *Even after Butler & growth expenditure*
- Debt Increased Up \$425 million *Reflects Butler acquisition and share buyback*
- Gearing (net debt) 12.9% *But for buyback and acquisition – would be zero*

Rewarding shareholders as we grow

38% Increase in Total Dividends

Dividend	FY2004	FY2003	Variance
Interim Ordinary	12¢	9¢	+33%
Final Ordinary	18¢	13¢	+39%
Special	10¢	7¢	+43%
Total Fully Franked Dividends	40¢	29¢	+38%

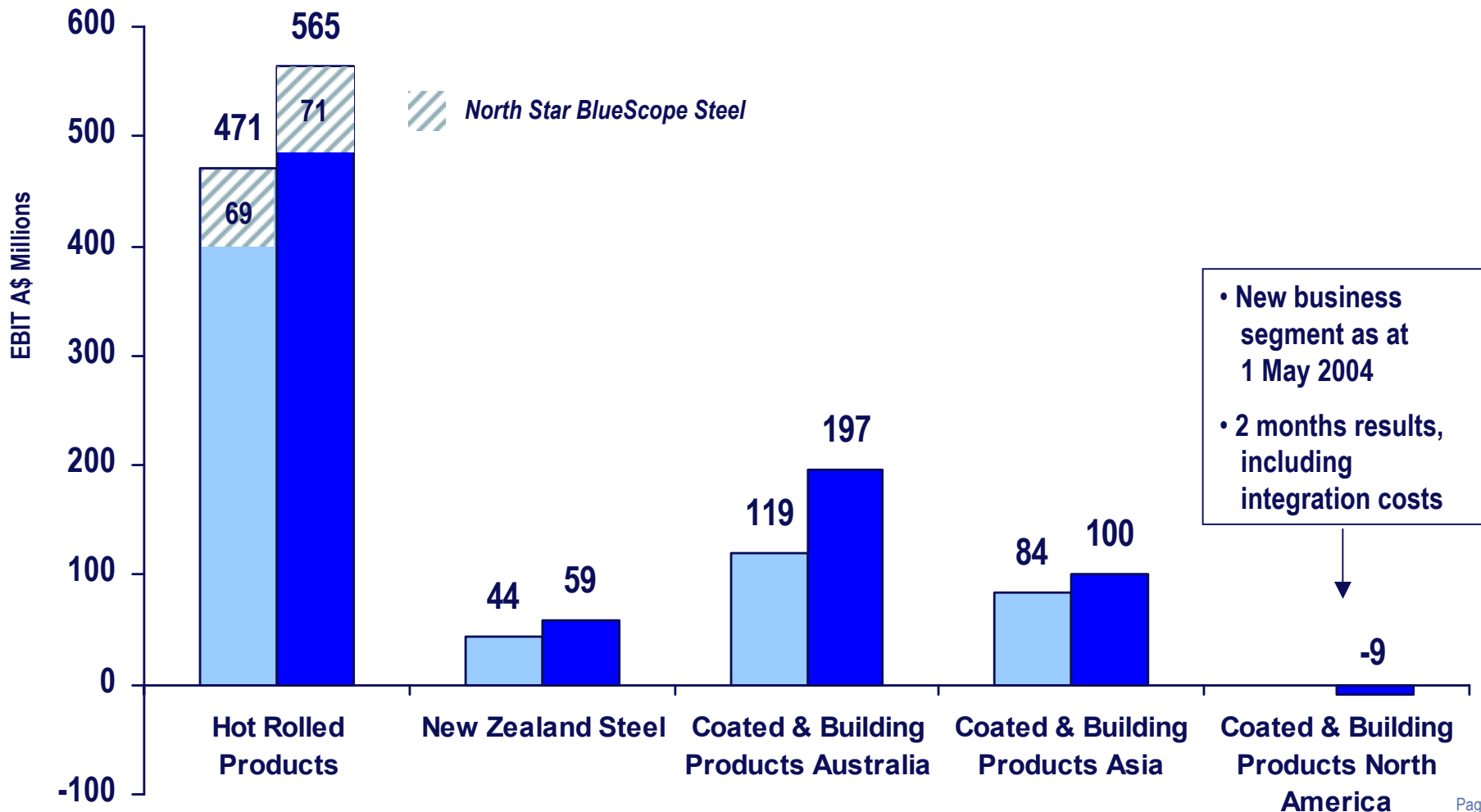
Growing for the future benefit of shareholders

- *Growth initiatives underway*
 - Vietnam – new metal coating and paint line facility
 - Thailand – second metal coating facility
 - China – new metal coating and paint line facility
 - BlueScope / Butler integration
 - North America – Butler acquisition, integration and business transformation
- *More recent growth initiatives*
 - Hot Strip Mill upgrade – Port Kembla Steelworks
 - Progressing West Sydney - Colorbond® steel centre

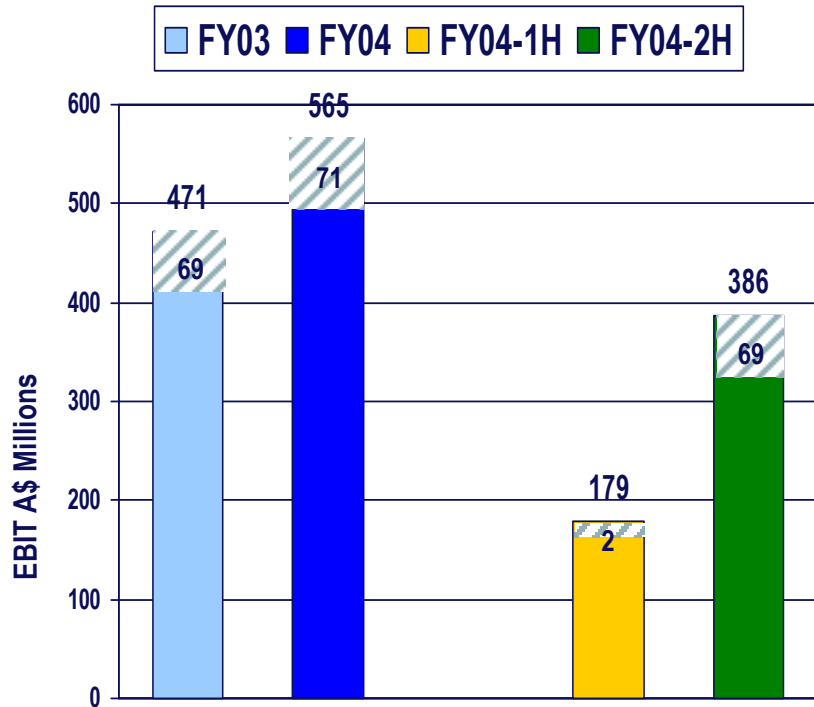
Strong and improved financial performance across all segments

Group EBIT \$818m

■ FY03 ■ FY04



Hot Rolled Products – hard work is paying off



- **FY2004 return on net assets (pre-tax) 30.7%**
- **Revenue = A\$2,732m**

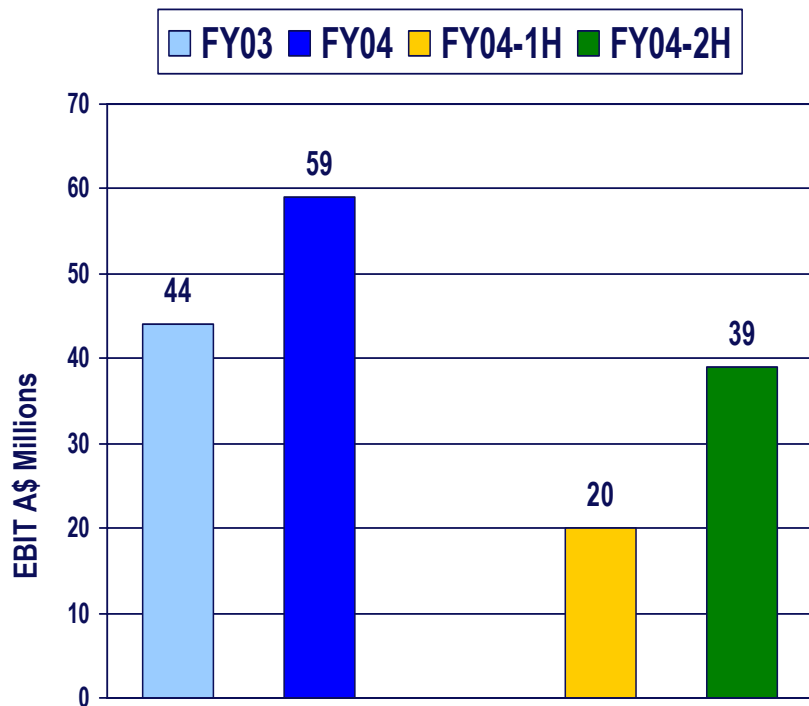
Markets

- Strong global demand
- Tight markets for raw materials and product
- Record prices in second half
- Core long term customer relationships

Performance

- Annual production records at PKSW and North Star BlueScope Steel
- Offset by:
 - stronger AUD/USD
 - iron ore and scrap costs
 - repair and maintenance spending
 - higher employment costs
- Enterprise Bargaining Agreement renewed

New Zealand Steel – its best ever performance



- **FY 2004 return on net assets (pre-tax) 14.1%**
- **Revenue = A\$560m**

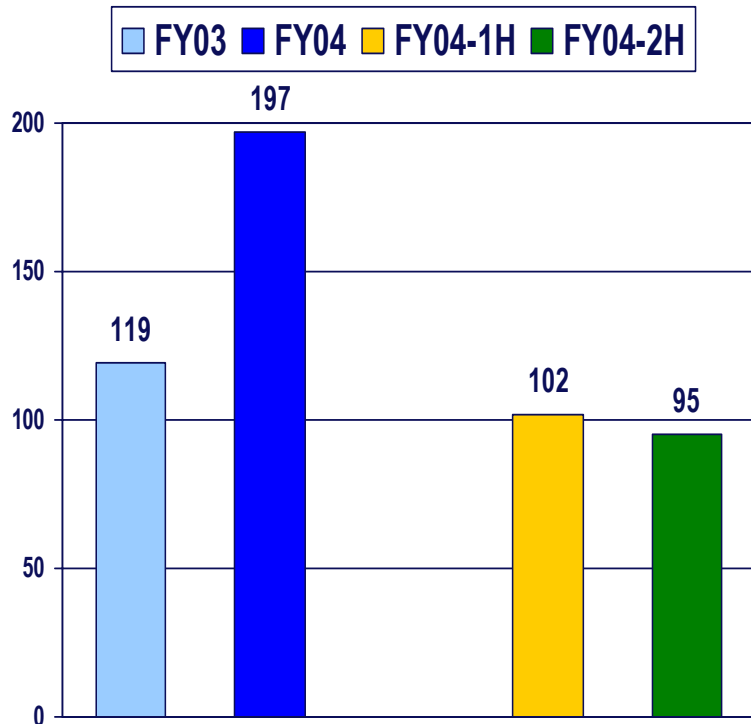
Markets

- Strong NZ construction demand
- Record domestic sales mix
- Higher prices - particularly export
- Core long term customer relationships

Performance

- Record EBIT
- Annual paint line production record
- Metal coating expansion completed with full benefit to be achieved in 2005
- Best ever safety outcomes

Coated & Building Products Australia – “Oh What A Feeling!”



- **FY2004 return on net assets (pre-tax) 16.0%**
- **Revenue = A\$2,884m**

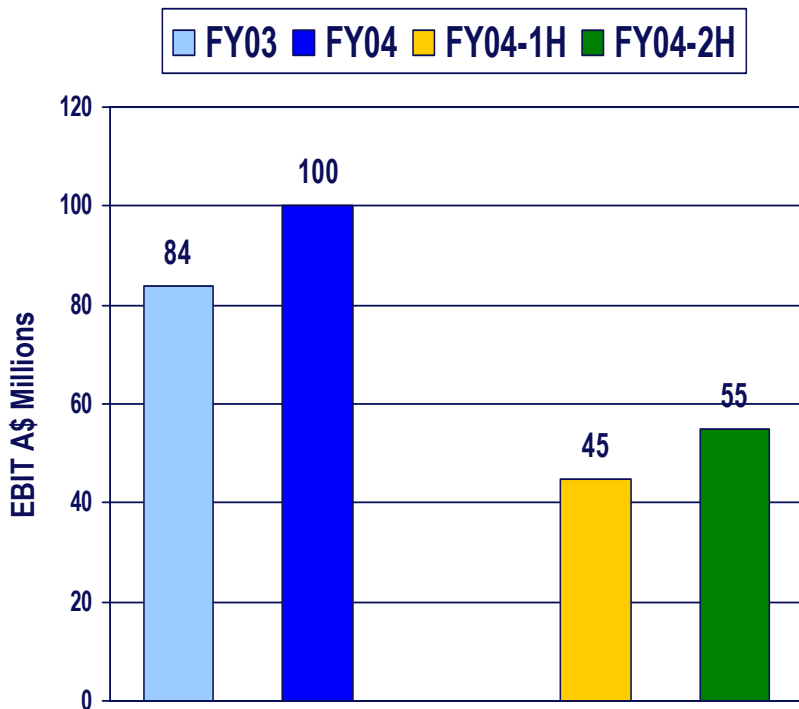
Markets

- Demand never been stronger
 - construction, automotive, manufacturing
- Signs of dwelling market slowing
- Industrial/commercial remains buoyant
- Price increases implemented
- Strengthened channels to market

Performance

- Annual production records
- Feed costs higher in second half = margin squeeze
- Low cost capacity improvements continue
- Western Port
 - maintenance alliance operational
 - best ever delivery performance
- Springhill
 - production and efficiency improvements
- Customer survey affirms improved service
 - Toyota President's Award
- Packaging business margin pressure

Coated and Building Products Asia – the growth continues



- **FY2004 return on net assets (pre-tax) 21.5%**
- **Revenue = A\$689m**

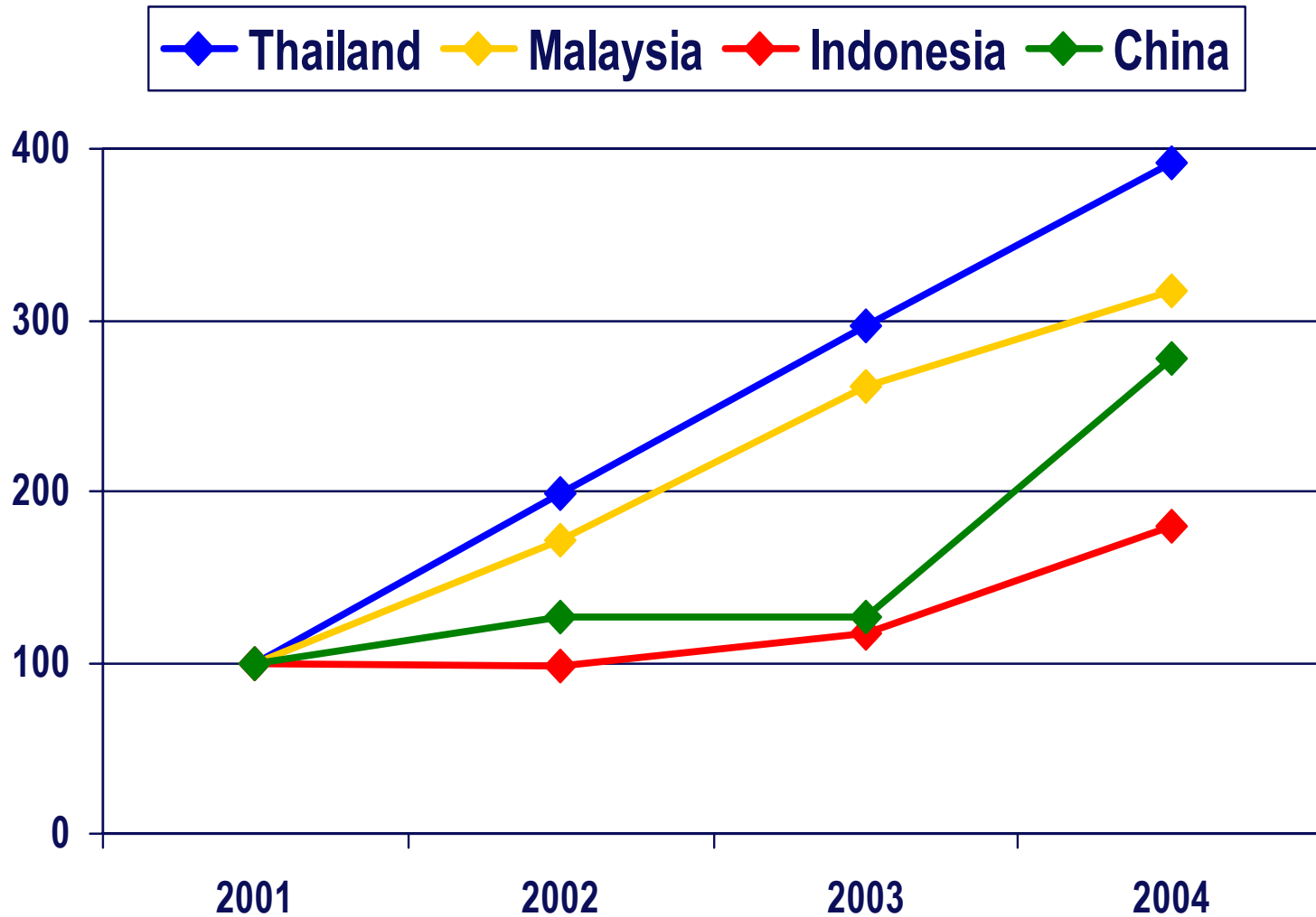
Markets

- World's fastest growing steel market
- BlueScope Steel uniquely positioned
- Prices higher in local currencies
- Pre-engineered building demand growing in Asia – immediate scale achieved in China through Butler acquisition
- BlueScope Steel's branded products increasing presence and growing reputation

Performance

- All plants operating near full capacity
- Strong volume growth of 35%
- Achieved A\$100m EBIT
- Leading safety performance
- Major capital projects developed, approved and underway
- Excellent EBIT performance in local currencies

Index of EBIT performance of Asian businesses in local currencies

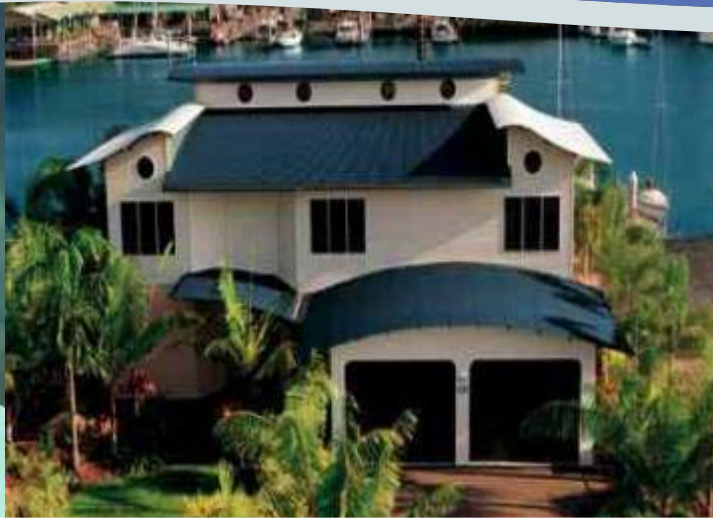


Coated and Building Products North America – foundations in place

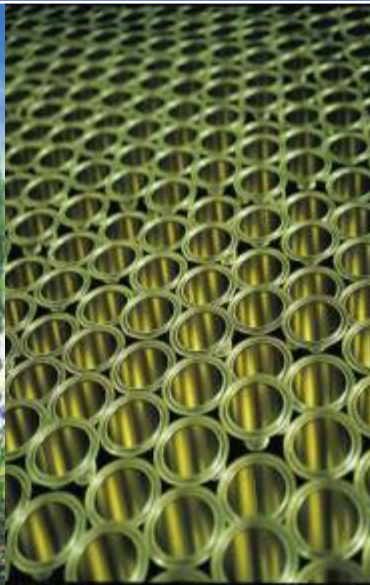
- Butler Manufacturing Co. acquisition completed 27 April 2004
 - No negative surprises
 - Integration team making good progress
 - New management structure in place
 - Galesburg facility to close mid-CY2005
 - Timber business (Lester) sold in July 2004
 - Continued improvement in non-residential buildings construction in U.S.
 - Butler Buildings order backlog up
 - Vistawall despatches stronger
 - Challenges
 - Rapid steel price increases, higher aluminium costs
 - Limited steel availability
-
- On target to achieve consolidated financial goals stated at acquisition
 - FY05 EPS neutral
 - FY06 EPS positive

The benefits of BlueScope Steel's progress are far-reaching

- *Shareholders*
 - Total dividend increased from 29¢ to 40¢ per share
 - Total Shareholder Return of 185% since listing and 92% in FY2004
- *Employees*
 - \$27m employee share offer in FY03 and FY04
 - Improved wages, benefits and opportunities
 - Cleaner and safer workplaces
- *Customers*
 - Best ever delivery performance
 - Long standing and strong “core” relationships
 - Breadth of new product offers
- *Communities*
 - Record levels of income and payroll tax paid
 - Extensive community relations programs
 - Focused on environmental solutions



Financials



Continued strong earnings performance

A\$ Millions	2000⁽¹⁾	2001⁽¹⁾	2002⁽¹⁾	2003	2004⁽³⁾	2004-1H	2004-2H⁽³⁾
Revenue	4,898	4,941	4,593	5,302	5,770	2,619	3,151
EBITDA ⁽²⁾	711	568	412	881	1,105	440	665
EBIT ⁽²⁾	445	305	160	611	818	302	516
Net Profit				452	584	227	357
EPS (¢) ⁽⁴⁾				57.1	77.8		

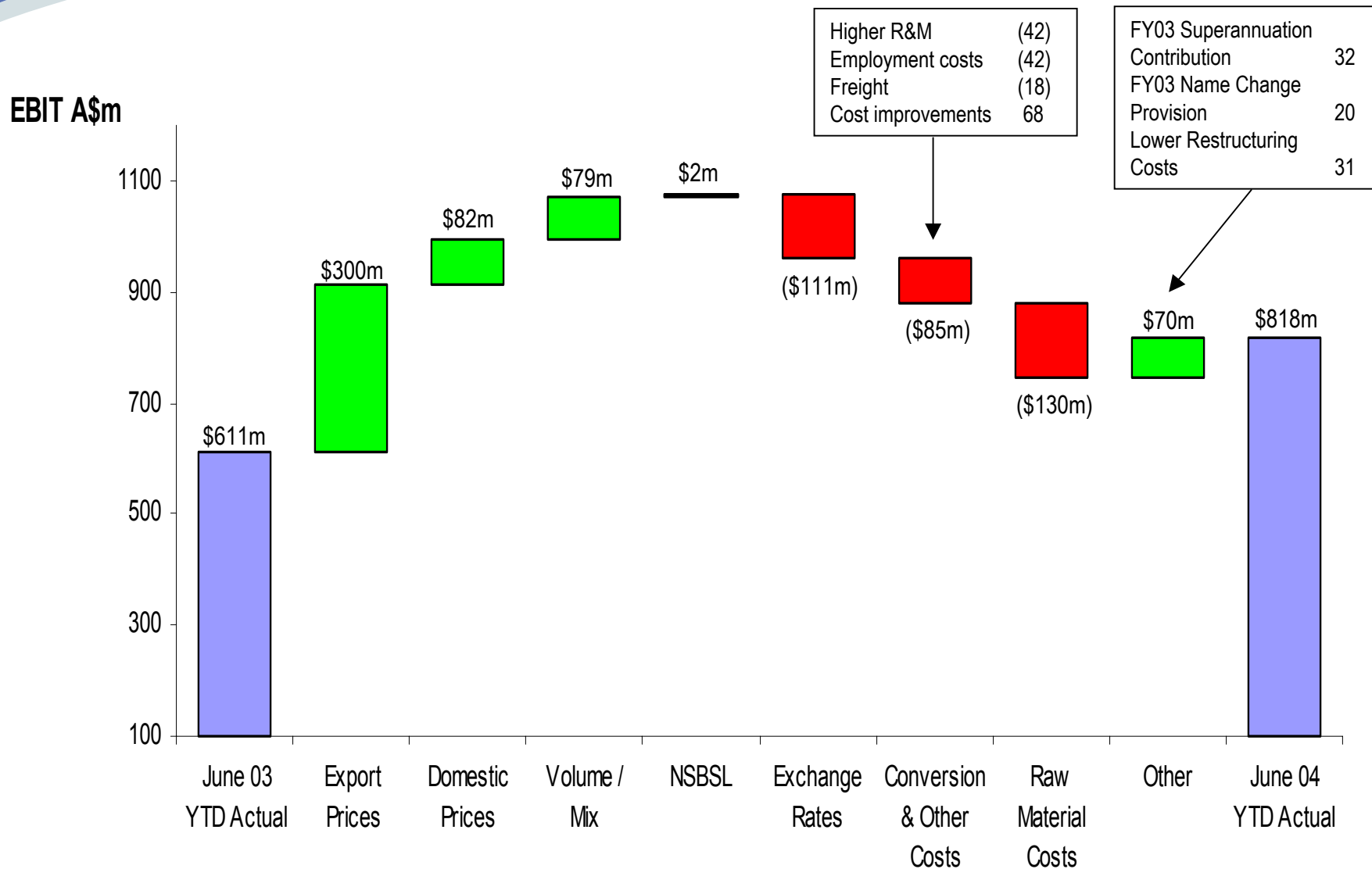
(1) 2000 to and including 2002 normalised.

(2) Includes profit/loss for North Star BlueScope Steel.

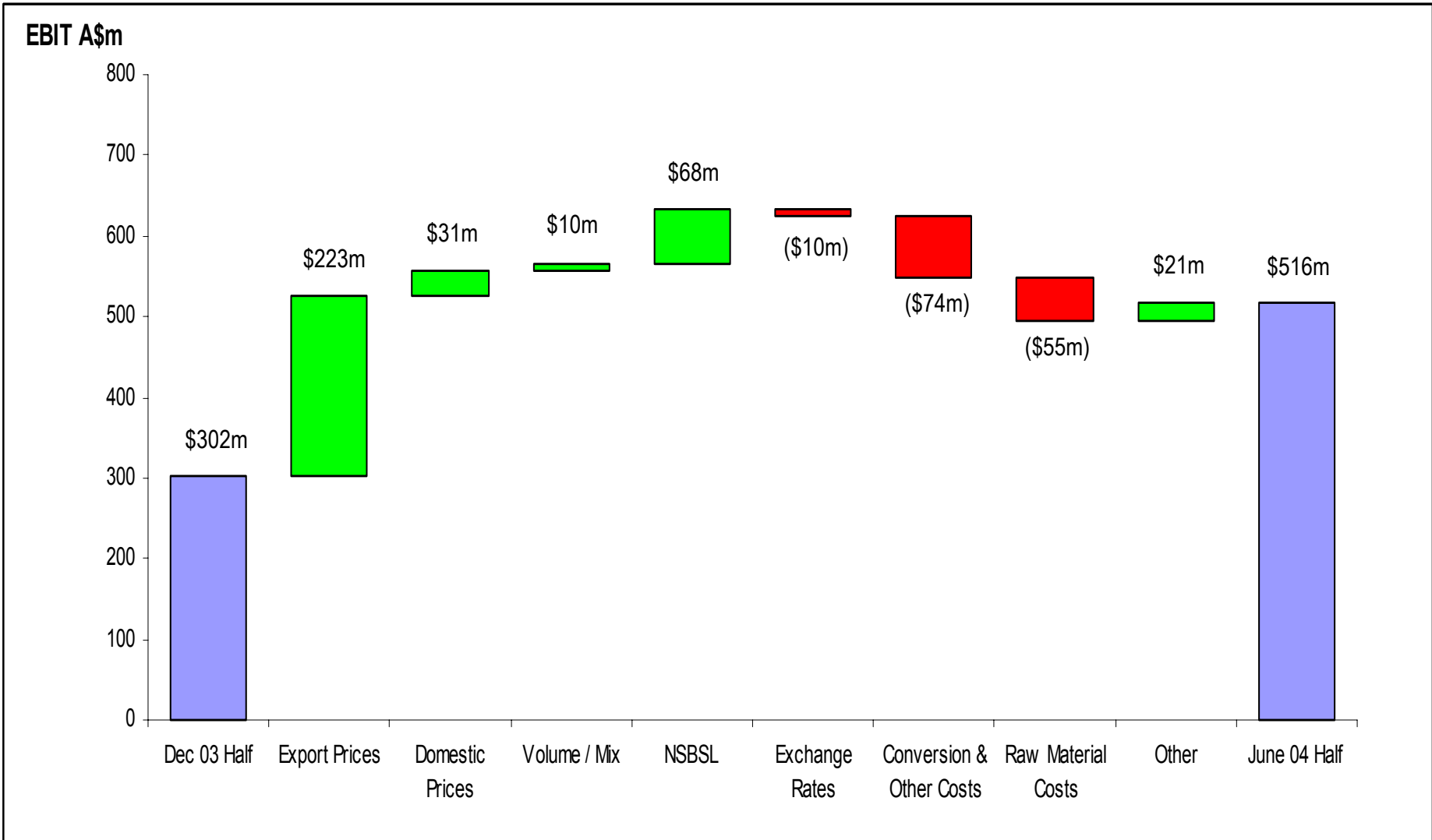
(3) Includes two months of BlueScope Butler financial results.

(4) Weighted average shares on issue 791.5m FY03 and 750.5m FY04.

EBIT variance – FY2004 vs. FY2003



EBIT variance – June 04 half year vs. December 03 half year



Major growth initiatives – capital spending profile

All in A\$m	Total Est. Capex/Cost	FY2004 Actual	FY2005	FY2006	FY2007
Vietnam ⁽¹⁾	160	45	100	15	-
Thailand ⁽¹⁾	80	19	60	1	-
China ⁽¹⁾	280	24	211	45	-
Port Kembla HSM expansion ⁽¹⁾	100	-	34	53	13
Butler acquisition	277	277	-	-	-
Total⁽³⁾	897	365	405	114	13

(1) *Estimated capital costs based on forecast exchange rate assumptions.*

(2) *Butler acquisition cost less cash acquired and not including the benefit of Louisiana Pacific Corporation settlement proceeds received of US\$21m.*

(3) *Addition of smaller capital spending programmes bringing total approved CAPEX to over A\$1 billion.*

Capital management - continued focus on returns to shareholders

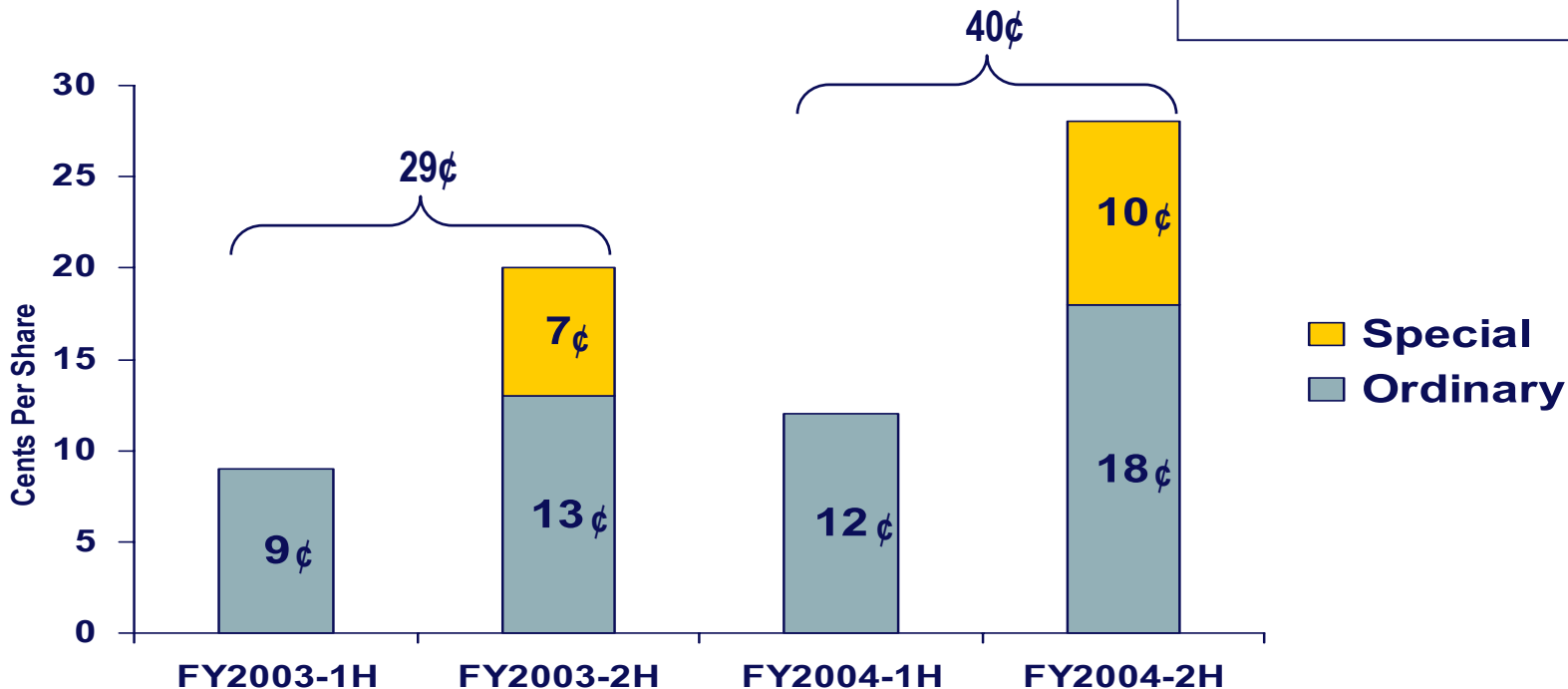
- **Share Buyback**

- Purchased/cancelled 60.7m shares
- Further program – 16.0m shares

- **Dividends - All Fully Franked**

Total return to shareholders since public listing:

• Initial buyback	\$286m
• Dividends Paid	\$313m
• Final/Special (to be paid)	<u>\$208m</u>
	<u>\$807m</u>



Consistently strong cash flows

A\$ millions	2000⁽¹⁾	2001⁽¹⁾	2002⁽¹⁾	2003	2004	2004-1H	2004-2H
Net operating cash flow before borrowing costs and income tax	715	631	381	763	893	357	536
Net investing cash flows							
- Capital expenditure	(90)	(105)	(162)	(183)	(290)	(99)	(191)
- Other	10	(6)	8	18	(288)	(3)	(285)
Net cash flow before financing & tax	635	520	227	598	315	255	60
Net financing cash flow				(493)	75	(8)	83
Payment of income tax				(29)	(119)	(84)	(35)
Net dividends				(75)	(244)	(155)	(89)
Net increase in cash held				1	27	8	19

(1) 2000 to and including 2002 normalised.

Results remain sensitive to BlueScope Steel's realised hot rolled coil prices

Estimated impact on forecast EBIT (A\$mil) for year ending 30/06/05

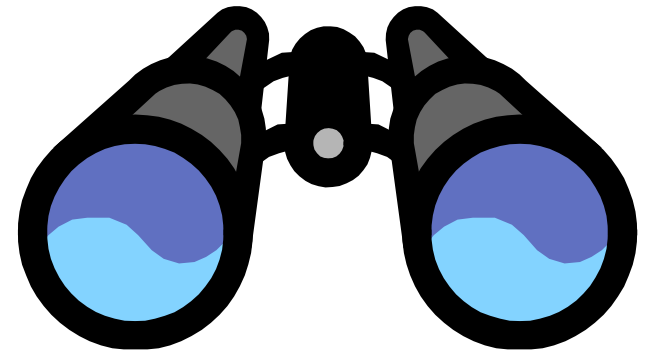
Assumption

+/- US\$25 / tonne movement in BSL's average realised HRC price ⁽¹⁾	75
+/- 1¢ movement in Australian dollar / US dollar exchange rate ⁽²⁾	13
+/- US\$10 / tonne movement in NSBHP scrap to HRC price spread	12
+/- 2% movement in slab production in Australia and New Zealand	24
+/- US\$1 / tonne movement in coking coal costs	5
+/- US\$1 / tonne movement in iron ore costs	10

(1) *The change in export HRC price assumes proportional effect on export slab, and flow on to domestic pipe and tube market and to other export products.*

(2) *The movement in the Australian dollar/US dollar exchange rate includes the restatement of US dollar denominated receivables and payables.*

- Global steel industry
- Higher costs
- BlueScope Steel strategy
- Outlook for BlueScope Steel



Global steel industry - dynamic

Europe

- Weak demand continues
- Consolidation benefits

CIS

- Restricted scrap exports
- Stronger economies

Japan

- Production at capacity
- Significant exports

Korea

- Shipyards full
- BlueScope Steel customer

China

- World's largest steel consumer and producer
- Less than 5% of BlueScope Steel sales
- Indirect impact significant
- Net importer of flat steel
- Slowdown welcome
- Raw material / shipping effect

SE Asia

- Improved economic growth
- Volatile tariff structures

North America

- Record HRC prices
- Scrap surcharges and volatility
- Steel availability
- Consolidation continues
- Economic recovery

South America

- Plans for new capacity
- Raw material rich
- Low cost

India

- Increasing steel capacity
- Growing GDP demand

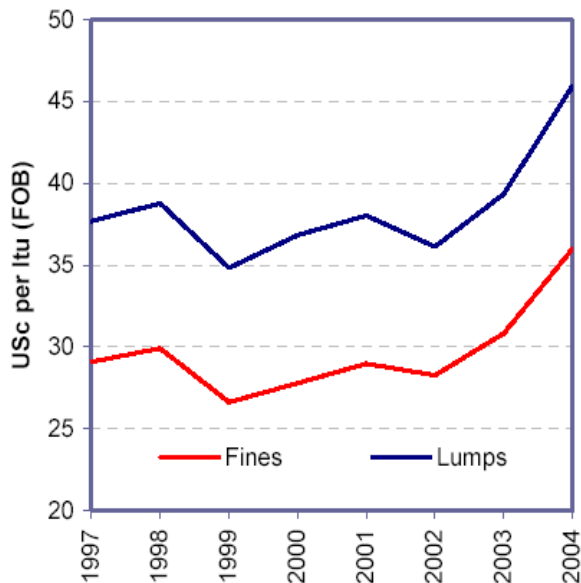
Australia / New Zealand

- Strong economic growth
- Interest rates?



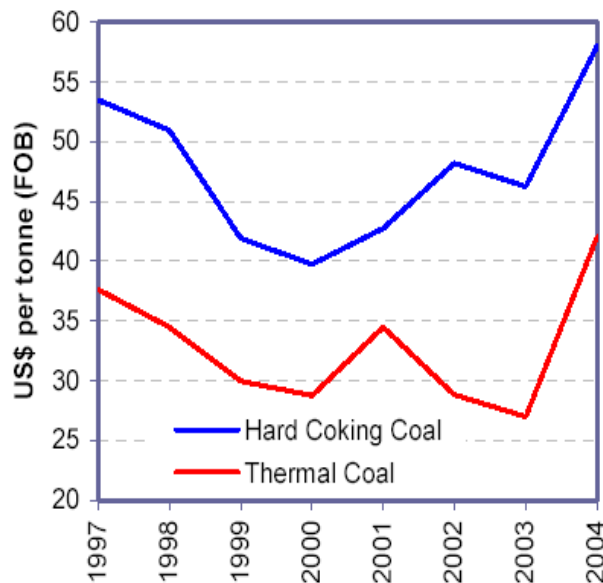
Steel making raw material costs are increasing

Iron Ore



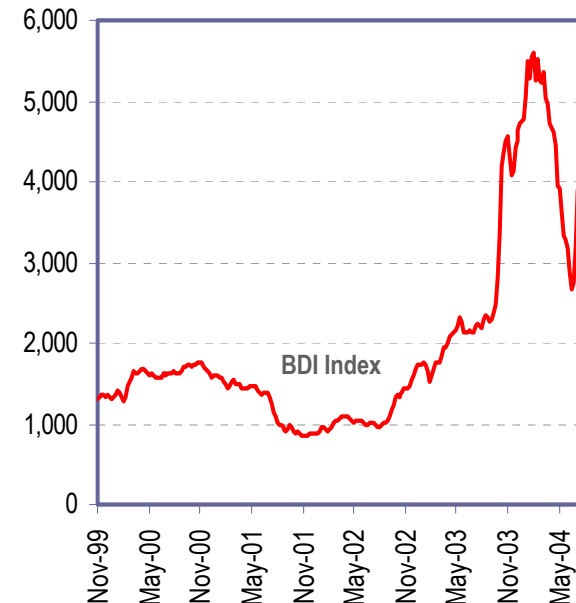
“...unprecedented demand and extremely tight supply position...”

Coal



“...China reducing exports...”

Shipping



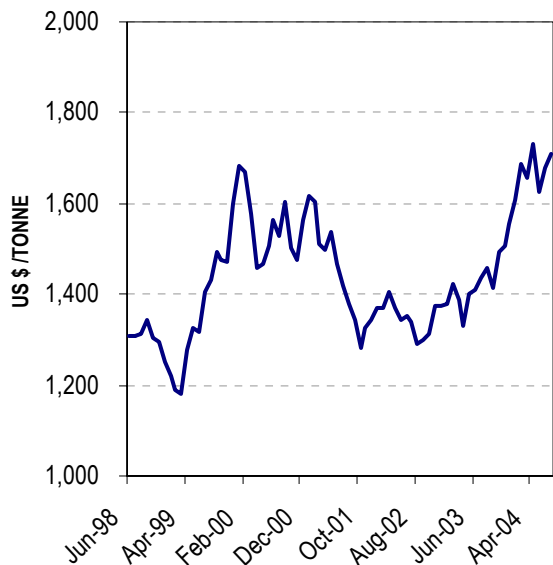
“...2-3 Year backlog for shipbuilders...”

SOURCE: ANZ Bank 'Resources Market Outlook', Mar 04

BDI – Baltic Dry Index
 Iron Ore and Coal – Aus-Japan Reference Prices
 Source: IISI, Baltic Dry Index, SSY

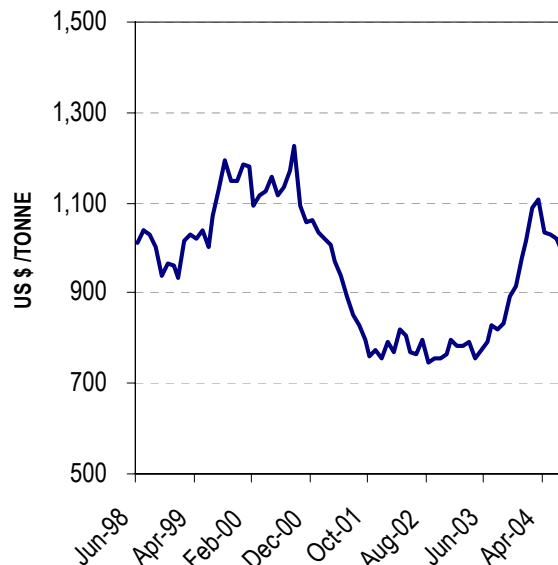
Other metallic coating material costs also increasing

Aluminium



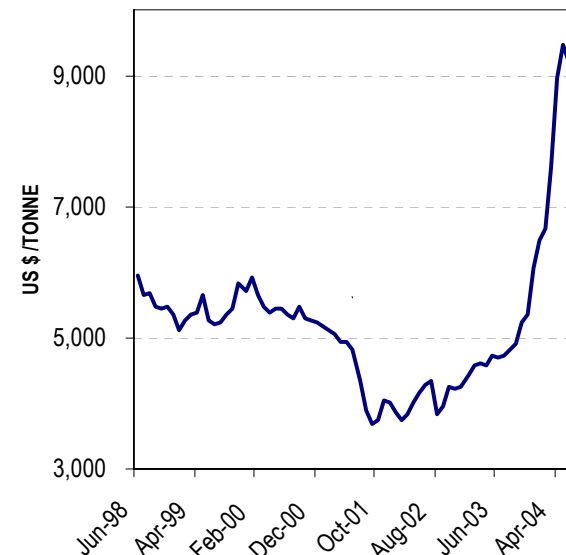
“Chinese demand has driven 25-30% price rise since 2001. Recent Chinese Government actions caused minor price fall . . . which may be only temporary.”

Zinc



“Chinese demand is still growing. Potential for further price rises.”

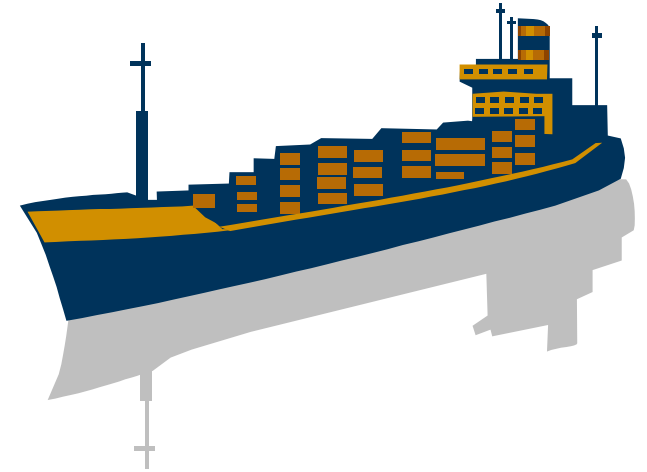
Tin



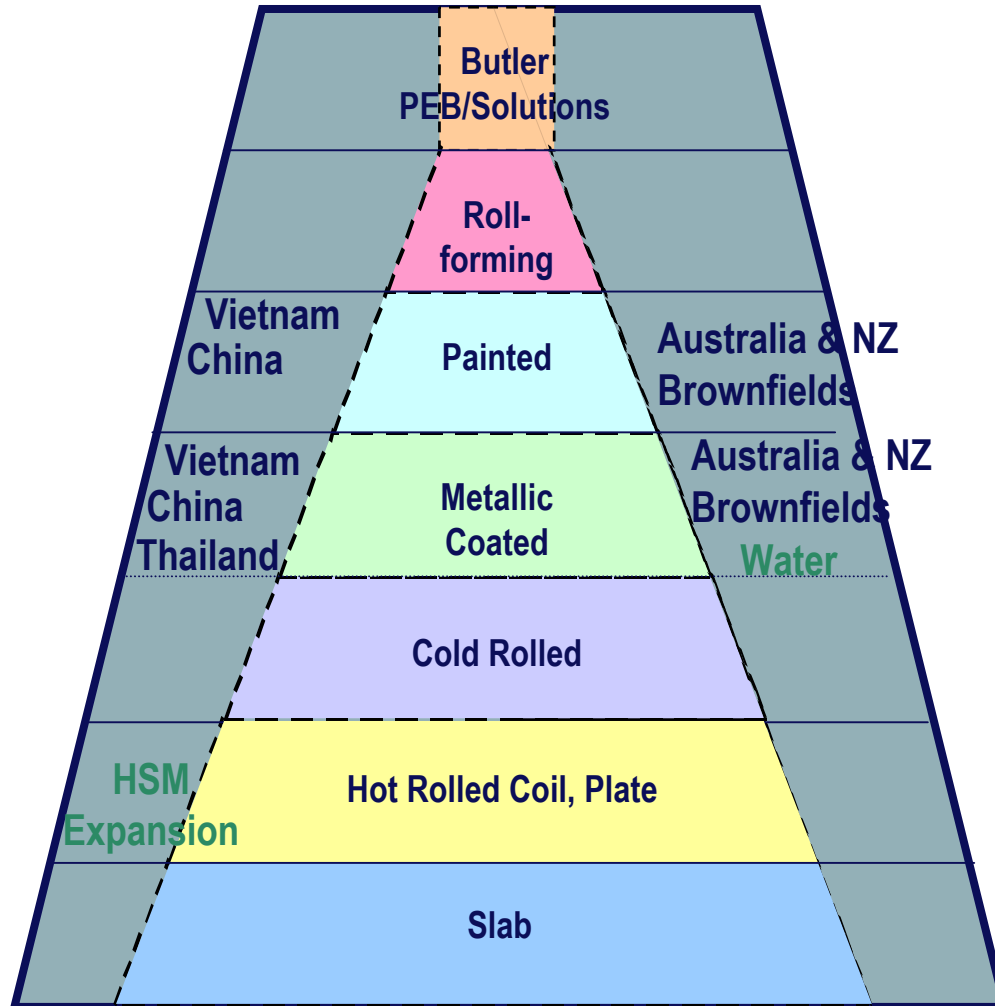
“Chinese and world demand outpacing supply. Concentrate inventories depleted.”

Marine freight – well managed to minimise costs

- Global marine freight market continues to be tight
- BlueScope Steel's approach
 - stagger renewals
 - long term relationships
 - limited "spot" contracts
- BlueScope Steel largely insulated in FY2004
- In FY2005:
 - Approximately half of our marine freight cost is exposed to higher costs . . . totalling a net A\$70m or approximately 10% of our total transportation spend



Our strategy is unchanged



- Asia and Regional Growth
- Value-added branded products
- Asset productivity
- Disciplined capital management
- World-class low-cost operations
- Manufacturing excellence
- Supply chain velocity
- Cost reductions
- Vigorously defend existing value

2004 was another good year . . . and the momentum continues

- Anticipate another good year in 2005
- Challenges ahead
 - much higher slab / HRC prices in first half leading to further margin pressure downstream
 - adjusting to higher raw material and freight cost environment
 - achieving productivity to offset higher wage / employment costs
- Opportunities ahead
 - Butler turnaround and PEB growth
 - safe and successful project construction
 - new products and markets
 - choosing amongst myriad of growth opportunities
 - further execution of our strategy
- Seize benefits of our diversified product and geographic portfolio
- Continue to reward our shareholders as we grow



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Creating shareholder value as we grow

