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ASX Release

Release Time: IMMEDIATE
Date: 19 February 2003

BLUESCOPE STEEL DELIVERS ANOTHER STRONG RESULT

BlueScope Steel Limited (ASX: *BSL*) (the former BHP Steel) Australia's leading steel solutions provider, today announced that net profit after tax (NPAT) for the half year period to 31 December 2003 was \$227 million. The result was a \$17 million improvement on the six month results for the half year period to 30 June 2003 and \$15 million less than the record \$242 million NPAT achieved in the first half of the preceding year.

Highlights for the half included:

- Continued strong NPAT and earnings per share results of \$227 million and 29.8 cents respectively;
- Continued focus on shareholder returns, increasing interim dividends by 33 per cent from 9 cents to 12 cents per share;
- Profit momentum continues despite the strong appreciation of the Australian dollar and significantly lower earnings from our North Star USA joint venture;
- Successfully increased pricing on most products and improved product mix;
- Significant growth initiatives announced including the planned acquisition of Butler Manufacturing Company; and multi year construction projects for new China coating/painting facility; new Vietnam coating/painting facility and second coating line in Thailand.

In commenting on the half year results, the Managing Director and CEO of BlueScope Steel Limited, Mr Kirby Adams, said:

"BlueScope Steel has continued the strong earnings momentum of the previous financial year into FY2004, despite significant volatility in exchange rates, steel prices, raw material and freight costs.

"Our improved outlook, coupled with our strong balance sheet, has given us confidence to proceed with some very exciting growth initiatives, while simultaneously rewarding our shareholders. Our share buy back program has been successful and we have increased dividends.

"Nearly 100 per cent of BlueScope Steel's 12,000 employees are now shareholders. We are pleased to have delivered business outcomes which have enabled our Board to improve the interim dividend by 33 per cent to 12 cents per share.

"For this financial year, this means we will return more than \$500 million to our shareholders: \$240 million in the form of fully paid cash dividends and at least \$260 million by way of our share buy back.

“The extent of our continuing growth program, with announced plant expansion and construction projects in excess of \$550 million in Asia, Australia and New Zealand (to be funded over the next 2-3 years), coupled with the approximately A\$260 million acquisition of Butler Manufacturing Company, the world’s premier manufacturer of pre-engineered steel buildings, means BlueScope Steel is truly in growth mode. Top line revenue growth is now expected to exceed 15 per cent in FY2005.

“BlueScope Steel’s long-term growth strategy to increase its proportion of high value-added products, and to provide solutions, particularly for the building and construction industry, is now well underway. Our portfolio of metallic coated and painted operations is being expanded to cover seven countries. Our revenue base is being significantly diversified across products and economies, thereby reducing risk.

“The half year result reflects a strong performance that was achieved against the background of a stronger Australian dollar (which has appreciated by approximately 25 per cent over the last 12 months). Exchange rate factors had a \$56 million unfavourable effect on the earnings before interest and tax result compared to the half year to 31 December 2002. The North Star joint venture contributed \$61 million less than in the half year period to 31 December 2002 due to lower US domestic hot rolled coil prices and higher scrap prices, diminishing the spread between these two factors.

“We faced increased raw material costs, primarily purchased steel feed to our downstream Asian businesses and scrap in Australia. In addition, repairs and maintenance costs were higher reflecting the timing of major planned maintenance work.

“However, our ability to improve our realised international and domestic prices, grow sales volumes in Asia and improve product mix in Australian coated operations, coupled with cost controls, largely countered the negative factors.

“Record production levels were achieved or maintained at a number of our operations with record delivery performance from our Western Port, Victoria facility. For the second consecutive year, North Star joint venture was voted No. 1 flat rolled steel supplier in North America in the prestigious 2003 Jacobsen Survey.

“Our record setting production was achieved in tandem with improved safety performance. Our 12,000 employees achieved a further 26 per cent reduction in Lost Time Injuries and new injury free records in Thailand, Lysaght Singapore and at New Zealand Steel’s Hot Strip Mill. Safety remains a number one priority for all of our employees with their goal being Zero Harm.

“We also completed the process of attaining ISO 14001 environmental certification for all BlueScope Steel businesses across Australia, New Zealand and Asia.”

Outlook

Mr. Adams continued, “We now expect our financial performance for the full year FY2004 to be around that achieved in FY2003 providing there is no material change to current operating performance, no major downturn in our principal markets nor any further significant strengthening of the Australian dollar.

“The planned acquisition of Butler Manufacturing Company, if confirmed, is expected to have minimal impact on full year earnings.

“World steel demand continues to remain strong with China having the highest growth. Consequently, we are foreseeing higher steel prices together with higher raw material and ocean freight costs, although we are largely protected against coal, iron ore and freight cost increases for the balance of FY2004.

“While the first half result for our North Star joint venture was significantly reduced by higher scrap prices, we are expecting some improvement in the second half due to the recent introduction of scrap price surcharges in the US market.

“The stronger Australian and New Zealand dollars relative to the US dollar continue to hurt export competitiveness. We consider it is vital for Australia’s manufacturing industry that the Reserve Bank continue to act in line with its recent decision not to increase interest rate differentials.

“During the period, US steel tariffs were ended. Although our Australian operations were already exempt, the lifting of tariffs will have a positive effect on New Zealand Steel going forward.

“New EBA agreements are in the final stages of negotiation at Port Kembla. In January, we successfully implemented a maintenance service alliance at Western Port that will further reduce costs and improve the efficiency of maintenance at that site.

“Despite the challenges of a stronger Australian dollar and the uncertainties of rapidly changing steel industry drivers, we are well positioned going into the second half of the year and are focused on successfully implementing the many initiatives underway at BlueScope Steel.

“We would like to thank our customers, communities and employees for their support.”

About BlueScope Steel Limited (ASX: BSL)

BlueScope Steel is the leading steel producer in Australia and New Zealand, supplying the majority of the flat steel products sold in these markets. BlueScope Steel’s principal customers are in the building and construction, automotive, packaging and general manufacturing industries. The Company’s steelworks at Port Kembla is Australia’s largest and amongst the world’s lowest cost producers of hot rolled coil. Steel rolling, coating and painting plants are located in Australia, New Zealand, Thailand, Malaysia and Indonesia, and are under development in Vietnam and China. The Company has a network of rollforming facilities across the Asia Pacific region that is unmatched by any other steel company. BlueScope Steel also has a 50 per cent interest in a steel mini-mill in Delta, Ohio, USA.

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