



**BHPSTEEL** LIMITED

# Institutional Roadshow Presentation

Kirby Adams, Managing Director and Chief Executive Officer

Brian Kruger, Chief Financial Officer

June / July 2002

# Important Notice

THIS PRESENTATION IS NOT AND DOES NOT FORM PART OF AN OFFER, INVITATION OR RECOMMENDATION IN RESPECT OF SECURITIES. ANY DECISION TO PURCHASE OR SUBSCRIBE FOR BHP STEEL LIMITED SECURITIES UNDER THE INSTITUTIONAL OFFER MUST BE MADE SOLELY ON THE BASIS OF THE INFORMATION CONTAINED IN THE INSTITUTIONAL OFFER MEMORANDUM ISSUED IN CONNECTION WITH THE OFFERING, IF NECESSARY AFTER SEEKING APPROPRIATE FINANCIAL ADVICE. RELIANCE SHOULD NOT BE PLACED ON INFORMATION OR OPINIONS CONTAINED IN THIS PRESENTATION. THIS PRESENTATION DOES NOT TAKE INTO CONSIDERATION THE INVESTMENT OBJECTIVES, FINANCIAL SITUATION OR PARTICULAR NEEDS OF ANY PARTICULAR INVESTOR. TO THE FULLEST EXTENT PERMITTED BY LAW, ABN AMRO ROTHSCHILD, CREDIT SUISSE FIRST BOSTON AUSTRALIA LIMITED, BHP BILLITON LIMITED AND BHP STEEL LIMITED AND THEIR AFFILIATES AND RELATED BODIES CORPORATE, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, ACCEPT NO RESPONSIBILITY FOR ANY INFORMATION PROVIDED IN THIS PRESENTATION, INCLUDING ANY FORWARD LOOKING INFORMATION, AND DISCLAIM ANY LIABILITY WHATSOEVER (INCLUDING FOR NEGLIGENCE) FOR ANY LOSS HOWSOEVER ARISING FROM ANY USE OF THIS PRESENTATION OR ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION THEREWITH. ANY INVESTMENT DECISION MUST ONLY BE BASED ON THE INSTITUTIONAL OFFERING MEMORANDUM WHICH MAY INCLUDE ADDITIONAL INFORMATION AND MAY UPDATE, SUPERSEDE OR CORRECT INFORMATION CONTAINED IN THIS PRESENTATION.

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# Offer Structure

## Demerger

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- |                          |   |
|--------------------------|---|
| <b>Entitlement</b>       | ▪ 1 BHP Steel share for every 5 BHP Billiton Ltd Shares   |
| <b>Capital Reduction</b> | ▪ \$0.69 for each BHP Billiton Ltd share (\$3.45 per BHP Steel share)   |
| <b>Sale Facility</b>     | ▪ BHP Billiton Ltd shareholders can offer to sell some or all of their BHP Steel shares under a sale facility   |
| <b>Bookbuild</b>         | ▪ Bookbuild will comprise both buy and sell-side orders. Institutions will have the ability to provide specific price and volume bids on both the buy and sell-side |
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## Offer

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- |                               |   |
|-------------------------------|---|
| <b>Institutional Offer</b>    | ▪ US (Rule 144A), ROW and Australian Investors  |
| <b>Retail Offer</b>           | ▪ Australian retail offer (broker firm to syndicate members and participating retail brokers; general public offer; BHP Billiton Ltd shareholder offer) |
| <b>Pricing Approach</b>       | ▪ Fully marketed open book build  |
| <b>Size</b>                   | ▪ Minimum of 54 million shares out of 792 million shares on issue   |
| <b>Indicative Price Range</b> | ▪ A\$2.60 – A\$3.30   |
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# Pricing Parameters

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|   |                                 |
|---|---------------------------------|
| Indicative Price Range                            | A\$2.60 – A\$3.30               |
| Market Value <sup>(1)</sup>                       | A\$2.1 billion – A\$2.6 billion |
| ASX S&P Index Weighting <sup>(1)(2)</sup>         | 0.33 – 0.40%                    |
| MSCI Australian Index Weighting <sup>(1)(2)</sup> | 0.45 – 0.50%                    |
| Enterprise Value <sup>(1)</sup>                   | A\$2.7 billion – A\$3.2 billion |
| 2003F EV/EBITDA <sup>(1)</sup>                    | 4.4x – 5.3x                     |
| 2003F P/E <sup>(1)</sup>                          | 8.1x – 10.3x                    |
| 2003F Dividend Yield <sup>(1)</sup>               | 7.7% – 6.1%                     |

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*(1) Based on indicative price range*

*(2) Indicative weighting as at 31 May 2002. 100% inclusion factor expected as at date of listing with confirmation of MSCI inclusion two weeks prior to listing*

# Timetable

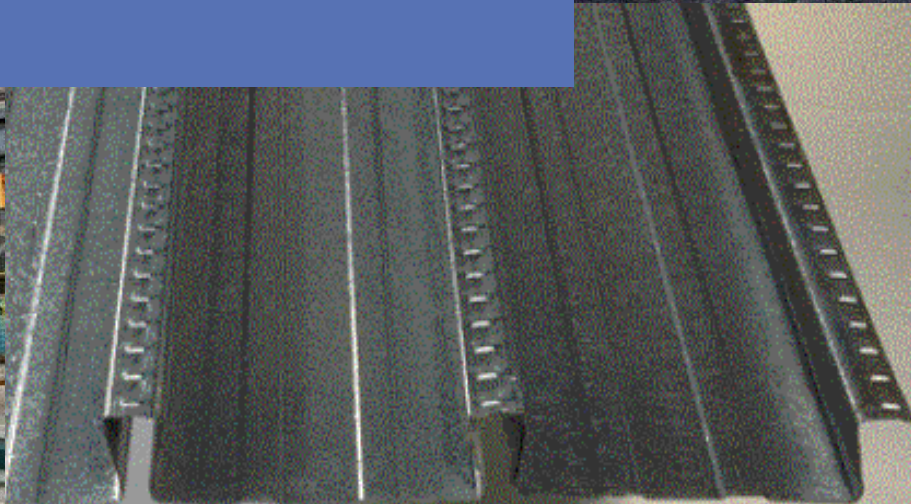
|   |   |
|---|---|
| BHP Billiton Limited Ex-date <sup>(1)</sup>                   | Tuesday, 2 July 2002                        |
| Retail Offer Period   | Monday, 27 May 2002 – Thursday, 4 July 2002 |
| Institutional Bookbuild                                       | Tuesday, 9 July 2002 – Friday, 12 July 2002 |
| Final Price and basis of BHP Steel Share allocation announced | Monday, 15 July 2002                        |
| ASX Listing Date ( <i>ASX ticker: BSL</i> ) <sup>(2)</sup>    | Monday, 15 July 2002                        |
| BHP Billiton Plc Ex-date                                      | Monday, 22 July 2002                        |
| Institutional Settlement date                                 | Monday, 22 July 2002                        |
| Dispatch of holding statements for BHP Steel Shares           | Wednesday, 24 July 2002                     |
| Normal Trading of BHP Steel Shares                            | Thursday, 25 July 2002                      |
| Settlement of all deferred trades in BHP Steel                | Monday, 29 July 2002                        |

*(1) Shares in BHP Billiton Limited will also trade cum BHP Steel entitlement on this date to enable the strike price on ETO to be adjusted*

*(2) BHP Steel shares expected to commence trading on ASX on a conditional and deferred settlement basis*



# BHP Steel Limited



# Group Overview

| BHP Steel                         |       |       |       |       |       |
|-----------------------------------|-------|-------|-------|-------|-------|
| A\$ Millions                      | 1999A | 2000A | 2001A | 2002F | 2003F |
| Revenue                           | 4,849 | 4,898 | 4,941 | 4,489 | 4,913 |
| EBITDA                            | 525   | 711   | 568   | 421   | 611   |
| Cashflow before borrowing and tax | 514   | 635   | 520   | 196   | 345   |

## Hot Rolled Products



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

## New Zealand Steel



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

## Coated Products Asia



- Pre-eminent seller of branded steel in Asia
- EBITDA CAGR since 1999 over 100%
- Lower cost "backward integration" growth strategy

## Coated Products Australia



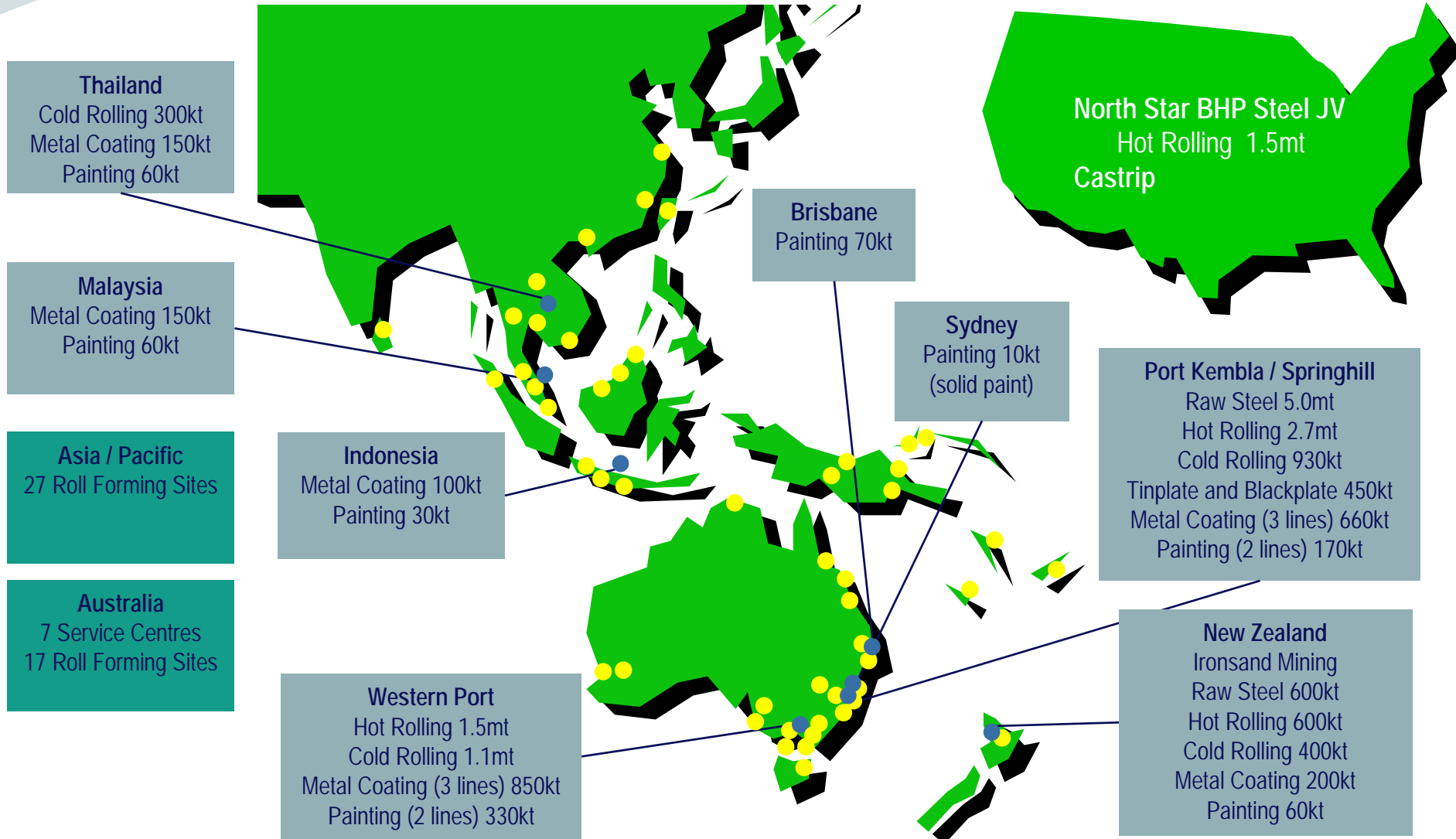
- Largest supplier of metallic coated and painted steel in Australia
- Leading market shares in most key markets

## Corporate/ Group



- Strategic Marketing
- Logistic Solutions
- Head Office

# Unique Production and Marketing Footprint

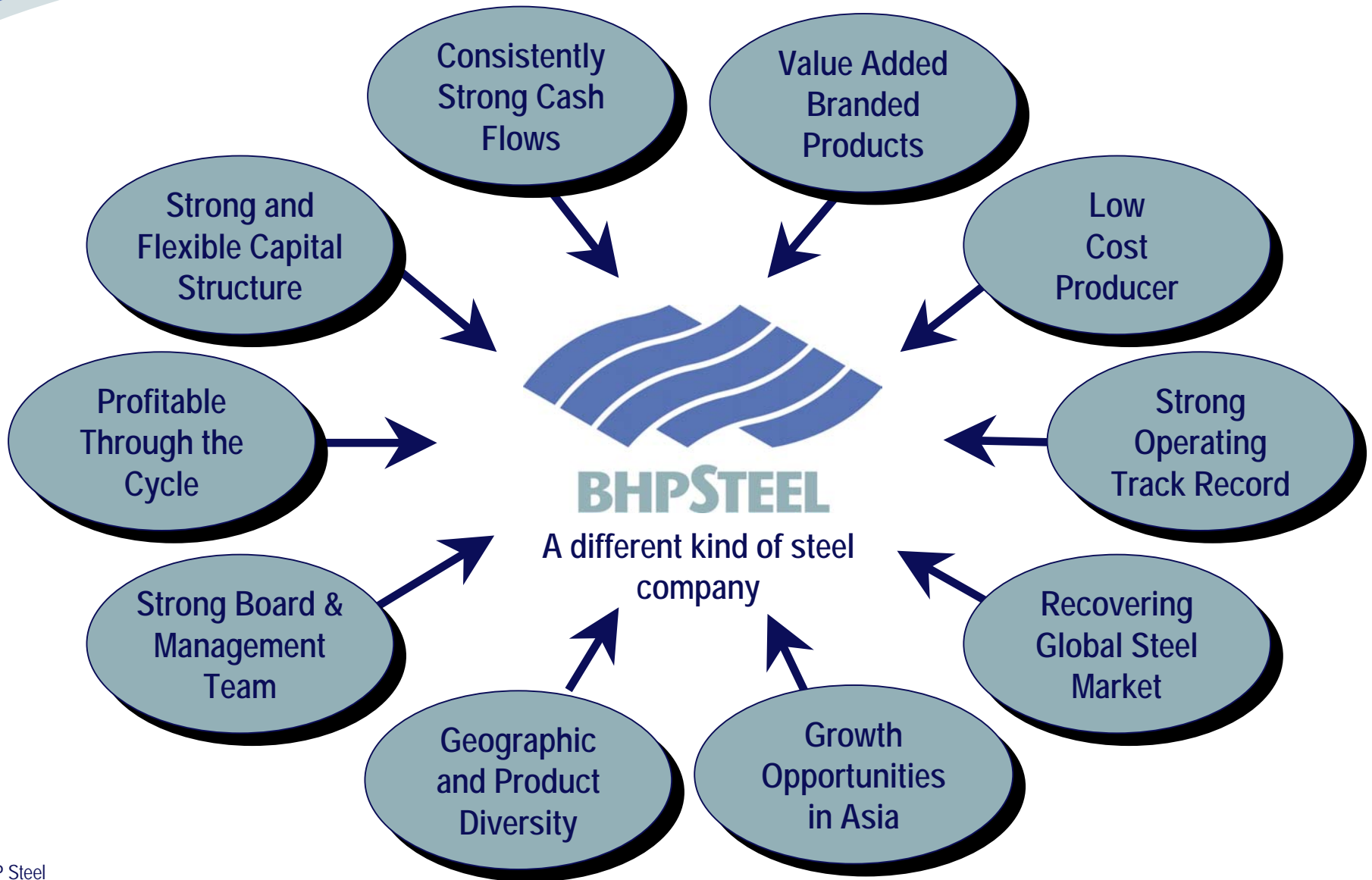




# Key Investment Considerations

- **Global steel industry**
- **Differentiating BHP Steel**

# Creating Shareholder Value in a Difficult Industry



# Value Added Branded Products



## Colorbond®

- Range of prepainted products used in building and construction
- Registered BHP Steel trade mark in over 50 countries

## Zinalume®

ONLY BY BHP COATED STEEL

- Range of zinc/aluminium-alloy coated steel products
- Largest Zinalume® producer in the world

## LYSAGHT

- Global leader in roll forming of steel
- Unrivalled footprint throughout Australasia, Asia and the Pacific

# Value Added Branded Products (Cont.)

- Leading Australian and NZ market presence across all products and widely recognised brand names
- Demonstrated leadership in value-added technology

**Colorbond®**

**PrimaDesa™**

**LYSAGHT**

*clean* **Colorbond®**

| Product          | Australia and NZ Market Position |
|------------------|----------------------------------|
| Painted          | #1                               |
| Zincalume        | #1                               |
| Galvanised       | #1                               |
| Tinplate         | #1                               |
| Pipe & Tube      | #1                               |
| Plate            | #1                               |
| Cold Rolled Coil | #1                               |
| Hot Rolled Coil  | #1                               |

**GALVSTEEL®**

**Galvaspan®**

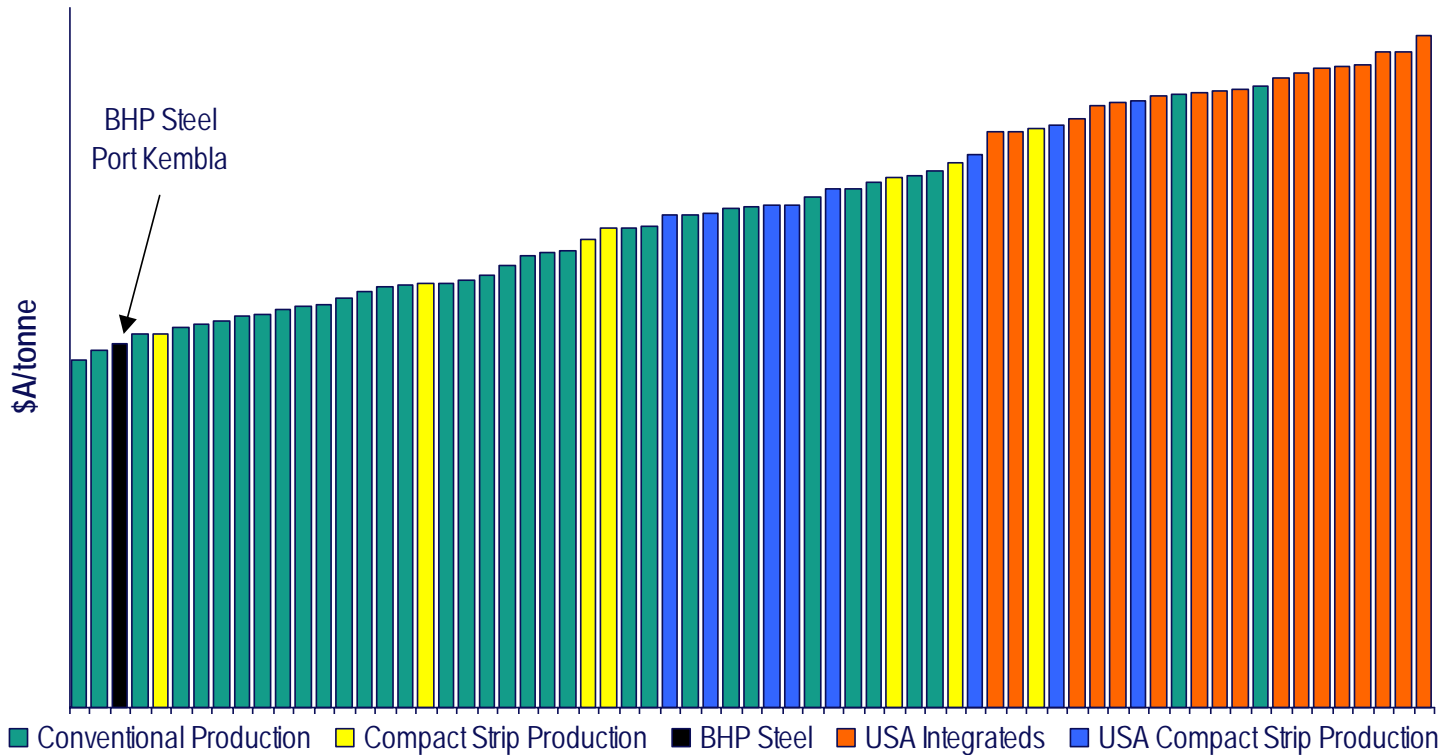
**COLORSTEEL®**

**Zincalume®**  
**ONLY BY BHP COATED STEEL**

# Low Cost Producer

- One of the lowest cost steel producers in the world with global scale

## 2000 Hot Rolled Coil Cost Position

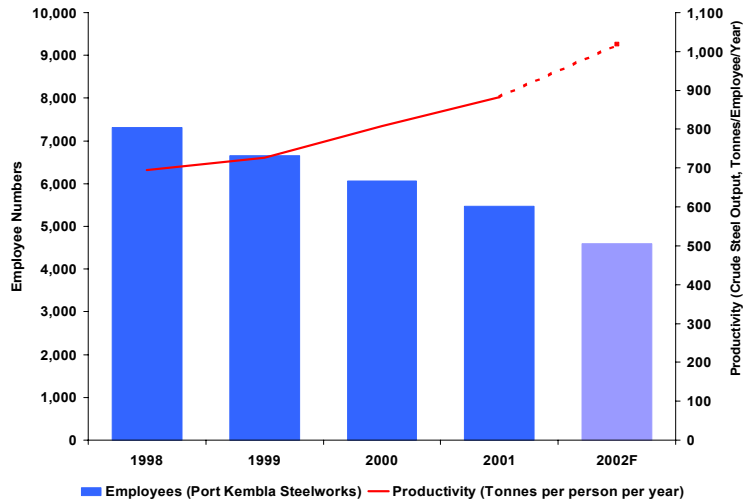


Source: D. Barnett and BHP Steel

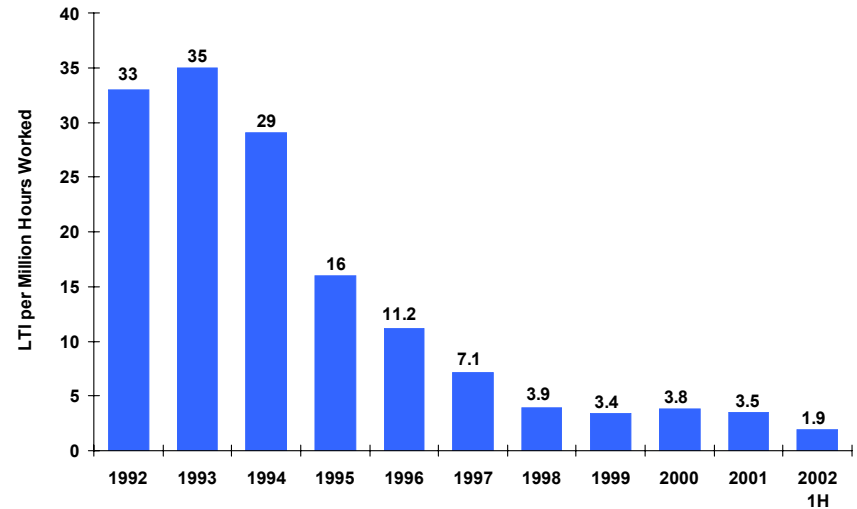
# Strong Operating Track Record

- Material productivity improvements – approaching global best practice
- Leading safety record

## Productivity



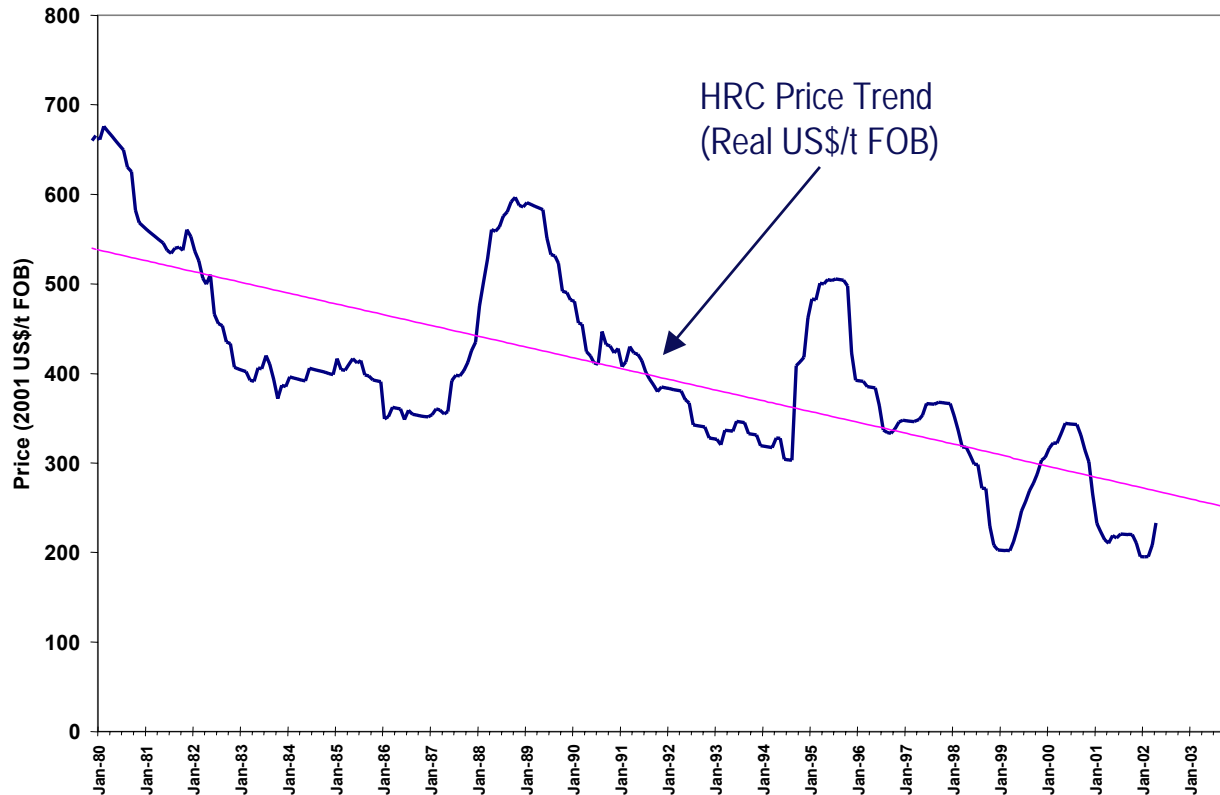
## Lost Time Injury Frequency Rate



# Recovering Global Steel Market

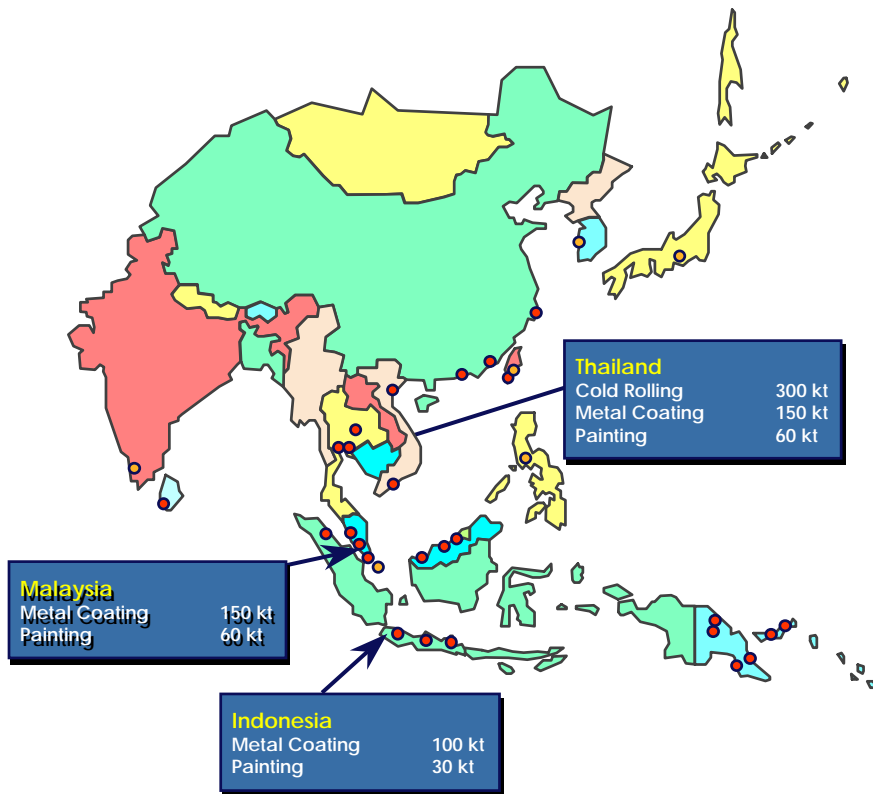
- Global steel prices are at historical lows, but have recently begun to rise

## European Export Hot Rolled Coil FOB Price

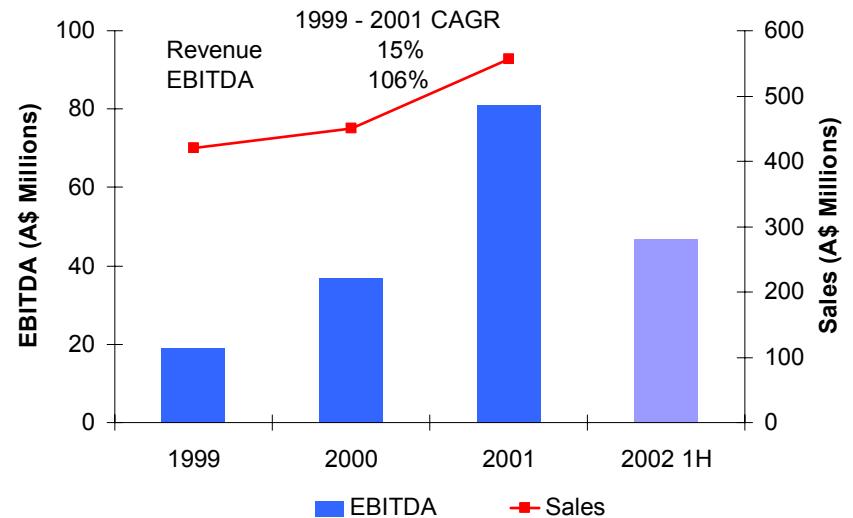


# Growth Opportunities in Asia

- Unique Asian footprint with outstanding growth opportunities
  - Available capacity
  - Solutions driven
  - Market led strategy



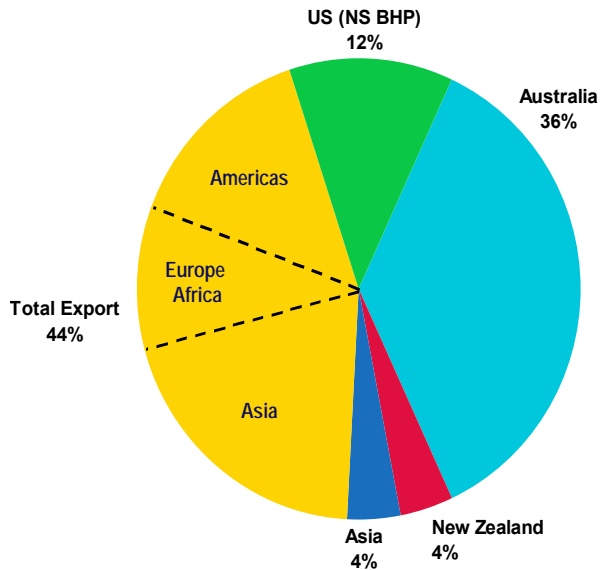
## Asian Financial Performance



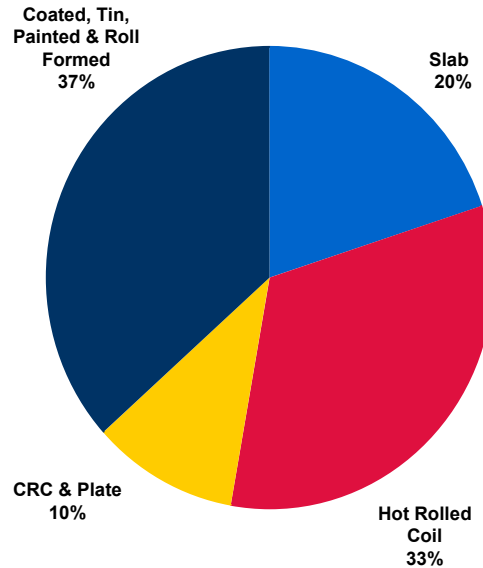


# Geographic and Product Diversity

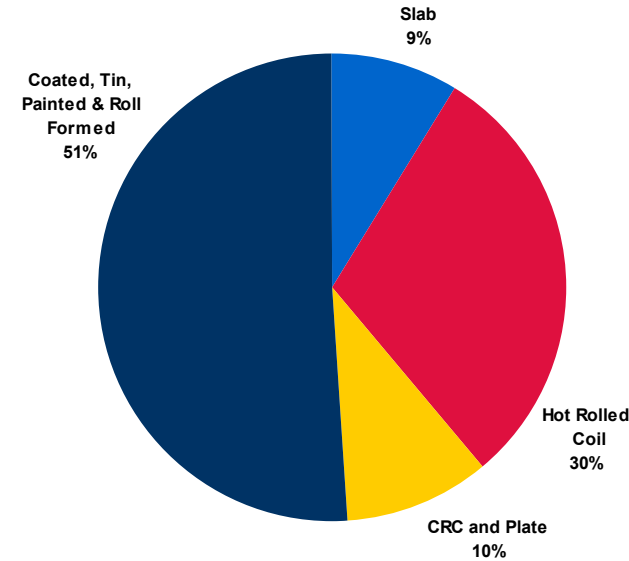
## Geographic Breakdown of Domestic/Export Sales Tonnes



## 2001 Global Sales by Volume<sup>(1)</sup>



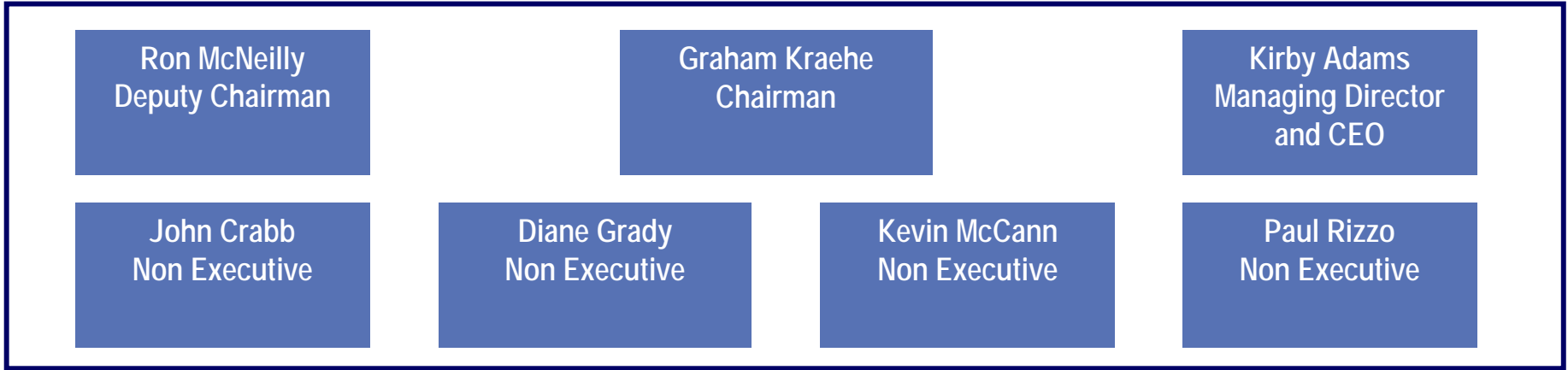
## 2001 Global Sales by Revenue<sup>(1)</sup>



(1) Includes North Star BHP

# Strong Board and Management Team

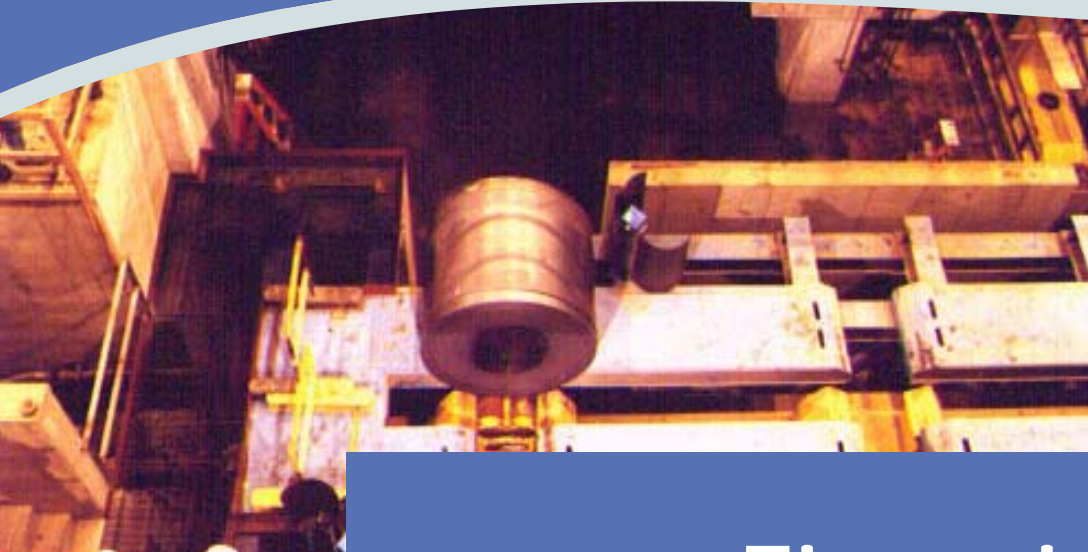
## Board of Directors



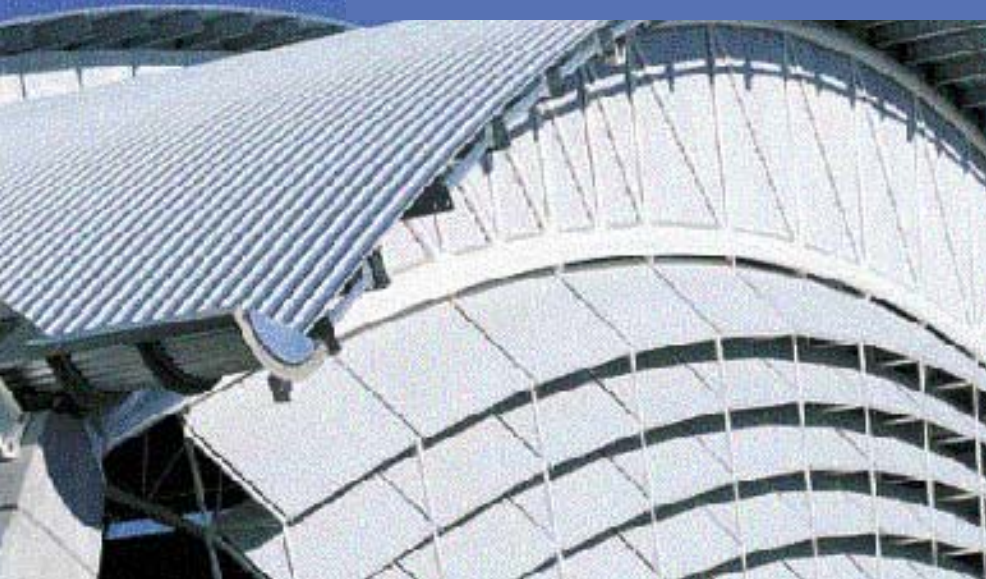
## Executive Leadership Team



- Overriding objective – CREATE SHAREHOLDER VALUE
- Focused on:
  - Flat steel solutions
  - Value-added branded products & services
  - Being an excellent manufacturer
  - Being a low cost operator
  - Disciplined capital management
  - Selectively pursuing growth, including M&A
- By Region
  - Australasia
    - Vigorously maintain existing value
    - Consider niche growth opportunities
  - Asia
    - Core growth region
  - Rest of World
    - Continue to be a competitive and valued supplier of intermediate product
    - Increase value-added export



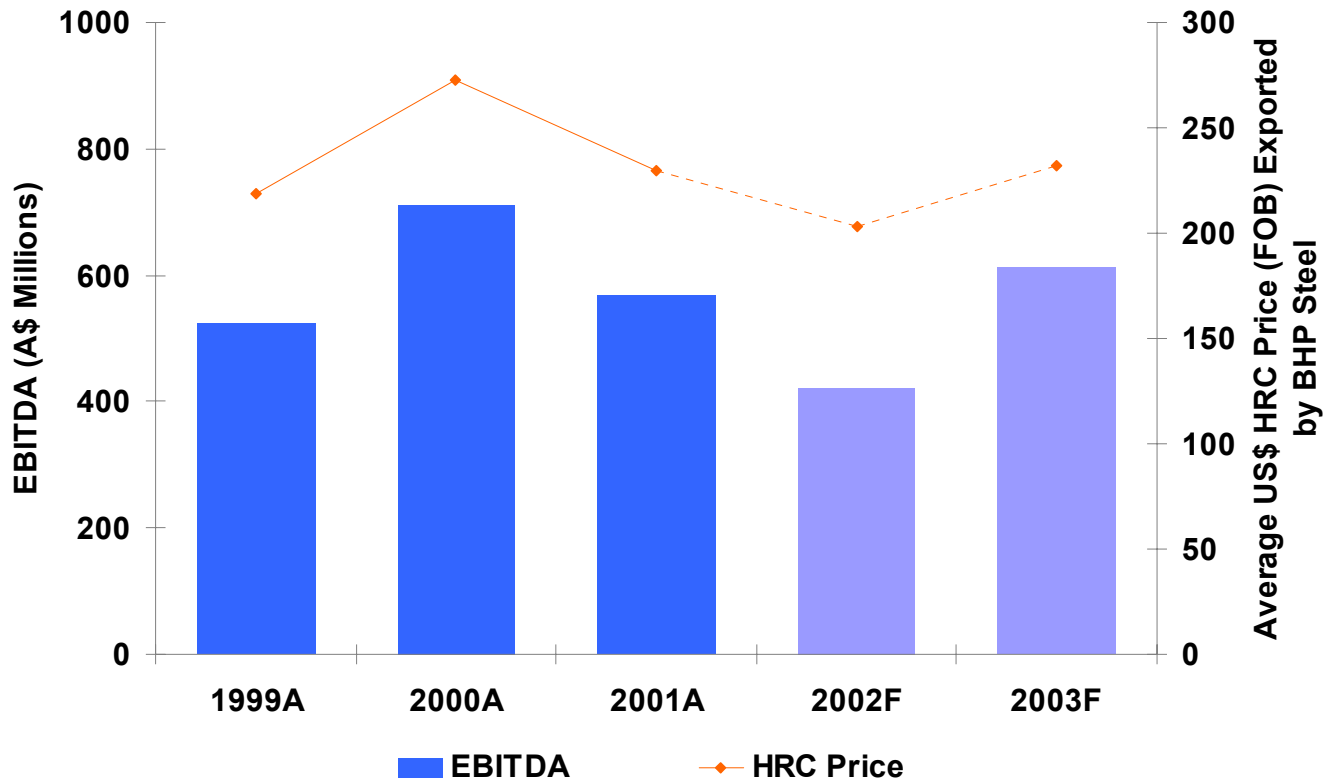
# Financials



# Profitable Through the Cycle

- BHP Steel's performance is strongly correlated to HRC prices

## EBITDA & Hot Rolled Coil Price Relationship



# Profitable Through the Cycle (Cont.)

| <i>A\$ Millions</i>   | 1999A | 2000A | 2001A | 2002F | 2003F |
|-----------------------|-------|-------|-------|-------|-------|
| Revenue               | 4,849 | 4,898 | 4,941 | 4,489 | 4,913 |
| EBITDA <sup>(1)</sup> | 525   | 711   | 568   | 421   | 611   |
| EBIT                  | 257   | 445   | 305   | 167   | 343   |
| Net Profit            |       |       |       |       | 254   |

- **Dividend**

- Policy to distribute 60% of net profit

- 2003F dividend 20c per share (Yield 6.1% – 7.7%<sup>(2)</sup>)

*(1) Includes net profit/loss for North Star BHP Steel*

*(2) Based on indicative price range*

# Strong and Flexible Capital Structure

## Pro Forma Balance Sheet as at 31 December 2001

*A\$ Millions*

### Assets

|                  |       |
|------------------|-------|
| Cash             | 170   |
| Receivables      | 433   |
| Inventory        | 685   |
| Other Assets     | 302   |
| Net Fixed Assets | 3,219 |

### Total Assets

4,809

### Liabilities

|                              |     |
|------------------------------|-----|
| Creditors                    | 479 |
| Interest Bearing Liabilities | 779 |
| Provisions                   | 813 |

### Total Liabilities

2,071

### Net Assets

2,738

- $\text{Net Debt} / (\text{Net Debt} + \text{Equity}) = 18.2\%$  (excluding off-balance sheet arrangements)

# Consistently Strong Cash Flows

| <i>A\$ millions</i>   | 1999A | 2000A | 2001A | 2002F | 2003F      |
|---|-------|-------|-------|-------|------------|
| Net operating cash flow before borrowing costs and income tax | 725   | 715   | 631   | 364   | 543        |
| Net investing cash flows                                      | (211) | (80)  | (111) | (168) | (198)      |
| Net cash flow before financing and tax                        | 514   | 635   | 520   | 196   | 345        |
| Net financing cash flow                                       |       |       |       |       | (158)      |
| Payment of income tax   |       |       |       |       | (6)        |
| <b>Net increase in cash held</b>                              |       |       |       |       | <b>181</b> |



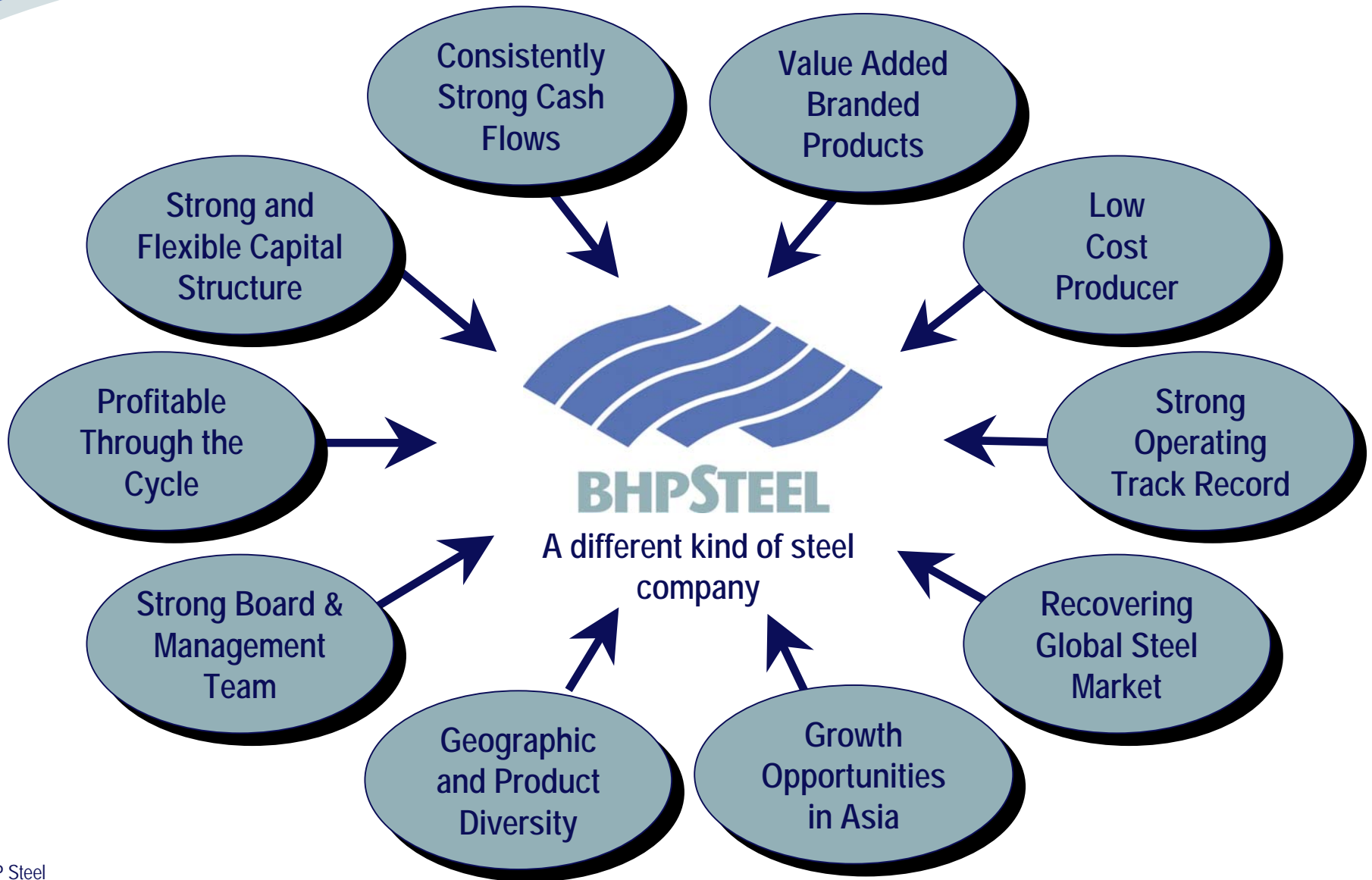
- Results particularly sensitive to Hot Rolled Coil prices

| <i>A\$ millions</i>   | Impact on forecast EBIT for<br>the year ending<br>30 June 2003 |
|---|--|
| <b>Assumption</b>   |  |
| +/- US\$25 / tonne movement in average hot rolled coil price <sup>(1)</sup>               | 104  |
| +/- US\$10 / tonne movement in North Star BHP Steel scrap to hot rolled coil price spread | 16   |
| +/- 2% movement in slab production in Australia and New Zealand                           | 14   |
| +/- 1c movement in Australian dollar / US dollar exchange rate <sup>(2)</sup>             | 10   |
| +/- US\$1 / tonne movement in coking coal costs   | 7  |
| +/- US\$1 / tonne movement in iron ore costs  | 14   |

(1) *The sensitivity assumes an equivalent impact on the price of export cold rolled coil and plate, and a 75% impact on the price of export slab. Export metallic coated and painted steel products as well as Australian domestic pipe and tube products are assumed to move to a lesser extent due to the existence of other market factors.*

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

# Creating Shareholder Value in a Difficult Industry





**BHPSTEEL** LIMITED

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