

**EXTRACT FROM BHP STEEL MD & CEO, KIRBY ADAMS', ADDRESS TO THE
UBS WARBURG INDUSTRIALS CONFERENCE**

TUESDAY, 27 MAY 2003

**'CREATING VALUE IN THE AUSTRALIAN STEEL INDUSTRY'
GROWTH INITIATIVES**

In March this year, we opened two new rollforming plants in China, to take advantage of that country's booming building and construction sector. One near Beijing, and the other in the western city of Chengdu.

In Thailand, Malaysia and Indonesia, we have commissioned new SmartTruss® machines to help consolidate our success in the pre-engineered building market.

In Indonesia, we increased our ownership of our coating and paintline investment to 100% and initiated plans to more than double our paintline capacity to 50,000 tpa.

In Thailand, we increased the average production capacity of our paint line from 75,000 tpa to 90,000 tpa at minimal capital cost.

We are actively exploring opportunities in Vietnam, where we have announced that we are considering an investment to build a metal coating and painting plant with a production capacity of some 125,000 tonnes.

In Australia, upgrades are currently underway at the Springhill Works and at Western Port which will result in BHP Steel's ZINCALUME® steel production capacity increasing by 150,000 tpa and COLORBOND® steel capacity increasing by 115,000 tpa over the next 2-3 years – again, at a fraction of the capital cost of proposed new entrants.

And BHP Steel Lysaght has also commissioned new rollforming plants near Melbourne, and Perth

Throughout Australia, New Zealand and Asia, we are undertaking major new growth initiatives – both through the expansion of existing painting, coating and rollforming capacity, and through possible greenfields expansion.

Earlier this month, we revealed the new COLORBOND® steel colour range, introducing new fashion colours that will ensure COLORBOND® steel is an integral part of the homes of the future.

New painting technology will also ensure these colours stay looking newer for longer.

For the first time, all twenty colours have been given trademarked names – protecting our investment in the brand by ensuring they cannot be legally copied or substituted.

The continuing success of BHP Steel's market-leading product brands is allowing us to initiate a range of additional growth initiatives.

This morning in New Zealand we have announced an expansion of our metal coating line at New Zealand Steel.

This NZ\$15 million investment – which is expected to be commissioned in early 2004 - will expand the line's capacity by 24,000 tonnes per annum, to a total of capacity of 234,000 tonnes.

This will enable New Zealand Steel to meet continuing strong demand for ZINCALUME® steel and our other coated steel products in New Zealand, the Pacific Islands and Australia.

What about expansion in the Australian market?

A further new initiative which we are actively pursuing is a project to establish a new, state-of-the-art COLORBOND® steel paintline facility in Western Sydney. This new plant will meet continuing demand for COLORBOND® steel product in the nation's largest housing growth corridor.

A facility of this sort is still some way off. We have not yet finalised our site selection, and a decision to proceed is still subject to our consultations with interested parties from Government and the community.

Planning for the new COLORBOND® steel facility is advanced and a shortlist of suitable sites has been completed. A project of this sort would typically cost upwards of A\$100 million.

We expect the plant to be operating within two years of obtaining all necessary approvals.

We will be working to secure our site and the associated infrastructure, liaise with local communities and firm up the business case. We would expect the plant to be commissioned some time within the next 2-3 years.

The plant we envisage will be a state-of-the-art manufacturing facility, taking feedstock in the form of metallic coated coil from our operations at Port Kembla and converting it to the company's value-added COLORBOND® steel.

Our NSW building industry customers are increasingly located in Western Sydney and the new COLORBOND® steel paintline will allow us to bring colour and inspired steel solutions to surrounding communities from a location in the heart of customer and demand growth. This will assist in delivering further improvements in service levels to our customers.

The establishment of an in-market COLORBOND® steel painting facility of this type is a model BHP Steel has successfully undertaken in Queensland.

Locating close to areas of market demand enables the production of short-run items on shorter lead times, tailored to customer requirements.

The in-line painting technology we have developed over the past decade has really enabled these kinds of in-market facilities.

We will be adopting a similar strategy in other Australian markets where we are seeing growing demand for our trusted COLORBOND® steel and ZINCALUME® steel products.

(ENDS)