



**BLUESCOPE
STEEL**

2nd Annual Goldman Sachs JB Were Australasian Investment Forum, New York

Kirby Adams, Managing Director and Chief Executive Officer

March, 2006

ASX Code: BSL

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Introduction

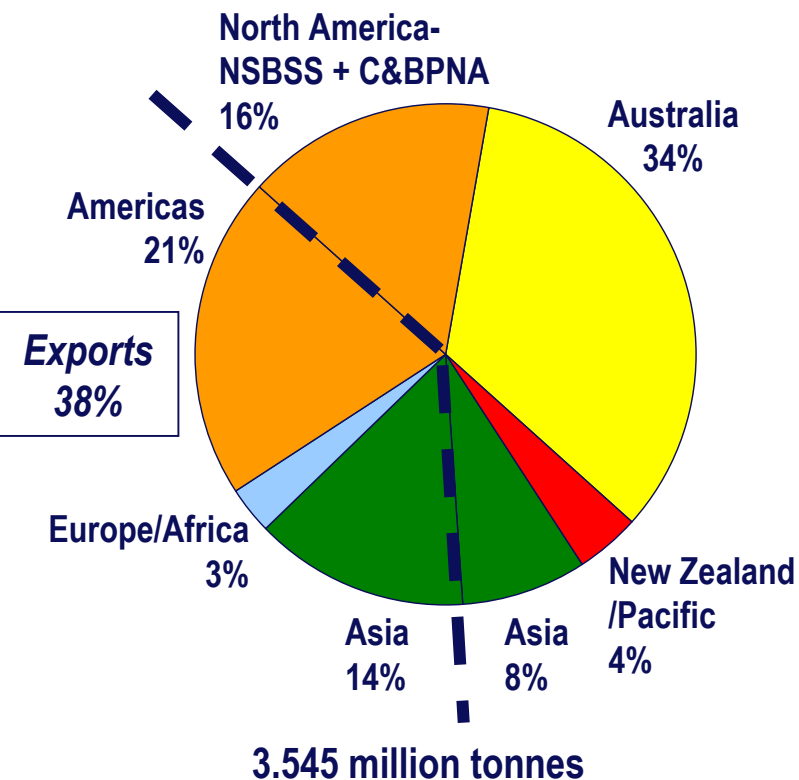


- **Our customers are our partners**
- **Our people are our strength**
- **Our shareholders are our foundations**
- **Our communities are our homes**

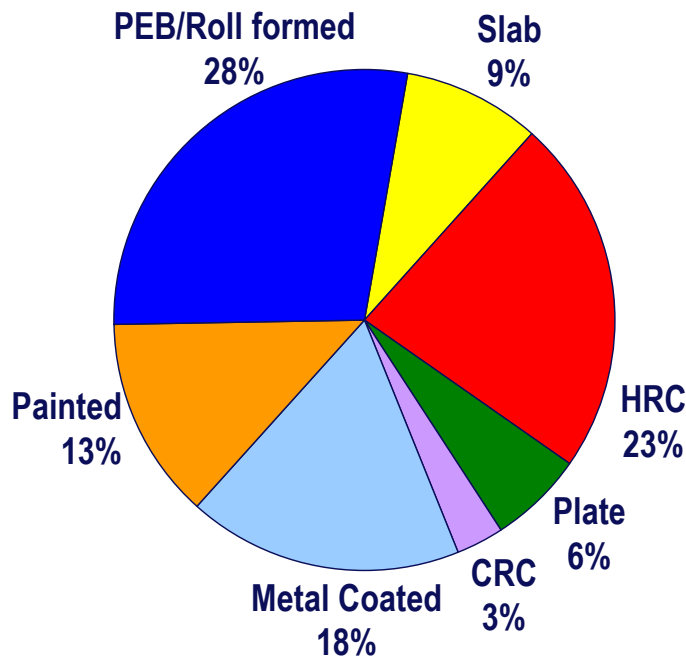
Our Customers – serving them in over 20 countries

- Over 30,000 customers using BlueScope Steel products with confidence

**Geographic markets
(tonnes by destination)
First Half FY06**



**Global Product Mix
(\$ Revenue)
First Half FY06**



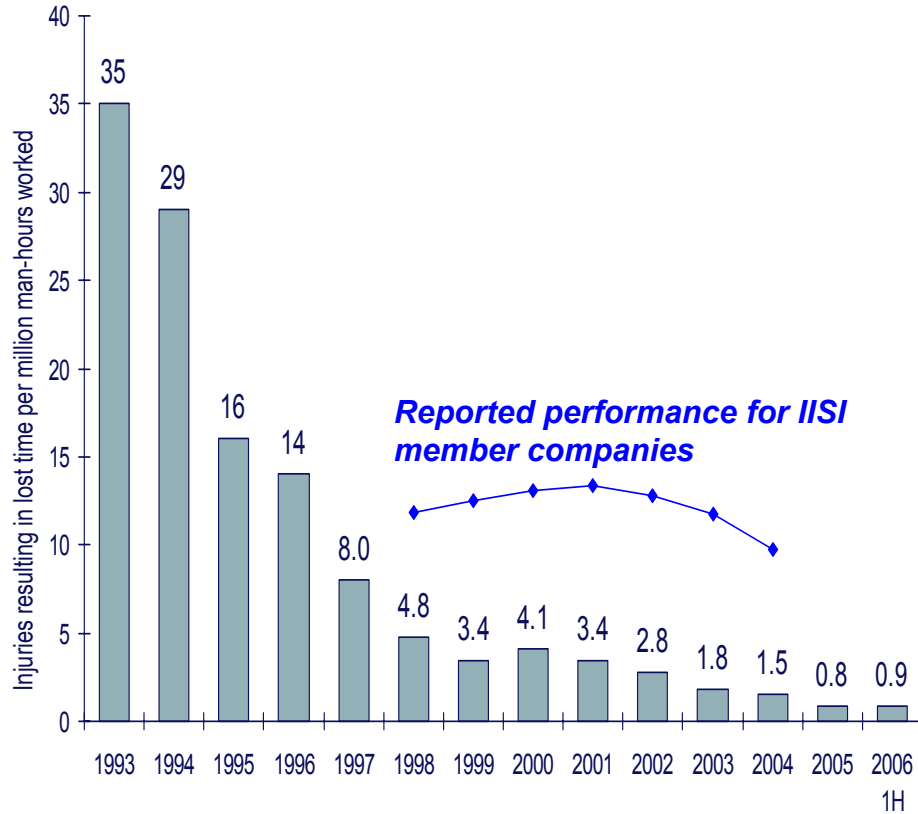
PRODUCT OFFER

- Services
- Solutions
- Technical support
- Warranty
- Just In Time Delivery
- Transport & Logistics
- Design / Build / Install
- Information systems
 - web based
 - connectivity

Indicative

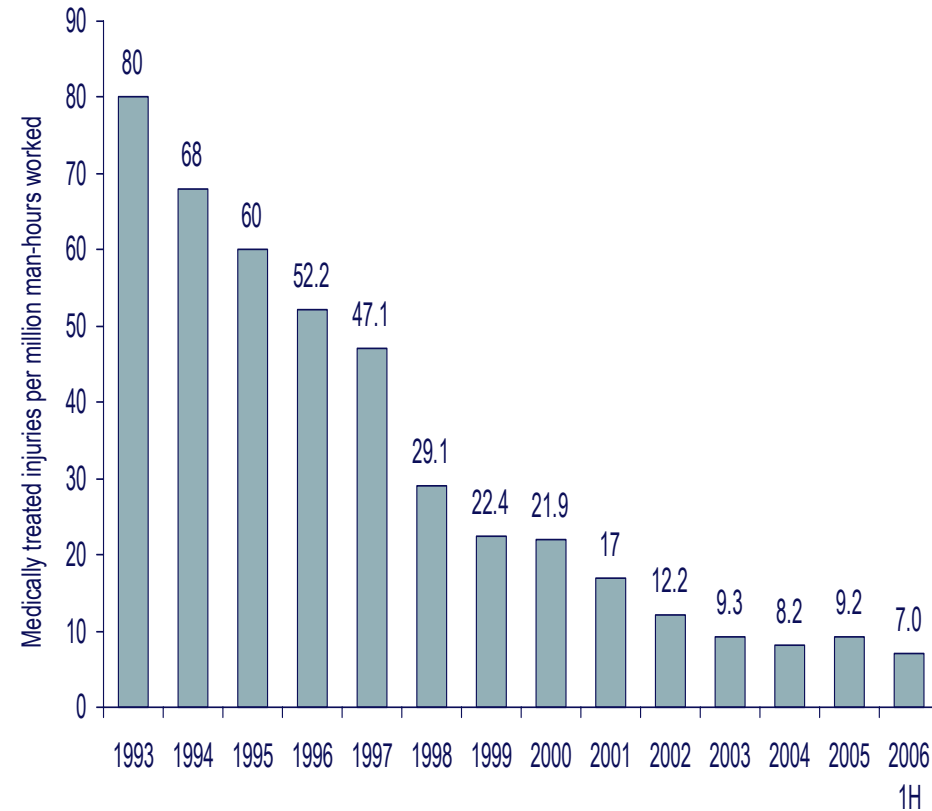
Zero harm is our goal for our team and communities

Lost Time Injury Frequency Rate



** Includes Butler performance from May 2004

Medically Treated Injury Frequency Rate



* Includes Butler performance from May 2004

17,500 Employees, 75 manufacturing sites, 17 countries

Our shareholders – continuing to reward shareholders as we grow

• Share Buybacks – Public Listing to 31 December 2005

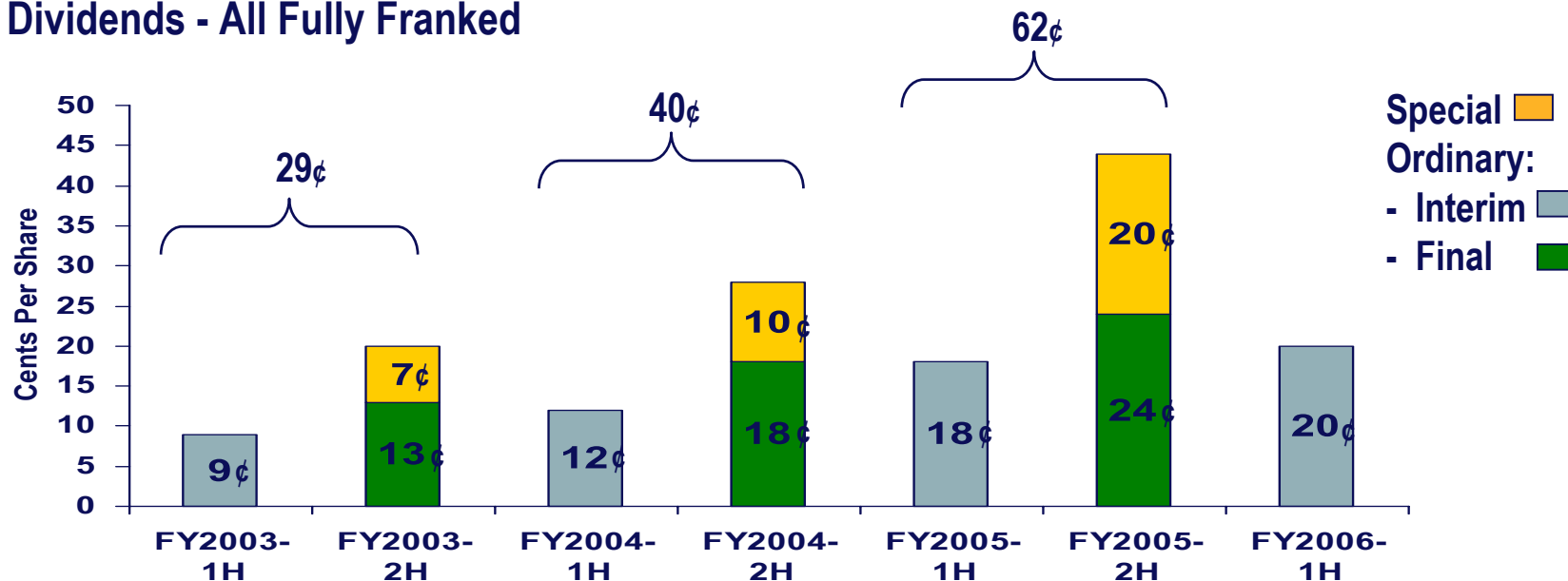
- Purchased and cancelled 113m shares
 - * on market – 87m shares
 - * off market – 26m shares

Total return to shareholders since BSL's public listing (July 2002):

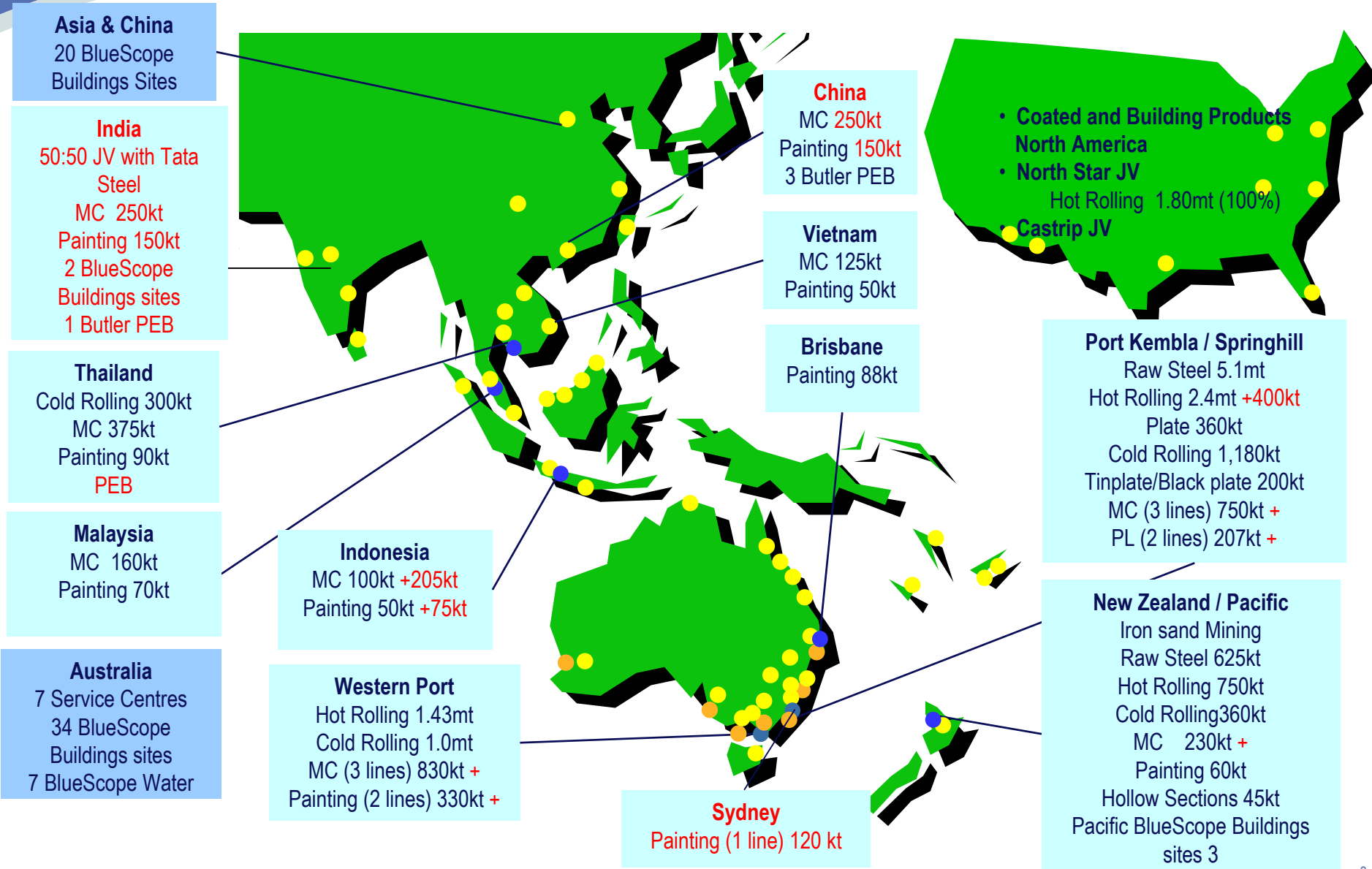
• Share buybacks	\$ 687m
• Dividends paid	\$ 970m
• Interim dividend (to be paid April 06)	<u>\$ 140m</u>
	<u>\$ 1,797m</u>

\$2.39 share or 77% payout ratio

• Dividends - All Fully Franked



Unique and valuable franchise in world's largest and fastest growing markets



Upstream – Steel Making

Capability

Port Kembla
Steelworks
NSW, Australia

New Zealand Steel

North Star
BlueScope
Ohio, USA

Products

Slab



Hot Rolled Coil



Plate



Statistics

- Raw steel capacity (mtpa)
 - PKSW 5.1
 - NZS 0.6
 - NS (50%) 0.9
 - 6.6
- Cost curve (HRC)
 - PKSW & NZS - lowest quartile
 - NS - most efficient EAF
- Turnover (1H-06)
 - PKSW A\$1,900m
 - NS (50%) US\$243m
- Customers
 - Internal mid-stream
 - Pipe & Tube
 - Fabrication / manufacturing
 - Ship building (Korea)
 - Distribution
- Markets
 - Australia, NZ, Americas, Asia

Midstream – Metallic Coating and Coil Coating Network

Capability

Australia:

- Western Port, Vic
- Illawarra Coated Products, NSW
- Queensland
- Sydney

New Zealand

Asia:

- India JV (Tata)
- Indonesia
- Malaysia
- Thailand
- Vietnam
- China

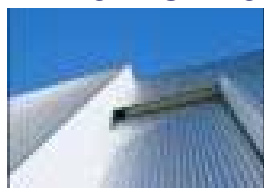
Research &
Development
Technical Support

Products

COLORBOND®



ZINCALUME®



CLEAN COLORBOND®



GALVSPAN®



Statistics

- Capacity (ktpa) growing

• Asia	<u>FY05</u>	<u>FY09</u>
- Cold Rolled Coil	300	300+
- Metallic Coating	430	1,460
- Painting	210	635

• Australia		
- Cold Rolled Coil	1,930	2,180
- Metallic Coating	1,580	1,580
- Painting	625	745

• NZ		
- Cold Rolled Coil	360	360
- Metallic Coating	230	230
- Painting	60	60

- Feed source of Hot Rolled Coil and Cold Rolled Coil
 - Asia – local suppliers and internal
 - Australia & NZ – internal

- Customers
 - Principally construction, manufacturing & auto

- Markets
 - “In market” local supplier
 - + exports

Downstream - Metal Building Products and Solutions

Capability

Australia

New Zealand &
Pacific

Asia

North America

Products

Lysaght roll formed
steel components



Butler Pre-Engineered
Buildings (PEB)



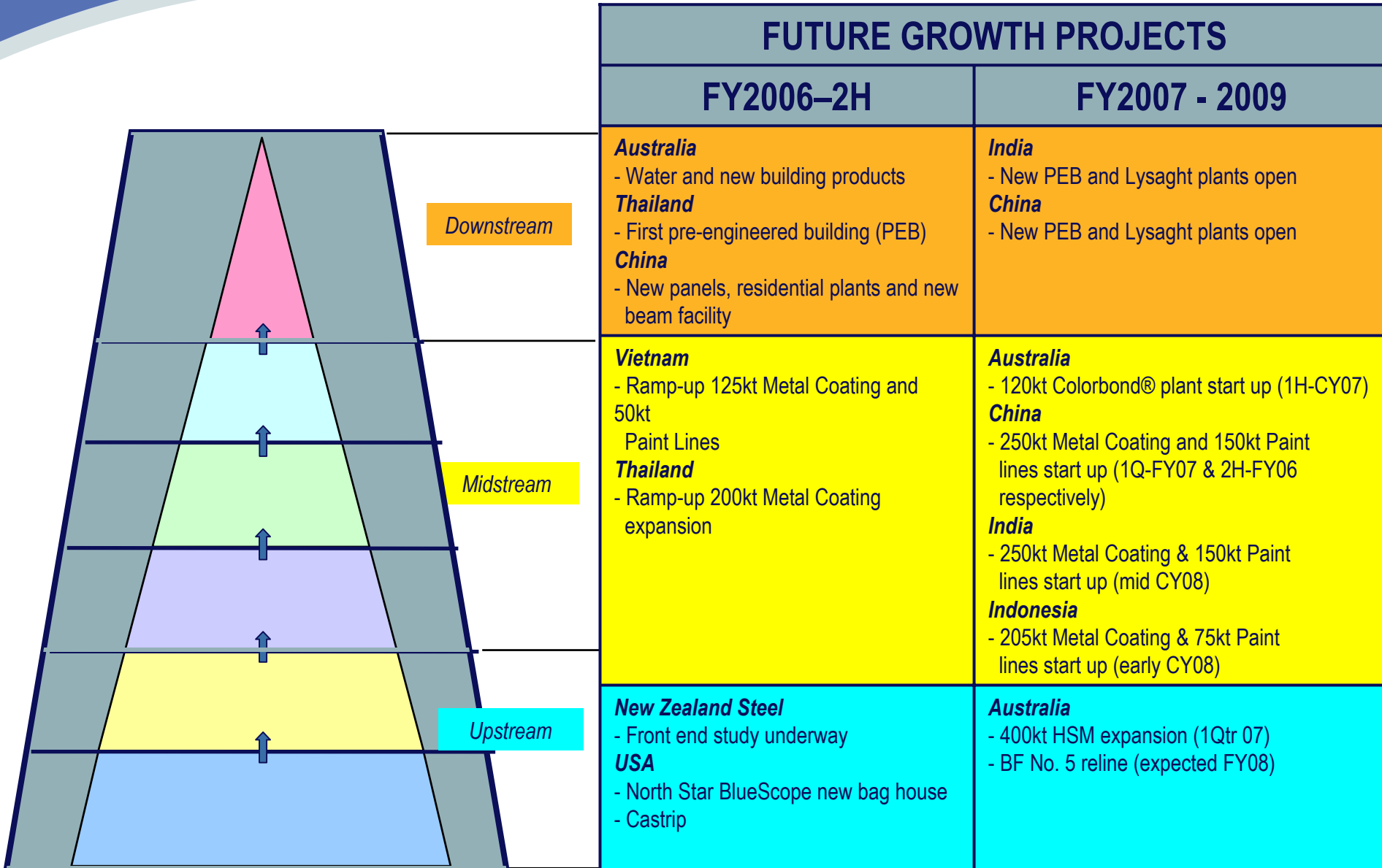
BlueScope Water



Statistics

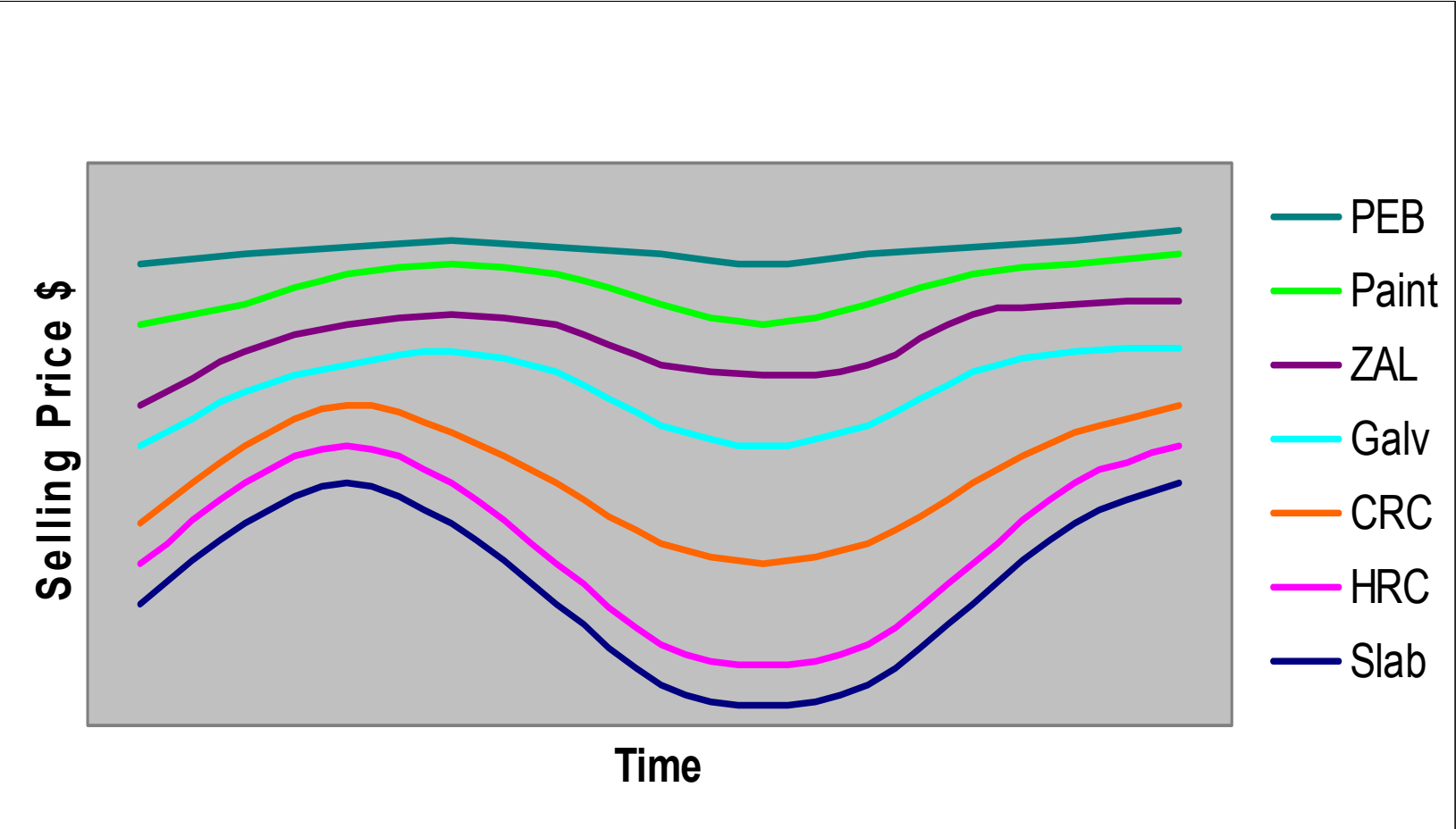
- **Market leader in**
 - Australia
 - China
 - South East Asia
 - USA (PEB)
- **Feed**
 - Australia - internal
 - Asia - internal
 - NZ – internal
 - NA – external / internal
- **Customers**
 - Principally construction sector
- **Markets**
 - “In market” local supplier
 - Branded products
 - Supply, install and fix

Current and expected market conditions confirm our strategic direction



Pricing over the cycle

Indicative

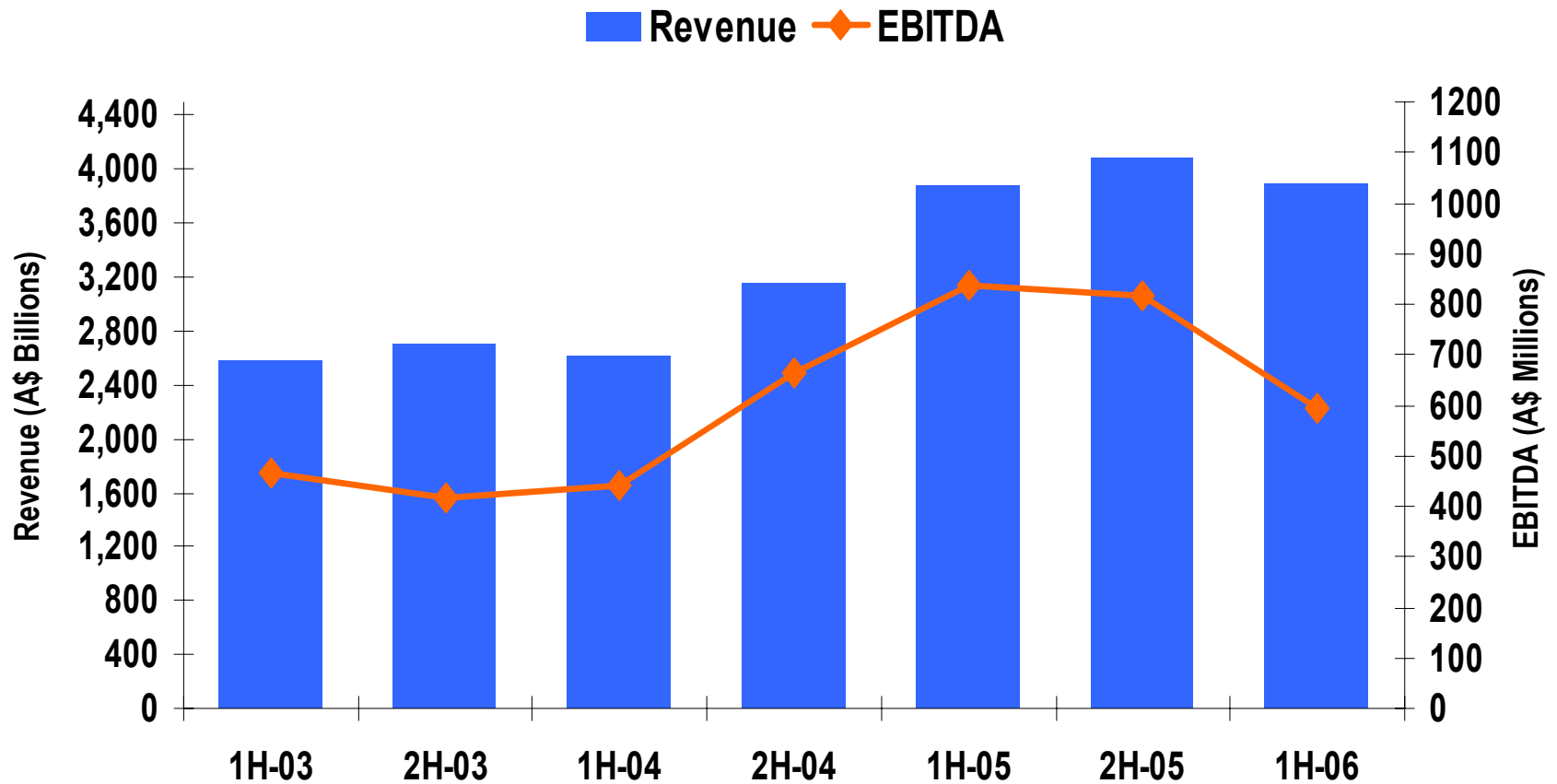




**FY2006
IN REVIEW**



Our record since public listing – Revenue & EBITDA



Despatches (net)	3.35	3.41	3.24	3.69	3.46	3.70	3.55
Revenue (A\$m)	2,590⁽¹⁾	2,712⁽¹⁾	2,619⁽¹⁾	3,151⁽¹⁾	3,881	4,084	3,892
EBITDA (A\$m)	464⁽¹⁾	417⁽¹⁾	440⁽¹⁾	665⁽¹⁾	837	818	593

⁽¹⁾ **AGAAP**

Calendar Year Earnings

A\$ Millions	CY2003	CY2004⁽²⁾	CY2005
Revenue	5,328	7,029	7,980
EBITDA ⁽¹⁾	857	1,501	1,411
EBIT ⁽¹⁾	581	1,212	1,111
Net Profit	436	859	792
EPS (¢)	56	116	110

(1) Includes EBITDA & EBIT for North Star BlueScope Steel but not revenue.

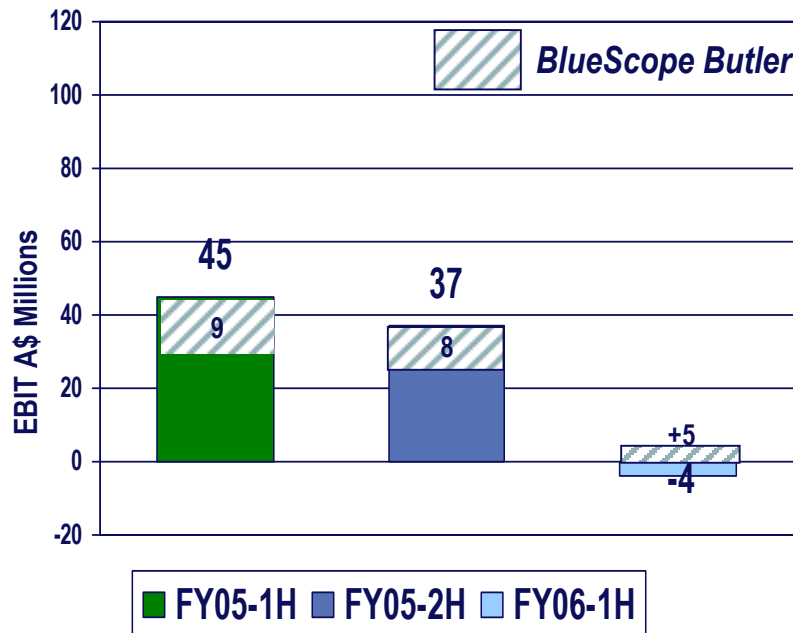
(2) Includes eight months of BlueScope Butler financial results.

Group headlines First Half FY2006 vs. First Half FY2005

• Revenue	A\$3,892 million	Constant
• External despatches	3.5 million metric tonnes	Up 3%
• EBITDA	A\$593 million	Down 29%
• EBIT	A\$449 million	Down 35%
• NPAT	A\$312 million	Down 38%
• EPS	44¢	Down from 68¢
• After tax Return on Invested Capital	14.6%	Down from 27%
• After tax Return on Equity	18.9%	Down from 32%
• Net operating Cashflow		
- after capital / investments	(\$19 million)	Down 108%
- before capital	\$347million	Down 33%
• Interim Ordinary Dividend (fully franked)	20¢ per share	Increased 2¢ per share (11%)
• Gearing (net debt)	33.2%	22.2% (June 05) – including SOR

Coated and Building Products Asia – unexpected market weakness

- **Sales revenue down 7% to A\$485m, including A\$117m from BlueScope Butler China**



- **1H-FY2006 return on net assets annualised (pre-tax) (1%)**

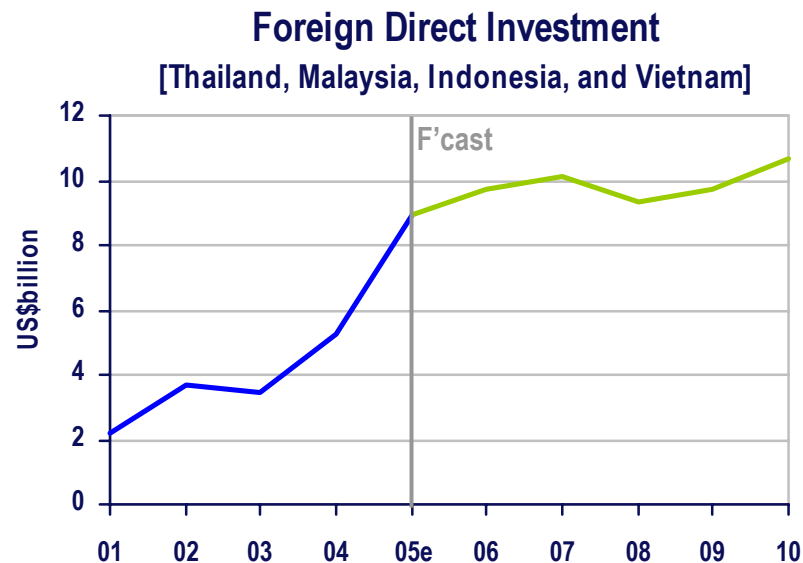
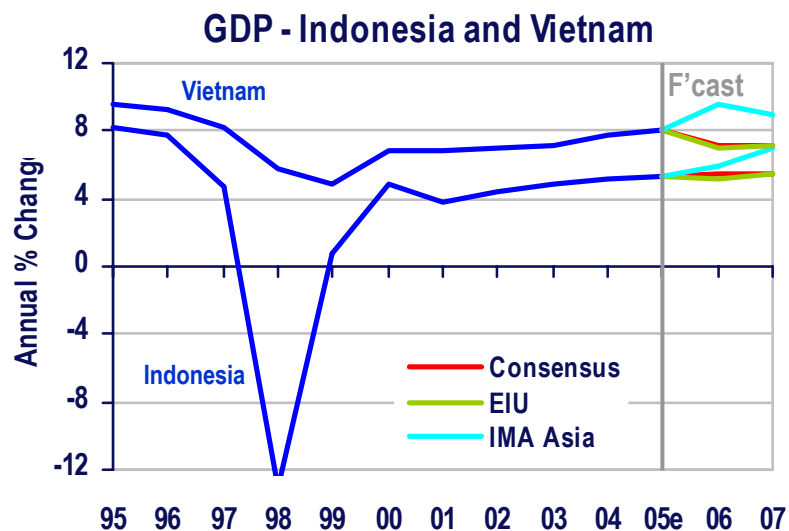
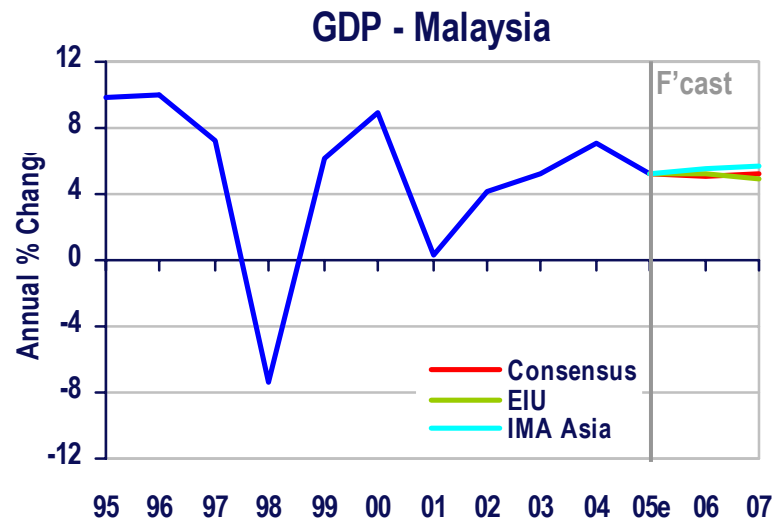
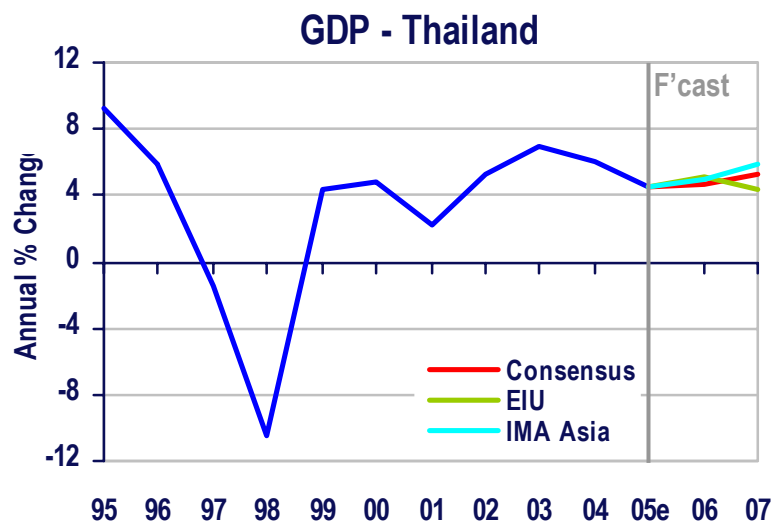
Markets

- > Lower despatches / weaker markets
- > Heightened import competition
- > Customers high inventories / destocking
- > China – credit controls delayed projects

Performance

- First half
 - > higher feed costs fully utilised in half
 - > +\$11m in pre-operating and business development costs vs. 1H-05 (gross \$18m)
 - > unfavourable FX - A\$ stronger
 - > growth projects on schedule, apart from China metal coating line (+1-3 months)
- Second half
 - > improving margins, higher production and increased sales volumes
 - > competitive market offers
 - > project delivery / start-up

Continued GDP growth expected in South East Asia

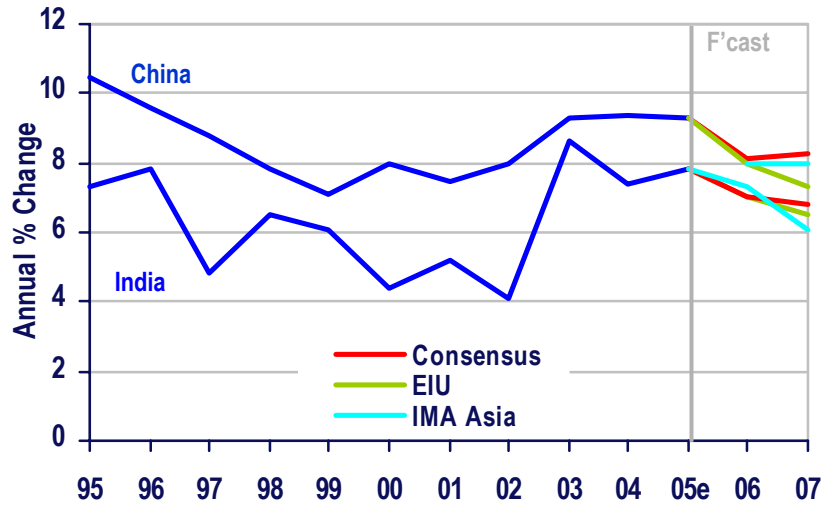


Source: EIU, Consensus Economics, IMA Asia, BSL Economics

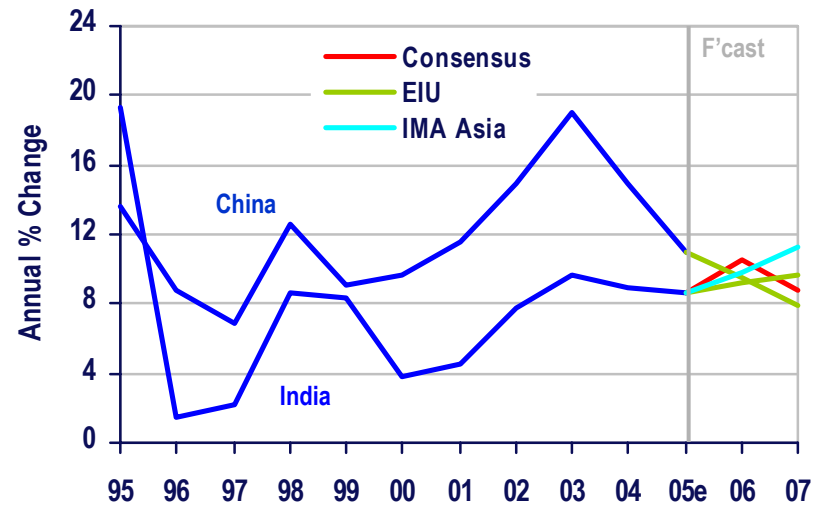
Notes: All charts include calendar year data

China and India expected to maintain strong growth momentum

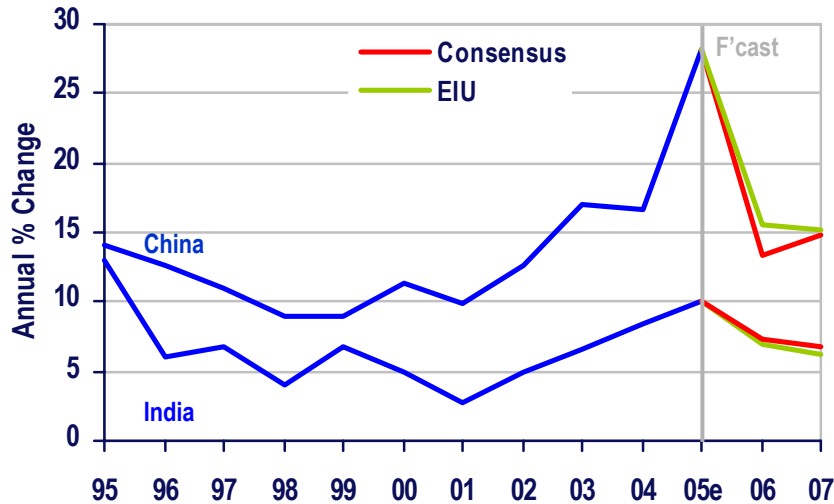
GDP



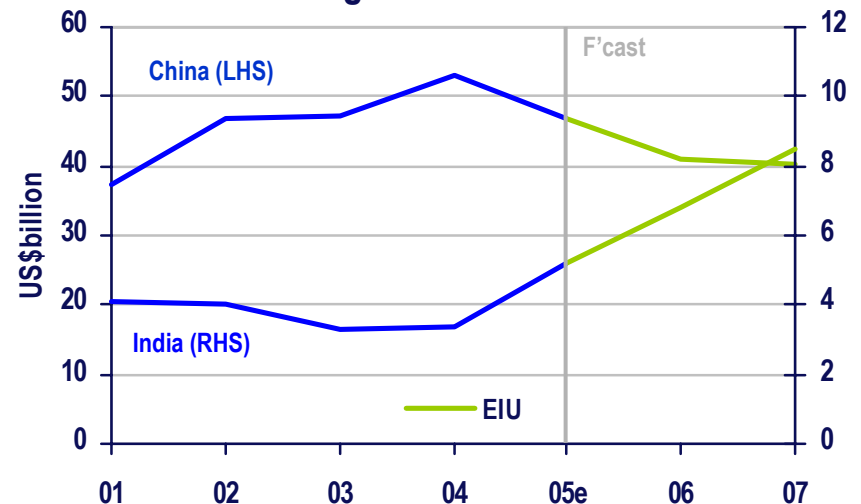
Gross Fixed Investment



Industrial Production



Foreign Direct Investment



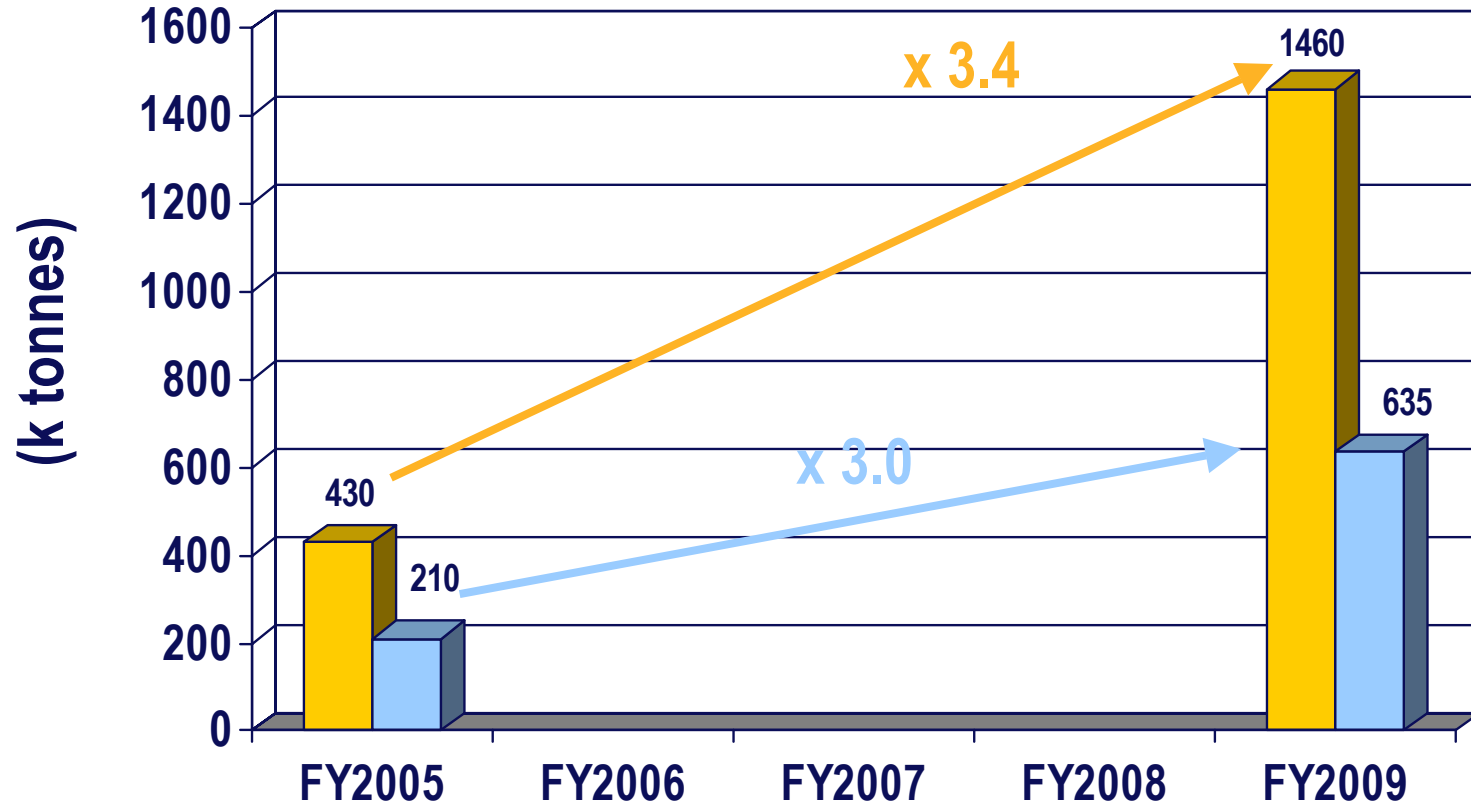
Source: EIU, Consensus Economics, IMA Asia, BSL Economics

Notes: All charts include calendar year data

Our Asian Coating / Painting / Roll-Forming / PEB Capacity to Triple

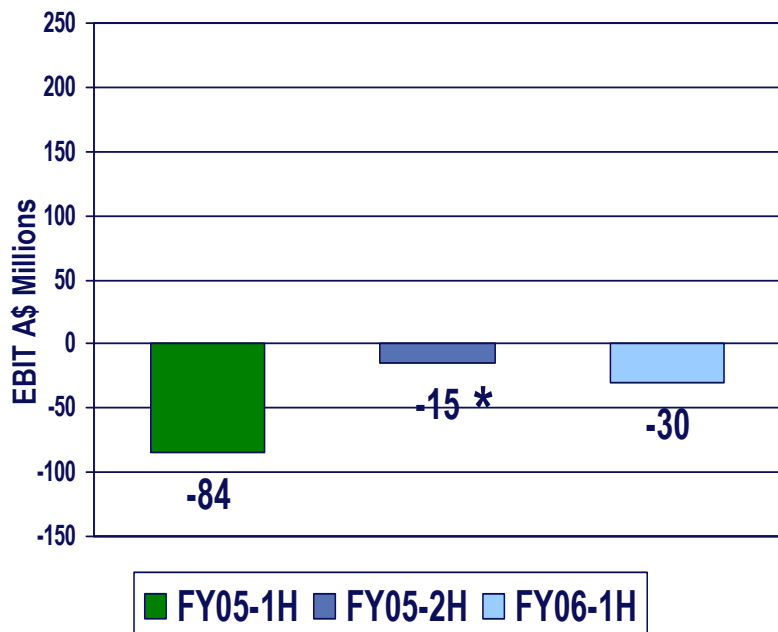
By Region

■ Metal Coating ■ Painting



Coated & Building Products Australia – Challenged again

- **Sales revenue of A\$1,429m, down 5%**



- **1H-FY2006 return on net assets annualised (pre-tax) (5%)**

* Excludes Packaging Products impairment write-down of \$82million

Markets

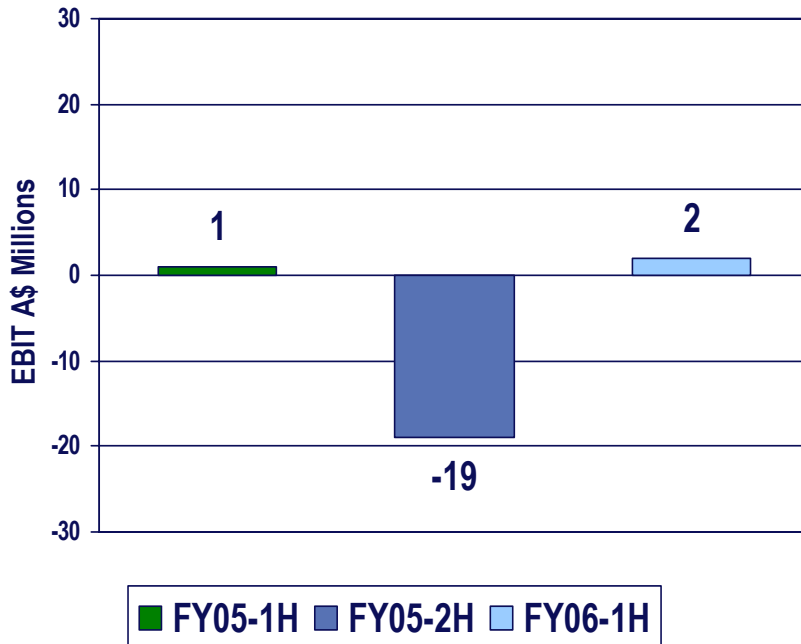
- > Lower production & export volumes due to Western Port fire
- > Lower domestic demand for Australian canned goods
- > Lower domestic demand in manufacturing and distribution for “bare” galvanised
- > Increased “bare” product import offers
- > Strong domestic demand for higher quality construction products
- > Higher domestic prices

Performance

- First half
 - > significantly higher feed costs (HRC & slab)
 - > Western Port HSM fire August 2005 reduced production capacity – fully operational November 2005
 - > Higher zinc and aluminium costs
 - > Increased metal coating and paint capacity
 - > Western Sydney Colorbond® Centre on schedule
- Second half
 - > Improved sales and production
 - > More competitive market offers
 - > Lower “bare” product prices

Coated and Building Products North America – Back in the black

- **Sales revenue = A\$607m down 4%**



- **1H – FY2006 return on net assets annualised (pre-tax) 1%**

Markets

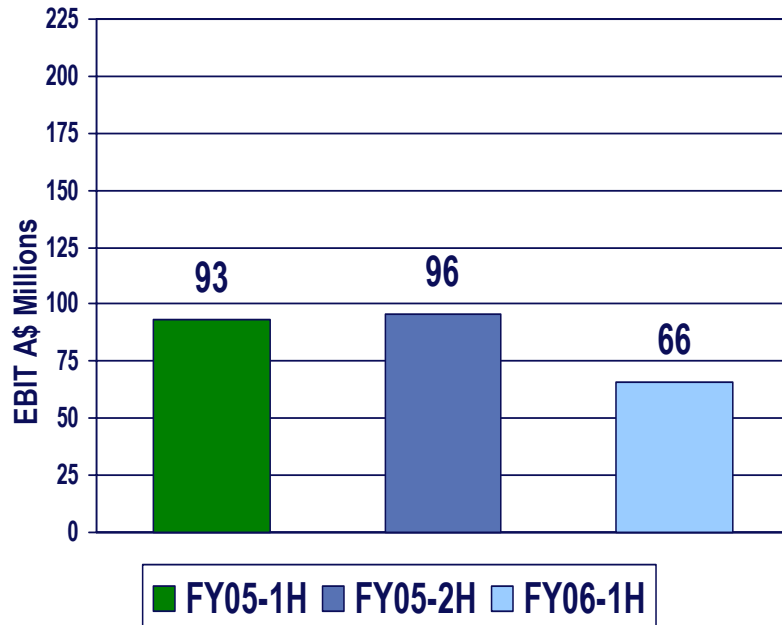
- > Improved non-residential market but not as strong as the previous corresponding period
- > Good order bookings leading into the second half

Performance

- First half
 - > Overall continued improvement
 - > Buildings
 - Jackson Tennessee specialty plant into full production
 - But, despatches down 7.5% due to delayed start-up
 - Sold Galesburg, Illinois facility
 - > Vistawall
 - Tennessee extrusion expansion completed
 - Weekly order intake (\$ terms) up 21%
 - Cost increases – aluminium and energy
- Second half
 - > Continued improvement

New Zealand and Pacific Steel Products – still delivering

- **Sales revenue down 8% to A\$359m**



- **1H-FY2006 return on net assets annualised (pre-tax) 42%**

Markets

- > Lower domestic sales (softer residential)
- > Higher domestic prices
- > Lower prices on export HRC sales
- > Higher average vanadium prices

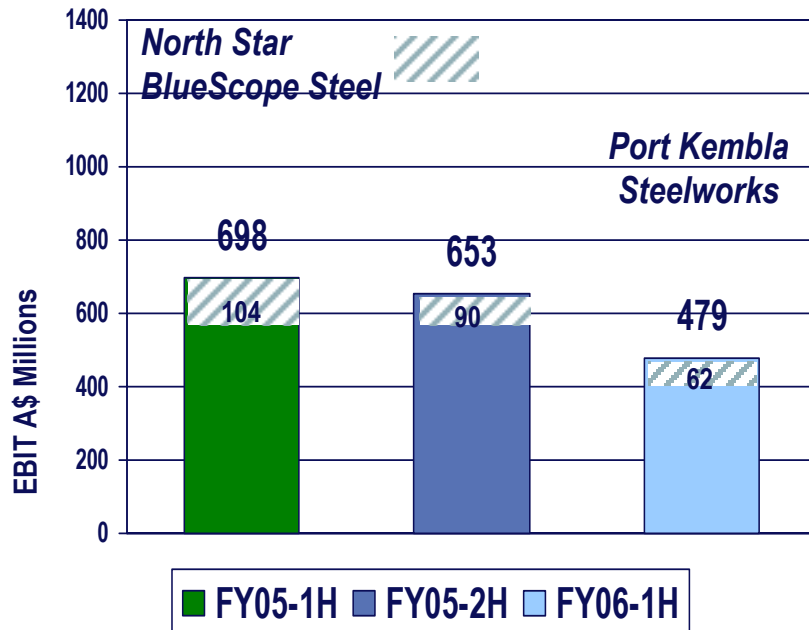
Performance

- First half
 - > Higher costs, including maintenance, unit costs and coal / electricity
 - > Paint line production up due to FY05 upgrade
 - > Regrettably had a fatality in July
 - > Front end studies underway – steel make and iron sands conversion
- Second half
 - > Lower steel prices
 - > Flat sales volumes

COLORSTEEL® Maxx™
COLOUR FOR THE EXTREME

Hot Rolled Products – excellence across the board

- **PKSW sales revenue up 2% to A\$1,900m**
- **NSBSS revenue US\$243m (50%), down 17%**



- **1H-FY2006 return on net assets annualised (pre-tax) 44%**

Markets

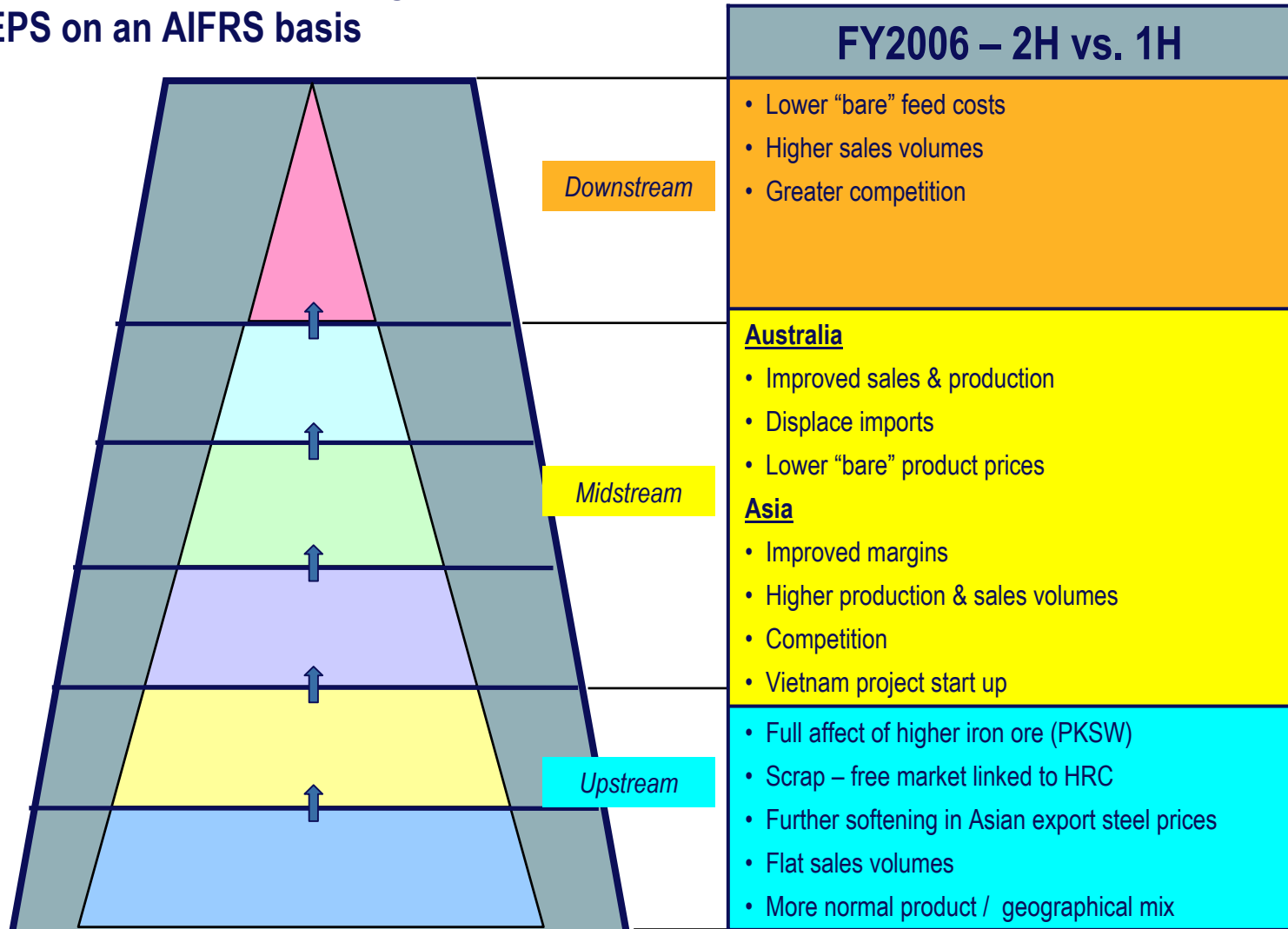
- > Increased export (principally slab) sales
- > Higher domestic prices; lower export prices
- > Strong USA HRC price / scrap spread

Performance

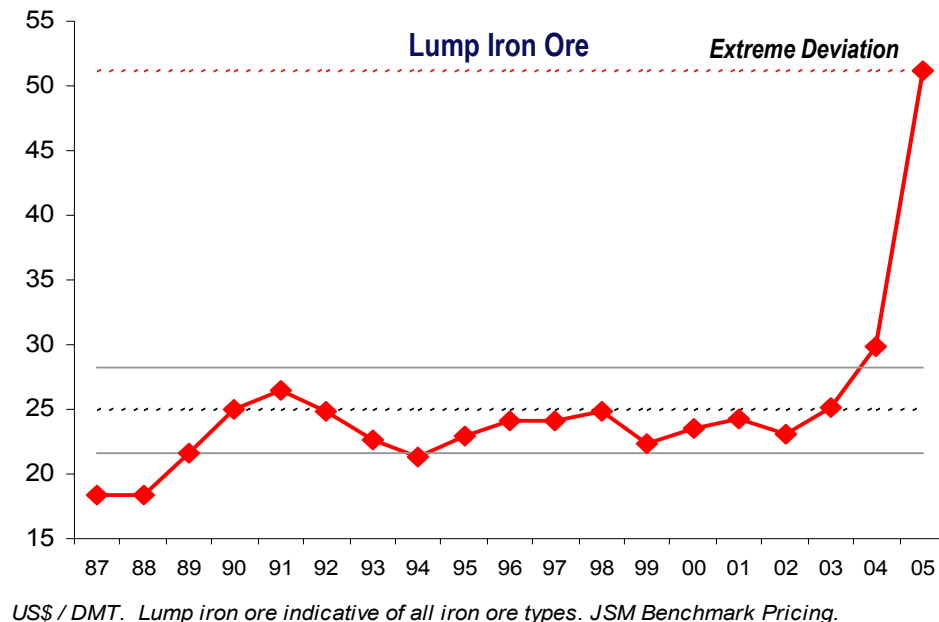
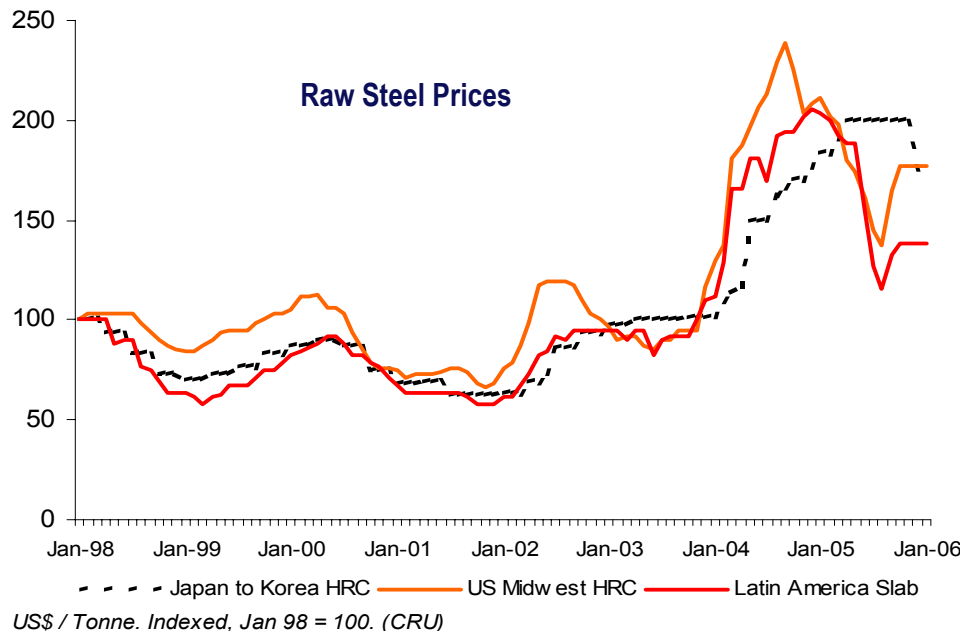
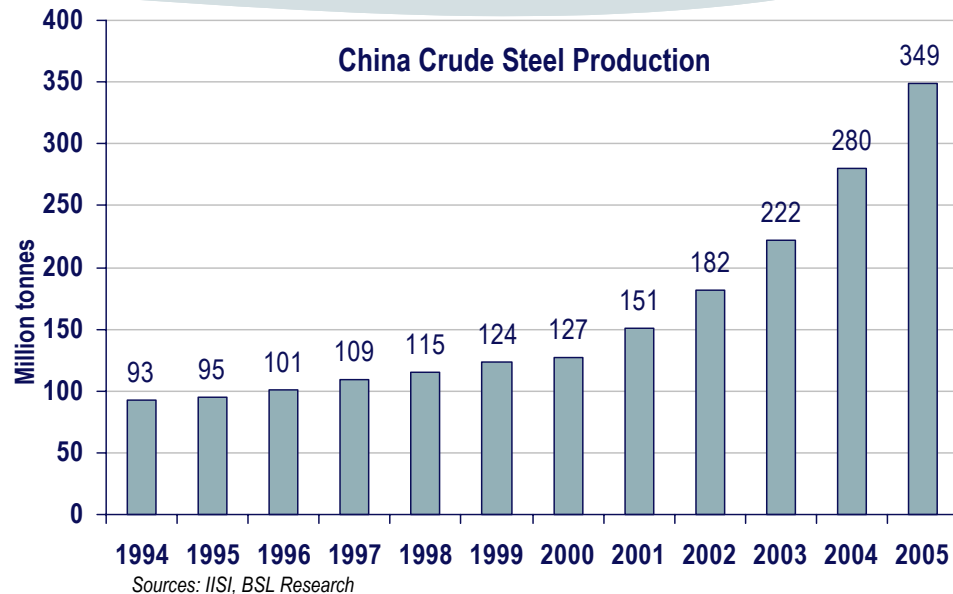
- First half
 - > Dramatically higher iron ore and coal costs, partly offset by lower priced iron ore inventory
 - > Excellent operations / marketing effort post Western Port fire
 - > Record 6 month iron make and slab production
 - > Enterprise Bargaining Agreement extended to 2009
 - > PKSW Hot Strip Mill expansion on schedule
 - > North Star BlueScope – record half year production and paid US\$50m (100%) dividend
- Second half
 - > Full impact of 71% higher iron ore costs
 - > Flat steel volumes; weaker prices overall
 - > More normal product mix; improved market offer

Earnings guidance for FY2006 – implies a more challenging second half

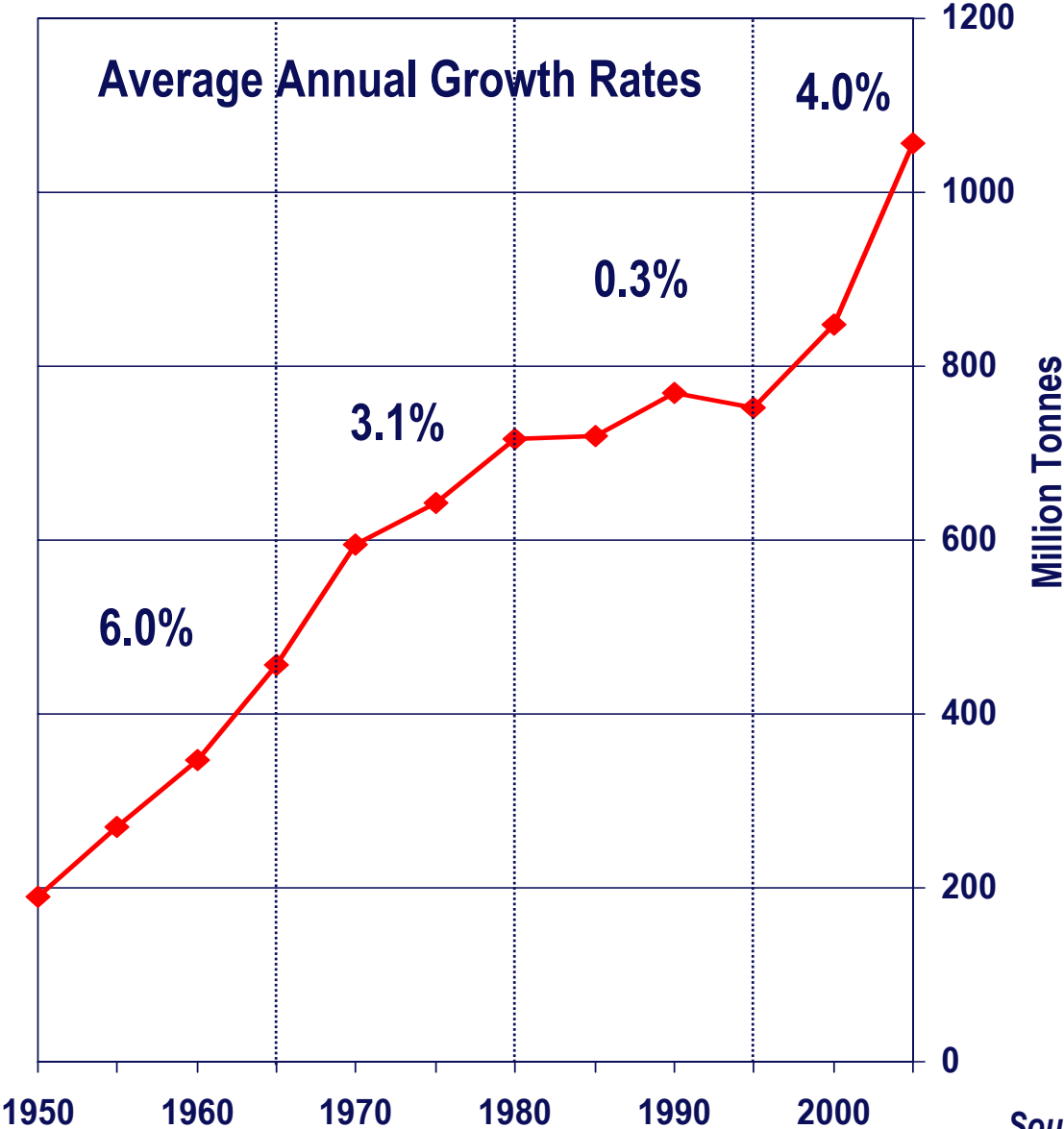
- FY2006 after tax earnings outlook now expected to be in the range of A\$0.65 – \$0.75 EPS on an AIFRS basis



Global steel industry currently squeezed by China's increased steel making capacity and higher raw material costs



World crude steel production - 1950 to 2004



Source: IISI

Global steel industry – our long term view has not changed

Current industry issues:

- China's capacity growth / fragmentation
- Lower Asian steel prices
- Higher raw material costs
- Scrap / iron ore differential
- Higher energy and other costs
- Increased competition



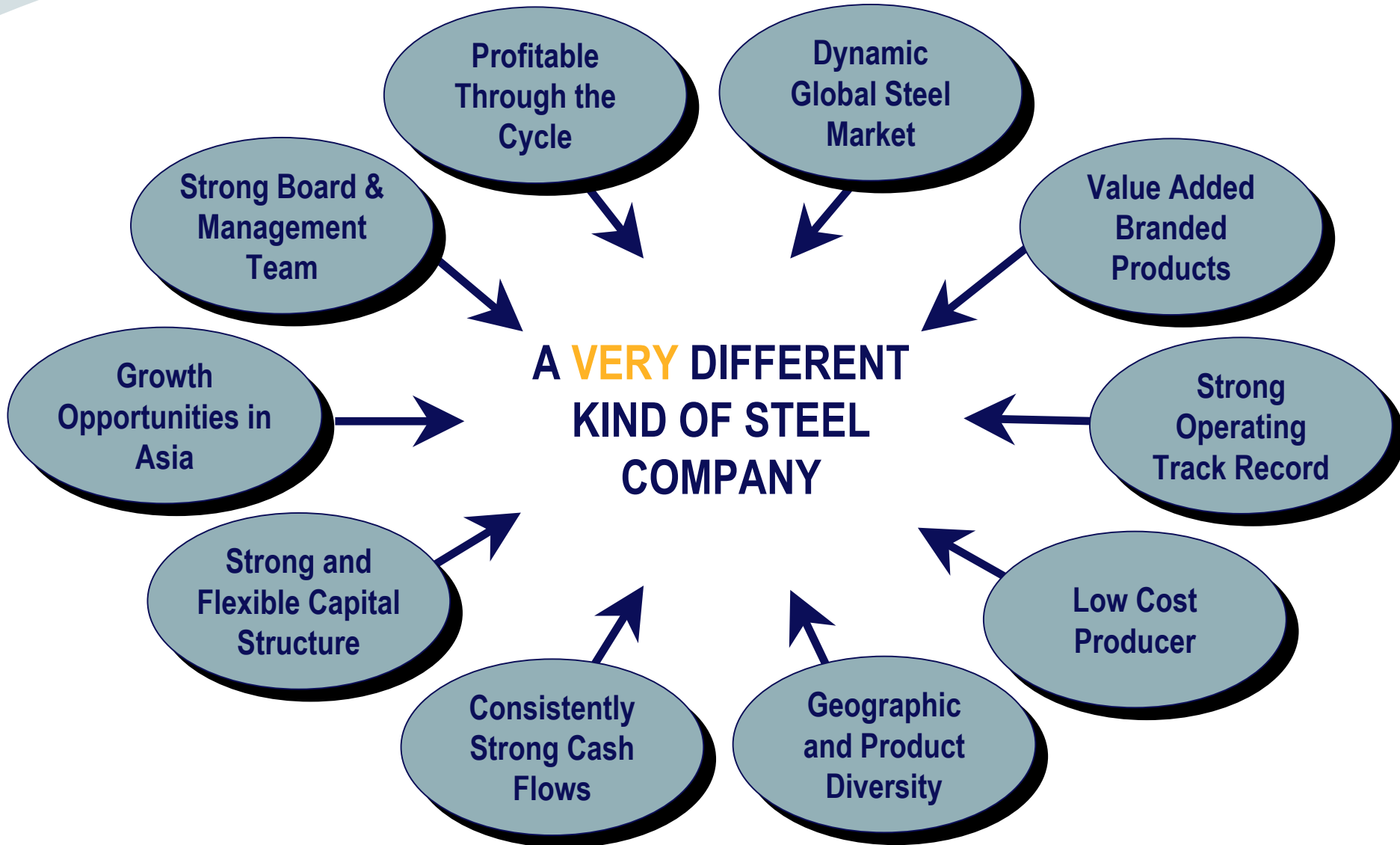
Likely industry outcomes long term:

- China – steel reform initiatives taken / exports discouraged
- China – increased demand / steel displaces inter-material
- Prices improve and then stabilise
- Raw material costs moderate
- Other costs remain high
- Competition BUT on increased demand
- Expansion programs being re-evaluated

Rest of steel world

- Continued discipline
- Continued industry consolidation
- India – increased steel requirements (3 - 5 years)

Questions and Answers





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STEEL**

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Kirby Adams, Managing Director and Chief Executive Officer

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