Coated & Building Products Australia
Analyst Site Visit - Western Port Plant, Hastings

5 October, 2006
Western Port, Hastings
Illawarra Coated Products, Port Kembla
Service Centres

BlueScope Water
BlueScope Lysaght
Western Port History

Why Western Port?
• Deep water port
• Energy from Bass Strait and Latrobe Valley
• Key southern states customers in the automotive, white goods, drum manufacturing and building industries

Milestones
• 1970: Victorian Government approval for a steel plant on 700 Hectare site at Hastings
• 1972: First production units commissioned - John Lysaght (Australia) Limited
• 1978: Hot Strip Mill commissioned
• 1979: Remaining 50% of John Lysaght (Australia) Limited acquired by BHP
• 1980: Around 1800 employees
• 1993: MCL6 added to produce specialty automotive steels
• 2003: Became BlueScope Steel Limited
• 2006: Approximately 1000 employees
Western Port Today

- Experienced workforce with strong depth of process knowledge
- Majority of auto products now metal coated (MCL6)
- One of Victoria’s safest and environmentally sustainable manufacturing sites
- Major employer on the Mornington Peninsula
- New production records through the Metal Coating and Paint Lines
- Key strategic alliances underway with Silcar, Toll, Roll Surface Technologies (RST), BIS Industrial Logistics and Swire
- Supported by experienced suppliers and service sector
- Unique production footprint within BlueScope Steel
Western Port Plant Material Flow

Iron Monarch

Slab

Hot Strip Mill
1.43 Mt/a

Pickle Line
1.15 Mt/a

Cold Mill
1.0 Mt/a

Metal Coating Lines
830 kt/a

Paint Lines
330 kt/a

Hot Rolled Strip

Hot Rolled Pickled Strip

Uncoated Strip

Metal Coated Strip

Painted Strip

Capacities represent current maximums
Process: Slab from Port Kembla is reheated to 1250°C, then descaled, rough rolled to 25mm thick, coiled at the coilbox to retain heat, finish rolled to customer order thickness, then cooled for metallurgical properties and coiled

Output: Hot Rolled coils to export and domestic markets
       Hot Rolled coils to the Pickle Line for further processing

Capacity: 1.43 Mt/a
Hot Strip Mill

Roughing Mill
Hot Strip Mill

Roughing Mill
Hot Strip Mill

Entering Coil Box
Hot Strip Mill

Exiting Coil Box
Hot Strip Mill

Finishing Mill
There are a number of continuous lines at Western Port:

- Pickle Line
- 3 Metal Coating Lines
- 2 Paint Lines
Pickle Line

**Process:** Hot rolled coil is processed through hydrochloric acid tanks to clean scale from the strip and is then side trimmed to the required width

**Output:** Sold as hot rolled pickled coil, or further processed at the Cold Rolling Mill

**Capacity:** 1.15 Mt/a
Cold Rolling Mill

Process: Hot rolled pickled coil is fed into the Cold Rolling Mill (five stands) that applies roll force (2500t) and tension to the strip reducing the thickness of the strip by up to 80%

Output: Sold as cold reduced uncoated steel, or further processed at the Metal Coating Lines or Uncoated circuit

Capacity: 1.0 Mt/a
Uncoated Circuit

Process: Cold reduced coils are Batch Annealed, Temper rolled (Coil Temper Mill CTM) and Tension Levelled (Tension Leveller Recoil Line TLRL) to impart the desired mechanical properties, shape and surface finish.

Output: Sold as uncoated steel products for the automotive and manufacturing industries, or further processed at the Paint Lines.

Capacity: 420 kt/a
Metal Coating Lines (No. 4, No. 5 and No. 6)

Process: Cold reduced coils are hot dipped coated with ZINCALUME® coating (Nos 4 & 5 Lines) or galvanised (zinc) coating (No 6 Line) to provide corrosion protection.

Output: Sold as ZINCALUME® coil or galvanised coil to building, manufacturing and automotive industry and feed for our Paint Lines.

Capacity: 830 kt/a
Coil Paint Lines (No. 2 and No. 4)

**Process:** Uncoated or metal coated strip is thoroughly cleaned and chemically treated to provide best surface to apply a primer coat followed by a finish coat of paint, via roller application, which is then oven cured.

**Output:** Building, packaging and manufacturing markets COLORBOND®, AQUAPLANE®
Typically 2–5 tonne coils

**Capacity:** 330 kt/a
Safety

Lost Time Injury Frequency Rate

MTI Frequency Rate

Audit Participation
Environment and Community

Environment
• Recertified to ISO 14001 October 2005
• EPA Accredited Licence since June 1996
• New Environmental Improvement Plan (2006-2011) presented to EPA
• 2006 Tidy Town Award winner
• EPA recognition of reduction in prescribed waste
• Achieved stretch target for energy intensity reduction
• Significant reductions in fresh water and wastewater intensities
• Continue to recycle 99% of water, 100% of by-product steel, 95% of oxide and 100% of scale, along with rags, gloves and oil

Community
• Active and supportive Community Liaison Committee
• Sponsor many community activities such as Fit to Drive, Schools Environment Week, Pelican Park Aquatic Centre
• Strong relationship with local campus of Monash University
Our Markets and Supply Chain

Western Port

Domestic

Export

Direct

Service Centres

Distributors

Off-shore customers

Building & Construction

Manufacturing

Automotive
Our Markets and Solutions

Markets – FY 2006

• Building market
  • Branded product price increases implemented
  • Dwelling soft in NSW, strengthening in Victoria and strong in QLD and WA
  • Non-dwelling remains strong
• Manufacturing and distribution markets
  • Lost market share in commodity products – position improving
  • Decline in domestic manufacturers
  • Responded with new offers, including faster response times
• Automotive
  • Faster response times
  • New model development
  • Viability of component manufacturers
• Last quarter FY 2006 despatches – highest level since 1996

Product innovation

• TRUECORE® steel sales for house framing exceeding expectations
• PERMAGARD WHITE™ (anti-bacterial) paint finish for Cool Room Panel launched
• High strength steels in new Commodore and Camry
Our Product Range

Unique to Western Port
- ZINCANNEAL®
- ZINCSEAL®
- AQUAPLATE®
- UNCOATED
- HOT ROLLED > 1500 mm wide
- Width of Lines - HSM, MCL6, CPL2

Across BlueScope Steel
- COLORBOND®
- ZINCALUME®
- GALVASPAN®
- TRUECORE®
Manufacturing Excellence

Delivery Performance

Inventory

Customer Complaints

Hot Strip Tonnes per Employee
# Earning Our Future

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<th>Operating Discipline</th>
<th>The essential platform that underpins all manufacturing activities</th>
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<td>Engaged Workforce</td>
<td>Learning from within, learning from others</td>
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<tr>
<td></td>
<td>• Training focus</td>
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<td></td>
<td>• Engaging our workforce through line communications</td>
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<tr>
<td>Plant Reliability</td>
<td>Focus on uptime</td>
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<td></td>
<td>• Alliance now fully in place</td>
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<tr>
<td>Asset Configuration</td>
<td>Balancing assets with market requirements and growth opportunities</td>
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<td>• Partnering for future success</td>
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Cost Profile

• 2005 – increased Feed and Coating costs principally due to higher slab prices
• 2006 – lower feed costs but higher zinc and aluminium costs

$/Tonne

- Feed & Coating - principal costs are slab, zinc and aluminium
- Selling & Administration
- Conversion Cost
Hot Strip Mill Fire Recovery

✓ Chose to undertake repair work ourselves using Western Port electricians and operators
✓ Tremendous employee support to repair the Hot Strip Mill and maintain customer supply
✓ Hot Strip Mill resumed operation safely, on time and on budget
✓ Delivery Performance recovery

- IR dispute IR dispute
- Recovery 53 weeks Recovery 16 weeks
- 65 weeks of Solid DP 95% Average HSM Fire
Workforce Reform

Employee Numbers

Absenteeism
(shifts absent per annum per employee)

- Workforce flexibility (plant and equipment)
- Crew based initiatives improving operating efficiencies and costs
- Alliance performance – maintenance schedule adherence increased by 40% over 2 years
Going forward

**Challenge 1**
Continuing our drive for Zero Harm

Our focus is:
- Take 2 – 100% of the time, no exceptions
- Employee involvement – incident reporting, audits, training and projects / networks
- Zero environmental exceedances

**Challenge 2**
Delivering metal coating capacity every year

Our focus is:
- Delivering the Manufacturing Plan
- Manufacturing Excellence
- Making every tonne a prime tonne

**Challenge 3**
Maintaining a reliable and competitive plant

Our focus is:
- Alliance meeting key targets and objectives
- Cost saving initiatives to offset increasing input costs
- Improved utilisation of critical production units

Enabling Strategies

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<th>Zero harm</th>
<th>Continued employee engagement</th>
<th>Rigorous capital management</th>
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<td>Supply Chain solutions</td>
<td>Enhanced business system capability</td>
<td>Strategic partnerships and alliances</td>
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Earning Our Future

“Western Port – Earning Our Future Together”
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