NS BlueScope Coated Products North America

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9 June 2017
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Introducing our management team
Safety
World class performance; striving for zero harm

**Lost time injury frequency rate**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>1H17</th>
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<tbody>
<tr>
<td>Frequency</td>
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</tbody>
</table>

**Medically treated injury frequency rate**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>1H17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
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<td>3.9</td>
<td>3.5</td>
<td>3.3</td>
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</table>

BlueScope group average 1H FY17: 5.4
A key part of BlueScope’s strategy

<table>
<thead>
<tr>
<th>Grow</th>
<th>Deliver</th>
<th>Ensure ongoing</th>
</tr>
</thead>
<tbody>
<tr>
<td>premium branded steel businesses with strong channels to market</td>
<td>competitive commodity steel supply in our local markets</td>
<td>financial strength</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Coated &amp; Painted Products</th>
<th>Building Buildings</th>
<th>North Star BlueScope</th>
<th>Australia &amp; NZ Steelmaking</th>
<th>Balance Sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drive growth in premium branded coated and painted steel markets in Asia-Pacific</td>
<td>Drive growth in North America and turn-around China</td>
<td>Maximise value</td>
<td>Deliver value from Australian/NZ steelmaking and iron sands by game-changing cost reduction or alternative model</td>
<td>Maintain strong balance sheet</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Invest &amp; grow</th>
<th>Optimise &amp; grow</th>
<th>Optimise / invest</th>
<th>Restructure</th>
<th>Maintain</th>
</tr>
</thead>
</table>

Invest & grow
Optimise & grow
Optimise / invest
Restructure
Maintain
North America’s position in BlueScope’s Building Products segment

- **BlueScope**
  - 50%

- **NSSMC**
  - 50%

**NS BlueScope Coated Products (NBCP)**

- Thailand (90%)²
  - Metallic coating & painting
  - Lysaght
  - Ranbuild

- Indonesia (100%)
  - Metallic coating & painting
  - Lysaght
  - Ranbuild

- Malaysia (100%)³
  - Metallic coating & painting
  - Lysaght
  - Ranbuild

- Vietnam (100%)
  - Metallic coating & painting
  - Lysaght
  - Ranbuild

- Nth America (100%)
  - Kalama (WA)
  - Rancho Cucamonga (CA)
  - ASC Building Products
  - AEP Span
  - ASC Steel Deck

- India (100%)
  - Metallic coating & painting
  - Lysaght
  - Engineered building solutions (PEBs)

**Notes:**

1. Nippon Steel & Sumitomo Metal Corporation (NSSMC)
2. 20% partner in Thailand is Loxley Public Company
3. Includes Singapore and Brunei. BlueScope Steel owns 100% of the steel coating business and 49% to 60% of rollforming (Lysaght) businesses in Malaysia and Brunei
4. TBS joint venture encompasses SAARC region (India, Sri Lanka, Bangladesh, Pakistan etc.)
North America footprint

- Business consists of Steelscape (metal coating & painting) and ASC Profiles (building panels) which has merged under unified management since 2012
- Employs over 600 permanent employees
- Steelscape has two manufacturing sites:
  - Kalama, WA (pickle line, cold rolling mill, metal coating line and paint line)
  - Rancho Cucamonga, CA (metal coating line and paint line)
- ASC Profiles (AEP Span, ASC Building Products and ASC Steel Deck) has seven manufacturing facilities

Metal coating & painting facility, Kalama, WA

Metal coating & painting facility, Rancho Cucamonga, CA
We are the industry leader, with almost 50 years of experience in metallic-coating and pre-painted steel for construction

- 1968: Reliance Steel & Aluminum commissioned Paint Line in Rancho Cucamonga (CA)
- 1995: Commissioned ZINCALUME® Steel line in Rancho
- 1997: Commissioned Kalama facility with pickle line, cold rolling mill, coating and painting capabilities
- 2008: Steelscape acquired by BlueScope
- 2013: NS BlueScope Joint Venture formed encompassing US and ASEAN businesses

Today: Steelscape is the #1 steel coater on the West Coast, with 2 state-of-the-art facilities (Kalama WA & Rancho CA), and roughly 400 employees
Steelscape value proposition

• Creating unique value as the leading supplier of coated and painted steel in the West Coast market

• Local ZINCALUME® steel and galvanised coated products supplier for West Coast customers

• Single-bill painted packages – easier to do business with

• Superior quality

• Customer service – highly regarded and better customer experience

• Superior service offers creating customer flexibility & options – improved supply chain management and shorter lead times

• Industry leading reliability and on-time delivery performance (>95%)

• Further value to BSL and NSSMC through ability to supply some coil feed from Australian and Japanese operations respectively, subject to prevailing trade regimes
Product range

- TruZinc® Steel – primarily for decking, steel framing and HVAC applications
- ZINCALUME® Steel – primarily for roofing and walling applications
- Resin – acrylic coated ZINCALUME® and TruZinc®
- Painted – galvanised and ZINCALUME®
- Vintage® – aged appearance, galvanised product
- ReziBond® – bonderised replacement product
- Spectrascape® – custom colour matched paints
- Dazzle® – anti-microbial coating and national certification for food equipment
- Design Solutions™ – range of prints to mimic wood and other metals (e.g. bronze, copper, stainless)
- Products tailored to construction markets (widths, grades)
North American projects

Tesla's Gigafactory
- Sparks, Nevada

Apple's Campus
- Menlo Park, California

Featured Parade of Homes model
- Billings, Montana

New University of Washington undergraduate apartments (Mercer Court)
- Seattle, Washington
Kalama, Washington

- Built and commissioned in 1997
- Access to deep water dock on the Columbia River
- Production processes:
  - Pickling 545ktpa
  - Cold reduction mill 455ktpa
  - TruZinc® (galvanised steel) 235ktpa
  - Painting 110ktpa
  - Cut-to-Length
  - Slitter
Rancho Cucamonga, California

- Paint Line installed in 1968
- Added ZINCALUME® manufacturing capability in 1995

Production processes:
- ZINCALUME® (Galvalume Steel) 220ktpa
- Painting 100ktpa
- Slitter
- Embosser
World class facilities operated by world class people

- Quality – high, consistent line yields; experienced technical staff
- On-time delivery – our 95% performance is of the best in the US steel industry
- Equipment reliability and operational performance – rank in the top quartile amongst BSL coating lines
- People – experienced and stable workforce, cross-functionally trained for minimum manning, self-directed and empowered work teams, pride and ownership
- Continuous improvements – operations cost reduced annually through associate-led initiatives

Indicative cost structure

- Raw materials (steel, metallic coatings and paint) 80%
- Conversion, freight & SG&A costs 20%

Raw materials consist of steel, metallic coatings, and paint
Production and despatch flow

Steel feed
(CRC; HRC to Kalama CR mill)

Kalama Metal Coated Line
~60%

Kalama Paint Line
~50%

Rancho Metal Coated Line
~40%

Rancho Paint Line
~45%

Customer
(Bare TruZinc®)

~50%

Customer
(Painted TruZinc®)

~45%

Customer
(Bare ZINCALUME®)

~65%

Customer
(Painted ZINCALUME®)

Customer
(Bare ZINCALUME®)
West Coast market and industry dynamics

Market
- West Coast population is 23% of the US
- Steel demand is <10% of the total US flat rolled steel demand
- Non-residential construction and residential housing starts are 20-25% of the US
- West has minimal automotive & manufacturing

Industry
- Small number of larger players in mid & upstream
- California Steel Producers (slab) – JFE Steel (Japan) and Vale (Brazil)
- Bare galvanised
- USS - Posco Industries (HRC) – US Steel and Posco (Korea)
- Bare galvanised

Imports
- Numerous brokers for galvalume, galvanised, and painted
- Key price driver in Western market
- Painted typically originates from Korea and Taiwan
Channels to market

<table>
<thead>
<tr>
<th>Customer Channels</th>
<th>Market / End User Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractors</td>
<td>Hotels</td>
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<tr>
<td>Engineers</td>
<td>Offices</td>
</tr>
<tr>
<td>Architects</td>
<td>Industrial facilities</td>
</tr>
<tr>
<td>Lumberyards</td>
<td>Retail</td>
</tr>
<tr>
<td>Wholesale Distributors</td>
<td>Amusement/Recreation</td>
</tr>
<tr>
<td>Builders</td>
<td>Education</td>
</tr>
<tr>
<td>Steel Fabricators</td>
<td>Healthcare facilities</td>
</tr>
<tr>
<td></td>
<td>Religious</td>
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<tr>
<td></td>
<td>Residential</td>
</tr>
<tr>
<td></td>
<td>Agricultural / Farming</td>
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<tr>
<td></td>
<td>Institutional Buildings</td>
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<tr>
<td></td>
<td>Government Buildings</td>
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<tr>
<td></td>
<td>Solar Projects</td>
</tr>
</tbody>
</table>
Customer segments represent a vast array of end-users principally within the construction industry:

- **Customer type (by volume)**
  - Building manufacturers: 20%
  - Rollformers: 40%
  - Service centres: 15%
  - Other: 25%

- **End use segments (by volume)**
  - Non-residential: 80-85%
  - Residential: 15-20%

- Approx. 30% of sales are to downstream *BlueScope affiliates* (ASC Profiles and BlueScope Buildings)
ASC Profiles provides key downstream channels to market

- ASC Profiles is the downstream business for Coated Products North America and provides clear channels to market for value-added products and services

- ASC Profiles includes three separate businesses
  - AEP Span: focusing on engineered solutions for commercial and industrial markets
  - Building Products: focused on architectural and residential applications
  - ASC Steel Deck: providing steel decking and technical support for structural applications

- All three businesses provide significant pull-through value for Steelscape and BlueScope with c. 80ktpa

- The businesses are undergoing a strategic review aimed at transformational change and improving the level and consistency of profitability and returns
ASC Profiles: three business units

AEP Span – Brasada Ranch in Butte, Oregon

ASC Building Products – Spirit Bay, AK Project

ASC Deck – Salesforce.com tower in San Francisco, CA
Evolving the organisation’s culture

“One Company, One Leadership Team, One Culture”

<table>
<thead>
<tr>
<th>Safety</th>
<th>Safety and the environment are more than a value or priority...they are a way of life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
<td>Encourage open communication from the process lines up to the president</td>
</tr>
<tr>
<td>Continuous Improvement</td>
<td>Relentless focus on improving our operations and processes by reducing and eliminating waste</td>
</tr>
<tr>
<td>Teamwork</td>
<td>Quality comes from within. Great people make great products</td>
</tr>
<tr>
<td>Empowerment</td>
<td>After learning the expectations, Steelscape employees are given the authority and resources to succeed in their work</td>
</tr>
</tbody>
</table>
Strategy

Differentiate through products & channel engagement
- Continued growth and development of specialty finishes & prints
- Cold formed steel buildings, concealed wall panels, architectural decking
- Promote to designers, end users and customers via digital engagement and co-branded activities

Optimise downstream business
- Restore focus on premium value-added, and architecturally specified products
- Reassess footprint to optimise cost base and increase asset utilisation
- Continue to strengthen channels to residential market segment

Improve effectiveness of Rancho operations
- Increase plant efficiencies, leveraging revitalized labour relations
- Investing further in operations to modernize equipment and processes
- Assess technologies to realize increased MCL capacity

Align assets, maximise operational capability & supply chain effectiveness
- Maximise capacity in North West
- Pursue MCL paint line capability enhancements
- Reduce supply chain complexity and increase efficiencies

SAFE OPERATIONS, PEOPLE, CULTURE & CAPABILITY

- Customer first
- Best brands and channels
- Market inspired innovation
- Strategic relationships
- Technical excellence
- Capital efficient growth
Underlying performance of the business has improved

- Strengthened value proposition in the West Coast, offering leading products and services
- Improved operations and continuous cost improvements in Steelscape business
- Customer-driven innovation
- ASC Profiles providing clear channels to market for value-added products and services
- Increasingly diverse and competitive sourcing for substrates
Market initiatives target growth

- Customer-driven Innovation: Design Solution™ product line
  - Advancing closer customer collaborations and exclusive product offerings
  - Includes: Dynamic Print, Shadow Line, Fresh Rust, Brushed Look, Wood Grain, and NSF (Antimicrobial)

- Targeting market share & margin growth with enhanced, value-added products
  - Expanding processing capability to capture additional market share in higher margin segment
  - Portfolio partnership with key vendor to grow value-added products

- Support market growth and expansion with improved logistics offerings
  - Enhancing transload options to better supply customers

- Adding capability to brand/stencil bare materials to increase profitable sales
Cost discipline remains in focus

• CPNA seeks to offset operational cost increases with continuous improvement initiatives

• Areas of focus include:
  – Yield improvements
  – Waste
  – Quality/Claims
  – Energy
  – Direct costs
  – Labor efficiency

• Engaged specialist engineering firm to review applications for more advanced technologies (robotics, automation, etc.), which may yield attractive returns

• New Rancho CBA aimed at advancing continuous improvement initiatives as well as realizing a step-change in the flexibility and alignment of the labor force

• Planning and Logistics functions targeting the elimination of inefficiency and waste from their functions
Impact of anti-dumping and governmental actions

- Steelscape was established at a deep-water port, to receive and use imported steel substrate (cold-rolled full-hard & hot-rolled coil)

- Steelscape buys less than 1% of its needs from an affiliated party, North Star BlueScope Steel in Ohio for very particular uses that require domestic substrate. Steelscape has historically not been supplied by mills east of the Rocky Mountains given an incremental freight cost of between US$60/t and US$100/t

- During 2016, a 29.6% anti-dumping duty was applied to any HRC steel supplied from Australia to the US. BSL hopes to reduce that rate through the administrative review process beginning in October 2017

- The Trump administration has indicated that additional trade actions are possible and in late April 2017, the Department of Commerce (DOC) self-initiated an investigation into the effects of steel imports on US national security
  - Hearings were held during late May, and the DOC is expected to release its report shortly
  - If the DOC determines that steel imports threaten US national security, the President can impose import quotas, tariffs or take other actions restricting US steel imports
  - BlueScope and Steelscape are actively engaging with relevant stakeholders, including the DOC. The goal is to preserve the ability for Steelscape to receive imported feedstock
Earnings performance and drivers
Strong margin improvement in FY2016 and 1H FY2017

Coated Products North America underlying EBIT ($M)

- Broadly, half of the increased annual run rate estimated to be due to margin uplifts in selling prices; other half broadly due to timing/pricing of inventory pre-purchases
- Volumes higher driven by improved market demand. Stronger margins on higher steel prices
- Some weather impacts in 2H
- Lower margins and volumes due to the rapid decline in steel prices and increased import activity

<table>
<thead>
<tr>
<th>Year</th>
<th>2H</th>
<th>1H</th>
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<tbody>
<tr>
<td>FY2013</td>
<td>4.0</td>
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<tr>
<td>FY2014</td>
<td>11.9</td>
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<td>FY2015</td>
<td>8.6</td>
<td>0.2</td>
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<tr>
<td>FY2016</td>
<td>29.8</td>
<td>18.6</td>
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<tr>
<td>1H FY2017</td>
<td>48.0</td>
<td>11.2</td>
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Underlying EBIT margin %
- FY2013: 0.7%
- FY2014: 1.9%
- FY2015: 0.7%
- FY2016: 4.5%
- 1H FY2017: 12.5%
Despatch volumes
Volumes stable with high plant utilisation; focus remains on mix optimisation

Coated Products North America despatches (kt)

Closure of Fairfield facility
Negatively impacted by rapidly declining steel prices and higher import activity

<table>
<thead>
<tr>
<th></th>
<th>1H FY2013</th>
<th>2H FY2013</th>
<th>1H FY2014</th>
<th>2H FY2014</th>
<th>1H FY2015</th>
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<td>1H FY2017</td>
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Current trading conditions

- Market conditions remain stable and at elevated levels – stronger pricing, volumes and margins in 2H FY2017 vs 2H FY2016

- As expected, benefits from low cost inventory in 1H FY2017 are not repeated in 2H
Summary

• Coated Products North America provides BlueScope investors with exposure to additional value-added coated metal products in a stable, growing economy

• An innovative business with marketing, branding, and intellectual property initiatives aimed at generating sustainable growth

• Unique position as a highly competitive producer on West Coast of US with well established market channels and customer relationships

• Robust steel supplier relationships help present diversified supply chain
Pickling process – Kalama

- Pickling, or cleaning, is the first process that the hot band coil undergoes when it arrives at the coating mill.
- The steel is uncoiled and cleaned in a four-stage hydrochloric acid bath.
- It is then run through a five-stage rinse process to remove all acid, ensuring a clean, dry surface.
Cold rolling process – Kalama

- The cold reversing mill (CRM) combines speed, automation and the latest technology to reduce the thickness of the steel.
- The band passes back and forth between the rolls until it reaches the specified thickness.
- The CRM employs numerous automatic functions that increase performance, shape and surface quality.
Metal Coating Process – Kalama and Rancho

- ZINCALUME® Steel and TruZinc® are produced in a continuous process by hot-dipping the steel strip in a zinc and/or aluminum-alloy, which provides excellent protection against corrosion.
Painting Process – Kalama and Rancho

- Steelscape is able to apply the following paint systems: Polyesters, Silicone Modified Polyesters (SMP), Acrylics, Fluorocarbons (PVDF), Plastisols, Epoxy, Urethanes

- These paint systems ensure the finished surface will remain intact during bending, drawing and roll-forming processes. Ease of application, color stability, durability and chalk resistance mean applications look great for years to come.
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