



Australian Steel Products – Briefing Day

15 November 2016

BlueScope Steel Limited. ASX Code: BSL

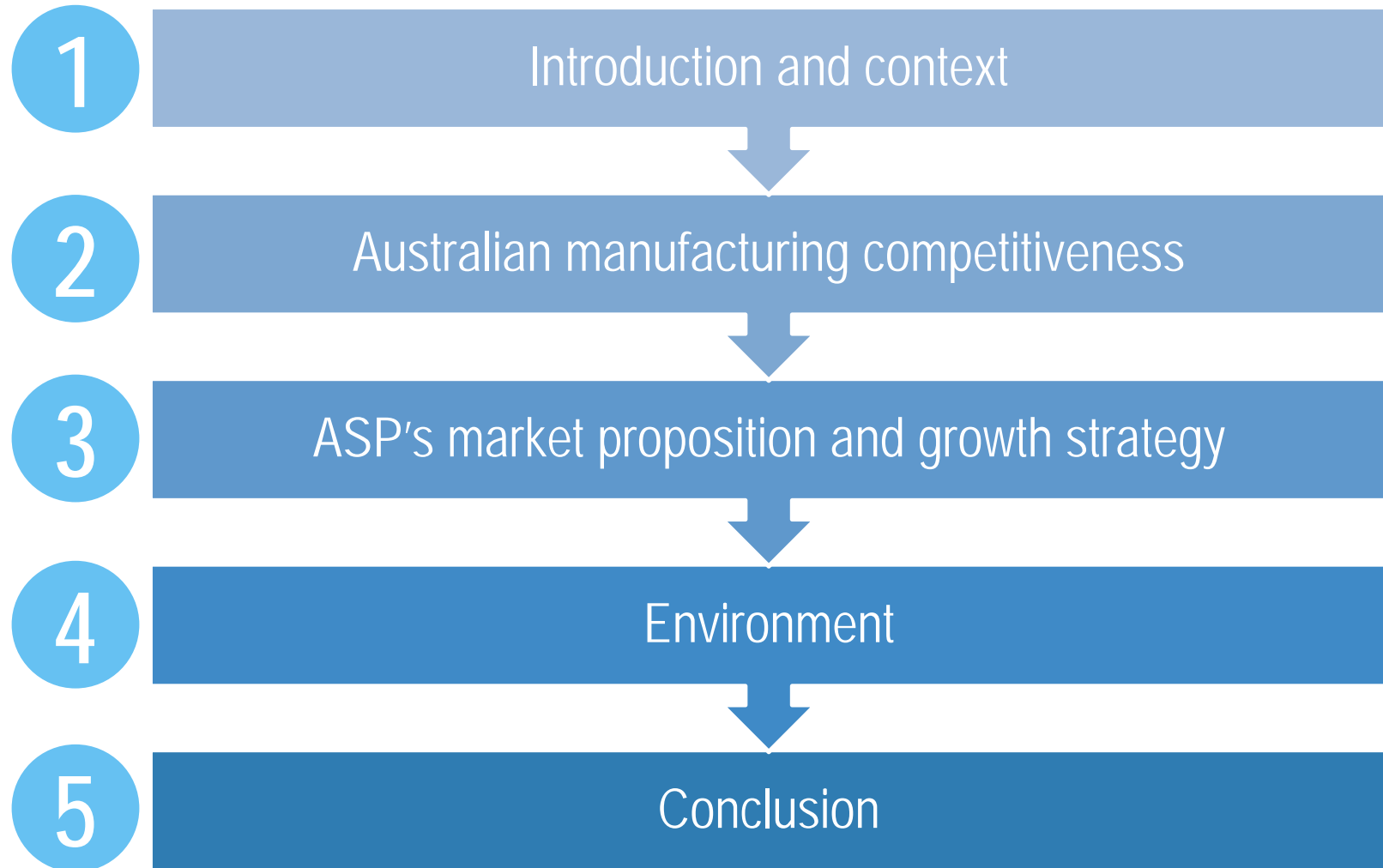
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Agenda





INTRODUCTION AND CONTEXT

Key messages

Significantly better business through restructuring of last five years

- Australian Steel Products (ASP) is a significantly better business than it was five years ago when we produced over five million tonnes of steel, with the majority for export markets

Profitability dramatically improved

Steelmaking cash break-even at ~ bottom of the cycle spreads

Positions business to compete effectively in current environment

- Industrial relations reforms of 2015 reset the manufacturing cost base and drove productivity gains
- The foundation has also been laid for future IR reform and future EA negotiations at Port Kembla
- We've introduced a self-funding profit share plan which has been well received by the team
- Increasing capability and engagement is a key focus
- So too is automation and innovation

Clear strategy

- We have a clear strategy to sustain and grow our Australian business, with a focus on inter-material growth

ASP's domestic offering is underpinned by four key value drivers

- Focus on premium branded steel products
- Technical leadership
- Sizeable participation in downstream channels
- Growth focus

Today's focus is our Australian Steel Products segment

External segment reporting structure¹

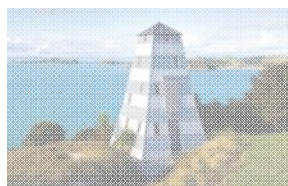
BlueScope Australia & New Zealand

Australian Steel Products



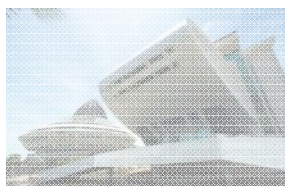
- Producer and marketer of premium branded coated & painted steels for building & construction – such as COLORBOND® steel
- Producer and marketer of commodity steels – HRC, plate
- Significant channels to market through our building components and distribution businesses

New Zealand and Pacific Steel



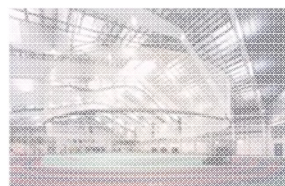
- Only fully integrated flat steel maker in New Zealand, with leading domestic market share of flat products
- Leading domestic market share in long products through Pacific Steel
- Iron sands mines for internal feed and export sales

Building Products ASEAN, North America and India



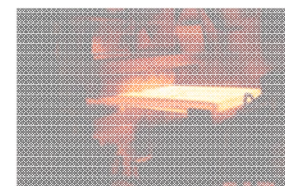
- Manufacturer and distributor of branded building and home appliance steels. Operates metallic coating and painting lines and roll-forming in Thailand, Malaysia, Indonesia, Vietnam, India and North America
- Includes NS BlueScope Coated Products JV and Tata BlueScope JV

Global Building Solutions



- Leading designer and manufacturer of engineered building solutions
- Key markets in North America & China; plants also in ASEAN, India, Middle East
- Supplying buildings to global customers
- China coating & painting

North Star BlueScope Steel



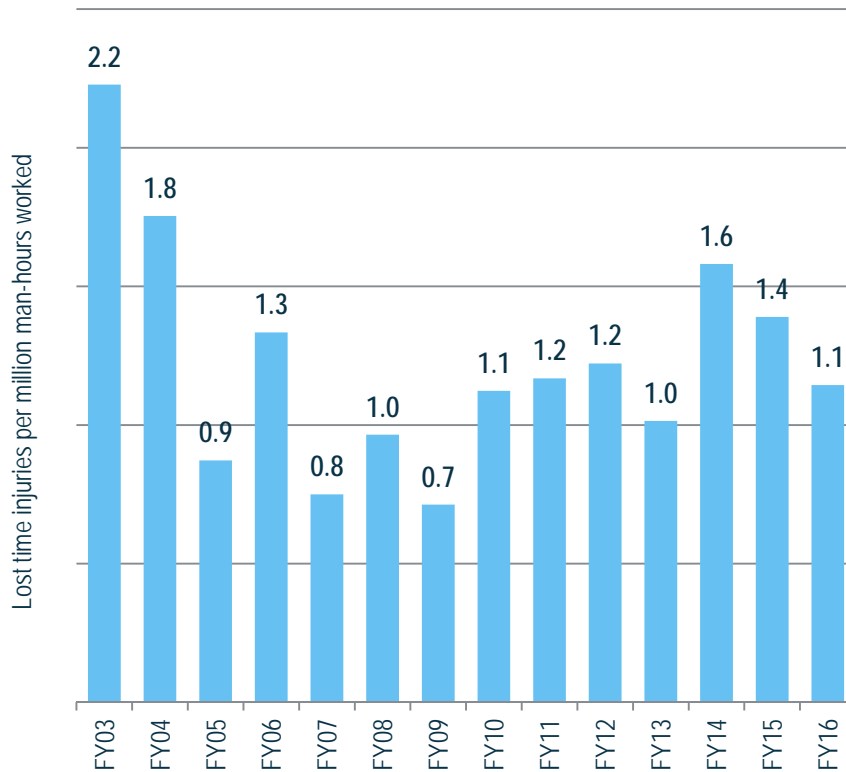
- High-performance HRC mini-mill in Ohio
- Sells ~2.0mtpa of HRC to customers mainly in a 250 mile radius
- Voted no. 1 flat rolled steel supplier in North America (Jacobson Survey) for 11 of the last 13 years

(1) BlueScope also has a Corporate segment which is not shown

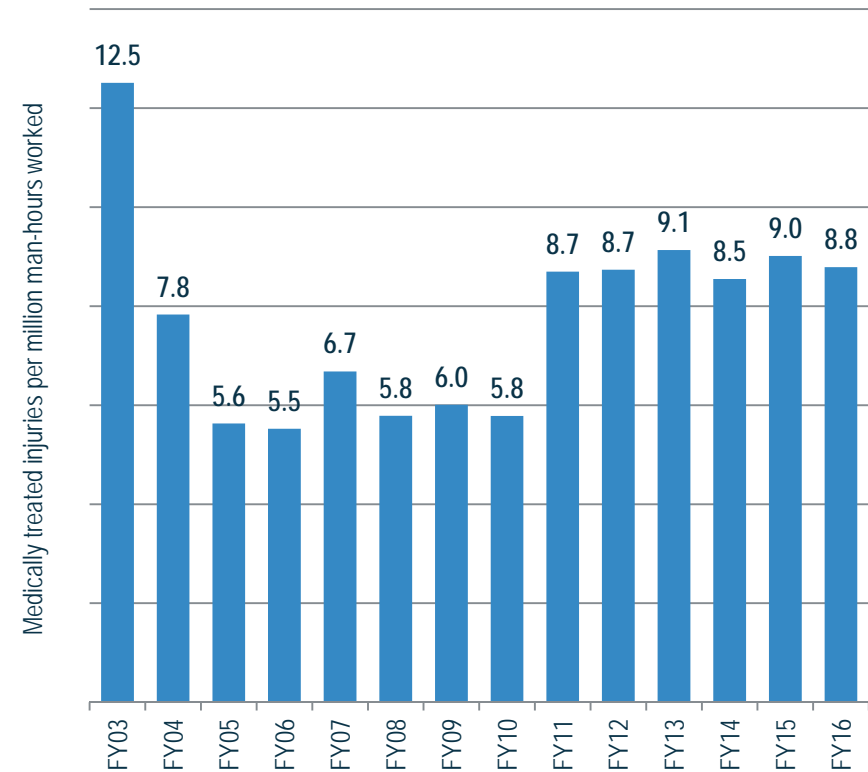
Safety is a core value for BlueScope

BlueScope Australia and New Zealand continues to have world class performance and is striving for zero harm

Lost Time Injury Frequency Rate (BANZ)



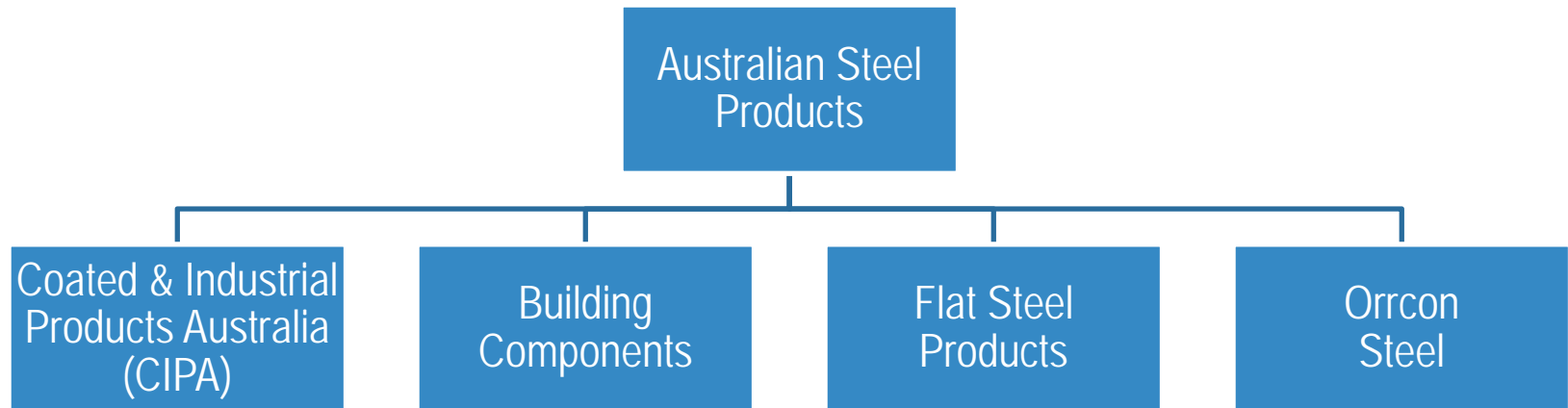
Medically Treated Injury Frequency Rate (BANZ)



Note:

- Charts include both contractor and direct employee data combined
- MTI step-up in FY2011 was due to a change in calculation method

Organisational structure of Australian Steel Products



BlueScope Australia & NZ management team



Mark Vassella
Chief Executive BANZ



Gerald Cornelius
General Manager
BlueScope Flat Steel Products



Mark Crimmins
General Manager BlueScope
Building Components



Tony Schreiber
General Manager
Orcon Steel

Profit & Loss (P&L) Centres



John Nowlan
General Manager Manufacturing
Australia, New Zealand & Pacific Islands



Jason Ellis
General Manager Sales,
Marketing, Innovation and Trading

Coated & Industrial Products
Australia (CIPA)

New Zealand Steel & Pacific
Islands (NZPI)

(P&L Centres)



Kristie Keast
General Manager
People



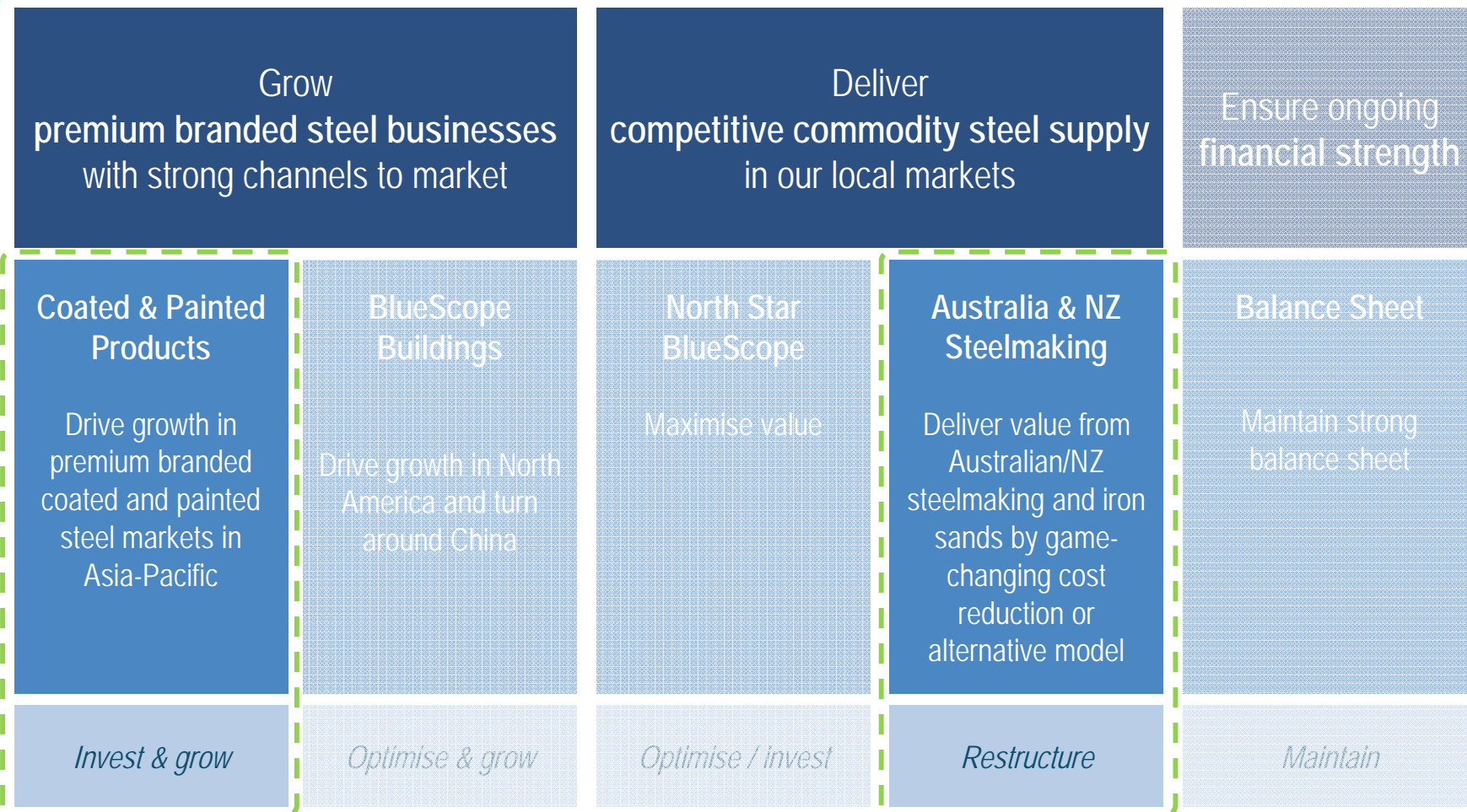
Andrew Garey
General Manager
Business Improvement



Tania Archibald
General Manager
Chief Financial Officer

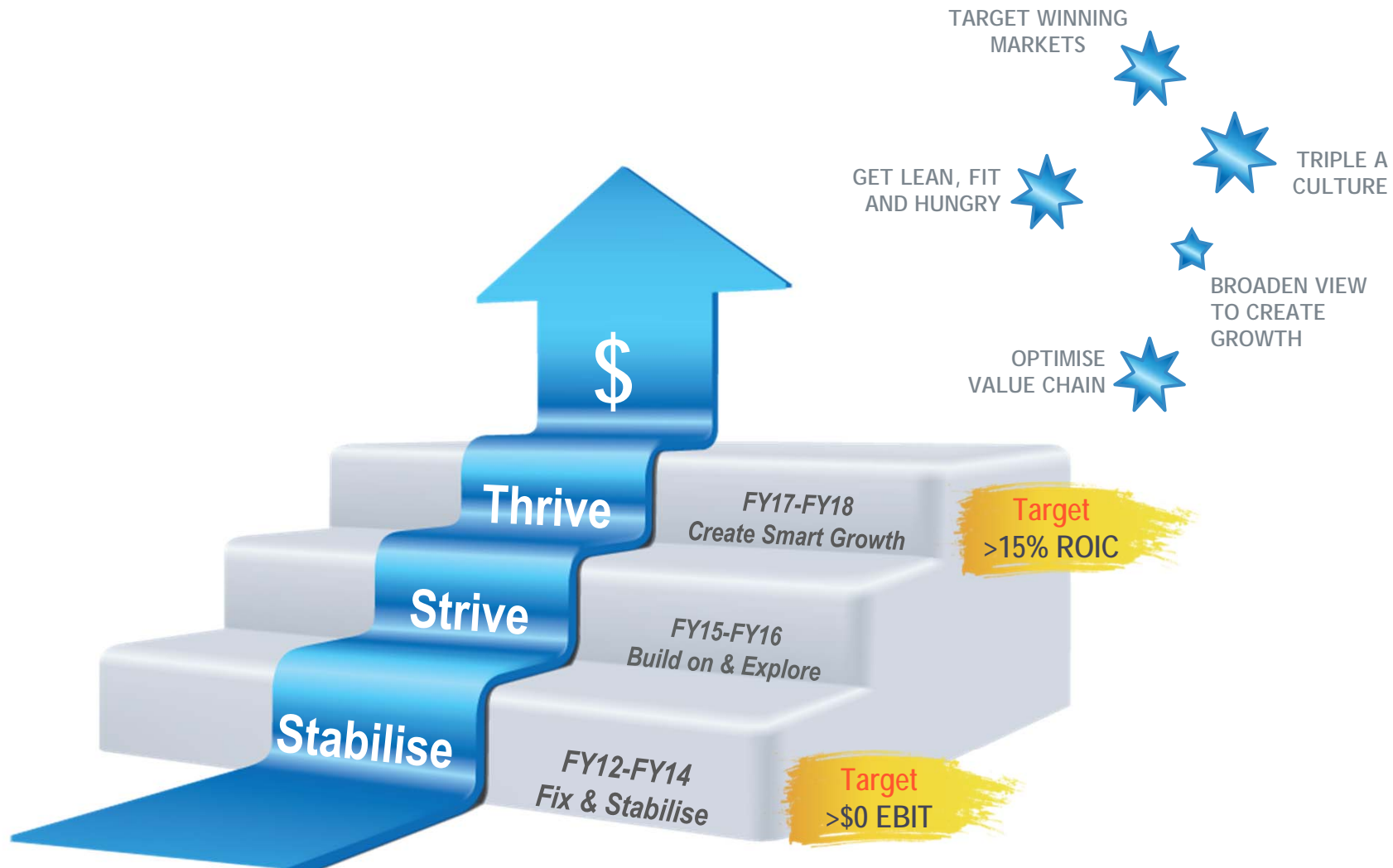
Functional Areas

A reminder of how our strategic goals overlay onto the businesses



Note: included in the Coated & Painted Products grouping are our Australian, New Zealand, ASEAN, U.S., India and China metal coating, painting and rollforming operations. Australia & NZ Steelmaking includes all operations in both countries up to and including HRC and plate production.

ASP has been on a three-step journey from stabilising the business to thriving



Today, our strategy is ...

COMPETITIVE MANUFACTURING

In Australia, continue the pursuit of competitive steel production and manufacturing operations through relentless focus on cost reductions and productivity improvements; Steelmaking to be cash breakeven at bottom of cycle (EBITDA less SIB capital). Must deliver returns necessary to support a decision in 10 to 15 years to reline the blast furnace at Port Kembla

NEW ZEALAND IMPROVEMENT

Deliver significant productivity improvements and cost reductions across New Zealand and Pacific Islands and to return the business to profitability

COATED AND PAINTED GROWTH

Sustain and grow the premium branded steel business with a focus on an enhanced products, service and quality and inter-material growth initiatives

OVERHEAD COST REDUCTION

Continue to reduce our overheads (SG & A costs) appropriate for the size of business we are now and to support our position as a competitive manufacturer



PROCUREMENT

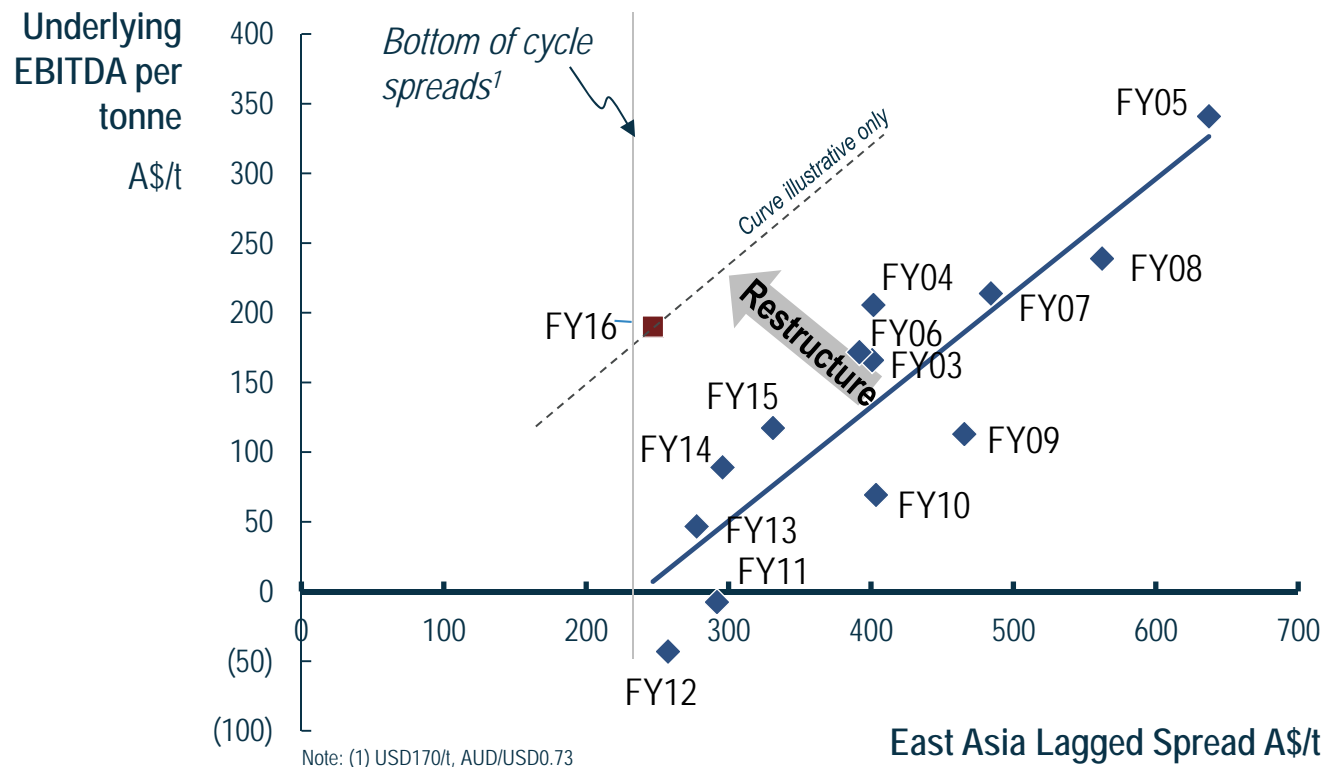
Relentlessly pursue more cost efficient delivery and maximize the value of services to BlueScope. Alignment of sourcing strategies with technical development requirements to accelerate delivery of new products



AUSTRALIAN MANUFACTURING COMPETITIVENESS

Delivery of the productivity initiatives of the last couple of years has dramatically improved ASP's profitability, even at bottom of the cycle spreads

ASP EBITDA per tonne vs spread



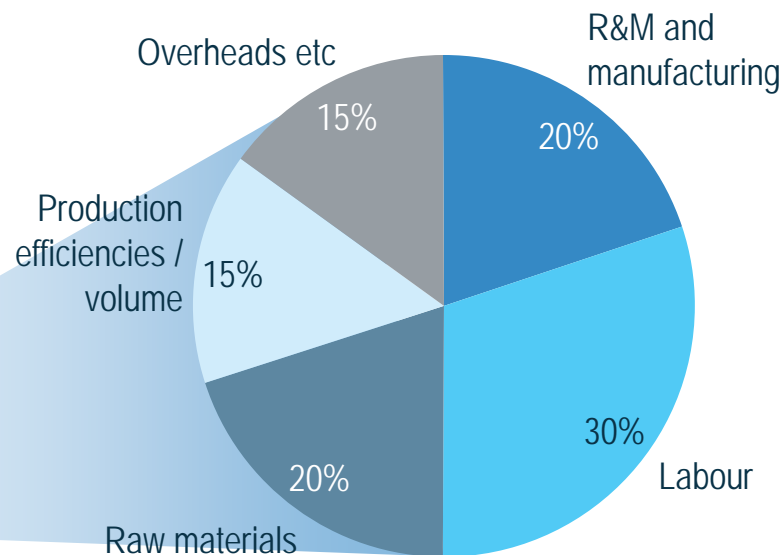
Further, with steelmaking cash positive at ~ bottom of the cycle spreads, the business remains positioned with considerable leverage to spread improvements

Australian cost savings delivery – derived from initiatives right across the business

Australian savings over FY2015 cost base

1H FY2016 achieved	\$95M
2H FY2016 achieved	\$140M
FY2016 achieved	\$235M
FY2017 target	\$280M

Composition of FY2016 savings



Note: cost savings are over FY2015 cost base and are net of estimated escalation

Four planks of change that are driving productivity improvement and cost reduction

1	Workplace reform	<ul style="list-style-type: none">• Workplace productivity improvements• Resetting the manufacturing cost base• Industrial relations reform in 2015 and future reform process
2	Self-funding profit share scheme	<ul style="list-style-type: none">• 'Self funding' Profit Share Plan (PSP) introduced for FY2017 aligned to the business's capacity to pay
3	Capability and engagement	<ul style="list-style-type: none">• Building capable teams to support delivering our strategy• Diversity driving capability and innovation• Increasing engagement with tools like Workplace (Facebook for enterprises)
4	Process innovation	<ul style="list-style-type: none">• Rethinking processes to drive greater productivity• Investing in automation technology to drive productivity gains and cost savings

1 Workplace reform at Port Kembla - 2015

Resetting the manufacturing cost base and boosting productivity

Outcomes of the 2015 Fair Work Commission (FWC) Mediation process

Resetting the cost base:

- 3 year Enterprise Agreement (EA) with no wage increase for the life of the EA
- Major departmental restructuring agreed with ~430 positions redundant
- Wages bonus scheme (LSPS) suspended for FY2016
- Removal of "pre-paid" overtime across the site

Workplace productivity improvements:

- Flexibility – shift pattern changes to align with demand
- Removal of training days on overtime
- Streamlining change processes:
 - Work teams introduced to increase employee engagement
 - Determination by the Fair Work Commission (if required) within 35 days of notification
- Incentive scheme aligned to business 'capacity to pay'
- Reduced costs of absenteeism through removal of in-built shift worker penalty payments for absences on weekends and public holiday

Industrial relations – Future Reform Process

1 Memorandum of Agreement is the catalyst to re-setting workplace relationships

Future Reform Process – creating a modern workplace

- Future Reform Process formed as part of the Memorandum of Agreement that was agreed at the FWC mediation sessions in 2015, and was integral in the decision to continue steelmaking at Port Kembla
- Resolve a modern EA that provides for new arrangements at the end of the existing three year EA term, to avoid uncertainty usually associated with formal post EA bargaining periods
- The aim is to negotiate EA terms that support:
 - Sustainable future for Port Kembla Steelworks
 - Greater security of employment
 - Competitive production costs
 - Security of on-time delivery
 - Efficient workplace arrangements

2 'Self-funding' Profit Share Plan for FY2017

How the Profit Share Plan will work

- The Profit Share Plan (PSP) is designed to link payment of bonuses to profit
- Affordable and self-funded
- Eliminates the cost of paying incentives when the Company is not making money
- The PSP is based on a single primary financial measure aligned to the performance of ASP, EBITDA less stay-in-business (SIB) capital, and also takes into account our focus on safety

Profit Share Plan principles:

The reintroduction of incentives in FY2017 is based on the principles below – essentially balancing the businesses 'capacity to pay' whilst maintaining annual incentives as part of BlueScope's competitive performance based remuneration:

- Transparent and easy to understand
- Aligned to business strategy
- Alignment of individual outcomes
- Improve motivation and productivity of employees
- Simple to administer, determine and communicate overall outcomes

Capability and engagement

Diversity driving capability and innovation

Having a talented, capable and engaged workforce gives us a competitive advantage

Diversity is good for business

- Whilst diversity is only one driver, we are seeing teams with greater diversity reporting stronger results – including increased productivity, innovation and a better working environment
- We will be even more successful as our workplace respects and encourages the range of opinion, background, education, culture, experience, beliefs and attitudes that we all bring to work every day
- This power of difference helps BlueScope be innovative and create new products, services and business processes

We strive to have a workforce that reflects the diversity of our customers, markets and communities in which we operate

- We have good diversity in age and different cultures working together
- But we are under-represented by women: our overall population of women is ~17% ; operator/trade roles are lower again
- Clearly this does not reflect the communities where we live and work
- To address this we have been pursuing a number of pilots in different businesses and in different ways

Capability and engagement

3 Example – changing plate mill culture with diverse and flexible work practices to match market demand

The plate mill has traditionally been staffed entirely by men. It was selected as a pilot site for the more active pursuit of gender diversity

Opportunity to increase female representation by changing recruitment requirements and environmental / cultural factors

- Less emphasis on technical skills and experience, more on behaviours and diversity. Technical skills are taught as part of on boarding
- Offered more flexible hours and shorter shifts. Built to match flexibility required around variable demand of Plate Mill business – including contractors, casuals or fixed term basis to flex up to match periods of high demand
- Facilities and amenities accessible and to an acceptable standard

The Plate Mill now has 16 female part time operators (in a total pool of 29)

- 15 of the women had not previously visited the Steelworks
- Working a variety of shift patterns and hours
- Overall, the environment and behaviour in the department has improved



Capability and engagement

Example – partnering with the AIS to ‘Change the Game’. Mentoring program with 10 female AIS athletes partnered with 10 BlueScope employees

- Designed to develop the skills on both sides. While the athletes learn how their skills can apply to business with a view to post-sport careers, the BlueScope employees develop their skills on how to pursue elite performance and overcome setbacks.
- Many high profile Olympic and Paralympic athletes are participating in the program including: Catherine Skinner (shooting-trap), Marianna Tolo (basketball), Shelley Watts (boxing), Maddy Hogan (para javelin), Prue Watt (para swimming) and Sharni Layton (netball).
- Marianna Tolo, Shelley Watts and Catherine Skinner participated at the Rio Olympics with Catherine winning Gold for Australia.
- Maddy Hogan, Prue Watt and Katie Kelly competed at the Rio Paralympic games with Katie winning Gold in the triathlon.



Catherine Skinner – Gold Medallist at the Rio Olympics



Catherine Skinner visiting Port Kembla Steelworks with her BlueScope partner Louis Whant and Andrew Jacobs.

Capability and engagement

'Workplace' by facebook – to better connect, communicate and collaborate with our employees

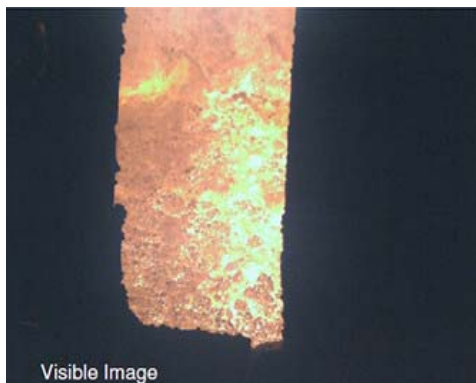
- BlueScope beat 100,000 companies to be invited to trial 'Workplace' by facebook
- As early adopters, BlueScope was the only steelmaker worldwide and one of the first manufacturers in Australia invited to the trial
- The trial was successful with 84% of invited employees adopting their accounts (~1000) and has since launched to all Australia and New Zealand employees in mid-October
- Plans to expand the global rollout in 2017



Delivered yield, flux and energy benefits by safely retaining a portion of the slag / metal mixture in the BOS furnace at the end of each heat (previously all tipped out every heat). Earnings benefit of \$11M in FY2016

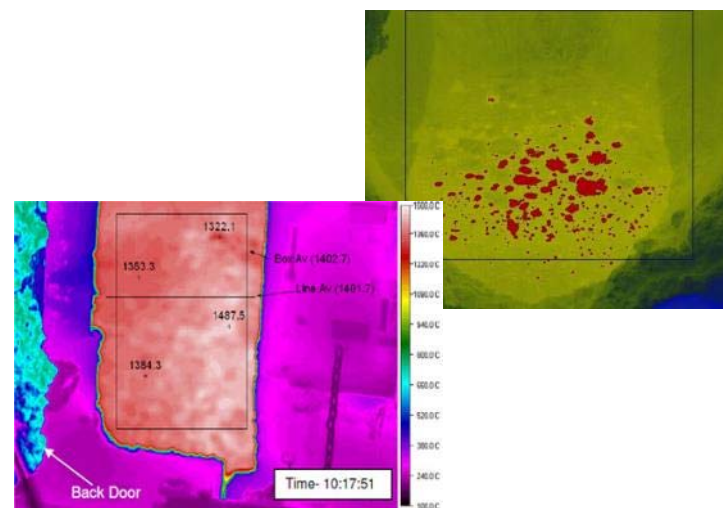
Pre-implementation state:

- At the end of every heat, all loose slag in the BOS was removed before charging for the next batch
- The practice of not retaining slag had been in place since 1995 after a major safety incident at the Newcastle steelworks during charging of a BOS vessel with retained slag
- Prior to this incident, the practice had been in place at the Port Kembla BOS plant since the late 1980s with no significant issues recorded



Solution:

- Developed systems and controls to allow the retained slag practice to be re-implemented - e.g. camera systems to measure slag temperature
- Project started at the end of FY2014. In FY2015, 45% of heats had retained slag. In FY2016, this had moved to 85%.



Process innovation

Case study – investing in automation technology to drive efficiency gains and cost reductions at Metal Coating Lines

- We have invested in advanced automation technology with the installation of robots on our Metal Coating Lines at our Springhill in Port Kembla.
- The robots move metal coated steel strip samples from the operating line to eliminate the need for workers to interact with the steel strip at a critical point in the line operation.
- The new technology improves efficiency, reduces fixed costs with less personnel required to operate the lines, as well as significantly reducing the safety risk to the workers
- Three month pay-back period








Process innovation

Case study – investing in automation technology to drive productivity gains and cost savings in slabmaking






- Currently subject to pre-feasibility assessment, we are planning to invest up to \$36M in advanced manufacturing technology (eg. automated cranes) in the Slabmaking Department over the next 2-3 years
- This investment will further update and automate plant and equipment, driving important productivity and cost efficiency gains
- The three-year plan is targeting a ~\$50M per annum savings improvement. 70% of this improvement comes directly from the benefits of the capital investment in the new technology



Australian steel operations measure up well now on World Steel Dynamics' grid of what it takes to be a structurally attractive and globally competitive

WSD's Competitive Dimensions	PKSW Strength / Weakness	Relative Strength
Important regional advantage	<ul style="list-style-type: none"> • Proximity to local coal supply • Brand strength • Customer intimacy facilitates knowledge of requirements and ability to respond 	
Low operating costs	<ul style="list-style-type: none"> • Successful productivity improvement programs • Strong pipeline of initiatives 	
High-end product mix	<ul style="list-style-type: none"> • 3rd largest producer globally of coated (Zn/Al) and painted products • Reputation as a tier 1 producer 	
Technological leadership	<ul style="list-style-type: none"> • Demonstrated ability to resolve issues (stave exchange) • Strong innovation focus – TRU-SPEC® coil plate steel, Next Generation COLORBOND® steel • Proven continual improvement program (record production, yield etc achieved in current financial year) 	
Sizable deliveries to affiliated downstream outlets	<ul style="list-style-type: none"> • Strong channels via coated and painted facilities, Lysaght, Fielders, Orrcon Steel, Metalcop, Flat Steel Distribution, overseas affiliates and strong relationships with domestic customers 	
Appropriate trade protection	<ul style="list-style-type: none"> • Dedicated team to continue focus 	

Australian steel operations measure up well now on World Steel Dynamics' grid of what it takes to be a structurally attractive and globally competitive (cont'd)

WSD's Competitive Dimensions	PKSW Strength / Weakness	Relative Strength
Gaining market share	<ul style="list-style-type: none"> Well positioned, but opportunity to grow inter-material share 	
Significant internal restructuring – maybe after bankruptcy	<ul style="list-style-type: none"> Extensive restructuring since GFC 	
Location on a deep water port	<ul style="list-style-type: none"> Exclusive access to owned and operated deep water port 	
Low price energy, esp natural gas	<ul style="list-style-type: none"> Additional coke battery supplies coke ovens gas to fire re-heat furnaces of HSM and Plate Mill 	
Major capital spending program reaping benefits	<ul style="list-style-type: none"> Asset spend program focused on sustaining and cost improvement BF stove exchange program, Next Generation COLORBOND® steel Also incremental capital project reaping benefits: TRU-SPEC®, Coke loader 	

The Australian operations are in significantly better shape than five years ago. Moving forward, we must not be complacent in our pursuit of continued productivity improvements. We need to deliver returns necessary to support a decision in 10 to 15 years to reline the blast furnace at Port Kembla









ASP'S MARKET PROPOSITION AND GROWTH STRATEGY

ASP's domestic offering is underpinned by four key value drivers

1	Focus on premium branded steel products	<ul style="list-style-type: none">• Strong position with well recognised industrial brands eg COLORBOND® steel• Extensive reach and influence with key product and brand decision makers
2	Technical leadership	<ul style="list-style-type: none">• 3rd largest producer globally of coated (Zn/Al) and painted products; reputation as Tier 1 producer• Recognised leader with extensive research, development, technical support and warranties• Strong innovation focus – TRU-SPEC®, Next Generation COLORBOND® steel
3	Sizeable participation in downstream channels	<ul style="list-style-type: none">• Downstream businesses of scale including Lysaght and Fielders (rollforming), SMS (distribution) and Orrcon Steel (pipe and tube)• Comprehensive supply chain and service capability across Australia• Customer intimacy facilitates knowledge of regional and local requirements and ability to respond
4	Growth focus	<ul style="list-style-type: none">• Expanded focus on building systems and applications to take advantage of inter-material share opportunities (facades, framing and decking)• Limited exposure to multi-residential represents a growth opportunity• Growth with both aligned and non aligned customers• Value added export opportunities

1 Focus on premium, branded steel products

Product categories and applications

Product		Primary end use markets	Applications
Painted (including pre-painted COLORBOND® steel)		<ul style="list-style-type: none"> Building and construction 	<ul style="list-style-type: none"> Residential, commercial and industrial construction including roofing, walling, fencing, rain water goods, architectural panels, sheds and garages
Zinc/aluminium alloy-coated ZINCALUME® steel		<ul style="list-style-type: none"> Building and construction 	<ul style="list-style-type: none"> Commercial and industrial construction including roofing, walling, rain water goods and residential framing
Galvanised / GALVSPAN® steel		<ul style="list-style-type: none"> Building and construction, manufacturing and transport 	<ul style="list-style-type: none"> General manufacturing, transport, structural sections for commercial and industrial buildings and structural decking
Cold rolled coil		<ul style="list-style-type: none"> Transport and manufacturing 	<ul style="list-style-type: none"> Transport, packaging (drums) and storage systems
Hot rolled coil		<ul style="list-style-type: none"> Building and construction, mining, transport and manufacturing 	<ul style="list-style-type: none"> Mining equipment, racking, guard rails, building and construction products, structural tubing, water pipelines, oil/gas pipelines and automotive components
Plate		<ul style="list-style-type: none"> Manufacturing, building and construction and mining 	<ul style="list-style-type: none"> Infrastructure projects, mining equipment and structural applications

Colorbond®

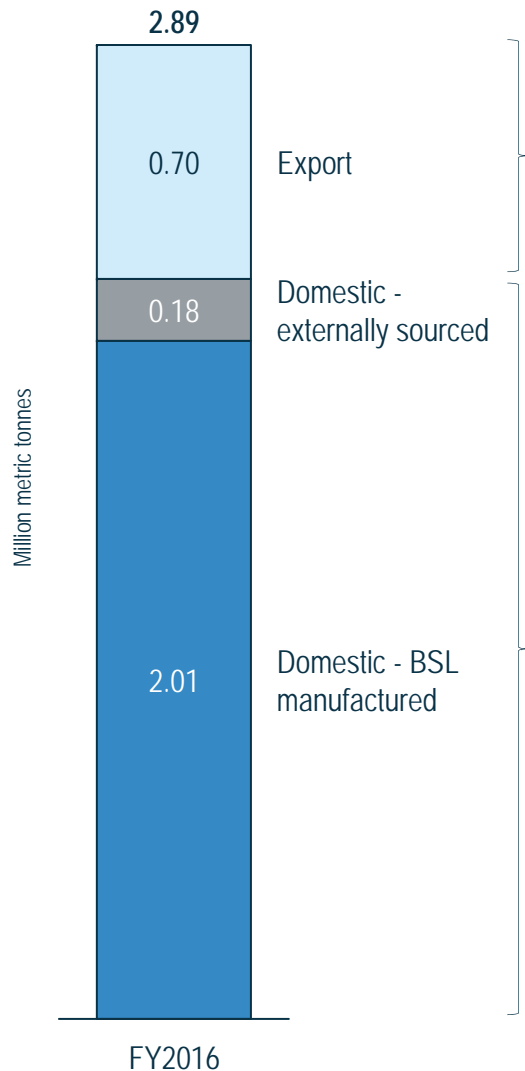
Zincalume®

Truecore®

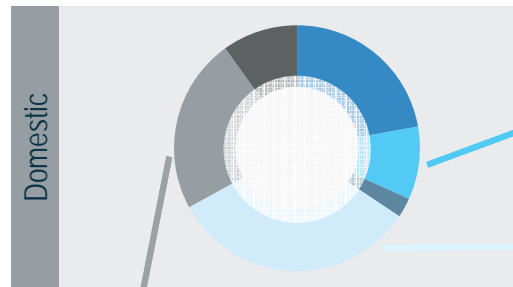
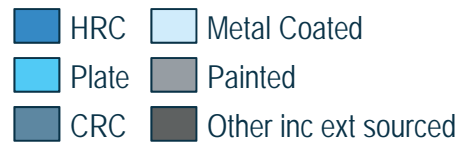
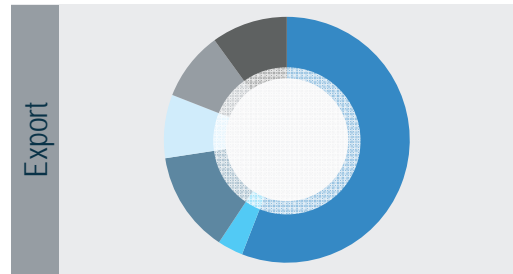
Galvaspan®


BLUESCOPE

1 Focus on premium, branded steel products ASP FY2016 despatch mix



FY2016 Product Mix



Colorbond®

Xlerplate®

TruSpec®

Zincalume®

Truecore®

Galvaspan®

ENDURO FRAME®

THE COLOURS OF AUSTRALIA SINCE 1966

50 DAYS OF ACTIVITIES:
22 AUGUST – 11 OCTOBER



Colorbond® 50 YEARS
THE COLOURS OF AUSTRALIA SINCE 1966

COLORBOND® steel celebrated its 50th anniversary with 50 days of activity involving customers and employees

Industry Breakfasts



It's 1966, members are on the rise, the Soviets orbit the moon and the future is ever closer. Just as the vision starts swinging, COLORBOND® steel is born.

50 years on and our success couldn't have happened without your support. We'd like to say thanks.

Please join us for breakfast along with Guest Speaker **Shane Jacobson** - award winning actor, entertainer and star of *Home* - as he shares his long road to overnight success. Told with his trademark authenticity and humor, Shane shows fascinating parallels between his craft and the gains we see ourselves in business every day.

Plus there is \$2,000 worth of lucky door prizes to be won

Date & Time	Venue	Guest Speaker
Friday 16 th Sep 16 7.30am - 9.30am	Waterloo at Bicentennial Park, Bicentennial Drive, Bicentennial Park (off Australia Ave) Sydney Olympic Park	 Shane Jacobson
DRESS Business attire	View on Map	
 Early Bird Offer Put a table before (early bird date) to receive 2 GOLD class (or equivalent) tickets (seats)*		
RSVP and invite your customers.		

We hope you can join us for the special event.
The COLORBOND® steel team

Coffee Vans



Trade Promotion



1 Focus on premium, branded steel products COLORBOND® steel 50 years – television commercial

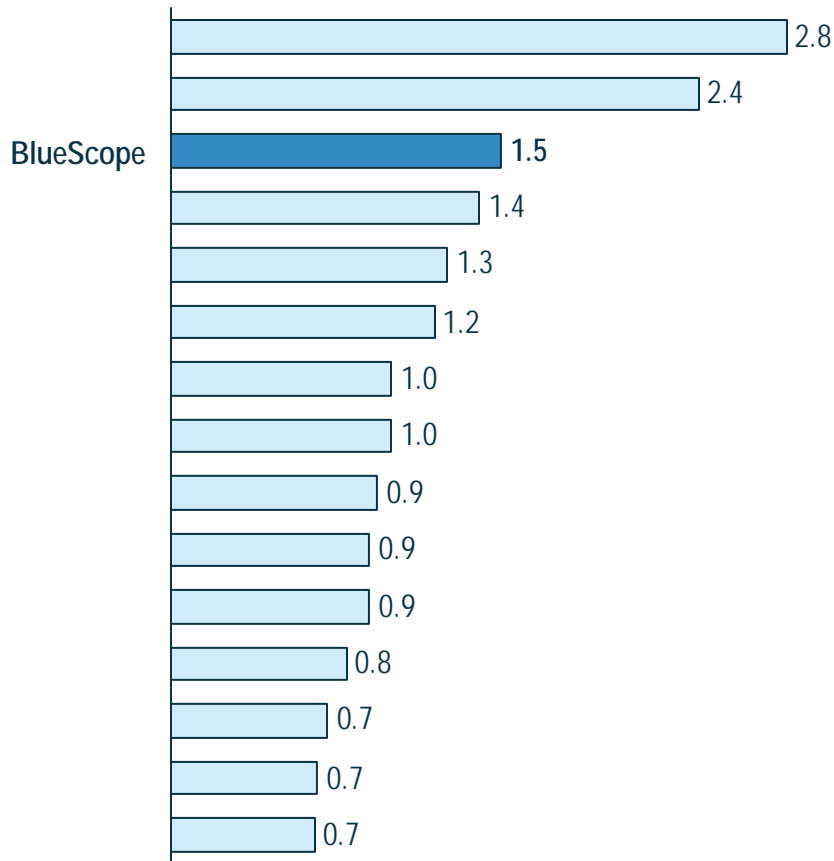


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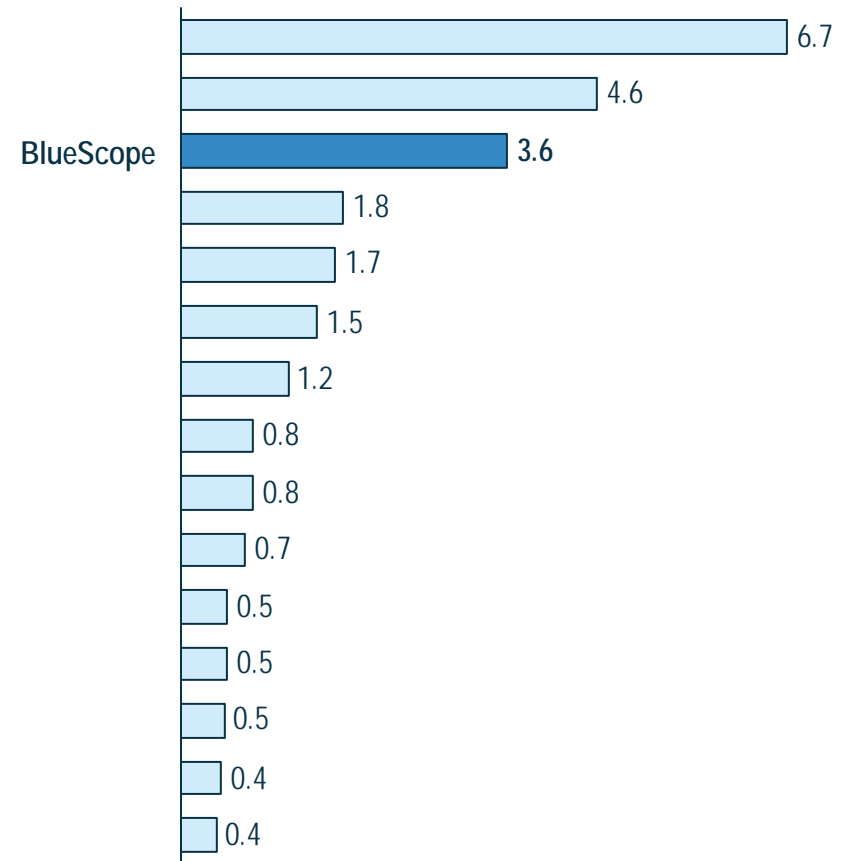
Technical Leadership

Third largest global manufacturer; #1 in building and construction

Global painted steel manufacturers by volume (Mtpa)



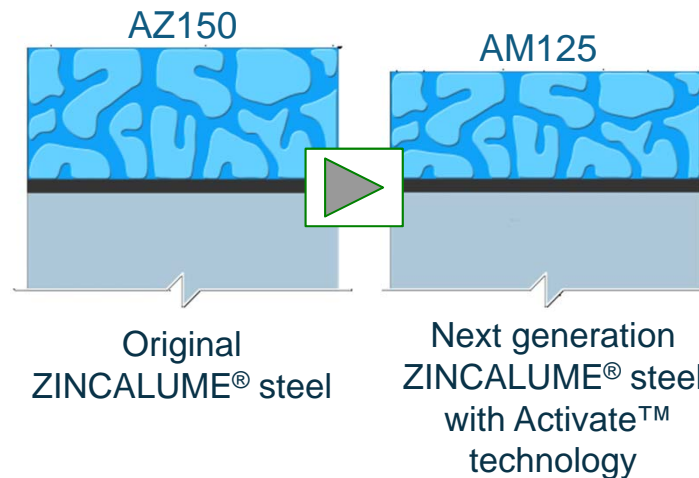
Global ZnAl coated steel manufacturers by volume (Mtpa)



2 Technical leadership

- Advanced metallic coating development for building and construction (e.g. innovated AZ coatings, proprietary AM coating launched 2013)
- Advanced pre-painted coating development:
 - World class premium coatings standing the test of time for building and construction: COLORBOND® steel, Clean COLORBOND® steel, COLORSTEEL®
 - Coated product application technology (leading designs in roofing, walling and other applications for form and function)
- Technical product assessment methods (deep understanding of product performance in both accelerated and real outdoor exposure conditions)
- Continuous coil painting process technology (high speed, inline MCL painting)
- Collaborative innovation capabilities (working with academia and third parties to innovate)
- Comprehensive development and management of intellectual property and know-how
- In-house NATA certified product testing capability – building codes, standards, corrosion, durability
- Product design and innovation processes – including Design Thinking and Stage Gate processes

- Production of next generation ZINCALUME® steel with Activate™ technology commenced in FY2013 following development and testing over a number of years
- The introduction of magnesium into the aluminium-zinc alloy coating improves galvanic protection by activating the aluminium to provide more effective corrosion resistance
- Outcome – improved performance with less total coating mass (125 g/m²)

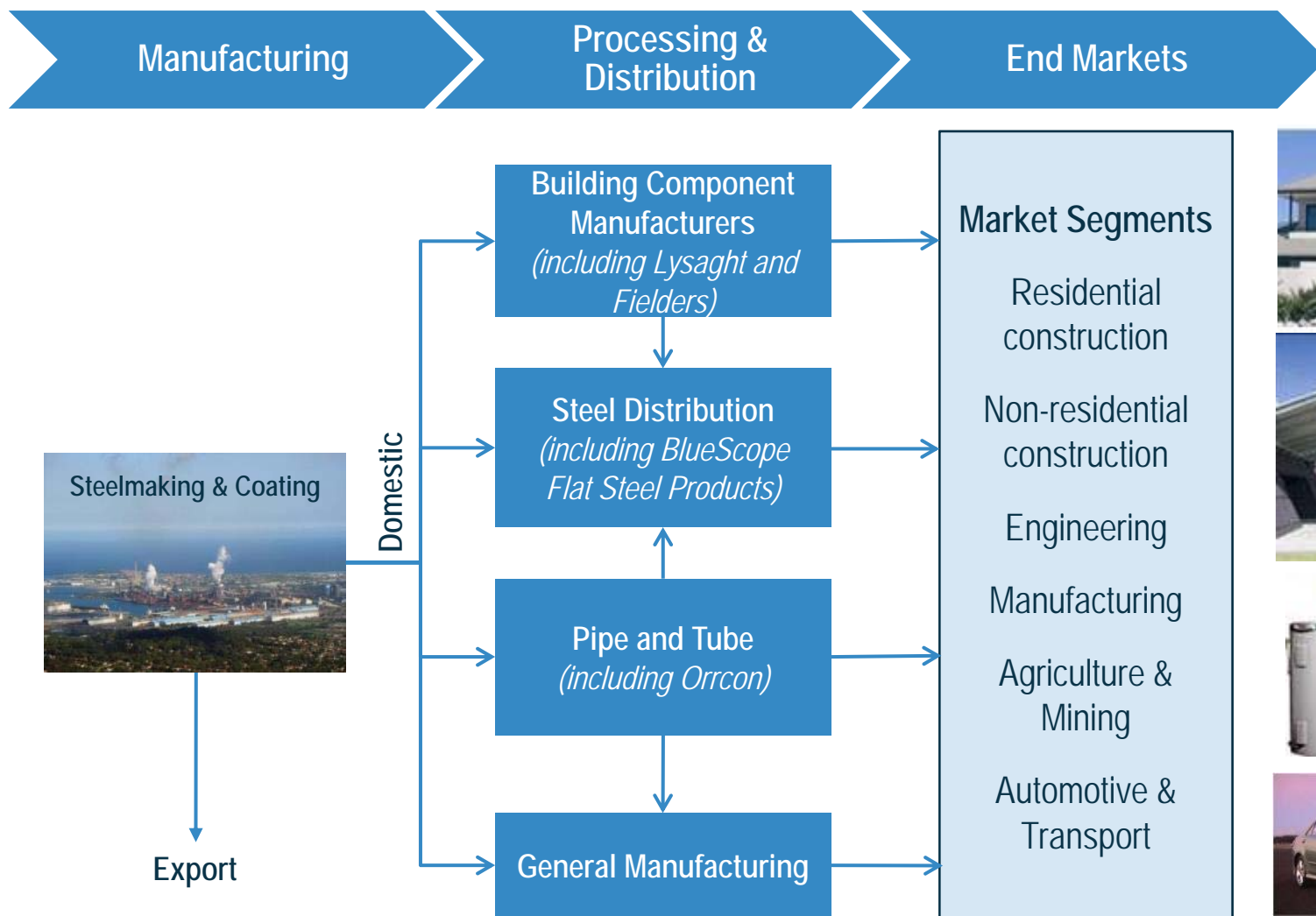


- The new ZINCALUME® steel is now the substrate for COLORBOND® steel
- Customers benefit from:
 - Improved product lifespan and longer warranties
 - Reduced environmental footprint due to reduced coating metals and increased lifespan
- BlueScope benefits from:
 - Sales into new areas and applications including perforated construction products
 - An 'exclusive' patent-protected offering of leading technology for roofing, walling and rainwater applications

- Invested \$8M in coil-plate line adjacent to hot strip mill at PKSW. Expected pay-back within two years
- Produces new TRU-SPEC™ coil plate steel product with superior flatness, 'memory free' properties and improved forming properties
- Technology provides customers with improved cutting and processing efficiencies (lower cost of production), direct to market
- Delivering in excess of business case volumes. Targeting further volume growth



3 Sizeable participation in downstream channels



3 Sizeable participation in downstream channels

BlueScope Building Components

- BlueScope Building Components manufactures and markets an extensive range of roll formed steel products for the building industry with specific offerings into the residential, commercial, structural, home improvement, distributor and shed segments
- Offers BlueScope products such as COLORBOND® steel, ZINCALUME® steel and GALVASPAN® steel
- Aims to deliver superior customer value through leading brands, innovative and quality products, construction solutions, excellent service and exceptional people
- 41 sites around Australia
- Work in conjunction with other parts of BlueScope to ensure a consistent and complete solution outcome for our customers



3 Sizeable participation in downstream channels BlueScope Flat Steel Products

- The BFSP processing and distribution businesses are an efficient channel to market for BlueScope. BFSP operates Australia-wide through 17 branches
- Encompasses the business brands of BlueScope Sheet Metal Supplies, BlueScope Plate Supplies, BlueScope Distribution and Impact Steel
- BFSP targets manufacturers, fabricators, resellers and engineers involved in the following key market segments:
 - Building and Construction (Residential, Commercial, Industrial and Infrastructure)
 - Transport and automotive
 - General and OEM manufacturing
 - Mining, oil and gas
- Offers break-bulk and processing services such as slitting, shearing and recoiling
- Strategic initiatives are focussed on:
 - Market leadership – growth in key branded BlueScope products (eg: COLORBOND® steel, ZINCALUME® steel, TRU-SPEC® coil plate steel, XLERPLATE® steel). Targeting winning and emerging markets
 - Continually improving – providing a cost effective and optimised channel to market for BlueScope
 - Innovative solutions – to build business and brand loyalty we understand our customers' needs and provide innovative solutions and value to their businesses
 - The Place to Work – providing a safe working environment and a culture of development, diversity and alignment.



3 Sizeable participation in downstream channels Orrcon Steel

- Orrcon Steel is a leading Australian distributor and manufacturer of steel, tube and pipe
- Acquired by BlueScope in February 2014 from Hills Limited. Acquisition is delivering returns in excess of cost of capital
- Two pipe & tube mills, 16 Orrcon Distribution branches and 13 Metalcorp Distribution branches
- Focus is structural and precision tubular steel
- Operates with a nimble and engaged workforce, with a competitive cost of production
- Strategic focus:
 - Deliver competitive steel supply
 - Strong brands using profitable channels to market
 - Financial strength
- Orrcon has delivered incremental volume growth and cost reduction over time, and has further opportunities that it is currently pursuing



4 Growth focus

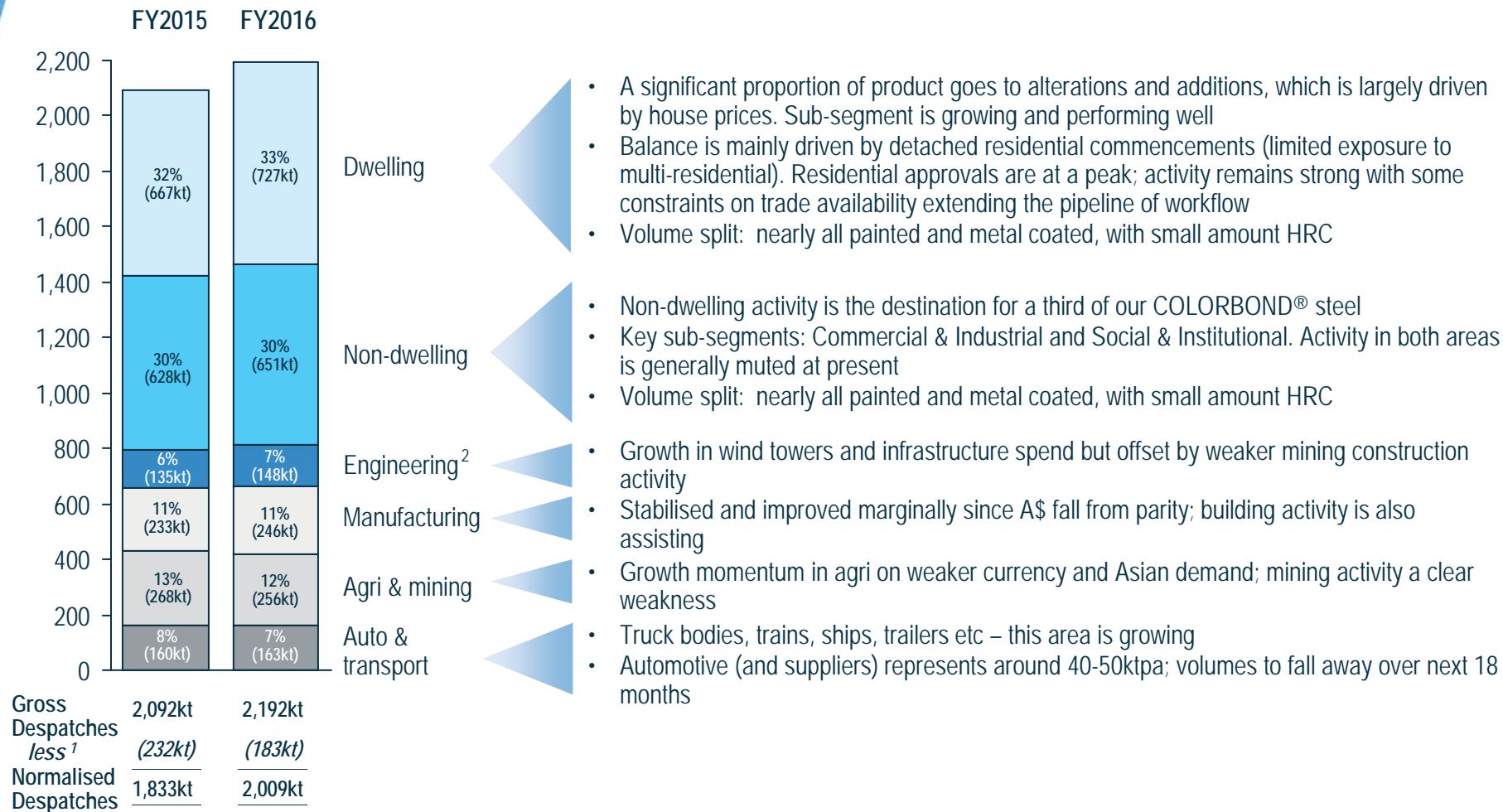
- Domestic volume growth can be driven by three areas:

Increased competitiveness and offer compared to imports	<ul style="list-style-type: none">Relative weakness of Australian dollar over last few years has assistedAction taken by Anti-Dumping Commission on unfair tradeGrowth with both aligned and non aligned customers
Key segment growth	<ul style="list-style-type: none">Residential activity strong – both A&A and new commencements. Trade availability may extend activity considerablyGeneral transport activity okay; automakers and their suppliers ceasing operations over next 18 months. Mining-related segments are weakModest growth in other segments
Inter-material growth opportunities	<ul style="list-style-type: none">Pursuing a range of initiatives

Growth focus

State of Australian end-use segments

Total Aust. despatches (Kt)



(1) Normalised despatches exclude third party sourced products, in particular, long products

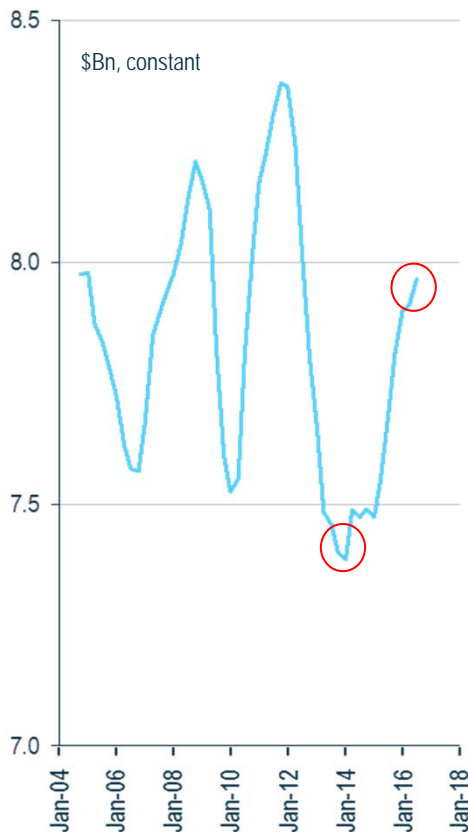
(2) Engineering includes infrastructure such as roads, power, rail, water, pipes, communications and some mining-linked use

Growth focus

Strength in A&A and new commencement activity has driven 35% growth in residential segment despatches since FY2013

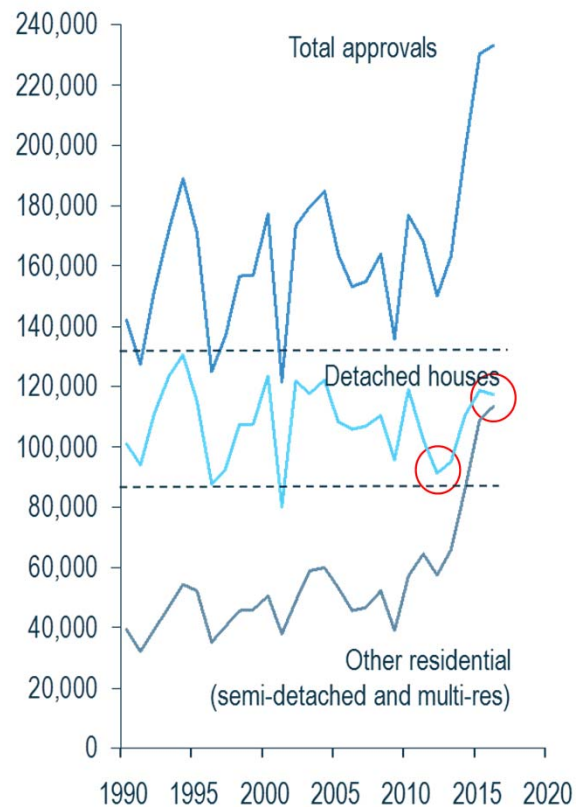
A&A value of work done

Rolling annual total, measured quarterly for projects greater than \$10,000



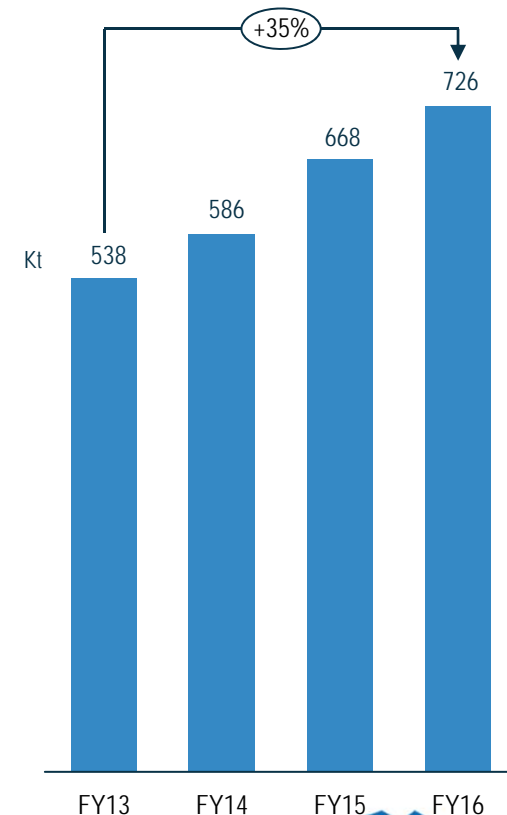
Source: ABS series 8752, table 3; seasonally adjusted; data to June 2016;

New dwelling approvals



Source: ABS series 8731, series 11

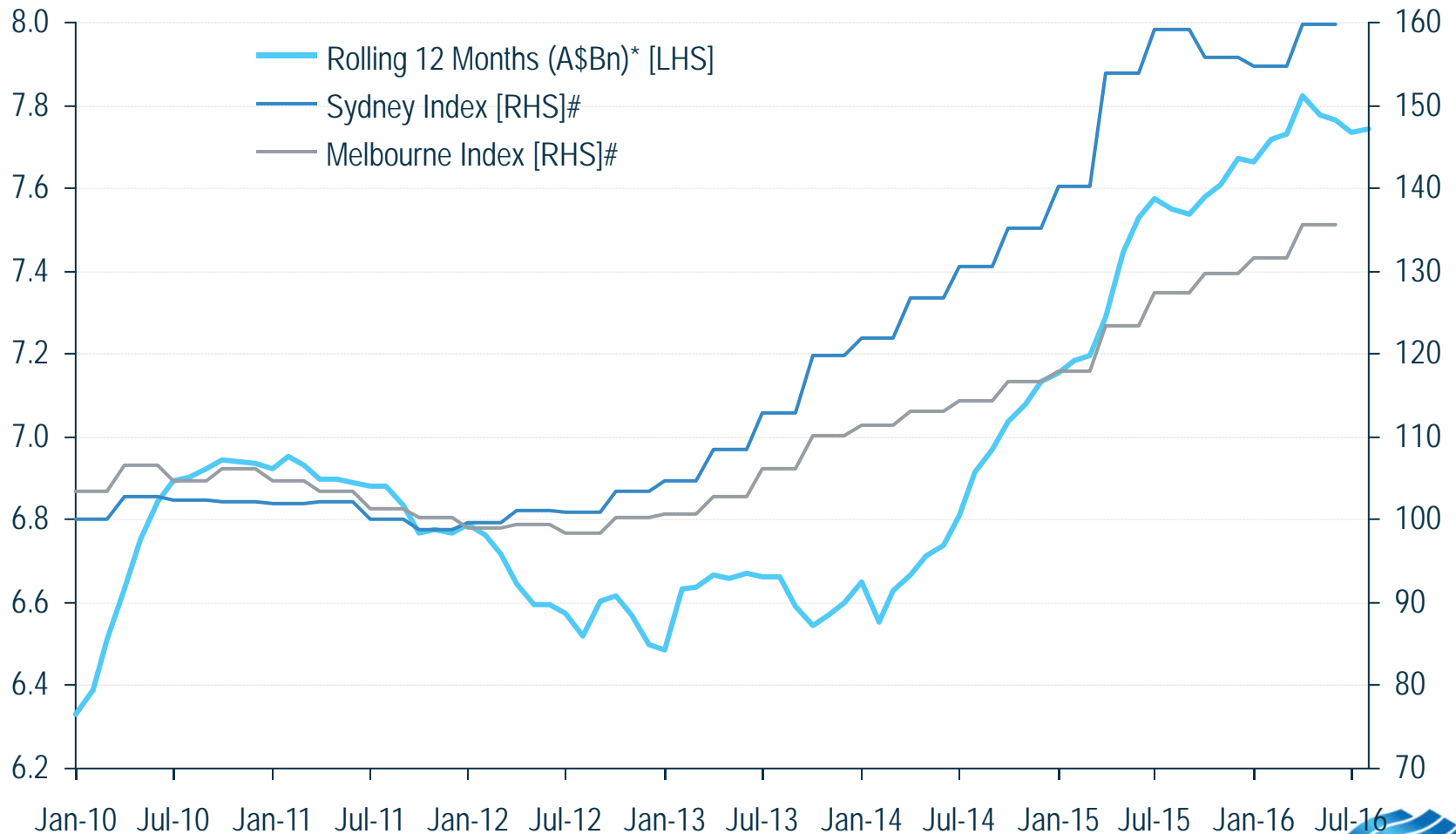
Dwelling segment despatches



Growth focus

Alterations & additions activity tracking house prices with a lag

A&A Building Approvals [LHS] vs Sydney/Melbourne Established House Price Index [RHS]



Source: ABS series 8731, table 38; series 6416 table 2;
#Original data 2011-12=100; *Seasonally adjusted data, Current\$

*Scale of opportunity:***Light gauge steel framing**

- Renewed focus on light gauge steel framing

**Steel facades**

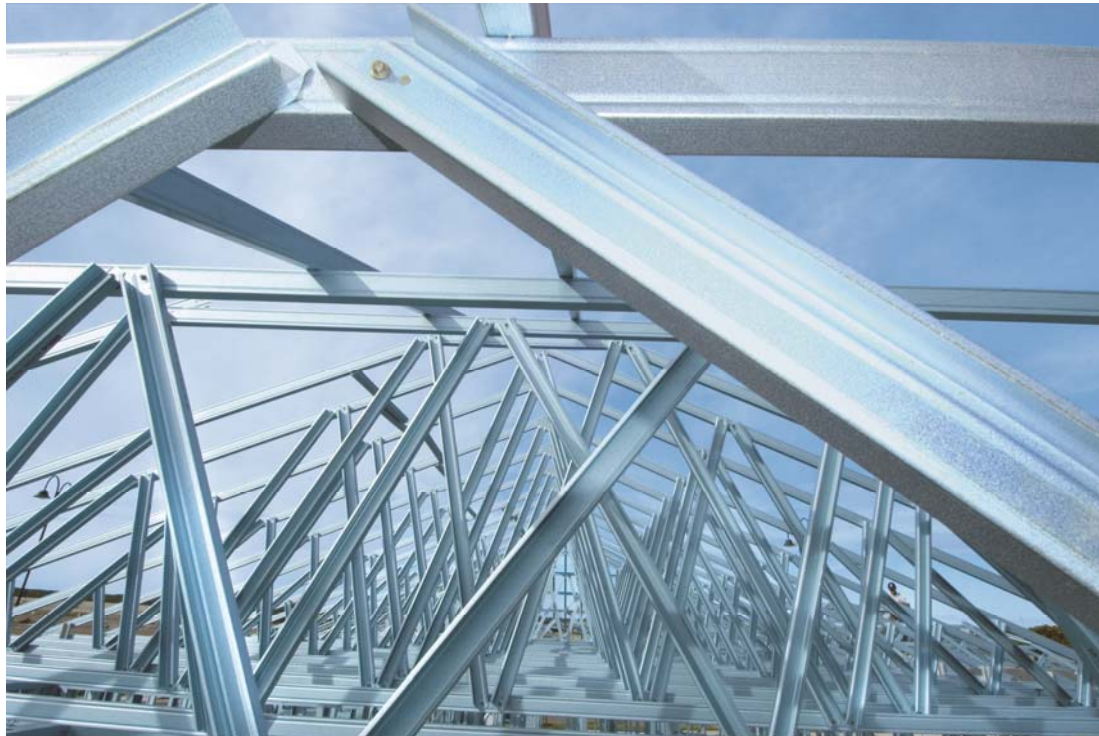
- Develop and support **steel facades solutions** through our channel to penetrate the architectural façade segment

**Integrated decking and structural steel design for high-rise buildings**

- Development of an **integrated decking and structural steel design** system for high-rise building applications



- Light gauge steel (LGS) framing offers a material growth opportunity for BSL
 - In residential products where the framing market is very large and steel currently has a very low share
 - Low to mid-rise commercial, institutional and multi-unit residential buildings
 - In the emerging pre-fab/modular building segment
- Attraction to LGS structural framing is growing as builders recognise the benefits the product
- Several large residential builders have adopted LGS structural framing



Growth focus

Facades opportunity

- Steel facades currently have low penetration in the commercial building sector
- Steel, as a material, is well positioned to capitalise on many of the global trends evolving in the façade industry, such as material cost, environmental issues (thermal, water tightness and sustainability), modular construction, pre-fabrication, non-combustibility and design issues (panelised repetition)
- BlueScope has a number of current and potential façade systems available to channel partners

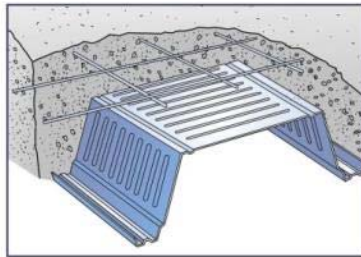


- BSL's SlimFlor system is a proprietary shallow floor system promoted by Fielders, and creates the opportunity for more buildings to be designed using steel framing, particularly in the high-rise multi residential building segment
- This represents a new opportunity to grow steel share of the decking segment, which is currently around 90% concrete-based, and has had some early success

Component

Description

System

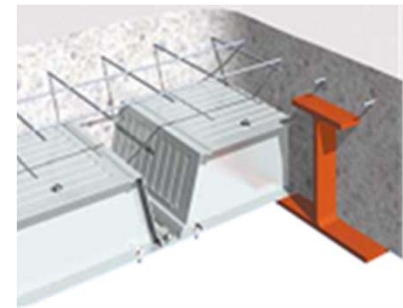
Fielders
CF210™

CF210®

- Further technical development of the CF210 profile in SlimFlor applications
- Will use DECKFORM® steel

BlueScope
Asymmetrical
Beam

- A custom three plate Asymmetrical Beam (ASB) (top flange – web – longer bottom flange) can be made by BlueScope on T-Master welded beam line at Unanderra

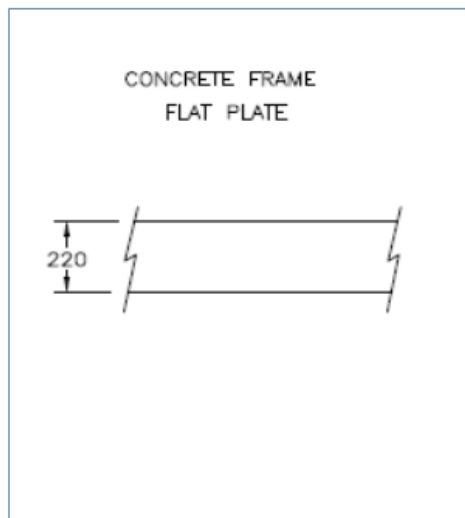


Growth focus

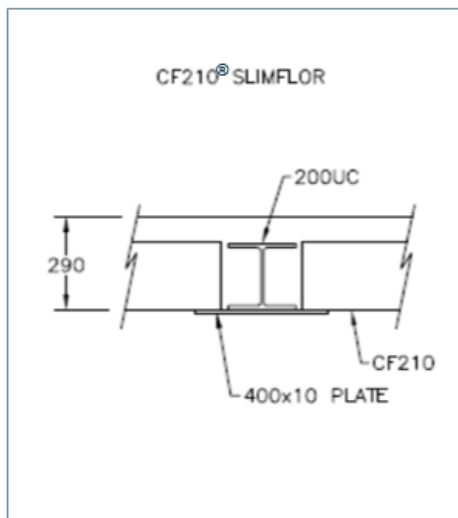
High rise steel decking growth (ctd)

- SlimFlor allows a steel framed building to compete with a concrete framed building because it reduces the typical floor construction depth of a steel framed building
- Delivers a cost effective form of construction compared to concrete formed buildings as it doesn't require extensive form-work and provides speed of construction with less onsite labour, waste and logistics

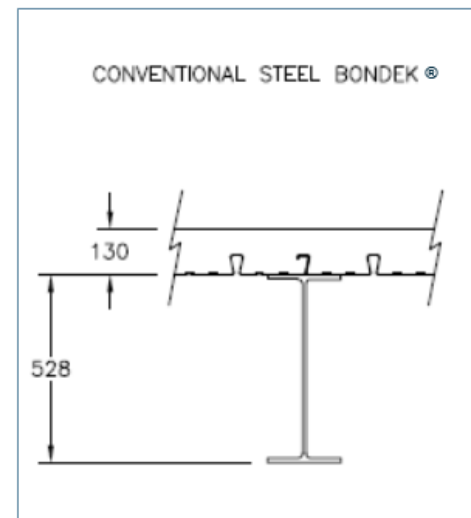
Concrete Frame



Shallow Floor System – In Stand



Steel Frame – Down Stand



**Floor depth issue
particularly relevant to
multi-residential sector**



ENVIRONMENT

Environment

BlueScope remains committed to continuously improving the environmental footprint of its operations

- The BlueScope Steel Environment Management System comprises the following major elements:
 - ✓ Our Bond
 - ✓ HSEC Policy
 - ✓ Environment Principles
 - ✓ Environment Standards
 - ✓ BSL & Operational Procedures and Guidelines
- BlueScope continues to work on improving performance through its Environment Network involving environment reviews and audits, implementation of the compliance system, the business planning process, and the engagement of all employees in environment awareness & training
- We manage our environmental risks and impacts through the use of a framework we call LAWWNE, which seeks to:
 - ✓ Reduce our environmental impact on **Land, Air, and Water**
 - ✓ Reduce generation of **Waste and Noise**
 - ✓ Minimise our use of **Energy** and the generation of **GHG emissions**

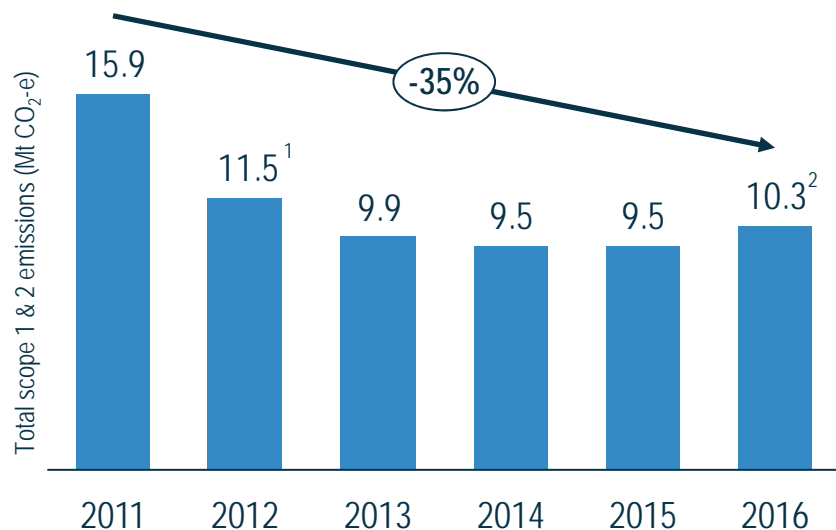


Greenhouse gas emissions

Step-change in emissions in 2012 through Australian restructure.

Seeking to progressively reduce energy and greenhouse gas intensity

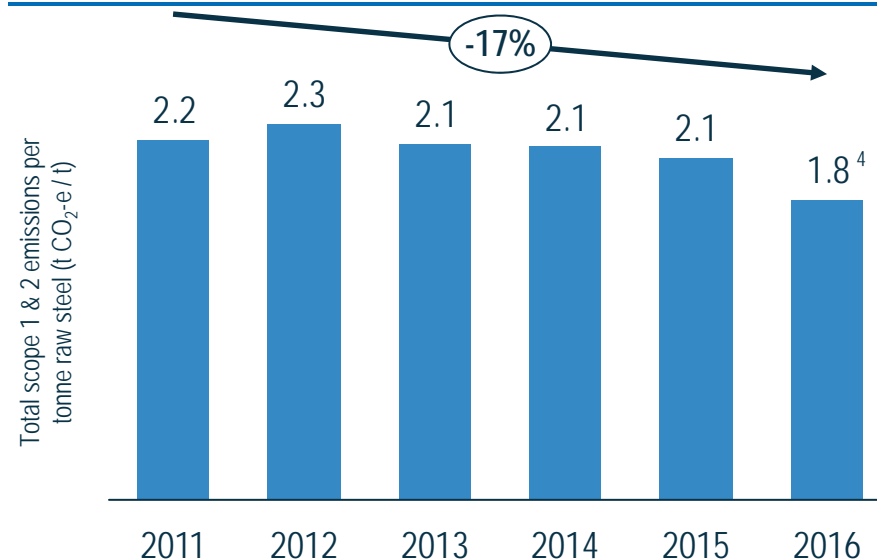
GHG emissions – BlueScope global operations



Notes (1): impact of Australian restructuring including closure of #6 blast furnace

(2): acquisition of 50% of North Star (effective 30 Oct 2015) and increased PKSW production

GHG intensity of raw steelmaking (per tonne)³



Notes (3): Port Kembla Steelworks, New Zealand Steel, North Star BlueScope Steel raw steelmaking

(4): acquisition of 50% of North Star, effective from 30 October 2015

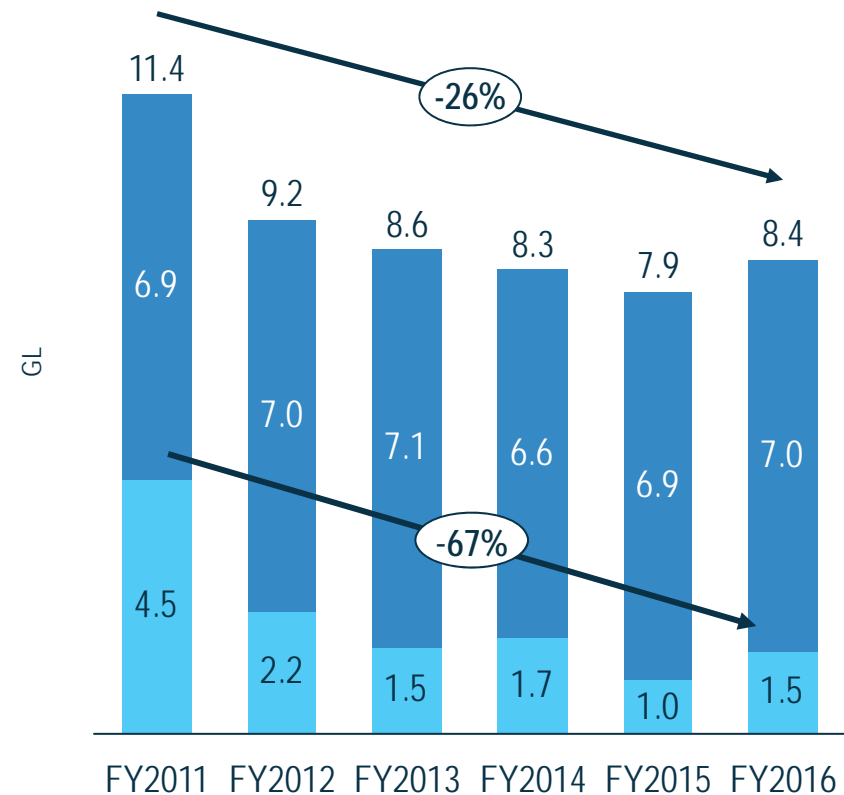
- Steelmaking, by its very nature, consumes a large amount of energy and generates significant volumes of GHG through the use of coal and coke as both chemical reductants and energy sources. This chemical process accounts for more than 80% of the GHG emissions from an integrated steelworks
- Our plants employ modern energy efficient equipment wherever feasible
- Port Kembla's GHG emissions are comparable with other steel facilities with its GHG intensity very close to the average of steel facilities reporting CO₂ emissions to worldsteel
- The Company aims for continuous improvement in both absolute and intensity measures for energy usage and GHG emissions

Water management

Fresh water use reduced by 67% since FY2011, and we continue to explore and implement further water conservation initiatives

- Water is used extensively throughout steelmaking for a number of purposes such as cooling, descaling and dust scrubbing
- For several decades, BlueScope has been implementing a range of strategies to sustainably manage the water required for its operations. For example, over 97 per cent of water used at the Port Kembla Steelworks is now either salt or recycled water
- We continue to explore and implement water conservation initiatives to reduce our reliance on scarce community resources
 - Since 2006, the Port Kembla Steelworks has also been using recycled waste water supplied by Sydney Water
 - BlueScope's Western Port operation in Victoria has similarly commenced using recycled water to reduce dam water consumption through an agreement with South East Water

Fresh and recycled water usage – Australian mills



- Data for Australian steel mills: PKSW, Western Port, Erskine Park and Acacia Ridge
- FY2016 increase in water use (over FY2015) due to increased steel production



CONCLUSION

Key messages

Significantly better business through restructuring of last five years

- Australian Steel Products (ASP) is a significantly better business than it was five years ago when we produced over five million tonnes of steel, with the majority for export markets

Profitability dramatically improved

Steelmaking cash break-even at ~ bottom of the cycle spreads

Positions business to compete effectively in current environment

- Industrial relations reforms of 2015 reset the manufacturing cost base and drove productivity gains
- The foundation has also been laid for future IR reform and future EA negotiations at Port Kembla
- We've introduced a self-funding profit share plan which has been well received by the team
- Increasing capability and engagement is a key focus
- So too is automation and innovation

Clear strategy

- We have a clear strategy to sustain and grow our Australian business, with a focus on inter-material growth

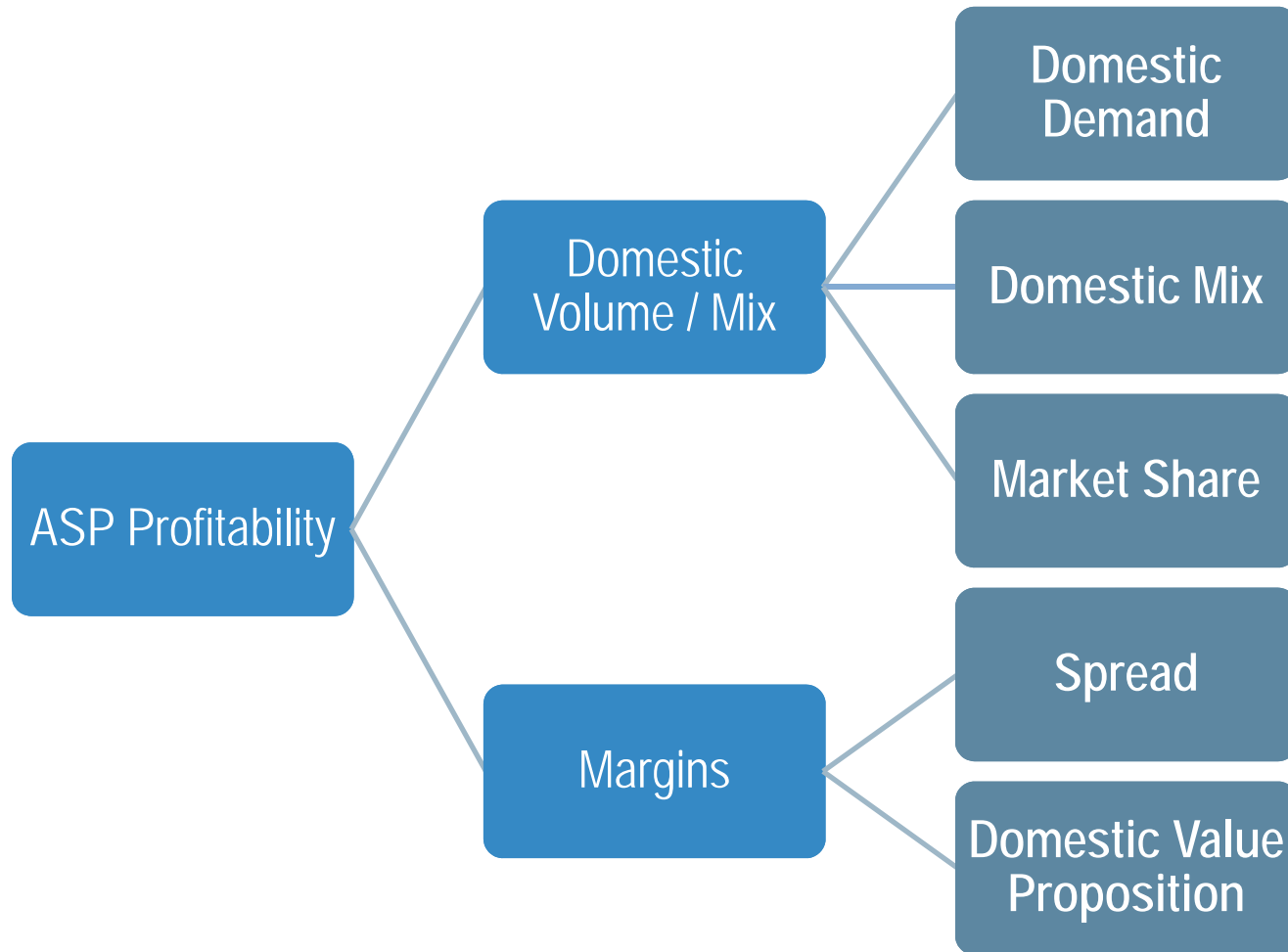
ASP's domestic offering is underpinned by four key value drivers

- Focus on premium branded steel products
- Technical leadership
- Sizeable participation in downstream channels
- Growth focus



ADDITIONAL INFORMATION

Fundamental drivers of profitability

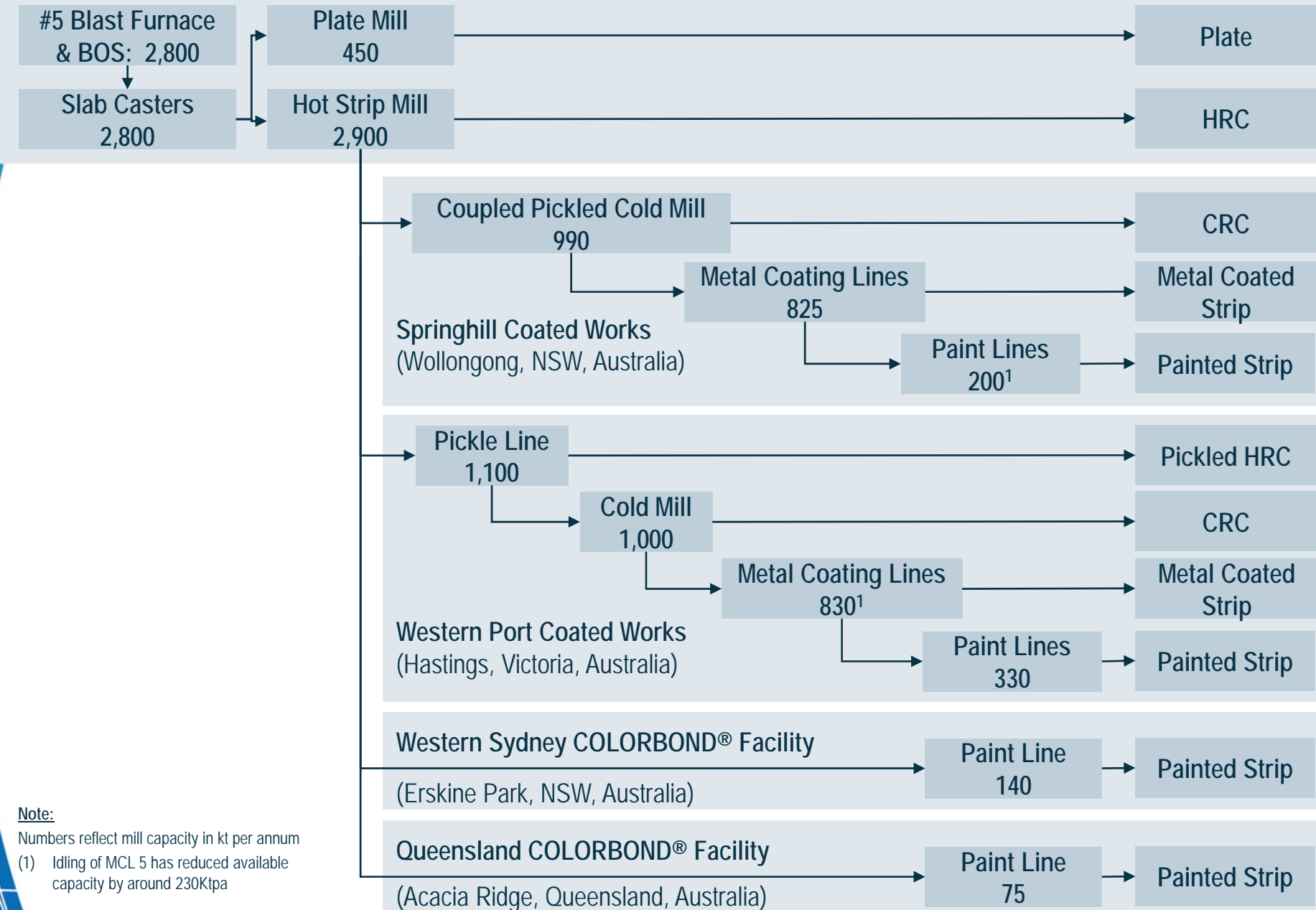


Better profitability in coated & painted products

	Category	Summary
Hot rolled coil Plate Cold rolled coil	Limited product differentiation	<ul style="list-style-type: none"> • Intermediate products, typically substantially transformed into final goods • BSL offer principally differentiated by service, supply reliability and product quality
Aluminium Zinc coated (Next Generation ZINCALUME® steel) Galvanised coated	Increased product differentiation	<ul style="list-style-type: none"> • Make use of sophisticated coating technologies, important to product durability in end applications • BSL's products principally differentiated by product quality and reliability, reputation (brand), service offer • BSL investing in the introduction of unique product coating technologies that further improve differentiation
COLORBOND® steel	Most differentiated	<ul style="list-style-type: none"> • High quality painted products designed for Australian environment to maximise durability • BSL's products differentiated by consumer preference, product warranties, product reputation, ubiquity and supply offer complexity

Annual capacities of steelmaking and coating

Port Kembla Steelworks (Wollongong, New South Wales, Australia)



Note:

Numbers reflect mill capacity in kt per annum

(1) Idling of MCL 5 has reduced available capacity by around 230Ktpa



Australian Steel Products – Briefing Day

15 November 2016

BlueScope Steel Limited. ASX Code: BSL