



# Investor Introductory Pack

February 2015

BlueScope Steel Limited. ASX Code: BSL

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# Contents

This pack provides a strategic and operational introduction to BlueScope and its reporting segments. It should be read in conjunction with BlueScope's 1H FY2015 Financial Results Presentation



Company overview



Australian Steel Products



New Zealand & Pacific Steel



Building Products ASEAN, North America and India



Global Building Solutions



Hot Rolled Products North America



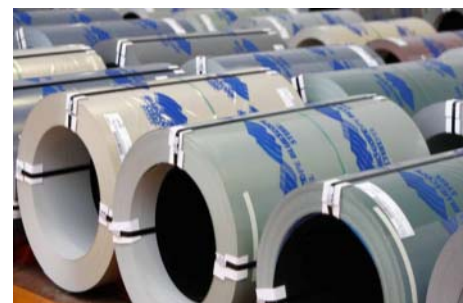


## COMPANY OVERVIEW

# Overview of BlueScope

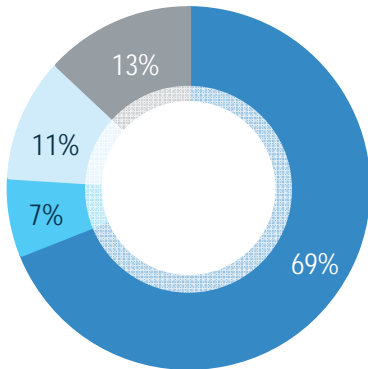
BlueScope is a steel producer for the domestic Australian, New Zealand and US markets and is a leading international supplier of steel products and solutions principally focused on the global building and construction industries

- Australia's and New Zealand's only flat steel producer; our key focus is on higher value, branded steel products for the building & construction industry. Producer of finished steel long products in New Zealand and exporter of iron sands
- Technology leader in metal coated and painted steel building products, principally focused on the Asia Pacific region JV with Nippon Steel & Sumitomo Metal Corporation (NSSMC)
- Leading global supplier of Engineered Building Solutions (EBS) to industrial and commercial markets, with well recognised customers such as Costco, P&G etc
- Highly productive and profitable U.S. flat products mini-mill, in partnership with Cargill
- Strong brand recognition – key brands include COLORBOND®, ZINCALUME®, LYSAGHT®, BUTLER® and VARCO PRUDEN®
- Partnerships with leading companies: NSSMC, Cargill, Tata

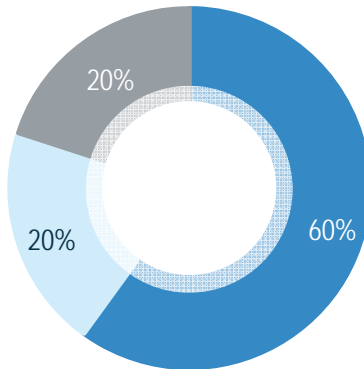


# Indicative end market exposures

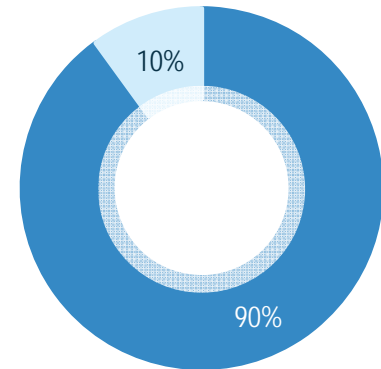
Australia



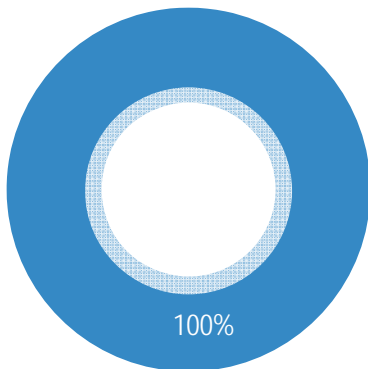
New Zealand (flat products)



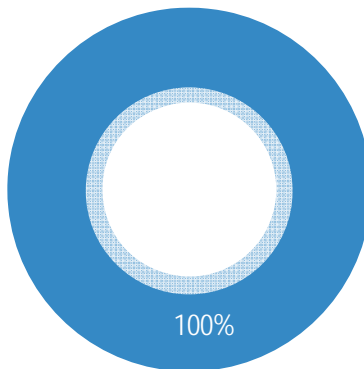
ASEAN



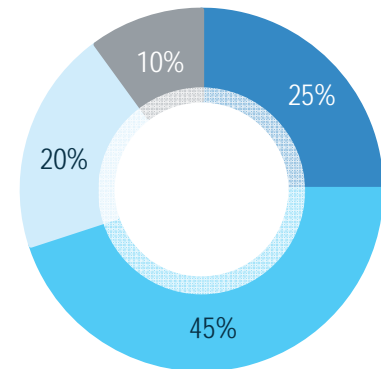
China



North America (ex North Star)



North Star USA



■ Building and construction

■ Auto

■ Manufacturing

■ Agriculture and mining



# Business segments – description

## External segment reporting structure<sup>1</sup>

### BlueScope Australia & New Zealand

#### Australian Steel Products



- Largest supplier and manufacturer of HRC, plate, metal coated and painted steel in Australia
- Australian finished-product capacity of ~2.5Mtpa; domestic sales ~1.9Mtpa in 1H FY2015
- 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 recent acquisition of Pacific Steel
- Iron sands mines for internal feed and export sales

### Building Products ASEAN, North America and India



- Operates metallic coating and painting lines and roll-forming in Indonesia, Malaysia, Thailand, Vietnam, India and North America
- Includes NS BlueScope Coated Products JV and Tata BlueScope JV

### Global Building Solutions



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

### Hot Rolled Products North America

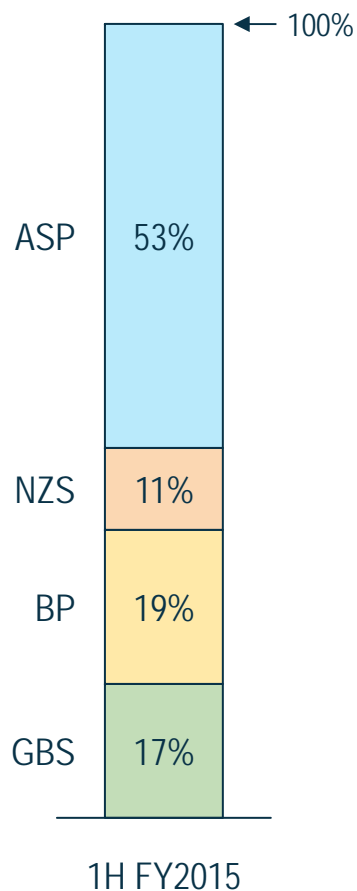


- 2.0Mtpa mini-mill in Ohio
- 50/50 JV with Cargill Inc.
- Voted no. 1 flat rolled steel supplier in North America (Jacobson Survey) for 12 consecutive years

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

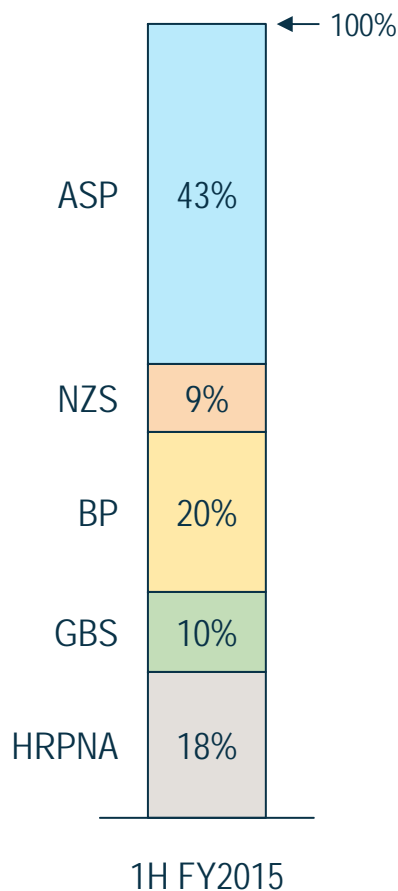
# Business segments – contribution

## Revenue



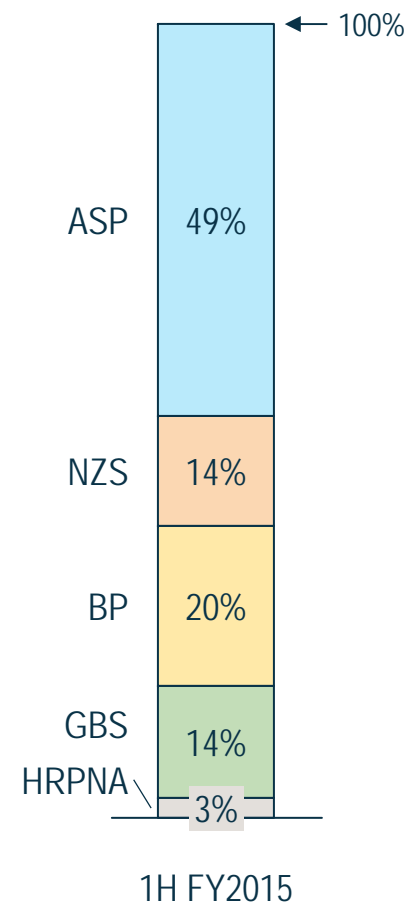
*Shows proportion of pre-eliminations total revenue;  
Excludes HRPNA which is equity accounted*

## Underlying EBITDA



*Shows proportion of EBITDA excluding corporate costs;  
HRPNA contribution is equity accounted share of NPBT*

## Net operating assets (pre tax)



*Based on total of segment net operating assets  
(pre-tax); excludes some corporate balance sheet  
items; HRPNA component is equity accounted  
carrying value*



# Products and end markets

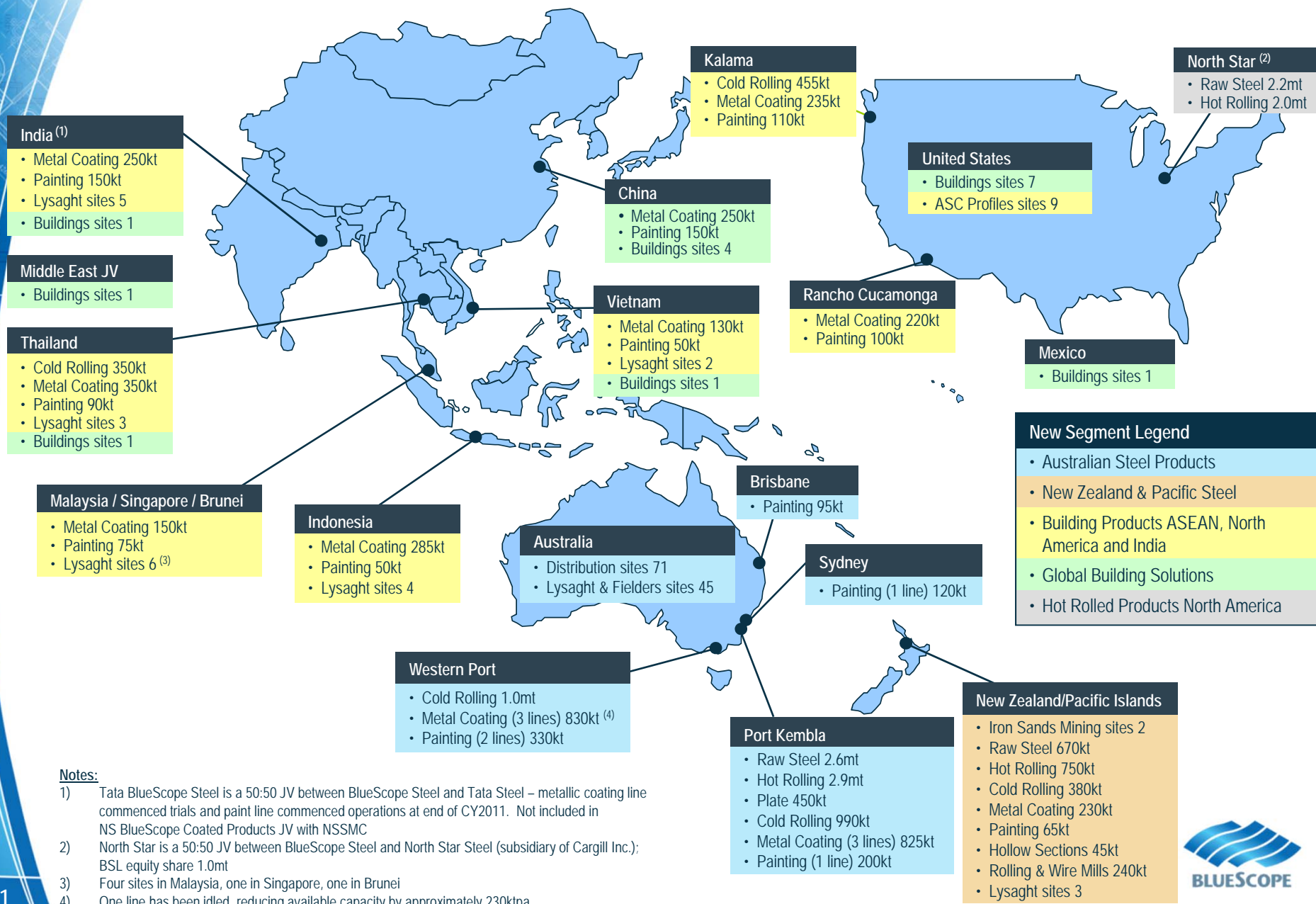
Product		Primary end use markets	Applications
Iron sands		<ul style="list-style-type: none"> <li>Internal and export steel manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>Crude steel manufacturing</li> </ul>
Plate		<ul style="list-style-type: none"> <li>Manufacturing, building and construction and mining</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure projects, mining equipment and structural applications</li> </ul>
Hot rolled coil		<ul style="list-style-type: none"> <li>Building and construction, mining, automotive and transport, manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>Mining equipment, racking, guard rails, building and construction products, structural tubing, water pipelines, oil/gas pipelines and automotive components</li> </ul>
Cold rolled coil		<ul style="list-style-type: none"> <li>Automotive and transport, manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>Automotive, packaging (drums) and storage systems</li> </ul>
Galvanised (including GALVSPAN® steel) and special zinc finishes		<ul style="list-style-type: none"> <li>Building and construction, manufacturing, automotive and transport</li> </ul>	<ul style="list-style-type: none"> <li>General manufacturing, automotive, structural sections for commercial and industrial buildings and structural decking</li> </ul>
Zinc/aluminium alloy-coated ZINCALUME® steel		<ul style="list-style-type: none"> <li>Building and construction</li> </ul>	<ul style="list-style-type: none"> <li>Commercial and industrial construction including roofing, walling, rain water goods and residential framing</li> </ul>
Painted (including pre-painted COLORBOND® steel)		<ul style="list-style-type: none"> <li>Building and construction</li> </ul>	<ul style="list-style-type: none"> <li>Residential, commercial and industrial construction including roofing, walling, fencing, rain water goods, architectural panels, sheds and garages</li> </ul>
Roll-formed LYSAGHT® and Fielders products		<ul style="list-style-type: none"> <li>Building and construction</li> </ul>	<ul style="list-style-type: none"> <li>High strength and lightweight roofing and walling, industrial / commercial roofing and cladding support systems, premium residential products</li> </ul>
Reinforcing steels (bar & coil)		<ul style="list-style-type: none"> <li>Infrastructure, building and construction</li> </ul>	<ul style="list-style-type: none"> <li>Deformed bar used for reinforcing in concrete construction</li> <li>Rod for subsequent manufacture of mesh for residential and commercial concrete slabs</li> </ul>
Wire (galvanised or plain)		<ul style="list-style-type: none"> <li>Agricultural</li> <li>Manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>Fencing (rural, security)</li> <li>Fabrication of mesh used in various consumer products (i.e.. Trolleys, baskets etc.).</li> </ul>
BlueScope Buildings, including BUTLER® and VARCO PRUDEN® engineered building solutions		<ul style="list-style-type: none"> <li>Building and construction</li> <li>Industrial and resources</li> </ul>	<ul style="list-style-type: none"> <li>Industrial and commercial building and construction (primarily buildings suited for manufacturing, warehouses, mining, aviation, and retail)</li> </ul>
BlueScope Water tanks and fittings		<ul style="list-style-type: none"> <li>Building and construction, infrastructure, agricultural and resources</li> </ul>	<ul style="list-style-type: none"> <li>Water tanks for commercial, industrial, rural mining and agricultural applications</li> </ul>

## Strong brand recognition and value-added products

- BlueScope Steel's brand portfolio contains many well-known and respected names including
  - Australia: COLORBOND® steel, ZINCALUME® steel, ZINCALUME® steel with Activate™ technology, GALVASPAN® steel, LYSAGHT® building products and RANBUILD™
  - New Zealand: COLORSTEEL®
- BUTLER® and VARCO PRUDEN® are leading brands in Engineered Building Solutions globally
- In Asia, BlueScope Steel has built a reputation for quality with its purpose-designed Clean COLORBOND® steel brand

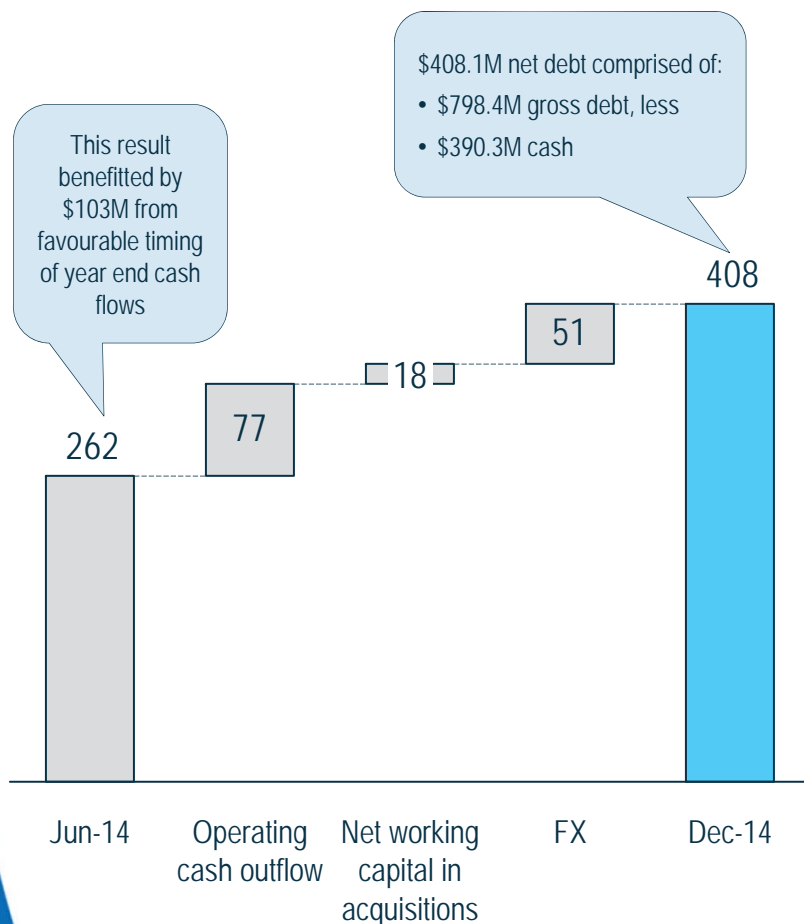
The LYSAGHT logo features the word "LYSAGHT" in a bold, blue, sans-serif font. A blue swoosh underline is positioned beneath the letters.The BUTLER logo consists of the word "BUTLER" in a bold, blue, sans-serif font, enclosed within a blue oval border.The Colorbond logo features the word "Colorbond" in a black, sans-serif font, with a registered trademark symbol (®) to the upper right. The letter "o" is colored orange.The Galvaspan logo displays the word "Galvaspan" in a black, sans-serif font, with a registered trademark symbol (®) to the upper right.The clean Colorbond logo includes the word "clean" in a blue, cursive script font, followed by the word "Colorbond" in a black, sans-serif font with a registered trademark symbol (®). The letter "o" in "Colorbond" is orange.The Zincalume logo shows the word "Zincalume" in a black, sans-serif font, with a registered trademark symbol (®) to the upper right. The letter "a" is colored green.The COLOR STEEL logo features the word "COLOR" in a multi-colored, sans-serif font (red, orange, yellow, green, blue) above the word "STEEL" in a black, sans-serif font. A registered trademark symbol (®) is to the upper right.

# Global manufacturing footprint at December 2014

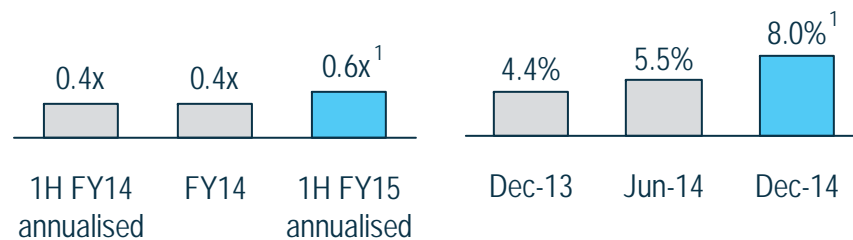


# Balance sheet – low gearing maintained

## Net debt (\$M)

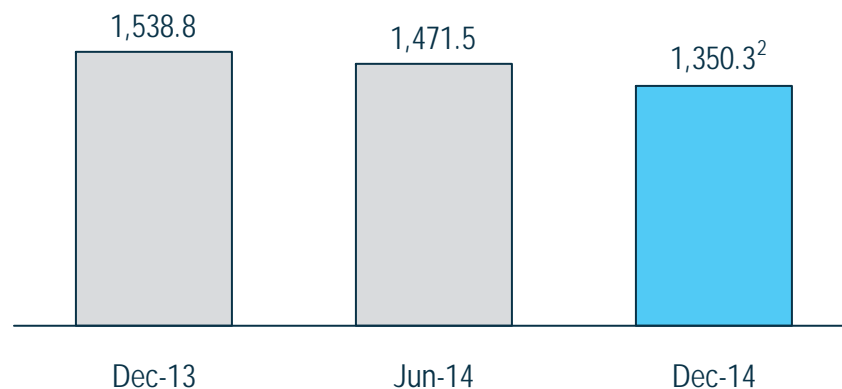


## Net debt / EBITDA



(1) Fall in the AUD:USD contributed 0.07x to rise in net debt / EBITDA and 0.8% to rise in gearing

## Liquidity (undrawn facilities and cash, \$M)



(2) Includes \$354.5M liquidity in NS BlueScope Coated Products JV



# BlueScope has a suite of strong businesses

## BlueScope Australia & New Zealand

- Only local flat products producer in Australia & NZ
- Leading coating & painting capability
- Leading brands
- Innovative products with patented technologies: eg Activate™ technology

## Building Products

- Leader in high quality coated and painted steel in Asia
- Depth of product offering to meet diverse customer needs
- Working with best possible partner (NSSMC) to strengthen and diversify product range

## Global Building Solutions

- Leading position in U.S. and China
- A unique value proposition through Global Accounts – unmatched geographic reach for customers
- 'Breakthrough' completion results through strategic relationships
- IP and brands support our competitive market offer

## North Star

- Customer service leader
- High efficiency plant
- Well located – scrap source and close to customers

- Global brands – COLORBOND®, Lysaght®, Butler®
- Global partnerships – Cargill, NSSMC, Tata, Costco, P&G
- Global networks – 100 factories, 17 countries, 17,000 employees

... together with exposures to growing markets

#### BlueScope Australia & New Zealand

- Levered to domestic / export mix improvement
- Levered to building sector recovery (both Aus & NZ)
- Levered to lower A\$

#### Building Products

- Positioned in growing construction markets in ASEAN, India and North America
- Coated Products Joint Venture benefits
- Opportunities in new countries, products and channels (eg retail market development)

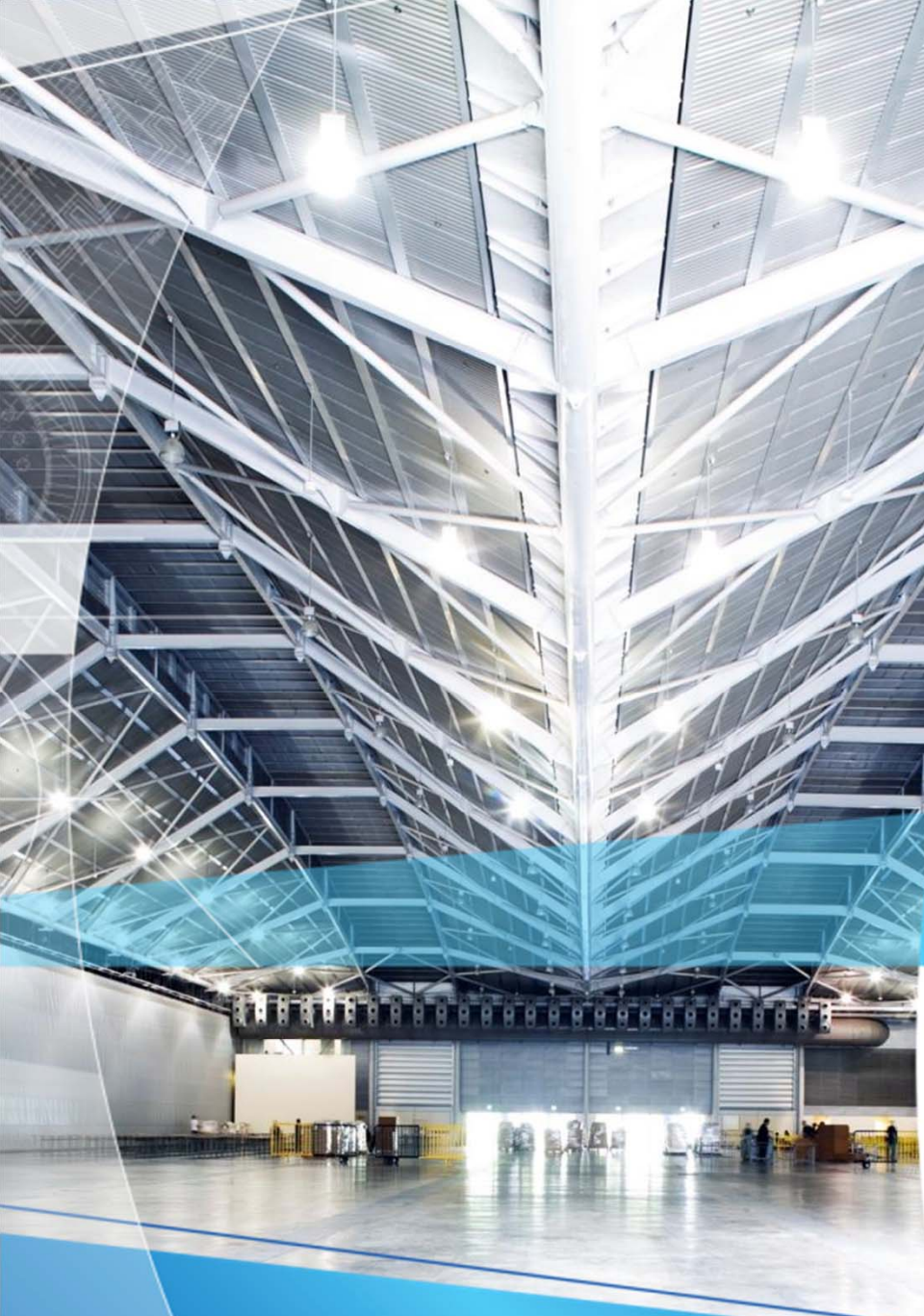
#### Global Building Solutions

- U.S. market recovery underway
- Growing in ASEAN
- Positioning China business to improve
- Gaining traction in program accounts

#### North Star

- Achieving incremental performance improvements in an already high performance business
- Continue to look at productivity improvement initiatives

We have stabilised the business, laid the foundations for strong growth, made measured investments, and achieved this while maintaining a conservative balance sheet



## **BLUESCOPE AUSTRALIA & NEW ZEALAND (BANZ)**

# BlueScope Australia & New Zealand Strategy

We're recharging BANZ to deliver long term sustained profitability and cash generation

We want to be the most successful steel business in Australia and NZ with efficient channels to market

We want to build on our heritage of innovation to safely produce steel products that benefit our customers and communities



TARGET WINNING  
MARKETS



GET LEAN, FIT  
AND HUNGRY



**TRIPLE A  
CULTURE**



BROADEN VIEW TO  
CREATE GROWTH

OPTIMISE  
VALUE CHAIN







**AUSTRALIAN STEEL  
PRODUCTS**

# Australian Steel Products

## Segment overview

- Leading supplier of flat steel products in Australia with 70-75% market share
- Largest supplier of metal coated and painted steel in Australia
- Port Kembla Steel Works is a high quality producer of steel
  - 2.5Mtpa mix adjusted steelmaking capacity
  - Long term supply contracts with BHP Billiton for iron ore (sourced from Pilbara) and coking coal (from nearby Illawarra mines)
  - Direct access to deep-water port
  - Highly skilled workforce
- Products include slab, plate, hot rolled coil, cold rolled coil, zinc / aluminium alloy-coated ZINCALUME® steel and galvanized and pre-painted COLORBOND® steel
- Significant channels to market, including through our building components and distribution businesses



# Australian Steel Products

## Strategy & earnings drivers

### Strategy

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- Target winning markets
  - Maintain or build on market positions in Australian flat steel products
  - Launched next generation ZINCALUME® and COLORBOND® offering enhanced corrosion resistance, a wider applications and lower production cost
- Get lean, fit and hungry
  - Relentless pursuit of cost reductions
  - Right-size our cost base to current conditions
  - Optimise assets across the BANZ footprint
- Lower cost to serve customers
  - Examine ways to serve the market more efficiently – eg recently completed small acquisitions close to existing core operations

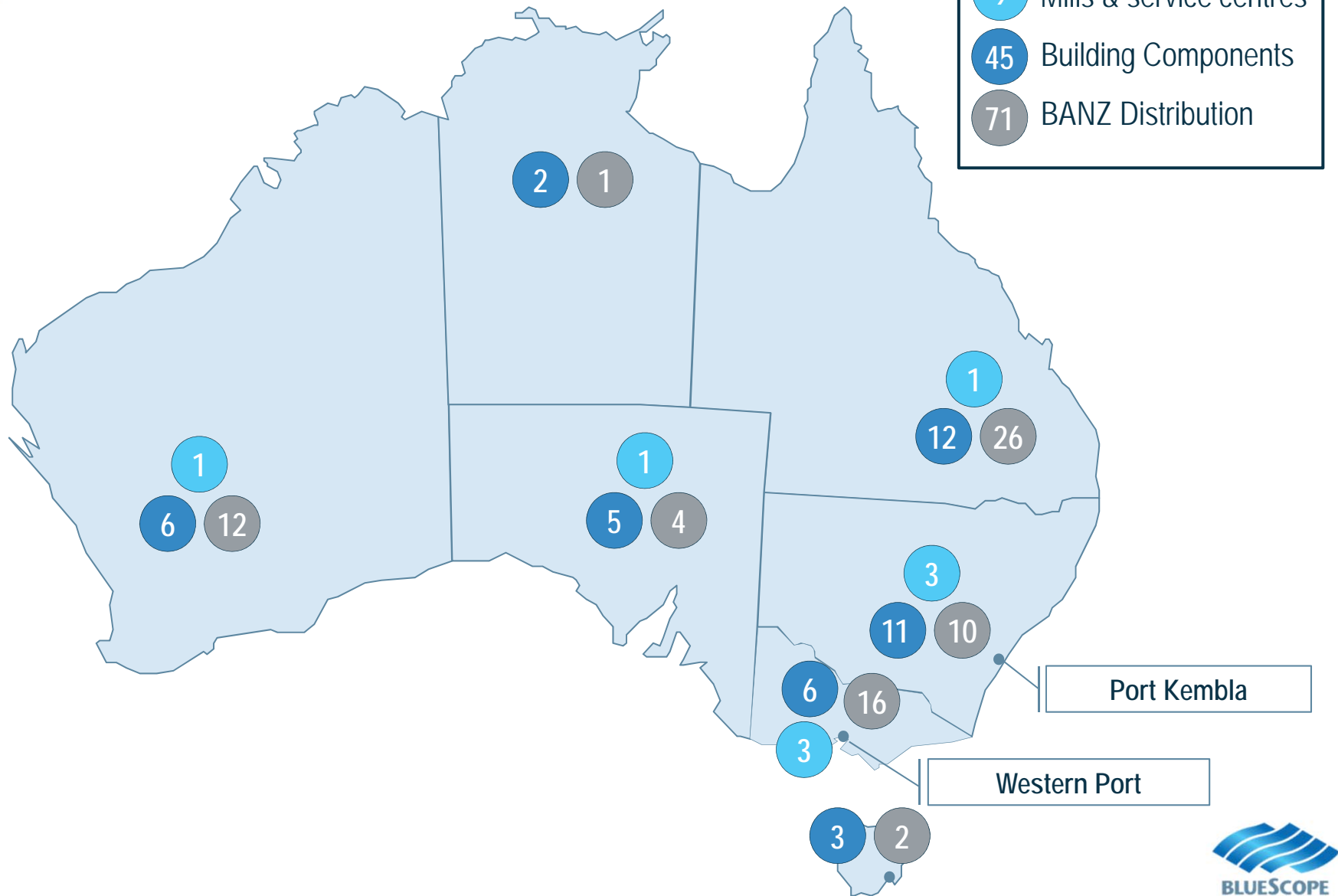
### Key earnings drivers

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- Selling prices
- Material costs – including iron ore, coal, fluxes, alloys, and coating materials
- Conversion costs
- Foreign exchange (eg AUD/USD)
- Despatch volumes
- Domestic / export and product mix

# Australian Steel Products

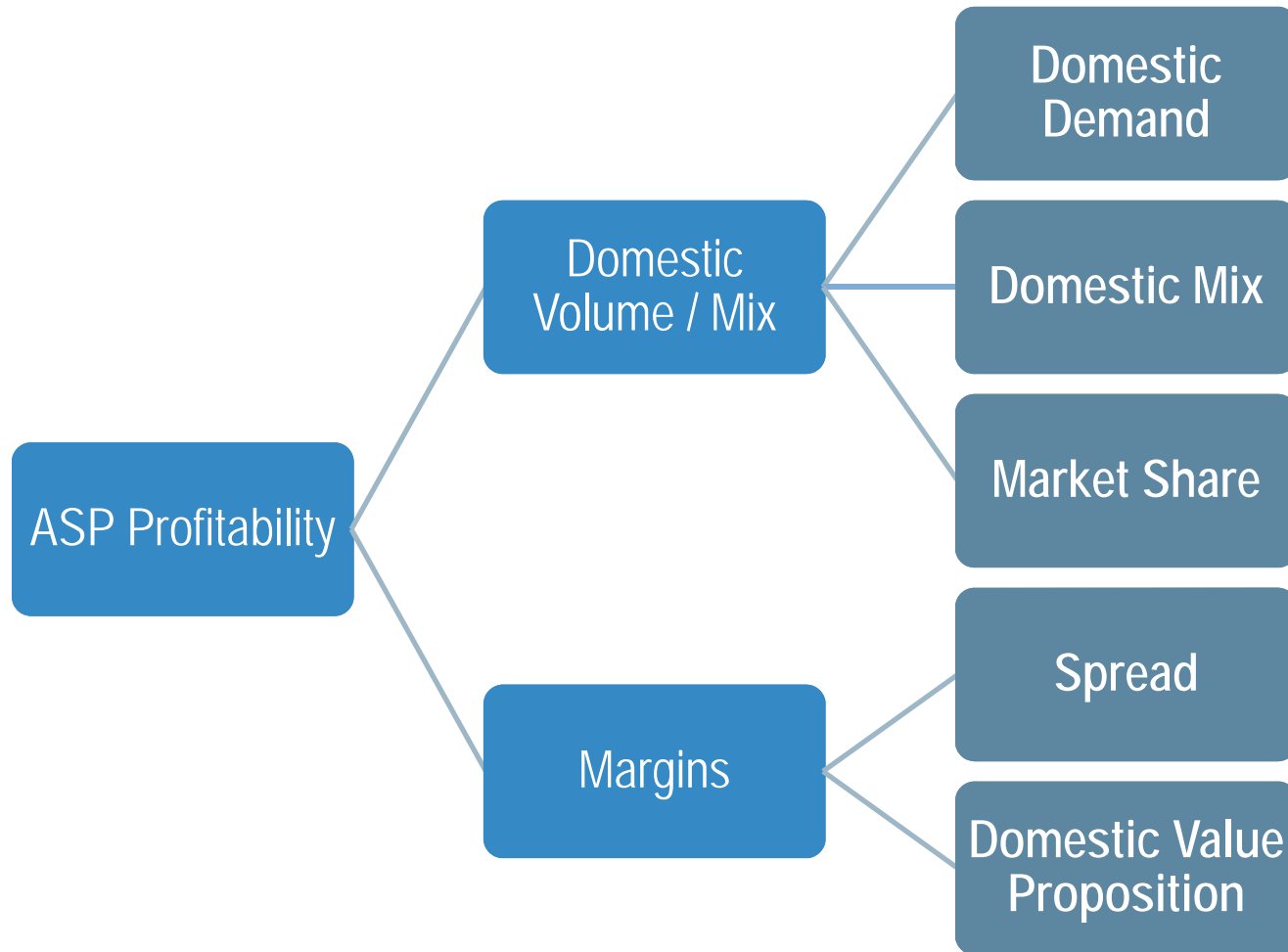
## Locations





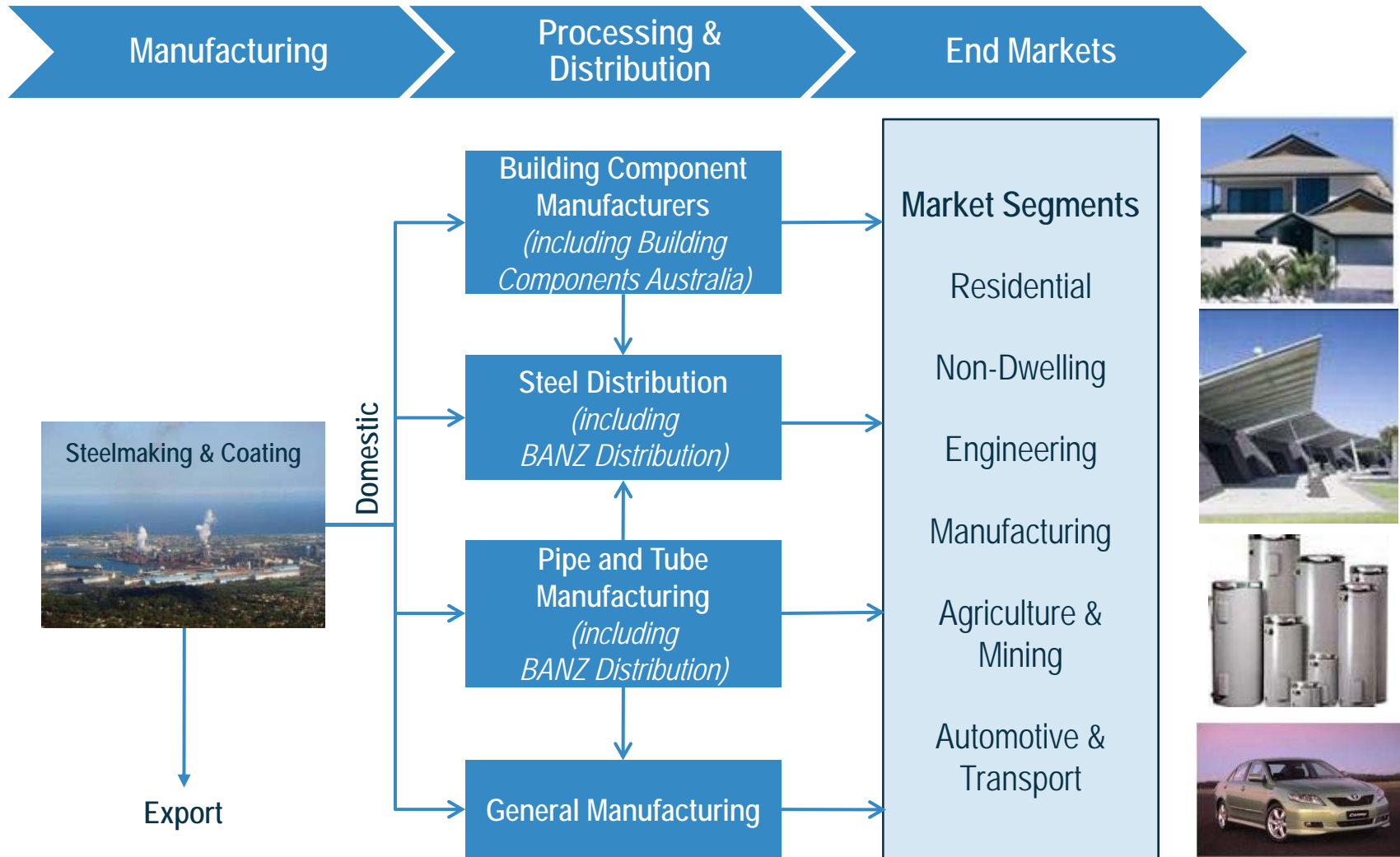
# Australian Steel Products

## Fundamental drivers of profitability



# Australian Steel Products

## Market channels

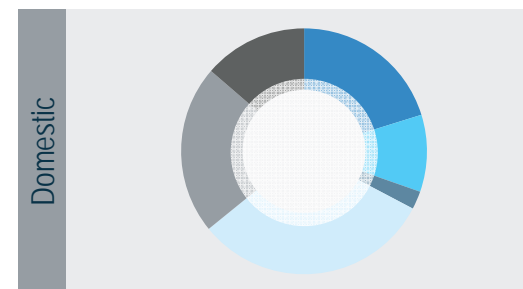
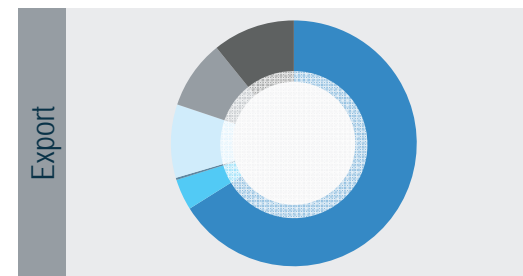


# Australian Steel Products

## Despatch mix (Mt)



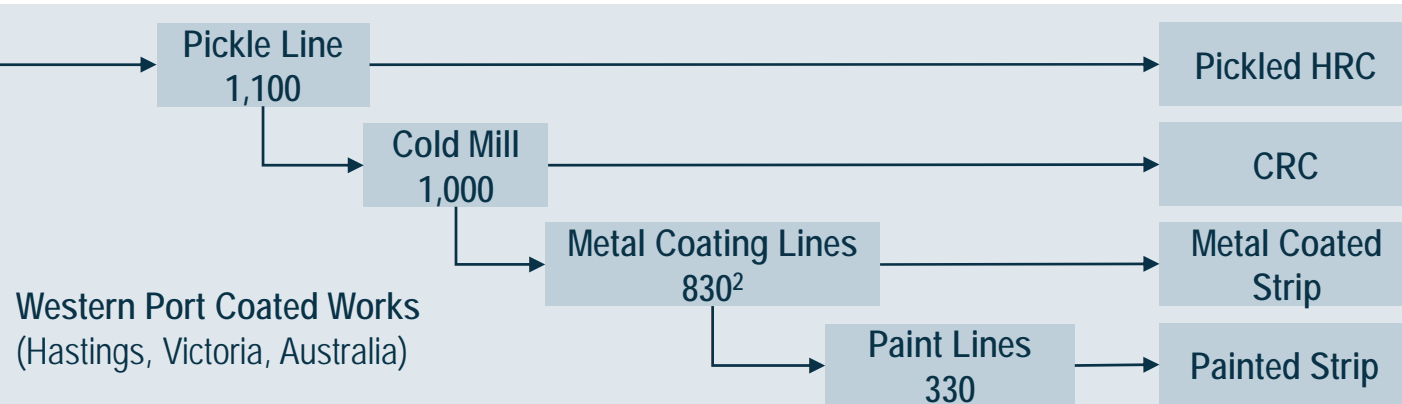
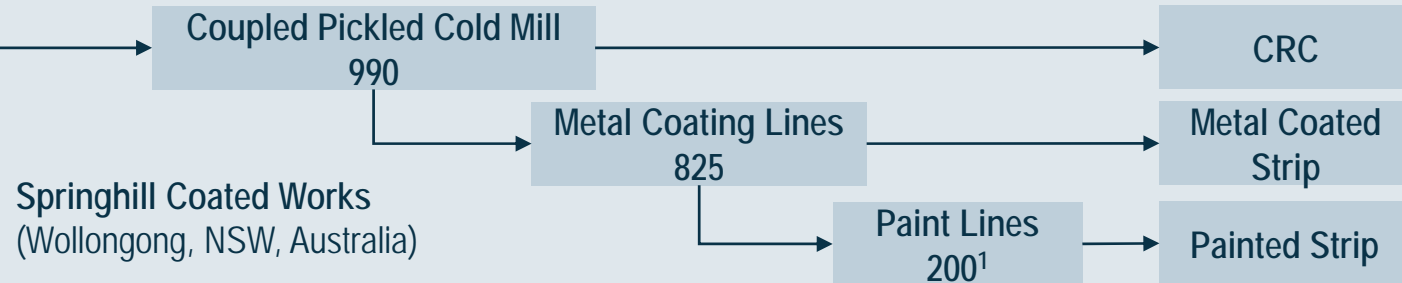
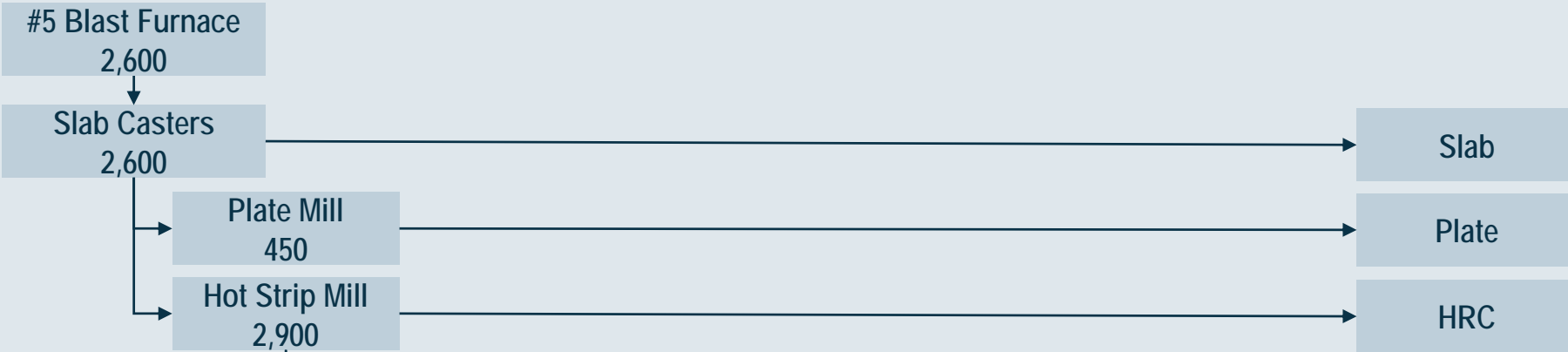
### 1H FY2015 Product Mix



# Australian Steel Products

## Annual capacities of key manufacturing plants

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



#### Note:

Numbers reflect mill capacity in kt per annum

- (1) There is an additional 215ktpa of combined capacity at Western Sydney and Acacia Ridge (Qld) paint lines
- (2) Idling of MCL 5 has reduced available capacity by around 230Ktpa



# Australian Steel Products

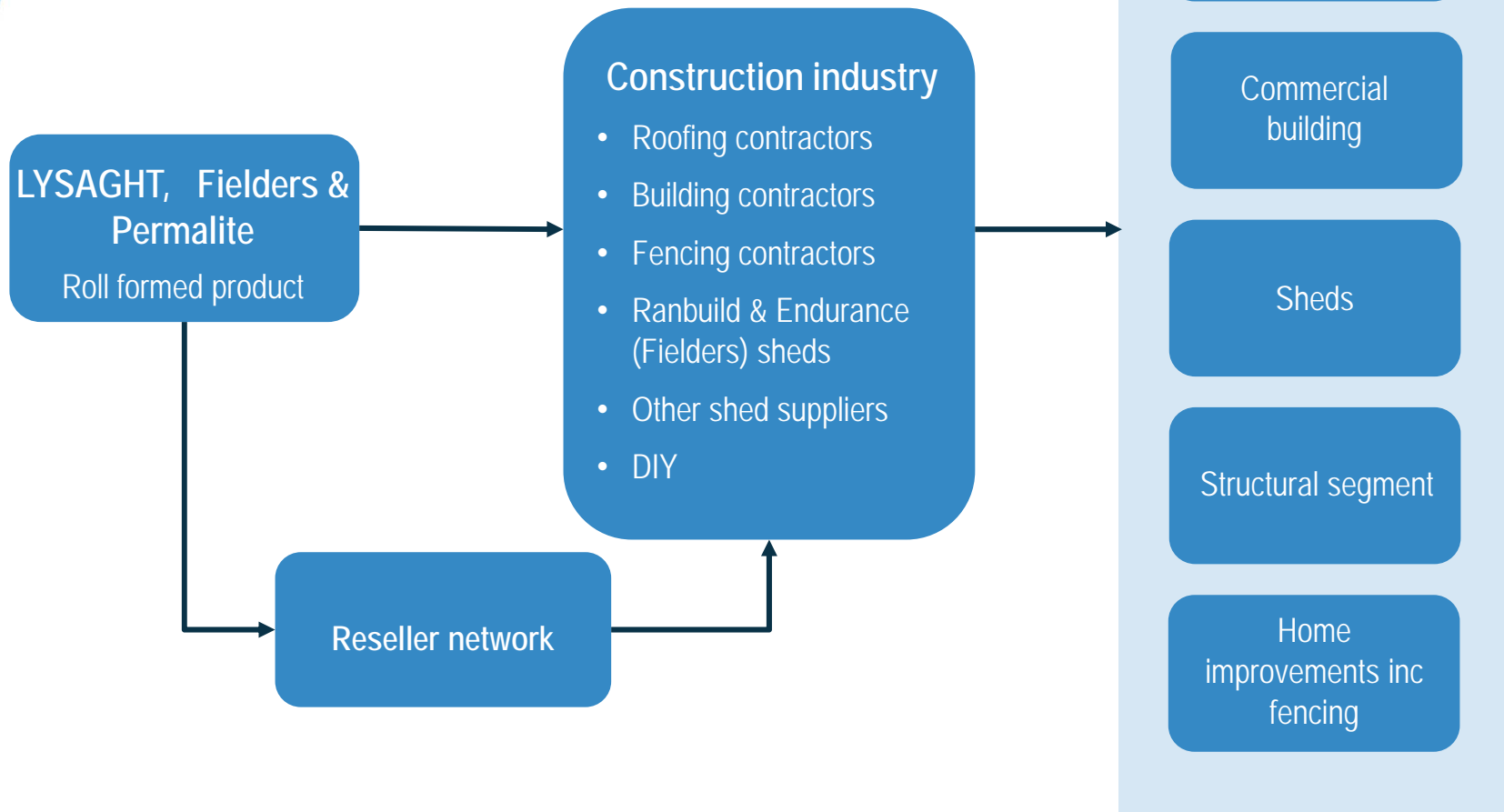
## Building Components: overview

- Nearly 50 locations and approximately 1,300 employees around Australia, providing a unique service capability unsurpassed by our competitors
- Manufacture and market 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; as well as design and market shed solutions through the Ranbuild business
- Trusted steel suppliers spanning nearly 100 years of operations in Australia, 100% Australian steel supply, unmatched technical expertise and quality service
- Work in conjunction with other parts of BlueScope to ensure a consistent and complete solution outcome for our customers
- Offers BlueScope products such as COLORBOND® steel, ZINCALUME® steel and GALVASPAN® steel



# Australian Steel Products

## Building Components: channels to market



# Australian Steel Products

## Building Components: core products and brands

- Roofing for the residential and commercial segments in profiles such as CUSTOM ORB®, TRIMDEK® and KingKlip®
- A walling range that gives flexibility to suit any architectural style or environment with brands such as MINI ORB®
- Fencing profiles such as NEETASCREEN®, SPANSCREEN® and TL-5
- Structural products such as battens, purlins and structural decking in brands such as TOPSPAN®, SUPAPURLIN® and KingFlor®
- Full range of rainwater products including gutters, fascia and downpipes
- Supply of domestic, light commercial and industrial sheds through Ranbuild and Endurance Sheds as well as supply of the above products to support other external shed customers
- Our LYSAGHT Living Collection and Centenary ranges of verandahs, patios, carports and decks are supported by products such as FIRMLOK® and FLATDEK®
- Design and supply of aluminium roofing, walling and purlin products to the harsh environment market through Permalite with brands such as ALSPAN® and VRIB®



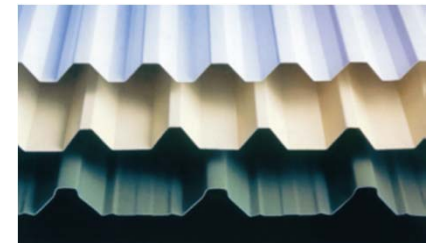
CUSTOM ORB® Night Sky™



NEETASCREEN® Domain™



TL-5 Fencing



Permalite Aluminium Sheeting

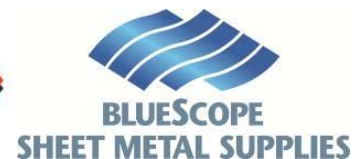
# Australian Steel Products

## BANZ Distribution: overview

- Around 70 locations and approximately 1,500 employees Australia wide, providing quality steel solutions to the residential, non residential, engineering construction, automotive, transport, manufacturing, mining and agriculture market segments
- Supplies full range of steel products, including sheet and coil, plate, structural steel, merchant bar, tube, reinforcing, pipes, valves & fittings, and specialty metals
- Offers customers value added processing and supply chain solutions – plate profiling, beam processing, routing, cutting, sawing, drilling, slitting, shearing, inventory and warehouse management and next day delivery services
- Our customer promise – superior customer service, technical expertise, innovation, quality and commitment
- Builds the brand equity in BlueScope products such as COLORBOND® steel, ZINCALUME® steel and GALVASPAN® steel. Offers warranties to provide peace of mind for our customers



IMPACT STEEL

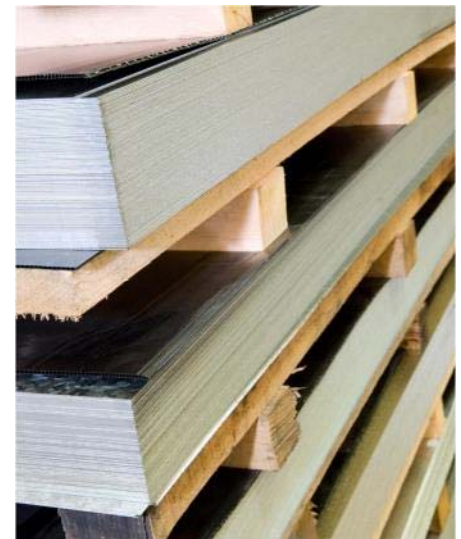
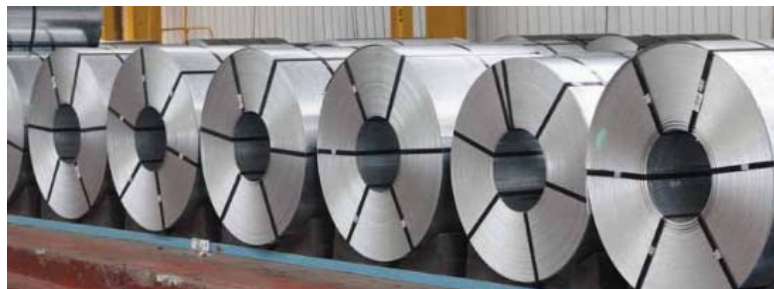




# Australian Steel Products

Distribution: core products

Steel & tube	Sheet & coil
Plate	Hot rolled
Hot rolled structural	Cold rolled
Tube	Galvanised
Merchant bar	ZINCALUME® steel
Pipe, valves & fittings	TrueCore® steel
Reinforcing & rural aluminium	COLORBOND® steel



# Australian Steel Products

Distribution: processing services



Value added processing services provided include:

- Plate profiling
- Drilling
- Cutting & sawing
- Routing
- Slitting
- Shearing
- Recoiling





# Australian Steel Products

Flat products: better profitability in coated & painted products

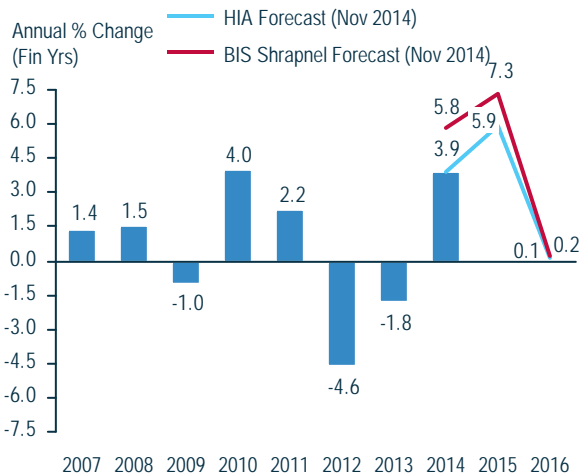
	Category	Summary
<p>Hot rolled coil</p> <p>Plate</p> <p>Cold rolled coil</p>	Limited product differentiation	<ul style="list-style-type: none"> <li>Intermediate products, typically substantially transformed into final goods</li> <li>BSL offer principally differentiated by service, supply reliability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

# Australian Steel Products

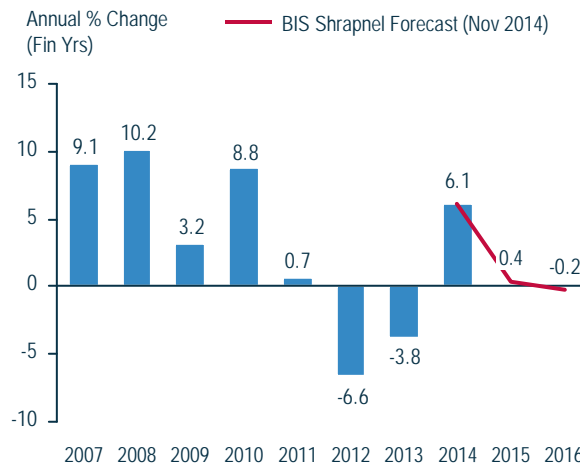
## External forecasters' outlook for our key end-use segment exposures

CONSTRUCTION  
Change in real value of work done

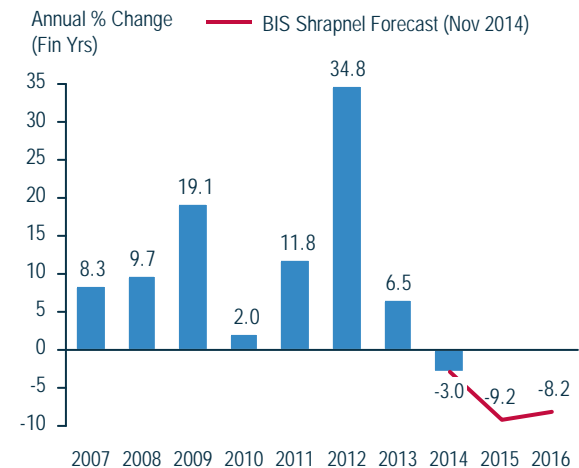
### Residential construction



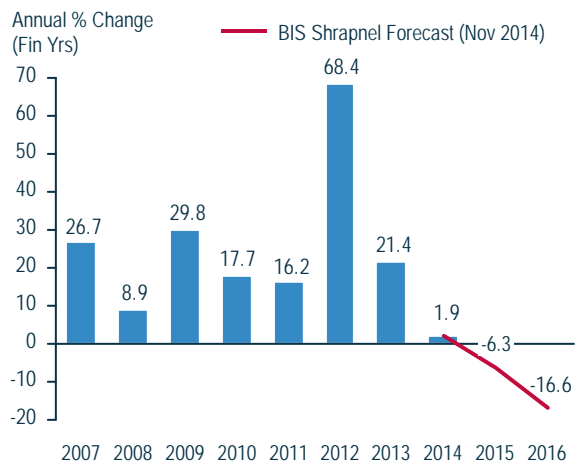
### Non-residential construction



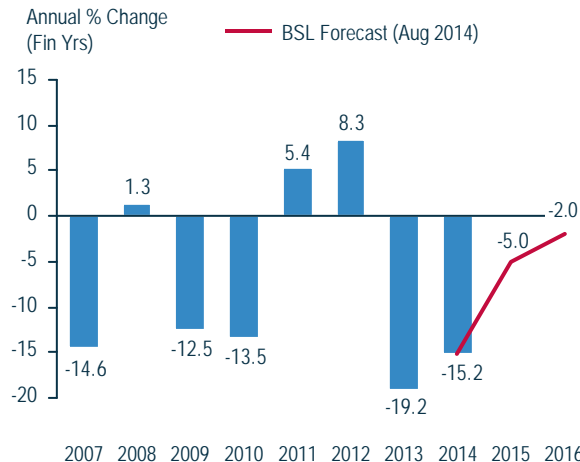
### Engineering construction



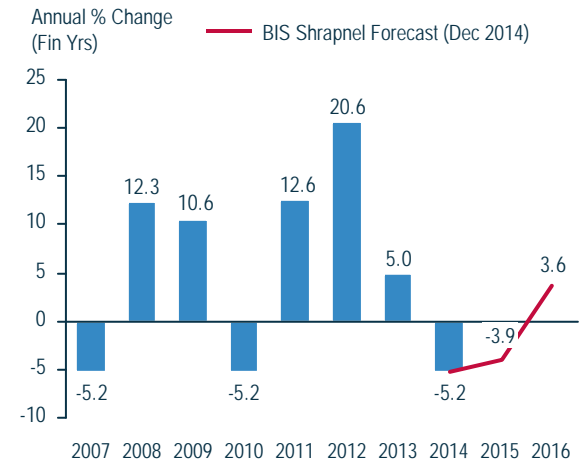
### Mining



### Manufacturing



### Agriculture



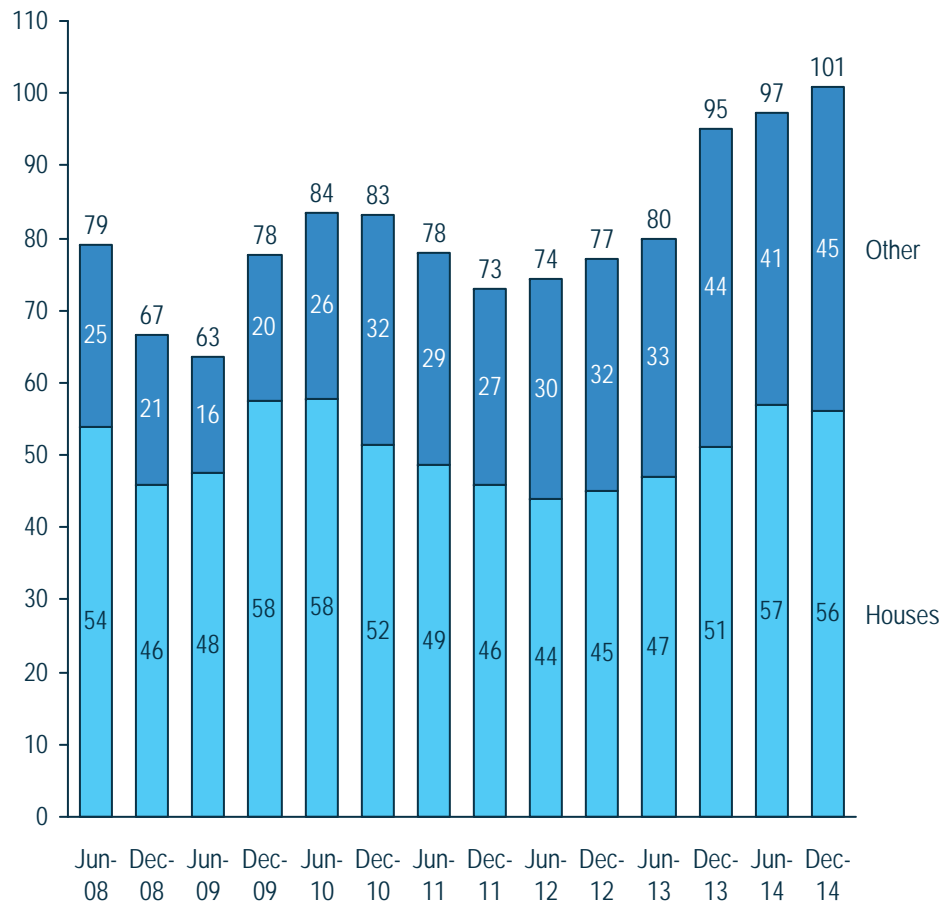
INDUSTRIAL  
Change in real investment (GFCF)



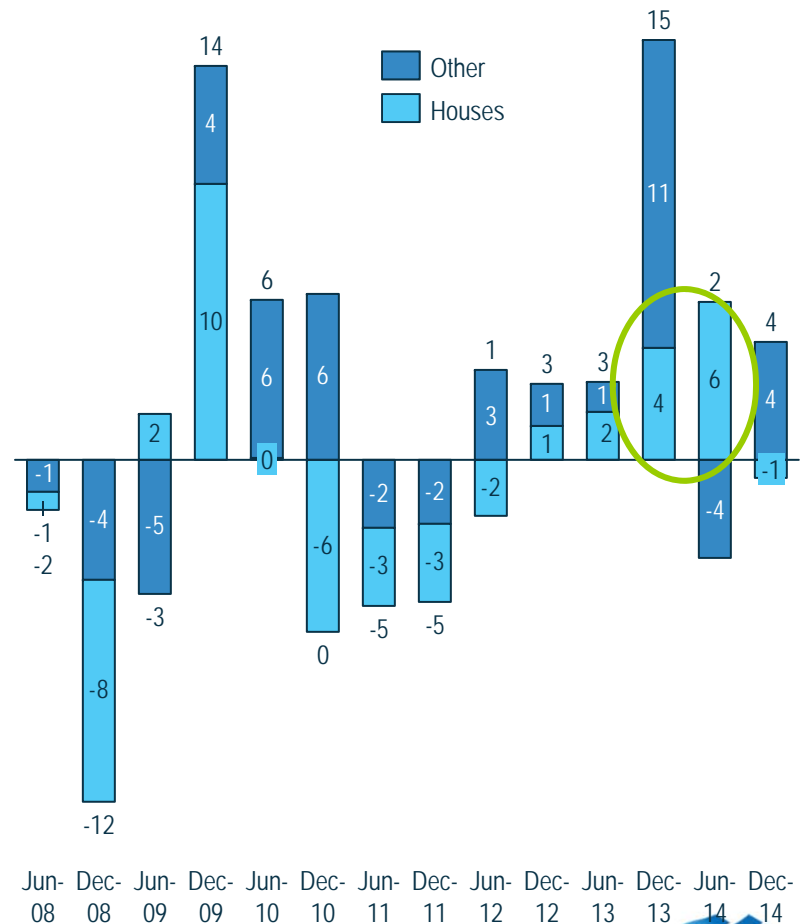
# Australian Steel Products

Approvals of new detached houses have lifted strongly in the last 18 months

Australian residential construction approvals  
(private sector) – '000 units



Change in Australian residential construction approvals  
(private sector) – '000 units

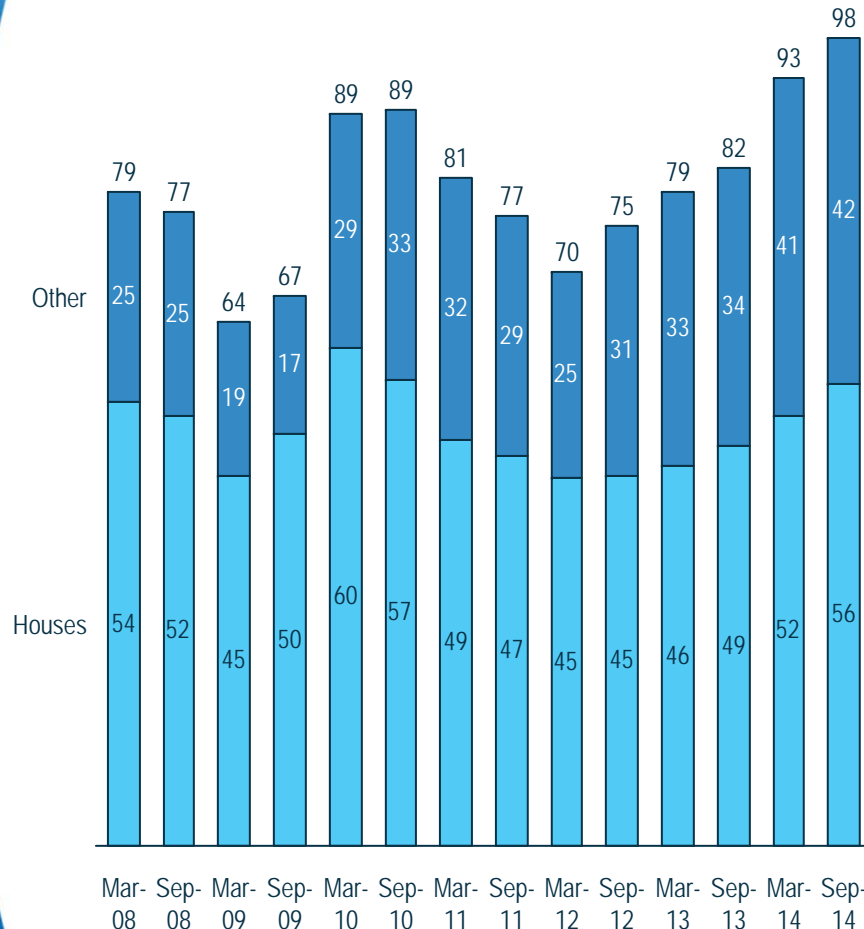


Source: ABS series 8731.0, table 6. Private sector. Seasonally adjusted

# Australian Steel Products

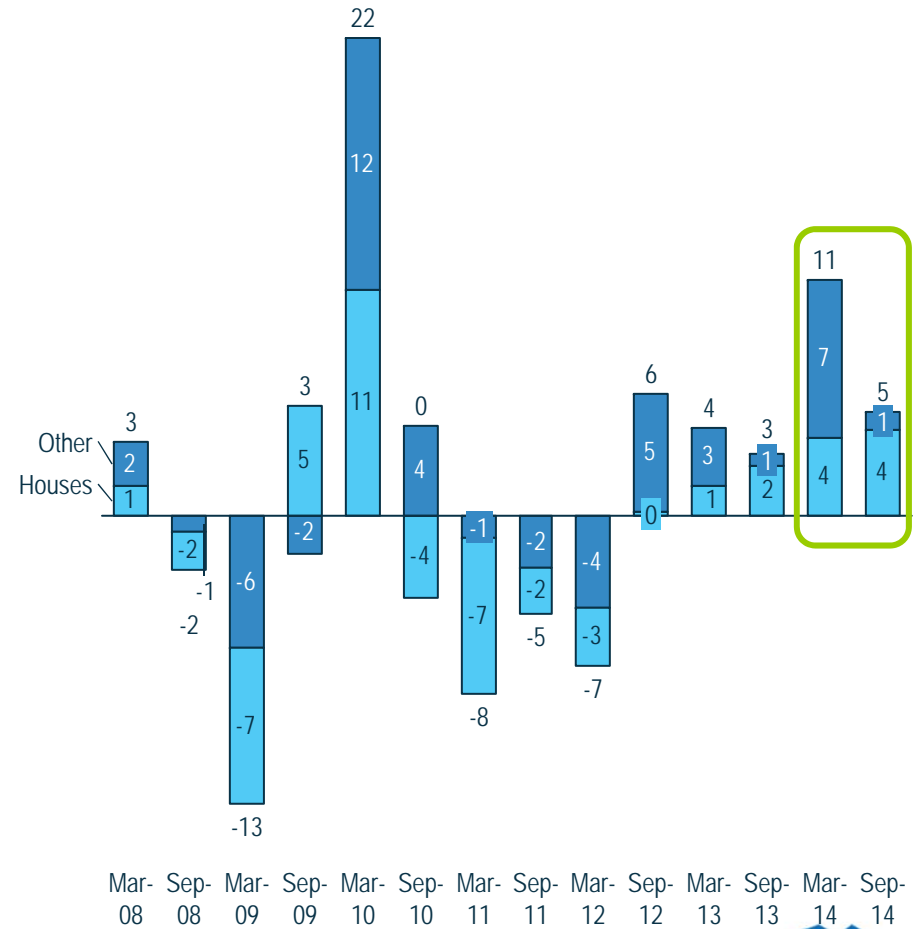
Commencements lag approvals, and have only achieved full momentum in the last 12 months. Further, BSL despatches lag commencements (eg roof, gutter and fence installation)

Australian residential construction commencements (private & public sector) – '000 units



Source: ABS series 8752, table 33. Total sectors (public & private).

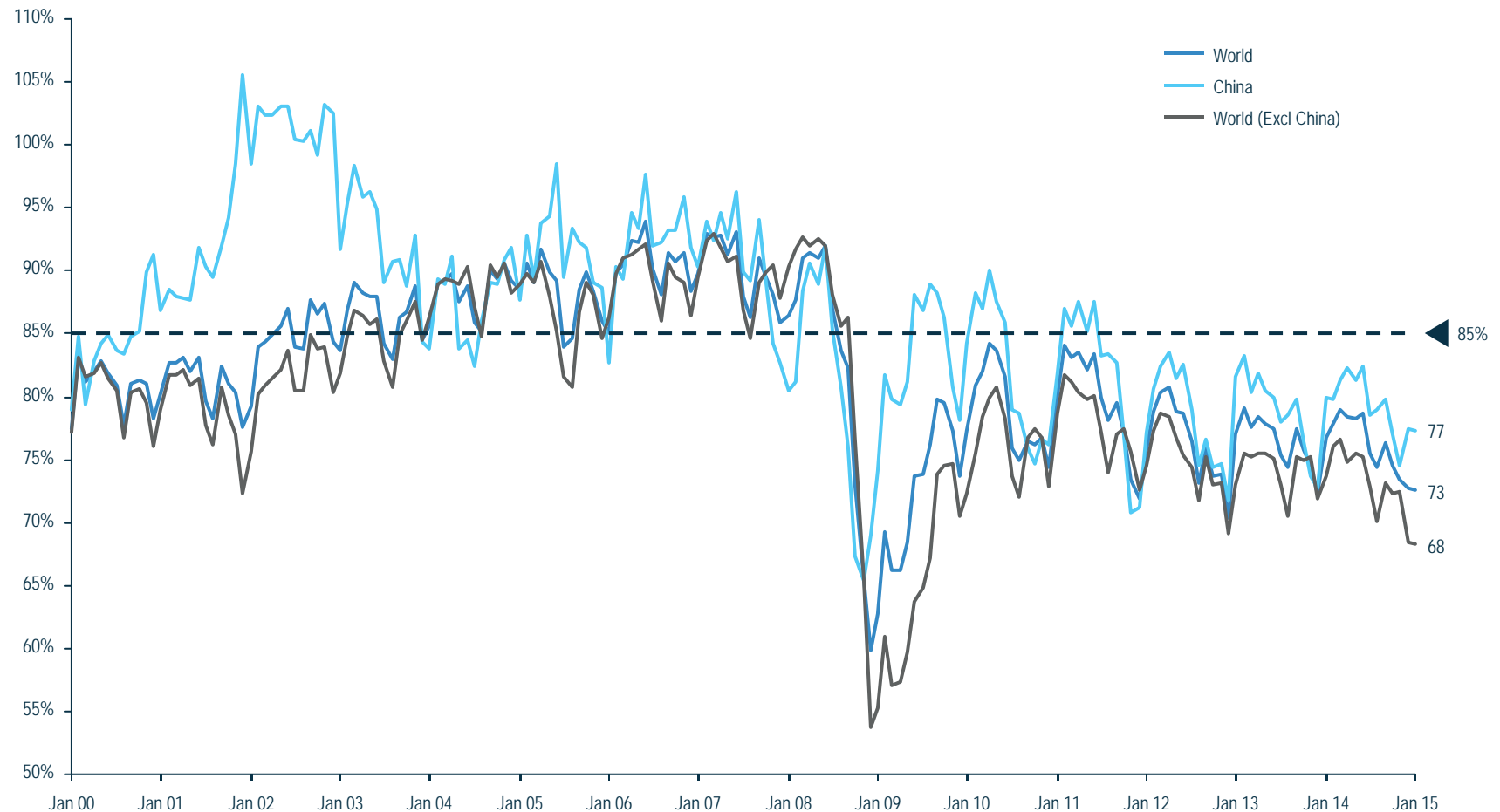
Change in Australian residential construction commencements (private & public sector) – '000 units



# Australian Steel Products

## Global crude steel capacity utilisation update

### Monthly crude steel capacity utilisation<sup>1</sup> (%)



- Source: WSA

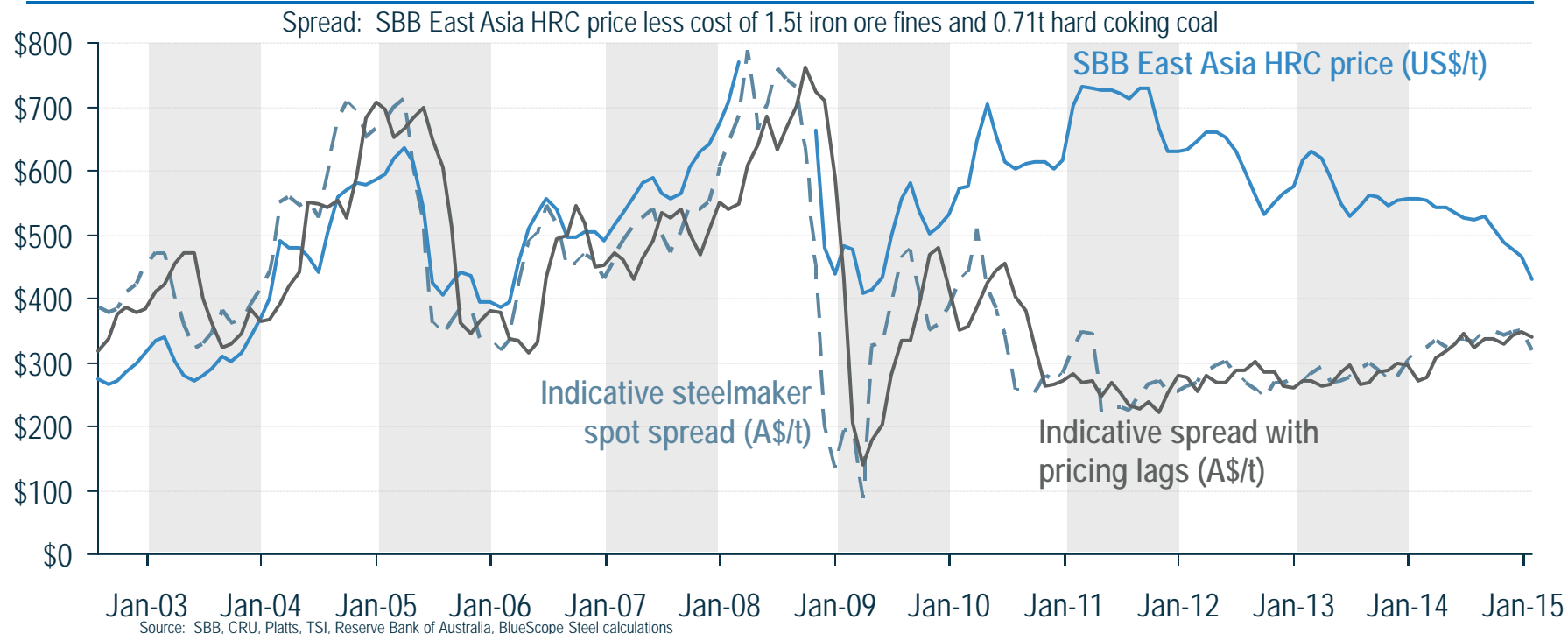
- Data to Jan 2015

**Note:** (1) Crude steel capacity utilisation is calculated based on the WSA 66 reporting countries, representing approx 96% of global crude steel capacity; at 85% pricing power may shift towards steelmaker

# Australian Steel Products

Spread continues to be a major determinant of segment profitability

## East Asia HRC price (US\$/t) and indicative steelmaker HRC spread (A\$/t)



	FY2010	FY2011	FY2012	FY2013	FY2014	1H FY14	2H FY14	1H FY15
Indicative steelmaker HRC spread (US\$/t)	365	271	276	277	283	265	300	307
Indicative steelmaker HRC spread (A\$/t)	414	275	267	270	308	288	328	344
Indicative spread with pricing lags (A\$/t)	403	292	257	278	295	282	308	336
A\$ / US\$ FX	0.88	0.99	1.03	1.03	0.92	0.92	0.91	0.89

### Notes on calculation:

- 'Indicative steelmaker HRC spread' representation based on simple input blend of 1.5t iron ore fines and 0.71t hard coking coal per output tonne of steel. Chart is not a specific representation of BSL realised export HRC spread (eg does not account for iron ore blends, realised steel prices etc), but rather is shown primarily to demonstrate movements from period to period arising from the prices / currency involved. 'Indicative spread with pricing lags' includes three month HRC price lag, three month lag on iron ore price and two month lag on coal price
- Indicative iron ore pricing: 62% Fe iron ore fines price assumed. Industry annual benchmark prices up to March 2010. Quarterly index average prices lagged by one quarter from April 2010 to March 2011; 50/50 monthly/quarterly index average from April 2011 to December 2012. Monthly thereafter. FOB estimate deducts Baltic cape index freight cost from CFR China price
- Indicative hard coking coal pricing: low-vol, FOB. Industry annual benchmark prices up to March 2010; quarterly prices from April 2010 to March 2011; 50/50 monthly/quarterly pricing thereafter



**NEW ZEALAND AND  
PACIFIC STEEL**



# New Zealand & Pacific Steel

## Segment overview

### New Zealand Steel



- Only fully integrated flat steel maker in New Zealand, with leading domestic market share of flat products
- Located at Glenbrook, south-west of Auckland
- Around 600ktpa steel despatches

### Pacific Steel



- Coil and wire manufacturer
- Two sites – Otahuhu (Auckland) and Fiji
- Despatches of around 240ktpa

### Pacific Islands



- Rollforming business
- Six sites across three countries
- Around 10ktpa despatches

### Minerals



- Iron sands exports
- Two sites – Waikato North Head and Taharoa
- Over 2Mt of sand exported in FY2014

# New Zealand & Pacific Steel

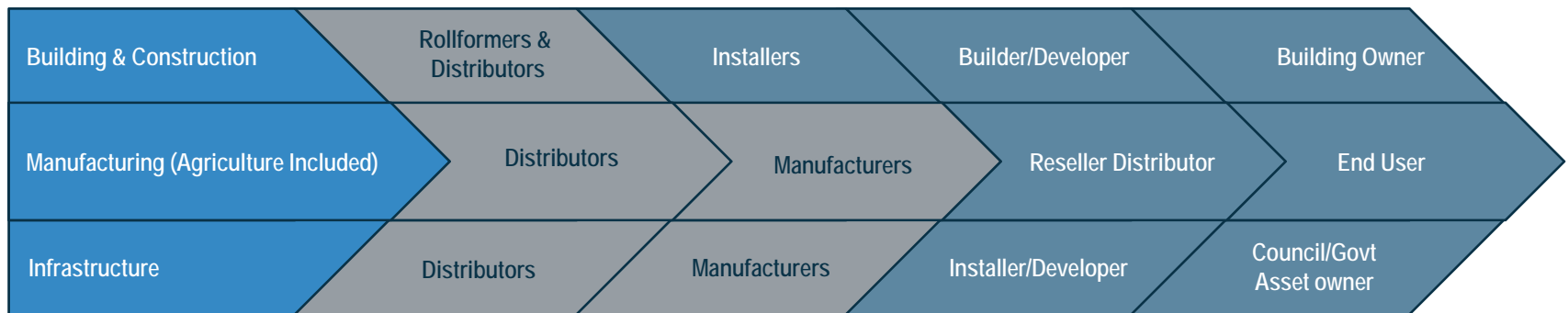
## Strategy and earnings drivers of each business

	New Zealand Steel	Pacific Steel	Pacific Islands	Minerals
Strategy	<ul style="list-style-type: none"> <li>• Maximise domestic volumes through the Pacific Steel acquisition</li> <li>• Continually improve the businesses through market and product development, supply chain optimisation and cost reduction initiatives</li> </ul>		<ul style="list-style-type: none"> <li>• Grow into our current asset position</li> </ul>	<ul style="list-style-type: none"> <li>• Grow export volumes and optimise use of resource base</li> <li>• Optimise mining plans and operations to reduce costs and maximise returns</li> </ul>
Earnings drivers	<ul style="list-style-type: none"> <li>• Global HRC price</li> <li>• NZD:USD exchange rate</li> <li>• Domestic demand</li> <li>• Domestic value proposition</li> <li>• Production volume</li> <li>• Conversion and materials costs</li> </ul>	<ul style="list-style-type: none"> <li>• Global rebar price</li> <li>• NZ:US exchange rate</li> <li>• Domestic demand</li> <li>• Domestic value proposition</li> <li>• Conversion and materials costs</li> </ul>	<ul style="list-style-type: none"> <li>• Foreign investment</li> <li>• Political stability</li> <li>• Domestic demand</li> </ul>	<ul style="list-style-type: none"> <li>• Iron ore pricing</li> <li>• AUD:USD exchange rate</li> <li>• Production volumes</li> </ul>

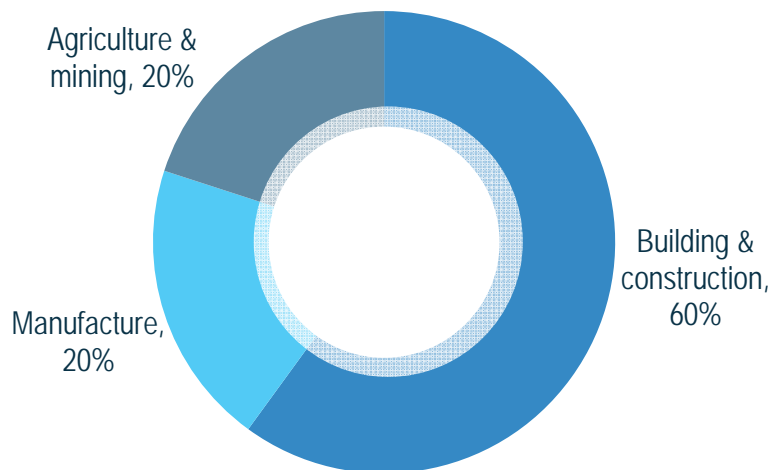
# New Zealand & Pacific Steel

## New Zealand market at a glance

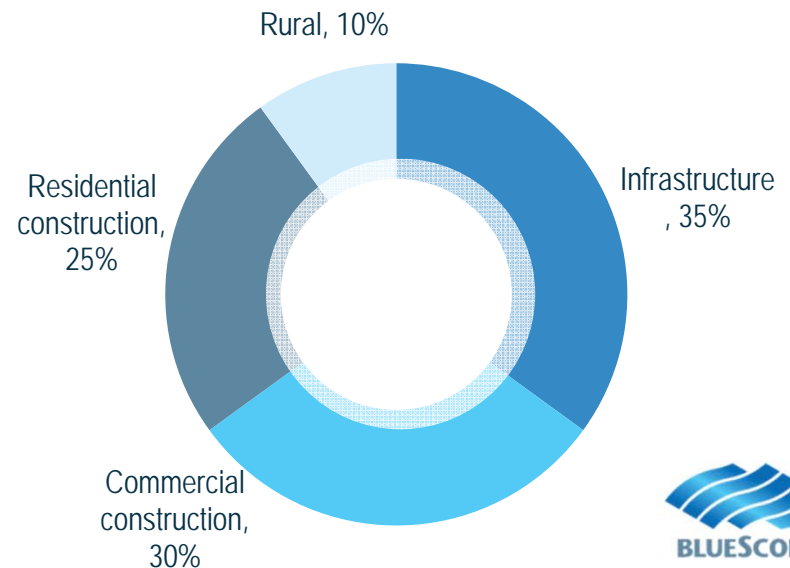
### NZ Steel value stream



### End use segments – flat products

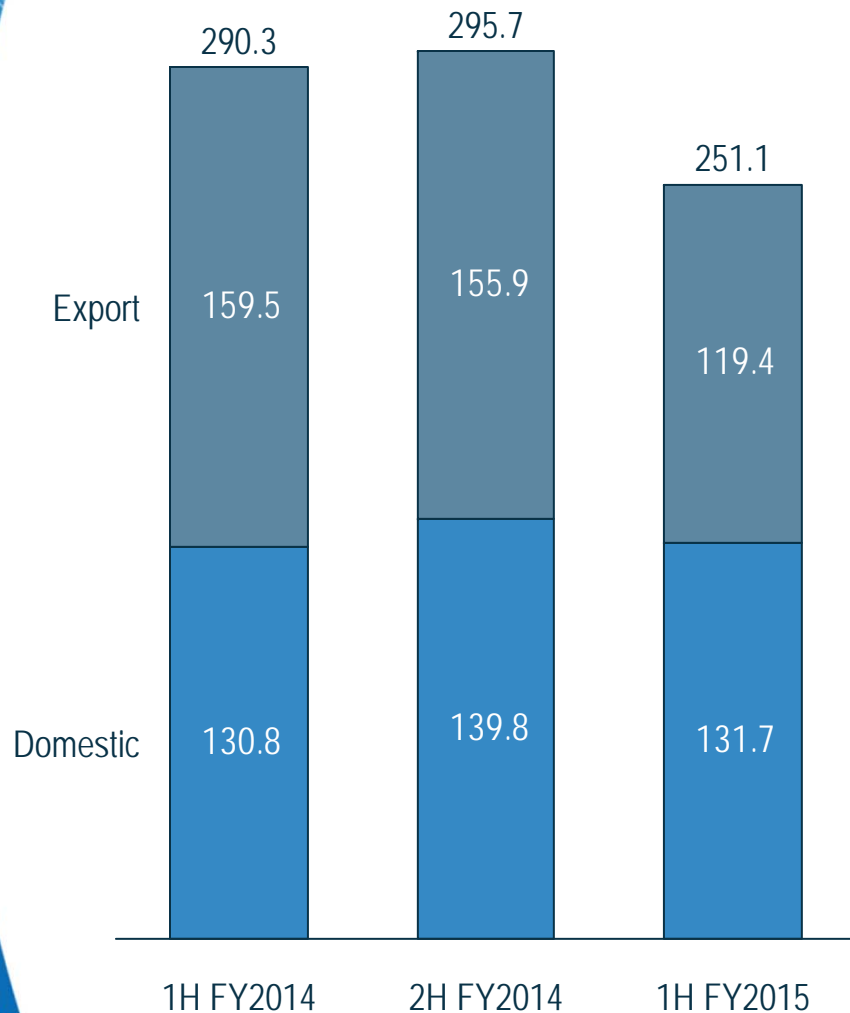


### End use segments – long products

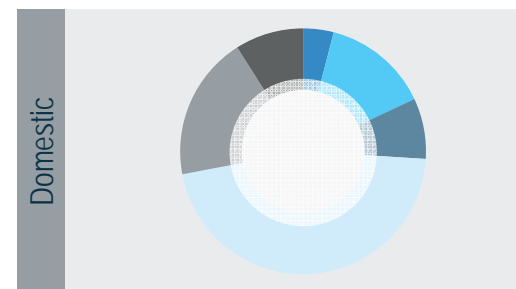
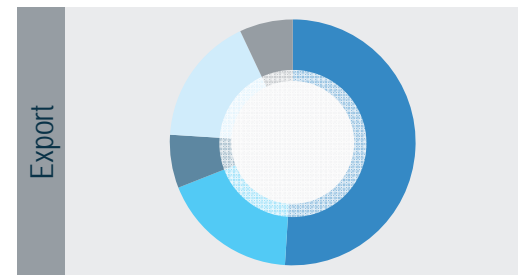


# New Zealand & Pacific Steel

New Zealand Steel (flat products) despatch mix (kt) – excludes Pacific Steel

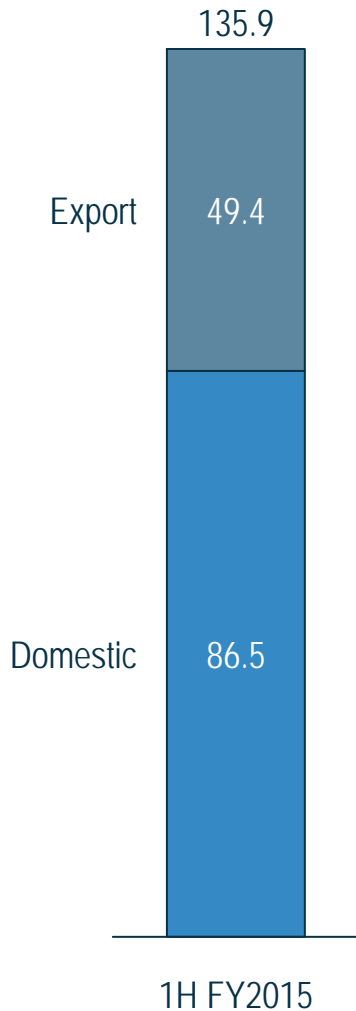


1H FY2015 Product Mix

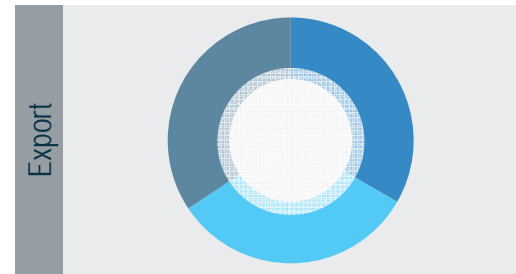


# New Zealand & Pacific Steel

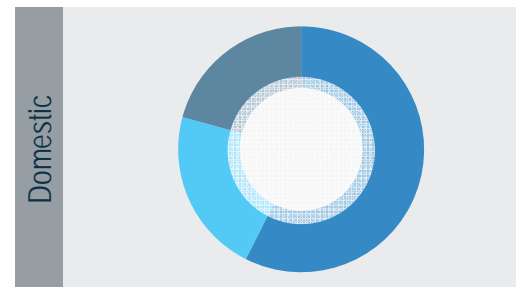
Pacific Steel (long products) despatch mix (kt)



1H FY2015 Product Mix



■ Rod ■ Coil wire ■ Coil reinforcing





# New Zealand & Pacific Steel

## Better profitability in coated & painted products

	Category	Summary
Hot rolled coil Plate Cold rolled coil Wire, reinforcing	Limited product differentiation	<ul style="list-style-type: none"><li>• Intermediate products, typically substantially transformed into final goods</li><li>• NZS offer principally differentiated by service, supply reliability and product quality – with corresponding price premium</li></ul>
Aluminium Zinc coated Galvanised coated	Increased product differentiation	<ul style="list-style-type: none"><li>• Make use of sophisticated coating technologies, important to product durability in end applications</li><li>• NZS's products principally differentiated by product diversity, product quality and reliability, reputation (brand), and service offer with small order quantities</li></ul>
COLORSTEEL® prepainted steel	Most differentiated	<ul style="list-style-type: none"><li>• High quality water based painted products designed for the New Zealand environment with superior durability</li><li>• NZS's products differentiated by strong consumer brand preference, product warranties, product reputation and supply offer complexity</li></ul>

# New Zealand & Pacific Steel

## Agreement to acquire rolling and marketing operations of Pacific Steel

- Announced agreement 17 February 2014; completed on 3 June 2014
- Producer and marketer of long products such as reinforcing steel, rod and wire, in NZ and Fiji. 119kt domestic (NZ & Fiji) and 133kt export despatches in FY2014
- Approx. NZ\$60M acquisition price; half paid on 3 June 2014, half deferred until late first half of FY2015
- NZ Steel to invest ~NZ\$50M in new billet caster and associated plant at Glenbrook, and on integration
  - New caster will supply steel billet to the Pacific Steel rolling mills in NZ and Fiji
- Attractive for BlueScope:
  - Leverage low cost iron sands – lower cost of production
  - Better serve customers with full range of long products, together with existing flat products – better sales mix





# New Zealand & Pacific Steel

## Overview of Pacific Steel's downstream rolling & marketing operations

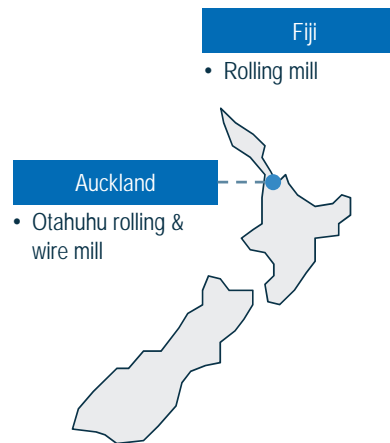
### Key points

- Producer and marketer of long products (reinforcing steels, and zinc/aluminium coated manufacturing wire.
- In FY2014 sold approximately 119kt to New Zealand & Fiji domestic and 133kt to export customers
- Rolling mill and wire mill at Otahuhu (South Auckland) and a rolling mill in Fiji

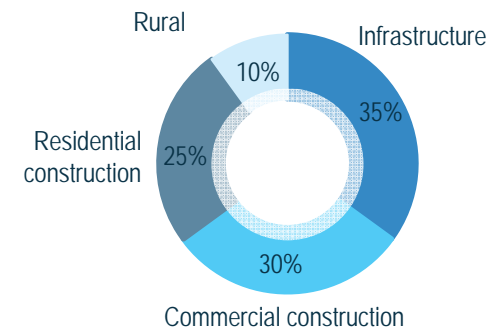
### Product overview

Reinforcing steels (bar & coil)	<ul style="list-style-type: none"> <li>• Seismic grade and lower tensile, higher ductility carbon steel for construction</li> </ul> 
Low carbon wire rod	<ul style="list-style-type: none"> <li>• Industrial quality low carbon steel rod, primarily intend for cold drawing into wire</li> </ul> 
Ductile wire rod	<ul style="list-style-type: none"> <li>• Micro alloyed rod for manufacturing seismic grade mesh for residential and commercial slabs</li> </ul>
Reid bar	<ul style="list-style-type: none"> <li>• Threaded bar for construction industry</li> <li>• Can be cut and joined on site using Reidbar™ connector systems</li> </ul> 
Wiremark fencing	<ul style="list-style-type: none"> <li>• ZnAl fence wire in two coating weight levels; mainly for agricultural industry</li> </ul> 

### Manufacturing facilities



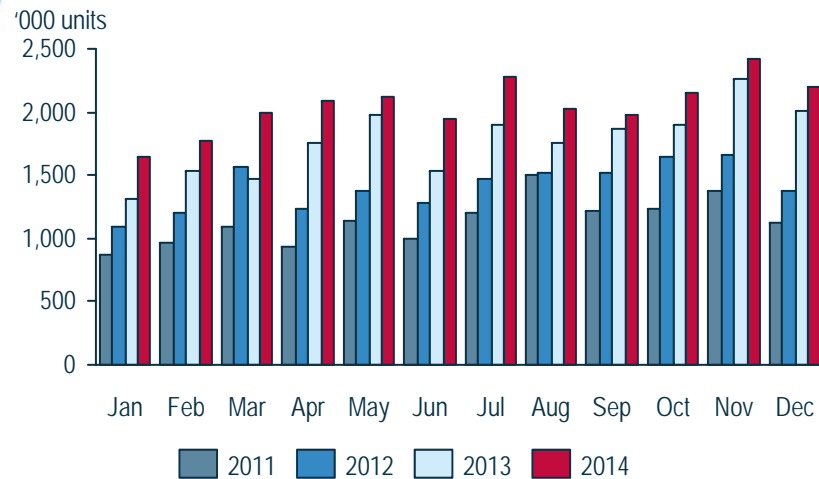
### End use segments (domestic)



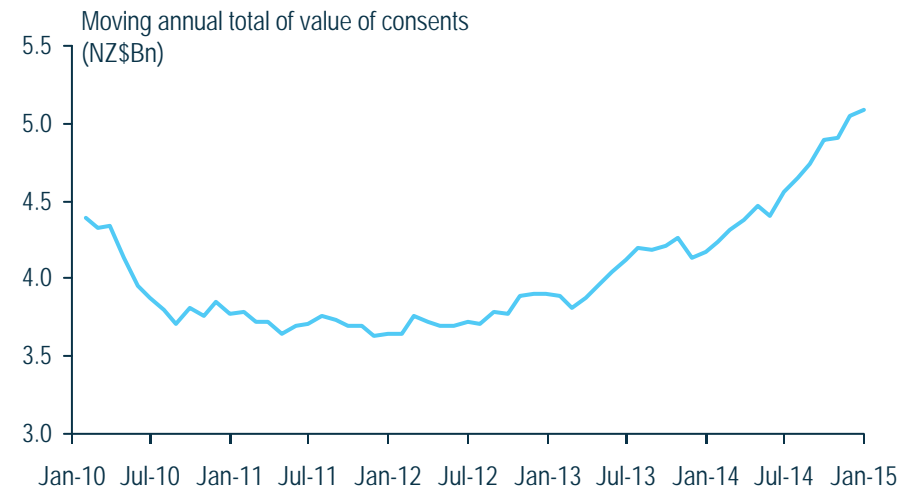
# New Zealand & Pacific Steel

## NZ construction and manufacturing outlook remains strong

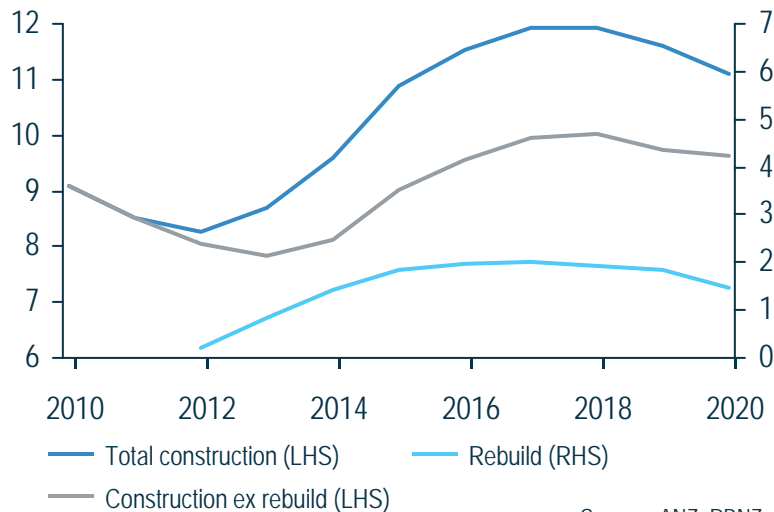
### Residential building consents – running strong



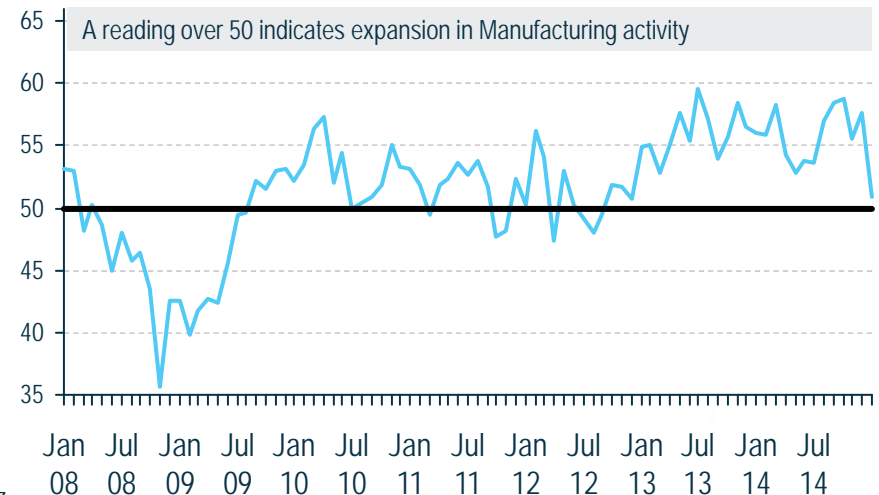
### Non-residential construction consents – strong growth



### Construction share of GDP – further growth expected



### Purchasing Managers' Index (PMI) – 28 months above 50

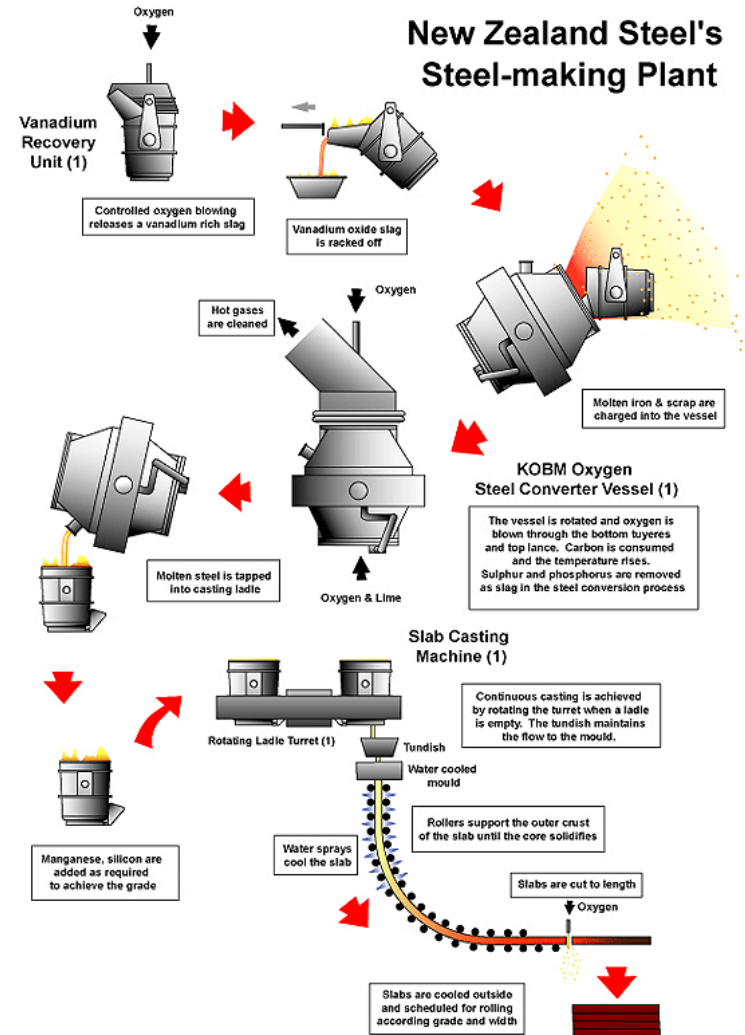
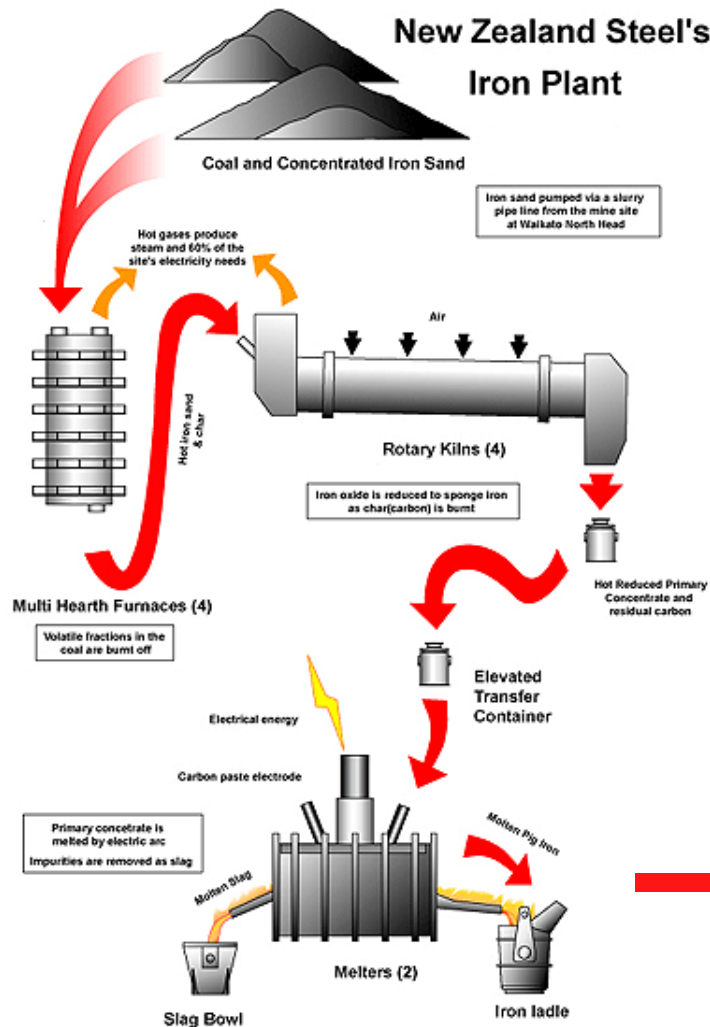


Source: ANZ, RBNZ, Statistics NZ



# New Zealand & Pacific Steel

Unique direct reduction process using captive iron sands resource



# New Zealand & Pacific Steel

## Steelmaking raw materials

### Iron Sand Concentrate (Waikato North Head Mine)

- Iron sand mined and concentrated on site – 58.5% Fe
- Sufficient resource for long term steel making operations
- Concentrate is slurry pumped 18km underground to Glenbrook
- Low cost captive iron units
- High value vanadium by-products captured through iron making process

### Thermal Coal

- Multi-source domestic and imported coal
- Use approximately 0.8Mtpa; transported by rail and truck to Glenbrook

### Lime

- 34Ktpa lime (oxide and chip) quarried and processed at Otorohanga
- Railed and trucked to Glenbrook
- 28% share in McDonald's Lime – classified as 'held for sale'



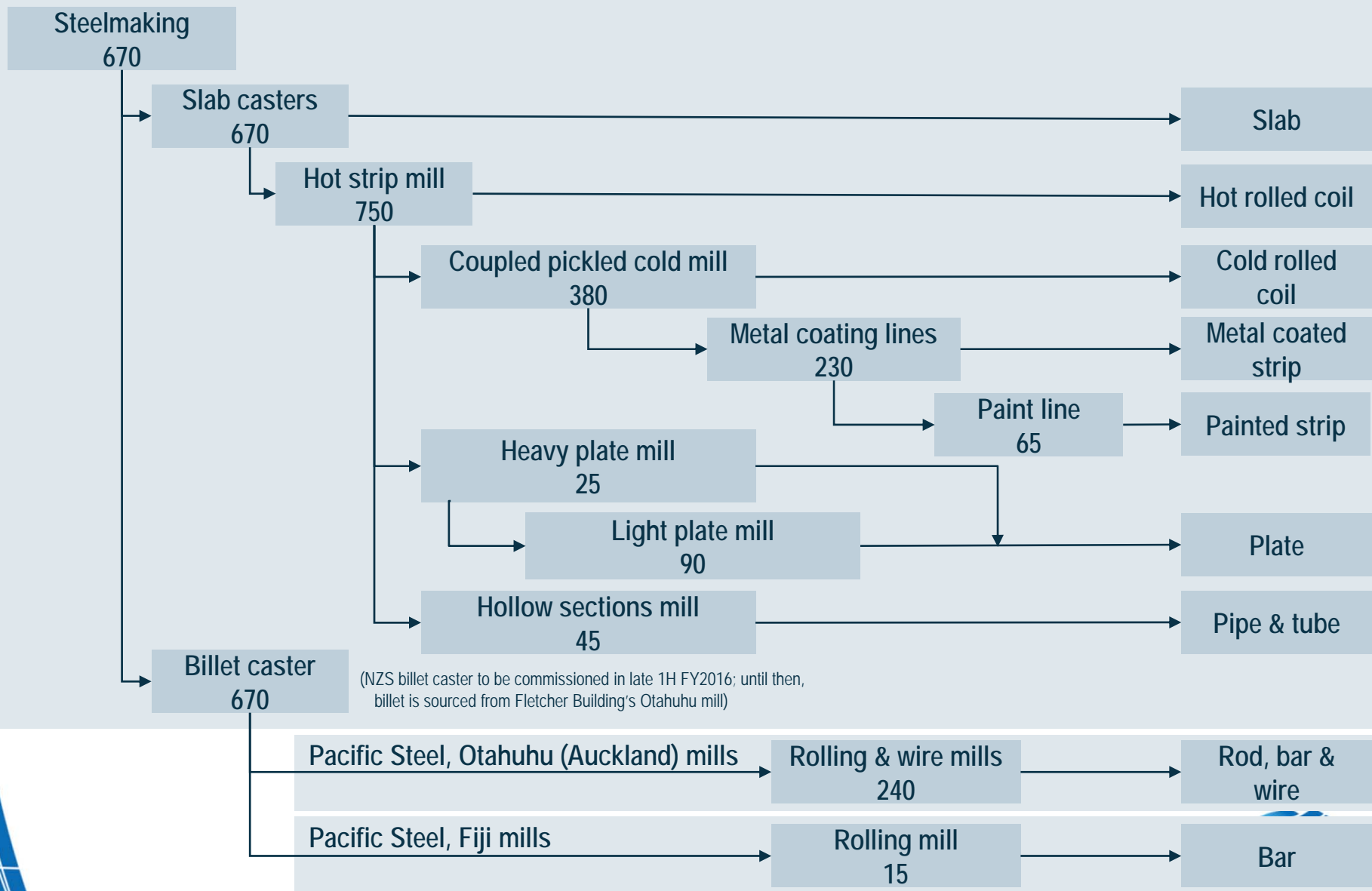
# New Zealand & Pacific Steel

## Annual steel capacities

Note:

Numbers reflect mill capacity in kilotonnes per annum

### New Zealand Steel, Glenbrook Steelworks



# New Zealand & Pacific Steel

## Taharoa mining and shipping



### Mining and processing

- Mining land and mineral title owned by a Maori trust
- Mining sands via buried feeders and dredge
- Magnetics vary across the site and are between 20-40%. Ferrous magnetic content is around 56%
- Three new spiral separation plants have been constructed with first plant recently commissioned
- Very low environmental impact



### Taharoa shipping

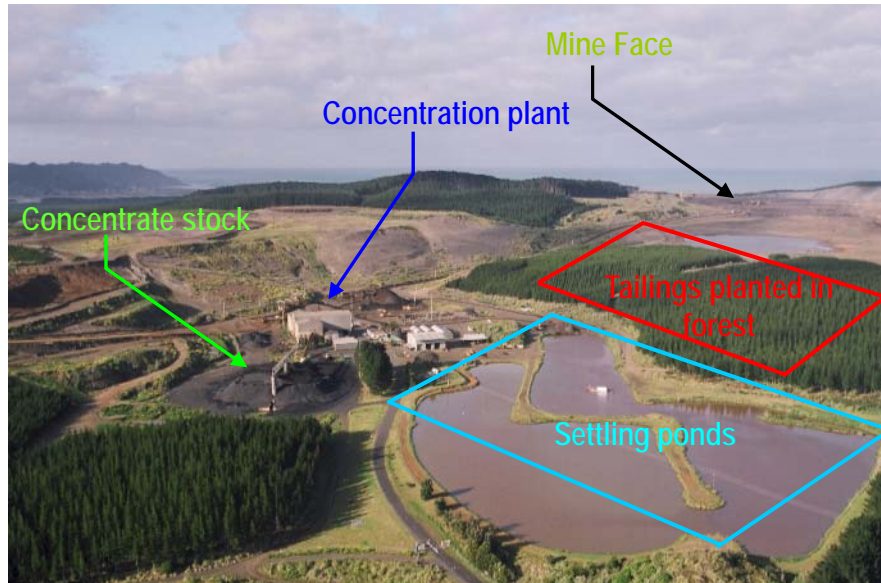
- Loading via a 3km slurry pipe line to offshore buoy
- Presently operating single Capesize ship fitted with specialised de-watering equipment. Purpose-built ship in service since May 2012



# New Zealand & Pacific Steel

## Waikato North Head – different mining methodology given different sand structure

- Consolidated dry mining method via bucket wheel excavator
- Deposit is very different to the Taharoa deposit
  - Lower valuable mineral content
  - But higher Fe product
- Average magnetic content of between 20% and 40% through the depth of the resource but highly variable between lithologies
- Very low environmental impact

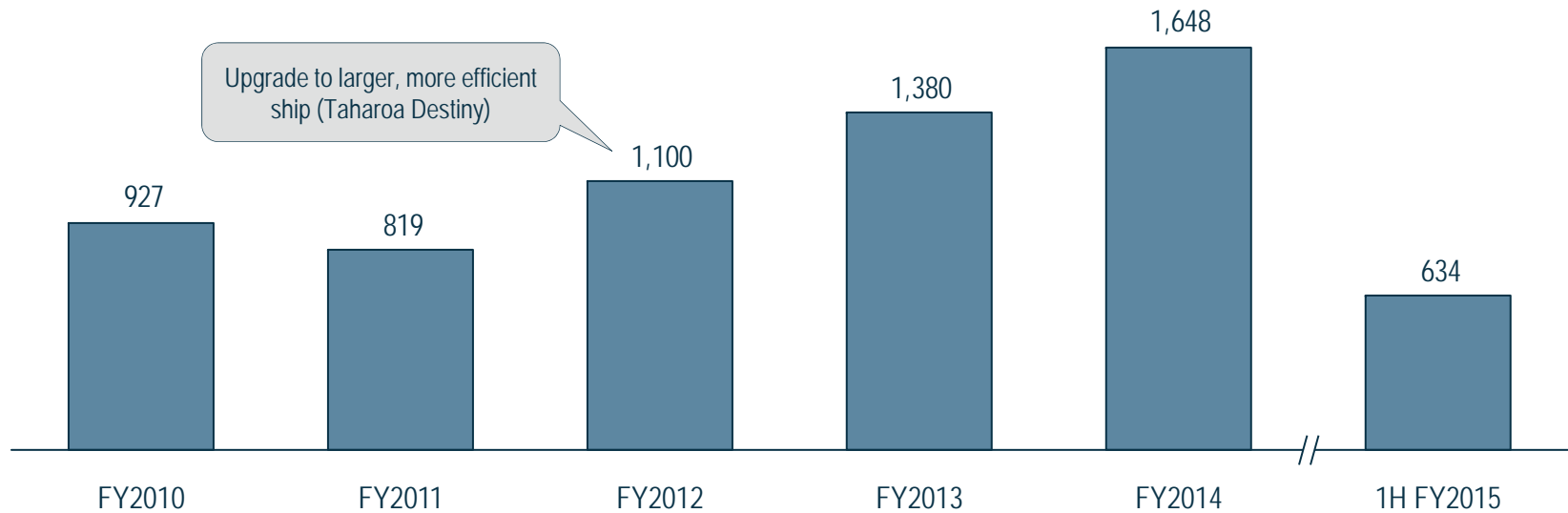




# New Zealand & Pacific Steel

## Iron sands exports

Taharoa iron sands exports (kt)



Note: annual single ship export capacity of ~1.3Mtpa exceeded in FY2014 through trans-shipments via Port Kembla

- Additional export despatches from Waikato North Head mine of 666kt in FY2014 and 327kt in 1H FY2015



**BUILDING PRODUCTS ASEAN,  
NORTH AMERICA & INDIA**

# Building Products ASEAN, North America and India

## Segment overview

- Comprises the building products businesses in Southeast Asia and North America which have similar product manufacturing characteristics and market end uses
  - Operates metallic coating and painting lines in Thailand, Malaysia, Indonesia, Vietnam, India and North America
  - LYSAGHT® roll-forming facilities in Indonesia, Malaysia, Thailand, Vietnam, Singapore and Brunei primarily service the building and construction industries across ASEAN
  - North American business offering steel deck, roofing and siding products to the West Coast building and construction industry
- Premium branded sustainable metal coated and painted steel building products used in residential and non-residential building and construction
  - Products are specifically designed and locally manufactured for individual geographical markets
- Focused on expanding position as technology leader in high growth and high value markets across the Asia-Pacific region





# Building Products ASEAN, North America and India

## Long established position in Asia

- Long established position in Asia with coated and painted steel building products
  - First Asian facility was established in Singapore in 1965
- New joint venture partnership with Nippon Steel and Sumitomo Metal Corp (NSSMC) provides platform to access new markets and technology as well as new product development opportunities
- Broad footprint of in-market operations across Indonesia, Thailand, Malaysia, Vietnam and India (the latter through JV with Tata Steel)
- Manufacturing operations supported by diverse channels to market and product offerings tailored to suit local market demand
- Well-known and respected brands, and value-added premium quality products



# Building Products ASEAN, North America and India

## Growth of core business, before benefits of working with NSSMC

- The main financial performance drivers of the segment are sales volumes and margin made on end-product over input feed. The latter is influenced by the level of local and import competition in each nation in which we operate
- Volume and top-line growth driven by:
  - Expansion of sales channels in domestic markets
  - Best-in-class technology (including in-line painting), quality, product range and R&D capability
  - Increased capacity utilisation in optimised network of facilities through seeding and load balancing
  - Increase in available capacity through thicker gauge-mix and OEE improvements
  - People, processes and systems geared for growth
- EBITDA margin driven by:
  - Product-mix improvement towards higher value-added Tier 1 and Painted products
  - Greater pull-through of Tier 1 products through expansion of Lysaght, Ranbuild and development of aligned channel partners
  - Cost competitiveness through growing scale, strategic sourcing, in-line painting and yield improvements



# Building Products ASEAN, North America and India

## Joint venture with Nippon Steel & Sumitomo Metal Corporation

- Established 50/50 joint venture over BlueScope's building products business in ASEAN and the U.S. on 28 March 2013 with NSSMC, called NS BlueScope Coated Products
- Provides a stronger platform to capture higher value adding growth in existing markets and the potential to enter new product segments especially to supply home appliance and whitegoods manufacturers in Southeast Asia
- BlueScope has appointed the CEO and continues to control and therefore consolidate the JV in financial statements. NSSMC has appointed the Chairman

# Building Products ASEAN, North America and India

## NS BlueScope Coated Products geographic spread



*Included in JV as these businesses:*

- have similar product, manufacturing and market characteristics; and
- leverage shared technology and product development

Notes: (1) Includes also Singapore and Brunei. Percentages under each country / entity denote current BlueScope ownership levels.  
 (2) BlueScope Steel owns 100% of the steel coating business and 49% to 60% of rollforming (Lysaght) businesses in Malaysia and Brunei

# Building Products ASEAN, North America and India

## Why have we partnered with NSSMC?

- Strong, long-standing relationship with NSSMC through many technical collaborations (over 65 projects since 1970)
  - Worked with NSSMC on next generation COLORBOND® and ZINCALUME®
- Both companies are leaders in steel coating and manufacturing
- NSSMC has substantial size and global reach, including across the ASEAN markets
  - Sophisticated manufacturing technologies
  - Competitive product line-up
  - Strong sales capability and trusted customer relationships
  - Brand and reputation as a manufacturer of high value added steel products
- Potential to access strong NSSMC technology development capabilities and substantial R&D base
- Access to a broader range of customers in new product areas
  - Potential for richer product mix, given access to the appliance market
  - JV capable of accessing product development work of both parent companies
- Access to high quality and stable substrate supply following BlueScope's decision to significantly exit export markets

# Building Products ASEAN, North America and India

## Opportunities from working with NSSMC

### Opportunities in progress

- New products and solutions for customers utilising NSSMC's comprehensive solution technologies
  - Home appliance segment applications of SuperDyma® and VIEWKOTE® will be priorities
  - SuperDyma® applications in Building & Construction
- Stable procurement of coil feed substrates and enhancing consistency of quality and competitiveness of JV products by using substrates that are manufactured under NSSMC's integrated quality control system
- Expanding reach of existing JV business & products to existing Japanese FDI participants in ASEAN through NSSMC linkages and network.
- Improved funding costs

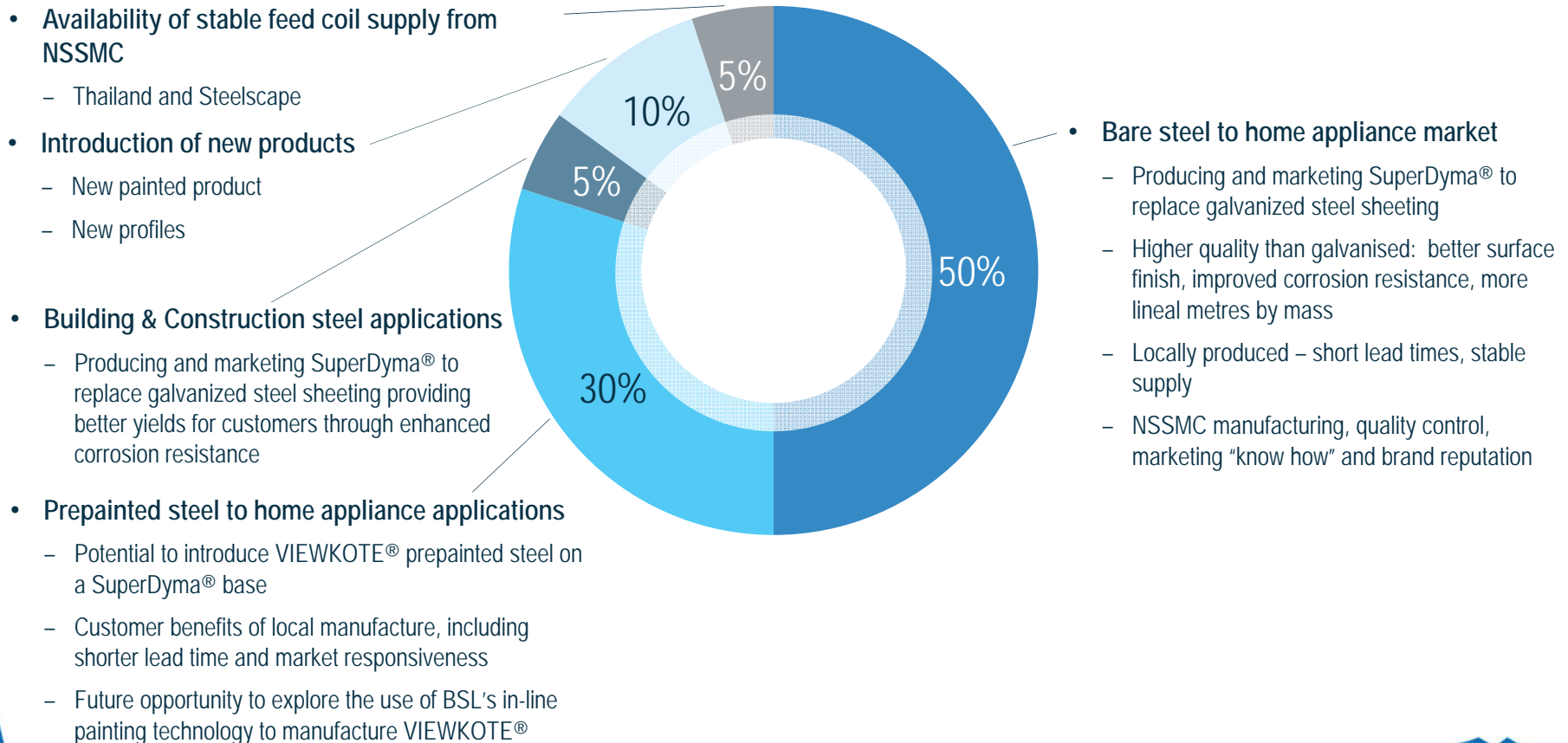
### Further opportunities for review and quantification

- Further reach of existing JV business & products to existing Japanese FDI participants in ASEAN through NSSMC linkages and network. Opportunity will grow as Japanese manufacturing continues to develop in ASEAN
- Pursuing growth in other countries in the ASEAN region
- Sharing production support resources in ASEAN with NSSMC's existing presence, and achieving best-of-breed productivity and performance
- Accelerate market entry of next generation COLORBOND® and ZINCALUME® into Asia
- Development of new demand for non-automobile applications such as agriculture, energy-related and electric appliance applications (JV excludes automotive segment)

# Building Products ASEAN, North America and India

## Initially quantified opportunities focused in home appliance manufacture

Target-case indicative earnings uplift to JV  
by identified opportunity







PERFORMANCE  
CENTER



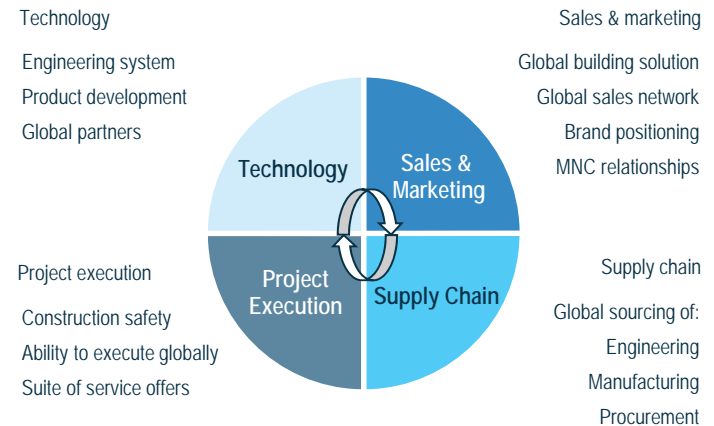
**GLOBAL BUILDING  
SOLUTIONS**

# Global Building Solutions

## Segment overview

- Global designer and manufacturer of engineered building systems
- In North America, BlueScope Global Building Solutions business is a leading designer and manufacturer of EBSs and component building systems
- EBS operations in Indonesia, Malaysia, Thailand, Vietnam and the China business operate as an integrated value chain business servicing the building solutions markets in Asia and for export
- Highly recognized BUTLER® and VARCO PRUDEN® brands
- Focused on strengthening position as global leader in EBS through establishment of global EBS sales and supply chain network for multinational companies seeking to expand their operations globally

### Unique set of capabilities



# Global Building Solutions

## Strategy for growth

- GBS has a broad base of global customers, a broad operating footprint delivering an efficient cost base, and IP and brands to support its competitive market offer
- It has the aspiration to grow revenue and earnings through contemporaneous contribution from a range of growth opportunities:

Global Accounts	<ul style="list-style-type: none"><li>• Building a new line of sales through our unique Global Accounts offer</li><li>• Explore expansion into new global geographies</li></ul>
Grow Buildings Asia	<ul style="list-style-type: none"><li>• Restoring profitability in China from restructuring and business improvements</li><li>• Geographic penetration and expansion</li><li>• Introducing innovations from the global portfolio</li></ul>
Leveraging a North America recovery	<ul style="list-style-type: none"><li>• Leveraging a leaner cost base as the market recovers</li><li>• Refocussing on differentiation through innovation</li></ul>
Continued growth at Building Products China	<ul style="list-style-type: none"><li>• Support internal sales channel plus continued profitable increases in external volumes</li><li>• Introducing new products</li></ul>

# Global Building Solutions

## Earnings drivers

### Key earnings drivers

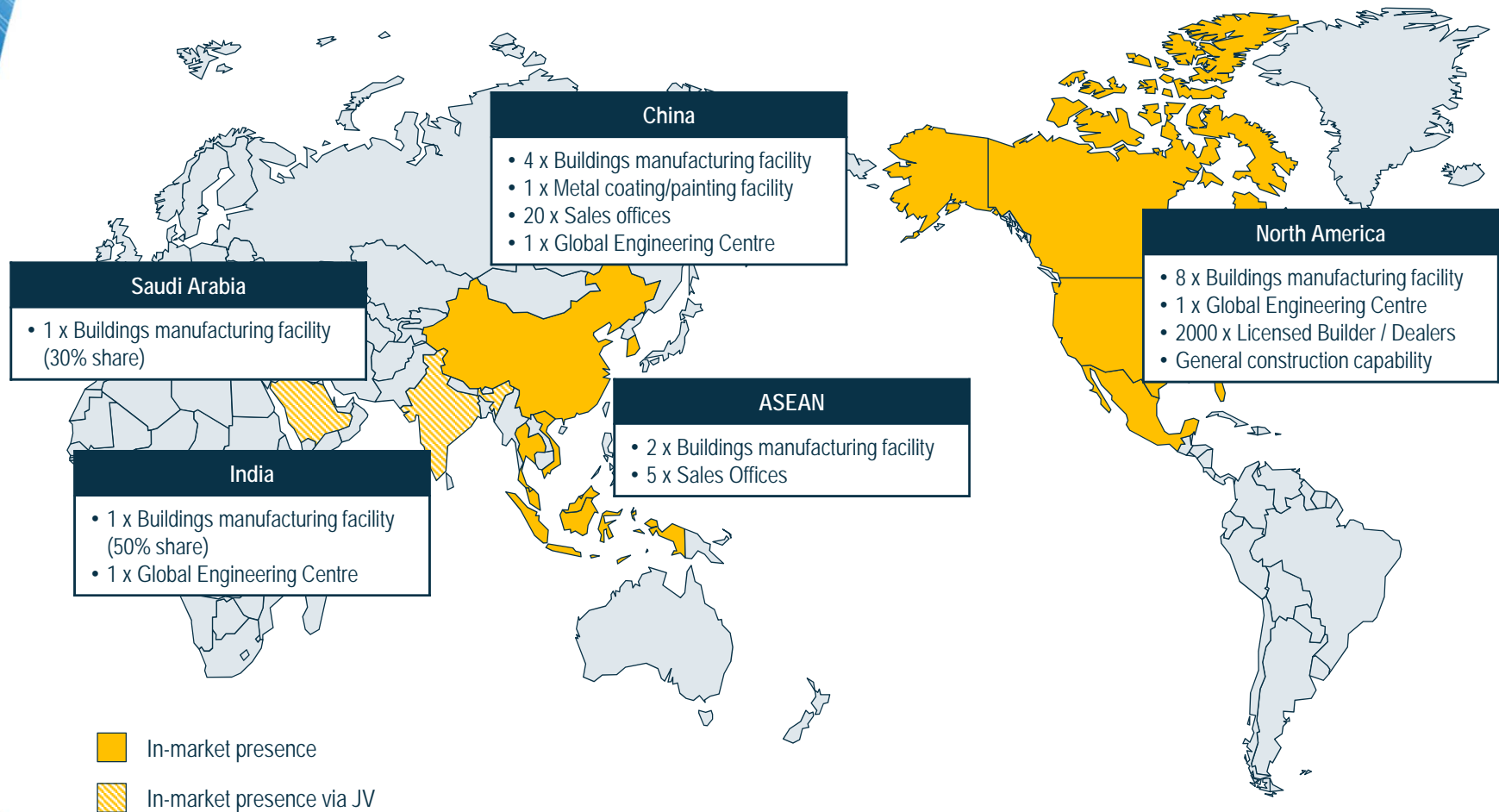
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- Sales volumes – which could be influenced by the rate of non-residential construction growth particularly in China and the U.S., and by Global Accounts' ability to create new sales channels
- Margins – which could be influenced by pricing of contracts, input costs and volumes
- General cost inflation, and risks as faced by construction and manufacturing businesses
- Given the segment's trade is denominated mainly in USD and Chinese Yuan, exchange rate fluctuations may impact transactional performance within the segment, or translation of segment earnings into AUD in Group accounts



# Global Building Solutions

Unrivalled manufacturing, engineering and sales footprint



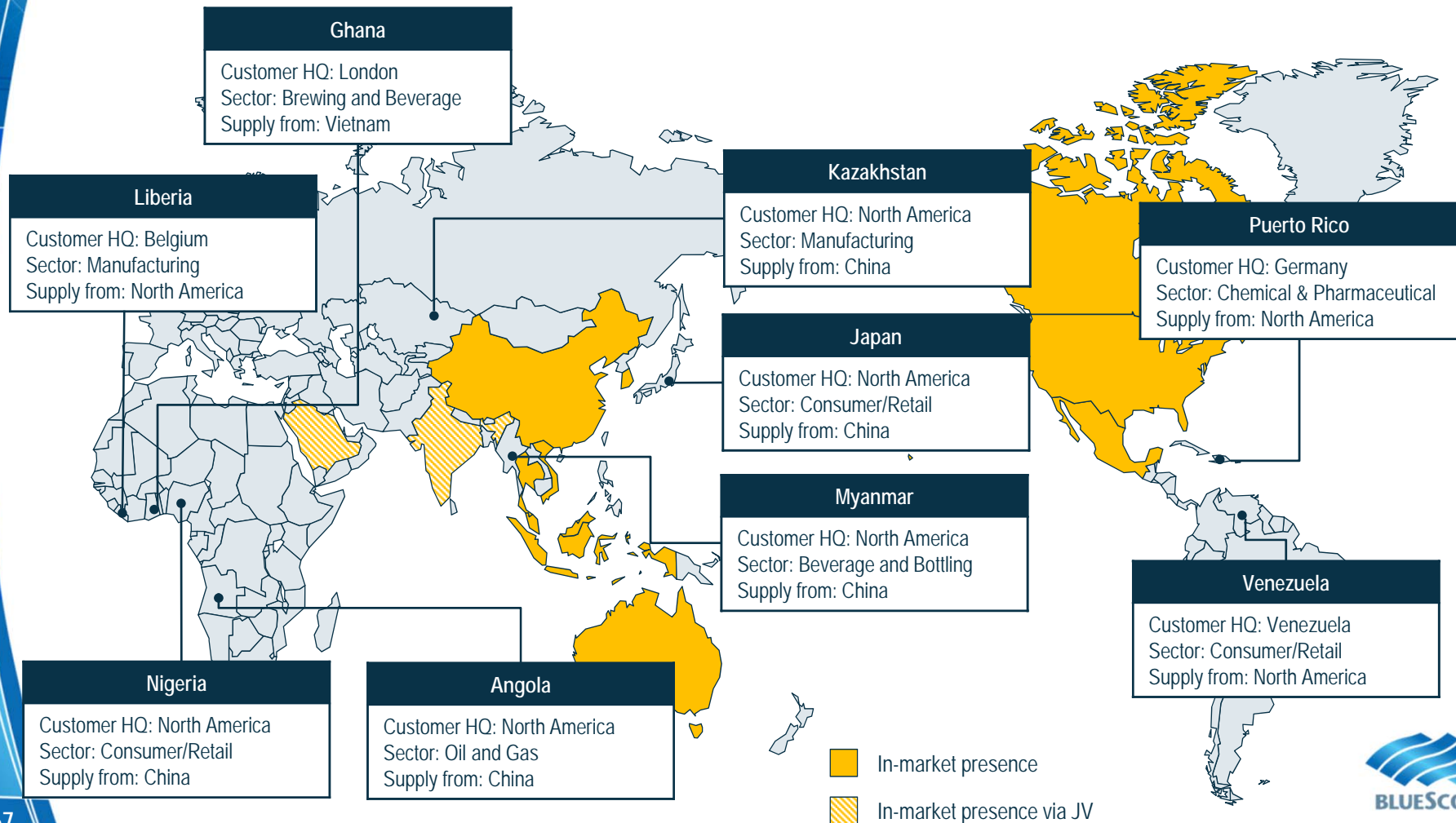


# Global Building Solutions

## Global accounts team

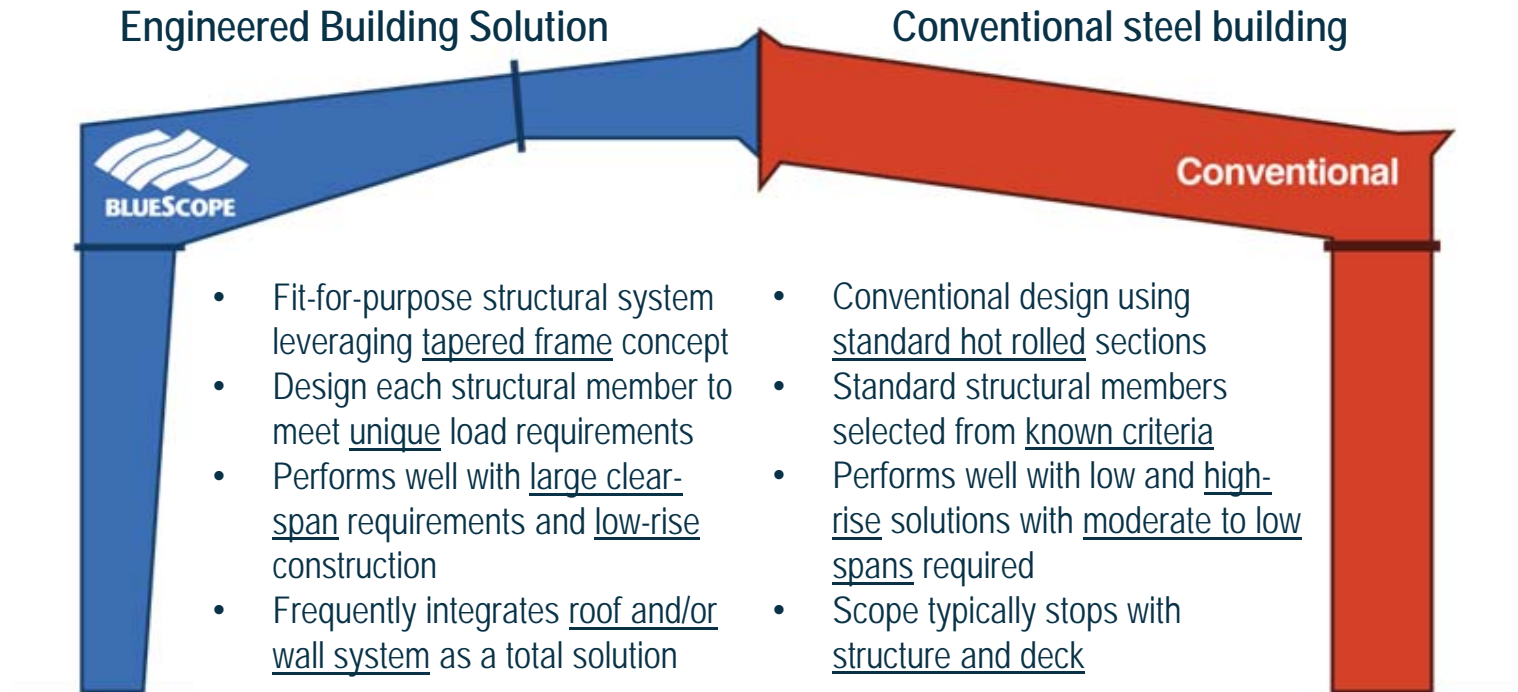
The Global Accounts team leverages our strong brand reputations and operating footprint to deliver engineered building solutions on a global scale

### Recent projects



# Global Building Solutions

## Comparative benefit of an engineered building solution



Key benefits to engineered building solutions are:

- ✓ Reduced steel usage on targeted end use buildings
- ✓ Integration: One trade performing structure, roof, and walls vs. three
- ✓ Rapid construction time
- ✓ Superior lifecycle costs of metal roof systems
- ✓ Reduced dependency on certified welders in field
- ✓ Well suited for emerging design-build trend in construction industry

# Global Building Solutions

## 'Breakthrough' results

110,000 sqm facility erected in 28 working days





# Global Building Solutions

Current and past project customers



# Global Building Solutions

## A Global Accounts example – Span/Costco

BlueScope, Span Construction and MulvannyG2 design and build Costco warehouse outlets worldwide

- ✓ Strategic partnership since 1989
- ✓ Over 1,050 projects completed totalling 7 million sqm
- ✓ Projects completed in the United States, Canada, Australia, Mexico, Taiwan, South Korea and Japan
- ✓ Average project size of 14,000sqm
- ✓ Aggressive schedule (45 days) for building shell erection – EBS scope; 110 days from ground break to store opening



Membership warehouse retailer – seventh largest retailer in the world



A leading US supplier and erector of Engineered Building Solutions



Global architecture firm specialising in retail and commercial sectors

Some benefits of the global program for Costco:

- ✓ Global certainty of delivery, build quality
- ✓ Designs and development timetables are standardised
- ✓ Learnings are captured through regular consultation
- ✓ Legal and contract efficiencies established
- ✓ Risk management best practice



# Global Building Solutions

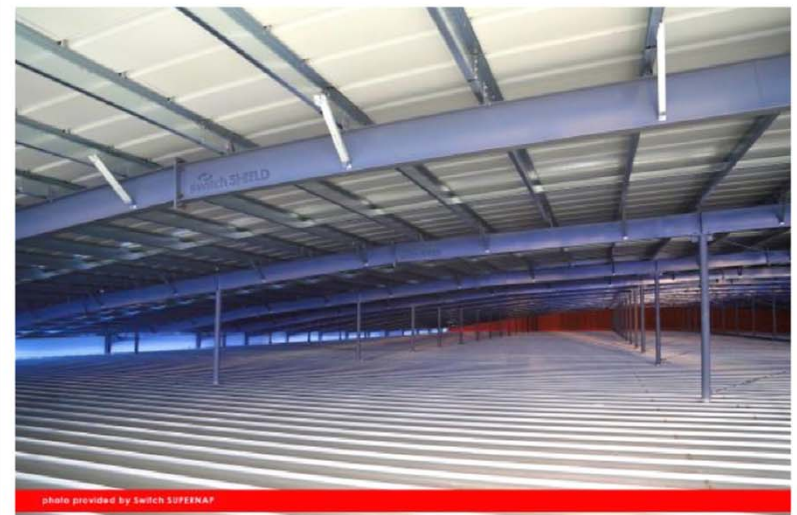
Example projects – manufacturing





# Global Building Solutions

Example projects – Switch SUPERNAP data centers





# Global Building Solutions

Example projects – retail / warehousing

**O'Reilly** AUTO PARTS  
PROFESSIONAL PARTS PEOPLE



  
OUR PEOPLE MAKE THE DIFFERENCE  
**KATOEN NATIE**



**MOTOR**  
**HARLEY-DAVIDSON**  
**CYCLES**



**FedEx**





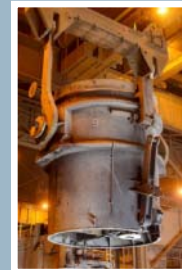


# HOT ROLLED PRODUCTS NORTH AMERICA

# Hot Rolled Products North America

## Segment overview

- Primarily comprises BlueScope's 50% interest in the joint venture with Cargill Inc. which owns the North Star steel mini-mill in Delta, Ohio
  - Production capacity of 2.0Mtpa (100%)
  - Sale product is hot rolled coil which is sold to customers in the steel, building and construction, mining, manufacturing, agricultural and infrastructure industries
  - Low cost of production – has historically operated at higher capacity utilisation rates than US market average
- Located close to key customers
  - Sells ~80% of production in the Mid-West, U.S.
  - Close relationship with Worthington
- North Star voted #1 in customer satisfaction in North American flat rolled steel supplier for the 12th consecutive year (Jacobson Survey)
- Segment also includes BlueScope's 47.5% shareholding in the CASTRIP® thin strip casting technology venture





# Hot Rolled Products North America

## Strategy & earnings drivers

### Strategy

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- Maintain profitability with low cost, highly flexible operations
- Maintain strong focus on customer relations
- Continue to look at productivity improvement initiatives

### Key earnings drivers

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- Steel 'spread' (the difference between U.S. Midwest commodity HRC price and the cost of mini-mill steelmaking raw materials: scrap steel and pig iron)
- Cost of other materials such as fluxes and alloys
- Energy costs – in particular electricity prices, which are a major cost to EAF operations
- Conversion costs
- Despatch volume
- The A\$/US\$ exchange rate which influences the translation of US\$ financial performance into the Group's A\$ accounts



# Investor Introductory Pack

February 2015

BlueScope Steel Limited. ASX Code: BSL