



**BLUESCOPE
STEEL**

Australian Distribution & Solutions Analyst Site Visit - Westall

Mark Vassella – Chief Executive
18 June 2008

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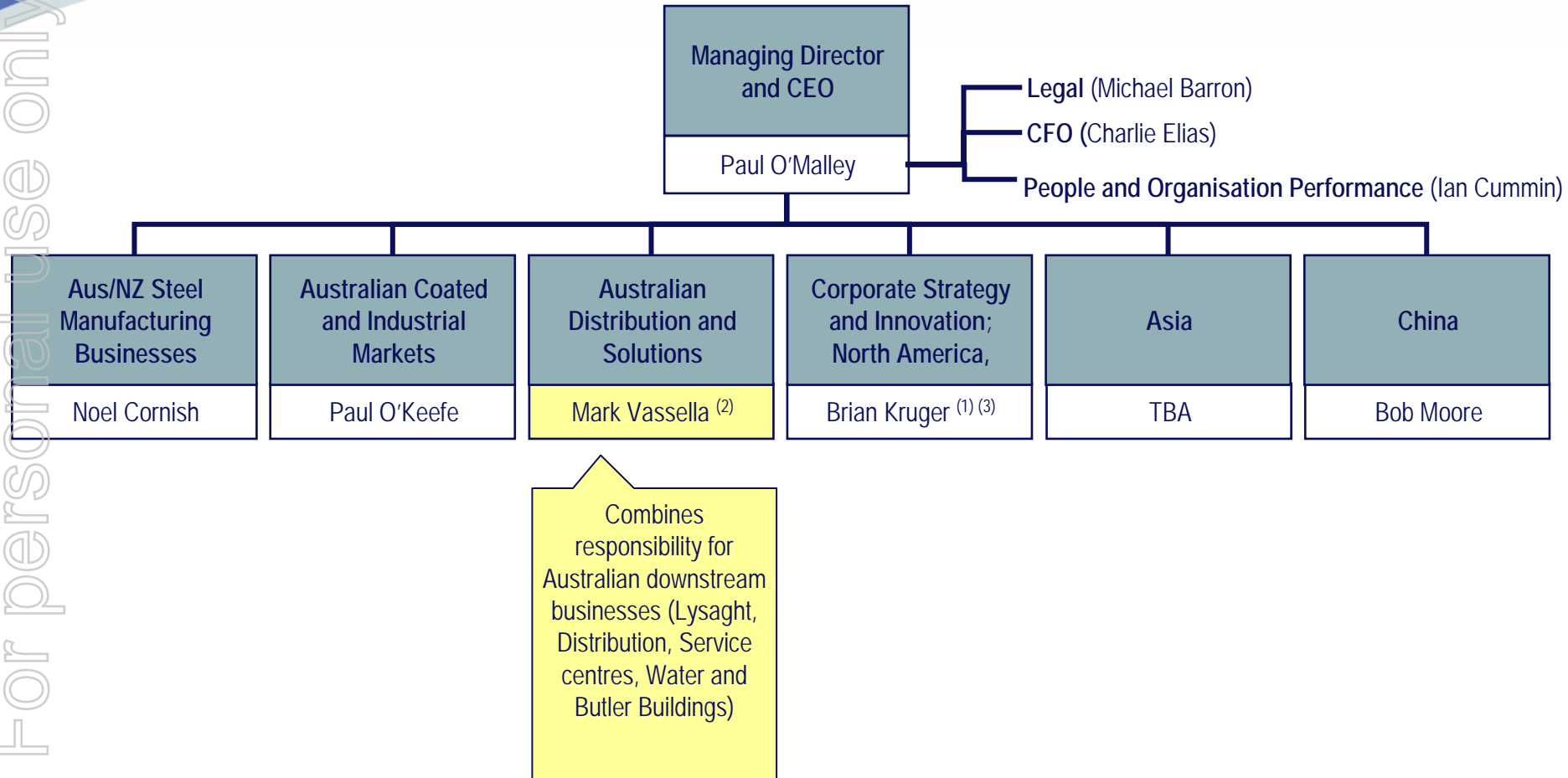
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- Organisation
- Safety
- Australian Distribution & Solutions Overview
- Distribution Business
- Westall Site
- Blueprint initiatives
- Summary

Organisation

Internal business restructure to focus on strategic priorities and execution – Australian Distribution & Solutions

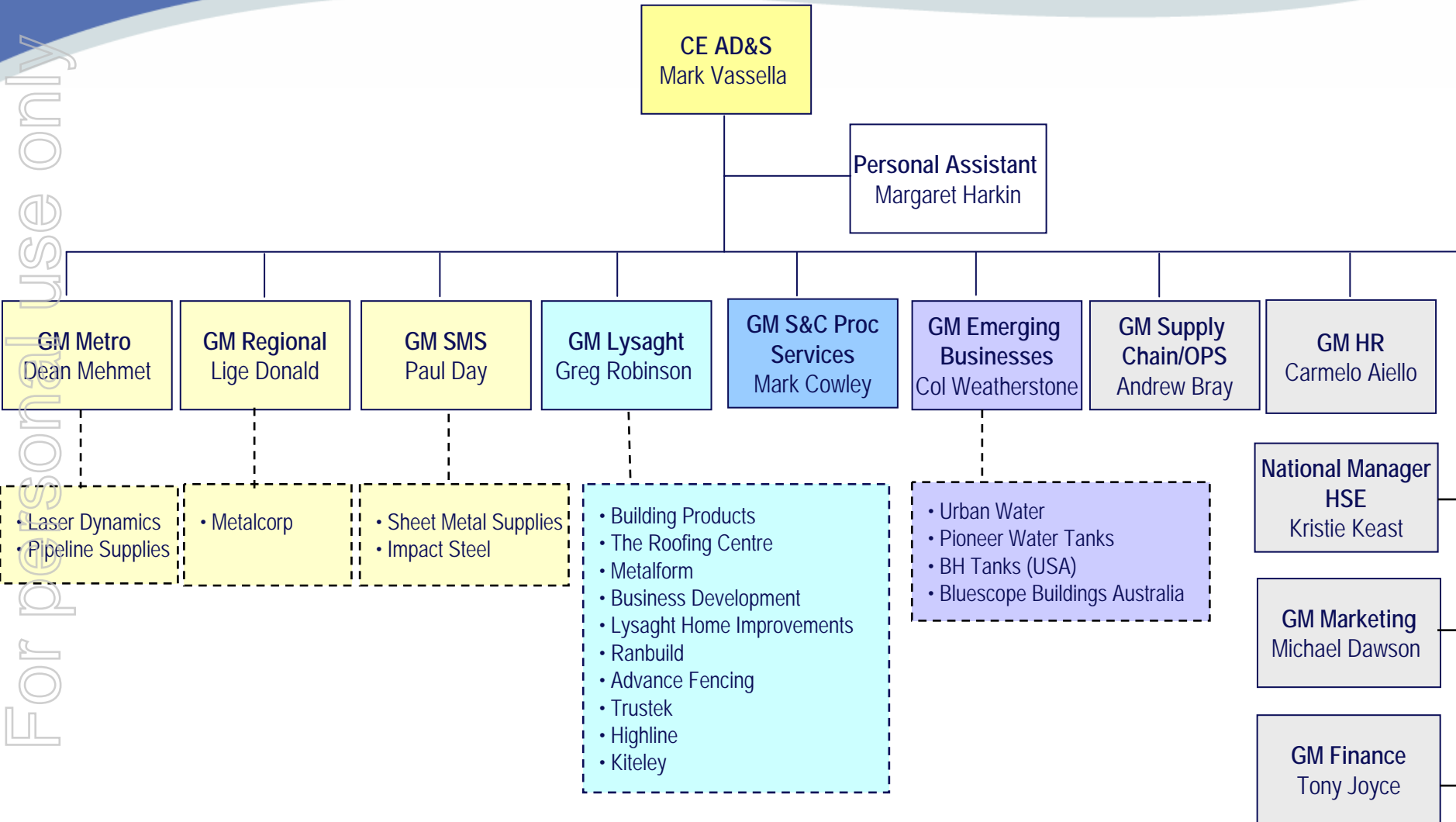
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Note:

- (1) Mark Vassella will be succeeding Brian Kruger as President of the North American businesses
- (2) Mark Vassella's current responsibilities – TBA
- (3) Corporate Strategy and innovation - TBA

Australian Distribution & Solutions – Organisation Structure

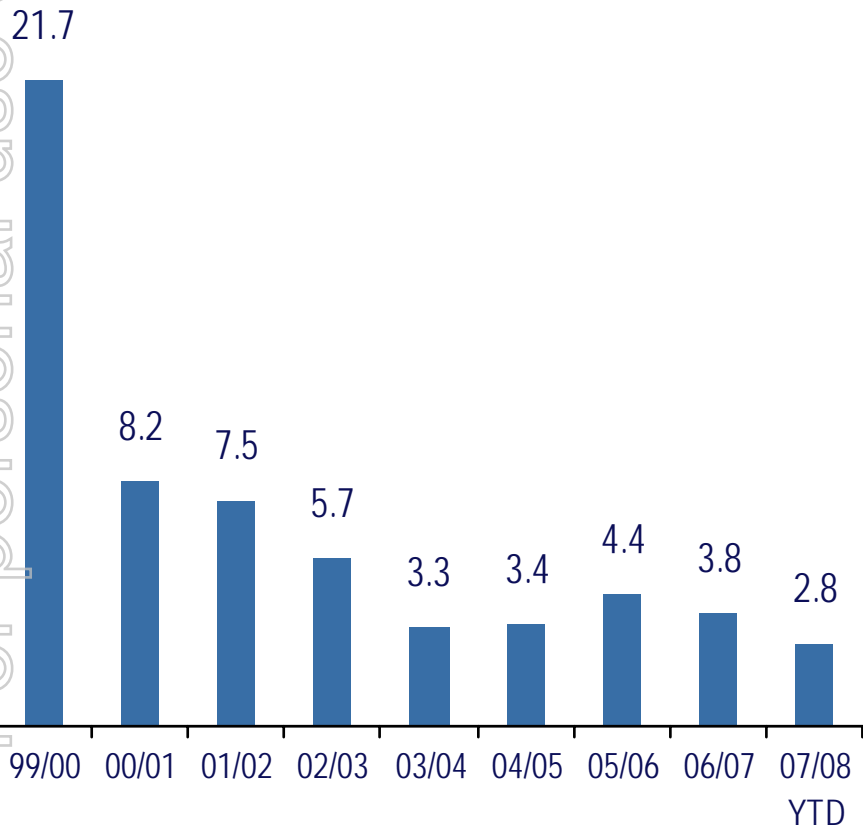


Safety

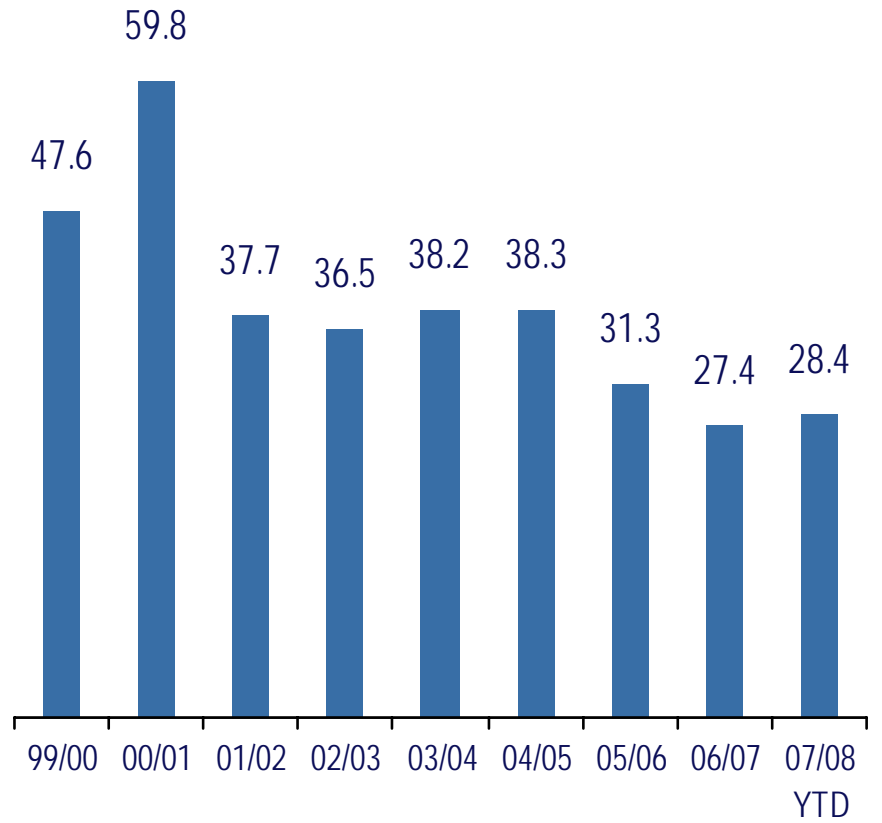
Distribution Safety

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Lost Time Injury Frequency Rate



Medical Treatment Injury Frequency Rate



Note: Contractor data included from 06/07 on.

Safety Improvement Program

- A key integration initiative is to bring BlueScope Distribution up to BlueScope Steel Safety standards and to move towards our goal of “Zero Harm”
 - Additional resourcing has been allocated to drive further safety performance
 - Integration lessons gained from the Butler acquisition in the United States are being applied
 - Improvements will be implemented progressively across the business over the coming 2 – 3 years (e.g. align policies, educate, identification of key risk areas, compliance to BSL codes and practices)
 - BlueScope Distribution personnel are enthusiastic about BlueScope’s focus on Safety management..

Australian Distribution & Solutions

The new Distribution and Solutions division brings together BlueScope Steel's Australian-based Downstream businesses



- Steel Plate
- Tube
- Structural Steel
- Merchant Bar
- Reinforcing Steels
- Processing Services



- Pipeline Supplies
- Valves
- Fittings



- Hot Rolled coil
- Cold Rolled strip
- Plate
- Stainless steel
- Aluminium
- Processing / Slitting



- Roofing
- Walling
- Guttering
- Rainwater Goods
- Fencing
- Facades
- Design & Construct
- Mobile Roll forming
- Supply / install



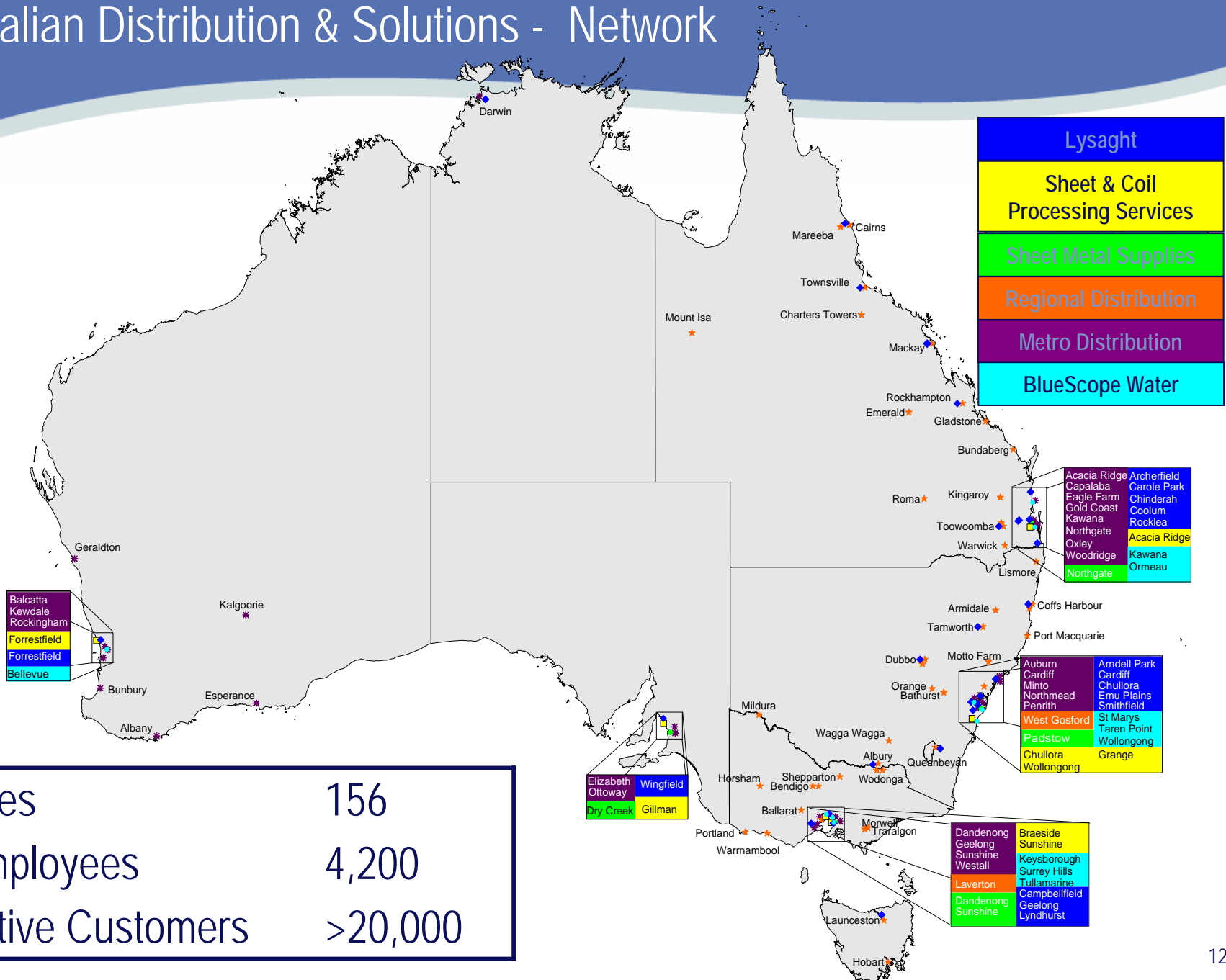
- Slitting
- Shearing
- Warehousing & Despatch
- Contract Services (predominantly for internal customers)



- Tanks
- Irrigation
- Installation
- BlueScope Buildings

Australian Distribution & Solutions - Network

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Sites	156
Employees	4,200
Active Customers	>20,000

Australian Distribution & Solutions - Brands

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**BLUESCOPE
DISTRIBUTION**



**BLUESCOPE
LYSAGHT**



**BLUESCOPE
WATER**



**BLUESCOPE
PIPELINE SUPPLIES**



**BLUESCOPE
BUILDINGS**



\$15M - \$20M in Synergy Benefits being delivered on plan over the next 2 years

• BlueScope Steel formally acquired Smorgon Steel Distribution in August 2007

• Distribution separation from Smorgon Steel Group now complete

- Treasury, Insurance, Banking integration completed Aug '07
- Accounts Payable, Payroll, Finance integrated into BSL's back-office organisation Dec '07
- IT systems integrated into BSL framework – final cutover effected Jun '08

Distribution acquisition synergies on track

- Insurance / Workcover premium savings achieved
- Procurement benefits achieved
- Operational Integration of Service Centres and SMS processing on target
 - South Australia first state - Dry Creek and Wingfield site integration June-08
- Lysaght business systems integration/standardisation on plan

BlueScope Distribution

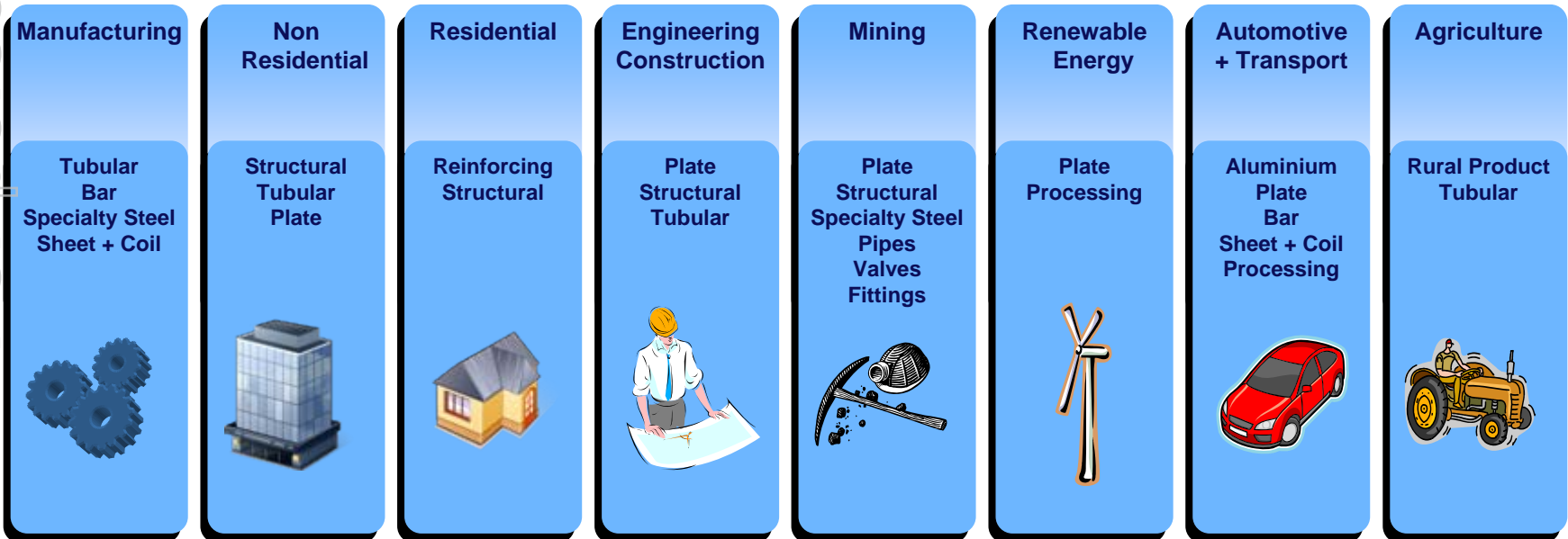
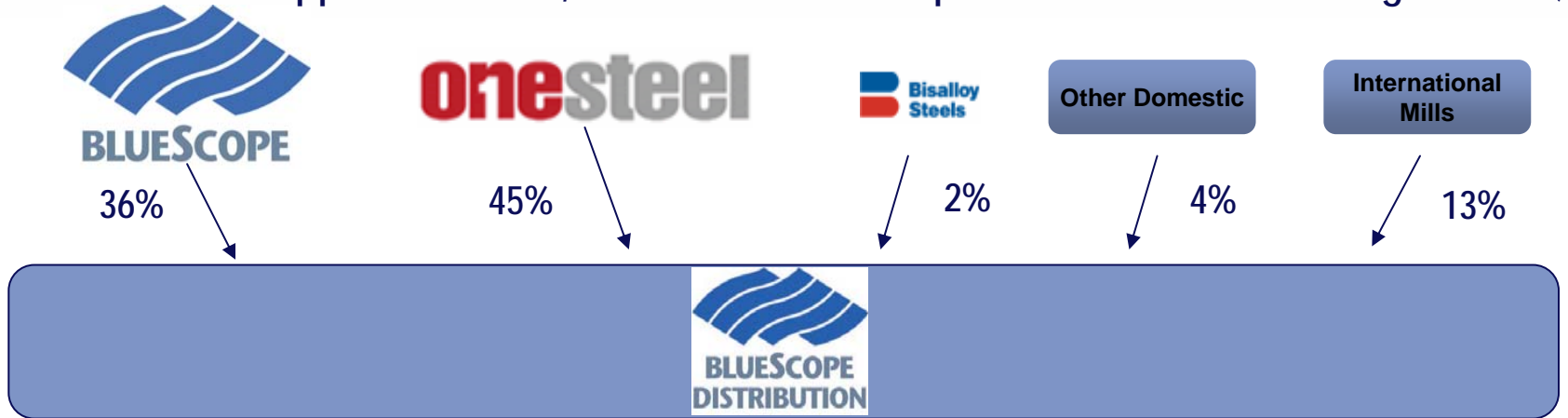
BlueScope Distribution – Overview

BlueScope Distribution:

- Operates an integrated network of more than 85 metropolitan and regional sites around Australia
- Provides over 15,000 customers with steel in the form they need
- Offers our customers a diverse range of steel products including plate, tube, hot & cold-rolled coil, metallic coated sheet, painted sheet, structural, merchant bar, reinforcing, engineering steels, pipes, valves and other specialty steel products
- Offers quality processing solutions which range from simple cutting, slitting, stamping of coil to complex multiple-precision processing of plate and beams. These solutions help to reduce customers costs by reducing fabrication times, stock holdings and waste; therefore, improving our customers' profitability and market success

BlueScope Distribution - Market Segments & Products

Distribution supplies over 850,000+ tonnes of steel products into the following markets;

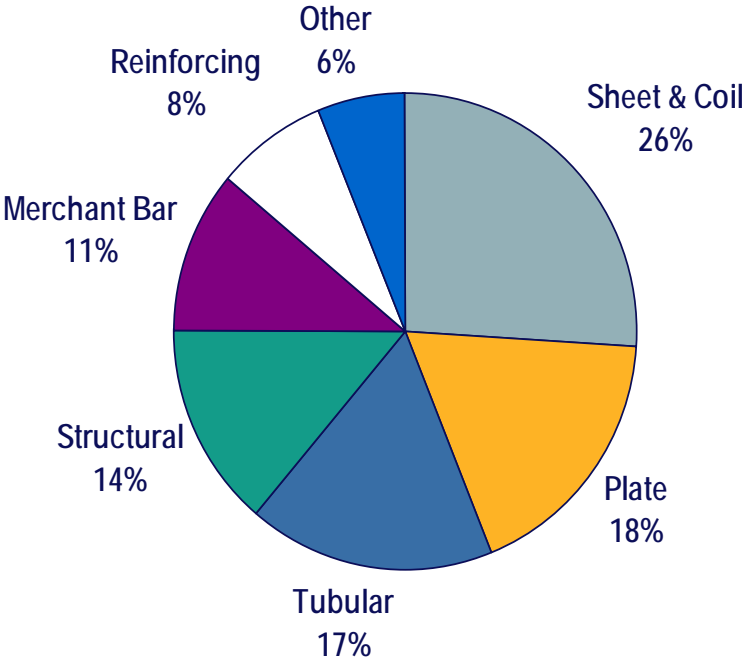


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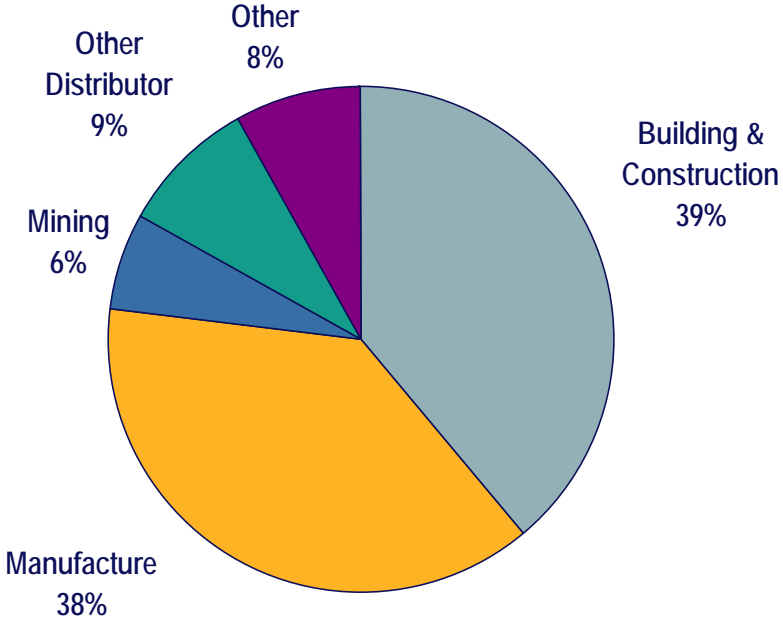
Distribution - Market Structure (1H08)

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Indicative Product Mix (t)



Indicative Sales by Sector (t)



BlueScope Distribution – Market Update (June '08)

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- Strong domestic demand for flat and long products
- Strong global demand has reduced import volumes this calendar year: demand on local mills has increased
- Product supply is currently tight – closely managing with customers/suppliers to meet local demand
- Substantial price increases in recent months from upstream suppliers across the full range of flat and long products – these price rises have been passed on to customers

Westall Distribution Facility, Westall Victoria

Westall – History/Activities

History

- 2001 Email Metals split between Smorgon Steel and Onesteel
- 2003 Site Redevelopment – previously 4 sites
- Jan 2004 Bar Picker commissioned
 - unique to Southern Hemisphere
- May 2004 Official Opening
- August 2007 Bluescope acquisition

Activities

- Store and break-bulk steel plate, tube, structural, merchant bar, engineering steels and aluminium products.
- Value add through pre-processing all products
- Sell directly to 2000+ account customers
- Supply 17 regional branches throughout Victoria and Tasmania



Westall - Overview

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- 3 Warehouses
 - Flat Products, Long Products, Metalcorp
- 40,000 sq mtrs
- 28,000 tonnes stock-holding capacity
- 182 Employees
- Over 500 shipments per day
- 5 x 24 hour operation (to meet customer requirements)



Westall - Flat Products Warehouse

Products

- Plate
- Engineering Steels
- Heavy Round
- Pipes & Fittings

Warehouse size 15,000 sq metres



Westall - Long Products Warehouse

Vertical text watermark: Precision Storage



- Products
 - Merchant Bar
 - Tubular
 - Pipe
 - Structural
- Warehouse size 24,000 sq metres
- Fully automated picker
 - 1,620 locations
 - 6,500 tonne capacity



Processing Solutions

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Processing solutions provided include:

- Plate profiling
- Structural drilling
- Structural flame cutting



Major Projects – Supplied from Westall



Victoria - Windmills Projects

- Steelwork By Keppel Prince Pty Ltd



Major Projects – Supplied from Westall

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Melbourne Victoria - Federation Square

- Steelwork By Riband Steel



Major Projects – Supplied from Westall

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Victoria - Craigieburn Bypass

Blueprint Initiatives

BlueScope Steel - Blueprint

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What we will do ...

Areas of focus	<ul style="list-style-type: none"> A. Reinvigorate our Australian and New Zealand businesses B. Continue the improvement process across our Asia and North America businesses C. Grow, or acquire, new businesses that build on our distinct competitive advantage
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How we will do it ...

Execution excellence	<ul style="list-style-type: none"> 1. Increasing customer and market focus 2. Improving productivity year on year 3. Optimising return on capital
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Business essentials	<ul style="list-style-type: none"> 4. Building an integrated BlueScope operating system 5. Further develop organisational capability
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What we will be known for ...

Safety	Sustainability & Environment	Shareholder value
6. Improve on our world class safety performance	7. Become a recognised leader in sustainability & environment	8. Increasing shareholder value



Categories of Initiatives
• Grow domestic markets and steel penetration
• Drive manufacturing excellence
• Enhance the supply chain
• Continue focus on productivity
• Procurement optimisation
• Improve capital planning and execution
• Monetise surplus assets
• Disciplined growth

Australian Distribution & Solutions – Blueprint Initiatives

Execution Excellence	Increase Customer and Market Focus	<ul style="list-style-type: none"> • Grow the Distribution, Lysaght, and Service Centres / SMS businesses through profitable market share growth • Grow the Solutions businesses to increase penetration of domestic steel into building and construction markets • Grow the Water business domestically and internationally
	Improve Productivity Year on Year	<ul style="list-style-type: none"> • Increase Supply Chain efficiency • Optimise procurement • Lean Deployment
	Optimise Return on Capital	<ul style="list-style-type: none"> • Optimise ADS branch network
Business Essentials	Integrated Operating System	<ul style="list-style-type: none"> • Consistent S&OP process throughout ADS • Share best practices across our businesses
	Develop Organisational Capabilities	<ul style="list-style-type: none"> • Develop engaged people who are empowered, motivated, skilled to deliver • Renew performance management and incentive systems

Summary

- Continued focus on safety
- Integrating the Distribution businesses into the newly formed AD&S
 - Service Centres and SMS underway
 - Business systems standardisation
- Blueprint focus on
 - Customers / selected markets
 - Improving productivity
 - Optimising return on capital



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Supporting Information

Australian Distribution & Solutions Businesses



BlueScope Distribution operates from more than 50 metropolitan and regional sites around Australia to offer a diverse range of steel products to industries including resources, transportation, automotive, construction, infrastructure and agriculture.

BlueScope Distribution offers quality processing services which range from simple length based cutting of bar and tube products to complex multiple precision processing on world standard CNC controlled Beamline and Plateline installations. By providing customers with metal in the form they need, we help reduce their costs, lead-times and waste, therefore improving our customers' profitability and market success.

www.bluescopedistribution.com.au



BlueScope Pipeline Supplies offers a wide range of steel pipe and fittings to service mining, fire and mechanical, utilities and rural customers throughout Australasia.

BlueScope Pipeline Supplies offers value to customers by providing a comprehensive range of steel pipe and fittings, utilising the BlueScope Distribution network of branches and a fully dedicated sales team focused on customer service and project management.

www.bluescopepipelinesupplies.com.au



BlueScope Lysaght is a premier manufacturer of steel building products and is also a provider of innovative steel building solutions including mobile roll forming, facades, structural walling and design and construction services.

With a history of more than 130 years and timeless icons such as the premium LYSAGHT® range of steel building products supported by modern products such as SMARTASCREEN® fencing and the QUIKA-FLOOR® steel flooring system, BlueScope Lysaght provides a comprehensive range of steel building products to meet most needs.

www.lysaght.com.au

Australian Distribution & Solutions Businesses



BlueScope Water is a leading manufacturer of steel based products for the water industry. It has developed a premium range of water tanks and innovative water management products specially designed to help conserve our most precious natural resource.

As the issue of water management in Australia becomes increasingly critical, Australia's largest steel company, BlueScope Steel, is leading the way through the efforts of the BlueScope Water business as well as through its own recycling initiatives.

www.bluescopewater.com.au



Sheet Metal Supplies offers a diverse range of sheet and coil steel products, comprising galvanised, zinc coated, aluminium zinc coated, hot rolled, cold rolled, pre-painted, aluminised, COLORBOND® and ZINCALUME® steel.

With innovative approaches and advice on effective and economic use of steel products, Sheet Metal Supplies is a major sheet and coil processing and distribution business committed to add value to its customers' business.

www.sheetmetalsupplies.com.au



Metalcorp Steel enjoys a strong position nationally with a growing retail network, providing customers with everything they need in steel.

New look stores with large retail areas, a commitment to servicing the steel needs of customers and the passing on of savings achieved by bulk purchasing have resulted in Metalcorp Steel being regarded by many as Australia's best steel retailer.

www.metalcorpsteel.com.au

Australian Distribution & Solutions Businesses

IMPACT STEEL



Impact Steel is an experienced and highly regarded sheet and coil distributor. Impact Steel offers a comprehensive range of grades and sizes with a quality of processing that is unsurpassed in the sheet and coil industry.

The team at Impact Steel is committed to understanding and servicing the needs of their customers. Delivering quality sheet and coil products from the world's leading manufacturers has enabled Impact Steel to lead the way in the distribution and processing of sheet and coil products.

www.impactsteel.com.au



**BLUESCOPE
BUILDINGS**

BlueScope Buildings designs and supplies custom engineered buildings. It uses a combination of software, design methodologies, fabrication techniques and supply chain management to provide cost effective building outcomes to meet individual client specifications.

BlueScope Buildings' custom engineered buildings are uniquely tailored to fit a broad array of size, shape and accessory specifications, delivered with a design approach which provides extremely cost effective outcomes and short lead times.

www.bluescopebuildings.com.au