



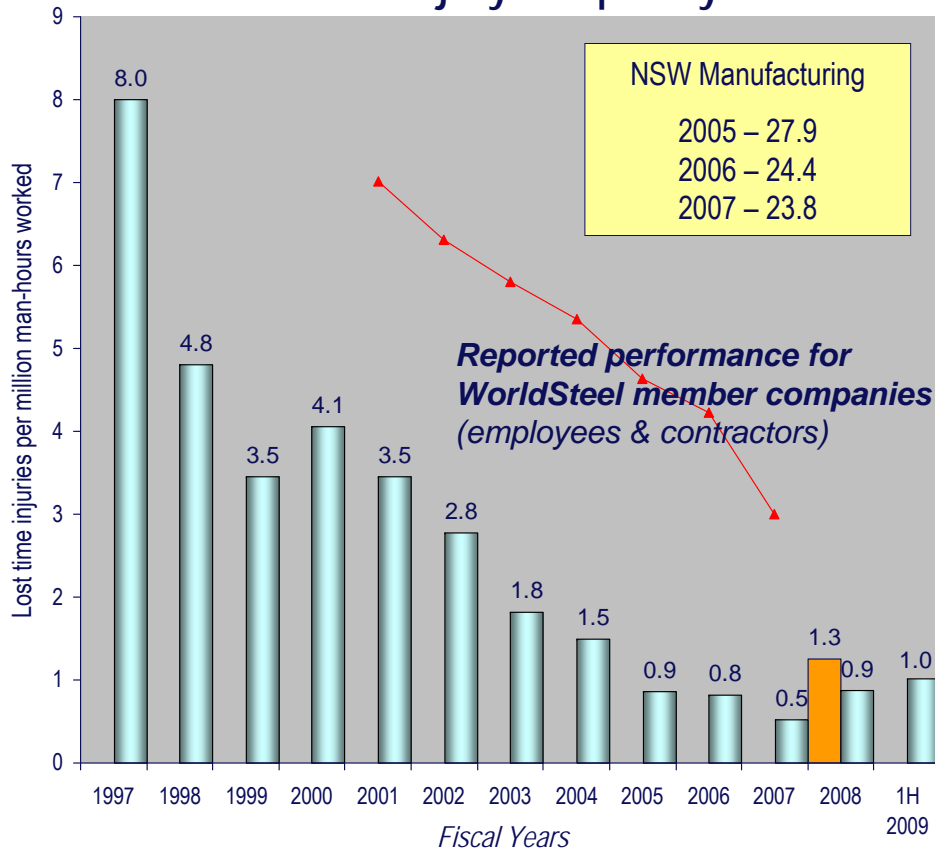
**BLUESCOPE
STEEL**

Half Year Results 2009

Managing Director & CEO, Paul O'Malley
23 February 2009

Safety – Our target remains Zero Harm

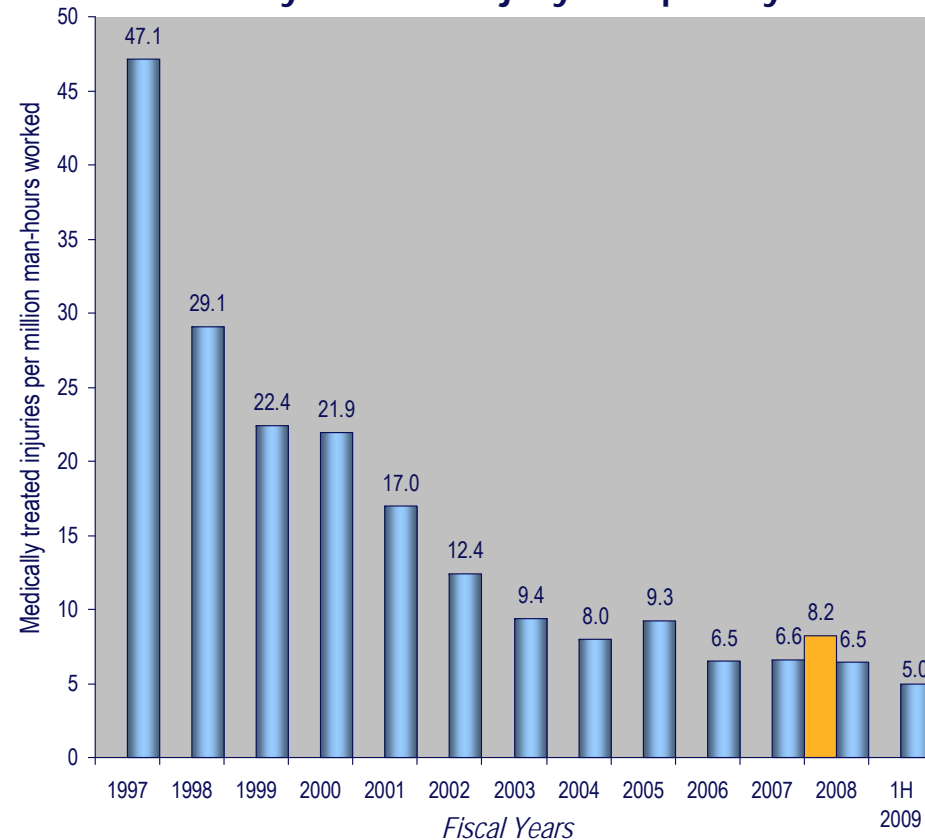
Lost Time Injury Frequency Rate



Includes Butler acquisition from May 2004

Performance if IMSA & Smorgon acquisitions' incl. for FY 2008 ■

Medically Treated Injury Frequency Rate



Includes Contractors from 2004

Includes Butler acquisition from May 2004

Performance if IMSA & Smorgon acquisitions' incl. for FY 2008 ■

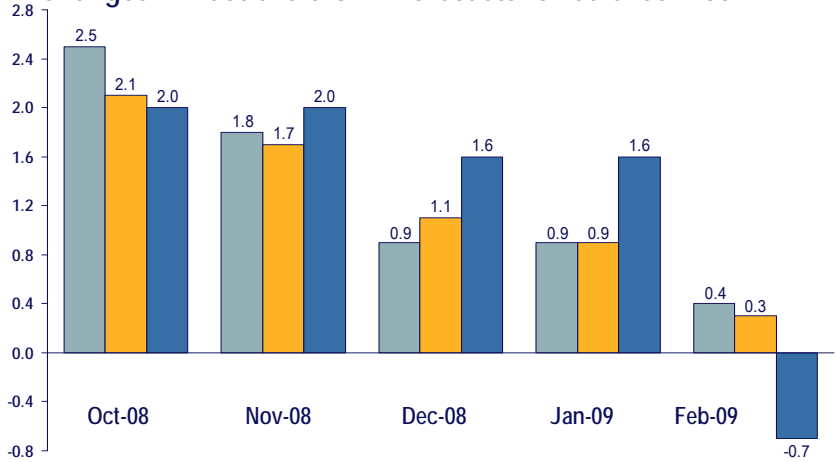
Group financial headlines 1H FY2009 vs. 1H FY2008

| | Six months ended 31 December | | Variance |
|-------------------------------------------|------------------------------|--------------|-----------|
| | 2009 | 2008 | % |
| Revenue | A\$6,156M | A\$4,734M | Up 30% |
| External despatches | 3.2M tonnes | 4.0M tonnes | Down 19% |
| EBITDA – Reported | A\$857M | A\$502M | - |
| – Underlying | A\$946M | A\$668M | Up 42% |
| EBIT – Reported | A\$665M | A\$328M | - |
| – Underlying | A\$753M | A\$494M | Up 52% |
| NPAT – Reported | A\$407M | A\$116M | - |
| – Underlying | A\$479M | A\$305M | Up 57% |
| EPS – Reported | 52.7¢ | 15.7¢ | - |
| – Underlying | 62.0¢ | 41.4¢ | Up 50% |
| After Tax Return on Invested Capital* | 13.3% (15.5%) | 5.8% (12.6%) | - |
| Return on Equity* | 18.5% (21.8%) | 6.0% (15.9%) | - |
| Net Operating Cashflow | | | |
| - From operating activities | A\$63 M | A\$600M | Down 90% |
| - After capex / investments | A\$(224)M | A\$116M | Down 293% |
| Interim ordinary dividend (fully franked) | 5cps | 22cps | Down 77% |
| Gearing (net debt) | 35.9% | 31.8% | Up 4.1% |

* () Underlying Returns

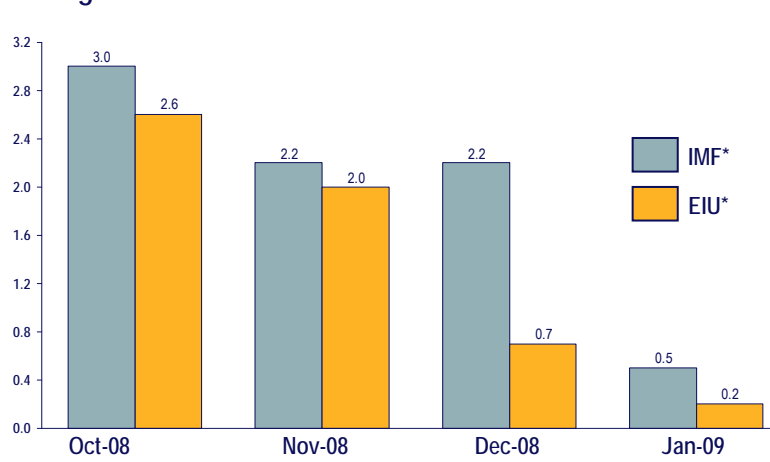
Monthly changes in economic forecasts highlight difficulty in forecasting

Changes in Australia's GDP Forecasts for Calendar 2009



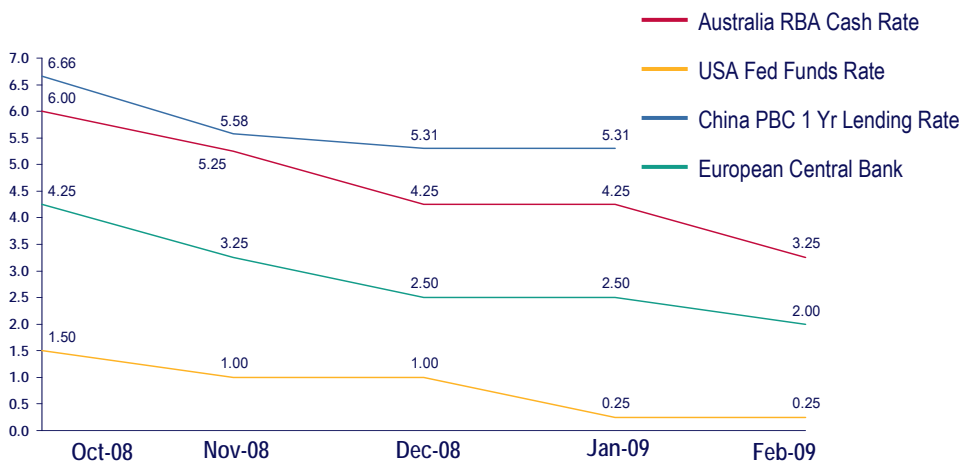
Source: Access Economics Quarterly 'Business Outlook', Consensus Economics 'Consensus Forecasts', Westpac 'Market Insights'

Changes in the Global GDP Forecasts for Calendar 2009



Source: IMF 'www.imf.org', EIU Viewswire 'www.viewswire.com' Notes: * Based on purchasing power parity weightings

Global Interest Rate Trends



Source: Datastream, IMA Asia

Changes in the USA's GDP Forecasts for Calendar 2009



Source: Consensus Economics 'Consensus Forecasts', EIU Viewswire 'www.viewswire.com'

Outlook – challenging market conditions continue to be driven by global economic conditions in FY2009

December 2008 Update

February 2009 Update

DEMAND

- Weaker export demand
- Australian demand weaker in 2H
- Export market limited & prices low
- Australasia – demand weaker than expected
- North America – demand “stalls”
- Asia – demand “stalls” apart from China

GLOBAL RAW STEEL PRICES

- Price fall evident from Sept 2008. More pronounced in Nov & Dec.
- Current indicative market spot prices recently published:
 - Slab US\$400/t FOB
 - HRC US\$520/t FOB
- However, China domestic prices increased on
 - Improved demand / low inventories
 - Due to fiscal stimulus initiatives, earthquake rebuilding and significant increase in bank lending.

Outlook – challenging market conditions continue to be driven by global economic conditions in FY2009 (cont...)

December 2008 Update

February 2009 Update

CAPITAL EXPENDITURE

- Focus on essential stay in business plus
 - BF No. 5 reline; and
 - Sinter plant upgrade
- Further steps taken;
 - Indonesian expansion on hold
 - India coated expansion project financed (non-recourse to Tata & BlueScope).

BUSINESS IMPROVEMENT INITIATIVES

- Target savings A\$100m by 30 June 2009
- Target savings now A\$150m by 30 June 2009.

Outlook – challenging market conditions continue driven by global economic conditions in FY2009 (cont...)

So what does this mean for 2H FY09? (noting BF5 is in reline in 2H FY09)

- Expecting a negative underlying NPAT contribution. Extent dependent upon:
 - demand; and
 - spread
- Earnings will remain depressed until we see an improvement in steel demand globally. Currently the effect of global stimulus packages on steel demand is unclear.
- Global steel industry has undertaken significant production cuts.
- Focused on 4 key areas:
 - Robust balance sheet.
 - Strong liquidity position.
 - Disciplined capital expenditure management.
 - Delivering an expected \$150 million savings on existing and new cost management programs.

Interim Dividend: 5cps 1H FY09 vs 22cps 1H FY08

- Interim dividend decision based on:
 - Business outlook and demand
 - Current update - demand and pricing outlook weaker
 - Credit markets
 - Current update - tighter conditions
 - Additional shares on issue as a result of the institutional and SPP equity raising
 - Current update – shares increased in total from 773.1m to 906.3m.
- Cash is a priority given market uncertainty and expectation of a loss in 2H FY09.

Earnings initiatives on track to deliver target savings of approx. \$150m by 30 June 2009 to partly mitigate current market conditions

Cost Management: Taking Action in Tough Times

Conversion/Operating → Manufacturing production scheduled to minimise cash costs and meet market demand. BF No. 5 shut 18 Jan 2009 (ahead of previously scheduled 1 March date).

R&M & Capex → Significant reduction / slow down & deferral with focus on maintaining operational performance. Stopped all non-essential capital. Approved scope of steam asset replacement program being reviewed. Capital limited to reline, sinter plant upgrade and delivery of acquisition synergies and operational integrity and safety.

Labour Cost → Reduction in overtime, casual & contractor hours and introduction of flexi leave. Ongoing productivity improvements. Substitution of contractors, vacancies not filled and redundancies.

Discretionary Spend → Reduce consultants, travel, marketing/advertising & promotion and IT spend.

Working Capital → Production scheduling aligned to demand to manage inventory levels.

Federal Government's Carbon Pollution Reduction Scheme (CPRS)

- BlueScope Steel has a corporate objective to reduce CO₂ emissions.
- We support the Federal Government's economic and environmental objectives in relation to climate change.
- But cumulative cost of White Paper proposal is too high, putting jobs and investment at risk:
 - Headline rate of assistance for integrated iron and steelmaking is 90% - but *effective* rate could be only about 75% (of total BSL emissions) due to exclusion of some activities
 - 1.3% decay in assistance p.a. will compound this shortfall
 - Scope 3 costs from suppliers – government has recognised issue but no solution in White Paper
 - Renewable Energy Target scheme will impose higher electricity costs in addition to CPRS costs
- CPRS risks imposing higher costs on Australian industry than foreign competitors face.
 - Eg. EU ETS provides 100% free permits for European steelmakers' direct emissions until at least 2012; no comparable carbon costs likely in China, India and Brazil in short to medium-term
- CPRS needs an effective transition plan and acknowledgement of the cost effects on individual businesses:
 - Including an effective transitional plan to minimise the financial impact in the early years and minimise competitive disadvantage to Australian industry until major competitors are carbon constrained.
- Continuing to engage with Government on the CPRS and have constructive ideas to discuss.

Trade:

- Trade protectionism counter productive and harmful to Australian exporters like BlueScope Steel
 - Half our usual steel production is exported.
 - Access to export markets is important to our business.

Summary

BlueScope Steel posts a strong underlying NPAT of A\$479 million (an increase of 57%) and is:

- Taking constructive action during challenging times – with a focus on 4 key areas:
 - Robust balance sheet.
 - Strong liquidity position.
 - Disciplined capital expenditure management.
 - Delivering an expected \$150 million savings on existing and new cost management programs.

Global steel industry:

- Has acted decisively in cutting production.
- Destocking underway in North America, but future demand uncertain.
- Raw material (coal and iron ore) costs to fall from mid CY2009.
- China's domestic demand for steel increases – but, supply/demand balance could be volatile leading into next growth phase.
- Stimulus packages around the world need to translate into increased steel demand.



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