



Investors' Visit to ASEAN Sites – May 2015

Pack 2: NS BlueScope Thailand

Somkiat Pintatham – Country President
Sam McMahon – Vice President Commercial & Business Development

May 2015

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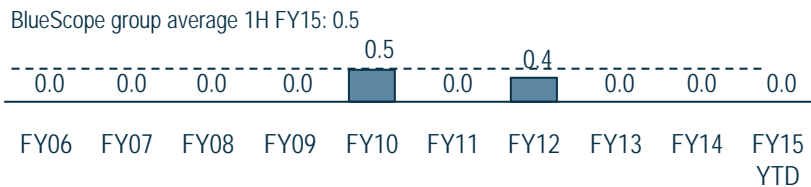
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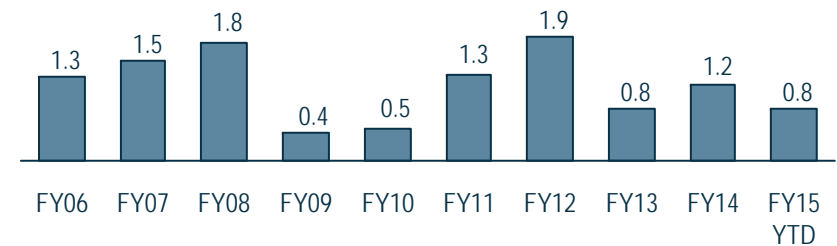
We strive for zero harm

Lost time injury frequency rate

Medically treated injury frequency rate



BlueScope group average 1H FY15: 4.6



Safety

- NS BlueScope, Map Ta Phut and Bangkok office – 18 years Lost Time Injury free
- NS BlueScope, Lysaght – 3 years Lost Time Injury free

Environment

- All sites maintain Environment Management System (Emission control)



Agenda

- Thailand Overview – Political & Macro
- Facilities and History
- Market Overview & key segments
- Performance & Strategic focus
- Key Market Segment Examples
- Summary

NS BlueScope Thailand Lead Team



Somkiat Pintatham
President Thailand



Orapatip Polnakordej
Executive Assistant
and Office Manager



Voraphol
Angsulapiwat

Vice President
Sales Midstream



Korrakod
Padungjitt

Vice President
Corporate Affairs



Miyake
Tsuyoshi

Vice President
Manufacturing



Sam McMahon

Vice President
Commercial
Thailand



Teerachai
Chansakul

President
Lysaght



Dechakom
Boonma

Vice President
Marketing



Teerapong
Raksasang

Vice President
Health Safety
and
Environment



Chanigarn
Sampattagul

Vice President
Human Resources



Napapha
Thamvararom

Acting Vice President
Supply Chain &
Customer Services



Thailand is a key growth market in Southeast Asia

Emerging N / NE – decentralisation from central & strong SME & residential growth

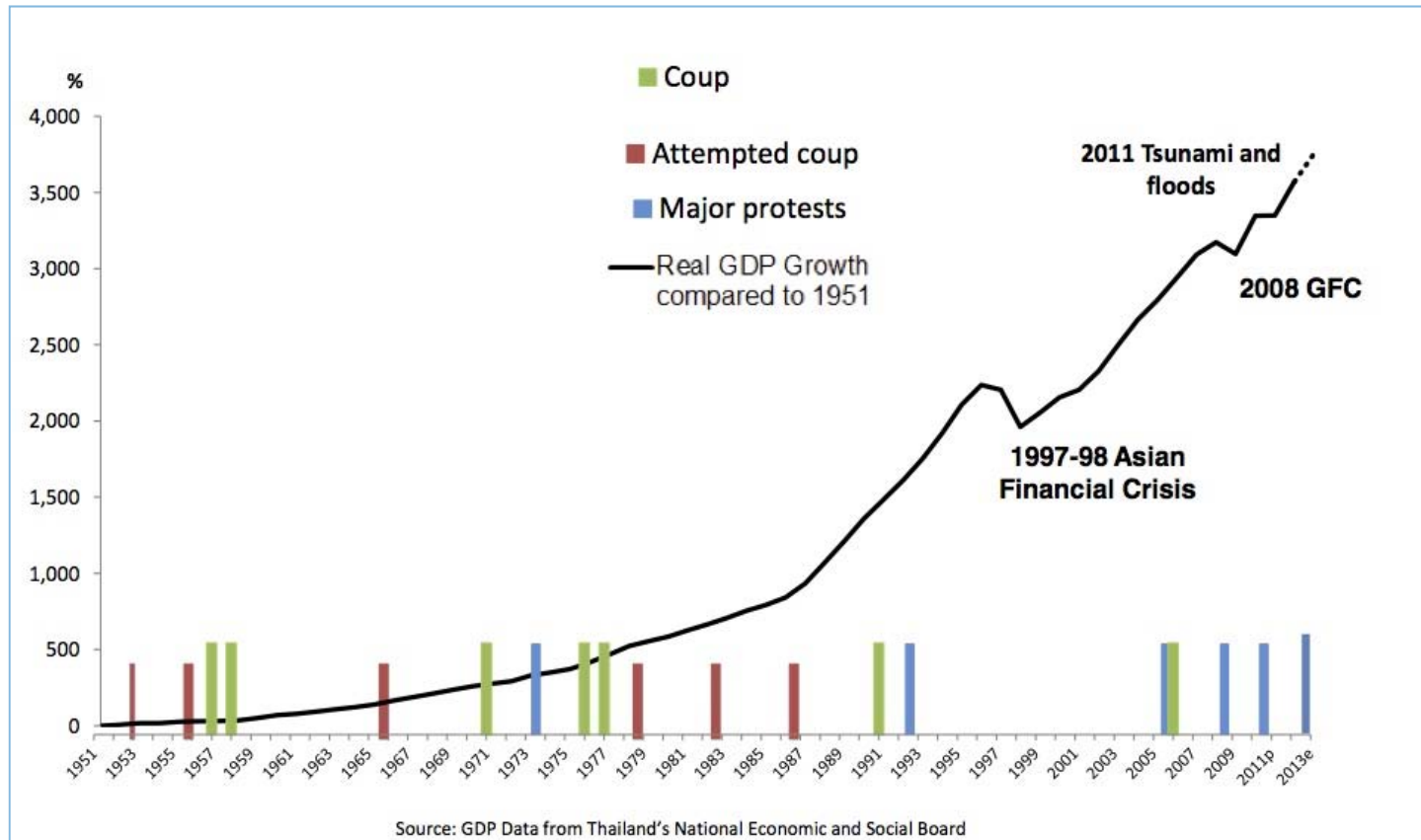


FDI – Govt and I&C investments

- Thailand is Southeast Asia’s second largest economy after Indonesia with population size of c. 68.9M
- GDP is expected to continue to grow at 3-4% for future outlook period; Key drivers are:
 - Industrial and services sector account for over 90% of GDP
 - Fixed investment & infrastructure to stimulate growth
 - FDI growth in manufacturing; and
 - Growing tourism sector
- One of ASEAN’s highest GDP per capita levels reflecting a well developed and affluent consumer market – a positive for long-term growth
- Centre of ASEAN Economic Community (AEC)

Thai economy has demonstrated resilience over the medium term despite political and other changes

Political instability & economic growth



- Domestic instability is less influential than international economic conditions and natural disasters

Source: Australian Embassy Thailand 2013

Thailand is well positioned geographically and will continue to be a major regional hub in Southeast Asia

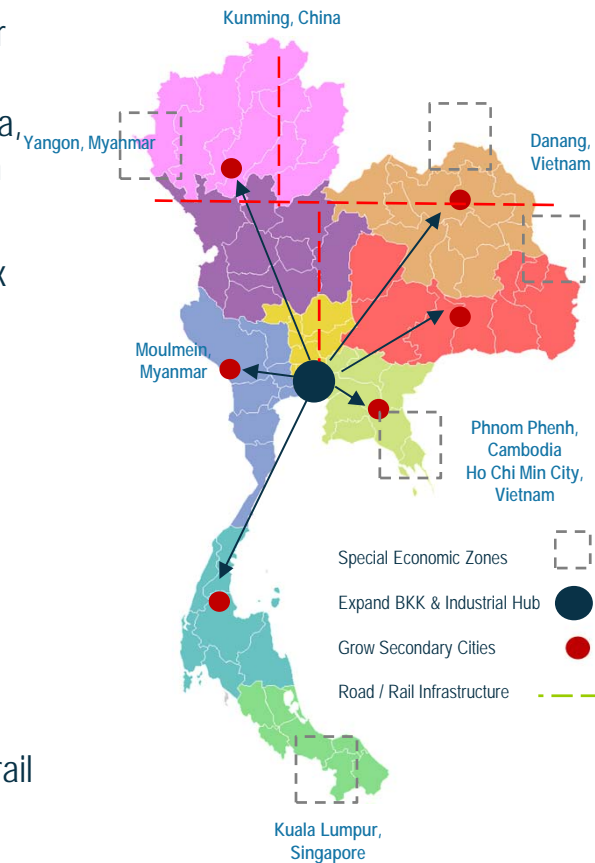
ASEAN Economic Community (AEC) – connecting SE Asia



Emerging land-based logistic network that connects mainland SE Asia into Southern China has Thailand as central hub

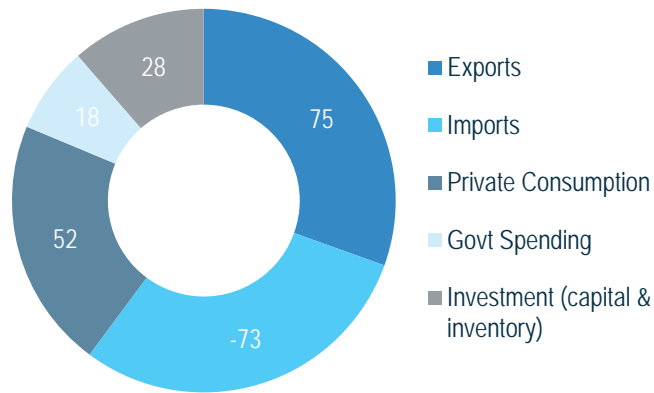
Thai Govt Investing \$US60Bn on infrastructure to enable SE Asia linkages

- Economic Corridors built to link with major cities in, Myanmar, Laos, China, Malaysia, Cambodia & Vietnam
- 5 Major Economic Zones – attractive tax incentives (BOI) to support
- Strong focus on decentralisation – creating large secondary cities
- Expanding the Industrial Zones (eastern seaboard)
- Significant road and rail linkages through-out Thailand

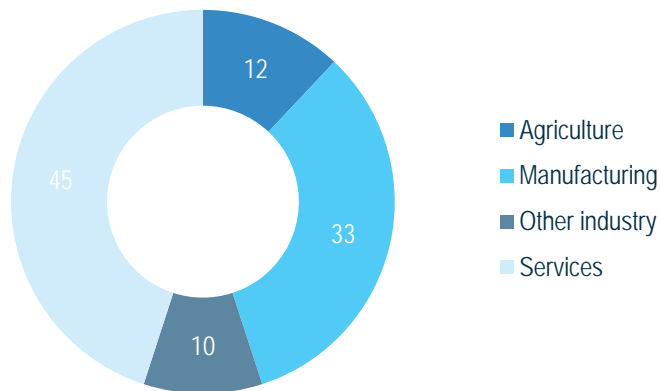


Exports are a large driver of the Thai economy, with a large contribution from manufacturing

Components of GDP 2013 (100%)



Production Sectors % of GDP 2013 (100%)



Source: World Bank, NESDB, Charting Thailand Economy – CTE 2014

Manufacturing	   
Agriculture	  
FMCG	 
Home Appliance	  

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NS BlueScope footprint in Thailand

- Historically Australia's largest direct investor in Thailand
- A manufacturer of innovative steel building solutions for the Thai building and construction industry and recently moved into home appliance segment (2015 onwards)
- In-country manufacturing capability since 1988
- ~800 employees
- Three manufacturing facilities:
 - BlueScope Lysaght facilities in Rangsit (near Bangkok) and Khon Kaen (northeast Thailand)
 - BlueScope Steel Thailand cold mill (350ktpa), metallic coating (350ktpa) and painting (90ktpa) facilities at Map Ta Phut (200km south of Bangkok)

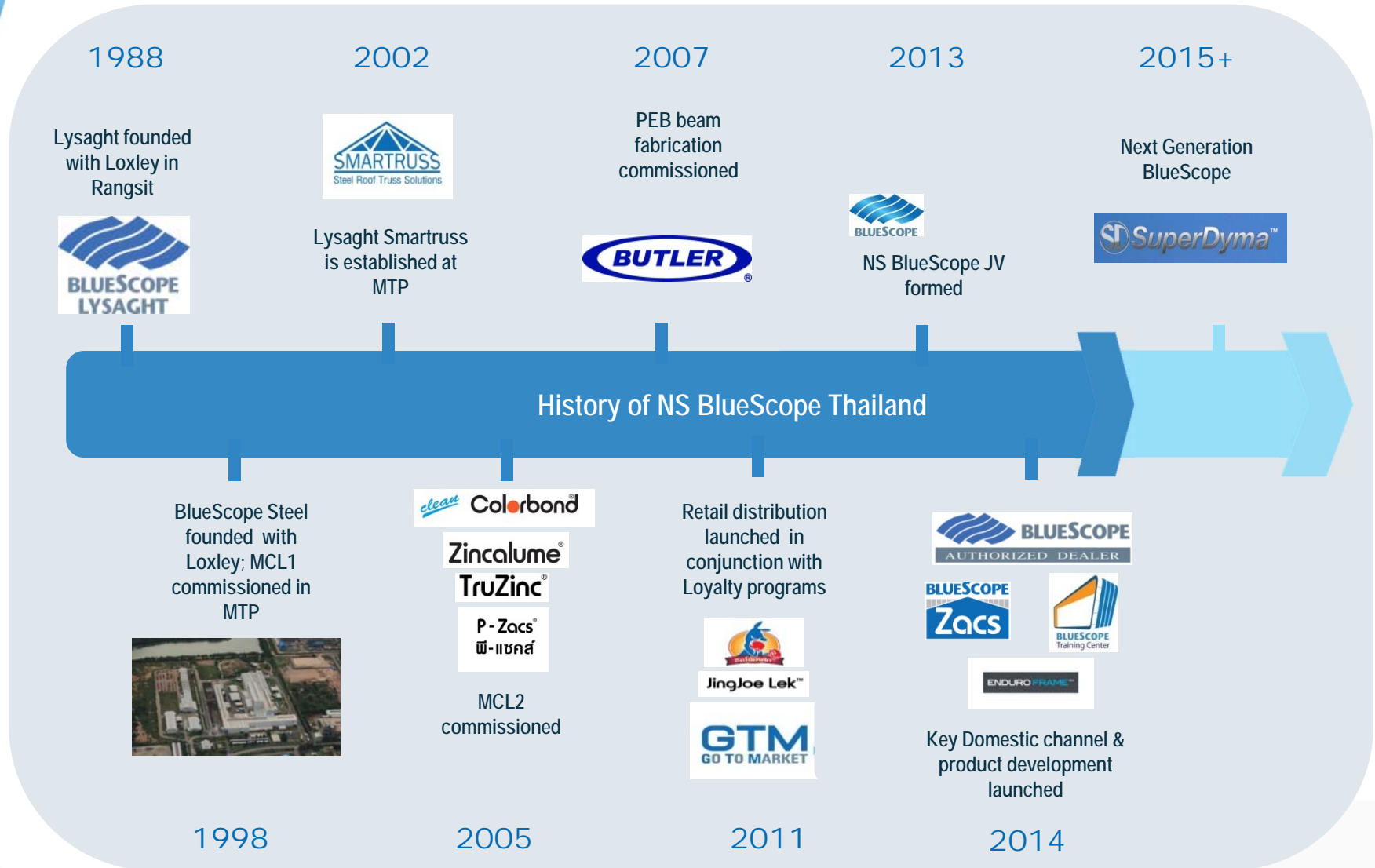


● NS BlueScope Lysaght

● Metallic coating and painting facility



History of NS BlueScope Thailand



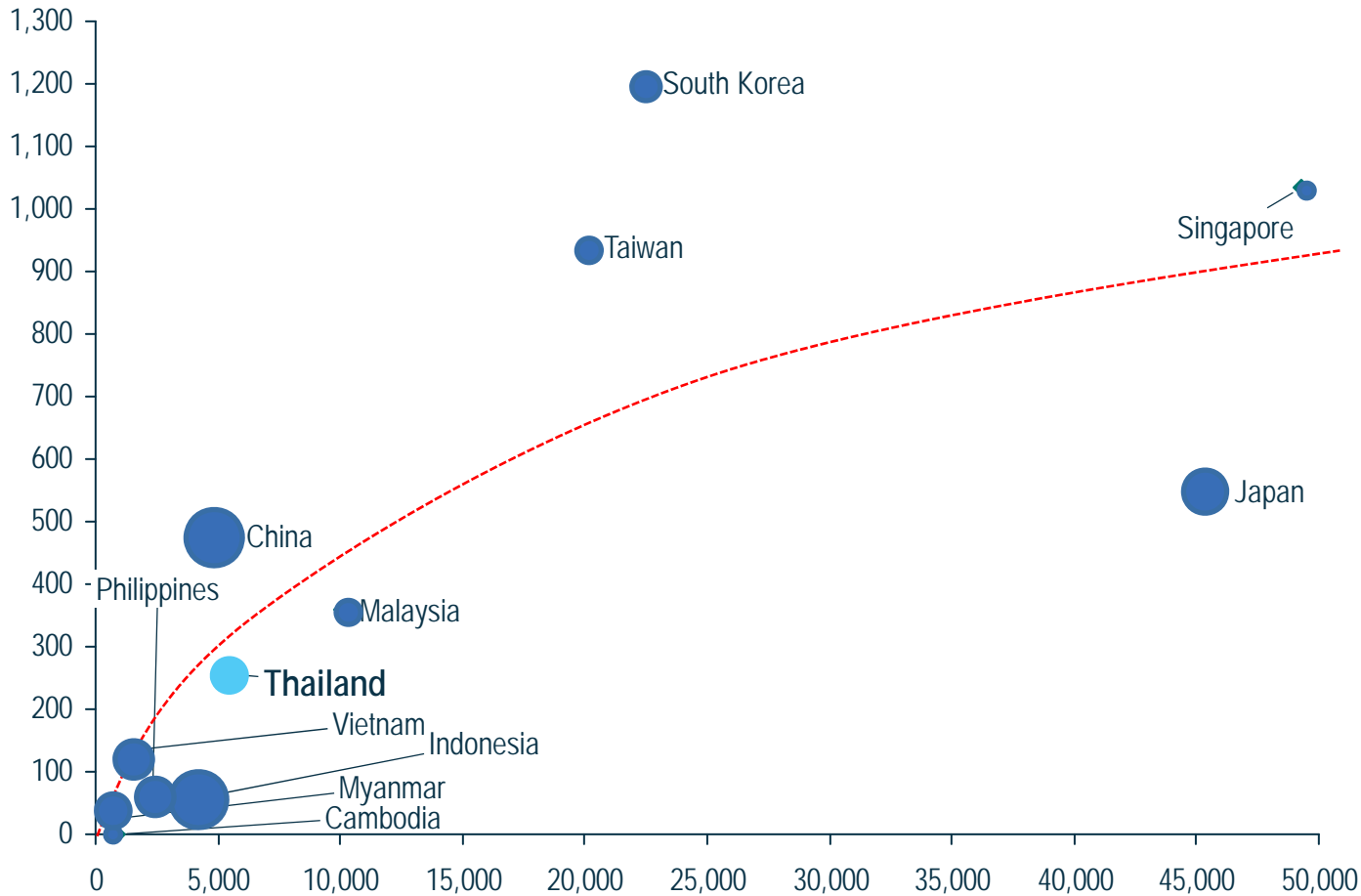
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Steel market in Thailand still presents good growth opportunities

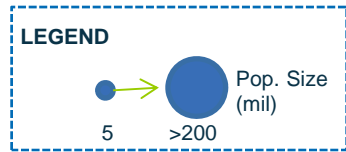
Steel Intensity vs GDP per capita (by country)

Steel Use per Capita



Opportunities in Thailand

- Steel use per capita is still low relative to developed countries, e.g. Taiwan, Singapore
- GDP expected to grow ~4-5% p.a. over the next five years driving growth in steel consumption



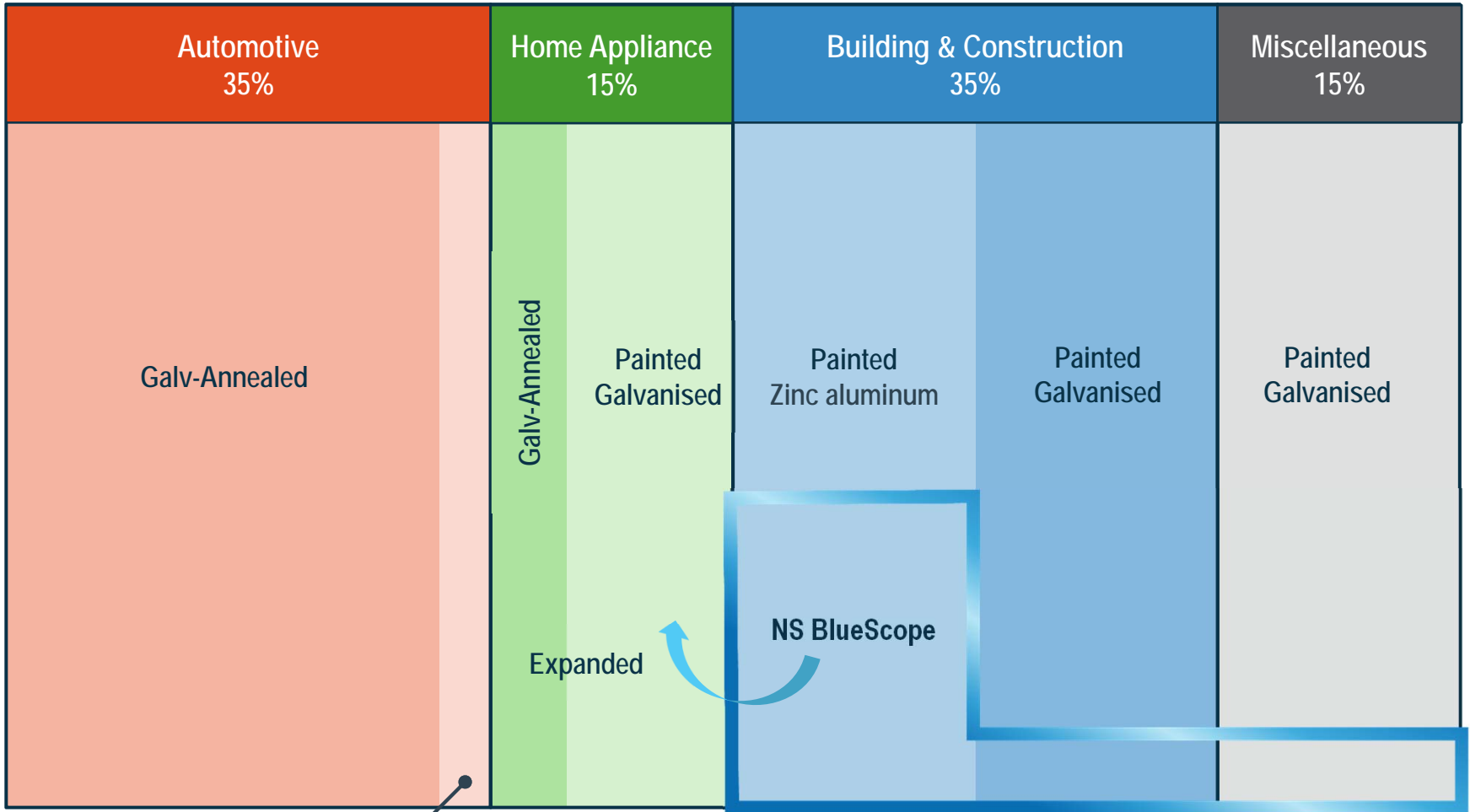
Source: IMF, World Steel Association, SEASI, Literature search

GDP per Capita (US\$)



Overview of Hot Dipped Galvanised* market in Thailand

← HDG market size in Thailand is approximately 2Mtpa →



Others (GI, AI)

Note: * HDG definition includes: GA – galv-annealed; GI – galvanised; AZ – zinc aluminum

Source: Customs Department of Thai Govt, NSBST, NSSMC



NS BlueScope market focus on three key segments

← Building & Construction →

Projects:
Industrial & Commercial /
Government



Retail:
SME & Residential



Home Appliance:
Refrigerator & Air
Conditioning

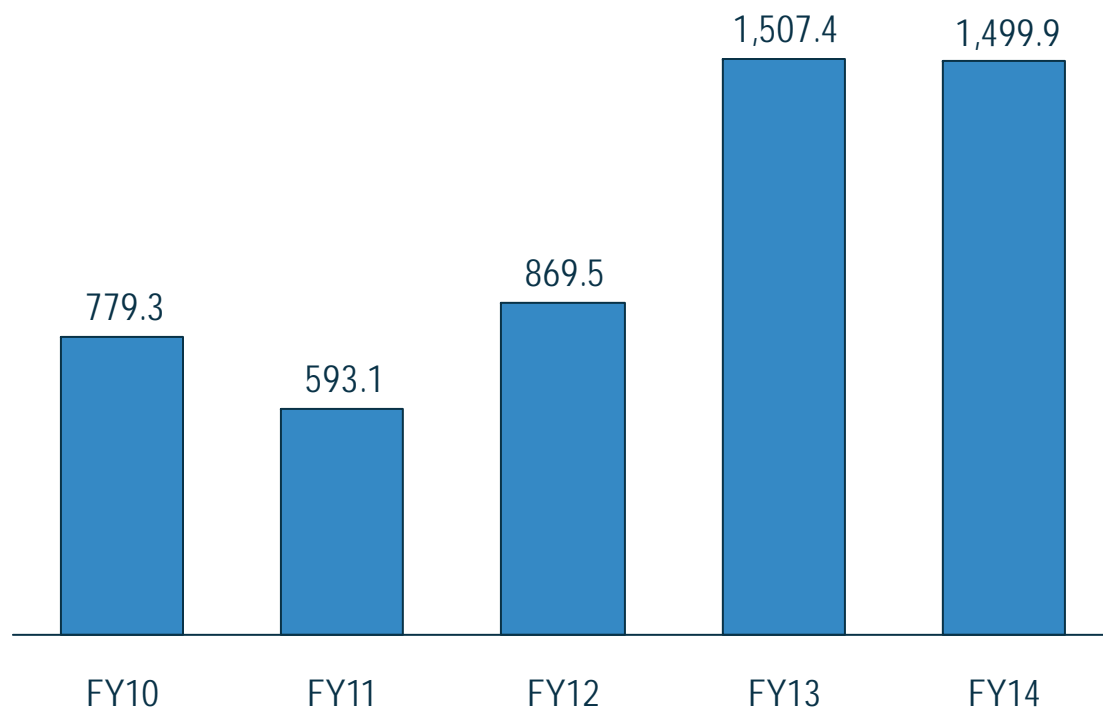


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Underlying EBIT Performance

Underlying EBIT (THB M)



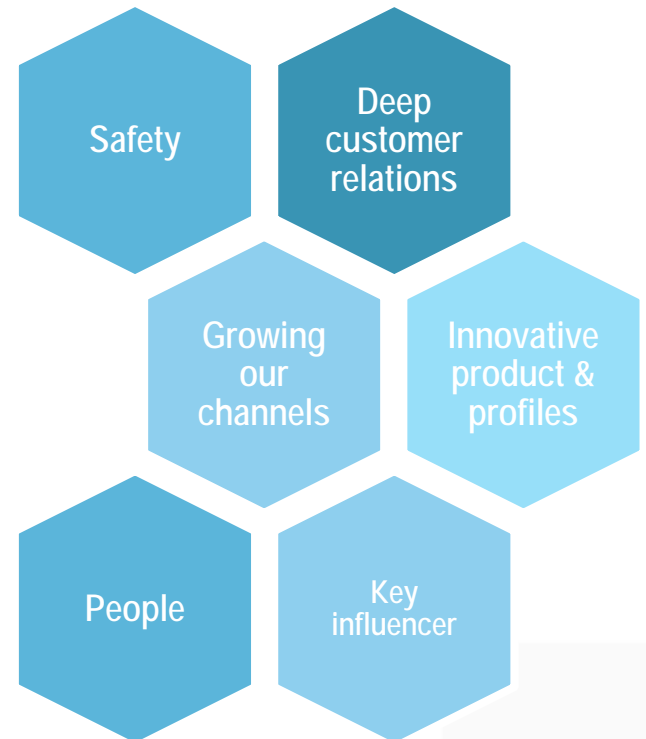
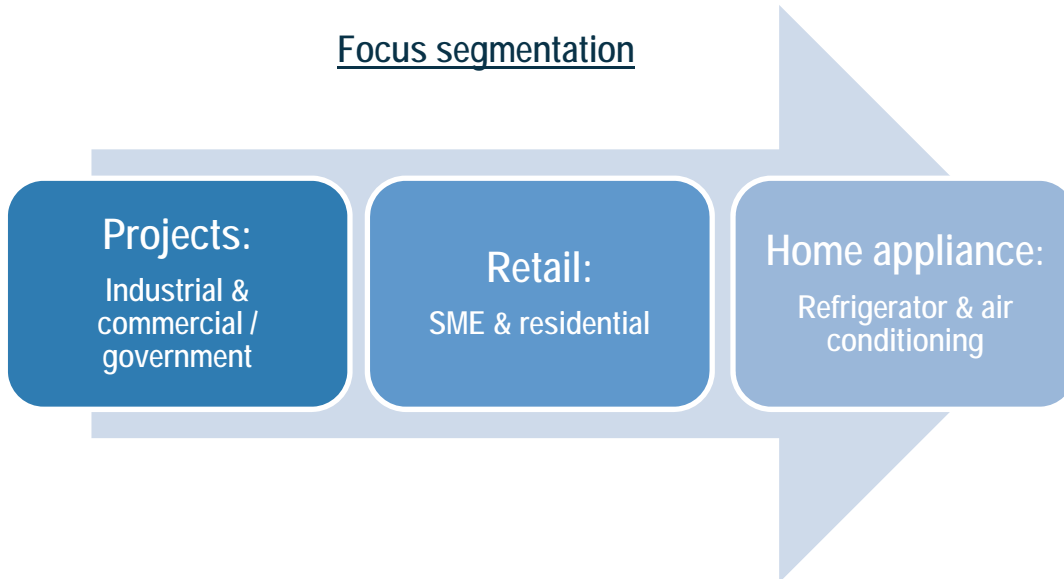
- Consistent EBIT performance and favourable trend, despite being capacity constrained
- Growth initiatives
 - Inline painting
 - New products and product mix

Strategies, vision and focus

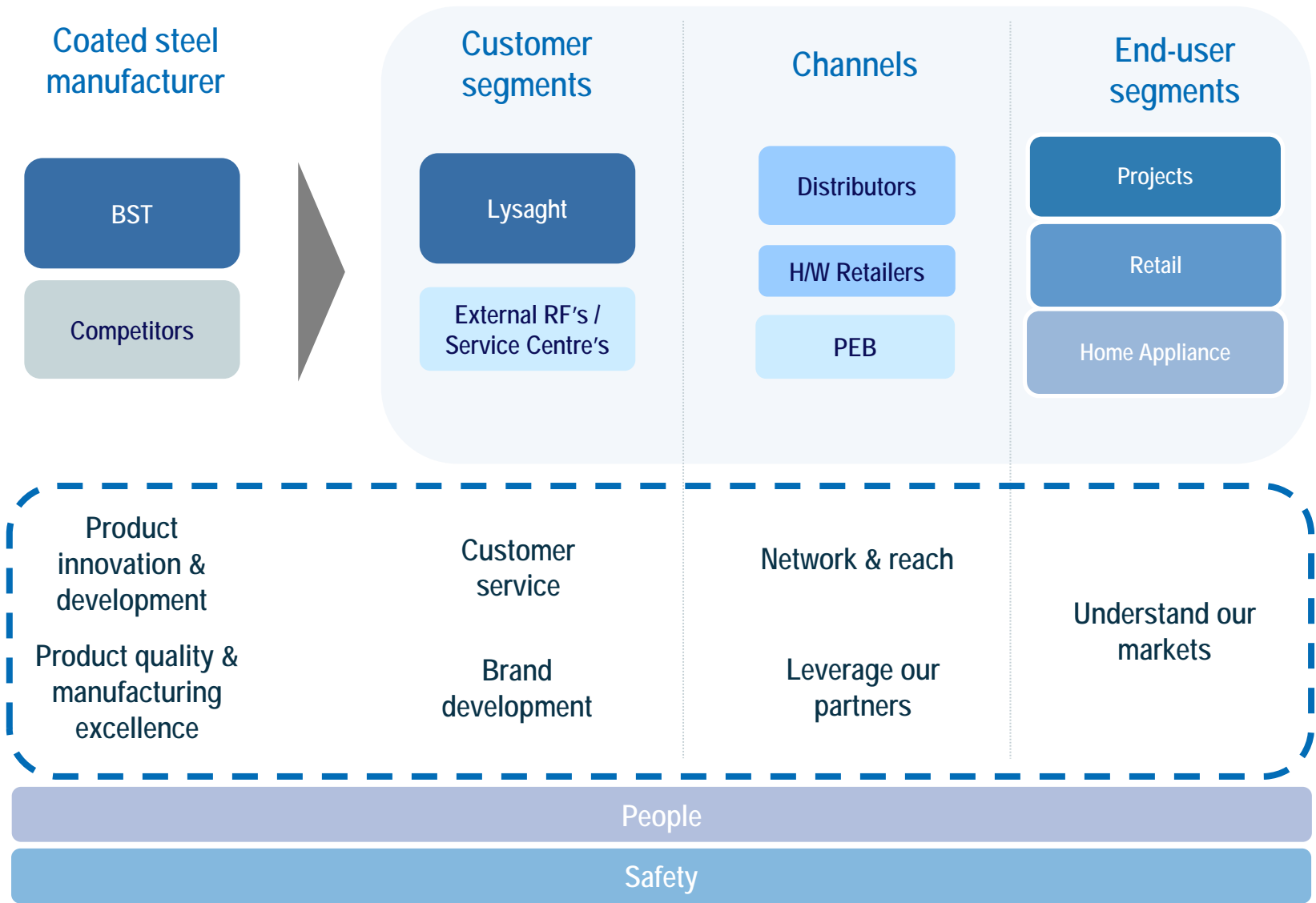
To be the market leader with a sustainable premium in the three key segments we compete:

- *Projects (industrial, commercial & government)*
- *Retail (SME & residential)*
- *Home Appliance (refrigerator & air conditioners)*

Focus segmentation



Our value chain focus



Building & construction steels – channels to market

Market / end user segments

I&C Projects

Government

Residential projects

Residential retail

SME

Market / end user sub-segments

- Local large I&C
- Japanese FDI
- Transport, energy
- School, hospital
- Villa
- Low-rise apartment

- Shop-house
- Detached house
- Bungalow
- Agriculture
- Food processing
- Fabrication

Customer channels

PEB

Roofing contractor

Main contractors

Distributors

Hardware retailers

BlueScope brand / products / channel / services



Home appliance steels – channels to market

Market / end user segments

Home
Appliance
Manufacturers

Market / end user sub-segments

- Refrigerator back panel
- Air-conditioning units
- Other appliance

Customer channels

Service Centres /
Relationship direct
with manufacturer

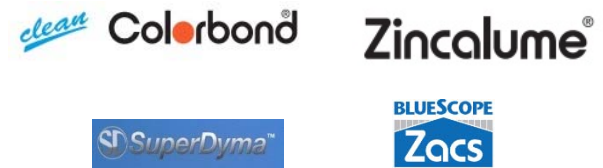
NS BlueScope brand



We have developed a leading domestic value proposition in the three key segments by focusing on:

Products & services innovation

As market leader our customers expect us to innovate and develop new products / services



Channels

Owning channel to market critical in globally oversupplied market



Customer loyalty

Local service offer (lead time, specification, colour) drives loyalty



Only domestic coated producer – local brands & standards

Strong localised branding & standards provide differentiation & generate premiums over import parity prices




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Projects



High number of Government and I&C projects achieved

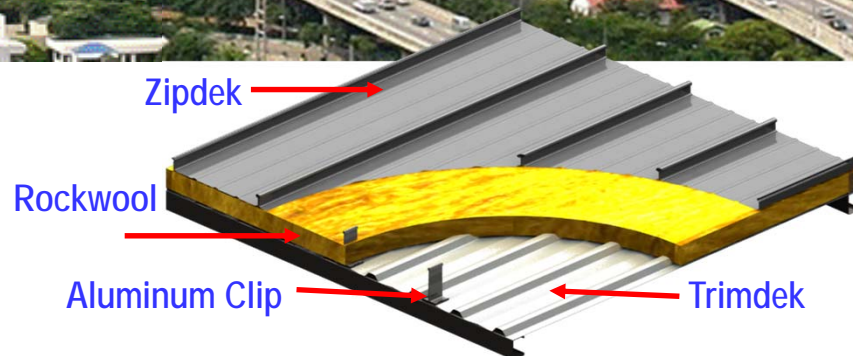
Project Name	Roof Area ('000 sqm)	Profile	Picture
Phuket Airport	29	Zipdek Colorbond Ultra Purlin, Galvanised	 
MRT Line - Purple - Blue - Green	120 110 55	Zipdek Aluminium Zipdek Colorbond PVDF Kliplok Colorbond XPD	 
SRT Line : Red	80	Zipdek Aluminium	
Department Store - Central Salaya - Central West Gate - Central Rayong - Central East Ville - Siam Square one	20 25 18 10 5	Kliplok/Trimdek Zinalume Kliplok/Trimdek Colorbond Kliplok Zinalume Zipdek, Colorbond Zipdek/Kliplok, Colorbond	

The Metropolitan Rapid Transit (MRT) is a \$US20B investment planned for next 5 years – Purple Line first to be completed



Contract highlights – SRT Red Line

Project Name	Roof area (sqm)	Start	Finish
SRT Red Line (Station)	28.8k	Jun-15	Jun-16
SRT Red Line (Depot)	55.5k	Mar-15	Dec-18



Contract highlights – Phuket airport

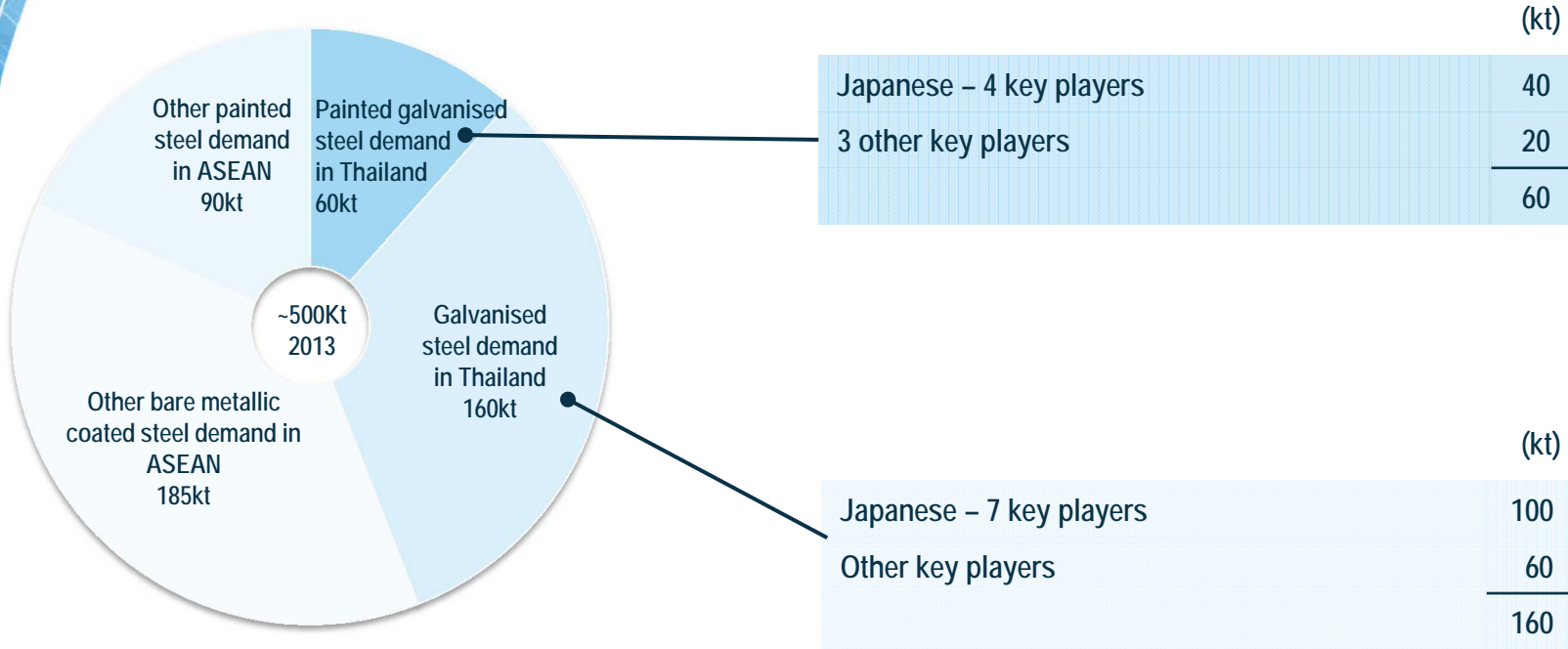
Project Name	Roof Area (sqm)	Start	Finish
Phuket Airport	28.8k	Dec-14	Dec-15



Home Appliance



HA Market: coated and painted steel demand in ASEAN



Key Target Customers



Source: customer surveys

Value proposition of NS BlueScope



<p>50:50 JV company with NSSMC</p>	<p>Integrated local manufacturing process in Thailand</p>
<p>Short delivery lead time</p>	<p>Light coating mass SuperDyma® and one coating VIEWKOTE® on SuperDyma®</p>



Retail



BlueScope “Authorised Dealer” model

Objective: Create a network of 100+ retail channel partners who are 100% loyal to BlueScope products



Retail market model:

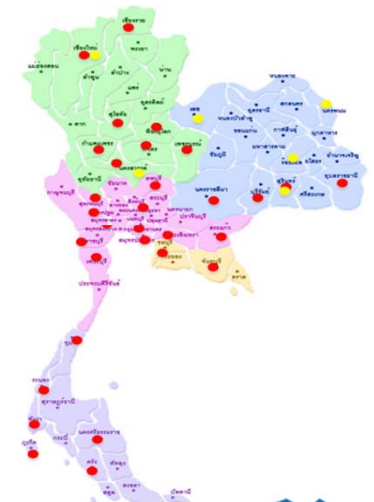
Typical coated coil supply



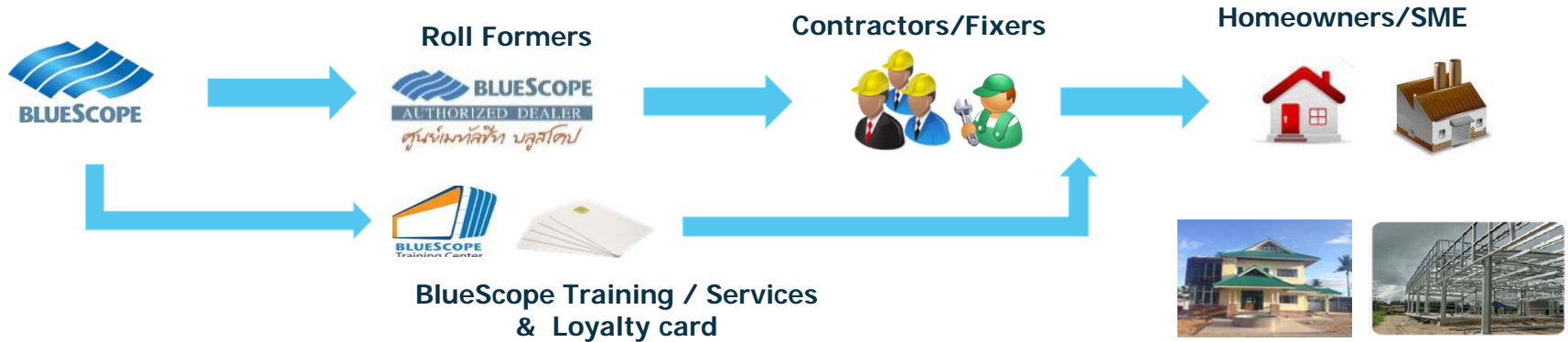
BlueScope authorised dealer network



An estimated 700+ roll-former exist today, BlueScope currently has authorised dealers of 20



BlueScope Authorised Dealer – retail channel to market



Value proposition for joining BlueScope Authorised Dealer Program

1. Products offer – full range of products and services
2. Market leading branding & support
3. Services offer – Lead time & stocking



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Summary

- Thailand is a key growth market in South East Asia, despite cyclical political issues
- As a result of this prosperity, the long term market opportunity for coated steel remains strong with Thailand a key hub for the ASEAN Economic Community – circa 600m people
- NS BlueScope Thailand has transformed over the past five years to become a fully sustainable, domestically focused operation with exciting new segments
- Our strong focus on strengthening our competitive advantages are targeted towards supporting key trends in sustainability, labor shortages, quality standards and consumer brand awareness
- Imminent introduction of SuperDyma® will provide access to new home appliance markets
- Considering capacity expansion to continue and grow presence in Retail market
- We remain strongly focused on safety and sustainably managing the cost base



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BlueScope Steel Limited. ASX Code: BSL