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## ASX Release

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### **BLUESCOPE STEEL EXPANDS INDONESIA OPERATIONS TO BUILD SECOND METALLIC COATING AND PAINTING LINES**

The Board of Directors of BlueScope Steel Limited (ASX: *BSL*) has approved the construction of second metallic coating and painting lines at its Cilegon operation, located 100 km west of Jakarta, in Indonesia.

Apart from the direct effect of increasing capacity, these new developments will allow the existing facilities to run at their optimal design levels thus contributing to higher output. The result:

	<b>Metal Coating Line</b>	<b>Painting Line</b>
Current capacity (MCL1)	100,000 tonnes	50,000 tonnes
Plus incremental improvement (no cost)	35,000 tonnes	20,000 tonnes
Plus new line (MCL2)	170,000 tonnes	55,000 tonnes
<b>Total</b>	<b>305,000 tonnes</b>	<b>125,000 tonnes</b>

The incremental improvement largely relates to the intention to dedicate the new metallic coating line to process thinner gauge (0.2 – 0.4 mm) coil and thus enabling the existing metallic coating line to consistently process 0.4 – 1.0 mm coil.

Sales of BlueScope Steel's products in Indonesia are typically 50% residential and 50% non-residential, compared to 30% and 70% respectively five years ago. Residential growth in the country is reliant on the availability of 0.2 mm metal coated product.

The capital cost of the project is approximately A\$145 million (mainly US dollar exposure). The new lines are expected to be operational by early CY2008.

BlueScope Steel Managing Director and CEO Mr Kirby Adams said: "Asia is our core growth region. Indonesia, the world's fourth most populous country, is experiencing strong growth in the residential and commercial building sector. Demand is high for quality downstream products such as painted steel roof tiles and steel framing, including the market-leading Clean COLORBOND® and ZINCALUME® steel products which will be manufactured on these lines."

This is the Company's second brownfield expansion of its coating and painting facilities in Asia following commissioning of the second metal coating line in Thailand in August this year. Greenfield projects are presently under construction in Ba Ria, near Ho Chi Minh City, Vietnam (commissioning early CY2006) and Suzhou, 80 kilometres west of Shanghai, China (commissioning mid-CY2006).

BlueScope Steel is one of Australia's largest investors in Indonesia, with investments of more than A\$280 million since it first entered the market with a building solutions business near Jakarta. The BlueScope Steel Board of Directors visited the Company's Indonesian operations in September 2005. PT BlueScope Steel Indonesia is the country's only local manufacturer of zinc/aluminium metallic coated and pre-painted steel. Today, the Company has building solutions manufacturing facilities at Cilegon, Cibitung, Medan and Surabaya.

Also attached are two charts which outline the cumulative capacity effect of the Asian greenfield and brownfield projects that BlueScope Steel has announced since its public listing in July 2002. These projects will be progressively commissioned in FY2006 through to FY2009. Please note that these charts only reflect the Company's Asian coating capability and do not include announced development expansions for rollforming, architectural sandwich panels and pre-engineered building (PEB) activities across the region.

Over the past 3 years, BlueScope Steel has made a number of announcements about a variety of new projects in Asia. We believe these charts are helpful in outlining the full cumulative effect of the most significant offshore growth program by Australia's leading investor in Asia, BlueScope Steel, tripling its coating and painting capacity in the world's fastest growing construction markets.

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#### **About BlueScope Steel Limited (ASX: BSL)**

BlueScope Steel is an international flat steel solutions company, with a manufacturing and marketing footprint spanning Australia, New Zealand, Asia and North America. The Company is the global leader in the provision of high quality metallic coated and painted steel products for the building and construction sector, and also supplies customers in the general manufacturing, automotive and packaging sectors.

BlueScope Steel's strategy is to grow the proportion of its revenue and earnings generated from downstream value-added steel products, by capitalising on high growth markets in Asia, providing leading product and service offers, and through successful inter-material competition based on the superior properties of steel products.

BlueScope Steel's strengths include its unrivalled network of manufacturing facilities in Asia, proprietary coating and painting technologies and strong brands, including COLORBOND<sup>®</sup> steel, ZINCALUME<sup>®</sup> steel, the LYSAGHT<sup>®</sup> range of steel building products and the BUTLER<sup>®</sup> brand of pre-engineered steel buildings.

BlueScope Steel operates a 5.1 million tonnes per annum integrated steelworks at Port Kembla, Australia, a 650,000 tonnes per annum integrated steelworks in New Zealand, and has a 50 per cent interest in a 1.8 mt steel mini-mill in Delta, Ohio. Steel rolling, coating and painting plants are located in Australia, New Zealand, Thailand, Malaysia and Indonesia, and under construction in China, Vietnam and India. BlueScope Steel has a network of more than 50 rollforming facilities in 13 countries that is unmatched by any other steel company, and is the market leader in steel pre-engineered buildings in China and North America.

For further information about BlueScope Steel Limited: [www.bluescopesteel.com](http://www.bluescopesteel.com)

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