



# BlueScope Buildings North America Investor Visit Presentation

Dan Kumm, President

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BlueScope Steel Limited. ASX Code: BSL

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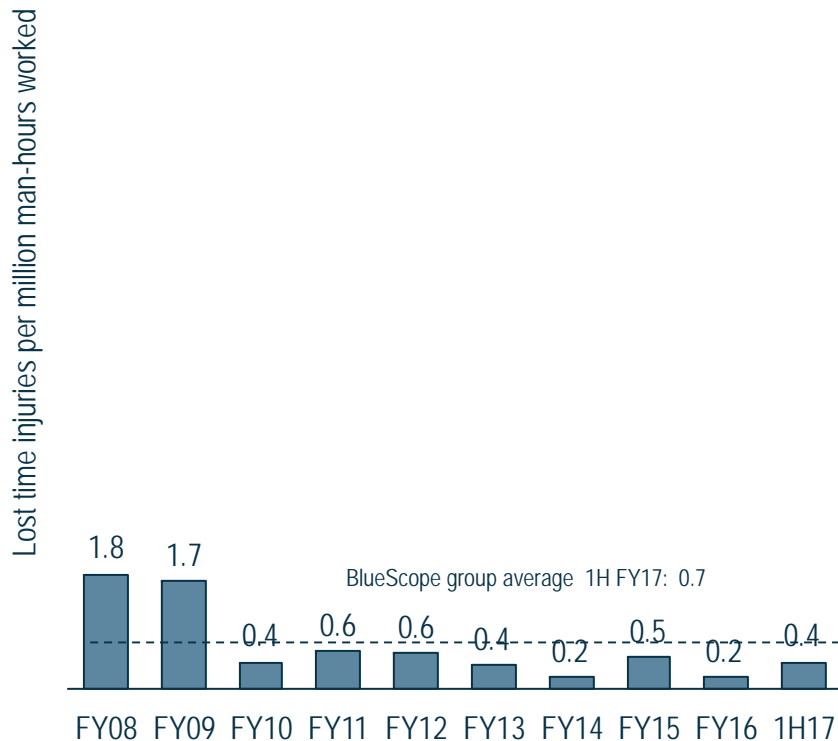
# INTRODUCTION

Spirit Airlines Maintenance Hangar, Detroit  
BlueScope Construction

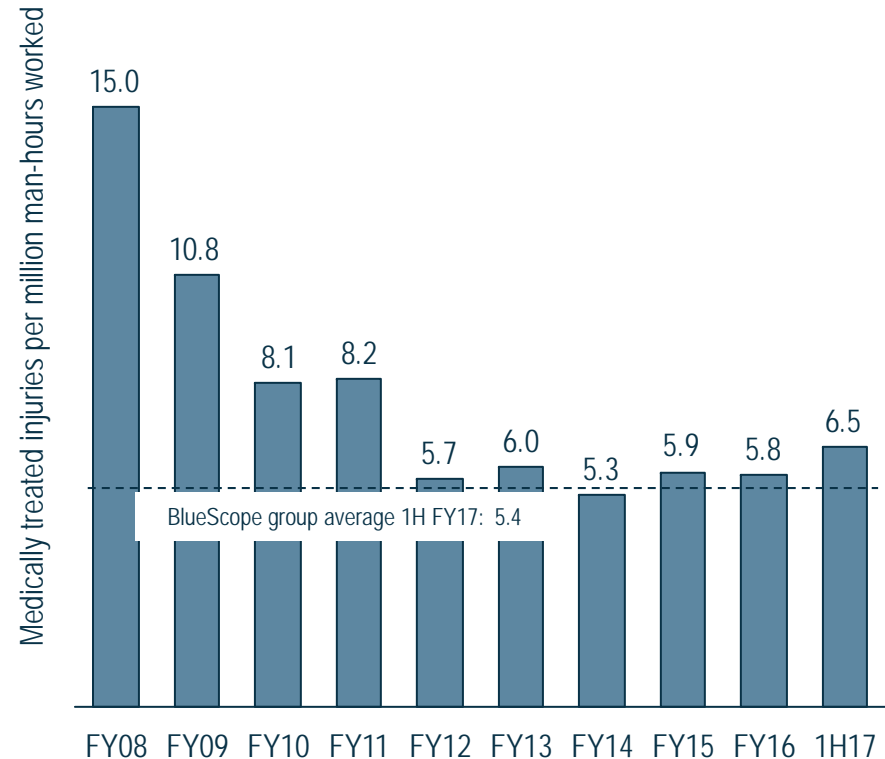
# BlueScope Buildings North America

## Progress towards our goal of Zero Harm

Lost time injury frequency rate



Medically treated injury frequency rate





# BlueScope Buildings strategy with BSL strategic framework



BlueScope Buildings segment has been established to unite BlueScope's Building Solutions businesses and accelerate growth



## BlueScope Buildings

Chief Executive – Pat Finan

### Buildings North America

Engineered Building Solutions in North America

Dan Kumm – President

### Buildings ASEAN

Engineered Building Solutions in ASEAN

Ku Wei Cheong – President

### Products & Buildings China

Engineered buildings, coated steel and building components (Lysaght) in China

Bernie Landy – President

Sales A\$1.7Bn; 14 Manufacturing Sites; Over 4,500 employees



# A broad portfolio of leading Building Solution brands / products

Buildings  
ASEAN



**PROBUILD™**

Buildings North  
America



Product &  
Buildings  
China

**Colorbond®**

**Zincalume®**

**LYSAGHT**



Note – Buildings ASEAN is part of NS BlueScope Coated Products JV value chain





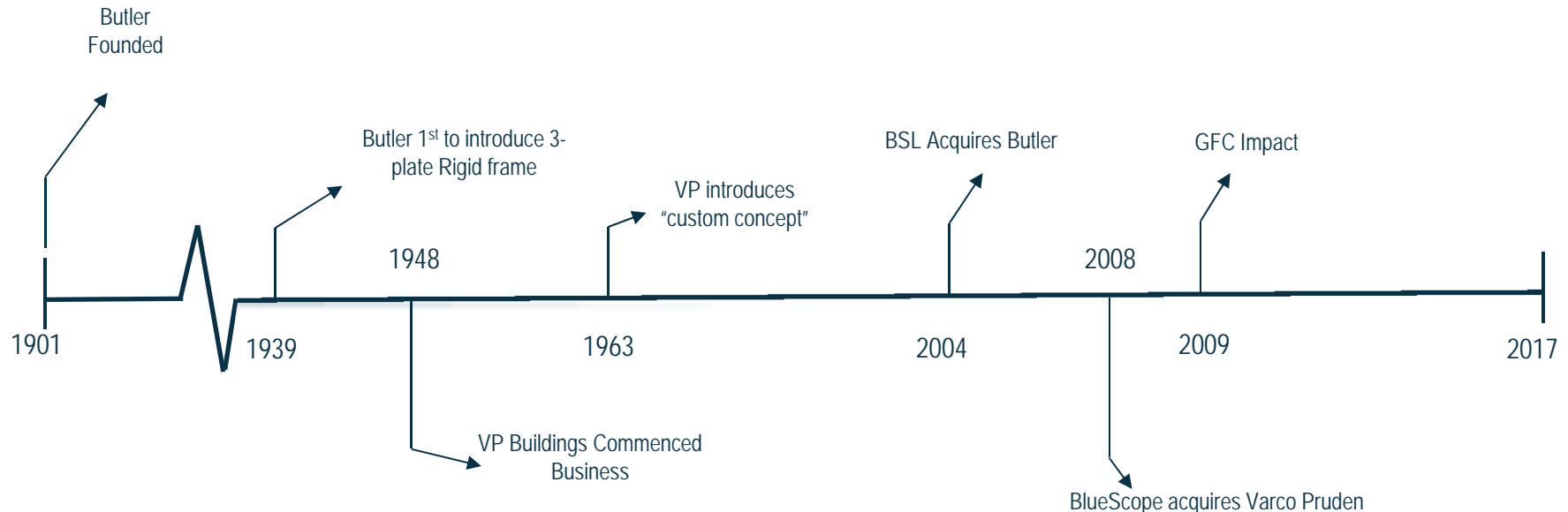
## BUSINESS OVERVIEW

Costco – Melbourne, Australia

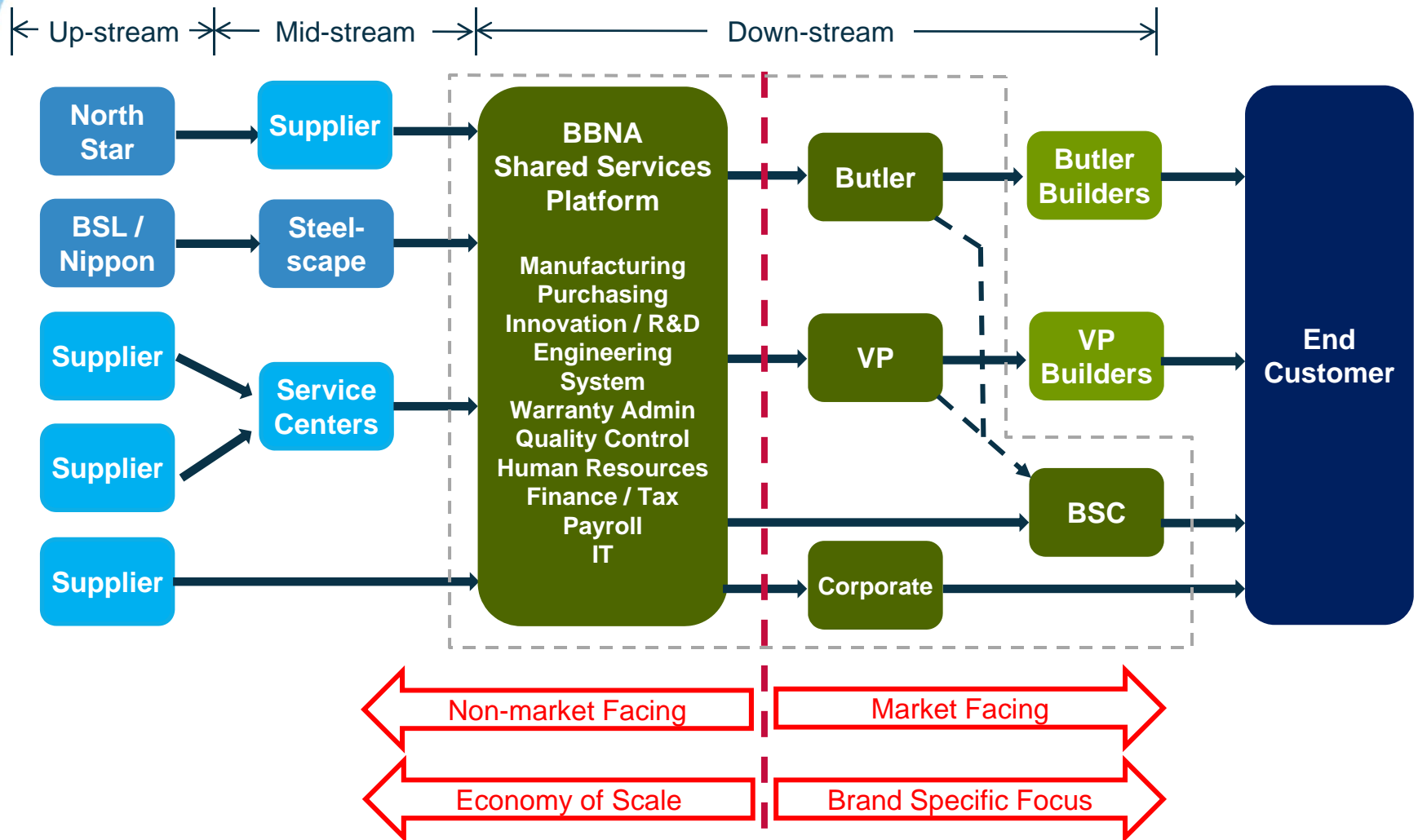


# BlueScope Buildings North America (BBNA) overview

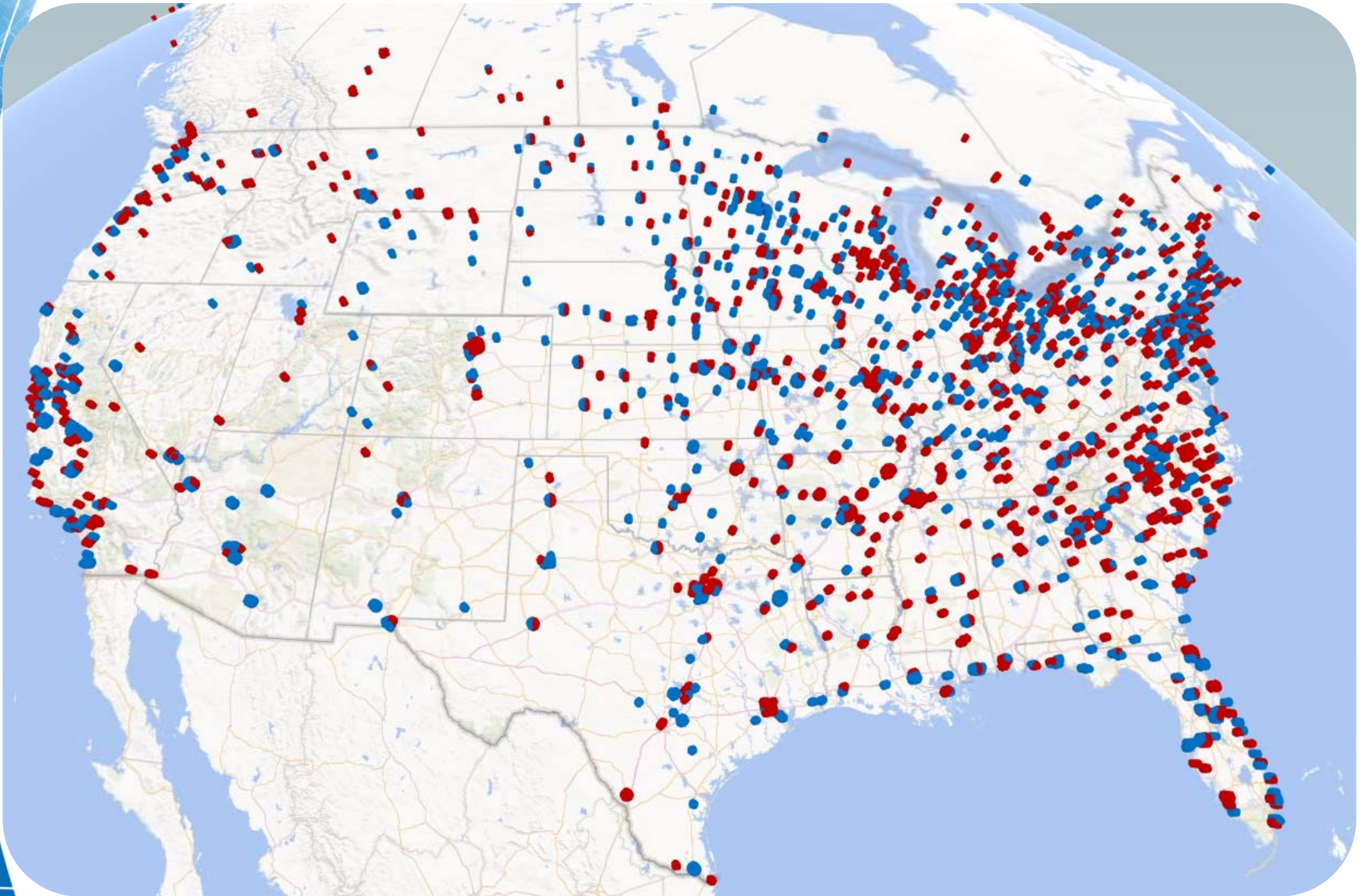
- BBNA designs/manufactures/markets Engineered Building Solutions (EBS) to the low-rise non-residential construction segment
- Comprised of the leading engineered building brands and best known builder distribution networks
- BBNA sold 25% of the EBS designed steel structures in North America
- Brief history:



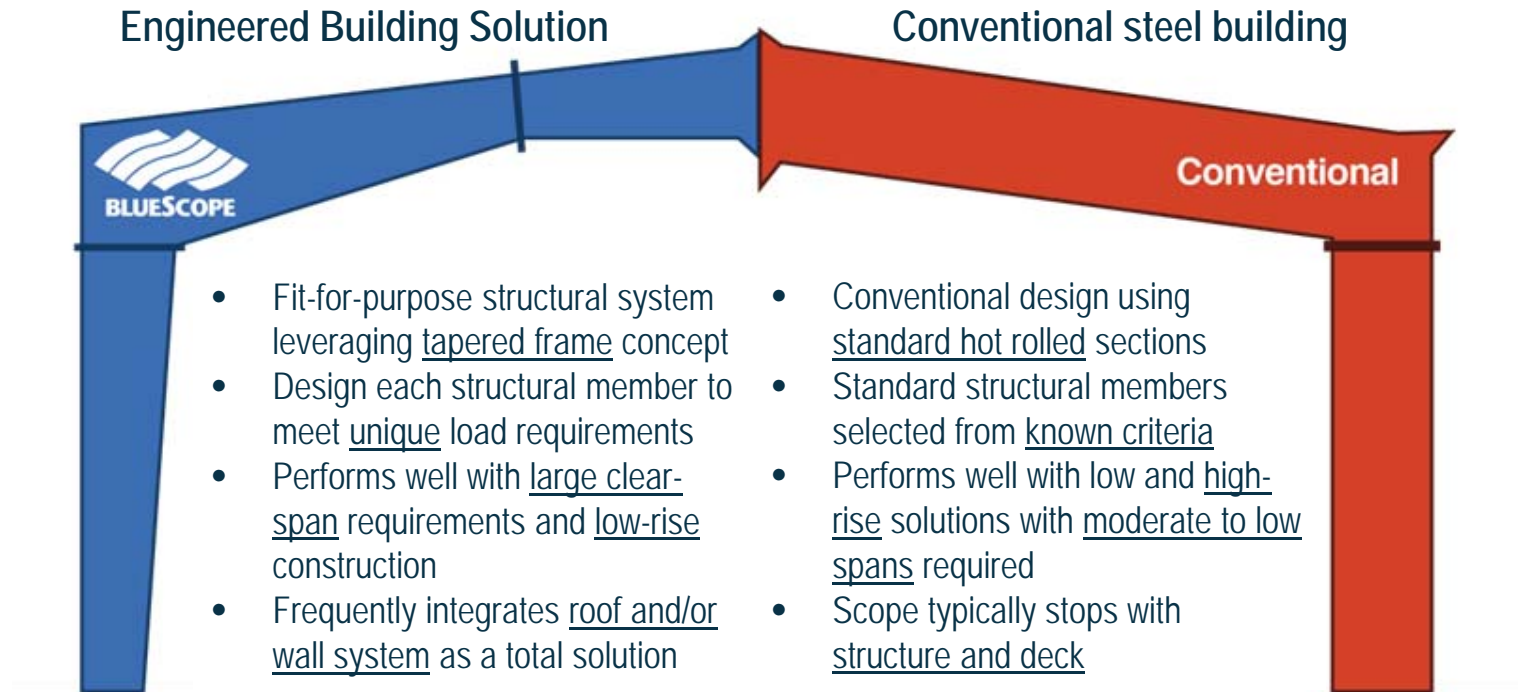
# BBNA supply chain / channel to market



## Nearly 1,800 Butler and VP builders across North America



# So what is an engineered building solution (EBS)?



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

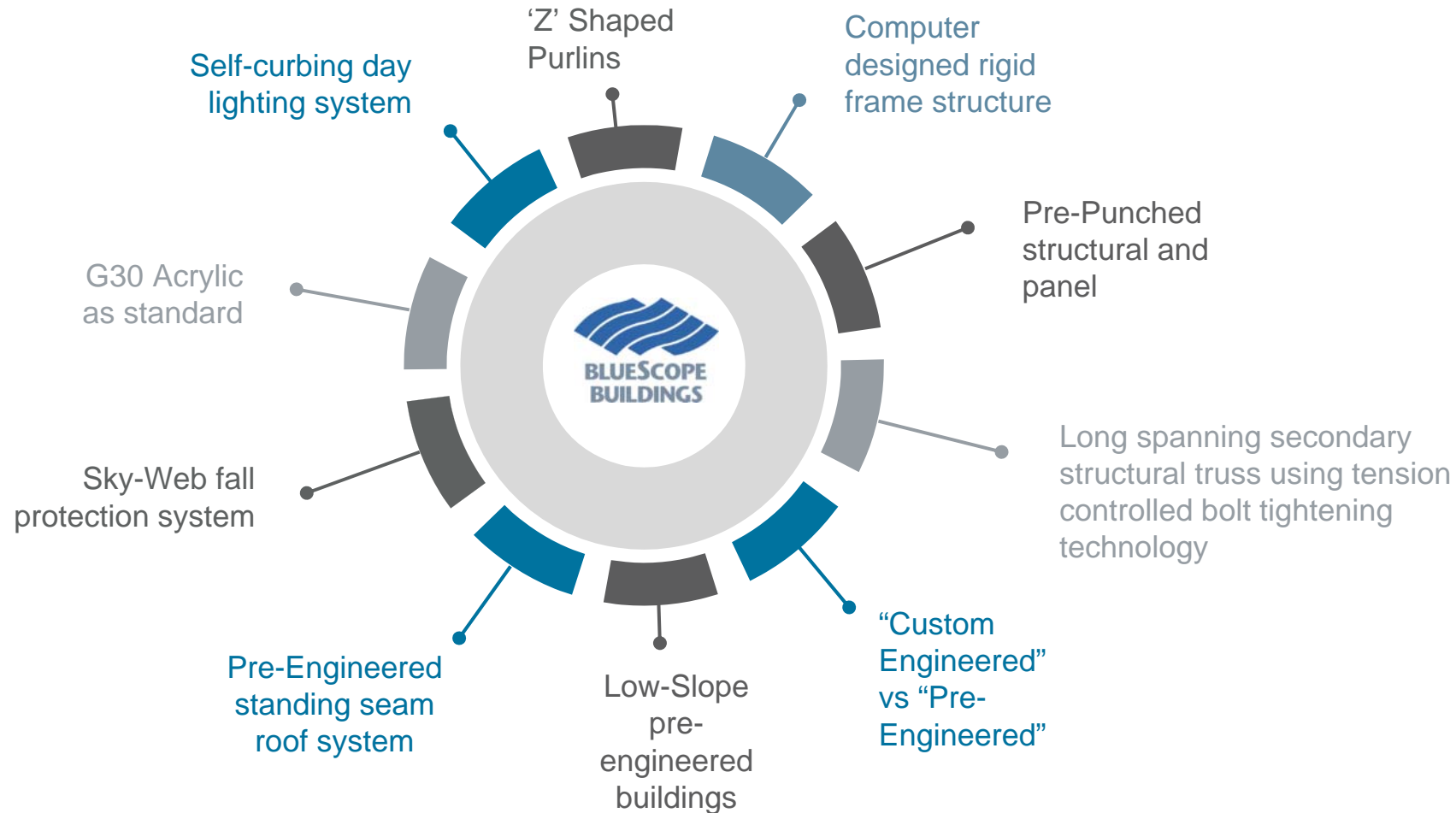


## Mission / vision of BlueScope Buildings North America

BBNA is a solution provider proficient in both engineered building solutions and conventional steel, providing hybrid solutions that leverage the best of both worlds.

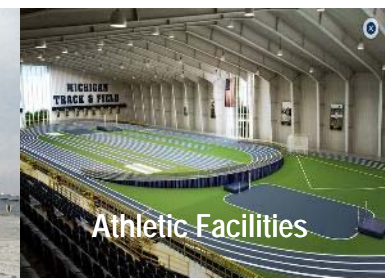
Mission: To grow our industry leading position as a **solution** provider for non-residential low-rise building market. Delivering our products and services primarily through multiple brand, distribution **network of Builders** with focus **on differentiation** and growth initiatives through the rollout of new products, new services, and superior quality.

# BlueScope Buildings North America has been the 1<sup>st</sup> to offer:



# BlueScope Construction history

- Established in 1970
- In-house construction capability
- Account for 19% of BBNA Revenue
- On track for best fiscal year on record
- National footprint – licensed in all 50 states
- Capabilities include: program accounts, government, & large/complex jobs
- Strategic purpose is to capture all work that does not fit existing builders' capability





# BlueScope Construction has a long history of conquering challenges of key corporate accounts

FedEx Ground  
Over 100 projects since 1995

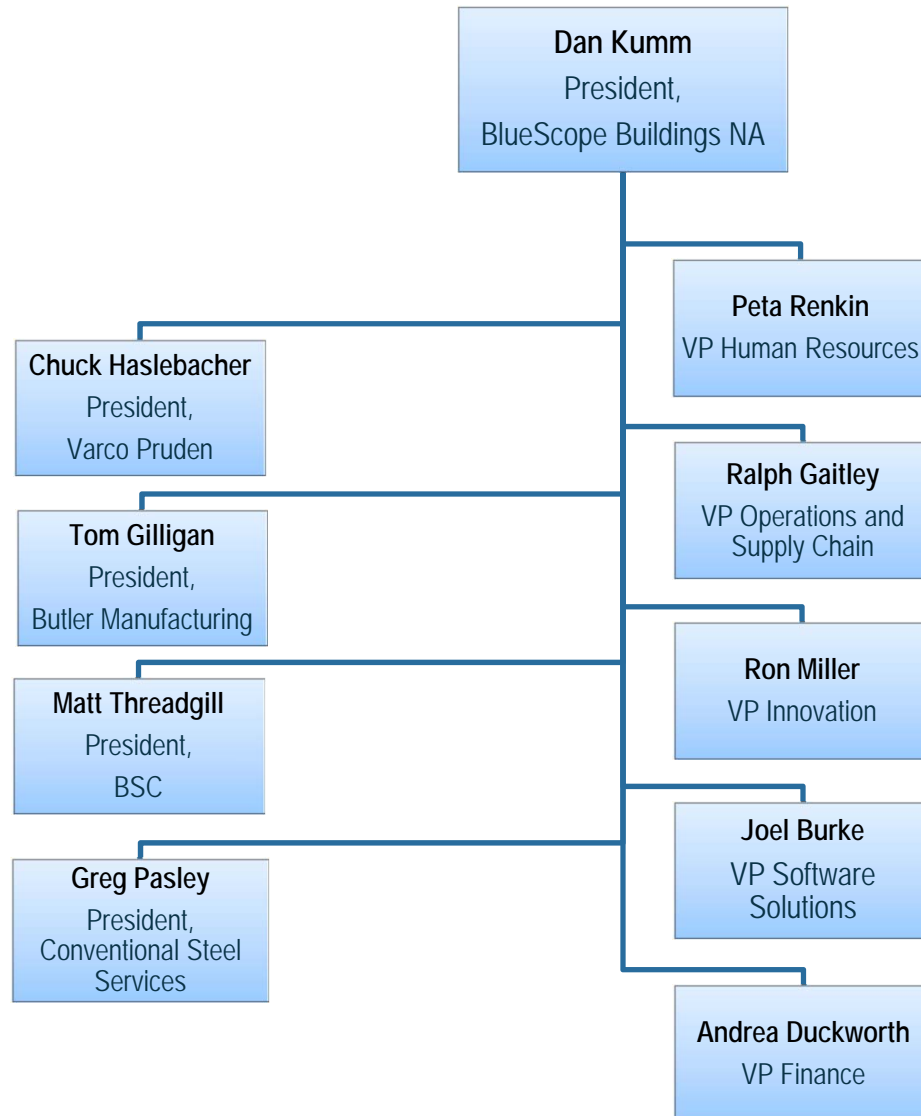


Ace Hardware Retail Support Centers  
6.5 million square feet  
\$200 million in contracts

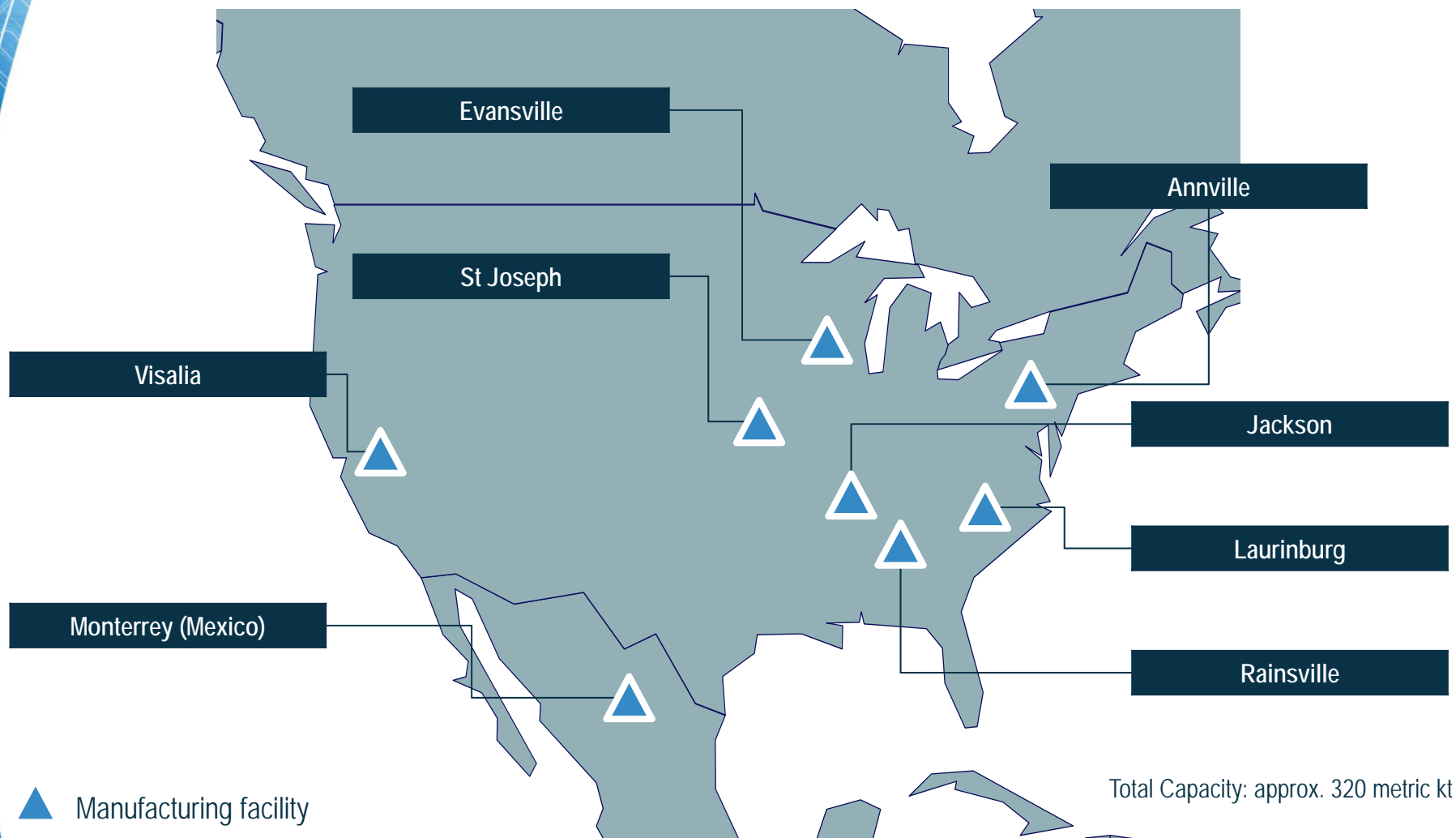




# BlueScope Buildings North America management team



# Integrated manufacturing platform



## World-class facilities: Visalia, CA





## World-class facilities: St Joseph, Missouri







## U.S. ENGINEERED BUILDINGS DEMAND

SVSU Ryder Center –University Center, MI  
VP Builder: a.j. Veneklasen, Inc.



Ascent Construction Corporate Office Building.- Farmington, UT  
VP Builder: Ascent Construction





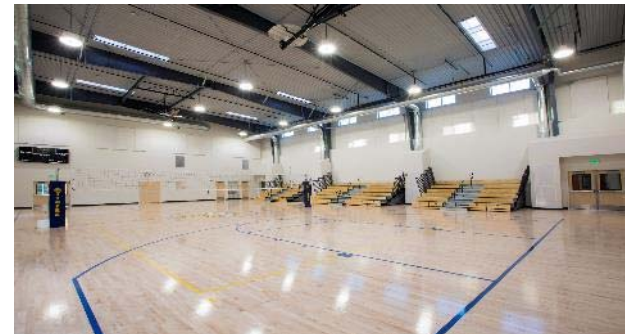
Orion Jet Center – Opa-Locka, FL  
VP Builder: Lemartec





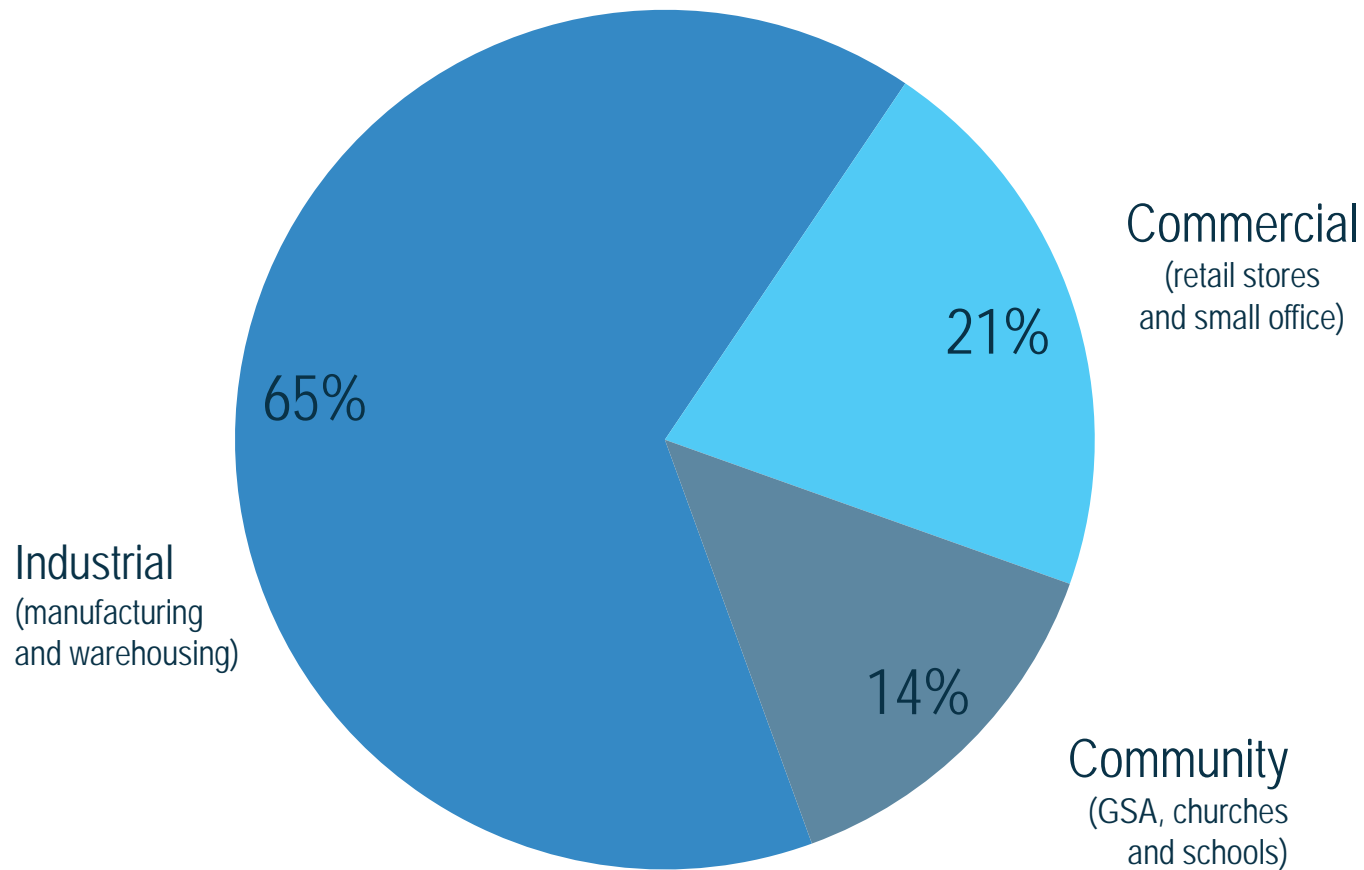
Barley John's Brewery – New Richmond, WI  
Butler Builder: Derrick Building Solutions, L.L.C.





Twin Rivers Charter School – Yuba City, CA  
Butler Builder: Hilbers, Inc.

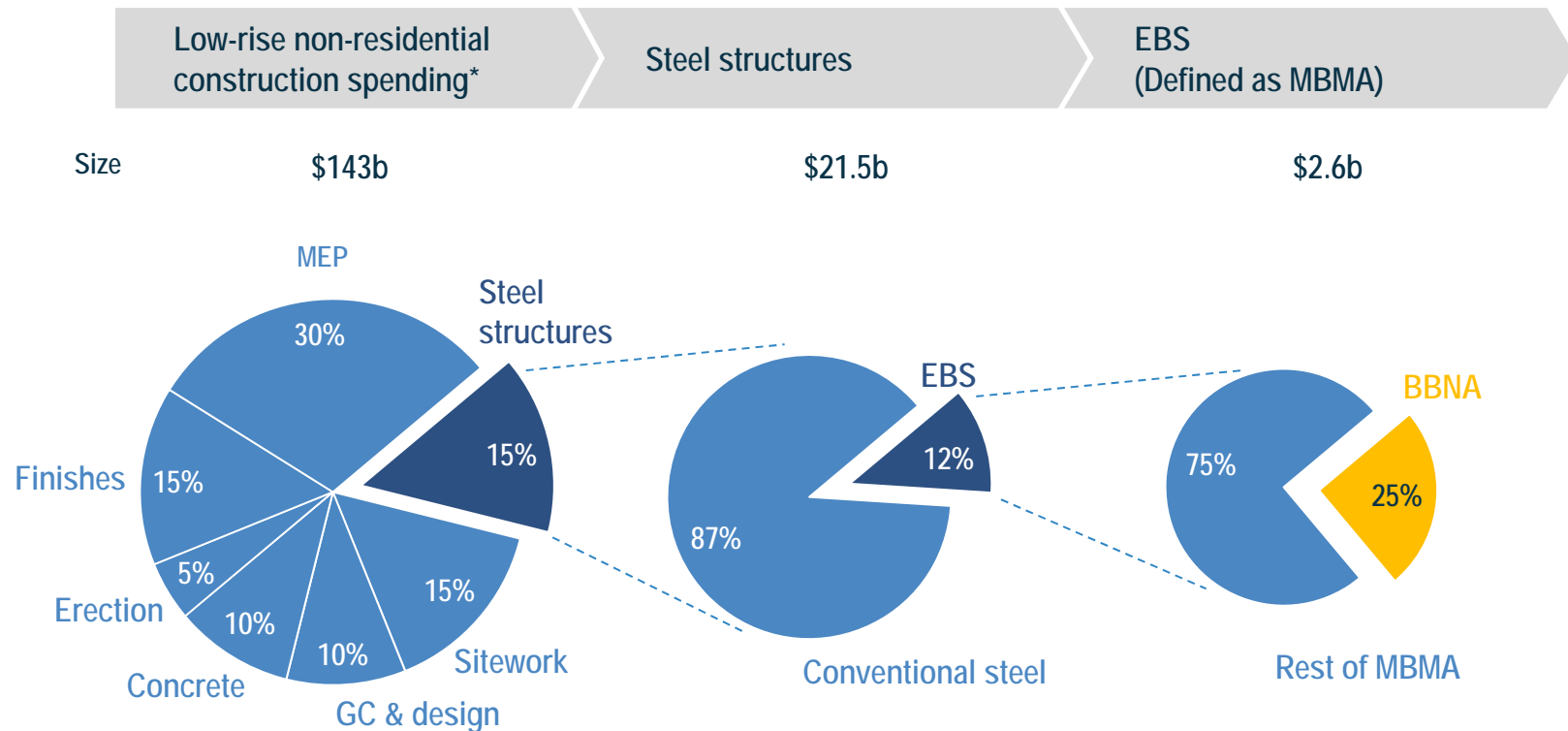
# BlueScope Buildings North America customer base industry segmentation



Note: Based on CY2015 shipments

# EBS makes up 12% of low-rise non-residential steel structures, which in turn approximates 15% total low-rise non-residential construction spending

## DEFINING EBS DEMAND



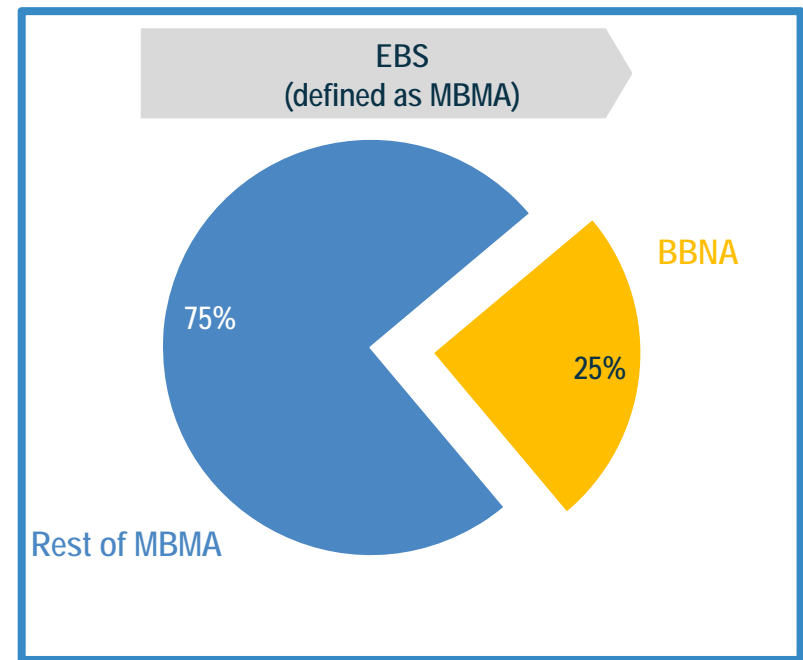
\* 15% share of total building cost is industry standard rule of thumb for structural steel components

Source: Dodge; MBMA; BBNA



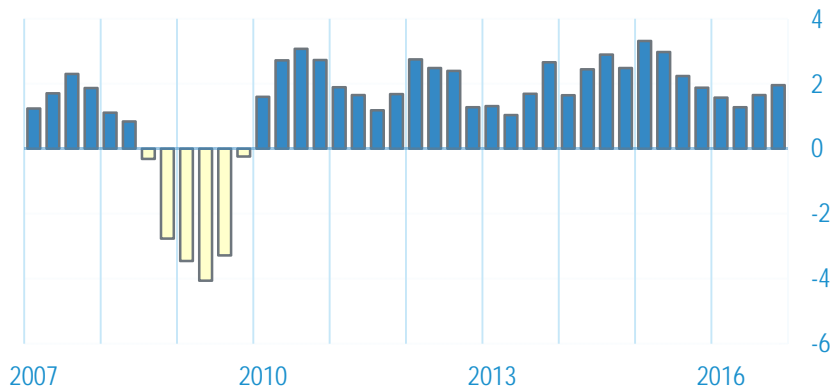
BBNA competes vigorously with Nucor, NCI and numerous small players, but also is expanding into conventional metal building construction

MBMA Company	Brands	# of Plants
BBNA	Butler, VP	8
Nucor	Nucor, American, Gulf States, Kirby, CBC	11
NCI	Robertson, Star, CECO, Garco, Metallic, Mid-West, A&S, Mesco, IPS, SB.com	9

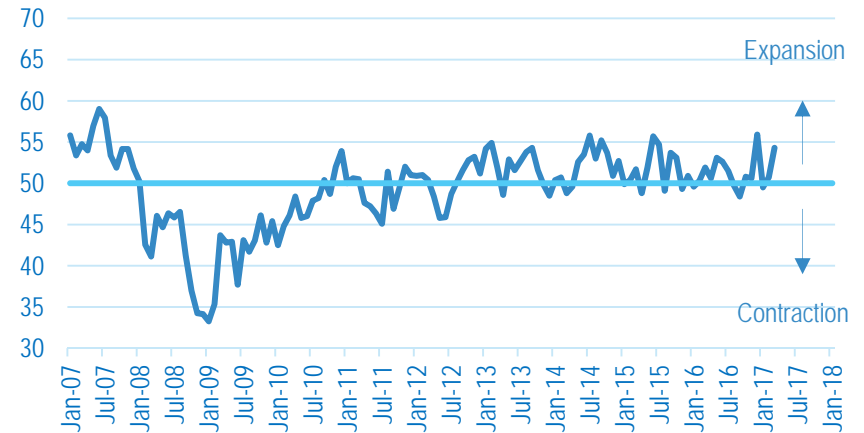


# North America EBS indicators

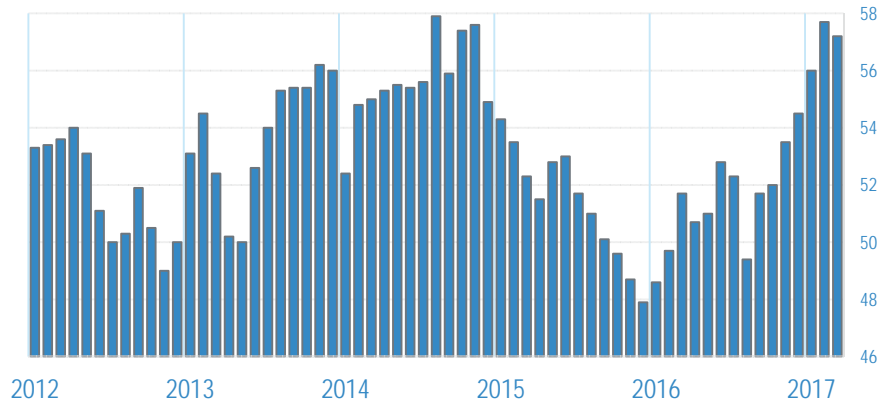
## U.S GDP Annual Growth Rate



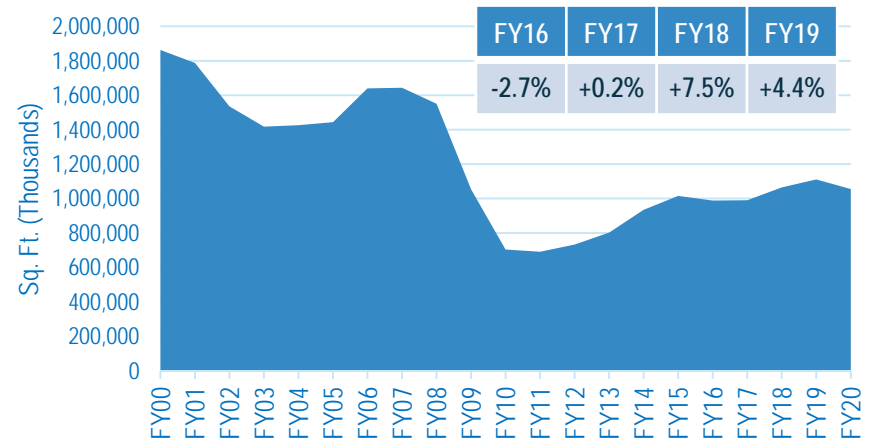
## Architectural Billings Index



## U.S. Manufacturing PMI 2012-15

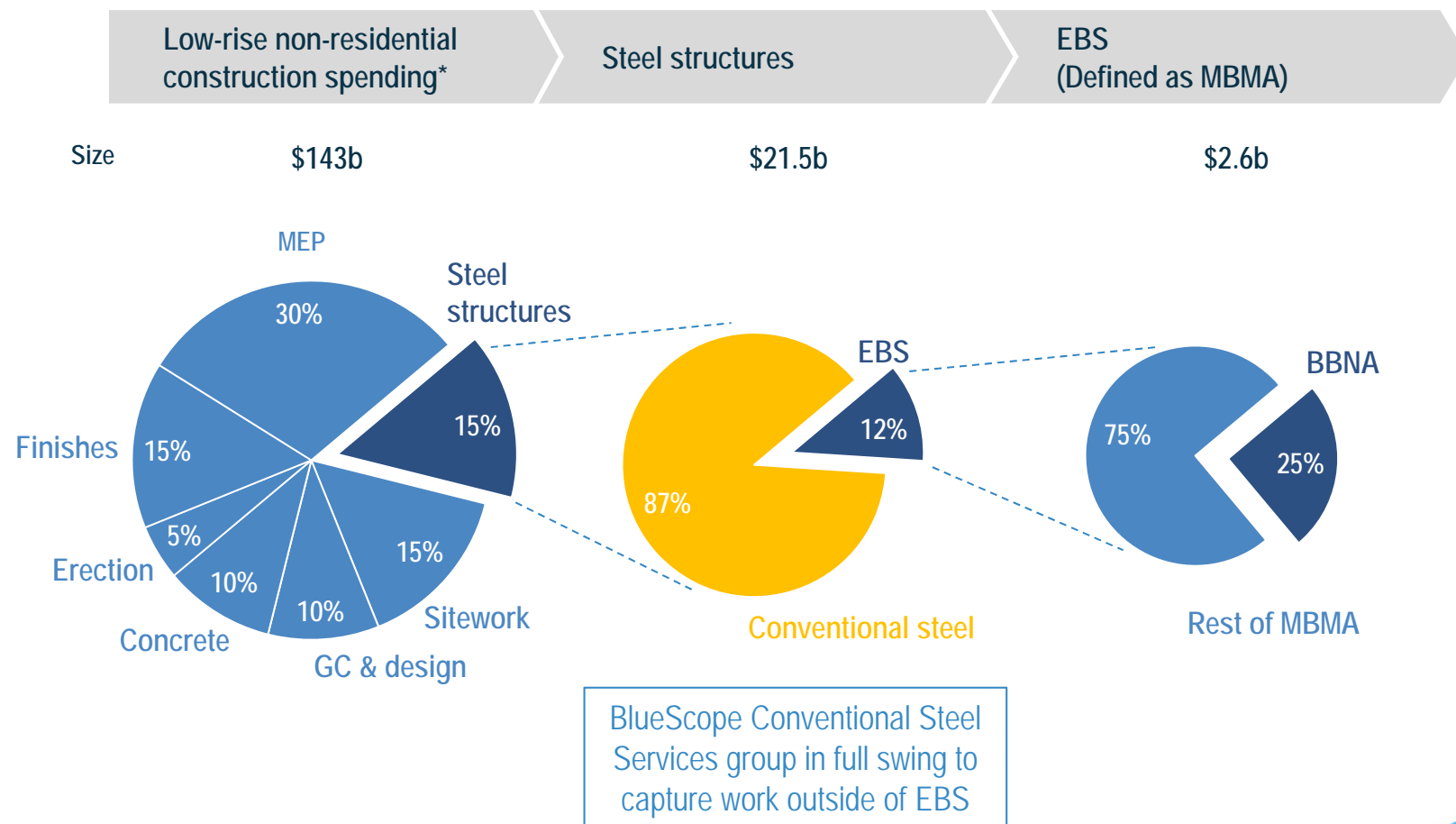


## FW Dodge forecast: U.S. non-residential construction



Sources: IHS Global Insight, CEIC, AIA, TradingEconomics.com, US Dept of Commerce, Dodge Data & Analytics, Q1 CY2017

# BBNA has opportunity in conventional steel structures not targeted until recently



Source: Dodge; MBMA; BBNA

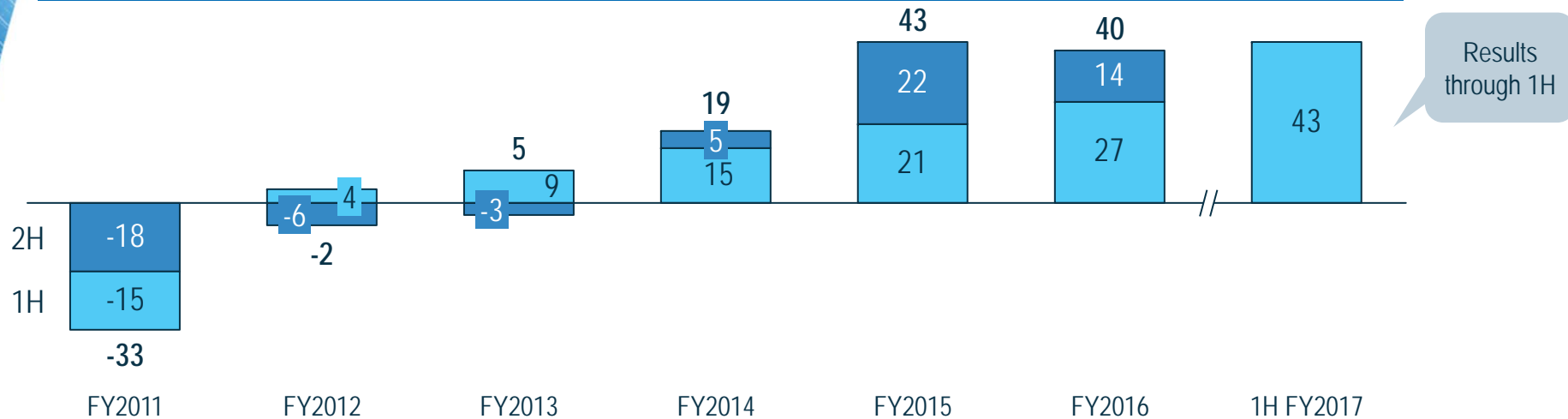


Initiatives to better serve Builder Network and increase addressable market. Focus on innovation and cost control while keeping employees safe

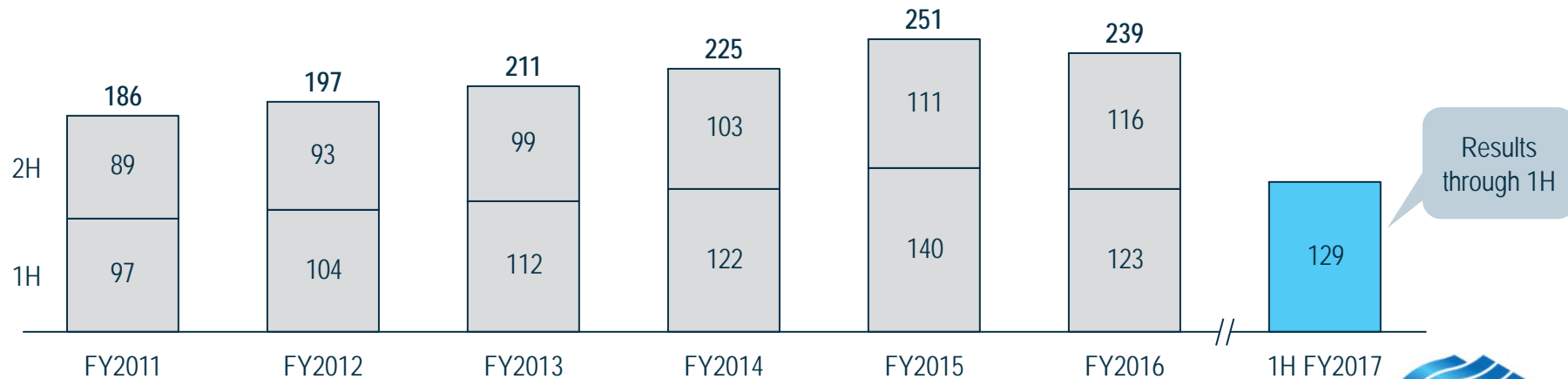


# In addition to partial volume recovery post global financial crises, profit growth mainly driven by cost reductions

BBNA underlying EBIT (\$M)



BBNA Despatches (kt)



# Productivity and cost savings measures targeting \$30M savings by FY2018 over FY2016

Productivity and cost savings measures are delivering with a savings run-rate of \$22M pa:

- Business restructuring and headcount reductions, including early retirement offering
- Engineering location consolidation
- Centralisation of support functions
- Savings through on-going negotiations with vendors

Further actions are being pursued to deliver the full savings target:

- Current system investment allowing for retirement of legacy systems and reduction in ongoing maintenance costs
- Ongoing focus on technologies to enable productivity improvements in engineering and manufacturing



# Trading conditions update

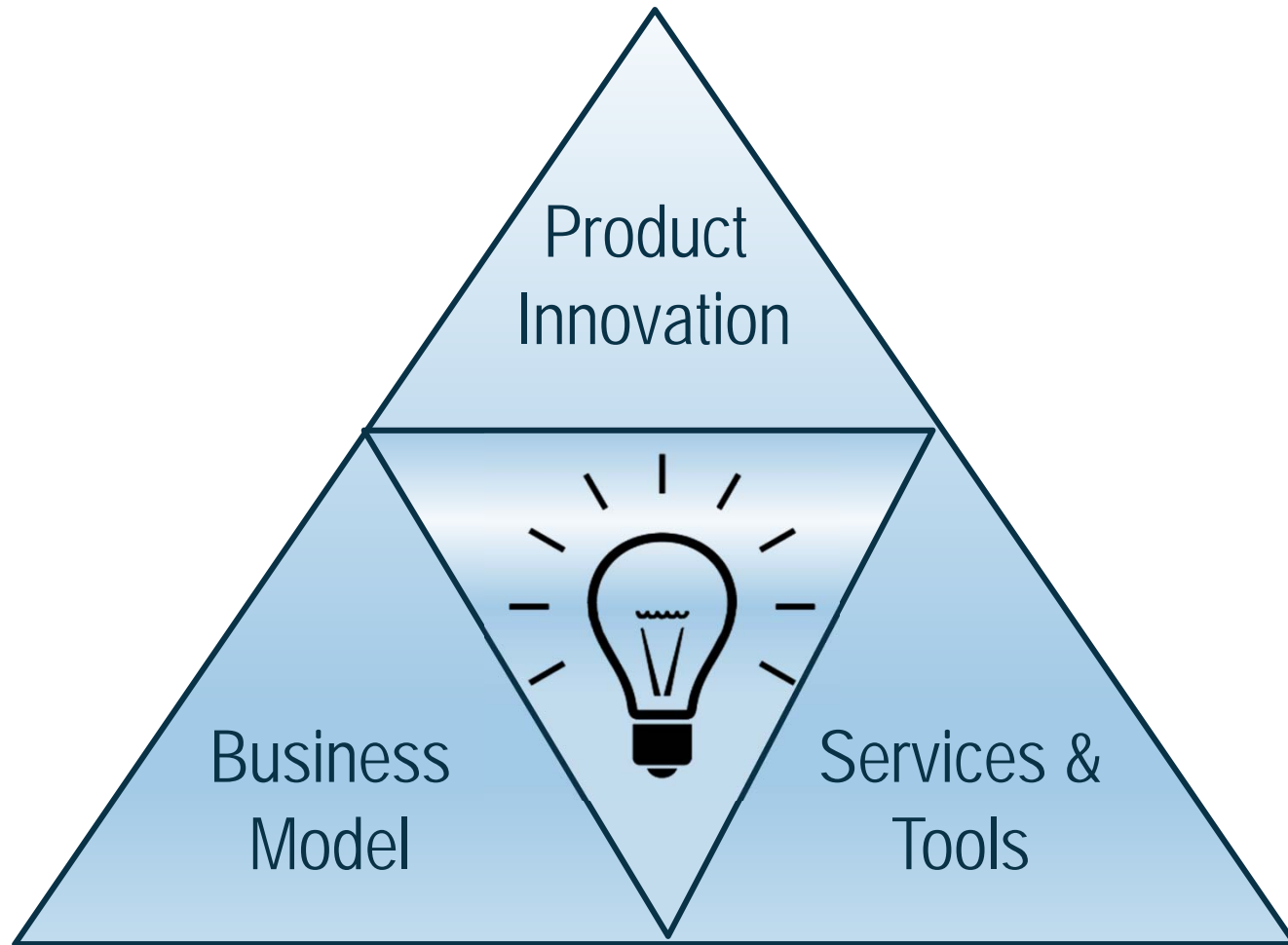
- 2H earnings will be lower than 1H due to typical seasonality
- Cost savings on track delivering earnings growth, on flat volumes



# INNOVATION AND GROWTH

TRUSS PURLIN<sub>XT</sub> Pilot Job  
Oklahoma City, Oklahoma

BBNA targets 25% of annual revenue associated with new innovation released in last five years



# Grandview Research Center overview

- Regulatory & Compliance Testing
- New product development
- 60 worldwide patents
- Raw material testing & quality assurance
- Led by industry experts



Advanced thermal testing capability creates a competitive advantage for customers:

- More cost effective & energy efficient roof and wall assemblies than code prescribed methods
- Certified by the International Accreditation Service (IAS)
- More than 80 assemblies tested



# Our competitive advantages



## New TBS™ & Thermalift™ Insulation System

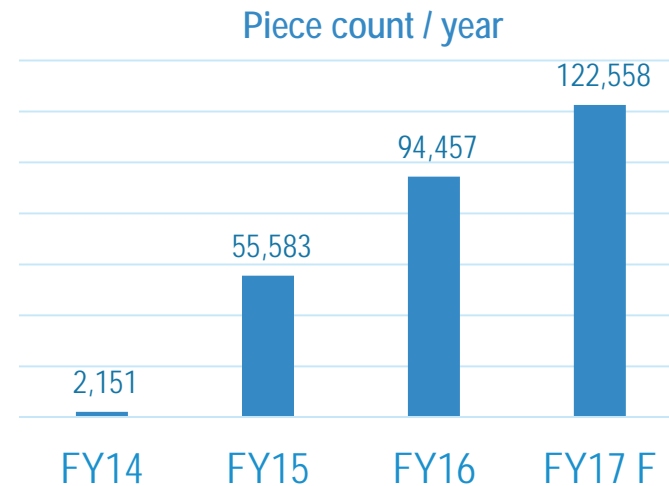
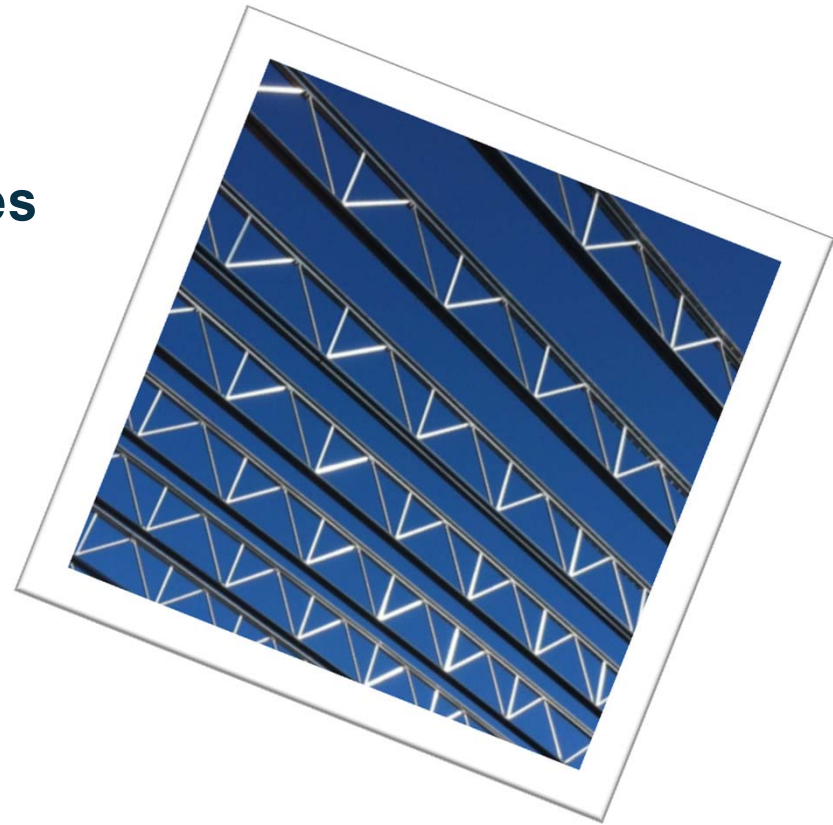
- Achieves highly energy efficient roof insulation system
- U-Factors as low as 0.029 (Effective R-34) using cost efficient fiberglass
- Initial customer acceptance is very strong



# Our competitive advantages

## TRUSS PURLIN<sub>XT</sub> Product Features

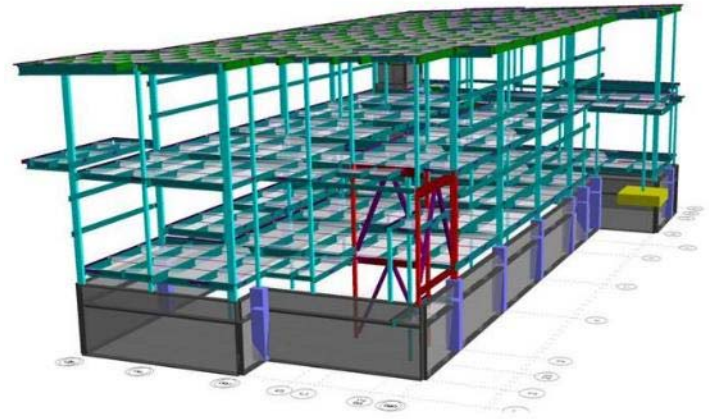
- Lighter and more efficient than bar joists
- Significant load/span capability
- Less field labor to install than bar joists
- Superior appearance / finish = no field painting





# Technology – the nVision Engineering System is leveraged throughout the product workflow and order cycle

- Sales Tool
  - Fast BIM (Building Information Model) modelling
  - Power in the hands of our Builders
- Quoting Tool
  - Integrated with auto-design engine
- Automated Design Tool
  - Delivers efficient, consistent design
  - Auto application of snow loads, multiple codes, etc.
- Automated Detailing Tool
  - Saves significant engineering hours
- Integration Tool – Supply Chain & Shop Floor
  - Leverages economies of scale for product purchases
  - Aligns design solution with manufacturing capabilities







# INTRODUCTION TO ST JOSEPH PLANT

TRUSS PURLIN<sub>XT</sub> fixture – St. Joseph, MO

# St Joseph plant overview

- Opened in 1981
- 194 manufacturing employees
- Over 138k sq. ft. of manufacturing space





## St Joseph facility

### Ficep Line



Example of expanding our addressable market by entering the conventional steel space

### Truss Purlin<sub>XT</sub> Fixture



Example of expanding our addressable market and market share through industry-leading innovation





# QUESTIONS?

Sanford Health Fieldhouse – Sioux Falls, SD  
Butler Builder: Fiegen Construction Company



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