



## BlueScope Buildings North America

Analyst Site Visit  
Patrick Finan  
Visalia, California

June 2010

## Important notice

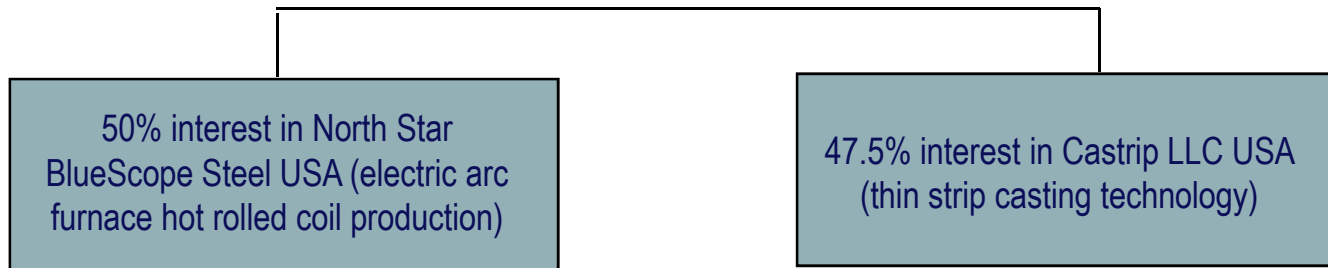
THIS PRESENTATION IS NOT AND DOES NOT FORM PART OF ANY OFFER, INVITATION OR RECOMMENDATION IN RESPECT OF SECURITIES. ANY DECISION TO BUY OR SELL BLUESCOPE STEEL LIMITED SECURITIES OR OTHER PRODUCTS SHOULD BE MADE ONLY AFTER SEEKING APPROPRIATE FINANCIAL ADVICE. RELIANCE SHOULD NOT BE PLACED ON INFORMATION OR OPINIONS CONTAINED IN THIS PRESENTATION AND, SUBJECT ONLY TO ANY LEGAL OBLIGATION TO DO SO, BLUESCOPE STEEL DOES NOT ACCEPT ANY OBLIGATION TO CORRECT OR UPDATE THEM. THIS PRESENTATION DOES NOT TAKE INTO CONSIDERATION THE INVESTMENT OBJECTIVES, FINANCIAL SITUATION OR PARTICULAR NEEDS OF ANY PARTICULAR INVESTOR.

THIS PRESENTATION CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS, WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS “MAY”, “WILL”, “SHOULD”, “EXPECT”, “INTEND”, “ANTICIPATE”, “ESTIMATE”, “CONTINUE”, “ASSUME” OR “FORECAST” OR THE NEGATIVE THEREOF OR COMPARABLE TERMINOLOGY. THESE FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE OUR ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS, OR INDUSTRY RESULTS, TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCES OR ACHIEVEMENTS, OR INDUSTRY RESULTS, EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.

TO THE FULLEST EXTENT PERMITTED BY LAW, BLUESCOPE STEEL AND ITS AFFILIATES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, ACCEPT NO RESPONSIBILITY FOR ANY INFORMATION PROVIDED IN THIS PRESENTATION, INCLUDING ANY FORWARD LOOKING INFORMATION, AND DISCLAIM ANY LIABILITY WHATSOEVER (INCLUDING FOR NEGLIGENCE) FOR ANY LOSS HOWSOEVER ARISING FROM ANY USE OF THIS PRESENTATION OR RELIANCE ON ANYTHING CONTAINED IN OR OMITTED FROM IT OR OTHERWISE ARISING IN CONNECTION WITH THIS.

# BlueScope Steel North America Reporting Segments

- Hot Rolled Products North America



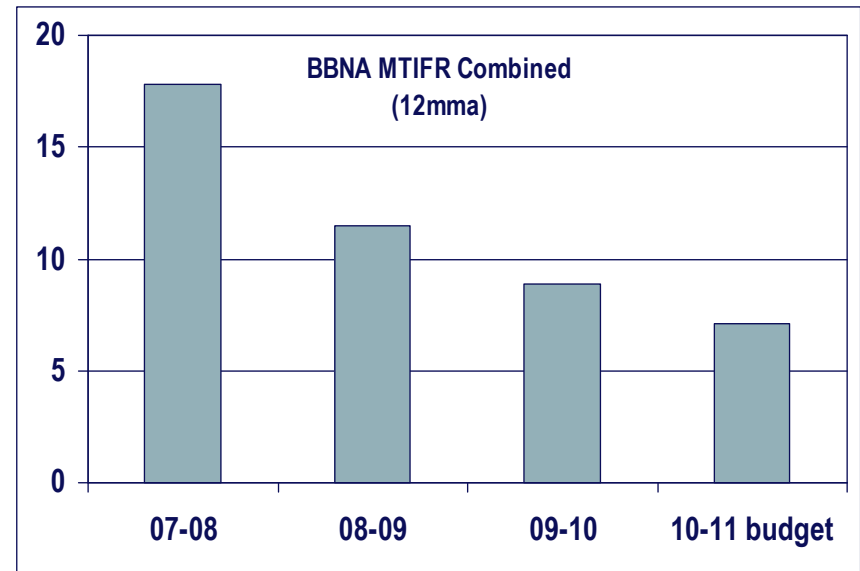
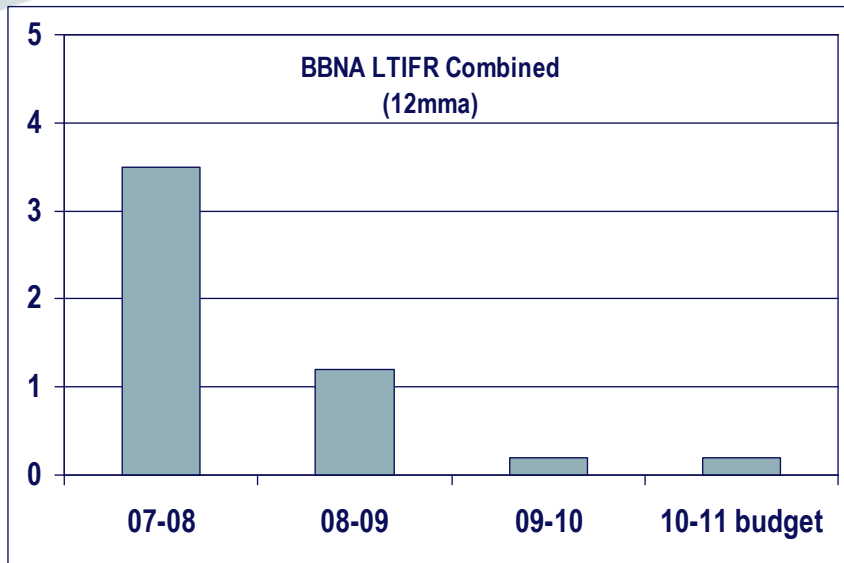
- Coated and Building Products North America



# BlueScope Buildings North America (BBNA) - Overview

- BBNA designs/manufactures/markets pre-engineered building solutions (PEB's) to the low-rise non-residential construction segment.
- Butler Manufacturing (acquired April 2004).
- HCI Steel Buildings (acquired October 2007).
- VP Buildings (acquired as part of the IMSA Steel Corp acquisition Feb 2008).
- Formation of BlueScope Buildings North America (Feb 2008).
- Conducted complete review of manufacturing and engineering during GFC resulting in workforce reduction of 3800 to 2200 and consolidation of manufacturing from 13 to 10 plants.
- Comprised of the leading pre-engineered building brands and best known builder distribution networks.
- BBNA has 31% market share in North America.

# Health & Safety



LTIFR – 0.0 (12mma)

83% improvement

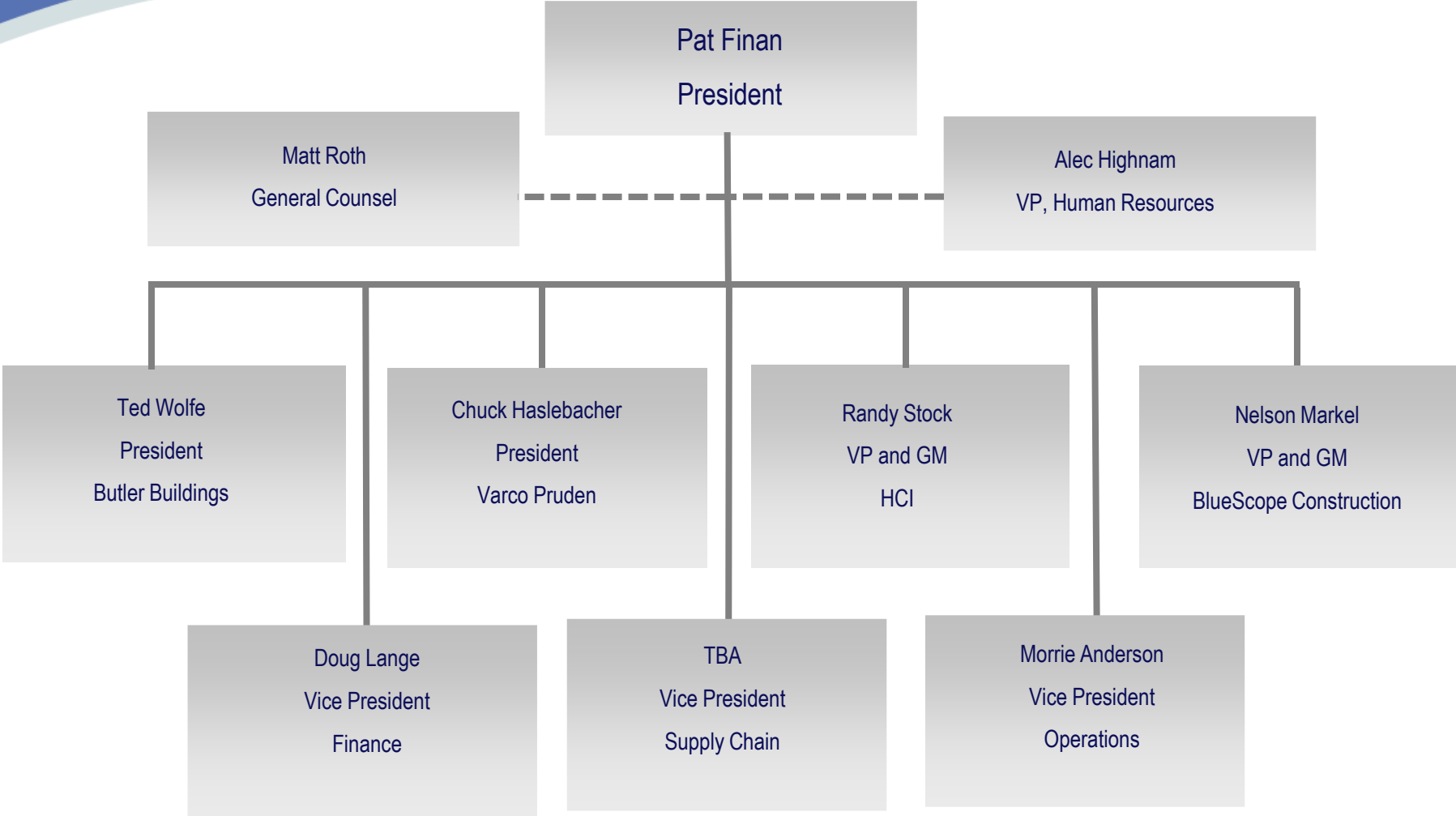
MTIFR – 9.0 (12mma)

22.6% improvement

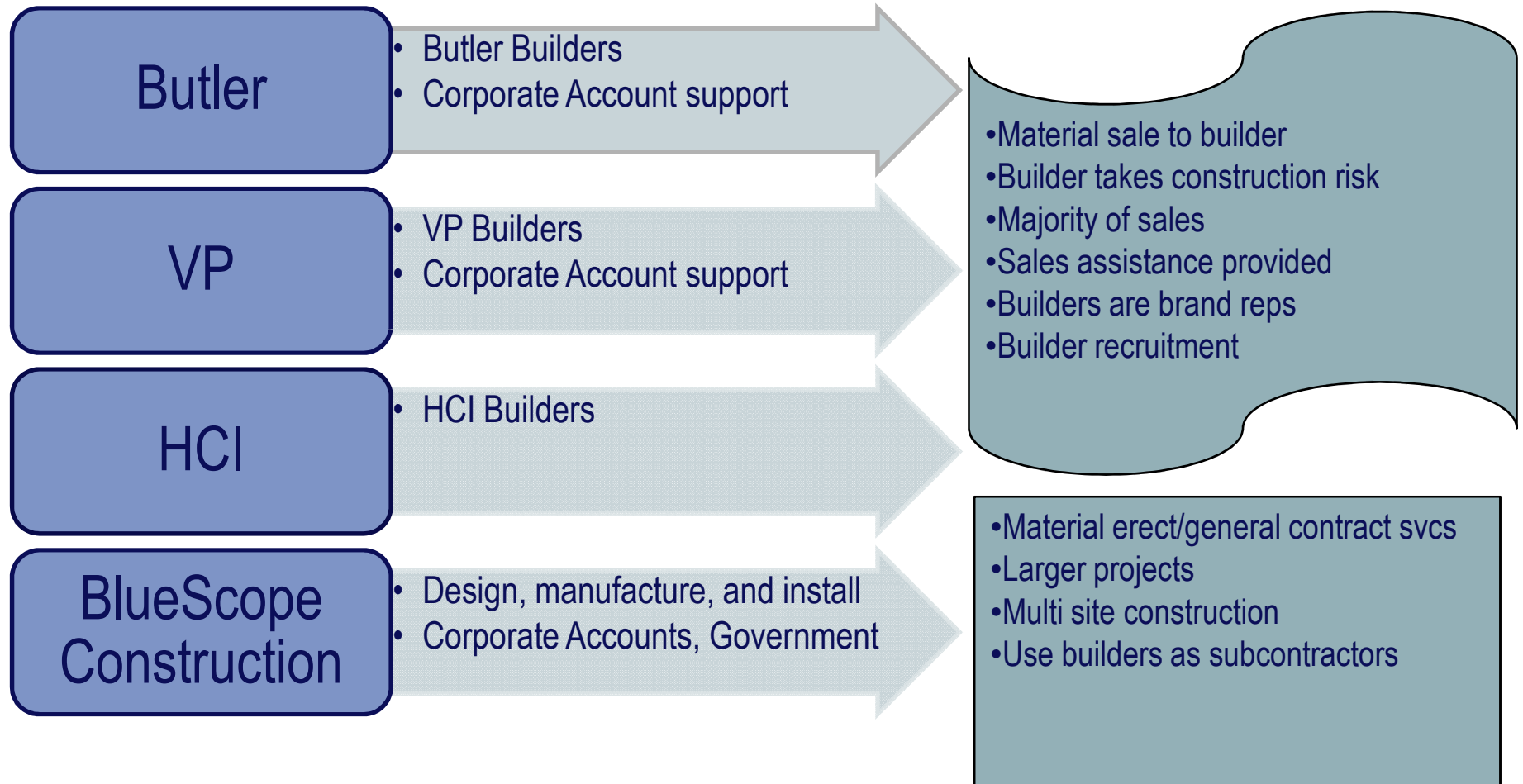
99.6% Involvement in Auditing

0.6% improvement

# BlueScope Buildings North America - Management Team



# Channel to market through builders/in house construction svcs



# Butler Manufacturing History

- Established in 1901
- Headquarters – Kansas City, Missouri
- Notable products from the past – grain bins, airplanes, portable runways
- During WWII, produced 90% of steel hangars shipped overseas for the Army and Navy
- Acquired by BlueScope Steel in April 2004





# Varco Pruden Buildings History

- 1948 – R.G. Varner Steel Products founded (later "Varco Steel")
- 1950 – Pruden Products Incorporated
- 1968 – Varco-Pruden established in Pine Bluff, Ark.
- 1997 – Varco-Pruden becomes VP Buildings, Inc. – moves to Memphis
- 2001 – Acquired by Grupo IMSA
- 2007 – Ternium acquires Grupo IMSA assets.
- 2008 – BSL acquires VP Buildings, ASC Profiles, Steelscape and Metl-Span



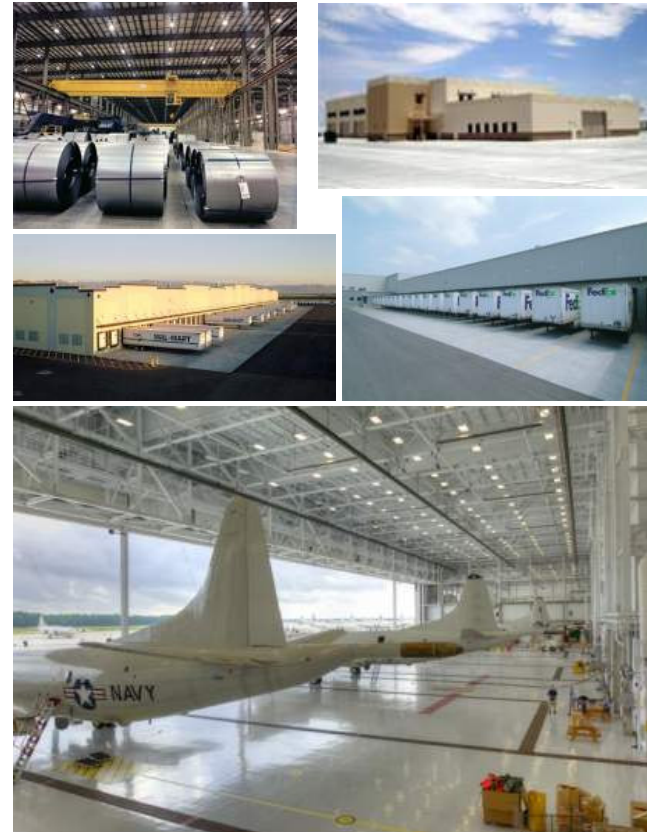
# HCI Steel History

- 1981 – Founded in Alaska to service the needs of such companies as ARCO, British Petroleum, Sohio, U.S. Navy and the U.S. Army Corps of Engineers.
- 1986 – Relocated to Arlington, Wash. with 3 acres of indoor floor space and 7 acres of outside storage.
- 2007 – Acquired by BlueScope Steel North America



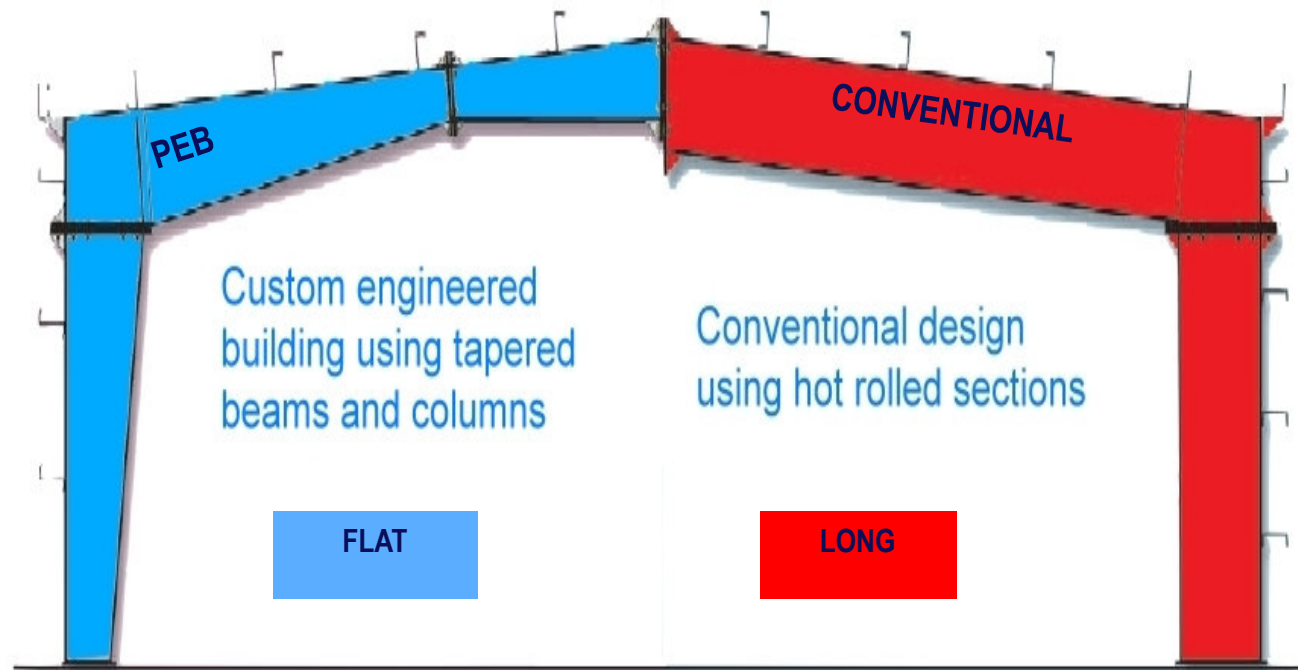
# BlueScope Construction History

- 1970. Established as general contracting subsidiary to Butler Manuf. for **incremental** sales of Butler product where Butler Builders are unable to participate due to project size, complexity or bonding capacity
- 1993. Butler Heavy Structures established to combine PEB elements and conventional mill steel components
- 1999. Butler Buildings and construction services placed on the U.S. Government Federal Supply Schedule (Butler GSA)
- 2009. Changed original name BUCON, Inc. (Butler Construction) to BlueScope Construction to serve all BlueScope Buildings North America
- Offers in-house engineering, project management, on-site supervision, building erection (BlueScope Erection Services) and concrete (WL Concrete)
- Specializes in combining PEB and conventional construction materials on industrial buildings for major corporations and federal government agencies



# What is a PEB? (Pre-Engineered Building)

- Conversion of structural steel (Long Products - Hot Rolled Sections) to Flat Steel products (HRC), 3 plate tapered beams
- You put the steel where you need it and nowhere else
- The PEB offering is much more than just components. It is the **complete building solution** including design, detailing, drawings, manufacturing, and warranty



# A Pre-Engineered Building proposition

- A fit-for-purpose building system with structural framing, secondary support and roof/wall panels
- Building spans, bay spacing, roof and wall options are defined to meet the owners' needs.
- Typical hot roll sections are used in conventional buildings; tapered frames are used in PEBs.
- PEBs design each structural member to meet the unique load requirements of the building and fabricate beams made of hot roll coil and plate.
- The welded beams are typically tapered to place the steel where needed and provide a lower weight structural system than a conventional building.
- All connections are detailed in engineering and holes are drilled in fabrication enabling field bolted connections with no field cutting or welding.
- PEBs are a complete building package that reduces construction time.

# Image of a typical PEB



# PEBs Today



# Distribution Center Erected for a Leading Retailer

**1.2 Million SF Erected in 28 Working Days!**





# Traditional markets – Commercial, Community, Industrial

**Retail**



**Distribution**



**Manufacturing**



**Healthcare**



**Service**



# Multi Brand Value Delivery Strategy

## Differentiated Brands



- Differentiation:**
- Premium – Mid Tier
  - Builder Organization
  - MR24 Roof, Colors
  - Butler Advantage

- Differentiation:**
- Premium – Mid Tier
  - Builder Organization
  - SSR Roof, Colors
  - VPCOMMAND

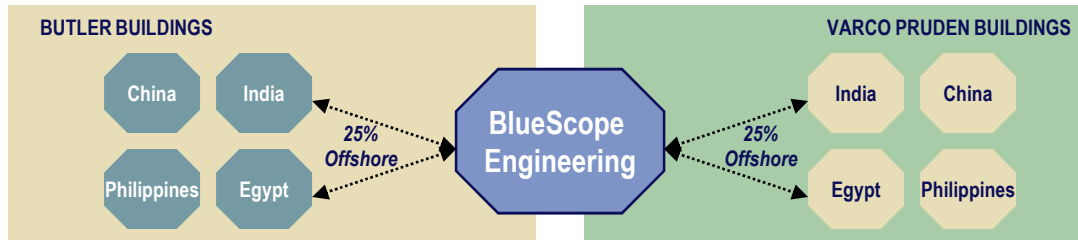
- Differentiation:**
- Industrial Markets
  - Regional/ Canadian Market
  - Heavy Fab

## Regional General Manager Structure

### Regional GM Structure

- Clear accountability and P&L reporting
- Market share, revenue growth & profitability
- Achievement of regional and Buildings Group level performance targets

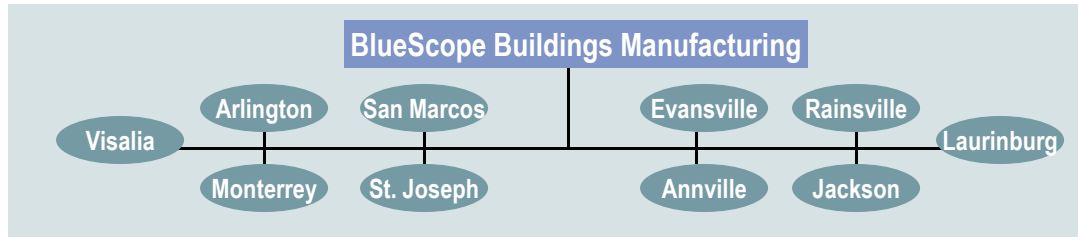
## Engineering



### Engineering Attributes

- Leverage Engineering Systems
- Brand Specific Engineering Support
- Offshore Engineering Flexibility
- Common framing system

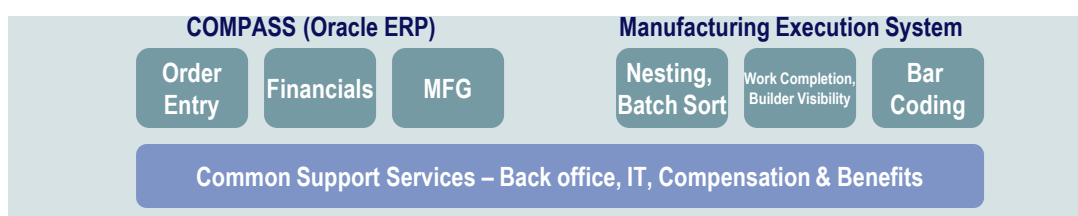
## Buildings Manufacturing Footprint



### Optimized Supply Chain

- High Safety Standards
- Rationalized Manufacturing Footprint – manufacture all brands, all locations
- Centralized Procurement, Logistics
- Manufacturing Excellence

## Common Systems & Processes



### Enabler Attributes:

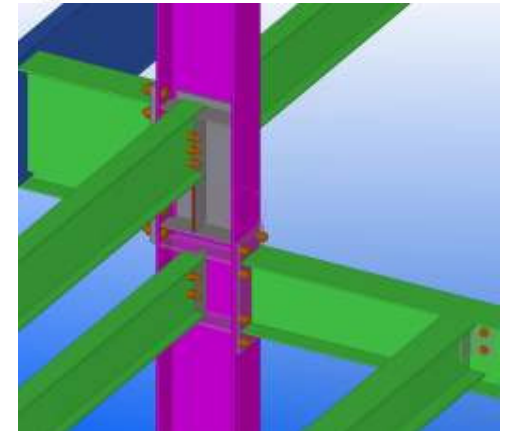
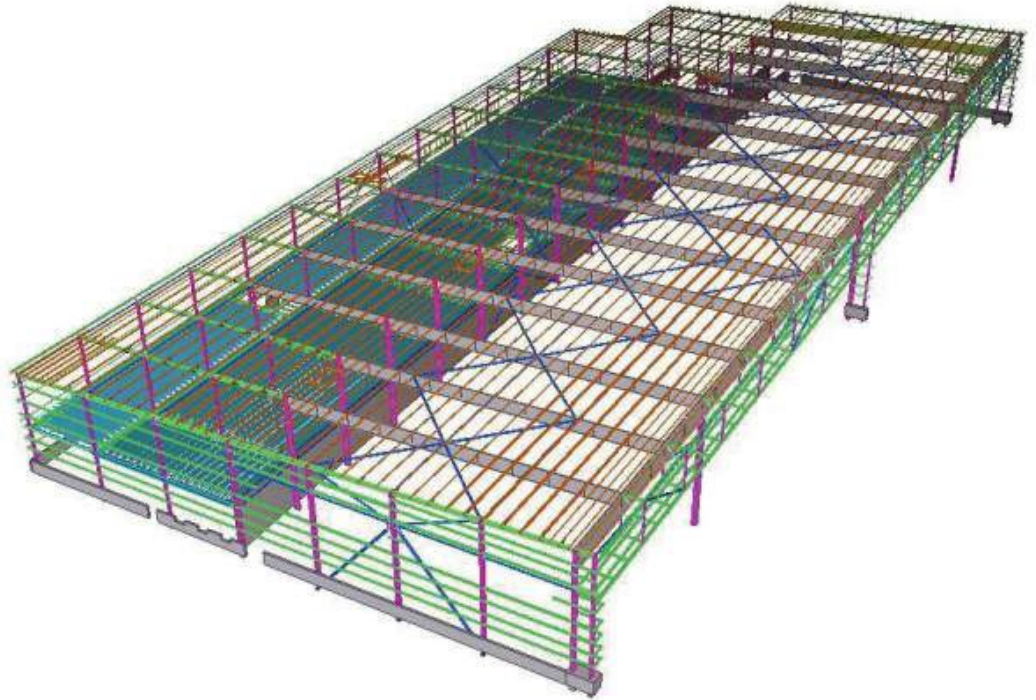
- Common ERP Platform
- Standard Mfg Systems
- Common Back office and Support Services

# Our Competitive Advantages

- “Vision” engineering system enables us
  - to take on more complex building structures.
  - reduce our lead times for proposals and engineering.
  - interface with other architectural systems using BIM technology.
- The largest presence in the market with the most qualified builder network representing our top brands.
- Cost competitive in all regions of North America because of our broad and efficient manufacturing footprint.
- Butler and VP brands are known as market leaders and for product innovation. We are the only PEB company with in-house product development including hot-box testing.

# Vision Engineering System (acquired with VP and enhanced)

- The Vision Engineering system is the industry leading building design and detailing system because it delivers business benefits throughout the order cycle:
  - Efficient and cost competitive steel design and detailing
  - Reduced engineering costs
  - Increased speed to market
  - Improved accuracy
  - Linked to builder design offices
  - Integrated with Building Information Modeling (BIM) technology



# A recent project using Vision and BIM technology



Native Indian Celebration "Go" Center  
Edmonton, Alberta, Canada



## Our Builder Distribution Networks



- 1000+ contractors each for Butler and VP representing our brands in local markets
- Metal Construction News, May 2010, announced Top 100 Builders by Tonnage:
  - 45 affiliated with Butler
  - 27 affiliated with Varco Pruden
  - 72% of the Top 100 Builders are with BlueScope Buildings
- 60-70% of business is derived from past customers
- Builder offices are equipped with our engineering and pricing tools to provide quick and professional proposals to clients
- Contract is generally held with the builder



# BlueScope Buildings North American Manufacturing Footprint

1. Anville, PA
2. Arlington, WA
3. Evansville, WI
4. Jackson, TN
5. Laurinburg, NC
6. Monterrey, Mexico
7. Rainsville, AL
8. San Marcos, TX
9. St. Joseph, MO
10. Visalia, CA



# Product Innovation - Green Building & Guarded Hot Box Testing

- Guarded Hot Box Testing
  - 28 fixtures tested resulting in five certified assemblies for Butler and two for VP
  - Metl-Span products will be added to the testing program as we seek to certify and provide higher R-value assemblies
- Published and promoted green data related to thermal performance (Hot Box certified assemblies), LEED data on Solar coatings and recycled steel
- All colors to be converted to Cool Roof rated
- New Day lighting Product Offering
- Energy Training for Sales Force
- LEED AP engineers on staff
- Green Building Training for Builders
- Attendance at the Tradeshow of the U.S. Green Building Council, Green Build

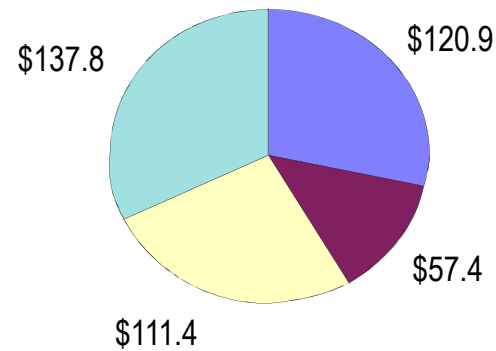




# CY09 Contract Award Value of U.S. 1 & 2 story construction - \$121B

**CY09 Contract Awards**  
Source: F.W. Dodge

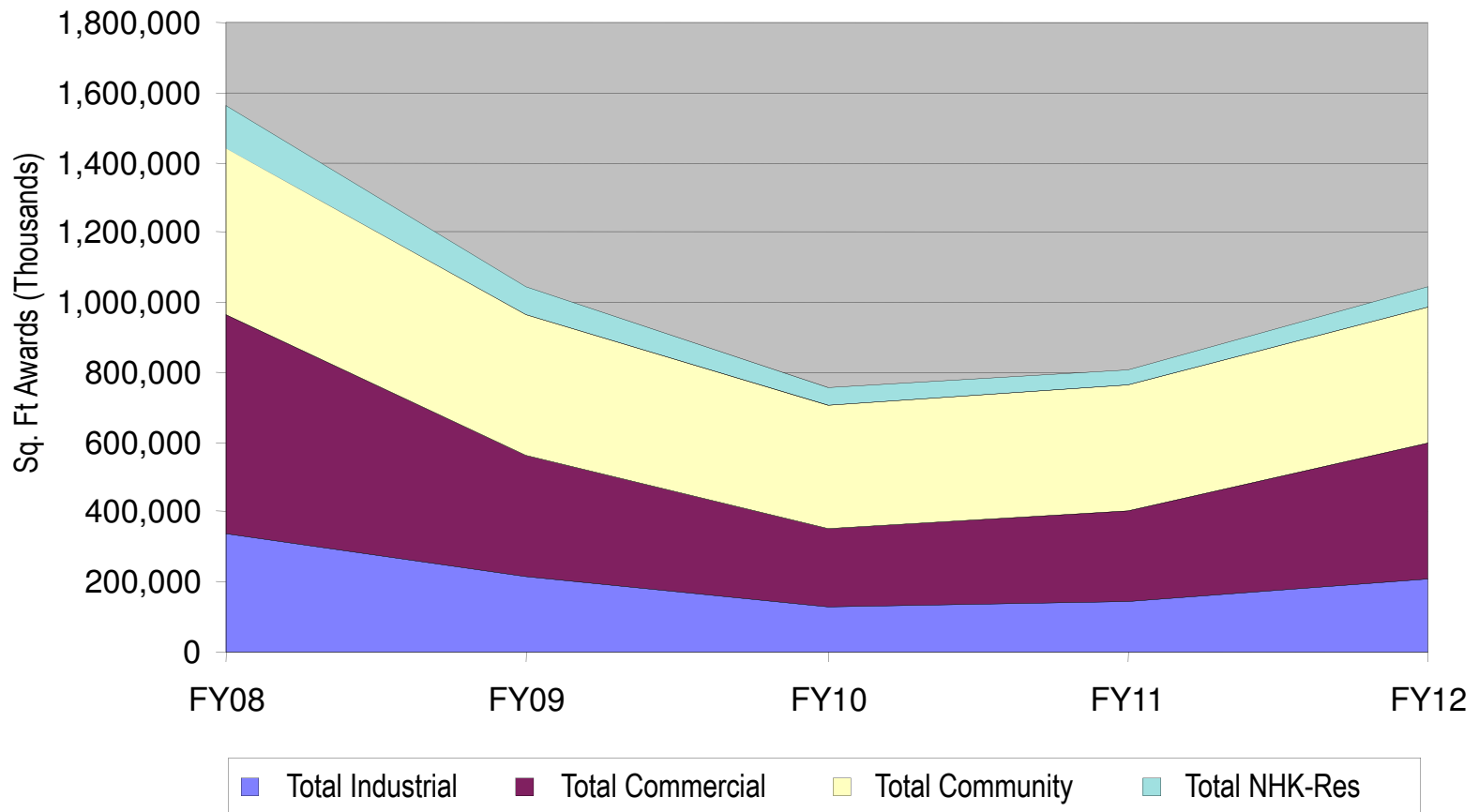
28% of total contract awards was in low-rise construction



- Total 1 & 2 Story Non-Res Construction
- Total Residential
- Total 3+ Story Construction
- Non-Building Construction

# F.W. Dodge Award trends

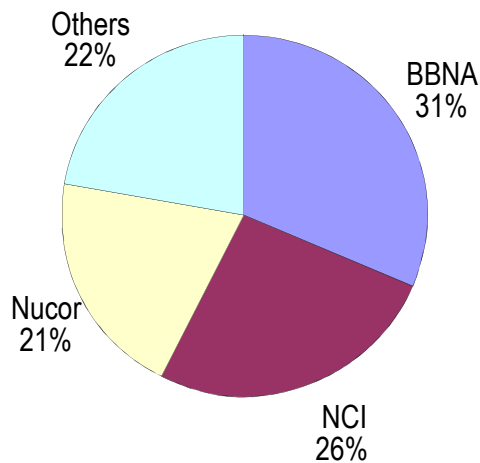
FW Dodge Actual & Forecast (FY08 - 12)



Source: F.W. Dodge – All story heights

# North American PEB Landscape

**Estimated Market share of MBMA - CY2009**  
(Domestic and Export volume)



Company	Brands
<b>BlueScope</b>	Butler, VP, HCI
<b>NCI</b>	Robertson, Star, CECO, Garco, Metallic, Mid-West, A&S, Mesco, IPS, steelbuildings.com
<b>Nucor</b>	Nucor, American, Gulf States, Kirby and CBC
<b>Others (not a comprehensive list)</b>	United Structures, Chief Structures, Alliance Steel, Schulte Building System, Behlen-Inland

Source: Internal Estimates

# North America PEB Market Indicators

## Professional forecasts:

- F.W. Dodge / McGraw Hill (Contract Awards and forecasts)
- Reed
- FMI

## Market and Leading Indicators

- Architectural Billings Index (America Institute of Architects) – based on monthly survey, provides leading economic indicator of 9 -12 months future non-residential activity.
- Industrial Capacity Utilization Rate (U.S. Federal Reserve) – survey of firms asking about the level of production to expect under normal business conditions

---

## F.W. Dodge Forecast for total U.S. non-res buildings

(excludes apartments, hotels, motels and dormitories)

FY10	FY11	FY12	FY13
-27%	8%	30%	27%

*Dodge Data in Sq. Ft (in thousands) – All Story Heights*

Source: F.W. Dodge, Q1, 2010 Fcst Release

# Leading Market Segments - Alternative Energy

- Completed a number of significant facilities for leading wind energy companies
- FedEx Ground Woodbridge Hub Solar Panel Installation
- Supply of large solar farm in California
- Corporate Accounts participates in supply chain workshops within the wind industry
- Member American Wind Energy Association

**EMPHASIS**

**LITERATURE**

**TRADE SHOW**

**PRESENTATIONS**

**ADVERTISING**

**BUILDER** MARKETING  
SUPPORT



# Leading Market Segments – Natural Gas Industry

- Business development initiative focused on growing natural gas industry
- Multiple orders from more than ten corporations in 2 years
- Technology allowing access to new **Marcellus shale** reserves, activity dependent on market prices for natural gas



BJ Services – Mineral Wells, Texas



United States Shale Gas Plays



# BlueScope Construction - A long and successful history in Government Work

- Prime contractor through MATOC, IDIQ, NMACC, etc.
- GSA Contract, Material Erect + Concrete options to other General Contractors (GC), Material Only to Builders by Heavy Structures, Diné/BUCON JV
- Dept of Interior MATOC projects
- U.S. Coast Guard NMACC projects



U.S. Air Force Alaska Hangars

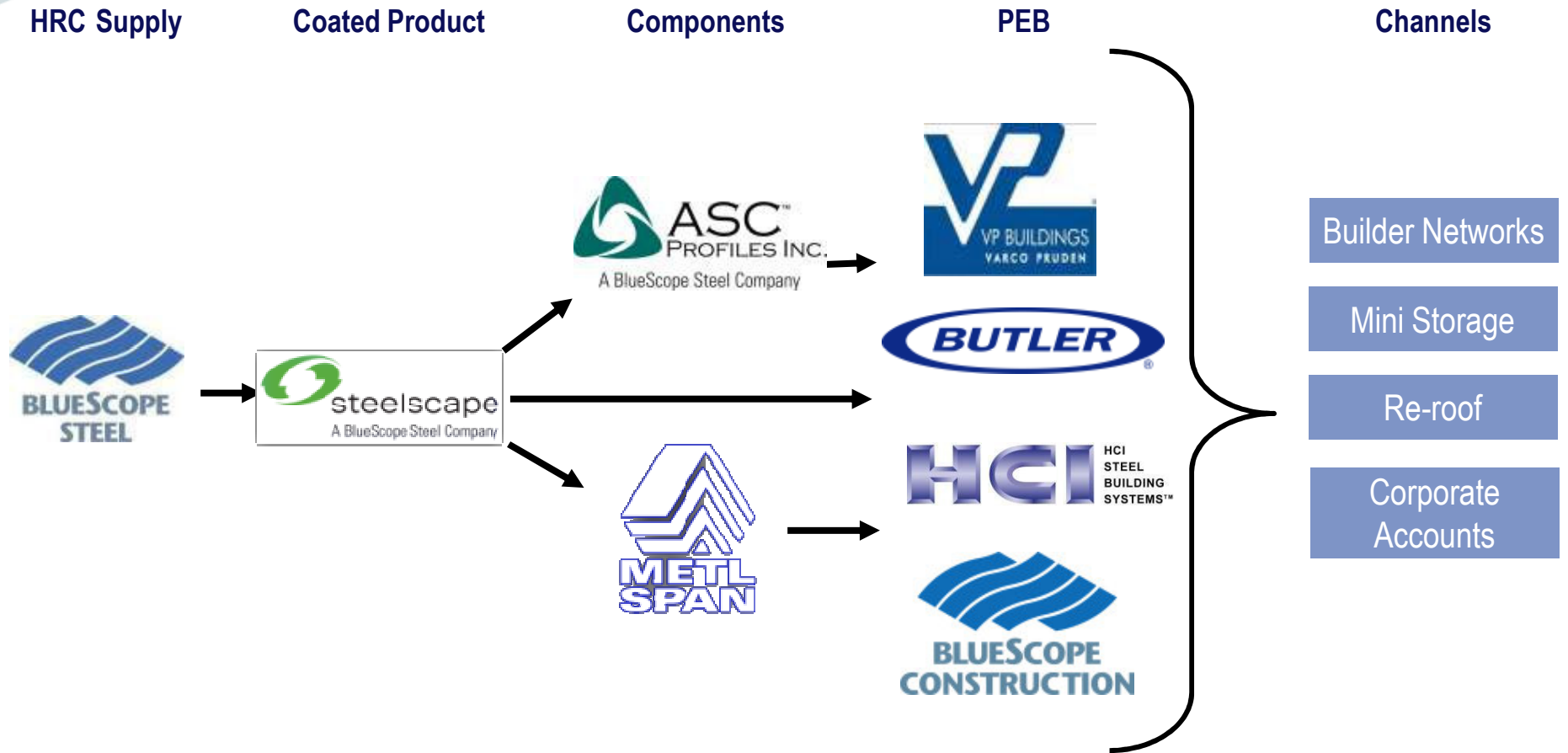
## Successes

- |                          |         |
|--------------------------|---------|
| • GSA Alaska Hangars     | \$38.4  |
| • GSA Mobile Hangar      | \$23.8  |
| • DOI MATOC              | \$14.3  |
| • Hensel Phelps Projects | \$51.7  |
| • GSA last 10 years      | \$382.4 |



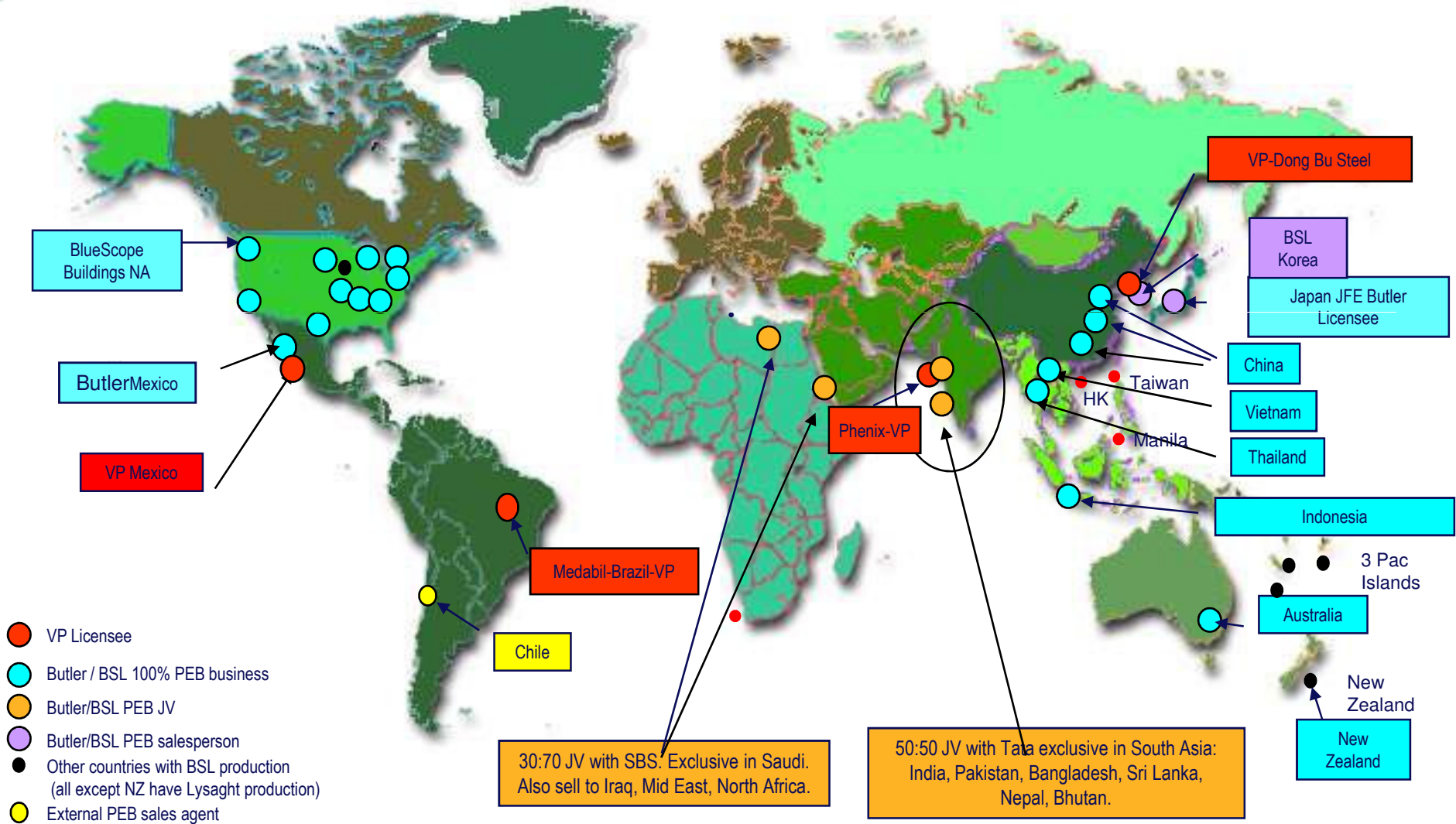
DOI MATOC Columbia Lab

# Supply Chain

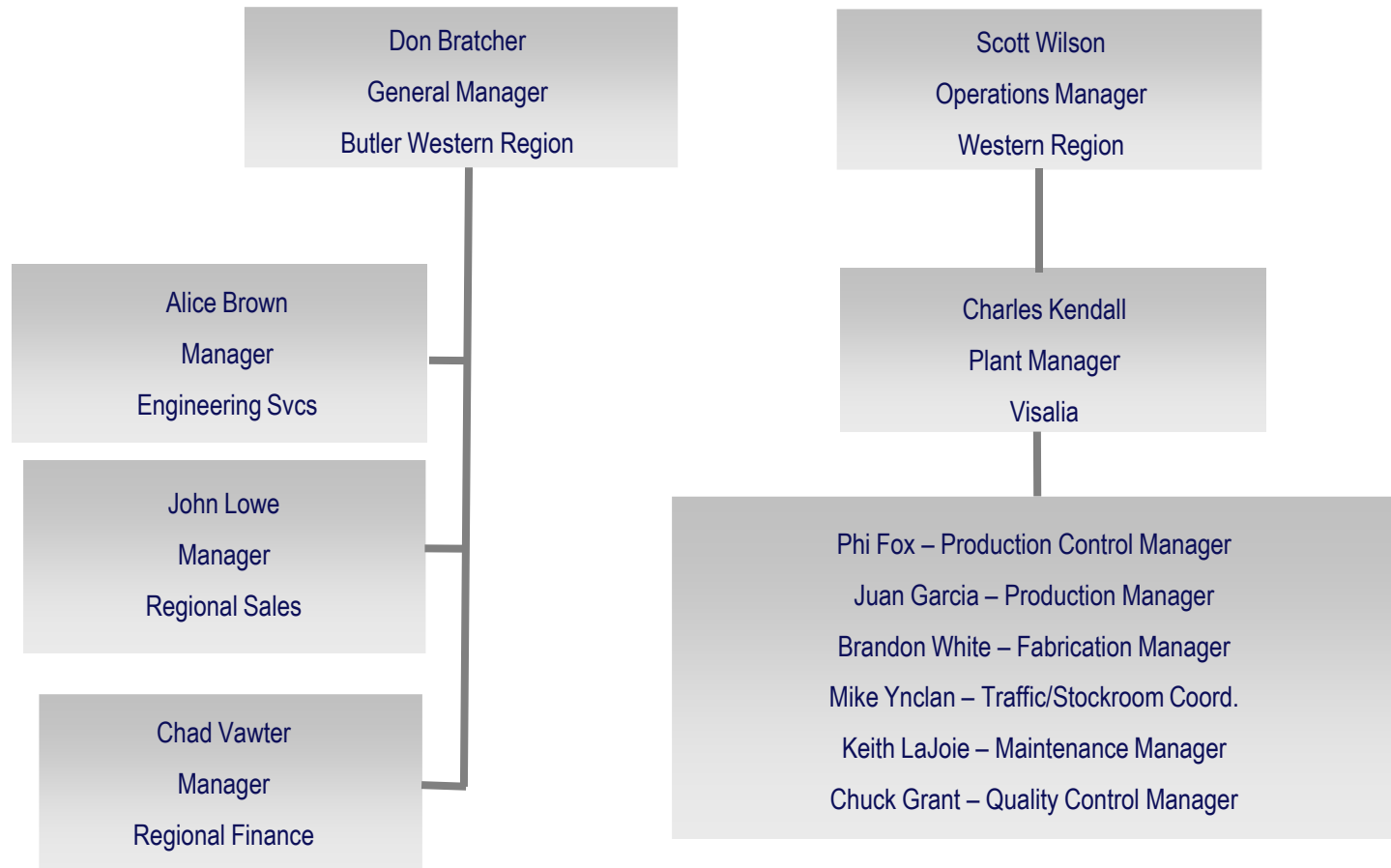




# Global perspective



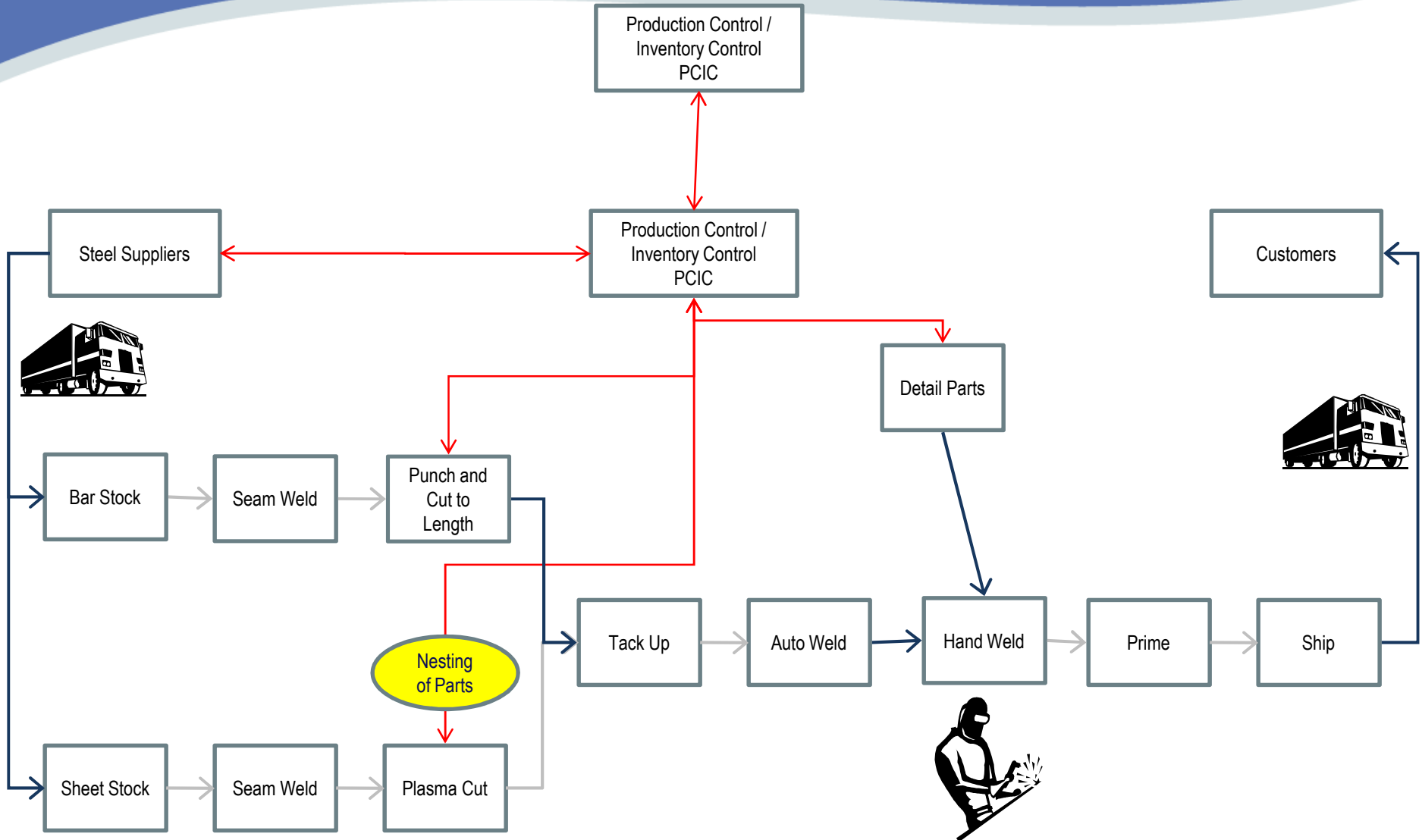
# Visalia Management Team – Brand and Manufacturing



# Visalia Overview

- Started in 1972
- 125 manufacturing employees
- 34 Acres in Industrial Park
- Presently working one full shift with a few units working a second shift
- 14 Million dollars spent on expansion
- Due to expansion, now 2<sup>nd</sup> largest manufacturing facility in BlueScope Buildings footprint in terms of output capacity
- 247,000 sq. ft. under roof

# Visalia Process Flow Chart



# Visalia Plant Expansion 160,000 sq. Ft.



# Visalia Plant Roll Forming



# Visalia Plant Trim Area



# Visalia Plant Thermal Oxidizer



Thermally incinerates VOCs ( volatile organic compounds) that are generated from the frame painting process.



# Visalia Plant Staging & Shipping Yard – Welded Structural Parts





## BlueScope Buildings North America

Questions ?

June 2010