

20 May 2005

ASX ANNOUNCEMENT

ONESTEEL BUSINESS RESTRUCTURE

OneSteel Limited Managing Director Geoff Plummer announced today that certain company operations would be restructured effective from 1 July 2005.

The OneSteel Reinforcing business, which is currently part of OneSteel Distribution segment, will move to the manufacturing segment. Conversely, the OneSteel Pipe and Tube business, currently part of the manufacturing segment, will become part of OneSteel's distribution segment.

In announcing the changes Geoff Plummer said, " This restructuring reflects the first change in line with some of the company's strategic themes which are currently being developed. One of those key themes is extracting further value from OneSteel's vertically integrated business or value chain.

" Feed for OneSteel Reinforcing is supplied almost entirely from steel manufactured by OneSteel. OneSteel Reinforcing consumes well over half of the raw steel produced in Sydney hence the benefit of better integration of these activities.

" The change will allow the company to make improvements in supply chain management, logistics and costs as well as better aligning marketing activities. We will continue to separate our manufacturing and downstream sales activities to maintain focus and service levels reflecting different customer and market requirements.

" In the case of Pipe and Tube, OneSteel purchases the raw materials for the manufacture of this product from external sources and distributes the majority of finished product through a number of OneSteel Distribution businesses including OneSteel Steel and Tube and OneSteel Metaland.

" By bringing the manufacturing and channel management function together under OneSteel Distribution, management can extract further benefits in the areas of customer service, manufacturing costs, logistics, marketing and related production scheduling.

" It was decided to bring forward these changes to 1 July 2005 to affect a full 12 months for next financial year. The company will provide pro forma numbers for prior years to allow proper comparisons between past and future years, " Mr Plummer said.

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