International Roadshow

August/September 2003 onesteel

This presentation is intended to tell you about the journey that OneSteel has taken since being spun out as a separate company in October 2000.

Australian steel long products market

Global Steel Market

- Global market – Over capacity
  - 800 million tonnes demand
  - 950 million tonnes capacity
- The global steel industry is fragmented
  - 95 players produce more than 2 million tonnes pa
  - The largest player only produces 5% of production

Australian Steel Market

The Australian steel industry has capacity of 7.6 million tonnes

- Long products – 2.6 million tonnes, 100% aligned to domestic market
- Flat products – 5.0 million tonnes, half of which is exported

OneSteel's Positioning

- Vertically integrated – iron ore; steel making; distribution
- The Long Products Market is growing at a rate of 2.3%
- Domestic market is less fragmented than the global market
- Production is balanced with the market
- One Company Approach
- Produce highly-specialised steel and steel products
- Annual sales in the vicinity of A$3 billion
- 7,000 staff - 30,000 customers

There is little or no domestic over-capacity of steel long products and there is a willingness to defend the Australian market from "dumping". OneSteel is nationally focussed with transport and geographic distance acting as strong barriers to entry. OneSteel is better placed to service the local market resulting in strong loyalty and domestic premium. This is the niche in which OneSteel operates.

onesteel

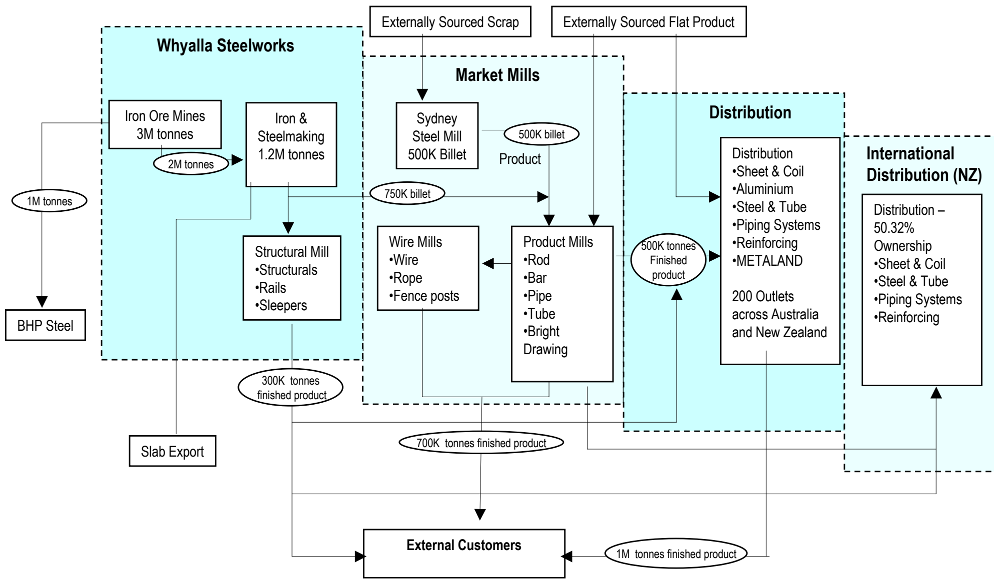
Slide 2

The global steel market has long been characterised by an imbalance between production capacity and market demand. It is also quite fragmented with the top company accounting for just 5% of production.

The market in which OneSteel operates is quite different. There are just two major manufacturers and distributors of long steel products in Australia and they have aligned themselves with the domestic market. In the last financial year just 3.8% of the 2.2 million tonnes that OneSteel dispatched went to the export market.

You are no doubt aware that the Australian dollar has risen quite sharply this year. However OneSteel has strong brand names and an extensive distribution network and its ability to offer value-added products on a reliable basis has generated considerable customer loyalty. This combined with the fact that Australia is a large and somewhat geographically remote country provides some protection against imports.

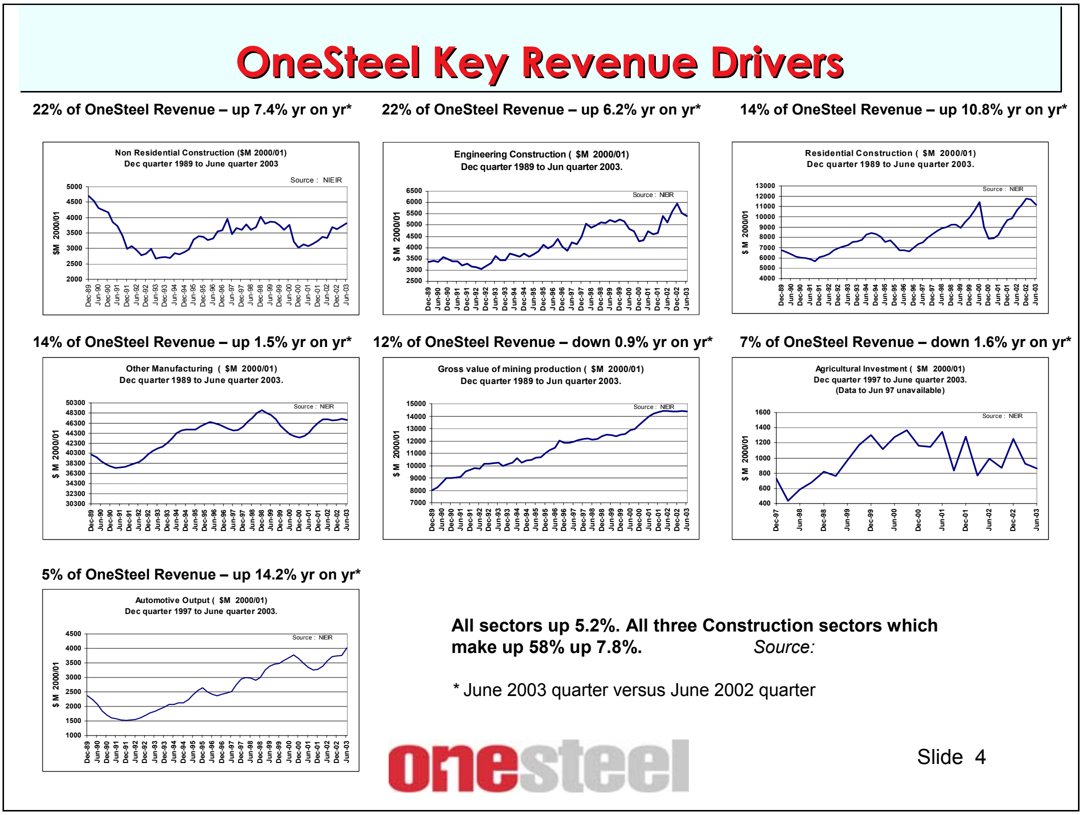
OneSteel Product Flow



Traditional steel companies tend to be producers, meaning they can be squeezed at both the supply end and the distribution end. However OneSteel is a vertically integrated steel company.

One of our key competitive advantages is our low-cost, high-quality iron ore mines that are situated just 80 kilometres from our main production facility in South Australia, the Whyalla Steelworks. These assets come into their own at times like these when prices for key inputs such as scrap metal and sheet and coil are rising. Two-thirds of the 1.7 million tonnes of steel we produce are made at the Whyalla Steelworks using iron ore. Our other main production facility is an electric arc furnace that makes steel by melting scrap.

At the other end of the chain, OneSteel has 200 outlets through which it distributes its own products, as well as externally-sourced metal products, to its 30,000 customers. We have an estimated 30% market share.



When we listed in October 2000 it was during the worst domestic steel market in 20 years. The market slump was partly based on a depressed global steel market and partly because the Australian construction sector was reeling from the double-whammy of GST and the post-Olympic slump.

Thankfully, activity in our key market sectors has moved from the low levels of 2001. Over the past 12 months activity across our different market segments rose by 5.2%. The three construction segments which drive 58% of OneSteel's revenue were up 7.8%. This is one reason why we were able to double profits in the last financial year that ended in June 2003.

Strengths of the OneSteel Business

Industry Market Positioning	Competitive Advantages
Long Products Market Leader • Produces 1.7 million tonnes of steel pa • Despatches 2.0 million tonnes pa • Employs just over 7,000 people in Australia and New Zealand • Leading market shares for all products	**Vertically Integrated Business** •Traditional steel companies can be squeezed by suppliers and distributors. OneSteel has its own iron ore mine and its distribution business has an estimated 30% market share.
Restructured Business • Restructuring has aligned production with domestic demand and cut costs from the business. OneSteel has taken out duplication after merging eight businesses into four and has reduced capacity and exited unprofitable product lines.	**Low-cost, high-quality Iron Ore** •2/3 of OneSteel's production is insulated from rising scrap prices by its iron ore mine situated 80 kms from its main production facility. •Proven reserves out to 2020. •OneSteel sells 1 million tonnes of iron ore pa to BHP Steel.
Strong Brand Names • Australia's largest steel long products producer with leading brands. • Market leader in 7 of its 8 product lines.	**Leading Metals Distributor** •Australia's leading distributor of steel and other metals products. •Over 200 sites, centres, franchises. •More than 30,000 customers. •The distribution business sources half of its products from OneSteel.
Rational domestic industry structure • The joint acquisition of Email by OneSteel and Smorgon Steel in 2001 transformed the industry into a rational and well-behaved one.	**Strong Cashflows** •Including $200 million of securitisation, OneSteel has eliminated around 44%, or approximately $530 million of its debt since debt peaked at around $1.2 billion in March 2001. •Annual sales are around A$3 billion.

Another reason behind the A$94 million profit after tax and minorities is we are now reaping the benefits of the restructuring undertaken in recent years.

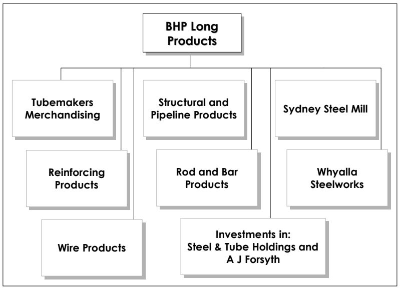
OneSteel was spun out as eight related but separate business units and the culture was very much production-focussed. It is now a vertically integrated steel company with four business divisions that are aligned with domestic demand.

In the process we have removed duplication and surplus capacity and we have also exited unprofitable product lines. We have put in a new remuneration and bonus structure that rewards employees according to the performance of the whole company rather than business divisions and 80% of our employees participate in the company share scheme.

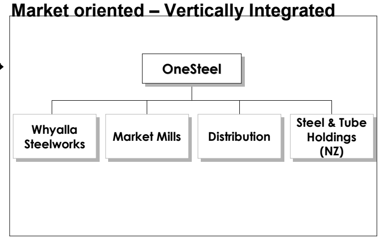
Restructured Business

Achievements to date include:
- Costs reduced by A$165 million (offsets A$162 million rise in costs)
- Revenue enhancements of A$86 million
- The joint acquisition of Email by OneSteel and Smorgon Steel in April 2001 – stronger industry structure
- Sale of Canadian distribution business A J Forsyth
- Realigned bonus/incentive structure – reward is based on company performance, not divisional
- Rationalised Products – product complexity has reduced by 31%
- Brisbane Bar Mill closure and sale of site
- No. 3 Tube Mill in Newcastle closed in April 2003
- Integration of the Email sites
- Shift reduction from Newcastle Rod Mill
- Sale of Ardrossan Port
- Sale of Whyalla Laboratories
- Consolidation of Distribution sites
- "Bolt-on" acquisitions of Distribution businesses
- Equity raising in December 2001 – A$66 million
- US$128 million of debt privately placed in April 2003
- Employee share plan – 80% participation
- Inventory down 30% from over 14 stock weeks to under 10 weeks
- Reduced total debt by 44% or A$530 million

Production-oriented – Strategic Business Units



Market oriented – Vertically Integrated



Slide 6

The benefits of the restructuring are clear. Since listing, we have taken A$165 million of costs out of the business and enhanced revenues, chiefly through price increases, by A$86 million. These more than offset the A$162 million rise in inflationary and other cost increases.

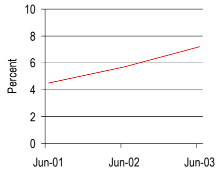
Safety has improved dramatically, break-even points for market mills have been lowered and inventory is tightly managed.

The balance sheet has also strengthened markedly. We were spun-out with a hefty debt load and that increased when we joined Smorgon Steel's bid to acquire Email in 2001. Thanks to strong cash generation and some asset sales, net debt has been reduced to A$470 million, considerably lower than its peak of A$1.2 billion in March 2001.

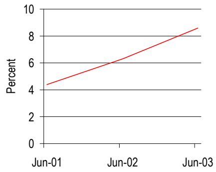
So when the next downturn in the market occurs OneSteel will be in much better shape than when it was spun out.

Trends in Key Financials

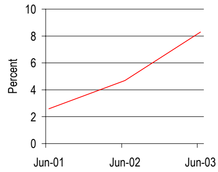
Sales Margin (EBITA)



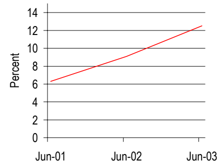
Return on Assets (EBITA)



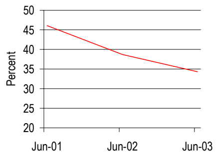
Return on Equity



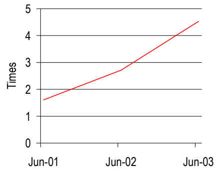
ROFE (EBITA)



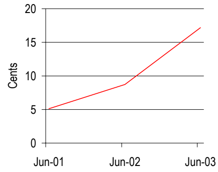
Gearing Ratio
Incl Securitisation



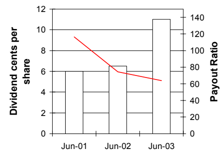
Interest Cover



Earnings Per Share



Dividends and Payout Ratio



onesteel

This slide highlights the benefits to date of all of the hard work that has been done to the business to improve its performance. Each of the ratios in the slide represent twelve monthly periods from June 2001 to June 2003.

As you can see each of the main ratios is heading in the right direction. It is particularly pleasing that earnings per share increased from under 2 cents at its low point in June 2001 to 17.2 cents in the financial year that ended June 2003.

Summary of 2002/03 Results

- Sales revenue up 5.3% to A$3,060.6m
- Net Profit after Tax doubled to A$94m
- EPS increased 97.7% to 17.2 cents per share
- Fivefold increase in free cash flow to A$154.9m
- Safety performance improved by 30%
- Net Debt decreased by A$101.4m to A$470.2m
- Including $200 million of securitisation, gearing now at 34.3% (net debt to net debt plus equity)
- Return on Funds Employed increased to 12.5% from 9.1%
- Costs reduced by A$56m and $51m in revenue enhancements offset $68m in cost increases
- Successful US$128 million private debt placement

onesteel

We believe we have made good progress compared to where we were almost three years ago and we are pleased with the results of the last financial year.

Key financials

Key Financials for the twelve months to June 2003		Statutory		Pro Forma		
		2003	2002	2001 Exc Prov	2001 Inc Prov	Change 03/02
Sales Revenue	(A$ m)	3060.6	2906.0	2637.7	2637.7	***5.3%***
EBITDA	(A$ m)	307.6	251.0	202.6	181.7	***22.5%***
EBITA	(A$ m)	221.1	166.8	118.0	74.7	***32.6%***
EBIT	(A$ m)	201.3	147.9	103.4	37.7	***36.1%***
NPAT	(A$ m)	94.0	47.1	23.6	(27.9)	***99.6%***
Total Assets	(A$ m)	2577.0	2582.0	2710.8		***(0.2%)***
Funds Employed	(A$ m)	1755.2	1794.2	1878.6		***(2.2%)***
Employees		7054	6989	7379		***0.9%***
EBITA Margin on Sales	(%)	7.20	5.7	4.5		
EBITA Return on Funds Employed	(%)	12.5	9.1	6.3		
Return on Equity	(%)	8.3	4.7	2.6		
Gearing (net debt:net debt plus equity)	(%)	26.8	31.9	40.6		
Interest times cover		4.52x	2.71x	1.60x		
Earnings per share (based on number of shares at the end of the period)	(cents)	17.2	8.7	5.1		***97.7%***
Divided per share	(cents)	11.0	6.5	6.0		

The doubling in net profit after tax and the improvement in sales margins and the return on funds employed are particularly pleasing.

The small rise in employees is the result of three small bolt-on acquisitions we made during the year. If these are excluded, underlying staff numbers would have fallen 2.2%.

Financials – by business division

Operations Review for the Twelve Months to June 30 2003												
	OneSteel - total			Australian Distribution			Australian Manufacturing			International Distribution (NZ)		
	2003	2002	%	2003	2002	%	2003	2002	%	2003	2002	%
Revenue (A$ m)	3,100.1	2,986.5	3.8	1,649.6	1,531.8	7.7	1,753.8	1,727.9	1.5	290.8	289.2	0.6
EBITDA (A$ m)	307.6	251.0	22.5	101.4	94.5	7.3	193.0	148.8	29.7	36.6	30.7	19.2
EBITA (A$ m)	221.1	166.8	32.6	84.7	77.7	9.0	128.5	86.3	48.9	32.0	26.1	22.6
EBIT (A$ m)	201.3	147.9	36.1	68.0	61.8	10.0	126.5	84.3	50.1	30.9	25.1	23.1
Assets (A$ m)	2,577.0	2,582.0	(0.2)	998.0	999.0	(0.1)	1,519.6	1,498.3	1.4	156.1	133.1	17.3
Employees	7,054	6,989	0.9	2,501	2,4446	2.2	3,604	3,760	(4.1)	765	620	23.4
Sales Margin %	7.2	5.7		5.1	5.1		7.3	5.0	46.0	11.0	9.0	22.2
Funds Employed (A$ m)	1,755.2	1,794.2	(2.2)	755.2	795.1	(5.0)	1,090.6	1,094.0	(0.3)	129.5	107.6	20.4
ROFE %	12.5	9.1		10.9	10.3	5.8	11.8	7.7	53.2	27.0	20.5	31.7

onesteel

You can see from the segmental breakdown that the improvement is across all divisions of the company.

Major Project Flow

Contracts in hand

- Comalco Plant - Gladstone
- Woodside 4th train
- Queen Victoria Building - Melbourne
- Eureka Bld - Melbourne
- World Square – Sydney
- Southbank development – Melbourne
- Exhibition Street development – Melbourne
- Regional Fast Train – Victoria
- Melbourne Cricket Ground
- Tasmanian Windtowers
- BHP Billiton Area C
- Hi-Smelt
- Latitude 2 – Sydney
- Rhodes Shopping Centre
- Kambalda to Esperance Gas Pipeline
- Gold Coast Exhibition Centre

Upcoming

- Sunland – Gold Coast
- Chatswood to Epping Rail Link
- RAC Track upgrade
- Woodside 5th Train
- SAMAG
- Aldoga Smelter
- Sydney CBD Cross City Tunnel
- Burrup Fertiliser and Methanol
- Queen Street Melbourne
- Adelaide Airport
- Spencer Street Station
- Southern Cross Melbourne
- Aurora, Brisbane
- Telfer Gas Pipeline – Western Aust.
- Enertrade Pipeline - Townsville
- Darwin LNG Plant

Prospects for the next 12 months look healthy and in fact our expectation is for a three-year upswing in the construction industry that drives 58% of our revenue.

We are currently finalising contractual details of four new projects worth A$100 million in terms of revenue. The projects are the Western Sydney Orbital freeway (approximately 44,000 tonnes over 3.5 years), the Enertrade pipeline (22,000 tonnes for a gas pipeline into the Townsville power station), the Telfer gas pipeline in Western Australia which requires 14,000 tonnes of steel, and 5,000 tonnes of reinforcing for the Darwin LNG plant. We are also hopeful of supplying the structural and pipes, vales and fittings requirements for the plant.

This strong pipeline in the engineering and non-residential construction sector will offset the continued softness in the rural sector and the long-anticipated slowdown in the housing market.

Outlook and Priorities

- **Expectations are for a three year up cycle in the construction industry (58% of OneSteel's activity).**
- **Capital expenditure for the Whyalla blast furnace reline is underway as is the build up of inventory. The reline will occur in June/July 2004. It will require capital expenditure of $80 million which will be spread over three years and necessitate inventory peaking at $95 million in May 2004. An experienced team comprising OneSteel people and outside consultants has been put in place. Many of the individuals have had experience with successful blast furnace relines.**
- **Iron ore feasibility study regarding OneSteel's 300 million magnetite iron ore resource**

onesteel

This year we have a number of major projects underway.

These include streamlining our sales and distribution and business support information system on a SAP platform. This will enhance communication between systems across the business providing further integration benefits as services are shared and duplication is removed.

We are also scheduled to reline the furnace at the Whyalla Steelworks in June/July 2004. We started planning for this A$80 million project in September 2001 and we have conducted Monte Carlo risk probability analysis which is regularly reviewed. We have a clear understanding of where our risks lie and we have measures in place to control them. We have a very experienced project team which is a mix of OneSteel people and external consultants, all of whom have considerable experience in furnace relines and the associated inventory build. As of June 30, we already had $10.6 million of inventory on the ground, 50% of the budgeted capital expenditure was committed and long lead time items were ordered and on their way to the steelworks. This gives us confidence that the project will be completed on time and on budget.

The third project is an investigation of the commercial viability of using OneSteel's significant magnetite iron ore resources as feed for the blast furnace. Depending on the results of the study, the magnetite iron ore could well lower production costs because it has less impurities. If the project goes ahead, we will have extra pellets to sell on the market, and we will also be able to sell our proven hematite ore reserves on the market, so creating additional sources of revenue. The results of the study will be known around the middle of next year.

Strategy and Opportunities

- **OneSteel will continue to focus on cash generation, debt and cost reduction, revenue enhancements and capital management to improve its balance sheet.**
- **Second stage restructuring initiatives include plant configuration, operational excellence, developing iron ore resources beyond proven reserves, shared services, information systems and product complexity, boosting OneSteel's profitability throughout the cycle. Ways to increase profitability include moving customers towards ordering in bulk or earlier payment, getting customers to transport products themselves or asking customers to pay higher prices.**
- **A stronger balance sheet will position OneSteel for bolt-on acquisitions to enhance market positions and manufacturing synergies. Growth options are both organic and 'step change' in nature. OneSteel is well positioned to participate in steel industry rationalisation and consolidation.**

onesteel

The most obvious restructuring is now behind us and we are into the second phase of restructuring which centres around improving business performance. We have identified many areas in which productivity can be improved and costs taken out.

Our main priorities remain cash generation, improving capital management, managing costs down and retiring debt to increase profitability, With a stronger balance sheet and greater flexibility we are able to evaluate potential growth opportunities