

# Steel the Material of Choice?

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# Steel – The Material of Choice?

- **Steel and our stakeholders**
  - General public, customers, employees, suppliers
  - Shareholders
- **Steel in the Global context**
- **Steel as the material of choice for Australia in the future**



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# Steel and our Stakeholders

- **Environment and Climate Change**
- **Steel is the Most Recycled Material**
- **Employment**
- **Health and Safety**



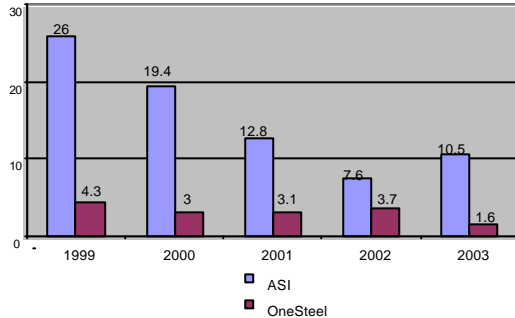
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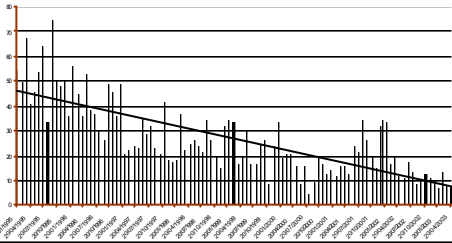
# Good Safety is Good Business

Lost Time Injury Frequency Rate

ASI/OneSteel Employees



NATIONAL LTI FREQUENCY RATE  
JANUARY 1995 - MAY 2003



# Steel and our Stakeholders

**Steel is part of our lives – in more ways than you know**

- The spring wires in your mattress are made from steel
- Steel pipes carry the water for your morning shower
- The suspension components in your Australian car are made from steel, as is the cord that holds together the car's tyres
- Driving to work you'll pass bridges and buildings made from steel and drive over pipes that supply fuel and communication cables
- At the end of the day, your children may be enjoying themselves on playground equipment made from steel



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# Steel and our Stakeholders

- Around 85% of people thought steel was important or very important in terms of everyday life and in terms of the economy
- Steel is beginning to break out of its 19th century image and is now regarded as a versatile, lightweight material well suited to modern architectural applications
- However, the steel industry itself is still seen as industrial and black
- The challenge for the industry is to modernise its image so that it can reinforce the current positive image towards steel as a material of choice



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Steel and our Stakeholders

# The OneSteel Community Giving Program



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# Steel and our Stakeholders

- Child and Youth Welfare
- The Aged
- Mental Health
- Environment & Animal Welfare
- Emergency Services
- Cancer Research
- The Blind





# Steel and our Stakeholders



# Steel and our Stakeholders

- Many steel producers around the world struggling – from 1974 – 2000 the average return on capital was 6%
- Australian steel industry has undergone massive restructuring
  - Newcastle steelworks closed
  - Three focused publicly-listed steel companies
- Australian steel companies are low on the industry cost curve and they are creating value



# Steel and our Stakeholders

- Australian steel companies still trade at a discount to other industrials
- Investment market's view is determined by:
  - Decade of declining pricing
  - Steel not seen as a growth investment rather a cyclical play
  - Global perception of underperformance



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# Steel and our Stakeholders

- Pricing initiatives successful over the last year
- Each of the listed steel companies continues to improve the efficiencies of their business
- We are seeing some success in increasing steel intensity in multi-level buildings



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# Steel and our Stakeholders

- To change the market view towards steel companies we will need to:
  - Demonstrate we can continue to improve performance in the industry
  - Improve the profile and reputation of steel generally with the public



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# Steel in the Global Context

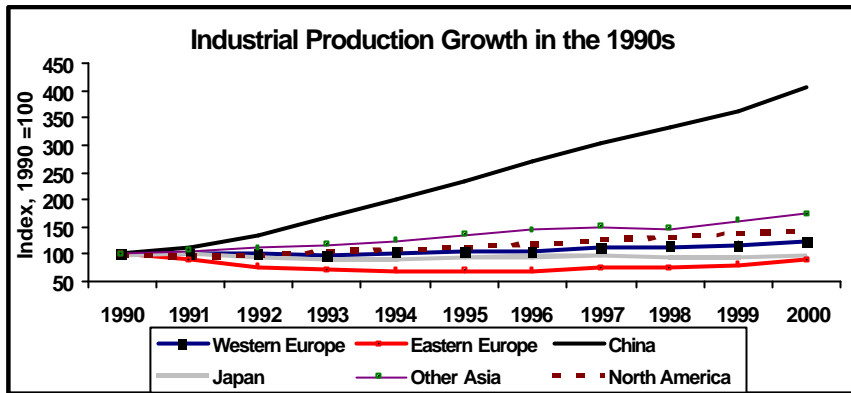
**Are we witnessing a sea change in steel being the material of choice on the international front?**



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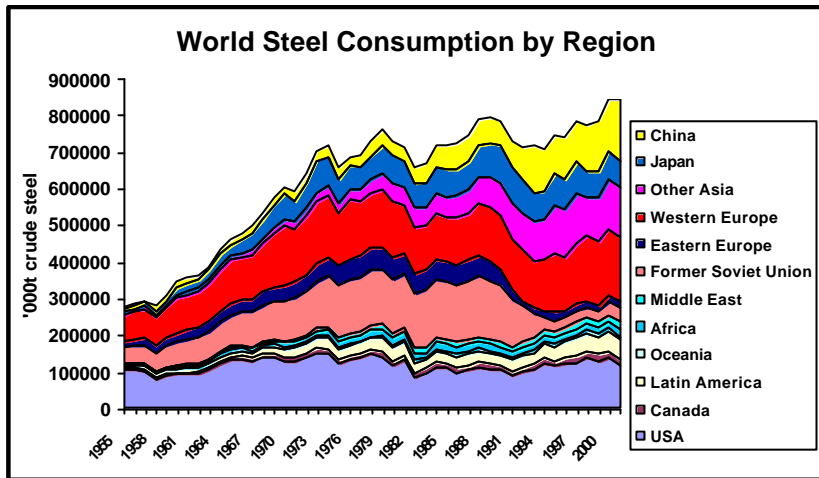
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# Steel in the Global Context



Source: Ecwin.

# Steel in the Global Context



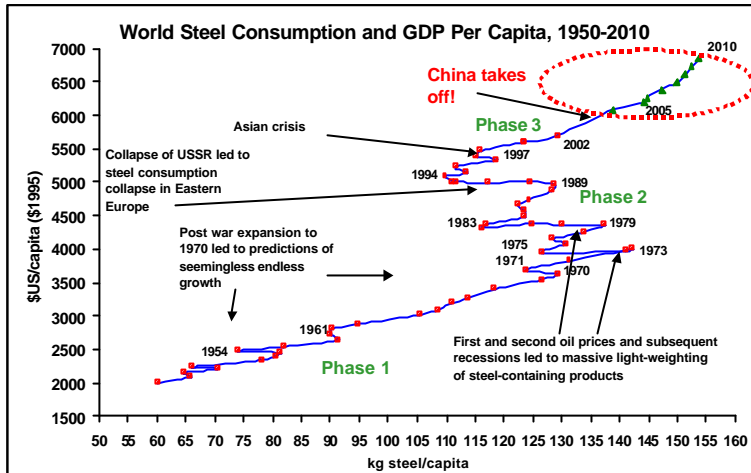
Source: IISI

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# Steel in the Global Context



Source: Macquarie Research

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# Steel in the Global Context

- So what does this all mean?
  - We may be entering a new period of growth in international steel – the first time in three decades
  - It potentially will change the balance in the industry from over to under supply



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Steel in Australia

# How to grow the Australian steel market?



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# Steel in Australia

## Two Opportunities

- High-rise steel intensity
- Steel intensity in residential construction



# Steel Intensity in High-Rise Buildings

## Steel in Paris

- Ten years ago hardly any buildings in Paris utilised steel construction
- Now steel intensity in Paris buildings is around 32%
- There are estimates that 50 to 60% of larger projects (20 to 30 thousand square metres) are now done in steel



# Steel Intensity in High-Rise Buildings

## Some lessons from Paris and the UK

- Taking a holistic approach
- Get involved early in the planning
- Maximise the advantage of steel where design can allow it

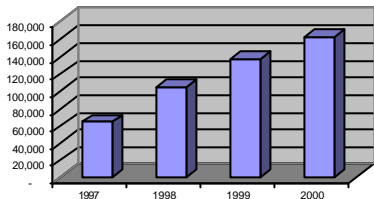


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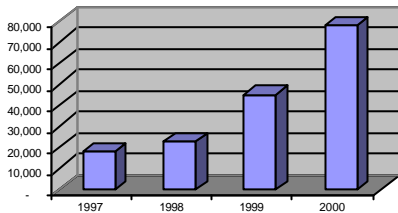
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# Steel in Residential Construction

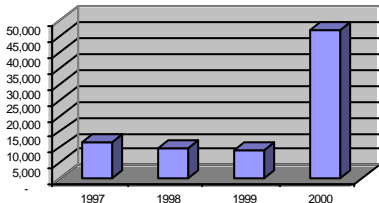
Tons of Steel Framing Used In US Residential Walls



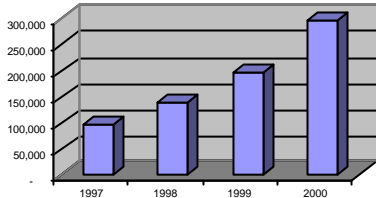
Tons of Steel Framing Used In US Residential Floors



Tons of Steel Framing Used In US Residential Roofs



Tons of Steel Framing Used In US Residential Construction



Source: Nucor

# Steel – the Positives

There are many positives: we live in an environment that is full of potential

- Steel is a US\$400 billion industry worldwide
- Steel usage is growing at 2.3% pa and is predicted to increase
- Steel is increasingly being used in construction as a substitute for other materials
- Steel is an indispensable product that is used everywhere

## The potential is unlimited



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# Conclusion

- Steel has had some hard times over the last three decades but in recent years Australian steel companies have created value
- Its relevance to society today is as strong as it was 30 years – and the general public recognises that fact
- We as an industry have to do things smarter and more efficiently if we are going to ensure steel remains the material of choice



# Conclusion

## Challenge to ASI

Launch a marketing campaign "Australian Steel is Good and Sustainable"

