Good afternoon Ladies & Gentlemen,

My name is Bob Every and I am very pleased to be here with you. I will talk to you today about the changes in the steel industry since OneSteel was created in October 2000 and about the changes that I see on the horizon for the industry. I have titled my presentation Reinventing Steel because I think you will see that the steel industry as a whole has, and still is, undergoing significant change.

In terms of the structure this afternoon, I will firstly give an overview of the steel industry landscape. In doing so, I will explain the rationale for OneSteel's business model. After discussing our achievements to date, I will finish by talking about where I see the steel industry is headed as steel is reinvented.

Steel Industry Landscape

For the last three decades, the world steel market has been characterised by over-capacity.

There is only demand for approximately 800 million tonnes of steel per annum compared with annual capacity of 950 million tonnes.

China accounts for over 22% of world steel demand. It consumes approximately 200 million tonnes annually.

This helps put the Australasian industry into perspective. Australia and New Zealand consume just under 6 million tonnes, representing 0.9% of world demand. The region produces about 1.1% of world production.

The world steel industry is also fragmented. There are 95 players which each produce more than 2 million tonnes per annum. The biggest producer accounts for just 5% of total production and the 10 largest players produce around a quarter of global supply.

My view is that to succeed and prosper in this framework you need to be either mega or a niche player with a competitive advantage.

Australian Steel Industry Landscape

- Australian steel industry production - 7.6 million tonnes.
  - Long products – 2.6 million tonnes, 100% aligned to domestic market.
  - Flat products – 5.0 million tonnes, more than 40% of which is exported.
- There is little or no domestic over-capacity of steel long products.
- OneSteel is nationally focussed and is best placed to service the local market, with a strong distribution capacity providing significant benefits.

This is the niche in which OneSteel operates.

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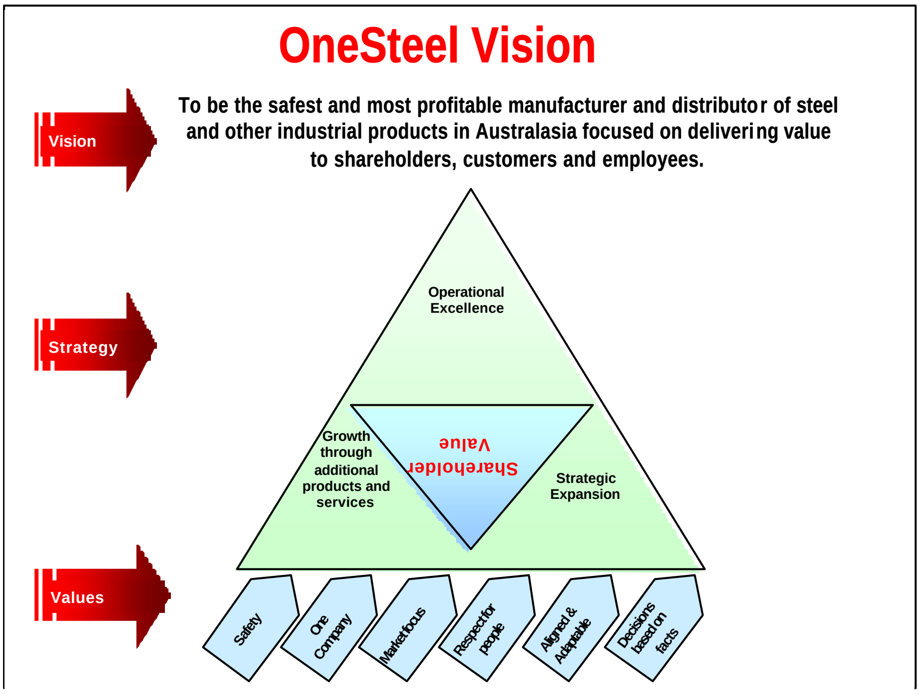
The Australian market is quite different. There are two types of steel production – long products, the market in which OneSteel and Smorgon Steel operate, and flat products of which BHP Steel is the only producer. So with three main producers, the Australian market is far less fragmented than the steel market offshore.

Long products and flat products are fundamentally different and there is limited overlap.

Furthermore, whereas more than 40% of the flat steel products are exported, Australian long products production is 100% aligned to 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.

Therefore unlike the global steel market, the Australian long products sector is well balanced in terms of the market and production capacity. There is little or no over-capacity and transport and geographical distance provide some protection from imports. This is reinforced by OneSteel's network of over 200 distribution outlets.

I will now expand on OneSteel's business model and describe how we have turned ourselves into a niche player with a number of competitive advantages.



This slide represents OneSteel's strategic framework. You will note that safety is extremely prominent in our guiding vision to be the safest and most profitable manufacturer and distributor of steel and other industrial products in Australasia focused on delivering value to shareholders, customers and employees. Underpinning our vision are three key strategic thrusts of operational excellence, growth through additional products and services and strategic expansion. Our values represent the way we do things and encompass being adaptable and aligned with the market and acting as one company.

We established OneSteel as a vertically integrated steel business with its own raw materials, heavy and light manufacturing facilities and a distribution channel. This is in stark contrast to traditional steel companies. The traditional model of stand-alone producer is vulnerable to being squeezed by suppliers and to being squeezed at the distribution end.

A key component of OneSteel's business model is our low-cost, high-quality iron ore mines. These are located just 80km from our main production facility. Around two-thirds of the steel that OneSteel produces is made from its own iron ore.

At the other end of the chain, OneSteel is Australia's leading distributor of steel and other metals products, with an estimated market share of 30%.

–We have over 200 sites, centres, and franchises, and

–We have more than 30,000 customers.

–The distribution business sources half of its products from OneSteel. The balance is sourced externally.

OneSteel is a strong cash flow business. Over the last three years, we have generated over $400 million in free cash flow. This, together with sales of non-core assets, has enabled us to eliminate around $530 million of debt since we listed.

OneSteel is a market leader in Long Products and has leading market shares in all of its products

–We produce 1.7 million tonnes of steel per annum and dispatch over 2 million tonnes of steel a year.

–We are the market leader in 7 of our 8 product lines and the largest steel long products producer in the country.

–OneSteel has strong brand names including Waratah and Duragal.

OneSteel is a Restructured Business

–We have restructured the company to align production with domestic demand and to cut costs from the business.

–By merging eight business units into four divisions, we have removed duplication.

I will go into the restructuring initiatives in more detail in a moment.

Our joint acquisition of Email with Smorgon Steel in 2001 has also enhanced our distribution capability.

OneSteel's Achievements to Date

When we listed almost three years ago, OneSteel consisted of eight production-oriented units. Given our values of being market-focused and adaptable to the market, we have transformed ourselves into a vertically-integrated company with four divisions aligned to market demand.

We have reduced product complexity by 31%. As a result we are now more profitable but we continue to maintain a superior range to our competitors. Inventory levels have also been cut by some 30%, bringing them below 10 weeks from over 14 weeks.

Since listing we have introduced revenue enhancements, mainly through price increases, in the order of $86 million. And thanks to the significant restructuring we have undertaken, OneSteel's cost base is lower. We have taken $165 million of costs out of the business, which more than compensates for a $158 million rise in costs over this period.

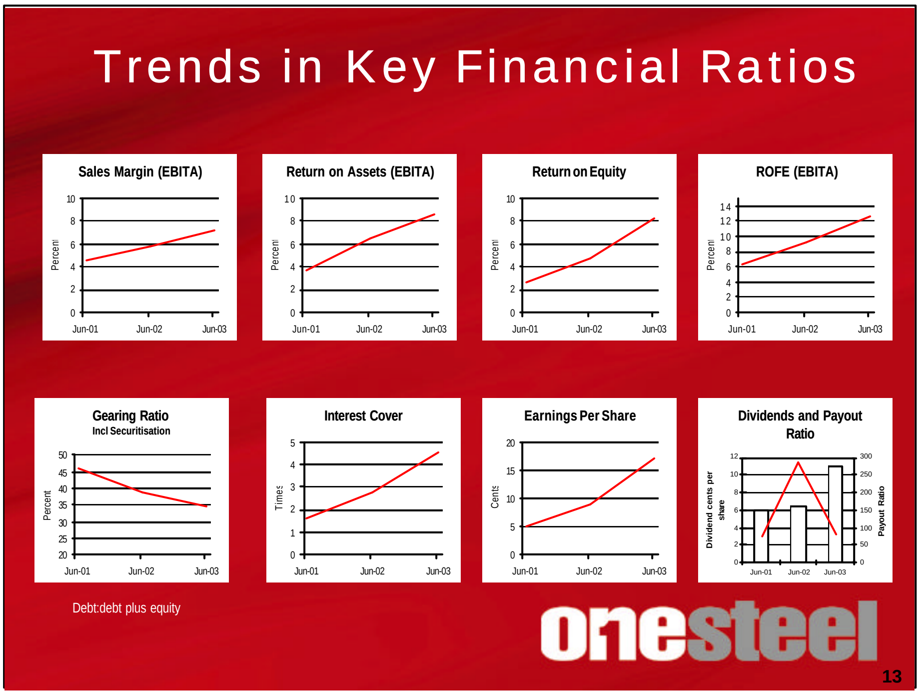
We have also sold a number of businesses that weren't key to being an integrated steel producer and metals distributor. Now that we have sold our Canadian distribution business we are solely focused on the Australian and New Zealand markets.

Steps such as a the closure of the Brisbane Bar Mill, the restructuring of the Newcastle Maintenance and Engineering section and the removal of a shift from the Newcastle Rod Mill are generating better sales margins.

We have realigned the incentive structure and put in place one that is based on the performance of the group, not of any one particular division.

As I mentioned earlier, we have improved OneSteel's capital structure since listing. When OneSteel was listed we had a market capitalisation of $350 million and debt that peaked at $1.2 billion in March 2001. Today our market capitalisation is $1.1 billion and debt has been reduced to below $500 million – making for much easier sleep at nights.

Other improvements to our capital structure include a $66 million equity raising in December 2001 and a private debt placement in the US in April this year which extended the average maturity of our debt profile to 4.7 years from 1.8 years.



The slide highlights the benefits to date of all of the hard work that has been done to improve the business' 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. However even though last month we announced a doubling of profits for the second consecutive year, we still have more to do.

As our vision statement illustrates, at OneSteel we don't just look at profitability. Safety is also a key objective across the company.

Therefore I am equally proud of the gains we have been able to make in this area. This graph shows how safety in both the Australian steel distribution industry as a whole, and at OneSteel in particular, has improved over the last five years.

Another example of OneSteel looking beyond the bottom line is the OneSteel Community Giving Program that we are launching this month.

The OneSteel Community Giving Program

This initiative recognises the strong community support that OneSteel receives in the areas where we operate and the high significance placed on steel in terms of everyday lives and the Australian economy.

The program has been developed by OneSteel staff selecting those causes and associated charities which they believe are significant contributors to their local community. Staff will have the opportunity to contribute to the causes through their pre-tax pay while the company will match their contributions.

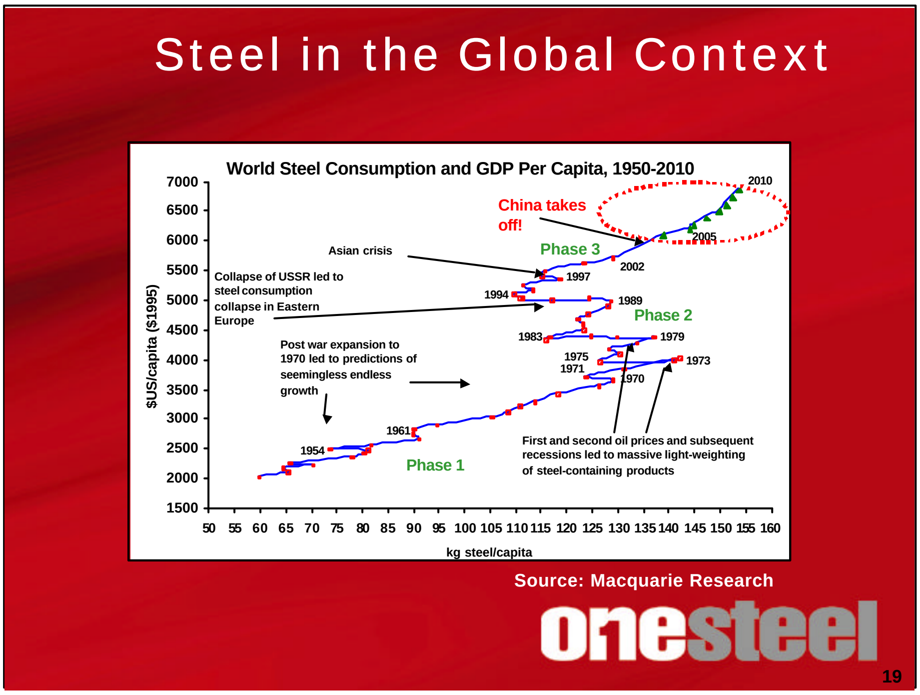
I would now like to turn my attention to the future for steel. I would like to focus first on international steel as there are some interesting undercurrents that may lead to a shift in market dynamics that hasn't been seen for three decades.

Many of you will be aware of the dramatic growth that is occurring in China and the affect that is having on demand and prices of many commodities. China is the most significant factor in the world steel market today.

This graph, taken from a presentation by Macquarie Bank at an international conference in March this year, shows China's industrial production over the last decade. It has grown by an average of 15% per annum compared with the rest of Asia at 6%, the US at 4%, Europe at 2%, Japan at zero and Eastern Europe at negative 12%.

This graph demonstrates consumption of steel since the 1950s. China is represented by the yellow colour on top of the chart.

By 2002, China's steel consumption was 200 million tonnes of steel, almost a quarter of the world's consumption.



What is the impact of these trends on world steel?

This graph demonstrates world per capita consumption of steel since the 1950s.

There are three distinct phases. First 1950s to 1973 – Unbridled Optimism with the rebuilding of Asia/Europe after WW2.

New applications in home appliances that became widely adopted.

1973-1994 – “Death” of the Steel Industry with collapse of Former Soviet Union - Oil price rise induced recessions and downsizing a period of declining intensity of steel use.

1990-1993: collapse in East European demand with massive fall in steel use in former Soviet Union.

In 1994 we are back to growth with China now dominating?

So what does this mean for international steel?

We may be entering a new period of sustained growth for the first time in three decades.

It has the potential to change the balance in the industry from one of oversupply to one of undersupply. This has huge implications for international steel if we get it right.

The risks are that too much capacity is built to meet the supply or that China's demand suddenly slows down and tapers off.

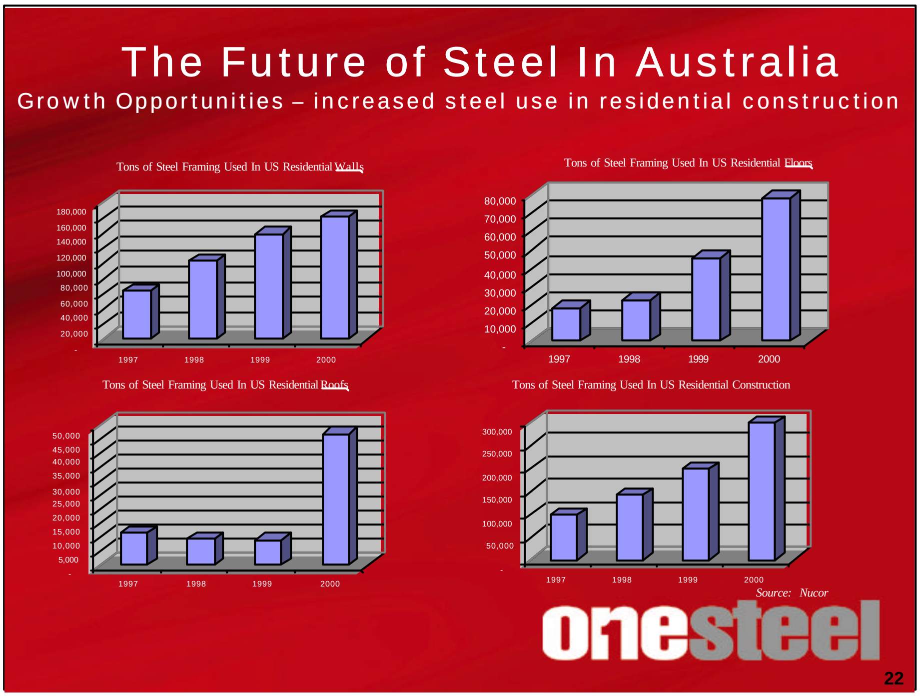
The next five to 10 years will determine whether or not there will be a "new look" steel industry ahead of us.

I would now like to look at the future of steel in Australia.

One area where I believe there are opportunities for growth is looking at new ways of applying steel to existing applications, whether they be buildings, roads, bridges, etc.

One area of strategic focus for OneSteel is increasing steel intensity for multi-storey buildings in Australia. In the UK, steel intensity in multi-storey buildings accounts for over 60% and for over 50% in the US. Yet in Australia steel intensity accounts for less than 5%. If we can increase this number to 25% it would create demand for another 55,000 tonnes of steel.

I believe we are starting to make some minor progress in this area. Recently high steel intensity multi-level building activity has increased with the likes of the Queen Victoria Building in Melbourne, the Latitude 2 Building in World Square in Sydney and the Rhodes Shopping Centre. For those of you local to Sydney, Grosvenor Place was the last example of a steel high-rise building. That was constructed over a decade ago.



The second opportunity I would like to highlight is the potential for increased steel use in the residential sector.

At an international steel conference last year, Donald Moody, General Manager of NuconSteel Corporation, a Nucor company, gave an overview of an industry initiative to increase the use of steel in residential construction in the US. In 1998, the US steel institute formed an alliance. The objective was to encourage the widespread, practical and economic use of, and preference for, light gauge steel framing in residential construction. The aim was to achieve penetration of light gauge steel framing products equivalent to 25% of the total residential market in tons.

The graphs show the results of the campaign up to the end of 2000. In 1997 just 97.4 thousand tons of steel were used in site-built residential construction. By the end of 2000, usage had almost tripled to around 275,000 tons.

The experience of the US gives us reason to be optimistic about the future.

The Australian steel industry has undergone massive restructuring with the closure of the Newcastle Steelworks and the public listing of ourselves and BHP Steel in the last three years. As a result, the Australian steel market is relatively rational and less fragmented market than offshore. Australian steel companies are low on the industry cost curve and they are creating shareholder value. In the last financial year the three listed companies generated over $1.3 billion in share price gains and dividends.

OneSteel has undergone its own process of reinvention. We have kicked some goals but we still have some distance to travel.

The company is now in much better financial shape than three years ago. We have the balance sheet flexibility and strength to be able to explore growth opportunities should they arise.

For example, we are currently examining the potential for commercialising our magnetite iron ore resources to generate an additional source of revenue and profit. We can look at opportunities like this and fund them from internal cash generation, whereas three years ago we would not have considered it possible.

As a closing remark, I believe that we are seeing the steel industry reinventing itself and that the next 10 years will be exciting for the industry.

Thank you very much for allowing me to present OneSteel’s story to you today.