

Investor Briefing
May 2004

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OneSteel Major Projects



Slide 2

Good afternoon Ladies & Gentlemen,

It is a pleasure to join you for lunch today. Before answering any questions that you may have I would like to give a brief update of conditions in the international and domestic steel market as I see them. I will also touch on OneSteel's two major projects – the blast furnace reline and the magnetite iron ore opportunity.

Domestic Market Conditions

Domestic market conditions remain robust

Construction still growing

Non-Residential Construction continues to grow - solid project list

Engineering Construction – infrastructure and mining driven

Residential slowing – mainly in investment unit development

Mining, manufacturing and automotive solid – rural some signs of recovery although patchy. – automotive

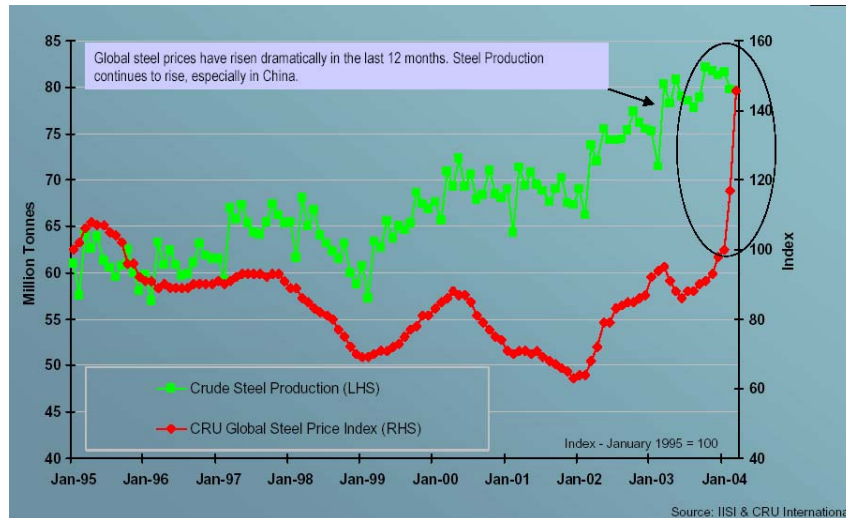
Expectations are for at least a two year up cycle in the construction industry (57% of OneSteel's activity)

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- Notwithstanding the rapidly changing dynamics of the international steel market, we continue to be optimistic about trading conditions in our key market, the domestic construction market.
- We have a strong order book and the number of committed large projects ahead gives us confidence that any softening in the residential segment will be offset by robust activity in the non-residential and engineering segments.
- The other sectors are holding up with the rural sector continuing to show signs of recovery albeit at this stage it is still patchy.

International Steel Production and Prices



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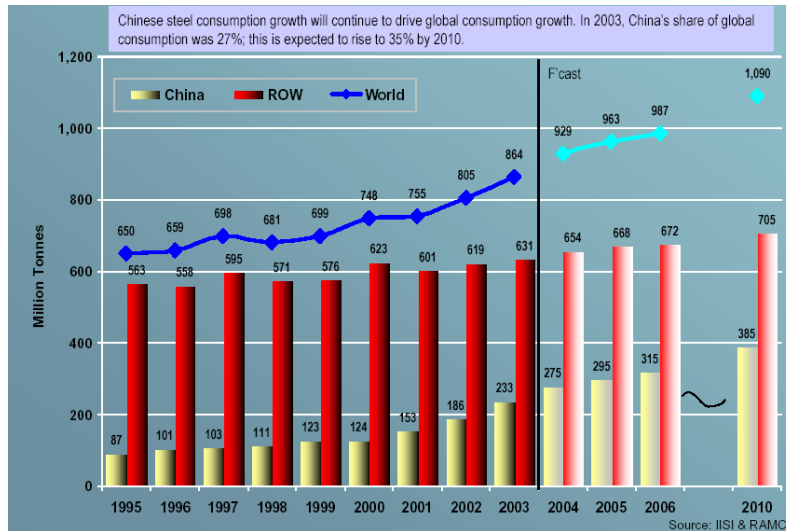
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The next two slides were presented at a recent meeting of the International Iron and Steel Institute in late April 2004.

This slide shows the growth in international steel production by month represented by the green line, and the extremely strong growth in steel prices in the red line.

Both production and price have increased strongly over the last 12 months.

International Steel Forecast Demand



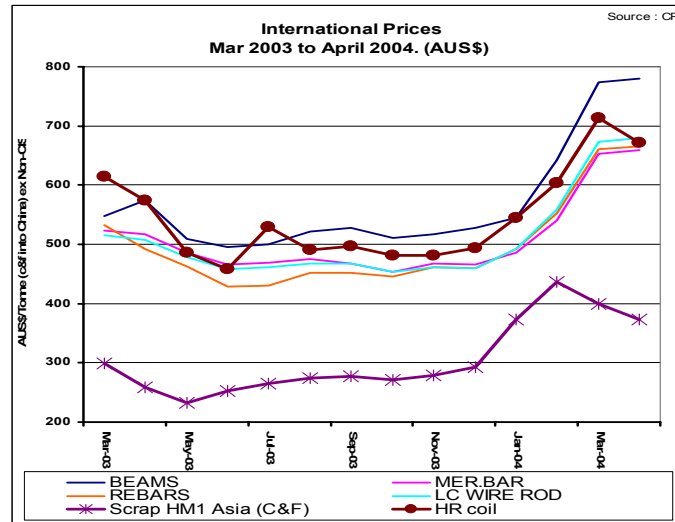
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This slide shows the base case for international consumption of steel over the next three years and 2010, and the amount China will consume over the same period.

As the graph demonstrates, demand is still expected to grow, driven by demand from China.

Recent Trends in International Steel Prices

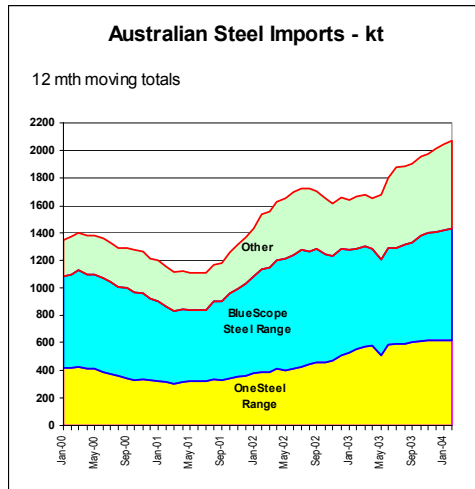


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- This graph shows prices in international long products in Australian dollars over the last year or so, as well as the price of hot rolled coil and scrap
- It can be seen that international prices of long products have stabilised at relatively high levels while scrap and hot rolled coil prices have come off their peaks.
- As you can see from the chart, international scrap steel, hot rolled coil and long product prices have increased by approximately 35% over the last 12 months.

Imports into Australia



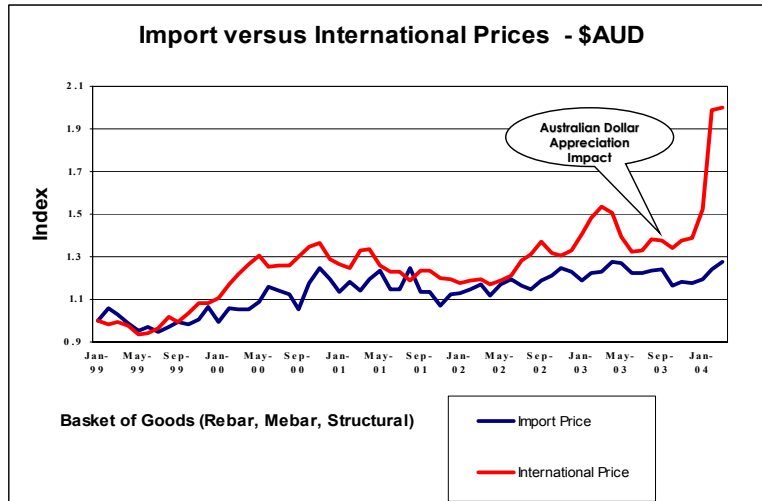
Source: Australian Bureau of Statistics and OST data

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- Since the beginning of the year there have been some encouraging signs in terms of imports which have not increased above their peak in November last year.
- Given the tightening of supply in the international scene combined with surging prices we expect the level of import activity to decrease over coming months. The lag created by stock in the system and contracts agreed several months ago should soon diminish.

International vs Import Steel Prices



Source: Australian Bureau of Statistics and OST data

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- The international price of steel for a basket of long products has increased significantly.
- So far, the price of imports for the same basket has not increased nearly as much.
- Australian dollar appreciation gave the importers a good window of opportunity in the six months to December – the recent depreciation will go against them.
- This provides OneSteel with the opportunity to regain market share in some product ranges and increase prices in others.

OneSteel Price Increases

❖ Price increases since January 2004:

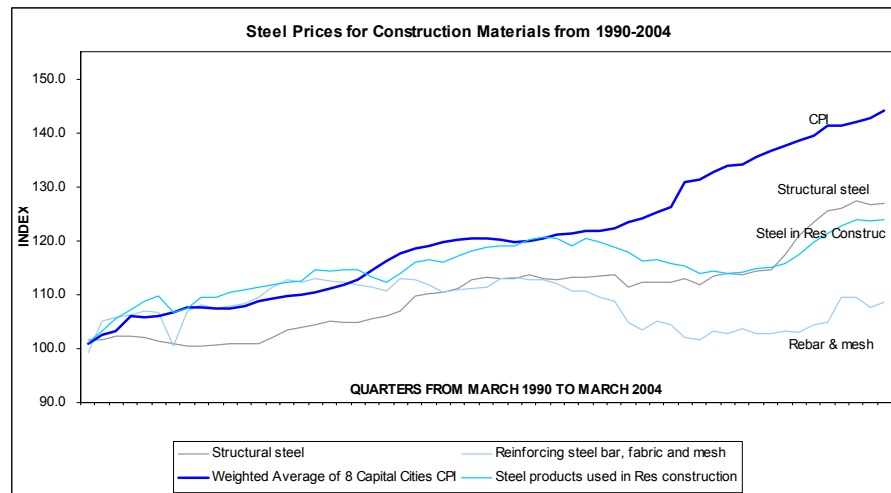
- SIC - 4% Feb 04+ 6% Apr 04 + 16% rebar May 04
- Whyalla Structurals – 7% April 04
- Merchant Bar – 10% March 2004
- Manufacturers Wires – 4% March 04
- Structural Pipe & RHS – 6.5% April 04
- Rural Wire – 5% May 04
- Fence Posts – 8% April 04

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- In November last year we started announcing price increases to recover higher input costs.
- Over the last few months we have announced price increases across all our product range.
- Volumes in some of those products previously affected by imports are beginning to come back as importers struggle to source product at competitive prices.

Australian Steel Price Index



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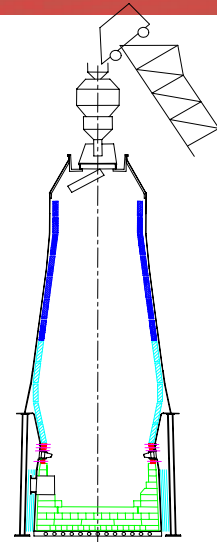
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- Australian domestic steel prices were on the rise in recent times against a backdrop of declines over the last 14 years against the CPI
- Prices came off in the December quarter as a result of import competition but rose slightly in the March quarter, particularly in reinforcing given the 4% price increase that came into effect in February
- The fact that steel prices haven't kept up with the CPI or with the price gains in other building materials such as concrete, leads us to expect that the recent price increases will stick, particularly with imports now drying up and prices of imports rising dramatically
- Steel intensity in Australia's construction industry is low, another reason why we don't expect to see much product substitution in response to the price increases

Blast Furnace Reline

The Scope

- What:** Hearth shell & refractory
Staves and Cooling System
Paul Wurth Top
- When:** June-July 2004
- How long:** Approximately 65 days
- Cost:** \$80 million capital
- Impact:** Stock build to limit customers impact
Sydney Steel Mill fully loaded
Approximately \$95 million inventory



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- Major focus to complete on time and on budget
- 90% of capital committed
- Start on 4 June
- Extensive risk management undertaken – Monte Carlo risk analysis
- Large experienced team – Danelli Corus – Hatch – and OneSteel Team
- All long lead times on ground – last shipment in March
- Labour contract signed
- Stock build of \$95 million on track

Iron Ore Resources

- **Magnetite Resources**
 - Mine and beneficiate magnetite ore to achieve:
 - Lower production cost of steel – lower impurities
 - Increased sale (export) of hematite – approx 2m tonnes p.a.
 - Sale of more pellets – approximately 500kt p.a.
 - \$6 million feasibility study underway
 - 49 holes drilled
 - Metallurgical testing underway
 - Engineering study underway
 - Outcome known around June/July 2004
- **Beneficiation of Hematite Accumulations**
 - Processing approximately 9 million tonnes of lower-grade ore to 5 million tonnes of usable high-grade ore
 - Plant on line June 2004

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- Magnetite iron ore feasibility in its final stages of completion.
- A number of potential options are being developed around the size and scale for undertaking the the project.
- Still aiming to put a recommendation to the OneSteel Board in June 2004.
- Ore beneficiation of hematite accumulations on schedule for June commencement..

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

On time, on budget completion of blast furnace reline

Complete iron ore feasibility study

Undertake second stage restructuring initiatives that include plant configuration, operational excellence, shared services, information systems and product complexity, boosting OneSteel's profitability throughout the cycle

With a stronger balance sheet, selectively look for growth opportunities

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- Our medium-term strategy remains to improve the company's balance sheet by generating cash, enhancing revenue and cutting costs to reduce debt. The next financial year will be a particularly strong one in terms of cash generation because of the run down of inventory associated with the reline of the blast furnace.
- Our other medium-term focus is to improve business performance by concentrating on operational excellence, reviewing plant configuration and doing further work on product complexity, as well as the rollout of shared services and information systems that will give greater visibility, enabling us to improve our product offering.
- With a strong balance sheet and restructured business, OneSteel is well placed to selectively look for growth opportunities.