

# Investor Briefing June 2004

**onesteel**

# Contents

**Domestic Market Conditions**

**International Steel Market**

**OneSteel Major Projects**

# 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)**

# Major Project Flow

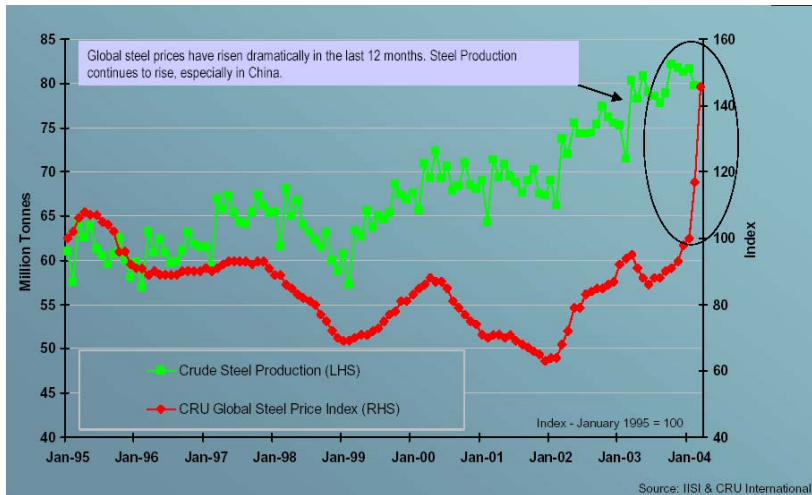
## Current

- Chatswood to Epping Rail Link
- Telfer Mine expansion
- Darwin LNG
- Hi-Smelt
- M7 Western Orbital – Sydney
- Sydney CBD cross-city Tunnel
- Rhodes Shopping Centre (stage 2)
- Eureka Bld – Melbourne
- BHP Billiton Area C
- Herald Weekly Times Tower – Melbourne
- Aurora Tower – Brisbane
- Brighton on Broadwater – Gold Coast
- Ephrim Island – Gold Coast
- Spencer Street Station
- Adelaide Airport
- Dockside Melbourne
- Minerva Gas – Victoria
- Burrup Fertiliser
- Brisbane airport carpark
- Albany Grain Terminal

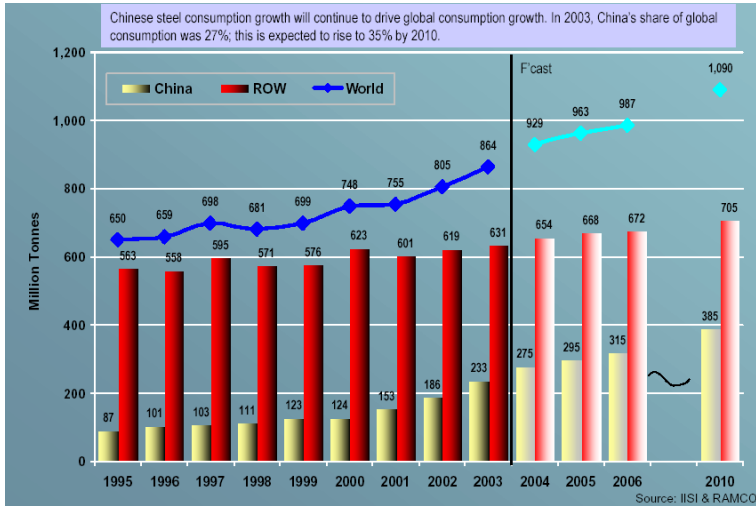
## Upcoming

- Alcoa Pinjarra Upgrade – Western Australia
- Comalco WEIPA Refinery
- Ravensthorpe Nickel – Western Australia
- QNI – Townsville
- Alcan Gove Expansion
- Falcon Bridge (New Caledonia)
- Brisbane Water Treatment Plant
- Apache Gas field development
- Comet Coal – Blackwater Queensland
- Amcor – SA
- Brisbane road tunnels
- Alcoa Wagerup
- Woodside modules
- Otway Gas – Victoria
- Scoresby Bypass
- Meriton – George St

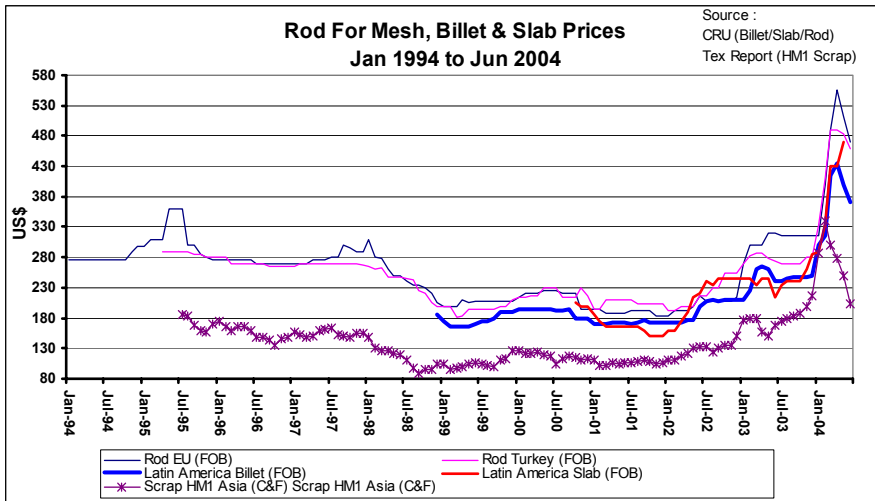
# International Steel Production and Prices



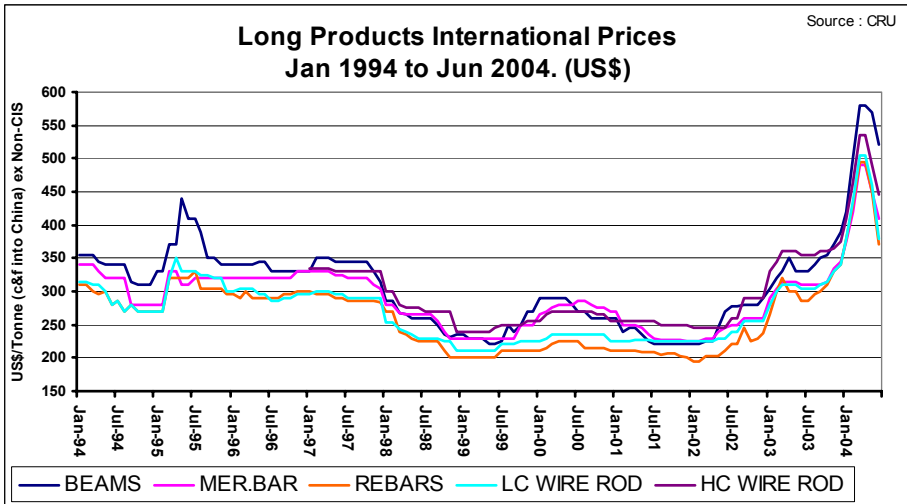
# International Steel Forecast Demand



# Recent Trends in International Steel Prices

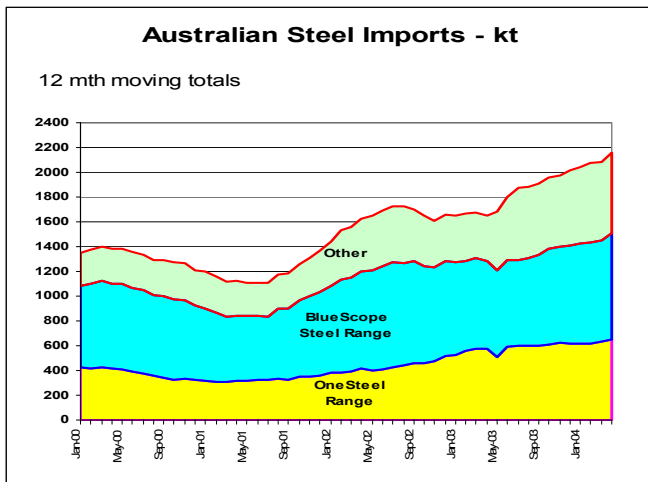


# International Long products Prices



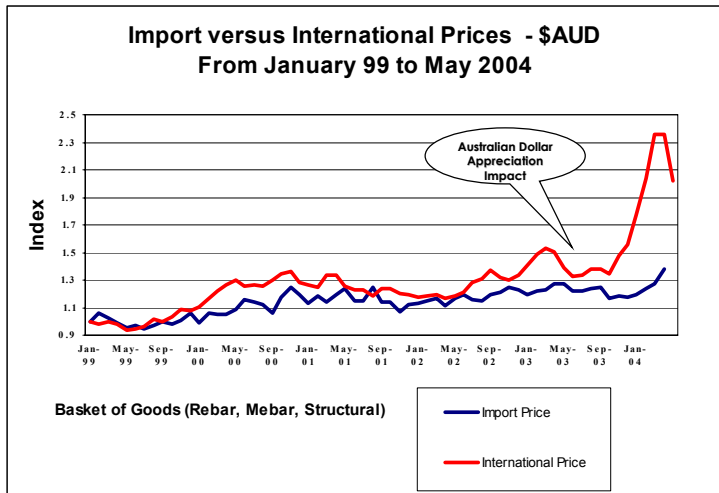


# Imports into Australia



Source: Australian Bureau of Statistics and OST data

# International vs Import Steel Prices



# OneSteel Price Increases

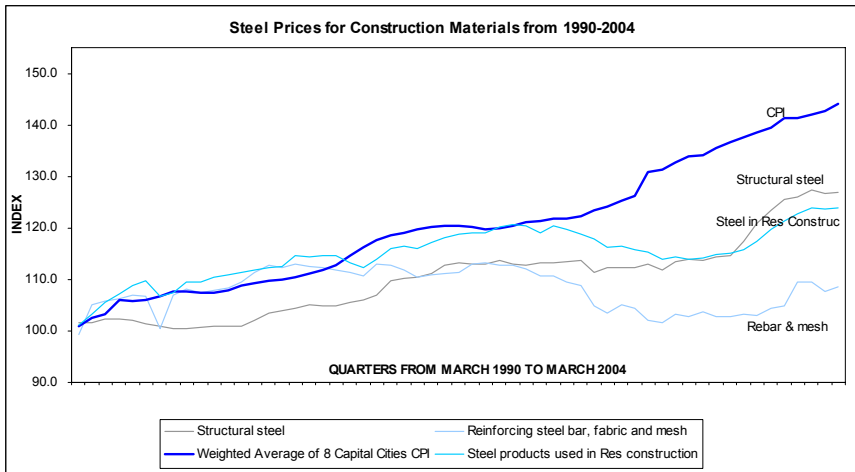
## ❖ Price increases since January 2004:

- 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

## ❖ Announced Price Increases:

- Whyalla Structurals – 10% July 04
- Structural Pipe & RHS – 9.3% July 04

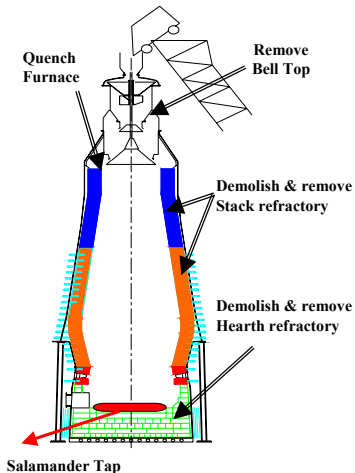
# Australian Steel Price Index



# Blast Furnace Reline

## Progress

- Work Commenced June 4 – 65 days
- Furnace shutdown complete
- Salamander Tap complete
- Quench of Furnace complete
- Remove Bell Top complete
- Internal Demolition underway
- Hot Blast Main Cool Down complete
- Stoves Cool Down complete



# Iron Ore Resources

- Magnetite Resources
  - Mine and beneficiate magnetite ore to achieve:
    - Increase life of Whyalla
    - Lower production cost of steel – lower impurities
    - Increased sale (export) of hematite – approx 2m tonnes p.a.
    - Sale of more pellets – up to 350t p.a.
  - \$6 million feasibility almost complete
    - 49 holes drilled – magnetite ore body confirmed
    - Metallurgical testing almost complete
    - Engineering and financial study nearing completion
  - Outcome known late 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 commissioning June 2004

# 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**