

International Roadshow March 2005

onesteel

Contents

- Results Overview
- Major Project Status
- Financials
- Operations Review
- Summary and Outlook
- Attachments

OneSteel Overview

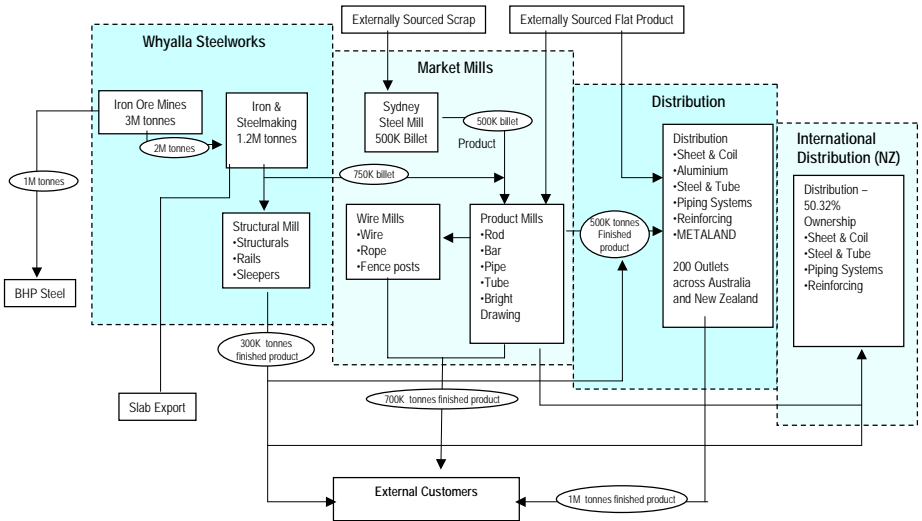
- OneSteel is Australia's largest manufacturer and leading distributor of steel long products
 - Production capacity of 1.7 million tonnes
 - 1.2 million integrated steelworks
 - 0.5 million tonnes electric arc furnace route
- Key Statistics
 - AUS\$3.8 billion revenue
 - 30,000 plus customers
 - 40,000 product lines
 - 7,000 staff
 - 200 locations across Australasia
- Strong domestic Australia / New Zealand focus
- Positioned to grow through the cycle



OneSteel Overview



OneSteel Product Flow



Interim December 2004 Highlights

- Domestic market activity continues to run at high levels
- Interim profit of \$57.9 million, up 27% from first half FY2004
- Revenue boosted by higher volumes, price increases and recovery of market share from imports
- Earnings and tonnes produced impacted by Whyalla disruptions
- Sales margin steady
- Improved return on funds employed and return on equity
- Increased earnings per share to 10.3 cents from 8.3 cents
- Distribution, International Distribution and Market Mills continue to improve operational performance
- Net debt steady
- Bank facilities refinanced cost-effectively - added flexibility and duration
- 6.0 cents fully franked interim dividend, up from 5.0 cents in prior corresponding period

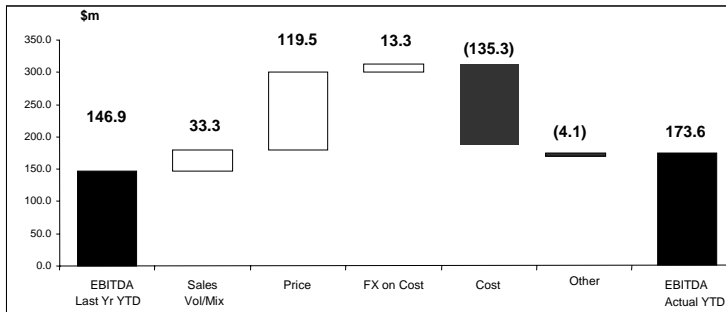
Highlights – Detail

- Market activity remains robust – up in OneSteel segments by 3.2%
 - Underlying domestic tonnes up 6.6% - recapturing tonnes lost to imports
- Underlying domestic price per tonne (excl. special projects) increased 11.6%
- Business Performance
 - Sales Margin steady at 6.6% despite production disruptions
- Business Improvement
 - Cost reductions of \$30 million
 - Revenue enhancements of \$114 million
 - Cost increases of \$94 million
- Safety performance improved 24%

Overview - Highlights

EBITDA H1 FY05 versus EBITDA H1 FY04

Dec-04

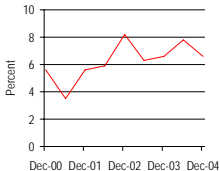


Financial Highlights - Details

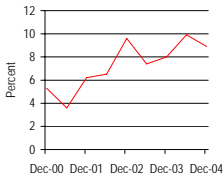
- Interim net operating profit after tax of \$57.9 million
- Earnings per share (based on the number of shares at the end of the period) grew from 8.3 cents to 10.3 cents
- Return on funds employed rose from 11.7% to 13.4%
- Return on equity improved from 7.8% to 9.6%
- Net debt up just \$12.1 million versus \$63.6 million of capital & investment expenditure and higher working capital requirements due to higher value debtors, creditors and inventory
- Gearing improved to 33.5% from 34.9% (inc securitisation)
- Interest cover improved to 4.8 times from 4.5 times
- Cost-effective refinancing of bank facilities with improved flexibility and longer duration
- Interim dividend of 6.0 cents fully-franked

Trends in Key Financials

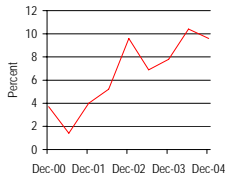
Sales Margin (EBITA)



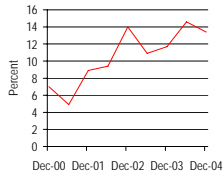
Return on Assets (EBITA)



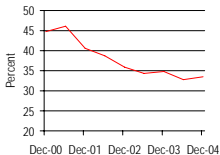
Return on Equity



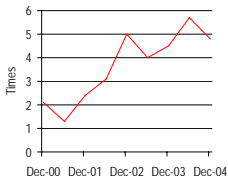
ROFE (EBITA)



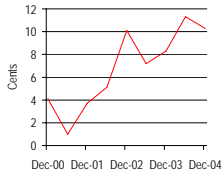
Gearing Ratio Incl Securitisation



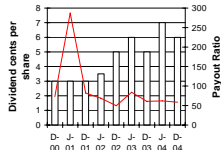
Interest Cover



Earnings Per Share



Dividends and Payout Ratio



Market Drivers - OneSteel Key Segments

Segment	% of OST Revenues	% Change Dec 03/Dec 04
Non-Res Construction	26	3.1
Engineering	21	6.7
Residential	15	2.6
Total Construction	62	4.1
Other Manufacturing	12	-0.2
Mining	11	1.8
Agricultural	6	5.9
Automotive	5	0.5
Total Weighted Change		3.2

International Steel Market Trends

- Scrap prices continued to be volatile in the six months to December 2004 and remain well above their historical trends
- International prices for long products have also been volatile and remain well above historical levels, driven by scrap prices
- HRC, slab and related flat product prices to rise
- Coking coal cost increases to come into effect in the next financial year – will take out costs from the business and look for opportunities to raise prices and optimise product mix to offset the higher input costs
- Iron Ore price increases an opportunity
- Imports higher – OneSteel importing a significant factor
- Despite higher exchange rate and price increases, recaptured sales volume against imports

Major Project Status



Blast Furnace - Impact from Disruptions

- Raw steel production at Whyalla was lower, with around 140,000 tonnes not produced due to operational disruptions
- Imported steel and ran Sydney Steel Mill harder to partly offset
- Estimated net impact of disruptions in the six-month period is \$38 million EBITDA
- Further estimated \$15 million EBITDA net impact in H205

Blast Furnace Operations

- As part of reline, the top and furnace cooling systems were changed
- Relined furnace is of sound design
- Previous successful operating parameters did not apply to the new furnace
- Altered operating parameters after first event
- Further altered operating parameters after second event, resulting in a more conservative operating regime
- Furnace has been operating normally since December 15
- Focus now is maintaining stable production

Project Magnet - Status

- Stage one - \$30 million capital allocation - \$7 million spent in H1 FY05:
 - Basic engineering near completion and detailed engineering commenced
 - Iron ore and pellet marketing strategy being progressed
 - Iron ore transshipping being progressed
 - Mine cut back initiated
 - Further drilling undertaken
- Estimated revenue from the project will be higher
- Capital expenditure estimates have increased
- The overall value of the project remains extremely attractive
- Incorporating lessons from the blast furnace reline project
- Some regulatory approvals still being sought
- Full ramp up will not occur until towards the end of FY 2006/07
- More details will be announced on Board approval of all project elements

Operations Review



Australian Distribution – Results

\$A Millions 6 months to	Dec 2004	Dec 2003	Dec 2002	Dec 2001	Dec 2000	% chg 03/04
Revenue	1,055.4	902.6	824.2	769.8	600.8	16.9
EBITDA	73.0	54.0	53.5	48.1	34.4	35.2
EBITA	63.4	45.2	45.2	39.3	26.4	40.3
Assets	1,141.0	1,018.0	988.9	941.3	744.1	12.1
Employees	2,684	2,571	2,448	2,425	2,117	4.4
Sales Margin %	6.0	5.0	5.5	5.1	4.4	
ROFE %	15.5	11.7	11.3	10.2	8.6	32.5

Manufacturing - Results

\$A Million 6 months to Dec	2004	2003	2002	2001	2000	% chg 03/04
Revenue	1,063.3	863.0	872.2	820.2	738.2	23.2
EBITDA	88.3	85.6	114.7	79.5	75.2	3.2
EBITA	54.1	54.5	82.1	47.6	45.7	(0.7)
Assets	1,657.8	1,522.2	1,503.1	1,550.1	1,637.4	8.9
Employees	3,563	3,544	3,659	3,897	3,982	0.5
Sales Margin %	5.1	6.3	9.4	5.8	6.2	
ROFE %	9.8	10.1	15.1	8.3	7.5	(3.0)

International Distribution – Results

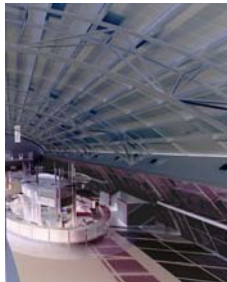
\$A Million 6 months to Dec	2004	2003	2002	2001	2000	% chg 03/04
Sales	198.7	161.8	142.6	160.4	152.4	22.8
EBITDA	30.9	20.6	17.7	13.0	13.9	50.0
EBITA	28.2	18.2	15.6	10.5	11.2	54.9
Assets	181.4	152.5	139.7	123.0	173.7	19.0
Employees	803	772	613	573	714	4.0
Sales Margin %	14.2	11.2	10.9	6.5	7.4	
ROFE %	39.2	28.4	28.2	21.7	15.4	38.0

Summary and Outlook



Summary and Outlook

- Smooth transition of Managing Director
- Strong domestic and international steel markets
- Continued performance improvement from OneSteel initiatives
- Company in good financial position
- Stable blast furnace production
- Delivering Project Magnet
- Full year guidance - \$110 million to \$125 million NPAT



Attachments - Financials

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Financial Performance

\$A Million	2004	2003	2002	2001	2000	% chg 03/04
Sales	1,890.5	1,566.7	1,525.0	1,473.2	1,267.0	20.7
EBITDA	173.6	146.9	168.2	125.6	111.6	18.2
Dep and Amort	58.4	53.4	53.2	52.6	48.6	9.4
EBITA	125.7	103.8	124.9	82.2	70.6	21.1
Interest	23.9	20.8	22.9	30.6	29.6	14.9
PBT	91.3	72.7	92.1	42.4	33.4	25.6
Tax Expense	24.9	22.0	32.5	19.1	12.0	13.2
NPAT	57.9	45.5	54.9	19.7	18.8	27.3
EPS (cents)	10.3	8.3	10.1	3.7	4.1	
ROFE %	13.4	11.7	14.0	8.9	7.0	
Dividend (cents/share)	6.0	5.0	5.0	3.0	3.0	

Non-Trading Items – NPAT

At the Net Profit after Tax Level

Additions	Millions
• Profit on sale of assets	\$ 0.8
• Tax adjustments	\$ 5.5
Total	\$ 6.3
Subtractions	
• Restructuring costs	\$ 2.1
• Blast furnace (reline & incidents) net	<u>\$ 24.7</u>
Total	\$ 26.8
Net Benefit/(Loss)	(\$ 20.5)

Financial Position

\$A Million	Dec 2004	Dec 2003	Dec 2002	Dec 2001	% Chg 03/04
Total Assets	2,861.5	2,609.6	2,602.9	2,625.4	9.7
Liabilities	1,453.6	1,305.5	1,331.8	1,424.7	11.3
Net Assets	1,407.9	1,304.1	1,271.1	1,200.7	8.0
Net Debt	509.0	496.9	512.6	622.2	2.4
Inventory	758.8	646.5	626.0	608.0	17.4
Funds Employed	1,916.9	1,801.0	1,783.7	1,822.9	6.4
Gearing % (net debt/net debt plus equity)	26.6	27.6	28.7	34.1	
Gearing % (including securitisation)	33.5	34.9	35.9	40.6	
Interest Cover - times	4.8	4.5	5.0	2.4	
NTA /Share \$	2.0	1.8	1.8	1.7	

Cash Flow

\$A Million	Six months to			
	Dec 2004	Dec 2003	Dec 2002	Dec 2001
Earnings before Tax	89.7	65.1	92.1	41.1
Dep. & Amort.	58.4	53.4	53.2	52.6
Capital and Inv Exp	(63.6)	(45.0)	(26.4)	(22.1)
Working Cap movement	(71.8)	(48.8)	(30.1)	(83.3)
Income Tax Payments	(24.2)	(13.7)	(6.1)	(9.4)
Asset Sales	3.6	5.0	2.6	31.0
Other (SDL Loan)	0.7	6.0	(9.2)	66.6
Operating Cash Flow	(7.2)	22.0	76.1	76.5
Free Cash Flow	(11.5)	11.4	82.7	(21.1)

Cash Flow Reconciliation

Six months to:

Statutory

\$A Million	Dec 2004	Dec 2003	Dec 2002	Dec 2001
EBITDA (Adjusted for Profit on Asset Sales)	172.0	139.7	168.2	125.6
Interest	(23.9)	(20.8)	(22.9)	(30.6)
Tax	(24.2)	(13.7)	(6.1)	(9.4)
Capital Expenditure	(63.6)	(45.0)	(26.4)	(22.1)
Working Capital	(71.8)	(48.8)	(30.1)	(84.6)
Free Cash Flow	(11.5)	11.4	82.7	(21.1)
- Investments	0.8	0	0	0
- Plus Asset Sales	3.6	5.0	2.6	31.0
- Other	(0.1)	5.6	(9.2)	66.6
Operating Cash Flow	(7.2)	22.0	76.1	76.5

International Financial Reporting Standards

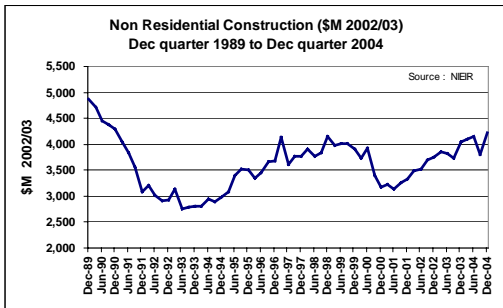
Major impacts are

- **Goodwill**
 - No Amortisation
 - Subject to annual impairment testing, including revised definitions of “cash generating units” and applicable discount rates
- **Financial instruments**
 - Hedge accounting may not apply in some areas
 - Increased volatility in earnings via fair valuing of all financial instruments
 - Securitisation is being repaid early in 2005 so no IFRS impact
- **Defined benefit superannuation fund**
 - Surplus/deficit to be recognised in OneSteel’s balance sheet
 - Corridor approach will lessen impact on OneSteel’s results
- **Business Combinations**
 - Restricted ability to create restructuring provisions for acquisitions
- Further information refer to Note 7 to the Statutory Accounts

Attachments - Current Steel Market Trends

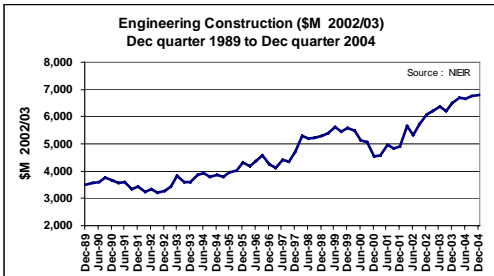


OneSteel Key Segments



**Represents 26% of
OneSteel Activity**

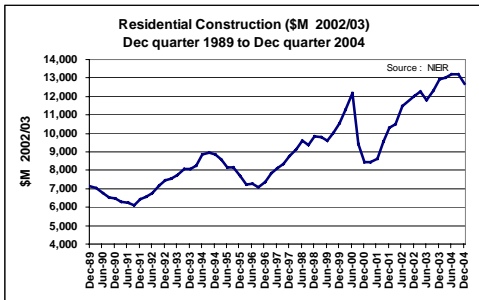
**3.1% year on year
increase in value of
work**



**Represents 21% of
OneSteel Activity**

**6.7% year on year
increase in value of
work**

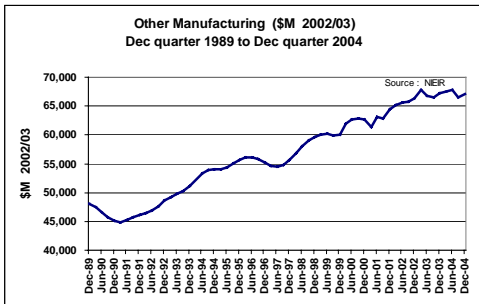
OneSteel Key Segments



Represents 15% of OneSteel Activity

2.6% year on year increase in value of work

Overall construction segment (62% of OneSteel revenue) up 4.1%

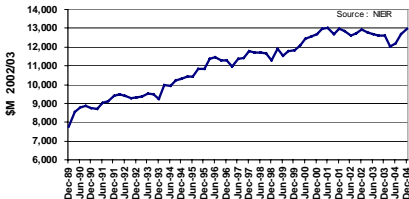


Represents 12% of OneSteel Activity

0.2% year on year decrease in value of work

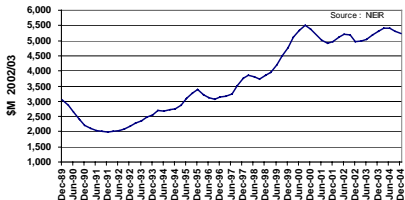
Overall Increase In OneSteel Key Segments 3.2%

Gross value of mining production (\$M 2002/03)
Dec quarter 1989 to Dec quarter 2004



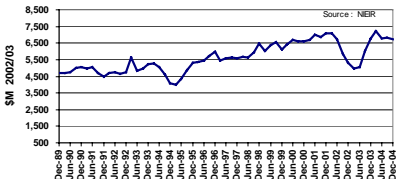
11% of OneSteel Activity
1.8% increase year on year

Automotive Output (\$M 2002/03)
Dec quarter 1989 to Dec quarter 2004



5% of OneSteel Activity
0.5% increase year on year

Agricultural Production (\$M 2002/03)
Dec quarter 1989 to Dec quarter 2004



6% of OneSteel Activity
5.9% increase year on year

Major Project Flow

Current

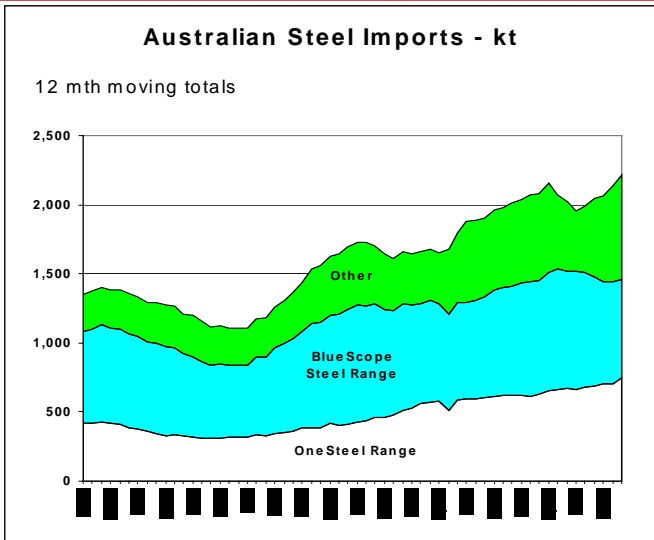
- Eureka Building – Melbourne
- Aurora Tower – Brisbane
- Brighton on Broadwater – Gold Coast
- Ephrim Island – Gold Coast
- **Conder Docklands Melbourne**
- Darling Island (park – Sydney)
- The Village Meriton - George Street
- Dock 5 - Docklands
- **Meadowbank (Sydney)**
- **Macarthur Square redevelopment (Sydney)**
- Ravensthorpe Nickel – WA
- Rio Tinto Parker Point upgrade (Dampier wharf)
- Telfer Mine expansion
- **Darwin LNG**
- Minerva Gas – Victoria
- Burrup Fertiliser – WA
- Woodside “Perseus over Goodwyn” (off WA)
- **Clean-fuel upgrade – BP, Caltex, Mogas (BNE)**
- Comalco WEIPA Refinery - Queensland
- Alcoa Pinjarra Upgrade – WA
- Rhodes Shopping Centre (Stage 2)
- Melbourne Cricket Ground
- Chatswood to Epping Rail Link
- M7 Western Orbital – Sydney
- Sydney CBD Cross-City Tunnel
- Herald Weekly Times Tower – Melbourne
- Spencer Street Station

- Brisbane Airport car park
- Worsley Alumina Refinery Upgrade
- Inco Goro (Queensland)
- Westfield Parramatta

Upcoming

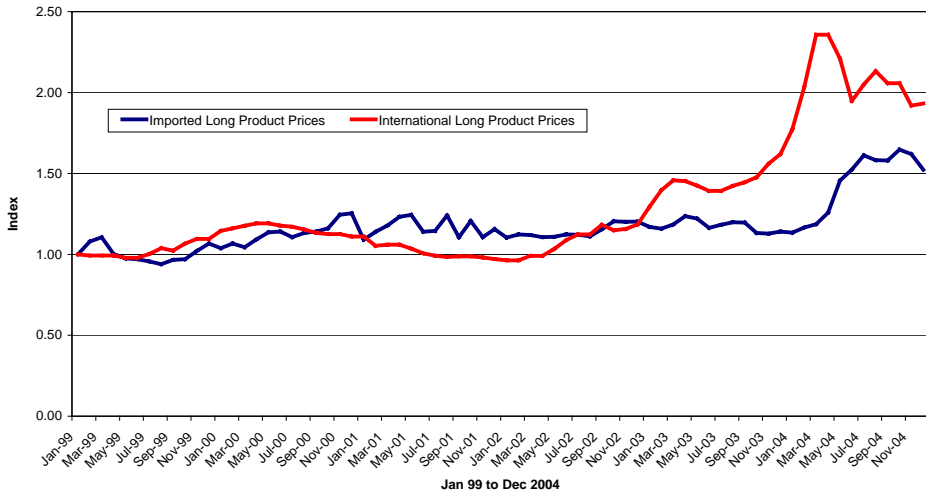
- Alcan Gove trans-territory pipeline
- **BRAMER gas pipeline (south Queensland)**
- Falcan Bridge (New Caledonia)
- Yabulu Refinery(Queensland)
- **Project Magnet**
- BHP Billiton Mine & Port Development JV Project
- Alcoa Wagerup – Train 3
- Woodside Train 5
- Gorgon LNG – Chevron/Texaco
- Cowal Gold Mine (NSW)
- Comalco Refinery SE Queensland – Car 2
- Brisbane Water Treatment Plant
- Scoresby Bypass
- Lane Cove Tunnel
- **HRFHO – (mine in Ghana Africa)**
- **Perth-Mandurah Rail Link**
- **Convention Centre – Melbourne CBD**
- **Melbourne Showground – Flemington**
- **Woolworths Minchinbury (NSW)**
- **BlueScope Steel Erskine Park Coating line**
- **Woolworths Distribution centre (Queensland)**

Imports into Australia



Source: Australian Bureau of Statistics and OST data

Import versus International Price

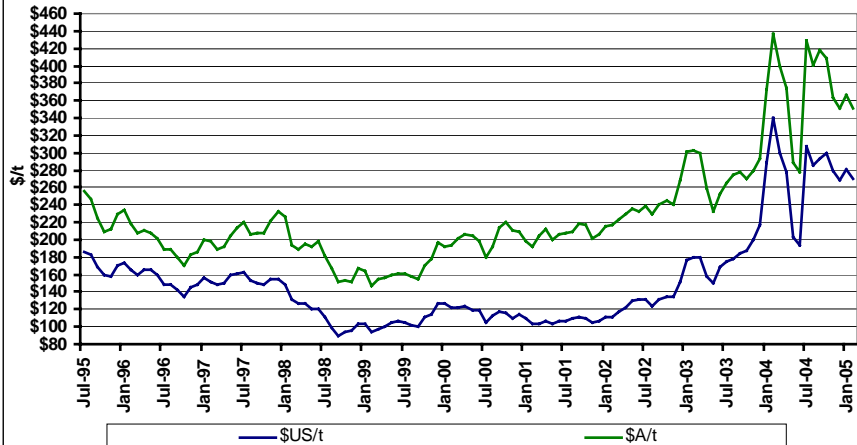


Source: Australian Bureau of Statistics and OST data

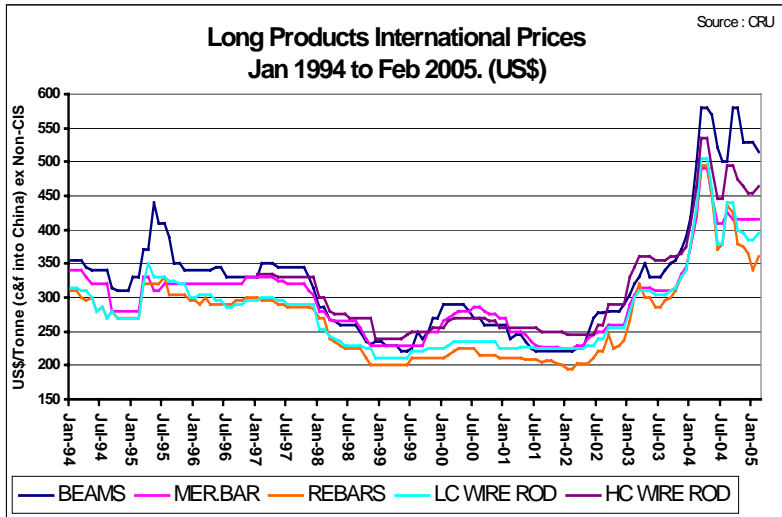
Scrap Prices

Asian HM1 Scrap Price
Jan 1994 to Feb 2005

Source : Tex Report



Trends in International Long Product Prices

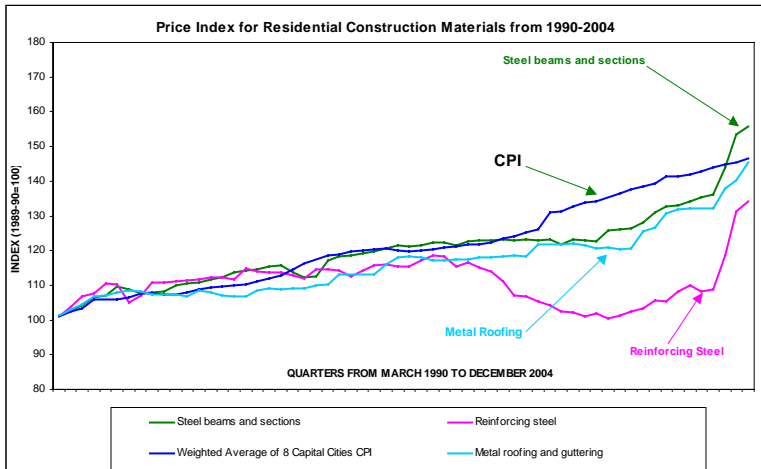


OneSteel Price Increases

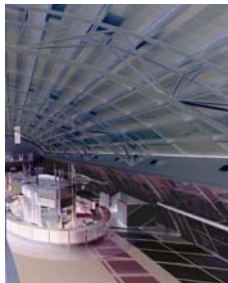
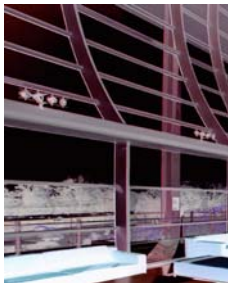
Price increases since January 2004:

- Steel In Concrete - 4% Feb + 6% Apr + 16% rebar May + 5% Oct
- Whyalla Structurals – 7% Apr 04, 10% Jul 04
- Merchant Bar – 10% Mar 2004
- Manufacturers Wires – 4% Mar 04
- Structural Pipe & RHS – 6.5% Apr 04, 9.3% Jul 04, 11.3% Jan 05
- Rural Wire – 5% May 04
- Fence Posts – 8% Apr 04

Australian Steel Price Index



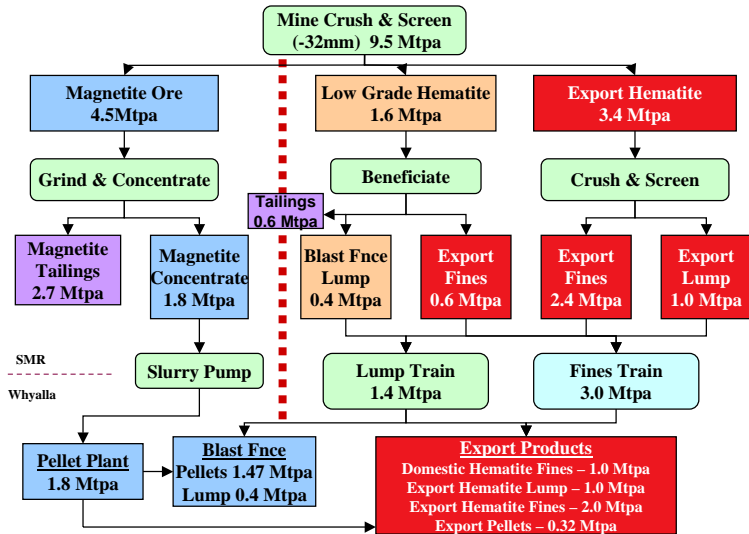
Source: Australian Bureau of Statistics



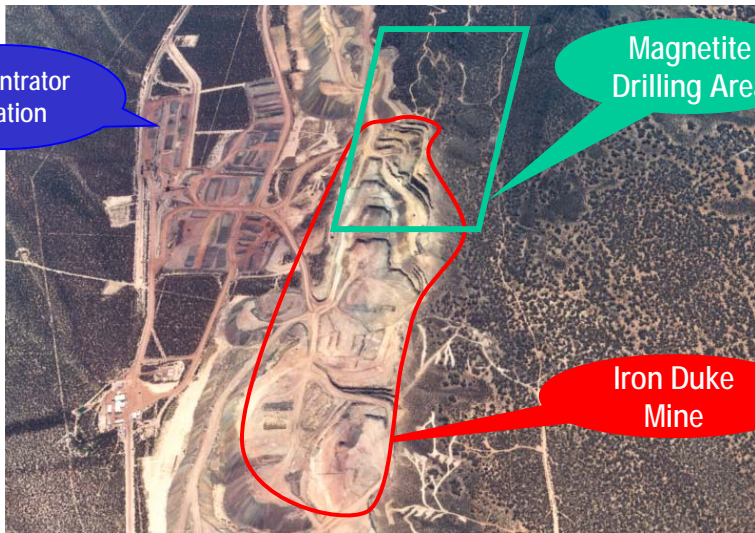
Project Magnet

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Magnet – Capacities and Material Flows



Project Magnet – Resource Location

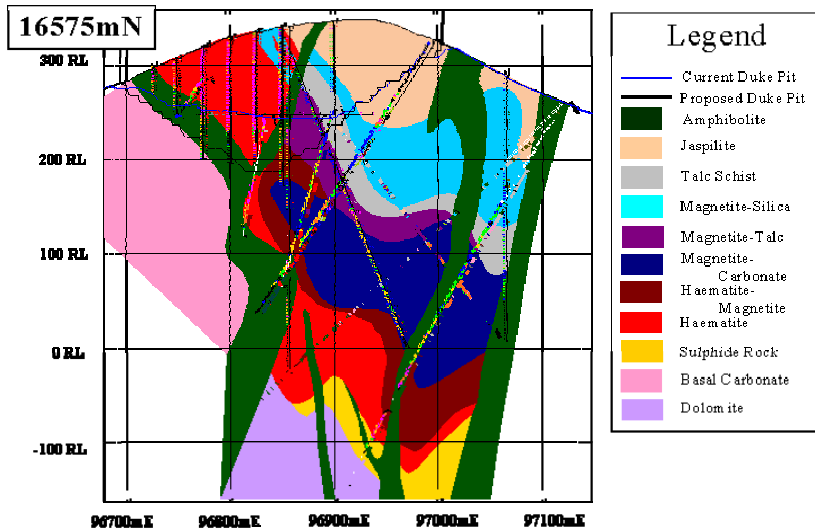


Concentrator
Location

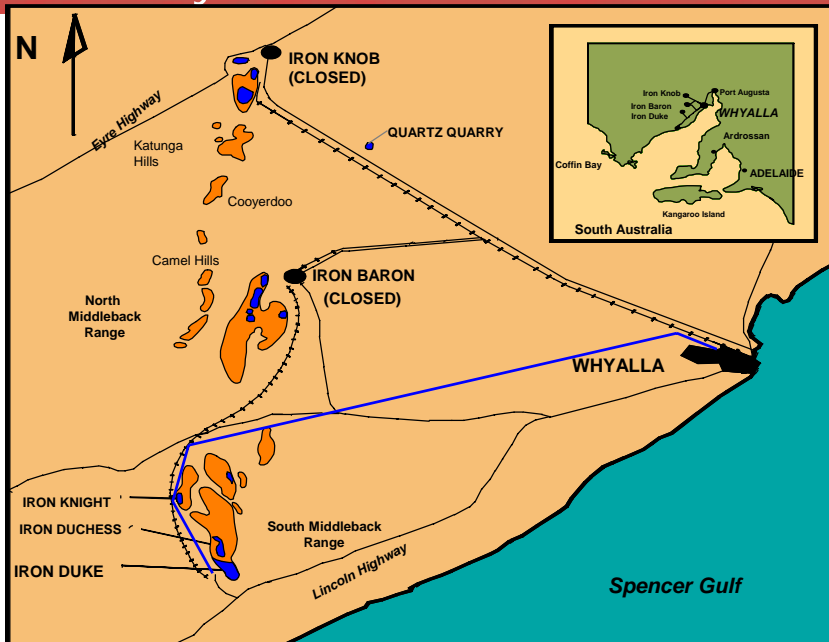
Magnetite
Drilling Area

Iron Duke
Mine

Iron Magnet - Geology



Slurry/Water Line Route



Magnetite Resource Evaluation - Concept

Magnetite Ore to Concentrate

- Total Magnetite Resource in South Middleback Ranges
- Select target area of most likely mineable magnetite deposit
- Select ore types that are 'usable' in beneficiation process, in percentages that are achievable
- Pit Optimisation Process (What is economically minable)
- Beneficiation process with 40% mass recovery, producing concentrate at ~ 66% Fe

