

SYDNEY STEEL MILL BUSINESS OVERVIEW



Safety is a Core Value

Your Safety is Important to us!

- Your safety whilst you are out guests is our highest priority.
- Wearing Personal Protective Equipment (PPE) – including safety helmets, safety glasses, dust coats and adequate footwear is MANDATORY.
- When visiting Plant Departments always stay within the designated walkways.
- To ensure your visit remains on schedule and is conducted safely, please always remain with the group, your guide or departmental hosts.

Agenda

Our Business

- Production Process & Facilities
- Products
- Plant Operations

Our Current Position

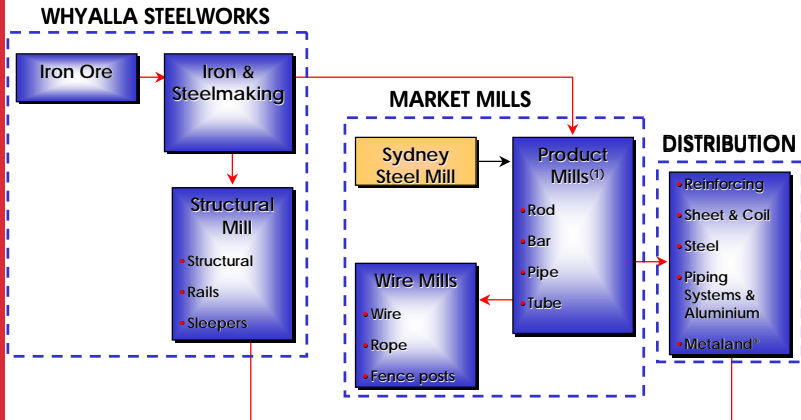
- Key Drivers
- Performance
- Benchmarking

Summary

Plant Tour

Sydney Steel Mill's Position in OneSteel

OneSteel



Comparison of EAF and Integrated Steelmaking

EAF – Sydney

- ↪ Commercial steels
- ↪ Unit cost relatively volume insensitive
- ↪ Billets
- ↪ Designed to operate with variable output

Integrated – Whyalla

- ↪ Commercial and special steels
- ↪ Unit cost volume sensitive
- ↪ Billets, Blooms and Slabs
- ↪ Designed to operate at capacity

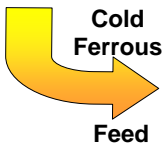
Sydney Steel Mill Production Process

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Sydney Melt Shop

Sydney Rolling Mill



Newcastle
Rolling Mills

Key Facilities

Melt Shop

Commissioned 1992

Expanded Capacity 1994

- ↗ Scrap Bay (18kT)
- ↗ 80 Tonne AC EAF
- ↗ LMF
- ↗ Billet Caster – 4 strand
- ↗ Billet Yard

Rolling Mill

Commissioned 1994

- ↗ Reheat Furnace
 - Walking Hearth
 - Gas Fired
- ↗ Hot Rolling Mill – 16 stands (no twist mill)
- ↗ Finishing End with Stacker
- ↗ Warehouse (18kT)

Ancillary Plant

- ↗ Bag Filtration House
- ↗ Water Treatment Plant
- ↗ Material Handling Plant
- ↗ Slag Processing Plant

Sydney Steel Mill Products

Product	Destination	End Use
Billet 	Newcastle Bar Mill Newcastle Rod Mill Sydney Bar Mill	Reinforced products (e.g. buildings), manufacturing, posts, machinery for rural construction and mining
Sydney Bar Mill 	Intra Market Mills business unit, Steel Distribution Companies, Direct to end user	Reinforced products (e.g. buildings), manufacturing, mining and rural markets

Key Production Outputs

Melt Shop (tonnes)

Current output: 524,000

Capable output: 540,000

Operating Licence: 525,000

Rolling Mill (tonnes)

Current output: 287,000

Capable output: 300,000

Capacity: 275,000 – 325,000*

*dependent on product mix

Sydney Steel Mill Key Drivers

- ↪ Safety – Goal Zero
- ↪ Manufacturing Excellence
 - Low cost billet production
 - Low conversion cost bar mill
- ↪ Billet Production to OneSteel plan
- ↪ Provide flexibility to the market
- ↪ Customer service and satisfaction

Safety



605 Days LTI free period



Dupont Benchmarking and Philosophy
Process Safety and Risk Management (PSRM)



Safety Observations

Involve all employees

Improving observation quality and corrective action



Risk Reduction

Focus on Manual Handling

Top 10 Risks



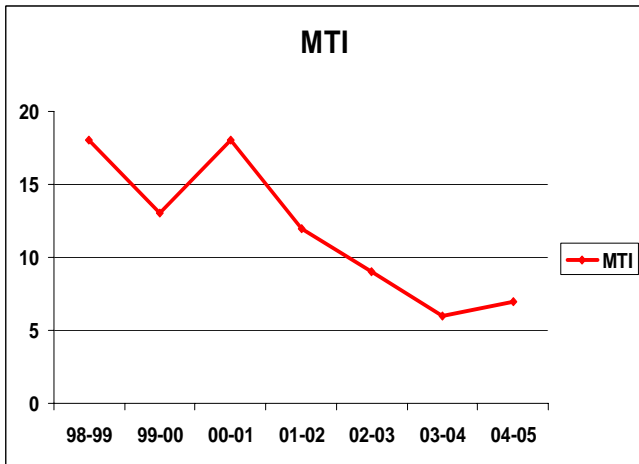
Involvement of Employees

OH&S Committee development and responsibility

Near Miss Reporting

Health program

Safety



Manufacturing Excellence

**Capable
processes
& products
at lowest
delivered
cost to
service
existing &
future
market
offers**

Asset
Productivity

Process
Capability

Labour
productivity

Sourcing &
Logistics

Plant Operations

Melt Shop

- ↺ Produces 127mm sq billets in various grades for applications in
 - Reinforcing bar
 - Structural steels
 - Mine roof support systems
 - Rural
- ↺ 440,000 tonnes actual in 2003
- ↺ 503,000 tonnes actual in 2004
- ↺ 524,000 tonnes forecast for 2005
- ↺ 525,000 tonnes budget for 2006

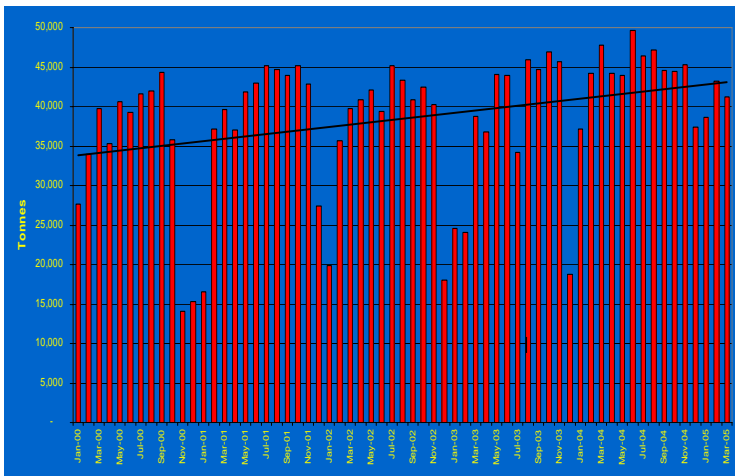
Rolling Mill

- ↺ 127 billet feed
- ↺ Hot roll Reinforcing Bar, Angles, Flats, Rounds, Fence Posts totalling 140 sections using 24 x 7 12hr shift pattern
- ↺ 243,000 tonnes actual in 2003
- ↺ 254,000 tonnes actual in 2004
- ↺ 287,000 tonnes forecast for 2005
- ↺ 290,000 tonnes budget for 2006

Sydney Melt Shop

- ↪ **Increase Production**
- ↪ **Reliability/Predictability**
- ↪ **Reduction in Conversion Cost**

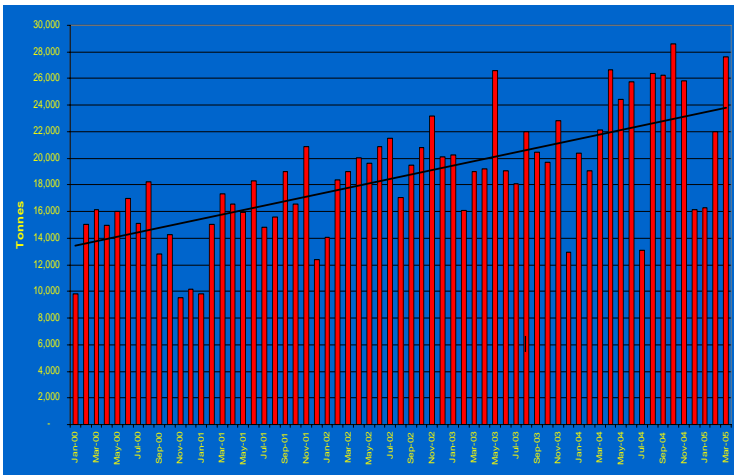
Melt Shop Production



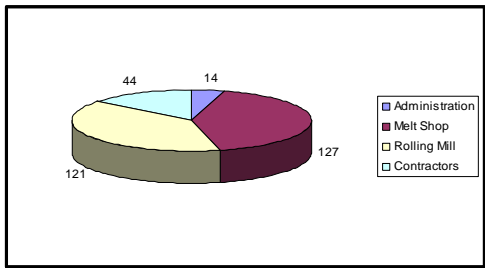
Sydney Bar Mill

- ↪ Maximise Throughput
 - ↪ Lowest cost bar
 - ↪ Reduced transport costs
- ↪ Reliability/Predictability
 - ↪ Customer delivery performance
 - ↪ Lower costs
- ↪ Reduced conversion costs

Sydney Bar Mill Production



Our People



Our Employees

- 262 Full Time Employees
- 44 Full Time Contractors
- Additional Contractors used as required

Benchmarking

- ↪ Benchmarking with Badische Stahlwerke GmbH (BSW)
 - One of the worlds leading mini mills
- ↪ Knowledge agreement signed with BSW
- ↪ Sydney Steel Mill rates in top quartile of world mini mills
- ↪ Bar Mill benchmarked with Feng Hsin (Taiwan)

Sydney Steel Mill's Competitive Advantage

- ↗ Highly skilled and flexible workforce
- ↗ Lean Workforce
- ↗ Lean support staff
- ↗ Fast reaction to market changes
- ↗ Modern facilities
- ↗ Can increase the output within market to 525K billets and 300K m-bar
- ↗ Strong relationships with employees
- ↗ Strong geographic location to market and suppliers
- ↗ A good Enterprise Bargaining Agreement
- ↗ Part of Rod and Bar
- ↗ Environmentally sound

Summary

- ↻ Continued focus on Safety – Goal Zero
- ↻ Reduction in Conversion Costs
- ↻ Improve Plant Reliability
- ↻ Increase Productivity
- ↻ Performance Management
- ↻ Manufacturing Excellence



Robin Freeman
Executive General Manager

14 April 2005

OneSteel Distribution

**OneSteel
Whyalla**

**OneSteel
Market Mills**

**OneSteel
Distribution**

**Steel & Tube
New Zealand**

- **Sales** **\$2.0bn**
- **People** **2,680**
- **Businesses** **Steel & Tube**
Sheet, Coil & Aluminium
Reinforcing
Piping Systems
Metaland
Midalia Steel

OneSteel Distribution

	02	03	04	1HY05
Sales	\$1,532m	\$1,650m	\$1,836m	\$1,055m
Tonnes	1,051kt	1,121kt	1,194kt	660kt
EBITDA	\$94.5m	\$101.4m	\$117.0m	\$73.0m
EBITA	\$77.7m	\$84.7m	\$99.1m	\$65.4m
Margin	5.1%	5.1%	5.4%	6.0%
FE	\$795m	\$755m	\$804m	\$838m
ROFE	10.3%	10.9%	12.7%	15.5%
People	2,446	2,501	2,712	2,684

OneSteel Distribution

	Steel & Tube	Sheet, Coil & Aluminium	Piping Systems	Reinforcing	Metaland
Sales	\$450m	\$410m	\$170m	\$470m	\$500m
Facilities	14	14	14	38	47*
People	460	310	240	860	590

* In addition to 47 company facilities, Metaland has 50 franchises

Midalia Steel

- Diverse product portfolio
- Small builder, small metal worker, farmer and DIY sectors
- Prominent in WA regional market



Sales	\$50m
Facilities	11
People	100

Midalia Steel

- **Completed one year of ownership in February 05**
- **To date, the acquisition of Midalia has been a success for OneSteel**
- **The acquisition has delivered in the 3 key areas:**
 - **Financial returns have exceeded expectations at time of acquisition**
 - **Re-alignment of product sourcing with OneSteel Market Mills**
 - **Retail development: OneSteel has leveraged off the knowledge within the Midalia business, with a new retail development team in place. Rollout of new retail branches across the east coast will commence in mid-2005**

Safety Performance

	LTIFR	MTIFR
2001/02	1.7	16.9
2002/03	1.9	15.1
2003/04	3.4	15.0
YTD	1.3	11.2

Market Conditions

- Resources
 - Strength in mining, particularly iron ore and coal, is supporting major development work and driving demand for infrastructure
 - Outlook for oil and gas is positive, with plans for capacity upgrades in the pipeline
- Engineering construction
 - Outlook strong, underpinned by major infrastructure and resource projects
- Non residential construction
 - Activity remains strong
- Residential construction
 - Has weakened in a number of markets,
 - Some markets are still sustaining recent levels of activity
- Manufacturing
 - High A\$ has dampened growth, with outlook flat
- Automotive
 - Still growing, but growth is slowing. A\$ is impacting on competitiveness of local industry

Market Conditions

- Global steel market less volatile than 12 months ago
- Volumes
 - Overall, expected to grow in coming year
 - Shift from residential construction and manufacturing to mining and engineering construction
 - Major project activity expected to be stronger in next 12 months
- Prices
 - Expectations are for more stable price environment in calendar 2005 compared to 2004
 - Still upward pressure in a some product groups

Current Initiatives

- Industry focus
 - Resources team established with demonstrable results
 - Construction industry opportunities identified and plans are being developed
- Organic growth
 - Stainless steel growth in line with expectations
 - Product fulfilment plans in place
- Business turnarounds
 - Focus on Victoria, North Queensland and Darwin has seen significant improvement in profitability and ROFE greater than cost of capital
- Small Customers (Retail)
 - Retail strategy developed and currently being implemented
 - New sites planned (Perth, Brisbane, Sydney)
 - Upgrade to existing sites to commence in June 05 quarter
- Mesh Centralisation
 - Implementation on time and within budget
- SAP Implementation

SAP Status Report

Division	Date rollout completed
Steel & Tube	September 2003
Piping Systems	March 2004
Metaland	November 2004
Aluminium	October 2004
Sheet & Coil	August 2005

- System proved in all Divisions.
- To date rollout has involved:
 - 94 Trainers
 - 1544 trained users
 - 3750 training classes
 - 35297 training hours
- Business disruption post go-live - but as planned. Reduction in disruption as skill levels improve.
- Overall business case is sound.

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Welcome to



OneSteel Sheet and Coil

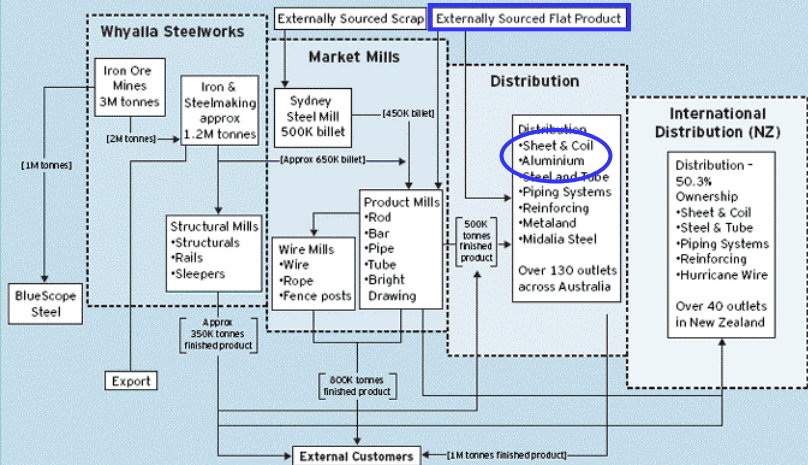
a Division of
OneSteel Distribution

Site Safety

Personal Protection (Visitors)	Enclosed shoes Eye protection Safety helmet Hearing protection Long Sleeved Vest
Green Walkways	Visitor access
Red Walkways	Authorised personnel
Emergency Warning	Prolonged siren
Area Wardens	Yellow Helmets
Assembly Area	Lawn area in front of office

OneSteel Sheet, Coil and Aluminium

FIGURE NINETEEN
Vertical Integration of OneSteel's Australasian Operations



OneSteel Sheet, Coil and Aluminium

Targets / Vision- where we want to be in 5 years

Area	Vision
Safety	<ul style="list-style-type: none"> • Safety is a core value
Customers	<ul style="list-style-type: none"> • Customer service gives us a significant edge over the competition
Growth and Market	<ul style="list-style-type: none"> • Expanded range of aligned product • Market leadership in chosen products
Operational excellence	<ul style="list-style-type: none"> • Supply chain, logistics, supplier relationships which compete with any new entrant or a reinvigorated Smorgon
Culture and Capability	<ul style="list-style-type: none"> • Capability a step above other industry players
Financials	<ul style="list-style-type: none"> • Most profitable distributor of steel and industrial products

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**george ward
sheet & coil**

OneSteel George Ward..... Vital Statistics

**Core Competencies
(59 People)**

**Sales and administration
Production
Transport and Logistics**

Total Floor Space

14,600 square metres

Handling Equipment

**9 Overhead Cranes
2 Forklifts
1 Sideloader**

Transport

**9 x 16 tn Rigids
2 x 25 tn Semi Trailers**

Markets

**Manufacturing
Construction
Transport and Storage
Mining**

Stock

20,000 tonnes

Highlights for 2004/05

June 2004
to be process

Location Management Team continue the challenge

leaders in SAP development

Build capability and commit early ...

October 2004

Sales reach \$14m (highest for any single month)

Strong commercial construction sector on the back of significant price change regime

December 2004

Customer Survey result comes in at #2 in Distribution

Focus on establishing what the customer values, determine relative strength and get the team trained in delivering that value

February 2005

SC&A Division picks up inaugural R.L Every Safety Award

Committed to Divisional safety action plan with extreme concentration on

Brothers keeper philosophy

PPE aligned to injury stats

Forklift interaction with people

Changes to load restraint practice

Awards and recognition

Focus on competency training and self discipline

The need to be the industry champion