

# Market Mills

## Analyst Presentation

Newcastle – 29 April 2005

**onesteel**

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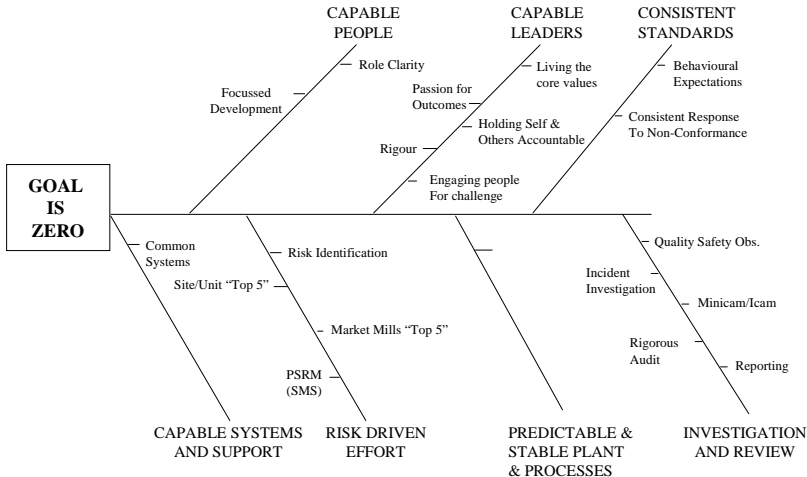
# Agenda

- ❖ Market Mills Safety Plan
- ❖ Market Mills Overview
- ❖ External Environment
- ❖ Market
- ❖ Operations
- ❖ Plant visits
  - ➔ Pipe & Tube
  - ➔ Wire Mill
  - ➔ Rod Mill

# Market Mills Safety Performance

Market Mills	2002	2003	2004	YTD
LTIFR	7.2 (37)	1.9 (10)	2.1 (11)	0.8 (3)
MTIFR	29.2 (146)	18.5 (98)	15.3 (82)	12.1 (43)

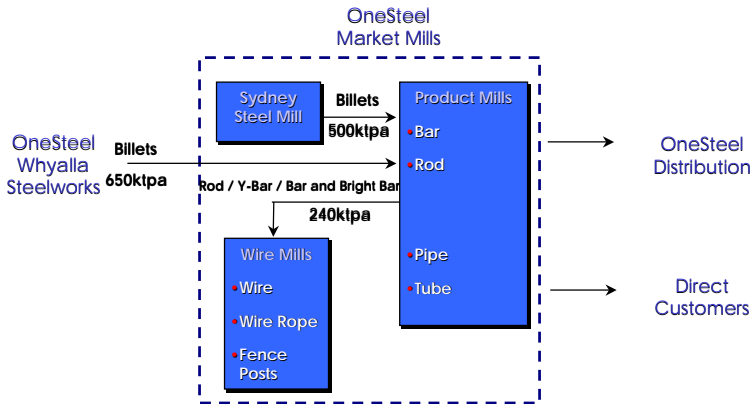
# Market Mills Safety Plan – (Framework)



# Market Mills Business Overview

- ❖ Australian based operations, manufacturing and converting hot rolled steel billets into rod, bar, wire and converting coil into pipe & tube products
- ❖ Domestically focussed, selling to a wide range of customers, both directly and through distribution channels

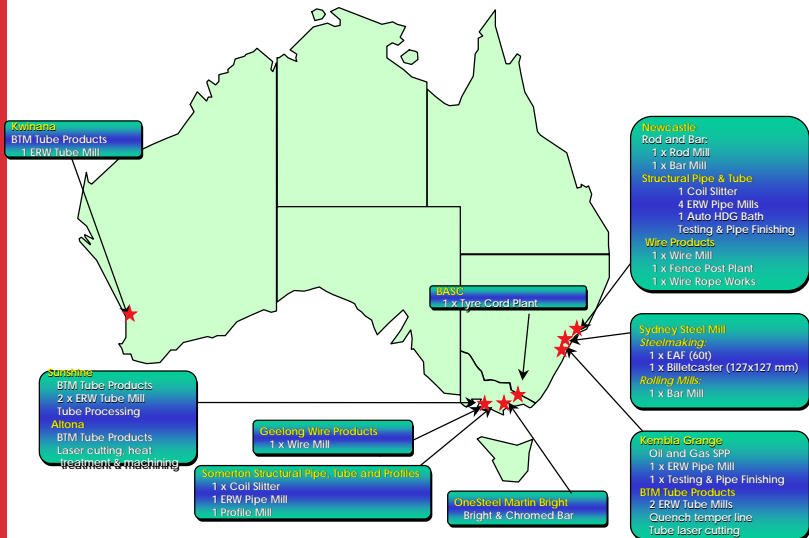
# Market Mills Position in OneSteel



Note: OSMM is responsible for sales of Whyalla Structurals

# Market Mills Facilities

OneSteel



# Market Mills Snapshot

## Market Mills' Projected Sales Revenue by Product Category



Projected - 12 months ended 30 June 2005








## Market Mills – Top 10 Customers by Revenue

OSD
SMORGON STEEL
SOUTHERN STEEL GROUP
DONHAD
NEUMANN STEEL
LANDMARK
RURAL CO.
ELDERS LIMITED
WIRE INDUSTRY

# Market Mills Products

❖ Market Mills sells a wide range of products to many different end users

Product	Distribution Channel	End Use
Rod 	Intra market mills business unit, Steel distribution companies, Direct to end user	<ul style="list-style-type: none"> <li>Reinforcing products (e.g. buildings), wire, chains for construction, manufacturing, mining and rural markets</li> </ul>
Bar 	Steel distribution companies, Direct to end user	<ul style="list-style-type: none"> <li>Reinforced products (e.g. buildings), grinding media, manufacturing, posts, machinery for rural, construction and mining</li> </ul>
Wire 	Intra market mill business unit, Direct to end user	<ul style="list-style-type: none"> <li>Springs, Rope, fences, posts, fasteners for manufacturing</li> </ul>
Pipe 	Steel distribution companies, Direct to end user	<ul style="list-style-type: none"> <li>Pipelines (oil and gas), buildings, fences for mining, construction and rural</li> <li>Furniture, shop fittings, fencing, outdoor equipment for the manufacturing industry</li> </ul>
Tube 	Steel distribution companies, Direct to end user	

# Competitive Position

Product	Major Domestic Competitor	Impacted by Imports	OneSteel Competitive Advantage
Rod & Bar	Smorgon Steel	Yes	Range, service and technical support Channel position
Wire	Smorgon Steel	Yes	Technology and brand Channel position
Pipe & Tube	Smorgon Steel and Orrcon	Yes	Technology and quality Channel position

# External Environment

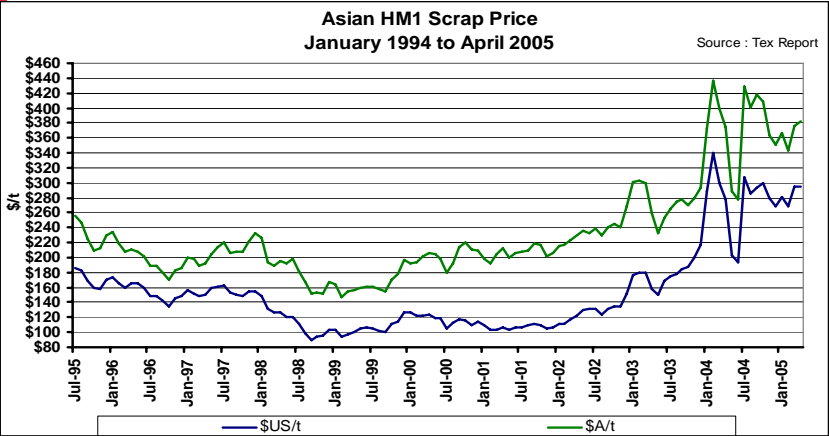
## Market Outlook

- ❖ Continued strong demand
- ❖ Domestic situation – Residential construction forecast to decline but more than offset by Engineering Construction and Non Residential Construction
- ❖ Impact of exchange rate

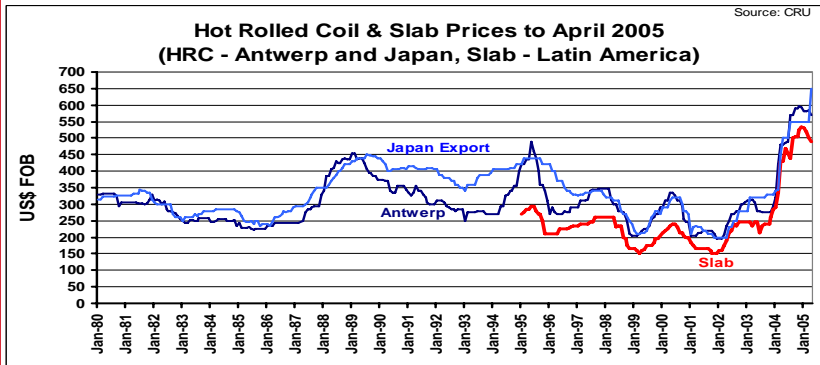
## Input Costs

- ❖ Scrap
- ❖ Alloys
- ❖ HRS
- ❖ Coal – Leading to increased Billet Costs

# Scrap Price History



## HRC Price History



# Key Markets

Segment	Manufacturing Share
Distribution	57%
Rural	65%
General Manufacturing	59%
Mining & Resources	52%
Reinforcing	47%
Automotive	74%

# Innovation and Brand Names

- ❖ OneSteel has strong brand names that are recognised by customers for their quality.

Merchant Bar and Structurals



Pipe and Open Profiles



Rural Products



A Way of Doing Business



Hardware Products



- ❖ Advanced Technology provides platform for new generation of products eg. Coloured wires



# Market Initiatives

- ❖ Segmentation
- ❖ Market Focus
- ❖ Price
- ❖ Share
- ❖ Dumping

# Manufacturing Excellence

## Areas of Focus

- ❖ Labour Productivity
- ❖ Process Capability
- ❖ Asset Utilisation
- ❖ OEE
- ❖ Leading Lower Conversion Cost

## Specific Initiatives

- ❖ SBM throughput reliability
- ❖ Throughput rate improvements NRM + NBM
- ❖ Power consumption initiatives Sydney Melt Shop
- ❖ P&T Maintenance initiatives
- ❖ NWM & GWM Roster Changes
- ❖ Vertical payoffs and mechanical descaling

# OEE Measure Market Mills

## Market Mills OEE (Availability \* Rate \* Yield)

Average of

New castle Rod Mill, Bar Mill, Sydney Melt Shop, Sydney Rolling mill, New castle P&T 1,2 & 4 Mills,  
Oil & Gas, Somerton 7 & 8 Mills, New castle FWG, MW & Ropes

