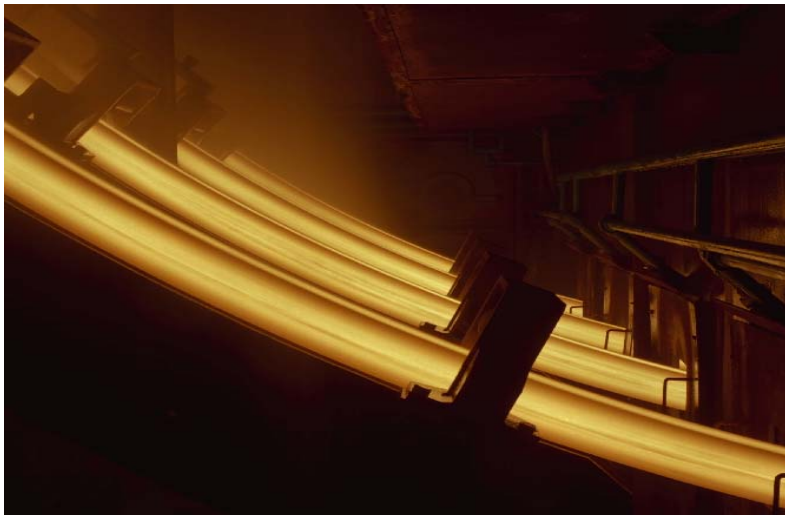


SYDNEY STEEL MILL BUSINESS OVERVIEW



Safety is a Core Value

Your Safety is Important to us!

- Your safety whilst you are our guests is our highest priority.
- Wearing Personal Protective Equipment (PPE) – including safety helmets, safety glasses, gloves, dust coats and adequate footwear is MANDATORY.
- When visiting Plant Departments always stay within the designated walkways and hold onto handrails when using stairways.
- 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

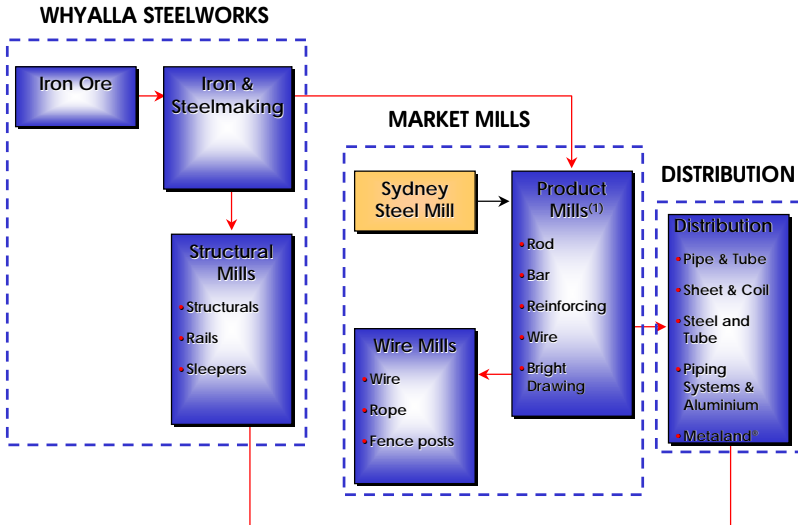
- Key Drivers
- Performance
- Sydney Steel Mills' Competitive Advantage

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

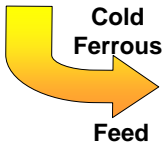
Sydney Steel Mill Production Process

onesteel



Sydney Melt Shop

Sydney Rolling Mill



**Newcastle
Rolling Mills**

Key Facilities

Melt Shop

Commissioned 1992 – 250,000T
 Upgraded Licence 1994 – 525,000T
 Upgrade Licence 2005 – 550,000T
 Application for licence
 Extension to 660,000 or 770,000 tonnes

- ↻ Scrap Bay (14kT)
- ↻ 80 Tonne AC Electric Arc Furnace (EAF)
- ↻ Ladle Metallurgy Furnace (LMF)
- ↻ Continuous Billet Caster – 4 strand
- ↻ Billet Yard

Rolling Mill

Commissioned 1994 – 250,000T
 Increased Throughput – 320,000T

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

Ancillary Plant

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

Sydney Steel Mill Products

onesteel

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

Our Products



Key Production Outputs

Melt Shop (tonnes)

2005/06 output:	505,000
2006/07 forecast:	566,000
Operating Licence:	550,000

Rolling Mill (tonnes)

2005/06 output:	253,000
2006/07 forecast:	298,000
Capacity:	275,000 – 340,000*

*dependent on product mix

Sydney Steel Mill Key Drivers

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

Safety



Improved Safety KPI's

14% reduction in all injuries this year vs last year
 22% increase in near miss reporting vs last year
 Near miss ratio increased from 5:1 to 7:1



Dupont Benchmarking and Philosophy

Drive to develop an Interdependent safety culture characterised by commitment and dedication



Safety Observations

Involve all employees improvements in quality and corrective action
 Codes of Practice implementation



Risk Reduction

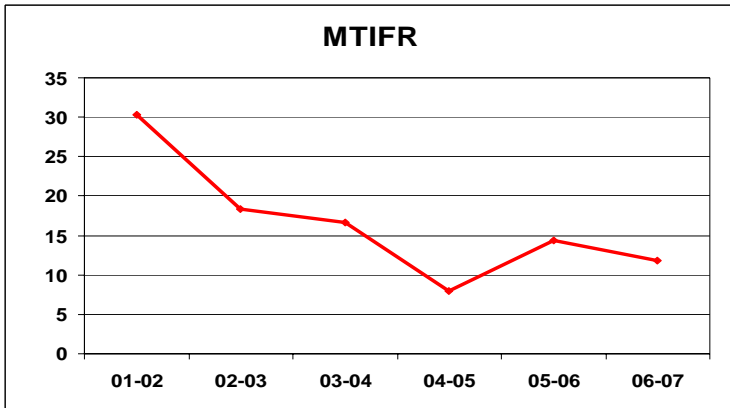
OH&S committees actively involved in developing Top 10 Risks
 SQRA (Semi Quantitative Risk Assessments) initiated to investigate high consequence low frequency risks completed at SMS



Involvement of Employees

OH&S Committee development and benchmarking
 Safety Leadership Training
 "Working Together Course"

Safety



Plant Operations

Melt Shop

- ☞ Produces 127mm sq billets in various grades for applications in
 - Reinforcing bar
 - Structural steels
 - Mine roof support systems
 - Rural
 - Wire
- ☞ 535,000 tonnes actual in 2005
- ☞ 505,000 tonnes actual in 2006
- ☞ 566,000 tonnes forecast for 2007

Rolling Mill

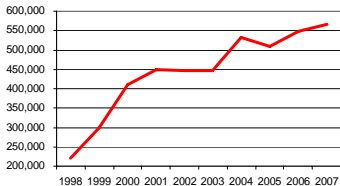
- ☞ 127 billet feed
- ☞ Hot rolled Reinforcing Bar, Angles, Flats, Rounds, Fence Posts, Threaded Bar totalling 180 sections using 24 x 7 12hr shift pattern
- ☞ 284,000 tonnes actual in 2005
- ☞ 252,000 tonnes actual in 2006
- ☞ 298,000 tonnes forecast for 2007

Sydney Melt Shop

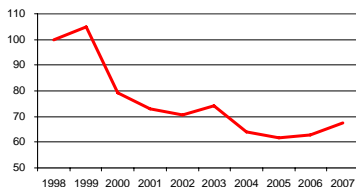
- ↪ **Production**
 - ↪ Quick Response to Change in Market Condition
- ↪ **Reliability/Predictability**
 - ↪ Improving Process Capability
 - ↪ Improved control over scrap quality
 - ↪ Improved Consistency of Product
 - ↪ Improved Asset Utilisation to increase Throughput
- ↪ **Reduction in Conversion Cost**
- ↪ **OneSteel inventory level reductions**

Sydney Melt Shop KPI's

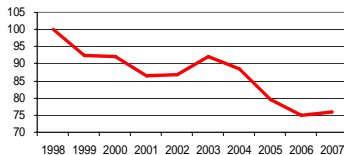
Sydney Melt Shop Production Tonnes



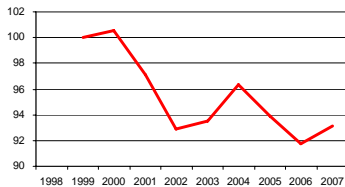
Sydney Melt Shop Tap-To-Tap



Sydney Melt Shop Power On Time



Sydney Melt Shop Electricity Usage



Sydney Bar Mill

↳ Reliability/Predictability

- ↳ Customer delivery performance
- ↳ Innovating around new market potential

↳ Maximise Throughput

- ↳ Developing Capability – Increase from 70 to 180 sections

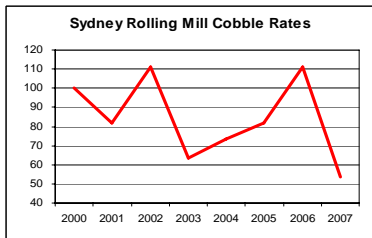
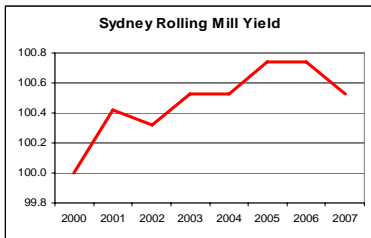
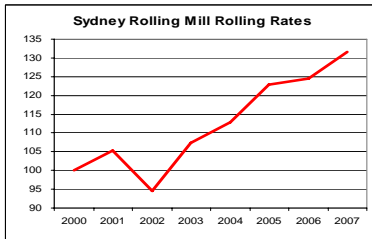
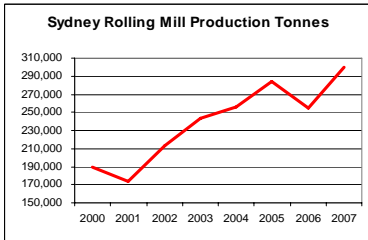
↳ Reduced conversion costs

- ↳ Warm Charging
 - ↳ Increased Throughput
 - ↳ Increased Energy Efficiency

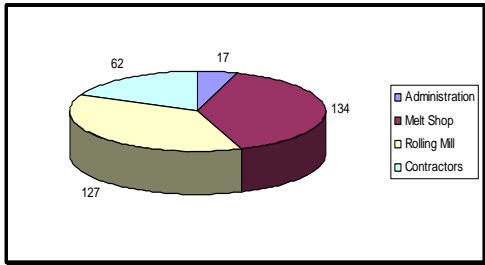
↳ Operational Performance

- ↳ Reduction in Section Setup Times

Sydney Rolling Mill KPI's



Our People



Our Employees

- 278 Full Time Employees
- 62 Equivalent Full Time Contractors
- Additional Contractors used as required

Strategic Initiatives

- Operations Excellence
 - 6 Sigma
 - LEAN Manufacturing
 - Waste Reduction Program
- Supply Chain Management
 - Sales Pull System
 - Freight review and modal choice
 - Billet Value Chain planning processes
- Customer and Market Insight
 - Customer Survey
 - Improved focus on relationships
 - Increased visitation frequencies
 - Market Segment Steering Committees

Sydney Steel Mill's Future

Advantages

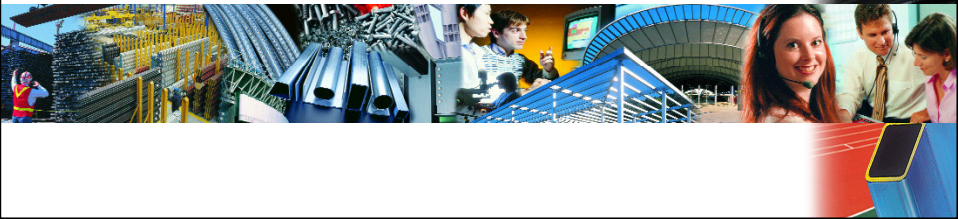
- ↪ Strong geographic location to market and suppliers
- ↪ Quick ability to react to market changes
- ↪ Highly skilled and flexible workforce
- ↪ Lean workforce and support staff structures
- ↪ Strong relationships with employees with good EBA agreement
- ↪ Modern facilities with regular investment
- ↪ Good access to Distribution and Sales Outlets
- ↪ Can increase the output within market to 550K billets and 300K M-bar
- ↪ Strong Management Systems – i.e ISO 9001, ISO 14001, NATA
- ↪ Continuous Improvement of processes

Summary

- ↪ **Continued focus on Safety – Goal ZERO**
- ↪ **Increase Focus on Customer and understanding of Market Requirements**
- ↪ **Opportunity gains through Supply Chain Benefits across the business**
- ↪ **SSM Run Strategically**
 - ↪ **Meltshop responds in a flexible manner to market demand**
 - ↪ **Rolling Mill focusing to maximise on throughput and lowest cost of manufacture**
- ↪ **Operational Excellence focus for business improvement**

OneSteel Distribution

Analysts Tour – 10 May 2007



Your Safety is Important to us! While you are on Site.

- Wearing Personal Protective Equipment (PPE) – including enclosed shoes, safety glasses, safety helmets, hearing protection and a long sleeved vest is MANDATORY.
- When visiting Our Facility always stay within the **GREEN** designated walkways.
- Authorised Personnel – **RED** walkways.
- To ensure your visit remains on schedule and is conducted safely, please always remain with the group, your guide or departmental hosts.
- In an Emergency – Prolonged Siren, Site Area Wardens (**Yellow Helmets**) will escort you to the Assembly Area in Front of Main Office.

OneSteel Distribution Overview

OneSteel
Whyalla

OneSteel
Market Mills

OneSteel
Distribution

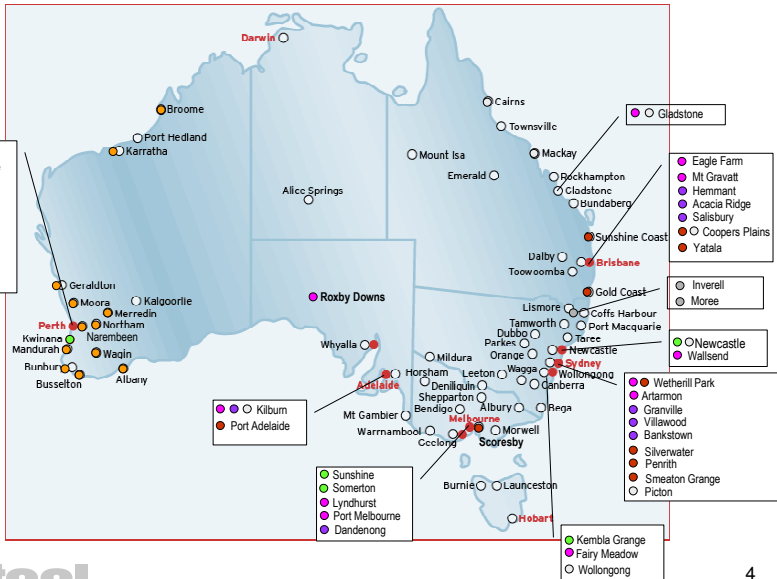
Steel & Tube
New Zealand

	Sales (Millions)	Facilities
Steel & Tube	\$475	15
SCA	\$400	14
Piping Systems	\$225	14
Pipe & Tube**	\$400	5
Metaland	\$550	98*
TOTAL	<hr/> \$1,833	146

* Includes 42 franchises

** Includes internal, and ATM piece

Distribution Footprint



Distribution - Financials

	2004 Full Year	2005 Full Year	2006 Full Year	2007 Half Year
Sales (\$ millions)	1,520	1,770	1,833	940
Tonnes ('000s)	980	1010	929	463
EBITDA (\$ millions)	130	164	146	77
EBIT (\$ millions)	107	141	122	64
Margin %	7.0%	7.9%	6.7%	6.8%
Funds (\$ millions)	820	813	797	785.8
ROFE % *	13.1%	17.3%	15.3%	16.3%
People	2,391	2,476	2,448	2,401

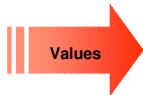
* These numbers reflect the new Funds

OneSteel Strategic Plan - Overview

Financial Goals

- to achieve an average ROFE > 15% throughout the cycle. (13%-18%)
- to deliver TSR > Top quartile ASX 200 (excluding Banks, Media, Telcos).

This will be achieved by: Delivering superior and sustainable returns through leading market positions in the construction, resources and industrial markets predominantly in Australasia through our people, manufacturing and distribution capabilities.



- We will not compromise on safety
- We will meet our promise to customers



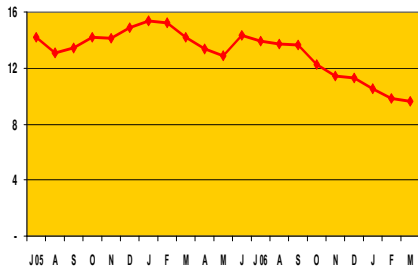
- Customer and market insight
- Supply chain transformation
- Operational excellence (in Manufacturing and Distribution)
- Growth



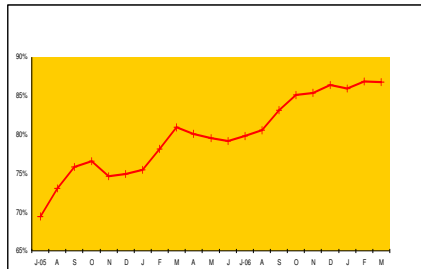
- Consistency and clarity
- Passion and speed
- Engaging
- Roles, responsibilities and resourcing
- Uncompromising

Distribution - Core Values

MTIFR – No Compromise On Safety

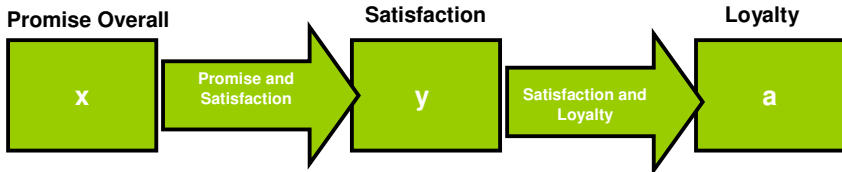


DIFOT – Meet Our Promise To Customers



Holistic Approach to Customer Care

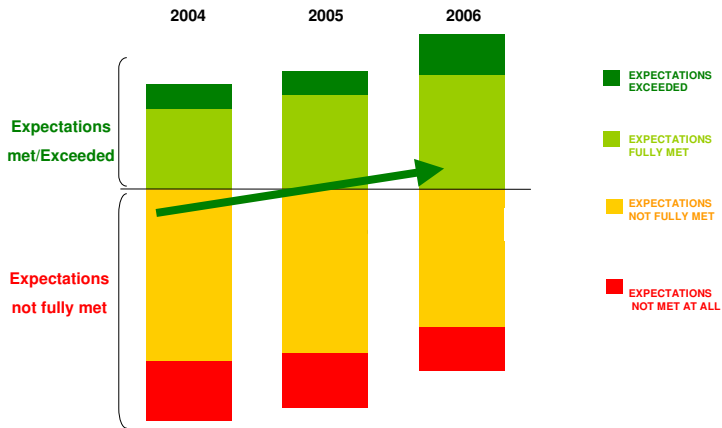
Customer satisfaction is enhanced by promise fulfilment. Loyalty is the corollary of customer



Via correlation analysis, we have explored the relationships between loyalty and promise fulfilment / customer satisfaction. Correlation coefficients can range from -1 to +1, with a score of +1 representing a maximal impact / correlation.

Overall ratings for customer satisfaction were attained and promise fulfilment and loyalty overall scores have been calculated based on the standardised average of the promise / loyalty dimensions assessed.

Lift in Customer Satisfaction Levels



Supply Chain Transformation

- Group level business case presented and approved Q2 2006
- OSD capability build underway
 - Central community established (6 new professionals)
 - Accenture training programmes in BU's
 - Governance process
- Demand Management
 - Formalised S&OP across OST (BVC, Whyalla Structural)
 - Refined forecasting process being deployed in OSD
 - Pilot for SAP based Advanced Planning System
- Transport & Logistics
 - OST wide freight optimisation underway with PWC
 - Complete by December 2007
- Inventory
 - Revised policies across OST
 - SAP MRP optimisation underway in S&T, SCA
 - IBM DIOS modelling tools in ML
- Customer Service
 - DIFOT
 - Promise

Supply Chain Transformation

Example - Piping Systems

Inventory level : 18 weeks → 13 weeks

SLOB's : \$8 million → \$3 million

A class availability : maintained at 92%

DIFOT : 82% → 89%

Customer Satisfaction : up 9% points

Welcome to OneSteel George Ward Sheet, Coil & Aluminium



OneSteel George Ward Sheet, Coil & Aluminium Overview

Sheet, Coil & Aluminium

Sales Revenue \$470 million
250000 Tonnes p.a.

Metpol

- Contract
- Coil
- Processing

SC&A QLD

Markets

- Building
- Mining
- Manufacturing
- Sheetmetal Fabrication

SC&A VIC

Markets

- Building
- Manufacturing
- Sheetmetal Fabrication
- Automotive
- Transport
- Storage Equipment

SC&A NSW

Markets

- Building
- Manufacturing
- Sheetmetal Fabrication
- Automotive
- Transport
- Storage Equipment
- Mining

SC&A SA

Markets

- Building
- Manufacturing
- Sheetmetal Fabrication
- Automotive

SC&A WA

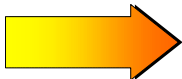
Markets

- Building
- Manufacturing
- Sheetmetal Fabrication
- Automotive
- Mining

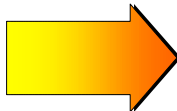
Vital Statistics

People	60 – Granville Site
Tonnes Handled	90,000 Tonnes P/A
Total Floor Space	14,600 square metres
Handling Equipment	9 Overhead Cranes 2 Forklifts 1 Sideloader
Transport	9 x 16 tn Trucks 2 x 25 tn Semi Trailers
Products	Carbon, Stainless, Aluminium
Markets	Manufacturing Building Transport Storage Equipment Mining Sheetmetal Fabrication
Distribution Centre – NSW	Metaland, Steel & Tube, Piping Systems
Inventory	20,000 tonnes

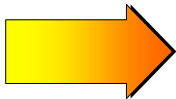
What we Do At the Granville Site



Receive Bulk Coil
➤ BlueScope
➤ Overseas Mills
➤ Up to 15 tonne Coils



Coil Slitting
60,000 Tonnes p.a.
Input 15 Tonne Coils



Coil Sheeting
24,000 Tonne p.a.
Input 15 Tonne Coils



Warehousing



Distribution



Highlights for 2006/07

↺ June 2006

- Introduced 3 Metals Strategy – Carbon, Aluminium, Stainless
- Installation of Stainless Sheet Production Facility

↺ July 2006

- Customer Core Value – Performance Measures Commence - DIFOT

↺ August 2006

- Integrated Aluminium Business into Granville Site
- 3 Years LTI Free

↺ September 2006

- Demand Smoothing Project Commenced – Lean Manufacturing
- OneState Growth Strategy – Work Across OneSteel business

↺ November 2006

- Customer Satisfaction Survey Result – Acknowledged we are above Industry Benchmark

↺ January 2007

- Code of Practice – Load Restraint – Fork Lifts – Signed Off
- Participating in Industry and Schools Working Together Program

↺ March 2007

- Successful Workcover Self Insurance Audit
- 3 Years MTI Free

“We will meet our Promise to Customers”

Safety Culture

↕ **1362 Days LTI free**

↕ **1148 Days MTI free**

↕ **Safety Observations**

Involve all employees improvements in quality and corrective action
Achieved > 80% Involvement

↕ **Risk Reduction**

OH&S committee actively involved in Risk Assessment &
Identification & corrective actions

↕ **Involvement of Employees**

Near Miss Reporting
Observation Audits
Daily Tool Box Meetings
Take 2

