



International Roadshow October 2007

onesteel

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- **OneSteel Overview**
- **Market Conditions**
- **Latest Financials**
- **Growing & Diversifying Earnings**
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Australian Steel Long Products Market

The Australian steel industry has capacity of 7.6 million tonnes

- **Long products – domestic market less fragmented than international markets**
 - **One major player**
 - **2.6 million tonnes**
 - **Aligned to domestic market**
 - **Significant downstream distribution businesses**
- **Flat products**
 - **One major player**
 - **5.0 million tonnes**
 - **Large proportion exported**
 - **Significant downstream distribution business**

Australian Steel Long Products Market

OneSteel's Positioning

- Vertically integrated – from iron ore and metals recycling business, integrated and scrap based steel making; largest distribution network with over 150 outlets across Australia
 - 2.6 million tonnes steel production capacity
 - 1,200 thousand tonnes integrated route
 - 1,400 thousand tonnes scrap route
 - Can match production to the market
 - Self sufficient in iron ore till beyond 2027
 - Sold ~2.8 million tonnes FY07. Will sell ~4 million tonnes in FY08
- Construction accounted for approximately 52% of revenue in FY07
- Long Products Market is a growing market – underpinned by current strong construction market particularly in engineering construction and expansion in mining & energy
- Produce a wide range of steel products
- FY07 sales of A\$4.3 billion – 88% generated domestically (OneSteel only)
- 7,700 staff (over 10,000 staff post merger with Smorgon Steel on 20 August 2007)
- 30,000 customers

Product Processes

Materials	Steel Production	Product Mills	Distribution	International Distribution
<ul style="list-style-type: none"> • Iron Ore 9.6m tonnes (of which 4.0m tonnes sold externally) • Metals Recycling 1.5m tonnes 	<ul style="list-style-type: none"> • Whyalla Steelworks 1.2m tonnes • Laverton 0.6m tonnes • Sydney Steel Mill 0.55m tonnes • Waratah 0.25m tonnes 	<ul style="list-style-type: none"> • Rod • Bar • Wire • Reinforcing • Bright Drawing • Rail Wheels • Rail products & Sleepers • Structural products • Grinding Media • Pipe & Tube • LiteSteel™ beam 	<ul style="list-style-type: none"> • Sheet & Coil • Aluminium • Steel and Tube • Piping Systems • Metaland • Midalia Steel • Fagersta • Coil Coaters <p>More than 100 outlets across Australia and New Zealand</p>	<p>50.3% Ownership</p> <ul style="list-style-type: none"> • Steel Distribution and Processing • Roofing Products and Reinforcing • Piping Systems • Fastening Systems and Chain & Rigging • Stainless Steel service centres • Hurricane Wire Products

OneSteel Competitive Advantages

Industry Market Positioning

Long Products Market Leader

- 2.6 million tonnes steel production capacity
- Employs over 10,000 people in Australia and New Zealand
- Leading market shares for key products

Strong Market position

- 2001 joint acquisition of Email by OneSteel and Smorgon Steel
- August 2007 merger with Smorgon Steel

Restructured Business

- Restructuring has aligned production with domestic demand and cut costs from the business. OneSteel has taken out duplication after merging eight businesses into four and has reduced capacity and exited unprofitable products
- This process to continue with Smorgon Steel

Strong Brand Names

- Australia's largest steel long products producer with leading brands
- Market leader in all of its product lines

Competitive Advantages

Vertically Integrated Business

- OneSteel has all parts of the value chain – resources and recycling, steel production, value-add rolling mills and distribution
- Have the ability to arbitrage – Slab and long products via EAF and integrated production routes

Low-cost, high-quality Iron Ore

- Almost half of OneSteel's production is insulated from rising scrap prices by its iron ore mine situated 80km from its main production facility
- Proven reserves out to 2027

Leading Metals Distributor

- Strong in-market presence
- Over 150 sites, centres, franchises
- More than 30,000 customers
- The distribution business sources half of its products from OneSteel
- Well positioned in regional centres close to market i.e. mining

Strong Cashflows

- Strong cash flow business with sales of A\$4.3 billion in FY07.

OneSteel Management Actions

	Restructuring	Investments
Resources	<ul style="list-style-type: none"> •Unlocking value from magnetite reserve 	<ul style="list-style-type: none"> •Ore beneficiation plant 2005/06 •Project Magnet 2006/08
Steel Production	<ul style="list-style-type: none"> •Record annual steel production from each of Whyalla integrated steelworks and Sydney Steel Mill in FY07 •35% increased production from Mini Mill •30% reduction in grade sections 	<ul style="list-style-type: none"> •Blast furnace reline 2004 •De-bottlenecking Sydney Steel Mill 2004/07 •De-bottlenecking Laverton Steel Mill •SSM Licence upgrade
Value-add Rolling Mills	<ul style="list-style-type: none"> •Exited export shift from Rod mill – 2003 •Increased output of Sydney Bar Mill •ATM restructure - 2007 	<ul style="list-style-type: none"> •Galvanised fence post plant 2004 •Eight-strand rope 2005 •Centralised mesh manufacturing 2005 •Upgrade wheel plant at Waratah Steel Mill 2007 •Plastic injection & rewinding facility at wire ropery
Distribution	<ul style="list-style-type: none"> •Acquisition of Email Metals 2001 •Closed pipe manufacturing line – 2002 •Sold Canadian Distribution Business 2002 	<ul style="list-style-type: none"> •Acquired retail capability 2004 - Midalia acquisition •Several small bolt-on acquisitions •Built aluminium business •Building stainless steel business
Sales and Marketing	<ul style="list-style-type: none"> •Combined sales and marketing 2000 	<ul style="list-style-type: none"> •SAP sales and marketing system 2005
Capital Management	<ul style="list-style-type: none"> •Combined finance and administration 2000 •EquityRaising 2001 •Sales of surplus assets 	<ul style="list-style-type: none"> •Gearing reduction from 50% to low 30s on net debt to net debt plus equity basis •Internal funding of Project Magnet \$395 million
Organisational	<ul style="list-style-type: none"> •8 Business Units to 4 – 2001 •Centralised Sourcing – 2001 •Established shared services - 2003 •Annualised cost reductions of \$40-\$50 mln 	<ul style="list-style-type: none"> •OneSteel/ Smorgon Steel merger 2006/07 •Realigned incentive structure to reflect company's performance instead of individual businesses, incorporating company profit, funds employed, cash generation, cost control and safety.

Market Conditions



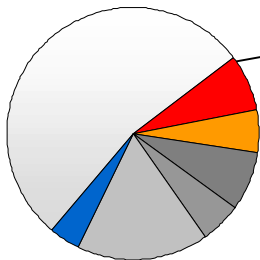
Project Magnet – Magnetite Stream

**An overview of the
Magnet concentrator site.**

**As can be seen, key
pieces of equipment
including High Pressure
grinding rolls, Ball Mill,
thickener, magnetic
separators and associated
conveying systems are in
position.**

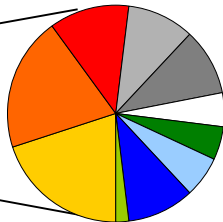
OneSteel Revenue Drivers vs Broader Economy's Drivers

Australian Gross Domestic Product



- Household Consumption 58%
- Residential 8%
- Non-residential & Engineering 6%
- Equipment Investment 8%
- Other Investment 6%
- Public Demand 18%
- Other -4%

OneSteel Revenue Drivers in the year ended 30 June 2007



- Engineering Const 20%
- Non-Res Const 20%
- Residential Const 12%
- Mining 10%
- Manufacturing 10%
- Auto 5%
- Agriculture 5%
- Iron Ore 6%
- Other Non-Steel 10%
- Steel Exports 2%

Source: Australian Bureau of Statistics (GDP data for 2006 calendar year)

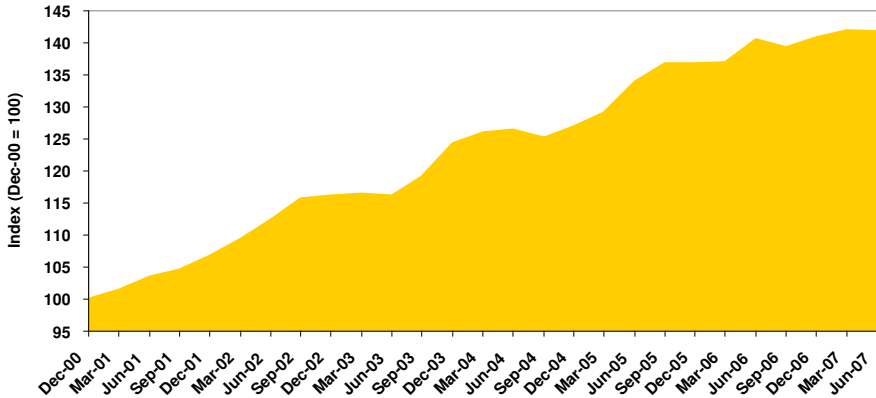
Source: OneSteel, for year ended 30 June 2007

The information on this slide is before the merger and covers OneSteel only to 30 June 2007

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OneSteel Domestic Steel Sales Revenue Drivers

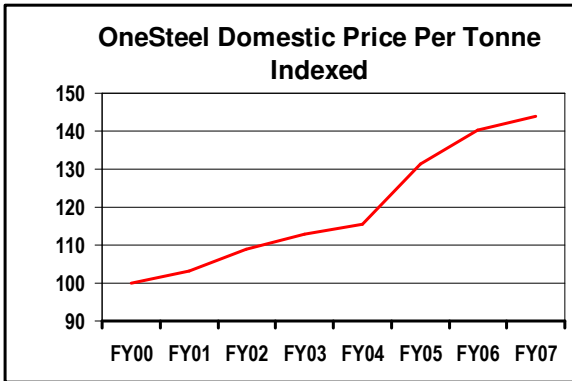
Total Weighted Movement in Revenue Drivers
of OneSteel's Domestic Steel Sales up to 30 June 2007



The information on this slide is before the merger and covers OneSteel only to 30 June 2007

Market Drivers – Price/Tonne Movement

2.6% increase in underlying domestic steel price per tonne in the 12-months to June 2007 from prior corresponding period reflecting price increases to recover higher costs for raw materials and purchased products, as well as changed product mix.



The information on this slide is before the merger and covers OneSteel only to 30 June 2007














Review of Financials - year ended 30 June 2007



Project Magnet – Hematite Stream

The export storage facility preparing iron ore for export shipment.

Financial Highlights – YE 30 June 2007 – Details

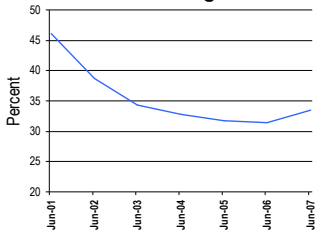
Operating profit after tax and minorities	\$197.5m		15.1% from \$171.6m
Net profit after tax (statutory)	\$207.0m		10.4% from \$187.5m
Earnings per share - based on no. shares at end period	34.5 cents		13.8% from 30.3c
Operating cash flow	\$276.5m		was \$250.8m
Free cash flow	(\$81.4m)		was \$36.4m
Free cash flow excluding Project Magnet	\$157.4m		was \$203.4m
Sales margin (EBIT)	7.9%		from 7.6%
Gearing (net debt/net debt plus equity) including derivative	33.5%		from 31.4%
Net debt including derivative	\$831.1m		from \$688.2m
Interest cover	6.1 times		from 5.3 times
Return on equity	13.3%		from 12.9%
Return on funds employed	14.6%		from 14.4%
Fully franked final dividend	18.5 cents		from 17.0 cents

Overview - Operational - YE 30 June 2007

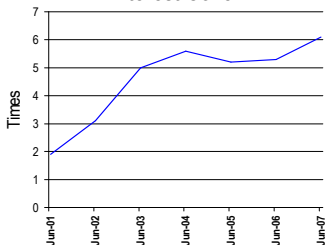
- **Business Performance**
 - Underlying domestic price per tonne (excluding special projects) up 2.6%
 - Sales margin increased to 7.9% from 7.6%
- **Overall domestic market activity up ~ 2.0% in OneSteel segments**
 - Underlying domestic steel tonnes up 5.6%
- **Business Improvement**
 - Cost reductions of \$40 million
 - Revenue enhancements of \$150 million
 - Cost increases – raw materials and inflationary – of \$159 million
- **Safety Performance**
 - Medical Treatment Injury Frequency Rate improved 31% from 11.7 to 8.1
 - Lost Time Injury Frequency Rate improved 44% from 1.6 to 0.9

Trends in Key Financial Ratios to 30 June 2007

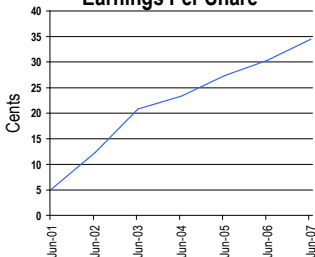
Gearing



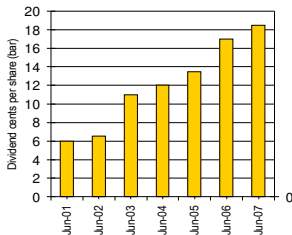
Interest Cover



Earnings Per Share



Dividends



The 2001-2004 figures have been presented under previous AGAAP. These figures have been adjusted to exclude goodwill amortisation from earnings.

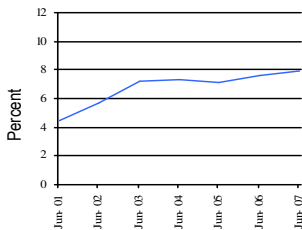
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Slide 15

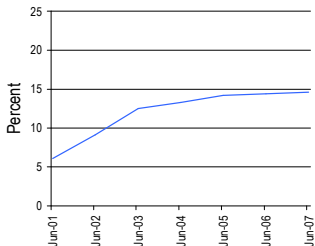
Net debt figures include derivatives.

Trends in Key Operating Ratios to 30 June 2007

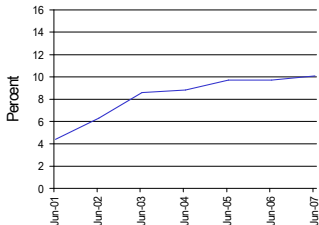
Sales Margin (EBIT)*



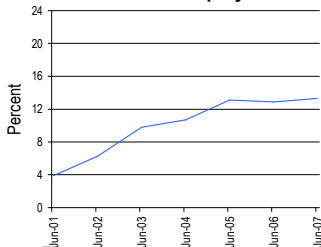
ROFE (EBIT)*



Return on Assets (EBIT)*



Return on Equity*



* The 2001-2004 figures have been presented under previous AGAAP. These figures have been adjusted to exclude goodwill amortisation from earnings.

Growing & Diversifying Earnings



Project Magnet – Hematite Stream

One of the transfer barges that trans-ships ore product from the newly-constructed export facilities at the Whyalla port. The barges carry hematite lump and fines approximately 7.5 nautical miles to the Floating Offshore Transfer Terminal which facilitates loading of Cape-sized ships, such as the one in this photo, sitting in the Spencer Gulf. As at 30 June 2007, six ore shipments in Cape-size vessels had sailed from Whyalla.

Growing & Diversifying Earnings

- **Project Magnet**
 - This project represents the commercialisation of OneSteel's magnetite iron ore reserves for producing steel and the sale of surplus hematite ore reserves. Benefits include:
 - improving OneSteel's competitive position
 - extending the life of the steelworks
 - lowering the cost of steelmaking at Whyalla
 - an additional source of earnings and profit.
- **Smorgon Steel Transaction**
 - The merger with Smorgon Steel was completed on 20 August 2007
 - Corporate benefits – a stronger more financially flexible company with enhanced growth opportunities
 - Customer and market benefits – increased ability to service the customer with new products and service offerings and a greater diversity and scope of operations
 - Competitive benefits – a more competitive business with lower costs, improved raw material integration and opportunities with diversified revenue streams.
- **Ongoing Investment**
 - September 2007 acquisition of Fagersta stainless steel distribution business
 - Upgrade of wheel plant at Waratah Steel Mill
 - Plastic injection & rewinding facility at wire ropery

Project Magnet - Status

- **Capital Expenditure**
 - FY 2005 ~ \$ 24 million
 - FY 2006 ~ \$165 million
 - FY 2007 ~ \$189 million
 - Total to Date ~ \$379 million as at 30 June 2007
 - Forecast total ~ \$395 million

- **Benefits**
 - **Iron Ore – sales additional to historic sales of 1mtpa**
 - FY2006 ~ 700kt iron ore lump and fines
~ 300kt ore by-products
 - FY 2007 ~ 1.8m tonnes ore
~ 266k tonnes ore by-products
 - FY 2008 ~ 3.0m tonnes ore

 - **Steelworks benefits**
 - Increased iron and steel production – ramp up through FY 2008
 - Value-in-use benefits – ramp up through FY 2008

Project Magnet – Latest Progress

Hematite Stream

<u>Process / Equipment</u>	<u>Construction</u>	<u>Commissioning</u>
-Rail Upgrade	Complete	Complete
-Rail Wagons		
- Upgrade	Complete	Complete
- Additional Wagons	Complete	Complete
-Tip Pocket	Complete	Complete
-Export Shed	Complete	Complete
-Shiploader	Complete	Complete
-Transhipping	Complete	Complete

- Six shipments of iron ore in Cape-sized vessels were made from Whyalla in FY07
- Three export contracts signed in FY07 covering over 17mt of the 30mt of ore available for export

Project Magnet – Latest Progress and Next Steps

Magnetite Stream

<u>Process / Equipment</u>	<u>Construction</u>	<u>Commissioning</u>
- Crushing & Screening (Hematite & Magnetite Iron Ore)		
- Primary	Complete	Complete
- Secondary	Complete	Complete
- Tertiary	Complete	Complete
- Concentrator	Complete	First concentrate made
- Pipeline	Complete	First slurry pumped
- Filter Flux	Complete	First filter cake produced
- Desulphurisation	Complete	Complete

- Magnetite concentrate has been produced
- Slurry delivered to Filter Flux Plant and filter cake produced
- Pellet Plant cutover to occur shortly, followed by Blast Furnace transition

Smorgon Steel Merger Summary

The merger that took effect on 20 August 2007 is expected to create significant benefits

It is the next step in the streamlining of the Australian steel industry

A stronger company is established

Increased ability to service customers

Improved security of raw material supply

Growth opportunities through new revenue streams

-
- Net EBITDA synergies expected to be \$70 million pa
 - EPS accretive (pre non-recurring items and amortisation) in the first full year
 - Significant premium to Smorgon Steel shareholders
-

- Provides a stronger platform to compete domestically and internationally
-

- Revenues in excess of \$5.5 billion¹, EBITDA in excess of \$700 million¹, over 10,000 employees and 200 sites across Australia and over 10 offshore with greater diversification
-

- Wider product range, more extensive geographical manufacturing footing, streamlined supply chain management
-

- The addition of a scrap recycling business alongside OneSteel's iron ore business
-

- New businesses and products with scrap, railway wheels and axles, grinding media and LiteSteel™ beam
-

1 Approximate only.

Synergies - Progress/Actions

Synergy Streams

- 21 synergy streams working on effective integration and capturing benefits

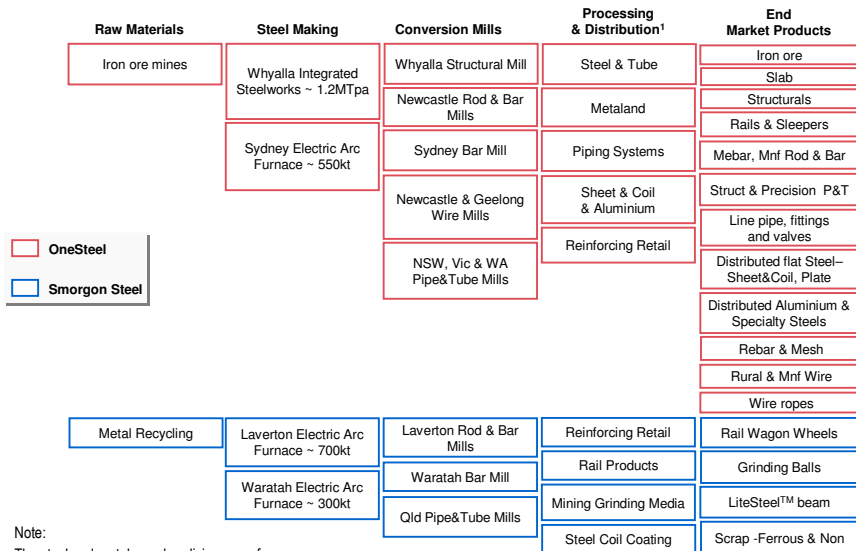
Australian Tube Mills Restructure

- Expected to provide \$10 to \$20 million per annum of net EBITDA synergy benefits
- Cost of the restructure falls within the \$35 million forecast for the first year of restructuring associated with the merger
- The reconfiguration of mills provides the lowest cost option while still servicing customer requirements
- Provides improved customer service and a much more competitive position
- The restructuring will be completed in FY 2008

Other Progress and Areas of Action

- Closure of Smorgon Steel corporate office by end of 2007 calendar year
- Treasury and refinancing
- Started product swaps between manufacturing facilities
- Scrap utilisation benefits in electric arc furnaces via Recycling
- Workers Compensation/Self-insurance of ex-Smorgon businesses
- Procurement

Businesses are Complementary



OneSteel

Smorgon Steel

Note:

The steel and metal merchandising arm of the Smorgon Steel distribution businesses was sold to BlueScope Steel Limited

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Customer Benefits – New Revenue Streams

**Build on existing product and service offering through extending products range
Many common customers, markets and service offerings**

OneSteel product and service range

- Rail – rail line, sleepers, clips with
- Mining – mine mesh, rail, product used in strata control systems, pipes valves and fittings, mining rope, general steel supply
- Construction - reinforcing steel, structural sections, merchant bar, pipe and tube
- Manufacturing – rod and bar, wire, pipe and tube
- Steel making raw materials – iron ore
- International trading – iron ore, slab, steel products

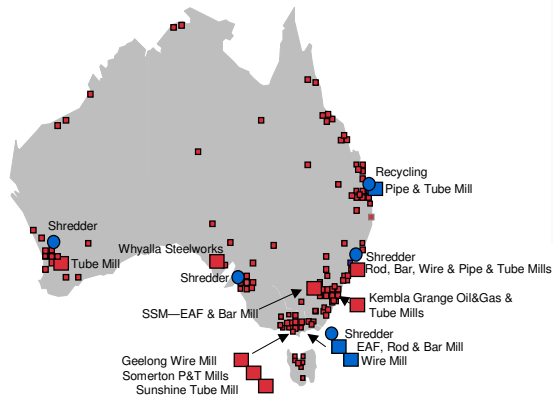
Additional product offerings post merger

- Rail - rail wheels and axles
- Mining – grinding media
- Construction - LiteSteel™ beam
- Coil Color Coating business
- Ferrous and non-ferrous scrap recycling
- Ferrous and non-ferrous scrap steel and offshore trading capability

Customer benefits — Diversity and scope of operations

Over 200 sites across Australia and more than 10 offshore provides a solid platform for growth

OneSteel operations post merger with Smorgon Steel



Offshore sites

OneSteel

- NZ Distribution

Smorgon Steel

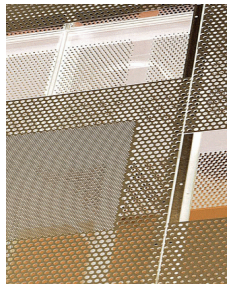
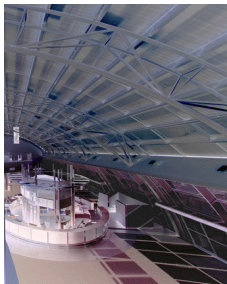
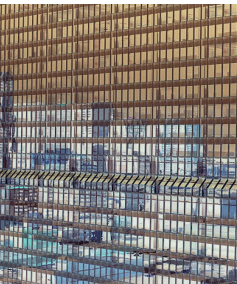
- Recycling operations—HK, Malaysia, Thailand, Philippines, USA
- Trading offices—Vietnam, China, HK, India, NZ, and England
- Grinding media operations—Indonesia and USA

- Smorgon Steel Recycling key sites – 56 sites in 9 countries, trading offices in 6 countries
- OneSteel manufacturing – 3 major sites
- Smorgon Steel manufacturing – 3 major sites
- OneSteel Distribution (more than 100 outlets across Australia and New Zealand) and Reo (39 sites)

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Summary & Outlook

- Continued improvement in profit and earnings per share
- Improved sales margin, return on funds employed and return on equity
- Strong operating cashflow helps gearing to remain in lower end of target range after total investments of \$379 million in Project Magnet as at 30 June 2007
- Project Magnet progressing well – planned iron ore shipments exceeded
- Completion of Smorgon Steel transaction
- Overall level of domestic activity and demand expected to be at similar levels
- International steel market and prices expected to remain volatile, particularly given current market conditions and FX rate
- **Priorities**
 - continue to improve returns from current businesses
 - transition Whyalla Steelworks to magnetite ore feed
 - total of 4 million tonnes of iron ore sales
 - effectively integrate the Smorgon Steel businesses and to deliver the benefits and synergies of the merger



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Attachments – Financials



Project Magnet – Magnetite Stream

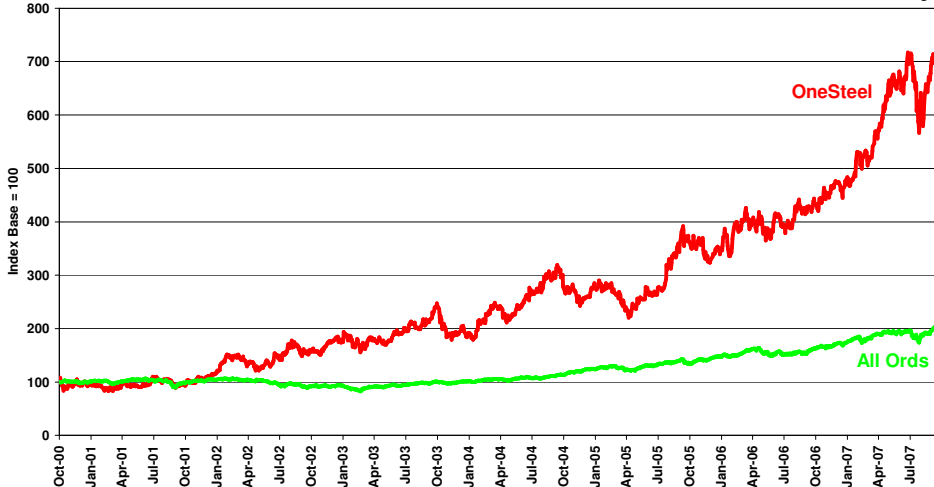
This is an overview of the concentrator area showing

- a) the magnetite ore feed bin
- b) ball mill
- c) High Pressure grinding roll
- d) magnetic separation building
- e) slurry concentrate holding bins

Share Price Performance

OneSteel Share Price versus All Ordinaries Share Index Indexed - 23 October 2000 to 3 October 2007

Source: Bloomberg



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Slide 30

Cash Flow Reconciliation – Historical Data

A\$ million	AIFRS			AGAAP			
	Statutory				Proforma		
	Jun 07	Jun 06	Jun 05	Jun 04	Jun 03	Jun 02	Jun 01
EBIT* (adjusted for non-cash items)	427.6	395.6	377.1	307.6	308.7	244.3	181.7
Interest	(55.8)	(56.7)	(53.6)	(42.2)	(44.5)	(54.4)	(61.8)
Tax	(67.1)	(53.7)	(54.1)	(33.8)	(24.0)	(20.8)	(39.6)
Capital Expenditure	(357.9)	(214.4)	(126.9)	(141.5)	(101.5)	(70.8)	(42.7)
Working capital movements	(28.2)	(34.4)	(33.5)	(46.2)	17.5	(76.5)	183.2
Free Cash Flow	(81.4)	36.4	109.0	43.9	156.2	21.8	220.8
- Less Investments	(2.6)	(13.2)	(0.6)	(9.9)	(29.4)	-	-
- Plus Asset Sales	12.2	6.7	4.9	45.3	16.7	56.2	116.8
- Other	(0.8)	1.9	0.8	5.6	1.0	65.9	(128.7)
Operating & investing cash flow	(72.6)	31.8	114.1	84.9	142.5	143.9	209.0

* The 2001 – 2004 EBIT figures have been adjusted to exclude goodwill amortisation from earnings.

Profit & Loss – Historical Data

12m ended 30 Jun	Statutory						Proforma	% chg
	2007	2006	2005	2004	2003	2002	2001***	07/06
A\$ million	AIFRS	AIFRS	AIFRS	AGAAP	AGAAP	AGAAP	AGAAP	
Sales	4,300.6	4,004.6	3,938.5	3,269.2	3,060.6	2,906.0	2,637.7	7.4
EBITDA	436.1	396.7	377.1	324.2	307.6	251.0	202.6	9.9
Dep'n & amortisation*	(96.2)	(94.0)	(97.5)	(87.1)	(86.5)	(84.2)	(84.2)	2.3
EBIT	339.9	302.7	279.6	237.1	221.1	166.8	118.4	12.3
Finance costs	(55.8)	(56.7)	(53.6)	(42.2)	(44.5)	(54.4)	(61.8)	(1.6)
Earnings before Tax	284.1	246.0	226.0	194.9	176.6	112.4	56.6	15.5
Tax	(74.7)	(60.8)	(55.4)	(53.4)	(53.3)	(39.0)	(12.1)	22.9
NOPAT	197.5	171.6	153.1	129.1	113.8	66.0	38.6	15.1
NPAT	207.0	187.5	153.1	127.9				10.4
EPS (cents)**	34.5	30.3	27.3	23.3	20.8	12.3	5.1	13.8
ROFE (%)***	14.6	14.4	14.2	13.3	12.5	9.1	6.1	
Full Yr Dividend (cents/share)	18.5	17.0	13.5	12.0	11.0	6.5	6.0	

* Under AIFRS goodwill is not amortised. The 2001 – 2004 Depreciation & amortisation figures have been adjusted to exclude goodwill amortisation.



**The 2001 – 2004 figures have been adjusted to exclude goodwill amortisation from earnings in the EPS calculation
***Excludes provisions

Balance Sheet – Historical Data

A\$ million	Jun 07 AIFRS	Jun 06 AIFRS	Jun 05 AIFRS	Jun 04 AGAAP	Jun 03 AGAAP	Jun 02 AGAAP	Jun 01 AGAAP	% chg 07/06
Total Assets	3,569.5	3,138.8	3,087.1	2,803.2	2,577.0	2,582.0	2,710.8	13.7
Liabilities	1,919.5	1,637.2	1,698.8	1,429.8	1,292.0	1,359.4	1,594.6	17.2
Net Assets	1,650.0	1,501.6	1,388.3	1,373.4	1,285.0	1,222.6	1,116.2	9.9
Net Debt*	831.1	688.2	645.3	669.0	670.2	771.6	953.4	20.8
Inventory	836.3	758.9	836.7	704.6	591.0	574.1	540.3	10.2
Receivables	640.9	635.4	643.1	487.8	439.9	452.8	561.5	0.9
Creditors	637.8	545.4	615.7	569.9	467.7	425.1	444.4	16.9
Funds Employed*	2,481.1	2,189.8	2,033.6	2,042.4	1,955.2	1,994.2	2,069.6	13.3
Gearing % (net debt / net debt + equity)*	33.5	31.4	31.7	32.8	34.3	38.7	46.1	
Interest cover – times	6.1	5.3	5.2	5.6	5.0	3.1	1.9	
NTA/Share \$	2.40	2.16	1.95	1.93	1.77	1.69	1.81	

* 2001 – 2004 figures include securitisation. Under AIFRS, net debt figures include derivatives.

Cash Flow – Historical Data

A\$ Million	Statutory						Proforma
	AIFRS Jun 07	AIFRS Jun 06	AIFRS Jun 05	AGAAP Jun 04	AGAAP Jun 03	AGAAP Jun 02	AGAAP Jun 01
Earnings before Tax (adjusted for non-cash items)	275.6	244.9	226.0	178.3	177.7	105.7	62.5
Depreciation & amortisation*	96.2	94.0	97.5	87.1	86.5	84.2	84.2
Capital & invest expenditure	(360.5)	(227.6)	(127.5)	(151.4)	(130.9)	(70.8)	(108.4)
Working cap movement	(28.2)	(34.4)	(33.5)	(46.2)	17.5	(76.5)	183.2
Income tax payments	(67.1)	(53.7)	(54.1)	(33.8)	(24.0)	(20.8)	(39.6)
Asset sales	12.2	6.7	4.9	45.3	16.7	56.2	116.8
Other	(0.8)	1.9	0.8	5.6	(1.0)	65.9	(128.6)
Operating & investing cash flows	(72.6)	31.8	114.1	84.9	142.5	143.9	170.1
Free Cash Flow	(81.4)	36.4	109.0	43.9	156.2	21.8	220.8

* Under AIFRS, goodwill is not amortised. The 2001 – 2004 Depreciation & amortisation figures have been adjusted to exclude goodwill amortisation

Australian Distribution – Historical Data

A\$ millions FY end 30 Jun	AIFRS 2007**	AIFRS 2006	AIFRS 2005	AGAAP 2004	AGAAP 2003	AGAAP 2002	% chg 07/06
Revenue	1,850.0	1,833.9	1,783.3	1,537.0	1,430.9	1,417.6	0.9
EBITDA	147.5	146.1	164.3	127.1	116.4	109.0	1.0
EBIT*	122.5	122.0	140.5	104.2	93.4	87.4	0.4
Assets	1,126.2	1,100.6	1,187.4	1,116.2	1,004.4	1,010.2	2.3
Employees	2,358	2,448	2,483	2,391	2,286	2,349	(3.7)
Sales Margin %	6.6	6.7	7.9	6.8	6.3	5.2	
ROFE %	15.4	15.1	17.5	13.0	11.5	8.9	
External Tonnes Despatched	876,851	905,066	981,409	938,157	917,800	900,500	(3.1)

Results of previous periods have been restated to reflect the business restructure that became effective July 2005

* The 2002 – 2004 EBIT figures have been adjusted to exclude goodwill amortisation from earnings

**The 2007 figures stated have been normalised to include the results from the business that OneSteel contributed to the Australian Tube Mills joint venture as if the business had remained part of the Distribution segment for the full year.

Manufacturing – Historical Data

FY ended 30 Jun	2007	2006	2005	2004	2003	2002	% chg
A\$ Million	AIFRS	AIFRS	AIFRS	AGAAP	AGAAP	AGAAP	07/06
Revenue	2,414.0	2,101.4	2,065.7	1,700.9	1,583.1	1,445.8	14.9
EBITDA	275.8	225.8	184.3	187.4	175.7	133.7	22.1
EBIT*	211.7	164.5	118.7	130.2	117.5	76.0	28.7
Assets	2,132.7	1,829.2	1,638.7	1,555.3	1,439.0	1,398.8	16.6
Employees	4,278	3,948	3,908	3,872	3,818	3,857	8.4
Sales Margin %	8.8	7.8	5.7	7.7	8.0	4.6	
ROFE %	14.9	13.7	11.5	12.3	11.9	6.3	
Tonnages							
External Despatches	1,401,471	1,370,714	1,282,642	1,221,379	1,306,346	1,280,875	2.2
Internal Despatches	275,106	272,141	270,719	257,266	259,854	252,325	1.1
Steel Tonnes Produced	1,733,406	1,633,696	1,349,397	1,618,855	1,624,399	1,576,650	6.1

Results of previous periods have been restated to reflect the business restructure that became effective July 2005

* The 2002 – 2004 EBIT figures have been adjusted to exclude goodwill amortisation from earnings

International Distribution – Historical Data

FY ended 30 Jun	2007	2006	2005	2004	2003	2002	2001	% chg
\$A million	AIFRS	AIFRS	AIFRS	AGAAP	AGAAP	AGAAP	AGAAP	07/06
Sales	405.2	390.4	403.3	340.3	290.8	289.2	312.2	3.8
EBITDA	45.9	48.7	61.4	47.6	36.6	30.7	29.3	(5.7)
EBIT*	40.6	43.7	56.1	42.7	31.9	26.1	23.8	(7.1)
Assets	222.6	178.4	196.1	172.2	156.1	133.1	174.0	24.8
Employees	881	907	804	793	765	620	700	(2.9)
Sales Margin %	10.0	11.2	13.9	12.5	11.0	9.0	7.6	
ROFE %	24.4	28.4	37.4	31.7	27.0	20.5	16.2	

* The 2001 - 2004 results have been adjusted to exclude goodwill amortisation from earnings

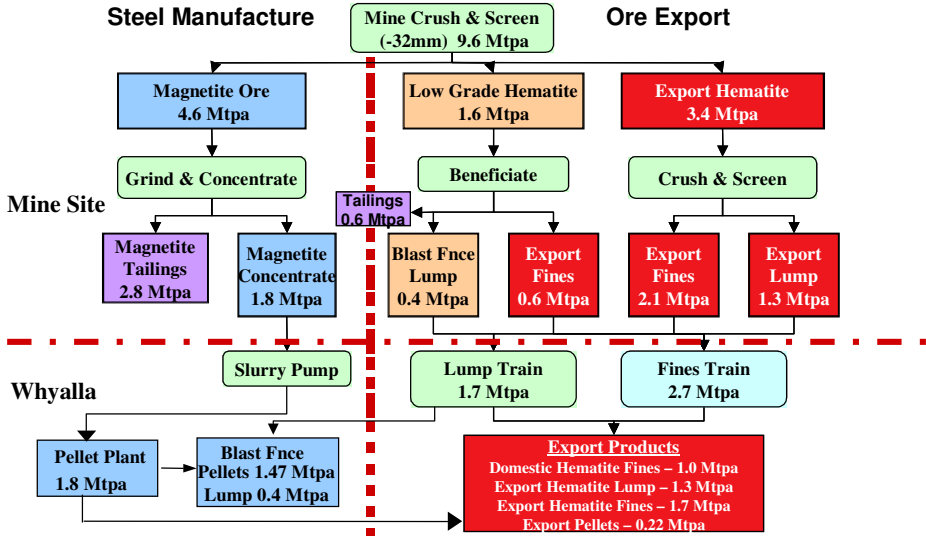
Growing & Diversifying Earnings



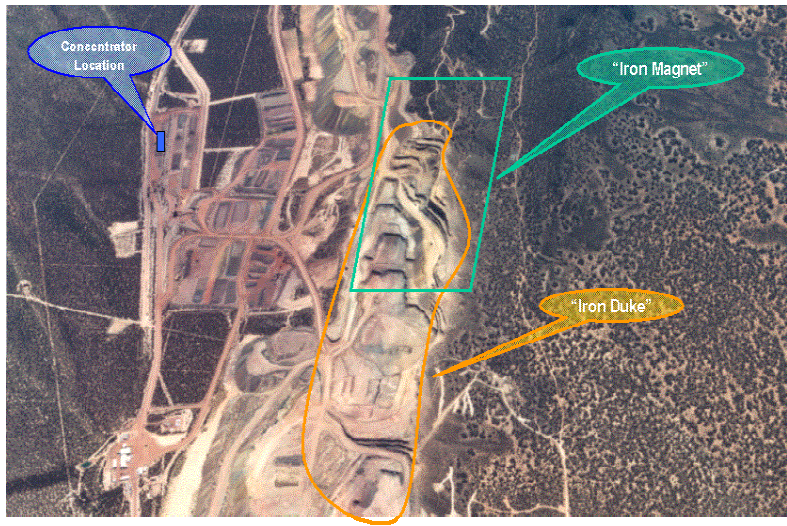
Project Magnet – Hematite Stream

One of the transfer barges that trans-ships ore product from the newly-constructed export facilities at the Whyalla port. The barges carry hematite lump and fines approximately 7.5 nautical miles to the Floating Offshore Transfer Terminal which facilitates loading of Cape-sized ships, such as the one in this photo, sitting in the Spencer Gulf. As at 30 June 2007, six ore shipments in Cape-size vessels had sailed from Whyalla.

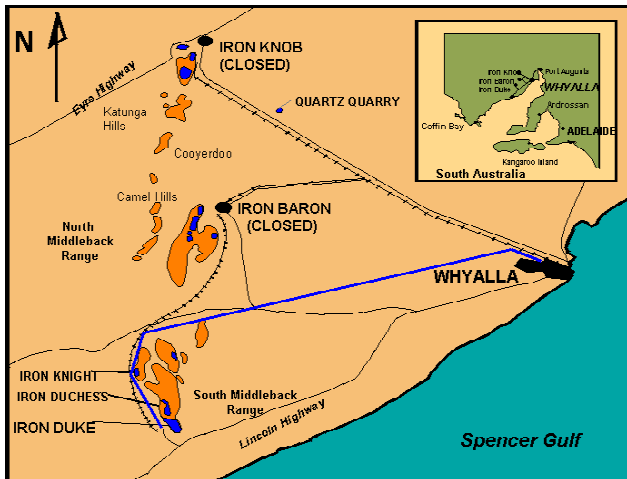
Project Magnet - Capacities and Material Flows



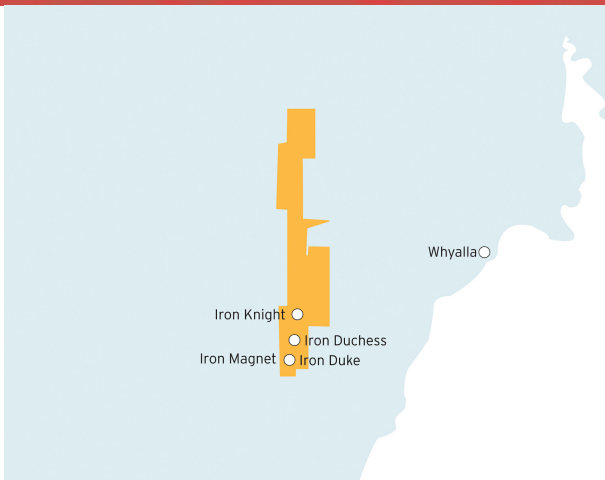
Project Magnet – Resource Location



Project Magnet Geography



OneSteel's Mining Tenement



Outlined in yellow is OneSteel's tenement covering its mining operations at the Middleback Ranges in South Australia. Also highlighted are the locations of the current operating mines: Iron Knight, Iron Duke, Iron Duchess and Iron Magnet. The mines are located approximately 60 kilometres from OneSteel's Whyalla Steelworks.

Benefits of Smorgon Steel merger

- Growth
 - Both OneSteel and Smorgon Steel have recently announced exciting and complementary growth options including Project Magnet, the LiteSteel™ beam and expansions in metal recycling that offer shareholders diverse sources of potential earnings growth into the future
- Stronger company
 - With pro forma revenue in excess of \$5.5 billion¹, EBITDA in excess of \$700 million¹ and more than 10,000 employees, the combined entity will become the pre-eminent domestic manufacturer and distributor of steel and metal products in Australasia
- More competitive business
 - Various long-term strategic benefits are expected to be realised through efficiencies in manufacturing operations, improved facility utilisation, improved supply chain management, production, distribution and other savings providing benefits to customers and enabling improved ability to compete against imports

1 Approximate only.

Benefits of Smorgon Steel merger

- Increased ability to service customers
 - A more diverse geographical manufacturing footprint and wider range of products and services provides the ability to streamline and improve the efficiency of the combined supply chains of the companies
 - In addition it is also expected to increase the products and services being offered to customers
- Diversity and size of operations
 - Following the merger, OneSteel expects to have an enhanced regional footprint with over 200 sites across Australia and more than 10 offshore offices and operations. This presence is expected to provide a solid platform for growth in new and existing markets
- Expected synergies
 - The combination of the businesses is expected to generate net EBITDA synergies of \$70 million per annum by the third full year after completion of the proposed transaction. These synergies are net of expected asset disposals and potential sales leakage from combining the two businesses

Benefits of Smorgon Steel merger

- New revenue streams developed
 - The combination of OneSteel and Smorgon Steel's operations will allow OneSteel to offer an extended product offering to customers and will facilitate the development of new business structures (e.g. a "rail infrastructure" business unit covering wheels and bogeys, rails, sleepers, etc) generating greater value for customers and the potential for new revenue opportunities
- Improved security of raw material supply
 - The combined business will enjoy improved security of raw material supply via OneSteel's long term iron ore resources through Project Magnet and Smorgon Steel's scrap recycling business. It is also expected to be more competitive through the natural hedges associated with these improved raw material supply arrangements
- Increased liquidity
 - Following the proposed transaction, OneSteel will be a stronger Australian company and now ranks in the top 60 companies on the ASX. This provides greater liquidity for investors and should facilitate greater interest from domestic and international investors

Attachments – Market Conditions

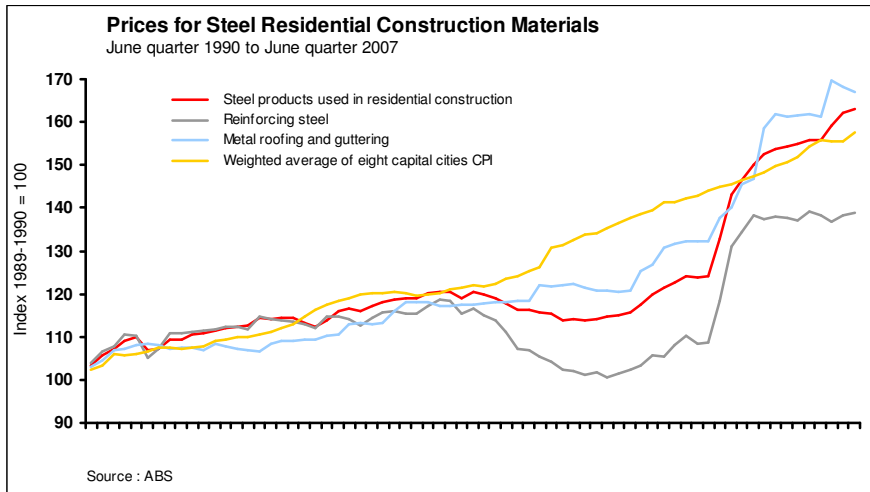


Project Magnet – Magnetite Stream

**An overview of the
Magnet concentrator site.**

**As can be seen, key
pieces of equipment
including High Pressure
grinding rolls, Ball Mill,
thickener, magnetic
separators and associated
conveying systems are in
position.**

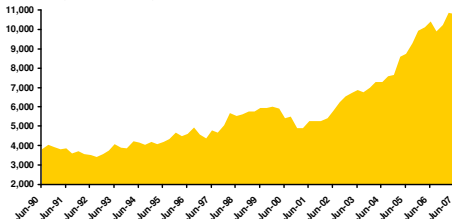
Australian Steel Price Index



OneSteel Key Segments – up to 30 June 2007

Engineering Construction (\$ millions 2004/05)

June quarter 1990 to June quarter 2007



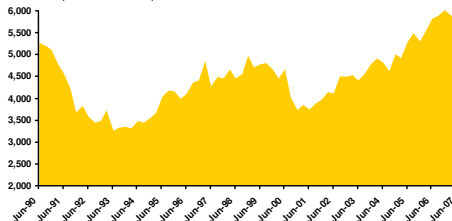
Source : NIEIR

Engineering construction drove 20% of OneSteel's sales revenue in FY 2006/07

5.0% year-on-year increase in value of activity in 12m ended 30 June 2007

Non-Residential Construction (\$ millions 2004/05)

June quarter 1990 to June quarter 2007



Source : NIEIR

Non-residential construction drove 20% of OneSteel's sales revenue in FY 2006/07

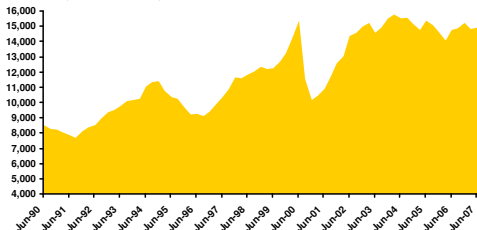
6.5% year-on-year increase in value of activity in 12m ended 30 June 2007

Source: NIEIR

OneSteel Key Segments – up to 30 June 2007

Residential Construction (\$ millions 2004/05)

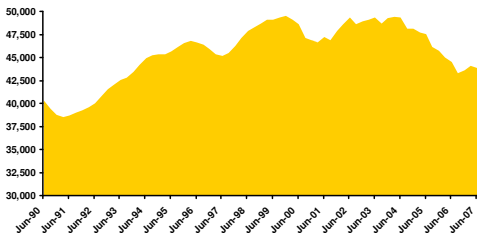
June quarter 1990 to June quarter 2007



Source : NIEIR

Manufacturing Underlying Activity for Steel Products

\$ millions 2004/05 June quarter 1990 to June quarter 2007



Source : NIEIR

Residential construction drove 12% of OneSteel sales revenue in FY 2006/07

2.1% year-on-year increase in value of activity in 12m ended 30 June 2007

Overall weighted year-on-year increase in value of construction activity 4.9%

Manufacturing drove 10% of OneSteel sales revenue in FY 2006/07

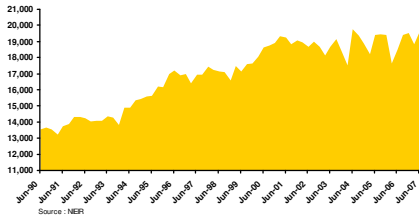
3.6% year-on-year decrease in value of activity in 12m ended 30 June 2007

Source: NIEIR

Overall Increase In OneSteel Key Segments 2.0%*

Mining Production (\$ millions 2004/05)

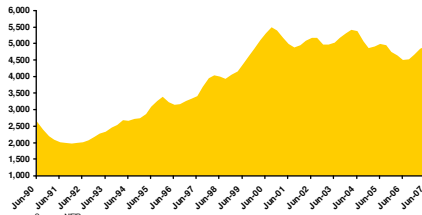
June quarter 1990 to June quarter 2007



Source : NIEIR

Automotive Underlying Activity for Steel Products

(\$ millions 2004/05) June quarter 1990 to June quarter 2007



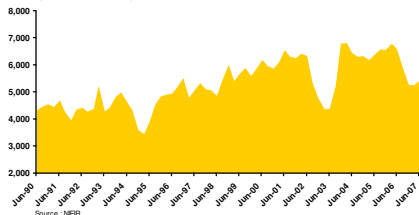
Source : NIEIR

Mining: 10% of OneSteel sales revenue
3.3% increase year-on-year in 12m to 30 Jun 07

Auto: 5% of OneSteel sales revenue
flat year-on-year in 12m to 30/6/2007

Agricultural Farm Production (Excluding Forestry and Fishing)

(\$ millions 2004/05) June quarter 1990 to June quarter 2007



Source : NIEIR

Agricultural: 5% of OneSteel sales revenue
in FY 2006/07

17.6% decrease year-on-year in 12m to
30/6/2007

Source : NIEIR

* Excludes export steel (2%) and non-steel (16%) which drove the remaining 18% of OneSteel's sales revenue in 2006/07

Major Project Flow

Won/Awarded

- Newcrest Boddington Gold Mine, Boddington, WA
- Rio Tinto Yandi Upgrade, WA
- BHP Billiton, Dampier Port Development JV, WA
- Abbot Point Coal Terminal Expansion, QLD
- Hay Point Expansions, QLD
- Woodside Angel Project, Topsides, NW Shelf, WA
- Santos DPCU Project, Perth, WA
- Comalco WEIPA Refinery, QLD
- Hartley Mine, Lithgow, NSW
- Coles Myer Distribution, Goulburn, NSW
- Coles Myer, Erskine Park, NSW
- Coles Myer Distribution Centre, Adelaide, SA
- Woolworths Minchinbury, NSW
- BlueScope Steel's Erskine Park Coating Line, Sydney, NSW
- AXA Building, Melbourne, VIC
- ABB Grain Silos, SA
- Franklin Bus Terminal, Adelaide, SA
- "Northern Link" north/south Bypass Tunnel, Brisbane, QLD
- Lake Lindsay Dragline (Bucyrus), Bowen Basin QLD
- **BHP Billiton RGP4, WA**
- **Oxiana Prominent Hill Development North, SA**
- **Rio Tinto Hope Downs Development WA**
- **Pilbara Bridge, SA**
- **Gateway Bridge upgrade, Brisbane, QLD**
- **Convention Centre, Melbourne, VIC**
- **GasNet OGP sale of Project Pipe VIC**
- **Santos OGP sale of Project Pipe QLD/SA**

Potential/Upcoming

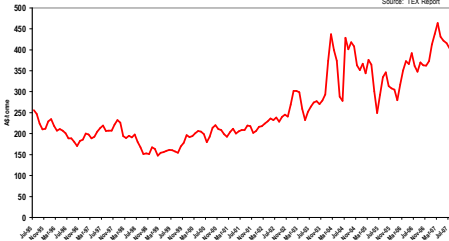
- Gorgon LNG – Chevron/Texaco, NW Shelf, WA (comes into Australia at Karratha)
- Alcoa Wagerup Stage III, WA
- Gladstone Nickel Project, Yarwun, QLD
- Natural Fuels Australia – Bio Processing Plant, East Arm, NT
- ADO Air Warfare Destroyers, Adelaide, SA
- Sydney International Car Park, Sydney, NSW
- BHP Billiton Olympic Dam Expansion, SA
- Worsley Alumina Refinery Upgrade, Worsley, WA
- Comalco Refinery (Phase 2), Gladstone, QLD
- Tyco, Water Pipe Racks, WA
- Worsley Alumina DCP Expansion, Collie, WA
- McArthur Coal, Fitzroy, QLD
- Goonyella Broadside Coal Mine Expansion, QLD
- Swanbank Paper, QLD
- Westfield Centrepoint, Sydney, NSW
- Water Front City, Melbourne, VIC
- Worsley Alumina LNG Plant, Dampier WA
- Dawson South Stage Two Project, Theodore QLD
- Seqwater Recycled Water Scheme, Bundamba QLD
- Seqwater Recycled Water Scheme East Pipeline, Brisbane QLD
- **Kogan Creek Power Station Project QLD**
- **Argyle Underground Expansion, WA**
- **Rozelle Marina, NSW**
- Kurell Desalination Plant, NSW
- CSR – Warehouse Distribution, NSW
- Convention Centre – Pedestrian Bridge, VIC
- Rectangular (Soccer) Stadium, VIC
- ADI Mulwala, VIC
- Sugar Australia – Yarraville Processing Plant Upgrade
- Pilkington Glass Redevelopment VIC
- Visy Pulp & Paper Mill Expansion, VIC

Projects highlighted in red denote additions to list between February 2007 and August 2007

Long Products Raw Material Inputs

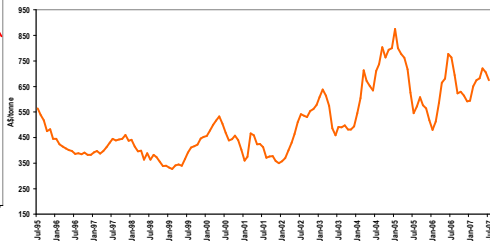
Scrap Prices - July 1995 to July 2007 - Asian HM1

Source: TEX Report



Hot Rolled Coil Prices - July 1995 to July 2007
Asian Import (c&f ex non-CIS)

Source: CRU



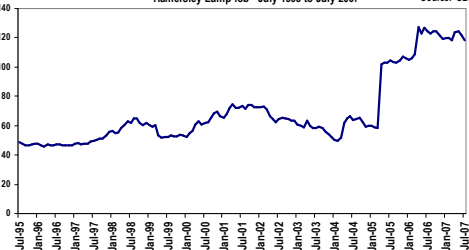
Coking Coal Prices - July 1995 to July 2007
Japan Contract

Source: CRU



Japan Contract Iron Ore Prices
Hamersley Lump fob - July 1995 to July 2007

Source: SBB



Market Drivers – International Traded Prices*

Raw Material/Input International Traded Prices*	Jul 06-Jun 2007	Jul 05-Jun 2006
A\$ Scrap prices* - average in the 12m period	\$397 (range \$347-\$464)	Up from \$332 (source: TEX Report)
A\$ HRC prices* – average in the 12m period	\$662 (range \$592-\$742)	Up from \$590 (source: CRU)
US\$ Coking coal* – contract price (source CRU)	\$110.50	Was \$122.50
Revenue Drivers International Traded Prices*		
US\$ Iron ore – contract price* (Hamersley lump, export FOB, US cent/dmtu)	\$95.97	Up from \$82.51 (source: SBB)
Iron ore – spot price* – 12m avg (source SBB) (India into China, \$/t, cif, fines 63.5% Fe)	A\$105.7 US\$83.4	Up from A\$93.4 Up from \$69.8
Long products international prices*	FY07 average price up over A\$50 from FY06 (source: CRU)	

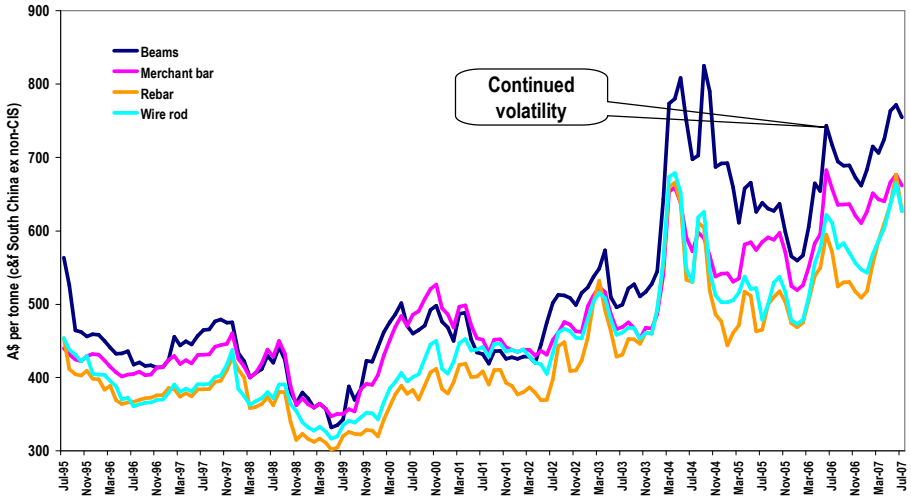
*Prices quoted are traded international prices, not OneSteel's realised prices.



International Long Products Prices

July 1995 to July 2007

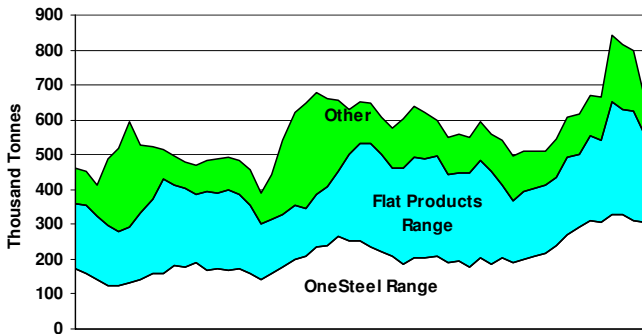
Source: CRU



Imports into Australia

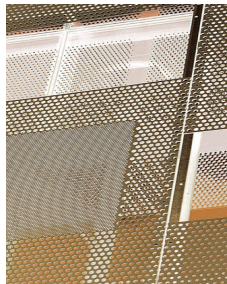
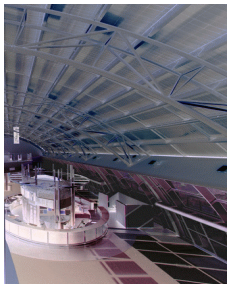
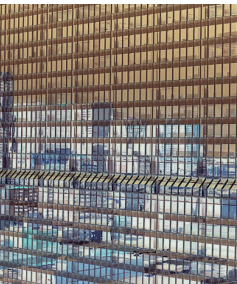
Steel Imports into Australia

February 2003 to June 2007



Source: ABS and OneSteel data, 3-month moving total
The data include approximately 90,000 tonnes of OneSteel imports of finished and semi-finished product associated with production disruptions at the Whyalla Steelworks blast furnace in the latter part of 2004 calendar year.

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International Roadshow October 2007

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