
**Good morning Ladies and Gentlemen, I'm Geoff Plummer and I am delighted to present to you today the company's fifth set of annual results, and my first as Managing Director and CEO of OneSteel.**

## Contents

- Results Overview
- Market Conditions
- Review of Financials
- Operational Review
- Major Project Status
- Way Forward
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**I will provide you with a quick overview of what we see as the highlights of the results and talk about the market conditions of the last financial year before passing over to OneSteel's Chief Financial Officer, Tony Reeves, who will run through the financial highlights.**

**I will then review the operational outcomes and provide a status report on Project Magnet, a very exciting project for OneSteel's future.**

**I will conclude with some comments on the way forward.**

## Overview - Financial

- Fourth consecutive profit improvement
- Strong cash generation despite higher working capital requirements and capital expenditure on key projects
- Net debt down
- Improved earnings per share
- Improved return on funds employed
- Improved return on equity
- Final Dividend of 7.5 cents fully franked declared, 13.5 cents for the year, up from 12.0 cents last year

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Slide 3

**In terms of financial highlights:**

**• The $132.5 million net profit after tax is the fourth consecutive improvement in profit**

**• It was also a very cash strong outcome bearing in mind we had to fund higher than usual working capital requirements associated with substantial price movements and growth in volumes and capital expenditure on key projects.**

**• So it is particularly pleasing that OneSteel's net debt position declined and the associated gearing ratio improved.**

**• Earnings per share rose 20.5% to 23.5 cents from 19.5 cents in the previous year while return on funds employed increased to 14.2% from 13.2%**

**• Similarly return on equity improved to 10.5% from 9.1%**

**• The Board has declared a final dividend of 7.5 cents, fully franked, taking dividends for the 2005 financial year to 13.5 cents, up from 12.0 cents last year.**

## Overview - Operational

- Improved Domestic Market activity
  - Three construction segments (61% of OneSteel revenue) up 2.9%
  - Engineering particularly strong – more than offsetting slowdown in residential
- Business Performance – Revenue up 20.5%
  - Underlying domestic price increases of 13.7%
  - Underlying domestic tonnes dispatched up 5.7%
  - Some success in reclaiming volume from imports
  - Improved operational performance somewhat offset by Whyalla blast furnace disruptions
- Inflationary cost increases offset by cost reductions of $47 million
- Dramatic increase in input material costs offset by price leadership
- Project Magnet underway
- Blast furnace production in line with historical levels since December

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**Construction activity, which drives over 60% of the company's revenue, up 2.9%. Engineering construction was particularly strong and more than offset the softening we are seeing in residential construction.**

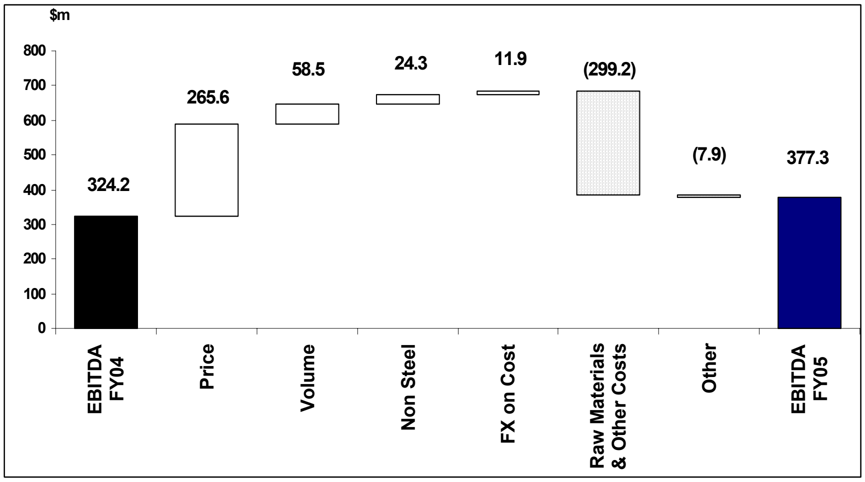
**The strong market helped OneSteel to increase revenue by 20.5%. The biggest contributor to the revenue improvement was price increases we have implemented over the last 18 months to recover higher input material costs. Total tonnes dispatched were up 4.1%, or 5.7% after excluding exports and special projects. Some of the higher tonnage was due to success in recapturing some volume previously lost to imports.**

**Underlying these results is improved operational performance except for the Whyalla blast furnace which had production disruptions late in calendar 2004. The blast furnace production is at historical levels since December.**

**OneSteel's cost reduction program offset underlying inflationary costs. There were also substantial increases in material input costs over the last 18 months leading to an increase in costs of $269.8 million, $226 of which was during the 2005 financial year. A combination of price increases and management initiatives resulted in revenue enhancements of $328 million for the same 18 month period, $309 million of which was during the 2005 financial year.**

**As you are aware, Project Magnet is underway and I will give you an update on progress later in this presentation.**

## Increase of 16.4% in EBITDA

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This graph highlights the main impacts at the EBITDA line. Positive contributors to the improved earnings were the price increases we implemented, higher volume and favourable product mix, higher earnings from non-steel sales and the favourable impact from the stronger currency on costs. The main negative was increased input costs, including higher prices of raw materials including scrap and hot rolled coil.

## Strong Cash Generation

- OneSteel achieved operating cash flow of $107.0 million and free cash flow of $101.9 million in FY 2005
- The $107 million operating cash flow in FY 2005 was achieved after funding increased trade working capital associated with price and volume increases in excess of $130 million

| A$ millions | FY 2005 |
|---|---|
| Earnings before Tax | 203.2 |
| Dep & Amortisation | 118.6 |
| Capital & Invest Expenditure | (126.8) |
| Working Capital Movement | (39.0) |
| Income Tax Payments | (54.1) |
| Asset Sales | 4.9 |
| Other (SDL Loan) | 0.2 |
| Operating Cash Flow | 107.0 |
| Free Cash Flow | 101.9 |

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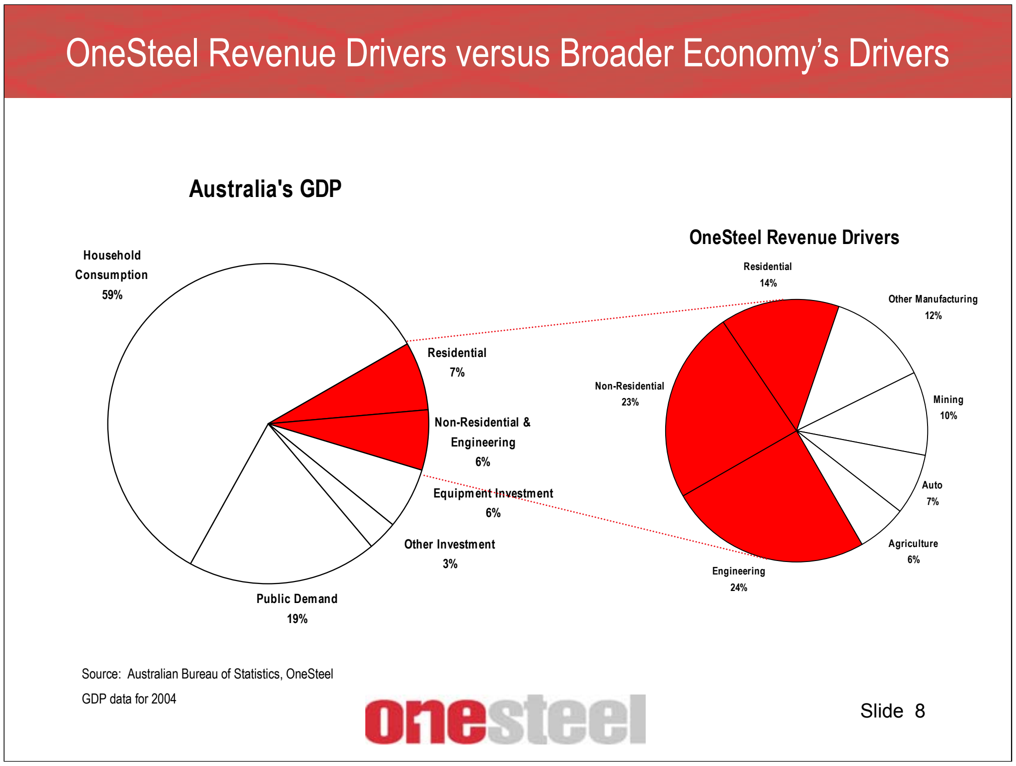
Slide 6

The free cash flow result in excess of $100 million was pleasing, particularly given higher funding requirements in excess of $130 million associated with price increases and higher volumes. This was partly offset by a cash benefit of running down inventory associated with the blast furnace reline of approximately $60 million.

Tony will talk about the cash result in more detail in his section of the presentation.


**Before going into further detail of the results I would like to talk to you briefly about the domestic and international markets in which we operated and which influenced the result.**



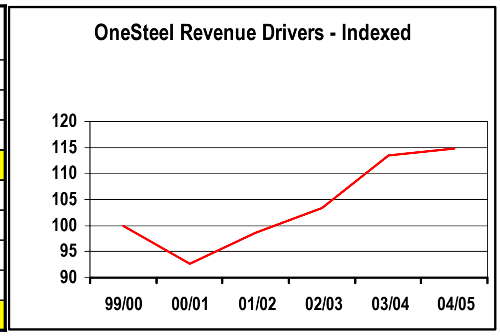

**This slide is included to illustrate that the drivers of OneSteel's business are quite different from those of the broader economy. Consumer demand makes up almost 60% of Australian GDP while the construction segment accounts for just 13%.**

**In terms of OneSteel's revenue drivers construction accounts for over 60% and as such OneSteel's revenue is less affected by swings in the level of consumer demand.**

## Market Drivers – Construction Still Strong

- 20.5% increase in revenue
- 4.1% increase in tonnes dispatched

| Segment | % of OST Revenues | % Change Jun 04 – Jun 05 |
|---|---|---|
| Non-Res Construction | 23 | 1.8 |
| Engineering | 24 | 7.5 |
| Residential | 14 | -2.7 |
| Total Construction | 61 | 2.9 |
| Other Manufacturing | 12 | 0.9 |
| Mining | 10 | 0.1 |
| Agricultural | 6 | -5.4 |
| Automotive | 7 | -7.6 |
| Total Weighted Change | | 1.1 |




Source: NIEIR

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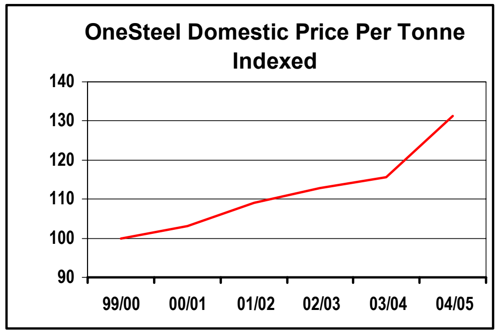
Looking at OneSteel market segments in more detail The seven segments that drive OneSteel's revenue grew 1.1%, with the construction segment up 2.9%. The graph depicts how much activity has picked up since the synchronised downturn in the construction segments late in 2000. The fact that tonnes dispatched rose 4.1% indicates we were successful in recovering some volume from imports and securing our fair share of project work.

Graphs with further detail of these segments are included in the attachments.

## Market Drivers – Price Increases

| Major OneSteel Manufacturing Price Increases Since January 2004 | | |
|---|---|---|
| Steel in Concrete | 4%<br>6%<br>16% rebar<br>5% rebar<br>4.5% | Feb 04<br>Apr 04<br>May 04<br>Oct 04<br>Jul 05 |
| Whyalla Structurals | 7%<br>10% | Apr 04<br>Jul 04 |
| Merchant Bar | 10% | Mar 04 |
| Manufacturers Wires | 4%<br>7.5%<br>6%<br>7.5-10% | Mar 04<br>Aug 04<br>Jan 05<br>Apr 05 |
| Structural Pipe & RHS | 6.5%<br>9.3%<br>11.3<br>6% | Apr 04<br>Jul 04<br>Jan 05<br>Jul 05 |
| Rural Products | 5-8%<br>3-7% | May 04<br>Aug 05 |

**15.1% increase in steel price per tonne in FY05**

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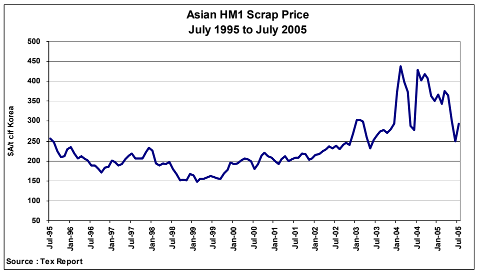
It is pleasing to see the impact of OneSteel's price leadership to recover the higher raw material costs.

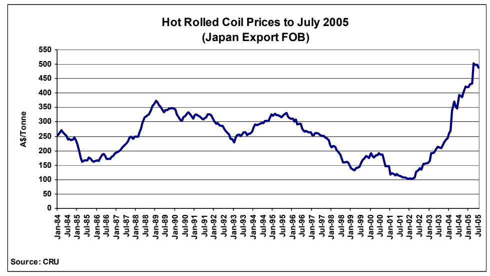
In the last financial year we achieved a 15.1% increase in the average price of steel per tonne, or 13.7% excluding exports and special projects.

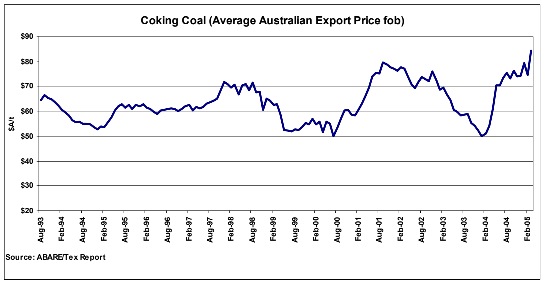
As can be seen from the graph, the price increases achieved over the past 12 months were significant compared with previous years, reflecting the extraordinary rise in input costs in international steel markets in recent times as illustrated in the graphs on the next slide.

Furthermore, there have been additional price increases more recently which are marked in red to offset some of the recent input material cost increases.

## Material Inputs Scrap, HRC, Coking Coal




**There have been significant increases in externally sourced major material inputs into OneSteel's business over the last 18 months**

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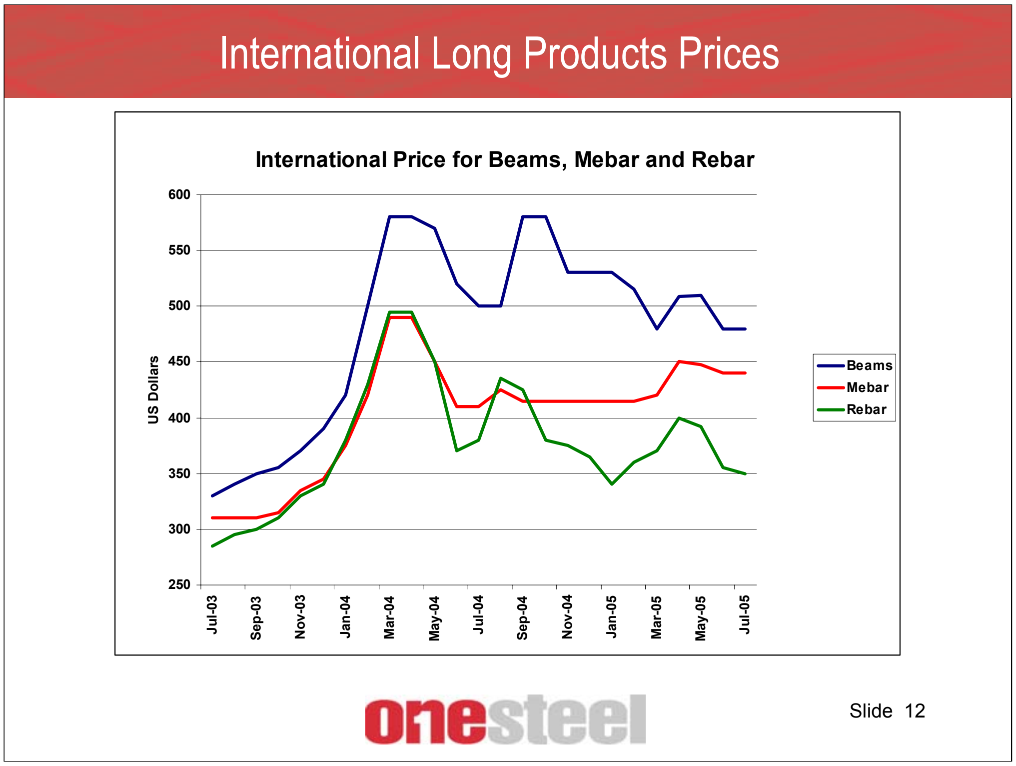
**Each of these charts represent the international price trends for externally sourced material inputs into OneSteel's business – scrap steel, hot rolled coil and coking coal.**

**When scrap prices rose dramatically some 18 months ago, OneSteel took measures to offset the impact including cutting costs and implementing price increases.**

**More recently we have passed on cost increases for hot rolled coil as well as raising prices in response to coking coal cost increases, one of the inputs into steelmaking at Whyalla.**




**This chart tracks what has happened to international long product prices in three major product categories in US dollars.**

**What this chart indicates is that for the most part, over the last 12 months long products prices had already come off their peak and in trend terms have remained relatively stable over the last financial year at the higher level reflecting higher than historic scrap prices.**

**Prices are not as high as they were at the beginning of the year, however, they are not as low as they were in 2003 and prior.**

**Obviously OneSteel monitors international prices and imports very closely, but we have confidence that we do not have to compete away our pricing gains secured over the last 12 months.**


**I will now hand over to Tony Reeves, OneSteel's Chief Financial Officer, who will run through the financial highlights.**

## Financial Highlights - Details

| | | |
|---|---|---|
| Net operating profit after tax and minorities | $132.5m | Up 22.6% |
| Earnings per share | 23.5 cents | Up from 19.5c |
| Free cash flow | $101.9m | Up 132% |
| Gearing (Net debt/Net debt plus equity) | 30.7% | Down from 33.1% |
| Net debt reflects the discontinuation of a $200 million securitisation program | $645m | Up 37.6% |
| Interest cover | 4.9 times | 5.1 times (FY04) |
| Return on funds employed | 14.2% | Up from 13.2% |
| Fully-franked full-year dividend | 13.5 cents | Up from 12 cents |

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**Good morning, I would like to start with the highlights of the financial performance of the business.**

**OneSteel achieved a record profit net operating profit after tax of $132.5 million, with an associated earnings per share increase from 19.5 to 23.5 cents per share.**

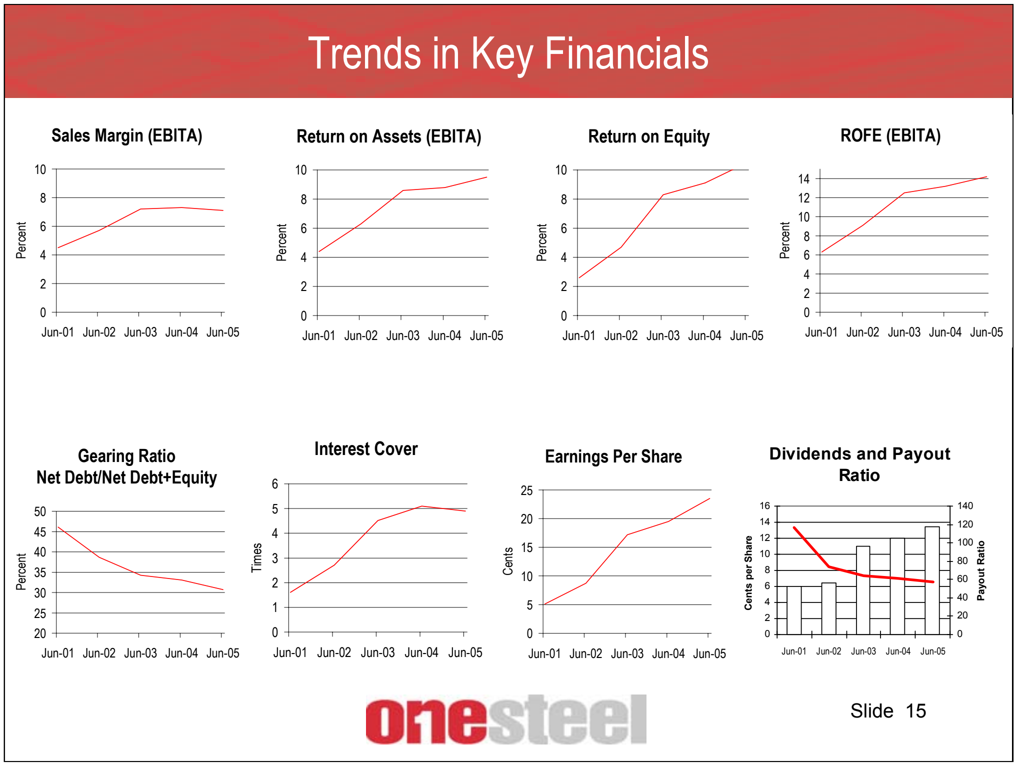
**Free cash flow was $101.9 million, up 132%.**

**In January 2005 we discontinued a $200 million securitisation program as a result net dent increased by 37.6%. Adjusting for that, debt levels were actually down and gearing, on a net debt to net debt plus equity basis improved to 30.7% from 33.1%.**

**Interest cover has declined slightly again reflecting the impact of discontinuation of the securitisation program.**

**OneSteel's return on funds employed improved to 14.2% up from 13.2%, covering OneSteel's cost of funds.**

**The Board declared a final dividend of 7.5 cents bringing the full-year fully franked dividend to 13.5 cents, up from 12 cents in the previous financial year.**




**This slide highlights a number of key financial measures and ratios for OneSteel over the last five years.**

**As the charts indicate, to date the company has been able to achieve improvements across all key measures through a broad range of management actions designed to improve underlying business performance whilst maximising the benefits from favourable market conditions.**

**The small decline in the sales margin is a function of the production disruptions at the blast furnace late in calendar 2004.**

## Financial Performance

| A$ Million | Statutory 2005 | 2004 | 2003 | 2002 | Pro Forma 2001 Excl prov | % chg FY 04/05 |
|---|---|---|---|---|---|---|
| **Sales** | **3,938.5** | 3,269.2 | 3,060.6 | 2,906.0 | 2,637.7 | **20.5** |
| **EBITDA** | **377.3** | 324.2 | 307.6 | 251.0 | 202.6 | **16.4** |
| **Dep & Amort** | **118.6** | 108.1 | 106.3 | 103.1 | 99.2 | **9.7** |
| **EBITA** | **279.8** | 237.1 | 221.1 | 166.8 | 118.0 | **18.0** |
| **Borrowing Costs** | **53.0** | 42.2 | 44.5 | 54.4 | 61.8 | **25.6** |
| **Profit before Tax** | **205.7** | 173.9 | 156.8 | 93.5 | 41.6 | **18.3** |
| **Tax** | **56.7** | 53.4 | 53.3 | 39.0 | 12.1 | **6.2** |
| **NOPAT** | **132.5** | 108.1 | 94.0 | 47.1 | 23.6 | **22.6** |
| **NPAT** | | 127.9 | | | | |
| **EPS (cents)** | **23.5** | 19.5 | 17.2 | 8.7 | 5.1 | **20.5** |
| **ROFE (%)** | **14.2** | 13.2 | 12.5 | 9.1 | 6.3 | |
| **Full Yr Dividend (cents/share)** | **13.5** | 12.0 | 11.0 | 6.5 | 6.0 | |

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**In terms of financial performance, the highlights include the 20.5% increase in revenue to just under $4 billion, reflecting strong market conditions, and the price increases we have implemented to recover higher input costs.**

**Earnings before interest, tax, depreciation and amortisation were $377.3 million, a rise of 16.4%.**

**The $10.8 million increase in borrowing costs mainly reflects the discontinuation of the securitisation program, higher working capital requirements and the impact of higher interest rates.**

**Despite the significant improvement in profit, tax was only $3.3 million higher due to higher R&D claims in the 2004 tax return finalised in December 2004, and a continuation of the higher level of R&D expenditure claimed into the 2005 year. It resulted in an effective tax rate of 27.6%.**

## Non-Trading Items - NPAT

| $ Millions | FY05 |
|---|---|
| **Additions** | |
| Profit/Loss on sale of Assets | 1.3 |
| Tax | 7.1 |
| **Sub Total** | **8.4** |
| **Subtractions** | |
| Restructuring Costs | -2.7 |
| Blast Furnace disruptions | -42.0 |
| Other | |
| **Subtotal** | **-44.7** |
| **Net Benefit/ Loss** | **-36.3** |

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**The above slide has been provided to show you the one-off items in the result.**

**NPAT was boosted by a $1.3 million profit on asset sales and a $7.1 million tax adjustment associated with claimable research and development expenditure incurred in FY 2004.**

**Subtractions to NPAT included restructuring costs of $2.7 million and the impact of the blast furnace disruptions late in the 2004 calendar year which combined had a $44.7 million impact on profits.**

**The initial estimate for the Blast Furnace impact at the EBITDA level was $53 million. The latest estimate is $60 million EBITDA.**

**The net impact on NPAT of these one off items was a negative $36.3 million.**

## Financial Position

| A$ Million | Jun 05 | Jun 04 | Jun 03 | Jun 02 | Jun 01 | % Chg 04/05 |
|---|---|---|---|---|---|---|
| Total Assets | **3,119.6** | 2,803.2 | 2,577.0 | 2,582.0 | 2,710.8 | **11.3** |
| Liabilities | **1,662.9** | 1,429.8 | 1,292.0 | 1,359.4 | 1,594.6 | **16.3** |
| Net Assets | **1,456.7** | 1,373.4 | 1,285.0 | 1,222.6 | 1,116.2 | **6.1** |
| Net Debt | **645.3*** | 469.0 | 470.2 | 571.6 | 762.4 | **37.6** |
| Inventory | **836.7** | 704.6 | 591.0 | 574.1 | 540.3 | **18.7** |
| Receivables | **643.1** | 487.8 | 439.9 | 452.8 | 561.5 | |
| Creditors | **615.7** | 569.9 | 467.7 | 425.1 | 444.4 | |
| Funds Employed | **2,102.0*** | 1,842.4 | 1,755.2 | 1,794.2 | 1,878.6 | **14.1** |
| Gearing % (net debt / net debt plus equity) | **30.7** | 33.1 | 34.3 | 38.7 | 46.3 | |
| Interest Cover – times | **4.9** | 5.1 | 4.5 | 2.7 | 1.6 | |
| NTA/Share $ | **2.07** | 1.93 | 1.77 | 1.69 | 1.81 | |

*Includes $200m securitisation not included in prior years

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**As I mentioned earlier, we discontinued a $200 million securitisation program during the year which caused net debt to rise. It also resulted in an increase in funds employed, a rise in receivables and a decline in creditors**

**However I would point out that gearing, including securitisation, fell from 33.1% to 30.7%, so we were able to reduce gearing levels while funding the blast furnace reline.**

**I have also highlighted the higher value of inventory, which reflects price increases of inputs and finished products. Stock weeks have remained under 10 weeks.**

**To offset the higher inventory position we managed our supplier payment terms accordingly and debtor days outstanding improved year on year.**

## Cash Flow

| A$ Million | Statutory Jun 05 | Jun 04 | Jun 03 | Jun 02 | Pro Forma Jun 01 |
|---|---|---|---|---|---|
| Earnings before Tax | **203.2** | 156.9 | 157.9 | 86.8 | 47.5 |
| Dep & Amortisation | **118.6** | 108.1 | 106.3 | 103.1 | 99.2 |
| Capital & Invest Exp | **(126.8)** | (151.4) | (130.9) | (70.8) | (108.4) |
| Working Cap Movement | **(39.0)** | (46.2) | 17.5 | (76.5) | 183.2 |
| Income Tax Payments | **(54.1)** | (33.8) | (24.0) | (20.8) | (39.6) |
| Asset Sales | **4.9** | 45.3 | 16.7 | 56.2 | 116.8 |
| Other (SDL Loan) | **0.2** | 6.0 | (1.0) | 65.9 | (128.6) |
| Operating Cash Flow | **107.0** | 84.9 | 142.5 | 143.9 | 170.1 |
| Free Cash Flow | **101.9** | 43.9 | 154.9 | 28.5 | 220.8 |

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Slide 19

**The operating cash flow of $107.0 million is particularly pleasing in light of the increased working capital requirements in excess of $130 million associated with price increases and higher volumes. This was partly offset by a cash benefit of running down inventory associated with the blast furnace reline of approximately $60 million.**

**I would now like to look at the results of the segments.**

**As you know we announced a business restructure in May whereby the Reinforcing division moved from Australian Distribution to Manufacturing and Pipe & Tube moved from Manufacturing into Australian Distribution.**

**These changes are effective from 1 July 2005. However the segments results for the last financial year are reported in the new format and we have restated the previous financial years' results for comparison purposes.**

## Australian Distribution – Results

| A$ Millions | 2005 | 2004 | 2003 | 2002 | % chg 05/04 |
|---|---|---|---|---|---|
| Revenue | 1,785.3 | 1,537.0 | 1,430.9 | 1,417.6 | 16.2 |
| EBITDA | 164.2 | 127.1 | 116.4 | 109.0 | 29.2 |
| EBITA | 140.4 | 104.2 | 90.6 | 73.4 | 34.7 |
| Assets | 1,189.2 | 1,116.2 | 1,004.4 | 1010.2 | 6.5 |
| Employees | 2,483 | 2,391 | 2,286 | 2,349 | 3.8 |
| Sales Margin % | 7.9 | 6.8 | 6.3 | 5.2 | 16.2 |
| ROFE % | 17.0 | 13.0 | 11.5 | 8.9 | 30.8 |
| External Tonnes Dispatched | 981,409 | 938,157 | 917,800 | 900,500 | |

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**Looking first at Distribution, revenue was up 16.2% to $1.785 billion, while EBITDA rose 29.2% to $164.2 million.**

**During the year the successful implementation of SAP and other management initiatives contributed to the improved financial results.**

**Western Australia and Queensland markets have been buoyant while some volume has been regained from imports in selected product groupings.**

**Other highlights of the business' performance was the improvement in EBITA sales margin from 6.8% to 7.9% and the rise in Return on Funds Employed to 17% from 13%.**

## Manufacturing - Results

| $A Million | 2005 | 2004 | 2003 | 2002 | % chg 04/05 |
|---|---|---|---|---|---|
| Revenue | 2,066.5 | 1,700.9 | 1,583.1 | 1,445.8 | 21.5 |
| EBITDA | 184.7 | 187.4 | 175.7 | 133.7 | (1.4) |
| EBITA | 119.1 | 130.3 | 126.0 | 67.1 | (8.6) |
| Assets | 1,671.7 | 1,555.3 | 1,439.0 | 1,398.8 | 7.5 |
| Employees | 3,908 | 3,872 | 3,818 | 3,857 | 0.9 |
| Sales Margin % | 5.8 | 7.7 | 8.0 | 4.6 | (24.7) |
| ROFE % | 10.9 | 12.3 | 11.9 | 6.3 | (11.4) |
| Tonnages | | | | | |
| External Dispatches | 1,265,970 | 1,221,379 | 1,306,346 | 1,280,875 | |
| Internal Dispatches | 270,719 | 257,266 | 259,854 | 252,325 | |
| Steel Tonnes Produced | 1,349,397 | 1,618,855 | 1,624,399 | 1,576,650 | |

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**Australian Manufacturing also posted a significant rise in revenue of 21.5% but EBITDA was down slightly to $184.7 million with improvement in performance elsewhere in Manufacturing offset by the impact of the disruptions at the Whyalla blast furnace.**

**The EBITA sales margin and return on funds employed were similarly impacted.**

**Despite lower tonnes being produced stemming from the reline and later disruptions, sales dispatches from Manufacturing were over 50,000 higher.**

## International Distribution – Results

| $A Million | 2005 | 2004 | 2003 | 2002 | 2001 | % Chg 04/05 |
|---|---|---|---|---|---|---|
| Sales | 403.5 | 340.3 | 290.8 | 289.2 | 312.2 | 18.6 |
| EBITDA | 61.4 | 47.6 | 36.6 | 30.7 | 29.3 | 29.0 |
| EBITA | 56.1 | 42.7 | 32.0 | 26.1 | 23.8 | 31.4 |
| Assets | 193.3 | 172.1 | 156.1 | 133.1 | 174.0 | 12.3 |
| Employees | 804 | 793 | 765 | 620 | 700 | 1.4 |
| Sales Margin % | 13.9 | 12.5 | 11.0 | 9.0 | 7.6 | 11.2 |
| ROFE % | 37.4 | 31.7 | 27.0 | 20.5 | 16.2 | 18.0 |

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Steel & Tube Holdings benefited from continuing strong economic growth in New Zealand and strength in commercial construction. Sales rose 18.6% to $403.5 million and EBITDA increased 29% to $61.4 million.

The sales margin improved from 12.5% to 13.9%, and the return on funds employed rose from 31.7% to 37.4%.

A good business delivering even better results during the year.

I will now hand back to Geoff for the review of operations.


**Thank you Tony.**

**As noted earlier in the presentation the Australian businesses benefited from healthy levels of activity in the market segments that drive OneSteel's revenue.**

## Operational Review

**Distribution's sales margins improved**

- Effective price and margin management during period of high price volatility
- Some growth in volumes
- Benefits of SAP implementation

**Manufacturing - improved performance by Market Mills partly offset by disruptions at Whyalla blast furnace**

- Price leadership to recover material input cost increases
- Record production at Sydney Steel Mill
- New ropery plant with six- and eight-strand capability
- Mesh rationalisation project, lowering costs and boosting potential output

**International Distribution benefited from strong economic growth**

- New Zealand commercial construction activity grew, residential stable
- Margins improved in most businesses

**Record safety performance**

- MTIFR improved by 20% to 11.4
- LTIFR improved by 50% to 1.3 from 2.6

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**The improvement in Distribution's sales margin that Tony highlighted reflects effective management of prices and margins during a period of high volatility in prices. The result also reflects growth in volumes with tonnes dispatched up by over 43,000 tonnes.**

**Distribution is now reaping the benefits of SAP with increased customer and sales information across the business. This is allowing greater insight into product movements, pricing and margin analysis and customer buying patterns.**

**OneSteel Manufacturing led the way in implementing price increases to recover material input cost increases. There was improved performance at Market Mills, notably record production at Sydney Steel Mill and lower costs. There is the potential to boost output in Reinforcing as a result of the mesh rationalisation project and we are securing orders on the basis of the new ropery plant with six- and eight-strand capability. These pleasing results were partly offset by the disruptions at the Whyalla blast furnace.**

**International Distribution's excellent results also benefited from strong economic growth which made for favourable market conditions except in the rural sector.**

## Major Project Status

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**I would now like to give you an update on Project Magnet which has been underway for some months now.**

## Update on Project Magnet

- Three of four major contracts finalised – Thiess, CSL, BHP-B
- Mine cutback – a further 1.5M tonnes since project approval - on schedule
- Proto-type, high-sided, rail wagon successfully tested.
- Slurry pipeline construction commencing August 05
- Trans-shipping facilities on schedule
- Revenues
  - Iron Unit Sales – Ore and Pellet
    - FY 2006 400 to 500kt
    - FY 2007 1,400-1,500kt
    - FY 2008 Approx. 3.2mt
  - Slab Sales commence FY 2008
- Project running to schedule and budget

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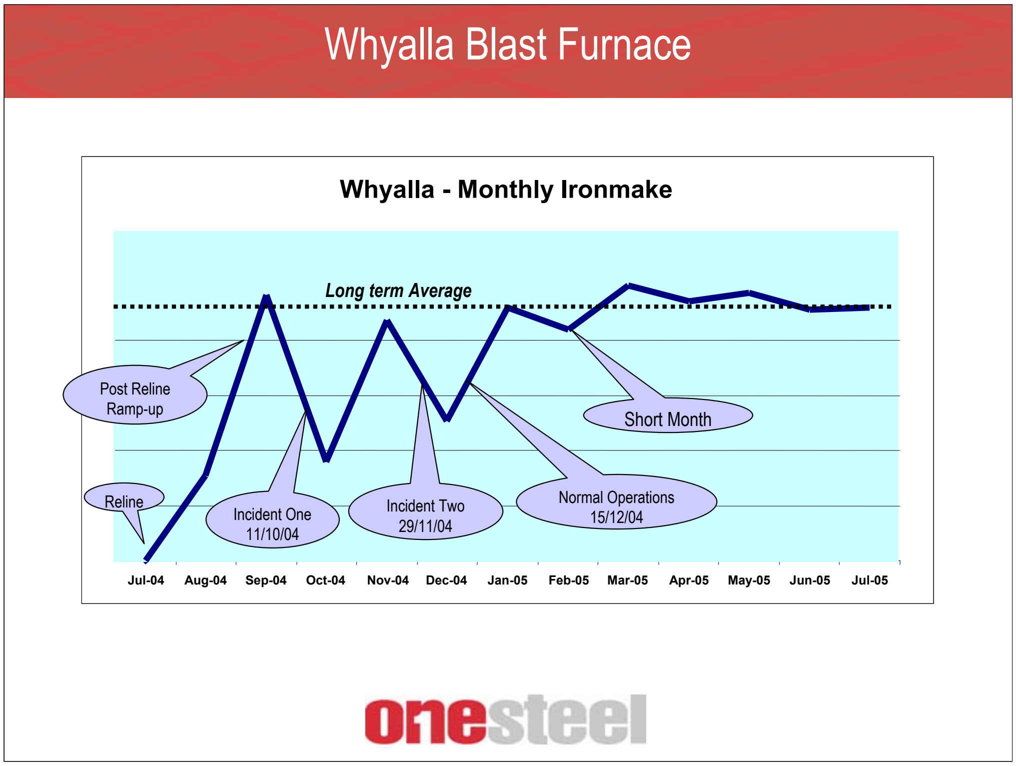
Much progress has been made with project Magnet. Three of the four major contracts have been finalised, construction with Thiess, transhipping with CSL and marketing with BHP Billiton.

The mine cutback is well progressed and on schedule, with a further 1.5 million tonnes removed since project approval.

A proto-type of the high sided rail wagon has been successfully tested and construction on the slurry pipe commences later this month while trans-shipping facilities are on schedule for the March quarter next year.

The  project is running to schedule and budget.




**The year's results were impacted by the production disruptions at the Whyalla blast furnace late in the 2004 calendar year.**

**As mentioned at the half, the lost tonnage was made up through a combination of imported product of approximately 90,000 tonnes, running Sydney Steel Mill harder and running down billet stocks.**

**The blast furnace has been producing iron at historical levels since December, as can be seen from the graph on this slide.**


**I would like to finish with some concluding remarks.**

## Outlook and Summary

- Domestic market to remain robust
  - Residential decline more than offset by gains in non-residential and engineering construction
- Expectation of dynamic international steel markets
  - Effects of material input costs a factor in volatility

➢ Continue price leadership to offset increased material costs

➢ Continued focus on displacing import volumes

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We expect the domestic market to remain strong, with the softening in residential construction more than offset by gains in non-residential and engineering construction. A list of our major projects is included in the attachments which demonstrates that we have a healthy pipeline of work.

We expect ongoing volatility in international steel markets and in costs of input materials and therefore we will maintain our focus on price leadership to offset increased input costs. We will also continue to look to displace import volumes in selected product lines through managing our market offer.


**I believe there is still plenty of potential to improve business performance in areas of costs, margins and volumes. We are looking to do this through initiatives such as improving supply chain management, logistics and improving our customer service levels.**

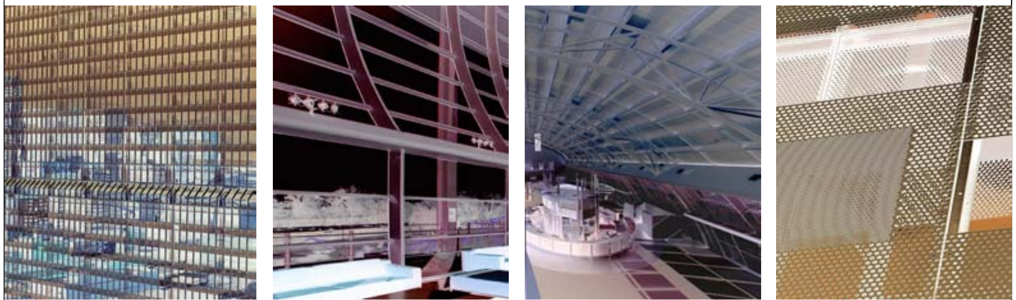
**Our objective is to continue to offset material cost input increases through price leadership and underlying inflationary cost increases through operational savings.**

**Our main priorities will be:-**

- **managing Project Magnet to a successful outcome**
- **drive value from existing business by**
  - **managing costs down**
  - **generate cash**
  - **maximise the benefits of a robust domestic market.**

**Thank you for your interest in OneSteel today.**

**I am happy to take any questions you may have.**



# Full Year Results
# 16 August 2005

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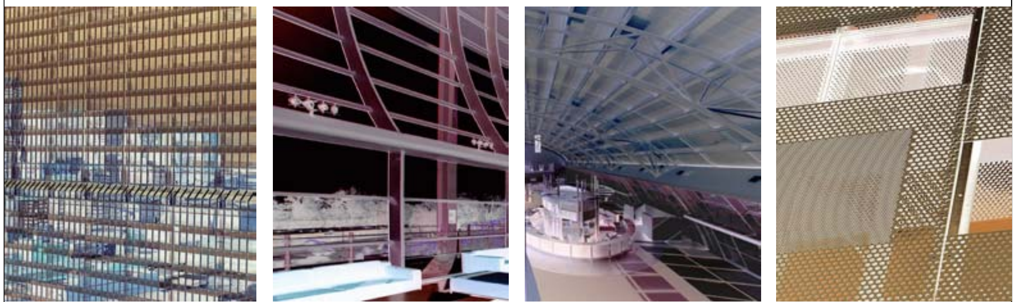

# Attachments Key Financials

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## Cash Flow Reconciliation

| A$ Million | Jun 05 | Statutory Jun 04 | Jun 03 | Jun 02 | Pro forma Jun 01 |
|---|---|---|---|---|---|
| EBITDA (adjusted for profit on asset sales) | 374.8 | 307.6 | 307.6 | 251.0 | 181.7 |
| Interest | (53.0) | (42.2) | (44.5) | (54.4) | (61.8) |
| Tax | (54.1) | (33.8) | (24.0) | (20.8) | (39.6) |
| Capital Expenditure | (126.8) | (141.5) | (101.5) | (70.8) | (42.7) |
| Working Capital | (39.0) | (46.2) | 17.3 | (76.5) | 183.2 |
| Free Cash Flow | 101.9 | 43.9 | 154.9 | 28.5 | 220.8 |
| - Less Investments | 0 | (9.9) | (29.4) | 0 | (65.7) |
| - Plus Asset Sales | 4.9 | 45.3 | 16.7 | 56.2 | 116.8 |
| - Other | 0.2 | 5.6 | 0.3 | 59.2 | (101.8) |
| Operating Cash Flow | 107.0 | 84.9 | 142.5 | 143.9 | 170.1 |

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# Overview of AIFRS Impacts

- **Impacts**
  - **Impairment of fixed assets and goodwill**
  - **Restatement of deferred tax assets and liabilities**
  - **Recognition of the deficit in the defined benefits superannuation fund**
- **Areas of no impact**
  - **Underlying cash flow and therefore economic value of the company**

- **Refer to Note 34 of the Full Financial Statements for more detail.**

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# Main Impacts

**Reconciliation of net profit as reported under AGAAP to that under AIFRS**

| For the year ended 30 June 2005 | Notes | Consolidated $m | Parent $m |
|---|---|---|---|
| **Net profit under AGAAP** | | 132.5 | 73.9 |
| Reversal of amortisation of goodwill | | 21.1 | - |
| Adjustment to depreciation due to impairment at 1 July 2004 | | 4.1 | - |
| Reversal of impairment losses on PP&E | | 45.6 | 18.3 |
| Charge under the 'corridor approach' associated with the recognition of the defined benefits superannuation fund | | 0.4 | - |
| Adjustment to the expense recognised for share-based payments | | 0.7 | - |
| Charge for the recognition of additional provisions | | (0.3) | - |
| Adjustment to income tax expense | | 0.5 | - |
| **Net profit under AIFRS** | | 204.6 | 92.2 |

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# Main Impacts

**Reconciliation of equity as presented under AGAAP to that under AIFRS**

| | Notes | Consolidated | | Parent | |
|---|---|---|---|---|---|
| | | 30 June 2005 | 1 July 2004 | 30 June 2005 | 1 July 2004 |
| | | $m | $m | $m | $m |
| | | ** | * | ** | * |
| **Total Equity under AGAAP** | | 1456.7 | 1373.4 | 1302.6 | 1282.7 |
| Adjustments to Retained Profits (net of tax) | | | | | |
| Recognition of impairment loss (including goodwill) | | (58.1) | (103.7) | - | (18.3) |
| Adjustment to depreciation due to impairment at 1 July 2004 | | 4.1 | - | - | - |
| Reversal of goodwill amortisation | | 21.1 | - | - | - |
| Recognition of defined benefit superannuation fund liability | | (7.7) | (8.1) | - | - |
| Recognition of "make good" and other provisions | | (1.0) | (0.7) | - | - |
| Recognition of deferred tax on revalued assets and other items | | (20.7) | (21.2) | - | - |
| Recognition of revised amortisation of share-based payments expense | | 1.6 | 0.9 | - | - |
| | | (60.7) | (132.8) | - | (18.3) |
| Adjustments to other equity items (net of tax) | | | | | |
| Recognition of share-based payment expense | | 1.8 | 1.0 | 0.1 | 1.0 |
| Elimination of Treasury shares from Share Plan Trusts | | (8.7) | (2.3) | (2.3) | - |
| | | (6.9) | (1.3) | (2.2) | 1.0 |
| **Total Equity under AIFRS** | | 1,389.1 | 1,239.3 | 1,300.4 | 1,265.4 |

* This column represents the adjustments as at the date of transition to AIFRS.
** This column represents the cumulative adjustments as at the date of transition to AIFRS and those for the year ended 30 June 2005.

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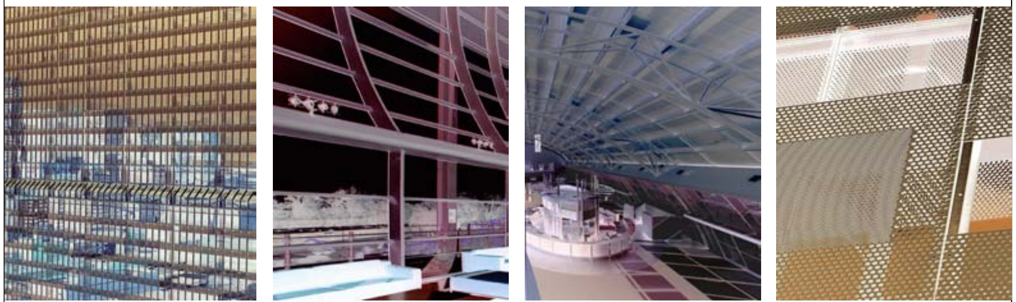

Attachments Project Magnet

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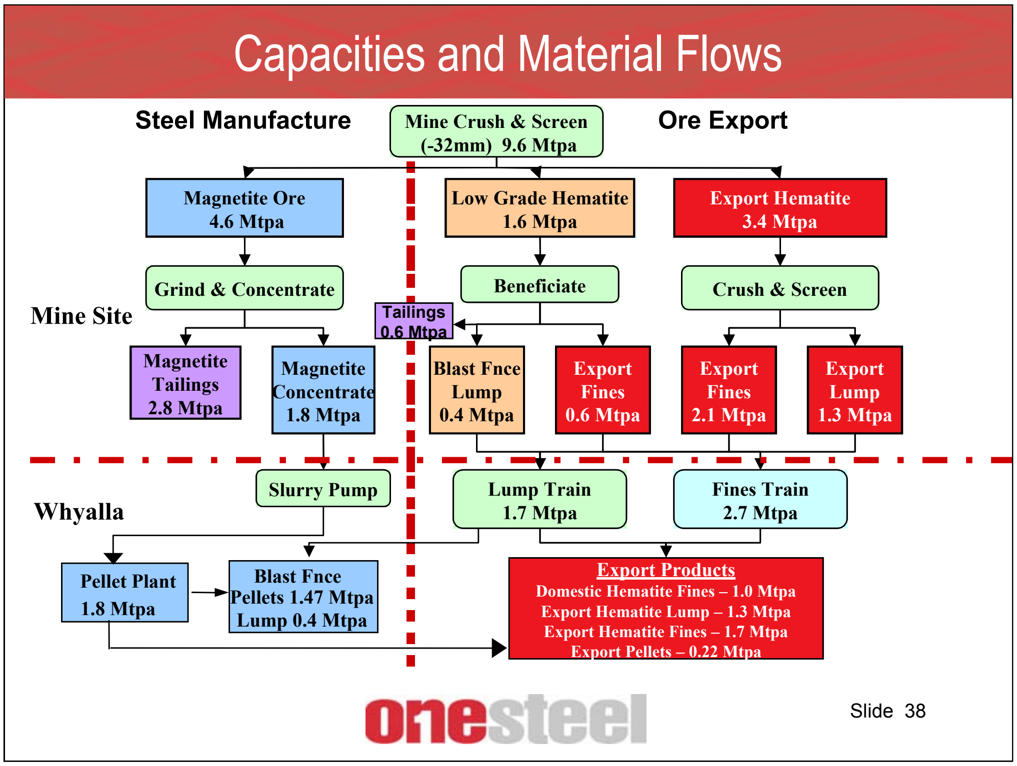
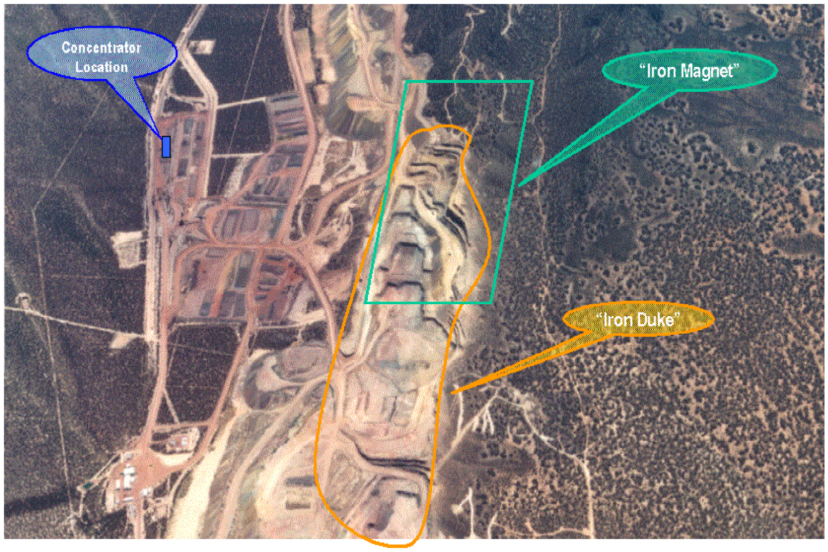



**This chart demonstrates the flow between the steel steel producing channel using magnetite and the ore exporting channel using hematite.**

# Project Magnet – Resource Location

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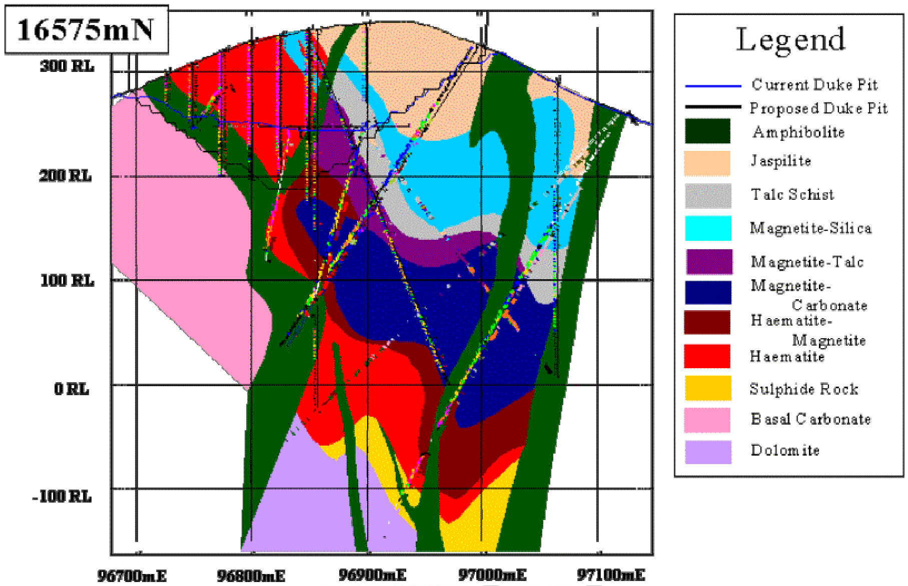
## Project Magnet - Geology

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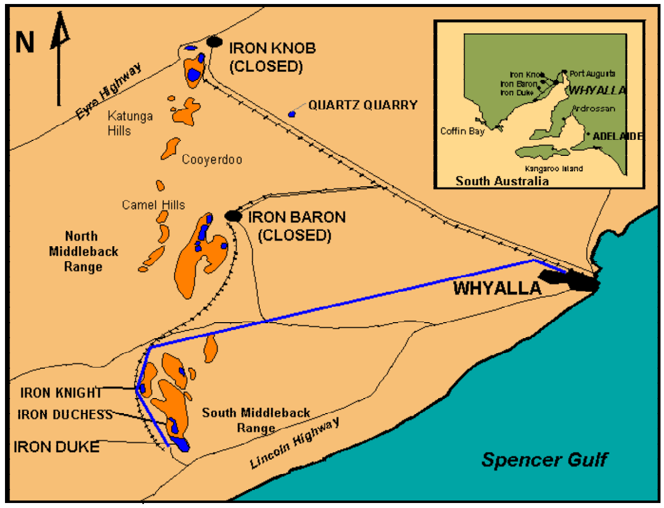
## Project Magnet Geography

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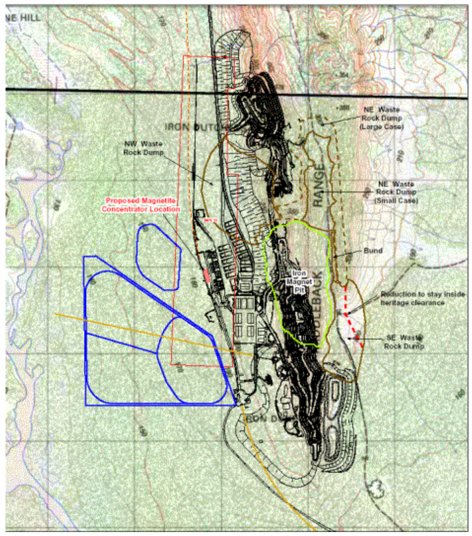
# Iron Magnet Mine Site

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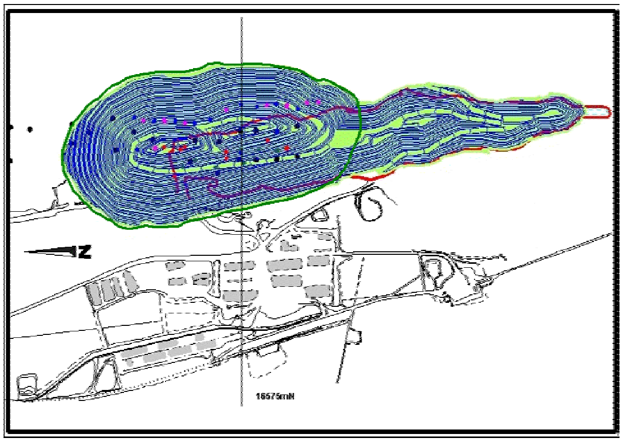
# Iron Magnet Mine Site




Drill Holes

Iron Duke Pit Outline

Iron Magnet Pit Outline

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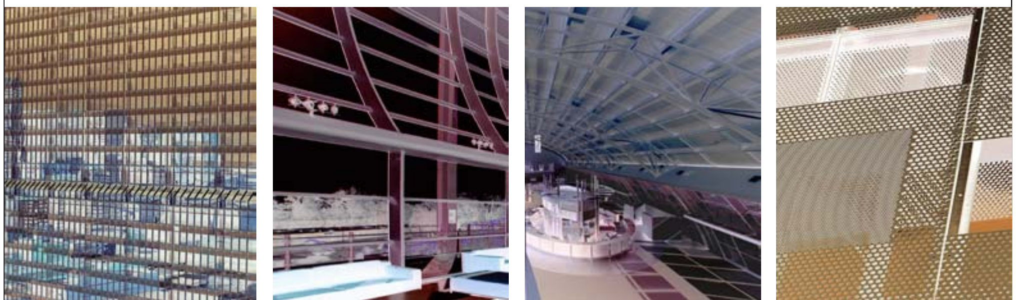
# Current Market Trends



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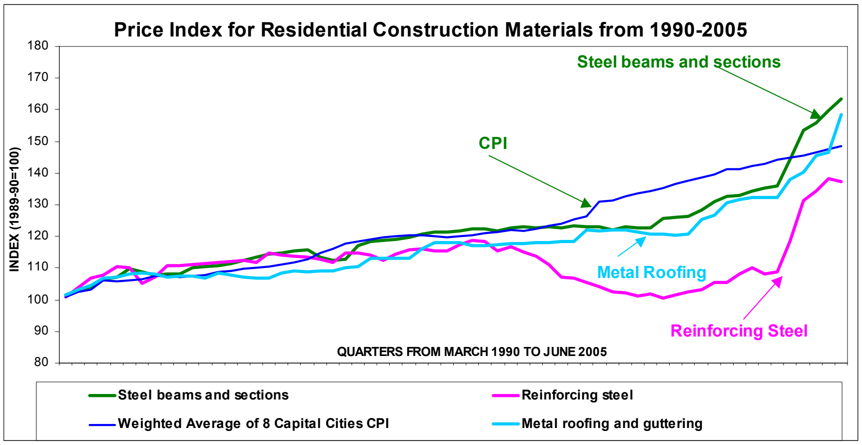
# Australian Steel Price Index




Source: Australian Bureau of Statistics

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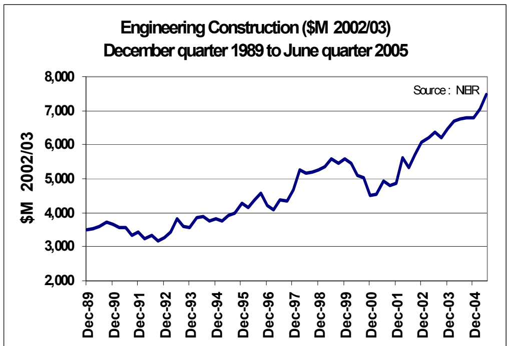
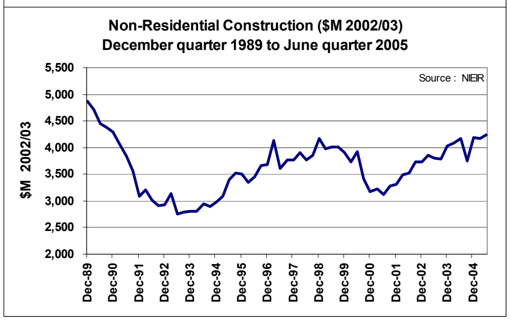
# OneSteel Key Segments




**Represents 24% of OneSteel Activity**

**7.5% year on year increase in value of work**




**Represents 23% of OneSteel Activity**

**1.8% year on year Increase in value of work**

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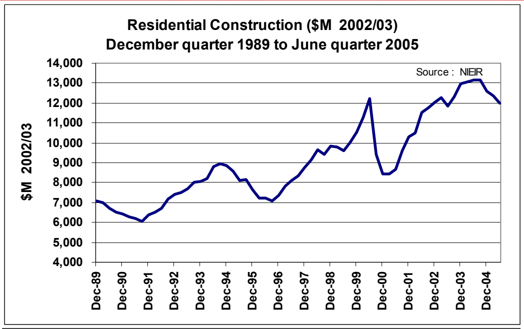
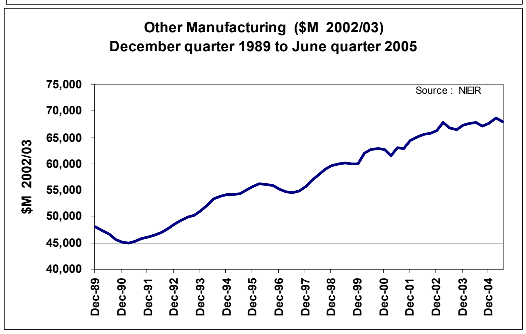
# OneSteel Key Segments




**Represents 14% of OneSteel Activity**

**2.7% year on year decrease in value of work**

**Overall construction segment (61% of OneSteel revenue) up 2.9%**

**Represents 12% of OneSteel Activity**

**0.9% year on year increase in value of work**

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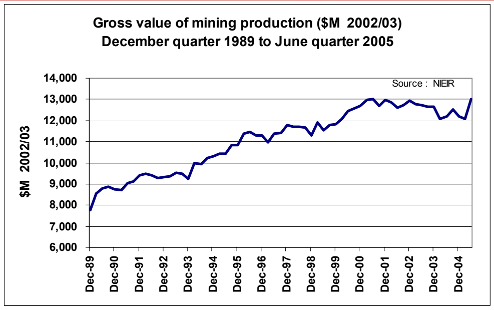
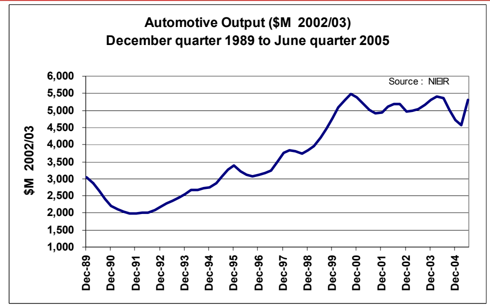
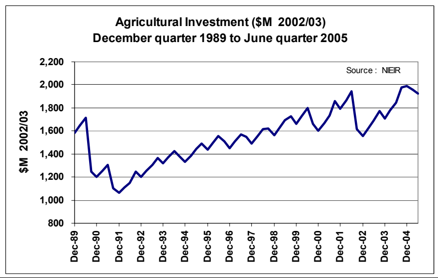
# Overall Increase In OneSteel Key Segments




**10% of OneSteel Activity**
**0.1% increase year on year**




**7% of OneSteel Activity**
**7.6% decrease year on year**




**6% of OneSteel Activity**
**5.4% decrease year on year**

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# Major Project Flow

**Current**

- OneSteel Project Magnet
- Connect East, East Melbourne Motorway
- Lane Cove Tunnel
- Eureka Building – Melbourne
- Darling Island Park - Sydney
- The Village Meriton - George Street
- Meadowbank – Sydney
- Macarthur Square Redevelopment – Sydney
- Ravensthorpe Nickel – WA
- Rio-Tinto Parket Point Upgrade (Dampier Wharf)
- BHP Billiton Area C
- Minerva Gas – Victoria
- Burrup Fertiliser - WA
- Woodside “Perseus over Goodwyn” – off WA
- Clean Fuel Upgrade – BP, Caltex, Mogas (Brisbane)
- Alcoa Pinjarra Upgrade – WA
- Comalco WEIPA Refinery - QLD
- Chatswood to Epping Rail Link - NSW
- M7 Western Orbital – Sydney
- Brisbane Airport Carpark
- Worsley Alumina Refinery Upgrade
- Inco Goro – QLD
- Alcan Gove Expansion
- Yabulu Refinery – QLD
- Comalco Refinery SE QLD – Phase 2
- IKEA Retail Centre – SA
- Braemer Gas Pipeline
- Woodside Train 5
- Bucyrus Project – drag lines
- Cowal Gold Mine – NSW
- Comet Coal, Blackwater - QLD

**Upcoming**

- Falcon Bridge (New Caledonia)
- Alcoa Wagerup
- Gorgon LNG – Chevron/Texaco
- Brisbane Water Treatment Plant
- HRFHO ( mine in Ghana) – Africa
- Convention Centre – Melbourne CBD
- Melbourne Showground – Flemington
- Woolworths Minchinbury – NSW
- Bluescope Erskine Park Coating Line – NSW
- Woolworths Distribution Centre – QLD
- Gladstone Nickel Project – Yarwun, QLD
- Aldoga Aluminium Smelter – QLD
- PNG Gas Onshore Pipelines
- Natural Fuels Australia – Bio Processing Plant
- Coles Myer Distribution Centre – Adelaide
- ABB Bulk Handling Facility – Adelaide
- Pot River Bridges
- ADO Air Warefare Destroyers – WA
- Hope Downs Iron Ore Mine – WA
- Newcrest Boddington Gold Mine – WA
- Mining and Port Development JV – BHP Billiton
- Westfield Liverpool - NSW
- Sydney International Carpark
- Vopak Botany Terminal
- Dragline II - Bucyrus
- Holsworthy Industral
- Fantastic Furniture Warehouse - NSW

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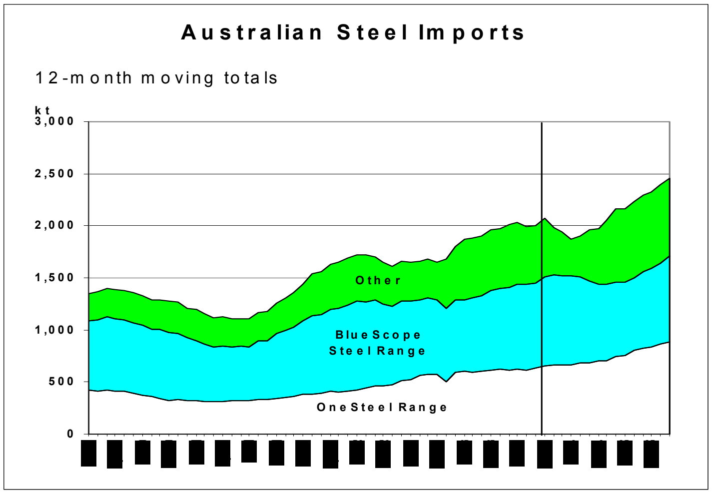
# Imports into Australia




Source: Australian Bureau of Statistics and OST data

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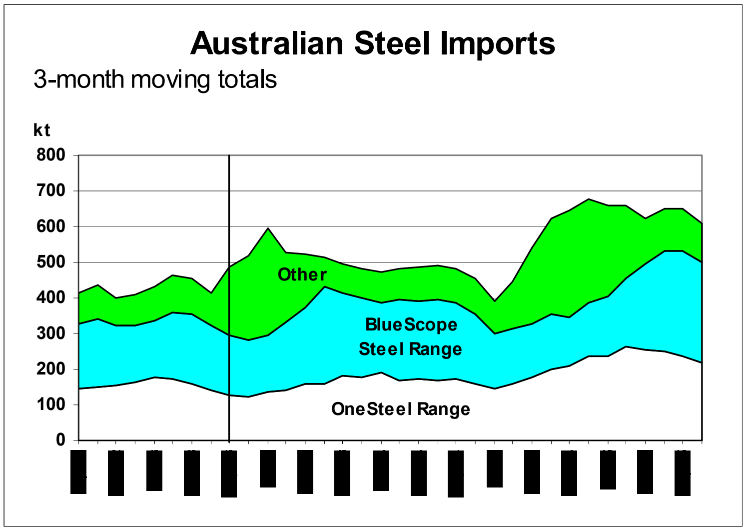
# Imports into Australia




Source: Australian Bureau of Statistics and OST data

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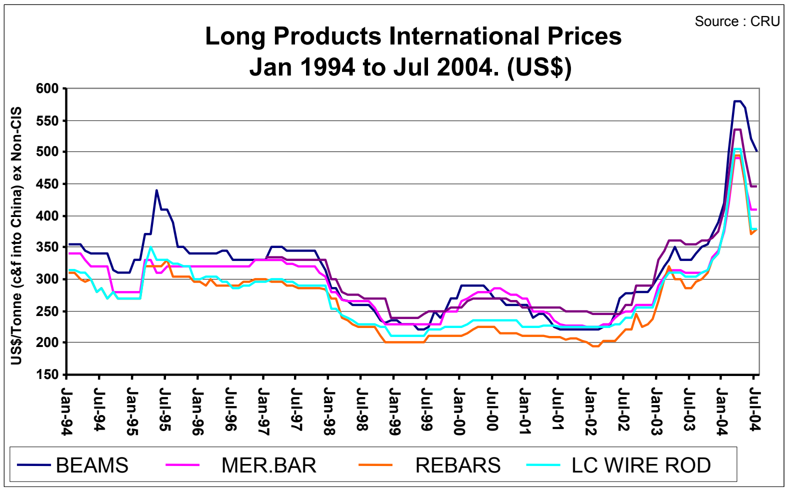
# Trends in International Long Product Steel Prices

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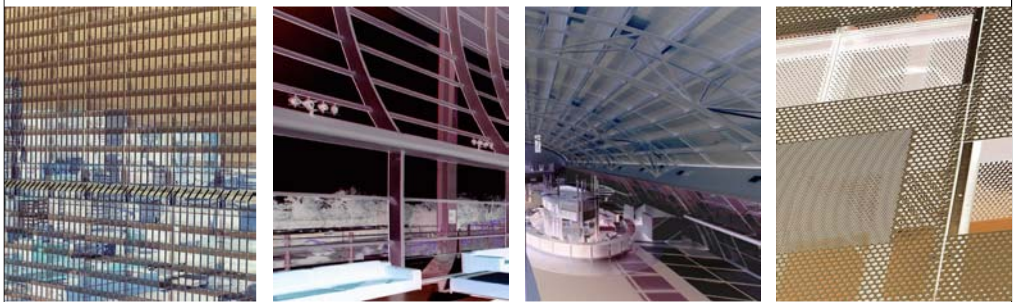

# Full Year Results
16 August 2005

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