



Presentation to New Zealand Analysts
Takeover offer by OneSteel for Steel & Tube
29 September 2008

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Executive summary

OneSteel believes the offer price of NZ\$4.00 provides compelling value to Steel & Tube shareholders

- OneSteel NZ has given notice to Steel & Tube of its intention to make a cash offer for all of the shares in Steel & Tube it does not own (the “Offer”)
- Proposed offer price of NZ\$4.00 cash per Steel & Tube share
- Provides all Steel & Tube shareholders an opportunity to realise a very attractive value for all of their shares
- Subject to limited conditions
- The Offer confirms OneSteel’s commitment to the New Zealand market
- OneSteel intends to grow the Steel & Tube business and maintain a quality product offering and high level of service
- Expected Offer date 29 October

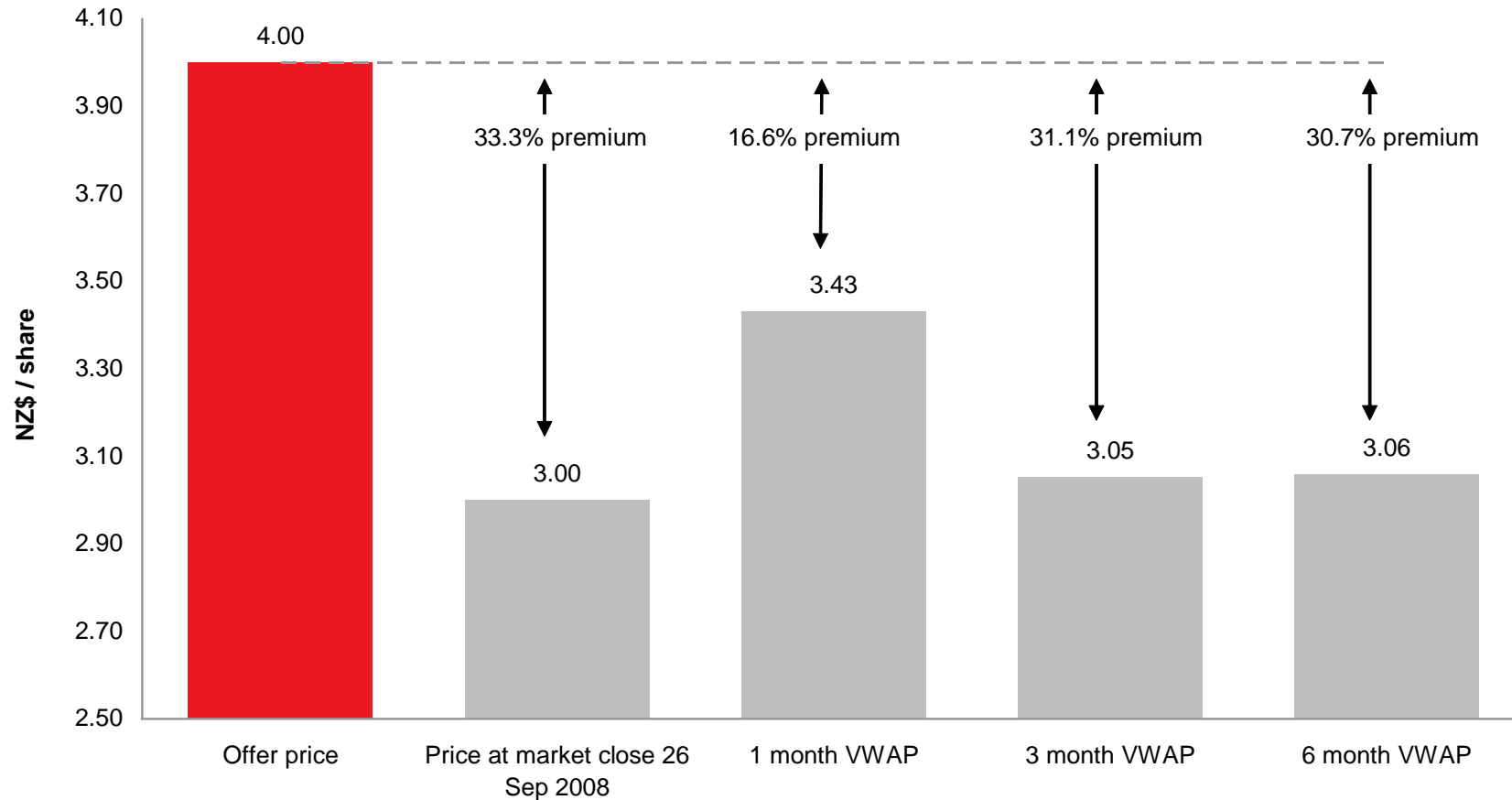
Highlights of the Offer

Proposed cash offer of NZ\$4.00 per share for all Steel & Tube shares OneSteel does not already own

1. Significant premium
2. Excellent value for Steel & Tube shareholders
3. Value certainty
4. Attractive liquidity opportunity for all shareholders
5. Limited conditionality

1. Significant premium

Offer price provides an attractive cash premium to Steel & Tube's trading value



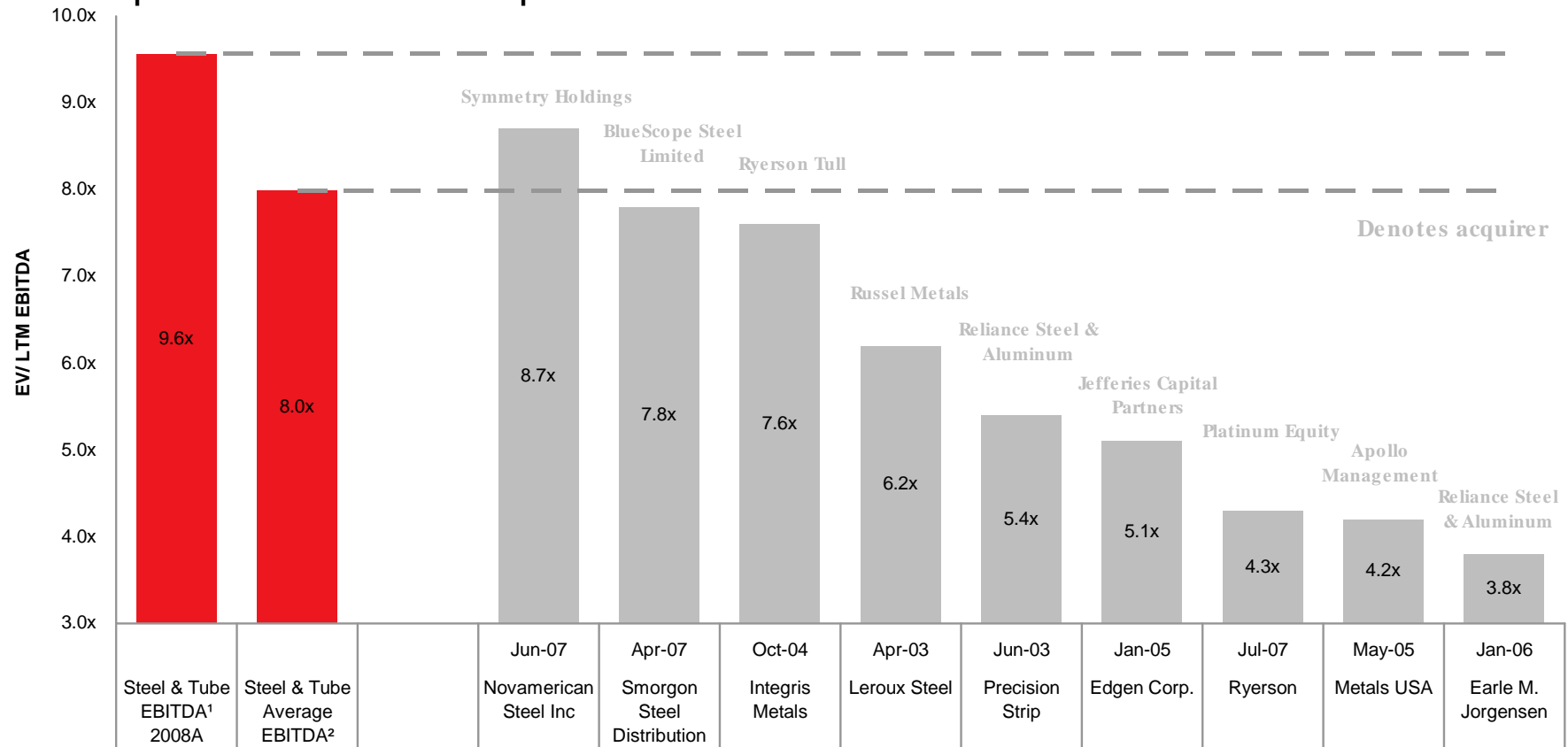
Source: IRESS

Note:

1 VWAP is volume weighted average price and is calculated by dividing the total value of shares traded in that period by the total volume of shares traded

2. Excellent value—comparable transactions

Attractive transaction multiple of 9.6x 2008A EBITDA for Steel & Tube is significantly higher than comparable metal distribution precedent transactions



Target

Source: Company announcements, investor presentations

Notes:

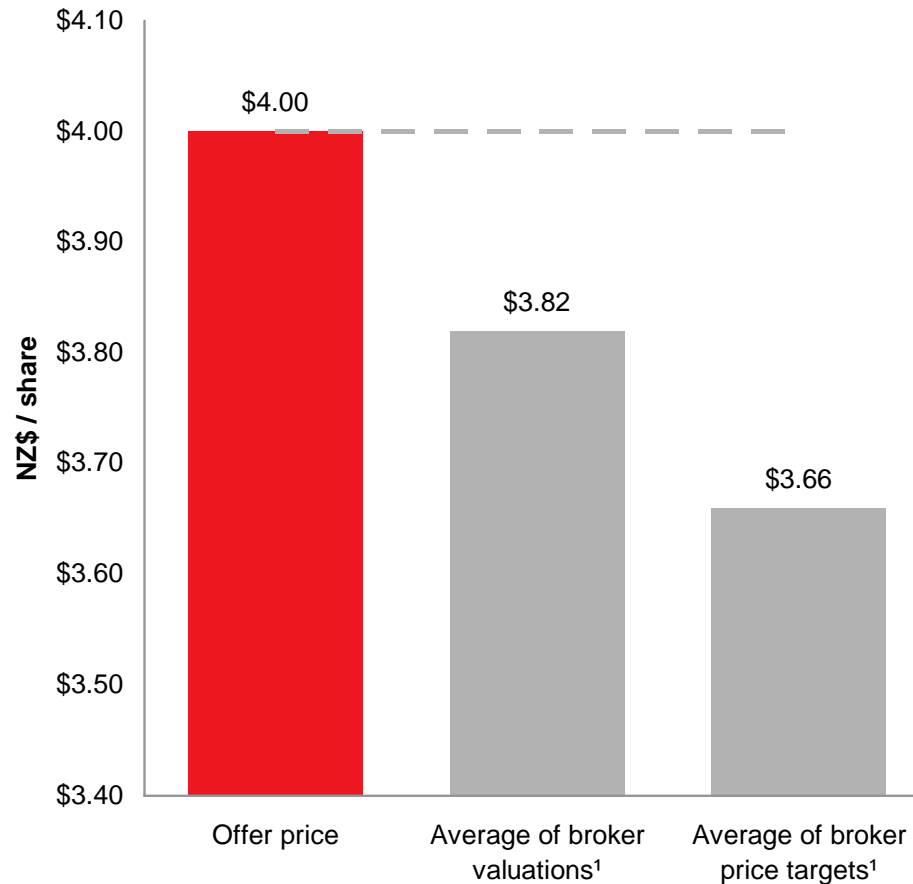
1 2008A EBITDA for Steel & Tube of NZ\$45.7m

2 Average EBITDA for Steel & Tube for the five financial years between FY2004 and FY2008 (inclusive) of NZ\$54.8m

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2. Excellent value—broker valuations and price targets

The Offer represents a premium to the average of broker analyst valuations of Steel & Tube, and the average of broker price targets



Source: Broker reports

Note:

¹ Represents the average from 7 brokers including ABN AMRO, Citigroup, First NZ Capital, Forsyth Barr, Goldman Sachs JBWere, Macquarie and UBS, sourced from research reports published post 14 August 2008 and available to OneSteel

3. Value certainty—volatile sharemarket

Opportunity to receive cash in today's volatile sharemarket

Relative performance of NZX50 and Steel & Tube

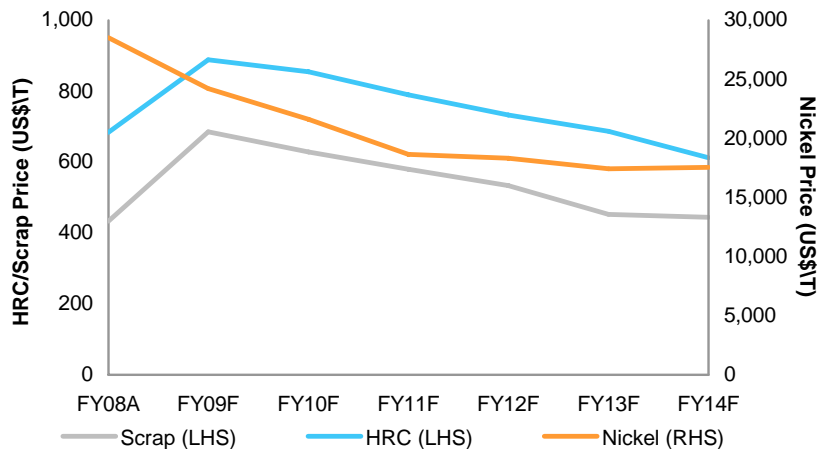
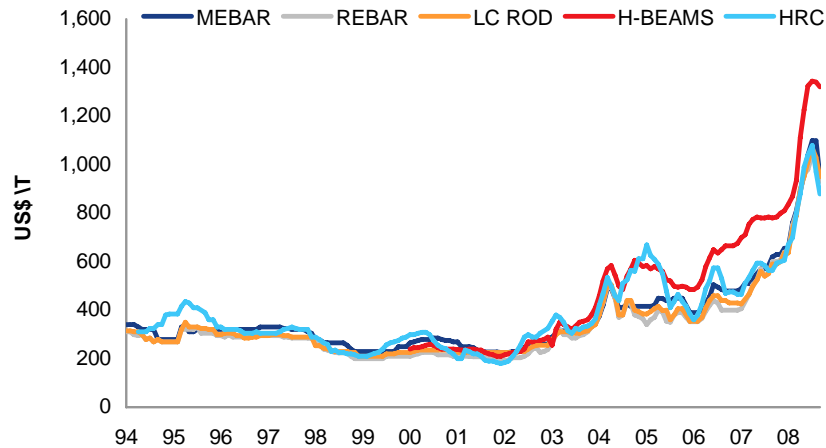


Source: IRESS

- The Offer represents an opportunity to receive NZ\$4.00 cash per share
- The New Zealand sharemarket has declined 21.1% since January
- Uncertainty in the global financial markets continues to represent significant risk to the sharemarket
- Share price volatility has been high, particularly in the past 6 months

3. Value certainty—steel price volatility

The steel price cycle appears to have peaked in 2008 and the outlook is for continued volatility



Source: Broker consensus

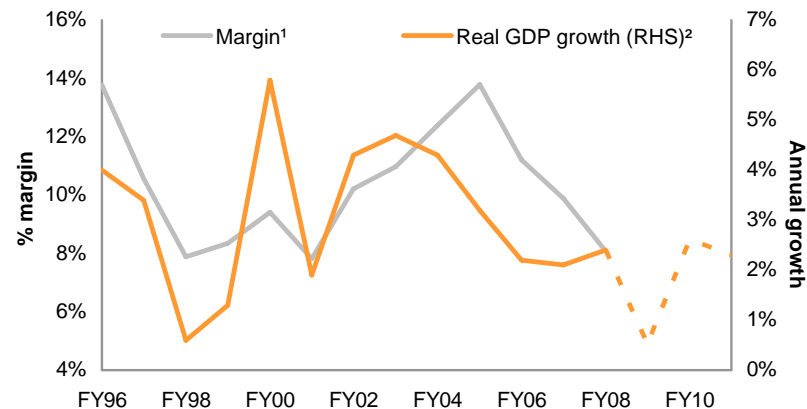
- Volatility in international steel prices
 - OneSteel expect international prices for steel and steelmaking inputs to continue to be volatile

- Potential implications for Steel & Tube:
 - Likely recent strong revenue growth from price increases, however;
 - Potential margin contraction as weakness in demand prevents full pass through of price increases
 - Softer volumes in weaker economy
 - Expensive inventory build, which exposes Steel & Tube to recent steel price declines and increased working capital requirements

3. Value certainty–uncertain economic outlook

The outlook for the New Zealand economy is uncertain, with low growth expected in construction and overall GDP

Real GDP and EBITA margins



Notes:

- 1 EBITA margins are for NZ only earnings. Excludes earnings from the Canadian business, AJ Forsyth, from FY96-FY01
- 2 FY09 to FY11 real GDP forecast provided by Infometrics

Activity sector growth

	2008	2009	2010	2011
Residential construction	6.6%	-3.3%	1.2%	-3.3%
Non residential construction	5.5%	-2.2%	-2.5%	1.1%
Other construction	-0.1%	9.5%	2.2%	3.0%
Total construction	-0.6%	0.6%	0.4%	-0.1%
GDP	2.4%	0.5%	2.6%	2.3%

Note:

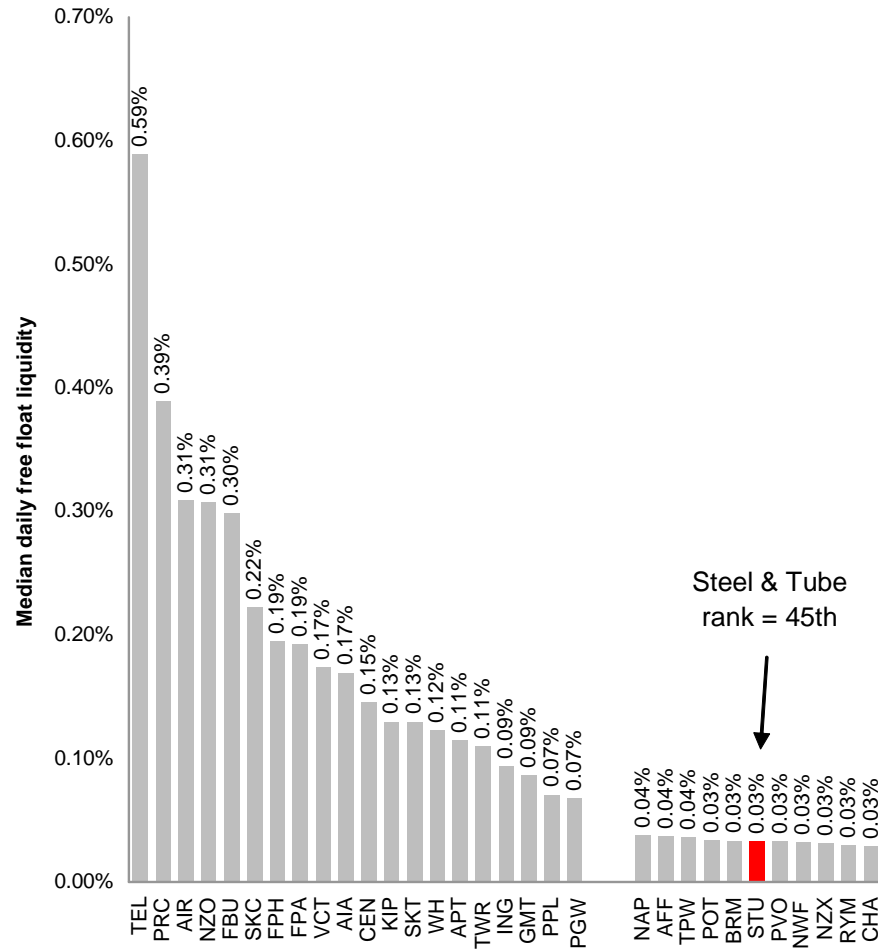
- 1 March year end forecasts from Infometrics

- Steel & Tube’s profitability is highly cyclical
 - Operating profit and margins have been highly correlated to the level of economic activity in New Zealand
 - Going forward, economic activity in New Zealand is expected to endure a period of weakness

- Construction activity expected to remain soft over medium term
 - The construction cycle is a major demand driver for Steel & Tube’s products
 - Weak residential activity expected but should be partially offset by pockets of strength in the infrastructure and agriculture sectors

4. Attractive liquidity opportunity

The Offer represents a unique opportunity for Steel & Tube shareholders to exit their entire shareholding at a premium price



Source: IRESS

Liquidity of Steel & Tube shares on the NZX is low

If a large number of Steel & Tube shareholders attempted to sell their shares on-market it is likely to drive down the Steel & Tube share price

The Offer provides an opportunity for all Steel & Tube shareholders to receive a premium price for all their Steel & Tube shares

Given OneSteel has a 50.27% shareholding in Steel & Tube it is unlikely that another opportunity such as this will arise without OneSteel's involvement

5. Limited conditionality

The Offer is subject to limited conditions and is not conditional on financing

- The Offer conditions are
 - Acceptance level that results in 90% ownership
 - Overseas Investment Office approval
 - Between the announcement date and the end of the period by which the offer must become unconditional, the NZX50 does not close below 2,710 on any three consecutive trading days
 - No regulatory actions

- The Offer is not conditional on financing

Rationale for OneSteel

The benefits of the proposed transaction to OneSteel stem from a more efficient ownership structure

- Ability to efficiently manage the Steel & Tube business as part of the OneSteel Group
- Simplification of the corporate structure
- Elimination of public company costs
 - e.g. registry, board of directors
- Access to Steel & Tube's operating cash flows
- Low risk transaction as OneSteel understands Steel & Tube's business
- Cash outlay of approximately NZ\$175m¹ for OneSteel
 - minimal impact on gearing
 - can be funded through cash flow and existing banking facilities
- OneSteel expects the transaction to be EPS accretive in the first full year (excluding transaction costs) and thereafter

Note:

¹ Based on a proposed Offer price of NZ\$4.00 per share for all of the Steel & Tube shares that OneSteel does not already own

OneSteel's commitment to New Zealand

The Offer reaffirms OneSteel's commitment to New Zealand

- OneSteel intends to continue to invest in and grow the Steel & Tube business
- OneSteel is committed to the New Zealand market and Steel & Tube's business, employees, customers and suppliers
- OneSteel intends to retain the Steel & Tube brand, grow the Steel & Tube business and maintain a quality product offering and high level of service

Next steps

1. Today – announcement and lodgement of Takeover Notice
2. Steel & Tube to commission Independent Adviser
3. Steel & Tube to receive Independent Adviser's report
4. Offer currently scheduled to be despatched on 29 October

Conclusion

OneSteel's Offer delivers

1. An attractive premium, in cash, in a volatile equity market and uncertain economic environment
2. An opportunity for all Steel & Tube shareholders to realise an attractive value for all their shares
3. Ongoing commitment to New Zealand