

A background image showing a close-up, blurred view of industrial steel beams or structural elements, rendered in a dark blue color scheme.

Business Presentation

September 2009



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Bisalloy Steel Group

Bisalloy Steels

Bisalloy Asia

Bisalloy Steels

- Australia's only manufacturer of high strength structural and wear resistant Q&T steel plate (Bisplate®) for Australian and international markets
- Purpose built facility at Unanderra, NSW

Bisalloy Asia

- Distribution in Thailand and Indonesia via joint venture agreements
- Representative office in Vietnam

Operations Overview

- Bisalloy Steels Australia is the primary processing operation – Q&T plate produced south of Sydney at the Unanderra facility
- Raw material / steel plate (“greenfeed”) sourced from several steel mills located in Australia and China
- Greenfeed heated and rapidly cooled so as to alter grain structure of the steel plate to achieve desired physical properties
- Significant barriers to entry – product quality and cost competitive output highly dependent on:
 - IP associated with greenfeed and production processes
 - Reliability and suitability of the continuous processing equipment
 - Quality and experience of the management and workforce
- Q&T products sold under the Bisplate® brand through network of distributors across Australia and New Zealand, JVs in Indonesia and Thailand and agents elsewhere in the world

Performance Drivers

Performance drivers vary across the business.

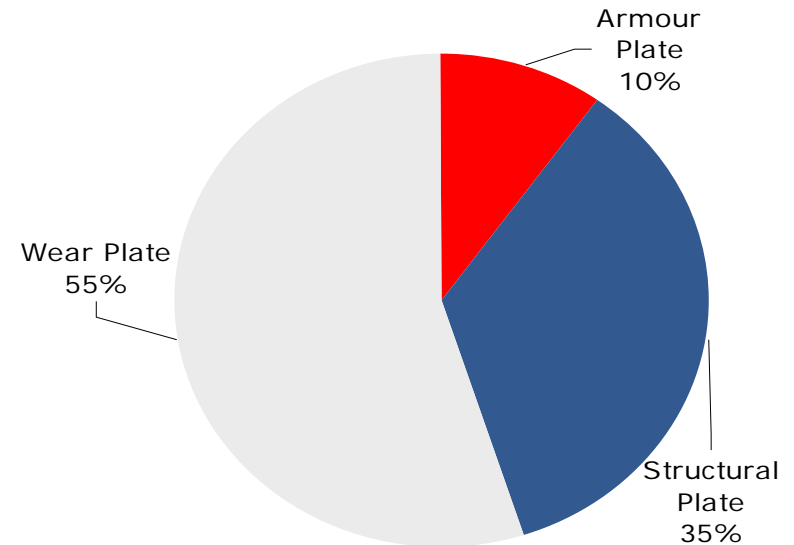
- The Australian processing operation is volume and margin driven:
 - Largest component of cost is raw materials (approximately 80% of total cost at historical volumes)
 - Simple variable cost structure (freight, energy, overtime)
 - Modest fixed cost base (\$8.4m p.a. processing, \$2.8m p.a. operating & admin)
- The Asian distribution businesses also driven by volumes and margins, however:
 - Distribution cost structure, low fixed cost base
 - No processing activity, therefore minimum variable cost other than cost of product

Products diversified across industries and applications.

KEY PRODUCTS

- **Wear plate** – Bisplate 400, 450, 500 for mining applications such as dump trucks and dragline buckets
- **Structural plate** – Bisplate 60, 70, 80, 80PV for applications such as booms on cranes and other light weight/high strength applications
- **Armour plate** – Bisplate HHA, HTA, UHTA, HIA Class 1 & 2 for applications such as armoured personnel carriers

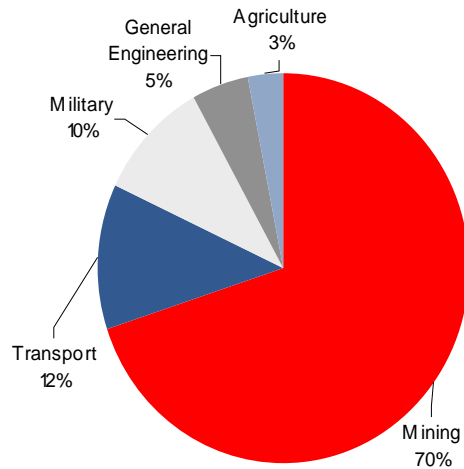
PRODUCT BY TONNES*



* Historically

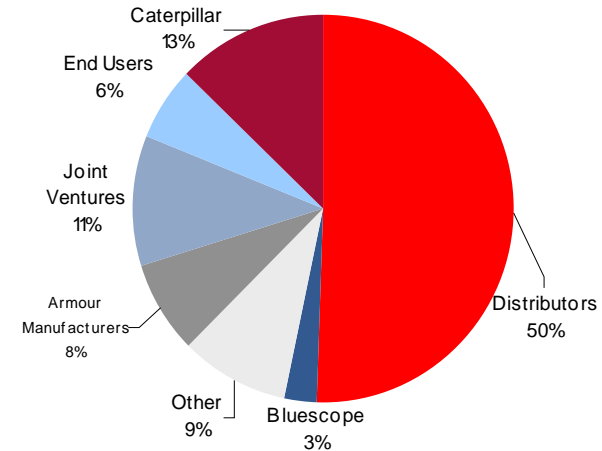
Revenues diversified across industries and customers.

INDUSTRY SECTORS*



- Leverage to resource sector and infrastructure led growth
- Expanding military applications for armoured plate
- Exposure to high growth Asian markets including Thailand and Indonesia

CUSTOMERS*



- Domestic customers (~ 70%) include Caterpillar and local distributors (e.g. OneSteel, BlueScope and Southern Steel Group)
- Exports (~ 30%) include Bisalloy Asia and international armour manufacturers
- Normalised plate for BlueScope

* Historically

Safety Performance



- STAR Safety Program has delivered significant safety outcomes
- Only two days lost time through injury in the last 21 months
- Workers Compensation Premium has fallen 44% in dollar terms in two years. Premium % is now 3.0% versus 7.3% two years ago

FY09 Results – overview



FINANCIAL RESULTS (Y/E 30 JUNE 2009)

Group Statutory Reporting Basis	FY09 (\$m)	FY08 (\$m)
Continuing Operations		
Revenues	109.0	125.8
Earnings before interest and taxes (EBIT)	32.4	23.7
Net financing costs	(2.4)	(0.1)
Earnings before Tax (EBT)	30.0	23.6
Income tax expense	(7.8)	(8.3)
Net Profit after Tax <i>from continuing operations</i>	22.2	15.3
Loss from discontinued operations	(26.1)	(78.6)
Net loss After Tax	(3.9)	(63.3)
Minority Interests	(0.4)	(0.6)
Net loss After Tax <i>attributable to members of the holding company</i>	(4.3)	(63.9)

COMMENTARY

- EBIT of \$32.4m for continuing operations, in the mid range of market guidance. Bisalloy Operations contributed EBIT of \$18.5m comprising:
 - Australian processing operations (\$15.9m)
 - Joint venture operations in Thailand and Indonesia (\$2.6m)
- Corporate Services contributed EBIT of \$13.9m, underpinned by \$16.4m of foreign exchange gains, primarily recorded on close-out of par forward hedges
- Atlas Distribution (divested November 2008) recorded a loss of \$26.1m after tax for the period up to its sale, inclusive of costs associated with the sale
- Results characterised by a strong first half, followed by a subdued second half in line with the general steel market (refer over page)
- Successful placement of ordinary shares to existing and new institutional investors to raise \$4.9m. Proceeds to be used to fund working capital

FY09 Results – half on half

Results Summary - Bisalloy Steel Group Limited results for the year ended 30 June 2009						
Normalised Reporting Basis \$m	FY09 H1	FY09 H2	FY09	FY08 H1	FY08 H2	FY08
Continuing Operations Only						
Revenues	78.2	30.8	109.0	60.1	65.7	125.8
Earnings before interest and taxes (EBIT)	31.1	1.3	32.4	7.1	16.6	23.7
FX (gains)/losses primarily on close-out par forward hedges	(17.8)	1.4	(16.4)	-	-	-
Costs associated with the sale of the Distribution Business	3.7	(3.7)	-	0.2	(0.2)	-
Costs associated with possible ownership transaction	-	-	-	-	0.7	0.7
Redundancies not related to the sale of the Distribution Business	-	-	-	1.2	0.4	1.6
Project debtor provision relating to prior period	-	-	-	0.7	(0.7)	-
Normalised EBIT from continuing operations	17.0	(1.0)	16.0	9.2	16.8	26.0

Growth Strategy

Domestic volume, new geographic markets and production capabilities.

- Despite current market setback, resources demand growth will underpin both maintenance and new capital equipment requirements
- Increase exposure to structural applications through AS 4100 - 1998 Steel Structures standard inclusion
- Armour plate growth domestically and internationally
- Implement sales strategies into other Asian Q&T markets
- 24/7 production at Unanderra as required, without additional capital expenditure
- Dual sourced greenfeed supply based on technical competency and value proposition
- Intellectual property provides opportunity for second Q&T production facility
- A new Q&T production facility would enable Unanderra to optimise production by focusing on heavy gauge plate and source thin gauge plate for Bisalloy Asia

Outlook



- Although the Company operates within the steel sector its marketing mix indicates a strong leverage to the resource sector
- Available market analysis indicates the steel sector implemented aggressive production cuts to accelerate inventory correction during Q3FY09, with signs emerging during Q4FY09 that production and pricing has stabilised
- Key commodity prices also appear to have stabilised with long term fundamentals remaining intact (i.e. emerging market industrialisation and urbanisation expected to underpin demand for commodities)

In view of the more stable market conditions emerging in the resource and steel sectors, together with improved debt and equity markets, the Company is cautiously optimistic the modest improvement in sales volume experienced during Q4FY09 will continue into FY10, with a return to balanced demand and supply conditions in the second half of the financial year

Summary

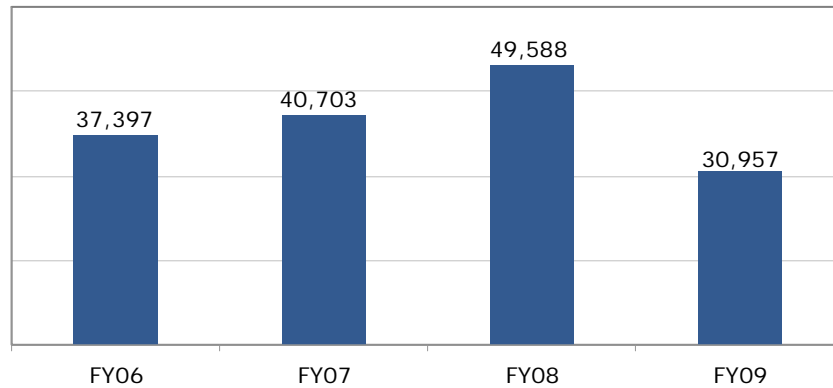
- ✓ Australia's only manufacturer of quenched and tempered ("Q&T") steel plate
- ✓ Leading 'Bisplate' brand the generic name for Q&T steel in Australia and many parts of Asia
- ✓ Extensive distribution network across Australia, New Zealand, Indonesia and Thailand
- ✓ Customer base diversified across the mining, construction, general fabrication and defence sectors
- ✓ High barriers to entry and leverage to resource sector recovery and infrastructure led growth



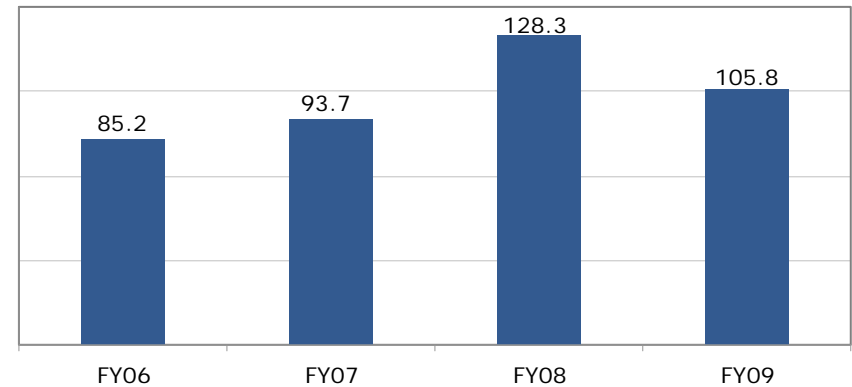
Delivering against expectation...

Historical Financial Information – Australia

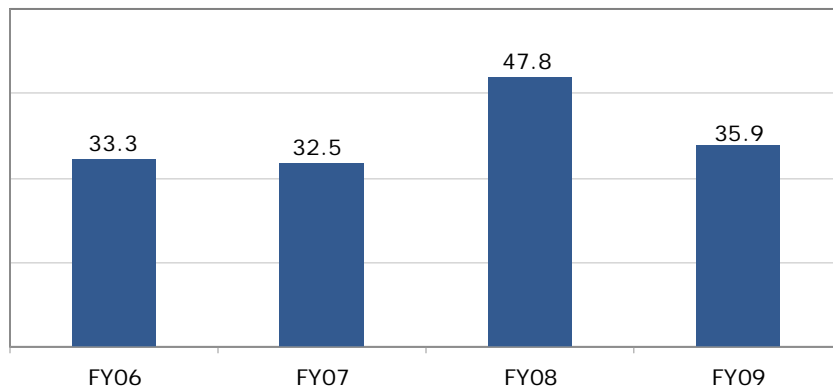
PRODUCT SALES (TONNES)



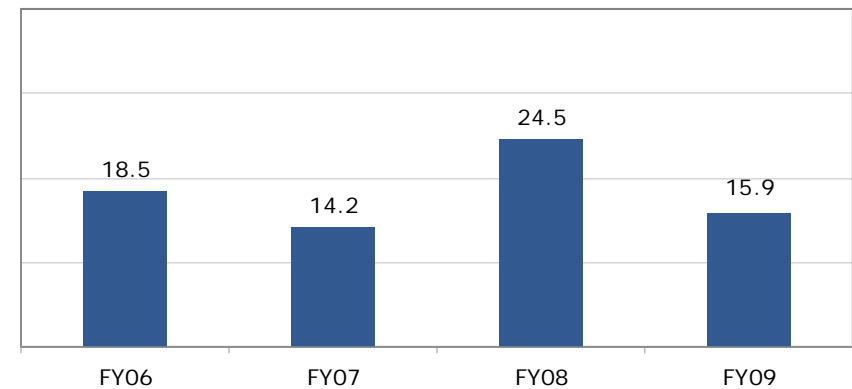
SALES REVENUES (A\$m) *



GROSS MARGIN (A\$m)



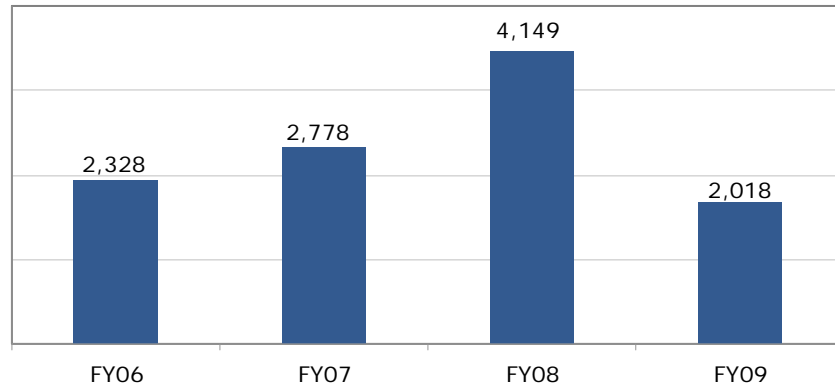
EBIT (A\$m)



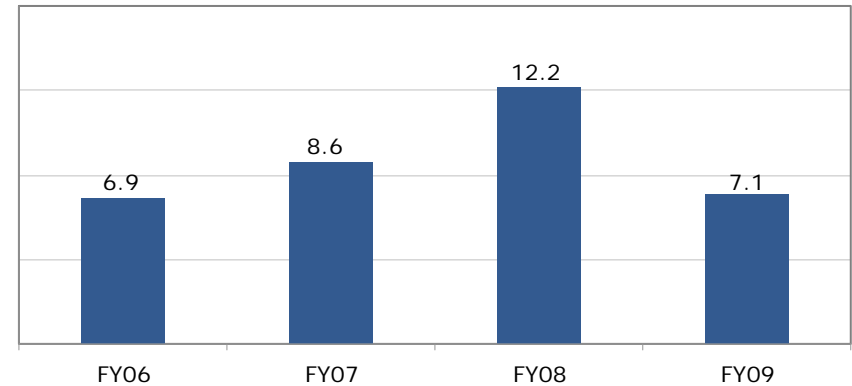
* Includes sales revenues made to Asian-based joint ventures

Historical Financial Information – Thailand

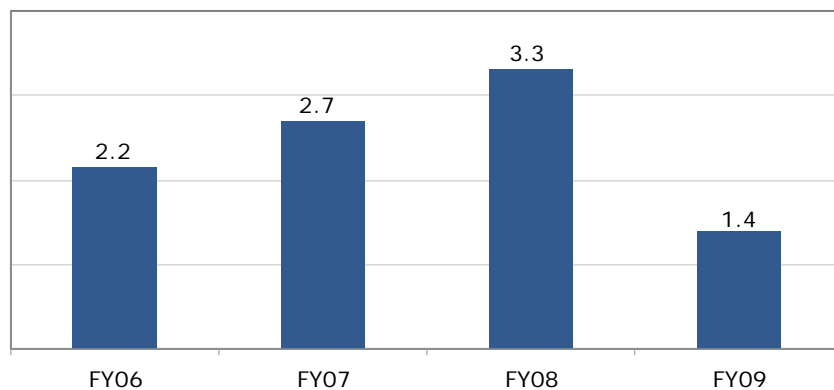
SALES IN TONNES



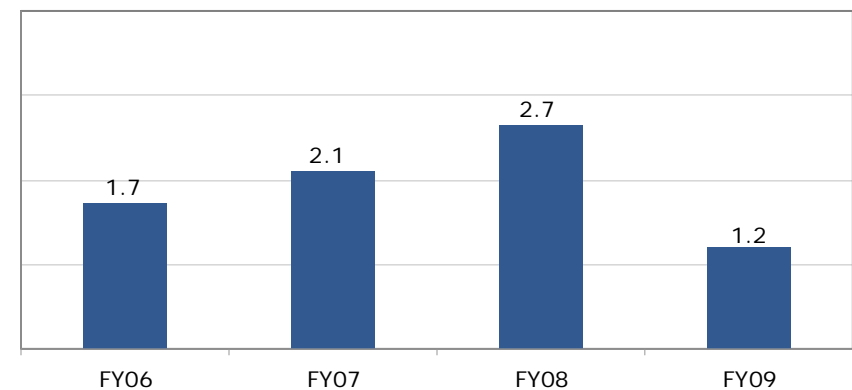
SALES REVENUES (A\$m)



GROSS MARGIN (A\$m)

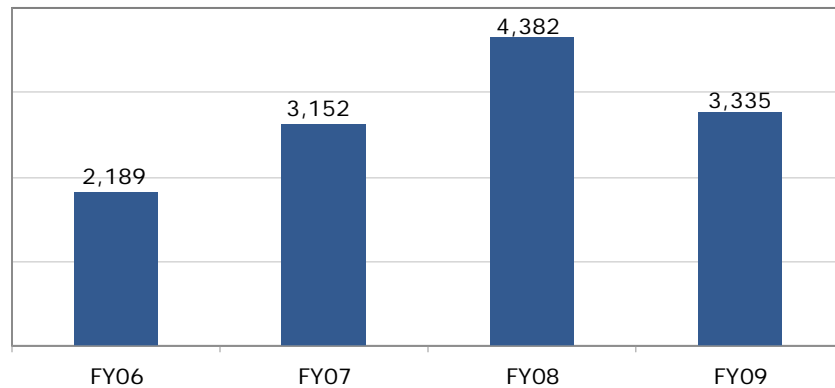


EBIT (A\$m)

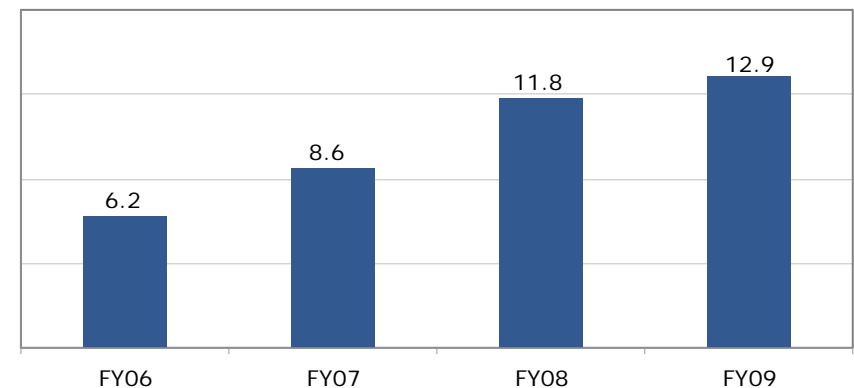


Historical Financial Information – Indonesia

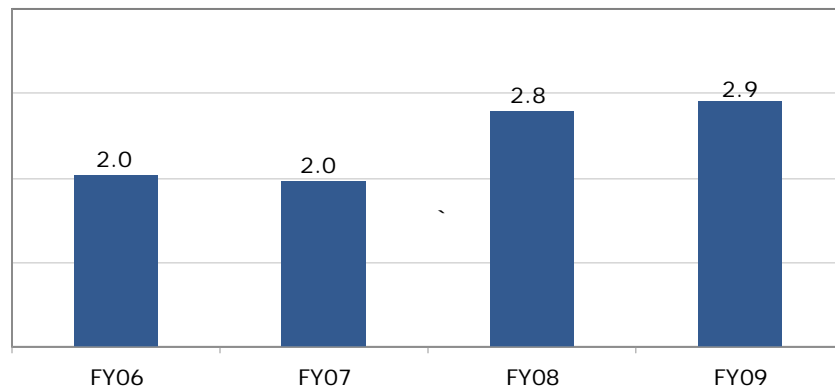
SALES IN TONNES



SALES REVENUES (A\$m)



GROSS MARGIN (A\$m)



EBIT (A\$m)

