



WELCOME

Welcome to the Winter 2006 edition of XLERPLATE® *Steel In Touch*. In this issue we look at global and Australian economic conditions, and the current buoyant state of Australia's mining industry.

With economic conditions remaining upbeat throughout OECD countries, and demand for Australia's commodities and base metals staying high through 2006-07, we can expect demand for XLERPLATE® steel to remain strong for the coming year. As a general rule, economic growth above three per cent translates into strong demand for steel, in line with 2006-07 forecasts (refer to page 3).

In this issue, you'll also find practical ways that some of our customers are meeting this demand, developing and fabricating a range of products designed to help Australia grow in the years ahead.

And as always ... we welcome your feedback! See how you can be in the running to win a fabulous 32-inch JVC LCD slim-line television simply by taking part in our Reader Survey.

Elly Pilkadaris
State Sales Manager - Western Australia

DIVERSE TANK GROWS ON SPECIALISATION

Specialisation by West Australia's Diverse Tank Engineering has led to solid growth in recent years – thanks in part to its pioneering technology in Australia.

The wholly Australian-owned Perth-based company manufactures above-ground, below-ground, overhead and self-bunded tanks for a range of fuel, chemical and petrochemical industries, covering on-site and retail applications.

They range in capacity from 1,000 to 150,000 litres, and can be modularised. Many are being used in so-called 'tank farms'.

"Where space isn't a limiting factor, above-ground tanks are traditionally used because of their initial lower cost, lower installation costs and overall maintenance benefits," Diverse Tank Engineering's Director Dino Ziccardi said.

Plasteel® below-ground tanks have a 30-year warranty against internal and external corrosion. Diverse Tank Engineering uses XLERPLATE® steel to fabricate tanks at its 3,500 square metre manufacturing facility.

"Because of the quality our customers demand, we have standardised on the use of XLERPLATE® steel," Mr Ziccardi said.



IRON ORE SHUTTLES AID DAMPIER UPGRADE

Cays Engineering's successful completion of seven huge shuttle conveyors for the \$685 million Hamersley Iron port upgrade in Dampier has led to an order for four more.

The port expansion will increase Dampier's capacity from 74 million tonnes a year to 116 million tonnes a year. Stage one of the project began in January 2004, and works include a new rotary car dumper and rail track, relocation and modifications to stockpiles, and installation of a new ship loader. There will also be extensions to the existing wharf, and the creation of a new sea wall.

Established in 1956, Cays Engineering specialises in heavy plate and structural fabrication, quenched and tempered steelwork, pipe work, pressure vessels, fabrication of mechanical items, general engineering, shutdown and maintenance work.

While business has grown steadily over the years, the last 15 years has seen the company expand rapidly.

"We have a well established reputation in the mining industry for medium to heavy plate work, such as rock breakers, conveyors and crushers," Angus Youngson, Managing Director of Cays Engineering, said. "This constitutes about 50 to 60 per cent of our workload."



One of the shuttles being fabricated.

Measuring 12 to 17 metres long and weighing up to 18 tonnes, the shuttles are similar to railway cars – consisting of large frames about three metres wide.

"The job has been very successful," Mr Youngson said. "We worked with very exact tolerances as far as fabrication is concerned."

About 12 to 18 tonnes of 350 Grade XLERPLATE® steel was used in each shuttle. "Wherever possible, we try to use Australian steel," he said. "We can be assured of the quality and getting the tolerance that we need."

The shuttle fabrication process was complex, requiring quality checks and surveying at numerous stages of the job, Mr Youngson said. As the shuttles are expected to have a 20-year life span, it is essential they are built to the highest standard.

MINING INVESTMENT

By BlueScope Steel Economists Nick Scavarelli and Max Serrano

Mining investment continues to grow rapidly because of the commodity price boom that has seen Australia's terms of trade rise dramatically. Australia has benefited from very strong price growth in coal, iron ore, gas and a range of base metals.

There is a clear link between mining commodity prices and investment, and we see mining investment expanding until about 2007-08.

The Investment Monitor data produced by Access Economics shows a large number of projects will start in 2007. These include the Gorgon LNG development, the expansion of BHP Billiton's Olympic Dam, Woodside's Pluto LNG project and the expansion of Rio Tinto's Argyle diamond mine and others.



Strata control products manufactured by BlueScope Steel customer DSI Mining in action.

China's industrial boom and its demand for resources will continue over the next few years. Beyond 2007-08, however, the commodity cycle is expected to start its downward movement. While Chinese growth in demand will remain strong up until then, substantial capacity additions in iron ore, aluminium and coking coal will have removed most excess demand.



Inside the Wenco workshop where outer dome plates are being fabricated.



WENCO CAPS CRUCIAL BLAST FURNACE

Specialist West Australian company Wenco is fabricating outer dome plate sections as part of the major maintenance work on the Port Kembla Steelworks' No. 5 Blast Furnace.

Wenco is working as a sub-contractor to lead contractor, the John Holland Group.

Work on the No 5 Blast Furnace, commissioned in 1978, is important for large steel-using customers throughout Australia and maintenance work will help extend the furnace's life by 15 to 20 years.

Wenco is supplying fabricated sections of dome plate covers to serve as new outer shells for three stoves that provide super-heated air to the blast furnace.

"The stoves are crucial pressure vessels which are subjected to enormous thermal stresses over several cycles around the clock

each day," BlueScope Steel Project Manager Peter Roberts said.

"Nitrogen Oxide gases formed inside the stove above 1350 degrees Celsius condense on the surface and create corrosive nitrates. This attacks areas of high residual stress on the inside of the shell plate and affects the steel's microstructures.

"The special creep-resistant XLERPLATE® steel being used is ideal for such severe applications."

More than 100 tonnes of XLERPLATE® steel will go into the fabrication of each dome.

Wenco has fabricated sections of the dome plate covers at its WA facilities, and shipped the sections to Port Kembla for blasting and coating.

The last stove will be commissioned in early July 2006.

THE RECIPE AS NEVER BEFORE

As many as 80 per cent of the steel grades and 'recipes' available around the world today either didn't exist 25 years ago or are being produced in such a way that they are effectively like new steels. For its part, BlueScope Steel – as a world-leading steel manufacturer – is at the forefront of developing new alloy designs for steels aimed at addressing specific customer requirements.

One recent example was the grade of XLERPLATE® steel used in the Royal Australian Navy's ANZAC Class frigates built by Tenix.

BlueScope Steel Metallurgical Technology Manager Jim Williams (pictured) said steel development is constantly changing.



"While our main grade of hot rolled strip and slab steel – a low-carbon, aluminium-killed steel – has changed little in recent years, we are constantly assessing our range of products according to customer demand," he said.

"Major changes have occurred in steel production technology over the past few decades, from ingot to continuous slab casting, then thin slab casting and currently strip casting. These dramatic technology changes resulted in very different steel product behaviours even in cases when the steel chemical composition remained almost unchanged."

Mr Williams said his department received calls on a daily basis from customers wanting to know if BlueScope Steel could produce certain grades and alloys to meet specific requirements.

"We make business assessments based on anticipated demand, plant capability and other factors," he said.

PLAN YOUR TOUR OF STEELWORKS

Just a reminder . . . tours of our Port Kembla Steelworks are available for all customers.

Most recently, a group of OneSteel Metaland NSW staff found out more about how BlueScope Steel products like XLERPLATE® steel and XLERCOIL® steel are made.

OneSteel Metaland Regional Market Manager, Luke Palmer, said the tour offered many benefits – "improved selling techniques, the ability to assist junior staff as a result of new knowledge gained, and the chance to network with BlueScope Steel personnel".

These tours involve a pre-tour safety and production video, guided bus trip around the site and a chance to watch the various processes involved in making BlueScope Steel products.

To find out more about the Steelworks tours available, please contact your State Sales Manager.

SAFETY MESSAGE: TREAD CAREFULLY ON STAIRS

Stairs – around the home and in the workplace – can lead to some of our more debilitating accidents.

Almost as many legs and ankles are broken on stairs as in accidents on sports fields.

Some stair falls can cause even more serious injuries, including broken backs and necks.

A broken leg can lead to you being incapacitated for up to several months – a devastating situation if you have a manual job.

So remember, when walking up and down stairs:

- Move in single file
- Always use the hand rail
- Concentrate on the task at hand – and don't engage in distracting conversation
- Take your time – and one step at a time



Elly Pilkadaris with Smorgon Steel's WA Sales and Business Development Manager, Geoff Norton.

NEW TRAINING PROGRAM A HIT

XLERPLATE® steel distributors have given a new BlueScope Steel training program the thumbs up.

The training program, which was launched in May, is delivered professionally in an electronic format that includes animations, video, diagrams, text and graphics. It is designed to provide distributors with everything they need to know about XLERPLATE® steel from its manufacture through to technical advice.

Smorgon Steel WA's staff took part in several 45-minute training sessions, with State Sales Manager, Elly Pilkadaris, describing them as "very useful".

"It is comprehensive but set-up in a way that people can easily understand," Elly said of the program, which is divided into seven modules, including technical information, services, branding, market segmentation, safety, product range and the steel-making process.

Customers who wish to benefit from the new XLERPLATE® steel training program should contact their BlueScope Steel State Sales Manager.

SUPPLY SHIP SHAPES UP TO JOIN NAVY

More than 1200 tonnes of XLERPLATE® steel is being used to convert a commercial oil tanker into one of the Royal Australian Navy's latest ships.

Initial work on the South Korean-built MT Delos – to be commissioned later this year as HMAS Sirius – started at Tenix's Western Australian shipbuilding facilities last September. When completed it will be a major support vessel for the Department of Defence.

According to Tenix Project Manager on the MT Delos job, Leigh Newbery, XLERPLATE® steel is being used on a number of different projects.

"We are fabricating a rear flight deck, a bulk stores area capable of storing up to 12 shipping containers, upgrading accommodation for 70 people and situating a number of guns on board," he said.

"The ship will also be able to undertake replenishment work – fuel and other goods – at sea."

Tenix, a major global defence organisation, was previously involved in building the Navy's ANZAC Class frigates – and used BlueScope Steel's XLERPLATE® steel extensively for that work.

"XLERPLATE® steel is of a consistently high quality,



Work underway on MT Delos.

making it suitable for this kind of high-precision shipbuilding work for the Australian Department of Defence," Mr Newbery said.

The original HMS Sirius was a supply ship in Captain Arthur Philip's historic First Fleet, which dropped anchor in Sydney Harbour in 1788.

THE GLOBAL ECONOMY

By BlueScope Steel Economists Nick Scavarelli and Max Serrano

The global economic outlook remains sound, with business expectations in Germany – Europe's economic engine – at a record high.

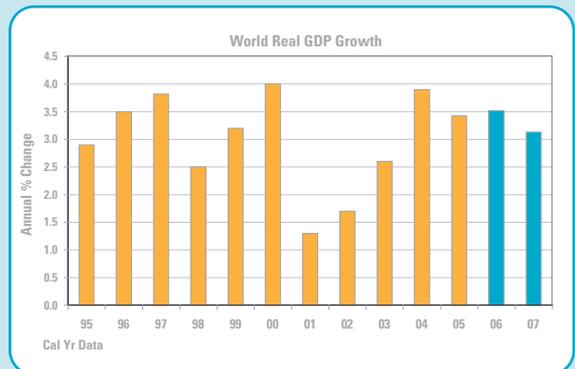
Despite surging oil prices, the OECD leading indicators point to healthy economic growth in the next six months in all major economies. This will support solid levels of global steel demand.

In 2006, the US economy is likely to grow about three per cent, and Europe and Japan are expected to grow above two per cent.

Although industrial production growth in China and India has stabilised at a high level, it will continue to maintain pressure on the demand for commodities and metals, including from Australia.

Overall global economic growth is expected to remain above the trend level of about three per cent in 2006.

In Australia, GDP growth is expected to be around three per cent in 2006-07, due to the anticipated export recovery on the back of stronger mineral prices. However the recent rise in interest rates



and the strong Australian dollar will limit growth prospects. Both these factors are likely to negatively impact on business competitiveness and sentiment.

The level of interest rates in the next six months will depend on the extent that the high oil prices filter through to downstream products, as well as the extent to which the shortage of skilled labour lifts wages.

The strong Australian dollar and fierce competition from Asia could see manufacturing investment fall in 2006-07. Agricultural investment is expected to remain fairly constant but from a high base, and mining investment is expected to remain strong.

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IN THE HOT SEAT STAN CLARK



Name: Stan Clark

Job title: National Sales Manager – Distribution & Manufacturing

No. of years with BlueScope Steel: 19 years – started at NZ Steel in 1987

No. of years in the steel industry: Steel has always been in my life

Description of current role: Provide leadership in my sectors, for Industrial Markets

Previous position: International Marketing Manager for Packaging Products

Previous position duties: Develop strategy and promote export sales of Tinplate and Blackplate

Woman I most admire: Difficult one. Apart from my mum and wife, it would have to be someone like Princess Di

Man I most admire: Again apart from my dad, probably the late ex-NZ PM David Lange

Emails received on average per day: Around 40

Best invention of the last century: Organ Donor Card

Worst television program: Don't care! Best ones

are BBC drama/comedy though

Time I spend in my car each day: 20 mins, unless I go to Sydney

Hardest habit to break: I tend to time things to the last minute

Favourite drink: Has to be Heineken

Best car on the road/favourite car of all times: Jaguar XK8

Most useless possession: The kilt I wore when I was seven

Favourite outdoor recreational activity: Association Football (soccer) and Mountain Biking

What kick-starts my day: Seeing my three sons off to school

If I had \$1m to blow it would be on... a Jag XK8 of course, my parents and world travel with my family each year until it runs out

Favourite holiday destination ever: Scotland on a sunny day in Autumn (very rare!)

TRY THIS QUICK QUIZ

Q1. Yellow gold contains 10 per cent of what element?

Q2. What is the chemical formula for salt?

Q3. What colour is yak's milk?

Q4. How many limbs does a squid have?

Q5. How many compartments are there in a cow's stomach?

A1. Copper, A2. NaCl, A3. Pink, A4. 10 limbs, A5. Four compartments

