

STEEL BY

The newsletter of BlueScope Steel's STEEL BY™ Brand Partnership Program



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www.steelby.com.au

WELCOME



Welcome to the second edition of the STEEL BY newsletter, designed specifically to help add value to your membership of the STEEL BY™ Brand Partnership Program.

In line with the research we conducted among members late last year, we're continuing to develop and enhance the program, further helping you to leverage your association with the strength and quality of the BlueScope Steel brand.

By now many of you will have received your personalised STEEL BY™ program member kit. It's part of our ongoing efforts to provide new and worthwhile value, and has been offered to all existing members. Included in the kit are new partnership aids designed to help make the program work better for you and your business.

Revised member packs have also been sent out to all BlueScope Steel State branches as part of our effort to bring new members into the community, while advertising in trade publications continues to generate a steady stream of new member applications.

BlueScope Steel is also undertaking broad corporate advertising to

build and reinforce our brand, and to underpin the benefits of using quality Australian-made steel products among Australian consumers. This advertising will also help strengthen the STEEL BY™ program. This year's program is again sponsoring the *Manufacturers' Monthly Endeavour Awards* for manufacturing excellence, and we encourage as many manufacturers as possible to nominate. With the high level of innovation among our customers, we believe this year's nominations will be among the best in the awards' four-year history. You'll find details on how you can nominate your business in the accompanying copy of *Steel Edge* magazine – and in the latest edition of *Manufacturers' Monthly* magazine.

Many members want to know what others in the program are doing, so we're continuing to profile STEEL BY™ businesses and innovative products – both in *STEEL BY* and *Steel Edge* publications.

Please don't hesitate: if you believe you have a product or service that's adding value to the overall Australian steel industry, let us know. We want to share your story with the rest of the STEEL BY™ community.

Finally, on behalf of the BlueScope Steel team, we look forward to building a stronger STEEL BY™ Brand Partnership Program in 2007.

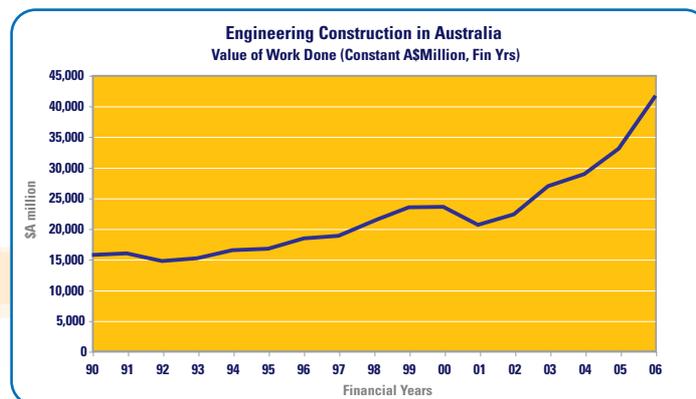
Leo Kerema
Corporate Brand Manager, BlueScope Steel Limited

RESOURCE BOOM UNDERPINS ENGINEERING ACTIVITY

By BlueScope Steel Economists Max Serrano, Nick Scavarelli and Amy Davidson

While Australian manufacturing continues to face a number of challenges, including the high dollar and increased competition from Asia, planned engineering construction activity in the past year – especially related to Australia's current commodities boom – is creating opportunities for that sector across the country.

Australia has experienced a strong lift in planned engineering construction, especially in mining-related investment, with high commodity prices underpinning planned expansions at many mine sites. Commodity prices are expected to soften in coming years, but they are likely to remain fairly high in the immediate future. Given that investment in water and power projects over the past 10 years appears to have been inadequate to cope with future needs, continued strong growth



in spending in these areas is expected. The latest Access Economic's Investor Monitor indicates a number of huge projects have been driving the lift in mining activity. These include the Dawson steaming coal deposit (valued at \$1.2 billion) and Fortescue Metal Group's iron ore mine (valued at \$3.7 billion). However, this strong activity has produced some consequences.

It has substantially driven up costs, especially because of skills shortages. Consequently, a number of major projects are being delayed, and cost blowouts are widespread. The construction of Fortescue's iron ore and infrastructure project is behind schedule and BHP Billiton's Ravensthorpe nickel project has suffered cost overruns. The acquisition of land titles, another major roadblock,

has halted Queensland Coke and Energy's plans for a \$1.7 billion coke and power project.

Mining plans for the future remain strong, with a feasibility study underway on a \$700 million planned development of the Wandoan coal mine, while ABS data shows spending on mineral exploration up nearly a third on this time last year. Oil and gas investment also remains strong. The North West Shelf gas fields and others in and around north Western Australia (such as the Vincent and Stybarrow oil fields) continue to lead spending in this sector. The Western Australian Government has now provided environmental approval for the Gorgon project.

With water becoming a major issue in voters' mind, the Federal Government has indicated it intends to take responsibility for water matters, requiring investment of \$10 billion over the next few years.

CYCLO FANS A FORCE IN COMMERCIAL KITCHENS

Engineering, affordability and Australian-made products are the keys to the continuing success of a 60-year-old Victorian company as it faces increased competition.

Commercial kitchen fan manufacturer Cyclo Fans was founded in 1947 by Alan Dowse and bought by current owner and manager Vanessa Makris, and her father and brother 10 years ago.

"Cyclo Fans was the first company in Australia to manufacture exhaust fans specifically engineered for the commercial kitchen market," Vanessa says. "It used to be a small operation with a customer base limited to Victoria. However, over the years I've introduced customers from interstate and New Zealand."

Vanessa says Cyclo Fans' products have set a benchmark for the industry, particularly in Victoria, where most hotels, restaurants and food chains have installed at least one of the company's exhaust fans.

"Some of our customers include Domino's Pizza, Bakers Delight,

Brumby's, Noodle Box, Nandos Chickens and Fast Eddies," she says.

The company's exhaust fans are distributed directly through Cyclo or Fantech – one of the largest distributors of fans in the southern hemisphere – and sold to an Australia-wide network of sheet metal fabricators who fit them to canopies or rangehoods in commercial kitchens.

The high performance fans are light, easy to install and maintain, weather-proof, and predominantly made from BlueScope Steel's GALVABOND® G2 steel – a hot-dipped, zinc-coated commercial forming steel with a spangled surface. In combination with other products the fans are built to handle fumes, grease and high temperatures associated with commercial cooking.

"The classic design of the fans is so good there's been no need to improve it – we have only made minor improvements over the years," Vanessa says.



Vanessa Makris of Cyclo Fans, East Brunswick, Melbourne, with the company's display fans.

Vanessa says Cyclo Fans sells its fans with STEEL BY™ stickers attached to the fans' housing to demonstrate the company's support for Australian-made products.

For more information contact: Vanessa Makris, Cyclo Fans, Ph: (03) 9383 6668, www.cyclofans.com.au

SPRINKLER PIPES FIRE UP NEW BUSINESS

South Australian company Fire Fabrication Services Pty Ltd has doubled in size in the last two years because of growing demand for commercial and industrial sprinkler systems.

The company specialises in fabricating sprinkler and hydrant pipework for the fire industry, and conducts work for fire contractors such as Wormald Fire Systems, Australian Fire Services and many others.

Fire Fabrication Services has won major contracts in South Australia, Victoria, Queensland and the Northern Territory since it was established in January 2004.

"We have fabricated half the sprinkler and hydrant systems in the new Adelaide Airport and recently landed significant interstate contracts, including a large office building in Darwin and an industrial warehouse in Melbourne," Fire Fabrication Services Director Mike Iacovino says.

He says company sales grew 50 per cent in its first 18 months, with similar growth in the 2005/06 financial year.

Fire Fabrication Services fabricates 90 per cent of its sprinkler systems from 6.5 metre-long pipe made from BlueScope Steel strip steel converted into pipe product, and sourced from OneSteel and Orrcon. The company orders more than 600 tonnes of pipe a year.

"The fabrication process involves cutting, roll grooving, threading of the pipe, and then welding paps [into which contractors screw their sprinkler heads] and branches," Mike says.

"We also screw galvanised malleable fittings when required onto the end of pipe – commonly known as 'make on' fittings – and we etch, prime, paint and hot-dip galvanise the sprinkler and hydrant pipework."

Fire Fabrication Services, which operates from a 1032-square-metre workshop in Adelaide, employs 10 people. It has two directors – Mike Iacovino and Stephen Macdonald. Mike says the company enjoys benefits associated with the program such as using STEEL BY™ program signage and stickers.

"They're great marketing tools," he says.

For more information contact: Mike Iacovino, Fire Fabrication Services, Ph (08) 8445 1901, Fax (08) 8445 1755, www.firefab.com.au

ORDERS POUR IN FOR LARGER GRAIN SILOS

Victorian silo manufacturer G.E. Silos has expanded its workshop to cater for a growing demand for large grain silos.

G.E. Silos, based at Goornong 30km north-east of Bendigo, manufactures about 170 pellet and grain silos each year from ZINCALUME® steel for farmers across country Victoria and southern NSW.

"Crop farmers are increasingly asking for larger grain silos so they can store more grain on their farms and sell it when prices rise," G.E. Silos owner Lyn Comer says. "Those buying larger pellet silos also benefit because they receive discounts from stockfeed companies for buying pellets in bulk quantities."

The company added a 27.5-metre-long, 8-metre-wide and 16-metre-high extension to its workshop last October, allowing it to manufacture grain silos with capacities of up to 120 tonnes – 50 tonnes larger than before. G.E. Silos also manufactures industrial silos.

"One of our largest projects has been an industrial silo with a three-stage stairwell, used to hold clay powder, an ingredient in plasterboard," Lyn says.

"It took four weeks to build, and ended up nine metres high. It was



Lyn Comer of G.E. Silos manufactures grain and pellet silos from ZINCALUME® steel for farmers.

nearly as high as our workshop shed before we extended it, so we had to use cranes to lift it out!"

Most of G.E. Silos' business is manufacturing pellet silos ranging in capacity from 5.8 tonnes to 44.5 tonnes, and grain silos with capacity from 6 tonnes to 120 tonnes.

"We sell grain silos mainly to crop farmers, and pellet silos to chicken, dairy, pig, sheep and cattle farmers," Lyn says.

"Our silos are made to order. Many clients require specifications that vary, depending on what they're using them for."

Once orders are placed, silos – which are fully assembled at the company workshop – are delivered in two to six weeks. They are then installed on a concrete foundation on-site.

The roofs, walls and floors of the

silos are made from ZINCALUME® steel.

"We use ZINCALUME® steel because it's ideal for roll-forming – we find it thicker, sturdier and stronger than competing products," Lyn says.

"We're a proud member of the STEEL BY™ Brand Partnership Program, which we joined to promote quality, Australian-made products, and align ourselves with Australia's largest steel manufacturer."

G.E. Silos employs between five and eight people, depending on the farming seasons.

"Winter is the busiest time for orders from dairy farmers, while the warmer months [October to late January] are busiest for grain farmers," Lyn says.

She started G.E. Silos with her late husband Noel more than 20 years ago.

"We're proud of our reputation for quality, and strive to ensure only the best products are used to create our silos," she says.

"The farming community is the best marketing grapevine we could ask for!"

For more information contact: Lyn Comer, G.E. Silos Pty Ltd, Ph (03) 5432 2384, www.gesilos.com.au

STEEL OUTPUT HIGHEST IN HISTORY

World crude steel production reached 1239.5 million tonnes in 2006, up almost nine per cent on 2005's total.

According to the International Iron and Steel Institute (IISI), this represents the highest level of steel output in history, with 2006 being the third consecutive year in which crude steel production topped one billion tonnes.

Putting last year's production into perspective, the IISI says it is 65.3 per cent higher than total global production a decade ago, and 45.7 per cent higher than the 2001 total.

China, the world leader, last year produced 418.8 million tonnes, up from 101.2 million tonnes a decade ago – a 313.8 per cent increase. China last year produced 13.5 per cent of global steel output.

Overall Asian output now accounts for almost 54 per cent of world steel production, up from 38.4 per cent 10 years ago.

Australian and New Zealand crude steel production rose slightly, from 8.6 million tonnes in 2005 to 8.7 million tonnes last year.

MAYOR OPENS HOT STRIP MILL EXPANSION

The \$100 million expansion of the hot strip mill at Port Kembla Steelworks has been officially opened by Wollongong's Lord Mayor, Councillor Alex Darling.

Councillor Darling unveiled a plaque at the Number 2 Walking Beam Reheat Furnace last December.

The furnace is now fully operational, and can convert an additional 400,000 tonnes of slab into hot rolled coil.

"The expansion has made the Steelworks much more competitive," BlueScope Steel's President of Australian and New Zealand Industrial Markets Noel Cornish said.

"Slab that was previously sold is now transformed and value-added into hot rolled coil."

He said the expansion, completed on time and on budget, was a positive step

for employees and the community.

"It's a real credit to the BlueScope Steel people who managed the work, and to the contractors who carried it out," he said.



From left: BlueScope Steel's Aimee Allen, Noel Cornish and Antonio Lara, and Cr Alex Darling.

SYDNEY ROOFING COMPANY NAILS TOUGHEST JOBS

A Sydney roofing company is fast building a reputation for safely tackling some of the toughest commercial roofing projects in the country.

Murphys Metal Roofing and Façade Services works on an average of two projects a month, and has installed roofs on major Sydney landmarks including the Sydney Entertainment Centre.

The company has installed a 70,000-square-metre roof – the size of 10 football fields – on a new Fantastic Furniture store at Villawood in Sydney's west.

"It's our biggest project to date," Sales Manager Peter Ebzery says. "It took us two months just to set up 1.5 kilometres of static line to allow our workers to safely walk on the roof."

Murphys Metal Roofing and Façade Services also recently re-roofed Dee Why RSL using a helicopter.

"We couldn't get a 100-tonne crane into some areas because of infrastructure around the club," Peter says.

"So we loaded 1800 square metres of steel roofing onto a truck and parked it nearby, then used a helicopter to lift the roofing into place. Each lift of steel weighed about half a tonne."

The roofing was LYSAGHT KLIP-LOK 700 HI-STRENGTH® made from COLORBOND® Ultra steel.

Peter says Murphys Metal Roofing and Façade Services uses about 300 tonnes of BlueScope Lysaght roofing products a year.

"We recently replaced the lower roof of the Sydney Entertainment Centre with LYSAGHT KLIP-LOK 700 HI-STRENGTH® made from COLORBOND® Ultra steel because the roofing needed to withstand inner-city pollution and strong winds," he says.

The company, one of four business units run by parent company Murphys Group Services, employs about 40 staff.

"We're proud to be associated with a world-class brand, and to align our company's reputation with that of Australia's leading steel supplier," Peter says.

Murphys Metal Roofing and Façade Services works closely with sister

company Murphys Height Safety Solutions to deliver consistently high safety standards across all projects.

"We have a policy where possible of using staff rather than sub-contractors on roofing projects to maintain our safety standards and high quality of workmanship," Peter says. "We're not looking to be the biggest commercial roofing company in the industry

– we want to be known as one of the most professional.

"We want to grow by value-adding services like Murphys Height Safety Solutions, which we'd like to expand interstate in the future."

Murphys Metal Roofing and Façade Services previously operated as Murphys Roofing for 16 years.

Peter says the company has experienced 70 per cent growth in metal roofing activity since moving

into commercial steel roofing projects three years ago.

"These days most of our jobs are 5000 to 20,000-square-metre roofing projects, and we expect this business to grow by up to 10 per cent in the next 12 months," he says.

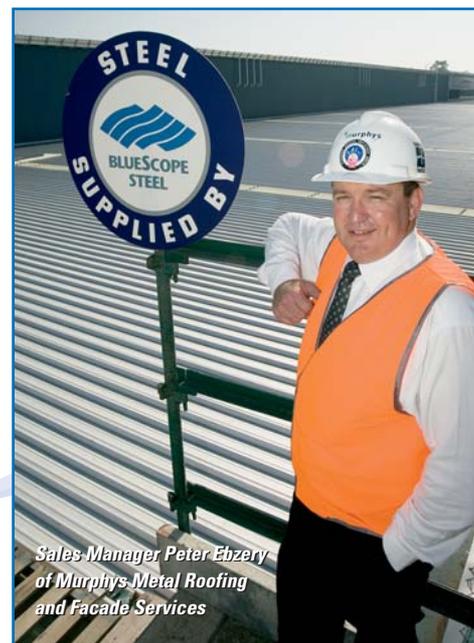
For more information contact:

Peter Ebzery,

Murphys Group Services,

Ph: (02) 9624 7900,

www.murphysgroupservices.com.au



Sales Manager Peter Ebzery of Murphys Metal Roofing and Façade Services

HUNTER HOUSE SALES HIT THE ROOF

New South Wales builder Valley Homes has defied rising interest rates to record sales of \$30 million last financial year, attributing success largely to the management's 'personal approach'.

The company sells residential and investment properties priced from \$150,000 in the Hunter Region.

"We sell an average of 150 homes a year," Sales and Marketing Manager Noel McKinnon says.

"Our sales have tripled in the last five or six years because of our reputation as a personal builder.

"We use an architect in Western Australia, and can design everything from modern homes with curved roofs through to country-style homes," he says.

The company also sells homes off-the-plan. Noel says there is rising demand for duplexes, townhouses and custom-designed homes, although the average buyer wants a four-bedroom home with a double garage.

Once the local council has approved the plans, Valley Homes allows 28 to 32 weeks to erect the home.



Valley Homes' Manager Aaron Mosely. The company builds homes in the Hunter region of NSW, and many have roofs made from COLORBOND® steel.

"We advise the average buyer to set aside up to \$50,000 for additions such as lawns, driveways, blinds, light fittings and floor coverings," Noel says.

The company also caters to the luxury housing market.

"We have a million-dollar project underway at Nelson Bay. We're building two four-bedroom units with roofs made from COLORBOND® steel and balconies overlooking the bay. We are also installing lifts."

Investors also buy property from Valley Homes. The company sells 20 to 25 house-and-land packages a year to investors in high-growth areas such as Singleton and Muswellbrook.

"We may sell a duplex at Singleton to an investor for \$490,000 that guarantees a rental return of \$550 a week – an annual return of five to six per cent," Noel says.

"We generally encourage investors to hold on to the property for eight years." Many homes built and sold by Valley

Homes have roofs made from COLORBOND® steel. House frames made from TRUECORE® steel are also available on request.

The company is a member of the STEEL BY™ Brand Partnership Program.

"BlueScope Steel is a well-known Australian brand with an outstanding reputation," Valley Homes' Manager Aaron Mosely says.

"As a member of the STEEL BY™ Brand Partnership Program, we can promote our use of quality products such as COLORBOND® steel, and align our company's reputation with that of

BlueScope Steel through use of the STEEL BY™ logo."

Valley Homes employs 16 full-time staff and has undertaken major housing projects for the Commonwealth Department of Housing and Construction, NSW Department of Housing and the Defence Housing Authority.

For more information contact: Noel McKinnon, Valley Homes, Ph: (02) 4934 1400

How to join the program

For more information call Steel Direct on 1800 800 789 and ask for an information brochure and registration form.



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QUICK CONSTRUCTION, PERSONAL STYLE

A New South Wales building company specialising in relocatable homes has most of its customers moving into their new homes in only six to eight weeks, a fraction of the timeframe of many major builders.

Stylewise Homes, based at Unanderra near Wollongong, designs and manufactures relocatable homes and cabins featuring roofs made from COLORBOND® steel and rainwater harvesting systems from BlueScope Water.

General Manager Steve Crates says his company mostly builds single-level two- or three-bedroom homes for caravan parks and residential estates, and produces up to 70 homes a year. It has worked on some major contracts, including the construction of 41 homes for a Canberra estate.

"We often manufacture for people in the mature age group who are looking to slow down and do less work

around the house," Steve says. "Many of our customers want smaller sites and smaller houses."

After building its homes at its Unanderra facility, Stylewise Homes splits them into two 3.6-metre sections for transportation on specially designed

trailers to their final erection site. The sections are then reassembled, and verandas and carports are added. Steve says this construction method provides more control over the entire building process.

The company also has a flexible approach to design, which it modifies to suit customers' needs.

Stylewise Homes has joined the STEEL BY™ Brand Partnership Program, and uses BlueScope Steel products because of their proven quality.



Stylewise Homes' General Manager Steve Crates.

Steve says the program helps the company demonstrate to customers that it builds quality homes from the best quality steel products available. "BlueScope Steel offers high quality products – and being a member of the partnership program helps us grow our business," he says.

For more information contact: Steve Crates, Stylewise Homes, Ph (02) 4271 5300