

# Orrcon Steel



Investor Briefing Day  
16 November 2016



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# Welcome and overview of today's schedule ...

1	Our history
2	Our current business footprint and configuration
3	Alignment with BlueScope's corporate strategy
4	Manufacturing facilities
5	Distribution facilities
6	Our culture and how we present ourselves to the market
7	Products and applications

# Key messages

- Orrcon Steel is a leading Australian distributor and manufacturer of steel, tube and pipe
- Acquired by BlueScope in February 2014 from Hills Limited. Acquisition is delivering returns in excess of cost of capital
- Operates with a nimble and engaged workforce, with a competitive cost of production
- Delivering BlueScope steel to customers as value-added product
- Orrcon has delivered incremental volume growth and cost reduction over time, and has further opportunities that it is currently pursuing



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# Orrcon Steel history

1988	Welded Tube Mills of Australia is formed in Brisbane with a single 3 inch mill. The business expands to include a 6 inch mill and the company positions itself as the third structural pipe and tube manufacturer in Australia behind Tubemakers of Australia (OneSteel) and Palmer Tube Mills (later acquired by OneSteel)
1999	Forms a “precision” tube manufacturing company
2000	JV with Hills’ precision tube manufacturing division to become Orrcon
2005	Hills Industries takes 100% ownership of Orrcon
2007	Acquisition of IMPRESSIVE – a WA based steel tube distributor
2008	Entire business rebranded under the Orrcon Steel name
2010	Acquisition of the QLD based steel distributor “Steel Barn”
2014	Orrcon Steel acquired by BlueScope from Hills Industries
2015	BlueScope Distribution restructured into two market facing businesses - tubular and long products (merged into Orrcon Steel) and flat steel and plate products. Metalcorp included in the Orrcon Steel tubular business



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**Our own distribution network is augmented by a network of third party distributors to provide national reach to end users**



**CONTACT ORRCON STEEL**  
 1300 ORRCON (1300 677 266)  
[www.orrconsteel.com.au](http://www.orrconsteel.com.au)



- Orrcon Steel Branches/Distribution Centres
- Metalcorp Branches/Distribution Centres
- Steel Mills
- Structural Tube manufacturing-Brisbane/Salisbury
- Precision Tube manufacturing – Adelaide/O'Sullivan Beach



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# Alignment with, and contribution to, BlueScope's strategy

Target: grow earnings and deliver returns above cost of capital

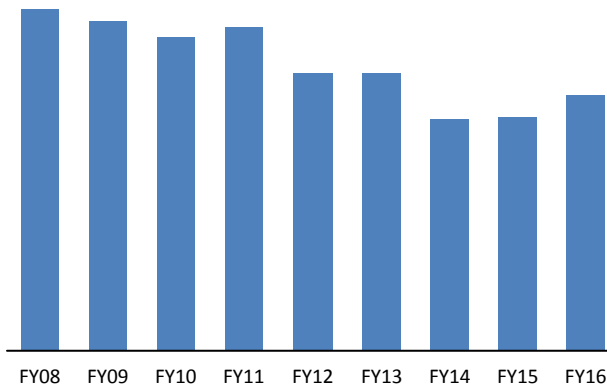
Grow premium branded steel businesses with strong channels to market

Deliver competitive commodity steel supply in our local markets

Ensure ongoing financial strength



Orrcon Steel Salisbury – total production cost per unit excluding raw materials



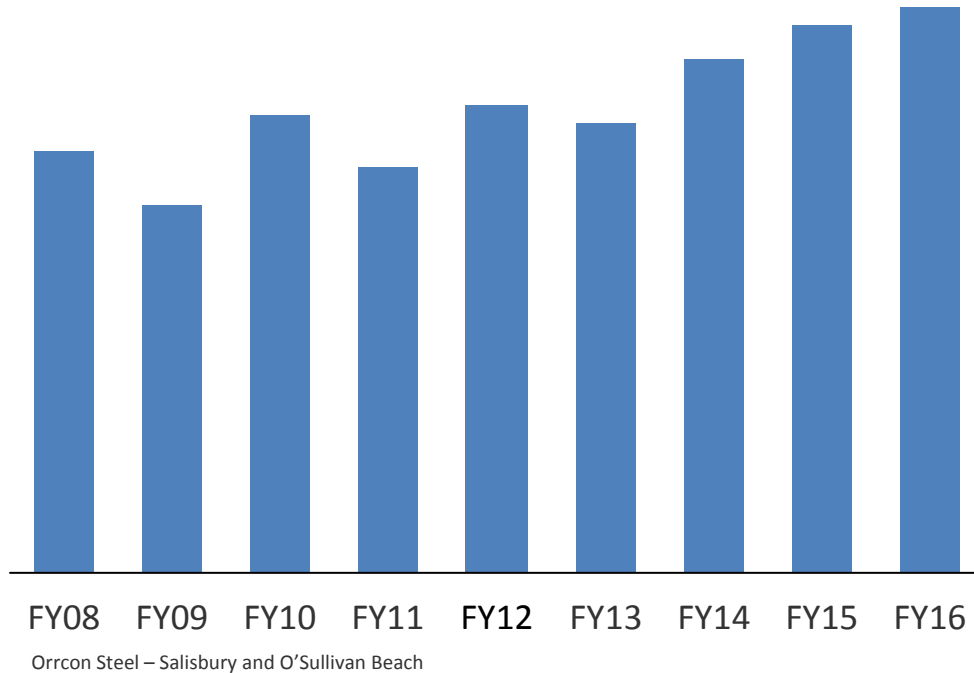
- Bluescope distribution transformation
- Supply chain optimisation
- Manufacturing cost-downs
- Capital management



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# History of incremental volume growth, with further potential

## Total production volume



- History of incremental volume growth without need for large capital outlay
- Will shortly commission a project to boost annual capacity by 17kt to 157ktpa, with an expected two-year pack-back (ie. 50% ROIC)
- Further opportunities available

# Structural pipe and tube manufacturing – Salisbury QLD

‘Structural’ pipe and tube:

- Products used in construction, infrastructure, fluid conveyance, transportation etc.
- Manufactured in accordance with Australian construction codes
- Excellent performance under tension and compression and provides architectural freedom for designers – i.e. wide span, column free structures

Types:

- RHS = rectangular hollow sections
- SHS = square hollow sections
- CHS = circular hollow sections





# Precision pipe and tube manufacturing – O’Sullivan Beach SA

‘Precision’ pipe and tube:

- Products manufactured precisely to the exact needs of the end use application
- Used in furniture, balustrading and fencing, unique OEM products, after market equipment for vehicles, retail shelving and shop-fitting, playground and sporting facilities

Our value proposition:

- Deep understanding of end user requirements
- Short supply chain
- Material minimisation/optimisation
- Consistent and repeatable quality
- Passion for performance



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# Orrcon Steel Distribution and Metalcorp

Predominantly focused on:

- Tubular and other BlueScope manufactured products
- This range is augmented in alignment with the needs of each local market

Distribution range also includes:

- Fencing and Rural Products
- Roofing Products
- Hot Rolled Structural Steel
- Hot Dipped Galvanised Pipe
- Building accessories
- Rural and Livestock Products



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# Our business philosophy

## ***WORKING IN PARTNERSHIP***



### Our business mantra



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# Our People



Orrcon Steel employs over 750 staff and contractors nationally

# Our structural P&T products

**SHS** 20mm x 20mm to 125mm x 125mm

**RHS** 38mm x 25mm to 150mm x 100mm

**Lengths** 6.5m to 12m \*

**Gauges** 1.6mm to 6mm \*

**C450LO** grade available, subject to enquiry.

**CHS** 20NB to 150NB

**Gauges** 2mm ~ 5.4mm \*

**Finishes** Cleartec, AllGal®, Smartcote® (painted blue or black), MAXI-TUBE®, oiled and NOPC (no oil, paint or clear coating)

\* Non standard sizes, surface finishes and lengths available subject to enquiry.



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# Our precision tube

**SHS** 12.7mm x 12.7mm to 65mm x 65mm

**RHS** 12.0mm x 9.0mm to 90mm x 40mm

**Gauges** 1.2mm to 3.0mm

**CHS** 12.7OD to 101.6OD

**Gauges** 0.9mm to 3.0mm

**Finishes** SEMB, MSGB, MSBR, MSBL, ACMS

Other coatings available include HTGB, HRSB,  
HRGB and HRPO.

\* Non standard sizes, surface finishes and  
lengths available subject to enquiry



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# Additional products

**Fencing Products** – fence pickets, post caps, wire (barbed, chain and hinged) and punched rail.

**Building Products** – roofing, purlins, guttering, welding, reinforcing products, mesh and deformed bar.

**Hot Dip Galvanised Pipe** – plain, threaded, shouldered and grooved ends.

**MAXI-TUBE®** – a zinc-alloy coated steel section that shows high corrosion resistance in many aggressive environments.

**Sprinkler & Hydrant Fire Pipe** – ORRFIRE® Pipe is a leading product specifically designed for pressure reticulation in commercial and industrial fire protection applications.



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# Additional products



**MAXI-TUBE®** – is an innovative zinc-alloy coated steel section with a ZM275 coating that shows high corrosion resistance in many aggressive environments with good galvanic protection

The corrosion resistant alloy coating of MAXI-TUBE® is comprised of zinc (Zn), aluminium (Al), and magnesium (Mg) and is compliant to AS 1397

It provides maximum durability, maximum efficiency and maximum versatility



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# Our accreditations

**AS/NZS:** Orrcon Steel's Salisbury and O' Sullivan Beach manufacturing sites and Pipelines and Infrastructure division have AS/NZS ISO 9001 Quality Assurance Certification

**BSI & ACRS:** Orrcon Steel is third party certified by the British Standards Institution (BSI) and the Australasian Certification Authority for Reinforcing and Structural Steels (ACRS) for product and process conformance to AS/NZS 1163

**NATA:** Orrcon Steel's Laboratory is accredited to AS/IEC 17025 by the National Association of Testing Authorities Australia (NATA) for chemical and Mechanical testing

**Activfire®:** All of Orrcon Steel's ORRFIRE® manufactured products have ActivFire® Scheme approval and are listed under the register of fire protection equipment



# Our precision tube applications

## Home improvements

- Gazebos
- Carports
- Garden sheds

## Industrial

- Clothes lines, gardening products

## Agriculture

- Equipment such as seeders & sprayers

## Furniture

- Domestic tubular and office & furniture

## Hospital equipment

- Hospital beds

## Fencing

- Domestic, security & pool fencing

## Automotive

- OEM/After-market exhaust systems, extractors

## Leisure

- Trampolines, playground, fitness & camping equipment



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# Our structural tube applications

## Building

- Residential and non residential construction
- Fencing
- Shade products

## Engineering

- Heat exchangers
- Heavy structural fabrication
- Conveyor manufacturing
- Mineral processing & refineries
- Mining
- Piling

## Fluids

- Bore drilling
- Major contractors
- Electrical equipment manufacturer
- Fire fabricators
- Industrial plumbing

## Manufacturing

- Automotive aftermarket & OEM
- Box, marine & special trailers, bus manufacturing, caravan & camping equipment
- Furniture
- Horse floats



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# Applications – structural pipe

- Agriculture
- Industrial
- Leisure
- Material handling
- Motor body
- Racking systems
- Semi trailers
- Shop-fitments
- Sign manufacturers
- Steel fabricators
- Traffic equipment
- Tube & metal processors



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# Applications – rural

- Livestock handling
- Feedlots and grain silos
- Containment solutions – fencing, fixed and transportable yards, races;
- Specialised transportation vehicles;



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# Feature project

Using Orrcon Steel Manufactured Tube

## Project:

Melbourne Rectangular Stadium

## Client:

Grocon Constructors Pty Ltd

## Product Supplied:

139.7mm ~ 508mm OD x 5.4mm ~  
38.1mm



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# Our services

**Steel Distribution** – Strategically located distribution centres around Australia, combined with modern warehouses, provide an efficient service for the supply of a wide range of steel products and accessories.

**Processing Services** – Pipe cutting, threading, roll grooving, punching, pipe expansion, band saw – square and mitre cutting.



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# Section Translation Guide (STG)



Now you can compare open steel sections with hollow steel sections by a click of your mouse!

The STG is a free web based software that allows you to compare structural steel hollow sections against hot-rolled open sections. It will assist you to get the best architectural effect, structural efficiency and cost savings for your designs and projects.

The best part is it's a free resource. If you would like to access the STG, simply go to [www.sectiontranslation.com.au](http://www.sectiontranslation.com.au) and register.





**Orrcon Steel is a 15 year supporter of the Australian Supercars championship and is a proud sponsor of the Prodrive Racing Australia Team**

**V8 Supercar Motor Racing exhibits the dynamic culture of our business:**

- Passion To win
- Dedication and commitment
- Competitive and innovative
- Leveraging the advantage of cutting edge technology



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