

# MEDIA RELEASE

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## **Business transformation on track – improving margins off-set by weak demand**

- Group supply chain delivering inventory reductions ahead of targets.
- Restructuring of Australian and New Zealand distribution complete and within budget.
- Closure of Southwards Automotive by June 30 confirmed; consolidation of tube businesses underway.
- Bisalloy expansion progressing on time and on budget.
- Project Services growing in Asia-Pacific region.
- Recent weak demand, particularly through April, has offset cost savings and improving margins. In New Zealand poor economic conditions have adversely affected demand across Atlas' markets. Based on current trading, underlying pre-tax profit (before restructuring costs) is projected to fall 15% short of FY05 level.
- Encouraging FY07 outlook as the full benefits of the business restructuring are realised which will support improved EBIT, ROCE, cash flow and EPS.

*"We have made excellent progress with business restructuring particularly around our Group Supply Chain function. Rationalisation and balancing of our distribution inventories is well ahead of forecast" said Atlas' Managing Director, Dr Martin Foreman today. "We are realising the expected cost savings and have increased margins, however weak demand will offset these initial improvements in this financial year. Notwithstanding the current trading conditions, we remain confident of a positive outlook for FY07."*

For further details please contact:

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*The Atlas Group is Australasia's leading distributor of specialty metals with a growing presence in Asia-Pacific. It's Australian Bisalloy operation is the only local producer of wear resistant, structural and armour plate, supplying the resources, transport, construction and defence sectors.*

**Competency, Consistency and Growth**