



“Australasia’s Largest Distributor of Specialty Metals”

RESULTS PRESENTATION - FEBRUARY 2005

KYM GODSON

CEO

MALCOLM MITCHELL

CEO DESIGNATE

Atlas Group

AUSTRALIA, NEW ZEALAND, INDONESIA, THAILAND

STAINLESS STEEL, HARDENED STEEL, ALLOY STEEL, ALUMINIUM



Half Year Results

31 December 2004



Sales Revenue (\$'m)	Dec 2004	Dec 2003
	\$'m	\$'m
Stainless steel flat products	52.1	48.9
Stainless steel sections	21.5	16.7
Hardened steel plate	32.1	25.6
Aluminium flat products	14.5	11.2
Tubular products	53.7	24.9
Engineering steels	20.2	20.2
Other products	0.8	0.5
Other income	0.2	1.1
	195.1	149.1

Sales increase 31%, led by growth of hardened steel and inclusion of Southward businesses

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\$'m	Dec 2004	Dec 2003	Increase
Sales Revenue	195.1	149.1	+31%
EBIT	14.1	8.1	+74%
EBIT%	7.2%	5.4%	
Net Interest	5.0	2.8	
Net profit before Tax	9.1	5.3	+72%
Tax	1.8	1.4	
Net Profit after Tax	7.3	3.9	+87%
Minority	0.2	-	
Net Profit attributable to Members	7.1	3.9	+79%
EPS (diluted)	8.0c	4.6c	+74%

Profit increases 87%, in half year

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	Dec-04	Dec-03
Sales Revenues		
Australia	150.8	139.8
New Zealand	43.1	14.5
Asia	6.0	4.0
Eliminations	(4.8)	(9.2)
	195.1	149.1
Trading EBIT**		
Australia	10.4	8.1
New Zealand	2.4	0.3
Asia	0.9	(0.3)
	13.7	8.1

** - excludes specific and other relevant items

Segment results reflect improved trading across all sectors of the business

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\$'m	Dec 2004	Dec 2003
Net Profit after Tax	\$7.1m	\$3.9m
Weighted No. Shares on Issue	84.9mil	81.9mil
Earnings per Share for 6mths (diluted)	8.0c	4.6c
Return on Avg Funds (annualised)	17.5%	15.3%
Return on Avg Investment (annualised)*	33.6%	25.4%
Interest Cover	2.8x	2.8x
Dividend per Share	3.9c	3.9c

All shareholder value ratios strengthened. Dividend to be reviewed at year end.

* ROI before tax

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Balance Sheet \$'m	Dec 2003	Jun 2004	Dec 2004	Target Jun 2005
Receivables	57.9	74.6	70.7	85.0
Inventory	77.8	103.6	122.3	111.0
Property, Plant & Equipment	17.0	26.6	36.8	38.5
Other Assets	6.5	8.2	8.7	7.0
Payables & Provisions	(51.2)	(65.5)	(62.6)	(69.5)
Funds Employed	108.0	147.5	175.9	172.0
Net Borrowings	64.7	99.6	109.8	103.0
Shareholder's Equity	43.3	47.9	66.1	69.0
Net Debt/ Equity Gearing	149%	208%	166%	150%
June 2005 assumptions: 40% DRP reinvestment; improved working capital management				

Gearing targeted at 150% by 30 June and then to continue lower.

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Capital Expenditure & Depreciation \$'m	Actual Half Year ended Dec 2004	Forecast Half Year ended Jun 2005
Normal replacement expenditure	1.8	1.6
SAP implementation	1.2	0.4
Bisalloy mill upgrade	0.8	0.8
Southward Engineering annealing line	0.8	
Atlas Metal Processors development		1.5
Total Capital Expenditure	4.6	4.3
Depreciation	1.9	2.6

New capital projects have short payback periods.

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Outlook



- Demand for stainless steel & aluminium remains good
- No significant impact on Atlas of downturn in housing construction.
- Demand for hardened steel plate for resources and security / military applications is strong
- Strong growth in Indonesia & Thailand
- Reduction of balance sheet gearing a key focus for management
- Forthcoming debt refinancing expected to reduce funding costs
- Directors are comfortable with analyst's FY05 forecast of EBIT \$26.5m (FY04 19.8m) & EPS 13.4c (FY04 11.8c)

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Investment Key Points



- Historically stainless steel consumption in Australia and globally grows faster than GDP. The outlook for stainless growth remains strong.
- Atlas maintains an Australia & New Zealand wide network of warehouses servicing a broad customer base over a wide range of industries. This network facilitates the opportunity to expand into additional metal products.
- Recent successful implementation of new SAP computer systems will assist management to improve business processes and working capital management.
- Increased Bisalloy mill capacity opens opportunity to meet strong demand for hardened steel and deliver high marginal returns.
- Continuing opportunity to grow sales to infrastructure projects
- Further benefits to be delivered from integration and rationalisation of Southward
- Focus on shareholder value metrics (ROFE, ROI) underpinned by low PE and high fully franked dividend yield

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Business Developments



Year	Key developments
2002	Bar drawing machine for the production of stainless steel bar was installed at the Atlas wire mill
2002-04	New distribution warehouses established in Gladstone, Wodonga, Shepparton, Hamilton and Kalgoorlie.
2002-04	Expanded and upgraded distribution warehouse facilities in Melbourne, Perth, Brisbane, Townsville and Mackay.
2002	Established infrastructure project management group in conjunction with entry into carbon pipe market.
2003	Established Bisalloy in Thailand for the supply of hardened steel and stainless steel plate.
2004	Acquired Southward Engineering tube making and metals distribution businesses in New Zealand.
2004	Atlas distribution businesses implement new SAP computer systems.
2004	Acquired remaining 50% of Atlas' coil processing and service centre business at Warragamba, NSW.
2005	Expanded Bisalloy quenched & tempered mill (hardened steel) in Wollongong due to demand

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Market Position & Value Adding



- Atlas is the market leader in five out of seven product categories
- Atlas adds value to its products

Core Product Category	Market Position	Value Adding Processes
Stainless Steel Flat Products	1	Polishing, cut-to-length, slitting, profiling, blanking
Stainless Steel Sections	1	Drawing, polishing, heat treating, pickling, cutting
Stainless Steel Tubular Products	1	Rolling, polishing, cut-to-length, swagging
Engineering Steels	1	Cut-to-length
Hardened Steel Plate	1	Heat treating, profiling
Aluminium Flat Rolled Products	5	Polishing, cut-to-length, slitting, profiling, blanking
Carbon Tubular (growth product)	Low	Rolling, cut-to-length, swagging

Atlas is the market leader in specialty metal products

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Market Segments



- Seven core product categories - stainless steel the main core product
- Geographic, product and customer diversification: products are sold to over 10,000 customers in a variety of industries

Diverse customer base across numerous industries and regions



Core Product Category	Major Segments	Applications
Stainless Steel Flat Products	Food & Wine Storage Architectural & Household Automotive & Transport	Industry Storage Tanks Kitchen Sinks / Dishwashers Auto Components / Rail Freight Wagon
Stainless Steel Sections	Marine Automotive & Transport General Industry	Component parts Screws, Nails, Springs, Wire Mesh
Stainless Steel Tubular	Petrochemical Processing Automotive Structural Applications	Petrochemical Pipes Muffler Systems Street and Domestic Furniture
Engineering Steels	Engineering General Machines	Component Parts, e.g. Automotive Forgings, Axles, Shafts, Drill Bits
Hardened Steel Plate	Defence Earthmoving & Mining Transport /Structural	Armoured Vehicles High strength Blades / Chutes Truck Bodies / Dump Truck Chassis
Aluminium Flat Rolled	Marine Architectural & Construction Household Products	Marine Vessels Roofing Cladding
Carbon Tubular	Oil & Gas Mining Petrochemical Processing	Pipelines Minerals Processing Petrochemical Pipes



Locations



- Regions: Australia, New Zealand & SE Asia
- Distribution: 20 sales/warehousing locations across AUS & NZ.
- Bisalloy: processing facility Wollongong, NSW
- Bisalloy Asia: Indonesia & Thailand.
- Southward: manufacturing Wellington & Auckland
- Coil processing facility, Warragamba, NSW



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History



Year	Key events
1939	Entry into the Australian market by Atlas Steels Canada
1962	The specialty steels wire mill and distribution centres established at Altona North in Melbourne
1980	Bunge Industrial Steels Pty Limited (Bisalloy) established a quenched and tempered steel plate manufacturing plant at Unanderra near Wollongong
1987	Atlas Steels Limited listed on the Australian Stock Exchange
1994	Formation of PT Bima Bisalloy joint venture in Indonesia for the distribution of quenched and tempered steel plate
1995	Atlas Steels Limited acquired by Email Limited
2001	Management buy-out the business of Atlas Steels Pty Limited and Bisalloy Steels Pty Limited from Email Limited
2003	Atlas Group Holdings Limited listed on the Australian Stock Exchange

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Management & Board



Executive Directors:

Kym Godson – Managing Director
Malcolm Mitchell - Deputy Managing Director

Non-Executive Directors:

Phillip Cave - Chairman
Richard Grellman
William Wavish

Senior Managers:

Robert Terpening – General Manager, Manufacturing
Mark Connolly – General Manager, Australian Distribution
Paul Norman – General Manager, Business Services
Leo O’Callaghan - General Manager, New Zealand Distribution
Stephen McDonald – Chief Financial Officer

Ownership:

Atlas Directors, Management & Staff have approximately 20% of the shares of the company.

Incentives:

Executive Directors and Management participate in a performance rights incentive scheme, over unissued shares representing 3.3% of the equity of the company.
Management and Staff participate in performance based annual bonus arrangements

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