



**Chairman's address to the 2003 Annual General Meeting,
held at St. Michael's Hall, 120 Collins Street, Melbourne
on 12 November 2003 at 11:00am.**

A very warm welcome to fellow shareholders to the first Annual General Meeting of Atlas Group Holdings Limited as a publicly listed company.

Atlas is a company that is over 60 years old and this is the second time that principally the same Atlas business has been listed, albeit this time the group includes Bisalloy Steels. Bisalloy is Australia's leading processor of quenched and tempered steel plate, with significant exports to Asia and New Zealand.

Obviously the public listing of Atlas in June was the highlight of the 2003 year, being the culmination of a tremendous effort by all involved. However in addition should be noted that the company made significant steps forward in its financial performance during the year, not only by meeting its prospectus forecasts but also by increasing its revenues by more than 15% and improving its EBIT margins from 5.3% to 6.0%.

As was also mentioned in our published Annual Report, over the last year we have broadened our product base, extended our distribution network and further increased our market share. Our chief executive, Kym Godson will address in more detail on our accomplishments in the year as well as the outlook for 2003/04. Suffice to say that Atlas is currently experiencing volatile market conditions arising from the recent strong appreciation of the Australian dollar and adjustments to stainless steel prices caused by the increase in world prices for nickel.

On a wider perspective, the Board and management are very excited by our current strategic plans to not only strengthen and grow the existing business, but also to broaden Atlas, to become a specialty metals supplier. This strategic direction is reflected in our name where the word "Steel" has been dropped. The name of our company was changed to Atlas Group Holdings Limited just prior to listing and we now trade under the "Atlas Specialty Metals" banner.

As was indicated in the Prospectus, Atlas has not declared a dividend for the 2003 financial year. It is anticipated that we will pay our first interim dividend in April 2004.

On behalf of the Board and Shareholders I would like to congratulate management on a successful 2003. I will now hand you over to Kym Godson, who will give you a more detailed run down on the year completed and the outlook for Atlas.

**Phillip Cave
Chairman
12 November 2003.**

Managing Director's address to the 2003 Annual General Meeting.

Thank you, Mr Chairman

Before giving shareholders an overview of performance so far this year, I would like to dwell a little on the company's strategy, reinforcing what is already outlined in my comments in the annual report.

Directors and senior executives of Atlas believe that the company is in a position to develop its business and improve its margins, thereby increasing its returns to shareholders. Over the last two years Atlas has made progress in these areas and will continue to do so.

To achieve its' objectives Atlas has embarked upon a growth and development strategy that seeks to capitalise on Atlas's inherent strength, which is its large diverse customer base. The strategy is expected to unfold over the next three years.

The important elements of the strategy to highlight are:

- 1) Seeking where possible to value add to products passing down Atlas' distribution chain to its customers, thereby picking up a value adding margin in addition to the normal distribution margin.
- 2) Growing by establishing carefully placed distribution centres in areas that not only immediately viable through servicing established businesses in the region, but also have the ability to grow with an expanding industry base, suited to Atlas's products.
- 3) Growing by adding complimentary products to our range, which are primarily used by existing customers. For example, we regard aluminium as a growth product since it is used by the same types of customers that use stainless steel.
- 4) Ensuring we hold a wide range of inventories, particularly in our six primary product groups, in order to be able to fully service our customers. Inventory holdings will vary between distribution centres

depending on local customer requirements.

- 5) Providing market leadership in the main product categories in which Atlas operates.
- 6) Ensuring that we continue to develop strong channels of supply in the specialty metals field, working with suppliers who seek excellence, not only in product quality, but in technical and delivery performance.
- 7) Atlas is of the view that in some areas of its market in Australia and New Zealand rationalisation is necessary. Atlas intends to play an active role in any market rationalisation that may eventuate.

So far this year in pursuing our strategy, Atlas has been able to acquire a small regional distribution operation in the Shepparton area.

In October, we opened a new greenfield distribution centre in Nowra and can report that we are very pleased with the performance of the Nowra team.

A new distribution centre has nearly been completed in Hamilton in New Zealand and will be operating before Christmas.

We have expanded our distribution centres in Mackay and Brisbane and have relocated to new larger premises in Townsville and Gladstone. These centres have been upgraded to support the expansion into new product areas.

In Perth we are expanding the size of the distribution warehouse in order to accommodate the expansion of our product range. The work will be completed before Christmas.

In Kalgoorlie, we expect to have a new distribution centre completed before the end of February.

In Victoria, we will move into a new distribution centre over Christmas. The new site is adjacent to our existing wire

and bar drawing operations at Altona. The move will make space on our existing site to develop Atlas' value added processing capabilities.

In addition to facility developments, we have continued with the development of our staff, principally through training of our technical sales team. We have also employed new specialised product managers to assume responsibility in certain of the product growth areas of the business. As a company we see the continual development of the knowledge and expertise of our staff as fundamental to our future success.

Overall I am pleased with the developments and progress we have made, knowing that over the last year we have strengthened and added value to our company.

2004 Trading and Outlook

After a buoyant start to the current financial year, over the last three months Atlas has experienced tight trading conditions. Atlas' selling prices and margins have been under pressure principally as a result of the rapid appreciation of the Australian dollar. This caused the replacement cost of imported inventories to fall below the average cost of inventory holdings. The effects of this situation are short-term, lasting while inventories are being replaced with lower cost product.

Over the last six months the rapid rise in the Australian dollar has significantly outpaced increases in the price of imported stainless steel from major world manufacturers. However in October manufacturers started to respond to the recent rise in the price of nickel (60-65% of whose demand comes from stainless steel production) by lifting stainless steel prices by nearly 10%. Atlas has been expecting this move since the beginning of the current financial year. The increase in stainless steel prices that is now underway, should feed through into increased distribution selling prices over the next few months, which will in turn relieve the current tight conditions. The well documented forecasts of a worldwide shortage of nickel, which are expected to extend throughout 2004, should continue to have a positive affect on Atlas' earnings over that period.

I hope shareholders will excuse me for spelling out in such detail the short-term dynamics that affects our industry when there have been rapid price movements and exchange rate fluctuations, however I believe they merit explanation in the light of the volatile conditions we have experienced so far this year.

In Australia, although Atlas has been able to maintain growth in sales volumes and has increased its market share, the tight margin conditions have denied us the opportunity of exceeding the year to date forecasts. In New Zealand over the same period, it has become evident that in addition to short-term stock adjusting pressures, Atlas' business is being adversely impacted by a combination of increased competition and weak demand. Management have taken actions to redress this situation, however the New Zealand business is currently behind its targets.

Apart from the current concern we have in New Zealand, we are generally satisfied with the financial performance of the business so far this year. Further, we do expect that the tight trading conditions experienced in the year to date will ease, thereby allowing improved returns. However we caution that the continuing strength of the Australian dollar does pose a threat to Atlas' earnings by reducing market demand for its products. This is particularly the case in respect of the earnings of our quenched and tempered plate business, whose exports have become less competitive and which will become exposed to greater import competition in the domestic market, albeit that a robust resources sector is currently fuelling a strong market for the product.

Kym Godson
Managing Director
12 November 2003.