
Corus Group plc

Investor Visit – Scunthorpe Works

28 June 2005

Andrew Page

Managing Director,
Corus Construction & Industrial

Itinerary

10.05am	Presentation – Conference Centre
10.50am	Change into Safety Clothing
11.10am	Visit Blast Furnace – D Collins
11.45am	Visit Bloom 483 – M Eaton
12.10pm	Visit Medium Section Mill – P Reid
12.50pm	Visit Rod Mill – P Hogg
13.40pm	Lunch – Conference Centre
15.00pm	Depart Frodingham House

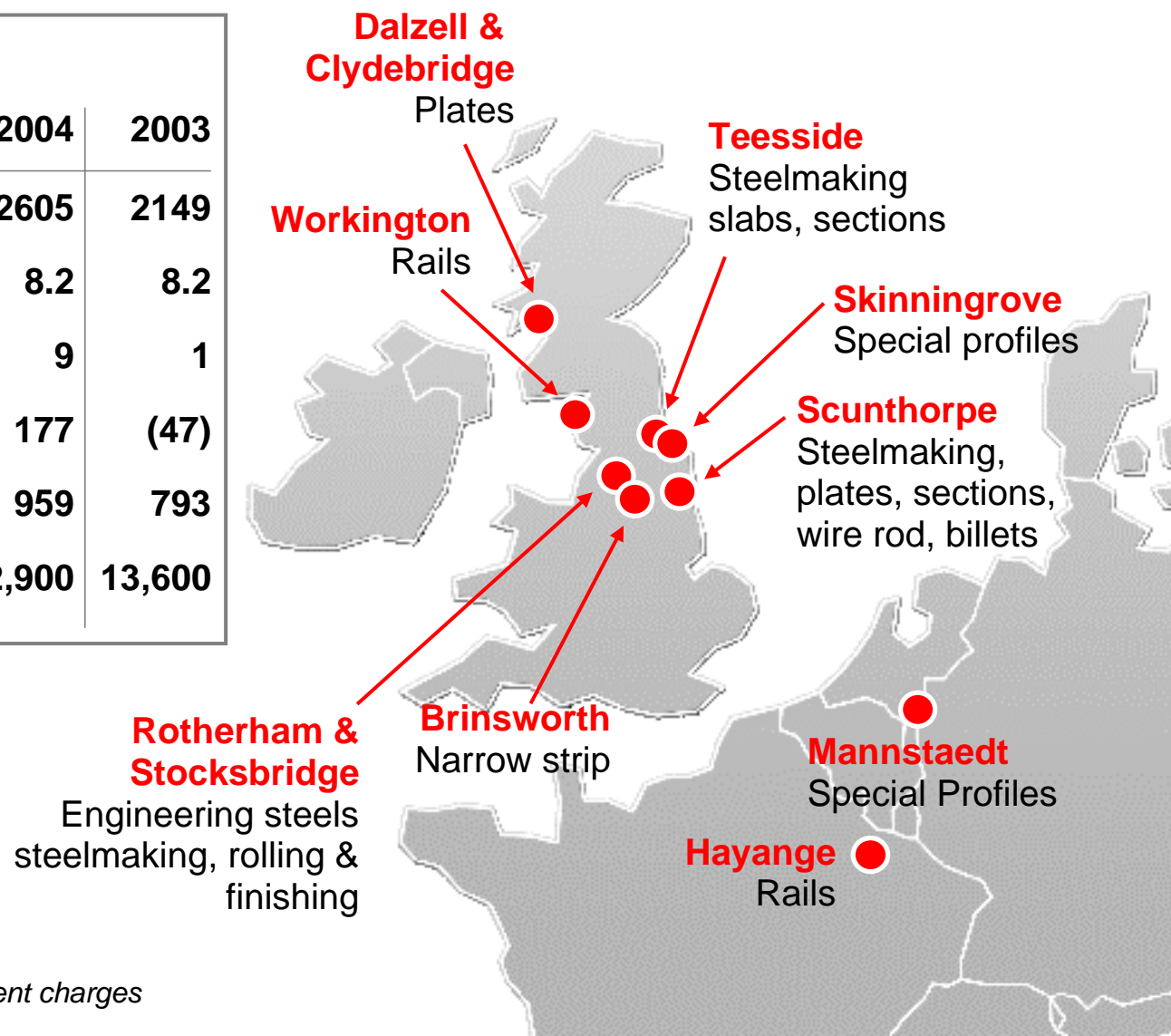
Agenda

- CC&I as part of Long Products
- Restoring Success – progress to date
- Integrated iron and steelmaking at Scunthorpe
- Key products and markets
- Investments in Scunthorpe
- CC&I strategy and objectives
- Summary

Long products division

Long Division Operations

Financials	2004	2003
Turnover (£m)	2605	2149
Deliveries (mt)	8.2	8.2
EBITDA margin* (%)	9	1
Operating profit* (£m)	177	(47)
Net assets (£m)	959	793
No of Employees	12,900	13,600



* Before restructuring & impairment charges

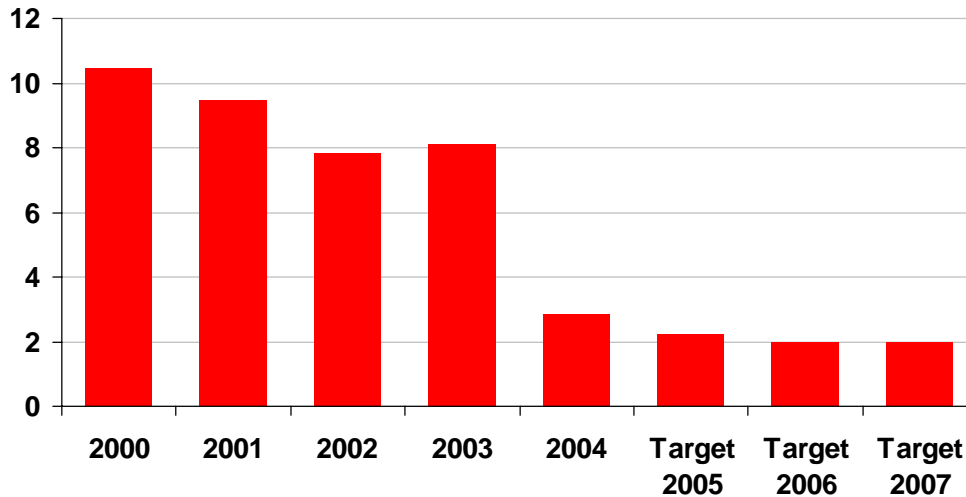
Long Products Division Business Overview



Long Products Division	Principal Manufacturing Locations	Sales Deliveries 2004	Employees
Corus Construction & Industrial	Scunthorpe, Teesside, Dalzell, Clydebridge	4.1mt	5,800
Corus Engineering Steels	Rotherham, Stocksbridge	1.2mt	2,500
Corus Rail	Workington, Hayange	0.4mt	1,100
Teesside Cast Products	Teesside	3.2mt	1,700
Mannstaedt	Mannstaedt	0.2mt	700
Downstream Business	Skinningrove, Brinsworth	0.3mt	1,100
Consolidation	Inter-company trading, Discontinued operations	(1.2)mt	-

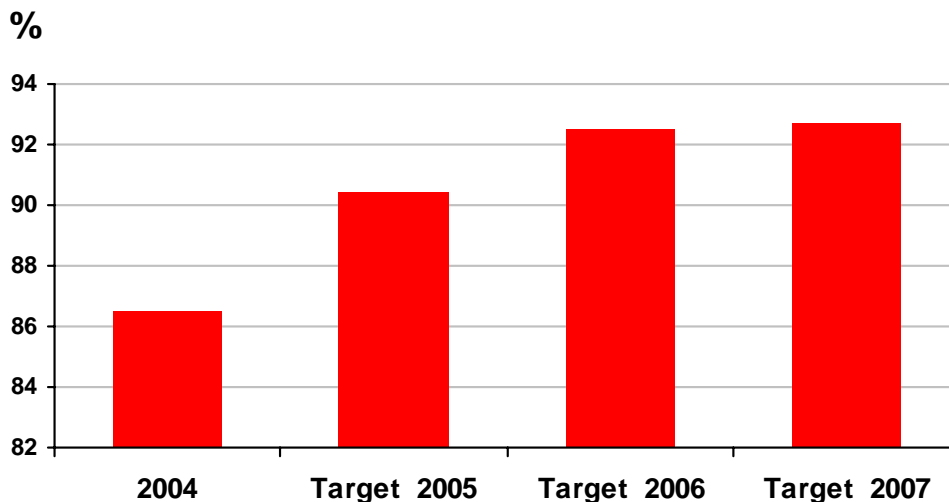
Corus Construction & Industrial (CC&I)

Restoring Success - Progress



Safety

- LTIF rate of 2.75 in 2004
- 70% improvement over 2003
- Target of 2.2 in 2005



Service

- Delivery performance of 86.5% in 2004
- 2.2% improvement Q1 to Q4 2004
- Target of 90.4% in 2005

Restoring Success - Progress

Savings - Fix it, Sell it or Close it



Construction and Industrial

SELL

- Sheet piling business

CLOSE

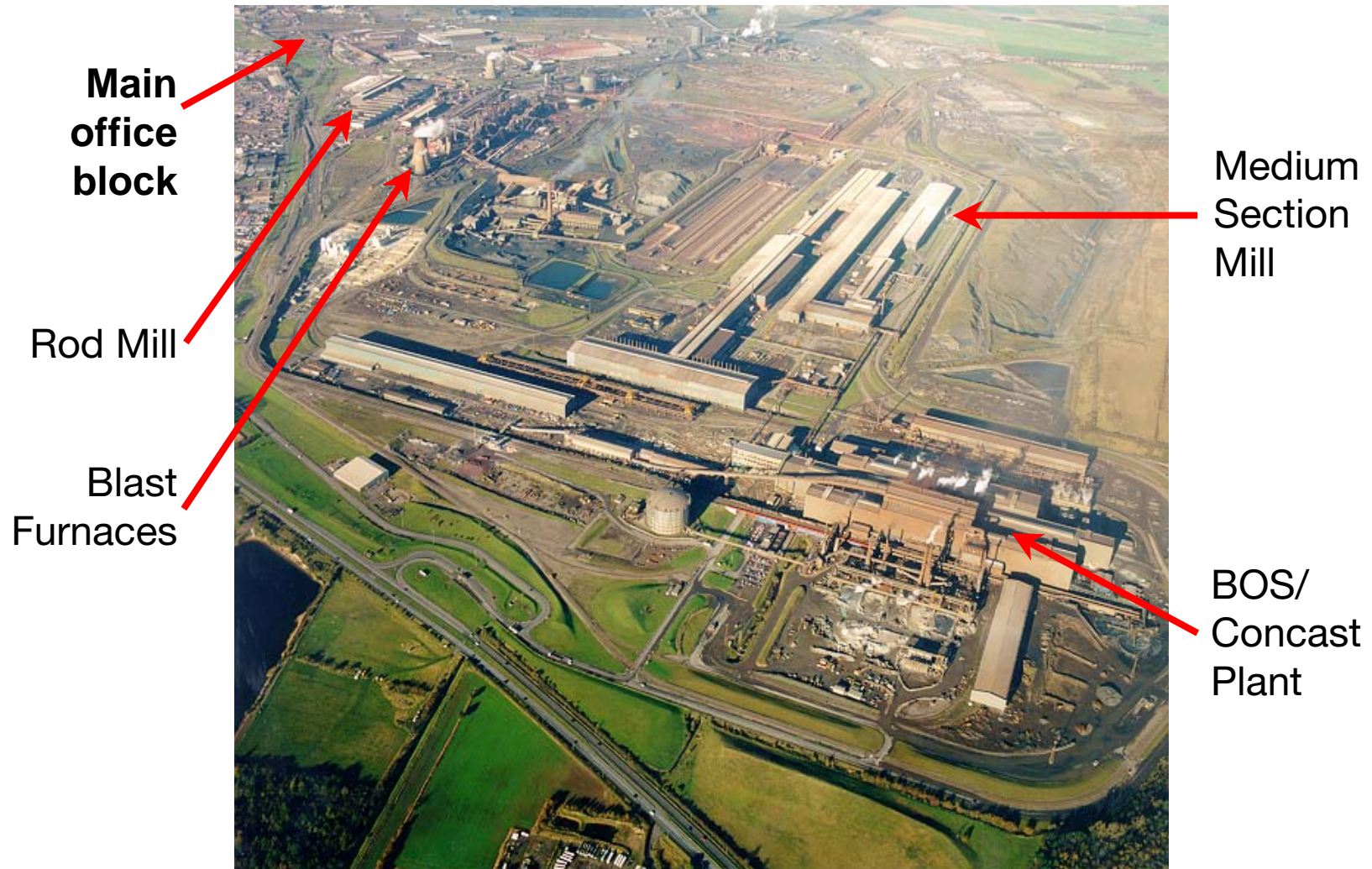
- Scunthorpe Heavy Section Mill

FIX

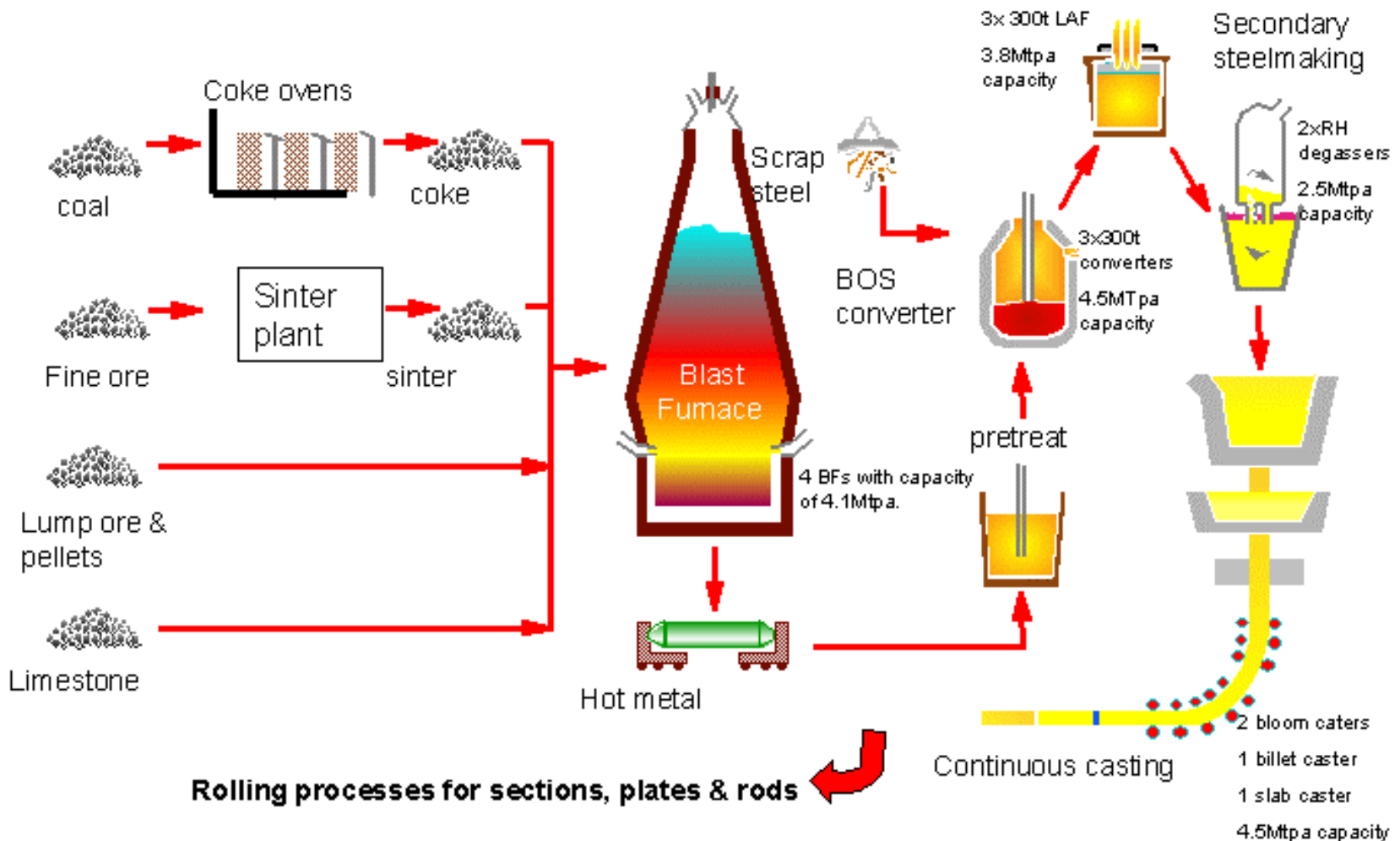
- Steelmaking mix constraints - third ladle furnace and second degasser
- Wire rod mix - premium rod strategy
- Queen Bess coal injection rates
- Plate Mill – shape control and automation
- Route to market optimisation with CD&BS



Scunthorpe Site - aerial photograph



Integrated Iron & Steelmaking



Key manufacturing statistics at CC&I

- Currently Scunthorpe is largest Corus site in UK
 - 4.5mtpa steel capacity
 - Integrated operations across 2,000 acres
- High product and volume flexibility
 - 3/4 Blast Furnaces
 - Sections, Plates, Rods and Semis
 - Strong technical plant capability

Investments in Scunthorpe steelworks

- £44m announced April 2004
 - Investment in Rod Mill (warehouse)
 - Modernisation of Plate Mill
 - Vacuum degasser and ladle arc furnace
- £130m announced February 2005
 - New bloom caster providing direct cast feedstock to Rod Mill (replacing large bloom caster/re rolling mill)
 - New reheat furnace and breakdown mill stands in Rod Mill
 - Investment in Medium Section Mill to provide a world-class rail manufacturing facility
 - Creation of a Rail Service Centre
 - £40m annual EBITDA benefit beyond 2007

Investment benefits

Rods

- Higher quality feedstock and consistency
- Elimination of bottlenecks in material flow to Rod Mill
- Flexible and efficient supply of wire rod
- Product improvements: surface quality, reduced decarburisation and increased coil weight

Sections

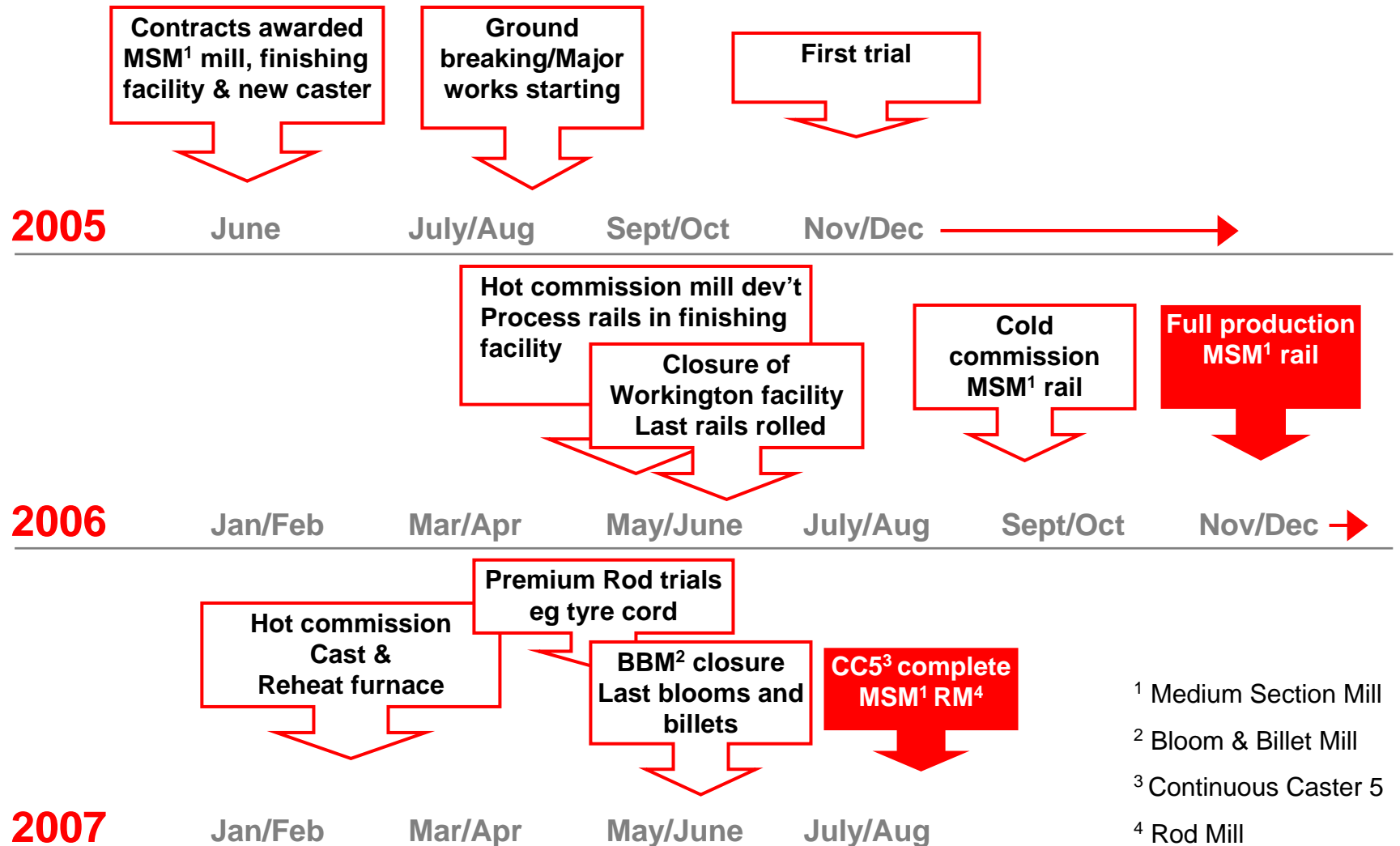
- Higher quality feedstock
- More consistent product quality
- Increased mill capacity and flexibility

Rail

- 120m length capability (from 40m)
- Efficient processing on continuous mill
- Flexible demand capability

**Achieve top 3
European position
in all products
by 2007**

Key investment milestones



¹ Medium Section Mill

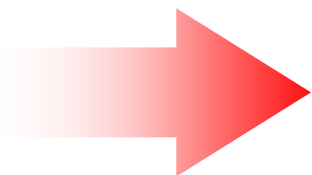
² Bloom & Billet Mill

³ Continuous Caster

⁴ Rod Mill

CC&I Strategy

- Develop core products where we can establish and sustain a position as a leading European supplier
- Build from strong UK and N. European market base by improving competitiveness in terms of product cost, range, quality and customer service
- Enhance core product positions



Achieve a sustainable return through the cycle

Achieving Excellence CC&I objectives 2005



Business - getting fighting fit

ACHIEVE annual plan key financials in terms of Earnings before Interest Tax (EBIT) and cash.

REDUCE lossmaking tail of business by addressing market/customer mix, distribution cost and conversion costs.

PROPOSE and implement strategic solutions which will deliver sustainable business position.

ESTABLISH continuous improvement activity across the business with the goal of 100 per cent engagement supporting business objectives.

People - the key to our success

ACHIEVE further improvements in health and safety by delivering targets within business level plan and ensuring appropriate action is taken to achieve department plans.

Key performance indicators :

- Lost time injury frequency rate less than 2.2
- All known injury frequency rate less than 31.0
- 2000 behavioural observations per month
- 9 senior managers assessment tours per month
- 1800 competency assessments during 2004
- Near miss responses within 72 hours
- 28 cross business assessments
- At least 580 health and fitness checks

CONTINUE the development of leadership skills and competence at all levels of the business.

CONDUCT and communicate employee opinion survey - publish results and action plan progress.

Customers - at the heart of what we do

DELIVER improvements in customer service by achieving:- overall delivery performance of 85 per cent by end of 2005 and 90 per cent by end of 2006.

DEVELOP supply chain improvement plan for rods and start implementation.

REDUCE claims credits by 10 per cent on 2004.

ACHIEVE UK market share and valve premium for sections and plates by offering improved presentation and service packages.

Society - working together

CONTINUE to develop proactive and positive relationships with local stakeholders and measure our media coverage.

REDUCE environmental notifications by 10 per cent.

Our values and behaviours

- **HEALTH AND SAFETY** the number one priority
- **COMMUNICATION** effective, open and at the heart of the business
- **ENVIRONMENTAL PERFORMANCE** a responsible approach
- **LEADERSHIP** visible and active
- **ACCOUNTABILITY** for results in all areas
- **OPPORTUNITY** for everyone to contribute to the best of their ability
- **STRIVING** for simplicity, added value, reliability and improvement
- **CUSTOMER SATISFACTION** high quality products and services

Summary

- Scunthorpe is currently the largest integrated iron and steelmaking plant in the UK
- Significant improvement in safety, service and savings
- Strong UK market share and market opportunities
- Major strategic investment builds on sites unique technical strengths to improve
 - process efficiency
 - product quality
 - customer value
 - manufacturing flexibility