

# ASX RELEASE



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## BLUESCOPE ACQUIRES NEW ZEALAND DOWNSTREAM LONG-PRODUCTS BUSINESS FROM FLETCHER BUILDING

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BlueScope today announces it has agreed to acquire the downstream long-products rolling and marketing operations of Fletcher Building's Pacific Steel Group (PSG), based in Auckland, New Zealand.

PSG is a producer and marketer of long products such as reinforcing steel, rod and wire, and in FY2013 sold approximately 240kt to New Zealand domestic and export customers. BlueScope will be acquiring the rolling mill and wire drawing facilities located at Otahuhu in Auckland as well as the rolling mill in Fiji, currently operated by PSG.

The acquisition price is NZ\$60 million plus working capital. Half of the acquisition price will be paid upfront and the other half in the second half of CY2015. The cost of acquiring working capital is expected to be funded through realisation of working capital savings with no significant timing difference.

BlueScope's wholly owned subsidiary, New Zealand Steel, will invest approximately NZ\$50 million in the construction of a billet caster and associated plant at the Glenbrook steelworks, and on integration costs. The new caster will supply steel billet as feed to the rolling mills in NZ and Fiji. The construction works will create approximately 70 new construction jobs over the two year project, prior to commissioning during the second half of CY2015.

Commenting on the transaction, BlueScope's Managing Director and Chief Executive Officer, Mr Paul O'Malley, said: "The acquisition of the PSG downstream assets is an opportunity to better leverage our low cost iron sands and better serve customers with a full range of long products, together with our existing flat products.

"Through improved sales mix and lower cost of production, driven by lower cost raw materials, the acquisition, including integration costs, is expected to achieve an EBIT pay-back within three years from transfer of billet production to Glenbrook.

"Today's announcement is not only a positive step for our business but will help make the New Zealand steel industry more sustainable. We will invest in significant new capital equipment at Glenbrook, create construction jobs and help to secure New Zealand jobs, with significant flow-on benefits to the local communities," Mr O'Malley said.

The acquisition is subject to typical conditions precedent, including New Zealand Commerce Commission clearance. Completion is targeted for mid CY2014.

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For further information about BlueScope: [www.bluescope.com](http://www.bluescope.com)

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