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BLUESCOPE MOVES TO FULL OWNERSHIP BY ACQUIRING REMAINING 50% OF NORTH STAR – UNIQUE INVESTMENT OPPORTUNITY

BlueScope today announced it has agreed to acquire Cargill's 50 per cent share of North Star BlueScope Steel LLC for US\$720 million. The transaction will take BlueScope's ownership of North Star to 100 per cent.

The acquisition consideration, together with net debt to be assumed of US\$40 million as at 30 September 2015, implies a multiple of 7.1 times FY2015 EBITDA and pro-forma FY2015 cash flow per share accretion of 26 per cent.

BlueScope exercised its right of last refusal under the North Star shareholders' agreement, matching an offer received by Cargill from a third party.

North Star has delivered consistent financial performance and strong returns on invested capital to BlueScope.

Commenting on the transaction, BlueScope's Managing Director and Chief Executive Officer, Mr Paul O'Malley, said: "This transaction will give us 100 per cent ownership of an asset that is highly regarded within the U.S. steel sector; full ownership enhances BlueScope's portfolio value and optionality and improves business flexibility. The North Star business delivers on our strategy of being cost competitive in steelmaking and is best in class.

"Given North Star's strong free cash flow generation and the current strength of BlueScope's balance sheet, it is anticipated that the transaction will be funded through a combination of U.S. capital markets issuance and longer term bank debt. A fully funded interim facility is in place to support the acquisition.

"The BlueScope Board is committed to reducing debt following the acquisition, to retain financial flexibility and a robust balance sheet, targeting a 1.0 times net debt to EBITDA ratio within 12-18 months. This is expected to be achieved through targeted divestments and operating cash flow."

"North Star is a high quality, structurally advantaged asset: it is centrally located within a large scrap pool, operates close to its core markets, has low conversion costs and benefits from a highly motivated and focused work force.

With 380 employees, North Star is a producer of 2.0 million tonnes per annum (mtpa) of hot rolled coil at its mini-mill located in Delta, Ohio. The business is recognised by customers in the independent Jacobson

survey as the leading mini-mill in the U.S. based on quality, service and on-time delivery, and it has consistently operated at full capacity.

“With assistance from a motivated workforce, North Star has increased output from a nameplate 1.5 mtpa in FY2001 to 2.0 mtpa in FY2015 with minimal capital investment. The team is working on further opportunities to boost output at low capital cost – targeting an increase in production capacity of 90,000 tonnes per annum over the next two years by increasing casting width and speed.

“Since FY2005 inclusive, the Company’s 50 per cent ownership interest in North Star has returned over A\$1.1 billion of cash dividends. This transaction offers a unique opportunity to acquire full ownership of this highly cash generative business.”

Completion is not subject to any regulatory approvals and is targeted for October 2015.

Credit Suisse is acting as financial adviser and Vinson & Elkins are acting as legal advisers to BlueScope on the acquisition.

For further information about BlueScope: www.bluescope.com

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