

Date: 11 April 2022

BlueScope to acquire Coil Coatings business from Cornerstone Building Brands for US\$500M to establish significant painting footprint in Eastern US

BlueScope today announced that it has entered into a binding agreement to acquire the Coil Coatings business from Cornerstone Building Brands, Inc (NYSE:CNR) for US\$500 million, subject to customary adjustments. Coil Coatings is the second largest metal painter in the US, with a total capacity of around 900,000 tonnes per annum across seven facilities, predominantly serving commercial and industrial construction applications.

BlueScope Managing Director and CEO Mark Vassella said, "The acquisition of Coil Coatings is a significant step forward in our growth plans for North America. It almost triples our US metallic coating and painting capacity to over 1.3 million metric tonnes per annum, from around 475,000 tonnes per annum at present¹, and gives us immediate and direct access to the large and growing Eastern US region."

"Following the completion of the acquisition of Coil Coatings, the US\$770 million investment in the expansion of North Star, the US\$220 million establishment of BlueScope Recycling and the continued investment in the BlueScope Properties Group, the Company's investment in North America now totals over A\$4.5 billion, employing more than 4,000 employees."

"As a global leader in painted steel products for building and construction applications, this deal hits our sweet spot. The Coil Coatings business complements our existing North American asset base on the West Coast (through the NS BlueScope Coated Products Joint Venture). We had previously flagged interest in expanding painting operations into the Eastern US region via a greenfield paint line. Today's acquisition provides BlueScope with a rare opportunity to immediately fulfil this strategic growth initiative with Coil Coatings' outstanding portfolio of assets."

"The Coil Coatings business provides BlueScope with a significant opportunity for long-term earnings and growth through product development and branded products consistent with the BlueScope's customer service and value proposition around the globe. The acquisition also provides for further integration with BlueScope's existing US business value chain."

"BlueScope has identified operational and supply chain synergies of around US\$12 million per annum by year three, however the key focus is the medium to longer-term opportunity the acquisition provides." Mr Vassella said.

The purchase price of US\$500 million represents approximately 8.9 times CY2021 pro-forma EBITDA of US\$56 million, including year three synergies. Following completion, Cornerstone Building Brands will remain a key customer of the business.

The acquisition will be fully funded from cash on the balance sheet and will be immediately accretive to earnings per share. BlueScope remains in a strong position to continue to execute on its previously announced projects and on-market buy-back.

The transaction is targeted for completion in calendar year 2022, subject to regulatory approval and other customary closing conditions.

¹ Existing US metallic coating capacity of approximately 475,000 tonnes, of which encompasses 215,000 tonnes of metal painting capacity.

“We are excited about welcoming the Coil Coatings team to BlueScope, and for the opportunity to share and combine our operational knowledge and invest to drive safety, efficiency, branding and growth,” Mr Vassella said.

Credit Suisse is acting as Financial Adviser to BlueScope on the acquisition.

BlueScope will hold an investor webcast at 10am AEST on Monday 11 April 2022; a link will be available at bluescope.com/investors.

Authorised for release by: Mark Vassella, Managing Director & Chief Executive Officer

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