

ASX RELEASE

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IMPAIRMENT OF ASSETS AND CHANGES TO STEEL BUSINESSES

Mining and materials group, Arrium Limited (ASX:ARI) today provided further information on previously announced changes to its Steel businesses, and announced asset impairments and restructuring charges totalling approximately \$480 million (after tax).

Last month, Mr Andrew Roberts, Managing Director & CEO confirmed the company's focus on cash generation through improved earnings from cost reductions, driving down working capital, as well as divesting non-integrated Steel businesses and properties. The announcement included combining the company's Steel Manufacturing and Distribution businesses to form a single Steel business.

The creation of a single Steel business is expected to deliver annualised cost savings of approximately \$40 million, with \$30 million expected to be realised in the 2014 financial year. The company will recognise restructuring costs of approximately \$20 million in its Steel businesses related to these savings.

Arrium is also undertaking additional rationalisation work, predominantly in its Recycling business. This work will result in the recognition of impairment and restructuring charges of approximately \$50 million, including approximately \$30 million of Recycling goodwill.

Arrium also expects to record an impairment charge of approximately \$100 million to intangible and other assets in the Steel business as a consequence of its impairment testing process.

The company announced today that it will hold its non-integrated Merchandising businesses (previously part of the Steel Distribution segment) and its US Recycling business for sale. This follows the announcement in February that it was progressing the sale of its Australian Tube Mills business. The holding of these businesses for sale will result in the recognition of impairment and restructuring charges of approximately \$360 million, as this value is not expected to be realised on sale.

Mr Roberts said: "We have a priority to reduce the company's overall level of debt. Today's announcement reflects initiatives in our Steel and Recycling businesses, with our focus on improving earnings and cash generation."

The above impairment charges and restructuring costs are expected to result in an increase of approximately 3 percentage points to the company's gearing ratio. The impairment charges are non-cash in nature.

The above charges and costs will be recorded in the company's statutory financial statements for the year ended 30 June 2013, and are not expected to impact underlying earnings for the year. They remain subject to finalisation and audit.

Further detail on these impairments will be provided in the company's 2013 financial statements.

SUMMARY OF IMPAIRMENTS & RESTRUCTURING COSTS¹

SEGMENT	IMPAIRMENT		RESTRUCTURING COSTS \$M	TOTAL \$M (PRE TAX)	TOTAL \$M (POST TAX)
	INTANGIBLES \$M	OTHER ASSETS \$M			
STEEL	170	135	50	355	300
RECYCLING	170	10	5	185	180
TOTAL	340	145	55	540	480

Ends

CONTACTS: Investor & Media

Steve Ashe
General Manager
Investor Relations & External Affairs
Tel: +612 9239 6616
Mob: +61408 164 011
Email: ashes@arrium.com

¹ Impairments and restructuring costs remain subject to finalisation and audit