STELCO

The Steel Company of Canada

First Quarter 2021 Earnings Call

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May 5, 2021

Disclaimer

Caution Regarding Forward-Looking Statements and Key Assumptions

This presentation contains “forward-looking information” within the meaning of applicable securities laws. Forward-looking information may relate to our future outlook and anticipated events or results and may include information regarding our financial position, shipment volumes, business strategy, growth strategy, budgets, operations, financial results, taxes, dividend policy, plans and objectives of our Company. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities is forward-looking information. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances may be forward-looking statements. Forward-looking statements are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances. The forward-looking statements contained in this document or otherwise referenced are presented for the purpose of assisting the holders of our securities and financial analysts in understanding our financial position and results of operations as at and for the periods ended on the dates presented, as well as our financial performance objectives, vision and strategic goals, and may not be appropriate for other purposes.

Forward-looking information in this presentation includes: expectations regarding shipments in the second quarter of 2021; expectations regarding the pig iron caster’s production capabilities; expectations regarding the rehabilitation and upgrade of the LEW coke battery and that, upon completion of such construction, the LEW coke battery will operate with improved cost-efficiency and performance; expectations regarding the Company’s Adjusted EBITDA results for the whole of 2021; and estimates regarding the average scrap selling prices in the third quarter of 2021.

Undue reliance should not be placed on forward-looking information. The forward-looking information in this presentation is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions in respect of: our ability to complete new capital projects on schedule and within budget and their anticipated effect on revenue and costs; our ability to obtain all applicable regulatory approvals required in connection with new facilities; our ability to source necessary volumes of raw materials and other inputs at competitive prices; our facilities operating at design capacity; the market demand for iron units continuing to face increased pressure; our ability to supply to new customers and markets; our ability to effectively manage costs; our ability to attract and retain key personnel and skilled labour; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; changes in laws, rule, and regulations, including international trade regulations; our ability to continue to access the U.S. market without any adverse trade restrictions; upgrades to existing facilities remaining on schedule and on budget and their anticipated effect on revenue and costs; expectations regarding the Company’s ability to proceed with planned projects and ongoing steel sales without facing a significant interruption from the COVID-19 pandemic; and growth in steel markets and industry trends, as well as those set out in this presentation, are material factors made in preparing the forward-looking information and management's expectations contained in this presentation.

Key Assumptions Underlying Our Pig Iron Production Estimates

The estimated production volumes associated with the recently completed pig iron caster included in this presentation are based on a number of assumptions in addition to the foregoing assumptions, including, but not limited to, the following material assumptions: facilities producing in accordance with design capacity, as applicable; recently experienced increases in the production volume from our LEW blast furnace remaining consistent on an annual basis; expectations that the market for steel does not experience a material adverse change; and expectations that our customers will continue to purchase material volumes of production.

Key Assumptions Underlying Our Shipping Volume Estimates For The Second Quarter of 2021

The estimates with respect to our shipping volumes during the second quarter of 2021 referenced in this presentation are based on a number of assumptions in addition to the foregoing assumptions, including, but not limited to, the following material assumptions; no adverse impacts on the Company’s operations and production facilities; the availability of transportation and shipping networks; the Company’s ability to continue to access the U.S. market without any adverse trade restrictions; no significant legal or regulatory developments, changes in economic conditions, or macro changes in the competitive environment affecting our business activities; upgrades to existing facilities remaining on schedule and on budget and their anticipated effect on revenue and costs; our ability to attract new customers and further develop and maintain existing customers; currency exchange and interest rates; the impact of competition; and growth in steel markets and industry trends.

Key Assumptions Underlying our Adjusted EBITDA Estimates

The Adjusted EBITDA estimate for the whole of 2021 included in this presentation or otherwise referenced is based on a number of assumptions in addition to the foregoing assumptions, including, not limited to, the following material assumptions: the current forward curve for hot-rolled coil remaining relatively proximate to current pricing; our ability to maintain quarterly shipments through 2021 that are relatively consistent with the first quarter of 2021; the Company not experiencing a significant change to its current cost structure; the Company’s ability to continue to access the U.S. market without any adverse trade restrictions; no significant legal or regulatory developments, changes in economic conditions, or macro changes in the competitive environment affecting our business activities; upgrades to existing facilities remaining on schedule and on budget and their anticipated effect on revenue and costs; our ability to attract new customers and further develop and maintain existing customers; currency exchange and interest rates; the impact of competition; and growth in steel markets and industry trends.

We believe that our performance and our ability to achieve these estimates depend on a number of material factors including: (i) our ability to produce volumes consistent with past experience and our operations and facilities running without unexpected outages or delays; (ii) sustained global demand growth; (iii) continued steel production capacity curtailments in China; (iv) continued fair trade practices, particularly with respect to the North American market; (v) the COVID-19 pandemic not having an adverse impact on North American demand for our products; (vi) continued signs of a broad economic recovery, together with ongoing economic support from federal, provincial, and local governments in respect of the COVID-19 pandemic; and (vii) stable supply and demand fundamentals in the rest of the world. These factors are also subject to a number of inherent risks, challenges and assumptions.

Forward-looking information is subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including: COVID-19; North American and global steel overcapacity; imports and trade remedies; competition from other producers, imports or alternative materials; and the availability and cost of inputs placing downward pressure on steel prices or increasing our costs; as well as those described in the Company's annual information form dated February 17, 2021 and the Company's MD&A for the period ended December 31, 2020 available under the Company's profile on SEDAR at www.sedar.com.

There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward looking information, which speaks only as of the date made. The forward-looking information contained in this presentation represents our expectations as of the date of this presentation and are subject to change after such date. Stelco Holdings disclaims any intention or obligation or undertaking to update publicly or revise any forward-looking statements, whether written or oral, whether as a result of new information, future events or otherwise, except as required by law.

Information contained in or otherwise accessible through the websites mentioned herein does not form part of this presentation.

Non-IFRS Measures

This presentation refers to certain non-IFRS measures that are not recognized under International Financial Reporting Standards ("IFRS") and do not have a standardized meaning prescribed by IFRS. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures including "adjusted net income", "adjusted net income per share", ''adjusted EBITDA'', ''adjusted EBITDA per nt'', ''selling price per nt'', and ''shipping volume'' to provide supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management uses these non-IFRS financial measures to facilitate operating performance comparisons from period-to-period, to prepare annual operating budgets and forecasts, and drive performance through our management compensation program. For a reconciliation of these non-IFRS measures, refer to the Company's "Non-IFRS Measures Reconciliation" section below. For a definition of these non-IFRS measures, refer to the Company’s MD&A for the period ended March 31, 2021 available under the Company’s profile on SEDAR at www.sedar.com.

Q1 Highlights

Financial

- Revenue was $665 million in Q1 2021, up 57% sequentially from $424 million in Q4 2020, and higher by 49% year-over-year from $445 million in Q1 2020
    - Average selling price was $959/nt(1) in Q1 2021, up 32% sequentially from $728/nt(1) in Q4 2020, and higher by 36% from $705/nt(1) in Q1 2020
    - Shipping volume of 675 thousand nt (1) in Q1 2021, up 38% sequentially from 489 thousand nt(1) Q4 2020, and higher by 9% from 621 thousand nt(1) in Q1 2020
- Adjusted EBITDA of $185 million(1) in Q1 2021, up sequentially from $60 million(1) in Q4 2020, and up from $20 million(1) in Q1 2020

Operational

- Q1 2021 shipments up 38% over Q4 2020, and Q2 2021 expected to be in line with Q1
- Repeatedly broke production records for hot metal production and steelmaking
- Continued growth in high value-added cold-rolled and coated markets – highest volume since acquisition in mid-2017 made up >25% of all shipments
- Completed commissioning of pig iron caster capable of up to 1 million tons
- Commenced rehabilitation and upgrade of our LEW coke battery that will result in improved cost and performance
- Maintained our excellent cost controls and met our targeted reductions from the 'smart' blast furnace upgrade project

Assuming the current forward curve for HRC on the CME, level quarterly shipments at our anticipated product mix, and our current cost structure, Adjusted EBITDA could be in excess of $2 billion over the whole of 2021

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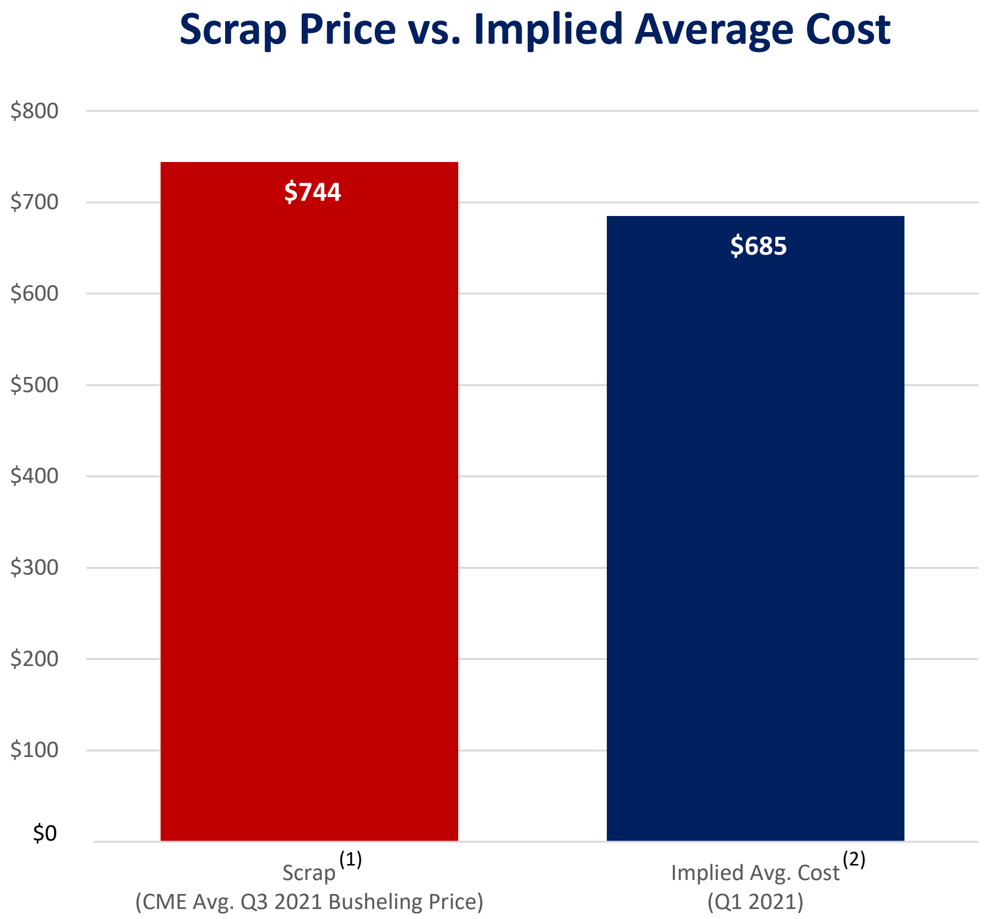
(1) See "Non-IFRS Measures" as outlined in Management's Discussion & Analysis for the periods ended March 31, 2021, December 31, 2020 and March 31, 2020.

Q1 Highlights – Total Costs Across All Products Below Price of Scrap



- $959/nt ASP(3) less $274 Adjusted EBITDA/nt(3) = $685/nt (US$556/nt at current exchange rate) implied average cost across entire product mix
- Current CRU index price for HRC is US$1,412/nt
  - Value-added products even higher

(1) Source: CME Group (https://www.cmegroup.com/trading/metals/ferrous/us-midwest-busheling-ferrous-scrap.html) average Q3 2021 prices converted from US$/long tons into net tons and converted to Canadian dollars (C$1.23=US$1.00).
(2) Implied Average Cost = Average Sale Price less Adjusted EBITDA/nt for Q1 2021.
(3) See "Non-IFRS Measures" as outlined in Management's Discussion & Analysis for the period ended March 31, 2021.

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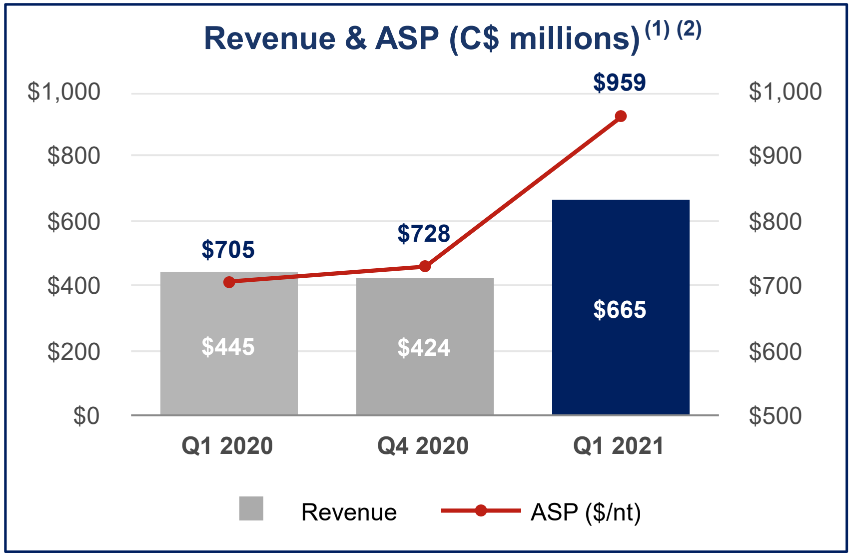
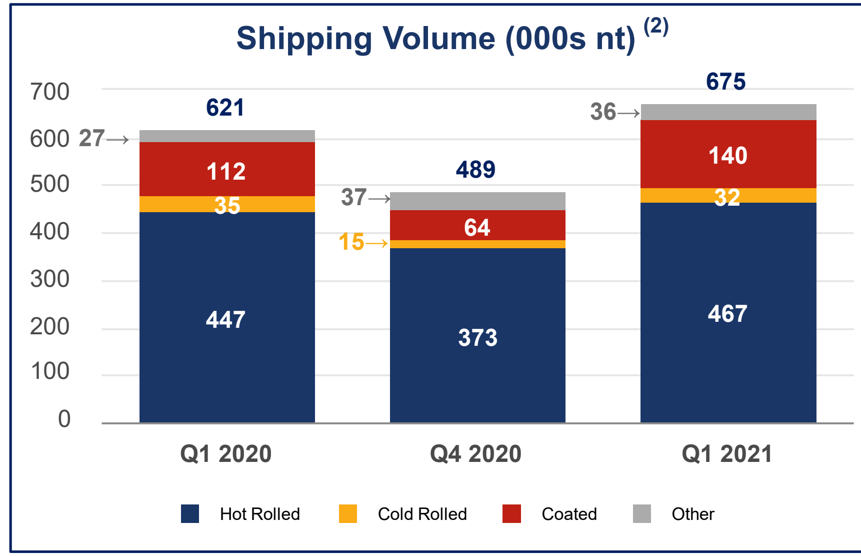
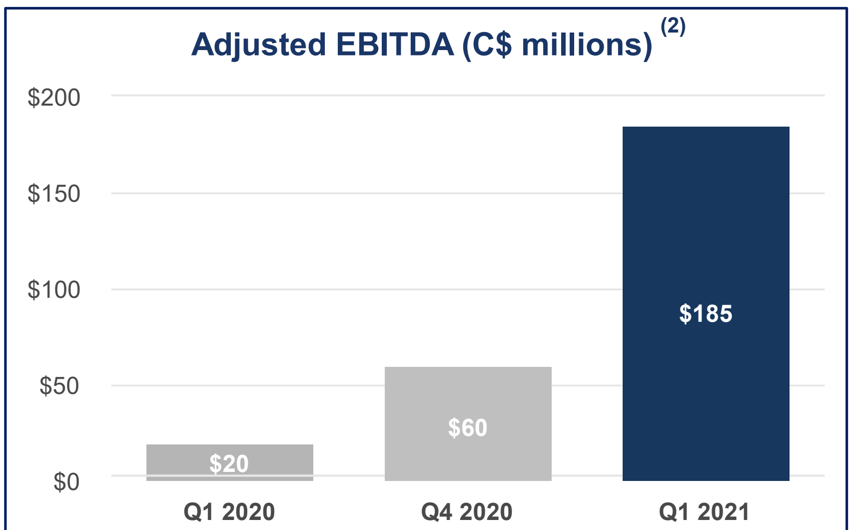
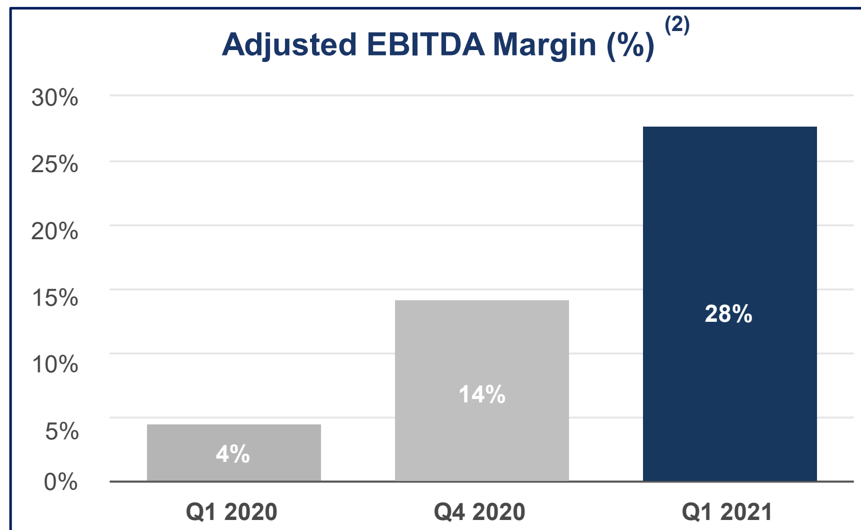
Key Financial Results









(1) Average selling price calculated as steel-related revenue divided by tons of steel shipped and recognized as revenue in the period.
(2) See "Non-IFRS measures" as outlined in Management's Discussion & Analysis for the periods ended March 31, 2021, December 31, 2020 and March 31, 2020.

Key Financial Results – Quarterly

(C$ millions, except volume and per nt figures)

	Year-over-Year			Prior Quarter	
	Q1 2021	Q1 2020	Change	Q4 2020	Change
Revenue	**665**	445	**49%**	424	**57%**
Operating income	**167**	7	**2286%**	39	**328%**
Net income (loss)	**119**	(24)	**NM**	(47)	**NM**
Average selling price per nt [(1)]	**959**	705	**36%**	728	**32%**
Shipping volume (in thousands of nt) [(1)]	**675**	621	**9%**	489	**38%**
Adjusted net income (loss) [(1)]	**155**	(26)	**NM**	45	**244%**
Adjusted EBITDA [(1)]	**185**	20	**825%**	60	**208%**
Adjusted EBITDA margin [(1)]	**28%**	4%	**24%**	14%	**14%**
Adjusted EBITDA per nt [(1)]	**274**	32	**756%**	123	**123%**

(1) See "Non-IFRS Measures" as outlined in Management's Discussion & Analysis for the periods ended March 31, 2021, December 31, 2020 and March 31, 2020.
NM = Not Meaningful

Financial Position (selected items)

(C$ millions)

As at	March 31, 2021	December 31, 2020	March 31, 2020
Cash	47	59	232
Restricted cash	12	8	7
Trade and other receivables	271	183	139
Inventories	379	509	378
Derivative asset	142	133	—
Property, plant & equipment, net	858	845	722
Deferred tax asset	35	—	—
Trade and other payables	505	668	346
Derivative liabilities	29	84	—
Other liabilities	111	103	74
Pension benefits	12	11	8
Asset-based lending facility	168	128	134
Obligations to independent employee trusts	552	498	508
Total equity	391	281	417

Non-IFRS Measures

EBITDA – Adjustments (Quarterly)

(C$ millions)

For the three months ended	March 31, 2021	December 31, 2020	March 31, 2020
Net income (loss)	**$ 119**	**$ (47)**	**$ (24)**
Add back/(Deduct):			
Finance costs (recovery)	66	(10)	33
Deferred tax recovery	(35)	—	—
Loss (gain) from commodity-based swaps, net	27	86	(2)
Depreciation	16	14	13
Gain on derivative asset [1]	(9)	—	—
Transaction-based and other corporate-related costs	1	8	1
Restructuring and other costs	—	7	1
Share-based compensation expense (recovery)	—	2	(1)
Finance income	—	—	(1)
Adjusted EBITDA	**$ 185**	**$ 60**	**$ 20**
Adjusted EBITDA as a percentage of total revenue	**28 %**	**14 %**	**4 %**

1. Refer to note 6 on the Consolidated Financial Statements for further details.

EBITDA – Adjustments (TTM)

(C$ millions)

Trailing twelve months ended March 31,		2021		2020
Net loss	**$**	**(16)**	**$**	**(47)**
Add back/(Deduct):				
Loss (gain) from commodity-based swaps, net		119		(2)
Finance costs		84		58
Depreciation		69		56
Deferred tax recovery		(35)		—
Restructuring and other costs [1]		12		7
Transaction-based and other corporate-related costs [2]		12		7
Gain on derivative asset [3]		(9)		—
Share-based compensation expense (recovery)		5		(1)
Finance income		(1)		(5)
Tariff related costs		—		6
Property related idle costs included in cost of goods sold		—		4
Separation costs related to USS support services		—		4
Carbon tax recovery		—		(3)
Batch annealing facility startup related costs		—		1
Adjusted EBITDA	**$**	**240**	**$**	**85**
Adjusted EBITDA as a percentage of total revenue		**14 %**		**5 %**

1. Restructuring and other costs primarily includes the write-down of certain strategic capital projects that are no longer being pursued by the Company, representing aborted construction in progress costs without future benefit to Stelco and certain employee termination benefits, consulting and demolition costs.
2. Represents certain non-routine items that include, but are not limited to, professional and consulting fees in connection with the cyberattack and acquisition of the Option during 2020, and Stelco Inc.'s withdrawn proposed senior secured notes offering during September 2019.
3. Refer to note 6 on the Consolidated Financial Statements for further details.

Net Income – Adjustments (Quarterly)

(C$ millions)

For the three months ended	March 31, 2021	December 31, 2020	March 31, 2020
Net income (loss)	**$ 119**	**$ (47)**	**$ (24)**
Add back/(Deduct):			
Remeasurement of employee benefit commitment [1]	52	(11)	(1)
Deferred tax recovery	(35)	—	—
Loss (gain) from commodity-based swaps, net	27	86	(2)
Gain on derivative asset [2]	(9)	—	—
Transaction-based and other corporate-related costs	1	8	1
Restructuring and other costs	—	7	1
Share-based compensation expense (recovery)	—	2	(1)
Adjusted net income (loss)	**$ 155**	**$ 45**	**$ (26)**

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1. Remeasurement of employee benefit commitment for change in the timing of estimated cash flows and future funding requirements.
2. Refer to note 6 on the Consolidated Financial Statements for further details.

Net Income – Adjustments (TTM)

(C$ millions)

Trailing twelve months ended March 31,		2021		2020
Net loss	**$**	**(16)**	**$**	**(47)**
Add back/(Deduct):				
Loss (gain) from commodity-based swaps, net		119		(2)
Remeasurement of employee benefit commitment [1]		41		(20)
Deferred tax recovery		(35)		—
Restructuring and other costs [2]		12		7
Transaction-based and other corporate-related costs [3]		12		7
Gain on derivative asset [4]		(9)		—
Share-based compensation expense (recovery)		5		(1)
Tariff related costs		—		6
Separation costs related to USS support services		—		4
Property related idle costs included in cost of goods sold		—		4
Carbon tax recovery		—		(3)
Batch annealing facility startup related costs		—		1
Adjusted net income (loss)	**$**	**129**	**$**	**(44)**

1. Remeasurement of employee benefit commitment for change in the timing of estimated cash flows and future funding requirements.
2. Restructuring and other costs primarily includes the write-down of certain strategic capital projects that are no longer being pursued by the Company, representing aborted construction in progress costs without future benefit to Stelco and certain employee termination benefits, consulting and demolition costs.
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