STELCO

The Steel Company of Canada

Fourth Quarter & Full Year 2017 Earnings Call

Alan Kestenbaum

Executive Chairman and CEO

Don Newman

Chief Financial Officer

February 22, 2018

Disclaimer

Caution Regarding Forward-Looking Statements

From time to time, we make written or oral forward-looking statements within the meaning of applicable securities laws. We may make forward-looking statements in this presentation, in other filings with Canadian securities regulators, in other reports to shareholders and in other communications. 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 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.

This presentation includes forward-looking statements relating to, among other things: our ability to attract new customers and further develop and maintain existing customers; expectations surrounding our expansion into advanced steels; expectations concerning optimization of our assets; expectations regarding enhancing relationships with automotive customers; expectations regarding upgrades to our facilities and their effect on our revenue and costs; expectations associated with enhancements to our LEW dock facility; our ability to access a wider range of steel markets.

Forward-looking statements are 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 statements, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions in respect of the utilization of and access to our excess capacity; capital expenditures associated with accessing such excess capacity; upgrades to our facilities and equipment; our research and development activities associated with advanced steel grades; our ability to source raw materials and other inputs; 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; and growth in steel markets and industry trends are material factors made in preparing the forward-looking statements and management's expectations contained in this presentation.

Undue reliance should not be placed on forward-looking statements. Whether actual results, achievements, or performance will conform to our expectations and predictions is subject to a number of known and unknown uncertainties and risks which could cause actual results to differ materially from our expectations. Such risks and uncertainties include and are not limited to: risks inherent in a cyclical and highly competitive industry; cash flow volatility; the strength of economies in North America, particularly the automotive sector; changes in the automotive market; global steel capacity growth; existing and new trade laws and regulations; competition from other producers, imports, or alternative materials; ability to secure commitments or future orders from new or existing customers; ability to realize higher margins on products we produce; changes in availability and cost of raw materials, electricity, and natural gas; contractual counterparty's exercise of termination option upon change of control or default; maintenance of proper inventory levels; disruption of operations due to unforeseen circumstances such as power outages, explosions, fires, floods, accidents, and severe weather conditions; the loss of leased property on which operating facilities are located; and other unforeseen conditions or events that could impact Stelco's business.

The preceding lists are not exhaustive of all opinions, estimates and assumptions underlying our forward-looking statements or of all possible risk factors and other factors could also adversely affect our results. Additional information on these and other factors that could affect our business, operations or financial results are included in reports on file with applicable securities regulatory authorities, including but not limited to the information under the headings "Risk Factors" in our management's discussion and analysis of financial condition and results of operations for the period ended December 31, 2017 and Stelco Inc.'s management discussion and analysis of financial condition and results of operations for the year ended December 31, 2017, which may be accessed on Stelco's SEDAR profile at www.sedar.com. The forward-looking statements contained in this presentation are made as of the date hereof. Stelco undertakes no obligation 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 makes reference to non-IFRS measures, including "Adjusted EBITDA", "Adjusted net income", "Adjusted EBITDA per net ton", "Average Selling Price per net ton", and "Shipping Volume"] *[NTD: To be updated for final non-IFRS measures actually included in the presentation*. 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.

Reconciliations of IFRS to non-IFRS measures as well as the rationale for their use can be found on pages 7-8, 11-12 and 22-23 of Stelco Inc.'s Management Discussion and Analysis for the year ended December 31, 2017, which may be accessed on Stelco Holdings' SEDAR profile at www.sedar.com.

Earnings Call Agenda

Alan Kestenbaum
Executive Chairman
& CEO

Don Newman
Chief Financial Officer

- **Q4 & FY 2017 Highlights - Alan Kestenbaum**
- **Financial Highlights - Don Newman**
- **Questions & Answers**

Financial Highlights

- **Fourth Quarter Highlights:**
  - Revenue of $452 million in fourth quarter of 2017, up 45% from $312 million in fourth quarter of 2016
  - Adjusted EBITDA of $69 million in fourth quarter of 2017, up 245% from $20 million in fourth quarter of 2016
  - Adjusted EBITDA per nt of $117 in fourth quarter of 2017, up 172% from $43 in fourth quarter of 2016
  - Shipping volume of 592 thousand tons in fourth quarter of 2017, up 28% from fourth quarter of 2016
- **Full Year Highlights:**
  - Revenue of $1.6 billion in 2017, up 23% from $1.3 billion in 2016
  - Adjusted EBITDA of $216 million in 2017, up 145% from $88 million 2016
  - Adjusted EBITDA per nt of $108 in 2017, up 140% from $45 in 2016
- **Balance Sheet and Liquidity:**
  - $519 million of liquidity as at December 31, 2017, with $250 million* of cash and $269 million of undrawn ABL revolver capacity
  - No long-term debt
- **Quarterly cash dividend of $0.10 per share payable March 12 to shareholders of record as of March 7**

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** Includes Stelco Holdings cash of $205 million and Stelco cash of $45 million.*

Key Achievements In Past Six Months

Sales

- ☑ Re-established relationships with automotive OEM customers for the production and sale of higher margin coated and AHSS products
- ☑ Secured interest from new overseas customers to expand export potential beyond the traditional North American market

Production and Sales Growth

- ☑ Capitalized on organic growth opportunity to increase the production of steel at our Lake Erie facility. Recent maintenance on our blast furnace has resulted in a 38% improvement in the production of steel, from 2 mm tons to approximately 2.8 mm tons

Logistics Improvements

- ☑ Repurposing the dock at Lake Erie to allow greater access to the US and international markets as well as increasing our flexibility to receive raw steel imports (slabs)

Q4 & FY 2017 Financial Metrics & Comparisons

($ in millions, except volume and per nt figures)	Fourth Quarter 4Q ’17	4Q ‘16	Change	Full Year 2017	2016	Change
Revenue	452	312	↑ **45%**	1,601	1,302	↑ **23%**
Operating income	54	(17)	N/A	115	(9)	N/A
Net income	16	(83)	N/A	3,579	(236)	N/A
Adjusted EBITDA *	69	20	↑ **245%**	216	88	↑ **145%**
Adjusted net income *	49	(47)	N/A	45	(137)	N/A
Adjusted EBITDA/nt *	117	43	↑ **172%**	108	45	↑ **140%**
Average selling price per nt *	764	674	↑ **13%**	799	659	↑ **21%**
Shipping volume (in thousands of nt) *	592	463	↑ **28%**	2,003	1,976	↑ **1%**

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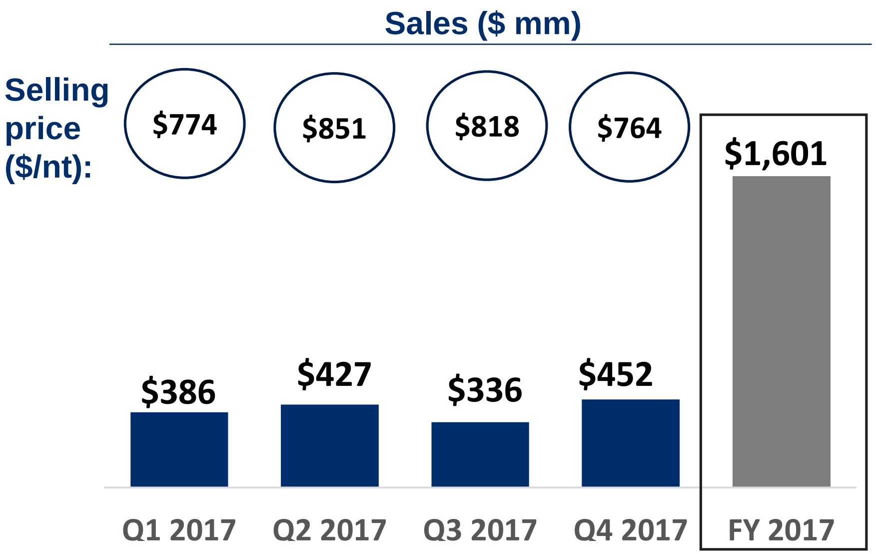
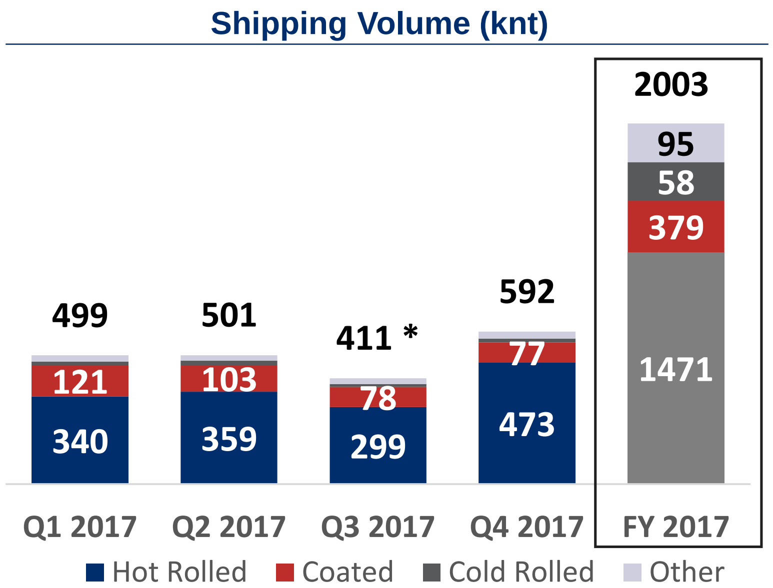
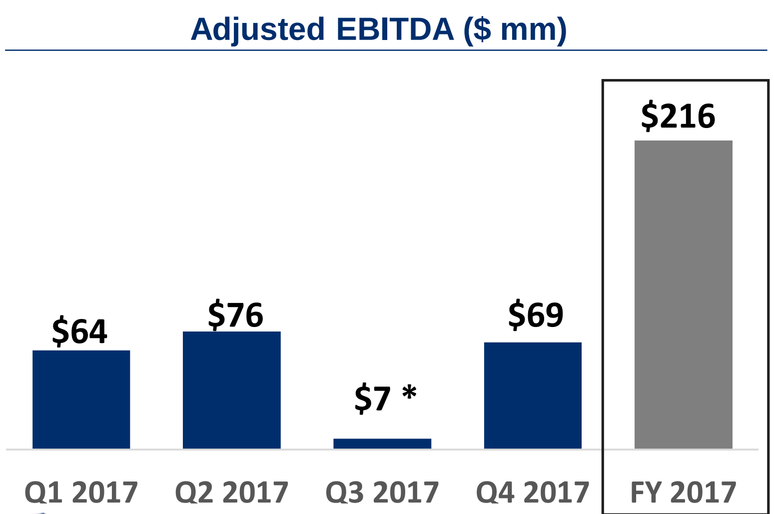
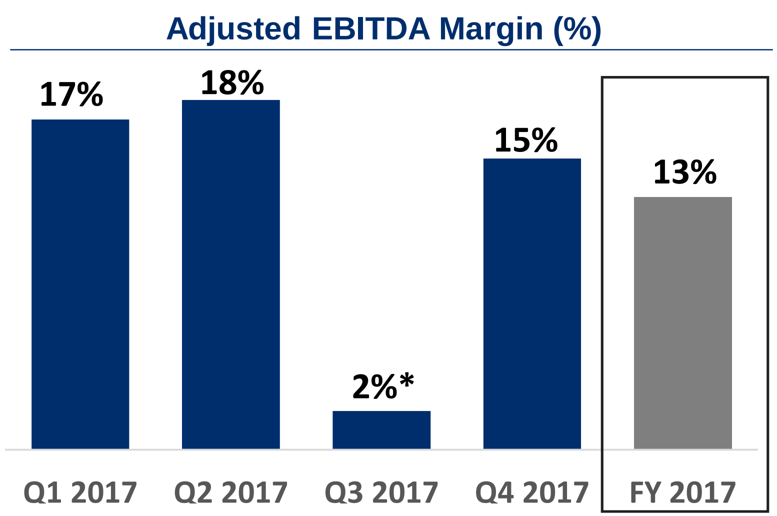
** See "Non-IFRS measures" below for a reconciliation of Non-IFRS measures; see also “Non-IFRS Measures” as outlined in Stelco Inc.’s Management’s Discussion & Analysis for the period ended December 31, 2017.*

Historical Financial Results









** Q3 '17 - conducted a planned blast furnace outage at Lake Erie Works*

Note: Shipping volume figures may not add due to rounding.

Financial Position (selected items)

($ millions)

	Stelco Holdings	Stelco Inc.	
As at:	**December 31, 2017**	**December 31, 2017**	**December 31, 2016**
Cash	$250	$45	$188
Accounts receivable	$204	$203	$237
Inventories	$448	$448	$314
Property, plant & equipment	$279	$305	$378
Trade and other payables	$309	$310	$457
Other liabilities	$68	$67	$893
Long-term debt	$0	$0	$1,822
Pension / OPEB	$0	$0	$1,310
Employee benefit commitments	$344	$344	$0
Total equity (deficiency)	$497	$309	($3,287)

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Non-IFRS Measures*

** For further information, see "Non-IFRS Measures" above.*

Adjusted Net Income

Stelco Inc.

(millions of Canadian dollars, except where otherwise noted)	Three months ended December 31, 2017	2016	Years ended December 31, 2017	2016
Net income (loss)	**16**	(83)	**3,579**	(236)
Add back/(Deduct):				
(Gain) Loss related to emergence from CCAA[1]	**12**	-	**(3,653)**	-
Acquisition related costs[2]	**-**	-	**18**	-
Remeasurement of employee benefit commitment[3]	**10**	-	**10**	-
Provision on pension and other post-employment benefits[4]	**-**	23	**26**	60
Restructuring costs[5]	**5**	10	**38**	36
Separation costs related to USS support services[6]	**6**	3	**27**	3
Adjusted net income (loss)	**49**	(47)	**45**	(137)

1. Represents the gain from the implementation of the CCAA plan on June 30, 2017. Refer to note 25 of the 2017 consolidated financial statements for further details. For the three months ended December 31, 2017, loss on emergence from CCAA relates to a $12 million adjustment associated with a change in the expected timing of payments and total cashflows impacting our measurement of the Company's employee benefit commitment liability at the date of Stelco's emergence from CCAA.
2. Acquisition costs related to the purchase of Stelco Inc. by Bedrock.
3. Remeasurement of employee benefit commitment for change in the timing of estimated cash flows and future funding requirements.
4. Represents difference between total cash funding obligation for pensions and OPEBs.
5. Restructuring expenses relates to the CCAA proceedings, which primarily included legal fees, financial advisor fees, court-appointed monitor fees, interim financing fees and other related restructuring expenses. The Company implemented its CCAA plan on June 30, 2017.
6. Includes ERP implementation costs associated with the process of separating from USS, management fees and shared services arrangement costs.

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Adjusted EBITDA

Stelco Inc.

(millions of Canadian dollars, except where otherwise noted)	Three months ended December 31, 2017	Three months ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016
Net income (loss)	**16**	(83)	**3,579**	(236)
Add back/(Deduct):				
Depreciation	**9**	7	**28**	29
Finance costs	**21**	61	**154**	197
Finance income	**-**	(1)	**(1)**	(1)
(Gain) Loss related to emergence from CCAA[1]	**12**	-	**(3,653)**	-
Acquisition related costs[2]	**-**	-	**18**	-
Provision on pension and other post-employment benefits[3]	**-**	23	**26**	60
Restructuring costs[4]	**5**	10	**38**	36
Separation costs related to USS support services[5]	**6**	3	**27**	3
Adjusted EBITDA	**69**	20	**216**	88
Adjusted EBITDA as a percentage of total revenue	**15%**	6%	**13%**	7%

1. Represents the gain from the implementation of the CCAA plan on June 30, 2017. Refer to note 25 of the 2017 consolidated financial statements for further details. For the three months ended December 31, 2017, loss on emergence from CCAA relates to a $12 million adjustment associated with a change in the expected timing of payments and total cashflows impacting our measurement of the Company's employee benefit commitment liability at the date of Stelco's emergence from CCAA.
2. Acquisition costs related to the purchase of Stelco Inc. by Bedrock.
3. Represents difference between total cash funding obligation for pensions and OPEBs and amount already reflected in EBITDA.
4. Restructuring expenses relates to the CCAA proceedings, which primarily included legal fees, financial advisor fees, court-appointed monitor fees, interim financing fees and other related restructuring expenses. The Company implemented its CCAA plan on June 30, 2017.
5. Includes ERP implementation costs associated with the process of separating from USS, management fees and shared services arrangement costs.

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