The Steel Company of Canada

Stelco Reports Strong Third Quarter 2018 Results

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Third quarter 2018 highlights include:

- *Q3 2018 operating income of $137 million*
- *Q3 2018 revenue increased by $283 million, or 84%, from revenue of $336 million in Q3 2017*
- *Q3 2018 Adjusted EBITDA of $154 million and adjusted EBITDA per ton of $263, up 2,100% and 1,447%, respectively, compared to Q3 2017*
- *Industry-leading Adjusted EBITDA margin of 25% in Q3 2018, up from 2% in Q3 2017, an increase of 1,150%*
- *Q3 2018 steel shipping volumes of 586,000 net tons, up 43% compared to Q3 2017*
- *Q3 2018 Tariff adjusted EBITDA of $193 million, up 2,657% from $7 million in Q3 2017, and up 4% from $186 million from Q2 2018*
- *Board has approved, subject to TSX approval, a share repurchase program (normal course issuer bid) of up to 4,440,681 shares*
- *Board has approved the regular quarterly dividend of $0.10 per share*

HAMILTON, ONTARIO, November 13, 2018 - Stelco Holdings Inc. ("**Stelco Holdings**" or the "**Company**"), (TSX: STLC), a low cost, integrated and independent steelmaker with one of the newest and most technologically advanced integrated steelmaking facilities in North America, today announced financial results of the Company and that of Stelco Inc. ("**Stelco**" or "**Stelco Inc.**") for the three and nine months ended September 30, 2018. Stelco Holdings is the 100% owner of Stelco, the operating company.

Stelco Inc. Highlights:

Selected Financial Information:

(in millions except volume and per nt figures)	**Q3 2018**	Q3 2017	Change	Q2 2018	Change	**YTD 2018**	YTD 2017	Change
Revenue ($)	**619**	336	84%	711	(13)%	**1,812**	1,149	58 %
Operating income ($)	**137**	—	NM	161	(15)%	**355**	61	482 %
Net income (loss) ($)	**123**	(13)	NM	(12)	NM	**139**	3,563	(96)%
Adjusted EBITDA ($)*	**154**	7	NM	175	(12)%	**399**	147	171 %
Tariff Adjusted EBITDA*	**193**	7	NM	186	4 %	**449**	147	205 %
Adjusted net income (loss) ($)*	**131**	(9)	NM	153	(14)%	**333**	(4)	NM
Selling price per nt ($)*	**980**	793	24%	898	9 %	**880**	794	11 %
Adjusted EBITDA per nt ($)*	**263**	17	NM	234	12 %	**205**	104	97 %
Tariff Adjusted EBITDA per nt ($)*	**329**	17	NM	249	32 %	**231**	104	122 %
Shipping volume* (in thousands of nt)	**586**	411	43%	748	(22)%	**1,947**	1,411	38 %

* See "Non-IFRS measures" for a description of certain Non-IFRS measures used in this Press Release and "Non-IFRS Measures Reconciliation" below. Per net ton figures are now presented for steel shipments only and prior period per net ton metrics have been restated.

“Stelco’s strong financial performance during the first half of the year continued into the quarter, demonstrating the strength of our business model and our operational improvements, despite the impact from our planned outage at our hot strip mill in September and tariffs,” said Alan Kestenbaum, the Company’s Executive Chairman and Chief Executive Officer. “Our third quarter 2018 operating income was $137 million and adjusted EBITDA was $154 million, which represents what we believe to be the North American industry-leading adjusted EBITDA margin[1, 2] of 25%, despite being the only reporting steel company in North America subject to 232 tariffs. Our tariff adjusted EBITDA[1] (calculated by adding back $39 million of tariffs to our adjusted EBITDA figure), was a record high since being acquired by Bedrock of $193 million. Our strong financial performance was the result of improved steel selling prices, Stelco's low cost position, and strong domestic steel demand from our customers.”

“This quarter we invested in initiatives to enhance our operational efficiency, such as improvements at our hot strip mill, to better enable us to participate in higher margin segments of the steel market including auto advanced high strength steel (AHSS), High Strength Low Alloy (HSLA) and value-added coated markets. We are maintaining significant liquidity, financial strength, and flexibility to drive both inorganic and organic growth through accretive transactions and growth initiatives in our core steel business. We continue to see strong demand from our customers across all end markets. In the fourth quarter, we are expecting a significant increase in shipments, stable pricing and higher earnings.”

Kestenbaum concluded, “I would like to express our gratitude to the Canadian government, in particular the Prime Minister, the Minister of Finance, the Minister for Foreign Affairs and the Minister of Innovation, Science and Economic Development, for introducing retaliatory tariffs and for the initiation of safeguard measures that cover the import of a number of steel products, including both hot rolled sheet and pre-painted sheet. The recently implemented safeguard measures on October 25 are providing market stability by limiting the amount of off-shore imports that threaten to be diverted to Canada as a result of the Section 232 tariffs in the United States. With these measures in place, we expect growth in our business related to our recent investments, including the installation of annealing furnaces, and the recent work on the hot strip mill, that have enhanced our product capabilities. Our plan of action utilizing our tactical flexibility business model is to increase margins even further by selling higher value margin products while also reducing our tariff costs on shipments to the United States in 2019 to as close to zero as possible, while the government continues its discussions on removal of the 232 tariffs.”

Third Quarter 2018 Financial Review:

Q3 2018 revenue increased $283 million, or 84%, from revenue of $336 million in Q3 2017. The year-over-year revenue increase was due primarily to a 43% increase in steel shipping volumes and a 24% increase in average steel selling price, as well as an increase in non-steel sales. Shipping volumes increased from 411 thousand nt in Q3 2017 to 586 thousand nt in Q3 2018. Average selling price increased from $793/nt in Q3 2017 to $980/nt in Q3 2018.

Finance costs remained flat compared to Q3 2017 due to a $4 million increase in interest on loans and borrowings, $4 million higher accretion expense associated with our employee benefit commitment obligation, offset by $3 million related to the gross impact period-over-period of foreign exchange translation on U.S. dollar denominated working capital, $2 million remeasurement recovery on our employee benefit commitment obligation due to a change in timing of estimated cash flows and future funding requirements, and $3 million lower accretion on financial lease obligations and other interest costs.

Net income for the quarter was $123 million, up from a net loss of $13 million in the third quarter of 2017, which benefited from an increase in operating income of $137 million, partially offset by higher restructuring costs. Adjusted net income[1] increased $140 million year-over-year, from an adjusted net loss of $9 million in Q3 2017 to adjusted net income of $131 million in Q3 2018. The improvement was largely due to higher revenue and lower selling, general and administrative expenses, excluding the ERP implementation costs, partly offset by higher finance costs, excluding the adjustment for remeasurement recovery related to the

[1] See "Non-IFRS measures" for a description of certain Non-IFRS measures used in this Press Release and “Non-IFRS Measures Reconciliation” below.

[2] North American steel industry comparables are based on public filings and press releases issued by: Steel Dynamics Inc., Nucor Corporation, United States Steel Corporation, AK Steel Holding Corporation, Commercial Metals Company and Timken Steel Corporation. The information about other issuers was obtained from public sources and has not been verified by the Company. The comparable issuers face different risks from those applicable to the Company. Investors are cautioned that past performance is not indicative of future performance and the performance of the Company may be materially different from the comparable issuers. Investors are cautioned to not put undue reliance on the comparables. Adjusted EBITDA is not necessarily based on the same definition across all issuers.

employee benefit commitments.

Adjusted EBITDA in Q3 2018 totaled $154 million, an increase of $147 million from adjusted EBITDA of $7 million in Q3 2017. Tariff adjusted EBITDA of $193 million in Q3 2018, up from $7 million compared to Q3 2017 and up from $186 million from Q2 2018. The year-over-year improvement reflects the increase in revenue from increased shipping volumes and an improvement in the market price of steel.

On a sequential basis, our financial performance was impacted by a planned upgrade at our hot strip mill intended to provide better gauge control and increased rolling force, and enable Stelco to better participate in the AHSS, HSLA, and value added coated steel markets. Were it not for the $10 million of costs related to the outage, the adjusted EBITDA would have been even higher at $164 million and the tariff adjusted EBITDA would have been $203 million. Revenue decreased 13%, from $711 million in Q2 2018 to $619 million in Q3 2018. The decrease in revenue reflects a 22% decrease in steel shipping volumes, from the recent record 748 thousand nt in Q2 2018 to 586 thousand nt in Q3 2018, partially offset by a 9% increase in average selling price, which increased from $898/nt in Q2 2018 to $980/nt in Q3 2018, as well as an increase in non-steel sales. Operating income decreased to $137 million in Q3 2018, down 15% from Q2 2018 operating income of $161 million. Adjusted EBITDA decreased to $154 million, down 12% from Q2 2018, primarily due to lower shipping volumes, higher tariff and outage related costs, partially offset by higher selling prices. Despite the outage, we achieved a 25% adjusted EBITDA margin, remaining flat compared to Q2 2018.

Summary of Net Tons Shipped by Product:
(in thousands of nt)

Tons Shipped by Product	**Q3 2018**	Q3 2017	Change	Q2 2018	Change	**YTD 2018**	YTD 2017	Change
Hot-rolled	**446**	299	49%	590	(24)%	**1,527**	998	53 %
Coated	**82**	78	5%	93	(12)%	**259**	302	(14)%
Cold-rolled	**19**	12	58%	33	(42)%	**67**	43	56 %
Other	**39**	22	77%	32	22 %	**94**	68	38 %
Total	**586**	411	43%	748	(22)%	**1,947**	1,411	38 %
Shipments by Product (%)								
Hot-rolled	**76%**	73%		79%		**78%**	71%	
Coated	**14%**	19%		13%		**13%**	21%	
Cold-rolled	**3%**	3%		4%		**4%**	3%	
Other	**7%**	5%		4%		**5%**	5%	
Total	**100%**	100%		100%		**100%**	100%	

Stelco Holdings Highlights:

Stelco Holdings' consolidated statements of income primarily include Stelco's financial results for the period. The following is a financial summary of Stelco Holdings' results for the third quarter of 2018 and 2017 as well as the first nine months of 2018:

Selected Financial Information:

(in millions except volume and per nt figures)	**Q3 2018**	Q3 2017	Change	Q2 2018	Change	**YTD 2018**
Revenue ($)	**619**	336	84%	711	(13)%	**1,812**
Operating income (loss) ($)	**138**	(17)	NM	162	(15)%	**358**
Net income (loss) ($)	**125**	(30)	NM	(11)	NM	**143**
Net income (loss) per share ($)	**1.41**	(0.40)	NM	(0.12)	NM	**1.61**
Adjusted EBITDA ($)*	**154**	7	NM	174	(11)%	**397**
Tariff Adjusted EBITDA*	**193**	7	NM	185	4 %	**447**
Adjusted net income (loss) ($)*	**135**	(11)	NM	154	(12)%	**339**
Adjusted net income per share ($)*	**1.52**	(0.15)	NM	1.73	(12)%	**3.82**
Average selling price per nt ($)*	**980**	793	24%	898	9 %	**880**
Adjusted EBITDA per nt ($)*	**263**	17	NM	233	13 %	**204**
Tariff Adjusted EBITDA per nt ($)*	**329**	17	NM	247	33 %	**230**
Shipping volume* (in thousands of nt)	**586**	411	43%	748	(22)%	**1,947**

* See "Non-IFRS measures" for a description of certain Non-IFRS measures used in this Press Release and "Non-IFRS Measures Reconciliation" below. Per net ton figures are now presented for steel shipments only and prior period per net ton metrics have been restated.

Stelco Holdings' SG&A expenses for the first nine months of 2018 in the amount of $40 million include employee salary and benefits, enterprise resource planning ("ERP") implementation expenses relating to the separation from USS and professional, consulting and legal fees. The incremental SG&A expenses incurred by Stelco Holdings in the third quarter of 2018 of $1 million ($12 million of the Stelco Holdings' SG&A expenses was incurred directly by Stelco Inc.), relates to audit and legal fees, insurance costs, as well as director and regulatory fees.

Land Purchase

During the second quarter, Stelco announced the purchase of the land, and related buildings, on which Stelco conducts its operations (the "Lands"), as well as other developable lands and port facilities from Legacy Land Limited Partnership (the "Land Vehicle"). The Company believes that this transaction could enable it to extract additional value from currently non-operating steel making assets by enhancing flexibility previously unavailable to it, to reduce costs, and to extract significant and previously unrealizable value for our shareholders from development of the excess land. To that end, we have begun hiring staff specialized in real estate development, hired a firm to develop a Land plan and began marketing some of the properties for rental to the very strong industrial market in the Greater Toronto Area ("GTA").

Statement of Financial Position and Liquidity:

On a consolidated basis, Stelco Holdings ended Q3 2018 with cash and cash equivalents of $347 million. Additionally, as at September 30, 2018, Stelco had $299 million of capacity under ABL revolver which remains completely undrawn.

The following table shows selected information regarding the Stelco Holdings consolidated balance sheet as at the noted dates:

(millions of Canadian dollars)

As at	**September 30, 2018**	**December 31, 2017**
ASSETS		
Cash and cash equivalents	347	250
Trade and other receivables	182	204
Inventories	470	448
Total current assets	**1,024**	**932**
Total assets	**1,449**	**1,223**
LIABILITIES		
Trade and other payables	326	309
Total current liabilities	**464**	**374**
Total non-current liabilities	**519**	**352**
Total liabilities	**983**	**726**
Total equity	**466**	**497**

Stelco Holdings and its subsidiaries ended Q3 2018 with current assets of $1 billion, which exceeded current liabilities of $464 million by $560 million. Stelco Holdings liabilities include $601 million of obligations to independent pension and OPEB trusts, which includes $488 million of employee benefit commitments and $113 million under a mortgage note payable associated the land purchase discussed above. Long term liabilities of $519 million as at September 30, 2018 include $498 million of obligations to independent pension and OPEB trusts. Stelco Holdings consolidated equity totaled $466 million as at September 30, 2018.

Declaration of Quarterly Dividend

Stelco's Board of Directors approved the payment of a regular quarterly cash dividend of $0.10 per share. The dividend will be paid on November 28, 2018 to shareholders of record as of the close of business on November 23, 2018.

Share Repurchase - Normal Course Issuer Bid

Stelco Holdings also announced that, subject to the approval of the Toronto Stock Exchange ("TSX"), it intends to launch a normal course issuer bid ("NCIB"). As of the date hereof, Stelco Holdings has 88,813,637 common shares issued and outstanding. Under the NCIB, Stelco Holdings is seeking approval to purchase up to 4,440,681 common shares, which is approximately 5 % of the issued and outstanding common shares. The Company will file a notice of intention with the TSX in respect of this normal course issuer bid.

The board of directors of Stelco Holdings believes that the underlying value of the Company may not be reflected in the market price of the common shares from time to time and that, accordingly, the purchase of common shares will increase the proportionate interest in the Company of, and be advantageous to, all remaining shareholders of the Company.

Stelco may commence purchases under the bid, continuing for up to one year, after the TSX has accepted the notice of intention. Repurchases will be made through the facilities of the TSX as well as through other designated exchanges and alternative trading systems in Canada in accordance with applicable regulatory requirements. The price paid for such repurchased shares will be the market price of such shares at the time of acquisition or such other price as may be permitted by the TSX. All common shares repurchased under the normal course issuer bid will be cancelled. Stelco Holdings has retained BMO Nesbitt Burns Inc. as its broker to manage the bid.

Quarterly Results Conference Call

Stelco management will host a conference call to discuss its results tomorrow, Wednesday, November 14, 2018 at 9:00 a.m. ET. To access the call, please dial 1-866-548-4713 (U.S. and Canada) or 1-323-794-2093 (international) and reference conference 2533649. The conference call will also be webcasted live on the Investor Relations section of Stelco's web site at https://www.stelco.com/investors. A presentation that will accompany the conference call will also be available on the website prior to the conference call.

Following the conclusion of the live call, a replay of the webcast will be available on the Investor Relations section of the Company's website for at least 90 days. A telephonic replay of the conference call will also be available from 12:00 p.m. ET on November 14, 2018 until 11:59 p.m. ET on November 28, 2018 by dialing 1-844-512-2921 (U.S. and Canada) or 1-412-317-6671(international) and using the pin number 2533649.

Consolidated Financial Statements and Management's Discussion and Analysis

The Company's (including both Stelco Holdings Inc. and Stelco Inc.) unaudited interim condensed consolidated financial statements for the period ended September 30, 2018, and Management's Discussion & Analysis thereon are available under the Company's profile on SEDAR at www.sedar.com.

About Stelco

Stelco is a low cost, integrated and independent steelmaker with one of the newest and most technologically advanced integrated steelmaking facilities in North America. Stelco produces flat-rolled value-added steels, including premium-quality coated, cold-rolled and hot-rolled steel products. With first-rate gauge, crown, and shape control, as well as reliable uniformity of mechanical properties, our steel products are supplied to customers in the construction, automotive and energy industries across Canada and the United States as well as to a variety of steel services centres, which are regional distributers of steel products.

Non-IFRS Measures

This news release 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'', ''tariff adjusted EBITDA'', ''tariff adjusted EBITDA per nt'', ''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 September 30, 2018 available under the Company's profile on SEDAR at www.sedar.com.

Forward-Looking Information

This release 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, 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 information 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 herein 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 news release includes our advancement of strategic initiatives, expectations concerning the Company's expectations on increased margins, future exposure to tariffs, reduction of tariff costs, the expected results from the Company's participation in higher margin segments of the steel industry, expectations in respect of shipments, pricing and earnings in the fourth quarter of 2018, expectations regarding the impact of the hot strip mill outage, expectations regarding the declaration of a dividend. Undue reliance should not be placed on forward-looking information. The forward-looking information in this press release 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 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, TSX Approval, including international trade regulations; and growth in steel markets and industry trends, as well as those set out in this press release, are material factors made in preparing the forward-looking information and management's expectations contained in this press release.

Such 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: 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 and the Company's MD&A for the period ended September 30, 2018 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 press release represents our expectations as of the date of this news release, 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.

For Further Information

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Selected Financial Information

The following includes financial information prepared by management in accordance with IFRS. This financial information does not contain all disclosures required by IFRS, and accordingly should be read in conjunction with Stelco Holdings Inc.'s and Stelco Inc.'s Consolidated Financial Statements and MD&A for the period ended September 30, 2018, which is available on the Company's website and on SEDAR (www.sedar.com).

Stelco Inc.
Consolidated statements of income (loss)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
(millions of Canadian dollars)	**2018**	2017	**2018**	2017
Revenue from sale of goods	**$ 619**	$ 336	**$ 1,812**	$ 1,149
Cost of goods sold	**470**	324	**1,420**	1,026
Gross profit	**149**	12	**392**	123
Selling, general and administrative expenses	**12**	12	**37**	62
Operating income	**137**	—	**355**	61
Other income (loss) and (expenses)				
Finance costs	**(12)**	(12)	**(198)**	(133)
Finance and other income (loss)	**1**	—	**(9)**	4
Restructuring costs	**(2)**	(1)	**(7)**	(33)
Share of loss from joint ventures	**(1)**	—	**(2)**	(1)
Gain on emergence from CCAA	**—**	—	**—**	3,665
Income (loss) before income taxes	**123**	(13)	**139**	3,563
Income tax expense	**—**	—	**—**	—
Net income (loss)	**$ 123**	$ (13)	**$ 139**	$ 3,563

Stelco Holdings Inc.
Consolidated statements of income (loss)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,
(millions of Canadian dollars)	**2018**	2017	**2018**
Revenue from sale of goods	**$ 619**	$ 336	**$ 1,812**
Cost of goods sold	**468**	337	**1,414**
Gross profit	**151**	(1)	**398**
Selling, general and administrative expenses	**13**	16	**40**
Operating income (loss)	**138**	(17)	**358**
Other income (loss) and (expenses)			
Finance costs	**(12)**	(12)	**(198)**
Finance and other income (loss)	**3**	—	**(7)**
Restructuring and other costs	**(3)**	(1)	**(8)**
Share of loss from joint ventures	**(1)**	—	**(2)**
Income (loss) before income taxes	**125**	(30)	**143**
Income tax expense	**—**	—	**—**
Net income (loss)	**$ 125**	$ (30)	**$ 143**

Stelco Inc.
Consolidated balance sheets
(unaudited)

As at	**September 30, 2018**	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	**$ 168**	$ 45
Restricted cash	**9**	12
Trade and other receivables	**182**	203
Inventories	**470**	448
Prepaid expenses	**15**	18
Total current assets	**$ 844**	$ 726
Non-current assets		
Property, plant and equipment, net	**432**	305
Investment in joint ventures	**5**	4
Total non-current assets	**$ 437**	$ 309
Total assets	**$ 1,281**	$ 1,035
LIABILITIES		
Current liabilities		
Trade and other payables	**$ 323**	$ 310
Other liabilities	**35**	33
Obligations to independent employee trusts	**103**	32
Total current liabilities	**$ 461**	$ 375
Non-current liabilities		
Provisions	**6**	5
Pension benefits	**2**	—
Other liabilities	**13**	34
Obligations to independent employee trusts	**498**	312
Total non-current liabilities	**$ 519**	$ 351
Total liabilities	**$ 980**	$ 726
EQUITY		
Common shares	**2,175**	2,325
Contributed surplus	**500**	500
Retained deficit	**(2,374)**	(2,516)
Total equity	**$ 301**	$ 309
Total liabilities and equity	**$ 1,281**	$ 1,035

Stelco Holdings Inc.
Consolidated balance sheets
(unaudited)

As at	**September 30, 2018**	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	**$ 347**	$ 250
Restricted cash	**9**	12
Trade and other receivables	**182**	204
Inventories	**470**	448
Prepaid expenses	**16**	18
Total current assets	**$ 1,024**	$ 932
Non-current assets		
Property, plant and equipment, net	**412**	279
Intangible assets	**7**	7
Investment in joint ventures	**6**	5
Total non-current assets	**$ 425**	$ 291
Total assets	**$ 1,449**	$ 1,223
LIABILITIES		
Current liabilities		
Trade and other payables	**$ 326**	$ 309
Other liabilities	**35**	33
Obligations to independent employee trusts	**103**	32
Total current liabilities	**$ 464**	$ 374
Non-current liabilities		
Provisions	**6**	5
Pension benefits	**2**	—
Other liabilities	**13**	35
Obligations to independent employee trusts	**498**	312
Total non-current liabilities	**$ 519**	$ 352
Total liabilities	**$ 983**	$ 726
EQUITY		
Common shares	**512**	512
Retained deficit	**(46)**	(15)
Total equity	**$ 466**	$ 497
Total liabilities and equity	**$ 1,449**	$ 1,223

Non-IFRS Measures Results

The following tables provide a reconciliation of net income (loss) to adjusted net income (loss) for the periods indicated:

Stelco Inc.

(millions of Canadian dollars, except where otherwise noted)	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Net income (loss)	**$ 123**	$ (13)	**$ 139**	$ 3,563
Add back/(Deduct):				
Remeasurement of employee benefit commitment [1]	**(2)**	—	**159**	—
Separation costs related to USS support services [2]	**5**	1	**15**	21
Restructuring and other costs [3]	**2**	1	**7**	33
Loss from commodity based swaps	**—**	—	**10**	—
Property related idle costs included in cost of goods sold [4]	**3**	—	**3**	—
Acquisition related costs [5]	**—**	—	**—**	18
Provision on pension and other post-employment benefits [6]	**—**	2	**—**	26
Gain related to emergence from CCAA [7]	**—**	—	**—**	(3,665)
Adjusted net income (loss)	**$ 131**	$ (9)	**$ 333**	$ (4)

1. Remeasurement of employee benefit commitment for change in the timing of estimated cash flows and future funding requirements.
2. Includes ERP implementation costs associated with the process of separating from USS, management fees and shared services arrangement costs.
3. Restructuring costs relates to the CCAA proceedings, which primarily included legal fees, financial advisor fees, court-appointed monitor fees, interim financing fees and includes other restructuring related costs. The Company implemented its CCAA plan on June 30, 2017
4. Includes utility costs incurred by Stelco for non-operating and idled assets acquired from the Land Vehicle on June 5, 2018.
5. Acquisition costs related to the purchase of Stelco Inc. by Bedrock.
6. Represents difference between total cash funding obligation for pensions and OPEBs.
7. Represents the gain from the implementation of the CCAA plan on June 30, 2017.

Stelco Holdings Inc.

(millions of Canadian dollars, except where otherwise noted)	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018
Net income (loss)	**$ 125**	$ (30)	**$ 143**
Add back/(Deduct):			
Initial public offering costs	**—**	4	**—**
Remeasurement of employee benefit commitment [1]	**(2)**	—	**159**
Separation costs related to USS support services [2]	**5**	1	**15**
Restructuring and other costs [3]	**3**	1	**8**
Property related idle costs included in cost of goods sold [4]	**3**	—	**3**
Loss from commodity-based swaps	**—**	—	**10**
Secondary offering costs	**1**	—	**1**
Provision on pension and other post-employment benefits [5]	**—**	2	**—**
Fair value impact on acquired inventory recorded in cost of goods sold [6]	**—**	11	**—**
Adjusted net income (loss)	**$ 135**	$ (11)	**$ 339**

1. Remeasurement of employee benefit commitment for change in the timing of estimated cash flows and future funding requirements.
2. Includes ERP implementation costs associated with the process of separating from USS, management fees and shared services arrangement costs.
3. Restructuring costs relates to the CCAA proceedings, which primarily included legal fees and other restructuring related costs. Stelco Inc. implemented its CCAA plan on June 30, 2017.
4. Includes utility costs incurred by Stelco for non-operating and idled assets acquired from the Land Vehicle on June 5, 2018.
5. Represents difference between total cash funding obligation for pensions and OPEBs.
6. Represents the difference between the fair value of inventory acquired by the Company and book value of Stelco’s inventory at the date of acquisition.

The following tables provides a reconciliation of net income (loss) to each of adjusted EBITDA and tariff adjusted EBITDA for the periods indicated:

Stelco Inc.

	Three months ended September 30,		Nine months ended September 30,	
(millions of Canadian dollars, except where otherwise noted)	**2018**	2017	**2018**	2017
Net income (loss)	**$ 123**	$ (13)	**$ 139**	$ 3,563
Add back/(Deduct):				
Finance costs	**12**	12	**198**	133
Depreciation	**10**	4	**28**	19
Separation costs related to USS support services[1]	**5**	1	**15**	21
Restructuring and other costs [2]	**2**	1	**7**	33
Property related idle costs included in cost of goods sold [3]	**3**	—	**3**	—
Loss from commodity based swaps	**—**	—	**10**	—
Finance income	**(1)**	—	**(1)**	(1)
Provision on pension and other post-employment benefits [4]	**—**	2	**—**	26
Acquisition related costs [5]	**—**	—	**—**	18
Gain related to emergence from CCAA [6]	**—**	—	**—**	(3,665)
Adjusted EBITDA	**$ 154**	$ 7	**$ 399**	$ 147
Add back: Tariff related costs [7]	39	—	50	—
Tariff Adjusted EBITDA	**$ 193**	$ 7	**$ 449**	$ 147
Percentage of total revenue:				
Adjusted EBITDA	**25%**	2%	**22%**	13%
Tariff Adjusted EBITDA	**31%**	2%	**25%**	13%

1. Includes ERP implementation costs associated with the process of separating from USS, management fees and shared services arrangement costs.
2. Restructuring costs relates to the CCAA proceedings, which primarily included legal fees, financial advisor fees, court-appointed monitor fees, interim financing fees and includes other restructuring related costs. The Company implemented its CCAA plan on June 30, 2017.
3. Includes utility costs incurred by Stelco for non-operating and idled assets acquired from the Land Vehicle on June 5, 2018.
4. Represents difference between total cash funding obligation for pensions and OPEBs.
5. Acquisition costs related to the purchase of Stelco Inc. by Bedrock.
6. Represents the gain from the implementation of the CCAA plan on June 30, 2017.
7. Includes tariff and tariff related costs connected with U.S. bound steel shipments.

(millions of Canadian dollars, except where otherwise noted)	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018
Net income (loss)	**$ 125**	$ (30)	**$ 143**
Add back/(Deduct):			
Finance costs	**12**	12	**198**
Depreciation	**8**	6	**22**
Separation costs related to USS support services [1]	**5**	1	**15**
Restructuring and other costs [2]	**3**	1	**8**
Loss from commodity-based swaps	**—**	—	**10**
Property related idle costs included in cost of goods sold [3]	**3**	—	**3**
Secondary offering costs	**1**	—	**1**
Finance income	**(3)**	—	**(3)**
Initial public offering costs [4]	**—**	4	**—**
Fair value impact on acquired inventory recorded in cost of goods sold [5]	**—**	11	**—**
Provision on pension and other post-employment benefits [6]	**—**	2	**—**
Adjusted EBITDA	**$ 154**	$ 7	**$ 397**
Add back: Tariff related costs [7]	39	—	50
Tariff Adjusted EBITDA	**$ 193**	$ 7	**$ 447**
Percentage of total revenue:			
Adjusted EBITDA	**25%**	2%	**22%**
Tariff Adjusted EBITDA	**31%**	2%	**25%**

1. Includes ERP implementation costs associated with the process of separating from USS, management fees and shared services arrangement costs.
2. Restructuring costs relates to the CCAA proceedings, which primarily included legal fees and other restructuring related costs. Stelco Inc. implemented its CCAA plan on June 30, 2017.
3. Includes utility costs incurred by Stelco for non-operating and idled assets acquired from the Land Vehicle on June 5, 2018.
4. Represents initial public offering costs that relate to advisory, professional and legal fees, as well as printing costs incurred which were not eligible for capitalization to equity as a cost of capital.
5. Represents the difference between the fair value of inventory acquired by the Company and book value of Stelco's inventory at the date of acquisition.
6. Represents difference between total cash funding obligation for pensions and OPEBs.
7. Includes tariff and tariff related costs connected with U.S. bound steel shipments.