The Steel Company of Canada

Stelco Reports Strong Fourth Quarter 2018 Results and Declares Special Cash Dividend of $100 million

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Stelco Inc. fourth quarter 2018 highlights include:

- *Q4 2018 revenue of $648 million, up 43%, compared to Q4 2017*
- *Q4 2018 operating income of $116 million, up 115% compared to Q4 2017*
- *Q4 2018 adjusted EBITDA* of $145 million and adjusted EBITDA per ton* of $215, up 110% and 84%, respectively, compared to Q4 2017*
- *Industry-leading adjusted EBITDA margin of 22% in Q4 2018, up from 15% in Q4 2017*
- *Q4 2018 tariff adjusted EBITDA* of $168 million, up 143% from $69 million in Q4 2017*
- *Q4 2018 steel shipping volumes* of 673,000 net tons, up 14% compared to Q4 2017*
- *Stelco Holdings Inc. declares special cash dividend of $100 million ($1.13 per share) in addition to regular quarterly dividend of $0.10 per share*

HAMILTON, ONTARIO, February 19, 2019 - 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 months and full year ended December 31, 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)	**Q4 2018**	Q4 2017	Change	Q3 2018	Change	**2018**	2017	Change
Revenue ($)	**648**	452	43%	619	5 %	**2,460**	1,601	54 %
Operating income ($)	**116**	54	115%	137	(15)%	**471**	115	310 %
Net income ($)	**108**	16	575%	123	(12)%	**247**	3,579	(93)%
Average selling price per nt ($)*	**917**	718	28%	980	(6)%	**889**	772	15 %
Shipping volume* (in thousands of nt)	**673**	592	14%	586	15 %	**2,620**	2,003	31 %
Adjusted net income ($)*	**98**	49	100%	131	(25)%	**431**	45	858 %
Adjusted EBITDA ($)*	**145**	69	110%	154	(6)%	**544**	216	152 %
Tariff Adjusted EBITDA ($)*	**168**	69	143%	193	(13)%	**617**	216	186 %
Adjusted EBITDA per nt ($)*	**215**	117	84%	263	(18)%	**208**	108	93 %
Tariff Adjusted EBITDA per nt ($)*	**250**	117	114%	329	(24)%	**235**	108	118 %

* 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 continued to deliver strong shipping volumes and financial results, including what we believe to be the North American steel industry's leading adjusted EBITDA margin[1,2] of 22% in the fourth quarter and for the full year 2018, demonstrating the benefits of the operational improvements we continue to make in the Company," said Alan Kestenbaum, the Company's Executive Chairman. "We are pleased with our full year financial performance and operational resiliency. Our full year 2018 operating income of $471 million, adjusted EBITDA of $544 million, and tariff adjusted EBITDA of $617 million, are a reflection of our company's strength of operations and a testament to Stelco's low cost position and tactical flexibility model."

"By executing our tactical flexibility model, during the fourth quarter we reduced our tariff related costs by more than 41% sequentially, from $39 million in the third quarter to $23 million in the fourth quarter," Kestenbaum added. "We are continuing with efforts to reduce our tariff exposure into 2019 and fully support the Canadian government's efforts to eliminate the 232 tariffs against Canadian steel. We welcome and appreciate the Canadian government's implementation of various measures including provisional safeguard measures in Q4 2018, that have helped to prevent a surge of offshore imports into the Canadian market."

"During the fourth quarter, we generated $100 million of cash flow from operations and ended the year with a considerable cash balance of $438 million[3]," Kestenbaum concluded. "As a result, consistent with our strategy and focus on generating exceptional total shareholder returns, we are pleased to announce we are declaring a special cash dividend of $100 million ($1.13 per share), in addition to our regular quarterly dividend of $0.10 per share. These dividends, coupled with the $150 million special dividend paid in August and our four regular quarterly dividends paid in 2018, will bring total dividends paid to our shareholders since the beginning of 2018 to $295 million ($3.32 per share). In addition to returning substantial capital to shareholders, we continue to maintain healthy liquidity and a strong balance sheet, providing flexibility to drive growth. As 2019 is getting underway, we are beginning to see the benefits of our unique approach to capital allocation as we both return capital to shareholders and maintain a strong, flexible and liquid balance sheet as good, strategic and accretive M&A growth opportunities are starting to emerge."

Fourth Quarter 2018 Financial Review:

Q4 2018 revenue increased $196 million, or 43%, from $452 million in Q4 2017. The year-over-year increase in revenue was due primarily to a 14% improvement in steel shipping volumes, a 28% improvement in average steel selling price, as well as an increase in non-steel sales. Shipping volumes increased from 592 thousand nt in Q4 2017 to 673 thousand nt in Q4 2018. The average selling price of our steel products increased from $718/nt in Q4 2017 to $917/nt in Q4 2018.

Finance costs decreased by $4 million, or 19%, from $21 million in Q4 2017 due to a $25 million gross remeasurement recovery on our employee benefit commitment due to a change in timing of estimated cash flows and future funding requirements, $3 million lower accretion on financial lease obligations and other finance costs, partly offset by $17 million related to the period-over-period impact of foreign exchange translation on U.S. dollar denominated working capital, $4 million increase in interest on loans and borrowings and $3 million higher accretion expense associated with our employee benefit commitment obligation.

Net income for the quarter was $108 million, up from $16 million in the fourth quarter of 2017, which benefited from an increase in operating income of $62 million, higher finance and other income of $9 million and decrease in restructuring and other costs of $4 million. Adjusted net income[1] increased $49 million year-over-year, from $49 million in Q4 2017 to $98 million in Q4 2018. The improvement was largely due to higher gross profit and finance and other income, partly offset by higher finance costs, excluding the adjustment for remeasurement recovery related to the employee benefit commitments.

Adjusted EBITDA in Q4 2018 totaled $145 million, an increase of $76 million from adjusted EBITDA of $69 million in Q4 2017. Tariff adjusted EBITDA was $168 million in Q4 2018, up from $69 million in Q4 2017

[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.

[3] Refers to Stelco Holdings on a consolidated basis.

and was down from $193 million in Q3 2018. The year-over-year improvement reflects the increase in revenue from increased shipping volumes and an improvement in the market price of steel.

Revenue increased 5%, from $619 million in Q3 2018 to $648 million in Q4 2018. The increase in revenue reflects a 15% increase in steel shipping volumes, from 586 thousand nt in Q3 2018 to 673 thousand nt in Q4 2018, partially offset by a 6% decrease in average selling price, which decreased from $980/nt in Q3 2018 to $917/nt in Q4 2018, as well as a decrease in non-steel sales. Operating income decreased to $116 million in Q4 2018, down 15% from Q3 2018 operating income of $137 million. Adjusted EBITDA decreased to $145 million, down 6% from Q3 2018, primarily due to lower selling prices and higher cost of sales, partially offset by higher shipping volumes and lower tariff costs.

Full Year 2018 Financial Review:

Revenue for 2018 increased $859 million, or 54%, from revenue of $1.6 billion in 2017. The year-over-year revenue increase was due primarily to a 31% increase in steel shipping volumes and a 15% increase in average steel selling price, as well as an increase in non-steel sales. Shipping volumes increased from 2.0 million nt in 2017 to 2.6 million nt in 2018. Average selling price increased from $772/nt in 2017 to $889/nt in 2018.

Finance costs in 2018 increased by $61 million, or 40%, from $154 million in 2017, primarily due to $160 million of higher remeasurement and accretion expenses associated with our employee benefit commitment obligation, partly offset by a $103 million decrease in interest on loans and borrowings mostly related to the extinguishment of $1.8 billion of debt through the CCAA process and $10 million related to the negative impact period-over-period of foreign exchange translation on U.S. dollar denominated working capital. Interest on loans and borrowings during 2018 includes finance costs associated with the company's inventory monetization agreement and mortgage note related to the June 2018 land purchase.

Net income for the year was $247 million, compared to net income of $3.6 billion in 2017, which benefited from a $3.7 billion gain related to the company's emergence from CCAA. Adjusted net income increased $386 million year-over-year, from $45 million in 2017, to $431 million in 2018.The improvement was largely due to an $859 million increase in revenue, partially offset by a $528 million increase in cost of goods sold, as well a decrease in restructuring and other costs and lower selling, general and administrative costs, partially offset by higher finance costs and a decrease in finance and other income.

Adjusted EBITDA in 2018 totaled $544 million, an increase of $328 million, from $216 million in 2017. Tariff adjusted EBITDA of $617 million in 2018, was up from $216 million in 2017. The year-over-year improvement reflects the increase in revenue from increased shipping volumes and an improvement in the market price of steel, partially offset by higher raw material costs, tariff costs, and unabsorbed manufacturing costs and other expenses related a planned outage at our hot-strip mill during the period.

Summary of Net Tons Shipped by Product:

(in thousands of nt)

Tons Shipped by Product	**Q4 2018**	Q4 2017	Change	Q3 2018	Change	**2018**	2017	Change
Hot-rolled	**553**	473	17 %	446	24 %	**2,080**	1,471	41 %
Coated	**79**	77	3 %	82	(4)%	**338**	379	(11)%
Cold-rolled	**10**	15	(33)%	19	(47)%	**77**	58	33 %
Other	**31**	27	15 %	39	(21)%	**125**	95	32 %
Total	**673**	592	14 %	586	15 %	**2,620**	2,003	31 %
Shipments by Product (%)								
Hot-rolled	**82%**	80%		76%		**79%**	73%	
Coated	**12%**	13%		15%		**13%**	19%	
Cold-rolled	**1%**	3%		3%		**4%**	3%	
Other	**5%**	4%		6%		**4%**	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 fourth quarter of 2018 and 2017 as well as the full year of 2018:

Selected Financial Information:

(in millions except volume and per nt figures)	Q4 2018	Q4 2017	Change	Q3 2018	Change	2018
Revenue ($)	**648**	452	43%	619	5 %	**2,460**
Operating income ($)	**118**	42	181%	138	(14)%	**476**
Net income ($)	**110**	15	633%	125	(12)%	**253**
Net income per share ($)	**1.23**	0.21	486%	1.41	(13)%	**2.85**
Adjusted EBITDA ($)*	**144**	69	109%	154	(6)%	**541**
Tariff Adjusted EBITDA*	**167**	69	142%	193	(13)%	**614**
Adjusted net income ($)*	**100**	52	92%	135	(26)%	**439**
Adjusted net income per share ($)*	**1.13**	0.67	69%	1.52	(26)%	**4.94**
Average selling price per nt ($)*	**917**	718	28%	980	(6)%	**889**
Adjusted EBITDA per nt ($)*	**214**	117	83%	263	(19)%	**206**
Tariff Adjusted EBITDA per nt ($)*	**248**	117	112%	329	(25)%	**234**
Shipping volume* (in thousands of nt)	**673**	592	14%	586	15 %	**2,620**

* 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' selling, general and administrative expenses for the full year of 2018 in the amount of $56 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 selling, general and administrative expenses incurred by Stelco Holdings in the fourth quarter of 2018 of $1 million ($15 million was incurred directly by Stelco Inc.), relates to audit and legal fees, insurance costs, as well as director and regulatory fees.

Statement of Financial Position and Liquidity:

On a consolidated basis, Stelco Holdings ended 2018 with cash and cash equivalents of $438 million. Additionally, as at December 31, 2018, Stelco had $303 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	December 31, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	438	250
Trade and other receivables	252	204
Inventories	468	448
Total current assets	**1,194**	**932**
Total assets	**1,655**	**1,223**
LIABILITIES		
Trade and other payables	436	309
Total current liabilities	**579**	**374**
Total non-current liabilities	**508**	**352**
Total liabilities	**1,087**	**726**
Total equity	**568**	**497**

Stelco Holdings and its subsidiaries ended 2018 with current assets of $1.2 billion, which exceeded current liabilities of $579 million by $615 million. Stelco Holdings liabilities include $591 million of obligations to independent pension and OPEB trusts, which includes $478 million of employee benefit commitments and $113 million under a mortgage note payable associated with the June 2018 land purchase. Long term liabilities of $508 million as at December 31, 2018 include $488 million of obligations to independent pension and OPEB trusts. Stelco Holdings consolidated equity totaled $568 million as at December 31, 2018.

Organization Change

Stelco Holdings' Board of Directors appointed David Cheney to the position of Chief Executive Officer of the company effective February 20, 2019. Alan Kestenbaum will continue in his role as Executive Chairman and oversee all aspects of the company, while being able to increase his focus on all areas of corporate growth, strategic planning, and maximizing shareholder returns. In his new role, Mr. Cheney will have executive responsibility for all aspects of the company's day-to-day business.

"David's appointment recognizes his strong leadership role since Bedrock acquired the Company," said Mr. Kestenbaum. "We have worked together very closely for several years and David has earned my full confidence and that of the Board of Directors and management, and I am proud to transition the role of CEO of the company to him. This transition will allow me to continue to oversee all aspects of the company while allowing me more time to focus on driving the Company's strategy and growth initiatives. Stelco has delivered very strong results since our acquisition and I am very confident that this executive change will bring even stronger results and accelerated growth."

Declaration of Dividends

Stelco's Board of Directors approved the payment of a special cash dividend of $100 million ($1.13 per share), in addition to the regular quarterly cash dividend of $0.10 per share. The special dividend of $1.13 per share will be paid on March 20, 2019 to shareholders of record as of the close of business on March 13, 2019, and the regular quarterly dividend of $0.10 per share will be paid on March 22, 2019, to shareholders of record as of the close of business on March 13, 2019.

The special dividend and the regular quarterly dividend have been designated as an "eligible dividend" for purposes of the Income Tax Act (Canada).

Quarterly Results Conference Call

Stelco management will host a conference call to discuss its results tomorrow, Wednesday February 20, 2019, at 9:00 a.m. ET. To access the call, please dial 1-800-239-9838 (U.S. and Canada) or 1-323-794-2551 (international) and reference conference 6187330. 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 February 20, 2019 until 11:59 p.m. ET on March 6, 2019 by dialing 1-844-512-2921 (U.S. and Canada) or 1-412-317-6671(international) and using the pin number 6187330.

Consolidated Financial Statements and Management's Discussion and Analysis

The Company's (including both Stelco Holdings Inc. and Stelco Inc.) audited consolidated financial statements for the year ended December 31, 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 year ended December 31, 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, 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, expectations concerning mergers and acquisitions opportunities, 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, 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 dated February 15, 2019 and the Company's MD&A for the year ended December 31, 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 December 31, 2018, which is available on the Company's website and on SEDAR (www.sedar.com).

Stelco Inc.
Consolidated statements of income
(unaudited)

(millions of Canadian dollars)	Three months ended December 31, **2018**	Three months ended December 31, 2017	Year ended December 31, **2018**	Year ended December 31, 2017
Revenue from sale of goods	**$ 648**	$ 452	**$ 2,460**	$ 1,601
Cost of goods sold	**517**	383	**1,937**	1,409
Gross profit	**131**	69	**523**	192
Selling, general and administrative expenses	**15**	15	**52**	77
Operating income	**116**	54	**471**	115
Other income (loss) and (expenses)				
Finance costs	**(17)**	(21)	**(215)**	(154)
Finance and other income	**10**	1	**1**	5
Restructuring and other costs	**(1)**	(5)	**(8)**	(38)
Share of loss from joint ventures	**—**	(1)	**(2)**	(2)
Gain (Loss) on emergence from CCAA	**—**	(12)	**—**	3,653
Income before income taxes	**108**	16	**247**	3,579
Income tax expense	**—**	—	**—**	—
Net income	**$ 108**	$ 16	**$ 247**	$ 3,579

Stelco Holdings Inc.
Consolidated statements of income
(unaudited)

(millions of Canadian dollars)	Three months ended December 31, **2018**	Three months ended December 31, 2017	Year ended December 31, **2018**
Revenue from sale of goods	**$ 648**	$ 452	**$ 2,460**
Cost of goods sold	**514**	379	**1,928**
Gross profit	**134**	73	**532**
Selling, general and administrative expenses	**16**	31	**56**
Operating income	**118**	42	**476**
Other income (loss) and (expenses)			
Finance costs	**(17)**	(21)	**(215)**
Finance and other income	**10**	—	**3**
Restructuring and other costs	**(1)**	(5)	**(9)**
Share of loss from joint ventures	**—**	(1)	**(2)**
Income before income taxes	**110**	15	**253**
Income tax expense	**—**	—	**—**
Net income	**$ 110**	$ 15	**$ 253**

Stelco Inc.
Consolidated balance sheets
(unaudited)

As at	**December 31, 2018**	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	**$ 268**	$ 45
Restricted cash	**8**	12
Trade and other receivables	**252**	203
Inventories	**468**	448
Prepaid expenses	**27**	18
Total current assets	**$ 1,023**	$ 726
Non-current assets		
Property, plant and equipment, net	**465**	305
Investment in joint ventures	**5**	4
Total non-current assets	**$ 470**	$ 309
Total assets	**$ 1,493**	$ 1,035
LIABILITIES		
Current liabilities		
Trade and other payables	**$ 432**	$ 310
Other liabilities	**39**	33
Obligations to independent employee trusts	**103**	32
Total current liabilities	**$ 574**	$ 375
Non-current liabilities		
Provisions	**5**	5
Pension benefits	**2**	—
Other liabilities	**13**	34
Obligations to independent employee trusts	**488**	312
Total non-current liabilities	**$ 508**	$ 351
Total liabilities	**$ 1,082**	$ 726
EQUITY		
Common shares	**2,175**	2,325
Contributed surplus	**500**	500
Retained deficit	**(2,264)**	(2,516)
Total equity	**$ 411**	$ 309
Total liabilities and equity	**$ 1,493**	$ 1,035

Stelco Holdings Inc.
Consolidated balance sheets
(unaudited)

As at		**December 31, 2018**		December 31, 2017
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**438**	$	250
Restricted cash		**8**		12
Trade and other receivables		**252**		204
Inventories		**468**		448
Prepaid expenses		**28**		18
Total current assets	**$**	**1,194**	$	932
Non-current assets				
Property, plant and equipment, net		**448**		279
Intangible assets		**7**		7
Investment in joint ventures		**6**		5
Total non-current assets	**$**	**461**	$	291
Total assets	**$**	**1,655**	$	1,223
LIABILITIES				
Current liabilities				
Trade and other payables	**$**	**436**	$	309
Other liabilities		**40**		33
Obligations to independent employee trusts		**103**		32
Total current liabilities	**$**	**579**	$	374
Non-current liabilities				
Provisions		**5**		5
Pension benefits		**2**		—
Other liabilities		**13**		35
Obligations to independent employee trusts		**488**		312
Total non-current liabilities	**$**	**508**	$	352
Total liabilities	**$**	**1,087**	$	726
EQUITY				
Common shares		**512**		512
Treasury shares		**(1)**		—
Retained earnings (deficit)		**57**		(15)
Total equity	**$**	**568**	$	497
Total liabilities and equity	**$**	**1,655**	$	1,223

Non-IFRS Measures Results

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

Stelco Inc.

(millions of Canadian dollars, except where otherwise noted)	Three months ended December 31, 2018	Three months ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Net income	**$ 108**	$ 16	**$ 247**	$ 3,579
Add back/(Deduct):				
Remeasurement of employee benefit commitment [1]	**(15)**	10	**144**	10
Separation costs related to USS support services [2]	**5**	6	**20**	27
Loss from commodity-based swaps	**—**	—	**10**	—
Restructuring and other costs [3]	**1**	5	**8**	38
Property related idle costs included in cost of goods sold [4]	**2**	—	**5**	—
Income related to buildings finance lease termination [5]	**(3)**	—	**(3)**	—
Acquisition related costs [6]	**—**	—	**—**	18
Provision on pension and other post-employment benefits [7]	**—**	—	**—**	26
Loss (Gain) related to emergence from CCAA [8]	**—**	12	**—**	(3,653)
Adjusted net income	**$ 98**	$ 49	**$ 431**	$ 45

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. Represents the recovery of accretion and depreciation expense in connection with the termination of buildings finance lease associated with the Lands acquisition.
6. Acquisition costs related to the purchase of Stelco by Bedrock.
7. Represents difference between total cash funding obligation for pensions and OPEBs.
8. Represents the loss (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 December 31, 2018	Three months ended December 31, 2017	Year ended December 31, 2018
Net income	**$ 110**	$ 15	**$ 253**
Add back/(Deduct):			
Remeasurement of employee benefit commitment [1]	**(15)**	10	**144**
Separation costs related to USS support services [2]	**5**	6	**20**
Restructuring and other costs [3]	**1**	5	**9**
Property related idle costs included in cost of goods sold [4]	**2**	—	**5**
Income related to buildings finance lease termination [5]	**(3)**	—	**(3)**
Loss from commodity-based swaps	**—**	—	**10**
Secondary offering costs	**—**	—	**1**
Initial public offering costs	**—**	16	**—**
Adjusted net income	**$ 100**	$ 52	**$ 439**

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 the recovery of accretion and depreciation expense in connection with the termination of buildings finance lease associated with the Lands acquisition.

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

Stelco Inc.

(millions of Canadian dollars, except where otherwise noted)	Three months ended December 31, 2018	Three months ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Net income	**$ 108**	$ 16	**$ 247**	$ 3,579
Add back/(Deduct):				
Finance costs	**17**	21	**215**	154
Depreciation	**16**	9	**44**	28
Separation costs related to USS support services [1]	**5**	6	**20**	27
Loss from commodity based swaps	**—**	—	**10**	—
Restructuring and other costs [2]	**1**	5	**8**	38
Property related idle costs included in cost of goods sold [3]	**2**	—	**5**	—
Income related to buildings finance lease termination [4]	**(3)**	—	**(3)**	—
Finance income	**(1)**	—	**(2)**	(1)
Provision on pension and other post-employment benefits [5]	**—**	—	**—**	26
Acquisition related costs [6]	**—**	—	**—**	18
Loss (Gain) related to emergence from CCAA [7]	**—**	12	**—**	(3,653)
Adjusted EBITDA	**$ 145**	$ 69	**$ 544**	$ 216
Add back: Tariff related costs [8]	23	—	73	—
Tariff Adjusted EBITDA	**$ 168**	$ 69	**$ 617**	$ 216
Percentage of total revenue:				
Adjusted EBITDA	**22%**	15%	**22%**	13%
Tariff Adjusted EBITDA	**26%**	15%	**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 the recovery of accretion and depreciation expense in connection with the termination of buildings finance lease associated with the Lands acquisition.
5. Represents difference between total cash funding obligation for pensions and OPEBs.
6. Acquisition costs related to the purchase of Stelco by Bedrock.
7. Represents the loss (gain) from the implementation of the CCAA plan on June 30, 2017.
8. Includes tariff and tariff related costs connected with U.S. bound steel shipments.

(millions of Canadian dollars, except where otherwise noted)	Three months ended December 31, 2018	Three months ended December 31, 2017	Year ended December 31, 2018
Net income	**$ 110**	$ 15	**$ 253**
Add back/(Deduct):			
Finance costs	**17**	21	**215**
Depreciation	**13**	6	**35**
Separation costs related to USS support services [1]	**5**	6	**20**
Restructuring and other costs [2]	**1**	5	**9**
Property related idle costs included in cost of goods sold [3]	**2**	—	**5**
Income related to buildings finance lease termination [4]	**(3)**	—	**(3)**
Finance income	**(1)**	—	**(4)**
Loss from commodity-based swaps	**—**	—	**10**
Secondary offering costs	**—**	—	**1**
Initial public offering costs [5]	**—**	16	**—**
Adjusted EBITDA	**$ 144**	$ 69	**$ 541**
Add back: Tariff related costs [6]	23	—	73
Tariff Adjusted EBITDA	**$ 167**	$ 69	**$ 614**
Percentage of total revenue:			
Adjusted EBITDA	**22%**	15%	**22%**
Tariff Adjusted EBITDA	**26%**	15%	**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 the recovery of accretion and depreciation expense in connection with the termination of buildings finance lease associated with the Lands acquisition.
5. 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.
6. Includes tariff and tariff related costs connected with U.S. bound steel shipments.