# Aluminum Flat Rolled Mill Strategic Growth Investment

## Aligned with Our Core Steelmaking and Recycling Platforms

STEEL DYNAMICS INC.

HEALTH AND SAFETY | ENTREPRENEURIAL CULTURE | CUSTOMER COMMITMENT
STRATEGIC GROWTH | INNOVATION | FINANCIAL STRENGTH

**July 19, 2022**

# Forward Looking Statements and Non-GAAP Financial Measures

## Forward-Looking Statements

This presentation contains some predictive statements about future events, including statements related to conditions in domestic or global economies, conditions in steel, aluminum, and recycled metals marketplaces, Steel Dynamics' revenues, costs of purchased materials, future profitability and earnings, and the operation of new, existing or planned facilities. These statements, which we generally precede or accompany by such typical conditional words as "anticipate", "intend", "believe", "estimate", "plan", "seek", "project", or "expect", or by the words "may", "will", or "should", are intended to be made as "forward-looking," subject to many risks and uncertainties, within the safe harbor protections of the Private Securities Litigation Reform Act of 1995. These statements speak only as of this date and are based upon information and assumptions, which we consider reasonable as of this date, concerning our businesses and the environments in which they operate. Such predictive statements are not a guarantee of future performance, and we undertake no duty to update or revise any such statements. Some factors that could cause such forward-looking statements to turn out differently than anticipated include: (1) domestic and global economic factors; (2) global steelmaking overcapacity and imports of steel and North American aluminum flat rolled supply deficit, together with increased scrap prices; (3) pandemics, epidemics, widespread illness or other health issues, such as the COVID-19 pandemic; (4) the cyclical nature of the steel industry and the industries we serve; (5) volatility and major fluctuations in prices and availability of scrap metal, scrap substitutes, and our potential inability to pass higher costs on to our customers; (6) cost and availability of electricity, natural gas, oil, or other energy resources are subject to volatile market conditions; (7) increased environmental, greenhouse gas emissions and sustainability considerations or regulations; (8) compliance with and changes in environmental and remediation requirements; (9) significant price and other forms of competition from other steel and aluminum producers, scrap processors and alternative materials; (10) availability of an adequate source of supply of scrap for our metals recycling operations; (11) cybersecurity threats and risks to the security of our sensitive data and information technology; (12) the implementation of our growth strategy; (13) litigation and legal compliance, (14) unexpected equipment downtime or shutdowns; (15) governmental agencies may refuse to grant or renew some of our licenses and permits required to operate our businesses; (16) our senior unsecured credit facility contains, and any future financing agreements may contain, restrictive covenants that may limit our flexibility; (17) the impact of impairment charges; (18) the use of estimates and assumptions in connection with anticipated project returns; (19) unanticipated difficulties in integrating or starting up new assets; and (20) risks and uncertainties involving product and/or technology development.

More specifically, refer to Steel Dynamics' more detailed explanation of these and other factors and risks that may cause such predictive statements to turn out differently, as set forth in our most recent Annual Report on Form 10-K under the headings Special Note Regarding Forward-Looking Statements and Risk Factors, in our quarterly reports on Form 10-Q, or in other reports which we file with the Securities and Exchange Commission. These are available publicly on the Securities and Exchange Commission website, www.sec.gov, and on the Steel Dynamics website, www.steeldynamics.com under "Investors — SEC Filings".

## Note Regarding Non-GAAP Financial Measures

Steel Dynamics reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). Management believes that EBITDA, Adjusted EBITDA, free cash flow, and adjusted free cash flow non-GAAP financial measures, provide additional meaningful information regarding Steel Dynamic's performance and financial strength. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, Steel Dynamics' reported results prepared in accordance with GAAP. In addition, because not all companies use identical calculations, EBITDA, Adjusted EBITDA, free cash flow and adjusted free cash flow included in this presentation may not be comparable to similarly titled measures of other companies. The reconciliations of non-GAAP measures to their most comparable GAAP measures are contained in the appendix at the end of this presentation.

# Projections

## Projections

This presentation contains projections, which reflect estimates about future events. These projections are based on an analysis of publicly available information, information provided by industry advisors and consultants, and the company's experience in the steel industry, and contain many assumptions about the aluminum industry and the company's anticipated operations. Some assumptions may not materialize and unanticipated events and circumstances may cause actual results to turn out differently than anticipated. Projections are subject to various and substantial uncertainties and risks, and the underlying assumptions may be inaccurate in a material respect. Furthermore, certain projections are non-GAAP measures.

Given the risks and uncertainties inherent in projections, investors are reminded not to rely on projections in connection with making an investment decision. Please see "Note Regarding Non-GAAP Financial Measures" and "Forward-Looking Statements" regarding additional risks and uncertainties in connection with the projections.

# Investment Overview

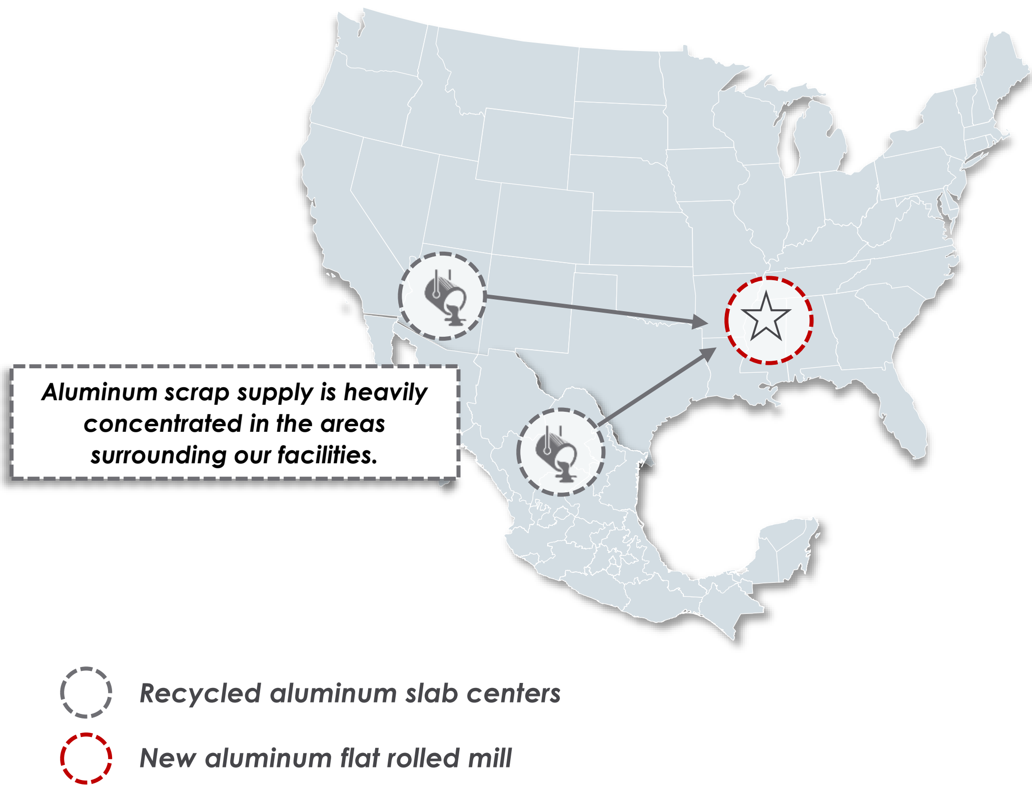
| | |
|---|---|
| **Capital Commitment** | ■ Estimated $2.2 billion investment to build a state-of-the-art low-carbon, recycled aluminum flat rolled mill, and two satellite recycled aluminum slab centers<br>■ Including various value-added finishing lines |
| **Capacity** | ■ 650,000-tonne aluminum flat rolled mill to be built in the Southeastern U.S.<br>■ 900,000 tonnes of recycled aluminum slabs are required, with onsite capacity supplying 50% and the remainder supplied by two satellite recycled aluminum slab centers to be located in Northcentral Mexico and the Southwestern U.S. |
| **End Markets** | ■ Products serving the sustainable beverage packaging, automotive, and common alloy industrial markets |
| **Sustainability** | ■ New low-carbon facility provides an energy efficient, lower environmental impact alternative to existing production facilities<br>■ Recycled aluminum will be the primary raw material and will be supplied through SDI's recycling platform, OmniSource, which is the largest nonferrous metals recycler in North America |
| **Financial Impact** | ■ 100% of the investment will be funded with available cash and cash flow from operations<br>■ Expected to add $650-700 million[1] in "through-cycle" consolidated annual EBITDA<br>■ Adds margin enhancing growth, with a 5-year payback period<br>■ Includes a cash payment of $25 million plus a 5.6% equity stake in the rolling mill to access key aluminum industry talent and knowledge from Unity Aluminum |
| **Startup Timing** | ■ The aluminum flat rolled mill is expected to start in Q1 2025<br>■ The Mexico recycled aluminum slab center is expected to start in 2024, and the Southwestern U.S. location is expected to start by the end of 2025 |

[1] Based on analysis of historical pricing and margins from 2017 to 2021 obtained from public sources and industry advisors and consultants, coupled with anticipated production capacity, product mix and estimated synergies and other cost savings

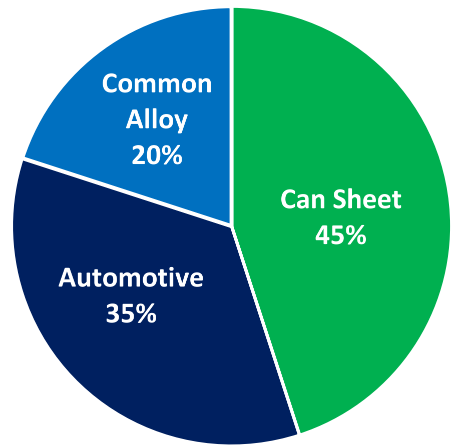
# Strategic Investment

## Geographic Footprint

- **The recycled aluminum slab centers are expected to be located in Northcentral Mexico and the Southwestern U.S., levering the abundant aluminum scrap supply in those regions**
- **OmniSource is the largest nonferrous recycler in North America and is growing in Mexico, which has excess aluminum scrap supply**

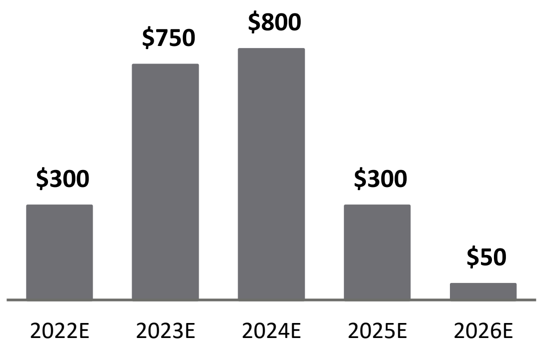



## Planned Product Mix




## Estimated $2.2 Billion Project Fixed Asset Investment

(dollars in millions)




*SDI's existing annual sustaining capital requirements est. at $150 million (excluding this project)*

# Key Investment Highlights – SDI's Competitive Advantages – A Compelling Story

**New Low-Carbon, Recycled Aluminum Flat Rolled Mill**

1. Growing with Steel Dynamics' customers, providing alternative metal solutions
2. Revolutionizing North American aluminum flat rolled industry with SDI's differentiated, low-cost, sustainable, efficient, customer-centric approach
3. Levering SDI's expertise in building and operating low-cost melting, casting and rolling facilities
4. Circular manufacturing model utilizing SDI's metals recycling platform, OmniSource
5. Attractive financial returns
6. Favorable N.A. flat rolled aluminum supply/demand fundamentals
7. Using SDI's strong balance sheet to strategically grow long-term value

# Growing with Steel Dynamics' Customers, Providing Alternative Metal Solutions

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## Key Commentary

- A vast majority of our existing carbon steel customers also consume or process aluminum flat rolled products for automotive, appliance, construction, and other applications
- This investment provides our customers with a new high-quality, domestic, low-carbon aluminum supply-chain
- Offers value-added products supported by CASH lines (Continuous Annealing Solutions Heat Treating), continuous coating line, and various slitting and packaging operations
- We plan to invite customers to locate facilities onsite with the aluminum flat rolled mill to enhance cost efficiencies, providing a "closed loop" aluminum coil-to-scrap sourcing opportunity

## Product Mix

### Can Sheet
*45% of shipments*

- Increasing demand, and expanding domestic can production capacity
- Lack of domestic supply
- Sustainable alternative to glass or plastic

### Automotive
*35% of shipments*

- Limited aluminum automotive sheet supply
- Aluminum flat rolled automotive products production utilization is nearly 100%[1]
- Electric vehicles require ~40% more aluminum than traditional vehicles[1]

### Common Alloy / Industrials
*20% of shipments*

- Growth driven by construction and transportation, as well as truck-trailers
- Gains from growth in single-family homes and remodeling market

[1] Source: *Equity research*

# Revolutionizing North American Aluminum Flat Rolled Industry with SDI's Differentiated, Low-Cost, Sustainable, Efficient, Customer-Centric Approach

## Our Strategic Pillars of Focus

### Health and Safety
Goal of zero injuries and no accidents

### Entrepreneurial Culture
Foster a team of energetic, positive, driven, innovative and diverse individuals

### Customer Commitment
Preferred partner providing quality products and unique supply-chain solutions

### Strategic Sustainable Growth
Margin expansion and consistency of earnings through-the-cycle

### Innovation
Improve safety, quality, productivity and resource sustainability

### Financial Strength
Higher utilization and lower costs yield strong cash flow generation

## Key Commentary

- We will bring:
  - Highly incentivized performance-based compensation, innovative culture
  - Low-cost operating model
  - Vertically connected operations
  - Extensive experience constructing and operating capital-intensive operations
- We have a successful track record of:
  - Transforming markets
  - Providing customer-centric, cost – effective supply-chain solutions
- We have more than doubled our free cash flow generation capability since 2016 with an annual average free cash flow of $1.5 billion (2017 to 2021)[1]

[1] *As of period ended December 31, 2021. Free Cash Flow is defined as Adjusted EBITDA less Capital Investments. See the appendix for the reconciliation.*

# Levering SDI's Expertise in Building and Operating Low-Cost Melting, Casting and Rolling Facilities

## Key Commentary

- World-class expertise in building and operating efficient, low-cost, lower-carbon assets
- Optimal blend of recycled aluminum and lower-carbon primary aluminum for maximum efficiency
- Highly performance-based incentivized culture and vertically connected operations drive low-cost operating model

## Track Record of Greenfield Expansion

- SDI's teams and senior leadership have extensive experience constructing and operating large capital-intensive operations, similar to those utilized within the aluminum flat rolled industry
  - Constructed 3 greenfield steel mills with 8+ million tons of capacity
  - Constructed 15 flat roll coating lines with 4 more lines under construction
- Demonstrated ability to build cost effectively

## Case Study: Sinton, Texas

- Constructed new $2.0 billion flat rolled steel mill with 2 high-quality finishing lines
- Currently ramping production – expected to reach full capacity by end of 2022
- Offering a differentiated supply chain for customers:
  - Customer-centric logistics
  - Shorter delivery lead times
  - Working capital efficiency
- 7 onsite customers represent ~1.8 million tons of annual flat rolled steel processing and consumption capability
- Unique lower-carbon "closed loop" flat rolled steel coil-to-scrap sourcing opportunity

# Circular Manufacturing Model Utilizing SDI's Metals Recycling Platform, OmniSource

## Key Commentary

- Our circular manufacturing model offers a significant advantage to collecting and processing aluminum scrap by levering our existing metals recycling operations and customer relationships
- We handle over 500 million pounds of aluminum scrap annually, and also melt aluminum at our Superior Aluminum Alloys operations
- Targeting 80% recycled-content for can sheet products, and a high level of recycled content for other products
- The satellite recycled aluminum slab centers will lever the significant regional aluminum scrap supply, with cost-effective production
- Plan to invite customers to locate facilities onsite with the aluminum flat rolled mill to:
  - Enhance cost efficiencies
  - Provide a "closed loop" aluminum coil-to-scrap sourcing opportunity

**#1**

Largest nonferrous recycler in North America – and growing in Mexico, which has excess aluminum scrap

**500 million+**

Pounds of aluminum scrap that SDI handles annually

**Raw Material**

80% Targeted recycled-content for can sheet products, and a high level of recycled content for other products

**100%**

Of aluminum scrap needs will be provided by SDI's metals recycling operations (OmniSource)

# 5 Attractive Financial Returns

## Key Commentary

- Estimated $2.2 billion investment, including the aluminum flat rolled mill and 2 satellite recycled aluminum slab centers, to be funded with available cash and cash flow from operations
- Provides further value-added, high-margin product diversification in a growing market within a familiar metal
- 100% of aluminum scrap will be supplied by SDI's metals recycling operations, with expected additional annual EBITDA of ~$40 million (not included in the stated through-cycle EBITDA or return metrics below)
- The project is expected to enhance SDI's consolidated "through-cycle" annual EBITDA by $650-700 million[1] and has an expected payback of 5 years

## Anticipated Financial Returns

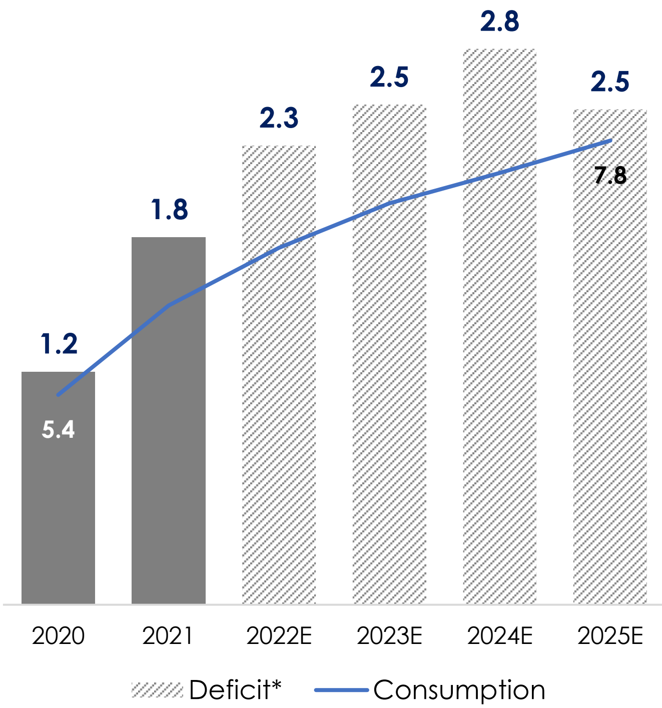
| $2.2B | $650-700M[1] | 5 year | High Teens |
|---|---|---|---|
| Estimated Capital Investment | Estimated Through-Cycle Annual EBITDA | Through-Cycle Payback Period | Through-Cycle Internal Rate of Return |

[1] Based on analysis of historical pricing and margins from 2017 to 2021 obtained from public sources and industry advisors and consultants, coupled with anticipated production capacity, product mix and estimated synergies and other cost savings

# 6 Favorable North American Flat Rolled Aluminum Supply/Demand Fundamentals

## North American Flat Rolled Aluminum

*Growing aluminum deficit (million tonnes)*




## Key Commentary

- Projected flat rolled aluminum consumption growth driven by:
  - Increased automotive need due to vehicle light weighting
  - Construction and transportation opportunities
  - Growth in sustainable beverage container packaging
- Near-term aluminum flat rolled products supply deficit expected to expand
- Even with recent expansion announcements, North America flat rolled aluminum deficit is forecasted to remain over 2.0 million tonnes through 2030*
- Given the significant deficit in domestic production, North America is and will remain the world's largest importer of aluminum flat rolled products
- Higher cost imports reached ~25% of North American consumption in 2021

*Based on CRU and adjustments to supply based on recently announced aluminum mill expansions, and Steel Dynamics estimates.

# 7 Using SDI's Strong Balance Sheet to Strategically Grow Long-Term Value

## Key Commentary

- **Provides value-added, product diversification in a market already utilized by SDI customers**
- **Margin enhancing in first year of operations (estimated 2025)**
- **Investment grade credit ratings enable funding growth projects from existing cash and free cash flow**
- **Shareholder returns are supported by a growing dividend (5-year 17% CAGR) complemented with strong share repurchases (5-year 27% share reduction)**
- **Strong shareholder returns during our $2.0 billion Sinton Texas steel mill construction (2019 – 2021). We increased our dividend 39% and repurchased $1.5 billion, or 14% of our shares during that same 3-year period**
- **Plan to continue strong shareholder distributions, while maintaining an investment grade credit profile during this next organic growth phase**

## Strong Financial Foundation

**0.4x**

Low net leverage[1]

**$2.4 billion**

Strong liquidity[1], no near-term debt maturities

**$1.5 billion**

5-year average Free Cash Flow[2]

**Nearly 60%**

Of Net Income returned to shareholders[3]

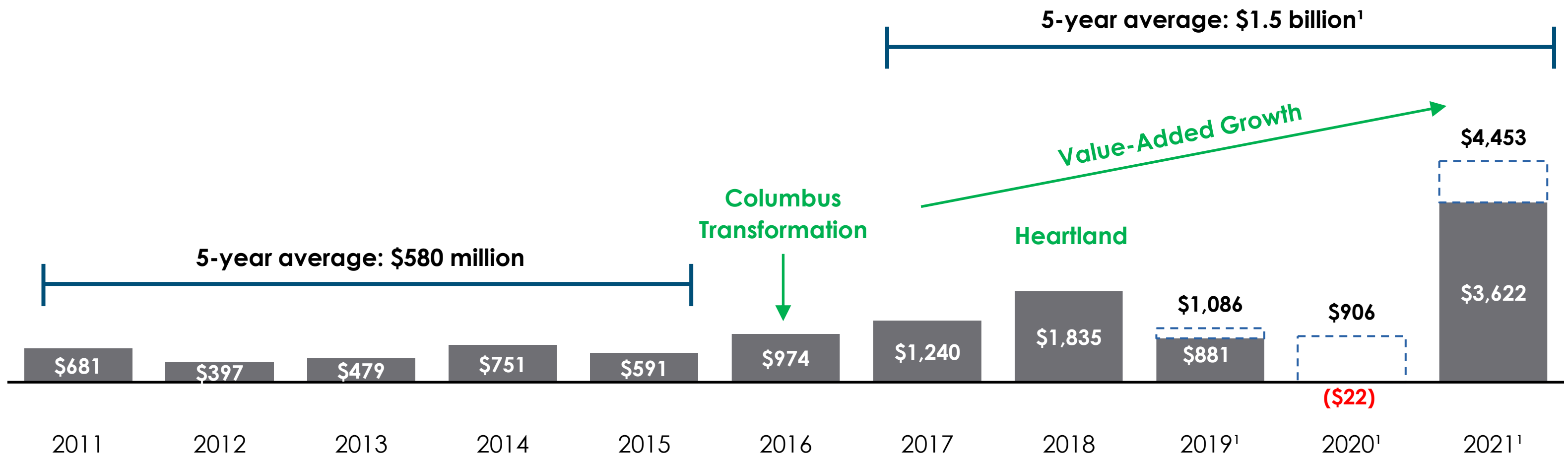
[1] As of period ended March 31, 2022.
[2] *As of period ended December 31, 2021. Free Cash Flow is defined as Adjusted EBITDA less Capital Investments. See the appendix for the reconciliation.*
[3] *Average 5-year capital returned to shareholders (dividends and share repurchases) from 2017 to 2021.*

# 7 Strong Liquidity and Free Cash Flow Generation

**Through all periods of growth, we have maintained strong liquidity and healthy free cash flow generation, which supports our ability for strong shareholder returns**

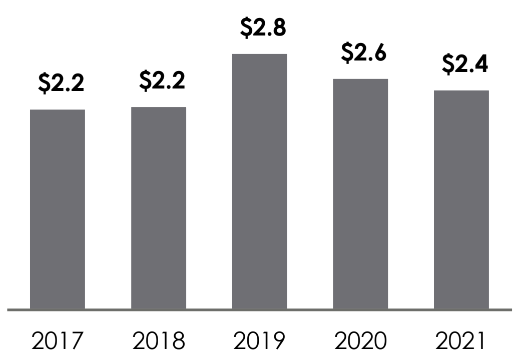
**More Than Doubled Average Annual Free Cash Flow[1] since the acquisition of our Columbus Flat Roll Division**

(dollars in millions)



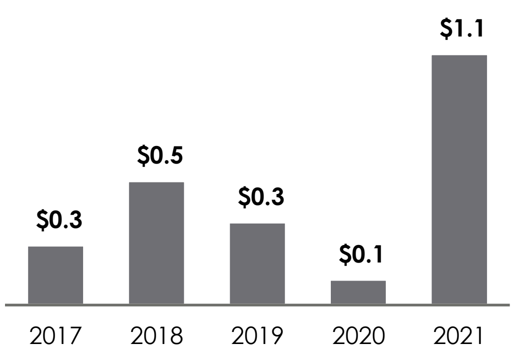

**Healthy liquidity during all phases of growth** (dollars in billions)

Includes $1.2B undrawn revolver




**Providing flexibility to return capital with share repurchases** (dollars in billions)

Purchased 27% of outstanding shares




[1] *Free Cash Flow is defined as Adjusted EBITDA less Capital Investments. Adjusted Free Cash Flow is defined as Adjusted EBITDA less Capital Investments, excluding funding for our new Sinton Texas flat roll steel mill. See the appendix for the reconciliation.*

# 7 Capital Allocation Framework, Committed to Growth, Shareholder Returns and Investment Grade Ratings

### Best-In-Class Performance

- Strong free cash flow conversion
- Leading EBITDA margins

+

### Strong cash flow generating business model

- Capital investments largely funded through cash flow
- Acquisitions funded to maintain credit flexibility and prudent liquidity, while ensuring strong strategic logic, cultural fit, levering core competencies, and clear execution roadmap

+

### Strong Balance Sheet

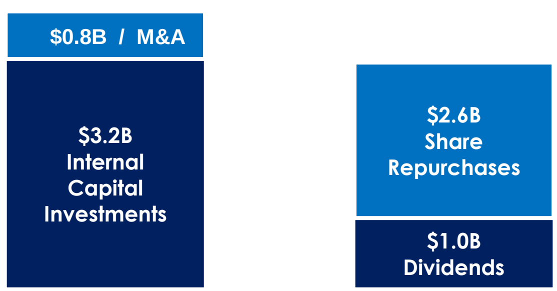
- Broad access to low-cost debt
- Net leverage managed to not exceed 2.0x through-cycle
- Subsequent to an acquisition, committed to delevering in a timely manner

=

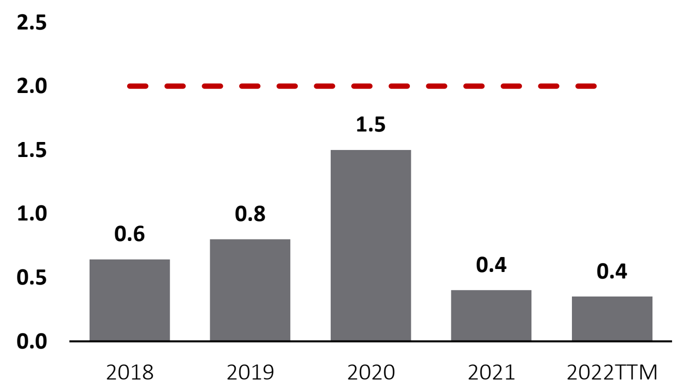
### Significant Strategic Opportunity

- Growth strategy funded through free cash flow and debt capacity
- Flexible shareholder distributions – maintain positive dividend profile and compliment with share repurchases as appropriate

### Balanced Capital Allocation - $7.3 billion Cash Flow from Operations over the Last Five Years[1]




### Conservative Net Leverage While Growing and Returning Capital to Shareholders




[1] *Period ended March 31, 2022*

# Investment Overview

| | |
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# Appendix

# Adjusted EBITDA, Free Cash Flow and Adjusted Free Cash Flow Reconciliations

| Dollars in millions | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Income (Loss) | $266 | $142 | $164 | $92 | $(145) | $360 | $806 | $1,256 | $678 | $571 | $3,247 |
| Income Taxes (Benefit) | 158 | 62 | 99 | 73 | (97) | 204 | 129 | 364 | 197 | 135 | 962 |
| Net Interest Expense | 172 | 154 | 123 | 135 | 153 | 141 | 124 | 104 | 99 | 85 | 56 |
| Depreciation | 177 | 180 | 192 | 229 | 263 | 261 | 265 | 283 | 286 | 291 | 312 |
| Amortization | 40 | 36 | 32 | 28 | 25 | 29 | 29 | 28 | 30 | 29 | 29 |
| Noncontrolling Interests | 13 | 21 | 26 | 65 | 15 | 22 | 7 | 3 | (7) | (13) | (33) |
| EBITDA | $826 | $595 | $636 | $622 | $214 | $1,017 | $1,360 | $2,038 | $1,283 | $1,098 | $4,573 |
| Unrealized (Gains) / Losses | (4) | (3) | 5 | (5) | 3 | 1 | 5 | (6) | 3 | 2 | (2) |
| Inventory Valuation | 9 | 6 | 7 | 10 | 28 | 1 | 3 | 2 | 1 | 2 | 6 |
| Equity-Based Compensation | 17 | 12 | 16 | 23 | 29 | 30 | 34 | 40 | 43 | 49 | 51 |
| Asset Impairment Charges | - | 8 | - | 213 | 429 | 120 | - | - | - | 17 | - |
| Refinancing Charges | - | 3 | 2 | - | 3 | 3 | 3 | - | 3 | 8 | - |
| Adjusted EBITDA | $848 | $621 | $666 | $863 | $706 | $1,172 | $1,405 | $2,074 | $1,333 | $1,176 | $4,628 |
| Less Capital Investments | 167 | 224 | 187 | 112 | 115 | 198 | 165 | 239 | 452 | 1,198 | 1,006 |
| Free Cash Flow | $681 | $397 | $479 | $751 | $591 | $974 | $1,240 | $1,835 | $881 | $(22) | $3,622 |
| Plus Sinton Texas Steel Mill Capex | - | - | - | -- | - | - | - | - | 205 | 928 | 831 |
| Adjusted Free Cash Flow | $681 | $397 | $479 | $751 | $591 | $974 | $1,240 | $1,835 | $1,086 | $906 | $4,453 |

*Note: Calculations may not tie due to rounding.*