NASDAQ:ASTL
TSX: ASTL

Earnings Call Presentation

For the Quarter ending December 31st, 2022

February 14th, 2022

in Canadian dollars unless otherwise noted

Disclaimer

ALGOMA STEEL INC.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This presentation contains "forward-looking information" under applicable Canadian securities legislation and "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 (collectively, "forward looking statements"). Forward-looking statements and information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans", "budget", "continue" or similar expressions suggesting future outcomes or events. Forward-looking statements and information include, but are not limited to, statements regarding the operations, business, financial condition, expected financial results, performance, opportunities, strategies, outlook and guidance of Algoma Steel Group Inc. (the "Company" or "Algoma"), Algoma's strategic objectives, its implementation of an ISO 45001 Safety Management System, its expectation to pay a quarterly dividend, potential purchases under its normal course issuer bid, and Algoma's transformation to electric arc furnace steelmaking (the "EAF Transformation"), including the expected timing of the EAF Transformation and the resulting increase in raw steel production capacity and operational flexibility, reduction in carbon emissions, becoming one of the lowest cost producers of green steel in North America, lower costs and capital expenditures, improved employee productivity, elimination of coal and reduction in long term reliance on iron ore.

Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information. The material factors or assumptions that were applied by us in drawing conclusions or making forecasts or projections set out in the forward-looking statements and information, and those risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking statements and information, include, but are not limited to: global and North American product demand; production levels and capacity utilization; the risks associated with the steel industry generally, including the price of steel; the ability of the Company to implement and realize its business plans, including the EAF Transformation; Algoma's ability to continue to pay a quarterly dividend; the risk of downturns and a changing regulatory landscape in the Company's highly competitive and cyclical industry; future results of operations; future cash flow and liquidity; future capital investment; the impact of the foregoing items on our debt service obligations; our ability to operate our business, remain in compliance with debt covenants; restrictive covenants in debt agreements limiting our discretion to operate our business; plant operating performance; upgrades to our facilities and equipment; our joint venture arrangements; our research and development activities; our ability to source raw materials and other inputs at a competitive cost; debt financing, government or regulatory accommodation for key operational inputs and other current or future compliance requirements; 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, when required; changes in environmental, climate change, tax and other laws, rules and regulations, including international trade regulations and global data privacy laws; growth in steel markets and industry trends; significant domestic and international competition; increased use of competitive products; a protracted fall in steel prices; plant operating performance; product mix; level of contract sales; excess capacity, resulting in part from expanded production in China and other developing economies; low-priced steel imports, import levels and government actions or lack of actions with regard to imports; protracted declines in steel consumption caused by poor economic conditions in North America or by the deterioration of the financial condition of our key customers; increases in annual funding obligations resulting from our under-funded pension plans; supply and cost of raw materials and energy; natural gas prices and usage; the cost and reliability of third party suppliers and service providers; currency fluctuations; environmental compliance and remediation; unexpected equipment failures and other business interruptions; a protracted global recession or depression; North American and global economic performance and political developments; and changes in general economic conditions, including as a result of the COVID-19 pandemic, inflation, rising interest rates and the ongoing conflict in Ukraine.

The foregoing list of factors is not exhaustive and readers should also consider the other risks and uncertainties set forth in the section entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in Algoma's public filings, including the annual report on Form 20-F filed by Algoma with the Securities and Exchange Commission ("SEC") and the Ontario Securities Commission ("OSC"), and in Algoma's other public filings with the SEC and OSC.

Given these risks, uncertainties and other factors, readers should not place undue reliance on forward-looking statements or information as a prediction of actual results. The forward-looking statements and information reflects management's current expectations and beliefs regarding future events and operating performance and is based on information currently available to management. Although we have attempted to identify important factors that could cause actual results to differ materially from the forward-looking statements and information contained herein, there are other factors that could cause results not to be as anticipated, estimated or intended. The forward-looking statements and information contained herein is current as of the date hereof and, except as required under applicable law, we do not undertake to update or revise it to reflect new events or circumstances.

Certain information in this presentation may be considered as "financial outlook" within the meaning of applicable securities legislation. The purpose of this financial outlook is to provide readers with disclosure regarding the Company's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

PRESENTATION OF FINANCIAL INFORMATION

The Company's fiscal year runs from April 1st to March 31st. The Company and its subsidiaries' functional currency is the United States dollar ("US dollar" or "US$"). The US dollar is the currency of the primary economic environment in which the Company and subsidiaries operate. The items included in the unaudited condensed interim consolidated financial statements are measured using the US dollar.

For reporting purposes, the unaudited condensed interim consolidated financial statements are presented in millions of Canadian dollars ("C$" or "$"). The assets and liabilities are translated into the reporting currency using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at average exchange rates for the reporting period. Exchange differences arising are recognized in other comprehensive (loss) income and accumulated in equity under the heading 'Foreign exchange on translation to presentation currency.'

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). IFRS differs in certain material respects from U.S. generally accepted accounting principles ("U.S. GAAP"). As such, the Company's financial statements are not comparable to the financial statements of U.S. companies prepared in accordance with U.S. GAAP.

This presentation should be read in conjunction with, the Company's December 31, 2022 unaudited condensed interim consolidated financial statements and the accompanying notes of the Company and the March 31, 2022 audited consolidated financial statements and the accompanying notes of the Company.

NON-IFRS MEASURES

To supplement our financial statements, we use certain non-IFRS measures to evaluate the performance of Algoma. These terms do not have any standardized meaning prescribed within 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 a further understanding of our financial performance from management's perspective and providing management and investors with additional information for comparison of our operating results across different time periods and to the operating results of other companies. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. Please refer to the Company's most recent MD&A for further discussion of these non-IFRS financial measures, including Adjusted EBITDA, and for a reconciliation to comparable IFRS measures, including net (loss) income. See also Annex: Adjusted EBITDA Reconciliation on slide 11.

Earnings Call Agenda

Today's Presenters:

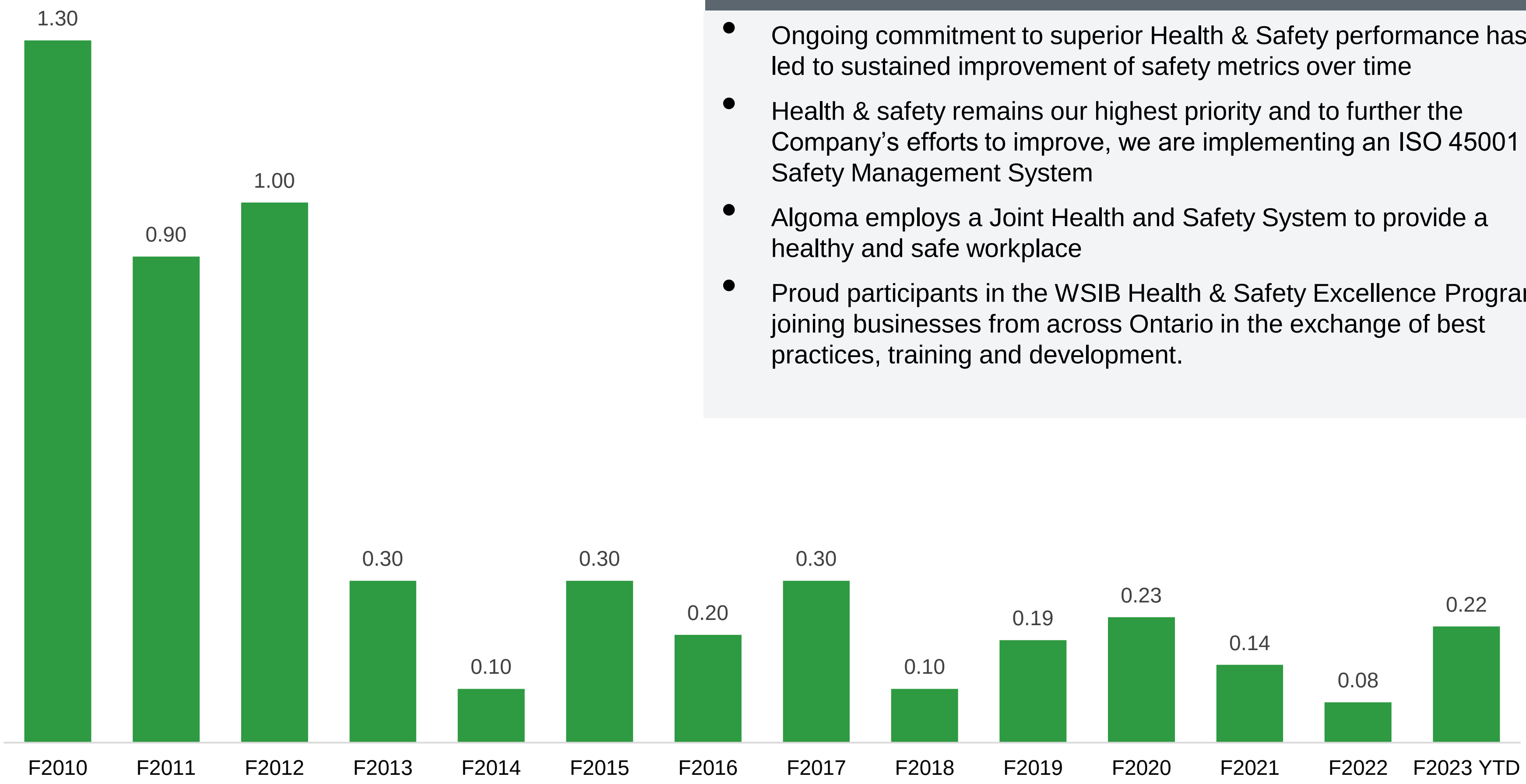
Michael Garcia
Chief Executive Officer

Rajat Marwah
Chief Financial Officer

- Safety Performance
- Financial Performance
- Market Update
- Strategic Update
- Questions & Answers

Safety Without Compromise

Continued Focus and Improvement in Lost Time Injury Frequency Rate (LTIFR)[1]



Health & Safety Performance

- Ongoing commitment to superior Health & Safety performance has led to sustained improvement of safety metrics over time
- Health & safety remains our highest priority and to further the Company's efforts to improve, we are implementing an ISO 45001 Safety Management System
- Algoma employs a Joint Health and Safety System to provide a healthy and safe workplace
- Proud participants in the WSIB Health & Safety Excellence Program, joining businesses from across Ontario in the exchange of best practices, training and development.

Safety is Top Priority for Algoma

Source: Company information.
1) Lost Time Injury Frequency is calculated as ((Number of lost time injuries in the reporting period x 200,000) / Total hours worked in the reporting period).

Key Performance Highlights

ALGOMA STEEL INC.

Q3 FY2023 - Ended December 31st, 2022

- **Shipment volume** was 458K NT in Q3 FY2023, up 5% from 435K NT in Q2 FY2023 and down 17% from 553K NT in Q3 FY2022
- **Steel Revenue:** was $512 million in Q3 FY2023, down 7% from $552 million in Q2 FY2023 and down 49% from $1,010 million in Q3 FY2022
- **Adjusted EBITDA** was $(36) million in Q3 FY2023, down from $83 million in Q2 FY2023 and down from $457 million in Q3 FY2022
- **Net Income** was $(70) million in Q3 FY2023, down from $87 million in Q2 FY 2023 and down from $123 million in Q3 FY2022
- **Cash position** was $245 million at the end of Q3 FY2023 with availability of $239 million under the Revolving Credit Facility

Q3 FY 2023 YTD	1,432 kNT Shipments	$1,941 million Steel Revenue	$405 million Adjusted EBITDA

Adjusted EBITDA margin fiscal YTD was 19.3%

Source: Company Q3 FY2023 Management's Discussion and Analysis
Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures. See Annex: Adjusted EBITDA Reconciliation on Slide 11

Third Quarter Financial Highlights

ALGOMA STEEL INC.

	Q3 FY2023	Q3 FY 2022		Q2 FY2023	
Shipping volume ('000s tons)	**458**	553	-17%	435	5%
Net Sales Realization per ton ($/ton)	**1,116**	1,827	-39%	1,266	-12%
Steel Revenue($ million)	**512**	1,010	-49%	552	-7%
Cost of Steel Products Sold ($/NT)	**1,157**	946	22%	1,033	12%
Adjusted EBITDA ($ million)	**(36)**	457		83	
Net Income ($ million)	**(70)**	123		87	

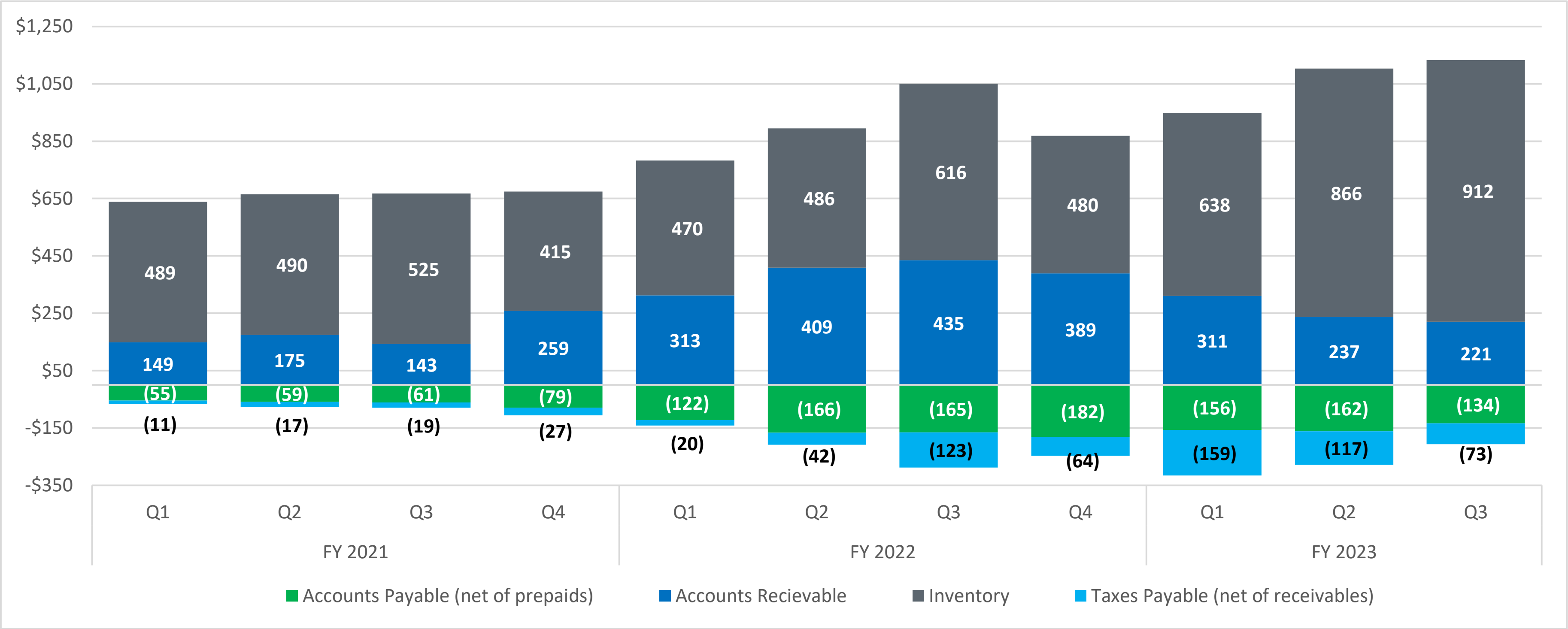
Algoma Q3 FY2023 Quarterly Adjusted EBITDA $(36)M

Source: Company Q3 FY2023 Management's Discussion and Analysis
Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS financial measures. See Annex: Adjusted EBITDA Reconciliation on Slide 11

Overview of Net Working Capital Seasonality

ALGOMA STEEL INC.

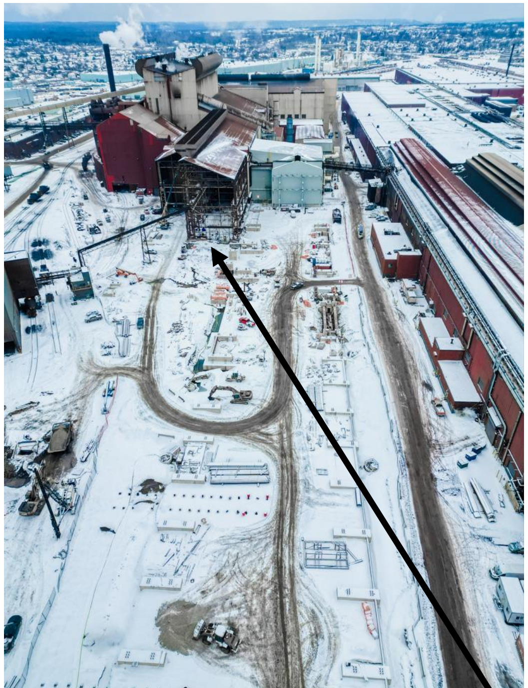
Net Working Capital $M[1]	$ 573	$ 589	$ 588	$ 568	$ 641	$ 687	$ 762	$ 623	$ 633	$ 825	$ 926

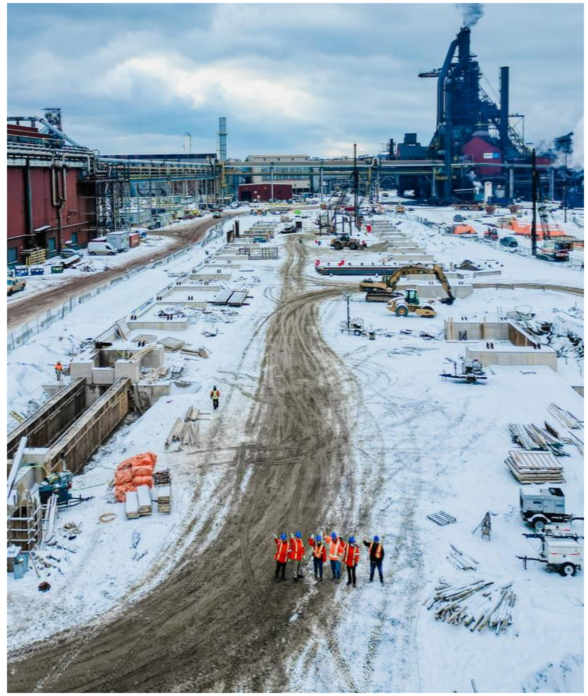


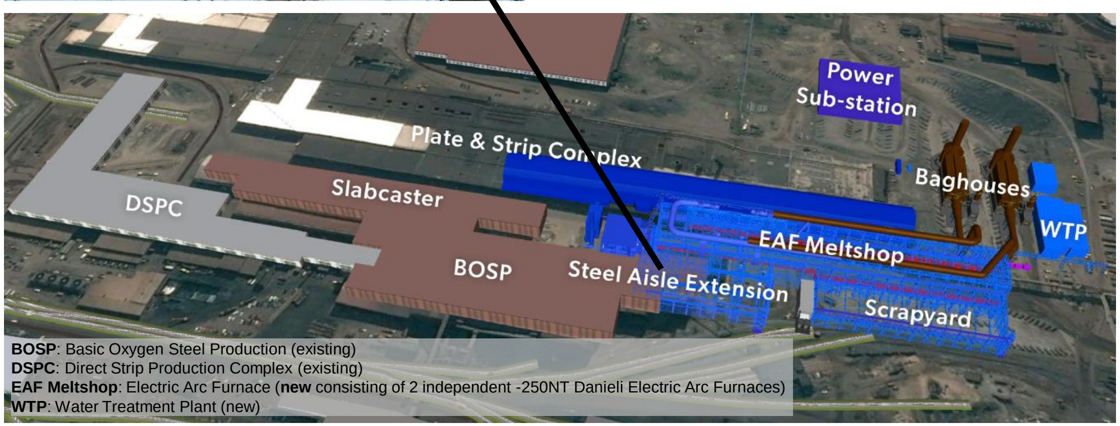
Source Company Notes to the Financial Statements:
(1) Please note that the chart shown includes Inventory, Receivables, Payables Net of Prepaids, and Taxes Payable Net of Taxes Receivable

Construction update

Future home of Algoma's new EAF facility[1]:







BOSP: Basic Oxygen Steel Production (existing)
DSPC: Direct Strip Production Complex (existing)
EAF Meltshop: Electric Arc Furnace (**new** consisting of 2 independent -250NT Danieli Electric Arc Furnaces)
WTP: Water Treatment Plant (new)

Project Statistics[2]:

- Concrete poured : est.10,500m^3
- EAF Building Foundations est. 93% complete
- EAF Equipment Piling est. 30% complete

- Fume Treatment Plant excavation est. 90% complete
- Reinforcing bar used: est.1,227NT
- Excavated material: est. 53,000 m^3
- Primary steel for EAF building est. 13,800MT

Building erection has commenced

By the numbers:

- Project Budget: **$703M**
- Remaining Contingency **$50M**

- Spending as of Dec 31, 2022 - **$220M**
- Letters of credit issued - **US$48.1M**

Estimated Spending Breakdown:
- F2022 - **8%**
- F2023 - **35%**
- F2024 onwards - **57%**

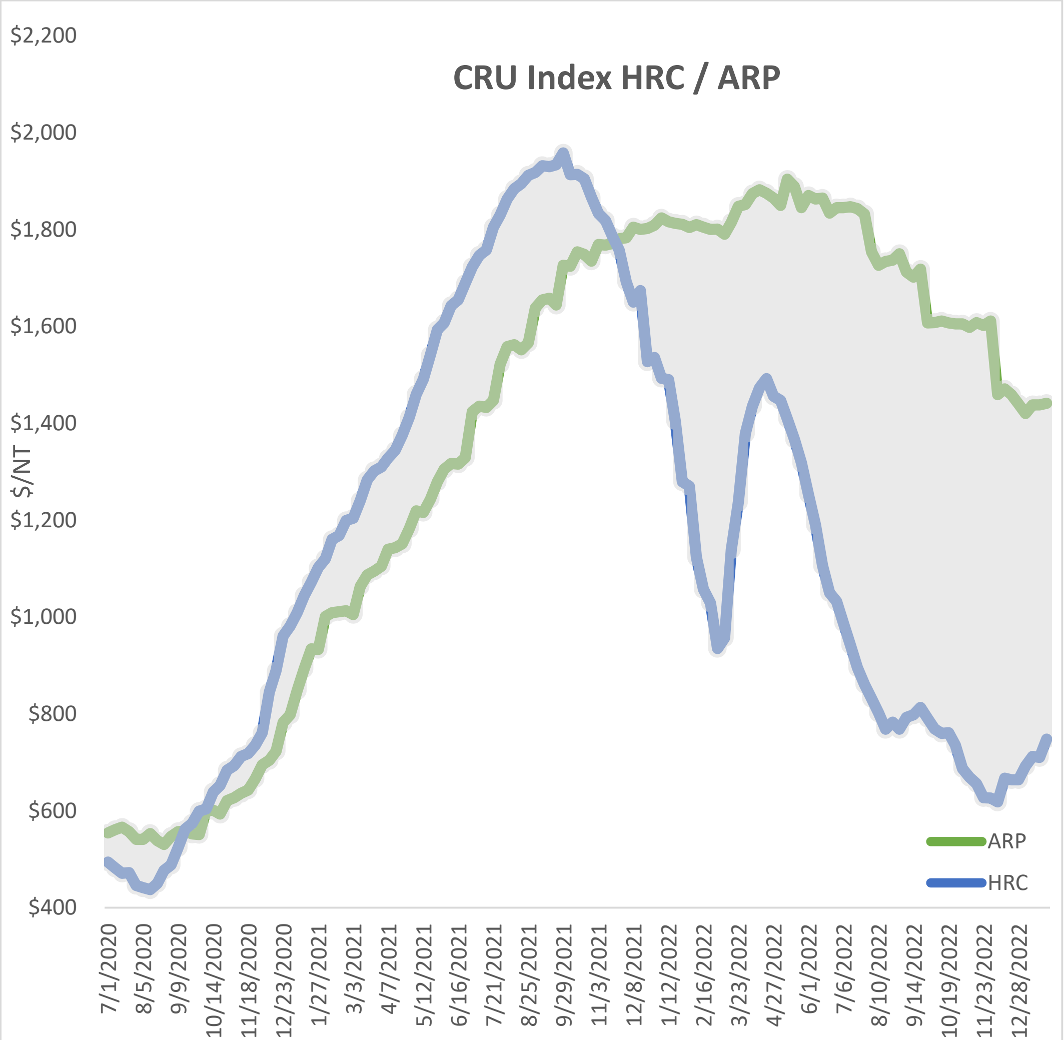
(1) Photos taken Dec 20th 2022, featured on the February 2023 issue of the Association for Iron and Steel Technology Plant Services publication
(2) Project Estimates at Feb 1, 2023

Market Update

ALGOMA STEEL INC.

North American HRC price improving / Plate pricing remains strong

Historical Hot Rolled Coil (HRC) and As Rolled Plate Prices (ARP) (US$/ton)



Key Market Drivers

- HRC steel prices have rebounded since late 2022 and lead times have improved, however ARP spread over HRC continue to be at elevated levels
- Published forward curve for HRC showing higher prices in coming months
- Global demand recovery supported by price dynamics and trade measures which reduce the attractiveness of North American market for imports
- Announced HRC price increases from other North American industry participants
- Strong demand in the automotive, construction, oil and gas and other steel-intensive industries

Source: Market data as of January 30, 2022

Committed to our path forward, creating a track record of success

ALGOMA STEEL INC.

Strategic Direction

1 **Operational & Capital Improvements** Algoma has developed and executed numerous operational and capital projects that add long term value to the business	**DSPC Automation Upgrade** Improves grade range and product offering **Jun 2020**	**Ladle Met Furnace #2** debottlenecks operations and increases capacity **Feb 2021**	**Project Aurora** $50M annualized efficiency Improvement across the steel works **2021-2022**	**Plate Mill Modernization** Enhancing capability and production on Canada's only discrete plate mill **2021-2023**	**EAF Approval** Received board approval to begin construction of Electric Arc Furnace **Nov 2021**	**EAF Project** Construction started Vendors selected : **Danieli** – EAF equip **GE** – Power upgrade **PTI** -Transformers **2021-2024E**
2 **Financial Discipline** Algoma is has focused on streamlining its balance sheet, finding effective sources of capital to fund its strategic initiatives and providing long term value to stakeholders	**$420M Federal Financing** announcement for EAF Project **Jul 2021**	**Return to Public Markets** including Equity injection of $306M USD **Oct 2021**	**Debt pay down** Algoma extinguished all of its $358M USD Sr. Secured debt **Nov 2021**	**Regular Dividend** Algoma commenced quarterly dividend of $.05 / share **Mar 2022**	**Normal Course Issuer Bid** Algoma launched NCIB for share repurchases **2022/23**	**Substantial Issuer Bid** Algoma completed SIB, repurchased 41M shares **Jul 2022**
3 **Strategic Partnerships** Algoma continues to develop partnerships focused on de-risking the organization and creating long term value for stakeholders	**New Iron Ore Supply contract with USS** De-risking supply of largest input **May 2020**	**New Joint Venture** JV with Triple M Metals for supply of scrap and metallic units to meet needs **Nov 2021**	**PUC Transmission** PUC to construct local 230KV power line to support Algoma's EAF transformation. **2022-2025E**	**Suncoke Coke Contract** 5 Year contract to facilitate the migration to EAF operations **2022-2026E**		
4 **ESG Focus** Algoma is committed to initiatives geared at driving performance, reducing risk and developing a culture of organizational excellence that improve our ESG performance	**Secured Algoma's Legacy Environmental Action Plan** **Nov 2018**	**Focus on Safety** FY2022 – Algoma's safest year	**Newly Constituted Board** diversity of experience, thought and perspective **Oct 2021**	**Performance Management** Implemented a robust performance management system **May 2019**	**Enterprise Risk Management** Develop a culture of risk management **Nov 2019**	**Emission Reduction** EAF project expects to reduce emissions 70% and improve GHG performance **2024E**

We are positioning Algoma for a new era in steel, well-capitalized to make critical investments that enhance long term performance and create value for our shareholders

Annex: Revenue and Cost of Sales

		Three months ended December 31, 2022	Three months ended December 31, 2021		Nine months ended December 31, 2022	Nine months ended December 31, 2021
tons						
Steel Shipments	↓ **17.0%**	**458,341**	552,544	↓ **18.2%**	**1,431,068**	1,749,942
millions of dollars						
Revenue		**C$ 567.8**	C$ 1,064.9		**C$ 2,101.1**	C$ 2,864.2
Less:						
Freight included in revenue		**(43.7)**	(41.2)		**(128.3)**	(124.9)
Non-steel revenue		**(12.1)**	(14.2)		**(31.9)**	(70.4)
Steel revenue	↓ **49.3%**	**$ 512.0**	$ 1,009.5	↓ **27.3%**	**C$ 1,940.9**	C$ 2,668.9
Cost of steel revenue		**C$ 556.0**	C$ 544.3		**C$ 1,597.8**	C$ 1,513.3
Amortization included in cost of steel revenue		**(24.6)**	(21.4)		**(69.4)**	(64.0)
Carbon tax included in cost of steel revenue		**(1.2)**	(0.1)		**(4.3)**	1.0
Past service costs - pension benefits		**-**	-		**(44.5)**	-
Past service costs - post-employment benefits		**-**	-		**(3.4)**	-
Cost of steel products sold	↑ **1.4%**	**C$ 530.2**	C$ 522.8	↑ **1.8%**	**C$ 1,476.2**	C$ 1,450.3
dollars per ton						
Revenue per ton of steel sold	↓ **35.7%**	**C$ 1,239**	C$ 1,927	↓ **10.3%**	**C$ 1,468**	C$ 1,637
Cost of steel revenue per ton of steel sold	↑ **23.1%**	**C$ 1,213**	C$ 985	↑ **29.1%**	**C$ 1,117**	C$ 865
Average net sales realization on steel sales (i)	↓ 38.9%	C$ 1,116	C$ 1,827	↓ 11.1%	C$ 1,356	C$ 1,525
Cost per ton of steel products sold (ii)	↑ 22.3%	C$ 1,157	C$ 946	↑ 24.4%	C$ 1,032	C$ 829

(i) Represents Steel revenue (being Revenue less (a) Freight included in revenue and (b) Non-steel revenue) divided by the number of tons of Steel Shipments during the applicable period.

Source: Company Q3 FY2023 Management's Discussion and Analysis

Annex: Adjusted EBITDA Reconciliation

millions of dollars	Three months ended December 31, 2022	Three months ended December 31, 2021	Nine months ended December 31, 2022	Nine months ended December 31, 2021
Net (loss) income	**C$ (69.8)**	C$ 123.0	**C$ 318.9**	C$ 614.1
Amortization of property, plant and equipment and amortization of intangible assets	**24.7**	21.5	**69.7**	64.3
Finance costs	**4.0**	14.5	**13.0**	44.3
Interest on pension and other post-employment benefit obligations	**5.0**	2.9	**12.4**	8.7
Income taxes	**(17.6)**	99.2	**72.2**	221.6
Foreign exchange loss (gain)	**10.6**	2.0	**(41.2)**	(2.0)
Finance income	**(3.9)**	(0.1)	**(10.4)**	(0.1)
Inventory write-downs *(amortization on property, plant and equipment in inventory)*	**3.2**	-	**5.0**	-
Carbon tax	**1.2**	0.1	**4.3**	(1.0)
Increase (decrease) in fair value of warrant liability	**6.4**	(6.8)	**(67.1)**	(6.8)
Decrease in fair value of earnout liability	**(0.2)**	(33.6)	**(9.4)**	(33.6)
Decrease in fair value of share-based payment compensation liability	**(0.2)**	(2.9)	**(19.6)**	(2.9)
Share-based compensation	**0.7**	(10.4)	**3.4**	5.0
Transaction costs	**-**	12.3	**-**	21.5
Listing expense	**-**	235.6	**-**	235.6
Past service costs - pension benefits	**-**	-	**49.5**	-
Past service costs - post-employment benefits	**-**	-	**3.8**	-
Adjusted EBITDA	**C$ (35.9)**	C$ 457.3	**C$ 404.5**	C$ 1,168.7
Net (Loss) Income Margin	**(12.3%)**	11.5%	**15.2%**	21.4%
Net (Loss) Income / ton	**C$ (152.29)**	C$ 222.57	**C$ 222.84**	C$ 350.93
Adjusted EBITDA Margin	**(6.3%)**	42.9%	**19.3%**	40.8%
Adjusted EBITDA / ton	**C$ (78.33)**	C$ 827.60	**C$ 282.66**	C$ 667.84

(i) See "Non-IFRS Measures" for information regarding the limitations of using Adjusted EBITDA.

(ii) Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of revenue.

Source: Company Q3 FY2023 Management's Discussion and Analysis

Annex: Selected Quarterly Information

ALGOMA STEEL INC.

(millions of dollars, except where otherwise noted)	2023			2022				2021	
As at and for the three months ended[1]	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Financial results									
Total revenue	**C$ 567.8**	C$ 599.2	C$ 934.1	C$ 941.8	C$ 1,064.9	C$ 1,010.2	C$ 789.1	C$ 638.5	C$ 430.0
Steel products	**512.0**	551.5	877.4	879.9	1,009.5	936.5	722.9	585.6	383.8
Non-steel products	**12.1**	8.2	11.6	13.9	14.2	31.8	24.4	5.6	9.5
Freight	**43.7**	39.5	45.1	48.0	41.2	41.9	41.8	47.3	36.7
Cost of sales	**611.8**	569.4	576.8	603.2	599.9	578.7	510.2	476.0	432.2
Administrative and selling expenses	**21.7**	24.2	28.4	28.0	18.9	29.4	26.7	32.5	15.5
Income (loss) from operations	**(65.7)**	5.6	328.9	310.6	446.1	402.1	252.2	130.0	(17.7)
Net income (loss)	**(69.8)**	87.2	301.4	242.9	123.0	288.2	203.7	100.1	(73.5)
Adjusted EBITDA	**C$ (35.9)**	C$ 82.7	C$ 357.7	C$ 334.4	C$ 457.3	C$ 430.6	C$ 280.8	C$ 166.9	C$ 11.7
Per common share (diluted)[3]									
Net income (loss)	**C$ (0.6)**	C$ 0.36	C$ 1.49	C$ 1.45	C$ 0.92	C$ 4.02	C$ 2.83	C$ 1.40	C$ (1.02)
Financial position									
Total assets	**C$ 2,549.0**	C$ 2,716.0	C$ 3,070.5	C$ 2,693.6	C$ 2,520.7	C$ 2,185.7	C$ 1,697.2	C$ 1,553.9	C$ 1,541.9
Total non-current liabilities	**663.4**	693.3	618.0	573.5	640.1	1,038.8	1,002.5	1,031.5	1,184.7
Operating results									
Average NSR per nt[2]	**C$ 1,116**	C$ 1,266	C$ 1,632	C$ 1,608	C$ 1,827	C$ 1,594	C$ 1,185	C$ 942	C$ 701
Adjusted EBITDA per nt[2]	**(78.3)**	189.9	665.4	611.1	827.6	733.1	460.3	268.4	21.4
Shipping volume (in thousands of nt)									
Sheet	**421**	411	485	486	481	514	541	543	470
Plate	**37**	23	52	61	72	73	69	79	78
Slab	**1**	1	-	-	-	-	-	-	-

1 - Period end date refers to the following: "Q4" - March 31, "Q3" - December 31, "Q2" - September 30 and "Q1" - June 30.

2 - The definition and reconciliation of these non-IFRS measures are included in the "Non-IFRS Financial Measures" section of this MD&A.

3 - Pursuant to the Merger Agreement with Legato as described in the "Merger Transaction" section of this MD&A, on October 19, 2021, the Company effected a reverse stock split retroactively, such that each outstanding common share became such number of common shares, each valued at $10.00 per share, as determined by the conversion factor of 71.76775% (as defined in the Merger Agreement), with such common shares subsequently distributed to the equity holders of the Company's former ultimate parent company.

Further, on February 9, 2022, the Company issued 35,883,692 common shares in connection with the earnout rights granted to non-management shareholders that existed prior to the Merger.

On March 3, 2022, the Company commenced a normal course issuer bid for which the Company purchased and cancelled 3,363,662 common shares as at December 31, 2022.

On June 21, 2022, the Company commenced a substantial issuer bid in Canada and a Tender Offer (the "Offer") in the United States. On July 27, 2022, the Offer was completed and 41,025,641 common shares were purchased for cancellation.

Source: Company Q3 FY2023 Management's Discussion and Analysis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