

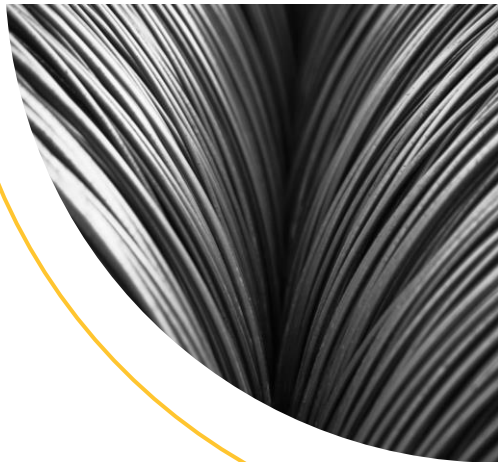


Charter Overview

IRD Meeting, April 25, 2024



Charter Manufacturing Overview

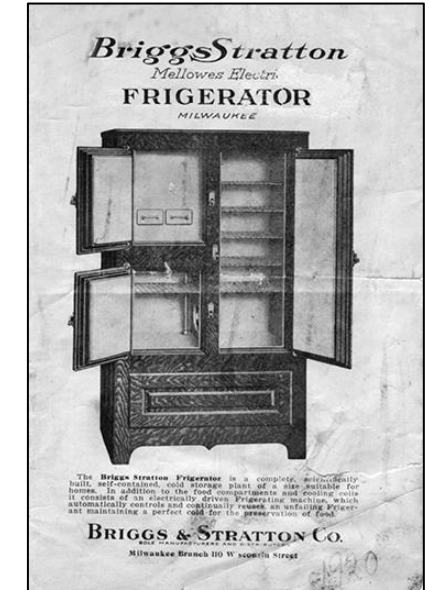
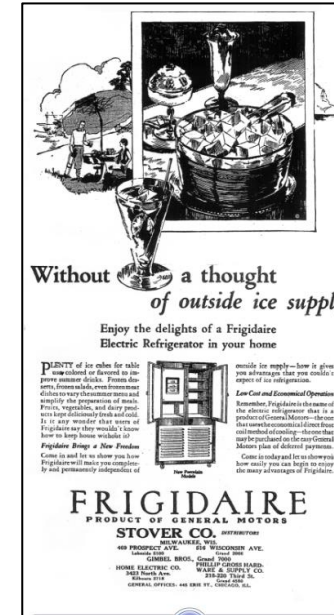


A Brief History



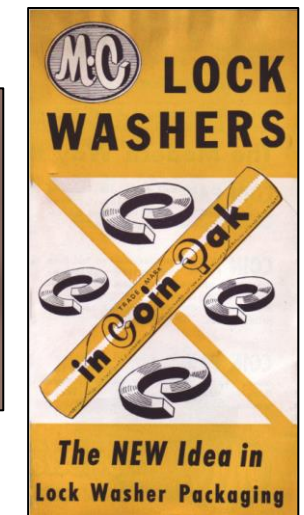
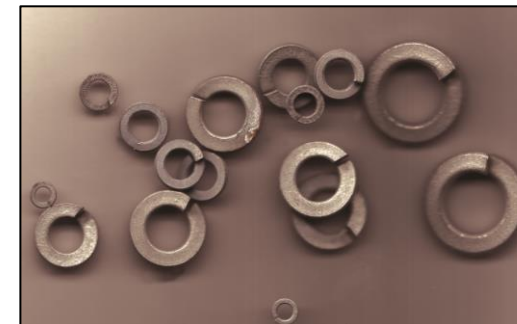
• The Start

- Roots date back to 1918 when Alfred Mellows – the son of English Immigrants receives a patent for a “cooling apparatus”
- The initial brand – Guardian Frigerator is sold and becomes “Frigidaire” in the early 1920s.
- Alfred partners with Briggs and Stratton on a new design; however, business conditions deteriorate in the early 1920’s and the Briggs and Stratton refrigerator is shelved




• The Metals Industry

- In around 1922, Alfred is connected to an engineer that developed a new method for making lock washers
- That was the first step into the metals and forming business, forging a path that has been followed since



A History of Growth

An aerial photograph of a large industrial facility. A long, dark building with a chimney runs diagonally across the upper half. Below it is a large, circular, dark-colored tank. In the foreground, there is a large parking lot filled with many cars, and a smaller building. The background shows a wooded area.

1936 Charter Wire

1948 Milwaukee Wire Products (Charter Automotive)

1978 Charter Steel

2012 Charter Durabar

2021 Charter Aarrowcast

Charter Portfolio Today



Established 1936 • Mequon, Wisconsin • Privately Held – 4th Generation Family-Owned • ~2,300 Employees

Iron Platform



Specialty Iron Bar
Established 1946

DB & DMS HQ
Woodstock, IL, USA

DMS-PA LLC
Salisbury, NC, USA

DMS-PA LLC
York, PA, USA

DMS-PA LLC
Fort Worth, TX, USA



Gray & Ductile Iron Castings
Established 1977

Shawano
Wisconsin, USA

Steel Platform



Carbon & Alloy SBQ Rod, Wire, Bar
Established 1978

Sauville
Wisconsin, USA

Cleveland
Ohio, USA

Fostoria
Ohio, USA

Company Confidential

Wire Products Platform



Engineered Steel Shaped Wire
Established 1936

Milwaukee
Wisconsin, USA

Tier I & II Automotive Supplier
Established 1948

Milwaukee
Wisconsin, USA

Who we are



Mission

Our Will to Grow drives us to do it better

Values

Trust, Teamwork, Safety and Continuous Improvement

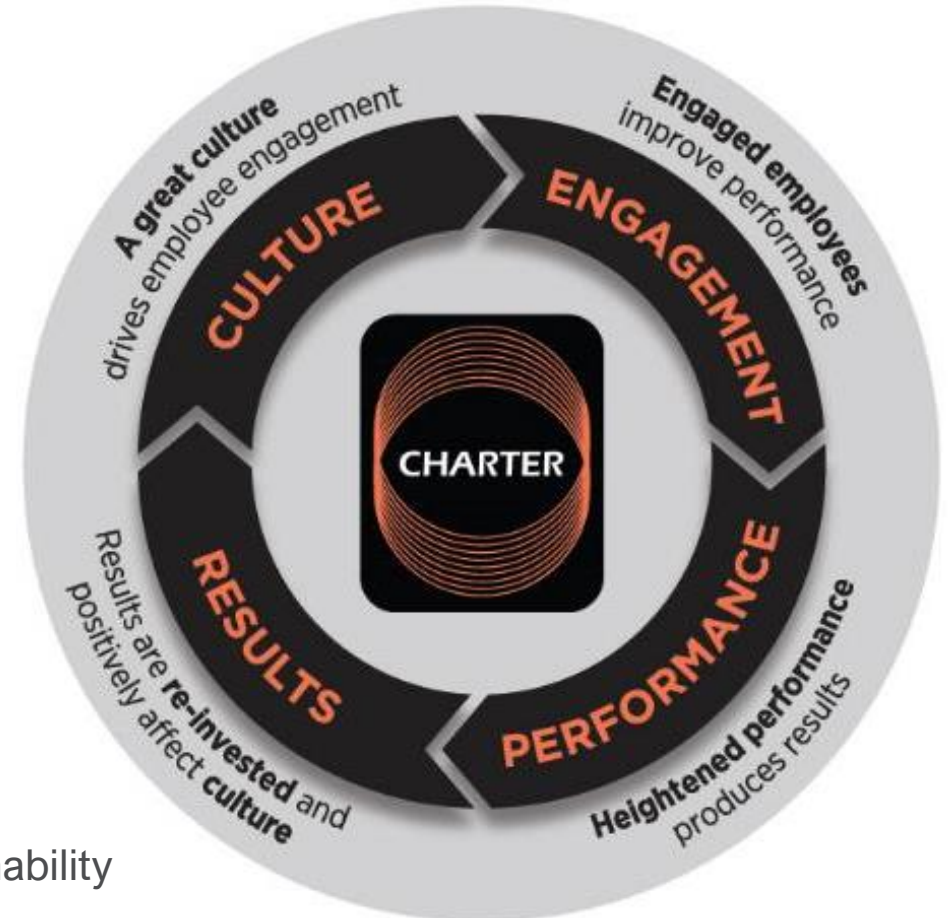
Vision

We are a family owned, differentiated group of metals manufacturing businesses.

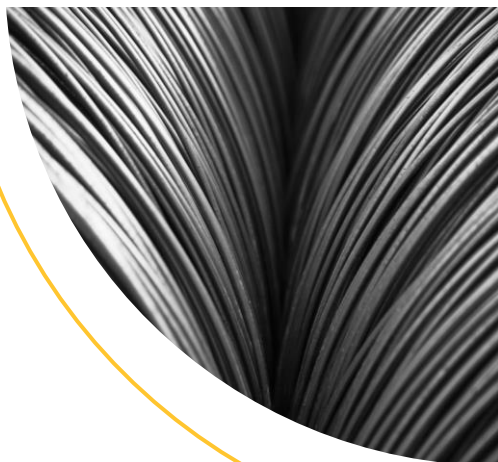
We are committed to strong customer partnerships, sustainability and long-term growth.

The Charter Success Formula drives our competitive advantage.

We are One Family. One Team.



Charter Steel Overview



Charter Steel Facts



- Carbon & Alloy Rod, Wire and Bar Producer
- EAF Melt and Roll facilities in Saukville, WI and Cleveland, OH
- Distribution and Processing facilities in Saukville, WI and Fostoria, OH
- 1.3 Million Tons of Steelmaking Capacity



Location Overview



Saukville, WI
Melt, Roll and Processing



Cleveland, OH
Melt and Roll



Fostoria, OH
Processing



Sustainability



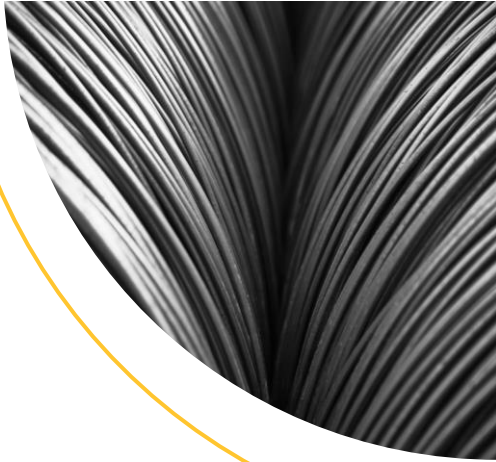
- We have been making environmental investments for decades
 - First steel mill **ISO50001** certified
 - Produce steel out of **~90+% recycled** material
 - Leverage EAF vs. BOF steelmaking – results in **75% fewer** CO2 emissions
 - Winner of **2022 Dept. of Energy Award** for Scrap Pre-heat energy and greenhouse gas reduction
 - Implementing Solar Field in Saukville; will generate **27million** kWh of electricity per year
 - Largest **single site recycler** in Wisconsin
- By the Numbers
 - Carbon Footprint 2022 - **.62** Tonnes GHG/Good Ton Produced
 - Represents a **12.8%** reduction from 2016 in GHG/Good Ton Produced



Sustainability – Saukville, WI Solar Field



Macroeconomic Outlook



Economic and Market Summary



State of the US economy – Continued Positive Outlook for 2024;

- Consensus remains positive for 2024; slower year than 2023, but still a year of growth
- Fed projecting full-year '24 GDP to be 2.1% (Revised up)

Jobs Market is still very healthy:

- The U.S. economy added another 303K jobs in March with the unemployment rate declining to 3.8%.
- Job market demonstrating resiliency as more folks reenter the job market and immigration adds folks.
- Wage Inflation: Moderating → Decelerating from 4.3% to 4.1% year/year

Inflation is Sticky:

- Feb PCE ticked higher to 2.5% (vs. 2.4% prior month) and Core PCE came in at 2.8% vs. revised January at 2.9%
- CPI came in hot at 3.5% (March) vs. 3.2% (Feb)

Interest Rates Staying High:

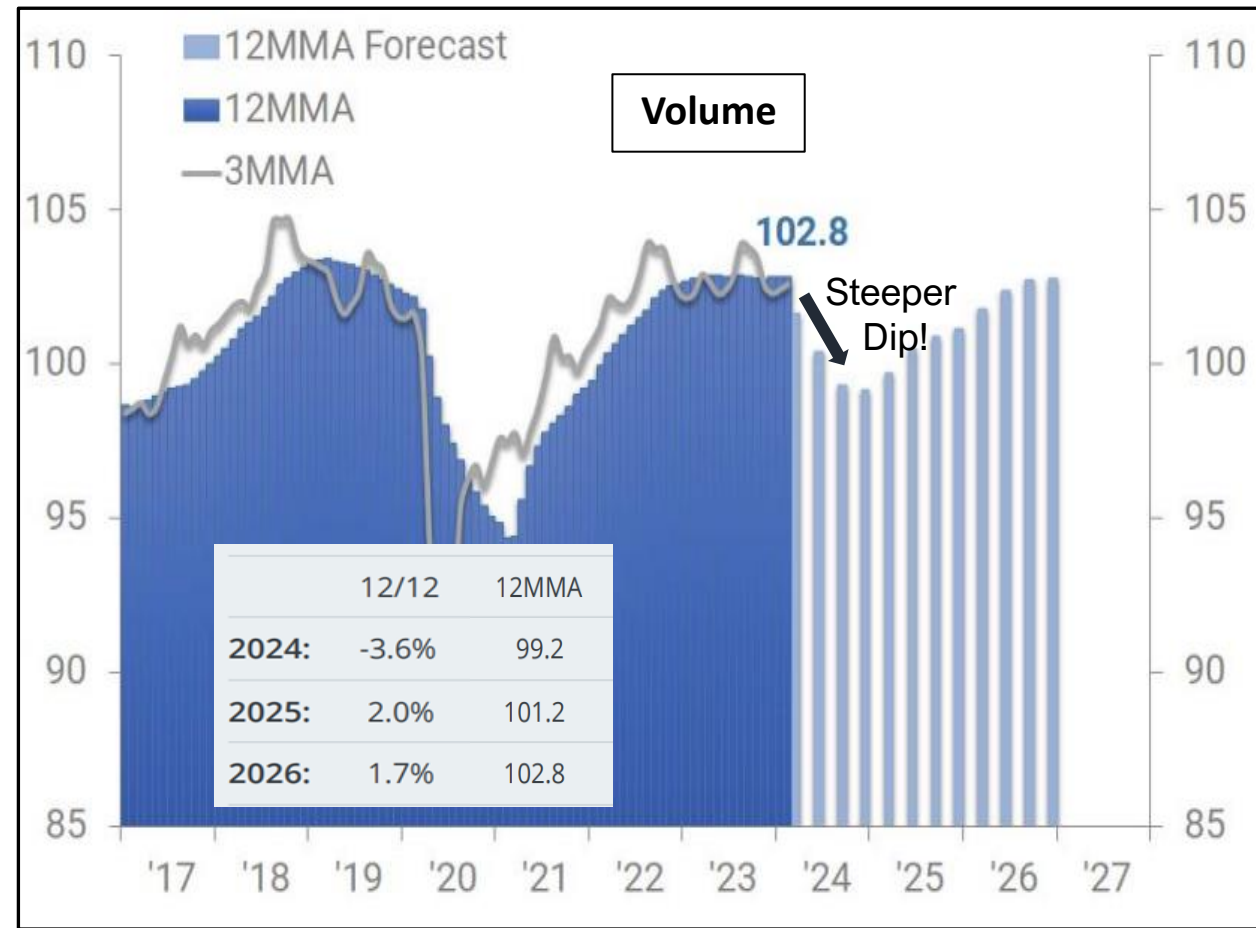
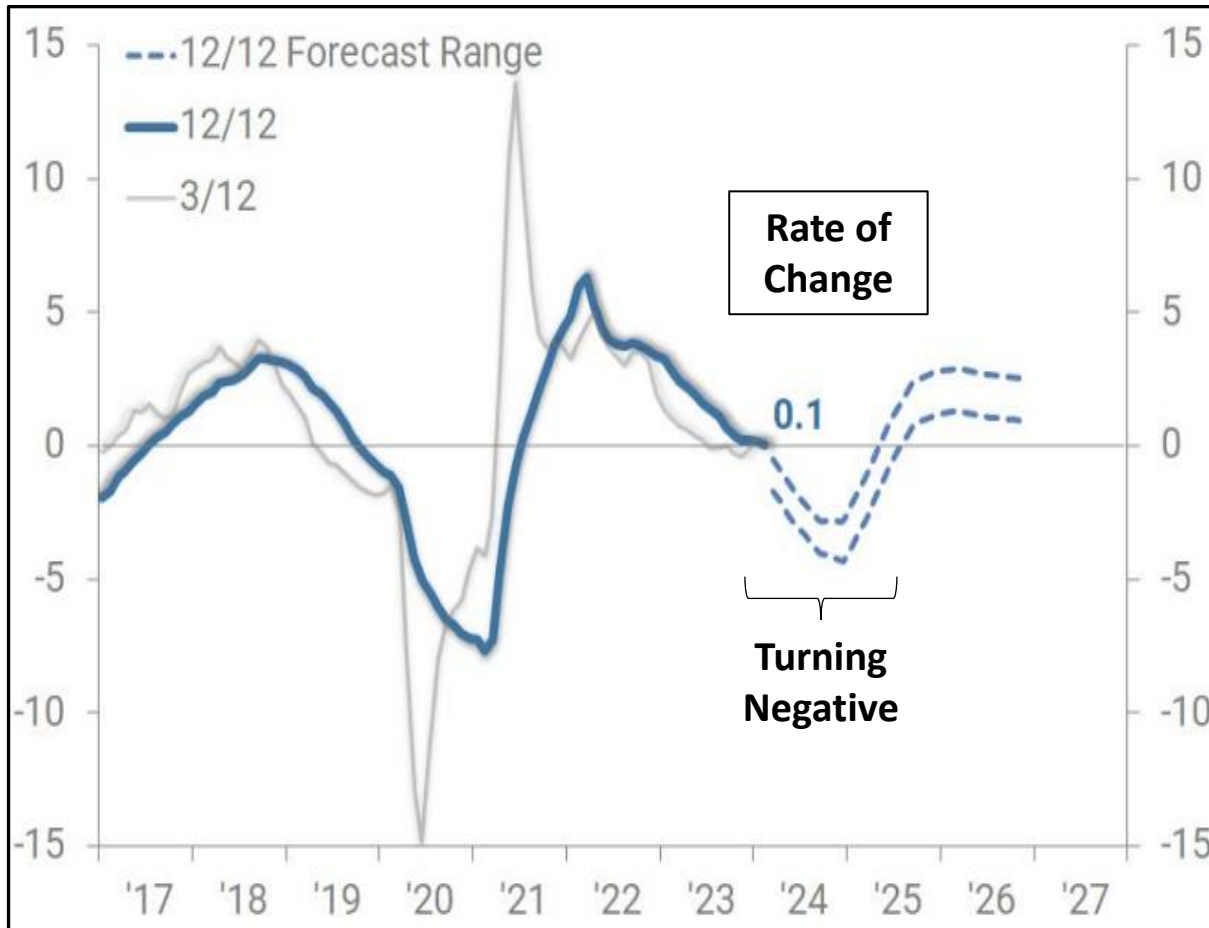
- Fed Rate remains at 5.25%- 5.50% (18 year high).
- Fed signally that they will look to cut rates mid 2024. June reduction less likely but could be three cuts for the year. (Market still pricing in 3)

End Market Demand, markets matter:

- US ISM Mfg PMI surprises to the upside with a 50.3 ending 16 straight months of contraction from Sept '22 and broke longest down streak since '09.
- **Industrial Production** ticked higher in Feb by 0.1% followed by a revised fall of 0.5% in January
- Durable Goods rose 1.4% in February; excluding transportation equipment, new orders rose 0.5% vs falling 0.3% in January.
- Auto vs Ag vs Construction

Company Confidential

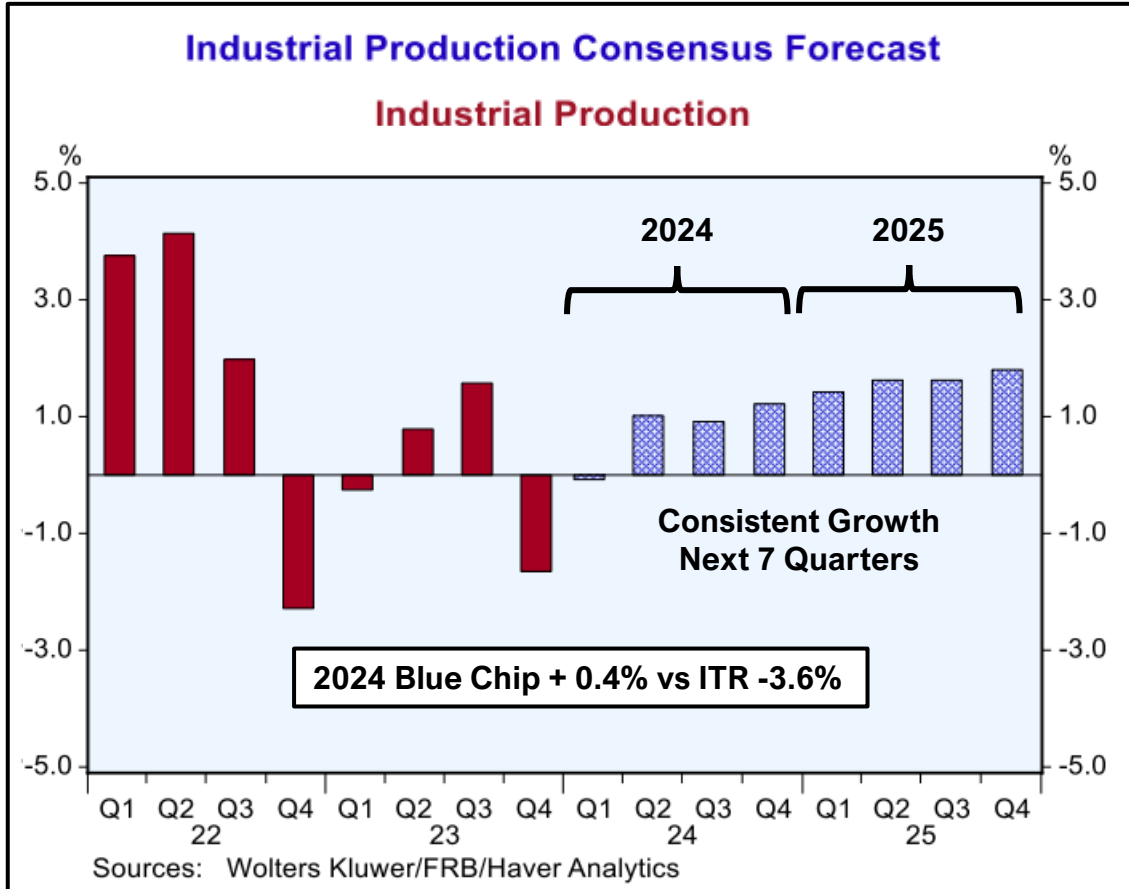
ITR - Industrial Production Forecast: Glass Half Empty: Steeper Decline in Industrial Production



The 12MMA has trended flat in recent months and **ITR expects "a mild decline" will characterize 2024 and may extend into early 2025.**

ITR is maintaining current forecast but signaling that it will come in near the upper bound of the forecast range.
 The largest segment of the industrial economy, **US Total Manufacturing Production, is down 0.6% from one year ago**
 . Tight financial conditions and lagged monetary effects will contribute to further mild decline in manufacturing this year.

Blue Chip Consensus: Industrial Production Glass Much Fuller: Slight Dip in 2024 with Ramped Recovery



Blue Chip Economic Indicators® Industrial Production

2024 Consensus All Respondents 0.4% vs. ITR = -3.6%

Top 10 Avg. 1.2%

(All up from Feb) Bottom 10 Avg. -0.4% (-0.9% Lowest data point)

Total Industrial Production

Quarter	Index 2017 = 100 (SAAR)			% Change From Same Quarter In Prior Year		
	Actual	Forecast	Forecast	Actual	Forecast	Forecast
2023						
1Q	102.6	102.7	103.9	0.9	0.1	1.2
2Q	102.8	103.0	104.3	0.0	0.2	1.3
3Q	103.2	103.2	104.7	-0.1	0.0	1.5
4Q	102.7	103.5	105.2	0.1	0.8	1.6

Blue Chip Consensus (BCEI) Has a MUCH more positive view on Industrial Production for 2024 but comments the US Industrial Sector remains “Lackluster”. It is still feeling the blow delivered by the aggressive tightening of monetary policy since early 2022. However, the March ISM manufacturing PMI report provided some optimism for the outlook → Expecting resilience in 2024 with continued expansion through the year and jumping up in 2025. Both BCEI and ITR expect 2025 to be a positive year for Industrial Production. (+1.7% and +2.0%, Respectively; Note BCEI has higher jump off point)

What keeps this Steel CEO up at night?



Labor

- Availability
- Quality

Government Regulation

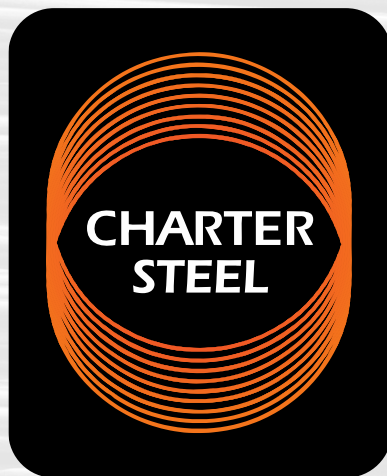
- Environmental
- Labor

Inflation

- Financial squeeze
- Stagflation?

Re-investing

- Reshoring → Market growth → Opportunity
- Technology → to get better



[CHARTERSTEEL.COM](https://www.chartersteel.com)