



RESEGMENTATION SUMMARY

OCTOBER 2020



TOPICS

- ▶ Summary of Reporting Changes
- ▶ Rationale for Changes
- ▶ Operational Statistics Disclosure
- ▶ Drivers of Operational Statistics

SUMMARY OF REPORTING CHANGES

- Realigned reporting structure from four operating segments to two
- Two operating segments: North America and Europe
 - Corporate and Eliminations will continue to be reported separately from operating segments
- Previous Americas operating segments are now one North American segment
- International Mill reporting unchanged; renamed Europe segment
- This change has no impact on CMC's previously reported consolidated financial statements

Recast segment financials and other resources are posted within the Investor Toolkit on CMC's Investor Relations website (<https://www.cmc.com/en-us/investors>)



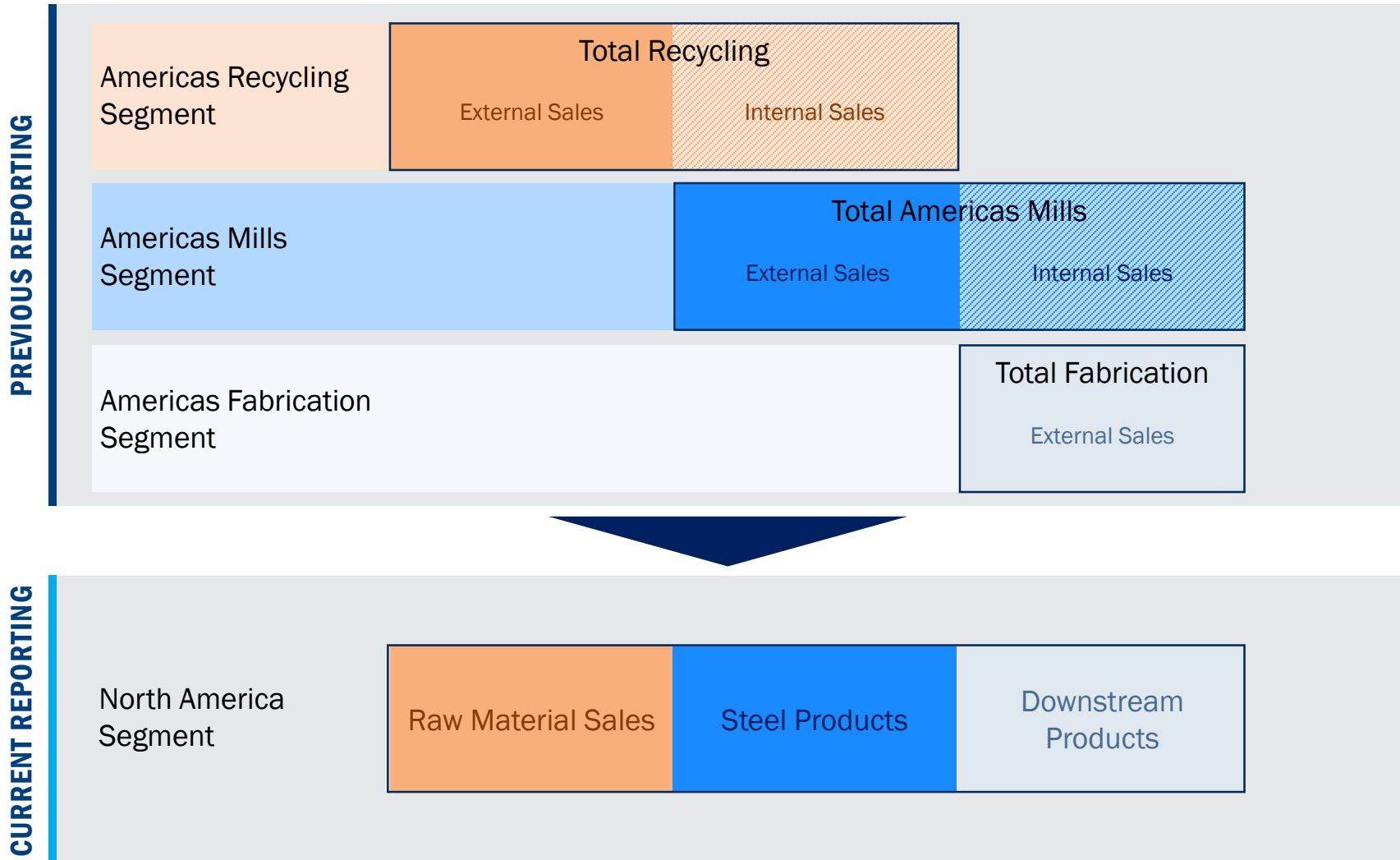
RATIONALE FOR CHANGES

- The decision was made to realign CMC's operating segment structure in order to reflect:
 - i. Its vertically integrated operating model in North America, supported by a National Sales, Inventory and Operations Planning function created in fiscal 2020
 - ii. Changes to its North America operating model and geographic footprint as the rebar assets acquired in fiscal 2019 have been fully integrated into its North America operations
 - iii. The way in which CMC's management now reviews information, assesses performance, and allocates resources

New segment reporting structure is consistent with management approach discussed during CMC's Investor Day ([Investor Day Webcast](#))



CONCEPTUAL FRAMEWORK – MOVING TO EXTERNAL PRICE AND VOLUME BASIS



NOTE: Not to scale

OPERATIONAL STATISTICS DISCLOSURE

➤ General Reporting Approach

- Volumes and average price statistics will be based on external transactions only
 - Under previous reporting, metrics included transactions between former operating segments
- Disclosures are made by product type along our vertical value chain, from raw materials to downstream products

North America Statistics		Definition
Increasing Value Add	Raw Materials	Shipment Volumes
		• Volumes of ferrous and non-ferrous scrap sold to external parties
		Average Selling Price Per Ton
		• Average selling price of ferrous and non-ferrous scrap
		Cost of Raw Materials Per Ton
		• Average material cost associated with external sales of ferrous and non-ferrous scrap
	Steel Products	Shipment Volumes
		• Shipments of steel products sold externally out of mills
		Average Selling Price Per Ton
		• Average FOB selling price of externally sold mill products
		Cost of Scrap Utilized at Mills
		• Unchanged from current definition – average yielded cost of scrap consumed for production at mills
	Downstream Products	Shipment Volumes
		• Shipments of products that are further processed beyond the mills
		Average Selling Price Per Ton
		• Average selling price of rebar fabrication and steel fence post sold to external parties

➤ Philosophy: Disclosures that allow investors to identify value drivers (spread over material cost and controllable cost management)

- Raw material costs and yielded scrap costs allow approximation of market based major input costs
- Remaining costs are largely controllable and managed along our vertical chain



DRIVERS OF OPERATIONAL STATISTICS

	Correlation to 3 rd Party Benchmark	Comments
Raw Material Shipment Volumes	N/A	<ul style="list-style-type: none"> Influenced by scrap collection volumes, third party mill operating rates, and general domestic industry capacity utilization
Raw Material Average Selling Price Per Ton	Strong correlation to 95% shred / 5% LME Spot Cu	<ul style="list-style-type: none"> Dependent on mix of ferrous and non-ferrous material Non-ferrous material is generally 15% of total Shred, Cu, and Al are biggest influencers of average price
Cost of Raw Materials Per Ton	Strong correlation to 95% shred / 5% LME Spot Cu	<ul style="list-style-type: none"> See comments above
Steel Product Shipment Volumes	N/A	<ul style="list-style-type: none"> Rebar demand is generally driven by infrastructure, non-residential, and residential activity levels. Infrastructure is generally the largest end market MBQ demand is generally driven by industrial activity with some fluctuation due to service center replenishment cycles Influenced by mix of mill production shipped internally vs. externally
Steel Product Average Selling Price Per Ton	Strong correlation to rebar index	<ul style="list-style-type: none"> Influenced by market pricing dynamics and mix of product sold
Downstream Products Shipment Volumes	N/A	<ul style="list-style-type: none"> Driven by infrastructure, non-residential, and residential activity levels Volumes ship out of backlog that averages 9-12 months of shipments
Downstream Products Average Selling Price Per Ton	Strong correlation to rebar index lagged 9-12 months plus a spread	<ul style="list-style-type: none"> Sales are made out of a fixed price backlog Backlog is comprised of numerous projects that are individually priced. Therefore average selling price can be impacted by the mix of work shipped in any given quarter



THANK YOU

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